



**City of Rio Rancho, New Mexico**  
**2010 – 2015 Retail Development Plan**

**Prepared by:**

**The Office of the City Manager  
City of Rio Rancho  
3200 Civic Center Circle NE  
Rio Rancho, New Mexico 87144**

**Presented:**

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# Retail Development Plan

## Table of Contents

<b>Section</b>	<b>Page</b>
Executive Summary	iv
Background	1
Revenue Overview	1
New Mexico Gross Receipts Tax	2
Rio Rancho Gross Receipts Tax Rate	2
Representative Gross Receipts Tax Rates	3
Comparison of Per Capita Gross Receipts	4
Recurring Versus Non-Recurring Gross Receipts Tax Revenues	4
NAICS Codes / Retail Sector Definition	5
Existing Rio Rancho Retail Sector	5
Rio Rancho Retailers	7
Retail Employment / Wage Rates	7
Existing Retail Developments	7
Retail Real Estate Market Statistics	8
Retail / Office Zoning Requirements	11
Commercially Zoned Sites	11
Retail Site Selection Criteria	12
Site Location Competition	12
Existing Retail Incentives	13
Incentive Application, Use and Conditions	13
Retail Summit Feedback	14
Retail Leakage Study	15
Retail Interest Survey	15
Policy Recommendations	16
Selected Retail Location Priorities	16
Priority Action Plans	17
Plan Implementation Responsibility	19
Reporting	20
Summary	20
Endnotes	21
<b>Appendices</b>	<b>22</b>
<b>Appendix A:</b> Gross Receipts Tax Revenue Distribution Analysis	
<b>Appendix B:</b> New Mexico Gross Receipts Tax Rates by Location	
<b>Appendix C:</b> Single Family Residential Permit Data	

## **Retail Development Plan**

### **Table of Contents**

#### **Appendices – Continued**

**Appendix D:** Existing Retail Development Map

**Appendix E:** Near to Short Term Retail Site Location Map

**Appendix F:** Site Location Requirement Examples

**Appendix G:** Mid-Region Council of Governments, 2008 Traffic Flow Map

**Appendix H:** ICSC Shopping Center Descriptions

**Appendix I:** Gross Receipts Investment Policy

**Appendix J:** Tax Increment for Development District Policy

**Appendix K:** Property Tax Revenue Analysis

**Appendix L:** Retail Interest Survey Instrument

**Appendix M:** Retail Reporting Form

## **Retail Development Plan**

### **List of Tables**

<b>Table</b>	<b>Page</b>
<b>Table No. 1:</b> Gross Receipts Tax Rates by Municipality	3
<b>Table No. 2:</b> Per Capita Gross Receipts Tax Revenues	4
<b>Table No. 3:</b> Three Digit NAICS Retail Codes	5
<b>Table No. 4:</b> Retail Establishments by Zip Code	6
<b>Table No. 5:</b> Existing Rio Rancho Retailers	7
<b>Table No. 6:</b> Existing Rio Rancho Retail Developments	8
<b>Table No. 7:</b> Near to Short Term Retail Sites	8

### **List of Figures**

<b>Figure</b>	<b>Page</b>
<b>Figure No. 1:</b> Sources of General Fund Revenue	1
<b>Figure No. 2:</b> Historic Revenues by Category	2
<b>Figure No. 3:</b> Historic Retail Vacancy Rates	9
<b>Figure No. 4:</b> Historic Asking Lease Rates	9
<b>Figure No. 5:</b> Historic Retail Space Construction	10
<b>Figure No. 6:</b> Historic Retail Space Absorption	10
<b>Figure No. 7:</b> Cottonwood Mall Retail Competition Map	13

## Executive Summary

The City of Rio Rancho's Retail Development Plan (RDP) identifies the steps City staff will undertake to accomplish Strategy C of the City's Development Goal which requires the "Development and implementation of a strategy for increasing the City's gross receipts tax base to support diverse community services and facilities."

The development of the City's gross receipts tax base is important because approximately 51 percent of the City's \$51,364,352 general fund revenue budget is derived from tax receipts from New Mexico Gross Receipts Tax (GRT). Unfortunately, since Fiscal Year 2007, the City's GRT revenues have declined over \$10 million. As of January 2010, Rio Rancho's GRT Rate is 7.0625 percent. Of the 7.0625 percent, Rio Rancho only receives about 2.6625 percent or 38 percent of the total. The remaining 4.4 percent is associated with other tax jurisdictions.

Albuquerque, Rio Rancho's neighbor to the south, has a Gross Receipts Tax Rate of 6.875 percent, .19 percent lower than Rio Rancho's. The RDP recommends, subject to fiscal needs, the City attempt to stay competitive with Albuquerque's GRT rate. Rio Rancho has the lowest per capita level (\$1,268) of GRT revenue per capita of New Mexico's ten most populated cities. The fact that Rio Rancho's per capita receipts are below the statewide average is an indication the City is experiencing retail leakage.

The City of Rio Rancho also receives GRT revenues from construction services. These revenues are nonrecurring in nature. Nonrecurring means that contractors are subject to the tax while their projects (regardless of type) are being constructed, but once complete, the construction gross receipts tax revenue does not continue. The City's reliance on this source of GRT revenue has caused a structural budget deficit. The City should be conservative in its reliance upon nonrecurring construction GRT as a budget revenue source.

According to the U.S. Department of Commerce, 2007 County Business Patterns (CBP), Rio Rancho has 116 business establishments in the retail sectors of the NAICS. Of the 116, 85 percent or 99 establishments are located in zip code 87124, while 15 percent or 17 establishments are located in zip code 87144. The vast majority, 78 percent of the establishments employ 20 or fewer workers. The next 2008 CBP data is schedule to be published in July 2010.

Grubb & Ellis' research department, for the fourth quarter of 2009, estimates Rio Rancho has about 1,708,006 square feet of retail space, of that amount 88,853 square feet is vacant, which represents a vacancy rate of 5 percent, which is 5.9 percent below the metropolitan statistical area's vacancy rate of 10.9 percent. The City's research suggests that market size, population characteristics, traffic counts and access, as well as strengths of the area, are considered important for the retail site selection.

The City's main competition for retail location attraction is the Cottonwood Mall and surrounding retail developments. The cottonwood Mall area is home to more than 150 retailers. Encouraging these firms to pursue Rio Rancho locations has proved difficult due to the firm's concern over cannibalizing existing store's sales. The new Super Wal-Mart located just east of Enchanted Hills in Bernalillo, continues to provide challenges to the City's GRT revenues.

The City has developed two main incentives for encouraging large scale retail development in the City: the Gross Receipts Investment Policy and financing using the state statute for Tax Increment for Development Districts. The Plan endorses the continued use of these programs and expanded project tracking and reporting guidelines. The RDP requires staff to research if other incentives might be of assistance, including the possible expansion of state law to allow the use of Industrial Revenue Bonds for retail projects.

The plan calls for the implementation of a number of action plans. Input to the action plans followed an extensive amount of research, both primary and secondary, including the City's Retail Development Summit, Retail Leakage Study and the Retail Interest Survey. Among the priority action plans are to --

1. fill the leakage gaps,
2. select the big box retailers to pursue,
3. establish a redevelopment support program,
4. pursue a multi-plex movie theater initiative,
5. continue the central business district development program,
6. identify long-term major tourist destination projects to pursue,
7. convene a NM 528/pat D'Arco Highway task force
8. make retail/professional office development a citywide priority, and
9. compose and deploy retail marketing campaign.

The ultimate objective is to make retail development a citywide priority. The City Manager's office will take the responsibility for implementing the recommendations and action plans contained within this RDP. The Convention and Tourism Bureau will continue to pursue its traditional functions of convention development, tourism promotion, film recruitment and support for the Santa Ana Star Center.

The City Manager's office will develop and present to the Governing Body semi-annual reports summarizing the status of the implementation of the action plans contained in this document. The development of the City's gross receipts tax producing sector is critical to the long-term sustainability of the City. A simple review of the percentage of revenues derived from the GRT revenue underscores this fact. Rio Rancho's transition away from a bedroom community cannot be accomplished without reasonable access to goods and services for the City's residents.

The City is moving forward with this RDP during difficult times evidenced by major economic turmoil and to be successful must stay focused, collaborate with its allies, and avoid the temptation to undertake desperate actions.

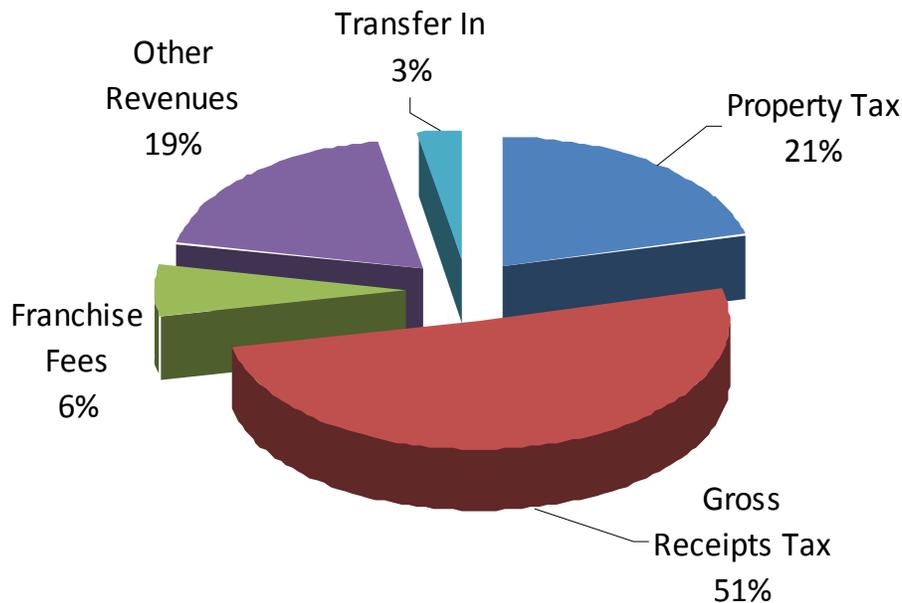
## Background

This Retail Development Plan (RDP) identifies the steps City staff will undertake to accomplish Strategy C of the City’s Development Goal which requires the “Development and implementation of a strategy for increasing the City’s gross receipts tax base to support diverse community services and facilities.”<sup>(1)</sup> Community services provided with revenue from gross receipts taxes include parks and recreation facilities, roads, fire and police services. The development of the RDP followed an extensive volume of research, both primary and secondary, including the City’s Retail Development Summit, Retail Leakage Study and the Retail Interest Survey. Prior to the formation of the City’s Strategic Plan, the National Community Survey (NCS) was undertaken. The results of the NCS were also used as an input to the development of this RDP.<sup>(2)</sup>

## Revenue Overview

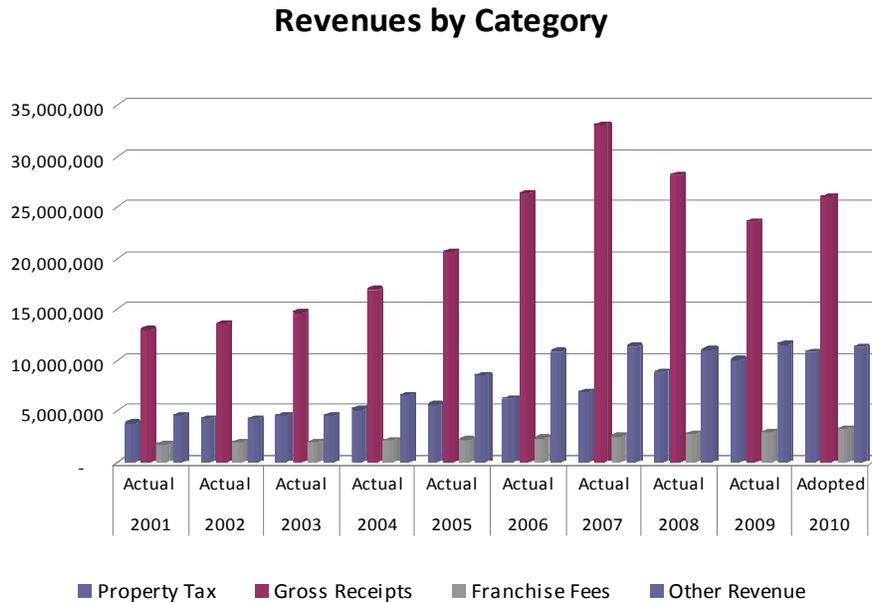
Approximately 51 percent of the City’s \$51,364,352 general fund revenue budget is derived from tax receipts from New Mexico Gross Receipts Tax (GRT). Unfortunately, the City’s GRT revenue has declined over \$10 million since Fiscal Year 2007. The remaining sources of revenue include property tax, franchise fees and other revenues. Figure Nos. 1 and 2 present the percentages of total revenues by source and a comparison of revenue by source from fiscal year 2001 to 2010, respectively.<sup>(3)</sup>

**Figure No. 1**  
**Sources of General Fund Revenue**



Source: City of Rio Rancho

**Figure No. 2  
Historic Revenues by Category**



**Source:** City of Rio Rancho

**New Mexico Gross Receipts Tax**

New Mexico’s GRT is a tax on persons engaged in business. It is typically passed on to customers by the business using tax rates varying by location. According to the New Mexico Taxation and Revenue Department (NMTRD), “Gross Receipts means the total amount of money or other consideration received from selling property in New Mexico, leasing or licensing property employed in New Mexico, granting the right to use a franchise employed in New Mexico, performing services in New Mexico or selling research and development services performed outside New Mexico the product of which is initially used in New Mexico.”<sup>(4)</sup>

The tax on services is one of the main differences between the tax systems of New Mexico and many other states. New Mexico is, in fact, one of a small percentage of states in the nation that tax services. Given the City’s reliance on GRT revenue, the development of the professional service sector of City’s economy must also become a major priority. There is an estimated 65,839 square feet of vacant office space in the City suitable for professional service firms.

**Rio Rancho GRT Tax Rate**

As of January 2010, Rio Rancho’s GRT Rate is 7.0625 percent. This rate is comprised of many components, including amounts from other jurisdictions such as the State of New Mexico, Sandoval County, Rio Rancho Public School District, higher education and transportation districts. Of the 7.0625 percent, Rio Rancho receives about 2.6625 percent or 38 percent of the total. The remaining 4.4 percent is associated with other tax jurisdictions.

For each \$1,000,000 in taxable gross receipts, Rio Rancho only realizes \$26,625 in gross receipts tax revenues. Appendix A contains a Gross Receipts Tax Revenue Distribution Analysis illustrating the allocation of \$1,000,000 of taxable gross receipts to the various jurisdictions comprising Rio Rancho’s 7.0625 percent.

**Representative Gross Receipts Tax Rates**

Albuquerque, Rio Rancho’s neighbor to the south, has a Gross Receipts Tax Rate of 6.875 percent, .19 percent lower than Rio Rancho’s. The business location of the seller or lessor determines the rates of the Gross Receipts Tax. Table No. 1 presents the GRT Rate for New Mexico’s ten most populated cities. Appendix B contains the NMTRD’s Gross Receipts Tax Rates by Location for the entire state.

Table No. 1	
Gross Receipts Tax Rate by Municipality	
City	Gross Receipts Tax Rate
Albuquerque	6.875%
Las Cruces	7.4375%
Rio Rancho	7.0625%
Santa Fe	8.0625%
Roswell	7.0%
Farmington	7.0%
Alamogordo	7.5%
Clovis	7.4375%
Hobbs	6.6875%
Carlsbad	7.3125%
<b>Source:</b> New Mexico Taxation and Revenue Department	

The RDP recommends that the City undertake a careful analysis before increasing City controlled GRT components in amounts that would render Rio Rancho noncompetitive with Albuquerque’s GRT rate.

## Comparison of Per Capita Gross Receipts

Table No. 2 presents the per capita GRT revenues for New Mexico's ten largest cities.<sup>(5)</sup> Of the 10 cities examined, Rio Rancho has the lowest per capita level at \$1,112. In comparison, the New Mexico average is \$1,866 and Albuquerque's is \$2,357. The City realizing less than the statewide average is a clear indication of the Rio Rancho retail spending leaking into other New Mexico communities.

Table No. 2	
City	Per Capita Gross Receipts Tax Revenues Per Capita Gross Receipts
Albuquerque	\$2,567
Las Cruces	\$2,797
Rio Rancho	\$1,268
Santa Fe	\$4,291
Roswell	\$2,600
Farmington	\$5,235
Alamogordo	\$2,034
Clovis	\$2,764
Hobbs	\$3,438
Carlsbad	\$2,517
New Mexico	\$1,961

**Source:** Wells Fargo New Mexico Market Report, 4th Quarter 2009, Published April 2, 2010

## Recurring Versus Nonrecurring Gross Receipts Revenues

The City of Rio Rancho receives GRT revenues from construction services. These revenues are nonrecurring in nature. Nonrecurring means that contractors are subject to the tax while their projects (regardless of type) are being constructed, but once complete, the construction gross receipts tax revenue does not continue.<sup>(6)</sup> From calendar year 2001 to 2005, the City experienced unprecedented levels of single family housing permit activity, essentially increasing from 628 in 2000 to 3,085 in 2005. Unfortunately, the decline from 2006 to 2009 was equally dramatic

dropping from 2,049 in 2006 to 688 in 2009. This volatility is evident in the Single Family Residential Permit Data presented in Appendix C. It is important for the City to increase the number of retail and professional service firms, which produce recurring revenues from the tax imposed on their operations. This will help address the City’s structural budget deficit and revenue unpredictability caused by Rio Rancho’s historic reliance on nonrecurring GRT revenues from construction related activities.

**NAICS Codes / Retail Sector Definition**

The North American Industry Classification System (NAICS) is used to classifying business establishments and report related statistical data. The NAICS was adopted in 1997 and replaced the previous Standard Industrial Classification System. Table No. 3 contains a listing of the three-digit NAICS retail codes. Retail Trade starts with Industry Code 44 and concludes with 45. It is important to note, the retail sector is further defined in the NAICS codes to the six-digit level.<sup>(7)</sup>

Table No. 3	
Three Digit NAICS Retail Codes	
Industry Code	Industry Code Description
441	Motor Vehicle and Parts Dealers
442	Furniture and Home Furnishings
443	Electronic and Appliance Stores
444	Building Materials, Garden Equipment & Supplies Dealers
445	Food & Beverage Stores
446	Home & Personal Care Stores
447	Gasoline Stations
448	Clothing & Clothing Accessories Stores
451	Sporting Goods, Hobby, Book & Misc. Stores
452	General Merchandise Stores
453	Miscellaneous Store Retailers
454	Non Store Retailers
<b>Source:</b> U. S. Department of Commerce	

**Existing Rio Rancho Retail Sector**

According to the U.S. Department of Commerce, County Business Patterns, Rio Rancho has 116 business establishments (see Table No. 4 below) in the retail sectors of the NAICS. Of the 116, 85 percent or 99 establishments are located in zip code 87124, while 15 percent or 17 establishments are located in zip code 87144. The vast majority, 78 percent of the establishments employ 20 or fewer workers. This statistic also holds true for both the 87124 and 87144 zip codes with 79 percent and 76 percent, respectively, when examined separately.

**Table No. 4  
2007 County Business Patterns  
Rio Rancho, NM Establishments  
By Zip Code**

<b>Industry Code</b>	<b>Industry Code Description</b>	<b>87124 Establishments</b>	<b>87144 Establishments</b>	<b>Total Establishments</b>
<b>44----</b>	<b>Retail trade</b>	99	17	116
441110	New car dealers	4	0	4
441120	Used car dealers	2	0	2
441221	Motorcycle dealers	2	0	2
441310	Automotive parts & accessories stores	5	0	5
441320	Tire dealers	1	0	1
442110	Furniture stores	1	1	2
442210	Floor covering stores	3	0	3
442291	Window treatment stores	1	0	1
443112	Radio, television, & other electronics store	4	1	5
444110	Home centers	2	0	2
444120	Paint & wallpaper stores	1	0	1
444130	Hardware stores	4	0	4
444190	Other building material dealers	6	1	7
444220	Nursery, garden center, & farm supply stores	2	1	3
445110	Supermarkets & other grocery (except convenience)	4	1	5
445120	Convenience stores	1	0	1
445299	All other specialty food stores	3	0	3
445310	Beer, wine, & liquor stores	1	0	1
446110	Pharmacies & drug stores	4	0	4
446120	Cosmetics, beauty supplies, & perfume stores	3	0	3
446191	Food (health) supplement stores	1	0	1
447110	Gasoline stations with convenience stores	12	0	12
448120	Women's clothing stores	2	0	2
448140	Family clothing stores	0	1	1
448190	Other clothing stores	2	0	2
448210	Shoe stores	1	0	1
448310	Jewelry stores	1	1	2
451110	Sporting goods stores	1	0	1
451211	Book stores	1	0	1
451220	Pre-recorded tape, compact disc, & record stores	2	0	2
452111	Department stores (except discount department stores)	1	0	1
452112	Discount department stores	3	0	3
452990	All other general merchandise stores	7	1	8
453110	Florists	1	0	1
453220	Gift, novelty & souvenir stores	0	2	2
453310	Used merchandise stores	1	0	1
453910	Pet & pet supplies stores	2	1	3
453998	All other miscellaneous store retailers (except electronic shopping)	4	0	4
454111	Electronic shopping	1	3	4
454312	Liquefied petroleum gas (bottled gas) dealers	0	1	1
454390	Other direct selling establishments	2	2	4
<b>Source: U.S. Census Bureau</b>		99	17	116

This fact underscores that small business development services should be an important component to this RDP and the City’s overall economic development strategy. Of note, is that 57 percent of the establishments fall within 12 NAICS codes, illustrating the limited diversity of retail establishments in Rio Rancho. This lack of diversity is even more pronounced when the data is reviewed by zip code, with 87144 having less diversity and only 15 percent of the establishments in total. Gas stations are Rio Rancho’s number one retail business type.

**Existing Rio Rancho Retailers**

A sample of Rio Rancho’s existing retailers is presented in Table No. 5. The listing was developed from a brief review of the Rio Rancho Regional Chamber of Commerce’s 2010 City Directory and crosschecked with the City’s business license database.

Table No. 5		
Existing Rio Rancho Retailers		
Affordable Flooring	Harris Jewelers	Noda’s Japanese Cuisine
American Tire & Service	Home Depot	Ray’s Ace Hardware
Applebee’s Restaurant	Hot Tamales	Ten Pins & More
Chili’s	Kmart	Walgreens
Color Spot Printing Co.	Lowe’s	Wal-Mart Superstore
Defined Fitness	Max Muscle	Z-Coil Footwear

**Source:** Rio Rancho Regional Chamber of Commerce/City of Rio Rancho

**Retail Employment / Wage Rates**

Increased retail sales will create additional employment opportunities in Rio Rancho. This new retail employment, including part-time and seasonal workers, will expand the payroll and disposable income within the community. According to the New Mexico Department of Workforce Solutions, Economic Research and Analysis Bureau, retail salesperson’s entry-level wage is \$7.63 per hour, while the mean wage is \$11.98 per hour and experienced workers earn \$14.16 per hour. <sup>(7)</sup> At 8.5 percent Rio Rancho’s current unemployment rate is the highest in 20 or more years.

**Existing Retail Developments**

The Commercial Association of Realtors maintains computerized databases of available Rio Rancho buildings across the Metropolitan Statistical Area (MSA). This database was queried to identify a representative sample of existing Rio Rancho retail developments. This listing is presented in Table No. 6 below and on the Rio Rancho maps presented in Appendix D.

**Table No. 6**

<b>Existing Rio Rancho Retail Developments</b>		
<b>Map Position</b>	<b>Name</b>	<b>Main Tenants</b>
A	The Plaza at Unser	Wal-Mart
B	Southern Plaza	O’Riely Auto Parts
C	Rio Rancho Market Place	Target
D	Unser Crossings	Lowe’s
E	Rio Rancho Marketplace	Albertsons
F	Hilltop Plaza	K-Mart
G	Mesa Center	Smith’s
H	Commerce Center at Enchanted. Hills	Home Depot
I	Country Club Plaza	Albertsons
J	Enchanted Hills Plaza	Dollar Tree

**Source:** City of Rio Rancho

**Retail Real Estate Market Statistics**

According to Grubb & Ellis’ research department, for the fourth quarter of 2009, Rio Rancho has an estimated 1,708,006 square feet of retail space, of that amount 85,225 square feet is vacant, which represents a vacancy rate of 4.8% percent, which is 6 percent below the regional vacancy rate of 10.8 percent. Table No. 7 presents Grubb & Ellis’ retail space summary for calendar year 2009.

**Table No. 7**

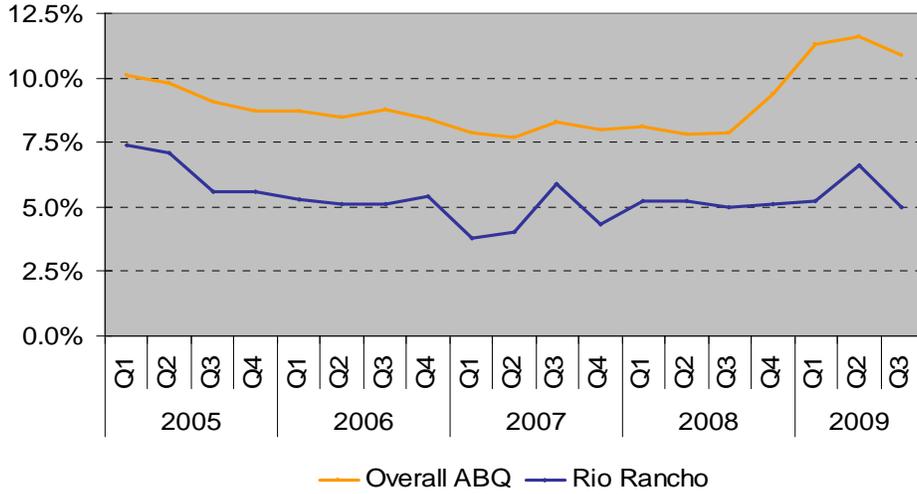
<b>2009 Rio Rancho Retail Real Estate Statistics</b>			
<b>Quarter</b>	<b>Total SF</b>	<b>Vacant SF</b>	<b>Vacancy %</b>
1 <sup>st</sup>	1,765,718	91,578	5.2
2 <sup>nd</sup>	1,780,006	115,041	6.5%
3 <sup>rd</sup>	1,780,006	88,853	5.0%
4 <sup>th</sup>	1,780,006	85,225	4.8%

**Source:** Grubb & Ellis / New Mexico

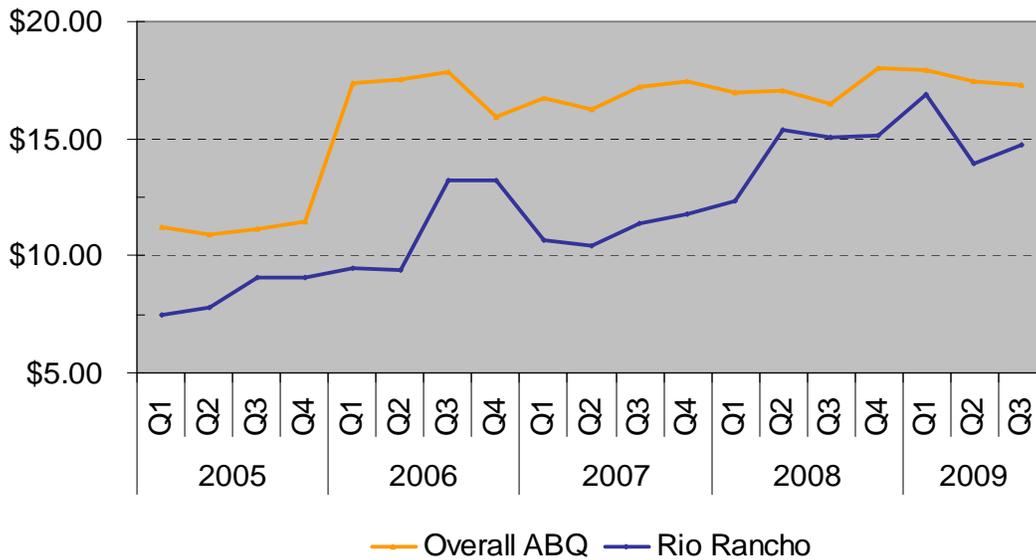
In 2005, Rio Rancho had an estimated 1,215,125 square feet of occupied retail space. In 2009, that figure had increased to an estimated 1,691,153 square feet of occupied space, an increase of 476,028 occupied square feet. This represents approximately 119,007 square feet of absorption per year. Asking lease rates have also increased from \$7.50 per square foot to \$14.70 on a NNN (lessee pays taxes, maintenance and insurance) basis over the same period. The following four

figures illustrate Rio Rancho's historic retail vacancy, asking lease rates, construction activity and absorption of space. <sup>(8)</sup>

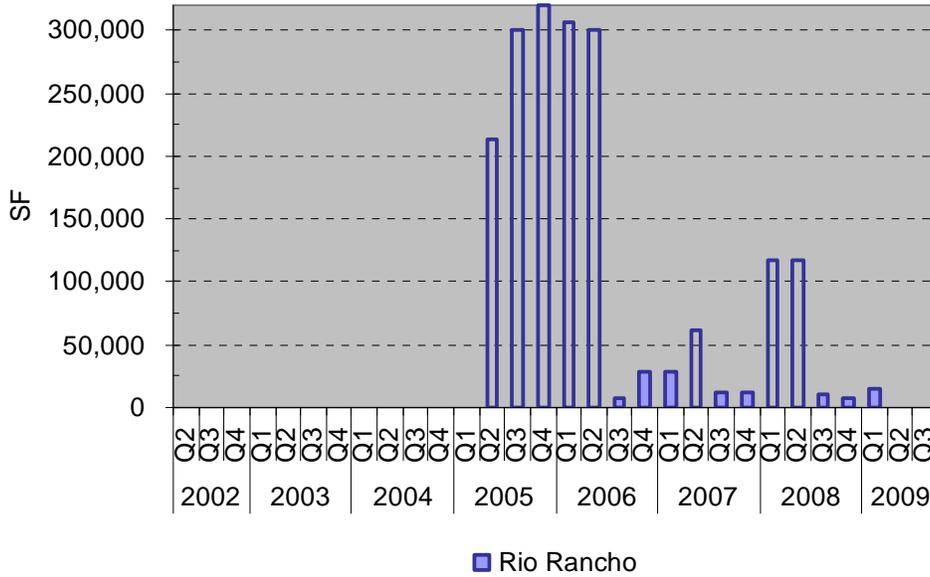
**Figure No. 3**  
**Historic Retail Vacancy Rates**



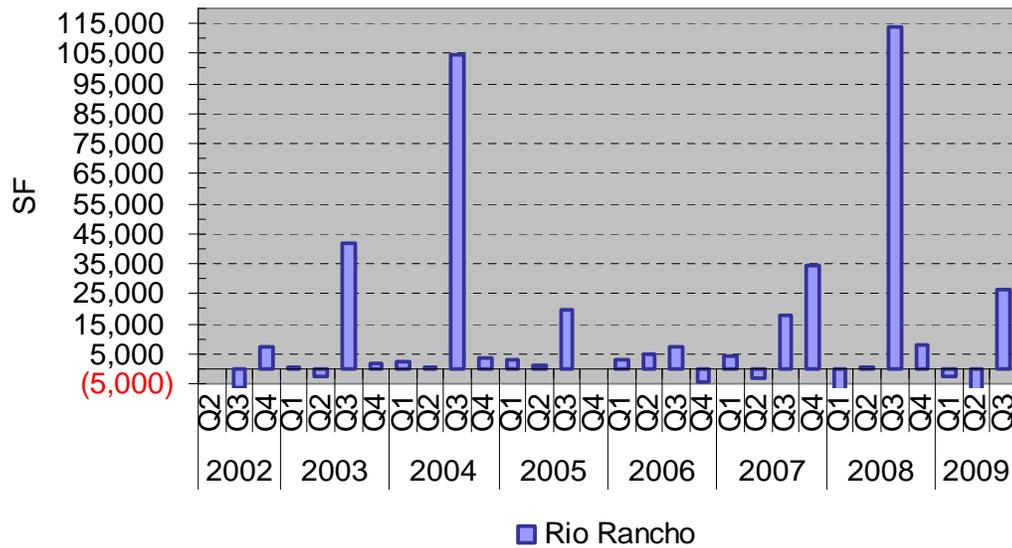
**Figure No. 4**  
**Historic Asking Lease Rates**



**Figure No. 5**  
**Historic Retail Space under Construction**



**Figure No. 6**  
**Historic Retail Space Absorption**



## **Retail / Office Zoning Requirements**

Rio Rancho's Zoning Ordinance is contained in Chapter 154 of the Rio Rancho Municipal Code. The zoning districts applicable to retail sales and professional services are as follows:

- **Retail Commercial (C-1)** - This district permits limited commercial use, with high traffic counts, such as those pertaining to the day-to-day needs of the residential populace.
- **Wholesale and Warehousing Commercial District C-2)** - This district permits heavier commercial activities, but lower traffic counts.
- **Office Zone (O-1)** - This district permits residentially scaled offices. This district is intended to act as a buffer between residential property and more intensive nonresidential uses. No noise, odor or vibration shall be emitted which would cause a negative impact on the adjacent residential district.
- **Office Zone (O-2)** - This district permits offices. Permissive uses for the offices are listed by their industry Classification code. No noise, odor or vibration shall be emitted which would cause a negative impact on the adjacent residential district.
- **Commercial Mixed-Use District (CMU)** - This district permits limited commercial and residential uses such as those pertaining to the day-to-day needs of the residential populace.
- **Central Business District (CBD)** – This district is intended to create a CBD to provide a mixed land use environment consisting of concentrated retail, commercial, government, recreational and entertainment, residential and office uses that are intended to serve as a destination and to service the needs of the regional trade area. The CBD is intended to be the location for the City of Rio Rancho's first downtown.

The City's zoning codes should be reviewed and updated on an ongoing basis as part of the City's efforts to facilitate the location of retail and office users to Rio Rancho.<sup>(9)</sup>

## **Commercially-Zoned Sites**

There are a number of commercial sites located throughout the City. A few sites are more likely to be developed and absorbed in the near-to short-term (next five years). A sample of these sites is presented in Table No. 8.

Appendix E illustrates the location of each of the near to short term retail sites on the Rio Rancho map

**Table No. 8**

<b>Near to Short Term Retail Sites</b>		
<b>Map Position</b>	<b>Location</b>	<b>Contacts</b>
A	SWC NM 528 & Southern	Maestas & Ward
B	SEC Westside & Unser	Profile Properties
C	SWC Westside & Unser	The Skarsgard Firm
D	Corners at Northern & Unser	*
E	Corners Loma Colorado & Northern Blvd.	Cox/Maestas/Grubb & Ellis
F	NWC Sundt & NM 528	Westwood Realty
G	SWC Idalia & NM 528	*
H	Paseo Gateway	Amrep & Westwood Realty
I	SWC NM 528 & Enchanted Hills Blvd.	Sedbury & Associates
J	NEC PDV & US 550	Westwood Realty
K	Corners PDV & Unser	*
L	Central Business District	City of Rio Rancho

**Source:** City of Rio Rancho, \* TBD

**Retail Site Selection Criteria**

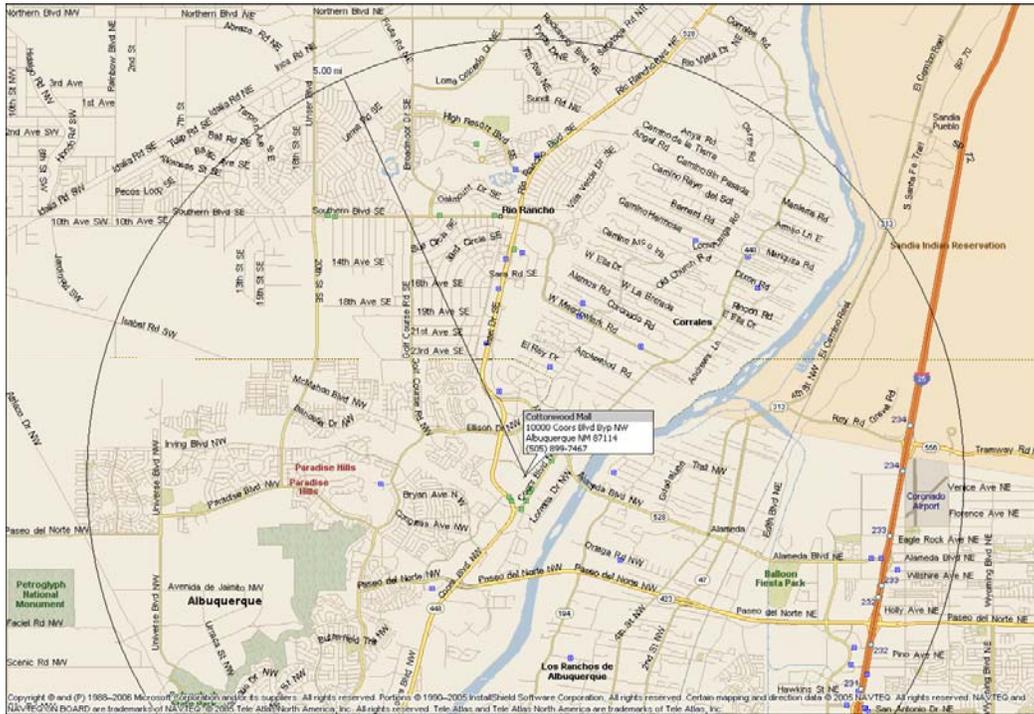
The site selection criteria for the retail sector varies according to the type of goods and services sold by the business. In general, however, research suggests that market size, population characteristics, traffic counts and access, as well as strengths of the area, are considered important for the retail sector. Most successful retailers have developed proprietary models that are used to evaluate the relative strengths and weaknesses of sites under consideration. Appendix F presents examples of the demographic characteristics for several retailers with Albuquerque locations. The differences in population, traffic and average household income is evident from these examples. The Mid-Region Council of Governments (MRCOG) produces a Traffic Flow Map for the MSA. MRCOG’s 2008 edition of the MSA Traffic Flow Map is presented in Appendix G.

**Site Location Competition**

The City’s main competition for retail location attraction is the Cottonwood Mall and surrounding retail developments. The Cottonwood Mall opened in 1996 and is classified as a Super-Regional Mall. The Mall’s Gross Leasable Area exceeds one million square feet and its major retailers include Dillard’s, JC Penny, Macy’s and Sears. Cottonwood is also home to 100 plus specialty retailers. According to ICSC, Super-Regional Malls have trade areas that range from five to twenty-five miles. Appendix H provides ICSC’s descriptions.

Figure No. 7 illustrates Cottonwood’s trade area using a five-mile radius. From this illustration it is easy to determine that Cottonwood is a major competitor to Rio Rancho retailers and a primary source of Rio Rancho’s retail leakage.

**Figure No. 7  
Cottonwood Mall Trade Area**



Additionally, the new Super Wal-Mart located just east of Enchanted Hills in Bernalillo, continues to provide challenges to the City’s GRT revenues.

**Existing Retail Incentives**

The City has developed two main incentives for encouraging large scale retail development in the City. They are the Gross Receipts Investment Policy (GRIP) and financing using the state statute for Tax Increment for Development Districts (TIDD). The primary benefit of both programs is the refunding of tax revenues generated by the development to repay the funds spent on public infrastructure required to support the development.

- **Gross Receipts Investment Policy**

GRIP establishes standards and procedures for financing, through the refund of gross receipts taxes, the development and construction of City infrastructure necessary to secure the location of new, large-scale retail and certain, targeted commercial businesses within the City. The City, by written agreement, may repay a developer for the cost of reasonable and necessary public infrastructure related to the development of new retail and certain targeted commercial businesses or may reimburse impact fees where the reimbursement thereof is instrumental in bringing the retail or targeted commercial business to the City. Written agreements between the City and a developer for GRIP developments shall be submitted to the Governing Body for approval.

The City currently has two active GRIP agreements. The first agreement is for the Lowe's anchored Power Center located at the Northwest corner of Northern Blvd. and Loma Colorado Blvd. and the second is for Petroglyph Plaza, a mixed use medical office anchored project. Rio Rancho's GRIP is located in Chapter 36.75 of the City's Municipal Code and can be reviewed in Appendix I.

- **Tax Increment Development District**

New Mexico authorized TIDDs in 2006. Under the Tax Increment for Development Act, TIDDs are special areas created primarily to capture the additional revenue generated by economic activity within the boundaries of the special area in order to finance the construction of public infrastructure.

At the time of this report, the City has approved one TIDD application. The application is for a developer for a major lifestyle center called The Village at Rio Rancho, to be located at the Southeast corner of Westside and Unser Blvds. The Village will include retail, office, hotel, entertainment and restaurant venues.

The Tax Increment for Development District Act is in statute as 5-15 NMSA 1978 (Chapter 5, Article 15). The City's TIDD Policy is presented in Appendix J.

The RDP endorses the continued use, and requires the regular review of the guidelines, of these tools to support the retail development objectives contain herein. Incentivized economic development projects should be tracked by City staff and the performance presented to the Governing Body. These tools should also be included in the consolidated Application for City Support being developed by staff.

### **Incentive Application, Use and Conditions**

The RDP supports and directs City staff to utilize the consolidated application for City incentives required under, and being drafted as part of, the Rio Rancho Economic Development Plan. The City Manager and applicable staff shall negotiate on a case-by-case basis the terms, conditions and clawbacks of the incentives to be used in the pursuit of retail development projects targeted in this RDP. Incentives packages shall be presented to the Governing body for consideration at an open public meeting.

### **Retail Summit Feedback**

In June 2009, the City Manager's office conducted a Retail Development Research Summit. The purpose of the Summit was to solicit constructive feedback from the retail development community in regards to actions the City could take to attract increased retail sector activity. The Summit's participants recommended the City consider the following three action steps.

- Identify the retail centers and prepare the sites for development, including zoning, infrastructure, etc.
- Get the message out on the City's potential and retail advantage.

- Look at specific incentives, prioritize infrastructure in the Construction Improvement Plan, target impact fee credits, and remove barriers to entry.

### **Retail Leakage Study**

In July 2009, the City received the results of a study on the City's level of retail leakage. The Retail Leakage Study was prepared by Ken Schaefer, Director of Brokerage Operations for Grubb & Ellis' Albuquerque office. The Study indicates that Rio Rancho suffers from substantial retail leakage. The report estimated that 41.6 percent of retail spending is leaking outside the City. The Study quantified the impact on the City as follows:

- Approximately \$422 million being spent outside Rio Rancho,
- Approximately \$203 million is estimated to be taxable for GRT purposes, and
- Equating to almost \$5.5 million in lost general fund revenues.

Except for pharmacy/drug stores and pet supplies, essentially all Rio Rancho retail sectors are experiencing leakage.

The study further indicates that Rio Rancho has approximately 19 square feet of retail space on a per capita basis as compared to the national average of 40. This leaves a difference of 21 square feet. Multiplying the 21 square feet by the City's corresponding population of 75,978 (fiscal year 2007 – 2008 data) suggests that at a minimum the City could support an additional 1.4 million square feet of retail space.<sup>(10)</sup>

In addition to the associated gross receipts tax revenue, Rio Rancho would also benefit from the property tax associated with the new commercial space. Appendix K presents an analysis of the property tax revenues based on construction costs of \$150 per square foot, and a nonresidential property tax rate of \$29.362 per \$1,000 of taxable value. Note that Rio Rancho only realizes 15.48 percent of the total property tax revenue.

### **Retail Interest Survey**

In August 2009, City staff launched an Internet-based Retail Interest Survey (RIS). The RIS was active for thirty days and was accessible from the City's web page. Respondents were asked a variety of questions designed to obtain feedback on numerous topics, including availability of goods, shopping preferences and support for the use of incentives. A total of 758 respondents completed the survey.

The feedback included:

- **Level of Spending Outside Rio Rancho**
  - 72 percent of the respondents conduct 50 percent or more of their retail shopping outside the City's boundaries.

- **Primary Reason for Spending Outside Rio Rancho**
  - 97 percent of the respondents indicated their main reasons for shopping outside the City’s boundaries was the lack of availability or greater selection.
- **Perceived Level of Availability of Selected Retail Goods**
  - Of the categories surveyed, only grocery stores, drug and home improvements stores, were seen as readily available.
- **Satisfaction Level of Santa Ana Star Center Experience**
  - 86 percent of the respondents ranked their experience at the Center as average to excellent.
- **Level of Support for the Utilization of Retail Incentives**
  - 83 percent of the respondents supported the City providing incentives to attract retailers to the City.

Appendix L provides a copy of the Retail Interest Survey instrument.

### **Policy Recommendations**

The RDP recommends the City adopt the following policy directives:

- Prioritize the Construction Improvement Program consistent with the City’s retail location priorities.
- Modify the existing Impact Fee Policy to require the identification and prioritization of impact fee creditable locations consistent with established retail location priorities.
- Consider the feasibility of zoning strategically located property to commercial to enhance Rio Rancho GRT revenues.
- When financially feasible, create new position of Commercial Ombudsman.
- Pursue action steps necessary to remove the primary barriers to entry of antiquated platting and scattered ownership.

### **Selected Retail Location Priorities**

City staff has researched potential locations across the City and recommends the following locations be recognized as retail location priorities:

- Intersection of Northern and Unser Blvds.
- Southwest Corner of NM 528/Pat D’ Arco Highway and Idalia Road.
- Central Business District/Campus Center/Paseo Gateway
- Paseo Del Volcan and US 550
- Intersection of Unser and Paseo Del Volcan

## **Priority Action Plans**

The following Priority Action Plans have been developed and are recommended for approval and implementation.

### **1.) Fill the Leakage Gaps**

- Collaborate with the Rio Rancho Regional Chamber of Commerce (RRCC) to conduct small business information sessions on the retail interest survey and leakage study to determine if existing firms wish to expand product lines.
- Identify top five national firms in each category, including resident preferences, and initiate direct dialogue on opportunities in Rio Rancho for their operations.
- Inventory commercial infill opportunities and proactively pursue retailers with matching location criteria.

### **2.) Select Big Box Retailers to Pursue**

- Catalog locations capable of supporting large footprint retailers (in excess of 100,000 square feet).
- Identify retailer criteria and match site location requirements to available site characteristics.
- Cooperate with retail brokers and developers on marketing locations to companies
- Regularly attend ICSC meetings to promote sites to corporate real estate directors and facility planners.

### **3.) Establish Redevelopment Support Program**

- Target areas are Southern Blvd. (from NM 528/ Pat D'Arco Highway to Unser Blvd.) and the east side of NM 528/Pat D'Arco Highway from Southern south to Sara Road.
- Research establishment of a Local Community Development Corporation to facilitate SBA 504 loans for rehabilitation.
- Consider seeking adoption of the economic development tax to be utilized for low interest loans to rehabilitation.
- Evaluate the potential of changing State law to allow the use of Industrial Revenue Bonds financing for retail purposes.

### **4.) Pursue Multiplex Movie Theatre Initiative**

- Research multiplex theater site location requirements.
- Match site location requirements to Rio Rancho opportunities.
- Understand financial realities and establish means to fill gaps.
- Prepare target list of firms and initiate direct dialogue with corporate executives.

**5.) Continue Central Business District Development Initiatives**

- Review the CBD Zoning Ordinance’s allowable uses.
- Continue to market Tract No. 4 to potential developers.
- Begin RFP planning for Phase I of residential component.
- Evaluate public transportation alternatives and obstacles to implementation.
- Conduct follow-up charrette to review CBD developments and specifically study King Blvd. entrance and hotel and retail project component locations.
- Actively support UNM and CNM’s pursuit of State funding for campus development.
- Pursue and attract major conference hotel to the CBD by -
  - Further refining Rio Rancho’s needs, currently a full-service 200-room conference hotel within walking distance to the Santa Ana Star Center, with on-site restaurant, bar and catering services and a minimum of 10,000 square feet of meeting space with up to 10 breakout rooms.
  - Researching hotel properties matching City requirements.
  - Matching hotel location requirements to CBD site opportunities.
  - Modeling financial options and establish means to fill gaps.
  - Prepare target list of firms and initiate direct dialogue with corporate executives.
  - Establish regularly scheduled meeting with the State Land Office to ensure continued collaboration and information sharing.

**6.) Identify Long-Term Major Tourist Destination Projects to Pursue**

- Destination hotel with championship golf course.
- Complete Sports Complex North on a scale that competes with other major regional complexes.
- Research successful venues in communities of similar size and resources to establish consideration list, by:
  - Evaluating the financial impact of options on community, and pros and cons of other impacts.
  - Prioritizing list and establish long-term action plan for the realization of goals.
  - Pursuit of main options through integrated campaign involving all stakeholders.

**7.) Convene NM 528 / Pat D’Arco Highway Development Task Force**

- Pursue improvements from Southern Blvd. to US 550.
- Remove burden from development community to fund improvements.
- Evaluate funding options, including the potential utilization of impact fee credits for NM 528/Pat D’Arco Highway improvements for new development or rehabilitation of existing facilities.

## **8.) Make Retail Development a Citywide Priority**

- Become more proactive than reactive on retail development in the community.
- Conduct quarterly Development Service Department workshops on City development processes.
- Require Department Directors to review their areas of responsibility to identify functions related to retail development and evaluate potential improvements.
- Regularly solicit input on ways to improve City functions in order to be more receptive to business, improve customer service and efficiency.
- Evaluate Existing Retail Incentives for Strategic Modifications.
- Review alternative uses for the community development block grant program.

## **9.) Compose and Deploy Retail Marketing Campaign**

- Research and identify top marketing options to inform, educate and persuade retail corporate directors of facility planning and real estate, to pursue Rio Rancho business location options.
- Evaluate local public relations options, including hosting events such as a retail showcase.
- Allocate a commensurate amount of financial resources necessary to implement the marketing mix.
- Collaborate with the private sector to maximize the use of limited financial resources.
- Integrate Rio Rancho's CVB film recruitment efforts with those of the New Mexico Economic Development Film Division to maximize the use of limited resources.

## **Plan Implementation Responsibility**

The City Manager's office will take the responsibility for implementing the recommendations and action plans contained within this RDP. Department Directors will pursue and coordinate applicable initiatives under their areas of responsibility. The functions of convention development, tourism promotion, film recruitment and Santa Ana Star Center support will continue to be the responsibility of the Rio Rancho CVB. <sup>(11)</sup>

City staff will establish and provide a full range of services, including assisting retailers:

- Identify available sites and facilities,
- Understand business licensing and permitting requirements,
- Navigate City development services requirements,
- Access applicable local incentive program information and
- Secure market information such as population, age, education, and income statistics.

The City Manager's office will solicit and encourage the support of regional allies and groups with specific capabilities to assist, such as National Association of Industrial and Office Properties, Commercial Association of Realtors of New Mexico, the Rio Rancho Economic Development Corporation, New Mexico Economic Development Department Film Division and the RRRCC.

## **Reporting**

The City Manager's office will develop and present to the Governing Body semi-annual reports summarizing the status of the implementation of the action plans contained in this document. The reports will contain, at a minimum, a listing of new business licenses issued, retailers moving to or expanding within the community, updates on the status of GRIP and TIDD public financing applications, information on new retail buildings being permitted, certificates of occupancy issued, and retail vacancy rates. Appendix M presents an example of the reports that will be presented to the Governing Body.

## **Summary**

The development of the City's gross receipts tax producing sector is critical to the long-term sustainability of the City. A simple review of the percentage of revenues derived from the GRT revenue underscores this fact. Rio Rancho's transition away from a bedroom community cannot be accomplished without reasonable access to goods and services for the City's residents. The importance of the success of this initiative mandates the City Manager's office be directly responsible for its implementation.

The systematic improvement in the per capita gross receipts tax revenues can only be accomplished through the reduction in retail leakage and enhanced access to goods and services. The components of this RDP should be evaluated annually to determine what, if any, aspects need to be eliminated or modified. The realization of other goals contained in the City's Strategic Plan will have a direct impact on the success of the City's retail development and accordingly are important to this RDP.

## End Notes

- 1.) The City of Rio Rancho Strategic Plan may be downloaded by visiting the City's website located at [www.ci.rio-rancho.nm.us](http://www.ci.rio-rancho.nm.us)
- 2.) The National Citizen Survey results may be downloaded by visiting the City's website at [www.ci.rio-rancho.nm.us](http://www.ci.rio-rancho.nm.us)
- 3.) For more information on City revenues and expenses, see the 2010 Budget, which may be downloaded by visiting the City's website located at [www.ci.rio-rancho.nm.us](http://www.ci.rio-rancho.nm.us)
- 4.) Additional information on new Mexico's gross receipts tax can be obtain from the NMTRD at <http://www.tax.state.nm.us/forms/year99/crsforms.htm>
- 5.) This table is based upon Census Bureau population estimates as of July 1, 2008 for each city. Rio Rancho's corresponding population figure is 79,655.
- 6.) Contractors are required to report the Gross Receipts Tax based on the location of each construction site and corresponding GRT rate.
- 7.) Additional information on the NAICS codes can be obtained from the U. S. Department of Commerce's website located at <http://www.census.gov/eos/www/naics/>
- 8.) Grubb & Ellis' New Mexico office located in Albuquerque published real estate market statistics on a quarterly basis. Reports may be downloaded by visiting the Grubb & Ellis website located at [http://www.genewmexico.com/research/market\\_trends.shtm](http://www.genewmexico.com/research/market_trends.shtm)
- 9.) The City's complete Zoning Ordinance can be reviewed by visiting the City's website at [www.ci.rio-rancho.nm.us](http://www.ci.rio-rancho.nm.us) and selecting Municipal Code, then selecting Chapter 154.
- 10.) The results of the Retail Leakage Study may be downloaded by visiting the City's website located at [www. http://www.ci.rio-rancho.nm.us/index.aspx?nid=663](http://www.ci.rio-rancho.nm.us/index.aspx?nid=663)
- 11.) Additional information on the services of the Rio rancho Convention and Visitors Bureau can be obtained by visiting the CVB's website located at <http://www.riorancho.nm.org/>

## **Appendices**

**Appendix A:** Gross Receipts Tax Revenue Distribution Analysis

**Appendix B:** New Mexico Gross Receipts Tax Rates by Location

**Appendix C:** Single Family Residential Permit Data

**Appendix D:** Existing Retail Development Map

**Appendix E:** Near to Short Term Retail Site Location Map

**Appendix F:** Site Location Requirement Examples

**Appendix G:** Mid-Region Council of Governments, 2008 Traffic Flow Map

**Appendix H:** ICSC Shopping Center Descriptions

**Appendix I:** Gross Receipts Investment Policy

**Appendix J:** Tax Increment for Development District Policy

**Appendix K:** Property Tax Revenue Analysis

**Appendix L:** Retail Interest Survey Instrument

**Appendix M:** Retail Reporting Form

**Appendix A: Gross Receipts Tax Revenue Distribution Analysis**

**Appendix A**

**Gross Receipts Tax Revenue Distribution Analysis**

CRS Amount: \$ 203,000,000.00

<b>Tax Jurisdictions</b>	<b>Jurisdiction Rate</b>	<b>CRS Amount</b>	<b>Tax by District</b>
<b>City</b>			
Municipal GRTX	1.2500%	\$ 203,000,000.00	\$ 2,537,500.00
Municipal Infrastructure GRTX	0.1250%	\$ 203,000,000.00	\$ 253,750.00
Municipal Environmental GRTX	0.0625%	\$ 203,000,000.00	\$ 126,875.00
Municipal State Share GRTX	1.2250%	\$ 203,000,000.00	\$ 2,486,750.00
<b>Subtotal City GRTX</b>	<b>2.6625%</b>		<b>\$ 5,404,875.00</b>
<b>UNM West GRTX</b> [Special District]	<b>0.2500%</b>	\$ 203,000,000.00	<b>\$ 507,500.00</b>
<b>Subtotal City / UNM West GRTX</b>	<b>2.9125%</b>		
<b>County / State / Transportation District</b>			
County GRTX	0.2500%	\$ 203,000,000.00	\$ 507,500.00
Transportation District	0.1250%	\$ 203,000,000.00	\$ 253,750.00
State GRTX	3.7750%	\$ 203,000,000.00	\$ 7,663,250.00
<b>Subtotal County / State</b>	<b>4.1500%</b>		<b>\$ 8,424,500.00</b>
<b>Total All Jurisdiction GRTX Rate</b>	<b>7.0625%</b>		<b>\$ 14,336,875.00</b>

George Bootes  
Office of the City Manager  
4/27/2010

**Appendix B:** New Mexico Gross Receipts Tax Rates by Location

**GROSS RECEIPTS TAX RATE SCHEDULE**

Effective January 1, 2010 through June 30, 2010

Municipality or County	Location Code	Rate
<b>BERNALILLO</b>		
Albuquerque*	02-100	6.625%
AIS Property/Nineteen Pueblos of NM (1) <sup>c</sup> *	02-905	6.625%
AIS Property/Nineteen Pueblos of NM (2) <sup>c</sup> *	02-906	6.625%
Laguna Pueblo (1)	02-951	5.9375%
Laguna Pueblo (2)	02-952	5.9375%
Los Ranchos de Albuquerque	02-200	6.9375%
Mesa Del Sol TID District 1*	02-606	6.625%
Quorum at ABQ Uptown TIDD*	02-034	6.625%
Rio Rancho (Bernalillo)	02-647	7.250%
Sandia Pueblo (1)	02-901	5.9375%
Sandia Pueblo (2)	02-902	5.9375%
State Fairgrounds	02-555	5.9375%
Tijeras	02-318	6.8125%
Upper Petroglyphs TID District 1	02-607	5.9375%
Upper Petroglyphs TID District 2	02-608	5.9375%
Upper Petroglyphs TID District 3	02-609	5.9375%
Upper Petroglyphs TID District 4	02-610	5.9375%
Upper Petroglyphs TID District 5	02-611	5.9375%
Upper Petroglyphs TID District 6	02-612	5.9375%
Upper Petroglyphs TID District 7	02-613	5.9375%
Upper Petroglyphs TID District 8	02-614	5.9375%
Upper Petroglyphs TID District 9	02-615	5.9375%
Winrock Town Center TID District 1*	02-035	6.625%
Winrock Town Center TID District 2*	02-036	6.625%
Remainder of County	02-002	5.9375%
<b>CATRON</b>		
Reserve	28-130	6.8125%
Remainder of County	28-028	5.500%
<b>CHAVES</b>		
Dexter	04-201	6.8125%
Hagerman	04-300	7.00%
Lake Arthur	04-400	6.3125%
Roswell	04-101	7.00%
Remainder of County	04-004	5.9375%
<b>CIBOLA</b>		
Grants	33-227	7.875%
Milan	33-131	7.50%
Laguna Pueblo (1)	33-901	6.5625%
Laguna Pueblo (2)	33-902	6.5625%
Remainder of County	33-033	6.5625%
<b>COLFAX</b>		
Angel Fire	09-600	7.3125%
Cimarron	09-401	6.6875%
Eagle Nest*	09-509	7.0625%
Maxwell	09-202	5.750%
Raton	09-102	7.8125%
Springer	09-301	6.6875%
Remainder of County	09-009	5.625%
<b>CURRY</b>		
Clovis	05-103	7.4375%
Clovis Airport	05-154	5.750%
Grady	05-203	6.5625%
Melrose	05-402	7.125%
Texico	05-302	7.1875%
Remainder of County	05-005	5.750%
<b>DEBACA</b>		
Fort Sumner	27-104	7.250%
Remainder of County	27-027	6.1875%
<b>DONA ANA</b>		
City of Las Cruces TID District	07-132	7.4375%
Hatch	07-204	7.3125%
Las Cruces	07-105	7.4375%
Mesilla	07-303	7.6875%
Sunland Park	07-416	7.3125%
Remainder of County	07-007	6.2500%
<b>EDDY</b>		
Artesia	03-205	7.0625%
Carlsbad	03-106	7.3125%
Hope	03-304	6.50%
Loving	03-403	6.6875%
Remainder of County	03-003	5.625%
<b>STATE GROSS RECEIPTS TAX RATE = 5.00%</b>		
<b>COMPENSATING TAX RATE = 5.00 %</b>		

Municipality or County	Location Code	Rate
<b>GRANT</b>		
Bayard	08-206	7.125%
Hurley	08-404	7.125%
Santa Clara	08-305	7.125%
Silver City	08-107	7.25%
Remainder of County	08-008	6.0625%
<b>GUADALUPE</b>		
Santa Rosa	24-108	7.875%
Vaughn	24-207	7.375%
Remainder of County	24-024	6.3125%
<b>HARDING*</b>		
Mosquero (Harding)*	31-208	6.4375%
Roy*	31-109	6.8125%
Remainder of County*	31-031	5.6250%
<b>HIDALGO</b>		
Lordsburg	23-110	7.375%
Virden	23-209	6.5625%
Remainder of County	23-023	5.9375%
<b>LEA</b>		
Eunice	06-210	6.6875%
Hobbs	06-111	6.6875%
Jal	06-306	6.6875%
Lovington	06-405	6.625%
Lovington Industrial Park	06-158	5.375%
Tatum	06-500	6.6875%
Remainder of County	06-006	5.375%
<b>LINCOLN</b>		
Capitan	26-211	6.6875%
Carrizozo	26-307	6.875%
Corona	26-406	6.8125%
Ruidoso*	26-112	8.3125%
Ruidoso Downs	26-501	6.8125%
Remainder of County	26-026	5.375%
<b>LOS ALAMOS</b>		
City and County	32-032	7.1875%
<b>LUNA</b>		
Columbus	19-212	7.4375%
Deming	19-113	7.375%
Deming Industrial Park	19-155	6.375%
Remainder of County	19-019	6.375%
<b>McKINLEY</b>		
Gallup	13-114	7.9375%
Remainder of County	13-013	6.625%
<b>MORA</b>		
Wagon Mound	30-115	6.8125%
Remainder of County	30-030	5.8125%
<b>OTERO</b>		
Alamogordo	15-116	7.50%
Cloudcroft	15-213	7.250%
Tularosa	15-308	7.250%
Remainder of County	15-015	5.8125%
<b>QUAY</b>		
House	10-407	7.625%
Logan	10-309	8.00%
San Jon	10-214	8.00%
Tucumcari	10-117	8.00%
Remainder of County	10-010	6.3125%

OTHER TAXES AND REPORTING LOCATIONS	Location Code
Leased Vehicle Gross Receipts Tax - 5.00% . . . . .	44-444
Leased Vehicle Surcharge - \$2.00/day/vehicle . . . . .	44-455
Governmental Gross Receipts Tax - 5.00% . . . . .	55-055
Out-of-State Business (R&D Services) - 5.00% . . . . .	77-777
Out-of-State Business (All Other) - 5.00% . . . . .	88-888

**NOTE KEY**

(1) Sales to tribal entities or members  
 (2) Sales to tribal non-members by tribal non-members

<sup>a</sup> Businesses located on Pueblo land within the city limits.  
<sup>b</sup> Businesses located within the water district and the city limits.  
<sup>c</sup> Albuquerque Indian School Property owned by the 19 Pueblos of NM.  
 \* Indicates rate changes due to enactment or expiration of local option taxes.

**GROSS RECEIPTS TAX RATE SCHEDULE**

Effective January 1, 2010 through June 30, 2010

Municipality or County	Location Code	Rate
<b>RIO ARRIBA</b>		
Chama*	17-118	7.625%
Espanola (Rio Arriba)	17-215	7.875%
Espanola/Ohkay Owingeh Pueblo (1) <sup>a</sup>	17-943	7.875%
Espanola/Ohkay Owingeh Pueblo (2) <sup>a</sup>	17-944	7.875%
Espanola/Santa Clara Grant (1) <sup>a</sup>	17-903	7.875%
Espanola/Santa Clara Grant (2) <sup>a</sup>	17-904	7.875%
Jicarilla Apache Nation (1)	17-931	6.1875%
Jicarilla Apache Nation (2)	17-932	6.1875%
Ohkay Owingeh Pueblo (1)	17-941	6.1875%
Ohkay Owingeh Pueblo (2)	17-942	6.1875%
Santa Clara Pueblo (1)	17-901	6.1875%
Santa Clara Pueblo (2)	17-902	6.1875%
Remainder of County	17-017	6.1875%
<b>ROOSEVELT</b>		
Causey	11-408	6.5625%
Dora	11-310	6.8125%
Elida	11-216	7.375%
Floyd	11-502	6.5625%
Portales	11-119	7.625%
Remainder of County	11-011	6.0625%
<b>SANDOVAL</b>		
Bernalillo (City)	29-120	6.9375%
Corrales*	29-504	7.0625%
Cuba	29-311	7.6875%
Jemez Springs	29-217	6.8125%
Jicarilla Apache Nation (1)	29-931	6.125%
Jicarilla Apache Nation (2)	29-932	6.125%
Laguna Pueblo (1)	29-921	6.125%
Laguna Pueblo (2)	29-922	6.125%
Pueblo de Cochiti (1)	29-971	6.125%
Pueblo de Cochiti (2)	29-972	6.125%
Rio Rancho (Sandoval)	29-524	7.0625%
San Ysidro	29-409	6.625%
Sandia Pueblo (1)	29-911	6.125%
Sandia Pueblo (2)	29-912	6.125%
Santa Ana Pueblo (1)	29-951	6.125%
Santa Ana Pueblo (2)	29-952	6.125%
Santo Domingo Pueblo (1)	29-973	6.125%
Santo Domingo Pueblo (2)	29-974	6.125%
Remainder of County	29-029	6.125%
<b>SAN JUAN</b>		
Aztec	16-218	7.6250%
Bloomfield	16-312	7.5625%
Farmington	16-121	7.00%
Valley Water and Sanitation District	16-321	6.4375%
Remainder of County	16-016	6.1875%
<b>SAN MIGUEL</b>		
Las Vegas	12-122	7.6875%
Mosquero (San Miguel)	12-418	6.9375%
Pecos	12-313	7.3125%
Remainder of County	12-012	6.375%
<b>SANTA FE</b>		
Edgewood	01-320	7.750%
Espanola (Santa Fe)	01-226	8.3125%
Espanola/Santa Clara Grant (1) <sup>a</sup>	01-903	8.3125%
Espanola/Santa Clara Grant (2) <sup>a</sup>	01-904	8.3125%
Nambe Pueblo (1)	01-951	6.500%
Nambe Pueblo (2)	01-952	6.500%
Pojoaque Pueblo (1)	01-961	6.500%
Pojoaque Pueblo (2)	01-962	6.500%
Pueblo de Cochiti (1)	01-971	6.500%
Pueblo de Cochiti (2)	01-972	6.500%
Santa Clara Pueblo(1)	01-901	6.500%
Santa Clara Pueblo(2)	01-902	6.500%
Santo Domingo Pueblo (1)	01-973	6.500%
Santo Domingo Pueblo (2)	01-974	6.500%
Santa Fe (city)	01-123	8.0625%
Remainder of County	01-001	6.500%
<b>STATE GROSS RECEIPTS TAX RATE = 5.00%</b>		
<b>COMPENSATING TAX RATE = 5.00 %</b>		

Municipality or County	Location Code	Rate
<b>SIERRA</b>		
Elephant Butte*	21-319	7.375%
Truth or Consequences	21-124	7.50%
Truth or Consequences Airport	21-164	6.1875%
Williamsburg	21-220	7.4375%
Remainder of County	21-021	6.1875%
<b>SOCORRO</b>		
Magdalena	25-221	6.750%
Socorro (city)	25-125	6.875%
Socorro Industrial Park	25-162	5.8125%
Remainder of County	25-025	5.8125%
<b>TAOS</b>		
El Prado Water and Sanitation District	20-415	7.250%
El Prado Water and Sanitation District <sup>b</sup>	20-425	8.3125%
El Valle de Los Ranchos Water & Sanitation District	20-419	7.250%
El Valle de Los Ranchos Water & Sanitation District <sup>b</sup>	20-429	8.3125%
Questa	20-222	8.0625%
Questa Airport	20-160	7.000%
Red River	20-317	8.3125%
Taos (city)	20-126	8.0625%
Taos Airport	20-163	7.000%
Taos Pueblo (1)	20-913	7.000%
Taos Pueblo (2)	20-914	7.000%
Taos/Taos Pueblo (1) <sup>a</sup>	20-915	8.0625%
Taos/Taos Pueblo (2) <sup>a</sup>	20-916	8.0625%
Taos Ski Valley	20-414	8.5625%
Remainder of County	20-020	7.000%
<b>TORRANCE</b>		
Encino	22-410	6.9375%
Estancia	22-503	7.4375%
Moriarty	22-223	7.3125%
Moriarty Airport	22-159	6.375%
Mountainair*	22-127	7.5625%
Willard	22-314	7.1875%
Remainder of County	22-022	6.375%
<b>UNION</b>		
Clayton	18-128	7.750%
Des Moines	18-224	7.375%
Folsom	18-411	7.375%
Grenville	18-315	7.375%
Remainder of County	18-018	5.9375%
<b>VALENCIA*</b>		
Belen*	14-129	7.6875%
Alexander Airport*	14-152	6.250%
Bosque Farms*	14-505	7.5625%
Laguna Pueblo (1)*	14-901	6.250%
Laguna Pueblo (2)*	14-902	6.250%
Los Lunas*	14-316	7.4375%
Peralta*	14-412	7.3125%
Remainder of County*	14-014	6.250%

OTHER TAXES AND REPORTING LOCATIONS	Location Code
Leased Vehicle Gross Receipts Tax - 5.00% . . . . .	44-444
Leased Vehicle Surcharge - \$2.00/day/vehicle . . . . .	44-455
Governmental Gross Receipts Tax - 5.00%. . . . .	55-055
Out-of-State Business (R&D Services) - 5.00% . . . . .	77-777
Out-of-State Business (All Other) - 5.00% . . . . .	88-888

**NOTE KEY**  
 (1) Sales to tribal entities or members  
 (2) Sales to tribal non-members by tribal non-members  
<sup>a</sup> Businesses located on Pueblo land within the city limits.  
<sup>b</sup> Businesses located within the water district and the city limits.  
<sup>c</sup> Albuquerque Indian School Property owned by the 19 Pueblos of NM.  
 \* Indicates rate changes due to enactment or expiration of local option taxes.

**Appendix C: Single Family Residential Permit Data**

**Appendix C**

**Single Family Residential Permit Data**

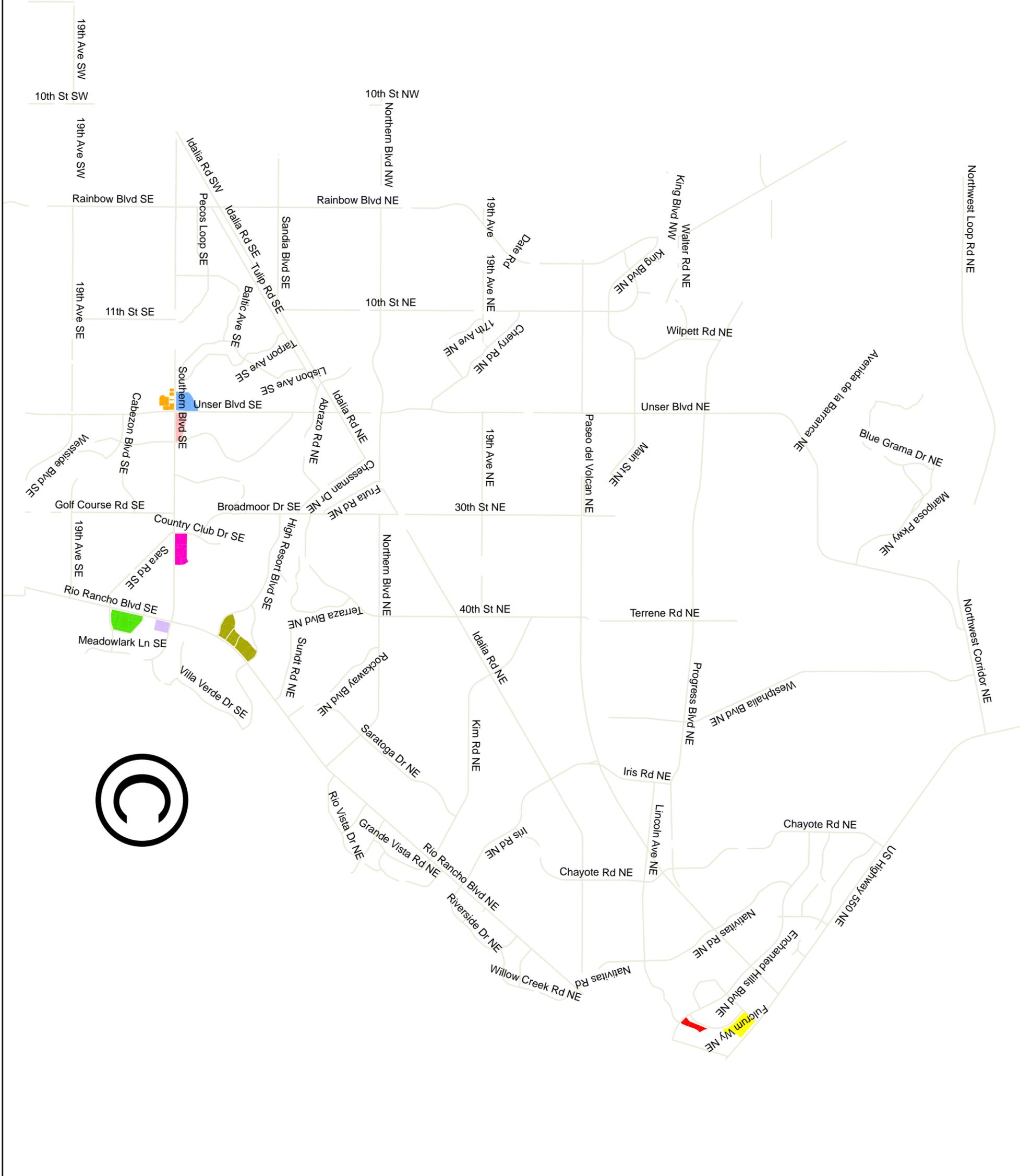
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
2010	19	47	60										126
2009	57	93	68	85	89	61	44	67	19	31	35	39	688
2008	50	105	87	82	106	76	45	35	28	53	23	25	715
2007	112	91	124	90	111	107	85	59	63	101	49	54	1,046
2006	322	178	337	242	170	191	126	113	81	55	90	144	2,049
2005	193	347	195	335	288	315	254	317	236	218	146	240	3,084
2004	94	85	201	176	142	185	166	135	113	181	121	121	1,720
2003	60	79	110	114	111	135	141	105	93	103	71	102	1,224
2002	71	66	83	75	68	77	70	83	66	90	75	77	901
2001	62	67	102	78	114	83	64	92	68	72	58	56	916
2000	44	28	47	64	57	57	69	43	70	51	44	54	628
1999	20	53	26	61	47	23	55	48	48	30	37	58	506
1998	35	33	85	85	63	75	57	38	66	60	16	51	664
1997	48	70	69	35	87	79	18	63	23	43	49	91	675
1996	34	81	58	48	65	64	91	110	40	91	38	58	778
1995	56	60	105	77	117	63	56	67	55	64	50	89	859
1994	63	72	69	64	41	52	41	65	67	91	56	91	772
1993	29	73	105	91	90	115	80	100	48	111	70	91	1,003
1992	22	43	59	54	48	55	69	81	72	24	52	41	620
1991	35	31	39	39	31	44	45	43	48	49	95	75	574
1990	29	20	14	25	53	39	30	76	29	35	38	28	416
1989	58	65	105	64	61	59	51	53	37	49	8	46	656
1988	38	75	100	70	99	127	54	58	103	55	45	39	863
1987	102	106	95	78	36	48	43	39	84	81	43	45	800
1986	73	85	89	118	74	129	76	95	109	74	72	32	1,026
1985	91	108	67	73	182	105	93	103	81	128	37	59	1,127
<b>Total</b>													<b>24,436</b>

<b>Totals</b>	1,817	2,161	2,499	2,323	2,350	2,364	1,923	2,088	1,747	1,940	1,418	1,806	<b>24,436</b>
<b>Average</b>	70	83	96	93	94	95	77	84	70	78	57	72	

\*Totals include Manufactured Homes as well as stick-built homes.

\*\*Building inspection became a division of the DSD in MAY, 1987, prior to that date, permits were obtained through the NM CID.

**Appendix D: Existing Retail Development Map**



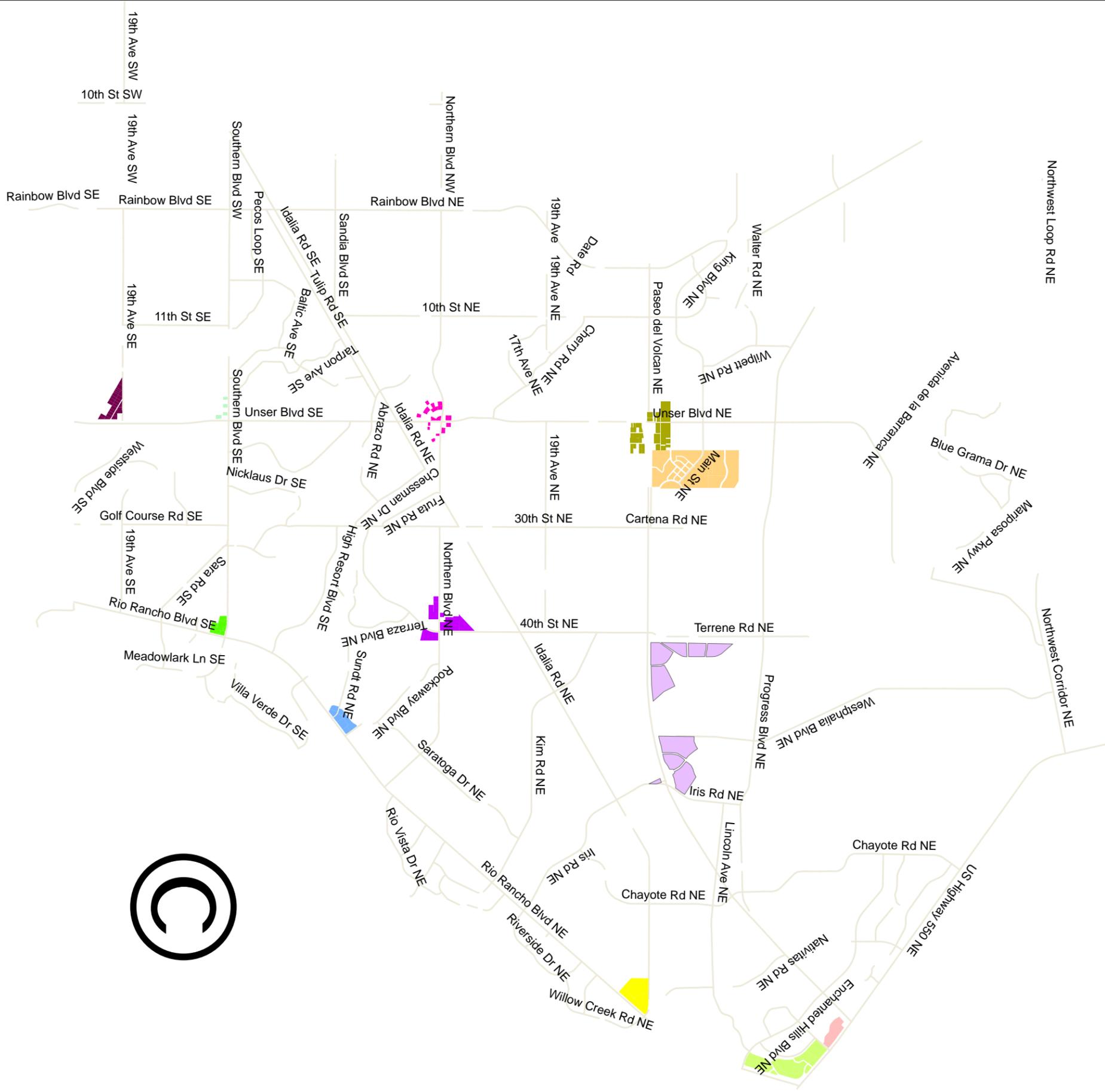
**Existing Rio Rancho Retail Sites**

 SWC Southern & Unser	 Country Club Plaza	 Rio Rancho Market Place
 Commerce Center @ Enchanted Hills	 Hilltop Plaza	 Southern Plaza
 Enchanted Hills Plaza	 Mesa Center	 The Plaza @ Unser



Economic Development Master Plan Existing Retail Sites

**Appendix E:** Near to Short Term Retail Site Location Map



### Near To Short-Term Retail Sites

 SWC Southern & Unser	 Northern & Unser	 NEC PDV & US 550	 Idalia & 528
 Sundt & 528	 CDB	 SWC of Enchanted Hills & 528	 Unser & Westside
 Northern & Loma Colorado	 PDV & Unser	 Paseo Gateway	 SWC Southern & 528



**Appendix F: Site Location Requirement Examples**

**Appendix - F**  
**Site Location Requirement Examples**

Map Location	Retailer/Center Name	Address	Traffic Count	Population			3 Mile Average Household Income
				1 Mile	3 miles	5 miles	
1	Albuquerque Uptown	2260 Louisiana Blvd. NE, Albuquerque		14,124.00	144,208.00	313,316.00	\$ 54,840.00
2	Best Buy	55 Hotel Circle NE, Albuquerque		14,440.00	126,797.00	239,754.00	\$ 57,469.00
3	United Artists Movie Theatre	12921 Indian School Road NE, Albuquerque		19,613.00	98,551.00	205,181.00	\$ 61,318.00
4	Century Rio 24 Theatre	4901 Pan American West Freeway NE, Albuquerque		7,494.00	87,336.00	256,689.00	\$ 74,471.00
5	TJ Maxx	Montgomery Blvd. NE, Albuquerque		16,056.00	125,724.00	304,320.00	\$ 75,351.00
6	Target	Montgomery Blvd. NE, Albuquerque		17,529.00	146,263.00	291,005.00	\$ 77,894.00
7	Smiths	Academy Road NE, Albuquerque		12,475.00	128,579.00	249,706.00	\$ 81,135.00
8	Whole Foods	Wyoming Blvd. NE, Albuquerque		12,475.00	128,579.00	249,706.00	\$ 81,135.00
9	Winrock Mall	2100 Louisiana Blvd. NE, Albuquerque		13,414.00	141,772.00	304,425.00	\$ 66,704.00
10	Trader Joe's	8929 Holly Ave. NE, Albuquerque		14,458.00	78,355.00	171,347.00	\$ 72,026.00
11	PF Chang's China Bistro	4440 The I25 Way NE, Albuquerque		9,372.00	89,255.00	239,428.00	\$ 77,443.00
12	Kohl's	6800 Holly Ave. NE, Albuquerque		12,212.00	67,521.00	175,761.00	\$ 70,505.00
13	Cottonwood Mall	Coors Blvd. NW & Seven Bar Loop Road NW, Albuquerque		5,493.00	60,750.00	161,848.00	\$ 84,092.00

**Notes**

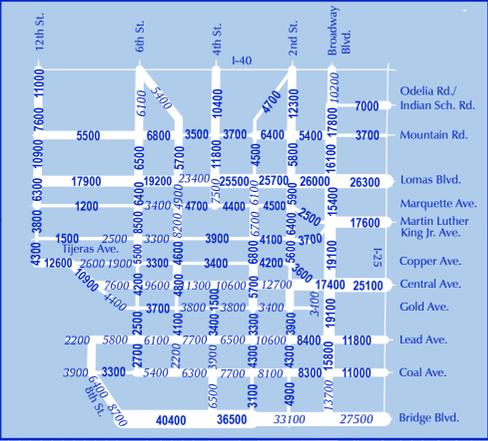
Traffic Counts: Mid-Region Council of Governments, 2008 Traffic Flows, Accessed December 8, 2009

Population Estimates: RREDC, Claritas Site Reports, December 1, 2009

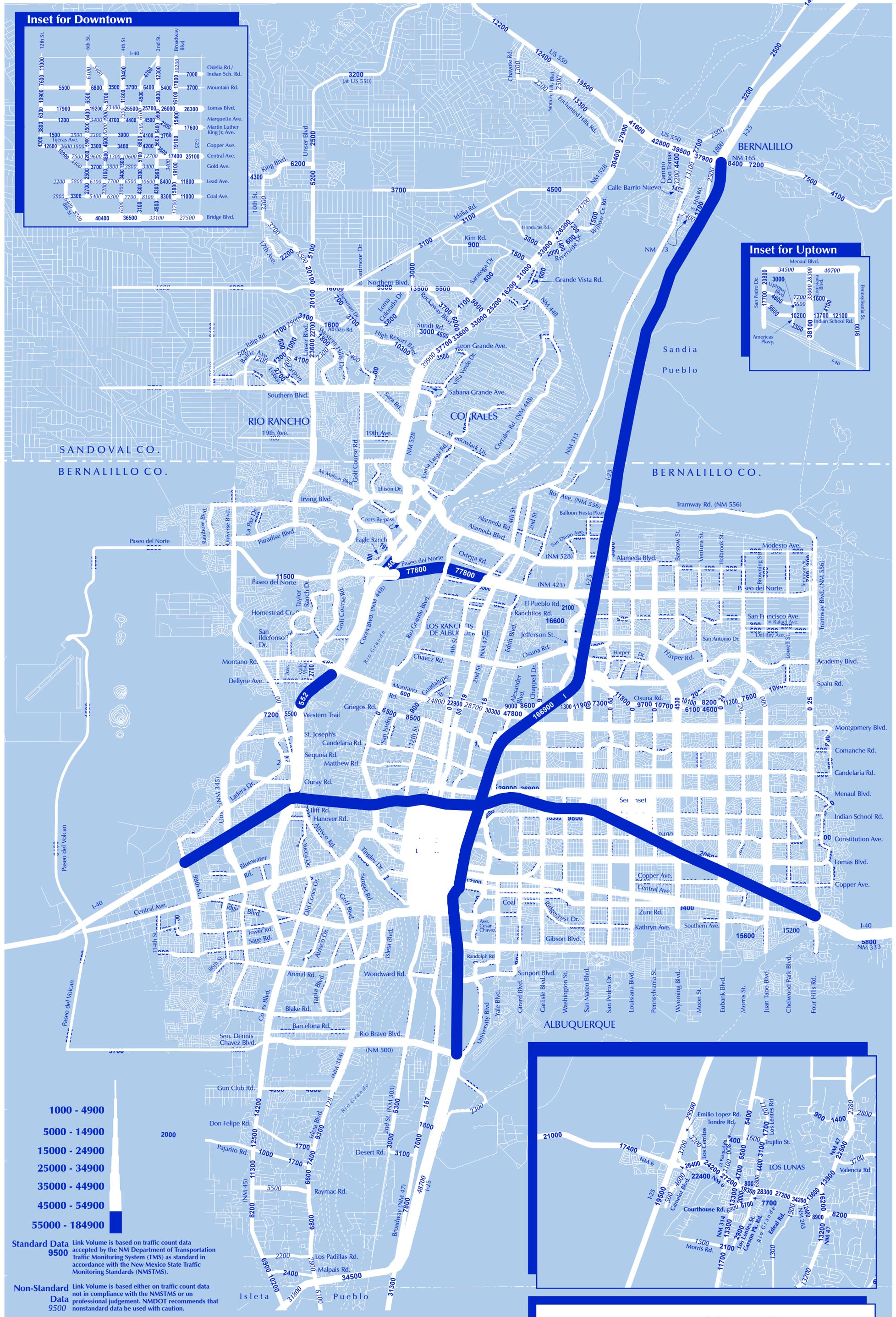
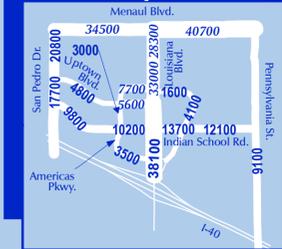
Average Household Income: RREDC, Claritas Site Reports, December 1, 2009

**Appendix G: Mid-Region Council of Governments, 2008 Traffic Flow Map**

**Inset for Downtown**



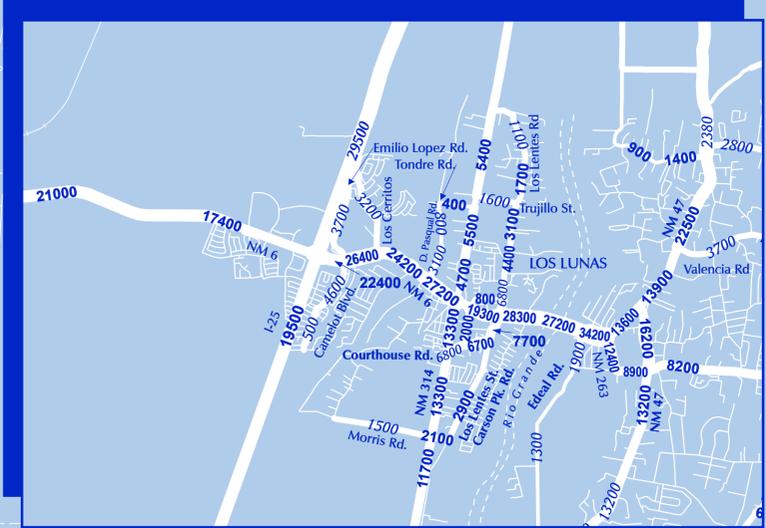
**Inset for Uptown**



- 1000 - 4900
- 5000 - 14900
- 15000 - 24900
- 25000 - 34900
- 35000 - 44900
- 45000 - 54900
- 55000 - 184900

**Standard Data**  
9500  
Link Volume is based on traffic count data accepted by the NM Department of Transportation Traffic Monitoring System (TMS) as standard in accordance with the New Mexico State Traffic Monitoring Standards (NMSTMS).

**Non-Standard Data**  
9500  
Link Volume is based either on traffic count data not in compliance with the NMSTMS or on professional judgement. NMDOT recommends that nonstandard data be used with caution.



**2008 Traffic Flows for the Greater Albuquerque Area**

Map prepared by the Mid-Region Council of Governments in cooperation with the New Mexico Department of Transportation, the local governments in the Albuquerque Metropolitan Planning Area, and the U.S. Department of Transportation, Federal Highway Administration.

**Appendix H: ICSC Shopping Center Descriptions**



# U.S. Shopping Center Definitions

April 2009

Type of Shopping Center	Concept	Center Count	Aggregate GLA (Sq. Ft.)	% Share of Industry GLA	Average Size (Sq. Ft.)	Typical GLA Range (Sq. Ft.)	Acres	# of Anchors	% Anchor GLA	Typical Number of Tenants	Typical Type of Anchors	Trade Area Size
<b>Malls</b>												
Regional	General merchandise or fashion-oriented offerings. Typically, enclosed with inward-facing stores connected by a common walkway. Parking surrounds the outside perimeter.	765	417,114,733	5.9%	545,248	400,000-800,000	40-100	2+	50-70%	40-80 stores	Full-line or junior department store, mass merchant, discount department store and/or fashion apparel store	5-15 miles
Super Regional	Similar in concept to regional malls, but offering more variety and assortment.	614	723,109,949	10.3%	1,177,704	800,000+	60-120	3+	50-70%	NA	Full-line or junior department store, mass merchant, discount department store and/or fashion apparel store	5-25 miles
<b>Open-Air Centers</b>												
Strip/Convenience	Attached row of stores or service outlets managed as a coherent retail entity, with on-site parking usually located in front of the stores. Open canopies may connect the store fronts, but a strip center does not have enclosed walkways linking the stores. A strip center may be configured in a straight line, or have an "L" or "U" shape. A convenience center is among the smallest of the centers, whose tenants provide a narrow mix of goods and personal services to a very limited trade area.	61,934	1,161,858,013	16.6%	18,760	< 30,000	<3	Either anchor-less or with one small convenience store anchor.	NA	NA	Convenience store, such as a mini-mart.	<1 mile
Neighborhood	Convenience oriented.	26,445	2,004,933,702	28.6%	75,815	30,000-150,000	3-5	1+	30-50%	5-20 stores	Supermarket	3 miles
Community	General merchandise or convenience-oriented offerings. Wider range of apparel and other soft goods offerings than neighborhood centers. The center is usually configured in a straight line as a strip, or may be laid out in an L or U shape, depending on the site and design.	9,004	1,648,897,595	23.5%	183,129	100,000-350,000	10-40	2+	40-60%	15-40 stores	Discount store, supermarket, drug, large-specialty discount (toys, books, electronics, home improvement/furnishings or sporting goods, etc.)	3-6 miles
Lifestyle	Upscale national-chain specialty stores with dining and entertainment in an outdoor setting	406	132,050,878	1.9%	325,248	150,000-500,000	10-40	0-2	0-50%	NA	Large format upscale specialty	8-12 miles
Power Center	Category-dominant anchors, including discount department stores, off-price stores, wholesale clubs, with only a few small tenants	2,033	794,412,941	11.3%	390,759	250,000-600,000	25-80	3+	70-90%	NA	"Category killers," such as home improvement, discount department, warehouse club and off-price stores	5-10 miles
Theme/Festival	Leisure, tourist, retail and service-oriented offerings with entertainment as a unifying theme. Often located in urban areas, they may be adapted from older--sometimes historic--buildings and can be part of a mixed-use project.	463	43,291,249	0.6%	93,502	80,000-250,000	5-20	Unspecified	NA	NA	Restaurants, entertainment	25-75 miles
Outlet	Manufacturers' and retailers' outlet stores selling brand-name goods at a discount	380	83,384,297	1.2%	219,432	50,000-400,000	10-50	NA	NA	NA	Manufacturers' and retailers' outlets	25-75 miles
<b>Special Purpose</b>												
Airport Retail	Consolidation of retail stores located within a commercial airport	37	4,485,078	0.1%	121,218	50,000-200,000	NA	NA	NA	NA	No anchors; retail includes specialty retail and restaurants	NA
<b>Total Industry</b>												
Total Industry	Mall + Open-Air + Special Purpose	102,081	7,013,538,435		68,706							

Sources: Appraisal Institute, CoStar and the International Council of Shopping Centers.

**Appendix I: Gross Receipts Investment Policy**



CITY OF RIO RANCHO

ORDINANCE NO. 39

ENACTMENT NO. 04-003

**AMENDING SUBCHAPTER 36.75 (R.O. 2003), A GROSS RECEIPTS INVESTMENT POLICY OR GRIP.**

**WHEREAS:** the City is a Charter municipality under the State of New Mexico's Constitution; and

**WHEREAS:** the primary source of revenues for the City is the municipal component of the gross receipts tax on sales of goods and services within City boundaries; and

**WHEREAS:** the City, in order to increase its gross receipts revenues, must provide an incentive to encourage the development of new retail businesses; and

**WHEREAS:** the City's inability to provide for prompt development of infrastructure improvements is a major barrier to the development of new large-scale retail and certain targeted commercial business; and

**WHEREAS:** increased gross receipt tax revenues would constitute a direct and immediate benefit for the health, safety and welfare for the citizens of the City.

**THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF RIO RANCHO:**

**Section 1. Subchapter 36.75, Revised Ordinances, 2003, the Gross Receipts Investment Policy or GRIP is hereby amended to read as follows**

**SECTION 36.76 PURPOSE.**

This subchapter establishes standards and procedures for financing, through the refund of gross receipts taxes, the development and construction of City infrastructure necessary to secure the location of new, large-scale retail and certain, targeted commercial businesses within the City. The City, by written agreement, may repay a developer for the cost of reasonable and necessary public infrastructure related to the development of new retail and certain targeted commercial businesses or may reimburse impact fees where the reimbursement thereof is instrumental in bringing the retail or targeted commercial business to the City. Written agreements between the City and a developer for GRIP developments shall be submitted to the Governing Body for approval.

**SECTION 36.77 BUSINESS QUALIFICATIONS.**

(A.) GRIP primarily is to be used to facilitate the attraction of large-scale retail or targeted commercial development, including malls; regional sports and entertainment venues or complexes; large-volume, destination restaurants, including nationally recognized chain outlets, not yet existing within the metropolitan area and meeting criteria set forth below; destination hotel/conference centers; automobile dealerships or auto malls; regional health centers; central office or headquarters of large-scale or regional professional or technical firms, including architects, engineers, attorneys, accountants, and/or physicians; entertainment complexes and other mixed-use retail centers consisting of multiple retail and commercial businesses operating on a single site. However, smaller scale retail or targeted commercial businesses or developments can be approved for a GRIP project if the Governing Body determines that the project qualifies under one or more established criteria and is in the public interest. Developers must demonstrate financial responsibility and provide a performance bond or other acceptable guarantee for the satisfactory completion of infrastructure construction. GRIP agreements can also be used to refund impact fee payments for a new retail or targeted commercial business upon a showing that a refund is instrumental in the retail business decision to locate in the City.

- 1  
2 (B). For a business to qualify under the GRIP, it must demonstrate one or more of the following:  
3 (1) The retail or professional services will generate or draw regional customers or customers who  
4 reside beyond twenty miles from the municipal boundaries into the City;  
5 (2) The sales volume is projected to meet or exceed five million dollars per year after three years of  
6 operation;  
7 (3) The business is a food service or restaurant with a seating capacity of not less than 200 persons;  
8 (4) The business is a full service hotel of not less than 200 rooms;  
9 (5) The business will provide employment for at least fifty employees;  
10 (6) The business is a car dealership with estimated minimum annual volume of sales of 600 units;  
11 (7) The business represents a substantial expansion of an existing business operation within Rio  
12 Rancho, at least doubling existing square footage or increasing retail space by 50,000 square feet, whichever  
13 is less.  
14

15 **SECTION 36.78 AUTHORIZED PROJECTS.**

16 The City is authorized to enter into a GRIP agreement for any one or more of the following:

- 17 (A) The acquisition, construction, rehabilitation, construction of additions or making of any improvements  
18 to City-owned parking lots;  
19 (B) The acquisition, extension, enlargement, repair, or other improvement of or maintenance of storm  
20 sewers and other drainage improvements, sanitary sewers, sewage treatment plants or other water utility  
21 infrastructure, including but not limited to the acquisition of rights of way and water and water rights, or any  
22 combination of the foregoing;  
23 (C) The purchase, acquisition, or rehabilitation of fire-fighting equipment or any combination of the  
24 foregoing;  
25 (D) The reconstruction, extension, resurface, resurfacing maintenance, repair or otherwise improvement  
26 of existing alleys, streets, roads, or any combination of the foregoing, or for the construction or acquisition of  
27 new alleys, streets, roads, or any combination thereof, inclusive of any acquisition of any rights of way and  
28 public transportation transfer facilities;  
29 (E) The purchase, acquisition or clearing of any land, or for purchase or acquisition and beautification of  
30 land for open space;  
31 (F) The acquisition, construction, equipping, furnishing, making additions to, renovating, rehabilitating,  
32 beautifying, or otherwise improving public parks, public recreational facilities, civic, conference, or convention  
33 centers, sports stadiums or arenas, or any combination thereof;  
34 (G) The refund of impact fees which provides a specific and direct incentive for location of the retail or  
35 commercial business in the City;  
36 (H) The acquisition or construction of any other related public infrastructure that enhances and  
37 encourages the location of the new retail or commercial business within the City.  
38

39 **SECTION 36.79 PUBLIC HEARING.**

40 Prior to the initiation of a GRIP funded project, the Governing Body shall hold a public hearing, in which  
41 the developer must present a reasonable estimate of projected gross receipts tax revenues due the City from  
42 the planned retail development. The estimated tax revenues must be supported by an independent economic  
43 analysis. The purpose of the hearing is to determine if the project qualifies as a project under the GRIP, is in  
44 the public interest and justifies a GRIP agreement.  
45

46 **SECTION 36.80 REPAYMENT AND SPECIAL FUND.**

47 Upon a finding that the proposed GRIP project is qualifies as a project under the GRIP and is in the public  
48 interest, the City and developer may enter into an agreement wherein the City shall pay to the developer up to  
49 one-half of the City's share of total gross receipts taxes directly attributable to retail sales from the new retail  
50 business, less any amount dedicated to other special purposes, received by the City in each year for a  
51 specified number of years. Such payments shall not exceed the actual cost expended for the development of  
52 the public infrastructure. The collection and pledge of allocated gross receipts tax revenues from the new  
53 retail business constitutes a special fund and is the sole and only source pledged or otherwise available for  
54 repayment of the GRIP project. The Governing Body shall, by ordinance, approve the agreement providing for  
55 the contingent liability of the GRIP project payments prior to the agreement becoming effective.  
56

57 **SECTION 36.81 EXPEDITED PERMIT PROCEDURES.**

58 The City Development Department shall provide for the expedited review of all permits and approvals  
59 necessary for both the construction of the new retail business and associated GRIP developments. Prior  
60 payment of all fees and receipt of all relevant building permits are prerequisites to eligibility for reimbursement  
61 under GRIP.

1  
2 **SECTION 36.82 TERMS OF THE AGREEMENT.**

3 Any agreement entered into pursuant to the GRIP must contain provisions for the following:

4 (A) The developer must pay all necessary and required fees, including impact fees, for all permits, licenses,  
5 inspections, approvals and authorizations necessary for the construction of the retail project;

6 (B) At its own expense and on behalf of and for the City's benefit, the developer must construct or  
7 otherwise acquire the reasonable and necessary infrastructure approved by the Governing Body as the  
8 qualifying GRIP project, or otherwise pay applicable impact fees;

9 (C) The developer shall adhere to statutory and ordinance requirements, including labor and  
10 employment laws and the City's Procurement Code, which would otherwise apply if the City were undertaking  
11 the construction of the infrastructure;

12 (D) The developer shall dedicate the public infrastructure and the associated land to the City upon  
13 completion or acquisition of such infrastructure;

14 (E) The developer shall pay all costs of acquisition if the City must assist in acquisition of land for the  
15 public infrastructure through its power of condemnation or otherwise;

16 (F) The developer shall agree that its only recourse for payment of the GRIP project costs is the special  
17 fund created by revenues collected from the gross receipts taxes paid by the developer's new business,  
18 pursuant to the agreement and that the City has no other liability of whatever kind, whether in law or equity, to  
19 the developer;

20 (G) The developer shall provide specific proof of financial responsibility and such proof shall be  
21 incorporated into the agreement, as well as evidence of a performance bond or other guarantee;

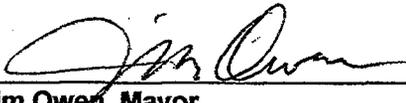
22 (H) The developer shall provide for an acceptable method of reporting applicable retail sales or gross  
23 operating receipts to the City in order to administer compliance with the agreement and shall agree to an  
24 annual audit by the City.

25  
26 **Section 2. Severability Clause.** If any section, paragraph, clause or provision of this ordinance, or any  
27 section, paragraph, clause, or provision of any regulation promulgated hereunder or of any agreement entered  
28 into pursuant to the provisions of this ordinance is held to be invalid, unlawful, or unenforceable, the invalidity,  
29 illegality, or unenforceability of such section, paragraph, clause or provision shall not affect the validity of the  
30 remaining portions of this ordinance or the regulation or agreement so challenged.

31  
32 **Section 3. Compiling Clause.** This ordinance shall be incorporated in and compiled as part of the City  
33 Code of Rio Rancho, R.O. 2003.

34  
35 **Section 4. Effective Date.** This ordinance shall become effective ten days after adoption.

36  
37 **ADOPTED THIS 14<sup>TH</sup> DAY OF JANUARY 2004.**

38  
39  
40   
41 Jim Owen, Mayor

42  
43 1-16-04  
44 Date

45  
46 **ATTEST:**

47  
48   
49 Tina Gonzales, City Clerk  
50 **SEAL**

**Appendix J:** Tax Increment for Development District Policy

**CITY OF RIO RANCHO, NEW MEXICO  
TAX INCREMENT DEVELOPMENT DISTRICT GUIDELINES  
AND APPLICATION PROCEDURES**

The City of Rio Rancho, New Mexico (the "City"), Tax Increment Development District Guidelines and Application Procedures (the "Policy") are intended to serve as guidelines for the purpose of considering and, as appropriate, approving the establishment of tax increment development districts and the issuance of bonds of such districts pursuant to the Tax Increment for Development Act, Sections 5-15-1, *et seq.* NMSA 1978, as amended (the "Act"). The purposes of this Policy are (1) to identify City objectives to be achieved in projects that utilize tax increment financing, either to assist developers or in City-initiated projects, (2) to guide City staff in forming recommendations regarding the use of tax increment financing in City-initiated projects and developer-initiated projects and in negotiating terms with developers in developer-initiated projects, (3) to provide a framework within which the City's Governing Body can evaluate and compare proposed uses of tax increment financing, and (4) to provide public information concerning the City's evaluation of requests for and use of tax increment financing and the process by which decisions on those requests are made.

**ARTICLE 1  
GENERAL CONCEPTS**

Section 1.1 City Objectives. The City will consider formation of a tax increment development district (a "TIDD") to finance public improvements as defined in Section 5-15-3(R) of the Act ("Public Improvements") serving a project that, in the City's view, will accomplish one or more of the following goals:

- (a) Expand and diversify the City's economy and tax base;
- (b) Create job opportunities for the unemployed and underemployed residing within the City;
- (c) Attract and expand new and existing services, projects and employers that will position the City competitively within the state and region;
- (d) Provide housing choices, including affordable housing, that meet the needs of current residents and attract new residents to the City;
- (e) Support neighborhood retail services, commercial corridors and employment hubs;
- (f) Support public school creation and improvement, including the creation and improvement of facilities for charter schools;
- (g) Support businesses and suppliers within the City and increase the City's gross receipts tax base by encouraging, when feasible, the purchase of materials;

goods and services from such businesses and suppliers for the construction of Public Improvements serving a tax increment district.

Section 1.2 Minimum Size. In order to avoid inefficient use of the limited resources of the City, unless otherwise agreed by the Governing Body, TIDDs will not be approved to finance less than \$5,000,000 in Public Improvement costs.

Section 1.3 Conformity with City Standards. Public Improvements financed by a TIDD shall conform with applicable City policies for development. Except as expressly agreed by the City based upon its determination that City-owned utilities will not be adversely affected, "stand alone" utilities which compete directly or indirectly with City services shall not be financed through TIDDs. Real property dedications and conveyances required by existing City policies for development, growth management and conservation shall remain in effect notwithstanding the establishment of a TIDD.

Section 1.4 Cost and Expenses; Reimbursement. Unless otherwise agreed by the City, all costs and expenses incurred by the City in connection with (i) its review of a TIDD application and (ii) the formation of a TIDD shall be paid by the applicant through advance payments as provided in this Policy. Costs and expenses incurred by the City in connection with the application and formation of a TIDD shall not be a liability of the City. Costs and expenses shall include the costs of services rendered by City staff and services rendered by outside consultants who may be retained by the City including, but not limited to, bond counsel, financial advisers, engineers, appraisers, tax consultants and attorneys, at the rates normally charged by those consultants. To the extent permitted by law and authorized by the City, all or part of such costs may be reimbursed to the applicant from a TIDD tax levy, TIDD assessments, TIDD revenues or TIDD bond proceeds, provided, that such reimbursement shall be in conformity with federal law, state law and these guidelines. Except as otherwise agreed by the City, TIDDs will construct or finance improvements on such terms and with such persons as the TIDD Board of Directors determines to be appropriate, in accordance with Section 5-15-12(B) of the Act as amended. Unless otherwise agreed to by the City, all costs of administration and operation of the TIDD and the operation and maintenance of public infrastructure in the TIDD which has not been dedicated to and accepted by the City shall be the responsibility of the TIDD, the applicant, or a combination of the foregoing, as may be acceptable to the City and the TIDD.

Section 1.5 TIDD Boards of Directors; Delegated Authority. Pursuant to Section 5-15-10 of the Act, TIDDs will initially be governed by either the Governing Body of the City or by a five-member board of directors, four members of which shall be appointed by the Governing Body, and the fifth member of which shall be the Secretary of the Department of Finance and Administration of the State of New Mexico, as required by law. As approved by the Governing Body or the TIDD Board, the day-to-day responsibilities of a TIDD will be performed by outside personnel pursuant to an agreement (including a TIDD Development Agreement, constituting a development agreement pursuant to Section 5-15-12(A)(2) of the Act), or the City staff. Each TIDD Development Agreement shall be in implementation of this Policy and, upon execution by the City and the applicant, shall supersede this Policy in the event of any conflict

between this Policy and the Development Agreement. Three of the appointed directors shall serve an initial term of four years and two of the appointed directors shall serve an initial term of six years. The resolution forming the TIDD shall state which directors shall serve four-year terms and which shall serve six-year terms. In the case of an appointed board of directors that is not the Governing Body of the City, at the end of the appointed directors' initial terms, the board shall hold an election of new directors by majority vote of owners and qualified resident electors. Each owner shall have the number of votes equal to the number of acres or portion of acres rounded upward to the nearest one-fifth of an acre owned in the TIDD by that owner. A director may simultaneously serve on more than one TIDD board.

Section 1.6 Self Supporting; No Impact on City. Unless otherwise agreed to by the City, TIDDs shall be self-supporting with regard to financing, operations and maintenance, and City funds will not be used for TIDD purposes, except with respect to tax increment revenue dedicated by the City as specifically contemplated in the Act. Notwithstanding anything contained in this Policy, neither the City's property, its full faith and credit nor its taxing power shall be pledged to the payment of any TIDD obligation or indebtedness. The amount and structure of debt of a TIDD should not have any direct negative material impact on the City's debt ratings with Standard & Poor's Corporation, Moody's Investors Services, Inc., Fitch Investor Services, Inc. or any other nationally recognized bond-rating agency service then rating the City's outstanding bonds.

Section 1.7 TIDD Development Agreement; Feasibility Reports. The amount, timing and form of financing to be used by a TIDD shall be determined by the TIDD board based upon a project feasibility report and established by agreement of the City, the TIDD and the applicant through a TIDD Development Agreement pursuant to Section 5-15-12(A)(2) of the Act.

Section 1.8 State or County Dedication of Tax Increment Revenue. TIDD applications shall indicate whether state gross receipts tax increment revenue or county gross receipts tax increment and/or *ad valorem* property tax increment revenue will be requested to provide a portion of project financing. In evaluating factors affecting the feasibility of proposed projects anticipating the dedication of tax increment revenue by the state or the county, the City may consider the likelihood that the state and/or county will dedicate tax increment revenue as proposed by the application. Applications shall provide information sufficient for the City to evaluate the likelihood of state or county tax increment revenue dedication and the affect on project feasibility, as provided in Sections 3.2, 3.4 and 3.10 of this Policy.

## **ARTICLE 2**

### **PRE-APPLICATION MEETING WITH CITY STAFF**

Section 2.1 TIDD Review Staff; Preliminary Tasks. The City has appointed a TIDD Review Staff, which shall be composed of the City Manager, the City Financial Services Director, the City Development Services Director, the City Public Works Director and the City Attorney, or the successors in function to those City officials. Each

member of the TIDD Review Staff may appoint a designee for purposes of this Article. Each applicant shall meet with the TIDD Review Staff in order for the TIDD Review Staff to accomplish the following preliminary tasks which, except as otherwise noted in this Policy, shall apply to TIDDs proposed by third parties and to TIDDs initiated by the City:

(a) Make an initial determination whether the proposed TIDD is consistent with the City's growth policies, land use and development policies, zoning and other applicable regulation and the objectives of this Policy;

(b) Make an initial determination whether the applicant's ownership interest, delegation of ownership rights or other legal control of the real property proposed to be included in the TIDD to have standing to submit a TIDD application;

(c) For a TIDD proposed by a third party applicant, establish a proposed schedule for (i) the applicant's submittal of a TIDD application, (ii) City TIDD staff review of the application for completeness, (iii) Governing Body of the City meeting or meetings for its consideration of and action on the application;

(d) For a City-initiated TIDD, (i) identify the information relevant to the proposed TIDD (including the application contents described in Article 3 of this Policy or, alternatively, a description of application components that are not relevant to the proposed TIDD) and the City staff responsible for assembly of that information; and (ii) establish a proposed schedule for assembly of necessary information, review by TIDD Review Staff and meetings of the Governing Body of the City for its consideration of and action on the application; and

(e) Identify any related City approvals that will be required to permit the TIDD, if approved by the Governing Body of the City, to construct the proposed improvements.

Section 2.2 Role of TIDD Review Staff. The determinations by TIDD Review Staff shall be of an advisory nature, for the purposes of assisting applicants in submitting completed applications with detail and information required to enable meaningful consideration by the Governing Body of the City. Staff determinations and recommendations shall be considered by but not be binding on the Governing Body.

Section 2.3 Invitation to Apply for TIDD. For a TIDD proposed by a third-party applicant, if the TIDD Review Staff concludes that an application is consistent with applicable City policies and regulations, including this Policy, then an invitation to submit an application will be extended to the applicant and the TIDD Review Staff will advise the applicant of the requested application contents in the matter set forth in Article 3. If the TIDD Review Staff determines that the proposed TIDD is inconsistent with applicable City policies and regulations, the applicant may appeal that determination to the Governing Body of the City, which will determine whether or not an invitation to apply for a TIDD will be extended to the applicant.

### ARTICLE 3 APPLICATION CONTENTS

Based on the Recommendations of the TIDD Review Staff or the Governing Body of the City, each application (including any proposal for a City-initiated TIDD, except as otherwise noted in this Article) should include the following information and documentation:

Section 3.1 Legal Description; Qualified Electors' Consent. A description of the proposed TIDD, including a legal description of its boundaries, identity and addresses of all persons or entities with any interest in the property, and the names and addresses of any qualified electors located within the proposed boundaries. A current title report for the property shall be submitted as evidence of the names or persons with any interest in the land and qualified resident electors located within the proposed TIDD boundaries. The application shall include evidence satisfactory to the City of the irrevocable consent of the number of property owners and qualified electors required by the Act for the creation of the TIDD.

Section 3.2 Tax Increment Development Plan. Each application shall include a tax increment development plan satisfying the requirements of Section 5-15-5 NMSA 1978, including:

(a) a map depicting the geographical boundaries of the area proposed for inclusion within the TIDD;

(b) the estimated time necessary to complete the tax increment development project;

(c) a description of the Public Improvements proposed to be financed by the TIDD;

(d) a proposed plan of finance for the TIDD describing whether gross receipts tax increment revenue bond financing, *ad valorem* property tax increment revenue bond financing, or both types of financing are proposed to be utilized by the TIDD, and providing details of the proposed financing methods satisfactory to the City (e.g. debt service coverage requirements, debt service reserve fund requirements, additional parity and subordinate lien bonds test provisions, proposed marketing plan, investor suitability standards and secondary market restrictions, additional credit support features, and any other proposed financing features);

(e) the estimated annual gross receipts tax increment to be generated by the tax increment development project, and the portion of gross receipts tax increment revenue (not exceeding the legal maximum of 75% of the aggregate tax increment revenue generated within the TIDD) proposed to be dedicated to service revenue bonds proposed to be issued by the TIDD, identifying the specific gross receipts taxes from which gross receipts tax increment will be derived (e.g. municipal local option, state-shared, county local option, state gross receipts tax);

(f) the estimated annual *ad valorem* property tax increment to be generated by the tax increment development project, and the portion of *ad valorem* property tax increment revenue (not exceeding the legal maximum of 75% of the aggregate tax increment revenue generated within the TIDD) proposed to be dedicated to service revenue bonds proposed to be issued by the TIDD, identifying the specific property taxes from which property tax increment will be derived (i.e. municipal, county);

(g) a description of the proposed land uses for the tax increment development project;

(h) the number and types of jobs expected to be created by the tax increment development project;

(i) the amount and characteristics of workforce housing expected to be created by the tax increment development project, if applicable, or the manner in which the tax increment development project will promote the City's goals for providing workforce housing; and

(j) a description of the innovative planning techniques, including mixed-use transit oriented development, traditional neighborhood design or sustainable development techniques to be incorporated in the tax increment development project.

Section 3.3 Preliminary Financing Plan & Schedule -- Additional Requirements. An estimated project schedule for construction commencement and completion of (a) the Public Improvements and (b) the private development, which shall include a financing plan for the Public Improvements, including both capital and operating/maintenance costs for all undedicated improvements undertaken by the TIDD. The financing plan may include projections for a period covering (i) the expected term of existence of the TIDD, or (ii) the bond payment date of any Bonds issued by the TIDD, whichever shall be the longest. The financing plan should include (x) the estimated costs of improvements; (y) projected costs of maintenance after construction and (z) a preliminary description of the improvements to be owned and maintained by the City and the TIDD.

Section 3.4 Feasibility Study. A financial feasibility study prepared by an independent professional with appropriate expertise for the entire project (or such phases of the project that are expected to be constructed during the term of the development), covering both the Public Improvements and the private development.

(a) The feasibility study provided by the applicant should include:

(i) Analysis of the direct and indirect benefits of the development to be served by the tax increment financing, which shall be quantified by the applicant. Benefits may include, but are not limited to, employment benefits (number of jobs retained or created, percentage of job held by City residents, wage and salary information, etc.), tax base benefits (estimated market value of new development, new

property taxes and gross receipts taxes generated, etc.), and other benefits relating to transportation, parking, environmental cleanup and historic preservation.

(ii) Analysis of the costs of the proposed development project to the City, which shall be identified and quantified for the expected life of the project, including but not limited to the period in which tax increment is proposed to be dedicated. Such costs include, but are not limited to, any offsite or additional infrastructure required as a result of the development project, required contributions by the City, and the impact on the City's General Fund.

(iii) For projects anticipating dedication of state gross receipts tax increment revenue, county gross receipts tax increment revenue or county property tax increment revenue, a sensitivity analysis evaluating project feasibility if the requested dedication amounts are reduced to 75%, 50%, 35%, and 25% of the amount requested, and if no tax increment revenue is dedicated by the City, state or county. Such sensitivity analysis may also evaluate feasibility under other assumed reduced dedication amounts, and may provide additional information that an applicant considers relevant.

(b) In connection with an application submitted by a third-party applicant, the City shall engage, at the applicant's expense, an economist or other professional with appropriate expertise, to review the feasibility study provided by the applicant (the "Review Economist"). The applicant shall deposit with the City an amount sufficient to pay the anticipated costs of the review. At the request of the City, the Review Economist shall evaluate the feasibility of the proposed development project as provided in the immediately preceding subsection 3.4(a)(iii).

(c) The provisions of Section 3.4(b) are not required to be applied to City-initiated TIDDs, but the City Manager may, in his discretion, request similar analysis from a Review Economist.

Section 3.5 Market Demand Study. To the extent applicable, a market demand study for private development in the TIDD prepared or reviewed and concurred with by an independent consultant acceptable to the City. Such study shall include estimates of the revenue to be generated by the development and estimated market absorption of the development.

Section 3.6 Applicant Financial Information. In connection with an application submitted by a third-party applicant, a description of the applicant's professional experience and evidence demonstrating its financial capacity to undertake the development associated with the Public Improvements and private development. Such information may be accompanied by audited, reviewed or at minimum, compiled financial statements for the most recent 3 years, and a description of past projects and disclosure of any material litigation. The provisions of this Section 3.6 shall not apply to City-initiated TIDDs.

Section 3.7 Draft Disclosure. An initial draft form of disclosure to prospective TIDD landowners which may be filed and recorded with the County Clerk at the time of

each sale of real property within the TIDD, describing any anticipated TIDD operating levy that is anticipated to be imposed on real property within the TIDD, which shall be subject to City review and approval.

Section 3.8 Operating Plan. A draft operating plan for the TIDD describing the operation and maintenance of the Public Improvements and all other services in the TIDD, the estimated costs of the same, and whether operation and maintenance is proposed to be provided by the TIDD or the City.

Section 3.9 Compliance Certificate. In connection with an application submitted by a third-party applicant, a certificate that the TIDD will comply with the City's current zoning requirements. The provisions of this Section 3.9 shall not apply to City-initiated TIDDs; provided however, that the TIDD shall comply with applicable zoning requirements notwithstanding that no certification shall be required.

Section 3.10 State or County Dedication; Other Information.

(a) TIDD applications which anticipate a request for dedication of state gross receipts tax increment revenue or county gross receipts tax increment and/or *ad valorem* property tax increment revenue shall provide copies of the application and supporting documentation to be submitted to the State Board of Finance and/or county, as applicable and such other information as may be needed to determine that the application for dedication of state or county tax increment revenue complies with the applicable policies, procedures and regulations of the State Board of Finance and/or county.

(b) The City may request such other information as may reasonably be required after its initial review of the application, including preliminary legal opinions, further information regarding the relationship of the plan to City's development objectives, additional proof of financial capability, business references, term sheets for financing and financial commitment letters. Following the application conference, the City shall, within 15 days, provide as complete as practicable a list of additional information items needed.

## **ARTICLE 4 APPLICATION AND APPROVAL PROCESS**

Section 4.1 Applicability of this Article to Third-Party Applications. Except as otherwise noted, the provisions of Article 4 shall apply to applications submitted by third-party applicants, but not to proposed City-initiated TIDDs.

Section 4.2 Application Submission. 10 copies of an application for the formation of a TIDD and an application fee of \$50,000 (the "Application Fee") shall be submitted to the City Manager.

Section 4.3 Application Fees. The Application Fee shall be utilized by the City for initial application review and project feasibility analysis, including the payment of the City's financial and legal advisors, at their customary rates, to assist in the evaluation of the feasibility of the proposed TIDD project. \$25,000 of the Application

Fee shall be non-refundable. The balance of the Application Fee shall be used by the City in connection with its review of the application. The Application Fee does not include amounts required pursuant to Section 3.4(b) of this Policy for payment of the costs of the Review Economist engaged by the City to review the feasibility study, which shall be deposited by the applicant with the City at the time the City engages the Review Economist. After notifying the applicant of the amount to be deposited pursuant to Section 3.4(b) of this Policy, the City will proceed to complete its review of an application after such amount has been deposited.

If the applicant withdraws its application prior to the City's completion of its application review, the City shall remit the unused portion, (if any), of the Application Fee (but not the non-refundable portion) to the applicant. Upon the applicant's request, the City will provide an accounting of expenditures of funds advanced. Any unused portion of advances shall be refunded to the applicant at such time as the City determines that all costs and expenses have been paid. The City and its financial and legal consultants shall use reasonable efforts to determine whether any features of a TIDD proposed in an application appear not to be feasible, and to advise the applicant early in the review process, for the purpose of avoiding unnecessary additional costs of review.

Section 4.4 Post Application Conference. After the Application Fee has been submitted, the City Manager will arrange a conference with the appropriate TIDD Review Staff for the purpose of reviewing the application and determining whether the application is complete.

If, following the application conference or any other time during the application process, TIDD Review Staff requests additional information, the applicant shall provide any and all supplemental information requested, in accordance with the provisions of Section 3.10 of this Policy.

Section 4.5 TIDD Review Staff Report. After analysis of an application as supplemented, TIDD Review Staff, under the direction of the City Manager or his/her designee will prepare a report including recommendations relating to the TIDD, an analysis of the impact of the formation of the TIDD and its effects on the City. The report may provide a recommended disposition of the application and any additional requirements that are recommended in connection with the applicant and/or the TIDD. The City Manager may direct the TIDD Review Staff to prepare a report evaluating a proposed City-initiated TIDD.

If all costs billed to or incurred by the City have been paid by the applicant by a date at least 14 days prior to the date of the meeting of the Governing Body of the City at which the appropriate resolution(s) approving the application is to be introduced, and if the application meets the qualifications provided herein, the application, along with any report and recommendations by TIDD Review Staff, will be forwarded to the Governing Body of the City, along with drafts of the appropriate implementing resolution(s).

Section 4.6 TIDD Development Agreement. In connection with applications submitted by third-party applicants, if the TIDD Review Staff invites the applicant to submit an application, the applicant and City staff shall coordinate a schedule of events for formation of the TIDD and shall negotiate an appropriate form of proposed TIDD Development Agreement between the City and the applicant addressing the obligations of the parties in connection with debt financing, construction, inspection, dedication, acceptance and operation of Public Improvements, administration of the TIDD and other related matters, which shall be entered into upon formation of the TIDD and which, if approved by the Governing Body of the City, shall incorporate the recommendations of the TIDD Review Staff relating to such TIDD, and any other restrictions, provisions and agreements required by the City. The TIDD Development Agreement shall remedial provisions satisfactory to the Governing Body addressing nonperformance by the applicant, including, without limitation, provisions for rescission the dedication of tax increment revenue and recoupment of accumulated unexpended tax increment revenue; provided, that nothing in this Policy shall be construed as authorizing the City to rescind the dedication of tax increment revenue pledged to secure outstanding tax increment revenue bonds issued by a TIDD. In connection with a proposed City-initiated TIDD, the TIDD Review Staff shall include recommendations addressing those matters in a proposed form of resolution approving the formation of the TIDD.

Section 4.7 Preliminary Approval. An applicant may request preliminary, non-binding approval of its TIDD application by the Governing Body of the City ("Preliminary Approval").

(a) A request for Preliminary Approval will be considered following payment of the Initial Application Fee and information such as the following:

- (i) A description of the proposed TIDD's boundaries;
- (ii) A description of the improvements to be constructed by the applicant;
- (iii) The estimated construction costs of the improvements and anticipated completion time;
- (iv) A description, by category, of improvements and related costs to be financed by the TIDD;
- (v) The estimated issuance amount of TIDD bonds and proposed sources for payment;
- (vi) The estimated aggregate annual debt service on bonds; and
- (vii) The maximum annual TIDD property tax and its proposed duration.

(b) The TIDD Review Staff report will advise the Governing Body of the City whether Preliminary Approval is recommended, not recommended, or that no recommendation is made.

Section 4.8 Additional Fees. An applicant that has received Preliminary Approval may be required to make such additional advances as the City Staff determines are necessary to pay the costs of reviewing the applicant's request for formal approval of the formation of the TIDD. However, an applicant may be required to submit an additional initial Application Fee if, in City Staff's determination, the application for formal approval of a TIDD departs substantially from the parameters set forth in the application for Preliminary Approval.

Section 4.9 Approval of TIDD Formation and TIDD Financing. The Governing Body of the City may consider the granting of formal approval to the formation of the TIDD based on the terms of the TIDD Development Agreement which may be approved prior to or concurrently with the approval of the formation of the TIDD. The Governing Body of the City may include in its approval of the formation of the TIDD the issuance of one or more series of TIDD bonds, subject to the terms and conditions of the TIDD Development Agreement. The Governing Body's approval of TIDD formation and issuance of bonds shall be conditioned on the requirement that the TIDD shall utilize bond counsel, underwriters and/or other consultants selected by or otherwise acceptable to the City. TIDD Development Agreements shall not be amended without the express written approval by the Governing Body of the City.

## **ARTICLE 5 TIDD OPERATIONS AND DEBT FINANCING**

Section 5.1 TIDD Administration Expense Fee. In addition to the amounts set forth in Article 4, upon formation of a TIDD the applicant shall deposit with the TIDD a nonrefundable administrative expense fee in the amount of \$25,000. The administrative expense fee shall be applied by the TIDD to the costs and expenses incurred in connection with the formation, review of any feasibility study, election costs, administration, operation and maintenance of the TIDD or its public improvements. From time to time, upon depletion of the administrative expense fee, the TIDD may request, and the applicant shall promptly deposit with the TIDD, additional amounts deemed by the TIDD to be reasonably necessary for the purposes contemplated in this Section 5.1. Nothing in this Section 5.1 shall preclude the reimbursement of such expenses from available TIDD revenues or bond proceeds, to the extent permitted by the Act.

Section 5.2 Administration, Operation and Maintenance Change. In order to provide for the TIDD to be self-supporting or its administrative, operation and maintenance expenses, and to finance services in addition to those provided by the City, the City may condition its approval of a TIDD, on the TIDD's imposition of up to \$5.00 per \$1,000 of assessed value ad valorem property tax, not as tax or charge of the City, but in accordance with the provisions of Section 5-15-13 of the Act, as amended, upon the

TIDD taxable property, for the administration, operation and maintenance of property which is not City-owned infrastructure otherwise maintained by the City.

Section 5.3 Tax Increment Revenue Bonds. Gross receipts tax increment revenue bonds, *ad valorem* property tax increment revenue bonds, or bonds secured by both dedicated gross receipts tax increment revenue and dedicated *ad valorem* property tax increment revenue of the TIDD may be permitted by the City to the extent permitted by the Act. An applicant for gross receipts tax increment revenue bonds, *ad valorem* property tax increment revenue bonds, or bonds secured by a combination of such tax increment revenues, shall describe in a project feasibility report the following:

- (a) The projected amount and timing of bonds to be issued;
- (b) The projected market absorption of the development within the TIDD.
- (c) The effect of the dedication of gross receipts tax increment revenue, or *ad valorem* property tax increment revenue, or both, as applicable, and TIDD bond issuance on the City's ability to operate, maintain, repair and replace the Public Improvements to be dedicated to the City.
- (d) An estimate of the applicant's construction costs associated with the public improvements, in excess of the estimated TIDD funded costs of the project.
- (e) The necessity of the applicant and the TIDD entering into a contribution agreement, which may require a letter of credit or other third-party guarantee of the bonds by the applicant.

Section 5.4 Suitability. The City intends that TIDDs only sell proposed bonds to suitable investors. If the proposed bond issue is not rated (either on its own merits or by the use of appropriate credit enhancement) in 1 of the 3 highest rating categories used by Standard & Poor's Corporation, Moody's Investors Services, Inc., Fitch Investors Services, Inc. or any other nationally recognized bond-rating agency service, then the bonds must have minimum denominations of \$100,000 and be available for purchase and restricted with respect to resale to "Qualified Institutional Buyers" (as such term is defined in Rule 144A of the Securities and Exchange Commission) or to the applicant based upon evidence satisfactory to the Governing Body of the City that the applicant is a sophisticated investor and that the bonds will be subject to appropriate restrictions limiting the subsequent sale or other transfer of the bonds to purchasers who are Qualified Institutional Buyers. It is the intention of the City to have investor suitability achieved through the rating requirements set forth in the preceding sentence or the establishment of large minimum denominations (e.g. not less than \$100,000) and, if the City determines it is appropriate, covenants limiting secondary market sales of TIDD bonds through registered broker-dealers. Notwithstanding the restrictions pertaining to public sales and private placements of bonds set forth in this Article 5, the restrictions may be modified or relaxed if other financing structures or features are presented which, in the sole discretion of the Governing Body of the City, provide other means to address

investor suitability concerns. The minimum denomination requirements set forth above for TIDD bonds which are initially issued without rating shall not continue to apply if the TIDD subsequently obtains a rating in one of the three highest rating categories as provided in this Section.

Section 5.5 Required Contribution. An applicant shall provide a description of the proposed equity contribution from the applicant and a schedule showing the anticipated timing and sources of such contribution. As provided in the Act, an equity contribution shall be equal to a minimum of 20% of estimated initial infrastructure cost prior to the issuance of gross receipts or property tax increment bonds, unless the project to be financed is a redevelopment project pursuant to the Metropolitan Redevelopment Code.

Section 5.6 Debt Service Reserve Funds. If allowed by law (including any applicable federal laws relating to the tax-exempt status of the bonds), all bond issues (other than short-term instruments maturing in not more than 30 days following the date of issuance) shall include a debt service reserve fund in an amount acceptable to the TIDD Board; provided, that the City or TIDD Board may, in its discretion, waive such requirements if requested to do so by a suitable investor meeting the requirements of Section 5.4 of this Policy.

Section 5.7 Environment Site Assessments. Unless otherwise provided to the City pursuant to the other requirements prior to TIDD financing and acquisition by the TIDD or City, the TIDD and City will require an independent environmental report or assessment of any real property which will be dedicated to or otherwise owned, leased or operated by the City or the TIDD and a proposed form or indemnity agreement with respect to all environmental law liability.

Section 5.8 Refinancing and Refunding Bonds. Refinancings and refundings of bonds issued on behalf of a TIDD will be considered utilizing the same criteria set forth in Article 5 of this Policy and shall be subject to the review and approval of the Governing Body of the City or its designee. Refinancings and refundings will be expected to either (i) generate interest rate or net present value savings; (ii) restructure payment of principal, (iii) to or reimburse the applicant for actual costs expended for public improvements contemplated to be part of the proposed Project, or (iv) eliminate burdensome covenants.

Section 5.9 Cost of Change. Applicants shall be responsible for all additional costs and expenses incurred in any special levy or property tax modifications resulting from changes to the development not anticipated in the application.

## **ARTICLE 6 MISCELLANEOUS**

Section 6.1 Discretion and Waiver. Based upon the recommendations of TIDD Review Staff and/or financing and legal consultants retained by the City, the Governing Body of the City may approve TIDD applications which do not meet the

foregoing criteria, if the Governing Body, in its discretion, determines that the particular features of the proposed TIDD, the likelihood that the projects and purposes of the TIDD will be successfully completed and mechanisms protecting against default on bonds, warrant that the foregoing criteria need not be applied. In making that determination, the Governing Body may consider an opinion of an underwriter with a reputation satisfactory to the Governing Body, that the particular features of the TIDD, the proposed projects and the bonds proposed to be issued can be successfully marketed and that the plan of finance is feasible.

Section 6.2 Indemnity. The applicant (or such other third party acceptable to the City and the TIDD), shall indemnify the City and the TIDD and their agents and employees and shall hold the City and the TIDD and their agents, officers and employees harmless for, from and against any and all liabilities, claims, costs and expenses, including attorneys' fees, incurred in any challenge or proceeding to the formation, operation, administration of the TIDD, the offer and sale of TIDD bonds, the levying by the TIDD of any tax, assessment, special levy or charge and the operation and maintenance of public infrastructure financed or owned by the TIDD.

Section 6.3 Amendment. All amendments to this Policy shall have a prospective effect only and shall not in any way effect or otherwise modify the approval of a pre-existing TIDD.

**Appendix K: Property Tax Revenue Analysis**

**Appendix K**

**Property Tax Revenue Analysis**

	<u>Square Footage</u>	<u>\$ / Square Foot</u>	<u>Amount</u>
Estimated Project Assessment (Land and Building Estimate)	\$ 50,000.00	\$ 150.00	\$ 7,500,000.00
<b>Assessment Ratio</b>			<b>33%</b>
<b>Estimated Taxable Valuation</b>			<b>\$ 2,475,000.00</b>

<u>Tax Category</u>	<u>Jurisdiction Rate / \$1,000</u>	<u>\$1,000 of Valuation</u>	<u>Tax Per Jurisdiction</u>	<u>% of Total Tax Due</u>
State Debt Service	1.15	\$ 2,475.00	\$ 2,846.25	3.45%
County operational	6.567	\$ 2,475.00	\$ 16,253.33	19.73%
County Debt Service	0.673	\$ 2,475.00	\$ 1,665.68	2.02%
Municipal Operations	3.084	\$ 2,475.00	\$ 7,632.90	9.27%
Municipal Debt Service	2.067	\$ 2,475.00	\$ 5,115.83	6.21%
School District Operational	0.179	\$ 2,475.00	\$ 443.03	0.54%
School District Debt Service	8.538	\$ 2,475.00	\$ 21,131.55	25.65%
School District Capital Improvements	1.118	\$ 2,475.00	\$ 2,767.05	3.36%
UNM Sandoval Regional Medical Complex	4.25	\$ 2,475.00	\$ 10,518.75	12.77%
SSCAFCA - Debt 1	0.83	\$ 2,475.00	\$ 2,054.25	2.49%
SSCAFCA - Debt 2	0.87	\$ 2,475.00	\$ 2,153.25	2.61%
SSCAFCA - Debt 3	0.41	\$ 2,475.00	\$ 1,014.75	1.23%
CNM Operational	3	\$ 2,475.00	\$ 7,425.00	9.01%
CNM Debt Service	0.55	\$ 2,475.00	\$ 1,361.25	1.65%
<b>Totals</b>	<b>33.286</b>	<b>\$ 2,475.00</b>	<b>\$ 82,382.85</b>	<b>100.00%</b>

**Notes**

**Rate Source: Certificate of Tax Rates, Sandoval County, Tax Year 2009**

Rio Rancho % of Total	15.47%
Rio Rancho \$	\$ 12,748.73

**Appendix L: Retail Interest Survey Instrument**

# City of Rio Rancho Retail Survey

## 1. Classification

\* 1. In which Rio Rancho zip code do you reside?

87124

87144

\* 2. Please indicate your gender.

Female

Male

\* 3. What is your current age?

Under 18

18 to 24

25 to 39

40 to 54

55 to 65

Over 65

\* 4. What is your highest level of education?

Did not complete high school

High school diploma

Associate's Degree

Bachelor's Degree

Master's Degree or higher

\* 5. Please select the level of income that most closely represents the total income of all those living at your place of residence.

Under \$25,000

\$25,000 - \$49,999

\$50,000 - \$74,999

\$75,000 or higher

# City of Rio Rancho Retail Survey

\* 6. How long have you lived in the City of Rio Rancho?

- Less than 1 year
- 1 to 3 years
- 4 to 6 years
- 7 to 10 years
- More than 10 years

\* 7. What percentage of your retail shopping would you estimate that you conduct within the City of Rio Rancho's municipal boundaries?

- Less than 25%
- 25% to 49%
- 50% to 75%
- Greater than 75%

8. Please select the main reason for your purchase of retail goods outside the City of Rio Rancho's municipal boundaries.

- Price
- Availability
- Greater selection

Other (please specify)

## 2. Retail Interests

# City of Rio Rancho Retail Survey

\* 1. Please select the level to which you agree with the availability of the following retail categories in the municipal boundaries of the City of Rio Rancho.

	Strongly Agree	Moderately Agree	Agree	Somewhat Disagree	Strongly Disagree
Women's apparel	jn	jn	jn	jn	jn
Men's apparel	jn	jn	jn	jn	jn
Children's apparel	jn	jn	jn	jn	jn
Shoe stores	jn	jn	jn	jn	jn
Grocery stores	jn	jn	jn	jn	jn
Drug stores	jn	jn	jn	jn	jn
Restaurants	jn	jn	jn	jn	jn
Home improvement	jn	jn	jn	jn	jn
Furniture	jn	jn	jn	jn	jn
Jewelery	jn	jn	jn	jn	jn
Entertainment venues	jn	jn	jn	jn	jn

\* 2. Please select the level of desirability for each of the women's clothing retailers listed below.

	Highly Desireable	Moderately Desirable	Desireable	Somewhat Desireable	No Interest
Chicos	jn	jn	jn	jn	jn
American Eagle	jn	jn	jn	jn	jn
Ann Taylor	jn	jn	jn	jn	jn
Express	jn	jn	jn	jn	jn
Forever 21	jn	jn	jn	jn	jn
Pacific Sun Wear	jn	jn	jn	jn	jn
Coldwater Creek	jn	jn	jn	jn	jn
Avenue	jn	jn	jn	jn	jn
The Limited	jn	jn	jn	jn	jn
Talbots	jn	jn	jn	jn	jn
Gap	jn	jn	jn	jn	jn
Old Navy	jn	jn	jn	jn	jn

# City of Rio Rancho Retail Survey

\* 3. Please select the level of desirability for each of the men's clothing retailers listed below.

	Highly Desireable	Moderately Desirable	Desireable	Somewhat Desireable	No Interest
Men's Warehouse	jn	jn	jn	jn	jn
Jos A Banks	jn	jn	jn	jn	jn
Rochester Big and Tall	jn	jn	jn	jn	jn
Lobo Men's Wear	jn	jn	jn	jn	jn
Old Navy	jn	jn	jn	jn	jn

\* 4. Please select the level of desirability for each of the children's clothing retailers listed below.

	Highly Desireable	Moderately Desirable	Desireable	Somewhat Desireable	No Interest
Carters	jn	jn	jn	jn	jn
Gymboree	jn	jn	jn	jn	jn
Baby's R US	jn	jn	jn	jn	jn
Toy's R Us	jn	jn	jn	jn	jn

\* 5. Please select the level of desirability for each of the shoe retailers listed below.

	Highly Desireable	Moderately Desirable	Desireable	Somewhat Desireable	No Interest
DSW	jn	jn	jn	jn	jn
Jarman	jn	jn	jn	jn	jn
Naturalizer	jn	jn	jn	jn	jn
Famous Footwear	jn	jn	jn	jn	jn
Payless	jn	jn	jn	jn	jn

\* 6. Please select the level of desirability for each of the discount or off price clothing retailers listed below.

	Highly Desireable	Moderately Desirable	Desireable	Somewhat Desireable	No Interest
Ross	jn	jn	jn	jn	jn
TJ Maxx	jn	jn	jn	jn	jn
Marshall's	jn	jn	jn	jn	jn
Burlington Coat Factory	jn	jn	jn	jn	jn
Dress Barn	jn	jn	jn	jn	jn
Payless	jn	jn	jn	jn	jn

# City of Rio Rancho Retail Survey

\* 7. Please select the level of desirability for each of the grocery and drug store chains listed below.

	Highly Desireable	Moderately Desirable	Desireable	Somewhat Desireable	No Interest
Whole Foods	jn	jn	jn	jn	jn
Trader Joe's	jn	jn	jn	jn	jn
Smith's	jn	jn	jn	jn	jn
Albertsons	jn	jn	jn	jn	jn
Sunflower Market	jn	jn	jn	jn	jn
John Brooks	jn	jn	jn	jn	jn
Walgreens	jn	jn	jn	jn	jn
CVS	jn	jn	jn	jn	jn

\* 8. Please select the level of desirability for each of the restaurants and fast food chains listed below.

	Highly Desireable	Moderately Desirable	Desireable	Somewhat Desireable	No Interest
Starbucks	jn	jn	jn	jn	jn
Panera Bread	jn	jn	jn	jn	jn
Cracker Barrel	jn	jn	jn	jn	jn
Sweet Tomatoes	jn	jn	jn	jn	jn
Olive Garden	jn	jn	jn	jn	jn
Red Lobster	jn	jn	jn	jn	jn
Landry's	jn	jn	jn	jn	jn
Flying Star	jn	jn	jn	jn	jn
Applebee's	jn	jn	jn	jn	jn
Red Robin	jn	jn	jn	jn	jn
Chillis	jn	jn	jn	jn	jn
Outback	jn	jn	jn	jn	jn
PF Changs	jn	jn	jn	jn	jn
Pei Wei	jn	jn	jn	jn	jn
Morton's	jn	jn	jn	jn	jn
Ruth Chris	jn	jn	jn	jn	jn
Pelican's	jn	jn	jn	jn	jn

# City of Rio Rancho Retail Survey

\* 9. Please select the level of desirability for each of the furniture and electronics retailers listed below.

	Highly Desireable	Moderately Desirable	Desireable	Somewhat Desireable	No Interest
American Furniture	jn	jn	jn	jn	jn
Ashley Furniture	jn	jn	jn	jn	jn
Ethan Allen	jn	jn	jn	jn	jn
JC Penney Furniture	jn	jn	jn	jn	jn
Mor Furniture for Less	jn	jn	jn	jn	jn
Thomasville	jn	jn	jn	jn	jn
Furniture Row	jn	jn	jn	jn	jn
La - Z - Boy Furniture	jn	jn	jn	jn	jn
Radio Shack	jn	jn	jn	jn	jn
Best Buy	jn	jn	jn	jn	jn
Ultimate Electronics	jn	jn	jn	jn	jn

\* 10. Please select the level of desirability for each of the sporting goods and entertainment retailers listed below.

	Highly Desireable	Moderately Desirable	Desireable	Somewhat Desireable	No Interest
REI	jn	jn	jn	jn	jn
Sports Authority	jn	jn	jn	jn	jn
Big 5	jn	jn	jn	jn	jn
Sportsman Warehouse	jn	jn	jn	jn	jn
Barnes and Noble	jn	jn	jn	jn	jn
Border's	jn	jn	jn	jn	jn
Hollywood Video	jn	jn	jn	jn	jn
Blockbuster	jn	jn	jn	jn	jn
Multiplex Movie Theater	jn	jn	jn	jn	jn

# City of Rio Rancho Retail Survey

\* 11. Please select the level of desirability for each of the department stores listed below.

	Highly Desireable	Moderately Desirable	Desireable	Somewhat Desireable	No Interest
Target	jn	jn	jn	jn	jn
Wal-Mart	jn	jn	jn	jn	jn
Kohl's	jn	jn	jn	jn	jn
Sears	jn	jn	jn	jn	jn
JC Penney	jn	jn	jn	jn	jn
Dillard's	jn	jn	jn	jn	jn
Macy's	jn	jn	jn	jn	jn
Costco	jn	jn	jn	jn	jn
Sam's Club	jn	jn	jn	jn	jn

\* 12. Please select the level of desirability for each of the general retailers listed below.

	Highly Desireable	Moderately Desirable	Desireable	Somewhat Desireable	No Interest
Bed Bath and Beyond	jn	jn	jn	jn	jn
Pier One	jn	jn	jn	jn	jn
Cost Plus	jn	jn	jn	jn	jn
Crate and Barrel	jn	jn	jn	jn	jn
Pottery Barn	jn	jn	jn	jn	jn
Home Depot	jn	jn	jn	jn	jn
Lowe's	jn	jn	jn	jn	jn
Bath and Body Works	jn	jn	jn	jn	jn
Sally Beauty	jn	jn	jn	jn	jn
Hallmark	jn	jn	jn	jn	jn
JoAnn Fabrics	jn	jn	jn	jn	jn
OfficeMax	jn	jn	jn	jn	jn
Staples	jn	jn	jn	jn	jn
Office Depot	jn	jn	jn	jn	jn
PetsMart	jn	jn	jn	jn	jn
PETCO	jn	jn	jn	jn	jn
Michael's	jn	jn	jn	jn	jn
Hobby Lobby	jn	jn	jn	jn	jn

## City of Rio Rancho Retail Survey

\* 13. Have you had the opportunity to attend an event at the Rio Rancho Santa Ana Star Center?

Yes

No

14. If you have attended an event at the Rio Rancho Santa Ana Star Center, please rank the quality of your experience on the following scale.

Excellent

Good

Average

Poor

Less than desirable

15. If you have not attended an event, please provide feedback on why you have not attended an event.

Too busy

Too expensive

Too far to travel

No interest in events

Other (please specify)

16. Are you aware that the City of Rio Rancho receives about 60% of its general fund revenues (the funds used by the city to provide basic services to its residents) from the state's gross receipts tax?

Yes

No

17. Are you in favor of incentives being provided to retail companies to locate operations within the City of Rio Rancho's municipal boundaries?

Yes

No

Don't know

## City of Rio Rancho Retail Survey

18. Please use the following space to provide the City any other feedback regarding your retail shopping interests in Rio Rancho.

**Appendix M: Retail Reporting Form**

