



State of the County Address

El Paso County Judge Veronica Escobar

June 22, 2011

Good afternoon and thank you all for being here today to learn more about what's happening in your county. I'd like to thank the Greater El Paso Chamber of Commerce for hosting this event and for their willingness to be such great partners to me and the county.

I know that the majority of you are familiar with what the County of El Paso does for you, the taxpayer, but I'd like to offer a quick primer for those who are not as familiar.

COUNTY GOVERNMENT

Counties in Texas are an extension of state government. Our authority is governed and our work is mandated by the constitution and the legislature, and local citizens turn to us for some of the most critical services in their lives. We handle birth, marriage, divorce and death certificates through our County Clerk, Delia Briones and court records through our District Clerk, Norma Favela. We deliver justice through our multiple Courts; we have 30 elected county and district courts, 10 appointed courts, and specialty dockets like the DWI Courts, the Veterans Court, the Mental Competence Court, Family Courts, Juvenile Courts, and for the first time, thanks to Judge Yahara Lisa Gutierrez, El Paso added a Protective Order Court. We keep our community safe through Sheriff Richard Wiles, his Department and jail; we promote mental health care through our contributions to El Paso MHMR, and through the courts, the jail, the hospital district emergency room and; and finally, we deliver indigent health care through our world class hospital district, University Medical Center.

We fund all of that and still, El Paso County makes up only 13% of your property tax bill; 92% of our budget funds services mandated by the state of Texas and the essential departments that support delivery of those mandates. Our resources are limited: 75% of our budget is funded by local property taxes and sales taxes. We don't have the flexibility municipalities have in creating fees to help fund services, so we have to do a lot with very little. Despite that, we've kept your taxes stable – in fact, reducing them in some years – since I joined the County in 2007.

County government is also a very complicated organization. We have incredible needs – for example, tremendous poverty in unincorporated areas where we are still working to get water and sewer hookups to our colonia residents – and a state government that provides us with few resources, allows us few tools, and that increasingly is shifting to local government the responsibility of paying for its own state responsibilities.

And when you walk into the Courthouse, know that, while the constitution gives Commissioners Court the power of the purse strings, the majority of our 'department heads' are elected officials – you, the voter, are their boss. Even crucial departments like the Purchasing Department don't answer to Commissioners Court; by state law, the Purchasing Department is run by a Purchasing Board made up of

three sitting judges and two commissioners. Finally, and perhaps most importantly, we've never had professional management of the County through a County Administrator.

Some would call county government in Texas 'antiquated'; I call it challenging.

Add to that challenge recent events – an historic recession that resulted in a 15% drop in sales tax revenue and a significant drop in fee collections. Just as our revenue shrank, our budget grew because of added courts, the staffing required to support them, and the collective bargaining contract with Sheriff's Department uniformed employees.

That combination created a multi-million dollar problem for the County that we couldn't have navigated without the assistance of our very talented Auditor's Office, headed by Edward Dion and Wallace Hardgrove. The work we did on the budget translates into \$15 million worth of cuts over three years. Those cuts came from one major place: Our workforce. We had to take drastic action, and our employees were right there with us during the most challenging times. We didn't just freeze their salaries, our employees dealt with furloughs for three years in a row. We also initiated a hiring freeze, holding vacant over 100 positions, so in addition to furloughs, we asked our employees to do more work with fewer staff. We also, unfortunately, had to initiate a reduction in force to deal with the tight budget. Even with all those cuts, the only thing that prevented us from having to issue tax anticipation notes to pay our bills this year was a modest tax increase of 2 cents/\$100 valuation last year. It was unpopular, but it was the right thing to do.

And although the good news this year is that sales tax receipts have been increasing over the last several months, the County is required by the state tax code to put that added revenue toward paying off debt, not towards addressing our general fund needs. That means that while the economy is recovering, we won't enjoy the benefits in this year's budget.

In addition to the challenges I've just discussed, we will have additional challenges going forward. The state legislature, faced with a \$27 billion shortfall – created to a large extent by the 2007 legislature's enactment of tax cuts that they couldn't pay for – is further burdening local governments, including County entities. Although we send hundreds of millions of local dollars to the capitol, the current "cuts only" budget the legislature is negotiating will mean cuts over the biennium of \$8.2 million to El Paso County, \$46 million to the Hospital District, and \$10.4 million to El Paso MHMR – all governments or organizations that are historically underfunded to begin with.

To say that your County leadership is faced with tremendous challenges would be an understatement.

NEW LEADERSHIP

I'm very proud to say that your Commissioners Court and other county leaders aren't just dealing with those challenges; we are conquering them with creativity, sacrifice and, when possible, investment.

My colleagues on the court are each working on important areas of county government. Commissioners Anna Perez and Sergio Lewis, among other things, are working on quality of life investments in our two major park assets – the Sportspark and Ascarate Park. Work has already begun on improvements at the Sportspark, and in 18 months, the community will have completely renovated ball fields, batting cages, concessions and restrooms so that we can finally compete with other communities that offer great tournament venues. As we finalize those improvements, Commissioners Court will discuss the option of outsourcing the management of this asset. And at Ascarate, a significant investment in that park that

began in 2008 will be complete next spring. What residents will get to enjoy is a completely refreshed quality of life asset – new ball fields, golf course clubhouse, lighting, tennis and handball courts, and a beautiful new entrance. These investments in quality of life make our community more competitive, greener and more attractive.

Commissioner Willie Gandara has taken the lead on the new Tornillo Port of Entry, 17 years in the making, which will be complete in early 2013. This port of entry is more than just a bridge; it's a transportation system that includes adding a major arterial from the border to I-10; it will be an asset that will keep us connected to our economic partners to the south and will create important economic activity and investment in the lower valley.

Commissioner Dan Haggerty has done some great work heading up the hiring freeze committee that has kept 100 positions vacant, saving us \$3.7 million, creating important savings for you, the taxpayer. He was a champion of reforming our Border Children's Mental Health Collaborative, turning it from a concept to a full county department, and moving it to a new facility adjacent to our Juvenile Probation Department.

Your Commissioners Court has also demonstrated strong advocacy against ill-conceived and irresponsible legislation and damaging rhetoric. We have, for example, publicly opposed the sanctuary cities bill coming from our state capitol, a bill which threatens to make us less safe and bring significant costs to the local property taxpayer. If the bill passes, El Paso County will seek advice and evaluate all legal options available to us. We've seen bills like this challenged in the courts, and El Paso County may have to join in those challenges. There is simply too much to risk, and one thing that we can't surrender willingly is our consistent ranking as one of America's safest communities.

We've also spoken out against budget cuts at the state and federal level that harm our taxbase; and we even took a certain United States Senator and former presidential candidate from Arizona to task when he attempted to demonize safe and vibrant border communities like ours.

REFORM

Together, your Commissioners Court has also supported important reforms that are changing County government for the better.

One of my first goals, and I began working on it late last year after the general election, was to reconstitute the board of El Paso MHMR. I believed it was critical that we do more as a sponsoring entity to provide strong oversight of and effective leadership to that very important community organization. Thanks to the support of Commissioners Court and the UMC board of directors, especially Dr. Jose Luna, we have a fresh start at MHMR. We have diverse new board members like Commissioner Anna Perez, who, as an assistant county attorney, headed up the mental health unit, and Dr. Michael Escamilla, the new Psychiatric Chair at Texas Tech who brings with him great ideas on how to build a bridge among all the mental health entities in the community. There are a total of seven new board members – all talented and committed El Pasoans who will help us better navigate the challenges we face with growing needs and shrinking funds.

The Ethics Commission, the first of its kind for a county in the state of Texas, created in 2009 through legislation sponsored by Representative Marisa Marquez and Senator Eliot Shapleigh, also saw new leadership earlier this year. The commission will be unveiling a new code of ethics and its plan for training employees, elected officials, lobbyists and vendors on July 18th. This Commission is critical to

building community trust and ensuring that there are consequences for both ethics violations and frivolous complaints. It will demonstrate to Texas that El Paso County – its state representatives and commissioners court – is leading the way when it comes to bold and significant ethics legislation.

And it is my intention to ensure that we embark on internal reforms that are essential to the success of a modern organization. The Court needs to plan for future capital projects and begin to make meaningful, strategic investment in our aging infrastructure; those at the County in charge of our assets – your assets – need to do a better job of tracking them, and we need to be prepared to provide them with the resources to do so. We also need to be more unified as a Court when it comes to a strategic vision for the County as a whole. These things will take fortitude and commitment to implement, but we will get them done.

INITIATIVES

The Court supported important projects like the ground-breaking we had this spring for our Youth Services Center, which will help us improve the mental health services we provide to young people. We are partnering on a grant for a geothermal project on Fort Bliss that, if awarded by the federal government, will help Ft. Bliss get closer to achieving its goal of being 100% energy sustainable and that could help us with our growing energy needs and costs in the future.

El Paso County, with great support from TxDOT and the Federal Highway Administration, is also leading the way on a project that has the potential to change the way technology is used at our ports of entry to make us safer, more modern, and more efficient. The Secure Border Trade Demonstration Project, headed by Bob Geyer, will help the maquiladora industry use technology to track trucks, personnel and cargo going north across the border, undisturbed and safe, until it reaches its final destination. We anticipate starting the program September 1st.

And, of course, in 2012 we will all be there as the doors open at our community's very first separately licensed, non-profit children's hospital. El Paso Children's Hospital will create jobs and provide world class healthcare for our mamas and babies, and its presence on the UMC Campus makes El Paso County a major tenant of the Medical Center of the Americas. I was fortunate enough to sit in during the inaugural meeting of the original MCA foundation during Mayor Ray Caballero's term at City Hall. The healthcare hub being created in that area is sure to be one of this region's most lasting and significant economic development drivers, and I am proud that El Paso County is a major stakeholder.

SHARED SERVICES

But how will the County deal with financial challenges that will not disappear anytime soon?

We will do so with creativity and leadership.

The County of El Paso, with other great government partners like the City, University Medical Center and other entities, is leading the way in the most common-sense approach to dealing with growing needs in a challenging economic environment: Shared Services.

In 2008, after presenting the idea and garnering support from every elected body within the county (that's nine school districts, five municipalities, the community college and the hospital district), this community had its first Shared Services Summit. The Greater El Paso Chamber of Commerce was right there with me from the beginning, helping host and fundraise for it, as was the Texas Comptroller's

Office and the Governor's Office, with planning and facilitation support. As a result of the 2008 and 2009 summits, this community's taxpayers are benefitting from significantly increased collaboration and consolidation for smarter, more efficient governments.

These collaboratives have produced projects like the City-County Data Center (a network redundancy building where the City and County are co-habiting). The Data Center is generating \$2.4 million worth of immediate savings, and at a minimum, \$252,000 in annual savings to the County alone. The City-County Data Center is just one facet of City-County collaboration on information technology that is meant to pave the way for a potential complete consolidation – so that as taxpayers, instead of having to fund two different IT departments at two organizations, you're funding one. This collaboration has earned the City and County the Texas Municipal League's award for collaboration. This victory couldn't have been possible without the tremendous leadership of Peter Cooper, David Garcia, and Cygne Nemir from County Attorney Joanne Bernal's office. I am also grateful to Commissioners Court for its support, as well as that of the Mayor and City Council, City Manager Joyce Wilson, the late Art Armas, and City Attorney staff. It took a village to make this happen.

The County's work on the Shared Services Summits caught the attention of the Texas Senate's Intergovernmental Relations Committee, which invited me to participate last summer in their workgroup on city-county consolidation. The legislation we crafted in that workgroup passed this session; it still has to go to the voters, but if passed by the voters, will make changes in our constitution that will provide permanence to long-term agreements like ours.

Another win for us is the recently opened health clinic in the basement of the county courthouse – a collaboration with our own University Medical Center. Over the years, we have seen a drain on the County's Risk Pool fund (the county is self-insured). In an effort to avoid burdening the taxpayer to fund any shortfalls, we knew we had to stop the problem before it began.

We looked to create a way to incentivize preventive care for our employees. We had an existing clinic, but it was small, located in a separate facility, and was essentially a conference room turned into an ad-hoc clinic. This new clinic, based on the shared services concept, will be staffed by a Nurse Practitioner, a Clinical Specialist and Medical Assistant who will work as a team to provide county employees and their dependants with a medical home. The clinic will give patients with chronic conditions such as high blood pressure, diabetes and asthma access to diagnosis, treatment and follow-up.

The clinic features three exam rooms and a laboratory draw station. Prescriptions written at the clinic will be filled at UMC's pharmacy and delivered to the County Courthouse.

This is an investment in ourselves that saves taxpayers and employees money. We're working to keep our employees healthy, out of the ER, urgent care clinics and hospitals, keep them at work, and keep everyone's costs down. We built it in-house, thanks to our talented Facilities staff led by Monique Aguilar, Manny Lucero and Jorge Reyes; and we negotiated a great collaborative, thanks to Betsy Keller who heads up our Human Resources Department and Jim Valenti and his team at UMC. The clinic opened two weeks ago. We will be closely monitoring its utilization and the savings to our fund.

There are other collaboratives, such as the Purchasing Alliance led by the City, collaboration between school districts and UMC, and ideas being fleshed out in Human Resources, all intended to save taxpayer money and deal with growing needs and a limited taxbase.

ECONOMIC DEVELOPMENT

In case you haven't noticed, collaboration is a theme for us, and something we weave into everything we do.

There are other collaborations that we've initiated that we believe will help provide positive change to El Paso. The EcoTourism project, which we initiated in 2007 when I was a County Commissioner, brought together stakeholders – nature advocates and activists, business people, preservationists and philanthropists – and our mission is to make El Paso an eco-tourism hub, a place where visitors and natives alike can take advantage of our great outdoor assets. We started with a strategic planning session, developed a gorgeous brochure, and thanks to the Convention and Visitors Bureau and a generous donation from philanthropist Dr. Richard Teschner, we now have a great website: www.outdoorelpasso.com.

The next task I intend to bring to the EcoTourism committee will be how we turn our River into the asset it deserves to be. In other communities, rivers add beauty and value. Sadly, in El Paso, we've become used to seeing our river as simply an irrigation canal, as anything but a source of pride. Some of us don't see the river at all, and that is tragic. I'd like our EcoTouristas to take up the challenge and join me in changing that – in making our river (from the county line east to west) an attractive, useable asset that we can all be proud of. We face many powerful obstacles: Different jurisdictions, international issues, a lack of resources and that awful, unsightly wall. It will be a hugely difficult and lengthy task. But anything worthwhile is, and this needs to be a priority. We will do everything we can and involve as many people as possible to make it happen.

We are also big believers in economic development collaboration to build on what is already good. At our request, and with the assistance of the Rio Grande Council of Governments, municipalities within the County of El Paso sat down with Bob Cook from REDCO to chart a course for their future economic development. That work is ongoing and will help each small community evaluate its assets and challenges so they can each come up with their own strategies to promote economic development, move away from poverty and be successful. When they win, we all win.

Believe me, there are plenty of reasons why collaboratives like this could fail; and there are people lined up to tell us about why they should fail; but there's one reason why we need to ensure they are successful: The people of this community deserve good government.

2012 FORECAST

These great successes are helping us deal with some of those fiscal challenges outlined earlier in my speech.

You should know El Paso County is also looking at ways to capture every dime of non-property-taxpayer revenue, and one of the most successful has been the Scofflaw program, led by our Domestic Relations Office, our Information Technology Department, and great work from Victor Flores' Tax Office. Residents with unpaid child support or outstanding misdemeanor court costs and fines are unable to renew their auto registration at our Tax Office until they pay their fees.

The program has been so successful that by the end of the year, after sending the state its cut, El Paso County will net \$1 million. We don't anticipate sustaining this kind of fee recovery forever, but it sure is

helpful now, and it is regarded as a model by TxDOT and other communities across the state. Once again, El Paso County is leading the way.

And we had a small windfall this year, \$2.6 million, thanks to great work by our District Attorney Jaime Esparza, who has worked diligently to ensure that the federal government reimburses our County for expenditures we make on their behalf through the Southwest Border Prosecution program.

There are far too many other great programs, initiatives and outstanding County leaders and professionals to discuss here today. I'm just sorry there was not enough time to mention them all.

And about our budget, although we're not out of the woods and we still have a summer's worth of budget meetings, a state budget that will shift a greater burden to you, the local property taxpayer, and an economy that is in a fragile recovery, your Commissioners Court is working toward no tax increase this year.

And while the theme today was collaboration, the greatest collaboration your County government could participate in is ambitiously planning for a better future. We have public and private sector leaders who understand that decades of divestment, administrations with "no new taxes" at any cost attitudes, and a lack of ambition for our community have all contributed to the problems we face today: a loss of talent and competitiveness. For too long, we allowed our leadership to take us into a race to the bottom because we believed that was all we deserved or we were fooled into thinking that was good for us. Not this El Pasoan, not any of you, and not your Commissioners Court.

El Paso is an amazing community. We have the most loving families, the most gorgeous geography, and dedication and passion for our community all around us. All we have lacked is the will to invest in ourselves and to demand the best. That has changed – with great leadership at the City from courageous council members and our mayor, as well as great leadership at the County from the elected officials and professionals I've mentioned (and not mentioned), and from the private sector as well that is helping turn our economy around.

Our most significant collaboration will be what we will do together – as partners and as a family.

I hope that you're as proud of our county as I am.

It's my absolute honor to be your county judge, and I look forward to updating you again next year on what your great County is doing to build a better El Paso.