

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%.

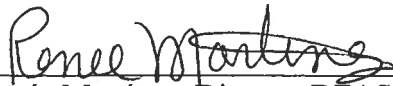
For the close of the third quarter of the fiscal year ending March 31, 2019, we estimate the total expenditures at \$29.8 million, with 77.0% of those expenses categorized as “Public Safety”.

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:



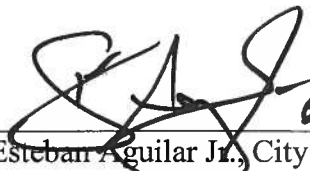
Renée Martínez, Director DFAS

Approved:




Sarita 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.**

City of Albuquerque, NM																	
Report on Gross Receipts Tax Hold Harmless - 411608																	
For the Quarter Ending March 31, 2019 Fiscal Year 2019																	
Month																	
			Estimated Annual Revenue/Expenditure	Budgeted Avg/mo	Base Line Expenditures* or Adjusted Base	Baseline Expenditures Average/Mo	July	August	September	October	November	December	January	February	March	Total for FY2019 Qtr 3	
Revenues																	
	New Tax	Gross Receipts Tax Hold Harmless - 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		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	
		<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	
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	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	
	DMD, TRANSIT,																
14	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													22,944,226	
% of 3-8 cent tax expenditures			52%													77.0%	

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

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

			Month													Total for
			Estimated Annual Revenue/Expenditure	Budgeted Avg/mo	Base Line Expenditures* or Adjusted Base	Baseline Expenditures Average/Mo	July	August	September	October	November	December	January	February	March	FY2019 Qtr 3
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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
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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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Total Expenditures			\$ 45,506,083	\$ 3,792,174												\$ 29,645,968
Total Tax After 1/12th			49,643,000													29,645,968
Budgeted Public Safety Expenditures (dept APD)			23,772,593													18,638,387
% of 3-8 cent tax expenditures			52%													62.9%

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