



CITY OF RIO RANCHO

ORDINANCE NO. 39

ENACTMENT NO. 04-003

AMENDING SUBCHAPTER 36.75 (R.O. 2003), A GROSS RECEIPTS INVESTMENT POLICY OR GRIP.

**WHEREAS:** the City is a Charter municipality under the State of New Mexico's Constitution; and

**WHEREAS:** the primary source of revenues for the City is the municipal component of the gross receipts tax on sales of goods and services within City boundaries; and

**WHEREAS:** the City, in order to increase its gross receipts revenues, must provide an incentive to encourage the development of new retail businesses; and

**WHEREAS:** the City's inability to provide for prompt development of infrastructure improvements is a major barrier to the development of new large-scale retail and certain targeted commercial business; and

**WHEREAS:** increased gross receipt tax revenues would constitute a direct and immediate benefit for the health, safety and welfare for the citizens of the City.

**THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF RIO RANCHO:**

**Section 1. Subchapter 36.75, Revised Ordinances, 2003, the Gross Receipts Investment Policy or GRIP is hereby amended to read as follows**

**SECTION 36.76 PURPOSE.**

This subchapter establishes standards and procedures for financing, through the refund of gross receipts taxes, the development and construction of City infrastructure necessary to secure the location of new, large-scale retail and certain, targeted commercial businesses within the City. The City, by written agreement, may repay a developer for the cost of reasonable and necessary public infrastructure related to the development of new retail and certain targeted commercial businesses or may reimburse impact fees where the reimbursement thereof is instrumental in bringing the retail or targeted commercial business to the City. Written agreements between the City and a developer for GRIP developments shall be submitted to the Governing Body for approval.

**SECTION 36.77 BUSINESS QUALIFICATIONS.**

(A.) GRIP primarily is to be used to facilitate the attraction of large-scale retail or targeted commercial development, including malls; regional sports and entertainment venues or complexes; large-volume, destination restaurants, including nationally recognized chain outlets, not yet existing within the metropolitan area and meeting criteria set forth below; destination hotel/conference centers; automobile dealerships or auto malls; regional health centers; central office or headquarters of large-scale or regional professional or technical firms, including architects, engineers, attorneys, accountants, and/or physicians; entertainment complexes and other mixed-use retail centers consisting of multiple retail and commercial businesses operating on a single site. However, smaller scale retail or targeted commercial businesses or developments can be approved for a GRIP project if the Governing Body determines that the project qualifies under one or more established criteria and is in the public interest. Developers must demonstrate financial responsibility and provide a performance bond or other acceptable guarantee for the satisfactory completion of infrastructure construction. GRIP agreements can also be used to refund impact fee payments for a new retail or targeted commercial business upon a showing that a refund is instrumental in the retail business decision to locate in the City.

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2 (B). For a business to qualify under the GRIP, it must demonstrate one or more of the following:  
3 (1) The retail or professional services will generate or draw regional customers or customers who  
4 reside beyond twenty miles from the municipal boundaries into the City.  
5 (2) The sales volume is projected to meet or exceed five million dollars per year after three years of  
6 operation.  
7 (3) The business is a food service or restaurant with a seating capacity of not less than 200 persons;  
8 (4) The business is a full service hotel of not less than 200 rooms;  
9 (5) The business will provide employment for at least fifty employees;  
10 (6) The business is a car dealership with estimated minimum annual volume of sales of 600 units;  
11 (7) The business represents a substantial expansion of an existing business operation within Rio  
12 Rancho, at least doubling existing square footage or increasing retail space by 50,000 square feet, whichever  
13 is less.  
14

### 15 SECTION 36.78 AUTHORIZED PROJECTS.

16 The City is authorized to enter into a GRIP agreement for any one or more of the following:

- 17 (A) The acquisition, construction, rehabilitation, construction of additions or making of any improvements  
18 to City-owned parking lots;  
19 (B) The acquisition, extension, enlargement, repair, or other improvement of or maintenance of storm  
20 sewers and other drainage improvements, sanitary sewers, sewage treatment plants or other water utility  
21 infrastructure, including but not limited to the acquisition of rights of way and water and water rights, or any  
22 combination of the foregoing;  
23 (C) The purchase, acquisition, or rehabilitation of fire-fighting equipment or any combination of the  
24 foregoing;  
25 (D) The reconstruction, extension, resurface, resurfacing maintenance, repair or otherwise improvement  
26 of existing alleys, streets, roads, or any combination of the foregoing, or for the construction or acquisition of  
27 new alleys, streets, roads, or any combination thereof, inclusive of any acquisition of any rights of way and  
28 public transportation transfer facilities;  
29 (E) The purchase, acquisition or clearing of any land, or for purchase or acquisition and beautification of  
30 land for open space;  
31 (F) The acquisition, construction, equipping, furnishing, making additions to, renovating, rehabilitating,  
32 beautifying, or otherwise improving public parks, public recreational facilities, civic, conference, or convention  
33 centers, sports stadiums or arenas, or any combination thereof;  
34 (G) The refund of impact fees which provides a specific and direct incentive for location of the retail or  
35 commercial business in the City;  
36 (H) The acquisition or construction of any other related public infrastructure that enhances and  
37 encourages the location of the new retail or commercial business within the City.  
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### 39 SECTION 36.79 PUBLIC HEARING.

40 Prior to the initiation of a GRIP funded project, the Governing Body shall hold a public hearing, in which  
41 the developer must present a reasonable estimate of projected gross receipts tax revenues due the City from  
42 the planned retail development. The estimated tax revenues must be supported by an independent economic  
43 analysis. The purpose of the hearing is to determine if the project qualifies as a project under the GRIP, is in  
44 the public interest and justifies a GRIP agreement.  
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### 46 SECTION 36.80 REPAYMENT AND SPECIAL FUND.

47 Upon a finding that the proposed GRIP project is qualifies as a project under the GRIP and is in the public  
48 interest, the City and developer may enter into an agreement wherein the City shall pay to the developer up to  
49 one-half of the City's share of total gross receipts taxes directly attributable to retail sales from the new retail  
50 business, less any amount dedicated to other special purposes, received by the City in each year for a  
51 specified number of years. Such payments shall not exceed the actual cost expended for the development of  
52 the public infrastructure. The collection and pledge of allocated gross receipts tax revenues from the new  
53 retail business constitutes a special fund and is the sole and only source pledged or otherwise available for  
54 repayment of the GRIP project. The Governing Body shall, by ordinance, approve the agreement providing for  
55 the contingent liability of the GRIP project payments prior to the agreement becoming effective.  
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### 57 SECTION 36.81 EXPEDITED PERMIT PROCEDURES.

58 The City Development Department shall provide for the expedited review of all permits and approvals  
59 necessary for both the construction of the new retail business and associated GRIP developments. Prior  
60 payment of all fees and receipt of all relevant building permits are prerequisites to eligibility for reimbursement  
61 under GRIP.

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2 **SECTION 36.82 TERMS OF THE AGREEMENT.**

3 Any agreement entered into pursuant to the GRIP must contain provisions for the following:

4 (A) The developer must pay all necessary and required fees, including impact fees, for all permits, licenses,  
5 inspections, approvals and authorizations necessary for the construction of the retail project;

6 (B) At its own expense and on behalf of and for the City's benefit, the developer must construct or  
7 otherwise acquire the reasonable and necessary infrastructure approved by the Governing Body as the  
8 qualifying GRIP project, or otherwise pay applicable impact fees;

9 (C) The developer shall adhere to statutory and ordinance requirements, including labor and  
10 employment laws and the City's Procurement Code, which would otherwise apply if the City were undertaking  
11 the construction of the infrastructure;

12 (D) The developer shall dedicate the public infrastructure and the associated land to the City upon  
13 completion or acquisition of such infrastructure;

14 (E) The developer shall pay all costs of acquisition if the City must assist in acquisition of land for the  
15 public infrastructure through its power of condemnation or otherwise;

16 (F) The developer shall agree that its only recourse for payment of the GRIP project costs is the special  
17 fund created by revenues collected from the gross receipts taxes paid by the developer's new business,  
18 pursuant to the agreement and that the City has no other liability of whatever kind, whether in law or equity, to  
19 the developer;

20 (G) The developer shall provide specific proof of financial responsibility and such proof shall be  
21 incorporated into the agreement, as well as evidence of a performance bond or other guarantee;

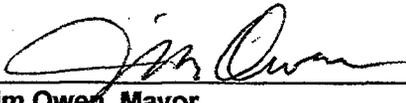
22 (H) The developer shall provide for an acceptable method of reporting applicable retail sales or gross  
23 operating receipts to the City in order to administer compliance with the agreement and shall agree to an  
24 annual audit by the City.

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26 **Section 2. Severability Clause.** If any section, paragraph, clause or provision of this ordinance, or any  
27 section, paragraph, clause, or provision of any regulation promulgated hereunder or of any agreement entered  
28 into pursuant to the provisions of this ordinance is held to be invalid, unlawful, or unenforceable, the invalidity,  
29 illegality, or unenforceability of such section, paragraph, clause or provision shall not affect the validity of the  
30 remaining portions of this ordinance or the regulation or agreement so challenged.

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32 **Section 3. Compiling Clause.** This ordinance shall be incorporated in and compiled as part of the City  
33 Code of Rio Rancho, R.O. 2003.

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35 **Section 4. Effective Date.** This ordinance shall become effective ten days after adoption.

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37 **ADOPTED THIS 14<sup>TH</sup> DAY OF JANUARY 2004.**

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40   
41 Jim Owen, Mayor

42  
43 1-16-04  
44 Date

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46 **ATTEST:**

47  
48   
49 Tina Gonzales, City Clerk  
50 **SEAL**