

September 22, 2006

Dear Fellow Anchorage Resident,

I am pleased to present the Municipality of Anchorage's updated budget for the operation of general government services in 2007.

This is the first update to be brought forward under the city's biennial budgeting process, which was newly implemented last year. The biennial budget process calls for a mid-cycle "tune-up" of the 2007 budget that was submitted to the Assembly and approved in concept last November. In keeping with the intent of biennial budgeting, this updated budget has not been built from scratch. Instead, expenditures and revenues have been adjusted, where applicable, only to reflect major changes in financial and program conditions that have occurred since last November.

I encourage your attention to two key elements of this updated budget:

- First, this is a continuation level budget, meaning that it maintains the existing level of services and programs provided to the community. In order to maintain existing services, this budget provides another \$3.7 million to help meet the challenge of rising fuel, utility and lease costs, as well as requests from limited road service area Boards of Supervisors to address ongoing operation and road maintenance needs. No new or expanded levels of service are proposed.
- Second, this 2007 update reflects our continuing efforts to provide substantial property tax relief to the citizens of Anchorage. By using \$44 million in State revenues (\$22 million already in hand this year from the State Legislature and a similar amount anticipated next year) for tax relief, we are able to reduce total property taxes from \$202.7 million in 2006 to \$175.1 million in 2007. In short, the actual dollars and percentage of property taxes required to fund city services are dropping substantially—from 59 percent when I took office in 2003 to 44 percent next year.

Ours is a city on the move where citizens expect and deserve municipal services that are responsive, efficient and affordable. I thank all residents of Anchorage for your continuing support, ideas and help in meeting those expectations.

Sincerely,

Mark Begich
Mayor

Submitted By: Chairman of the Assembly at
the Request of the Mayor
Prepared By: Office of Management and
Budget
For Reading: October 31, 2006

CLERK'S OFFICE
AMENDED AND APPROVED
Date:.....*10-31-06*
IMMEDIATE RECONSIDERATION-----
FAILED 10-31-06

ANCHORAGE, ALASKA
AO 2006 - 130(S) as Amended

1 AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE ADOPTING AND
2 APPROPRIATING FUNDS FOR THE 2007 (UPDATED) GENERAL GOVERNMENT
3 OPERATING BUDGET FOR THE MUNICIPALITY OF ANCHORAGE
4

5
6
7 WHEREAS, the biennial General Government Operating Budget adopted in November, 2005 set forth
8 annual budget requirements for Fiscal Year 2006 (Year 1) and Fiscal Year 2007 (Year 2); and
9

10 WHEREAS, the biennial budget process calls for a mid-cycle review and update of the 2007 (Year 2)
11 General Government Operating Budget; and
12

13 WHEREAS, on October 17, 2006 and October 24, 2006 duly advertised public hearings were held for
14 the 2007 (Updated) General Government Operating Budget in accordance with Charter Section 13.04;
15 and
16

17 WHEREAS, the General Government Operating Budget for 2007 as updated is now ready for adoption
18 and appropriation of funds in accordance with Charter Section 13.05; now therefore,
19

20 THE ANCHORAGE ASSEMBLY ORDAINS:
21

22 **Section 1.** The General Government Operating Budget for 2007 is hereby updated and adopted for the
23 Municipality of Anchorage.
24

25 **Section 2.** The amounts set forth for the 2007 fiscal year for the following operating departments
26 and/or agencies are hereby appropriated for the 2007 fiscal year:
27

Dept	2007 Operating	2007 Debt	
No. Department/Agency	Costs	Service on	2007 Total
		G.O. Bonds	
<u>GENERAL GOVERNMENT</u>			
1000 Assembly	\$ 2,738,100	\$ -	\$ 2,738,100
1050 Equal Rights Commission	613,690	-	613,690
1060 Internal Audit	485,260	-	485,260

Ordinance to Adopt and Appropriate Updated 2007 General Government Operating Budget
Page 2 of 5

Dept 1 No. Department/Agency	2007 Operating Costs	2007 Debt Service on G.O. Bonds	2007 Total
2 1100 Office of the Mayor	1,410,550	-	1,410,550
3 1130 Office of Equal Opportunity	298,670	-	298,670
3 1150 Municipal Attorney	7,009,830	-	7,009,830
4 1200 Municipal Manager	1,822,950	751,810	2,574,760
5 1208 Heritage Land Bank/Real Estate	7,129,240	-	7,129,240
6 1300 Finance	10,740,980	-	10,740,980
7 1370 Chief Fiscal Officer	699,390	-	699,390
8 1400 Information Technology	1,337,750	-	1,337,750
9 1500 Planning	4,638,700	-	4,638,700
10 1800 Employee Relations	4,161,100	-	4,161,100
11 1900 Purchasing	1,435,990	-	1,435,990
12 1950 Office of Management & Budget	1,163,570	-	1,163,570
13 2000 Health and Human Services	11,701,170	481,470	12,182,640
14 3000 Anchorage Fire	60,746,400	3,627,770	64,374,170
15 4000 Anchorage Police	75,934,290	387,610	76,321,900
16 5000 Anchorage Parks and Recreation	10,101,230	2,388,500	12,489,730
	20,152,410		20,625,810
17 5100 Office - Economic & Community Develop	20,122,410	473,400	20,595,810
18 6000 Public Transportation	18,466,320	419,220	18,885,540
19 7300 Project Management & Engineering	7,426,250	-	7,426,250
20 7400 Maintenance & Operations	45,672,540	37,078,490	82,751,030
21 7500 Development Services	9,732,000	-	9,732,000
22 7700 Traffic	6,253,950	-	6,253,950
23			
	\$ 311,872,330		\$ 357,480,600
	\$ 311,842,330		
24 Subtotal General Government Agencies	\$ 308,005,280	\$45,608,270	\$ 357,450,600
25			
26 <u>INTERNAL SERVICE AGENCIES</u>			
27 1200 Municipal Manager--Self Insurance	\$ 9,352,880	\$ -	\$ 9,352,880
28 1400 Information Technology	15,378,970	-	15,378,970
29			
30 Subtotal Internal Service Agencies	\$ 24,731,850	\$ -	\$ 24,731,850
31			
32 <u>SPECIAL REVENUE FUNDS</u>			
33 7685 Fund 202 Convention Ctr Reserve	\$ 11,242,410	\$ -	\$ 11,242,410
34			
	\$ 347,846,590		\$ 393,454,860
	347,816,590		
35 GRAND TOTAL GENERAL GOVERNMENT	\$ 343,979,540	\$45,608,270	\$ 393,424,860

1 **Section 3.** The amounts set forth for the 2007 fiscal year for the following operating funds are hereby
2 appropriated:

3	Fund	2007 Operating	2007 Debt Service on	2007 Total
4	No. Fund Description	Costs	G.O. Bonds	
5	GENERAL FUNDS	\$ 110,097,910		\$ 112,386,800
6	101 Areawide General	\$ 110,067,910	\$ 2,288,890	\$ 112,356,800
7	102 City Service Area (SA)	-	89,530	89,530
8	104 Chugiak Fire SA	876,630	-	876,630
9	105 Glen Alps SA	364,160	-	364,160
10	106 Girdwood Valley SA	1,389,580	30,200	1,419,780
11	111 Birchtree/Elmore LRSA	233,200	-	233,200
12	112 Sec. 6/Campbell Airstrip LRSA	106,070	-	106,070
13	113 Valli-Vue Estates LRSA	242,320	-	242,320
14	114 Sky ranch Estates LRSA	33,180	-	33,180
15	115 Upper Grover LRSA	9,870	-	9,870
16	116 Raven Woods/Bubbling Brook LRSA	12,140	-	12,140
17	117 Mt. Park Estates LRSA	26,410	-	26,410
18	118 Mt. Park/Robin Hill LRSA	121,390	-	121,390
19	119 Chugiak/Birchwood/Eagle R R R SA	5,763,360	-	5,763,360
20	121 Eaglewood Contributing LRSA	95,050	-	95,050
21	122 Gateway Contributing LRSA	2,140	-	2,140
22	123 Lakehill LRSA	29,410	-	29,410
23	124 Totem LRSA	15,700	-	15,700
24	125 Paradise Valley South LRSA	8,020	-	8,020
25	126 SRW Homeowners LRSA	46,850	-	46,850
26	129 Eagle River Street Light SA	260,500	-	260,500
27	131 Anchorage Fire SA	47,002,200	3,069,360	50,071,560
28	141 Anchorage Roads & Drainage SA	29,871,240	36,988,960	66,860,200
29	142 Talus West LRSA	61,140	-	61,140
30	143 Upper O'Malley LRSA	552,730	-	552,730
31	144 Bear Valley LRSA	40,540	-	40,540
32	145 Rabbit Creek View/Heights LRSA	76,020	-	76,020
33	146 Villages Scenic Parkway LRSA	9,080	-	9,080
34	147 Sequoia Estates LRSA	19,110	-	19,110
35	148 Rockhill LRSA	23,920	-	23,920
36	149 South Goldenview Area LRSA	455,610	-	455,610
37	151 Anchorage Metropolitan Police SA	82,490,030	387,610	82,877,640
38	161 Anchorage Parks & Recreation SA	15,506,320	2,388,500	17,894,820
39	162 Eagle River/Chugiak Parks/Rec SA	\$ 3,485,730	\$ 365,220	\$ 3,850,950

Fund No.	Fund Description	2007 Operating Costs	2007 Debt Service on G.O. Bonds	2007 Total
181	Anchorage Building Safety SA	8,574,050	-	8,574,050
191	Public Finance & Investment Fund	731,060	-	731,060
Subtotal General Funds		\$ 308,632,670	\$45,608,270	\$ 354,240,940
Subtotal General Funds		\$ 308,602,670	\$45,608,270	\$ 354,210,940
<u>SPECIAL REVENUE FUNDS</u>				
202	Convention Center Reserves	\$ 11,242,410		\$ 11,242,410
213	Police/Fire Retiree Medical Liability	610		610
221	Heritage Land Bank	1,089,860		1,089,860
Subtotal Special Revenue Funds		\$ 12,332,880	\$ -	\$ 12,332,880
<u>DEBT SERVICE FUNDS</u>				
301	PAC Surcharge Revenue Bond	\$ 340,820	\$ -	\$ 340,820
313	Police/Fire Retiree Medical Liability	1,931,460	-	1,931,460
Subtotal Debt Service Fund		\$ 2,272,280	\$ -	\$ 2,272,280
<u>INTERNAL SERVICE FUNDS</u>				
602	Self-Insurance	511,320	-	511,320
607	Management Information Systems	3,450	-	3,450
Subtotal Internal Service Funds		\$ 514,770	\$ -	\$ 514,770
GRAND TOTAL GENERAL GOVERNMENT		\$ 323,752,600	\$45,608,270	\$ 369,360,870
GRAND TOTAL GENERAL GOVERNMENT		\$ 323,722,600	\$45,608,270	\$ 369,330,870

Section 4. For fiscal year 2007, the amount of six million four hundred thousand dollars (\$6,400,000) is appropriated from the MOA Trust Fund (730) as a contribution to the 2007 General Government Operating Budget, Areawide General Fund (101) as revenue appropriated in support of operations.

Section 5. For fiscal year 2007, the amount of three hundred sixty-five thousand dollars (\$365,000) of revenues placed into the Egan Center Reserve Account, Areawide Capital Improvement Fund (401), Economic and Community Development Department is appropriated effective January 1, 2007 as a 2007 contribution to the Areawide General Fund (101), Economic and Community Development, as budgeted in the 2007 General Government Operating Budget to fund 2007 operations of the Egan Center.

1 **Section 6.** The 2007 Operating Budget for the Police and Fire Retirement System Fund (715) is
2 adopted and appropriated from anticipated investment income of the Fund as previously approved by
3 the Anchorage Police and Fire Retirement System Board on July 7, 2005:
4
5

6 **Section 7.** An amount not to exceed Two Hundred Thirty Three Thousand Seven Hundred Twenty
7 Dollars (\$233,720) is appropriated to the Federal Categorical Grants Fund (241), Police Department,
8 from the Anchorage Metropolitan Police Service Area Fund (151), Police Department 2007 Operating
9 Budget as a contribution for the required third year Municipal match of the COPS in Schools II Grant.
10

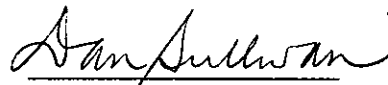
11 **Section 8.** The amount of Six Hundred Eighty Four Thousand Dollars (\$684,000) of anticipated
12 assessment revenues from the Downtown Business Improvement District, Special Assessment District
13 ISD97, is appropriated to the Public Services Special Assessment District Fund (271), Office of
14 Economic and Community Development, for 2007 services benefiting property owners within said
15 assessment district.
16

17 **Section 9.** The amount of Three Hundred Fifteen Thousand Six Hundred Forty Dollars (\$315,640) in
18 anticipated special assessment revenues are appropriated to the Special Assessment Bond Redemption
19 Fund (899) to for the fiscal year 2007 debt service payments on bonds issued for special assessment
20 projects.
21

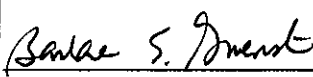
22 **Section 10.** The amount of Five Million Twenty Three Thousand Three Hundred Seventy Dollars
23 (\$5,023,370) in anticipated Jail lease revenues are appropriated to the Jail Lease Revenue Fund (266)
24 for fiscal year 2007 debt service payments on Jail Revenue Bonds.
25
26

27 **Section 11.** This ordinance shall take effect immediately upon passage and approval by the Assembly.
28
29

30 PASSED AND APPROVED by the Anchorage Assembly this 31st day of October, 2006.
31
32

33 
34 _____
35 Chair of the Assembly

36 ATTEST:
37

38 
39 _____
40 Municipal Clerk



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. 656 – 2006 (A)

Meeting Date: October 31, 2006

1 FROM: Mayor

2

3 SUBJECT: AO 2006-130(S) An Ordinance of the Municipality of Anchorage
4 adopting and appropriating funds for the 2007 (updated) general
5 government operating budget for the Municipality of Anchorage.
6

7

8 This memorandum accompanies AO 2006-130(S) which incorporates proposed
9 amendments to the Municipality of Anchorage's 2007 general government operating
10 budget as originally submitted September 26, 2006.

11

12 The original submission, as briefed to the Assembly at the budget overview
13 worksession on September 22, provided for the reclassification of fleet equipment
14 rental costs in order to improve the management and accountability for fleet
15 equipment costs. The budget method by which this was effected required the
16 establishment of direct cost budgets for both user departments and the internal service
17 fund. Although all impacts were internal to the Municipality and no new funding was
18 required, this approach did have the effect of increasing the total direct cost
19 appropriation required.

20

21 At the September 22 worksession, Assembly members asked the Administration to
22 explore whether alternative budget methods might be available that would achieve the
23 same purpose, but eliminate the requirement for direct cost budgets in both user
24 departments and the internal service fund. With benefit of additional research, an
25 alternative approach was identified and discussed with the external auditor to ensure
26 that it fully complied with generally accepted accounting principles. This was
27 confirmed and announced to the Assembly at the worksession on October 6, 2006.
28 Budget summaries were revised to reflect the effects of using the alternative approach
29 (reduction of the total direct cost appropriation) and were briefed in detail to the
30 Assembly at the worksession on October 13, 2006.

31

32 AO 2006-130(S) incorporates only those changes required to implement the
33 alternative equipment rental budget method. No other changes have been made in
34 departmental direct cost budgets or function costs by fund.

35

36

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2 process, which was implemented last year. The biennial budget process calls for a
3 mid-cycle "tune-up" of the 2007 budget that was submitted to the Assembly and
4 approved in concept in November, 2005. In keeping with the intent of biennial
5 budgeting, this updated budget has not been built from scratch. Instead, expenditures
6 and revenues have been adjusted, where applicable, only to reflect major changes in
7 financial and program conditions that have occurred since last November.

8
9 There are two key elements of this updated budget: (1) this is a continuation level
10 budget, meaning that it maintains the level of services and programs currently
11 provided to the community. In order to maintain existing services, this budget
12 provides another \$3.7 million to help meet the challenge of rising fuel, utility and
13 lease costs, as well as requests from limited road service area Boards of Supervisors to
14 address ongoing operation and road maintenance needs. No new or expanded levels of
15 service are proposed; (2) the 2007 update reflects our continuing efforts to provide
16 substantial property tax relief to the citizens of Anchorage. By using \$44 million in
17 state revenues (\$22 million already in hand this year from the State Legislature and a
18 similar amount anticipated next year) for tax relief, we are able to reduce total
19 property taxes from \$202.7 million in 2006 to \$175.1 million in 2007. In short, the
20 actual dollars and percentage of property taxes required to fund city services are
21 dropping substantially--from 59 percent when I took office in 2003 to 44 percent next
22 year.

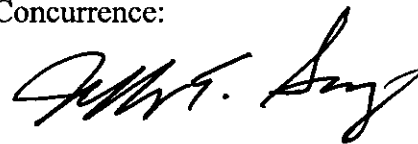
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24 THE ADMINISTRATION RECOMMENDS APPROVAL OF THE SUBSTITUTE
25 ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE ADOPTING AND
26 APPROPRIATING FUNDS FOR THE 2007 (UPDATED) GENERAL
27 GOVERNMENT OPERATING BUDGET FOR THE MUNICIPALITY OF
28 ANCHORAGE.

29
30 Concurrence:

31 

32
33
34 Denis C. LeBlanc
35 Municipal Manager

30 Concurrence:

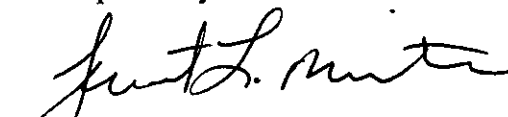
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32
33
34 Jeffrey E. Sinz
35 Chief Fiscal Officer

36
37 Respectfully submitted:

38
39
40
41 Mark Begich
42 Mayor

37 Prepared By:

38 
39
40
41 Janet Mitson
42 Director, OMB

**2007 UPDATED
GENERAL GOVERNMENT OPERATING BUDGET
MUNICIPALITY OF ANCHORAGE**

MARK BEGICH, MAYOR

ASSEMBLY

Dan Sullivan, Chair	Anna Fairclough	Ken Stout
Paul Bauer	Pamela Jennings	Allan Tesche
Chris Birch	Debbie Ossiander	Dick Traini
Dan Coffey	Janice Shamberg	

BUDGET ADVISORY COMMISSION

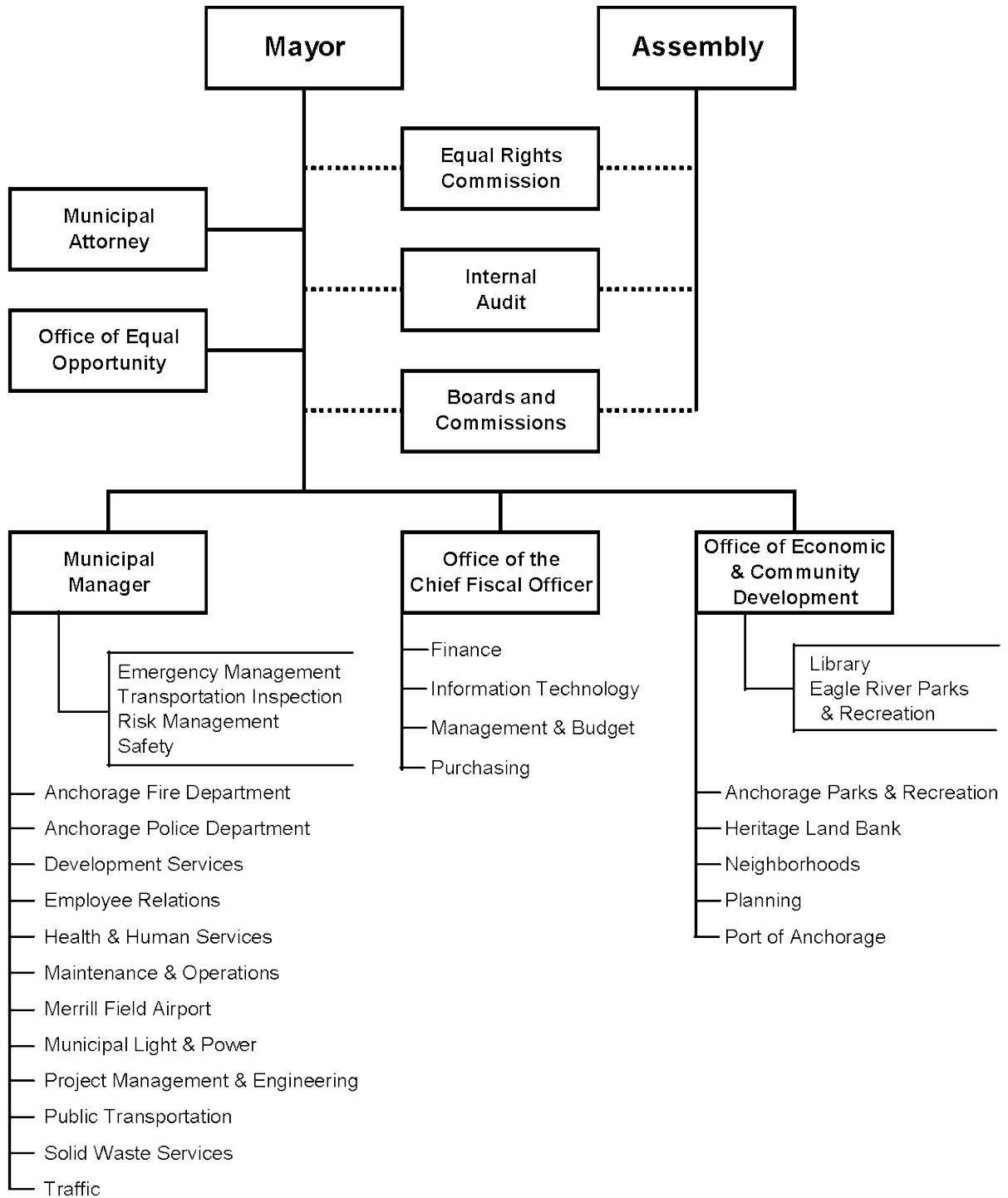
Tim Wiepking, Chair	Dan Dickinson	Bernie Smith
Kay Brown	Greg Protasel	Joni Whitmore

ADMINISTRATION

Jeffrey E. Sinz..... Chief Fiscal Officer
Denis C. LeBlanc Municipal Manager
Mary Jane Michael.....Director, Office of Economic and Community Development
James N. Reeves..... Municipal Attorney
Janet MitsonDirector, Office of Management and Budget



MUNICIPALITY OF ANCHORAGE



2007 Updated General Government Operating Budget

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2007 Updated General Government Operating Budget

The 2007 Updated General Government Operating Budget is divided into four sections. The contents of each section are described below.

Budget Overview

Summary charts and data tables for the 2007 updated general government operating budget are presented in this section.

Revenues

This section presents a summary of all major revenue sources for general government operations and detailed descriptions of revenue accounts and the method by which they are distributed.

Department Detail

This section presents the 2007 updated operating budgets for all general government departments. The budget presentation for each department includes an organization chart; a department resource plan; reconciliation summary of departmental budget changes from 2006 revised budget to the 2007 updated budgets; and, where applicable, a summary of grant resources.

Appendices

This section presents supplemental expenditure, revenue and tax information for the 2007 update.