

**PRELIMINARY
GENERAL GOVERNMENT
OPERATING BUDGET
INFORMATION**

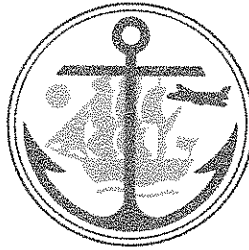
1997



Municipality of Anchorage

**Rick Mystrom
Mayor**

Municipality
of
Anchorage



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Rick Mystrom, Mayor

OFFICE OF THE MAYOR

August 30, 1996

Dear Residents of Anchorage:

I am pleased to present to you and the Assembly preliminary information on the 1997 General Government Operating Budget. This information has been designed to provide initial summary information in the areas of service priorities, revenues, and taxes. As in the past, a more detailed proposed 1997 General Government Operating Budget will be provided by October 2, 1996 as required by the Municipal Charter.

The 1997 budget will continue our efforts to make Anchorage a safer and more livable city. Crime in Anchorage for the first six months of 1996 is down from one year ago. Although I am pleased by this information, I am not yet satisfied. The crime statistics are a good sign that Anchorage is moving toward being the city we all want, but there is still work to be done.

My administration has always put a high priority on working with the business community to foster economic development. We will place added emphasis on working with existing businesses and new prospects in 1997.

While making our City safe will continue to be our primary focus, we will also continue to work to make Anchorage a cleaner, more beautiful city. We will make our streets throughout the city safer and cleaner. Snow will be removed more frequently, and winter ice and spring dust levels will be reduced.

In addition to being safe and attractive, we will continue to recognize the importance of quality recreational and cultural opportunities for our citizens.

There are still uncertainties regarding revenues and expenditures. As a result, some of the numbers may change between this preliminary document and my proposed budget to be submitted to the Assembly by October 2, 1996.

I believe that the service priorities identified in this preliminary document and the program details to be provided in my 1997 proposed budget continue the steps that we have undertaken to reach our goal of making Anchorage an even better place to live and raise our families. I look forward to working with the Assembly during their consideration of the budget.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Mystrom", written over a horizontal line.

Rick Mystrom

**1997 PRELIMINARY GENERAL GOVERNMENT
OPERATING BUDGET
INFORMATION**

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**1997 General Government Operating Budget
ADMINISTRATION'S SERVICE PRIORITIES**

THE ADMINISTRATION AND MUNICIPAL EMPLOYEES ARE COMMITTED TO THE GOAL OF MAKING ANCHORAGE AN EVEN BETTER PLACE TO LIVE AND RAISE OUR FAMILIES. WE WILL PROVIDE THE HIGHEST POSSIBLE LEVEL OF SERVICE TO THE PEOPLE OF ANCHORAGE WITHIN THE BUDGET CONSTRAINTS FACING US IN 1997.

In achieving our goal to make Anchorage a more livable city, the Administration will continue to focus on six broad priorities:

- **Public Safety**

We will provide a safe environment for our City's residents and visitors. Crime in Anchorage for the first six months of 1996 is down from one year ago. Anchorage has experienced an 18% decrease in homicides, 12% decrease in rape, 34% decrease in robbery, 29% decrease in stolen autos and smaller decreases in both assaults and theft during the first half of 1996. Traffic statistics show that DWI arrests are up 19% while fatal accidents are down by a third. The downturn in the crime statistics can be largely credited to the Anchorage Police Department, to a good job by the Municipal Prosecutor's Office in prosecuting offenders, and to the volunteer support and commitment of the general public.

Although we can be pleased by this information, we should not yet be satisfied. These crime statistics are a good sign that Anchorage is moving toward being the safer city we all want, but there is still work to be done. The community's constant vigilance and high level of awareness to criminal activities is one of the major keys to making Anchorage a safer city.

We must ensure that the Police Department is properly staffed and scheduled to reduce the occurrence of violent crime in Anchorage. Increased on-street presence will have a dramatic impact in the areas of domestic violence, DWI arrests, and Juvenile crime. The 1997 budget will provide full year funding for the 22 additional police officer positions plus support personnel that were funded for part of 1996 as well as fund the 21 additional police officers plus support personnel that we intend to hire in 1997 when most areas previously not included in the Anchorage Police Service Area will receive full police protection services.

With these increased officers, the Anchorage Police Department has augmented the bicycle, foot and park patrol with additional officers and plans to establish a Misdemeanor Follow-Up Unit to more thoroughly investigate thefts, assaults and other serious misdemeanor crimes and a Juvenile Crime Unit to work with kids, parents and schools in helping to prevent kids from engaging in unlawful behavior. These units would be fully operational in 1997. These increases in sworn officers will enable more time to be spent on prevention and follow-up.

At full strength in 1997 we will have 351 sworn officers compared to 248 sworn officers actually on board in November 1994.

Our fire and emergency medical response capabilities are maintained in the 1997 budget. The fully integrated fire and medical services have improved emergency response times, while the number of emergency calls continue to increase due to population increases. In 1997, our major emphasis on public education and cost-effective fire and medical response will continue.

- **Economic Development**

We will continue to help facilitate orderly, attractive growth in our community.

We will assure that our local government is a partner, not a barrier, to business. Our reputation as a safe place to invest, to work, and to live can be among the best in America and the Pacific rim. We will be restructuring the current building permitting process to be more efficient and effective in responding to community needs.

The expansion of tourism will have a very positive impact on our economy. We will work to ensure Anchorage grows as a popular tourist destination.

We will continue to work in partnership with the Anchorage Convention and Visitors Bureau, the Anchorage Economic Development Corporation and the Anchorage and Eagle River Chambers of Commerce. By working with these groups and others, we can lead the way in building economic strength for our community.

- **Maintenance of Municipal Roads and Facilities**

We will continue to make the streets throughout our City safer and cleaner. Snow will be removed more frequently. Increased use of potassium acetate and high quality gravel combined with earlier street sweeping will reduce spring dust levels. Street light maintenance will be accelerated to improve the safety of our neighborhoods.

We will adequately maintain our municipal basic facilities, roads and public buildings, as well as parks, bike trails, and cultural facilities. We will maintain existing facilities to allow our children to enjoy the benefits of these improvements for many years.

Emphasis will continue to be placed on maintaining our Municipal infrastructure through an aggressive program to obtain State grant funding and through the use of bond proceeds and other local funds identified for this purpose.

In addition to adequate roads, a basic public transportation program is an important element of our comprehensive transportation system. We expect to see continued improvement in People Mover ridership through a focused marketing program. Efficiencies in the Munilift paratransit program should continue to improve as combined ride scheduling for the disabled and seniors transportation programs are implemented. The increased commuter participation in the Share-A-Ride and Vanpool programs will help to reduce roadway congestion and improve local air quality.

- **Community Planning and Development**

We will be preparing a new Anchorage Bowl Comprehensive Plan which will provide guidance for the City's development over the next ten years. The plan will be based on our community's vision for the future. It will present goals, policies, and strategies which can be used to guide our daily urban design decisions.

We will develop an update of the Long-Range Transportation Plan which will assist us in implementing the Comprehensive Plan.

Our Community Planning and Development Department will restructure its planning process to be more efficient and effective in responding to community needs.

- **Quality of Life**

A city must always strive to keep costs down just as a family must always live within its means. But within a tight budget we must provide, as efficiently as possible, those cultural and recreational amenities such as a museum, libraries, bike trails, parks and recreation opportunities that make a city livable and enjoyable. We will also provide basic social and public health services to those in need.

Cultural and arts facilities contribute to the quality and the economic strength of our community. We will be especially supportive of those facilities and programs which receive substantial portions of their revenue from user fees and private contributions.

Using cost effective non-profit organizations is the best way to deliver needed social, cultural, and recreational services. We must work closely with these groups to encourage them to play a major part in solving the challenge of providing social, cultural, and recreational services in a period of declining revenues.

- **Fiscal Stability**

If falling State Revenues require the reduction of the State government budget, it is only fair for local governments to share in that reduction. However, the trend for the State to balance its budget by disproportionate reductions in State Revenue Sharing and Municipal Assistance is inequitable and only serves to increase the pressure on local taxpayers. Such reductions represent a form of tax shifting from the State to the local level. We will continue to work with other Alaska communities to help prevent this trend from continuing.

**1997 General Government Operating Budget
TAX LIMIT CALCULATION
(Preliminary)**

1996 TAXES		
Real/Personal/MUSA		\$ 128,636,100
Payment in Lieu of Taxes (State/Federal)		481,860
Auto Taxes		4,176,520
Tobacco Tax		5,855,530
Aircraft Tax		<u>0</u>
1996 Total Taxes		\$ 139,150,010
Less Taxes to Pay Judgments		0
Less Taxes to Pay Debt Service		<u>(23,509,020)</u>
		\$ 115,640,990
 ADJUSTMENT FACTORS		
Population 5 Year Average	1.33%	
Change in Consumer Price Index	<u>3.10%</u>	
Total	4.43%	<u>5,122,890</u>
Base Taxes Allowed		\$ 120,763,880
 PLUS EXCLUSIONS		
Tax on New Construction (a)		1,547,150
Tax to Pay 1997 Debt Service		23,914,140
Voter-Approved New/Expanded Services		2,482,450
Voter-Approved Special Taxes		0
Judgments		<u>0</u>
TAX LIMITATION		\$ 148,707,620
 LESS: AUTOMOBILE TAXES (1997 Estimate)		 (5,847,130)
PILT (1997 Estimate)		(481,860)
TOBACCO TAX (1997 Estimate)		(5,855,530)
AIRCRAFT TAX (1997 Estimate)		(180,000)
 MAXIMUM PROPERTY TAX ALLOWED		 <u><u>\$ 136,343,100</u></u>^(b)

(a) Tax on new construction computed as follows: \$145,000,000 (estimated new construction value)
x 10.67/1000 (1996 average mill rate) = \$1,547,150

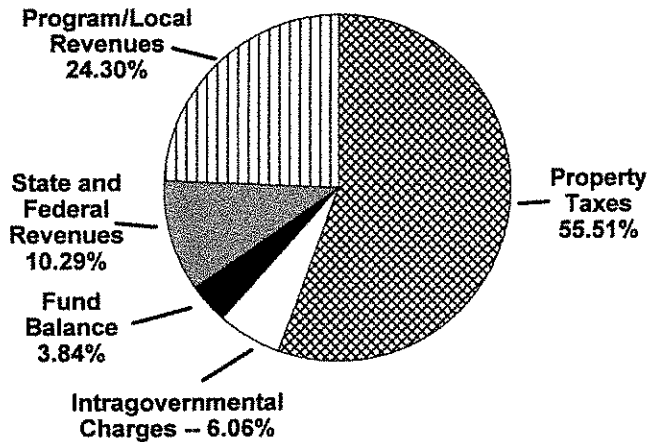
(b) The property taxes in the Proposed Budget will be less than this amount.

1997 General Government Operating Budget
PRELIMINARY REVENUE AVAILABILITY

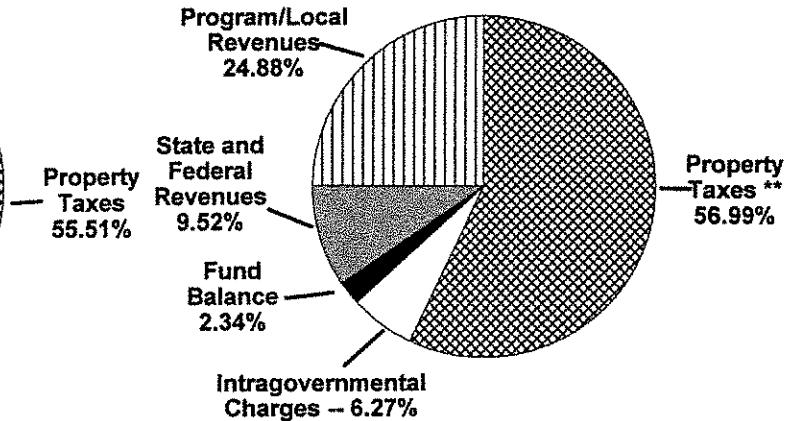
SOURCE OF FUNDS

	<u>1996 Revised *</u>	<u>1997 Preliminary</u>	<u>Increase (Decrease)</u>
State and Federal Revenues	\$ 23,842,930	\$ 22,786,110	\$ (1,056,820)
Program/Local Revenues	56,309,980	59,522,010	3,212,030
Property Taxes	128,636,100	136,343,100 **	7,707,000
Intragovernmental Charges	14,037,880	14,986,710	948,830
Applied Fund Balance	8,900,240	5,606,130	(3,294,110)
TOTAL	\$231,727,130	\$239,244,060	\$ 7,516,930

1996 REVISED



1997 PRELIMINARY



* As of April 30, 1996

** Maximum property taxes allowed under tax cap. Property taxes in Proposed Budget will be less than this amount.

1997 General Government Operating Budget

**SUMMARY OF ALL REVENUE ACCOUNTS
(PRELIMINARY)**

Revenue Source	1996 Revised *	1997
FEDERAL REVENUES		
9312 Federal in Lieu of Property Tax	\$ 283,520	\$ 283,520
9324 Mass Transportation	353,700	353,700
9331 Other Federal Grant Revenue	55,000	55,000
9357 National Forest Allocation	2,630	2,630
9376 Civil Defense	64,000	64,000
Total Federal Revenues	\$ 758,850	\$ 758,850
STATE REVENUES		
9346 Health Facilities	\$ 549,850	\$ 549,850
9349 Road Maintenance	609,780	609,780
9362 Tax Equalization Entitlement	5,305,080	5,305,080
Total State Revenue Sharing	\$ 6,464,710	\$ 6,464,710
9022 State in Lieu of Taxes	198,330	198,330
9342 Municipal Assistance	13,960,230	12,843,410
9344 Fisheries Tax	93,280	93,280
9347 Liquor Licenses	365,500	365,500
9348 Amusement Device Licenses	30,480	30,480
9355 Electric Co-Op Allocation	700,000	760,000
9356 State Senior Tax Credit	0	0
9363 State Traffic Signal Reimbursement	1,271,550	1,271,550
Total State Revenues	\$ 23,084,080	\$ 22,027,260
LOCAL REVENUES		
ALLOCATED		
9003 Penalty/Interest on Delinquent Taxes	\$ 1,543,750	\$ 1,543,750
9004 Tax Cost Recoveries	101,170	125,670
9006 Auto Tax	4,176,520	5,847,130
9011 Tobacco Tax	5,855,530	5,855,530
9013 Aircraft Tax	0	180,000
9021 Utility Fees/Other Revenues	0	0

* As of April 30, 1996

1997 General Government Operating Budget

**SUMMARY OF ALL REVENUE ACCOUNTS
(PRELIMINARY)**

Revenue Source		1996 Revised *	1997
9023	Hotel and Motel Taxes	7,243,570	7,781,400
9024	Penalty/Interest on Hotel/Motel Taxes	21,020	21,020
9601	Contributions From Other Funds	2,545,740	2,840,740
9602	Utility Revenue Distribution From ATU	8,100,000	8,300,000
9615	Contribution of Interest From G.O. Bonds	1,194,550	1,605,080
9711	Assessments	335,080	278,850
9712	Penalty/Interest on Assessments	266,270	282,200
9737	ACPA Ticket Surcharge	150,000	150,000
9761	Cash Pool Short-Term Interest	3,202,320	3,202,320
9762	Other Short-Term Interest	890,570	890,570
Total Allocated Local Revenues		\$ 35,626,090	\$ 38,904,260

PROGRAM

9008	Collection Service Fees	\$ 330,000	\$ 330,000
9111	Building and Trade Licenses	40,000	43,000
9112	Taxicab Permits	180,000	180,000
9113	Contractor Certificates and Examinations	2,500	2,000
9114	Chauffeur Licenses	24,150	24,150
9115	Taxicab Permit Revisions	10,630	10,630
9116	Local Business	111,000	110,000
9117	Chauffeur License Renewal	2,000	2,000
9131	Plan Checking Fees	885,000	945,000
9132	Building Permits	1,025,460 **	1,108,050 **
9133	Electrical Permits	385,000	390,000
9134	Gas and Plumbing Permits	418,000	400,000
9135	Moving Fence/Sign Fees	20,000	16,000
9136	Construction and Right-of-Way Permits	135,400	135,400
9137	Elevator Inspection Fees	101,000	100,000
9138	Mobile Home Inspection Fees	20,800	18,000
9139	Land Use Permits	85,430	85,430
9141	Subdivision Inspection Fees	90,000	90,000
9142	Site Plan Review Fees	23,500	23,500
9143	Parking and Access Agreement Fees	350	350
9151	Emission Certificate Fee	1,510,000	1,350,000
9191	Animal Licenses	195,000	187,500
9199	Miscellaneous Permits	81,600	81,500
9211	Court Fines and Forfeitures	1,875,110	1,875,110

* As of April 30, 1996

** Does not include Funds 0181 (Building Safety) and 0221 (Heritage Land Bank) Profit.

1997 General Government Operating Budget

**SUMMARY OF ALL REVENUE ACCOUNTS
(PRELIMINARY)**

Revenue Source	1996 Revised *	1997
9213 Library Book Fines	216,000	216,000
9215 Other Fines and Forfeitures	136,050	126,050
9216 Pre-Trial Diversion	54,500	54,500
9218 Zoning Enforcement Fines	20,820	20,820
9219 I&M Enforcement Fines	100,000	40,000
9222 Photo Radar	399,000	399,000
9411 Platting Fees	153,000	153,000
9412 Zoning Fees	82,000	82,000
9413 Sale of Publications	60,620	59,430
9415 Miscellaneous Map Sales	25,000	12,000
9416 Rezoning Inspections	700	700
9419 Vehicle Emission Inspection Fee	15,000	5,000
9423 Family Planning Fees	110,000	120,000
9425 Dispensary Fees	75,000	105,000
9426 Sanitary Inspections Fees	864,870	865,050
9427 Clinic Fees	54,700	48,700
9428 Cook Inlet Air Pollution	11,700	11,700
9431 Public Transit Fees	1,783,130	1,783,130
9433 Transit Advertising Fees	42,000	42,000
9441 Recreation Centers and Programs	561,100	523,200
9442 Sports and Park Activities	401,040	484,740
9443 Aquatics	1,021,350	1,040,080
9444 Camping Fees	95,000	95,000
9448 Library Fees	500	470
9449 Admission Fees	445,530	452,950
9451 Ambulance Service Fees	2,035,270	2,036,000
9453 Fire Alarm Fees	41,100	41,600
9455 Hazardous Waste Fees	115,000	120,000
9462 Cemetery Fees	131,400	131,400
9463 Mapping Fees	33,500	33,500
9478 Parking Authority Income	266,000	366,000
9481 State of Alaska - 911	883,500	883,500
9482 DWI Impound/Admin. Fees	93,000	93,000
9484 Animal Shelter Fees	280,000	282,000
9487 Incarceration Expense Recovery	62,400	62,400
9491 Address Fees	8,000	8,000
9492 Service Fees - School District	509,110	346,000
9493 Microfiche Sales	3,500	2,300
9494 Copier Fees	88,200	82,650
9495 Parking Authority Service Fees	6,000	7,000

* As of April 30, 1996

1997 General Government Operating Budget
SUMMARY OF ALL REVENUE ACCOUNTS
(PRELIMINARY)

Revenue Source	1996 Revised *	1997
9497 Computer Time Fees	8,500	7,600
9498 Unbilled Revenue (Flex-Benefits)	20,500	20,500
9499 Reimbursed Costs	486,840	490,940
9731 Lease & Rental Revenues	303,800	317,180
9732 Lease State Land Conveyance	28,450	28,450
9733 Building Rental	65,500	69,140
9735 Amusement Surcharge	55,000	65,500
9736 Arena Loan Surcharge	188,000	202,000
9741 State Land Sales	225,450 **	225,680 **
9742 Other Property Sales	113,130	93,130
9744 Land Sales	0	0
9752 Parking Garages and Lots	52,000	52,000
9763 State Land Sale Interest	219,590	207,250
9782 Lost Book Reimbursement	11,000	20,800
9785 Sale of Books	40,270	32,000
9793 Liquor Licenses	650	500
9794 Appeal Receipts	5,280	3,180
9795 Sale of Contractor Specifications	14,000	12,000
9798 Miscellaneous Revenue	9,410	26,410
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Total Program Local Revenues	\$ 20,683,890	\$ 20,617,750
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Total Local Revenues	\$ 56,309,980	\$ 59,522,010
 OTHER AVAILABLE REVENUES		
Intragovernmental Revenues	\$ 14,037,880	\$ 14,986,710
Fund Balance Applied	8,900,240	5,606,130
Property Taxes	128,636,100	136,343,100 ***
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Total Other Revenues	\$151,574,220	\$156,935,940
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TOTAL REVENUES	<u>\$231,727,130</u>	<u>\$239,244,060</u>

* As of April 30, 1996

** Does not include Funds 0181 (Building Safety) and 0221 (Heritage Land Bank) Profit.

*** Maximum property taxes allowed under tax cap. Property Taxes in Proposed Budget will be less than this amount.

1. State and Federal Revenues

- The \$12.8 million of Municipal Assistance included in this budget has already been appropriated by the State Legislature.
- The \$6.5 million of State Revenue Sharing will not be appropriated until the spring of 1997 and the funding during the 1997 legislative session is assumed to be the same as in 1996.
- Electric Co-Op Allocation has been increased \$60,000 to \$760,000 to reflect actual receipts.

2. Program and Local Revenues

- User fees have been reviewed. Some small adjustments have been made to fee totals. Rates remain unchanged and no new fees are being proposed.
- Account 9601 Contributions From Other Funds, includes a \$696,000 utility revenue distribution of profits from the Port of Anchorage and a \$400,000 utility revenue distribution of profits from Solid Waste Disposal. This is an increase of \$95,000 and \$200,000 over the 1996 Revised Budget, respectively.
- The utility revenue distribution of profits from Anchorage Telephone Utility increases \$200,000 from the 1996 Revised Budget to \$8,300,000.
- The G.O. Bond interest revenues have been increased to reflect anticipated bond earnings. These bond interest earnings help pay the debt service.
- Plan Checking Fee revenues have increased to reflect current and projected activity in Building Safety.
- Emission Certificate Fee revenues decrease as a result of the transition to a biennial fee structure for the I&M program.
- The revenues received from the Anchorage Parking Authority are anticipated to increase \$100,000 to \$366,000.
- The reduction in use of the pools by the school district has led to a decrease in the budget service fees from the School District.

3. The increase in Auto Taxes from \$4,176,520 to \$5,847,130 is due to the transition of going from an annual to a biennial collection by the State.

4. Hotel/Motel tax revenues are expected to increase from \$7.2 million in 1996 to \$7.8 million in 1997. This reflects \$316,430 for anticipated increased revenues based on 1995 actuals and \$221,400 for the anticipated impact of adding bed and breakfast operations.

5. Aircraft Tax revenues are reflected in this budget at \$180,000.

6. Property Taxes The property tax cap was intended as a limit; however, available taxes should be used only when needed for priority services. We should strive to provide needed public services at less than the property tax cap.
7. Fund Balance In order to avoid accruing unnecessarily large fund balances, fund balances have been reduced as much as possible, consistent with cash flow needs, maintenance of bond ratings and types of contingencies which could require additional support from a particular fund. Self Insurance Fund applied fund balance has been decreased from \$4 million in 1996 to \$2.9 million in 1997. There will be less available fund balance in 1997 than in 1996 in other funds due primarily to less projected expenditure lapse in 1996.
8. Intragovernmental Charges The 1997 IGCs outside of the General Government Operating Budget (to the utilities, grants, and capital) are based on continuation of existing service and management relationships with the exception of charges to ATU. Charges to ATU includes increased services to be provided by the Management Information Systems Department and reduced services from the Employee Relations Department and Payroll. About \$450,000 of the increased IGCs are due to the decrease in Self-Insurance applied fund balance from \$4 million in 1996 to \$2.9 million in 1997.

1997 General Government Operating Budget

DEPARTMENT REORGANIZATIONS

At this time, there are no programmed departmental consolidations, reorganizations, or establishment necessitating changes to AMC 3.20 (Executive Organization).