

## **FINANCIAL PLANNING and FORECASTING**

This Comprehensive Financial Plan (“The Plan”) focuses on the City’s General Fund revenues and expenditures. Its purpose is to provide a five-year outlook on the financial condition of the City’s General Fund utilizing the latest available professional economic forecast information, analysis and sound forecasting methodologies, such as regression, time series, and trend analysis.

The Plan provides an estimate of how much revenue will be available over the five-year period and anticipated expenditures required in order to meet the City’s operational goals over the forecast period. The assumptions utilized in the revenue estimates include the local economic forecast; revenue trends associated with structural shifts in our local economy, and known major development projects. The Plan includes expenditure assumptions on the increasing cost of operations (i.e. inflation factors) and known changes to services, policies, laws and regulations. The City’s financial policies play a role in shaping the Plan, such as providing unreserved fund balance targets.

The Plan is not an attempt to predict the future, but to provide policymakers and staff the framework and tools needed to evaluate the impact of budget and operational decisions not just on the current year, but on future years, based on the best available information at that point in time.



## THE ECONOMY

Gross Domestic Product (GDP) continues to be solid, job growth continues to perform to trend, unemployment levels are low, and consumer confidence, which, although falling, is still elevated. A chief concern in this forecast includes business cycles; it is not a matter of if the economy falters, but rather, it is a matter of when. The likelihood for the pessimistic scenario by IHS Global Insight has increased to 35%, which includes a three quarter recession. Another concern continues to be housing markets, in particular household formation, housing sales, and housing starts, all of which continue to lag. In addition, there is fear due to US's current international trade posture has generated concern, in particular because of the trade war with China and Administration threats of closing the border with Mexico.

### **Gross Domestic Product (GDP)**

The US Bureau of Economic Analysis (BEA) released its first estimates of GDP for the second quarter of 2019 (see table). Overall, GDP slowed to 2.1% Seasonally Adjusted Annual Rate (SAAR) in the second quarter, down from 3.1% in the first quarter. The great contributor was consumption spending which grew 4.3% SAAR and added a huge 2.85 percentage points to GDP growth. All three categories, durable goods, nondurable goods, and services moved ahead in the quarter. However, residential fixed investment moved negative for the sixth consecutive quarter. Nonresidential fixed investment struggled in the quarter, falling 0.6% SAAR. Key to the decline was structures. The government sector advanced with both state and local government and federal government. Net exports deducted around 0.64percentage points from overall GDP growth. GDP growth expanded 2.2% in 2017 and 2.9% in 2018. GDP growth is expected to slow to 2.6% in 2019 and slow thereafter averaging about 1.7% per year from 2020-2024.

Due to low energy prices, inflation has been subdued. Global Insight expects that inflation will generally meet the Federal Reserve's 2.0% target in the coming years. Global Insight projects growth of 1.9% in 2019, 2.2% in 2020, and then average 2.2% per year through 2024. Income growth bounced back to 4.4% in 2017 and 2018 after having slowed to 2.6% in 2016. Growth should slow slightly in 2019 to 4.1% and then bounce back 4.7% in 2020. Thereafter growth should average about 4.4% through 2024.

<b>Composition of Real GDP Growth Over Previous Period SAAR</b>										
	2015	2016	2017	2018	18Q2	18Q3	18Q4	19Q1	19Q2	Contrib 19Q2
<b>Composition of Real GDP</b>										
<b>Gross Domestic Product</b>	2.9	1.6	2.4	2.9	3.5	2.9	1.1	3.1	2.1	2.10
<b>Total Consumption</b>	3.7	2.7	2.6	3.0	4.0	3.5	1.4	1.1	4.3	2.85
Durables	7.5	6.1	6.9	6.3	8.0	3.6	1.3	0.3	12.9	0.86
Nondurables	3.4	2.4	2.5	3.0	4.1	3.6	1.7	2.2	6.0	0.81
Services	3.2	2.3	2.0	2.5	3.4	3.4	1.4	1.0	2.5	1.17
<b>Residential Fixed Investments</b>	10.2	6.5	3.5	-1.5	-3.7	-4.0	-4.7	-1.0	-1.5	-0.06
<b>Nonresidential Fixed Investment</b>	1.8	0.7	4.4	6.4	7.9	2.1	4.8	4.4	-0.6	-0.08
Structures	-3.0	-5.0	4.7	4.1	11.0	-2.1	-9.0	4.0	-10.6	-0.34
Equipment & Software	3.2	-1.3	4.7	6.8	3.4	2.9	7.4	-0.1	0.7	0.04
Intellectual Property Products	3.6	7.9	3.7	7.4	11.9	4.1	11.7	10.8	4.7	0.22
<b>Change in Private Inventories</b>										-0.86
<b>Exports</b>	0.5	0.0	3.5	3.0	5.8	-6.2	1.5	4.1	-5.2	-0.63
<b>Imports</b>	5.3	2.0	4.7	4.4	0.3	8.6	3.5	-1.5	0.1	-0.01
<b>Federal Government</b>	-0.1	0.4	0.8	2.9	3.9	2.9	1.1	2.2	7.9	0.51
<b>State &amp; Local Governments</b>	3.2	2.6	0.6	1.0	1.8	1.6	-1.2	3.3	3.2	0.35

US Bureau of Economic Analysis, Gross Domestic Product, 2019 Second Quarter (1st Estimate) July 26, 2019.

## Employment

The US economy has now added jobs for 105 consecutive months. Job gains in the first six months of 2019 have average about 172,000 per month, down from an average monthly gain of 223,000 jobs in 2018. Gains in the private sector have been remarkably consistent over the past nine years as jobs have been added month-over-month in each month since March 2010. The bright sector in June jobs report included professional and technical services (+51,000), healthcare (+35,000), transportation and warehousing (+24,000), and construction (+21,000). Other major industries were little changed. On net, the national economy should add about 2.3 million jobs in 2019, 1.6 million jobs in 2020 and then average about 685,000 additional jobs per year over the period 2020 to 2024. Payroll employment expanded 1.8% in 2016, 1.6% in 2017, and 1.7% in 2018. Growth is expected to slow a bit in 2019 (1.5%), decelerating to 1.0% in 2020, then, growth is projected to average only 0.4% per year thereafter.

The seasonally adjusted unemployment rate registered 3.7% in June, making the sixteenth consecutive month at or below 4.0%.

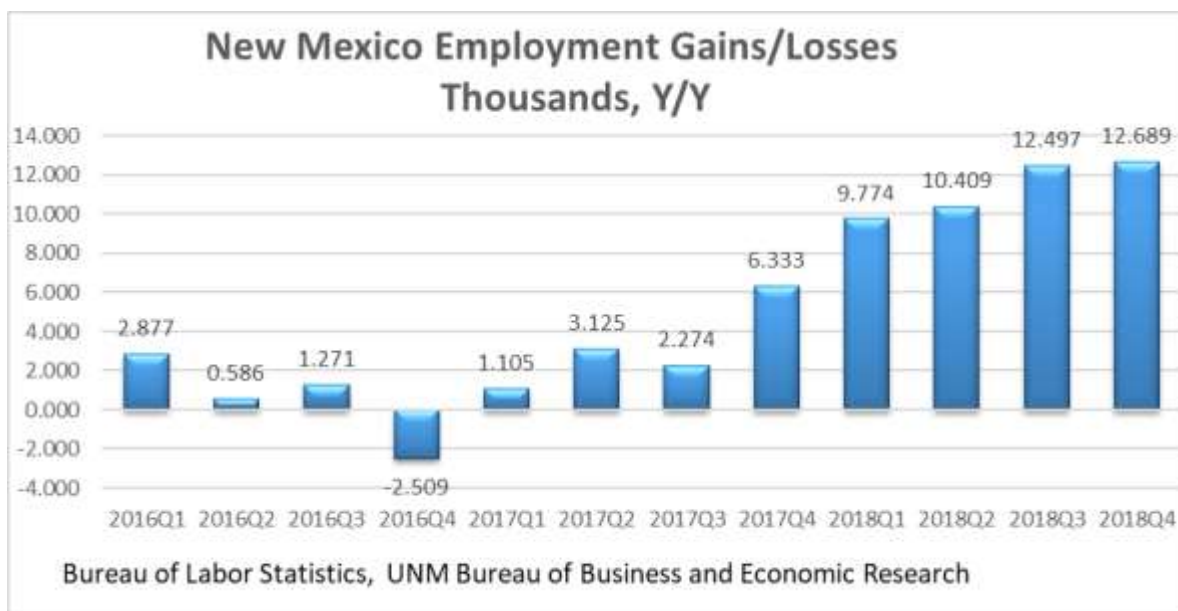
The state of New Mexico added 11,350 jobs (1.4%) in 2018, by far the best performance in ten years. Employment increased in all regions by least 1.0%, except for Farmington. Survey based Current Employment Statistics data suggest that the job growth continued the first six months of 2019. The oil and gas sector boom is the principal driver of the state's economic expansion. Just three sectors, mining, construction and trade, transportation and utilities, in the two oil production counties account for almost half of new jobs in the state in 2018. Three quarters of the state revenues increase through March 2019 were directly and indirectly due to the expansion of the oil and gas industry.

FOR-UNM projects the state will add 12,500 jobs (1.5%) in 2019, 13,250 jobs (1.6%) in 2020, and average of 8,250 per year (1.0%) through 2024. During 2018 mining added 3,500 jobs

(16.7%); construction 1,750 jobs (3.8%); transportation 1,300 (7.2%); leisure and hospitality 1,400 (1.5%); professional and technical services 1,325 jobs (2.4%), mostly in Albuquerque. Other sectors that added jobs were healthcare (780 jobs), and manufacturing (750 jobs). New Mexico’s unemployment rate in June 2019 was 4.9% as it was for Arizona; only Alaska’s rate is higher (6.4%) among the 50 states.

For the coming years oil and gas development in the southeastern corner of the state will continue to drive growth in New Mexico in 2019, mining employment is estimated to grow by 12% in the first half of 2019 and slow to 8.2% in the second half, then easing to 4.2% in 2020 and an average of 2.2% thereafter. Transportation will follow a similar growth path, 4.2% in 2019, 2.2% in 2020, and 1.3% through the remainder of the forecast period. Construction is also expected to expand, growing 3.9% in 2019, 5.3% in 2020, and slowing to 1.6% thereafter. Many construction jobs will be tied to old and gas projects, including pipelines and gas liquefaction plants. By year end and continuing through 2020 and early 2021 new construction jobs will be funded by State government capital programs, beginning with an allocation of nearly \$1 billion in FY2020. Construction programs will also create jobs in professional and technical services, which include engineering, architectural and related services. FOR-UNM expects an addition of 1,425 jobs (2.5%) in 2019 and 1,500 jobs (2.6%) in 2020. For the period 2021-2024, the sector is expected to add an average of 1,050 jobs (1.7%) per year.

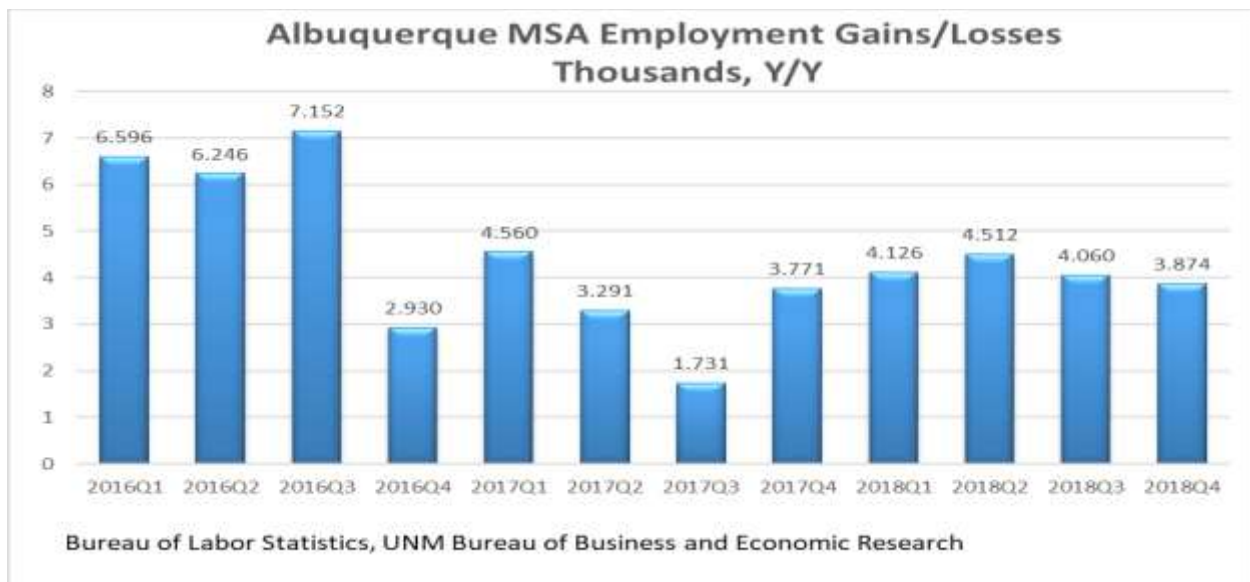
Leisure and hospitality will continue expanding at 2.0% or 1,800 jobs per year in 2019 and 2020, slowing to an average of 1.5% growth over the longer term. Healthcare employs one of seven persons in New Mexico’s workforce and following the expansion of Medicaid under Centennial Care, healthcare accounted for two-thirds of new jobs in the state. However, employment growth in this sector will be slower in the future due to absent new sources of federal funding and slow population growth. FOR-UNM expects the sector to grow by 1.4% in 2019, 1.9% in 2020 and 2.2% thereafter. For context, employment in healthcare grew by an average of 4.0% per year over the 25-year period ending 2015.



In the Albuquerque MSA in total 4,143 jobs were added in 2018 based on Quarterly Census Employment and Wages (QCEW) released by the New Mexico Department of Workforce Solutions (NMDWFS). This marks the sixth consecutive year of positive job addition. Total employment levels in the MSA averaged 378,000 jobs per year, which is a shade under the all-time high of 381,841 jobs reached in 2007. Fourteen private sector industries added jobs in 2018. The construction sector added the greatest number of jobs 832 or 3.7%. Also adding significant jobs was professional and technical services 797 jobs or 2.6%. The healthcare sector also added 647 jobs or 1.2%. This is still a noticeable boost compared to 2017, which only expanded by 0.3%. The accommodation and food service sector has grown for more than seven years with 2018 continuing the trend with 572 jobs. Other sectors adding jobs are manufacturing (472 jobs), retail (243 jobs), transportation, warehousing and utilities (229 jobs), finance and insurance (185 jobs) and other services (163 jobs). Three private sector industries lost jobs in 2018. These were the information sector (-342 jobs), wholesale trade (-28 jobs) and administrative and waste services (-23 jobs).

The non-seasonally adjusted unemployment rate has been on the decline over the last seven years. In 2016, the rate was 6.1%. It fell to 5.7% in 2017, and in 2018 averaged 4.7%. Through May 2019, the rate averaged 4.5%.

In the Albuquerque MSA for 2019, FOR-UNM projects it will advance by 5,076 jobs (1.3%) for the year. Job gains in the MSA over past several years have been related to one or two key sectors; however, FOR-UNM thinks that gains in 2019 will be more diffused with almost every sector moving in a positive direction. The most significant sectors adding jobs are the healthcare and social assistance sector (1,031 jobs), professional and technical services (934 jobs) and the construction sector with 786 jobs. Also adding a significant number of jobs were, accommodation and food services (722 jobs), education services, transportation, warehousing and utilities, finance and insurance, and perhaps surprisingly, manufacturing (164 jobs). Following a national downward trend, retail trade will shed a few jobs in 2019 (-62). In addition, administrative and waste services (-49 jobs) and wholesale trade will lose 31 jobs.

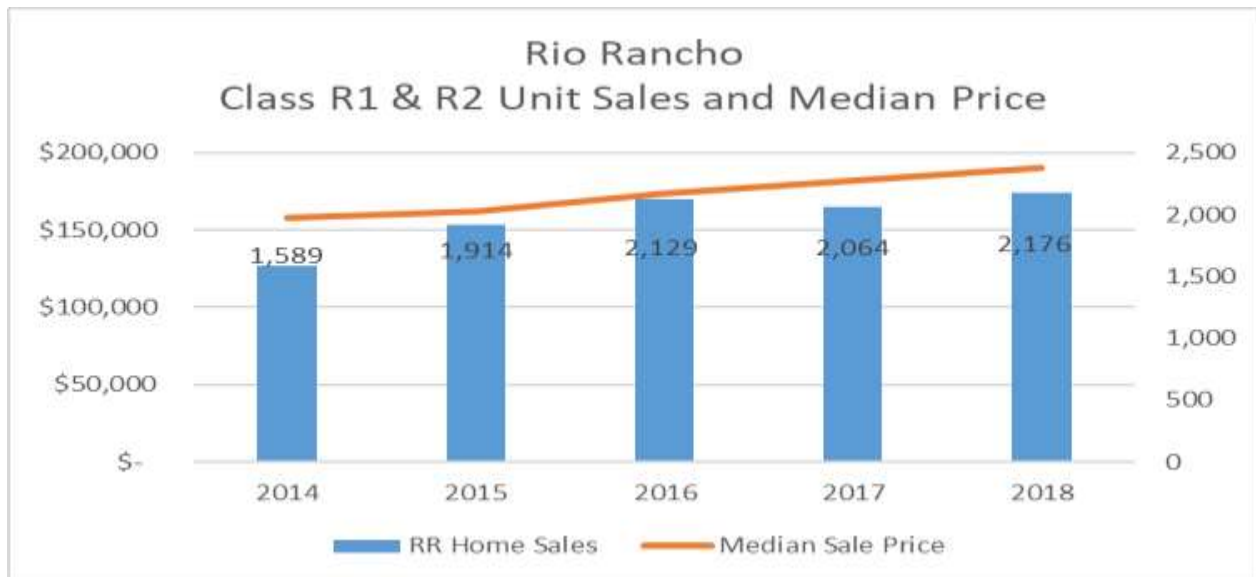


## Income

In New Mexico, personal income was up 4.5% in the first quarter in 2019, slightly lower than the 4.7% increase in the final 2018 quarter. Federal transfer payments increased sharply (7.2%) accounting for more than one third of the total increase in the first quarter of 2019. Social security and Medicare payments, which support persons 65 years and over, grew by 8.3% the largest increase in nearly ten years. The personal income growth is expected to continue in 2019 by 4.8%, 4.0% in 2020, and 4.4% for the balance of the forecast period. Growth of personal income in 2018 was driven by a sharp increase in wage and salary disbursements particularly those in high wage industries such as mining, construction and transportation. FOR-UNM expects the disbursements to private sector workers will continue and contribute to income growth through 2020. For the rest of the forecast period the growth of wage and salary disbursements will slow, averaging 3.9% per year from 2021 through 2024. Wage and salary disbursements account for nearly one-half of total personal income in New Mexico. Transfer payments are the second largest component of personal income in New Mexico and represent nearly 25% of the total. FOR-UNM expects transfers to remain reasonably strong for the balance of 2019 (6.2%). However, in 2020 the final stage of the transition of ACA-mandated Medicaid payment sharing from federal to state government will occur. The federal share will fall from 93% to 90% holding the growth of transfers to just 0.4%. From 2021 on, growth of transfer payments will return to trend, averaging an increase of 5.6% per year.

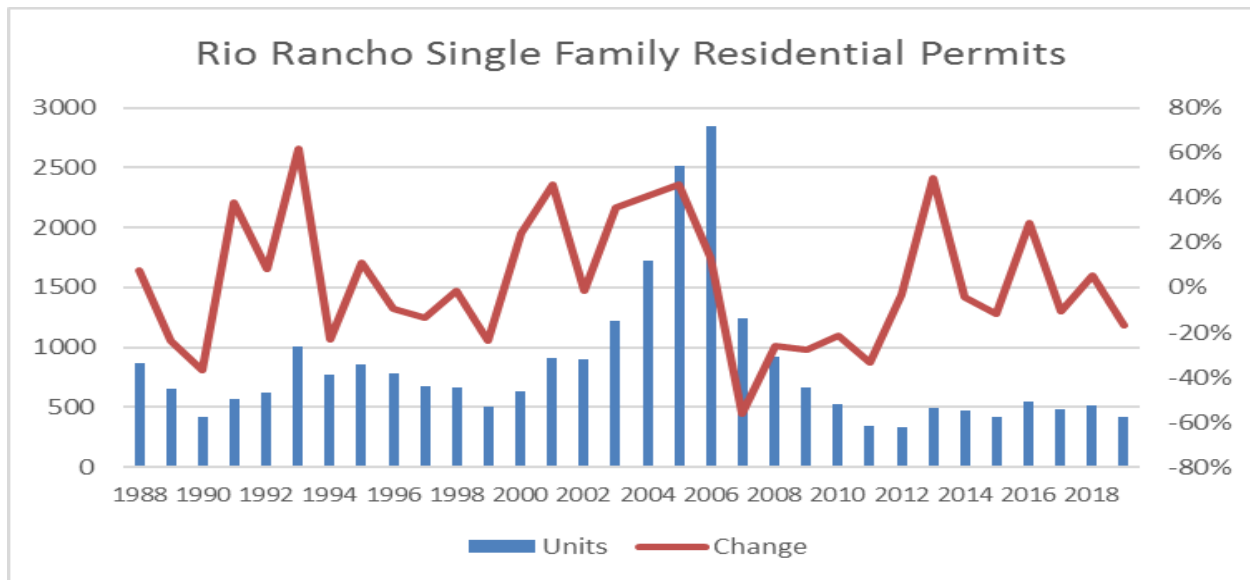
## Housing

Existing single family detached (R1) and condo/townhome (R2) sales in the City of Rio Rancho were up 5.4% in 2018, from a negative growth in 2017 of -3.1%. Median sales prices are up 4.4% in 2018 after an increase of 4.6% in 2017.



GAAR.com/market-statistics- Latest Annual Report

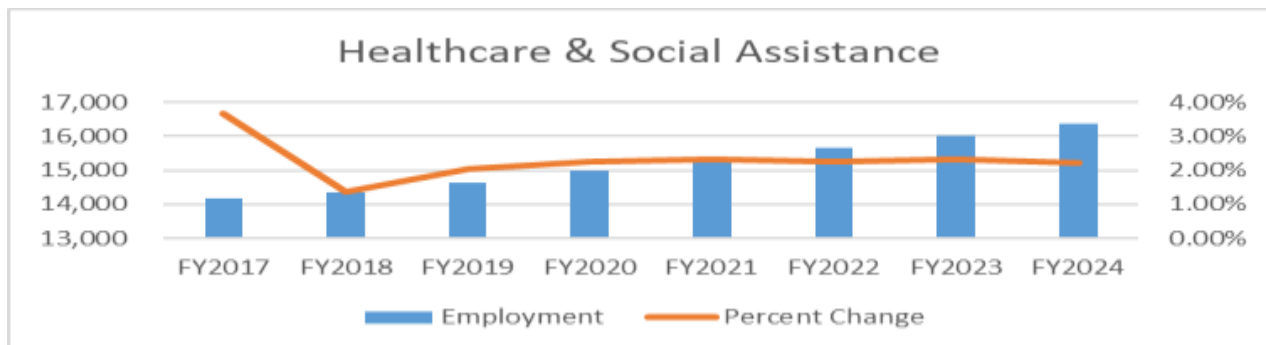
Single-family residential permits (starts) in the City of Rio Rancho are expected to generally trend upward in the following years, there are a number of new developments planned in the next several years. After annual gains of more than 500 permits in FY16 or a 29.0% increase, permits declined -11.0% in FY17, the year-over-year decline is mostly related to an insufficient number of developed lots to meet the demand. FY18 increased by 5.0% compared to FY17 and FY19 decreased 17% to 424 new permits.



### Overall Outlook

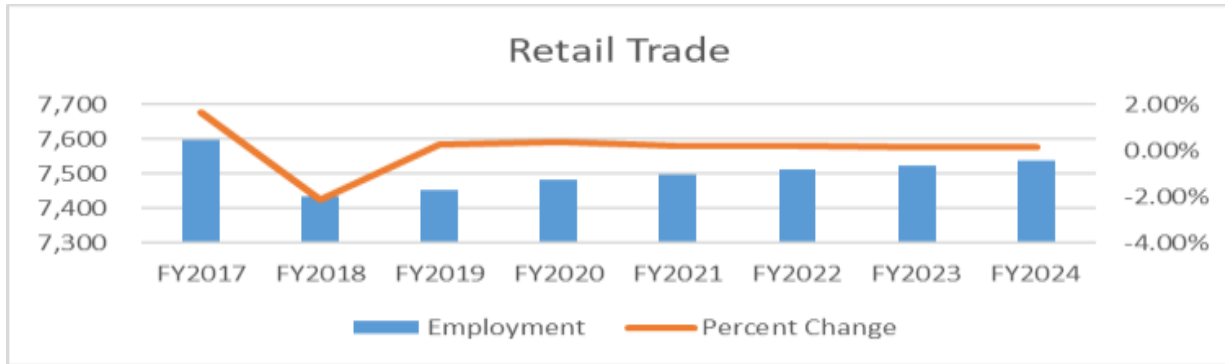
From 2020 to 2024, the Albuquerque MSA economy is forecasted to add 17,106 jobs for an average annual growth (AAG) rate of 1.1%. The private sector will be responsible of 15,922 jobs or 1.3% AAG. The most representative sectors based on the number of employments as total share are:

Healthcare and Social assistance, despite 2017 and 2018 slow growth, the sector is expected to accelerate and add the greatest number of jobs (6,235 jobs, 2.7% AAG). It is important to mention, that the average rate of growth is slower than the historical average, between 1990 and 2017 when the sector grew at an average rate of nearly 6% per year.

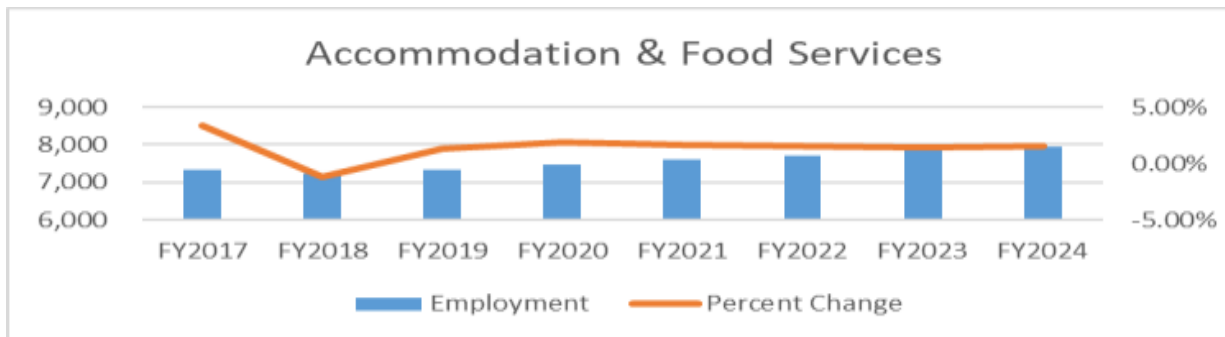




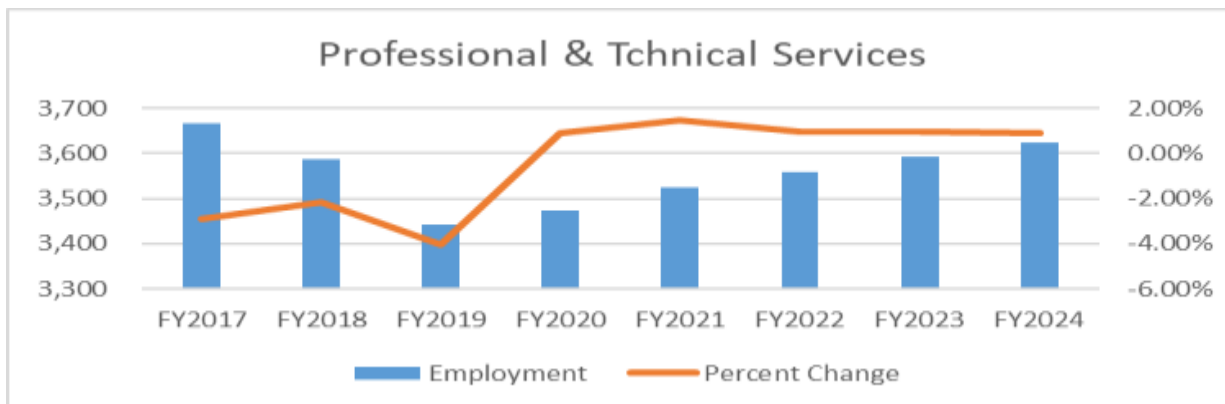
Retail trade is the second most important sector in employment for the Albuquerque MSA and, after losing jobs in 2016 and 2017, it is bouncing back in 2019.



Accommodation and food services is expected to continue adding jobs over the forecast period (2,975 jobs).



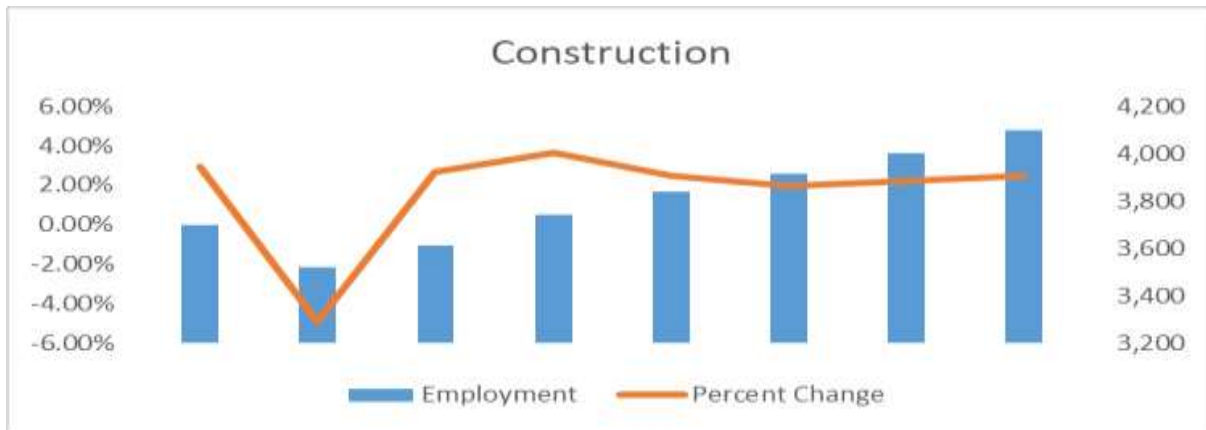
The professional and technical services sector should also contribute nicely over the period by adding 2,809 jobs or 1.8% AAG. This sector relies, in part, on federal contracts and grants in New Mexico, therefore there is some potential downside risk associated with Federal budgeting priorities over the next several years.



The administrative and waste services sector is forecasted to be a solid performer over the forecast period, 1,104 jobs or 1.1% AAG. The main engine for this sector is temporary workers.



The construction sector is forecasted to expand and add jobs (1,187 jobs). Despite growth over the period, employment in this sector in 2024 will still fall short of the 2006 peak of 31,181 by nearly 4,500 jobs.



Other sectors adding jobs will be transportation, warehousing and utilities (460 jobs), and the information sector (431 jobs). Losing jobs will be manufacturing.

Albuquerque MSA personal income growth accelerated in 2018 (4.1%) after a very weak 2017 (1.8%). For 2019, the MSA is expecting a robust growth averaging 4.7%, then slowing to 4.0% in 2020 due to lowered transfer payments to the state, then increasing to 4.7% in 2021.

The non-seasonally adjusted unemployment rate averaged 6.1% in 2016, then fell to 5.7% in 2017 and continued falling to 4.7% in 2018. This rate should stay around that level through 2021 before ticking up to about 5.0% beginning in 2022.

# FIVE YEAR FINANCIAL PLAN

## GENERAL FUND FIVE YEAR FINANCIAL PLAN FY 2020 Final

	FY 2019 Actual	FY 2020 Final	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
<b>Sources</b>											
<b>Beginning Fund Balance</b>	7,166,129	12,707,053	77.3%	8,834,444	-30.5%	8,964,138	1.5%	9,253,699	3.2%	9,488,802	2.5%
<b>Property Tax</b>	16,634,198	17,215,292	3.5%	17,817,807	3.5%	18,374,267	3.1%	18,924,989	3.0%	19,494,574	3.0%
<b>Gross Receipts Tax</b>	31,729,673	31,485,732	-0.8%	30,925,327	-1.8%	33,220,485	7.4%	34,477,330	3.8%	35,830,495	3.9%
<b>Franchise Fees</b>	3,917,132	4,379,541	11.8%	4,406,824	0.6%	4,433,201	0.6%	4,460,559	0.6%	4,496,541	0.8%
<b>Licenses &amp; Permits</b>	368,108	321,900	-12.6%	326,085	1.3%	330,324	1.3%	334,618	1.3%	338,968	1.3%
<b>Grants</b>	238,524	464,652	94.8%	373,152	-19.7%	225,476	-39.6%	170,826	-24.2%	172,477	1.0%
<b>State Shared Taxes</b>	400,970	375,000	-6.5%	379,875	1.3%	384,813	1.3%	389,046	1.1%	393,326	1.1%
<b>General Government</b>	2,001,879	2,084,500	4.1%	2,140,824	2.7%	2,198,955	2.7%	2,258,541	2.7%	2,320,043	2.7%
<b>Public Safety</b>	2,602,290	2,537,000	-2.5%	2,555,316	0.7%	2,586,026	1.2%	2,612,349	1.0%	2,638,962	1.0%
<b>Cultural Enrichment</b>	1,171,695	1,126,795	-3.8%	1,132,473	0.5%	1,144,872	1.1%	1,155,500	0.9%	1,166,245	0.9%
<b>Fines and Forfeitures</b>	886,130	907,800	2.4%	898,000	-1.1%	898,000	0.0%	898,000	0.0%	898,000	0.0%
<b>Miscellaneous Revenue</b>	1,950,096	2,152,028	10.4%	2,183,631	1.5%	2,224,900	1.9%	2,268,838	2.0%	2,312,882	1.9%
<b>Total Recurring Revenues</b>	61,900,695	63,050,240	1.9%	63,139,314	0.1%	66,021,320	4.6%	67,950,595	2.9%	70,062,513	3.1%
<b>Non-Recurring Revenues</b>	-	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
<b>Total Revenues</b>	61,900,695	63,050,240	1.9%	63,139,314	0.1%	66,021,320	4.6%	67,950,595	2.9%	70,062,513	3.1%
<b>Transfers from Special Funds</b>	3,665,113	113,843	-97%	107,550	-6%	107,550	0%	107,550	0%	107,550	0%
<b>Total Sources</b>	72,731,937	75,871,136	4.3%	72,081,308	-5.0%	75,093,008	4.2%	77,311,844	3.0%	79,658,865	3.0%
<b>Uses</b>											
<b>Personal Services</b>	41,994,244	45,880,385	9.3%	46,524,118	1.4%	47,756,776	2.6%	49,058,508	2.7%	50,398,716	2.7%
<b>Materials and Services</b>	10,968,672	12,825,218	16.9%	13,121,604	2.3%	13,385,577	2.0%	13,674,478	2.2%	13,987,996	2.3%
<b>Total Recurring Expenditures</b>	52,962,916	58,705,603	10.8%	59,645,722	1.6%	61,142,354	2.5%	62,732,986	2.6%	64,386,712	2.6%
<b>Non-Recurring Expenditures</b>											
Capital Outlay	187,581	207,989		196,000		207,000		235,000		231,000	
Purchase Order Rollovers	736,060	178,400		-		140,000		-		140,000	
<b>Total Non-Rec. Expenditures</b>	923,641	386,389	-58.2%	196,000	0.0%	347,000	0.0%	235,000	0.0%	371,000	0.0%
<b>Total Expenditures</b>	53,886,557	59,091,992	9.7%	59,841,722	1.3%	61,489,354	2.8%	62,967,986	2.4%	64,757,712	2.8%
<b>Transfers Out</b>	6,148,007	7,944,700	29.2%	3,275,448	-58.8%	4,349,955	32.8%	4,855,057	11.6%	5,167,571	6.4%
Ending Fund Balance Unreserved	8,216,506	3,910,111	-52%	3,977,328	1.7%	4,129,586	3.8%	4,241,470	2.7%	4,337,106	2.3%
Ending Fund Balance Reserved	4,490,546	4,924,333	9.7%	4,986,810	1.3%	5,124,113	2.8%	5,247,332	2.4%	5,396,476	2.8%
<b>Total Ending Fund Balance</b>	12,707,053	8,834,444	-30.5%	8,964,138	1.5%	9,253,699	3%	9,488,802	2.5%	9,733,582	2.6%
<b>Total Uses</b>	72,741,617	75,871,136	4.3%	72,081,308	-5.0%	75,093,008	4.2%	77,311,844	3.0%	79,658,865	3.0%
Reserves as % of Expenditures	23.6%	15.0%		15.0%		15.0%		15.1%		15.0%	

\*Statistics and forecast provided by FOR-UNM Economic Forecasting Service, Bureau of Business and Economic Research, University of New Mexico

## Revenue Assumptions

Gross Receipt Tax revenue (GRT) is projected based on the April 2019 IHS Global Insight pessimistic scenario for Fiscal Year (FY) 2020 and 2021, and Baseline scenario for the rest of the forecasting period through 2024 that is used to forecast the New Mexico economy. The key assumptions behind the IHS Global Insight April forecast are:

- Federal benefits remain governed by current law. Discretionary spending are under caps set by the Bipartisan Budget Act of 2018; these are assumed extended beyond fiscal year 2019. The debt ceiling, re-imposed on March 2, is assumed raised this fall without real or financial disruption.
- IHS Global Insight assumes that the Federal Open Market Committee (FOMC) will raise the target range for the federal funds rate by 25 basis points in December 2019, bringing the upper end of the range to 2.75%.

- On trade policy, this forecast assumes the 2018 tariffs of 25% on \$50 billion of goods from China, and 10% tariff (effective September 24) on another \$200 billion of goods from China.
- GDP growth among major currency trading partners slow from 3.1% in 2017 to 2.1% in 2019, and then recovers to 2.5% by 2022.
- West Texas Intermediate (WTI) oil price is expected to fall from \$71/barrel in 2018 to \$66 in 2020, then slowly rise to \$71 by 2022.
- Global Insight gives a 60% probability to their Baseline Forecast. Increasing to 30% probability to a pessimistic scenario. However, the newest July 2019 forecast increased this probability to 35% and reducing the baseline to 55%.

Gross Receipt Taxes are projected using a regression analysis for all trades except for others not classified that is forecasted using a time-series analysis approach. GRT is projected to decrease by -0.8% in FY20 compared to actual FY19 revenue. The FY20 and FY21 projections contemplated the pessimistic scenario with a recession forecasted at the end of the year 2020. The FY20 projection includes the full-year increase of the first 1/8<sup>th</sup> of 1% increment of the Hold Harmless Gross Receipts Tax adopted in FY19. This represents \$1,276,000 for FY20. There is not a significant commercial construction activity or one-time revenues projected for the fiscal year 2020. Compared to the fiscal year 2019 five-year financial plan, the FY 2020 outlook is more optimistic due to the US economy surging and the State's oil and gas industry booming. For the period of 2020-2024, GRT is expected to increase drastically in FY22 because the regression analysis uses the baseline scenario projection from this point, then level to 3.8 to 3.9 the rest of the forecast period.

Property Tax, the second most important revenue source, is estimated based on the Department of Finance and Administration yield control formula. The formula factors in new residential and non-residential construction growth, and an inflation factor, which together act as a constraint on revenue growth pursuant to state law (Chapter 7, Article 37). The previous year tax effort (current taxes imposed) is multiplied by the total growth factor, and the product is divided by the current year tax base to derive the operational mill rate. This mill rate is then imposed on the net taxable value of a property as certified by the County Assessor's Office.

The five-year property tax revenue estimate utilizes actual data for housing permits issued in fiscal year 2017, and a conservative forecast of the number of housing permits anticipated to be issued for fiscal years 2018 through 2021. The number of housing permits is multiplied by the current median home price, and the product divided by one-third to estimate new net taxable value. In New Mexico, as in other parts of the county, stronger real estate markets have not resulted in increased residential construction. Single-family residential construction, hampered by slow wage growth and tight credit standard, has been particularly weak. According to the University of New Mexico Bureau of Business and Economic Research (BBER) forecast, a modest recovery from mid-2018 through mid-2019, and a steady but gradual pace of growth is projected through 2020.

The revenue estimate for new nonresidential construction forecasts at recent historical rates of growth. Estimated rates of new nonresidential growth remove the effects of large, one-time developments such as Hewlett Packard, Presbyterian Hospital, and the Sandoval Regional

Medical Center. City permit data is cross-referenced with the Sandoval County Assessor’s Office on an annual basis to refine the estimate for the current year. Total current property tax revenues are projected to grow at rates ranging between 2.25% to 2.9% through the fiscal year 2023.

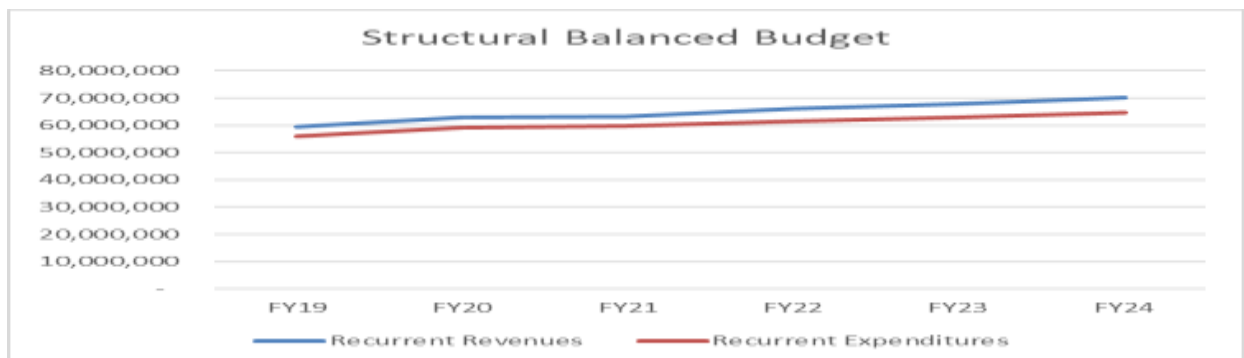
Franchise Fee projections include telephone services, natural gas, water and wastewater, waste management, cable, and electric services are based on trend and rate changes of each of these services. In total, franchise fee revenue is projected to increase in FY20 by 11.8% compared to actual FY19 revenue. This spike is due to a PNM electric franchise fee rate increase by 1% or \$817,000. For the rest of the forecast period, changes vary from 0.6% to 0.8% in FY24. Growth projections for the most significant franchise fee revenue, the electric franchise fee, range from 0.06% in FY21 to 0.07% in FY24. Electricity price changes do not include any rate changes. Anticipated changes correlate to fuel cost changes. In New Mexico, natural gas is the fuel most used in plants generating electricity. Natural gas prices are expected to remain flat based on the EIA 2019 National Energy Modeling System projection. Other revenue projections are based on trend analysis and growth rates mirroring the January 2019 BBER forecast.

Other significant revenues are Charge for Service which includes building inspection fees in general government and ambulance billing in public safety. Building inspection fees projections are based on employment construction forecast from BBER and fluctuate from the highest of 3.3% in FY21 to 2.1% for the rest of the projection period. Ambulance billing projection is based on total MSA employment growth which averages 1.2% growth through FY24.

Total General Fund recurring revenues are projected to increase by 1.9% in FY20. For the rest of the forecast, period changes vary with a peak of 4.6% in FY22 due to the change of forecast scenarios from pessimistic to baseline, and average 3.0% for FY23 and FY24.

Transfers from other funds come from the ongoing annual transfer from the communication center fund of \$107,550.

The financial plan for the next five years is structurally balanced as shown in the following graph.



## **Expenditure Assumptions**

Personal Services expenditures account for 77.6% of the General Fund operating budget. In the Adopted Budget, Personal Services expenditures increased 9.3% or approximately \$3.886.000 compared to FY19 actual expenses. This increase includes \$575,771 for a law enforcement career progression plan and other compensation, \$190,000 for the third and final year of the Fire and Rescue Department career progression plan, a 2.5% salary increase for all employee groups, a 5.0% health insurance increase, and a 0.25% of the PERA employer contribution mandated by legislation passed in the 2019 legislative session.

For the remainder of the forecast period, a 2.2% to 2.4% across-the-board salary increase is projected for all employees. These increases are intended to address increases in the cost of living. For FY21 through FY24, vacancy savings is budgeted at \$1.390 million, and terminal leave is budgeted at \$442,503, based on the actual cost average change of the last three years. Finally, the projection includes a 5% annual health insurance increase and 2% increase of other benefits, beginning in FY21 through FY24.

Materials and Services expenditures are forecasted to increase using consumer price growth rates from BBER which average 2.3% through FY24. Certain utility costs are forecasted differently than other material and services expenditures such as electricity costs which are based on changes in natural gas prices, water/wastewater services costs which are based on proposed rate changes of 1.75% for water only for the period FY20 to FY24, and gasoline price projections which are based on Energy Information Agency projected average increase of 4.3%.

## **ECONOMIC DEVELOPMENT AND INCENTIVES**

Companies interested in relocating or expanding in Rio Rancho could qualify for the following economic development incentives through the City of Rio Rancho and/or the State of New Mexico:

### **Local Incentives, Resources and Tools**

- One-stop, fast-track permitting/expedited construction inspections
- Industrial Revenue Bonds, affording:
  - Partial property tax abatement
  - Gross receipts tax exemption on equipment purchases
  - Industrial Development Bond Financing
- The Gross Receipts Investment Policy (GRIP) is a sales-tax share incentive program designed to attract retail businesses development. The City may choose to refund a portion of the new incremental gross receipts taxes to a developer or end-user for public infrastructure investment associated with the development.
- A Tax Increment Development District (TIDD): Similar to a GRIP, however more suited for larger developments that enables the developer to finance a portion of the public infrastructure investment through gross receipt taxes and/or property taxes generated in the defined boundaries of development district.

- Local Economic Development Act (LEDA) support which could include the provision of City-owned land, waiver of impact fees, and the conveyance of financial resources to offset the cost of construction, real estate and development required public infrastructure investments.

### **State Incentives**

The State of New Mexico has augmented its business friendliness and competitiveness to support expansion, retention and recruitment of economic-based employers. Four key areas include:

- **Headquarter Tax Treatment:** This provision provides Corporate Income Tax (CIT) relief for a company that operates national, regional or sub-regional facilities in administrative and managerial functions such as accounting/financial management, IT, planning, procurement, supply chain, and more.
- **Manufacturing Tax Treatment:** The Single Sales Apportionment Factor enables a manufacturer to reduce its Corporate Income Tax (CIT) Liability.
- **LEDA – aka the State’s Recruitment Closing Fund:** New Mexico’s largest recruitment incentive fund. These monies can be used to offset eligible capital expenditures (i.e., land, building, and infrastructure) associated with qualified job-creating relocation to or expansion in New Mexico.
- **JTIP – Job Training Incentive Program:** In New Mexico, JTIP provides for a percentage reimbursement of employees’ salaries, as part of a qualified job-creating relocation to or expansion in New Mexico.

These are in addition to other credits and tools such as:

- Angel Investment Credit
- Consumables Gross Receipts Tax Deduction for Manufacturers
- Film Industry Incentives
- High Wage Jobs Tax Credit
- Investment Tax Credit for Manufactures
- Renewable Energy Production and Solar Market Development Tax Credits
- Research and Development Tax Credit
- Software Development Tax Credit

### **Economic Activity and Supporting Actions**

Following are development highlights impacting Rio Rancho’s economy:

- In calendar year 2018, 497 new single-family homes were constructed.
- Several new housing projects are underway in the City including Cleveland Heights, Mariposa, Broadmoor Heights, Tierra Del Oro, and Lomas Encantadas.
- Amendments to the GRIP ordinance was presented and adopted (thresholds lowered to make incentives more accessible to businesses).
- Intel is adding 300 new jobs, and investment at their facility recently topped more than \$135 million dollars.

- The Presbyterian Rust Medical Center is planning to expand by way of a new surgery center.
- Reconstruction of a portion of Southern Boulevard – a significant business corridor.
- Defined Fitness is expanding and revitalizing vacant building space.
- Infrastructure work has begun in support of a new elementary school, master-planned community, and business parking in the Unser Gateway area.
- Construction is beginning soon on a new community gathering space in the City Center area called Campus Park.
- Work to extend Lincoln Avenue from Adams Lane to Paseo del Volcan is slated to begin, and once completed this extension will improve access to shopping areas
- The City’s adopted Strategic Plan for 2017-2022 includes goals and objectives that help foster a diverse and robust local economy that is stable and facilitates community prosperity.

## INCOME AND EMPLOYMENT

### Per Capita Income

The following table shows per capita personal income levels for Rio Rancho, Sandoval County, the State of New Mexico and the United States.

PER CAPITA INCOME								
Year	Rio Rancho	Change	Sandoval County	Change	State of New Mexico	Change	United States	Change
2012	27,261	0.2%	26,848	0.3%	23,249	-1.2%	28,051	0.0%
2013	27,311	0.2%	26,924	0.3%	22,966	-1.2%	28,155	0.4%
2014	27,400	0.3%	26,916	0.0%	23,948	4.3%	28,555	1.4%
2015	26,955	-1.6%	26,887	-0.1%	24,388	1.8%	29,979	5.0%
2016	27,537	2.2%	27,060	0.6%	24,459	0.3%	29,829	-0.5%
2017	27,769	0.8%	27,406	1.3%	25,257	3.3%	31,177	4.5%

*Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates*

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

### Median Household Income and Median Family Income

The following table shows median household income changes between 2000 and 2017 for Rio Rancho, the State of New Mexico and the United States. In addition, it shows the changes in Median Family Income and Poverty Level All people.



<b>ECONOMIC CHARACTERISTICS</b>				
	<b>Median Household Income</b>	<b>Median Family Income</b>	<b>Poverty Level all Individuals</b>	<b>Poverty Status Families</b>
<b>Rio Rancho</b>				
2000	47,169	52,233	5.1%	3.7%
2010	59,063	67,956	7.9%	6.1%
2017	63,180	72,811	11.7%	8.0%
<b>Change 2010-2017</b>	<b>7.0%</b>	<b>7.1%</b>	<b>48.1%</b>	<b>31.1%</b>
<b>New Mexico</b>				
2000	34,133	39,425	18.4%	14.5%
2010	43,820	52,565	18.4%	13.9%
2017	46,718	57,436	20.9%	15.9%
<b>Change 2010-2017</b>	<b>6.6%</b>	<b>9.3%</b>	<b>13.6%</b>	<b>14.4%</b>
<b>United States</b>				
2000	41,994	50,046	12.4%	9.2%
2010	51,914	62,982	13.8%	10.1%
2017	57,652	70,850	15.1%	11.0%
<b>Change 2010-2017</b>	<b>11.1%</b>	<b>12.5%</b>	<b>9.4%</b>	<b>8.9%</b>

Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates

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

The following table shows the Median Household Income in dollars for Rio Rancho, Sandoval County, the State of Mexico and the United States.

<b>INCOME AND BENEFITS</b>								
Total Household Income Group	City of Rio Rancho		Sandoval County		New Mexico		United States	
	2010	2017	2010	2017	2010	2017	2010	2017
Under \$24,999	16.3%	14.1%	19.7%	20.1%	28.7%	28.1%	23.5%	17.5%
\$25,000 - \$49,999	25.1%	20.4%	23.8%	21.5%	27.1%	24.8%	24.6%	21.4%
\$50,000 - \$99,999	38.2%	32.5%	35.4%	33.9%	28.8%	28.5%	30.9%	36.7%
\$100,000 - \$199,999	18.0%	24.8%	17.8%	20.6%	13.2%	15.4%	16.7%	21.4%
\$200,000 and Over	2.5%	8.2%	3.4%	3.9%	2.4%	3.4%	4.2%	3.1%

Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimate

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

### Historical Employment by Sector

The following table describes by industry sector the estimated nonagricultural wage and salary employment for New Mexico during the past seven years. The Bureau of Economic Analysis defines “earnings” as including wages and salaries, proprietor’s income and other labor income (such as bonuses).

Albuquerque MSA Employment By Sector									
	2011	2012	2013	2014	2015	2016	2017	2018	Share by Sector
<b>Employment, Thousands</b>									
Total Employment	357.104	355.095	357.413	359.781	364.787	370.518	373.856	377.999	
Private Employment	279.786	278.951	281.471	284.341	288.882	293.438	297.388	301.480	<b>80%</b>
Mining & Agriculture	0.776	0.744	0.742	0.703	0.745	0.788	0.814	0.831	0.3%
Construction	19.769	18.596	19.250	19.682	19.881	20.783	22.623	23.456	<b>7.8%</b>
Manufacturing	17.655	17.704	17.305	16.443	16.427	16.011	15.551	16.023	5.3%
Wholesale Trade	11.446	11.600	11.329	11.616	11.564	11.703	11.495	11.466	3.8%
Retail Trade	40.869	40.808	41.166	41.494	41.966	41.875	41.375	41.618	<b>13.8%</b>
Transportation, Warehousing & Utilities	8.891	8.904	9.099	8.996	9.136	9.219	9.291	9.520	3.2%
Information	8.195	8.143	7.902	7.609	7.930	7.840	7.330	6.987	2.3%
Finance & Insurance	10.818	10.627	10.824	11.237	11.581	11.827	12.254	12.439	4.1%
Real Estate, Rental & Leasing	5.014	5.200	5.233	5.086	5.193	5.284	5.302	5.445	1.8%
Professional & Technical Services	28.726	28.178	27.859	28.497	28.689	29.237	30.292	31.088	<b>10.3%</b>
Management of Companies & Enterprises	3.326	3.308	3.344	3.337	3.456	3.568	3.624	3.698	1.2%
Administrative & Waste Services	25.230	23.739	24.414	23.914	23.521	23.487	24.786	24.763	<b>8.2%</b>
Educational Services	4.809	4.920	4.909	5.187	5.312	5.251	5.154	5.155	1.7%
Healthcare & Social Assistance	46.939	47.841	49.002	49.932	51.983	54.228	54.417	55.065	<b>18.3%</b>
Arts, Entertainment & Recreation	3.676	4.209	4.321	4.302	4.507	4.648	4.716	4.827	1.6%
Accommodation & Food Services	33.812	34.482	35.349	36.749	37.540	38.033	38.612	39.184	<b>13.0%</b>
Other Services & Unclassified	9.837	9.950	9.424	9.559	9.455	9.658	9.755	9.918	3.3%
Government	77.317	76.144	75.942	75.440	75.905	77.080	76.468	76.519	<b>20%</b>
Local Government	40.995	40.410	40.425	39.877	39.788	39.730	39.390	39.602	52%
State Government	20.621	20.545	20.935	21.335	21.901	22.974	22.671	22.679	30%
Federal Government	15.702	15.190	14.583	14.228	14.216	14.375	14.408	14.238	19%
Military Employment	6.127	6.182	6.072	5.750	5.636	5.683	5.707	5.768	

Bureau of Business and Economic Research, July 2019 FOR-UNM Economic Forecast, University of New Mexico

## Labor Force and Unemployment

The following table, derived from information supplied by the U.S. Census Bureau, presents information on employment within Sandoval County, the State of New Mexico, and the United States, for the periods indicated. The annual unemployment figures indicate average rates for the entire year and do not reflect monthly or seasonal trends.

CIVILIAN LABOR FORCE AND UNEMPLOYMENT						
Year	Sandoval County		New Mexico		United States (000)	
	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed
2000	43,280	4.2	845,755	4.9	142,583,000	4.0
2010	60,901	8.4	936,088	8.1	153,889,000	9.6
2015	61,805	6.6	927,999	6.5	157,130,000	5.3
2016	63,545	6.6	928,732	6.7	159,187,000	4.9
2017	63,918	6.2	929,567	6.7	160,320,000	4.4
2018	66,894	5.8	953,970	4.8	163,240,000	3.9

Source: NMDWS, Local Area Unemployment Statistics program in conjunction with U.S. Bureau of Labor Statistics

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

## Major Employers

The following table shows the major employers in the City of Rio Rancho.

MAJOR EMPLOYERS			
Rank	Employer	# of Rio Rancho Employees	Type of Business
1	Rio Rancho Public Schools	2200	Public School District
2	Intel Corp.	1200	Semiconductor
3	Presbyterian Health Services	1141	Health Care
4	Alliance Data	714	Finance
5	Hewlett-Packard	650	Software
6	City of Rio Rancho	606	Government
7	Safelite Autoglass	550	Auto Glass Repair and Claims
8	Brycon Construction	310	Construction
9	The Neighborhood in Rio Rancho	290	Retirement Community
10	UNM Sandoval Regional Medical Center	218	Health Care

Source: Albuquerque Business First

## Occupation

The following table shows, by percentages, in which occupations people in Rio Rancho, Sandoval County, New Mexico and the United States, are employed.

Civilian Employed Population 16 Years and Over	OCCUPATION							
	Rio Rancho		Sandoval		New Mexico		United States	
	2010	2017	2010	2017	2010	2017	2010	2017
Management, Business, Science, and Arts Occupations	37.4%	39.5%	37.8%	39.7%	34.4%	35.7%	35.3%	37.4%
Service Occupations	14.5%	17.2%	15.0%	17.8%	19.0%	20.8%	17.1%	18.0%
Sales and Office Occupations	30.0%	27.2%	28.3%	25.6%	24.3%	23.3%	25.4%	23.5%
Natural Sources, Construction and Maintenance Occupations	9.9%	8.6%	10.1%	9.4%	12.7%	11.0%	9.8%	8.9%
Production, Transportation, and Material Moving Occupations	8.1%	7.5%	8.7%	7.5%	9.6%	9.1%	12.4%	12.2%

Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates

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

The table below shows, by percentage, in which class individuals in Rio Rancho, Sandoval County, New Mexico and the United States are employed.

Civilian Employed Population 16 Years and Over	CLASS OF WORKERS							
	Rio Rancho		Sandoval		New Mexico		United States	
	2010	2017	2010	2017	2010	2017	2010	2017
Private Wage and Salary Workers	77.8%	75.6%	73.6%	72.2%	69.9%	71.1%	78.5%	80.0%
Government Workers	17.2%	19.1%	20.0%	21.6%	22.3%	22.1%	14.8%	13.8%
Self-employed in unincorporated Business	4.9%	5.2%	6.3%	6.1%	7.5%	6.6%	6.50%	6.0%
Unpaid Family Workers	0.1%	0.1%	0.1%	0.1%	0.3%	0.2%	0.2%	20.0%

Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates

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

The following table shows, by percentage, in which industries people in Rio Rancho, Sandoval County, New Mexico and the United States, are employed.

INDUSTRY								
Civilian Employed Population 16 Years and Over	Rio Rancho		Sandoval		New Mexico		United States	
	2010	2017	2010	2017	2010	2017	2010	2017
Agriculture, Forestry, Fishing and Hunting, and Mining	0.5%	0.7%	1.2%	1.3%	4.1%	70.0%	1.9%	70.0%
Construction	7.0%	6.2%	7.6%	7.0%	8.5%	6.2%	7.1%	6.2%
Manufacturing	12.0%	6.3%	10.8%	6.4%	5.3%	6.3%	11.0%	6.3%
Wholesale Trade	2.6%	2.7%	2.3%	2.3%	2.2%	2.7%	3.1%	2.7%
Retail Trade	13.7%	13.8%	12.5%	12.3%	11.6%	13.8%	11.5%	13.8%
Transportation and Warehousing, and Utilities	4.2%	4.9%	4.3%	4.4%	4.6%	4.9%	5.1%	4.9%
Information	2.7%	1.8%	2.3%	1.7%	1.9%	1.8%	2.4%	1.8%
Finance and Insurance, and Real Estate and Rental and Leasing	7.0%	6.9%	6.4%	6.6%	5.1%	6.9%	7.0%	6.9%
Professional, Scientific, and Management, and Administrative and Waste Management Services	11.5%	10.4%	11.9%	10.5%	10.8%	10.4%	10.4%	10.4%
Educational Services, and Health Care and Social Assistance	18.1%	24.9%	19.6%	25.1%	23.4%	24.9%	22.1%	24.9%
Art, Entertainment, and Recreation, and Accommodation, and Food	8.5%	9.2%	9.3%	10.1%	10.3%	9.2%	8.9%	9.2%
Other Services, Except Public Administration	4.2%	4.7%	4.0%	4.4%	4.7%	4.7%	4.9%	4.7%
Public Administration	7.8%	7.3%	7.8%	7.9%	7.5%	7.3%	4.8%	7.3%

Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates

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

## BUILDING PERMITS, POPULATION, AND HOUSING

### Building Permits

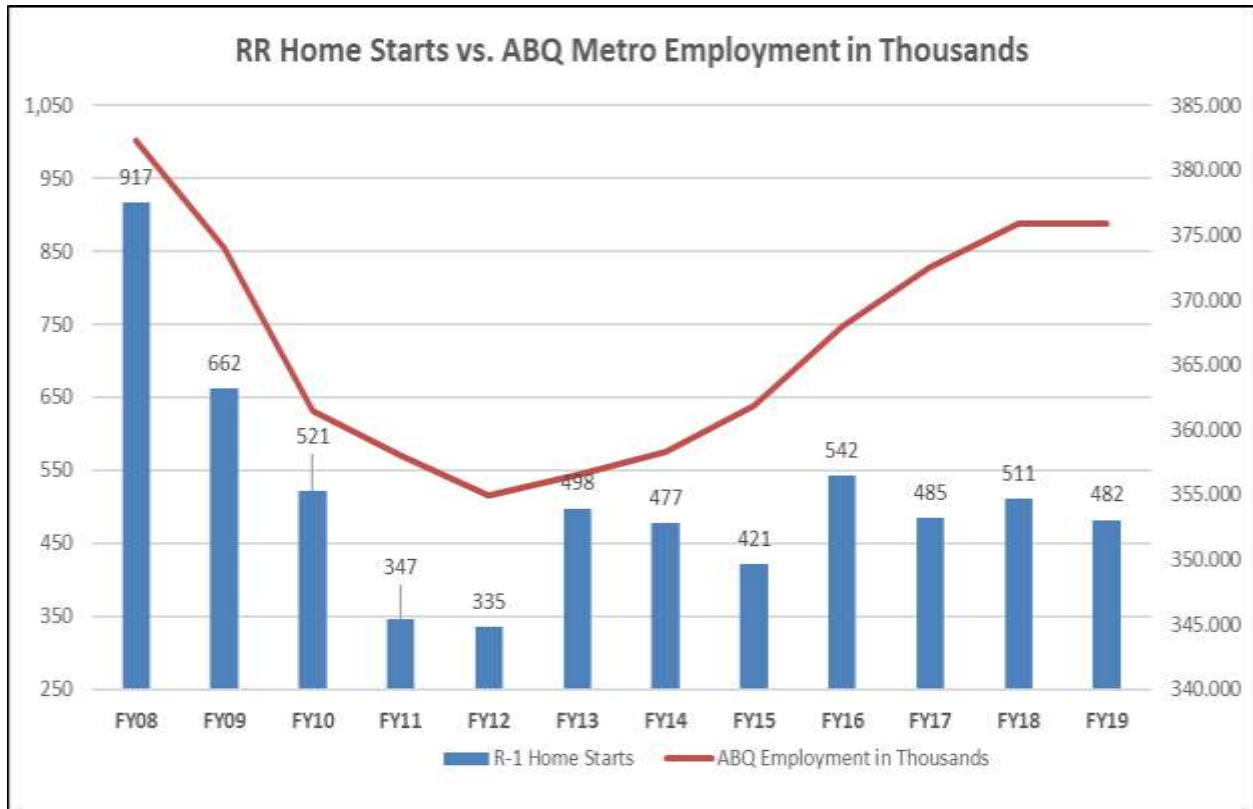
Initial development of the City was due in large part to the availability of affordable land. However, from 2005 to 2008 the average price of residential construction increased to the mid to upper income housing levels. Below is a historical chart for residential and non-residential building permits, their associated assessed valuation and the average price per unit:

BUILDING PERMITS						
Fiscal Year	Residential (1)			Non-Residential (2)		
	New Units	Value	Average price per Unit	New Units	Value	
2019	482	\$ 99,107,970	\$ 205,618	12	\$ 4,414,035	
2018	511	\$ 113,791,196	\$ 222,683	13	\$ 23,205,351	
2017	485	\$ 102,378,943	\$ 211,091	6	\$ 7,254,515	
2016	542	\$ 115,678,421	\$ 213,429	13	\$ 13,303,031	
2015	421	\$ 89,012,014	\$ 211,430	15	\$ 24,919,292	
2014	477	\$ 96,674,872	\$ 202,673	13	\$121,246,308	
2013	498	\$ 96,119,528	\$ 193,011	13	\$ 11,955,020	
2012	335	\$ 61,148,887	\$ 182,534	12	\$ 19,326,448	
2011	347	\$ 63,748,772	\$ 183,714	20	\$ 29,263,828	

Source: City of Rio Rancho - Planning and Zoning

(1) Includes: R-1 Single Family

(2) Includes: C-1 Retail Commercial and M-1/C-2 Manufacturing Industrial Starts



## Population

As the City of Rio Rancho has experienced fast growth, so has the state of New Mexico. According to the 2000 Census, New Mexico's 1.8 million population ranked as the 12<sup>th</sup> fastest growing state in the nation, with a 13.2% increase from 2000 to 2010. The 2010 Census proved that the State of New Mexico is indeed growing in population. Projections estimate that New Mexico will add an estimated one million people by the year 2025 for a total population of 2.6 million. This anticipated rate of population change, at 55%, would rank New Mexico's growth rate as the 2<sup>nd</sup> largest amongst the 50 states and District of Columbia.

<b>POPULATION CHANGES</b>				
<b>US Census</b>				
Area	April 1, 2018	April 1, 2010	Change	% Change
United States	327,167,434	308,745,538	18,421,896	6.0%
New Mexico	2,095,428	2,059,179	36,249	1.8%
Sandoval County	145,179	131,561	13,618	10.4%
Rio Rancho	98,023	87,521	10,502	12.0%

*Source: 2019 World Population Review*

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

The City's relatively short history of rapid growth and development began with its inception in the 1960's as a bulk land subdivision. Prior to its incorporation as a municipality, the 1980

census records Rio Rancho as having 9,985 persons residing within the vicinity. For incorporation purposes, a special census was conducted in 1981 revealing that Rio Rancho's population was 10,131. By 1990, the population had more than tripled to 32,505. As of the 2000 Census, the U.S. Bureau of Census reflects that the City population increased to 51,765. The 2010 Census revealed an increase of 69% to 87,521 for the City of Rio Rancho.

POPULATION CHANGES								
Year	Rio Rancho	Change	Sandoval County	Change	New Mexico	Change	United States**	Change
1980	9,985		34,400		1,303,143		226,542,199	
1990	32,674	227.2%	63,319	84.1%	1,249,069	-4.1%	248,709,873	9.8%
2000	51,765	58.4%	89,908	42.0%	1,819,046	45.6%	281,421,906	13.2%
2010	87,521	69.1%	131,561	46.3%	2,059,179	13.2%	308,745,538	9.7%
2018*	98,023	12.0%	145,179	10.4%	2,095,428	1.8%	327,167,434	6.0%

Source: U.S. Census Bureau, Population Division.

\*Source: U.S. Census Bureau, Community Facts, 2018 Population Estimates

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

Most of the City's growth resulted from net migration, resulting from people moving to Rio Rancho from other areas. A comparison of the demographic changes in Sandoval County and Rio Rancho between 1990 and 2000 illustrates how the influx of new residents accounts for Rio Rancho's population growth during this decade. This trend continued between 2000 and 2010.

This population growth has made Rio Rancho the largest city in Sandoval County, and the third largest in the state. With respect to Rio Rancho's share of the total New Mexico population, Rio Rancho ranked as the 14th largest community in state in 1980. As a result of an almost five-fold growth in population in less than twenty years, Rio Rancho has become the fastest growing city with an overall growth rate of 69% during the last ten years.

TOTAL POPULATION				
New Mexico Metropolitan Statistical Areas, 2000 to 2010				
Area	Census 2010* Population	Census 2000 Population	Population Change 2000-2010	Percentage Change 2000-2010
New Mexico	2,065,932	1,819,046	246,886	13.6%
Metro Portion 1/	1,375,392	1,147,424	227,968	19.9%
Albuquerque MSA 2/	890,103	729,649	160,454	22.0%
Farmington MSA 3/	130,145	113,801	16,344	14.4%
Las Cruces MSA 4/	210,538	174,682	35,856	20.5%
Santa Fe MSA 5/	144,606	129,292	15,314	11.8%
Nonmetro Portion 1/	690,540	671,622	18,918	2.8%

\*The values were produced by applying estimates of change in the population between April 1 and July 1 of 2010 to the 2010

1/ Metropolitan and nonmetropolitan portions are based on current metropolitan statistical area (MSA) definitions.

2/ Bernalillo, Sandoval, Torrance and Valencia counties. 3/ San Juan County. 4/ Dona Ana County

5/ Santa Fe County.

Source: U.S. Census Bureau, Population Division. Revised September 2011.

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

## Gender and Age Distribution

The character and composition of the residents have changed dramatically over the last two decades. Beginning as a retirement community, a large number of seniors dominated the demographic composition. However, as the City has evolved into an affordable housing community with an expanding economic base, a large number of young families are calling Rio Rancho home. Whereas 17.5% of the Rio Rancho population was over retirement age in 1980, by 1990 this percentage had dropped to 10.9%. By 1990, there were three times more residents under the age of 17 than residents over the age of 65.

Over 45% of the City's population is between the ages of 20 and 54 years old, which is younger than the national average, and almost 30% of the population are school age or younger.

All states and the District of Columbia are projected to show a decline in the proportion of youth (under 20 years old) in their populations. As the Baby Boom generation (those born between 1946 and 1964) reach retirement age, the growth of the elderly population (65 and over) is expected to accelerate rapidly. The size of the elderly population is projected to increase in all states and the District of Columbia over the 30-year period. The proportion of New Mexico's population classified as elderly is expected to increase from 10.9% in 1995 to 16.9% in 2025.

The following table sets forth a comparative age distribution profile for Rio Rancho, Sandoval County, the State of New Mexico and the United States.

GENDER AND AGE DISTRIBUTION								
Characteristic	Rio Rancho		Sandoval		New Mexico		United States	
	2000	2017	2000	2017	2000	2017	2000	2017
Male	48.5%	48.7%	48.8%	48.9%	49.2%	49.5%	49.1%	49.2%
Female	51.5%	51.3%	51.2%	51.1%	50.8%	50.5%	50.9%	50.8%
Median Age	35.1	38.1	35.1	39.6	34.6	37.3	35.3	37.8
Under 9 years	15.7%	13.2%	15.8%	12.4%	15.0%	13.0%	14.1%	12.6%
10 to 19 years	15.9%	14.4%	16.3%	14.3%	16.1%	13.5%	14.5%	13.1%
20 to 34 years	18.3%	18.7%	17.7%	17.1%	19.6%	20.6%	20.9%	20.7%
35 to 54 years	31.5%	27.0%	31.5%	26.1%	29.0%	24.1%	29.4%	26.1%
55 to 64 years	7.0%	12.9%	8.1%	13.8%	8.7%	13.0%	8.6%	12.7%
65 to 84 years	10.3%	12.3%	9.5%	14.3%	10.4%	14.0%	10.9%	13.0%
85 years and over	1.5%	1.6%	1.1%	1.4%	1.3%	1.7%	1.5%	1.9%

Source: U.S. Census Bureau, 2013-2017 American Community Survey

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

## Race and Ethnicity

At the national level, 79.9% of the American population is classified as non-Hispanic white, while Hispanic or Latino persons constitute 40.7% of the population, African Americans 2.7%, Native American 2.2%, and Asian Americans 1.6%. However, New Mexico, along with Hawaii and California, does not have an ethnic or racial majority. More than half of the population is composed of non-Hispanic whites, two out of every five residents are Hispanic, nearly one out of every ten is Native American, while African Americans constitute 2% of the state population. By comparison, Rio Rancho's population is 79% white, while Hispanics of any race constitute over 40.7% of the City, with small percentages of Native Americans, African Americans, and Asian Americans.



RACE AND ETHNICITY BY PERCENTAGE OF POPULATION								
Characteristic	Rio Rancho		Sandoval		New Mexico		United States	
	2000	2017	2000	2017	2000	2017	2000	2017
One Race	95.9%	94.8%	96.5%	95.6%	96.4%	96.7%	97.6%	94.8%
White	78.4%	79.9%	65.1%	70.1%	66.8%	74.2%	75.1%	79.9%
Black or African American	2.7%	2.7%	1.7%	2.0%	1.9%	2.0%	12.3%	2.7%
American and Alaska Native	2.4%	2.2%	16.3%	12.5%	9.5%	9.5%	0.9%	2.2%
Asian	1.5%	1.6%	1.0%	1.5%	1.1%	1.4%	3.6%	1.6%
Native Pacific Islands	0.2%	20.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%
Some Other Race	10.9%	8.2%	12.4%	9.5%	17.0%	9.5%	5.5%	8.2%
Two or More Races	4.1%	5.2%	3.5%	4.4%	3.6%	3.3%	2.4%	5.2%
Hispanic or Latino (of Any Race)	27.7%	40.7%	29.4%	37.9%	42.1%	48.2%	12.5%	40.7%

Source: U.S. Census Bureau, 2013-2017 American Community Survey

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

### Social Characteristics

The following table sets forth a comparative education profile and other social characteristics for Rio Rancho, Sandoval County, the State of New Mexico and the United States.

SOCIAL CHARACTERISTICS								
Characteristic	Rio Rancho		Sandoval		New Mexico		United States	
	2000	2017	2000	2017	2000	2017	2000	2017
Education Attainment by Population								
Percent High School Graduate or Higher	90.3%	92.7%	84.6%	90.4%	77.7%	85.0%	79.4%	87.3%
High School Graduate or Higher								
25 to 34 years	95.2%	92.0%	89.4%	89.5%	81.5%	86.9%	83.9%	89.8%
35 to 44 years	94.5%	93.6%	89.2%	90.8%	82.2%	84.7%	85.0%	88.1%
45 to 64 years	93.2%	94.0%	88.7%	91.9%	82.4%	86.2%	83.2%	88.2%
65 years and over	78.1%	89.8%	71.1%	88.2%	64.8%	81.6%	65.5%	25.9%
Bachelor's Degree or Higher								
25 to 34 years	24.6%	26.2%	19.6%	22.0%	20.1%	23.1%	27.5%	34.4%
35 to 44 years	23.9%	39.3%	23.2%	34.1%	22.1%	25.6%	25.9%	34.8%
45 to 64 years	26.3%	28.2%	30.0%	30.5%	28.8%	27.8%	26.4%	30.1%
65 years and over	23.7%	28.7%	23.0%	32.2%	18.7%	29.6%	15.4%	25.9%
Total Households	18,995	36,027	31,411	55,163	677,971	927,790	105,480,101	135,393,564
Average Household Size	2.70	2.74	2.84	2.83	2.63	2.67	2.59	2.58
Place of Birth								
Native	49,243	87,444	86,028	130,672	1,669,440	1,883,530	250,314,017	277,976,280
Foreign Born	2,479	5,873	3,880	8,143	149,606	201,298	31,107,889	43,028,127
Percentage	4.8%	6.3%	4.3%	5.9%	8.2%	9.7%	11.1%	13.4%

Source: U.S. Census Bureau, 2013-2017 American Community Survey

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

### Housing Characteristics

The following table sets forth a comparative housing profile for Rio Rancho, Sandoval County, the State of New Mexico and the United States.

HOUSING CHARACTERISTICS								
Characteristic	Rio Rancho		Sandoval		New Mexico		United States	
	2000	2017	2000	2017	2000	2017	2000	2017
Total Housing Units	20,176	36,027	34,866	55,163	780,579	927,790	115,904,641	135,393,564
Occupied	93.9%	92.6%	90.0%	89.3%	86.8%	83.0%	91.0%	87.8%
Owner Occupied	75.2%	78.4%	69.6%	80.8%	50.1%	67.9%	52.3%	63.8%
Median Value	\$112,900	\$178,000	\$115,400	\$183,300	\$108,100	\$163,900	\$119,600	\$193,500
Housing with a Mortgage*	86.0%	77.3%	73.9%	67.7%	63.6%	55.5%	70.0%	63.5%
Median Monthly Payment	\$955	\$1,341	\$979	\$1,358	\$929	\$1,244	\$1,088	\$1,515
Rent								
Median Monthly Payment	\$807	\$1,118	\$726	\$1,057	\$503	\$809	\$602	\$982

\*Represents Owner Occupied Units. Source: U.S. Census Bureau, 2013-2016 American Community Survey

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

## PER CAPITA COMPARISONS

### City per Capita Comparisons

The General Fund budget contains most of the operating funds for City government, and the size of the General Fund in relation to the city can provide a *general* indication of the level of services that a City can provide. Compared to other New Mexico cities, the City of Rio Rancho has a relatively small General Fund budget. Historically, the small per capita expenditure ratio is primarily due to Rio Rancho's relatively limited retail tax base that did not generate large amounts of gross receipts tax (GRT) revenues due to the proximity of Albuquerque, which is the regional retail center. Studies over the last several years suggested that Rio Rancho was losing as much as 40% of its GRT to Albuquerque. Various initiatives and policies have been undertaken to address this issue.

REVENUE & EXPENDITURES PER CAPITA				
Top Five Populated New Mexico Cities				
FY19 Adopted Budgets				
City	Estimated Population	General Fund Revenues *	General Fund Expenditures *	Per Capita Expenditures
Albuquerque	560,218	\$582,598	\$576,719	\$ 1,029
Las Cruces	102,926	111,179	106,540	1,035
<b>Rio Rancho</b>	<b>98,023</b>	<b>58,087</b>	<b>54,706</b>	<b>558</b>
Santa Fe	84,612	95,174	95,133	1,124
Farmington	44,788	72,295	72,926	1,628

\* (000's)

Source: U.S. Census Bureau, Community Facts, 2018 Population Estimate

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

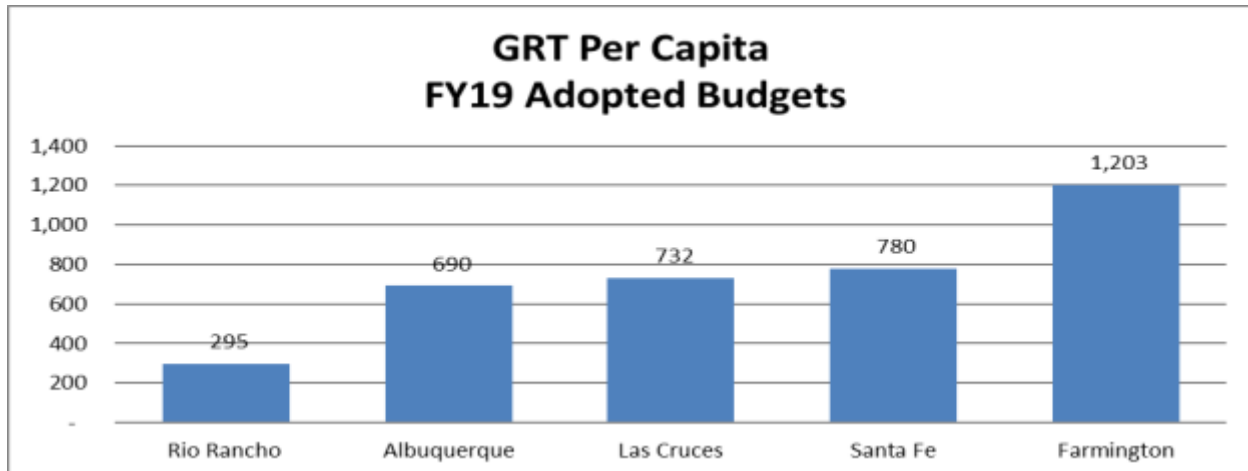
## Gross Receipt Taxes per Capita Comparisons

GRT PER CAPITA Top Five Populated New Mexico Cities FY 19 Adopted Budgets				
City	Estimated Population	General Fund GRT *	General Fund Total Revenue *	GRT Per Capita
Albuquerque	560,218	\$386,792	\$582,598	\$690
Las Cruces	102,926	75,296	111,179	732
<b>Rio Rancho</b>	<b>98,023</b>	<b>28,899</b>	<b>58,087</b>	<b>295</b>
Santa Fe	84,612	65,988	95,174	780
Farmington	44,788	53,887	72,295	1,203

\* (000's)

Source: U.S. Census Bureau, Community Facts, 2016 Population Estimate (as July 1, 2016)

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



## City Employees per 1,000 of Population

Another method to compare capacity to provide services is the number of employees per population. The City of Rio Rancho has had to limit the number of employees due to the limited tax base.

NUMBER OF EMPLOYEES PER 1,000 POPULATION Top Five Populated New Mexico Cities FY 19 Adopted Budgets			
City	Estimated Population	All Funds FTE	FTE per 1,000
Rio Rancho	98,023	719	7.34
Albuquerque	560,218	6222	11.11
Las Cruces	102,926	1054	10.24
Santa Fe	84,612	853	10.08
Farmington	44,788	750	16.75

Source: U.S. Census Bureau, Community Facts, 2017 Population Estimate (as of July 1, 2017)

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

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