

## **FINANCIAL PLANNING & 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

Based on the latest reports the US economy is surging, and for the first time since the Great Recession, the New Mexico economy is following. The oil and gas industry in the state is booming, and because of the unprecedented level of investment in this sector it seems that the expansion will continue for the next several years. The US economy is performing very well. Key indicators such as GDP growth, employment growth, manufacturing and non-manufacturing indices, and consumer confidence, each give evidence of a stable and expanding economy.

However, there are some issues to consider in relation to the outlook for the coming months. First, it is unclear whether GDP growth of 4.1 % Seasonally Adjusted Annual Rate (SAAR) in the 2018 2<sup>nd</sup> quarter is sustainable over a longer period. Second, after adjusting for the effect of the recent tax cuts, it is not predictable if consumers will continue to spend on goods and services or start increasing savings that is without considering the inflationary pressures, which could eat into real income. Third, other variables like the monetary policy, specifically the Fed's posture in relation to interest rates, will put the markets to the test as interest rates are projected to increase throughout the year. Additionally, the Administration's posture towards trade, healthcare, and, perhaps most importantly, the real estate market which appears to be falling nationwide may have a significant impact on the economic outlook. The housing market is a key factor for the optimistic scenario if the housing market staggers, the economy's upside appears to be limited.

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

Calendar year 2018 started with a solid 2.2% GDP growth (SAAR in 2018Q1) which increased in the second quarter to 4.1% SAAR. In the second quarter, the economy showed strength in consumption of durable goods (9.3% SAAR, or 0.64 points to growth) as was growth in nondurable goods (4.2% SAAR, 0.59 points). However, what really moved the consumption spending ahead were services, which grew 3.1% SAAR and added 1.46 points to GDP growth in the quarter. Pulling down the GDP was the residential fixed investment of negative 1.1% SAAR or -0.04 points.

Like consumption, non-residential fixed investment saw significant gains in the quarter adding 0.98 points to growth. Investment in equipment and software added 0.23 points and intellectual property contributed 8.2% SAAR or 0.35 points. The government sector, both federal and state and local government also moved ahead in the quarter, 0.22 and 0.15 points respectively. Net exports were up for the quarter bringing up the total GDP growth by 1.06 percentage points while private inventories pulled down the GDP by 1.0 points.

For 2018 the Real Gross Domestic Product (GDP) is expected to accelerate to 3.0% and 2.7% in 2019 from 2.3% in 2017. This rate should slow thereafter an average of about 1.7% per year from 2020-2023. The near-term boost comes in part from the recently enacted Tax Cut and Jobs Act and stronger near-term employment growth projection.

Global Insight expects that inflation will generally meet or exceed the Fed 2.0% target in the coming years. For 2018, Global Insight projects growth of 2.6%, 2.1% in 2019, and an average of 2.3% per year 2020-2023.

Composition of Real GDP Growth Over Previous Period SAAR										
	2014	2015	2016	2017	17Q2	17Q3	17Q4	18Q1	18Q2	Contrib 18Q2
<b>Composition of Real GDP</b>										
<b>Gross Domestic Product</b>	2.6	2.9	1.6	2.2	3.0	2.8	2.3	2.1	4.1	4.10
<b>Total Consumption</b>	2.9	3.6	2.7	2.5	2.9	2.2	3.9	0.5	4.0	2.69
Durables	6.9	7.7	5.5	6.8	8.7	7.7	12.7	-2.0	9.3	0.64
Nondurables	2.5	3.1	2.7	2.1	4.0	2.3	4.0	0.1	4.2	0.59
Services	2.4	3.2	2.3	2.0	1.7	1.4	2.6	1.0	3.1	1.46
<b>Residential Fixed Investments</b>	3.5	10.2	6.5	3.3	-5.5	-0.5	11.1	-3.4	-1.1	-0.04
<b>Nonresidential Fixed Investment</b>	6.9	2.3	0.5	5.3	7.3	3.4	4.8	11.5	7.3	0.98
Structures	10.5	-1.8	-5.0	4.6	3.8	-5.7	1.3	13.9	13.3	0.39
Equipment & Software	6.6	3.5	-1.5	6.1	9.7	9.8	9.9	8.5	3.9	0.23
Intellectual Property Products	4.6	3.8	7.5	4.6	6.6	1.7	0.7	14.1	8.2	0.35
<b>Change in Private Inventories</b>										-1.00
<b>Exports</b>	4.3	0.4	-0.1	3.0	3.6	3.5	6.6	3.6	9.3	1.12
<b>Imports</b>	4.5	5.0	1.9	4.6	2.5	2.8	11.8	3.0	0.5	-0.06
<b>Federal Government</b>	-0.6	1.4	0.4	0.7	2.4	-1.3	4.1	2.6	3.5	0.22
<b>State &amp; Local Governments</b>	0.5	2.3	2.0	-0.5	-1.3	-0.9	1.4	0.9	1.4	0.15

US Bureau of Economic Analysis, Gross Domestic Product, 2018 Second Quarter (Advance with Historical Revisions) July, 2017, 2018.

## Employment

The US labor market gains in the private sector have been remarkably consistent over the past eight-plus years. In the most recent month of June, the private sector added 202,000 jobs. Particularly bright sectors in the June report included professional and business services, manufacturing, healthcare, and construction. Most other sectors changed little in the month with the exception of retail which fell. The seasonally adjusted unemployment rate registered 4.0% in June, marking the ninth consecutive month of unemployment rates at 4.1% or below.

According to the Bureau of Labor Statistics' Quarterly Census of Employment and Wages (QCEW) employment data, New Mexico added 5,500 jobs (0.7 percent) the final quarter of 2017, the performance in this quarter was the strongest since 2015Q3. Job gains occurred in both the Albuquerque MSA (3,200 jobs) and in non-metro areas (3,500 jobs). Employment growth was strongest in mining (2,950 jobs) and construction (3,025 jobs). Gains in construction occurred in the Albuquerque MSA and in non-metro areas tied to the development of infrastructure supporting the oil & gas industry.

Transportation and warehousing also increased with most of the new jobs in non-metro areas. Professional and business services reported strong gains mostly in Albuquerque MSA, however, the most surprising, manufacturing added 295 jobs, its largest gain in six years. On the contrary, healthcare, retail and wholesale trade all together reduced payroll by 4,090.

The oil production outlook is reflecting an unprecedented surge in investment and production. According to the University of New Mexico Bureau of Business and Economic Research (BBER), the state will add 9,635 new jobs in 2018 and an average of 9,900 jobs per year

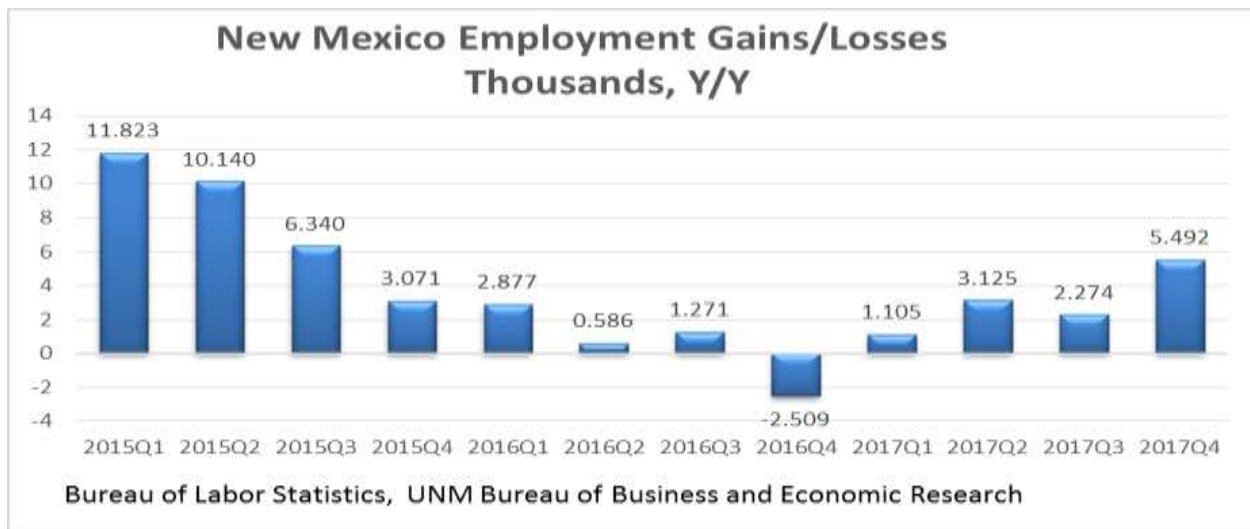
through 2023. The main driver of growth over the most recent past has been the mining sector, however the construction sector is estimated to add 2,520 in the first half of 2018. This expansion is tied to the buildout of oil and gas infrastructure in Lea and Eddy Counties. In addition, contributing to the construction expansion is the development of the Facebook data center in Los Lunas and residential building in the Albuquerque and Santa Fe MSAs. BBER anticipates the construction sector will increase an average of 3.7% in the second half of 2018, 3.5% in 2019, and then slow to an average of 2.6% per year through 2023.

Another beneficiary from the oil & gas boom is the transportation and warehousing industry which is expected to add 1,140 new transportation jobs in 2018 and 500 in 2019. However, as new pipelines come online, transportation will slow and will become more of a function of inter-modal systems in the Las Cruces and Albuquerque metro regions, with 300 new jobs per year during 2020-2023.

The professional and technical services sector is anticipated to grow by 3.0% in 2018, slowing gradually to 2.6% in 2019 then further slow to an average of 2.0% per year through 2023. The accommodation and food services sector which regained some momentum in the first half of 2018 after a weak 2017, is expected to increase 1.6% in 2018 and 1.7% per year through 2023. Other sectors expected to add jobs are administration services, and finance and insurance.

The large trade sector has fallen and brick and mortar retail faces stiff headwinds, particularly in rural New Mexico, as a result of continuing growth in online commerce. Wholesale also fell. According to the BLS, unemployment in New Mexico has fallen sharply to 4.9% from 6.1% a year ago, however, New Mexico still ranks 48<sup>th</sup> among the 50 states. BBER expects a rate close to 5.0% in 2018 remaining near this level for the period 2019-2023

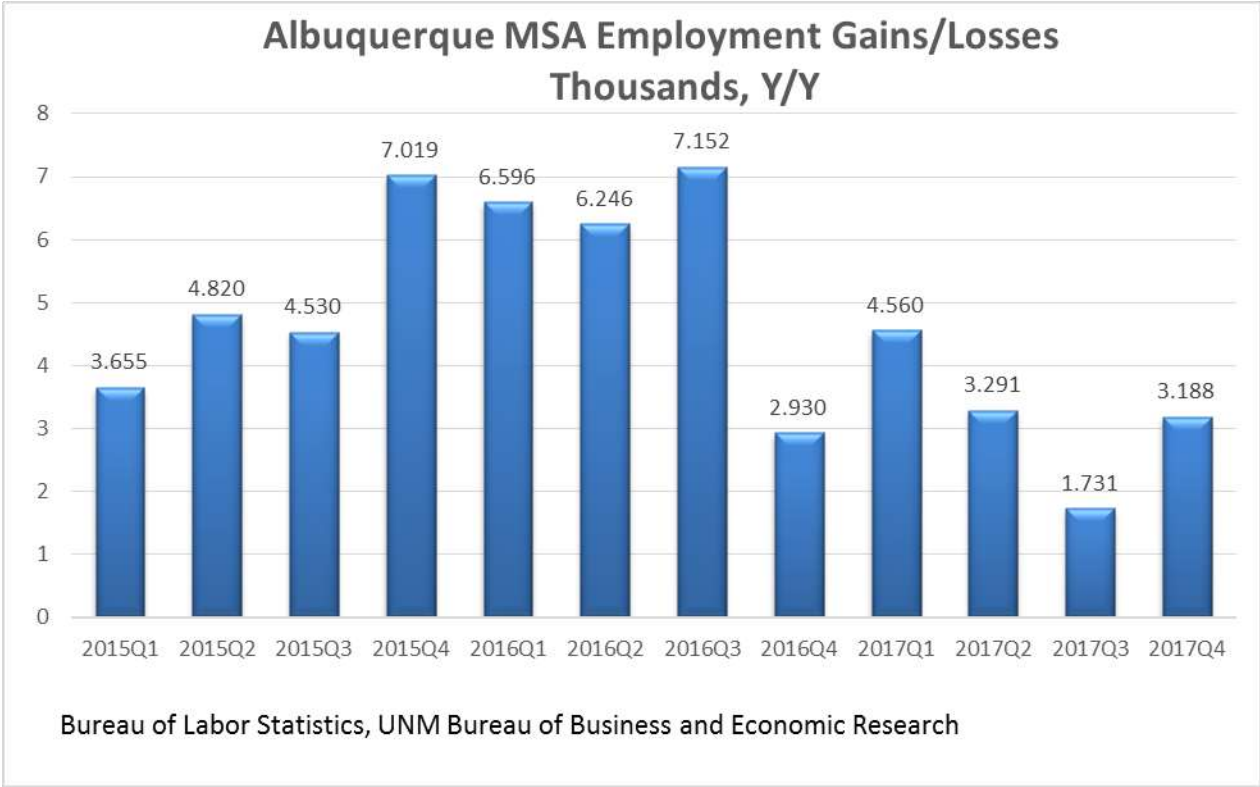
New Mexico’s labor force grew by nearly 8,400 persons in the first half of 2018. This is the strongest growth since the onset of the Great Recession in 2008. The labor force grew in the Albuquerque MSA by 1.7%, 1.8% in the Santa Fe MSA and 3.7% in oil-rich Eddy and Lea Counties.



Based on the New Mexico Department of Workforce Solution (NMDWS), the Albuquerque MSA added 3,188 jobs (0.9%). This marks the twenty-first consecutive quarter of positive job growth. Ten private sector industries added jobs in the fourth quarter. Construction added the greatest number of jobs (2,021 or 9.5% in 2017Q4), administrative and waste services sector added 1,288 jobs, the professional and technical services sector has experienced an extended period of sustained growth adding 814 jobs, the accommodation and food services sector has made gains for more than seven years with no exception in 2017Q4 adding 660 jobs. The other unclassified sector also performed well as well as the finance and insurance, real estate, rental and leasing, management of companies and enterprises, mining and agriculture, transportation, warehousing and utilities and other services.

Seven private-sector industries lost jobs year-over-year in the fourth quarter including the information sector (-971) and retail trade (-464). The healthcare and social assistance sector marked its first loss in the third quarter (-215 jobs) since early 2001. Other sectors losing jobs were educational services, wholesale trade, and arts, entertainment and recreation.

The non-seasonally adjusted labor force expanded 0.7% in 2017 after growing 1.2% a year earlier. For the first half of 2018, labor force growth accelerated and averaged 1.8%. The non-seasonally adjusted unemployment rate fell to 5.7% in 2017. In the first quarter of 2018 the unemployment rate averaged 5.0%, which is down from 6.0% in the same months a year earlier.



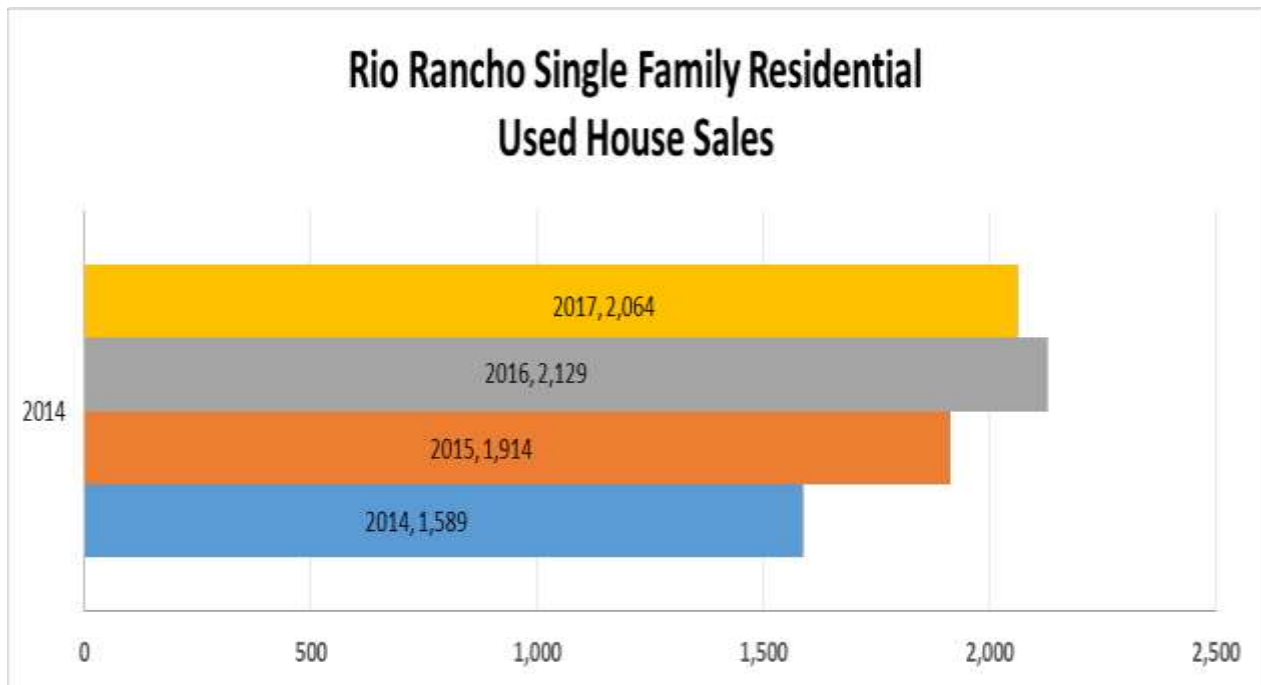
### Income

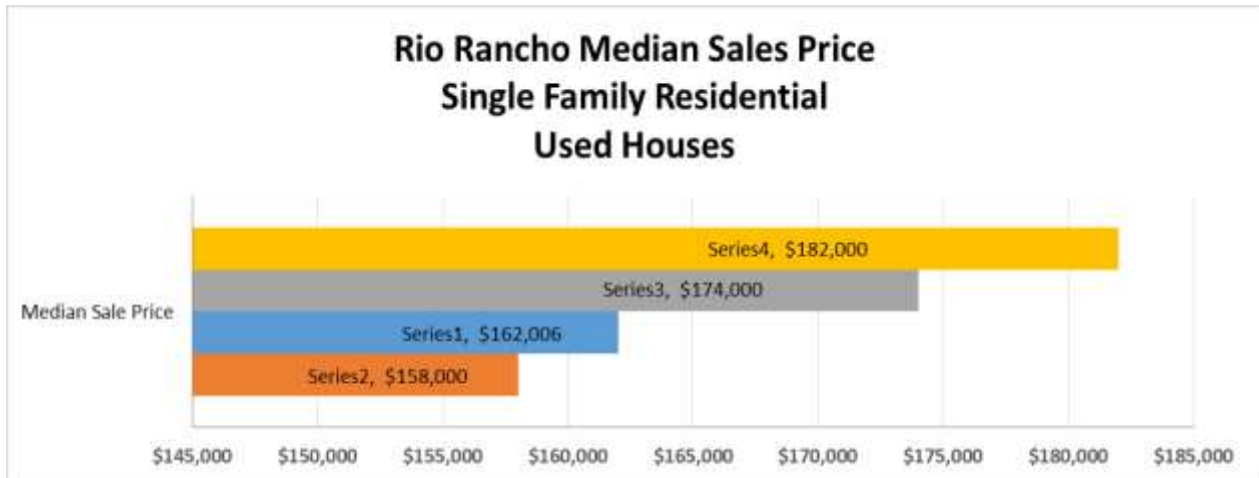
Based on Bureau of Economic Analysis (BEA), the nation personal income growth came in 5.0% in 2015, slowed growth to 2.4% in 2016 and bounced back to 3.1% in 2017 on the back of improved growth of investment income. Growth should accelerate 4.2% in 2018 with improved wage growth before peaking at 5.2% in 2019 and then average 4.5% in 2020-2023. Stimulus via tax cuts should boost real disposable income to 2.2% in 2018 and then further by 3.2% per year in 2019 versus 4.2% in 2015 and slowed 1.4% and 1.2% in 2016 and 2017 respectively.

Total personal income in New Mexico is anticipated by FOR-UNM total 3.3% growth for 2018, 4.1% in 2019 and an average increase of 4.4% for the remainder of the forecast period. Wages and Salary private disbursements will accelerate from 1.9% in 2017 to 4.1% in 2018, 4.7% in 2019 to an average of 4.9% for the balance of the forecast period. Transfer payment will continue to work against total personal income growth, as federal contributions to Medicaid expansion are reduced by as much as 150 million in 2020. In 2017, federal contributions to New Mexico’s Medicaid expansion program decline from 100% to 95%, transfers decline and hold steady since then at 1.1%. The federal contributions will be reduced to 90% in 2020

### Housing

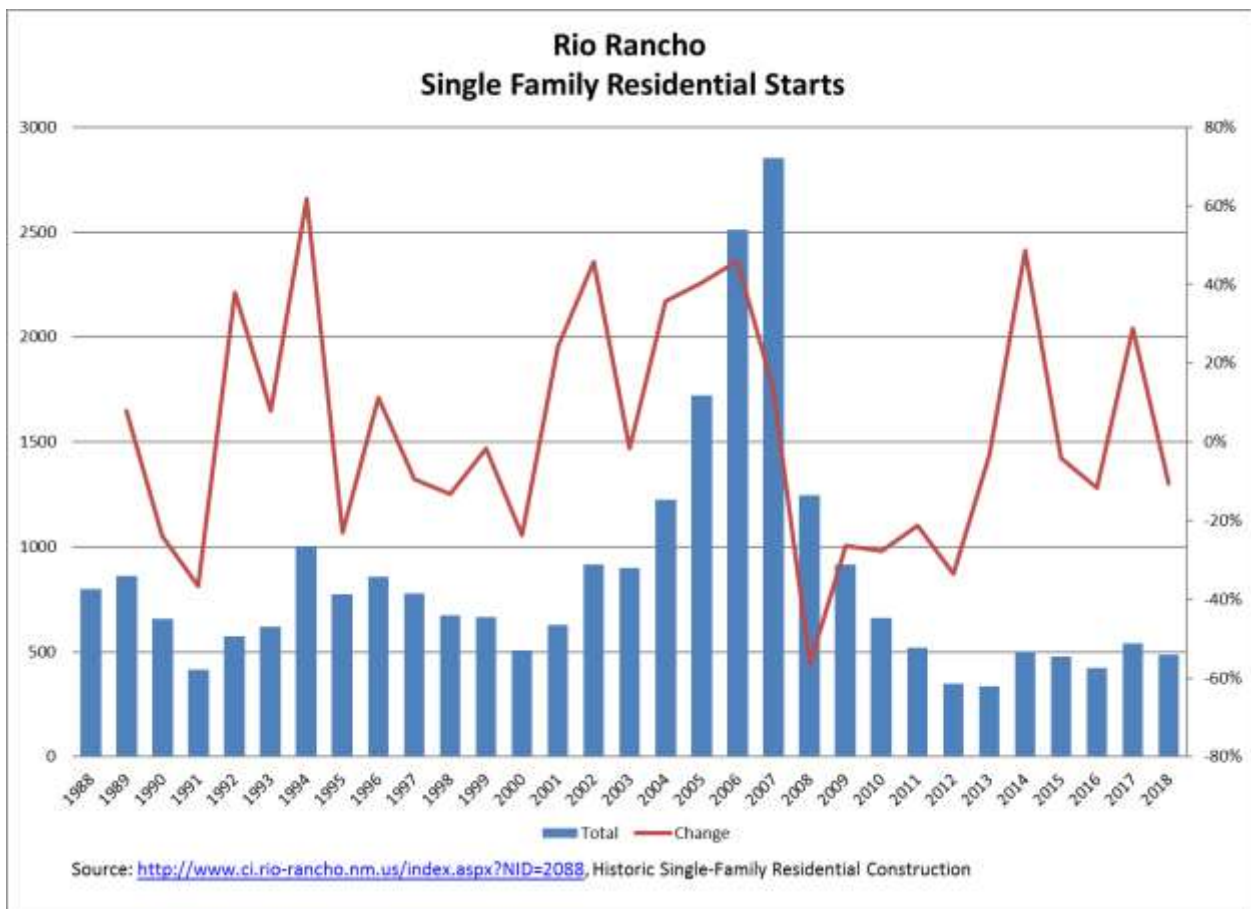
Single family residential home sales in the City of Rio Rancho were down -3.1% in 2017, from a positive growth in 2016 of 11.2%. Median sales prices are up 4.6% in 2017 after an increase of 7.4% in 2016.





GAAR.com/market-statistics/annual-market-statistics

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 percent 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.



## Overall Outlook

BBER projects that the Albuquerque MSA will add 5,005 jobs in 2018. Over the past several years the job gains have been due to expansions in one or two key sectors, however for this forecast, the gains will be more diffused with several sectors working together to move the MSA ahead. Fourteen private sector industries are forecast to add jobs, leading the gains will be construction (1,184 jobs), professional and technical services (960 jobs), with job expansion at Sandia National Laboratories helping to keep growth in this sector robust. Accommodation and food services (609 jobs), has been one of the most consistent sectors of the MSA economy over the last several years. Healthcare and social assistance (583 jobs) is expected to add a modest number of jobs in 2018. Job additions in the administrative and waste services (416 jobs) sector are in call-center activity and temporary employment. Only three private sector industries, management companies and enterprise, manufacturing, and mining and agriculture, are forecasted to shed jobs in 2018, however those losses will be light.

The Albuquerque MSA economy is forecasted to add 25,833 jobs in the longer term 2018-2023, for an average annual growth rate of 1.4%. The healthcare and social assistance sector is expected to accelerate slightly and add the greatest number of jobs over the five-year period (7,286 jobs). The professional and technical services sector should also add 4,096 jobs. The construction sector is forecasted to expand and to add 3,797 jobs. The accommodation and food services sector is expected to continue the same trend it has followed since 2011 over the forecast period (3,561 jobs). Additionally, the administrative and waste services sector is forecasted to add 1,999 jobs. Other sectors adding jobs are transportation, warehousing and utilities, educational services, finance and insurance, arts, entertainment and recreation, wholesale trade, real estate, rental and leasing, mining and agriculture, other services and management of companies and enterprises.

Personal income growth is forecasted to be fairly slow in the near term due to slow transfer growth and weak wage and salary growth, but then accelerate throughout the forecast period. For 2018, growth is forecasted to come in at 3.3%, picking up in 2019-2020 at 4.3%, and will further accelerate in 2021-2023 to 4.8%.



# FIVE YEAR FINANCIAL PLAN

## GENERAL FUND FIVE YEAR FINANCIAL PLAN FY 2019 Final

	FY 2018 Actual	FY 2019 Final	Change	FY 2020 Projected	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
<b>Sources</b>											
Beginning Fund Balance	10,850,514	6,646,262	-38.7%	8,215,858	23.6%	8,422,258	2.5%	8,673,778	3.0%	8,896,096	2.6%
Property Tax	15,876,138	16,013,908	0.9%	16,452,273	2.7%	16,922,938	2.9%	17,354,449	2.5%	17,770,157	2.4%
Gross Receipts Tax	28,200,904	28,899,786	2.5%	30,887,894	6.9%	32,409,286	4.9%	34,027,028	5.0%	35,673,551	4.8%
Franchise Fees	3,457,804	3,533,960	2.2%	3,543,133	0.3%	3,551,244	0.2%	3,557,775	0.2%	3,564,280	0.2%
Licenses & Permits	328,867	326,900	-0.6%	330,628	1.1%	334,398	1.1%	338,211	1.1%	342,068	1.1%
Grants	215,858	148,250	-31.3%	148,250	0.0%	148,250	0.0%	148,250	0.0%	148,250	0.0%
State Shared Taxes	370,483	365,000	-1.5%	369,162	1.1%	373,418	1.2%	377,269	1.0%	381,042	1.0%
General Government	2,265,726	2,254,500	-0.5%	2,307,829	2.4%	2,362,581	2.4%	2,418,120	2.4%	2,474,922	2.3%
Public Safety	2,593,899	2,600,000	0.2%	2,627,447	1.1%	2,655,516	1.1%	2,680,908	1.0%	2,705,787	0.9%
Cultural Enrichment	1,134,737	1,100,531	-3.0%	1,104,427	0.4%	1,115,122	1.0%	1,124,798	0.9%	1,134,277	0.8%
Fines and Forfeitures	919,182	908,000	-1.2%	898,000	-1.1%	898,000	0.0%	898,000	0.0%	898,000	0.0%
Miscellaneous Revenue	2,034,063	1,936,903	-4.8%	1,877,674	-3.1%	1,924,209	2.5%	1,969,814	2.4%	1,924,574	-2.3%
<b>Total Recurring Revenues</b>	<b>57,397,662</b>	<b>58,087,738</b>	<b>1.2%</b>	<b>60,546,717</b>	<b>4.2%</b>	<b>62,694,963</b>	<b>3.5%</b>	<b>64,894,621</b>	<b>3.5%</b>	<b>67,016,908</b>	<b>3.3%</b>
Non-Recurring Revenues	-	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
<b>Total Revenues</b>	<b>57,397,662</b>	<b>58,087,738</b>	<b>1.2%</b>	<b>60,546,717</b>	<b>4.2%</b>	<b>62,694,963</b>	<b>3.5%</b>	<b>64,894,621</b>	<b>3.5%</b>	<b>67,016,908</b>	<b>3.3%</b>
Transfers from Special Funds	3,443	3,665,113	106360%	107,550	-97%	107,550	0%	107,550	0%	107,550	0%
<b>Total Sources</b>	<b>68,251,619</b>	<b>68,399,113</b>	<b>0.2%</b>	<b>68,870,125</b>	<b>0.7%</b>	<b>71,224,771</b>	<b>3.4%</b>	<b>73,675,949</b>	<b>3.4%</b>	<b>76,020,555</b>	<b>3.2%</b>
<b>Uses</b>											
Personal Services	42,396,369	42,890,164	1.2%	44,414,135	3.6%	45,831,039	3.2%	47,247,358	3.1%	48,710,634	3.1%
Materials and Services	10,974,553	11,398,065	3.9%	11,629,991	2.0%	11,899,962	2.3%	11,977,864	0.7%	12,187,678	1.8%
<b>Total Recurring Expenditures</b>	<b>53,370,922</b>	<b>54,288,229</b>	<b>1.7%</b>	<b>56,044,126</b>	<b>3.2%</b>	<b>57,731,001</b>	<b>3.0%</b>	<b>59,225,222</b>	<b>2.6%</b>	<b>60,898,311</b>	<b>2.8%</b>
Non-Recurring Expenditures											
Capital Outlay	243,291	197,322	-19.3%	-	-	-	-	-	-	-	-
Other Non-Rec. Expenditures	134,116	221,117	63.5%	80,000	0.0%	-	-	140,000	0.0%	-	-
<b>Total Non-Rec. Expenditures</b>	<b>377,407</b>	<b>418,439</b>	<b>10.9%</b>	<b>80,000</b>	<b>0.0%</b>	<b>-</b>	<b>0.0%</b>	<b>140,000</b>	<b>0.0%</b>	<b>-</b>	<b>-100.0%</b>
<b>Total Expenditures</b>	<b>53,748,329</b>	<b>54,706,668</b>	<b>1.8%</b>	<b>56,124,126</b>	<b>2.6%</b>	<b>57,731,001</b>	<b>2.9%</b>	<b>59,365,222</b>	<b>2.8%</b>	<b>60,898,311</b>	<b>2.6%</b>
Transfers Out	7,325,378	5,476,587	-25.2%	3,173,741	-42.0%	3,219,991	1.5%	3,264,631	1.4%	3,310,342	1.4%
Ending Fund Balance Unreserved	2,698,884	3,656,969	35%	3,745,248	2.4%	3,862,861	3.1%	3,948,995	2.2%	4,037,042	2.2%
Ending Fund Balance Reserved	4,479,027	4,558,889	1.8%	4,677,011	2.6%	4,810,917	2.9%	4,947,102	2.8%	5,074,859	2.6%
<b>Total Ending Fund Balance</b>	<b>7,177,912</b>	<b>8,215,858</b>	<b>14.5%</b>	<b>8,422,258</b>	<b>2.5%</b>	<b>8,673,778</b>	<b>3%</b>	<b>8,896,096</b>	<b>2.6%</b>	<b>9,111,901</b>	<b>2.4%</b>
<b>Total Uses</b>	<b>68,251,619</b>	<b>68,399,113</b>	<b>0.2%</b>	<b>67,720,125</b>	<b>-1.0%</b>	<b>69,624,771</b>	<b>2.8%</b>	<b>71,525,949</b>	<b>2.7%</b>	<b>73,320,555</b>	<b>2.5%</b>
Reserves as % of Expenditures	13.4%	15.0%		15.0%		15.0%		15.0%		15.0%	

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

## Revenue Assumptions

Gross Receipt Tax revenue (GRT) is projected based on the July 2018 IHS Global Insight Baseline scenario that is used to forecast the New Mexico economy. The key assumptions behind the IHS Global Insight July forecast are:

- Budget Control Act of 2011, which put in place across-the-board budget sequestration, will be extended to FY19.
- Two additional hikes in the Fed funds rate in 2018, another three in 2019, and another two in 2020, reaching a peak of 3.5% by mid-2020.
- Modest appreciation of the US dollar, reaching a peak value in the fourth quarter of 2019 but still below the 2017 average.

- GDP growth among major currency trading partners will average 1.7% annually through 2028 while GDP growth among other trade partners will average 3.5% over the same period.
- West Texas Intermediate (WTI) oil price is expected to average \$67.04/barrel in the second half of 2018, \$64.70/barrel in 2019, and remain in the \$65 to \$70/barrel range for the remainder of the forecast period.
- Global Insight gives a 65% probability to their Baseline Forecast.

Gross Receipt Taxes are projected using a regression analysis for all trades except for Financial and Real Estate (FIRE) and others not classified are forecasted using a time-series analysis approach. GRT is projected to grow by 2.5% in FY19 compared to actual FY18 revenue. The FY19 projection includes an increase due to the adoption of the first 1/8<sup>th</sup> of 1% increment of the Hold-Harmless Gross Receipts Tax. This represents \$387,000 for FY19 and \$1.1 million for FY20. There is no significant commercial construction activity or one-time revenues projected for the fiscal year 2019. Compared to the fiscal year 2018 five-year financial plan, the FY 2019 outlook is more optimistic due to the US economy surging and the State's oil & gas industry booming. For the period of 2019-2023, GRT is expected to increase drastically in FY20 due to the whole effect of the additional 1/8<sup>th</sup> GRT increment, then level to 5.0% for the remainder 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 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 non-residential construction forecasts at recent historical rates of growth. Estimated rates of new non-residential 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. 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 FY19 by 2.2% compared to actual FY18 revenue. For the rest of the forecast period, changes vary an average of 0.25%. Growth projections for the most significant franchise fee revenue, the electric franchise fee, range from .02% in FY20 to 0.0% in FY22-FY23. 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 2018 National Energy Modeling System projection. Other revenue projections are based on trend analysis and growth rates mirroring the January 2018 BBER forecast.

Total General Fund recurring revenues are projected to increase 1.2% in FY19. With the additional GRT increment, FY20 revenue is projected to increase 4.2%, and then continue to increase an average of 3.4% for the rest of the forecast period.

Transfers from other funds significantly increased due to the reimbursement of funds used to begin several projects in FY18 which ultimately were to be paid by general obligation fund proceeds generated from a bond issuance in FY19. There is also a one-time transfer from the Communication Center fund to “catch-up” three years rent and software payments totaling \$322,650. The ongoing annual transfer from the communication center fund will be \$107,550.

### **Expenditure Assumptions**

Personal Services expenditures account for 78% of the General Fund operating budget. In the Adopted Budget, Personal Services expenditures increased 1.2% or approximately \$500 thousand compared to FY18 actual expenses. This forecast includes a 1.0% salary increase, but does not add any new positions or increase benefits expenses. Further, the budget includes \$392,411 for retirements and assumes salary savings of \$1,390,000.

For the remainder of the forecast period, a 2.4% to 2.6% across-the-board salary increase for all employees is projected. These increases are intended to address increases in the cost of living. For FY20 through FY23, vacancy savings is budgeted at \$1.5 million, and terminal leave is budgeted at the FY19 level, based on the actual cost average change of the last three years. Personal Services costs contemplate a new road crew in FY2020. Finally, the projection includes a 5% annual health insurance increase beginning in FY20 through FY23.

Materials and Services expenditures are forecasted to increase using consumer price growth rates from BBER which average 2.5% through FY23. 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 for which there are none, and gasoline price projections which are based on Energy Information Agency projected average increase of 4%.

## ECONOMIC DEVELOPMENT AND INCENTIVES

The City of Rio Rancho annexed 1,000 acres of state land in 2006 and has been building on a 160-acre parcel, known as the Central Business District. 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 large-scale incremental 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 enables the developer to finance a portion of the public infrastructure investment through increased 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 as well as the conveyance of financial resources to offset the cost of construction, real estate and development required public infrastructure investments.

### State Incentives

Over the past five-(5), New Mexico has augmented its business friendliness and competitiveness to support expansion, retention and recruitment of economic based employers. Four key pillars in this push:

- 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 (note: the maximum CIT rate is 5.9 percent in NM). Data Centers can apply for treatment as manufacturers to be eligible for this and other applicable credits.
- LEDA – aka the State’s Recruitment Closing Fund: New Mexico is armed with its largest recruitment incentive fund yet. These monies can be used to off-set 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: JTIP has been heralded as one of the strongest job training incentive programs in the Country by *Business Facilities Magazine*. It provides for

50 percent reimbursement of employees' salaries, as part of a qualified job creating relocation to or expansion in New Mexico expansion, for up to six-(6) months.

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

### **Recent Economic Activity**

Following are some significant developments affecting the Rio Rancho economy:

- In calendar year 2016, 568 new single-family homes were constructed, which is the best year since 2009. Several housing projects are underway in the City, and it is expected that homebuilders will begin bringing new lots online in FY 18.
- A new 5-year schedule of Impact Fees went into effect on July 1, 2017. New rates for commercial/office/industrial projects substantially decreased during the 5-year schedule, which is intended to increase new development competitiveness with the City of Albuquerque market.
- In 2017, Safelite Auto Glass opened their new contact center and began filling the approximately 900 jobs they will have located in Rio Rancho.
- 2017 will be the first full calendar year with Phase 3 (Burke's Outlet, PetSmart, Ross and Verizon) of the Plaza at Enchanted Hills open to shoppers.
- FY 18 will see the opening of a new multi-million dollar medical office space and assisted living facility. Several local businesses are planning expansions as well.
- During FY 18, significant public and private investments are being made to revitalize business corridors, remodel and make use of existing or vacant retail/commercial space (e.g., Quanz Automotive and Southern Blvd Reconstruction Project-Phase I).
- CNM Rio Rancho and UNM West continue to expand and hone their course and program offerings. Between the two institutions, there are over 2,700 students taking classes at these campuses located in the City Center area each semester.
- During FY 18, the City of Rio Rancho, using information from a recently completed Retail Attraction Study, will intensify efforts to bring targeted retailers to the community.

- The City has adopted a new Strategic Plan for 2017-2022, and work will be taking place on 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
2011	26,916		26,757		23,537		27,915	
2012	27,261	1.3%	26,848	0.3%	23,249	-1.2%	28,051	0.5%
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%

*Source: U.S. Census Bureau, 2012-2016 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 2016 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>				
	Median Household Income	Median Family Income	Poverty Level all Individuals	Poverty Status Families
<b>Rio Rancho</b>				
2000	47,169	52,233	5.1%	3.7%
2010	59,063	67,956	7.9%	6.1%
2016	62,637	71,586	11.7%	8.0%
Change 2010-2016	6.1%	5.3%	48.1%	31.1%
<b>New Mexico</b>				
2000	34,133	39,425	18.4%	14.5%
2010	43,820	52,565	18.4%	13.9%
2016	45,674	55,900	20.9%	15.9%
Change 2010-2016	4.2%	6.3%	13.6%	14.4%
<b>United States</b>				
2000	41,994	50,046	12.4%	9.2%
2010	51,914	62,982	13.8%	10.1%
2016	55,322	67,871	15.1%	11.0%
Change 2010-2016	6.6%	7.8%	9.4%	8.9%

Source: U.S. Census Bureau, 2000 US Census and 2010, 2015 American Community Survey  
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	2016	2010	2016	2010	2016	2010	2016
Under \$24,999	16.3%	17.1%	19.7%	19.7%	28.7%	28.7%	23.5%	22.3%
\$25,000 - \$49,999	25.1%	21.4%	23.8%	21.3%	27.1%	24.9%	24.6%	23.1%
\$50,000 - \$99,999	38.2%	36.2%	35.4%	34.1%	28.8%	28.4%	30.9%	30.0%
\$100,000 - \$199,999	18.0%	22.5%	17.8%	21.1%	13.2%	14.8%	16.7%	18.9%
\$200,000 and Over	2.5%	2.8%	3.4%	3.7%	2.4%	3.1%	4.2%	5.7%

Source: U.S. Census Bureau, 2012-2016 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).

<b>NON AGRICULTURAL EMPLOYMENT</b>							
<b>New Mexico</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Total Nonfarm	802,100	804,200	810,900	819,100	825,600	830,600	840,900
Total Private	607,500	612,200	620,300	629,000	635,800	639,200	650,400
Goods-producing	93,300	95,000	97,300	98,800	96,800	89,900	95,400
Service-providing	708,800	709,300	713,600	720,300	728,900	740,600	745,500
Mining and Logging	21,500	24,200	26,100	28,000	25,600	19,700	21,100
Construction	42,200	41,100	42,200	42,800	43,500	43,400	47,300
Manufacturing	29,600	29,700	29,100	28,000	27,600	26,900	27,000
Trade, transportation, and utilities	133,600	135,600	136,800	138,300	139,300	138,900	139,500
Wholesale Trade	21,000	21,400	21,600	21,600	21,600	21,400	21,400
Retail trade	90,100	90,900	91,800	92,500	93,700	93,100	92,600
Transportation and warehousing	22,500	23,300	23,500	24,100	24,200	24,400	25,500
Information	13,500	13,500	13,100	12,500	12,700	12,800	11,500
Financial activities	32,500	32,800	33,200	33,200	33,200	33,500	34,900
Professional and business services	100,100	98,100	99,000	99,100	99,500	101,200	104,700
Education and health services	121,500	122,600	124,300	127,600	132,700	138,700	140,300
Leisure and hospitality	84,600	86,200	88,400	91,000	93,000	95,600	96,300
Other services	28,500	28,400	28,300	28,600	28,600	28,600	27,800
Government	194,500	192,000	190,600	190,200	189,800	191,400	190,500
Federal	32,600	31,600	30,300	29,400	29,100	29,400	29,000
State government	57,100	55,900	56,300	57,200	57,300	58,800	56,700
Local government	104,900	104,500	104,000	103,600	103,400	103,200	104,800

Source: NMDWS, Current Employment Statistics program in conjunction with the U.S. Bureau of Labor Statistics

### 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.

<b>CIVILIAN LABOR FORCE AND UNEMPLOYMENT</b>						
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
2014	61,217	7.2	927,142	6.7	155,922,000	6.2
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

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	Type of Business
1	Rio Rancho Public Schools	Public School District
2	Intel Corp.	Semiconductor
3	Presbyterian Health Services	Health Care
4	City of Rio Rancho	City Government
5	Hewlett-Packard	Software
6	Convergys	Call Center
7	Safelite Autoglass	Auto Glass Repair and Claims
8	UNM Sandoval Regional Medical Center	Health Care
9	S&P Data LLC	Call Center
10	Wal-Mart Stores, Inc.	Consumer Goods

Source: Albuquerque Business First- The List

## Occupation

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

OCCUPATION									
Civilian Employed Population 16 Years and Over	Rio Rancho		Sandoval		New Mexico		United States		
	2010	2016	2010	2016	2010	2016	2010	2016	
Management, Business, Science, and Arts Occupations	37.4%	40.0%	37.8%	39.9%	34.4%	35.5%	35.3%	37.0%	
Service Occupations	14.5%	16.6%	15.0%	17.4%	19.0%	20.7%	17.1%	18.1%	
Sales and Office Occupations	30.0%	26.8%	28.3%	25.3%	24.3%	23.4%	25.4%	23.8%	
Natural Sources, Construction and Maintenance Occupations	9.9%	9.4%	10.1%	10.0%	12.7%	11.2%	9.8%	8.9%	
Production, Transportation, and Material Moving Occupations	8.1%	7.3%	8.7%	7.4%	9.6%	9.2%	12.4%	12.2%	

Source: U.S. Census Bureau, 2010 and 2015 American Community Survey

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.

CLASS OF WORKERS									
Civilian Employed Population 16 Years and Over	Rio Rancho		Sandoval		New Mexico		United States		
	2010	2016	2010	2016	2010	2016	2010	2016	
Private Wage and Salary Workers	77.8%	75.3%	73.6%	72.0%	69.9%	71.0%	78.5%	79.8%	
Government Workers	17.2%	19.8%	20.0%	22.0%	22.3%	22.1%	14.8%	14.0%	
Self-employed in unincorporated Business	4.9%	4.9%	6.3%	5.9%	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%	0.2%	

Source: U.S. Census Bureau, 2010 and 2015 American Community Survey S2405

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

The table below 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	2016	2010	2016	2010	2016	2010	2016
Agriculture, Forestry, Fishing and Hunting, and Mining	0.5%	0.7%	1.2%	1.3%	4.1%	4.2%	1.9%	1.9%
Construction	7.0%	6.5%	7.6%	7.2%	8.5%	6.9%	7.1%	6.3%
Manufacturing	12.0%	7.7%	10.8%	7.4%	5.3%	4.5%	11.0%	10.3%
Wholesale Trade	2.6%	2.4%	2.3%	2.2%	2.2%	2.1%	3.1%	2.7%
Retail Trade	13.7%	13.5%	12.5%	12.2%	11.6%	11.4%	11.5%	11.5%
Transportation and Warehousing, and Utilities	4.2%	4.5%	4.3%	4.3%	4.6%	4.4%	5.1%	5.0%
Information	2.7%	2.1%	2.3%	1.9%	1.9%	1.5%	2.4%	2.1%
Finance and Insurance, and Real Estate and Rental and Leasing	7.0%	5.8%	6.4%	5.6%	5.1%	4.6%	7.0%	6.6%
Professional, Scientific, and Management, and Administrative and Waste Management Services	11.5%	10.2%	11.9%	10.5%	10.8%	11.2%	10.4%	11.2%
Educational Services, and Health Care and Social Assistance	18.1%	25.1%	19.6%	25.2%	23.4%	25.4%	22.1%	23.1%
Art, Entertainment, and Recreation, and Accommodation, and Food	8.5%	8.8%	9.3%	9.6%	10.3%	11.2%	8.9%	9.7%
Other Services, Except Public Administration	4.2%	4.8%	4.0%	4.3%	4.7%	4.9%	4.9%	4.9%
Public Administration	7.8%	8.0%	7.8%	8.3%	7.5%	7.6%	4.8%	4.7%

Source: U.S. Census Bureau, 2010 and 2015 American Community Survey

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

## BUILDING PERMITS, POPULATION, AND HOUSING

### Building Permits

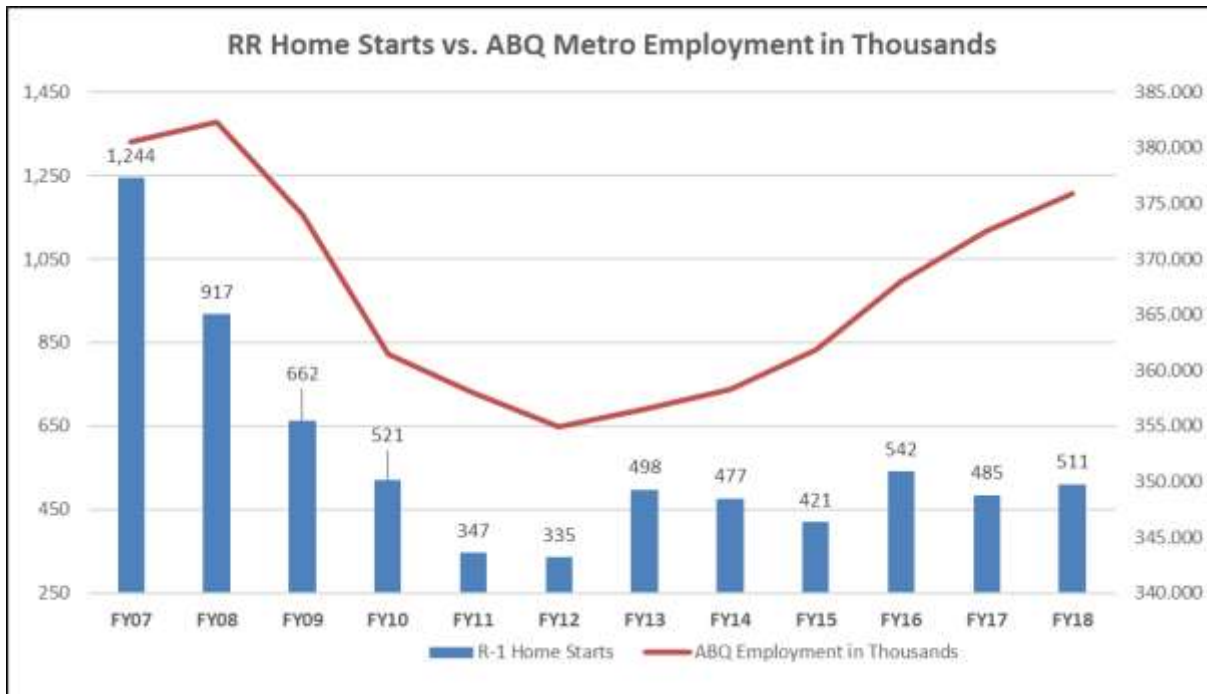
Initial development of the City was due in large part to the availability of affordable land. However, from 2005 to 2008 the average price of residential construction increased to the mid to upper income housing levels. Below is a historical chart for residential and non-residential building permits, 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	
2018	511	\$ 113,791,196	\$ 222,683	7	\$ 13,010,075	
2017	485	\$ 102,378,943	\$ 211,091	5	\$ 6,871,159	
2016	542	\$ 115,678,421	\$ 213,429	12	\$ 10,016,854	
2015	421	\$ 89,012,014	\$ 211,430	15	\$ 23,919,839	
2014	477	\$ 96,674,872	\$ 202,673	14	\$104,801,159	
2013	498	\$ 96,119,528	\$ 193,011	11	\$ 8,055,020	
2012	335	\$ 61,148,887	\$ 182,534	9	\$ 5,290,489	
2011	347	\$ 63,748,772	\$ 183,714	11	\$ 12,458,351	
2010	521	\$ 91,861,755	\$ 176,318	0	\$ -	

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 percent 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 percent, would rank New Mexico's growth rate as the 2<sup>nd</sup> largest amongst the 50 states and District of Columbia.

POPULATION CHANGES				
US Census				
Area	April 1, 2010	April 1, 2000	Change	% Change
United States	309,349,689	281,421,906	27,927,783	9.9%
New Mexico	2,065,932	1,819,046	246,886	13.6%
Sandoval County	132,330	89,908	42,422	47.2%
Rio Rancho	87,954	51,765	36,189	69.9%

Source: U.S. Census Bureau, Population Division. Released Date: March 2011

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 percent 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%
2017*	96,159	9.9%	139,394	6.0%	2,088,070	1.4%	328,729,529	6.5%

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

\*Source: U.S. Census Bureau, Community Facts, 2017 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 percent 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 percent of the Rio Rancho population was over retirement age in 1980, by 1990 this percentage had dropped to 10.9 percent. By 1990 there were three times more residents under the age of 17 than residents over the age of 65.

Over 45 percent 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 percent 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 percent in 1995 to 16.9 percent 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	2016	2000	2016	2000	2016	2000	2016
Male	48.5%	36.3%	48.8%	38.1%	49.2%	35.7%	49.1%	36.3%
Female	51.5%	38.4%	51.2%	40.4%	50.8%	38.7%	50.9%	39.0%
Median Age	35.1	37.4	35.1	39.4	34.6	37.2	35.3	37.7
Under 9 years	15.7%	13.6%	15.8%	12.7%	15.0%	13.3%	14.1%	12.6%
10 to 19 years	15.9%	14.9%	16.3%	14.5%	16.1%	13.6%	14.5%	13.2%
20 to 34 years	18.3%	18.5%	17.7%	17.6%	19.6%	20.5%	20.9%	20.7%
35 to 54 years	31.5%	27.5%	31.5%	26.8%	29.0%	24.4%	29.4%	26.3%
55 to 64 years	7.0%	12.3%	8.1%	13.6%	8.7%	12.9%	8.6%	12.6%
65 to 84 years	10.3%	11.4%	9.5%	13.6%	10.4%	13.4%	10.9%	12.6%
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, 2012-2016 American Community Survey

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

## Race and Ethnicity

At the national level, 73.3 percent of the American population is classified as non-Hispanic white, while Hispanic or Latino persons constitute 17.3 percent of the population, African Americans 12.6 percent, Native American less than 1 percent, and Asian Americans 5.2 percent. 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 2.1 percent of the state population. By comparison, Rio Rancho's

population is 79.6 percent white, while Hispanics of any race constitute over 40.3 percent 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	2016	2000	2016	2000	2016	2000	2016
One Race	95.9%	95.1%	96.5%	95.8%	96.4%	96.7%	97.6%	96.9%
White	78.4%	79.6%	65.1%	70.0%	66.8%	73.5%	75.1%	73.3%
Black or African American	2.7%	2.9%	1.7%	2.1%	1.9%	2.0%	12.3%	12.6%
American and Alaska Native	2.4%	2.4%	16.3%	12.4%	9.5%	9.3%	0.9%	0.8%
Asian	1.5%	1.5%	1.0%	1.4%	1.1%	1.4%	3.6%	5.2%
Native Pacific Islands	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%
Some Other Race	10.9%	8.6%	12.4%	9.8%	17.0%	10.5%	5.5%	4.8%
Two or More Races	4.1%	4.9%	3.5%	4.2%	3.6%	3.3%	2.4%	3.1%
Hispanic or Latino (of Any Race)	27.7%	40.3%	29.4%	37.3%	42.1%	47.8%	12.5%	17.3%

Source: U.S. Census Bureau, 2012-2016 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	2016	2000	2016	2000	2016	2000	2016
Education Attainment by Population								
Percent High School Graduate or Hig	90.3%	92.9%	84.6%	90.8%	77.7%	84.6%	79.4%	87.0%
High School Graduate or Higher								
25 to 34 years	95.2%	93.1%	89.4%	90.3%	81.5%	86.1%	83.9%	89.3%
35 to 44 years	94.5%	94.1%	89.2%	91.8%	82.2%	84.8%	85.0%	87.9%
45 to 64 years	93.2%	94.3%	88.7%	92.5%	82.4%	86.1%	83.2%	88.1%
65 years and over	78.1%	88.8%	71.1%	87.2%	64.8%	80.7%	65.5%	81.9%
Bachelor's Degree or Higher								
25 to 34 years	24.6%	25.4%	19.6%	20.9%	20.1%	22.5%	27.5%	33.7%
35 to 44 years	23.9%	38.4%	23.2%	33.5%	22.1%	25.8%	25.9%	34.1%
45 to 64 years	26.3%	27.9%	30.0%	30.2%	28.8%	27.8%	26.4%	29.6%
65 years and over	23.7%	29.9%	23.0%	32.8%	18.7%	29.0%	15.4%	25.0%
Total Households	18,995	31,892	31,411	47,931	677,971	763,603	105,480,101	116,926,305
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	86,613	86,028	129,183	1,669,440	1,880,413	250,314,017	274,797,601
Foreign Born	2,479	5,194	3,880	7,455	149,606	203,704	31,107,889	41,717,420
Percentage	4.8%	5.7%	4.3%	5.5%	8.2%	9.8%	11.1%	13.2%

Source: U.S. Census Bureau, 2012-2015 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	2016	2000	2016	2000	2016	2000	2016
Total Housing Units	20,176	35,306	34,866	54,193	780,579	912,445	115,904,641	134,054,899
Occupied	93.9%	92.4%	90.0%	89.6%	86.8%	83.6%	91.0%	87.8%
Owner Occupied	75.2%	78.2%	69.6%	81.7%	50.1%	56.5%	52.3%	56.0%
Median Value	\$112,900	\$173,100	\$115,400	\$177,400	\$108,100	\$160,300	\$119,600	\$178,600
Housing with a Mortgage*	86.0%	78.2%	73.9%	68.7%	63.6%	58.5%	70.0%	64.1%
Median Monthly Payment	\$955	\$1,308	\$979	\$1,051	\$929	\$1,225	\$1,088	\$1,491
Rent								
Median Monthly Payment	\$807	\$1,114	\$726	\$1,022	\$503	\$792	\$602	\$949

\*Represents Owner Occupied Units. Source: U.S. Census Bureau, 2012-2015 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 which 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 percent 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				
FY18 Adopted Budgets				
City	Estimated Population	General Fund Revenues *	General Fund Expenditures *	Per Capita Expenditures
Albuquerque	558,545	\$530,915	\$530,173	\$ 949
Las Cruces	101,712	122,761	103,376	1,016
<b>Rio Rancho</b>	<b>96,159</b>	<b>57,488</b>	<b>54,736</b>	<b>569</b>
Santa Fe	83,776	99,222	90,589	1,081
Farmington	45,450	59,429	59,429	1,308

\* (000's)

Source: U.S. Census Bureau, Community Facts, 2016 Population Estimate (2017)

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

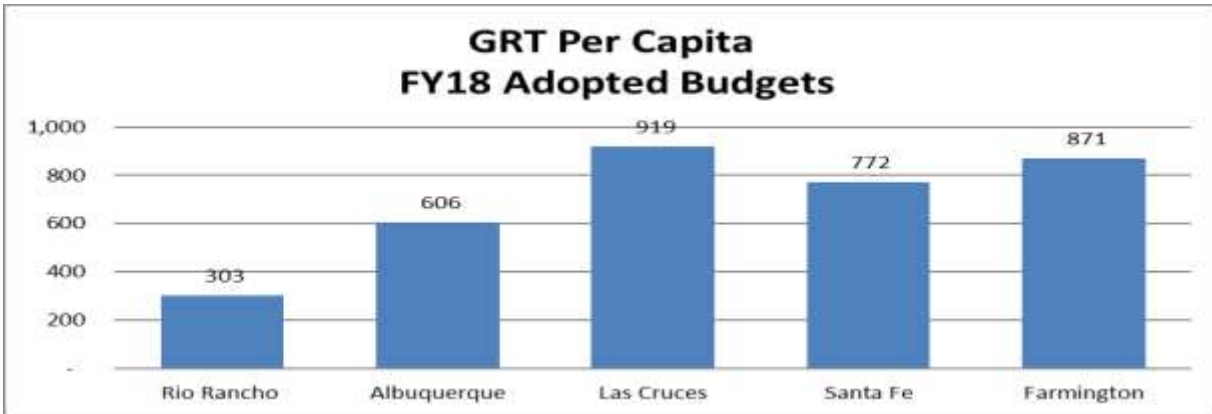
## Gross Receipt Taxes per Capita Comparisons

<b>GRT PER CAPITA</b>				
<b>Top Five Populated New Mexico Cities</b>				
<b>FY 18 Adopted Budgets</b>				
<b>City</b>	<b>Estimated Population</b>	<b>General Fund GRT *</b>	<b>General Fund Total Revenue *</b>	<b>GRT Per Capita</b>
Albuquerque	558,545	\$338,202	\$530,915	\$606
Las Cruces	101,712	93,464	122,761	919
<b>Rio Rancho</b>	<b>96,159</b>	<b>29,182</b>	<b>57,488</b>	<b>303</b>
Santa Fe	83,776	64,694	99,222	772
Farmington	45,450	39,592	59,429	871

\* (000's)

Source: U.S. Census Bureau, Community Facts, 2016 Population Estimate (as of 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.

<b>NUMBER OF EMPLOYEES PER 1,000 POPULATION</b>			
<b>Top Five Populated New Mexico Cities</b>			
<b>FY 18 Adopted Budgets</b>			
<b>City</b>	<b>Estimated Population</b>	<b>General Fund GRT *</b>	<b>FTE per 1,000</b>
Rio Rancho	96,159	604	6.29
Albuquerque	558,545	4120	7.38
Las Cruces	101,712	1541	15.16
Santa Fe	83,776	720	8.59
Farmington	45,450	577	12.68

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



<b>MISCELLANEOUS INFORMATION</b>	
<b>Function/Program</b>	
<b><u>Police</u></b>	
Main Stations	1
Substations	-
Patrol Units	192
<b><u>Fire</u></b>	
Main Stations	6
Substations	1
Firetrucks	14
<b><u>EMS</u></b>	
Ambulances	12
<b><u>Animal Control</u></b>	
Patrol Units	8
<b><u>Other Public Works</u></b>	
Streets (centerline miles)	446
Streetlights	3,002
Traffic signals (Signalized Intersections)	59
<b><u>Parks &amp; Recreation</u></b>	
New/Renovated Park Facilities	2
Developed Parkland (acres)	285
Constructed	25
Constructed Trailways (linear feet) (F)	68,821
Water mains (miles)	579
Fire hydrants	4,213
New Connections	485
Water Main Breaks	42
Storage Capacity (thousands of Gallons)	44,350
Average daily consumption (thousands of gallons)	9,761
Booster Stations	11
Wells (in production)	15
Storage tanks	19
Arsenic Treatment Facilities	10
<b><u>Wastewater</u></b>	
Sanitary sewers (miles)	386
Average Daily Treatment (thousands of Gallons)	4,236
Water Treatment Plants	4
Lift Stations	26
<b><u>Rio Rancho School District</u></b>	
Third largest in New Mexico	
Enrollment (August 2018)	17,683
Comprehensive High School	2
Specialized High Schools	2
Middle Schools	4
Elementary Schools	10
Pre-School	1
Graduation Rate District Wide	82.0%

Sources: City of Rio Rancho, CAFR for the FY ended June 30, 2017

Rio Rancho Public Schools: [https://www.rfps.net/district/about\\_our\\_district](https://www.rfps.net/district/about_our_district)

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