



City of Albuquerque

EC-19-383

Timothy M. Keller, Mayor

Memorandum

April 8, 2019

To: Klarissa J. Peña, President, City Council

From: Timothy M. Keller, Mayor *K*

Subject: Report on Uses of 3/8ths Hold Harmless Gross Receipts Tax (FY2019 2nd Quarter)

A report on the uses of the three-eighths of one percent (.375%) hold harmless gross receipts tax, which took effect July 1, 2018, has been prepared and is attached. The tax is expected to generate \$49.6 million in revenue by the close of Fiscal Year 2019. After taking into account the 1/12th state required reserve, this leaves \$45.5 million available for appropriation. The enabling legislation mandates that 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 second quarter of the current fiscal year, we estimate the total expenditures at \$21.1 million, with 81.8% of those expenses categorized as "Public Safety". As you are aware, some of the additional money was targeted for new initiatives such as new positions and vehicles, making the tracking of costs fairly easy. Other costs covered by the new tax are more difficult to quantify, such as pay increases within the Police Department or restored (avoided reductions) social service contracts. The Office of Management and Budget has developed a report to track actual expenses as compared to planned expenses within the Fiscal Year 2019 Budget. The detailed report is attached to this memo.

cc: Sanjay Bhakta, CFO
Renée Martínez, Budget Officer (acting), Department of Finance and Administrative Services
Pam Fanelli, Controller, Department of Finance and Administrative Services



CITY OF ALBUQUERQUE
DEPARTMENT OF FINANCE AND
ADMINISTRATIVE SERVICES

DATE: February 26, 2019
TO: Trudy Jones, City Councilor, District 6
FROM: Sanjay Bhakta, CFO *RM for SB*
SUBJECT: Report on Uses of 3/8 Hold Harmless Tax

This memo is in response to your request for information regarding the new 3/8th 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 1/12th 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 second quarter of the fiscal year ending December 31, 2018, we estimate the total expenditures at \$21.1 million, with 81.8% of those expenses categorized as "Public Safety". As you are aware, some of the additional money was targeted for new initiatives such as new positions or vehicles, making the tracking of costs fairly easy. Other costs covered by the new tax are a bit more difficult to quantify, such as pay increases at Police or restored (avoided reductions) social service contracts. Nevertheless, the Office of Management and Budget has developed a report to track the expenses based on the plan put forth in the Fiscal Year 2019 Budget. The detailed report is attached to this memo. Please feel free to contact me if you have any questions.

City of Albuquerque, NM											
Report on Gross Receipts Tax Hold Harmless - 411608											
For the Quarter Ending December 31, 2018 Fiscal Year 2019											
				Month							
			Estimated Annual Revenue/Expen diture	Baseline Expenditures Average/Mo	July	August	September	October	November	December	Total for FY2019 Qtr 2
Revenues											
	New Tax	Gross Receipts Tax Hold Harmess - 411608 Received	45,500,000		0	(143,448)	(4,362,764)	(4,570,310)	(4,343,550)	(4,600,293)	(18,020,366)
Expenditures											
Item No.	Department	Purpose of the Gross Receipts Tax									
1	APD	APD: Police Officer Recruitment and Retention, including funding for 1	\$ 10,985,642	8,476,170	8,653,666	9,183,422	9,561,552	9,835,244	9,987,213	10,098,704	0
		<i>Increase in APD Wages and Fringes from baseline</i>		915,470	177,496	707,251	1,085,382	1,359,074	1,511,043	1,622,534	6,462,778
2	APD	APD: Police Vehicles	\$ 4,000,000	333,333	333,333	333,333	333,333	333,333	333,333	333,333	1,999,998
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	1,165,542
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	941,345
5	APD	APD: Property Crime Reduction Program	\$ 1,830,578	93,724	93,724	93,724	93,724	93,724	93,724	93,724	562,345
6	APD	APD: Support Staff	\$ 1,494,600	124,550	124,550	124,550	124,550	124,550	124,550	124,550	747,300
7	APD	APD: Other Equipment and Technology	\$ 1,248,000	72,679	72,679	72,679	72,679	72,679	72,679	72,679	436,077
8	CPOA	Civilian Police Oversight Agency - Additional Resources	\$ 227,000	18,917	18,917	18,917	18,917	18,917	18,917	18,917	113,500
9	FIRE	Home Engagement and Alternative Response Teams (HEART)	\$ 2,209,850	40,011	40,011	40,011	40,011	40,011	40,011	40,011	240,065
10	FIRE	Albuquerque Fire & Rescue Department- Additional Resources	\$ 4,649,150	6,041,437	289,441	404,028	229,431	345,862	612,351	565,279	2,446,391
11	FCS	Funding for Behavioral Health and Homelessness Programs - previous	\$ 2,000,000	166,667	166,667	166,667	166,667	166,667	166,667	166,667	1,000,000
12	FCS	Youth Crime Reduction & Prevention Programs	\$ 954,600	79,550	79,550	79,550	79,550	79,550	79,550	79,550	477,300
13	PLANNING	Safe City Strike Force - Additional Resources (\$477k board ups and 2 F	\$ 602,000	41,167	41,167	41,167	41,167	41,167	41,167	41,167	247,000
14	DMD, TRANSIT, APD, AWD	Non-APD/AFD Public Safety Personnel	\$ 918,951	76,579	76,579	76,579	76,579	76,579	76,579	76,579	459,476
15	HR	Increased Healthcare Costs	\$ 7,000,000	377,708	377,708	377,708	377,708	377,708	377,708	377,708	2,266,250
16	Lost Revenue GF	Replacing lost hold harmless revenue	\$ 3,171,939	264,328	264,328	264,328	264,328	264,328	264,328	264,328	1,585,970
Total Expenditures			\$ 45,506,083								\$ 21,151,336
Total Tax			49,643,000								
After 1/12th			45,506,083								
Budgeted Public Safety Expenditures			35,334,144					Budgeted Public Safety Expenditures (dept APD)			17,299,116
% of 3-8 cent tax expenditures			78%					% of 3-8 cent tax expenditures			81.8%