

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 *K*

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%.

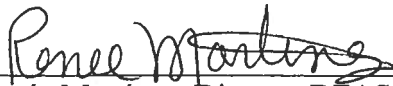
For the close of the third quarter of the fiscal year ending March 31, 2019, we estimate the total expenditures at \$29.8 million, with 77.0% of those expenses categorized as “Public Safety”.

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 Nair, Chief Administrative Officer

Approved as to Legal Form

 6-5-2009

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.**

[illegible]

			Estimated Annual Revenue/Expen diture	Budgeted Avg/mo	Base Line Expenditures* or Adjusted Base	Baseline Expenditures Average/Mo	Month											Total for FY2019 Qtr 3
Revenues							July	August	September	October	November	December	January	February	March			
	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)		
Expenditures																		
Item No. (a)	Department	Purpose of the Gross Receipts Tax																
1	APD	APD: Police Officer Recruitment and Retention, including funding for 100 additional officers	\$ 10,985,642	915,470	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	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	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 - 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	1,500,000		
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	\$ 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, APD, AWD	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	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		
16	Lost Revenue	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												\$ 29,795,968		
		Total Tax	49,643,000													29,795,968		
		After 1/12th	45,506,083															
		Budgeted Public Safety Expenditures (dept APD)	23,772,593				Budgeted Public Safety Expenditures (Item no 1-12)									22,944,226		
		% of 3-8 cent tax expenditures	52%				% of 3-8 cent tax expenditures									77.0%		

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

[illegible]

			Budgeted			FY2019	FY2018	Increase in	Hold Harmless	FY2019 QTD	FY19			# of Vehicles	Committed	Charges for	Committed	
		Program ID	FTE's - GF	Civilian	Sworn	Budget	Original Budget	the Budget	Justification Annual Amount	Actual Expenditures	Actual FTE's 3/31/19	Civilian	Sworn	purchased	Revenue - Qtr. Cent Tax (1)	Off Duty Police OT Program 442008	Revenue - 3/8 TAX PROGRAM (2)	Net GF Expenditures
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	5100003	336	159	177	35,845,000	32,824,000	3,021,000	3,713,268	27,193,825	324	139	185					
	PD - Neighborhood Policing	5100002	879	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	n/a			1,800,000	1,800,000	-	-	2,401,135								
	PD - Prisoner Transport Program	5100007	30	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) With the removal of the Jail, the revenue allocated to Corrections was combined with Police																	
	(2) Committed 3/8 tax amount is derived from the analysis done in the Quarterly Report 3Q																	
110	Civilian Police	1510000	8			1,087,000	860,000	227,000	227,000	842,619	7				-	-	(170,250)	672,369
110	Fire		730															
	FD - Headquarters	2700002	20	11	9	2,505,000	2,422,000	83,000	83,000	1,938,604	23	13	8					
	FD - Dispatch	2700003	42		42	5,731,000	5,116,000	615,000	615,000	4,606,391	44		44					
	FD - Emergency Response	2700004	612		612	67,588,000	61,779,000	5,809,000	5,809,000	49,481,190	556		556					
	FD - Fire Prevention Marshal's Office	2700005	29	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	94,840	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)	52,467,334
110	Crime Prevention and Intervention Programs - FCS																	
	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							

			Month													
			Estimated Annual Revenue/Expendi- ture	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
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		<i>Increase in APD Wages and Fringes from baseline</i>		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
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11	FCS	Funding for Behavioral Health and Homelessness Programs - previously slat	\$ 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
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DMD, TRANSIT,																
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
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Total Expenditures			\$ 45,506,083	\$ 3,792,174												\$ 29,645,968
Total Tax After 1/12th			49,643,000 45,506,083													29,645,968
Budgeted Public Safety Expenditures (dept APD) % of 3-8 cent tax expenditures			23,772,593 52%	Budgeted Public Safety Expenditures (dept APD) % of 3-8 cent tax expenditures											18,638,387 62.9%	

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