

Mayor Dan Sullivan

STATE OF THE CITY

SIX YEAR SUMMARY 2009-2015



MUNICIPALITY OF ANCHORAGE

INTRODUCTION

It has been an honor to serve the residents of Anchorage as Mayor over the last six years. Anchorage has grown tremendously since my family moved here from Fairbanks in 1959. I could not have imagined at the time that we would be a metropolitan city of over 300,000 people and be recognized as one of America's best cities to live work and play.

Every mayor faces challenges and upon taking office in July of 2009, there were several major areas of concern that my administration had to address. First among those was restoring the fiscal health of the city. The worldwide recession that began in 2008 had its effect on Anchorage, with investment income, bed tax dollars and other revenue sources on the decline. At the same time, municipal expenses were increasing, particularly labor costs. We took immediate action to become a more efficient organization and to reduce spending to sustainable levels. The results have been outstanding.

Today, Anchorage is financially strong, with a AAA bond rating, annual budget surpluses, reduced municipal debt, and significantly lower property tax growth. These are the factors that encourage economic growth in a community and Anchorage has seen tremendous investment from the private sector in new commercial buildings, retail stores and residential development.

Energy security was another immediate challenge, as Cook Inlet gas production had seen significant decline. Working with our local utilities, producers and state law makers, new incentives for exploration and development and for gas storage have successfully created a brighter energy future for all of Southcentral Alaska.

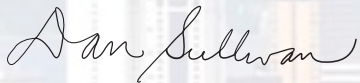
With the support of our local voters and Anchorage legislators, we have been able to make the largest investment in our roads, parks, trails and public facilities in history. As we have, the next generation of residents will be able to enjoy the great quality of life that results from well maintained and accessible public assets.

I am proud to say that crime has trended downward during my administration and that we have been able to provide both our police and fire departments with great equipment and facilities so they can do their job as our first responders.

Being mayor is a team effort and I have been blessed to have an amazing team of executives who truly believe in their mission of making Anchorage a better city every day. No team member is more important, however, than my lovely wife, First Lady Lynnette Sullivan.

Whether organizing holiday events for our military families, starting the Festival of Flowers, the Kids Day Reading event, working with Bridge Builders on the Unity Gala, serving on the Board of the Centennial Celebration, or just accompanying me to the hundreds of events that we have attended throughout the community, she has truly been my partner in this incredible journey that we have been on the last six years.

Thank You Anchorage!



Mayor Dan Sullivan

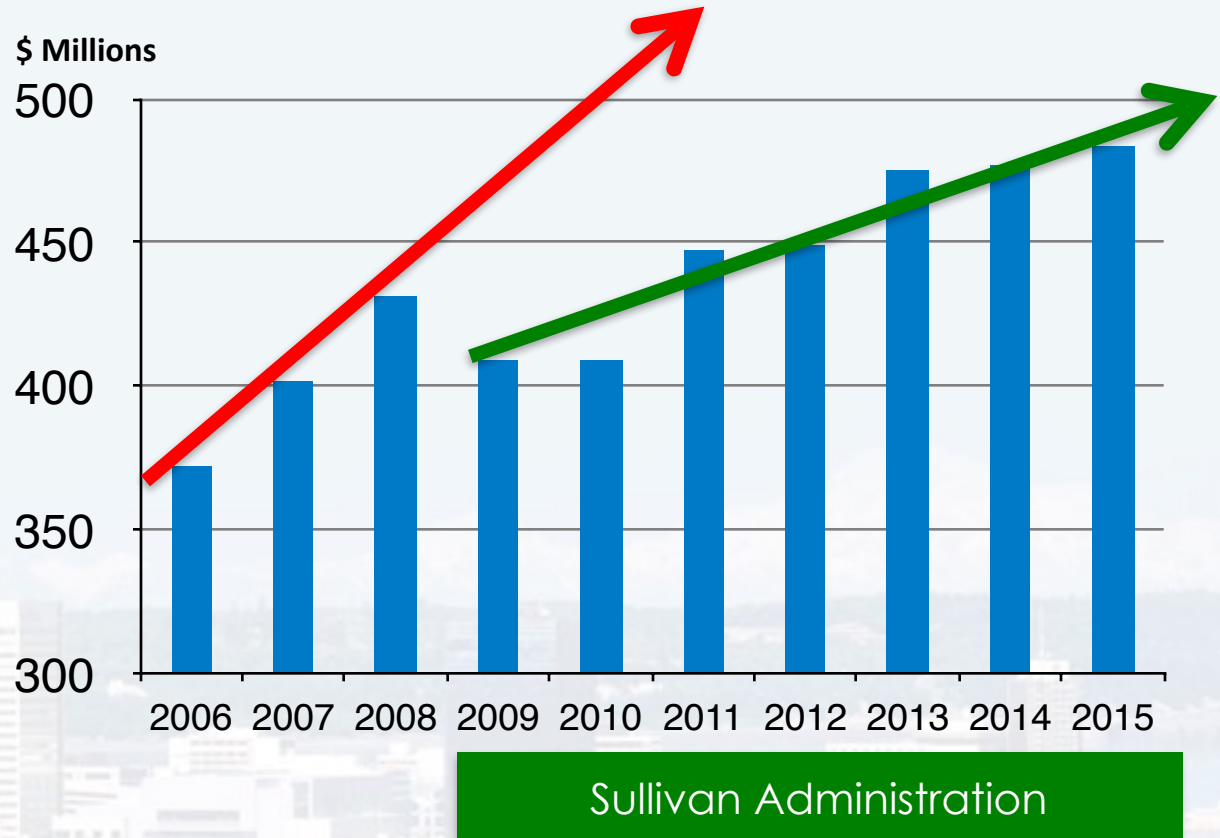


MAYOR DAN SULLIVAN | BUILDING A STRONGER COMMUNITY

RESPONSIBLE BUDGETS

Budget grew \$142M from 2003 to 2008. An increase of nearly 50%!
Budget grew only \$52M from 2008 to 2015.

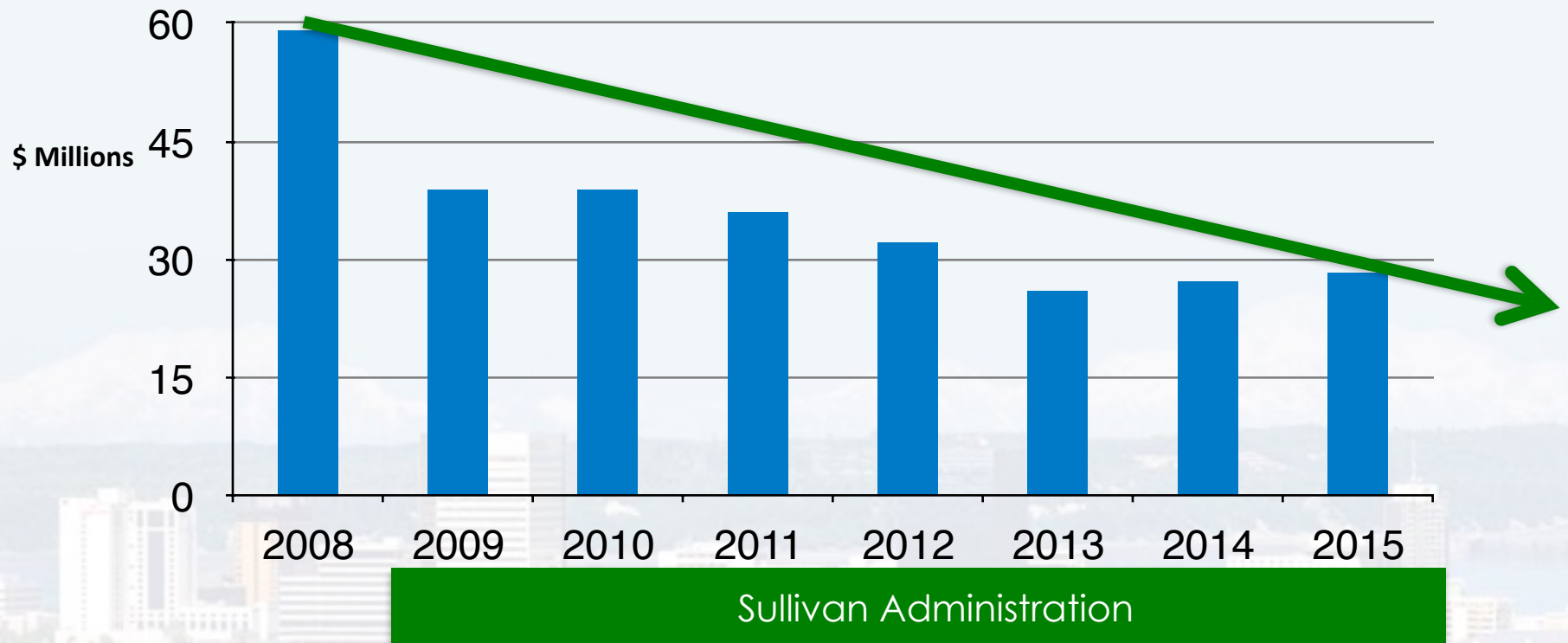
Over the last five years, Mayor Sullivan has worked tirelessly to correct expenditure trends to levels appropriate to the Anchorage economy. The rate at which expenditures were swelling during 2003-2008 was unsustainable. From 2009 to present, the rate of expansion has been drastically reduced and today the municipality is spending approximately \$100 million less than it would have been if the prior rate had continued.



DECREASING NEW DEBTS

New debt incurred through bonds has been reduced to less than half of the near \$60 million of debt incurred in 2008.

BONDS: BALLOT PROPOSITIONS 2008 TO 2015.



REAL RESULTS

Our strong financial management has earned Anchorage a AAA bond rating from Standard & Poor's. Of the 4,000 plus cities rated, approximately 340 have a AAA rating, putting Anchorage in truly elite company.

Six consecutive years with budget surplus.

AAA bond rating by Standard & Poors.



- Very strong management conditions with strong policies.
- Very strong budgetary flexibility.
- Very strong, broad and diverse economy.
- Adequate budgetary performance with a stable revenue base.
- Very strong liquidity providing very strong cash levels to cover both debt service and expenditures.
- Adequate debt and contingent liabilities position.



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PROPERTY TAX RELIEF

Mayor Sullivan took advantage of every opportunity to save the taxpayers money while maintaining a high level of service. Our Finance Department constantly looked at opportunities to refinance municipal debt at lower interest rates and Mayor Sullivan supported the voter initiative to put utility payments back under the cap, as was the intent of the founders of the tax cap.

- **Debt Refinancing**
\$20.1M in Savings.
- **Restoring Tax Cap**
Utility Payments Back Under Cap.
\$82M in Property Tax Replacement.
- **Taxing Below the Cap**
Since 2010, \$28M in Permanent Tax Relief.
2012 ordinance restores practice of calculating following years tax cap with what was actually collected, not what could have been collected.
- **Total Property Tax Savings**
Tax Under Cap & MUSA/MESA is \$110M.
- **2015 Budget**
\$68 reduction in property tax for a \$300,000 home.



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BONDS & GRANTS – 5 YEAR HISTORY

Bonds	Fire	Parks & Rec	Police	Public Works	Transit	Grand Total
2010	\$1,400,000			\$37,090,000		\$38,490,000
2011	\$1,670,000		\$250,000	\$30,850,000	\$421,000	\$33,191,000
2012	\$520,000	\$2,300,000		\$28,562,000	\$428,000	\$31,810,000
2013	\$795,000	\$2,500,000	\$600,000	\$21,225,000	\$525,000	\$25,645,000
2014	\$2,470,000	\$2,550,000		\$21,550,000	\$573,000	\$27,143,000
2015	\$2,410,000	\$2,750,000	\$5,900,000	\$17,030,000	\$250,000	\$28,340,000
Total	\$9,265,000	\$10,100,000	\$6,750,000	\$156,307,000	\$2,197,000	\$184,619,000

State Grants	Capital Bill No.	Fire	Police	Health & Human Services	Transit	Project Management & Engineering	Parks & Rec, Library, Museum	Facilities/ Misc	Other *	Total
2010	SB 230	150,000	450,000	-	250,000	47,901,000	2,206,000	13,125,000	10,155,000	74,237,000
2011	SB 46	1,477,100	3,466,300	-	-	49,527,850	80,000	551,150	30,000,000	85,102,400
2012	SB 160	3,266,700	3,100,000	-	1,075,000	106,125,250	6,963,150	31,267,375	98,500,000	250,297,475
2013	SB 18	1,550,000	-	-	-	65,910,244	1,313,000	38,492,500	-	107,265,744
2014	SB 119	-	-	850,000	-	38,016,210	5,250,000	37,593,000	-	81,709,210
Total	Total	6,443,800	7,016,300	850,000	1,325,000	307,480,554	15,812,150	121,029,025	138,655,000	598,611,829

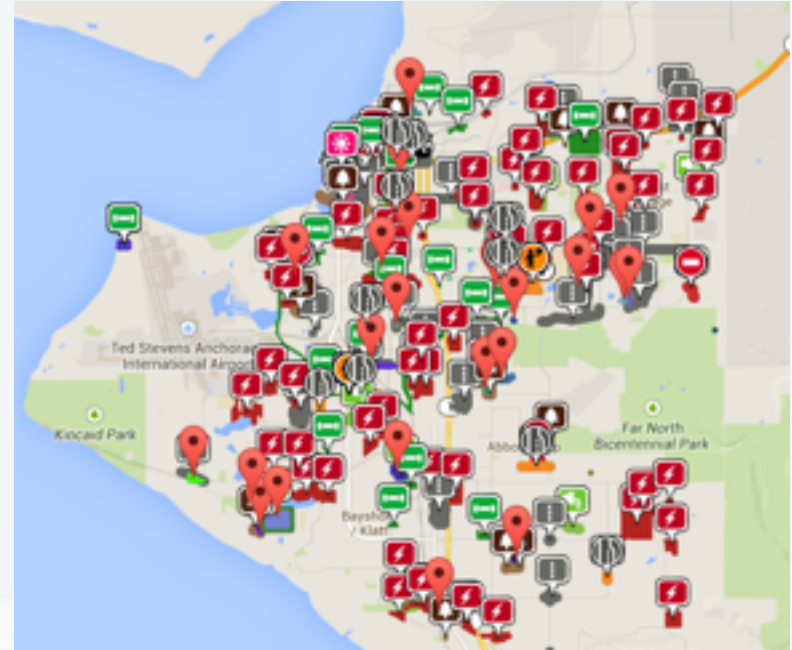


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ROAD IMPROVEMENTS

\$400M in road, drainage, pedestrian, and safety projects since 2009.

- **9th Avenue reconstruction.**
- **40th Avenue extension.**
- **48th Avenue/Boniface extension.**
- **Tudor Road/Lake Otis intersection improvements.**
- **Independence Drive upgrade/extension.**
- **Old Eagle River Road upgrade.**
- **Chester Creek Realignment.**



PARK IMPROVEMENTS

In 2009, Anchorage parks were in troubled condition. Mayor Sullivan was committed to improving our parks, knowing that the quality of our parks is an important factor in the quality of life Anchorage offers.

- **Since 2009, over 100 park improvement projects investing \$20M in park rehabilitation.**
- **Over 570,000 volunteer hours in anchorage parks, saving over \$9M.**
- **Youth Employment in Parks:**
Since 2007, YEP has hired 250 anchorage teens.
- **In 2015: 8 neighborhood park projects - \$1.5M investment.**



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TRAIL IMPROVEMENTS

The Anchorage trail system is a unique feature that attracts locals and visitors year-round. To keep the system safe and viable for the next generation, some significant improvements were made.

- **Tony Knowles Coastal Trail:**
\$2.37M to resurface over 7 miles of trail.
- **Lanie Fleischer Chester Creek Trail:**
Investing \$3.2M in 5 miles of trail.
- **Currently invested over \$450,000 to repair and replace greenbelt pedestrian bridges.**
- **Bridges repaired or replaced to date:**
Forsythe Park Bridge, Russian Jack Ski Hill Bridge, Russian Jack Main Bridge, Sitka Street Park Bridge, Campbell Creek at Minnesota Boulevard Bridge.



FACILITY IMPROVEMENTS

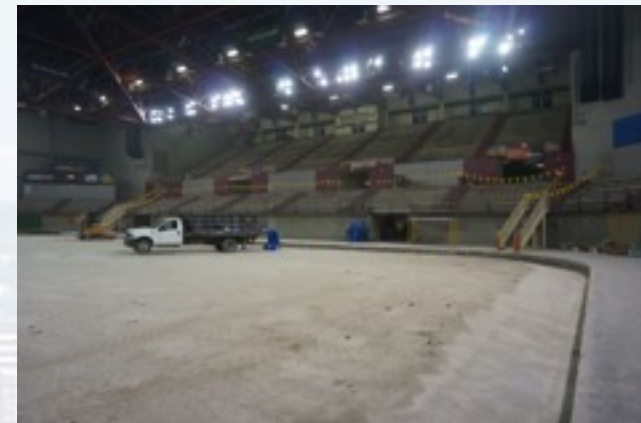
Public facilities have seen tremendous upgrades and renewals in the last six years especially those which were built under Mayor George Sullivan's project 80's initiative. Many of these facilities hadn't seen substantial upgrades in decades.

Sullivan Arena receiving over \$9 million in upgrades to include:

- New scoreboard & sound system
- New refrigeration system.
- New dasher boards.
- New glass and seating.
- New boilers.
- Painting.

Additional ice rink improvements citywide:

- Ben Boeke Ice Arena \$5,905,000.
- Dempsey Anderson \$5,830,000.
- Harry J. McDonald Center \$4,000,000.



FACILITY IMPROVEMENTS (CONT'D)

- \$4,020,738 to Alaska Center For The Performing Arts.
- \$12.5M to Anchorage Museum.
- New Mountain View Branch Library.
- \$16.8M in State capital grants for Loussac Library renovations & upgrades since 2010.



PUBLIC SAFETY – FIRE

Public safety is always a priority. This commitment is reflected in the investments the municipality has made in providing first responders with the best equipment and facilities so they can do the job to the best of their ability.

- **Fire Station 6, Muldoon, October 2012.**
- **Fire Station 5, Spenard, September 2013.**
- **Broke ground on Station 3 on Bragaw and Station 9 at Lake Otis & DeArmoun, Spring 2015.**
- **Replaced 3 ambulances at Fire Station 12 at Diamond and Old Seward, Fire Station 7 in Jewel Lake, and Fire Station 3 in Airport Heights.**
- **Added 2 personal water rescue crafts for Cook Inlet water rescues.**



PUBLIC SAFETY – POLICE

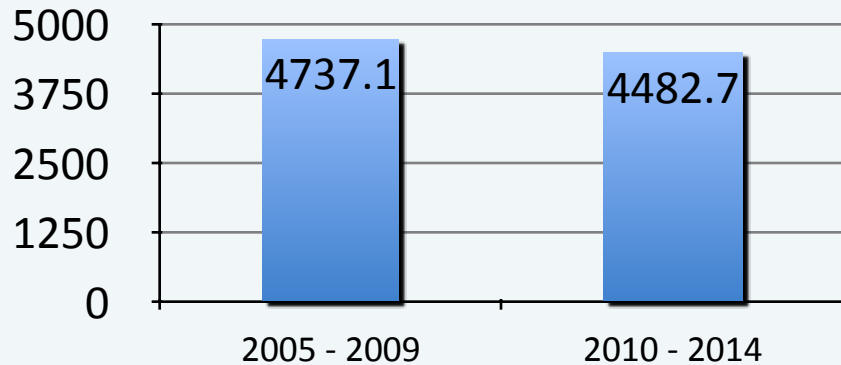
Mayor Sullivan, Chief Mark Mew and the Anchorage Police Department have aggressively worked to reduce crime in Anchorage over the last six years. The results are available through the Uniform Crime Report, which shows that the trend of crime in Anchorage is good. If you compare the five-year average of crime from 2009-2013 versus 2004-2008, you will see an overall decline in crimes reported, including murder and aggravated assault. Even more remarkable is that fewer crimes are reported today than 30 years ago and Anchorage has grown by 100,000 people.

- **Fewer crimes reported today than 30 years ago.**
- **5 year average better than previous 5 year average.**
- **Police Academies:**
 - 2011 – Graduated 26 Officers.
 - 2013 – Graduated 16 Officers.
 - 2014 – Graduated 20 Officers.
 - 2015 – Graduated 23 Officers.
 - 2015 – Academy has begun with 20 officers in training.
- **Tobacco Tax Evasion Case approximately \$1.3M.**
- **Eklutna Tactical Range - \$8.2M Raised towards \$11M total, land purchased.**

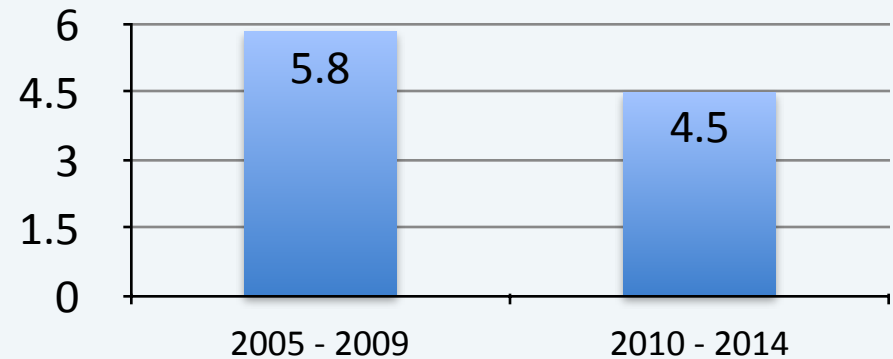


PUBLIC SAFETY

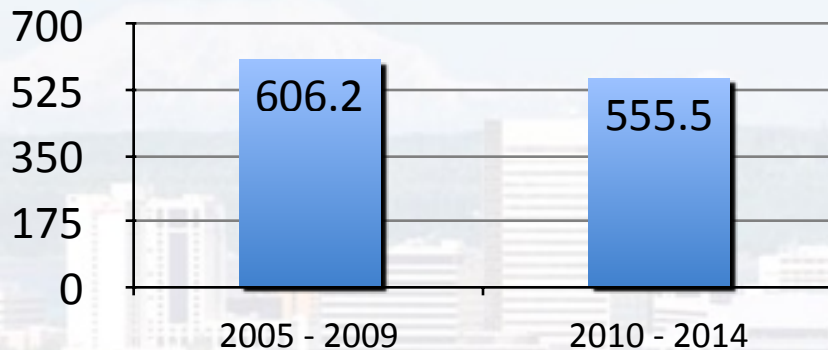
**Combined Incident Rate
Per 100,000 Population**



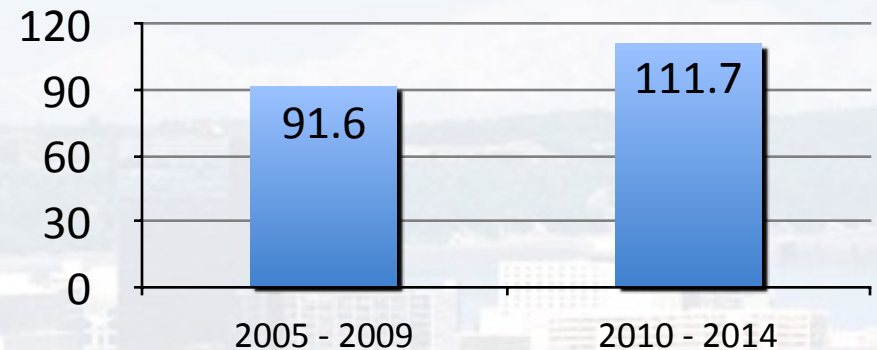
**Murder Rate
Per 100,000 Population**



**Aggravated Assault Rate
Per 100,000 Population**

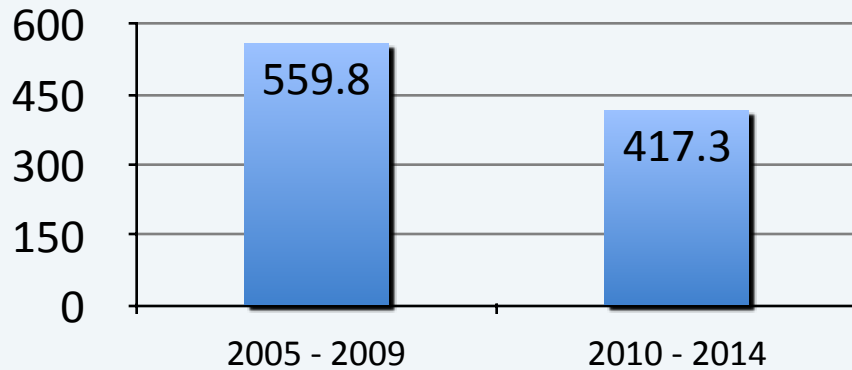


**Forcible Rape Rate
Per 100,000 Population**

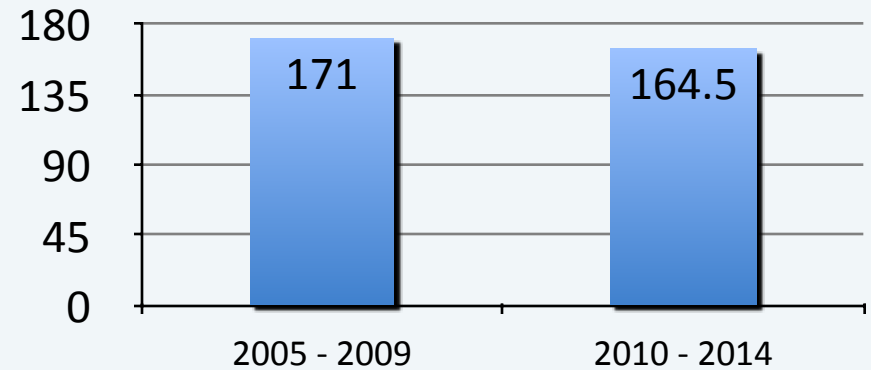


PUBLIC SAFETY

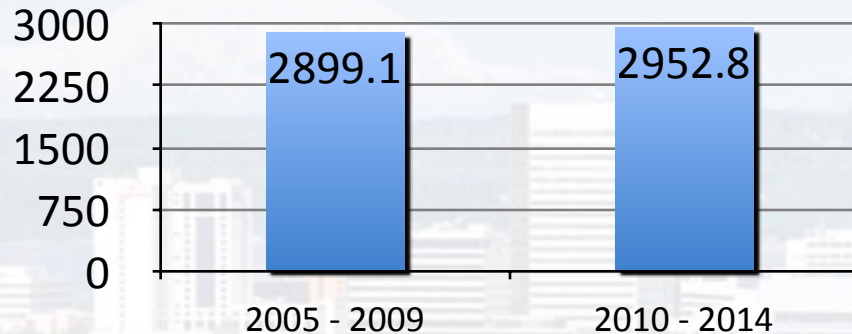
Burglary Rate
Per 100,000 Population



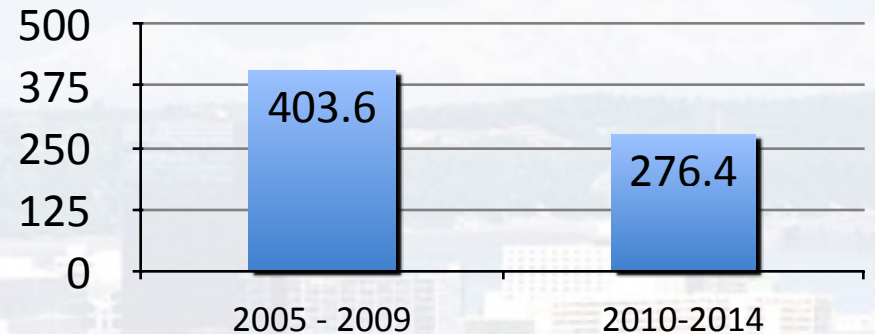
Robbery Rate
Per 100,000 Population



Theft/Larceny Rate
Per 100,000 Population



Motor Vehicle Theft Rate
Per 100,000 Population



NON-MUNICIPAL INVESTMENTS

In addition to the investments made by the municipality in public facilities, the private sector continues to invest heavily in Anchorage – a reflection of the faith private investors have in the Anchorage economy.

- **Bass Pro Shops.**
- **Eklutna Inc. Commercial Plaza.**
- **CIRI Fireweed Business Center.**
- **New office building at International & C Street.**
- **New Cabela's sporting goods store.**
- **Major renovations to Alaska Regional Hospital.**
- **Townplace Suites (behind Embassy Suites).**
- **Surplus Armory property sold to TDX Corporation for \$4.5 million. Unique 19,500 sq. ft. structure will house parking, office space and café.**



NON-MUNICIPAL INVESTMENTS (CONT'D)

- Blood Bank.
- YMCA Expansion.
- New Covenant House Facility.
- UAA Sports Center.
- UAA Engineering Building.
- Parking garage for Alaska Native Tribal Health Consortium.
- Remodel UAA Beatrice McDonald Hall.
- Providence Transitional Care.



Title 21

Our land use regulations were badly outdated. Mayor Sullivan made completing this process a top priority.

- **Mayor initiated independent review in 2010.**
- **Administration, Planning & Zoning Commission, and Assembly made significant changes favorable to building community 2011-2013.**
- **AO 2012-124s passed into law February 2013 after more than a decade of effort.**
- **Implementation delayed to end of 2015 to allow a smooth transition.**
- **More changes anticipated by Assembly Title 21 Committee.**



SHIP CREEK WATERFRONT

Anchorage has been described as a city on the water without a waterfront. The Ship Creek Redevelopment plan will transform the Ship Creek area by creating an accessible waterfront as well as increased urban housing opportunities and retail space. The redevelopment plan was approved by the Planning and Zoning Commission and the Anchorage Assembly. The next step toward this generational project will be the connection of the Ship Creek Trail and the Tony Knowles Coastal Trail.

- **Plan approved by Planning and Zoning Commission and Assembly.**
- **Kings Landing at Ship Creek improvements, currently in phase 2.**



PORT OF ANCHORAGE

One of the biggest challenges facing Mayor Sullivan upon entering office was the Port of Anchorage expansion project. It was clear from day one that construction was not going well and there were lingering concerns about the design itself.

Top professional firms were engaged to review the project and it was concluded that the scope needed to be scaled back and a more traditional design should be selected. The Municipality took control of the project from the Maritime Administration (MARAD) and hired CH2M Hill to serve as the new project manager, under the direct control of the Municipality.

Today, there is approximately \$130 million remaining in available funds and our team is working closely with our state and federal officials for additional funding to complete this vital modernization project. We are also seeking significant damages from those involved in the previous work.

This project must continue on to successful completion. The Port of Anchorage provides over 90% of the goods entering Alaska and it also serves as one of America's 19 strategic military ports.



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COOK INLET ENERGY

When Mayor Sullivan came into office, he learned some frightening facts. During several prolonged cold snaps in prior winters, Anchorage had come within the possibility of a natural gas disruption, meaning the city would have gone cold and dark. How could the state's largest city and economic hub be so close to such an unthinkable disaster?

Mayor Sullivan took immediate action, which resulted in the passage of the Cook Inlet Recovery Act of 2010. Since the act passed, oil production in the Inlet has increased by an impressive 80 percent. The Southcentral electric and gas utilities have the natural gas they need for now, and Southcentral residents, while they still need to be prepared for an energy emergency in case of natural disasters like earthquakes, can breathe a collective sigh of relief.

- **Formation of Mayor's Energy Task Force in 2009.**
- **Emergency preparedness drills and public information campaign.**
- **Cook Inlet Recovery Act passed by legislature in 2010.**
- **Hilcorp alone spent more than \$130 million in its first year.**
- **Oil production in the Inlet has increased by 80 percent.**



FEDERAL SUCCESS

Mayor Sullivan has worked diligently with our Congressional Delegation on land issues that are key to economic development in Anchorage.

- **S. 1847 removal of restrictive federal reversionary clauses on three parcels of downtown property in 2014.**
- **H.R. 336 and S. 1492.**
 - Will allow the Municipality to purchase the vacant National Archives property in midtown.
 - Passed House without opposition.
 - Headed to Senate.



LANDFILL GAS PROJECT

The Anchorage Landfill Gas-to-Energy Project is a partnership between the Municipality of Anchorage Solid Waste Services Department and Doyon Utilities that began operating in Summer of 2012. The project uses methane landfill gas, a byproduct of waste decomposition in the landfill to produce 7 Megawatts of electricity. The electricity is delivered to the Fort Richardson side of Joint Base Elmendorf Richardson (JBER).

- **Partnership between Solid Waste Services and Doyon Utilities.**
- **Began operating in Summer of 2012.**
- **Methane landfill gas produces 7 Megawatts of electricity delivered to Joint Base Elmendorf Richardson (JBER).**
- **Meets off-peak power demand for Fort Richardson and approximately 25% of the JBER-wide electrical demand.**
- **Expected to produce landfill gas for 60 years.**
- **Municipal revenue is expected to be \$51M over the 20 year contract.**



49TH STATE ANGEL FUND

The 49th State Angel Fund (49SAF) was created in 2012 after the Municipality of Anchorage was the first city in the U.S to be awarded a federal allocation of \$13.2 million from the State Small Business Credit Initiative. The 49SAF invests in early-stage high-growth businesses showing significant economic potential either through direct investments in Anchorage based businesses or by taking a partnership interest in locally-focused angel or venture capital funds.

- **Municipality awarded federal allocation of \$13.2M from the State Small Business Credit initiative.**
- **Deployed nearly \$10M into Anchorage with \$3.2M remaining.**
- **Business ventures include:**
 - Mackinnon Marine, AlumaSki jet ski;**
 - Speedway Cycles, Fatback fat tire bikes;**
 - Alaska Natural Organics, year-round local organic produce.**



HOMELESSNESS

Homelessness remains an issue in most urban cities.
We have made progress but more work remains to be done.

- **Mayor's Homeless leadership team.**
- **Cold Weather Plan.**
 - Designating organizations as emergency cold weather shelters.
- Sidewalk ordinance to prevent illegal camping downtown.
- Ongoing effort to clean up illegal camping while providing social services.
- Grants to Clare House, doubling capacity for single mothers and children.
- Ongoing support to Covenant House for displaced teens.
- Karluk Manor, housing first facility.



LABOR ISSUES

In 2013 the anchorage Assembly passed AO-37, the Responsible Labor Act. The ordinance, which was later repealed by the voters, was intended to make our labor contracts consistent, easier to interpret and implement, and fair to both the employees and the taxpayers that fund municipal government. While the ordinance is not in effect, the Sullivan administration has successfully negotiated all nine of our labor contracts with most of the provisions of AO-37 contained in each one. Some of the key provisions include:

- **Standardized benefits.**
 - Overtime.
 - Holidays.
 - Health & benefits plans.
- **Managed Competition (not privatization.)**
- **Eliminate performance incentive pay (PIP).**
- **Union work paid by union dues, not taxpayers.**
- **Total compensation limited to CPI plus 1%.**



MAYOR'S EDUCATION SUMMIT

- Initial Education Summit convened in November 2011.
 1. Set high standards for student performance.
 2. Have the best-prepared teachers in each classroom and outstanding leaders as principals.
 3. Expand school choice.
 4. Engage the community as true partners in K-12 education.
- Six community conversations were held at which the results from the initial Summit were presented to the Anchorage community in February 2012.
- To continue advancement of the Summit goals, an oversight organization named Education Matters, Inc. (EMI) was created in 2012.
- In April 2013, EMI convened the first session of a its “Great Teacher Initiative.”
- In May 2014 a second symposium was convened, which focused on best practices in teacher preparation.



FIRST LADY PROJECTS

- **Festival of Flowers**

- Festival of Flowers raises funds for our horticulture program.
- Held annually in Town Square Park.
- Features music, vendor booths, starter plants and hanging baskets for auction.



- **Wild About Reading**

- Celebrity readers host 'Wild About Reading' as a part of Kids Day.
- Kids are encouraged to be lifetime readers and can take home free books.



- **Holiday Military Reception**

- Military families are invited to the Performing Arts Center for food, arts and crafts events and a visit from Santa Claus.

- **The Bridge Builders Unity Dinner**

- Celebrates the many diverse cultures in Anchorage.
- Features exciting cultural performances, guest speakers and award presentations to individuals.



CENTENNIAL CELEBRATION

- USS Anchorage Commissioning – 2013.
- Museum Exhibits:
 - History of Flight – 2014.
 - Dena'ina History – 2014.
 - Earthquake – 2014.
 - Captain Cook Voyages – 2015.
- Spin Doctors Concert – 2014.
- Byron Birdsall commemorative print released September 13, 2014.
- ASD Curriculum – 2015.
- Charles Wohlforth Book, “From the Shores of Ship Creek” – 2015.
- Anchorage Centennial Film, “Anchorage Is...” – Ongoing.
- Lonestar Concert – 2015.
- Centennial Citywide Celebration at Cuddy Family Park – 2015.
- Dozens of Centennial projects funded by \$500,000 Rasmuson grant.



www.AnchorageCentennial.org

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ANCHORAGE ACCOLADES

9th Best city to live in – Kiplinger.com

6th Best town to live in – Outside Magazine

11th Best city to visit in the U.S. - CNN

2nd Best ski resort in the world – Snowaddiction.org

10th Best Bike Park in North America – Cycle Brains

2nd Greenest city in America – Nerd Wallet

18th Best place for business & careers, up from #43 – Forbes

25th In cost of doing business, up from #107 – Forbes

5th In job growth, up from #12 – Forbes

Most tax-friendly city in the U.S. – Kiplinger.com



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**Thank you for
the honor of serving
as your Mayor.**



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