

## 4.6 Economy

### Economic Development and Economic Base Employment

Economic development and economic base employment are the driving forces behind Rio Rancho's growth. Economic base enterprises make products and provide services that are sold outside of the local economy, which are the primary source of income and the generator of new wealth inside the community. The City has recognized the importance of economic base employment from the beginning of its economic development efforts. Rio Rancho has been successful in recruiting major employers to the City with effective incentives such as Industrial Revenue Bonds (IRB), which allow plants and facilities to qualify for revenue bond financing at below market interest rates with no property taxes for the life of the bond (10-30 years). In addition, the City does not currently charge impact fees for development that serves economic base employment.

Periodic surveys of non-residential businesses in Rio Rancho have been conducted to determine economic base employment versus local service jobs. Job parity is determined by the number of jobs available in the City compared to the resident workforce. The ratio of jobs based in Rio Rancho compared to the resident workforce has steadily improved over the years, so that the job parity ratio in 2000 was 69%. This is an index of economic development that reduces the City's dependency on Albuquerque.

The total number of jobs can be divided into economic base and local service jobs. However, the multiplier effect of economic base jobs on the number of retail and service jobs in Rio Rancho has been reduced by the presence of nearby Albuquerque. *Table 4.61* below provides job parity and economic base multiplier data supplied by the Rio Rancho Economic Development Corporation (RREDC):

**Table 4.61 - Rio Rancho Job Parity and Economic Base Multiplier Effect**

	1980	1985	1990	1995	2000	2005
Population	10,131	19,838	32,512	47,000	51,765	55,000
Workforce	3,770	8,500	15,100	22,560	28,470	34,400
Job Parity	40%	38%	63%	65%	69%	75%
Total Jobs	1,505	3,242	7,572	14,742	19,453	25,560
Economic Base Jobs -	450	1,000	3,750	7,317	10,738	14,500
Local Service Jobs -	1,055	2,242	3,822	7,425	8,805	11,360
Base/Service Multiplier -	N/A	N/A	2.02	2.02	1.82	1.8

The gross receipts tax (GRT) from retail trade is the single largest source of General Fund revenues in the City's operating budget. The loss of retail business to Albuquerque adversely affects the level of GRT that the City is able to collect. It has been estimated that the so-called "capture rate" for gross receipts taxes generated from retail expenditures by Rio Rancho residents was less than 40% in 1999. Consequently, growth in General Fund revenues have been flat during the past few years, which in turn has limited the City's ability to hire staff and provide services.

In 2000, the 16 largest employers in Rio Rancho employed 12,219 workers out of an estimated total employment base of 19,453 (*Table 4.62*). It should be noted that these statistics are based on estimates of employment positions located in the City based on metropolitan and county level work force data, and

include part time as well as full time jobs. The City Development Department and the RREDC provided the list of employers as follows:

**Table 4.62 – Rio Rancho Employers and no. of Employees**

<b>Employer</b>	<b>Employees</b>
Intel	5,400
Sprint PCS Call Center	1,200
Rio Rancho Public Schools	1,042
Victoria's Secret Call Center	950
J. C. Penney	650
NationsBank Call Center	581
Gateway Computers	491
City of Rio Rancho	457
US National Guard Hawk Facility	300
Sparton Technology	293
Brycon Corp.	170
Don Chalmers Ford	170
Lucky Savon Southwest	150
U.S. Cotton	130
Taco Bell Accounting	120
Target	115
<b>Total:</b>	<b>12,219</b>

The employment distribution in Rio Rancho has a strong economic base sector due to the Intel manufacturing plant and also includes several smaller manufacturing firms. The retail and service sector in Rio Rancho has grown in recent years due to the expansion of call centers and the development of several new shopping centers in the city, but as noted earlier, the multiplier effect of economic base jobs on retail and service jobs has been reduced by the presence of nearby Albuquerque. The 1998 UNM's Bureau of Business and Economic Research (BBER) statistics on employment distribution in Rio Rancho are illustrated in *Table 4.63* below:

**Table 4.63 – Rio Rancho Employment (1998)**

<b>Sector</b>	<b>Employment</b>	<b>Percentage</b>
Manufacturing	7,480	41.6%
Wholesale & Retail Trade	4,557	25.3%
Government	2,277	12.6%
Services	1,979	11.0%
Construction	768	4.3%
Finance, Insurance & Real Estate	590	3.3%
Transportation, Comm. & Utilities	263	1.5%
Agriculture	63	0.4%
<b>Total -</b>	<b>17,977</b>	<b>100.0%</b>

The Asian financial crisis in 1998 precipitated layoffs in manufacturing employment in Rio Rancho, which was offset by employment growth in other sectors. The manufacturing sector partly recovered its losses by 2000 with the beginning of the Intel expansion project. The loss of Fulcrum Direct depressed the local retail sector in 1999, while the addition of new call centers such as Sprint boosted employment in the communications sector (TCU). The government sector has grown steadily due to the expansion of Rio Rancho Public Schools and the establishment of branch campuses of N.M. Highlands University, Technical Vocational Institute (T-VI), UNM, and other post secondary schools.

Socioeconomic Data is typically collected by agencies based on larger geographic areas such as, county or Metropolitan Statistical Area (MSA) rather than at the city level. According to the latest figures available from the U.S. Bureau of Economic Analysis, the per capita income for the Albuquerque MSA, which includes Rio Rancho, was \$24,842 in 1998 compared to the national per capita income of \$27,203. The N.M. Department of Labor reports that average unemployment rate for the Albuquerque MSA was 3.7% in 2000, compared to a national unemployment rate of 4.2%.

Currently, the largest single construction project in Rio Rancho is the \$2 billion Intel expansion that will create another 500-1,000 jobs at Intel in manufacturing and software development. The work on the expansion project has created 2,000 construction jobs, and the project is expected to be completed in late 2001. The City of Albuquerque has enjoyed great success in creating some 5,000 new jobs during the past decade by encouraging start-up firms that use technology developed at Sandia Labs and UNM. It is hoped that Intel will act as a technology anchor "incubator" that will encourage new technology-based businesses to develop as in Rio Rancho. With Rio Rancho's educated labor force, high quality of life, and competitive business climate, the RREDC predicts strong job growth for the City.