

George P. Wuerch  
Mayor

# Municipality of Anchorage

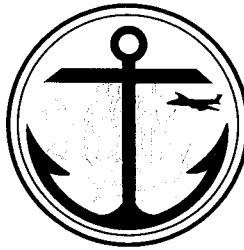


## Proposed General Government Operating Budget

2002

***ANCHORAGE: INVESTING FOR RESULTS!***

# Municipality of Anchorage



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*George P. Wuerch, Mayor*

OFFICE OF THE MAYOR

October 2, 2001

Dear Residents of Anchorage:

Introduction of the 2002 General Government Operating Budget comes at a time when Anchorage residents, like people throughout the nation, are questioning domestic security. The terrorist attacks of September 11, 2001, were a wake-up call for all levels of government—federal, state and local—to return to the basics of good government. For the Municipality of Anchorage this means, among other things, having a budget that is predictable, sustainable, and provides taxpayers a method for measuring the effectiveness of the money being spent.

## **Return to Basics**

Since late summer the Administration has engaged the Assembly in several discussions concerning Municipal policies that will better secure the Municipality's long-term finances.

- The first is establishment of a policy to formally determine the amount of tax revenues annually set aside in reserves to protect the Municipality's excellent bond rating. This policy would ensure our methodology reflects the guidelines used by bond-rating agencies.
- The second change will transform the Municipality's Trust Fund into an endowment. This will ensure that a sustainable dividend can be paid each year to the Municipality and that the Trust's earnings will provide tax relief well into the future.

In addition to these changes, we now present the enclosed 2002 General Government Operating Budget. It reflects the need to achieve a level of spending that we can afford based on expected revenues. The 2002 operating budget:

- Primarily bases spending on recurring revenues;
- Diversifies revenues by increasing user fees and fines; and
- Gives taxpayers a tool to evaluate return on investment of their tax dollars in municipal services

## **Stable and Diversified Revenues**

During the 1990s, the Municipality increasingly relied on one-time revenues to pay for government services. One source of this revenue is the "fund balance," the money left over at the end of a fiscal year that is then used to help pay for the following year's spending. As budgets continue to get tighter, the amount of available fund balance left

over from one year to the next is likely to shrink. However, at the same time the annual fund balance has been shrinking, dependence on this revenue to pay for each year's spending has increased. The result is a precarious reliance on revenues that we can't expect each year. The 2002 General Government Operating Budget proposes to use a minimum level of this fund balance as a transition to a practice in which fund balances are not tapped to pay for recurring expenses.

The 2002 General Government Operating Budget also relies on revenues from proposed changes in user fees and fines. In 2001, 58 percent of the Municipality's operating budget revenue came from property taxes and 12 percent came from program-generated fees and fines. The proposed changes for next year range from increases in building fees, to traffic violation fines, to food facility inspection fees. These increases are a step to better align cost-causer/cost payer.

### **Investing for Results: Evaluating Taxpayers' Return on Investment**

Unlike the private sector, in which a bottom line tells investors how well a company is doing, government programs have struggled with how to report to citizens the return on investment of their tax dollars. "Investing for Results" is our answer to that challenge.

In addition to budget information, readers will find a description of why each program exists (mission/purpose), its goals, steps that will be taken to achieve these goals (objectives), and quantifiable measures by which citizens can evaluate a program's progress in achieving goals.

We hope this broadened information will refocus budget discussions to a program's results instead of the more traditional emphasis on whether more or less money is being spent from one year to the next. The goal is to ensure *value* for dollars spent—not just report that dollars are being spent.

### **Public participation invited**

The Investing for Results framework provide a baseline upon which we intend to build an ongoing community discussion about the level and quality of services that citizens receive—and expect. We are especially interested in learning the public's answers to the question of how people will know when a program is doing its job well. These answers will assist the Administration in refining additional measures of performance.

Citizens can provide comments and feedback via the "Investing For Results" web page at [www.muni.org](http://www.muni.org).

These policy initiatives, coupled with the proposed 2002 General Government Operating Budget, take significant steps toward providing the Municipality the security of a level of spending that it can afford, and the fiscal certainty that our citizens deserve.

Sincerely,

A handwritten signature in black ink, appearing to read "George P. Wuerch", written over a horizontal line.

George P. Wuerch  
Mayor

**2002 PROPOSED  
GENERAL GOVERNMENT OPERATING BUDGET  
MUNICIPALITY OF ANCHORAGE**

George Wuerch, Mayor

**ASSEMBLY**

Dick Traini, Chair	Janice Shamberg	Dick Tremaine
Cheryl Clementson	Dan Sullivan	Doug Van Etten
Anna Fairclough	Melinda Taylor	Fay Von Gemmingen
Dan Kendall	Allan Tesche	

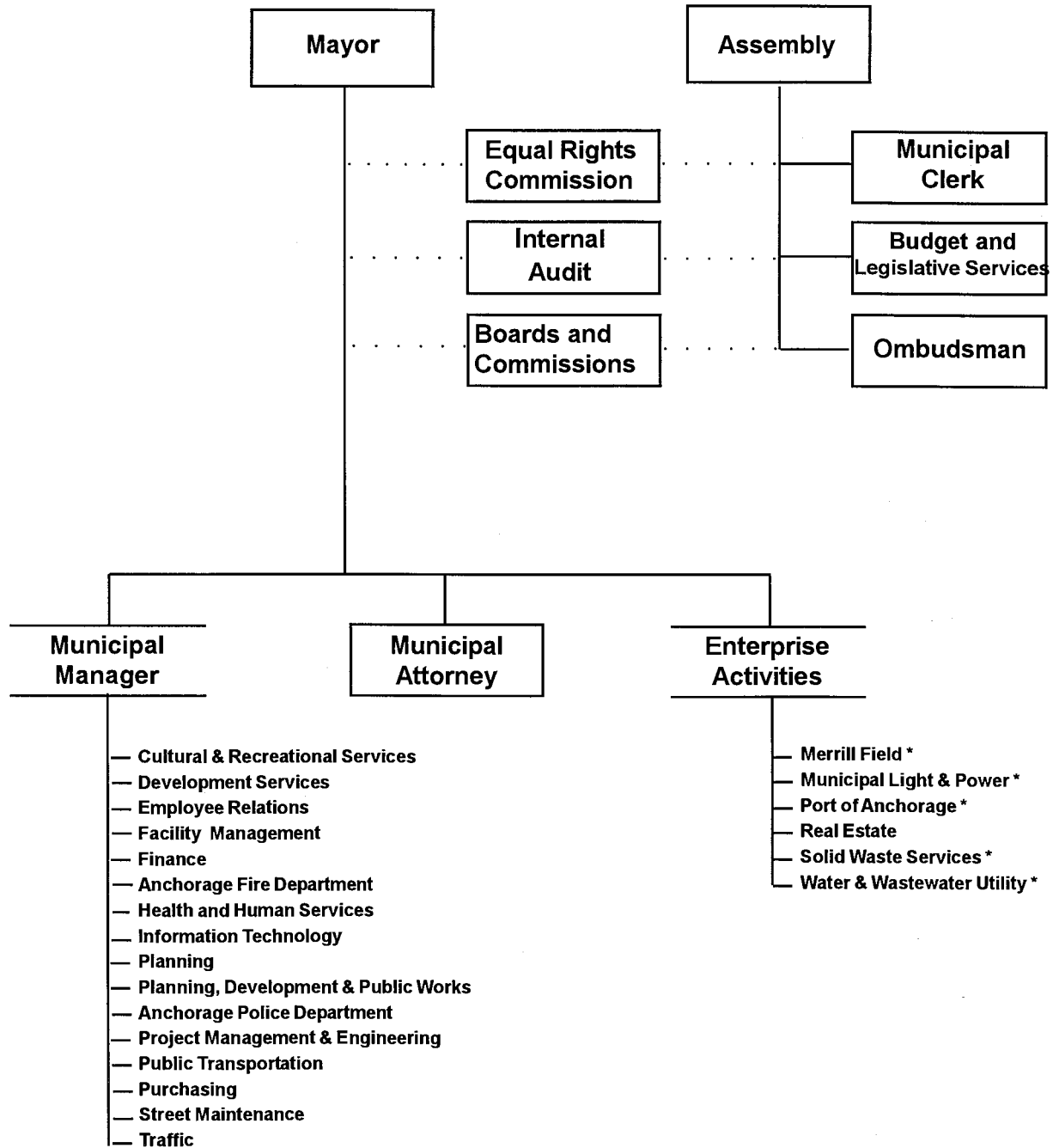
**ADMINISTRATION**

Harry J. Kieling Jr. ....	Municipal Manager
Cheryl Frasca .....	OMB Director

**OFFICE OF MANAGEMENT AND BUDGET STAFF**

Tim Rogers	Neil Gunn	Rae Foutz
Bruce Holmes	Earlene Aquino	Regina Alatervo
Janell Perkins	Darlene Alano	

# MUNICIPALITY OF ANCHORAGE ORGANIZATION



\* The enterprise activities (excluding Real Estate) publish a separate budget document.

## 2002 Proposed General Government Operating Budget

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