

# OVERVIEW

MUNICIPALITY OF ANCHORAGE  
GENERAL GOVERNMENT  
1988-1993 CAPITAL IMPROVEMENT PROGRAM

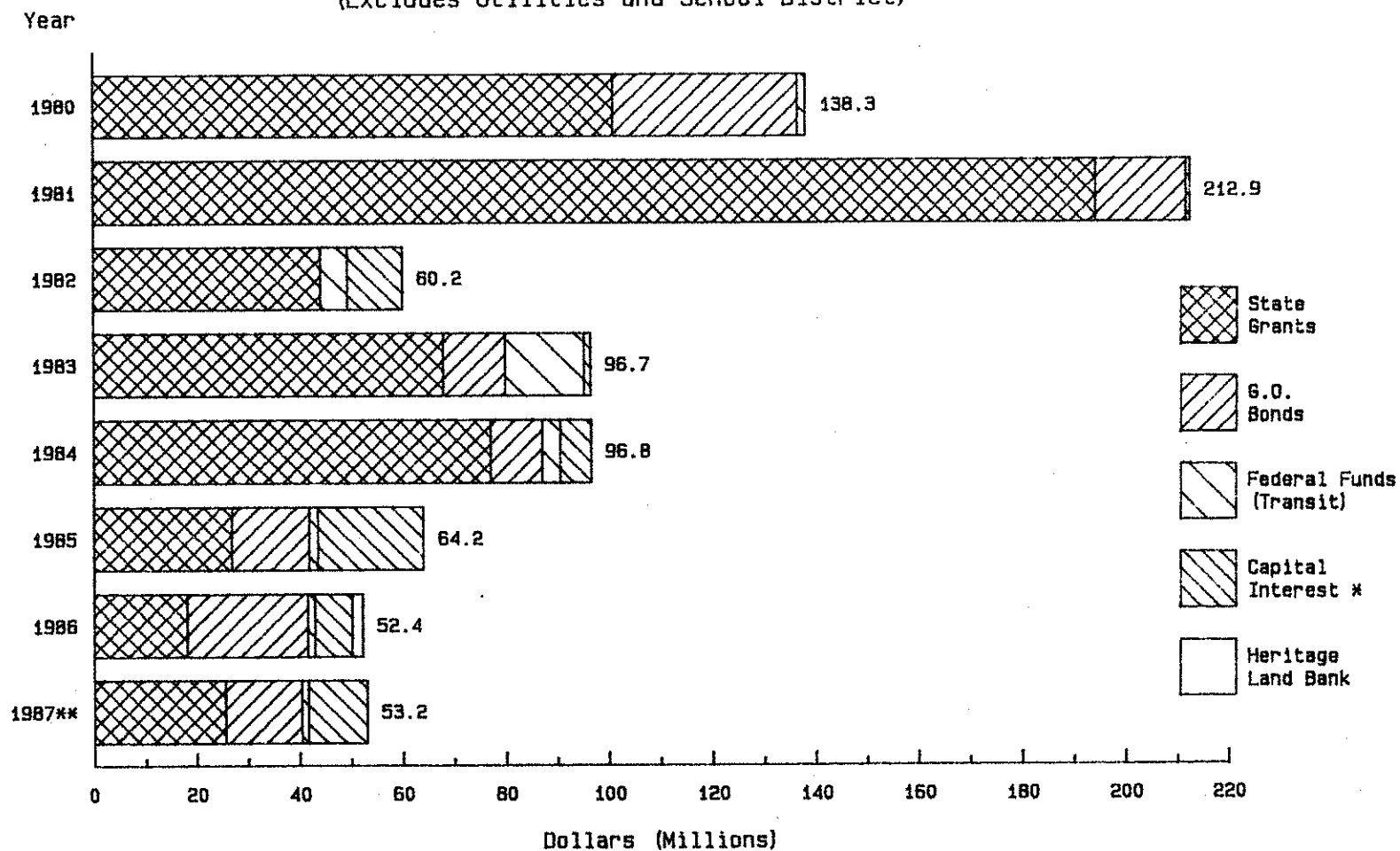
Each year, the Municipality of Anchorage updates its six-year Capital Improvement Program. This annual updating and extension of the program provides an opportunity for the community to re-evaluate its long-range capital needs. It also enables the Municipality to coordinate its program to maintain, upgrade and acquire the basic infrastructure in Anchorage: roads, buildings, equipment, water quality improvements and land. (Although the utility capital programs are in a separate document, they are included in the coordination process.)

The 1988-1993 Capital Improvement Program (CIP) was formulated with the participation of the Community Councils throughout Anchorage. Many of their past year recommendations were incorporated into this program. Informational meetings and review sessions will be held with interested citizen groups, the Planning and Zoning Commission and the Assembly. The Assembly will hold two public hearings prior to adoption of the 1988-1993 CIP in late November.

The graph on the next page shows historical funding of the capital budget from 1980 to 1987. The reduced level of state oil revenues resulted in a much lower level of state capital funding the past two years than in the early 1980's. In 1987, the top general government priority for state funding was the Accelerated Roads Program. Since most of these road projects were only partially funded in the current state capital budget, they will be our primary 1988 legislative capital budget request.

In light of the reduced sources of capital funding, the 1988 proposals other than Accelerated Roads are at approximately the level of 1986 actual appropriations. This is significantly reduced from the CIP's of the early 1980's. This CIP proposes that in 1990-1993, the level of state grant requests be \$12-14 million per year. The general obligation bond planning level remains at approximately \$20 million per year throughout the six-year program.

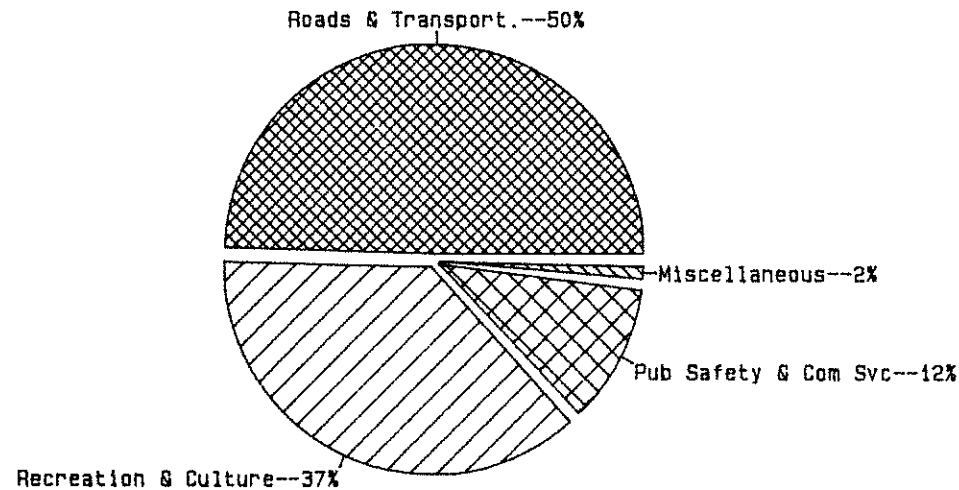
**Sources of Capital Funding**  
**General Government Appropriations 1980-1987**  
 (Excludes Utilities and School District)



\* Capital interest earned on General Government and Port of Anchorage state capital grants.

\*\*A of August 30, 1987

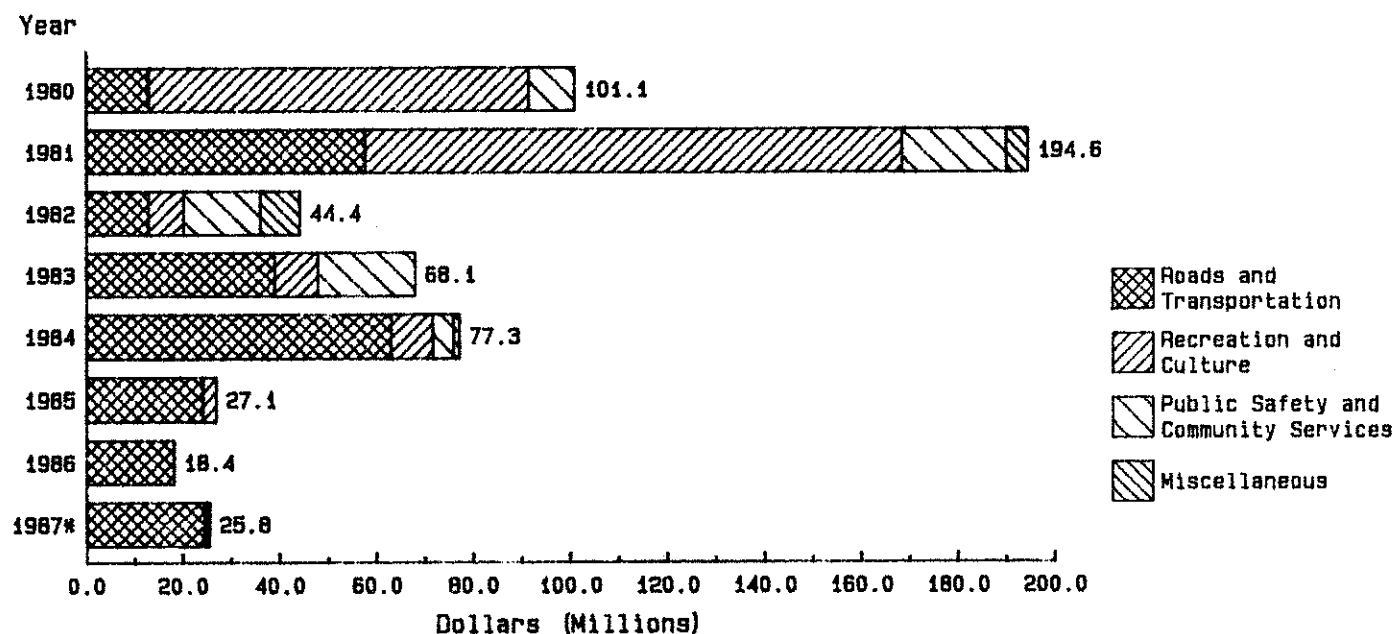
**Categories of Capital Projects**  
**General Government Appropriations 1980-1987**  
(Excludes Utilities and School District)



This chart represents the distribution by major category of all capital funding received for general government purposes in the 1980's. Despite large state grants received early in the 1980's for recreational and cultural facilities, our transportation and drainage systems have actually been our highest priority and have received the largest share of capital resources since 1980.

When the categories of utilities and education are added to the general government distribution, the ranking by funding received from all sources is 1) utilities, 2) roads and transportation, 3) education, 4) recreation and cultural facilities, 5) public safety and community services, and 6) miscellaneous. (See 1988 Fiscal Trends Report.)

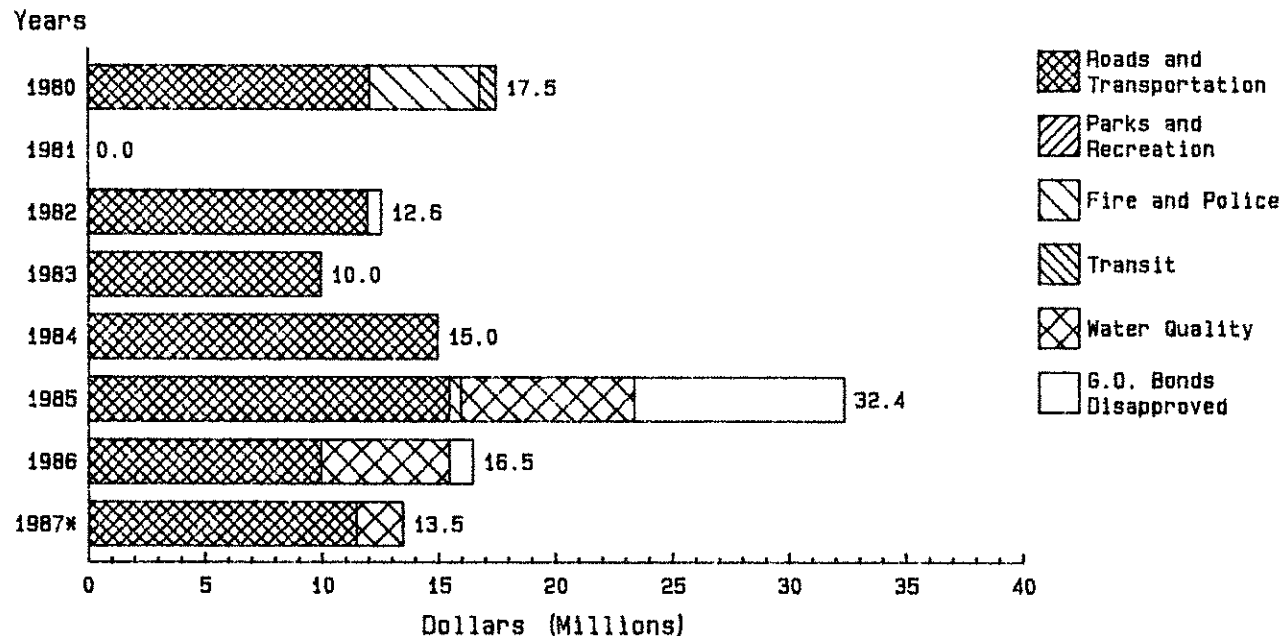
**State Capital Grants  
Appropriated by General Government**  
(Excluding Utilities and Education)



\*As of August 30, 1987

The cornerstone funding for municipal capital construction during the 1980's has been capital grants from the State of Alaska. The "Project 80's" funding was received for a number of large recreational and cultural facilities projects. In more recent years, the emphasis of state funding has been for expansion and improvements to the transportation system, particularly the Accelerated Roads Program.

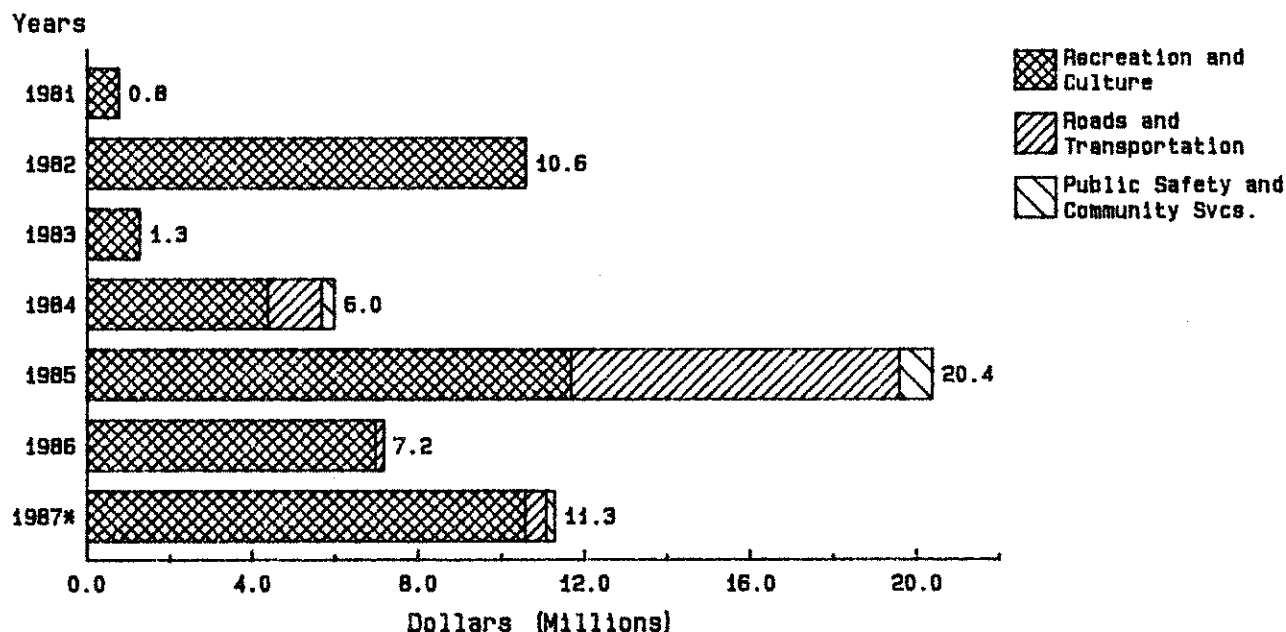
# **General Obligation Bond Propositions General Government Proposals 1980-1987** (Excludes Utilities and School Bonds)



\*Proposed bonds of \$13.5 million to be voted upon October 6, 1987.

The voters of Anchorage have provided a continuous funding source -- general obligation bonds -- for basic neighborhood transportation, drainage and other improvements throughout the Municipality. General obligation bonds have also funded special one-time requirements such as a police communication system, fire equipment and facilities, and local matching funds for federal transit funding. A major water quality improvement program began with bond funding in 1985 and continues with bonds approved in 1986 and a bond proposal for 1987. The only general obligation bonds that have not been approved in the last six elections were narrowly defeated proposals of Transit in 1982 for \$640,000, Parks and Recreation for \$9 million in 1985 and an Eagle River road proposal of \$1 million in 1986. (The Eagle River proposition did pass in the Eagle River area; however it failed to receive the required approval from areawide voters.)

### Interest Appropriation for Capital Projects (1981-1987)



\*As of August 30, 1987

When oil prices and corresponding revenues were high in the early 1980's, the state began funding the recreational and cultural facilities commonly known as "Project 80's" as well as major roads and other community improvements. In 1980 and 1981, the Municipality received a total of \$295 million in state grants for general government purposes. The policy of the state at that time was to advance 20% of each grant to municipalities, plus reimburse expenditures as they occurred. This resulted in the substantial cash advance being invested by the Municipality, earning substantial short-term interest during the life of the projects.

It was municipal policy that capital interest would be used only for capital projects. Interest earned on capital grants of over \$1 million would be dedicated to that project until completion. Capital interest earned on state grants of under \$1 million was deposited in a grant interest pool for capital projects, with recommendations made on an individual basis by the Administration and forwarded to the Assembly for appropriation.

Capital interest funds have been used for three purposes: 1) funding the difference between the initial, often unrefined, project estimate used for legislative appropriation and the detailed project cost determined after design was complete; 2) funding changes in project scope and contingencies arising during construction; and 3) expansion of existing projects such as the Coastal Trail or new capital projects such as safety improvements at 13th and L Streets and communication equipment for the fire department.

During the discussion of the Parks and Recreation bond proposal in 1985, capital interest earnings were often suggested as a more logical source of funding for parks acquisition and development than new bonds. After the bond proposal was narrowly defeated (52%), a number of parks and recreation projects were recommended for funding with capital interest, and approved by the Assembly.

In the future, capital interest earnings will not be a large source of funding for capital projects. Capital grants from the state have significantly declined in recent years and the state changed its policy of cash advances in 1986. The state still advances 20% of a grant. However, expenditures are deducted from the advance at the beginning of the project rather than the end as under the previous policy. Expenditures are reimbursed by the state only after the advance is depleted.



The 1988 Capital Improvement Budget (the first year of the 1988-1993 Capital Improvement Program) responds to the highest priority community and neighborhood needs.

1988 Capital Improvement Budget

<u>Program</u>	<u>State Grants</u>	<u>Federal Grants</u>	<u>G.O. Bonds</u>	<u>Other* Sources</u>	<u>Total</u>	<u>Percent</u>
Roads and Transportation	\$87,707	\$1,589	\$11,000	\$ 652	\$100,948	92%
Public Safety	0	0	0	138	138	1%
Neighborhood/Community Improvements	2,700	0	500	2,720	5,920	5%
Water Quality Improvements	0	0	2,000	0	2,000	2%
Total	\$90,407	\$1,589	\$13,500	\$3,510	\$109,006	100%

The 1988 Capital Improvement Budget establishes the foundation for the six-year program.

1988-1993 Capital Improvement Program (\$000)

<u>Program</u>	<u>State Grants</u>	<u>Federal Grants</u>	<u>G.O. Bonds</u>	<u>Other* Sources</u>	<u>Total</u>	<u>Percent</u>
Roads and Transportation	\$142,299	\$14,125	\$ 79,718	\$ 652	\$236,794	78%
Public Safety	0	0	3,888	861	4,749	2%
Neighborhood/Community Improvements	15,200	0	16,032	10,474	41,706	14%
Water Quality Improvements	0	0	17,000	0	17,000	6%
Total	\$157,499	\$14,125	\$116,638	\$11,987	\$300,249	100%

\* Other sources include capital interest, Heritage Land Bank and fund balance.

A major factor in determining the affordability of a capital budget is the operation and maintenance (O & M) cost of the completed projects, and the debt service on any bonds sold to build them. The estimated operation and maintenance costs, to include debt service, for the proposed 1988 capital projects are approximately \$1.9 million when all projects are fully on-line.

**Summary of Operating and Maintenance Costs for 1988 CIB Projects**  
(In Thousands of 1988 Dollars)

	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
O & M Costs	\$ 76	\$ 556	\$ 556	\$ 556	\$ 556	\$ 556
General Government	0	1,375	1,375	1,375	1,375	1,375
Debt Service						
Port Development	0	764	764	764	764	764
Debt Service*	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
Total	\$ 76	\$2,695	\$2,695	\$2,695	\$2,695	\$2,695

\* The Port Development general obligation bonds provide for improvements to the Port of Anchorage and Ship Creek areas which will benefit all sectors of the community and debt service will be paid from individual and business property taxes on an areawide basis. These improvement projects are included in the Port of Anchorage capital program.

The following pages summarize the 1988 Capital Improvement Budget and the total 1988-1993 Capital Improvement Program by major program area. Detailed project descriptions, O & M estimates and funding sources are also provided.

## ROADS AND TRANSPORTATION

The continuing goal of the Roads and Transportation Program is to provide a comprehensive, modern and efficient transportation system. Our transportation network should move people and goods with optimum speed, cost, and safety while ensuring that the environment is enhanced and protected. The 1988-1993 Capital Improvement Program has identified capital projects consistent with these objectives.

The Accelerated Road Program, developed cooperatively by the Municipality of Anchorage and the State of Alaska, includes major improvements to both state and municipal roads. Priority projects in the Accelerated Road Program for the 1988 CIB are:

- \$17,900,000 to complete construction of Lake Otis Parkway - Phase II - 68th Avenue to Abbott Road (partially funded in the amount of \$8,348,115 in 1987).
- \$ 3,400,000 to complete construction of Klatt Road Extension - "C" Street to Southport Parkway (partially funded in the amount of \$5,037,438 in 1987).
- \$21,520,000 to complete construction of Spenard Road - McRae to International Airport Road (partially funded in the amount of \$1,050,000 in 1987).
- \$ 8,000,000 to construct Dimond Boulevard - New Seward Highway to 88th Avenue.
- \$.2,000,000 for right-of-way improvements along Spenard Road
- \$ 6,800,000 to complete construction of 36th Avenue-Arctic Boulevard to Spenard Road.
- \$ 6,400,000 to construct Arctic Boulevard-Raspberry Road to Dimond Boulevard.
- \$13,900,000 to construct West Northern Lights Boulevard-Phase II-Wisconsin Street to Aero Avenue.

Included in this budget for informational purposes are the road projects in the State of Alaska's portion of the Accelerated Road Program. Priorities within this segment are developed jointly with the Municipality and are largely federally funded. The State's roadway plans for the Anchorage area for 1988 total \$47.1 million.

In addition to Accelerated Road projects, \$13,075,000 is proposed in 1988 for: Road Improvement District improvements and reimbursement to developers for construction of collectors and arterials (\$6,450,000); drainage improvements and extension of storm trunk along Raspberry Road (\$3,590,000); Central Business District street and storm drain rehabilitation (\$3,035,000).

Transportation Safety Improvements totaling \$5,734,000 are recommended for 1988. These projects include: walkways to schools, sidewalks, handicapped access curbs, additional traffic lights, traffic channels to alleviate congestion at key intersections and improvements to the traffic signal system.

Transit 1988 CIB includes \$1,792,000 of projects consistent with the Anchorage Metropolitan Area Transportation Study (AMATS) plan for the continuing development of the public transit system. Major projects for 1988 are: construction of the South Anchorage and Eagle River Transit Centers; transit passenger shelters; and pedestrian access and safety improvements to bus stops.

**Roads and Transportation: Total Program and 1988 Costs (In Thousands)**

<u>Project Category</u>	<u>1988 CIB Request</u>	<u>Estimated Annual O &amp; M Costs 1988 CIB</u>	<u>Total 1988-1993 CIP Request</u>
Accelerated Road Program	\$ 79,920	\$183	\$ 79,920
Road Improvements	6,877	28	52,425
Drainage Improvement	3,590	11	32,303
Roads, Drainage and Facility Rehab.	3,035	0	13,046
Street Maintenance Facilities	0	2	5,270
Heavy Equipment Purchase	0	86	4,297
Special Projects	0	10	1,250
Transportation Safety Improvements	5,734	42	29,298
Areawide Communications	0	100	2,633
Transit	<u>1,792</u>	<u>43</u>	<u>15,925</u>
Total	\$100,948	\$505	\$236,367
<u>1988 Fund Source</u>		<u>Amount</u>	<u>Percent</u>
State Grants		\$ 87,707	87%
Federal Grants		1,589	1%
General Obligation Bonds		11,000	11%
Other		<u>652</u>	<u>1%</u>
Total		\$100,948	100%

PUBLIC SAFETY

In response to public safety service needs, the 1988-1993 CIP has programmed equipment to ensure effective and efficient police protection, fire suppression and emergency medical capability. Since major new police and fire stations are already completed, CIP requirements for 1988 are relatively low. The only project in this program area for 1988 is:

- \$138,000 for replacement of old tanker/pumper fire fighting vehicle for the Chugiak Fire Service Area

**Public Safety: Total Program and 1988 Costs (in Thousands)**

<u>Project Category</u>	<u>1988 CIB Request</u>	<u>Estimated Annual O &amp; M Costs 1988 CIB</u>	<u>Total 1988-1993 CIP Request</u>
Anchorage Fire	0	0	\$3,040
Chugiak Fire	138	0	861
Emergency Medical Services	<u>0</u>	<u>0</u>	<u>848</u>
Total	\$138	\$ 0	\$4,749

<u>1988 Fund Source</u>	<u>Amount</u>
Fund Balance	\$138

## NEIGHBORHOOD/COMMUNITY IMPROVEMENTS

This program area includes capital projects which support the integrity and quality of Anchorage from community-wide and individual neighborhood perspectives. Department requests included here are from Public Works, Library, and Parks and Recreation. Examples of the 1988 CIB items:

- \$2,080,000 for Mid-Town Park land acquisition for a community park.
- \$ 500,000 for emergency repair/reconstruction of Chester/Campbell Creek trails.
- \$ 450,000 for Loretta French Park planning and development.
- \$1,998,000 for repair and renovation of municipal buildings such as asbestos abatement, roofs, exteriors and mechanical systems

Parkland acquisition will be accomplished by allocation of funds and management transfer of several municipal parcels from the Heritage Land Bank for parks.

### **Neighborhood/Community Improvements: Total Program and 1988 Costs (in Thousands)**

<u>Project Category</u>	<u>1988 CIB Request</u>	<u>Estimated Annual O &amp; M Costs 1988 CIB</u>	<u>Total 1988-1993 CIP Request</u>
Parkland Acquisition	\$2,080	\$ 5	\$ 8,534
Park and Trail Development	1,700	25	16,650
Areawide Park and Trail Rehabilitation	450	0	450
Chugiak/Eagle River Recreation	890	15	3,140
Girdwood Recreation	250	0	600
General Facility Projects	50	0	9,332
Library Improvements	500	0	3,000
Total	<u>\$5,920</u>	<u>\$45</u>	<u>\$41,706</u>
<u>1988 Fund Source</u>		<u>Amount</u>	<u>Percent</u>
State Grants		\$2,700	46%
General Obligation Bonds		500	8%
Heritage Land Bank and Fund Balance		2,220	38%
Capital Interest		500	8%
Total		<u>\$5,920</u>	<u>100%</u>

WATER QUALITY IMPROVEMENT

The goal of the municipality's Water Quality Improvement Program is to protect and rehabilitate surface and groundwaters within the community. Maintenance/management of this program requires coordination of projects for water quality, public health, drainage, sewer and wastewater disposal, and community wide planning.

Major projects in this program for 1988 are:

- \$1,650,000 for stream bank and lake shore stabilization and restoration projects.
- \$ 325,000 to investigate on-site wastewater disposal systems.
- \$ 25,000 for surface and groundwater monitoring program.

<u>Project Category</u>	<u>1988 CIB Request</u>	<u>Estimated Annual O &amp; M Costs 1988 CIB</u>	<u>Total 1988-1993 CIP Request</u>
Stream/Lake Rehabilitation	\$1,650	\$ 7	\$ 8,900
Wetland Acquisition	0	0	1,055
Creek Protection Zones-Acquisition	0	0	5,500
On-site Investigations	325	0	1,520
Monitoring System	<u>25</u>	<u>0</u>	<u>25</u>
Total	\$2,000	\$ 7	\$17,000
<u>1988 Fund Source</u>		<u>Amount</u>	<u>Percent</u>
General Obligation Bonds		<u>2,000</u>	<u>100%</u>
Total		\$2,000	100%

MUNICIPALITY OF ANCHORAGE  
SUMMARY OF GENERAL OBLIGATION INDEBTEDNESS

OUTSTANDING GENERAL OBLIGATION DEBT as of 12/31/87 (Projected):

General Government:

General Government General Purpose	\$ 46,680,000	
Roads	117,185,000	
Schools	<u>180,420,000</u>	
		\$344,285,000

Utilities: (Revenue Bonds not included)

Sewers	\$ 86,680,000	
Solid Waste	25,110,000	
Port	8,680,000	
Airport	10,000	
Water	<u>54,350,000</u>	
		<u>\$174,830,000</u>

TOTAL GENERAL OBLIGATION DEBT	<u>\$519,115,000</u>
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Authorized General Obligation Debt But Unsold as of 12/31/87

General Government General Purpose	\$ 6,800,000	
Roads	21,500,000	
Schools	38,050,000	
Wastewater	28,950,000	
Solid Waste	700,000	
Port	<u>7,500,000</u>	
		<u>\$103,500,000</u>



AMOUNT OF GENERAL OBLIGATION DEBT TO BE RETIRED 1987-1993

<u>Year Ending December 31</u>	<u>General Government</u>	<u>Schools</u>	<u>Utilities</u>	<u>Total</u>
1987	\$10,515,000	\$ 11,935,000	\$6,895,000	\$ 29,345,000
1988	10,735,000	13,340,000	7,620,000	31,695,000
1989	10,695,000	14,320,000	8,225,000	33,240,000
1990	9,930,000	15,475,000	8,395,000	33,800,000
1991	10,040,000	16,885,000	8,560,000	35,485,000
1992	10,145,000	17,690,000	9,245,000	37,080,000
1993	9,510,000	19,940,000	8,875,000	38,325,000
Total	<u>\$71,570,000</u>	<u>\$109,585,000</u>	<u>\$57,815,000</u>	<u>\$238,970,000</u>

TAX SUPPORTED DEBT (Total debt less special assessment revenues)

Net Debt Per Capita - (Based  
on the population estimate  
of 229,100)

Direct Net Debt  
(Without School)

Overall Net Debt  
(With School)

	<u>Median</u>	<u>Low</u>	<u>Median</u>	<u>High</u>
Cities (200,000-299,999 Population)*	\$494	\$493	\$881	\$1,854
Anchorage - 12/31/87	619		776**	
Anchorage with authorized but unissued tax supported bonds (excluding schools)	742			
Anchorage with authorized but unissued tax supported bonds including schools			933**	

\*From Moody's 1987 Medians - Selected Indicators of Municipal Performance.

\*\*These figures recognize the state support of school district debt. If state support of approximately 80% is not recognized, the figures become \$1,406 and \$1,792 respectively.

Net Debt to Assessed Valuation\*

	<u>Direct Net Debt</u>	<u>Overall Net Debt</u>		
	<u>Median</u>	<u>Low</u>	<u>Median</u>	<u>High</u>
Cities (200,000-299,999 Population)	2.4%	2.0%	3.1%	7.3%
Anchorage (12/31/87 w/1988 Valuation)	1.3%	1.6%**		
Anchorage (w/Proposed Bonds & 1987 Valuation)	1.5%	1.9%**		

\*Official projection for assessed valuation not yet available. For purposes of comparison, the figure used for 1988 was \$11 billion

\*\*Without state support for school bonds, the overall debt figures would be 2.9% and 3.7%.

PERCENT OF DEBT OF TOTAL GENERAL GOVERNMENT BUDGET FOR MUNICIPALITY OF ANCHORAGE

	<u>Gen. Gov't Debt Service</u>	<u>Percent</u>	<u>Net Debt Service (Less Assessments)</u>	<u>Percent</u>
1985	\$18,953,472	9.1%	\$18,127,357	8.7%
1986	21,187,117	10.0%	19,886,994	9.4%
1987	22,206,492	11.3%	21,208,492	10.7%
1988	21,246,125 (Projected)	11.1%	20,661,125 (Projected)	10.8%

The rating agencies have indicated that they start looking more closely at a community if this figure approaches 15%. If a city is young and growing, even the 15% figure is not considered unreasonable.