



LEA COUNTY BOARD OF COUNTY COMMISSIONERS

Thursday, February 3, 2022 9:00 A.M.
Regular Meeting

Lea County Courthouse
100 North Main, Lovington, New Mexico 88260



Consideration of Lea County Resolution No. 22-FEB-028R Approving the January 13, 2022 Regular Meeting Minutes

Pat Sims (District 5)
Voted: Yes No

ATTEST: Keith
Lea C

By: Teri Davis, Dep

STATE OF NEW MEXICO COUNTY OF LEA RESOLUTION NO. 22-FEB-028R

A RESOLUTION APPROVING THE LEA COUNTY BOARD OF COUNTY COMMISSIONERS MEETING MINUTES

WHEREAS, Section 10-15-1 through 10-15-4 of the Open Meetings Act (NMSA 1978), states that, except as may be otherwise provided in the Constitution or the provisions of the Open Meetings Act, all meetings of a quorum of members of any board, council, commission or other policy making body of any state or local public agency held for the purpose of formulating public policy, discussing public business or for the purpose of taking any action within the authority of or the delegated authority of such body, are declared to be public meetings open to the public at all times; *and*

WHEREAS the board, commission or other policy making body shall keep written minutes of all its meetings. The minutes shall include at a minimum the date, time and place of the meeting, the names of members in attendance and those absent, the substance of the proposals considered and a record of any decisions and votes taken that show how each member voted; *and*

WHEREAS all minutes are open to public inspection. Draft minutes shall be prepared within ten working days after the meeting and shall be approved, amended or disapproved at the next meeting where a quorum is present. Minutes shall not become official until approved by the policymaking body; *and*

WHEREAS, NMSA 1978, Section 4-38-12 as amended, allows the County Commission to establish rules and regulations to govern the transaction of county business in these meetings.

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of Lea County that the attached minutes are hereby approved.

PASSED AND APPROVED on this 3rd day of February, 2022, by the Lea County Board of County Commissioners in an open meeting in Lovington, New Mexico.

LEA COUNTY BOARD OF COUNTY COMMISSIONERS

Dean Jackson (District 1), Chair
Voted: Yes No Abstain

Gary G. Eidson (District 3), Vice Chair
Voted: Yes No Abstain

Rebecca Long (District 2), Member
Voted: Yes No Abstain

Jonathan Sena (District 4), Member
Voted: Yes No Abstain

Resolution No. 22-FEB-028R
LCBCC Regular Meeting 02-03-2022
Page 2 of 2

Resolution No. 22-FEB-028R
LCBCC Regular Meeting 02-03-2022
Page 1 of 2

Minutes of Meeting
Lea County Board of Commissioners
January 13, 2022

Chair Long called the meeting to order at 9:02 a.m. in the Lea County Courthouse

Commissioners present were, to wit: Vice Chair Dean Jackson, District 1, Chair Rebecca Long District 2, Commissioner Gary G. Eidson, District 3, and Commissioner Jonathan Sena, District 4. Commissioner Pat Sims, District 5.

Also present were Lea County Manager Michael P. Gallagher II, and Lea County Attorney John W. Caldwell.

Commissioner Sims led the Pledge of Allegiance followed by the Invocation by Commissioner Sena.

ITEM 01: ELECTION

- Election of Chair for the Lea County Board of County Commissioners (John W. Caldwell, County Attorney)

Attorney Caldwell requested nominations. Commissioner Long asked if there were any public comments concerning this item. Commissioner Long nominated Dean Jackson. Secretary polled the Commission. Chair Long, yes; Vice Chair Jackson, yes; Commissioner Eidson, yes; Commissioner Sena, yes; Commissioner Sims, yes. The motion passed.

- Election of Vice Chair for the Lea County Board of County Commissioners (Dean Jackson Chair, Board of County Commissioners)

Chair Jackson requested nominations and asked for any public comments. Commissioner Sims nominated Gary Eidson. Secretary polled the Commission. Chair Jackson, yes; Commissioner Eidson, yes; Commissioner Sena, yes; Commissioner Sims, yes; Commissioner Long, yes. The motion passed.

ITEM 02: COMMISSION

- Consideration of Lea County Resolution No. 22-JAN-001R Designating the Chair and Vice Chair for the Lea County Board of County Commissioners for 2022.

Chair Jackson requested approval and asked if there were any public or Commissioner comments concerning this agenda item. Commissioner Sena moved to approve No. 22-JAN-001R Designating the Chair and Vice Chair for the Lea County Board of County Commissioners for 2022. The motion was seconded by Commissioner Long. Secretary polled the Commission. Chair Jackson, yes; Vice Chair Eidson, yes;



Commissioners and Manager Comments



HB 2 Appropriations

Detention Reimbursement Fund

Restore the County Detention Facility Reimbursement Act to the original appropriation of \$5 million. Currently, the NM Legislature appropriates only \$2.3 million, even though the NM Sentencing Commission estimates the state owes counties over \$8 million dollars a year for holding state prisoners in county jails.

Prisoner Transport and Extradition

Create a line item in the NM Department of Finance & Administration budget with \$750,000 to reimburse counties that provide transportation for state prisoners. Statutes require the state to make such payments, however no money has been appropriated to counties for many years. Counties should not be responsible to pay for state prisoner extradition.

RISE Funding

Make permanent and increase county participation in the RISE (Reach, Intervene, Support and Engage) Program. RISE is a partnership between the NM Behavioral Health Services Division and a few county jails to reduce recidivism and make sure non-violent offenders get the treatment they need to stay out of jail. As we start to see more concrete results, we hope to be able to add more counties and jails into that partnership.



STATE OF NEW MEXICO
COUNTY OF LEA
RESOLUTION NO. 22-FEB-029R

A RESOLUTION SUPPORTING THE NEW MEXICO COUNTIES 2022 LEGISLATIVE PRIORITIES

WHEREAS, the New Mexico Counties Board of Directors approved three legislative priorities for consideration by the New Mexico Legislature at its 2022 session; *and*

WHEREAS, NMC has requested that the Board of County Commissioners in each of the state's 33 counties discuss and approve support for NMC's legislative priorities as an important step in assuring maximum understanding of NMC's legislative priorities at the county level; *and*

WHEREAS, county support enables NMC to demonstrate strong local and statewide support to the state legislature for the following issues:

1. **HB 2 Appropriations**

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2. **Law Enforcement Protection Fund**

The state imposes taxes on insurance policies every year to pay for things like improved fire services and protecting law enforcement officers. Every year millions of dollars have been taken from those funds to help pay for other areas in state government. We fixed the fire fund over the last few years, now we need to keep the state from taking money from the Law Enforcement Protection Fund. The last \$5 or \$6 million dollars that now goes back into the general fund should be going to local law enforcement agencies to enhance the efficiency and effectiveness of law enforcement services.

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Courthouse Funding

Create a matching fund that would help counties pay for construction and renovation of state district courthouses. The fund would begin with a capital outlay request of \$50 million to \$100 million. This is another unfunded county mandate we would like to alleviate in to the future.

NMC
Legislative
Contacts

Steve Kopelman
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Brian Moore
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brian@ranchmkt.com

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Consideration of Lea County Resolution No. 22-FEB-030R Opposing the 2021 Adopted New Mexico Congressional Districts

Article One of the United States Constitution establishes the United States House of Representatives, primarily apportioning its members based on population, with reapportionment occurring every ten years after the decennial United States census.

In 2021 the New Mexico legislature created the Citizen Redistricting Committee (CRC) to develop as one of its duties Congressional District maps that allow New Mexico voters to choose their representatives, not the other way around.

The New Mexico legislature ignored the recommendations of the CRC and adopted its own Congressional Districts and for the first time since New Mexico has had three members of the U.S. House of Representatives, more than 40 years, divided Lea County and its largest municipality into two separate Congressional districts, making all three Congressional Districts more favorable to the political party now in control of all three branches of state government and ignoring the community of interests criterion, just as the Speaker of the New Mexico House of Representatives implied after the 2020 elections the legislature would do.

The Board of County Commissioners of Lea County believes the Congressional Redistricting map drawn by the politicians of the New Mexico legislature and signed into law by the New Mexico governor are unconstitutional and ignore the community and interests of Southeastern New Mexico.

STATE OF NEW MEXICO
COUNTY OF LEA
RESOLUTION NO. 22-FEB-030R

A RESOLUTION OPPOSING THE 2021 ADOPTED NEW MEXICO CONGRESSIONAL DISTRICTS

WHEREAS, Article One of the United States Constitution establishes the United States House of Representatives, primarily apportioning its members based on population, with reapportionment occurring every ten years after the decennial United States census; *and*

WHEREAS, in 2021 the New Mexico legislature created the Citizen Redistricting Committee (CRC) to develop as one of its duties Congressional District maps that allow New Mexico voters to choose their representatives, not the other way around; *and*

WHEREAS, the New Mexico legislature ignored the recommendations of the CRC and adopted its own Congressional Districts and for the first time since New Mexico has had three members of the U.S. House of Representatives, more than 40 years, divided Lea County and its largest municipality into two separate Congressional districts, making all three Congressional Districts more favorable to the political party now in control of all three branches of state government and ignoring the community of interests criterion, just as the Speaker of the New Mexico House of Representatives implied after the 2020 elections the legislature would do.

NOW, THEREFORE, BE IT HEREBY RESOLVED by the Board of County Commissioners of Lea County that it believes the Congressional Redistricting map drawn by the politicians of the New Mexico legislature and signed into law by the New Mexico governor are unconstitutional and ignore the community and interests of Southeastern New Mexico.

PASSED, APPROVED AND ADOPTED on this 3rd day of February, 2022, by the Lea County Board of County Commissioners in an open meeting in Lovington, New Mexico.

LEA COUNTY BOARD OF COUNTY COMMISSIONERS

Dean Jackson (District 1), Chair
Voted: Yes No Abstain

Gary G. Eidson (District 3), Vice Chair
Voted: Yes No Abstain

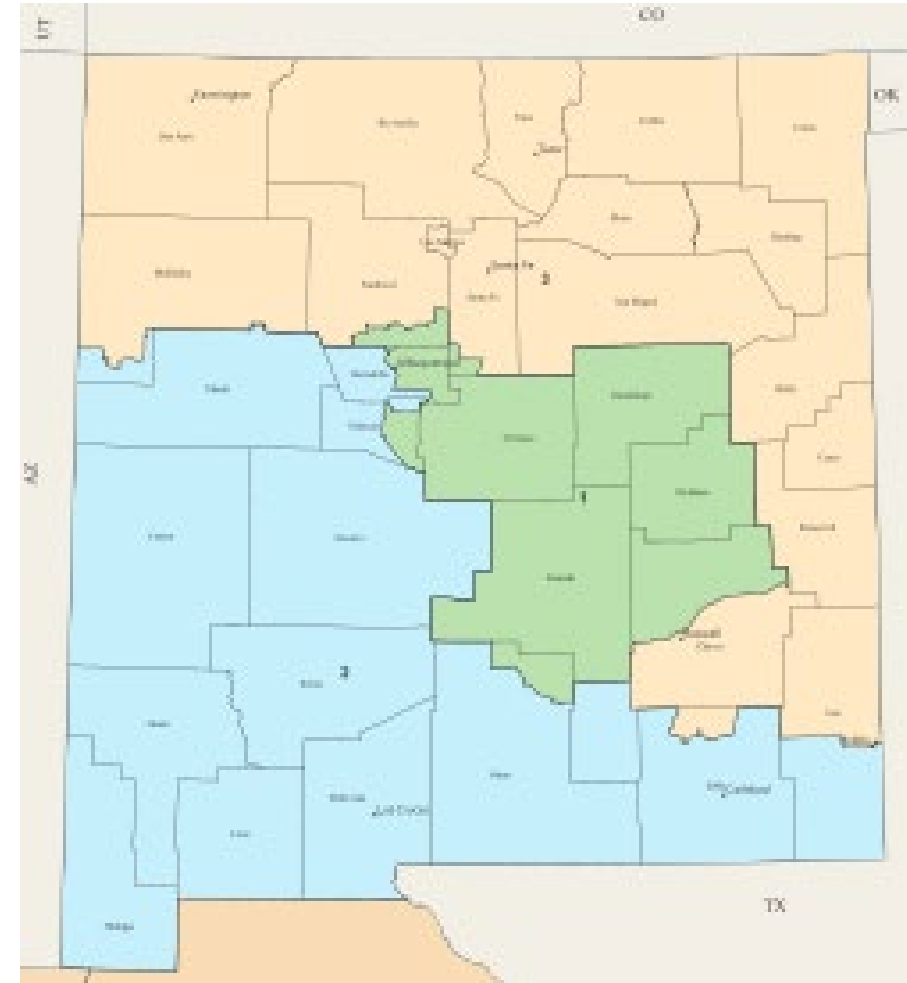
Rebecca Long (District 2), Member
Voted: Yes No Abstain

Jonathan Sena (District 4), Member
Voted: Yes No Abstain

Previous



Adopted 2021





BUREAU OF BUSINESS & ECONOMIC RESEARCH

Lea County Economic Analysis

RESEARCH FUNDED BY LEA COUNTY

MICHAEL O'DONNELL, PH.D AND JULIAN BACA, M.A.

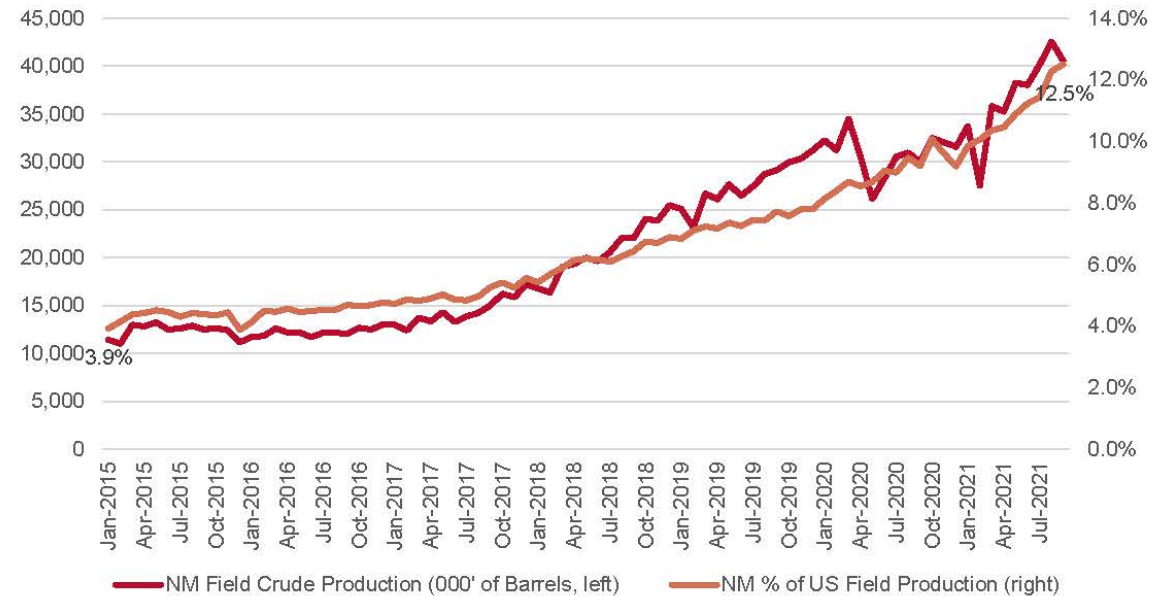
MO8684@UNM.EDU

JBACA63@UNM.EDU

FEBRUARY 3, 2022

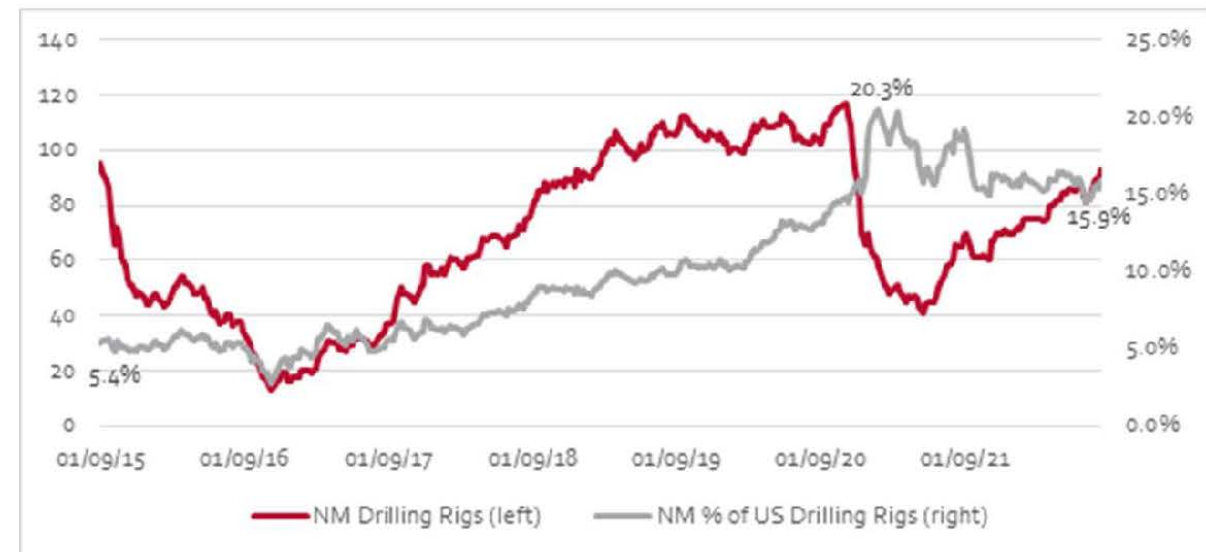
NM Oil & Gas Market Overview

- NM crude oil production touched a high of 42,000 barrels in August 2021;
- NM's share of total US crude oil production also reached an all-time high of 12.5% in September of 2021 (by way of comparison, this level was 4% in 2016)



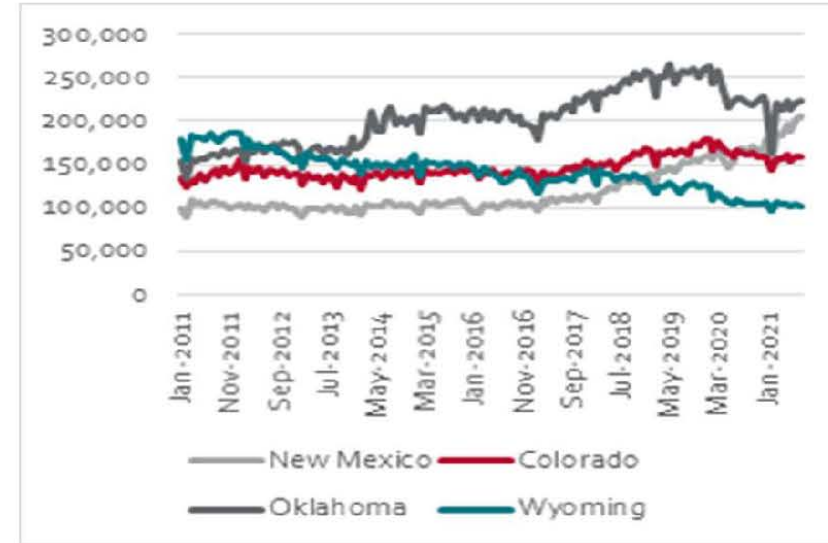
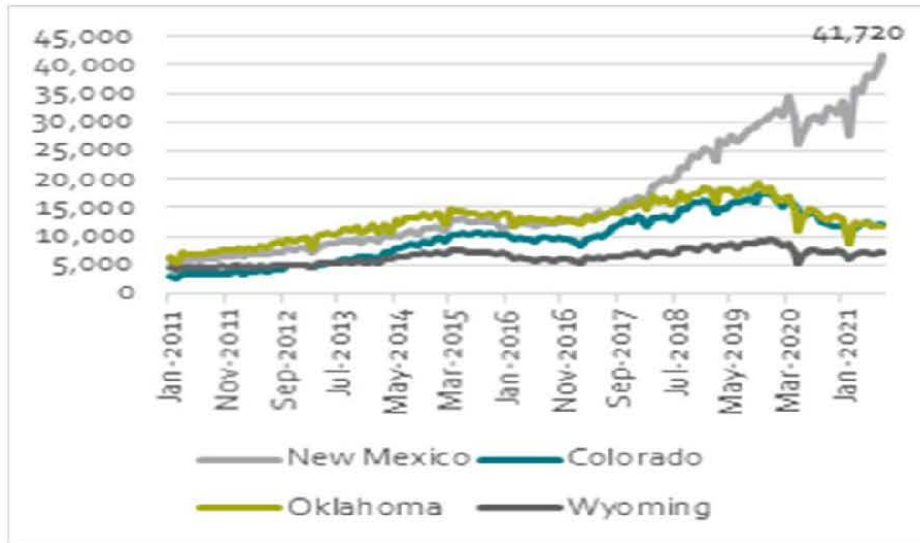
NM Oil & Gas Market Overview

- Drilling activity has accelerated in New Mexico in the last five years;
- Prior to 2017, about 5.5% of all rigs operating in the US were in New Mexico; that percentage slowly increased, peaking over 20% by May 2020;
- Coinciding with the low West Texas Intermediate price, rig counts fell from about 115 in March 2020 to a recent low of 41 in September 2020;
- Rig counts have recovered and by the end of 2021 totaled about 93;
- Currently, about 16% of all rigs operating in the US are operating in New Mexico.



NM Oil & Gas Market Overview

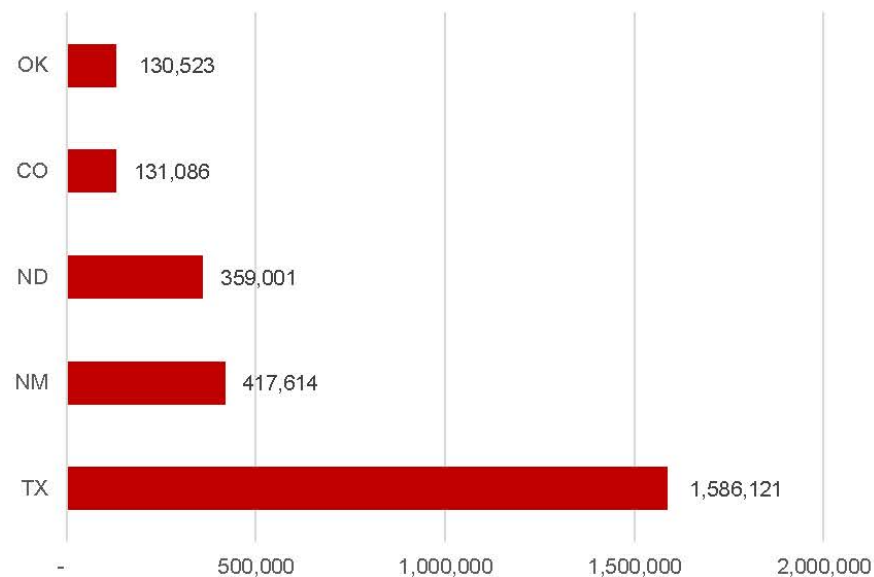
- Oil & gas production in New Mexico has tended to increase relative to surrounding states that had produced similar volumes to the state beginning in 2011;
- Oil production in New Mexico now dwarfs production in Oklahoma, Colorado, and Wyoming and while New Mexico previously produced the smallest volume of natural gas, only Oklahoma currently produces a greater volume.



NM Oil & Gas Market Overview

- New Mexico ranked 2nd in oil field production among the lower 48 states in 2021;
- Lea County has ranked among the top 3 crude oil producing US counties over the last several years, ranking 1st in December 2019 and January 2020 (2021 county level data is pending from the EIA);
- Lea County accounts for most of the crude oil production in New Mexico.

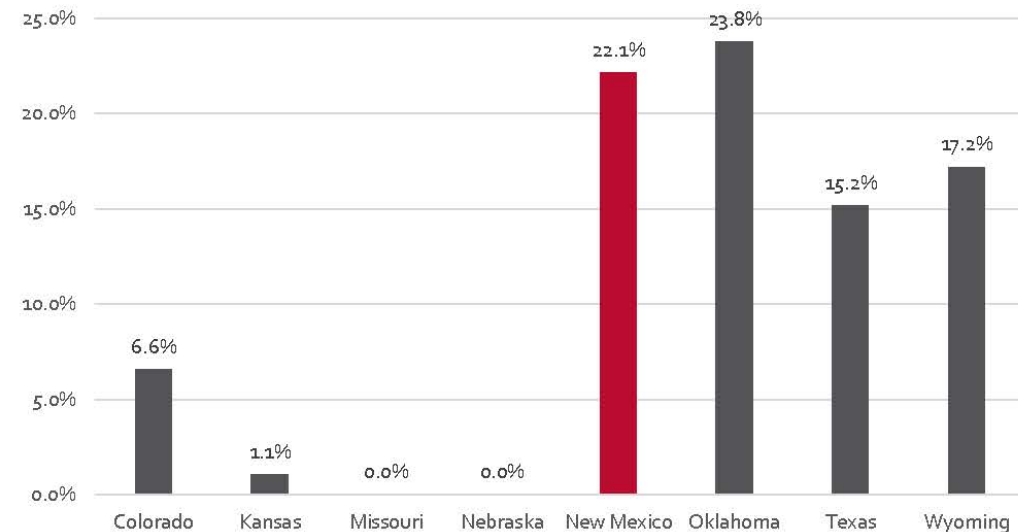
Top 5 States by Crude Oil Production (1,000 BLS), thru Nov. 2021



Lea County Contribution to NM Economy

- In 2020, approximately 22.1% of the value of all private sector economic output in New Mexico was from oil & gas extraction;
- This is greater than most surrounding states with only Oklahoma having a larger share (23.8%);
- Lea County contributes most of the crude oil & gas production in New Mexico.
- In 2020 (BEA data) Lea contributed \$9.3 billion to New Mexico's \$95.7 billion economy, or 9.4% of the state's Gross State Product (GSP);
- Whereas NM GSP has grown at an annual rate of 1% over the last 15 years, Lea grew by 8% per year over the same time period.

The Value of Oil and Gas Production as a Percent of the Value of Real Gross State Product in 2020 by State, Private Industries Only



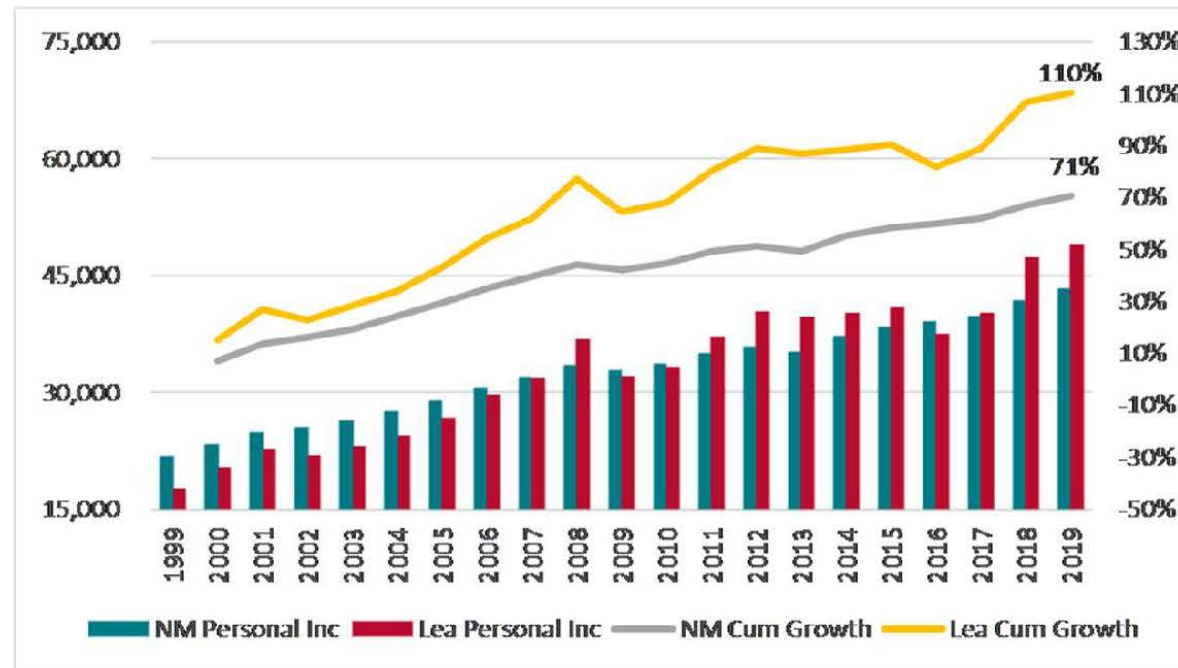
Lea County Economic Profile – Gross State Product (GSP)

- According to BEA data, the mineral extraction sector accounts for 78% of GSP in the County;
- Other sectors making important contributions were Finance, insurance, real estate (5%); Transportation and warehousing (3%); Construction (3%); Manufacturing (3%); and Government (3%).

Industry Sector	\$thous 2019	Pct. %
All industry total	9,291,716	
Private industries	9,030,971	97%
Agriculture, forestry, fishing and hunting	181,531	2%
Mining, quarrying, and oil and gas extraction	7,202,498	78%
Utilities	221,981	2%
Construction	243,413	3%
Manufacturing	318,573	3%
Wholesale trade	155,764	2%
Retail trade	229,469	2%
Transportation and warehousing	258,437	3%
Information	46,137	0%
Finance, insurance, real estate, rental, and leasing	485,035	5%
Professional and business services	176,823	2%
Ed services, health care, and social assistance	144,505	2%
Arts, entertain, recreation, accommodation, and food	126,592	1%
Other services (except government and government	86,043	1%
Government and government enterprises	298,451	3%

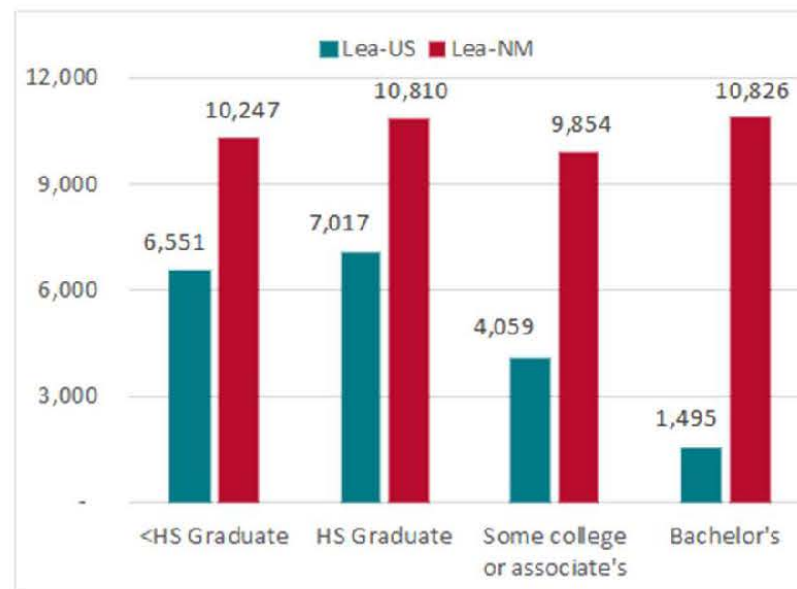
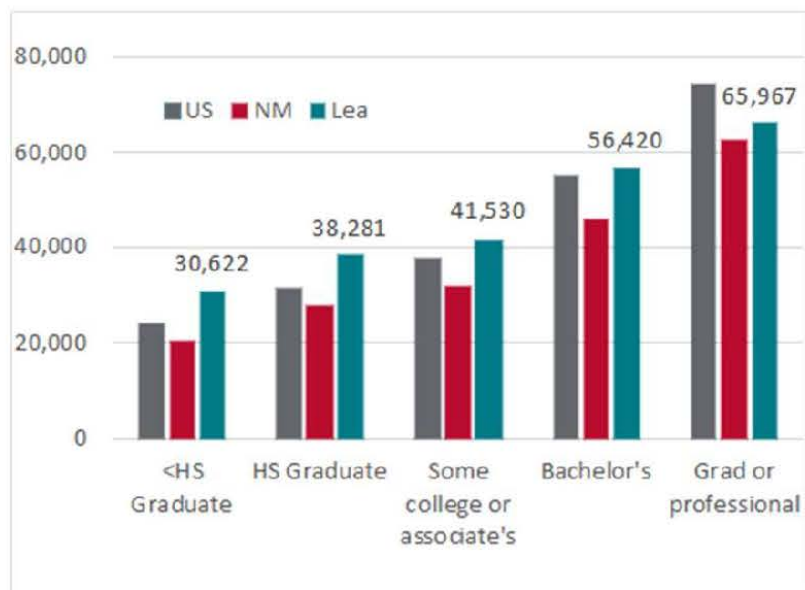
Lea County Economic Profile - Income

- Lea County Personal Income Per Capita surpassed the statewide figure in the last decade, exceeding the state average by nearly 40% (cumulative) over the last 20 years.



Lea County Economic Profile – Earnings (by Education Level)

- When controlling for education, workers in Lea make more than their statewide and US peers;
- The difference in pay (relative to the NM median) is large with workers in Lea earning roughly \$10,000 more than their statewide peers.



Lea County Economic Profile - Employment

- As measured by employment, the Mining, Oil & Gas sector is the most important by far in Lea County, with this sector accounting for 1 in 5 jobs (22.5%);
- Notably, Oil & Gas sector jobs in Lea County account for 26.6% of jobs in this sector statewide;
- Other important sectors in Lea as measured by employment are Retail Trade (3,220 jobs; 12.9%), Health Care (2,742; 11.0%), Construction (2,131; 8.5%), and Accommodation & Food Services (2,109; 8.4%); these sectors account for 4 out of 10 jobs in Lea.

Geography	Employment		Percent		
	NM	Lea	NM	Lea	Diff.
Ag, Forestry, Fish, Hunt	8,304	473	1.5%	1.9%	-0.2%
Mining, Oil & Gas	21,100	5,621	3.7%	22.5%	18.8%
Utilities	3,939	297	0.7%	1.2%	0.5%
Construction	37,840	2,131	6.6%	8.5%	1.9%
Manufacturing	31,851	767	5.6%	3.1%	-2.5%
Wholesale Trade	21,420	1,040	3.8%	4.2%	0.4%
Retail Trade	89,446	3,220	15.7%	12.9%	-2.8%
Transp and Warehousing	18,083	1,186	3.2%	4.7%	1.6%
Information	13,009	343	2.3%	1.4%	-0.9%
Finance and Insurance	20,934	639	3.7%	2.6%	-1.1%
Real Estate, Rental, Leasing	9,304	477	1.6%	1.9%	0.3%
Prof, Scientific, Technical Svcs	53,797	984	9.4%	3.9%	-5.5%
Mgmt of Cos	5,029	187	0.9%	0.7%	-0.1%
Admin, Support, Waste Mgmt, Remed	37,125	1,579	6.5%	6.3%	-0.2%
Educational Services	8,360	161	1.5%	0.6%	-0.8%
Health Care	96,176	2,742	16.9%	11.0%	-5.9%
Arts, Entertainment, and Recreation	6,846	229	1.2%	0.9%	-0.3%
Accommod & Food Svcs	68,185	2,109	12.0%	8.4%	-3.5%
Other Services (ex-PA)	19,469	804	3.4%	3.2%	-0.2%

Lea County Economic Profile – Housing Market

- On an absolute basis, Lea County median home prices (px) have not experienced the same strength as other markets in New Mexico;
- In fact, according to the most recent NM Realtors Association information, median prices declined slightly in Lea from 2020 to 2021.

<u>County</u>	<u>Y/Y % Change</u>	<u>2020 Year To Date</u>		<u>2021 Year To Date</u>	
		<u>Sales</u>	<u>Median Px</u>	<u>Sales</u>	<u>Median Px</u>
<i>Lea County</i>	-7.3%	530	\$ 205,000	573	\$ 190,000
Eddy County	-7.3%	700	\$ 258,838	613	\$ 240,000
Dona Ana	23.5%	1,579	\$ 200,000	2,576	\$ 247,000
New Mexico	14.2%	26,075	\$ 240,000	27,085	\$ 274,000

Lea County Economic Profile – Housing Market

- When considering housing affordability (Median Home Value/Median Household Income), the Lea housing market is among one of the most affordable in New Mexico;
- At 2.2, Lea is well below the statewide (3.4) and US (3.5) housing affordability ratios.

Geography	Home Val.	HH Income	Affordability	Geography	Home Val.	HH Income	Affordability
Taos	239,500	38,329	6.2	San Juan	151,200	50,518	3.0
Santa Fe	291,800	61,200	4.8	Luna	86,900	29,360	3.0
San Miguel	135,000	30,946	4.4	Socorro	124,100	42,083	2.9
Lincoln	193,900	46,216	4.2	Valencia	142,600	48,945	2.9
Rio Arriba	167,300	39,952	4.2	Colfax	104,800	36,302	2.9
Catron	175,400	41,910	4.2	Curry	125,000	45,092	2.8
Mora	112,300	28,446	3.9	Roosevelt	118,200	42,702	2.8
Sierra	117,400	29,755	3.9	Otero	112,400	41,988	2.7
Bernalillo	199,300	53,329	3.7	Chaves	108,700	43,359	2.5
Dona Ana	147,400	40,973	3.6	Quay	72,700	29,035	2.5
Harding	102,400	29,375	3.5	Los Alamos	302,800	121,324	2.5
United States	217,500	62,843	3.5	Union	88,000	35,884	2.5
New Mexico	171,400	49,754	3.4	Eddy	155,900	65,328	2.4
Guadalupe	85,000	24,798	3.4	Lea	133,100	60,546	2.2
De Baca	106,300	31,625	3.4	Cibola	84,400	39,413	2.1
Grant	125,100	37,843	3.3	Hidalgo	86,000	42,526	2.0
Torrance	114,300	36,120	3.2	McKinley	64,800	33,834	1.9
Sandoval	200,900	63,802	3.1				

Lea County Demographics - Population

- Lea's population was the fastest growing in the last ten years, increasing at a rate more than 5 times (15%) faster than the statewide growth rate of 2.7%;
- This is particularly notable given that many counties in the state experienced shrinking populations (some in the double digits) and shrinking GSP growth;
- The main driver of this growth is births (relative to the number of deaths) and, to a lesser degree, inward migration;
- The Lea County population is younger than the statewide averages with nearly 1/3rd of the population under the age of 18, compared to less than 1/4th in New Mexico;
- The Median age in Lea is 32 compared to 38 for New Mexico, and the County (16%) has fewer seniors (over the age of 60) than the state (24%);

Economic Impacts – Employment & Output

- Economic activity in Lea contributed an average of 29,600 jobs per year over the last 5 years directly with a multiplier of 1.77, which has helped to support an additional 22,000 jobs;
- The total economic impact for Lea over the last five years averaged \$9 billion.

(Employment)

<u>Impact Type</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>5YR Avg.</u>
Direct Effect	27,410	28,425	31,636	32,888	27,959	29,664
Indirect Effect	9,549	9,857	11,217	11,656	9,597	10,375
Induced Effect	11,330	11,754	13,345	13,917	11,459	12,361
Total Effect	48,288	50,036	56,197	58,460	49,014	52,399
Multiplier	1.76	1.76	1.78	1.78	1.75	1.77

(Output)

<u>Impact Type</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>5YR Avg.</u>
Direct Effect	5.17	5.36	6.11	6.38	5.17	5.64
Indirect Effect	1.62	1.66	1.89	1.97	1.62	1.75
Induced Effect	1.51	1.55	1.76	1.84	1.51	1.64
Total Effect	8.30	8.57	9.76	10.19	8.30	9.02
Multiplier	1.61	1.60	1.60	1.60	1.61	1.60

Economic Impacts - Industry

- On an industry level, oil & gas drilling made a large contribution (approx. \$2 billion) as well as Support activities for oil & gas operations (\$309 million);
- Other important contributors are wholesale trade, health care, construction, and truck transportation.

Sector	Employment	Labor	Output
Drilling oil and gas wells	5,638	\$499.1	\$1,975.8
Full-service restaurants	3,195	\$67.4	\$143.9
Elementary and secondary schools	2,248	\$88.4	\$135.2
Offices of physicians	2,198	\$185.4	\$274.1
Support activities for oil and gas operations	1,816	\$138.7	\$309.1
Construction of new highways and streets	1,653	\$73.2	\$262.9
Truck transportation	1,571	\$96.3	\$266.9
Wholesale trade	1,517	\$86.7	\$315.1
Employment services	1,377	\$54.6	\$97.1
Other local government enterprises	1,185	\$72.1	\$305.0

*Labor Income and Output in \$millions

Fiscal Impacts – Severance Taxes

- We looked at fiscal impacts and found that Lea contributed \$852 million in Severance Tax revenues, which accounted for more than half (53.5%) of total New Mexico revenues (\$1.59 billion);

<u>County</u>	<u>School</u>	<u>Severance</u>	<u>Production</u>	<u>Conservation</u>	<u>Total</u>	<u>Pct.%</u>
Lea	325.62	371.83	135.62	18.84	851.91	53.5%
Eddy	257.18	285.96	82.17	14.49	639.80	40.2%
San Juan	20.41	20.10	7.27	1.02	48.80	3.1%
Rio Arriba	14.27	13.57	5.53	0.69	33.78	2.1%
Other counties	7.37	8.11	2.68	0.41	18.56	1.2%
Total	624.85	699.57	233.27	35.44	1,592.86	100%

Fiscal Impacts – Ad Valorem (Equipment & Production)

- Lea contributed most of the Equipment (57.5%) & Production (45.3%) Ad Valorem taxes in the state (2020), or \$30.61 million and \$133 million, respectively.

(Equipment)

County	2016	2017	2018	2019	2020	Pct.%	5YR Avg.
Lea	9.88	9.12	15.96	26.00	30.61	57.5%	18.31
Eddy	7.43	6.43	9.80	15.88	18.21	34.2%	11.55
Other	5.09	3.94	5.49	6.22	4.45	8.4%	5.04
Total	22.41	19.49	31.25	48.10	53.27	100.0%	34.90

(Production)

County	2016	2017	2018	2019	2020	2020 Pct.%	5YR Avg.
Lea	48.79	44.30	67.34	110.25	133.13	45.3%	80.76
Eddy	37.06	31.39	40.66	69.68	83.24	28.3%	52.41
Other	30.29	24.14	27.33	31.05	77.41	26.3%	38.04
Total	116.14	99.84	135.33	210.98	293.78	100.0%	171.21

Fiscal Impacts – Gross Receipts

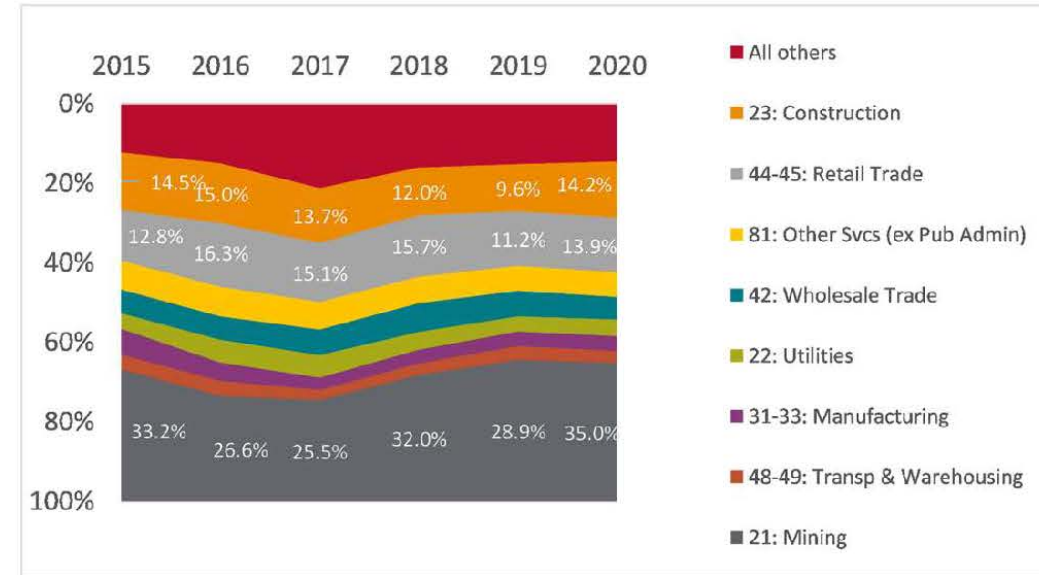
- In the last 5 years, Lea accounted for roughly 40-50% of GRT in the Mining, Oil & Gas sector in New Mexico, depending on the year;
- Lea accounted for 6-10% of total GRT collected in New Mexico in the last 5 years.

	2015	2016	2017	2018	2019	2020
State	3,813,816,289	3,718,391,593	3,817,382,364	4,284,068,139	8,781,692,788	5,705,154,596
Lea County	386,484,929	232,004,645	238,435,079	328,651,797	556,783,350	468,158,045
Pct.%	10%	6%	6%	8%	6%	8%
Mining						
State	263,235,071	144,008,208	143,953,138	286,307,230	404,875,184	427,751,013
Lea County	128,480,642	61,796,729	60,903,363	105,119,917	160,975,055	163,705,077
Pct.%	49%	43%	42%	37%	40%	38%

Fiscal Impacts – Gross Receipts

- In Lea, Mining, Oil & Gas accounts for nearly 1/3rd of GRT (30%);
- Construction and Retail Trade were the next largest contributors, accounting for 13.2% and 14.2%, respectively.

Sector	2015	2016	2017	2018	2019	2020	5YR Avg.
21: Mining	128.48	61.80	60.90	105.12	160.98	163.71	113.50
23: Construction	55.95	34.83	32.65	39.33	53.38	66.37	47.09
44-45: Retail Trade	49.60	37.74	36.01	51.55	62.18	65.17	50.37
81: Other Services (ex Pub Admin)	28.01	17.28	16.47	21.98	28.30	28.72	23.46
42: Wholesale Trade	23.42	13.75	15.60	23.71	29.36	26.93	22.13
22: Utilities	14.98	13.42	13.55	14.91	17.47	19.46	15.63
31-33: Manufacturing	24.94	10.59	7.24	11.45	16.32	17.66	14.70
48-49: Transp & Warehousing	14.78	8.95	6.33	9.53	15.88	13.98	11.57
All others	47.59	35.04	51.05	53.11	69.05	68.28	54.02
Total	386.48	232.00	238.44	328.65	556.78	468.16	368.42



Fiscal Impacts – Gross Receipts (Correlations)

- Not surprisingly, using GRT data, most sectors are highly correlated with the Mining, Oil & Gas sectors;
- More than half exhibit a correlation with the Oil & Gas sector of 0.7 or higher.

Sector	Mining	Sector	Mining
21: Mining	1.00	62: Health Care and Social Assist	0.73
54: Prof, Scien, and Tech Svcs	0.98	31-33: Manufacturing	0.70
44-45: Retail Trade	0.97	99: Unclassified	0.63
81: Other Svcs (ex Pub Admin)	0.97	11: Ag, Forestry, Fishing and Hunting	0.59
72: Accommodation and Food Svcs	0.97	92: Public Administration	0.55
42: Wholesale Trade	0.96	52: Finance and Insurance	0.48
23: Construction	0.92	61: Educational Services	0.48
22: Utilities	0.92	55: Mgmt of Cos and Enterprises	0.45
48-49: Transp & Warehousing	0.91	71: Arts, Entertainment, and Rec	0.38
53: Real Estate Rental and Leasing	0.85	56: Admin Support, Waste Mgmt, Re	-0.02
51: Information	0.83	TOTAL	0.96

Fiscal Impacts – Per Capita Taxes

- On a per capita basis, citizens of Lea County make a larger contribution to tax revenues than the statewide average;
- The per capita contribution of Lea citizens was 19,089 compared to the statewide contribution of 3,512.

<u>Tax Type</u>	<u>Taxes Paid</u>		<u>Taxes Paid Per Capita</u>	
	<u>NM</u>	<u>Lea</u>	<u>NM</u>	<u>Lea</u>
Severance Tax	1,592.9	851.9	760	11,987
Equipment (Ad Valorem)	53.3	30.6	25	431
GRT	5,705.0	468.0	2,721	6,585
Rentals & Royalties	12.26	6.13	6	86
Total	7,363	1,357	3,512	19,089
Population	NM: 2,096,829		Lea:	71,070

Opportunities – Sector Growth & Location Quotients (LQ's)

- Using growth rates and Location Quotients over the last 10 years, we found most sectors that make up Lea County are exhibiting strong, robust growth;
- Only a handful of sectors are demonstrating weakness; these are: Arts, Entertainment, and Rec; Educational Services; Information; Manufacturing; and Admin, Support, Waste Management Remediation Services.

Sector	Growth Score	LQ Score
48-49 Transportation & Warehousing	276.37	8.88
72 Accommodation and Food Services	228.31	4.59
11 Agriculture, Forestry, Fishing, and Hunting	200.01	6.39
52 Finance and Insurance	183.08	2.80
55 Management of Companies and Enterprises	156.63	1.69
23 Construction	140.38	6.15
53 Real Estate Rental and Leasing	100.37	4.12
54 Professional, Scientific, and Technical Services	99.50	1.64
22 Utilities	96.36	11.03
44-45 Retail Trade	93.57	4.07
62 Health Care and Social Assistance	82.61	2.46
81 Other Services (ex Public Administration)	63.36	3.79
21 Mining	58.59	150.00
42 Wholesale Trade	29.56	3.25
56 Admin, Support, Waste Mgmt Remed Svcs	-10.35	2.98
31-33 Manufacturing	-72.48	2.41
51 Information	-77.27	1.26
61 Educational Services	-198.32	0.70
71 Arts, Entertainment, and Recreation	-212.62	1.16

Opportunities – BBER Employment Forecasts

- BBER forecasts employment five years out for the Lea and Eddy counties;
- The greatest forecasted growth over the next 5 years by sector are:
 - Mining
 - Construction
 - Accommodation & Food Services
 - Healthcare
 - Professional & Technical Services
 - Transportation & Warehousing

Sector	2021	2026	Change	Chg.%	Sector	2021	2026	Change	Chg.%
Total Employment	55,150	61,911	6,761	12%	Ag, Forest, Fish & Hunt	741	801	60	8%
Private Employment	47,930	54,253	6,323	13%	Utilities	626	656	30	5%
Mining	10,734	12,496	1,761	16%	Information	301	323	22	7%
Construction	5,238	6,719	1,482	28%	Finance & Insurance	1,153	1,170	16	1%
Accommodation & Food Svcs	4,879	5,943	1,064	22%	Educational Services	254	268	15	6%
Healthcare & Soc Assist	4,866	5,336	471	10%	Arts, Entertainment & Rec	107	118	11	10%
Professional & Tech Svcs	1,888	2,338	450	24%	Mgmt of Cos & Enterprises	274	272	(2)	-1%
Transp & Warehousing	2,845	3,272	426	15%	Retail Trade	6,196	6,114	(82)	-1%
Admin & Waste Svcs	2,583	2,757	174	7%	Government Employment	7,220	7,659	438	6%
Wholesale Trade	1,385	1,532	148	11%	Local Government	5,754	6,197	443	8%
Other Services & Unclassified	1,293	1,419	125	10%	State Government	689	691	2	0%
Manufacturing	1,626	1,702	76	5%	Federal Government	777	770	(7)	-1%
Real Estate, Rental & leasing	941	1,016	76	8%					

<p><u>Strengths</u></p> <ul style="list-style-type: none"> •Low poverty rates; •Young population (compared to U.S. and NM); •Low unemployment rate (lower than U.S. and NM averages); •Existing industrial and commercial infrastructure: EnergyPlex Park, Lovington Industrial Park, Industrial AirPark; •Good broadband infrastructure; •CTech Center -- good coordination b/w local business and schools; •Manufacturing base not 100% linked to Oil & Gas industry; •Emergent non-Oil & Gas Energy-related opportunities; •Expansion of Health Care facilities; •Sectors experiencing strong employment growth, wage growth and related business strength (relative to national and statewide averages (LQ's)) are: Construction; Agriculture; Transportation & Warehousing; Accommodation and Food Services; Finance and Insurance; Real Estate Leasing; Construction; Utilities; Other Services; Mining, Oil & Gas. 	<p><u>Weaknesses</u></p> <ul style="list-style-type: none"> •Many sectors exhibit large sensitivities with economic cycle (Coefficient of Variations): Manufacturing, Natural Resources (incl. Oil & Gas), Transportation; •Large changes in unemployment rate due to prominence of economically sensitive sectors; •Sectors experiencing weak to negative employment growth and low Location Quotients: Arts, Entertainment & Rec; Education Services; Information; Admin Support and Waste Remediation; Manufacturing; •BBER job expectations are weak for Finance & Insurance; Management of Companies; and Retail Trade (in part due to COVID); •
<p><u>Opportunities</u></p> <ul style="list-style-type: none"> •Personal Income and average wage gains greater than NM and US over last 10 years; •Stronger earnings for Lea County workers, especially when controlling for educational attainment levels; •Sectors exhibiting lower sensitivity to economic cycle: Health Care, Education Services, Finance and Insurance; •IRB's and other economic incentives enabled and utilized; •Could grow Health Care sector with more Health Care related education programs; •Wind energy -- one of best counties in country for wind; •Emergent opportunities for bringing recycled water; •Sectors growing in employment but still weak (LQ's) relative to US and Statewide averages: Professional, Scientific, Technical Services; Management of Companies; Health Care; Retail Trade; Wholesale Trade; •BBER employment estimates are strong for: Mining, Oil & Gas, Construction; Accommodation & Food Services; Health Care; Professional & Technical Services; Transportation & Warehousing; •Non-Oil & Gas Energy opportunities like Uranco; •State interested in expanding Admin Waste and Remediation jobs. 	<p><u>Threats</u></p> <ul style="list-style-type: none"> •Water shortages; •Regulatory risks (e.g. zero omissions by 2050); •



BUREAU OF BUSINESS & ECONOMIC RESEARCH



ECONOMIC FORECAST



DATA DASHBOARDS



RESEARCH



DATA BANK

Consideration to Adopt Lea County Ordinance No. 95 An Ordinance Governing Nuisances Repealing and Superseding Ordinance No. 95 Dated July 25, 2019

STATE OF NEW MEXICO
COUNTY OF LEA
ORDINANCE NO. 95
NUISANCE ORDINANCE
AN ORDINANCE GOVERNING NUISANCES REPEALING AND SUPERSEDING ORDINANCE
NO. 95 DATED JULY 25, 2019

SECTION 1. SHORT TITLE
This Ordinance will be known as the Nuisance Ordinance.

SECTION 2. PURPOSE AND INTENT
The purpose and intent of this Ordinance is to protect the health, safety and welfare of the residents of Lea County by regulating those acts or omissions that create nuisances that injure or endanger the comfort, repose, health or safety of others, render other persons insecure in life or the use of property, or essentially interfere with the comfortable enjoyment of life and property or tend to depreciate the value of the property of others within Lea County. This Ordinance repeals and supersedes Nuisance Ordinance No. 95 adopted July 25, 2019.

SECTION 3. AUTHORITY
NMSA 1978 § 4-37-1 provides that all counties are granted the same powers of municipalities and included in this grant of powers are those powers necessary and proper to provide for the safety, preserve the health, promote the prosperity, and improve the morals, order, comfort and convenience of Lea County and its inhabitants.

SECTION 4. APPLICABILITY
This ordinance shall be effective and enforced within the geographical boundaries of Lea County, except for those areas that lie within the boundaries of any incorporated municipality.

SECTION 5. ILLUSTRATIVE LIST OF REGULATED ITEMS: NOT EXCLUSIVE

5.1 Noxious weeds and other rank vegetation.

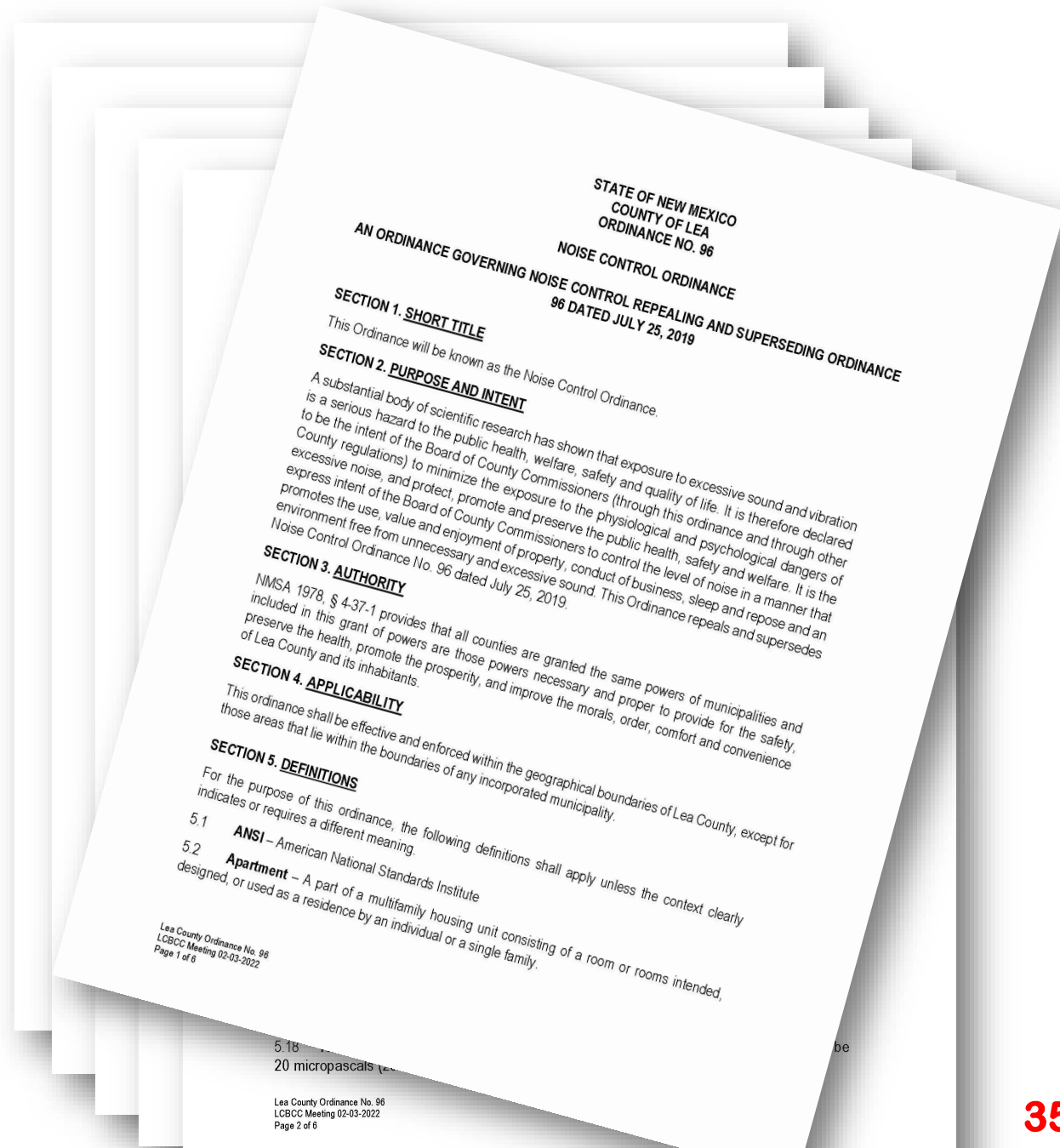
5.2 Accumulations of rubbish, trash, refuse, litter, junk, and other abandoned materials, metals, lumber or other things.

5.3 Any condition that provides harborage for rats, mice, snakes, or other vermin.

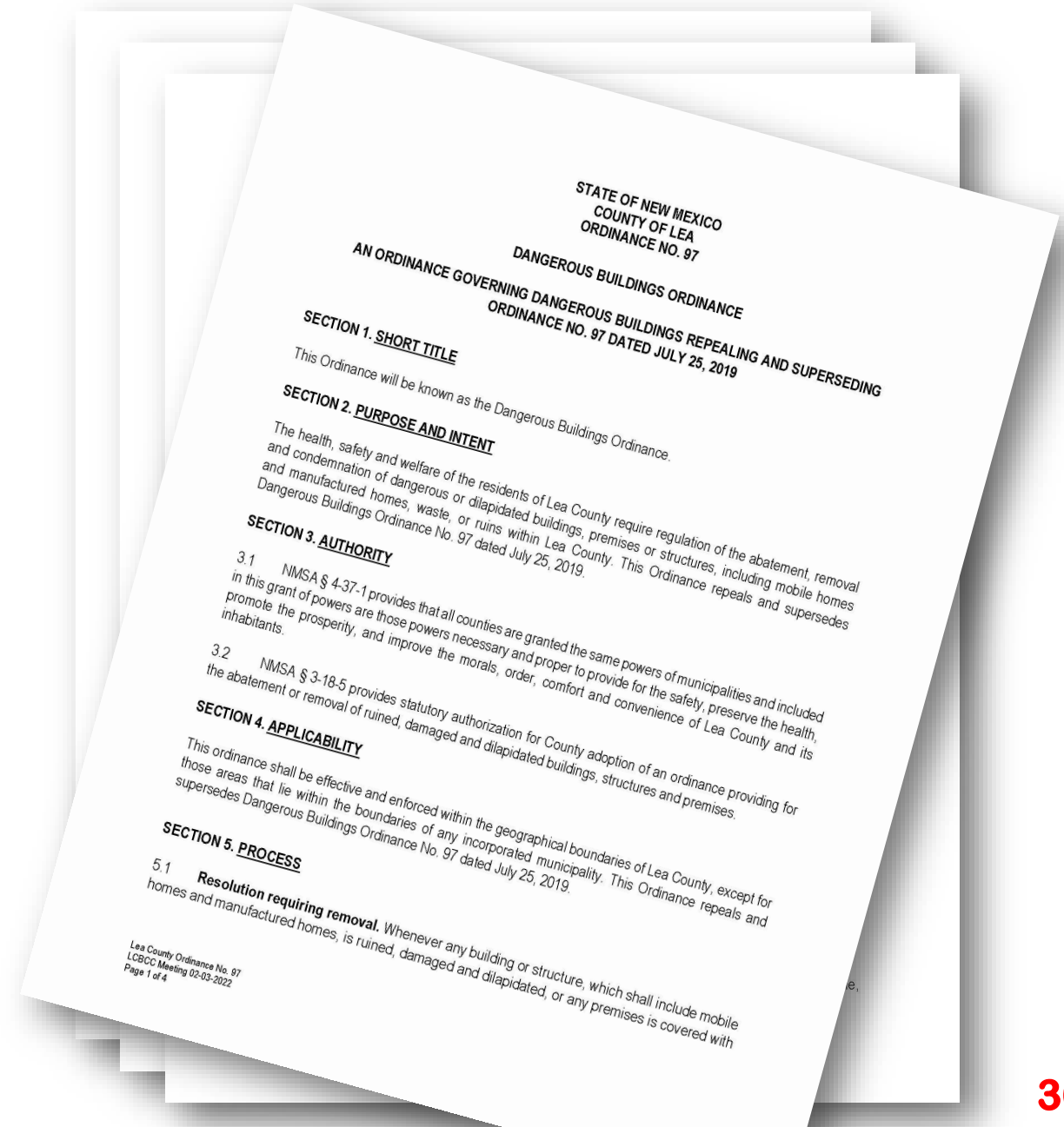
5.4 Any condition that is attractive and dangerous to children, such as vacant accessible buildings, excavation, dilapidated wall and fences, wood piles and debris on vacant lots that may constitute a hazard to health and welfare of children who may not be able to recognize these dangers.

Lea County Ordinance No. 95
LCBCC Meeting 02-03-2022
Page 1 of 6

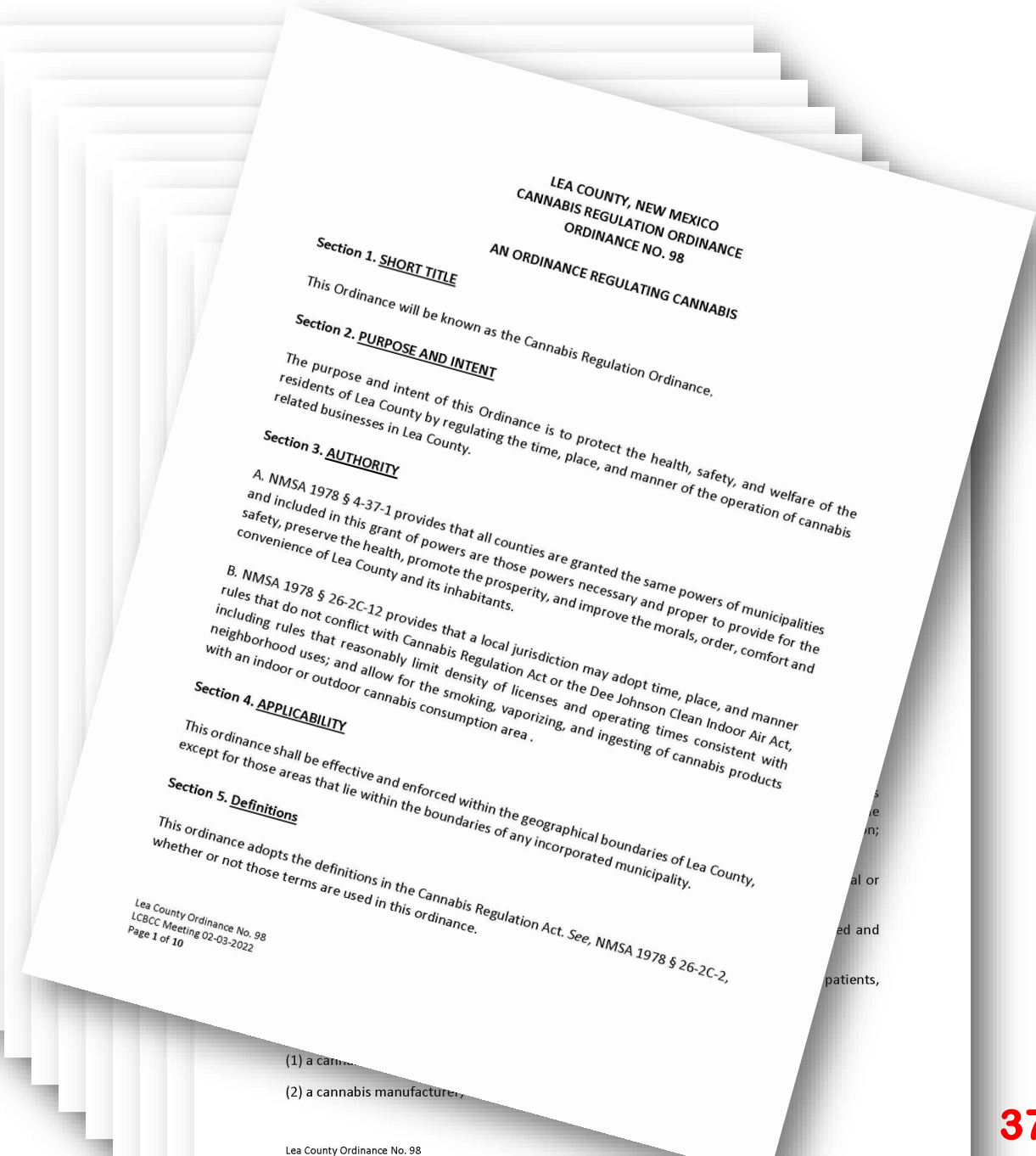
Consideration to Adopt Lea County Ordinance No. 96 An Ordinance Governing Noise Control Repealing and Superseding Ordinance No. 96 Dated July 25, 2019



Consideration to Adopt Lea County Ordinance No. 97 An Ordinance Governing Dangerous Buildings Repealing and Superseding Ordinance No. 97 Dated July 25, 2019



Consideration to Adopt Lea County Ordinance No. 98 An Ordinance Regulating Cannabis



Consideration of Lea County Resolution No. 22-FEB-029R Amending Lea County Resolution No. 21-JUN-120R Approving Precincts and Polling Places for the 2022 – 2023 Elections

STATE OF NEW MEXICO
COUNTY OF LEA
RESOLUTION NO. 22-FEB-031R

A RESOLUTION AMENDING LEA COUNTY RESOLUTION 21-JUN-120R
APPROVING PRECINCTS AND POLLING PLACES
FOR THE 2022 - 2023 ELECTIONS

WHEREAS, the New Mexico Statutes Annotated 1978, Section 1-3-2 (2019) requires that in June or July of the odd-numbered year, the Board of County Commissioners shall by resolution designate polling places; *and*

WHEREAS, the Board of County Commissioners finds that each polling place designated in this resolution complies with the provisions of NMSA 1978, Section 1-3-7 (2019), titled Polling Places; *and*

WHEREAS, the Board of County Commissioners finds that those precincts that are consolidated to create Voting Convenience Centers meet the requirements of NMSA 1978, Section 1-3-4 (2015), will be available to voters of any precinct in the county to cast a vote at the Voting Convenience Center, will make voting more convenient and accessible to voters of the consolidated precinct, will not result in delays for voters in the voting process, and are centrally located within the consolidated precinct; *and*

WHEREAS, the Board of County Commissioners finds that each polling place provides individuals with physical mobility limitations unobstructed access to at least one voting machine.

NOW, THEREFORE, BE IT HEREBY RESOLVED by the Board of County Commissioners of Lea County that the following amendments to the polling locations for the conduct of any statewide election during the period beginning January 1, 2022 to December 31, 2022, is hereby approved.

<u>Precinct Numbers</u>	<u>Location & Address</u>
Voter Convenience Centers: (All voters in the county may vote at these locations, regardless of where they live.)	
2	Caprock Community Hall 99 Moore Road, Caprock, NM
3	Tatum City Hall 120 W Broadway, Tatum, NM
8, 10, 18, 13	Yucca Building, Fairgrounds Commercial & Central, Lovington, NM
11,12,14	Lea County Courthouse 100 N Main, Lovington, NM

The New Mexico Statutes Annotated 1978, Section 1-3-2 (2019) requires that in June or July of the odd-numbered year, the Board of County Commissioners shall by resolution designate polling places.

The Board of County Commissioners finds that each polling place designated in this resolution complies with the provisions of NMSA 1978, Section 1-3-7 (2019), titled Polling Places.

The Board of County Commissioners finds that those precincts that are consolidated to create Voting Convenience Centers meet the requirements of NMSA 1978, Section 1-3-4 (2015), will be available to voters of any precinct in the county to cast a vote at the Voting Convenience Center, will make voting more convenient and accessible to voters of the consolidated precinct, will not result in delays for voters in the voting process, and are centrally located within the consolidated precinct.

The Board of County Commissioners finds that each polling place provides individuals with physical mobility limitations unobstructed access to at least one voting machine.



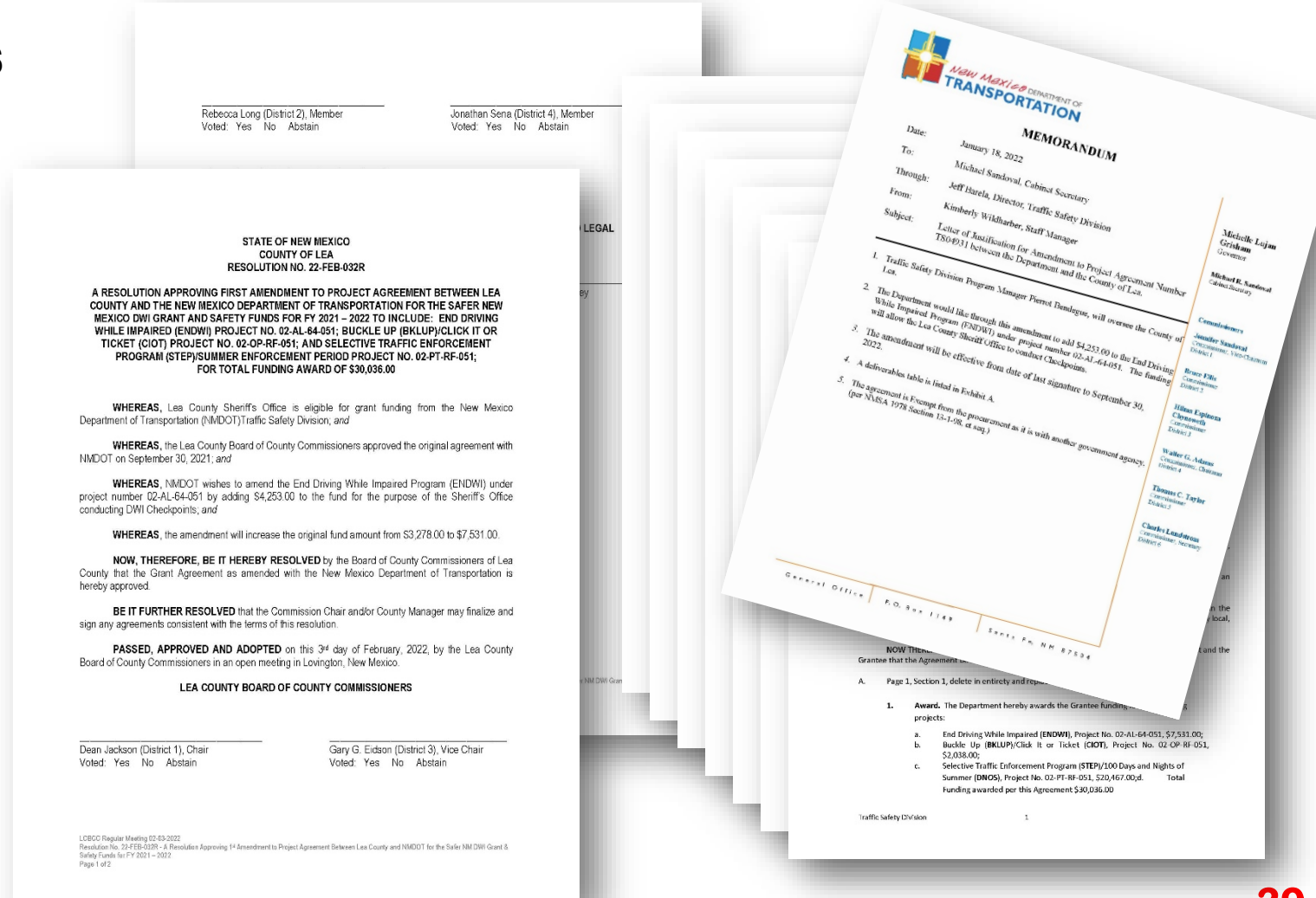


Consideration of Lea County Resolution No. 22-FEB-030R Approving First Amendment to Project Agreement between Lea County and the New Mexico Department of Transportation for the Safer New Mexico DWI Grant and Safety Funds for FY 2021 – 2022 to Include: End Driving While Impaired (ENDWI) Project No. 02-AL-64-051; Buckle Up (BKLUP)/Click It or Ticket (CIOT) Project No. 02-OP-RF-051; and Selective Traffic Enforcement Program (STEP)/Summer Enforcement Period Project No. 02-PT-RF-051; for Total Funding Award of \$30,036.00

SAFER NEW MEXICO DWI GRANT AND SAFETY FUNDS FOR FY 2021 – 2022

- End Driving While Impaired (ENDWI)
Project No. 02-AL-64-051
Original Award \$3,278.00
Additional Award \$4,253.00
Total ENDWI Award \$7,531.00
- Buckle Up (BKLUP) / Click It or Ticket (CIOT)
Project No. 02-OP-RF-051
Original Award \$2,038.00
- Selective Traffic Enforcement Program (STEP)
Project No. 02-PT-RF-051
Original Award \$20,467.00

Original Total funding of all three projects: \$25,783.00
Amended Total Funding: \$30,036.00



Consideration of Lea County Resolution No. 22-FEB-031R Authorizing Out of State Travel June 3 – 8, 2022 for Lea County Finance Director Chip Low to Attend the 2022 Annual Government Finance Officers Association (GFOA) Conference in Austin, Texas



2022 GFOA Annual Conference and Pre-Conference Training

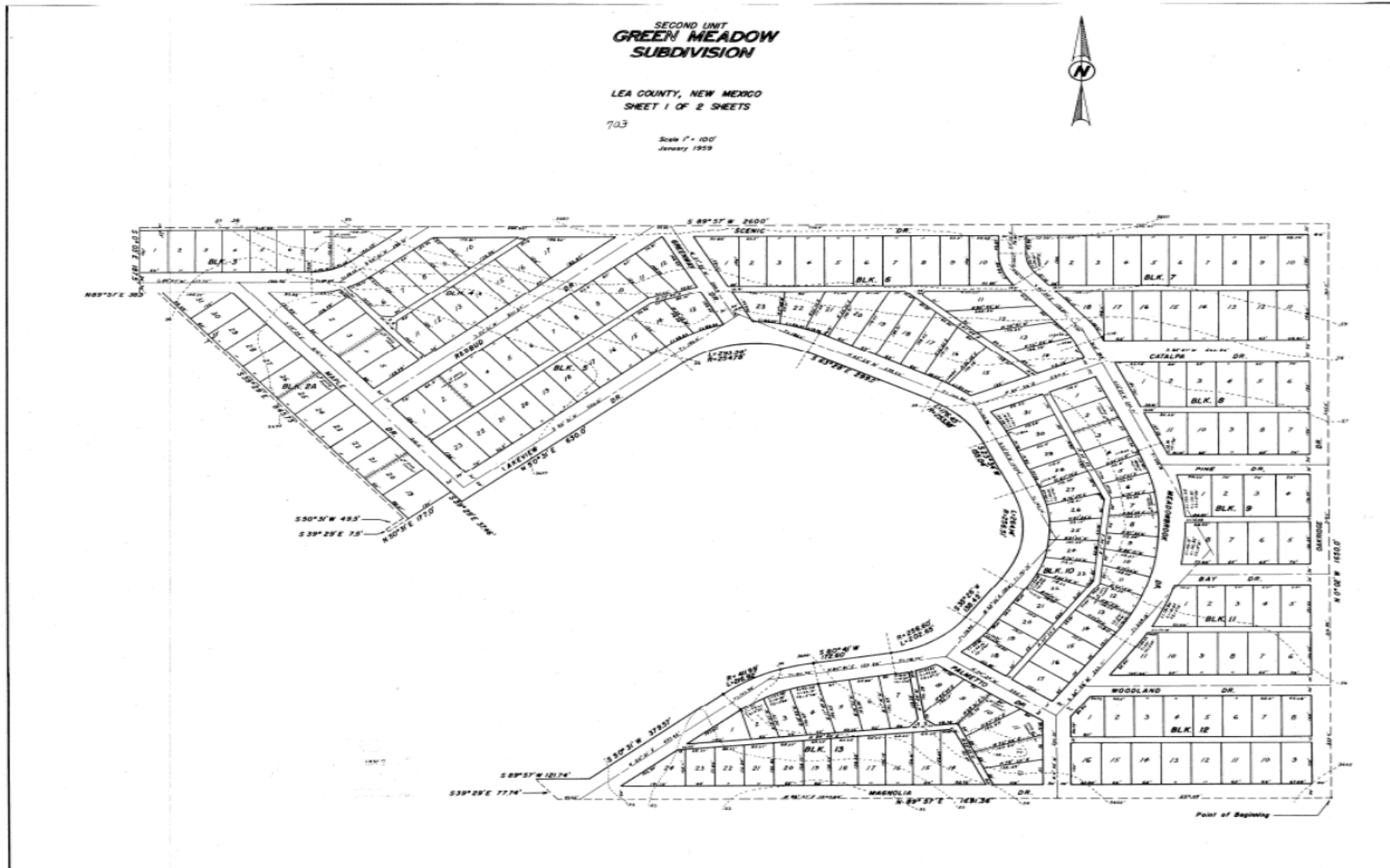
Attendee: Chip Low – Finance Director

June 5 - 8, 2022, with Pre-Conference Sessions on June 4th.

Benefits: Provides opportunities for attendees to share ideas, sharpening skills, discovering new tools and technologies, and networking with peers from across the country and around the world.

CPE credits of 20+ hours are available to comply with State CPA licensing requirements.

Consideration of Lea County Resolution No. 22-FEB-032R Appointing a Freeholders Committee to Evaluate the Vacation of a Dedicated Alley in Green Meadows Subdivision, Unit 2, Block 13, Between Lot 7 and Lot 8 Being About at the Intersection of Lakeview Drive and Palmetto Street East of New Mexico Highway 18 In Section 17, Township 18 South, Range 38 East N.M.P.M. in Lea County, New Mexico



Consideration of Lea County Resolution No. 22-FEB-032R Appointing a Freeholders Committee to Evaluate the Vacation of a Dedicated Alley in Green Meadows Subdivision, Unit 2, Block 13, Between Lot 7 and Lot 8 Being About at the Intersection of Lakeview Drive and Palmetto Street East of New Mexico Highway 18 In Section 17, Township 18 South, Range 38 East N.M.P.M. in Lea County, New Mexico





Consideration of Lea County Resolution No. 22-FEB-032R Appointing a Freeholders Committee to Evaluate the Vacation of a Dedicated Alley in Green Meadows Subdivision, Unit 2, Block 13, Between Lot 7 and Lot 8 Being About at the Intersection of Lakeview Drive and Palmetto Street East of New Mexico Highway 18 In Section 17, Township 18 South, Range 38 East N.M.P.M. in Lea County, New Mexico

Lea County received a request to vacate a dedicated alley in Green Meadows Subdivision, Unit 2, Block 13, Between Lot 7 And Lot 8, being east of New Mexico Highway 18 in Section 17, Township 18, Range 38 East.

Pursuant to NMSA 1978 § 67-5-4, the Lea County Board of County Commissioners must appoint a three-person freeholds committee.

The three-person freeholders' committee will evaluate and make a recommendation to the Lea County Board of County Commissioners at the next regular commission meeting setting forth their finding.

Three-person freeholders are:

- Corey Needham, Lea County Assistant County Manager
- Daniel Johncox, Chair, Lea County Planning and Zoning Board
- Charles F. Pruitt, Lea County Fire Marshall

STATE OF NEW MEXICO
COUNTY OF LEA
RESOLUTION NO. 22-FEB-034R

A RESOLUTION APPROVING APPOINTING A FREEHOLDERS COMMITTEE TO EVALUATE THE VACATION OF A DEDICATED ALLEY IN GREEN MEADOWS SUBDIVISION, UNIT 2, BLOCK 13, BETWEEN LOT 7 AND LOT 8 BEING ABOUT AT THE INTERSECTION OF LAKEVIEW DRIVE AND PALMETTO STREET EAST OF NEW MEXICO HIGHWAY 18 IN SECTION 17, TOWNSHIP 18 SOUTH, RANGE 38 EAST N.M.P.M IN LEA COUNTY, NEW MEXICO

WHEREAS, Lea County received a request to vacate a dedicated alley in Green Meadows Subdivision, Unit 2, Block 13, Between Lot 7 And Lot 8, being east of New Mexico Highway 18 in Section 17, Township 18, Range 38 East; *and*

WHEREAS, pursuant to NMSA 1978 § 67-5-4, the Lea County Board of County Commissioners must appoint a three-person freeholds committee; *and*

WHEREAS, the three-person freeholders' committee will evaluate and make a recommendation to the Lea County Board of County Commissioners at the next regular commission meeting setting forth their finding.

NOW, THEREFORE, BE IT HEREBY RESOLVED by the Board of County Commissioners of Lea County that three freeholders be appointed to determine if the dedicated right of way should remain a dedicated right of way or be vacated and abandoned pursuant to NMSA 1978 § 67-5-4 is hereby approved.

BE IT FURTHER RESOLVED that the three-person freeholders are:

Corey Needham, Lea County Assistant County Manager
Daniel Johncox, Chair, Lea County Planning and Zoning Board
Charles F. Pruitt, Lea County Fire Marshall

PASSED AND APPROVED on this 3rd day of February, 2022, by the Lea County Board of County Commissioners in an open meeting in Lovington, New Mexico.

LEA COUNTY BOARD OF COUNTY COMMISSIONERS

Dean Jackson (District 1), Chair
Voted: Yes No Abstain

Gary G. Eidson (District 3), Vice Chair
Voted: Yes No Abstain

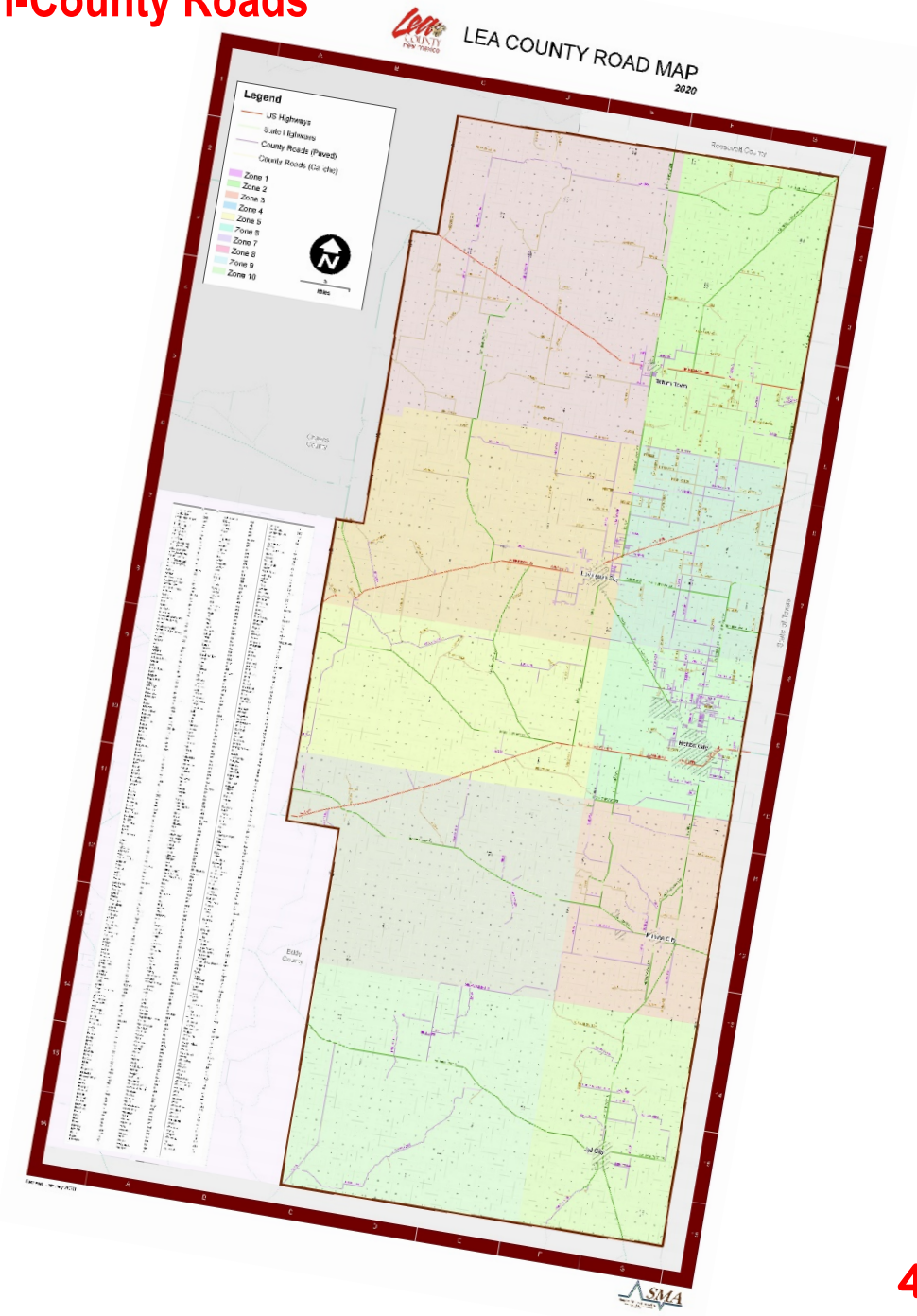


Discussion of Lea County's Five Year Strategic Plan

Discussion of Remodel of the Historic Lea County Courthouse



Discussion of Improvement and Maintenance of County and Non-County Roads



FY 23 Preliminary Revenue Budget Discussion

February 3, 2022

FY 23 Budget Preparation Timeline

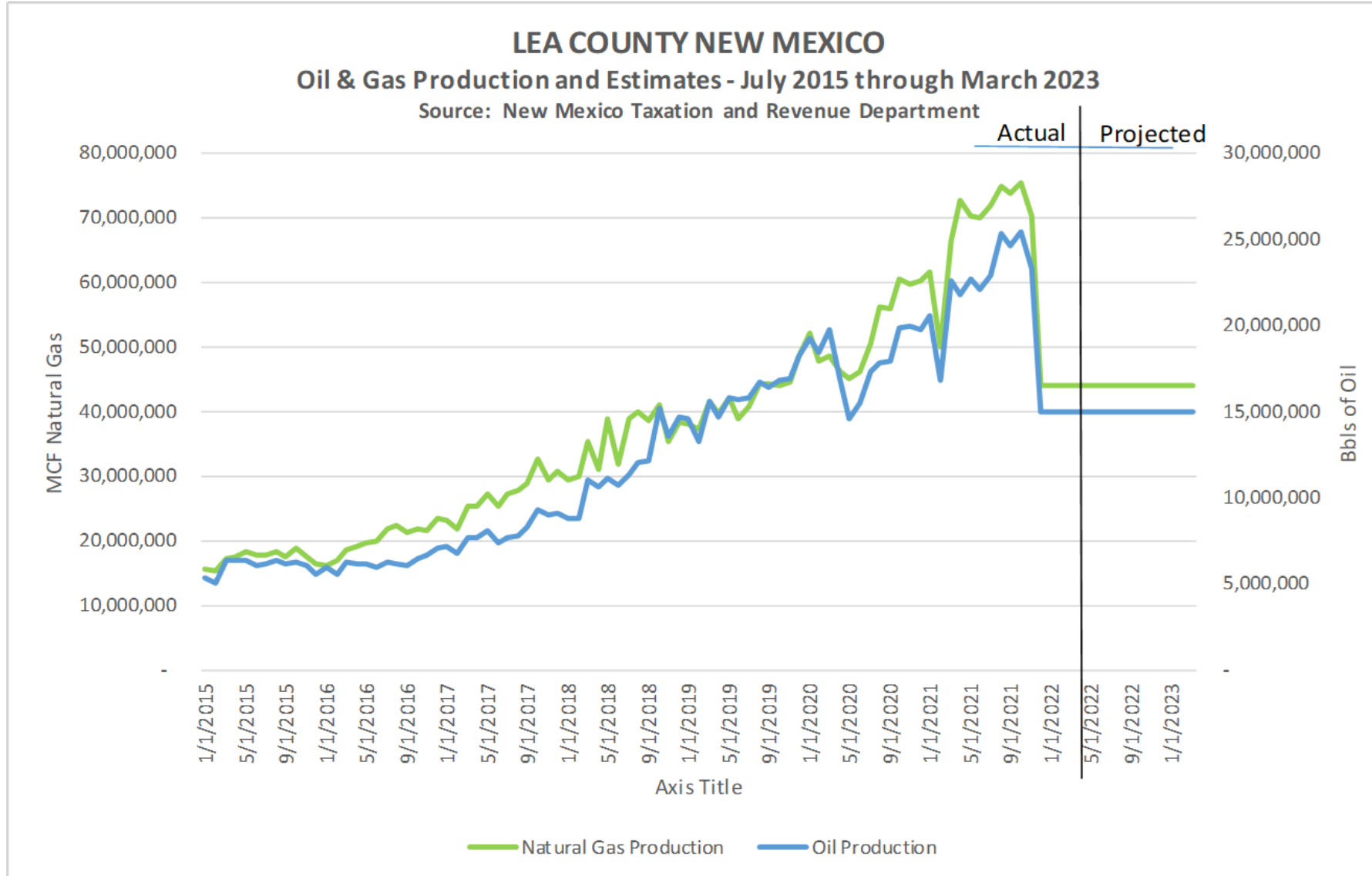
Date	Action Taken
January 13, 2022	Budget Development and Timeline Approval (LCBCC)
February 3, 2022	Outside Entities and Services RFP Discussion (LCBCC) Discussion of FY 23 Projected Revenues (LCBCC)
February 17, 2022	Release of Outside Entities and Services RFP
February 21 – March 2, 2022	Departmental Budget Discussions – County Staff
March 10, 2022	Discussion of FY 23 Projected Expenses (LCBCC)
March 11, 2022	Responses for Outside Entities Proposals Due
March 31, 2022	Departmental Budget Presentations (LCBCC)
April 14, 2022	Departmental Budget Presentations cont'd (LCBCC) Personnel Proposals (LCBCC)
April 28, 2022	Capital & Outside Agency Proposals (LCBCC)
May 12, 2022	Present Preliminary Budget for Discussion (LCBCC)
May 26, 2022	Present Preliminary Budget for Final Action (LCBCC)
May 31, 2022	Preliminary Budget Due to New Mexico DFA for Approval
July 28, 2022	Present Final Budget For Discussion and Approval (LCBCC)
July 31, 2022	Final Budget Due to New Mexico DFA for Approval

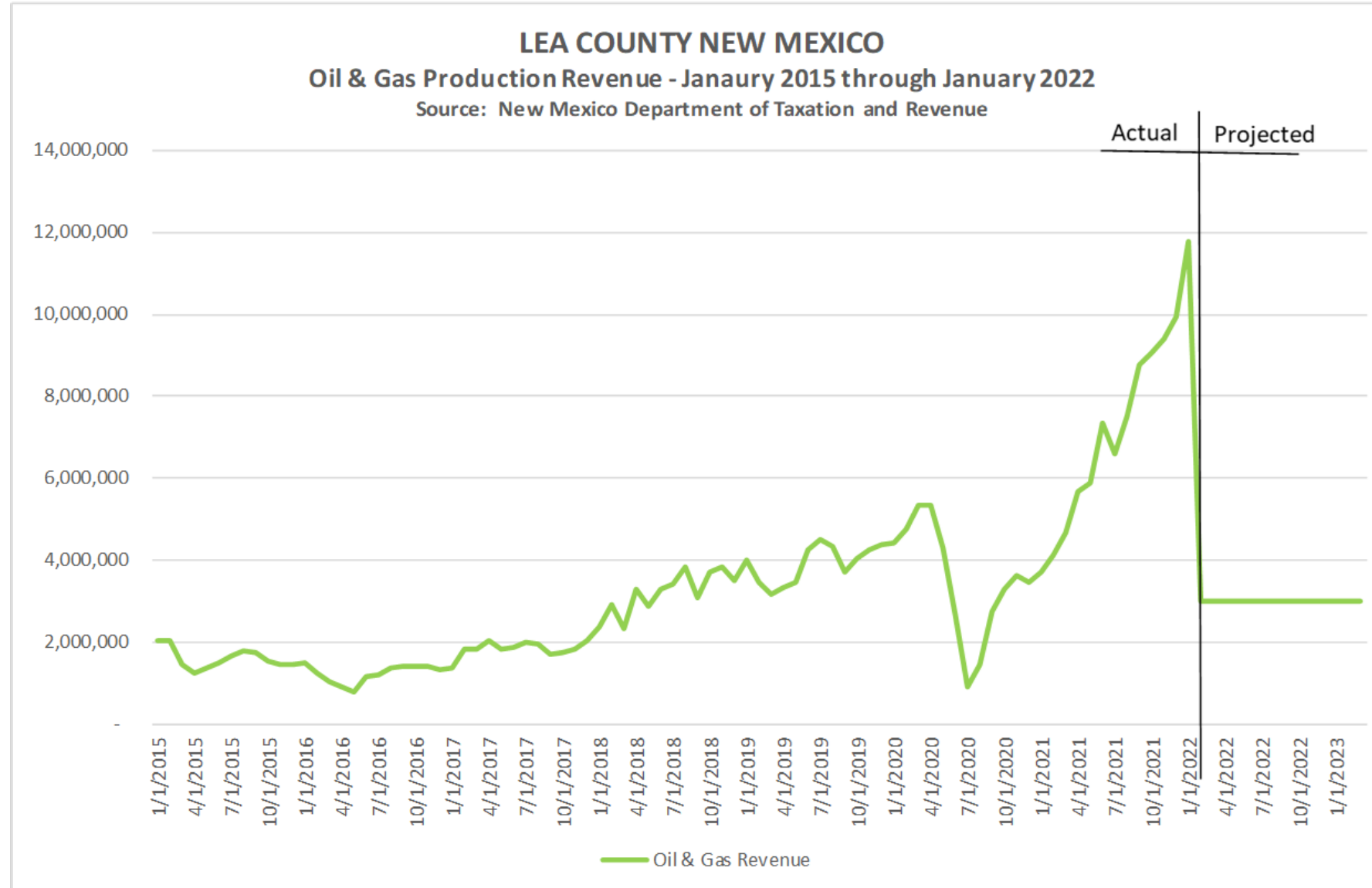
Historical Budget vs Actual Revenue FY 18 – FY 21

		2018	2019	2020	2021	Total
Oil & Gas Production	Budget	\$ 20,968,483	\$ 27,779,095	\$ 34,781,534	\$ 13,000,000	\$ 96,529,112
	Actual	\$ 28,386,145	\$ 43,161,023	\$ 52,179,468	\$ 47,015,287	\$ 170,741,923
	Difference	\$ 7,417,662	\$ 15,381,928	\$ 17,397,934	\$ 34,015,287	\$ 74,212,811
Oil & Gas Equipment	Budget	\$ 3,299,826	\$ 5,942,811	\$ 5,942,811	\$ 5,000,000	\$ 20,185,448
	Actual	\$ 3,331,728	\$ 5,029,162	\$ 8,403,936	\$ 10,409,607	\$ 27,174,433
	Difference	\$ 31,902	\$ (913,649)	\$ 2,461,125	\$ 5,409,607	\$ 6,988,985
Property Tax - Current	Budget	\$ 15,744,576	\$ 17,443,150	\$ 20,126,693	\$ 18,199,889	\$ 71,514,308
	Actual	\$ 16,421,854	\$ 17,934,023	\$ 20,858,598	\$ 25,286,518	\$ 80,500,994
	Difference	\$ 677,278	\$ 490,873	\$ 731,905	\$ 7,086,629	\$ 8,986,686
Property Tax - Delinquent	Budget	\$ 600,000	\$ 500,000	\$ 500,000	\$ 694,319	\$ 2,294,319
	Actual	\$ 467,300	\$ 843,987	\$ 688,028	\$ 1,400,087	\$ 3,399,401
	Difference	\$ (132,700)	\$ 343,987	\$ 188,028	\$ 705,768	\$ 1,105,082
GRT (Indigent, Debt Ser, Env)	Budget	\$ 9,793,323	\$ 16,904,147	\$ 17,262,250	\$ 7,330,179	\$ 51,289,899
	Actual	\$ 14,568,289	\$ 22,269,360	\$ 23,886,734	\$ 15,419,966	\$ 76,144,349
	Difference	\$ 4,774,966	\$ 5,365,213	\$ 6,624,484	\$ 8,089,787	\$ 24,854,450
Grand Totals	Budget	\$ 50,406,208	\$ 68,569,203	\$ 78,613,288	\$ 44,224,387	\$ 241,813,086
	Actual	\$ 63,175,316	\$ 89,237,555	\$ 106,016,764	\$ 99,531,465	\$ 357,961,100
	Difference	\$ 12,769,108	\$ 20,668,352	\$ 27,403,476	\$ 55,307,078	\$ 116,148,014

Basic Assumptions

- The Oil and Gas industry remains the main driver of the Lea County economy.
- Health, safety, welfare and quality of life of County residents remains a priority
- Increasing oil & gas production along with higher prices is having a positive impact upon county revenue, county population and employment.
- Continued uncertainty in long term oil price forecasts will present challenges to revenue and expenditure planning.
- Proposed policies regarding the oil & gas industry on the federal and state level is creating long term uncertainty for revenue planning.
- Recruitment and retention of qualified employees remains a priority. Lea County currently maintains 15 months of budgeted General Fund expenditures plus operating transfers in operating reserves along with 15% of budgeted capital.
- Consider increasing operational reserves to provide more protection due to a sudden, unforeseen downturn.





Oil & Gas Production Revenue Estimate - Conservative

FY22/23 Production Tax Estimate			
Month	Estimated Oil Prod.	EIA Oil Price	
Jul-22	3,001,284	36	
Aug-22	3,001,284	36	
Sep-22	3,001,284	36	
Oct-22	3,001,284	36	
Nov-22	3,001,284	36	
Dec-22	3,001,284	36	
Jan-23	3,001,284	36	
Feb-23	3,001,284	36	
Mar-23	3,001,284	36	
Apr-23	3,001,284	36	
May-23	3,001,284	36	
Jun-23	3,001,284	36	
Total	36,015,408	36	
FY21/22 Budget			
	23,711,916		
Increase			
	12,303,492		
Assumptions:			
Average oil Price - \$36.00			
Average Production - 15,000,000 monthly (63% of current 6 month average)			
Natural Gas Production - 44,000,000 mcf (61% of current 6 month average)			
Natural Gas Price - \$3.00 (60% of current 6 month average)			

Oil & Gas Equipment Tax Revenue

- Oil and Gas Equipment taxation is governed by NMSA Sections 7-34-1 to 7-34-20.
- Each year Taxation and Revenue will compute the value of products of each production unit for the previous calendar year. The taxable value is an amount equal to 27% of the value of products of each production unit. The assessed value shall be determined by applying the uniform assessment ration to the taxable value. The tax shall be at the rate certified to the division by the department of finance and administration.
- Prior 5 year average received (including FY 22) - \$7,090,376
- Will use 90% of the average for the FY 23 budget - \$6,381,338

Revenue Assumptions

Property Tax Revenue

- Property tax revenues are based upon values certified by the County Assessor in June of each year and calculated using approved tax rates for each type of property.
- As of January 2022, the Lea County Tax Assessor currently estimates taxable property in Lea County to be \$3,140,337,872. At the current tax rate of \$10.60 per \$1,000 in valuation the projected property tax for FY 23 is \$33,287,581. Lea County will 95% of that amount for budgeting purposes or \$31,623,202.
- Lea County will the use projected property tax revenue for preliminary budgeting purposes and will adjust when the new values are certified in June 2022.

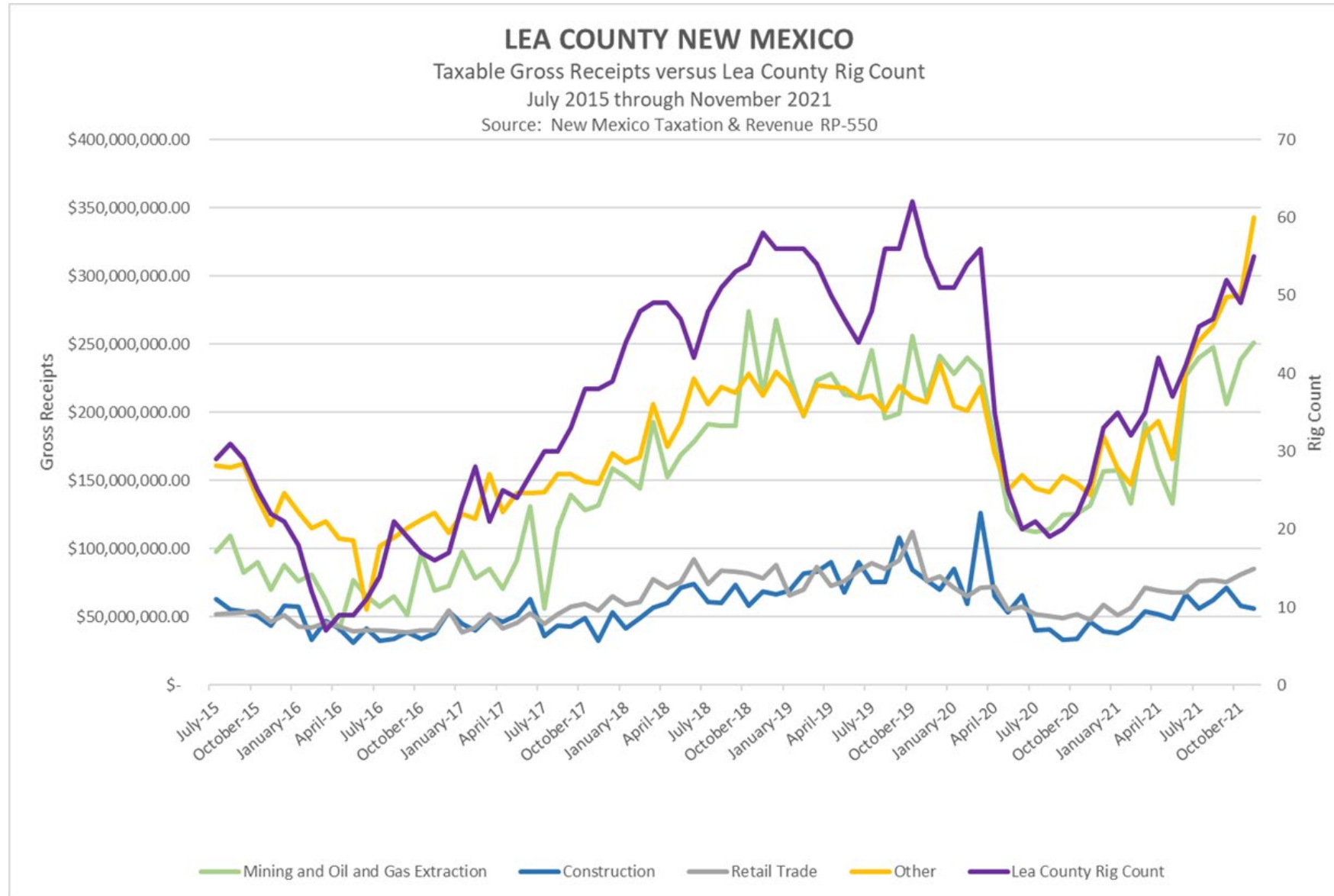
Revenue Assumptions

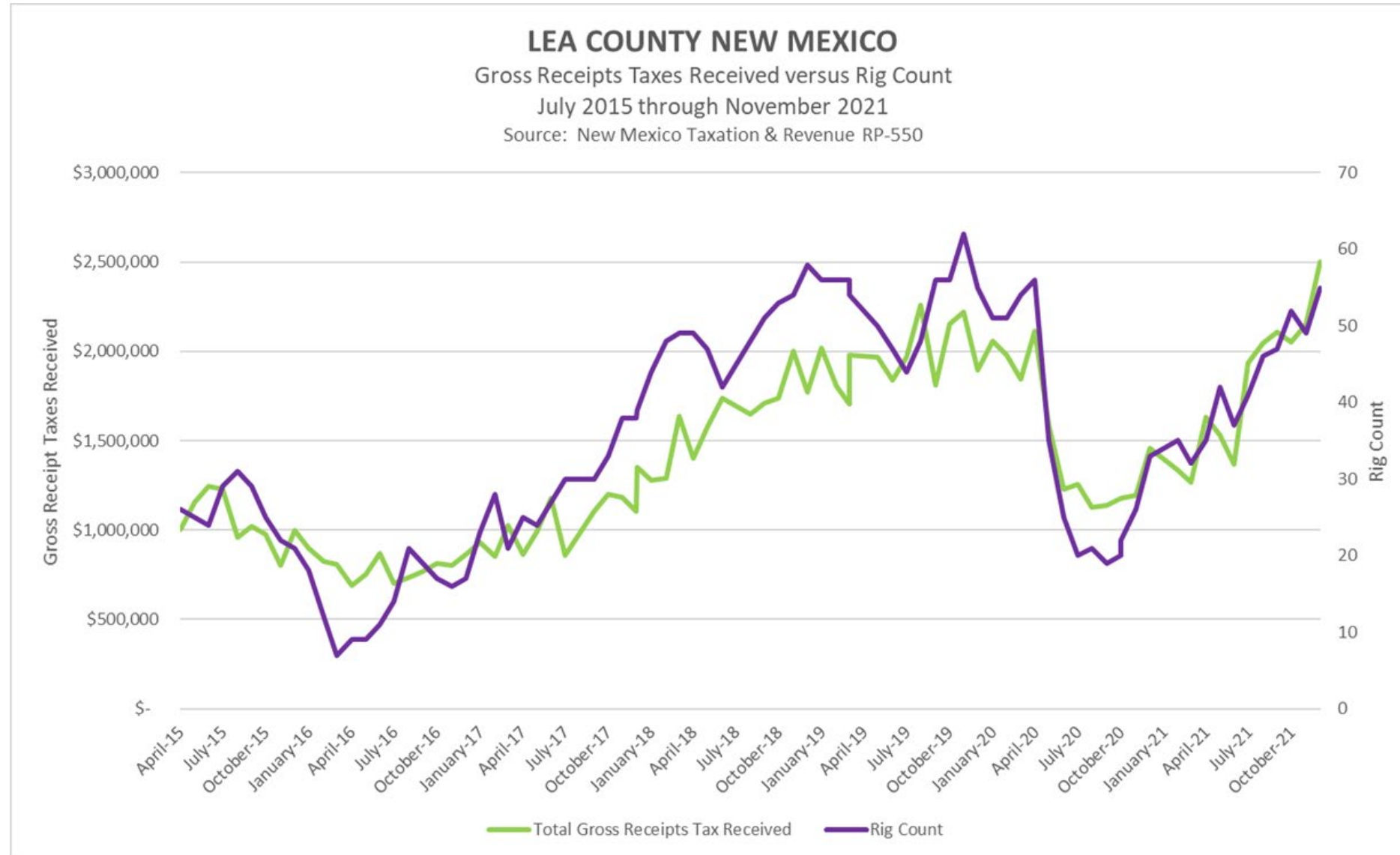
Payments in Lieu of Taxes (PILTS)

Name of Entity	Amount of PILT
Corporate IRB's	\$ 1,800,000
Federal Government	\$ 1,100,000
Totals	\$ 2,900,000

Revenue Assumptions Indigent & Local Option GRT

- Lea County has enacted a .375% tax to cover Indigent Care and other County Services. The Indigent is a .125% County wide increment and other portion is a .125% County wide and a .125% that is only assessed on taxable amounts outside of the municipal boundaries. Historically, the amount received each month is allocated on a 62% - 38% basis. NM Taxation and Revenue provides Lea County with a breakout each month detailing the allocation.
- Based upon the following graphs it can be shown that there is a close relationship between GRT collected and the price of oil.





Revenue Assumptions Indigent & Local Option GRT

- Using a the projection of \$36.00 average oil price with an average rig count of 30 results in projected GRT of \$14,156,888. Based upon the 62% - 38% allocation the budgeted amounts are as follows:
- General Fund GRT - \$8,777,271
- Indigent Fund GRT - \$5,379,617

Revenue Assumptions

Other Revenues

- Interest revenue includes interest on investments, unpaid taxes and other fees.
- County Clerk fees include the \$18 recording fees charged for each document recorded, a \$10 fee for each marriage licenses issued, fees charged for document copies and other fees as allowed by statute.
- Each year Lea County collects an administrative fee totaling 3% of tipping fees from the Lea County Solid Waste Authority for operational oversight and accounting services. This fee is posted to the Environmental GRT fund.
- Lea County is eligible to receive Lodger's Tax grants to assist with county quality of life productions.
- Lea County receives a share of motor vehicle fees collected by the state.
- Lea County has also began receiving compensating tax payments as a result of HB 6.

Revenue Assumptions

FY 22/23 Preliminary General Fund Revenue Estimate

	FY 22 Adjusted		FY 23 Estimate		\$ Change		% Change
Property Taxes	23,450,823		31,623,202		8,172,379		34.85%
Oil & Gas Production Taxes	23,711,916		36,015,408		12,303,492		51.89%
Oil & Gas Equipment Taxes	4,026,858		6,381,338		2,354,480		58.47%
Payment in Lieu of Taxes (PILTS)	2,900,000		2,900,000		-		0.00%
Gross Receipts Taxes	3,918,773		8,777,271		4,858,498		123.98%
Fees, Permits, Misc.	1,769,755		2,188,172		418,417		23.64%
	59,778,125		87,885,391		28,107,266		47.02%



Discussion of Lea County's Outside Agencies Fiscal Year 2022 - 2023

COMMISSION MAY CONVENE IN CLOSED SESSION to Discuss Threatened Litigation Regarding Employee Healthcare and Redistricting, and Pending Litigation Against Opioid Distributors and Johnson & Johnson; and Disposal of Real Property in Central Lea County, as Authorized by NMSA 1978 § 10-15-1 H (7) and (8).

COMMISSION MAY CONVENE IN OPEN SESSION to take Action, if any, on the Closed Session Item(s).



Adjourn



Please Join Us at Our Next Meeting
on
Thursday, February 17, 2022 at 9:00 A.M.