CITY OF ALBUQUERQUE

Five-Year Forecast
Fiscal Year 2019-2023

December 2018

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EXECUTIVE SUMMARY

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 2019 through fiscal year 2023. The purpose of this forecast is to identify key trends in revenues and expenditures and to provide information about the financial landscape anticipated over the next few 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 information contained in this forecast is based on data available through December 2018. 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/20 budget is developed, revenue and expenditure projections will be updated based on more current information.

Revenues

The revenue projections are based on revenue received through October 2018 and forecasts of economic activity for Albuquerque and New Mexico. The local forecasts were prepared by the Bureau of Business and Economic Research at the University of New Mexico and national economic forecasts from IHS Global Insight. The City's Forecasting Advisory Committee, made up of experts from within and outside government, reviewed the forecasts and revenue projections prepared by City staff.

The Five-Year outlook for revenue growth is greatly impacted by the imposition of a 0.375% GRT tax beginning in July of 2018. This tax increases revenues by $50.3 million in eleven months of FY/19 and a full year impact of $57.3 million in FY/20.The enabling legislation mandates that at least 60% of this new tax be spent on improving public safety in the City of Albuquerque. The General Fund total revenue growth is 11.5% in FY/19 and 3.7% in FY/20 buoyed by the tax increase. Without the increase growth would be 1.9% and 2.8% in FY/19 and FY/20. In the remainder of the forecast, growth ranges from 2.5% and 3.0%, with the reduction in the hold harmless tax reducing growth about 0.6% each year.

For FY/19, total revenue is now $2 million above the original budget.

GRT receipts, which comprise 64% of all General Fund revenues, have been highly volatile the last few years. Through the first four months of FY/19, GRT is growing in line with the estimate at 2.2%. FY/18 GRT ended strong, but much of the late year revenue that was above the expected level was one-time revenue due to a correction in the food hold harmless distribution. The underlying GRT growth in FY/19 is now estimated at 2.2%, after deductions; equal to the estimate in the budget. Not including the new tax increment, growth in GRT averages 2.8% a year in FY/19 through FY/23.

The reduction in the State GRT distribution for food and medical hold harmless began its 15 year phase-out in FY/16. The first year of the reduction cost the City $2.2 million. To account for the one-time nature of this revenue, $2.2 million of the FY/15 GRT revenue was designated as non-recurring so that no long-term commitments were made against those dollars. That same principle is applied in all years of this forecast as the phase-out compounds.

Additionally, there are other expected reductions affecting growth in GRT. Tax Increment Development Districts (TIDDS), particularly the expansion of Winrock will divert GRT revenues from the General Fund. The effect of these deductions increases in the out years when it is expected that the Winrock TIDD will have a substantial impact including more retail, eating and drinking establishments and a hotel.

Along with the impact of TIDDs there are the impacts of the Local Economic Development Act (LEDA). These are estimated at $250 thousand per year during the forecast, beginning in FY/20.

On the upside, building permit revenues are expected to increase after declining in FY/18 from a high in FY/17. In FY/19, revenues from permitting in the first five months is growing at 15% far exceeding the budget estimate of 5%.

Property taxes were somewhat below estimate in FY/18, but growth is expected to be higher due to a lower impact of yield control as inflation is somewhat higher. Franchise fees were below estimate for FY/18, primarily due to a reduction in PNM fuel charges. Additionally low natural gas prices is limiting the natural gas franchise revenue. The other telecommunications franchise has some potential for gains as companies build out the 5G network, that will include revenues for small cell towers and fiber optic cable that will fall under City franchises. The interest earnings on investment face potentially large gains as interest rates increase and City General Fund Balances increase.

Fiscal Year 2019 Budget Outlook

The original FY/19 General Fund appropriation was $576.7 million which included $9.2 million of one-time appropriations. The revised budget of $587.6 million reflects mid-year appropriations approved by the City Council. The revision includes $2.9 million for re-appropriated encumbrances– commitments on contracts entered into but not fully expended from the prior year. It also includes an appropriation of $1 million for the Office of the City Clerk for a special election on a Charter Amendment, cost of $289 thousand to opt in with the State to run current and future municipal elections including run-off election and funding for a new IPRA unit. The revised FY/19 budget also includes $1 million for extended services and hours at the Winter Emergency Shelter. The revised revenue estimate for FY/19 is $584.6 million, about $2 million above the original budget estimate - all of which is recurring.

Fiscal Year 2020 Budget Outlook

The forecast for FY/20 includes all of the known expenses using the best information available at this time. The net effect is a forecasted budget of $622.7 million. This would be a $31 million or a 5.2% increase over the revised FY/19 Budget. Increases include $6.3 million for operating new capital projects coming-on-line, $6.9 million for medical benefits, $4 million for a 2% across-the-board pay increase for city employees (in addition to contractual pay and longevity increases included for the bargaining units), $2.2 million to adjust APD salary savings from 6% to 1.75% (not including civilian), $3.7 million in APD representing a growth class of 40 cadets plus $1 million to add 10 more funded sworn officers for a total of 1050 sworn officers, $1 million for 20 additional PSAs, $750 thousand to fund the National Senior Games, $219 thousand for adjustments to minimum wage, and $442 thousand for four new positions assuming the creation of the Asset Management Department. Most other cost increases are driven by inflation.

Historically, the majority of non-recurring resources comes from unspent appropriations from prior years. As budgets get tighter and tighter, those resources become less common putting a constraint on allocation for non-recurring uses. Fiscal year 2020 includes $7 million in non-recurring expenses while only $1.3 million is available 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 of the forecast and grown by inflation, further contributing to the out-year deficits.

The City is self-insured for workers compensation and general liability. Based on recent trends and analysis by the Risk Division, an overall increase in the cost of risk allocated to the departments is reflected in this forecast. Specially, workers' comp and tort is $2 million higher, or 7.7%, for the General Fund in FY/20 as compared to FY/19. The Risk Recovery Program transfer remains at $1.7 million in the General Fund for FY/20.

The revenue estimates may change over the next few months depending on the outcome of the next few 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/20. Some expenses will have to be fully funded; however, some 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. The available fund balance for FY/20 is forecasted to be a negative $20.2 million, of which $10.9 million is recurring.

Fiscal Years 2020 – 2022 Budget Outlook

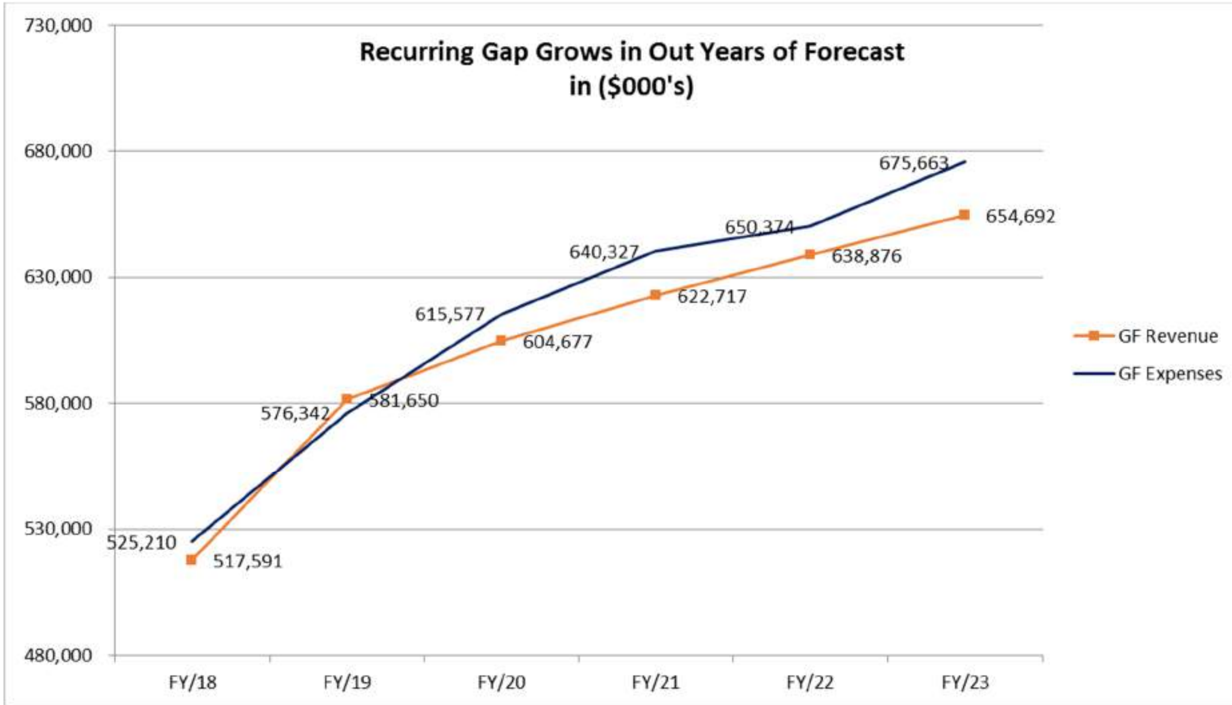
Most of the underlying assumptions in FY/19 are carried forward in the out years of the forecast period. For example, funding for CIP coming-on-line stays in the base and is adjusted in increments as additional projects are added. Inflation factors from Global Insight are used to grow most line items 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. They forecast an increase of just over 11% through FY/23. Other costs were estimated by the respective departments or by OMB.

The out years of this forecast reflect a fund balance deficit that compounds with each year the budget is not brought into balance, an unlikely outcome given the City's commitment to submit a structurally balanced annual budget to the State. That said, the first year, FY/20, reflects an overall unmet need of $20 million which compounds by FY/23 to $93.9 million.

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

TABLE B
FIVE YEAR FORECAST
GENERAL FUND - BASELINE SCENARIO
RESOURCES, APPROPRIATIONS AND FUND BALANCES

($000's)	UNAUDITED ACTUAL FY/18	REVISED BUDGET FY/19	FORECASTS FY/20	FY/21	FY/22	FY/23
RESOURCES:						
Recurring Revenue	515,385	581,650	604,677	622,717	638,876	654,692
% Change Recurring Revenue		12.9%	4.0%	3.0%	2.6%	2.5%
Total Non-recurring	8,768	2,965	1,332	1,749	1,946	2,099
TOTAL REVENUES	524,153	584,615	606,009	624,466	640,822	656,791
% Change Total Revenue		11.5%	3.7%	3.0%	2.6%	2.5%
BEGINNING FUND BALANCE	57,171	54,638	47,636	30,994	5,559	(11,068)
TOTAL RESOURCES	581,324	639,253	653,645	655,460	646,380	645,724
EXPENDITURES/APPROPRIATIONS:						
Recurring Expenditures/Appropriations	511,966	576,342	615,577	640,327	650,374	675,663
% Change Recurring Appropriation		12.6%	6.8%	4.0%	1.6%	3.9%
Non-recurring Exp/App:						
One-time Items	14,720	15,275	7,074	9,574	7,074	7,074
TOTAL EXPEND/APPROP	526,686	591,617	622,651	649,901	657,448	682,737
UNADJUSTED FUND BALANCE	54,638	47,636	30,994	5,559	(11,068)	(37,013)
ADJUSTMENTS:						
Encumbrances	(3,291)	0	0	0	0	0
Unrealized Gains on Investments	907	907	907	907	907	907
Other Accounting Adjustments	(60)	(60)	(60)	(60)	(60)	(60)
TOTAL ADJUSTMENTS	(2,444)	847	847	847	847	847
ADJUSTED FUND BALANCE	52,194	48,483	31,841	6,406	(10,221)	(36,166)
RESERVES:						
1/12th Operating Reserve	44,432	48,087	51,888	54,158	54,787	56,895
Reserve for the Cost of Labor	0	2,053	0	0	0	0
Increase to Reserve	0	0	200	400	600	800
Other Reserves	200	0	0	0	0	0
TOTAL RESERVES	44,632	50,140	52,088	54,558	55,387	57,695
AVAILABLE FUND BALANCE	7,562	(1,657)	(20,247)	(48,152)	(65,608)	(93,861)
1/12th Operating Reserve	43,891	49,301	51,888	54,158	54,787	56,895
Recurring Surplus/(Deficit)	3,419	3,255	(10,900)	(17,610)	(11,498)	(20,971)



The graph above shows the underlying trend in recurring revenues to recurring expenses from FY/18 through FY/23. Based on the assumptions presented in this baseline forecast, expenses exceed resources beginning in the next fiscal year 2020. The recurring deficit peaks in FY/23 at $21 million with recurring expenses at $675.7 million and recurring revenue at $654.7 million. The recurring gap is important because it demonstrates the underlying structural imbalance going forward. Some of the gap is driven by general inflationary factors but most of it is driven by labor costs (wages and benefits) and by capital (both vehicles and operating buildings and other infrastructure coming-on-line). If this predicted possible scenario actually exists in the out-years, the Administration and Council will work together to close any gap between revenue and expenses and manage within available resources.

ECONOMIC OUTLOOK

The national economy influences the economies of Albuquerque and New Mexico in a variety of ways. Interest rates affect purchasing and construction. Federal government spending impacts employment and local purchases by federal agencies including the national labs and military bases. Inflation, which is only calculated at the national level, affects prices, wages and the level of local and national taxes collected.

The following is based on the October 2018 forecasts from IHS Global Insight (IHS). Along with the baseline forecast, alternative forecasts are prepared with pessimistic and optimistic scenarios. The forecast period is FY/19 to FY/23.

Baseline Scenario

In the baseline forecast, assigned a probability of 60%, IHS Global Insight (IHS) expects annual growth of 3% in real GDP for FY/19. This is above the 2.6% growth in FY/18 and 1.9% in FY/17. Some of the increase is due to the stimulus of federal tax cuts; however, growth is expected to taper off as the stimulus wears off and the federal government raises interest rates to curb inflation. The 10% tariffs recently enacted and another threatened round of tariffs at 25% have only a small effect on the economy; growth is limited by just 0.3% over the next 3 years. Growth is expected to be 2.4% in FY/20 and then slow to around 1.5% in FY/21 to FY/23. Much of the ongoing limitation is due to the impacts of a restrictive monetary policy as well as demographic changes—the aging of the population—that put pressure on the labor supply and reduced household formation. Real government expenditures are expected to decline slowly from FY/19 through FY/22. Nationally, total employment reached the pre-recession peak in May of 2014. Unemployment reached a peak of 9.9% in the fourth quarter of 2009, declining to 5.0% in FY/16. Unemployment is expected to decline to a low of 3.5% in FY/20, edging up to 4.3% in FY/23.

Inflation, as measured by the Consumer Price Index (CPI) was 2.2% in FY/18 but increases to 2.6% in FY/19. It is then expected to hover at around 2.4% for the remainder of the forecast, in large part due to stable oil prices. Relatively weak wage growth and increases in productivity limit the cost of employment, putting little pressure on costs. Oil price (West Texas Intermediate) is expected to increase moderately to $71 per barrel in FY/19 and increase modestly to around $78 per barrel in FY/23. The increase in oil prices adds little to the CPI. The limited growth in inflation is near the Federal Reserve Bank (FRB) target of 2% as measured by the personal consumption expenditures index. The moderate inflation expectation also contributes to limited increases in interest rates; however, IHS believes the FRB will continue increasing rates modestly through the forecast. The federal funds rate averaged 1.4% in FY/18, and is expected to reach 3.5% in FY/23.

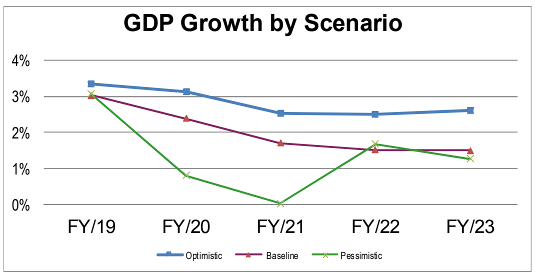
There are a number of risks in the economy, including the risks of increased tariffs, strength of consumer confidence and weak productivity growth.

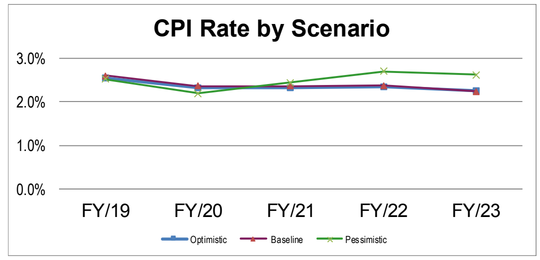
Pessimistic Scenario

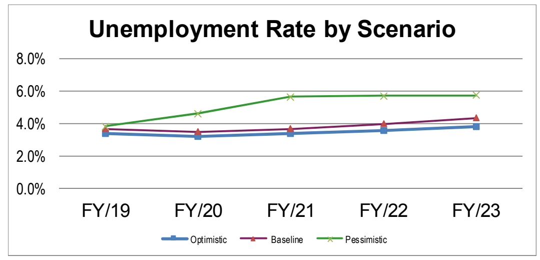
The pessimistic scenario is assigned a probability of 25%. In this scenario, the recovery stalls and a recession occurs in the last three quarters of FY/20, driven largely by a broad-based loss of confidence. In response, the Federal Reserve reduces interest rates to help expand the economy and reduce unemployment; however, despite lower interest rates, lending standards remain high. The housing market is particularly hard hit and despite peaking in FY/21, does not reach the level of the baseline. Employment remains well below the baseline level.

Optimistic Scenario

The optimistic scenario is assigned a probability of 15%. In this scenario IHS assumes productivity growth is over 1% higher in all years, leading to strong wage growth, low inflation, and ultimately increases in personal consumption. Although interest rates are increased, compared to the baseline, an easing of credit conditions and increased incomes allow housing starts accelerate. These increases yield an unemployment rate that is 0.3% lower than the baseline forecast.

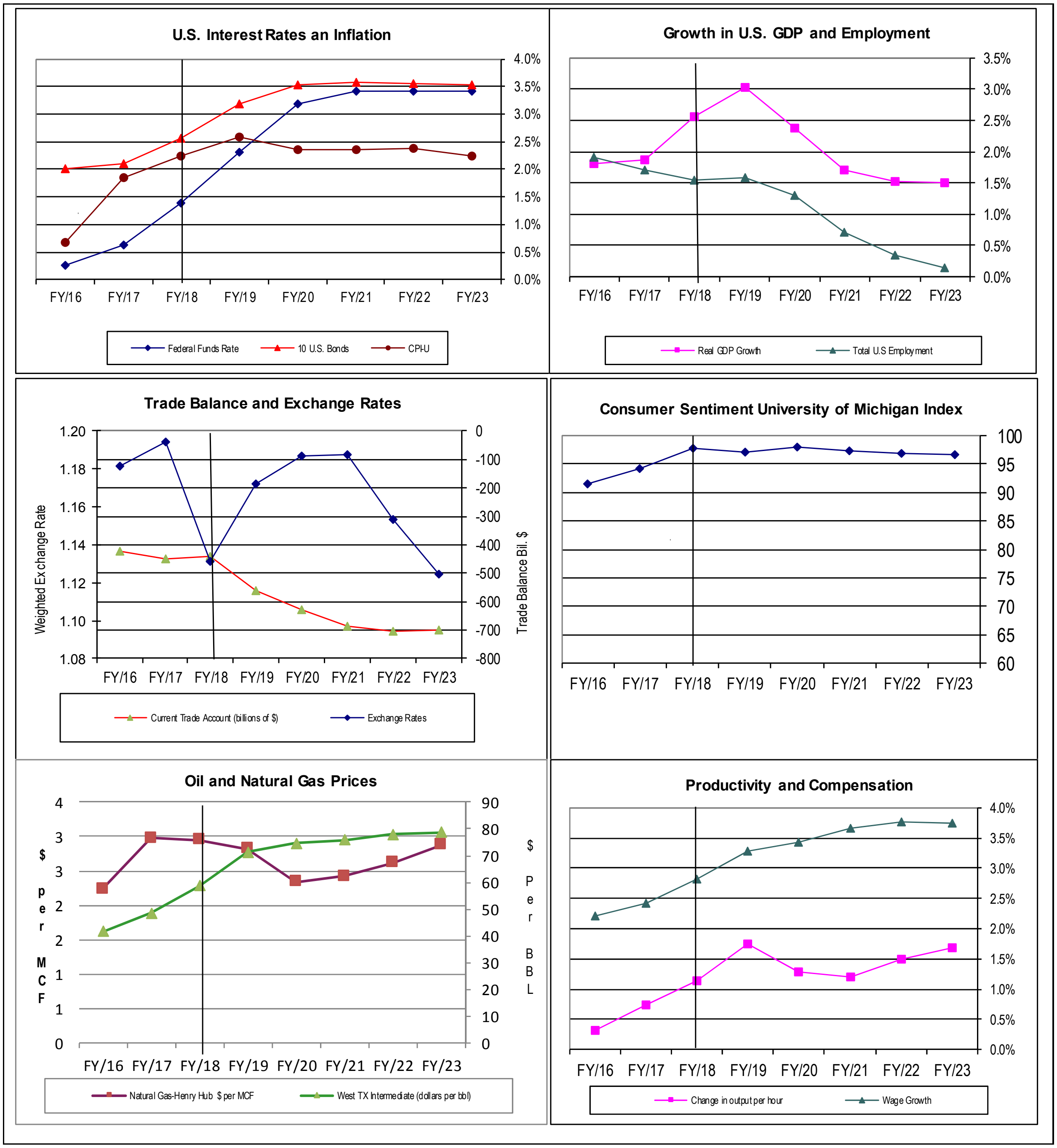




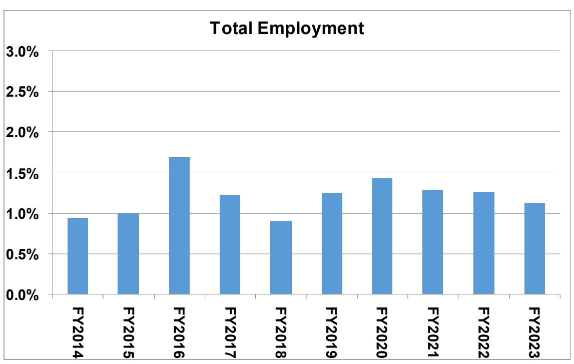


More information and a comparison of scenarios is found in the section on Alternative Scenarios.

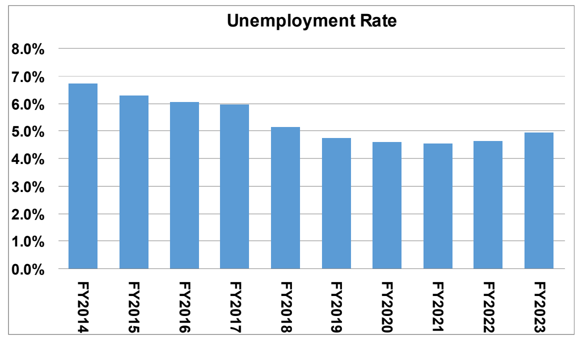
U.S. ECONOMIC VARIABLES AND FORECAST (FISCAL YEAR)
October 2018 Baseline Forecast



The outlook for the Albuquerque economy is developed by the Bureau of Business and Economic Research (BBER) at the University of New Mexico. They use national forecasts from IHS and local insights to develop forecasts for the state and local economy. The UNM BBER forecasting model for October 2018 provides the forecast of the Albuquerque economy presented in the following section. Due to the lag in employment reporting, this data only includes three quarters of actual data for FY/18. While the Albuquerque economy declined in sync with the national economy, it has lagged in its recovery. The Albuquerque economy lost over 27 thousand jobs from FY/08 to FY/12, a 7% loss of total employment. About 21 thousand jobs were added from FY/12 to FY/18 and employment remains about six thousand jobs below FY/08 employment. Employment growth since FY/13 has been consistent, but at relatively low levels. The rate of growth in FY/16 was 1.7%, but this appears to be an anomaly; approximately 0.3% of the growth was due to 1,200 state government employees being correctly allocated to Albuquerque where their actual place of employment resides, as opposed to other locations in the State.



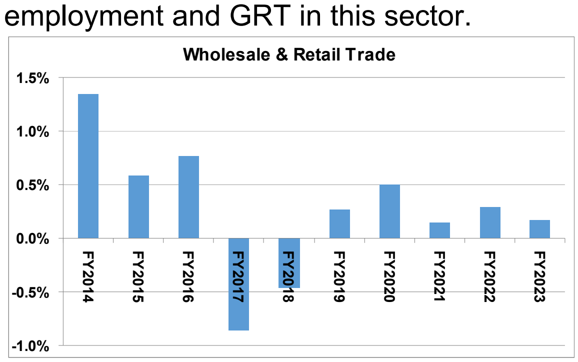
In FY/19 employment is expected to increase by 1.2%, an improvement over the 0.9% achieved in FY/18. Growth in the remainder of the forecast is between 1.2% and 1.4%. The economy is not expected to reach FY/08 employment levels until FY/20, putting the Albuquerque recovery over five years behind the national economy in terms of reaching post-recession employment levels. Government employment continues to limit growth, with private sector employment growth exceeding total employment growth from FY/12 through FY/23. While the unemployment rate declines further, it continues to exceed the national rate. The rate declined to 4.7% in FY/18, but shows little change in the forecast, increasing to nearly 5% in FY/23. This is above the U.S. unemployment rate currently and for the entire forecast period.



In addition to the tables embedded in the following section there are a series of charts and tables providing comparisons of Albuquerque to the U.S. economy. Additionally, Albuquerque Metropolitan Statistical Area (MSA) employment numbers are provided for FY/16 to FY/23 by major North American Industrial Classification System (NAICS) categories.

<u>Retail and Wholesale Trade</u>

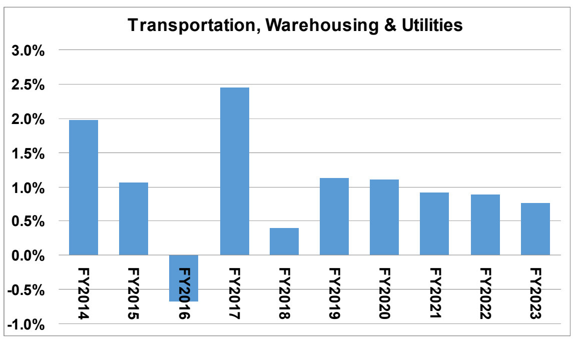
This sector accounts for about 14% of employment in the MSA and is particularly important in terms of the Gross Receipts Tax, comprising about 25% of GRT. During the recession, closure of stores and reductions in purchases substantially impacted employment and GRT in this sector.



In FY/17 and FY/18 employment in this sector declined a total of 540 jobs. While gaining jobs in the remainder of the forecast, the sector is expected to have annual employment growth of under 0.5% and is not expected to reach the FY/08 peak level of employment during the forecast.

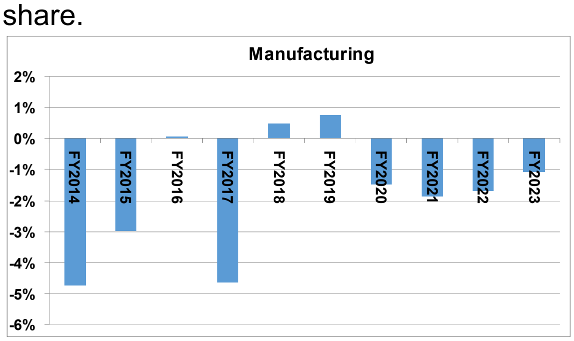
Transportation, Warehousing and Utilities

This sector, while important, accounts for just 2.5% of employment. After showing strong recovery with growth over 2.5% in FY/17, the sector shows limited growth in the forecast, remaining 5% below the pre-recession high in FY/23.



Manufacturing

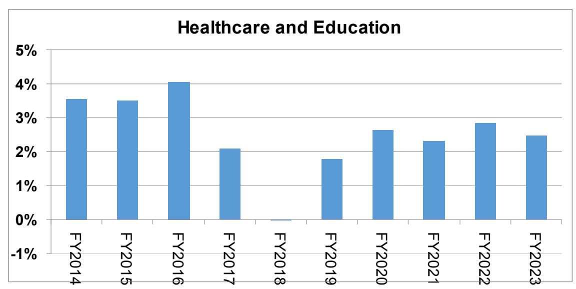
This sector accounts for about 4.2% of employment in the MSA. It is an important sector as it creates relatively high paying jobs that bring revenue from outside the area. It also generates purchases of materials and services in the local economy making this sector's impact greater than its employment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



The sector has had substantial job losses that began prior to FY/13. FY/16 and FY/18 were the only years in this period that posted increases. FY/19 is expected to increase by just 118 jobs. The sector is expected to decline in every year of the forecast with FY/23 employment reaching only 65% of the FY/08 employment.

Educational and Health Services

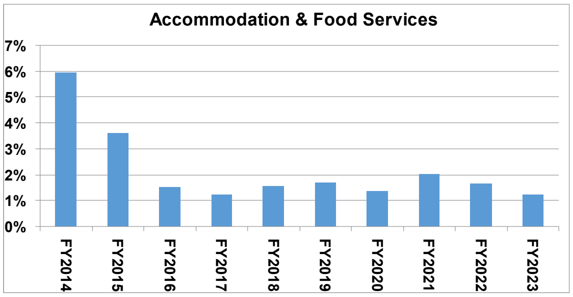
This section represents two sectors, to match the summary of jobs generally shown in the NAICS sectors. The sector's jobs are predominantly health services and account for 15.9% of total employment. Albuquerque is a major regional medical center that attracts people into the area for services. Presbyterian Hospital and its HMO are one of the largest employers in the area. Importantly, this was the only sector that increased through the recession and continues to be a primary driver for economic growth. This sector is the largest contributor to employment growth in the forecast period, adding about 6,200 jobs (29% of total job growth) from FY/18 to FY/23.



Accommodation and Food Services

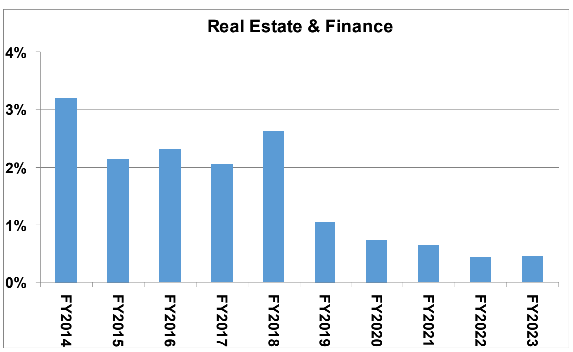
This category includes eating and drinking establishments as well as hotels and other travel related facilities. It accounts for 10% of employment in the MSA. The sector is a major contributor to both GRT and Lodgers' Tax and was a major contributor to employment growth since the recession.

Employment reached the pre-recession high in FY/14. After very strong growth in FY/14 and FY/15 growth has slowed but is expected to post an annual average growth rate of 1.6% in the forecast.



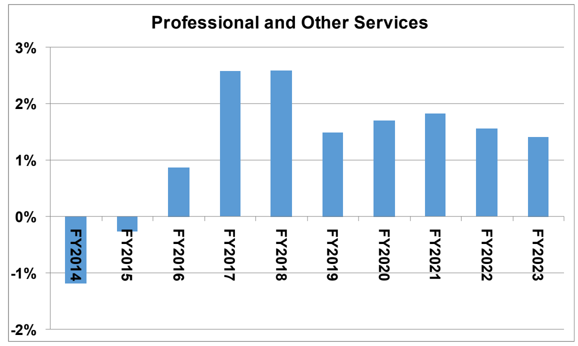
Real Estate & Financial Activities

This section includes two sectors and includes finance, insurance and real estate including credit intermediation. It accounts for about 4.6% of employment in the MSA. The financial crisis, consolidation of banking, and the collapse of real estate negatively impacted this sector; however, FY/14 to FY/18 growth was strong at above 2% each year. In FY/19 employment is expected to slow to about 1% and continue slowing through the forecast period. In FY/20 the sector is expected to reach the pre-recession peak.



Professional and Other Services

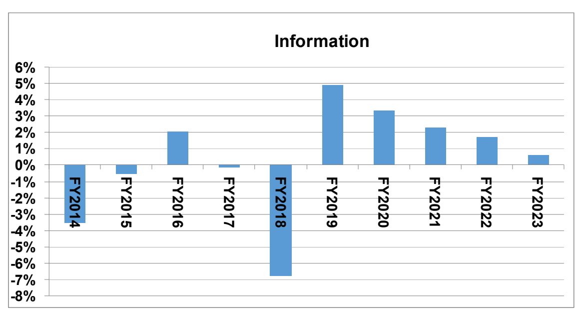
This category is a grouping of four service sectors (Professional and Technical, Management of Companies, Administrative and Waste Services, and Other Services), and accounts for 18% of employment in the MSA. It includes temporary employment agencies, some of Albuquerque's back-office operations, and architect 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 less than 1%, growing to over 2% in FY/17 and FY/18. Growth then tapers off, but with respectable rates averaging 1.6% from FY18 to FY/23. In FY/23 the sector remains 4,600 jobs below the FY/08 peak. Sandia National Labs gained some positions in FY/11 through FY/18 and its budget outlook remains positive.

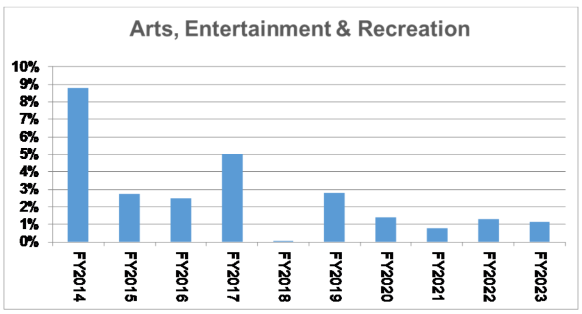
Information

This sector includes businesses in telecommunications, broadcasting, publishing, internet service establishments, and the film studios. It accounts for about 2% of employment in the MSA. FY/13 posted solid growth, but FY/14 showed a substantial decline with additional declines in FY/15. FY/16 increased 2.1%; however, there were declines in FY/17 and a 6.8% decline in FY/18. In FY/19 growth rebounds and is expected at 4.9%, with the remainder of the forecast averaging about 2.6%.



Arts Entertainment and Recreation

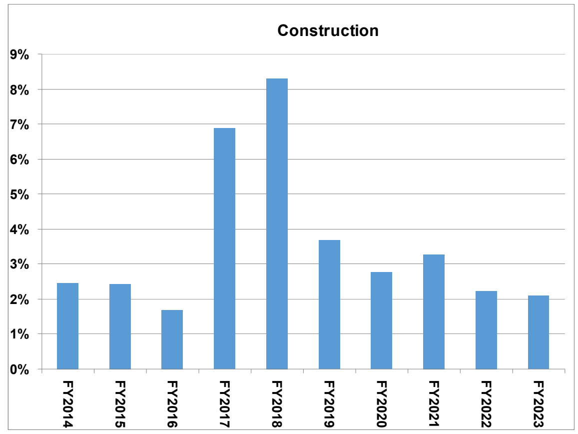
This is a relatively small sector with 1.3% of MSA employment. It includes artists, entertainers, spectator sports, and recreation facilities such as bowling alleys and fitness centers. The sector showed large growth in FY/13 and FY/14; in FY/17 growth was 5% before falling to zero in FY/18. FY/19 is expected to increase to over 3%, but the remainder of the forecast has growth of around 1%.



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 5.7%. This sector lost 12 thousand jobs from FY/07 to FY/13; in FY/07 its employment share was 8%. After falling consistently from FY/07, employment in construction began increasing at the end of FY/13 and continues to grow. FY/18 is expect to show an increase of 5.6%; however, this slows and growth in the forecast is around 2.7% for all forecast years. Even with this growth, however, construction employment in FY/23 is forecasted to be 26% or 8,000 jobs below the FY/07 peak.

Construction permits show the trends in construction and the types of construction. The graph following this section shows the real values of building permits after adjusting by the CPI from 1970 to 2017 (November and December of 2017 were estimated). Construction is categorized as new construction or additions, alterations, and repairs.



New construction is further separated as residential and commercial. Five distinct peaks occurred in 1973, 1979, 1985, 1995 and 2005. The 2005 cycle was the longest but also had the largest decline.

The lowest level of residential construction was reached in the period of August 2008 to February 2009. From this point single family permitting has increased, but it remains subdued and at levels well below pre-recession permitting.

Additions, alterations, and repairs did not drop as significantly as new construction but still showed declines. This category is dominated by commercial and public projects.

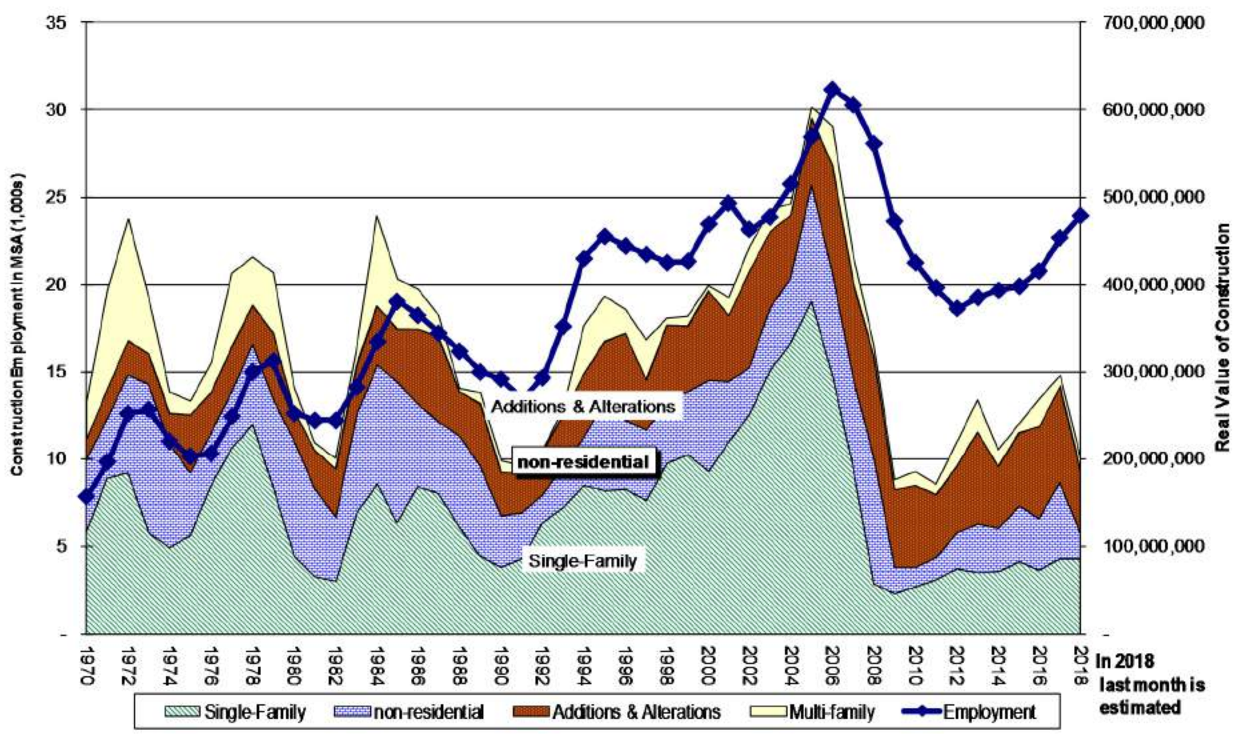
Single family permitting has grown slowly and is expected to show moderate growth in the forecast. Permits are expected to increase from 1,300 in FY/18 to 1,900 in FY/23. These are still historically very low numbers and continue to lag early 1990 levels. A contributing factor is lack of job growth which has led to out-migration and very low growth (less than 0.5% a year from 2010 to 2017) in population.

Multi-family construction showed some strength in FY/13 with 945 units and 898 units in FY/14. These permits fell 450 and 567 units in FY/15 and FY/16 respectively, although FY/17 had 894 permits. The UNM BBER forecast expects below 500 units in FY/18 and FY/19, but increasing to an average of 560 units in FY/20 through FY/22.

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 2017 coincides with a large increase in building permits. In 2018 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 2017, and as of 2018, APS no longer obtains building permits from the City. Instead, APS now obtains permits from the State, as UNM does. Secondly, Facebook has a very large construction project in Los Lunas that is employing 800 to 1,000 construction workers; however, this also does not generate building permits in the City.

As shown in the chart following this section, 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. Growth in employment was very strong in 2000-2006, driven in large part by the Intel project and the Big-I reconstruction project.

Construction Values In City of Albuquerque Deflated by CPI and Construction Employment in the MSA in Thousands



Government

The government sector makes up almost 21% 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 Indian enterprises. Federal government makes up 3.9% of Albuquerque

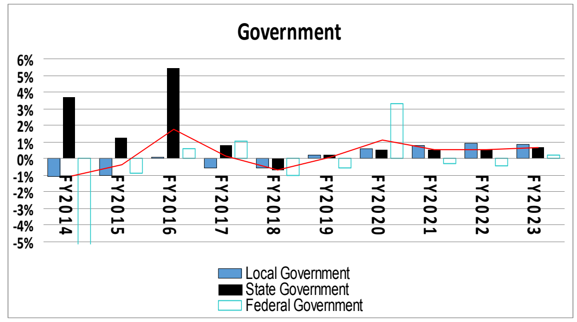
MSA employment but only 1.9% of national employment. Note this doesn't include military employment, which is counted separately, or employment at the national labs which is included in profesional and business services.

Active military is around 6,000 or about 1.7% of the total non-agricultural employment. Nationally, military is 1% of total non-agricultural employment.

Government employment slowed and decreased in FY/11 through FY/15. Local and State employment decreased due to declines in tax revenue and the inability to fund the same level of employees. State government in FY/16 increased in Albuquerque, though not at the State, due to the correction of counting of jobs in Albuquerque that were previously recorded in other parts of the State.

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 and then shows slow growth in the remainder of the forecast

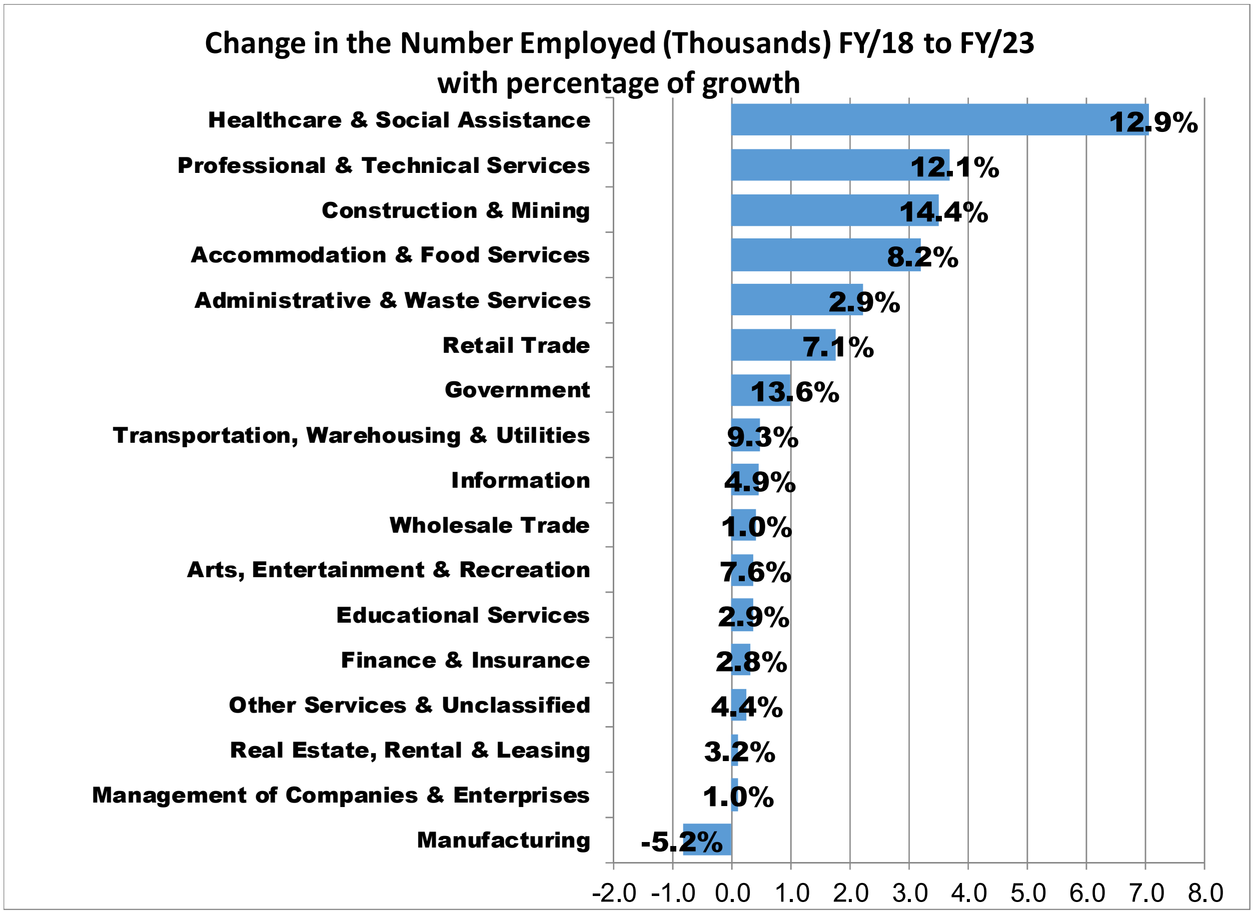
Federal government, after declining by over 7% in FY/14, has remained fairly stable with FY/18 climbing to within 40 jobs of FY/14 levels.



The forecast assumes continued losses in federal jobs—with the exception of FY/20 due to hiring for the 2020 census. The forecast shows state and local employment growing at about 0.5% annually.

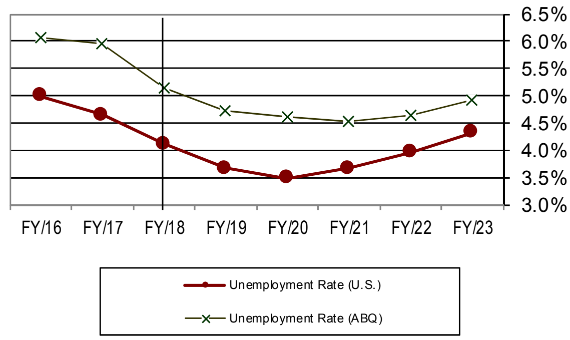
The following charts and tables present more information on the Albuquerque economy and its comparison to the U.S.

Alternative scenarios are discussed in the section on Alternative Scenarios.

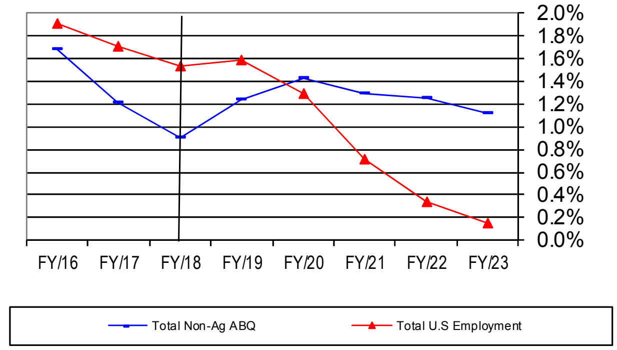

Change in the Number Employed (Thousands) FY/18 to FY/23
with percentage of growth
Healthcare & Social Assistance
Professional & Technical Services
Construction & Mining
Accommodation & Food Services
Administrative & Waste Services
Retail Trade
Government
Transportation, Warehousing & Utilities
Information
Wholesale Trade
Arts, Entertainment & Recreation
Educational Services
Finance & Insurance
Other Services & Unclassified
Real Estate, Rental & Leasing
Management of Companies & Enterprises
Manufacturing
12.9%
12.1%
14.4%
8.2%
2.9%
7.1%
13.6%
9.3%
4.9%
1.0%
7.6%
2.9%
2.8%
4.4%
3.2%
1.0%
-5.2%
-2.0 -1.0 0.0 1.0 2.0 3.0 4.0 5.0 6.0 7.0 8.0

Albuquerque MSA and Comparisons to the U.S - October 2018

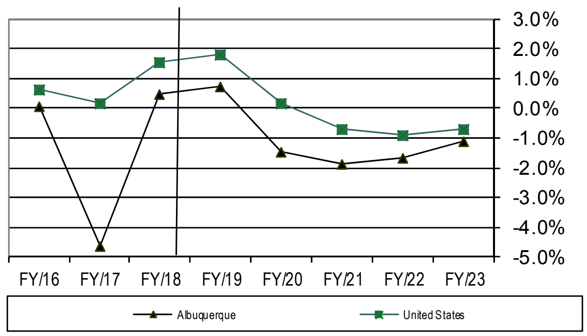
Albuquerque MSA vs. U.S. Unemployment Rates



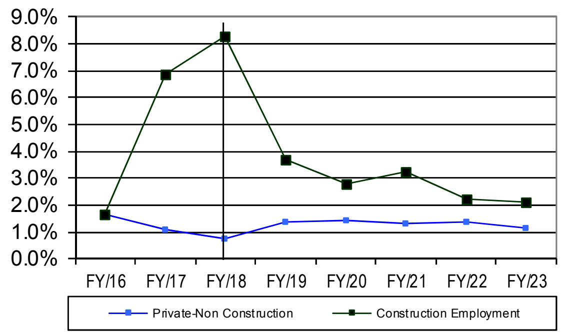
Albuquerque MSA vs. U.S. Employment Growth



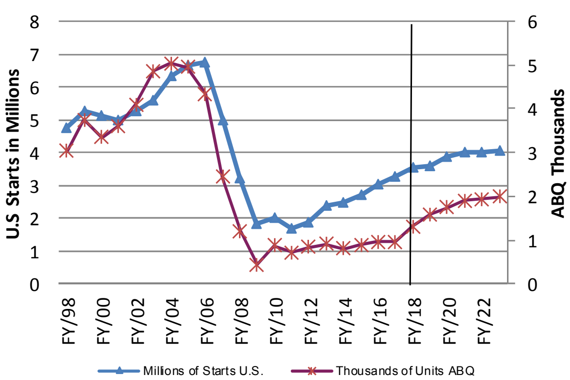
Albuquerque MSA vs. U.S. Manufacturing Employment Growth



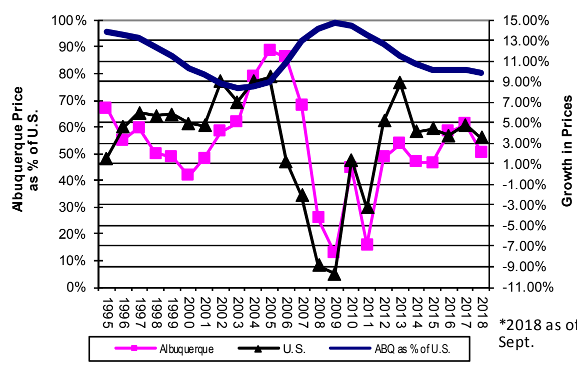
Albuquerque MSA Construction and Private Non-Construction Employment Growth



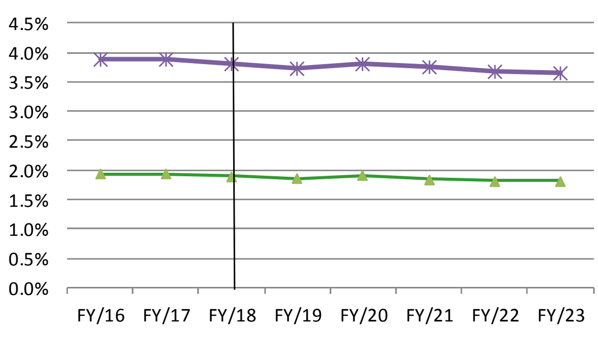
Single Family Construction



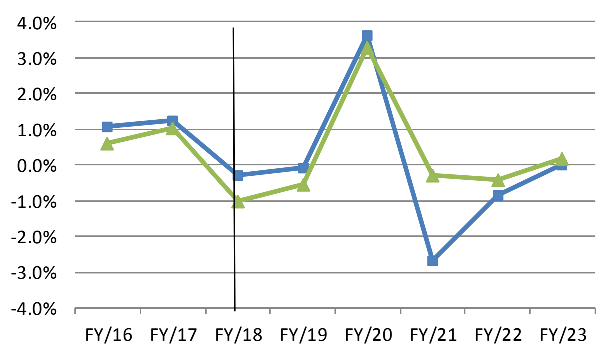
Comparison of Growth in Existing Home Sales Price by Calendar Year (history only)



Federal Government Employment as Share of Total Employment



Change in Federal Government Employment



Economic Variables Underlying the Forecast by Fiscal Year

	History			Forecast				
	FY/16	FY/17	FY/18	FY/19	FY/20	FY/21	FY/22	FY/23
National Variables								
Real GDP Growth	1.8%	1.9%	2.6%	3.0%	2.4%	1.7%	1.5%	1.5%
Federal Funds Rate	0.3%	0.6%	1.4%	2.3%	3.2%	3.4%	3.4%	3.4%
10 U.S. Bonds	2.0%	2.1%	2.6%	3.2%	3.5%	3.6%	3.6%	3.5%
CPI-U	0.7%	1.9%	2.2%	2.6%	2.4%	2.4%	2.4%	2.2%
Unemployment Rate (U.S.)	5.0%	4.7%	4.1%	3.7%	3.5%	3.7%	4.0%	4.3%
Total U.S Employment	1.9%	1.7%	1.5%	1.6%	1.3%	0.7%	0.3%	0.1%
Manufacturing Employment	0.6%	0.2%	1.5%	1.8%	0.2%	-0.7%	-0.9%	-0.7%
Consumer sentiment index--University of Michigan	91.5	94.3	97.7	97.2	98.1	97.4	96.8	96.7
Exchange Rates	1.18	1.19	1.13	1.17	1.19	1.19	1.15	1.12
Current Trade Account (billions of $)	(424.1)	(447.5)	(442.8)	(559.3)	(628.5)	(684.4)	(705.8)	(700.8)
Change in output per hour	0.3%	0.7%	1.1%	1.8%	1.3%	1.2%	1.5%	1.7%
Natural Gas-Henry Hub $ per MCF	2.2	3.0	2.9	2.8	2.3	2.4	2.6	2.9
West TX Intermediate (dollars per bbl)	41.7	48.6	58.6	71.4	74.7	75.7	78.1	78.6
Wage Growth	2.2%	2.4%	2.8%	3.3%	3.4%	3.7%	3.8%	3.7%
Albuquerque Variables								
Employment Growth and Unemployment in Albuquerque MSA								
Total Non-Ag ABQ	1.7%	1.2%	0.9%	1.2%	1.4%	1.3%	1.3%	1.1%
Private-Non Construction	1.7%	1.1%	0.8%	1.4%	1.4%	1.3%	1.4%	1.2%
Construction Employment	1.7%	6.9%	8.3%	3.7%	2.8%	3.3%	2.2%	2.1%
Manufacturing	0.1%	-4.7%	0.5%	0.8%	-1.5%	-1.9%	-1.7%	-1.1%
Government	1.7%	0.1%	-0.7%	0.1%	1.1%	0.5%	0.6%	0.7%
Unemployment Rate (ABQ)	6.1%	6.0%	5.1%	4.7%	4.6%	4.5%	4.6%	4.9%
Growth in Personal Income	4.1%	3.2%	3.3%	4.2%	4.9%	4.8%	4.7%	4.6%
Construction Units Permitted in City of Albuquerque								
Single-Family Permits	969	957	1,318	1,585	1,742	1,907	1,944	1,991
Muli-Family Permits	621	825	150	454	548	657	681	691
Total Residential Permits	1,590	1,782	1,468	2,040	2,290	2,564	2,625	2,682

Sources: HIS Global Insight and FOR-UNM October 2018 Baseline Forecasts

Albuquerque MSA Employment in Thousands

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Total Employment	368.0	372.5	375.9	380.5	386.0	390.9	395.8	400.3
Private Employment	291.3	295.6	299.6	304.2	308.8	313.4	317.9	321.8
Mining & Agriculture	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Construction	20.2	21.6	23.4	24.3	24.9	25.8	26.3	26.9
Manufacturing	16.4	15.6	15.7	15.8	15.6	15.3	15.0	14.9
Wholesale Trade	11.7	11.6	11.5	11.7	11.8	11.8	11.8	11.8
Retail Trade	42.0	41.6	41.5	41.4	41.6	41.6	41.8	41.9
Transportation, Warehousing & Utilities	9.1	9.3	9.3	9.4	9.5	9.6	9.7	9.8
Information	7.8	7.8	7.3	7.6	7.9	8.0	8.2	8.2
Finance & Insurance	11.7	12.1	12.4	12.5	12.5	12.6	12.7	12.7
Real Estate, Rental & Leasing	5.3	5.2	5.4	5.5	5.5	5.6	5.6	5.6
Professional & Technical Services	28.9	29.9	30.5	31.1	31.8	32.7	33.5	34.2
Management of Companies & Enterprises	3.5	3.6	3.7	3.7	3.7	3.7	3.8	3.8
Administrative & Waste Services	23.6	24.1	25.0	25.3	25.8	26.2	26.5	26.8
Educational Services	5.3	5.2	5.1	5.3	5.4	5.5	5.6	5.6
Healthcare & Social Assistance	53.2	54.5	54.5	55.5	57.0	58.3	60.0	61.6
Arts, Entertainment & Recreation	4.5	4.7	4.7	4.9	5.0	5.0	5.1	5.1
Accommodation & Food Services	37.9	38.3	38.9	39.6	40.1	40.9	41.6	42.1
Other Services & Unclassified	9.5	9.8	9.8	9.9	9.9	9.9	9.9	9.9
Government	76.7	76.8	76.3	76.3	77.2	77.6	78.0	78.5
Local Government	39.8	39.6	39.3	39.4	39.6	40.0	40.3	40.7
State Government	22.6	22.8	22.7	22.7	22.8	23.0	23.1	23.2
Federal Government	14.3	14.4	14.3	14.2	14.7	14.6	14.6	14.6
Military Employment	5.7	5.8	5.9	5.9	5.9	5.9	5.9	5.9
private non-construction	271.1	274.0	276.2	279.9	283.9	287.6	291.5	294.9
Other Indicators								
Personal Income, $Billions	35.6	36.7	37.9	39.5	41.4	43.4	45.5	47.6
Labor force MSA, Thousands	419.9	423.9	429.3	432.9	436.9	440.9	444.4	447.4
Total Housing Units (City of Albuquerque Only)	1.59	1.78	1.47	2.04	2.29	2.56	2.62	2.68
Single-Family housing Units (in thousands)	0.97	0.96	1.32	1.59	1.74	1.91	1.94	1.99
Multi Family Housing Units (in thousands)	0.62	0.83	0.15	0.45	0.55	0.66	0.68	0.69
Unemployment Rate- Not Seasonally Adjusted	6.06	5.95	5.14	4.73	4.60	4.52	4.64	4.93
Growth Rates								
Total Employment	1.7%	1.2%	0.9%	1.2%	1.4%	1.3%	1.3%	1.1%
Private Employment	1.7%	1.5%	1.3%	1.5%	1.5%	1.5%	1.4%	1.2%
Mining & Agriculture	6.4%	7.1%	1.1%	-2.5%	1.3%	1.1%	1.3%	1.2%
Construction	1.7%	6.9%	8.3%	3.7%	2.8%	3.3%	2.2%	2.1%
Manufacturing	0.1%	-4.7%	0.5%	0.8%	-1.5%	-1.9%	-1.7%	-1.1%
Wholesale Trade	0.5%	-0.9%	-0.5%	1.4%	1.1%	0.1%	0.2%	0.1%
Retail Trade	0.8%	-0.9%	-0.5%	0.0%	0.3%	0.2%	0.3%	0.2%
Transportation, Warehousing & Utilities	-0.7%	2.4%	0.4%	1.1%	1.1%	0.9%	0.9%	0.8%
Information	2.1%	-0.1%	-6.8%	4.9%	3.3%	2.3%	1.8%	0.6%
Finance & Insurance	2.0%	3.4%	2.6%	0.8%	0.5%	0.7%	0.5%	0.4%
Real Estate, Rental & Leasing	2.9%	-0.8%	2.6%	1.6%	1.2%	0.6%	0.4%	0.6%
Professional & Technical Services	1.3%	3.2%	2.1%	1.9%	2.4%	2.6%	2.4%	2.2%
Management of Companies & Enterprises	4.9%	1.1%	2.5%	1.0%	0.5%	0.5%	0.5%	0.5%
Administrative & Waste Services	-0.1%	2.2%	4.0%	1.3%	1.6%	1.7%	1.2%	1.0%
Educational Services	-0.4%	-0.7%	-1.5%	2.3%	2.1%	1.6%	1.7%	1.4%
Healthcare & Social Assistance	4.5%	2.4%	0.1%	1.7%	2.7%	2.4%	2.9%	2.6%
Arts, Entertainment & Recreation	2.5%	5.0%	0.1%	2.8%	1.4%	0.8%	1.3%	1.1%
Accommodation & Food Services	1.5%	1.2%	1.6%	1.7%	1.4%	2.0%	1.7%	1.2%
Other Services & Unclassified	0.7%	2.2%	0.7%	0.8%	0.2%	0.0%	0.1%	0.0%
Government	1.7%	0.1%	-0.7%	0.1%	1.1%	0.5%	0.6%	0.7%
Local Government	0.1%	-0.6%	-0.6%	0.2%	0.6%	0.8%	0.9%	0.9%
State Government	5.4%	0.8%	-0.7%	0.2%	0.6%	0.6%	0.5%	0.6%
Federal Government	0.6%	1.0%	-1.0%	-0.5%	3.3%	-0.3%	-0.4%	0.2%
Military Employment	1.1%	1.9%	1.4%	-0.1%	-0.3%	0.2%	0.1%	0.1%
Personal Income, $Billions	35.57	36.70	37.92	39.52	41.44	43.43	45.49	47.60
Labor force MSA, Thousands	419.91	423.94	429.26	432.95	436.90	440.90	444.36	447.41
Total Housing Units (City of Albuquerque Only)	45.3%	12.1%	146.8%	39.0%	12.3%	12.0%	2.4%	2.2%
Single-Family housing Units	7.4%	-1.2%	146.8%	20.3%	9.9%	9.5%	1.9%	2.4%
Multi Family Housing Units	223.4%	32.9%	-81.8%	202.9%	20.6%	19.8%	3.7%	1.4%

REVENUE OUTLOOK

Overview

The following forecast of revenues is presented in tables following this section. They are based on the October 2018 IHS and UNM BBER baseline forecasts. The presentation provides unaudited FY/18 receipts, the FY/19 budget and revised estimates for FY/19 and the baseline forecast receipts for fiscal years 2020-2023. In all cases, the figures reflect the accrual to 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.

In FY/19 recurring revenues are expected to increase 12.9% from FY/18. This is an increase from the original estimate of 12.1%. Total revenues are expected to grow somewhat slower than the original expectation of 12.2% realizing a gain of only 11.5%. This is an increase in recurring revenue of $1.7 million from the original budget. The growth in base GRT in the first four months of FY/18 was 2.2%, equal to the forecast in the budget and this forecast. The total growth in GRT is boosted by the new 3/8th cent hold harmless tax which is expected to add $50.3 million in GRT revenue. This estimate is $700 thousand above the original estimate of $49.6 million. The growth is near the originally expected growth, but again GRT distributions have been erratic. The reductions from the food and medical hold harmless are particularly erratic, including declines in the total value of these distributions before the 15 year phase out adjustment. Employment growth, though positive, is slow; single family permits remain limited and commercial construction permits, after growing rapidly in FY/17, slowed substantially in FY/18. Consequently, GRT revenue for construction is expected to decline in FY/19. Building permit revenue dropped substantially following the Albuquerque Public Schools (APS) decision to employ the State Construction Industries Division to issue permits rather than the City. This change does not affect GRT revenue from APS construction projects. Property tax revenue growth increased on residential properties. Yield control is based on inflation and with some increases is less of a limiting factor than it was from FY/16 to FY/18. FY/19 also represents the fourth year of reductions of the hold harmless. The reduction of the distribution of over $35 million is being phased out over 15 years, beginning in FY/16.

The long-term baseline forecast anticipates that the General Fund recurring revenue growth is expected to be 11.5%, 3.8%, 3.2%, 2.8%, and 2.6%, in FY/19, FY/20, FY/21, FY/22, and FY/23 respectively.

More detail on each sector is presented in the following text.

General Fund Revenue Estimates

Gross Receipts Tax

The GRT revenues for FY/18 were $8.2 million above the amount estimated in the approved FY/19 budget process. It is estimated that $6.9 million of this is one-time revenue; of this, $3.6 million is associated with the food hold harmless distribution and $1.5 million is due to a large distribution in the Finance and Insurance sector. Recurring growth in FY/18 was 2.3%, somewhat above the estimate of 1.7%.

GRT growth was erratic throughout FY/18; revenue fluctuated from month to month, due in part to problems with both food and medical hold harmless distributions. Food hold harmless distributions were down due to taxpayers incorrectly filing their hold harmless deductions; however, the problem appears to be fixed by the State Taxation and Revenue Department. Medical hold harmless distributions were down substantially, but mostly offset by growth in the overall Health Services sector.

The changes in hold harmless distributions were attributable to, 1) the "Health South" decision and changes in State statute to ensure hold harmless deductions are being used correctly, and 2) the addition of an additional GRT taxpayer believed to be Lovelace Medical, which is no longer an insurance company and therefore likely responsible for paying GRT. The forecast assumes that medical hold harmless distributions will normalize (except for the phase out) and that the Health Services sector will move to a new level.

In FY/19 revenue growth continues to be erratic with two of the previous four months negative. This is largely due to declines in construction GRT in three of the four months. For FY/19 through FY/23 the additional hold harmless phase out impact is counted as non-recurring revenue.

The FY/19 budget assumed GRT base distributions would increase by 2.2%; however, the additional 3/8th hold harmless distribution increases recurring growth to 17.3%. The revised growth is similar to the estimate that was in the FY/19 budget. In FY/19 growth is expected to increase, but limited to 2.2%, net of the loss of an additional $2.3 million in hold harmless distributions and other items. It is assumed that the manufacturing deductions are fully incorporated into the forecast. Deductions for the Tax Increment Development Districts (TIDDs) are expected to be postponed into the future, with the first reduction taking place in FY/21. The details of these additional deductions are detailed in the following table.

Adjustments to GRT Growth

Adjustments Made to Gross Receipts (base growth)

	FY/19	FY/20	FY/21	FY/22	FY/23
Growth w/o adjustments	2.8%	4.3%	4.2%	3.8%	3.4%
F&M hold harmless	-0.5%	-0.7%	-0.8%	-0.8%	-0.8%
TIDDs and Incentives	0.0%	0.0%	-0.2%	-0.4%	0.0%
Adjusted Rate	2.3%	3.4%	3.2%	2.6%	2.6%

The 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 the phase out of 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/18 revenues were below expectations, mostly due to a reduction in delinquent taxes. In FY/19 revenues were increased slightly from the budgeted level based on a reduction in FY/18 revenues that was offset by an increase in the final assessed value of properties from the Bernalillo County Treasurer. Yield control was limited in FY/19 due to a higher level of inflation. It is expected that somewhat higher rates of inflation make yield control less of an issue going forward.

Franchise Taxes

Recurring FY/18 franchise tax revenues were $417 thousand below estimate, primarily due to a shortfall in revenue from the natural gas and electric franchises. Natural gas revenue was low due to relatively warm weather and low gas prices. Electricity revenue was low due to lower prices resulting from renegotiation of a coal contract. FY/19 is now expected to be $266 thousand below the budget estimate; however, the short fall in electricity is expected to be partially offset by new rates allowed by the Public Regulatory Commission. The budget includes one-time revenue of $452 thousand in other telecommunications due to a build out of a fiber system to provide Albuquerque Public Schools (APS) with high speed internet access.

For FY/20 to FY/23 growth is limited in all franchises, largely due to slow household and business formation consistent with relatively weak housing construction, employment and population growth. Telephone franchise revenues are expected to remain flat; the FY/19 budget estimate is reduced by $266 thousand, largely to reflect FY/18 actual revenues. FY/19 growth in the natural gas franchise is increased 1% over the FY/18 actual level. Growth in future years is based on limited population growth and increases in natural gas prices forecasted by IHS. The other telecommunications franchise includes companies other than Century Link. For FY/20, revenue is reduced by $452 thousand in one-time revenue received in FY/19 for providing APS with high speed internet; however, this is including an additional $30 thousand in ongoing revenues associated with APS. The revenues are conservatively held at this level for the remainder of the forecast. Cable franchise revenues are kept at the FY/19 budgeted level and increased 1% for the remaining years of the forecast. The Water Authority franchise revenue estimate is increased to the FY/18 level and then increased by 4% every other year as has been their stated policy. No additional growth is expected except for these rate increases; any growth in the number of customers is expected to be offset by water conservation.

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

PILOT revenues are maintained at the FY/19 budgeted level, with growth limited to expected population growth of 1%.

Building Permits

Building inspection permit revenues reached a peak in FY/06, then from FY/06 and FY/10 the level of permits fell 63%. In FY/18 revenue was above the estimate allowing an increase in FY/19 revenues of $213 thousand from the budget. FY/18 had showed a decline from FY/17 based on a fall in the value of permits and a reduction of $1 million due to Albuquerque Public Schools (APS) moving their permitting process to the State. The City will no longer receive revenue or provide permitting for APS projects. FY/19 revenue is expected to grow at 13%. Growth in permits for FY/20 to FY/23 is consistent with residential housing permits in the UNM BBER forecast.

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 of Albuquerque 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/19 revenue is maintained at the budgeted level. For FY/20 through FY/23 growth is limited to 1%, reflecting limited growth in population and businesses.

Other Intergovernmental Assistance

Other intergovernmental assistance includes state shared revenues (excluding GRT), grants and county shared revenues. This category has declined in recent years due to changes in State policy and the manner in which grant revenue is received. Revenues also declined following the discontinuance of both the cigarette tax and a court corrections fee.

The other source of intergovernmental revenue is the State Shared Municipal Road Gas Tax. Since this is a per unit tax, reductions in price may increase usage and increase revenues. Revenues declined in FY/15, but grew in FY/16 and FY/17.

The estimate assumes all intergovernmental revenue remains at the budgeted FY/18 level and nearly flat from FY/19 to FY/23 at a growth of only 0.5% a year.

Charges for Services

Charges for services include fees charged for entry into City venues and services provided to citizens and other entities. FY/19 revenues are adjusted to account for decreases in revenue from animal control charges from Bernalillo County, in line with FY/17 actual revenues. The remainder of the forecast is limited to growth of 1%, approximately the expected growth in population.

Internal Service

FY/19 revenues are kept at the budgeted level. FY/20 revenue is assumed to grow 2% from the FY/19 level to reflect the assumed 2% wage and salary increase. The remaining years increase at the rate of wage and salary compensation as forecasted by IHS.

Indirect Overhead

Indirect overhead in FY/19 is held at the budgeted level. FY/20 is increased by 2%; FY/21 through FY/23 is increased at the rate of wage and salary compensation forecasted by IHS.

CIP-Funded Positions

FY/19 is kept at the budgeted level and FY/20 is increased 2%. FY/21 through FY/23 increases at the rate of wage and salary compensation forecasted by IHS.

Miscellaneous

This includes fines, rental of City property and “other miscellaneous” revenues. The FY/19 revenues are held at the budgeted level, then increased at 1% per year for the remainder of the forecast.

Interest Earnings

Interest earnings have been at extremely depressed levels. FY/19 is somewhat reduced to reflect changes in General Fund cash balances used for allocating interest earnings. FY/17 and FY/18 showed a negative interest earnings due to a GASB adjustment for unrealized losses. The GASB entry is ultimately offset by an adjustment in the fund balance. In the forecast it is assumed earnings do not reflect the adjustment for unrealized losses. The fund balance table will also not have an adjustment to offset the unrealized losses or gains. After adjusting FY/19 downward, the years FY/20 to FY/23 are assumed to grow with the expected increases in two year treasury rates as forecasted by IHS.

Interfund Transfers

Interfund transfers for FY/19 included a one-time transfer from the Lodgers’ Tax Fund of $622 thousand ($13 thousand above the budget), the Hospitality Tax Fund of $60, and council projects capital funds for $57. The Lodgers’ and Hospitality fund transfers are for the National Senior Games. Also in FY/19 there is a reduction of $362 thousand in transfers from the Law Enforcement Protection fund to account for changes in forfeiture laws. In FY/20 the one-time revenues from FY/19 are removed and a one-time transfer of $153 thousand is made from the Lodgers’ Tax Fund. This FY/20 one-time In FY/21 this FY/20 one-time revenue is removed and transfers are kept at this level for the remainder of the forecast.

PROJECTED REVENUES FOR FISCAL YEARS 2019 TO 2023

General Fund Revenues

	Unaudited	Budget	Five year					Growth				
	FY/18	FY/19	FY/19	FY/20	FY/21	FY/22	FY/23	FY/19	FY/20	FY/21	FY/22	FY/23
GRT												
State Shared 1.225%	197,164	200,561	201,622	208,491	215,239	220,840	226,522	2.3%	3.4%	3.2%	2.6%	2.6%
Local GRT (w/o public safety)	91,255	92,798	93,318	96,497	99,621	102,213	104,843	2.3%	3.4%	3.2%	2.6%	2.6%
GRT 1/4 Public Safety*	39,542	40,219	40,436	41,813	43,167	44,290	45,430	2.3%	3.4%	3.2%	2.6%	2.6%
New 3/8th		49,643	50,342	57,280	59,686	61,954	64,060	NA	13.8%	4.2%	3.8%	3.4%
local distribution compensating tax	1,557	1,431	1,431	1,675	1,717	1,760	1,804	-8.1%	17.1%	2.5%	2.5%	2.5%
Penalty and Interest	2,583	2,139	2,500	2,608	2,717	2,820	2,916	-3.2%	4.3%	4.2%	3.8%	3.4%
Recurring GRT	332,100	386,791	389,649	408,364	422,147	433,878	445,575	17.3%	4.8%	3.4%	2.8%	2.7%
One-Time GRT*	6,148	-										
Total GRT	338,248	386,791	389,649	408,364	422,147	433,878	445,575	15.2%	4.8%	3.4%	2.8%	2.7%
Property Taxes	83,268	84,885	85,800	87,895	90,042	92,243	94,499	3.0%	2.4%	2.4%	2.4%	2.4%
Telephone	1,425	1,513	1,425	1,425	1,425	1,425	1,425	0.0%	0.0%	0.0%	0.0%	0.0%
Electric	9,086	9,396	9,313	9,376	9,518	9,641	9,748	2.5%	0.7%	1.5%	1.3%	1.1%
Gas	3,545	3,769	3,581	3,524	3,614	3,667	3,687	1.0%	-1.6%	2.6%	1.5%	0.5%
Cable TV	4,133	4,240	4,240	4,282	4,325	4,368	4,412	2.6%	1.0%	1.0%	1.0%	1.0%
Water Authority Franchise	7,984	7,890	7,984	8,303	8,303	8,635	8,635	0.0%	4.0%	0.0%	4.0%	0.0%
Telecommunications	239	691	691	269	269	269	269	188.5%	0.0%	0.0%	0.0%	0.0%
Franchise (subtotal)	26,412	27,499	27,233	27,180	27,455	28,007	28,177	3.1%	-0.2%	1.0%	2.0%	0.6%
Other Intergovl	4,753	4,928	4,953	4,778	4,802	4,826	4,850	4.2%	0.5%	0.5%	0.5%	0.5%
Building Permits	6,663	6,783	6,996	7,853	8,794	9,002	9,199	5.0%	12.3%	12.0%	2.4%	2.2%
Other Licenses/Fees	4,882	5,245	5,245	5,297	5,350	5,404	5,458	7.4%	1.0%	1.0%	1.0%	1.0%
Charges for Services	24,160	25,076	23,889	24,008	24,249	24,491	24,736	-1.1%	0.5%	1.0%	1.0%	1.0%
Fines and Penalties	280	295	295	205	205	205	205	0.0%	-30.5%	0.0%	0.0%	0.0%
Interest on Invest	(602)	1,215	988	1,219	1,348	1,419	1,434	-264.2%	23.3%	10.6%	5.3%	1.1%
Other Miscellaneous	3,759	3,254	3,254	3,287	3,319	3,353	3,386	0.0%	1.0%	1.0%	1.0%	1.0%
Interfund Transfers	3,679	3,552	3,300	2,389	2,236	2,236	2,236	-10.3%	0.0%	0.0%	0.0%	0.0%
PILOT	1,904	2,126	2,126	2,147	2,169	2,190	2,212	11.6%	1.0%	1.0%	1.0%	1.0%
Indirect Overhead	16,526	18,865	18,865	19,242	19,947	20,698	21,472	14.2%	2.0%	3.7%	3.8%	3.7%
Internal Service	205	266	205	209	217	225	233	0.0%	2.0%	3.7%	3.8%	3.7%
CIP-Funded Positions	10,016	11,817	11,817	11,935	12,187	12,646	13,119	18.0%	2.0%	3.7%	3.8%	3.7%
Total Revenue	524,153	582,597	584,615	606,009	624,466	640,822	656,791	11.5%	3.7%	3.0%	2.6%	2.5%
Non-Recurring Revenue	8,768	4,335	2,965	1,332	1,749	1,946	2,099	-66.2%	-55.1%	31.3%	11.3%	7.9%
Recurring Revenue	515,385	578,262	581,650	604,677	622,717	638,876	654,692	12.9%	4.0%	3.0%	2.6%	2.5%

Non Recurring Revenue includes the reduction in Hold Harmless to be removed in the next year							
Percent of Hold Harmless Received			76.0%	70.0%	63.0%	56.0%	49.0%
Top Golf				(250)	(250)	(250)	(250)
Winrock			-	-		(1,500)	(1,800)
Mesa Del Sol (MDS)			(300)	(309)	(900)	(927)	(955)
Total for TIDDS & Incentives			(300)	(559)	(1,150)	(2,677)	(3,005)
Property Taxes going to MDS increases from pre		-	(50)	(50)	(50)	(50)	(50)

The economic models that forecast GRT use information about the economy from the national IHS forecast and the UNM 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 December and January (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 included. 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 track inflation for food consumed at home and for population growth. Medical hold harmless declined substantially; consequently, it was adjusted up in FY/19 only to reflect the increase in distributions in the first quarter of the year. 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 re-construction, 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 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/20. 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 in terms of growth is a decrease of approximately 0.6% to 0.7% in the GRT growth rate.

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 dollar pay back of GRT that had been incorrectly distributed to the Winrock TIDD. The distributions now made to the TIDD by the Taxation and Revenue Department 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 of the construction has taken place, much of the plan has not happened as rapidly as expected. It is assumed that TIDDs have little impact in FY/19 and FY/20 and then begin reducing GRT by $1.3 million in FY/21, and then reduce by $2.7 million in FY/22 and FY/23. It is further assumed that construction revenues are not a net loss to the General Fund, but retail sales revenues are a net loss to the General Fund. Estimates of TIDD revenues to Mesa del Sol are also estimated and deducted from General Fund Revenue. Mesa del Sol revenues are smaller and have remained flat since the GRT is primarily due to residential construction.

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 $250 thousand per year for FY/20 to FY/23. The positive impact on revenue and the cost in incentives for other LEDA projects are not explicitly included in this report. For example, the report was not modified to separately reflect the tax revenue from Netflix's committed $1 billion in expenditure over 10 years or the related payments of up to $4.5 million from the City.

EXPENDITURE OUTLOOK

The process for estimating the appropriations of the General Fund and funds subsidized by the General Fund is relatively straightforward. The forecast period covers FY/19 through FY/23. For the current fiscal year ending June 30, 2019, expenses are projected using the original appropriation as a base. The base is then adjusted to account for subsequent appropriations by the City Council including $2.9 million in re-appropriated encumbrances. The assumption is that the departments will spend their full appropriations by the end of FY/19.

FY/20 estimated costs are, for the most part, derived independently of FY/19 estimates. The FY/19 forecast is fashioned using the latest available information, including actual position information updated in November with vacant positions assumed to be fully funded at the first non-probationary step. Additionally, all subsidized funds and other funds receiving transfers from the General Fund were analyzed independently before adjustments were made for this General Fund forecast to reflect their impact. The FY/19 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/20 is largely driven by inflationary factors applied to the FY/20 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 a baseline, an optimistic, and a pessimistic scenario of anticipated spending. 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/20	FY/21	FY/22	FY/23
CPI - All Urban Consumers, All Items	CPI-U	2.4%	2.4%	2.4%	2.2%
EMPLOYMENT COST INDEX - Wages & Salary, Private Nonfarm	WAGES	3.4%	3.7%	3.8%	3.7%
Price Index Consumer Exp Medical Care	MEDICAL	2.3%	2.7%	2.7%	2.7%
PRICE INDEX - Consumer Expenditures, New Cars	NEWAUTO	0.8%	1.4%	0.8%	0.5%
PRICE INDEX - Consumer Exp, Transportation Services	AUTOREP	2.0%	1.9%	2.1%	1.9%
PRICE INDEX - Consumer Exp, House Oper, Natural Gas	NATGAS	-1.6%	2.6%	1.5%	0.5%
PRICE INDEX - Consumer Exp, Gasoline & Oil	FUEL	3.2%	0.9%	1.3%	-0.1%
PPI - Fuels & Related Products, Electric Power	ELECT	-0.3%	0.5%	0.3%	0.1%
PRICE INDEX - Govt Consumption, Noncompensation	GOVT	2.6%	2.8%	2.9%	2.9%
PRICE INDEX - Cons Exp, Tires/Tubes/Accessories/Parts	TIRES	-0.5%	0.0%	0.5%	1.0%
Growth of Gross Receipts Tax Revenue	GRT	3.4%	3.2%	2.6%	2.6%

TABLE B
FIVE YEAR FORECAST
GENERAL FUND - BASELINE SCENARIO
RESOURCES, APPROPRIATIONS AND FUND BALANCES

($000's)	UNAUDITED ACTUAL FY/18	REVISED BUDGET FY/19	FORECASTS FY/20	FY/21	FY/22	FY/23
RESOURCES:						
Recurring Revenue	515,385	581,650	604,677	622,717	638,876	654,692
% Change Recurring Revenue		12.9%	4.0%	3.0%	2.6%	2.5%
Total Non-recurring	8,768	2,965	1,332	1,749	1,946	2,099
TOTAL REVENUES	524,153	584,615	606,009	624,466	640,822	656,791
% Change Total Revenue		11.5%	3.7%	3.0%	2.6%	2.5%
BEGINNING FUND BALANCE	57,171	54,638	47,636	30,994	5,559	(11,068)
TOTAL RESOURCES	581,324	639,253	653,645	655,460	646,380	645,724
EXPENDITURES/APPROPRIATIONS:						
Recurring Expenditures/Appropriations	511,966	576,342	615,577	640,327	650,374	675,663
% Change Recurring Appropriation		12.6%	6.8%	4.0%	1.6%	3.9%
Non-recurring Exp/App:						
One-time Items	14,720	15,275	7,074	9,574	7,074	7,074
TOTAL EXPEND/APPROP	526,686	591,617	622,651	649,901	657,448	682,737
UNADJUSTED FUND BALANCE	54,638	47,636	30,994	5,559	(11,068)	(37,013)
ADJUSTMENTS:						
Encumbrances	(3,291)	0	0	0	0	0
Unrealized Gains on Investments	907	907	907	907	907	907
Other Accounting Adjustments	(60)	(60)	(60)	(60)	(60)	(60)
TOTAL ADJUSTMENTS	(2,444)	847	847	847	847	847
ADJUSTED FUND BALANCE	52,194	48,483	31,841	6,406	(10,221)	(36,166)
RESERVES:						
1/12th Operating Reserve	44,432	48,087	51,888	54,158	54,787	56,895
Reserve for the Cost of Labor	0	2,053	0	0	0	0
Increase to Reserve	0	0	200	400	600	800
Other Reserves	200	0	0	0	0	0
TOTAL RESERVES	44,632	50,140	52,088	54,558	55,387	57,695
AVAILABLE FUND BALANCE	7,562	(1,657)	(20,247)	(48,152)	(65,608)	(93,861)
1/12th Operating Reserve	43,891	49,301	51,888	54,158	54,787	56,895
Recurring Surplus/(Deficit)	3,419	3,255	(10,900)	(17,610)	(11,498)	(20,971)

TABLE C
EXPENSES BY MAJOR CATEGORY
($000's)

	ACTUAL FY/18	BUDGET FY/19	FY/20	% change	FY/21	% change	FY/22	% change	FY/23	% change
PERSONNEL	339,375	384,510	405,339	5.4%	418,229	3.2%	431,964	3.3%	446,121	3.3%
OPERATING	99,957	101,296	100,313	-1.0%	102,811	2.5%	105,376	2.5%	107,956	2.4%
CAPITAL	539	0	0	na	0	na	0	na	0	na
TRANSFERS	86,815	101,835	100,442	-1.4%	99,797	-0.6%	95,831	-4.0%	97,878	2.1%
ADDITIONAL ITEMS FACTORED	0	3,976	16,557	na	29,063	75.5%	24,276	-16.5%	30,781	26.8%
GRAND TOTAL	526,686	591,617	622,651	5.2%	649,901	4.4%	657,448	1.2%	682,737	3.8%

This forecast does not assume any reductions in recurring expenses for FY/20 which drives a recurring gap between revenues and expenses. As shown in Table C, the total percentage increase in expenses peaks in FY/23, mostly due to assumed costs of bringing capital on-line.

Labor costs make up the majority of overall costs to bring new or expanded facilities on-line. That said, a 2% wage increase for all non-union employees plus negotiated pay increases for unions is included in Personnel shown above for FY/20. The out years grow at a larger rate because they are tied to the Employment Cost Index shown in Table A above.

Some non-recurring items are included for the entire forecast period. The availability of one-time funds 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 non-recurring for FY/20 – FY/23.

Department	Purpose	Amount ($000's)
City Clerk	Regular Municipal Election	30
Council Services	Hideout	25
Cultural Services	One Time Special Events Contracts	705
Economic Development	One Time Contracts	390
Family & Comm. Services	One Time Contracts	480
Parks and Recreation	One Time Contracts	106
Planning	One Time Contracts	545
	Transfer to MRA	200
Police	Vehicle Replacement	4,000
	DTI 3-Year Plan	205
	Intern - UNM SPA	20
Senior Affairs	National Senior Games Term Positions / Operations	153
	SW Cares Hepatitis C Awareness	75
	Tarde de Oro	15
	TOTAL	6,949

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. The needs always exceed available resources. Many of those items are requested again in fiscal year 2020. Departments estimate a need of $6.3 million in additional funding to operate projects coming-on-line in FY/20. Including Transit, the estimates for FY/21 through FY/23 are $9.4 million, $11.5 million, and $16.4 million, respectively. (Note that the costs shown below are in total dollars and are independent of each other, meaning they are not compounded.)

5-Year Forecast CIP Coming-On-Line Estimates

Funding Allocation Category *Department/Division*	Opening Date	FY 19 Budget	FY 20	FY 21	FY 22	FY 23
Animal Welfare Department						
Two (2) Veterinary Clinic Assistants (cleaning)		-	87,423	87,423	87,423	87,423
Kennel D Project Phase II remodel Bldg operation costs: utilities & supplies (1872sf)		17,000	-	-	-	-
Total Animal Welfare		***$17,000***	***$87,423***	***$87,423***	***$87,423***	***$87,423***
Cultural Services						
Museums		-				
Albuquerque Museum History Exhibit Renovation	March 2015	-	28,119	28,119	28,119	28,119
Casa San Ysidro	June 2021	-	-	60,615	60,615	60,615
Albuquerque Museum Education Center	2023	-	-	-	-	358,240
Bio Park Exhibits						
Otters	July/Aug 2017	18,617	9,806	9,806	9,806	9,806
Penguins	Oct/Nov 2017	18,616	27,427	27,427	27,427	27,427
Asia/Australia	Dec 2020	-	-	176,265	352,529	352,529
International District Library	Jan 2020	-	442,220	884,440	884,440	884,440
Total Cultural Services		***$37,233***	***$507,572***	***$1,186,672***	***$1,362,936***	***$1,721,176***
Family and Community Services						
Pat Hurley Community Center	Nov 2017	75,000	98,450	98,450	98,450	98,450
Dennis Chavez Community Center	Nov 2017	75,000	104,450	104,450	104,450	104,450
West Gate Community Center	July 2020	-	-	374,395	374,395	374,395
Sing Arrow Community Center	July 2020	-	-	194,673	194,673	194,673
Loma Linda Community Center Expansion	July 2020	-	-	29,000	29,000	29,000
Snow Park Community Center	March 2021	-	-	5,750	23,000	23,000
McKinley Community Center	March 2021	-	-	5,750	23,000	23,000
Alamosa Health and Human Service Center	March 2021	-	-	1,250	5,000	5,000
Total Family and Community Services		***$150,000***	***$202,899***	***$813,717***	***$851,967***	***$851,967***

5-Year Forecast CIP Coming-On-Line Estimates

Funding Allocation Category ***Department/Division***	**Opening Date**	**FY 19 Budget**	**FY 20**	**FY 21**	**FY 22**	**FY 23**
Fire Department						
Heart 2- 2 positions (1 Paramedic Lt, 1 Paramedic Driver) Recurring (promotions effective 07/01/18)	Nov 2018	209,156	214,541	220,088	225,801	225,801
Operating cost for HEART program		-	20,000	20,600	21,218	21,855
BLS 2- 2 positions (1 Suppression Lt., 1 Suppression Driver) Recurring (promotions effective 07/01/18)	Dec 2018	195,873	200,859	205,996	211,286	211,286
Operating cost for BLS program		-	20,000	20,600	21,218	21,855
BLS 3- 2 positions (1 Suppression Lt., 1 Suppression Driver) Recurring	July 2019	-	214,541	220,088	225,801	225,801
Operating cost for Part Two of BLS program		-	10,000	10,300	10,609	10,927
Ladder 9- (1 Captain, 2 Suppression Lt, 4 Suppression Driver, 8 Firefighter positions) Recurring	June 2022	-	-	-	121,288	1,455,461
Operating cost for Ladder 9		-	-	-	2,575	30,900
Volcano Vista Station 23 Engine- (1 Captain, 2 Suppression Lt, 4 Suppression Driver, 8 Firefighter positions) Recurring	July 2023	-	-		-	1,492,455
Operating cost for Engine 23		-	-	-	-	32,782
Volcano Vista St. 23 Rescue- (4 Paramedic Lt, 4 Paramedic Driver positions) Recurring	July 2023	-	-	-	-	903,963
Operating cost for Rescue 23		-	-	-	-	32,782
Total Fire Department		***$405,028***	***$679,941***	***$697,671***	***$839,797***	***$4,665,867***
DMD/Roadways/ Traffic Engineering Division						
Intersection Signalization		-	160,000	210,000	260,000	310,000
Albuquerque Traffic Management System/Intelligent Traffic Systems		-	400,000	440,000	480,000	520,000
Street Light maintenance & marking/signage		-	1,200,000	1,200,000	1,200,000	1,200,000
Increase in electricity costs due to additional equipment and rate increases of 2%		-	250,000	250,000	250,000	250,000
New Street lighting staff, equipment and materials		-	320,000	340,000	360,000	380,000
Repairs and Maintenance (Facilities)		-	65,000	75,000	85,000	95,000
New Expanded Roadways		-	900,000	1,000,000	1,300,000	1,600,000
New drainage systems		-	375,000	400,000	475,000	550,000
TOTAL DMD		***$0***	***$3,670,000***	***$3,915,000***	***$4,410,000***	***$4,905,000***
Parks & Recreation Department						
Aquatics		108,380	163,589	163,589	163,589	163,589
Balloon Fiesta Park Improvements		-	15,000	15,000	15,000	15,000
Open Space associated with trails and Land Acquisition		-	54,019	54,019	54,019	54,019
New Park Development & Land Acquisition		-	394,169	394,169	394,169	394,169
New Trail Development		-	30,000	30,000	30,000	30,000
Total Parks & Recreation Department		***$108,380***	***$656,777***	***$656,777***	***$656,777***	***$656,777***

5-Year Forecast CIP Coming-On-Line Estimates						
Funding Allocation Category *Department/Division*	**Opening Date**	**FY 19 Budget**	**FY 20**	**FY 21**	**FY 22**	**FY 23**
Planning						
Route 66 Wayfinding signs	Open	-	25,000	25,000	25,000	25,000
Eplan Software License/Maintenance Fees (DRB, DRC, EPC, ZHE, Board of Appeals)	Open	-	33,400	28,500	23,600	24,100
IDO requirements to do Annual Community Planning Area Assessments	Open	-	30,000	30,600	31,200	31,800
Total Planning Department		***$0***	***$88,400***	***$84,100***	***$79,800***	***$80,900***
Senior Affairs						
North West Multigenerational Center		-	-	-	1,139,968	1,139,968
North Domingo Baca Phase III (Gym)		86,254	122,612	245,223	245,223	245,223
Palo Duro Fitness Addition		59,570	88,961	116,610	116,610	116,610
Total Department of Senior Affairs		***$145,824***	***$211,573***	***$361,833***	***$1,501,801***	***$1,501,801***
Department of Technology and Innovation						
Infrastructure		61,500				
Mitsubishi UPS batteries		-	25,000	-	-	-
Cisco UCS		-	-	-	5,000	5,000
APD UCS Mini		-	-	-	5,000	5,000
Blade Center maintenance		-	-	-	30,000	30,000
Chasis		-	-	-	10,000	10,000
Nexus		-	-	-	10,000	10,000
Applications		30,000				
Clerkbase annual maintenance		-	-	-	3,199	3,199
Samaritan- Volunteer Program annual maintenance		-	9,700	9,700	9,700	9,700
Rec Trac annual maintenance - 150 users		-	123,000	123,000	123,000	123,000
ERP		-				
Mythics - Peoplesoft Annual Maintenance		-	15,630	15,630	15,630	15,630
Total Department of Technology and Innovation		***$91,500***	***$173,330***	***$148,330***	***$211,529***	***$211,529***
Total General Fund Departments CIP Coming-On-Line		**$954,965**	**$6,277,915**	**$7,951,524**	**$10,002,030**	**$14,682,441**
Transit Department						
Subsidy to Fund 661 from General Fund (ART)		-	1,158,315	1,433,601	1,501,881	1,726,095
Total Transit Department		***$0***	***$1,158,315***	***$1,433,601***	***$1,501,881***	***$1,726,095***
Total GF Subsidized CIP Coming-On-Line		**$0**	**$1,158,315**	**$1,433,601**	**$1,501,881**	**$1,726,095**
Total CIP Coming-On-Line		**$954,965**	**$7,436,230**	**$9,385,124**	**$11,503,911**	**$16,408,535**

REVENUES AND EXPENDITURES UNDER 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 2018 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 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 60%.

The sections presented below provide revenue and expenditure estimates in separate sections for 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 scenario on the expense side are relatively small compared to the differences in revenue. Additionally, expenses generally increase faster in the optimistic case, offsetting some of the gain in revenue. Likewise, in the pessimistic scenario expenses may grow more slowly, offsetting some of the 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 substantial.

Available Fund Balance by Scenario

	FY/20	FY/21	FY/22	FY/23
Baseline	(20,247)	(48,152)	(65,608)	(93,861)
Optimistic	(21,417)	(42,922)	(49,977)	(61,511)
Pessimistic	(24,765)	(48,068)	(59,497)	(75,913)

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

IHS assigns the optimistic scenario a 15% probability of occurring. This scenario assumes there is a boost in consumer confidence and worker productivity that lead to increased incomes and consumer spending without a large increase in the inflation rate. The U.S. and New Mexico economies grow at accelerated rates compared to the baseline.

In the optimistic scenario, the Albuquerque economy grows somewhat faster, with employment growth of 1.5% in FY/19 or 0.3% above the baseline. In remaining years, growth is slightly below baseline in FY/20 and FY/21 and equal to or slightly above baseline in FY/22 and FY/23. The growth differential increases employment by 1,100 in FY/23. Construction employment growth is above the baseline, with almost 1,700 more jobs in FY/23. Residential housing permits increase and are 584 units above the baseline in FY/23, and a total of 1,710 units above the baseline from FY/19 to FY/23. The unemployment rate drops to 4.5% by FY/23, 0.4% below the 4.9% in the baseline. This strong growth, particularly in construction, helps GRT grows faster than the baseline. In FY/23, GRT is $8.7 million above the baseline and total revenues are $13.6 million above the baseline. In addition to changes in GRT, there are substantial increases in building permits and interest earnings that show up as miscellaneous revenues.

Note: Even in the optimistic scenario, growth in revenue does not equal growth in expenditures and available fund balance is negative in the last four years of the forecast. The recurring deficit is $13.3 million in FY/19 and settles at $11.3 in FY/22.

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

OPTIMISTIC SCENARIO INFLATION FACTORS

GLOBAL INSIGHT OPTIMISTIC SCENARIO		2019	2020	2021	2022	2023
All Items	CPI-U	2.5%	2.3%	2.3%	2.3%	2.3%
Employment Cost Index-Wages & Salary	WAGES	3.4%	3.5%	3.7%	3.8%	3.9%
Medical Care	MEDICAL	1.7%	2.3%	2.8%	2.9%	2.9%
New Cars	NEWAUTO	1.2%	0.7%	1.4%	0.8%	0.7%
Trasportation	Autorep	2.1%	2.0%	1.8%	2.0%	1.9%
Natural Gas	NATGAS	-1.3%	-1.8%	2.1%	2.5%	3.9%
Gasoline & Oil	FUEL	13.8%	3.2%	0.9%	1.2%	-0.2%
Electricity Chained Price Index**	ELECT	-0.9%	1.1%	2.0%	2.0%	2.2%
PRICE INDEX-Govt Consumption Noncompensation	GOVT	2.8%	2.6%	2.9%	3.0%	3.0%
Tires/Tubes/Accessories/Parts	TIRES	1.6%	-0.6%	0.0%	0.5%	1.1%

General Fund Revenues

	Budget	Five Year Forecast					Growth Rate				
	FY/19	FY/19	FY/20	FY/21	FY/22	FY/23	FY/19	FY/20	FY/21	FY/22	FY/23
Gross Receipts	386,791	391,208	410,853	424,918	439,318	454,305	15.7%	5.0%	3.4%	3.4%	3.4%
Taxes	114,510	115,159	117,189	119,562	122,528	125,240	3.2%	1.8%	2.0%	2.5%	2.2%
Shared	4,928	4,953	4,778	4,802	4,826	4,850	4.2%	-3.5%	0.5%	0.5%	0.5%
Permits	12,028	12,241	13,656	14,797	15,309	15,810	6.0%	11.6%	8.4%	3.5%	3.3%
Charges for Services	25,076	23,889	24,008	24,249	24,491	24,736	-1.1%	0.5%	1.0%	1.0%	1.0%
Intra City	22,683	22,313	21,853	22,378	23,118	23,911	9.3%	-2.1%	2.4%	3.3%	3.4%
Misc	4,764	4,537	5,096	5,481	7,393	8,393	32.0%	12.3%	7.6%	34.9%	13.5%
CIP Funded	11,817	11,817	11,935	12,187	12,635	13,116	18.0%	1.0%	2.1%	3.7%	3.8%
Total Revenue	582,597	586,116	609,368	628,374	649,618	670,361	11.8%	4.0%	3.1%	3.4%	3.2%

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

($000's)	UNAUDITED ACTUAL FY/18	REVISED BUDGET FY/19	FORECASTS FY/20	FY/21	FY/22	FY/23
RESOURCES:						
Recurring Revenue	515,343	583,261	604,677	622,717	638,876	654,692
% Change Recurring Revenue		13.2%	3.7%	3.0%	2.6%	2.5%
Total Non-recurring	8,810	2,913	1,332	1,749	1,946	2,099
TOTAL REVENUES	524,153	586,173	606,009	624,466	640,822	656,791
% Change Total Revenue		11.8%	3.4%	3.0%	2.6%	2.5%
BEGINNING FUND BALANCE	57,171	54,638	48,955	33,053	13,583	7,016
TOTAL RESOURCES	581,324	640,811	654,964	657,518	654,404	663,807
EXPENDITURES/APPROPRIATIONS:						
Recurring Expenditures/Appropriations	511,966	576,581	614,837	634,362	640,315	659,456
% Change Recurring Appropriation		12.6%	6.6%	3.2%	0.9%	3.0%
Non-recurring Exp/App:						
One-time Items	14,720	15,275	7,074	9,574	7,074	7,074
TOTAL EXPEND/APPROP	526,686	591,856	621,911	643,936	647,389	666,530
UNADJUSTED FUND BALANCE	54,638	48,955	33,053	13,583	7,016	(2,723)
ADJUSTMENTS:						
Encumbrances	(3,291)	(3,291)	(3,291)	(3,291)	(3,291)	(3,291)
Unrealized Gains on Investments	907	907	907	907	907	907
Other Accounting Adjustments	(60)	(60)	(60)	(60)	(60)	(60)
TOTAL ADJUSTMENTS	(2,444)	(2,444)	(2,444)	(2,444)	(2,444)	(2,444)
ADJUSTED FUND BALANCE	52,194	46,511	30,609	11,139	4,572	(5,167)
RESERVES:						
1/12th Operating Reserve	44,432	48,087	51,826	53,661	53,949	55,544
Reserve for the Cost of Labor	0	2,053	0	0	0	0
Increase to Reserve	0	0	200	400	600	800
Other Reserves	200	0	0	0	0	0
TOTAL RESERVES	44,632	50,140	52,026	54,061	54,549	56,344
AVAILABLE FUND BALANCE	7,562	(3,629)	(21,417)	(42,922)	(49,977)	(61,511)
1/12th Operating Reserve	43,891	49,321	51,826	53,661	53,949	55,544
Recurring Surplus/(Deficit)	3,377	4,627	(10,160)	(11,645)	(1,439)	(4,764)

This scenario is based on the IHS pessimistic alternative, assigned a probability of 25%. This scenario is characterized by broad based loss in confidence with the U.S. economy falling into recession, causing substantial reductions in consumption and growth. In Albuquerque, the unemployment rate increases to 6.1% in FY/22 and FY/23, rising more than 1.2% above the baseline. Employment growth drops to 0.2% in FY/21 as the U.S. falls into recession, and only recovers in FY/23 with a growth rate 0.3% above the baseline. Total employment is 6,700 below the baseline in FY/23, with construction employment 1,800 jobs below the baseline. Residential housing falters and is 835 units below the baseline in FY/21 with a total of 2,289 fewer units permitted from FY/19 to FY/23.

The slowdown in employment and construction have a substantial impact on GRT and other revenues. Revenue growth slows in FY/22, with GRT nearly $19 million below the baseline, recovering somewhat in FY/23 to $13.4 million below the baseline. Total unadjusted GRT revenue growth is 0.4% below the baseline in FY/19 and a full 3.2% below the baseline in FY/21. Total revenue is nearly $22 million below the baseline in FY/22 and $15.4 million below the baseline in FY/23. In addition to declines in GRT there are substantial impacts on building permits.

Note: Revenues grow slower than expenses and available fund balance is a negative $55.8 million in FY/19. Assuming the initial deficit is not addressed, the deficit compounds to a negative $208.5 million by FY/22. The underlying recurring imbalance decreases from a negative $36.8 million in FY/19 to a negative $35.7 million in FY/22.

Pessimistic Scenario Inflation Factors

GLOBAL INSIGHT PESSIMISTIC SCENARIO						
		2019	2020	2021	2022	2023
All Items	CPI-U	2.5%	2.2%	2.4%	2.7%	2.6%
Employment Cost Index-Wages & Salary	WAGES	3.1%	3.1%	3.7%	3.8%	3.8%
Medical Care	MEDICAL	1.7%	2.1%	3.0%	3.5%	3.1%
New Cars	NEWAUTO	1.2%	0.6%	1.4%	1.1%	1.0%
Trasportation	Autorep	2.0%	1.7%	2.1%	2.5%	2.3%
Natural Gas*	NATGAS	10.9%	2.0%	0.4%	1.6%	0.7%
Gasoline & Oil	FUEL	13.7%	2.8%	0.6%	1.6%	0.5%
Electricity Chained Price Index**	ELECT	10.2%	0.4%	0.1%	0.3%	0.1%
PRICE INDEX-Govt Consumption Noncompensation	GOVT	2.8%	2.4%	2.8%	3.0%	3.0%
Auto Parts and Acessories	TIRES	1.5%	-0.6%	0.3%	0.8%	1.3%

General Fund Revenues

	Budget	Five Year Forecast					Growth Rate				
	FY/19	FY/19	FY/20	FY/21	FY/22	FY/23	FY/19	FY/20	FY/21	FY/22	FY/23
Gross Receipts	386,791	388,459	400,563	401,917	415,091	432,207	14.8%	3.1%	0.3%	3.3%	4.1%
Taxes	114,510	115,159	117,175	119,520	122,479	125,185	3.2%	1.8%	2.0%	2.5%	2.2%
Shared	4,928	4,953	4,778	4,802	4,826	4,850	4.2%	-3.5%	0.5%	0.5%	0.5%
Permits	12,028	12,241	11,445	11,118	12,241	12,768	6.0%	-6.5%	-2.9%	10.1%	4.3%
Charges for Services	25,076	23,889	24,008	24,249	24,491	24,736	-1.1%	0.5%	1.0%	1.0%	1.0%
Intra City	22,683	22,370	21,840	22,364	23,102	23,893	9.6%	-2.4%	2.4%	3.3%	3.4%
Misc	4,764	4,537	4,962	4,307	4,180	4,650	32.0%	9.4%	-13.2%	-3.0%	11.3%
CIP Funded	11,817	11,817	11,935	12,187	12,634	13,113	18.0%	1.0%	2.1%	3.7%	3.8%
Total Revenue	582,597	583,424	596,708	600,465	619,044	641,402	11.3%	2.3%	0.6%	3.1%	3.6%

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

	UNAUDITED	REVISED	FORECASTS			
	ACTUAL	BUDGET				
($000's)	FY/18	FY/19	FY/20	FY/21	FY/22	FY/23
RESOURCES:						
Recurring Revenue	514,871	580,437	604,677	622,717	638,876	654,692
% Change Recurring Revenue		12.7%	4.2%	3.0%	2.6%	2.5%
Total Non-recurring	9,282	2,987	1,332	1,749	1,946	2,099
TOTAL REVENUES	524,153	583,424	606,009	624,466	640,822	656,791
% Change Total Revenue		11.3%	3.9%	3.0%	2.6%	2.5%
BEGINNING FUND BALANCE	57,171	54,638	46,338	29,761	8,580	(2,156)
TOTAL RESOURCES	581,324	638,062	652,347	654,227	649,402	654,635
EXPENDITURES/APPROPRIATIONS:						
Recurring Expenditures/Appropriations	511,966	576,449	615,512	636,072	644,484	664,283
% Change Recurring Appropriation		12.6%	6.8%	3.3%	1.3%	3.1%
Non-recurring Exp/App:						
One-time Items	14,720	15,275	7,074	9,574	7,074	7,074
TOTAL EXPEND/APPROP	526,686	591,724	622,586	645,646	651,558	671,357
UNADJUSTED FUND BALANCE	54,638	46,338	29,761	8,580	(2,156)	(16,723)
ADJUSTMENTS:						
Encumbrances	(3,291)	(3,291)	(3,291)	(3,291)	(3,291)	(3,291)
Unrealized Gains on Investments	907	907	907	907	907	907
Other Accounting Adjustments	(60)	(60)	(60)	(60)	(60)	(60)
TOTAL ADJUSTMENTS	(2,444)	(2,444)	(2,444)	(2,444)	(2,444)	(2,444)
ADJUSTED FUND BALANCE	52,194	43,894	27,317	6,136	(4,600)	(19,167)
RESERVES:						
1/12th Operating Reserve	44,432	48,087	51,882	53,804	54,297	55,946
Reserve for the Cost of Labor	0	2,053	0	0	0	0
Increase to Reserve	0	0	200	400	600	800
Other Reserves	200	0	0	0	0	0
TOTAL RESERVES	44,632	50,140	52,082	54,204	54,897	56,746
AVAILABLE FUND BALANCE	7,562	(6,246)	(24,765)	(48,068)	(59,497)	(75,913)
1/12th Operating Reserve	43,891	49,310	51,882	53,804	54,297	55,946
Recurring Surplus/(Deficit)	2,905	1,935	(10,835)	(13,355)	(5,609)	(9,591)

Comparison of Scenarios—National and Local Variables

	SCENARIO			Difference		
Indicator/FY	Optimistic	Baseline	Pessimistic	Optimistic	Pessimistic	
GRT- Total (before deductions)						
2019	3.3%	2.8%	2.4%	0.5%	-0.4%	
2020	4.5%	4.3%	2.5%	0.2%	-1.8%	
2021	4.2%	4.2%	1.0%	0.0%	-3.2%	
2022	4.4%	3.8%	4.4%	0.6%	0.6%	
2023	4.1%	3.4%	4.9%	0.7%	1.5%	
Employment -Albuquerque MSA						
2019	1.5%	1.2%	1.2%	0.3%	-0.1%	L
2020	1.3%	1.4%	0.7%	-0.2%	-0.8%	O
2021	1.2%	1.3%	0.2%	-0.1%	-1.0%	C
2022	1.3%	1.3%	1.2%	0.1%	-0.1%	A
2023	1.3%	1.1%	1.4%	0.2%	0.3%	L
Unmployment Rate -Albuquerque MSA						
2019	4.6%	4.7%	4.8%	-0.1%	0.0%	
2020	4.4%	4.6%	5.2%	-0.2%	0.6%	
2021	4.3%	4.5%	6.0%	-0.2%	1.4%	
2022	4.3%	4.6%	6.1%	-0.3%	1.5%	
2023	4.5%	4.9%	6.1%	-0.4%	1.2%	
GRT Construction						
2019	-2.6%	-2.9%	-2.7%	0.4%	0.2%	
2020	5.1%	3.7%	4.0%	1.4%	0.3%	
2021	8.7%	7.4%	-3.8%	1.3%	-11.2%	
2022	8.4%	6.1%	3.0%	2.3%	-3.1%	
2023	7.8%	4.9%	9.0%	2.9%	4.1%	
MSA Construction Employment						I
2019	4.1%	3.7%	4.3%	0.4%	0.6%	D
2020	3.6%	2.8%	1.5%	0.9%	-1.3%	I
2021	4.3%	3.3%	-3.6%	1.0%	-6.9%	C
2022	4.0%	2.2%	0.8%	1.8%	-1.4%	A
2023	4.2%	2.1%	4.4%	2.1%	2.3%	T
Residential Housing Permits-Inside City						O
2019	2,162	2,040	2,097	122	58	R
2020	2,478	2,290	1,843	188	(447)	S
2021	2,887	2,564	1,729	323	(835)	
2022	3,118	2,625	2,050	493	(575)	
2023	3,266	2,682	2,192	584	(491)	
Real GDP						
2019	3.3%	3.0%	3.1%	0.3%	0.0%	
2020	3.1%	2.4%	0.8%	0.8%	-1.6%	
2021	2.5%	1.7%	0.0%	0.8%	-1.7%	
2022	2.5%	1.5%	1.7%	1.0%	0.2%	
2023	2.6%	1.5%	1.3%	1.1%	-0.2%	
Unemployment Rate						
2019	3.4%	3.7%	3.8%	-0.3%	0.2%	
2020	3.2%	3.5%	4.6%	-0.3%	1.1%	N
2021	3.4%	3.7%	5.6%	-0.3%	2.0%	A
2022	3.6%	4.0%	5.7%	-0.4%	1.7%	T
2023	3.8%	4.3%	5.7%	-0.5%	1.4%	I
Price Index Consumer Price Index-Urban Consumers						O
2019	2.5%	2.6%	2.5%	0.0%	-0.1%	N
2020	2.3%	2.4%	2.2%	-0.1%	-0.2%	A
2021	2.3%	2.4%	2.4%	0.0%	0.1%	L
2022	2.3%	2.4%	2.7%	0.0%	0.3%	
2023	2.3%	2.2%	2.6%	0.0%	0.4%	
Interest Rates-Federal Funds Rate						
2019	2.2%	2.3%	2.3%	-0.1%	0.0%	I
2020	2.5%	3.2%	1.1%	-0.7%	-2.1%	N
2021	2.9%	3.4%	0.3%	-0.6%	-3.1%	D
2022	3.2%	3.4%	1.0%	-0.2%	-2.4%	I
2023	3.5%	3.4%	1.9%	0.0%	-1.5%	C
Interest Rates-Ten Year Treasury Bonds						A
2019	3.2%	3.2%	2.8%	0.0%	-0.4%	T
2020	3.5%	3.5%	1.7%	0.0%	-1.8%	O
2021	3.6%	3.6%	1.9%	0.0%	-1.6%	R
2022	3.6%	3.6%	2.7%	0.1%	-0.8%	S
2023	3.7%	3.5%	3.3%	0.1%	-0.3%	
West Texas Intermediate Dollars per Barrel						
2019	74.7	71.4	71.4	3.3	(0.0)	
2020	75.7	74.7	74.3	1.1	(0.4)	
2021	78.1	75.7	74.8	2.3	(0.9)	
2022	78.6	78.1	77.2	0.5	(0.9)	
2023	78.0	78.6	78.3	(0.7)	(0.3)	

REVENUE COMPARISON
(In Thousands of Dollars)

	Pessimistic -Baseline					Optimistic-Baseline				
	FY/19	FY/20	FY/21	FY/22	FY/23	FY/19	FY/20	FY/21	FY/22	FY/23
Gross Receipts	(1,191)	(7,801)	(20,230)	(18,786)	(13,367)	1,558	2,488	2,771	5,440	8,730
Taxes	-	(47)	(145)	39	297	-	(33)	(103)	88	351
Shared	-	-	-	-	-	-	-	-	-	-
Permits	-	(1,705)	(3,026)	(2,165)	(1,889)	-	505	653	903	1,153
Charges for Services	-	-	-	-	-	-	-	-	-	-
Intra City	57	(13)	(48)	(69)	(61)	-	-	(35)	(53)	(43)
Misc	-	252	(565)	(797)	(376)	-	386	609	2,416	3,368
CIP Funded	-	-	-	(12)	(6)	-	-	-	(11)	(4)
Total Revenue	(1,134)	(9,314)	(24,014)	(21,791)	(15,403)	1,558	3,346	3,895	8,783	13,556
Recurring Growth	-0.11%	-1.42%	-2.42%	0.49%	1.13%	0%	0.31%	0.08%	0.76%	0.71%

US Macro Forecast Snapshot: October 2016

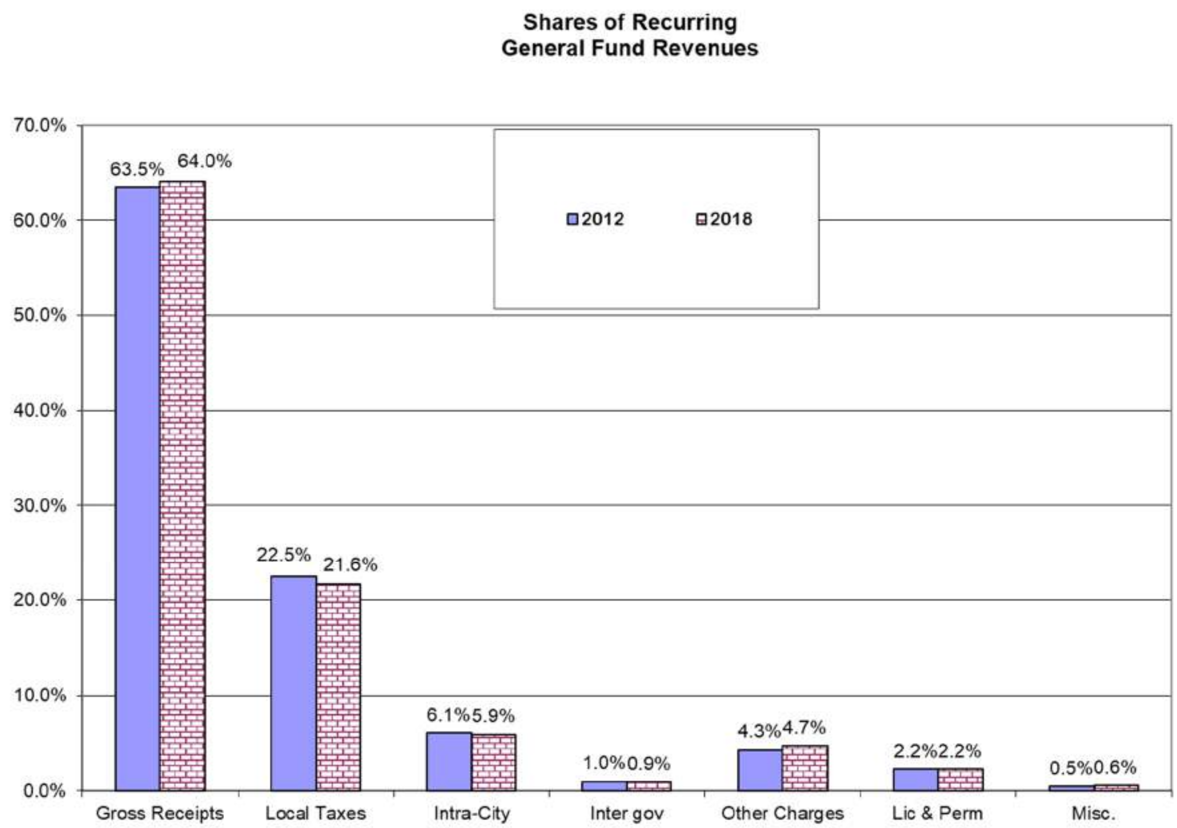
	Baseline (65%)	Pessimistic (20%)	Optimistic (15%)
GDP growth	Moderate growth, 1.4% in 2016 and 2.2% in 2017	Growth registers 1.3% in 2016 and just 0.2% in 2017, with a recession during the second half resulting from political risks and faltering productivity	Growth of 1.5% in 2016 and then 2.7% in 2017, as higher investment boosts productivity
Consumer spending	A key driver of growth, up 2.7% in 2016 and 2.5% in 2017	Expands 2.6% in 2016, before slowing to 1.1% in 2017 as economy stumbles	Economy leader as incomes rise, up 2.7% in 2016 and 2.9% in 2017
Business fixed investment	Edges down 0.1% in 2016, but rebounds 4.1% in 2017	Recedes 0.2% in 2016, before rising a modest 1.5% in 2017	Flat in 2016, but bounces back a solid 5.3% in 2017
Housing	Gradual improvement, with over 1.3-million starts by third-quarter 2018	Starts remain beneath 1.3 million until early 2020	Pace of building rises, with 1.6-million starts by fourth-quarter 2019
Exports	Inch down 0.1% in 2016, before increasing 2.3% in 2017	Contract 0.4% in 2016 and 1.8% in 2017, as dollar soars further and global weakness persists	Slip 0.1% in 2016, but rebound 4.2% in 2017 thanks to stronger foreign growth
Fiscal policy	Bipartisan agreements fund existing obligations without interruption, albeit without a "grand bargain"	Political paralysis prevents any meaningful fiscal action during succeeding administrations	Budget gap stabilizes, as higher tax revenues are enough to offset increased spending
Monetary policy	Federal Reserve hikes the federal funds rate in December 2016, ending the year at 0.75%	Fed accelerates rate increases through third-quarter 2017 in response to rising inflation, and then returns rates to near zero after the economy enters recession, raising them again in 2020 due to persistent inflation	The federal funds rate rises faster than in the baseline, surpassing 3.0% in 2019
Credit conditions	Gradually easing	Lending standards remain high	Rapidly easing
Productivity growth	Modest, averaging 1.3% during 2016–26	Stagnates and fails to improve rapidly, averaging 1.0% during 2016–26	Outperforms baseline as new technologies spur investment, averaging 1.7% during 2016–26
Consumer confidence	On a generally upward trajectory until third-quarter 2018	Plummets 19 points as economy enters recession in 2017, remains significantly below baseline throughout forecast interval	Exceeds baseline from 2017 onward
Oil prices (Dollars/barrel)	Brent crude oil averages $43 in 2016 and $52 in 2017	Brent crude oil averages $46 during 2016, then leaps to an average $69 in 2017 as US production declines	Brent crude oil jumps to $73 by second-quarter 2017, but retreats below the baseline in 2018 as higher prices attract more investment and boost supply
Stock markets	The S&P 500 regains strength, climbing 1.6% in 2016 and 8.5% in 2017	The S&P 500 plunges 6.1% in 2017 and hits a trough in first-quarter 2018.	The S&P 500 achieves 2.7% growth in 2016 and surges 15.1% in 2017
Inflation (CPI)	Headline CPI inflation starts picking up in fourth-quarter 2016 as oil prices begin to rise; core CPI inflation averages 2.3% in both 2016 and 2017	Demand-side growth sends headline inflation to peak of 4.4% in third-quarter 2017; core inflation never returns below the baseline	Core prices rise due to a tightening labor market, peaking at 3.1% in fourth-quarter 2018 and then falling gradually until 2022
Foreign growth	In 2016, Eurozone growth registers 1.6% while China's growth slows to 6.6%	Amid uncertainty related to Brexit, US major trading partners manage only 1.0% average gains between 2016 and 2018; problems in emerging markets become more pervasive	Both developed economies and emerging markets improve as a result of structural reforms in some struggling economies and European Central Bank's quantitative easing
US dollar	The inflation-adjusted dollar peaks in the third quarter of 2017, and then depreciates for the remainder of the forecast interval	Appreciates sharply until the end of 2017 and then depreciates for the rest of the forecast interval, falling below the baseline in 2019	World-leading growth causes appreciation against other currencies from first-quarter 2017 through third-quarter 2018

Source: IHS

REVENUE HISTORY

A history of major revenue sources for the General Fund from FY/12 to FY/18 is presented below. These numbers reflect a one-month accrual of tax revenues to comply with the tax revenue standard issued by the Governmental Accounting Standards Board in 1994. The FY/18 numbers represent unaudited numbers and may change. Total receipts in this period increased 12.9% or a compound annual rate of 2.0%. Recurring revenues for the same period showed annual growth of 2.0%. From FY/17 to FY/18 the growth rate was 2.5%.

The bar chart below compares the composition, by major revenue category, of General Fund recurring revenues in FY/12 and FY/18. The City's General Fund become somewhat more reliant on Gross Receipts Taxes and less on local taxes (franchises and property tax). Licenses and permits remained at 2.2% for both years. Charges for services and miscellaneous revenues have also become more important, although offset somewhat by interest on investments.



The following sections cover changes that occurred in the period FY/12 to FY/18, as well as detailed historical perspective, by category.

GENERAL FUND
HISTORICAL COMPARISON OF REVENUE SOURCES
($000'S)

REVENUE SOURCE	FY/11	FY/12	FY/13	FY/14	FY/15	FY/16	FY/17	Unaudited FY/18	GROWTH FY/12 TO 18	COMPOUND ANNUAL RATE
GROSS RECEIPTS TAX	252,335	256,661	259,787	265,745	276,573	280,550	284,466	296,408	15.5%	2.4%
BASIC SERVICES	0	0	0	0	0	0	0	0		0.0%
GRT PUBLIC SAFETY	34,449	34,981	35,436	36,239	37,606	38,236	38,720	40,283	15.2%	2.4%
LOCAL COMPENSATING TAX	1,592	1,690	1,485	1,570	2,361	1,325	1,269	1,557	-7.8%	-1.4%
TOTAL GRT	288,376	293,331	296,708	303,554	316,540	320,111	324,456	338,248	15.3%	2.4%
OTHER LOCAL TAXES	99,827	104,779	104,957	105,273	107,542	108,010	111,203	111,584	6.5%	1.1%
LICENSES AND PERMITS	9,629	10,370	11,343	11,705	11,307	11,899	13,049	11,545	11.3%	1.8%
INTER-GOVERNMENTAL AID	5,179	4,837	4,750	4,808	4,327	4,739	4,887	4,753	-1.7%	-0.3%
INTRA-CITY CHARGES (1)	30,061	29,941	26,897	28,054	27,630	29,577	30,734	30,426	1.6%	0.3%
OTHER SERVICE CHARGES	17,979	19,758	20,599	22,301	20,841	21,537	22,924	24,161	22.3%	3.4%
MISCELLANEOUS	1,540	2,783	2,998	2,235	1,568	4,002	3,925	3,437	23.5%	3.6%
TOTAL REVENUES	452,591	465,799	468,252	477,930	489,756	499,875	511,179	524,154	12.5%	2.0%
LESS NON-RECURRING	3,034	3,724	2,330	3,199	4,836	4,210	4,577	9,850	164.5%	17.6%
RECURRING REVENUES	449,557	462,075	465,922	474,731	484,920	495,665	506,602	514,304	11.3%	1.8%

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). This revenue category slightly reduced its share of total recurring revenues from 22.5% in FY/12 to 21.6% in FY/18. Overall, property tax revenues increased at an annual compound rate of 1.4%. There were no shifts in the tax that affected growth in this period. Residential growth compensated for continued flat or negative growth for non-residential.

Commercial property has shown very limited new growth and existing values have declined with the recession. Since commercial property values can be based on the income the property can earn, a sluggish economy can be a drag on earning capabilities. Non-residential property tax values declined at an average annual rate of 1% from FY/12 to FY/18, and at $3.3 billion, remain below the 2010 high of $3.7 billion. However, residential property valuations grew at a 2.8% compound annual growth, surpassing the 2010 high of $8.6 billion at nearly $10 billion.

Historical slumps were due to several factors. Residential property values declined with the recession; new residential construction had been slow; and the Bernalillo County Assessor adjusted property values downward to avoid "tax lightning." Tax lightning occurred when county assessors were allowed to reassess homes to the "current and correct value" in the year after they were sold, often spiking a new homeowner's tax bill. Following a court case in 2009, the assessor limited assessments on these re-sold homes to a 3% annual increase, substantially 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 recession continued to limit the increases. As of FY/12, residential rates were at a maximum and the yield control mechanisms will no longer increase rates. In fact, with low rates of inflation, yield control reduced rates from 6.544 mills in FY/12 to 6.241 in FY/18, a reduction of 5% in the rates.

Rates were already at a maximum on commercial properties, so yield control offered no relief. In the future, commercial property value increases greater than the rate of inflation, should they occur, will be limited by yield control.

Total franchise revenues grew at a compound annual rate of 2.6% for the period FY/12 to FY/18. The water utility franchise was strongest at an annual compound growth of 5.2%, boosted by rate increases in both FY/17 and FY/18, as well as a series of rate increases beginning in FY/12. In addition, in FY/15 there was $559 thousand of one-time revenue associated with changing to a modified accrual basis of accounting. All other franchise revenues were in negative territory for the period, with the telephone franchise and other smaller franchises at negative 5.5% and negative 8.9% annual growth, respectively. PILOT, not including the Water Authority, had annual compound growth of 1.4%. Cable franchise revenues declined at an average annual rate of 0.5%. In FY/17 there was a large increase which was due to a one-time revenue of one million dollars was received as late payment intended for FY/16.

Licensing and Permits

The share for this category remained unchanged at 2.2% in FY/12 and FY/18. The limited share is due to the fall in building permit and licensing revenue that occurred in FY/07 through FY/09. From FY/12, building permits have increased at an average compound annual rate of 10.2%, but as of FY/18 are only 54.4% of the FY/06 level. Other licenses and permits decreased an average of 0.8%. This is a decline from previous years when there was increased use of barricading permits on roads and charging the Albuquerque Bernalillo County Water Utility Authority for the permits.

Intergovernmental Aid

Revenues from other governments not including GRT shared distributions accounted for 1.0% of General Fund recurring receipts in FY/12 and 0.9% in FY/18. Revenues declined 5.6% in this period due to losses of several shared revenue sources. The only recurring revenues are the municipal gasoline tax, State shared vehicle taxes and County shared revenues. The State stopped the cigarette tax revenues distribution in FY/11, a 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; these are now counted in charges for services. In FY/14, $108 thousand of revenue from the 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/12 these accounted for 6.1% of recurring revenues and 5.9% in FY/18.

Revenues for CIP-funded positions increased substantially in FY/10 and FY/11 as both the Parks Department and the Department of Municipal Development made more use of CIP-funded positions. These positions are associated with capital projects for construction of parks, roads, storm sewer, and other construction projects in the CIP program. Some of this was offset by a reduction in CIP-funded positions at the BioPark in FY/13. In FY/17 the BioPark, due to the capital GRT tax for BioPark projects, added a position for managing the project.

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 due mainly 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 revenue is now limited to collection efforts for outstanding citations. In FY/14 there was a one-time transfer of $2.3 million from the Operating Grants Fund.

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 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. In FY/18 revenues were only $205 thousand.

Indirect overhead revenues in FY/12 were $13.5 million; in FY/18 revenues are estimated at $16.5 million. This increase is mostly due to changes to the indirect plan. Some of this is offset by reclassifying the IDOH from the Water Utility Authority to charges for services and rental agreements as the Authority is independent and no longer accounted for as a separate fund in the City.

Other Charges (Charges for Services)

Revenues from other charges accounted for 4.3% of General Fund recurring revenues in FY/12 and 4.7% in FY/18. 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 and then fell as construction faltered. Revenues from charges for legal services, primarily from the Risk Management Fund, increased 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 how much outside counsel for risk management cases they need to employ. In FY/12, the alarm ordinance amount increased to over one million dollars 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, that 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 recession. In September of FY/13, admission fees to the park 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. However, in FY/18 the City began to see an uptick in revenues as construction wraps up and the new exhibits come online.

Miscellaneous

This category has only a small share of recurring revenue and increased slightly from 0.5% in FY/12 to 0.6% in FY/18. One of the largest components of miscellaneous revenue is interest earnings. Interest earnings have fallen dramatically, from $3.3 million in FY/08 to $213 thousand in FY/14, to a negative $602 thousand in FY/18. In FY/16 interest earnings increased to $1.1 million, but over half of this is due to the inclusion of unrealized gains. Due to an adjustment to capture unrealized losses the General Fund posted negative interest earnings in FY/17 and again in FY/18. As the Federal Reserve continues to increase interest rates, unrealized losses will have a negative effect on interest earnings. 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 program 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.

Gross Receipts Tax

GRT remains the major contributor to the General Fund, making up 64.0% of recurring revenues in FY/18. Non-recurring GRT revenue was about $10 million; the amount that revenues will be reduced in the upcoming year due to the phase out of the hold harmless distributions. In FY/05, the City imposed a new ¼ cent tax for public safety. On January 1, 2000 the ¼ cent transportation tax was imposed; this replaced the ¼ cent quality of life tax that expired June 30, 1999. In January 2007 and July 2008 the ¼ cent tax basic services increment was removed in two ⅛ cent increments. The Transportation tax expired on December 30, 2009 and was reinstated beginning July 2010 with a sunset of June 2020.

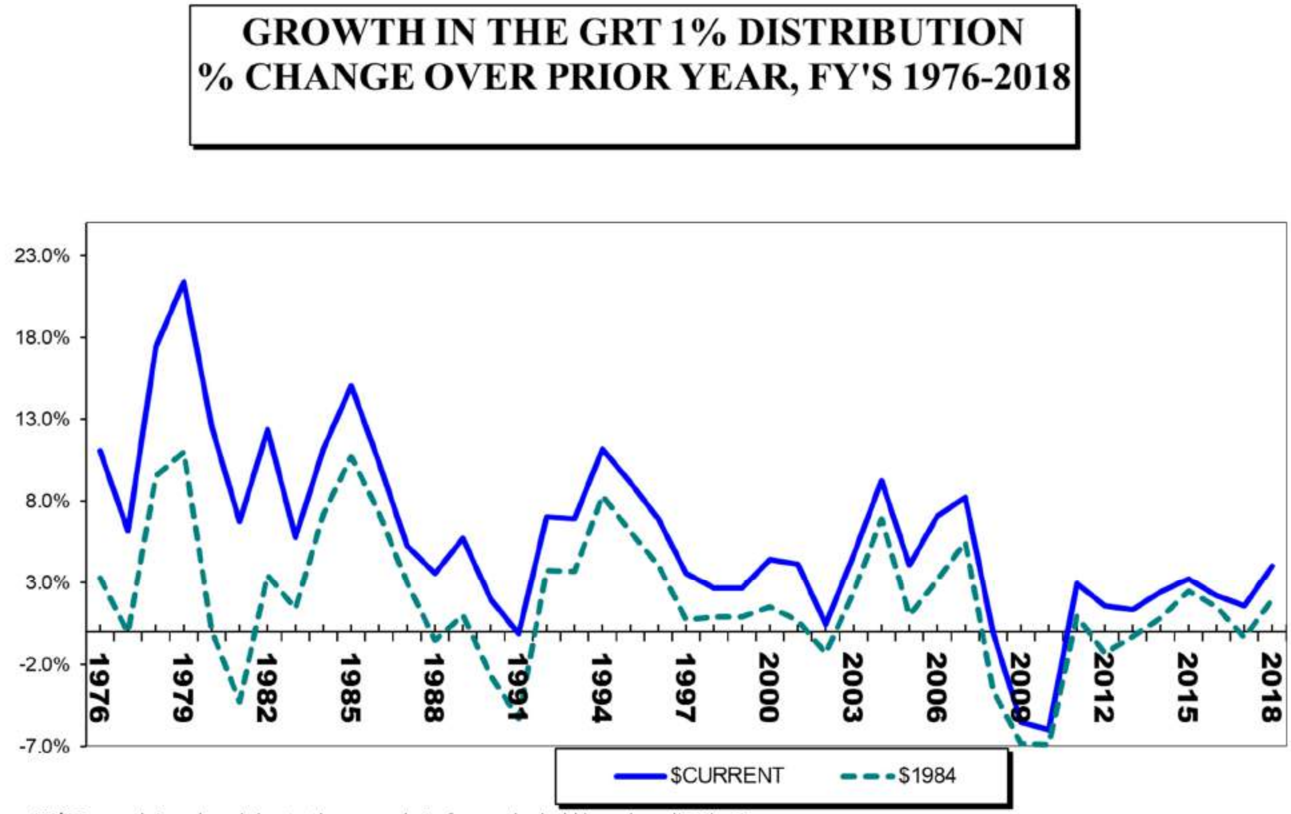
The following table provides a summary of the GRT from FY/11 to FY/18 as a revenue source for the City of Albuquerque. The locally imposed GRT consists of the municipal imposed ½ cent (two quarters), basic services ¼ cent (that was discontinued in the mid-1980s), public safety ¼ cent, infrastructure $^{1}/_{16}$ cent, the transportation infrastructure ¼ cent, and the BioPark projects 1/8 cent. The transportation infrastructure tax and the BioPark projects tax are not included in the General Fund. The transportation tax was imposed for ten years from January 2000 through December 30, 2009. An extension of the tax was passed in the October 2009 election, but didn't go into effect until July of 2010. Because of collection time and the City accrual of revenue, 11 months of the tax was counted in FY/11. This same quarter cent tax was previously used for quality of life and open space. 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 is non-recurring. The base of the compensating tax includes revenues from oil producing activity and is at a substantially lower level in FY/17 and FY/18. In 2015 the voters approved 1/8th cent Municipal Capital Outlay Tax; known as the BioPark Projects Tax. This tax went into effect July 1, 2017 and will be used for capital projects at the BioPark. It is to last 15 years and has a sunset of June 30, 2031.

Gross Receipts Tax revenues, including shared compensating tax, in the General Fund increased by 0.4% from FY/06 to FY/18. The slow growth is partly due to the two ⅛ cent tax cuts in January 2007 and July 2008. However, to more clearly determine growth in the tax base and ignore changes in tax rates and other technical changes, it is best to look at the one-percent state shared distribution. The one-percent distribution had annual growth of 1.26% in this period. In FY/12, growth was limited in part due to the imposition of an administrative fee of 3.25% on the food and medical hold harmless distribution. This was the first time an administrative fee impacted the state shared revenues. After adjusting for inflation, the one-percent distribution in FY/15 was actually 10% below the amount in FY/06. The rapid growth in the period prior to FY/07 was offset by three negative years. FY/08 was down 0.5%, FY/09 was down 5.1% and FY/10 was down 6.0%. In FY/11 positive growth of 2.9% was achieved and the distribution increased in every year FY/12 to FY/18. Since the recession in real terms, only FY/14, FY/15, FY/16 and FY/18 had growth that exceeded the rate of inflation.

GROSS RECEIPTS TAX REVENUES, FISCAL YEARS 2007 - 2018
($000's)

DETAIL ON GROSS RECEIPTS:	FY/08	FY/09	FY/10	FY/11	FY/12[(6)]	FY/13	FY/14	FY/15	FY/16	FY/17	FY/18	FY'S 08-18 PERCENT CHANGE	COMPOUND ANNUAL RATE
GENERAL FUND:													
MUNICIPAL IMPOSED 1/2 CENT	76,098	73,129	70,062	71,026	72,081	73,006	74,661	77,481	78,796	79,817	83,052	9.1%	0.9%
BASIC SERVICES													
first 1/8(4)	18,506	1,674										NA	NA
Second 1/8 (4)	0	0											
PUBLIC SAFETY 1/4 CENT(3)	37,011	35,584	34,070	34,449	34,981	35,436	36,239	37,606	38,236	38,720	40,283	8.8%	0.9%
INFRASTRUCTURE 1/16 CENT (2)	9,243	8,734	8,199	8,443	8,576	8,685	8,895	9,237	9,387	9,523	9,913	7.2%	0.7%
	140,858	119,121	112,330	113,918	115,637	117,127	119,795	124,324	126,419	128,061	133,248	-5.4%	-0.6%
STATE SHARED RECEIPTS													
1% DISTRIBUTION	152,654	144,247	135,604	139,618	141,780	143,688	147,162	152,725	155,223	157,529	163,962	7.4%	0.7%
.225% DISTRIBUTION	34,353	32,456	30,516	31,420	31,906	32,336	33,117	34,366	34,931	35,450	36,898	7.4%	0.7%
Municipally Shared Compensating Tax		694	1,449	1,592	1,690	1,485	1,570	2,361	1,326	1,381	1,557	NA	NA
	187,007	177,397	167,569	172,629	175,375	177,509	181,849	189,452	191,480	194,361	202,417	8.2%	0.8%
TOTAL TAX RECEIPTS	327,865	296,518	279,899	286,547	291,013	294,636	301,644	313,776	317,899	322,422	335,665	2.4%	0.2%
PENALTY & INTEREST	2,344	1,928	1,769	1,829	2,318	2,072	1,910	2,765	2,212	2,078	2,583	10.2%	1.0%
TOTAL GENERAL FUND DISTRIBUTION(7)	330,209	298,445	281,668	288,376	293,331	296,708	303,554	316,540	320,111	324,500	338,248	2.4%	0.2%
MUNICIPAL IMPOSED 1/4 CENT													
TRANSPORTATION2000 (5)	37,011	35,036	19,660										
TRANSPORTATION2010 (5)				30,626	34,349	34,815	35,585	36,777	37,616	38,154	39,720		
	37,011	35,036	19,660	30,626	34,349	34,815	35,585	36,777	37,616	38,154	39,720	7.3%	0.7%
CAPITAL PURPOSES IMPOSED 1/8 CENT													
BIO PARK PROJECTS TAX(8)										15,579	17,773	NA	NA
TOTAL GROSS RECEIPTS TAX REVENUES(1)	367,220	333,481	301,328	319,002	327,680	331,524	339,138	353,318	357,728	378,233	395,741	7.8%	0.8%

(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) First 1/8 was cut effective January 2007, 2nd 1/8 cut was effective in July 2008
(5) 1/4 Cent Transportation Infrastructure Tax has two authorities (2000) in effect January 1, 2000 and sunset December 31, 2009 and 2010 July 1, 2010 to June 30, 2020
(6) An administrative fee of 3.25% was added to the food and medical hold harmless portion of all the GRT distributions and is the only admin fee on the state shared
(7) There was $1.68 million in one-time revenue due to an overpayment to the Winrock TIDD. Also, the first reduction in the food and medical hold harmles distribution in FY/16 of $2.3 million is counted as one-time revenue. Finally there were one-time revenues associated with compensating tax and penalty and interest of $826 thousand.
(8) The tax is to be used only for BioPark capital projects. It sunsets on June 30, 2031.



FY/12 growth is reduced due to the new admin fee on the hold harmless distribution
FY/15 is recurring only (excludes one-time TIDD payback)

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. Looking at the one-percent distribution avoids the problem of changes in tax rates. For FY/12, the newly imposed administrative fee on food and medical distributions makes a slight reduction of approximately 0.3% in that year. The 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 negative real growth in FY/81, FY/91, FY/02 and FY/09 corresponds to recessions. The recent recession shows a far larger decline than in any of the past recessions. The only other year to decline in current terms was FY/91, with a minimal decline of 0.2%. Since the recession only FY/11, FY/14 through FY/16, and FY/18 have posted real growth in GRT. FY/17 shows a decline in real terms, in part, due to the phase out of the hold harmless distributions.

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.

Changes to Gross Receipts Tax Base

Between FY/99 and FY/16 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,

- 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, and
- Deductions for Space Based efforts at the Airforce Research Labs.

The State holds the City harmless on the deduction for food and certain medical services. The City receives a distribution from the State as if 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.

In addition to these changes in the tax base the State has changed administrative fees. Most recently, in FY/12, the State added a 3.25% administrative fee on the hold harmless distribution on food and medical services. The deduction for manufacturing inputs was phased over five years beginning with a half year in FY/13.

ACCURACY OF THE REVENUE ESTIMATES

A summary of information regarding the accuracy of General Fund revenue estimates over the past ten 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, 16 months out. In the fall/winter, the current-year revenue estimate is revised as part of the Five-Year Forecast, looking 6-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, 4-months out.

The first set of columns reports the accuracy of the 4-month revised estimates. The second set of columns reports the error of the 6 month revised estimates prepared as part of the Five-Year Forecast, finalized in December. 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 Gross Receipts Tax, total recurring receipts, and non-recurring revenues. CIP-funded positions are excluded from the calculations because expenditures on these positions are fully reimbursed with no effect on General Fund balances.

The final table provides information on the accuracy of the revenue estimates by revenue source for FY/18.

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
FISCAL YEAR 2018 (Unaudited Results)						
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)	-2.4%
Non-Recurring	6,148	62.4%	6,679	67.8%	7,054	71.6%
FISCAL YEAR 2017						
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%
FISCAL YEAR 2016						
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%
FISCAL YEAR 2015						
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%
FISCAL YEAR 2014						
Gross Receipts Tax	(1,016)	-0.3%	(14)	0.0%	4,180	1.4%
Recurring Revenues Less CIP	(1,355)	-0.3%	(763)	-0.2%	3,539	0.8%
Non-Recurring	1,870	58.5%	3,128	97.8%	3,128	97.8%
***GRT reflects only recurring GRT**						
FISCAL YEAR 2013						
Gross Receipts Tax	2,664	0.9%	2,664	0.9%	(5,615)	-1.9%
Recurring Revenues Less CIP	4,264	0.9%	4,412	1.0%	(1,393)	-0.3%
Non-Recurring	-	0.0%	1,145	49.1%	1,255	53.9%
FISCAL YEAR 2012						
Gross Receipts Tax	(1,753)	-0.6%	(1,753)	-0.6%	(1,386)	-0.5%
Recurring Revenues Less CIP	(983)	-0.2%	1,551	0.3%	1,044	0.2%
Non-Recurring	-	0.0%	2,539	68.2%	2,652	71.2%
FISCAL YEAR 2011						
Gross Receipts Tax	477	0.4%	1,931	1.7%	1,037	0.9%
Recurring Revenues Less CIP	880	0.2%	2,855	0.6%	(1,907)	-0.4%
Non-Recurring	-	0.0%	(731)	-24.1%	313	10.3%
FISCAL YEAR 2010						
Gross Receipts Tax	1,584	0.6%	(8,721)	-3.1%	(21,302)	-7.6%
Recurring Revenues Less CIP	328	0.1%	(11,195)	-2.6%	(28,818)	-6.7%
Non-Recurring	-	0.0%	849	7.2%	5,637	47.5%
FISCAL YEAR 2009						
Gross Receipts Tax	(3,212)	-1.1%	(3,212)	-1.1%	(21,090)	-7.1%
Recurring Revenues Less CIP	(5,426)	-1.3%	(5,425)	-1.3%	(25,121)	-6.0%
Non-Recurring	(1,300)	-13.9%	(771)	-8.2%	(771)	-8.2%

ACTUAL AND ESTIMATED REVENUE IN FY/18

All figures in $1,000's

	UNAUDITED	ESTIMATES								
	ACTUAL	2nd Revision (March 2018)			1st Revision (Dec. 2017)			Approved Budget (May 2017)		
REVENUE SOURCES:	FY/18	Estimate	Difference	Percent	Estimate	Difference	Percent	Estimate	Difference	Percent
Total GRT	338,248	330,041	(8,207)	(0)	330,041	(8,207)	(0)	338,202	(46)	(0)
Property Tax	83,268	83,597	329	0	83,597	329	0	83,652	384	0
Franchise Tax-Telephone	1,425	1,523	98	0	1,523	98	0	1,633	208	0
Franchise Tax-Electric	9,086	9,253	167	0	9,653	567	0	9,796	710	0
Franchise Tax-Gas	3,545	3,693	148	0	3,693	148	0	3,769	224	0
Franchise Tax-Cable TV ABQ	4,133	4,240	107	0	4,240	107	0	4,240	107	0
Franchise Tax - Water Auth	7,984	7,890	(94)	(0)	7,576	(408)	(0)	7,632	(352)	(0)
Franchise Tax-Telecom	239	230	(9)	(0)	230	(9)	(0)	209	(30)	(0)
Other Intergovernmental Assist	4,753	5,115	362	0	4,902	149	0	4,902	149	0
Building Permit Revenue	6,663	6,460	(203)	(0)	8,522	1,859	0	9,199	2,536	0
Permit Revenue	4,882	5,090	208	0	4,767	(115)	(0)	4,767	(115)	(0)
Service Charges	24,161	23,671	(490)	(0)	23,585	(576)	(0)	24,385	224	0
Fines & Penalties	280	295	15	0	295	15	0	295	15	0
Earnings on Investments	(602)	500	1,102	(2)	500	1,102	(2)	1,215	1,817	(3)
Miscellaneous	3,759	3,016	(743)	(0)	2,673	(1,086)	(0)	2,673	(1,086)	(0)
Transfers From Other Funds	3,679	3,643	(36)	(0)	3,443	(236)	(0)	2,810	(869)	(0)
Payments In Lieu of Taxes	1,904	1,892	(12)	(0)	1,892	(12)	(0)	1,892	(12)	(0)
IDOH	16,526	17,590	1,064	0	17,846	1,320	0	17,846	1,320	0
Services Charges-Internal	205	266	61	0	251	46	0	266	61	0
Transfers For CIP Positions	10,016	11,397	1,381	0	11,532	1,516	0	11,532	1,516	0
TOTAL REVENUE	524,154	519,402	(4,752)	-0.9%	520,761	(3,393)	-0.6%	530,915	6,761	1.3%
LESS: NON-RECUR	9,850	3,702	(6,148)	-62.4%	3,171	(6,679)	-67.8%	2,796	(7,054)	-71.6%
RECURRING REVENUE	514,304	515,700	1,396	0.3%	517,590	3,286	0.6%	528,119	13,815	2.7%