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Acting City Manager

August 15, 2020

The Honorable Mayor Gregory D. Hull and City Council Members  
City of Rio Rancho  
3200 Civic Center Circle NE  
Rio Rancho, New Mexico 87144

**RE: Final Budget for Fiscal Year 2021**

Dear Mayor Hull:

Presented in this document is the final budget for Fiscal Year 2021 as approved by the Governing Body on July 23, 2020. The FY 2021 Adopted Budget is a balanced budget and furthers the strategic goals outlined in the City's Strategic Plan. . .

### **Economic Outlook and Revenues**

Last year the national economic picture we described was a United States economy that was performing well with gross domestic product (GDP) growing, strong job growth, unemployment levels at all-time lows, and high consumer confidence. However, this year the story is completely reversed due to the COVID-19 pandemic. The most current GDP reported by the U.S. Bureau of Economic Analysis (BEA) fell 33 percent seasonally adjusted annual rate (SAAR) in the second quarter of 2020; by far the worst contraction since the Great Depression. Five months into the COVID-19 pandemic the path to recovery in relation to the public health and the economy is no more certain than in March. COVID-19 continues to spread in many areas of the country with many placing their hope on rapid development of a vaccine. Where the economy is concerned, it is anyone's guess as to how many lost jobs will be restored and how many are gone for good, or even what the economy will look like when things return to "normal." Most experts agree that this is not a brief shutdown to be followed by a quick recovery.

With continued economic uncertainty, intermittent business closures, and social distancing requirements still in place, consumer confidence has plunged, pulling total consumption growth down 34.6 percent SAAR. Likewise, non-residential fixed investment fell 27.0 percent as businesses retrenched and residential fixed investment fell 38.7 percent. Governments increased spending (due to high levels of Federal support), and net exports helped the bottom line. Early forecasts suggest that the third quarter should bounce back somewhat and expand roughly 15 - 20 percent SAAR.

After 113 consecutive months of job additions, the economy shed over 1.3 million jobs in March 2020 and then nearly 20.1 million jobs in April before adding 2.7 million jobs in May and 4.8 million jobs in June. Although much of the net losses over the last several months have been in expected sectors such as leisure and hospitality as well as retail trade, other sectors, such as professional and business services and healthcare improved. The seasonally adjusted unemployment rate (U-3) rose to 4.4 percent in March before topping out at 14.7 percent in April. The rate has since fallen 13.3 percent in May and 11.1 percent in June.

Low demand and oversupply conditions have kept energy prices low, based on West Texas Intermediate (WTI) crude, and recent dislocation in the U.S. oil markets have created a great deal of volatility. After starting 2020 near \$55/barrel, prices slid to below \$30/barrel by mid-March, then below \$20/barrel less than a month later, before briefly turning negative (-\$37/barrel) on April 20. The price has since stabilized registering around \$42/barrel by the end of July.

Based on University of New Mexico Bureau of Business and Economic Research (BBER) FOR-UNM forecast quarter three update, thus far, New Mexico has held up as well as, or better than most. The State's COVID-19 infection rate is lower than in most other states, including some of our neighbors. Despite aggressive restrictions on businesses imposed to control the spread of the virus, New Mexico's unemployment rate is relatively low 8.3 percent in June (the nation's sixth lowest).

The economic effects of the COVID-19 crisis will ultimately take hold in New Mexico; however, with the likely effects greater and longer lasting here than in other states, for many reasons. New Mexico has received more from federal support programs, but that support ended July 31 and the level and duration of any possible extension is unclear. Many of the State's households and small business have limited savings, leaving them particularly vulnerable. The constantly fluctuating oil and gas industry which is the economic backbone of the State's southeast and a principal source of State government funding, is reliant upon a tenuous pact between OPEC and Russia. Finally, government employees, which account for a large share of the State's workforce, have been largely spared the impacts of the shutdown so far, but heightened fiscal strain looms.

Over 10 years through the first quarter of 2020, New Mexico's economy added 58,335 jobs. In the second quarter of 2020, as COVID-19 shut down the State's economy, FOR-UNM estimates that New Mexico lost 87,200 jobs. New Mexico will likely regain about half of the lost jobs by year-end, add another 18,000 jobs by the end of 2021, and should return to pre-COVID-19 levels by the end of 2025. Payrolls in professional and business services, healthcare, construction and transportation will top 2019 levels by mid-2023, while employment in mining, retail and government will not recover by the end of 2025.

According to the Bureau of Labor Statistics (BLS) Quarterly Census of Employment and Wages (QCEW) data released in May, New Mexico's economy expanded by 12,700 jobs (1.5 percent) in 2019. This was the largest gain since 2006 and by far the most balanced. Growth was much less dependent on mining (including oil and gas extraction) in Eddy and Lea Counties (3,925 jobs, 6.3 percent), which over the previous two years accounted for more than half of new jobs statewide. Seven different sectors added more than 1,000 jobs each, including professional and technical services (2,695, 4.5 percent), construction (2,400, 5.1 percent), leisure and hospitality

including accommodations and food services and arts, entertainment and recreation combined (1,625 jobs, 1.7 percent), administrative and waste services (1,535 jobs, 3.5 percent), manufacturing (1,275 jobs, 4.7 percent), healthcare (1,268 jobs, 1.1 percent), as well as mining (1,350 jobs, 5.5 percent). Finance and real estate sectors also expanded (combined 785 jobs, 2.4 percent). Moreover, government employment payrolls increased for the first time since 2009 (1,625 jobs, 0.9 percent). According to BLS Current Employment Statistics (CES) surveys, the pace of employment growth in New Mexico remained steady in January and February (1.7 percent).

The first confirmed COVID-19 case in New Mexico was reported in March 2020. In response, national, state, and local emergency declarations were declared. Public Health and Executive Orders issued by New Mexico's Governor, which remain in place to date in amended forms, have severely limited business operations and events, travel, and the operation of public schools. . The impact of the restrictions on claims for unemployment insurance were near immediate. During the weeks ending March 21 and March 28, 45,950 claims were filed at the New Mexico Department of Workforce Solutions (DWS), up from an average of just 815 over the previous 52 weeks.

According to the CES employer survey, employment in New Mexico fell by 99,800 jobs (12 percent) from March to April. CES data indicate that 6,300 and 26,300 jobs were regained in May and June, respectively, equal to 32.7 percent of April losses. Thus, employment in June was 67,200 (7.8 percent) below the March level. According to DWS, New Mexico unemployment insurance (UI) rolls expanded by 84,450 (from 9,707 to 94,149) between the weeks of March 14 and April 18, periods comparable to CES data collection. Unemployment insurance rolls increased by a net 6,200 over the next two months (up 11,419 through the week of May 16, and down by 5,220 during the next month, ending June 19), resulting in an addition of 90,641 claimants between March and June.

Losses were greatest in sectors most affected by COVID-19 - related restrictions. Employment in leisure and hospitality (accommodations and food services and arts, entertainment and recreation) fell by 27 percent (26,750 jobs). Retail trade declined by 14.4 percent (12,800 jobs). Employment in healthcare fell by 8.5 percent (10,150 jobs) as non-emergency services such as dental checkups and elective procedures were suspended and individuals otherwise sought to avoid hospitals. Other services, which includes personal care and household services, fell by 23 percent (4,925 jobs). The information sector, which includes film production, declined by 18 percent (2,000 jobs). Administrative services, which include temporary employment services, fell by 14 percent (6,450 jobs). Mining employment declined by more than 30 percent (7,850 jobs), due to the collapse of the oil and gas market. FOR-UNM estimates that construction employment fell by 9 percent (4,450 jobs), though the data are contradictory. Unemployment insurance claims were filed by 3,925 construction workers, 8 percent of the workforce and CES reports a loss of 3,500 jobs (-6.6 percent) but gross receipts increased by more than 10 percent. Professional and business services were comparatively more resilient. Finance and insurance (-750 jobs, -3.2 percent) was supported by the federal Paycheck Protection Program (PPP). Professional and technical services, with many employees able to work from home, fell by 5 percent (-2,950 jobs).

Notwithstanding the historic decline in employment, personal incomes surged in the second quarter, up 13.4 percent. The increase was due entirely to an increase in federal transfer payments, which increased by \$17.5 billion while all other components of personal income fell by a total of \$5.4 billion (year-over-year, annualized). Nearly one million New Mexicans received stimulus checks, with a total value of \$1.685 billion. In an average week, 95,995 New Mexican received \$600 unemployment bonus checks, with a total value of \$748.77 million. On average during the weeks that the program was active during the second quarter, 49,495 self-employed New Mexico workers received Pandemic Unemployment Assistance checks of \$600, totaling \$327.33 million. Annualized, this accounts for an increase of more than \$11 billion.

## **New Mexico Outlook**

FOR-UNM's outlook for the New Mexico economy follows a 'swoosh' trend line, though the pace of the recovery in mid-2021 – 2023 in the U.S. forecast is significantly stronger. Of the 84,000 jobs lost in 2020Q2, we expect New Mexico will reclaim about 31,000 in 2020Q3 and another 19,700 in 2020Q4, with the State closing the year with 46,450 (-8.2 percent) fewer jobs than in 2019Q4. Recovery is projected to come gradually in 2021 and 2022, with employment growth of just 1.3 percent and 1.2 percent, respectively. At the close of 2025, employment in New Mexico will be just shy of pre-COVID-19 levels.

FOR-UNM estimates that personal incomes increased by a remarkable \$12.1 billion (3.7 percent) in the second quarter, with \$17.5 billion increase in transfer payments offsetting a decline in all other components. The Federal programs that financed these transfers ended July 31 and negotiations to extend benefits are ongoing. The impact of the COVID-19 shutdown on personal incomes will be greatest in 2021 (-2.7 percent). Wage and salary disbursements are forecast to increase by 3.6 percent (5 percent to private sector workers and -0.3 percent to government employees), but transfer payments will fall from historic 2020 levels, by -13.6 percent to \$25.3 billion, nearly 14 percent above 2019 but well below 2020 levels. Over the next four years, personal income growth will recover gradually, from 3.6 percent in 2022 to 4.3 percent by 2025. The recovery is estimated to be driven by growth of proprietors' income (6.7 percent per year) and disbursements to private sector employees (4.1 percent per year). Weighing against more rapid growth will be modest raises to government employees (2.6 percent per year) and slow growth of dividends, interest and rent (2.7 percent).

IHS Markit, a leading source of economic data, expects WTI crude prices to remain near current levels, around \$40/barrel, through early 2021, rising to \$58/barrel by the end of 2022, and rising more slowly, to \$64/barrel by 2025.

## **Albuquerque Metropolitan Statistical Area (MSA)**

In calendar year 2019, 14 private sector industries added jobs with large gains spread across several key sectors. Leading the gains was the healthcare and social assistance sector (1,725 jobs, 3.1 percent). Also adding jobs in 2019 was professional and technical services (1,419 jobs, 5.2 percent). This sector has now seen growth for 24 consecutive quarters and had its best year since well before the Great Recession. Meanwhile, construction (573 jobs, 2.4 percent) and administrative and waste services (1,020 jobs, 4.1 percent) both added solidly to the bottom line in 2019.

Five private sector industries dropped jobs in 2019 with the bulk of the losses coming from two sectors. Leading the losses was the information sector (-1,012 jobs, -14.5 percent), and retail trade (-600 jobs, -1.4 percent) a sector that experienced small gains a year earlier. Meanwhile, agriculture (-120 jobs, -21.1 percent), utilities (-104 jobs, -9.3 percent), and mining (-18 jobs, -7.0 percent) all shed jobs.

## **Local Outlook**

For calendar year 2020, FOR-UNM projects that the Albuquerque MSA will shed 17,551 jobs (-4.6 percent) with losses in nearly every sector. Losses will be concentrated in the private sector (-17,836 jobs, -5.8 percent). To put the data in perspective, losses in 2020 are projected to exceed any single year during the Great Recession. In the worst year of the Great Recession (2009), the Albuquerque MSA economy lost nearly 16,000 jobs.

Temporary closures and social distancing requirements will cause accommodation and food services (-5,262 jobs, -13.4 percent) and retail trade (-5,290 jobs, -12.9 percent) to contract heavily in 2020. In addition, as temporary workers and call centers move to skeleton crews, the volatile administrative and waste services sector (-3,803 jobs, -14.8) will very likely move to cut payrolls. Constrained State and local government budgets are anticipated to hamper the construction sector (-1,188 jobs, -4.9 percent). COVID-19-related closings and restrictions will operate to bring employment in arts, entertainment and recreation (-1,181 jobs, -22.8 percent) and other services (-1,031 jobs, -10.3 percent) down. Also projected to shed jobs are the generally well performing professional and technical services (-776 jobs, -2.4 percent) and healthcare and social assistance (-608 jobs, -1.1 percent) sectors.

In the longer term from 2020 to 2025 (with 2020 as the base year), the Albuquerque MSA economy is forecast to add 25,812 jobs for an average annual growth (AAG) rate of 1.4 percent as it works to regain jobs lost in 2020. Job levels in the MSA should return to 2019 levels by 2024. By the end of the forecast window, the economy should have approximately 8,300 more jobs (2.2 percent more jobs) than in 2019. All of the growth over the period from 2020 to 2025 will be in the private sector (28,351 jobs, 2.0 percent AAG). The government sector, on the other hand, will shed jobs (-2,539 jobs, -0.7 percent AAG).

Accommodation and food services, which had added jobs in each year since 2011 before contracting in 2020 is expected to add significant jobs over the forecast period (5,987 jobs, 3.5 percent AAG). This, of course, assumes that there are no major COVID-19-related flare-ups requiring another round of closures and social distancing. The administrative and waste services sector is also forecast to perform well over the period (4,252 jobs, 3.6 percent AAG). Healthcare and social assistance sector is also expected to accelerate and add a large number of jobs over the period (3,889 jobs, 1.4 percent AAG). The professional and technical services sector, which relies in part on federal contracts and grants in New Mexico, should also contribute nicely over the period and add 3,523 jobs (2.2 percent AAG) with its largest gains in 2022 and 2023. In fact, employment in this sector is projected to be 2,750 jobs, or 8 percent, higher in 2025 than in 2019. The construction sector is forecast to expand and add jobs at a modest pace (2,950 jobs, 3.9 percent AAG). After fighting its way out of a hole, employment levels in 2025 will exceed 2019 levels by nearly 2,000 jobs. However, despite the gains over the forecast period, this sector will still have 5,000 fewer jobs than it had prior to the start of the Great Recession (25,791 jobs in 2025).

Somewhat surprisingly, retail trade is expected to add jobs through the forecast window (690 jobs, 0.4 percent AAG). However, even with the gains over the period, jobs in the retail trade sector will still be nearly 2,500 (5.7 percent) lower than the 2019 levels. No private sector industries are projected to drop jobs through 2025.

After a very weak 2017 (1.7 percent), personal income growth accelerated in 2018 (4.8 percent). Robust growth was also estimated for 2019 (5.5 percent). Although wage and salary growth will slow in 2020, large transfer payments should prop up growth (5.2 percent) before declining in 2021 (-2.5 percent). Thereafter, annual growth should slowly accelerate from 4.0 percent in 2022, to 4.3 percent in 2023 and 2024, and then 4.7 percent in 2025.

After increasing from 4.6 percent in 2019 to 7.7 percent in 2020 (projected), the non-seasonally adjusted unemployment rate should gradually fall to 7.0 percent in 2021, 6.0 percent in 2022 and 2023, 5.9 percent in 2024 and then 5.5 percent in 2025. The City entered FY 2021 with the caution due to the potential effects that COVID-19 could have on our local economy. Despite the, the City's economy is showing considerable resiliency. Commercial, institutional and residential construction is steady. Redevelopment has started in some key areas in the City and is expected to continue through 2021, bringing new retail and services to our residents. The Unser Gateway region continues to see commercial growth and investment with the Presbyterian Health Systems' new 100,000SF Medical Office Building, the westbound extension of Westside Boulevard, the new Joe Harris Elementary School and the 173 acre Los Diamantes Master Plan Community. UNM Health Sciences has broken ground on the new Center of Excellence for Orthopedic Surgery and Rehabilitation as part of its Rio Rancho campus this will bring additional quality medical field related jobs to the community and educational opportunities.

## **The Budget**

In FY 2021, General Fund revenue is projected to decrease -15 percent compared to the FY 2020 actuals. This forecast was based on the most recent economic data available at the time. The City uses economic data to perform a regression analysis to forecast gross receipts tax (GRT). Using conservative forecasting, changes in the annual General Fund revenue range from -4.4 percent in FY 2022 to 6.5 percent in FY 2024. In addition to using data produced by BBER, the five-year plan reflects GRT projections that contemplate the continued phase-out of the hold harmless distribution, which the State began in FY 2016.

In FY 2021, 37.0 percent of the hold harmless distribution (payments made by the State to compensate local governments for its repeal of the GRT on food and medical services) will have been phased out. This percentage will increase incrementally by 6.0 to 7.0 percent annually until the hold harmless distribution has been eliminated in FY 2030. The adverse financial impact of the phase out in FY 2021 will be approximately \$800,000 t. By FY 2025, the impact will reach approximately \$3.3 million annually. By FY 2030, at full phase out, the effect will be an estimated \$7.0 million loss in GRT revenue to the City annually.

## Expenditure Highlights

The FY 2020 Adopted Budget is considered the base year budget. Any new proposed expenditure for FY 2021 was evaluated and funded based on its contribution to the City's Strategic Plan and how it addresses identified priorities and needs. Many worthy projects were not included in the FY 2021 Budget due to funding limitations and COVID-19 concerns. Many of the new and highlighted expenditures in FY 2021 are one-time costs, which have the ability to be delayed, somewhat, in the coming fiscal year if it becomes necessary.

The FY 2021 budget does not include \$200,000 to renew the Sandoval Economic Alliance contract which expired June 30, 2020

In addition, the Final Budget eliminated funding for the City's signature annual special event, Pork and Brew, due to its timing (Fourth of July holiday) and availability of vendors and the presence of State imposed mass gathering limitations. As a result, a projected savings of at least \$38,000 (materials and services) is reflected in the FY 2021 Budget.

As reflected in the City's adopted Strategic Plan, public safety continues to be a priority of the FY 2021 Budget, encompassing 49.7 percent of the General Fund expenditures (excluding transfers). For public safety, the FY 2021 Final Budget includes:

- Funding for two (2) new police officer positions. It has been several years since new a police officer position was funded, and there is a need based on the continued community growth. The City currently has a pending application with the Federal government for a COPS grant, which if received in fall 2020, would pay for 75 percent of the position costs for three years. What is included in the FY 2021 Final Budget is the net cost to the City, \$133,313, to fund 25 percent of the costs for these positions, as well as associated materials/services and vehicle costs;
- Telestaff software to facilitate improved scheduling of Fire and Rescue Department personnel (\$31,040) with \$11,040 of the total a recurring cost;
- Transfer of existing EMS specialist position (\$82,400) into the General Fund from Enterprise Fund 620 (Inter-facility Transportation Fund) to continue the Rio Cares program (medical community outreach program to alleviate the overuse of the 911 system); . Cardiac monitor replacement (\$30,000) and an auto CPR device (\$18,000);
- Enhanced maintenance contract to protect against system failure in the radio infrastructure (Sandoval County Simulcast System) for the Emergency Dispatch Communication Center (\$125,000);
- Police Headquarters outdoor lighting (\$8,000); and
- Established recurring funding for Police Department (\$3,000) and Fire and Rescue Department (\$2,000) Chaplain Program (training, uniforms, etc.).

The FY 2021 Budget continues the City's Strategic Plan goals to maintain infrastructure throughout Rio Rancho. The budget includes funding for the following:

- Match requirement for Northern Boulevard widening phase II design and right-of-way acquisition from Broadmoor Boulevard to Unser Boulevard (\$48,622), for which the City will receive \$2,255,616 in federal grants in aid;
- Drainage Infrastructure Improvements for MS4 (federal permitting and requirements related to storm water discharges from municipal sources) outfalls and engineering (\$122,400);

- Design of the Idalia Road culvert crossing at Arroyo de la Barranca (\$21,590) for which the City will receive \$126,693 in federal grants in aid;
- Match requirement for design and construction of Westside Boulevard pedestrian path (\$113,403) for which the City will receive \$665,463 in federal grants in aid;
- Funding for right-of-way (ROW) acquisition for future road/economic development projects (\$25,000);
- Funding to continue (Phase 5) neighborhood street repair (crack patch and sealing) program; 10 total miles annually divided between the six City Council Districts (\$250,000); and
- Funding to continue sidewalk / wall repair throughout the City (\$85,000).

Other projects, initiatives, and items of note in the coming fiscal year include:

- Replacement equipment for online streaming of public meetings at City Hall, which includes Governing Body meetings (\$5,640);
- Replacement equipment for City Hall public meeting and information broadcast purposes (cable channel and other venues) (\$25,000);
- City Council District redistricting services following the release of the 2020 U.S. Census (\$20,000);
- Development Services Department customer service training (\$15,000);
- Sign Code analysis and rewrite contract services (\$30,000);
- Comprehensive Plan update, which was last fully updated 10 years ago and is used to guide future community development (\$50,000);
- Feasibility study and analysis related to multipurpose quality of life facility (e.g., a new concept that includes combined elements such as recreation, pool, library, and senior programming in one location) situated in northern Rio Rancho (i.e., Enchanted Hills area) (\$35,000). It has been more than 10 years since the City added a new quality of life facility, such as a library, public pool, or recreation / community center, and significant population increase has occurred during this time. Northern Rio Rancho has been historically underserved in terms of quality of life amenities.
- Internal audits of programs and processes (\$40,000);
- Replace three heat exchangers at the Aquatic Center (\$105,000);
- Park maintenance equipment replacement: utility tractor with backhoe, mower, utility tractor with straight blade, multipurpose utility vehicle, and a sprayer (\$160,097);
- IT security consulting services to identify and help mitigate cyber security risks (\$81,863);
- Geographic Information Systems (GIS) computer server replacement (\$20,000);
- City Hall HVAC repair (\$140,000), with an increase to the annual maintenance contract (\$62,632);
- City Hall Badge System (\$30,000);
- Star Heights repairs (\$23,973);
- City Hall surveillance cameras to monitor public areas and parking lots (\$39,000); and
- Vehicle and heavy equipment replacement for various departments (\$235,000):
  - Fleet Maintenance forklift (\$45,000)
  - Animal Resource Center truck (\$55,000)
  - Building Maintenance truck (\$30,000)
  - Custodial vehicle (\$35,000)
  - Library vehicle (\$30,000)
  - Parks and Recreation truck (\$40,000)

Due to economic uncertainties associated with the COVID-19 pandemic, the Fiscal Year 2021 Final Budget does not include any salary increases. Because no salary increases are included in the FY 2021 Budget, likewise there are no increases to health insurance.

By year-end, anticipated revenues and the budgeted level of spending will create a reserve fund balance that exceeds 8.3 percent of expenditures (\$4,875,804), the level required by the State of New Mexico. The FY 2021 Final Budget anticipates total reserves of 27.1 percent of expenditures (\$15,832,553), which exceeds the City's policy target of 15 percent (\$10,956,750).

## **GENERAL FUND DETAILS**

### **REVENUES: \$60,217,650**

In total, General Fund budgeted recurring revenues for FY 2021 are projected to decrease by \$9,954,455 or -14.7 percent compared to FY 2020 actual revenues. The FY 2021 Final Budget also includes one-time revenues that are related to construction GRT from the new Presbyterian medical office building and new UNM Center of Excellence for Orthopaedic Surgery and Rehabilitation (\$652,047), and \$1,928,034 from State shared Internet sales tax distribution by population.

The City's single most important revenue source is the GRT (44 percent of total General Fund). In FY 2021, the GRT revenue estimate of \$25,779,830 is based on the May FOR-UNM pessimistic scenario from BBER, which is 26.3 percent lower (approximately \$9.1 million) than the FY 2020 Adjusted Budget. This projection includes the economic effects of COVID-19, although it is still difficult to understand the full economic effects of the pandemic. At the FY 2021 Midyear Budget review there will be nine months of actual revenues that will provide more information on effects of the COVID-19 pandemic.

Property tax revenue, the second-largest revenue source (30 percent of total General Fund), is projected to be \$17,882,672. This is an estimated increase of 3.4 percent, or \$596,171, from FY 2020 actual collections. The property tax revenue forecast utilizes the yield control formula established by State statute. In addition, the FY 2021 revenue estimate incorporates housing permit data and known non-residential construction activity, as well as an inflation factor of 1.0 percent. Other revenues are projected to decrease by \$1,013,747 or 6.8 percent.

### **EXPENDITURES: \$58,509,643**

Total General Fund expenditures are projected to decrease by \$1,589,148 or -2.8 percent from the FY 2020 actuals. The FY 2021 Budget reflects a conservative spending plan created in light of the current global, national, state, and local crisis.

### **Personnel: \$46,181,333**

Personnel expenditures account for 78.9 percent of the General Fund operating budget. This budget will increase \$1,511,725 or 3.4 percent compared to FY 2020 actuals. The FY 2021 Final Budget does not include a salary increase for any employee group, nor does it include any adjustment in health insurance. The FY 2021 Budget does include some personnel changes including:

- Two additional police officer positions contingent upon receiving the Federal COPS grant, which will fund 75 percent of the cost for three years, then 100 percent of costs will be assumed by the City in FY 2024 (net cost in FY 2021, \$133,313);
- Transfer of an existing EMS specialist position (net cost of \$22,000) into the General Fund from Enterprise Fund 620 (Inter-facility Transportation Fund). Service reimbursement from healthcare providers is projected to offset a majority of the position costs; and
- Elimination of vacant Risk Analyst position, with duties assigned to an existing employee. Funding previously assigned to this position will be shifted to fund a part-time accounting tech II position and a part-time administrative assistant position. The result of these actions is a net savings to the budget of \$15,775.

The City continues to plan for an increasing number of retirements. The FY 2021 Final Budget includes \$600,104 for estimated cash payouts and terminal leave costs for eligible employees, based on recent trends. Also, salary savings projected at \$1.5 million, continues to be factored into the budget based on the historical average vacancy rate for all City positions.

**Material and Services: \$12,123,053**

The Final Budget reflects a decrease of \$197,612 or 1.7 percent compared to FY 2020 actuals. FY 2021 includes non-recurring expenses by \$138,457.

**Capital Outlay: \$205,257**

The Final Budget includes a small General Fund investment in capital equipment. This funding provides for replacement of equipment for the Parks, Recreation and Community Services Department (\$160,097) including a utility tractor with backhoe, mower, utility tractor with straight blade, multipurpose utility vehicle, and a sprayer. Also budgeted is a cardiac monitor (\$30,000) and a portion of an auto CPR device (\$9,520), with the balance of the total cost (\$18,000) funded by the FY 2020 Public Safety G.O. Bond. Finally, replacement equipment to stream and broadcast public meetings and information (\$5,640) is budgeted in the General Fund. Many other important capital needs have been deferred until sufficient funding becomes available, and until the availability of financial resources in light of the COVID-19 pandemic is better understood.

**Transfers to Special Funds: \$3,400,761**

Transfers provide General Fund support to other funds for various activities, as indicated below.

**Multipurpose Event Center Fund: \$1,059,100**

This transfer includes the operating subsidy provided by the General Fund for the Rio Rancho Events Center (formerly the Santa Ana Star Center).

**Infrastructure Fund: \$143,990**

The sources of revenue in this fund are grants for road construction and transfers from the General Fund for grant match requirements. The FY 2021 Budget includes transfers for MS4 outfalls DAR and engineering (\$122,400), and the Idalia Road culvert crossing (\$21,590).

Computer Replacement Fund: \$223,395

This transfer is made for the planned replacement of equipment (\$121,050), security initiatives (\$81,863), and GIS server replacement (\$20,482).

Local Government Correction Fund: \$70,000

This transfer is made to subsidize the cost to house prisoners at the Sandoval County Detention Center not covered by the correctional fees levied through the Municipal Court.

Regional Emergency Communication Center: \$1,685,961

This transfer represents the City's share of the costs to operate the Regional Emergency Communication Center.

Equipment Replacement Fund: \$20,868

This transfer will contribute to the replacement of six vehicles for various services described in the Special Revenue section below.

City Facilities Improvement Replacement Fund: \$172,447

This transfer will be added to other sources to fund improvements to various City facilities described below in the Special Revenue section.

Transfer to Rio Vison Cable Fund: \$25,000

This transfer replaces broadcast equipment for public meetings and information.

**ENDING FUND BALANCE: \$15,832,553**

The General Fund Reserved Ending Fund Balance is projected to be \$4,875,804, which reflects the State's reserve requirement of 8.3 percent of General Fund expenditures. The Unreserved Ending Fund Balance, or the additional fund balance above the State minimum, is projected to be \$10,956,750, for a total Ending Fund Balance of \$15,832,553 or 27.1 percent of expenditures. This level of fund balance exceeds the City's long-term policy target of 15.0 percent, and reflects the City's conservative financial plan to include a buffer against COVID-19 related financial impacts.

**SPECIAL FUNDS DETAILS**

Special funds are established to account for revenue sources that are restricted to specific functions or projects. A complete list of these activities can be found in the Special Fund section of the Final Budget. Following is a list of significant special fund activities:

Promotions and Marketing Fund

The annual Pork and Brew special event was canceled for this year. The event, which typically takes place around the Fourth of July, produces \$38,000 in savings (materials and services).

RioVision Cable Fund

Revenue in this fund comes from a 30 percent cable franchise fee. The transfer from the General Fund will be used to replace broadcast equipment (\$25,000).

### Local Government Correction Fund

Upon a guilty plea at the Municipal Court, fees are assessed to defray the cost of housing convicted offenders at the Sandoval County Detention Center. Fee revenues are budgeted at approximately \$250,000. The cost of housing inmates is projected to be \$350,000. For FY 2021, this activity requires a transfer from the General Fund of \$70,000 and use of the fund's reserves of \$30,000.

### Law Enforcement Fund

This fund is used to account for revenues and expenses associated with the Law Enforcement Protection Fund grant. Projected resources from the grant, made pursuant to the Law Enforcement Protection Fund Act, total \$106,800. Funds will be used to purchase supplies and minor equipment to support law enforcement activities.

### Traffic Education and Enforcement Fund

This fund includes fines and forfeiture revenues to be used for police traffic activities and to replace motorcycles. The FY 2021 Final Budget includes one motorcycle replacement costing \$36,775.

### Police Miscellaneous Revenues Fund

This fund includes revenues from automated traffic enforcement fees (eight mobile speed monitoring units) to be used to fund police vehicles. In FY 2021, it will fund seven police vehicles from fees that were collected during FY 2020. FY 2021 projected revenues of \$200,000 reflect Police Department estimates for automated traffic enforcement. All fees collected from the automated traffic enforcement program are used to fund new police vehicles.

### Fire Protection Fund

This fund is used to account for revenue and expenses associated with the Fire Protection Grant. Projected resources from the grant, pursuant to the Fire Protection Fund Act, total \$767,233. Funds will be used for materials and services to support fire protection activities, debt service on the City's 2007 and 2010 fire apparatus loans, and debt service on the City's 2013 fire administration building loan.

### Environmental GRT Fund

This fund accounts for the Municipal Environmental GRT revenues to be used for the acquisition, construction, operation, and maintenance of solid waste facilities or water/sewer systems and debt service on financed projects. Total collections for FY 2021 are projected to be \$828,621.

### Higher Education Facilities GRT Fund

This fund accounts for Municipal Higher Education Facilities GRT revenues. This tax is restricted for the acquisition, construction, renovation or improvement of facilities of a four-year post-secondary public education institution located in the municipality, and acquisition of, or improvements to, land for those facilities. It may also be used for debt service on revenue bonds issued for those purposes. The FY 2021 Final Budget projects \$2,651,585 in revenues and anticipates an ending fund balance of \$4,177,501. A majority of this Special Fund revenue (fund reserves and future revenues) has been pledged to fund the construction of the University of New Mexico's new Orthopaedic Surgery and Rehabilitation Center located at the Rio Rancho UNM Health Sciences Campus (City Center).

### Municipal Road Fund

This fund is supported by State-shared gasoline tax revenue which is estimated to be \$700,000 in FY 2021. The fund provides for road maintenance materials and repairs as well as debt service for the 2019 Heavy Equipment Loan.

### Infrastructure Fund

Sources of this fund are grants for road construction and transfers from the General Fund for grant match requirements. The transfer of \$143,990 is for the following:

- MS4 Outfalls DAR engineering (\$122,400); and
- Idalia Road culvert crossing (\$21,590).

The FY 2021 Final Budget includes Federal grants for these projects:

- Westside pedestrian path \$665,463;
- Idalia Road culvert crossing \$126,693; and
- Northern Blvd. widening Phase II, design, environmental, ROW acquisition, \$2,255,616.

### Computer / Software Replacement Fund

Sources of this fund come from the General Fund to support technological initiatives. The transfer of \$223,395 will be used for the following:

- Replace computers and equipment that are on a five-year replacement schedule (\$121,050);
- Security for the City's technology (\$81,863); and
- GIS server replacement (\$20,482).

### Equipment Replacement Fund

Available sources in this fund total \$301,260, which includes a transfer from the General Fund of \$20,868. Funding will be used for the following:

- Replace a 1963 forklift for Fleet Maintenance (\$45,000); and
- Five non-public safety vehicles (\$190,000)
  - Animal Resource Center (\$55,000)
  - Building Maintenance (\$30,000)
  - Custodial (\$35,000)
  - Libraries (\$30,000)
  - Parks (\$40,000)

### City Facility Improvement/Replacement Fund

Available sources total \$627,543, including cash available of \$285,239, cell tower revenues of \$169,857, and transfers from the General Fund of \$172,447. Leaving capital reserves of \$62,500, funds will be used for the following:

- City Hall HVAC repair (\$140,000);
- City Hall surveillance cameras (\$39,000);
- City Hall badge system (\$30,000);
- Star Heights Community Center repairs (\$23,973);
- Loma Colorado Library door repair and Esther Bone Library wall repair (\$2,500);
- Replacement of three heat exchangers at the Aquatic Center (\$105,000);
- Outdoor lighting at Police Headquarters (\$8,000); and
- Trailhead Park playground replacement (\$216,109).

#### Impact Fee – Road Fund

Based on 521 projected single-family starts in FY 2021, budgeted revenue is \$335,762. Sources in this fund will be used for a portion of the local match for Northern Blvd. widening phase II (\$290,476). This is a portion of the total match of \$384,384. The balance of the match is allocated in 2018 GO Bond Fund 331.

#### Impact Fee – Bikeway/Trails Fund

Based on 521 projected single-family starts in FY 2021, budgeted revenue is \$6,421. Sources of this fund will be used for City Center Campus Park Trail connection between UNM Health Sciences Rio Rancho Campus and Campus Park (\$38,919).

#### Impact Fee – Parks Fund

Based on 521 projected single-family starts in FY 2021, budgeted revenue is \$101,791. Impact fee revenue and accumulated reserves will be used for Sports Complex North (Little League) Phase 2 concession/restroom improvements (\$230,866).

#### Impact Fee – Public Safety

Based on 521 projected single-family starts in FY 2021, budgeted revenue is \$170,109. Impact fee revenue will be used for funding Police vehicles.

#### Impact Fee – Drainage

Based on 521 projected single-family starts in FY 2021, budgeted revenue is \$156,145. Impact fee revenue will be used for future drainage projects.

#### HUD – CDBG Fund

The FY 2021 award of \$589,677 will be allocated as follows:

- For administration (\$88,451), a reduction from 20 percent of the allocation seen in prior years to 15 percent;
- For public services provided by sub-recipients;
  - Assistance for domestic violence victims (\$20,944)
  - Homeless prevention (housing, rent and utilities assistance) (\$55,600)
  - Public services for the disabled (\$11,907)
- To improve public facilities allocated to the Star Heights area drainage project (\$412,775)

### **WATER AND WASTEWATER UTILITY DETAILS**

The Water and Wastewater Utilities Enterprise Fund provides service to over 35,500 customers. Revenue to fund operations and capital investment is derived from the sale of water, wastewater, and recycled water services, impact fees, interest, and other income. The FY 2021 Recommended Budget projection includes modest growth in the number of water and wastewater accounts of 1.5 percent. Recent annual consumption levels are utilized to project metered use, and the City does not anticipate large fluctuations from this baseline demand during the planning period from FY 2021 through FY 2025.

The revenue projection for FY 2021 also includes a 1.75 percent water rate adjustment already adopted by the Governing Body and established in Municipal Ordinance/Code for FY 2020 through FY 2024. The adjustment in FY 2021 for the average customer bill equates to an additional 74 cents per month. There are no wastewater rate adjustments scheduled for the period between FY 2020 through FY 2024.

After several years of no rate increases, a comprehensive Rate Study was performed in 2018 and determined that a schedule of adjustments were necessary for the following reasons: Utilities Enterprise Fund financial solvency, which impacts bond ratings and borrowing costs; maintaining adequate cash reserves; funding improvements to the water and wastewater system in order to maintain reliable services; and to adequately account for increases in the cost of materials and services associated with operating a water and wastewater system, which the City has no control over.

In FY 2021, the Utilities Department will continue to fund the replacement of failing polyethylene water service lines installed by private development in the 1980s throughout the City. Since 2014, 28 percent of the water service lines within the City have been replaced. Replacing these services lines will reduce the number of leaks thus saving water resources and recurring maintenance expenses. The Utilities Department will also continue to make investments in well rehabilitation and re-drilling older wells, and will complete two water main replacements concurrent with road work related to voter-approved General Obligation Bond projects and New Mexico Department of Transportation projects.

**REVENUES: \$52,884,651**

Total revenues in FY 2021 for the Utilities Enterprise Fund as a whole are projected to decrease by \$187,589, or 0.35 percent compared to the FY 2020 Adjusted Budget due to the following:

- Taken together, water and wastewater revenue related to volume and base charges is projected to increase by nearly \$1 million, or 2.2 percent compared to the FY 2020 Adjusted Budget. The FY 2021 Final Budget incorporates a modest 1.5 percent growth rate for water and wastewater accounts consistent with recent past experience.
- The projection also includes a previously adopted and established 1.75 percent water rate adjustment.
- Intergovernmental revenue is expected to decrease by nearly \$100,000. The FY 2020 Adjusted Budget includes Federal grant awards related to water conservation programs, while the FY 2021 Final Budget does not include any new grant sources.
- Miscellaneous revenue, impact fees, and interest income is expected to decrease by more than \$1 million, mainly due to a reduction in delinquent fees revenue based on year-to-date trend analysis; and a more conservative estimate of development activity in FY 2021.

**EXPENDITURES: \$57,715,856**

**Personnel: \$2,133,724**

The personnel budget for the Utilities Enterprise Fund is projected to decrease slightly by \$4,689, or 0.2 percent compared to the FY 2020 Adjusted Budget. The personnel budget does not include a proposed salary increase, nor an increase to health insurance premiums. The Utilities Enterprise Fund will have 36 full-time equivalent employees in FY 2021.

## **Materials and Services: \$25,195,694**

The materials and services budget for the Utilities Enterprise Fund is projected to decrease by a net amount of \$3 million, or 10.7 percent compared to the FY 2020 Adjusted Budget. The decrease is primarily due to one-time items and/or prior year rolls forward included in the FY 2020 Adjusted Budget that are either not included in the FY 2021 Final Budget, or included at lower expenditure levels. Among these items are:

- Professional services for the SCADA Division for virtualization infrastructure improvements and vulnerability risk and resilience study;
- Contract services for the Engineering Division for sanitary sewer geographical information system data collection activities;
- Professional services for the Accounting Division for update of the Utilities financial model and investment advisory services;
- Printing and postage for the Utilities Billing/Customer Service Division;
- Minor furniture and equipment for the Utilities Billing/Customer Service Division for read center upgrade to the beacon system, orion mobile receiver units, and replacement computer equipment;
- Professional services for the Water Production Division for groundwater level monitoring, water modeling assistance, and groundwater data compilation;
- Repair and maintenance for the Water Production Division for Well 2 and Well 12;
- Reverse Osmosis upgrades, Well 17 repairs, Well 19 repairs, and Well 10 arsenic treatment hatch repairs;
- Program supplies, chemicals, and replacement filters for the Water Production Division;
- Repair and maintenance for the Transmission and Distribution Division used to repair water mains and service lines;
- Meter installations and replacements for the Transmission and Distribution Division rolled forward from the prior year;
- Several major repair projects to wastewater system infrastructure rolled forward from the prior year; and
- Fleet maintenance services for the Wastewater Treatment Division for repairs to heavy equipment.

## **Capital Outlay: \$15,274,631**

Capital Outlay in the FY 2021 Final Budget includes water rights acquisition, new and replacement vehicles and equipment, and several infrastructure projects. A detailed list of items can be found in the Capital Outlay section of the budget document. Funding for capital projects is provided through a combination of Utilities net operating revenues, water rights acquisition fees, and water and wastewater impact fees.

Capital projects in the FY 2021 Final Budget include the following:

- Water capital projects, including Phase 2 Well 13 re-drill, Well 9 Tank replacement, hydrogeology and well design to re-drill Wells 2 and 9, replacement of water treatment infrastructure, well site security, and water main line replacements (\$4,474,266);

- Water Impact Fees for Phase 2 Well 13 re-drill, Well 9 Tank replacement, and Unser Boulevard Water Line from City Center Tank to Tank 15 (\$1,300,000);
- Enterprise Resource Planning (ERP) System (\$1,091,717). The Utilities Enterprise's proportionate share in relation to General Fund use/total cost for ERP system as identified by a 2019 Citywide Technology Needs Assessment Study;
- Purchase of water rights to satisfy Office of the State Engineer permit requirements (\$953,244);
- Vehicles used for Water, Wastewater, and Recycled Water operations (\$341,531);
- Utilities equipment and a 40' storage container for the Water Production, Transmission and Distribution, and Wastewater Divisions (\$244,654);
- Wastewater capital projects, including solids handling rehabilitation, Wastewater Treatment Plant 2 (WWTP2) headworks design, Wastewater Treatment Plant 5 (WWTP5) equipment expansion, wastewater security, and SCADA improvements, and sewer line replacements (\$6,219,219); and
- Wastewater Impact Fees for sewer main replacements (\$650,000).

**Debt Service: \$15,111,807**

The Utilities Funds transfer for FY 2021 debt service includes payments for senior and subordinate debt from the Utilities Operating Fund and for water rights acquisition loans from the Water Rights Acquisition Fund as follows:

- Utilities Operating Fund for servicing senior debt which consists of seven separate financings used for the initial purchase of the utility, system improvements needed to decommission WWTP1, and other utility system improvements (\$11,205,117);
- Utilities Operating Fund for servicing subordinate debt for financing equipment in the advanced water treatment facility and the discharge of other debt (\$1,721,280); and
- Water Rights Acquisition Loans (\$2,185,410).

**ENDING FUND BALANCE: \$23,548,204**

The Utilities Enterprise Fund's ending fund balance consists of debt service reserves (\$2,160,443), water and wastewater impact fees and capital reserves (\$2,214,533), operating reserve (\$16,044,118), and a capital reserve (\$3,129,110).

The operating reserve of \$16 million exceeds the minimum 90 days cash target reserve, while the capital reserve of \$3.1 million represents 1.0 percent of the total estimated value of capital assets. Both reserves were established pursuant to the financial planning benchmarks recommended in the 2018 Rate Study. The 90 days cash target reserve is an increase from the previous benchmark of 60 days established by the 2012 Rate Study. The operating reserve has been allowed to accumulate as part of the plan to cash finance a substantial portion of the Utilities Infrastructure and Capital Improvement Plan.

Based on the estimated revenues and expenditures, the Utilities Enterprise Fund meets the minimum required debt service coverage ratio of 1.15 for parity bonds. The projected coverage ratio is 1.81 for senior debt and 1.57 for senior and subordinate debt combined.

## CONCLUSION

In summary, the FY 2021 Adopted Budget maintains funding for all City services and provides capital funding for certain needs. Priorities, and identified goals in the Strategic Plan, are a point of emphasis related to public safety and infrastructure, such as roads. The FY 2021 Budget does not include salary increases for any employee group. The Final Budget exceeds the City's 15.0 percent General Fund reserve target by having 27.1 percent reserves in place. These measures, along with other already noted budgetary decisions, have been taken in an effort to provide a buffer against revenue lost due to economic turmoil caused by the COVID-19 pandemic.

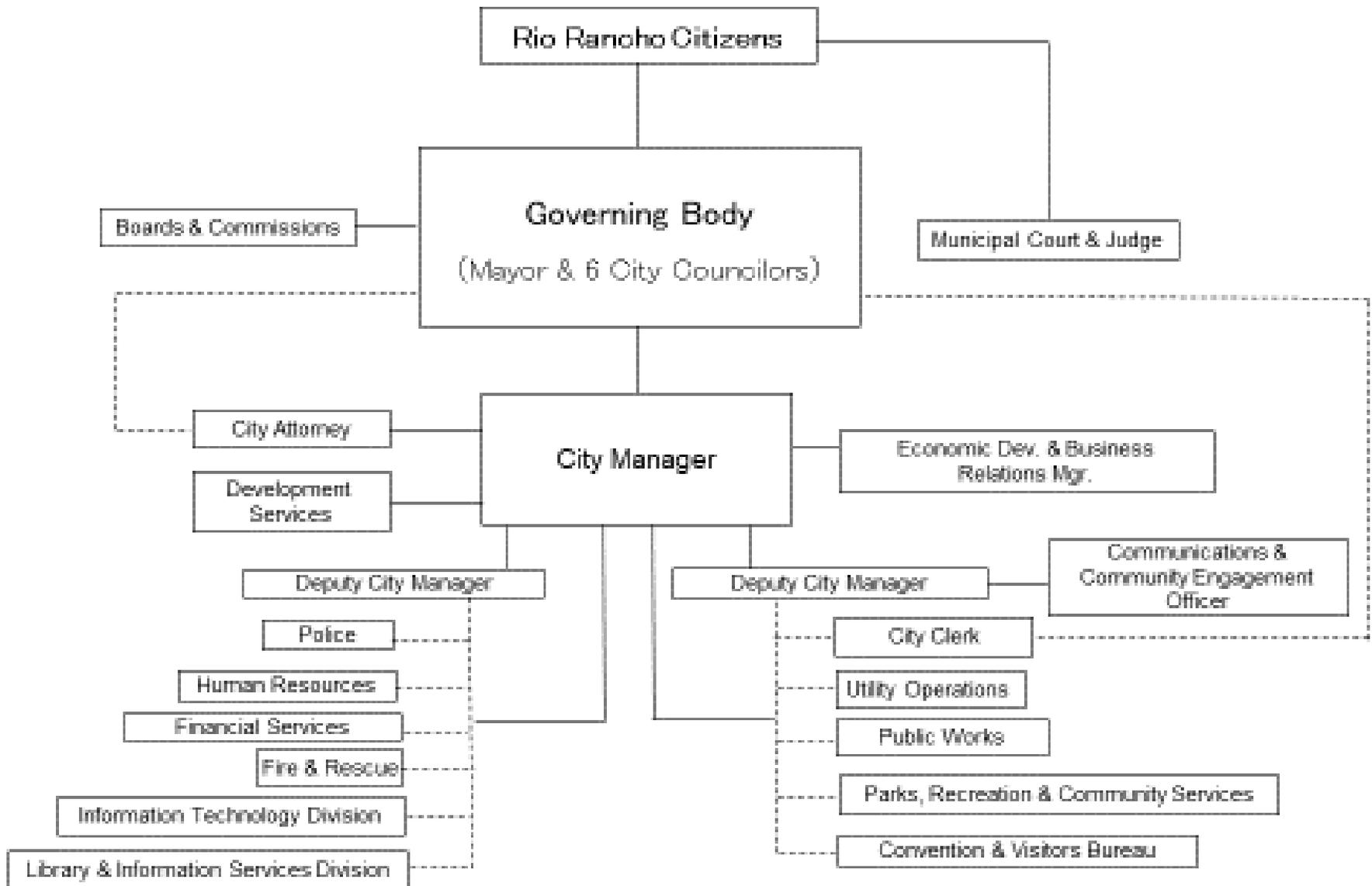
The City is positioned, based on past and current actions, to address the uncertainties caused by the COVID-19 pandemic. Continuing to allocate scarce resources efficiently and strategically will be key in order to maintain public services and meet growing demands once the pandemic is over.

Sincerely,

A handwritten signature in blue ink that reads "Peter Wells". The signature is written in a cursive style with a light blue shadow effect behind the text.

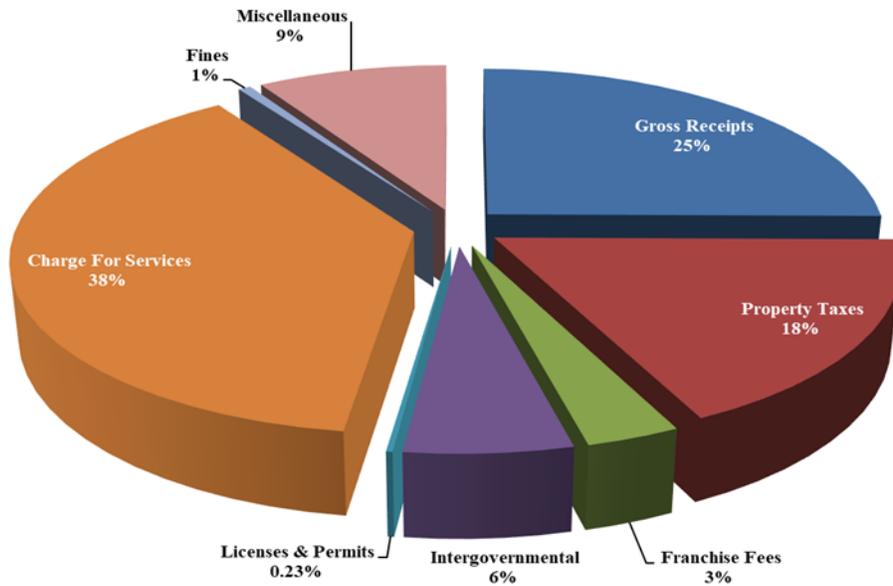
Peter Wells  
Acting City Manager

# City of Rio Rancho Organizational Structure



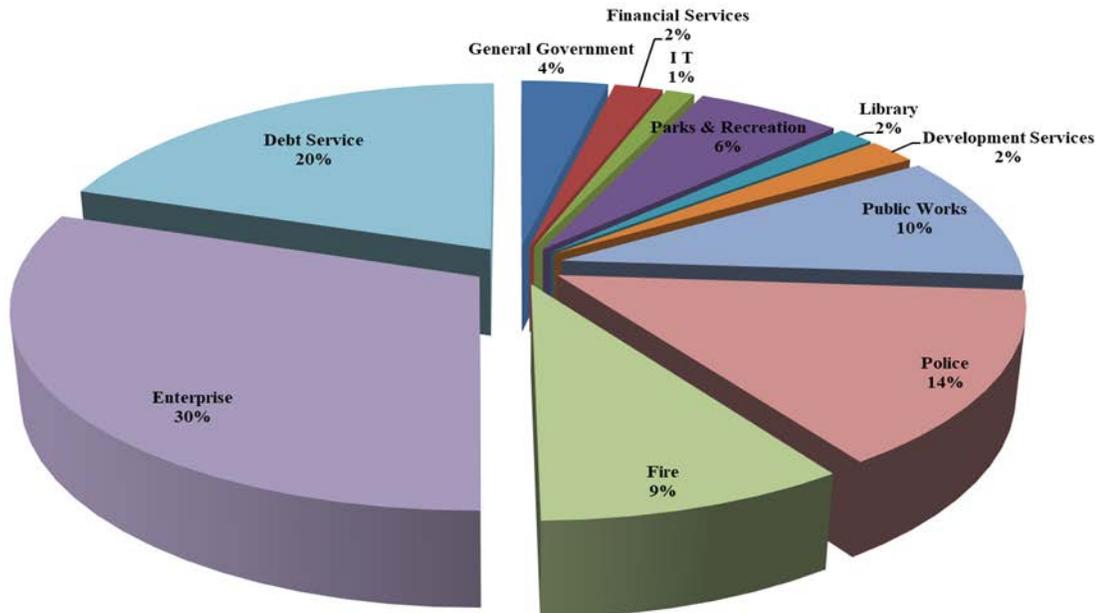
*Dotted line indicates Charter duties and/or duties as assigned by City Manager*

**Where the Money Comes From - All Funds \$137,595,183\***



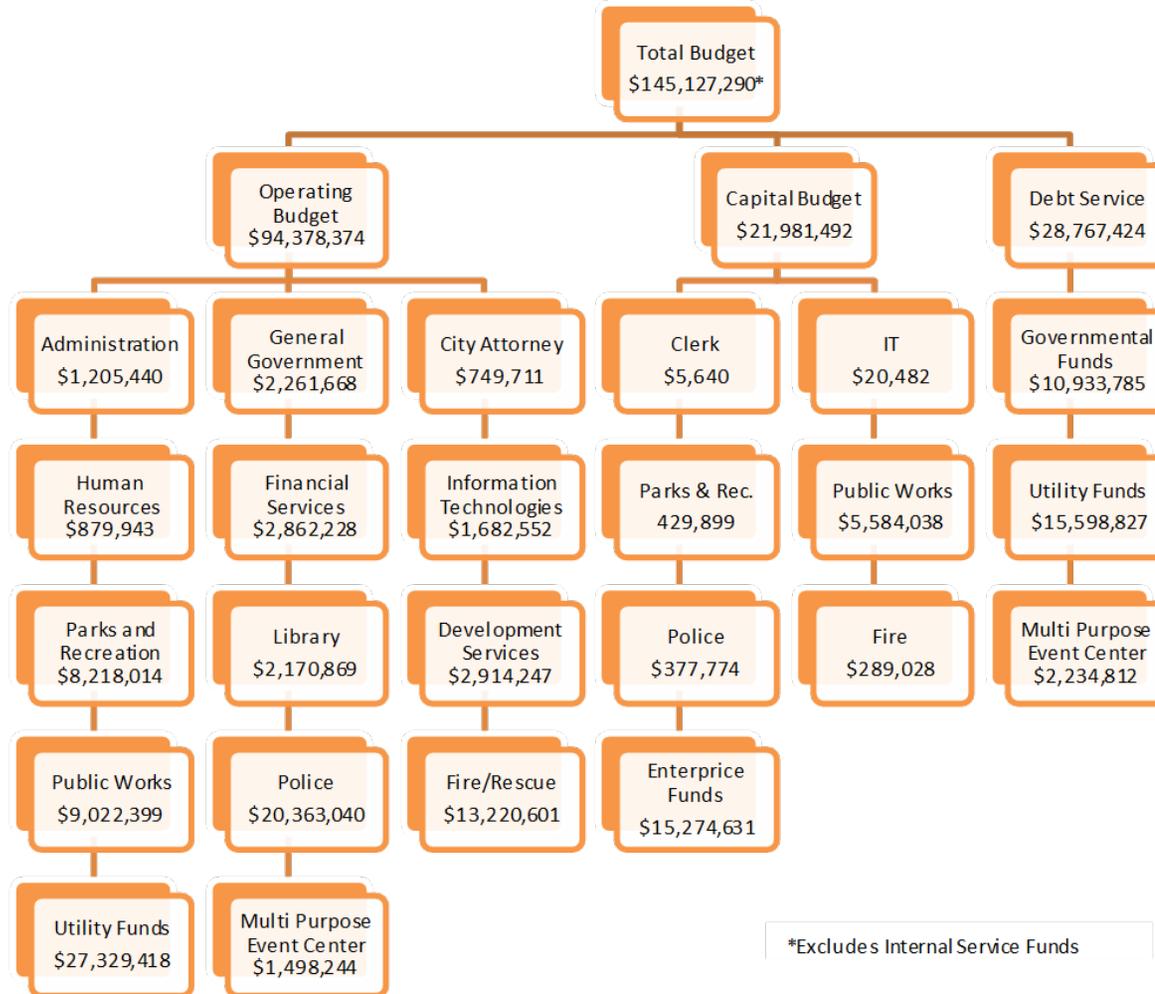
\*Excludes Internal Service Revenues \$8,051,365

**Where the Money Goes \$145,127,290**



Excludes Internal Fund Expenditures \$8,375,700

## Total Budget



**CITY OF RIO RANCHO  
GOVERNMENTAL FUNDS BUDGET SUMMARY  
FOR THE PERIOD 7/1/2020 TO 6/30/2021**

FUND NUMBER AND TITLE		BEG FUND BALANCE	REVENUES	OPERATING TRANSFERS	EXPENDITURES	ENDING FUND BALANCE
101	General Fund	17,034,717	60,217,650	(2,910,171)	58,509,643	15,832,553
201	Donation Revenue	31,680	7,100	-	38,780	-
202	ACO Spay/Neuter Fund	23,474	40,500	-	63,974	-
204	Donations ACO/Police	11,122	1,750	-	3,458	9,414
206	Recreation Activities	170,156	288,965	-	348,365	110,756
207	KRRB Grant Fund	82	48,490	-	48,490	82
212	Workers Compensation Fund	1,503,784	604,305	-	800,000	1,308,089
213	Rio Metro Fund	7,851	63,800	-	63,800	7,851
216	Senior Center Programs II	9,518	14,025	-	17,025	6,518
220	Library Fund	783	-	-	-	783
223	Economic Development Initiative	472,729	-	-	-	472,729
224	Promotions Fund	51,825	11,000	(48,000)	13,000	1,825
225	Convention Visitors Bureau	310,969	240,005	-	291,318	259,656
226	Cable Committee	28,190	56,000	25,000	98,500	10,690
227	SAD Operations	81,054	68,096	-	149,150	-
240	Local Government Correction Fund	51,273	250,000	70,000	350,000	21,273
241	Law Enforcement	4,241	107,300	-	110,426	1,115
243	Traffic Education	55,566	75,000	-	73,995	56,571
245	NM Gang Task Force	893	-	-	-	893
246	PS Misc. Revenue / Donations Fund	248,599	200,000	-	248,599	200,000
250	Fire Protection	286,156	772,233	-	893,450	164,939
251	EMS	4,510	19,245	-	23,755	-
252	State Grants	298	-	-	-	298
253	Summer Lunch Program	-	105,000	-	105,000	-
255	E-911 Grant Fund	150	-	-	-	150
256	DWI Program Fund	230,111	-	-	230,111	-
259	Federal Grants Fund	5,007	-	(5,007)	-	-
260	Environmental Gross Receipts	1,520,591	838,621	-	561,890	1,797,322
263	Higher Education GRT	3,196,415	2,711,585	-	1,730,499	4,177,501
270	Municipal Road	321,967	630,000	-	741,285	210,682
280	Regional Emergency Comm. Center	999,314	1,816,242	1,578,411	3,394,653	999,314
305	Infrastructure Fund	743,365	3,047,772	(182,725)	3,484,675	123,737
310	Recreation Development	17	-	-	17	-
311	Computer/Software Replacement	31,376	-	223,395	223,395	31,376
312	Equipment Replacement	280,392	-	20,868	301,260	-
313	City Facility Improvement/Replace	285,239	169,857	172,447	565,043	62,500
330	2016 GO Bond Construction	91,222	-	-	91,222	-
331	2018 GO Bond	101,548	-	-	101,548	-
332	2020 GO Bond	591,597	-	-	445,597	146,000
351	Impact Fees - Roads	171,152	292,476	-	344,476	119,152
352	Impact Fees - Bikeways/Trails	91,719	6,421	-	39,112	59,028
353	Impact Fees - Parks	420,371	101,791	-	233,920	288,242
354	Impact Fees - Public Safety	304,051	170,109	-	137,103	337,057
355	Impact Fees - Drainage	1,093,018	156,145	-	4,684	1,244,479
375	HUD-CDBG Fund	-	589,677	-	589,677	-
376	Crime Victims Assistance	4,515	-	(3,318)	-	1,197
401	G.O. Bonds Debt Service	8,690,984	6,467,995	-	6,510,734	8,648,245
424	Series 2005 GRT Debt Service	243	1,578,438	-	1,578,681	-
426	HP Debt Service Loan Fund	1	376,612	-	376,613	-
427	HS Debt Service Loan Fund	-	370,077	-	370,077	-
428	PS Vehicle Loan Fund	-	59,378	-	59,378	-
720	LEDA Reimbursements	883	-	-	-	883
730	GRIP Fund	-	112,000	-	112,000	-
750	Health Self Insurance Fund	1,977,341	7,188,788	-	7,091,700	2,074,429
751	Dental Self Insurance Fund	554,837	541,772	-	484,000	612,609
<b>TOTAL</b>		<b>\$ 42,096,896</b>	<b>\$ 90,416,220</b>	<b>\$ (1,059,100)</b>	<b>\$ 92,054,078</b>	<b>\$ 39,399,938</b>

**CITY OF RIO RANCHO  
UTILITY FUNDS BUDGET SUMMARY  
FOR THE PERIOD 7/1/2020 TO 6/30/2021**

FUND NUMBER AND TITLE	BEG FUND BALANCE	REVENUES	OPERATING TRANSFERS	EXPENDITURE	ENDING FUND BALANCE
501 Department of Utilities	\$ 21,302,025	\$ 48,869,698	(22,402,429)	\$ 28,596,066	\$ 19,173,228
512 Equipment Replacement Fund	17,969	-	323,562	341,531	-
532 Debt Service / NMFA Loan	252,479	6,000	3,906,690	3,906,690	258,479
533 Utility 2009 Ref Debt Service	1,891,964	10,000	11,205,871	11,205,871	1,901,964
540 CIF Water Operation	943,850	50,000	3,525,416	4,519,266	-
542 Water Rights Fund	88,654	3,050,000	(2,185,410)	953,244	-
545 Water Impact Fees	2,047,638	539,557	-	1,316,187	1,271,008
550 CIF Wastewater	492,906	100,000	5,626,300	6,219,206	-
552 Effluent Fund	13	-	-	13	-
555 Wastewater - Impact Fees	1,341,911	259,396	-	657,782	943,525
<b>UTILITY TOTAL</b>	<b>\$ 28,379,409</b>	<b>\$ 52,884,651</b>	<b>\$ -</b>	<b>\$ 57,715,856</b>	<b>\$ 23,548,204</b>

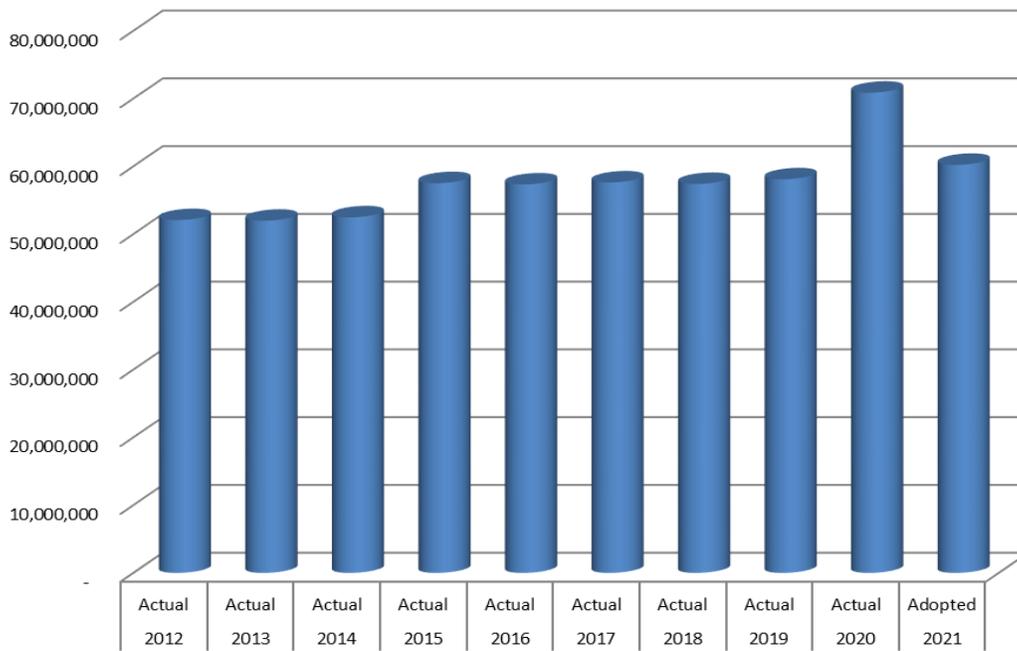
**CITY OF RIO RANCHO  
MULTI-PURPOSE EVENT CENTER FUNDS BUDGET SUMMARY  
FOR THE PERIOD 7/1/2020 TO 6/30/2021**

FUND NUMBER AND TITLE	BEG FUND BALANCE	REVENUES	OPERATING TRANSFERS	EXPENDITURE	ENDING FUND BALANCE
601 Multi - Purpose Event Centre Fund	\$ 322,472	\$ 343,634	\$ 832,138	\$ 1,498,244	\$ -
610 MPEC Debt Service Fund	2,242,587	2,002,043	226,962	2,234,812	2,236,780
<b>MPEC TOTAL</b>	<b>\$ 2,565,059</b>	<b>\$ 2,345,677</b>	<b>\$ 1,059,100</b>	<b>\$ 3,733,056</b>	<b>\$ 2,236,780</b>

GENERAL FUND FIVE YEAR FINANCIAL PLAN  
FY 2021  
ADOPTED

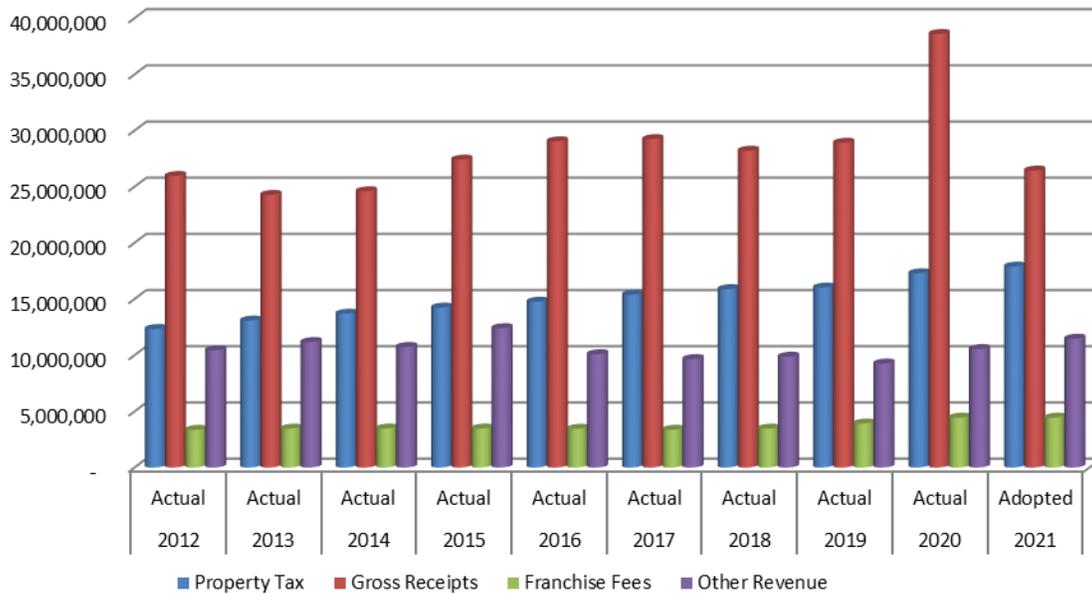
	FY 2020 Actual	FY 2021 Adopted	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
<b>Sources</b>											
Beginning Fund Balance	13,443,113	17,034,717	26.7%	15,832,553	-7.1%	11,730,658	-25.9%	8,995,886	-23.3%	9,162,446	1.9%
Property Tax	17,286,501	17,882,672	3.4%	18,625,390	4.2%	19,349,049	3.9%	20,094,845	3.9%	20,853,954	3.8%
Gross Receipts Tax	38,590,599	25,779,830	-33.2%	23,448,943	-9.0%	25,554,434	9.0%	28,545,872	11.7%	30,773,982	7.8%
Franchise Fees	4,437,903	4,436,521	0.0%	4,464,442	0.6%	4,491,406	0.6%	4,520,633	0.7%	4,543,937	0.5%
Licenses & Permits	371,336	310,000	-16.5%	314,030	1.3%	317,798	1.2%	321,612	1.2%	325,150	1.1%
Grants	461,937	375,388	-18.7%	227,949	-39.3%	173,549	-23.9%	175,388	1.1%	177,197	1.0%
State Shared Taxes	1,191,936	385,000	-67.7%	1,390,005	261.0%	1,394,685	0.3%	1,399,421	0.3%	1,403,815	0.3%
General Government	2,321,557	2,001,500	-13.8%	2,052,860	2.6%	2,105,296	2.6%	2,159,141	2.6%	2,214,124	2.5%
Public Safety	2,645,740	2,693,000	1.8%	2,661,161	-1.2%	2,690,299	1.1%	2,719,787	1.1%	2,747,141	1.0%
Cultural Enrichment	587,199	880,552	50.0%	946,340	7.5%	955,690	1.0%	965,151	1.0%	973,929	0.9%
Fines and Forfeitures	787,673	741,800	-5.8%	876,500	18.2%	876,500	0.0%	876,500	0.0%	876,500	0.0%
Miscellaneous Revenue	2,183,534	2,151,307	-1.5%	2,175,140	1.1%	2,221,580	2.1%	2,267,482	2.1%	2,311,785	2.0%
<b>Total Recurring Revenues</b>	<b>70,865,915</b>	<b>57,637,570</b>	<b>-18.7%</b>	<b>57,182,761</b>	<b>-0.8%</b>	<b>60,130,287</b>	<b>5.2%</b>	<b>64,045,833</b>	<b>6.5%</b>	<b>67,201,514</b>	<b>4.9%</b>
Non-Recurring Revenues		2,580,081	0.0%	358,118	0.0%	-	0.0%	-	0.0%	-	0.0%
<b>Total Revenues</b>	<b>70,865,915</b>	<b>60,217,650</b>	<b>-15.0%</b>	<b>57,540,879</b>	<b>-4.4%</b>	<b>60,130,287</b>	<b>4.5%</b>	<b>64,045,833</b>	<b>6.5%</b>	<b>67,201,514</b>	<b>4.9%</b>
Transfers from Special Funds	113,843	490,590	33.1%	107,550	-7.8%	107,550	0%	107,550	0%	107,550	0%
<b>Total Sources</b>	<b>84,422,871</b>	<b>77,742,957</b>	<b>-7.9%</b>	<b>73,480,982</b>	<b>-5.5%</b>	<b>71,968,495</b>	<b>-2.1%</b>	<b>73,149,269</b>	<b>1.6%</b>	<b>76,471,510</b>	<b>4.5%</b>
<b>Uses</b>											
Personal Services	44,669,608	46,181,333	3.4%	46,619,555	0.9%	47,377,373	1.6%	48,077,682	1.5%	48,700,260	1.3%
Materials and Services	11,925,441	11,984,596	0.5%	12,242,808	2.2%	12,497,275	2.1%	12,771,180	2.2%	13,068,609	2.3%
<b>Total Recurring Expenditures</b>	<b>56,595,049</b>	<b>58,165,929</b>	<b>2.8%</b>	<b>58,862,363</b>	<b>1.2%</b>	<b>59,874,648</b>	<b>1.7%</b>	<b>60,848,862</b>	<b>1.6%</b>	<b>61,768,869</b>	<b>1.5%</b>
Non-Recurring Expenditures											
Capital Outlay	325,446	205,257	-38.4%	-	-	-	-	-	-	-	-
Other Non-Rec. Expenditures	-	138,457	-	140,000	-	-	140,000	-	-	-	-
<b>Total Non-Rec. Expenditures</b>	<b>325,446</b>	<b>343,714</b>	<b>5.6%</b>	<b>140,000</b>	<b>0.0%</b>	<b>-</b>	<b>0.0%</b>	<b>140,000</b>	<b>0.0%</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenditures</b>	<b>56,920,495</b>	<b>58,509,643</b>	<b>2.8%</b>	<b>59,002,363</b>	<b>0.8%</b>	<b>59,874,648</b>	<b>1.5%</b>	<b>60,988,862</b>	<b>1.9%</b>	<b>61,768,869</b>	<b>1.3%</b>
Transfers Out	9,620,440	3,400,761	-64.7%	2,747,961	-19.2%	2,747,961	0.0%	2,747,961	0.0%	2,747,961	0.0%
Ending Fund Balance Unreserved	13,138,561	10,956,750	-17%	6,813,794	-37.8%	4,006,332	-41.2%	4,080,041	1.8%	4,107,274	0.7%
Ending Fund Balance Reserved	4,743,375	4,875,804	2.8%	4,916,864	0.8%	4,989,554	1.5%	5,082,405	1.9%	5,147,406	1.3%
<b>Total Ending Fund Balance</b>	<b>17,881,936</b>	<b>15,832,553</b>	<b>-11.5%</b>	<b>11,730,658</b>	<b>-25.9%</b>	<b>8,995,886</b>	<b>-23%</b>	<b>9,162,446</b>	<b>1.9%</b>	<b>9,254,680</b>	<b>1.0%</b>
<b>Total Uses</b>	<b>84,422,871</b>	<b>77,742,957</b>	<b>-7.9%</b>	<b>73,480,982</b>	<b>-5.5%</b>	<b>71,618,495</b>	<b>-2.5%</b>	<b>72,899,269</b>	<b>1.6%</b>	<b>73,771,510</b>	<b>1.2%</b>
Reserves as % of Expenditures	31.4%	27.1%	-13.7%	19.9%	-13.7%	15.0%	-13.7%	15.0%	13.7%	15.0%	13.7%

## GENERAL FUND Total Revenues



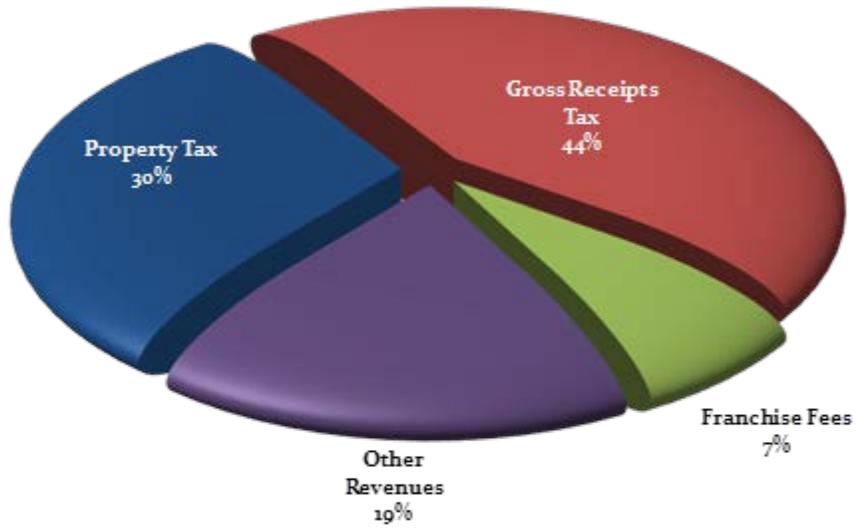
Transfers from other funds are excluded

## Revenues by Category



Transfers from other funds are excluded

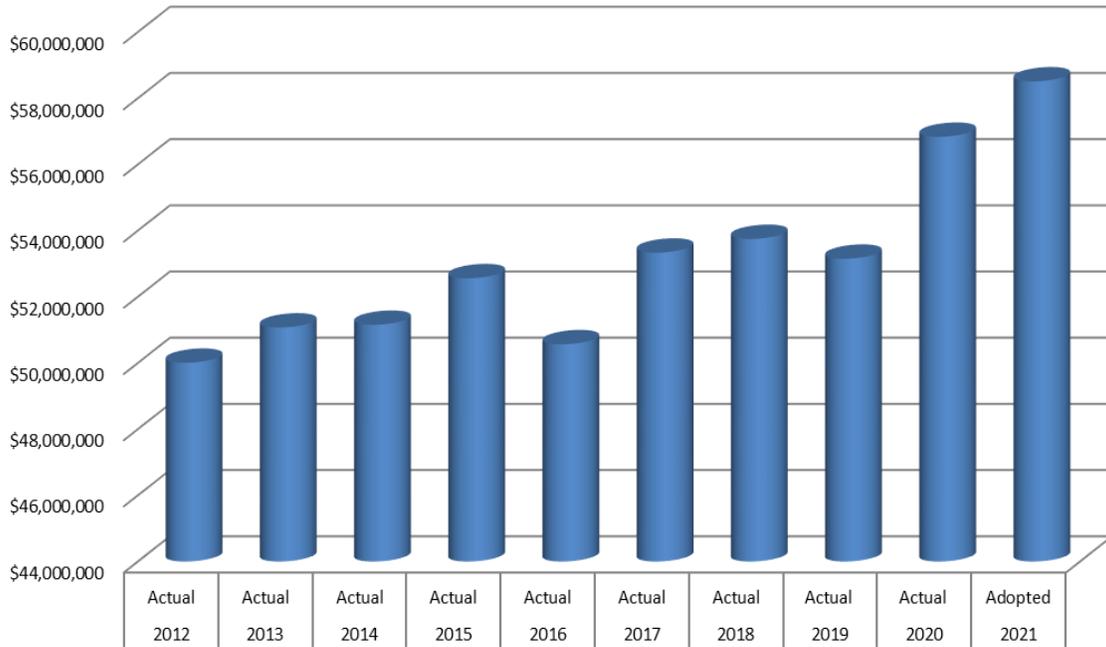
<b>FISCAL YEAR 2021</b> <b>GENERAL FUND</b> <b>Revenue Budget by Category</b>
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Property Tax	17,882,672
Gross Receipts Tax	26,431,876
Franchise Fees	4,436,521
Other Revenues	11,466,581
<b>Total Revenue</b>	<b><u>\$ 60,217,650</u></b>

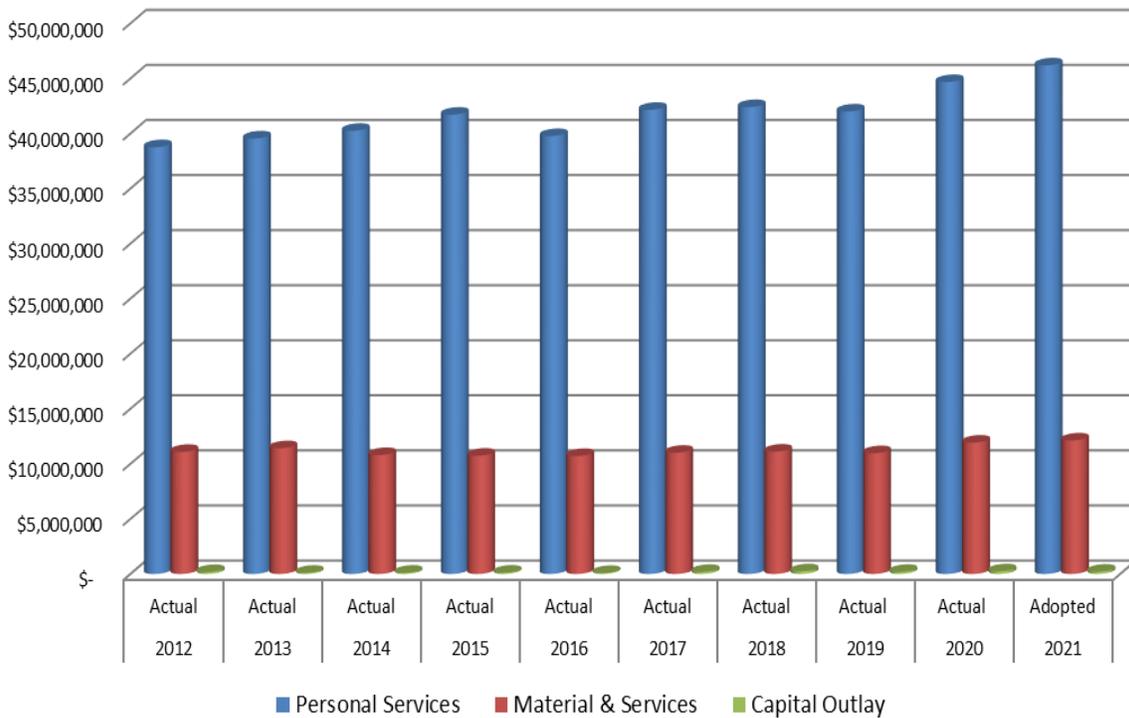
Transfers In are excluded (\$490,590)

## GENERAL FUND Total Expenditures

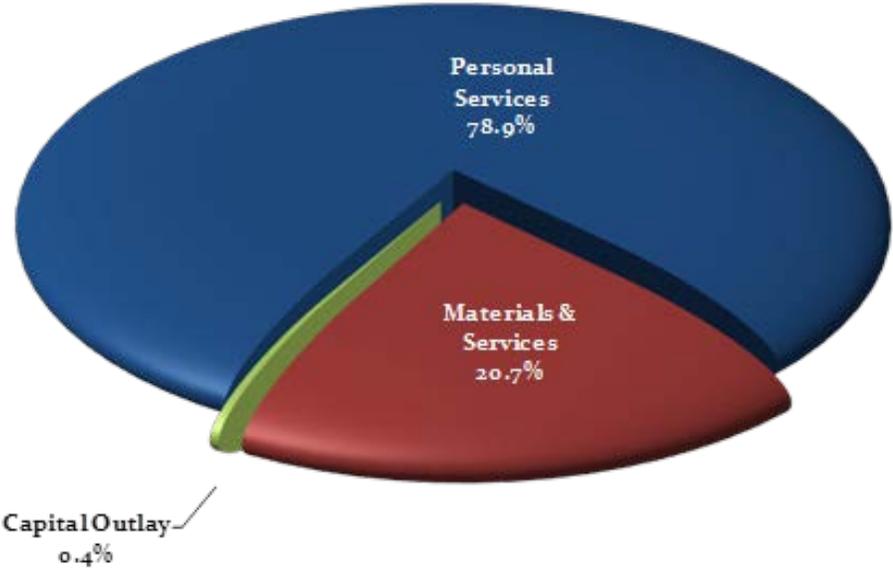


Transfers to other funds are excluded

## Expenditures by Category



**FISCAL YEAR 2021  
GENERAL FUND  
Expenditure Budget by Category**



Personal Services	\$	46,181,333
Materials & Services	\$	12,123,053
Capital Outlay	\$	205,257
<b>Total Expenditures</b>	<b>\$</b>	<b><u>58,509,643</u></b>

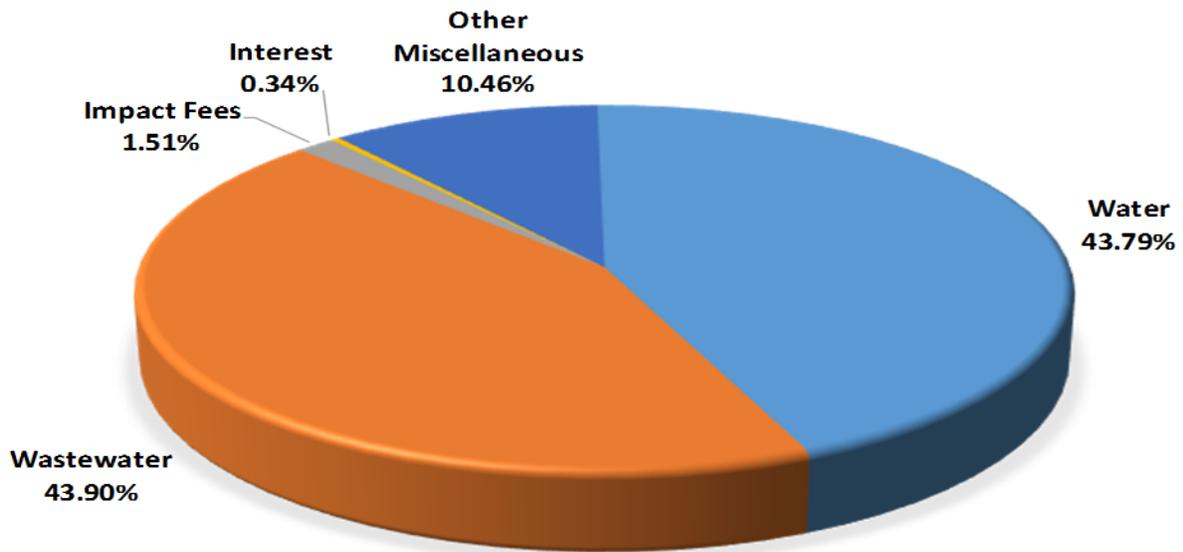
Transfers Out are excluded (\$3,400,761)

**WATER AND WASTEWATER UTILITY FIVE YEAR FINANCIAL PLAN  
FY 2021 FINAL BUDGET**

Line No.	Description	2020 Actual		2021 Final Budget		2022		2023		2024		2025	
		\$	YoY % Change	\$	% Change								
<b>SOURCES</b>													
1	Beginning Balance	21,291,712	-3%	23,471,425	10%	19,173,228	-18%	10,593,906	-45%	10,512,005	-1%	10,643,925	1%
<b>Revenues</b>													
2	Water	23,164,918	8%	23,160,675	0%	23,880,892	3%	24,623,499	3%	25,389,108	3%	25,769,273	1%
3	Wastewater	22,206,859	1%	23,215,423	5%	23,567,217	2%	23,938,019	2%	24,320,021	2%	24,696,423	2%
4	Total Rate Revenue	45,371,777	4%	46,376,098	2%	47,448,109	2%	48,561,518	2%	49,709,129	2%	50,465,696	2%
5	Miscellaneous Revenue	2,470,552	-6%	2,481,600	0%	2,517,583	1%	2,554,088	1%	2,591,122	1%	2,628,694	1%
6	Interest	368,405	56%	12,000	-97%	12,000	0%	12,000	0%	12,000	0%	12,000	0%
7	Total Recurring Revenue	48,210,734	4%	48,869,698	1%	49,977,692	2%	51,127,606	2%	52,312,251	2%	53,106,390	2%
8	Intergovernmental Grants	29,300	91%	69,237	136%	0	N/A	0	N/A	0	N/A	0	N/A
9	Other Non-recurring	0		0	N/A	0	N/A	0	N/A	0	N/A	0	N/A
10	Total Non-recurring Revenue	29,300	91%	69,237	136%	0	N/A	0	N/A	0	N/A	0	N/A
11	<b>Total Revenue</b>	<b>48,240,034</b>	<b>4%</b>	<b>48,938,935</b>	<b>1%</b>	<b>49,977,692</b>	<b>2%</b>	<b>51,127,606</b>	<b>2%</b>	<b>52,312,251</b>	<b>2%</b>	<b>53,106,390</b>	<b>2%</b>
12	Transfer from Other Fund	0		0	N/A	0	N/A	0	N/A	0	N/A	0	N/A
13	<b>Total Sources</b>	<b>69,531,746</b>	<b>2%</b>	<b>72,410,360</b>	<b>4%</b>	<b>69,150,921</b>	<b>-5%</b>	<b>61,721,512</b>	<b>-11%</b>	<b>62,824,256</b>	<b>2%</b>	<b>63,750,315</b>	<b>1%</b>
<b>USES</b>													
<b>Operating &amp; Maintenance Expense</b>													
14	Water	13,227,634	19%	15,754,305	19%	16,201,317	3%	16,661,875	3%	17,136,391	3%	17,625,294	3%
15	Wastewater	8,645,192	-7%	10,296,549	19%	10,588,704	3%	10,889,711	3%	11,199,841	3%	11,519,373	3%
16	<b>Total Recurring Expense</b>	<b>21,872,827</b>	<b>7%</b>	<b>26,050,854</b>	<b>19%</b>	<b>26,790,021</b>	<b>3%</b>	<b>27,551,585</b>	<b>3%</b>	<b>28,336,232</b>	<b>3%</b>	<b>29,144,667</b>	<b>3%</b>
17	Non-recurring Expense	430,012	-19%	920,178	114%	18,000	-98%	442,500	2358%	0	-100%	0	N/A
18	<b>Total O&amp;M Expense</b>	<b>22,302,839</b>	<b>6%</b>	<b>26,971,032</b>	<b>21%</b>	<b>26,808,021</b>	<b>-1%</b>	<b>27,994,085</b>	<b>4%</b>	<b>28,336,232</b>	<b>1%</b>	<b>29,144,667</b>	<b>3%</b>
<b>Non-Operating Expense</b>													
19	Franchise Fee	885,300	3%	920,271	4%	941,997	2%	964,170	2%	987,025	2%	1,002,156	2%
20	PILOT - Property Tax	0		0	N/A	0	N/A	0	N/A	0	N/A	0	N/A
21	City G&A	1,610,991	10%	1,607,029	0%	1,655,240	3%	1,704,897	3%	1,756,044	3%	1,808,725	3%
22	<b>Total Non-Operating Expense</b>	<b>2,496,291</b>	<b>8%</b>	<b>2,527,300</b>	<b>1%</b>	<b>2,597,237</b>	<b>3%</b>	<b>2,669,067</b>	<b>3%</b>	<b>2,743,069</b>	<b>3%</b>	<b>2,810,882</b>	<b>2%</b>
<b>Debt Service</b>													
<b>Existing Senior</b>													
23	Water	8,388,750	-2%	8,403,900	0%	8,401,163	0%	5,306,850	-37%	5,295,413	0%	5,099,288	-4%
24	Wastewater	2,796,250	-2%	2,801,300	0%	2,800,388	0%	1,768,950	-37%	1,765,138	0%	1,699,763	-4%
<b>Existing Subordinate</b>													
25	Water	20,305	0%	20,305	0%	20,305	0%	20,305	0%	20,305	0%	20,305	0%
26	Wastewater	1,703,100	0%	1,701,600	0%	1,697,850	0%	1,696,850	0%	1,213,350	-28%	1,216,350	0%
<b>Proposed Debt Service</b>													
27	Water	0	N/A	0	N/A	638,428	N/A	638,428	0%	918,555	44%	918,555	0%
28	Wastewater	0	N/A	0	N/A								
29	<b>Total Debt Service</b>	<b>12,908,405</b>	<b>-1%</b>	<b>12,927,105</b>	<b>0%</b>	<b>13,558,133</b>	<b>5%</b>	<b>9,431,383</b>	<b>-30%</b>	<b>9,212,760</b>	<b>-2%</b>	<b>8,954,260</b>	<b>-3%</b>
30	<b>Capital</b>	<b>32,816</b>	<b>-87%</b>	<b>1,336,371</b>	<b>3972%</b>	<b>185,730</b>	<b>-86%</b>	<b>285,148</b>	<b>54%</b>	<b>294,340</b>	<b>3%</b>	<b>428,888</b>	<b>46%</b>
<b>Transfers To / (From)</b>													
31	Water Capital Fund	4,530,741	-40%	3,525,416	-22%	4,733,389	34%	7,882,296	67%	7,793,045	-1%	4,372,750	-44%
32	Vehicle Replacement Fund	252,282	-61%	323,562	28%	218,644	-32%	142,212	-35%	773,388	444%	223,300	-71%
33	Debt Service Fund (a)	(243,849)	-506%	46	-100%	0	-100%	0	N/A	0	N/A	0	N/A
34	Wastewater Capital Fund	3,780,796	75%	5,626,300	49%	10,455,861	86%	2,805,316	-73%	3,027,497	8%	6,929,404	129%
35	Effluent Fund	0		0	N/A	0	N/A	0	N/A	0	N/A	0	N/A
36	Water Rights Fund	0		0	N/A	0	N/A	0	N/A	0	N/A	0	N/A
37	<b>Total Transfers</b>	<b>8,319,970</b>	<b>-21%</b>	<b>9,475,324</b>	<b>14%</b>	<b>15,407,894</b>	<b>63%</b>	<b>10,829,824</b>	<b>-30%</b>	<b>11,593,930</b>	<b>7%</b>	<b>11,525,454</b>	<b>-1%</b>
38	<b>Total Uses</b>	<b>46,060,321</b>	<b>-2%</b>	<b>53,237,132</b>	<b>16%</b>	<b>58,557,015</b>	<b>10%</b>	<b>51,209,507</b>	<b>-13%</b>	<b>52,180,331</b>	<b>2%</b>	<b>52,864,151</b>	<b>1%</b>
39	Annual Surplus (Deficiency)	23,471,425	10%	19,173,228	-18%	10,593,906	-45%	10,512,005	-1%	10,643,925	1%	10,886,164	2%
40	<b>Ending Balance</b>	<b>20,413,821</b>	<b>12%</b>	<b>16,044,118</b>	<b>-21%</b>	<b>7,433,505</b>	<b>-54%</b>	<b>7,320,000</b>	<b>-2%</b>	<b>7,420,000</b>	<b>1%</b>	<b>7,630,000</b>	<b>3%</b>
41	<b>Capital Reserve</b>	<b>3,057,604</b>	<b>-1%</b>	<b>3,129,110</b>	<b>2%</b>	<b>3,160,401</b>	<b>1%</b>	<b>3,192,005</b>	<b>1%</b>	<b>3,223,925</b>	<b>1%</b>	<b>3,256,164</b>	<b>1%</b>
42	<b>Target Ending Balance - Total Operations Expense (b)</b>	<b>5,900,000</b>		<b>7,050,000</b>		<b>7,020,000</b>		<b>7,320,000</b>		<b>7,420,000</b>		<b>7,630,000</b>	
<b>Additional Resource Req.</b>													
<b>Revenue Bond Debt Service Coverage</b>													
43	Senior (c)	217.2%		181.1%		192.1%		302.8%		314.7%		325.8%	
44	Senior & Subordinate (d)	188.2%		157.0%		158.7%		227.2%		241.2%		247.4%	

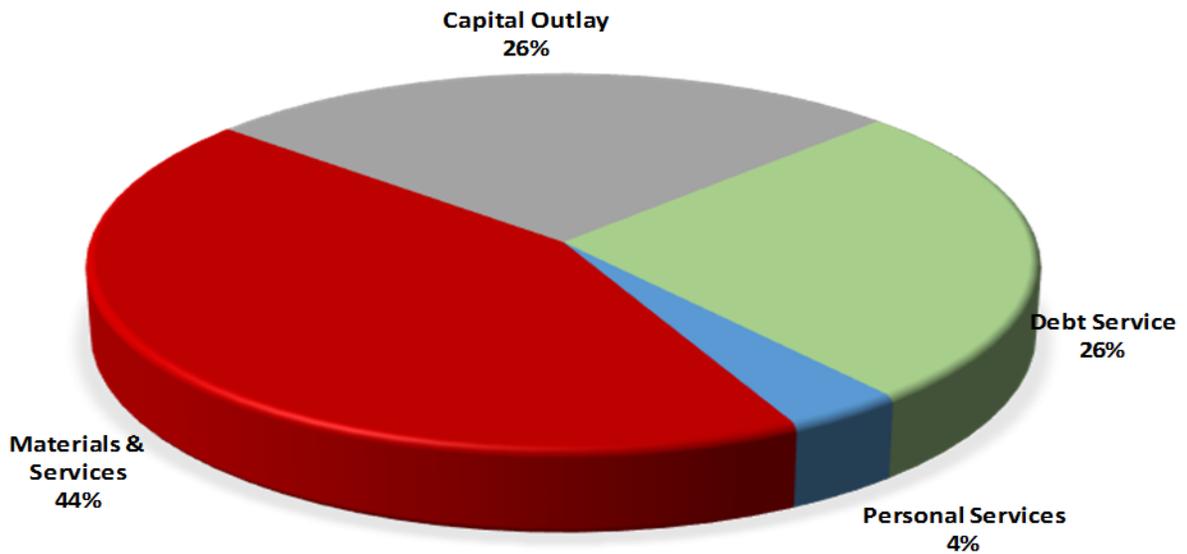
(a) Amounts account for monthly payments previously transferred in June and May of each year on three New Mexico Finance Authority (NMFA) loans. These amounts were placed in the debt service fund for subsequent fiscal year's debt service obligations per the NMFA monthly debt service schedules.  
(b) Target balance changed to 90 days in FY2020 per 2018 Rate Study, Rate Study and Rating Agency methodology excludes PILOT in the calculation of operating expense.  
(c) Rate, miscellaneous, and interest revenue less O&M expense, divided by total senior debt service.  
(d) Rate, miscellaneous, and interest revenue less O&M expense, divided by total senior and subordinate debt service.

**FISCAL YEAR 2021  
UTILITY FUNDS  
Revenue Budget by Category**



<b>Water</b>	<b>\$</b>	<b>23,160,675</b>
<b>Wastewater</b>		<b>23,215,423</b>
<b>Impact Fees</b>		<b>798,953</b>
<b>Interest</b>		<b>178,000</b>
<b>Other Miscellaneous</b>		<b>5,531,600</b>
<b>Total Revenue</b>	<b>\$</b>	<b><u>52,884,651</u></b>

**FISCAL YEAR 2021  
UTILITY FUNDS  
Expenditure Budget by Category**



<b>Personal Services</b>	<b>\$</b>	<b>2,133,724</b>
<b>Materials &amp; Services</b>		<b>25,195,694</b>
<b>Capital Outlay</b>		<b>15,274,631</b>
<b>Debt Service</b>		<b>15,111,807</b>
<b>Total Expenditures</b>	<b>\$</b>	<b><u>57,715,856</u></b>

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