
CITY OF ANCHORAGE

1958

BUDGET



Prepared by
THE OFFICE OF THE CITY MANAGER
for
THE CITY COUNCIL
Anchorage, Alaska

T H E C I T Y O F A N C H O R A G E

1 9 5 8

B U D G E T

As adopted by the City Council

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Anton A. Anderson

COUNCILMEN

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November 19, 1957

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

Gentlemen:

The Code of Ordinances of the City of Anchorage provides that the City Manager shall prepare and recommend to the Council an annual budget. As the chief executive and administrative office of the City, the City Manager's office is in constant contact with the department heads with reference to the problems of finance, municipal service requirements, methods of performance, uniformity of practices, review of complaints, and requests by the public for many special type services for which funds were not provided. The centralized responsibility also permits this office to first recognize the need of improving the administrative techniques and control and to recognize where more staff will be needed. As the volume of work increases, specialization is required and specific responsibility must be delegated if work is to be done effectively. As the administrative clearing house, the office also recognizes the need for expansion of community facilities, especially when they are being rightfully emphasized by citizens' committees, advisory commissions to the City Council, and sanctioned by the voters. All of these contacts, review of the changing problems, and review of public requests are considered by the City Manager in developing a balanced municipal service and financial program in the form of the annual operating budget.

The preparation of the budget always brings into sharp focus the problem of having sufficient finances to provide the standard of service required by the people and still provide for the needs of continuing expansion of street improvements, sewer extensions, park construction, and other community facility demands. The 1957 budget pointed out that 1957 was a year of decisions on many of these matters. The City Council's basic decision in 1957 was to keep the City's financial position strong. They

chose to reduce services and to forego additional improvements, such as street paving, until additional funds are made available to take care of the existing debt requirements. The decision was also made to expand the telephone system and this decision was approved by the voters. The needed decision on the financial problem of the Water Department is partially being met by having a Water Rate Study made by consultants, with the ultimate decision to be made at the end of this fiscal year. Decisions with reference to the Electrical Department as to area service and additional generation facilities have had to be delayed for better timing. These decisions have had an effect upon the operations and philosophy of government during 1957 with emphasis placed on austerity. Under this influence, the department heads have managed to perform a minimum standard of service and still provide some underruns in their respective budgetary accounts. In addition to this influence upon the 1957 fiscal matters, the Territorial Legislature enacted legislation which will have both negative and positive effects upon the City's finances and operations. The weather was extremely kind to the City operating budgets in 1957. Also, the BPR and the Territorial Highway Board provided some assistance for the last quarter of the fiscal year. All of these things have had a bearing upon the 1957 operations and the estimated financial status of the City at the end of the 1957 fiscal year. As a result, there will be a favorable cash balance for 1957 instead of a deficit, as was experienced at the end of 1956. These observations have been made primarily to illustrate that a budget document is more than a mechanical means of providing for expenditures and revenues to be in balance, but it can also serve as a means of major decisions of philosophy in operation of these municipal affairs.

Reflections on the 1957 fiscal year should be a good starting point to consider. The mechanics of the budget provide a means for study not only of revenues, expenditures, services, but it should also give the City Council an opportunity to analyze and philosophize as to what it is performing as a municipal government for its people. Too often people think of their city or of their government as a means of collecting taxes and providing some beneficial physical improvements to the community. They take pride in these improvements, but sometimes they forget the numerous services that are performed to assist in improving the standard of living of people living in an urban area. These services are accepted as a matter of course, and they are never fully appreciated until they are missed. The taking of municipal services for granted is not in the best interests of public relations. Perhaps we should take each service performed by the City and see how it fulfills human needs and if each service is doing as complete a job as it should in comparison with other services. A job of this kind could be called municipal "soul searching." Perhaps it is too large an undertaking by the City Council alone. Perhaps it is an opportunity for the City Council to give the people a positive opportunity to examine their municipal govern-

ment to become acquainted with how it works and the functions and services it provides for the people in the community.

Examination of each of the various services will reveal that parts of the services are neglected. For example, does the City have adequate police service? Does it have enough patrolmen? Enough traffic enforcement officers? Is it taking care of the juvenile delinquency problem adequately? Is it providing for its prisoners in a model fashion? Is its equipment up to date? Is its personnel adequately trained? And there are many other items that would be of interest on minute examination of the police function. Similar findings would also apply to the Fire Department, Recreation, Library and the various City "housekeeping" functions, which are carried on by the Public Works Department. It is true that such an examination would reveal that it would be impossible to provide the ultimate of all these services, but it would give a basis on which to judge whether the one service should be strengthened at the expense of another or whether more revenue should be provided to improve the services that are rendered. Examination of human needs that are provided by expansion of community facilities would also be in order. For example, just what human need does the sanitary sewer system provide? Water system? Electrical substations? Telephone system? Paved streets? Sidewalks? Drainage? Freeways? Overpasses and all the other things that are in the planning stage for the municipal government? Surely these physical improvements also have qualities that would fit under the human needs category.

Emphasis is always placed upon planning for improvements of the physical plant, but seldom do these plans weigh the benefits of these improvements as providing human needs. Perhaps as the City Council reviews this 1958 budget, studies the work programs and finances, they will evaluate where the City government not only assists in providing for the human needs but also for the economic needs of the community. You may agree that a very fair examination should be undertaken by citizens who have expressed a genuine interest in the progress and development of their municipal government. This is not a new idea. It has been tried in other cities and has been found to be a very worthy and public-stimulating project. It has been handled by the formation of a citizens' committee on the community's "Human Needs." The City Council and the Planning Commission have appointed many committees for special purposes. There have been committees appointed by special interest groups to direct the City government to do certain things that would be of particular benefit to them. What is suggested here is a large committee that will take time to study all phases of the government, evaluating the services where emphasis should be placed first and matching their recommendations with the ability to pay.

GENERAL FUND

The total recommendation for the General Fund is considerably less for 1958 than 1957. This is brought about by the change in the Territorial legislation which provided that the cities no longer appropriate to the School Districts but levy and collect for the School Districts a definite millage. Under this procedure, no appropriation is shown for the school budget. On the other hand, in compliance with the City Council's stated policy, 11 mills have been estimated for General Fund purposes, with the one mill to be used for port purposes.

With the increase in value of the public utilities and the increase in the mill levy, the payments in lieu of tax have increased \$63,000. The other major increase in the revenues is from service charges of which \$15,000 comes from increased garbage collection fees by more customers and \$15,000 increase for sewer connection fees which will be made as a result of the sewer improvement districts. Contributions from the utilities have increased \$44,000 over 1957. On the other hand, there has been a net decrease of \$20,000 because of the change in Territorial law with reference to refund of liquor license fees collected by the Territory. Therefore, total resources for all the General Fund purposes is \$2,910,489. The cash balance that is expected to be available at the end of 1957 has not been included in this budgeted revenue, with the idea that this money will be placed in non-appropriated status so that when new areas are annexed to the City that the money can be used to provide services for these areas. In the event that annexation does not occur, then the unappropriated balance may be used for extending municipal improvements or adding to the services as recommended in this budget.

The expenditures of the General Fund show increases in 62 of the 76 accounts with 14 of the accounts showing decreases. In most instances, the increases are due to salary increases, but in some cases there has been a modification of the work program to take care of additional needs for these functions. They are explained in detail in each of the appropriation accounts. An appropriation of \$17,951 has been recommended to start the personnel office as a staff function of the City government. More emphasis has been placed on planning and engineering, with considerable more emphasis placed on paved street maintenance, sidewalks, street and traffic signs, and sewage maintenance.

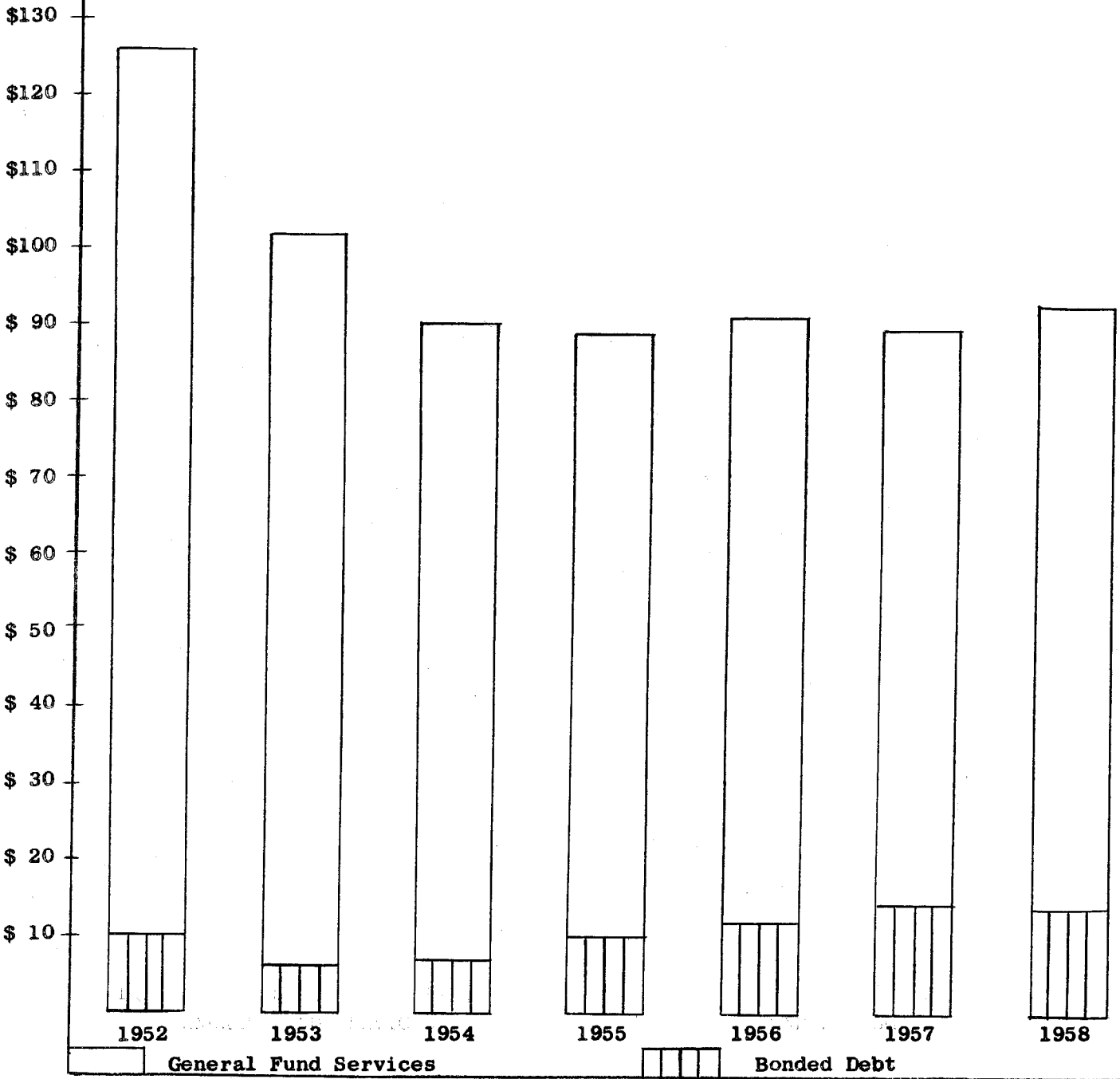
Most departments have supplemental requests primarily for additional manpower. This is particularly true in the Fire and Police Departments, the Building Inspector's Office, and the Parks and Recreation Department. Priority for increased service requirements include an additional inspector for the Building Department to specialize in the Condemnation Program and

and the Urban Renewal Program; more money to replace downtown sidewalks and curbs; urgent consideration for at least \$10,000 to be applied to the City building accounts, such as City Hall, Library, etc. to improve the standard of maintenance and janitorial service; to fill the position of Administrative Assistant in the City Manager's office which has been vacant since May 1957; to provide for a telephonic public fire alarm system to help maintain our fire insurance rating. As the City grows larger, the Fire Department will have to be improved to maintain the standards that are now established by the Board of Fire Underwriters. Other supplemental requests will appear in a supplement to this budget document.

The General Fund of the City is always scrutinized most critically because it is to this fund that all the property taxes and miscellaneous taxes are allocated. In order to review the General Fund and see what has happened over the years to the cost of government, a chart has been prepared which graphically shows how the per capita costs of government have been reduced over the past several years in spite of increased wages and rising prices of material. Since the City government serves people of the City, then the unit of measure for the monetary terms of expenditures should be in terms of per capita costs. The information presented below was prepared from audited statements and presented to the Citizens' Committee on School and City Taxation, with corrections made for the year 1957 and estimates for the year 1958. Since local school funds are no longer a part of the appropriation by the City, the amount that has previously been appropriated to schools has been deleted from the annual figures. In 1952 the cost of government was \$126 per capita, of which \$10 was for debt service. This cost reduced down to a low in 1955 of \$89 per capita, of which again \$10 was for debt service. In 1957 the cost per capita was \$89 but \$14 of this amount was for debt service. In 1958 the total cost is \$93, of which \$14 is for debt service. The one mill for port development represents approximately \$3.40 per capita, which accounts for almost the entire amount of increased per capita costs in 1958 over 1957. A similar comparison should be made in costs of other tax supported governmental units within the area. A review of the Citizens' Committee's report should be helpful in this regard. The leveling off of per capita costs of 1954 through the estimated 1958 shows what can be expected from present sources of revenue. As stated in last year's budget message, there can be no hope for additional improvements unless property taxes are increased to pay for them, or a new source of revenue is found. The leveling trend of the last three years cannot be maintained as salaries and material costs continue to increase. The capacity to pay for local government should also be considered when studying human needs of the community.

CITY OF ANCHORAGE
PER CAPITA COSTS OF GENERAL FUND SERVICES INCLUDING DEBT REQUIREMENTS

1952 - 1958



WATER UTILITY FUND

The Water Utility Fund shows that expenditures will exceed all sources of revenue for 1958. This situation was predicted in 1957 and a Water Rate Study has been completed for consideration of the City Council to correct this financial situation. The total estimated revenue is \$758,000, of which \$72,000 has been accumulated from surpluses in prior years. This amount also includes the depreciation reserve to be used for extension of water mains. The total expenditures equal \$821,000, of which \$122,000 is for water main extensions. A difference between the estimated revenues and expenditures is \$63,000, which represents a monetary shortage for 1958. However, if the Water Fund were to stand entirely on its own resources for 1958, the \$72,000 prior year surpluses would have to be raised in the 1958 budget. In addition to that, only \$6,000 has been estimated as contribution to the General Fund wherein the City Council policy has indicated a desirable contribution of approximately \$41,000. In other words, if the Water Department were on a strictly self-sustaining basis, similar to the electric and telephone services, it would require an additional \$170,000 in annual revenues. The analysis of the financial condition in the 1957 budget message still prevails. It is summed up briefly that the water system is not fully utilized by its potential customers. Until full utilization is obtained, it appears that the only solution to placing the Water Department on an equally sound financial basis with the other two City-owned utilities will be favorable consideration of rate increase in 1958. Even though the system has been readily expanded in the past several years, there are still urgent requests for service in the Mountain View area, Green Acres area, and to provide water for institutions to be built in the Goose Lake district. The major benefit, other than health, the water system provides is a high degree of fire protection and thus influence lower fire insurance rates.

ELECTRIC UTILITY FUND

The Electric Utility Fund is continuing to enjoy an excellent financial condition. More than a year's experience has been obtained from the last rate reduction and still reflects a high rate of return. The operating revenues have increased approximately \$130,000 over the 1957 estimate. The expenditures show increases primarily of contribution to the General Fund, payment in lieu of taxes, and an unappropriated reserve of over \$50,000, which has been designated for catastrophe repairs. The distribution of the disbursement dollar shows 17% going directly to the General Fund as a contribution and an additional 3% for taxes, which means that 20¢ out of every electrical dollar is used in the operation of general government. Attention should also be given to the chart reference to generation. The necessity for additional sources of power generation is becoming more evident. The discussion on page 164 should receive particular attention during the coming year. The relationships between CEA

and the City have shown tremendous improvement during the past year. Therefore, some very positive steps should be taken to resolve the old service area problem with the view that both systems can be of material assistance to each other in serving the people of the Greater Anchorage community.

Among the major items of construction work in the forthcoming year is to continue installing cable in the underground system, so that continued progress can be made to place ultimately all power and telephone lines underground in the central business district.

TELEPHONE UTILITY FUND

The Telephone Utility is expected to continue to expand at almost the same rate that it has experienced the last two years. With the approval of the \$3,000,000 bond issue, it is anticipated that construction of outside plant extensions will start in the middle of the year by private contracting. As the lines are completed under this construction program, additional customers will be obtained in new areas and services will be upgraded in the outlying areas. Most of this improvement will occur near the end of the fiscal year. However, existing facilities will allow growth which means that telephone revenue is expected to increase \$200,000 in the coming year, with subscriber revenue providing 75% of this increase.

The expenditure increases are on a smaller ratio for operations and reflect primarily wage increases which follow the prevailing wage rates of the area. The budget provides for payment of six months interest on the \$3,000,000 bond issue and placing in reserve \$70,000 toward the first year's principal. The contribution to the General Fund has had to be slightly decreased because of this additional expense. But, on the other hand, payment in lieu of tax has increased \$20,000 because of the increased mill levy and increased plant value. In addition to the bond fund construction, \$253,000 will be spent out of the operating budget for expansions and replacements as representing the depreciation charges. 1958 should be a banner expansion year for the Telephone Department, but the real benefits from the program will not be fully appreciated until 1959.

* * * * *

The City Controller will continue to control the budget, based on monthly allocations with monthly reports showing the status of both revenues and expenditures according to estimates. Monthly performance reports are submitted by each department to compare the work programs with actual accomplishment.

The department heads are still continuing to improve their budgeting techniques and have been realistic in their requests in the knowledge that appropriations have always been based upon performance and actual costs rather than guesses. The City Manager is grateful to the department heads in their realistic approach, but he also encourages improvement of departmental services. Therefore, the Council will be presented with supplemental requests from several departments, which indicates the department heads' evaluation where improved and expanded services are needed.

The work performed by the City Controller and his staff has been quite extensive, both to the City Manager's office and the department heads. Appreciation is also expressed to the City Manager's office staff and those personnel in the Fire Department who have given particular help in assembling budget sheets in order that this budget may be presented by the prescribed date of the third Wednesday in November. '

This budget is handed to you with the City Manager's recommendation for a 11 mill levy for municipal services (including 1 mill for the ocean dock). Again the City Manager wishes to re-emphasize that a new source of revenue will have to be incorporated to provide sufficient resources to continue the street expansion program, park construction program, and other expansions that are necessary if the City is to keep pace with the economic growth of the community, to continue to provide for Anchorage inhabitants the "human needs" that are available through the municipal service and to justly retain its title of "Anchorage All-America City. "

It is requested that the final budget be adopted not later than December 31st. The City Manager and department heads will be available at any time to review these budget recommendations.

Yours truly,


George C. Shannon
City Manager

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SUMMARY OF SOURCES OF
ALL

<u>REVENUES</u>	<u>Estimated 1957</u>	<u>Estimated 1958</u>
<u>General Fund</u>		
Taxes	\$ 2,236,645	\$ 1,440,156
Other General Revenues	977,519	1,007,448
Revenues from Utilities	418,419	462,885
	<u>\$ 3,632,583</u>	<u>\$ 2,910,489</u>
<u>Telephone Utility Fund</u>		
Revenue Local Service	\$ 1,539,842	\$ 1,710,846
Other Operating Revenues	70,672	98,200
Non-Operating Revenues	241,700	253,800
	<u>\$ 1,852,214</u>	<u>\$ 2,062,846</u>
<u>Electric Utility Fund</u>		
Revenue from Sale Electric Power	\$ 2,093,400	\$ 2,222,200
Other Operating Revenues	44,700	46,000
Non-Operating Revenues	161,500	178,757
	<u>\$ 2,299,600</u>	<u>\$ 2,446,957</u>
<u>Water Utility Fund</u>		
Revenue from Flat Rate Water Sales	\$ 522,574	\$ 519,020
Other Operating Revenues	7,000	7,000
Non-Operating Revenues	239,678	232,563
	<u>\$ 769,252</u>	<u>\$ 758,583</u>
TOTAL REVENUES	<u>\$ 8,553,649</u>	<u>\$ 8,178,875</u>

**REVENUES AND EXPENDITURES
FUNDS**

	<u>EXPENDITURES</u>	Estimated 1957	Estimated 1958
<u>General Fund</u>			
Operating Expense		\$ 2,244,426	\$ 2,468,654
Debt Service		440,010	429,449
School Payment		948,147	-0-
		<u>\$ 3,632,583</u>	<u>\$ 2,898,103</u>
<u>Telephone Utility Fund</u>			
Operating Expense		\$ 986,691	\$ 1,094,175
Debt Service		496,438	641,575
Contribution to General Fund		89,581	73,296
Construction		279,504	253,800
		<u>\$ 1,852,214</u>	<u>\$ 2,062,846</u>
<u>Electric Utility Fund</u>			
Operating Expense		\$ 1,478,033	\$ 1,589,986
Debt Service		4,350	4,350
Contribution to General Fund		322,794	383,589
Construction and Reserve		494,423	469,032
		<u>\$ 2,299,600</u>	<u>\$ 2,446,957</u>
<u>Water Utility Fund</u>			
Operating Expense		\$ 392,293	\$ 453,832
Debt Service		236,378	238,732
Contribution to General Fund		6,045	6,000
Construction		105,348	60,019
		<u>\$ 740,064</u>	<u>\$ 821,534</u>
TOTAL EXPENDITURES		<u>\$ 8,524,461</u>	<u>\$ 8,166,489</u>