



# Consideration of Lea County Resolution No. 22-MAY-109R Approving an Agreement Between Lea County and the City of Hobbs Regarding Commercial Air Service/Airline Subsidy at the Lea County Regional Airport for Fiscal Year 2022 – 2023



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

Jonathan Sena (District 4), Member

Pat Sims (District 5), Memb  
Voted: Yes No Absta

ATTEST: Keith Manes  
Lea County t

By: Teri Davis, Deputy Cl

## STATE OF NEW MEXICO COUNTY OF LEA RESOLUTION NO. 22-MAY-109R

### A RESOLUTION APPROVING MEMORANDUM OF UNDERSTANDING BETWEEN LEA COUNTY AND THE CITY OF HOBBS REGARDING COMMERCIAL AIR SERVICE/AIRLINE SUBSIDY AT THE LEA COUNTY REGIONAL AIRPORT FOR FISCAL YEAR 2022-2023

WHEREAS, the County and the City agree that a major airline service in Lea County provides a significant economic benefit to Lea County; and

WHEREAS, a major airline service to Lea County provides efficient transportation for its citizens and businesses; and

WHEREAS, a major airline service to Lea County provides efficient transportation for its citizens and businesses, including healthcare; and

WHEREAS, the Economic Development Corporation of Lea County ("EDC") has negotiated and obtained an agreement with United Airlines ("UNITED") to provide regular jet air service to and from Hobbs, NM; and

WHEREAS, the agreement requires subsidy payments from the CITY and COUNTY, if necessary, to maintain the air service; and

WHEREAS, the CITY and COUNTY desire to jointly fund any required subsidy.

NOW, THEREFORE, BE IT HEREBY RESOLVED by the Board of County Commissioners of Lea County that the Memorandum of Understanding between Lea County and the City of Hobbs regarding Commercial Air Service/Airline Subsidy at the Lea County Regional Airport is hereby approved.

BE IT FURTHER RESOLVED that the Commission Chair and/or County Manager may finalize and sign any agreements consistent with the terms of this resolution.

PASSED AND APPROVED on this 12<sup>th</sup> day of May, 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

## MEMORANDUM OF UNDERSTANDING BETWEEN LEA COUNTY, NEW MEXICO AND THE CITY OF HOBBS

This Memorandum of Understanding is made this \_\_\_\_\_ day of May, 2022, by and between the City of Hobbs (*hereinafter* "CITY") and Lea County, New Mexico (*hereinafter* "COUNTY").

### PURPOSE

The purpose of this agreement is to memorialize the terms and agreement between the CITY and COUNTY regarding their funding of airline subsidy for FY 22-23. CITY and COUNTY agree to cooperate as outlined in this Memorandum of Understanding (*hereinafter* "Agreement").

WHEREAS, the CITY and COUNTY agree that a major airline service in Lea County provides a significant economic benefit to Lea County; and

WHEREAS, a major airline service to Lea County provides efficient transportation for its citizens and businesses; and

WHEREAS, a major airline service in Lea County is required in the recruitment of new businesses and maintaining existing businesses; and

WHEREAS, the Economic Development Corporation of Lea County ("EDC") has negotiated and obtained an agreement with United Airlines ("UNITED") to provide regular jet air service to and from Hobbs, NM; and

WHEREAS, the agreement requires subsidy payments from the CITY and COUNTY, if necessary, to maintain the air service; and

WHEREAS, the CITY and COUNTY desire to jointly fund any required subsidy.

NOW THEREFORE, the CITY and COUNTY agree as follows:

### SUBSIDY FUNDING

1. CITY and COUNTY agree to budget and share equally the costs of subsidy funding for FY 22-23.
2. The subsidy shall not exceed \$2,025,137.00 in the aggregate for each entity.





**LEA COUNTY BOARD OF COUNTY COMMISSIONERS  
AGENDA ITEM SUMMARY FORM**

**LCBCC Meeting Date: Thursday, May 12, 2022**

Submit this summary form & all attachments to the Finance Director [clow@leacounty.net](mailto:clow@leacounty.net) & cc the Community Engagement Manager [sstout@leacounty.net](mailto:sstout@leacounty.net); Public Information Officer [mrussell@leacounty.net](mailto:mrussell@leacounty.net) and County Manager [mgallagher@leacounty.net](mailto:mgallagher@leacounty.net) by: **Tuesday, May 3, 2022**

*County Manager Approval required for all time sensitive issues that do not meet the above deadline.*

<b>DATE SUBMITTED</b> mm-dd-yyyy: 05/11/2022		<b>SUBMITTED BY</b> Name, Title, Dept: Michael P. Gallagher, County Manager	
<b>SUBJECT:</b> Consideration of MOU between County and Hobbs regarding airline service/subsidy for FY 2022-2023		<b>ATTACHMENT(S):</b> MOU Between County and Hobbs Resolution	
<b>NO. OF ORIGINALS FOR SIGNATURE:</b>		<b>ACTION REQUESTED:</b> Action Item	
<b>BUDGET LINE ITEM NUMBER:</b>		<b>FISCAL BUDGET YEAR:</b>	
<b>STRATEGIC PLAN</b> Implementation of 5 Year Strategic Plan: 3.2 Economic Growth & Vitality 3.4 Quality of Life			
<b>SUMMARY:</b> The Lea County Economic Development Corporation has reached an agreement with United Airlines to continue providing airline service to the Lea County Regional Airport. The attached MOU between the County and City of Hobbs commits each entity to share equally in an airline subsidy if ridership requires. The maximum the County and Hobbs would each pay, if required to do so, is \$2,025,137.00.			
<b>Requested Items Needed for Presentation</b> Easels/Laptop/Projector/Etc.:		<b>See Additional Summary Attached</b> <input type="checkbox"/>	
Easel <input type="checkbox"/>	Laptop <input checked="" type="checkbox"/>	Projector <input checked="" type="checkbox"/>	Other: _____
<small>If checked, how many:</small>			
<b>SUBMITTER'S RECOMMENDATION(S):</b>		<b>Submitter's Signature</b> Department Director, Etc.	
<b>FINANCE REVIEW</b> Fiscal Impact/Cost: The financial impact to Lea County will be expenditures from the General Fund not to exceed \$2,025,137. Funds are budgeted and available in 401-002048.		<b>Reviewed by Finance Director</b> <b>Henry C Low Jr</b> Digitally signed by Henry C Low Jr Date: 2022.05.11 13:08:32 -06'00'	
<b>LEGAL REVIEW:</b> (Note: Travel does not need legal review)		<b>Reviewed by County Attorney</b>	
<b>COUNTY MANAGER REVIEW:</b>		<b>Approved by County Manager</b> to be Placed on Agenda 	
<b>Item No.</b> <u>0204</u> <b>RECORDING SECRETARY'S USE ONLY ~ COMMISSION ACTION TAKEN</b>			
Approved: _____	Denied: _____	Other: _____	
Resolution No. <u>22-MAY-109R</u>	Policy No. _____	Ordinance No. _____	
Continued To: _____	Referred To: _____	Comments: _____	

STATE OF NEW MEXICO  
COUNTY OF LEA  
RESOLUTION NO. 22-MAY-109R

A RESOLUTION APPROVING MEMORANDUM OF UNDERSTANDING BETWEEN LEA COUNTY AND  
THE CITY OF HOBBS REGARDING COMMERCIAL AIR SERVICE/AIRLINE SUBSIDY AT THE LEA  
COUNTY REGIONAL AIRPORT FOR FISCAL YEAR 2022-2023

**WHEREAS**, the County and the City agree that a major airline service in Lea County provides a significant economic benefit to Lea County; *and*

**WHEREAS**, a major airline service to Lea County provides efficient transportation for its citizens and businesses; *and*

**WHEREAS**, a major airline service to Lea County provides efficient transportation for its citizens and businesses, including healthcare; *and*

**WHEREAS**, the Economic Development Corporation of Lea County ("EDC") has negotiated and obtained an agreement with United Airlines ("UNITED") to provide regular jet air service to and from Hobbs, NM; *and*

**WHEREAS**, the agreement requires subsidy payments from the CITY and COUNTY, if necessary, to maintain the air service; *and*

**WHEREAS**, the CITY and COUNTY desire to jointly fund any required subsidy.

**NOW, THEREFORE, BE IT HEREBY RESOLVED** by the Board of County Commissioners of Lea County that the Memorandum of Understanding between Lea County and the City of Hobbs regarding Commercial Air Service/Airline Subsidy at the Lea County Regional Airport is hereby approved.

**BE IT FURTHER RESOLVED** that the Commission Chair and/or County Manager may finalize and sign any agreements consistent with the terms of this resolution.

**PASSED AND APPROVED** on this 12<sup>th</sup> day of May, 2022, by the Lea County Board of County Commissioners in an open meeting in Lovington, New Mexico.

**LEA COUNTY BOARD OF COUNTY COMMISSIONERS**

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

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

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

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

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Pat Sims (District 5), Member  
Voted: Yes No Abstain

**ATTEST:** Keith Manes  
Lea County Clerk

**APPROVED AS TO FORM AND LEGAL  
SUFFICIENCY:**

By: \_\_\_\_\_  
Teri Davis, Deputy Clerk

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John W. Caldwell, County Attorney

**MEMORANDUM OF UNDERSTANDING BETWEEN  
LEA COUNTY, NEW MEXICO AND THE  
CITY OF HOBBS**

This Memorandum of Understanding is made this \_\_\_\_\_ day of May, 2022, by and between the City of Hobbs (*hereinafter* "CITY") and Lea County, New Mexico (*hereinafter* "COUNTY").

**PURPOSE**

The purpose of this agreement is to memorialize the terms and agreement between the CITY and COUNTY regarding their funding of airline subsidy for FY 22-23. CITY and COUNTY agree to cooperate as outlined in this Memorandum of Understanding (*hereinafter* "Agreement").

WHEREAS, the CITY and COUNTY agree that a major airline service in Lea County provides a significant economic benefit to Lea County; and

WHEREAS, a major airline service to Lea County provides efficient transportation for its citizens and businesses; and

WHEREAS, a major airline service in Lea County is required in the recruitment of new businesses and maintaining existing businesses; and

WHEREAS, the Economic Development Corporation of Lea County ("EDC") has negotiated and obtained an agreement with United Airlines ("UNITED") to provide regular jet air service to and from Hobbs, NM; and

WHEREAS, the agreement requires subsidy payments from the CITY and COUNTY, if necessary, to maintain the air service; and

WHEREAS, the CITY and COUNTY desire to jointly fund any required subsidy.

NOW THEREFORE, the CITY and COUNTY agree as follows:

**SUBSIDY FUNDING**

1. CITY and COUNTY agree to budget and share equally the costs of subsidy funding for FY 22-23.
2. The subsidy shall not exceed \$2,025,137.00 in the aggregate for each entity.

3. At the conclusion of each quarter, UNITED will provide an accounting to EDC determining subsidy requirements. CITY and COUNTY shall monitor and confirm the subsidy amounts.

4. Each entity shall be responsible for one-half of each of the four (4) quarterly required subsidy payments.

### **MERGER OF AGREEMENT**

This Agreement incorporates all agreements, covenants, and understandings between the parties hereto concerning the subject matter hereof, and all such covenants, agreements, and understandings have been merged into this Agreement. No prior statements, representations, promises or agreement of understanding, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this Agreement.

### **SOVEREIGN IMMUNITY**

CITY and COUNTY and their public employees (as defined in the New Mexico Tort Claims Act) do not waive sovereign immunity, do not waive any defense(s), and/or do not waive any limitation(s) pursuant to the New Mexico Tort Claims Act and the New Mexico Civil Rights Act. No provision in the Agreement modifies and/or waives any provision of the New Mexico Tort Claims Act or the New Mexico Civil Rights Act as it relates to CITY and COUNTY and their public employees.

### **LIABILITY**

Each party agrees to bear liability and responsibility for the negligent, reckless or deliberate acts or omissions of their own officers and employees, as limited by the New Mexico Tort Claims Act or the New Mexico Civil Rights Act.

### **THIRD PARTY BENEFICIARIES**

It is specifically agreed between the parties executing the Agreement that it is not intended by any of the provisions of any part of the Agreement to create in the public or any member thereof, a third party beneficiary, or to authorize anyone not a party to the Agreement to maintain, pursuant to the provisions of the Agreement, a suit of any nature, including but not limited to suits alleging wrongful death, bodily and/or personal injury to person(s), damages to property(ies), and/or any cause of action.

### **INSURANCE**

Both CITY and COUNTY shall maintain liability insurance or qualify as a self-insured entity, as required by law.

## **TERM**

This Agreement shall continue in full force and effect, for the four required quarterly payments to UNITED. Nothing in this Agreement guarantees future airline subsidy funding by either entity beyond what this Agreement contemplates.

## **SEVERABILITY**

If any provision of this Agreement is found to be invalid or unenforceable for any reason, the remaining provisions will continue to be valid and enforceable. If a court finds that any provision of this Agreement is invalid or unenforceable, but that by limiting such provision it would become valid and enforceable, then such provision will be deemed to be written, construed, and enforced as so limited.

## **NO ORAL MODIFICATION**

The forgoing constitutes the entire agreement between the Parties and may be modified only in writing signed by both Parties. Amendments and alterations to this Agreement after execution may only be made in writing signed by both parties.

## **GOVERNING LAW**

This Agreement shall be construed in accordance with the laws of the State of New Mexico.

## **EFFECTIVE DATE**

This Agreement shall be in full force and effect upon execution and approval of the parties hereto.

ATTEST:

LEA COUNTY, NEW MEXICO

BY: \_\_\_\_\_  
Dean Jackson,  
Lea County Chair

Date: \_\_\_\_\_

ATTEST:

CITY OF HOBBS

BY: \_\_\_\_\_  
Sam Cobb,  
Mayor

Date: \_\_\_\_\_

Approved as to Form:

By: \_\_\_\_\_  
John W. Caldwell  
County Attorney

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Efren A. Cortez  
City Attorney

Date: \_\_\_\_\_