



**Greggory D. Hull**  
Mayor

April 22, 2022

Matthew B. Geisel, City Manager  
City of Rio Rancho  
3200 Civic Center Circle  
Rio Rancho, NM 87144

**RE: Mayor Hull's Comments to the City Manager's Recommended Fiscal Year 2023 Budget and Capital Program**

Dear Mr. Geisel:

In accordance with the City's Charter, I have reviewed your recommended budget, budget message, and capital program for Fiscal Year (FY) 2023, which begins on July 1, 2022.

First and foremost, I am very pleased with the City's financial position, the upgraded bond rating, proposed investments in public services, and projecting to maintain City reserves (in relation to expenditures) at or above the 25% policy mark for the next five years. All of this is made even more impressive by the fact that it has been achieved during a pandemic.

The investments included in the Recommended FY 2023 Budget are not only made possible as a result of a growing economy via more local spending, job creation and construction activity, but also consistent policy decisions. Over the past several years, these decisions have been rooted in maintaining structurally balanced budgets, not overspending, and growing reserves.

By maintaining these practices moving forward, I believe the City will be well-positioned to react to the unknowns of a pandemic economy; state, national, and global factors; new City union collective bargaining agreements; and continue to prioritize what the Governing Body and community has consistently identified as priorities – roads, public safety, economic development, and quality of life. Furthermore, by staying the course, I believe Rio Rancho will continue to be a nationally recognized, highly desirable community to live and work.

**Roads**

The progress the City has made since 2016 with improving roads is truly remarkable. Prior to 2016, there was no General Obligation Road Bond funding in place via voter approval, and no funding for a neighborhood streets improvement program (crack patch and sealing). Furthermore, when one-time money did become available to local government, very little prioritization for roadway maintenance and improvements occurred.

Since 2016 and my first term as Mayor, the citizens of Rio Rancho have been given the opportunity to vote on General Obligation Road Bond questions four times, with voters approving each time. As a result, to date, nearly \$30 million has been generated and dedicated to addressing major roadways that carry the most traffic and/or serve schools. By funding the neighborhood streets improvement program (crack patch and sealing), more than 80 miles of residential roads have been serviced.

While much has been accomplished, additional work remains, which includes more than 150 miles of residential roads eligible for crack patch and sealing, and an additional 68 miles of residential roads that have improvement needs above and beyond crack patch and sealing. As such, I am very supportive of your recommendation to allocate funding in order to double the output (from 10 miles to 20 miles), just as we did last year, of residential crack patch and sealing work. The proposed pilot program (\$5.5 million) to begin addressing the 68 miles of residential roads not eligible for crack patch and sealing shows the City's responsiveness to concerns raised by community members.

I concur with your recommendation to fund the reconstruction of Enchanted Hills Blvd. (PDV to Chayote Road). Because Enchanted Hills Blvd. (N.M. 528 to PDV) is slated to be addressed via 2022 voter-approved General Obligation Road Bonds, it is logical to prioritize this work now. This follows the approach taken last year, whereby funds were allocated for King Blvd. (Wilpett Drive to Unser Blvd.) reconstruction/widening/ sewer line placement after the other King Blvd. section (Rainbow Blvd. to Wilpett Road) was improved using 2020 voter-approved General Obligation Road Bonds.

I believe your recommendation to fund the construction of a new roadway between 26<sup>th</sup> Street SE and Nicklaus Drive will address many historical issues, emerging traffic issues, and account for future growth and development in the area.

## **Public Safety**

Rio Rancho's prioritization of public safety is evident in many ways. Once again, nearly 50% of all General Fund Budget expenditures in the recommended budget are allocated to provide police and fire/rescue services. Voters have approved General Obligation Public Safety Bonds for vehicles, equipment, and facilities in 2018, 2020, and 2022. Rio Rancho has a low crime rate, and has been independently evaluated to be in the top 4% of fire departments in the country in terms of its ability to provide services.

I support the recommendation to add personnel to the Police Department, which we have done during the last several budget adoption cycles. Regularly growing the Police Department will be important as Rio Rancho's population increases.

I fully endorse the proposal to start the process of bringing back online Fire Station 6 located in the Mariposa subdivision. For any expansion of fire/rescue services, and adding the associated personnel, you must have facilities and vehicles in place first.

Because Station 6 has been dormant for approximately eight years, improving and updating is necessary and will take time. In addition, based on current supply chain issues, the lead time to receive a new fire engine and have it in-service could be more than two years.

Once these aforementioned steps are completed, I am committed to working with you and the City Council to identify the recurring funding source necessary to add new personnel for the station, and determining the appropriate, initial staffing level.

## **Economic Development**

Recently, the City's local economic development fund was utilized to bring NTx Bio, a bioscience company, to the community, and support Intel's expansion.

Having a fund available when opportunities such as NTx Bio or Intel come about is critical for public-private partnerships that facilitate and support business investment and associated job creation in the community.

When City staff recommended removing use restrictions related to 1/16<sup>th</sup> of 1% of Gross Receipts Tax in 2020, I advocated for allocating a portion of this revenue source to the City's local economic development fund moving forward. As a result, I am pleased to see that the Recommended FY 2023 Budget is projecting nearly \$1 million in this fund available for future projects and opportunities.

Last year, I recommended earmarking \$50,000 in the budget for to be determined economic development-related contractor/consulting services. I support your recommendation to have \$75,000 included in next year's budget for this same purpose.

As the region recovers from the pandemic, and more and more economic development opportunities emerge, I believe having funding already in place to bring on additional resources, if needed, is a pragmatic approach.

## **Quality of Life**

Over the last several years, Rio Rancho has made great strides in regard to expanding quality of life amenities.

The opening of Phase 1 of both Campus Park and the Broadmoor Senior Center in the City Center were highlights of 2021. Recently, voters approved a first-ever General Obligation Bond for Quality of Life Facilities, which will expand public resources at City libraries, and help to maintain and improve public parks. In the coming year, a new joint recreational center and branch library will open in the Enchanted Hills subdivision area.

A true crown jewel in the community is A Park Above. Since fully opening in 2016, this first fully-inclusive and accessible playground in New Mexico has been heavily utilized. The popularity of this park and play space necessitates a high level of regular maintenance. In order to keep A Park Above a first-class, public amenity, it has become clear periodic updating and rehabilitation is necessary.

Therefore, I am recommending that \$100,000 is transferred from the Unreserved General Fund Ending Fund Balance to the appropriate park maintenance line item. This will allow the Parks, Recreation and Community Services Department to design and implement prioritized improvements at A Park Above.

## Employees

Over the years, I have repeatedly said that the greatest asset of local government is its employees. The public service needs and wants of the community would not be possible without the people providing the services.

Due to long-standing revenue constraints as a result of shopping taking place outside of City limits, burdens placed by the State on local government revenue sources, and legacy land development and ownership issues, Rio Rancho continues to have less money available for positions.

NUMBER OF EMPLOYEES PER 1,000 POPULATION Top Five Populated New Mexico Cities FY 21 Adopted Budgets			
City	Estimated Population	All Funds FTE	FTE per 1,000
Rio Rancho	104,046	773	7.43
Albuquerque	564,559	6255	11.08
Las Cruces	111,385	1105	9.92
Santa Fe	87,505	888	10.15
Farmington	46,624	763	16.36

Source: U.S. Census Bureau, Census April 2020

Table prepared by: The City of Rio Rancho Financial Services Department

GROSS RECEIPTS TAXES (GRT) PER CAPITA Top Five Populated New Mexico Cities FY21 Adopted Budgets				
City	Estimated Population	General Fund GRT *	General Fund Total Revenue *	GRT Per Capita
Albuquerque	564,559	\$408,484	\$603,457	\$724
Las Cruces	111,385	\$73,898	\$120,008	\$663
<b>Rio Rancho</b>	<b>104,046</b>	<b>\$25,880</b>	<b>\$60,217</b>	<b>\$249</b>
Santa Fe	87,505	\$69,779	\$100,555	\$797
Farmington	46,624	\$53,470	\$78,989	\$1,147

\* (000's)

Source: U.S. Census Bureau, April 2020 Census

Table prepared by: The City of Rio Rancho Financial Services Department

When we have added positions over the past several years, the focus has been positions that enhance the delivery of critical services to the public. The additional positions proposed in the recommended budget furthers this approach.

Despite the noted impediments, over the past several years, Rio Rancho has been able to make significant increases to the salaries of police and fire/rescue personnel via new and amended union collective bargaining agreements.

Both in January of 2021 and 2022, market analyses, position grade/structure modifications, and minimum wage adjustments were implemented for AFSCME union and non-union employees. The result of these efforts, and allocation of limited resources for additional pay, are that employees are at market rates, and in some cases above for hard-to-fill positions.

The benefits package offered to employees continues to be more generous than other government entities in the State, which correlates to more take-home pay. During the past year, the City provided special retention/premium pay for its employees as well.

Based on all that I have noted, I do support an across-the-board, cost-of-living (COLA) adjustment for employees. The City's current compensation structure recommends each year a 1.5% to 2% COLA for employees, which the City has been able to regularly implement over the years.

With a necessary healthcare cost increase included in the recommended budget, and based on inflation related-concerns, I do support your COLA recommendation, which is above the 1.5% to 2% range. With that said, because your recommendation calls for a 2% COLA in July 2022 and another 2% in January 2023 predicated upon actual Gross Receipts Tax revenues (which funds employee salaries) meeting budget projections, I would recommend re-examining the timing of employee COLAs in July as part of the adoption process for the Final FY 2023 Budget.

While any COLA amount is subject to union collective bargaining, I want to stress, as I have done before, that I only support the allocation of COLAs in an equal, across-the-board manner for employees. Any union-proposed deviation, which is not an equal allocation of available COLA funding, will not have my support.

Furthermore, any COLA disbursement that is not equitable will undo the proper wage placement, and cause associated pay compression issues, that has been achieved through past market analyses, position grade/structure modifications, and minimum wage adjustments.

## **Permanent Fund**

As part of my budget message last year, I advocated for the creation of a Permanent Fund, and that the process to allow voters to consider establishing such a fund should be undertaken.

With voter approval as part of the March 2022 election, a \$10 million Permanent Fund has been established in the City Charter. With this saving account now in place, the City can proceed with putting into place applicable guidelines, establishing a public oversight board, and investing the money.

Going forward, each year 50% of the interest generated will be applied to different public services. The other 50% of interest generated will go back into the

fund, and, over time, the fund and money available will increase. A growing source of recurring money, without a tax increase for citizens, that helps address the public service needs of existing and future generations are the key benefits of the fund.

In future budgets, as resources allow, I recommend additional one-time allocations to the fund. This will grow the principal, and generate higher interest earnings and even more funding for public service needs.

### **Municipal Court**

I am disappointed by the budget submitted by the Municipal Court Judge. As with past budget submissions, requested increases lack justification.

It is curious, at best, why Judge Cook did not request a COLA of any kind for his Court employee staff in FY 2023. As such, I believe the City Council should be prepared to discuss a COLA for Court employees during the forthcoming budget review process.

### **Water/Wastewater**

The Recommended FY 2023 Budget and list of capital projects in relation to water and wastewater services continues the City's focus on repairing and maintaining critical infrastructure in order to have a reliable system. I am highly supportive of the major projects recommended for the coming year, as they will help to create system redundancy, among other benefits.

I support maintaining the reserve levels recommended for the Utilities Enterprise Fund. Maintaining healthy reserves is not only a best practice for unforeseen needs, but also contributes to cash-funding projects, as applicable, which reduces borrowing costs for the City and ratepayers. This means more money to do more work.

### **Conclusion**

I believe the Recommended FY 2023 Budget addresses existing needs, plans for the future, addresses community priorities, and accomplishes all of these objectives in a manner that is financially prudent.

I look forward to working with you, other City staff, and my City Council colleagues on finalizing and adopting the FY 2023 Budget.

Sincerely,



Greggory D. Hull  
Mayor of Rio Rancho