

2. EXISTING CONDITIONS

DEMOGRAPHIC TRENDS IN
SAN JUAN COUNTY

A. Introduction

This section provides background information on San Juan County, including an analysis of demographic trends and a discussion of the historic context and resources of the county.

Long-term demographic and economic trends tend to shape the future of communities. While the past does not dictate the future, the dynamics of long-range trends generally continue with some momentum into the future, unless unforeseen conditions intervene.

B. Historic and Projected Population

Over the 90-year period of 1910-2000, San Juan County grew from a small rural population of under 9,000 residents to a substantial and fairly complex group of communities encompassing urban centers and various rural areas.

The cyclical nature of the oil and gas industries caused minor fluctuations in populations over the decades, but from the 1950s through about 2010, the region grew steadily. The recession that occurred in the first decade of the new millennium also coincided with a global increase in extraction of natural gas, the major product

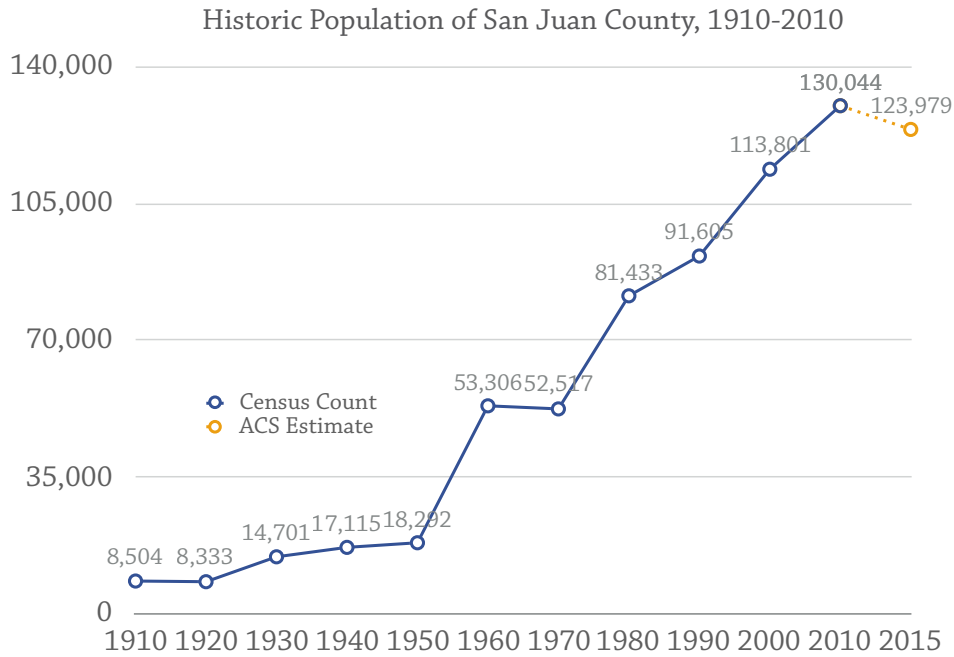
of the San Juan Basin. This oversupply reduced market value and disincentivized new drilling. As a result, natural gas production continues to decline, and with it, so does the population of San Juan County.

The 2010 Census count established the population at just over 130,000 people. Since then, the population has contracted; the 2016 American Community Survey (ACS) (an average of survey results from the previous five years) estimated San Juan County's population to be only 122,537.

Geospatial and Population Studies (GPS) at the University of New Mexico projects future populations for each county in the state. In 2012 — as the nation began to recover from the 2008 recession and long before the numbers indicated that New Mexico would lag behind this recovery — GPS projected the 2040 population to be over 175,000 people. In 2018, once it became apparent that New Mexico had lagged behind the nation in its economic recovery, GPS revised its projections downward, to just under 138,000 people in 2040.

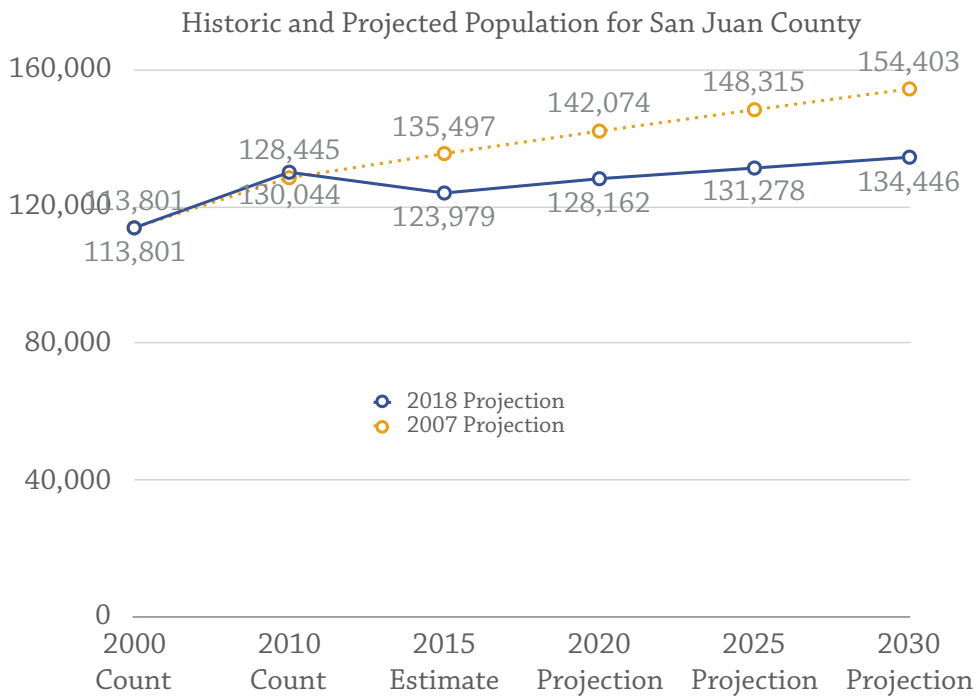
Unlike many other counties in the state, San Juan County will continue to grow, although at a slower rate than previously assumed.

Exhibit 2-1 Historic Population of Cities in San Juan County



Source: US Census Bureau, Decennial Census, 1910-2010, and American Communities Survey (ACS) 5-Year Estimate (2011-2015), Table S0101

Exhibit 2-2 UNM GPS Future Population Projections for San Juan County



Sources: UNM Geospatial and Population Studies July 2018 Population Projections, UNM Bureau of Business and Economic Research 2007 Population Projections

C. Population of Cities in San Juan County

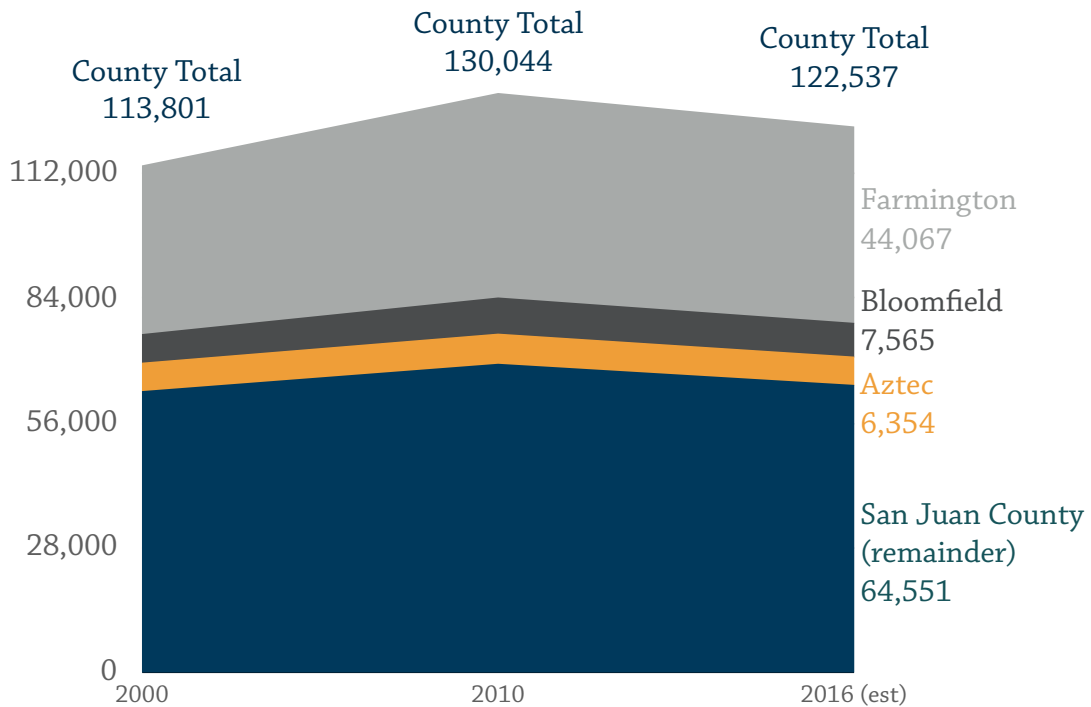
The population of the cities within San Juan County grows and declines in rough proportion to the county's overall population. Farmington, by far the largest municipality in the county, accounts for approximately one-third of the county's population. Bloomfield, Aztec and the recently incorporated Kirtland all have less than 10,000 people. Note that this analysis does not include Kirtland as a separate entity because the incorporated boundaries of the town of

Kirtland do not match its former boundaries as a Census Designated Place (CDP). (The U.S. Census American Community Survey [ACS] five-year population estimate for 2011-2015 for the CDP was 6,068, whereas the 2012-2016 estimate for the town of Kirtland was 751.)

Shiprock is the largest unincorporated community in San Juan County, with an ACS 2012-2016 population estimate of 8,135.

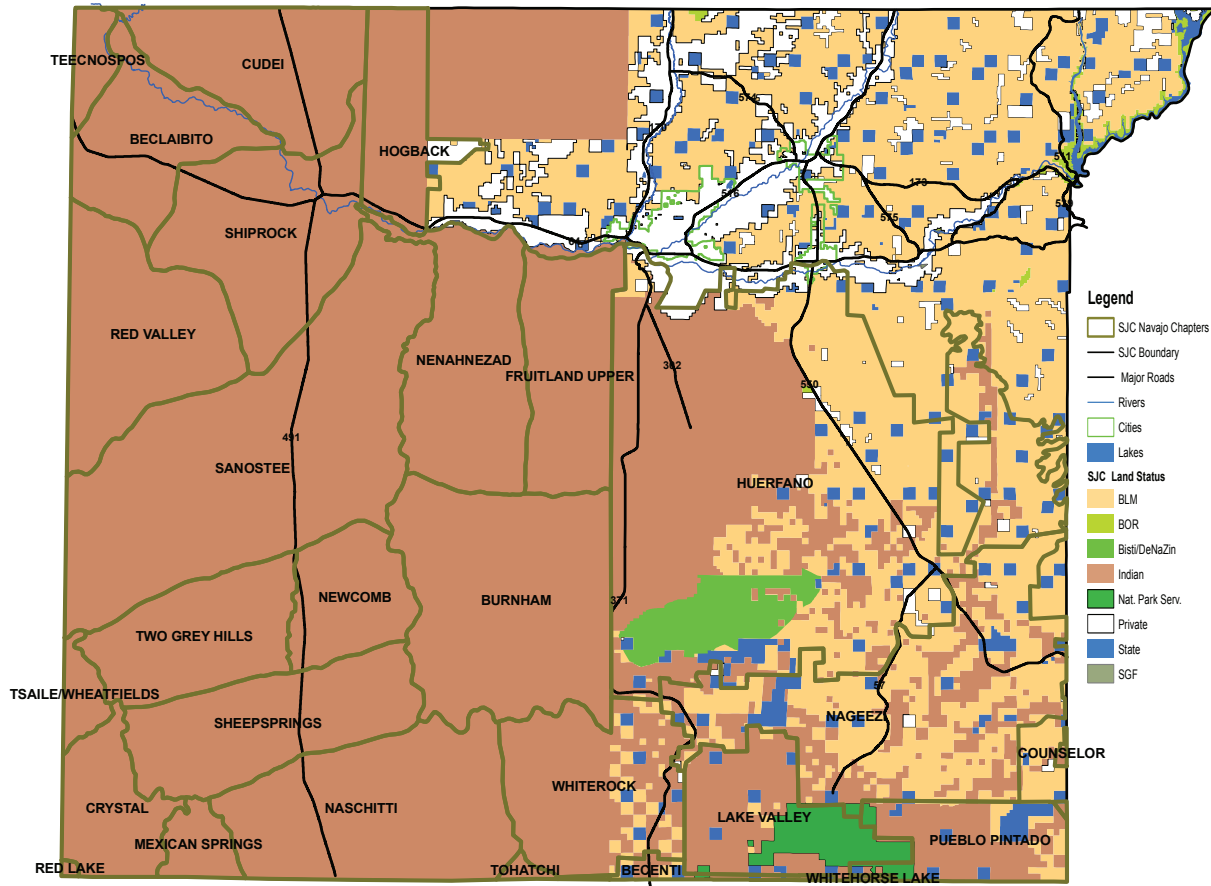
Exhibit 2-3 Population Change by Area, 2000-2016

San Juan County Population Change by Area



Source: US Census, 2000 & 2010 & Census ACS estimate, 2016

Exhibit 2-4 Navajo Chapters in San Juan County



D. Jurisdictions

Jurisdictional Limitations

The Navajo Nation has jurisdiction over the western half of the county. The Ute Mountain Ute Tribe has jurisdiction over a portion of land along the Colorado border. This plan encourages coordination and collaboration between San Juan County and tribal entities (as well as other stakeholder agencies at all levels of government). However, because the county administration does not hold authority over tribal land, this report makes recommendations only for unincorporated land not held by any tribal agency, authority, or jurisdiction.

Navajo Nation Chapters

Three Navajo agencies — Northern (Shiprock), Fort Defiance, and Eastern — exist at least in part within the boundaries of San Juan County. These agencies include 16 Navajo Chapters, shown on the map above.

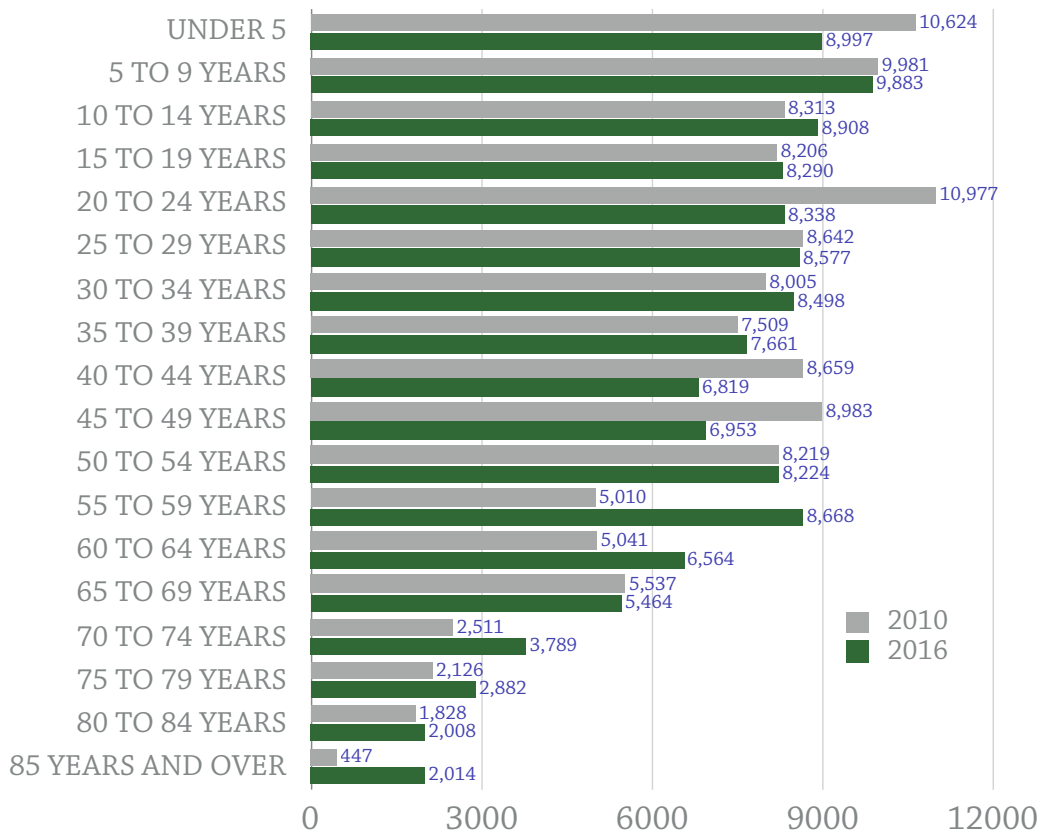
E. Age of Residents

The U.S. Census identified the median age of San Juan County residents as 31.0 in 2000 and 33.0 in 2010 (per U.S. Census table P13). The 2016 American Community Survey (1-year estimate, U.S. Census table B01002) estimated the median age to be 35.6, with a margin of error of ± 0.3 .

This increase in median age agrees with age cohort analysis, which shows a decline in college- and working-age populations and an

increase in seniors. This demographic shift is common across New Mexico, although in most rural communities, this shift occurs as young people migrate to larger cities to seek employment. In the case of San Juan County, the shift is more likely due to changes in the oil and gas industry, as companies relocate their workers out of the county to other extraction areas.

Exhibit 2-5 Population Change by Age, 2010-2016



Source: U.S. Census Bureau, American Community Survey 5-Year Estimates (2006-2010 and 2012-2016), Table B01001

F. Summary of Existing Conditions

A combination of factors has diminished the strength of the oil and gas industry that has driven the economy San Juan County for the past several decades. Oversaturation of the natural gas market has dampened prices and discouraged production; new extraction methods require fewer workers per well site; a concentration of ownership of mineral rights has resulted in many companies relocating operations out of the area; and two electricity providers, Arizona Public Services Company and Public Service Company of New Mexico, have shuttered parts of their coal power plants and coal mines, and plan to continue to downscale operations.

The loss of associated high-paying jobs which require a great deal of highly specific technical skill, has resulted in dwindling population, decreasing median income, and a demographic shift towards an older population.

Entities within the county have made great efforts to diversify the economy and meet the economic demand of various market sectors (see the Economic Development Element), but few target industries can provide the same level of employment and income as the waning oil and gas industry.

