

CITY OF ALBUQUERQUE
 Albuquerque, New Mexico
 Office of the Mayor

Mayor Timothy M. Keller

INTER-OFFICE MEMORANDUM

April 1, 2026

TO: Klarissa J. Peña, President, City Council

FROM: Timothy M. Keller, Mayor



**SUBJECT: EXECUTIVE COMMUNICATION FOR THE SUBMISSION OF
 THE FIVE-YEAR FORECAST FY2026 to FY2030**

Attached please find the City of Albuquerque Five-Year Forecast. The Five-Year Forecast estimates future revenues and expenditures for the General Fund and subsidized funds for the current fiscal year, and for fiscal years 2027 through 2030. The purpose of the report is to provide key trends in revenues and expenditures and information about the financial challenges and opportunities anticipated over the next few years.

As with previous Five-Year Forecasts, the forecast broadly includes potential expenditures but does not reflect expenditure levels that will be presented in the upcoming budget. Similar to previous years, the forecast includes deficits for the out-years of the City. This trend continues as a result of expanding City needs and historical wage increases, especially for public safety. The year's forecasted expenditures are particularly impacted by across-the-board cost inflation and medical increases. Lastly, expenditures going forward include recurring union negotiated wage increases.

City revenue shows a leveling off of expected recurring tax revenues, more in line with historical growth patterns. The forecast represents our expectations for the baseline scenario, which excludes any one-time and supplementary funds that are unpredictable.

My Administration is committed to presenting a balanced budget and will continue to comply with relevant budget law. Based on this forecast, the anticipated deficit can be addressed through strategic program reviews and reductions; and will still allow for investment in some priority operations.

Preliminary estimates of revenues to date indicate that the City should expect modest growth in Fiscal Year 2026, followed by slower revenue growth through the end of the forecast. Final estimates will be reported to the Council through the Committee of the Whole process as stated. I look forward to working with the Council as we prioritize resources and create a balanced operating budget for Fiscal Year 2027.

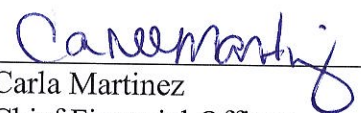
EXECUTIVE COMMUNICATION FOR THE SUBMISSION OF THE FIVE-YEAR FORECAST

Approved:

 4/1/2026

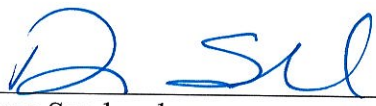
Dr. Samantha Sengel Date
Chief Administrative Officer

Recommended:

 4/1/2026

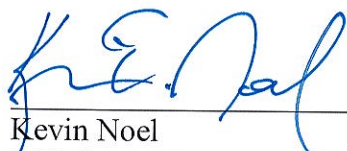
Carla Martinez Date
Chief Financial Officer

Recommended:

 4/1/2026

Donna Sandoval Date
DFAS - Director

Recommended:

 4/1/2026

Kevin Noel Date
DFAS - Acting Budget Officer

Five-Year Forecast Cover Analysis

1. What is it?

The attached executive communication and accompanying report provide a long-term outlook of revenues and expenditures for the General Fund and other funds supported by the General Fund. The report period covers the current fiscal year through fiscal year 2030 and is developed with input from the Multi-Year Forecasting Advisory Committee made up of members from the City Office of Management and Budget, City Council, State of NM, and the UNM Bureau of Business and Economic Research. The report identifies key trends in revenues and expenses and provides an outlook of the available fund balance for the forecast period as of December 2025. The assumptions are generally conservative although three scenarios are presented – a baseline, an optimistic, and a pessimistic. The baseline scenario is generally the focus of the report with a likelihood of 50% assigned. The optimistic and pessimistic scenarios are assigned a likelihood of 30% and 20%, respectively.

2. What will this piece of legislation do?

The legislation will allow policy makers and managers to gain a high-level understanding of key trends expected in revenues and expenditures, and all known unmet needs of the City. The focus of the report is usually on the current fiscal year and the upcoming fiscal year as city staff begin to prepare the budget for fiscal year 2027.

3. Why is this project needed?

The compilation of the Five-Year Forecast report is required under Section 2-2-5 of the City's Code of Resolutions.

4. How much will it cost and what is the funding source?

There is no cost associated with the submission of the report; however, the purpose of the report is to provide a financial outlook of the General Fund and funds subsidized by the General Fund.

5. Is there a revenue source associated with this contract? If so, what level of income is projected?

N/A

6. What will happen if the project is not approved?

There is no requirement that the legislation be approved, only that it be presented to the Council.

7. Is this service already provided by another entity?

No, this service is not provided by another entity.

CITY OF ALBUQUERQUE

Five-Year Forecast Fiscal Year 2026-2030

February 2026

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The Five-Year Forecast estimates future revenues and expenditures for the General Fund and those funds subsidized by the General Fund for the current fiscal year 2026 (FY/26) through FY/30. The purpose of this forecast is to identify key trends in revenues and expenditures and provide information about the financial landscape anticipated over the next five years. This report is divided into seven sections: an Executive Summary, Economic Outlook, Revenue Outlook, Expenditure Outlook, Alternative Scenarios, Revenue History, and Accuracy of the Revenue Estimates. The revenue information contained in this forecast is based on the data available through October 2025. The Executive Summary discusses only the baseline scenario. The optimistic and pessimistic scenarios have the same key assumptions as the baseline but are driven by different economic assumptions and inflationary factors. As the FY/27 budget is developed, revenue and expenditure projections will be updated based on the most current information.

Revenues

The revenue projections are based on revenue received through October 2025 and forecasts of economic activity for Albuquerque and New Mexico. A number of key economic forecast variables used in the City's revenue forecast models were prepared by the Bureau of Business and Economic Research at the University of New Mexico (BBER) (local variables) and IHS Global Insight (national variables). The City's Forecasting Advisory Committee, comprised of experts within and outside government, reviewed the forecasts and revenue projections prepared by the City Economist.

The current five-year outlook for revenue growth largely reflects less concern for a severe economic downturn; however, a return to more historical growth rates represents quite a contrast with recent years that included historical federal assistance and impressive post-pandemic recovery growth. Additionally, the phase-out of food and medical hold harmless payments

decreases to 28% in FY/26 and drops to 21% in FY/27, resulting in an estimated \$52.6 million in total lost revenue for FY/27 compared with no phase out. Additionally, this forecast projects a modest continuation of City- and region-wide construction projects that have boosted construction employment and GRT in recent years, with the expectation that inflation will play a smaller role in revenue gains going forward. Generally, modest growth is expected; however, employment is expected to slow, with the unemployment rate increasing slightly. Cautious consumer confidence and business investment are coupled with federal policies impacting immigration and tourism.

The GRT revenues for FY/25 were \$3.4 million, or 0.6%, below the estimate that was created during the approved FY/26 budget process. About \$3 million of this was due to a mistake at the State Taxation and Revenue Department which shorted the FY/25 revenue by an estimated \$3 million and distributed this amount in the first month of FY/26. Total General Fund revenue for FY/25 was 0.7%, or \$5.8 million, over the FY/24 original budget. It is estimated that \$4.2 million of this is one-time revenue, most of which is due to the phase-out of food and medical hold harmless payments that began in FY/16.

GRT growth for FY/26 has had a promising start, with cumulative growth as of November at around 4.9% over the same period last year. This is above the estimated 3.8% growth expectation for the FY/26 budget based on the State-shared increment. While July revenue grew by 13.7%, that month's distribution included an estimated \$3 million that normally would have been distributed in FY/25 were it not for a mistake at the State Taxation and Revenue Department. Further, an estimated combined \$600 thousand was received in August and September due to audits performed and should be considered one-time revenues rather than current year growth.

For FY/27, total GRT growth is expected to slow to 2.6%, reflecting a slower economy characterized by a pullback in both

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consumer spending and business investment, including declines in retail and other sectors of employment.

For FY/26 and FY/27, base GRT growth as measured by the State share 1.225% is expected to grow 2.8% and 2.6%, respectively. In the remainder of the forecast, growth averages 1.6%. This reflects a slowing economy, softened labor market and moderating consumer spending and business investment.

GRT receipts, which comprised 70.7% of all General Fund revenues in FY/25, continued to be less volatile in the year as the post-pandemic economic recovery and severe inflation winds down and major tax changes at the State level are incorporated into expectations.

This also includes the reduction in the distribution for food and medical hold harmless payments resulting from a 15-year phase-out that began in FY/16. To account for the one-time nature of this revenue, a percentage is phased-out each year and treated as non-recurring revenue. That same principle is applied in all years of this forecast as the phase-out compounds.

There are other expected impacts that affect growth in GRT. This includes Tax Increment Development Districts (TIDDs), such as the expansion of Winrock and Mesa Del Sol (MDS), which had experienced delays and setbacks in FY/20 and FY/21 due in part to COVID-19. However, renewed development in the Winrock and Mesa Del Sol (MDS) TIDDs boosted these transfers in recent years, largely due to the expansion of Netflix in the MDS TIDD. Construction is expected to moderate into the outyears of the forecast, although estimates will be revised as new information on development is available.

In FY/25, building permits were 8.1%, or about \$836 thousand below the estimate. For FY/25, building permits were projected to increase above FY/24 due to some fee increases to plumbing/mechanical, electrical and re-roofing permits; however, due to delays in implementation, some of the

expected increases did not materialize in FY/25. Other permits for FY/25 finished nearly \$3 million below the original budget. New health inspection fees were implemented to improve City compliance management; however, due to some other fee changes regarding business licenses being pulled back by City Council, only about half of the expected revenue was generated for the year.

For FY/26, the projection for all building permits is 14.2% over FY/25, in part due to a full year of fee changes for plumbing/mechanical, electrical and re-roofing. Additional increases were expected as the department implemented the use of updated valuation tables used to estimate costs; however, these changes may not happen until near the end of the fiscal year.

In FY/27, building permit revenues will be impacted somewhat by updated valuation tables and modest growth, with an estimated growth of 4.6%. As of December 2025, the total number of building permits are down by 30%, demonstrating a lower volume of work. Year-to-date building permit valuations show an increase of 17% compared with FY/25; however, this largely reflects increased costs associated with inflation and tariff pressures.

FY/25 property tax revenues were 0.5%, or about \$555 thousand below the estimate and \$3.6 million over FY/24. The Bernalillo County Assessor has noted that the 2025 collections are on pace with tax year 2024 and that the county is not expecting the property tax receivable to be impacted by the recent change increasing the veteran exemption from \$4 thousand to \$10 thousand. Both FY/26 and FY/27 are projected at a conservative 2.8% growth rate. These estimates may be revisited if revenues for FY/26 start to materialize above expectations.

Recurring FY/25 franchise tax revenues were \$1.3 million, or 4% above the estimate, largely due to the water and electric franchises. The electric franchise also implemented a rate increase, this one taking place in two phases, one in 2025 and another

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in 2026. For FY/26, a modest overall increase of 0.3% is expected. This includes an estimated 0.8% increase for the electric franchise as the second phase of the rate increase is implemented. In FY/27, overall franchises are estimated to increase 2.2%. The majority of the increase is attributed to the water franchise, which is expected to implement another rate increase of about 10%. The remaining franchises remain virtually flat to slightly negative for the year.

For FY/25, service charges were \$2.6 million, or about 8.9% below the estimate and 8.8% below FY/24. While golf green fees, alarm ordinance fines and fees, and engineering fees were all up, other revenues such as for police services, charges for risk management legal services were down. For FY/26, charges for service expectations are increased slightly, by 5%. Year-to-date revenues are recovering somewhat from FY/25, with revenues such as ambulance transport and charges for child care services doing well. For FY/27, revenues increase by a conservative 0.3%, reflecting the moderation of consumers and businesses.

Miscellaneous revenues in FY/25 were \$5.4 million, or 75.1% above the estimate. This large increase was largely due to a \$5.3 million accounting adjustment for bond and lease proceeds. These accounting adjustments are difficult to project and are therefore not considered in forward-looking revenue forecasts. Consequently, for FY/26, the projection is for a 42.6% decline in revenues. FY/27 is also budgeted at historical averages with 0.3% growth over the FY/26 estimate.

Finally, strong equity markets and larger fund balances allowed for \$3.8 million in interest on investments for the General Fund in FY/24. For FY/25, these revenues decreased to \$922 thousand. In FY/26, these revenues are currently budgeted at \$2 million; however, lower fund balances and more volatile markets are having a negative impact on these revenues. FY/27, and likely FY/26 expectations, are expected to be adjusted downward considerably during the FY/27 budget process.

Fiscal Year 2026 Budget Outlook

The Approved General Fund budget for FY/26 is \$869.6 million, reflecting a total increase of \$18.4 million, or 2.2%, over the original FY/25 budget, not including reserves. Appropriation increases include \$14.6 million for citywide and negotiated wage increases which are subject to negotiations for applicable union positions; \$1 million for the Fire Department's Station 23 coming-on-line; continued support for ACS's 24/7 operations and Civilian Police Oversight Agency support for DOJ-CASA compliance efforts; and \$29.2 million to support Transit Department operations. Other significant cost drivers are the 0.5% retirement contribution increase at a cost of \$2.4 million and health care costs which rose by 2% for medical at a cost of \$1.1 million.

The amount of non-recurring appropriations at \$30 million is lower as compared to the \$32.4 million in the original approved FY/25 budget. This decrease reflects the reduction of \$2.4 million in non-recurring funding that supported various one-time initiatives that was used in FY/25 throughout department budgets.

Non-recurring appropriation highlights include: \$1.2 million for homeless shelter operations; \$8 million for affordable housing vouchers; \$2.1 million for Arts and Culture sponsored initiatives/events; \$1 million for LEDA projects; \$2.1 million for Health, Housing and Homelessness sponsored initiatives/events; \$235 thousand for Youth and Family Services sponsored initiatives/events; and \$1 million to continue the Job Training Albuquerque program.

The FY/26 approved budget continues ACS's vital service of responding to calls for service 24/7 and performing outreach for inebriation, homelessness, addiction, and other issues that do not require police or EMT response; and is funded at \$17.9 million supporting, 132 full-time positions.

First quarter projections for the General Fund indicate expenditure overspend of \$18.8 million. Four departments primarily account

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for the projected overspend and will be monitored very closely until the end of FY/26.

Fiscal Year 2027 Budget Outlook

The forecast for FY/27 includes anticipated expenses using the best available information. The net effect is a forecasted budget of \$928.9 million. This would be an increase of \$59.3 million, or 6.8%, over the original FY/26 original budget. The FY/27 increase is primarily due to negotiated and forecasted wage increases, capital projects and police contracts coming-on-line, and anticipated medical, dental, and vision increases.

Five-Year Forecast for FY/27 includes an estimated \$12.8 million for various union negotiated and forecasted wage increases; \$15.3 million for police contracts and capital projects coming-on-line; \$5.2 million for an increase in medical benefits; \$30 million subsidy to support Transit Department operations, and \$1 million for risk recovery allocations.

Historically, the majority of non-recurring resources come from unspent appropriations from prior years. As budgets contract, those resources become less common, putting a constraint on the allocation for non-recurring uses. The FY/27 forecast includes \$26 million in non-recurring expenses, while only \$4.4 million is anticipated in non-recurring resources. As is typically the case in the annual budget process, decisions will have to be made to either eliminate some of these non-recurring expenses or absorb them with recurring resources. A complete list of non-recurring items can be found in the "Expenditure Outlook" section of this document. All of these non-recurring expenses are carried into the out-years, which contributes to the out-year deficits.

The City is self-insured for workers compensation and general liability. Anticipated adjustments are included in the forecast and based on recent trends and analysis by the DFAS Risk Division and Human Resource Department. The Risk

Recovery transfer is funded at \$1 million in the General Fund for FY/27.

The revenue estimates may change over the next few months depending on the outcome of the remaining GRT distributions from the State. Should the revenue estimates hold or worsen, the assumptions regarding expenditures will have to be revised in order to present a balanced budget for FY/27. Some expenses will have to be fully funded. However, some expenses may be scaled back or deferred to later years if possible. It is also possible that some of these early estimated costs will be lowered in the coming months as new information is made available.

Fiscal Years 2027 – 2030 Budget Outlook

Most of the underlying assumptions in FY/27 are carried forward in the out-years of the forecast period. For example, funding for CIP coming-on-line stays in the base and is adjusted in increments as additional projects are added. Inflation factors from IHS Global Insight are used to grow most line items with the exception of those developed in-house, which are based on local information. For instance, health care cost increases were estimated by the City's Human Resources Insurance and Benefits Division. The forecast includes an average increase of approximately 8.8% for health care costs through FY/30. Other costs were estimated by the respective departments or OMB.

The out-years of this forecast reflect a fund balance deficit that compounds with each year the budget is not brought into balance, which is a highly unlikely outcome given the City's requirement to submit a structurally balanced annual budget. That said, the baseline forecast for FY/27 reflects an overall fund balance of negative \$57.3 million, which transitions to an unmet compounded need of \$448.5 million in FY/30.

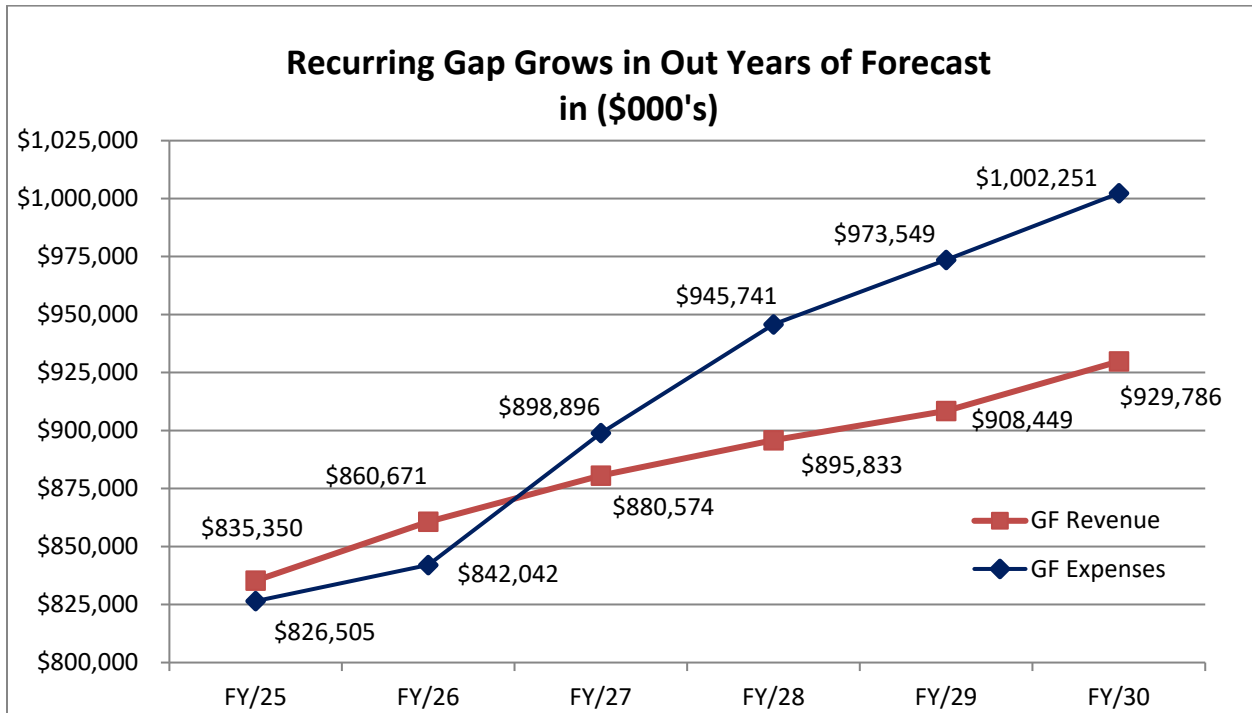
Table B on the following page shows the entire General Fund Baseline summary.

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**TABLE B
FIVE YEAR FORECAST
GENERAL FUND - BASELINE SCENARIO
RESOURCES, APPROPRIATIONS AND FUND BALANCES
(\$000's)**

(\$000's)	AUDITED ACTUAL FY/25	REVISED BUDGET FY/26	FORECASTS			
			FY/27	FY/28	FY/29	FY/30
RESOURCES:						
Recurring Revenue	835,350	860,671	880,574	895,833	908,449	929,786
% Change Recurring Revenue		3.0%	2.3%	1.7%	1.4%	2.3%
Total Non-recurring	<u>4,207</u>	<u>6,216</u>	<u>4,457</u>	<u>4,665</u>	<u>4,862</u>	<u>0</u>
TOTAL REVENUES	839,557	866,887	885,031	900,498	913,311	929,786
% Change Total Revenue		3.3%	2.1%	1.7%	1.4%	1.8%
BEGINNING FUND BALANCE	<u>95,776</u>	<u>75,971</u>	<u>70,234</u>	<u>26,346</u>	<u>(86,845)</u>	<u>(213,125)</u>
TOTAL RESOURCES	<u>935,334</u>	<u>942,858</u>	<u>955,264</u>	<u>926,843</u>	<u>826,466</u>	<u>716,661</u>
EXPENDITURES/APPROPRIATIONS:						
Recurring Expenditures/Appropriations	826,505	842,042	902,884	985,302	1,013,557	1,043,749
% Change Recurring Appropriation		1.9%	7.2%	9.1%	2.9%	3.0%
Non-recurring Exp/App: One-time Items	<u>32,858</u>	<u>30,582</u>	<u>26,035</u>	<u>28,386</u>	<u>26,035</u>	<u>26,035</u>
TOTAL EXPEND/APPROP	<u>859,363</u>	<u>872,624</u>	<u>928,919</u>	<u>1,013,688</u>	<u>1,039,591</u>	<u>1,069,783</u>
UNADJUSTED FUND BALANCE	<u>75,971</u>	<u>70,234</u>	<u>26,346</u>	<u>(86,845)</u>	<u>(213,125)</u>	<u>(353,122)</u>
ADJUSTMENTS:						
Encumbrances	(1,715)	(1,715)	(1,715)	(1,715)	(1,715)	(1,715)
Estimated Projection Adjustment	0	0				
Unrealized (Gain)/Loss on Investments	(767)	(767)	(767)	(767)	(767)	(767)
Other Accounting Adjustments	<u>(98)</u>	<u>(98)</u>	<u>(98)</u>	<u>(98)</u>	<u>(98)</u>	<u>(98)</u>
TOTAL ADJUSTMENTS	<u>(2,581)</u>	<u>(2,581)</u>	<u>(2,581)</u>	<u>(2,581)</u>	<u>(2,581)</u>	<u>(2,581)</u>
ADJUSTED FUND BALANCE	<u>73,390</u>	<u>67,653</u>	<u>23,765</u>	<u>(89,426)</u>	<u>(215,706)</u>	<u>(355,703)</u>
RESERVES:						
1/12th Operating Reserve	70,933	72,466	77,410	84,474	86,633	89,149
Additional 1% for tiered COLA [E,I,U]	1,550	0	0	0	0	0
Wage Adj AFSCME Green Circle		700	0	0	0	0
Wage Adj under \$17 per hr to \$17 per hr		157	0	0	0	0
NU Classified Wage Adj. per C&C	215	0	0	0	0	0
Runoff or Special Election		750	750	750	750	750
One-Time Supplemental Pmt. R-25-219		<u>2,951</u>	<u>2,951</u>	<u>2,951</u>	<u>2,951</u>	<u>2,951</u>
TOTAL RESERVES	72,698	77,024	81,111	88,175	90,334	92,850
AVAILABLE FUND BALANCE	<u>692</u>	<u>(9,371)</u>	<u>(57,346)</u>	<u>(177,601)</u>	<u>(306,040)</u>	<u>(448,553)</u>
1/12th Operating Reserve	71,614	72,719	77,410	84,474	86,633	89,149
Recurring Surplus/(Deficit)	8,845	18,629	(22,310)	(89,469)	(105,107)	(113,962)

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The above graph illustrates the underlying trend in recurring revenues to recurring expenses from FY/25 through FY/30. CIP coming-on-line costs are excluded from the expense amount to provide a more realistic outlook for recurring costs. The CIP coming-on-line amounts depict the anticipated needs of each department, but are often well above the funding capacity of the General Fund. As a result, the City funds the most critical CIP coming-on-line needs. Most CIP coming-on-line costs are absorbed by the respective departments through the realignment of existing resources.

Based on the assumptions presented in this baseline forecast, expenses exceed

resources beginning in FY/27. The recurring deficit, excluding CIP coming-on-line, in FY/30 is \$72.5 million with recurring expenses at \$1,002.3 million and recurring revenue at \$929.8 million. The recurring gap is important because it demonstrates the underlying potential structural imbalance going forward. The gap is driven by general inflationary factors, labor costs (wages and benefits), and mandated costs such as medical increases. If this predicted possible scenario actually occurs in the out-years, the Administration and Council will work together to address the variance between revenue and expenses and manage within available resources.

ECONOMIC OUTLOOK

NATIONAL ECONOMY AND KEY POINTS FROM THE GLOBAL INSIGHT OUTLOOK

The national economy influences the Albuquerque and New Mexico economy in a variety of ways. Interest rates affect purchasing and construction; federal government spending affects the local economy through spending and employment at federal agencies, national labs and military bases. Inflation affects prices of local purchases as well as wages and employee salaries.

The following information is from the Five-Year Forecast prepared in October 2025 and reflects the best available data to assess the many uncertainties of the current economy. The data uses October 2025 quarterly forecasts from IHS Global Insight (IHS) and the University of New Mexico Bureau of Business and Economic Research (BBER). Unless otherwise noted, all annual data has been adjusted for City fiscal years. Along with the baseline forecast, alternative forecasts are prepared with pessimistic and optimistic scenarios. The Five-Year Forecast is available on the City's website at <http://www.cabq.gov/dfa/budget/five-year-forecast>.

Baseline Scenario

In the baseline forecast, assigned a probability of 50%, IHS Global Insight (IHS) projects annual Real GDP growth to decrease from 2.3% in FY/25 to 2.1% growth in FY/26 and FY/27. Growth is expected to continue modestly at an average 1.7% through the end of the forecast. However, the IHS October forecast was developed during a federal government shutdown, and consequently lacked some federal data, particularly jobs-related data, which would typically be available.

The national unemployment rate in this scenario is projected to increase from 4.2% in FY/25 to 4.4% in FY/26. For FY/27, the rate increases further to 4.5%. The rate averages 4.4% throughout the remainder of the forecast.

Inflation (CPI-U) is projected to increase from 2.6% in FY/25 to 2.9% in FY/26. In FY/27, this dips slightly to 2.7. In FY/28, it dips again slightly before hovering around 2% in FY/29 and FY/30.

Wage growth is projected to increase from 3.6% in FY/25 to 4.2% in FY/26, to 4.8% in FY/27. Wage growth averages 4% for the remainder of the forecast.

Average oil price (West Texas Intermediate) peaked at about \$87.8 per barrel in FY/22, dropping to just under \$80 in FY/24. For FY/26, the price drops to \$58.30, dropping further to \$56.20 in FY/27. In FY/28, the price increases to \$61.80 and increases modestly for the remainder of the forecast.

Despite the avoidance, so far, of a recession as the economy cools, risks and uncertainties remain. International conflicts and slowdowns in major economies around the world still pose considerable uncertainties and risks.

Year-to-date GRT revenues through November 2025 are tracking higher than expectations. However, while underlying growth does appear to be solid, contributing to the current 4.9% cumulative growth is a mistake at the State Taxation and Revenue Department (TRD), which led to an estimated \$3 million being received in July 2025 rather than in June 2025 where it should have been. Further, another estimated \$600 thousand was received across August and September in FY/26 due to an audit conducted by TRD. These amounts were one-time only and have to be excluded from forecasting calculations. Based on the unaudited FY/25 estimate and the current Five-Year Forecast, growth for FY/26 based on the 1.225% increment is expected to be 2.8%, less than the 3.8% currently assumed in the FY/26 budget. These revenues will be closely monitored and estimates will be adjusted, if necessary, prior to building the FY/27 budget.

Pessimistic Scenario

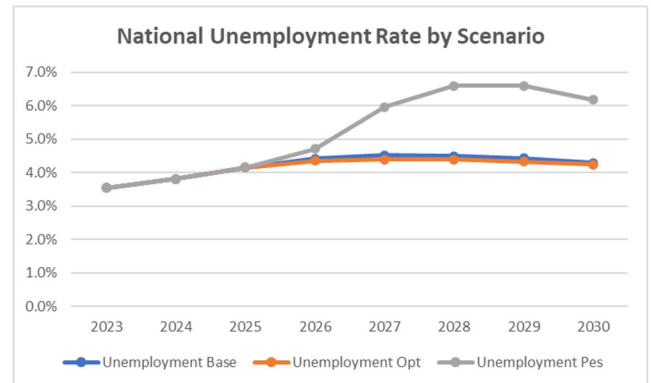
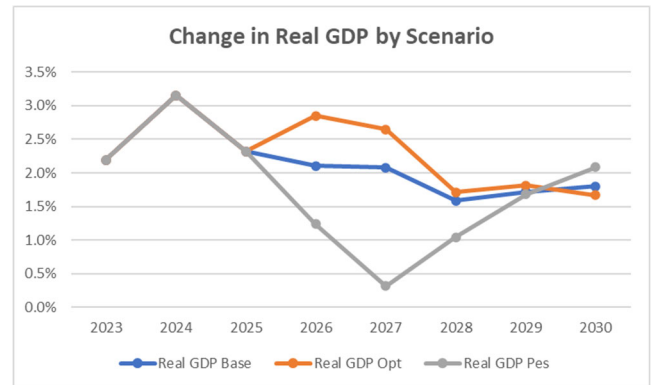
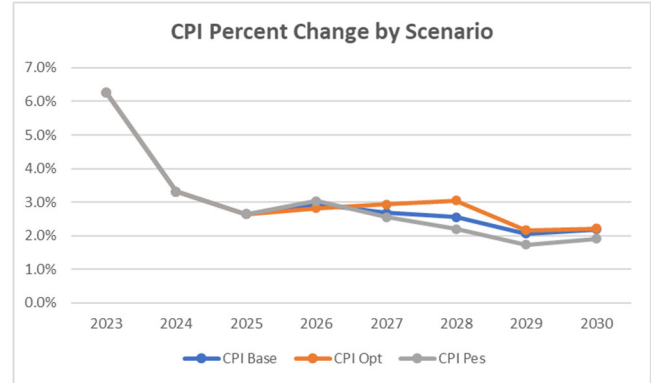
The pessimistic scenario is assigned a probability of 20%. In this scenario, it is assumed that there will be higher tariffs and more restrictive responses from trading partners. Higher tariffs result in higher inflation, with worsening financial conditions impacting economic growth, consumer spending and business investment.

Additionally, this scenario assumes that deportations occur more rapidly and on a wider scale, which triggers a two-quarter recession at the end of 2025 and GDP 0.9% lower than the baseline in FY/26 and 1.8% lower in FY/27.

The unemployment rate rises from 4.7% in FY/26 to 6% in FY/27, and topping out at 6.6% in FY/28 and FY/29.

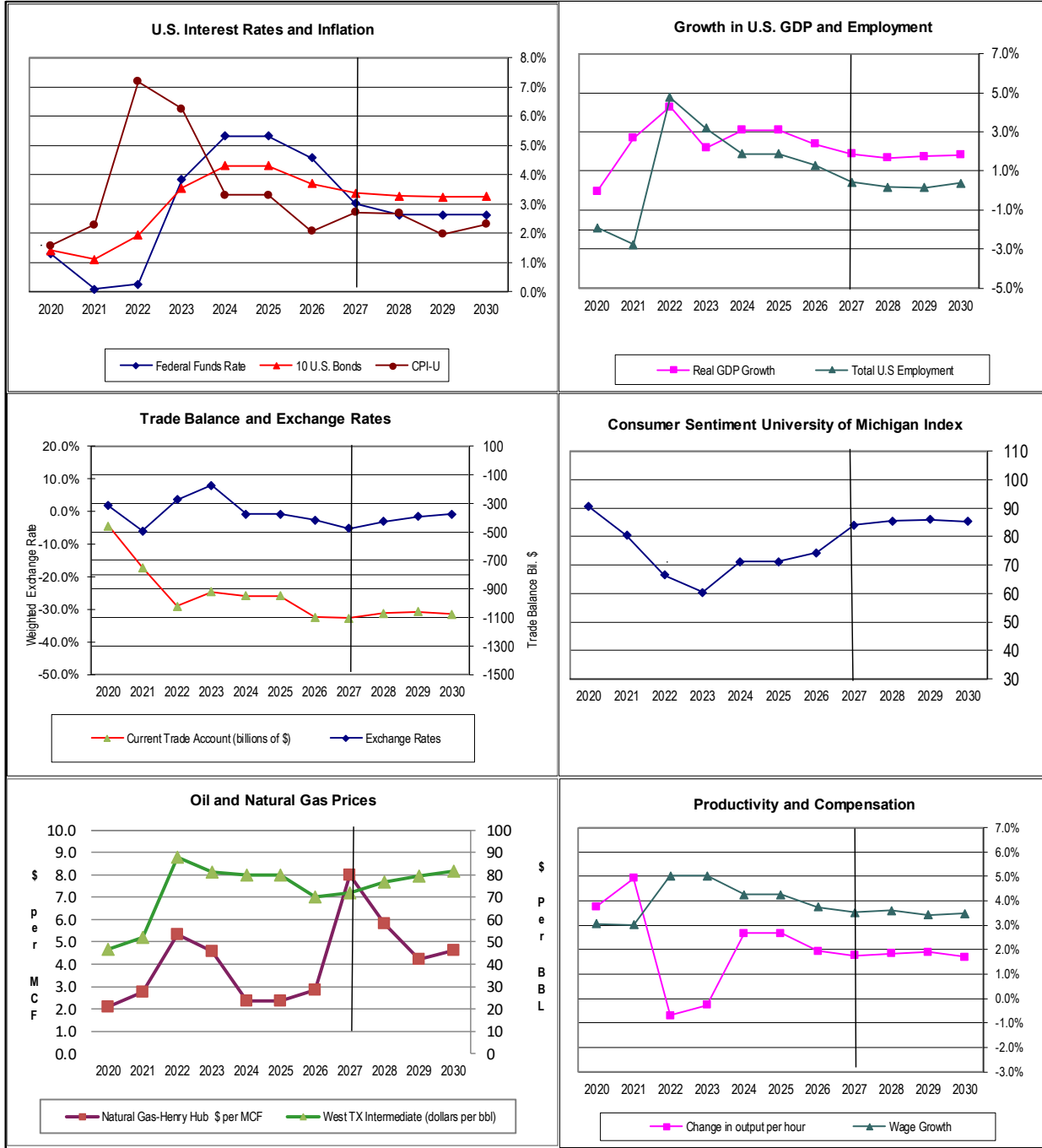
Optimistic Scenario

The optimistic scenario is assigned a probability of 30%. In this scenario, tariffs are lower, with more open and productive trade relationships. Lower tariffs help ease inflation and, along with lower interest rates and improved financial conditions, provide additional strength in the economy. GDP growth remains consistently above the baseline. Unemployment peaks at 4.4% in late 2025 and hovers there through FY/28 before dropping slightly lower in FY/29 and FY/30.



U.S. ECONOMIC VARIABLES AND FORECAST (FISCAL YEAR)

December 2025 Baseline Forecast



ALBUQUERQUE ECONOMY

The employment outlook for the Albuquerque economy is developed by BBER. They use national forecasts from IHS and local metrics to develop forecasts for the state and local economy. The BBER forecasting model for October 2025 provides the forecast of the Albuquerque economy presented in the following section.

During the 2008 recession, Albuquerque's economy declined in sync with the national economy but lagged in its recovery. The Albuquerque economy lost over 27,000 jobs from FY/08 to FY/12, a 7.7% loss of total employment.

After 10 years of gains, employment in the Albuquerque Metropolitan Statistical Area (MSA) registered 380,079 jobs in FY/19, still shy of the 382,270 pre-recession peak reached in FY/08.

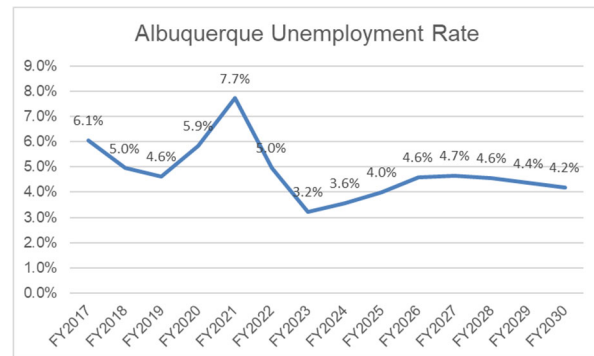
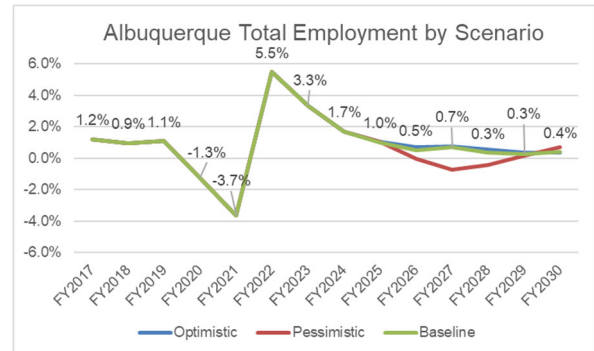
Overall, BBER estimates that the MSA lost about 18,492 jobs from FY/19 to FY/21 as a result of the COVID-19 pandemic. In April 2020, during the most severe portion of the economic shut-down to curb the spread of COVID-19, the Albuquerque MSA unemployment rate spiked to 12.8%. By the second half of FY/23 the City had exceeded the pre-pandemic high, rising to about 394,000 jobs.

As of October 2025, BBER estimated employment in the City reached about 404,917 jobs in FY/25, or about 1% growth over FY/24. Growth is expected to continue, but slowing to 0.5% and 0.7% in FY/26 and FY/27, respectively.

The Albuquerque MSA unemployment rate decreased to a low of about 3.2% in FY/23; however, as the economy continues to slow, the rate is expected to gradually increase to 4.6% in FY/26 and 4.7% in FY/27. In FY/28, the trend reverses, gradually decreasing to 4.2% in FY/30.

Economic alternatives will be discussed in more detail elsewhere in this document. However, in the pessimistic scenario, employment growth declines .02% in FY/26,

and declines another 0.7% in FY/27. It declines another 0.4% in FY/28 before edging into positive growth in FY/28 and FY/29.



What follows is a series of charts and tables providing comparisons of Albuquerque to the U.S. economy in addition to Albuquerque MSA employment numbers from FY/16 to FY/30 by major business sectors as categorized by the North American Industrial Classification System (NAICS) categories.

Retail and Wholesale Trade

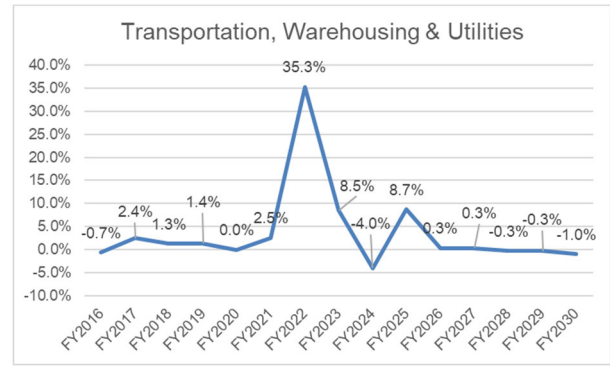
This sector accounts for about 13.2% of employment in the MSA and is particularly important in terms of the Gross Receipts Tax (GRT), historically comprising about 25% of GRT. However, due to shifts in employment and business sectors following COVID-19 in FY/21, and tax changes in FY/22 which allowed for local tax increments on internet sales, this sector's share of GRT is now closer to 29%.



After the sharp 3.5% employment decline in FY/20 at the height of the pandemic, retail and wholesale trade rebounded an estimated 0.2% and 3.1% in FY/21 and FY/22, respectively. However, this sector has been sluggish in recent years and is expected to climb just slightly into positive growth in FY/26 and FY/27 before slowing to virtually flat or slightly negative growth for the remainder of the forecast period. The expectation of slow to negative growth reflects continued inflationary pressures and tighter consumer spending due to reduced savings rates and ongoing caution about the state of the economy.

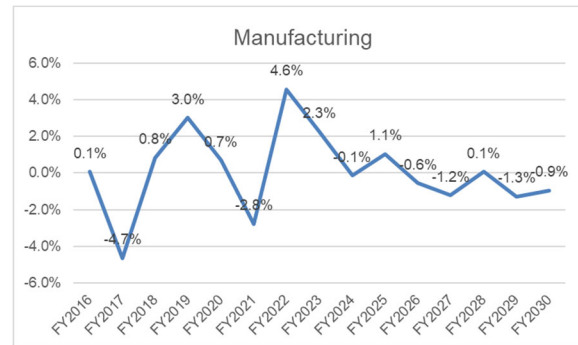
Transportation, Warehousing and Utilities

Transportation, warehousing and utilities, while important, accounts for just 3.7% of employment and 3.4% of GRT. In retrospect, the sector was impacted by COVID-19 later than other sectors. As the recovery took hold and supply chain issues occurred, this sector saw a significant increase in FY/22 with growth at an estimated 35.3%. In FY/23, supply chain issues resolved and the economy cooled somewhat, yet growth still continued at 8.5%. In FY/24, growth actually declined by about 4.0%. For FY/25, this sector rebounds again to over 8%; however, in FY/26 and the remainder of the forecast growth is nearly flat to slightly negative.



Manufacturing

This sector accounts for about 4.2% of employment and 2.6% of GRT in the MSA. It is an important sector as it creates relatively high paying jobs that bring revenue from outside the area. It also generates purchases of materials and services in the local economy, making this sector's impact greater than its employment share.

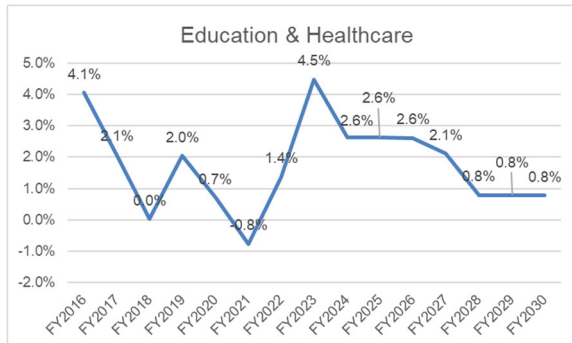


The sector experienced significant post-COVID-19 recovery growth at 4.6%. However, with the exception of modest growth in FY/25, this sector is expected to shrink slightly through the remainder of the forecast, perhaps reflecting a slower economy and cautious business investment.

Educational and Health Services

This section represents two sectors, in line with the summary of jobs generally shown in the NAICS sectors. This sector accounts for 16.8% of total employment; however, the vast majority of jobs are in health services. Albuquerque has a major regional medical center that attracts people into the area for services. Presbyterian Hospital and its HMO are one of the largest employers in the area.

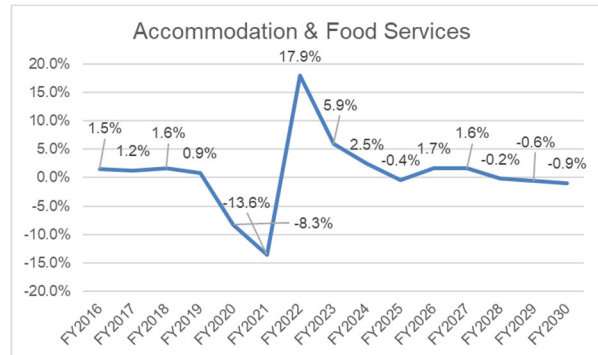
While this was the only sector that increased through the 2008 recession, it did experience an initial decline during the most recent pandemic-caused recession of about 0.8% in FY/21 as elective procedures and routine medical care were put on hold to ensure capacity to treat COVID-19 cases. However, growth resumed in FY/22 and 4.5% in FY/23. In this forecast, growth slows, but remains above 2% in FY/26 and FY/27, slowing to just below 1% for the remainder of the forecast.



Accommodation and Food Services

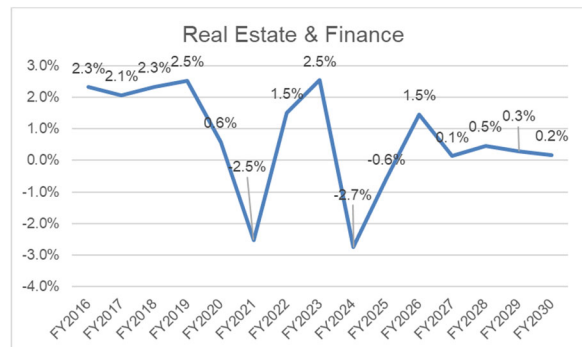
This category includes eating and drinking establishments as well as hotels and other travel related facilities. It accounted for 9.8% of employment in the MSA in FY/25. The sector is a major contributor to both GRT, also at 9.8% in FY/25; however, this is a slight decline from the 10% seen last year.

This sector was one of the most severely impacted by COVID-19, dropping from steady pre-pandemic growth to a 13.6% decline in FY/21, representing a loss of more than 8,000 jobs. However, in FY/22 the sector rebounded even more than projected at nearly 18%. Yet despite the post-pandemic progress, in FY/25, the sector declined slightly, by 0.4%. Growth in FY/26 and FY/27 is expected just over 1.5%, before shrinking again slightly in FY/28 and the remainder of the forecast.



Real Estate and Financial Activities

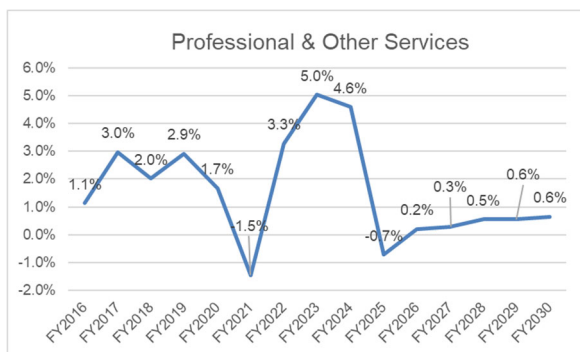
This section includes two sectors, finance and insurance and real estate, including credit intermediation. It accounts for about 4.4% of employment in the MSA. The 2008 financial crisis, consolidation of banking, and the collapse of real estate negatively impacted this sector; however, FY/14 to FY/19 growth was strong at above 2% each year. However, following the impact from COVID-19, the growth declined 2.5% in FY/21, with modest recovery beginning in FY/22. However, for FY/24 a significant contraction of this sector began, with a modest recovery of 1.5% in FY/26 and flat to 0.5% growth for the remainder of the forecast.



Professional and Other Services

This category is a grouping of four service sectors (Professional and Technical, Management of Companies, Administrative and Waste Services, and Other Services) and accounts for 18.6% of employment in the MSA and about 18% of GRT. It includes temporary employment agencies, some of Albuquerque's back-office operations, and architecture and engineering firms that are

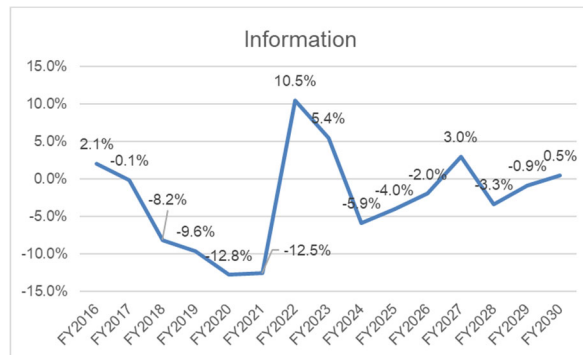
closely tied to construction. It also includes Sandia National Labs (SNL).



The sector as a whole remained weak until FY/16 when construction services (engineering and architecture) began adding jobs. The sector showed growth in FY/16 of about 1%, growing to over 2% from FY/17 to FY/19. With many of these jobs allowing for work from home, the professional technical portion of this sector was not impacted as much by the COVID-19 pandemic, ultimately declining by only 1.5% in FY/21. The post-COVID recovery was remarkable, peaking at 5% growth in FY/23, but has since moderated to an average of 0.4% for FY/26 through the end of the forecast.

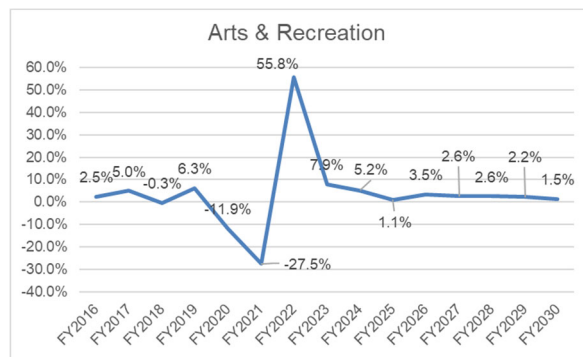
Information

This sector includes businesses in telecom, broadcasting, publishing, internet service establishments, and film studios. It accounts for about 1.3% of employment in the MSA and 3.7% of GRT. This sector declined steadily after FY/16, with a pronounced decline of 12.8% and 12.5% in FY/20 and FY/21 with the onset of COVID-19 and the devastating impact it had on the burgeoning film industry. While the sector enjoyed solid post-pandemic recovery in FY/22 and FY/23, contraction returns from FY/24 through FY/26. Growth appears briefly in FY/27 before declining again. There is not a return to positive territory until FY/30 with growth of 0.5%.



Arts, Entertainment and Recreation

This is a relatively small sector with 1.4% of MSA employment and 1.1% of GRT. It includes artists, entertainers, spectator sports, and recreation facilities such as bowling alleys and fitness centers, most of which were significantly impacted by the pandemic. In FY/19, this sector showed strong growth of 6.3% but this was cut short during the pandemic, with declines of 11.9% and 27.5% in FY/20 and FY/21, respectively. Interestingly, unlike most other sectors, this sector is expected to continue growing, at an average of 2.5%, from FY/26 through the end of the forecast.

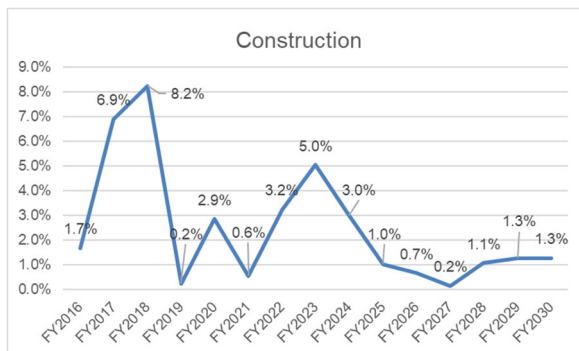


Construction

Construction is typically cyclical, with significant swings in building and employment. Construction is an important sector and has an impact on the economy larger than its employment share of 6.8%. Construction contributes about 11.3% of GRT. After falling consistently from FY/07, employment in construction began increasing at the end of FY/13 and continued to grow rapidly through FY/18. The sector began to level off in FY/19, prior to the onset of the pandemic. However, this sector began

FY/20 with 2.9% growth and stayed positive despite the health crisis as this sector was deemed essential during the peaks of the crisis. In the post-pandemic years, this sector did best in FY/23 when it hit 5% growth; however, growth has since declined and is expected to slip to 0.7% in FY/26 and dip to 0.2% in FY/27. Growth averages 1.2% for the remainder of the forecast.

Construction permits typically show the trends in construction and the types of construction. The graph following this section shows the real values of building permits after adjusting for inflation. Construction is categorized as new construction or additions, alterations, and repairs.

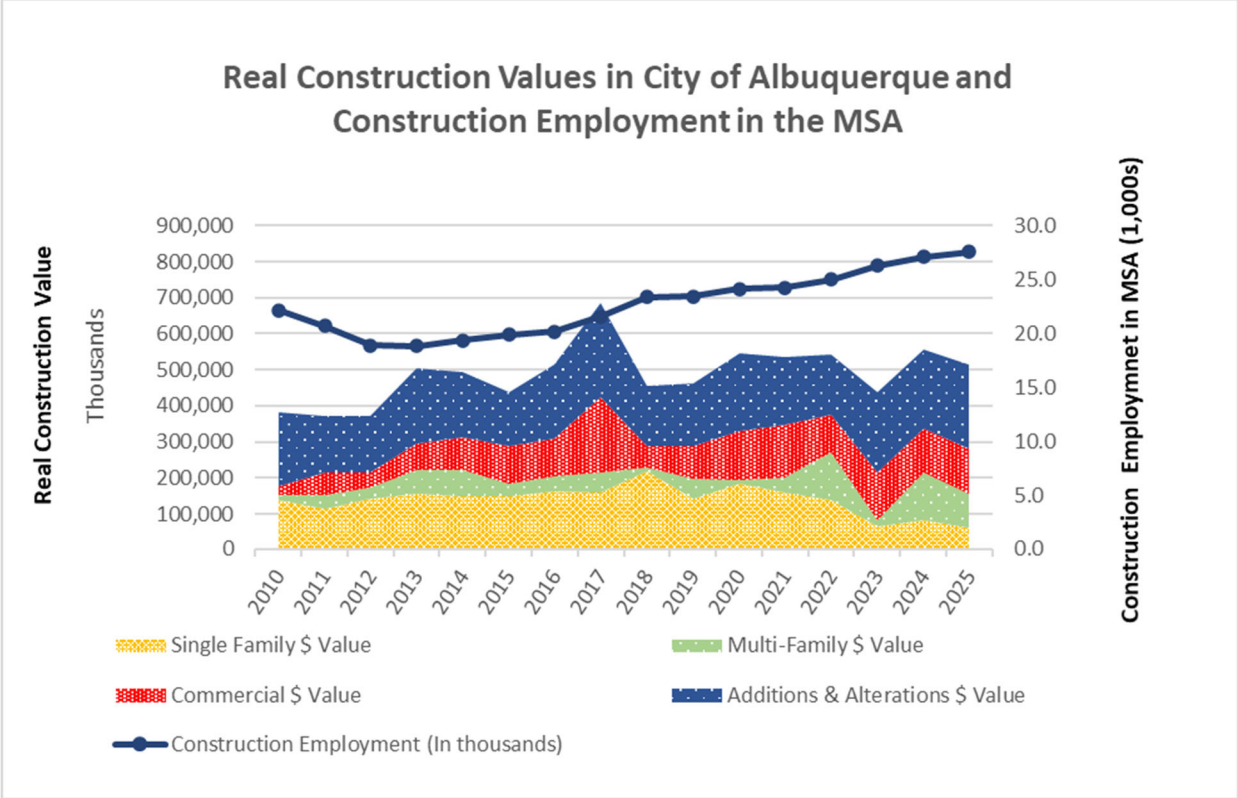


Accounting for inflation, real construction growth peaked in FY/17 but slowed in FY/18 and FY/19. Then despite the impacts of the pandemic, including significant issues around supply chains and rising costs of materials, construction permits increased again in FY/20 and stayed steady until falling again briefly in FY/23. UNM BBER projections for total housing permits in FY/26 decrease by 23.1%, to about 1,222 total units, largely due to a decrease in multi-family housing units. The projection

increases by a modest 6% in FY/27, adding about 73 units, all of which are expected to be single-family housing units. Growth is expected to be positive, but extremely modest for the remainder of the forecast. This forecast is conservative and does not include construction employment or revenue generated by any potentially large projects that may be on the horizon.

Building permits only tell part of the construction story. Non-building construction such as roads and storm drainage are not captured in the permit numbers. Large construction projects for the State, such as University Hospital, are permitted by the State rather than the City. Employment in the construction sector gives a picture of growth in the entire MSA. The rapid growth in construction employment in FY/17 coincided with a large increase in building permits. In FY/18, construction employment showed continued increases while building permit values declined substantially. This was due primarily to two factors: first, the City experienced a very large increase in commercial construction in FY/17, and as of FY/18, APS no longer obtains building permits from the City. Instead, APS now obtains permits from the State, as UNM does. Secondly, Facebook had a very large construction project in Los Lunas that employed 800 to 1,000 construction workers; however, this also does not generate building permits in the City.

As shown in the chart below, construction employment moves similarly to permit values, but differences occur. Some of this is due to projects outside the City as well as non-building projects.



Government

The government sector makes up 19.6% of the Albuquerque MSA employment, with the largest part of State and Local government being education. Local government includes public schools and State government includes the University of New Mexico and Central New Mexico Community College. The local sector also includes Native American enterprises. Federal government makes up 3.6% of Albuquerque MSA employment but only about 1.8% of national employment. Note this does not include military employment, which is counted separately, or employment at the national labs which is included in professional and business services.

Active military is around 5,400 or about 1.3% of the total non-agricultural employment. Nationally, military is less than 1% of total non-agricultural employment.

The major sources of state and local jobs are education, though the Labor Department

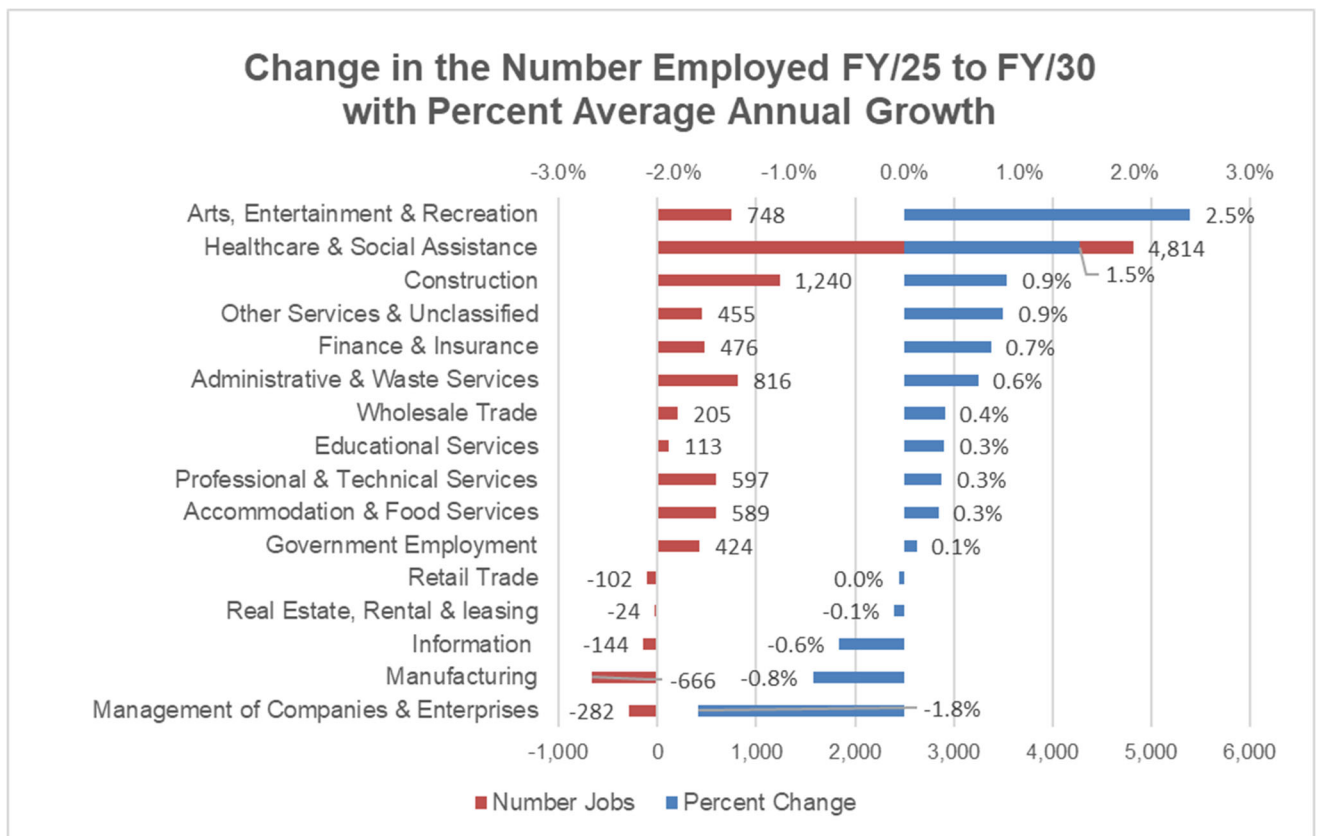
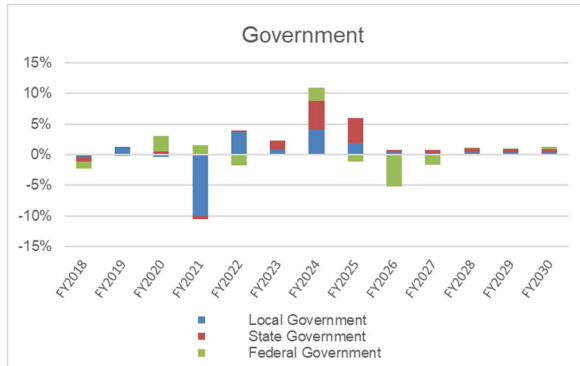
does not keep individual counts for these jobs at the local level for Albuquerque. Local government declined in FY/14 through FY/18. It recovered slightly in FY/19, only to be impacted again with a decline of 10.1% in FY/21 due to the pandemic, largely due to jobs associated with native businesses, such as casinos. Local government lost an estimated 4,160 jobs from FY/19 to FY/21 and isn't expected to recover all of those jobs until FY/27.

State employment increased 4.6% in FY/24 and another 4.1% in FY/25 but is expected to moderate to under 0.5% growth from FY/26 to the end of the forecast. The faster growth in FY/24 could be due in part to the New Mexico Opportunity Scholarship, which increased appropriations significantly in FY/24.

Federal government increased in FY/20 and FY/21 despite the pandemic due to the U.S. Census. Consequently, in FY/22 there was a slight compensating decrease. Federal government is expected to fall just below

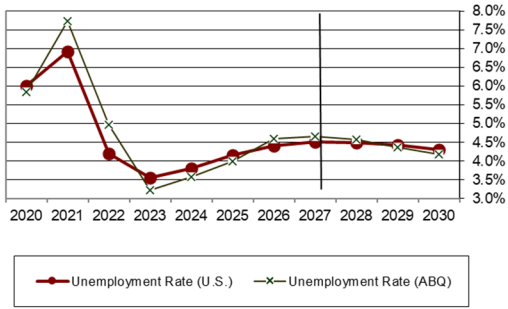
14,000 for the first time since 2004 and remain there for the remainder of the forecast due to federal efforts to reduce the workforce.

The following charts and tables present more information on the Albuquerque economy and its comparison to the U.S.

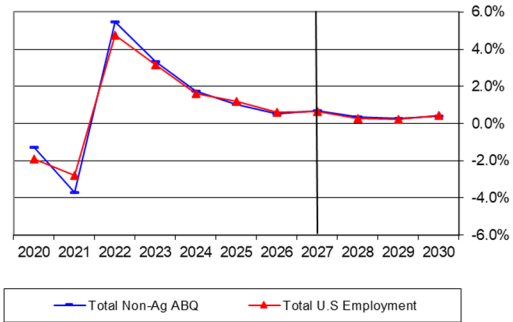


Albuquerque MSA and Comparisons to the U.S -- Fiscal Year December 2025

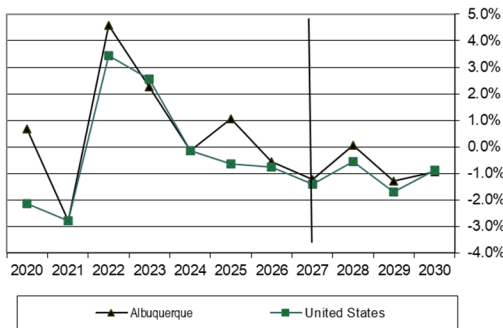
Albuquerque MSA vs. U.S. Unemployment Rates



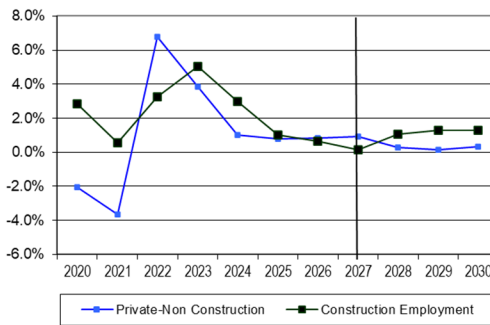
Albuquerque MSA vs. U.S. Employment Growth



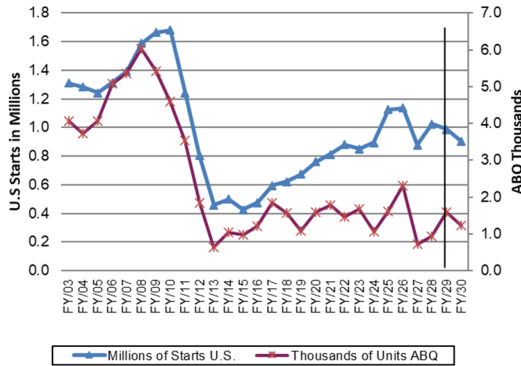
Albuquerque MSA vs. U.S. Manufacturing Employment Growth



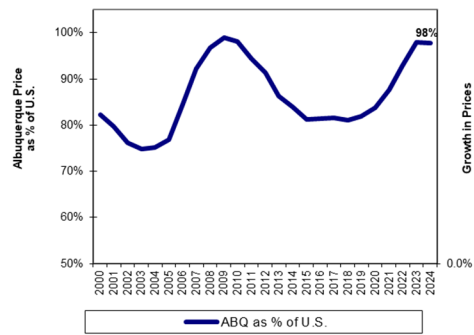
Albuquerque MSA Construction and Private Non-Construction Employment Growth



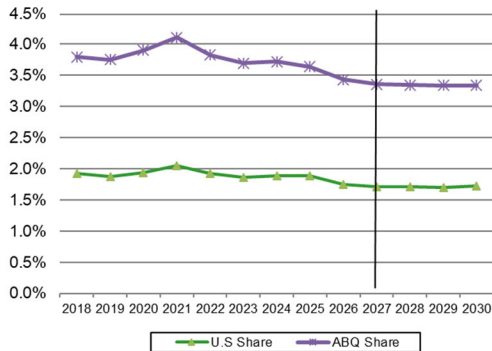
Single Family Construction



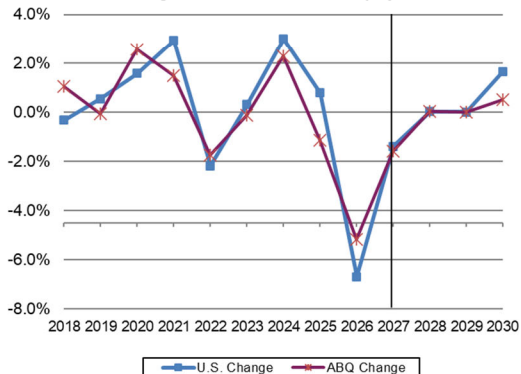
Comparison of Growth in Existing Home Sales Price by Calendar Year (history only)



Federal Government Employment as Share of Total Employment



Change in Federal Government Employment



Fiscal Year	Historical						Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
National Variables											
Real GDP Growth	0.0%	2.8%	4.3%	2.2%	3.2%	2.3%	2.1%	2.1%	1.6%	1.7%	1.8%
Federal Funds Rate	1.3%	0.1%	0.3%	3.8%	5.3%	4.6%	3.8%	3.2%	3.1%	3.1%	3.1%
10 U.S. Bonds	1.4%	1.1%	1.9%	3.5%	4.3%	4.3%	4.1%	3.9%	3.9%	3.9%	4.0%
CPI-U	1.6%	2.3%	7.2%	6.3%	3.3%	2.6%	2.9%	2.7%	2.6%	2.1%	2.2%
Unemployment Rate (U.S.)	6.0%	6.9%	4.2%	3.5%	3.8%	4.2%	4.4%	4.5%	4.5%	4.4%	4.3%
Total U.S. Employment	-1.9%	-2.8%	4.8%	3.2%	1.6%	1.2%	0.6%	0.6%	0.3%	0.2%	0.4%
Manufacturing Employment	-2.1%	-2.8%	3.4%	2.6%	-0.1%	-0.6%	-0.8%	-1.4%	-0.5%	-1.7%	-0.9%
Consumer sentiment index--University of Michigan	90.4	80.3	66.4	60.5	71.1	65.0	60.8	64.2	67.5	72.3	73.7
Exchange Rates	1.7%	-5.9%	3.6%	8.1%	-0.9%	0.2%	-5.5%	-2.6%	-1.9%	-0.3%	-0.3%
Current Trade Account (billions of \$)	(455.7)	(745.2)	(998.3)	(918.3)	(1,012.2)	(1,329.3)	(993.3)	(799.0)	(705.6)	(646.1)	(623.3)
Change in output per hour	3.7%	5.1%	-0.7%	-0.2%	3.2%	1.8%	2.2%	1.7%	1.6%	1.7%	1.6%
West TX Intermediate (dollars per bbl)	46.7	51.8	87.8	81.5	79.9	70.8	58.3	56.2	61.8	62.0	66.7
Wage Growth	3.0%	3.0%	5.0%	5.0%	4.3%	3.6%	4.2%	4.8%	4.5%	4.1%	3.5%
Natural Gas-Henry Hub \$ per MCF	2.10	2.76	5.32	4.59	2.35	2.99	3.67	4.51	5.41	4.21	3.57
Albuquerque Variables											
Employment Growth and Unemployment in Albuquerque MSA											
Total Non-Ag ABQ	-1.3%	-3.7%	5.5%	3.4%	1.7%	1.0%	0.5%	0.7%	0.3%	0.3%	0.4%
Private-Non Construction	-2.1%	-3.6%	6.8%	3.9%	1.0%	0.8%	0.8%	0.9%	0.3%	0.2%	0.3%
Construction Employment	2.9%	0.6%	3.2%	5.0%	3.0%	1.0%	0.7%	0.2%	1.1%	1.3%	1.3%
Manufacturing	0.7%	-2.8%	4.6%	2.3%	-0.1%	1.1%	-0.6%	-1.2%	0.1%	-1.3%	-0.9%
Government	0.4%	-5.0%	1.5%	0.9%	3.9%	2.0%	-0.6%	0.0%	0.4%	0.4%	0.4%
Unemployment Rate (ABQ)	5.9%	7.7%	5.0%	3.2%	3.6%	4.0%	4.6%	4.7%	4.6%	4.4%	4.2%
Growth in Personal Income	8.7%	6.5%	8.2%	4.6%	4.5%	5.8%	4.5%	5.6%	5.0%	4.7%	4.9%
Construction Units Permitted in City of Albuquerque											
Single-Family Permits	935	816	741	507	607	585	676	749	773	821	850
Muli-Family Permits	126	791	1,570	220	336	1,003	546	546	548	552	563
Total Residential Permits	1,061	1,607	2,311	727	943	1,588	1,222	1,295	1,321	1,374	1,413

Sources: IHS Global Insight Oct 2025 and FOR-UNM Oct 2025 Baseline Forecasts

Albuquerque MSA Employment in Thousands

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total Employment	375.3	361.6	381.4	394.2	400.8	404.9	407.0	409.8	411.2	412.4	414.0
Private Employment	298.2	288.4	307.1	319.2	322.9	325.5	328.1	330.9	332.0	332.9	334.2
Mining & Agriculture	0.7	0.8	1.0	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Construction	24.1	24.3	25.0	26.3	27.1	27.4	27.6	27.6	27.9	28.2	28.6
Manufacturing	16.3	15.9	16.6	17.0	17.0	17.1	17.0	16.8	16.8	16.6	16.5
Wholesale Trade	11.3	10.7	11.0	11.5	11.5	11.5	11.5	11.6	11.7	11.7	11.7
Retail Trade	39.7	40.4	41.7	42.4	42.2	42.0	42.1	42.5	42.3	42.0	41.9
Transportation, Warehousing & Utilities	9.5	9.8	13.2	14.3	13.8	15.0	15.0	15.1	15.0	15.0	14.8
Information	5.6	4.9	5.4	5.7	5.4	5.2	5.1	5.2	5.1	5.0	5.0
Finance & Insurance	12.8	12.7	12.7	13.0	12.6	12.5	12.8	12.8	12.9	12.9	13.0
Real Estate, Rental & Leasing	5.5	5.1	5.3	5.6	5.4	5.4	5.4	5.4	5.4	5.4	5.4
Professional & Technical Services	32.9	32.9	33.7	35.3	37.0	36.5	36.5	36.5	36.7	36.8	37.1
Management of Companies & Enterprises	3.8	3.6	3.7	3.5	3.3	3.3	3.1	3.1	3.0	3.0	3.0
Administrative & Waste Services	24.7	23.2	24.8	25.0	24.9	25.1	24.7	24.5	24.7	25.1	25.9
Educational Services	5.0	4.8	5.6	6.2	6.3	6.5	6.4	6.5	6.5	6.6	6.6
Healthcare & Social Assistance	56.3	56.1	56.2	58.3	59.9	61.4	63.3	64.7	65.2	65.7	66.3
Arts, Entertainment & Recreation	4.4	3.2	5.0	5.4	5.7	5.7	5.9	6.1	6.3	6.4	6.5
Accommodation & Food Services	36.0	31.1	36.7	38.9	39.9	39.7	40.4	41.0	40.9	40.7	40.3
Other Services & Unclassified	9.4	8.8	9.3	9.9	10.3	10.5	10.5	10.7	10.8	10.9	10.9
Government	77.1	73.2	74.3	75.0	77.9	79.4	78.9	78.9	79.2	79.5	79.9
Local Government	39.7	35.7	37.0	37.3	38.9	39.6	39.8	39.9	40.0	40.2	40.3
State Government	22.8	22.7	22.7	23.1	24.1	25.1	25.2	25.3	25.5	25.6	25.7
Federal Government	14.6	14.9	14.6	14.6	14.9	14.7	14.0	13.7	13.8	13.8	13.8
Military Employment	5.8	5.8	5.6	5.5	5.5	5.4	5.4	5.4	5.4	5.4	5.4
private non-construction	274.1	264.1	282.0	292.9	295.9	298.1	300.5	303.3	304.1	304.6	305.6
Other Indicators											
Personal Income, \$Billions	42.9	45.7	49.4	51.7	54.1	57.2	59.8	63.1	66.2	69.3	72.7
Labor Force, NSA, Thousands	437.1	436.8	445.7	452.0	460.4	467.4	468.1	470.3	471.7	472.4	473.5
Total Housing Units Authorized, Thousands (City of Albuquerque)	1.1	1.6	2.3	0.7	0.9	1.6	1.2	1.3	1.3	1.4	1.4
Single-Family Housing Units, Thousands	0.9	0.8	0.7	0.5	0.6	0.6	0.7	0.7	0.8	0.8	0.8
Multi-Family Housing Units, Thousands	0.1	0.8	1.6	0.2	0.3	1.0	0.5	0.5	0.5	0.6	0.6
Unemployment Rate, NSA	5.9	7.7	5.0	3.2	3.6	4.0	4.6	4.7	4.6	4.4	4.2
Growth Rates											
Total Employment	-1.3%	-3.7%	5.5%	3.3%	1.7%	1.0%	0.5%	0.7%	0.3%	0.3%	0.4%
Private Employment	-1.7%	-3.3%	6.5%	4.0%	1.2%	0.8%	0.8%	0.9%	0.3%	0.3%	0.4%
Mining & Agriculture	-3.6%	15.0%	14.2%	-1.4%	-14.5%	-2.4%	0.5%	-0.1%	0.0%	-0.1%	-0.7%
Construction	2.9%	0.6%	3.2%	5.0%	3.0%	1.0%	0.7%	0.2%	1.1%	1.3%	1.3%
Manufacturing	0.7%	-2.8%	4.6%	2.3%	-0.1%	1.1%	-0.6%	-1.2%	0.1%	-1.3%	-0.9%
Wholesale Trade	-1.6%	-5.8%	2.8%	4.5%	0.5%	-0.2%	-0.3%	1.4%	0.7%	0.4%	-0.3%
Retail Trade	-4.0%	1.9%	3.2%	1.6%	-0.5%	-0.5%	0.4%	0.9%	-0.5%	-0.8%	-0.3%
Transportation, Warehousing & Utilities	0.0%	2.5%	35.3%	8.5%	-4.0%	8.7%	0.3%	0.3%	-0.3%	-0.3%	-1.0%
Information	-12.8%	-12.5%	10.5%	5.4%	-5.9%	-4.0%	-2.0%	3.0%	-3.3%	-0.9%	0.5%
Finance & Insurance	1.1%	-0.7%	0.4%	1.6%	-2.5%	-1.0%	2.1%	0.5%	0.5%	0.4%	0.2%
Real Estate, Rental & Leasing	-0.7%	-6.7%	4.2%	4.7%	-3.4%	0.4%	0.0%	-0.8%	0.4%	0.0%	0.0%
Professional & Technical Services	3.9%	-0.1%	2.6%	4.8%	4.7%	-1.3%	0.0%	0.0%	0.4%	0.4%	0.7%
Management of Companies & Enterprises	1.3%	-4.2%	2.5%	-5.2%	-5.6%	-2.5%	-5.8%	-0.5%	-0.6%	-1.3%	-0.7%
Administrative & Waste Services	-2.5%	-5.8%	6.8%	0.6%	-0.4%	0.9%	-1.4%	-0.7%	0.8%	1.5%	3.1%
Educational Services	-3.1%	-3.6%	15.0%	10.6%	1.8%	3.3%	-1.5%	1.3%	1.2%	0.6%	0.1%
Healthcare & Social Assistance	1.1%	-0.5%	0.2%	3.9%	2.7%	2.6%	3.0%	2.2%	0.7%	0.8%	0.8%
Arts, Entertainment & Recreation	-11.9%	-27.5%	55.8%	7.9%	5.2%	1.1%	3.5%	2.6%	2.6%	2.2%	1.5%
Accommodation & Food Services	-8.3%	-13.6%	17.9%	5.9%	2.5%	-0.4%	1.7%	1.6%	-0.2%	-0.6%	-0.9%
Other Services & Unclassified	-5.5%	-6.2%	5.8%	6.0%	4.2%	1.5%	0.7%	1.1%	0.9%	1.0%	0.5%
Government	0.4%	-5.0%	1.5%	0.9%	3.9%	2.0%	-0.6%	0.0%	0.4%	0.4%	0.4%
Local Government	-0.4%	-10.1%	3.6%	0.9%	4.1%	1.9%	0.4%	0.3%	0.4%	0.4%	0.4%
State Government	0.5%	-0.5%	0.3%	1.4%	4.6%	4.1%	0.4%	0.4%	0.6%	0.5%	0.4%
Federal Government	2.6%	1.5%	-1.7%	-0.1%	2.3%	-1.1%	-5.2%	-1.6%	0.0%	0.0%	0.5%
Military Employment	0.9%	-0.5%	-2.5%	-2.2%	-0.5%	-1.5%	0.1%	0.0%	0.0%	0.1%	0.1%
Personal Income, \$Billions	8.7%	6.5%	8.2%	4.6%	4.5%	5.8%	4.5%	5.6%	5.0%	4.7%	4.9%
Labor Force, NSA, Thousands	-0.5%	-0.1%	2.0%	1.4%	1.9%	1.5%	0.2%	0.5%	0.3%	0.2%	0.2%
Total Housing Units Authorized, Thousands (City of Albuquerque)	-36.3%	51.5%	43.8%	-68.5%	29.7%	68.4%	-23.1%	6.0%	2.0%	4.0%	2.9%
Single-Family Housing Units, Thousands	13.1%	-12.7%	-9.2%	-31.6%	19.7%	-3.6%	15.6%	10.7%	3.2%	6.3%	3.4%
Multi-Family Housing Units, Thousands	-85.0%	527.8%	98.5%	-86.0%	52.7%	198.5%	-45.6%	0.2%	0.3%	0.7%	2.0%

REVENUE OUTLOOK

PROJECTED REVENUES FOR FISCAL YEARS 2026 TO 2030

Overview

The following forecast of revenues is presented in tables following this section. They rely on the October 2025 IHS Global Insights (IHS) and October 2025 University of New Mexico Bureau of Business and Economic Research (BBER) baseline forecasts. The presentation provides audited FY/25 receipts, the FY/26 budget and revised estimates for FY/26, and the baseline forecast receipts for FY/27 through FY/30. In all cases, the figures reflect the accrual of revenues required for compliance with the tax revenue standard of the Governmental Accounting Standards Board. The growth rates in the table are in many cases based on the economic forecast assumptions summarized in the previous sections on the economy.

GRT revenue for FY/26 is expected to increase by 2.7%, or about \$15.5 million, from FY/25 actual revenue. This is \$4.5 million, or 0.8% below the FY/26 approved budget. The slight downward adjustment reflects pressure from slowed employment growth and reduced consumption and investment. Total revenue growth is projected to be 3.3%, with modest increases in franchises, property taxes, permits and service charges. Transfers for CIP-funded positions for FY/26 are left at the budgeted level; however, this is \$5.3 million over the FY/25 actual and may be overly optimistic at this juncture.

In FY/27, total revenue is expected to increase 2.1%, or \$18.1 million, over FY/26 estimated revenue in the baseline scenario. Due to a slowing but steady economy, about \$15.6 million of the increase, is attributed to GRT. The next largest contributors are property taxes and building permits. Interfund transfers decrease by 23.3% due to a \$2 million reduction in one-time funding from the Lodger's Tax fund to support athletic events in FY/26.

State food and medical hold harmless distributions, implemented to support local governments after the repeal of taxes on

certain food and medical goods, are phased-out to 28% and 21% in FY/26 and FY/27, respectively. The payments continue to be volatile and somewhat difficult to project. For FY/27 alone, the total estimated revenue loss for Albuquerque is \$52.6 million, compared with no phase-out, as the State continues the 15-year phase-out that began in FY/16.

Employment has recovered from the impact of the pandemic, exceeding the pre-pandemic high in the second half of FY/23. The Albuquerque unemployment rate dropped to 3.9% in December 2025 from 4.4% in November 2025. New Mexico and U.S. rates were 4.3% and 4.4% in December 2025, respectively.

Total employment for FY/26 is expected to increase 0.5%, with additional, although modest, increases of 0.7% for FY/27 and 0.3%, in FY/28.

For FY/25, new commercial permit values increased by 2.7% from FY/24, while new residential values for single and multi-family projects decreased 23.8% and 25%, respectively in FY/25. Total permit values, including additions and alterations, decreased 5.3% over the previous year.

GRT revenue for construction stayed relatively strong through the pandemic, with FY/21 ending 2.5% over FY/20, which itself was a strong year. GRT construction grew an additional 17.1% and 22.3% in FY/22 and FY/23, respectively.

While these growth rates reflect the many large construction projects around the City such as Netflix and the Albuquerque Sunport, the persistent high cost of construction was also a factor. Construction GRT slowed in FY/24 and FY/25 to 3% and 3.6%, respectively. UNM BBER projects that in FY/26, construction employment will increase about 0.7%, and that overall housing permits will decline about 23.1%, due to a precipitous decline in multi-family housing permits compared with FY/25. For FY/27, housing permits increase, with the vast majority being for single-family houses.

PROJECTED REVENUES FOR FISCAL YEARS 2026 TO 2030

Construction employment is projected to grow just 0.2% for FY/27. Construction employment is a major driver of economic growth for the City; impacts to City GRT from a slowing economy could be mitigated if new potential construction projects on the horizon come to fruition during the forecast period. As of December 2025, the total number of building permits are down by 30%, demonstrating a lower volume of work. Year-to-date building permit valuations show an increase of 17% compared with FY/25; however, this largely reflects increased costs associated with inflation and tariff pressures. Cumulative growth in construction GRT for the past five months is showing a slight 0.8% decline from the same period last year.

Property tax revenue in FY/23 grew 4.8% due to market fluctuations and property transfers. The Bernalillo County Assessor reported an even larger increase in values for the following tax year, partially due to a mandated review of the non-residential properties. Consequently, property tax revenue grew 5.8% in FY/24. Growth for FY/25 slowed to 3.5%. For FY/26 and FY/27, growth is conservatively projected at 2.8% given the uncertain impacts of new veteran property tax exemptions taking effect in these years.

The long-term baseline forecast anticipates General Fund recurring revenue growth at 3.0%, 2.3%, 1.7%, 1.4%, and 2.3%, in FY/26, FY/27, FY/28, FY/29 and FY/30, respectively.

More detail on GRT revenues and other General Fund sectors is presented in the following text.

General Fund Revenue Estimates

Gross Receipts Tax

The GRT revenues for FY/25 were \$3.4 million, or 0.6%, below the amount estimated in the approved FY/26 budget process (estimate). Total revenue for FY/25 was 0.7%, or \$5.8 million, over the FY/25 original budget. It is estimated that \$4.2

million of this is one-time revenue due to the phase-out of food and medical harmless payments that began in FY/16. The phase-out decreases to 28% in FY/26 and drops to 21% in FY/27.

In FY/22, the City began receiving State-shared excise tax revenue for recreational cannabis sales which officially began in April 2022. About half of this revenue was distributed to the General Fund in FY/24 due to a City ordinance enacted in November 2023 that created a permanent Marijuana Equity And Community Reinvestment Fund for the benefit of those who have been negatively impacted by the criminalization of marijuana. Beginning in FY/25, all of the cannabis excise revenue was diverted to this new fund and no longer tracked as part of the General Fund.

The City also receives GRT on the total cannabis sales gross receipts, but the State does not provide data for GRT on cannabis sales directly.

In addition to historical local increments and State-shared GRT, the City also receives compensating tax (CMP), which helps protect New Mexico businesses from unfair competition from out-of-state businesses, and interstate telecommunications tax (ITG), which applies to businesses providing interstate telecommunications services (other than mobile telecom services) in New Mexico. Combined, these revenues are estimated at about \$9.3 million for the City annually, with the vast majority being CMP.

GRT growth for FY/26 has had a promising start, with cumulative growth as of November at 4.9% over the same period last year. This is above the estimated 3.8% growth built into the FY/25 budget based on the State-shared increment. July 2025 revenue grew by 13.7%; however, due to a mistake at the State tax department, the July distribution included an estimated \$3 million in additional revenue that was supposed to be received in June of the previous year. Additionally, nearly another \$600 thousand was received for August and September of 2025 due to audits performed

PROJECTED REVENUES FOR FISCAL YEARS 2026 TO 2030

at the State tax department. Consequently, year-to-date revenue growth for FY/26 is slightly over-stated. The Five-Year Forecast reduces the expectation for FY/26 growth by \$4.5 million from the FY/26 budgeted amount due to a slowing labor market and expected sluggish consumer demand and business investment. Total GRT growth is expected at 2.7% over FY/25.

For FY/27, GRT growth based on the 1.225% increment is expected to slow to 2.6%, also reflecting a slower economy. Total GRT growth is projected at 2.6%

Deductions for the Tax Increment Development Districts (TIDDs) largely stalled in FY/20 and FY/21 due to delayed construction amid business uncertainties due to COVID-19. However, renewed development in the Winrock and Mesa Del Sol (MDS) TIDDs boosted these transfers significantly in FY/24, largely due to the expansion of Netflix in the MDS TIDD. Construction did moderate somewhat in FY/25 and this is expected to continue into the out-years of the forecast; however, estimates will be revised as new information on development is available.

Adjustments to GRT Growth

Growth without adjustments in the GRT is estimated using forecasts of economic activity. Adjustments are then made for known or expected changes. In this forecast, adjustments are made for TIDDs and changes in the food and medical hold harmless distributions.

A full explanation of deductions is included in a later section on estimating Gross Receipts Taxes.

Property Tax

FY/25 actual property tax revenues were \$1.1%, or about \$1.2 million, below the approved budget and \$3.6 million over FY/24, with current revenues growing 3.6% and delinquent revenues declining about 0.3%.

The Bernalillo County Assessor has noted that the 2025 collections are on pace with tax year 2024 and that the county is not expecting the property tax receivable to be impacted by the recent change increasing the veteran exemption from \$4 thousand to \$10 thousand. Both FY/26 and FY/27 are projected at a conservative 2.8% growth rate. These estimates may be revisited if revenues for FY/26 start to materialize above expectations.

For FY/27, a second change to veterans' exemptions will be in effect, this one allowing veterans with less than 100% disability to be eligible for an exemption. Again, revenues will be closely monitored to assess any potential impact to City revenues.

Franchise Taxes

FY/25 franchise tax revenues were \$1.3 million, or 4% above the estimate, largely due to the water and electric franchises. The water franchise implemented a 12% rate increase that impacted the year. These revenues have been challenging to estimate in recent years as ongoing conservation efforts often counteract with rate increases and other factors.

The electric franchise also implemented a rate increase, this one taking place in two phases, one in 2025 and another in 2026, each estimated to increase the average monthly residential bill by \$6.23. The remaining franchises ended slightly below expectations with the exception of the telecom franchise which increased a modest \$52 thousand over the year.

For FY/26, a modest overall increase of 0.3% is expected. This includes an estimated 0.8% increase for the electric franchise as the second phase of the rate increase is implemented. Very modest increases, or in the case of telephone and telecommunications, slight decreases, are expected for the remaining franchises.

In FY/27, overall franchises are estimated to increase 2.2%. The majority of the increase

PROJECTED REVENUES FOR FISCAL YEARS 2026 TO 2030

is attributed to the water franchise, which is expected to implement another rate increase of about 10%. The remaining franchises remain virtually flat to slightly negative for the year.

Payments-In-Lieu-Of-Taxes (PILOT)

PILOT revenues were \$89 thousand, or 3.5% over the estimate for FY/25. FY/26 and FY/27 are forecasted in line with population growth, or nearly flat at about 0.2%.

Building Permits

In FY/25, building permits were 8.1%, or about \$836 thousand below the estimate. This was 7.7%, or just \$677 thousand above FY/24. This was nearly \$3 million below the original FY/25 budget. For FY/25, building permits were projected to increase 36.8% or \$3.3 million above FY/24. This was due to some fee increases to plumbing/mechanical, electrical and re-roofing permits; however, due to delays in implementation, much of the expected increases did not materialize in FY/25.

For FY/26, the projection for building permits is 14.2% over FY/25, in part due to a full year of fee changes for plumbing/mechanical, electrical and re-roofing. Additional increases were expected as the department implemented the use of updated valuation tables used to estimate costs; however, these changes may not happen until near the end of the fiscal year. Valuation have not been updated since 2009. However, construction is expected to be somewhat sluggish during the year, with BBER projecting a 23.1% decrease in housing units authorized, entirely due to a decline in multi-family units compared with last year.

As of December 2025, total building permits are down by 30%, demonstrating a lower volume of work. Year-to-date building permit valuations show an increase of 17% compared with FY/25; however, this largely reflects increased costs associated with inflation and tariff pressures. New multi-

family valuations are down 46% from last year while new commercial valuations and new residential valuations are up by 85% and 37%, respectively. Other valuations, including roofs, solar, signs, etc., are up by 228%. Year-to-date building permit GRT is currently trending about 6.5% over this time last year.

For FY/27, BBER projects a modest increase in total housing units authorized of 6%, with the vast majority coming from single-family housing units. Total building permit revenue is estimated to grow 4.6%, which reflects the BBER estimate as well as modest construction GRT within the forecast models.

As a note, major construction projects planned by the State (now to include APS) or the Federal government, or road projects do not fall under the City's permitting process and the City receives no permit revenue. However, GRT is paid both by the State and the Federal governments on construction projects.

Other Licenses/Fees

Included in this category are revenues from permits and licenses for restaurant inspections, animal control, liquor establishments, business registrations, use of the City right of way, and other miscellaneous fees. FY/25 finished \$1.1 million, or about 21% over the estimate. However, this was nearly \$3 million below the original budget. New health inspection fees were implemented to improve City compliance management; however, due to some other fee changes regarding business licenses being pulled back by City Council, only about half of the expected revenue was generated for the year.

For FY/26 and FY/27, growth is estimated at 3% and 0.2%, respectively. FY/26 year-to-date permits are currently trending somewhat higher than last year, in part due to increased revenues from the full implementation of the new restaurant and food process inspection permit structure

PROJECTED REVENUES FOR FISCAL YEARS 2026 TO 2030

which started being utilized around the midpoint of FY/25.

Other Intergovernmental Assistance

Other intergovernmental assistance includes State shared revenues (excluding GRT), grants and county shared revenues. Revenue for FY/25 was \$690 thousand, or nearly 17%, above the estimate, with the majority of the increase in municipal gas tax revenue. This is a departure from recent years which showed decreases in State shared motor vehicle licenses and gas tax revenue. New Mexico imposes \$0.17 per gallon on gasoline and shares are distributed to municipalities based on the proportion of fuel sold within their limits. With virtually flat population growth and increased numbers of fuel-efficient cars, State-shared gas tax revenue had been virtually flat in recent years.

For FY/26, the forecast is left at the FY/26 budgeted amount, which is slightly below the FY/25 actual and more in line with historical revenues. This could be revised upward slightly as the FY/27 budget is developed if year-to-date revenues continue to show modest gains. Similarly, the FY/27 forecast is for slightly negative revenues of 1.4% but may be revised if appropriate.

Charges for Services

For FY/25, service charges were \$2.6 million, or about 8.9% below the estimate and 8.8% below FY/24. Revenues in this category typically increase with population and business growth, unless major changes are taking place, such as changes to fee structures or new or upgraded City venues.

While golf green fees, alarm ordinance fines and fees, and engineering fees were all up, other revenues such as for police services, charges for risk management legal services were down. In FY/25, the City's Parks and Recreation Department did not hire an outside contractor to manage golf concessions revenues so that expense has cut into the associated revenues in FY/25.

Finally, zoo admission fees, a relatively large source of revenue, were virtually flat with the previous year.

For FY/26, charges for service expectations are increased slightly, by 5%. Year-to-date revenues are recovering somewhat from FY/25, with revenues such as ambulance transport and charges for child care services doing well. These revenues will be revisited during in-depth discussions with City departments as the FY/27 budget is built. For FY/27, revenues increase by a conservative 0.3%, reflecting the moderation of consumers and businesses.

Internal Service

FY/25 revenues finished \$111 thousand, or about 71.6%, above the estimate. This reflects higher revenue from mail charges and engineering inspections. FY/26 is left at the budgeted amount which is consistent with historical averages. Modest increases are expected in FY/27 and for the remainder of the forecast. Typically, these revenues increase with the rate of wage and salary compensation as forecasted by IHS, unless adjusted during the FY/27 budget process.

Indirect Overhead

Indirect overhead in FY/25 finished \$9.8 million, or 32.7%, above the estimate, reflecting the inflation pressures that have impacted these construction-related costs. Currently, FY/26 IDOH rates are left at the budgeted level, which is 8% over FY/25. For FY/27 and out-years, forecasted growth is conservative at 0.2%; however, these estimates will be reconsidered as the FY/27 budget is built.

CIP-Funded Positions

FY/25 transfers for CIP-funded positions were \$4.8 million, or 34.5% below the estimate. Similar to IDOH, rates for CIP-funded positions were increased beginning in FY/25. However, revenues are dependent on actual labor usage and costs, which vary according capital project implementation. For FY/26, revenue is left at the FY/26

PROJECTED REVENUES FOR FISCAL YEARS 2026 TO 2030

budgeted level. Due to the much lower FY/25 actuals, the FY/26 budgeted amount represents 58% growth over the previous year. For FY/27 and outyears, the forecast is for a modest 0.2% growth, which may be adjusted as the FY/27 budget is developed.

Miscellaneous

This category includes fines, rental of City property and other miscellaneous revenues. Revenues in FY/25 were \$6.4 million, or 88.6% above the estimate. This large increase was largely due to a \$5.3 million accounting adjustment for bond and lease proceeds. These revenues were required for the City's audit; however, they will not translate into funds that can be appropriated for the City. These accounting adjustments are difficult to project and are therefore not considered in forward-looking revenue forecasts. Consequently, for FY/26, the projection is for a 42.6% decline in revenues. This is slightly higher than the budgeted amount and closer to historical averages.

FY/27 and out-year revenues are conservatively projected at .03%. These revenues will be revisited during in-depth discussions with City departments as the FY/27 budget is built. Consistent with the category name, this revenue source is often unpredictable.

Interest Earnings

For FY/25, earnings were \$1 million, or 53% below the estimate. This category has experienced some extreme fluctuations over the past few years due to changing fund balances, market volatility and wide-ranging interest rates. Revenues have historically been forecasted at roughly the interest on two-year treasuries as estimated by IHS. Currently, FY/26 is estimated at 3.6% over the FY/25 actual. This estimate may be revised downward during development of the FY/27 budget dependent on year-to-date actual revenues. Currently, for FY/27 and beyond, growth is estimated at the growth rate of two-year treasuries.

Interfund Transfers

Interfund transfers for FY/25 were \$284 thousand, or 5.3% below the estimate. For FY/26, these transfers are expected to increase about \$3.5 million over the previous year, primarily due to a \$2 million one-time transfer from the Lodgers' Tax Fund for special athletic events held by the Parks and Recreation Department. Another \$1 million is from the Automated Speed Enforcement Fund 289 to support crossing guards.

In FY/27, the one-time revenue is removed. For FY/28 and the remainder of the forecast, revenue is held nearly flat at 0.2%; however, revenues will be re-evaluated as the FY/27 budget is developed.

PROJECTED REVENUES FOR FISCAL YEARS 2026 TO 2030

Revenue Category	Unaudited	Budget	Five year					Growth				
	FY/25	FY/26	FY/26	FY/27	FY/28	FY/29	FY/30	FY/26	FY/27	FY/28	FY/29	FY/30
GRT												
State Shared 1.225%	288,195	299,076	296,279	304,105	309,494	313,142	318,967	2.8%	2.6%	1.8%	1.2%	1.9%
Local GRT (w/o public safety)	133,576	137,643	137,150	140,071	141,850	142,807	144,723	2.7%	2.1%	1.3%	0.7%	1.3%
GRT 1/4 Public Safety	59,409	61,792	61,061	62,614	63,664	64,354	65,488	2.8%	2.5%	1.7%	1.1%	1.8%
Penalty and Interest	4,405	3,966	3,845	3,883	3,961	4,040	4,162	-12.7%	1.0%	2.0%	2.0%	3.0%
3/8th Hold Harmless	84,851	88,268	87,415	90,471	92,824	95,331	97,904	3.0%	3.5%	2.6%	2.7%	2.7%
CMP	9,017	8,692	9,183	9,376	9,531	9,660	9,824	1.9%	2.1%	1.7%	1.4%	1.7%
ITG	66	66	67	69	70	71	72	2.0%	2.1%	1.7%	1.4%	1.7%
Total GRT	579,519	599,503	595,001	610,591	621,395	629,405	641,139	2.7%	2.6%	1.8%	1.3%	1.9%
TIDDs & Incentives	(3,486)	(3,836)	(3,836)	(4,103)	(4,221)	(4,338)	(4,456)	10.0%	7.0%	2.9%	2.8%	2.7%
Total GRT	579,519	599,503	595,001	610,591	621,395	629,405	641,139	2.7%	2.6%	1.8%	1.3%	1.9%
Property Taxes	107,874	111,682	110,894	113,999	117,419	121,344	125,068	2.8%	2.8%	3.0%	3.3%	3.1%
Telephone	646	763	641	638	638	638	638	-0.7%	-0.5%	0.0%	0.0%	0.0%
Electric	14,990	15,108	15,108	15,229	15,381	15,521	15,665	0.8%	0.8%	1.0%	0.9%	0.9%
Gas	4,311	4,836	4,324	4,337	4,350	4,363	4,376	0.3%	0.3%	0.3%	0.3%	0.3%
Cable TV	3,272	3,574	3,278	3,285	3,291	3,298	3,304	0.2%	0.2%	0.2%	0.2%	0.2%
Water Authority Franchise	10,121	8,838	10,121	10,728	10,943	10,943	10,943	0.0%	6.0%	2.0%	0.0%	0.0%
Telecommunications	506	453	480	479	478	478	477	-5.0%	-0.2%	-0.2%	-0.2%	-0.2%
Franchise (subtotal)	33,845	33,572	33,953	34,696	35,082	35,240	35,403	0.3%	2.2%	1.1%	0.5%	0.5%
Other Intergovl	4,780	4,533	4,533	4,470	4,646	4,644	4,825	-5.2%	-1.4%	3.9%	0.0%	3.9%
Building Permits	9,454	11,730	10,800	11,296	11,635	12,094	12,504	14.2%	4.6%	3.0%	4.0%	3.4%
Other Licenses/Fees	6,201	5,712	6,387	6,399	6,412	6,425	6,438	3.0%	0.2%	0.2%	0.2%	0.2%
Charges for Services	26,048	28,838	27,350	27,432	27,570	27,625	27,680	5.0%	0.3%	0.5%	0.2%	0.2%
Fines and Penalties	126	99	99	99	99	99	99	-21.5%	0.0%	0.0%	0.0%	0.0%
Interest on Invest	922	2,023	956	989	1,024	1,060	1,097	3.6%	3.5%	3.5%	3.5%	3.5%
Other Miscellaneous	13,577	6,331	7,794	7,817	7,841	7,864	7,888	-42.6%	0.3%	0.3%	0.3%	0.3%
Interfund Transfers	5,064	8,587	8,587	6,587	6,601	6,614	6,627	69.6%	-23.3%	0.2%	0.2%	0.2%
PILOT	2,599	2,503	2,605	2,610	2,615	2,620	2,625	0.2%	0.2%	0.2%	0.2%	0.2%
Indirect Overhead	40,222	43,457	43,457	43,544	43,631	43,719	43,806	8.0%	0.2%	0.2%	0.2%	0.2%
Internal Service	266	155	155	155	156	156	156	-41.7%	0.2%	0.2%	0.2%	0.2%
Transfers for CIP-Funded Positions	9,060	14,317	14,317	14,345	14,374	14,403	14,431	58.0%	0.2%	0.2%	0.2%	0.2%
Total Revenue	839,557	873,043	866,887	885,031	900,498	913,311	929,786	3.3%	2.1%	1.7%	1.4%	1.8%
Non-Recurring Revenue	4,207	6,312	6,216	4,457	4,665	4,862	0.0	47.8%	-28.3%	4.7%	4.2%	-100.0%
Recurring Revenue	835,350	866,731	860,671	880,574	895,833	908,449	929,786	3.0%	2.3%	1.7%	1.4%	2.3%
Winrock	(1,830)	(1,876)	(1,876)	(1,913)	(1,968)	(2,023)	(2,078)					
Mesa Del Sol (MDS)	(1,329)	(1,363)	(1,363)	(1,390)	(1,430)	(1,470)	(1,509)					
UNM South Campus	(231)	(500)	(500)	(700)	(720)	(740)	(760)					
Lower Petroglyphs	(96)	(98)	(98)	(100)	(103)	(106)	(109)					
Total TIDDs & Incentives	(3,486)	(3,836)	(3,836)	(4,103)	(4,221)	(4,338)	(4,456)					

The economic models that forecast GRT use information about the economy from the national IHS forecast and the BBER forecast of the local economy. Gross receipts from construction are estimated separately from gross receipts from all other sources. This is designed to account for the volatile nature and the differing factors that affect construction.

Local employment and incomes are major indicators of the level of non-construction gross receipts. These are proxies for the money that can be spent by local residents. Additionally, seasonality has a major impact along with changes in employment or income. For example, Christmas spending makes the receipts accrued to January and February (November and December spending) the largest of the year. The models also estimate the impact of changes in State taxation policy.

Due to changes and erratic behavior of the hold harmless distributions, GRT is estimated without these distributions. However, this limits the GRT data to 2004 when the hold harmless was first instituted. Prior to this, data was used back to 1990.

Food hold harmless distributions were looked at historically and found to largely track with inflation for food consumed at home and for population growth. Medical hold harmless revenues have stabilized in the past year, and for future years it is assumed to grow conservatively at the rate of inflation.

The construction GRT model is based on housing construction and construction employment. It uses the full GRT data available back to 1990. Care is taken to account for differences due to large construction projects, such as the Big I and the Coors & I-40 reconstruction, which had large impacts on GRT revenues for short periods. There are also adjustments for large projects in the metro area that are not within the City. These include the large hospitals and Intel in Rio Rancho, and the Facebook project in Los Lunas.

Adjustments to the Estimates

Estimates of GRT are determined using the models described above, but often there are known future changes to State GRT statutes or other changes to the economy that were not in place in the historical period. To account for these factors, changes are made outside the econometric models.

Food and Medical Hold Harmless

The first year of the phased-out reduction in food and medical hold harmless distributions was FY/16. The distribution is reduced by 6% in FY/16 and an additional 6% in each of the following years through FY/30. From FY/21 through the complete phase-out, the additional phase-out is 7%. The estimated total revenue for phase out is based on the total estimate before phase-out in FY/18. The total before phase-out calculations actually shrunk in FY/17 and FY/18, making the impact to the City smaller than originally estimated. The actual impact to the General Fund is estimated to be \$4.5 million in FY/27 due to the drop from 28% share in FY/26 to 21% in FY/27.

Tax Increment Development Districts and Other Incentives

Revenue estimates of GRT were made using the tax base excluding distributions made to the TIDDs and penalty and interest payments. For future impacts, distributions to the TIDDs are directly taken out; however, in FY/15 there was a \$1.7 million pay back of GRT that had been incorrectly distributed to the Winrock TIDD. The distributions now made to the TIDD by TRD are correct. Winrock has developed a plan associated with bonds that were issued in the fall of 2015 for expansion of Winrock and a change in the base year from 2007 to 2009. While some construction was scaled back due to the impact of the pandemic, for FY/25 and FY/26, the amount diverted to the TIDD was about \$1.8 million. For FY/27 and the remainder of the forecast, modest growth is expected.

ESTIMATING GROSS RECEIPTS TAXES

TIDD revenues to Mesa del Sol are also estimated and deducted from General Fund revenue. Mesa del Sol revenues have been smaller in the recent past but the community is in a position to grow in the next few years. For FY/24, diversions totaled about \$5.7 million, the most of which, \$3.6 million, was the result of Netflix expansion within the TIDD. For FY/26 and the remainder of the forecast, modest growth of 2% to 3% is expected.

Other TIDDs such as UNM South Campus and Lower Petroglyphs have yet to provide

updated expectations for significant new growth.

At this time the only other GRT incentive currently in place is the payment to TopGolf through the Local Economic Development Act (LEDA). It is assumed that additional employment and GRT impact of the project, if any, is already included in the BBER and GRT forecasts. The revenue reductions are estimated at \$200 thousand per year for FY/25 to FY/29 based on FY/24 actuals. The positive impact on revenue and the cost in incentives for other LEDA projects are not explicitly included in this report.

EXPENDITURE OUTLOOK

EXPENDITURE ESTIMATING METHODOLOGY

The expenditure estimating methodology for the General Fund and funds subsidized by the General Fund is relatively straightforward. However, the expenditure forecast incorporates many known adjustments to provide an accurate forecast. The forecast period covers FY/26 through FY/30. For the current fiscal year ending June 30, 2026, expenses are projected using the original appropriation as a base. The base is then adjusted to account for subsequent appropriations by the City Council. It is assumed that departments will spend their full appropriations by the end of FY/26.

FY/27 estimated costs are, for the most part, derived independently of FY/26 estimates. The FY/27 forecast is compiled using the latest available information, including actual position information updated in December. Additionally, all subsidized funds and other funds receiving transfers from the General Fund are analyzed independently before adjustments are made for this General Fund forecast to reflect the associated impacts. The FY/26 expenditure

estimates do not yet reflect any administrative initiatives to balance expenditures to projected revenues. Projections for the current fiscal year will be updated prior to next year's budget being finalized. Any reversions identified at that time will be used for one-time costs in the subsequent fiscal year.

The forecast beyond FY/27 is largely driven by inflationary factors applied to the FY/27 through FY/30 numbers as the base. Those factors, detailed in Table A, are taken from the national forecast scenarios of IHS Global Insight except for some changes made to selected rates to better reflect local costs. Three separate scenarios of national and local economic activity are factored into the methodology to present baseline, optimistic, and pessimistic scenarios of anticipated expense activity. Table B includes the expenditure and revenue outlook together in a fund balance table for the General Fund. Table C summarizes those expenses by major category showing the percentage change in each.

TABLE A BASELINE SCENARIO FACTORS	SHORT NAME	FACTORS			
		FY/27	FY/28	FY/29	FY/30
CPI - All Urban Consumers, All Items	CPI-U	2.7%	2.6%	2.1%	2.2%
EMPLOYMENT COST INDEX - Wages & Salary, Private Nonfarm	WAGES	4.8%	4.5%	4.1%	3.5%
Price Index Consumer Exp Medical Care	MEDICAL	3.6%	3.2%	3.1%	2.9%
PRICE INDEX - Consumer Expenditures, New Cars	NEWAUTO	-0.2%	-1.0%	-0.7%	-0.9%
PRICE INDEX - Consumer Exp, Transportation Services	AUTOREP	1.9%	1.7%	1.1%	1.1%
PRICE INDEX - Consumer Exp, House Oper, Natural Gas	NATGAS	13.4%	8.8%	-5.0%	-2.8%
PRICE INDEX - Consumer Exp, Gasoline & Oil	FUEL	-2.0%	6.0%	0.8%	4.9%
PPI - Fuels & Related Products, Electric Power	ELECT	4.3%	2.9%	0.7%	0.7%
PRICE INDEX - Govt Consumption, Noncompensation	GOVT	2.6%	2.9%	2.7%	2.6%
PRICE INDEX - Cons Exp, Tires/Tubes/Accessories/Parts	TIRES	-0.3%	-0.1%	0.1%	0.2%
Growth of Gross Receipts Tax Revenue	GRT	2.6%	1.8%	1.2%	1.9%

EXPENDITURE ESTIMATING METHODOLOGY

**TABLE B
FIVE YEAR FORECAST
GENERAL FUND - BASELINE SCENARIO
RESOURCES, APPROPRIATIONS AND FUND BALANCES
(\$000's)**

(\$000's)	AUDITED ACTUAL FY/25	REVISED BUDGET FY/26	FORECASTS			
			FY/27	FY/28	FY/29	FY/30
RESOURCES:						
Recurring Revenue	835,350	860,671	880,574	895,833	908,449	929,786
% Change Recurring Revenue		3.0%	2.3%	1.7%	1.4%	2.3%
Total Non-recurring	<u>4,207</u>	<u>6,216</u>	<u>4,457</u>	<u>4,665</u>	<u>4,862</u>	<u>0</u>
TOTAL REVENUES	839,557	866,887	885,031	900,498	913,311	929,786
% Change Total Revenue		3.3%	2.1%	1.7%	1.4%	1.8%
BEGINNING FUND BALANCE	<u>95,776</u>	<u>75,971</u>	<u>70,234</u>	<u>26,346</u>	<u>(86,845)</u>	<u>(213,125)</u>
TOTAL RESOURCES	<u>935,334</u>	<u>942,858</u>	<u>955,264</u>	<u>926,843</u>	<u>826,466</u>	<u>716,661</u>
EXPENDITURES/APPROPRIATIONS:						
Recurring Expenditures/Appropriations	826,505	842,042	902,884	985,302	1,013,557	1,043,749
% Change Recurring Appropriation		1.9%	7.2%	9.1%	2.9%	3.0%
Non-recurring Exp/App: One-time Items	<u>32,858</u>	<u>30,582</u>	<u>26,035</u>	<u>28,386</u>	<u>26,035</u>	<u>26,035</u>
TOTAL EXPEND/APPROP	<u>859,363</u>	<u>872,624</u>	<u>928,919</u>	<u>1,013,688</u>	<u>1,039,591</u>	<u>1,069,783</u>
UNADJUSTED FUND BALANCE	<u>75,971</u>	<u>70,234</u>	<u>26,346</u>	<u>(86,845)</u>	<u>(213,125)</u>	<u>(353,122)</u>
ADJUSTMENTS:						
Encumbrances	(1,715)	(1,715)	(1,715)	(1,715)	(1,715)	(1,715)
Estimated Projection Adjustment	0	0				
Unrealized (Gain)/Loss on						
Investments	(767)	(767)	(767)	(767)	(767)	(767)
Other Accounting Adjustments	<u>(98)</u>	<u>(98)</u>	<u>(98)</u>	<u>(98)</u>	<u>(98)</u>	<u>(98)</u>
TOTAL ADJUSTMENTS	<u>(2,581)</u>	<u>(2,581)</u>	<u>(2,581)</u>	<u>(2,581)</u>	<u>(2,581)</u>	<u>(2,581)</u>
ADJUSTED FUND BALANCE	<u>73,390</u>	<u>67,653</u>	<u>23,765</u>	<u>(89,426)</u>	<u>(215,706)</u>	<u>(355,703)</u>
RESERVES:						
1/12th Operating Reserve	70,933	72,466	77,410	84,474	86,633	89,149
Additional 1% for tiered COLA [E,I,U]	1,550	0	0	0	0	0
Wage Adj AFSCME Green Circle		700	0	0	0	0
Wage Adj under \$17 per hr to \$17 per hr		157	0	0	0	0
NU Classified Wage Adj. per C&C	215	0	0	0	0	0
Runoff or Special Election		750	750	750	750	750
One-Time Supplemental Pmt. R-25-219		<u>2,951</u>	<u>2,951</u>	<u>2,951</u>	<u>2,951</u>	<u>2,951</u>
TOTAL RESERVES	72,698	77,024	81,111	88,175	90,334	92,850
AVAILABLE FUND BALANCE	<u>692</u>	<u>(9,371)</u>	<u>(57,346)</u>	<u>(177,601)</u>	<u>(306,040)</u>	<u>(448,553)</u>
1/12th Operating Reserve	71,614	72,719	77,410	84,474	86,633	89,149
Recurring Surplus/(Deficit)	8,845	18,629	(22,310)	(89,469)	(105,107)	(113,962)

EXPENDITURE ESTIMATING METHODOLOGY

**TABLE C
GENERAL FUND
EXPENSES BY MAJOR CATEGORY
(\$000's)**

	AUDITED	REVISED								
	ACTUAL	BUDGET		%		%		%		%
	FY/25	FY/26	FY/27	chg	FY/28	chg	FY/29	chg	FY/30	chg
PERSONNEL	545,242	592,376	620,479	4.7%	649,296	4.6%	673,898	3.8%	695,882	3.3%
OPERATING	183,943	164,571	162,435	-1.3%	165,240	1.7%	165,414	0.1%	169,446	2.4%
CAPITAL	8,553	336	336	0.0%	336	0.0%	336	0.0%	336	0.0%
TRANSFERS	121,625	112,313	117,509	4.6%	121,627	3.5%	124,333	2.2%	127,825	2.8%
ADDITIONAL ITEMS FACTORED	0	3,031	28,160	829.1%	77,189	174.1%	75,610	-2.0%	76,295	0.9%
GRAND TOTAL	859,363	872,627	928,919	6.5%	1,013,688	9.1%	1,039,591	2.6%	1,069,783	2.9%

This forecast includes adjustments in recurring expenses for FY/27 to provide greater accuracy for the upcoming fiscal year. However, the forecast does not assume recurring expense adjustment from FY/27 forward, which drives the recurring gap between revenues and expenses. As shown in Table B, the total increase in expenses peaks in FY/30, mostly due to wages and benefits, assumed cost increases for medical, Transit Department subsidy, public safety needs, police contracts coming-on-line, and estimated operational costs to support the completion of capital projects.

Labor costs to bring new or expanded facilities on-line are often the cost driver for bringing such services on-line. That said, various union

negotiated and forecasted wage adjustments are included in the personnel section in Table C for FY/27. The out-years grow at a larger rate because they increase at the Employment Cost Index factor shown in Table A.

Non-recurring items are included for the entire forecast period. The availability of one-time funds typically depends on prior year reversions and additional revenue. Non-recurring items are assumed to be discretionary and will most likely be the first options for reductions given that non-recurring revenue is not available. The table below shows what is included as the potential non-recurring appropriation for FY/27.

Non-Recurring Items for FY/27 (\$000's)		
DEPARTMENT	PURPOSE	AMOUNT
Animal Welfare	NMDOG	20
	Preventative Clinic Lease Agreement	100
	Street Cat Hub	500
Arts & Culture	Explora	250
	Food/Medicine contracts	250
	Library IT	450
	Promotions, Outreach, Communications	40
	Route 66 Centennial Planning & Improvements	500
	Special Events	200
	Sponsored Initiatives/Events*	2,089
City Support	LEDA Transfer to F305	1,000
Civilian Police Oversight Agency	Branding Material for CPC	10
	Contractual Mediation Services	25
	Translation Services (Written, Interview, Brochures)	10
Community Safety	Mayor' Taskforce on Dom Violence Housing Vchr	75
	NM Center of Black Excellence	40
	NM Vets for Pets	30
	School based VIP Case Management	80
	Vizionz-Sankofa	15
Council Services	Bands of Enchantment	580
	Community Bike Program	6

EXPENDITURE ESTIMATING METHODOLOGY

Non-Recurring Items for FY/27 (\$000's)		
DEPARTMENT	PURPOSE	AMOUNT
	D6 Mentorship Program	200
	DA Gun Violence Prevention	100
	District 6 Farmer's Market (Food Insecurity)	15
	El Prado, DBA Fraction Farms	30
	Locker 505	75
	Low Rider Day	10
	Public Grantor Program	90
	Touch a Truck Public Safety Awareness	10
Economic Development	ABQID	75
	African American Chamber of Commerce	60
	Asian Business Collaborative	30
	Barelas Mainstreet	80
	Downtown Mainstreet	130
	Job Training Albuquerque	1,000
	Marketing, Retention, and Expansion for Economic Development	150
	Nob Hill Mainstreet	100
	Revitalize San Pedro-Mainstreet	100
	Southwest Women's Collaborative	50
	Top Golf	100
	West Central Community Development Group	30
	West Fest	50
Environmental Health	Sustainability Contractual Services	25
Finance and Administrative Services	MRA: Legal Services	75
Fire	AFR Special Operations – Equipment for extended search & rescue	64
	Behavioral Health program	50
	Equipment EMS / Fleet Operations - Supplies	10
	Fleet Operations - Utilities	50
Health, Housing & Homelessness	Affordable Housing Vouchers	8,000
	Behavioral Health Software	100
	Grief Center	20
	New Homeless Prevention Program	290
	Peaceful Habitation	10
	Pilot program for wrap-around services	400
	Saranam	50
	Sponsored Initiatives/Events*	2,114
Human Resources	Bilingual Testing	10
	Labor Negotiations	50
	Promote Employment Opportunities with City	20
Legal	Citizenship Program	25
Municipal Development	ARID LID	80
	Fund 282 Subsidy	1,000
Office of Inspector General	Contract Investigation Services	25
	OIG Peer Review	5
	Operating Budget Increase	10
	Supplies/Operating Costs	20
	Voyager Software Renewal	50
Office of Internal Audit	OIA Peer Review	7
	Tech Review and Outside Legal Services	10
	Technical Review and Licensing	6
Parks & Recreation	4H Park	50
	Apprenticeship for Parks	224
	Aquatics- Los Altos HVAC system	50
	Bee NM	50
	Bosque Interns	176
	Cycling USAC Masters Championship	350
	Dakota Tree Project	50
	Encampment Crews	15
	Freedom 4th	55
	Hawks	30

EXPENDITURE ESTIMATING METHODOLOGY

Non-Recurring Items for FY/27 (\$000's)		
DEPARTMENT	PURPOSE	AMOUNT
	Indoor Track (ACC Rental Fees + Accelerated Disassembly)	320
	New Mexico Games	20
	Open Space - Bosque and Arroyo Fire Protection	720
	Park Ranger PSA	7
	Umpire, Site Supervisor & Other Sport Referees Pay Increase	159
	Urban Forestry	350
	Veteran's Support Services	20
	Youth Connect Summer Recreation Programs	140
Planning	Boardups (ADAPT)	300
Police	APD Drag Racing Tactical Plans	50
	APD Technology Support	130
	Criminal Justice Coordinating Council	20
	Federal Attorney	120
	Risk Youth Programs and Outreach	25
	Student Loan Forgiveness Program	50
Senior Affairs	Manana de Oro	10
	Security	100
	Tarde de Oro	10
	Teeniors (ABQ Community Foundation)	30
Technology and Innovation	Call Center Script for 311	10
	Cisco UCS	50
	DocuSign Subscription	25
	ESRI in Support of APD	90
	Finesse Licenses	3
	Mythics PAAS Credits	50
	PeopleSoft Licensing	45
	TrendMicro additional function	60
Youth & Family Services	After school program for youth	255
	Westgate Bike Shop Operating	250
	Sponsored Initiatives/Events*	235
TOTAL		26,035

A capital project, whether it is a new structure or an expansion of an existing footprint, most often requires additional costs to operate. The most significant cost increase shown in this forecast is due to Capital Implementation Projects (CIP) coming-on-line. The table below shows a detailed list of capital projects and the estimated costs to operate those projects. The estimates were calculated by the respective departments managing those facilities. In many situations, the

needs always exceed available resources. Many of the previous year's items have been adjusted in FY/27 to provide an accurate estimation for the upcoming budget year. The General Fund estimates for FY/28 through FY/30 are \$38.6 million, \$39.2 million, and \$40.6 million, respectively. (Note: The costs shown below are in total dollars and are independent of each other, meaning they are not compounded with the inflation factors in Table A.)

5-Year Forecast CIP Coming-On-Line Estimates						
Funding Allocation Category <i>Department/Division</i>	Opening Date	FY 26 Budget	FY 27	FY 28	FY 29	FY 30
Arts & Culture						
Bio Park Exhibits						
Asia	Oct 2023	-	500,000	500,000	500,000	500,000
Mediterranean Garden Addition	Oct 2025	-	50,000	50,000	50,000	50,000
Australia Phase 1	July 2024	-	495,000	495,000	495,000	495,000
Australia Phase 2	Apr 2027	-	250,000	500,000	500,000	500,000
Heritage Farm	Feb 2025	-	400,000	400,000	400,000	400,000
SHARK Aquatic Quarantine	Mar 2026	-	500,000	500,000	500,000	500,000
Children's Fantasy Garden	Mar 2027	-	75,000	150,000	150,000	150,000
Africa Exhibit Improvements	July 2027	-	750,000	750,000	750,000	750,000
Mexican Wolves Refuge	Nov 2025	-	100,000	100,000	100,000	100,000

EXPENDITURE ESTIMATING METHODOLOGY

5-Year Forecast CIP Coming-On-Line Estimates							
Funding Allocation Category	Opening Date	FY 26 Budget	FY 27	FY 28	FY 29	FY 30	
Department/Division							
Animal Ambassador Complex	July 2029	-	-	200,000	500,000	500,000	
Botanic Garden / Aquarium Entry	July 2027	-	100,000	50,000	50,000	50,000	
Tingley Beach Improvements	July 2027	-	15,000	25,000	25,000	25,000	
Museums							
Albuquerque Museum Education Center	July 2027	-	340,000	680,000	680,000	680,000	
Total Arts & Culture Department		\$0	\$3,575,000	\$4,400,000	\$4,700,000	\$4,700,000	
Community Safety							
Community Safety Building-San Mateo/Kathryn							
Operating cost for Community Safety Building- Utilities, janitorial, pest control, grounds maintenance, recurring		-	100,000	100,000	100,000	100,000	
ACS Headquarters for safety and front door replacement and badge access access(non-recurring)		-	50,000	-	-	-	
2 BHR1 (\$190,576.80), 2 BHR2 (\$215,707.44), 1 BHR Sup (\$115,124.05), 1 Exec. Asst. (106,838.62), 2 Street Outreach (\$204,459.50), recurring		-	832,706	832,706	832,706	832,706	
Inventory Control Manager		-	117,895	117,895	117,895	117,895	
Triage Supervisor (BHR)		-	115,124	115,124	115,124	115,124	
Northside Location							
New building/renovated building and furniture; maintain		-	500,000	-	-	-	
Operating cost for Community Safety Building- Utilities, janitorial, pest control, grounds maintenance, recurring		-	75,000	75,000	75,000	75,000	
2 BHR1 (\$190,576.80), 2 BHR2 (\$215,707.44), 1 BHR Sup (\$115,124.05), 1 Sr. Office Asst. (73,614.59), 2 Street Outreach (\$204,459.50), recurring		-	799,482	799,482	799,482	799,482	
Eastside Location							
New building/renovated building and furniture; maintain		-	-	500,000	-	-	
Operating cost for Community Safety Building- Utilities, janitorial, pest control, grounds maintenance, recurring		-	-	100,000	100,000	100,000	
2 BHR1 (\$190,576.80), 2 BHR2 (\$215,707.44), 1 BHR Sup (\$115,124.05), 1 Sr. Office Asst. (73,614.59), 2 Street Outreach (\$204,459.50), recurring		-	-	799,482	799,482	799,482	
Southside Location							
New building/renovated building and furniture; maintain		-	-	-	500,000	-	
Operating cost for Community Safety Building- Utilities, janitorial, pest control, grounds maintenance, recurring		-	-	-	100,000	100,000	
2 BHR1 (\$190,576.80), 2 BHR2 (\$215,707.44), 1 BHR Sup (\$115,124.05), 1 Sr. Office Asst. (73,614.59), 2 Street Outreach (\$204,459.50), recurring		-	-	-	799,482	799,482	
Trauma Recovery Center- VIP							
Operating cost for Community Safety Building- Utilities, janitorial, pest control, grounds maintenance, recurring		-	45,000	45,000	45,000	45,000	
VIP Personnel 1 Youth Program Field Operations Manager, 2 CORA, 1 Exec. Asst. recurring		-	449,604	449,604	449,604	449,604	
New Westside Public Safety Building							
Operating cost for Community Safety Building- Utilities, janitorial, pest control, grounds maintenance, recurring		-	30,000	30,000	30,000	30,000	
2 BHR1 (\$190,576.80), 2 BHR2 (\$215,707.44), 1 BHR Sup (\$115,124.05), 1 Sr. Office Asst. (73,614.59), 2 Street Outreach (\$204,459.50), recurring		-	799,482	799,482	799,482	799,482	
ACS West							
Operating cost for Community Safety Building- Utilities, janitorial, pest control, grounds maintenance, recurring		-	30,000	30,000	30,000	30,000	
All ACS locations							
Computer Refresh-MDTs, Laptops, Desktops - Software licenses (non-recurring)		-	500,000	-	-	-	
Recruitment vehicle		-	120,000	-	-	-	
Total Community Safety Department		\$0	\$4,564,294	\$4,793,777	\$5,693,259	\$5,193,259	
Fire							
Old FS 9- Relocation of HEART Division							
Operating cost for Building - utilities and data		-	25,000	25,000	25,000	25,000	
New Fleet Building							
Operating cost for Fleet Building- utilities		-	105,000	105,000	105,000	105,000	

EXPENDITURE ESTIMATING METHODOLOGY

5-Year Forecast CIP Coming-On-Line Estimates						
Funding Allocation Category Department/Division	Opening Date	FY 26 Budget	FY 27	FY 28	FY 29	FY 30
SW Mesa Fire Station 23 - Personnel		815,235	-	-	-	-
Operating cost for Engine 23		270,765	-	-	-	-
Operating cost for Building- utilities		-	33,765	33,765	33,765	33,765
SW Mesa Station Rescue 23 - (4- Lieutenant, 4-Para Driver positions)		-	1,150,618	1,185,137	1,220,691	1,257,311
Operating cost for Rescue 23		-	33,765	33,765	33,765	33,765
Operating cost for Airboat Facility- utilities		-	15,000	15,000	15,000	15,000
Operating cost for of Battalion at FS18- utilities		-	25,000	25,000	25,000	25,000
Operating cost for addition of Bunkroom for FS 16- utilities		-	25,000	25,000	25,000	25,000
Operating cost for FS12- utilities		-	25,000	25,000	25,000	25,000
Fire Station 12-Medic Unit (2 Captain, 2 Lt, 4 Para Driver)		-	1,181,236	1,216,673	1,253,173	1,290,768
Operating Cost for medic unit 12		-	33,765	33,765	33,765	33,765
Operating cost for FS4- utilities		-	50,000	50,000	50,000	50,000
Total Fire Department		\$1,086,000	\$2,703,149	\$2,773,105	\$2,845,159	\$2,919,375
General Services Department						
ACS Main	2023	-	40,000	45,000	50,000	55,000
ACS westside	2025	-	20,000	20,000	25,000	25,000
APD Support Annex	2024	-	50,000	55,000	60,000	65,000
Cibola Loop Multi-Gen	2026	-	15,000	20,000	25,000	30,000
CNM Film School at Railyards	2026	-	150,000	160,000	170,000	180,000
Fire Station Bunk Addition	2022	-	10,000	15,000	20,000	25,000
OEM at RTMC	2025	-	30,000	35,000	40,000	45,000
Phil Chacon APD Substation	2024	-	20,000	25,000	30,000	35,000
Rankin Facility Solid Waste	2024	-	50,000	55,000	60,000	65,000
Santa Barbara Multi-Gen	2023	-	7,500	10,000	15,000	20,000
Southwest Public Safety Center	2025	-	15,000	20,000	25,000	30,000
SWD Cerro Colorado Vehicle Maintenance	2022	-	10,000	15,000	20,000	25,000
Total General Services Department		\$0	\$417,500	\$475,000	\$540,000	\$600,000
Health, Housing & Homelessness						
First Responder's	July 2023	-	1,289,736	1,289,736	1,289,736	1,289,736
Gateway Ph 1 and Engagement Center at Gibson Health Hub	Feb 2025	-	1,800,000	1,800,000	1,800,000	1,800,000
Med Respite at Gibson Health Hub	Oct 2025	-	1,500,000	1,500,000	1,500,000	1,500,000
Medical Sobering	Oct 2025	-	3,000,000	3,000,000	3,000,000	3,000,000
Men's Sheltering	May 2025	-	1,800,000	1,800,000	1,800,000	1,800,000
Pallet Home Recovery	Feb 2026	-	2,663,463	2,663,463	2,663,463	2,663,463
Young Adult Shelter		-	2,300,000	2,300,000	2,300,000	2,300,000
Total Health, Housing, & Homelessness Department		\$0	\$14,353,199	\$14,353,199	\$14,353,199	\$14,353,199
Parks & Recreation						
Alameda Drain Trail (Phase I & II)	FY26	-	150,000	155,000	160,000	165,000
Alameda Open Space Irrigated Landscape	FY 26	-	10,000	10,400	10,750	11,000
Aquatics - Los Altos HVAC system	FY20	-	85,000	87,000	90,000	92,100
Barelas Park	FY23	-	197,500	200,000	210,000	217,500
Candelaria Nature Preserve	Dec 2025	-	245,000	250,000	255,000	260,000
Chaparral Bike Park	FY28	-	-	40,000	42,500	45,000
Creighton Park	FY27	-	50,000	52,000	55,000	60,000
Crestview Bluff Park	FY27	-	20,000	22,000	25,000	30,000
Cricket Pitches	FY24	-	31,000	35,000	35,000	37,000
Daniel Webster Park (Phases 3, 4)	FY25	-	17,500	20,000	21,500	25,000
Dog Parks	FY26 & 27	-	760,000	770,000	785,000	800,000
Eisenhower Splash Pad	FY 26	-	245,000	250,000	255,000	260,000
Genievas Arroyo Park	FY27	-	70,000	75,000	80,000	85,000
Harwood Lateral	FY 26, 28	-	8,800	9,200	9,450	9,700
Horseman's Complex	May 2025	-	5,000	6,000	7,000	8,000
International District Park	FY26	-	195,000	200,000	210,000	215,000
Juan Tabo Hills (Phases 2, 3, 4)	Dec 2028	-	-	107,000	114,500	120,000
Los Altos Softball Complex	FY24	-	350,000	355,000	370,000	375,000

EXPENDITURE ESTIMATING METHODOLOGY

5-Year Forecast CIP Coming-On-Line Estimates							
Funding Allocation Category Department/Division	Opening Date	FY 26 Budget	FY 27	FY 28	FY 29	FY 30	
Los Tomases Park	FY25	-	2,600	2,700	2,800	2,900	
Manzano Mesa Pickleball Courts	May 2024	-	68,000	70,000	71,500	73,000	
Martineztown Community Garden	FY27	-	5,000	5,500	6,000	7,000	
McKinley Bicycle Center/Boys & Girls Teen Center	FY26	-	74,000	76,000	77,500	79,000	
Mesa Verde Park	FY27	-	80,000	84,000	88,000	91,000	
Multi-Use Stadium at Balloon Fiesta Park	Mar 2027	-	110,000	470,000	482,000	500,000	
North Domingo Baca Aquatics Center	FY30	-	-	-	-	1,590,000	
Petroglyph Estates Playground	FY 26	-	2,000	2,100	2,200	2,300	
Phil Chacon Park	Mar 2025	-	162,500	165,000	169,000	172,000	
Rail Trail	FY25	-	814,000	650,000	650,000	652,500	
San Antonio Oxbow	Oct 2026	-	10,000	11,000	12,000	12,500	
Shred Mountain Bike Course at BFP	Jul 2024	-	73,500	75,000	78,500	80,000	
Splash Pads	FY23- FY27	-	245,000	255,000	261,000	265,000	
Tijeras Arroyo BioZone -Diamond Rock, Education Center, Carmuel Site	FY24	-	260,000	265,000	268,000	271,000	
Trails--Other new trail and trail improvements	Ongoing	-	430,000	440,000	448,000	450,000	
Ventana Ranch Tennis & Pickleball Courts	FY24 & FY25	-	280,000	290,000	300,000	310,000	
Vista del Norte Park	FY24	-	167,000	170,000	174,000	177,500	
Wells Park	Jan 2025	-	166,000	168,000	171,000	173,500	
Westgate Community Center Field, Splashpad, Playground	FY25	-	8,800	9,000	9,200	9,350	
Westside Sports Complex	FY29	-	-	-	1,550,000	1,562,500	
Total Parks & Recreation Department		\$0	\$5,398,200	\$5,851,900	\$7,556,400	\$9,296,350	
Police							
Rosenwald:							
Utilities		-	6,000	6,000	6,000	6,000	
Janitorial		-	12,000	12,000	12,000	12,000	
City Church:							
Utilities		-	75,000	75,000	75,000	75,000	
APD Shooting Range							
Furniture		-	60,000	-	-	-	
Target System Maintenance		-	120,000	-	-	-	
Routers - Installation		-	10,000	-	-	-	
Flooring		-	20,000	-	-	-	
Janitorial		-	8,000	8,000	8,000	8,000	
Port O Potty -		-	25,000	25,000	25,000	25,000	
RTCC/RTMC							
Utilities		-	100,000	100,000	100,000	100,000	
Crime Lab Roof		-	2,500,000	-	-	-	
Crime Lab Incinerator		-	750,000	-	-	-	
Valley/Academy/Crime Lab Parking Lot		-	400,000	-	-	-	
APD Airboat Facility		-	150,000	-	-	-	
Utilities		-	50,000	50,000	50,000	50,000	
Academy							
EVOC Tower		-	500,000	250,000	-	-	
Driving Trac Repaving		-	1,000,000	-	-	-	
APD West Bluff							
Utilities		-	8,000	8,000	8,000	8,000	
Janitorial		-	12,000	12,000	12,000	12,000	
SW Public Safety	Dec 2025						
Utilities	Dec 2025	-	9,000	9,000	9,000	9,000	
Janitorial		-	24,000	24,000	24,000	24,000	
APD Transit Safety							
Copier	July 2025	-	5,000	5,000	5,000	5,000	
Shredding Contract	July 2025	-	1,000	1,000	1,000	1,000	
SE Area							
Restriping - Seal Coating	July 2026	-	30,000	-	-	-	
NE Area							
Restriping - Seal Coating	July 2026	-	30,000	-	-	-	
Water Fountain Upgrade	July 2026	-	36,000	-	-	-	
NW Area							

EXPENDITURE ESTIMATING METHODOLOGY

5-Year Forecast CIP Coming-On-Line Estimates						
Funding Allocation Category <i>Department/Division</i>	Opening Date	FY 26 Budget	FY 27	FY 28	FY 29	FY 30
Restriping - Seal Coating	July 2026	-	30,000	-	-	-
University Area						
Utilities	July 2024	-	30,000	30,000	30,000	30,000
Lease	July 2024	-	100,000	100,000	100,000	100,000
Janitorial	July 2024	-	27,000	27,000	27,000	27,000
Landscaping	July 2024	-	3,000	3,000	3,000	3,000
Ballistic Windows	July 2026	-	200,000	-	-	-
APD Tact Range						
Connex Update	TBD	-	20,000	-	-	-
Weed Control	TBD	-	4,000	8,000	8,000	8,000
SID						
Utilities	July 2026	-	-	-	-	-
Janitorial	July 2026	-	-	-	-	-
APD Main - 4th Floor Breakroom	July 2026	-	50,000	-	-	-
APD Records						
Intercom	July 2026	-	20,000	-	-	-
Ceiling	July 2026	-	-	-	-	-
APD 1st Floor Remodel	July 2026	-	2,000,000	2,000,000	-	-
Total Police Department		\$0	\$8,425,000	\$2,753,000	\$503,000	\$503,000
Senior Affairs						
Conway Wood Northwest Multigenerational Center	Dec 2025	-	1,530,000	1,568,250	1,607,456	1,647,643
Martinez Town Multigeneration Center	June 2024	-	389,000	464,000	539,000	614,000
Total Department of Senior Affairs		\$0	\$1,919,000	\$2,032,250	\$2,146,456	\$2,261,643
Technology and Innovation						
Infrastructure						
Cisco UCS		-	50,000	50,000	50,000	50,000
Transcepta contract escalator 4-7%		-	4,000	4,000	4,000	4,000
TrendMicro (additional function due to insurance requirements)		-	60,000	60,000	60,000	60,000
Mythics PAAS Credits		-	50,000	50,000	50,000	50,000
Veeam 3-yr support & maintenance		-	-	250,000	-	-
Total Asset Management 3-yr support & maintenance		-	-	110,000	-	-
ManageEngine		-	-	-	80,000	-
Applications						
ESRI increase to support APD		-	217,000	217,000	217,000	217,000
DocuSign (CARES initial funding)		-	60,000	60,000	60,000	60,000
UKG Workforce PRO (Kronos Telestaff Upgrade)		-	220,000	220,000	220,000	220,000
LogRhythm (Cybersecurity)		-	52,500	52,500	52,500	52,500
ERP						
PeopleSoft Licensing increase		-	60,000	60,000	60,000	60,000
Call Center script for 311		-	10,000	10,000	10,000	10,000
Total Technology and Innovation Department		\$0	\$783,500	\$1,143,500	\$863,500	\$783,500
Total General Fund Departments CIP Coming-On-Line						
		\$1,086,000	\$42,138,842	\$38,575,730	\$39,200,973	\$40,610,325
Transit						
ABQ Ride Network Plan		-	-	150,000	1,275,000	1,575,000
Far East Park & Ride		-	-	-	142,775	142,775
Micro Transit		-	653,407	653,407	653,407	653,407
Southwest Mesa Park & Ride		-	-	140,275	140,275	140,275
Total Transit Department Subsidy		\$0	\$653,407	\$943,682	\$2,211,457	\$2,511,457
Total GF Subsidized CIP Coming-On-Line						
		\$0	\$653,407	\$943,682	\$2,211,457	\$2,511,457
Total CIP Coming-On-Line						
		\$1,086,000	\$42,792,249	\$39,519,412	\$41,412,430	\$43,121,782

**REVENUES AND EXPENDITURES
UNDER ALTERNATIVE SCENARIOS**

ALTERNATIVE SCENARIOS

Alternative scenarios help us understand how unanticipated events can influence the local economy and the City's budget. The local economy has a strong direct impact on Gross Receipts Tax (GRT) and construction related revenues.

The alternative scenarios are based on October 2025 forecasts from the UNM Bureau of Business and Economic Research (BBER) and IHS Global Insight (IHS). IHS prepares an optimistic and a pessimistic scenario which form the basis for the City scenarios. BBER uses the results from the IHS alternatives to estimate the impact to Albuquerque and New Mexico. Previous sections were based on the baseline scenario, which is assigned a probability of 50%.

The following sections provide revenue and expenditure estimates in separate sections for the optimistic and pessimistic scenarios.

The expenditures in these scenarios differ from the baseline in the use of the alternative inflation factors. The differences in the scenarios on the expense side are relatively small compared to the differences in revenue.

Additionally, expenses generally increase faster than revenue in the optimistic case, offsetting some of the gain in revenue.

Likewise, in the pessimistic scenario expenses may grow more slowly, but contribute to the decrease in fund balance because of higher losses in revenue.

The changes in revenue are more substantial as the changes in employment have a large impact on the GRT revenue. The effects on available fund balance as shown in the following table are significant.

Available Fund Balance by Scenario				
(\$000's)				
	FY/27	FY/28	FY/29	FY/30
Baseline	(57,346)	(177,601)	(306,040)	(448,553)
Optimistic	(36,683)	(159,370)	(295,244)	(448,121)
Pessimistic	(79,541)	(243,193)	(410,903)	(589,343)

The following sections provide fund balance tables and revenue and expense summaries for the alternative scenarios.

The final section contains a summary of IHS assumptions, detail on employment and other variables used in the forecast, and a table comparing growth rates by scenario for various economic variables. The following pages contain details about the Optimistic and Pessimistic scenarios.

OPTIMISTIC SCENARIO

IHS assigns the optimistic scenario a 30% probability of occurring. The optimistic scenario assumes lower tariffs and less severe counter reactions from trading partners than in the base scenario. Lower tariffs could then lead to a faster moderation of inflation and possibly another federal rate cut. It is also assumed that deportations happen to a lesser degree than in the base, which is less of a drag on population growth and economic activity. On average, GDP averages about 2.5% over-trend from 2025 to 2027 as opposed to more on-trend growth of 2.0% in the base. Finally, there is modestly higher consumer demand and business investment in the optimistic scenario, and unemployment remains slightly below the base from about late 2025 through 2027.

In the optimistic scenario, Albuquerque employment grows incrementally faster than the baseline in FY/26 through FY/29 and then is flat with the baseline in FY/30. Construction employment grows 1.6% faster in FY/26 and

then slows to just incrementally faster than the baseline for the remainder of the forecast. The unemployment rate is consistently 0.1% lower in each year relative to the baseline. The moderately improved economic indicators in this scenario result in slightly higher GRT, peaking at 0.7% higher than the baseline in FY/28. Total revenues increase by \$7.1 million and nearly \$9.5 million in FY/26 and FY/27, respectively.

Note: Even in the optimistic scenario, growth in revenue does not equal growth in expenditures and available fund balance is negative for all four out-years of the forecast. The available fund balance in this scenario is negative \$36.7 million in FY/27 and compounds to a negative \$448.1 million in FY/30.

A table comparing the growth rates by scenario for other economic variables is included at the back of this section.

OPTIMISTIC SCENARIO INFLATION FACTORS

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
CPI U All Items	2.3%	7.2%	6.3%	3.3%	2.6%	2.8%	2.9%	3.0%	2.2%	2.2%
Employment Cost Index-Wages & Salary	3.0%	5.0%	5.0%	4.3%	3.6%	4.0%	4.6%	4.6%	4.3%	3.7%
Medical Care	3.0%	2.3%	2.5%	2.6%	2.7%	2.5%	4.0%	3.9%	3.4%	3.0%
Core CPI	2.1%	5.4%	5.7%	3.9%	3.1%	3.0%	3.0%	2.9%	2.5%	2.3%
New Cars	1.6%	10.7%	7.2%	0.4%	-0.7%	0.4%	-0.4%	-0.3%	-0.5%	-0.8%
Trasportation	0.4%	8.5%	10.8%	3.9%	2.6%	2.9%	2.4%	2.3%	1.3%	1.2%
Natural Gas	6.3%	24.9%	12.4%	-10.2%	6.5%	14.7%	14.4%	9.8%	-7.4%	-3.9%
Gasoline & Oil	1.1%	45.1%	0.9%	-4.2%	-8.0%	-4.9%	-1.7%	5.1%	-0.2%	4.2%
Electricity Chained Price Index	2.0%	8.5%	11.8%	3.7%	3.7%	5.7%	4.9%	3.5%	0.2%	0.5%
Govt Consumption Noncompensation	3.5%	7.1%	5.0%	2.4%	2.5%	2.8%	2.9%	3.2%	2.8%	2.7%
Tires/Tubes/Accessories/Parts	1.2%	9.4%	8.7%	-0.1%	1.4%	4.0%	-0.5%	0.6%	0.4%	0.2%

General Fund Revenues (In Thousands of Dollars)

	Audited	Budget	Five Year Forecast					Growth				
	FY/25	FY/26	FY/26	FY/27	FY/28	FY/29	FY/30	FY/26	FY/27	FY/28	FY/29	FY/30
Total Gross Receipts	579,519	599,503	596,098	612,872	627,883	637,896	649,919	2.9%	2.8%	2.4%	1.6%	1.9%
Taxes	144,318	147,757	147,946	152,624	156,462	160,578	164,496	2.5%	3.2%	2.5%	2.6%	2.4%
Shared	4,780	4,533	4,875	4,875	5,068	5,066	5,263	2.0%	0.0%	3.9%	0.0%	3.9%
Permits	15,655	17,442	18,147	18,879	19,259	19,772	20,230	15.9%	4.0%	2.0%	2.7%	2.3%
Charges for Services	26,048	28,838	28,838	28,982	29,127	29,186	29,244	10.7%	0.5%	0.5%	0.2%	0.2%
Intra City	45,553	52,200	52,200	50,287	50,388	50,488	50,589	14.6%	-3.7%	0.2%	0.2%	0.2%
Misc	14,625	8,454	11,556	11,621	11,687	11,754	11,823	-21.0%	0.6%	0.6%	0.6%	0.6%
CIP Funded	9,060	14,317	14,317	14,345	14,374	14,403	14,431	58.0%	0.2%	0.2%	0.2%	0.2%
Total Revenue	839,557	873,043	873,977	894,485	914,248	929,143	945,996	4.1%	2.3%	2.2%	1.6%	1.8%

OPTIMISTIC SCENARIO

**TABLE B
FIVE YEAR FORECAST
GENERAL FUND - OPTIMISTIC SCENARIO
RESOURCES, APPROPRIATIONS AND FUND BALANCES
(\$000's)**

(\$000's)	AUDITED ACTUAL FY/25	REVISED BUDGET FY/26	FORECASTS			
			FY/27	FY/28	FY/29	FY/30
RESOURCES:						
Recurring Revenue	835,350	867,761	890,028	909,582	924,281	945,996
% Change Recurring Revenue		3.9%	2.6%	2.2%	1.6%	2.3%
Total Non-recurring	4,207	6,216	4,457	4,665	4,862	0
TOTAL REVENUES	839,557	873,977	894,485	914,248	929,143	945,996
% Change Total Revenue		4.1%	2.3%	2.2%	1.6%	1.8%
BEGINNING FUND BALANCE	95,776	75,971	77,324	46,691	(67,394)	(200,446)
TOTAL RESOURCES	935,334	949,948	971,809	960,939	861,749	745,550
EXPENDITURES/APPROPRIATIONS:						
Recurring Expenditures/Appropriations	826,505	842,042	899,083	1,002,298	1,036,160	1,070,016
% Change Recurring Appropriation		1.9%	6.8%	11.5%	3.4%	3.3%
Non-recurring Exp/App: One-time Items	32,858	30,582	26,035	26,035	26,035	26,035
TOTAL EXPEND/APPROP	859,363	872,624	925,117	1,028,333	1,062,195	1,096,051
UNADJUSTED FUND BALANCE	75,971	77,324	46,691	(67,394)	(200,446)	(350,501)
ADJUSTMENTS:						
Encumbrances	(1,715)	(1,715)	(1,715)	(1,715)	(1,715)	(1,715)
Estimated Projection Adjustment	0	0	0	0	0	0
Unrealized (Gain)/Loss on Investments	(767)	(767)	(767)	(767)	(767)	(767)
Other Accounting Adjustments	(98)	(98)	(98)	(98)	(98)	(98)
TOTAL ADJUSTMENTS	(2,581)	(2,581)	(2,581)	(2,581)	(2,581)	(2,581)
ADJUSTED FUND BALANCE	73,390	74,743	44,111	(69,975)	(203,027)	(353,082)
RESERVES:						
1/12th Operating Reserve	70,933	72,466	77,093	85,694	88,516	91,338
Additional 1% for tiered COLA [E,I,U]	1,550	0	0	0	0	0
Wage Adj AFSCME Green Circle	0	700	0	0	0	0
Wage Adj under \$17 per hr to \$17 per hr	0	157	0	0	0	0
NU Classified Wage Adj. per C&C	215	0	0	0	0	0
Runoff or Special Election	0	750	750	750	750	750
One-Time Supplemental Pmt. R-25-219	0	2,951	2,951	2,951	2,951	2,951
TOTAL RESERVES	72,698	77,024	80,794	89,395	92,217	95,039
AVAILABLE FUND BALANCE	692	(2,281)	(36,683)	(159,370)	(295,244)	(448,121)
1/12th Operating Reserve	71,614	72,719	77,093	85,694	88,516	91,338
Recurring Surplus/(Deficit)	8,845	25,719	(9,055)	(92,716)	(111,879)	(124,020)

PESSIMISTIC SCENARIO

This scenario is based on the IHS pessimistic alternative and is assigned a probability of 20%. This scenario assumes higher tariffs broadly, with more severe counter reactions from trading partners. It is assumed that higher tariffs cause higher inflation. With higher inflation, financial conditions worsen, impacting economic activity which results in lower consumer confidence and weaker business investment. It is also assumed that deportations happen more quickly and more broadly than in the baseline scenario. These conditions result in a two-quarter recession starting in late 2025, with a cumulative decline in GDP of 0.3%. GDP in this scenario remains consistently below the baseline through mid-2028. Finally, the unemployment rate in the pessimistic scenario rises to nearly 6.3% by the end of the forecast outyears.

In Albuquerque, the unemployment rate remains around 0.1% higher in FY/26 and 0.7% higher in

FY/27. Employment remains 0.5% below the baseline in FY/26 and 1.4% below the baseline in FY/27.

A slowdown in employment and construction, particularly in FY/27, has a negative impact on GRT and other revenues. Recurring revenue decreases nearly \$4 million in FY/26 and about \$21.2 million in FY27. General Fund losses then average 3.6% each year throughout the remainder of the forecast. In addition to declines in GRT, there are substantial impacts on other taxes and building permits.

Note: Revenues grow slower than expenses and available fund balance is negative \$79.5 million in FY/27. Assuming the initial deficit is not addressed, the recurring deficit compounds to a negative \$150.3 million by FY/30.

Pessimistic Scenario Inflation Factors

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
All Items	2.3%	7.2%	6.3%	3.3%	2.6%	3.0%	2.5%	2.2%	1.7%	1.9%
Wages & Salary	3.0%	5.0%	5.0%	4.3%	3.6%	3.9%	3.9%	3.2%	2.5%	1.9%
Medical Care	3.0%	2.3%	2.5%	2.6%	2.7%	3.2%	3.6%	2.7%	2.5%	2.4%
Core CPI	2.1%	5.4%	5.7%	3.91%	3.11%	3.49%	2.78%	1.88%	1.80%	1.85%
New Cars	1.6%	10.7%	7.2%	0.4%	-0.7%	1.0%	-0.3%	-1.9%	-1.6%	-1.7%
Trasportation	0.4%	8.5%	10.8%	3.9%	2.6%	3.4%	1.9%	1.2%	0.6%	0.6%
Natural Gas	6.3%	24.9%	12.4%	-10.2%	6.5%	8.7%	10.8%	10.4%	-3.6%	-2.1%
Gasoline & Oil	1.1%	45.1%	0.9%	-4.2%	-8.0%	-9.6%	-4.2%	8.0%	3.2%	6.1%
Electricity	2.0%	8.5%	11.8%	3.7%	3.7%	4.7%	3.6%	2.8%	0.7%	0.6%
Govt Consumption	3.5%	7.1%	5.0%	2.4%	2.5%	3.0%	2.6%	2.7%	2.5%	2.4%
Auto Parts and Acessories	1.2%	9.4%	8.7%	-0.1%	1.4%	4.6%	-0.5%	-0.9%	-0.5%	-0.2%

General Fund Revenues (In Thousands of Dollars)

	Audited	Budget	Five Year Forecast					Growth				
	FY/25	FY/26	FY/26	FY/27	FY/28	FY/29	FY/30	FY/26	FY/27	FY/28	FY/29	FY/30
Total Gross Receipts	579,519	599,503	595,549	598,647	600,378	604,872	615,146	2.8%	0.5%	0.3%	0.7%	1.7%
Taxes	144,318	147,757	145,960	148,466	152,229	156,280	160,135	1.1%	1.7%	2.5%	2.7%	2.5%
Shared	4,780	4,533	4,636	4,312	4,482	4,480	4,654	-3.0%	-7.0%	3.9%	0.0%	3.9%
Permits	15,655	17,442	14,977	14,285	14,560	14,929	15,259	-4.3%	-4.6%	1.9%	2.5%	2.2%
Charges for Services	26,048	28,838	26,048	24,225	24,346	24,394	24,443	0.0%	-7.0%	0.5%	0.2%	0.2%
Intra City	45,553	52,200	52,200	50,287	50,388	50,488	50,589	14.6%	-3.7%	0.2%	0.2%	0.2%
Misc	14,625	8,454	9,261	9,224	9,278	9,333	9,389	-36.7%	-0.4%	0.6%	0.6%	0.6%
CIP Funded	9,060	14,317	14,317	14,345	14,374	14,403	14,431	58.0%	0.2%	0.2%	0.2%	0.2%
Total Revenue	839,557	873,043	862,948	863,791	870,034	879,180	894,048	2.8%	0.1%	0.7%	1.1%	1.7%

PESSIMISTIC SCENARIO

**TABLE B
FIVE YEAR FORECAST
GENERAL FUND - PESSIMISTIC SCENARIO
RESOURCES, APPROPRIATIONS AND FUND BALANCES
(\$000's)**

(\$000's)	AUDITED ACTUAL FY/25	REVISED BUDGET FY/26	FORECASTS			
			FY/27	FY/28	FY/29	FY/30
RESOURCES:						
Recurring Revenue	835,350	856,732	859,334	865,369	874,318	894,048
% Change Recurring Revenue		2.6%	0.3%	0.7%	1.0%	2.3%
Total Non-recurring	<u>4,207</u>	<u>6,216</u>	<u>4,457</u>	<u>4,665</u>	<u>4,862</u>	<u>0</u>
TOTAL REVENUES	839,557	862,948	863,791	870,034	879,180	894,048
% Change Total Revenue		2.8%	0.1%	0.7%	1.1%	1.7%
BEGINNING FUND BALANCE	<u>95,776</u>	<u>75,971</u>	<u>66,295</u>	<u>3,920</u>	<u>(151,460)</u>	<u>(317,518)</u>
TOTAL RESOURCES	<u>935,334</u>	<u>938,919</u>	<u>930,085</u>	<u>873,954</u>	<u>727,720</u>	<u>576,530</u>
EXPENDITURES/APPROPRIATIONS:						
Recurring Expenditures/Appropriations	826,505	842,042	900,131	999,380	1,019,203	1,044,357
% Change Recurring Appropriation		1.9%	6.9%	11.0%	2.0%	2.5%
Non-recurring Exp/App:						
One-time Items	<u>32,858</u>	<u>30,582</u>	<u>26,035</u>	<u>26,035</u>	<u>26,035</u>	<u>26,035</u>
TOTAL EXPEND/APPROP	<u>859,363</u>	<u>872,624</u>	<u>926,165</u>	<u>1,025,414</u>	<u>1,045,238</u>	<u>1,070,392</u>
UNADJUSTED FUND BALANCE	<u>75,971</u>	<u>66,295</u>	<u>3,920</u>	<u>(151,460)</u>	<u>(317,518)</u>	<u>(493,862)</u>
ADJUSTMENTS:						
Encumbrances	(1,715)	(1,715)	(1,715)	(1,715)	(1,715)	(1,715)
Estimated Projection Adjustment	0	0	0	0	0	0
Unrealized (Gain)/Loss on Investments	(767)	(767)	(767)	(767)	(767)	(767)
Other Accounting Adjustments	<u>(98)</u>	<u>(98)</u>	<u>(98)</u>	<u>(98)</u>	<u>(98)</u>	<u>(98)</u>
TOTAL ADJUSTMENTS	<u>(2,581)</u>	<u>(2,581)</u>	<u>(2,581)</u>	<u>(2,581)</u>	<u>(2,581)</u>	<u>(2,581)</u>
ADJUSTED FUND BALANCE	<u>73,390</u>	<u>63,714</u>	<u>1,340</u>	<u>(154,041)</u>	<u>(320,099)</u>	<u>(496,443)</u>
RESERVES:						
1/12th Operating Reserve	70,933	72,466	77,180	85,451	87,103	89,199
Additional 1% for tiered COLA [E,I,U]	1,550	0	0	0	0	0
Wage Adj AFSCME Green Circle	0	700	0	0	0	0
Wage Adj under \$17 per hr to \$17 per hr	0	157	0	0	0	0
NU Classified Wage Adj. per C&C	215	0	0	0	0	0
Runoff or Special Election	0	750	750	750	750	750
One-Time Supplemental Pmt. R-25-219	<u>0</u>	<u>2,951</u>	<u>2,951</u>	<u>2,951</u>	<u>2,951</u>	<u>2,951</u>
TOTAL RESERVES	72,698	77,024	80,881	89,152	90,804	92,900
AVAILABLE FUND BALANCE	<u>692</u>	<u>(13,310)</u>	<u>(79,541)</u>	<u>(243,193)</u>	<u>(410,903)</u>	<u>(589,343)</u>
1/12th Operating Reserve	71,614	72,719	77,180	85,451	87,103	89,199
Recurring Surplus/(Deficit)	8,845	14,690	(40,797)	(134,011)	(144,885)	(150,310)

COMPARISON OF SCENARIOS

Comparison of Scenarios—National and Local Variables						
Indicator/FY	SCENARIO			Difference		
	Optimistic	Baseline	Pessimistic	Optimistic	Pessimistic	
GRT- (State Shared 1.225%)						
2026	3.0%	2.8%	2.9%	0.2%	0.1%	
2027	2.8%	2.6%	0.5%	0.2%	-2.1%	
2028	2.5%	1.8%	0.3%	0.7%	-1.5%	
2029	1.5%	1.2%	0.6%	0.3%	-0.6%	
2030	1.9%	1.9%	1.7%	0.0%	-0.2%	
Employment -Albuquerque MSA						
2026	0.7%	0.5%	0.0%	0.2%	-0.5%	L
2027	0.7%	0.7%	-0.7%	0.1%	-1.4%	O
2028	0.5%	0.3%	-0.4%	0.2%	-0.8%	C
2029	0.4%	0.3%	0.2%	0.1%	-0.1%	A
2030	0.4%	0.4%	0.7%	0.0%	0.3%	L
Unemployment Rate -Albuquerque MSA						
2026	4.6%	4.6%	4.7%	0.0%	0.1%	
2027	4.5%	4.7%	5.3%	-0.1%	0.7%	
2028	4.5%	4.6%	5.7%	-0.1%	1.1%	
2029	4.3%	4.4%	5.6%	-0.1%	1.2%	
2030	4.1%	4.2%	5.3%	0.0%	1.1%	
GRT Construction						
2026	3.3%	2.8%	1.9%	0.5%	-0.9%	
2027	4.5%	3.2%	0.3%	1.3%	-2.9%	I
2028	5.2%	4.0%	1.8%	1.2%	-2.2%	N
2029	4.4%	3.9%	2.5%	0.5%	-1.4%	D
2030	4.1%	3.9%	2.8%	0.2%	-1.1%	I
MSA Construction Employment						
2026	1.0%	0.7%	0.1%	1.6%	1.4%	A
2027	0.9%	0.2%	-1.6%	0.7%	-1.7%	T
2028	1.6%	1.1%	-0.3%	0.5%	-1.4%	O
2029	1.6%	1.3%	0.5%	0.3%	-0.8%	R
2030	1.4%	1.3%	0.7%	0.2%	-0.6%	S
Residential Housing Permits-Inside City						
2026	1,290	1,222	1,139	68	(83)	
2027	1,413	1,295	1,079	118	(216)	
2028	1,447	1,321	1,071	126	(250)	
2029	1,510	1,374	1,096	136	(278)	
2030	1,535	1,413	1,094	122	(319)	
Real GDP						
2026	2.8%	2.1%	1.2%	0.7%	-0.9%	
2027	2.6%	2.1%	0.3%	0.6%	-1.8%	
2028	1.7%	1.6%	1.0%	0.1%	-0.5%	
2029	1.8%	1.7%	1.7%	0.1%	0.0%	
2030	1.7%	1.8%	2.1%	-0.1%	0.3%	
Unemployment Rate						
2026	4.4%	4.4%	4.7%	-0.1%	0.3%	
2027	4.4%	4.5%	6.0%	-0.1%	1.4%	N
2028	4.4%	4.5%	6.6%	-0.1%	2.1%	A
2029	4.3%	4.4%	6.6%	-0.1%	2.2%	T
2030	4.2%	4.3%	6.2%	-0.1%	1.9%	I
CPI-Urban Consumers						
2026	2.8%	2.9%	3.0%	-0.1%	0.1%	N
2027	2.9%	2.7%	2.5%	0.3%	-0.1%	A
2028	3.0%	2.6%	2.2%	0.5%	-0.4%	L
2029	2.2%	2.1%	1.7%	0.1%	-0.3%	
2030	2.2%	2.2%	1.9%	0.0%	-0.3%	
Interest Rates-Federal Funds Rate						
2026	3.7%	3.8%	3.4%	-0.2%	-0.4%	I
2027	2.9%	3.2%	2.2%	-0.3%	-1.0%	N
2028	2.9%	3.1%	2.1%	-0.3%	-1.0%	D
2029	2.9%	3.1%	2.1%	-0.3%	-1.0%	I
2030	2.9%	3.1%	2.6%	-0.3%	-0.6%	C
Interest Rates-Ten Year Treasury Bonds						
2026	4.0%	4.1%	3.8%	-0.1%	-0.3%	T
2027	3.7%	3.9%	3.5%	-0.3%	-0.4%	O
2028	3.6%	3.9%	3.6%	-0.2%	-0.3%	R
2029	3.7%	3.9%	3.7%	-0.2%	-0.2%	S
2030	3.7%	4.0%	3.8%	-0.2%	-0.1%	
West Texas Intermediate \$/Barrel						
2026	60.82	58.27	54.96	2.5	(3.3)	
2027	58.71	56.15	50.50	2.6	(5.7)	
2028	63.51	61.78	57.79	1.7	(4.0)	
2029	62.51	61.96	60.66	0.5	(1.3)	
2030	66.68	66.68	66.68	(0.0)	(0.0)	

COMPARISON OF SCENARIOS

REVENUE COMPARISON
(In Thousands of Dollars)

	Pessimistic - Baseline					Optimistic - Baseline				
	FY/26	FY/27	FY/28	FY/29	FY/30	FY/26	FY/27	FY/28	FY/29	FY/30
Total Gross Receipts	548	(11,944)	(21,017)	(24,532)	(25,993)	1,097	2,282	6,488	8,492	8,779
Other Taxes	(1,491)	(2,839)	(2,887)	(2,924)	(2,960)	495	1,319	1,346	1,374	1,401
State Shared	103	(158)	(164)	(164)	(171)	342	405	421	421	438
Permits	(2,210)	(3,410)	(3,487)	(3,590)	(3,683)	961	1,183	1,213	1,253	1,288
Charges for Services	(1,302)	(3,208)	(3,224)	(3,230)	(3,237)	1,488	1,550	1,558	1,561	1,564
Intra City	-	-	-	-	-	-	-	-	-	-
Misc	413	319	315	310	305	2,707	2,715	2,723	2,732	2,740
CIP Funded	-	-	-	-	-	-	-	-	-	-
Total Revenue	(3,939)	(21,240)	(30,464)	(34,131)	(35,739)	7,090	9,454	13,750	15,832	16,210
Recurring Growth	-0.5%	-2.4%	-3.4%	-3.7%	-3.8%	0.8%	1.1%	1.5%	1.7%	1.7%

COMPARISON OF SCENARIOS

US Macro Forecast Snapshot

	Baseline (50%)	Pessimistic (20%)	Optimistic (30%)
GDP growth	Real GDP rose 2.8% in 2024. Growth continues at 2.0% in 2025 and 2.2% in 2026.	Real GDP growth comes in at 1.8% in 2025 and slows to 0.5% in 2026.	Real GDP growth falls to 2.2% in 2025 and rises to 3.2% in 2026.
Consumer spending	Consumption rose from 2.6% in 2023 to 2.9% in 2024. Growth continues at 2.5% in 2025 and 2.1% in 2026.	Spending growth slows to 2.5% in 2025 and is flat in 2026.	Spending comes in at 2.8% in 2025 and firms to 3.4% in 2026.
Business fixed investment	Rose 2.9% in 2024 and rises 3.6% in 2025, then decelerates to 0.6% in 2026.	Rises 3.5% in 2025 before contracting 2.2% in 2026.	Rises 3.8% in 2025 and 2.0% in 2026.
Housing	Housing starts fell from 1.42 million in 2023 to 1.37 million in 2024 then slips to 1.35 million in 2025 before declining to 1.30 million in 2026.	Housing starts will drop to 1.34 million in 2025 and 1.17 million in 2026.	Housing starts will tick down to 1.36 million in 2025 and remain at that level in 2026.
Exports	Rose 3.6% in 2024; rise 0.8% in 2025 and 3.0% in 2026.	Rise 0.7% in 2025 and 1.6% in 2026.	Will rise 0.9% in 2025 and 3.4% in 2026.
Fiscal policy	Personal tax cuts under 2017 TCJA made permanent. Additional personal and corporate tax cuts enacted.	Average effective tariff rate is 22%, roughly 4% higher than in the baseline	Average effective tariff rate is 14%, roughly 4% lower than in the baseline
Monetary policy	We expect the federal funds rate to be cut in December 2025. Two more cuts in 2026 bring the range to 3.00% - 3.25% by September.	The federal funds rate target is lowered more rapidly than in the baseline, reaching a range of 2.00% - 2.25% by late 2026, then picks up in late 2029, reaching 3.00% - 3.25 in 2030.	The federal funds rate target is lowered more rapidly than in the baseline, reaching a range of 2.75% - 3.00% by mid 2026, then remains in that range through the forecast horizon.
Credit conditions	Loosened slightly in 2024; conditions loosen further as interest rates are trimmed in the second half of 2025.	Remain slightly tighter than in baseline.	Remain slightly looser than in baseline.
Productivity growth	Rose 2.7% in 2024, and will rise 1.7% in 2025 and 2.1% in 2026.	Rises 1.6% in 2025 and the same in 2026.	Rises 1.9% in 2025 and 2.9% in 2026.
Consumer confidence	Rises steadily until early-2029, then at a slower clip through the end of the forecast.	Remains consistently below the baseline.	Remains consistently above the baseline.
Oil prices (Dollars/barrel)	Average price of Brent crude oil fell from \$83/barrel in 2023 to \$81 in 2024. It falls to \$69 in 2025 before declining to \$58 in 2026.	Brent crude oil averages \$68 in 2025 and \$54 in 2026.	Brent crude oil averages \$70 in 2025 and \$62 in 2026.
Stock markets	The year-end value of the S&P 500 rose 23.3% over 2024, and rises 15.8% in 2025 before contracting 9.2% over 2026.	The year-end value of the S&P 500 increases 7.3% in 2025 and drops 7.6% in 2026.	The year-end value of the S&P 500 jumps 18.1% in 2025 and contracts 7.0% in 2026.
Inflation (PCE)	Core PCE price inflation was 2.9% in 2024, remains at 2.9% in 2025 and rises to 3.1% in 2026.	Core PCE price inflation remains at 2.9% in 2025 and swells to 3.4% in 2026.	Core PCE price inflation eases to 2.8% in 2025, then firms to 2.9% in 2026.
Foreign growth	Eurozone GDP growth will rise to 1.3% over in 2025, while China's growth will fall from 5.0% in 2024 to 4.8% in 2025.	Induced effect from higher tariffs than baseline	Induced effect from lower tariffs than baseline
US dollar	The broad real dollar decreases slowly and steadily until the middle of 2029, picking up over the rest of the forecast.	Falls below baseline early on but rises above base in mid 2027 and remains above through the rest of the forecast.	Decreases steadily through 2029 and remains below baseline through the forecast.

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REVENUE HISTORY

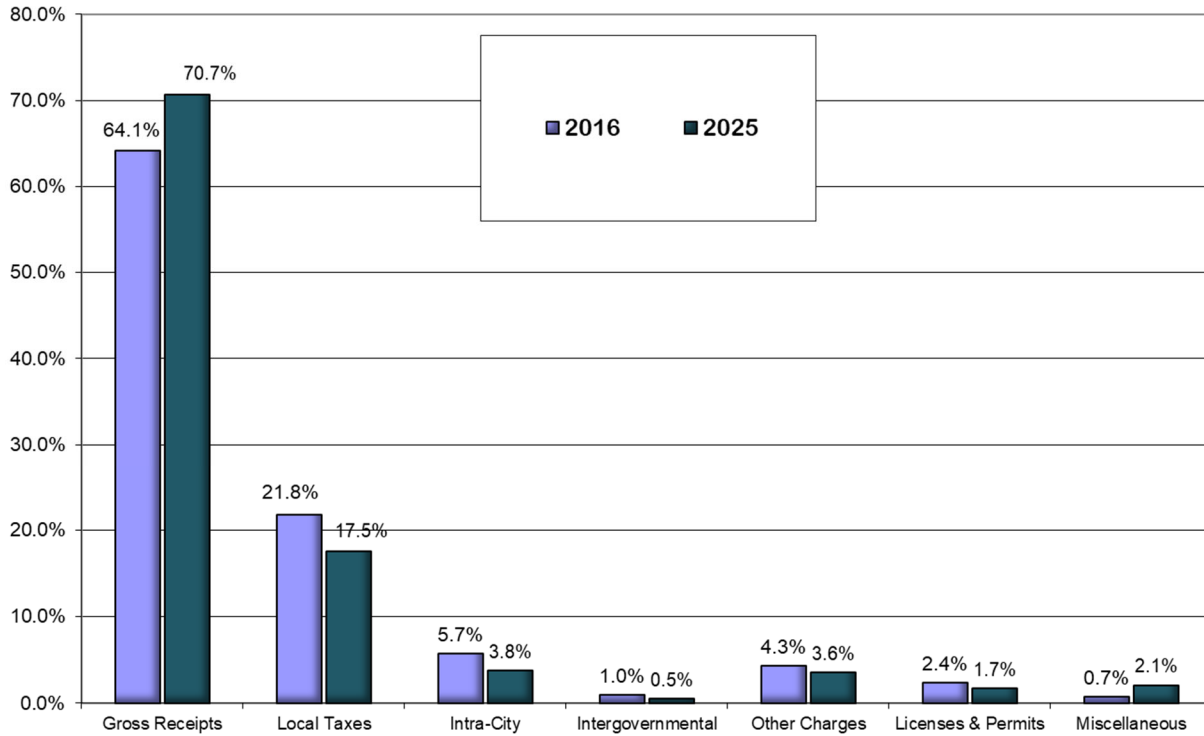
GENERAL FUND REVENUE HISTORY

A history of major revenue sources for the General Fund from FY/16 to FY/25 is presented below. These numbers reflect a two-month accrual of tax revenues to comply with the tax revenue standard issued by the Governmental Accounting Standards Board. Total receipts from FY/16 to FY/25 increased 68% or a compound annual rate of 5.9%. Recurring revenues for the same period showed annual growth of 6%.

The bar chart below compares the composition, by major revenue category, of

General Fund recurring revenues in FY/16 and FY/25. The City's General Fund has continued to become more reliant on Gross Receipts Taxes and less on local taxes (franchises and property tax). This became more pronounced in FY/22, when tax changes at the State level allowed for local tax increments on internet sales. For FY/25, the GRT share of General Fund was 70.7%. Licenses and permits declined to 1.7%. Charges for services became somewhat lower and miscellaneous revenues became higher.

**Shares of Recurring
General Fund Revenues**



The following sections present changes that occurred from FY/16 to FY/25, as well as detailed historical perspective, by category.

GENERAL FUND REVENUE HISTORY

General Fund Summary FY/16 to FY/25 (\$000'S)

REVENUE SOURCE	FY/16	FY/17	FY/18	FY/19	FY/20	FY/21	FY/22	FY/23	FY/24	FY/25	GROWTH	COMPOUND
											FY/16 TO FY/25	ANNUAL RATE
GROSS RECEIPTS TAX	280,550	284,466	296,408	348,621	363,444	371,051	450,299	480,903	494,693	511,027	82.2%	6.9%
BASIC SERVICES											#DIV/0!	#DIV/0!
GRT PUBLIC SAFETY	38,236	38,720	40,283	40,500	42,268	43,561	52,869	56,291	57,873	59,409	55.4%	5.0%
INTERNET SALES	0	0	0	0	6,012	12,025	0	0	0	0	N/A	N/A
LOCAL COMPENSATING TAX	1,325	1,269	1,557	1,542	1,766	1,403	9,361	9,049	8,340	9,017	580.6%	23.7%
INTERSTATE TELECOM TAX	0	0	0	0	0	0	89	74	64	66	N/A	N/A
CANNABIS EXCISE	0	0	0	0	0	0	296	4,141	1,917	0	N/A	N/A
TOTAL GRT	320,111	324,456	338,248	390,663	413,490	428,039	512,913	550,458	562,886	579,519	81.0%	6.8%
OTHER LOCAL TAXES	108,010	111,203	111,584	114,743	117,852	128,437	130,796	134,251	138,635	144,318	33.6%	3.3%
LICENSES AND PERMITS	11,899	13,049	11,545	13,634	12,523	11,213	13,984	14,630	13,805	15,655	31.6%	3.1%
INTER-GOVERNMENTAL AID	4,739	4,887	4,753	5,219	5,010	4,929	4,521	4,558	4,316	4,780	0.9%	0.1%
INTRA-CITY CHARGES (1)	29,577	30,734	30,426	29,524	28,963	29,836	30,594	31,472	29,664	54,613	84.6%	7.1%
OTHER SERVICE CHARGES	21,537	22,924	24,161	22,669	20,030	23,294	29,164	28,289	28,548	26,048	20.9%	2.1%
MISCELLANEOUS	4,002	3,925	3,437	4,004	5,871	5,183	8,264	8,520	16,663	14,625	265.4%	15.5%
TOTAL REVENUES	499,875	511,179	524,154	580,457	603,739	630,931	730,236	772,178	794,517	839,557	68.0%	5.9%
LESS NON-RECURRING	4,210	4,915	8,768	2,965	9,146	2,361	15,262	3,265	4,112	4,207	-0.1%	0.0%
RECURRING REVENUES	495,665	506,264	515,386	577,492	594,593	628,570	714,974	768,913	790,405	835,350	68.5%	6.0%

NOTES:

(1) Includes CIP funded positions and inter-fund transfers

Other Local Taxes

This category includes property taxes, franchise fees, and payment in lieu of taxes (PILOT). As GRT increased, this revenue category reduced its share of total recurring revenues from 21.8% in FY/16 to 17.5% in FY/25. Property tax revenues increased at an annual compound rate of 3.3%.

Over time, the property tax burden has shifted to homeowners and away from industry. According to a State Legislative Finance Committee report, in 2023, residential property was 66% of non-oil and gas property tax values in the State. This is due in part to faster growth in the residential market, especially in the recovery years following the pandemic. Additionally, commercial properties had been consistently undervalued, partially due to the fact that non-residential properties were not required to file a declaration affidavit disclosing sales prices to assessor's offices. However, that has begun to change in Bernalillo County, with an updated, more accurate assessment

process at Bernalillo County's Office of the County Assessor. In May 2025, the assessor announced commercial property values in Bernalillo County at all-time highs. In tax year 2025, County documents show total non-residential valuations increased 15% while total residential valuations increased 4.3% for the year. Increasing property values and valuation efforts at the county resulted in property tax revenues for the City increasing 5.8% in FY/24. Property tax revenues grew 3.5% in FY/25.

Historical slumps were due to several factors. Residential property values declined with the 2008 recession; new residential construction had been slow; and the Bernalillo County Assessor adjusted property values downward to avoid "tax lightning." Tax lightning occurs when county assessors reassessed homes to the "current and correct value" in the year after they are sold, often spiking a new homeowner's tax bill. Following a court case in 2009, the County Assessor limited assessments on these re-sold homes to a 3% annual increase, substantially

GENERAL FUND REVENUE HISTORY

reducing the residential tax base. This case was successfully appealed in 2012 and property values can now increase with their sale. However, declines in home values that followed the 2008 recession continued to limit the increases. In FY/12, residential rates were at a maximum and the yield control mechanisms would no longer increase rates. Yield control later reduced rates from 6.544 mills in FY/12 to 6.241 in FY/18, a reduction of 5% in the rates. For the 2024 tax year, fast growing valuations caused the yield control rates to be further reduced to 6.17 mills, and the municipal residential operational rate for tax year 2025 is 6.131.

Franchise revenue increased a total of 36% from FY/16 to FY/25. The compound average annual rate for franchise revenue increases was 3.5% for the same period. Only the telephone franchise declined during this period, by an annual rate of 9.8%. The most dramatic change during this period was in FY/21, when the electricity franchise rate increased from 2% to 3%. The change was expected to increase revenues by about \$4.6 million; however, the franchise also experienced stronger-than-anticipated growth during the year, which resulted in a total increase of \$6.7 million over FY/20.

From FY/24 to FY/25, total franchise revenues increased 6.2%, with the largest increase in water. However, the telephone, gas, and cable franchises declined in FY/25.

In FY/25, the water franchise implemented a 12% rate increase that impacted the year. Additionally, the electric franchise also implemented a rate increase, this one taking place in two phases, one in 2025 and another in 2026.

Franchise revenues fluctuate considerably with changes in fuel costs; usage related to weather; conservation efforts, particularly with the water franchise; and periodic rate increases as franchises seek to recoup costs of infrastructure or mitigate the impacts of climate change.

PILOT had annual compound growth of 3.6% and grew 4.1% in FY/25. Historically, slow

population growth and household formation contributes to sluggish growth in the franchises and PILOT absent major changes such as rate increases.

Licenses and Permits

The share for this category declined from 2.4% in FY/16 to 1.7% in FY/25. This category was impacted in complex ways during the pandemic. Certain revenues, such as business registration fees and barricading, declined due to decreased demand or because the City completely waived the fees. Other revenues, such as building permits, maintained momentum due to pre-pandemic strength and City policy that determined construction was an essential business. Although, inflation in FY/22 did diminish real growth for the year. From FY/16, building permits increased an average compound annual rate of 3.2%. Following a substantial slump in building permits in FY/18, strong growth characterized the pandemic and post-pandemic years, ending with 12.4% growth in FY/22. FY/23 and FY/24 showed a marked slowdown in construction. For FY/25, revenues increased 7.7%; however, during that year there were some fee increases to plumbing/mechanical, electrical and re-roofing permits, as well as an increase to the technology fees.

Other licenses and fees increased at a compound annual rate of 3% since FY/16 and growth in FY/25 was 23.3%. New public health inspection fees were implemented to improve City compliance management.

Intergovernmental Aid

Revenues from other governments not including GRT shared distributions accounted for 1% of General Fund recurring receipts in FY/16 and decreased slightly for FY/25, to 0.5%. The only recurring revenues are the municipal gasoline tax, state shared vehicle taxes and county shared revenues. Due to virtually flat population growth, relatively stable gas prices and more fuel-efficient vehicles, State-shared gas tax revenues and this overall category has historically remained relatively flat. However,

GENERAL FUND REVENUE HISTORY

in FY/25, these revenues grew 5.3%, largely due to a slight pick up in gas tax revenue. While the total growth from FY/16 to FY/25 was 5.5%, compound annual average growth was 0.6% during this period.

The State stopped the cigarette tax revenues distribution in FY/11, an annual loss of approximately \$400 thousand. In FY/12, the General Fund lost the state-shared revenues from DWI citations to be used for corrections facilities operations. These revenues were erratic and the State legislature reassigned this distribution to the County beginning in FY/12. In past years, there were grants that were generally reimbursements for one-time expenses; however, these are now captured in charges for services. In FY/14, \$108 thousand of revenue received from Bernalillo County to manage household hazardous waste was moved from the General Fund to the Solid Waste Enterprise fund.

Intra-City Revenues

These are revenues from internal service charges, indirect overhead, CIP-funded positions, and other inter-fund transfers, excluding PILOT. In FY/16, these accounted for 5.7% of recurring revenues and 3.8% in FY/25.

CIP-funded positions are associated with capital projects for the construction of parks, roads, storm sewer, and other construction projects in the CIP program and vary considerably with City trends in construction. For FY/25, these revenues increased 10.6%, to \$9.1 million. These transfers to General Fund consistently average about \$9.3 million per year, varying slightly from \$8 million to occasionally \$10 million.

Interfund transfers in total can vary substantially due to one-time transfers from other funds. In FY/10, FY/11, FY/13, and FY/16 the closing of projects in special assessment districts yielded transfers to the General Fund of \$7.3 million, \$2.3 million, \$659 thousand and \$1.3 million, respectively. In FY/08 large transfers were mainly due to transfers from the newly created Photo-Enforcement Fund. Transfers from the

Photo-Enforcement Fund were used to pay for the cost of operating the program, largely the cost of the Administrative Hearing Office. The program was discontinued in December 2011, and in November 2019, the City Council approved a resolution to remove \$21.3 million in uncollectable revenue.

Fees under the current speed enforcement program are deposited directly to Fund 289, the Automated Speed Enforcement fund for administration of the program. In FY/14, there was a one-time transfer of \$2.3 million from the Operating Grants Fund. FY/19 included a one-time transfer from the Lodgers' Tax Fund of \$622 thousand and the Hospitality Tax Fund of \$60 thousand for the National Senior Games. Also, in FY/19 there was a reduction of \$362 thousand in transfers from the Law Enforcement Protection fund to account for changes in forfeiture laws. The FY/19 transfers were reversed for FY/20. For FY/21, transfers increased 54.4% due to a one-time transfer from the Golf operating fund to the General Fund, ending Golf as an enterprise fund. Interfund transfers increased 54.8% in FY/23, largely due to an accounting adjustment that decommissioned the Fund 715 warehouse fund. For FY/24, transfers declined 28.3%, returning to more historical averages. However, in FY/25, the transfers increased nearly 78%, or about \$2.2 million. This was due to a transfer from Aviation for City services provided to the Sunport.

Revenues from internal service charges have decreased dramatically as the City either contracted out, or moved services to separate funds. In FY/09 revenues were about \$1.6 million, with most of the revenue coming from a contract the Parks and Recreation Department had with the Aviation Department to provide landscape maintenance at the Sunport. Revenues began to decline in FY/14 with the start of the phase-out of the Sunport contract. From FY/19 to FY/22 most fluctuations are largely the result of rising and falling demand for engineering inspections conducted by the Municipal Development Department. Compound annual growth is down 0.5% from FY/16, an improvement over the last year as

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FY/25 revenues were up about 85%, or about \$122 thousand.

Indirect overhead (IDOH) revenues in FY/16 were \$16.3 million, increasing to approximately \$40.2 million in FY/25. Some of this is offset by reclassifying the IDOH from the Water Utility Authority to charges for services and rental agreements since the entity is independent and no longer accounted for as a component unit of the City. However, for FY/25, the 118% increase is due to updating IDOH rates to better reflect the inflationary increase in construction labor costs.

Other Charges (Charges for Services)

Revenues from other charges accounted for 4.3% of General Fund recurring revenues in FY/16, dipping to 3.6% in FY/25. These revenues include entrance fees to City venues and charges to other funds and outside entities. Engineering fees and other construction related charges increased substantially prior to the 2008 recession and then fell as construction faltered. Revenues from charges for legal services, primarily from the Risk Management Fund, increased mostly due to a rate increase in FY/10. This revenue in large part is dependent on the number of staff in the Legal Department and the work of outside counsel for risk management cases they need to employ. In FY/12, the alarm ordinance amount increased to over \$1 million as all of the revenues - both fines and fees - are now collected in the General Fund. In FY/11, the Metropolitan Court also began paying the City approximately \$600 thousand for police security at the Metropolitan Court. Reimbursements from the County for library services in the unincorporated areas have remained relatively flat. The BioPark, which includes the zoo, aquarium and botanic gardens, had revenues of \$3.4 million in FY/12. The BioPark was one of the few City venues to increase attendance during the 2008 recession. In September of FY/13, admission fees to the BioPark were increased and revenues increased to \$4 million for the year. The BioPark saw declines in revenue for FY/17, likely due to construction and delays associated with new

exhibits for penguins and otters. While revenues missed expectations for FY/19 due in part to construction and delayed exhibit openings, revenues for the BioPark exceeded \$4 million.

For FY/20, the unusual nature of the economic crisis induced by the pandemic resulted in significant decreases beginning in April 2020 when the crisis began to impact City entertainment venues, public events and demand for City services due to reduced business and entertainment activity. For FY/20, revenues declined 11.6% from FY/19 and declined another 9.4% in FY/21; however, the transfer of golf revenue from an enterprise fund to the General Fund in that year resulted in just over \$5 million in additional revenue resulting in a net increase over FY/20 of 16.3% for this revenue category. For FY/22, this sector returned to and even exceeded pre-pandemic levels, increasing 25.4% over FY/21 to just over \$29 million, but slowed from the post-pandemic surge by 3% in FY/23. For FY/24, growth was nearly flat at 0.9% as the post-COVID-19 recovery waned and consumers grew more cautious, and in FY/25, revenues actually declined 8.8% as caution increased.

Miscellaneous

This category has only a small share of recurring revenue, but increased from 0.7% in FY/16 to 2.1% in FY/25.

Interest earnings had fallen dramatically, from \$3.3 million in FY/08 to \$213 thousand in FY/14. In FY/16, interest earnings increased to \$1.1 million, but over half of this was due to the inclusion of unrealized gains. As a result of an adjustment to capture unrealized losses, the General Fund posted negative interest earnings in FY/17 and FY/18. In FY/19, the General Fund posted positive interest earnings of \$871 thousand. For FY/20, unrealized gains for interest earnings increased significantly, from about \$200 thousand to \$2.2 million resulting from low interest rates and strong equity markets during the year. After a moderate \$1.4 million in FY/21, interest earnings experienced the \$10.4 million unrealized loss in response to extreme volatility in markets as the recovery transitioned into worries about inflation and a

GENERAL FUND REVENUE HISTORY

potential recession. For FY/23, this category returned to more historical levels at about \$1.8 million as markets maintained more stable levels; however, higher fund balances and interest rates resulted in a 111.2% increase to \$3.8 million in FY/24. In FY/25 this trend has reversed yet again as fund balances have been spent down. FY/25 ended with just under \$1 million and so far there are no year-to-date earnings for FY/26.

Other sources of revenue include rental of City property and fines. Rentals have remained relatively stable, with increases at about the rate of inflation. Fines are primarily air quality fines related to dust control and have averaged close to \$200 thousand in recent years. In FY/14, there was one-time revenue of \$381 thousand associated with the photo-enforcement program; this was from a collection effort to collect unpaid fines associated with the now closed program. In FY/15, there was a large \$1.5 million reduction for a one-time accounting adjustment. For FY/21 there was the addition of new rental income associated with the acquisition of the Gateway Center. In FY/23, air quality fees declined from the previous year and “other miscellaneous” declined substantially due to a \$12.3 million settlement between the City and the State’s Taxation and Revenue Department that occurred in FY/22. However, this category increased by 93% in FY/24 due to some end-of-year accounting adjustments. There were additional end-of-year accounting adjustments in FY/25; however, overall this category finished with a 12% decline due entirely to the loss of interest earnings.

Gross Receipts Tax

GRT remains the major contributor to the General Fund, making up 70.7% of recurring revenues in FY/25, up from 64.1% in FY/16. In FY/05, the City imposed a new 1/4 cent tax for public safety. On January 1, 2000, the 1/4 cent transportation tax was imposed; this replaced the 1/4 cent quality of life tax that expired June 30, 1999. In January 2007 and July 2008, the 1/4 cent tax basic services increment was removed in two 1/8 cent increments. The Transportation Tax expired in 2019 and was reinstated by voters on November 11, 2019, without a sunset.

The following table provides a summary of the GRT from FY/16 to FY/25 by revenue source. The locally imposed GRT used to consist of the municipal imposed 1/2 cent (two quarters), public safety 1/4 cent, infrastructure 1/16 cent, the transportation infrastructure 1/4 cent, and the BioPark projects 1/8 cent tax which is reserved for capital projects at the BioPark. However, Effective July 1, 2019, New Mexico House Bill 479 removed the restrictions on all but the BioPark increment. Despite the legislation lifting prior use restrictions, the City continues to allocate revenues as per historic reporting categories. The transportation infrastructure tax increment and the BioPark projects tax increment are not included in the General Fund.

In the spring of 2018, City Council voted for a 3/8ths “hold harmless” tax increase, a tax increment made available to municipalities following the phase-out hold harmless distributions to municipalities which were originally provided to help cover the loss of revenues when certain food and medical goods were exempted from gross receipts taxes. In FY/19, the tax generated about \$50 million for the first 11 months, increasing to \$81 million in FY/24. The 3/8ths tax grows more quickly than other increments because it does not include hold harmless revenues, which act as a drag on growth. In FY/09, the City began receiving a share of the compensating tax. The City’s share in FY/09 was \$694 thousand and was phased in to a larger percentage and was \$1.5 million in FY/11. The distribution in FY/15 was \$2.4 million but \$361 thousand of this was non-recurring. The base of the compensating tax includes revenues from oil producing activity and is at a substantially lower level in FY/18 and FY/19. In FY/22, following changes at the State level, the City began receiving both State shared and local increments on compensating tax. In FY/22, these changes at the State level also allowed for local increments on internet sales.

Another change resulting in destination-based sourcing includes interstate telecom tax. Finally, in FY/22 the State began allowing for the sale of recreational use cannabis.

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Total cannabis revenue received in FY/23 was \$4.1 million; however, due to an accounting oversight at the City, only \$295.6 thousand was recognized for FY/22. The remaining \$524.1 thousand was recognized in FY/23. For FY/24, only \$1.9 million is recognized in the General Fund. A City ordinance enacted in November 2023 created the permanent Marijuana Equity And Community Reinvestment Fund for the benefit of those who have been negatively impacted by the criminalization of marijuana. Beginning in FY/25, all of the cannabis excise revenue is diverted to this new fund.

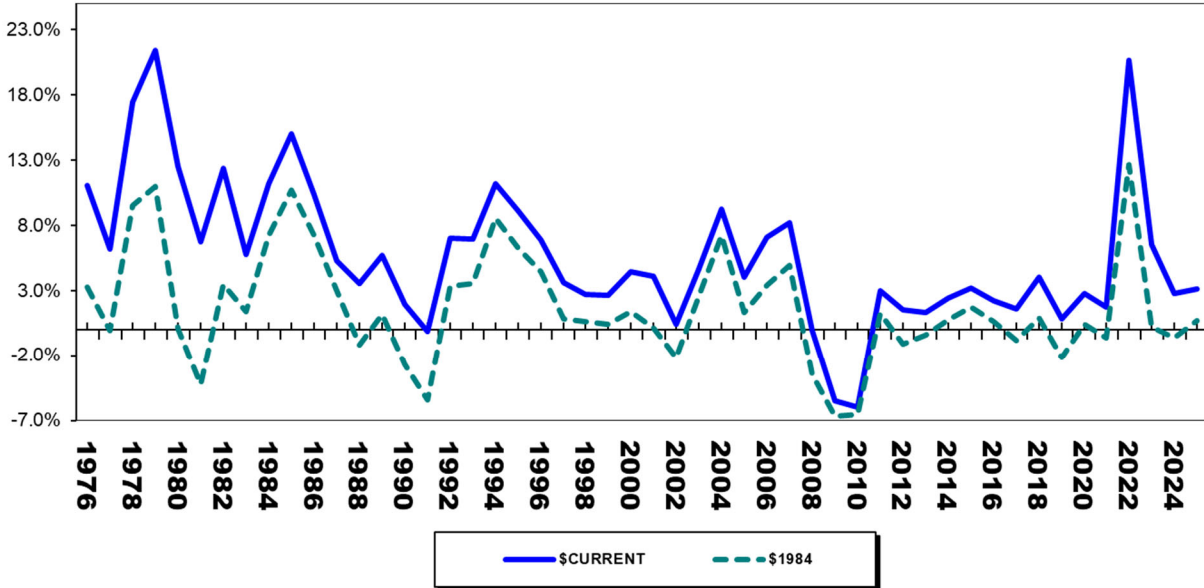
Total Gross Receipts Tax revenues in the General Fund increased at a compound annual rate of 6.8% from FY/16 to FY/25. The increased growth is partly due to 3/8ths hold harmless tax increment that went into effect July 1, 2018 as well as State shared and more remarkably, local internet sales, in FY/20, FY/21 and FY/22. The one-percent distribution showed a compound annual growth of 4.7% from FY/16 to FY/25. Growth for FY/25 was 3.1%.

GROSS RECEIPTS TAX REVENUES, FISCAL YEARS 2016 - 2025
(\$000's)

DETAIL ON GROSS RECEIPTS:	FY/16	FY/17	FY/18	FY/19	FY/20 ⁽⁵⁾	FY/21	FY/22	FY/23	FY/24	FY/25 ⁽⁸⁾	FY'S 16-25 PERCENT CHANGE	COMPOUND ANNUAL RATE
GENERAL FUND:												
MUNICIPAL IMPOSED 1/2 CENT	78,796	79,817	83,052	83,534	86,203	87,121	105,737	112,582	115,746	118,818	50.8%	4.7%
PUBLIC SAFETY 1/4 CENT(3)	38,236	38,720	40,283	40,500	42,268	43,561	52,869	56,291	57,873	59,409	55.4%	5.0%
INFRASTRUCTURE 1/16 CENT (2)	9,387	9,523	9,913	9,986	10,305	10,752	13,093	13,959	14,340	14,758	57.2%	5.2%
HOLD HARMLESS 3/8 CENT COMPENSATING TAX				49,992	51,675	59,389	73,585	79,402	80,988	84,851		
	126,419	128,061	133,248	184,011	190,451	200,823	250,531	267,306	273,622	282,890	123.8%	9.4%
STATE SHARED RECEIPTS:												
1% DISTRIBUTION	155,223	157,529	163,962	165,276	173,305	172,772	208,450	222,052	228,188	235,254	51.6%	4.7%
.225% DISTRIBUTION	34,931	35,450	36,898	37,194	39,001	38,881	46,909	49,971	51,351	52,941	51.6%	4.7%
MUNICIPAL SHARE INTERNET SALES TAX					6,012	12,025						
MUNICIPAL SHARE COMPENSATING TAX	1,326	1,381	1,557	1,542	1,766	1,403	4,114	3,977	3,665	3,962	198.9%	12.9%
CANNABIS EXCISE TAX (7)							296	4,141	1,917	0		
INTERSTATE TELECOM							89	74	64	66		
	191,480	194,361	202,417	204,012	220,084	225,080	259,858	280,215	285,185	292,224	52.6%	4.8%
TOTAL TAX RECEIPTS	317,899	322,422	335,665	388,023	410,535	425,903	510,389	547,521	558,807	575,114	80.9%	6.8%
PENALTY & INTEREST	2,212	2,078	2,583	2,640	2,955	2,136	2,525	2,937	4,079	4,405	99.1%	8.0%
TOTAL GENERAL FUND DISTRIBUTION(6)	320,111	324,500	338,248	390,663	413,490	428,039	512,913	550,458	562,886	579,519	81.0%	6.8%
MUNICIPAL IMPOSED 1/4 CENT TRANSPORTATION2010 (4)												
	37,616	38,154	39,720	40,011	41,603	43,026	52,371	55,836	57,359	59,035	56.9%	5.1%
	37,616	38,154	39,720	40,011	41,603	43,026	52,371	55,836	57,359	59,035	56.9%	5.1%
CAPITAL PURPOSES IMPOSED 1/8 CENT BIO PARK PROJECTS TAX(6)												
		15,579	17,773	19,970	18,683	19,808	24,509	26,454	27,090	28,281		
TOTAL GROSS RECEIPTS TAX REVENUES(1)	357,728	378,233	395,741	450,644	473,775	490,874	589,793	632,749	647,335	666,834	86.4%	7.2%

- (1) After adjustments in compliance with GASB.
- (2) The Municipal Infrastructure Gross Receipts Tax went into effect July 1, 1992, with the first distribution in September.
- (3) Went into effect July 2004, 11 months received in FY/05.
- (4) 1/4 Cent Transportation Infrastructure Tax was renewed by voters on November 5, 2019 and will not sunset.
- (5) An administrative fee of 3.25% was added to the food and medical hold harmless portion of all the GRT distributions in FY/12 and removed in FY/20.
- (6) The tax is to be used only for BioPark capital projects. It sunsets on June 30, 2031.
- (7) Due to an accounting oversight, \$524.1 thousand in FY/22 Cannabis revenue will be recognized in FY/23; therefore, FY/22 revenue is short by the same amount.
- (8) Due to an error at the State Taxation and Revenue Department, an estimated \$3 million in GRT that was earned FY/25 was distributed in the first month of FY/26.

**GROWTH IN THE GRT 1% DISTRIBUTION
% CHANGE OVER PRIOR YEAR, FY'S 1976-2025**



The year-over-year growth in the one-percent distribution received as State shared revenues is charted above in current dollars and inflation adjusted to constant 1984 dollars. In FY/12, growth was limited in part due to the imposition of an administrative fee of 3.25% on tax revenue distributions; however, beginning in FY/20 the fee was reduced to 3% and removed altogether for the food and medical hold harmless components of the distributions. The negative real growth in FY/81, FY/91, FY/02 FY/09 and FY/19 corresponds to recessions. Since the 2008 recession in real terms, only FY/11, FY/14, FY/15, FY/16, FY/18, FY/20 and FY/22 had growth that exceeded the rate of inflation. FY/17 shows a decline in real terms, in part, due to the phase out of the hold harmless distributions. The 1% tax mimics the performance of the Albuquerque economy. The gross receipts tax is an "elastic" revenue source, as revenues are sensitive to economic growth and inflation.

The other item of note is that the size of percentage increases in GRT has decreased

over the years. Part of this is due to the larger base of the economy and growth in surrounding regions, but the State has also reduced the tax base substantially by allowing many deductions from GRT. This of course was altered in FY/22 with the dramatic change to the tax base that occurred with the change to destination-based sourcing.

Changes to Gross Receipts Tax Base

Between FY/99 and FY/22 the state legislature exempted or allowed deductions from the Gross Receipts Tax base that affect Albuquerque for:

- Prescription drugs,
- Medicare expenditures,
- Movie production costs,
- Hospitals including for-profits,
- Construction materials purchased locally for use on Indian reservations,
- Deduction for jet fuels,
- Deduction for food and medical services,
- Commercial airline repairs,

GENERAL FUND REVENUE HISTORY

- Three day gross receipts tax holiday in August,
- Nursing home and health provider deductions,
- Renewable energy deductions,
- Compensating tax credit for electric generation,
- Deductions for construction services,
- Deductions for inputs consumed in the manufacturing process,
- Deductions for Space Based efforts at the Airforce Research Labs, and
- Deductions for medical cannabis, and
- Deductions for feminine hygiene products.

A current list of tax deductions and other “tax expenditures” that reduce the amount of revenue that would otherwise be received by state and local governments can be found in the New Mexico Tax Expenditure report located in the “Publications” folder on the Forms & Publications page at tax.newmexico.gov.

The State initially held the City harmless on the deduction for food and certain medical services, with the City receiving a distribution from the State as though the deduction was not in place. Revenue to the State to offset this was generated by increasing all municipalities’ taxes by 0.5%. However, this distribution is being phased-out over 15 years beginning in FY/16. The deduction for manufacturing inputs was phased-out over five years beginning with a half year in FY/13.

ACCURACY OF THE REVENUE ESTIMATE

ACCURACY OF THE REVENUE ESTIMATES

A summary of information regarding the accuracy of General Fund revenue estimates over the past 10 years is presented in this section.

General Fund revenue estimates are officially updated three times over the course of a budget cycle. When the annual budget is prepared each spring, the original estimate of revenue is made for the following fiscal year ending June 30th, looking forward 16 months. In the fall/winter period, the current-year revenue estimate is revised as part of the Five-Year Forecast, projecting six months out for the year ending June 30th. The revenue is revised again a second and final time as the subsequent year's budget is developed, again looking forward to the fiscal year ending June 30th (four months).

The first set of columns report the accuracy of the four month revised estimates. The second set of columns report the error of the six month revised estimates prepared as part of the Five-Year Forecast. The final set of columns report the differences between the actual results and the original budget estimates prepared in February and March of the prior year. In each case, the figures are presented for the GRT, total recurring receipts, and non-recurring revenues.

CIP-funded positions are excluded from the calculations because expenditures on these positions are anticipated to be fully reimbursed.

The final table provides information on the accuracy of the revenue estimates by revenue source for FY/25.

For FY/25, the six month estimate at the Five-Year Forecast for GRT was revised slightly higher as the economy remained robust. Additionally, a \$1.3 million lump sum hold harmless payment was received early in the year. Property tax revenues were adjusted slightly lower. There were other substantial adjustments to building permits and other permits and fees. Due to the delayed implementation of department IT software, the City only realized about half of the expected revenue impacts. Further, other approved fee increases were delayed or subsequently disapproved by Council in the enabling ordinance O-24-60.

FY/25 audited actuals reflect GRT revenues at 1.1% above original budget expectations. Recurring revenues less CIP funded positions was 1.3% above the 4-month estimate; this is partly due to a \$5.3 million audit adjustment that was added to miscellaneous revenue.

ACCURACY OF THE REVENUE ESTIMATES

ACCURACY OF THE GENERAL FUND REVENUE ESTIMATES*

ESTIMATING ERROR (ACTUAL - ESTIMATED REVENUES)

(in \$000s)

	MARCH REVISION 4 MONTH ESTIMATE		FIVE YEAR FORECAST 6 MONTH ESTIMATE		APPROVED BUDGET 16 MONTH ESTIMATE	
	AMOUNT	PERCENT	AMOUNT	PERCENT	AMOUNT	PERCENT
<u>FISCAL YEAR 2025 (Audited Results)</u>						
Gross Receipts Tax	(3,360)	-0.6%	(1,360)	-0.2%	6,237	1.1%
Recurring Revenues Less CIP	10,942	1.3%	12,942	1.6%	11,631	1.4%
Non-Recurring	0	0.0%	0.2	0.0%	2	0.0%
<u>FISCAL YEAR 2024</u>						
Gross Receipts Tax	(4,149)	-0.7%	(4,149)	-0.7%	5,845	1.0%
Recurring Revenues Less CIP	(4,134)	-0.5%	(2,344)	-0.3%	8,413	1.1%
Non-Recurring	(0)	0.0%	0.0	0.0%	374	9.1%
<u>FISCAL YEAR 2023</u>						
Gross Receipts Tax	11,135	2.0%	17,028	3.1%	11,135	2.0%
Recurring Revenues Less CIP	13,192	1.7%	15,970	2.1%	12,828	1.7%
Non-Recurring	186	5.7%	0.0	0.0%	186	5.7%
<u>FISCAL YEAR 2022</u>						
Gross Receipts Tax	2,037	0.4%	66,392	12.9%	91,015	17.7%
Recurring Revenues Less CIP	(5,691)	-0.8%	54,507	7.7%	83,450	11.8%
Non-Recurring	(0)	0.0%	(0)	0.0%	12,798	83.9%
<u>FISCAL YEAR 2021</u>						
Gross Receipts Tax	25,275	5.9%	25,275	5.9%	40,814	9.5%
Recurring Revenues Less CIP	22,660	3.7%	22,292	3.6%	35,495	5.8%
Non-Recurring	7,056	74.9%	7,992	84.9%	7,055	74.9%
<u>FISCAL YEAR 2020</u>						
Gross Receipts Tax	25,274	5.9%	1,358	0.3%	40,814	9.5%
Recurring Revenues Less CIP	28,767	4.7%	5,895	1.0%	35,495	5.8%
Non-Recurring	227	2.4%	227	2.4%	7,055	74.9%
<u>FISCAL YEAR 2019</u>						
Gross Receipts Tax	105	0.0%	1,014	0.3%	3,871	1.0%
Recurring Revenues Less CIP	(3,678)	-0.6%	(1,896)	-0.3%	1,492	0.3%
Non-Recurring	-	0.0%	0	0.0%	(1,370)	-46.2%
<u>FISCAL YEAR 2018</u>						
Gross Receipts Tax	8,207	2.4%	8,207	2.4%	46	0.0%
Recurring Revenues Less CIP	(15)	0.0%	(1,770)	-0.4%	(12,299)	-2.5%
Non-Recurring	6,148	62.4%	6,679	67.8%	7,054	71.6%
<u>FISCAL YEAR 2017</u>						
Gross Receipts Tax	(3,147)	-1.0%	(3,147)	-1.0%	(7,555)	-2.3%
Recurring Revenues Less CIP	(2,830)	-0.6%	(1,671)	-0.3%	(4,756)	-1.0%
Non-Recurring	-	0.0%	2,556	55.8%	2,146	46.9%
<u>FISCAL YEAR 2016</u>						
Gross Receipts Tax	(2,443)	-0.8%	(3,643)	-1.1%	118	0.0%
Recurring Revenues Less CIP	(1,758)	-0.4%	(1,640)	-0.3%	141	0.0%
Non-Recurring	572	12.0%	777	16.2%	777	16.2%
<u>FISCAL YEAR 2015</u>						
Gross Receipts Tax	2,651	0.8%	5,349	1.7%	4,464	1.4%
Recurring Revenues Less CIP	1,041	0.2%	2,096	0.4%	981	0.2%
Non-Recurring	444	9.2%	939	19.4%	2,603	53.8%

*GRT reflects only recurring

ACCURACY OF THE REVENUE ESTIMATES

ACTUAL AND ESTIMATED REVENUE IN FY/25

All figures in \$1,000's

	ACTUAL AND ESTIMATED REVENUE IN FY/25											
	AUDITED	ESTIMATES										
	ACTUAL	2nd Revision (March 2025)			1st Revision (Dec. 2024)			Approved Budget (May 2024)				
REVENUE SOURCES:	FY/25	Estimate	Difference	Percent	Estimate	Difference	Percent	Estimate	Difference	Percent		
Total GRT	579,519	582,879	(3,360)	-0.6%	580,879	(1,360)	-0.2%	573,282	6,237	1.1%		
Property Tax	107,874	108,429	(555)	-0.5%	108,429	(555)	-0.5%	109,100	(1,226)	-1.1%		
Franchise Tax-Telephone	646	767	(121)	-18.7%	767	(121)	-18.7%	751	(105)	-16.3%		
Franchise Tax-Electric	14,990	14,253	737	4.9%	14,253	737	4.9%	15,638	(648)	-4.3%		
Franchise Tax-Gas	4,311	4,672	(361)	-8.4%	4,672	(361)	-8.4%	6,383	(2,072)	-48.1%		
Franchise Tax-Cable TV ABQ	3,272	3,567	(295)	-9.0%	3,567	(295)	-9.0%	3,678	(406)	-12.4%		
Franchise Tax - Water Auth	10,121	8,838	1,283	12.7%	8,838	1,283	12.7%	7,756	2,365	23.4%		
Franchise Tax-Telecom	506	454	52	10.2%	454	52	10.2%	471	35	6.9%		
Other Intergovernmental Assistance	4,780	4,090	690	14.4%	4,090	690	14.4%	4,826	(47)	-1.0%		
Building Permit Revenue	9,454	10,290	(836)	-8.8%	10,290	(836)	-8.8%	12,415	(2,961)	-31.3%		
Permit Revenue	6,201	5,129	1,072	17.3%	5,129	1,072	17.3%	9,175	(2,974)	-48.0%		
Service Charges	26,048	28,597	(2,550)	-9.8%	28,597	(2,550)	-9.8%	28,597	(2,550)	-9.8%		
Fines & Penalties	126	99	27	21.5%	99	27	21.5%	95	32	25.0%		
Earnings on Investments	922	1,964	(1,042)	-113.0%	1,964	(1,042)	-113.0%	1,964	(1,042)	-113.0%		
Miscellaneous	13,577	7,200	6,377	47.0%	7,200	6,377	47.0%	6,405	7,171	52.8%		
Transfers From Other Funds	5,064	5,348	(284)	-5.6%	5,348	(284)	-5.6%	5,348	(284)	-5.6%		
Payments In Lieu of Taxes	2,599	2,510	89	3.4%	2,510	89	3.4%	2,510	89	3.4%		
IDOH	40,222	30,313	9,909	24.6%	30,313	9,909	24.6%	30,313	9,909	24.6%		
Services Charges-Internal	266	155	111	41.7%	155	111	41.7%	155	111	41.7%		
Transfers For CIP Positions	9,060	13,829	(4,769)	-52.6%	13,829	(4,769)	-52.6%	13,829	(4,769)	-52.6%		
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TOTAL REVENUE	839,557	833,384	6,173	0.7%	831,384	8,173	1.0%	832,693	6,864	0.8%		
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LESS: NON-RECUR	4,207	4,207	0	0.0%	4,207	0	0.0%	4,205	2	0.0%		
			-			-			-			
RECURRING REVENUE	835,350	829,177	6,173	0.7%	827,177	8,173	1.0%	828,488	6,862	0.8%		