

# Commission Meeting Agenda



## Mayor

Samuel D. Cobb

## City Commission

R. Finn Smith – District 1  
Christopher R. Mills – District 2  
Larron B. Fields – District 3  
Joseph D. Calderón – District 4  
Dwayne Penick – District 5  
Don R. Gerth – District 6

## City Manager

Manny Gomez

*November 28, 2023*



## **Hobbs City Commission**

Special Meeting

City Hall, City Commission Chamber

200 E. Broadway, 1<sup>st</sup> Floor Annex, Hobbs, New Mexico

**Tuesday, November 28, 2023 - 6:00 p.m.**

Sam D. Cobb, Mayor

R. Finn Smith  
Commissioner – District 1

Christopher R. Mills  
Commissioner – District 2

Larron B. Fields  
Commissioner – District 3

Joseph D. Calderón  
Commissioner – District 4

Dwayne Penick  
Commissioner – District 5

Don R. Gerth  
Commissioner – District 6

---

## **A G E N D A**

City Commission Meetings are  
Broadcast Live on KHBX FM 99.3 Radio and  
Available via Livestream at [www.hobbsnm.org](http://www.hobbsnm.org)

### **CALL TO ORDER AND ROLL CALL**

### **INVOCATION AND PLEDGE OF ALLEGIANCE**

**PUBLIC COMMENTS** *(Citizens who wish to speak must sign the Public Comment Registration Form located in the Commission Chamber prior to the beginning of the meeting.)*

**CONSENT AGENDA** *(The consent agenda is approved by a single motion. Any member of the Commission may request an item to be transferred to the regular agenda from the consent agenda without discussion or vote.)*

None

## **DISCUSSION**

None

## **ACTION ITEMS** (*Ordinances, Resolutions, Public Hearings*)

1. Resolution No. 7426 – Authorizing an Approval from the City Commission Regarding a Written Agreement with Lea County and Covenant Hobbs for a Gross Receipts Tax Deduction on Construction Costs (*Mayor Sam Cobb*)

## **COMMENTS BY CITY COMMISSIONERS, CITY MANAGER**

2. Next Meeting Date:
  - City Commission Regular Meeting:
    - **Monday, December 4, 2023, at 6:00 p.m.**

## **ADJOURNMENT**

If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the above meeting, please contact the City Clerk's Office at (575) 397-9200 at least 72 hours prior to the meeting or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats. Please contact the City Clerk's Office if a summary or other type of accessible format is needed.

# **ACTION ITEMS**



**CITY OF HOBBS**  
COMMISSION STAFF SUMMARY FORM

MEETING DATE: November 28, 2023

**SUBJECT:** A RESOLUTION AUTHORIZING AN APPROVAL FROM THE CITY COMMISSION REGARDING A WRITTEN AGREEMENT WITH LEA COUNTY AND COVENANT TO BE EXEMPT FROM GROSS RECEIPT TAXES ON PRIOR AND FUTURE CONSTRUCTION COSTS. (as required by New Mexico Taxation and Revenue Department)

**DEPT. OF ORIGIN:** Mayor Office  
**DATE SUBMITTED:** October 23, 2023  
**SUBMITTED BY:** Sam Cobb, Mayor

**Summary:** On October 19th, 2023, the Board of County Commissioners of Lea County heard a discussion item by Covenant. Covenant was seeking a written agreement with the County to be exempt from prior/future gross receipt taxes on construction costs. (per the New Mexico Taxation and Revenue Department Construction Deductions see attached). The County Commission suggested that Covenant seek a resolution from the City of Hobbs, approving the exemption. If approved both by the City and County, the expected claw back to the City would be \$1,649,949

**Fiscal Impact:**

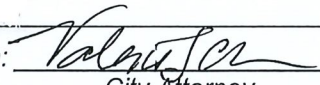
Reviewed By:   
Finance Department

Total prior construction costs:	\$61,969,939	
City Portion of "claw back"	890,817	(1.4375%)
State Shared portion of "claw back" from City	759,132	(1.2250%)
Total "claw back" from City	\$ <u>1,649,949</u>	(2.6625%)

**Attachments:**

Resolution

**Legal Review:**

Approved As To Form:   
City Attorney

**Recommendation:**

Approved For Submittal By:

\_\_\_\_\_  
Department Director

\_\_\_\_\_  
City Manager

CITY CLERK'S USE ONLY  
COMMISSION ACTION TAKEN

Resolution No. \_\_\_\_\_  
Ordinance No. \_\_\_\_\_  
Approved \_\_\_\_\_  
Other \_\_\_\_\_

Continued To: \_\_\_\_\_  
Referred To: \_\_\_\_\_  
Denied \_\_\_\_\_  
File No. \_\_\_\_\_

CITY OF HOBBS

RESOLUTION NO. 7426

A RESOLUTION AUTHORIZING AN APPROVAL FROM THE CITY COMMISSION REGARDING A WRITTEN AGREEMENT WITH LEA COUNTY AND COVENANT HOBBS FOR A GROSS RECEIPTS TAX DEDUCTION ON CONSTRUCTION COSTS

WHEREAS, the State of New Mexico pursuant to NMSA 1978 §§7-9-99 and 7-9-100 provides an incentive for construction of sole community provider hospitals [qualifying hospital]; and

WHEREAS, the incentive, enacted in 2006, provides a gross receipts tax (GRT) deduction on the purchase of construction equipment, materials, engineering, architectural and construction services used in the construction of sole community provider hospitals [qualifying hospital] that is located in a federally designated health professional shortage area may be deducted from gross receipts if the sale of the construction equipment or construction materials is made to a foundation or a nonprofit organization; and

WHEREAS, the incentive applies to new facility construction only and requires a written agreement with the County stating the nonprofit organization agrees to pay at least 95% of the costs of new facility construction of that sole community provider hospital [qualifying hospital]; and

WHEREAS, Covenant Health Hobbs Hospital is classified as a sole community provider hospital [qualifying hospital] and may be eligible for the incentive and GRT deduction; and

WHEREAS, the incentive may result in a total estimated GRT refund of \$4,203,104.00 to Covenant Health Hobbs Hospital resulting in a projected loss of GRT revenue to the City of Hobbs in the estimated amount of \$1,649,949.00; and

WHEREAS, Covenant Health Hobbs Hospital has agreed to reinvest the estimated City/County GRT refund in the community with:

- Approximately \$500,000 on labor and collateral materials to serve the community to meet patient needs.
- Approximately \$500,000 will fund a tele-psych program.
- Approximately \$800,000 will continue to support unfunded/underfunded care in the community.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF HOBBS, NEW MEXICO, that the City of Hobbs is in support of Lea County approving Covenant Health Hobbs Hospital's request regarding the sole community hospital incentive [qualifying hospital] provided the reinvestment is made in the community as outlined above.

PASSED, ADOPTED AND APPROVED this 28<sup>th</sup> day of November, 2023.

---

SAM D. COBB, Mayor

ATTEST:

---

JAN FLETCHER, City Clerk