

Budget Advisory Commission

Report to the Anchorage Assembly

on the

2011 Proposed

General Government Operating Budget

November 2010

**Budget Advisory Commission Report
on the
2011 Proposed
General Government Operating Budget**

Table of Contents

	<u>Pages</u>
Budget Introduction	1
Assembly and City Clerk’s Office	3
Community Planning and Development	6
Equal Rights Commission	8
Finance	10
Fire	13
Health and Human Services	16
Information Technology	19
Library	25
Mayor’s Office	29
Parks and Recreation	30
Police	32
Public Transportation	38
Public Works	57
Purchasing	61

Budget Advisory Commission
Annual Budget Report
Mayor Sullivan's Proposed 2011 Budget

Introduction

According to Anchorage's Municipal Code the role of the Budget Advisory Commission is "to provide the administration and assembly well-informed advice as to the budget and budgeting process from citizen commission members who provide a broad, rather than a specific issue, interest in the budget." Also included:

The commission shall:

1. Advise the assembly as to the municipal budget;
2. Participate with the assembly in the assembly review of the budget, including assembly work sessions on the budget and other meetings where budget issues are a significant component of the meeting agenda;
3. Make an annual report on the budget to the assembly before the final adoption of the annual budget;
4. Review prior to submission to the assembly any quarterly reviews of the municipal budget;
5. Preside over public meetings to solicit public comment or dialogue between the administration and/or assembly and the public on municipal budget or program issues;
6. Work to increase public understanding of and influence on the municipal budget and the budget process; and
7. Undertake special studies and report findings to the administration and assembly

The process taken this year is as follows. The BAC broke into subcommittees of two or three members who then met with many of the departments within Municipality. It should be noted that not all departments were interviewed; the BAC's main focus were those departments which provide a direct service to the community. A list of general questions were sent to the department heads prior to the scheduled meeting times, with the expectation that those questions would be answered by the meeting date. Further questions were established between the subcommittee members that pertained specifically to that department. After meeting with the department head a summary was completed with the list of questions asked, answers provided and a BAC recommendation on the department's budget. The enclosed report includes those summaries.

In past years, BAC members have advocated for increased public involvement early in the budget cycle. The Community Budget Dialogues were a positive step in this process. As noted in the consultant's report, the municipality should work to communicate more effectively with the public about municipal services and the budget process in an ongoing way. To that end,

the Citizen's Guide to the Budget was significantly rewritten this year and provides the public with a greater understanding of the budget.

The BAC advises the Assembly and Administration based on facts and community concerns. The BAC would like to thank the various department heads for their willingness to meet and candidness in discussing their budgets.

Adam Trombley
Chairman

Tony Cange
Vice Chair

Heather Ireland
Secretary

Liz Vazquez
Commissioner

Jim Ricks
Commissioner

Jim Bailey
Commissioner

Steve Hartung
Commissioner

Andy Clary
Commissioner

Bill Webb
Commissioner

Assembly and City Clerk's Office

Review:

Tony Cange and Bill Webb met with Barbara Gruenstein, Municipal Clerk and Dick Traini, Assembly Chair on Friday, October 29th to discuss the department's budget. Following are our recommendations and comments:

Questions and Answers:

Q: What are the unmet needs of this department?

A: Nothing.

Q: What does not fit the mission statement of each department?

A: Nothing.

Q: What are the highest priorities?

A: Timeliness and quality of work produced.

Q: What are the lowest priorities?

A: None

Q: What response from the public do you anticipate regarding the proposed cuts?

A: None

Q: Regardless of funding levels, what efficiencies will your department be able to achieve in the next year?

A: Combine two positions into one and reduce half a position.

Q: In the absence of union contracts, what opportunities exist for managed competition of services?

A: None.

Q: What is the historical turnover (three or five year average) of this Department? How long do vacant positions remain open? Is the pool from which supervisors are currently hiring adequately qualified?

A: Employees are good and stable, no complaints.

Q: Are there any services that could be eliminated, that the private sector could assume, without public contribution? (Not out sourcing)

A: None that we are aware of.

BAC Recommendation:

Department has 23 positions budgeted for FY2011. 11 are Assemblymen, 2 are a legal counsel and a secretary for the Assembly. The remaining 10 positions are for the Clerk and her staff (8) and the Ombudsman and her secretary (2). It appears that two of the Clerk's administrative assistant positions are unfilled. The department is in the process of combining two positions, minutes' clerk and business licensing clerk, thus reducing one staff position and reducing an elections clerk position to part time. This will be a net reduction of one and one-half positions. This will reduce the Clerk's staff to 8 ½ people to handle business licensing, calendaring, recording of minutes and the other duties of the Clerk's office. We make no further recommendations for staff changes at this time. However, MP3 recordings and other new devices on the market are being studied by the Municipal Clerk to reduce the time needed to document Assembly meetings. Any meeting of three or more Assemblymen requires documentation. We encourage further exploration of technology to increase services while reducing staff.

The Municipal Clerk's office issues twelve business licenses:

- Liquor
- Towing
- Used Auto
- Massage
- Non commercial solicitors
- Circus/Carnival
- Roving Food & Ice Cream vendors
- Adult oriented establishments
- Pawn Broker
- Private Detective
- Teen Night Club
- Shooting Gallery

Most of these are very low cost and their prices have not been reviewed for many years, if ever. Budgeted income for 2011 is \$58,700. We are not sure if this includes liquor license income, but suspect it does not. The income is not even enough to offset the cost of one administrative assistant (\pm \$85,000). We recommend the Clerk's office review the cost to issue and enforce business licenses and recommend appropriate increases to at least cover the costs of the licenses.

The Municipal Clerk's Office currently provides \$90,000 per year to the Federation of Community Councils. The BAC approves of the 2011 budget which reduces that funding to \$30,000. We have no further recommendations on community council funding.

William F. Webb
Commissioner

Tony Cange
Commissioner

Department of Community Planning and Development

Review:

On November 1st, 2010, Heather Ireland met with Department Director Jerry Weaver, as well as Sharen Walsh (Development Services Deputy Director) and Linda Brooks (Planning Division Director). The group had a discussion about the department based on the basic questions developed by the BAC, as well as questions specific to the department budget and programs.

The Community Planning and Development has recently been created following the reorganization along with the Public Works Department.

Questions and Answers:

Q: What are some unmet needs of this department?

A: There are some IT projects that would enhance services for the public as well as increase efficiencies for staff. Hansen software is being implemented for Development Services. However, the Planning Division software (Cityview) is not being upgraded in 2011.

Part of the Department budget is generated from fees associated with construction activity (Fund 181). The intent is that this fund and the services provided will be self sustaining. That has not been the case. Therefore, staffing levels have been decreased in Development Services. Currently, it may be necessary for the Municipality to add funds to this department if it is unable to self-sustain. In years when revenue exceeds expenses, funds have been reallocated to the Municipality.

Q: In the absence of union contracts, what opportunities exist for managed competition of services?

A: It is not appropriate to outsource the regulatory functions of this department, such as land use and code enforcement.

Q: Why is the Eastside District Plan being postponed until 2012?

A: Staffing levels do not support moving forward with this plan until other projects are complete. Planning staff is still completing some other projects, including Title 21 and the commercial land study, the Government Hill plan (necessary for KABATA), and the completion of the Hillside District Plan, West Anchorage Plan, and Wetlands Planning. State funding for the Eastside District Plan can be used within a five year period. The Midtown District Plan is also on hold.

Q: Please explain more about the department goal to survey Community Councils.
A: This survey would be different from the CIP surveys completed in conjunction with PM&E/OMB. Staff is still working to draft these survey that would allow feedback on the land use planning progress.

Q: Does the Department have the resources to implement an inventory of adopted major plans?
A: Yes. There will be prioritized over beginning new projects, such as the Eastside District Plan. Long range plans should focus on practical implementation strategies that staff can easily determine if the plan is being used effectively.

Q: Regarding Code Enforcement, does a system exist to notify individuals who file a complaint on the outcome and the justification for a determination?
A: An individual who files a complaint can check on the status of the complaint, but not the details. However, there is not automatic feedback generated.

BAC Recommendation

It will take some time for the ‘dust to settle’ following the reorganization of this department. In time, staff can then move forward on their outlined performance measures.

Where appropriate, investment in IT for both Development Services and Planning would be beneficial for both staff and the public. If possible, code enforcement should consider an automatic notification system for those who file complaints, including details and explanation about the outcome of a potential violation.

I was pleased to see measures related to both outreach to community councils and inventorying the implementation of adopted plans. However, it is disappointing that this comes at the expense of the completion of various other plans. Ten years after the adoption of the Comprehensive Plan should be adequate time for District Plans to be complete. The Midtown area is constantly evolving, which requires appropriate planning. Since this plan has been started, it is wasteful to not fund it to completion. East Anchorage is an area with high and increasing density. It is detrimental to continue to procrastinate on a project that would address the unique and complex concerns of large portion of our community. The Administration and Assembly should consider adequate funding and staffing for the department to complete these planning projects.

Heather Ireland
Commissioner

Equal Rights Commission

Review:

Bill Webb visited with Barbara Jones, Executive Director, MOA Equal Rights Commission on Tuesday, November 2, 2010. Following are my recommendations based on this meeting.

Questions and Answers:

Q: What are the unmet needs of this department?

A: Short a full time receptionist to answer the phone, direct people who need assistance and make appointments for hearings and investigations.

Q: What does not fit the mission statement of each department?

A: Nothing

Q: What are the highest priorities?

A: Providing quality services.

Q: What are the lowest priorities?

A: None

Q: What response from the public do you anticipate regarding the proposed cuts?

A: None

Q: Regardless of funding levels, what efficiencies will your department be able to achieve in the next year?

A: Make in-house and use of short videos for education and training; use social media (Facebook) for education and training; put complaint forms and training videos on-line (website)

Q: In the absence of union contracts, what opportunities exist for managed competition of services?

A: None

Q: What is the historical turnover (three or five year average) of this Department? How long do vacant positions remain open? Is the pool from which supervisors are currently hiring adequately qualified?

A: Current staff ranges from 6 months to 7 years employment in this department. Very satisfied with skills, work ethics and professionalism of staff.

Q: Are there any services that could be eliminated, that the private sector could assume, without public contribution? (Not outsourcing)

A: Looking now for volunteers to staff the reception desk and make appointments. The department's staff consists of the executive director, four investigators and two part time clerks. They have about 160 cases filed each year; investigate about half (80) and close about 60. Some cases drag on for two or more years. These numbers, from a productivity basis, seem very low to me as it appears over 100 hours of staff time is average for each case investigated. Most investigation is by telephone or written correspondence as the department does not have any municipal vehicles assigned and does not feel the need for one. Ms. Jones feels their productivity has been reduced by not having a full time receptionist to answer the many calls received and to make appointments for the investigators and for hearings. As most investigations will result in hearings with both sides represented by counsel, scheduling would be time consuming because of the number of people involved. Ms. Jones is currently attempting to fill the half time receptionist spot with volunteers and thinks this is about to happen.

BAC Recommendation:

This office is very professionally run. Ms. Jones is competent and good at her job. However, new goals and measurements for productivity of the investigators needs to be established, likely with the help of a third party. Possibly, the cases could be caught up and future cases handled on a much time reduced basis to the benefit of all parties. This will also allow more time for training and providing of information to local businesses. The BAC approves of the ERC's budget put forth in the Mayor's proposed 2011 budget.

William F. Webb
Commissioner

Finance Department

Review:

Steve Hartung met with David Ryan of the Finance Department on October 28th 2010. Below are a list of questions and Mr. Ryan's response. The questions are from the BAC as well as from the community.

Questions and Answers:

Q: What are some unmet needs of this Department?

A: Old technology must be upgraded / replaced. The current system that dates back to 1999 is outdated and inefficient. They need to move to paperless transaction documentation.

Q: What does not fit the mission statement of each Department?

A: Nothing Noted

Q: What are the Department's highest priorities?

A: Annual reporting, transaction processing and it was noted that monthly reports are pulled and analyzed by the Budget department.

Q: What are the Department's lowest priorities?

A: Nothing Noted

Q: What response from the public do you anticipate regarding the proposed cuts?

A: The Department does not work with public. The "Customers" are other departments within the Muni.

Q: Regardless of funding levels, what efficiencies will your department be able to achieve in the next year?

A: Consolidation of accounts payable and payroll processing with electronic timecards.

Q: In the absence of union contracts, what opportunities exist for managed competition of services?

A: We are aware that some companies do use contract labor for lower level tasks and processes but contractual constraints pretty much prevent this.

Q: What has been the historical turnover (three or five year average) of this Department? How long do vacant positions remain open? Is the pool from which supervisors are currently hiring adequately qualified?

A: The department has a high turnover rate (although only 4 vacancies are shown on schedules). Open positions are not easy to fill. Current positions may remain open for 3-6 months [This may be generally true in Anchorage, where good accountants seem hard to find.] Mr. Ryan believes that wage levels in the department are possibility lower than in many private sector jobs, at least at mid to higher levels.

Q: Are there any services that could be eliminated, that the private sector could assume, without public contribution? (Not out sourcing).

A: None noted in this department.

BAC Recommendation:

Additional investment in electronic systems is needed and should be supported. This is likely a recurring theme throughout the Muni. Costs are high with too much paper being moved around and systems not being integrated. Aside from supporting technology upgrades the BAC supports the proposed budget.

Steve Hartung
Commissioner

Additional Comments: Finance and Purchasing

I don't think I uncovered anything of special interest, except that there was definitely expressed a need for updated technology, and in departments with large numbers of transactions pretty much all on paper (purchase orders and related transactions, for instance) it easy to conceive of significant savings in personnel and physical storage facilities (though perhaps harder to quantify against the cost of the systems under consideration).

With regard to the budgeting approximately \$13 million for the ERP project that should address many of those tech needs, I think the budget would have been easier to follow if the Salaries and Benefits line items would have included those costs to be capitalized into the new ERP system, and then backed out in a separate line item below so it would be easy to follow just how much of each departments total labor was going to be capitalized into the cost of the new system.

I discussed this briefly with Lucinda at the assembly budget session. My observation was that if \$1mm labor had to be capitalized because it was dedicated to installing the new system, then there must have been \$1mm in labor in the budget that was otherwise unnecessary. I think (though I did not research) that there is latitude in determining the amount to be capitalized and not charged against the operating department.

As it stands, you would expect next years' labor budget to be \$1MM higher than this year unless the employees working on the installation of the ERP system are deleted afterwards. Lucinda did say there were some "infill" costs to be incurred to replace those budgeted to the project. Ordinarily, I would prefer to capitalize only the "incremental" costs of the system so as to not understate the continuing costs of running the departments.

As long as the capital project is under the tax cap, then it really doesn't impact the property tax level. If the capital project is paid for through bonds or other financing, then more room is created under the tax cap by capitalizing labor that would have been expensed otherwise.

I understand the total of capitalized labor is about \$1MM. I think the reporting in the budget could be improved by grossing up the labor costs, regardless of how much labor gets capitalized. I think Assembly person Ossiander may have felt the same way.

Steve Hartung
Commissioner

Fire Department

Review:

Adam Trombley, Jim Bailey and Steve Hartung met with Mark Hall, Anchorage's Fire Chief, on October 14th 2010. Below are a list of questions and Mr. Hall's response to our questions. The questions are from the BAC as well as from the community. It should be noted that other matters were discussed not in reference to the questions asked, which have impacted the BAC's recommendation on the Fire Department's budget.

We would like to thank Mr. Hall for his time and honesty. Also, we would like to thank the Anchorage Fire Department for their efforts and for helping Anchorage have one of the top cardiac survival rates in the nation.

Question and Answers:

Q: Do you think that the Fire Dept employees would take a pay cut so their co-workers can keep their jobs and so the City won't have to decommission fire trucks?

A: No. Mr. Hall feels that the contracts were negotiated under fair terms. However, Mr. Hall stated that the Unions do realize what those contracts have created and that they would be willing to negotiate but not give concessions.

Mr. Hall is supportive of the idea, which would have to be negotiated by the Union, to remove one firefighter from an engine so there are three firefighters instead of four on each call. It should be noted that until the 2008 contract extensions, the Department ran effectively with three. Mr. Hall also said by removing a firefighter from each engine would prevent engines 10 and 11 from being decommissioned since those resources could be re-allocated to 10 and 11.

Q: Can the department perform their job effectively with this budget and under Mayor Sullivan's six year plan?

A: The department can meet their goal, with a reduction in services. Mr. Hall does understand that the Mayor is doing his best to get the city back into a strong fiscal position. Mr. Hall also understands that Public Safety makes up 40% of the city's budget and that cuts have to come from somewhere.

Q: Does your overtime budget work for you? (There is no change from 2010)

A: Although there is no change from last year's budget, it does not work for him. There are two main reasons. First, more people are taking FMLA when there is a birth or a family member gets a serious illness. FMLA allows a person to be out of work for up to 12 weeks. Second, whether it is employees taking FMLA or employees out due to injury, each individual out-of-work requires the effort of 6 other employees to make up those hours. This places tremendous strain on managing their overtime budget.

Q: If we had to find more money for such items as safety would he as a citizen and taxpayer support raising taxes. If so what kind of taxes? Property, Sales, Business?

A: As a tax payer Mr. Hall would support paying a higher alcohol tax. He also supports a sales tax as long as it off-sets property tax. He does realize that it takes a 2/3 majority vote to do so.

Q: Do you think that you'll qualify for the "Safety" Grant, which will cover the proposed cuts for the next two years?

A: Yes. He is very confident that the department will receive the grant.

Q: The AFD Administration is going to see a 20.48% cut this year. How will that directly affect citizens?

A: It will affect citizens because it will increase the four minute response time since engines 10 and 11 are being decommissioned. However, it should be noted that those trucks could be saved if the Union negotiated to having only three firefighter fighters on a truck as opposed to the new four fire fighters per truck contract requirement.

Q: Would there be cost savings if the Department hired individuals with experience?

A: Yes. The cost of training and development of someone with no experience, compared to a transfer veteran firefighter is monumental and could save the department large amounts of money in the long term.

BAC Recommendation:

After meeting with Mr. Hall and reviewing our notes it is the opinion of the BAC that the Fire Department can operate, meet its' desired goals and provide the public with adequate services under the Mayor's proposed budget and 6 year plan.

Our decision is made with the understanding that the Department will be receiving the "Safety" grant which will cover its' losses for the next two years. The BAC would also like to see the Union negotiate the new requirement of having four fire fighters on each truck backed down to the previously adequate three fire fighters. As Mr. Hall has stated, this would prevent the loss of Engines 10 and 11. The BAC would also like to see, which Mr. Hall agrees, the Department be relieved of paying the AWWU hydrant cost and have rate payers assume the cost. In the 2011 budget the Department is seeing an 8% or \$307,128.00 increase, putting the department's annual cost for hydrants at \$4.1 million, which, if relieved of, is enough to cover the proposed cuts entirely. The BAC does understand that AWWU is a regulated utility and to relieve the Department of the cost would require the cooperation of Alaska's Regulatory Commission.

The BAC recommends that the Department go through a Public Safety Audit to compare itself to other similar municipalities. This would give the City and the Department a good baseline as to future salaries, practices, requirements and determine if resources are being allocated in the most cost effective manner.

The BAC also recommends that the Department place more focus on the hiring of experienced firefighters. Doing so would help the long-term budget by reducing the cost of training and development.

Adam Trombley
Chairman

Steve Hartung
Commissioner

Jim Bailey
Commissioner

Department of Health and Human Services

Review:

On October 28, 2010, Heather Ireland, Jim Ricks and Adam Trombly met with DHHS Director Diane Ingle and Deputy Director Jennifer Allen. The group had a discussion about the department based on the basic questions developed by the BAC, as well as questions specific to the DHHS budget and programs.

Questions and Answers:

Q: What does not fit the mission statement of the Department?

A: Ms. Ingle explained that the Department of Health and Human Services has a broad mission with various programs. One goal is to focus on things that are essential to public health, but are not fully addressed in the community such as: illness outbreak, emergency preparedness, child care and restaurant inspections and clinical services.

Many programs and positions in DHHS are funded through grants. An increase in State funding for public health nursing allows the Department to most maintain services at current levels, while also receiving less of a contribution to the Municipality.

Q: What are some unmet need of this department?

A: The biggest challenge to DHHS is the condition of the building at 9th and L. In addition to being old, it does not efficiently meet the demands of DHHS, Ms. Ingle stated.

In the proposed 2011 budget, one position is being eliminated from the restaurant inspection program.

Q: Does DHHS have adequate resources to prepare for a pandemic or other emergencies?

A: Ms. Ingle said the community and department response to H1N1 was a learning experience for DHHS. Although they have the resources in times of a pandemic, the department can improve upon service delivery based the experiences in 2009 related to H1N1.

Q: What programs are, or could be, addressed through outsourcing?

A: A number of DHHS services are covered through contracts (outsourcing), such as: Animal Care and Control, Community Service Patrol, and Sexual Assault Response.

Ms. Ingle also explained that the department has evolved to eliminate or minimize some services if they are addressed in the community. For example, pharmacies offer some immunizations for adults. Rather than compete with those private businesses, DHHS does not provide as many shots as historically.

Q: What options does the department have for increasing collections?

A: Ms. Ingle stated that the department is developing strategies to improve collections, although in public health, this can be challenging because it is not in the interest of the public to turn anyone away. Some services are offered with a sliding fee scale.

Q: Are there any services that could be eliminated, that the private sector could assume, without public contribution? (Not outsourcing)

A: It would not be in the best interest of public health to eliminate services. However, as mentioned earlier, the Department does watch the Market and has eliminated services.

Q: Can you meet the goals of the Department within the proposed budget?

A: Although additional resources could be utilized to address health and human service needs in the community, Ms. Ingle stated that the Mayor's proposed budget can meet the department goals. She is comfortable with the allocation for DHHS.

BAC Recommendation

DHHS is fortunate to be able to take advantage of grants, including increased funding from the State, to address some of the public health needs of the community. The Department of Health and Human Services plays an integral role to the public safety of Anchorage. The community and the administration should recognize the importance this department plays in public safety, not as a 'quality of life' function as mentioned by the Mayor during the work session on October 1st, 2010.

The DHHS facility concerns need to be addressed. Although it would take initial investment up front, it could save the municipality in the long term. The land on which the building sits is an asset that must be included in the assessed costs. Finally, a new building might better meet the needs of the public. This project should be included in the Municipality's "Blue Book" of Legislative requests to the State.

Contractual services should continue to be utilized by DHHS. Additional DHHS functions, including clinic services, might also be appropriate for privatization.

The department should closely monitor the impacts of a reduction in the size of the food safety (restaurant inspections). If the needs cannot be met during the first few months of the year, additional resources should be allocated during first quarter budget revisions.

DHHS should pursue opportunities to utilize online services and IT applications in order to increase program efficiencies.

In conclusion, the proposed 2011 DHHS budget is a reasonable balance to meet the public health needs of Anchorage, while being cognizant of the fiscal limitation of property tax payers.

Adam Trombley
Chairman

Heather Ireland
Secretary

Jim Ricks
Commissioner

Information Technology Department

Review:

Andy Clary and Jim Ricks visited with Gail Turner, Tech Services Manager, Information Technologies Department on October 25th. Below are the list of questions and Gail's response. The questions are from the BAC and the community.

Current Projects:

Time tracking project - \$500k. Positive ROI in less than a year.

ERP Project - \$13.7M - \$339k/yr

RFPs are out now. 2 tracks – one for replacement, one for the optimal solution.

Open to any solution.

Looking to be as off the shelf as possible. Don't customize.

CAMA (Property Appraisal system) – also on RFP, only for a complete replacement. \$5M, hoping for \$3M. Targeting March to start.

Is it the right time? Time & Motion study was done. Currently costs \$2M to deliver payroll each year.

Every project within the last year has had an ROI study.

IT Deployment Study currently underway. Will include ITD, Police, Fire, SWS. Likely to move toward centralized IT. Late January to mid-Feb will have results.

Printer efficiency study currently underway – currently 800 printers 3:1 ratio, should be 10:1 ratio. Xerox involved to look at efficiency.

Using ACS for voice/data services. Renewed contract for 3rd year. ACS offered incentives to renew: save \$300k over 5 yrs if purchasing at the same levels, 20 Free EVDO cards, doubled WAN links from 100mb to 200mb, gave \$400k for VOIP product cost.

VOIP Status - close to dropping PBX at City Hall and Public Works.

Questions and Answers:

Q: What are some unmet needs of this Department?

A: Challenges – managing the dept efficiently with current Employee Relations restrictions on call out.

Employees are hourly not salaried. <\$20k of OT.

Tools – can't forecast too far for the budget. Will change with the new ERP system.

Q: What does not fit your mission statement?

A: A lot of business apps to support, the diversity makes it tough.

Q: What are the highest priorities?

A: IT roadmap

Projects with 1 yr or less ROI

Maintaining Operations

Q: What are the lowest priorities?

A: No Response

Q: What response from the public do you anticipate regarding the proposed cuts?

A: No Response

Q: Regardless of funding levels, what efficiencies will your department be able to achieve in the next year?

A: Everything being done is with the goal of improving efficiency, cutting costs.

Implement time tracking project.

Asking for a 10% reduction in cost from ACS.

Will not absorb increases in maintenance costs to vendors this year.

Cut EVDO cost, saved \$28kyr.

Reduced license cost by deprecating unused licenses.

School district is moving into data center. Currently negotiating the lease agreement. Look at networks, consolidate a main switch. Remove redundant networks at schools for the cops in schools program. ASD moving their entire data center over.

Q: In the absence of union contracts, what opportunities exist for managed competition of services?

A: The department must first understand what level of service we need to be providing, find out what that costs and then decide if other options are more cost effective. By end of 2010 we will know what the appropriate service levels are.

Q: What has been the historical turnover (three or five year average) of this Department? How long do vacant positions remain open? Is the pool from which supervisors are currently hiring adequately qualified?

A: Don't have a turnover problem. People stay long term. "Pay is in line with industry." Employees have opportunities to grow.

Have not done independent salary assessment recently.

Q: Are there any services that could be eliminated, that the private sector could assume, without public contribution?

A: No

Q: What comprises the increases to asset management and debt service?

A: The ERP Project.

Q: Have you considered outsourcing instead of moving people from full time to part time?

A: No Response

Q: Will the same people be moved from full time to part time or will they be replaced? How many of these positions are being capitalized?

A: Capitalizing all 17 staff.

Current staff positions to address after ERP and CAMA project completion:

Team of 8 currently support PeopleSoft. 2 dedicated to CAMA.

3 Mainframe staff.

Q: Has desktop virtualization been pursued as a cost saving measure?

A: Yes, a pilot project is underway on desktop virtualization with both Citrix and VMWare. By the end of year we will have results of the program and will proceed.

Q: Is there any effort underway to consolidate database platforms?

A: Completion of the ERP and CAMA projects will allow the mainframe database to be retired.

True failover from data center to EOC needs to happen.

Q: What is the current IT governance model?

A: Steering Committee – Lucinda chair, Larry Baker, Nancy Usera, meet every 2 weeks. IT filters requests to steering committee.

Q: Was a business continuity plan ever developed?

A: First draft is done. Working with EOC. Doing walkthrough in January. Off site backup at Orca street warehouse.

Q: Is there a six year plan?

A: No, IT roadmap is 2 years.

Q: Do you get any feedback from the public's use of Municipal technology?

A: Did that with the old website. Could probably do a better job of getting feedback.

Q: Is the last ERP system paid off yet?

A: No, \$2M remaining. Will be paid off in 2013.

Q: Any professional associations?

A: COBIT, Gartner, CIO council

BAC Recommendation:

After our visit with Gail, the overall impression is that this department is managing and starting a significant number of initiatives that will greatly improve IT services provided to the Municipal government and the public. This is a department that appears to have labored under a lack of support and recognition of value from previous Administrations. Management is aggressively taking steps to improve IT service, forward required projects with responsible return on investment to the Steering Committee (made up of senior Administration executives), and now has the full support of the Administration.

IT is embarking on a replacement of their Enterprise Resource Planning (ERP) system that could cost as much as \$13.7Million. This project replaces a system that was implemented just before the Y2K era when a certain level of anxiety drove many organizations to acquire IT systems that would operate during the Y2K transition period. The Municipal government has survived with that system so long that it is now behind industry standards and no longer has support contract service available. Right up front Gail was asked if the \$13.7Million is too much to spend at this point, considering the shortfalls in the current projected 2011 budget. Her response was that the Municipality cannot afford to *not* implement the ERP project and the return on investment anticipated will make the project worthwhile. Gail explained how implementation of the new ERP system will permit the Municipality to save money by reducing positions. She noted that a loan will be acquired to procure the system. The loan is anticipated to be paid-off in seven years, with the system's life extending beyond. IT is using two RFP vehicles to provide the flexibility for acquiring, installing and maintaining it with the most efficient Municipal or contract personnel.

Another critical project is the replacement of the CAMA system which manages property appraisals. Both CAMA and PeopleSoft (the current ERP system) sit on mainframe hardware which is maintained at considerable cost. An RFP is out for the CAMA replacement and that project is likely to be complete by the end of 2011. IT is budgeting \$5M for that project but the actual cost could be significantly less.

Other IT initiatives include the continued roll out of VOIP services across the municipality and securing a contract with a local exchange carrier that increased service and available bandwidth and won cost concessions. Other projects are going to automate

time keeping in the Anchorage Police Department and Anchorage Fire Department, consolidate servers in Municipality-owned space with Anchorage School District, address a business continuity plan to restore service after a “disaster” and devote time to determine level and cost of service required by IT “customers”. Once IT determines the level and cost of service required, they will then determine the most efficient method to provide that service. Projects are slated for implementation if they have a reasonable anticipated return on investment, are required for compliance or are required to minimize risk.

Gail was asked if IT has a personnel turnover problem and she responded with personnel retention statistics that show IT does not have a retention problem. Which, given the workload, attests to the enthusiasm and leadership demonstrated by department managers.

Another possibility for high retention could be higher than average salaries. A cursory analysis using publicly available data shows municipal IT salaries, on average, are 18% higher than similar positions in the private sector. A complete market comparison is suggested as a follow up. Since IT staff is primarily non-represented, choices are available to management.

Job Title	Muni	Salary.com	%Diff	Qty	Muni Ext	Salary.com Ext	%Diff
Information Technology Mgr	\$ 107,122	\$ 121,149	88%	3.0	\$ 321,366	\$ 363,447	88%
Systems Analyst	\$ 88,121	\$ 59,853	147%	6.0	\$ 528,726	\$ 359,118	147%
Systems Programmer I	\$ 86,380	\$ 61,968	139%	2.0	\$ 172,760	\$ 123,936	139%
Programmer/Analyst	\$ 81,329	\$ 61,417	132%	2.5	\$ 203,323	\$ 153,543	132%
Senior Systems Analyst	\$ 67,248	\$ 92,458	73%	2.5	\$ 168,120	\$ 231,145	73%
GIS Technician II	\$ 65,806	\$ 51,698	127%	3.5	\$ 230,321	\$ 180,943	127%
GIS Technician III	\$ 79,930	\$ 63,858	125%	6.0	\$ 479,580	\$ 383,148	125%
Info Center Consultant I	\$ 72,604	\$ 51,374	141%	4.0	\$ 290,416	\$ 205,496	141%
Info Center Consultant II	\$ 81,329	\$ 59,841	136%	4.0	\$ 325,316	\$ 239,364	136%
Network Analyst	\$ 67,640	\$ 54,316	125%	3.5	\$ 236,740	\$ 190,106	125%
Network Technician II	\$ 72,604	\$ 69,253	105%	1.0	\$ 72,604	\$ 69,253	105%
Network Technician III	\$ 73,875	\$ 78,278	94%	2.0	\$ 147,750	\$ 156,556	94%
Technical Support Manager	\$ 107,359	\$ 95,665	112%	1.0	\$ 107,359	\$ 95,665	112%
Computer Operations Super	\$ 72,604	\$ 75,302	96%	2.0	\$ 145,208	\$ 150,604	96%
Computer Operator III	\$ 65,806	\$ 54,731	120%	2.0	\$ 131,612	\$ 109,462	120%
					\$ 3,561,201	\$ 3,011,786	118%

Travel funds requested are minimal and are used for travel for technical support. Travel funds are not planned to be used for conventions or industry shows. IT is a member of some professional associations but that membership is used to learn about best industry practices.

The Service Desk exists now to serve only in-house problems. The Service Desk is not staffed to directly service automated systems problems encountered by the public when trying to interact with Municipal systems. IT is open to feedback and does get public feedback via Assembly members and Administration sources.

In summary, the IT Department has a very full plate in their effort to lead the Municipality in “playing catch up” to current best industry practices. It was refreshing to hear that all IT projects are now pursued and prioritized based on ROI. The department is committed to finding efficiencies and providing excellent service. We recommend that the IT Steering Committee and Assembly continue to support the projects laid out in the IT roadmap.

Andy Clary
Commissioner

Jim Ricks
Commissioner

Library

Review:

Adam Trombley and Andy Clary met with Karen Keller, Director of Public Libraries on November 12th 2010. Below are a list of questions and the responses from Mrs. Keller. The questions are from the BAC as well as from the community. It should be noted that other matters were discussed not in reference to the questions asked, which have impacted the BAC's recommendation on the Departments' budget.

Questions and Answers:

Q: Will you be able to meet your Department goals under the Mayor's proposed budget and 6 year plan.

A: There will be a reduction in services and certain members of the public will have to travel further to access the library.

Q: In the Library Community Plan Report it states that other Cities, Anchorage's size have a more extensive Library system i.e., more branches, more staff, and a larger expenditures for new material. So you know what the state of those other cities government's are?

A: Other cities Anchorage's size are seeing a reduction of 5%-30% in their library system.

Q: What are some unmet needs of this Department?

A: Staffing, materials expenditures and number of facilities are undersized for population. The Community Plan published in January 2010 reported that "during the last fiscal year, APL operated with forty percent less staff, spent twenty-two percent less on new material and provided forty-four percent fewer facilities than its peers... In 1986, when the Municipal population was 24,600 people the Anchorage Public Library operated ten libraries or one library for every 24,600 people. In 2009, the ratio between people and facilities is one library for every 56,000 people... On average, peer libraries operated approximately nine facilities (8.71) and fifty-four percent of the peers also provided one or more bookmobiles... A decade ago, the Library had 114 FTE employees. Ten years later, staffing has dropped by 25% while the population has increased by 25,000.

Computer access and bandwidth is inadequate: APL is 19% below the basic standard for number of computers available to the public. Most employers require job seekers to apply for positions online. A University of Washington research report (March-June 2009) indicates 90% of Anchorage library visitors used computers in the library and yet 93% reported having regular access to a computer and the Internet somewhere other than the library (60% received technology help from library staff or volunteers). The most frequent youth

educational use of public access technology was to do homework, 2 out of youth users report having used the library's computers for this purpose. Value of computing services (# of computers X hours available X retail rate) = \$67,968/week.

APL's network speed is 4Mbps for six facilities. APL is in the second year of a two-year donation of wireless network services (5Mbps per location) from ClearWire.

Q: What does not fit the mission statement of each Department?

A: There are a few services that the library provides, i.e. voter registration and bus pass purchases that do not fit the mission of the Library.

Q: What are the Department's highest priorities?

A: Excellent service to the public which takes the form of: adequate and well-trained staff; a strong collection; ample, efficient access to technology; life-long educational opportunities (from birth to adult) and building and/or maintaining strong relationships with partner organizations.

Q: What are the Department's lowest priorities?

A: Labor-intensive services with low or declining use, e.g. telephone reference or that can be automated, e.g. account services online or by telephone

Q: What response from the public do you anticipate regarding the proposed cuts?

A: Increased traffic and longer waits at Loussac Library and possibly at branches for: assistance at service desks including materials check-out, bus pass purchases, library card and voter registration, fees/fines payments, information assistance; hold requests processing and access to materials (delays in getting returned items discharged and reshelved). Access to children's programming denied (unable to increase attendance or programs provided at Loussac).

Reduction in materials purchased, e.g. Leased book plan orders declined 16.6% in 2010 over 2009; 8.6% in 2009 over 2008.

Perception that communities are pitted against one another, i.e. opening a branch library in one community means closing one in another.

Q: Regardless of funding levels, what efficiencies will your department be able to achieve in the next year?

A: 20 areas and activities have already been identified and implemented to improve efficiency and reduce costs in 2010, e.g. reduced courier services from 6 days/week to 5 days/week; instituted fee for filled interlibrary loan requests; renegotiated and/or reduced service levels of contracts; raised fines/fees for printing, overdue materials and instituted rate structure for room rentals.

In 2011 the library will install software to manage some library account services (eliminate paper mailing of notifications and provide 24/7 access to library account to renew items and make account inquiries); ROI will be 18 months (software was purchased using grant money). Also, the library will institute a rate structure for facility rentals.

Some additional efficiencies/savings could be achieved, but would not be initiated by the library, e.g. reconfiguring computers at night to reduce energy consumption. Another achievable efficiency would be to provide credit card payment for overdue fines and fees (now being done for some MOA services, e.g. dog licensing).

Moving to thin client model would reduce cost of computer workstations and IT support personnel.

Longer range opportunities exist such as better materials handling (RFID) and an indoor book drop at the central (Loussac) library.

Q: In the absence of union contracts, what opportunities exist for managed competition of services?

A: All non-union activities already utilize managed competition of services, e.g. courier and janitorial services.

Q: What has been the historical turnover (three or five year average) of this Department? How long do vacant positions remain open? Is the pool from which supervisors are currently hiring adequately qualified?

A: Sr. Office Associate (Payroll/Personnel Clerk) = 1.33 yrs average

Library Assistant II (Branches) = 3.28 yrs average

Library Clerk = 1 yr average

Professional Librarian (Adult) = 14.83 yrs average

Professional Librarian (Youth, PT) = 7 yrs average
(current average employment = 6 yrs)

Professional Librarian (Youth, FT) = 1 yr average (current average employment = 12 yrs)

Candidate quality for Professional Librarians is good because of the job market but it is important to note that there is no pay differential for supervising and non-supervising Professional Librarians. Also, for non-degreed librarian supervisory positions the difference in pay rate between non-rep and AMEA positions is not significant so there is little incentive for employees to move into supervising positions.

Q: Are there any services that could be eliminated, that the private sector could assume, without public contribution? (Not out sourcing).

A: Grounds beautification, e.g. planting and maintaining flowers (could this activity assumed by a local horticultural group?).

BAC Recommendation:

The BAC supports the Library budget as proposed and knows that it can continue to meet its stated goals with the understanding that there will be a reduction in service.

There is no doubt that the Public Library has taken hits in recent years due to budget shortfalls, however, this is a trend seen nationwide. According to Mrs. Keller, other cities Anchorage's size are seeing cuts anywhere from 5%-30%. Anchorage is by no means outside the norm.

In light of the recent budget cuts the BAC recommends that the Library begin to rely more heavily on a "user-fee" base. Whether it's charging for hourly internet use, utilizing a program that allows for the tracking and payment of placing "holds" on books, or looking for outside/private sector investment, the Library should and must find a way to ensure its survival. It is also the hope of the BAC that in "boom" years, funding be restored to its original 4% of the total budget.

Since the stated goal of the Public Library is to "deliver opportunities for education, information, and enrichment for Municipal residents," it should be relieved of paying non-essential services such as flowers and lawn maintenance. According to Mrs. Keller, it cost the Library \$55,000.00 last year to maintain its horticulture. We would hope that this is a function the private sector could perform on a voluntary basis.

Adam Trombley
Chairman

Andy Clary
Commissioner

Mayor's Office

Review:

BAC members spoke with Larry Baker Sr. Policy Advisor in regard to the Mayor's proposed budget. The proposed budget for the Mayor's office is approximately \$1.4M and the net cost is \$297,987 as most of the costs are charged to other departments. The budget also proposes a reduction in staff to seven full-time and one part-time employee.

The Mayor's office proposed budget does include an increase in contracting services because the Municipality engaged View Point Learning to conduct an outreach program that engaged community dialog.

Currently the department has no unmet needs, and the mission statement is clear. The Mayor's Office focuses its efforts on the highest needs of the community; Safety, Excellence, Stewardship and Accountability. Common sense and best business practices along with improved customer service are being driven in other departments from the Mayor's Policy Advisors and office staff.

The Mayor's Office focuses much of its resources on economic development and streamlining current processes and procedures, such as grant writing and payroll. Doing so creates efficiencies and cost savings for the entire municipal budget. Other priorities of the Mayor's office are attracting new businesses and increasing the impact tourism has on Anchorage.

The Mayor's Office is identifying additional sources of revenue to offset increases and possibly relieve the tax burden on property owners. These sources include higher alcohol and tobacco taxes and a seasonal sales tax. These additional tax ideas had the highest approval rating during studies and community outreach.

Tony Cange
Commissioner

Parks and Recreation Department

Review:

On October 28, 2010, Heather Ireland met with Department Director John Rodda, as well as Valerie Barkley (Principal Administrative Officer) and Liz Stanley (Senior Administrative Officer Eagle River/Chugiak Parks and Rec). The group had a discussion about the department based on the basic questions developed by the BAC, as well as questions specific to the department budget and programs.

Questions and Answers:

Q: What are some unmet needs of this department?

A: Maintenance backlog. Development of long-term prioritization plans and policies, including asset acquisition.

Q: What are the bond proposals for Parks and Rec funding?

A: Tentatively, there will be a bond requesting \$2.7 M - 1.5 M for general use (trails and fix-it projects) and \$1.2M for a tennis facility in South Anchorage.

Q: What response from the public do you anticipate regarding the budget cuts?

A: Elimination of open facility hours in shoulder seasons. Concerns about reduction in pool services (lap swim and summer). However, attendance is low at these pools and cost recovery is low.

Q: What are services that could be eliminated, that the private sector could assume – without public contribution?

A: Management and operation of various facilities throughout Anchorage.

BAC Recommendation

Parks and Rec facilities are *assets* and should be viewed as such – they are not liabilities. Parks and Rec should be given clear and consistent guidance from both the public and Administration on policies to maintain and acquire these assets. There are two recent examples of public support for Parks and Rec in our community.

First, participants in the Community Budget Dialogues resoundingly did not want to see service cuts. The proposed budget does not reflect this sentiment. Respectfully, these community conversations also noted a need to eliminate inefficiencies. The Administration needs to do a better job of balancing the delivery of services and identifying appropriate inefficiencies.

Second, the public supported the acquisition of land in the Campbell Creek Estuary. This is an opportunity that has immense value for Anchorage, now and in the future. Free land has some potential costs, but it has overwhelming benefits to our community.

Park improvements and acquisition can't all be funded through private donations. The public can show support of Parks and Rec with the approval of bonds propositions. Park bonds should represent diverse projects and users throughout the city to increase the likelihood that they pass.

There is also a need for public contributions to Parks and Rec. This is best seen in the management of the Municipal pools. Pools are expensive and will need to be subsidized. Again, their benefit to the community justifies these costs. Pools can generate revenue, if managed appropriately. An example of this is 'open swim' hours. Many families would like to take advantage of both lessons and/or open swim, but the times available are not conducive to swimming with small children. Also, although revenue comes from higher income members of our community, lower income users should also be a target to benefit from pools – and all Parks and Rec programs - even if costs are not fully recovered through revenue.

If private businesses are willing to take on operations of facilities in Anchorage, without cost to the tax payers, these opportunities should be pursued. However, these should not come with limited access. Previous attempts in this area have been explored without long term success. These learning opportunities should be reviewed before moving forward.

Parks and Rec are essential to the quality of life in Anchorage. Without properly maintaining both facilities and programs, our community will suffer.

Heather Ireland
Commissioner

Anchorage Police Department

Review:

Andy Clary and Bill Webb met with Chief Mark Mew and Deputy Chief Steve Smith on Friday October 15th at 3:30pm. Below is the list of questions from the BAC/Community, Mr. Mew's and Mr. Smith's responses.

Questions and Answers:

Q: What are some unmet needs of this Department?

A: Would like to be achieve 30% unobligated time

Dispatch manager

911 backup improvements

Property & evidence – staff is out of balance which slows the rate at which evidence can be processed

Firing range

Q: What does not fit the mission statement of each Department?

A: Parking enforcement – PERF had never seen another department be required to have sworn officer give out parking tickets.

Q: What are the highest priorities?

A: Patrol

Q: What are the lowest priorities?

A: Parking

Q: What response from the public do you anticipate regarding the proposed cuts?

A: Shouldn't feel anything on patrol, backfilling the laid off patrol officers with detectives and traffic so there is no loss. Victims of crimes may have slightly slower response to their cases. Slightly less response to traffic control.

Q: Regardless of funding levels, what efficiencies will your department be able to achieve in the next year?

A: Fleet efficiencies. Management Software. \$150k in savings per Cheryl Frasca.

Currently leased at \$700/mo per vehicle. 500+ vehicles. Typically bonded.

A conflict of interest exists between fleet services and APD because fleet services' budget depends on a certain level of work from police. If the police require less

maintenance for their fleet, that means a smaller budget for fleet services.
Typical life of a vehicle is 120k miles or 7yrs. At 80-90k the vehicle becomes a maintenance hog.
City hasn't been able to attract a real fleet manager.
Filling up on gas at police station is currently cheaper, but in the past, it has been the other way around where Holiday stations were cheaper.
Overtime management – already a success.

Q: In the absence of union contracts, what opportunities exist for managed competition of services?

A: No Response

Q: What has been the historical turnover (three or five year average) of this Department? How long do vacant positions remain open? Is the pool from which supervisors are currently hiring adequately qualified?

A: No Response

Q: Are there any services that could be eliminated, that the private sector could assume, without public contribution? (Not out sourcing)

A: No Response

Q: If it were possible, would you freeze wages or take a pay cut to keep staff and/or services?

A: No Response

Q: Could we use non-sworn personnel to give parking tickets instead of sworn officers?

A: Yes, but it will require a change to the municipal charter.

Q: Total Budget is about \$92Mil of which about 70Mil for personnel (522 employees) and debt/depreciation. This leaves about \$22Mil for Contractual/other services (\$19.5Mil), supplies (\$2.2Mil) and Equipment/furnishings (\$.4Mil). This is equivalent to about \$24,652 per employee. Can this be broken by major categories, i.e.?

Vehicle Acquisition (how many, how often, from whom)?

Vehicle maintenance (how much and by whom)?

Vehicle fuel and oil (how much and by whom)?

Weapons and ammunition (how much and by whom)?

Uniforms (how much and by whom)?

Protective gear (how much and by whom)?

Other major supplies or materials?

A: No Response

Q: What falls under equipment and furnishings (\$367,910 in 2011 budget) and is this a one-time expenditure or expected to repeat in a like amount each year?

A: No Response

Q: What is the current policy on officers taking their vehicles home with them?

A; No Response

Q: Are you satisfied with all Muni supplied services to your department?

A: No Response

Q: Community Policing has been a priority of the current administration, can the department fulfill that mission with the current number of officers?

A: Yes, if we arrest attrition with an academy next year.

Q: How does the current CAP (Community Action Policing) team fit into that mission?

A: They do SARA projects, homeless camps and shutdown higher service call business areas in Spenard.

Q: Do they spend an inordinate amount of their time transporting public inebriates?

A: All public safety personnel spend too much time transporting public inebriates. It would be much more cost effective to increase funding for CSP than to pay sworn APD officers to do the same thing.

Q: How much records management is still done manually? Is there room to improve to a more paperless process?

A: Most things that can be automated have been. Roadblocks are at the integration points with other departments. Records could also move through the system faster.

AVL

AWARN – new radio system currently being rolled out for both Fire and Police. 2011 – mobile radios have to get swapped out. Training – not funded yet.

Other technology improvements that could be made: shots fired sensors, plate recognition, video, in-car video camera.

Q: Vehicles. Do we purchase them straight from the factory with all of the police equipment pre-installed? If not, has an independent cost comparison ever been performed to see if it would be cheaper to purchase vehicles pre-configured from a factory rather than do the work ourselves? When there is a maintenance problem on a vehicle that is in warranty, why can't we go to a dealer to have them serviced?

A: No Response

Q: Other ideas for cost saving measures and/or service improvements?

A: Half the schools have video. Patrol needs that video in their cars.

There is an opportunity to use volunteers in certain case that would free up union staff to do other duties: data entry and transcription were mentioned as possibilities.

Could create a position that is analogous to a paralegal for detectives. Could use former data entry people.

Other departments have used civilian staff to go to cold robberies.

Dispatch Manager – critically needed, been tough to find the right person to do it.

Q: Are there current IT projects that could provide cost savings?

A: Telestaff – APD time solution sits on top of Kronos – true auctioning system. \$120k to purchase + \$20k/yr in maintenance. Will save 2 FTEs.

Online Payment of fines – none yet. Just now creating the RFP. Should be on the street by Feb. Currently staffed with 1.5 FTEs. Possibly reduce that by 1.

In the last 24 months, cut records mgmt time in half. Gail Peterson constantly coming up with more time saving methods. Most big items already done. Using technology to streamline the smaller items.

Lots of room for improvement on court system side of the interface.

MAJIC – Multiple Agency Justice Integration Consortium, 30 agencies all focused on integration.

APSIN on a Blackberry – for the CAP team provides the ability to do a field interview right from device.

BAC Recommendation:

The chief was straightforward and direct in answering questions and gave us all of the time we needed. He understands the budget crisis we are in and the department has been working together with the current administration to come up with ways to solve the problem. However, the options are limited due to the fact that 75% of the budget, which is personnel, is effectively off limits because of the union contract.

Earlier this year, the department commissioned a deployment study that was done by the Police Executive Research Forum (PERF). The municipality is fortunate to have such a current and comprehensive study of APD staffing to help guide changes in the department. One of the key takeaways from the study, as it relates to this budget cycle, is the recommendation that cuts could be made in the number of detectives and traffic officers while still maintaining service levels. As a result, 12 patrol officers are slated to be cut and detectives and traffic officers will back fill those positions.

Fleet management was an area identified by the chief where efficiencies could be made. This is a separate function mostly handled by other Municipality employees. APD was reported as having about 470 or so vehicles assigned to them currently. All sworn officers have a vehicle assigned, 362 of them, leaving a balance of 108 for special uses, i.e. courier van, SWAT team specialized vehicles, etc. There appears to be a significant number of vehicles assigned to APD that are not needed or accounted for. Each cruiser is leased from fleet services for roughly \$700 per month. If 50 vehicles can be reduced at \$700 per month

savings each, this will result in total annual savings of about \$420,000 on vehicle leases and any fuel or other services needed.

Either APD, or another department, needs a qualified and aggressive fleet manager and appropriate software. This is likely a service that should be contracted to third parties. OMB has projected \$150k/yr could be saved by implementing fleet management software.

Another area where there is a clear opportunity for cost savings is parking enforcement. The current city charter only allows our highest paid personnel, sworn police officers, to write parking tickets. Parking enforcement could easily return to Community Development Authority/Parking Services or be contracted out to the private sector. This will require a change to city charter, but it is allowable by union agreement and will result in two sworn officers being available for reassignment.

One of the metrics the PERF report discusses is the show up rate. Which is the time spent in performance of job duties after deducting time for vacations, training, illness, court appearance and other leaves. The show up rate for APD is about 76% overall. If show up rate is improved, this will result in the equivalent of adding about 5.5 employees, at no further cost, per each 1% improvement in the show up rate.

A lot of time is spent by patrol in responding to false alarm system alarms and the transportation of inebriates. Municipal code should be modified to make the alarm companies responsible to notify APD of a real alarm vs. a false alarm or that the alarm company be fined an amount equal to the cost of responding when they fail to notify APD on a timely basis. Community Service Patrol (CSP) should be “beefed up” to allow CSP to handle the vast majority or all of inebriate pickups. In an average year APD has over 9,000 calls for service related to drunks. Many or most of these calls could be handled by increasing the number of CSP personnel. If only 50% of these calls were taken by CSP and each of these calls saved APD 45 minutes, this would free up 3,375 hours of response time, equivalent to about 2 officers based on a 76% show up rate.

Prisoner transportation, subpoena service, service of civil warrants, non injury accident investigations and preparation of transcripts are all duties addressed in APDEA union agreement that are open to be done by others, dependent on certain conditions. These services should be analyzed as to the appropriateness to be privatized. Those services determined to be appropriate, that will also result in significant cost savings, should be turned over to the private sector. APD personnel should be assigned to other departments and duties.

Anchorage has been in an extended period of low inflation and minimal job growth. Local, state and national “events” make our future economy very unstable with continued low or no growth in family and personal incomes being forecasted. The Anchorage Police Department Employees Association (APDEA) recently signed an agreement with the Municipality that appears to ignore the realities of our economy. The wages and benefits that will result in the 5th year of this agreement will mandate four years of major changes in the funding and or staffing of APD. APD employees under this agreement receive a 2% to 4% annual step increase as well as a 2.9% to 4.5% COLA increase each year. This is on top of already high wages and benefits that the vast majority of Anchorage citizens could only dream of making. Employees receive 5+ weeks of paid vacation, 12 paid holidays, 89% to 95% of their medical, dental and optical insurances paid by the Muni, 100% match 401(k) plan, night shift bonus, college tuition and books reimbursement plus 4% or 8% wage increase after graduation, paid clothing allowances and the cleaning of their uniform and other clothing items.

The Union and the Municipality would best be served in the long run if the agreement's excesses are addressed now rather than deferred to 2014. Failing to act will cause major disruptions in services due to layoffs since taxpayers will rebel at the amount of tax increases needed to meet such wages and benefits.

APD has very strong leadership and a highly trained and dedicated workforce. We are confident that management and employee representatives will be able to work together to meet the challenges of Anchorage's needs while balancing the city's and the employees' needs. Even though this may be a difficult budget cycle, we came away from the interview assured that the men and women of the Anchorage Police Department will continue to provide excellent service and will continue to keep Anchorage residents safe.

Andy Clary
Commissioner

Bill Webb
Commissioner

Public Transportation

Review:

Adam Trombley and the BAC met with Jody Karcz on November 1st 2010. Below are a list of questions and Mrs. Karcz's response. The questions are from the BAC as well as from the community.

Question and Answers:

Q: Will you be able to meet department goals in light of the Mayor's proposed budget and 6 year plan?

A: The goals that won't be met are those that focus on a transit system that provides "consistent" access to all. The loss of route 45G could cause the possibility that some people will be turned away because the normal 45 route buses might be too full. The goal which will be met is that the Department will be able to provide a reliable transit system to those that need it the most.

Q: What are some unmet needs of this Department?

A: Anchorage's transit system is a great system but it is a little system. 26 years ago there were 56 buses, today there are 42. There is an unmet demand for the transit system. Anchor Rides is an unfunded Federal mandate.

Q: What does not fit the mission statement of each Department?

A: No Comment

Q: What are the Department's highest priorities?

A: Alaska is 1 of 4 States that does not provide funding for local public transit. This is because the State views public transportation as a local issue. However, in Mrs. Karcz's opinion Anchorage is the "hub" of Alaska and should receive State assistance.

Q: What are the Department's lowest priorities?

A: There are no "lowest priorities" since all efficiencies have been found due to cuts being so deep.

Q: What response from the public do you anticipate regarding the proposed cuts?

A: It won't be good. With that said, however, there haven't been any comments on the fee increases.

Q: Regardless of funding levels, what efficiencies will your department be able to achieve in the next year?

A: There are consistent challenges with P.T's overtime budget due to the high turnover of drivers and the desire for vacation time. Generally speaking, most drivers correlate their vacation time with Christmas break, spring break and during the summer months. Mrs. Karcz has proposed, which would have to be agreed on between Unions, is to have school bus drivers fill the vacant P.T slots during those times. This would prevent the need to pay overtime and allow the Department to pay straight wages and not benefits since those school bus drivers would receive benefits under their normal contract. As it stands, this is only being proposed.

Q: In the absence of union contracts, what opportunities exist for managed competition of services?

A: Currently, Anchor Rides and Van Pool contracts out. No other option.

Q: What has been the historical turnover (three or five year average) of this Department? How long do vacant positions remain open? Is the pool from which supervisors are currently hiring adequately qualified?

A: Half the drivers have been employed for less than six years. Generally, the Dept doesn't receive applications from experienced drivers. It takes 5 weeks to train new drivers. About 1-2 positions open up, yearly, in the Maintenance Dept. Administration is seeing an "ageing" workforce which will cost money to train and replace.

Q: Are there any services that could be eliminated, that the private sector could assume, without public contribution? (Not out sourcing).

A: Not in her opinion

Q: If you could choose a route to cut what would it be?

A: Route 45G is her decision. It was chosen because route 45 covers the same route. The only change riders will see is a longer wait and the possibility, by no means probable, of not making the bus because of over-crowding.

Q: Does your overtime budget work for you?

A: Not on the surface but its cost can be made up with straight time labor.

BAC Recommendation:

After meeting with Mrs. Karcz and reviewing our notes, it's the opinion of the BAC that the department will be able to meet its' main goal of providing a reliable transit system to the people of Anchorage, as the Director stated "We have a great bus system, it's just small". This decision is not made lightly. However, Anchorage's Public Transit System is heavily subsidized by the Municipality. The funding breakdown is as follows: 20% from revenue, 20% from Federal grants and 60% from Muni taxes. With the current state of projected contractually obligated required spending, there is no doubt that Public Transit will have to make cuts, since 60% of its funding derives from Muni taxes. It should also be stated that all departments within Public Trans is seeing a substantial pay increase which is affecting service routes.

Most of the controversy surrounding the budget cuts is the loss of the heavily utilized Route 45G. In the attached demographics document it is clear to see that the majority of bus riders are considered the "working poor". Given the route it follows, its' loss will be a direct impact on the "working poor". With that said, the Director chose this route because it will not only lower the Department's cost per ridership but only slightly affect service. Fortunately, Route 45 will continue to provide service to those same riders. The major change will be a 30 minute wait as opposed to the current 15 minutes. The director did state that there is the possibility, not probability, of individuals being turned away due to bus overcrowding.

The cost of reinstating Route 45G is around \$130,000.00. The BAC would like to see this route continued due to its popularity but suggests that funding come in the form of user fees. In the attached National Bus Fares document you can see that Anchorage transit fares are behind in several categories. Although the proposed fare increases help in raising revenue, there will still be some fares failing to meet the national average.

The BAC does recognize that to raise fares would adversely impact those that utilize the bus system. We also believe that the rise in fees is equivalent to a rise in fuel costs or basic vehicle maintenance. If you operate a vehicle then you find ways adsorb additional cost. This is also true for those on a fixed income.

We also suggest that the Department keep an eye on the money they receive through bonds. On page 21-3 of the budget there is a line item stating ""Reverse one-time payment due to the US Treasury for excess interest earnings on tax exempt bond proceeds earned above the permitted yield allowed for the 2005 bond issue" - \$1,953.00. We recognize that this is a cash flow management issue with the Public Finance Division; however, to prevent this in the future, the Department should track bond money as well.

Adam Trombley
Chairman

MODAL CHOICE

Comparison of People Mover riders' ages to ages of general adult public in Anchorage telephone sample
 (Sources: People Mover onboard survey, August, 2001 and telephone household survey, July, 2001)

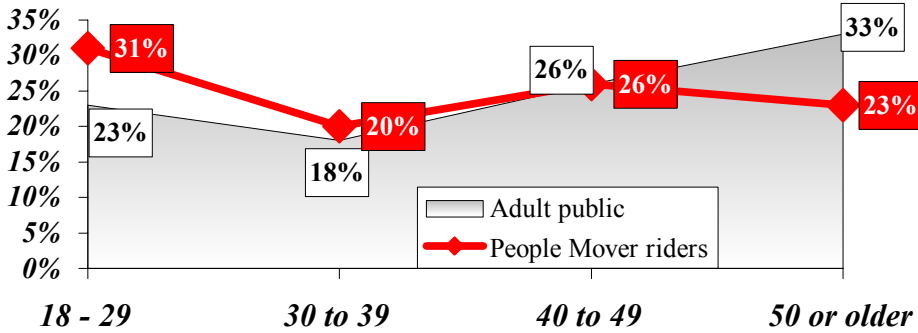


Exhibit III- 19 Age of riders and of the adult public

DEMOGRAPHIC PROFILE: COMPARISON OF RIDERS TO GENERAL PUBLIC

A perspective on the demographics of riders and how they compare to the general adult public is instructive. This is made possible by comparisons of the onboard survey data to the telephone survey data.

Age

Riders are typically somewhat younger than the general adult public. In the chart above we limit the samples to those eighteen and older.³ While 31% of the People Mover riders are in the youngest age group shown, only 23% of the adult public falls in that age range. Conversely, while 33% of the survey respondents are fifty or older, only 23% of riders fall in that age group.

³ A small number of People Mover riders younger than eighteen completed a survey, but the telephone interview was conducted with only those eighteen and older. Thus for this chart, to make an age comparison, the few persons under eighteen in the onboard sample were dropped.

DEMOGRAPHIC PROFILE: COMPARISON OF RIDERS TO GENERAL PUBLIC

**DEMOGRAPHIC
PROFILE:
COMPARISON OF
RIDERS TO
GENERAL PUBLIC**

**Comparison of People Mover riders' income to that of general
adult public in Anchorage telephone sample**

(Sources: People Mover onboard survey, August, 2001 and telephone household
survey, July, 2001)

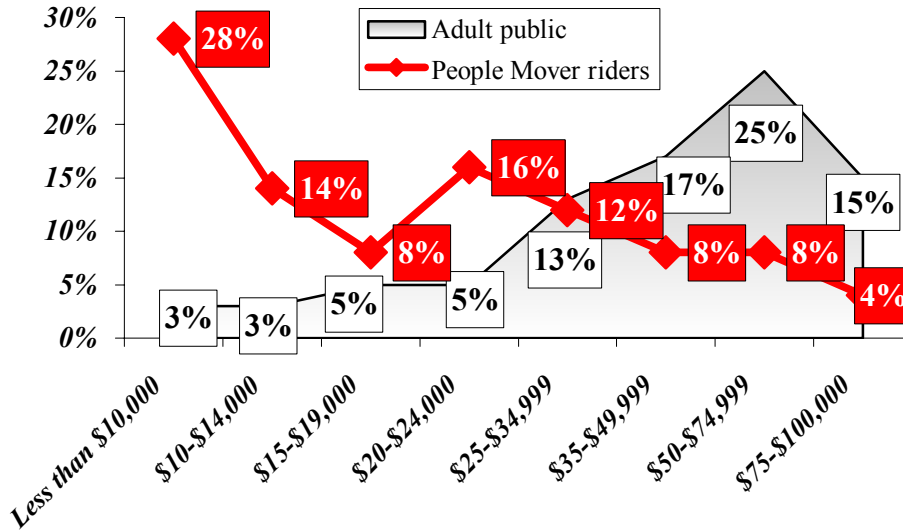


Exhibit III- 20 Household incomes of riders and the adult public

Household income

The greatest demographic difference between riders and the adult public is in their household incomes.⁴ While only 3% of those reporting their income in the household survey said their incomes were below \$10,000, 28% of riders reported incomes at that low level.⁵ Conversely at the higher end of the income scale, the riders have considerably lower incomes than the general adult public.

⁴ Non-responses were treated as missing data, not as low income.

⁵ One weakness of a telephone survey is its obvious inability to reach people with no telephone service. This does not account for the large income difference, however. We know for example, that for many persons without telephone service, the lack is only temporary, and that only a small number of households in most municipalities lack telephone service on a permanent basis.

**DEMOGRAPHIC PROFILE:
COMPARISON OF RIDERS TO GENERAL PUBLIC**

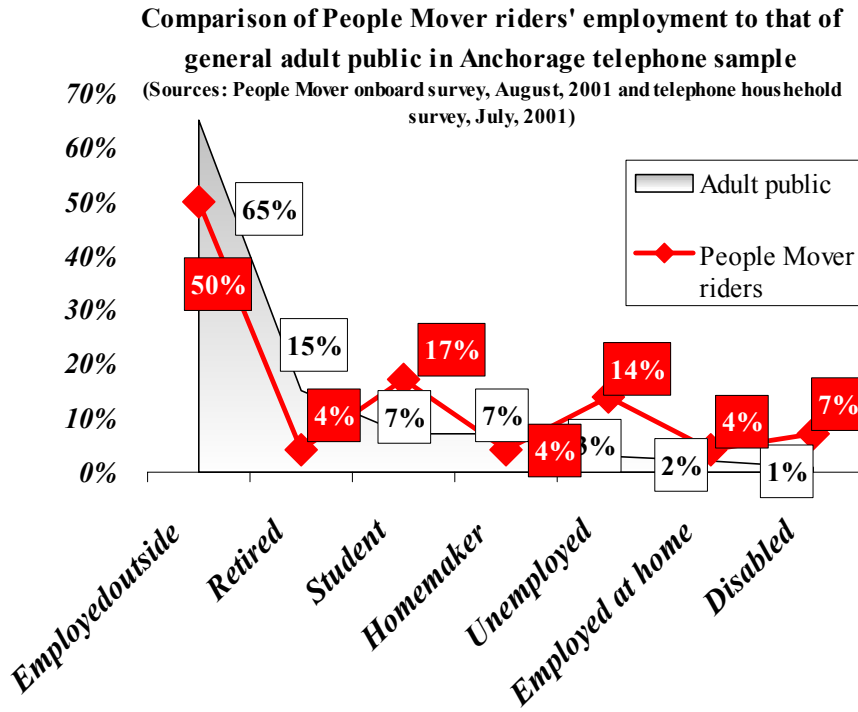


Exhibit III- 21 Employment of general adult public and People Mover riders

Employment

Of all riders, 50% say they are employed for compensation, outside their homes. These people are, of course, a prime transit market. And the fact that they ride People Mover means that it is a significant factor in the local labor market. Of the general adult public, the proportion employed outside the home is 65% according to the telephone survey conducted as part of this project.

Offsetting this difference are the percentages of students, unemployed, and disabled persons using the buses. In each case, their numbers are considerably greater among People Mover riders than among the adult public.

The lower level of employment, and higher levels of unemployment and disability among People Mover riders help account for lower income levels of riders. Insofar as some of the student riders live in households independent of their families, they too would tend to depress the mean earnings level, though this would somewhat be offset in comparison to the general adult public by the fact that more of the adult public is retired.

**DEMOGRAPHIC
PROFILE:
COMPARISON OF
RIDERS TO
GENERAL PUBLIC**

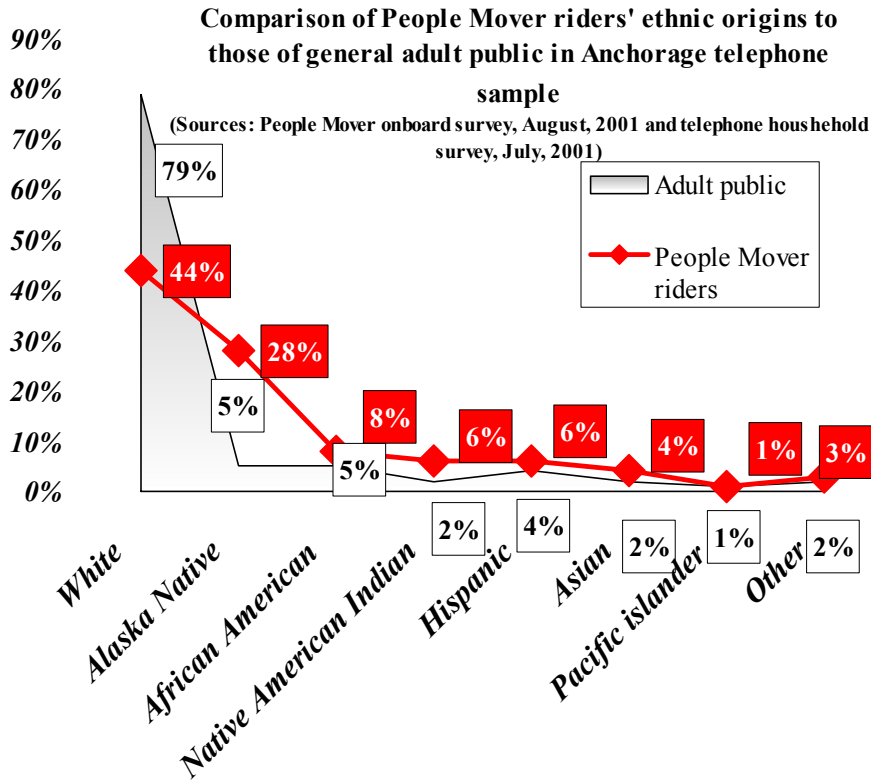


Exhibit III- 22 Ethnic origins (self identified) of People Mover riders and of the general adult public

Ethnic self-identification

Like the general adult public, most People Mover riders identify themselves as "white." Unlike the general adult public, however, only 44% of riders self-identify as "white" while 79% of the adult public identifies itself as "white."

On the other hand, 28% of the riders surveyed identify themselves as "Alaska Natives," while only 5% of the general adult population so identify themselves. Similarly, all other minority ethnic groups in the general population form a somewhat greater proportion of the People Mover ridership. For example, while 5% of the adults in the telephone survey self-identified as African Americans, 8% of the riders did so.

Similarly, while 2% of the adult public self-identified as American Indian, 6% of the riders did so. Hispanic and Asian persons are also greater in proportion among People Mover riders than among the general adult population.

**DEMOGRAPHIC
PROFILE:
COMPARISON OF
RIDERS TO
GENERAL PUBLIC**

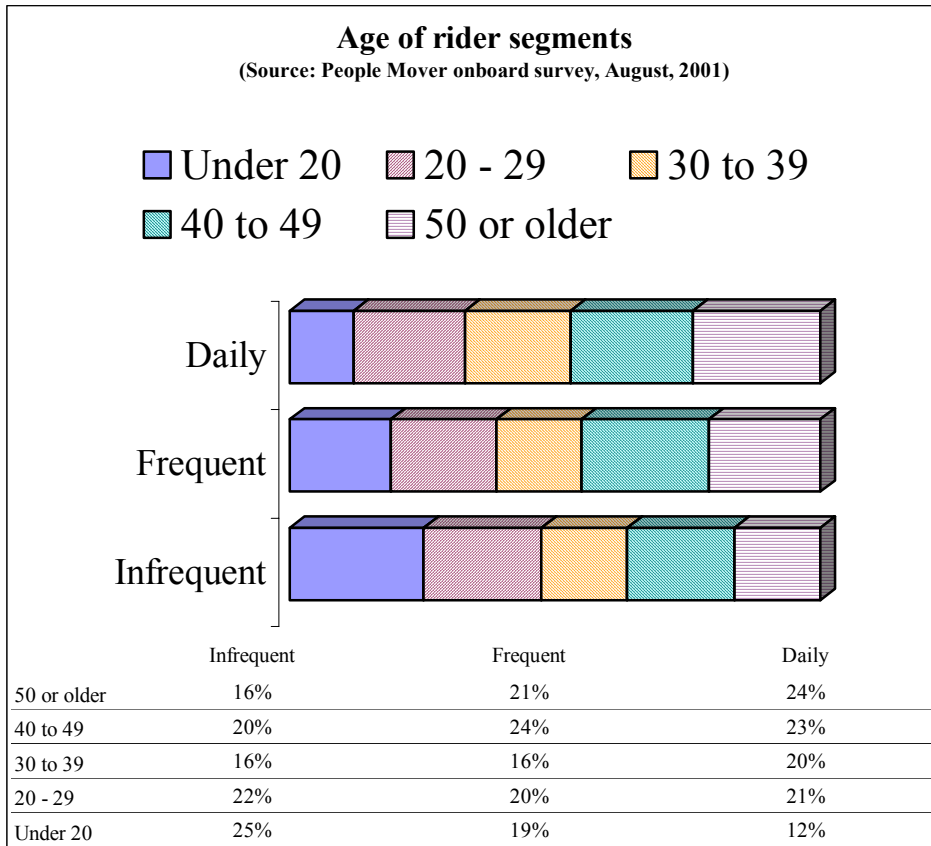


Exhibit III- 23 Age of rider segments

DEMOGRAPHICS: BREAKDOWN OF RIDER SEGMENTS BY DEMOGRAPHICS

Age

The more frequent the rider, the older he or she tends to be, and the closer to the population norm the segment as a whole is. We saw this pattern in the focus groups as well. The older riders tended to be employed persons or persons with a medical need to travel locally. The younger riders tended to be either students or entry level employees in service occupations where employment is often sporadic.

The survey and focus groups were conducted during the summer months. Given the result shown above, it is likely that the ridership during the school year would be somewhat more slanted to the younger riders using People Mover to get to high school or college.

**DEMOGRAPHICS:
BREAKDOWN OF
RIDER SEGMENTS
BY
DEMOGRAPHICS**

**DEMOGRAPHICS:
BREAKDOWN OF
RIDER SEGMENTS
BY
DEMOGRAPHICS**

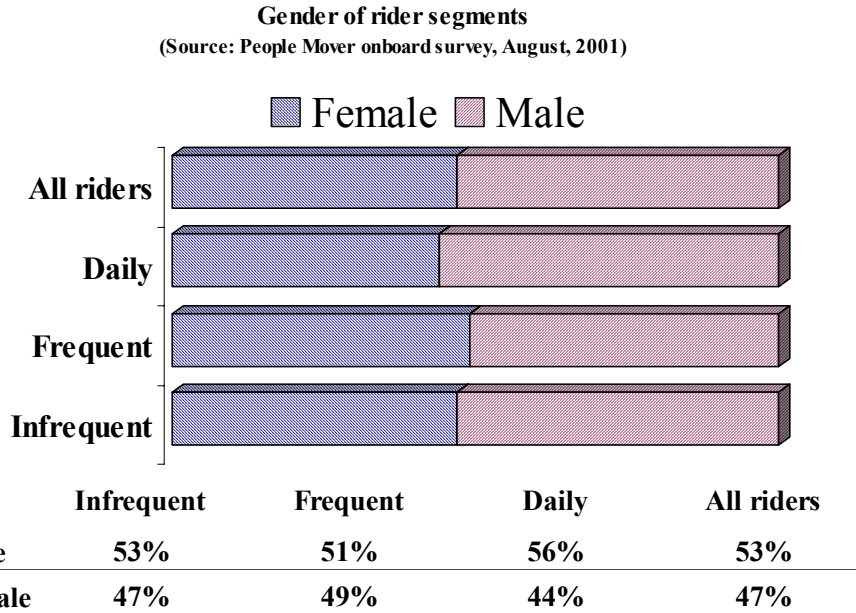


Exhibit III- 24 Gender of rider

Gender

In most bus systems, more riders are women than men. The reason for this is not entirely understood, but probably has to do with the fact that women continue to be paid lower wages than men, to hold many low wage service jobs, and to rely for these reasons on transit.

In Anchorage, however, male riders outnumber female riders. One reason for this is probably that unlike most places in the United States, men outnumber women in the municipality 51% to 49% according to the 2000 Census -- precisely the balance among the frequent riders.

**DEMOGRAPHICS:
BREAKDOWN OF
RIDER SEGMENTS
BY
DEMOGRAPHICS**

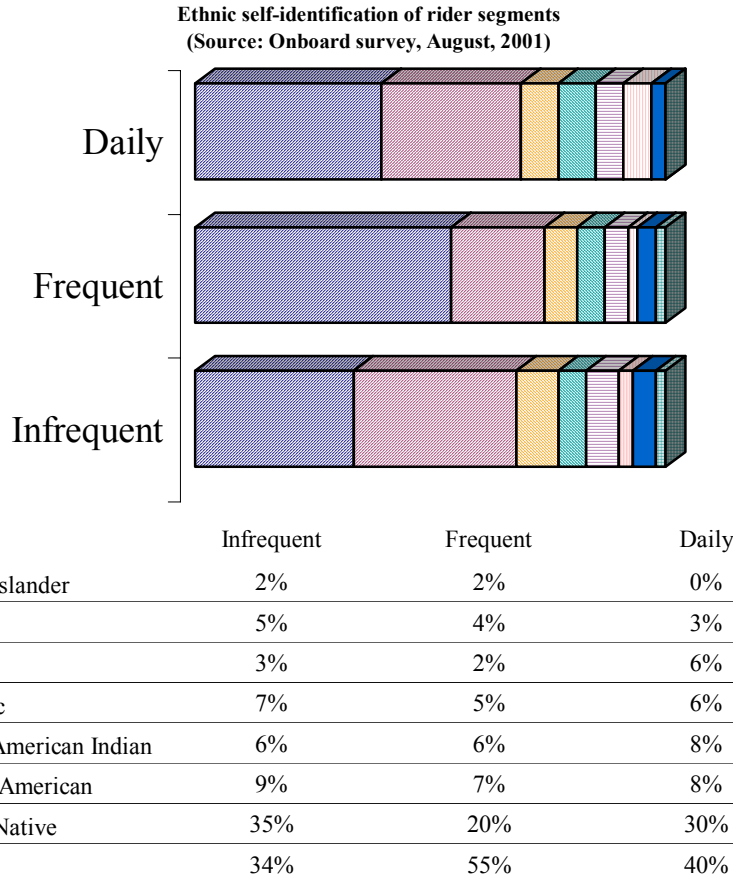


Exhibit III- 25 Ethnic self-identification of rider segments

Ethnic self-identification

People Mover ridership has a broad ethnic mix indicating that service is not discriminating in some way among ethnic groups. The largest ethnic groups are those identifying themselves as "white" and those identifying themselves as "Alaska Natives." Other groups taken together, comprise almost one-third of the riders also.

However, among frequent riders they make up 45% collectively, while "whites" make up 55%. This is a reflection of employment. While 61% of the riders who identify themselves as white say they are employed for wages outside the home, only 36% of Alaska natives say they are employed outside the home for wages. Conversely, while only 10% of the whites report being unemployed, 23% of the Alaska natives report being unemployed. Also, of the Alaska Natives, 14% report being employed in the home for pay or being a homemaker, while the comparable number for whites is 5%. Clearly, these kinds of social differences are reflected in the rider segments' use of People Mover.

**DEMOGRAPHICS:
BREAKDOWN OF
RIDER SEGMENTS
BY
DEMOGRAPHICS**

Demographics and frequency of ridership			
	Infrequent	Frequent	Daily
Income			
Less than \$10,000	31%	19%	41%
\$10-\$14,000	11%	16%	15%
\$15-\$19,000	7%	9%	8%
\$20-\$24,000	17%	16%	13%
\$25-\$34,999	10%	15%	9%
\$35-\$49,999	8%	9%	5%
\$50-\$74,999	9%	8%	4%
\$75-\$100,000	4%	5%	2%
More than \$100,000	4%	3%	2%
Employment			
Employed for pay outside of home	38%	62%	50%
Employed for pay in home	5%	4%	3%
Student	23%	14%	11%
Homemaker	5%	3%	4%
Disabled and not employed	5%	6%	10%
Unemployed	18%	9%	17%
Retired	5%	3%	4%

Exhibit III- 26 Income and employment

Household income and rider employment

The income of rider segments varies with the frequency of riding, but like other demographic factors, the relationship is not linear. The infrequent riders and the daily riders tend to have lower household incomes than the frequent riders. Among the reasons for this are those shown in the second part of the table above: more of the infrequent riders are students or unemployed persons, and more of the daily riders are unemployed or disabled and not employed. Conversely, more of the frequent riders are remuneratively employed and are commuters by bus.

However, the income shown here is household income. Thus it includes the income of students' parents, or of the spouse in dual income households. It is important to remember this because we will show in subsequent charts other relationships involving the incomes of individual riders as opposed to total household income.

**DEMOGRAPHICS:
BREAKDOWN OF
RIDER SEGMENTS
BY
DEMOGRAPHICS**

	Individual income			
	Infrequent	Frequent	Daily	Table Total
Less than \$5,000	20%	12%	15%	15%
\$5000 to \$9999	11%	11%	14%	12%
\$10000 to \$14999	18%	15%	20%	17%
\$15000 to \$19999	14%	9%	13%	11%
\$20000 to \$24999	13%	22%	22%	19%
\$25000 to \$34999	11%	11%	6%	10%
\$35000 to \$49999	6%	11%	7%	9%
\$50000 to 74999	8%	8%	4%	7%

Exhibit III- 27 Individual incomes of employed riders computed from hourly wages, hours worked, and duration of employment (includes also table below)

Incomes of individual employed riders

Employed riders were asked to complete a series of questions that asked them their work hours, wages and other questions related to their employment. Using these responses, individual income estimates were computed. They are shown in Exhibit III- 27 above. This helps put the rider's incomes into perspective.

The most interesting thing about the table is that while there are differences among the segments, they are not as great as the differences among the household income levels. Apparently the combined household incomes increase rather than decrease the income divergences.

Because many of the infrequent riders are students or are unemployed, their individual incomes are frequently very low: 20% of their estimated individual incomes are less than \$5,000 annually, and another 11% below \$10,000, for a total of 31% having individual incomes of less than \$10,000.

Frequent riders are in a somewhat better position financially because so many of them are employed.

**DEMOGRAPHICS:
BREAKDOWN OF
RIDER SEGMENTS
BY
DEMOGRAPHICS**

Hourly wages of rider segments				
	Infrequent	Frequent	Daily	All riders
\$5.90	8%	4%	10%	7%
\$7.00	23%	18%	26%	21%
\$10.00	24%	29%	30%	28%
\$12.00	12%	16%	13%	14%
\$15.00	11%	14%	9%	12%
\$20.00	6%	8%	3%	6%
\$25.00	4%	3%	3%	3%
\$30.00	13%	8%	5%	9%

Exhibit III- 28 Hourly wages

Employed riders were asked to state their approximate hourly wage. Most riders are in the range of \$7 to \$10 per hour.

Breaking this by segment is revealing. It indicates that the daily riders are the most likely to have low wage jobs, a finding that accords well with the fact of their substantial transit dependency.

Notice also, however, that each of the segments has a group of persons that report earning \$20 per hour or more. If they work a normal two-thousand hour work year, they earn \$40,000 or more. These persons account for 18% of all riders. The most interesting cell in the table is the group of 13% of infrequent riders saying they earn \$30 per hour. These are relatively high-income earners who are not transit dependent, but choose to ride. Yet they ride infrequently. While this is a small market, it suggests that with certain kinds of service under certain conditions, People Mover can attract this non-dependent rider.

**DEMOGRAPHICS:
BREAKDOWN OF
RIDER SEGMENTS
BY
DEMOGRAPHICS**

**Mean and median incomes of riders, by rider segment
(Source: People Move onboard survey, August, 2001)**

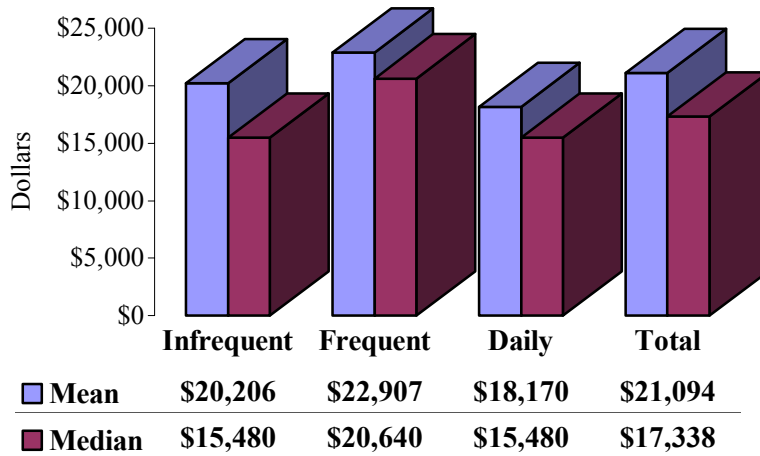


Exhibit III- 29 Mean and median individual incomes of employed riders

Another way to think about these income results is to consider the mean and median incomes of the riders. Among all riders, the mean income is estimated as \$21,094. This level of detail perhaps suggests more precision than the estimate can really provide, but if we round off to \$21,000 it is reasonable. Again the data show that the daily rider is the lowest in individual income and the frequent rider highest.

The median income (half earn more, half less) for the infrequent and daily riders is the same, while for the frequent riders it is considerably higher.

**DEMOGRAPHICS:
BREAKDOWN OF
RIDER SEGMENTS
BY
DEMOGRAPHICS**

Frequency of using People Mover in summertime (Percentages reflect employed riders only - i.e. 50% of all riders)				
	Infrequent	Frequent	Daily	All employed riders
<i>Days a week you work at this job</i>				
One day	1%	0%	0%	0%
Two days	1%	0%	2%	1%
Three days	3%	1%	1%	2%
Four days	5%	6%	4%	5%
Five days	62%	73%	57%	66%
Six days	18%	16%	22%	18%
Seven days	9%	3%	15%	8%
<i>Work on Saturday?</i>				
Yes	65%	54%	71%	61%
No	35%	46%	29%	39%
<i>Work on Sunday?</i>				
Yes	48%	34%	52%	42%
No	52%	66%	48%	58%
<i>Days a week you take bus to work?</i>				
No days	32%	5%	4%	13%
One day	3%	0%	0%	1%
Two days	8%	1%	1%	3%
Three days	17%	4%	1%	7%
Four days	10%	12%	4%	10%
Five days	27%	65%	57%	52%
Six days	2%	11%	20%	11%
Seven days	1%	1%	14%	4%
<i>Days a week you work after 10:00 PM</i>				
No days	62%	69%	52%	63%
One day	5%	4%	5%	5%
Two days	6%	7%	8%	7%
Three days	5%	5%	10%	6%
Four days	3%	3%	9%	4%
Five days	11%	7%	8%	8%
Six days	4%	4%	4%	4%
Seven days	3%	1%	5%	3%

Exhibit III- 30 Profile of employed riders

Further characteristics of employed riders

In the preceding exhibits and text we have detailed the wages of the employed riders. But how does People Mover service relate to their employment? In Exhibit III- 30, a profile is provided for only those who are employed for pay outside the home.

Days each week they work

Among the questions for the research to answer was the percentage of riders that work six or seven days a week, and thus have to deal with the weekend limitations of service if they use People Mover to commute. Overall, of employed riders, 26% say they work six or seven days a week.

Working weekends

Of all employed riders, 61% say they work Saturdays, and 42% say they work Sundays.

Taking the bus to work

Most of the employed riders use People Mover to get to work at least some of the time. However, in spite of the fact that all of the respondents to this survey use People Mover buses, not all of them commute to work by bus, nor do all of them commute by bus on every working day⁶. For example, of the employed infrequent riders, 32% say they do not use the bus to get to work.

Working after 10:00 PM

Most current People Mover riders say they do not have to work after 10:00 PM. However, this may be a type of self-fulfilling prophecy. It is likely that if evening service were offered, the percentage of persons working late would increase. Recently a transit system in Virginia increased its evening hours from 7:00 PM to 11:00 PM, for example, and experienced a major increase in ridership. This probably also meant that the riders were able to accept work on the late shifts. In Anchorage we found in the focus groups that the riders' chief desires were for later hours of service and increased weekend service in part because the service jobs held by most (not all) of the focus group participants demanded they work both weekend hours and late hours. This meant that they either had to find transportation or accept only certain shifts.

⁶ In Exhibit III- 31 we will see in more detail the People Mover market share of work trips among current riders.

**DEMOGRAPHICS:
BREAKDOWN OF
RIDER SEGMENTS
BY
DEMOGRAPHICS**

<i>Employment for pay outside the home</i>							
	<i>Days a week you work at this job</i>						
	<i>One day</i>	<i>Two days</i>	<i>Three days</i>	<i>Four days</i>	<i>Five days</i>	<i>Six days</i>	<i>Seven days</i>
<i>Days you take the bus to work</i>							
<i>No days</i>	50%	40%	25%	27%	11%	12%	19%
<i>One day</i>	50%	0%	8%	3%	1%	0%	2%
<i>Two days</i>		60%	0%	3%	2%	5%	4%
<i>Three days</i>			67%	8%	7%	4%	6%
<i>Four days</i>				59%	7%	9%	4%
<i>Five days</i>					74%	13%	13%
<i>Six days</i>						57%	4%
<i>Seven days</i>							50%

Exhibit III- 31 Market share of work trips among current riders

Work-trip market share

Limited service at night and on weekends is one reason employed persons do not always use People Mover to get to and from work. In addition, some riders in the focus groups told us that they would take the bus to work, but walk or get a ride the other way because bus service was not available. Whatever the reasons, there is a certain amount of lost market share among employed riders as the table above indicates.

For example, of those who work one day a week, half take the bus to work one day, but the other half do not take it at all. More significantly, of those who work five days a week, 74% use People Mover to commute each of those five days. However, 26% use the bus less than five days to get to work. They may share a vehicle that is not available daily, or they may get a ride. In any event, they make fewer trips to work by bus than they make trips to work. This is lost market share.

Transit systems in the United States never achieve 100% work-trip market share. However, clearly increasing the share should be possible with various service improvements.

**DEMOGRAPHICS:
BREAKDOWN OF
RIDER SEGMENTS
BY
DEMOGRAPHICS**

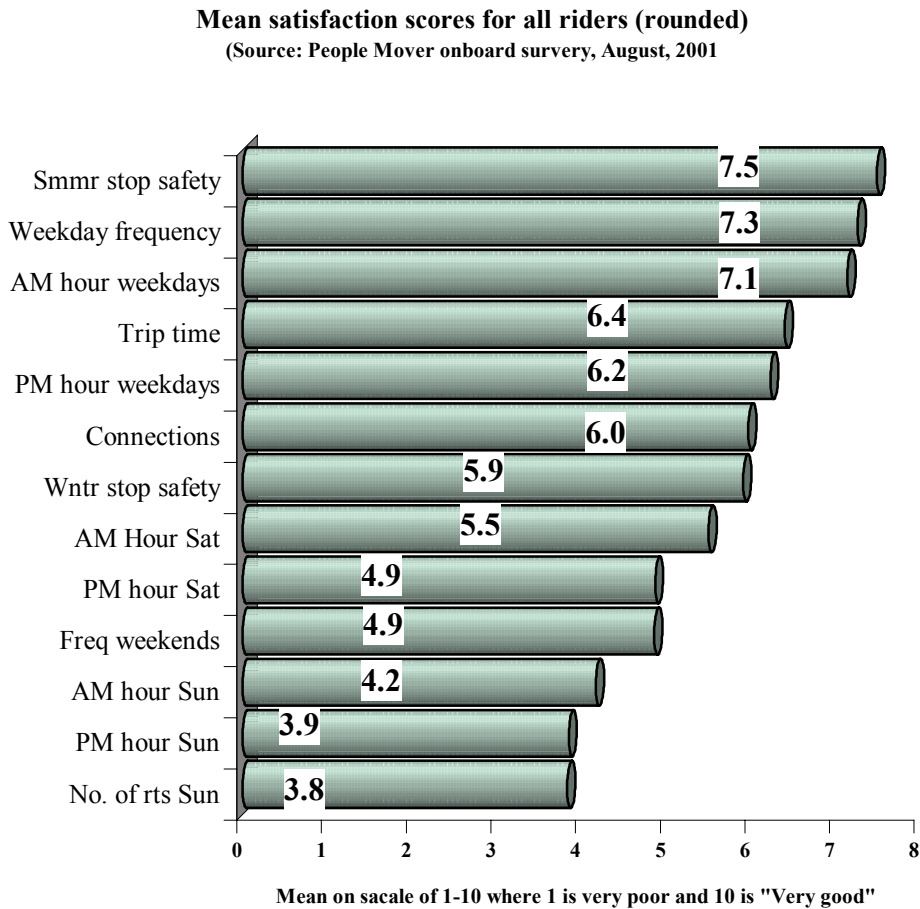


Exhibit III- 32 Service ratings scores - all riders

SERVICE RATINGS

Riders were asked to rate various aspects of People Mover service using a scale from one to ten on which one meant "very poor service" and ten meant "very good service." Exhibit III- 32 displays the ratings given by all riders in descending order of the mean score.

In the rider focus groups, riders had suggested they would like to see improvements in several aspects of service, and implicitly rated present services quite low. Their comments in the groups parallel the scores above. The groups expressed a need for later evening hours, more weekend service, and better snow removal at the stops during winter. In addition, they expressed concern about the "derelicts" and "inebriates" on the buses.

SERVICE RATINGS

Survey of national bus fares (May 2010)

	Adult	Youth	Reduced	% of full fare	Day Pass	Reduced Day	Adult Month	# of cash fares	Youth Month	Reduced Month	% of full fare
Albuquerque, NM	1.00	0.35	0.35	35%	2.00		30.00	30	12.00	12.00	40% X
Anchorage, Alaska	1.75	1.00	0.50	29%	4.00	1.25	50.00	29	25.00	15.00	30% X
Atlanta, GA (MARTA)	2.00		0.90	45%			60.00	30			0% X
Austin, Texas (Capital Metro)	1.00	0.50	free		2.00	free	28.00	28	14.00	free	X
Baltimore, MD	1.60	1.10	0.55	34%	3.50	1.20	64.00	40		16.50	26% X
Bend, Oregon	1.50	1.50	0.75	50%	2.50	1.25	30.00	20	20.00	15.00	50% X
Boise, ID (Valley Ride)	1.00	0.50	0.50	50%	2.00	1.00	36.00	36	18.00	18.00	50% X
Charlotte, NC (CATS)	1.75	0.85	0.85	49%			70.00	40		35.00	50% fare increase July 1
Cleveland, OH	2.25	1.00	1.00	44%	5.00	2.50	85.00	38	38.00	38.00	45% X
Dallas, TX (DART)	1.75	0.85	0.85	49%	4.00	2.00	65.00	37	32.00	32.00	49% X
Daytona Beach, FL (Votran)	1.25	0.60	0.60	48%	3.00	1.50	40.00	32	20.00	20.00	50% X
Denver, CO	2.00	1.00	1.00	50%			70.00	35	35.00	35.00	50% X
Des Moines, IA	1.75	0.75	0.75	43%			42.00	24		21.00	50% X
Detroit, MI	2.00	1.00	0.50	25%			49.50	25	33.00	17.00	34% X
Duluth, MN	1.25	1.00		0%	3.00		35.00	28	30.00	35.00	100% X
Eugene, OR (Lane)	1.50	0.75	0.75		3.00	1.50	48.00	23	24.00		X
Everett, WA	0.75	0.50	free				27.00	36	18.00	0.00	0% X
Fairbanks, Alaska	1.50	0.75	0.75	50%	3.00	2.00	36.00	24	18.00	18.00	50% X
Green Bay, WI	1.50	1.50	0.75	50%			35.00	23	19.00	25.00	71% X
Honolulu, HI (The Bus)	2.25	1.00	1.00	44%			50.00	22	25.00	5.00	10% \$10 ID Card
Irvine, CA (Orange Co.)	1.50	1.50	0.60	40%	4.00	1.25	55.00	37	35.00	18.00	33% X
Jacksonville, FL	1.00		0.25	25%			40.00	40	30.00		0% X
Juneau (Capital Transit)	1.50	1.00		0%			36.00	12	12.00		X
Kansas City, KS	1.50	1.00	0.75		3.00	1.50	50.00		25.00		X
Louisville, KY (TARC)	1.50	0.75	0.75	50%	3.00		42.00	28			0% X
Massachusetts Bay	1.50	0.60	0.40	27%	3.50		40.00	27	20.00	20.00	50% X
Memphis, TN	1.50	1.20	0.75	50%			50.00	33		25.00	X
Miami	2.00	1.00	1.00	50%	5.00	2.50	100.00	50		50.00	50% X
Minneapolis, MN	1.75	0.75	0.75		6.00						X
Phoenix, AZ (Valley Metro)	1.75		0.85	49%	3.50		55.00	31		27.50	50% X
Portland, OR (TriMet)	2.00	1.50	0.95	48%	4.75		75.00	38	26.00	25.00	33% X
Reno, NV (RTC Washoe)	2.00	1.00	1.00	50%	5.00	2.50	70.00	35	35.00	35.00	X
Richmond, VA	1.25		0.50								X
Sacramento (SART)	2.50	1.25	1.25	50%	6.00	3.00	100.00	40	50.00	50.00	X
Salt Lake City, UT	2.00		1.00	50%	5.00		67.00	34	49.75	33.50	50% X
San Diego, CA	2.25		1.10	49%	5.00		72.00	32	36.00	18.00	25% X
San Francisco, CA	2.00		0.75	38%			55.00	28	15.00	15.00	27% X
Seattle Metro	2.00	0.75	0.50	25%			63.00	32	27.00	9.00	14% X
South Bend, IN	1.00	1.00	0.50	50%			35.00	35	25.00	30.00	86% X
Spokane, WA (STA)	1.25	1.25	0.60	48%			40.00	32	28.00	20.00	50% X
Springfield, MO	1.25	1.00	0.65		3.75		42.00	28	21.00		X
Tacoma, WA (Pierce Co.)	1.75	0.75	0.75	43%			63.00	36	27.00	27.00	X Orca pass local
Tampa, FL (HART)	1.75		0.85	49%			60.00	34		30.00	50% X
Torrance, CA	1.00	0.50	0.25	25%			35.00	35	30.00		0% X
Tucson, AZ	1.25		0.40	32%	3.00		28.00	22		12.00	43% X
Tulsa, OK	1.50	1.25	0.75	50%			40.00	27		20.00	50% X
Wasilla (Mascot)	2.50				6.00						

AVERAGE 1.62 0.93 0.72 41% 3.83 1.78 51.44 31 26.45 23.50 39%

↑ 8% 8%

4%

47 agencies ↓

30%

30%

3%

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36%

Public Works

Review:

Adam Trombley, Tony Cange and Jim Ricks meet with Ron Thompson, Director of Public Works on October 20th 2010. Below are a list of questions and Mr. Thompson's response to our questions. The questions are from the BAC as well as from the community. It should be noted that other matters were discussed not in reference to the questions asked, which have impacted the BAC's recommendation on Public Works' budget.

Questions and Answers:

Q: Will you be able to meet department goals in light of the Mayor's proposed budget and 6 year plan?

A: It will be tight but services will be delivered as desired. The only challenge is, if there is a major snow fall it will take longer to clear, but if the snow fall is average then things should be fine.

Q: What are some unmet needs of this Department?

A: We feel we can still meet the needs of our customers, the public, and our infrastructure, although in some cases it just might be a little slower.

Q: What does not fit the mission statement of each Department?

A: Since we did not cut any function completely we do not feel the cuts impact Public Works from completing our mission.

Q: What are the Department's highest priorities?

A: We would like the utilities funding to be restored because if we have a cold winter we could have a shortfall. Having the sidewalk melting funded as the downtown conference center's access is enhanced by the use of the snowmelt systems. Maintenance funds to cover the general maintenance of our assets, would be the next priority as deferred maintenance can be a path to future failure, one year is ok but beyond could be detrimental.

Q: What are the Department's lowest priorities?

A: Contractual services for municipal facilities for window washing, custodial, security, architectural, and engineering services would be one of our lowest priorities. Even though these are all important they are the least priority of all of our budget cuts. Then would be the snow hauling. If the new site is developed

as planned we should be just fine in snow hauling unless it becomes an extremely heavy snow year.

Q: What response from the public do you anticipate regarding the proposed cuts?

A: I think we might hear about putting a snow melt system in only to have it turned off. I think the rest will be viewed as good sound business decisions that should have been made. (Most of these were being discussed before the mayor's cuts were announced regardless)

Q: Regardless of funding levels, what efficiencies will your department be able to achieve in the next year?

A: With the new reorganization, there are many efficiencies being reviewed at this time. We will be looking at ways to improve many administrative functions, as well as contract management. Public Works was only re-created two weeks ago and therefore more review will be necessary to answer this question accurately. I can only say that all functions are on the table for discussion at this time.

Q: In the absence of union contracts, what opportunities exist for managed competition of services?

A: Public Works has contracted out large amounts of services. We will look at all those to understand if we are doing it effectively and whether we are contracting out enough. Over the next year all aspects are on the table and, being the newly appointed Director, I am looking for efficiencies in all areas. This next year will include documenting, with use of flow charts, all of our business processes. Until we do this we will not know where savings can be had. I did this in Development Services and it was very instrumental in creating new ways to do business for less.

Q: What has been the historical turnover (three or five year average) of this Department? How long do vacant positions remain open? Is the pool from which supervisors are currently hiring adequately qualified?

A: As is usually the case the lower classified positions, all have large turnover. Higher level positions usually have long standing employees. I have witnessed a lot of hiring within (from current MOA staff) throughout Public Works. We also have a large amount of Seasonal positions most of which we have the same individuals return each year. This year some positions remained open for large amounts of time because of the re-organization. I had to review the need before I would approve the re-hire. This allowed me to actually eliminate several positions during the re-organization which meant cuts were being made to the Department prior to the budget process, allowing for budget savings in 2010 and '11. Typically, we do not hold positions open, as the positions we have budgeted are required and necessary for our mission. Since many of our supervisors are

hired from within we do feel the pool to draw from is adequate. The problem has been the pay scales; if the supervisor is not paid to the level or above his subordinates we are not able to hire from within. We are working with ER during our re-organization to clean up these inequities and feel that we have addressed those at this time.

Q: Are there any services that could be eliminated, that the private sector could assume, without public contribution? (Not out sourcing).

A: I cannot identify any at this time.

BAC Recommendation:

Public works was just reorganized, a fact that is evident throughout their 2011 budget proposal. Our impression, of the Director, is that he is very enthusiastic about his new position and leading the newly reorganized Public Works Department.

During our discussions, we found him to be quite open concerning his plans and the current state of Public Works but very much in tune with the Administration's emphasis on better serving the public by reducing costs and finding and implementing efficiencies. For example, his use of Street Maintenance assets to accomplish bond funded capital improvement projects in the spring and fall of the year. Also, he is reviewing TORA agreements with State DOT to ensure an efficient distribution of labor between the State and the Municipality when it comes to maintaining roads in the Anchorage area.

National and State government, through the EPA's NEPDES program and the State DEC's APDES program, have imposed an unfunded mandate on the Municipality for control of drainage and storm water runoff. As a result, the Municipality is considering, for the first time ever, imposing fees on the public for drainage and storm water runoff plan reviews and inspections. Instead of passing this funding requirement on to the public, the BAC recommends the Administration advise the State that the Municipality will be pleased to implement the program when the State provides the funds to meet the demands of the mandate imposed by NEPDES and APDES.

The Director was queried about an entry in the Public Works 2010 Revised Budget that showed a \$377,000 payment to the US Treasury due to excess bond earnings. The new Director was not aware of this entry, took notes, and will look into it. To avoid problems with the Federal Government we recommend that the Public Works Director review and become aware of the "age" of Public Works bond funds on-hand and then contact the bond fund management expert in the Chief Fiscal Officer's office for advice on how to manage those funds so they are spent prior to the Federal time limit for holding bond funds. If "aging" G.O. bond funds are found, the bond fund expert should be able to work with Public Works to move the "aged" funds to near term "shovel-ready" projects and replace them with newer funds to support future projects.

One of the functions that Public Works inherited from the former Traffic Department was the street sign paint and maintenance function. There are five or six active positions in this shop. This task is ripe for contracting out to private industry and eliminating these positions. Based on historical production records, Public Works should be able to estimate sign quantities for the more common signs, provide sign specifications for the fabrication and painting of the signs, require a certain number of common signs to be kept “on the shelf” and ready for immediate installation, and award a contract for sign delivery based on an issued work order. Public Works could appoint one of their employees as the Municipal Contracting Officer’s Technical Representative to oversee the activities of the sign contractor and issue work orders to the contractor. The BAC recommends the Administration, at the first opportunity, to reduce the Municipal labor force by contracting out the street sign paint and maintenance function to private industry.

In all, the BAC supports the current Public Works’ budget. The BAC feels that to increase the budget of a newly formed department, when the Director says that he “believes that services can be streamlined and more efficient” would be detrimental to the pursuit of a more efficient and streamlined department. The BAC has complete confidence in Mr. Thompson’s record and ability to achieve those goals.

Adam Trombley
Chairman

Jim Ricks
Commissioner

Tony Cange
Commissioner

Purchasing Department

Review:

The BAC met with Fred Kaltenbach on October 27th 2010. Below are a list of questions and Mr. Kaltenbach's response. The questions are from the BAC as well as from the community.

Questions and Answers:

Q: Will you be able to meet department goals in light of the Mayor's proposed budget and 6 year plan?

A: Yes

Q: What are some unmet needs of this Department?

A: The Department has been 4 people short for almost a year. The Department needs more electronic capability. The current system is a People Soft product designed for private, not government, purchasing applications. It has been in use for 11 years. The Department needs systems to help eliminate paper. Archive systems need to be updated.

Q: What does not fit the mission statement of each Department?

A: Nothing Noted

Q: What are the Department's highest priorities?

A: Staffing and training. Getting an automated system for electronic purchase order and bid processing.

Q: What are the Department's lowest priorities?

A: Nothing Noted

Q: What response from the public do you anticipate regarding the proposed cuts?

A: Department does not work with the public. The "Customers" are other departments in the Muni.

Q: Regardless of funding levels, what efficiencies will your department be able to achieve in the next year?

A: Nothing until new ERP system comes on board.

Q: In the absence of union contracts, what opportunities exist for managed competition of services?

A: Little in this department. The Department does manage the bidding process for other departments using outside services such as snow hauling, or street sweeping. Once committed, those departments manage their own contracts unless they affect multiple departments, in which case they may be managed by the Purchasing Department. It was noted that there is a cost of managing outside contractors (generally estimated at 4%) and a different level of expertise required for contract quality control and contract management compared to managing an internal work force.

Q: What has been the historical turnover (three or five year average) of this Department? How long do vacant positions remain open? Is the pool from which supervisors are currently hiring adequately qualified?

A: The department has a very low turnover rate, with several long-term employees. Open positions are taking longer to fill than desired due to the small pool of experienced applicants. The most likely prospects will have a military or Federal background. Applicants from the private sector take a long time to train and may not adapt to the regiment of governmental contracting.

Q: Are there any services that could be eliminated, that the private sector could assume, without public contribution? (Not out sourcing).

A: Some private companies do outsource purchasing functions, and the military may use outside contractors. In the absence of a labor agreement, it would be difficult, and perhaps unlikely, for the Muni to independently contract for the current experience and expertise level that has evolved in this Department.

Q: How are charges to other departments determined?

A: Old formulas based on the number of transactions or complexity of the bid/contract. Some departments have larger numbers of simple transactions, while others have few but complex transactions. This methodology will be revisited in 2011.

Q: MOA Position Costing Details:

A: It was felt that equivalent Federal pay is higher because of COLA. Three open positions total effective cost of \$441K. Deputy Purchasing Officer is most critical open position. There are 5 non-contract positions, generally defined as Grade 16 or above, and an exempt grade 12 payroll related position.

BAC Recommendation:

Additional investment in electronic systems is needed and should be supported. A “Reverse Auction” bidding process, currently gaining popularity in the lower 48, should be considered as an additional department tool for certain types of acquisitions. It was noted that this approach would have to be authorized by ordinance approved from the assembly.

Steve Hartung
Commissioner