FISCAL IMPACT ANALYSIS

FISCAL IMPACT OF FIVE GROWTH SCENARIOS

Prepared for
Anchorage 2020
Anchorage Bowl Comprehensive Plan
Municipality of Anchorage, Alaska

June 30, 2000

Prepared by:

Tischler & Associates, Inc.
Bethesda, Maryland
Pasadena, California

TABLE OF CONTENTS

This page intentionally left blank.

TISCHLER & ASSOCIATES, INC.

4701 Sangamore Road
Suite N210
Bethesda, MD 20816
(301) 320-6900
Fax: (301) 320-4860

80 Annandale Road
Pasadena, CA 91105-1404
(818) 790-6170
Fax: (818) 790-6235

(800) 424-4318

tischlerassociates.com

I. EXECUTIVE SUMMARY

A. Background

The Municipality of Anchorage has contracted with Tischler & Associates, Inc. (TA) to evaluate the fiscal impact of five different growth scenarios between 1999 and 2020. A fiscal impact analysis determines whether revenues generated by new growth are enough to cover the resulting costs for service and facility demands placed on the Municipality. The five scenarios evaluated were developed by the Municipality as part of its public planning process and include: Trends, Neighborhoods, Urban Transition, Slow Growth/Satellite Communities and a Preferred scenario.

As a first step, TA prepared the "Level of Service, Cost and Revenue Assumptions" (LOS) document, which discusses Municipal services and facilities anticipated to be impacted by new development. Since the methodology focuses on the case study-marginal cost approach, some operating expenses are semi-variable or fixed and the capital costs will be affected by the facility capacity and staging of development. Also, except where noted, it is assumed all current Municipal levels of service will remain the same during the forecast period.

The level of service assumptions have been utilized in combination with the various land use scenarios below to calculate the fiscal impact to the Municipal and School District budgets for the 21-year period between 1999 and 2020. The FY1999 budget was used as the base year budget. Calculations were performed using TA's FISCALS software designed exclusively for this assignment.

B. Fiscal Analysis Zones and Scenarios Evaluated

For purposes of the fiscal analysis, the Municipality of Anchorage has been divided into six fiscal analysis zones (FAZs): 1) Northeast, 2) Northwest, 3) Central, 4) Southeast, 5) Southwest, and 6) Eagle River-Chugiak. Five variations of residential and nonresidential growth in each of these zones have been analyzed for the study. The growth scenarios, as developed by the Department of Community Planning and Development, include: 1) Trends, 2) Neighborhoods, 3) Urban Transition, 4) Slow Growth/Satellite Communities, and 5) Preferred. The growth scenarios are discussed in more detail and a map of the fiscal impact zones is provided in Section III of this report.

The table below summarizes Municipal population projections for each scenario. In 1999, the Bowl population was 216,500 and 246,800 with Chugiak-Eagle River included.

2000 to 2020 Population Increases
Municipality of Anchorage Fiscal Analysis

	FISCAL ANALYSIS ZONE							
Scenario	**NE**	**NW**	**CE**	**SE**	**SW**	**Bowl Total**	**Eagle River**	**Grand Total**
Trends	16,150	8,850	12,200	22,900	16,600	**76,700**	25,550	**102,250**
Neighborhoods	11,950	6,850	15,550	20,100	22,250	**76,700**	25,550	**102,250**
Urban Transition	19,250	19,250	17,900	15,000	10,400	**81,800**	20,450	**102,250**
Slow Growth/Sat. Com.	8,650	4,750	8,200	15,300	11,350	**48,250**	34,000	**82,250**
Preferred	18,000	18,000	17,300	15,000	13,500	**81,800**	20,450	**102,250**

The Bowl population increases by 76,700 under the Trends and Neighborhoods scenarios, 81,800 under the Urban Transition and Preferred scenarios and 48,250 under the Slow Growth/Satellite Communities scenario. Population in the Municipality as whole increases by 102,250 under all scenarios with the exception of Slow Growth/Satellite Communities, which has a total population increase of 82,250. Important points to note regarding population increases when compared to Trends is increased population in the Northeast, Northwest and Central fiscal analysis zones (FAZs) under the Urban Transition and Preferred scenarios and the reductions in the Southeast and Southwest. Also of note are the increased population in Eagle River under the Slow Growth/Satellite Communities scenario and the reduced Eagle River population under the Urban Transition and Preferred scenarios. As a result of this reduction, these two scenarios have increased population in the Bowl.

The table below summarizes Municipal housing unit projections for each scenario. In 1999, the number of housing units in the Bowl was 78,156 and 87,557 with Chugiak-Eagle River included.

2000 to 2020 Housing Unit Increases
Municipality of Anchorage Fiscal Analysis

	FISCAL ANALYSIS ZONE							
Scenario	**NE**	**NW**	**CE**	**SE**	**SW**	**Bowl Total**	**Eagle River**	**Grand Total**
Trends	6,500	4,225	4,925	7,750	6,225	**29,625**	8,250	**37,875**
Neighborhoods	4,850	3,275	6,300	6,825	8,375	**29,625**	8,250	**37,875**
Urban Transition	7,400	8,750	6,875	4,850	3,725	**31,600**	6,600	**38,200**
Slow Growth/Sat. Com.	3,325	2,150	3,150	4,950	4,050	**17,625**	10,975	**28,600**
Preferred	7,050	8,400	6,525	4,825	4,800	**31,600**	6,600	**38,200**

Housing units in the Bowl increase by 29,625 under the Trends and Neighborhood scenarios, 31,600 under the Urban Transition and Preferred scenarios and 17,625 under the Slow Growth/Satellite Communities scenario. Housing units in the Municipality as whole increase by 37,875 under the Trends and Neighborhood scenarios, 38,200 under the Urban Transition and Preferred scenarios and 28,600 under the Slow Growth/Satellite Communities scenario. Important points to note regarding the types of housing when compared to Trends are the swapping of over 3,000 single family-urban/suburban for townhouse/condominium under Urban Transition and the reduction of over 6,300 townhouse/condominiums and 3,300 apartments under Slow Growth. The resulting household sizes are slightly lower under Urban

Transition (2.68) compared to 2.70 for Trends and Neighborhoods and higher under Slow Growth (2.88).

The table below summarizes Municipal employment projections for each scenario. In 1999, there are approximately 118,841 jobs in the Bowl and 122,246 with Chugiak-Eagle River included.

2000 to 2020 Employment Increases
Municipality of Anchorage Fiscal Analysis

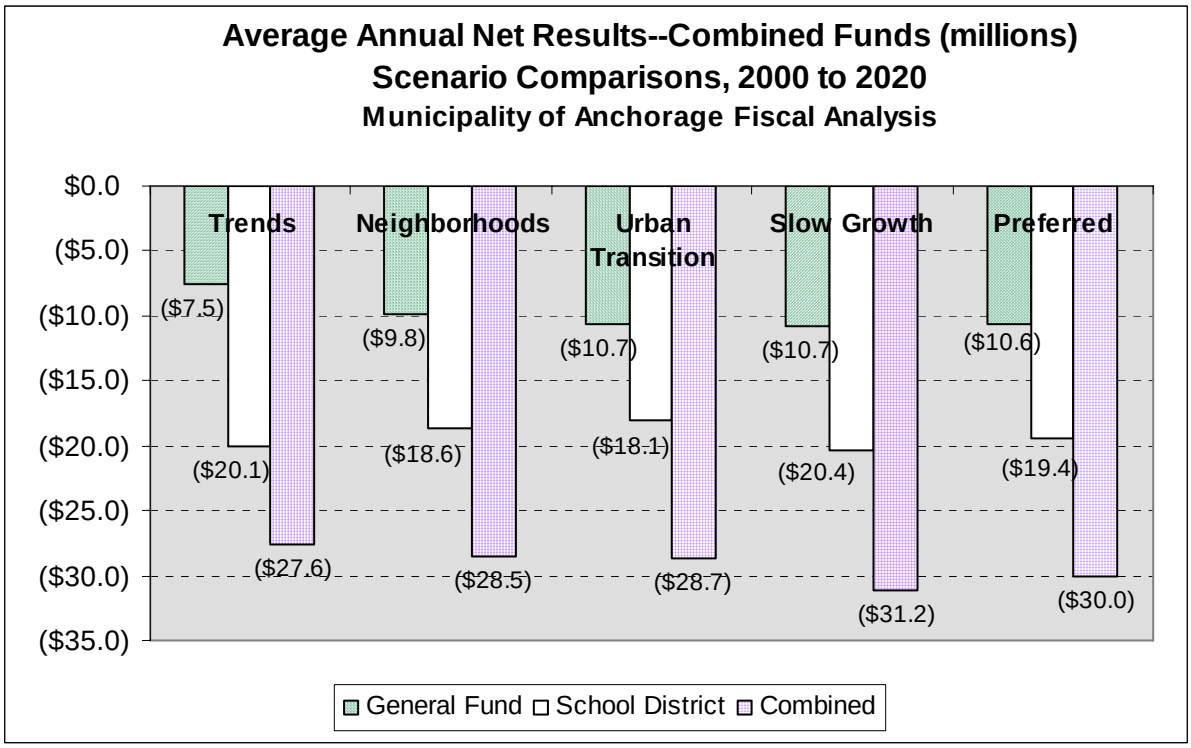
	FISCAL ANALYSIS ZONE							
Scenario	**NE**	**NW**	**CE**	**SE**	**SW**	**Bowl Total**	**Eagle River**	**Grand Total**
Trends	7,138	11,799	5,406	3,512	10,082	**37,937**	4,847	**42,784**
Neighborhoods	7,318	11,112	7,153	5,268	7,087	**37,937**	4,847	**42,784**
Urban Transition	8,553	13,342	6,165	2,332	9,196	**39,588**	3,196	**42,784**
Slow Growth/Sat. Com.	7,184	13,123	5,728	3,009	4,015	**33,059**	5,929	**38,988**
Preferred	9,747	15,602	7,206	2,761	4,271	**39,588**	3,196	**42,784**

Employment in the Bowl increases by 37,937 under the Trends and Neighborhood scenarios, 39,588 under the Urban Transition and Preferred scenarios and 33,059 under the Slow Growth/Satellite Communities scenario. Employment in the Municipality as whole increases by 42,784 under the Trends, Neighborhood, Urban Transition and Preferred scenarios and 38,988 under the Slow Growth/Satellite Communities scenario. Important points to note regarding employment when compared to Trends are the reallocation of jobs under the Urban Transition and Preferred scenarios, resulting in an increase of 1,650 jobs in the Bowl and fewer jobs in Eagle River. In addition, the Trends and Urban Transition scenarios assume larger shares of employment growth in the Southwest FAZ because of an expansion to the International Airport.

C. Fiscal Impact Results

1. Combined Average Annual Results-Scenario Comparison

The chart below summarizes the average annual net fiscal results (revenues minus operating and capital expenditures) for the General Fund and School District combined over the 21-year analysis period. ***All results are those accruing from new growth only, and do not include costs and revenues from the existing population and employment base of the Municipality.***



As the chart above indicates, average annual net deficits are generated by new growth under all five scenarios. Average annual net deficits are much greater for the School District than for the General Fund. The Trends scenario produces the best-combined result over the 21-year analysis period, generating average annual net deficits of $27.6 million, followed by the Neighborhoods scenario ($28.5 million), Urban Transition ($28.7 million), Preferred ($30.0 million) and Slow Growth/Satellite Communities ($31.2 million). However the Trends scenario does not assume an increase in open space preservation, as do the other scenarios. If the other scenarios had as little open space as Trends, the average annual net deficits for the General Fund would decrease by approximately $1.1 million under the Neighborhoods, Urban Transition and Preferred scenarios and approximately $300,000 under Slow Growth/Satellite Communities. This is discussed later in the analysis. The following points highlight the major reasons for the results:

- The Trends scenario generates the best General Fund result because of a larger and earlier accrual of property tax revenues from more single family dwelling units over the first ten years of the 21-year analysis period. In addition, there is minimal preservation of open space assumed in this scenario because of the limited availability of land and therefore minimal related capital expenditures. The faster growth in single family dwelling units works against this scenario for the School District, as it generates the fourth best result. This faster development triggers thresholds for new school construction earlier.

- The Neighborhoods scenario generates the second best General Fund result. A primary factor is the amount of residential growth assumed in the higher value Southeast and Southwest FAZs over the 21-year analysis period. This scenario also generates the second best School District result even though it generates the need for the second highest

number of new schools. Because of the staging of residential development, new school construction thresholds are not triggered until later in the 21-year analysis period because of less residential development over the first ten years relative to the other scenarios.

- The Urban Transition scenario generates the fourth best General Fund result. Primary reasons are a slower growth rate during the first ten years of the analysis period relative to other scenarios, the higher percentage of multifamily housing assumed, which have lower market values and the higher road capital costs associated with the expansion of the Anchorage International Airport. This scenario generates the best School District result because of the relatively low costs that result from the higher amount of multifamily housing assumed, which generate fewer school children. In addition, a larger share of new growth is directed to FAZs (NW, NE, CE) that generally have more available school capacity.

- The Preferred scenario generates third best General Fund result. Although this scenario generates the second highest revenues, it also generates the highest costs, primarily because of higher Public Safety costs (Fire and Police) associated with additional retail and service sector employment and the higher Culture and Recreation costs that result from the high amount of population growth in the Bowl during the first ten years of the analysis period. This scenario generates the third best School District result because it assumes the second fastest residential growth rate over the first ten years, resulting in certain school construction thresholds being triggered sooner than under other scenarios. However, this scenario generates the second lowest number of school children over the entire analysis period and, similar to the Urban Transition scenario, directs larger shares of new growth to the Northwest, Northeast and Central FAZs, which generally have more school capacity.

- By a very slight margin, the Slow Growth/Satellite Communities scenario generates the poorest General Fund result because more growth is allocated to the Eagle River FAZ, which does not generate as much in revenues as if allocated within the Bowl because of the lower property tax rate. This scenario incurs a disproportionate capital cost for open space preservation and trail development relative to the other scenarios because it is assumed *major* additions are made to natural open space and greenbelts, which is a substantial increase in level of service. This scenario also generates the poorest School District result because a larger share of new growth is directed to the Eagle River FAZ, which has capacity problems at the high school level.

D. Conclusions

The Municipality is not in a position to provide current levels of service to new development under the present revenue structure without finding new revenue sources or raising existing rates. Many of the fiscal findings confirm suspected problems with the existing General Fund revenue structure. These problems include a reliance on property taxes and to a certain extent, state and federal revenue. The state and federal sources have been facing multi-million dollar cuts for the past couple of years and is expected to continue. In the current fiscal year budget document, these three revenue sources comprise 67% of FY99 revenues. As is discussed later in the analysis, federal and

state revenues are not considered growth-related revenues, as they cannot be directly attributed to new development in the Municipality. In fact, certain federal and state revenues are expected to decrease. As a result, property taxes are the primary growth-related revenues, comprising anywhere from 85% to 87% of total growth-related General Fund revenues, depending on scenario.

Property tax is also the primary local revenue for the School District. However, contrary to the General Fund, property taxes comprise a much lower percentage (31%) of total revenue, as the majority of School District revenue is from state sources. However, there is evidence of an increasing reliance on property taxes by the School District. For example, in FY94-95 property taxes comprised 22% of total School District revenues compared to 31% in FY99-00.

Because of the Municipality's reliance on property tax as its primary growth-related revenue source, the market value of new development is the overwhelming determinant of the fiscal results. This is reflected in the General Fund fiscal results for the Trends and Urban Transition scenarios. The Trends scenario generates the best results because it encourages more single family residential construction in areas with higher market values, at a faster rate. The Urban Transition scenario encourages higher density development in areas with existing infrastructure, but generates the fourth best result. Although the Northwest FAZ benefits from this land use pattern, net deficits are still generated because of the lower market values of higher density units and a slower growth rate.

It can also be speculated that the General Fund fiscal results for the Urban Transition and Preferred scenarios, which both assume more jobs within the Bowl, would be better with a different revenue structure. Because the major revenue source received from nonresidential development is property tax, the fiscal benefits of encouraging additional economic development are subtle. This is especially so in the case of the Urban Transition scenario, which assumes that additional capital expenditures are required for road improvements near the Airport. If the Municipality had other revenue sources in place, the positive impact of such development would likely be much more visible. Examples of other revenue sources include income tax, local option sales tax, corporate personal property, or a transfer/recordation tax on real estate.

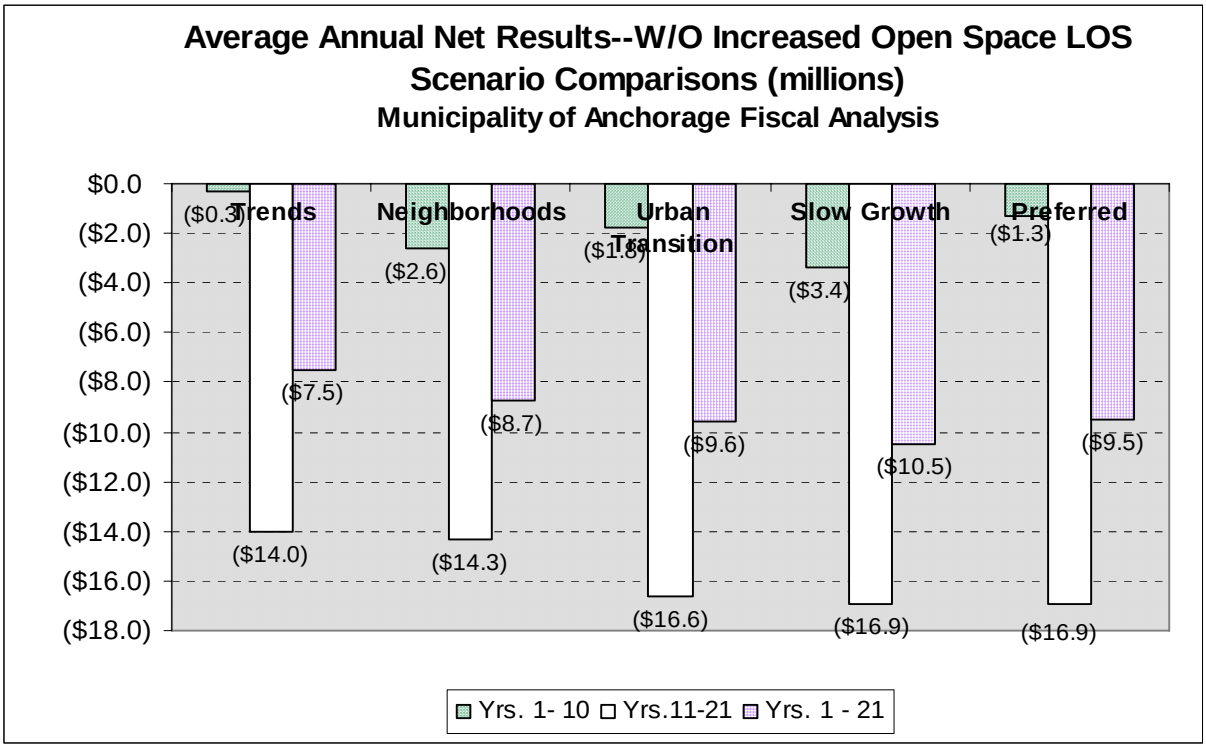
Although average annual net deficits are generated to the General Fund under all scenarios in the Northwest FAZ, the Municipality clearly benefits from the increased densities associated with the Urban Transition and Preferred scenarios, as these two scenarios generate much lower net deficits. A primary reason is the relatively low costs for Fire protection as a result of existing station capacity. To the extent there are more pressures for redevelopment in this FAZ, this can have a stabilizing effect.

The School District also clearly benefits from encouraging development in the Northwest FAZ, as the greatest average annual net revenues are generated in the Northwest FAZ because of the available school capacity and the relatively small number of public school students generated by the concentration of higher density, multifamily housing. The School District

also benefits from encouraging growth in the Central and Northeast FAZs because the available school capacity is generally higher than in other FAZs.

The Southeast FAZ is the least desirable area to encourage new residential development for the School District because of limited existing school capacity. However, because of higher market values, the General Fund benefits from encouraging residential development in the Southeast FAZ, where all five scenarios generate average annual net revenues. As discussed above, the influence of the market values throughout the Municipality is further indication of the extensive reliance on Property Taxes.

There are two major cost factors that heavily influence the fiscal results. The first is that many of the road construction projects required to implement each of the scenarios are funded through Federal dollars and are therefore not factored in the analysis. Only the locally funded projects are factored. It can be speculated that the fiscal results would be much different if the Municipality had to fund the extensive upgrades to the road system required for the Trends, Neighborhoods and Slow Growth/Satellite Communities scenarios. The second factor is the assumption that in order to implement desirable features of particular scenarios an increased level of service for open space is required under all scenarios with the exception of Trends. These factors are discussed further in the description of the scenarios in Section III and in the discussion of capital costs in Section V. The chart below shows the *adjusted* average annual results to the General Fund without the increased level of service assumption for open space.



This adjustment does not impact the long-term ranking of the scenarios. However, it does improve the long-term fiscal results for four of the five scenarios. Average annual deficits

decrease by approximately $1.1 million under the Neighborhoods, Urban Transition and Preferred scenarios and $300,000 under the Slow Growth/Satellite Communities scenario.

E. Other Considerations

The fiscal impact analysis compares the public costs and revenues of several different land use alternatives to accommodate future growth in the Anchorage Bowl and Chugiak-Eagle River. Local governmental finances are one important consideration in land use planning decisions. Information about how land use alternatives compare in other qualitative respects is also vital to assist local citizens and elected officials chose the land use alternative that best serves the community's overall planning goals.

Although the land use alternatives are similar in their fiscal impacts, they appear to differ in other qualitative features that are important to Anchorage residents. Here, we note several differences that became apparent during the fiscal impact analysis.

Regional open space. Anchorage now enjoys an exceptional regional open space system that is highly valued by residents. Because the supply of undeveloped land is diminishing, the present standard of open space provision will be difficult to maintain as Anchorage grows. Each land use alternative addresses the issue of regional open space in a different way. The fiscal advantage of the Trends Scenario stems partly from a declining level of service for regional open space compared to other alternatives, which seek more or less to maintain the current level of services. The public value of open space should be weighed along with the fiscal factor.

Neighborhood character. The different land use alternatives propose a variety of changes in the character of some neighborhoods in the Anchorage Bowl and Chugiak-Eagle River. Public acceptability of these neighborhood changes is an important consideration in the ultimate choice among land use alternatives.

Local circulation. The land use alternatives produce different local travel patterns, and require or support different improvements to the road, public transit, and trail systems. These differences need to be evaluated for their impacts on traveler convenience and safety, air quality, and land consumption, as well as cost.

Private economy. The fiscal impact analysis addresses only impacts of the land use alternatives upon the Municipal budget. The analysis does not consider differences in how the land use alternatives might affect the cost of doing business in Anchorage, its attractiveness for ongoing private investment, its viability as a regional commercial center, or other aspects of Anchorage's private economy.

Quality of life. As described in the plan, the land use alternatives vary in their impact on the living environment and overall quality of community life—on recreational and cultural opportunities, choice of neighborhood lifestyles, the role of the automobile, and other

qualitative aspects of community life. Fiscal considerations are only part of the equation for choosing a preferred land use alternative.

Assessing the importance of these and similar qualitative considerations for Anchorage residents is beyond the scope of this fiscal analysis. Here, we merely stress that local citizens and decision-makers need to balance the fiscal impacts with these other considerations to arrive at the planning decisions that best serve the overall development goals of the community.

The principal implication that emerges from the fiscal analysis of the land use alternatives for Anchorage 2020 is this: among the land use alternatives evaluated, Anchorage can choose the alternative it wants without incurring significant additional net cost compared to other alternatives.

II. METHODOLOGY AND MAJOR ASSUMPTIONS

The analysis projects the fiscal impacts of different growth scenarios within the Municipality of Anchorage from 2000 to 2020, based on the current level of service. The FY1999 budget was used as a baseline since it is representative of the current fiscal year operations at the time of the data collection effort. Constant dollars are used throughout the study. The 1999 population and job estimates, in addition to the current number of dwelling units, were used to calculate unit costs and service level thresholds.

In order to provide an understanding of the overall methodology used in this fiscal impact analysis, a brief explanation of the FISCALS process follows. The FISCALS software utilizes two types of input data. The first category of demographic/economic projections is called Demand Base data inputs. These numerical projections include data such as population, housing units, employment, and commercial and office/industrial space.

The second type of input data relates to the government service levels, costs and revenues. The government service level, cost and revenue data used in the fiscal analysis have been determined and agreed upon by TA and Municipal personnel. This data has been incorporated into TA's FISCALS system designed for this assignment to calculate the annual costs, revenues, and capital facilities by department or function, where appropriate.

The following major assumptions regarding the fiscal methodology should be noted:

Marginal, Growth-Related Costs and Revenues: For this analysis, costs and revenues that are directly attributable to new growth are included. Both *operating and capital* costs are taken into consideration. Wherever possible, a marginal cost approach was used. In some cases, the data used are average costs, based on a decision by Municipal staff and TA that this is the best information available at this time. Some costs are not expected to be impacted by demographic changes, and may be fixed in this analysis. This is true for many administrative functions. In some cases, there is a realization that costs are semi-variable.

Level of Service: The cost projections are based on the assumption that the current level of spending, as provided in FY1999 budget, will continue through the 21-year analysis period. The current level of spending is referred to as the current level of service (LOS) in this type of analysis.

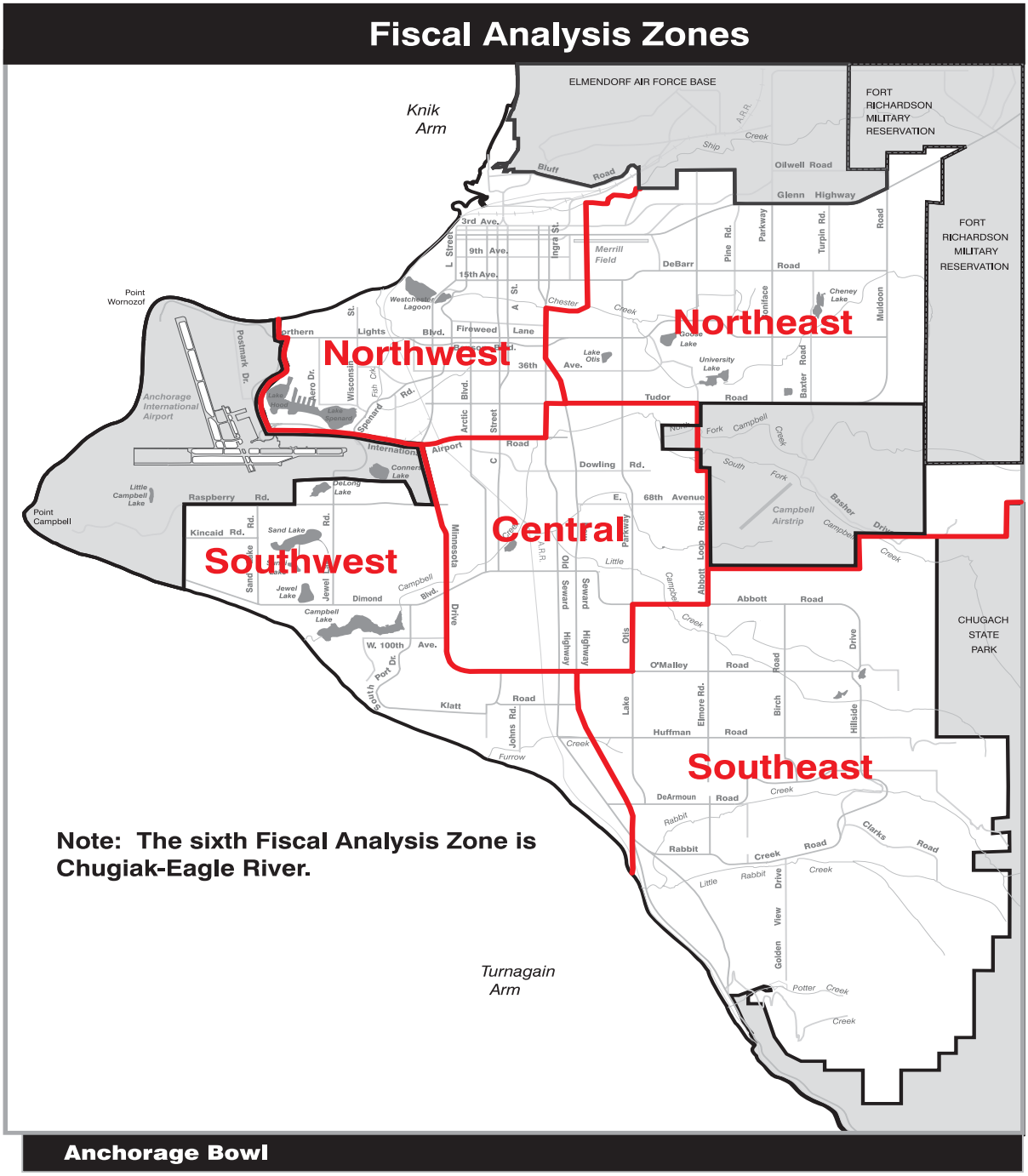
Revenue Structure and Tax Rates: Revenues are projected assuming that the current revenue structure and tax rates, as defined by the FY1999 adopted budget, will not change during the analysis period.

Inflation Rate: The rate of inflation is assumed to be zero throughout the projection period, and cost and revenue projections are in constant dollars. This assumption is in accord with current budget data and avoids the difficulty of speculating on inflation rates and their effect on cost and revenue categories. It also avoids the problem of interpreting results expressed in inflated dollars over an extended period of time.

Non-Fiscal Evaluations: It should be noted that while a fiscal impact analysis is an important consideration in planning decisions, it is only one of several issues that should be considered. Environmental and social issues, for example, should also be considered when making planning and policy decisions. The above not withstanding, this analysis will enable interested parties to understand the fiscal implications of future development.

III. DEMOGRAPHIC FORECASTS AND SCENARIOS

The Municipality of Anchorage Department of Community Planning and Development developed five growth scenarios to be analyzed for their impact on the Municipality's operating and capital budgets. For purposes of the fiscal impact analysis, these scenarios were developed for six subareas: Northeast, Northwest, Central, Southeast, Southwest and Eagle River. These subareas are shown in the map below.



The five scenarios developed by the Municipality as part of its public planning process include: Trends, Neighborhoods, Urban Transition, Slow Growth/Satellite Communities and a Preferred scenario.

The first four scenarios are intended to show the fiscal implications of public policy decisions about key planning issues on broad land use patterns. Three of these four scenarios reflect a distinctive plan concept that was expressed by the community during the public participation process, with the Trends scenario illustrating how current land use policies and development trends may play out. These scenarios were presented with the intent of developing a Preferred scenario, based on the public review. The Preferred scenario is a composite of the publicly favored features of various scenarios.

A. Current Trends

The Current Trends scenario continues existing land use policies and development trends. For the near future, there is no major revision of the 1982 Comprehensive Plan and current zoning map. Private land owners and developers will continue to largely determine the location, type, and pace of development. Land use decisions are based on short-term market conditions, without regard for the long-term growth needs and goals of the community. Development may make inefficient use of land and require additional public facilities and road improvements. The sections below discuss the various components of this scenario.

Population and Economy. The Current Trends scenario assumes moderate economic and population growth. As the table below indicates, population in the Bowl is projected to increase by 76,700 persons. At the fiscal analysis zone level (FAZ), the population increases are 16,150 in the Northeast, 8,850 in the Northwest, 12,200 in the Central, 22,900 in the Southeast and 16,600 in the Southwest. Eagle River is projected to increase by 25,550. This results in a total population increase of 102,250 persons. This is an increase of 41% over the current population of 246,800.

Air cargo and tourism support new jobs in retail trade, services, and transportation at the airport, in the Downtown/Ship Creek area and in Midtown. Some retail and service jobs follow commuters to their home communities in Chugiak-Eagle River and the Mat-Su Borough. Total employment in the Bowl is projected to increase by 37,937 jobs, an increase of 32% over current Bowl employment of 118,841. The Northwest FAZ has the largest increase in employment, with 11,799 jobs. This is followed by the Southwest (10,082), Northeast (7,138), Central (5,406) and Southeast FAZs (3,512). Employment in Eagle River increases by 4,847 jobs.

Employment in the service and transportation, communications and utilities sectors have the largest growth, with increases of 11,441 and 9,454, respectively. This is followed by employment in the retail (7,373), government (7,098) and construction (2,736) sectors.

Trends Scenario
Net Increases by FAZ, 1999 to 2020

Population, Housing, & Employment	FAZ							
	NE	NW	CE	SE	SW	Bowl Total	Eagle River	Grand Total
Population	16,150	8,850	12,200	22,900	16,600	**76,700**	25,550	**102,250**
Housing Units								
SF-Urban/Suburban	450	425	1,375	2,950	3,125	**8,325**	5,775	**14,100**
SF-Rural	75	0	0	925	0	**1,000**	825	**1,825**
Multifamily	5,975	3,800	3,550	3,875	3,100	**20,300**	1,650	**21,950**
Total	**6,500**	**4,225**	**4,925**	**7,750**	**6,225**	**29,625**	**8,250**	**37,875**
Employment								
Ag., Fishing	22	48	29	37	44	**181**	79	**260**
Mining	194	345	201	0	44	**784**	0	**784**
Construction	151	274	1,008	807	156	**2,396**	340	**2,736**
Manufacturing	172	140	130	15	22	**479**	59	**538**
Trans., Comm., Util.	448	1,316	572	17	6,729	**9,082**	372	**9,454**
Wholesale Trade	171	519	635	66	79	**1,470**	66	**1,536**
Retail	1,326	2,321	1,234	266	665	**5,813**	1,561	**7,373**
Fin., Insur., Real Est.	127	1,017	104	4	74	**1,326**	237	**1,564**
Services	3,078	2,855	864	2,054	664	**9,515**	1,926	**11,441**
Government	1,448	2,963	630	247	1,604	**6,891**	207	**7,098**
Total	**7,138**	**11,799**	**5,406**	**3,512**	**10,082**	**37,937**	**4,847**	**42,784**

Land use. Ship Creek redevelopment, a healthy Downtown, and a major southward expansion of the airport are priorities. Strip commercial construction continues along major arterials, particularly in South Anchorage. Residential subdivision development on the Hillside causes ongoing controversy about extension of water and sewer services and increases in housing density. As new development absorbs the vacant land supply, activity shifts from South Anchorage to redevelopment opportunities in north Anchorage. The zoning map becomes more out of step with the needs of growth. Requests for zoning revisions for higher residential densities and changes in land use become more common and are resolved on a case-by-case basis.

Housing. As the supply of single-family lots shrinks, rising land prices favor small-lot subdivisions, development of marginal tracts, and a delayed shift toward multi-family housing development. Housing prices rise; affordable housing is scarce. Altogether, two-thirds of new homes are multi-family. Most new single-family homes are in South Anchorage. Multi-family development occurs where opportunity allows. Older mobile parks and rundown housing are replaced with higher density dwellings.

Transportation. Land use patterns require extensive additions and upgrades to the road system. Residential growth and southward expansion of the airport require new road links (Bragaw/Dowling/Raspberry) and an upgrade of major arterials (Seward Highway, east-west arterials, Glenn Highway). Residential growth on the Hillside requires extensive local road improvements. Even with major road construction, congestion may worsen. Transit service stays the same or is reduced.

Open Space. Relatively low residential densities and loss of residential land to airport expansion and other non-residential uses heighten pressure to use undeveloped land. This limits opportunities for creation of new parks. Some public natural areas are developed for active recreation such as sports fields.

B. Urban Transition

The Urban Transition scenario envisions a more traditional urban character in Downtown, Midtown, and nearby neighborhoods, balanced by a more suburban/rural neighborhood character for South Anchorage. The Urban Transition scenario requires extensive revision of the current land use plan and zoning maps. Public incentives are used to leverage private investment to meet public goals. Public amenities, open space, and northern design are used to enhance the appeal of urban living in north Anchorage. Public-private partnerships help provide attractive multi-family housing choices at various price levels.

Property owners and neighborhoods may object strongly to zoning changes. If future residents prefer a low density, auto-oriented lifestyle, the transition zone will not attract development and this scenario will not succeed. In that case, public investment to encourage a more urban type of development will not achieve its goals. The sections below discuss the various components of this scenario.

Population and Economy. This scenario assumes slightly higher population and job growth than the Current Trends scenario. As the table below indicates, population is projected to increase by 81,800 in the Bowl, an increase of 38% over the current Bowl population of 216,500. This is an increase of 5,100 more persons than under Current Trends. At the fiscal analysis zone level (FAZ), the population increases are 19,250 in the Northeast, 19,250 in the Northwest, 17,900 in the Central, 15,000 in the Southeast and 10,400 in the Southwest. The population of Eagle River is projected to increase by 20,450, which is 5,100 less than Current Trends. The total population increase is 102,250 persons.

Quality of life is valued as a means to attract high-skill, high-wage industries. Support of education for K-12 and higher education is stressed. This scenario would capitalize on Anchorage's role as a world and statewide center for trade, transportation, communications, air cargo, high-value services, health care, finance, education, and management. Total employment in the Bowl is projected to increase by 39,588 jobs, an increase of 1,650 jobs over Current Trends. The Northwest FAZ has the largest increase in employment, with 13,342 jobs. This is followed by the Southwest (9,196), Northeast (8,553), Central (6,165) and Southeast FAZs (2,332). Employment in Eagle River increases by 3,196 jobs, or 1,650 fewer jobs than under Current Trends.

Employment in the service and transportation, communications and utilities sectors have the largest growth, with increases of 11,056 and 9,504, respectively. This is followed by employment in government (7,359), retail (7,348) and construction (2,523) sectors.

Urban Transition Scenario
Net Increases by FAZ, 1999 to 2020

Population, Housing, & Employment	FAZ							
	NE	NW	CE	SE	SW	Bowl Total	Eagle River	Grand Total
Population	19,250	19,250	17,900	15,000	10,400	**81,800**	20,450	**102,250**
Housing Units								
SF-Urban/Suburban	450	450	1,375	1,700	2,425	**6,400**	4,625	**11,025**
SF-Rural	75	0	0	1,700	0	**1,775**	650	**2,425**
Multifamily	6,875	8,300	5,500	1,450	1,300	**23,425**	1,325	**24,750**
Total	**7,400**	**8,750**	**6,875**	**4,850**	**3,725**	**31,600**	**6,600**	**38,200**
Employment								
Ag., Fishing	27	55	33	25	35	**174**	52	**226**
Mining	232	390	229	0	35	**886**	0	**886**
Construction	181	310	1,149	536	122	**2,298**	224	**2,523**
Manufacturing	206	158	149	10	17	**540**	39	**578**
Trans., Comm., Util.	537	1,488	652	11	6,571	**9,259**	245	**9,504**
Wholesale Trade	205	587	724	44	62	**1,622**	44	**1,666**
Retail	1,589	2,625	1,407	176	521	**6,319**	1,029	**7,348**
Fin., Insur., Real Est.	152	1,150	118	2	58	**1,482**	157	**1,638**
Services	3,688	3,228	985	1,364	520	**9,785**	1,270	**11,056**
Government	1,735	3,350	718	164	1,256	**7,223**	137	**7,359**
Total	**8,553**	**13,342**	**6,165**	**2,332**	**9,196**	**39,588**	**3,196**	**42,784**

Land use. This scenario promotes more compact development, higher residential densities, and compatible mixed uses. Residential land south of the airport is rezoned to allow airport expansion. This loss of residential land is offset by restoration of poorly located, underused industrial and commercial tracts elsewhere for residential use. The Hillside is developed with select revisions to current land use and water/sewer plans.

Housing. When compared to Trends, there is the swapping of over 3,000 single family-urban/suburban units for multifamily units. About three-fourths of new homes are multi-family, partly in response to Anchorage's changing population—more seniors, "empty nesters," and young adults, but relatively fewer family households. As a result, the household size is slightly lower under Urban Transition (2.68) compared to 2.70 for Trends. Conservation and redevelopment of the aging housing stock in older neighborhoods is a priority. More multi-family housing is built in north Anchorage where appropriate infrastructure exists. This relieves some development pressure on parts of the Hillside where site conditions and limited public services constrain growth.

Transportation. More compact, mixed uses in north Anchorage make it pedestrian- and transit-friendly. This decreases vehicle use for daily trips, decreases need for parking, and increases transit use. South airport expansion increases the need for improved access via the Bragaw/Dowling/Raspberry corridor. Population and job growth in north Anchorage requires major improvements to heavily traveled east-west streets such as Northern Lights and Tudor Road. Landscaped, multi-use trails link major activity centers.

Open Space. Greenbelts and trails enhance higher density residential areas. More open space is conserved and regional trail extensions are developed.

C. Neighborhoods Scenario

The Neighborhoods scenario regards neighborhoods as the most important aspect of community life. Schools, community centers, local parks, and community shopping districts become centers for educational, recreational, and social activities and local business. Each neighborhood has a mix of housing types. The Comprehensive Plan sets thresholds for growth and establishes broad land use policies for each neighborhood and they have a stronger role in local decisions. Each neighborhood prepares its own detailed plan. Major revisions are required to the existing land use plan and zoning maps. Public priorities stress improvements to quality of neighborhood life and promote private reinvestment in aging residential and commercial properties. Not all neighborhoods will be receptive to this approach, particularly those that do not currently have any commercial development. The emphasis on neighborhoods may undermine broad community goals. Some neighborhoods may object to multi-family and low- or moderate-income housing in their area. Neighborhood commercial districts may not prove competitive with regional centers. The sections below discuss the various components of this scenario.

Population and Economy. The overall population and economy in this scenario are similar to the Current Trends scenario, but workplaces are more decentralized. As the table below indicates, the total population increase is the same as Current Trends. However, the distribution at the FAZ level is different. The population increase in the Northeast is 11,950, or 4,200 less than Current Trends. The Northwest FAZ increases by 6,850, or 2,000 less than Current Trends. The population increase in the Central FAZ is 15,550, or 3,350 more than under Current Trends. The Southeast FAZ increases by 20,100 persons, or 2,800 less than Current Trends and the Southwest FAZ increases by 22,250 persons, or 5,650 more than under Current Trends.

Each neighborhood shopping district supports its share of local businesses and employment. Total employment in the Bowl is projected to increase by 37,937 jobs, the same as under Current Trends. The Northwest FAZ has the largest increase in employment, with 11,112 jobs. This is followed by the Northeast (7,318), Central (7,153), Southwest (7,087), and Southeast FAZs (5,268). Employment in Eagle River increases by 4,847 jobs, the same as under Current Trends.

Employment in the service and government sectors have the largest growth, with increases of 13,147 and 8,470, respectively. This is followed by employment in retail (8,293), transportation, communications and utilities (4,118) and construction (3,567) sectors. When compared to Trends, the Neighborhoods scenario has approximately 5,330 fewer jobs in the transportation, communications and utilities sector and increases in all other sectors, particularly increases of approximately 1,700 in the service sector, 1,370 in the government sector and 830 in the construction sector.

.

Neighborhoods Scenario
Net Increases by FAZ, 1999 to 2020

Population, Housing, & Employment	FAZ							
	NE	NW	CE	SE	SW	Bowl Total	Eagle River	Grand Total
Population	11,950	6,850	15,550	20,100	22,250	**76,700**	25,550	**102,250**
Housing Units								
SF-Urban/Suburban	425	425	1,375	2,725	3,175	**8,125**	5,775	**13,900**
SF-Rural	75	0	0	1,225	0	**1,300**	825	**2,125**
Multifamily	4,350	2,850	4,925	2,875	5,200	**20,200**	1,650	**21,850**
Total	**4,850**	**3,275**	**6,300**	**6,825**	**8,375**	**29,625**	**8,250**	**37,875**
Employment								
Ag., Fishing	23	46	38	56	77	**239**	79	**318**
Mining	199	325	265	0	77	**866**	0	**866**
Construction	155	258	1,333	1,211	270	**3,228**	340	**3,567**
Manufacturing	176	132	172	23	38	**541**	59	**600**
Trans., Comm., Util.	460	1,239	756	25	1,266	**3,746**	372	**4,118**
Wholesale Trade	175	489	840	99	136	**1,740**	66	**1,807**
Retail	1,360	2,186	1,633	398	1,155	**6,732**	1,561	**8,293**
Fin., Insur., Real Est.	130	958	137	5	129	**1,360**	237	**1,598**
Services	3,156	2,688	1,143	3,081	1,153	**11,221**	1,926	**13,147**
Government	1,484	2,790	833	370	2,785	**8,263**	207	**8,470**
Total	**7,318**	**11,112**	**7,153**	**5,268**	**7,087**	**37,937**	**4,847**	**42,784**

Land use. Neighborhood business districts support more commercial land uses, Downtown/Midtown/Dimond regional centers support less. The airport stays inside its present boundaries and operations are managed to lessen noise, traffic, and other impacts on nearby neighborhoods. This saves more land for residential and other uses.

Housing. New residential growth is spread almost evenly between north and South Anchorage. Overall, the mix of new housing types (one-third single-family, two-thirds multi-family) is similar to the Current Trends scenario but the geographic distribution is different. Each neighborhood offers a choice of housing types and densities, including some affordable housing. Higher density multi-family housing is clustered around numerous commercial sub-centers rather than located in one central area.

Transportation. Neighborhoods become more self-sufficient and more pedestrian-friendly. This reduces overall traffic. Continued residential growth in South Anchorage requires new road links (Bragaw Extension), upgrade of other major north-south arterials (New Seward, Old Seward), and extensive local road improvements. Less growth in north Anchorage than under the Current Trends and Urban Transition scenarios eases traffic congestion on east-west arterials.

Open Space. New local parks, greenbelts, local trails, recreational facilities and similar neighborhood amenities take priority over new regional parks and large recreational facilities.

D. Slow Growth/Satellite Communities

This scenario pursues slower population growth in the Anchorage Bowl to conserve open space and maintain Anchorage's established residential character and "traditional" lifestyle. Anchorage continues to grow as a regional workplace and marketplace for satellite residential communities in Chugiak-Eagle River and the Mat-Su Borough. Public initiatives aim to enhance Downtown/Midtown as an attractive, convenient place to work and shop. This scenario requires public officials and citizens to accept restrictive zoning and platting regulations that limit the location and density of new residential development. Public investments in roads, parking, park acquisition, transit, and amenities to enhance Downtown. Stronger growth management measures may be needed for Chugiak-Eagle River. This scenario diminishes the long-term capacity of the Anchorage Bowl to absorb future growth. Slower growth may discourage private investment. Anchorage's economy may falter if its share of regional business stagnates. Development impacts are shifted to areas that are less well prepared for rapid growth. The sections below discuss the various components of this scenario.

Population and Economy. Population growth is slower than current projections for the Anchorage Bowl, but higher for Chugiak-Eagle River and the Mat-Su Borough. As the table below indicates, population is projected to increase by 48,250 in the Bowl, an increase of 22% over the current Bowl population of 216,500. This is 28,450 less than under Current Trends. At the fiscal analysis zone level (FAZ), the population increases are 8,650 in the Northeast, 4,750 in the Northwest, 8,200 in the Central, 15,300 in the Southeast and 11,350 in the Southwest. The population of Eagle River is projected to increase by 34,000 persons, which is 8,450 more than Current Trends. The total population increase is 82,250 persons, or 20,000 less than under Current Trends.

Downtown Anchorage is the center for regional employment, finance, trade, services, transportation, and public administration for Southcentral Alaska and the State. Some retail trade and service businesses gravitate to Chugiak-Eagle River and the Mat-Su Borough. Commuters make up a growing share of Anchorage's workforce. Total employment in the Bowl is projected to increase by 33,059 jobs, 4,879 fewer jobs than Current Trends. The Northwest FAZ has the largest increase in employment, with 13,123 jobs. This is followed by the Northeast (7,184), Central (5,728), Southwest (4,015) and Southeast FAZs (3,009). Employment in Eagle River increases by 5,929 jobs, or 1,082 more jobs than under Current Trends.

Employment in the service and retail sectors have the largest growth, with increases of 11,958 and 8,015, respectively. This is followed by employment in government (7,462), transportation, communications and utilities (3,707) and construction (2,785) sectors. When compared to Trends, an important point to note is the reduction of approximately 5,750 fewer jobs in the transportation, communications and utilities sector.

Slow Growth/Satellite Communities Scenario
Net Increases by FAZ, 1999 to 2020

Population, Housing, & Employment	FAZ							
	NE	NW	CE	SE	SW	Bowl Total	Eagle River	Grand Total
Population	8,650	4,750	8,200	15,300	11,350	**48,250**	34,000	**82,250**
Housing Units								
SF-Urban/Suburban	400	400	1,250	1,475	2,825	**6,350**	7,675	**14,025**
SF-Rural	75	0	0	1,250	0	**1,325**	1,000	**2,325**
Multifamily	2,850	1,750	1,900	2,225	1,225	**9,950**	2,300	**12,250**
Total	**3,325**	**2,150**	**3,150**	**4,950**	**4,050**	**17,625**	**10,975**	**28,600**
Employment								
Ag., Fishing	22	54	30	32	44	**182**	96	**279**
Mining	195	384	212	0	44	**835**	0	**835**
Construction	152	305	1,068	691	153	**2,370**	416	**2,785**
Manufacturing	173	156	138	13	22	**501**	72	**573**
Trans., Comm., Util.	451	1,464	606	14	717	**3,252**	455	**3,707**
Wholesale Trade	172	578	673	57	77	**1,557**	81	**1,638**
Retail	1,335	2,582	1,308	228	654	**6,106**	1,909	**8,015**
Fin., Insur., Real Est.	128	1,132	110	3	73	**1,446**	290	**1,736**
Services	3,098	3,175	916	1,759	653	**9,601**	2,356	**11,958**
Government	1,457	3,295	667	211	1,578	**7,209**	253	**7,462**
Total	**7,184**	**13,123**	**5,728**	**3,009**	**4,015**	**33,059**	**5,929**	**38,988**

Land use. More population growth north of Anchorage, plus Glenn Highway improvements and new commuter rail service, reposition Downtown as the workplace and marketplace for the region. Midtown and the university area also grow as employment centers. The airport continues to develop, but within its current boundaries. Future residential growth is consistent with current zoning and subdivision regulations. New retail development shifts to north and northeast Anchorage and to suburban areas outside the Bowl. Retail growth in South Anchorage slows.

Housing. Fewer new housing units are built: about 45 percent are single-family homes and 55 percent are multifamily. In addition, there is a reduction of 9,600 multifamily units compared to Trends. Because a higher percentage of housing units are single family, the household size under the Slow Growth/Satellite Communities scenario is higher (2.88) compared to Trends (2.70). Homebuilders target upscale markets. Local housing prices rise. Most moderate-priced single-family homes are built in Chugiak-Eagle River and the Mat-Su Borough.

Transportation. Glenn Highway traffic levels climb as more people commute to work from Eagle River and the Mat-Su Borough. Traffic increases on major east-west roads in north Anchorage. Improvements are needed at the Glenn/Seward interchange. The feasibility for commuter rail service from the Mat-Su Borough to Downtown is improved, especially if supported by transit service to major work centers in the Bowl. Lower local growth also slows traffic growth and limits congestion in South Anchorage.

Open Space. Major additions are made to natural open space, greenbelts, local parks, and wildlife habitat. More private open space is retained to conserve the natural landscape.

E. Preferred Scenario

The Preferred scenario blends the preferred features of the Urban Transition scenario with several well-received features of the Neighborhoods scenario. Further, the Preferred scenario omits unpopular features of the Urban Transition and other scenarios. In sum, the public review provided a broad policy framework for a Preferred scenario.

Population and Economy. This scenario assumes slightly higher population and job growth than the Current Trends scenario. As the table below indicates, population is projected to increase by 81,800 in the Bowl, an increase of 38% over the current Bowl population of 216,500. This is an increase of 5,100 more persons than under Current Trends. At the fiscal analysis zone level (FAZ), the population increases are 18,000 in the Northeast, 18,000 in the Northwest, 17,300 in the Central, 15,000 in the Southeast and 13,500 in the Southwest. The population of Eagle River is projected to increase by 20,450, or 5,100 less than Current Trends. The total population increase is 102,250 persons.

This scenario assumes there is no expansion of the Anchorage International Airport outside its present boundary. Total employment in the Bowl is projected to increase by 39,588 jobs, an increase of 1,650 jobs over Current Trends. The Northwest FAZ has the largest increase in employment, with 15,602 jobs. This is followed by the Northeast (9,747), Central (7,206), Southwest (4,271) and Southeast FAZs (2,761). Employment in Eagle River increases by 3,196 jobs, or 1,410 fewer jobs than under Current Trends.

Employment in the service and government sectors have the largest growth, with increases of 12,710 and 8,743, respectively. This is followed by employment in retail (8,460), transportation, communications and utilities (4,136) and construction (2,934) sectors. When compared to Trends, the Preferred scenario has approximately 5,320 fewer jobs in the transportation, communications and utilities sector and increases in all other sectors, particularly increases of approximately 1,645 in the government sector, 1,270 in the service sector and 1,085 in the retail sector.

Preferred Scenario
Net Increases by FAZ, 1999 to 2020

Population, Housing, & Employment	FAZ							
	NE	NW	CE	SE	SW	Bowl Total	Eagle River	Grand Total
Population	18,000	18,000	17,300	15,000	13,500	**81,800**	20,450	**102,250**
Housing Units								
SF-Urban/Suburban	450	450	1,375	2,050	3,250	**7,575**	4,625	**12,200**
SF-Rural	75	0	0	1,325	100	**1,500**	650	**2,150**
Multifamily	6,525	7,950	5,150	1,450	1,450	**22,525**	1,325	**23,850**
Total	**7,050**	**8,400**	**6,525**	**4,825**	**4,800**	**31,600**	**6,600**	**38,200**
Employment								
Ag., Fishing	30	64	38	29	47	**208**	52	**260**
Mining	265	456	267	0	46	**1,035**	0	**1,035**
Construction	207	363	1,343	635	163	**2,710**	224	**2,934**
Manufacturing	234	185	174	12	23	**628**	39	**667**
Trans., Comm., Util.	612	1,740	762	13	763	**3,891**	245	**4,136**
Wholesale Trade	233	687	847	52	82	**1,901**	44	**1,945**
Retail	1,811	3,069	1,645	209	696	**7,431**	1,029	**8,460**
Fin., Insur., Real Est.	174	1,345	138	3	78	**1,738**	157	**1,895**
Services	4,203	3,775	1,152	1,615	695	**11,440**	1,270	**12,710**
Government	1,977	3,918	840	194	1,678	**8,607**	137	**8,743**
Total	**9,747**	**15,602**	**7,206**	**2,761**	**4,271**	**39,588**	**3,196**	**42,784**

Land use. This scenario promotes more compact development, higher residential densities, and compatible mixed uses. The airport stays inside its present boundaries and operations are managed to lessen noise, traffic, and other impacts on nearby neighborhoods.

Housing. When compared to Trends, there is the swapping of 1,900 single family-urban/suburban units for multifamily units. About three-fourths of new homes are multi-family, partly in response to Anchorage's changing population—more seniors, "empty nesters," and young adults, but relatively fewer family households. Conservation and redevelopment of the aging housing stock in older neighborhoods is a priority. More multi-family housing is built in north Anchorage where appropriate infrastructure exists. This relieves some development pressure on parts of the Hillside where site conditions and limited public services constrain growth.

Transportation. Similar to the Urban Transition scenario, more compact, mixed uses in north Anchorage make it pedestrian- and transit-friendly. This decreases vehicle use for daily trips, decreases need for parking, and increases transit use. Population and job growth in north Anchorage requires major improvements to heavily traveled east-west streets such as Northern Lights and Tudor Road. Landscaped, multi-use trails link major activity centers.

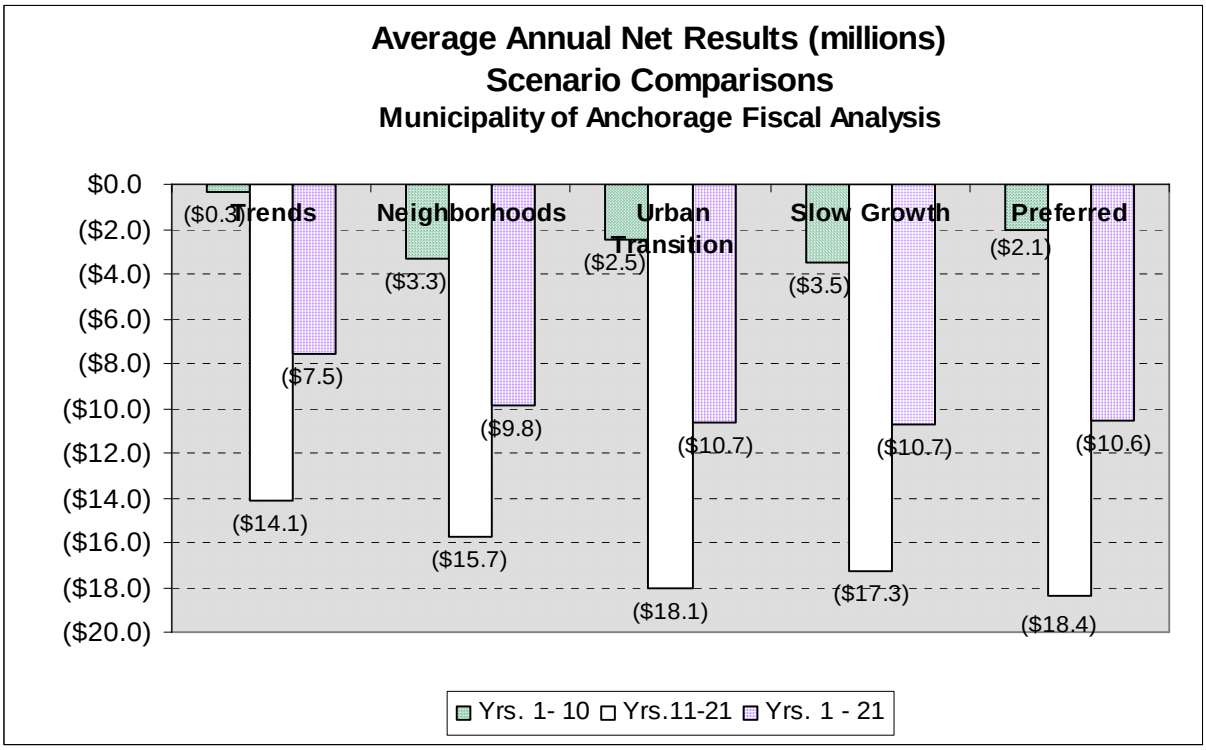
Open Space. Greenbelts and trails enhance higher density residential areas. More open space is conserved and regional trail extensions are developed.

IV. FISCAL IMPACT RESULTS-GENERAL FUND

The fiscal impacts are discussed in terms of average annual and annual net results. The average annual net results are discussed first because it provides a good way of comparing multiple scenarios. All results are those from new growth within the existing Municipality, and exclude costs and revenues from the existing population and employment base.

A. Average Annual Results-Scenario Comparisons

The chart below summarizes the average annual net fiscal results (revenues minus operating and capital expenditures) to the General Fund. The net results are shown for three time periods of the 2000 to 2020 projection timeframe: 1) Years 1-10, 2) Years 11-21, and 3) Years 1-21. The net results include operating expenses, capital costs and revenues as defined in a separate Level of Service document prepared by TA.



The Trends scenario generates the best long-term result primarily because this scenario benefits from more single family dwelling units over the first ten years of the 21-year analysis period in the higher value Southeast and Southwest FAZs, resulting in a larger and earlier accrual of property tax revenues. In addition, there is minimal preservation of open space and development of trails assumed in this scenario because of the limited availability of land and therefore minimal related capital expenditures.

The Neighborhoods scenario generates the second best long-term result. A primary factor is the amount of residential growth assumed in the higher value Southeast and Southwest FAZs over the 21-year analysis period. However, the low amount of residential growth in percentage terms during the first ten years of the analysis period penalizes this scenario in the short-term because property tax revenues do not accrue over as long a period of time. This is

an important factor since some of the costs for capital facilities are incurred in the same years as under Trends, Urban Transition and the Preferred scenario. This is because of the amount of population and housing growth within the Southeast and Southwest FAZs, which is enough to trigger capital facility thresholds in or around the same years as under other scenarios.

The Preferred scenario generates poorer long-term results than the previous scenarios although the total population and employment increase are the same. This scenario generates the second highest revenues, it also generates the highest combined operating and capita costs, primarily because of the higher Fire and Police operating costs associated with more retail and service sector employment and the higher Culture and Recreation capital costs that result from the high amount of population growth in the Bowl during the first ten years of the analysis period.

Although the Urban Transition scenario benefits from additional housing units locating in the Bowl because of the higher tax rate and the increased revenues associated with the expansion of the Anchorage International Airport, these revenues are not enough to offset the increased capital costs associated with the expansion of the airport and the cost for increased level of open space preservation assumed in this scenario. Primary reasons are a slower growth rate during the first ten years of the analysis period relative to other scenarios and the higher percentage of multifamily housing assumed, which have lower market values.

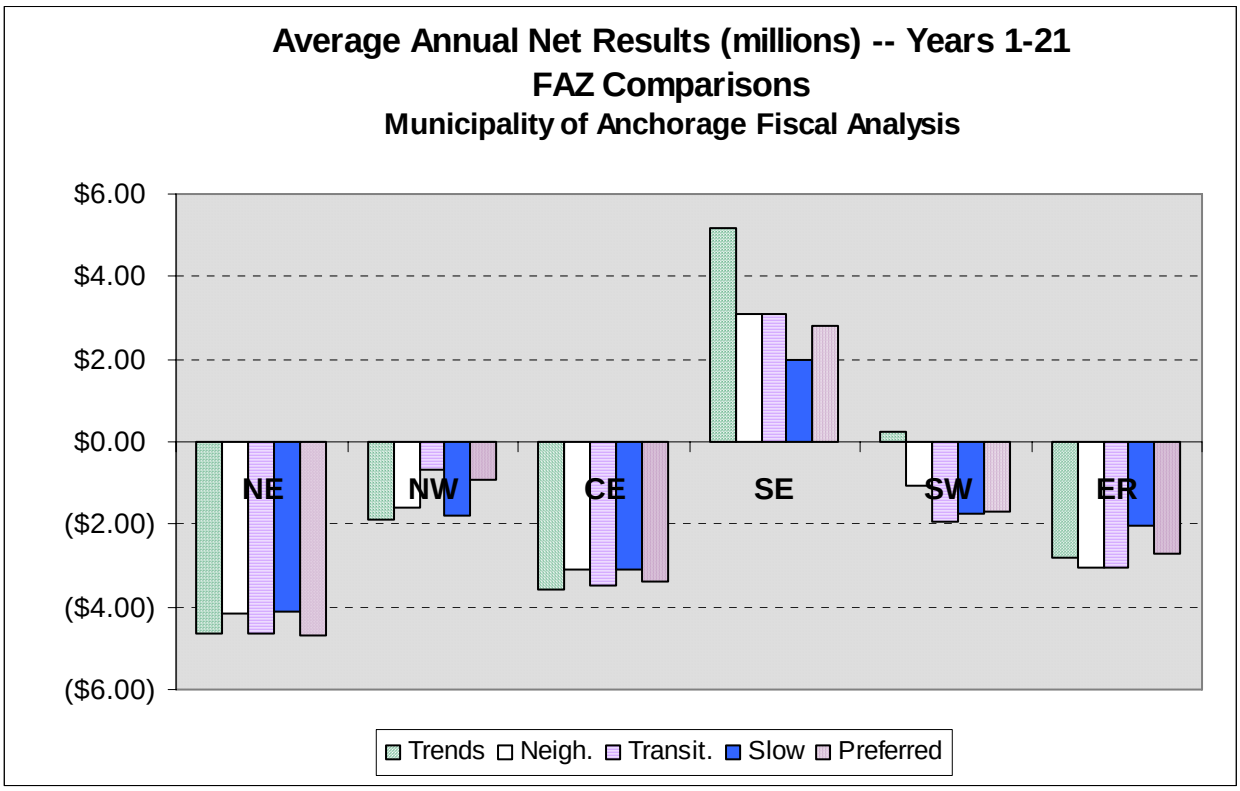
By a very slight margin, the Slow Growth/Satellite Communities scenario generates the poorest results. This is for two reasons: 1) more growth is allocated to the Eagle River FAZ, which does not generate as much in revenues as if allocated within the Bowl because of the lower property tax rate, and 2) this scenario incurs a disproportionate capital cost for open space preservation and trail development relative to the other scenarios because it is assumed *major* additions are made to natural open space and greenbelts, which is a substantial increase in level of service. As is discussed further in this report, this scenario assumes that 3,000 acres is preserved, compared to 1,600 acres under the Urban Transition, Neighborhoods, Preferred scenarios and 139 acres for Trends.

B. Average Annual Results-Fiscal Analysis Zone Comparisons

The table and chart below show the average annual net results for each fiscal analysis zone (FAZ) under each scenario for years 1 through 21. The results vary by FAZ depending on the type and amount of development in each zone for each scenario.

21-Year Average Annual Net Results--FAZ Comparisons
Municipality of Anchorage Fiscal Analysis

FAZ	SCENARIO				
	Trends	Neighborhoods	Urban Transition	Slow Growth	Preferred
Northeast	($4.66)	($4.15)	($4.64)	($4.09)	($4.68)
Northwest	($1.90)	($1.60)	($0.68)	($1.77)	($0.93)
Central	($3.60)	($3.09)	($3.47)	($3.09)	($3.40)
Southeast	$5.17	$3.11	$3.10	$1.99	$2.81
Southwest	$0.26	($1.05)	($1.95)	($1.76)	($1.69)
Eagle River	($2.81)	($3.06)	($3.03)	($2.02)	($2.71)



At the FAZ level, only one of the six FAZs generates average annual net revenues under all five scenarios. The best results occur in the Southeast FAZ, where the Trends scenario generates average annual net revenues of $5.17 million over the 21-year analysis period. The number of single family housing units and the higher market values in this FAZ are the major reasons for these results. This is followed by the Neighborhoods ($3.11 million) Urban Transition ($3.10 million), Preferred ($2.81 million) and Slow Growth/Satellite Communities ($1.99 million) scenarios.

Trends is the only scenario to generate net revenues ($26,000) in the Southwest FAZ. This is because of the amount of single family housing units (second highest), but more importantly the amount assumed over the first ten years of the 21-year analysis period. The remaining scenarios generate long-term average annual net deficits. The Neighborhoods scenario generates the lowest average annual net deficits at $1.05 million, followed by Preferred ($1.69

million), Slow Growth/Satellite Communities ($1.76 million) and Urban Transition ($1.95 million).

Although average annual net deficits are generated under all scenarios in the Northwest FAZ, this FAZ clearly benefits from the increased densities associated with the Urban Transition and Preferred scenarios. A primary reason is the relatively low costs for Fire protection as a result of existing station capacity. The increased property tax revenue from the additional housing units is more than enough to offset the increase in costs for other government services. The Neighborhoods scenario generates the third best result, average annual net deficits of $1.60 million, followed by Slow Growth/Satellite Communities ($1.77 million) and Trends ($1.90 million).

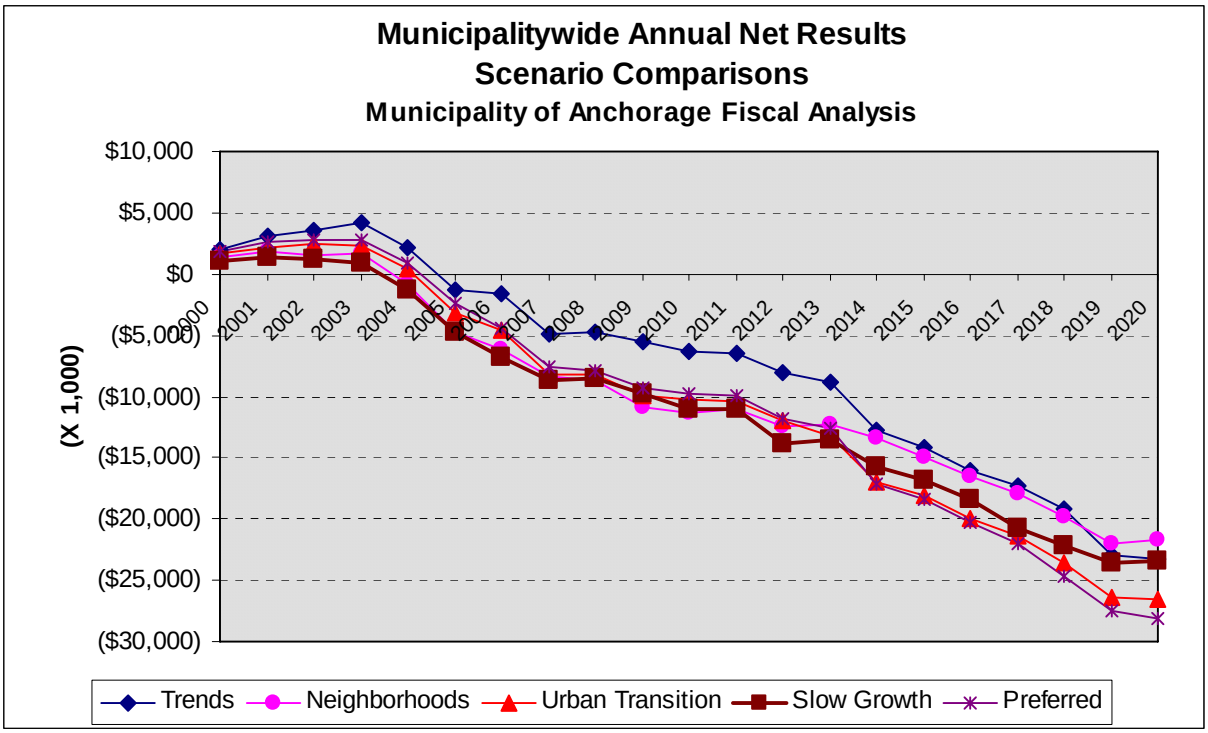
Slow Growth/Satellite Communities produces the best long-term result in the Eagle River FAZ, average annual net deficits of $2.02 million. The Preferred scenario generates the next best result, average annual net deficits of $2.71, followed by Trends ($2.81 million), Urban Transition ($3.03 million) and Neighborhoods ($3.06 million).

The Slow Growth/Satellite Communities and Neighborhoods scenarios generate the best results in the Central FAZ, average annual net deficits of $3.09 million, followed by Preferred ($3.40 million), Urban Transition ($3.47 million) and Trends ($3.60 million).

The Northeast FAZ generates the poorest results, as the largest average annual net deficits are generated for all four scenarios. This is because this FAZ receives relatively high population increases, with associated costs but receives lower property tax revenues because it generally receives the highest amount of lower value multifamily housing units and a relatively low amount of higher value single family housing units. In addition, locally funded road capital costs in this FAZ are relatively high. The Slow Growth/Satellite Communities scenario produces the best result, average annual net deficits of $4.09 million. This is followed by Neighborhoods ($4.15 million), Urban Transition ($4.64 million) and Trends ($4.66 million). The Preferred scenario generates the poorest results, average annual net deficits of $4.68 million.

C. Annual Results-Scenario Comparisons

The chart below shows the annual net results over the 21-year analysis period for the five scenarios.



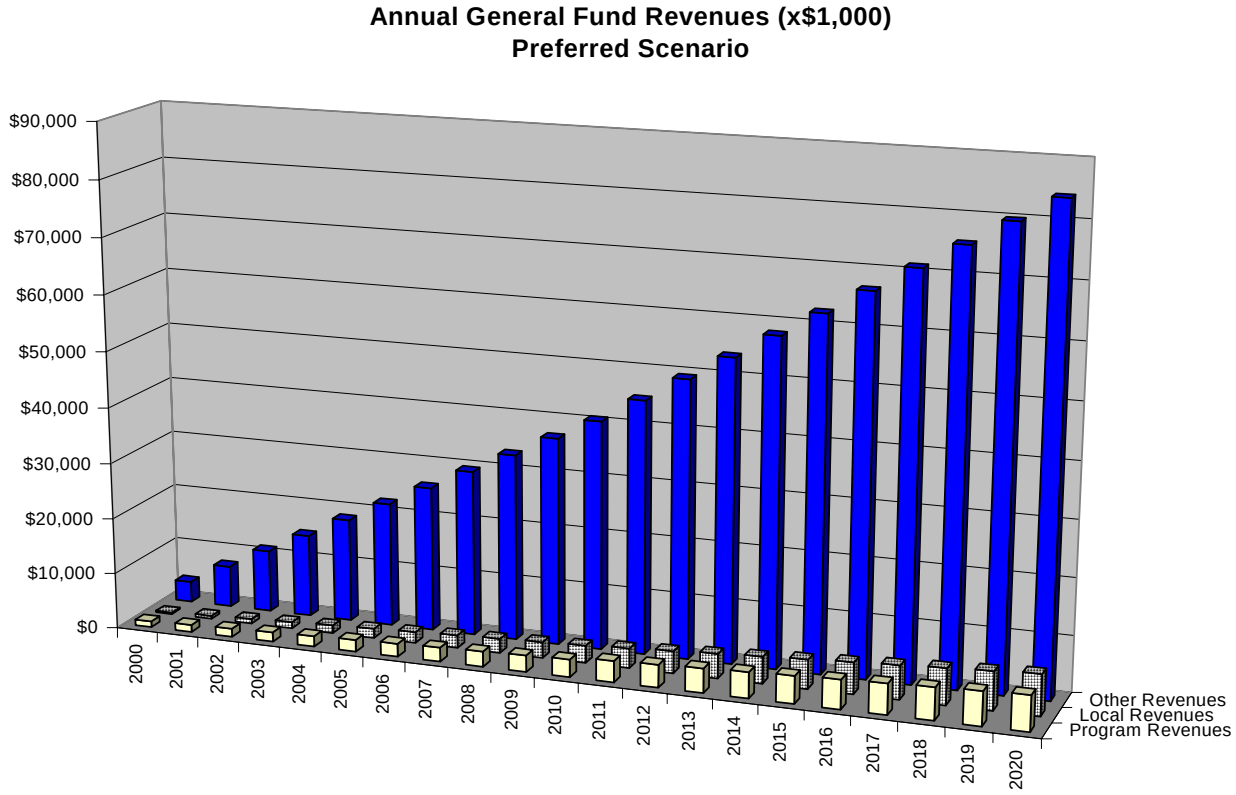
Annual net revenues are generated the first four years of the analysis, with the Trends scenario generating the greatest net revenues. This is because after year five of the analysis period, where the Trends, Preferred and Urban Transition scenarios generate net revenues, annual net deficits are incurred over the remaining years under all scenarios. The "jagged" nature of the annual trend lines result because capital costs, or major operating costs, are incurred during particular years. For example, when a certain population threshold is reached over time, a new park is "built" by the fiscal model. The same effect occurs when new staff is "hired" by the fiscal model, as is the case with the increased staffing cost associated with the opening of a new Fire Station necessitated by new growth.

There is not a dramatic difference in the results for the various scenarios. This is because four of the five scenarios assume essentially the same overall population and housing increases and four of the five scenarios assume the same overall employment increase. The differences are a result of allocation among the various fiscal analysis zones and the variations in specific types of housing units and employment. Another factor is that many of the road improvements necessary to implement the scenarios are funded through State and Federal dollars, which is not reflected in the analysis. Finally, with the exception of Trends, it is assumed there is an increase in open space preservation, resulting in increased capital costs for the other scenarios. The Urban Transition, Neighborhoods and Preferred scenarios assume 1,600 acres of opens space is preserved and the Slow Growth/Satellite Communities scenario assumes that 3,000 acres is preserved.

V. REVENUE AND EXPENDITURE DETAILS-GENERAL FUND

A. Operating Revenues

The chart below shows the General Fund operating revenues from 2000 to 2020 for the Preferred scenario. Results for the other four scenarios are not shown, but the same general relationship occurs, with only differences in magnitude and/or minor variations of the relative differential between revenue types. The revenues shown are in constant 2000 dollars.



The table below shows cumulative revenues by scenario. Revenues are broken down by major sources. These sources and the reasons for the results are then discussed briefly.

Revenues-Scenario Comparisons (x$1,000)
Municipality of Anchorage Fiscal Analysis

	SCENARIO									
Category	Trends	%	Neighborhoods	%	Urban Transition	%	Slow Growth	%	Preferred	%
Federal Revenues	$0	0%	$0	0%	$0	0%	$0	0%	$0	0%
State Revenues	$0	0%	$0	0%	$0	0%	$0	0%	$0	0%
Local Revenues	$72,887	7%	$69,518	7%	$72,507	7%	$61,094	8%	$72,475	7%
Program Revenues	$73,955	7%	$69,657	7%	$73,471	7%	$58,994	7%	$73,430	7%
Property Tax	$944,546	87%	$839,301	86%	$880,261	86%	$682,523	85%	$889,978	86%
Fund Balance	$0	0%	$0	0%	$0	0%	$0	0%	$0	0%
Intragovernmental	$0	0%	$0	0%	$0	0%	$0	0%	$0	0%
Total	**$1,091,388**	**100%**	**$978,476**	**100%**	**$1,026,239**	**100%**	**$802,611**	**100%**	**$1,035,883**	**100%**

The Trends scenario generates the highest cumulative revenues, approximately $1.09 billion over the 21-year analysis period. As discussed further below, this is a result of the higher amount of growth assumed in the first ten years. The Preferred scenario generates $1.03 billion in cumulative revenues, followed by Urban Transition ($1.02 billion), Neighborhoods ($978 million) and Slow Growth/Satellite Communities ($802 million).

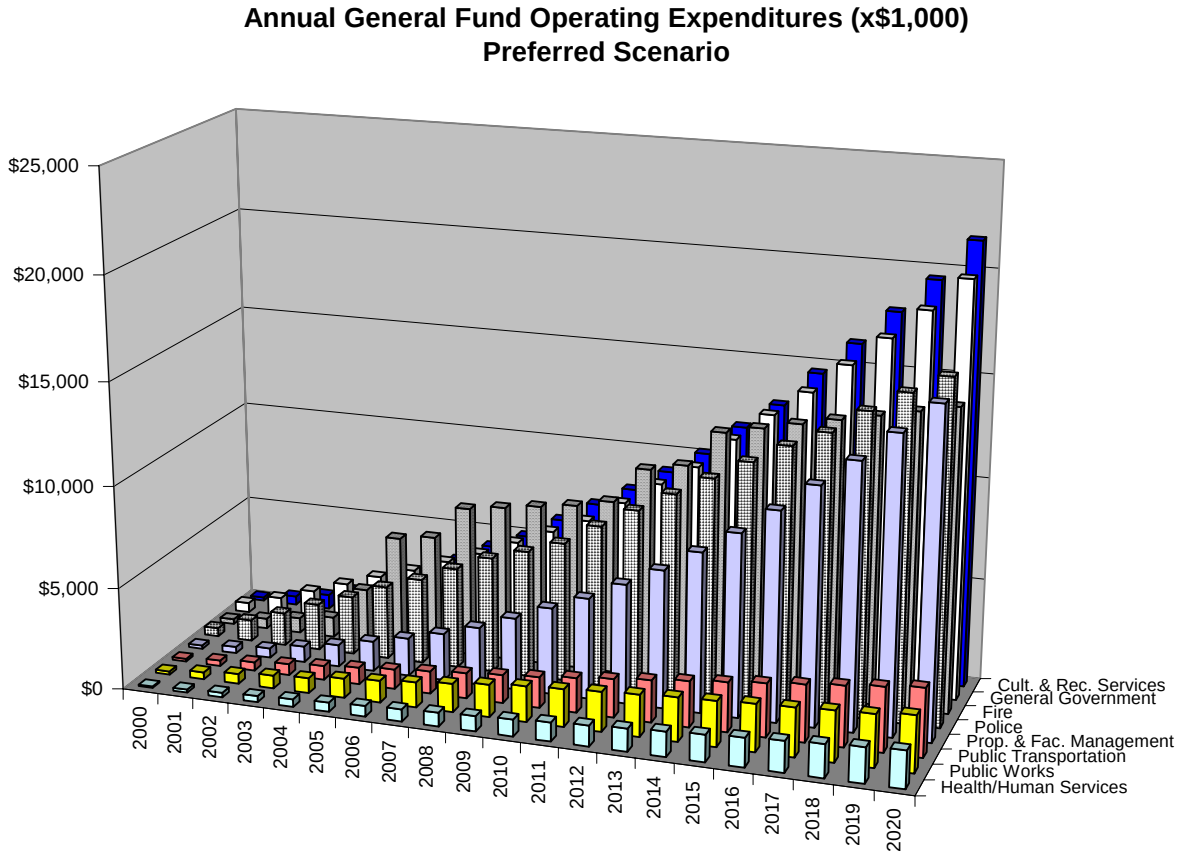
The table above illustrates the Municipality's reliance on property tax and to a certain extent federal and state revenues. (In the current fiscal year budget document, these revenue sources comprise 67% of FY99 revenues). Property taxes alone comprise anywhere from 85% to 87% of growth-related General Fund revenues, depending on scenario. Discussions with Municipal staff indicate federal and state revenues cannot be considered growth-related revenues, as they cannot be directly attributed to new development in the Municipality. In fact, certain federal and state revenues are expected to decrease. Intragovernmental revenues are not considered growth-related revenues because they are cost recoupments from fee-sustained services not evaluated in this analysis. The fund balance is considered a fixed revenue source since it is not directly attributable to new growth, and is dependent on many factors, including the national, state and local economy and interest rates.

As discussed above, property tax is the largest source of growth-related revenues and the Trends scenario generates the largest amount, $944 million over the 21-year analysis period. This is a result of the higher number of single family housing units constructed in the first ten years, particularly in the Southeast and Southwest FAZs, where market values are higher. This faster rate allows property tax revenues to accrue earlier and over a longer period of time. The Preferred scenario generates the second greatest amount of property tax ($889 million) primarily as a result of revenues generated by the increased nonresidential development assumed and to a certain extent the amount of single family units assumed in the Southwest FAZ. This is followed by Urban Transition ($880 million), Neighborhoods ($839 million) and Slow Growth/Satellite Communities ($682 million).

The results for Local and Program revenues illustrate the importance of the pace of development. For example, the Trends, Neighborhoods, Urban Transition and Preferred scenarios all assume the same population increase. However, because the majority of Local and Program revenues are projected to increase on a per capita basis, the Trends scenario generates the highest revenues because of its faster growth rate in the first ten years of the analysis.

B. Operating Costs

The chart below shows the General Fund operating expenditures from 2000 to 2020 for the Preferred scenario. Results for the other four scenarios are not shown, but the same general relationship occurs, with only differences in magnitude and/or minor variations of the relative differential between expenditure types. The expenditures shown are in constant 2000 dollars.



Total growth-related expenditures are summarized in the table below. The total expenditure and percentages for each expenditure category are shown. This table disaggregates the category of General Government shown in the graph above into 12 separate categories. Depending on the scenario, Cultural & Recreational Services and Fire expenditures represent the greatest percentage of operating expenditures, 19%-23% of cumulative expenditures, followed by Police (18%-19%) and Property & Facilities Maintenance (13%-14%).

Operating Costs-Scenario Comparisons (x$1,000)
Municipality of Anchorage Fiscal Analysis

	SCENARIO									
Category	**Trends**	**%**	**Neighborhoods**	**%**	**Urban Transition**	**%**	**Slow Growth**	**%**	**Preferred**	**%**
Assembly	$4,413	0%	$4,000	0%	$4,373	1%	$3,318	0%	$4,370	0%
Equal Rights Commission	$685	0%	$602	0%	$684	0%	$435	0%	$684	0%
Municipal Attorney	$16,115	2%	$15,262	2%	$15,899	2%	$12,808	2%	$16,284	2%
Employee Relations	$4,799	1%	$4,494	1%	$4,765	1%	$3,892	1%	$4,762	1%
Municipal Manager	$1,486	0%	$1,390	0%	$1,476	0%	$1,203	0%	$1,475	0%
Health & Human Services	$18,843	2%	$17,180	2%	$18,656	2%	$14,543	2%	$18,640	2%
Fire	$168,421	19%	$169,497	20%	$167,420	19%	$163,623	23%	$172,027	19%
Police	$158,332	18%	$154,309	19%	$155,944	18%	$134,801	19%	$162,146	18%
Cult. & Rec. Services	$178,577	20%	$154,134	19%	$173,333	20%	$129,064	18%	$173,934	20%
Public Transportation	$34,694	4%	$31,629	4%	$34,349	4%	$26,775	4%	$34,320	4%
Public Works	$39,424	4%	$34,504	4%	$31,245	4%	$27,538	4%	$33,124	4%
Executive Manager	$897	0%	$840	0%	$890	0%	$727	0%	$890	0%
Finance	$38,448	4%	$36,006	4%	$38,173	4%	$31,176	4%	$38,150	4%
MISD	$43,828	5%	$41,044	5%	$43,514	5%	$35,538	5%	$43,487	5%
Comm. Planning & Dev.	$19,221	2%	$15,696	2%	$18,118	2%	$12,725	2%	$18,115	2%
Prop. & Fac. Management	$118,940	13%	$106,806	13%	$118,781	14%	$91,598	13%	$118,398	13%
Purchasing	$23,984	3%	$19,055	2%	$23,982	3%	$15,414	2%	$23,981	3%
Non-Departmental	$22,052	2%	$21,637	3%	$22,005	3%	$19,440	3%	$22,001	2%
Office of the Mayor	$708	0%	$645	0%	$701	0%	$546	0%	$700	0%
Total	**$893,867**	**100%**	**$828,731**	**100%**	**$874,308**	**100%**	**$725,163**	**100%**	**$887,489**	**100%**

The primary determining factors for cumulative operating expenditures is the timing, or pace of growth, location and the large operating costs associated with the construction of "lumpy" capital facilities (i.e. fire stations, libraries, etc.) to serve new growth. The Trends scenario, with its faster initial growth rate, generates the greatest cumulative General Fund expenditures ($893 million) over the 21-year analysis period because thresholds for staffing and facility operating costs are reached sooner and accrue over a longer period of time. This is why cumulative expenditures are highest in 16 of the 19 expenditure categories under this scenario. The Preferred scenario generates the second greatest operating costs ($887 million) because of the higher Fire and Police operating costs that result from increased retail and service sector employment assumed under this scenario. Although the population and employment increases are the same under the Urban Transition and Neighborhoods scenarios, expenditures are greater for Urban Transition ($874 million) because of the faster growth rate during the first ten years. The Slow Growth/Satellite Communities scenario generates expenditures of $725 million.

Because of the reasons discussed above, Cultural and Recreational Services expenditures are the highest under the Trends scenario ($178 million). Because the Preferred scenario assumes slightly more population growth than Urban Transition during the first ten years within the Bowl, where parks and recreation costs are higher, Culture and Recreational Services costs are slightly higher, $179.3 million versus $173.9 million. This is followed by the Neighborhoods ($154 million) and Slow Growth/Satellite Communities ($129 million) scenarios.

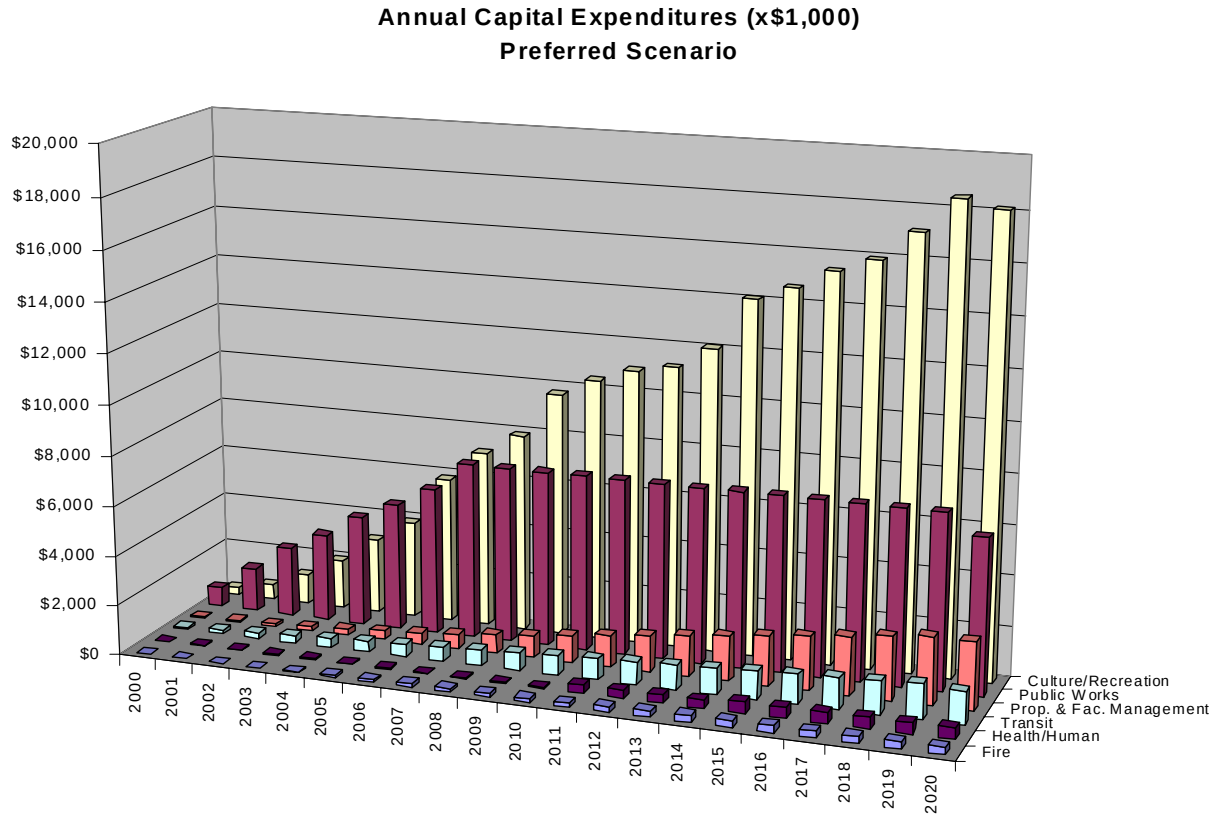
Fire operating expenditures are similar because it is assumed the same stations, with the same "lumpy" operating costs, are constructed in each scenario. This is discussed further under

capital costs. These "lumpy" station operating costs represent the majority of Fire operating expenditures, although certain costs, primarily EMS, do increase with calls for service. As a result, there is only an $8.4 million difference between the highest and lowest scenario. The Preferred scenario generates the highest Fire costs ($172 million) because of its fast population growth over the first ten years. This is followed by the Neighborhoods ($169 million), Trends ($168 million), Urban Transition ($167 million) and Slow Growth/Satellite Communities ($163 million) scenarios.

Police expenditures are greatest under the Preferred scenario ($162 million) because its fast population growth over the first ten years and the amount of retail and service jobs, which generate higher Police costs relative to other employment sectors. The Trends scenario generates the second highest Police costs ($158 million) because of its faster population growth over the first ten years, which triggers the need for additional uniformed officers sooner than other scenarios. This is followed by the Urban Transition ($155 million), Neighborhoods ($154 million) and Slow Growth/Satellite Communities ($134 million) scenarios.

C. Capital Costs

The chart below shows the General Fund capital expenditures from 2000 to 2020 for the Preferred scenario. Results for the other four scenarios are not shown, but the same general relationship occurs, with only differences in magnitude and/or minor variations of the relative differential between expenditure types. The expenditures shown are in constant 2000 dollars.



The table below shows the total expenditures and percentages for each capital expenditure category for each of the five scenarios. Of the individual expenditure categories, expenditures are greatest for Culture/Recreation, comprising approximately 49%-54% of cumulative expenditures, followed by Public Works (Roads) (33%-40%).

Capital Costs-Scenario Comparisons (x$1,000)
Municipality of Anchorage Fiscal Analysis

	SCENARIO									
Category	Trends	%	Neighborhoods	%	Urban Transition	%	Slow Growth	%	Preferred	%
Fire	$3,354	1%	$3,354	1%	$3,354	1%	$3,354	1%	$3,354	1%
Public Works	$131,370	37%	$121,740	34%	$131,370	35%	$121,740	40%	$121,740	33%
Culture/Recreation	$173,867	49%	$185,776	52%	$196,914	52%	$137,783	45%	$200,041	54%
Transit	$16,173	5%	$16,173	5%	$16,173	4%	$13,102	4%	$16,173	4%
Health & Human Serv.	$4,391	1%	$3,981	1%	$4,391	1%	$3,453	1%	$4,391	1%
Prop. & Fac. Management	$26,538	7%	$25,206	7%	$23,674	6%	$23,601	8%	$25,176	7%
Total	**$355,693**	**100%**	**$356,231**	**100%**	**$375,876**	**100%**	**$303,032**	**100%**	**$370,875**	**100%**

As the table above indicates, the Urban Transition scenario generates the highest cumulative capital expenditures, approximately $375 million over the 21-year analysis period. Expenditures are highest under this scenario because it generates the highest Public Works (Roads) expenditures and second greatest Culture/Recreation expenditures. The Preferred scenario generates the second greatest capital expenditures, $370 million over the 21-year analysis period, followed by Neighborhoods ($356 million), Trends ($355 million) and Slow Growth/Satellite Communities ($303 million).

As stated above, capital expenditures are highest for Culture/Recreation. One reason is the increased level of service assumed for open space preservation. For purposes of the fiscal impact analysis, the amount of open space preserved in each scenario is dependent on three factors: 1) the assumption regarding relative importance of open space preservation, 2) the assumption regarding where and when development occurs, and 3) the assumption regarding development pattern. For example, the Trends scenario assumes that the current preservation level of $150,000 annually is maintained throughout the 21-year analysis period, which results in the acquisition of 139 acres. The Neighborhoods, Urban Transition and Preferred scenarios assume that 1,600 acres of open space is preserved. However, because of the pattern of development, it is assumed this land is purchased between 2000 and 2010, otherwise it is assumed that land would not be available. The Slow Growth/Satellite Communities scenario assumes that major additions are made to open space and that a higher percentage of growth occurs in Eagle River, rather than the Anchorage Bowl. Therefore, it is assumed that 3,000 acres is preserved. This is discussed in greater detail in the separate Level of Service document.

Culture/Recreation expenditures are the highest under the Preferred scenario ($200 million) because of the high amount of population growth in the Bowl during the first ten years of the analysis period. The Urban Transition and Neighborhoods scenarios assume the same preservation of opens space, however, because Urban Transition assumes more population growth in the Bowl, it generates higher Culture/Recreation capital expenditures, $196 million

compared to $185 million. Although the Slow Growth/Satellite Communities scenario assumes the highest amount of opens space preservation, the Trends scenario generates higher Culture/Recreation capital expenditures because of the cost to construct various park and library facilities to serve the additional 20,000 persons assumed under this scenario.

The second greatest capital expenditures are for Public Works (Roads). Because many of the road construction projects needed to implement each of the scenarios are funded through federal dollars and are therefore not factored in the analysis, essentially the same locally funded road construction projects are assumed for each scenario, with two exceptions. The Trends and Urban Transition scenarios, which both generate capital expenditures of $131 million, assume two additional road construction projects required to accommodate the expansion of the Anchorage International Airport which is not assumed in the other three scenarios. As a result the Neighborhoods, Slow Growth/Satellite Communities and Preferred scenarios each generate capital expenditures of $121 million.

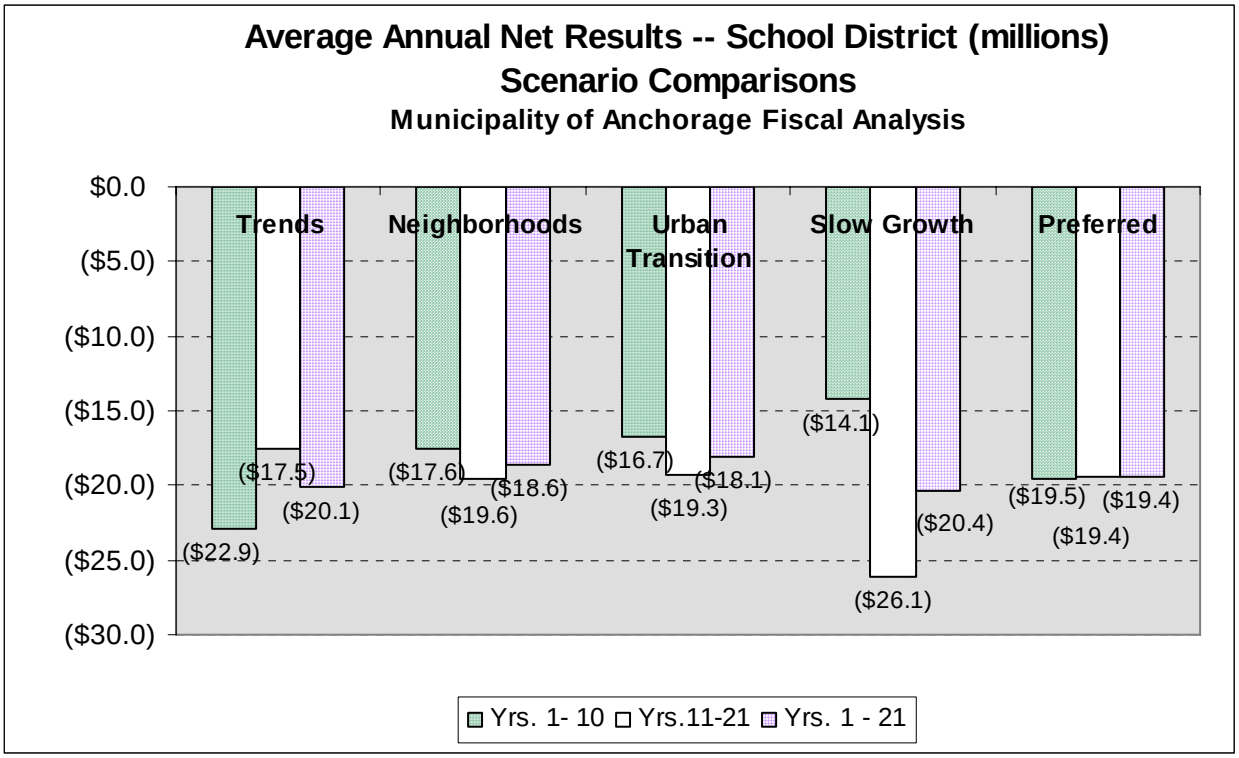
Fire capital expenditures are the same for each of the scenarios, totaling $3.3 million over the 21-year analysis period. This is because, for the most part, the relative difference between the scale and intensity of each development scenario is minimal. The major difference between four of the five scenarios is the type of development that occurs within a few specific areas of the Municipality and although the Slow Growth/Satellite Communities scenario assumes less population and employment growth, the amount of development assumed is still enough to trigger the need for Fire Stations within the Bowl.

VI. FISCAL IMPACT RESULTS-SCHOOL DISTRICT

The fiscal impacts are discussed in terms of average annual and annual net results. The average annual net results are discussed first because it provides a good way of comparing multiple scenarios. All results are those from new growth within the existing Municipality, and exclude costs and revenues from the existing population and employment base.

A. Average Annual Results-Scenario Comparisons

The chart below summarizes the average annual net fiscal results (revenues minus operating and capital expenditures) to the School District. The net results are shown for three time periods of the 2000 to 2020 projection timeframe: 1) Years 1-10, 2) Years 11-21, and 3) Years 1-21. The net results include operating expenses, capital costs and revenues as defined in a separate Level of Service document prepared by TA. The results assume attendance boundaries are exclusive to each FAZ. This is discussed further in the Level of Service document.



As is the case with the General Fund, all five scenarios generate average annual net deficits for all three time periods. The Urban Transition scenario produces the best result over the 21-year analysis period, average annual net deficits of $18.1 million. As is discussed further, encouraging growth within areas with available school capacity is a major factor. This is followed by the Neighborhoods ($18.6 million), Preferred ($19.4 million), Trends ($20.1 million) and Slow Growth/Satellite Communities ($20.4 million) scenarios. When the best result (Urban Transition) is compared to the poorest result (Slow Growth) there is only an

11% difference, an indication there is minimal fiscal difference between the five scenarios over the long-term.

Over the first ten years the ranking of scenarios is quite different from the long-term results, as the Slow Growth/Satellite Communities scenario, which generates the poorest long-term result, generates the best short-term result, average annual net deficits of $14.1 million. The Urban Transition scenario generates the second best result, average annual net deficits of $16.7 million, followed by Neighborhoods ($17.6 million), Preferred ($19.5 million) and Trends ($22.9 million). The relative fiscal difference between the scenarios over the short-term are much more pronounced. The average annual net deficits generated by the Trends scenario are 39% less than the average annual net deficits generated by the Slow Growth/Satellite Communities scenario.

Average annual net deficits are less over the last ten years for the Trends and Preferred scenarios because of the high amount of residential growth assumed in the first ten years of the analysis period, whereas the net deficits for the remaining three scenarios are higher. The Trends scenario generates the best result, average annual net deficits of $17.5 million, followed by the Urban Transition ($19.3 million), Preferred ($19.4 million) and Neighborhoods ($19.6 million) scenarios. The Slow Growth/Satellite Communities scenario generates the poorest result, average annual net deficits of $26.1 million.

The Urban Transition scenario generates the best long-term result because it generates relatively low costs. Lower costs are generated because of two reasons: 1) this scenario encourages more multifamily housing which generate fewer school children, and 2) larger shares of new growth is directed to FAZs (NW, NE, CE) that generally have more available school capacity.

The Neighborhoods scenario generates the second best long-term result even though it generates the need for the second highest number of new schools. This is because of the staging of residential development. New school construction thresholds are not triggered until later in the 21-year analysis period because of less residential development over the first ten years relative to the other scenarios.

The Preferred scenario generates the third best long-term result. This scenario assumes the second fastest residential growth rate over the first ten years, resulting in certain school construction thresholds being triggered sooner than under other scenarios. However, this scenario generates the second lowest number of school children over the entire analysis period and, similar to the Urban Transition scenario, directs larger shares of new growth to the Northwest, Northeast and Central FAZs, which generally have more school capacity.

The Trends scenario generates the need for the most new growth-related schools and the fourth best long-term result. Because this scenario encourages more single family housing earlier in 21-year analysis period, thresholds for new school construction are triggered sooner. This is particularly true given the amount of single family units assumed for the Southeast and Southwest FAZs, which generally have less available capacity than the other FAZs.

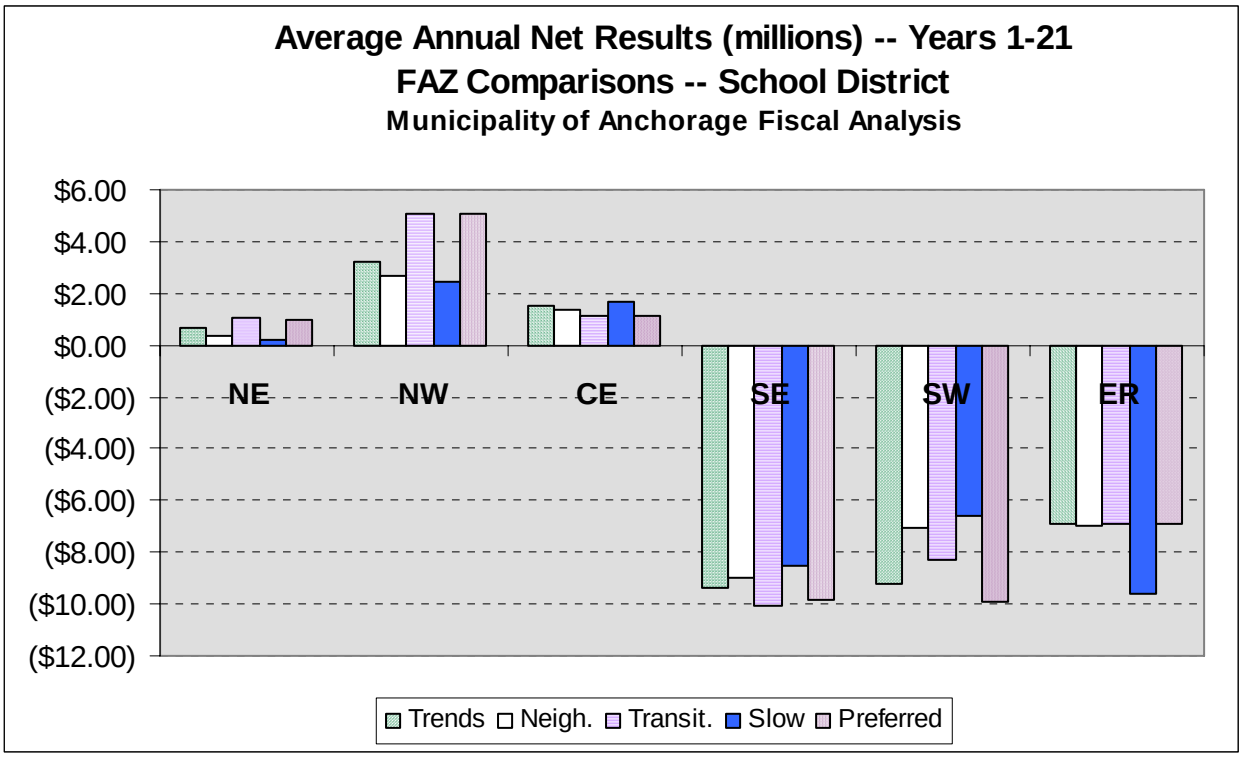
The Slow Growth/Satellite Communities scenario generates the poorest long-term result. The primary reason is that a larger share of new growth is directed to the Eagle River FAZ, which has capacity problems at the high school level. As a result, new growth under the Slow Growth/Satellite Communities scenario generates the need for two high schools in the Eagle River FAZ compared to one under the other three scenarios, resulting in this scenario generating the need for four new high schools overall, compared to three under the other three scenarios.

B. Average Annual Results-Fiscal Analysis Zone Comparisons

The table and chart below show the average annual net results for each fiscal analysis zone (FAZ) under each scenario for years 1 through 21. The results vary by FAZ depending on the type and amount of development in each zone for each scenario.

21-Year Average Annual Net School District Results--FAZ Comparisons
Municipality of Anchorage Fiscal Analysis

	SCENARIO				
FAZ	Trends	Neighborhoods	Urban Transition	Slow Growth	Preferred
Northeast	$0.70	$0.34	$1.04	$0.23	$0.97
Northwest	$3.18	$2.69	$5.05	$2.44	$5.10
Central	$1.51	$1.36	$1.10	$1.64	$1.16
Southeast	($9.35)	($8.99)	($10.04)	($8.52)	($9.87)
Southwest	($9.24)	($7.05)	($8.32)	($6.56)	($9.93)
Eagle River	($6.90)	($6.98)	($6.91)	($9.64)	($6.88)



As the table above indicates, average annual net revenues are generated under all scenarios in three of the six FAZs. The best results occur in the Northwest FAZ because of the available school capacity and the relatively small number of public school students generated by the concentration of higher density, multifamily housing. Therefore, the scenarios that generate the best results are the Preferred and Urban Transition, which encourage more higher density housing. The Preferred scenario generates average annual net revenues of $5.10 million over the 21-year analysis period, followed by the Urban Transition ($5.05 million), Trends ($3.18 million), Neighborhoods ($2.69 million) and Slow Growth/Satellite Communities ($2.44 million) scenarios.

Average annual net revenues are also generated in the Central and Northeast FAZs. This is because available school capacity is generally higher than in other FAZs, and to a certain extent, the amount and types of housing units assumed. In the Central FAZ, the Slow Growth/Satellite Communities scenario generates the best result, average annual net revenues of $1.64 million. This is followed by Trends ($1.51 million), Neighborhoods ($1.36 million), Preferred ($1.16 million) and Urban Transition ($1.10 million). The Urban Transition scenario produces the best result in the Northeast FAZ, average annual net revenues of $1.04 million, followed by the Preferred ($970,000), Trends ($700,000), Neighborhoods ($340,000) and Slow Growth/Satellite Communities ($230,000) scenarios.

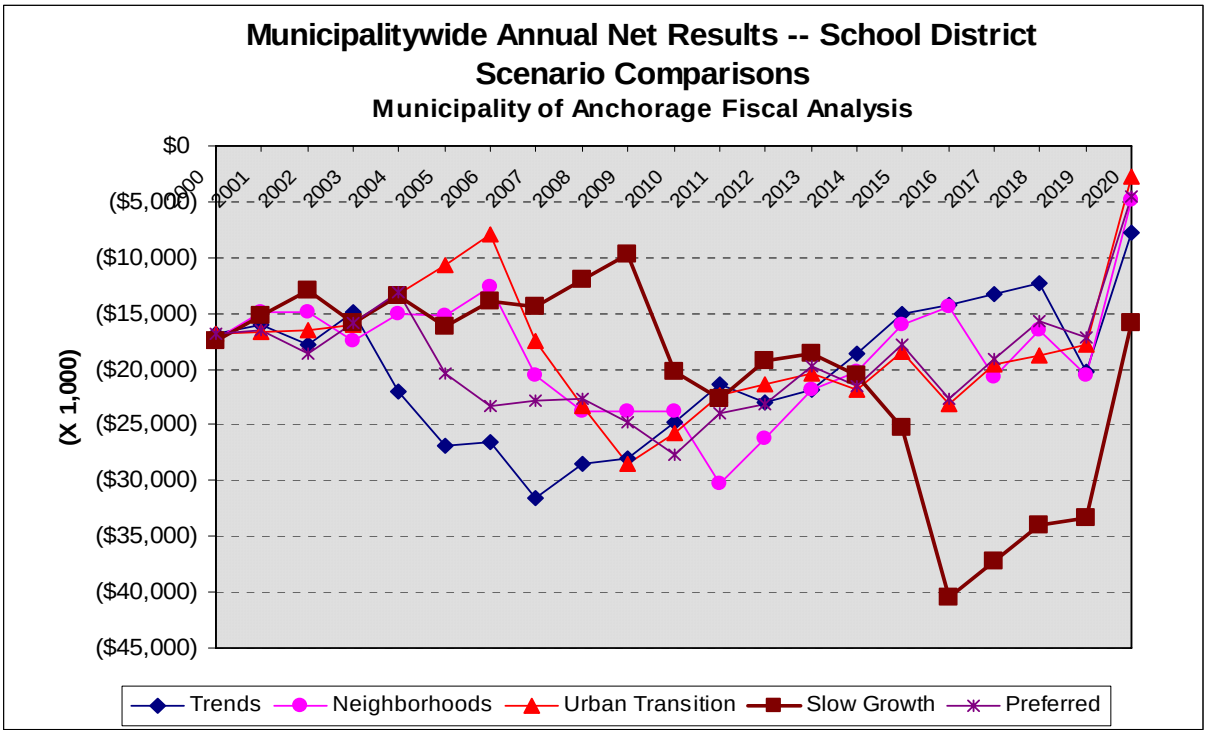
Average annual net deficits are generated under all scenarios in the Eagle River FAZ, with the Preferred scenario generating the best result, average annual net deficits of $6.88 million. This is followed by Trends ($6.90 million), Urban Transition ($6.91 million), Neighborhoods ($6.98 million) and Slow Growth/Satellite Communities ($9.64 million). A contributing factor is the lack of capacity at the high school level.

Average annual net deficits are also generated under all scenarios in the Southwest FAZ, with the Slow Growth/Satellite Communities scenario generating the best result, average annual net deficits of $6.56 million. Limited existing school capacity is a primary factor. This is followed by the Neighborhoods ($7.05 million) and Urban Transition ($8.32 million) and Trends ($9.24 million) scenarios. The Preferred scenario generates the largest deficits, at $9.93 million.

The Southeast FAZ generates the poorest results, as the largest average annual net deficits are generated for all five scenarios. This is a direct result of limited existing school capacity, especially at the high school level, and the large number of school children generated by the concentration of single family housing. The Slow Growth/Satellite Communities scenario generates the best result, average annual net deficits of $8.52 million because this scenario assumes less growth in the first ten years and therefore does not trigger school construction thresholds until later in the analysis period. The Neighborhoods scenario generates the next best result, average annual net deficits of $8.99 million, followed by Trends ($9.35 million), Preferred ($9.87 million) and Urban Transition ($10.04 million).

C. Annual Results-Scenario Comparisons

The chart below shows the annual net results over the 21-year analysis period for the five scenarios.



Contrary to the results for the General Fund, net deficits are generated in every year of the 21-year analysis period. This is because thresholds for new school construction are reached in the early years of the analysis. The different types of residential units generating higher/lower public school children and the different school capacities are key factors. Therefore, the scenario results are largely dependent on the number of housing units by type and when and where new residential growth is directed.

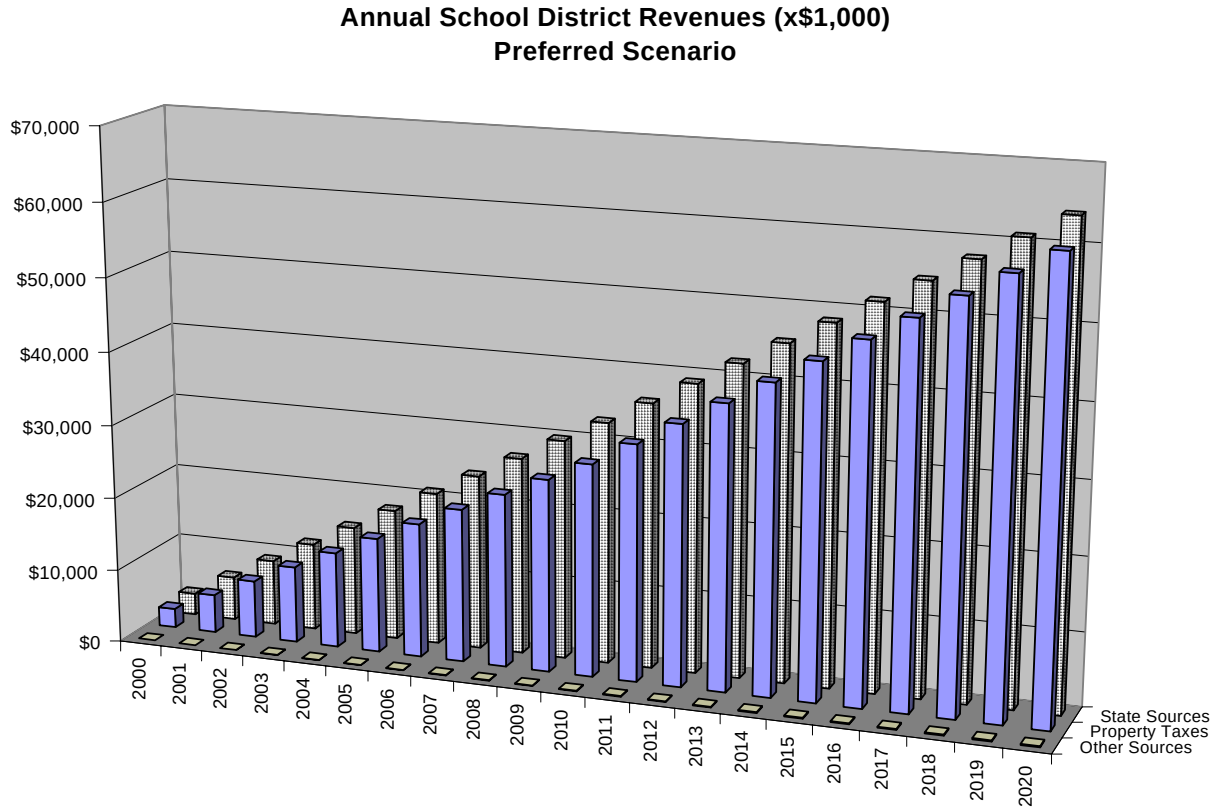
The "bumpy" nature of the annual trend lines result because capital costs, or major operating costs, are incurred during particular years. For example, when a certain enrollment threshold is reached over time, a new school is "built" by the fiscal model. The same effect occurs when new staff is "hired" by the fiscal model, as is the case with the increased staffing cost associated with the opening of a new school necessitated by new growth.

The chart illustrates the importance of the timing or pace of development. For example, the annual trend lines for the Trends and Preferred scenarios show greater annual deficits in the earlier years because of the faster residential growth rate. Conversely, the annual trend line for the Slow Growth/Satellite Communities scenario illustrates the impact of more growth occurring in the Eagle River Southeast and Southwest FAZs in the later years of the analysis period.

VII. REVENUE AND EXPENDITURE DETAILS-SCHOOL DISTRICT

A. Revenues

The chart below shows School District revenues from 2000 to 2020 for the Preferred scenario. Results for the other four scenarios are not shown, but the same general relationship occurs, with only differences in magnitude and/or minor variations of the relative differential between revenue types. The revenues shown are in constant 2000 dollars.



The table below shows cumulative revenues by scenario. Revenues are broken down by major sources. These sources and the reasons for the results are then discussed briefly.

School District Revenues-Scenario Comparisons (x$1,000)
Municipality of Anchorage Fiscal Analysis

	SCENARIO									
Category	Trends	%	Neighborhoods	%	Urban Transition	%	Slow Growth	%	Preferred	%
Property Taxes	$673,857	46%	$607,418	47%	$629,128	49%	$524,826	45%	$636,613	48%
State Sources	$777,812	54%	$689,955	53%	$665,731	51%	$650,020	55%	$696,074	52%
Other Sources	$1,944	0%	$1,725	0%	$1,664	0%	$1,625	0%	$1,740	0%
Total	**$1,453,613**	**100%**	**$1,299,098**	**100%**	**$1,296,523**	**100%**	**$1,176,471**		**$1,334,426**	**100%**

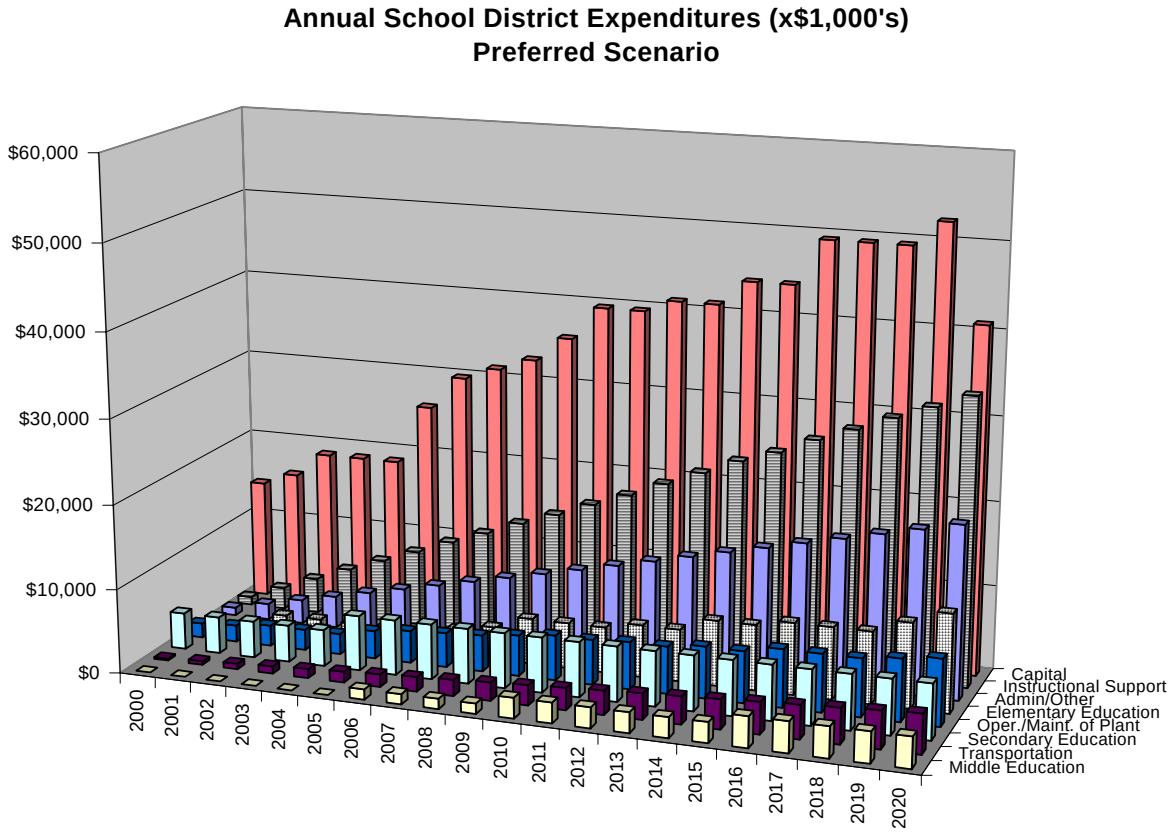
The table above illustrates the Municipality's reliance on state and property tax revenues. These two comprise essentially 100% of growth-related School District revenues, depending on scenario. The Trends scenario generates the highest cumulative revenues, approximately $1.4 billion over the 21-year analysis period. As discussed further below, this is a result of the higher amount of growth assumed in the first ten years. The Preferred scenario generates $1.3 billion in cumulative revenues, followed by Neighborhoods ($1.299 billion), Urban Transition ($1.296 billion) and Slow Growth/Satellite Communities ($1.1 billion).

State sources are the largest source of growth-related revenues. Since this revenue was projected on a per pupil basis, the Trends scenario generates the largest amount, $777 million over the 21-year analysis period. Although the Neighborhoods scenario generates slightly more school children, revenues are higher because school children are generated earlier under Trends because of the of the higher number of single family units assumed during the first ten years of the analysis period, particularly in the Southeast and Southwest FAZs, which have higher pupil generation rates relative to the other FAZs. This is followed by the Preferred ($696 million), which assumes the second highest initial growth, Neighborhoods ($689 million), Urban Transition ($665 million) and Slow Growth/Satellite Communities ($650 million) scenarios.

The Trends scenario also generates the most property tax revenues. Again, this is a result of the higher number of single family housing units constructed in the first ten years, particularly in the Southeast and Southwest FAZs, where market values are higher. This faster rate allows property tax revenues to accrue earlier and over a longer period of time. The Preferred scenario generates the second greatest amount of property tax ($636 million) primarily as a result of revenues generated by the increased nonresidential development assumed and to a certain extent the amount of single family units assumed in the Southwest FAZ. This is followed by the Urban Transition ($629 million), Neighborhoods ($607 million) and Slow Growth/Satellite Communities ($524 million) scenarios.

B. Operating and Capital Costs

The chart below shows School District operating and capital expenditures from 2000 to 2020 for the Preferred scenario. Results for the other four scenarios are not shown, but the same general relationship occurs, with only differences in magnitude and/or minor variations of the relative differential between expenditure types. The expenditures shown are in constant 2000 dollars.



Total growth-related expenditures are summarized in the table below. The total expenditure and percentages for each expenditure category are shown.

School District Costs-Scenario Comparisons (x$1,000)
Municipality of Anchorage Fiscal Analysis

	SCENARIO									
Category	**Trends**	**%**	**Neighborhoods**	**%**	**Urban Transition**	**%**	**Slow Growth**	**%**	**Preferred**	**%**
General Administration	$6,372	0%	$5,652	0%	$5,454	0%	$5,325	0%	$5,702	0%
Instructional Support	$407,400	22%	$360,000	21%	$347,160	21%	$338,160	21%	$363,300	21%
Oper./Maint. of Plant	$106,837	6%	$97,197	6%	$97,958	6%	$92,578	6%	$101,438	6%
Pupil Transportation	$56,437	3%	$50,062	3%	$48,304	3%	$47,164	3%	$50,506	3%
Elementary Education	$119,970	6%	$106,038	6%	$106,812	6%	$99,072	6%	$110,682	6%
Charter Schools	$20,475	1%	$18,162	1%	$17,525	1%	$17,111	1%	$18,323	1%
Special Education	$192,875	10%	$171,089	10%	$165,082	10%	$161,186	10%	$172,606	10%
Middle School Education	$41,344	2%	$35,264	2%	$36,480	2%	$25,536	2%	$37,696	2%
Secondary Education	$128,325	7%	$121,800	7%	$121,800	7%	$126,150	8%	$126,150	7%
Bilingual/Multicultural	$21,333	1%	$18,923	1%	$18,259	1%	$17,828	1%	$19,091	1%
Community Services	$6,660	0%	$5,908	0%	$5,701	0%	$5,566	0%	$5,960	0%
Non-Departmental	$790	0%	$701	0%	$676	0%	$660	0%	$707	0%
Capital	$767,001	41%	$699,520	41%	$704,939	42%	$668,929	42%	$730,446	42%
Total	**$1,875,819**	**100%**	**$1,690,317**	**100%**	**$1,676,149**	**100%**	**$1,605,265**	**100%**	**$1,742,608**	**100%**

As the table above indicates, the Trends scenario generates the highest cumulative expenditures, approximately $1.87 billion over the 21-year analysis period. The faster

residential growth assumed during the first ten years of the analysis period triggers thresholds for new school construction earlier and generates the need for the most new growth-related schools. A large amount of this growth is assumed in the Southeast and Southwest FAZs, which have higher pupil generation rates and generally have less available school capacity relative to other FAZs. The Preferred scenario generates the second fewest students but because it also assumes a high amount of residential growth over the first ten years, it generates the second greatest expenditures ($1.74 billion).

The Neighborhoods scenario generates the need for the second highest number of schools, but because this scenario assumes less residential development over the first ten years, it benefits from not triggering new school construction thresholds until later in the 21-year analysis period. As a result, expenditures for this scenario are less ($1.69 billion) than the Trends and Preferred scenarios. The Urban Transition scenario encourages more multifamily housing, which generates fewer school children. Much of this growth is directed in the Northwest, Northeast and Central FAZs, which generally have more available school capacity. As a result, this scenario generates the second lowest expenditures, $1.67 billion over the 21-year analysis period. Although the Slow Growth/Satellite Communities scenario assumes the lowest population growth, it generates the third highest number of school children because of the amount of growth assumed in the Eagle River FAZ, which has a much higher pupil generation rate. However, because of the lower amount of growth assumed in the first ten years of the analysis period and the available capacity at the elementary and middle school levels in the Eagle River FAZ, this scenario generates the lowest expenditures ($1.60 billion).

This page intentionally left blank.