



Budget reflects county values, a daunting future

January 1, 2017

On Dec. 13, the Board of County Commissioners adopted the La Plata County budget for 2017, culminating several months of work crafting a balanced spending plan that reflects the county's priorities, values and significant fiscal challenges.

2017 priorities

Each year, prior to examining the revenues and expenditures for the year to come, the Board of County Commissioners establishes priorities that will guide those budgeting decisions. For 2017, those priorities are to:

- Develop options for the long-term financial stability of La Plata County
- Improving the County land use code and update the Comprehensive Plan
- Develop and improve water quality and availability throughout the County
- Improve operational efficiency and effectiveness
- Promote public and environmental health through improved water quantity/quality and air quality
- Promote intergovernmental coordination and collaboration at federal, tribal, state and local levels
- Address barking dog nuisance issue

Falling revenues

The county will pursue the above priorities in the context of increasingly lean times. La Plata County's total budget for 2017 is \$77,472,879, which represents an anticipated 14.3 percent decrease in revenues, largely owed to the fact that we expect property tax revenues to decrease 18% below the 2016 figure, and severance tax is expected to drop 70% from 2016. This plummet results from the nationwide drop in price and local production of oil and natural gas. In La Plata County, the national price trend is exacerbated by the fact that our coalbed methane field is past the peak of its life span.

Because property tax from natural gas and oil production has historically carried La Plata County's property tax weight, the county has been able to provide services with the fourth-lowest property tax rate (mill levy) in Colorado. Now, that formula is beginning to compromise La Plata County's ability to deliver the essential services and functions that citizens and visitors rely upon – and that are critical to ensuring the county can respond to the growth predicted over the coming decades.

Decreased spending

These double-digit drops in the revenue streams that fund county government – and the services that La Plata County delivers to citizens – present a rather stark reality: The county has tightened its belt significantly heading into 2017. The budget that the board adopted has expenditures reduced 26% from 2016. This percentage is somewhat skewed because the county will be making significantly fewer capital investments in 2017 than in 2016. Importantly, though, La Plata County has trimmed operating expenses more than 4.1% next year, so the cuts are spread far and wide throughout the organization. In addition, no new positions were approved for next year, we are carefully scrutinizing all vacancies before filling them, and our capital projects for 2017 are minimal.

In every area of the county budget, with the exception of benefits which are facing external cost increases, 2017 will see cuts: Salaries & wage expenditures will drop 2%; Operations will drop 4%; Contingencies will drop 45% and Capital & one-time expenditures will drop 48%. Benefit expenditures will increase just 0.8%.

One of the ways we aim to meet this challenge is internally: La Plata County has committed to finding more efficient ways of doing business and has an organization-wide effort underway called Innovate La Plata. Through this concerted interdepartmental endeavor to improve our processes, we aim to achieve significant savings in hard and soft costs in 2017 – with the underlying added value of improving our employees' and our citizens' experience. We are all very excited about this project that will pay dividends on many levels: We are already seeing results from initial innovations and lots of energy from county employees to Innovate La Plata!

Limited revenues; constrained services

Nevertheless, the overall financial picture for La Plata County is anything but rosy. While local and national forces governing natural gas and oil markets have the most dramatic impact on the county's revenue, the dominant underlying factor is that La Plata County has a disproportionately low property tax rate that, when gas and oil activity is strong, is adequate to generate revenue to fund county services. During prolonged dips, such as what we have seen beginning in 2010, our 8.5 mill levy cannot keep pace with the many and wide-ranging services La Plata County provides including: road & bridge maintenance and improvement, law enforcement – through the Sheriff's Office, the La Plata County Jail; Human Services - which provides a critical safety net for our most vulnerable residents, as well as seniors and veterans;

Community Development Services – the building, planning and engineering departments that ensure our community grows safely and responsibly; the Clerk & Recorder’s Office, which conducts our elections, manages motor vehicle transactions and safeguards the county’s legal documents.

While we have approved a budget for 2017 that does not diminish day-to-day county services, the revenue trajectory we are facing tells us that it will not be long before we must make difficult choices about what and how much service the County provides. As commissioners, we have already begun looking for ways to offset this impending challenge, and we encourage you all to get involved in the conversations as they take shape early this year.

Please feel free to contact any of the commissioners with questions, comments or concerns. Call our office at (970) 382-6219 or email us: I can be reached at brad.blake@co.laplata.co.us; Vice Chair Julie Westendorff at julie.westendorff@co.laplata.co.us, and Commissioner Gwen Lachelt at gwen.lachelt@co.laplata.co.us.

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