



## **Commissioners give State of the County Address**

March 5, 2017

*On Feb. 27, the Board of County Commissioners gave the State of the County Address to the La Plata County community. The speech is excerpted below:*

La Plata County expects to collect \$15,432,000 in property tax in 2017. In 2016, we collected nearly \$19 million. That drop has a significant impact on La Plata County's ability to serve its citizens, and it is what we are spending much of our time thinking about for this year and 2018.

Our Assessor, Craig Larson, has told us that we can expect a further decline in oil and gas production tax revenue in 2018. We also learned in January that the residential assessment rate – that's the percentage of a property's value used to calculate the property tax obligation – will go down this year. In 2016, property tax was assessed on 7.96% of a property's value. In 2017, it will go down to 6.56%.

This ratio is set by the state of Colorado and results from a 1982 ballot initiative called the Gallagher Amendment. That means in 2018, La Plata County's total residential property tax receipts are expected to drop another \$1.2 million below the amount we receive in 2017.

We also anticipate that oil and gas activity will not rebound enough this year to improve La Plata County's revenue picture for 2018. We expect our property tax receipts to drop \$1.4 million below this year's levels – which fell \$3.4 million from 2016.

This is a double blow for us because the state levies a severance tax on oil and gas production and distributes that money back to the counties where the minerals originate. Between 2015 and this year, our severance tax distribution from the state has fallen 69%.

In 2016, we had anticipated receiving \$1.3 million in severance tax. Instead, we received \$400,000. We do not expect that to increase this year, and have to figure on a similar picture in 2018.

The sum total of these factors is that we expect to be \$7.1 million below 2016 revenue levels in 2018. The good news is that we know this now and are already preparing for the leaner times ahead.

But responding to this revenue plunge is not a simple task. We are looking at the challenge from three directions. First, through internal cost-savings achieved through Innovate La Plata

successes. If we achieve our goal of saving \$1 million in dollars and staff time, that will go quite a distance in closing the \$3.7 million additional gap we expect between this year and next.

Beyond that innovation focus, though, we are looking at options for raising revenue as well as ways to cut La Plata County's expenses. We take these conversations very seriously.

Twice in the past two years, La Plata County voters told us that they did not want to see their property taxes increase in order to pay for road improvements. We heard that message, but now must consider alternatives.

We are having initial community conversations about a possible excise tax on marijuana grown in La Plata County. We are discussing a use tax on vehicles purchased outside the county but registered here. We are discussing impact fees on new development so that the growth we see in the future does not unduly burden today's residents. We are examining our fee structures for the services we provide to our citizens.

On the cost-reduction side, we are combing through La Plata County operations looking for ways to reduce our expenses. While we can trim small amounts here and there, major savings can come from only two places: service-level reductions and employee-related spending.

In 2016, we invested heavily in capital projects – mainly buildings to meet long-term facilities needs. 2017's budget does not contain capital projects anywhere close to this scale, but we are proud of the long-term investments we made with money reserved for those purposes.

The Courthouse remodel is one of these investments that will pay dividends over the next 10 years and beyond.

Using funds set aside specifically for capital projects, we purchased a building last summer up in the Tech Center to house the Department of Human Services, securing a permanent facility for these 68 employees who provide essential services to some of our most vulnerable citizens.

La Plata County's employees are the best and brightest. We have 415 full-time equivalents and each and every one of them is committed to serving our community.

These are the men and women who plow our roads in the middle of a blizzard. They respond to 911 calls. They make sure that your new home will be safe for your family. They conduct our elections, embodying the democratic process by making sure voters throughout the county can easily participate in every election.

They run the jail, keeping our community safe and treating inmates with respect. They provide meals, activities and resources to seniors in our community. They help our veterans connect with services throughout the region.

They coordinate our emergency response when disaster strikes. They provide invaluable data – mapping, tax information, ownership history, flood, fire and hazard information. They license our marriages. They value our properties. They collect our taxes.

And they do this always with the public interest in mind, looking for ways to serve more effectively and efficiently.

To put it simply, La Plata County cannot provide the services that we are obligated to deliver – and those things that our residents have asked us to provide - without our excellent staff. Personnel makes up nearly 42% of our total budget, and that translates directly into what we deliver to our residents.

So as we look to ways of responding to our fiscal challenges, we must look to balance the level of service we provide against the resources La Plata County has available.

These will not be easy conversations, nor will the decisions that follow them. But we believe that transparency and dialogue are never more important than during challenging circumstances. We absolutely want to hear from the community as these conversations develop and promise to share our thinking with you.

As we look ahead through 2017 and beyond, the Board of County Commissioners want to craft policies that will bolster La Plata County's ability to weather these financial storms. Oil and gas activities are always cyclical, and we need to have a diverse county economy so that we do not struggle when the cycle swings low.

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 [julie.westendorff@co.laplata.co.us](mailto:julie.westendorff@co.laplata.co.us); Vice Chair Gwen Lachelt at [gwen.lachelt@co.laplata.co.us](mailto:gwen.lachelt@co.laplata.co.us), and Commissioner Brad Blake at [brad.blake@co.laplata.co.us](mailto:brad.blake@co.laplata.co.us).

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