

**CITY OF ANCHORAGE**  
**1954**  
**BUDGET**

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Prepared By  
**THE OFFICE OF THE CITY MANAGER**

for  
**THE CITY COUNCIL**

Anchorage, Alaska

Changes approved by the Council have been  
corrected in this copy of the budget.

CITY OF ANCHORAGE  
Anchorage, Alaska

November 27, 1953

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

Gentlemen:

This 1954 budget recommendation is presented as the City Manager's appraisal of the probable financial position of the City during the 1954 fiscal year. The budget document has been prepared with the objectives of (1) eliminating the General Fund deficit by the end of 1954, (2) estimating conservatively the revenues to be collected in the coming year, (3) and attempting to prepare a balanced municipal service program for the multiple functions of the Anchorage City Government so that expenditures will not exceed revenues.

Beginning January 1, 1953, the City's cash position showed a deficit balance of \$421,062. The City Council appropriated the equivalent of a two-mill tax levy toward eliminating this deficit position, and they failed to use an unappropriated budget balance of \$85,290 which was also credited to the deficit. In addition, the use of a work program budget and strict budgetary control, plus the benefits of centralized purchasing, exercising frugality in expenditures, and the cooperation of department heads have all contributed towards reducing the deficit an additional \$83,000. The deficit as of January 1, 1954, as estimated, will be \$118,501. In addition, \$47,000 reserve for deferred charges for projects not materializing and a reserve for uncollectible 1953 receivables has also been established.

The 1954 budget has had an improved modification in format by standardizing all expenditure code classifications by object. This additional detail will actually save time in the budgetary control accounting, because the department heads can more easily analyze their expenditure reports than they have during 1953. The department heads have all made strides in utilizing the work program budget. Descriptions of the work programs for each functional account provides information to the City Council, the City Manager and the public by transforming dollars into units of

service. When the budget is modified, or it is determined that an increased work program will be necessary in one function, then conversely it will be necessary to reduce the work program within another function or increase revenues in order to maintain a balanced budget.

The budget has been prepared by (1) analyzing income sources and preparing estimates of revenue to determine the amount of money that will be available to each of the operating funds; (2) assign preliminary allocation of funds to each of the functional accounts with the objective of providing at least a minimum of the existing standard of service, and to keep the total expenditures within the income of each operating fund; (3) department heads prepared their budget estimates to equal the preliminary allocations, together with a work program which describes the amount of work to be accomplished under the proposed budget; (4) departmental budgets were presented to the City Manager and, in those cases where the department head deemed it necessary that additional funds should be made available in order to maintain the past standards of service, or to improve service standards, then a supplemental request for additional funds was presented; (5) the recommended budgets and supplemental requests were then reviewed with the department heads and final decisions were made on the recommended appropriations and work programs as presented in this document.

One of the fundamental principles used in evaluating additional needs of the various departments was the stability of Anchorage's growth during the past year. There were no annexations, a comparatively small amount of new construction of dwelling units within the City, and therefore very little increase in population. Those services which can be measured in terms of area and number of people served carry little justification for increased appropriations.

The City Council and the citizens of Anchorage can be proud of the department heads and city employees. As a rule, each department is primarily interested in the service their department provides the public, but here they have been kept informed of the needs of the whole City Government. Many of the department heads have kept abreast by improving their work techniques and striving to provide more service at cheaper cost. Their adherence

to budgetary control shows they are economy-minded in most respects, although at times their ambitions have been tempered and their expenditures curtailed to stay within the financial ability of the City to pay. No department head has failed to cooperate in adhering strictly to "hold the line policy" that has been in vogue during the 1953 budget year and in the preparation of their 1954 budgets. They have been cooperative to improve the financial position of the City, and they will continue their utmost efforts in meeting the service problems which these budget recommendations have failed to meet. They will continue to seek increased efforts on the part of their personnel to give efficient and conscientious service in their jobs.

Beginning January 1954, formal reports of work programs will be obtained from each of the departments. The City Manager will prepare a monthly digest in order that the public and the Council can appraise the services performed in the monthly budget.

General comments on each of the operating funds follow:

#### General Fund

The estimates of General Fund revenues show a \$23,500 (approximately 1%) increase over 1953 revenue estimates. Revenue decreases appear in general property taxes, licenses and permits, court fines and rental revenues. These decreases are offset by increases in payments in lieu of taxes, service charges, interest on deposits and the grant from the Loussac Foundation to cover the cost of principal and interest on the Z. J. Loussac Library bonds. Total revenues from the municipal utilities are the same as estimated for 1953.

This comparison of revenues tends to indicate that most of the expenditures for the 1954 budget would be approximately the same as in 1953. However, because of the large increase of appropriation to the Anchorage Independent School District and the large increase in fixed charges, it has been necessary to reduce expenditures in 22 of the functional budgets. On the other hand, because of the variation in the work program and increased operating costs, it has been necessary to increase expenditures for 21 functions. Seven fixed charges accounts have increased \$153,000 over the 1953 estimates. Part of these increased costs have been offset by the failure to have any unappropriated balance.

as compared with the \$85,000 available in the 1953 budget. The \$118,501 to be credited to the deficit is just short of being equivalent to the two-mill tax levy for this purpose. An attempt was made to make available the \$57,000 collected from parking meter collections to be used only for parking meter maintenance, new installations and acquisition of off-street parking, but it was found that it was necessary to reduce the account \$24,638 in order to balance the budget and eliminate the deficit.

As street improvements, new buildings and facilities are constructed with bond funds whose retirement charges are paid for out of the General Fund, the fixed charges will continue to increase. In the event that additional revenues are not obtained to offset these increases, then it will be necessary to reduce municipal services in future budgets.

No provision has been made in the budget for expansion of services in the event of annexation, nor for increased revenues that might become available upon annexation. Complete modification of this budget would have to be made to meet these new problems in the event that any large areas are annexed to the City.

The specific work programs of each of the functional accounts will explain the differences in the 1954 recommendations as compared with the 1953 budget estimates.

The supplemental requests of the department heads for increased budgets total approximately \$144,640. This supplement will be presented as a separate report by December 4, 1953.

#### Water Utility Fund

Examination of the Water Utility Fund budget shows a marked change in financial position of the fund as compared with a year ago. A review of depreciation reserves showed that our past policy of applying depreciation did not cover A. P. W.'s portion of installation costs. This has been corrected in the current budget with an increase in fixed charges of \$48,000. This same application was made to the payment in lieu of taxes, which resulted in a \$35,000 increase. Payment of interest and increased payments to A. P. W. has added \$36,000 more to fixed charges of the water fund. The revenues of the Water Department have not increased sufficiently to meet these new expenses. The 20 miles of water

distribution mains now located outside the City are not serving as many consumers as anticipated, and the ratio of consumers per miles of mains installed is exceptionally low. At least 80% of the water consumers are connected to the 30 miles of water mains inside the city limits. It appears that the outside water services are not paying their way in spite of the higher water rates. A complete analysis of this situation will be made early in 1954. You will note that theoretically a deficit is created in the water utility fund by the adoption of the 1954 budget. This deficit will be in the form of a deduction in the reserve for depreciation and should be considered a loan out of the depreciation reserve for operating expenses. It is hoped that this financial picture will improve in 1954. Otherwise, water rates will eventually have to be increased. No contribution to the General Fund will be forthcoming in 1954.

#### Electric Distribution Fund

The major increase of electric sales anticipated in the 1954 budget will be derived from increased energy sales to the City departments. No consideration is given in this budget with reference to the electrical rate study completed in 1953. The budget recommends approximately the same contribution to the General Fund that was given in 1953. It appears that any rate reduction will have to be taken from the contribution to the General Fund, and the object of correcting the deficit position does not encourage reducing electrical rates until energy costs are reduced when electricity is obtained from the Eklutna Project. The amount of money for capital construction is lower than has been set up in the past several years, but it appears that without some unforeseen large expansion of the distribution system, its recommended amount will keep our electrical system in good condition and improve some of the facilities.

In the event that the City should purchase Inlet Power and Light, the purchase should be made from the sale of bonds to be paid within a five-year period. Such acquisition would require a complete budget revision.

#### Telephone Utility Fund

The 1954 Telephone budget shows a large increase over 1953. Part of this increased budget is the result of revenue increases from new subscribers and a cash surplus from the 1953

appropriation of \$60,000. Of the \$158,000 increase in the Telephone budget, \$145,000 represents increases in bonded debt requirements and payment in lieu of taxes. The capital construction account also shows a \$33,000 increase over the 1953 budget.

The policy adopted by vote of the people in 1953 against major expansion of the telephone system beyond the city limits has curtailed the full utilization of the existing plant facilities, thereby reducing the possibility of obtaining the maximum return on the existing investment. Approximately \$40,000 of the capital construction budget for 1954 is recommended to be used for minor extensions of outside plant beyond the city limits in order to realize a better return on the existing plant capacity.

One of the problems facing the City Council and the Telephone Department is the negotiation with the Rural Telephone Cooperative to extend telephones into the rural areas and negotiate with the City for acquisition of a part of the City's plant and to interconnect the rural system with the City system. Such negotiations pose economic problems on the City system. In the event that such action is taken, a budget revision of the Telephone Department would have to be made late in 1954 to adjust for resultant loss of revenues. It is to be noted that contribution to the General Fund remains about the same as in 1953.

Special appreciation is extended to the City Comptroller and his staff in their work towards the preparation of this budget and the assistance that they have given the various departments; also appreciation is extended to the Secretary of the City Manager ~~and~~ the Administrative Assistant and the borrowed personnel from other departments who worked diligently to meet the deadline of preparing the budget document.

The budget is handed to you for your study and consideration. Public hearings should be set by the 11th of December and a 1954 budget adopted before January 1st. It is also recommended that a 20-mill levy be levied at an early date in December in order that tax bills may be prepared and mailed prior to January 1st.

Yours truly,

  
George C. Shannon, City Manager