

## HISTORY

Rio Rancho is one of New Mexico's newest communities, incorporated as a City in 1981 with 10,131 residents. Although incorporated as a new community in 1981, the occupation of the site upon which present day Rio Rancho sits can be traced back to the *Ice Age*.

### Prehistoric to Early Historic

It is commonly held that the Rio Grande Valley was inhabited approximately 10,000 to 12,000 years ago. The remains of a hunting campsite, located within the current City limits of Rio Rancho, reveal that the first indigenous residents lived in the Rio Rancho vicinity approximately 11,000 years ago. These early inhabitants were hunters and gatherers whose tools of the trade were arrowhead-like artifacts called "Folsom Points" named after the location where similar artifacts were first located in New Mexico in 1927.

Archaeologists have located numerous pit house settlements, evidence of early habitation along the banks of the Rio Grande. The sites, one of which is estimated to have been occupied for nearly four hundred years, have either been excavated for academic study or preserved in perpetuity for future generations as open space.



### Spanish Period 1540 to 1821

The end of the prehistoric era is marked by the appearance of the first Spanish explorers into the area. Francisco Vázquez de Coronado led Spanish conquistadors to the Rio Rancho vicinity in the winter of 1540 in search of the fabled, "seven cities of gold," while conquering native peoples along the way.

An early twentieth century excavation of a large 1,000-room, Tiwa pueblo revealed that it was occupied by the Anasazi (a Navajo word meaning the "ancient ones") into the 16<sup>th</sup> century. The site included a temporary campsite associated with early Spanish expeditions into the middle Rio Grande region by Coronado.

Located just north of Rio Rancho is the Coronado State monument consisting of the ruins of the Pueblo of Kuaua. The monument contains reproductions of original murals on the walls of a ceremonial kiva. The murals represent some of the most superb pre-European examples of mural art in North America.

Instead of the Seven Cities of Gold, Coronado's party found an agrarian society of more than 60,000 persons living in 12 to 16 inhabited pueblos along the Rio Grande between present-day Bernalillo and Isleta Pueblo.



*"This river of Nuestra Señora (Rio Grande) flows through a broad valley planted with fields of maize and dotted with cottonwood groves. There are twelve pueblos, whose houses are built of mud and are two stories high." Hernando de Alvarado, 1540*

The Spanish explored New Mexico as a combination of exploration and missionary efforts by the Catholic Church of Spain. The Spanish entered the middle Rio Grande valley and mandated catholic teachings in every pueblo they encountered. This was in direct conflict with the native Americans' traditional religions and eventually led to unrest and the ensuing Pueblo Revolt of 1680.

In 1706, Colonization increased and Albuquerque was founded by Governor Don Francisco Cuervo y Valdes and named in honor of the Duke of Albuquerque, viceroy in Mexico City. Four years later the Town of Alameda Land Grant, land upon which Rio Rancho is built, was officially conveyed by the Spanish Crown. It stretched from the Rio Grande to the Rio Puerco, and included present day Alameda, Corrales, Paradise Hills and Rio Rancho. Within the grant the land was divided by varas: long parcels that extended westward from the Rio Grande and connected each farmer to his neighbor through a network of acequias or irrigation ditches. This parcel platting is still evident in the ownership pattern and street pattern visible in the adjoining community of Corrales.

### **Mexican Period 1821 to 1846.....**

In 1821, Mexico won its independence and the Santa Fe Trail was opened as a major commerce route between Mexico City and Missouri. The route parallels the Rio Grande corridor adjacent to present day Rio Rancho.

### **American Period 1846 to 1912.....**

In 1846, President Polk declared war with Mexico under the direction of General Stephen W. Kearny. Santa Fe was subsequently captured and New Mexico was organized as a territorial entity. At the close of the Mexican War two years later, the Treaty of Guadalupe Hidalgo was signed commencing the process of formally adopting New Mexico as a Territory of the United States.

After the establishment of the American territorial government in 1848, private land holdings, such as the Alameda Land Grant, were challenged in the United States Court leading to a number of lawsuits resulting in disputed boundaries for many years. In 1864, the Office of the US Surveyor General surveyed the Town of Alameda Land Grant followed by the creation of Sandoval County in the early 1900's. The total population of the entire State of New Mexico was estimated to be approximately 327,300 persons. President William Howard Taft signed the legislation that made New Mexico the 47<sup>th</sup> state of the union in 1912.

### **Statehood 1912 to 1960.....**

It has been speculated that because land grant heirs did not understand property laws or were unable to pay taxes, much of the Alameda Land Grant was sold to a land investment company. The San Mateo Land Company purchased the property in 1919 for \$0.19 per acre as an investment and sold the property several years later in 1948 to Brownfield & Koontz to become the "Koontz Ranch" with over 500 head of cattle grazing on the property. In 1959, the property was sold to Ed Snow, a local investor and developer. The land, located immediately north and west of the City of Albuquerque, continued to increase in value as the Albuquerque metropolitan area grew to just over 200,000 persons in 1960.

In 1961, Rio Rancho Estates, Inc. (hereinafter, "AMREP") purchased an estimated 55,000 acres as an investment. AMREP's success in New York City as a rose flower mail order business afforded the company the financial ability to purchase the property for approximately ten million dollars. In the years immediately following the purchase, a plan was created to subdivide the property into tens of thousands of lots and sell them using mass marketing and mail order techniques. AMREP platted and sold this land as Rio Rancho Estates in half acre and one acre lots to thousands of absentee property owners through

mail order sales in the 60's and 70's. AMREP sold 77,000 lots to 40,000 buyers for \$200 million at \$795 for one half acre and \$1,495 for one acre, while retaining over 25 percent of the acreage for future development.

In 1966 the 100<sup>th</sup> family moved into the community and by 1970, “Rio Rancho Estates” had grown to 91,000 acres with the purchase of an additional 35,000 acres of King Ranch property. AMREP continued its interest and involvement in the community and established its role in the development of the emerging city as builder, land developer, economic development coordinator and leader in the construction of affordable housing.

In 1975, AMREP ceased mail order land sales and began concentrating on housing and commercial development. Beginning in 1977, AMREP marketed most of its early subdivisions to retirees, but it soon shifted its focus to providing affordable housing for young families. After Rio Rancho incorporated on February 23, 1981, AMREP began promoting economic development to provide a more favorable jobs/housing balance for the area and an economic base to generate high paying jobs and tax revenues for the growing city. In 1980, the City had 1,500 jobs, less than one third of which were economic base jobs that export goods and services out of the area and bring in money. By 2000, employment in the City had increased to over 19,000 jobs, over 10,000 of which were in the economic base category.



Looking north from the intersection of 23<sup>rd</sup> Avenue SE and Leonard St. SE (1964-65).

The 1990's were marked by Rio Rancho's monumental steps forward with respect to its ability to mature as a city – from bedroom community to a self-sustaining municipality. The City acquired the Water and Wastewater Utility, established its own school district, solicited the development of several post-secondary educational facilities, elected to become a “Home Rule” Chartered community, achieved and currently maintains the second lowest crime rate in the State of New Mexico, and encouraged the development of a variety of business through the development of efficient public/private partnerships and through incentives such as industrial revenue bonds.

Rio Rancho has also made exceptional strides toward becoming a self-sufficient community by playing a leading role in the creation of economic base jobs within the greater Albuquerque metropolitan area. The Intel Corporation, as the world's largest single producer of computer chips, has had a significant positive economic impact on the community since 1980. In addition in 1997 and 1998 the City added about 4,500 jobs associated with the "Call Center" industry. As the City continues to grow, diversification of the economy becomes more important in the creation of a stable business development climate. Most recently, Hewlett Packard Company started operations in November 2009 and two hospitals opened their doors, Presbyterian in October 2011 and UNM Sandoval Regional Hospital in July 2012.

The population of the City has continued to grow from 9,985 in 1980, to 51,765 in 2000 and 87,521 according to the 2010 U.S. Census.

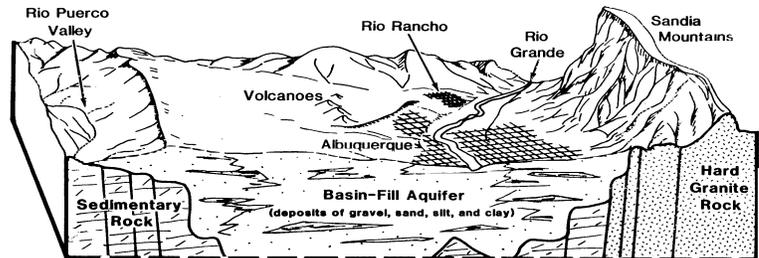
## PHYSICAL ENVIRONMENT

The City of Rio Rancho comprises approximately 105 square miles and is located along the Middle Rio Grande Valley, north of Albuquerque. It is bounded on the east by the Rio Grande, which separates the City from Sandia Pueblo, while the escarpment between Rio Rancho and the Village of Corrales defines the remainder of the eastern boundary. On the south, Rio Rancho's boundary is the Sandoval County line. In 2003, the City of Rio Rancho incorporated 6,500 acres of Quail Ranch and 3,528 acres of Paradise Ranch located west of Albuquerque in Bernalillo County. The City's western boundary generally follows Rainbow Boulevard and the Calabacillas Arroyo. The City's northernmost boundary is defined by Albuquerque Academy's Mariposa Ranch, State Land Office (SLO) properties & US 550.

### Geology

Rio Rancho is located in the Albuquerque Basin of the "Basin and Range Province" within a geologic feature known as the Rio Grande Rift. The community sits upon several hundred feet of sediment that fills the rift trough. The elevation of the City varies from approximately 50' to 1000' feet above the present Rio Grande floodplain. The rift represents a large fracture in the earth's surface that bisects the State of New Mexico from the Colorado border to Las Cruces. The rift was formed by the pulling apart movement of a large piece of the earth's crust resulting in a valley bounded on two sides by mountains. *Figure 4.31* below illustrates a geologic cross-section of the Middle Rio Grande Valley.

The Sandia Mountains and the Rio Puerco valley define the east-west boundary of the rift within the metropolitan region. The rift edges are called faults and are comprised of a large number of fractures. The volcanoes just south of Rio Rancho were formed along one of these fractures in the rift approximately 190,000 years ago. Fractures in the earth's surface have allowed rising heat from the earth's core to heat groundwater and result in hot springs and geologic formations such as Soda Dam in the Jemez Mountains north of Rio Rancho (below).



### Topography & Terrain

The City's elevation varies by as much as 1,210 feet, ranging from 5,030 feet along the banks of the Rio Grande to 6,240 feet at the northwestern reaches of the community. The City's varied topography includes a number of hills defining the landscape such as Loma Colorado de Abajo, Loma Duran, Loma Barbon, Loma Machete, and Picuda Peak.

## **LOCAL GOVERNMENT**

The City of Rio Rancho was incorporated in 1981 and adopted a municipal charter as a “home rule” City in 1991. A municipal charter grants the City broad power of self-government under the state of New Mexico constitution. The City may specify its form of government and enact ordinances to address land use, and it may adopt its own procurement code. The Charter also establishes the office of the City Manager, City Attorney, and the City Clerk. The Charter establishes the Municipal Court and the Municipal Judge. The Charter establishes boards and commissions, such as the Planning and Zoning Commission, the Utilities Commission, Parks and Recreation Board, and Capital Improvement Plan Citizens Advisory Committee.

The City of Rio Rancho has a hybrid Council/Manager form of government in which the Mayor is a member of the Governing Body. The Mayor is the Chief Executive Officer, serves a four-year term, and is elected at large in a non-partisan election held in March in even numbered years. The Mayor presides over Governing Body meetings, but can only vote in the event of a tie vote. The Mayor appoints members of City boards and commissions with the approval of the Governing Body. Six City councilors are elected by district to four-year terms, with three members elected every two years. The council elects from its members a deputy mayor to act in the Mayor’s absence. The Governing Body enacts by ordinance the administrative structure of the City, determining the number of City departments and their respective functions. The Governing Body established by ordinance a personnel policy for hiring, promotion and discipline of City employees.

The City Manager is the Chief Administrative Officer, appointed by the Mayor subject to the approval of the Governing Body. The City Manager is responsible for the day-to-day operations of the City. Governing Body policy is conducted through the City Manager to department staff. The City Manager appoints all City department directors subject to the approval of the Governing Body. The City Manager is responsible for the preparation of the annual budget and five-year capital improvement plan for submission to the Governing Body.

## **BUDGET PHILOSOPHY AND PROCESS OF DEVELOPMENT**

### **What is a Budget?**

The City of Rio Rancho's Fiscal Year 2015 budget is far more than just a set of numbers in neatly laid out tables. It is the single most comprehensive expression of Governing Body policy that is produced. As such, the budget document has been prepared to serve a variety of stakeholders and purposes. Stakeholders include citizens, Governing Body, state agencies, City staff, and social agencies. All are considered to be our customers. In order to address the concerns of our customers, the budget is designed to be:

**A Policy Document** - As the most comprehensive expression of Governing Body policy produced by the City, the document describes what the City is doing, why it is necessary, how and where it will be done, and how it will be financed. These are policy decisions.

**A Financial Plan** - The budget provides the legal documents (fund summaries, tables, schedules, and charts) necessary to conduct City business for the current fiscal year. The budget document is reviewed and approved by the New Mexico Department of Finance and Administration.

**An Operations Guide** - The budget describes City organization, strategic plan, and the functions of each element of the organization in each department budget.

**A Communications Device** - The budget is developed to provide varying levels of detail for policy, financial, personnel, and project information. The varying levels of detail make the document a suitable source for research. The budget also includes features to make information retrieval simple, including a table of contents, a glossary, and an electronic version that is accessible and searchable through the City's website.

**Legal Authority and Mission** - The City of Rio Rancho is a full service home rule municipality governed by the provisions of the New Mexico Constitution and the City Charter. The City provides a wide variety of services. Municipal services are financed through a variety of taxes, fees, charges for service, utility rates, and intergovernmental assistance. The Governing Body of the City adopts an Annual Budget as the plan for delivery of services.

**Fund Accounting** - Fund accounting is used by municipalities for budgeting and accounting. Each fund is considered to be a separate account, similar to a checking account. Revenues received are deposited into the fund and are used to pay for ongoing activities.

The City of Rio Rancho uses seven major types of funds: **General, Special Revenue, Capital Project, Debt Service, Agency, Internal Service and Enterprise Funds**. Following is a short description of each fund type:

**General Fund** - The General Fund is the major operating fund of the City that accounts for all financial resources except those required to be accounted for in another fund. The General Fund receives revenues from state and local taxes, grants, transfers from other funds, interest income, fees, fines, rentals, licenses, permits, reimbursed expenses, franchise fees, intergovernmental transfers, and other revenues. Services provided by the General Fund include public safety (police, communications 911, animal control and code enforcement), fire and rescue (fire and emergency medical services), development services (planning, inspections), public infrastructure (engineering and streets), cultural enrichment (parks, recreation, and senior programs), municipal court, libraries, policy, and administration.

**Special Revenue Funds** - Special Revenue Funds account for proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes, such as grants or restrictions imposed by state or federal laws for specific resources by the Governing Body.

**Capital Projects Funds** - Capital Projects Funds account for resources to be used for acquisition, construction, and major maintenance of capital facilities and infrastructure other than those financed by an enterprise fund.

**Debt Service Funds** - Debt Service Funds account for the accumulation of resources for, and payment of, general long-term debt principal and interest.

**Agency Funds** - Agency Funds are fiduciary funds that account for assets held as an agent for individuals, private organizations, and other governments that do not involve measurement of results operations.

**Internal Service Funds** – Internal Service Funds account for goods and services that are provided to city departments on a cost-reimbursement basis.

**Enterprise Funds** – Enterprise Funds account for activities for which a fee is charged to external users for goods or services. The City has two enterprise funds.

**Water and Wastewater Utility Fund** - The Water and Wastewater Utility Fund is financed by rate charges to water and wastewater utility customers, fees, grants, and interest income. These rates are set at a level to support all costs in delivering the service to residents.

**Multi-purpose Events Center Fund** – This funds accounts for activities, such as sporting events, concerts, and conventions, held at the city’s Santa Ana Star Center. The fund is supported by contractually obligated income and a surcharge on all ticket sales and merchandise sales related to the Multi-purpose Events Center.

## **How Funding is Developed**

### **Basis of Budgeting**

The City Budget is prepared on a cash basis of accounting. Annual budgets are adopted for all funds. All unexpended appropriations lapse at the close of the fiscal year (June 30th) and become components of the fund balance.

For the city annual financial statements, the City of Rio Rancho uses the **modified accrual basis of accounting** for all governmental and agency funds, consistent with generally accepted accounting principles (GAAP). Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the liability is incurred, except for un-matured interest on general long-term debt, which is recognized when due.

The **accrual basis of accounting** is followed in the enterprise fund and internal service funds. Revenues are recognized as soon as they are earned, and expenses are recognized as soon as a liability is incurred.

**The Budget Development Process**

The budget schedule and process is designed to meet Charter mandates and to allow for participation by the public, the Governing Body, and staff. The City’s Annual Budget is developed over a seven-month period, beginning in December and ending in July.

| <b>Budget Process</b>  |     |     |     |     |     |     |     |     |
|--|-----|-----|-----|-----|-----|-----|-----|-----|
|  | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul |
| <i>Budget Process</i>  |     |     |     |     |     |     |     |     |
| Budget Preperation Manual & Training                               | ■   |     |     |     |     |     |     |     |
| City Departments submit requests                                   |     | ■   |     |     |     |     |     |     |
| City Manager, FS Committee & Department head review budge requests |     | ■   | ■   |     |     |     |     |     |
| City Manager & FS Committee make changes                           |     |     | ■   | ■   |     |     |     |     |
| Develop Recommended Budget   |     |     |     | ■   | ■   |     |     |     |
| Recommended Budget delivered to Mayor                              |     |     |     |     | ■   |     |     |     |
| Recommended Budget presented to Governing Body                     |     |     |     |     | ■   |     |     |     |
| Board of Finance budget Hearings                                   |     |     |     |     |     | ■   |     |     |
| Public Hearing   |     |     |     |     |     | ■   |     |     |
| Governing Body approves and adopts Budget                          |     |     |     |     |     | ■   |     |     |
| The Adopted Budget is sent to DFA                                  |     |     |     |     |     | ■   |     |     |
| DFA review and informs City of changes required                    |     |     |     |     |     |     | ■   |     |
| Governing Body Approves the Final Budget                           |     |     |     |     |     |     |     | ■   |
| Final document is sent to DFA                                      |     |     |     |     |     |     |     | ■   |

**December and January** - Budget Preparation Manual is distributed to all departments by the Financial Services Department. The Financial Services Department staff train City staff on budget processes and budget software. Departments prepare and submit their requests to the Financial Services Department.

**January and February** - The City Manager and the Budget Committee review and discuss budget requests with department directors and budget staff.

**February and March** - The City Manager and Budget Committee make adjustments to Departments’ funding levels and infrastructure projects.

**April** - The Financial Services Department develops the City Manager’s recommended budget document. The City Manager delivers the recommended budget to the Mayor for review no later than April 15th. The Mayor submits written comments regarding the recommended budget to the City Manager within ten days. The City Manager may or may not incorporate the comments into the recommended budget. The City Manager must give a written explanation to the Governing Body why any comment or recommendation was not included in the recommended budget, when presented to the Governing Body.

**May** - Governing Body budget review hearings are held on the budget. Following adoption by the Governing Body, the budget is delivered to the NM Department of Finance and Administration (DFA) at the end of May. After reviewing the document, DFA provides interim approval by the end of June. Public hearings on the proposed budget are held at the regularly scheduled Governing Body meetings.

**July** – After closing off the books, the City determines beginning fund balance for each fund, rolls balances of infrastructure and capital projects, updates payroll with new benefit costs, and makes other adjustments as needed. The Governing Body approves the final budget at the second meeting of July, and the final budget is submitted to DFA by July 31<sup>st</sup>. DFA grants final approval of the budget in September.

### **Changes to the Adopted Budget**

**Budget Increases** - Departments are expected to confine spending to amounts appropriated during the budget process. In certain cases, however, appropriations may be increased during the budget year under the following circumstances:

**Carryover Encumbrances** - If a department has open purchase orders at the end of the fiscal year, related appropriations are encumbered and carried over to the next year to cover the actual expenses when they occur.

**Unanticipated Revenue** - If a fund receives revenue during the year from a source that was not anticipated or projected in the budget, the Governing Body may approve a budget adjustment to increase appropriations for expenditure in the year received.

**Prior Year Reserves** - In cases where the reserves are greater than required by policy, supplemental appropriation requests may be funded, with Governing Body appropriating amounts from reserves to fund items not included in the original adopted budget. The Governing Body may also appropriate reserves in case of emergency or unusual circumstances.

**Budget Decreases** - Annual budgets may be decreased below adopted appropriations by Governing Body action. Changes in service demand, economic conditions, and revenues realized below projections and Governing Body goals and direction may cause budget reductions. The NM Department of Finance and Administration may also direct decreases if funds do not have sufficient reserves. The City Manager will recommend decreases in expenditure authority to the Governing Body as required.

### **Budget Transfers**

There are two types of budget transfers, **within a fund** and **between funds**. **Transfers within a fund** move budgeted funding between line items. These transfers require the approval of the City Manager. The City Manager has authority to approve transfers within cost centers not to exceed \$20,000 during a fiscal year. Transfers between funds and department, transfers exceeding \$20,000 within cost centers, recognizing revenues to appropriate expenditures, or reducing ending fund balance to increase expenditures must all be recommended by the City Manager and approved by the Governing Body.

The circumstances that require budget transfers are many. In some cases, the responsibility for implementing a program is changed from one department to another. Management continually strives to make the organization more efficient, and budget transfers assist in achieving efficiency.

New Mexico state law prohibits a municipality from making expenditures in excess of approved appropriations. If a fund is not overspent, it is in compliance with state law.

## FINANCIAL PLANNING

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 also 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 a framework and tool 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

Shrugging off some of the negatives, the US economy appears to have picked up momentum. Various factors contribute to the recovery of our nation. Such factors are the positive growth in Gross Domestic Product (GDP) and rising consumer confidence. The January 2014 Bureau of Business and Economic Research (BBER) forecast reported GDP growth measure of 3.2% at a seasonally adjusted annual rate for the fourth quarter of 2013. Employment, income, and housing are other indicators pointing to the sound growth of the economy. The budget is primarily based on the January 2013 BBER estimates; therefore the economic data covered below reflects this forecast period.

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

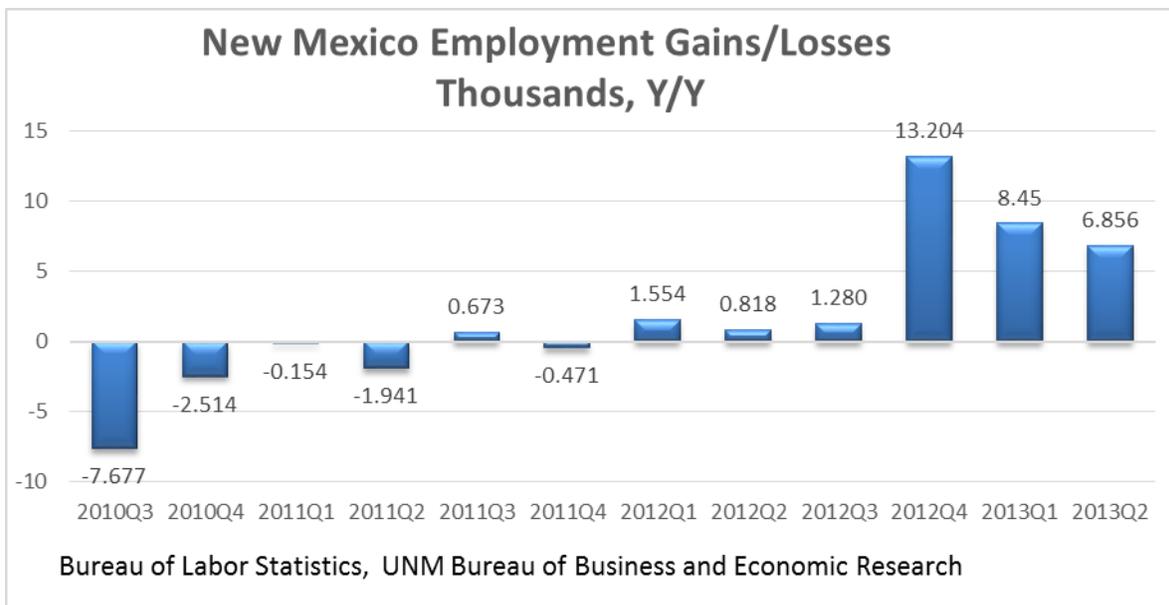
The US Bureau of Economic Analysis (BEA) released their first estimate of real GDP on January 29, 2014, for the fourth quarter of 2013. The report indicated a growth of 3.2 percent in the fourth quarter at a seasonally adjusted annual rate. Despite the performance in the fourth quarter, growth in real GDP for all of 2013 was only 1.9 percent, which is slightly above the 1.8 percent growth recorded for both 2011 and 2012. The table below shows the slow but steady growth from 2010 to 2013. The fourth quarter estimates primarily reflect strong growth in consumer expenditures and a large positive change in the trade balance. Consumer expenditures in the fourth quarter grew at a substantial 3.3 percent rate to add 2.26 percentage points to GDP growth. Nondurables showed growth of 4.4 percent, which is the highest seen in many quarters, while services were up 2.5 percent. Residential fixed investments had been in the double digits; however, it slipped almost 10 percent below the third quarter level, which pulled down real GDP growth by almost a third of a percent. Nonresidential investment grew 3.8 percent as equipment and software rebounded with a growth of 6.9 percent. Exports accelerated to over 11 percent, while imports diminished below 1 percent. Federal government spending declined by 12.6 percent. Overall the 2013 composition of real GDP was steady.

| Composition of Real GDP Growth Over Previous Period SARR |       |      |      |      |      |       |       |      |      |       |         |  |
|--|-------|------|------|------|------|-------|-------|------|------|-------|---------|--|
|  | 2010  | 2011 | 2012 | 2013 | 12Q3 | 12Q4  | 13Q1  | 13Q2 | 13Q3 | 13Q4  | Contrib |  |
| Composition of Real GDP                                  |       |      |      |      |      |       |       |      |      |       |         |  |
| Gross Domestic Product                                   | 2.5   | 1.8  | 1.8  | 1.9  | 2.8  | 0.1   | 1.1   | 2.5  | 4.1  | 3.2   | 3.20    |  |
| Total Consumption  | 2.0   | 2.5  | 2.5  | 2.0  | 1.7  | 1.7   | 2.3   | 1.8  | 2.0  | 3.3   | 2.26    |  |
| Durables   | 6.1   | 6.6  | 6.6  | 7.1  | 8.3  | 10.5  | 5.8   | 6.2  | 7.9  | 5.9   | 0.44    |  |
| Nondurables  | 2.2   | 1.9  | 1.9  | 1.4  | 1.6  | 0.6   | 2.7   | 1.6  | 2.9  | 4.4   | 0.68    |  |
| Services   | 1.2   | 2.1  | 2.1  | 1.6  | 0.7  | 0.6   | 1.5   | 1.2  | 0.7  | 2.5   | 1.14    |  |
| Residential Fixed Investments                            | -2.5  | 0.5  | 0.5  | 12.0 | 14.1 | 19.8  | 12.5  | 14.2 | 10.3 | 9.8   | -0.32   |  |
| Nonresid Fixed Investment                                | 2.5   | 7.6  | 7.6  | 2.6  | 0.3  | 9.8   | -4.6  | 4.7  | 4.8  | 3.8   | 0.46    |  |
| Structures   | -16.4 | 2.1  | 2.1  | 1.3  | 5.9  | 17.6  | -25.7 | 17.6 | 13.4 | -1.2  | -0.03   |  |
| Equipment & Software                                     | 15.9  | 12.7 | 12.7 | 2.9  | -3.9 | 8.9   | 1.6   | 3.3  | 0.2  | 6.9   | 0.38    |  |
| Intellectual Property Products                           | 1.9   | 4.4  | 4.4  | 3.1  | 2.8  | 5.7   | 3.7   | -1.5 | 5.8  | 3.2   | 0.12    |  |
| Change in Private Inventories                            |       |      |      |      |      |       |       |      |      |       | 0.42    |  |
| Exports  | 11.5  | 7.1  | 7.1  | 2.8  | 0.4  | 1.1   | -1.3  | 8.0  | 3.9  | 11.4  | 1.48    |  |
| Imports  | 12.8  | 4.9  | 4.9  | 1.4  | 0.5  | -3.1  | 0.6   | 6.9  | 2.4  | 0.9   | -0.15   |  |
| Federal Government                                       | 4.4   | -2.6 | -2.6 | 5.1  | 8.9  | -13.9 | -8.4  | -1.6 | -1.5 | -12.6 | -0.98   |  |
| State & Local Governments                                | -2.7  | -3.6 | -3.6 | -0.2 | -0.2 | -1.0  | -1.3  | 1.4  | 1.7  | 0.5   | 0.06    |  |

US Bureau of Economic Analysis, Gross Domestic Product, 2013 Fourth Quarter. Jan, 30,2014.

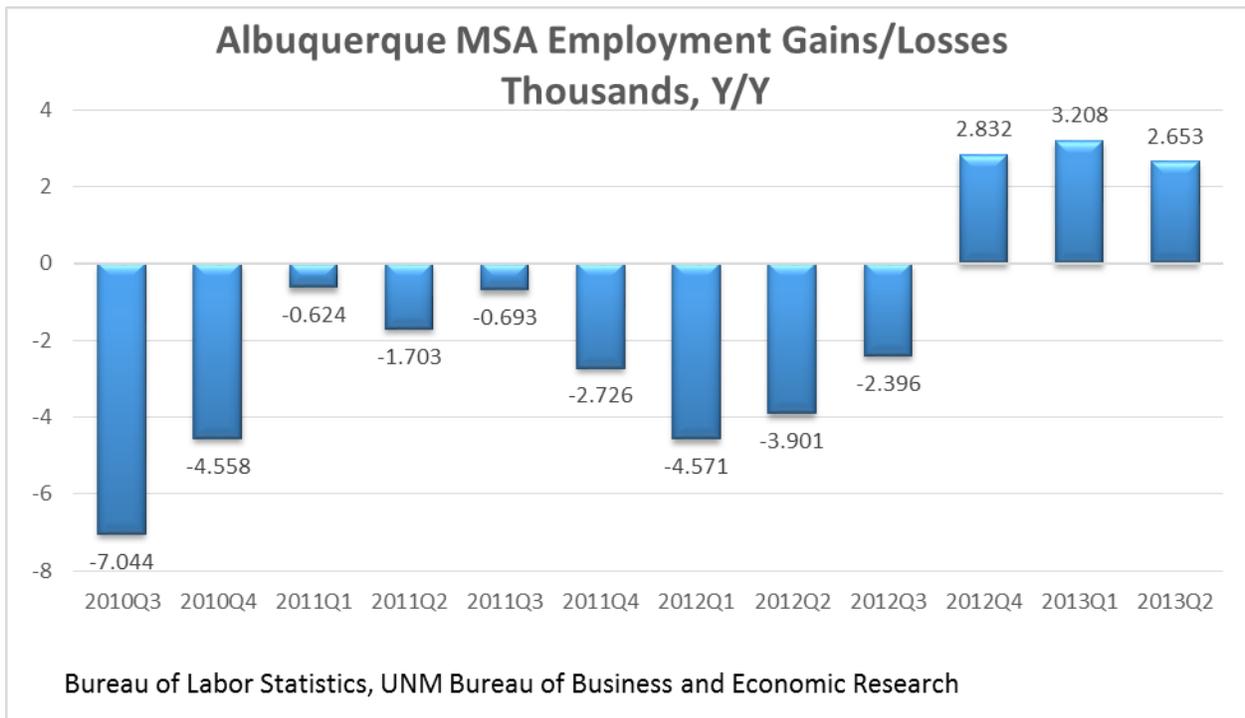
### **Employment**

According to the Bureau of Labor Statistics (BLS), the state of New Mexico added about 6,856 total jobs in the second quarter of the year, which has made this the third consecutive quarter of relatively large job addition after sixteen consecutive quarters of either job losses or little job addition. The graph below shows the fluctuation between the increase and decrease of jobs from the third quarter in 2010 to the second quarter in 2013.



The private sector remains the primary growth engine as that sector added a total of 7,208 jobs year-over-year. Employment grew in the following sectors: mining sector (2,164 jobs, 9.1%); accommodation and food services; which continues to be one of the strongest sectors of the economy (1,994 jobs, 2.6%); healthcare and social assistance sector (1,536 jobs, 1.5%); and retail trade (676 jobs, 0.7%). The construction sector posted gains (616 jobs, 1.5%); however, excitement is probably premature as that sector has lost jobs for 23 consecutive quarters. Although gains were had in private sector industries, some lost jobs. The Other Services sector dropped the largest number of jobs in the quarter (-737 job, -3.5%); and manufacturing shed 483 jobs in the quarter (-1.6%).

The New Mexico Department of Workforce Solutions (NMDWS) released employment data that showed 2,653 jobs were added in the Albuquerque MSA economy over the same quarter a year earlier. The graph below shows the third consecutive quarter of net positive job addition in the MSA after four years of reduction. The private sector is once again the leading force of the reawakening of the labor force. However the government sector, continues to be weak, as that sector dropped nearly 300 jobs in the quarter (-0.4%). The healthcare and social assistance sector provided the main source of strength in the second quarter as 1,267 nets jobs were added (2.7%). Surprisingly, the construction sector provided 812 jobs in the quarter (4.4%), which is now that sectors third consecutive quarter of job additions. Also showing strength was the accommodation and food services sector (790 jobs, 2.3%); administrative and waste services sector (546 jobs, 2.33%); information sector (301 jobs, 3.8%); retail trade sector (231 jobs, 0.6%); transportation, warehousing and utilities sector (224 jobs, 2.6%); and finance and insurance (100 jobs, 0.9%). The public sector, which has now shed jobs for the ninth consecutive quarter seems to be stabilizing. The state government sector added 353 jobs in the second quarter (1.7%); local government shed only 45 jobs. The federal government sector continues to diminish jobs (603 jobs, -4.0%).



**Income**

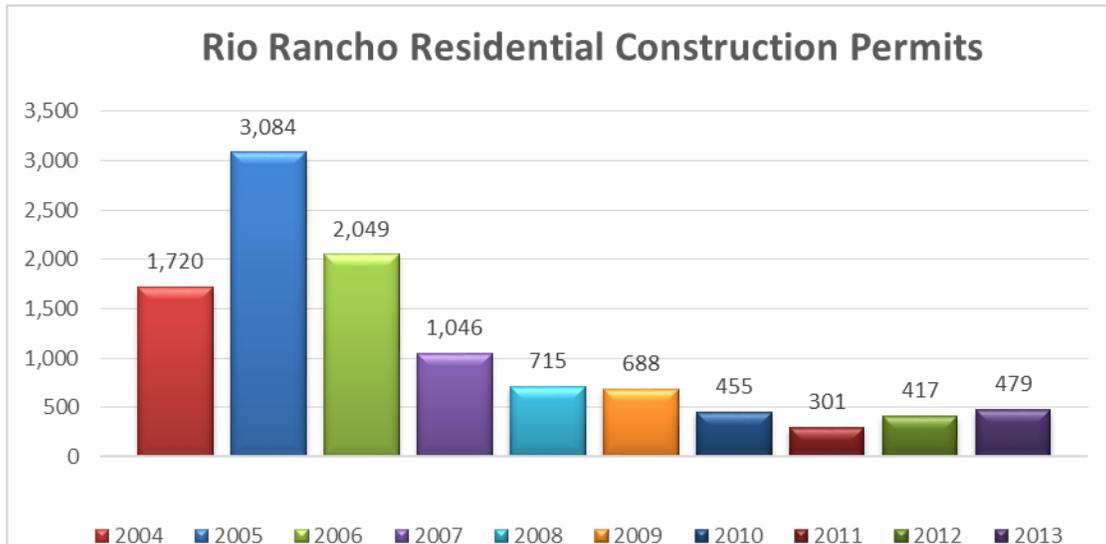
The Bureau of Economic Analysis (BEA) released state income data for the third quarter of 2013. The new data indicated that total personal income grew by 2.9 percent in the third quarter of 2013. Wage and salary growth also augmented to 2.4 percent in the third quarter, after slow growth in the first and second

quarter. The majority of the wage and salary growth came from the private sector. The government sector brought down the total growth, contracting 0.7 percent for the quarter. Farm and non-farm proprietors' incomes continued to increase at steady rates of 21.9% and 6.3% respectively.

**Housing**

New Mexico housing data indicates a reduction of 25.7 percent over the same quarter a year earlier. Although this decrease is discouraging, it is key to note that growth was rapid in the same quarter a year earlier. Therefore, the slowdown may be a market correction that confirms a gradual improvement in residential construction markets. A total of 1,467 permits were acquired for the quarter, with 948 of those permits being single-family purposed and 519 permits going for multi-family construction.

Rio Rancho residential construction permits are slowly on the rise despite the fact that they are still below long-term historical averages. A total of 479 permits were acquired for the 2013 fiscal year, which is 62 permits more than the previous year. The increase in permits has sparked some hope. According to Realty Trac, for the month of June 2014 there are currently 46 properties in Rio Rancho, NM that are in some state of foreclosure (default, auction or bank owned), while the number of new homes listed for sale is 285. The Greater Albuquerque Association of Realtors reports that the median sales price for homes has also risen from \$146,000 to \$159,181, as of June 2014



**Overall Outlook**

The UNM Bureau of Business and Economic Research has forecasted a gradual growth in New Mexico employment of 1.6 percent per year through the end of its 2018 forecast period. Over 90 percent of the new jobs are forecasted to be in the private sector, due to the fact that the sector grows at an average rate of 1.9 percent per year. The five major industries that will contribute to the employment increase are administrative and waste services sector (3.6% average annual growth); transportation and warehousing sector (3.5% per year on average); construction sector (3.2% per year on average); mining sector (3.2% per year average); and the healthcare and social assistance sector (3.2% per year on average).

Rio Rancho Five Year Financial Planning

GENERAL FUND FIVE YEAR FINANCIAL PLAN  
FY 2015 BUDGET  
FINAL

|                                     | FY 2014<br>Adj. Budget | FY 2015<br>Final | Change | FY 2016<br>Projected | Change | FY 2017<br>Projected | Change | FY 2018<br>Projected | Change | FY 2019<br>Projected | Change |
|-------------------------------------|------------------------|------------------|--------|----------------------|--------|----------------------|--------|----------------------|--------|----------------------|--------|
| <b>Sources</b>                      |                        |                  |        |                      |        |                      |        |                      |        |                      |        |
| <b>Beginning Fund Balance</b>       | 9,844,498              | 8,653,792        | -12.1% | 7,058,413            | -18.4% | 6,399,555            | -9.3%  | 6,913,418            | 8.0%   | 8,278,787            | 19.7%  |
| <b>Property Tax</b>                 | 13,554,033             | 14,202,036       | 4.8%   | 14,424,942           | 1.6%   | 14,824,226           | 2.8%   | 15,134,660           | 2.1%   | 15,451,279           | 2.1%   |
| <b>Gross Receipts Tax</b>           | 24,917,415             | 26,742,024       | 7.3%   | 28,782,380           | 7.6%   | 30,858,969           | 7.2%   | 32,773,510           | 6.2%   | 35,832,291           | 9.3%   |
| <b>Franchise Fees</b>               | 3,584,726              | 3,572,074        | -0.4%  | 3,728,101            | 4.4%   | 3,841,506            | 3.0%   | 3,968,146            | 3.3%   | 4,066,625            | 2.5%   |
| <b>Licenses &amp; Permits</b>       | 355,668                | 345,230          | -2.9%  | 351,080              | 1.7%   | 357,089              | 1.7%   | 361,891              | 1.3%   | 366,758              | 1.3%   |
| <b>Grants</b>                       | 103,594                | 76,770           | -25.9% | 76,770               | 0.0%   | 76,770               | 0.0%   | 76,770               | 0.0%   | 76,770               | 0.0%   |
| <b>State Shared Taxes</b>           | 324,763                | 332,250          | 2.3%   | 344,876              | 3.8%   | 357,981              | 3.8%   | 371,584              | 3.8%   | 385,704              | 3.8%   |
| <b>General Government</b>           | 1,913,936              | 1,926,700        | 0.7%   | 1,992,535            | 3.4%   | 2,057,010            | 3.2%   | 2,095,625            | 1.9%   | 2,134,987            | 1.9%   |
| <b>Public Safety</b>                | 2,396,351              | 2,397,500        | 0.0%   | 2,345,299            | -2.2%  | 2,373,852            | 1.2%   | 2,396,673            | 1.0%   | 2,419,801            | 1.0%   |
| <b>Cultural Enrichment</b>          | 1,002,078              | 1,063,247        | 6.1%   | 1,080,830            | 1.7%   | 1,098,955            | 1.7%   | 1,113,739            | 1.3%   | 1,128,816            | 1.4%   |
| <b>Fines and Forfeitures</b>        | 1,321,000              | 1,184,500        | -10.3% | 1,204,318            | 1.7%   | 1,224,673            | 1.7%   | 1,240,942            | 1.3%   | 1,257,430            | 1.3%   |
| <b>Miscellaneous Revenue</b>        | 3,346,040              | 3,386,977        | 1.2%   | 3,432,252            | 1.3%   | 3,501,395            | 2.0%   | 3,572,784            | 2.0%   | 3,646,607            | 2.1%   |
| <b>Total Recurring Revenues</b>     | 52,819,604             | 55,229,308       | 4.6%   | 57,763,381           | 4.6%   | 60,572,427           | 4.9%   | 63,106,324           | 4.2%   | 66,767,069           | 5.8%   |
| <b>Non-Recurring Revenues</b>       | 128,800                | 1,167,464        | 806.4% | 2,045,271            | 75.2%  | 204,182              | -90.0% | -                    | 0.0%   | -                    | 0.0%   |
| <b>Total Revenues</b>               | 52,948,404             | 56,396,772       | 6.5%   | 59,808,652           | 6.0%   | 60,776,609           | 1.6%   | 63,106,324           | 3.8%   | 66,767,069           | 5.8%   |
| <b>Transfers from Special Funds</b> | 23,035                 | 300              | -98.7% | 300                  | 0.0%   | 300                  | 0.0%   | 300                  | 0.0%   | 300                  | 0.0%   |
| <b>Total Sources</b>                | 62,815,937             | 65,050,864       | 3.6%   | 66,867,366           | 2.8%   | 67,176,464           | 0.5%   | 70,020,042           | 4.2%   | 75,046,156           | 7.2%   |
| <b>Uses</b>                         |                        |                  |        |                      |        |                      |        |                      |        |                      |        |
| <b>Personal Services</b>            | 41,571,411             | 42,850,558       | 3.1%   | 43,686,635           | 2.0%   | 44,581,617           | 2.0%   | 45,538,696           | 2.1%   | 46,529,365           | 2.2%   |
| <b>Materials and Services</b>       | 11,233,875             | 11,453,523       | 2.0%   | 11,775,847           | 2.8%   | 12,141,318           | 3.1%   | 12,489,465           | 2.9%   | 12,851,279           | 2.9%   |
| <b>Total Recurring Expenditures</b> | 52,805,286             | 54,304,081       | 2.8%   | 55,462,483           | 2.1%   | 56,722,935           | 2.3%   | 58,028,161           | 2.3%   | 59,380,645           | 2.3%   |
| <b>Non-Recurring Expenditures</b>   |                        |                  |        |                      |        |                      |        |                      |        |                      |        |
| Capital Outlay                      | 140,877                | 120,334          |        | -                    |        | -                    |        | -                    |        | -                    |        |
| Other Non-Rec. Expenditures         | 786,113                | 554,458          |        | 225,700              |        | 81,500               |        | 255,026              |        | 29,000               |        |
| <b>Total Non-Rec. Expenditures</b>  | 926,990                | 674,792          | -27.2% | 225,700              | -66.6% | 81,500               | -63.9% | 255,026              | 212.9% | 29,000               | -88.6% |
| <b>Total Expenditures</b>           | 53,732,276             | 54,978,873       | 2.3%   | 55,688,183           | 1.3%   | 56,804,435           | 2.0%   | 58,283,187           | 2.6%   | 59,409,645           | 1.9%   |
| <b>Transfers Out</b>                | 1,968,949              | 3,013,578        | 53.1%  | 4,779,628            | 58.6%  | 3,458,610            | -27.6% | 3,458,068            | 0.0%   | 2,629,628            | -24.0% |
| Ending Fund Balance Unreserved      | 2,646,278              | 2,476,841        | -6.4%  | 1,758,873            | -29.0% | 2,179,715            | 23.9%  | 3,421,855            | 57.0%  | 8,056,080            | 135.4% |
| Ending Fund Balance Reserved        | 4,468,434              | 4,581,573        | 2.5%   | 4,640,682            | 1.3%   | 4,733,703            | 2.0%   | 4,856,932            | 2.6%   | 4,950,804            | 1.9%   |
| <b>Total Ending Fund Balance</b>    | 7,114,712              | 7,058,413        | -0.8%  | 6,399,555            | -9.3%  | 6,913,418            | 8.0%   | 8,278,787            | 19.7%  | 13,006,884           | 57.1%  |
| <b>Total Uses</b>                   | 62,815,937             | 65,050,864       | 3.6%   | 66,867,366           | 2.8%   | 67,176,464           | 0.5%   | 70,020,042           | 4.2%   | 75,046,156           | 7.2%   |
| Reserves as % of Expenditures       | 13.2%                  | 12.8%            |        | 11.5%                |        | 12.2%                |        | 14.2%                |        | 21.9%                |        |

Revenue Assumptions

Gross Receipt Taxes are projected using a regression model for construction, retail, services, wholesale, and transportation, communications and utilities trades (TCU). The other trades are forecasted using a time-series analysis approach. A construction add factor of \$238,384 is included for FY2015, \$1,087,078 for FY16 and \$204,182 for FY17 based on the anticipated construction of a new assisted living facility and Presbyterian hospital second tower. Other one-time revenue of \$584,450 is included in the FY15 GRT projection, from savings in the escrow accounts that were set in FY14 for repayment of refinanced Arena bonds. To the GRT revenue for FY15 is \$2,974,985 or 12% higher than actual collections for

FY14. Most of the increase is due to a projected improving economy. The projected growth for FY16 is 8.4 percent and includes a construction add factor, while FY17 is expected to increase 4.0 percent, 5.5 percent in FY18 and 9.3 percent in FY19.

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 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 years 2013 and 2014, and a conservative forecast of the number of housing permits anticipated to be issued for fiscal years 2015 through 2017. 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. Based on Global Insight, the national forecasting firm used by BBER, the housing market has recently experienced slower growth than expected. While affordability has fallen to a five year low, higher borrowing costs and modest employment growth has weakened buyer demand. The outlook is for slow growth in the near term and somewhat faster growth beginning in 2016. Similarly, the revenue estimate utilizes new non-residential construction projected at recent historical rates of growth to derive the forecast. 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 for the current year. Total current property tax revenues are projected to grow at rates ranging between 1.6 to 4.4 percent through fiscal year 2019.

Franchise Fee projections include telephone services, natural gas, water and wastewater, waste management, cable and electric services and are based on trend and analyses of rate changes of each of these services. The most significant franchise fee revenue is the electric franchise fee, and the growth projection ranges from 0.1 percent in FY16 to 6.4 percent in FY18. These projections are based on the EIA 2013 National Energy Modeling System projection. The natural gas revenue is correlated to weather changes, which are uncertain.

Other revenue projections are based on trend analysis and growth rates mirroring January 2014 BBER forecast.

### **Expenditure Assumptions**

Personal Services expenditures account for 78 percent of the General Fund operating budget. In the Adopted Budget, Personal Services expenditures increase 3.1 percent or approximately \$1.2 million compared to the FY14 adjusted budget. The increase reflects the addition of several new positions and a two percent across-the-board salary increase. Lastly, no changes in retirement benefits are built-in. Vacancy savings is budgeted at \$1.5 million based on recent trends, and terminal leave is budgeted at \$750,000 with increases of 10 per year for FY16 through FY19. For the out years, Personal Services costs do not consider growth of full-time equivalent employees; however, changes in salaries and wages include an increase based on cost-of-living changes. Finally, the projection includes a 5 percent annual health insurance increase beginning in FY16 thru FY19.

Materials and Services expenditures are forecasted to increase using consumer price growth rates from BBER for FY16 (1.8 percent) and ranging between 1.9 and 2.0 percent through FY19. Certain utility

costs are forecasted differently than other material and services expenditures such as electricity costs, which will increase an average of 5 percent for the periods FY15-FY19 based on natural gas price forecasts; water/wastewater services costs are based on proposed rate increases of 7.8 percent in FY15 through FY19; and gasoline price projections are based on Global Insight projections.

### **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:

- One-stop, fast-track permitting/expedited construction inspections
- Industrial Development Bond Financing, including
  - Partial property tax abatement (66 percent for up to 30 years)
  - Gross receipts tax exemption on equipment purchases
- Job Training Incentive Programs
- A Gross Receipts Investment Policy (GRIP) was adopted to attract retail businesses. The City may choose to refund gross receipts taxes to a developer or company that invests in public infrastructure as part of their decision to relocate to Rio Rancho.

#### State Incentives

- High Wage Jobs Tax Credit
- Film Industry Incentives
- Manufacturing Investment Tax Credit
- Software Development Tax Credit
- Research and Development Tax Credit
- Renewable Energy Production and Solar Market Development Tax Credits

### **Recent Economic Activity**

Following are some significant developments affecting the Rio Rancho economy:

- Only three years old and Presbyterian Rust Medical Center is building and additional wing. The \$80 million project will allow for an additional 120 beds and grow its workforce by 100.
- New 227,000 square feet of retail and medical office space at Unser Blvd.
- \$800 million in multiple mixed-use developments, including Loma Colorado, Cabezon and Mariposa Communities.
- Alliance Data recently notified the City that it is working toward a total Rio Rancho workforce of 700 from 250.
- Rio at Rust, a 24/7 skilled healthcare facility featuring nursing and physician care and therapy services, started construction in January 2014 and expects to employ 120 people.
- TJ Maxx is scheduled to open a new store in late 2015 in the Enchanted Hills neighborhood, creating an estimated 50 to 100 jobs.
- Wal-Mart Neighborhood Market will open a store in 2015 at Southern and 528 with 65 new jobs.
- Dions, a pizza chain, is currently under construction and expected to open in the fall of 2014 with approximately 65 to 70 employees.

## Per Capita Income

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

| <b>PER CAPITA PERSONAL INCOME</b> |                            |                            |                                |                          |
|-----------------------------------|----------------------------|----------------------------|--------------------------------|--------------------------|
| <b>Year</b>                       | <b>Albuquerque<br/>MSA</b> | <b>Sandoval<br/>County</b> | <b>State of<br/>New Mexico</b> | <b>United<br/>States</b> |
| 2007                              | 34,528                     | 30,833                     | 32,018                         | 39,392                   |
| 2008                              | 35,608                     | 31,907                     | 33,609                         | 40,166                   |
| 2009                              | 33,881                     | 30,956                     | 32,200                         | 38,637                   |
| 2010                              | 34,039                     | 31,634                     | 32,940                         | 39,791                   |
| 2011                              | 35,007                     | 32,931                     | 34,133                         | 41,560                   |
| 2012 <sub>p</sub>                 | 26,272                     | 33,932                     | 35,682                         | 43,735                   |

<sub>p</sub> Preliminary

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Data released May 2014. Per capita personal income was computed using Census Bureau midyear population 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 2012 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<br/>Household<br/>Income</b> | <b>Median<br/>Family<br/>Income</b> | <b>Poverty<br/>Level all<br/>People</b> |
| <b>Rio Rancho</b>               |  |                                     |   |
| 2000                            | 47,169                                 | 52,233                              | 5.1%                                    |
| 2012                            | 56,891                                 | 64,206                              | 12.1%                                   |
| Change                          | 20.6%                                  | 22.9%                               | 7.0%                                    |
| <b>New Mexico</b>               |  |                                     |   |
| 2000                            | 34,133                                 | 39,425                              | 18.4%                                   |
| 2012                            | 43,518                                 | 52,776                              | 21.0%                                   |
| Change                          | 27.5%                                  | 33.9%                               | 2.6%                                    |
| <b>United States</b>            |  |                                     |   |
| 2000                            | 41,994                                 | 50,046                              | 12.4%                                   |
| 2012                            | 51,771                                 | 63,105                              | 15.7%                                   |
| Change                          | 23.3%                                  | 26.1%                               | 3.3%                                    |

U.S. Census Bureau, 2010 and 2012 American Community Survey.

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

The following table shows average wages for Albuquerque MSA, Sandoval County, the State of New Mexico and the United States.

| <b>AVERAGE WAGES</b> |                     |                    |                           |                  |
|----------------------|---------------------|--------------------|---------------------------|------------------|
| Year                 | Albuquerque<br>MSA* | Sandoval<br>County | State of<br>New<br>Mexico | United<br>States |
| 2007                 | \$ 38,970           | \$ 39,791          | \$ 37,007                 | \$ 44,538        |
| 2008                 | 40,096              | 39,005             | 38,561                    | 45,653           |
| 2009                 | 41,065              | 39,728             | 39,173                    | 45,637           |
| 2010                 | 41,569              | 41,520             | 40,051                    | 46,992           |
| 2011                 | 42,435              | 43,904             | 40,915                    | 48,322           |
| 2012                 | 43,062              | 43,738             | 41,603                    | 49,612           |

Source: U.S. Department of Commerce, Bureau of Economic Analysis. Data released May, 2014. New estimates for 2012; revised estimates for 2007-2011

\*Bernalillo, Sandoval, Torrance and Valencia counties.

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<br>Income Group | City of<br>Rio Rancho | Sandoval<br>County | New<br>Mexico | United<br>States |
| Under \$24,999                  | 19.0%                 | 20.9%              | 29.5%         | 24.1%            |
| \$25,000 - \$49,999             | 24.2%                 | 23.6%              | 26.1%         | 24.2%            |
| \$50,000 - \$99,999             | 35.3%                 | 33.5%              | 28.1%         | 30.0%            |
| \$100,000 - \$199,999           | 18.2%                 | 17.9%              | 13.7%         | 17.1%            |
| \$200,000 and Over              | 3.2%                  | 4.1%               | 2.7%          | 4.5%             |

Source: U.S Census Bureau, 2010-2012 American Community Survey

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

The following table shows Total Personal Income for Albuquerque MSA, Sandoval County, State of New Mexico and the United States.

| <b>TOTAL PERSONAL INCOME (in thousands)</b> |                    |        |                    |        |                        |        |                  |        |
|---|--------------------|--------|--------------------|--------|------------------------|--------|------------------|--------|
| Year  | Albuquerque<br>MSA | Change | Sandoval<br>County | Change | State of<br>New Mexico | Change | United<br>States | Change |
| 2007  | 28,974,448         | 0.0%   | 3,671,123          | 0.0%   | 63,609,396             | 0.0%   | 11,900,244,000   | 5.7%   |
| 2008  | 30,199,098         | 4.2%   | 3,981,866          | 8.5%   | 67,154,342             | 5.6%   | 12,429,284,000   | 4.4%   |
| 2009  | 29,931,708         | -0.9%  | 4,026,943          | 1.1%   | 66,178,428             | -1.5%  | 12,037,738,000   | -3.2%  |
| 2010  | 30,402,791         | 1.6%   | 4,209,690          | 4.5%   | 68,489,125             | 3.5%   | 12,423,332,000   | 3.2%   |
| 2011  | 31,880,572         | 4.9%   | 4,494,338          | 6.8%   | 72,300,258             | 5.6%   | 13,179,561,000   | 6.1%   |
| 2012  | 32,706,834         | 2.6%   | 4,600,835          | 2.4%   | 74,416,002             | 2.9%   | 13,729,063,000   | 4.2%   |

Source: U.S. Department of Commerce, Bureau of Economic Analysis; data released May 2014. New estimates for 2012; revised estimated 2010-2011

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 the Albuquerque MSA during the past six years. The Bureau of Economic Analysis defines “earnings” as including wages and salaries, proprietor’s income and other labor income (such as bonuses).

| NON AGRICULTURAL EMPLOYMENT              |         |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|---------|
| Albuquerque MSA*                         | 2013    | 2012    | 2011    | 2010    | 2009    | 2008    |
| Total Nonfarm                            | 370,300 | 368,100 | 370,000 | 371,600 | 378,000 | 394,900 |
| Total Private                            | 287,900 | 286,000 | 286,700 | 288,300 | 295,400 | 313,600 |
| Goods Producing                          | 36,700  | 36,600  | 37,700  | 38,900  | 42,100  | 50,400  |
| Service-Providing                        | 333,600 | 331,500 | 332,300 | 332,700 | 335,900 | 344,500 |
| Natural Resources and Mining and Const   | 19,500  | 18,900  | 20,000  | 21,300  | 23,900  | 28,300  |
| Manufacturing                            | 17,300  | 17,700  | 17,700  | 17,600  | 18,200  | 22,000  |
| Trade, Transportation, and Utilities     | 62,000  | 61,800  | 61,600  | 62,000  | 63,300  | 68,300  |
| Wholesale Trade                          | 11,300  | 11,500  | 11,400  | 11,700  | 12,000  | 13,100  |
| Retail Trade                             | 41,000  | 40,700  | 40,700  | 40,800  | 41,700  | 44,500  |
| Transportation Warehousing and Utilities | 9,700   | 9,500   | 9,500   | 9,500   | 9,700   | 10,700  |
| Information                              | 7,800   | 8,200   | 8,200   | 8,700   | 9,000   | 9,400   |
| Finance                                  | 17,800  | 17,500  | 17,400  | 17,800  | 18,200  | 18,700  |
| Professional and Business Services       | 55,300  | 55,000  | 56,900  | 57,400  | 60,000  | 64,300  |
| Educational and Health Services          | 57,400  | 56,400  | 55,500  | 54,700  | 53,600  | 51,200  |
| Leisure and Hospitality                  | 39,300  | 38,700  | 37,600  | 37,100  | 37,300  | 38,900  |
| Other Services                           | 11,500  | 11,800  | 11,700  | 11,800  | 11,900  | 12,500  |
| Government                               | 82,400  | 82,100  | 83,300  | 83,300  | 82,600  | 81,300  |
| Federal Government                       | 14,600  | 15,200  | 15,700  | 15,900  | 15,200  | 14,600  |
| State Government                         | 27,100  | 26,500  | 26,300  | 25,900  | 25,700  | 25,700  |
| Local Government                         | 40,800  | 40,400  | 41,300  | 41,500  | 41,700  | 40,900  |

Nonagricultural wage and salary employment is on a place of work basis and excludes self-employed persons, farm workers, household and unpaid family workers, and members of the Armed Forces.

\*Bernalillo, Sandoval, Torrance and Valencia counties.

Source: New Mexico Dept. of Workforce Solutions, *Current Employment Statistics (CES)*.

Table prepared by: Bureau of Business and Economic Research, University of New Mexico.

## Labor Force and Unemployment

The following table, derived from information supplied by the Labor Department of the State of New Mexico, 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 |                   |                    |                 |                    |                     |                    |                      |                    |
|---------------------------------------|-------------------|--------------------|-----------------|--------------------|---------------------|--------------------|----------------------|--------------------|
| Annual Average                        |                   |                    |                 |                    |                     |                    |                      |                    |
| Year                                  | Albuquerque MSA * |                    | Sandoval County |                    | State of New Mexico |                    | United States (000)s |                    |
|                                       | Labor Force       | Percent Unemployed | Labor Force     | Percent Unemployed | Labor Force         | Percent Unemployed | Labor Force          | Percent Unemployed |
| 2007                                  | 405,315           | 3.4                | 54,135          | 4.0                | 936,464             | 3.5                | 153,124              | 4.6                |
| 2008                                  | 408,192           | 4.6                | 55,933          | 5.3                | 946,487             | 4.5                | 154,287              | 5.8                |
| 2009                                  | 402,742           | 7.1                | 56,087          | 7.7                | 937,158             | 6.8                | 154,142              | 9.3                |
| 2010                                  | 398,610           | 8.3                | 55,927          | 8.8                | 930,293             | 8                  | 153,889              | 9.6                |
| 2011                                  | 394,842           | 8                  | 56,018          | 8.8                | 923,936             | 7.6                | 153,617              | 8.9                |
| 2012                                  | 392,787           | 7.5                | 56,039          | 8.2                | 925,360             | 7.1                | 154,975              | 8.1                |
| 2013 <sup>p</sup>                     | 391,963           | 7.2                | 55,971          | 8                  | 926,242             | 6.9                | 155,389              | 7.4                |

<sup>p</sup> Preliminary

\* Bernalillo, Sandoval, Torrence and Valencia counties

Source: U.S. Department of Labor, Bureau of Labor Statistics; New Mexico Department of Workforce Solutions, Economic Research and Analysis Bureau. Released April 2014

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               | Intel Corp.                             | Semiconductors     |
| 2               | Hewlett-Packard Company                 | Technology         |
| 3               | Sprint                                  | Call Center        |
| 4               | Stream Global                           | Communications     |
| 5               | Bank of America Banking Services        | Call Center        |
| 6               | Alliance Data                           | Call Center        |
| 7               | US Cotton Inc.                          | Manufacturer       |
| 8               | Intersections Inc                       | Financial Services |
| 9               | Lectrosonics, Inc.                      | Technology         |
| 10              | Don Chamlers Ford                       | Car Dealer         |
| 11              | Insight Lighting                        | Technology         |
| 12              | Aeroparts Manufacturing and Repair, Inc | Manufacturer       |
| 13              | Brycon Construction                     | Construction       |
| 14              | Waste Management of New Mexico          | Waste Management   |
| 15              | Energy Controls Inc.                    | Manufacturer       |
| 16              | Applied Materials Corporation           | Semiconductors     |

Source: Rio Rancho Economic Development Corp.,

December 2013 Rio Rancho Top Employers 2013

## 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   |            |          |            |               |
|--|------------|----------|------------|---------------|
|  | Rio Rancho | Sandoval | New Mexico | United States |
| Civilian Employed Population 16 Years and Over               | Percent    | Percent  | Percent    | Percent       |
| Management, Professional, and Related Occupations            | 39.0%      | 38.50%   | 35.60%     | 36.0%         |
| Service Occupations  | 16.80%     | 17.80%   | 20.40%     | 18.20%        |
| Sales and Office Occupations                                 | 26.2%      | 25.50%   | 23.50%     | 24.70%        |
| Construction, Extraction, Maintenance and Repair Occupations | 10.80%     | 10.70%   | 11.50%     | 9.1%          |
| Production, Transportation, and Material Moving              | 6.70%      | 7.50%    | 9.00%      | 12%           |

Source: U.S. Census Bureau, 2010-2012 American Community Survey

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   |            |          |            |               |
|--|------------|----------|------------|---------------|
|  | Rio Rancho | Sandoval | New Mexico | United States |
| Civilian Employed Population 16 Years and Over   | Percent    | Percent  | Percent    | Percent       |
| Agriculture, Forestry, Fishing and Hunting, and Mining                                     | 1.2%       | 1.8%     | 4.4%       | 1.9%          |
| Construction   | 6.3%       | 6.9%     | 7.1%       | 6.2%          |
| Manufacturing  | 10.6%      | 9.2%     | 5.0%       | 10.4%         |
| Wholesale Trade  | 2.2%       | 2.4%     | 2.1%       | 2.8%          |
| Retail Trade   | 14.0%      | 12.5%    | 11.5%      | 11.6%         |
| Transportation and Warehousing, and Utilities  | 3.9%       | 4.0%     | 4.4%       | 4.9%          |
| Information  | 2.2%       | 2.0%     | 1.6%       | 2.1%          |
| Finance and Insurance, and Real Estate and Rental and Leasing                              | 5.9%       | 5.6%     | 4.4%       | 6.6%          |
| Professional, Scientific, and Management, and Administrative and Waste Management Services | 9.4%       | 9.7%     | 10.9%      | 10.7%         |
| Educational Services, and Health Care and Social Assistance                                | 21.6%      | 22.8%    | 25.2%      | 23.2%         |
| Art, Entertainment, and Recreation, and Accommodation, and Food Services                   | 9.8%       | 10.4%    | 10.7%      | 9.4%          |
| Other Services, Except Public Administration   | 4.1%       | 4.2%     | 4.6%       | 5.0%          |
| Public Administration  | 8.8%       | 8.5%     | 8.2%       | 5.0%          |

Source: U.S. Census Bureau, 2010-2012 American Community Survey

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

## Building Permits

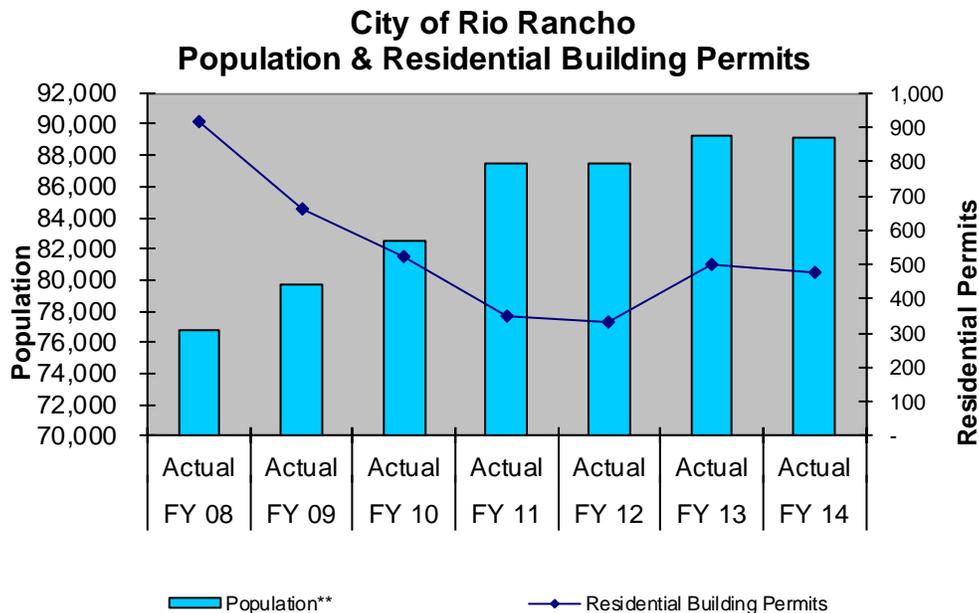
Initial development of the City was due in large part to the availability of affordable land. However, from 2005 to 2008 the average price of residential construction increased to the mid to upper income housing levels. Below is a historical chart for residential and non-residential building permits, 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          |
| 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                   | \$ -           |
| 2009             | 662             | \$ 109,338,818 | \$ 165,164             | 7                   | \$ 8,880,604   |
| 2008             | 917             | \$ 190,970,957 | \$ 208,256             | 40                  | \$ 45,834,386  |
| 2007             | 1,244           | \$ 265,496,825 | \$ 213,422             | 49                  | \$ 48,683,016  |

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



\*\*Source: U.S. Census Bureau, Population Estimates Program. Population data is based on prior year July 1 release, such as FY10 is July 1, 2009, FY 11-12 is 2010 Census, FY13-FY14 are from American Community Survey 3-Year Estimates.

## 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 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      | 308,745,538   | 281,421,906   | 27,323,632 | 9.7%     |
| New Mexico         | 2,059,179     | 1,819,046     | 240,133    | 13.2%    |
| Sandoval County    | 131,561       | 89,908        | 41,653     | 46.3%    |
| Rio Rancho         | 87,521        | 51,765        | 35,756     | 69.1%    |

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%   |
| 2013*              | 90,818     | 3.8%   | 134,053         | 1.9%   | 2,076,325  | 0.8%   | 311,609,369     | 0.9%   |

Source: U.S. Census Bureau, Population Division. 2010-2012 American Community Survey 3-Year Estimates.

\*Source: U.S. Census Bureau, Population Division. Annual Estimates of the resident population: April 1, 2010 to July 2012.

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 to 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.

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

Currently, the City is estimated to grow at an average rate of 1.6 percent for the next five years. Financial Services Staff utilized the annual estimates of the resident population: April 1, 2010 to July 2012 data from the US Census Bureau, Population Division in order to calculate the average annual growth; which was then used to estimate the population for FY 2013. This growth should be considered in the context of the growth of the metropolitan area, which is expected to exceed 1.5 million people by 2050.

### **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 46 percent of the City's population is between the ages of 20 and 54 years old, which is younger than the national average, and over 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.

| <b>GENDER AND AGE DISTRIBUTION</b> |            |       |          |       |            |       |               |       |
|------------------------------------|------------|-------|----------|-------|------------|-------|---------------|-------|
| Characteristic                     | Rio Rancho |       | Sandoval |       | New Mexico |       | United States |       |
|                                    | 2000       | 2012  | 2000     | 2012  | 2000       | 2012  | 2000          | 2012  |
| Male                               | 48.5%      | 48.8% | 48.8%    | 49.0% | 49.2%      | 49.5% | 49.1%         | 49.2% |
| Female                             | 51.5%      | 51.2% | 51.2%    | 51.0% | 50.8%      | 50.5% | 50.9%         | 50.8% |
| Median Age                         | 35.1       | 36.2  | 35.1     | 38.3  | 34.6       | 36.8  | 35.3          | 37.3  |
| Under 9 years                      | 15.7%      | 15.4% | 15.8%    | 14.1% | 15.0%      | 13.8% | 14.1%         | 12.9% |
| 10 to 19 years                     | 15.9%      | 15.4% | 16.3%    | 14.5% | 16.1%      | 13.9% | 14.5%         | 13.6% |
| 20 to 34 years                     | 18.3%      | 17.8% | 17.7%    | 17.3% | 19.6%      | 20.2% | 20.9%         | 20.5% |
| 35 to 54 years                     | 31.5%      | 28.9% | 31.5%    | 27.9% | 29.0%      | 25.6% | 29.4%         | 27.4% |
| 55 to 64 years                     | 7.0%       | 11.3% | 8.1%     | 13.4% | 8.7%       | 12.8% | 8.6%          | 12.2% |
| 65 to 84 years                     | 10.3%      | 9.8%  | 9.5%     | 11.2% | 10.4%      | 12.0% | 10.9%         | 11.5% |
| 85 years and over                  | 1.5%       | 1.6%  | 1.1%     | 1.6%  | 1.3%       | 1.6%  | 1.5%          | 1.8%  |

Source: U.S. Census Bureau, 2000 and 2012 American Community Survey

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

## Race and Ethnicity

At the national level, 74 percent of the American population is classified as non-Hispanic white, while Hispanic or Latino persons constitute 16.6 percent of the population, African Americans 12.6 percent, Native American less than 1 percent, and Asian Americans 4.9 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 2.0 percent of the state population. By comparison, Rio Rancho's population is 82.7 percent white, while Hispanics of any race constitute over 38.5 percent of the City, with small percentages of Native Americans, African Americans, and Asian Americans.

| <b>RACE AND ETHNICITY BY PERCENTAGE OF POPULATION</b> |            |       |          |       |            |       |               |       |
|---|------------|-------|----------|-------|------------|-------|---------------|-------|
| Characteristic  | Rio Rancho |       | Sandoval |       | New Mexico |       | United States |       |
|   | 2000       | 2012  | 2000     | 2012  | 2000       | 2012  | 2000          | 2012  |
| One Race  | 95.9%      | 96.3% | 96.5%    | 96.9% | 96.4%      | 97.0% | 97.6%         | 97.2% |
| White   | 78.4%      | 82.7% | 65.1%    | 73.3% | 66.8%      | 72.3% | 75.1%         | 74.0% |
| Black or African American                             | 2.7%       | 4.4%  | 1.7%     | 3.0%  | 1.9%       | 2.0%  | 12.3%         | 12.6% |
| American and Alaska Native                            | 2.4%       | 2.4%  | 16.3%    | 12.5% | 9.5%       | 9.2%  | 0.9%          | 0.8%  |
| Asian   | 1.5%       | 1.5%  | 1.0%     | 1.3%  | 1.1%       | 1.3%  | 3.6%          | 4.9%  |
| Native Pacific Islands                                | 0.2%       | 0.1%  | 0.1%     | 0.1%  | 0.1%       | 0.1%  | 0.1%          | 0.2%  |
| Some Other Race                                       | 10.9%      | 5.2%  | 12.4%    | 6.8%  | 17.0%      | 12.1% | 5.5%          | 4.7%  |
| Two or More Races                                     | 4.1%       | 3.7%  | 3.5%     | 3.1%  | 3.6%       | 3.0%  | 2.4%          | 2.8%  |
| Hispanic or Latino (of Any Race)                      | 27.7%      | 38.5% | 29.4%    | 35.8% | 42.1%      | 46.7% | 12.5%         | 16.6% |

Source: U.S. Census Bureau, 2000 and 2012 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       | 2012   | 2000     | 2012    | 2000       | 2012      | 2000          | 2012        |
| Education Attainment              |            |        |          |         |            |           |               |             |
| High School Graduate              | 57.4%      | 25.6%  | 53.6%    | 26.2%   | 49.5%      | 26.5%     | 49.6%         | 28.3%       |
| Associate's and Bachelor's Degree | 25.8%      | 29.5%  | 23.2%    | 26.4%   | 19.5%      | 22.2%     | 21.8%         | 25.8%       |
| Graduate or Professional degree   | 7.9%       | 10.0%  | 9.3%     | 11.7%   | 9.8%       | 11.1%     | 8.9%          | 10.7%       |
| Total Households                  | 18,995     | 32,137 | 31,411   | 47,339  | 677,971    | 765,306   | 105,480,101   | 115,241,776 |
| Average Household Size            | 2.70       | 2.78   | 2.84     | 2.82    | 2.63       | 2.66      | 2.59          | 2.63        |
| Place of Birth                    |            |        |          |         |            |           |               |             |
| Native                            | 49,243     | 84,850 | 86,028   | 124,944 | 1,669,440  | 1,872,412 | 250,314,017   | 271,158,864 |
| Foreign Born                      | 2,479      | 4,649  | 3,880    | 7,259   | 149,606    | 203,913   | 31,107,889    | 40,450,505  |
| Percentage                        | 4.8%       | 5.2%   | 4.3%     | 5.5%    | 8.2%       | 9.8%      | 11.1%         | 13.0%       |

Source: U.S. Census Bureau, 2000 and 2012 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       | 2012      | 2000      | 2012      | 2000       | 2012      | 2000          | 2012      |
| Total Housing Units     |            |           |           |           |            |           |               |           |
| Occupied                | 93.9%      | 92.9%     | 90.0%     | 89.6%     | 86.8%      | 84.6%     | 91.0%         | 87.2%     |
| Owner Occupied          | 75.2%      | 78.9%     | 69.6%     | 81.2%     | 50.1%      | 68.1%     | 52.3%         | 64.7%     |
| Median Value            | \$112,900  | \$172,700 | \$115,400 | \$176,800 | \$108,100  | \$159,300 | \$119,600     | \$174,600 |
| Housing with a Mortgage |            |           |           |           |            |           |               |           |
| Median Monthly Payment  | \$955      | \$1,325   | \$979     | \$1,350   | \$929      | \$1,229   | \$1,088       | \$1,517   |
| Rent                    |            |           |           |           |            |           |               |           |
| Median Monthly Payment  | \$807      | \$997     | \$726     | \$974     | \$503      | \$744     | \$602         | \$889     |

Source: U.S. Census Bureau, 2000 and 2012 American Community Survey  
Table prepared by: The City of Rio Rancho Financial Services Department

## 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.

| <b>REVENUE &amp; EXPENDITURES PER CAPITA</b> |                             |                                |                                    |                           |                                |
|--|-----------------------------|--------------------------------|------------------------------------|---------------------------|--------------------------------|
| <b>Top Five Populated New Mexico Cities</b>  |                             |                                |                                    |                           |                                |
| <b>FY14 Adopted Budgets</b>                  |                             |                                |                                    |                           |                                |
| <b>City</b>                                  | <b>Estimated Population</b> | <b>General Fund Revenues *</b> | <b>General Fund Expenditures *</b> | <b>Per Capita Revenue</b> | <b>Per Capita Expenditures</b> |
| Albuquerque                                  | 551,597                     | \$472,842                      | \$480,335                          | \$857                     | \$871                          |
| Las Cruces                                   | 99,754                      | 88,412                         | 93,118                             | \$886                     | \$933                          |
| Rio Rancho                                   | 90,818                      | 53,053                         | 52,764                             | \$584                     | \$581                          |
| Santa Fe                                     | 68,677                      | 72,645                         | 72,721                             | \$1,058                   | \$1,059                        |
| Farmington                                   | 45,798                      | 56,228                         | 56,228                             | \$1,228                   | \$1,228                        |

\* (000's)

Source: U.S. Census Bureau, Population Division. 2010-2012 American Community Survey 3-Year Estimates.

\*Source: U.S. Census Bureau, Population Division. Annual Estimates of the resident population: April 1,2010 to July Cities' FY 14 Adopted Budgets

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

The following table shows Gross Receipt Taxes per capita.

| <b>GRT PER CAPITA</b>                       |                             |                           |                                     |                       |
|---|-----------------------------|---------------------------|-------------------------------------|-----------------------|
| <b>Top Five Populated New Mexico Cities</b> |                             |                           |                                     |                       |
| <b>FY 14 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                                 | 551,597                     | \$298,930                 | \$472,842                           | \$542                 |
| Las Cruces                                  | 99,754                      | \$64,010                  | \$88,412                            | \$642                 |
| *Rio Rancho                                 | 90,818                      | \$24,480                  | \$53,053                            | \$270                 |
| Santa Fe                                    | 68,677                      | \$50,461                  | \$72,645                            | \$735                 |
| Farmington                                  | 45,798                      | \$35,793                  | \$56,228                            | \$782                 |

\* (000's)

Source: U.S. Census Bureau, Population Division. 2010-2012 American Community Survey 3-Year Estimates.

\*Source: U.S. Census Bureau, Population Division. Annual Estimates of the resident population: April 1,2010 to July 2012.

Cities' FY 14 Adopted Budgets

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 14 Adopted Budgets</b>                    |                             |                         |                      |
| <b>City</b>                                     | <b>Estimated Population</b> | <b>General Fund FTE</b> | <b>FTE per 1,000</b> |
| Albuquerque                                     | 551,597                     | 3,989.0                 | 7.23                 |
| Las Cruces                                      | 99,754                      | 856.4                   | 8.59                 |
| *Rio Rancho                                     | 90,818                      | 634.7                   | 6.99                 |
| Santa Fe  | 68,677                      | 624.0                   | 9.09                 |
| Farmington                                      | 45,798                      | 572.5                   | 12.50                |

Source: U.S. Census Bureau, Population Division. Estimated population as July 1, 2012

\*Source: U.S. Census Bureau, Population Division. Annual Estimates of the resident population: April 1,2010 to July 2012.

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

| <b>MISCELLANEOUS INFORMATION</b>                  |              |
|---|--------------|
| <b>Function/Program</b>                           | <b>2013</b>  |
| <b>Police</b>                                     |              |
| Main Stations                                     | 1            |
| Substations                                       |              |
| Patrol Units                                      | 160          |
| <b>Fire</b>                                       |              |
| Main Stations                                     | 6            |
| Substations                                       | 1            |
| Rescues   | 10           |
| Engines   | 10           |
| <b>EMS</b>  |              |
| Ambulances  | 11           |
| <b>Animal Control</b>                             |              |
| Patrol Units                                      | 7            |
| <b>Other Public Works</b>                         |              |
| Streets (miles)                                   | 473          |
| Streetlights (metered)                            | 2,793        |
| Streetlights (unmetered)                          | 2,539        |
| Traffic signals                                   | 54           |
| <b>Parks &amp; Recreation</b>                     |              |
| New/Renovated Park Facilities                     | 5            |
| Developed Parkland (acres)                        | 300          |
| Constructed Trailways (linear feet)               | 65,150       |
| <b>Water</b>                                      |              |
| Water mains (miles)                               | 570          |
| Fire hydrants                                     | 4,320        |
| Average daily consumption (thousands of gallons)  | 10,600       |
| <b>Wastewater</b>                                 |              |
| Sanitary sewers (miles)                           | 364          |
| Treatment capacity (thousands of gallons per day) | 5,000        |
| <b>Rio Rancho School District</b>                 |              |
| Newest School District in New Mexico              |              |
| Enrollment (October 2013)                         | 17,225       |
| Comprehensive High School                         | 2            |
| Specialized High Schools                          | 2            |
| Middle Schools                                    | 4            |
| Elementary Schools                                | 10           |
| Pre-School  | 1            |
| <b>Graduation Rate District Wide</b>              | <b>84.0%</b> |

Sources: City of Rio Rancho, CAFR for the FY ended June 30, 2013  
Rio Rancho School District

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