CITY OF ALBUQUERQUE

Albuquerque, New Mexico

Office of the Mayor

Mayor Richard J. Berry

INTER-OFFICE MEMORANDUM February 17, 2014

To: Ken Sanchez, President, City Council

From: Richard J. Berry, Mayor

Subject: Veto Message on R-14-11 Establishing Priorities For The 2015 Capital Improvements Plan; Defining the Criteria; Allocating Amounts For Different Purposes Within the 2015 General Obligation Bond Program

I hereby exercise my veto authority and apply it to R-14-11, which passed at the City Council meeting of February 3, 2014 by a vote of 5 For and 3 Against.

The reason for my veto is as follows. The City's financial advisor, Paul Cassidy, testified before the City Council at its February 3rd, 2014 meeting that final property valuations will not be available from the County Assessor until October. Given the actual decrease in valuations experienced by the City in the recent past, it is important that we be careful not to be too optimistic about future growth in valuations without additional data.

Consequently, RBC Capital Markets has concluded that **they cannot support** the authorization of general obligation bond authority for this next bond cycle in excess of $110,000,000 without more current tax base growth data. Whereas fiscal responsibility is of the utmost importance to the City of Albuquerque and my Administration, **I agree with their assessment at this time and am therefore exercising my veto authority to R-14-11.**

While I fully support Workforce Housing it would be imprudent to authorize the sale of general obligation bonds during the 2015 bond cycle in excess of $110,000,000 for any projects at this time because the potential over-reach could further reduce future bond cycles and continue to starve our City's capital program. I suggest we revisit this additional authorization after we have better information this fall.

In closing, I would like to point out that this is just the latest example of the consequences of the City shifting a significant amount of property tax mils and associated revenues into the general fund from 2004 through the budget prior to my taking office in 2009. Many important projects, including workforce housing, road repairs, critical infrastructure and quality of life projects have suffered due to the resulting decrease in our capital program from these property taxes being shifted into the growth of city government.

We were recently able to bond $50 million dollars for the Paseo Del Norte and I-25 improvements because the City Council authorized shifting $3 million dollars of recurring funds back into this critical infrastructure project. As we look to the future we will need to shift more of these revenues back into our capital program where they belong if we are going to maintain our beautiful city at the levels it needs and future generations deserve. I hope that I can count on the City Council's support for these efforts.

Background Data for Workforce Housing in the City of Albuquerque

Over the past 5 years the City of Albuquerque has invested over $26 million in Workforce Housing funds and federal funds, resulting in over $121 million in mixed-income communities. These communities consist of 701 rental units, of which 607 are affordable. In addition, the City has recently committed over $9.2 million towards four projects that when complete will result in over $54 million in new construction developments, consisting of 262 units, of which 221 will be affordable. This level of commitment to the production of affordable housing in Albuquerque is unprecedented.

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INTER-OFFICE MEMORANDUM February 17, 2014

To: Ken Sanchez, President, City Council

From: Richard J. Berry, Mayor

Subject: Veto Message on R-14-20 Urging The Administration to Not Pursue Attorney's Fees In the Case Of Baca V. Berry

I hereby veto R-14-20, which passed at the City Council meeting of February 3, 2014 by a vote of 5 For and 3 Against.

As you are aware, the United States District Court permanently dismissed the Plaintiffs' lawsuit because Plaintiffs did not follow the Court's orders and continued with their lawsuit even though it had no merit. In addition, the Plaintiffs failed to back up their allegations that the City's redistricting plan was unconstitutional with any evidence.

This lawsuit has cost city taxpayers $101,550 in attorneys' fees to defend. Ultimately, it will be up to the United States District Court to determine if the Plaintiffs' lawsuit was frivolous and whether sanctions against the Plaintiffs and their attorneys are appropriate for wasting taxpayer resources and abusing the court system.

I think we can all agree that if the United States District Court finds this to be a frivolous lawsuit, taxpayers should not have to foot the bill.