



April 25, 2014

Keith Riesberg, City Manager  
City of Rio Rancho  
3200 Civic Center Circle  
Rio Rancho, NM 87144

RE: Comments to the City Manager's Recommended Fiscal Year 2015 Budget

Dear Mr. Riesberg:

In accordance with the City Charter, I have reviewed your recommended budget which I received on April 22, 2014, for the Fiscal Year 2015.

In reviewing the information, I must say that I am encouraged by the optimism in economic growth as cautious as the report may be. Rio Rancho appears to be approaching a turning point where long term and sustainable growth in the budget appears possible.

Strong economic indicators appear to be emerging with the announcement of the expansion of the Presbyterian Rust Medical Center, the addition of 200 economic base jobs at Stream Global Services, the arrival of DHF Technical Products to the city, and La Vida Llena's investment in "The Neighborhood" in the Loma Colorado community. These encouraging examples indicate the doors of Rio Rancho are open, and the lights are on.

While adding jobs, medical services, and additional living environments are important, I feel we, as city leaders, must continue to find innovative ways to attract businesses to Rio Rancho. Providing services that allow community members to spend their money here at home grows our number one source of revenue - gross receipts tax.

My following comments regarding the recommended budget seek to do two things: express my views and support regarding critical recommendations and to formally request funding priority for economic development and related purposes.

Broadmoor Boulevard Extension

I support the recommendation to use \$3.25 million from the fund balance generated by the Municipal Higher Education Facilities Gross Receipts Tax to

construct a two-lane extension of Broadmoor Boulevard from Norwich Avenue to Paseo del Volcan with improvements also taking place to Broadmoor Boulevard between Northern Boulevard and Norwich Avenue.

This tax is creating more than \$2 million annually and is in place through 2028. This means that millions of dollars will still be available for higher education facilities and related improvements in the community for years to come.

The primary benefit of constructing this capital improvement is that access to the UNM West campus in the City Center area will be improved and increased, which makes it an applicable use of the tax funds.

Ancillary benefits of extending this roadway are that it will contribute to spurring growth and economic development in this area, improve convenience for motorists navigating our vast city, and aid with public safety- and emergency medical-related response.

#### Two Percent Pay Raise

I believe the two percent across-the-board pay raise for all city employees should be adopted. With a recovering economy, the city is in the financial position to adjust compensation.

The city must do what it can to retain its knowledgeable and skilled employees and invest in local government's most valuable and important resource. This raise helps with those efforts.

#### Economic Development

Only through economic development – the creation of jobs and generation of additional gross receipts taxes – will Rio Rancho and Sandoval County be able to meet needs and challenges going forward.

It is an exciting time as efforts are underway to establish a new regional economic development entity. Now is the time for Rio Rancho to increase its investment in economic development strategies and initiatives. I believe more investment will yield a higher rate of return.

With that being said, I propose that the recommendation of \$100,000 for contracting with an economic development organization increase to \$200,000. The funding source for this increase can be the Unreserved General Fund Ending Fund.

#### Pavement Preservation

I support \$1 million going towards pavement preservation activities because there are multiple benefits.

Maintained roads are an important quality of life component. Work of this nature extends the longevity of road surfaces. Roads contribute to the first impression visitors and those potentially looking to bring a business to the community have of Rio Rancho. As such, this type of expenditure strengthens economic development efforts.

#### Seasonal Public Works Department Employees

I support the recommendation to fund 10 seasonal positions that will assist with maintaining right-of-way including weed removal.

As Rio Rancho strives and invests other resources to retain and attract new businesses, community aesthetics and atmosphere impact first impressions and decisions that are ultimately made.

#### Shop Local Initiative

Rio Rancho's retail leakage issues are well-known and substantial. Supporting local retailers is part of the way we address this issue along with broadening shopping options and through synergistic efforts with entities like the local Chamber of Commerce.

I have seen firsthand the positive impact the most recent "Buy Rio Rancho" initiative has had, which was citizen organized and funded. This initiative had minimal cost and exponentially raised local awareness and community engagement on this issue.

I believe local government should support and reinforce this effort by way of advertisements and other promotions. As such, I am recommending that the advertising budget in the City Manager's Office is increased from \$5,000 to \$15,000. The funding source for this increase can be the Unreserved General Fund Ending Fund.

#### Mayor's Budget

The voters of Rio Rancho have spoken. They want Rio Rancho's Mayor engaged in his or her duties on a full-time basis.

I believe the number one duty of the Mayor is economic development for the community. Competing to bring jobs and businesses to the city means involvement and engagement on a nationwide and even global scale. Because of this, an appropriate level of resources must be allocated.

I am requesting that the Mayor's budget for conferences, travel and training is raised from \$2,445 to \$17,445, and that the Mayor's budget for memberships/subscriptions is increased from \$6,391 to \$11,391. The funding source for these increases can be the Unreserved General Fund

Ending Fund.

At this point and time, I cannot say specifically what particular events, etc. these funds will be used for. However, what I can tell you is that having them readily available is necessary for the reasons already noted, and that if and when they are used it will be done so in a judicious, transparent manner.

#### Hold Harmless

As noted in your budget message, the phasing out of state Hold Harmless distributions and the impact this will have on the city's budget in the very near future and over time is something the Governing Body must be cognizant of.

My goal will be not to use the gross receipts tax increments made available to offset this loss of revenue. To do so would further widen the gap between Rio Rancho and our neighbor down the hill in terms of gross receipts tax rate competitiveness.

I believe growing Rio Rancho's economy and capturing more gross receipts tax now and in the future should be our focus to offset this revenue loss. By making the strategic investments noted in your recommended budget and listed in this budget response message, I believe we can sufficiently enhance the local economy over time so that raising taxes will not be necessary.

#### Water and Wastewater Utilities

Increasing the disposable income Rio Rancho families have to spend is another example of how our city can realize economic growth and increased gross receipts tax revenues.

As long as the city's water and wastewater service rates continue to increase every year, a family's ability to spend money on other quality of life items and recreational activities around the city is restricted.

While recent and future rate increases are justified, I believe a concerted effort to find more alternative funding, like recent New Mexico Legislature appropriations, to aid in the rehabilitation of the city's water system is critical.

#### Public Safety

I concur with your recommendation to fund two new Police Department support positions. The addition of the crime analyst is especially prudent as the consult study the Governing Body was just briefed on calls this need out. I believe adding these support positions will assist with efforts to maintain the high level of public safety service the community expects and has

enjoyed.

Reviewing the full consultant studies that examined the staffing and operations in the city's Police and Fire and Rescue Departments is going to be a focus of mine in the coming days and weeks. Following my review, I will discuss with you further alternatives noted in the studies and funding options.

In conclusion, I am looking forward to working with you, staff and my colleagues on the Governing Body on the forthcoming budget adoption process.

Sincerely,

A handwritten signature in black ink, appearing to read "G. D. Hull". The signature is fluid and cursive, with a long horizontal stroke extending to the left from the first letter.

Greggory D. Hull, Mayor of Rio Rancho