



Legislation Text

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File #: EC-19-434, Version: 1

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**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 3/8<sup>th</sup> 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<sup>th</sup> 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:

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Renée Martínez, Director DFAS

Approved:

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Sarita Nair, Chief Administrative Officer

Approved as to Legal Form

Esteban Aguilar Jr., City Attorney