The ENERGY INDUSTRY and the Garfield County, Colorado ECONOMY

Working with oil and gas operators in Western Colorado

• Kirby Wynn, Oil and Gas Liaison
• Assisted by Ann Driggers, Finance Director, and Jim Yellico, Assessor, Garfield County
Garfield County Revenues

Energy Industry: 70% of assessed values
HH Spot Price, #Drilling Rigs, Garco PT

Importance of gas production to revenues

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Total Revenue</th>
<th>Budget 2014</th>
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<tbody>
<tr>
<td>Total</td>
<td>100%</td>
<td>$101,193,908</td>
</tr>
<tr>
<td>Property tax</td>
<td>39%</td>
<td>$39,600,163</td>
</tr>
<tr>
<td>O&amp;G personal &amp; production tax</td>
<td>27%</td>
<td>$27,720,114</td>
</tr>
<tr>
<td>O&amp;G production tax</td>
<td>18%</td>
<td>$18,018,074</td>
</tr>
</tbody>
</table>

27% of all Garfield County revenues are derived from property taxes on oil and gas industry.

18% of all Garfield County revenues are derived from property taxes on oil and gas production.
Importance of Production has Decreased

Personal Property tax, as a percentage of the total property tax derived from Oil and Gas, is increasingly important as the price of natural gas decreases.

Garfield County Employee Headcount
Increased Service Demands/Costs

New programs to address socioeconomic and other impacts

- Environmental and health impact monitoring and assessments
- Community education and outreach
- Expanded human services and public safety
- New construction of County buildings/facilities

Increased Service Demands/Costs

- Human Services, Road and Bridge maintenance and construction, public safety, and general government such as Clerk & Recorder
- Demand/Costs uniquely tied to energy industry hard to quantify as overall economy growing at same time... But no doubt energy industry played a huge part
### Working with Industry to Address New Service Demands/Costs

- Relationship building is the first step
  - Energy Advisory Board
  - Open communications
  - Social license to operate
  - Voluntary compliance for preferred haul routes

- Informal agreements to share costs
  - $20MM industry funding for county road upgrade
  - Continuous funding/material influx to maintain roads
  - Industry support for public safety programs

### Positive Net Fiscal impacts (So far so good...)

- Retired all County debt
- Purchased or built many new facilities
- Own all facilities/buildings
- Provide **more** services with no tax increase
- Large fund balance
Net Fiscal Impacts

Fund balance is the best indicator. Net impacts are positive because of substantial property tax revenues.