

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

June 7, 2021



Hobbs City Commission

Regular Meeting

City Hall, City Commission Chamber

200 E. Broadway, 1st Floor Annex, Hobbs, New Mexico

Monday, June 7, 2021 – 6:00 p.m.

Sam D. Cobb, Mayor

R. Finn Smith
Commissioner – District 1

Joseph D. Calderon
Commissioner – District 4

Christopher R. Mills
Commissioner – District 2

Dwayne Penick
Commissioner – District 5

Larron B. Fields
Commissioner – District 3

Don R. Gerth
Commissioner – District 6

Regular in-person meetings have now resumed in the Hobbs City Commission Chamber. Members of the public are asked to wear a face mask and follow social distancing guidelines. The public is invited to address public comments to the Commission in person at the meeting or submit written comments prior to the meeting. Written comments should be submitted no later than 4:30 p.m. on June 7, 2021, addressed via email to the City Clerk at jfletcher@hobbsnm.org or faxed to (575) 397-9334.

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

CALL TO ORDER AND ROLL CALL

INVOCATION AND PLEDGE OF ALLEGIANCE

APPROVAL OF MINUTES

1. Minutes of the May 17, 2021, Regular Commission Meeting
2. Minutes of the May 17, 2021, Work Session

PROCLAMATIONS AND AWARDS OF MERIT

None

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.)*

Due to COVID-19, public comment may be submitted in person or in writing. Written comments should be submitted to the City Clerk at **jfletcher@hobbsnm.org** or faxed to (575) 397-9334 no later than 4:30 p.m. on the day of the meeting, June 7, 2021.

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.)*

3. Resolution No. 7056 – Authorizing the City Manager’s Litigation Authority *(Efren Cortez, City Attorney)*

DISCUSSION

None

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

4. Consideration of Approval of RFP No. 523-21 to Furnish Electronic Third-Party Billing Services for Emergency Medical Services and Recommendation to Accept the Proposal from Imagetrend *(Barry Young, Deputy Fire Chief)*
5. Resolution No. 7057 - Temporarily Waiving the Annual Liquor License Renewal Fee for FY 21-22 for Liquor Licenses Issued Under Chapter 5.44 of the Hobbs Municipal Code *(Jan Fletcher, City Clerk)*
6. Resolution No. 7058 – Approving a Development Agreement with ALJO, LLC, Concerning the Development of Market Rate Single-Family Housing *(Kevin Robinson, Development Director)*

COMMENTS BY CITY COMMISSIONERS, CITY MANAGER

7. Next Meeting Date:

- City Commission
Regular Meeting - *Monday, June 21, 2021, at 6:00 p.m.*

ADJOURNMENT

If you are an individual with a disability who is in need of 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.



CITY OF HOBBS
COMMISSION STAFF SUMMARY FORM

MEETING DATE: June 7, 2021

SUBJECT: City Commission Meeting Minutes

DEPT. OF ORIGIN: City Clerk's Office
DATE SUBMITTED: June 2, 2021
SUBMITTED BY: Jan Fletcher, City Clerk

Summary:

The following minutes are submitted for approval:

- Regular Commission Meeting of May 17, 2021
- Commission Work Session of May 17, 2021

Fiscal Impact:

Reviewed By: _____
Finance Department

N/A

Attachments:

Minutes as referenced under "Summary".

Legal Review:

Approved As To Form: _____
City Attorney

Recommendation:

Motion to approve the minutes as presented.

Approved For Submittal By:



Department Director

City Manager

**CITY CLERK'S USE ONLY
COMMISSION ACTION TAKEN**

Resolution No. _____	Continued To: _____
Ordinance No. _____	Referred To: _____
Approved _____	Denied _____
Other _____	File No. _____

Minutes of the regular meeting of the Hobbs City Commission held on Monday, May 17, 2021, in the City Commission Chamber, 200 East Broadway, 1st Floor Annex, Hobbs, New Mexico. This meeting was also viewable to the public via Livestream on the City's website at www.hobbsnm.org.

Call to Order and Roll Call

Mayor Cobb called the meeting to order at 6:00 p.m. and welcomed everyone in attendance to the "In Person" meeting and everyone viewing through Livestream. The City Clerk called the roll and the following answered present:

Mayor Sam D. Cobb
Commissioner R. Finn Smith
Commissioner Christopher Mills
Commissioner Larron B. Fields
Commissioner Joseph D. Calderón
Commissioner Dwayne Penick
Commissioner Don Gerth

Also present: Manny Gomez, City Manager
Valerie Chacon, Assistant City Attorney
Barry Young, Deputy Fire Chief
Kevin Shearer, Battalion Chief
Michael Prudencio, EMS Coordinator Battalion Chief
John Ortolano, Police Chief
Doug McDaniel, Recreation Director
Nicholas Goulet, Human Resources Director
Tracy South, Assistant Human Resources Director
Toby Spears, Finance Director
Todd Randall, City Engineer
Ron Roberts, Information Technology Director
Bobby Arther, Municipal Judge
Shelia Baker, General Services Director
Sandy Farrell, Library Director
April Avila, Clerk Record Specialist
Mollie Maldonado, Deputy City Clerk
Jan Fletcher, City Clerk
14 citizens

Invocation and Pledge of Allegiance

Commissioner Penick delivered the invocation and Commissioner Smith led the Pledge of Allegiance.

Approval of Minutes

Commissioner Calderón moved that the minutes of the regular meeting held on Monday, May 3, 2021, the budget work session on Monday, May 3, 2021, and the special meeting held on Monday, May 10, 2021, be approved as written. Commissioner Gerth seconded

the motion and the vote was recorded as follows: Smith yes, Mills yes, Fields yes, Calderón yes, Gerth yes, Penick yes, Cobb yes. The motion carried.

Proclamations and Awards of Merit

Proclamation Proclaiming the Month of May, 2021, as "Mental Health Awareness Month"

Mayor Cobb read the proclamation proclaiming the month of May, 2021 as "Mental Health Awareness Month" and presented the proclamation to Ms. Carrie Cooper, CEO for the Guidance Center. Ms. Cooper thanked Mayor Cobb for the recognition and stated the isolation resulting from the pandemic has created new mental health issues. She reminded everyone that the Guidance Center is available to assist citizens with mental health issues.

Proclamation Proclaiming May 16 – 22, 2021, as "Emergency Medical Services Week"

Mayor Cobb read the proclamation proclaiming May 16 – 22, 2021, as "Emergency Medical Services Week" with the theme "*This is EMS: Caring for Our Communities*" and presented the proclamation to Mr. Kevin Shearer, Fire Battalion Chief, and Mr. Michael Prudencio, EMS Coordinator/Battalion Chief.

Recognition of City Employees - Milestone Service Awards for the Month of February, 2021

Mr. Gomez recognized the employees who have reached milestone service awards with the City of Hobbs for the month of May, 2021, which total 30 years of service worked. He read their names, job titles and gave a brief summary of the job duties performed by each of the following employees:

- 5 years – Shawn Smith, Building Maintenance
- 5 years – Terri Lewis, Teen Recreation Center
- 5 years – Jasmine Boyd, Utilities
- 15 years – Kenneth Brotherton, Wastewater Treatment Plant

Mr. Gomez thanked the Commission for recognizing the employees and their service to the City. He stated the City's employees are the most important resource and asset within the organization. He expressed thanks and appreciation to the employees and their families.

Public Comments

Due to COVID-19, public comments may be submitted in person or in writing. Written comments should be submitted to the City Clerk at jfletcher@hobbsnm.org or faxed to (575) 397-9334 no later than 4:30 p.m. on the day of the meeting, May 17, 2021.

Mr. Todd Bailey, Editor of the Hobbs News Sun, addressed the Commission to personally and publicly thank the City employees who have supported him through his recent illness and recovery.

Mayor Cobb wished Mr. Bailey well in his continuing health journey.

Commissioner Calderón stated the District 4 Clean Up was held on Saturday, May 15, 2021, and he thanked Ms. Tanya Sanchez, Community Services Coordinator, for her assistance in organizing the event. He stated there were two trailers full of trash picked up in District 4, and he could definitely see the trash problem in Hobbs. He added this trash clean up issue is more work than City employees can handle as there is too much trash and too many old tires.

Consent Agenda

There were no items on the Consent Agenda.

Discussion

There were no items for discussion.

Mayor Cobb recognized Municipal Judge Bobby Arther, Lea County Commissioner Jonathan Sena and Lea County Manager Mike Gallagher all present at tonight's meeting.

Action Items

Resolution No. 7051 – Authorizing a Memorandum of Agreement with Lea County for a Financial Contribution of \$300,000.00 to the City of Hobbs for the Purpose of Constructing a Veterans Memorial

Ms. Valerie Chacon, Assistant City Attorney, explained the resolution and thanked the Lea County Board of Commissioners for their contribution to the Veterans Memorial. She stated the Lea County Board of Commissioners approved Resolution No. 21-MAR-050 on March 4, 2021, approving a financial commitment of \$300,000.00 to the City of Hobbs for the purpose of constructing a Veterans Memorial. Subsequently, on April 5, 2021, the City of Hobbs City Commission approved an action to bid the Veterans Memorial Park HAAF Project. She further stated the proposed Memorandum of Agreement allows the City to accept Lea County's financial contribution of \$300,000.00 towards the construction of the Veterans Memorial Park HAAF Project.

Lea County Commissioner Jonathan Sena stated supporting the Veterans Memorial is the best way to honor our local veterans. He further stated this will be a special memorial for Hobbs and he added that his own father is a Vietnam Veteran. Lea County Commissioner Sena stated these special men and women deserve the credit for their service.

Acting City Manager/Fire Chief Gomez expressed his appreciation for the support of the Veterans Memorial.

There being no further comment or discussion, Commissioner Calderón moved that Resolution No. 7051 be adopted as presented. Commissioner Fields seconded the motion and the vote was recorded as follows: Smith yes, Mills yes, Fields yes, Penick yes, Calderón yes, Gerth yes, Cobb yes. The motion carried. Copies of the resolution and supporting documentation are attached and made a part of these minutes.

Resolution No. 7052 – Adopting Budgetary Adjustment #6 for FY 2020-2021 Increasing Total Expenses by \$323,382.15

Mr. Toby Spears, Finance Director, stated the fiscal budget of the City of Hobbs is adopted by resolution which is reviewed and approved by the Department of Finance and Administration prior to the beginning of the fiscal year, and as such, from time to time it becomes necessary to adjust the budget for items not contemplated at the time of its preparation or for issues that arise during the fiscal year. He stated the adjustment increasing total expenses by \$323,382.15 providing a budgeted ending cash balance of \$88,895,745.01 for all funds and the General Fund Reserve will move from 54% to 53%. He explained part of the adjustment is related to a change in payment method on the City's loan to the New Mexico Finance Authority (NMFA). The NMFA has moved debt service for DW-1510 from the semi-annual debt service agreement that has been utilized since the first loan payment in 2010 to monthly payment requirement as is called for in the original debt service agreement. NMFA has previously used semi-annual payment acceptance based on their manual process for recording payments. Mr. Spears stated NMFA now has a computer program in place to manage these payments and have begun the process of providing a monthly invoice for payment. He stated this budget adjustment also includes inter-fund cash transfers between fund 660 and fund 510 to provide cash needed to fund the extra expense.

There being no further comment or discussion, Commissioner Calderón moved that Resolution No. 7052 be adopted as presented. Commissioner Gerth seconded the motion and the vote was recorded as follows: Smith yes, Mills yes, Fields yes, Penick yes, Calderón yes, Gerth yes, Cobb yes. The motion carried. Copies of the resolution and supporting documentation are attached and made a part of these minutes.

Consideration of Approval of Bid No. 1589-21 for Construction of Veterans Memorial Park and Recommendation to Accept the Bid of CDR Construction, Inc., in the Amount of \$1,470,860.87 (Including NMGRT)

Ms. Shelia Baker, General Services Director, explained Bid No. 1589-21 and stated in 2018, the City of Hobbs established a committee to set the direction and vision for a Veterans Memorial Park. She further explained MRWM was hired in 2019 to begin the design. Ms. Baker stated the Hobbs Veterans Memorial Park HAAF will be located on the WWII Hobbs Army Airfield (HAAF)/HIAP. The goals of the Veterans Memorial Park are

to: provide Lea County with a place for honor and healing; educate how many have served and in what capacity; and to gather together in celebration for different events. She further stated this memorial is for everyone - those who have served, those who are serving, those who aspire to serve and those who wish to remember past and present veterans. Ms. Baker stated the focus areas on the site are: eight Branch Flags, 29'x60' turf parade field, 30" stone veneer wall, memorial brick pavers, 30'x30' shade structure, pad for B-17 replica and landscape/lighting. She further stated an advertisement for Bid No. 1589-21 was placed in the local newspaper, placed on the City of Hobbs website and was sent to plan rooms on April 18, 2021. Ms. Baker stated there were 21 companies on the plan holders list. Bids were opened at 2:00 PM on Thursday, May 6, 2021, and one bid was submitted. Ms. Baker stated it is the recommendation that the total bid for the project be awarded to CDR Construction, Inc., as the low bidder, in the amount of \$1,377,049.38 not including tax.

Commissioner Mills stated the City has been working on this project for a long time with the City Manager and City staff putting in a lot of hard work to make the Veterans Memorial project happen. He further stated kids do not have a good historical understanding of the sacrifices made by veterans. Commissioner Mills stated a price tag cannot be placed on that knowledge.

There being no further comment or discussion, Commissioner Penick moved that Bid No. 1589-21 for Construction of the Veterans Memorial Park be awarded to CDR Construction, Inc., in the amount of \$1,470,860.87 (Including NMGRT) as presented. Commissioner Mills seconded the motion and he vote was recorded as follows: Smith yes, Mills yes, Fields yes, Penick yes, Calderón yes, Gerth yes, Cobb yes. The motion carried. Copies of the resolution and supporting documentation are attached and made a part of these minutes.

Resolution No. 7053 – Adopting the Preliminary Budget for FY 2021-2022

Mr. Spears explained the resolution and stated pursuant to applicable state law, the preliminary budget must be approved and submitted to the Local Government Division of the New Mexico Department of Finance and Administration (NMDFA) by June 1, 2021. He stated this proposed preliminary budget includes \$68,195,581.66 in proposed General Fund expenditures and \$125,031,812.52 in proposed expenditures for all funds. He added revenues in the General Fund are projected at \$51,598,228.74 and total revenue projections for all funds are set at \$104,413,876.46. Mr. Spears stated the current projected general fund cash reserve is set at 44% with a preliminary ending cash balance for all funds of \$68,609,091.10. He added the PowerPoint outlining the preliminary budget has been posted to the City's website, www.hobbsnm.org.

Mr. Gomez stated he is fully confident the City has developed the most conservative, reasonable and responsible budget. He stated it is the City's fiduciary responsibility to closely monitor expenses. Mr. Gomez stated City staff has demonstrated they are

cognizant of recurring costs and have eliminated job positions, implemented a hiring freeze and combined costs.

Mayor Cobb expressed his appreciation to all City staff for working together to be a part of the budgetary solution.

There being no further comment or discussion, Commissioner Penick moved that Resolution No. 7053 be adopted as presented. Commissioner Smith seconded the motion and the vote was recorded as follows: Smith yes, Mills yes, Fields yes, Penick yes, Calderón yes, Gerth yes, Cobb yes. The motion carried. Copies of the resolution and supporting documentation are attached and made a part of these minutes.

Resolution No. 7054 – Authorizing the Mayor to Execute an Employment Agreement with Manny Gomez as City Manager

Mayor Cobb stated he, along with Mr. Efren Cortez, City Attorney, and Mr. Nicholas Goulet, Human Resources Director, were a part of the City Manager's contract negotiation process. He further stated Mr. Gomez has so much commitment to the community, and he feels the proposed contract is fair based on the current economic situation.

Ms. Chacon stated pursuant to City of Hobbs Charter 4-5, the City Commission approved Resolution No. 7043 on April 19, 2021, and authorized the selection of Mr. Gomez as the City Manager for the City of Hobbs. She further explained pursuant to that resolution, contractual negotiations commenced between Mr. Gomez and the Mayor (on behalf of the City Commission), the City Attorney, and the Human Resources Director. Ms. Chacon stated the parties believe they have reached an agreement in principle, subject to the approval of the City Commission. This resolution would approve the contractual terms of the proposed Employment Agreement and would bind Mr. Gomez and the City of Hobbs to the same. She stated the base salary of Mr. Gomez has not changed; however, the stipulations that were in the previous City Manager contract for bereavement, housing and relocation expenses have been removed.

In response to an inquiry from Commissioner Fields, Ms. Chacon stated all of the previous City Manager contracts have expired.

Commissioner Mills commented this is a very basic contract compared to those in the past.

In response to Mayor Cobb's inquiry, Mr. Gomez stated he feels this contract is very reasonable.

Commissioner Penick thanked Mr. Gomez for all he has done for the City of Hobbs.

In answer to Commissioner Calderón's question, Mr. Gomez stated he has been Fire Chief since 2001. Commissioner Calderón thanked Mr. Gomez for his leadership.

Commissioner Fields stated he has the utmost respect for Mr. Gomez. He stated he was very surprised upon review of the contract. Commissioner Fields stated Mr. Gomez could have asked for more but he didn't and that has raised his level of respect for him.

Commissioner Smith stated he looks to Mr. Gomez as a leader with great humility and that is a valuable characteristic.

There being no further comment or discussion, Commissioner Gerth moved to approve Resolution No. 7054 as presented. Commissioner Fields seconded the motion and the vote was recorded as follows: Smith yes, Mills yes, Fields yes, Penick yes, Calderón yes, Gerth yes, Cobb yes. The motion carried. A copy of the resolution and supporting documentation are attached and made a part of these minutes.

Mr. Gomez thanked the Commission and stated he appreciates their approval of the contract. He further stated he is excited to continue the work he began three and a half years ago. He also expressed his appreciation to City staff and Department Heads.

Resolution No. 7055 – Accepting the U. S. Army National Guard Recruitment Building Located at 5002 Jack Gomez Blvd., Hobbs, New Mexico

Ms. Chacon explained the resolution and stated the U.S. Army National Guard seeks to divest itself of the U.S. Army National Guard Recruiting Building located at 5002 Jack Gomez Boulevard, Hobbs, New Mexico 88240. She further stated the City of Hobbs was offered the U. S. Army National Guard Recruitment Building and now seeks to accept conveyance of the building, if approved by the State Board of Finance. Ms. Chacon stated the U. S. Army National Guard was built in 1986 with the total square footage being 20,002 situated on 9.87 acres. She further stated the City of Hobbs' acceptance and acquisition would result in the assumption of control of the property without any stipulations as to the use of the building. Once the City Commission votes to accept the building, the State Board of Finance will vote on the final divestment of the property to the City of Hobbs.

In response to a question from Commissioner Smith, Ms. Chacon stated the City is acting on due diligence. She further stated the Phase 1 Environmental Study is in progress and the City will receive results soon.

Mayor Cobb stated Mr. Gomez has completed a walk-through of the property with City Staff. He further stated the cost to insure the property will be approximately \$7,000.00 annually. He added there are some repairs needed on the roof and the utility costs will be relatively low. Mayor Cobb stated the completed Environmental Assessment is the next step.

In response to Commissioner Smith's inquiry, Ms. Chacon stated once the assessment is complete, the City can address curing any issues.

There being no further comment or discussion, Commissioner Penick moved to approve Resolution No. 7055 as presented. Commissioner Smith seconded the motion and the vote was recorded as follows: Smith yes, Mills yes, Fields yes, Penick yes, Calderón yes, Gerth yes, Cobb yes. The motion carried. A copy of the supporting documentation is attached and made a part of these minutes.

COMMENTS BY CITY COMMISSIONERS, CITY MANAGER

Mayor Cobb stated the Commission will meet for the regular Commission Meeting on June 7, 2021, at 6:00 p.m.

Mr. Gomez stated the Trash Clean Up last Saturday went east and west down the railroad track right-of-way and all the way to South Marland. He stated the General Services Department and the Parks and Open Spaces Department will pick up the abandoned tires along the cleanup route. Mr. Gomez encouraged everyone to take part in the neighborhood cleanups. He stated there were approximately five young men who joined 25 City employees to participate in this cleanup. He reminded everyone that we can all make a difference. The next cleanup will be held in District 6 on June 5, 2021.

Mr. Gomez reminded everyone of the Water Conservation Period which start on May 15 and runs through September 15 of each year. He stated citizens may water from 4:00 am to 8:00 am or 7:00 pm to 11:00 pm on odd or even days based on their house number. No watering allowed on the 31st day of the month. Mr. Gomez stated he appreciates everyone's compliance with water conservation.

Commissioner Smith expressed his appreciation for the opportunity to work with everyone. He stated he is looking forward to it.

Commissioner Penick thanked everyone for their support on the Veterans Memorial project. He especially expressed appreciation to Mayor Cobb, Commissioner Mills and Ms. Baker for all of their work on the project. He stated he is grateful to all veterans and that he appreciates freedom.

Commissioner Penick thanked City staff and stated they are the greatest commodity. He also applauded those who came out to participate in the trash cleanup.

Commissioner Fields commented on the illegal dumping of tires and shingles throughout the City and stated it is very easy to dispose of these items properly. He encouraged participation in the cleanups to combat the problem of trash in the City and for all citizens to take pride in their community.

Commissioner Mills stated Covenant Hospital Hobbs took the initiative to host their own cleanup event. He further stated other businesses could follow this example and that these activities really do make a difference.

Commissioner Gerth stated there is a lot of trash north of the Teen Center. He stated this problem is too large for City staff to handle and the only way to get the attention of the citizens is by issuing fines for dumping trash.

Adjournment

There being no further business or comments, Commissioner Calderón moved that the meeting adjourn. Commissioner Gerth seconded the motion and the vote was recorded as follows: Smith yes, Mills yes, Fields yes, Calderón yes, Penick yes, Gerth yes, Cobb yes. The motion carried. The meeting adjourned at 7:15 p.m.

SAM D. COBB, Mayor

ATTEST:

JAN FLETCHER, City Clerk

Minutes of the work session of the Hobbs City Commission held on Monday, May 17, 2021, in the City Commission Chamber, 200 East Broadway, 1st Floor Annex, Hobbs, New Mexico.

Mayor Cobb called the work session to order and welcomed everyone in attendance. The following were present:

Mayor Sam D. Cobb
Commissioner Finn Smith
Commissioner Christopher Mills (*telephonically*)
Commissioner Larron B. Fields
Commissioner Joseph D. Calderón
Commissioner Dwayne Penick
Commissioner Don Gerth

Also present were Mr. Manny Gomez, City Manager, Mr. Toby Spears, Finance Director, Ms. Valerie Chacon, Deputy City Attorney, and Ms. Jan Fletcher, City Clerk. Other staff members and public were also present.

Mr. Tim Woomer, Utilities Director, reviewed the 2020 Water and Wastewater Cost of Service and Rate Design Study with the Commission using a PowerPoint presentation. He stated the analysis was done by NewGen Strategies & Solutions and was completed in January, 2020, but has not moved forward because of COVID. Mr. Woomer clarified that the 2019 data was used as the “test year” to make all of the forecasts and projections. Additionally, some assumptions had to be used in order to project forward to 2024. The Utilities Board has reviewed the study in detail over several meetings and has made a recommendation to adjust the rates for 2021, 2022 and 2023. In 2023, the Board is recommending a new Cost of Service Study which would then be used to assess future increases/decreases beginning in 2024.

The City provides water services to approximately 13,300 customers and provides sewer services to approximately 12,800 customers. An average meter count number would be 13,642. Mr. Woomer stated the City has surprisingly not seen a large loss of customers attributed to COVID or the oil and gas decline. As of March, 2021, the actual meter count was 13,706 which has hit a plateau for the past few months.

In response to Mayor Cobb’s request, Mr. Woomer described an Enterprise Fund which is a separate accounting fund used to report activity for which a fee is charged to users, like the utility rate, so that the utility system can stand on its own two feet in terms of revenues, expenditures and maintenance.

In further reply to Mayor Cobb’s question, Mr. Woomer stated loan grants are awarded by the State which the City repays with interest. Currently, the City is paying \$2.8 million annually in debt service payments on the loans owed with a relatively low interest rate.

In response to Commissioner Penick’s inquiry, Mr. Woomer stated in 2019, revenue received was \$13 million and expenditures were \$7.5 million. He explained that budgeted amounts are different than actual amounts. Mr. Woomer stated the City had a hiring freeze and deferred capital expenditures. He emphasized the importance for the City to

monitor these levels as climbing out of a big hole is very cost prohibitive and the City does not want to have to borrow against the assets.

Mr. Woomer reviewed the list of schedules contained in Appendix "A" of the Cost of Service Study booklet. He stated the City must comply with all regulatory changes imposed by the Environmental Protection Agency and the New Mexico Environment Department.

Mr. Woomer highlighted a table with inflation and growth factors used for the study for FY 2020, 2021, 2022, 2023 and 2024. These factors vary from 4% for general cost increases, 5% increases for salaries and 5% for benefits, 3% for cost of chemicals, 2% for increases in electrical charges, 2.5% for equipment fuel, 10% for insurance increases and 1% for customer growth.

Mr. Woomer reviewed capital expenses for water and wastewater for the past three years as follows:

<u>2019</u>	<u>2020</u>	<u>2021</u>
\$11,805,873.00	\$5,503,884.43	\$1,863,664.71

M. Woomer explained that in 2019, the capital costs were for a new digester. In 2020, the digester project was completed and additional costs were expended for the SCADA system and waterline replacements. In 2021, capital costs were deferred because of revenue concerns.

In response to Commissioner Fields' question, Mr. Woomer stated SCADA means "Supervisory Control and Data Acquisition" and is a system of software and hardware elements that allows operation of the towers, reservoirs and wells through the use of proprietary devices which are not connected to the internet and operate as standalone systems.

Mr. Woomer stated the revenue requirement incorporates a capital improvement plan (CIP) provided by the City for the next five years. In addition to the CIP, the City estimates it will need to recover, on a recurring basis, approximately \$1.35 million per year for water and approximately \$2 million per year for wastewater through rates to fund capital renewals and repairs. These costs are budgeted to ensure that the integrity of the system is maintained and includes various subdivision utility projects for both water and wastewater (e.g., water tower rehabilitation, water and wastewater line repairs, etc.). He stated it is important to have a working CIP to ensure that the assets of the Enterprise Fund remain in good working condition to prevent system failures and expensive emergency repairs. To the extent that any designated funds remain unexpended in any given year, the monies will be set aside to fund capital and/or equipment repairs in future years.

Commissioner Smith stated the loan interest rates appear to be low with a blended average but the assumptions are projecting the interest at 5%. In response to Commissioner Smith's inquiry, Mayor Cobb stated the revolving loans from the State have a very favorable interest rate. Mr. Woomer stated the loans are Federally funded and are administered by the State.

In further response to Commissioner Smith's inquiry about whether the capital expenditure amounts are higher or lower than normal, Mr. Woomer stated they are fairly normal. Commissioner Smith pointed out that the capital expenditures projected are \$3.35 million per year for five years totaling approximately \$16 million.

In response to Mayor Cobb's question, Mr. Woomer stated a substantial part of the sewer line replacement still needs to be completed in the approximate amount of \$10 million to replace lines from the Lovington Highway up Central to Joe Harvey and then north on Grimes to Del Norte Park. The project is 98% complete with engineering and design. Mr. Woomer stated the City is waiting on the best time to start the project as the lines are under the roadway which will be torn up during the replacement and it will cause a substantial impact to traffic in the area.

In reply to Commissioner Smith's question, Mr. Woomer stated the loans all assume a 20-year payback timeline.

The five-year revenue requirement forecast includes the City's outstanding debt service to ensure the annual recovery of principal and interest payments. The annual principal and interest payments in existing debt total approximately \$2.8 million per year. Appendix A, Schedule 3 of the report provides the full schedule of payments over the five-year forecast for the City's existing debt.

The revenue requirement also incorporates proposed debt for unfunded capital projects in the CIP. New debt is assumed to be issued each year over the five-year planning period. The total principal and interest payments range from approximately \$0.1 million in FY 2020 to approximately \$1.7 million in FY 2024. Appendix A, Schedule 4 provides the full schedule of projected payments over the five-year forecast for the City's proposed debt.

Mr. Woomer stated the current rates are not anticipated to generate sufficient revenue to recover the costs of providing water and wastewater service.

Projected Revenue Performance under Current Rates

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<u>Water</u>					
Revenue	\$5,353,710	\$5,390,444	\$5,427,545	\$5,465,017	\$5,502,864
Cost of Service	\$5,905,681	\$6,511,054	\$7,069,363	\$7,798,583	\$8,094,079
Water Over / (Under)	(\$551,971)	(\$1,120,610)	(\$1,641,818)	(\$2,333,566)	(\$2,591,216)
<u>Wastewater</u>					
Revenue	\$6,162,502	\$6,247,379	\$6,308,029	\$6,368,223	\$6,429,035
Cost of Service	\$6,674,706	\$7,274,598	\$7,762,181	\$7,971,953	\$8,188,647
Wastewater Over / (Under)	(\$512,204)	(\$1,027,218)	(\$1,454,152)	(\$1,603,730)	(\$1,759,612)
Total Utility Over / (Under)	(\$1,064,175)	(\$2,147,829)	(\$3,095,971)	(\$3,937,296)	(\$4,350,828)
Cumulative Over / (Under)	(\$1,064,175)	(\$3,212,003)	(\$6,307,974)	(\$10,245,270)	(\$14,596,097)

Mr. Woomer again emphasized this is the “do-nothing scenario” and general assumptions are being used to create these projections. The last study was performed in 2014 and, at that time, the Commission enacted an eight-year plan for a tiered increase.

A lengthy discussion was held on the hydrology of the aquifer and changing technology over the years.

Mr. Woomer reviewed the proposed fixed monthly water charges for inside the City limits as recommended by the Utilities Board.

Proposed Monthly Fixed Charges – Water, Inside City Limits

Meter Size	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
5/8 inch	\$6.50	\$6.75	\$7.00	\$7.25	\$7.50
1 inch	\$9.10	\$11.69	\$14.60	\$16.95	\$18.75
2 inch	\$18.85	\$30.57	\$43.28	\$53.09	\$60.00
3 inch	\$71.50	\$87.04	\$104.77	\$119.51	\$131.25
4 inch	\$91.00	\$128.17	\$169.08	\$201.36	\$225.00
6 inch	\$136.00	\$231.29	\$334.40	\$413.55	\$468.75

8 inch	\$188.50	\$305.67	\$432.83	\$530.94	\$600.00
10 inch	\$282.75	\$427.94	\$605.96	\$743.32	\$850.00

In response to Commissioner Fields' question, Mr. Woomer explained that a water meter is billed separately from an irrigation meter.

As he continued the presentation, Mr. Woomer explained the proposed volumetric water rates for inside the City limits for irrigation use and non-irrigation use which is based on a rate block by the number of gallons. The volumetric rate for well meters used for the golf course and park irrigation should be increased from the current \$1.00 per 1,000 gallons to \$1.50 per 1,000 gallons starting in FY 2021. The water rates for customers outside the City limits are 1.50 times the rates for customers inside the City limits.

Mr. Woomer reviewed the proposed monthly fixed charges for wastewater as follows:

Proposed Monthly Fixed Charges – Wastewater

Rate Block	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Residential In-City	\$8.60	\$9.00	\$9.50	\$10.00	\$10.00
Commercial In-City	\$9.60	\$10.00	\$10.50	\$11.00	\$11.00
Schools	\$9.60	\$10.00	\$10.50	\$11.00	\$11.00
Municipal	\$9.60	\$10.00	\$10.50	\$11.00	\$11.00
Residential Out-City	\$12.90	\$13.50	\$14.25	\$15.00	\$15.00
Commercial Out-City	\$14.40	\$15.00	\$15.75	\$16.50	\$16.50
Sewer Only	\$10.00	\$10.50	\$11.10	\$11.70	\$11.70

He also reviewed the volumetric wastewater rates per 1,000 gallons of water.

The projected revenue performance under the proposed rates is as follows:

Projected Revenue Performance under Proposed Rates

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<u>Water</u>					
Revenue	\$5,353,710	\$6,415,872	\$7,121,044	\$7,790,985	\$8,450,671
Cost of Service	\$5,905,681	\$6,511,054	\$7,069,363	\$7,798,583	\$8,094,079
Water Over / (Under)	(\$551,971)	(\$95,182)	\$51,681	(\$7,597)	\$356,592
<u>Wastewater</u>					
Revenue	\$6,162,502	\$6,802,399	\$7,445,019	\$8,098,768	\$8,684,025
Cost of Service	\$6,674,706	\$7,274,598	\$7,762,181	\$7,971,953	\$8,188,647
Wastewater Over / (Under)	(\$512,204)	(\$472,199)	(\$317,162)	\$126,815	\$495,378
Total Utility Over / (Under)	(\$1,064,175)	(\$567,381)	(\$265,481)	\$119,218	\$851,970
Cumulative Over / (Under)	<u>(\$1,064,175)</u>	<u>(\$1,631,556)</u>	<u>(\$1,897,037)</u>	<u>(\$1,777,819)</u>	<u>(\$925,850)</u>

The projected monthly bill impact for a residential customer inside the City limits with a 5/8-inch meter that uses 8,000 gallons of water and 6,000 gallons of wastewater per month would be as follows:

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Water	\$16.40	\$17.61	\$18.82	\$20.03	\$21.30
Wastewater	\$25.20	\$27.40	\$29.70	\$32.00	\$33.80
Total Bill	\$41.60	\$45.01	\$48.52	\$52.03	\$55.10
\$ Change		\$3.41	\$3.51	\$3.51	\$3.07
% Change		8.20%	7.80%	7.20%	5.90%

In response to Mayor Cobb's question, Mr. Woomer stated \$5,000,000 was the last estimate for the microfiltration system needed to go to Class A water. A lift station may be needed as well.

Mr. Woomer stated it will take time to reach the projected revenue performance. He further stated he likes the recommended plan which extends to 2023 and allows time for re-assess the situation.

The City's water and water related fees were compared to benchmark cities such as Carlsbad, Clovis and Roswell in New Mexico; and Midland, Odessa and Lubbock in Texas. Mr. Woomer stated that comparison reveals the city is not out of line with its fees.

In response to Commissioner Smith's inquiry, Mr. Woomer stated Texas and New Mexico are different because of the need to build a Wastewater Treatment Plant. He stated Hobbs is very fortunate to have the Ogallala Aquifer.

Mr. Woomer thanked the Commission for their attention to the presentation and for the great questions and discussion.

There being no further discussion, Mayor adjourned the work session at 6:00 p.m. to convene the regular City Commission meeting.

SAM D. COBB, Mayor

ATTEST:

JAN FLETCHER, City Clerk



CONSENT AGENDA



CITY OF HOBBS
COMMISSION STAFF SUMMARY FORM

MEETING DATE: June 7, 2021

SUBJECT: A RESOLUTION AUTHORIZING THE CITY MANAGER'S LITIGATION AUTHORITY

DEPT. OF ORIGIN: City Attorney
DATE SUBMITTED: June 2, 2021
SUBMITTED BY: Efren A. Cortez, City Attorney

Summary: Pursuant to the City of Hobbs Charter Section 6-2(E), the City Manager is the responsible person for the purposes of civil process. Additionally, the City Manager receives regular briefings regarding claims made against the City of Hobbs and is aware of such claims as well as the risks associated with said claims. At various times in any litigation, the City of Hobbs City Attorney's Office requires an authorized agent of the organization, as a representative of the client, to make litigation decisions for the client. These litigation decisions include decisions and authority to settle claims, among other decisions. This resolution also requires the City Manager to keep the City Commission apprised of any decisions that have a fiscal impact on the organization.

Fiscal Impact:

Reviewed By: 

Finance Department

There is no direct fiscal impact associated with this Resolution.

Attachments:

Proposed Resolution

Legal Review:

Approved As To Form: 

City Attorney

Recommendation:

The Commission should consider approval of the Resolution.

Approved For Submittal By:

Department Director



City Mayor

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. 7056

A RESOLUTION AUTHORIZING THE CITY MANAGER'S LITIGATION AUTHORITY

WHEREAS, the City of Hobbs Charter Section 6-2(E) states in pertinent part that the City Manager "shall...[b]e the person, or his designated agent, for the purposes of civil process...."; and

WHEREAS, the New Mexico Rules of Professional Conduct Rule 16-102 NMRA requires that the "client" shall authorize the lawyer to carry out the representation of the client and the lawyer shall abide by the client's decisions concerning the objectives of representation, including any decision to settle a matter; and

WHEREAS, the City Manager receives regular briefings from the City Attorney's Office regarding threatened or pending litigation and is otherwise in the best position to make timely and informed decisions on behalf of the organization; and

WHEREAS, it is in the best interest of the organization that the City Manager consistently inform the City Commission regarding litigation decisions made by the City Manager that may have a fiscal impact on the City of Hobbs and obtain the advice and consent of the Mayor; and

WHEREAS, pursuant to the Hobbs Municipal Code Section 3.20.035, contracts and expenditures in connection with court or administrative proceedings are exempt from the City's procurement policy.

NOW, THEREFORE BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF HOBBS, NEW MEXICO, that the City Manager, with the advice and consent of the Mayor, is authorized to make decisions on behalf of the City of Hobbs, as client,

concerning the objectives of representation, including any decision to settle a matter. The City Manager shall maintain communication with the City Commission regarding litigation matters.

PASSED, ADOPTED AND APPROVED this 7th day of June, 2021.

SAM D. COBB, Mayor

ATTEST:

JAN FLETCHER, City Clerk



ACTION ITEMS



CITY OF HOBBS
COMMISSION STAFF SUMMARY FORM

MEETING DATE: June 7, 2021

SUBJECT: RFP #523-21 to furnish Electronic Third-Party Billing Services for Emergency Medical Services

DEPT. OF ORIGIN: Fire Department
DATE SUBMITTED: June 1, 2021
SUBMITTED BY: Barry Young, Deputy Fire Chief

Summary:

The City of Hobbs solicited proposals to provide electronic third-party billing services for emergency medical services (ambulance billing). The scope of the proposal consisted of, but not limited to: preparing and submitting accurate and complete insurance claims electronically to include, but not limited to, Medicare, Medicaid, and any other applicable carriers including both commercial and private insurances; verification and missing information for follow up; prepare and mail invoices to patients responsible for co-pays and/or deductibles, private pay, and uninsured patients; provide the City of Hobbs with reconciled monthly receivables showing beginning balances, charges, adjustments, collections, and ending balances; and provide training to EMS staff and the Finance Department.

The City of Hobbs advertised in the Hobbs News-Sun on February 7, 2021 and posted the proposal on the City website. The City of Hobbs received 3 proposals. An evaluation team consisting of Michael Prudencio – Hobbs Fire Department EMS Coordinator, Tracy South – Assistant HR Director, and Debbie Trice – Accounting Operations Analyst evaluated all proposals and scored Imagetrend as the highest rated proposer. It is recommended for the City of Hobbs to enter into a contract with Imagetrend if RFP 523-21 is awarded. Any contract awarded would recommend to start on July 1, 2021.

Fiscal Impact:

Reviewed By: _____

Finance Department

The fiscal impact for this service would be 5.85% commission on collections. The City of Hobbs based the RFP on the collection rate of \$2,000,000. The estimated contract would be \$117,000 plus applicable taxes. The 3 year history of collections is as follows:

Fiscal year 2020 – 1,759,595

Fiscal year 2019 – 1,614,079

Fiscal year 2018 – 1,313,395

Any contract awarded would be budgeted in fiscal year 2022 and start on July 1, 2021 for an estimated quantity amount

Attachments:

Evaluation and scoring form

Legal Review:

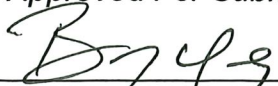
Approved As To Form: _____

City Attorney

Recommendation:

The staff recommends awarding RFP #523-21 to Imagetrend.

Approved For Submittal By:



Department Director



City Manager

CITY CLERK'S USE ONLY
COMMISSION ACTION TAKEN

Resolution No. _____

Continued To: _____

Ordinance No. _____

Referred To: _____

Approved _____

Denied _____

Other _____

File No. _____

RFP No. 523-21 TOTAL SCORE SHEET

ELECTRONIC THIRD-PARTY BILLING SERVICES FOR EMERGENCY MEDICAL SERVICES (AMBULANCE) BILLING

	MAX POINTS	IMAGE TREND	QUICK MED CLAIMS	CHANGE HEALTHCARE
Written narrative statement describing proposer's organization data, including size, billable volume, structure of the company and overall EXS/Fire billing experience.	20	17.67	14.67	17
A description of the Proposer's history in providing the required services. A description of the method and plan for providing the service described herein.	20	18.67	14.33	15.33
Listing of the Proposer's management and staff personnel to be used for this prject detailing qualifications and current experience relative to the services described herein.	15	13	10	14.33
Detailed description of current technology employed to provide increased revenue and access to client specific financial data.	15	15	9.33	11.67
A written non-binding estimate of the cost to provide these services. (Current City of Hobbs annual run volume and billed revenue is approximately 5,068 runs and \$3,500,000 frspectively)	20	15.67	16	19.67
Resident Bidder/Veterans Preference	10	0	0	0
Totals	100	80.01	64.33	77.34



CITY OF HOBBS
COMMISSION STAFF SUMMARY FORM

MEETING DATE: June 7, 2021

SUBJECT: Temporary Waiver of the FY 21-22 Liquor License Renewal Fee for Liquor Licenses Issued Under Chapter 5.44 of the Hobbs Municipal Code

DEPT. OF ORIGIN: City Clerk's Office
DATE SUBMITTED: May 26, 2021
SUBMITTED BY: Jan Fletcher, City Clerk

Summary:

SB2 was enacted in the 2021 Legislative Session which waived the State's next annual renewal fee for licenses issued pursuant to the Liquor Control Act. In an effort to remain business friendly and afford some relief to the restaurant and bar industry which was severely impacted by the State's COVID-19 restrictions, it is proposed that the City of Hobbs temporarily waive the requirements of Chapter 5.44 of the Hobbs Municipal Code and, thus, waive the City's liquor license renewal fee of \$250.00 for FY 21-22. This temporary waiver would expire June 1, 2022, and payment of regular license renewal fees would resume at that time. Applicants that are applying for a new license or transfer of an existing license would be excluded from this waiver and would be required to pay the administrative fee and license fees as provided in Chapter 5.44.

The City of Hobbs currently has 41 dispenser licenses, 13 restaurant beer and wine licenses, 4 club licenses, and 1 small brewer's license for a total of 59 licenses.

Fiscal Impact:

Reviewed By: [Signature] Finance Department

Waiver of liquor license renewal fees for FY 21-22 would result in an estimated loss of revenue in the amount of \$14,750.00 to the General Fund.

Attachments:

- Resolution
SB2

Legal Review:

Approved As To Form: [Signature] City Attorney

Recommendation:

Motion to approve the resolution temporarily waiving the fees for FY 21-22.

Approved For Submittal By: [Signature] Department Director
[Signature] 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. 7057

A RESOLUTION TEMPORARILY WAIVING THE ANNUAL LIQUOR LICENSE
RENEWAL FEE FOR FY 21-22 FOR LIQUOR LICENSES
ISSUED UNDER CHAPTER 5.44 OF THE HOBBS MUNICIPAL CODE

WHEREAS, during the 2021 Legislative Session, SB2 was enacted waiving the next annual fee for licenses issued pursuant to the Liquor Control Act with an emergency clause; and

WHEREAS, in an effort to remain business friendly and afford some relief to the restaurant and bar industry which was severely impacted by the State's COVID-19 restrictions, it is proposed that the City of Hobbs temporarily waive the requirements of Chapter 5.44 of the Hobbs Municipal Code and, thus, waive the City's liquor license renewal fee of \$250.00 for FY 21-22; and

WHEREAS, the license year for dispenser, retailer and canopy licenses expire on June 30 of each year; the license year for restaurant, club, wholesaler and manufacturer licenses expire on October 31 of each year; and all other licenses expire on February 28 of each year.

BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF HOBBS, NEW MEXICO, that the liquor license renewal fees in the amount \$250.00 for existing license holders are hereby waived by the City of Hobbs for FY 21-22 effective upon the adoption of this resolution. All license holders must be in good standing with the State of New Mexico Alcoholic Beverage Control and possess a valid State issued license in order to receive a City liquor license. The temporary fee waiver ends on June 1, 2022, and is for the FY 21-22 license year only. Fees for new license applicants or transfer of any license are not included in this temporary waiver.

PASSED, ADOPTED AND APPROVED this 7th day of June, 2021.

SAM D. COBB, Mayor

ATTEST:

JAN FLETCHER, City Clerk

1 AN ACT

2 RELATING TO ALCOHOLIC BEVERAGES; WAIVING THE NEXT ANNUAL
3 RENEWAL FEE FOR LICENSES ISSUED PURSUANT TO THE LIQUOR
4 CONTROL ACT; DECLARING AN EMERGENCY.

5
6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

7 SECTION 1. Section 60-6B-5 NMSA 1978 (being Laws 2015,
8 Chapter 86, Section 2) is amended to read:

9 "60-6B-5. EXPIRATION AND RENEWAL OF LICENSES.--

10 A. All licenses provided for in the Liquor Control
11 Act, except for nonresident licenses and common carrier
12 registrations, shall be issued for a one-year period except
13 for new licenses issued after the beginning of the license
14 year. Nonresident licenses and common carrier registrations
15 shall be issued for a three-year period.

16 B. The license year for dispenser, retailer and
17 canopy licenses shall end on June 30 of each year. All
18 dispenser, retailer and canopy licenses shall expire on
19 June 30 unless renewed. The annual renewal application and
20 renewal fee are due on April 1 of each year.

21 C. The license year for restaurant, club,
22 wholesaler and manufacturer licenses shall end on October 31
23 of each year. All restaurant, club, wholesaler and
24 manufacturer licenses shall expire on October 31 unless
25 renewed. The annual renewal application and renewal fee are

1 due on August 1 of each year.

2 D. All licenses not provided for in Subsections B
3 and C of this section, except nonresident licenses and common
4 carrier registrations, shall expire on February 28 of each
5 year. The annual renewal application and renewal fee are due
6 on December 1 of each year.

7 E. Nonresident licenses and common carrier
8 registrations shall expire on June 30 every three years. The
9 renewal application and renewal fee are due on April 1 of
10 each third year.

11 F. A license shall not be issued or renewed if the
12 applicant or licensee is delinquent in payment of any taxes
13 administered by the taxation and revenue department.

14 G. The director shall also determine whether there
15 exists any other reason why a license should not be renewed.

16 H. If the director determines that the license
17 should not be renewed, the director shall enter an order
18 requiring the licensee, after notice, to show cause why the
19 license should be renewed, and the director shall conduct a
20 hearing on the matter. If, after the hearing, the director
21 finds that no reason exists why the license should not be
22 renewed, the director shall renew the license.

23 I. Beginning on the effective date of this
24 2021 act, the director shall waive the next annual renewal
25 fee for all licenses provided for in the Liquor Control Act."

1 SECTION 2. EMERGENCY.--It is necessary for the public
2 peace, health and safety that this act take effect
3 immediately. _____
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CITY OF HOBBS
COMMISSION STAFF SUMMARY FORM

MEETING DATE: June 7, 2021

SUBJECT: CONSIDERATION TO APPROVE A DEVELOPMENT AGREEMENT WITH ALJO, LLC CONCERNING THE DEVELOPMENT OF MARKET RATE SINGLE-FAMILY HOUSING.

DEPT. OF ORIGIN: Planning Division
DATE SUBMITTED: June 1, 2021
SUBMITTED BY: Kevin Robinson - Planning Department

Summary: ALJO, LLC has requested a Development Agreement concerning the development of single-family housing units located within the municipal boundaries. The developer proposes to produce market rate single-family units and is requesting infrastructure incentives of \$100,000.00.

Fiscal Impact:

Reviewed By: [Signature]
Finance Department

To fund single family housing thru June 30, 2021, a budget re-classes in the amount of \$100,000 from 010100-44901-00162 (market rate housing) into 010100-44901-00170 (single family housing) is required.

Attachments: Resolution and Development Agreement.

Legal Review:

Approved As To Form:
[Signature]
City Attorney

Recommendation:

Commission considers approval / denial of the attached Development Agreement.

Approved For Submittal By:

[Signature]
Department Director
[Signature]
City Manager

CITY CLERK'S USE ONLY
COMMISSION ACTION TAKEN

Resolution No. _____ Continued To: _____
Ordinance No. _____ Referred To: _____
Approved _____ Denied _____
Other _____ File No. _____

CITY OF HOBBS

RESOLUTION NO. 7058.

A RESOLUTION TO APPROVE A DEVELOPMENT AGREEMENT WITH ALJO, LLC CONCERNING THE DEVELOPMENT OF MARKET RATE SINGLE-FAMILY.

WHEREAS, the City of Hobbs is proposing to enter into a Development Agreement with ALJO, LLC concerning the development of market rate single-family housing; and

WHEREAS, the aforementioned Development Agreement allows for an incentive of reimbursement of public infrastructure for this type of development, said agreement being in the best interest of the City.

NOW, THEREFORE BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF HOBBS, NEW MEXICO, that

1. The City of Hobbs hereby approves the Development Agreement, which is attached hereto and made a part of this Agreement as Exhibit #1 and the Mayor, and/or his designee, is hereby authorized to execute the Agreement.
2. That City staff and officials are authorized to do any and all deeds to carry out the intent of this Resolution.

PASSED, ADOPTED AND APPROVED this 7th day of June, 2021.

Sam D. Cobb, Mayor

ATTEST:

Jan Fletcher, City Clerk

MARKET RATE SINGLE FAMILY DEVELOPMENT AGREEMENT

THIS AGREEMENT is entered into on this 7th day of June 2021 by and between the City Of Hobbs, New Mexico, a municipal corporation (hereinafter "City"); and ALJO, LLC, 3311 N. Grimes Street, Hobbs, NM 88240, (hereinafter "Developer") for the purpose of delivering Housing Developer Services to be provided to the City.

RECITALS:

** The City requires to contract with a Market Rate Single Family Development Company to deliver Single Family Market Rate Housing to the Citizens of Hobbs, New Mexico.

** Developer has submitted a proposal to the City to deliver the required Market Rate Single Family Housing, to be produced within 365 days of ratification of this agreement, within the Municipal Boundaries.

** Any outstanding Development Agreements between the Developer and the City of Hobbs concerning the production of Market Rate Single Family Housing shall become null and void upon the ratification of this agreement herewith.

NOW, THEREFORE, the City of Hobbs and Developer do hereby agree as follows:

A. Work To Be Performed.

1. The Developer shall furnish to the City its Professional Housing Developer Services for certain work regarding the Market Rate Single Family Housing. All single family structures completed under this agreement shall be located within the municipal boundaries and shall have received a certificate of occupancy after ratification of this agreement.

2. Developer shall furnish to City its professional Housing Developer Services as provided by this Agreement. The specific duties include the production and delivering to the public Market Rate Single Family Housing Units in Hobbs. Produced Units receiving an infrastructure incentive reimbursement shall not now or in the future be utilized in a pecuniary manner by renting, leasing, exchanging or bartering habitation privileges to the property for a period of no less than 30 days at a time.

3. Specific activities required are to develop privately owned real property in the City including designing, building and transferring to the public individual market rate single family housing units. The City's subsidy may include any or all of the following funding assistance from the City:

Incentives are available for installed public municipal infrastructure only, providing compliance with:

- a. Incentive not to exceed per square footage basis:
 - i. \$10.00 per sq. ft. north of Sanger
 - ii. \$20.00 per sq. ft. south of Sanger
 - iii. Calculation based on living area only
- b. Incentive not to exceed per unit basis:
 - i. \$10,000.00 per single family unit
 - ii. \$5,000.00 per multi-family unit
- c. Incentive not to exceed fair share per linear foot of infrastructure basis:

- i. \$180.00 per lineal front footage of complete public infrastructure installed, and further broken down as follows:
 1. Water (\$25 / lf):
 - a. Twenty Five (\$25) per equivalent front foot of lot to which water service is provided (8" minimum service single family & 10" minimum service for multi-family);
 2. Sewer (\$35 / lf):
 - a. Thirty Five (\$35) per equivalent front foot of lot to which sewer service is provided (8" minimum service single family & 10" minimum service for multi-family);
 3. Street (\$90/ lf):
 - a. Ninety (\$90) per equivalent front foot of lot to which street is provided (built to Minor Residential standards as promulgated within the City of Hobbs Major Thoroughfare Plan);
 4. Sidewalk:
 - a. Thirty (\$30) per equivalent front foot of lot to which sidewalk (includes driveway with ADA accessible path) is provided;

Based on quantities of required publicly owned infrastructure installed supporting the project, the City Engineer shall determine if the value of the infrastructure is adequate as an equal exchange of value for the amount of City subsidy contributed to the market rate single family housing unit. The City Engineer shall resolve any issues concerning value or extent of infrastructure and amount of square footage of constructed housing units. Specifically, the City Engineer will determine the value or unit costs of the publicly owned infrastructure according to any City of Hobbs Annual Pavement/Concrete/Utility Contracts or public infrastructure projects and estimates.

B. Payment For Services.

- 1) The City shall pay for said services at the rates agreed to and as specified above in the Infrastructure details, as shown herein. Payment will not be made by the City for any unit until a certificate of occupancy is issued, based on this Agreement.
- 2) The total compensation to be paid to the Developer during the term of this Agreement shall not exceed One Hundred Thousand Dollars (\$100,000.00), unless the Agreement is amended by the City Commission.
- 3) City subsidy shall be paid when each individual single family unit is complete and certificate of occupancy is issued, provided the certificate of occupancy for the unit is issued after ratification of this agreement. Payment will be made within fifteen (15) days following a written request from the Developer and upon City inspection of project completion.
- 4) Produced Units receiving an infrastructure incentive reimbursement shall not now or in the future be utilized in a pecuniary manner by renting, leasing, exchanging or bartering habitation privileges to the property for a period of no less than 30 days at a time. Such usage either now or in the future, for a period not to exceed 10 years from date of issuance of a C.O., shall require Developer to return any incentive funds received for any unit thus utilized, upon demand by the City. Developer shall record a "Declaration of Restrictive Covenants", attached hereto as Exhibit

2, to restrict such usage and to notify parties involved in future conveyances.

C. Construction Requirements.

Construction shall be of energy-efficient design per New Mexico Energy Conservation Code 2009, utilizing either stucco or brick on the exterior of all buildings.

D. Assignment of Agreement.

This Section refers to assignability of this Agreement, and not to assignability of the Project to be developed for housing. Developer shall not assign or transfer any interest in this Agreement. Except that Developer is permitted, upon City approval, to assign its interest to a Partnership or Corporation in which the Developer is the principal party or to an affiliated company, working with the Developer on the Project. Subject to the foregoing provision, this Agreement shall inure to the benefit of and be binding upon the parties to this Agreement and their respective successors and assigns; provided that upon any assignment of this Agreement by either party, the other party shall not be released from any obligation under, or liability accruing pursuant to this Agreement. Consent shall not unreasonably be withheld by either party.

E. Insurance Requirements and Hold Harmless Provision.

1. Developer agrees to obtain and maintain appropriate insurance during the course of the development of market rate single family housing with the City of Hobbs, as follows, and shall indemnify and hold harmless City, its employees, agents, officers and officials from any and all claims, losses, causes of action, and/or liabilities resulting from the conduct, negligence, errors or omissions of Developer or any employee or agent of Developer while engaged in performing the services called for herein.

2. The Developer shall maintain insurance coverage for General Liability, Automobile Liability, Errors and Omissions Insurance, and Workers' Compensation, subject to review and approval of the City Attorney.

F. Governing Law and Provisions.

1. This Agreement shall be governed by the laws of the State of New Mexico. Jurisdiction and venue relating to any litigation or dispute arising out of this Agreement shall be in the District Court of Lea County, New Mexico, only. If any part of this contract shall be deemed in violation of the laws or Constitution of New Mexico, only such part thereof shall be thereby invalidated, and all other parts hereof shall remain valid and enforceable.

2. If any party is found by a court to have breached this Agreement, the breaching party agrees to pay all reasonable costs, attorney's fees and expenses that shall be made or incurred by another party in enforcing any covenant or provision of this Agreement, including the expenses of in house counsel.

G. Final Payment and Release of Claims.

1. Developer, upon final payment of all amounts due under this Agreement, releases the City and its officers and employees from all liabilities, claims and obligations whatsoever arising from or under this Agreement.

2. City, upon Developer's final completion of all work items and covenants required of the Developer under this Agreement, shall release the Developer from all liabilities, claims and obligations whatsoever arising from or under this Agreement, on the day that is ten (10) years following the date of the City's issuance of a final certificate of occupancy on the Project.

H. Amendments.

This Agreement shall not be altered, changed, or amended except by written instrument approved and executed by both parties hereto.

I. Breach.

1. The following events constitute a breach of this Agreement by Developer:
 - a) Developer's failure to perform or comply with any of the terms, conditions or provisions of this Agreement.

2. The following events constitute a breach of this Agreement by City:
 - a) City's failure to perform or comply with any of the terms, conditions or provisions of this Agreement, including making timely and appropriate payments to the Developer.

J. Remedies Upon Breach.

1. Any party may sue to collect any and all damages that may accrue by virtue of the breach of this Agreement.

2. If any party is found by a court to have breached this Agreement, the breaching party agrees to pay all reasonable costs, attorney's fees and expenses that shall be made or incurred by another party in enforcing any covenant or provision of this Agreement.

K. Termination.

This Agreement shall be terminated upon the completion of all tenants herein specified or 365 days from date of ratification whichever comes first. A request for infrastructure reimbursement, for a qualified unit produced within the terms of this agreement, received after the Termination Date of this agreement will not eligible for payment.

L. Notice.

All notices given pursuant to or in connection with this Agreement shall be made in writing and posted by regular mail, postage prepaid, to the City, ATTN: City Attorney, 200 E. Broadway, Hobbs, NM 88240; to Developer ATTN and ALJO, LLC, 3311 N. Grimes Street, Hobbs, NM 88240 and to such other address as requested by either party. Notice shall be deemed to be received on the fifth day following posting.

M. Entire Agreement.

The foregoing constitutes the entire agreement between the parties hereto and may be modified only in writing by the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first written above.

City of Hobbs

Developer

By: Sam D. Cobb, Mayor

By:

ATTEST:

APPROVED AS TO FORM:

JAN FLETCHER, City Clerk

Efren Cortez, City Attorney