



Greggory D. Hull
Mayor

April 25, 2023

Matthew 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 2024 Budget and Capital Program

In accordance with the City's Charter, I have reviewed your recommended budget, budget message, and capital program for Fiscal Year 24, which begins on July 1, 2023.

I am encouraged by the City's financial position and dedication to a fiscally responsible, balanced budget that reflects important public services and critical infrastructure investments while maintaining healthy reserves projected to meet or exceed the City's policy position of 25% for the next five fiscal years. The targeted prioritization for fortifying reserves and saving money in recent years has prepared the City to maintain services even through the pandemic and future potential economic headwinds.

I appreciate that this budget is essentially flat in terms of total General Fund expenditures as compared to last year's adjusted budget while pursuing many improvement projects as one-time cash expenditures rather than recurring expenses. This approach allows us to maintain and expand critical public services while continuing to invest and reinvest in the community.

Our budget has grown organically through the expansion of the local economy. Additionally, the increased revenue from Gross Receipts Tax from local shopping and internet sales over the past three years and our investment into a new Permanent Fund have put the City in a secure position to meet its current needs and make investments for the future.

I would support future actions to further our Permanent Fund investment by allocating additional dollars from unanticipated, one-time windfalls in accordance with the Permanent Fund advisory procedures. These continual investments into the Permanent Fund principal will create recurring revenues from one-time money and provide a financial backstop, minimizing and/or delaying the need to raise taxes in the near future.

EMPLOYEES

I want to thank the City staff for their dedication and prudence through the pandemic, and I agree with your assessment of investing in our greatest asset – our personnel. I support your proposal for a 4% cost-of-living adjustment (COLA) for all employees and would like to recommend increasing the total adjustment by 1%, totaling 5% for all employees. This investment in our personnel is critical to support and retain City employees and attract additional qualified professionals in a tight labor market. For example, a 5% increase will match what State government employees are scheduled to receive this summer. I also support your proposal to raise the City’s minimum pay rate from \$13.47 to \$14.14 per hour and shift the pay scale accordingly. Again, this brings the City closer to the State’s minimum rate for government employees, which is increasing to \$15.00 per hour this summer.

The cost of my recommended additional 1% is \$404,807 in the General Fund and \$43,606 in the other funds in FY 24. My proposed funding source for this cost is the General Fund Unreserved Ending Fund Balance. This will have a minimal impact on the General Fund Ending Fund Balance in subsequent years and pay long-term dividends in retaining valuable, highly skilled City employees.

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 proper wage placements - and cause associated pay compression issues - that have been achieved through market analyses, position grade/structure modifications, and minimum wage adjustments.

Over the years, the City of Rio Rancho has faced unique challenges with tax revenue constraints from shopping outside City limits, burdens from the State on local governments, and land development and ownership issues, resulting in less money available for positions.

REVENUE & EXPENDITURES PER CAPITA Top Five Populated New Mexico Cities FY 2022 Adopted Budgets				
City	Estimated Population	General Fund Revenues *	General Fund Expenditures *	Per Capita Expenditures
Albuquerque	562,599	\$782,331	\$714,521	\$ 1,270
Las Cruces	112,914	155,753	111,597	988
Rio Rancho	105,834	117,680	93,292	881
Santa Fe	88,193	98,861	105,918	1,201
Farmington	46,422	64,839	64,839	1,397

* (000's)
Source: U.S. Census Bureau, Quickfacts July 1, 2021
Table prepared by The City of Rio Rancho Financial Services Department

Because of these revenue challenges, historically, Rio Rancho has had fewer employees available to provide municipal services.

NUMBER OF EMPLOYEES PER 1,000 POPULATION Top Five Populated New Mexico Cities FY 2022 Adopted Budgets			
City	Estimated Population	All Funds FTE	FTE per 1,000
Rio Rancho	105,834	732.47	6.92
Albuquerque	562,599	6,536.00	11.62
Las Cruces	112,914	1,672.38	14.81
Santa Fe	88,193	1,612.00	18.28
Farmington	46,422	780.00	16.80

Source: U.S. Census Bureau, Quickfacts July 1, 2021

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

As such, I support the recommended 10 new positions focusing on core operations and public safety to address our staffing needs.

ECONOMIC DEVELOPMENT

I am pleased to see the growth of the Local Economic Development Act (LEDA) Fund to approximately \$1,400,000. This fund has allowed us to recruit and retain companies that provide jobs and investments to our community. Not only has this fund been used to invest in new companies like NTx Bio, and support the expansion of Intel, but with this fund, we are able to invest in local, home-grown companies like Deluxe Design.

PUBLIC SAFETY

The citizens of Rio Rancho continue to prioritize public safety in many ways. Three times since 2018, voters have approved Public Safety General Obligation Bonds totaling approximately \$11,000,000 for vehicles, equipment, and facilities. I am pleased that this budget reflects citizen support, with nearly 48% of General Fund expenditures allocated to these services.

I fully endorse the additional investments in our public safety services, specifically the addition of new positions in the Police and Fire and Rescue Departments. As noted, the Public Safety Aide (PSA) positions have been an incredibly useful tool in recruiting and funneling new officers, and I fully support the addition of another PSA position. I would recommend adding another PSA position for a total of two new positions as part of FY 24. The cost of this additional position would be \$53,312 (salary and benefits) and funded from the General Fund Unreserved Ending Fund Balance. Our community has seen an increase in their quality of life through the help of these aides in traffic control, parking, and taking minor reports. Furthermore, PSAs allow police officers more time to focus on the highest priority and most critical calls for service.

Additionally, I fully support an increase for the tuition of four new cadets to the Central New Mexico Community College Law Enforcement Academy. Further, I am pleased to see the additions in training and positions

to recommission Fire Station 6 at Mariposa. Bringing this station back online further enhances our safety services to the community.

ROADS

Four times since 2016, voters have approved General Obligation Bonds to better major roadways, including those that serve our schools. To date, nearly \$40,000,000 has been utilized for projects further improving our infrastructure. Through a combination of bonds, State, and Federal funding, we have completed 33 road projects since 2016, including High Resort Blvd., Southern Blvd., Rockaway Blvd., Meadowlark Lane, and Unser Blvd. I am excited to build on this success with plans for additional projects over the next year, including Spring Road, Northern Blvd., Enchanted Hills Blvd., King Blvd., Pinetree Road, Quantum Road, Laser Road, and 26th St. SE Bypass.

Through prudent prioritization and budgeting, the City of Rio Rancho has made incredible progress in improving our street and water/sewer infrastructure with one-time cash expenditures. We have seen great success improving approximately 100 miles through our Neighborhood Streets Improvement Project (crack patch and seal on residential roads). I fully endorse your recommendation to utilize \$1,500,000 to fund supplemental Phase 7 of this project with an additional 10 miles. This will allow for a total of 20 miles of roads to be addressed in FY 24 between in-house staff and contractors.

I support using \$5,500,000 to repair six miles of residential roadway repairs where crack patch and seal are inadequate. Through this use of one-time funding, we have already made critical improvements to older neighborhood streets such as St. Andrews Drive, May Circle, and others, adding value to homes and enhancing the quality of life. With this additional funding, what I refer to as the Neighborhood Streets Revitalization Program, will complete \$11,000,000 in improvements.

QUALITY OF LIFE

From investments in senior services with the new Broadmoor Senior Center to a central gathering place serving thousands at Campus Park, we have made tremendous strides in improving quality of life opportunities for the citizens of Rio Rancho in recent years. I am pleased to see a budget that builds on our momentum through investments in facilities the public uses every day, such as our libraries, the Aquatic Center, and Sports Complex Fields. Further, I am proud of our work to open The Hub, providing additional library and recreation services to the northern part of the City. In 2022 voters approved the first Quality of Life Facilities General Obligation Bond at approximately \$1,000,000, which helps to enhance these services.

Over the years, and through partnership and collaboration with the University of New Mexico and its health care operations, the voter-approved Municipal Higher Education Facilities Gross Receipts Tax has funded many different infrastructure and facility projects to help develop a campus in the

Rio Rancho City Center area. Examples include the extension of Broadmoor Blvd., the Center of Excellence for Orthopaedic Surgery and Rehabilitation, the health sciences building, and Phase 1 of Campus Park.

Continuing to partner with UNM to develop the campus area in City Center is a priority for me and available funding exists. Because of this, I would like to utilize a total of \$4,403,650 of the \$13,817,399 available in reserves for FY 24 from the Municipal Higher Education Facilities Gross Receipts Tax to fund three projects.

The first project is the construction of Phase 2 of Campus Park. This expansion will offer additional open-space areas for students, faculty, and the community to gather, collaborate, and enjoy. The total for this project is \$3,240,000, including \$2,403,650 from the Higher Education Facilities Special Fund reserves and \$836,350 of Capital Outlay allocations from 2022 and 2023.

I propose using \$1,500,000 from the Higher Education Facilities Special Fund reserves to construct Phase 1 of College Blvd. from King Blvd. to Center Blvd. I also recommend utilizing \$500,000 to design Phase 2 of this roadway (from Center Blvd. to Broadmoor Blvd). These improvements will further enhance transportation infrastructure by providing additional connectivity between higher education facilities within the City Center.

I would also like to note that UNM officials, including the UNM President, CEO for the UNM Health System, and President/CEO for the Sandoval Regional Medical Center, have signed a letter supporting the use of available funding for all three of the projects I have recommended.

WATER

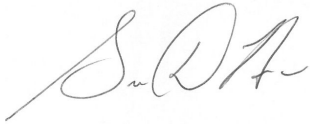
I appreciate the Recommended FY 24 Budget's investment in improving and expanding our water and wastewater utility systems through a number of Capital Outlay projects to ensure safety and sustainability. I support maintaining a healthy 251 days cash reserve. Doing so ensures that the City is prepared for unexpected issues and can move swiftly to address them.

CONCLUSION

Through thoughtful and intentional prioritization of infrastructure, public safety, and quality of life, and the investment in personnel, public services, and public amenities, Rio Rancho remains a great place to live. I believe your proposed budget reflects these priorities and meets the current needs of the community while anticipating the needs of the future.

I look forward to working with you, other City staff, and my colleagues on the City Council in the coming weeks to finalize and adopt the budget for FY 24.

Sincerely,

A handwritten signature in black ink, appearing to read "G. D. Hull". The signature is fluid and cursive, with the first letter of each name being capitalized and prominent.

Greggory D. Hull
Mayor of Rio Rancho