

CITY OF ALBUQUERQUE DEPARTMENT OF FINANCE AND ADMINISTRATIVE SERVICES

Timothy M. Keller, Mayor

Interoffice Memorandum

May 31,2019

EC-19-434

TO: Klarissa J. Peña, City Council President

FROM: Timothy M Keller, Mayor

SUBJECT: Report on Uses of 3/8 Hold Harmless Tax – Fiscal Year 2019 – Quarter 3

This memo is in response to your request for information regarding the new $3/8^{th}$ cent GRT tax passed by Council last spring. The tax took effect July 1, 2018 and is expected to generate \$49.6 million by the close of Fiscal Year 2019. After taking into account the $1/12^{th}$ state required reserve, this leaves \$45.5 million available for appropriation. The enabling legislation mandates at least 60% of this new tax be spent on improving public safety in the City. When youth and social service programs are included, the targeted use for public safety is closer to 78%.

For the close of the third quarter of the fiscal year ending March 31, 2019, we estimate the total expenditures at \$29.8 million, with 77.0% of those expenses categorized as "Public Safety".

The Office of Internal Audit completed a special review of the Hold Harmless Report and indicated that the report was not sufficient. They recommend that the City establish new departments to track spending. They also provided a suggested report format. They did not fill in the actual quarterly expenditures because it is not possible to do so with the current program set up the City has. The suggested process would require separate programs for hold harmless tax employees as opposed to putting the police officers in the programs such as Neighborhood Policing. It is not cost effective to track the actual expenditures in the format they presented nor is it cost effective to do so. The cost of providing the information including the costs of gathering, processing and compiling the information should not be is cost prohibitive. The administration has done a detailed analysis of each line item. We have ensured that the amounts put into the justification were budgeted and we are comparing the budgeted amounts with actual expenditures for each item by quarter. In addition, the administration developed an additional report called the Committed Revenue Report that compares budgeted expenditures to actual expenditures and highlights key indicators in public safety segments such as budgeted FTE's compared to actual FTE's by quarter, and the number of police vehicles bought with the amounts justified in the tax. Additional key indicators are an option. We took the costs identified in the quarterly report by line item and added it to the Committed Revenue Report. We have also added in the other public safety revenues that are committed.

The report at the end of the year will highlight the complete picture showing the budgeted expenditures and the total annual expenditures. The detailed reports are attached to this memo. The detail review by line item can be found in the excel file attached.

Please feel free to contact me if you have any questions.

Recommend:

Renée Martínez,

Approved:

Sarita Mair, Chief Administrative Officer

Approved as to Legal Form

6-15 guilar Jr. City Attorney Esteban

Cover Analysis

1. What is it? Required communication for results of second quarter hold harmless tax.

2. What will this piece of legislation do? Inform Councilor Jones of the expenditures of the hold harmless tax.

3. Why is this project needed? Required by Council.

4. How much will it cost and what is the funding source? zero

5. Is there a revenue source associated with this Plan? If so, what level of income is projected? This is a report of the hold harmless tax implemented in FY2019.

City of Al	buquerque, NN	1														
leport or	n Gross Receipt	ts Tax Hold Harmless - 411608														
or the Q	Quarter Ending	March 31, 2019 Fiscal Year 2019														
										Month						
Revenues			Estimated Annual Revenue/Expen diture	Budgeted Avg/mo	Base Line Expenditures* or Adjusted Base	Baseline Expenditures Average/Mo	July	August	September	October	November	December	January	Feburary	March	Total for FY2019 Qtr
	New Tax	Gross Receipts Tax Hold Harmess - 411608 Received	45,500,000	3.791.667	or Aujusteu base	Average/ IVIO	July		(4,362,764)	(4,570,310)	(4.343.550)	(4,600,293)	(4,330,154)	(4,953,907)	(4,287,552)	
	New Tax	Gross Receipts fax flord flatmess - 411008 Received	43,300,000	3,791,007			0	(143,448)	(4,302,704)	(4,570,510)	(4,343,330)	(4,000,293)	(4,330,134)	(4,555,507)	(4,287,332)	(31,391,97
Expendit	urec															
Item	ures															
No. (a)	Department	Purpose of the Gross Receipts Tax														
		APD: Police Officer Recruitment and Retention, including funding for					•									
1	APD	100 additional officers	\$ 10,985,642		101,714,046	8,476,170	8,653,666	9.183.422	9,561,552	9.835.244	9,987,213	10,098,704	10,561,623	9,121,296	9.142.292	
		Increase in APD Wages and Fringes from baseline		915,470		915,470	177,496	707,251	1,085,382	1,359,074	1,511,043	1,622,534	2,085,453	645,126	666,121	9,859,47
2	APD	APD: Police Vehicles	\$ 4,000,000	333,333	4,000,000	333,333	333,333	333,333	333,333	333,333	333,333	333,333	333,333	333,333	333,333	2,999,99
3	APD	APD: Additional Dept. of Justice Compliance Initiatives	\$ 2,331,083	194,257	2,331,083	194,257	194,257	194,257	194,257	194,257	194,257	194,257	194,257	194,257	194,257	
4		APD: Addressing Backlogs in the Crime Lab	\$ 1.882.690	156,891	1.882.690	156.891	156,891	156.891	156.891	156,891	156.891	156,891	156.891	156,891	156.891	
5	APD	APD: Property Crime Reduction Program	\$ 1,830,578	152,548	1,124,690	93,724	93,724	93,724	93,724	93,724	93,724	93,724	93,724	93,724	93,724	843,51
6	APD	APD: Support Staff	\$ 1,494,600	124,550	1,494,600	124,550	124,550	124,550	124,550	124,550	124,550	124,550	124,550	124,550	124,550	1,120,95
7	APD	APD: Other Equipment and Technology	\$ 1,248,000	104,000	872,153	72,679	72,679	72,679	72,679	72,679	72,679	72,679	72,679	72,679	72,679	654,11
8	CPOA	Civilian Police Oversight Agency - Additional Resources	\$ 227,000	18,917	227,000	18,917	18,917	18,917	18,917	18,917	18,917	18,917	18,917	18,917	18,917	170,25
9	FIRE	Home Engagement and Alternative Response Teams (HEART)	\$ 2,209,850	184,154	2,209,850	184,154	141,850	294,260	102,854	189,842	346,863	204,818	137,987	(428,596)	128,654	1,118,53
10	FIRE	Albuquerque Fire & Rescue Department- Additional Resources	\$ 4,649,150	387,429	1,068,142	89,012	89,012	89,012	89,012	89,012	89,012	89,012	89,012	89,012	89,012	801,10
11	FCS	Funding for Behavioral Health and Homelessness Programs - previous	\$ 2,000,000	166.667	2,000,000	166.667	166.667	166.667	166,667	166.667	166.667	166.667	166.667	166.667	166.667	1.500.00
12	FCS	Youth Crime Reduction & Prevention Programs	\$ 954,600	79,550	954.600	79.550	79,550	79,550	79,550	79,550	79,550	79,550	79,550	79,550	79,550	715,95
13		Safe City Strike Force - Additional Resources (\$477k board ups and 2 i		50,167	494,000	41,167	41,167	41,167	41,167	41,167	41,167	41,167	41,167	41,167	41,167	
	DMD, TRANSIT,		\$ 002,000	50,107	r	41,107	41,107	41,107	41,107	41,107	41,107	41,107	41,107	41,107	41,107	570,50
14		Non-APD/AFD Public Safety Personnel	\$ 918,951	76.579	937,217	78,101	78.101	78.101	78.101	78.101	78.101	78.101	78.101	78.101	78.101	702.91
15	,	Increased Healthcare Costs	\$ 7,000,000	583,333	4,532,500	377.708	377,708	377.708	377.708	377,708	377.708	377.708	377.708	377.708	377,708	
		Replacing lost hold harmless revenue	\$ 3,171,939.33	264,328	3,171,939	264,328	264,328	264,328	264,328	264,328	264,328	264,328	264,328	264,328	264,328	
		Total Expenditures	\$ 45.506.083	¢ 0 700 174												\$ 29,795,96
		Total Experiortures	\$ 45,506,085	\$ 5,792,174												\$ 29,795,90
		Total Tax	49.643.000													29.795.96
		After 1/12th	45,506,083													23,795,90
		Aiter 1/1210	45,500,085													
		Budgeted Public Safety Expenditures (dept APD)	23,772,593								Safety Expenditure	es (Item no 1-12)				22,944,22
		% of 3-8 cent tax expenditures	52%							% of 3-8 cent tax	expenditures					77.0

Quartar Cant Public Safaty Tay 9-3	2/8 Cont Ta	v Danowt															
Quarter Cent Public Safety Tax & 3	5/8 Cent Ta	х керон															
FY2019 QTD March 2019											Filled Pos	sitions					
rund Program	Program ID	Budgeted FTE's - GF	Civilian	Sworn	FY2019 Budget	FY2018 Original Budget	Increase in the Budget	Hold Harmless Justification Annual Amount	FY2019 QTD Actual Expenditures	FTE's	Civilian	Sworn	# of Vehicles purchased	Committed Revenue - Qtr. Cent Tax (1)	Charges for Off Duty Police OT Program 442008	Committed Revenue - 3/8 TAX PROGRAM (2)	Net GF Expenditure
110 Police		1560			188,856,000	170,559,000	18,297,000										
PD - Administrative Support	5100004	88	86	2	16,602,000	16,318,000	284,000	476,000	12,168,291	71	71	-					
PD - Investigative Services	5100004		159	177	35,845,000	32,824,000	3,021,000		27,193,825	324	139	185					
PD - Neighborhood Policing	5100002		60	819	107,076,000	98,878,000	8,198,000	12,233,642	76,668,885	755	69	686					
PD - Off Duty Police OT Program	5100010				1,800,000	1,800,000	-	-	2,401,135								
PD - Prisoner Transport Program	5100007		30		2,309,000	1,922,000	387,000	373,000	1,823,552	27	27						
PD - Professional Accountability	5100005		185	42	21,024,000	18,817,000	2,207,000	2,776,683	16,807,552	192	154	38					
PD - Trsf to LEPF Fund	5100008	0			200,000	-	200,000	200,000	150,003								
PD - Trsf to CIP Fund	5100012				4.000.000	_	4.000.000	4.000.000	2,999,997				56				
	5100012	1560	520	1040	188,856,000	170,559,000	18,297,000	,,	140,213,239	1,369	460	909		(9,995,713)	(2,190,891)	(18,638,387)	109,388,24
(1) With the removal of the Jail, the revenue	e allocated to					170,557,000	10,277,000	23,112,375	140,213,237	1,507	400	,0,		(),))3,(13)	(2,1)0,0)1)	(10,050,507)	109,500,24
(2) Committed 3/8 tax amount is derrived fr																	
110 Civilian Police	1510000	8			1,087,000	860,000	227,000	227,000	842,619	7				-	-	(170,250)	672,36
110 Fire	-	730						-		-							
FD - Headquarters	2700002		11	9	2,505,000	2,422,000	83,000	83,000	1,938,604	23	13	8					
FD - Dispatch	2700002			42	5,731,000	5,116,000	615,000	615,000	4,606,391	44	15	44					
FD - Emergency Response	2700004			612	67,588,000	61,779,000	5,809,000		49,481,190	556		556					
FD - Fire Prevention Marshal's Office			3	26	3,577,000	3,398,000	179,000	179,000	3,140,747	37	3	34					
FD - Logistics	2700007	12	1	11	1,511,000	1,421,000	90,000	78,160	1,342,033	10	9	1					
FD - Training	2700006	15	14	1	2,417,000	2,334,000	83,000		2,374,365	22	1	21					
		730	29	701	83,329,000	76,470,000	6,859,000	6,859,000	62,883,329	692	26	664		(8,496,356)	-	(1,919,639)	52,467,33
110 Crime Prevention and Intervention	Programs - FO	cs															
Affordable Housing Contracts	2900009	1			2,530,000	2,334,000	196,000		1,485,699	1							
Emergency Shelter Program	2900013	1			1,651,000	1,633,000	18,000		1,176,397	1							
Health and Human Services	2900008				3,705,000	3,526,000	179,000		2,304,901	16							
Homeless Support	2900019				3,220,000	3,518,000	(298,000)	1	1,676,175	1							
Mental Health Contracts	2900012				3,358,000	2,910,000	448,000		1,968,020	3							
Substance Abuse contracts	2900015				3,798,000	3,793,000	5,000		1,597,167	6							
Transitional Housing	2900018				167,000	167,000	-		92,098	-							
Youth Gang Contracts	2900014	0 25			1,245,000 19,674,000	1,271,000 19,152,000	(26,000)		696,544 10,997,001	- 28				(6,497,213)	-	(2,215,950)	2,283,83
include educational initiatives?					19,674,000	See detailed re				20				(0,497,213)	-	(2,215,930)	2,285,85
								l									
110 Planning	40000000	178		<u> </u>	4 417 000	2 727 000	600.000	602.000	2 502 211				l				
PL - Code Enforcement	4900002				4,417,000	3,737,000	680,000	602,000	2,502,211	37							
PL - One Stop Shop	49000005				7,401,000	6,906,000	495,000		5,243,149	78							
PL - Real Property Program PL - Strategic Support	4900008 4900001	19			862,000 2,055,000	835,000	27,000 59,000		621,392 1,320,661	20							
PL - Strategic Support PL - Urban Design & Devel Prog	4900001				2,055,000	1,998,000	198,000	1	1,320,001	18							
PL - Transfer to MRA F275	4900003				445,000	245,000	200,000	1	333,747	10							
	4200007	178			17,348,000	15,689,000	1,659,000	602,000	11,342,206	162				-	-	(370,500)	10,971,70
Non-APD/AFD Public Safety Personnel General Fund Miscellaneous	Multiple						918,951	918,951	491,478							(689,213)	
	multiple						,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,10,551	101,170							(00),210)	
All					66 152 000	50 502 000	6 5 60 000		11 089 787							(2.200.275)	5 coo 41
Funds Account 515600- All depts except or	ies included a	bove, propie	uary runds		00,152,000	59,592,000	6,560,000	7,000,000	11,089,787					-	-	(3,399,375)	7,690,41
F110 Replacing lost Hold Harmless Reven Lost	iue																
Rev. Replacing lost hold harmless																	
GF revenue	\$ 3,171,939				\$ 1,057,313			3,171,939								(2,378,954)	
Pasama														(2.082.000)		(2.420.152)	
Reserve														(2,082,000)		(2,430,152)	
Total							35,042,951	45,506,083	237,859,659.57					(27,071,282)	(2,190,891)	(32,212,421)	164,139,41
A stural 2/8 Car (D D)	DTD 12/21/10															(21 501 050)	
Actual 3/8 Cent Revenue Received (cation levels														(31,591,979) 620,442	

City of Albuquerque, NM

Report on Gross Receipts Tax Hold Harmless - 411608

For the Quarter Ending March 31, 2019 Fiscal Year 2019

	-	Month													-	
Revenues	s		Estimated Annual Revenue/Expendi ture		Base Line Expenditures* or Adiusted Base	•	vlut	August	September	October	November	December	January	Feburary	March	Total for FY2019 Qtr 3
	New Tax	Gross Receipts Tax Hold Harmess - 411608 Received	45,500,000	3,791,667			0	(143,448)					(4,330,154)		(4,287,552)	
Expenditu Item	res															
No. (a)	Department															
	· · · · · · · · · · · · · · · · · · ·	APD: Police Officer Recruitment and Retention, including funding for 100														
1	APD		\$ 10,985,642		101,714,046		8,653,666	9,183,422		9,835,244	9,987,213	10,098,704	10,561,623	9,121,296	9,142,292	0
		Increase in APD Wages and Fringes from baseline		915,470		915,470	177,496	707,251		1,359,074	1,511,043	1,622,534	2,085,453	645,126	666,121	9,859,478
2	APD	APD: Police Vehicles	\$ 4,000,000	333,333		,	333,333	333,333		333,333	333,333	333,333	333,333	333,333	333,333	2,999,997
3	APD	APD: Additional Dept. of Justice Compliance Initiatives	\$ 2,331,083	194,257	, ,	,	194,257	194,257	,	194,257	194,257	194,257	194,257	194,257	194,257	1,748,312
4	APD	APD: Addressing Backlogs in the Crime Lab	\$ 1,882,690	156,891	, ,	,	156,891	156,891		156,891	156,891	156,891	156,891	156,891	156,891	1,412,018
5	APD	APD: Property Crime Reduction Program	\$ 1,830,578	152,548	, ,	,	93,724	93,724	,	93,724	93,724	93,724	93,724	93,724	93,724	843,518
6	APD	APD: Support Staff	\$ 1,494,600	124,550	, ,	,	124,550	124,550		124,550	124,550	124,550	124,550		124,550	1,120,950
7	APD	APD: Other Equipment and Technology	\$ 1,248,000	104,000	- ,		72,679	72,679		72,679	72,679	72,679	72,679	/	72,679	654,115
8	CPOA	Civilian Police Oversight Agency - Additional Resources	\$ 227,000	18,917	,	,	18,917	18,917	,	18,917	18,917	18,917	18,917	18,917	18,917	170,250
9	FIRE	Home Engagement and Alternative Response Teams (HEART)	\$ 2,209,850	184,154	, ,	,	141,850	294,260		189,842	346,863	204,818	137,987	(428,596)	128,654	1,118,533
10	FIRE	Albuquerque Fire & Rescue Department- Additional Resources	\$ 4,649,150	387,429			89,012	89,012		89,012	89,012	89,012	89,012	89,012	89,012	801,107
11	FCS	Funding for Behavioral Health and Homelessness Programs - previously slat	t\$ 2,000,000	166,667	7 2,000,000	166,667	166,667	166,667	166,667	166,667	166,667	166,667	166,667	166,667	166,667	1,500,000
12	FCS	Youth Crime Reduction & Prevention Programs	\$ 954,600	79,550	954,600	79,550	79,550	79,550	79,550	79,550	79,550	79,550	79,550	79,550	79,550	715,950
13	PLANNING	Safe City Strike Force - Additional Resources (\$477k board ups and 2 FTE's)	\$ 602,000	50,167	494,000	41,167	41,167	41,167	41,167	41,167	41,167	41,167	41,167	41,167	41,167	370,500
	DMD, TRANSIT,	.Т,														
14	APD, AWD	Non-APD/AFD Public Safety Personnel	\$ 918,951	76,579	737,217	61,435	61,435	61,435	61,435	61,435	61,435	61,435	61,435	61,435	61,435	552,913
15	HR	Increased Healthcare Costs	\$ 7,000,000	583,333	4,532,500	377,708	377,708	377,708		377,708	377,708	377,708	377,708	377,708	377,708	3,399,375
	Lost Revenue	3														
16	GF	Replacing lost hold harmless revenue	\$ 3,171,939.33	264,328	3 3,171,939	264,328	264,328	264,328	264,328	264,328	264,328	264,328	264,328	264,328	264,328	2,378,954
		Total Expenditures	\$ 45,506,083	\$ 3,792,174												\$ 29,645,968
		Total Tax	49,643,000													29,645,968
		After 1/12th	45,506,083													
		Budgeted Public Safety Expenditures (dept APD)	23,772,593								Safety Expenditures ((dept APD)				18,638,387
		% of 3-8 cent tax expenditures	52%						%	% of 3-8 cent tax e	.xpenditures					62.9%
		Budgeted Public Safety Expenditures (dept APD) % of 3-8 cent tax expenditures	23,772,593 52%							% of 3-8 cent tax ex		ſ	αερτ ΑΡΟ)	αερτ ΑΡυ)	מפסד איט)	מפסד איטן

(a) See detailed tab reviews for each item number in the report