

October 1, 2002

Dear Anchorage Residents:

Discussions about the Municipality's annual budget might sound like boring stuff to some, but keep in mind your government will spend more than a quarter-billion dollars next year of your tax dollars and other revenues to provide you certain services. Are you getting your money's worth?

Developing the complex budget necessary to run city government is not that much different than the process most families go through in preparing their home budgets.

- First, determine how much income is available;
- Next, decide the order of spending priorities;
- Then, make decisions accordingly.

If your family is like most, this first budget step is constrained by your paychecks. For municipal government the limit is set by the **Citizens' Tax Cap**. Nineteen years ago, Anchorage voters amended our Municipal Charter to place a limit on annual tax increases. This cap sets the ceiling on the total amount of taxes that can be collected during a fiscal year. It allows only adjustments for increases in population, inflation, new construction and voter-approved bond debt.

Looked at in the broad context, the order of the Municipality's priorities is readily apparent: people want to be safe, have drivable streets, good schools, and services that improve the quality of life for their families and promote a stable economy. The challenge becomes complex as decisions have to be made among the many options to accomplish these priorities.

Is it more important, for instance, for the Police Chief to add a new police officer, a new vehicle, or new technology in order to accomplish his department's goal of providing public safety? Given the constraints of the Citizens' Tax Cap, does the Cultural and Recreational Department spend more for library books, or for flowers, or for trails, or for swimming pools? Every Department Director is faced with making such choices among numerous options in order to accomplish their goals.

They know that their mission is to **deliver the right services at the right price** – to be as efficient, innovative and flexible as possible to produce the desired results.

How do taxpayers know if the mission is being accomplished? Some people might contend the only measure is counting how much money is allocated to services. We have a better way.

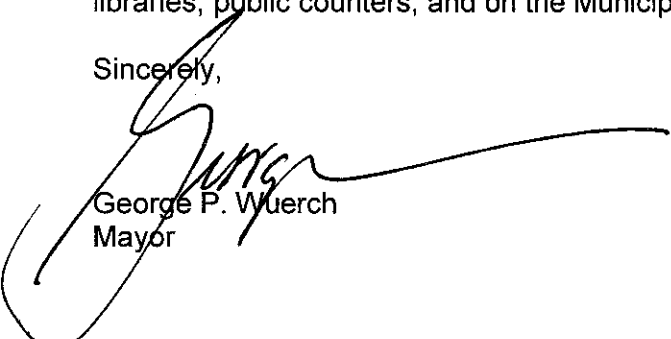
It's called, **Investing for Results**. It's a program that requires Municipal government to hold itself accountable to the public by measuring the results of services provided. If you're curious to know how well we are doing in accomplishing the mission, check out the report cards of our Municipal departments that are posted on the Municipality's web site www.muni.org.

Spending decisions for the 2003 budget take into account the **performance measures** generated under this program. Those services that produce desired results move to the top, those that don't accomplish goals fall to the bottom. We intend to invest your tax dollars wisely to produce the results you want.

Citizen participation in this new budgeting process is very important. We need to know what you and your neighbors think about the objectives and goals that the departments have identified. The same goes for the results that are being measured. Look through this guide and the information on the city's web page. Do you have suggestions for other goals or measures that are important to you? Let us hear your opinion.

We have also produced a **Citizen's Guide to the Budget** that reviews a few of the basics about the process the administration goes through to develop a new budget. The guide also presents a brief overview of the Municipality's finances. It is available at all libraries, public counters, and on the Municipality's web site (www.muni.org).

Sincerely,



George P. Wuerch
Mayor

**2003 PROPOSED
GENERAL GOVERNMENT OPERATING BUDGET**



**MUNICIPALITY OF ANCHORAGE
George Wuerch, Mayor**

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GENERAL GOVERNMENT OPERATING BUDGET
MUNICIPALITY OF ANCHORAGE**

George Wuerch, Mayor

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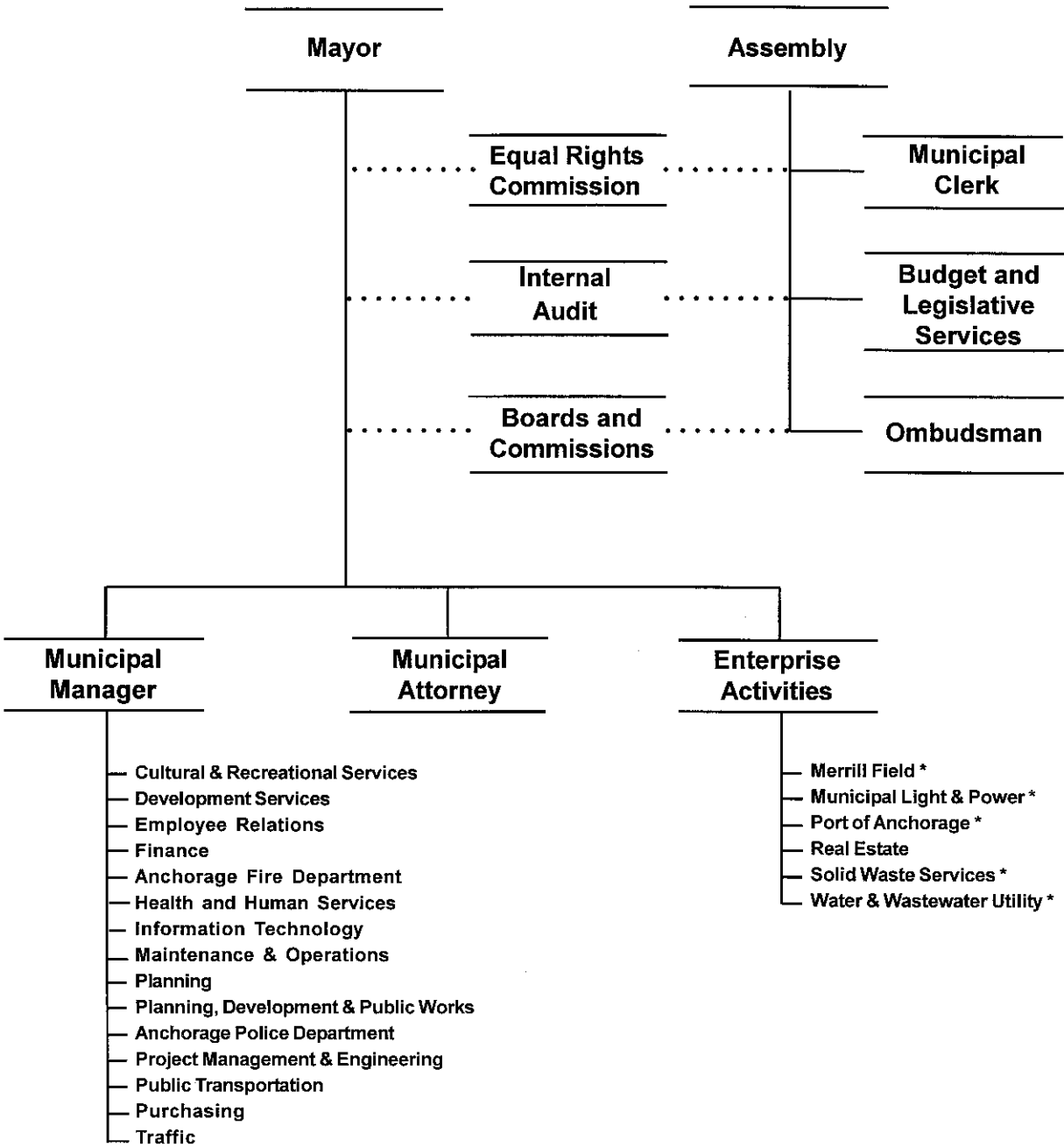
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MUNICIPALITY OF ANCHORAGE ORGANIZATION



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

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2003 Proposed General Government Operating Budget

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