

**Administration Responses to
Budget Advisory Commission's
Follow-Up Budget Questions**

November 10, 2009

- 1 Follow-up on question 8: What is the "other Federal Revenue" (Page 3-2/9331)? Why was it larger (\$2.6 Million larger) in 2009 Revised?

The \$2.6 million in FY 2009 is due to a one-time \$2.1 million Federal pass-through from the State of Alaska for Coastal Impact Assistance and \$500,000 in Federal funds for Public Transportation

- 2 Follow-up to question 9: Page 3-2 lists federal revenue 9357 (off by one number - sorry) on the National Forest Service How will the large increase be spent? Will this be ongoing revenue?

The increase in Account 9357, National Forest Allocation, will be spent on roads and drainage. This funding is subject to Federal appropriation; however, it is anticipated to be funded through Federal Fiscal Year 2012. The amount Anchorage receives is tied to a formula based on per acre and population variables, which are annually adjusted for inflation and census data.

3. The Parks and Rec presentation stated: "Focus will be on maintaining and improving existing facilities verses development of new projects." How does this statement translate to Russian Jack Springs Park improvements discussed in 2008 and approved by the Parks Commission in 2009? Or more generally, how are previously approved items being dealt with going forward? Are Commissions being asked to revisit recommendations or is this done administratively?

The department will be focusing on existing and/or unfinished projects and not on new projects, particularly those of any major size. This will include focusing on projects already assigned to PM&E, a list of Neighborhood Fix-It park projects, and collaboration with Anchorage Park Foundation for a few other projects still to be determined

In terms of Russian Jack Springs Park, in March of 2009 the Parks & Recreation Advisory Commission passed a resolution prioritizing six elements of the proposed Russian Jack Springs Park summer and winter Improvements. Many of these items address maintenance and safety of existing facilities. A few items address the development of new facilities. The department will be using the resolution as a valid long-term strategy for RJSP so it is unnecessary for the Commission to revisit its recommendations

The department currently does not have adequate funding to address deferred maintenance and upgrades to existing facilities. It does have some immediate safety repair projects in the works for broken bridges on the trail system; however, RJSP is not on the department's project list for major fixes or new projects

- 4 Follow-up of question 10: Page 6-5 of the *budget* book states on the third bullet from the top that Community Planning and Development/Administration Division:
"Maintain public feedback interface with development permitting process " I would like to learn more about this public feedback process, why it is separate from Development Services, and if how this budget will impact (increase or decrease) the ability to process the public feedback. There are many opportunities to improve the public process – what duplications may be eliminated, and what holes should be plugged with more input?

The Office of Community Planning and Development (OCPD) will initially provide additional feedback opportunities for constituents who are not satisfied with the outcome of the development permitting process. We are defining that "permitting process" as much broader than just Development Services. In order to pursue a medium to large size project, the constituent may need to interface with the Planning Department, (zoning, conditional use, platting, etc.), PM&E/Private Development (Subdivision Agreements and construction of improvements in the ROW), Traffic (access permits, parking lot layouts, TIAs) and several desks in Development Services. Right now, there is no consolidating agency who can reconcile the regulations and sometimes conflicting requirements of these agencies. The only appeal out of the Departments prior to the establishment of OCPD was to the Manager and Mayor. This was an inefficient and frustrating process for both the constituent and the Administration.

Our goal is to, first) provide an immediate path for resolution of development issues within the group of departments that is fair to the constituents but also recognizes the importance of the mission of each department; and second) study the processes and make longer term changes in the way that development projects are processed that will eliminate the conflicts and duplicative reviews. When these and other necessary steps are complete (which may take a significant amount of time), OCPD will oversee the operations of the revised organization. It is our goal to create an organization where public feedback is an internal function.

- 5 Development Services noted at the 10/23 work session that they have oversight and co-sign Engineering Designs submitted. How many errors are they finding on designs submitted? What are the repercussions for the Engineers who have stamped/signed designs? Do private Engineers find errors with the work done by Development Services? If so, how often?

The department finds errors on almost every project; the department makes a handful of mistakes a year. Usually those are caught by our inspectors in the field and the department works with the project manager to clear up the issue. As a result almost all mistakes are caught before construction takes place. Design philosophies however, quite often cause an issue. When it does, the department assembles a panel of local engineers (usually three) to decide whether the MOA or the Design Engineer is correct. In the three years that this has taken place, it has never been determined that the MOA Engineer was incorrect. The department prides itself in only commenting on items that do not meet code.

6. Follow-up to question 11, code enforcement. Code enforcement staff had previously indicated that they were no longer able to attend council meetings. Will they begin attending again? We understood that staffing was actually much less than indicated and that overtime was not being approved.

The department is working with the unions to allow change of shifts, which would allow officers to attend meetings at a straight-time wage rate. Because budgets are tight, the department is minimizing overtime, which includes attending after-hour meetings. If the unions allow the department to make shift changes to employees schedules once or twice a month, this will enable the department to accommodate attendance at these meetings without costing tax payers large amounts of overtime and meal periods. If they do not allow us to make shift changes, the number of meetings attended will need to be reduced, but staff will attend periodically.

7. Regarding the Police and Fire contracts, what analysis, either by the current or past administration or staff is available to help understand the calculations and assumptions in the Six-year plan? This may need to be discussed to fully frame the question. We understand that Peter Raskum may have performed some analysis. Is this available?

OMB will be glad to invite Employee Relations to a future BAC meeting to review the terms of the Police and Fire contracts. If the BAC wants to review the scenarios in the Six Year Fiscal Trends, OMB will be glad to invite CFO Lucinda Mahoney. Peter Raiskums, the Internal Auditor, works with Employee Relations in preparing the Summary of Economic Effect that accompanies the legislation to ratify union contracts. If the BAC wants to hear from Peter, OMB will be glad to provide that opportunity.

8. Is a present value analysis available related to the bond refinancing?

Please see Attachment A.

9. What is the cost per \$100,000 of assessed value associated with restoring the services that are proposed for reduction? The main point would be to help the members of the public understand the cost they would face if restoration were considered.

Every \$1 million in additional spending, property taxes increase \$4 per \$100,000 assessed value. If you "tax to the cap," (\$10.7 million), it would translate into \$42.80 per \$100,000 assessed value in additional taxes above the proposed budget.

10. Can you provide the details (and assumption specifics) of each of the six-year plan scenarios? Is the underlying spreadsheet available to us?

The assumptions for each scenario were discussed with the Assembly at the October 2, 2009 work session. The model was updated to incorporate comments from the Planning Commission and others. The updated scenario and assumptions are discussed in section four of the Six Year Fiscal Program (updated Oct. 22, 2009), which is available on OMB's web site.

The model is more complicated than one spreadsheet; if the BAC would like additional information regarding the scenarios, you are encouraged to invite CFO Mahoney to a BAC meeting for a detailed walk through of the model

- 11 More information from the School District would be helpful, but may not be since their process is on a different timetable. How can we get a better sense of the Tax Cap impact on their budget during this process?

While MOA has only one Tax Cap, in practice MOA and ASD calculate their Tax Caps separately. Each uses the amount of taxes it collected/could have collected the prior year in building its Cap for the upcoming year. Each entity uses the same variables for inflation, population, assessed valuation, new construction.

Attachment A

SAVINGS

Municipality of Anchorage, Alaska
 General Obligation Bonds
 (General Purpose)
 Proposed 20010/11 Restructuring of 2010/11 Principal
 Rates as of August 25, 2009
 Principal Starting in 2012

Date	Prior Debt Service	Refunding Debt Service	Savings	Annual Savings	Present Value to 03/15/2010 @ 3.0676780%
04/01/2010	2 310.850 00		2 310.850 00		2 307 725 39
06/01/2010	7 178 490 63	128 777 78	7 049 712 85		7 004 549 33
09/01/2010	3 782 250 00		3 782 250 00		3 729 525 65
12/01/2010		305 000 00	-305 000 00		-298 468 02
12/31/2010				12 837 812 85	
06/01/2011	12 416 025 00	1 656 705 56	10 759 319 44		10 369 837 66
12/01/2011		562 500 00	-562 500 00		-533 947 89
12/31/2011				10 196 819 44	
06/01/2012		3 267 500 00	-3 267 500 00		-3 054 788 44
12/01/2012		494 875 00	-494 875 00		-455 669 80
12/31/2012				-3 762 375 00	
06/01/2013		3 344 875 00	-3 344 875 00		-3 033 359 05
12/01/2013		423 625 00	-423 625 00		-378 368 26
12/31/2013				-3 768 500 00	
06/01/2014		3 413 625 00	-3 413 625 00		-3 002 881 01
12/01/2014		348 875 00	-348 875 00		-302 260 47
12/31/2014				-3 762 500 00	
06/01/2015		3 493 875 00	-3 493 875 00		-2 981 316 35
12/01/2015		270 250 00	-270 250 00		-227 120 11
12/31/2015				-3 764 125 00	
06/01/2016		3 075 250 00	-3 075 250 00		-2 545 420 35
12/01/2016		200 125 00	-200 125 00		-163 143 44
12/31/2016				-3 275 375 00	
06/01/2017		3 150 125 00	-3 150 125 00		-2 529 212 14
12/01/2017		126 375 00	-126 375 00		-99 932 75
12/31/2017				-3 276 500 00	
06/01/2018		3 231 375 00	-3 231 375 00		-2 516 652 29
12/01/2018		48 750 00	-48 750 00		-37 393 81
12/31/2018				-3 280 125 00	
06/01/2019		288 750 00	-288 750 00		-218 140 46
12/01/2019		42 750 00	-42 750 00		-31 808 23
12/31/2019				-331 500 00	
06/01/2020		292 750 00	-292 750 00		-214 530 74
12/01/2020		36 500 00	-36 500 00		-26 343 57
12/31/2020				-329 250 00	
06/01/2021		301 500 00	-301 500 00		-214 317 84
12/01/2021		29 875 00	-29 875 00		-20 915 49
12/31/2021				-331 375 00	
06/01/2022		309 875 00	-309 875 00		-213 666 26
12/01/2022		22 875 00	-22 875 00		-15 534 59
12/31/2022				-332 750 00	
06/01/2023		312 875 00	-312 875 00		-209 265 99
12/01/2023		15 625 00	-15 625 00		-10 292 88
12/31/2023				-328 500 00	
06/01/2024		320 625 00	-320 625 00		-208 019 26
12/01/2024		8 000 00	-8 000 00		-5 111 94
12/31/2024				-328 625 00	
06/01/2025		328 000 00	-328 000 00		-206 423 15
12/31/2025				-328,000 00	
	25,687 615 63	29,852,483.34	-4,164,867.71	-4 164.867 71	-342,666.56

Savings Summary

Deliv Date	Refunding Funds on Hand	Total	Present Value to 03/15/2010 @ 3.0676780%
03/15/2010	4 899 00	4 899 00	4 899 00
03/15/2011	4,416 25	4,416 25	4,283 83
			9,182.83

SAVINGS

Municipality of Anchorage, Alaska
General Obligation Bonds
(General Purpose)
Proposed 20010/11 Restructuring of 2010/11 Principal
Rates as of August 25, 2009
Principal Starting in 2012

PV of savings from cash flow	-342,666.56
Adjustments	9,182.83
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Net PV Savings	-333,483.74

MUNICIPALITY OF ANCHORAGE
 Refunding Analysis
 (Amounts in Thousands of Dollars)

YEAR	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
TWO REFUNDINGS:																				
BUDGET IMPACT OF TWO REFUNDINGS ON MAR 1, 2010 AND MAR 1, 2011	-12,838	-10,197	3,762	3,769	3,763	3,764	3,275	3,277	3,280	332	329	331	333	329	329	328				
PROPERTY TAX IMPACT PER \$100,000 OF ASSESSED VALUE - TWO REFUNDINGS	-41	-32	12	12	12	12	10	10	10	1	1	1	1	1	1	1				

Assessed Value
 31,385,624.715