Duke University Energy Initiative

City of Farmington, New Mexico

Rob Mayes, City Manager
I. Provide a brief overview of Farmington and its economy
According to the US Economic Development Agency, through its Cluster Mapping Project, the Farmington Economic Trade Area (outlined in black) encompasses:
- San Juan County, NM
- Colorado counties:
  - Archuleta
  - Dolores
  - Hinsdale
  - La Plata
  - Montezuma
  - San Juan

The economic trade area population is approximately 220,980 people.

Not included in the trade area, but because of Farmington’s proximity and media market extension, the population should include portions of Apache County, AZ and San Juan County, UT (Four Corners) bringing the population to approximately 307,250 people.

Source: www.clustermapping.us
City of Farmington
City of Farmington
City of Farmington – Demographics Cont’d

City of Farmington

- White: 64.87%
- White, not Hispanic or Latino: 77.18%
- Hispanic or Latino: 22.82%
- Black or African American: 0.86%
- Native Hawaiian and Other Pacific Islander: 0.23%
- Two or More Race: 4.23%
- American Indian and Alaska Native: 22.65%

Farmington MSA

- White: 38.56%
- Hispanic or Latino: 15.08%
- Native Hawaiian and Other Pacific Islander: 0.18%
- Black or African American: 0.33%
- Two or More Race: 3.18%
- American Indian and Alaska Native: 36.87%
- White, not Hispanic or Latino: 5.09%
### Top 10 Employers in San Juan County

<table>
<thead>
<tr>
<th>Employer</th>
<th>Employees</th>
<th>% of Total Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Juan Regional Medical Center</td>
<td>1,500</td>
<td>2.7%</td>
</tr>
<tr>
<td>Farmington Municipal Schools</td>
<td>1,247</td>
<td>2.2%</td>
</tr>
<tr>
<td>Central Consolidated Schools</td>
<td>1,028</td>
<td>1.9%</td>
</tr>
<tr>
<td>BHP Billiton – New Mexico Coal</td>
<td>931</td>
<td>1.7%</td>
</tr>
<tr>
<td>Aztec Well Servicing</td>
<td>775</td>
<td>1.4%</td>
</tr>
<tr>
<td>City of Farmington</td>
<td>775</td>
<td>1.4%</td>
</tr>
<tr>
<td>Conoco Phillips</td>
<td>705</td>
<td>1.3%</td>
</tr>
<tr>
<td>San Juan County</td>
<td>637</td>
<td>1.1%</td>
</tr>
<tr>
<td>San Juan College</td>
<td>527</td>
<td>1.0%</td>
</tr>
<tr>
<td>Bloomfield Municipal Schools</td>
<td>427</td>
<td>0.8%</td>
</tr>
</tbody>
</table>
II. How have cycles in oil and gas activities affected public finances?
City of Farmington GRT – 36 Year History

-16.84%

(-4.49%)

(-1.07%)

(-17.49%)
III. How does the unpredictable nature of oil and gas development affect budgeting?
City of Farmington GRT

- **FY08**: $54.78
- **FY09**: $55.86
- **FY10**: $46.09
- **FY11**: $47.92
- **FY12**: $51.63
- **FY13**: $49.23
- **FY14**: $50.13
- **FY15**: $61.70

**GRT Revenue** vs **GRT Revenue With CPI Growth**

- **Negative variance of 19.2%** between FY15 actual revenue and inflation growth (CPI).
- **17.5% drop in revenue from FY09 to FY10**.
- **14.1% growth in CPI from FY09**.
- **5.1% below FY09**.
Gross Receipts Tax by Sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>FY09</th>
<th>FY10</th>
<th>% Inc/(Dec) FY09-FY10</th>
<th>FY15</th>
<th>% Inc/(Dec) FY10-FY15</th>
</tr>
</thead>
<tbody>
<tr>
<td>RETAIL TRADE</td>
<td>$22,555,693</td>
<td>$19,811,847</td>
<td>(12.2%)</td>
<td>$20,104,562</td>
<td>1.5%</td>
</tr>
<tr>
<td>HEALTH CARE</td>
<td>$3,329,037</td>
<td>$3,472,990</td>
<td>4.3%</td>
<td>$3,956,952</td>
<td>13.9%</td>
</tr>
<tr>
<td>SERVICES</td>
<td>$11,503,740</td>
<td>$9,858,507</td>
<td>(14.3%)</td>
<td>$13,369,341</td>
<td>35.6%</td>
</tr>
<tr>
<td>OIL AND GAS</td>
<td>$3,964,042</td>
<td>$2,793,464</td>
<td>(29.5%)</td>
<td>$1,782,822</td>
<td>(36.2%)</td>
</tr>
<tr>
<td>WHOLESALE TRADE</td>
<td>$4,062,795</td>
<td>$2,357,896</td>
<td>(42.0%)</td>
<td>$2,713,436</td>
<td>15.1%</td>
</tr>
<tr>
<td>CONSTRUCTION</td>
<td>$3,679,798</td>
<td>$2,633,989</td>
<td>(28.4%)</td>
<td>$2,977,723</td>
<td>13.0%</td>
</tr>
<tr>
<td>OTHER</td>
<td>$5,762,829</td>
<td>$5,158,029</td>
<td>(10.5%)</td>
<td>$8,102,085</td>
<td>57.1%</td>
</tr>
<tr>
<td>TOTAL ALL SECTORS</td>
<td>$54,857,934</td>
<td>$46,086,722</td>
<td>(16.0%)</td>
<td>$53,006,921</td>
<td>15.0%</td>
</tr>
</tbody>
</table>

Services include: Professional & Technical, Management, Administration & Support, Educational, Arts & Entertainment, and Food Service.
Other include: Agriculture, Transportation & Warehouse, Manufacturing, Utilities, Information & Cultural, Finance & Insurance, and Real Estate, Rental & Leasing.
Job growth recovery in our area is proportionate to national trends.

Sources: U.S. Bureau of Labor Statistics
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IV. What lessons can Farmington offer other local governments?
Industry Targets – Four Corners Economic Development

Agriculture
- 63% of New Mexico’s water flows through San Juan County.
- The San Juan Basin is well suited for production of biofuels, agrotourism, and pairing the production of food with food processing.

Energy / Manufacturing
- Economic activity ranging from natural resource production and power generation to manufacturing, assembly, transportation, and data centers.
- Opportunities exist to capitalize on the region’s natural resources, infrastructure, production capacity, and know-how from years of drilling in the San Juan Basin.

Tourism
- There are several tourist attractions within an hour and a half drive from Farmington including, San Juan River, Chaco Culture National Historic Park, Aztec Ruins, and Canyon de Chelly National Monument to name a few.

Education
- San Juan College is one of the top community colleges in the nation.
- The School of Energy at San Juan College offers specialized training in oil and gas.

Health Services
- Healthcare is becoming an increasingly significant component of the economic base in San Juan County.
- San Juan Regional Medical Center is nationally recognized in fields such as cardiac, stroke and orthopedic care.

Location Neutral
- Location neutral wage earners that derive income from outside the community and spend money within the local community will enjoy the relative rural setting, access to nationally acclaimed medical and educational opportunities, and the unique recreational and cultural activities in the Four Corners region.
Conclusion

Work intentionally to create a vision and strategies for economic development and diversification…but, don’t underestmate or underappreciate *Retail* and *Services*. 