

*A Conversation with Joel Rodriguez*

## South Texas County Hopes to See Lasting Gains from Eagle Ford Shale Oil Boom

*Joel Rodriguez took office in 2003 as La Salle County judge, the area's chief administrative and judicial officer. The South Texas county had among the largest oil production increases in the booming Eagle Ford Shale from 2010 to 2013. The Eagle Ford is one of the most productive formations brought online with hydraulic fracturing technology. As a result of the boom, wages and employment have soared, but so have rents and food prices.*

### **Q. How has the oil boom changed life in your community?**

The younger people are seeing opportunities here that they would never have seen. You have a number of families that have remained in these small communities that are very close-knit; it gives young workers an opportunity to provide for their families.

Your elderly population, your disabled have been hit hard because their income is only adjusted on a national basis, and it is not adjusted based on the increased costs that are due to local

changes in supply and demand. Food, electricity, gasoline, labor, housing—all of it is higher.

On infrastructure, we have been pounded pretty hard. Let's look at traffic. In 2012, there were over 400 accidents with injuries, 52 percent of which were commercial-related, versus Dallas, Houston or San Antonio, with a 5 to 7 percent share.

We've also had to adjust from seven police officers to 22. Our volunteer fire department is being replaced by a full-time fire department.

### **Q. How fast did change occur?**

Our tax base when I first came in [2003] was like \$130 million, and then a few years ago [2008] it went up to \$400 million, and then \$800 million, then \$2.6 billion, then \$4.7 billion. I haven't seen the 2013 numbers. I'm curious.

I met with Chesapeake [Energy Corp.], and their properties' value was \$1.6 billion in La Salle County alone.

### **Q. What is it like being the county judge in the midst of an oil boom?**

Busy—it's very, very busy. You're spread out really thin. On New Year's Eve, I was working at home until 5 in the morning because I'm the type where in my mind I have to finish it. I've had a lot of those evenings where I work straight through.

We've had more appeals from Justice of the Peace court than ever before. I think the JP is getting 100 tickets a month. The restrictions on commercial driver's licenses are very strict, and they [drivers] can't afford the tickets on their driving records. So they appeal it to county court, and the county court is being overrun by appeals.

I'll have a docket call. It takes 25 to 30 percent of my time. There are other things. Probate cases have also really shot up. For many years, we would have people who would leave La Salle County and didn't value their land. They just left it, goodbye. With minerals, they're coming back and they want to probate their estates, figure out the minerals. The oil companies force them to do it.

### **Q. At what point did you realize that something was happening in La Salle County that would dramatically change life here?**

In 2008, we had a road that was damaged by a company that was actually drilling in McMullen County [directly east of La Salle]. I really think that was the very first Eagle Ford well. Our attorney looked at the production numbers and said, "This is phenomenal." We were in mediation, and I remember him saying, "Just give us 1 percent of your production for a settlement." We ended up settling for \$400,000 in damages. That's where we found out how serious the production was.

### **Q. Is La Salle County able to recoup the public costs of energy industry activity?**

There's additional revenue coming—quite a bit of additional revenue—but as far as recovering the costs, no. Immediate recovery isn't going to happen.

The biggest concern about all your shale plays is that they have a shelf life, and when do the diminishing returns hit? We're hearing from the industry that in 15 years it will start to dwindle down. So we're trying to aggressively handle and construct as many projects before that curve starts going down. The biggest fear I have is that it's so hard to determine when it will go down.

If you don't issue debt for infra-





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structure, it may have some effects later on. You can't go on a pay-as-you-go basis because energy exploration has so much impact. In some places, you have 20,000 vehicles a day. If you have an overweight truck, then it has higher impact. They say one truck is equal to 1,200 vehicles. If you have 1,000 of them, that's 120,000 vehicles a day equivalent, and it just goes on. It's scary.

Our intention is to spend \$100 million on county roads. We'll never have a chance to do this again. These roads and bridges are holding over from the Great Depression.

We're working on the parks; we've got the jail. What's needed? We still don't have a hospital here. It's always going to be an issue. [The nearest hospital is 15 miles away in Dilley in Frio County.] We're building three new fire stations and three community centers.

**Q. Weekly wages on average are up more than 13 percent in La Salle County over the last couple of years. Are there problems filling jobs? Where do teachers and newcomers live?**

We're seeing with some restaurant jobs that they're having a hard time retaining people because of a lack of long-term housing. There's plenty of RV housing, but it's really inflated.

Teachers commute; they double up with other teachers. With our police officers, we have some FEMA [Federal Emergency Management Agency] trailers that they're living in.

Until we build the fire station, we have the emergency operations center, and it has some temporary quarters. The firemen are living there. There are three different shifts. They're working out of a temporary building. The issue was that the volunteer fire department was so beat that we needed to get some immediate help to respond.

The county population was about 7,000 in 2010 and now is 10,000 to 12,000, easy. The concern always remains: How much of that is transient—here during the week but they have a homestead somewhere else.

**Q. Are the costs of some things getting too high for some people?**

During the election I saw some people who were just eating wieners for supper. Good people, disabled people ... too proud to ask, but they're having a really, really hard time. It was sad. We are very active in the food bank. We are seeing more and more people participate because food is outrageous—\$6 for a box of Froot Loops. Seriously. It's an extremely high cost of living—\$7 per pound of Oscar Mayer bacon.

**Q. How many people are living in trailers and temporary housing?**

I'd say 2,000 people. Also, you have the "man camps" that have trailers. Mostly, your oilfield sites already have headquarters and bunks, and they use a bunch of trailers. They don't even come into town anymore. They actually live on-site like a little community. That's where you run into the issues with public water supply and protecting the public. If they are hauling water, it has to be in potable, approved containers overseen by the Texas Commission on Environmental Quality.

**Q. Is there a public health hazard?**

Yes. Anytime you're dealing with water, you don't know what's been in the containers. You don't know if the water has been treated. If it's not a public source, you don't know what kind of contaminants may be in the water. In our case, there was an issue of coliform bacteria, stagnant water. It was nothing intentional. Anytime they set up a man camp, there is no guarantee that the water is going to be safe.

**Q. Is there any way to be prepared for this?**

No. We've all been reactive. We're good at being reactive and adjusting.

The hardest thing is that the communities have to get a belief: If communities feel that the shale play in Texas is going to be here for a while, they need to seriously invest in their infrastructure—whether it's new buildings, new schools, new roads—because they may not get another chance. You have to take advantage of it.



*Hear additional excerpts of the interview at:*  
[www.dallasfed.org/research/swe/index.cfm](http://www.dallasfed.org/research/swe/index.cfm)