

Rio Rancho Tea Party



**MARCH
2017**

A CALL TO MAKE WATER AFFORDABLE

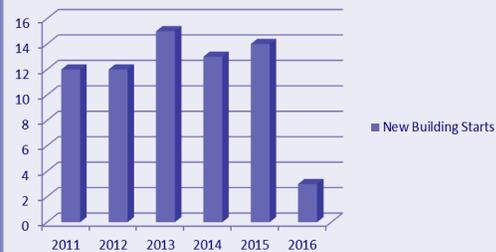
By Steve VanHorn

*RRTP President and
Former Utilities
Commission
Chairman*

On January 25, 2017, the City of Rio Rancho provided data that compares the typical monthly cost of water and sewer consumption in Rio Rancho with the cost of water and sewer in Albuquerque, Las Cruces and Santa Fe. The data shows Rio Rancho utilities users pay double the cost of water than Albuquerque and nearly five times the cost of sewer service in Albuquerque. Comparing the typical total monthly cost of water and wastewater, Rio Rancho utilities customers pay triple what Albuquerque utilities customers pay.

This data was provided in a Governing Body meeting Agenda Briefing Memorandum (ABM) that proposed the establishment of an indigent fund for city water and wastewater customers.

New Building Starts



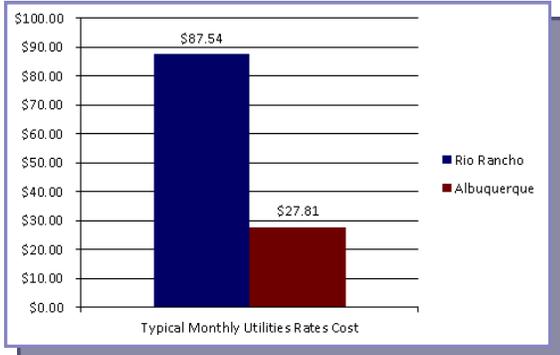
COMMERCIAL GROWTH HITS A NEW LOW.

*By Chuck Wilkins
Former City Councilor*

Can the City rebound from its worst year for commercial growth in a decade? After attending a City Impact Fee Special Committee meeting in February, I was hopeful that the current Governing Body and City Management were making a real effort to emphasize a desire to improve commercial growth. It looked somewhat promising when the committee agreed to recommend lowering commercial impact fees to just over 30% higher than Albuquerque impact fees.
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While the data was intended to show how tough the high cost of city utilities is on struggling low-income utilities customers, it gives everyone a way of understanding just how high the cost of city utilities really is. A comparison of the typical monthly and annual cost of Rio Rancho vs. Albuquerque utilities is shown in these tables/graphs.



***Residential 6K gal water + wastewater rate/month, excludes all other monthly utilities charges.**

Municipality/Utility	Typical monthly residential cost*	Typical annual residential cost
City of Rio Rancho	\$87.54	\$1050.48
Albuquerque Bernalillo Co. Water Utility Authority	\$27.81	\$333.72

In proposing the establishment of an indigent fund for city water and wastewater customers, the Governing Body recognized the pain that the high cost of Rio Rancho utilities inflicts on low-income customers. The Governing Body established an indigent fund with voluntary contributions from utilities customers to aid them. While this Band-Aid may help a few struggling utilities customers, we hope the Governing Body will consider a policy that reduces the water and sewer rates to make it affordable for everyone in the city. This is direly needed if we want people to stay in Rio Rancho, and if we want to attract new residents and new businesses.

MEETING

Tuesday, May 2nd



More information to be announced soon!

COMMERCIAL GROWTH HITS A NEW LOW (continued)

According to the committee's reports, Rio Rancho has been 270% higher than Albuquerque on commercial impact fees for the past two years. It was a little amusing to hear the Mayor trying to sell the 30% higher impact fees by touting the defeat of the hospital tax which will keep Rio Rancho's property taxes lower than Albuquerque, especially considering the Mayor and Governing Body did not take a stand on the hospital tax.

Unfortunately, any gains for commercial builders will be a loss for new home builders; they will be picking up the slack. The committee is simultaneously recommending an increase in impact fees for residential buildings - the one area in which we were actually competitive with Albuquerque.

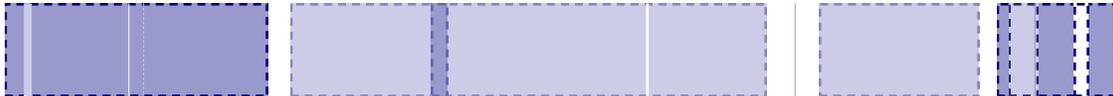
One of the flaws with this whole process is what they base the impact fees on. About 2/3 of the impact fee categories (water, sewer, parks, roads, drainage, public safety) are based on a buy-in method which calculates costs based on the valuation of existing infrastructure and is divided by the number of dwelling units. Using the police and fire departments as an example, they would add the value of all current police buildings, fire stations, vehicles, equipment, and cash on hand, and divide that by each dwelling unit (home or apartment). Commercial would be assessed by a square foot formula.

So what is wrong with that? Does it matter that these assets being used to calculate our impact fees were bought over the last 30 years, much of it paid for with State or Federal money, grants from other organizations, or through eminent domain? In many cases we are still paying on debt. Impact fees are supposed to be charged for the future impact that the new growth will have on the city; paying for new infrastructure to keep up with the growth. The city's current calculation method seems purposefully used to inflate and justify higher impact fee rates.

It became even more apparent at the Governing Body meeting on February 22nd, that there will not be a meaningful pro-business atmosphere at City Hall. During this meeting, Ram Motors applied for a site plan approval for a second car lot across the street. In reading their application, I saw that city staff is requiring Ram Motors to install an ADA accessible route from the main car lot to the second lot located across the street. This saves the city the cost of upgrading that city intersection to ADA compliant infrastructure and transfers it to the business owner. So the City is back to its old shenanigans, now requiring businesses to make unnecessary improvements to city-owned property.

Smoke and Mirrors - Give the business a break on up-front impact fees and then add tens of thousands in requirements for them to upgrade City infrastructure (City Manager's pet projects).

(Continued on page 4)



And it gets worse. This is setting the tone after a dismal 2016 for business growth in Rio Rancho.

In 2016 we ended up with only 3 new commercial start-up permits for the entire year. How does that compare to the previous years in commercial valuation? 2016 ended with a limp \$1.5 million in commercial new construction valuation, *plunging from recent years* - 2015- \$16.5 million; 2014 - \$121.1 million; 2013- \$20.1 million; 2012- \$13.9 million; 2011- \$10.2 million. (See graph)



After nearly three years of stalling and indecisiveness on impact fees, it is clear this Mayor and Governing Body majority still do not have the resolve to stand up to the City Management and implement dollars and “sense” changes to incentivize business growth.

