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Policy Brief
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Fixing ABQ: Fiscal Policy

Smarter, Smaller Spending for Albuquerque

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Introduction

Albuquerque is a city in crisis. Few would argue that when a new mayor takes office later this year, he or she must focus on two daunting challenges: an epidemic of crime and a stubbornly moribund economy.

Both public safety and economic development are directly connected to *fiscal policy* -- how the city collects and spends the revenue it receives from taxes, fees, and intergovernmental grants. Fortunately, reforms of Albuquerque's expenditure architecture promise to yield more resources to combat crime, as well as offer tax relief that is sure to boost entrepreneurship and employment. Herewith, four areas of reform to make city government smarter and smaller -- as well more accountable to taxpayers.

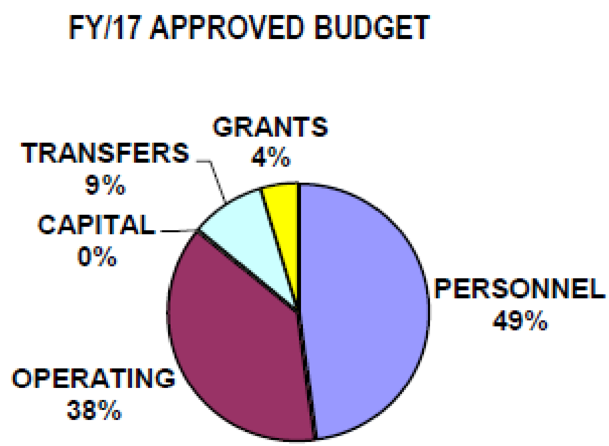
Employee Compensation

Research has consistently showed that local- and state-government employees in New Mexico, similar to their counterparts elsewhere, receive pay and benefits that are higher than those earned by private-sector workers.[1]

In 2009, a Rio Grande Foundation study concluded that in the Land of Enchantment, "the average state and local government job paid 11.5 percent higher than the average private sector job."[2] Further research by the Foundation, published in 2013, found that "with benefits included, public workers in New Mexico make over 8 percent more in total compensation than a similar worker in the private sector."[3] The following year, a study of state employment by the

American Enterprise Institute estimated a 24 percent advantage for New Mexico when total compensation, including the value of job security, was scrutinized.[4]

The Rio Grande Foundation could find no analysis comparing the pay and benefits of Albuquerque's employees to comparable work in the private sector -- which is telling in itself. But there is no question that any right-sizing effort could yield substantial savings. According to the city's approved FY 2017 budget, 49 percent (totaling $453.9 million) of expenditures were devoted to payroll obligations, which "continue to drive most of the City operating … expenses."[5]



Source: FY 2017 Approved Budget, City of Albuquerque

There is ample reason to believe that compensation levels for city employees surpass private-sector pay and benefits. Collective-bargaining agreements cover more than 80 percent of all non-seasonal city personnel.[6] The contracts regularly mandate raises, regardless of employee performance, a policy that stands in sharp contrast to conditions in the private sector. Unionization rates are now in the single digits in nongovernment work, and in New Mexico, just 8.2 percent of *all* workers are covered by collective-bargaining agreements.[7] While some of the city's employees did not receive pay hikes in the 2012, 2013, and 2014 fiscal years, more recently, automatic raises have returned. In FY 2017, seven of the city's eight bargaining units received raises of 2 percent, with American Federation of State, County and Municipal Employees Local 3022, covering management employees, securing a 3.5 percent bump.[8]

In addition to automatic raises, Albuquerque's staffers are awarded longevity pay. The benefit "comes in the form of bonuses to employees for continued employment with a public entity. The longer an employee works, the larger the longevity bonus is."[9] In 2014, North Carolina's governor explained to the state's teacher unions that workers in the private sector "have never heard of the term longevity pay."[10] And as the former manager of Nevada's largest county noted, the perk is "pretty archaic," "not a good tool for recruitment or retention," "not widely used," and "disappearing everywhere for good reason."[11]

Regardless of longevity pay's decline elsewhere, in each collective-bargaining agreement currently in effect between Albuquerque and its unions, the perk is required. For example, the contract governing blue-collar employees mandates "longevity" pay for as little as five years on the job:

2.2 Longevity Pay for Members

2.2.1 Longevity pay will accrue throughout the term of this agreement as follows:

Continuous Service	Amount per Pay Period
05 to 10 years	$ 64.00
10 to 15 years	$ 85.00
15 to 20 years	$ 95.00
Over 20 years	$ 114.00

Source: contract between the City of Albuquerque and Local 624 AFSCME, Council 18, AFL-CIO, effective September 3, 2016 through June 30, 2018

Paid leave provides another area of disparity. In addition to the 10 standard holidays -- Presidents' Day, Memorial Day, Thanksgiving Day, etc. -- employees are given their birthdays off, and receive almost comically generous vacation and sick leave. Many are permitted to convert unused sick time into "leave with pay or cash payment," a common privilege in government employment that is "often monetized by retiring employees to enrich their pension benefits or to 'check out' ahead of the required retirement age with an extended pre-retirement vacation that can last for months or even years."[12] In 2016, the *Albuquerque Journal* reported: "It isn't unusual for longtime city employees to retire and walk away with tens of thousands of dollars in pay for unused leave. Some payouts have approached $100,000 altogether."[13]

Nationally, 24 percent of private-sector workers do not receive paid holidays, 24 percent do not receive paid vacation time, and 42 percent do not receive paid sick leave.[14] (Generally, employees at the lower end of the pay scale earn paid-leave benefits at the lowest rates.) Outside of government employment, "payouts for unused leave are becoming increasingly uncommon if they ever existed at all."[15]

For medical care, the city offers the My Care Plan, courtesy of Presbyterian Healthcare Services, under which employees "can choose among three different benefit options to find a plan that best fits their unique needs: the Active, Family, and Independent options." A gym benefit may be added for employees and their "dependents over the age of 18 at no additional premium," and vision and dental coverage is included.[16] The city pays 80 percent of My Care Plan premiums.

Health coverage is not nearly as generous in the private sector. Thirty percent of employees do not receive the benefit at all, 55 percent do not have the option of dental care, and 75 percent are not offered vision care.[17] For *all* civilian workers who are offered health insurance, their employers pay, on average, 68 percent of the cost of health premiums -- meaning that in the private sector, the share is likely lower.[18]

Nearly every regular city worker is a member of New Mexico's Public Employees Retirement Association (PERA), which "provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries." Both employer and employee are required to contribute to the pension system, but "the City has elected to make a percentage of … employees' contributions." In the 2016 fiscal year, the city was legally required to make a $33.3 million payment to PERA, but its *actual* payment was $60.2 million.[19] In addition to a pension, the city offers health and life insurance to retired employees.

Workers in the private sector receive nowhere near the level of retirement benefits Albuquerque provides. Defined-benefit pensions such as the one offered by PERA have slipped to a small minority of pension retirement income, and the dominant pension type

> now provided by private-sector employers is a defined-contribution (DC) plan, such as a 401(k) or 403(b) account. A DC plan is an account owned … by an individual worker. Many employers who offer DC plans make regular contributions to DC accounts as part of their employee benefits program. No contribution is required, however, and no specific benefit is guaranteed.[20]

Healthcare coverage post-employment is increasingly rare for private-sector retirees. The portion of firms with 200 or more workers offering the benefit dropped from 66 percent to 28 percent between 1988 and 2013.[21] (For smaller enterprises, the share is doubtless much smaller.) Just 55 percent of all private-sector employers offer a life-insurance benefit.[22]

It is time for an independent analysis of the city's pay and benefits. The next mayor should appoint a commission -- comprised of individuals who have no ties to city hall -- to examine the pay and benefits earned by workers in Albuquerque's private sector, and compare their findings to what municipal employees receive. Once conducted, it will be time for a community conversation on the fairness, and affordability, of the level of compensation for Albuquerque personnel.

Ultimately, fiscally responsible municipal officials across New Mexico must press the state legislature to make significant reforms to -- if not repeal -- collective bargaining for local-government employees. In the words of iconic union leader George Meany, "It is impossible to bargain collectively with the government."[23] A 2011 paper by the Goldwater Institute listed the uniquely fierce bargaining power of government unions, including their employer's "ability to pass the cost of any labor deal onto the taxpayer," labor bosses' "*de facto* monopoly over labor needed for critically important services, for which there is often no ready or legal private sector substitute," and the undeniable political reality that "the interests of public employers and unions are more often aligned than are those of private sector employers and unions."[24] (A unionized firefighter in Hartford, Connecticut once explained that "councilmen are interested in two things, the vote and money. We supply both."[25])

As the chief executive of New Mexico's largest city, Albuquerque's mayor has special status as a spokesperson for local-government fiscal responsibility. He or she should be a strong voice for defending taxpayers by ensuring that public-employee compensation is on par with the private sector. Again, with payroll accounting for nearly half of the city's budget, even small changes would generate substantial taxpayer relief. A $5,000 reduction in per-employee costs, for example, would yield savings of $27.5 million. That figure exceeds the combined annual budget for the city's animal-welfare and environmental-health departments.

Selling What's Not Needed

Privatization shifts "physical assets from public to private hands."[26] It is a process by which land, buildings, utilities, facilities, and the like that are not inherently governmental in nature are transferred to individuals, companies, and nonprofit organizations that can make better use of the assets.

While it is often thought of as a tool for national governments to divest major holdings such as factories, telecommunications networks, and energy infrastructure, here in the United States, governments at the state and local levels regularly consider, and initiate, privatization efforts. Broadly speaking, they can be implemented in three ways:

- a *straight sale*, in which an asset is bought "either in an 'as is' state or after a different zoning and regulatory structure has been put in place to facilitate a different future use upon sale (thereby increasing the potential asset value)"

- a *long-term lease*, also called a *concession*, for "a revenue-generated asset such as a water or wastewater plant, or a parking asset for which the government may want to retain long-term ownership while getting out of day-to-day operations"

- a *sale-leaseback*, when "government wants to continue to use an asset but doesn't want … the burden of ongoing maintenance and other management issues"[27]

The City of Albuquerque has abundant opportunities to explore all three privatization options. It owns many properties and facilities that do not perform core government services, do not generate sufficient revenue to cover costs, and are likely to draw interest from outside parties interested in pursuing profit and/or providing better-quality services. The list of assets Albuquerque should consider for privatization include:

Albuquerque International Sunport and Double Eagle II Airport

While *airlines* were deregulated in the 1970s, *airports* were not. Like most U.S. airports, the Albuquerque International Sunport and Double Eagle II Airport are owned and operated by government -- specifically, the city's Aviation Department, which has a staff of 281 and spent $61.9 million in FY 2017.[28] Management of the facilities is thus hamstrung by even more red tape than decisionmakers at airport "authorities" confront. For example, in 2010, when one restaurant sought to replace another at the Albuquerque International Sunport, the switch required city-council approval.[29]

Travelers using nearly every airport in America have grown accustomed to the facilities being in the "public" sector, but widespread privatization abroad should make flyers -- and taxpayers -- think again. In the rest of the developed world, airports have often changed hands:

> Some … privatized entities have acquired full or partial ownership interests in other airports, and in some cases public sector airports have done the same, even buying into the private sector. Today's global airport industry is often characterized by airport groups rather than just individual airports, and those groups are often part of consortia composed of investors and other entities from outside the immediate industry.[30]

Boosting efficiency and improving customer service are key justifications for privatization:

> Many U.S. airports are still run in a bureaucratic manner typical of the pre-deregulation era. Their management is passive and risk-averse … . Research by Oxford University scholars has shown that the managements of privatized airports are more "passenger friendly" than those of traditional airports. And a statistical study of airport productivity in 109 airports worldwide looked at whether ownership was correlated with productivity. It found that privatized and corporatized airports are more productive than fully government-owned airports.[31]

Sadly, privatization has not taken hold in the U.S. Despite federal encouragement, almost "all of the 3,330 commercial service or general aviation airports designated as part of the national airport system are under city, state, county or public-authority ownership."[32]

One exception is the Luis Muñoz Marín International Airport, near San Juan, Puerto Rico. In 2013, it was leased to a

> 50/50 venture between infrastructure-investment company Highstar Capital and Grupo Aeroportuario del Sureste SAB de CV, which runs nine airports in Mexico. The partners plan to invest more than $1 billion in the airport, including $615 million up front in a leasehold fee. In addition, the consortium will pay Puerto Rico's airport authority $2.5 million a year for the first five years, 5% of revenue for the next 25 years and then 10% of revenue for the final 10 years."[33]

A 2016 analysis by the Bipartisan Policy Center found that the lease induced

> considerable investment, with Terminal A reopening in 2012 and serving as a regional hub for Jet Blue, Terminal B reopening in 2014, and Terminal C renovations completed

> in March 2016. These renovations include an automated baggage-scanning system, in use in only a few U.S. airports, and high-end retail stores, which have created 3,000 jobs."[34]

The federal government's Airport Privatization Pilot Program (APP) offers Albuquerque's new mayor a mechanism to consider sale or lease arrangements. APP allows "airports to generate access to sources of private capital for airport improvement and development."[35] Even if such a transition does not prove desirable for either asset, at the very least, both of the city's airports should be placed under the control of a "public corporation" or "authority." Control by a quasi-governmental entity, rather than direct administration by the city, would free airport managers from burdensome municipal red tape and labor mandates.

Albuquerque Convention Center

There is a strong left-right consensus that doubts the "return on taxpayer investment" for convention centers. The facilities are touted as powerful tools for "economic development," but researchers and investigative reporters have consistently found that the grandiose promises of convention-center-pushing elected officials, "community leaders," and consultants are rarely met.[36]

The Albuquerque Convention Center, which recently underwent a $23.2 million renovation, touts itself to meeting planners as a first-rate venue:

> Our facility offers over 167,000 square feet of exhibit space featuring the Northeast and Southeast Exhibit Halls that provide 106,200 square feet of contiguous, column-free space. The ACC has 27 flexible meeting rooms, which can hold an intimate meeting of 10 people or a large breakout for 1,100. Our amazing 31,000-square feet Ballroom lends itself as a magnificent banquet space for up to 1,800 people or an impressive general session area for 2,500 attendees. The crowning jewel of our facility is the 2,300-seat Kiva Auditorium. The Kiva is the perfect space for any general session or a keynote speaker.[37]

Yet there is strong evidence to support the contention that the center is severely underutilized. In 2016, "room nights [were] down 6.4 percent from the previous year and the estimated direct spending dipped 18 percent from 2015."[38] In the 62 days comprising July and August 2017, just *four* events -- a mariachi competition/concert, a performance by magician David Blaine, a concert by Herbie Hancock, and a car show/concert -- are listed on the facility's website.[39] Whether due to downtown's lack of appeal (crime, blight, heavy homeless population, scant restaurants/night clubs) or stiff competition from event spaces in cities such as Orlando and Las Vegas, it is time to accept that Albuquerque is not a significant convention destination, and/ or that the convention center is not as attractive as area hotels or tribal facilities.

The center is managed by Visit Albuquerque, "a private, not-for-profit group funded primarily through public sources."[40] But the city owns the facility, and thus has the authority to sell it off.

Officials should immediately seek a buyer that has the potential to use the property to generate more jobs and greater tax revenue.

Los Altos, Arroyo del Oso, Puerto del Sol, and Ladera Golf Courses and the Golf Center at Balloon Fiesta Park

While the city has shown little interest in outsourcing -- see the next section for details -- municipal golf courses in Albuquerque are managed by contractors. Yet why does the city own golf courses at all? As fiscal-policy analyst Michael D. LaFaive noted, municipal courses "represent the very antithesis of 'core government function,'" are "typically a drain on local budgets," and "take business from those owned and operated by private-sector investors and entrepreneurs who have dedicated their time and risked their own resources."[41]

In July 2014, auditors "examining Albuquerque's municipal golf courses found poor management and a 'fundamental breakdown in common business practices' that have cost the city hundreds of thousands of dollars."[42] Later that year, the "inspector general accused the companies that help operate Ladera Golf Course of violating the state's Liquor Control Act and of failing to charge the required fees for family members who used the banquet hall on occasion."[43] Several months ago, a consultant's report documented the mounting economic unviability of the city's courses:

Year	Revenues	Expenses	Operating Income
2016	$3,514,693	5,137,978	(1,623,285)
2015	3,660,341	4,362,384	(702,043)
2014	3,792,591	4,385,120	(592,529)
2013	3,681,595	4,075,304	(393,709)
2012	3,808,960	3,928,432	(129,472)

Source: "City of Albuquerque: A Golf Study," JJ Keegan+, May 1, 2017

Lack of interest is a major cause of the imbalance. Since 2000, "when rounds played peaked at 412,000, use of the City's golf courses has dramatically fallen 48.65%. Only 211,548 rounds were played in 2016. … During the past three years to support the Golf Course Enterprise Fund, $2.5 million has been transferred from the General Fund."[44]

The numbers in Albuquerque mirror the nation's. Golf participation "in the U.S. has plunged from a peak of just under 30 million in 2002 to 20.9 million in 2016."[45] As *The Washington Post* summarized: "The game … is expensive both to prepare for and to play. It's difficult, dissuading amateurs from giving it a swing, and time-consuming, limiting how much fans can play. Even what loyalists would say are strengths -- its simplicity, its traditionalism -- can seem overly austere in an age of fitness classes, extreme races and iPhone games."[46]

Private management of the city's four courses, as well as the Golf Center at Balloon Fiesta Park, is an option. In 2014, Phoenix contracted out "five city-owned golf courses that had been losing the city $2.4 million per year," and the reform "was so successful," it added a sixth course.[47] Better still, Albuquerque's golf assets could be sold to buyers who will make better, tax-revenue-producing use of the properties. While the process would be challenging, it has been done before. In 2011, Pontiac, Michigan -- whose finances were then under the control of an emergency manager -- sold its city-owned golf course for $700,000. Three years later, the new owner was "spending a lot of money to fix the water sprinkling system, upgrade the clubhouse building, and make other capital improvements that couldn't be done by the city because [it] didn't have enough money."[48]

Anderson-Abruzzo Albuquerque International Balloon Museum

Since opening in 2005, the balloon museum "has welcomed over one million visitors from Albuquerque and many other communities in New Mexico, as well as from across the country and around the world."[49] Hot-air ballooning has many dedicated, and affluent, enthusiasts. The city should explore ways to remove the museum from its Cultural Services Division and shift total control to the Anderson-Abruzzo International Balloon Museum Foundation, whose mission is to "raise funds, foster public recognition and promote and build membership."[50]

There are many other assets that can be transferred to the private sector. In 2016, the Department of Municipal Development's Security & Parking Services Division was found to have "significant inconsistencies and internal control weaknesses."[51] The bureaucracy sometimes went "months without collecting money from the meters," often didn't "know when the digital machines [were] malfunctioning," did not "reconcile the money collected against what the meters say should be in them."[52] A lease to a for-profit firm specialized in parking should be examined. The Kimo Theater, once a thriving business, was bought by the city four decades ago, and is long overdue for a return to the private sector. The city owns many more buildings, as well as open land. (In response to an investigative report by *The Arizona Republic*, Phoenix is planning to "dramatically shrink its portfolio of city-owned real estate after an internal review found the city doesn't need at least 656 pieces of land that it owns."[53]) In all, Albuquerque's assets are valued at $3.5 billion.[54]

To begin the privatization process, Albuquerque

> should develop a robust, standardized portfolio management system for … real estate -- a real property inventory … . Having in place a comprehensive and current list of land and assets would allow the government to assess whether public property is being used and maintained in the most efficient manner possible, and the inventory can serve as a tool to assess the potential value of divesting underutilized or unnecessary land or assets to generate revenues, expand the tax base, and lower operations and maintenance costs.[55]

Privatization efforts will make two additional contributions to Albuquerque's fiscal health. First, they will reduce taxpayers' exposure to lawsuits. In 2016, a KRQE report offered an example of how legal action against nonessential assets incurs costs: "A woman sued after she sat down in a seat at city-owned Isotopes Park. According to the lawsuit, the seat broke and the woman fell … . The city paid out $27,750 for that case."[56]

Second, the revenue raised through privatization can be dedicated to meeting unfunded post-employment benefits. Albuquerque has considerable implicit debt. At the end of the 2016 fiscal year, the city reported a net pension liability of $493.87 million -- a sum nearly as large as a single year of expenditures by Albuquerque's general fund. In addition, the trust established by the city and the Albuquerque Bernalillo County Water Authority to cover life-insurance costs is funded at only 28.5 percent, with a total assets-to-obligations calculation of -$36.9 million.[57] The New Mexico Retiree Health Care Authority's unfunded actuarial accrued liability is *$3.8 billion*, of which Albuquerque's share is currently unknown, but doubtless substantial.[58] These bills must be paid, eventually, and setting aside as much revenue as possible now will avert severe tax hikes and/or sweeping cuts in the years and decades to come.

Competing for Taxpayer Dollars

While privatization shifts government assets to the private sector, *outsourcing* procures public services from the best-quality, lowest-price providers, be they for-profit firms, existing departments/employees, or charitable entities. Alternatively known as *managed competition*, *competitive contracting*, *contestability*, and *competitive sourcing*, whatever term is used, the philosophy is the same:

> In the 21st century, government's role is evolving from service provider to that of a broker of services, as the public sector is increasingly relying far more on networks of public, private and non-profit organizations to deliver services. Virtually every local government service -- from road maintenance, fleet operations and public works to education, recreation and public health services -- has been successfully [outsourced] at some point in time somewhere around the world.[59]

Decades of research have revealed that outsourcing's savings can be substantial. The Reason Foundation, a free-market think tank, has found that "as a conservative rule of thumb," outsourcing saves taxpayers "between 5 and 20 percent, on average."[60]

'Mass' Transit

ABQ RIDE, operated by the city's Transit Department, provides citywide bus and paratransit services. The agency FY 2017 budget was $49.1 million, with a tiny portion of the sum coming from riders. In 2014, the latest year for which data are available, farebox revenue covered none of the system's capital expenditures and a paltry 9.0 percent of operating costs.[61] That share has likely worsened in subsequent years, given the following ridership data.

ABQ RIDE Fixed-Route Unlinked Passenger Trips, Rapid Ride and Local Routes

Year	Ridership
2014	**9,684,345**
2015	**9,386,787**
2016	**8,762,070**

Source: "ABQ RIDE Ridership Statistics by Route," City of Albuquerque, various years

Even worse, under the current mayor, "Albuquerque Rapid Transit," a bus rapid transit system running along Central Avenue, is under construction. The project is wildly unpopular with the public[62] and business community.[63] It is likely to increase traffic congestion in the city's core, make no contribution to air quality, and generate little economic development.[64]

The Duke City urgently needs to make a radical shift in transit policy. It is clear that ABQ RIDE is unable to provide an affordable, efficient system, and is more concerned with social-engineering projects such as ART than understanding the significant changes underway in urban mobility.

A revolution in on-demand vehicles has begun, automated automobiles are just around the corner, and there is even the possibility of flying cars.[65] As *The Wall Street Journal* recently reported, very soon, drivers "may no longer be drivers, relying instead on hailing a driverless car on demand, and if they do decide to buy, they will likely share the vehicle -- by renting it out to other people when it isn't in use."[66] Technological change is coming to government's trains and buses as well. Given the "extraordinary cost of transporting the elderly and people with disabilities," *The Washington Post* found in 2016, "transit agencies across the country [are] eyeing Uber and other app-based ride services as alternatives."[67] According to sharing-economy reporter Alison Griswold:

> Uber and Lyft have been pushing into public transit for a while. Uber struck a deal with Summit, New Jersey, to provide subsidized rides to commuters from their homes to the local train station … and has hammered out similar transit agreements with cities including San Francisco, Atlanta, Philadelphia, Dallas, and Cincinnati. Still other towns, like Innisfil, Canada, and Altamonte Springs, Florida, have hired Uber to serve as their *de facto* public transit system. Lyft's public transit deals have included the Go Centennial project in Colorado and a collaboration with Dallas Area Rapid Transit in Texas.[68]

Instead of maintaining -- and expanding -- its current routes and vehicles, Albuquerque's Transit Department should recognize that the future will look substantially different than the past. It should begin to work with nimble, efficient entrepreneurs to secure point-to-point transportation for disabled and/or low-income residents who need transportation. A new transit architecture, based on the principles and flexibility and affordability -- and contracted out to capable, technologically savvy firms -- should be adopted. Service will vastly improve, and taxpayers will no longer bear the burden of a costly and increasingly unworkable monopoly.

Solid Waste

In Albuquerque, garbage and recycling services are provided by the city. But more "than 50 percent of U.S. cities … contract all or parts of their solid waste collection services."[69]

In 2011, the National Solid Waste Management Association enumerated the reasons for municipalities to contract out refuse collection and disposal:

● cost savings, "because private companies have the economies of scale to spread investment, environmental protection and procurement costs across multiple contracts and facilities," and "they are not hindered by governmental bureaucracies"

● reduced risk, with the "private partner in a local government contract" assuming "primary responsibility for general liability and environmental compliance"

● better safety, given the U.S. Bureau of Labor Statistics finding that "solid waste management services operated by local governments have an incident rate that is more than four times greater than private sector solid waste management companies"

● higher efficiency, with "single stream collection of recyclables, new truck technologies or computer systems to track and more efficiently manage the collection fleet," as well as "incentive plans for workers and managers to obtain high performance levels"[70]

As Reuters noted in 2012, the "trash market [is] jealously guarded by authorities in some of the country's biggest cities."[71] The Duke City's Solid Waste Management Department has a staff of 461, and its employees -- and their union -- will fight any effort at contracting out. But politics notwithstanding, Albuquerque's next mayor should muster the courage to take a stand for taxpayers, and investigate the option of contestability for trash services. (Privatization of the city's landfill, which has used less than a third of its capacity, is also worth exploring.) A recent success story in Fall River, Massachusetts could serve as a model. In 2016, the city considered three bids seeking to take over trash collection from government employees in the Department of Community Maintenance. When the winner was picked and an agreement signed, Fall River's mayor, a Democrat, called it an "exciting day for our city," and "another step towards more efficient government, cost reductions and, most importantly, savings to our taxpayers."[72]

ABQ BioPark

Located near downtown Albuquerque, near the Rio Grande, the ABQ BioPark has four components: a zoo, botanic garden, aquarium and Tingley Beach. With "more than 1.5 million visitors per year," it is "the top tourist destination in the state of New Mexico."[73]

Yet despite relying on significant taxpayer subsides, the ABQ BioPark has been marred by serious management troubles. In 2014, “employees hired through a temp agency” were found to be “stealing cash right out of the BioPark’s cash registers.”[74] In 2015, the city “paid $29,318 to Research & Polling Inc. for work that included messaging strategies”[75] to win voter approval of a tax increase to devote addition revenue to the ABQ BioPark. In 2016, after voters approved the hike, an investigative reporter found that the “hundreds of millions of dollars in new construction at the Rio Grande Zoo and the rest of the Albuquerque BioPark” would not “be used to build anything, but will actually be used to pay for some pricey new employees.”[76]

The ABQ BioPark is never likely to become a profit-generating enterprise, but the city can save on the asset’s costs by contracting out management. As analysts from the Reason Foundation explained:

> In 1991 only 40 percent of the accredited zoos in the U.S. were privately operated. The proportion of privately run zoos has since increased to approximately 75 percent of all accredited zoos and aquariums. This includes major city zoos in Atlanta, Chicago, Denver, Phoenix, Houston, Seattle and elsewhere.[77]

In 2010, when the Dallas Zoo was put under private management, the president of the Dallas Zoological Society highlighted the resulting cultural change:

> When it was a city operation, it was difficult to make changes in staff; it was a kind of a tenured-faculty situation. Now that it’s privately managed and, say, there’s someone at the front gate that’s taking tickets and not greeting people with a smile, we can say, “This might not be the best job for you.”[78]

The logical entity to assume control of the ABQ BioPark is the New Mexico BioPark Society, a “support organization” that is “dedicated to the development of, procurement for and capital improvement of the ABQ BioPark … and to providing a quality facility through the support of related conservation, education and recreation programs.”[79]

While transit services, solid waste, and the BioPark are all prime candidates for outsourcing, they are not the only opportunities. Management of the city’s extensive system of parks should be on the list. Competitively bid information-technology needs are preferable to a permanent Department of Technology and Innovation, which currently has 89 employees. Many local governments outsource fleet maintenance to private companies. Libraries, which the city oversees with Bernalillo County, can be managed by either for-profit firms (e.g., Library Systems & Services) or volunteer organizations (e.g., the Albuquerque Public Library Foundation and/or Friends for the Public Library).

Outsourcing, when skillfully initiated and zealously overseen, promises significant savings for Albuquerque’s taxpayers. The city’s next chief executive should have the political courage to open as many services as possible to competitive bidding. Public-employee unions will revolt, but the City of Albuquerque does not exist to provide job security and overly generous compensation for its staffers. It exists to provide inherently governmental services to residents in an affordable fashion.

The new mayor should emulate the remarkable accomplishments of Stephen Goldsmith, who launched "the nation's most daring experiment in transforming local government into a business-like enterprise." Elected mayor of Indianapolis in 1991, during his first term, he

> cut more than $100 million from the municipal budget since taking office in 1992, largely by forcing city departments to bid for contracts against private businesses on more than 50 services, from filling potholes to cleaning fire engines. In the process, he has reduced the number of city employees by a quarter, won wage concessions and increased productivity.[80]

Measuring What Matters

The "City of Albuquerque Vision, Goal Areas, Goal Statements and Desired Community or Customer Conditions" is a list of objectives "established with the input of … residents." Its vision: "Albuquerque is a thriving high desert community of distinctive cultures, creating a sustainable future."[81] Eight Goal Areas, each with Goal Statements, support the vision:

Goal Area	Goal Statement
HUMAN AND FAMILY DEVELOPMENT	**People of all ages have the opportunity to participate in the community and economy and are well sheltered, educated, safe, healthy, and educated.**
PUBLIC SAFETY	**The public is safe and secure, and shares responsibility for maintain a safe environment.**
PUBLIC INFRASTRUCTURE	**The community is adequately and efficiently served with well planned, coordinated, and maintained infrastructure.**
SUSTAINABLE COMMUNITY DEVELOPMENT	**Communities throughout Albuquerque are livable, sustainable and vital.**
ENVIRONMENTAL PROTECTION	**Protect Albuquerque's natural environments -- its mountains, river, bosque, volcanoes, arroyos, air, and water.**

ECONOMIC VITALITY	**The community supports a vital, diverse and sustainable economy.**
COMMUNITY AND CULTURAL ENGAGEMENT	**Residents are engaged in Albuquerque's community and culture.**
GOVERNMENT EXCELLENCE AND EFFECTIVENESS	**Government is ethical, transparent, and responsive to its citizens. Every element of government contributes effectively to meeting public needs.**

Source: FY 2017 Approved Budget, City of Albuquerque

Some of the Goal Areas, including Public Safety, Public Infrastructure, and Governmental Excellence and Effectiveness, are appropriate for a city focused on providing the essential services that defend and bolster life, liberty, and property. Others, such as Sustainable Community Development and Community and Cultural Engagement, are not.

The city's mission creep is compounded by a set of 45 Desired Community or Customer Conditions, a list that is often vague, frequently unrealistic, and at times even laughable. "The public is safe" is obviously proper. So is keeping Albuquerque "prepared to respond to emergencies," a "well designed and maintained" street system, and "city employees and officials" who "behave ethically."

But the Desired Community or Customer Conditions for unjustified Goal Areas demonstrate how the city is trying to do far too much. "All students graduate and are ready for work, life or school," linked to the Human Family Development Goal Area, is one example. With the exception of police and fire academies, the city does not run learning institutions -- in Albuquerque, government education is supplied by Albuquerque Public Schools. Wandering into schooling has fiscal consequences. One candidate for mayor has proposed that city taxpayers "no longer provide general operating funding for programs that directly or indirectly support Albuquerque Public Schools," a cut that would save $3.4 million.[82]

Other troublesome "desired conditions" include:

Residents are active and healthy.

Affordable housing is available.

High speed Internet is accessible and affordable throughout the community.

Sustainable energy sources are available.

The downtown area is vital, active, and accessible.

Residents participate and are educated in protecting the environment and sustaining energy and natural resources.

Residents participate in civic activities and community improvement.

Residents participate in Albuquerque's arts and cultures.

Relations among Albuquerque's cultures and races are positive and respectful.

Whatever the desirability of these conditions -- and it should be noted that "active and healthy," "affordable housing," and "sustainable energy" are in the eye of the beholder -- it is not local government's job to micromanage lifestyle choices and arrange preferred market outcomes.

The data gathered to document outcomes for the "City of Albuquerque Vision, Goal Areas, Goal Statements and Desired Community or Customer Conditions" are similarly problematic. They rarely indicate to taxpayers whether municipal government is becoming more efficient. For example, the Economic Development Department's performance measures include "# of film leads," state-subsidized "job training funds awarded," and "existing small businesses assisted." What percentage of "film leads" brought actual production to Albuquerque? Were the state's funds for job training used effectively to improve the local workforce? Did the small business "assisted" benefit from the "help" -- and at what cost?

The Family and Community Services Department's performance measures are even more disturbing. The number of beneficiaries of welfare programs such as Head Start, the Summer Lunch Program, and rental assistance are tracked, but no context/analysis is offered. From a basic competency perspective, the department's goal should be to *reduce* the number of Albuquerqueans receiving subsidies. If the cost of welfare, and/or number of people on the rolls, is not falling, taxpayers are owned an explanation.

Residents need concrete tools to understand whether city government is falling short of the standard of better services at a lower price. An overhaul of the "City of Albuquerque Vision, Goal Areas, Goal Statements and Desired Community or Customer Conditions" is needed. The document should be narrowly tailored to assess whether core services are improving in quality and dropping in cost. Outputs, not just inputs, must be measured. The relationship between the two determines whether government is wasteful or productive.

Conclusion

Albuquerque's fiscal health is not well. Its expenses are too high, and its ability to generate revenue -- in light of the state and region's disturbing economic climate -- is weak. The city compensates its employees excessively, clings to assets that it does not need, ignores opportunities for outsourcing, and does not provide taxpayers with meaningful measurements of the quality of core city services. While the next Albuquerque mayor will not be a dictator, and cannot unilaterally make all the reforms suggested here, he or she can pursue a fundamental, and overdue, reinvention of city government.

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