EC-19-434



CITY OF ALBUQUERQUE

DEPARTMENT OF FINANCE AND ADMINISTRATIVE SERVICES

Timothy M. Keller, Mayor

Interoffice Memorandum

May 31,2019

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 3/8th 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 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, Director DFAS

Approved:

Sarita Wair, Chief Administrative Officer

Approved as to Legal Form

Esteban Aguilar Jr., City Attorney

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	Albuguergue, Ni	М														
Report	on Gross Receip	its Tax Hold Harmless - 411608														
For the	Quarter Ending	March 31, 2019 Fiscal Year 2019														
										Month						
Revenue	<u>.</u>		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 3
	New Tax	Gross Receipts Tax Hold Harmess - 411608 Received	45,500,000	3,791,667			0	(143,448)	(4,362,764)	(4,570,310)	(4,343,550)	(4,600,293)	(4,330,154)	(4,953,907)	(4,287,552)	(31,591,979)
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Expendi	tures															
Item	1															
No. (a)	Department	Purpose of the Gross Receipts Tax														
		APD: Police Officer Recruitment and Retention, including funding for			1											
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	0
		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	9,859,478
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	2,999,997
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	1.748.312
4	APD	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	1.412.018
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	843,518
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	1,120,950
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	654,115
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	170,250
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	1,118,533
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	801,107
11	FCS	Funding for Behavioral Health and Homelessness Programs - previous		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	1,500,000
12		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	715,950
13		Safe City Strike Force - Additional Resources (\$477k board ups and 2	,	50.167	494,000	41.167		41,167	41,167	41.167	41.167	41.167	41.167		-,	
13		· · · · · · · · · · · · · · · · · · ·	\$ 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
14	DMD, TRANSIT	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	702,913
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	3,399,375
	Lost 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	2,378,954
10	LOST Revenue	Replacing lost nord narmiess revenue	\$ 5,171,959.55	204,328	3,171,939	204,326	204,328	204,326	204,328	204,326	204,328	204,326	204,328	204,328	204,328	2,376,934
_		Total Expenditures	\$ 45,506,083	£ 2.702.474												\$ 29,795,968
		Total experiultures	\$ 45,500,085	\$ 3,792,174												\$ 29,795,906
		Total Tax	49,643,000													29,795,968
		After 1/12th														29,795,908
		MILE I/IZIII	45,506,083													
		Budgeted Public Safety Expenditures (dept APD)	23,772,593							Budgeted Public	Safety Expenditure	es (Item no 1-12)				22.944.226
		% of 3-8 cent tax expenditures	52%							% of 3-8 cent tax						77.0%
		,	52%							I S S S S COIT LOX						77.070
(a) See	detailed tab rev	views for each item number in the report														

Com	nitted Revenue Report																	
Quar	ter Cent Public Safety Tax & 3	8/8 Cent Ta	x Report															
FY20	19 QTD March 2019											Filled Pos	sitions					
Fund	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	FY19 Actual FTE's 3/31/19	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:
	Police		1560			188,856,000	170,559,000	18,297,000		•				•	i i		, ,	•
	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	3,713,268	27,193,825	324		185					
	PD - Neighborhood Policing	5100002		60	819	107,076,000	98,878,000	8,198,000	12,233,642	76,668,885	755		686					
	PD - Off Duty Police OT Program	5100010			0.17	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	227	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	. 0			4,000,000	-	4,000,000	4,000,000	2,999,997				56				
			1560	520	1040	188,856,000	170,559,000	18,297,000	23,772,593	140,213,239	1,369	460	909		(9,995,713)	(2,190,891)	(18,638,387)	109,388,248
(1) Wi	th the removal of the Jail, the revenue	allocated to	Corrections	s was comb	ined wit	h Police												
(2) Co	mmitted 3/8 tax amount is derrived fr	om the analys	sis done in t	he Quarter	ly Repor	t 3Q												
110	Civilian Police	1510000	8			1,087,000	860,000	227,000	227,000	842,619	7				_	-	(170,250)	672,369
																	, , , , , ,	,,,,,,
110	Fire	2700002	730	11	9	2,505,000	2,422,000	83,000	83,000	1 020 604	23	13	8		1	-		
	FD - Headquarters FD - Dispatch	2700002		- 11	42	5,731,000	5,116,000	615,000	615,000	1,938,604 4,606,391	44		44					
	FD - Emergency Response	2700003			612	67,588,000	61,779,000	5,809,000	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		34					
	FD - Logistics	2700007		1	11	1,511,000	1,421,000	90,000	78,160	1,342,033	10		1					
	FD - Training	2700006		14	1	2,417,000	2,334,000	83,000	94,840	2,374,365	22		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)	52,467,334
110	Crime Prevention and Intervention I	Programs - FO	CS															
- 11	Affordable Housing Contracts	2900009				2,530,000	2,334,000	196,000		1,485,699	1							
	Emergency Shelter Program	2900013				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	1			3,220,000	3,518,000	(298,000)		1,676,175	1							
	Mental Health Contracts	2900012	3			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				1,245,000	1,271,000	(26,000)		696,544	-							
	include educational initiatives?		25			19,674,000	19,152,000 See detailed re	522,000	2,954,600	10,997,001	28				(6,497,213)	-	(2,215,950)	2,283,837
	include educational initiatives?						See detailed re	port on contra	cts commuted	by the firstax								
110	Planning		178															
	PL - Code Enforcement	49000002	46			4,417,000	3,737,000	680,000	602,000	2,502,211	37							
	PL - One Stop Shop	49000005	81			7,401,000	6,906,000	495,000		5,243,149	78							
	PL - Real Property Program	49000008				862,000	835,000	27,000		621,392	9							
	PL - Strategic Support	49000001				2,055,000	1,996,000	59,000		1,320,661	20							
	PL - Urban Design & Devel Prog	49000003				2,168,000	1,970,000	198,000		1,321,046	18							
	PL - Transfer to MRA F275	49000007	-			445,000	245,000	200,000	602.000	333,747	162				1		(370,500)	10.071.707
			178			17,348,000	15,689,000	1,659,000	602,000	11,342,206	162		-		-	-	(3/0,500)	10,971,706
Non-A	PD/AFD Public Safety Personnel																	
	General Fund Miscellaneous	Multiple						918,951	918,951	491,478							(689,213)	
All	A 515600 A II d	and the second second second	h	C 1		66 152 000	E0 E02 000	6 560 000	7,000,000	11 000 707							(2.200.275)	7,690,412
ı unus	Account 515600- All depts except on	ics included a	ооче, ргорк	cary runds		66,152,000	59,592,000	6,560,000	7,000,000	11,089,787					-	-	(3,399,375)	7,090,412
	Replacing lost Hold Harmless Reven	ue																
Lost	Replacing lost hold harmless																	
	revenue	\$ 3,171,939				\$ 1,057,313			3,171,939								(2,378,954)	
		,,.,,				,,			2,2.2,707						/2 *** ***			
	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)	164,139,419
	1200	mp 12:2::::															/A1	
	Actual 3/8 Cent Revenue Received Q Amount of 3/8 Cent Revenue (above		ication level	\$													(31,591,979) 620,442	
	rinount of 5/6 cent revende (above	y ociow justin	icarion icver		_												020,442	

City of Albuquerque, NM Report on Gross Receipts Tax Hold Harmless - 411608 For the Quarter Ending March 31, 2019 Fiscal Year 2019

					Budgeted		Baseline r Expenditures										
			Est	imated Annual		Base Line Expenditures* or											Total for
			Rev	venue/Expendi													
Revenues				ture	Avg/mo	Adjusted Base	Average/Mo	July	August	September	October	November	December	January	Feburary	March	FY2019 Qtr 3
	New Tax	Gross Receipts Tax Hold Harmess - 411608 Received		45,500,000	3,791,667	-		0	(143,448)	(4,362,764)	(4,570,310)	(4,343,550)	(4,600,293)	(4,330,154)	(4,953,907)	(4,287,552)	(31,591,979)
Expenditi Item	ıres																
No. (a)	Department	Purpose of the Gross Receipts Tax															
		APD: Police Officer Recruitment and Retention, including funding for 100															
1	APD	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	0
		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	9,859,478
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	2,999,997
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	1,748,312
4	APD	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	1,412,018
5	APD	APD: Property Crime Reduction Program	Ş	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	843,518
6	APD	APD: Support Staff	Ş	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	1,120,950
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	654,115
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	170,250
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	1,118,533
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	801,107
11	FCS	Funding for Behavioral Health and Homelessness Programs - previously sla	at Ş	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	1,500,000
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	τ,															
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	377,708	3,399,375
	Lost Revenue																
16	GF	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	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						В	Budgeted Public Sa	fety Expenditures (dept APD)				18,638,387
		% of 3-8 cent tax expenditures		52% % of 3-8 cent tax expenditures										62.9%			

Month

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