

# CITY OF ANCHORAGE

## 1953

# BUDGET

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Prepared By

**THE OFFICE OF THE CITY MANAGER**

for

**THE CITY COUNCIL**

**Anchorage, Alaska**

CITY OF ANCHORAGE  
Anchorage, Alaska

December 5, 1952

The Mayor and Members of City Council  
City of Anchorage  
City Hall  
Anchorage, Alaska

Gentlemen:

The 1953 Budget is presented to you as the City Manager's recommendation for the City's operating fiscal policy for the 1953 fiscal year. This budget is presented in a new form with the intent to give the City Council a documented comprehensive view of the City's operations. Further objectives are to present a balanced program as to revenues and expenditures and to recommend a public service program that provides the essential services to the extent that available funds will permit. General explanations of the functional work programs should assist the Council in evaluating the standards of service that are proposed to be performed with the amount of appropriations requested.

The Budget, as presented, is not as complete in detailed analysis as desirable. More comparable data of work units should be available, but since this is a new format for budget presentation, these shortcomings are to be expected. An additional handicap to the City Manager's Office has been the short tenure of the manager to become acquainted with the operating departments, the City's service problems, and standard practices. Because of these difficulties, it is expected that some of the recommendations presented may be based on premature analysis by the City Manager; therefore, changes in the work programs, account appropriations, and revenue estimates should be forthcoming as experience dictates necessity for change.

When changes in the work programs become necessary, such changes should be made within one function to raise a standard of service or to begin a new service. Reductions must then be made in other services or sufficient revenues made available above that estimated to permit an additional appropriation and still maintain a balanced budget.

Upon adoption of a balanced 1953 budget, an effective budgetary control system will be placed in operation. Revenue estimates will be detailed into monthly estimates and compared accumulatively with the actual revenues received. Expenditures will likewise be analyzed and estimated on a monthly accumulation, after considering the work to be accomplished by the function for the period covered. The actual expenditures and commitments will be constantly compared with the expenditure estimates to insure that the departmental function will be able to operate for the full year. This type of expenditure control requires serious planning by the department officials and close coordination of the staff divisions.

Controlled purchasing procedure will have to be instituted to accomplish budgetary control. These processes will be put into effect in January, but refinement of application will take time for education and adjustment to unusual problems.

After operating under this plan of budgetary control and work production evaluation, the City Council, City Manager, and Department Heads can work with a sharply defined fiscal policy. Public reporting can be more effective and appraisal of work progress can be watched with equal interest.

The 1953 Budget shows comparative estimates for 1952 (encompassing the latest budget revisions) and the recommended estimates

for 1953. Detailed explanations accompany the revenue estimates for each fund and an explanation of the proposed 1953 Work Program follows each functional appropriation table. General comments on the over-all budget follows.

### GENERAL FUND

The anticipated increase in revenues of the General Fund come primarily from the property tax as computed on an 18 mill levy, service charges (garbage) because of additional customers and the increased rate made effective in September 1952, and the rental revenues caused by the management of the Veterans Housing Project as a municipal function. Some increase is also expected in the contributions from the Utility Funds. The property tax rate of 18 mills includes a 10 mill levy to be collected for the Anchorage Independent School District, and only 8 mills levied for City operations. This means that 55% of the \$300,000 property tax increase is actually collected for the schools; or expressed in different terms, 27% of the total General Fund monies (including contributions from Utilities) are paid to the School District. After deleting the school payment from the General Fund, the net increased revenue for 1953 to this fund is \$195,384.

At first sight this appears to be a large increase and should provide that much more money for the General Fund functions. However, examination of the expenditures of the General Fund, after deleting the school payment, reflects only a \$39,032 increase in expenditures over 1952 revised budget. The discrepancy that makes this situation possible is the fact that the expenditures in the 1952 budget exceeded the revenue estimates by \$157,000. The 1953 budget is presented as a balanced budget.

Fortunately, it has been possible to reduce expenditures in several of the functional accounts, otherwise it would have been extremely difficult to present an acceptable public service program with an eight mill levy. The accounts having the largest reduction include the Tax Assessor, Garbage Collection, Public Buildings, Annual, Sick and Holiday Leave, Contribution to Water Fund, Contribution to Special Assessment Funds. These reductions amount to \$221,588.

The functions which have the major increased expenditures are Accounting, Police, Fire, Civil Defense, Street Maintenance functions, Planning and Zoning, Health Department, Recreation, Merrill Field, Veterans Housing. These increases total \$220,685. There are other functional budget increases, but these accounts are the major ones. The Accounting Department has increased \$9,000 which includes one clerk and appropriations for equipment. Two additional officers and the rental on new quarters for the Police Department accounts for most of the \$40,000 increase for this function. The operation of the Government Hill Fire Station for eight months, capital purchases for the station and employment of eight additional men for the additional eight month service has increased the Fire Department requirements by \$60,000. Civil Defense is programmed for \$12,000 more expenditures. Increased maintenance to streets in all phases represents \$42,000 more program than provided in 1952. The aerial mapping contract has increased the Planning Budget by \$12,000, although \$9,000 is to be reimbursed as revenue to the General Fund. Plans to participate actively in the Greater Anchorage Health District has increased requirements \$5,000 over 1952. The Recreation budget was increased \$9,000 in this presentation.

primarily for making improvements to the existing facilities. The offer to assist in the maintenance of Merrill Field by the Territory of Alaska has permitted incorporating an equivalent amount of \$10,000 to repair runways and provide some drainage. Operations of the Veterans Housing Project is offset by revenue receipts, but it is a new operation and adds \$22,000 to the General Fund expenditures.

After re-examination of the Electric Distribution Fund budget, it appears that the revenue estimates are not as conservative as they should be. This uncertainty should be high-lighted in order that the General Fund may adjust its program downward in the event that the revenue from this fund should not meet the estimates. Budget adjustments will be necessary from time to time in order to permit a practical flexibility, but adjustments should always result in a balanced budget. It should be the goal to end the fiscal year with an operating surplus to be applied to existing deficits. Our work programs should be adjusted to always fit the firm revenue available so that the City's fiscal policy will be recognized as being sound in good government business practice.

#### WATER UTILITY FUND

The increase in new customers during this past construction season and the anticipated increase for next year has placed the Water Utility Fund on a self-sustaining basis. No contribution is anticipated from the General Fund in this 1953 budget. Although the water revenues have increased \$65,000, expenditures have increased only \$22,000. Although the number of customers and water lines have increased considerably more than expenditures, the budget presented appears to be sufficient to carry out the operations for the

coming year. This indicates more efficient operation.

### ELECTRIC DISTRIBUTION UTILITY FUND

The estimated revenues for the Electric Distribution Utility Fund is based on expectations of our continuing our present rate of growth and new customers. As explained above, it appears that these revenues should be viewed with caution. At the same time, the General Fund is depending on a \$348,000 contribution from the revenues from the distribution fund. The expenditures of the department anticipates \$347,000 to be spent in expanding the plant and doing badly needed construction work. As explained in the Electric Utility Budget, this policy should be revised so that more of the expansion of the distribution system can be accomplished with bond fund money since spending this high proportion of current revenues for capital improvement is penalizing the present consumers. Some of the work anticipated should be done under bond funds to be paid off during the life expectancy of the distribution system. In the event that this procedure is followed, consideration should be given the power rate survey so that rates can be adjusted accordingly.

### TELEPHONE UTILITY FUND

The budget presentation for the telephone fund has been compiled on the assumption that present contracted central office telephone equipment will be installed and made available to customers in the near future. If the City is to remain as the telephone utility operator for the Greater Anchorage Area, then it is extremely urgent that bond proposals be submitted as quickly as possible in order that equipment may be ordered for future delivery. Because of the limited funds available for plant expansion and the increased

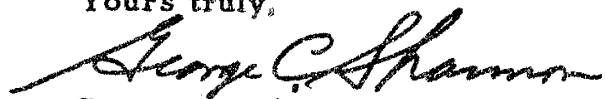
costs of equipment over that anticipated for the present construction program, additional bond funds are needed to complete the present program. Hold orders have been placed on as much equipment on order as possible, and as soon as existing work orders are finished, the crews should be in a position to continue the expansion program for which bond funds will be necessary.

It has been pointed out on many occasions the desirability of operating one telephone system for the entire Greater Anchorage area. This advantage has an offsetting factor of increased consumer rates because as the number of telephones in the system increase, the cost per telephone instrument increases considerably and the maintenance and operation costs also increase per telephone instrument. As we expand our system into new areas and to serve new customers, it will be necessary that telephone rates be increased to meet these offsetting factors.

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The department heads have been most helpful and cooperative in providing information on their budget requests and in proposing work programs for their departments in the coming year. The preliminary discussions with these officials, their explanations, and their willingness to cooperate made the task of preparing the budget much easier. Special recognition is also given to the city manager's secretary for her long hours and continuous work in preparing the stencils and duplicating the budget document. The Administrative Assistant has been most helpful in the detail work of assembling and checking. This budget is handed to you for your study and consideration. A public hearing should be set, as required by the Code, and a budget adopted before January 1, 1953.

Yours truly,



George C. Shannon, City Manager



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