



City of Gallup

Hold Harmless

Jackie McKinney, Mayor
Linda Garcia, City Councilor
Allan Landavazo, City Councilor
Yogash Kumar, City Councilor
Fran Palochak, City Councilor

Maryann Ustick, City Manager

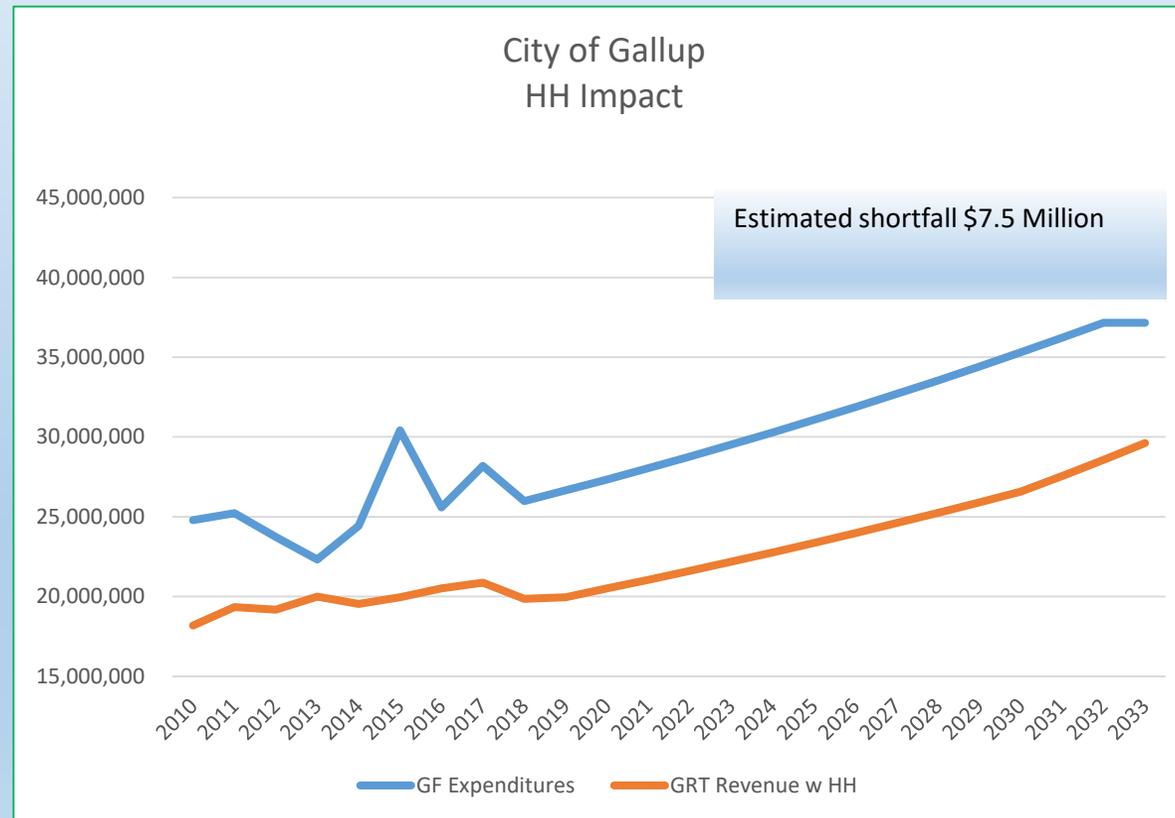
Community Profile

- Gallup is a growing community of 21,678, a 7.3% increase from prior census data
- Gallup operates under City Charter as a Home Rule municipality
- Gallup is the only municipality in McKinley County
- The city serves as a commercial hub for the extensive rural Native American communities within a trade radius that extend from 50 to 100 miles around the city
- Gallup is at the crossroads of a number of major transportation corridors including Interstate 40, the Burlington Northern-Santa Fe Railroad and State Highways 602, 564 and 491.
- Gallup provides services to non-residents including interstate travelers and those from surrounding communities traveling to the city to work, shop and eat.

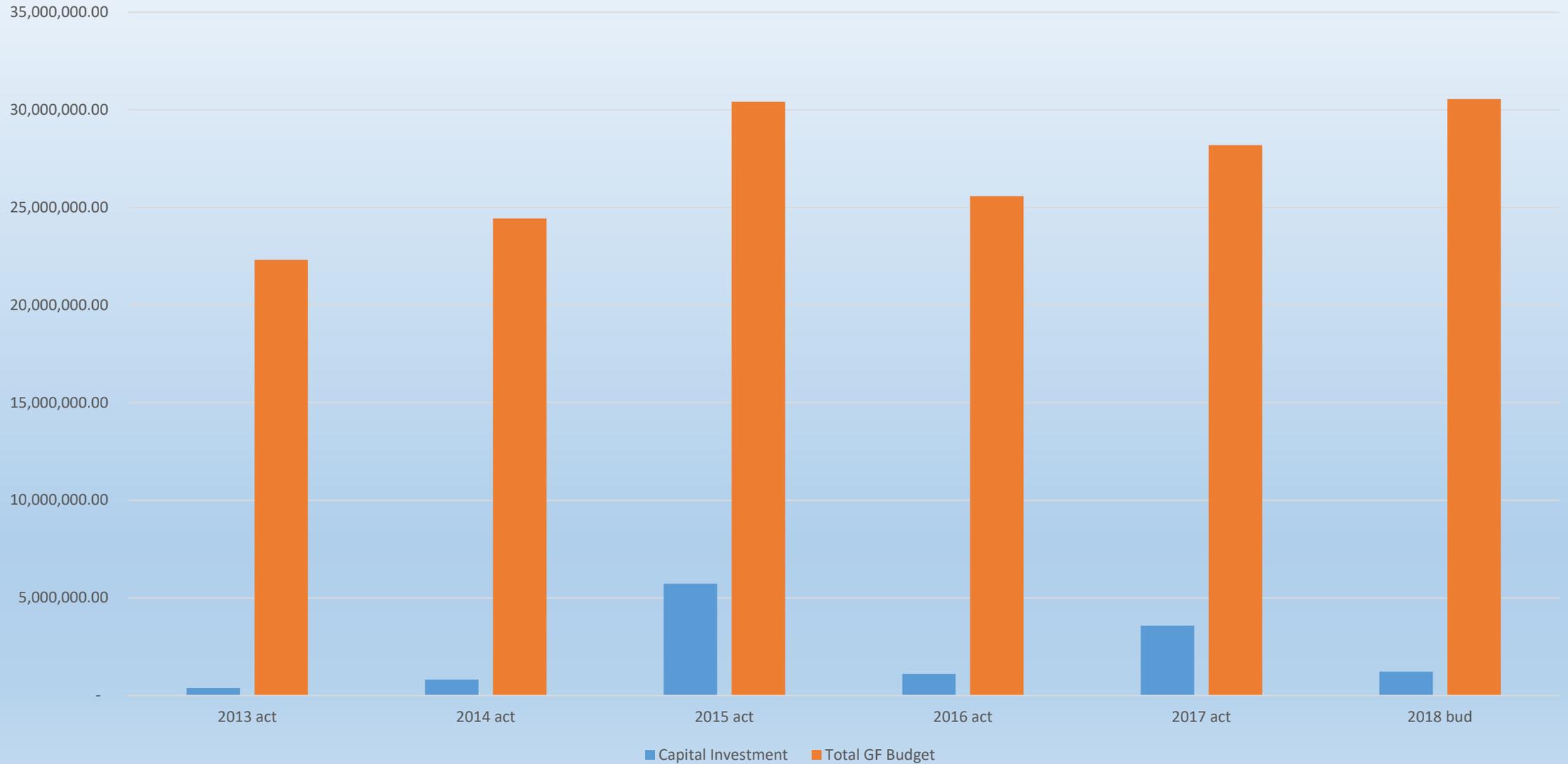
City Demographics

- Gallup Median Household Income is \$38,646
- Gallup per capita income is \$20,406
- Gallup persons below the poverty level is 29.1%
- Gallup Public Safety costs are 50% of 2018 budgeted expenditures
- McKinley County children living in poverty is 48% compared to a statewide level of 30%

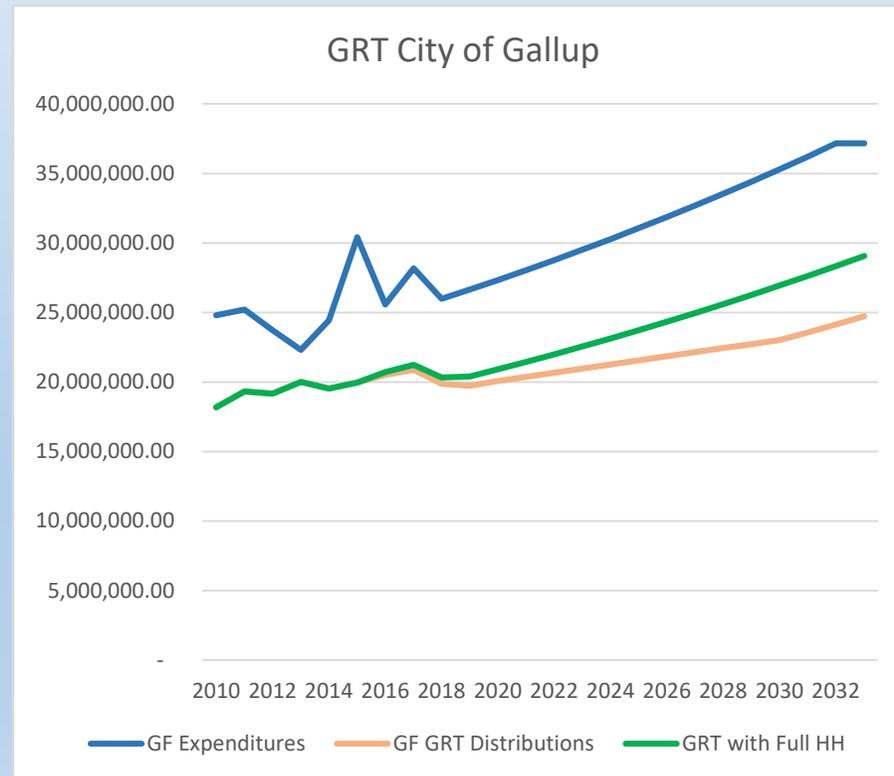
- General Fund Gross Receipt Revenues are growing at a slower rate than the increase in expenditures annually. 2.43% compared to 2.59%. This leaves little to no room for pay COLA's or any other type of annual increase.



General Fund Capital Investment as a Percentage of total budget



Hold Harmless funding was over \$3 million annually prior to any reduction in funding. This funding is an average of 18% over the past six years of our general fund GRT funding.

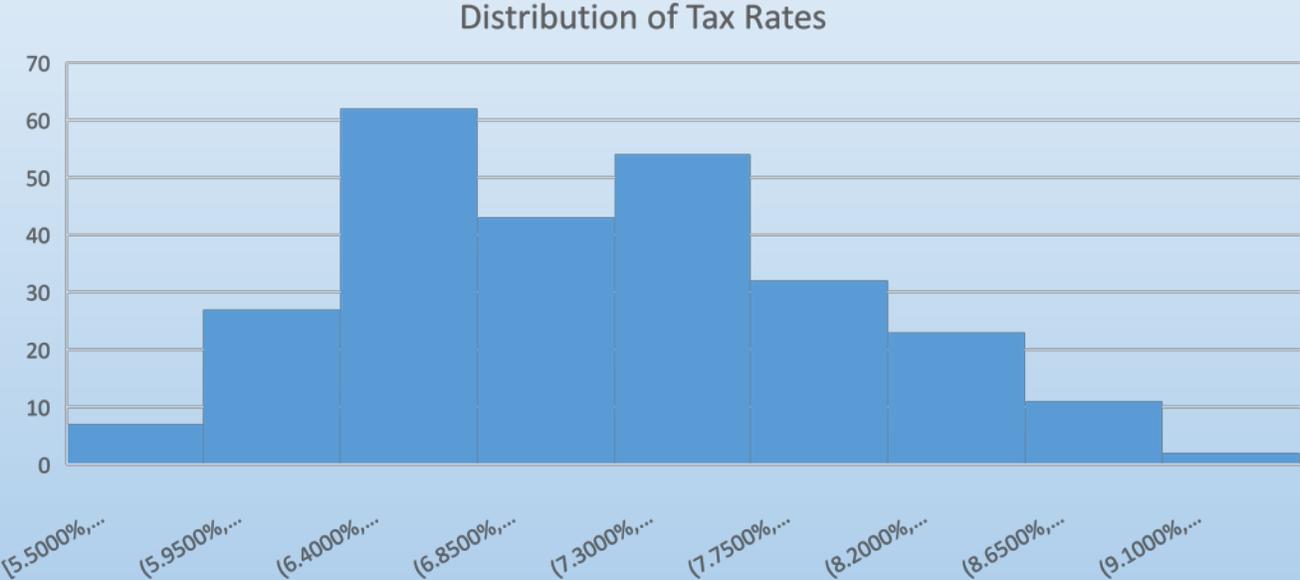


Hold Harmless Options

- The reduction in hold harmless receipts is dropping the percentage of general fund expenditures paid by GRT annually. We are at 74.06% now and anticipate it to drop to 66.55%.
- Gallup has several nearby Cities with lower tax rates and we could loose additional GRT if we raise our rate driving customers out of the City and possibly the State for shopping
- Imposing the 3/8 percent increase in GRT would produce \$2.4 million annually leaving us at least \$600 thousand short on an annual basis. Combine this with the loss of revenue to other Cities or States and we will fall short of needed funding.

GRT Increase Ranking

A distribution of New Mexico tax rates shows that if Gallup/McKinley county both enact 3/8% increases, at 9.0625% we would be among the top rates in the state, only Taos would be higher than Gallup



- The Gallup Dilemma

- As a City Government we have limited revenue sources. The largest being GRT followed by property tax. An increase in either creates a heavy burden on a very poor community with an extraordinarily high demand for service.
- Police Department calls for service are over 58,000 annually. That's nearly 160 calls per day covered by 5 Officers per shift due to the population increase from surrounding area consumers.
- The City is compelled to ask for relief due to the high poverty rate and service demands created by an area much larger than the city of Gallup creating a high need for infrastructure and services.

