

OVERVIEW

MUNICIPALITY OF ANCHORAGE

GENERAL GOVERNMENT

1991-1996 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 administration, assembly and community councils to re-evaluate long-range capital needs for the city. 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 trails. (Although the utility capital programs are in a separate document, they are included in the coordination process.)

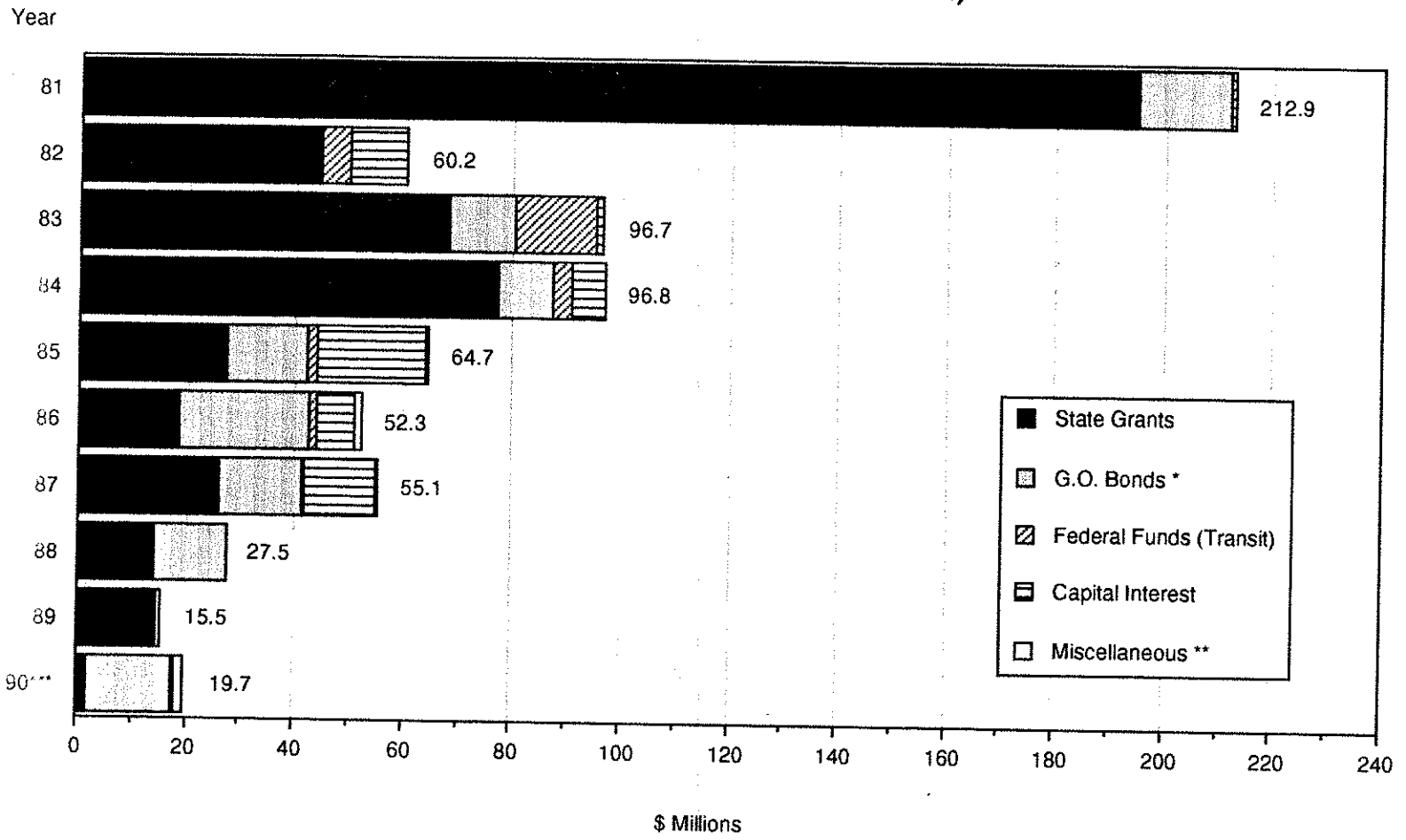
In order to address the "Fiscal Gap" facing the city, the focus of this year's Budget will be on repair, replacement and renovation of roads, buildings and equipment. The state will be asked to provide the funding for these much needed projects, especially in the areas of underground storage tanks and deferred and on-going building and street maintenance.

The 1991-1996 Capital Improvement Program (CIP) was formulated with the participation of the Community Councils throughout Anchorage. Many recommendations from prior years were incorporated into this program. Informational meetings and review sessions were held with interested citizen groups, the Planning and Zoning Commission and the Assembly.

The graph on the next page shows historical funding of the capital budget from 1981 to 1990. The reduction of state oil revenues has resulted in the continuous decline of state capital funding through the 1980's. The 1990 legislative session produced HB463. The original legislative version of this bill would have granted the Municipality of Anchorage over \$45 million. However, the Governor used his line-item veto authority which resulted in a net appropriation of \$7,618,731 which includes a repeal of \$804,014 and no new appropriations for the school district, and a \$6,200,000 new appropriation for public utilities.

The 1991 capital projects are designed to meet the basic needs of the community, i.e., road reconstruction, drainage, signals and channelization, and park and trail rehabilitation. The highest priority major road projects that are ready for construction have been included in 1991 for State funding.

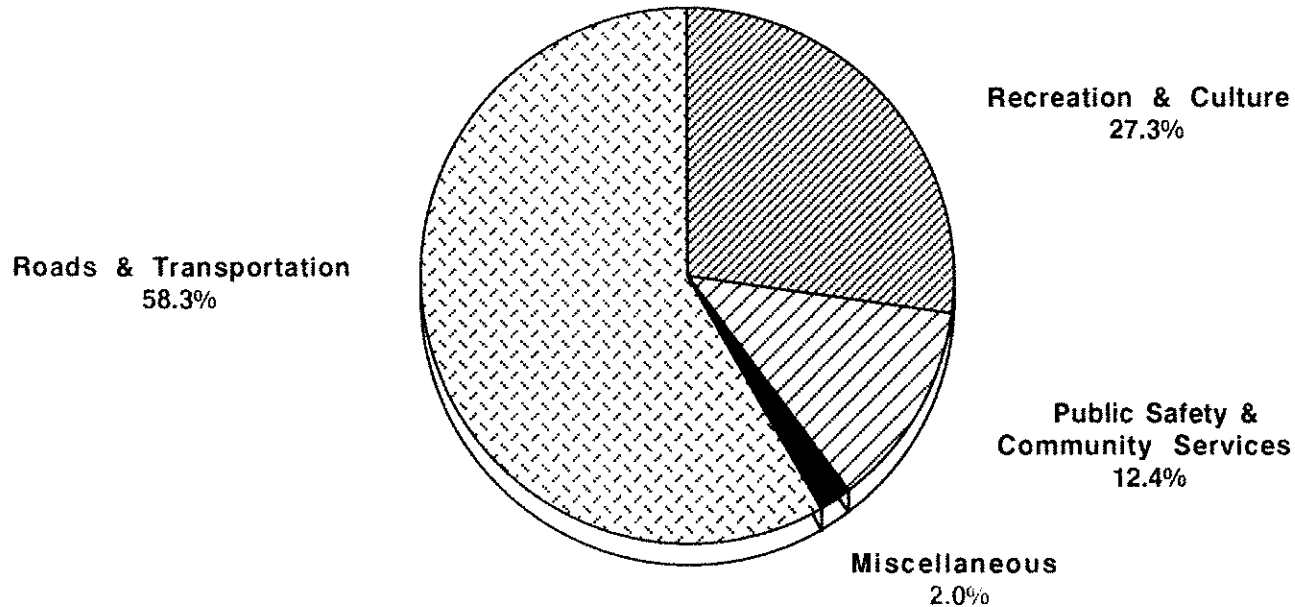
SOURCES OF CAPITAL FUNDING
General Government Appropriations 1981 - 1990
(Excludes Utilities and School District)



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* Represents the year the general obligation bond was sold.
 ** The miscellaneous category consists of contributions from Heritage Land Bank, Anchorage School District, fund balance, miscellaneous revenues, etc. Figures prior to 1985 represent Heritage Land Bank contributions only.
 *** As of December 1990. Includes \$1 million of Port bond funds appropriated to the Ship Creek project.

CATEGORIES OF CAPITAL PROJECTS
General Government Appropriations 1981 - 1990
(Excludes Utilities and School District)



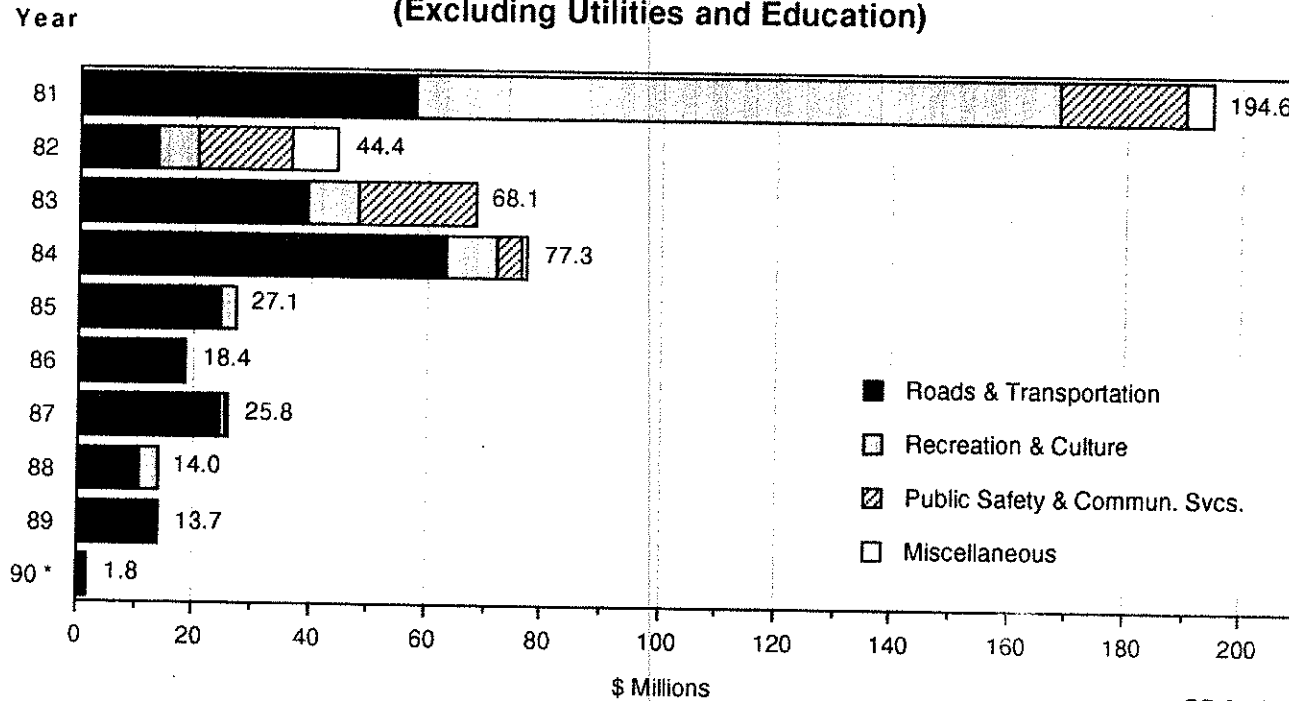
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This chart represents the distribution by major category of all capital funding received (excluding miscellaneous revenues from operating) for general government purposes over the last ten years. Despite large state grants received early in the 1980's 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) roads and transportation, 2) utilities, 3) education, 4) recreation and cultural facilities, 5) public safety and community services, and 6) miscellaneous. (See 1990 Fiscal Trends Report.)

copy for FISCAL TRENDS

**STATE CAPITAL GRANTS
Appropriated by General Government
(Excluding Utilities and Education)**



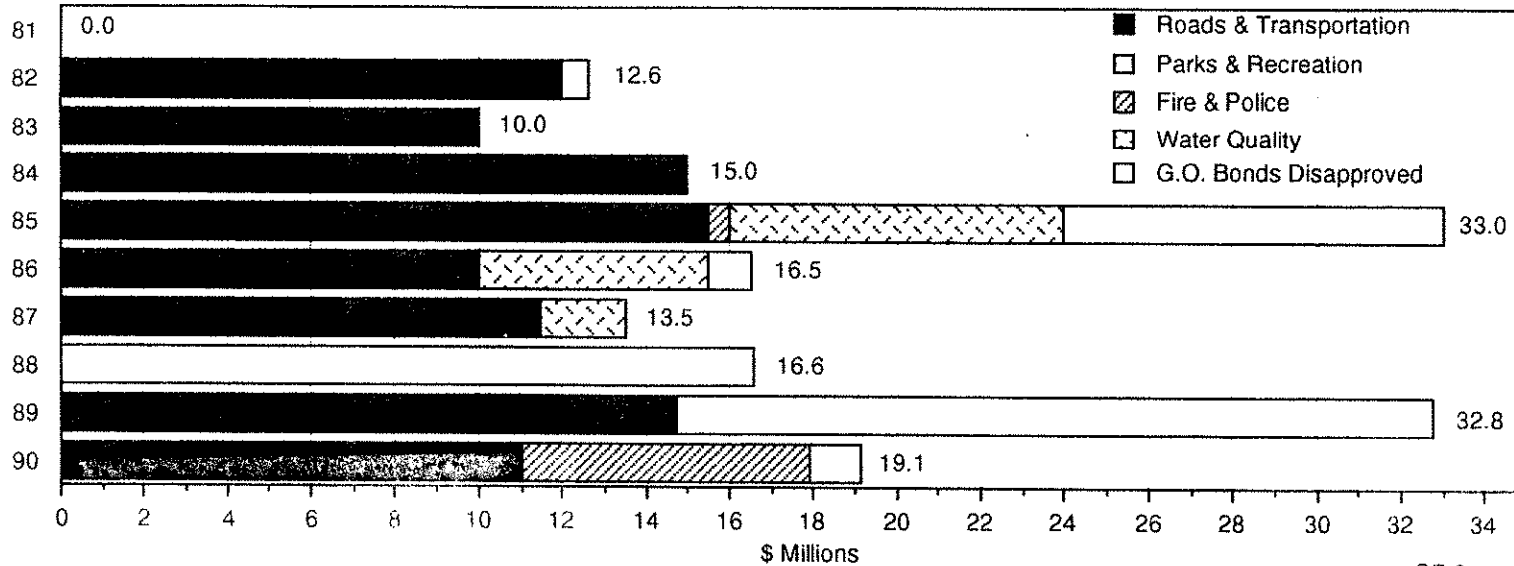
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* As of December 1990. Includes repeals in the amount of \$447,255.

The cornerstone funding for municipal capital construction during the last decade 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.

GENERAL OBLIGATION BOND PROPOSITIONS
General Government Proposals 1981 - 1990
(Excludes Utilities and School Bonds)

Year



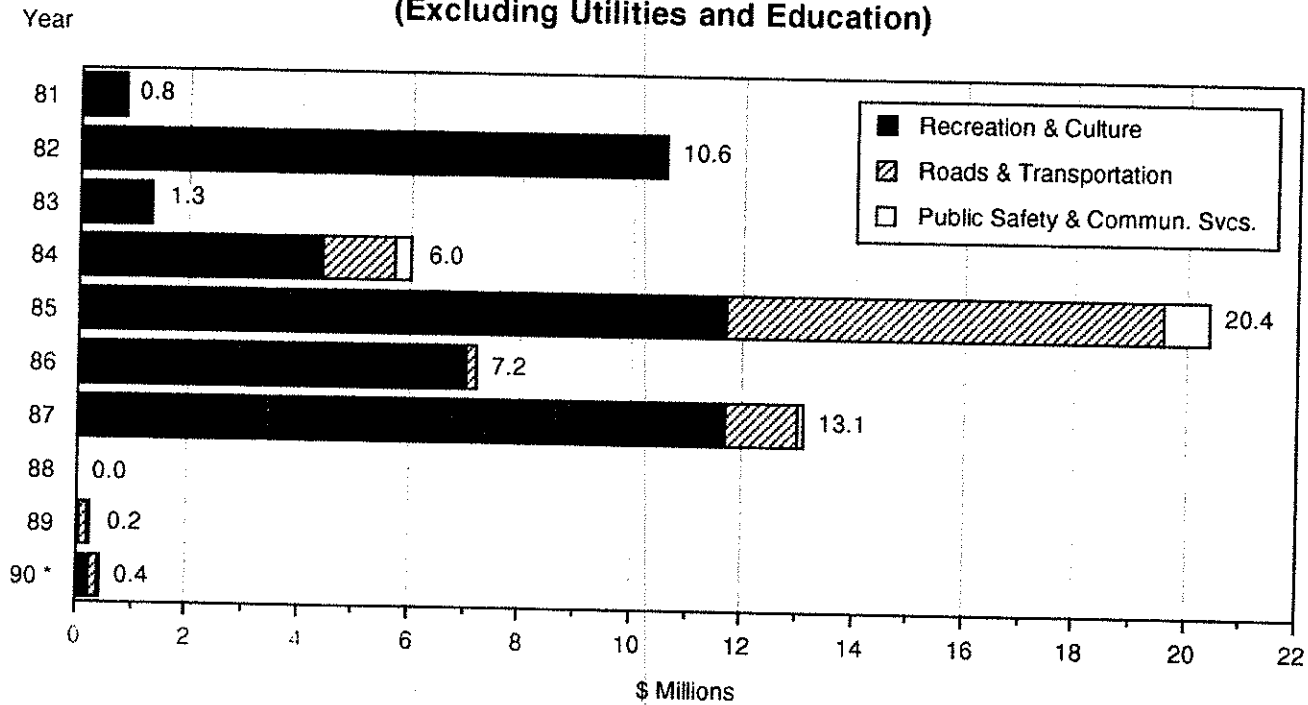
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Prior to 1988, the voters of Anchorage provided a continuous funding source -- general obligation bonds -- for basic neighborhood transportation, drainage and other improvements throughout the Municipality. General obligation bonds have also funded 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 continued with bonds approved in 1986 and 1987. Prior to 1988, the only general obligation bonds that had 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.) Then, in 1988, the entire bond package of \$16 million failed. In 1989, only the road bonds were approved, the rest of the bond ballots totaling \$18 million were voted down. In 1990, all propositions passed except for the \$1,195,000 Parks and Recreation bond.

In 1990, the original capital budget included \$19.1 million in general obligation bonds for roads, drainage, fire and police facilities/communications and building and trail repairs/rehabilitation. Voter turnout was 45%. The proposed October 2, 1990 ballot and areawide results are summarized as follows:

<u>Proposition</u>	<u>Amount</u>		<u>% For</u>	<u>% Against</u>
• Parks and Recreation Safety Projects-Trails	\$ 1,195,000	Failed	45%	55%
• Roads and Transportation	11,020,000	Passed	60%	40%
• Police Protection Services	1,940,000	Passed	53%	47%
• Emergency Medical Services	2,025,000	Passed	56%	44%
• Fire Protection Services	2,920,000	Passed	62%	38%
	<u>\$19,100,000</u>			

**INTEREST APPROPRIATION FOR
CAPITAL PROJECTS 1981 - 1990
(Excluding Utilities and Education)**



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* As of December 1990.

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. Prior to 1986, 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.

Since 1988, capital interest earnings have not comprised 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 1991 Capital Improvement Budget (the first year of the 1991-1996 Capital Improvement Program) responds to the highest priority community and neighborhood needs.

1991 Capital Improvement Budget (\$000)

Department	G.O. Bonds	State Grants	Federal Grants	Other* Sources	Total	Percent
Public Works	\$11,020	\$ 91,930	\$ 0	\$ 0	\$102,950	62.5%
Property & Facility Management	0	17,035	0	0	17,035	10.3
Cultural & Recreational Services	0	9,446 + 234	0	200	9,646 + 234	5.9
Police Department	1,940	5,732	0	0	7,672	4.7
Fire Department	4,945	2,039	0	0	6,984	4.2
Management Information Systems	0	0	0	2,672	2,672	1.6
Transit	0	514	484	50	1,048	0.6
Health & Human Services	0	556	0	0	556	0.3
Areawide/Not-for-Profit	0	16,220 + 380	0	0	16,220 + 380	9.9
Total	\$17,905	\$143,472 + 234 + 380	\$ 484	\$2,922	\$164,783 + 234 + 380	100%

The 1991 Capital Improvement Budget establishes the foundation for the six-year program.

1991-1996 Capital Improvement Program (\$000)

Department	G.O. Bonds	State Grants	Federal Grants	Other* Sources	Total	Percent
Public Works	\$71,890	\$356,310	\$ 0	\$ 0	\$428,200	75.8%
Property & Facility Management	0	39,856	0	0	39,856	7.0
Cultural & Recreational Services	2,765	36,220 + 234	0	280	39,265 + 234	6.9
Police Department	1,940	5,732	0	0	7,672	1.4
Fire Department	4,945	7,942	0	0	12,887	2.3
Management Information Systems	0	0	0	4,477	4,477	0.8
Transit	0	3,950	11,078	699	15,727	2.8
Health & Human Services	0	556	0	0	556	0.1
Areawide/Not-for-Profit	0	16,220 + 380	0	0	16,220 + 380	2.9
Total	\$ 81,540	\$466,786 + 234 + 380	\$11,078	\$5,456	\$564,860 + 234 + 380	100%

* Other sources include Heritage Land Bank, improvement districts, State Department of Transportation, private contributions and commercial loans for service funds.

A major factor in determining the affordability of a capital budget is the operation and maintenance (O&M) cost of the completed projects. The estimated yearly operation and maintenance costs for the proposed 1991 capital projects are approximately \$790,000 when all projects are fully on-line.

**Summary of Operating and Maintenance Costs for 1991 CIB Projects
(In Thousands of 1991 Dollars)**

	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
Operation & Maintenance Costs	\$169	\$448	\$736	\$787	\$790	\$790

The following pages summarize the 1991 Capital Improvement Budget and the total 1991-1996 Capital Improvement Program by major program area. Detailed project descriptions, O&M estimates and funding sources are also provided.

PUBLIC SAFETY PROJECTS

In response to public safety service needs, the 1991-1996 CIP has programmed replacement of obsolete fire apparatus and equipment, the construction of a regional law enforcement training/conference center to ensure effective and efficient police protection, fire suppression, emergency medical capability and health quality standards. Major projects programmed for 1991 include:

Fire Department

- \$ 475,000 - for programmed replacement of medic units used areawide to provide advanced life support and basic life support to people in the Anchorage area.

Police Department

- \$6,822,000 - to design and construct a regional law enforcement facility to include classrooms, indoor firearms range and K-9 training.

Health and Human Services

- \$ 175,000 - to provide a food microbiology monitoring program, facilities for foodborne disease investigations, and a lab in which to evaluate a wide variety of other health problems.

Public Safety Projects: Total Budget and Program Costs (In Thousands)

<u>Project Category</u>	<u>1991 CIB Request</u>	<u>Estimated Annual O&M Costs 1991 CIB</u>	<u>Total 1991-1996 CIP Request</u>
Fire Department:			
Emergency Medical Services	\$ 2,025	\$ 0.0	\$ 2,524
Anchorage Fire	4,959	0.0	9,526
Chugiak Fire	0	0.0	837
Total	<u>\$ 6,984</u>	<u>\$ 0.0</u>	<u>\$12,887</u>
Anchorage Police:	\$ 7,672	\$194.3	\$ 7,672
Health & Human Services:			
Air Monitoring	\$ 78	\$ 4.6	\$ 78
Microbiology Lab	175	87.0	175
Radio System	68	5.0	68
Stream/Creek Monitoring	235	8.2	235
Total	<u>\$ 556</u>	<u>\$104.8</u>	<u>\$ 556</u>

<u>1991 Fund Source</u>	<u>Amount</u>	<u>Percent</u>
Fire Department:		
G.O. Bonds	\$4,945	71%
State Grants	<u>2,039</u>	<u>29</u>
Total	<u>\$6,984</u>	<u>100%</u>
Police Department:		
G.O. Bonds	\$1,940	25%
State Grants	<u>5,732</u>	<u>75</u>
Total	<u>\$7,672</u>	<u>100%</u>
Health & Human Services:		
State Grants	\$ 556	100%

TRANSPORTATION PROJECTS

The continuing goal of the Municipality in regards to transportation projects 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 protected. The 1991-1996 Capital Improvement Program has identified capital projects consistent with these objectives.

Department of Public Works (DPW)

The need for the **Roadway Improvement** Projects listed in the CIP were brought to the attention of Public Works by design and maintenance crews, utility agencies, community councils, private citizens and Municipal and State officials. Through the Anchorage Metropolitan Area Transportation Study (AMATS) process, the DPW and State and the Alaska Department of Transportation and Public Facilities (ADOT&PF) have developed a coordinated transportation network. Large dollar priority projects in the Roadway Improvements category for the 1991 CIB include:

- \$12,300,000 - construct major arterial to urban standards (Lake Otis Parkway - 66th to Abbott).
- \$ 4,800,000 - construct minor arterial to urban standards (36th Ave - Arctic to Spenard).
- \$ 5,500,000 - bridge and utility relocates (Arctic Blvd. at Campbell Creek).
- \$ 4,000,000 - construct minor arterial to urban standards (Arctic Blvd. - Raspberry to Dimond).
- \$ 7,120,000 - Construct local street and drainage facilities (District 15 ERRRSA).
- \$ 1,500,000 - reconstruct major arterials (I and L Streets - 3rd to 15th).
- \$ 4,400,000 - construct collector to urban standards (Wisconsin St. - Northern Lights to 43rd).
- \$ 2,000,000 - construct collector to urban standards (MacInnes St. - 36th to Tudor).
- \$ 1,100,000 - reconstruct local roads to urban standards (Windemere Subdivision Area - Phase IV).
- \$ 2,700,000 - construct minor arterial to urban standards including right-of-way and utilities (Lake Otis Parkway - O'Malley to Chinook).

Safety Improvements totaling \$1,593,000 are also recommended for 1991. These projects include walkways and lighting to schools, sidewalks, handicapped access curbs, additional traffic lights, traffic channels to alleviate congestion at key intersections and improvements to the traffic signal system.

In addition, \$9,940,000 is proposed in 1991 for **Drainage Collection** projects to provide drainage facilities with adequate capacity to reduce flooding and maintain creek viability, and \$5,440,000 for **Drainage Treatment** projects to improve the water quality of drainage runoff waters prior to discharge into the receiving streams.

Transit Department

The 1991 CIB includes \$1,693,000 of projects consistent with the AMATS plan for the continuing development of the public transit system. Projects for 1991 are: two wheelchair accessible vehicles, bus stop improvements and turnouts, a 4-wheel drive maintenance vehicle, and associated capital maintenance items. Over sixty percent of Transit's 1991 project costs are reimbursed by Federal Urban Mass Transportation Assistance grants.

Transportation Projects: Total Budget and Program Costs (In Thousands)

<u>Project Category</u>	<u>1991 CIB Request</u>	<u>Estimated Annual O&M Costs (Reductions) 1991 CIB</u>	<u>Total 1991-1996 CIP Request</u>
Department of Public Works:			
Roadway Improvements	\$ 85,977	\$234.5	\$330,687
Safety Improvements	1,593	7.5	16,478
Drainage - Collection	9,940	(2.0)	41,295
Drainage - Treatment	5,440	13.5	39,740
Total	<u>\$102,950</u>	<u>\$253.5</u>	<u>\$428,200</u>
Transit:			
Elderly/Handicap Vans	\$ 90	\$ 0.0	\$ 594
Transit Improvements/Facilities	935	0.0	10,186
Transit Vehicles	23	0.0	4,947
Total	<u>\$ 1,048</u>	<u>\$ 0.0</u>	<u>\$ 15,727</u>
<u>1991 Fund Source</u>	<u>Amount</u>	<u>Percent</u>	
Public Works:			
G.O. Bonds	\$ 11,020	11%	
State Grants	91,930	89	
Total	<u>\$102,950</u>	<u>100%</u>	
Transit:			
State Grants	\$ 514	49%	
Federal Grants	484	46	
State Department of Transportation	50	5	
Total	<u>\$ 1,048</u>	<u>100%</u>	

COMMUNITY IMPROVEMENT PROJECTS

This 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 Cultural and Recreational Services, Property and Facility Management, and Areawide/Non-Profit. Examples of the 1991 CIB items:

Cultural & Recreational Services

- \$ 505,000 - for repair/reconstruction of deteriorated and hazardous sections of the Campbell Creek trail.
- \$ 625,000 - to replace the GEAC automated library system with a fully integrated system.

Property & Facility Management

- \$3,300,000 - for the removal of asbestos, demolition and site restoration of the Hollywood Vista Apartment Complex.

Areawide/Non-Profit

- \$10,070,000 - Support development of the Ship Creek Basin to include improved access of bridges and roads.
- \$ 990,000 - Alpenglow Ski Area: Capital allocation for additional lights, purchase of grooming equipment and construction of a shop for maintenance of groomers and lift equipment.
- \$ 3,400,000 - Anchorage areawide radio communications to equip all general government sections of the Municipality of Anchorage with trunked radios.

Community Improvement Projects: Total Budget and Program Costs (In Thousands)

<u>Project Category</u>	<u>1991 CIB Request</u>	<u>Estimated Annual O&M Costs (Revenues) 1991 CIB</u>	<u>Total 1991-1996 CIP Request</u>
Cultural & Recreational Services:			
Library Improvements	\$ 1,570	\$ 2.5	\$ 4,821
Cemetery Improvements	175 409	0.0	350 584
Parkland Acquisition	0	2.6	3,000
Greenbelt Acquisition	450	7.8	3,215
Girdwood Park & Trail	655	6.4	805
Eagle River Park & Trail	1,511	22.2	5,149
Park & Trail Development	<u>5,285</u>	<u>66.2</u>	<u>21,925</u>
Total	<u>\$ 9,646</u>	<u>\$107.7</u>	<u>\$39,265</u>

Property & Facility Management:			
Code Correction/Safety Improvements	\$ 8,931	\$ 0.0	\$10,477
Facility Improvements/Renovation	<u>8,104</u>	<u>(23.0)</u>	<u>29,379</u>
Total	<u>\$17,035</u>	<u>\$(23.0)</u>	<u>\$39,856</u>

Areawide/Non-Profit:			
AEDC/Public Works/Port	\$11,580 + 380	\$ 0.0	\$11,580 + 380
Areawide Communications System	3,400	0.0	3,400
Gas Assessment District	250	0.0	250
Pass-Thru Grant	<u>990</u>	<u>0.0</u>	<u>990</u>
Total	<u>\$16,220</u>	<u>\$ 0.0</u>	<u>\$16,220</u>

<u>1991 Fund Source</u>	<u>Amount</u>	<u>Percent</u>
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Cultural & Recreational Services:		
State Grants	\$ 9,446	98%
Private Contribution	<u>200</u>	<u>2%</u>
Total	<u>\$ 9,646</u>	<u>100</u>

Property & Facility Management:		
State Grants	\$17,035	100%

Areawide/Non-Profit:		
State Grants	\$16,220	100%

MANAGEMENT INFORMATION SYSTEMS

This newly created internal service fund plans to accomplish it's goal through computer upgrades and the implementation of various software packages. Some of the major projects include:

- \$988,000 - to upgrade the mainframe computer to accommodate increased application workload.
- \$380,000 - to upgrade network terminal control units with new technology units.
- \$220,000 - to enhance CICS capabilities by removing limits on growth of users, terminals, and applications through the installation of CICS/ESA Version 3.

Management Information Systems: Total Budget and Program Costs (In Thousands)

<u>Project Category</u>	<u>1991 CIB Request</u>	<u>Estimated Annual O&M Costs 1991 CIB</u>	<u>Total 1991-1996 CIP Request</u>
Management Information Systems	\$2,672	\$150.0	\$4,477
<u>1991 Fund Source</u>	<u>Amount</u>	<u>Percent</u>	
Other	\$2,672	100%	

**MUNICIPALITY OF ANCHORAGE
SUMMARY OF GENERAL OBLIGATION INDEBTEDNESS**

ANTICIPATED OUTSTANDING GENERAL OBLIGATION DEBT AS OF 12/31/90

General Government (Principal Amounts)

General Government General Purpose	\$ 33,060,722
Roads	129,108,360
Schools	<u>183,176,497</u>

\$345,345,579

Utilities (Revenue Bonds Not Included)

Wastewater	\$ 79,382,862
Solid Waste	24,110,000
Port	4,661,669
Water	<u>61,416,385</u>

\$169,570,916

TOTAL GENERAL OBLIGATION DEBT

\$514,916,495

AUTHORIZED GENERAL OBLIGATION DEBT BUT UNSOLD AS OF 9/30/90

Schools	20,950,000
Wastewater	23,325,000
Port	<u>5,500,000</u>

\$ 49,775,000

ANTICIPATED AMOUNT OF GENERAL OBLIGATION DEBT TO BE RETIRED 1990-1996, AS OF 12/31/90

<u>Year Ending December 31</u>	<u>General Government</u>	<u>Schools</u>	<u>Utilities</u>	<u>Total</u>
1991	\$11,163,390	\$18,645,000	\$5,371,610	\$35,180,000
1992	11,581,633	19,600,000	5,808,367	36,990,000
1993	11,263,195	22,210,000	6,241,805	39,715,000
1994	10,251,591	22,765,000	5,953,409	38,970,000
1995	9,851,592	22,031,497	5,778,408	37,661,497
1996	<u>10,231,341</u>	<u>10,785,000</u>	<u>5,758,659</u>	<u>26,775,000</u>
Total	\$64,342,742	\$116,036,497	\$34,912,258	\$215,291,497

NET DEBT PER CAPITA

<u>Fiscal Year</u>	<u>Population</u>	<u>Net Direct Debt**</u>	<u>Net Direct Debt Per Capita</u>
1985	248,263	266,785,586	1,075
1986	246,139	309,190,844	1,256
1987	229,117	308,261,772	1,345
1988	218,979	318,682,858	1,455
1989	221,870	297,037,132	1,339
1990*	230,000	348,110,580	1,513

* 1990 reflects an estimate

** Includes school debt service

RATIO OF NET DIRECT DEBT TO ASSESSED VALUE

<u>Fiscal Year</u>	<u>Assessed Value</u>	<u>Net Direct Debt**</u>	<u>Ratio of Direct Debt/Assessed Value</u>
1985	14,242,118,528	266,785,586	1.87
1986	15,603,882,386	309,190,844	1.98
1987	11,814,534,957	308,261,772	2.61
1988	9,253,471,394	318,682,858	3.44
1989	8,360,096,860	297,037,132	3.55
1990*	8,992,025,514	348,110,580	3.87

* 1990 reflects an estimate

** Includes school debt service

GENERAL OBLIGATION BOND DEBT AS A PERCENT OF TOTAL GENERAL GOVERNMENT BUDGET FOR MUNICIPALITY OF ANCHORAGE

<u>Fiscal Year</u>	<u>General Government G.O. Debt Service</u>	<u>Percent</u>	<u>Net G.O. Debt Service (Less Assessment's Receivable)*</u>	<u>Percent</u>
1986	\$21,187,117	9.9%	\$20,715,312	9.6%
1987	22,206,492	11.3%	18,335,549	9.3%
1988	21,381,164	11.3%	18,302,494	9.7%
1989	23,119,591	12.5%	21,665,591	11.8%
1990	22,386,395	11.4%	20,929,275	10.6%
1991	22,735,323	11.3%	21,225,323	10.5%

* Does not include debt service paid by enterprise funds, property owners or special assessments and school district debt service.

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.