

# 2019 Proposed

Municipal Utilities / Enterprise Activities and  
Anchorage Community Development Authority

Operating and Capital Budgets



**Municipality of Anchorage, Alaska**

Ethan Berkowitz, Mayor



# Municipality of Anchorage

Ethan Berkowitz, Mayor

October 2, 2018

Dear Residents:

Enclosed are the proposed 2019 Municipal Utilities and Enterprise Departments Operating Budgets and their respective 2019-2024 Capital Budgets and Program.

Municipal-owned utilities provide residents and businesses safe water, dependable electricity, and the collection and disposal of waste. Thanks to the efforts of Municipal employees, these utilities provide outstanding and efficient services to the residents of Anchorage.

In April 2018, voters approved the pending sale of one of our utilities, Municipal Light & Power. If the sale proceeds as expected, Chugach Electric, a member-owned cooperative, will take over ML&P's service area. Utilities are subject to oversight from the Regulatory Commission of Alaska, and that commission will review the proposed sale of ML&P in the near future.

I invite you to review the enclosed proposal. Your feedback is important to the budget development process.

Regards,

Ethan Berkowitz

## **MUNICIPALITY OF ANCHORAGE**

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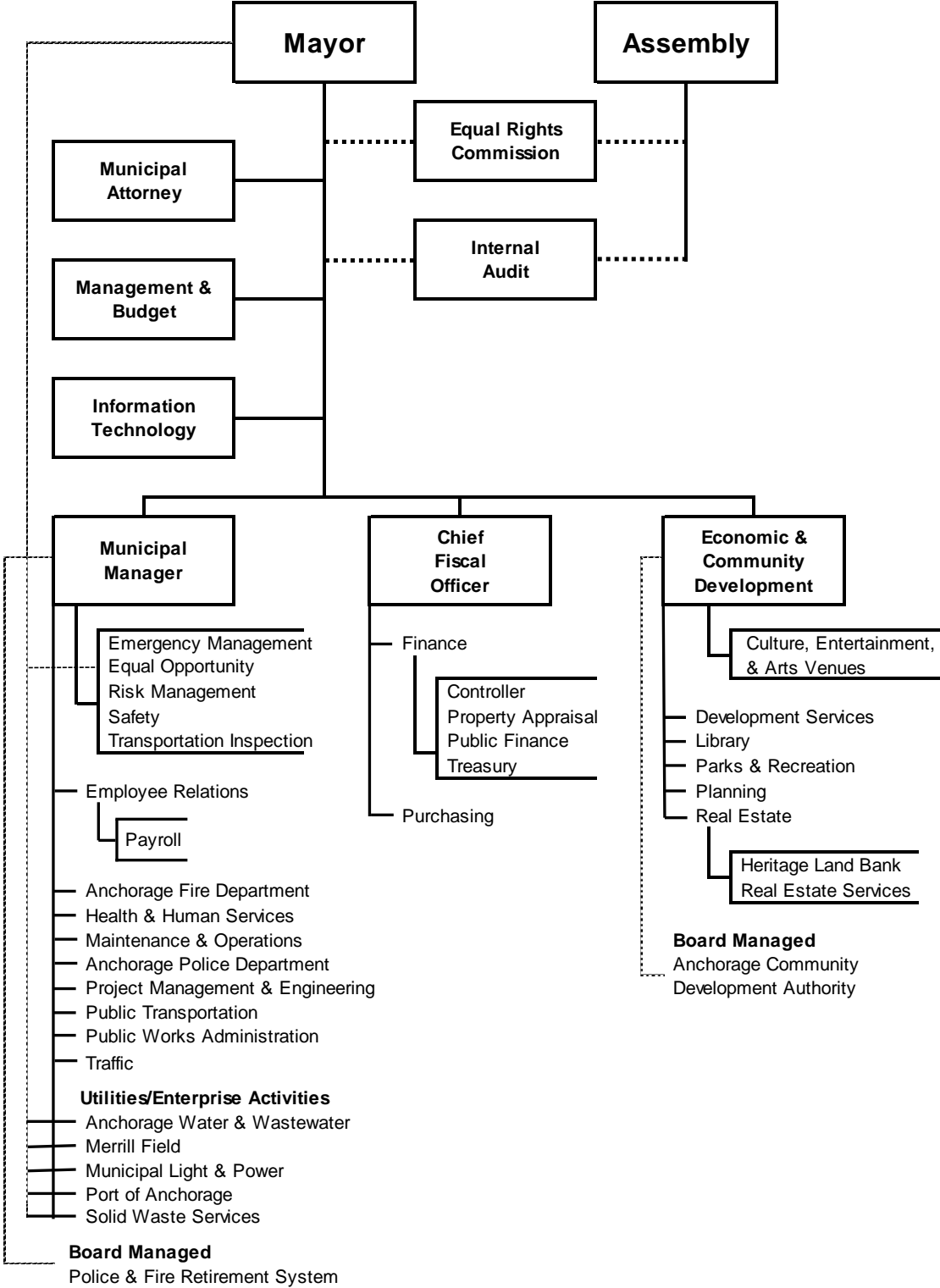
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## Utility/Enterprise Budget Process and Procedures

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### Utility/Enterprise Departments

Anchorage Water & Wastewater (AWWU), Municipal Light & Power (ML&P), and Solid Waste Services (SWS) are utility departments; Merrill Field Airport and the Port of Alaska (Port) are enterprise departments. Many of the basic services Anchorage residents rely on daily: safe water, reliable electricity, safe and efficient delivery of goods, come from municipal-owned utilities and enterprise departments.

The goal of the utilities/enterprise departments is to continue to provide quality service at reasonable rates. These departments continue to meet debt service requirements, prudently increase equity, adequately maintain cash reserves, and generate sufficient revenue to maintain their plants in good working condition. The primary source of revenue required to support the operating and capital budget comes from rate payers or users of their respective services. The budget is presented for a calendar year, in line with the Municipality's fiscal year.

### Governance

The authority for operation and management of the utility/enterprise departments is under the control of the Mayor.

ML&P, Port, and SWS established a commission to provide guidance to the Mayor and Assembly in regards to each entity's strategic plan, budget, policies, economic impacts, expansions, and improvements. (AMC 4.70.10).

AWWU established a Board of Directors to provide guidance to the Mayor and Assembly in regards to AWWU's strategic plan, long term fiscal plan, budget, tariff rates, and fees. (AMC 4.80.020).

Merrill Field Airport established Municipal Airports Aviation Advisory Commission to provide recommendations to the Mayor and Assembly on all matters pertaining to the annual operating budget, rules, regulations, and administrative guidelines (AMC 4.60.160).

The Regulatory Commission of Alaska (RCA) regulates AWWU and ML&P by approving all rates and tariffs prior to implementation. They also regulate service areas and quality.

### Utility/Enterprise Accounting

The accrual basis of accounting is used for utility/enterprise funds. Revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recognized in the period incurred, if measurable.

The direct cost budget allocates spending among several categories: labor (salaries and benefits); non-labor (supplies, travel, contracts, etc); contributions; debt service; and non-cash accounts such as depreciation and amortization, which are not appropriated. Each department is responsible for managing and monitoring their respective budget at these category levels. The function cost budget includes interfund charges for general government services to the total direct cost budget. Actual expenses may not exceed function cost budget appropriations at the enterprise and utility fund levels (AMC 6.10.036).



The Assembly may, by resolution, reduce or increase appropriations during the course of the fiscal year. A resolution reducing or increasing appropriations by an amount in excess of \$100,000 shall be subject to a public hearing (AMC 6.10.085).

The Budget Office is authorized to transfer budget amounts within the appropriated departments and funds. Revisions that change the total expenditures of any department or fund must be approved by the Assembly. Operating appropriations that are not expended, encumbered, or designated to be carried over, lapse at the end of the fiscal year.

### **Municipal Utility/Enterprise Service Assessment (MUSA/MESA)**

Each year, payments-in-lieu of taxes are included in the operating budgets for the utility/enterprise departments to cover the cost of tax supported services they receive, other than services received on a contract or interfund basis. It is the public policy to require the utilities (AWWU, ML&P, and SWS) to pay a municipal utility service assessment (MUSA). Merrill Field and the Port are required to pay a municipal enterprise service assessment (MESA).

The MUSA shall be calculated by applying the millage rate established annually for each service area by the assembly to the net classified plant in service as of January 1 of the current year of each utility. Net book value of plant will be the MUSA basis for the refuse collection utility and solid waste disposal utility. The millage rate so established will be that rate assessed other owners of real, personal and business property in each service area. Payment must be made on or before July 15<sup>th</sup> of each calendar year. (AMC 26.10.025)

The MESA shall be calculated by applying the value of adjusted plant in service multiplied by the annual mill rate. Adjusted plant in service means the final, year-end, audited net classified non-contributed plant in service value, less exclusions specified, for the calendar year preceding the mill rate year. Payment shall be made on the first business day of July of each calendar year. (AMC 11.50.280)

### **Utility/Enterprise Revenues**

Utility/enterprise departments are operated in a manner as to provide a reasonable profit in accordance with applicable regulatory provisions and law. Surplus revenues from operations are to be reinvested in the department. If a municipal utility has or is anticipated to have net income accruing from its operations in any year, a portion of the net income may be pledged by inclusion in the respective municipal utility and general government budgets for the subsequent year. The pledged amount shall be described as "Utility Revenue Distribution."

The Assembly shall hold a public hearing as part of the annual budget process on the proposed Utility Revenue Distribution and use of funds. Payment of any approved and budgeted Utility Revenue Distribution shall be made in two equal payments on or before the 15<sup>th</sup> calendar day of August and October of such subsequent year only after the income has been collected by the municipality pursuant to lawful authority and the annual audit has been completed. (AMC 26.10.065).

Operating revenues are collected from rate payers for operating activities and services provided. Examples of some of the services provided from rate collections include: electricity, clean water, airport tie-downs, recycling collections, and dock revenue. Non-Operating revenues are earned from activities such as: operating grants, interest income, and unrealized gains/losses.

**Utility/Enterprise Capital**

The Municipality has two documents that govern planning and funding of capital projects:

- Capital Improvement Budget (CIB) – identifies projects and funding sources for the upcoming fiscal year; and
- Capital Improvement Program (CIP) – a longer-term outlook that identifies projects for the next six years, including the upcoming fiscal year.

Once approved by the Assembly, the amount of specific appropriations, project descriptions, and budget years for individual projects within the CIB/CIP are considered permanent legislative actions of the Assembly and may be altered in subsequent years only by majority vote of the Assembly (AMC 6.10.045).

The funding sources that are obtained for the capital projects could be: debt, State/Federal grants, and/or equity. Most utility/enterprise department capital projects are funded by equity, but can be funded by multiple sources.

**Budget Planning and Timeline**

The Mayor is required to submit the proposed enterprise/utilities operating and capital budgets to the Assembly 90 days prior to the end of the fiscal year (October 2<sup>st</sup>) (AMC 13.03).

Prior to that (120 days prior to the end of the fiscal year), the Administration is required to provide preliminary information on the capital budget/capital program, business plans, update to utility/enterprise strategic plans, and major reorganizations (AMC 6.10.040).

Key Dates in Budget Process	
Summer	Preliminary budget information gathered
September 2	Preliminary budget information to Assembly
October 2	Mayor proposed budgets
October, November	Assembly deliberates, holds public hearings
December	Deadline for Assembly approval
April	First Quarter budget revisions

Preparation of the budget starts much earlier. A preliminary planning phase gets underway in the summer. The Office of Management & Budget (OMB) works with departments in reviewing their programs and responsibilities, assessing what is being done during the current year, and assisting in making plans for the next budget year in line with Administration goals. Some considerations during this phase are:

- Contractually obligated increases, such as labor contracts and health insurance premiums;
- New facilities that will open during the next fiscal year that will require staff, supplies, and other operating expenses;
- New responsibilities or programs required by Federal, State, or local laws;
- New or changed programs to meet community needs or interests;
- Programs that can be eliminated because they are ineffective, no longer required, or desired; and/or
- Efficiencies and savings that can be achieved through organizational management.

During this period of time, OMB also reviews projected revenue information in order to get an early indication of the Municipality’s ability to afford current spending levels and/or the potential need for reductions.

### **Mayor Proposes/Assembly Appropriates**

The Mayor submits the proposed operating and capital budgets to the Assembly in early October, the Assembly holds public work sessions at which the Administration and department directors discuss the Mayor's proposal.

### **Public Comment**

The budget books are available on the Office and Management and Budget's website, as well as the Mayor's website, for the public to view. The Assembly is required to hold two public hearings on the Mayor's proposed budget, which is the official opportunity for the public to comment and for the Assembly to consider amendments. These are usually held during October and November. The Anchorage Charter requires that the Assembly approve the budget 21 days before the end of the year (by December 10). But if for some reason they still have not reached agreement, the Charter was amended to allow the Assembly and Mayor to continue to work. Once agreement is reached, that budget is known as the "Approved Budget."

### **Veto Process**

The Mayor has the ability to strike or reduce an appropriation in the operating or capital budget within 7 days from Assembly action. The Assembly then has 21 days from the Mayor's veto to override his/her action and must have a super-majority of 8 Assembly members to be successful. If a veto is sustained, the Mayor's action is implemented (AMC 5.02.c).

### **First Quarter Budget Amendments**

During the spring following the budget's approval, the Administration finalizes the prior year's spending numbers and firms up revenues available to support the current year budget. This process, called "First Quarter Budget Amendments," takes place in April and May and results in the Assembly's approval of a "Revised Budget."

Unlike the proposed budget process in the fall that requires two public hearings, the first quarter amendment process only requires one public hearing and usually is at the Assembly meeting that follows the Mayor's introduction of the proposed amendments.

Based on these final spending decisions for general government, the Assembly then sets the tax rates for each service area.

### **Budget Monitoring, Controls, and Reporting**

Each utility/enterprise department is responsible for managing and monitoring their respective budget at the spending category levels. Department managers also monitor their program performance measures throughout the year to ascertain if goals are being met.

Actual expenditures in a fiscal year that consume operating budgets may not exceed the function level budget appropriations by fund; which is all spending categories within a fund. At the end of the fiscal year, actual expenditures less revenues fall to fund balance. Some of the fund balance (equity) is transferred to the capital fund to support capital projects. There are also other requirements on minimum fund balance reserves that are defined in the annual financial statements. The capital budget is controlled by fund, division, and project.

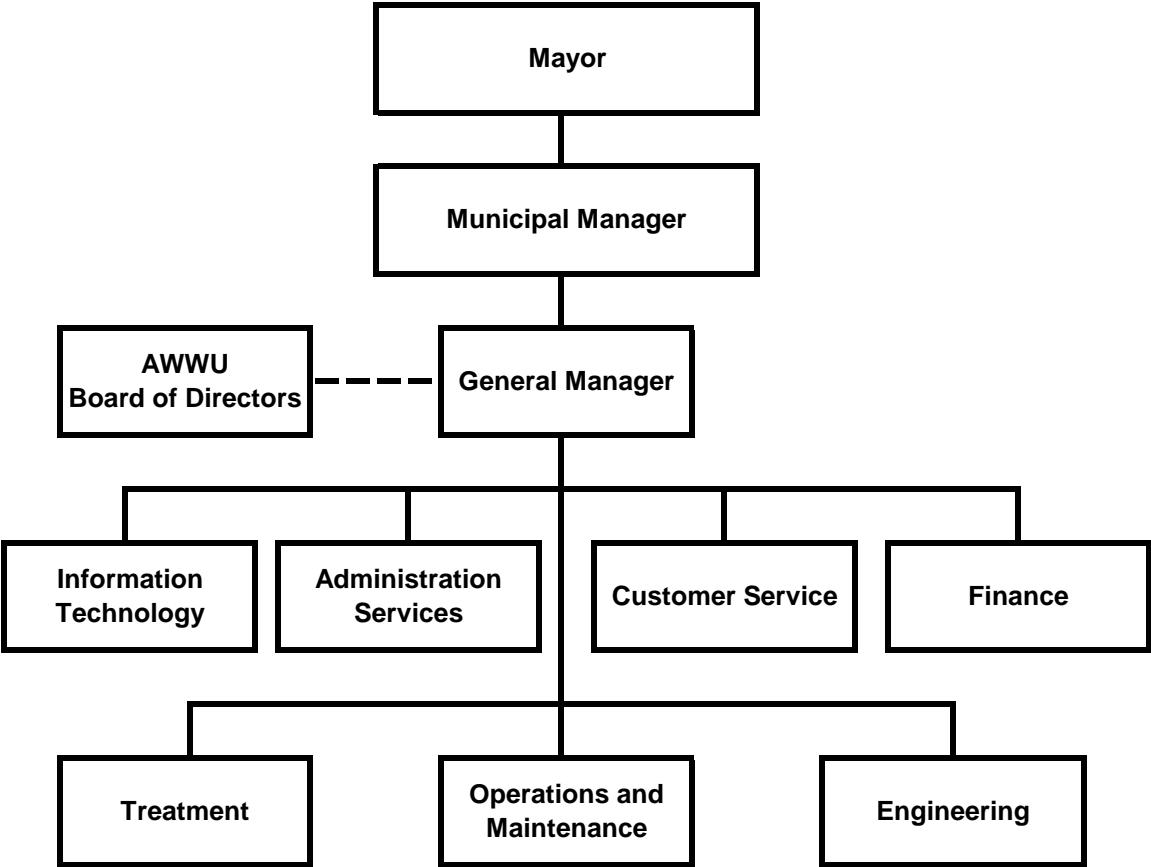
P.V.R. – Performance.Values.Results. Performance measures and corresponding data for each program, as identified by each department, are reported quarterly to communicate and demonstrate the results and effectiveness of the program in achieving its stated purpose and to accurately capture the costs to deliver the intended results (AMC 6.40.016).

The last assembly meeting prior to June 30 of each year, the Mayor provides a memorandum to the assembly identifying the frequency, data, and format of the reporting requirements (AMC 6.40.015).

Currently, spending reports are provided quarterly to the assembly by spending category; labor, overtime, non-labor expenditures, and revenues compared to budget. A budget to actuals report for travel and the contributions to nonprofit organizations are provided to the Assembly, separately (AMC 6.10.034).

The accounting records at AWWU must conform to the Uniform System of Accounts prescribed by the National Association of Regulatory Utility Commissioners (NARUC). ML&P is responsible for financial analysis and reporting in the manner prescribed by Federal Energy Regulatory Commission (FERC).

# Anchorage Water & Wastewater Utility



## **Anchorage Water & Wastewater Organizational Overview**

### **Overview**

The Anchorage Water and Wastewater Utility (AWWU) is the largest water and wastewater utility in Alaska. AWWU currently serves the Municipality of Anchorage extending from Eklutna to as far south as Girdwood. Although they share one workforce, AWWU operates as two separate economic and regulated entities: the Anchorage Water Utility (AWU) and the Anchorage Wastewater Utility (ASU).

### **System Description**

To provide water and sewer services, AWWU owns and operates five Treatment Facilities (2 water and 3 wastewater), approximately 1,600 miles of pipe, and over 325,000 square feet of facility space distributed throughout the Municipality. The certificated water service area covers 130.4 square miles in three distinct geographic areas, Northern Communities, the Anchorage Bowl, and Girdwood Valley. Estimates place the water service population at approximately 240,000 people via nearly 56,000 customer accounts. The certificated sewer service area is larger, encompassing nearly all of the Municipality. ASU currently provides sewer service to approximately 250,000 people via approximately 57,000 customer accounts. Additionally, AWWU receives septage pumped from on-site wastewater systems on lots in areas not directly connected to the sewer system.

AWU's three sources of water are Eklutna Lake, Ship Creek, and groundwater accessed through a system of wells in the Northern Communities, the Anchorage Bowl, and Girdwood Valley. Eklutna Water Treatment Facility (WTF) and the wells which supply Girdwood are operated year-round and serve as the primary supply sources for the Anchorage and Girdwood water systems. The Ship Creek Water Treatment Facility and the remainder of the water wells are used to augment the primary water supply, mainly in times of peak demand, as well as provide redundancy to the Eklutna source for Eagle River and the Anchorage Bowl. Of these sources, the Eklutna Water Treatment Facility now provides approximately 86% of total water production for the Northern Communities/Eagle River and the Anchorage Bowl. In Girdwood, where system demand constitutes less than 2 percent of AWWU's total water production, all water produced and distributed is from two municipally-owned and managed wells.

ASU operates three wastewater treatment facilities to treat wastewater collected in three geographically separate but commonly managed sewer systems. The largest of these is the John M. Asplund Wastewater Treatment Facility (WWTF) located at Point Woronzof. The Asplund WWTF was constructed in the early 1970's when Anchorage eliminated direct ocean discharges. It services the wastewater treatment needs of the Anchorage Bowl. The Asplund facility has received silver, gold, and platinum awards from the National Association of Clean Water Agencies for efficiency and environmental compliance. ASU is continually at work to maintain and enhance the facility. The Asplund facility operates in accordance with a National Pollution Discharge Elimination System (NPDES) permit administered by the U.S. Environmental Protection Agency (EPA). The permit, which expired in 2005 but has been administratively extended by EPA, allows discharge of effluent receiving primary treatment, in accordance with Section 301(h) of the Clean Water Act.

The Eagle River WWTF was originally built in the 1960's and upgraded several times. It services the public wastewater treatment and disposal needs within Eagle River and Chugiak.

The Eagle River facility provides biological secondary treatment and discharges treated effluent to Eagle River in accordance with a permit recently reauthorized by the Alaska Department of Environmental Conservation (ADEC), which has assumed primacy from EPA over permits for wastewater discharge to fresh water.

The third facility is Girdwood WWTF. It was originally constructed in the 1970's and also has undergone several process modifications and upgrades. The Girdwood facility provides biological secondary treatment and discharges treated effluent to Glacier Creek under an administratively extended NPDES permit administered by the ADEC. The core facility is now at the end of its useful life. Phase 1 of plant replacement and upgrades was completed in 2014. Phase 2 of the plant replacement and upgrade is being planned to conform to discharge requirements of a new permit.

Over the past decade, investments in physical infrastructure have resulted in an increase in the value of AWU and ASU. From 2008 to present, plant in service has increased by 33% from \$639.4 million to \$847.8 million for AWU and by 38% from \$486.5 million to \$670 million for ASU. This growth is primarily a result of an increasing amount of investment in transmission and distribution assets (water pipelines) and collection plant assets (wastewater pipelines).

### **Organization**

AWWU is organized into 7 divisions. The General Manager's office is responsible for overall operation of AWWU. The Engineering Division is responsible for development and execution of AWWU's capital program and for system planning. The Treatment Division is responsible for day-to-day operation of the treatment facilities and water distribution system and for maintaining compliance with all state and federal regulations. The Operations and Maintenance (O&M) Division maintains the treatment facilities and repairs all water and sewer piping and lift stations. The O&M Division also operates the wastewater collection system and is responsible for AWWU's SCADA system. The Customer Service Division is responsible for responding to customer inquiries, billing and collections for both utilities, issuing of permits, and field service functions. The Information Technology Division provides support for all of AWWU's computers, network, and software systems. The Administrative Services Division provides for training, safety, and internal and external communications. The Finance Division is responsible for all general ledger and plant accounting, preparation of utility budgets and financial statements, and regulatory filings.



## **Anchorage Water & Wastewater Utility Business Plan**

### **Vision**

Excellence through innovation.

### **Mission**

Providing safe and reliable water and wastewater service today and into the future.

### **Message**

Anchorage Water & Wastewater Utility (AWWU) is investing to ensure reliable service, safeguard public health, and protect the environment, long into the future.

### **Services**

AWWU is the largest water and wastewater utility in Alaska. AWWU currently serves the Municipality of Anchorage extending from Eklutna to as far south as Girdwood. Although they share one workforce, AWWU operates as two separate economic and regulated entities: the Anchorage Water Utility (AWU) and the Anchorage Wastewater Utility (ASU).

### **Business Goals**

AWWU prepared an updated strategic plan in 2016. The plan includes the following goals:

- Be responsive to the needs of the community
- Be the model of innovation and efficiency in service to the public
- Be a responsible steward of ratepayer funds
- Be the employer of choice for existing and future staff

### **Commitments to Customers**

AWWU has identified the following customer commitments which represent the outcomes or accomplishments of the Utilities' activities as viewed by the customer:

1. Provide safe drinking water that meets or exceeds all standards.
2. Protect the environment through appropriate wastewater collection, treatment, and disposal.
3. Provide reliable service.
4. Have timely, professional, and courteous interactions with customers.
5. Manage finances responsibly and transparently.
6. Set rates that fairly reflect the cost of providing service and maintaining infrastructure.
7. Deliver services affordably to promote a strong Anchorage economy.
8. Invest wisely to minimize risk and maintain service levels.
9. Continuously improve the efficiency of our operations.
10. Anticipate change and prepare for the future.

### **Performance Measures to Track Progress in Achieving Goals**

AWWU measures progress in achieving these customer commitments using quantifiable performance measures, including the following:

1. Compliance with all State and Federal drinking water, wastewater and air standards.
2. Number of planned and unplanned water outages.
3. Sanitary sewer overflows.
4. Number of reportable injuries and accidents.
5. Execution of capital improvement budget.
6. Debt to equity ratio.

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## **Anchorage Water and Wastewater Utility**

*Anchorage: Performance. Value. Results.*

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### **Mission**

Supporting the public health, safety, and economic interests of the community by providing quality water and wastewater services in a responsible, efficient, and sustainable manner.

### **Core Services**

- Reliably treat and distribute potable water for domestic, commercial, and firefighting uses throughout the certificated service area.
- Reliably collect, treat and dispose of wastewater in accordance with laws and regulations that protect public health and the environment.

### **Accomplishment Goals**

- Provide reliable service
- Provide safe drinking water that meets or exceeds all standards
- Protect the environment through appropriate wastewater collection, treatment, and disposal.
- Fiscal responsibility and transparency with utility finances.
- Timely, professional, and courteous interactions with customers.
- Rates that fairly reflect the cost of providing service and maintaining infrastructure
- Continuous improvement in the efficiency of our operations
- Anticipate change and be prepared for the future.

### **Performance Measures**

Progress in achieving goals shall be measured by:

1. Compliance with all State and Federal drinking water standards  
/wastewater standards  
/Clean Air Act standards
2. Number of planned and unplanned water outages
3. Sanitary sewer overflows
4. Recordable incident rate (as compared to the standard incident rate for water and wastewater utilities)
5. Execution of capital improvement budget
6. Debt to equity ratio

**Measure 1: Compliance with all State and Federal drinking water, wastewater, and clean air standards**

**Type**

Effectiveness

**Accomplishment Goals Supported**

- Provide reliable service
- Provide safe drinking water that meets or exceeds all standards
- Protect the environment through appropriate wastewater collection, treatment, and disposal.

**Definition**

The number of regulatory requirements meeting compliance standards divided by the total number of regulatory requirements for the time period. The total number of regulatory requirements is the sum of daily, weekly and monthly compliance standards.

**Data Collection Method**

All samples collected are compared with the State or Federal regulatory standards and any violations are noted and reported in accordance with permit stipulations.

**Frequency**

The percent compliance measurement will be calculated quarterly, using running totals for the calendar year.

**Measured By**

The Treatment Division will prepare a report from the water quality and laboratory databases that identifies any samples or reportable incidents that do not meet regulatory standards.

**Reporting**

The Treatment Division Director will update the report quarterly from the water quality and laboratory databases. The information will be displayed in tabular form.

**Used By**

The Treatment Division Director and General Manager will use the information to gain a clearer understanding of performance of AWWU's treatment facilities and determine if changes in system operation or maintenance are required.

**Result**

Measure 1: Compliance with all State and Federal drinking water, wastewater, and clean air standards	Goal	2018				Past Years					
		Q4	Q3	Q2	Q1	2017	2016	2015	2014	2013	2012
Safe Drinking Water Act Compliance (%)	100			100	99.1	97.6	100	100	100	100	100
Clean Water Act (NPDES permit) Compliance (%)	100						100	100			
-Asplund				100	98.9	100	100	100	100	99.8	100
-Eagle River				100	98.9	100	99.7	100	100	100	99.5
-Girdwood				100	100	100	99.7	99.5	99.8	99.3	97.5
Clean Air Act Compliance (%) (Asplund Incinerator)	100			100	100	100	99.9 9	99.998	100	99.99 8	99.99

**Measure 2: Number of planned and unplanned water outages**

**Type**

Effectiveness

**Accomplishment Goal Supported**

- Provide reliable service
- Provide safe drinking water that meets or exceeds all standards
- Protect the environment through appropriate wastewater collection, treatment, and disposal.
- Timely, professional, and courteous interactions with customers.
- Continuous improvement in the efficiency of our operations
- Anticipate change and be prepared for the future

**Definition**

A water outage is defined as a disruption in service to a service connection. A service connection serves one customer, although multiple people may be affected by the disruption in service to a residence or a business.

**Data Collection Method**

A tally is kept through each calendar month of the number of customers who experience planned and unplanned water service disruptions for a range of durations listed below. The outage is as reported to AWWU and confirmed by observation or analysis in the field.

**Frequency**

The measurement will be recorded at the beginning of each month for the preceding month.

**Measured By**

Number of customers who do not have water service for the following durations:

- Less than 4 hours
- Between 4 hours and 12 hours
- Greater than 12 hours

Disruptions are counted for planned activities (customers are given advance notice in writing) and unplanned (emergency) activities.

**Reporting**

The Strategic Asset Services Section will create a monthly report that will be show water outages numerically and graphically.

**Used By**

The O&M Division, Customer Service Division, and Strategic Asset Services Section and the General Manager will review these data monthly to evaluate adequacy of operation and maintenance approaches, customer service response and pipe condition.

## Results

		2018					Past Years				
<b>Measure 2: Number of planned and unplanned water outages (customers per month)</b>	<b>Goal</b>	<b>Monthly Average</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Planned Outages</b>											
<4 hours	<20	2			2	2	10	5	18	27	25
4-12 hours	<20	0			0	0	71	8	23	37	86
>12 hours	0	0			0	0	2	0.2	0.2	0.6	0.3
<b>Unplanned Outages</b>											
<4 hours	<20	40			74	5	13	92	41	40	27
4-12 hours	<50	39			54	24	38	22	33	44	33
>12 hours	0	3.5			0	7	2.5	5	0.2	3	8

### **Measure 3: Sanitary Sewer Overflows**

#### **Type**

Effectiveness

#### **Accomplishment Goals Supported**

- Provide reliable service.
- Timely, professional, and courteous interactions with customers.
- Protect the environment through appropriate wastewater collection, treatment, and disposal.
- Continuous improvement in the efficiency of our operations
- Anticipate change and be prepared for the future.

#### **Definition**

Total number of wastewater overflows onto the ground or wastewater back-ups into customer residences if caused by an obstruction in an AWWU sewer main, manhole, or cleanout. Overflows or backups that occur due to on-property blockages do not count.

#### **Data Collection Method**

The reportable number of sanitary sewer overflows is what is reported in writing to the EPA Region X office within a week of each occurrence.

#### **Frequency**

The measurement will be recorded each month for the previous month.

#### **Measured By**

Data collection is by direct observation by AWWU staff.

#### **Reporting**

The O&M Division will create a monthly report displaying overflow data numerically and graphically.

#### **Used By**

The O&M Division, Customer Service Division, and Strategic Asset Services Section and the General Manager will review these data monthly to evaluate adequacy of operation and maintenance approaches, customer service response and pipe condition.



	Goal	2018				Historical monthly average					
		Q4	Q3	Q2	Q1	2017	2016	2015	2014	2013	2012
<b>Measure 3: Sanitary Sewer Overflows (monthly)</b>	<1.5			1	0.33	0.91	1.48	1.58	1.75	2.25	1.83

**Measure 4: Number of reportable injuries and accidents**

**Type**

Effectiveness

**Accomplishment Goal Supported**

- Provide reliable service
- Continuous improvement in the efficiency of our operations
- Anticipate change and be prepared for the future.

**Definition**

Number of OSHA recordable incidents multiplied by 200,000 (# defined by OSHA as 100 employees working full-time for a year) divided by number of hours worked by all employees. Compare Recordable incident rate to standard industrial rate (SIR) for water and wastewater utilities.

**Data Collection Method**

Accident and near-miss reports.

**Frequency**

Annually.

**Measured By**

Safety Program Manager, Administrative Services Division.

**Reporting**

The Administrative Services Division will maintain an accident and near miss report on a monthly basis. Data will be compiled, summarized, and reported at the end of the year. Reportable incidence rates will appear mid-calendar year.

**Used By**

The Safety Manager, all Division Directors and the General Manager will use the report to monitor and adjust working practices and focus training and attention to hazardous situations.

**Results**

	<b>Goal</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Measure 4: Number of reportable injuries and accidents (annual)</b>	<4.60		4.45	6.30	6.26	6.37	4.48	5.2

Note: Bureau of Labor Statistics (BLS) will normally post the previous year's incidence rate during the months of June or July. AWWU falls within the utilities sector of electric power generation, transmission and distribution; natural gas distribution; and water, sewer, and other systems.

Update - From the Bureau of Labor Statistics: **Important note on future data:** Beginning with the 2016 reference year, the Survey of Occupational Injuries and Illnesses (SOII) will present a single release of national data on **November 9, 2017**. This release will include industry counts and rates along with case circumstances and worker characteristics for cases requiring days away from work. In previous years, these data were released separately. State data was released on November 28, 2017. A similar schedule will be followed in subsequent years.

## **Measure 5: Execution of Capital Improvement Budget**

### **Type**

Efficiency

### **Accomplishment Goal Supported**

- Provide reliable service
- Fiscal responsibility and transparency with utility finances.
- Rates that fairly reflect the cost of providing service and maintaining infrastructure
- Continuous improvement in the efficiency of our operations
- Anticipate change and be prepared for the future.

### **Definition**

The ratio (as a percent) of capital project dollars expended through the fiscal year divided by the planned expenditure for the year as indicated in the approved Capital Improvement Budget.

### **Data Collection Method**

Project Managers input % complete data and expected completion dates for each project named in the capital improvement budget.

### **Frequency**

Estimates of the completeness (% complete) of all ongoing projects will be reported through the AWWU Engineering Division Project Management group annually and with quarterly updates to yearly progress.

### **Measured By**

The Engineering Division will keep track of this information using the ERP tracking and reporting system.

### **Reporting**

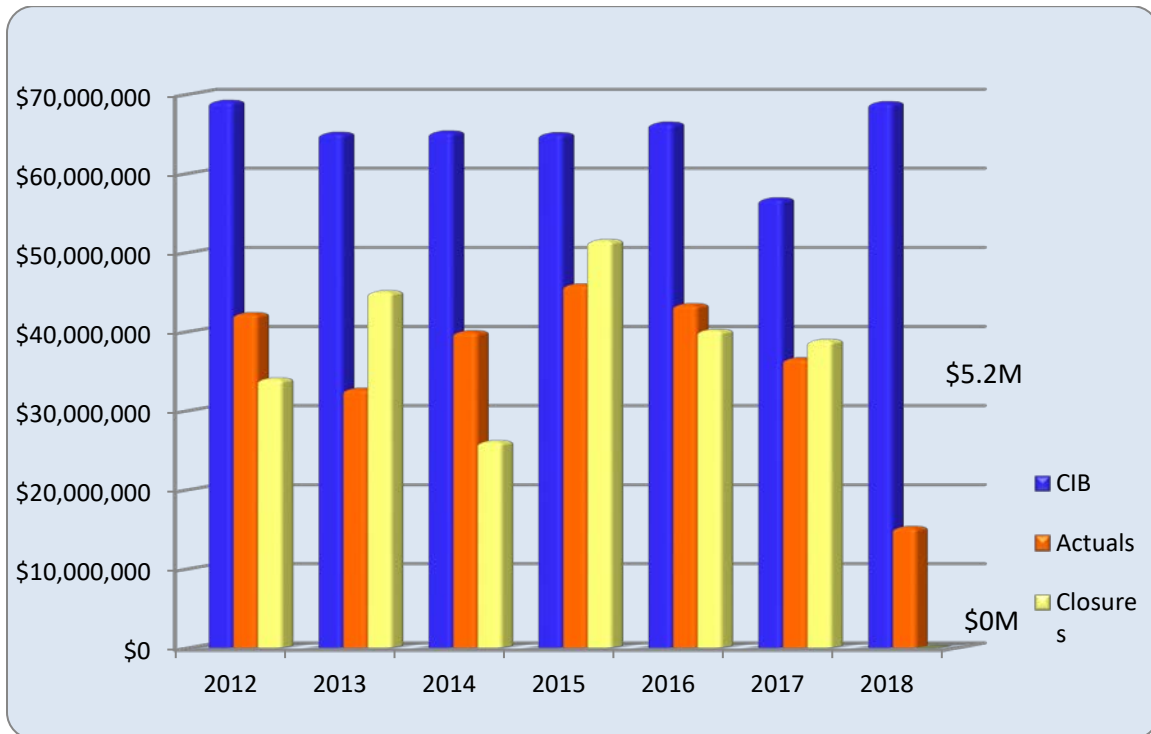
The information will be displayed numerically and graphically in monthly reports.

### **Used By**

The Engineering Director and General Manager will use this data to gauge progress on use of capital project funds.

**Results:**

	Goal	2018	Historical Information					
			2017	2016	2015	2014	2013	2012
<b>Measure 5: Execution of Capital Improvement Budget (annual)</b>	75%		64%	65%	71%	61%	56%	65%



**Budget, Expenditures, and Closures through June 30, 2018**

<b>Measure 6: Debt to Equity Ratio</b>
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**Type**

Effectiveness

**Accomplishment Goal Supported**

- Fiscal responsibility and transparency with utility finances.
- Anticipate change and be prepared for the future.

**Definition**

The relative percentages of assets that are funded by debt and equity, respectively. The total of debt funding and equity funding equals 100%.

**Data Collection Method**

The calculation is performed by comparing debt and equity to assets annually.

**Frequency**

The measurement will be calculated annually upon completion of the Utility's audited financial statement.

**Measured By**

The Finance Division will calculate this ratio from financial statement data.

**Reporting**

The Finance Division manager will create and maintain an annual report. Trend information will be displayed in a table.

**Used By**

The information will be used by the Finance Division Director, General Manager, Board, and Administration to help evaluate debt financing levels.

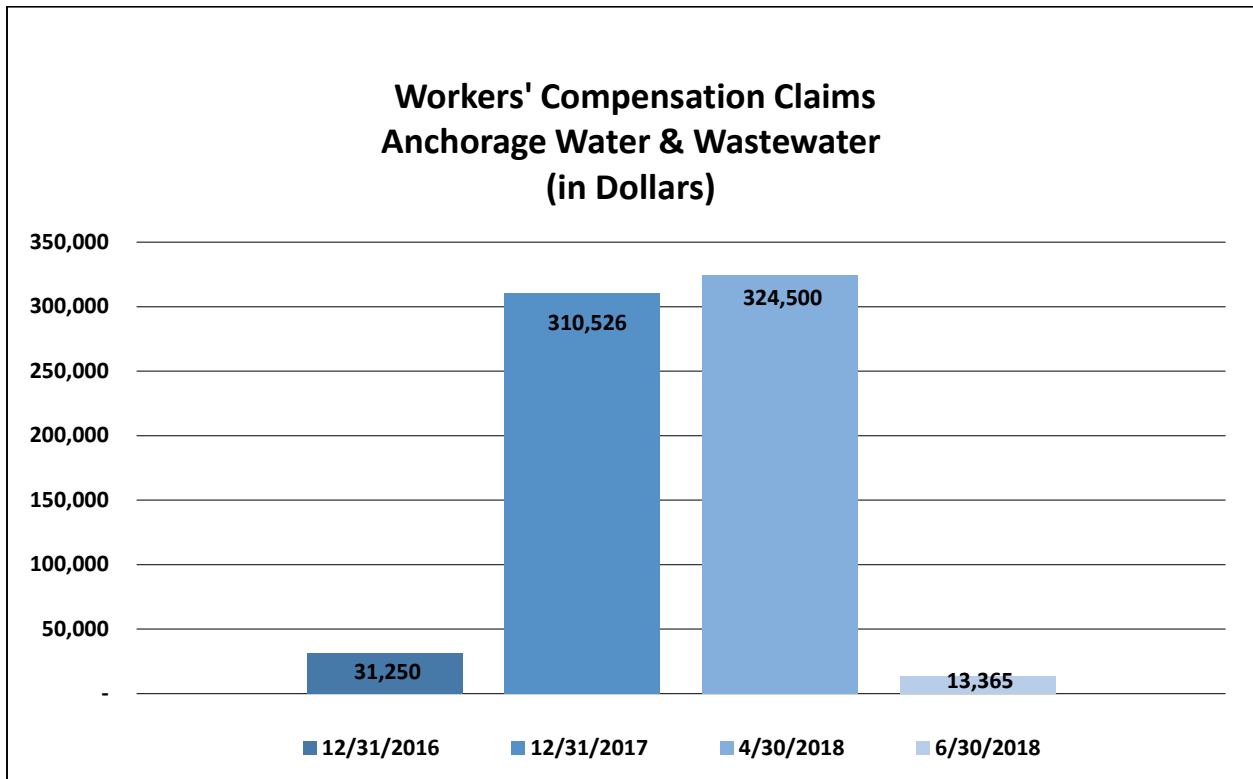
**Results**

<b>Measure 6: Debt to Equity Ratio (annual)</b>	<b>Goal</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Water Utility	67/33	61/39	62/38	63/37	62/38	65/35	67/33	70/30
Wastewater Utility	67/33	65/35	67/33	67/33	65/35	67/33	66/34	68/32

**PVR Measure WC: Managing Workers' Compensation Claims**

Reducing job-related injuries is a priority for the Administration by ensuring safe work conditions and safe practices. By instilling safe work practices we ensure not only the safety of our employees but reduce the potential for injuries and property damage to the public. The Municipality is self-insured and every injury poses a financial burden on the public and the injured worker's family. It just makes good sense to WORK SAFE.

Results are tracked by monitoring monthly reports issued by the Risk Management Division.





## **Anchorage Water & Wastewater Highlights and Future Events**

### **Aging Infrastructure**

At the current time, AWWU provides best-in-class service as measured against industry benchmarks such as drinking water compliance rate, water quality complaints, water pipeline breaks, unplanned service disruptions, compliance with discharge permits, collection system failures, and sewer overflows. However, the infrastructure required to provide water and sewer service is aging and will require significant annual capital investments to maintain service levels.

In aggregate, AWU's physical assets are considered to have about one-half of their useful lives consumed. The water transmission and distribution system pipe network consists of over 846 miles of pipe, has a weighted average age of over 36 years. Other AWU assets including reservoirs, wells, booster stations, and major valve vaults are of varying age, but in aggregate, have reached just over one-half of their useful lives and have undergone or have been scheduled for major re-investment over the next 5 years. Significant investment has been made in AWU's water treatment plants over the last 5 years to bring them current to technology, including an almost \$20 million update of the Ship Creek Water Treatment Facility to maintain it as a peaking and emergency treatment plant.

ASU's sewer pipe network consists of over 759 miles of pipe and has a weighted average age of 38 years, again reflecting just over one-half of the estimated useful lives of pipe and approximately three-fifths of the estimated useful lives of other sewer plant. Within Anchorage, more than \$50 million of investment occurred at the JM Asplund Wastewater Treatment Facility (WWTF) over the past decade. In Eagle River, new process improvements and support systems (headworks, UV disinfection, mechanical and HVAC systems) worth over \$20 million were built over the last ten years. The exception is the Girdwood WWTF, which is now over 30 years old and reaching the end of its useful life as documented by multiple studies performed since 2006. An approximate \$24 million investment in new electrical generation, flow handling, and administrative space was completed in 2015. The second phase of upgrades to the Girdwood WWTF is estimated to cost around \$50 million and is pending regulatory approval of treatment standards by ADEC prior to the project beginning.

AWWU has advanced its asset management program to manage the Utility's aging infrastructure. The primary components of AWWU's asset management program include:

- Risk based approach that categorizes AWWU's assets and evaluates each asset's class on the basis of consequence and likelihood of failure.
- Robust analysis of system performance and maintenance data to predict service lives of different asset classes.
- Business case analysis of major projects to determine solutions yielding lowest overall lifecycle costs.
- Use of state-of-the-art repair and rehabilitation technologies to reduce service disruption and reduce costs.
- Condition assessment monitoring and evaluation using both AWWU staff and specialized contractors.

### **Limited Customer Growth**

The Anchorage economy and land-use development patterns are such that AWWU does not anticipate significant customer growth rate for the foreseeable future. Limited customer growth represents a significant challenge for AWWU because there are few new customers to help cover the cost of maintaining infrastructure. Exacerbating the lack of customer growth is the repair and replacement of contributed plant. In the 1990's, over 70% of the plant in-service was contributed (i.e., given to AWWU or paid for by grants). Today that percentage is about 50% and decreasing steadily. Contributed plant is not included in rates for calculating depreciation costs and earning a return. However, repair and replacement of this considerable portion of our plant-in-service must be borne wholly by customers. With a very slow growth of the customer base, cost of this repair and replacement will increase over time for each customer.

There is very little AWWU can do to encourage significant customer growth without major changes in policy and community desires. Most of AWWU's customer growth will come from redevelopment of existing properties in the MOA, expansion in outlying areas (which require significant expenditures to extend infrastructure) and limited infill. Redevelopment and infill must comply with current codes and utility tariffs, which may require upgrades to existing utility service.

### **Aging Workforce**

AWWU is typical of the industry in that we have an aging workforce. Over half of AWWU's workforce is 45 years old or more. Many of these individuals can be expected to retire in the next few years. Many of these individuals are the experienced and licensed professionals required to operate AWWU's facilities in compliance with Alaska regulations. Alaska's oil industry and the boom in oil and gas development in the lower 48 presents some competitive forces to retaining water and wastewater professionals. The oil industry typically pays significantly higher wages than AWWU.

### **Debt**

At the end of 2017, AWWU was carrying approximately \$403.4 million in total net debt. AWWU can easily service this debt and the Utility maintains healthy operating margins and debt service coverage ratios. However, compared to peer utilities, AWWU has a significant amount of debt and finances much less of its capital program with equity.

Two major factors have contributed to AWWU's current debt/equity position. First, during the 1990's, AWWU did not have rate increases and had a very modest capital improvement budget (CIB). During these years, reductions in workforce levels and improvements in worker productivity as a result of investments in appropriate technology allowed the Utility to operate effectively, but not accumulate equity.

Rate Increases Calculated, Requested, and Approved  
AWWU 2004-2017

Rate Year	Calculated Rate Increase in RRS		Requested Permanent Rate Increase		Approved/Stipulated Permanent Rate Increase		Reason For Requesting Increases Less Than The Calculated Increases
	AWU	ASU	AWU	ASU	AWU	ASU	
2004	14.20%	8.10%	14.20%	8.10%	13.60%	8.10%	The calculated increases were requested due to the change in the MUSA calculation.
2005	7.20%	6.80%	7.20%	6.80%	7.80%	3.00%	The calculated increases were requested due to the change in the MUSA calculation.
2006	12.40%	15.00%	8.90%	10.60%	6.50%	10.60%	Policy direction to limit rate increases requested to reduce impact on customers.
2007	15.00%	17.80%	14.50%	13.00%	7.00%	9.50%	Policy direction to limit rate increases requested to reduce impact on customers.
2008	-	-	-	-	-	-	Rate changes were not requested by AWWU for 2008.
2009	8.70%	8.00%	7.00%	6.50%	5.60%	6.50%	Policy direction to limit rate increases requested to reduce impact on customers.
2010	7.00%	9.50%	2.50%	2.50%	2.50%	2.50%	Policy direction to limit rate increases requested to reduce impact on customers.
2011	18.50%	26.20%	8.00%	15.00%	8.00%	15.00%	Policy direction to limit rate increases requested to reduce impact on customers.
2012	13.00%	16.60%	6.00%	11.00%	6.00%	11.00%	Policy direction to limit rate increases requested to reduce impact on customers.
2013	9.10%	6.80%	6.00%	4.50%	6.00%	4.50%	Policy direction to limit rate increases requested to reduce impact on customers.
2014	5.60%	6.70%	4.00%	5.50%	2.26%	4.34%	Policy direction to limit rate increases requested to reduce impact on customers. AWWU stipulated to permanent rates lower than the rates requested.
2015	-	-	-	-	-	-	Rate changes were not requested by AWWU for 2015.
2016	-	-	-	-	-	-	Rate changes were not requested by AWWU for 2016.
2017	-	11.90%	-	9.50%	-	9.50%	Policy direction to limit rate increases requested to reduce impact on customers.

AWWU historical rates are presented above. To improve its debt position, AWWU must continue to request reasonable rates and at the same time control expenses. The budget provided in this package provides just such a balance.

## **Anchorage Water & Wastewater Utility External Impacts**

### **Wastewater Treatment Facilities Discharge Permits**

The State of Alaska Department of Environmental Conservation (ADEC) assumed authority for permitting wastewater discharges for the Girdwood and Eagle River Wastewater Treatment Facilities (WWTF) in November 2008. The Eagle River WWTF permit was reissued by ADEC in 2014, and will be valid for at least five years. The Girdwood WWTF permit is administratively extended pending reissuance by ADEC. The Utility is working closely with ADEC to ensure that a proposed upgrade to the Girdwood WWTF is consistent with terms and conditions of the new permit, when it is reissued.

Authorization of discharge into marine waters from the Asplund WWTF remains under the auspices of the U.S. Environmental Protection Agency (EPA). The EPA is currently evaluating the Utility's application for reauthorization of the permit allowing only primary treatment, in accordance with criteria set out in Section 301(h) of the Clean Water Act. Subsequent to the agency's determination that the Asplund discharge meets the 301(h) criteria, EPA will consult with the National Marine Fisheries Service (NMFS) on the effects of the permit reauthorization on endangered species (i.e., the Cook Inlet beluga whale). If NMFS finds that the discharge reauthorization is likely to jeopardize continued existence of the species or adversely modify critical habitat, NMFS may impose conditions on the permit to mitigate the effects on the species. Discussions with federal agencies to-date suggest that such a finding is unlikely.

### **Aging Infrastructure**

At the current time, AWWU provides best-in-class service as measured against industry benchmarks. However, the infrastructure required to provide water and sewer service is aging and will require significant annual capital investments to maintain service levels.

AWWU has advanced its asset management program to optimize spending on the Utility's aging infrastructure. We are performing business case analyses of major issues to determine solutions that lead to lowest overall life cycle costs, as well as extensive condition assessment monitoring and evaluation using both AWWU staff and specialized contractors. This work is expected to provide best value to ratepayers in the long term.

## Anchorage Water & Wastewater Utility Workforce Projections

<b>Division</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Administrative Services	5	5	5	5	5	5	5	5
Customer Service	41	41	41	41	41	41	41	41
Engineering	41	41	41	41	41	41	41	41
Finance	21	21	21	21	21	21	21	21
General Manager	2	2	2	2	2	2	2	2
Information Technology	18	18	18	18	18	18	18	18
Operations and Maintenance	91	91	91	91	91	91	91	91
Treatment	64	64	65	65	65	65	65	65
<b>Total Full Time</b>	<b>283</b>	<b>283</b>	<b>284</b>	<b>284</b>	<b>284</b>	<b>284</b>	<b>284</b>	<b>284</b>
Part time	1	1	1	1	1	1	1	1
Seasonal Temporary	4	4	4	4	4	4	4	4
Interns	7	7	8	8	8	8	8	8
<b>Total Temporary</b>	<b>11</b>	<b>11</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>
<b>Total Positions</b>	<b>295</b>	<b>295</b>	<b>297</b>	<b>297</b>	<b>297</b>	<b>297</b>	<b>297</b>	<b>297</b>

## Anchorage Water Utility 8 Year Summary

(\$ in thousands)

Financial Overview	DRAFT		2019 Proposed	2020	2021	2022	2023	2024
	2017 Actuals	2018 Proforma						
Revenues	60,284	61,832	66,786	70,599	75,419	77,629	80,919	83,049
Expenses and Transfers	50,135	54,438	61,292	61,120	62,630	65,900	66,800	68,440
<b>Net Income (Loss) - Regulatory</b>	<b>10,149</b>	<b>7,394</b>	<b>5,494</b>	<b>9,479</b>	<b>12,789</b>	<b>11,729</b>	<b>14,119</b>	<b>14,609</b>
Dividend to General Government	-	-	-	1,650	3,130	4,220	3,870	4,660
<b>Increase in Net Assets</b>	<b>10,149</b>	<b>7,394</b>	<b>5,494</b>	<b>7,829</b>	<b>9,659</b>	<b>7,509</b>	<b>10,249</b>	<b>9,949</b>
Budgeted Positions*	295	295	297	297	297	297	297	297
Capital Improvement Program	32,963	32,620	32,698	33,683	34,528	35,642	36,773	35,570
New Debt	17,360	20,500	46,000	9,300	9,500	70,800	10,100	9,800
Net Capital Assets (12/31)	552,868	566,354	577,485	589,206	601,008	613,825	627,484	638,767
Net Position (12/31)	150,509	157,098	162,889	170,717	180,376	187,884	198,133	208,081
Operating Cash	34,355	34,316	32,004	30,504	31,868	29,233	28,779	29,587
Construction Cash Pool	4,453	3,502	30,095	19,346	6,999	55,022	41,331	26,794
Restricted Cash	238	252	252	252	252	252	252	252
<b>Total Cash</b>	<b>39,046</b>	<b>38,070</b>	<b>62,351</b>	<b>50,102</b>	<b>39,119</b>	<b>84,507</b>	<b>70,362</b>	<b>56,633</b>
IGCs - General Government	1,910	2,634	2,277	2,277	2,277	2,277	2,277	2,277
MUSA	7,991	8,525	8,654	8,510	8,680	8,850	9,040	9,240
CCP Borrowings from Gen'l Govt.	-	-	-	-	-	-	-	-
Total Outstanding LT Debt	229,630	237,811	270,921	265,140	258,951	312,185	304,126	295,707
Total Annual Debt Service	14,268	17,865	21,385	22,321	22,763	26,836	27,187	26,982
Debt Service Coverage (Bond)	3.82	2.69	2.28	2.37	2.68	2.07	2.21	2.36
Debt Service Coverage (Total)	1.81	1.39	1.28	1.37	1.51	1.32	1.38	1.42
Debt/Equity Ratio	60 / 40	60 / 40	62 / 38	61 / 39	59 / 41	62 / 38	61 / 39	59 / 41
Rate Change Percent	0.0%	3.0%	7.0%	5.6%	6.5%	2.4%	3.7%	2.8%
Single Family Rate	49.70	51.19	54.77	57.84	61.60	63.08	65.41	67.41
<b>Statistical/Performance Trends</b>								
Number of Accounts	56,431	56,572	56,714	56,855	56,997	57,140	57,283	57,426
Average Treatment (MGD)	22.3	22.4	22.4	22.5	22.5	22.6	22.6	22.7
Miles of Water Lines	846	848	850	852	854	857	859	861
Number of Public Hydrants	6,038	6,053	6,068	6,083	6,099	6,114	6,129	6,144

\* Workforce Authorized per Budget is for both Water and Wastewater utilities.

## Anchorage Water Utility Statement of Revenues and Expenses

	DRAFT 2017 Actuals	2018 Proforma	2018 Revised	19 v 18 \$ Change	2019 Proposed	19 v 18 % Change
<b>Operating Revenue</b>						
Charges for services	58,146,035	59,897,000	60,217,000	4,640,450	64,857,450	7.7%
Miscellaneous	1,282,525	1,255,000	1,266,000	27,550	1,293,550	2.2%
<b>Total Operating Revenue</b>	<b>59,428,560</b>	<b>61,152,000</b>	<b>61,483,000</b>	<b>4,668,000</b>	<b>66,151,000</b>	<b>7.6%</b>
<b>Non Operating Revenue</b>						
Investment Income	850,796	674,308	680,000	(50,000)	630,000	-7.4%
Other Income	4,618	5,728	-	5,000	5,000	100.0%
<b>Total Non Operating Revenue</b>	<b>855,414</b>	<b>680,036</b>	<b>680,000</b>	<b>(45,000)</b>	<b>635,000</b>	<b>-6.6%</b>
<b>Total Revenue</b>	<b>60,283,974</b>	<b>61,832,036</b>	<b>62,163,000</b>	<b>4,623,000</b>	<b>66,786,000</b>	<b>7.4%</b>
<b>Operating Expenses</b>						
Labor						
Labor and Benefits	15,995,478	16,792,923	17,336,572	514,621	17,851,193	3.0%
Overtime	842,989	818,353	453,000	-	453,000	0.0%
<b>Total Labor</b>	<b>16,838,467</b>	<b>17,611,276</b>	<b>17,789,572</b>	<b>514,621</b>	<b>18,304,193</b>	<b>2.9%</b>
Non Labor						
Non Labor	8,669,864	9,237,262	9,880,266	542,393	10,422,659	5.5%
Travel	63,266	68,078	85,400	-	85,400	0.0%
Transfers (MUSA and gross receipts)	7,991,023	8,524,750	8,100,000	734,000	8,834,000	9.1%
Depreciation and Amortization	11,039,176	11,553,000	11,720,000	2,662,000	14,382,000	22.7%
<b>Total Non Labor</b>	<b>27,763,329</b>	<b>29,383,090</b>	<b>29,785,666</b>	<b>3,938,393</b>	<b>33,724,059</b>	<b>13.2%</b>
<b>Total Direct Cost</b>	<b>44,601,796</b>	<b>46,994,366</b>	<b>47,575,238</b>	<b>4,453,014</b>	<b>52,028,252</b>	<b>9.4%</b>
Charges from other departments	1,910,389	2,633,863	2,612,476	(334,520)	2,277,956	-12.8%
Charges to other departments	-	-	-	-	-	0.0%
Intradepartmental Overheads	-	(730,000)	(541,450)	(300,000)	(841,450)	0.0%
<b>Total Operating Expense</b>	<b>46,512,185</b>	<b>48,898,229</b>	<b>49,646,264</b>	<b>3,818,494</b>	<b>53,464,758</b>	<b>7.7%</b>
<b>Non Operating Expense</b>						
Interest on bonded debt	2,836,933	5,273,651	5,298,000	2,453,500	7,751,500	46.3%
Amortization of debt expense	98,393	(842,988)	345,000	(1,224,478)	(879,478)	-354.9%
Other interest expense	1,754,978	2,009,349	1,985,000	200,000	2,185,000	10.1%
Interest during construction	(1,067,547)	(900,000)	(900,000)	(330,000)	(1,230,000)	36.7%
<b>Total Non Operating Expense</b>	<b>3,622,757</b>	<b>5,540,012</b>	<b>6,728,000</b>	<b>1,099,022</b>	<b>7,827,022</b>	<b>16.3%</b>
<b>Total Expenses (Function Cost)</b>	<b>50,134,942</b>	<b>54,438,241</b>	<b>56,374,264</b>	<b>4,917,516</b>	<b>61,291,780</b>	<b>8.7%</b>
<b>Net Income</b>	<b>10,149,032</b>	<b>7,393,795</b>	<b>5,788,736</b>	<b>(294,516)</b>	<b>5,494,220</b>	<b>-5.1%</b>
<b>Appropriation:</b>						
<b>Total Expenses</b>			<b>56,374,264</b>	<b>4,917,516</b>	<b>61,291,780</b>	
Less: Non Cash items						
Depreciation and amortization			11,720,000	2,662,000	14,382,000	
Amortization of debt expense			345,000	(1,224,478)	(879,478)	
Interest during construction			(900,000)	(330,000)	(1,230,000)	
<b>Total Non-Cash</b>			<b>11,165,000</b>	<b>1,107,522</b>	<b>12,272,522</b>	
<b>Amount to be Appropriated (cash expenses)</b>			<b>45,209,264</b>	<b>3,809,994</b>	<b>49,019,258</b>	

## Anchorage Water Utility Reconciliation from 2018 Revised Budget to 2019 Proposed Budget

	Appropriation	Positions		
		FT	PT	T
<b>2018 Revised Budget</b>	56,374,264	283	1	11
<b>Transfers (to)/from Other Agencies</b>				
- Charges from other departments	(334,520)	-	-	-
<b>Debt Service Charges</b>				
- Interest	1,099,022	-	-	-
<b>Changes in Existing Programs/Funding for 2019</b>				
- Salary and benefits adjustments	291,621	-	-	-
- Depreciation	2,662,000	-	-	-
- Administrative Overhead	(100,000)	-	-	-
- Facility Rent	25,505	-	-	-
- MUSA	734,000	-	-	-
<b>2019 Continuation Level</b>	<b>60,751,892</b>	<b>283</b>	<b>1</b>	<b>11</b>
<b>2019 Proposed Budget Changes</b>				
- Labor - Safety Intern	10,000	-	-	1
- Labor - PCN Upgrade	13,000	-	-	-
- Labor - Pretreatment Compliance Inspector (Cost is in ASU)	-	1	-	-
- Lockout/Tagout	5,000	-	-	-
- ARC Flash	5,000	-	-	-
- Radio Network Upgrades	50,000	-	-	-
- Regulatory Lead/Lag Study	25,000	-	-	-
- Meter/MIU Installs	75,000	-	-	-
- Software Maintenance	(20,612)	-	-	-
- Public Outreach	10,000	-	-	-
- Computer Hardware	60,000	-	-	-
- Mobile, Text, Bill Print Upgrades	20,000	-	-	-
- Major Facility Maintenance	200,000	-	-	-
- Other Professional Services	87,500	-	-	-
<b>2019 Proposed Budget</b>	<b>61,291,780</b>	<b>284</b>	<b>1</b>	<b>12</b>
<b>2019 Budget Adjustment for Accounting Transactions (Appropriation)</b>				
- Depreciation and amortization	(14,382,000)	-	-	-
- Amortization of debt expense	879,478	-	-	-
- Interest during construction	1,230,000	-	-	-
<b>2019 Proposed Budget (Appropriation)</b>	<b>49,019,258</b>	<b>284</b>	<b>1</b>	<b>12</b>

Workforce Authorized per Budget is for both Water and Wastewater utilities.



**Anchorage Water Utility**  
**2019 - 2024 Capital Improvement Program**  
(in thousands)

<b>Project Category</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
ADOT-MOA-Emergency	1,000	1,000	1,000	1,000	1,000	4,000	9,000
Facility Master Plan	-	-	-	-	-	-	-
IT Hardware/Software	2,235	1,925	1,475	1,450	1,425	1,425	9,935
Miscellaneous Equipment	1,100	950	1,100	950	1,100	950	6,150
Other Plant & Facilities	3,000	650	-	500	250	650	5,050
Transmission/Distribution	16,710	22,088	20,785	24,898	28,875	22,025	135,381
Vehicles	1,145	1,000	1,000	1,000	1,000	1,000	6,145
Water Plant	7,508	6,070	9,168	5,844	3,123	5,520	37,233
<b>Total</b>	<b>32,698</b>	<b>33,683</b>	<b>34,528</b>	<b>35,642</b>	<b>36,773</b>	<b>35,570</b>	<b>208,894</b>

<b>Funding Source</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
Debt	22,198	23,683	25,528	26,642	27,773	27,570	153,394
Equity/Operations	10,000	10,000	9,000	9,000	9,000	8,000	55,000
State Grant	500	-	-	-	-	-	500
<b>Total</b>	<b>32,698</b>	<b>33,683</b>	<b>34,528</b>	<b>35,642</b>	<b>36,773</b>	<b>35,570</b>	<b>208,894</b>

**Anchorage Water Utility**  
**2019 Capital Improvement Budget**  
(in thousands)

Project Title	Debt *	State/Fed Grant	Equity/ Operations *	Total
<b>ADOT-MOA Emergency</b>				
ADOT-MOA-Emergency -Water	-	-	1,000	1,000
<b>ADOT-MOA Emergency</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>1,000</b>
<b>IT Hardware/Software</b>				
AMS	-	-	215	215
Customer Information System Enhancements	-	-	850	850
ArcGIS - MapOptix Replacement	-	-	145	145
ArcGIS - Maximo Interface	-	-	100	100
Information Technology Infrastructure	-	-	600	600
Miscellaneous Information Technology Systems	-	-	250	250
Work Management Software	-	-	75	75
<b>IT Hardware/Software</b>	<b>-</b>	<b>-</b>	<b>2,235</b>	<b>2,235</b>
<b>Miscellaneous Equipment</b>				
Facility Equipment - Water	-	-	350	350
SCADA Equipment	-	-	750	750
<b>Miscellaneous Equipment</b>	<b>-</b>	<b>-</b>	<b>1,100</b>	<b>1,100</b>
<b>Other Plant &amp; Facilities</b>				
3000 Arctic Building Upgrade	1,400	-	-	1,400
3000 Arctic HVAC Upgrades	1,600	-	-	1,600
<b>Other Plant &amp; Facilities</b>	<b>3,000</b>	<b>-</b>	<b>-</b>	<b>3,000</b>
<b>Transmission/Distribution</b>				
900 Reservoir & Transmission Main	500	-	-	500
92nd Ave Intertie Zone Conversion	750	-	-	750
Abbas Cir Water Main	135	-	-	135
Anch_Townsite_5th_8th_Wtr_Upgr	-	-	1,500	1,500
Girdwood Air Vac Vaults	150	-	-	150
Girdwood St Moritz Emergency Generation	400	-	-	400
Girdwood Timberline PRV Upgrade	-	-	400	400
Girdwood Virgin Creek Sample Station	100	-	-	100
Glenn Square PRV Facility	-	-	600	600
Hillcrest WDID	-	500	1,300	1,800
Mink_Avenue_Water_Rehab	436	-	-	436
Mockingbird_Drive_Water_Rehab	266	-	-	266
Plant Oversize Improvement-Water	25	-	-	25
PME_Turnagain_Street_Wtr_Upgr	600	-	-	600
Programmatic Small Interties	85	-	-	85
Res 03/04 Circulation Line	1,100	-	-	1,100
Tanglewood Place_Water_Rehab	463	-	-	463
TBird_Grandview_Subd_Wtr_Upgrade	6,600	-	-	6,600
Valve Vault Infiltration Rehab	50	-	-	50
Water Master Plan	30	-	720	750
<b>Transmission/Distribution</b>	<b>11,690</b>	<b>500</b>	<b>4,520</b>	<b>16,710</b>
<b>Vehicles</b>				
DO SCWTF Loader	-	-	90	90
Vehicles - Water	-	-	375	375
Vactor Truck (94950) Line Truck (94856)	-	-	680	680
<b>Vehicles</b>	<b>-</b>	<b>-</b>	<b>1,145</b>	<b>1,145</b>

**Anchorage Water Utility**  
**2019 Capital Improvement Budget**  
(in thousands)

Project Title	Debt *	State/Fed Grant	Equity/ Operations *	Total
<b>Water Plant</b>				
ER Well Rehab - Norfolk, Well #8	750	-	-	750
EWTF ERS Control Improvements	370	-	-	370
EWTF Primary Electrical Upgr	3,588	-	-	3,588
EWTF SCADA Backbone & Fire Improvements	500	-	-	500
Facility Plant - Water	750	-	-	750
Girdwood Well Rehab	1,000	-	-	1,000
SCWTF Domestic Water Piping Replacement	190	-	-	190
Well 4 Upgrade	360	-	-	360
<b>Water Plant</b>	<b>7,508</b>	<b>-</b>	<b>-</b>	<b>7,508</b>
<b>Total</b>	<b>22,198</b>	<b>500</b>	<b>10,000</b>	<b>32,698</b>

\* Debt and Equity/Operations funding amounts by category are estimates and subject to change as actual loans are awarded by the State of Alaska.

## Anchorage Water Utility Statement of Cash Sources and Uses

	<i>DRAFT</i>		
	2017	2018	2019
	Actuals	Proforma	Proposed
<b>Sources of Cash Funds</b>			
Operating Income	20,254,862	20,817,072	21,028,272
Depreciation, net of amortization	11,039,176	11,553,000	14,382,000
Special Assessment Proceeds	609,631	250,000	250,000
State of Alaska Loan Proceeds	5,859,918	12,000,000	9,000,000
Bond/Other Loan Proceeds	11,500,000	8,500,000	57,000,000
Miscellaneous Non-Operating Revenues	4,615	-	-
Interest Received	698,937	630,000	600,000
Changes in Assets and Liabilities	(3,329,143)	2,315,231	(18,353,172)
<b>Total Sources of Cash Funds</b>	<b>46,637,996</b>	<b>56,065,303</b>	<b>83,907,100</b>
<b>Uses of Cash Funds</b>			
Capital Construction	25,614,412	29,450,600	29,407,100
Debt Principal Payment	9,850,718	11,024,000	11,696,000
Debt Interest Payments	4,701,368	6,842,000	9,689,000
Transfer to Escrow Account	-	1,200,000	-
MUSA	7,991,023	8,524,750	8,834,000
<b>Total Uses of Cash Funds</b>	<b>48,157,521</b>	<b>57,041,350</b>	<b>59,626,100</b>
Net Increase (Decrease) in Cash Funds	(1,519,525)	(976,047)	24,281,000
Cash Balance, January 1	40,565,572	39,046,047	38,070,000
<b>Cash Balance, December 31</b>	<b>39,046,047</b>	<b>38,070,000</b>	<b>62,351,000</b>
<b>Detail of Cash and Investment Funds</b>			
General Cash Less Customer Deposits	34,355,454	34,316,000	32,004,000
Construction Cash	4,452,254	3,502,000	30,095,000
Operating Fund Investment & Customer Deposits	238,339	252,000	252,000
<b>Cash Balance, December 31</b>	<b>39,046,047</b>	<b>38,070,000</b>	<b>62,351,000</b>

\* This budgetary presentation does not include the effects of implementing Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions and thus the revenues and expenses presented in this schedule differ from AWWU's GAAP basis financial statements.

## Anchorage Wastewater Utility 8 Year Summary

(\$ in thousands)

Financial Overview	<i>DRAFT</i>		2019 Proposed	2020	2021	2022	2023	2024
	2017 Actuals	2018 Proforma						
Revenues	56,236	57,190	62,825	66,005	70,635	75,445	79,225	81,895
Expenses and Transfers	46,289	50,765	57,240	60,490	62,370	67,790	69,560	71,640
<b>Net Income (Loss) - Regulatory</b>	<b>9,947</b>	<b>6,425</b>	<b>5,585</b>	<b>5,515</b>	<b>8,265</b>	<b>7,655</b>	<b>9,665</b>	<b>10,255</b>
Dividend to General Government	-	-	-	-	-	-	-	-
<b>Increase in Net Assets</b>	<b>9,947</b>	<b>6,425</b>	<b>5,585</b>	<b>5,515</b>	<b>8,265</b>	<b>7,655</b>	<b>9,665</b>	<b>10,255</b>
Budgeted Positions*	295	295	297	297	297	297	297	297
Capital Improvement Program	33,650	36,362	36,655	36,025	37,000	36,890	37,315	38,565
New Debt	6,680	21,000	56,500	10,800	11,100	112,100	11,200	11,600
Net Capital Assets (12/31)	409,495	428,622	445,536	460,958	477,009	492,439	507,667	549,705
Net Position (12/31)	96,473	102,897	107,955	113,470	121,735	129,390	139,055	149,310
Operating Cash	29,135	26,820	26,407	24,802	26,096	26,309	26,271	27,116
Construction Cash Pool	3,139	3,394	35,983	21,191	7,254	80,123	48,205	19,434
Restricted Cash	251	250	250	250	250	250	250	250
<b>Total Cash</b>	<b>32,525</b>	<b>30,464</b>	<b>62,640</b>	<b>46,243</b>	<b>33,600</b>	<b>106,682</b>	<b>74,726</b>	<b>46,800</b>
IGCs - General Government	1,896	2,655	2,275	2,275	2,275	2,275	2,275	2,275
MUSA	6,004	6,241	6,317	6,490	6,730	6,970	7,210	7,440
CCP Borrowings from Gen'l Govt.	-	-	-	-	-	-	-	-
Total Outstanding LT Debt	173,806	185,634	232,310	230,560	228,589	326,992	320,554	313,834
Total Annual Debt Service	9,618	13,395	16,498	18,928	19,358	23,916	27,598	28,012
Debt Service Coverage (Bond)	7.88	3.01	2.53	2.25	2.59	2.09	1.84	1.91
Debt Service Coverage (Total)	2.28	1.44	1.37	1.30	1.44	1.31	1.22	1.25
Debt/Equity Ratio	64 / 36	64 / 36	68 / 32	67 / 33	65 / 35	72 / 28	70 / 30	68 / 32
Rate Change Percent	9.50%	2.50%	9.50%	4.10%	7.40%	6.00%	4.40%	3.90%
Single Family Rate	44.59	45.70	50.04	52.09	55.95	59.30	61.91	64.33
<b>Statistical/Performance Trends</b>								
Number of Accounts	57,273	57,416	57,560	57,704	56,816	56,958	57,100	57,243
Average Treatment (MGD)	28.50	28.57	28.64	28.71	28.79	28.86	28.93	29.00
Miles of Wastewater Lines	759	761	763	765	767	769	770	772

\* Workforce Authorized per Budget is for both Water and Wastewater utilities.

## Anchorage Wastewater Utility Statement of Revenues and Expenses

	<i>DRAFT</i> 2017 Actuals	2018 Proforma	2018 Revised	19 v 18 \$ Change	2019 Proposed	19 v 18 % Change
<b>Operating Revenue</b>						
Charges for Services	54,600,842	55,750,000	56,120,000	5,230,000	61,350,000	9.3%
Miscellaneous	929,903	940,000	930,000	45,000	975,000	4.8%
<b>Total Operating Revenue</b>	<b>55,530,745</b>	<b>56,690,000</b>	<b>57,050,000</b>	<b>5,275,000</b>	<b>62,325,000</b>	<b>9.2%</b>
<b>Non Operating Revenue</b>						
Investment Income	680,911	484,280	490,000	-	490,000	0.0%
Other Income	24,326	15,719	10,000	-	10,000	0.0%
<b>Total Non Operating Revenue</b>	<b>705,237</b>	<b>499,999</b>	<b>500,000</b>	<b>-</b>	<b>500,000</b>	<b>0.0%</b>
<b>Total Revenue</b>	<b>56,235,982</b>	<b>57,189,999</b>	<b>57,550,000</b>	<b>5,275,000</b>	<b>62,825,000</b>	<b>9.2%</b>
<b>Operating Expenses</b>						
Labor						
Labor and Benefits	16,434,859	16,757,250	17,193,193	699,158	17,892,351	4.1%
Overtime	621,554	762,066	419,500	-	419,500	0.0%
<b>Total Labor</b>	<b>17,056,413</b>	<b>17,519,316</b>	<b>17,612,693</b>	<b>699,158</b>	<b>18,311,851</b>	<b>4.0%</b>
Non Labor						
Non Labor	10,044,478	12,316,465	13,067,430	789,130	13,856,560	6.0%
Travel	63,338	75,052	90,800	-	90,800	0.0%
Transfers (MUSA and gross receipts)	6,003,654	6,241,150	6,230,000	87,000	6,317,000	1.4%
Depreciation and Amortization	8,802,432	8,801,400	9,570,000	2,925,000	12,495,000	30.6%
<b>Total Non Labor</b>	<b>24,913,902</b>	<b>27,434,067</b>	<b>28,958,230</b>	<b>3,801,130</b>	<b>32,759,360</b>	<b>13.1%</b>
<b>Total Direct Cost</b>	<b>41,970,315</b>	<b>44,953,383</b>	<b>46,570,923</b>	<b>4,500,288</b>	<b>51,071,211</b>	<b>9.7%</b>
Charges from other departments	1,896,188	2,654,789	2,402,804	(127,250)	2,275,554	-5.3%
Intradepartmental Overheads	-	(645,000)	(516,700)	(300,000)	(816,700)	58.1%
<b>Total Operating Expense</b>	<b>43,866,503</b>	<b>46,963,172</b>	<b>48,457,027</b>	<b>4,073,038</b>	<b>52,530,065</b>	<b>8.4%</b>
<b>Non Operating Expense</b>						
Interest on bonded debt	1,759,099	3,356,620	3,372,000	2,528,000	5,900,000	75.0%
Amortization of debt expense	(18,549)	(800,091)	100,000	(1,900,000)	(1,800,000)	-1900.0%
Other interest expense	1,611,987	1,825,380	1,810,000	150,000	1,960,000	8.3%
Interest during construction	(929,637)	(580,000)	(580,000)	(770,000)	(1,350,000)	132.8%
<b>Total Non Operating Expense</b>	<b>2,422,900</b>	<b>3,801,909</b>	<b>4,702,000</b>	<b>8,000</b>	<b>4,710,000</b>	<b>0.2%</b>
<b>Total Expenses (Function Cost)</b>	<b>46,289,403</b>	<b>50,765,081</b>	<b>53,159,027</b>	<b>4,081,038</b>	<b>57,240,065</b>	<b>7.7%</b>
<b>Net Income</b>	<b>9,946,579</b>	<b>6,424,918</b>	<b>4,390,973</b>	<b>1,193,962</b>	<b>5,584,935</b>	<b>27.2%</b>
<b>Appropriation</b>						
<b>Total Expenses</b>			<b>53,159,027</b>	<b>4,081,038</b>	<b>57,240,065</b>	
Less: Non Cash items						
Depreciation and amortization			9,570,000	2,925,000	12,495,000	
Amortization of debt expense			100,000	(1,900,000)	(1,800,000)	
Interest during construction			(580,000)	(770,000)	(1,350,000)	
<b>Total Non-Cash</b>			<b>9,090,000</b>	<b>255,000</b>	<b>9,345,000</b>	
<b>Amount to be Appropriated (cash expenses)</b>			<b>44,069,027</b>	<b>3,826,038</b>	<b>47,895,065</b>	

## Anchorage Wastewater Utility Reconciliation from 2018 Revised Budget to 2019 Proposed Budget

	Appropriation	Positions		
		FT	PT	T
<b>2018 Revised Budget</b>	53,159,027	283	1	11
<b>Transfers (to)/from Other Agencies</b>				
- Charges from other departments	(127,250)	-	-	-
<b>Debt Service Charges</b>				
- Interest	8,000	-	-	-
<b>Changes in Existing Programs/Funding for 2019</b>				
- Salary and benefits adjustments	316,158	-	-	-
- Depreciation	2,925,000	-	-	-
- Administrative Overhead	(100,000)	-	-	-
- Facility Rent	26,750	-	-	-
- MUSA	87,000	-	-	-
<b>2019 Continuation Level</b>	<b>56,294,685</b>	<b>283</b>	<b>1</b>	<b>11</b>
<b>2019 Proposed Budget Changes</b>				
- Labor - Safety Intern	10,000	-	-	1
- Labor - PCN Upgrade	13,000	-	-	-
- Labor - Pretreatment Compliance Inspector	160,000	1	-	-
- Lockout/Tagout	5,000	-	-	-
- ARC Flash	5,000	-	-	-
- Customer Service Bank Fees	29,750	-	-	-
- Large Diameter Lind Cleaning	160,000	-	-	-
- Radio Network Upgrades	50,000	-	-	-
- Regulatory Lead/Lag Study	25,000	-	-	-
- Meter/MIU Installs	75,000	-	-	-
- Software Maintenance	15,130	-	-	-
- Public Outreach	10,000	-	-	-
- Computer Hardware	60,000	-	-	-
- Mobile,Text,Bill Print Upgrades	20,000	-	-	-
- Major Facility Maintenance	200,000	-	-	-
- Customer Reimbursement for Damages	20,000	-	-	-
- Other Professional Services	87,500	-	-	-
<b>2019 Proposed Budget</b>	<b>57,240,065</b>	<b>284</b>	<b>1</b>	<b>12</b>
<b>2019 Budget Adjustment for Accounting Transactions (Appropriation)</b>				
- Depreciation and amortization	(12,495,000)	-	-	-
- Amortization of debt expense	1,800,000	-	-	-
- Interest during construction	1,350,000	-	-	-
<b>2019 Proposed Budget (Appropriation)</b>	<b>47,895,065</b>	<b>284</b>	<b>1</b>	<b>12</b>

Workforce Authorized per Budget is for both Water and Wastewater utilities.

**Anchorage Wastewater Utility**  
**2019 - 2024 Capital Improvement Program**  
(in thousands)

<b>Project Category</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
ADOT-MOA-Emergency	1,000	1,000	716	1,000	1,000	1,000	5,716
Collection System	9,355	18,055	16,964	23,025	22,025	15,525	104,949
Facility Master Plan	-	-	-	-	-	-	-
IT Hardware/Software	2,745	2,740	1,490	1,465	1,440	1,440	11,320
Miscellaneous Equipment	1,100	950	1,100	950	1,100	950	6,150
Other Plant & Facilities	5,000	9,050	10,200	750	750	1,150	26,900
Vehicles	1,055	1,000	1,000	1,000	1,000	1,000	6,055
Wastewater Plant	16,400	3,230	5,530	8,700	10,000	17,500	61,360
<b>Total</b>	<b>36,655</b>	<b>36,025</b>	<b>37,000</b>	<b>36,890</b>	<b>37,315</b>	<b>38,565</b>	<b>222,450</b>

<b>Funding Source</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
Debt	27,655	27,025	28,000	27,890	29,315	30,565	170,450
Equity/Operations	9,000	9,000	9,000	9,000	8,000	8,000	52,000
<b>Total</b>	<b>36,655</b>	<b>36,025</b>	<b>37,000</b>	<b>36,890</b>	<b>37,315</b>	<b>38,565</b>	<b>222,450</b>



**Anchorage Wastewater Utility**  
**2019 Capital Improvement Budget**  
(in thousands)

Project Title	Debt *	State/Fed Grant	Equity/ Operations *	Total
<b>ADOT-MOA Emergency</b>				
ADOT-MOA-Emergency - Sewer	-	-	1,000	1,000
<b>ADOT-MOA Emergency</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>1,000</b>
<b>Collection System</b>				
D-2-4_Trunk_Improvements	1,250	-	-	1,250
Girdwood I&I	-	-	500	500
Happy_Folker_Rehab-SWR	210	-	-	210
King Street Septage	-	-	100	100
Large Diameter Sewer Manholes	3,100	-	700	3,800
Laurence Court Sewer	200	-	-	200
Plant Oversize and Betterments - Sewer	25	-	-	25
PS 12 Force Mains Gravity Junction Rehab	-	-	1,800	1,800
PS 2 Rehab	1,470	-	-	1,470
<b>Collection System</b>	<b>6,255</b>	<b>-</b>	<b>3,100</b>	<b>9,355</b>
<b>IT Hardware/Software</b>				
AMS	-	-	215	215
ArcGIS - MapOptix Replacement	-	-	145	145
ArcGIS - Maximo Interface	-	-	100	100
Customer Information System Enhancements	-	-	850	850
Information Technology Infrastructure	-	-	600	600
Miscellaneous Information Technology Systems	-	-	250	250
Sewer Model Development	-	-	500	500
Water Qual. Mgmt and Environmental Compliance Monitoring Reporting	-	-	10	10
Work Management System	-	-	75	75
<b>IT Hardware/Software</b>	<b>-</b>	<b>-</b>	<b>2,745</b>	<b>2,745</b>
<b>Miscellaneous Equipment</b>				
Facility Equipment - Sewer	-	-	350	350
SCADA Equipment	-	-	750	750
<b>Miscellaneous Equipment</b>	<b>-</b>	<b>-</b>	<b>1,100</b>	<b>1,100</b>
<b>Other Plant &amp; Facilities</b>				
KS Campus Expansion	5,000	-	-	5,000
<b>Other Plant &amp; Facilities</b>	<b>5,000</b>	<b>-</b>	<b>-</b>	<b>5,000</b>
<b>Vehicles</b>				
Boiler (8316) Line Truck (94857)	-	-	380	380
Large Diameter Sewer Cleaning Equipment	-	-	300	300
Vehicles - Sewer	-	-	375	375
<b>Vehicles</b>	<b>-</b>	<b>-</b>	<b>1,055</b>	<b>1,055</b>
<b>Wastewater Plant</b>				
AWWTF CHP Conversion	500	-	-	500
AWWTF Compressed Process Air Systems Rehab	200	-	-	200
AWWTF Disinfection	500	-	-	500
AWWTF Fog Management Receiving Station	100	-	-	100
AWWTF Raw Sludge Pumps	500	-	-	500

**Anchorage Wastewater Utility**  
**2019 Capital Improvement Budget**  
(in thousands)

<b>Project Title</b>	<b>Debt *</b>	<b>State/Fed Grant</b>	<b>Equity/ Operations *</b>	<b>Total</b>
AWWTF SCADA Communication Improvements	2,000	-	-	2,000
AWWTF Scum Lines	3,200	-	-	3,200
AWWTF Storage	4,000	-	-	4,000
ERWWTF Fac Plan Recommendations	1,500	-	-	1,500
ERWWTF High Pressure Air	70	-	-	70
Facility PLANT - Sewer	730	-	-	730
Girdwood WWTF Upgr & Replacement Ph II	3,100	-	-	3,100
<b>Wastewater Plant</b>	<b>16,400</b>	<b>-</b>	<b>-</b>	<b>16,400</b>
<b>Total</b>	<b>27,655</b>	<b>-</b>	<b>9,000</b>	<b>36,655</b>

\* Debt and Equity/Operations funding amounts by category are estimates and subject to change as actual loans are awarded by the State of Alaska.

## Anchorage Wastewater Utility Statement of Cash Sources and Uses

	<i>DRAFT</i>		
	2017	2018	2019
	Actuals	Proforma	Proposed
<b>Sources of Cash Funds</b>			
Operating Income	17,667,896	15,967,977	15,584,679
Depreciation, net of amortization	8,802,432	8,801,400	12,495,000
Special Assessment Proceeds	328,627	300,000	300,000
State of Alaska Loan Proceeds	2,180,299	8,000,000	11,000,000
Bond/Other Loan Proceeds	4,500,000	13,000,000	63,000,000
Miscellaneous Non-Operating Revenues	24,326	15,719	10,000
Interest Received	680,911	484,280	490,000
Changes in Assets and Liabilities	546,953	1,280,554	(15,714,289)
<b>Total Sources of Cash Funds</b>	<b>34,731,444</b>	<b>47,849,930</b>	<b>87,165,390</b>
<b>Uses of Cash Funds</b>			
Capital Construction	17,700,404	30,049,560	32,910,390
Debt Principal Payment	6,399,810	8,238,000	8,966,000
Debt Interest Payments	3,352,537	4,382,000	6,796,000
Transfer to Escrow Account	-	1,000,000	-
MUSA	6,003,654	6,241,150	6,317,000
<b>Total Uses of Cash Funds</b>	<b>33,456,405</b>	<b>49,910,710</b>	<b>54,989,390</b>
Net Increase (Decrease) in Cash Funds	1,275,039	(2,060,780)	32,176,000
Cash Balance, January 1	31,249,741	32,524,780	30,464,000
<b>Cash Balance, December 31</b>	<b>32,524,780</b>	<b>30,464,000</b>	<b>62,640,000</b>
<b>Detail of Cash and Investment Funds</b>			
General Cash Less Customer Deposits	29,134,649	26,820,000	26,407,000
Construction Cash	3,139,387	3,394,000	35,983,000
Operating Fund Investment & Customer Deposits	250,744	250,000	250,000
<b>Cash Balance, December 31</b>	<b>32,524,780</b>	<b>30,464,000</b>	<b>62,640,000</b>

*\* This budgetary presentation does not include the effects of implementing Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions and thus the revenues and expenses presented in this schedule differ from AWWU's GAAP basis financial statements.*

## About Anchorage Water & Wastewater

### **Anchorage Water Utility History**

From the first intake of water at Lower Ship Creek, and a few miles of woodstave water lines downtown more than 90 years ago, Anchorage's public water utility has grown into an enterprise with a net plant in service of approximately \$531 million that delivers nearly 23 million gallons of water to customers each day. The original water system for Anchorage was installed by the Alaska Railroad in 1917. In 1921, the City purchased the water system and associated water rights from the Alaska Engineering Commission. As the City expanded by annexation, the water system was extended into new areas and independent water systems previously serving the annexed areas were acquired by the City. A 2.6 mile raw water line to Ship Creek was built in 1980 to replace an earlier raw water main originally constructed in 1962 for the Ship Creek Water Treatment Facility (WTF). In the 1950's, an aqueduct was drilled through the mountains north of Anchorage to supply water from Eklutna Lake to the Eklutna hydroelectric power plant along the Knik River. In 1985, AWWU tapped this aqueduct and connected a 7.8 mile long transmission main (intake portal) to provide water from the Lake to the Eklutna Water Treatment Facility. A 22 mile long water transmission main was constructed to distribute the treated water from Eklutna to Chugiak, Eagle River, and on into Anchorage.

### **Anchorage Wastewater Utility History**

The Alaska Engineering Commission first installed sewers in downtown Anchorage in 1916 along the lower bluff near the Alaska Railroad Depot. As Anchorage grew, construction of sewers continued and by the end of World War II, sewers were available to much of the area between Ship Creek and Chester Creek, west of Cordova Street. Greater Anchorage Area Borough (GAAB) was created in 1964, and was granted area wide sewer authority. The last major private sewer utility was acquired by the GAAB in 1972. Investment by the GAAB in the 1970's constructed the J.M. Asplund Wastewater Treatment Facility for Anchorage, the Girdwood Wastewater Treatment Facility and the Eagle River Wastewater Treatment Facility. The wastewater utility is now owned and governed by the Municipality of Anchorage as a result of unification of the City of Anchorage and the GAAB on September 15, 1975. The rivers, creeks and inlets downstream from Anchorage's wastewater treatment facilities are not adversely impacted by treated effluent, which is AWWU's principal measure of success. The Anchorage community benefits from the superior operation of the three wastewater treatment plants that serve its growing population. Anchorage's public wastewater utility has grown into an enterprise with a net plant in service of approximately \$390 million.

### **Governance**

AWWU has a seven-member Board of Directors as codified in Anchorage Municipal Code section 4.80.020. The Board is appointed by the Mayor to staggered 3-year terms, with nominees subject to Assembly approval. The Board, by code, makes recommendations to the Mayor, establishes procedures for customer complaints, and recommends changes in code to the Assembly that the Board deems necessary or desirable for the efficient operation of the Utility or for the benefit of its customers. The authority for operation and management of the Utility is under the control of the Mayor. The Board members are very experienced professionals in the fields of law, accounting, engineering, and public health, in addition to 2 at-large citizen members. Regular meetings are held monthly and are open to the public. Board meetings focus on Utility operations and highlights.

### **Economic Regulation and Accounting**

Since 1970, both the Anchorage Water Utility (AWU) and the Anchorage Wastewater Utility (ASU) have been regulated by the Alaska Public Utilities Commission (APUC), which was renamed the Regulatory Commission of Alaska (RCA) on July 1, 1999. AWU and ASU each hold a Certificate of Public Convenience and Necessity for serving portions of the Anchorage Bowl, Eagle River and Girdwood. The RCA must approve all rates and tariffs prior to implementation. They also regulate service areas and service quality. The RCA is composed of five members appointed to six-year staggered terms by the Governor of the State of Alaska and confirmed by the State Legislature.

AWWU is an Enterprise Fund. Enterprise Funds are used to account for operations where costs of providing services to the general public on a continuing basis are financed or recovered primarily through user charges or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or change in net assets is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

AWWU applies all applicable provisions of the Governmental Accounting Standards Board (GASB) which has authority for setting accounting standards for governmental entities. The accounting records of the Utility conform to the Uniform System of Accounts prescribed by the National Association of Regulatory Utility Commissioners (NARUC). The accrual basis of accounting is used for Enterprise Funds. Revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recognized in the period incurred, if measurable.

### **Environmental Regulation**

AWU's activities are dictated by a wide variety of environmental regulations administered by the EPA and the Alaska Department of Environmental Conservation (ADEC). Potable water produced by AWU must comply with the regulations promulgated under the Safe Drinking Water Act (SDWA). The SDWA is the main federal law governing the quality of drinking water in the United States. The ADEC has authority (primacy) to administer the SDWA regulations for the EPA. The SDWA sets standards for the chemical and microbial quality of drinking water and establishes requirements for informing the public.

ASU's activities are also dictated by a wide variety of environmental regulations administered by the EPA and the ADEC. All wastewater discharges must comply with the regulations promulgated under the Clean Water Act (CWA). The CWA is the main federal law governing discharges into the waters of the United States. The CWA requires that each treatment facility have a unique National Pollution Discharge Elimination System (NPDES) permit that specifies the discharge limits from each facility for a wide variety of chemical and biological constituents. The ADEC has authority (primacy) to issue and administer the NPDES permits for ASU's Eagle River and Girdwood WWTFs. Authority to issue and administer the 301(h) modification for the Asplund WWTF has been retained by EPA, due to the special conditions of this discharge as outlined in section 301(h) of the CWA. In addition to the CWA laws, ASU's sewage sludge incinerator must also comply with the provisions specified in Title V of the Clean Air Act (CAA). ADEC has primacy for the CAA and administers the permit for EPA.

Failure to comply with the regulations promulgated under the SDWA, CWA and CAA can result in fines and/or compliance orders and criminal charges.

### **Physical Plant**

The John M. Asplund Wastewater Treatment Facility is one of the few facilities in the nation operating as a primary treatment facility under Section 301(h) of the Clean Water Act. The primary treatment provided by this facility removes up to 46% of the biological oxygen demand (BOD) and

80% of the solids from the influent wastewater meeting the criteria necessary for discharge to the marine waters of Cook Inlet.

The smaller Eagle River and Girdwood Wastewater Treatment facilities provide advanced secondary treatment prior to discharge to Eagle River and Glacier Creek respectively. These facilities remove up to 99% of the pollutants from the incoming wastewater prior to discharge.

In 2017, the Asplund Wastewater Treatment Facility treated an average of 26.8 million gallons per day (mgd). The Eagle River Wastewater Treatment Facility treated an average 1.7 mgd and the Girdwood Wastewater Treatment Facility treated 0.4 mgd. The three facilities have a combined design capacity of 61.1 mgd. The wastewater collection system has approximately 759 miles of pipes.

The Asplund Facility, built in 1972, is Alaska's largest wastewater treatment plant. As wastewater treatment technology and the demands of community growth have developed over the last two decades, utility operators and engineers have kept pace. The Asplund plant underwent major renovations in 1982, and expanded and upgraded again in 1989.

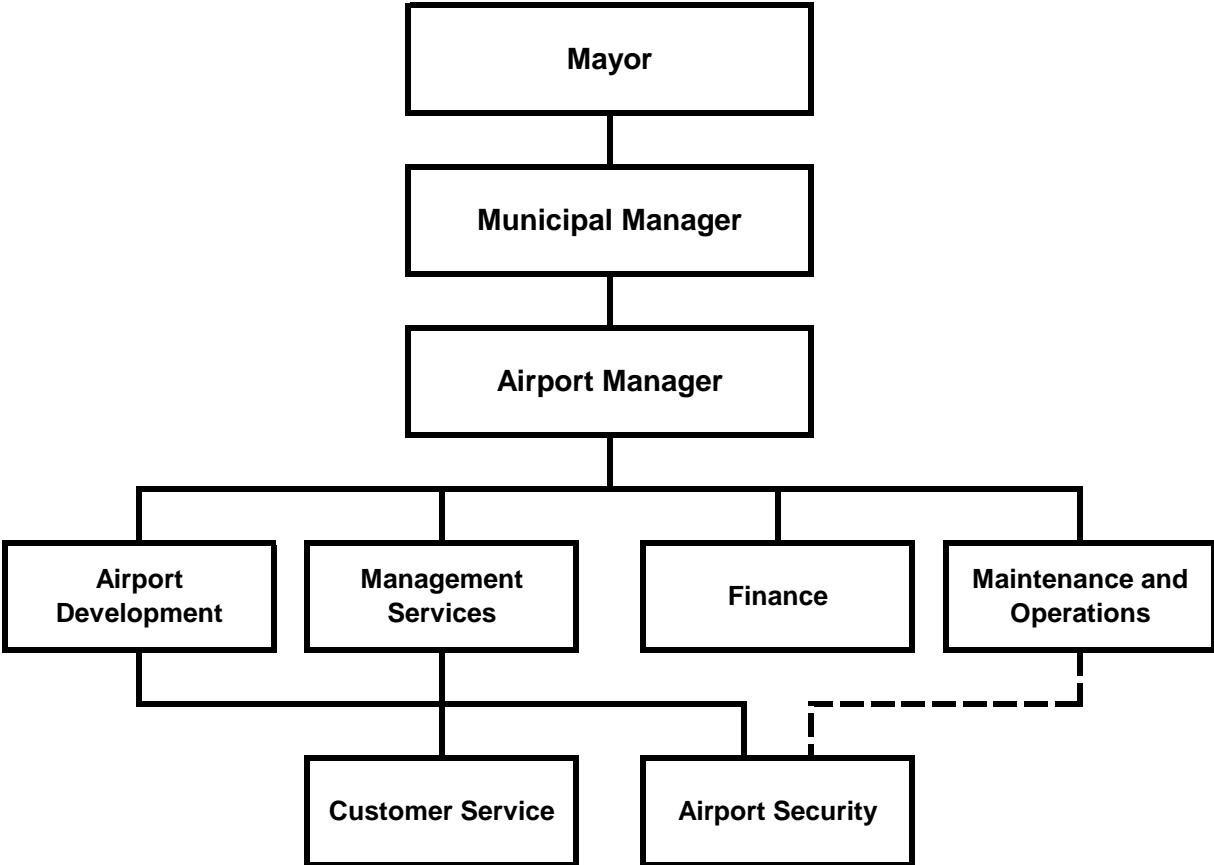
A facilities plan update was prepared in 1999. The 1999 facilities plan evaluated the existing condition of the Asplund facility and identified improvements necessary to meet the future needs of the community. The facilities plan identified over \$40 million worth of improvements to the solids handling, headworks, administration, laboratory, incineration, and thickening processes and control and power systems. AWWU undertook a majority of the recommended Asplund projects. These projects, along with careful operation, have made Asplund a modern, state-of-the-art treatment facility. In 2014, an updated Facilities plan was prepared for Asplund. The plan recommended over \$17M of additional investment in Asplund over ten years' time to rehabilitate and maintain aging infrastructure. A significant portion of those recommendations have been completed since 2014 with more to be completed in 2019. ASU continues to maintain its smaller treatment plants. Additional projects at Eagle River and Girdwood are underway, all designed to replace, rehabilitate and provide for the near-term needs of the areas being serviced.

AWU's three sources of water are Eklutna Lake, Ship Creek and groundwater accessed through a system of wells in the Northern Communities, the Anchorage Bowl and Girdwood Valley. Eklutna Water Treatment Facility and the wells which supply Girdwood are operated year-round and serve as the primary supply sources for the two water systems. The Ship Creek Water Treatment Facility and the remainder of water wells are used to augment the primary water supply as well as provide redundancy to the Eklutna source for Eagle River and the Anchorage Bowl.

Of these sources, the Eklutna Water Treatment Facility (WTF) now provides, on average, 89 percent of total water production for the Northern Communities and the Anchorage Bowl. In Girdwood, where system demand constitutes less than 2 percent of AWWU's total water production, all water produced and distributed is from two wells.

Projects to maintain the surface water plants and AWU's wells are on-going. The purpose of these projects is multiple fold: to rehabilitate and upgrade facilities where equipment has reached the end of its useful life; to automate and increase operational efficiency of facilities; to increase yield from existing well sites; and to meet stricter federal and state regulations regarding water quality.

# Merrill Field Airport



## **Merrill Field Airport Organizational Overview**

Merrill Field Airport is functionally structured as a single department. Department personnel include the Airport Manager and five (four presently) office staff, plus four maintenance personnel.

The Airport Manager is responsible for overall management, airport operations, risk mitigation and operational tone/policies/direction of the Airport. The Airport Manager is also the primary point of contact with the FAA regarding capital and airport planning, operations, and capital development, as well as the MRI spokesman in representations to the media.

The Administrative staff conducts the day-to-day operation of the Airport, including property management and servicing of leasehold and tie-down customers, as well as oversight/coordination of planning, design, and oversight of Airport infrastructure construction. All office staff are one deep and specialized, per job duties. An additional staff person was added in 2016 in anticipation of the retirement of both our Office Manager and Leasing Specialist. This new staff person presently fills undermet demands and cross trains to become familiar with Office Manager and Leasing Specialist duties.

Maintenance personnel provide maintenance and operation of Airport facilities and equipment, as well as maintenance of all operating surfaces on the airport - runways, taxiways, roads, and aircraft tiedown areas that are not on leased property. Such responsibilities include snow removal, sanding, airfield maintenance, including coordination of Notices to Airmen (NOTAMs) and currency of the regularly updated and continuously broadcast Air Traffic Information Service (ATIS).



## Merrill Field Airport Business Plan

### Mission

Merrill Field Airport is committed to operating and maintaining a safe and efficient airport that meets the aviation and business needs of the community.

### Services

Merrill Field is a primary commercial service airport and serves as a general aviation reliever for Anchorage International Airport. Home base to ~8.8% of all aircraft registered in Alaska, Merrill Field was the 102nd busiest airport in the nation in 2017.

### Business Goals

- Enhance the Airport's role as the major general aviation transportation facility serving Anchorage and outlying areas within Alaska by providing services that promote and encourage use of the Airport by the general aviation community.
- Maintain overall Airport leasing policies and pricing strategies that attract aviation support services and related businesses to Merrill Field and encourages long and short term private sector investments.
- Support MOA modifying its building permit processes to encourage long and short term private sector investments at Merrill Field.
- Practice sound fiscal management to enable Merrill Field to increase its value, both to its customers and to its owner, the Municipality of Anchorage.
- Take advantage of new technologies to maximize the use and efficiency of available resources.
- Understand and be responsive to our customers to better meet their needs by providing the services and facilities they desire. This includes maintaining those facilities in a fully functional, efficient and safe condition by continually improving their utility, quality, and appearance.
- Maximize the use of Federal Airport Improvement Program (AIP) grants to provide facilities that will safely and adequately meet the needs of general aviation.
- Meet requisite FAA sponsor assurances resultant from AIP grant acceptance.

### Strategies to Achieve Goals

Merrill Field's strategic plan provides a framework to achieve results for the customer:

1. Maintain a pro-active anti-noise policy, asking pilots to follow established noise-reducing practice, including implementation of a late night 'Quiet Hours' protocol that restricts Touch & Go operations to one take-off and one landing per pilot *at MRI* between the hours of 10PM and 7AM (local). Maintain a close working relationship and coordinate with the MRI FAA ATCT.
2. Maintain positive relations with neighboring Community Councils by encouraging their comments and actively addressing their concerns.
3. Work in close coordination with the Municipal Airports Aviation Advisory Commission, Fixed Based Operators, and Airport users.
4. Continue to aggressively seek and obtain both FAA and State grant funding for the MRI Airport Capital Improvement Program.
5. Provide infrastructure to meet customer demand.
6. Maintain revenues at a level adequate to cover inflation, fund MOA and FAA mandated costs, and meet airport objectives by:
  - a. increasing facility productivity.

- b. adjusting user fees and/or lease rates annually.
- 7. Minimize expenses by:
  - a. Reducing or eliminating services where the impact is minimal.
  - b. Employing economies of scale whenever possible.
  - c. Deferring expenses, within practical limits.
  - d. Performing functions in-house when cost-efficient to do so and workloads permit.
- 8. Take advantage of new technology:
  - a. Continue refinement and enhancement of existing programs to facilitate better data resource management, including enabling fiber optic cabling and surveillance cameras airport-wide.
  - b. Continue replacing computer hardware, as required, to ensure the efficient processing of data.
- 9. Maintain database and management reporting capabilities.
- 10. Maintain runways, taxiways, and tie-down aprons in a safe and secure condition.
- 11. Expediently and systematically remove snow from airport surfaces. Ensure NOTAMs (Notices to Airmen) and ATIS (Air Traffic Information Service) are both proactive, accurate and current.
- 12. Continue long term planning, development, and construction of quality airport facilities through the Airport Master Plan process.
- 13. Provide technical assistance to lessees on issues associated with federally mandated environmental programs.
- 14. Endeavor to reduce the number of runway incursions (Vehicle/Pedestrian Deviations or VPDs).
- 15. Manage and develop Orca St properties to maintain and maximize lease rental revenue.
- 16. Pursue development of new lease lots and encourage development of commercial aviation facilities on current leaseholds.
- 17. Perform asphalt crack sealing of runways/taxiways/apron areas to extend the life expectancy of these surfaces.
- 18. Fund pre-grant expenses for engineering services on grant-eligible projects.
- 19. Enhance the utility of existing tiedown aprons, taxiways, and roadways.
- 20. Expand aircraft aprons and taxiways as needed to meet demand.
- 21. Actively market Airport facilities and services.
- 22. Acquire planned acquisition of identified parcels southwest of the Runway 16/34 safety area to ensure compatible land use as listed on the master plan.
- 23. Identify high priority projects to be included in the FAA 5-Year Airport Capital Improvement Plan (ACIP), thereby helping Merrill Field to more effectively compete nationally for AIP grant funds.
- 24. Secure engineering services for project preliminary design, final design, contract specifications, bid award, and construction supervision.

**Performance Measures to Track Progress in Achieving Goals**

Merrill Field measures progress in achieving these customer commitments using the following set of quantifiable performance measures.

- 1. Number of Vehicle-Pedestrian Deviations (VPDs)
- 2. Number of unfulfilled requests for aircraft parking space – Electrical Drive-Through
- 3. Percentage of lease spaces currently leased
- 4. Percent of runway pavement above the minimum PCI value of 70
- 5. Percent of apron pavement above the minimum PCI value of 60
- 6. Percent of taxiway pavement above the minimum PCI value of 60

## Merrill Field Airport

*Anchorage: Performance. Value. Results.*

### Mission

Safely operate and maintain Merrill Field Airport to meet the aviation and business needs of our customers.

### Core Services

- Maintain runways, taxiways, and aircraft parking aprons in a safe and secure condition.
- Provide space to operate and park aircraft.
- Provide lease space for private enterprises to support air transportation.

### Accomplishment Goals

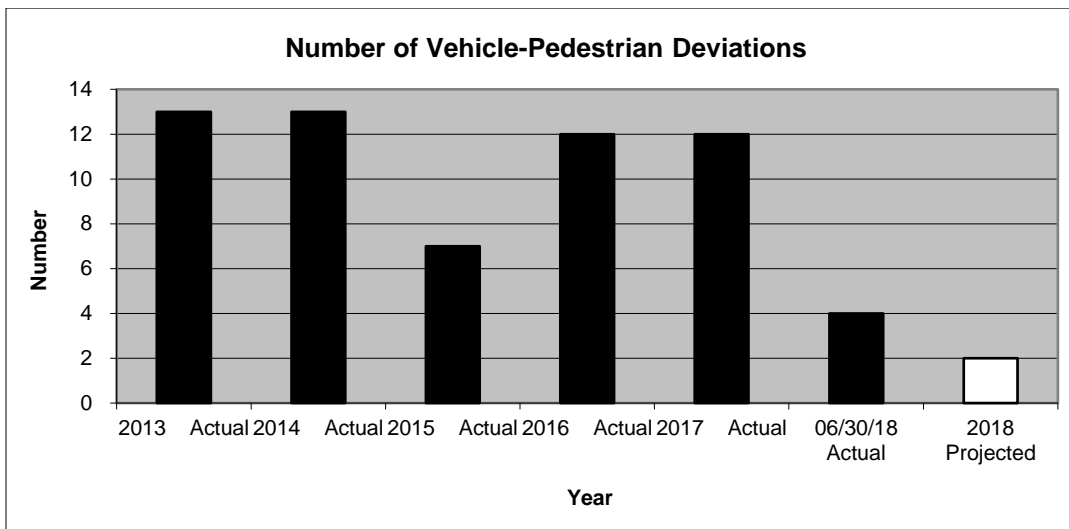
- Reduce the number of vehicle-pedestrian deviations (VPDs) - unauthorized entry into restricted areas.
- Provide sufficient aircraft parking area and business lease space to meet public demand.
- Repair and improve surface conditions on all Runway operating surfaces with a Pavement Condition Index (PCI) below 70 and all Taxiway, Apron & Roadway operating surfaces with a PCI below 60 (on a scale of 1 – 100 with 100 being the best condition).

### Performance Measures

Progress in achieving goals will be measured by:

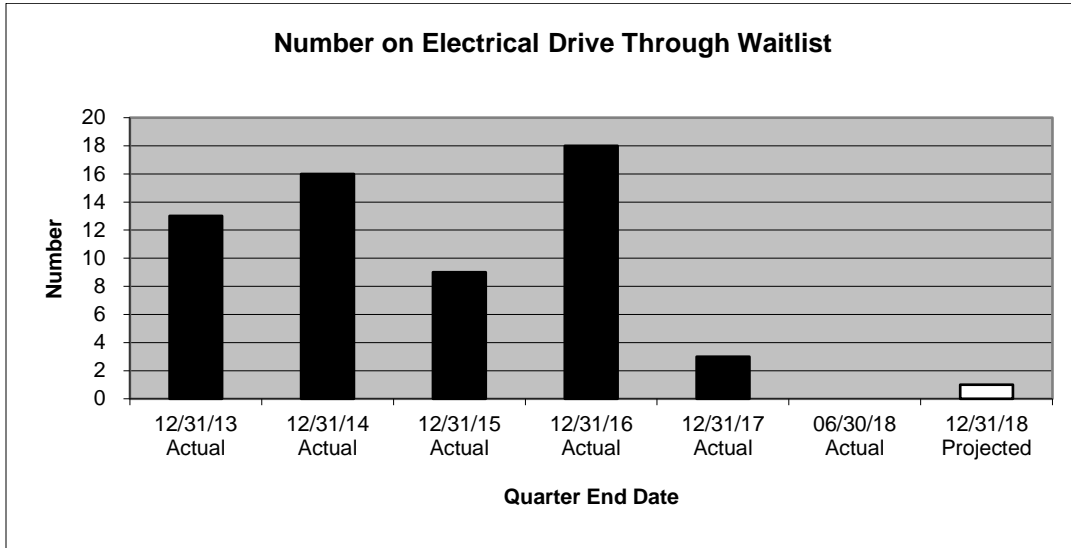
**Measure #1: Number of Vehicle-Pedestrian Deviations (VPDs)**

2017 Actual	06/30/18 Actual	2018 Projected
12	4	2



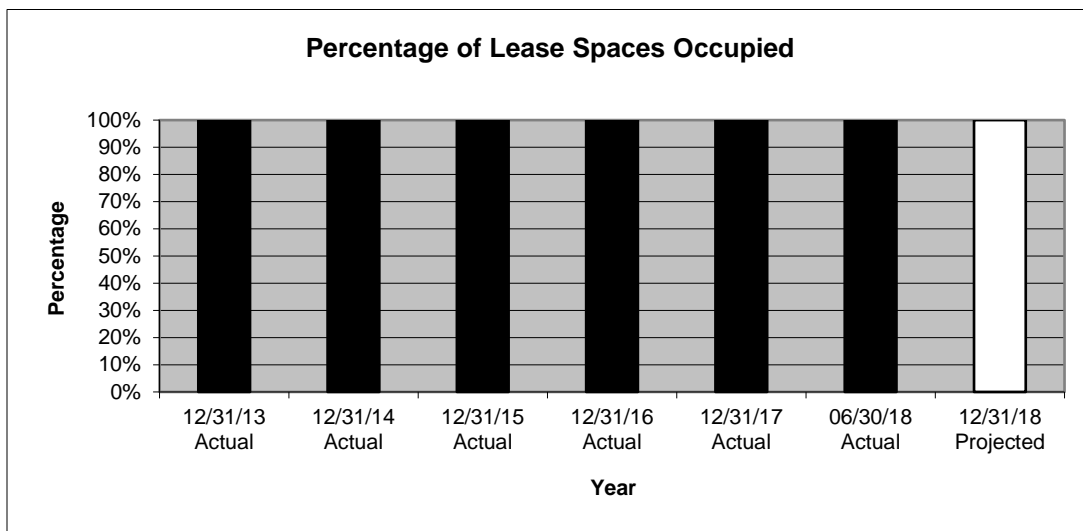
**Measure #2: Number of unfulfilled requests for aircraft parking space – Electrical Drive Through**

12/31/17 Actual	06/30/18 Actual	12/31/18 Projected
3	0	1



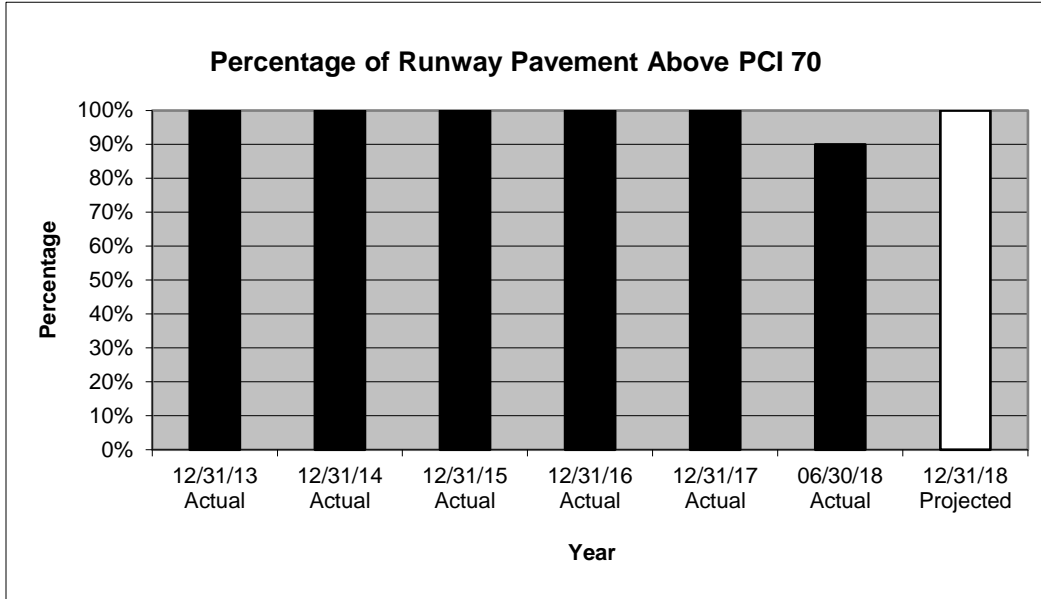
**Measure #3: Percentage of lease spaces currently leased**

12/31/17 Actual	06/30/18 Actual	12/31/18 Projected
(54/54)	(55/55)	(55/55)
100.00%	100.00%	100.00%



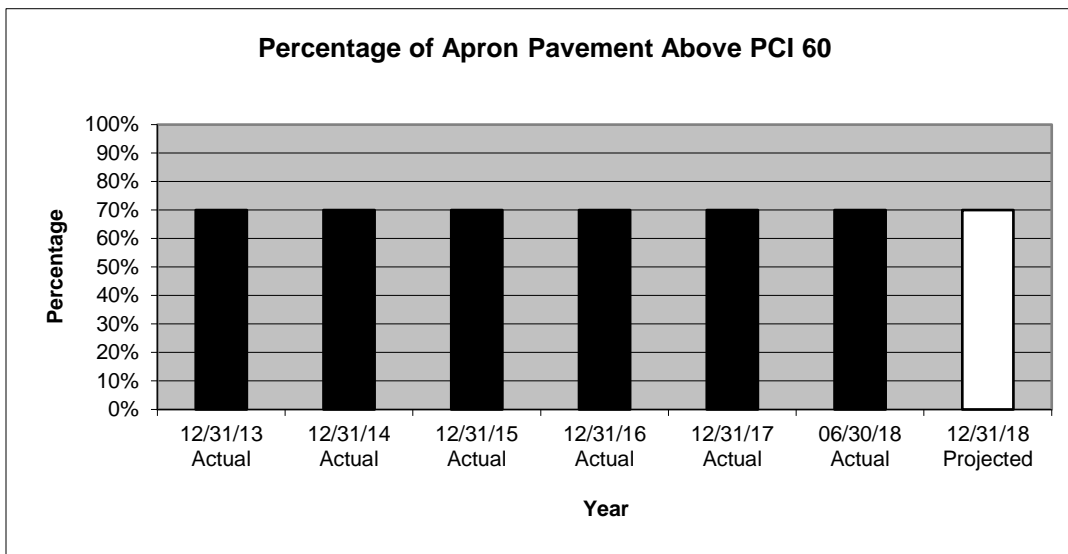
**Measure #4: Percent of runway pavement above the minimum PCI value of 70**

12/31/17 Actual	06/30/18 Actual	12/31/18 Projected
100%	90%	100%



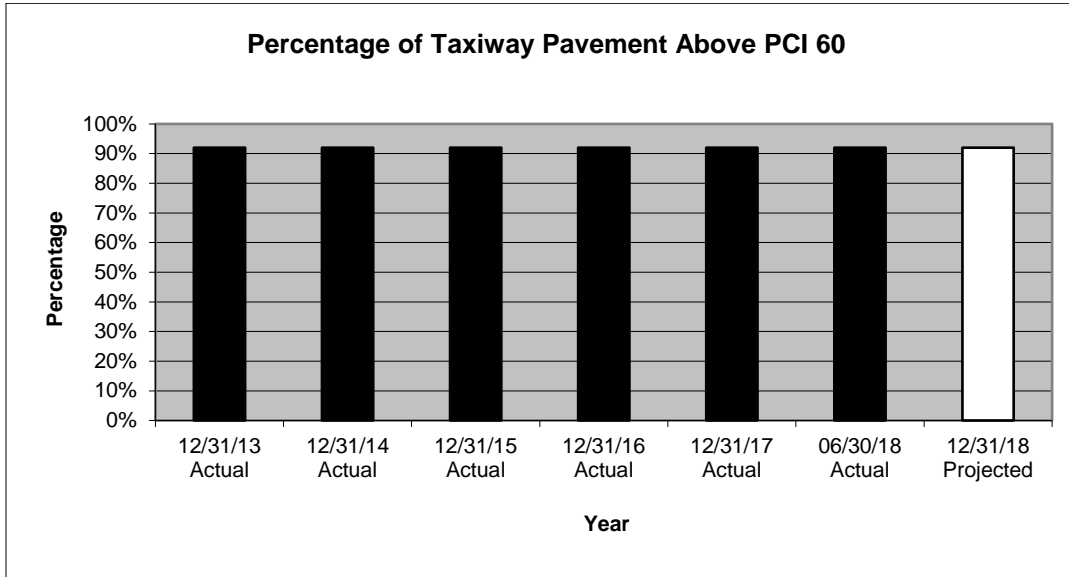
**Measure 5: Percent of apron pavement above the minimum PCI value of 60**

12/31/17 Actual	06/30/18 Actual	12/31/18 Projected
70%	70%	70%



**Measure #6: Percent of taxiway pavement above the minimum PCI value of 60**

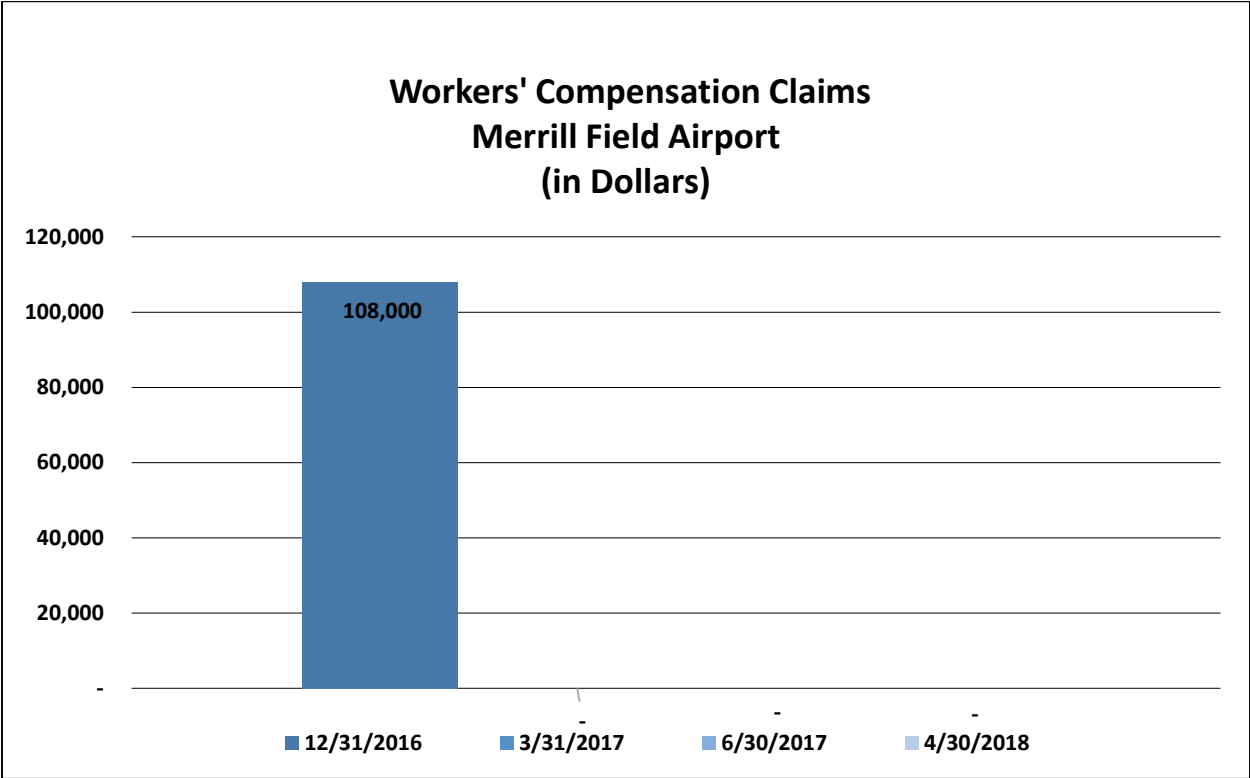
12/31/17 Actual	06/30/18 Actual	12/31/18 Projected
92%	92%	92%



**PVR Measure WC: Managing Workers' Compensation Claims**

Reducing job-related injuries is a priority for the Administration by ensuring safe work conditions and safe practices. By instilling safe work practices, we ensure not only the safety of our employees but reduce the potential for injuries and property damage to the public. The Municipality is self-insured and every injury poses a financial burden on the public and the injured worker's family. It just makes good sense to WORK SAFE.

Results are tracked by monitoring monthly reports issued by the Risk Management Division.



## Merrill Field Airport Highlights and Future Events

Merrill Field (MRI) continues to develop its economic revitalization program through cooperative efforts of the business owners, airport management, and surrounding communities. Over the past 3 years, private development has invested almost \$20 million in constructing new aviation related facilities plus remodeling existing hangars, parts facilities, and renovations, substantially adding to MOA tax revenues. The Administration updated its Merrill Field lease terms in 2016, which included incorporation of Anchorage Consumer Price Index (ACPI) based proactive annual rate adjustments rather than historic multi-year-in-arrear reactive adjustments, and this resulted in benefits to both MRI and the airport leaseholders, makes Merrill Field leases more competitive with State airport leases, and provides leasing stability by tying lease rate adjustment to the Anchorage Consumer Price Index.

CY2018 private sector investments on MRI included a significant hangar expansion by Alaska Airframes of the Reeve Air Motive business/hangar they purchased, and D&D Airpark (AeroTech) worked on a multiple hangar construction/re-development project of the former Aero Tech Flight Training leasehold on the east side of Runway 16/34, The former 'Quonset Hut' leasehold (north of Merrill Field Drive, west of Txy G) for a commercial site was developed by Alaska Air Transit, for a multi-million hangar on that site. Two additional hangar lease sites were also promoted for 2018 development.

Projects for 2018 included; Phase 6 of the Dynamic Compaction of a portion of Taxiway Quebec, and Phase 4 of the Airfield Security Camera, Ramp Lighting and Fiber Optic Cable installation on Orca St and Whiskey areas of the airfield incorporating Airfield Gate Operator refurbishments/replacements, fiber optic cable and additional camera installations. The installation of runway lights and a lighted windsock on MRI's gravel/ski 05/23 runway was completed.

During the 2<sup>nd</sup> quarter of 2018, MRI was made aware of the opportunity to apply for a significance increase in FAA capital grant funds from their typical program allocations of \$5-\$7M for up to potential \$14M. However MRI was challenged with the availability of minimal match (approx. 5%) required given their current income stream and worked collaboratively with Municipality's Public Finance department to set-up a short-term borrowing program, with very favorable low interest rates to provide the required match should MRI be fortunate to have the opportunity to received additional federal resources.

For CY2019, with a successful FAA funding increase, MRI plans to move forward on completing Phase 7 of the Dynamic Compaction to include extensive apron compaction. In addition MRI would apply FAA grant funds for the reconstruction of the Golf Taxiway (which is *contiguous to but not part of* the Phase 7 project).

MRI continues to promote the benefits, services and economic contributions to the community. Statistics identified in their Economic Impact documents as part of their Airport Master Plan recognized that MRI is responsible for approximately 600 direct, indirect, and induced in-state jobs, and that four air taxi operators are based here, including one that provides non-stop service from MRI to Prudhoe Bay.



## **Merrill Field Airport External Impacts**

Merrill Field Airport (MRI) is classified as a Primary Non-Hub airport that also serves as a general aviation reliever airport to Ted Stevens Anchorage International Airport (ANC). With approximately 130,000 take offs and landings per year, MRI is the major general aviation link between Anchorage and surrounding rural communities. With over 50 aviation businesses and 830+ based aircraft, MRI provides a positive economic impact to Anchorage. Approximately 16% of all flight operations in Alaska are at or out of MRI; MRI also has more Touch & Go operations than any other airport in the nation.

The MRI Economic Impact brochure, completed as part of the ongoing Airport Master Plan, highlighted the economic and community benefits of the Airport, which noted that MRI is responsible for approximately 600 direct, indirect, and induced in-state jobs, and that four air taxi operators are based here, including one that provides non-stop service from MRI to Prudhoe Bay! There are two rotorcraft flights schools and now five fixed wing flight schools on MRI.

MRI is one of the few airports in the nation that has a taxiway link connecting directly to a hospital (Alaska Regional). Medevac aircraft land and taxi directly to the hospital and the patient is literally transferred from the aircraft onto a gurney and wheeled into the hospital emergency room. This service saves valuable minutes in critical situations and it is regularly utilized.

MRI continues to remain debt-free by pursuing federal airport grant funds for all grant-eligible capital improvement projects by working with federal grant managers to secure all available grant funding as it becomes available. These funds are used to develop/continue its economic revitalization program through cooperative efforts of the business owners, airport management, and surrounding communities.

Since its beginning in 1930 when MRI was built on the outskirts of Anchorage, MRI has become encroached by residential and commercial development. As a result, the airfield layout is geometrically constrained without taxiway separation from individual leasehold apron areas, which effectively makes MRI taxiways apron edge taxi-lines. This apron-edge taxi-lane configuration easily enables vehicles to inadvertently trespass onto the adjacent taxiway thereby creating a Vehicle Pedestrian Deviation (VPD).

To address this, in our MRI Runway Safety Program we have implemented operational procedures and provided numerous capital improvements in an effort to curb this trespass problem. Further, reconfiguration of apron-edge taxi-lanes (better delineation and the installation of taxiway lighting) has been proposed to FAA and will be pursued for north side Taxiway Alpha. Through cooperative efforts of Airport leaseholders and implementation of our Driver Training Program, there has been a dramatic decrease in trespass incidents, from the historic number in the hundreds to 19-or-less per year over the past decade. Our ongoing goal is to improve Airport fencing and perimeter/gate security, continue education of and utilize support of the Airport leaseholders and businesses to make VPDs the exception rather than a periodic occurrence.

MRI noise complaints have also dramatically decreased since implementing a “Fly Friendly” program that includes a revised standard protocol for all rotorcraft Touch & Go operations,

emphasizing the use of Runway 34 only when the wind is out of the north or south; landing long (further down the runway); using steeper ascent and descent angles, to the degree practicable; and using Bryant Army Airfield (on JBER) for rotorcraft training, when it is available. A “Quiet Hours” program that allows only one take off and one landing per aircraft at MRI between the hours of 10PM and 7AM (local) is also being implemented to discourage repetitive Touch & Go ops during these hours, which operations have significant noise impacts on neighboring communities. (If an operator wants to conduct Tough & Go’s during these times, they can do so elsewhere at other southcentral airports, such as ANC, LHD, Wasilla, Palmer, etc.)

## Merrill Field Airport Workforce Projections

<b>Division</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Airport Manager	1	1	1	1	1	1	1	1
Airport Development	1	1	1	1	1	1	1	1
Finance	1	1	1	1	1	1	1	1
Management Services	3	2	2	2	2	2	2	2
Maintenance Technicians	4	4	4	4	4	4	4	4
<b>Total Full Time</b>	<b>10</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>
Part-time/Temporary	2	2	2	2	2	2	2	2
<b>Total Part Time</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Total Positions</b>	<b>12</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>
<b>Total FTE</b>	<b>10.5</b>	<b>9.5</b>	<b>9.5</b>	<b>9.5</b>	<b>9.5</b>	<b>9.5</b>	<b>9.5</b>	<b>9.5</b>

*Merrill Field will hire up to three temporary seasonal employees for 3 months each summer, depending upon the impact of the previous winter's ops expenses experienced.*

## Merrill Field Airport 8 Year Summary

(\$ in thousands)

Financial Overview	<i>DRAFT</i>							
	2017 Actuals	2018 Proforma	2019 Proposed	2020	2021	2022	2023	2024
	Forecast							
Operating Revenues (1)	1,741	1,749	1,788	1,790	1,792	1,793	1,795	1,797
Operating Expenses (2)	5,000	4,292	4,745	4,750	4,754	4,759	4,764	4,769
<b>Net Operating Income (Loss)</b>	<b>(3,259)</b>	<b>(2,543)</b>	<b>(2,957)</b>	<b>(2,960)</b>	<b>(2,963)</b>	<b>(2,966)</b>	<b>(2,969)</b>	<b>(2,972)</b>
(1): Revenues are projected to change at the rate of the Consumer Price Index (CPI). Capital grant revenue is not included.								
(2): Expenses shown include all depreciation, including depreciation on assets purchased with grant funds.								
Budgeted Positions	12	11	11	11	11	11	11	11
Capital Program	9,822	8,932	24,673	6,704	3,000	3,400	-	-
Bond Sales	-	-	-	-	-	-	-	-
Net Plant (12/31)	68,203	74,430	96,332	98,687	97,091	95,949	91,612	87,471
Utility Revenue Distribution	-	-	-	-	-	-	-	-
Net Assets (12/31)	72,061	78,450	100,166	103,910	103,947	104,381	101,412	98,440
Cash and Cash Equivalents	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Construction Cash Pool	-	-	-	-	-	-	-	-
Bond Redemption Cash	-	-	-	-	-	-	-	-
<b>Total Cash</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
IGCs from General Government	577	(181)	250	255	260	265	270	275
MESA	38	39	45	50	64	66	65	64
Total Debt	-	-	863	-	-	-	-	-
Debt/Equity Ratio	0/100	0/100	863/0	0/100	0/100	0/100	0/100	0/100
Rate Change Percent (3)	0.0%	-0.5%	0.0%	0.0%	0.0%	0.5%	0.5%	0.5%
(3): Rate increases shown in future years are for purposes of projections only and have not been approved for implementation. The intent is to reflect CPI coverage to maintain established operating budgets. Merrill Field Airport will continue to strive to find ways to avoid projected rate increases.								
<b>Lease Rate/Square Foot/Year</b>	<b>\$0.208</b>	<b>\$0.207</b>	<b>\$0.208</b>	<b>\$0.208</b>	<b>\$0.208</b>	<b>\$0.209</b>	<b>\$0.210</b>	<b>\$0.211</b>
Tail-In Space Per Month	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$60
Drive-Through Space Per Month	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70
<b>Statistical/Performance Trends</b>								
Based Aircraft	826	826	826	826	826	826	826	826
Municipal Tiedowns	529	529	529	529	529	529	529	529
Flight Operations/Calendar Year	130,423	130,000	130,000	130,000	130,000	130,000	130,000	130,000
National Airport Ranking by Calendar Year	96th	96th	96th	96th	96th	96th	96th	96th

## Merrill Field Airport Statement of Revenues and Expenses

*DRAFT*

	2017 Actuals	2018 Proforma	2018 Revised	19 v 18 \$ Change	2019 Proposed	19 v 18 % Change
<b>Operating Revenue</b>						
Airport Lease Fees	702,316	687,000	703,000	-	703,000	0.0%
Airport Property Rental	347,525	488,000	528,000	-	528,000	0.0%
Permanent Parking Fees	288,523	280,000	278,000	-	278,000	0.0%
Transient Parking Fees	8,360	9,000	9,000	-	9,000	0.0%
Vehicle Parking	49,902	53,000	49,000	-	49,000	0.0%
MOA Aviation Fuel Fees	85,388	59,000	68,000	-	68,000	0.0%
SOA Aviation Fuel Fees	15,218	15,000	18,000	-	18,000	0.0%
Medevac Taxiway Fees	54,235	52,000	52,000	-	52,000	0.0%
Other Revenue	146	9,000	10,000	-	10,000	0.0%
<b>Total Operating Revenue</b>	<b>1,551,613</b>	<b>1,652,000</b>	<b>1,715,000</b>	<b>-</b>	<b>1,715,000</b>	<b>0.0%</b>
<b>Non Operating Revenue</b>						
Operating Grant Revenue	155,794	-	-	-	-	0.0%
Unrealized Gain/(Loss) on Investments	(573)	15,000	20,000	-	20,000	0.0%
Interest Income	(30,416)	30,000	40,000	-	40,000	0.0%
Other Revenue	64,211	52,000	13,000	-	13,000	0.0%
<b>Total Non Operating Revenue</b>	<b>189,016</b>	<b>97,000</b>	<b>73,000</b>	<b>-</b>	<b>73,000</b>	<b>0.0%</b>
<b>Total Revenue</b>	<b>1,740,629</b>	<b>1,749,000</b>	<b>1,788,000</b>	<b>-</b>	<b>1,788,000</b>	<b>0.0%</b>
<b>Operating Expenses</b>						
Labor						
Labor and Benefits	1,121,867	1,219,000	901,772	6,266	908,038	0.7%
Overtime	15,934	14,000	12,000	-	12,000	0.0%
<b>Total Labor</b>	<b>1,137,801</b>	<b>1,233,000</b>	<b>913,772</b>	<b>6,266</b>	<b>920,038</b>	<b>0.7%</b>
Non Labor						
Non Labor	587,676	496,000	586,000	-	586,000	0.0%
Travel	-	-	-	-	-	0.0%
Depreciation and Amortization	2,658,076	2,705,000	2,771,000	-	2,771,000	0.0%
Transfers (MESA and Gross Receipts)	38,899	38,900	45,278	-	45,278	0.0%
<b>Total Non Labor</b>	<b>3,284,651</b>	<b>3,239,900</b>	<b>3,402,278</b>	<b>-</b>	<b>3,402,278</b>	<b>0.0%</b>
<b>Total Direct Cost</b>	<b>4,422,452</b>	<b>4,472,900</b>	<b>4,316,050</b>	<b>6,266</b>	<b>4,322,316</b>	<b>0.1%</b>
Charges to Other Departments	(204,225)	(587,000)	(375,960)	-	(375,960)	0.0%
Charges from Other Departments	781,697	406,247	691,171	(64,854)	626,317	-9.4%
<b>Total Operating Expense</b>	<b>4,999,924</b>	<b>4,292,147</b>	<b>4,631,261</b>	<b>(58,588)</b>	<b>4,572,673</b>	<b>-1.3%</b>
<b>Non Operating Expense</b>						
Financing Costs on Short Term Obligations	-	-	-	172,756	172,756	0.0%
<b>Total Non Operating Expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>172,756</b>	<b>172,756</b>	<b>0.0%</b>
<b>Total Expenses (Function Cost)</b>	<b>4,999,924</b>	<b>4,292,147</b>	<b>4,631,261</b>	<b>114,168</b>	<b>4,745,429</b>	<b>2.5%</b>
<b>Net Income</b>	<b>(3,259,295)</b>	<b>(2,543,147)</b>	<b>(2,843,261)</b>	<b>(114,168)</b>	<b>(2,957,429)</b>	<b>4.0%</b>
<b>Appropriation:</b>						
<b>Total Expenses</b>			<b>4,631,261</b>	<b>114,168</b>	<b>4,745,429</b>	
Less: Non Cash items						
Depreciation and Amortization			2,771,000	-	2,771,000	
Total Non-Cash			2,771,000	-	2,771,000	
<b>Amount to be Appropriated (Cash Expenses)</b>			<b>1,860,261</b>	<b>114,168</b>	<b>1,974,429</b>	

## Merrill Field Reconciliation from 2018 Revised Budget to 2019 Proposed Budget

	Appropriation	Positions		
		FT	PT	T
<b>2018 Revised Budget</b>	4,631,261	9	2	-
<b>Transfers (to)/from Other Agencies</b>				
- Charges from others - adjustment of IGC charges from General Government (GG)	(64,854)	-	-	-
<b>Changes in Existing Programs/Funding for 2019</b>				
- Salary and benefits adjustments	6,266	-	-	-
- Debt Service	172,756	-	-	-
<b>2019 Continuation Level</b>	<b>4,745,429</b>	<b>9</b>	<b>2</b>	<b>-</b>
<b>2019 Proposed Budget Changes</b>				
- None	-	-	-	-
<b>2019 Proposed Budget</b>	<b>4,745,429</b>	<b>9</b>	<b>2</b>	<b>-</b>
<b>2019 Budget Adjustment for Accounting Transactions (Appropriation)</b>				
- Depreciation and Amortization	(2,771,000)	-	-	-
<b>2019 Proposed Budget (Appropriation)</b>	<b>1,974,429</b>	<b>9</b>	<b>2</b>	<b>-</b>

**Merrill Field Airport**  
**2019 - 2024 Capital Improvement Program**  
(in thousands)

<b>Project Category</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
Buildings and Equipment	2,000	-	1,000	1,400	-	-	4,400
Land Acquisition	3,008	-	-	-	-	-	3,008
Land Improvements	15,512	-	-	-	-	-	15,512
Runways and Taxiways	4,153	6,704	2,000	2,000	-	-	14,857
<b>Total</b>	<b>24,673</b>	<b>6,704</b>	<b>3,000</b>	<b>3,400</b>	<b>-</b>	<b>-</b>	<b>37,777</b>

<b>Funding Source</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
Federal Grants	24,268	6,285	2,812	3,200	-	-	36,565
Equity/Operations	405	419	188	200	-	-	1,212
<b>Total</b>	<b>24,673</b>	<b>6,704</b>	<b>3,000</b>	<b>3,400</b>	<b>-</b>	<b>-</b>	<b>37,777</b>

**Merrill Field Airport**  
**2019 Capital Improvement Budget**  
(in thousands)

Project Title	Federal Grants	State Grants	Equity/ Operations	Total
Rehabilitate Taxiway C South Apron, Phase 7**	3,000	-	-	3,000
Reconstruct Airport's Primary Access Road**	15,000	-	-	15,000
Install Taxiway Lighting and Signage - TWY C (RIMP Phase 1)	750	-	50	800
Acquire Safety and/or Security Equipment (Phase 5)	950	-	50	1,000
Remove Obstruction (1535 Orca Street, Sandoval Property)	480	-	32	512
Acquire Land for Development	2,820	-	188	3,008
Acquire Snow Removal Equipment	938	-	62	1,000
Conduct Miscellaneous Planning Study	330	-	23	353
<b>Total</b>	<b>24,268</b>	<b>-</b>	<b>405</b>	<b>24,673</b>

**\*\*Had requested funding under the Consolidated Appropriations Act,  
Supplemental \$1B AIP Discretionary Funding from FAA for 100% funding with no matching funds**



## **About Merrill Field Airport**

### **Organization**

Five office staff manage the operational and financial affairs of Merrill Field, and four maintenance personnel, with two summer temps, provide maintenance for 8 airport buildings and 437 acres of property. The maintenance function includes all operating surfaces of the airport - runways, taxiways, roads and aircraft tiedown areas that are not on leased property. This includes snow removal, sanding, resurfacing, and maintenance of facilities and equipment.

### **History**

Merrill Field Airport (MRI), established in 1930 and located one mile east of downtown Anchorage, was the first real airport in Alaska and in Anchorage, and served as the primary airport for South Central Alaska until Anchorage International Airport opened in 1954. The airport bears the name of Russel Hyde Merrill, an early Alaskan aviator who disappeared in September 1929 on a flight to Bethel. The first aviation beacon in the Territory of Alaska was located at Merrill Field and was dedicated on September 25, 1932 to honor Russ Merrill.

Today, MRI is classified as a "Non-Hub Primary Commercial Service Airport" and effectively serves as a general aviation reliever airport to Ted Stevens Anchorage International Airport. MRI is presently restricted to aircraft weighing 12,500 pounds or less.

MRI continues to be an integral part of Alaska's transportation network. Over the past several years aircraft operations have varied between 125,000 and 130,000 and based aircraft varied between 800 and 900; 2016's based aircraft numbered 826.

### **Service**

Merrill Field serves as the general aviation link between Southcentral Alaskan communities, rural areas, and Anchorage. Intrastate air traffic to and from Anchorage, with many passengers destined for the downtown and midtown areas, is conveniently served by MRI.

Some of the many services provided at MRI are: sale of aircraft fuel; hangar rental; flightseeing; flight and ground school instruction; aircraft maintenance and repair; sale of parts, supplies, equipment and accessories; aerial photography; propeller repair; aviation electronics; aircraft sales, rentals and charters; power plant and airframe training; a fully accredited University of Alaska Aviation Technology Division campus offering Baccalaureate/Associate degree and A&P License programs in piloting and aviation management; and direct Medevac taxiway connection to Alaska Regional Hospital.

### **Regulation**

Merrill Field is required to meet Federal Aviation Administration, Alaska Department of Transportation and Public Facilities, and Municipal regulations. Additionally, the Municipal Airports Aviation Advisory Commission advises and makes recommendations to the Administration and Assembly on all matters pertaining to the operating budget, rules, regulations, and administrative guidelines at Merrill Field.

### **Environmental and Other Mandates**

There are many federally mandated programs which have a direct impact on the Airport's operating costs. The Clean Water Act, Civil Rights Act, Americans With Disabilities Act, Community Right To Know, Underground Storage Tank Regulations, and Clean Air Act are some of the current laws which have and will continue to affect the Airport. Approximately 40%

of the MRI airfield land mass is atop the former Anchorage Municipal landfill, which was closed in 1987. As a result of this residual underlying trash mass, significant environmental challenges and additional development costs exist for airfield development and construction.

### **Physical Plant**

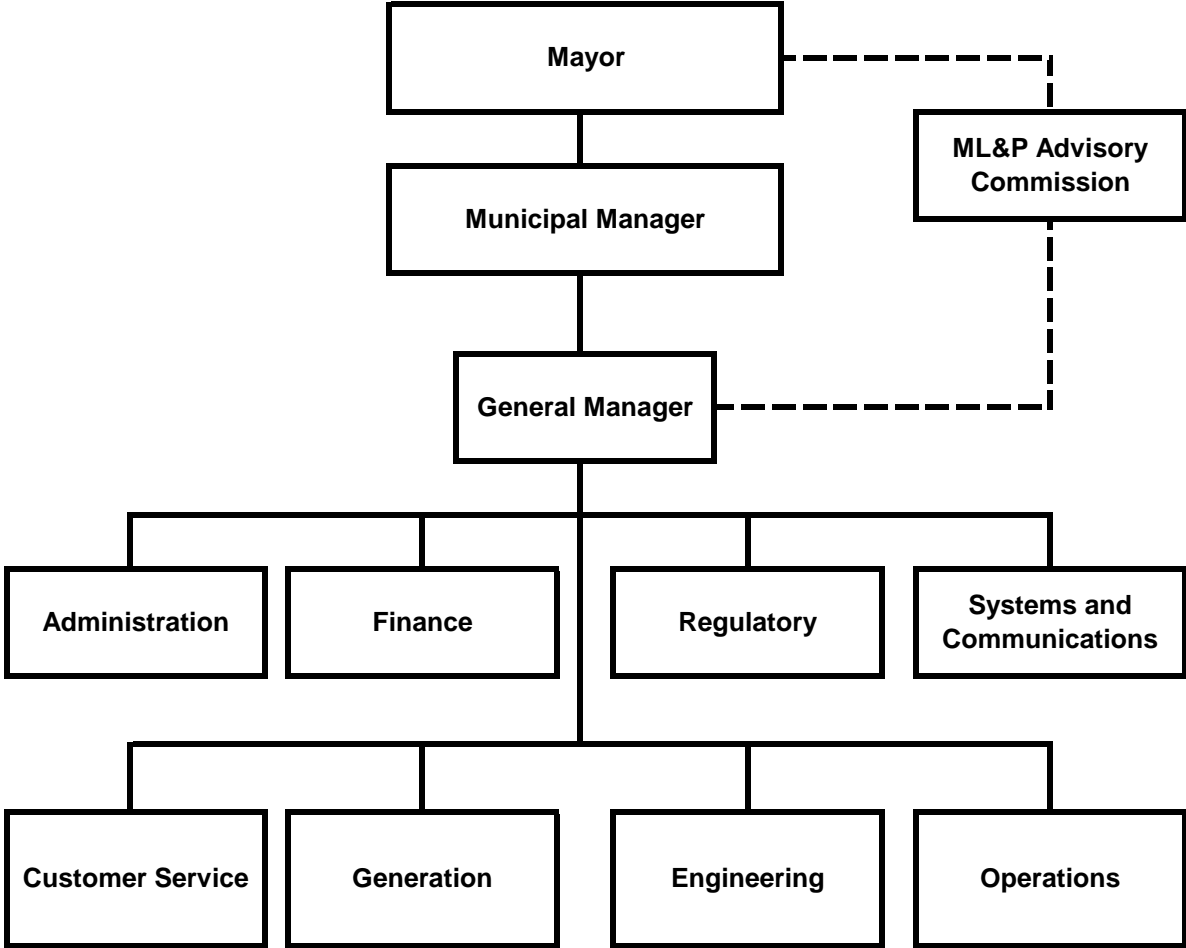
#### Primary Commercial Service Airport

- Hub for intra-Alaska air travel
- Located one mile from downtown Anchorage
- General Aviation reliever for Ted Stevens Anchorage International Airport
- Restricted to aircraft weighing 12,500 pounds or less
- 437 acre land area; elevation 137 feet; fee simple title
- 1,193 tiedown spaces; leaseholders manage 664; Municipality manages 529, including 53 for transient aircraft
- Runway 7/25 length/width is 4,000' x 100'; Runway 16/34 is 2,640' x 75'; Gravel/Ski Runway 5/23 is 2,000' x 60'
- Six taxiways; 102 acres of tiedown aprons
- Air Traffic Control Tower owned, operated, and staffed by FAA

#### Merrill Field Airport Statistics

- 96<sup>th</sup> Busiest Airport in the Nation
- 130,423 flight operations at MRI, 15.93% of the 818,707 total flight ops in Alaska
- 826 registered aircraft based at MRI, 8.79% of the 9,401 total in Alaska
- 7,933 certificated pilots in Alaska; UNK at MRI
- 54 leaseholders lease 3,379,984 square feet of airport property with tenant improvements assessed at \$28,694,197
- 25 rental properties
- Approximately 49 aviation related businesses operate on the airport
- 451 transient aircraft stayed a total of 2,115 days in 2016
- Approximately 851,564 gallons of fuel were sold in 2016
- Five fixed wing and two rotorcraft flight schools at MRI

# Municipal Light & Power



## **Municipal Light & Power Organizational Overview**

### **General Manager's Office**

The General Manager is responsible for the overall management of Municipal Light & Power (ML&P). ML&P is functionally structured into eight operating divisions: Administration, Generation, Engineering, Operations, Finance, Customer Service, Regulatory Affairs, and Systems. Each division manager reports directly to the General Manager. The General Manager and Division Managers are responsible for coordinating both the strategic planning efforts and the efficient application of resources necessary to achieve ML&P's mission.

### **Administration Division**

The Administration Division provides support to the General Manager. Functions carried out by the Administration Division include: human resources, safety, security, public relations, environmental, telephone switchboard/receptionist duties, and courier/mailroom operations.

### **Generation Division**

The Generation Division is responsible for the production of all thermal electricity at ML&P and the Eklutna Hydroelectric plant.

This includes operation, maintenance, engineering, and installation of equipment used in conjunction with the three Municipally-owned electric power plants. The division also provides full spectrum maintenance and support for the Eklutna Hydroelectric Power Plant (ML&P owns 53%), the Southcentral Power Plant (SPP) (ML&P owns 30%).

The **Generation Plant Operators** operate the turbines as required by the dispatch center. The operator's primary function is to monitor and respond to equipment alarms and trips. This is done on a 24-hour basis. The operators coordinate lock-out/tag-out safety procedures in the plant when equipment is taken out of service for maintenance.

The **Heavy Mechanical** crew performs overhauls and major maintenance of power production equipment. This experienced crew is trained to disassemble large industrial turbines, evaluate their condition and make necessary repairs.

The **Electric/Electronic** section provides maintenance and installation of all instrumentation, which includes generation control and protective systems, supervisory control and data acquisition systems (SCADA), general plant electrical systems, and other related plant and construction work.

The **Eklutna** hydroelectric plant is managed by a ML&P Superintendent but operated by a CEA Operator. Plant electrical production and costs are shared between ML&P, CEA, and Matanuska Electric Association (MEA) based on a predetermined percentage of ownership.

The **Generation Warehouse** section maintains an inventory of critical spare parts for the generation division. There is also an economic advantage to purchasing parts that have a long lead time; a 25% savings on parts (which can cost several million dollars) can be realized by doing this.

### **Engineering Division**

The Engineering Division is responsible for the planning, budgeting, design, coordination, and construction of transmission and distribution facilities that are required to provide consumers with safe and reliable electrical power.

The **Engineering Support** section is responsible for ML&P's Geographic Information System (GIS), rights-of-way acquisition of easements/permits/lands and record keeping, land surveying and project staking, underground locates, support, administration, and Autodesk utility design (AUD) encompassing ML&P's electronic engineering design workflow. The section is also responsible for the continuing property/facility records, computer aided drafting (CAD), mapping, and the professional services contract administration as related to these responsibilities.

This section is also responsible to provide and develop tools to maintain the GIS, streamline engineering business processes using workflows and technology to increase efficiency, and maintain the integrity and accuracy of ML&P's design and asset data.

The **Station Design, System Protection and System Planning** section prepares complete substation and switchyard design packages, implements all the distribution and transmission system protection, conducts transmission and distribution load flow studies, performs distribution system fault and failure analyses, purchases substation equipment, and is responsible for the annual transformer distribution order, prepares specifications and contract documents, and procures construction contracts.

Additionally conducts distribution system normal studies and transmission system load flow studies, prepares substation construction standards and provides technical support to other sections and divisions for system upgrades; performs distribution system fault analyses, protective devices coordination and coordinates with other intertie utilities for transmission protection and transmission line improvements.

The **Transmission/Distribution Line Design and Customer Engineering** sections are responsible for the design of major system improvements, relocations, undergrounding, and line extensions of the transmission and distribution systems. These sections also provides engineering services to new customers, including new service line extension design, minor customer service, and non-ML&P construction project reviews. They perform NESC safety compliance assessments, update material specifications, prepare new and update construction standards and construction methods, develop standards and maintenance methods, evaluate material bids, prepare and administer the "unit price" construction contract and other project construction contracts, and do other special projects. They coordinate with other Municipal departments, governmental agencies, community organizations and other utilities.

### **Operations Division**

The Operations Division oversees the construction, maintenance, and operation of the transmission and distribution systems, administration of contracts and contractors, facility maintenance, fleet and equipment maintenance, and warehousing of required material. The Power Management section is responsible for dispatch of all thermal electricity at ML&P and the dispatch of the Eklutna Hydroelectric plant.

The **Line Section** is responsible for the construction and maintenance of the transmission and distribution systems. This section also provides cut-in/cut-out assistance for the Customer

Service Division and switching services as directed by the Generation and Power Management Division.

The **Technical Services** section provides services associated with electrical metering and substation maintenance including installation, calibration and testing of circuit breakers, relays, meters, transformers, and SCADA equipment.

The **Fleet Services** section provides pre-purchase technical specifications, preventive and nonscheduled maintenance of all utility rolling stock, miscellaneous equipment, and hot line tools.

The **Electrical Services** section provides testing, repairs and tracking of transformers, facility maintenance and associated contract administration, as well as management of ML&P's PCB/Hazardous materials testing and disposal program.

The **Warehouse** section is responsible for receipt, storage and issuance of construction and maintenance material for Engineering and Operations. They also provide support to other divisions in processing purchase requisitions, including change orders and receiving goods.

The **Radio Shop** section is responsible to support process control and internal communications for all ML&P divisions. They work closely with MOA general government communications shop to provide adequate and interoperable two-way radio communications for ML&P and fulfill service contracts in support of wireless communications for Municipal Enterprise Activities (AWWU, SWS, and Port of Anchorage).

The **Power Management** section performs studies and analyses to determine the optimal operation of ML&P's Generation and Hydroelectric resources and conducts a variety of power pooling and marketing studies to identify power sales opportunities between ML&P and other Railbelt utilities. The three major functions of the Power Management section are as follows:

**Power Dispatch** is responsible for the safe and efficient control and dispatch of ML&P's interconnected electrical system, including the Eklutna Hydroelectric Project and the southern portion of the Alaskan Intertie. This section responds to emergencies or unscheduled outages on the Interconnected System, ML&P Transmission System, and/or ML&P Power Plants and directs outage restoration procedures.

**Distribution Dispatch** operates the ML&P distribution system in a safe and reliable manner, responds to distribution system emergencies and unscheduled outages, directs restoration procedures to restore service as soon as practicable, and directs switching and tagging of scheduled maintenance, new services, and system improvements.

### **Finance Division**

The Finance Division provides financial management, financial reporting, budgeting and analysis to the Municipal Administration, Assembly, ML&P's Advisory Commission and staff. The Finance Division is responsible for long-range resource planning, forecasts, financial support for ML&P's interest in the Beluga River Unit (BRU) gas field, and pursuit of initiatives necessary to support the utility's financial health and competitive position.

The **Accounting** section is responsible for general and plant accounting, and financial reporting according to regulatory requirements and Generally Accepted Accounting Principles (GAAP).

The Accounting section is also responsible for meeting accounting and tax compliance requirement for ML&P's gas field operations.

The **Budgeting** section is responsible for financial forecasting, financial modeling, bond sale support, yearly operating and Capital Improvement Plan budget submissions, developing budgeting standards, ensuring budget compliance, and providing other situational fiscal analysis as required.

The **Payroll** section is responsible for collection and submission of employee time sheets for accurate payroll processing and preparation of monthly health, welfare, pension and benefits reporting in compliance with collective bargaining agreements.

### **Customer Service Division**

The Customer Service Division provides a full line of customer services for ML&P's electric customers.

The **Customer Service** section is responsible for any customer contact necessary to establish, maintain, and terminate electrical service and landlord contracts. This section explains rates and tariff applications as required, responds to residential and commercial service requests and bill inquiries, and processes cash receipts, while maintaining security of customer records. Customer Service is the focus for customer contact in the utility.

The **Credit and Collections** section is a primary function of the division as it is responsible for negotiating payment schedules in accordance with ML&P's tariff, Alaska Statutes, and accepted Fair Credit Act practices, as well as providing anti-identity theft measures demanded by Federal statutes and practices. This section is also responsible for maintaining a low percentage of write-offs, coordinating all customer refunds and reviews, as well as preparation of accounts for legal referral.

**Billing**, another key section of the division, receives the read data collected by the meter readers and processes, records, and renders billing statements to clearly inform the customer of their energy consumption.

The **Meter Reading** section is responsible for accurate and timely scheduled monthly meter reads, timely reads on customer connects and disconnects, and delinquent door hanger notices. This section also investigates customer energy usage patterns, high bill complaints, customer equipment access issues and power theft incidents.

### **Regulatory Affairs Division**

The Regulatory Affairs Division is responsible for overseeing and managing ML&P's participation in all regulatory proceedings affecting the utilities ability to perform its mission including general rate cases, tariff, negotiating and administering special contracts, quarterly cost of power adjustment filings, annual compliance filings, investigatory dockets and rulemaking dockets opened by the Regulatory Commission of Alaska. Regulatory also negotiates and administers operational agreements with other regulated entities, such as gas transportation providers, gas storage providers, and interconnected Railbelt utilities.

The Regulatory Affairs Division is also responsible for overseeing the administration and operations of ML&P's Gas Supply. This includes oversight of ML&P's 56.67% ownership interest in the Beluga River Unit (BRU), as well as negotiating natural gas purchases and sales agreements with third-party gas producers. The Gas Controller works closely with Power

Dispatch to establish daily gas requirements and nominates those requirements to gas field operators and pipeline transmission/distribution operators using day-ahead nomination procedures. The Gas Controller monitors daily natural gas usage to develop trends, forecasting models, and reports.

### **Systems Division**

The Systems Division provides internal communications, business systems installation and process control support for all ML&P Divisions and the General Manager. In addition, this division provides recommendations for communication system upgrades, improvements and replacements of technology to ensure equipment compatibility and cost efficiency.

The **Programming Section** is responsible to ensure business practices and methodologies are applied through easy to use electronic products, applications, software, and/or hardware products for all employees of ML&P from their first day of employment forward. This applies to commercial off-the-shelf products, applications created in-house, and MOA applications.

The **Network Services Section** is responsible for 24/7 Business LAN (local area network) connectivity and support, server support, and telephone/voicemail services to all of ML&P. Network Services is also responsible to provide an efficient and reliable means for ML&P employees to communicate both internally and externally to ML&P customers, vendors, and other outside agencies. The section provides disaster recovery planning and implementation to assure the availability of critical data. The section is responsible for cyber security of the Business LAN and software update service for all desktop PCs.

The **Energy Management System (EMS) Section** provides configuration, maintenance and technical support for the ML&P SCADA/EMS system infrastructure and user computer consoles used to manage and control power generation, transmission and distribution systems. The section is responsible for cyber security of the SCADA/EMS LAN.

The **IT Support Section** supports and administrates the desktop PCs, printers and peripherals for all ML&P divisions. They provide help desk support for computer users, assist in the resolution of issues, and perform service requests. They also provide education and information to end users.

The **Document Control and Records Management Section** is responsible for establishing and maintaining



## **Municipal Light & Power Business Plan**

### **Mission**

Provide energy at competitive rates that is safe and reliable.

### **Services**

Municipal Light and Power's (ML&P) service area is roughly 20-square-miles. ML&P has approximately 31,000 residential and commercial customers. The utility provides service to the Municipal's economic drivers including: commercial, industrial (Ship Creek area and the Port of Anchorage), Universities, Major Medical Campuses, and the Downtown and Midtown business districts. ML&P also serves Joint Base Elmendorf-Richardson and sells electricity to other Railbelt utilities. The utility has a 56.67 percent working interest in the Beluga River Unit gas field, making it one of the only vertically integrated utilities on the West Coast. ML&P is subject to economic regulation by the Regulatory Commission of Alaska.

### **Business Goals**

- Provide electricity on demand to ML&P customers 24 hours a day, 365 days a year
- Meet the needs and expectations of our customers by providing:
  - Competitive rates and reliable service for all customer classes
  - Prompt, reliable and courteous customer assistance
  - Support and assistance to the military bases
  - Support and assistance to wholesale power customers
- Maintain equity and earn net income at a level sufficient to ensure the long-term financial stability of the utility
- Operate the electrical system with optimum economic efficiency and strict adherence to environmental standards
- Provide for the safety of both the public and our employees in the operation of the electrical system
- Recruit and retain a highly skilled, diverse workforce dedicated to serving the Anchorage community
- Improve system reliability by incorporating new equipment and technology.
- Provide educational programs to school children and the community on electrical safety. Communicate factual information to customers and the public at large on issues affecting ML&P and the utility industry
- Foster teamwork and an integrated approach to decision-making within the utility

### **Strategies to Achieve Goals**

- Attain the financial objectives established in the Equity Management Plan
- Replace old generation with more efficient, state-of-the-art fuel efficient generation
- Implement industry best practices and streamline business processes to ensure the financial and operational integrity of the utility
- Cooperate with other Railbelt utilities to implement Economic Dispatch of generating resources
- Implement operational and financial procedures to maintain the highest bond rating
- Implement predictive maintenance program to reduce or eliminate outages and interruptions

**Performance Measures to Track Progress in Achieving Goals**

1. Maintain competitive residential and commercial rates as measured in cents per kilowatt-hour (kWh)
2. Maintain Total Recordable Incident Rates (TRIR) below industry average
3. Maintain Days Away Restricted Transferred (DART) rate below industry standard
4. Achieve 80% of bills that go out within 1 day of meter read date
5. Maintain positive Net Income
6. At a minimum, maintain an A bond rating
7. Maintain Customer Average Interruption Duration Index (CAIDI) below industry average
8. Maintain System Average Interruption Duration Index (SAIDI) below industry average
9. Maintain System Average Interruption Frequency Index (SAIFI) below industry average
10. Manage workers' compensation claims

## Municipal Light & Power

*Anchorage: Performance. Value. Results.*

### Mission

Provide service with competitive, safe, reliable energy.

### Core Services

- Energy distribution
- Energy generation
- Customer service

### Direct Services

Direct services provided by divisions

- See: Customer Service, Finance, Regulatory and Systems & Communications
- See: Energy Production
- See: Engineering & Operations

### Accomplishment Goals

- Affordable and competitive rates
- Safe work environment
- Safe service
- Reliable service

### Performance Measures

Progress in achieving goals will be measured by:

#### **Measure #1: Maintain competitive residential service rates as measured in cents per kilowatt hour**

	2014	2015	2016	2017	2Q - 2018
Municipal Light & Power	15.69	16.55	16.93	18.48	19.40
Chugach Elec. Assoc.	15.94	17.47	17.95	20.05	20.12
Matanuska Elec. Assoc.	16.90	19.88	19.68	21.82	21.63
Homer Elec. Assoc.	23.26	24.84	23.89	25.67	25.87
Golden Valley Electric Assoc.	22.60	21.77	21.76	24.37	25.98

Note: Customer charge is \$13.62/month and energy usage is 750 kWh/month. Energy Charge effective 4/20/18 is 15.274 cents/kWh. The Cost of Power Adjustment (COPA) effective 4/1/18 is 1.024 cents/kWh. The Regulatory Charge is adjusted annually by RCA, and is currently .0899 cents/kWh.

#### **Measure #2: Maintain Total Recordable Incident Rates (TRIR) below industry average**

2014	2015	2016	2017	2Q - 2018
1.41	6.32	3.94	3.13	4.36

Note: Industry Average TRIR 2012 - 2015 6.8, 4.5, 2.4 and 6.2 respectively.

**Measure #3: Maintain Days Away Restricted Transferred (DART) rate below industry standard**

2014	2015	2016	2017	2Q - 2018
.47	2.26	3.07	2.69	2.62

Note: Industry Average DART 2012 – 2015 3.3, 3.8, 1.3 and 3.6 respectively

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## Municipal Light & Power

### Customer Service, Administration, Systems and Communications

*Anchorage: Performance. Value. Results.*

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**Mission**

Ensure Municipal Light and Power's (ML&P) business process requirements are efficiently and effectively conducted, while also meeting ML&P's stewardship obligations to the citizens of Anchorage.

**Core Services**

- Energy distribution
- Energy generation
- Customer service

**Direct Services**

- Financial services that maintain and protect the financial integrity of the utility
- Service all residential and commercial customer account needs
- Support utility wide communications and technical/business application needs of the utility

**Accomplishment Goals**

- Accurate and timely reporting of financial data
- Maintain sound key financial ratios
- Maintain optional business systems uptime
- Accurate and timely meter reading and customer billing

**Performance Measures**

Progress in achieving goals will be measured by:

**Measure #4: Achieve 80% percent of bills that go out within 1 day of meter read date**

2014	2015	2016	2017	2Q - 2018
84%	83%	86%	85%	88%

**Measure #5: Maintain positive Net Income**

2014	2015	2016	Prelim - 2017	2Q - 2018
\$13,450,177	\$9,608,914	\$5,793,592	\$16,060,679	unavailable

Note: Cumulative Net Income

<b>Measure #6: At a minimum, maintain an A bond rating</b>
--

Standard & Poor's Rating Services				
2014	2015	2016	2017	2018
A+	A+	A+	A+	A+

Fitch Ratings				
2014	2015	2016	2017	2018
A+	A+	A+	A+	A+

Note: Rates the level of risk involved in investing in ML&P bonds; "A+" indicates the least amount of risk and is in the highest rating category.

## Municipal Light & Power Engineering and Operations

*Anchorage: Performance. Value. Results.*

### Mission

Design, construct, operate and maintain generation, transmission and distribution facilities to serve anticipated electric power needs within ML&P's service area at the lowest reasonable cost.

### Core Services

- Energy generation
- Energy distribution
- Customer service

### Direct Services

- Design reliable and cost effective electrical systems
- Construct reliable and cost effective electrical systems in accordance with design standards
- Provide electrical system maintenance that insures continuity of a vital utility
- Maintain the Continuing Property Records (CPR) system to record equipment type and location

### Accomplishment Goals

- Maintain voltages under normal conditions within plus or minus 5 percent (%) of nominal voltage
- Adhere to safety and construction standards
- Proactive preventative maintenance service
- Maintain an outage reporting database system in accordance with industry standards
- Restore power outage conditions in an expeditious and economical manner

### Performance Measures

Progress in achieving goals will be measured by:

#### **Measure #7: Maintain Customer Average Interruption Duration Index (CAIDI) below industry average**

2014	2015	2016	2017	2Q-2018
1.98	1.502	.603	.56	.619

Note: Data compiled from 2015 data collected by EIA indicates an average CAIDI of 2.31 hours.

#### **Measure #8: Maintain System Average Interruption Duration Index (SAIDI) below industry average**

2014	2015	2016	2017	2Q-2018
1.377	1.563	.605	.589	.085

Note: Data compiled from 2015 data collected by EIA indicates an average SAIDI of 3.0 hours.

**Measure #9: Maintain System Average Interruption Frequency Index (SAIFI) below industry average**

2014	2015	2016	2017	2Q-2018
.695	1.04	1.004	1.061	.137

Note: Data compiled from 2015 data collected by EIA indicates an average SAIFI of 1.17 interruptions per customer.

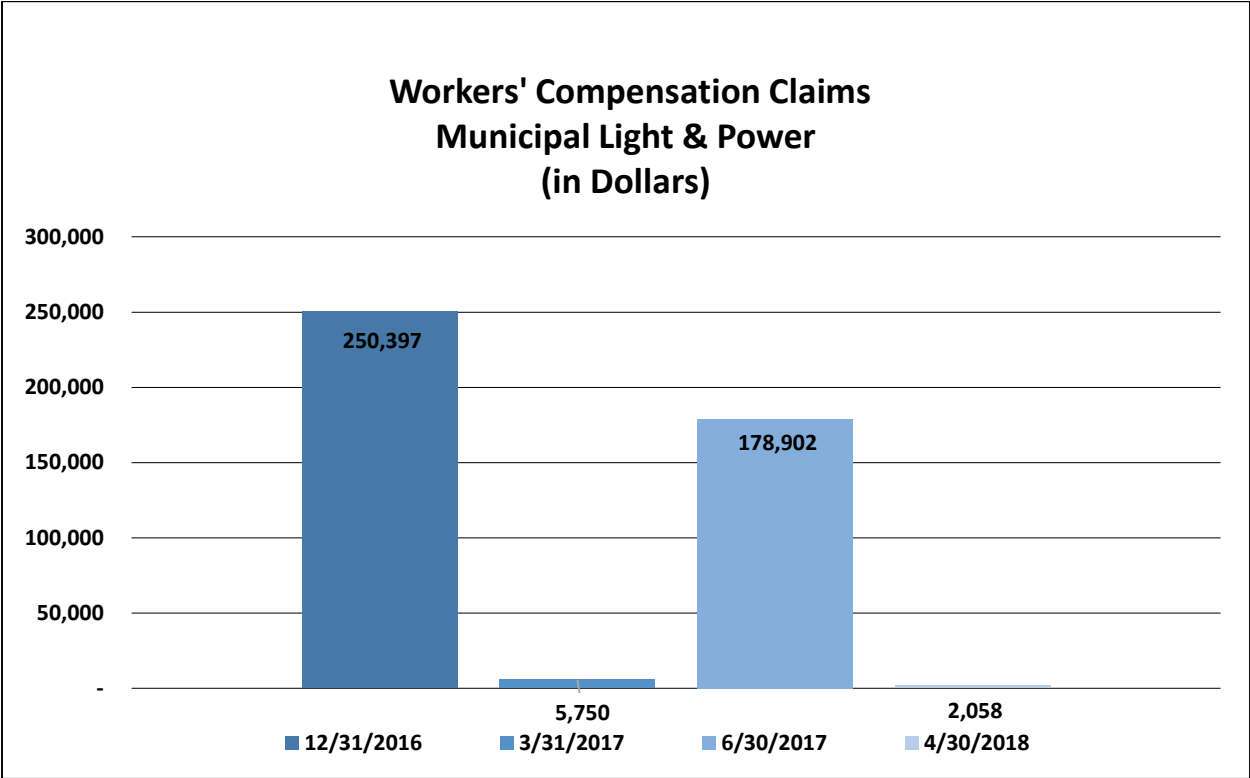
*EIA is the U.S. Energy Information Administration*



**PVR Measure WC: Managing Workers' Compensation Claims**

Reducing job-related injuries is a priority for the Administration by ensuring safe work conditions and safe practices. By instilling safe work practices, we ensure not only the safety of our employees but reduce the potential for injuries and property damage to the public. The Municipality is self-insured and every injury poses a financial burden on the public and the injured worker's family. It just makes good sense to WORK SAFE.

Results are tracked by monitoring monthly reports issued by the Risk Management Division.



## **Municipal Light & Power Highlights and Future Events**

### **New Generation**

ML&P completed a life cycle generation asset replacement in November 2016 with the commissioning of Plant 2A. ML&P invested approximately \$306 million constructing Plant 2A. The new generation units are much more efficient, allowing ML&P to deliver more energy for the same amount of fuel. The new plant produces over 90% less NOX and CO emissions. The Plant will use low value “waste” heat to heat AWWU’s city drinking water (15 degrees average).

### **LED Street Light Conversion**

ML&P owned and maintained approximately 4,000 high pressure sodium (HPS) street and trail lights in its service area, including downtown, parts of midtown and East Anchorage. In 2017, ML&P converted over 3,700 of its street lights to networked light emitting diode (LED) fixtures. The remaining lights are ornamental and will be converted in the near future.

LED fixtures use about half the power to produce the same amount of light as conventional HPS fixtures. LED lights also cost less to maintain than equivalent HPS lights and they provide more reliable service, especially in cold weather. LED lights typically last four times as long as conventional HPS lights.

### **Conversion of system meters to Advanced Metering Infrastructure (AMI)**

In early 2017, ML&P began working with a consultant to create a Pilot Program to investigate the replacement of Automatic Meter Reading (AMR) meters with AMI meters. The pilot was designed to replace approximately 150 meters and gather data to determine the feasibility of a system wide replacement program. In July Operations installed communications equipment and eleven meters to test connectivity.

Based on the success of Pilot results, management decided to proceed with system-wide AMI replacement. The replacement of all system meters will take approximately five years, however ML&P will be able to read all system meters by November 2018 with the installation of approximately 6,500 meters.

### **Rate Relief**

On December 30, 2016, ML&P filed TA357-121 requesting approval for an increase to current base rates on both an interim and a permanent basis. The filing was based on a December 31, 2015 test year. In Order U-17-008(13), dated March 23, 2018, the RCA made permanent the Interim and Refundable rates previously approved. In Order U-17-008(14), dated May 25, 2018, the RCA determined no customer refunds were needed and released the funds escrowed by ML&P.

### **Potential Sale of ML&P**

In 2017, the Assembly, via AR 2017-235 urged the Municipality of Anchorage, Municipal Light & Power (ML&P) and Chugach Electric Association, Inc. (CEA) to explore opportunities for merger of the ML&P and CEA utilities in the interest of eliminating duplicative investment in power generation and the local grid and reducing per capita costs of services. Following that Assembly action, the Municipality, ML&P, and CEA engaged in the recommended discussions and determined that a merger is not possible, but that a sale of ML&P to CEA could be feasible. At such time, the Municipality commissioned an independent analysis to assess ML&P’s strategic position and potential market value in a possible sale transaction. The Municipality received and reviewed multiple expressions of interest from parties interested in a purchase of

ML&P. CEA was one of the interested parties and proposed a competitive price for purchase of ML&P, consistent with the range of values for ML&P as determined by independent analysis.

The Assembly determined that based on the work in 2017, the purchase of ML&P by CEA is in the public interest. The Assembly approved a subsequent ordinance 2018-1(S) for the purpose to submit to the voters of the Municipality, permitting the sale of ML&P with guidance on how the proceeds of the sale would be applied. Following the approval of AO2018-1(s) in January 2018, the Municipality, ML&P and CEA carried out an extensive education and information effort across the community anticipation and preparation of the April election. On April 3, 2018, the voters approved the process of the sale of ML&P to move forward and since that time the Municipality and CEA have been working diligently to prepare the terms of a proposed sale for Assembly consideration and approval. The April ballot stated that Assembly action on the sale shall take place by December 31 2018. The Administration presented the terms of the sale to the Assembly on September 28<sup>th</sup> 2018, for Assembly initial consideration on October 9<sup>th</sup> 2018. If the Assembly approves the terms, the process will then proceed to final negotiation and then presented to the Regulatory Commission of Alaska for final approval in 2019.

## **Municipal Light & Power External Impacts**

On April 21, 2016 the RCA approved the purchase of ConocoPhillips' one-third working interest in the Beluga River Unit natural gas field by ML&P and CEA. The final agreement transferred 70 percent ownership of the ConocoPhillips' interest to ML&P and 30 percent to Chugach. The total purchase price was \$152 million. The utility now owns 56.67 percent of the field.

The transfer price of gas from the Gas Division to the Electric Division is comprised of costs necessary to produce gas. The transfer price, including the ARO surcharge is budgeted to increase from \$2.52/MCF in 2018 to \$3.07/MCF in 2019. Beginning in the summer of 2012 ML&P also incurs additional costs due to fees paid to Cook Inlet Natural Gas Storage Alaska, Inc. for seasonal gas storage.

## Municipal Light & Power Workforce Projections

<b>Division</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Administration	12	13	13	13	13	13	13	13
Customer Service	25	25	25	25	25	25	25	25
Engineering	31	32	32	32	32	32	32	32
Finance	21	20	20	20	20	20	20	20
Generation	66	64	68	68	68	68	68	68
Operations	62	65	63	63	63	63	63	63
Power Management	16	12	12	12	12	12	12	12
Regulatory *	5	7	7	7	7	7	7	7
Systems & Communications	24	25	25	25	25	25	25	25
<b>Total Full Time</b>	<b>262</b>	<b>263</b>	<b>265</b>	<b>265</b>	<b>265</b>	<b>265</b>	<b>265</b>	<b>265</b>
Part-Time/Temporary	19**	20	18	18	18	18	18	18
<b>Total Positions</b>	<b>281</b>	<b>283</b>	<b>283</b>	<b>283</b>	<b>283</b>	<b>283</b>	<b>283</b>	<b>283</b>
<b>Total FTE</b>	<b>272.0</b>	<b>273.0</b>	<b>274.0</b>	<b>274.0</b>	<b>274.0</b>	<b>274.0</b>	<b>274.0</b>	<b>274.0</b>

\*\* 2017 Power Management moved from Generation to Operations.

**Municipal Light & Power**  
**8 Year Summary**  
(\$ in thousands)

Financial Overview	2017	2018	2019	2020	2021	2022	2023	2024
	Actuals*	Proforma *	Proposed *	Forecast*				
Revenues	187,842	180,215	176,303	158,315	154,953	154,773	157,008	159,358
Expenses	168,623	184,315	172,101	139,769	142,823	144,348	143,713	144,084
<b>Net Income (Loss) - Regulatory</b>	<b>19,219</b>	<b>(4,100)</b>	<b>4,202</b>	<b>18,546</b>	<b>12,130</b>	<b>10,425</b>	<b>13,295</b>	<b>15,274</b>
Budgeted Positions	281	283	283	283	283	283	283	283
Capital Improvement Program	22,916	28,372	42,020	44,250	41,678	42,110	35,290	39,535
Bond Sales/ Commercial Paper	10,900	-	-	-	-	-	-	-
Net Non-Contributed Plant (12/31) (REG)	709,198	702,703	701,949	703,090	700,833	708,746	709,254	713,213
Net Contributed Plant (12/31)	180,609	177,662	183,079	189,849	195,295	190,939	186,905	183,246
Net Plant (12/31) (GAAP)	889,807	880,365	885,027	892,940	896,128	899,684	896,159	896,459
Retained Earnings (12/31)	270,863	285,220	290,486	309,032	321,162	331,587	344,882	360,156
General and Restricted Cash	74,430	104,840	97,727	98,750	96,045	91,960	96,446	97,540
Bond Construction Cash	-	-	-	-	-	-	-	-
Bond Redemption Investment	23,581	28,573	22,230	22,228	22,221	22,223	22,216	22,176
Debt Service Account	2,099	2,254	2,233	2,084	2,068	2,067	2,068	2,067
Operating Fund Investment & Customer Deposits	41,636	16,986	16,786	13,386	13,286	13,386	13,486	13,686
<b>Total Cash &amp; Investments (12/31)</b>	<b>141,746</b>	<b>152,653</b>	<b>138,976</b>	<b>136,448</b>	<b>133,619</b>	<b>129,636</b>	<b>134,216</b>	<b>135,469</b>
IGCs - General Government	4,005	4,874	4,544	4,849	4,918	4,936	4,941	4,950
MUSA	9,332	9,410	9,314	9,234	9,292	9,306	9,314	9,232
Total Outstanding Debt	323,370	315,505	307,775	299,700	291,290	282,530	273,330	263,695
Total Annual Debt Service	21,733	24,627	24,231	22,230	22,228	22,221	22,223	22,216
Debt Service Coverage	3.08	2.46	2.12	2.82	2.53	2.46	2.59	2.69
LT Debt/Equity Ratio	65/35	64/36	63/37	61/39	60/40	59/41	57/43	56/44
Rate Change Percent	34.97%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Statistical/Performance Trends:</b>								
Residential Customer (500 kWh)	\$99.52	\$94.96	\$110.79	\$105.02	\$103.31	\$103.17	\$104.39	\$105.58
Total Residential Sales (kWh)	127,375	125,647	124,705	124,691	124,681	124,671	124,660	124,651
Commercial & Industrial Sales (kWh)	688,716	692,871	687,674	688,196	688,712	689,229	689,766	690,304
Total Residential, Commercial and Industrial kWh Sales	816,091	818,518	812,379	812,887	813,393	813,899	814,427	814,956
Total Retail Sales Revenue	\$160,301	\$136,720	\$157,535	\$146,257	142,922	\$142,674	\$145,077	\$147,437

NOTE: Rate increases are shown in the out years for purposes of projections only and have not been approved for implementation. It is intended that they be reviewed closely each year in conjunction with establishing operating budgets. Utilities will continue to strive to find ways to avoid projected rate increases.

\*This Budgetary presentation does not include the effects of implementing Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and thus the revenues and expenses presented in this schedule differ from ML&P's GAAP basis financial statements.

2019 Proposed Utility/Enterprise Activities Budgets  
**Municipal Light & Power**  
**Statement of Revenues and Expenses - Electric**

	2017 Actuals *	2018 Proforma *	2018 Revised *	19 v 18 \$ Change	2019 Proposed *	19 v 18 % Change
<b>Operating Revenue</b>						
Residential	26,125,849	23,864,000	28,439,000	(806,000)	27,633,000	-2.8%
Commercial	120,544,140	96,541,000	132,041,000	(22,638,000)	109,403,000	-17.1%
Military	17,452,871	14,250,000	19,315,000	(1,159,000)	18,156,000	-6.0%
Sales for Resale	23,344,433	39,781,000	-	14,660,000	14,660,000	n/a
Other	(3,042,881)	2,778,000	9,977,000	(6,911,000)	3,066,000	-69.3%
<b>Total Operating Revenue</b>	<b>184,424,413</b>	<b>177,214,000</b>	<b>189,772,000</b>	<b>(16,854,000)</b>	<b>172,918,000</b>	<b>-8.9%</b>
<b>Non Operating Revenue</b>						
Interest Income	-	580,000	862,000	102,000	964,000	11.8%
Other	3,417,968	2,421,000	2,421,000	-	2,421,000	0.0%
<b>Total Non Operating Revenue</b>	<b>3,417,968</b>	<b>3,001,000</b>	<b>3,283,000</b>	<b>102,000</b>	<b>3,385,000</b>	<b>3.1%</b>
<b>Total Revenue</b>	<b>187,842,381</b>	<b>180,215,000</b>	<b>193,055,000</b>	<b>(16,752,000)</b>	<b>176,303,000</b>	<b>-8.7%</b>
<b>Operating Expense</b>						
Labor:						
Labor and Benefits	31,472,609	33,162,000	33,162,000	2,955,000	36,117,000	8.9%
Overtime	2,673,426	2,174,000	2,174,000	(148,000)	2,026,000	-6.8%
<b>Total Labor</b>	<b>34,146,035</b>	<b>35,336,000</b>	<b>35,336,000</b>	<b>2,807,000</b>	<b>38,143,000</b>	<b>7.9%</b>
Non Labor:						
Material & Supplies	11,332,211	14,480,751	14,548,999	984,001	15,533,000	6.8%
Travel	95,824	150,000	150,000	-	150,000	0.0%
Natural Gas Purchases & Transportation	60,602,524	53,338,000	53,338,000	(5,295,000)	48,043,000	-9.9%
Gas Production Expense	-	-	-	-	-	n/a
Southcentral Power Project	3,560,821	3,600,000	3,600,000	700,000	4,300,000	19.4%
Purchased Power & Wheeling	5,547,215	6,000,000	6,000,000	56,000	6,056,000	0.9%
Regulatory Debit/Credit	-	-	-	-	-	n/a
Depreciation, Depletion & Amortization	29,140,922	28,835,000	29,791,000	(546,000)	29,245,000	-1.8%
Transfers (MUSA)	9,331,662	9,410,000	9,429,739	(115,739)	9,314,000	-1.2%
Transfer Equity to/from Other Funds	(10,000,000)	10,000,000	-	-	-	n/a
<b>Total Non Labor</b>	<b>109,611,179</b>	<b>125,813,751</b>	<b>116,857,738</b>	<b>(4,216,738)</b>	<b>112,641,000</b>	<b>-3.6%</b>
<b>Total Direct Costs</b>	<b>143,757,214</b>	<b>161,149,751</b>	<b>152,193,738</b>	<b>(1,409,738)</b>	<b>150,784,000</b>	<b>-0.9%</b>
Intragovernmental Charges (IGCs)	4,005,091	4,874,249	4,828,201	(283,938)	4,544,263	-5.9%
Intradepartmental Overheads	-	-	-	(1,525,000)	(1,525,000)	n/a
<b>Total Operating Expense</b>	<b>147,762,305</b>	<b>166,024,000</b>	<b>157,021,939</b>	<b>(3,218,676)</b>	<b>153,803,263</b>	<b>-2.0%</b>
<b>Non Operating Expense</b>						
Interest on Bonded Debt	17,104,892	18,926,000	26,626,000	(7,704,000)	18,922,000	-28.9%
Other Interest Expense	3,040,452	663,000	663,000	(61,000)	602,000	-9.2%
Allowance for Funds Used During Construction	(525,306)	(461,000)	(461,000)	137,000	(324,000)	-29.7%
Amortization of Debt Expense	(1,025,163)	(956,000)	(956,000)	(65,000)	(1,021,000)	6.8%
Loss on Disposal of Property	1,732,304	-	-	-	-	n/a
Other	534,144	119,000	119,000	-	119,000	0.0%
<b>Total Non Operating Expense</b>	<b>20,861,324</b>	<b>18,291,000</b>	<b>25,991,000</b>	<b>(7,693,000)</b>	<b>18,298,000</b>	<b>-29.6%</b>
<b>Total Expenses (Function Cost)</b>	<b>168,623,629</b>	<b>184,315,000</b>	<b>183,012,939</b>	<b>(10,911,676)</b>	<b>172,101,263</b>	<b>-6.0%</b>
<b>Net Income</b>	<b>19,218,751</b>	<b>(4,100,000)</b>	<b>10,042,061</b>	<b>(5,840,324)</b>	<b>4,201,737</b>	<b>-58.2%</b>
<b>Appropriation</b>						
<b>Total Expenses</b>			<b>183,012,939</b>	<b>(10,911,676)</b>	<b>172,101,263</b>	<b>-6.0%</b>
Less: Non Cash items						
Depreciation, Depletion & Amortization			29,791,000	(546,000)	29,245,000	-1.8%
Regulatory Debits/Credits			-	-	-	n/a
Allowance for Funds Used During Construction			(461,000)	137,000	(324,000)	-29.7%
Amortization of Bonds			(956,000)	(65,000)	(1,021,000)	6.8%
Loss on Disposal of Property			-	-	-	n/a
<b>Total Non Cash</b>			<b>28,374,000</b>	<b>(474,000)</b>	<b>27,900,000</b>	<b>-1.7%</b>
<b>Amount to be Appropriated (Cash Expenses)</b>			<b>\$154,638,939</b>	<b>(10,437,676)</b>	<b>\$144,201,263</b>	<b>-6.7%</b>

\*This Budgetary presentation does not include the effects of implementing Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and thus the revenues and expenses presented in this schedule differ from ML&P's GAAP basis financial statements.

**Municipal Light & Power**  
**Electric - Reconciliation from 2018 Revised Budget to 2019 Proposed Budget**

	Appropriation	Positions		
		FT	PT	T
<b>2018 Revised Budget</b>	183,012,939	263	1	19
<b>Transfers (to)/from Other Agencies</b>				
- Intragovernmental Charges	(283,938)	-	-	-
- MUSA	(115,739)	-	-	-
<b>Debt Service Changes</b>				
- Interest Expense	(7,765,000)	-	-	-
<b>Changes in Existing Programs/Funding for 2019</b>				
- Depreciation, Depletion & Amortization	(546,000)	-	-	-
- Allowance for Funds Used During Construction	137,000	-	-	-
- Purchased Power & Wheeling	56,000	-	-	-
- Natural Gas Purchases and Transportation	(5,295,000)	-	-	-
- Amortization of Debt Expense	(65,000)	-	-	-
- Southcentral Power Project	700,000	-	-	-
<b>2019 Continuation Level</b>	<b>169,835,262</b>	<b>263</b>	<b>1</b>	<b>19</b>
<b>2019 Proposed Budget Changes</b>				
- Salary and Benefit Adjustment	2,807,000	2	-	(2)
- Material and Supplies	984,001	-	-	-
- Intradepartmental Overheads	(1,525,000)	-	-	-
<b>2019 Proposed Operating Budget</b>	<b>172,101,264</b>	<b>265</b>	<b>1</b>	<b>17</b>
<b>2019 Budget Adjustment for Accounting Transactions (Appropriation)</b>				
- Depreciation, Depletion & Amortization	29,245,000	-	-	-
- Allowance for Funds Used During Construction	(324,000)	-	-	-
- Amortization of Bonds	(1,021,000)	-	-	-
<b>2019 Proposed Budget (Appropriation)</b>	<b>144,201,263</b>	<b>265</b>	<b>1</b>	<b>17</b>



2019 Proposed Utility/Enterprise Activities Budgets  
**Municipal Light & Power**  
**Statement of Revenues and Expenses - Gas**

	2017 Actuals *	2018 Proforma *	2018 Revised *	19 v 18 \$ Change	2019 Proposed *	19 v 18 % Change
<b>Operating Revenue</b>						
Residential	-	-	-	-	-	n/a
Commercial	-	-	-	-	-	n/a
Military	-	-	-	-	-	n/a
Sales for Resale	-	-	-	-	-	n/a
Other	20,696,916	16,168,000	14,716,000	822,000	15,538,000	5.6%
<b>Total Operating Revenue</b>	<b>20,696,916</b>	<b>16,168,000</b>	<b>14,716,000</b>	<b>822,000</b>	<b>15,538,000</b>	<b>5.6%</b>
<b>Non Operating Revenue</b>						
Interest Income	108,786	842,000	767,000	181,000	948,000	23.6%
Other	1,101,231	-	-	-	-	n/a
<b>Total Non Operating Revenue</b>	<b>1,210,018</b>	<b>842,000</b>	<b>767,000</b>	<b>181,000</b>	<b>948,000</b>	<b>23.6%</b>
<b>Total Revenue</b>	<b>21,906,934</b>	<b>17,010,000</b>	<b>15,483,000</b>	<b>1,003,000</b>	<b>16,486,000</b>	<b>6.5%</b>
<b>Operating Expense</b>						
Labor:						
Labor and Benefits	147,341	158,000	158,000	2,000	160,000	1.3%
Overtime	399	-	-	-	-	n/a
<b>Total Labor</b>	<b>147,740</b>	<b>158,000</b>	<b>158,000</b>	<b>2,000</b>	<b>160,000</b>	<b>1.3%</b>
Non Labor:						
Material & Supplies	485,839	381,960	455,000	(16,000)	439,000	-3.5%
Travel	474	-	-	-	-	n/a
Natural Gas Purchases & Transportation	-	-	-	-	-	n/a
Gas Production Expense	13,817,094	14,324,000	14,085,000	250,000	14,335,000	1.8%
Southcentral Power Project	-	-	-	-	-	n/a
Purchased Power & Wheeling	-	-	-	-	-	n/a
Regulatory Debit/Credit	(4,028,641)	(7,336,000)	(10,021,000)	10,080,000	59,000	-100.6%
Depreciation, Depletion & Amortization	3,312,596	1,066,000	999,000	(108,000)	891,000	-10.8%
Transfers (MUSA)	-	-	-	-	-	n/a
Transfers to/from Other Funds	10,000,000	(10,000,000)	-	-	-	n/a
<b>Total Non Labor</b>	<b>23,587,362</b>	<b>(1,564,040)</b>	<b>5,518,000</b>	<b>10,206,000</b>	<b>15,724,000</b>	<b>185.0%</b>
<b>Total Direct Costs</b>	<b>23,735,102</b>	<b>(1,406,040)</b>	<b>5,676,000</b>	<b>10,208,000</b>	<b>15,884,000</b>	<b>179.8%</b>
Charges from Other Departments	82,487	82,040	82,295	(295)	82,000	-0.4%
<b>Total Operating Expense</b>	<b>23,817,589</b>	<b>(1,324,000)</b>	<b>5,758,295</b>	<b>10,207,705</b>	<b>15,966,000</b>	<b>177.3%</b>
<b>Non Operating Expense</b>						
Interest on Bonded Debt	525,738	257,000	257,000	(257,000)	-	-100.0%
Other Interest Expense	241,898	-	-	-	-	n/a
Allowance for Funds Used During Construction	-	-	-	-	-	n/a
Amortization of Debt Expense	63,736	32,000	31,000	(31,000)	-	-100.0%
Loss on Disposal of Property	-	-	-	-	-	n/a
Other	-	-	-	-	-	n/a
<b>Total Non Operating Expense</b>	<b>831,372</b>	<b>289,000</b>	<b>288,000</b>	<b>(288,000)</b>	<b>-</b>	<b>-100.0%</b>
<b>Total Expenses (Function Cost)</b>	<b>24,648,962</b>	<b>(1,035,000)</b>	<b>6,046,295</b>	<b>9,919,705</b>	<b>15,966,000</b>	<b>164.1%</b>
<b>Net Income</b>	<b>(2,742,028)</b>	<b>18,045,000</b>	<b>9,436,705</b>	<b>(8,916,705)</b>	<b>520,000</b>	<b>-94.5%</b>
<b>Appropriation</b>						
<b>Total Expenses</b>			<b>6,046,295</b>	<b>9,919,705</b>	<b>15,966,000</b>	<b>164.1%</b>
Less: Non Cash items						
Depreciation, Depletion & Amortization			999,000	(108,000)	891,000	-10.8%
Regulatory Debits/Credits			(10,021,000)	10,080,000	59,000	-100.6%
Allowance for Funds Used During Construction			-	-	-	n/a
Amortization of Bonds			31,000	(31,000)	-	-100.0%
Loss on Disposal of Property			-	-	-	n/a
<b>Total Non Cash</b>			<b>(8,991,000)</b>	<b>9,941,000</b>	<b>950,000</b>	<b>-110.6%</b>
<b>Amount to be Appropriated (Cash Expenses)</b>			<b>\$15,037,295</b>	<b>(21,295)</b>	<b>\$15,016,000</b>	<b>-0.1%</b>

\*This Budgetary presentation does not include the effects of implementing Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and thus the revenues and expenses presented in this schedule differ from ML&P's GAAP basis financial statements.

**Municipal Light & Power**  
**Gas - Reconciliation from 2018 Revised Budget to 2019 Proposed Budget**

	Appropriation	Positions		
		FT	PT	T
<b>2018 Approved Budget</b>	6,046,295	-	-	-
<b>Transfers (to)/from Other Agencies</b>				
- Intragovernmental Charges	(295)	-	-	-
<b>Debt Service Changes</b>				
- Interest Expense	(257,000)	-	-	-
<b>Changes in Existing Programs/Funding for 2019</b>				
- Depreciation, Depletion & Amortization	(108,000)	-	-	-
- Gas Production Expense	250,000	-	-	-
- Regulatory Debits/Credits	10,080,000	-	-	-
- Amortization of Debt Expense	(31,000)	-	-	-
<b>2019 Continuation Level</b>	<b>15,980,000</b>	-	-	-
<b>2019 Proposed Budget Changes</b>				
- Salary and benefit adjustment	2,000	-	-	-
- Material and Supplies	(16,000)	-	-	-
<b>2019 Proposed Operating Budget</b>	<b>15,966,000</b>	-	-	-
<b>2019 Budget Adjustment for Accounting Transactions (Appropriation)</b>				
- Depreciation, Depletion & Amortization	891,000	-	-	-
- Regulatory Debits/Credits	59,000	-	-	-
- Amortization of Bonds		-	-	-
<b>2019 Proposed Budget (Appropriation)</b>	<b>15,016,000</b>	-	-	-

**Municipal Light & Power**  
**2019 - 2024 Capital Improvement Program**  
(in thousands)

<b>Project Category</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
Beluga River Gas Field	9,600	9,600	10,200	10,800	10,800	10,800	61,800
Distribution	22,345	24,555	22,680	21,330	17,420	21,520	129,850
General Plant	2,790	3,225	3,335	2,740	3,080	3,175	18,345
Production	4,285	1,030	423	100	100	100	6,038
Transmission	3,000	5,840	5,040	7,140	3,890	3,940	28,850
<b>Total</b>	<b>42,020</b>	<b>44,250</b>	<b>41,678</b>	<b>42,110</b>	<b>35,290</b>	<b>39,535</b>	<b>244,883</b>

<b>Funding Source</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
Equity/Operations	29,120	31,350	28,178	38,810	31,990	36,235	195,683
Revenue Bond/Commercial Paper	-	-	-	-	-	-	-
Contribution in Aid of Construction	3,300	3,300	3,300	3,300	3,300	3,300	19,800
Beluga Contributed	9,600	9,600	10,200	-	-	-	29,400
<b>Total</b>	<b>42,020</b>	<b>44,250</b>	<b>41,678</b>	<b>42,110</b>	<b>35,290</b>	<b>39,535</b>	<b>244,883</b>

**Municipal Light & Power**  
**2019 - 2024 Deferred & Reimbursable Projects Budget**  
(in thousands)

<b>Project Category</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
Electric	7,000	7,000	7,000	7,000	7,000	7,000	42,000
<b>Total</b>	<b>7,000</b>	<b>7,000</b>	<b>7,000</b>	<b>7,000</b>	<b>7,000</b>	<b>7,000</b>	<b>42,000</b>

<b>Funding Source</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
Deferred/Reimbursable	7,000	7,000	7,000	7,000	7,000	7,000	42,000
<b>Total</b>	<b>7,000</b>	<b>7,000</b>	<b>7,000</b>	<b>7,000</b>	<b>7,000</b>	<b>7,000</b>	<b>42,000</b>

**Municipal Light & Power**  
**2019 Capital Improvement Budget**  
(in thousands)

<b>Project Title</b>	<b>Equity/ Operations</b>	<b>Revenue Bond/ Commercial Paper</b>	<b>Contribution in Aid of Construction</b>	<b>Beluga Contributed</b>	<b>Total</b>
Beluga River Gas Field	-	-	-	9,600	9,600
Communications	1,280	-	-	-	1,280
Distribution Equipment	4,135	-	-	-	4,135
Eklutna Power Plant	2,610	-	-	-	2,610
Land & Land Rights-Transmission & Distribution	80	-	-	-	80
Meters	750	-	-	-	750
Overhead Lines	2,210	-	-	-	2,210
Stores/Tools/Lab	310	-	-	-	310
Street Lighting	300	-	-	-	300
Structures & Improvements - General Plant	200	-	-	-	200
Structures & Improvements - Plant 1/Plant 2	-	-	-	-	-
Transformer Services	3,900	-	-	-	3,900
Transmission Lines	100	-	-	-	100
Transmission Stations	2,900	-	-	-	2,900
Transportation	1,000	-	-	-	1,000
Turbines & Generators	1,675	-	-	-	1,675
Underground Lines	7,670	-	3,300	-	10,970
<b>ML&amp;P TOTAL</b>	<b>\$ 29,120</b>	<b>\$ -</b>	<b>\$ 3,300</b>	<b>\$ 9,600</b>	<b>\$ 42,020</b>

**Municipal Light & Power**  
**2019 Deferred & Reimbursable Projects Budget**  
(in thousands)

<b>Project Title</b>	<b>Deferred/ Reimbursable</b>	<b>Total</b>
Electric	7,000	7,000
<b>ML&amp;P TOTAL</b>	<b>\$ 7,000</b>	<b>\$ -</b>

## Municipal Light & Power Statement of Cash Sources and Uses

	2017 Actual*	2018 Proforma *	2019 Proposed *
<b>Sources of Cash Funds</b>			
Net Income	16,297,275	6,249,000	4,383,000
Depreciation/Depletion/Amortization	32,453,518	29,901,000	30,136,000
Amortization of Bonds	(961,427)	(924,000)	(1,021,000)
Bond Proceeds / Commercial Paper	10,900,000	-	-
Deferred Charges and Other Assets	(680,609)	8,393,824	(2,566,605)
Contribution in Aid of Construction	3,287,701	(2,946,990)	5,416,640
Changes in Assets and Liabilities	(7,003,536)	(1,703,286)	(8,059,982)
<b>Total Sources of Cash Funds</b>	<b>54,292,922</b>	<b>38,969,548</b>	<b>28,288,053</b>
<b>Uses of Cash Funds</b>			
Additions to Plant	27,132,853	20,197,867	34,474,861
Debt Principal Payment	7,520,000	7,865,000	7,730,000
<b>Total Uses of Cash Funds</b>	<b>34,652,853</b>	<b>28,062,867</b>	<b>42,204,861</b>
Net Increase (Decrease) in Cash Funds	19,640,069	10,906,681	(13,916,808)
Cash Balance, January 1	122,106,099	141,746,168	152,652,849
<b>Cash Balance, December 31</b>	<b>141,746,168</b>	<b>152,652,849</b>	<b>138,736,041</b>
<b>Detail of Cash and Investment Funds</b>			
General Cash Less Customer Deposits	33,863,491	61,281,192	59,751,621
Bond Cash	-	-	-
BRU Reg Liability, Future Gas Purchases & ARO	40,567,003	43,558,374	37,636,136
Bond Investment	23,580,680	28,572,922	22,229,544
Debt Service	2,098,515	2,254,135	2,232,514
Operating Fund Invest, Interim Rev. Escrow, Cust Dep	41,636,479	16,986,226	16,886,226
<b>Cash Balance, December 31</b>	<b>141,746,168</b>	<b>152,652,849</b>	<b>138,736,041</b>

\*This Budgetary presentation does not include the effects of implementing Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and thus the revenues and expenses presented in this schedule differ from ML&P's GAAP basis financial statements.

## About Municipal Light & Power

### Organization

ML&P is functionally structured into seven operating divisions: Generation, Engineering, Operations, Finance, Customer Service, Administration, Regulatory Affairs, and Systems. Each division manager reports directly to the General Manager.

As of December 31, 2017, ML&P had 248 employees and total labor and benefit costs of approximately \$39 million, which includes operating and capital labor expenditures. Of these 248 employees, 181 were covered by a labor agreement with the IBEW and 67 were non-represented (covered by the Municipal Personnel Rules).

### History

The history of ML&P is closely linked with the history and development of Anchorage itself. ML&P has emerged to serve a city with approximately half the population of the state at rates which are among the lowest in Alaska and that compare favorably with those of many metropolitan areas in the Lower 48 states. ML&P has evolved into an acknowledged energy leader by being customer oriented, innovative, and responsive to customers' needs for safe, economical, and reliable electrical service.

When the Alaska Engineering Commission (AEC) initiated electrical service in Anchorage in 1916, Anchorage was just a small tent city in the wilderness. The City operated the electrical distribution system under a lease agreement, first with the AEC and later with the Alaska Railroad. This lease agreement continued until 1932 when the citizens of the young city bought the electrical distribution system for \$11,351.

A small steam plant and diesel power generators supplied Anchorage with electricity until 1929 when the private Anchorage Power & Light Company began supplying the community with electricity from a hydroelectric power plant on the Eklutna River, 40 miles northeast of Anchorage. The City acquired the Eklutna Plant from the Anchorage Power & Light Company in 1943. In 1955, the City contracted for 16,000 kilowatts (kW) of the generating capacity of a new Eklutna Hydroelectric power project of the U.S. Bureau of Reclamation and transferred "Little Eklutna" to that federal agency.

Between 1962 and 1984, ML&P installed seven turbine-generating units fired by natural gas and one heat recovery steam turbine generating unit. Unit 3, which was purchased in 1968 and remained in service for 36 years, was retired in 2004. Unit 3's replacement, which is the first new generating unit for ML&P in more than 20 years, began commercial operation August 16, 2007. The 30MW simple-cycle gas turbine is a GE LM2500+ and cost \$27.5 million to purchase and install. Two units have dual-fuel capability, which enhances ML&P's reliability in the event of a disruption of the natural gas supply. ML&P operates nineteen modern substations and is the south-end controller of the Alaska Intertie from Anchorage to Fairbanks.

In late 1996, the Municipality purchased a one-third working interest in the Beluga River Gas Field, which established a guaranteed fuel supply and serves as a means to stabilize fuel prices for years to come. In 1997, ML&P in association with Chugach Electric Association and Matanuska Electric Association purchased the Eklutna Hydroelectric Project from the federal government.

On August 28, 2008 ML&P entered into an agreement with Chugach Electric Association for a dedicated 30% share of the output of the Southcentral Power Project (SPP) plant, varying in electrical output from 45 MW to 54 MW depending on season and temperature. It is a 3 X 1 LM6000 combined cycle project. The plant entered into commercial operation January 31, 2013.

On April 21, 2016 the RCA approved the purchase of ConocoPhillips' one-third working interest in the Beluga River Unit natural gas field by ML&P and CEA. The final agreement transferred 70 percent ownership of the ConocoPhillips' interest to ML&P and 30 percent to Chugach. The total purchase price was \$152 million. The utility now owns 56.67 percent of the field.

On November 7, 2016 Plant 2A was placed in service. The new combined cycle plant is adjacent to the existing Plant 2. Two (2) LM6000 combustion turbines (unit 9 & 10) and one steam turbine (unit 11) are housed in 2A. The 120 MW plant uses less natural gas and reduces Nox and CO emissions. Some of those efficiencies are achieved through the Plant's collocation with AWWU's drinking water infrastructure. The collocation provides cooling to ML&P's infrastructure while simultaneously warming AWWU's infrastructure. The total cost of the plant is just over \$304.9 million.

### Services

ML&P service area encompasses 19.9 contiguous square miles including a large portion of the commercial and high-density residential areas of the Municipality. In 2017, the average number of residential and commercial customers was 24,680 and 6,388 respectively. In 2017, electric retail sales totaled 980,808 MWh resulting in revenues of \$160,301,033. Total electric operating revenues including Miscellaneous Operating Revenue, Sales for Resale and Other Utility Operating Income were \$184,424,413. ML&P also has agreements to supply Fort Richardson Army Base and Elmendorf Air Force Base with firm electrical service.

### Regulation

ML&P is subject to economic regulation by the Regulatory Commission of Alaska (RCA), which is composed of five members appointed to six-year staggered terms by the Governor and confirmed by the State Legislature. RCA regulation encompasses service area definition, tariff rules and regulations, service quality criteria and establishment of recurring rates and miscellaneous fees and charges.

ML&P budgets are submitted to the Administration before submittal to the Municipal Assembly for approval.

### Electric and Gas Plant

ML&P generates, transmits, distributes, and purchases electric power and has a working interest in the Beluga River Unit Gas Field.

- Power Generated/Purchased in 2017
 

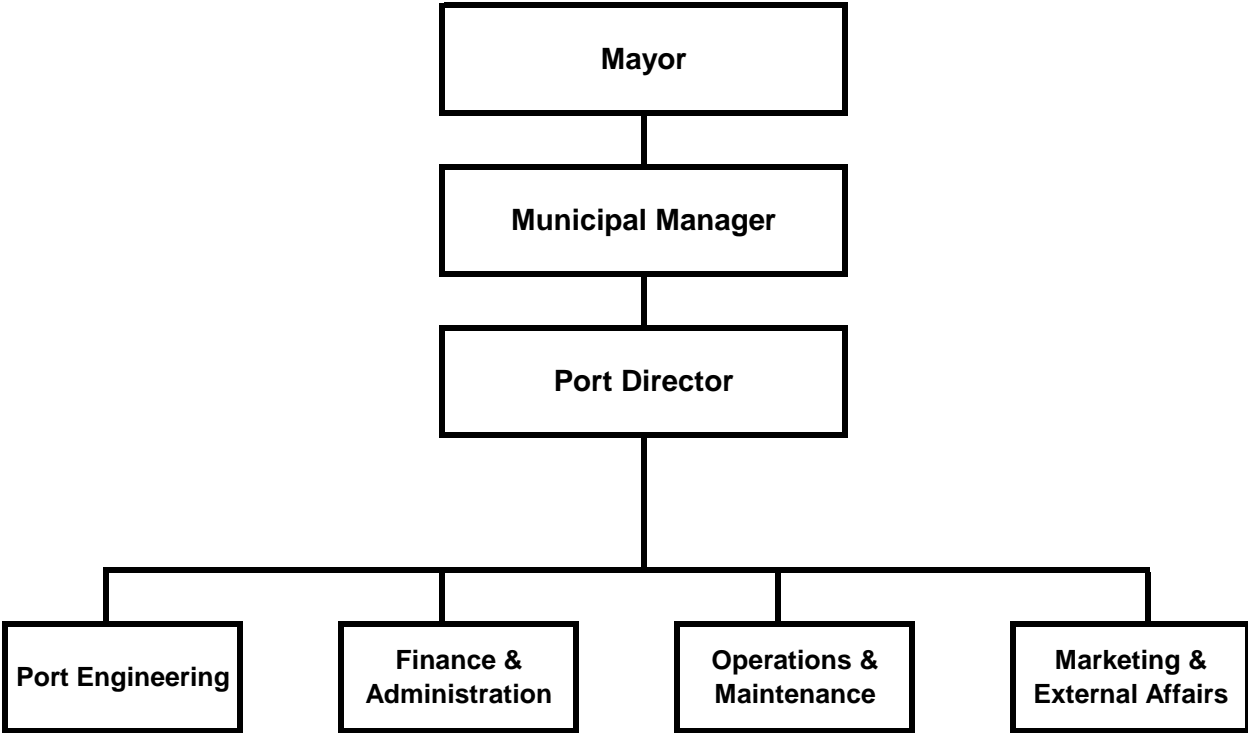
1,382,277 MWh	
• ML&P Generated	858,317 MWh      62.10%
Southcentral Power Plant	372,998 MWh      26.98%
Eklutna Hydroelectric Project	55,029 MWh      3.98%
• Purchased:	
- Bradley Lake Project	95,933 MWh      6.94%
- Total Thermal Generation capacity in 2017
 

420.1 Megawatts (MW) at 30°F	
• Power Plant One (2 Turbines)	66.5 MW      15.83%
• Power Plant Two (2 Turbines)	166.8 MW      39.70%

- Power Plant Two A (3 Turbines) 126.7 MW 30.16%
  - Southcentral Power Plant (4 Turbines) 60.1 MW (ML&P 30%) 14.31%
  - Six Gas Fired Turbines (ML&P Plant 1, 2 & 2A)
  - One Heat Recovery Turbine (ML&P Plant 2A)
  - Two of the six gas fired turbines are equipped to use liquid fuel/diesel as an alternate fuel
  - Southcentral Power Plant – Three Gas Fired Turbines and one Heat Recovery Turbine
  - Distribution System in 2017 371 Miles
    - Underground Cable 253 Miles 68.19%
    - Overhead Line 118 Miles 31.81%
    - 19 Substations
  - Total Electric Plant as of December 31, 2017 \$738,648,140
  - Total Gas Plant as of December 31, 2017 \$151,158,551
  - ML&P has a 53.33% ownership interest in the Eklutna Hydroelectric Project, which has 44.4 MW of installed capacity.
  - ML&P is a 30% owner of the Southcentral Power Plant
- Pursuant to a Power Sales Agreement with the Alaska Energy Authority, ML&P is required to purchase 25.9% of the output of the Bradley Lake Project, which has 126 MW of installed capacity.



# Port of Alaska



## **Port of Alaska Organizational Overview**

The Port of Alaska is an enterprise function of the Municipality.

The Port Director oversees all Port operations, which include: maintenance, safety functions, management of vessel scheduling, movements and dockside activities, general upkeep and operation of the facilities, infrastructure, equipment, and security. This also includes the upkeep and day-to-day management of all municipally-owned infrastructure, roads, and docks. The Maintenance Section is also responsible for the dredging and upkeep of the Ship Creek Boat Launch and Dry Barge Berth. Further, the Port's Operations Manager also serves in the role of Facility Security Officer, wherein he oversees the contract for Port security forces. Additionally, the Port's Safety Coordinator is in this section. The Deputy Port Director not only acts for the Director in his absence, but is now responsible for overseeing the Port's Capital Improvement Program (CIP), to include managing the Port's engineering services contract, and execution of all FEMA port security grant program funds. While managing these programs, the Deputy Port Director will coordinate, as necessary, with the Port Engineer. The Port Engineer has overall responsibility to serve as the contract technical representative for all matters related to the ongoing Port modernization project.

Under the Finance & Administration Section, responsibilities include performing the day-to-day business functions that support to the Port Director and other Port staff. Functions carried out by the staff of this section include: telephone switchboard/receptionist duties, accounts payable and receivable, financial management, and analysis of reports and budgets. Reporting updates are provided to Port staff, Port Commission, the Administration, Assembly, State Legislature, and financial agencies. The finance section is also responsible for real estate management, grant management, financial forecasting and modeling, yearly operating and CIP budgeting and ensuring compliance, as well as other situational fiscal analysis as required.

The External Affairs section is responsible for: all media advertising, coordinating public outreach and media/press relations, legislative relations coordination, any major events involving public participation, and business development. Additional duties include management of website and social media presence, coordinating all public speaking engagements, coordinating all port tours for businesses, the public and Alaska federal, state and local legislative representatives; interfacing with the public and all media for information inquires and public comments, and writing press releases. This position's incumbent's time and payroll are shared with Municipal Light and Power.

## **Port of Alaska Business Plan**

### **Mission**

The Port of Alaska is committed to provide a modern, safe, and efficient facility to support the movement of goods throughout the State of Alaska.

### **Services**

The Port of Alaska is a landlord port committed to providing safe, efficient, and dependable facilities and support services to our private and public sector customers. The staff of the Port is responsible for maintaining all of the land, docks, and municipal buildings that encompass the Port of Alaska.

### **Business Goals**

- Provide Port operating expertise and management to the Port of Alaska Modernization Program (PAMP) with the Port Engineer serving as Project Administrator.
- Plan for future facility and service needs of business and public entity customers.
- Conduct periodic facility condition surveys to anticipate age-related challenges and to ensure uninterrupted operations and safety.
- Maintain affordable and competitive tariff rates sufficient to cover operating and capital requirements.
- Provide a safe work environment for both employees and tenants.
- Maintain financially sound operating ratios.
- Deliver accurate and timely billings to tenants and customers; demand timely payments from all users.
- Provide required level of Port security under U.S. Coast Guard/Homeland Security directives through a consortium of private tenants and the Port.

### **Strategies to Achieve Goals**

1. Provide year-round access to suitable terminals and docks for movement of containers, dry bulk cargo, and liquid bulk cargo to include petroleum products.
2. Provide seasonal maintenance of and access to the Small Boat Launch.
3. Plan, develop, and operate facilities to accommodate market growth and modernization.
4. Schedule all vessels that call on the Port.
5. Provide centralized Port and tenant security services and emergency management leadership.
6. As a landlord port, manage short-term permits (revocable use permits) and long-term leases of land and buildings.
7. Maintain and ensure uninterrupted 24/7/365 availability of Port owned facilities.
8. Ensure environmental quality of the land within the Port boundaries
9. Assess and manage the collection of all tariffs and user fees associated with vessels calling on the Port and land tenant operations.
10. Manage the Foreign Trade Zone (FTZ) and all FTZ applicants.
11. Coordinate U.S. Army Corps of Engineers dredging of channel, turning basin, and dock face dredging to provide for safe commerce.
12. Host official U.S. Navy, U.S. Coast Guard, NOAA, foreign navy and Arctic research vessels on behalf of the Municipality of Anchorage, as needed.

**Performance Measures to Track Progress in Achieving Goals**

Progress in achieving goals will be measured by:

1. Over time hours and pay compared to base compensation for current vs prior year.
2. Operating Net Income YTD for current vs prior year.
3. OSHA recordable incidents for current vs prior year (# of incidents, loss of time & cost).

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## **Port of Alaska**

*Anchorage: Performance. Value. Results.*

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### **Mission**

Develop and maintain the quality of the Port's infrastructure to meet the needs of our stakeholders and ensure safe and modern infrastructure for the timely delivery of consumer goods and commercial cargo.

### **Core Services**

- Provide all Port users with marine terminals and staging yards free of defects.
- Provide Port petroleum terminal operators with an operable and efficient valve yard and petroleum docks.
- Provide clean and safe roads and transfer yards for use by commercial and port-related vehicles.

### **Accomplishment Goals**

- Ongoing repair and enhancement of deteriorated dock pile.
- Continued maintenance of valve yard valves and piping through scheduled inspections and timely maintenance.
- Continued maintenance and repair of storm drain systems and Ship Creek Boat Launch.
- Inspect dock surface and common areas to ensure cranes, equipment and personnel can operate with minimal threat of damage.
- Assist the Municipality of Anchorage effectively oversee management of the cost and schedule associated with the Port of Alaska Modernization Project (PAMP).

<b>Measure #1: Over time hours and pay compared to base compensation for current vs prior year.</b>
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	<u>2017</u>	<u>2018 (YTD)</u>
<b>Total Hours</b>	1,989	553
<b>Total Cost</b>	\$ 98,662	\$ 28,251

<b>Measures #2: Operating Net Income YTD for current vs prior year.</b>
---

	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>%Growth/(Loss)</u>
<b>*Net Operating Income</b>	\$ (554,913)	\$ (965,078)	(74%)
<b>Total Cash Flow</b>	\$ 9,330,653**	\$ 2,545,613	(73%)

\* Unaudited

\* Net Operating Income includes Depreciation (non-cash item).

\*\* Includes PIEP Lawsuit Settlement payments – one time payments made in 2017. Normalized Growth/Loss Rate is loss of 1.4%.

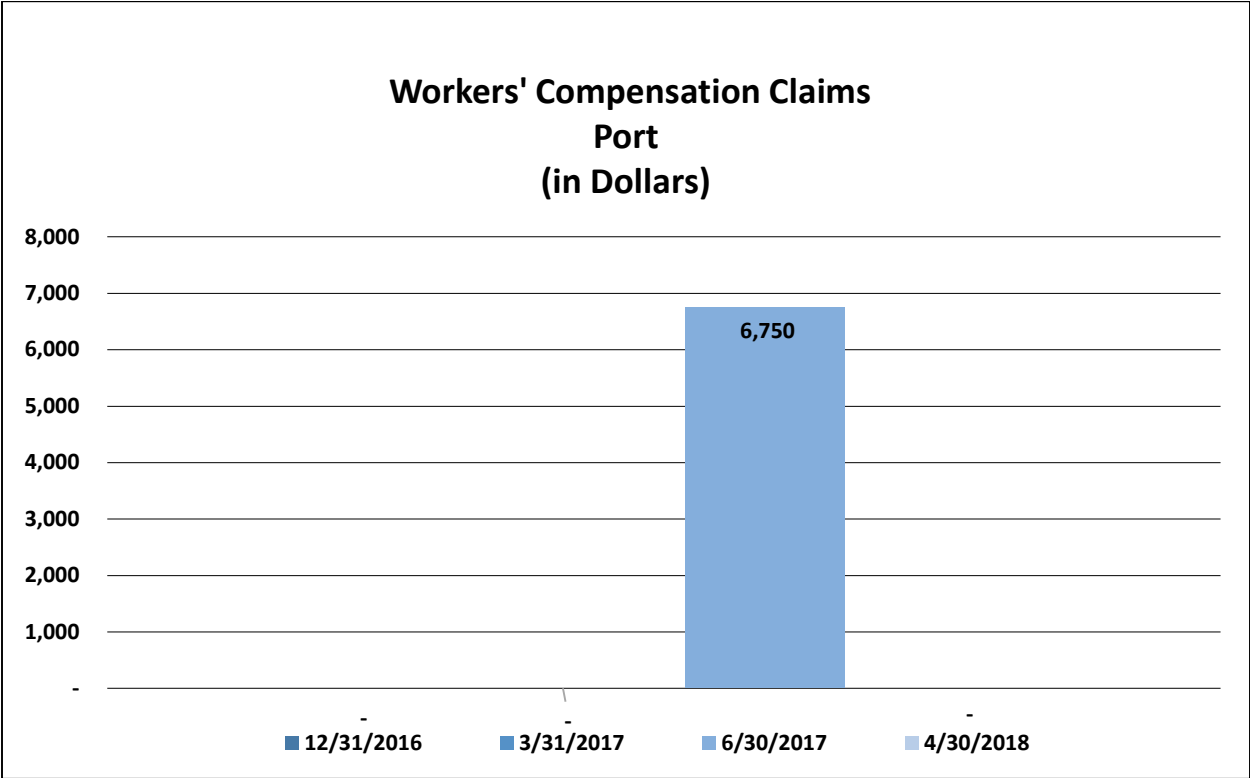
<b>Measures #3: OSHA Recordable incidents for current vs prior year (# of incidents, loss of time &amp; cost)</b>
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	<u>2017</u>	<u>2018 (YTD)</u>
<b># of Incidents</b>	0	0
<b>Loss of Time</b>	0	0
<b>Cost</b>	\$ 0	\$ 0

**PVR Measure WC: Managing Workers' Compensation Claims**

Reducing job-related injuries is a priority for the Administration by ensuring safe work conditions and safe practices. By instilling safe work practices, we ensure not only the safety of our employees but reduce the potential for injuries and property damage to the public. The Municipality is self-insured and every injury poses a financial burden on the public and the injured worker's family. It just makes good sense to WORK SAFE.

Results are tracked by monitoring monthly reports issued by the Risk Management Division.



## **Port of Alaska Highlights and Future Events**

### **Port of Alaska Modernization Program (PAMP)**

The Port's existing marine terminals have reached the end of their life span and suffer from severe corrosion on the wharf piling. If nothing is done the docks will start shutting down in the next 9 to 10 years because of inability to sustain the weight of operational loads. The PAMP will replace two general cargo terminals and two petroleum terminals to ensure infrastructure resilience over a 75-year life cycle. To maintain Port operations during construction, the program will be completed in phases. Phase 1 includes construction of a new Petroleum/Cement Dock and a partial cut-back and stabilization of the north extension area to preserve usable land while improving hydraulics for reduced maintenance dredging and safer navigation. Phases 2 through 4 complete the marine terminal construction and final stabilization of the north extension.

The program will enable the Port to accommodate deeper draft vessels by allowing for a harbor depth increase from 35 feet to 45 feet when needed. New ship-to-shore container cranes will increase reach for wider vessels. Completion of this program is critically important for the Port to continue to serve 87% of Alaska's population and to maintain its role as one of 17 designated Department of Defense Commercial Strategic Seaports.

Based on an overall 15%-complete program design, assuming full up-front funding, and assuming timely permit issuance, the program is estimated to be completed in 2024 at a total cost of \$1.1B. In 2018 the Port of Alaska received a \$20M legislative grant from the State of Alaska. State capital grant and general obligation bond funding available to the program totals approximately \$126.8M.

### **Ongoing Facility Maintenance**

The Port continues to work diligently to meet its commitment to offer continued operational capability for Port customers while new facilities are in design and construction. Aging facilities not included in the early phases of infrastructure improvements continue to be managed and maintained to the highest standards possible with great attention being paid to the highest priorities addressed first. The recommendations in the Port's Capital Improvement Budget address items needing immediate attention outside of the APMP. Those include, but are not limited to, Wharf Pile Enhancements and a project that supports the GIS mapping of the Port.



## **Port of Alaska External Impacts**

### **External Factors**

Continued development and infrastructure replacement at North Slope, offshore, and Cook Inlet oil and gas fields, including potential construction of a pipeline to tidewater for LNG export.

Catching up with the changing equipment and infrastructure needs of the maritime shipping community so as not to lose relevance, to keep port users competitive, and to keep the cost of goods to the consumer reasonable.

Sustaining the response to jet fuel requirements from Ted Stevens Anchorage International Airport and Joint Base Elmendorf-Richardson.

Designation of the Port of Alaska as one of 19 Department of Defense National Commercial Strategic Seaports.

Unpredictability of State and Federal funding.

## Port of Alaska Workforce Projections

<b>Division</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Administrative / Engineering	6	6	6	6	6	6	6	6
Operations / Maintenance	13	13	13	13	13	13	13	13
<b>Total Full Time</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>
Part Time / Temporary	9	3	3	3	3	3	3	3
<b>Total Positions</b>	<b>28</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>22</b>
<b>Total FTE</b>	<b>23.5</b>	<b>20.5</b>	<b>20.5</b>	<b>20.5</b>	<b>20.5</b>	<b>20.5</b>	<b>20.5</b>	<b>20.5</b>

**Port of Alaska**  
**8 Year Summary**  
(\$ in thousands)

	<i>DRAFT</i>							
	2017	2018	2019	2020	2021	2022	2023	2024
<b>Financial Overview</b>	<b>Actuals</b>	<b>Proforma</b>	<b>Proposed</b>	<b>Forecast</b>				
Revenues	21,714	13,745	13,710	14,053	14,404	14,764	15,133	15,512
Expenses	20,100	21,411	22,518	30,919	29,155	30,030	30,631	30,937
<b>Net Income(Loss)</b>	<b>1,614</b>	<b>(7,666)</b>	<b>(8,808)</b>	<b>(16,866)</b>	<b>(14,751)</b>	<b>(15,266)</b>	<b>(15,497)</b>	<b>(15,425)</b>
Depreciation	7,254	7,021	7,435	13,589	13,589	13,589	13,589	13,589
<b>Available to Service Debt</b>	<b>8,868</b>	<b>(645)</b>	<b>(1,373)</b>	<b>(3,277)</b>	<b>(1,162)</b>	<b>(1,677)</b>	<b>(1,908)</b>	<b>(1,836)</b>
Budgeted Positions	28	22	22	22	22	22	22	22
Capital Improvement Program	5,100	1,750	43,657	165,774	-	-	-	-
Long Term Debt**	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Net Plant (12/31)	154,872	156,622	200,279	366,053	366,053	366,053	366,053	366,053
Total Net Assets	178,185	173,067	216,724	368,909	360,320	350,231	340,142	330,053
General Cash Pool	18,329	15,432	14,911	11,634	10,472	8,795	6,886	5,050
Construction Cash Pool	8,662	10,412	54,069	219,843	5,000	3,500	3,500	3,500
<b>Total Cash</b>	<b>26,991</b>	<b>25,844</b>	<b>68,980</b>	<b>231,477</b>	<b>15,472</b>	<b>12,295</b>	<b>10,386</b>	<b>8,550</b>
IGCs - General Government	1,018	1,088	1,030	1,056	1,082	1,109	1,137	1,165
MESA	1,942	2,020	2,137	2,190	2,245	2,301	2,359	2,418
Total Outstanding Debt 12/31 - (Long Term Debt)	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Debt Service Coverage (Short Term Note Interest)	677	1,098	1,325	1,325	1,350	1,375	1,375	1,375
Debt/Equity Ratio (12/31)		28/72	29/71	29/71	30/70	30/70	31/69	31/69
<b>Tariff Wharfage Rates (01/15):</b>								
1250 Petroleum, Bulk / Barrel	\$0.141	\$0.146	\$0.152	\$0.158	\$0.164	\$0.171	\$0.178	\$0.185
1250 Cement, Bulk / Ton	\$1.55	\$1.61	\$1.67	\$1.74	\$1.81	\$1.88	\$1.95	\$2.03
<b>Statistical/Performance Trends:</b>								
Tonnage (in thousands)	3,498	3,524	3,525	3,578	3,632	3,686	3,741	3,797
Operating Revenue/Ton	3.34	3.36	3.37	3.41	3.40	3.41	3.45	3.50

**Port of Alaska**  
**Statement of Revenues and Expenses**

	<i>DRAFT</i> 2017 Actuals	2018 Proforma	2018 Revised	19 v 18 \$ Change	2019 Proposed	19 v 18 % Change
<b>Operating Revenue</b>						
Dock Revenue	6,375,782	6,373,656	6,302,487	-	6,302,487	0.0%
Industrial Park Revenue	5,000,893	5,179,335	5,007,922	280,723	5,288,645	5.6%
Other Operating Revenue	321,207	289,275	280,500	-	280,500	0.0%
<b>Total Operating Revenue</b>	<b>11,697,882</b>	<b>11,842,266</b>	<b>11,590,909</b>	<b>280,723</b>	<b>11,871,632</b>	<b>2.4%</b>
<b>Non Operating Revenue</b>						
Interest Income (Loss)	627,633	200,000	200,000	-	200,000	0.0%
Pipeline Right-of-Way Fee	173,391	170,222	160,000	-	160,000	0.0%
Miscellaneous Non-Operating Revenue	9,215,127	1,532,675	1,477,975	-	1,477,975	0.0%
<b>Total Non Operating Revenue</b>	<b>10,016,151</b>	<b>1,902,897</b>	<b>1,837,975</b>	<b>-</b>	<b>1,837,975</b>	<b>0.0%</b>
<b>Total Revenue</b>	<b>21,714,033</b>	<b>13,745,163</b>	<b>13,428,884</b>	<b>280,723</b>	<b>13,709,607</b>	<b>2.1%</b>
<b>Operating Expenses</b>						
Labor						
Labor and Benefits	2,641,695	2,952,568	2,794,510	13,617	2,808,127	0.5%
Overtime	98,662	104,365	104,365	-	104,365	0.0%
Total Labor	2,740,357	3,056,933	2,898,875	13,617	2,912,492	0.5%
Non Labor						
Non Labor	6,435,727	7,095,177	8,342,690	(705,000)	7,637,690	-8.5%
Travel	32,148	31,240	40,000	-	40,000	0.0%
Transfers (MESA and Gross Receipts)	1,942,013	2,020,104	2,084,022	52,943	2,136,965	2.5%
Depreciation and Amortization	7,253,997	7,021,383	7,021,383	413,964	7,435,347	5.9%
Total Non Labor	15,663,885	16,167,904	17,488,095	(238,093)	17,250,002	-1.4%
<b>Total Direct Cost</b>	<b>18,404,242</b>	<b>19,224,837</b>	<b>20,386,970</b>	<b>(224,476)</b>	<b>20,162,494</b>	<b>-1.1%</b>
Charges from other departments	1,018,756	1,087,887	1,087,887	(57,559)	1,030,328	-5.3%
<b>Total Operating Expense</b>	<b>19,422,998</b>	<b>20,312,724</b>	<b>21,474,857</b>	<b>(282,035)</b>	<b>21,192,822</b>	<b>-1.3%</b>
<b>Non Operating Expense</b>						
Financing Costs on Short-Term Obligations	677,192	1,098,000	675,000	650,000	1,325,000	96.3%
<b>Total Non Operating Expense</b>	<b>677,192</b>	<b>1,098,000</b>	<b>675,000</b>	<b>650,000</b>	<b>1,325,000</b>	<b>96.3%</b>
<b>Total Expenses (Function Cost)</b>	<b>20,100,190</b>	<b>21,410,724</b>	<b>22,149,857</b>	<b>367,965</b>	<b>22,517,822</b>	<b>1.7%</b>
<b>Net Income</b>	<b>1,613,843</b>	<b>(7,665,561)</b>	<b>(8,720,973)</b>	<b>(87,242)</b>	<b>(8,808,215)</b>	<b>1.0%</b>
<b>Appropriation</b>						
<b>Total Expenses</b>			<b>22,149,857</b>	<b>367,965</b>	<b>22,517,822</b>	
Less: Non Cash items						
Depreciation and Amortization			7,021,383	413,964	7,435,347	
Total Non-Cash			7,021,383	413,964	7,435,347	
<b>Amount to be Appropriated (Cash Expenses)</b>			<b>15,128,474</b>	<b>(45,999)</b>	<b>15,082,475</b>	

**Port of Alaska**  
**Reconciliation from 2018 Revised Budget to 2019 Proposed Budget**

	Appropriation	Positions		
		FT	PT	T
<b>2018 Revised Budget</b>	22,149,857	19	3	-
<b>Transfers (to)/from Other Agencies</b>				
- MESA and Gross Receipts	52,943	-	-	-
- Charges by/from others	(57,559)	-	-	-
<b>Debt Service Charges</b>				
- Line of Credit (LOC) Interest	650,000	-	-	-
<b>Changes in Existing Programs/Funding for 2018</b>				
- Depreciation	413,964	-	-	-
- Salary and benefits adjustments	13,617	-	-	-
<b>2019 Continuation Level</b>	<b>23,222,822</b>	<b>19</b>	<b>3</b>	<b>-</b>
<b>2019 Proposed Budget Changes</b>				
- Reduction of legal expenses for litigation of the Anchorage Port Modernization Project (APMP)	(705,000)	-	-	-
<b>2019 Proposed Budget</b>	<b>22,517,822</b>	<b>19</b>	<b>3</b>	<b>-</b>
<b>2019 Budget Adjustment for Accounting Transactions (Appropriation)</b>				
- Depreciation	(7,435,347)	-	-	-
<b>2019 Proposed Budget (Appropriation)</b>	<b>15,082,475</b>	<b>19</b>	<b>3</b>	<b>-</b>

**Port of Alaska**  
**2019 - 2024 Capital Improvement Program**  
(in thousands)

<b>Project Category</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
Petroleum Cement Terminal	42,057	147,740	-	-	-	-	189,797
Port Fleet Vehicles	100	-	-	-	-	-	100
Terminal 1 and Terminal 2	-	16,534	-	-	-	-	16,534
Wharf Pile Enhancements	1,500	1,500	-	-	-	-	3,000
<b>Total</b>	<b>43,657</b>	<b>165,774</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>209,431</b>

<b>Funding Source</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
Equity/Operations	1,600	1,500	-	-	-	-	3,100
Debt Service	22,057	144,274	-	-	-	-	166,331
State/Fed Grants	20,000	20,000	-	-	-	-	40,000
<b>Total</b>	<b>43,657</b>	<b>165,774</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>209,431</b>

**Port of Alaska**  
**2019 Capital Improvement Budget**  
(in thousands)

<b>Project Title</b>	<b>Debt</b>	<b>State/Fed Grant</b>	<b>Equity/ Operations</b>	<b>Total</b>
Petroleum Cement Terminal	22,057	20,000	-	42,057
Port Fleet Vehicles	-	-	100	100
Wharf Pile Enhancements	-	-	1,500	1,500
<b>Total</b>	<b>22,057</b>	<b>20,000</b>	<b>1,600</b>	<b>43,657</b>

## Port of Alaska Statement of Cash Sources and Uses

	<i>DRAFT</i>		
	2017	2018	2019
	Actuals	Proforma	Proposed
<b>Sources of Cash Funds</b>			
Net Cash by Operating Activities	2,069,850	1,268,552	171,030
Interest	588,195	296,688	200,000
Grant Proceeds/Capital Contributions	8,945,316	5,788,722	1,750,000
<b>Total Sources of Cash Funds</b>	<b>11,603,361</b>	<b>7,353,962</b>	<b>2,121,030</b>
<b>Uses of Cash Funds</b>			
Additions to Plant	15,653,218	5,788,722	1,600,000
<b>Total Uses of Cash Funds</b>	<b>15,653,218</b>	<b>5,788,722</b>	<b>1,600,000</b>
Net Increase (Decrease) in Cash Funds	4,967,523	1,565,240	521,030
Cash Balance, January 1	23,973,987	26,990,860	25,844,243
<b>Cash Balance, December 31</b>	<b>28,941,510</b>	<b>28,556,100</b>	<b>26,365,273</b>
<b>Detail of Cash and Investment Funds</b>			
Equity in General Cash Pool	18,328,567	15,431,950	14,910,920
Equity in Construction Cash Pool	8,662,293	10,412,293	54,069,293
<b>Cash Balance, December 31</b>	<b>26,990,860</b>	<b>25,844,243</b>	<b>68,980,213</b>



## About Port of Alaska

### History

The Port of Alaska commenced operation in September 1961 as the Port of Anchorage, with a single berth. In its first year of operation, 38,000 tons of cargo crossed the dock. On average, around four million tons passes over the dock every year, equating to about 250,000 commercial truck trips through Port property. The Port of Alaska is a major economic engine and one of the strongest links in the Alaska transportation chain. This chain enables residents statewide, from Cordova to Barrow, to take full advantage of the benefits of inexpensive waterborne commerce through this regional Port. The Port and its stakeholders have maintained a notable safety record throughout the five decades of operation. The Port is one of 23 nationally designated Department of Defense strategic seaports. On October 24, 2017, the Anchorage Assembly approved ordinance AO 2017-122(S) to change the name to the Port of Alaska in an effort to recognize the statewide importance of this vital marine Intermodal facility.

The Port of Alaska Modernization Project (PAMP) began in 2003 as the Port Intermodal Expansion Project (PIEP). What started as an expansion effort is now focused on replacing the deteriorating dock structures that have reached their original design life and were not built to current engineering standards for operational and seismic performance.

### Physical Plant

Real Estate: 128 acres of developed uplands  
                   65 acres currently under construction  
                   48 acres of newly acquired land from JBER  
                   400 acres of economically developable tidelands to the north and south of  
                   the existing Industrial Park and dock area  
                   1,000 acres of submerged lands offshore from tidelands holdings  
                   1,641 total acres

### Terminals:

- Three General Cargo Terminals, 2,109 ft. of dock face, container, bulk cement, dry bulk and break bulk capabilities
- Two Bulk Petroleum Product Terminals with 600 feet each of berthing space with four 2,000-bbl./hr.-product pipelines each
- Operating depth at all facilities: dredged to -35 feet MLLW
- Maximum vessel tonnage: 60,000 DWT
- Maximum length and breadth: No limit
- On-dock Transit Shed with 27,000 square foot heated storage/office space
- One dry barge berth, available spring through fall, and 15 acres of uplands for any type commodity movement

### Cargo Handling Equipment:

- Rail mounted, electric Container Cranes:  
                   (2) 30 ton and (1) 40 ton
- Portable Cranes to 150 tons available
- Forklifts to 30 tons available
- Bulk Petroleum Valve Yard capable of accommodating multiple simultaneous marine/shore and/or inter-user shore side transfers.

U.S. Port of Entry: Foreign Trade Zone service available.

## **Services**

Approximately 50% of all waterborne freight entering the State, and 90% of all refined petroleum products sold within the Railbelt and beyond (87% of the State's population) move through the Port of Alaska on an annual basis. Container service is available twice a week from the Port of Tacoma through two domestic ocean carriers. Bulk shipments, both domestic and foreign, involve imports of basic commodities such as cement, refined petroleum products and construction materials. The Port of Alaska, due to its strategic global position and close proximity to neighboring military bases, Joint Base Elmendorf-Richardson and Fort Wainwright are key transportation nodes for Department of Defense concerning mobilization planning, shipping/transporting of jet fuel and other related petroleum products and bulk cargo for military use.

The Municipality of Anchorage is the Grantee of Foreign Trade Zone (FTZ) No. 160, the only activated FTZ in the State of Alaska. The Port of Alaska is the Municipal department responsible for the administration of the FTZ program in Anchorage. Under the FTZ Alternate Site Framework construct, the entire Municipality is the identified FTZ. Currently there are seven "sub-zones" totaling some 1,000 acres located at the Port, Ted Stevens Anchorage International Airport and at five private sites throughout the Municipality. The United States Department of Commerce Foreign Trade Zones Board approved an application for subzone status for the Andeavor (formerly Tesoro) refinery in Kenai in May 2001.

## **Regulation**

Dock revenue rates for the Port of Alaska are established in the Port's Terminal Tariff No. 8.2 and through contractual Terminal Preferential Usage Agreements. Changes to the tariff and adjustments to the Preferential Usage Agreements' charges require initial approval by the Anchorage Port Commission, and are subject to final approval by the Anchorage Municipal Assembly.

Port Industrial Park Revenue is derived from long-term leases of properties in the 220-acre Port Industrial Park. The leases provide for five-year rate adjustments that are performed in accordance with Anchorage Municipal Code provisions. Leases and lease options are subject to Municipal Assembly approval.

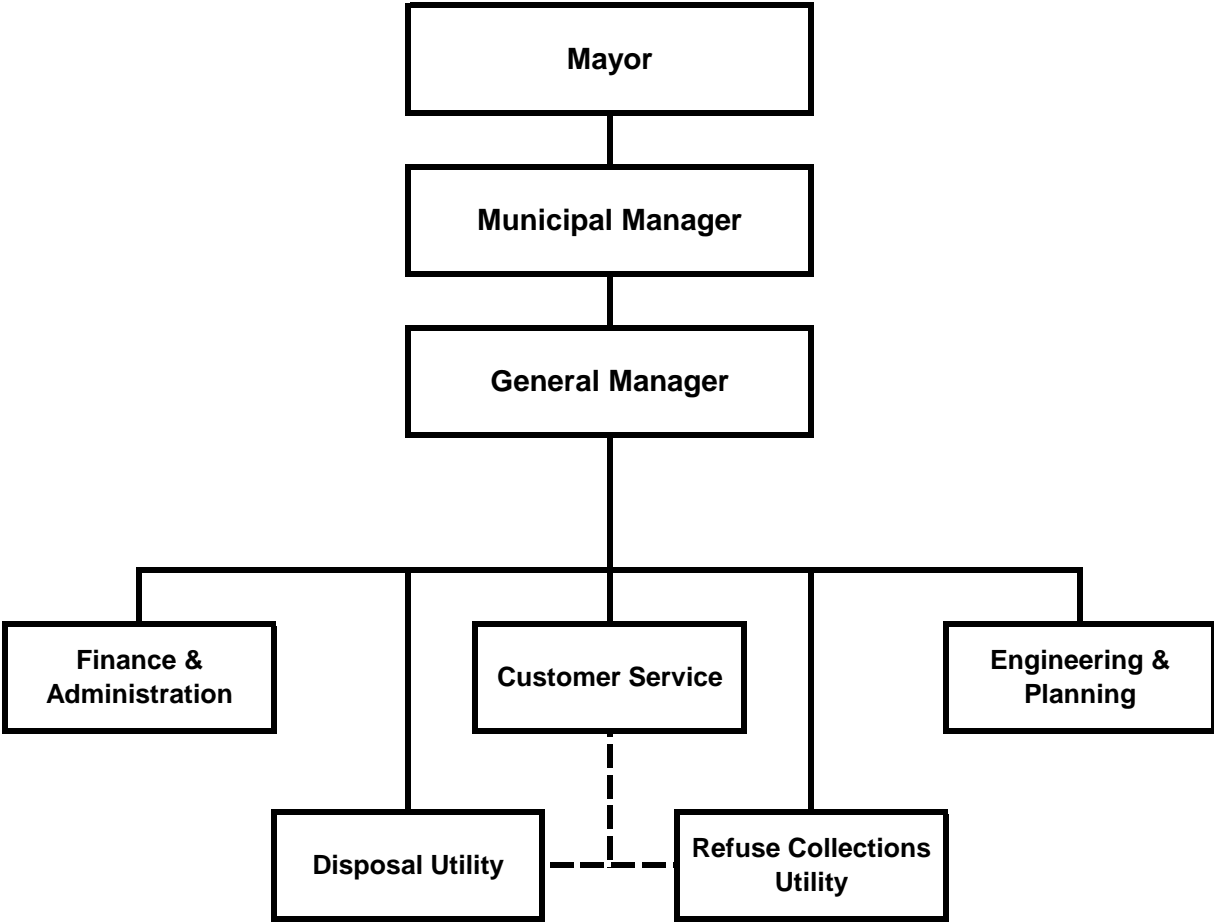
## **Environmental Mandates**

The Port complies with a broad range of local, state and federal environmental standards, including all provisions of the National Environmental Policy Act (NEPA), Clean Water Act, Clean Air Act, National Pollution Discharge Elimination System (NPDES), the Marine Mammal Protection Act (MMPA), Endangered Species Act and Coastal Zone Management Plan. The Port area was also granted a categorical exclusion from Cook Inlet Beluga Whale critical habitat for reasons of its strategic importance to the Department of Defense and the State of Alaska.

## **Port Safety Security and Emergency Preparedness**

Because the Port is a lifeline to the State of Alaska, safety, security and emergency preparedness are key parts of Port operations. Threats of; natural disasters, accidents, or terrorists potentially disrupting the commerce and fuel supply for 87% of the state's population is of utmost importance. Efforts will continue to prevent and minimize these threats as well as establishing recovery procedures. These efforts are done in conjunction with the Port stakeholders, Municipal, State, and Federal agencies. The Port continues to undergo security upgrades via Federal Port Security Grant applications and awards. Emergency preparedness planning and drills continue to be held to establish up to date disaster action and mitigation plans.

# Solid Waste Services



## **Solid Waste Services Organizational Overview**

The Municipality of Anchorage's (MOA) Department of Solid Waste Services (SWS), comprised of the Refuse Collection Utility (RCU) and Solid Waste Disposal Utility (SWDU), is defined as a municipal utility by Anchorage Municipal Code (AMC 26.10.015). The Utilities are self-funded and self-supporting by revenues derived from operations; primarily customer fees for services. No tax dollars are used by SWS operations. By Code and Municipal Charter, each utility is required to operate in accordance with general business standards common to the solid waste industry (Charter Article 16.01) and to provide a reasonable profit in accordance with industry standards (AMC 26.10.060).

To support the RCU and SWDU, SWS has three additional operating divisions: Engineering & Planning; Customer Service; and Administration. Each SWS supervisor reports to the General Manager.

### **General Manager**

The General Manager is responsible for the overall management of SWS. The General Manager oversees operational decisions, with the Solid Waste and Recycling Advisory Commission (SWRAC) providing an overview of strategies, operating plans and budgets, along with offering input on solid waste issues, ordinances and policies and providing recommendations to the Mayor.

### **Refuse Collection Utility (RCU)**

The RCU provides both residential and commercial service to the former City of Anchorage service area. The RCU has converted 99% of its customers to automated operations. There are approximately 150 customers which still receive manual can and bag pickup.

Commercial refuse collection consists of seven routes serviced Monday through Friday and four additional routes serviced on Saturdays. This equates to the servicing of over 5,000 dumpsters on a weekly basis. All commercial refuse collected is unloaded at the Central Transfer Station (CTS).

Residential refuse collection consists of 11 routes serviced Monday through Friday for over 10,000 customers. All residential refuse is collected and unloaded at CTS. Curbside Recycling services over 9,500 customers weekly and is performed by two routes. Mixed paper and cardboard recycling collection is also provided to more than 50 municipal offices on a weekly, bi-weekly, and monthly basis. All recycling is transported and unloaded at the Anchorage Recycling Center (ARC) and pays a recycling tipping fee. Currently the RCU is collecting residential yard waste and food scraps from approximately 250 customers. The RCU plans to offer this service to the entire SWS collection area in 2019.

Twenty-seven full time employees perform all refuse and recycling collection activities. The RCU fleet consists of: ten 40 cubic yard commercial frontload vehicles; nine 27 cubic yard automated sideload vehicles; one 25 cubic yard rear loader; six light-duty support vehicles; and one forklift. RCU vehicle maintenance employees repair and maintain this fleet within a warm storage facility located at the CTS. Residential and Commercial collection operators are members of the local Teamster's union with the vehicle maintenance employees being part of the International Brotherhood of Electrical Workers. All operators are required to participate in a

pre-route safety-operations briefing, and daily Department of Transportation (DOT) required pre-shift and post-shift vehicle inspections.

### **Solid Waste Disposal Utility (SWDU)**

The main function of the SWDU is to dispose of household and commercial refuse generated within the MOA. The refuse is brought to three locations: Girdwood Transfer Station (GTS); CTS; and, the Anchorage Regional Landfill (ARL). The SWDU has an extensive fleet of specialized equipment for the disposal of refuse that is maintained, operated and supported by highly skilled and trained staff.

GTS received over 1,200 tons of refuse in 2017. GTS has a paved area where solid waste is discarded into an enclosure containing a 120 cubic yard trailer for transfer to CTS. GTS accepts used oil and batteries from customers and these items are picked up by SWS's Household Hazardous Waste (HHW) contractors for proper disposal, recycling, or for reuse.

CTS is located between the old and new Seward Highways on 56<sup>th</sup> Avenue. Solid waste disposed of at CTS is transferred by SWS tractors pulling 120 cubic yard open top trailers to ARL. An average of 800 tons per day of solid waste is transferred from CTS to ARL. CTS also has an HHW disposal location and accepts residential used oil, batteries and appliances that are picked up by contractors for proper disposal, recycling, or for reuse. Customers can drop off small quantities (less than 220 pounds per month) of unregulated hazardous waste which is not allowed to be disposed at ARL. Twenty-five SWS operators perform the various duties and operations associated with CTS.

ARL is located near the intersection of the Glenn Highway and Hiland Road near Eagle River. It is a 275-acre, award-winning, subtitle D landfill that typically processes more than 1,000 tons of refuse daily. Currently, ten cells are constructed, with a total of 12 cells to be developed. Every day solid waste is compacted and then covered with soil using bulldozers. The cover material comes from the excavation of future cells located on-site. Each landfill cell is lined and contains a leachate (water) collection system. Leachate is collected and transported in pipelines at the bottom of the landfill to collection lagoons for pre-treatment by aeration to increase the oxygen levels at ARL. On average, three specially designed leachate tankers transport and dispose of 25 million-gallons per year at the Anchorage Water & Wastewater Utility's Turpin Road dump station. ARL employees are responsible for the daily disposal of all of the MOA's refuse, the excavation and hauling of daily cover material, the installation and maintenance of landfill gas recovery wells and lines, the hauling of leachate, the building and maintaining of roads, snow removal, dust control and equipment repair. Located within a warm storage facility located at ARL, vehicle maintenance employees repair and maintain heavy equipment and SWDU vehicles. A total of 26 SWS operators and mechanics perform the various duties and operations associated with ARL. The main HHW facility is located at ARL and is operated by a contractor that serves the residential and small business customers.

City-wide recycling has increased and trash disposed at the landfill has gone down which has resulted in extending the life of the landfill. Funded from a recycling surcharge, the program promotes recycling and the recycling industry. One full time recycling coordinator answers public inquiries, and, in coordination with private and non-profit partners, prepares educational media (including social media) campaigns and events related to recycling throughout the MOA. The surcharge has funded the development of an expanded paved public recycling drop-off site at the landfill. ARL currently accepts aluminum cans, paper, plastic, and cardboard. The materials are then transported to the Anchorage Recycling Center.

The program also provides support for public space recycling and to the Anchorage School District (ASD) by collecting mixed paper from all their facilities. Recycling within the MOA is further supported through a grant for Christmas tree recycling, and a grant to offset the Port of Anchorage wharfage fees that the ARC pays to ship recyclables out of state. A large, but less visible effort is economic and business development grants. These funds are given to local recycling businesses for developing ideas for reusing materials in-state, such as glass, tires, construction and demolition debris, and organics.

### **Engineering and Planning**

The Engineering and Planning Division consists of one engineer/manager, one civil engineer, and two engineering technicians. The group has the following main tasks:

- Planning, design and construction of new facilities;
- Major facility upgrades and repairs;
- Technical landfill operations;
- Landfill gas (LFG) collection system operation; and,
- Regulatory compliance.

The division is responsible for the planning, design and management of construction activities related to landfill expansion, LFG collection system expansion and maintenance, CTS improvements and landfill closure projects. The division relies on contracted engineering services for major design and construction projects. As the landfill development progresses, engineering efforts will turn more toward closure and reclamation projects such as capping, re-vegetation and storm water management. The current closure cost includes \$57M of closure construction work, and \$28M (both in 2017 dollars) of post closure care costs that will be conducted over a period of 30 years following the closure of ARL.

As SWS facilities age (many are over 30-years old), the division is responsible for the procurement of services for major repair and maintenance activities. These activities include periodic reconstruction of the CTS tipping floor, HVAC systems, paving of roads and work areas at ARL, and rehabilitation of landfill gas and leachate wells and piping systems.

The division provides technical support to the SWDU ARL staff to improve landfill operations and maximize airspace utilization. The division helps re-engineer outer landfill slopes which recovers valuable landfill airspace and regularly monitors waste compaction and daily cover quantities in order to re-evaluate these estimates. The division provides support for planning fill operations, developing access roads, and efficiently mining cover materials from the site. As an example, the landfill crew, in addition to processing solid waste, can also mine gravel for current and future cover operations.

The LFG collection system currently supplies Doyon Utilities (DU) with gas to power a 7-megawatt electrical generating plant which provides power to the Fort Richardson side of Joint Base Elmendorf-Richardson. LFG activities at ARL include daily checks of key operating parameters, as well as routine maintenance of LFG well heads and monitoring equipment. The system currently requires a bi-weekly check and rebalancing of over 68 gas collection points to optimize the efficiency of the gas collection system while maximizing the gas output delivered to DU.

The division is responsible for compliance with environmental regulations at ARL as well as three closed landfill sites. All sites have groundwater monitoring and reporting requirements, as well as solid waste permit compliance relating to operation or post-closure monitoring. The

Merrill Field landfill site has active landfill gas and leachate management systems which have both operational and regulatory reporting requirements. ARL operates under an active Class I landfill operating permit, as well as a Title V Air Quality operating permit, both issued by the Alaska Department of Environmental Conservation (ADEC). In addition to specific operating requirements, these permits require numerous inspections, as well as documentation and reporting requirements. Because ARL accepts asbestos wastes, it is regulated under National Emissions Standards for Hazardous Air Pollutants which requires inspection and documentation of every load of regulated material received. Both ARL and CTS have Storm Water Pollution Prevention Plans approved by ADEC which have regular inspection, monitoring, sampling, and reporting requirements.

### **Customer Service**

The Customer Service Division has two work groups; the Customer Service Administration and Call Center and the Scale House/Cash Booth. One Senior Administrative Officer manages both work groups, totaling 18 employees.

#### Customer Service Administration and Call Center

This work group is based out of the SWS Administration Building located at 1111 East 56<sup>th</sup> Avenue. This office is staffed with one Senior Administrative Officer, one Junior Administrative Officer, one Collector, one Code Enforcement Officer and three Account Representative III's. The SWS call center staff answers up to 160 calls per day and also maintains the SWS customer information system, which allows the invoicing of up to 12,350 customers monthly. These customers account for, on average, more than \$2.1M in payments monthly to their accounts.

The SWS Code Enforcement officer ensures compliance within the SWS mandatory service area by actively facilitating corrective action in accordance to AMC's 14, 15, 21.07 and 26; while handling all in-house collections efforts for accounts that are 31 to 90 days past due. Once these accounts reach 90 days past due, they are transferred to the MOA third party collections company for further collective action.

#### Scale House and Cash Booth

The 12 employees of the Scale House and Cash Booth work group operate both the scale houses and cash booths at CTS, ARL, and GTS. Operating hours and days of operation vary by location, but overall this work group operates 363 days a year, including all MOA holidays except Christmas and New Year's Day. Opening shifts begin as early as 6 A.M. for the staff opening CTS, closers are often on duty until approximately 6 P.M.

This group is the smiling face that greets both the residential and commercial disposal customers as they visit our disposal locations. These employees screen the customer's load prior to disposal, kindly educate many on safe disposal practices, enforce compliance with AMC and State Laws regarding litter prevention and the assessing of fees, and help monitor safety compliance. These team members assist over a quarter of a million customers that visit our facilities each year.

## **Administration**

The Administration division provides support to all SWS employees. It is responsible for key performance indicator monitoring, IT assistance, Safety, Finance and Accounting, Purchasing, Accounts Payable, as well as human resources, labor relations, security, code enforcement, facility maintenance, and vehicle parts inventory functions.

SWS has one position involved in the monitoring and reporting of key performance indicators. This employee also researches, evaluates, and implements existing and emerging technologies when deemed necessary, fiscally responsible, and/or becomes critical to operations.

The SWS Safety Manager ensures that all operations are conducted in a safe manner. The Safety Manager is responsible for compliance with OSHA safety standards by ensuring that the work environment is safe, as well as identifying and mitigating potential hazards for SWS employees and the public long before the hazard becomes an accident statistic. The Safety Manager inspects buildings, projects, equipment, operating practices and working conditions for compliance with various MOA, State and Federal safety codes and regulatory requirements. The Safety Manager coordinates safety programs in training, personal protective equipment, clothing and devices, as well as organizes and conducting seminars on first aid and OSHA required safety training. The Safety Manager prepares reports and makes recommendations for improvement. By analyzing data on accident rates and compensation claims, the Safety Manager develops methods to reduce costs, loss time, and personnel suffering.

## **Finance and Accounting**

The Finance and Accounting section, consisting of four employees, manages the financial matters of SWS, including the accounting for revenues and expenses, the preparation of budgets, asset management, capital expenditures, as well as providing financial reports. One employee is responsible for purchasing and accounts payable providing for the procurement of and the payment for all equipment, supplies, and contracts, in coordination with other MOA departments. Invoices are received, checked, account coded, approved, and entered into SAP for payment. Purchase orders are initiated at SWS: verifying proper account codes and funding, attaching all supporting documentation, obtaining proper department approval through the SAP workflow; many of the purchase orders also go through the MOA Purchasing Department's SAP workflow for final approval. Over 100 SWS timecards are processed each week in the SAP timekeeping and payroll system to ensure proper pay and cost of service coding. Additional administrative staff provide other support duties that include: ordering office supplies; processing travel authorizations; expense reports; incoming and outgoing mail; maintaining files; oversight of recycling and organics programs; providing administrative support to supervisors; and to the SWRAC.

The SWS philosophy is to retain a small staff, while encouraging safety and dedication to a job well done.



## **Solid Waste Services Business Plan**

### **Mission**

Providing safe, efficient and innovative solid waste management for the Municipality of Anchorage (MOA).

### **Services**

The Refuse Collection Utility (RCU) provides garbage and recycling collection to the former City of Anchorage service area, which is approximately 20% of the population of the MOA. Since at least 1952, there has been mandatory service for all customers of the RCU service area. The RCU provides five types of service: commercial dumpster; commercial recycling; automated garbage roll cart service; recycling roll cart service; and, limited can and bag service.

The Solid Waste Disposal Utility (SWDU) serves the entire MOA. The services include the disposal of solid waste, the collection of household hazardous waste, and the promotion of community recycling. Municipal solid waste is received at three transfer stations located within the MOA. Waste generated in the community of Girdwood is transported from the Girdwood Transfer Station (GTS) to the Central Transfer Station (CTS) in Anchorage. All waste from the CTS is transported to the Anchorage Regional Landfill (ARL) for final disposal.

### **Business Goals and Guiding Principles**

- Increase overall customer satisfaction rating.
- Reduce number of missed pick-ups by SWS.
- Reduce the average customer wait time.
- Maximize the usage of landfill has collected for beneficial purposes.
- Decrease the per capita amount of trash disposed at ARL.
- Expand the lifespan of ARL and maximize airspace utilization.
- Fully maximize existing collection and transfer truck routes through the leveraging of technology.
- Reduce time loss accidents and workman compensation claims.
- Create opportunities for employee development via training opportunities.

### **Strategies to Achieve Goals**

- Leverage SWS on-board vehicle computer systems.
- Install web-cams to provide real-time customer wait information.
- Streamline and improve CTS and ARL site traffic patterns.
- Invest in modernizing fleet and fuel technologies.
- Utilize alternative daily cover material and improve waste compaction.
- Communicate more effectively with employees about training opportunities and make them available.
- Work with Doyon Utilities to expand the landfill gas to energy facility or find another beneficial use for the gas.
- Promote the diversion of food waste, yard waste, metals, plastics, paper and cardboard.
- Improve recycling options for businesses and apartment buildings within the SWS service area.
- Standardize recycling outreach and labeling.

### **Performance Measures to Track Progress in Achieving Goals**

- Disposal costs offset by Landfill Gas Revenue.
- Waste to Cover Ratio
- Landfill Closure Data

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## **Refuse Collections & Disposal Utility Solid Waste Services Department**

*Anchorage: Performance. Value. Results.*

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### **Mission**

Providing safe, efficient, and innovative solid waste management for the Municipality of Anchorage.

### **Vision**

Advancing solid waste management through continuous improvement and transparent performance.

### **Values**

Providing value to our community through safe, innovative, and sustainable solid waste management.

### **Core Services**

- Provide dumpster service to commercial and multifamily residential customers.
- Provide automated garbage, curbside recycle collection, and disposal to residential customers.
- Provide transfer station and landfill disposal services for the entire community of Anchorage.
- Support and promote energy efficient and sustainable practices for all residents throughout the community.

### **Accomplishment Goals**

- Subsidize Disposal Utility operations with revenue collected from landfill gas sales to keep rates lower for longer periods of time.
- Extend the life of the Anchorage Regional Landfill by increasing the ratio of inbound garbage to dirt placed as daily cover. The less dirt used to cover garbage for means more space available at the landfill.
- Extend the useful life of the Anchorage Regional Landfill as far in the future as possible by improving recycling and operational performance on a continuous basis. The longer the landfill stays open the cheaper the cost to dispose of material in Anchorage is.

### **Performance Measures**

Progress in achieving these goals will be measured by:

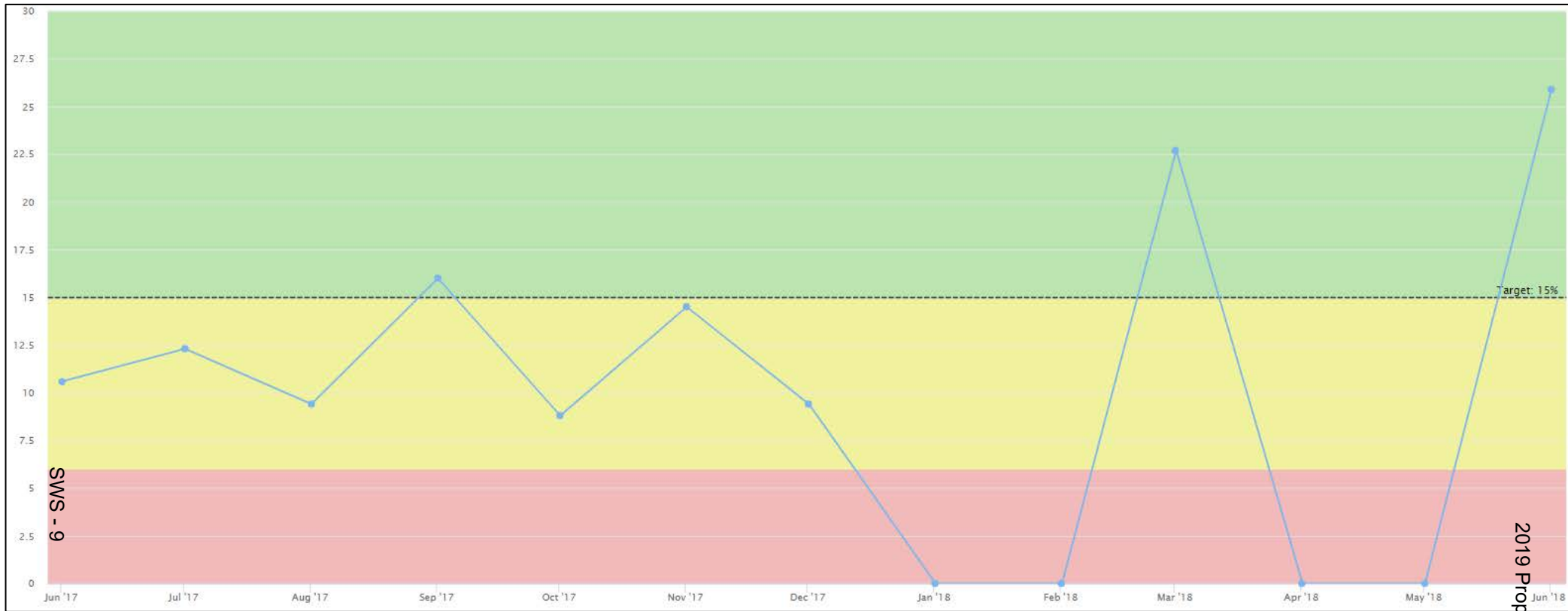
- Landfill Gas Revenue as a percent of Disposal Utility Operations Costs;
- Garbage to Dirt Ratio; and,
- Landfill Closure Date.

The following pages provide actual data which quantify these measures.

For more information on the performance indicators SWS has developed, please visit:

<https://acak.statwindow.com>

**Measure #1: Disposal Costs Offset by Landfill Gas Revenue**



This measure is calculated by dividing the landfill gas revenue by the total disposal costs. SWS has set a target goal of > 15% indicated by the dashed line in the above line graph. This data is given to SWS on a quarterly basis. The months reflecting zero value are months in the current quarter SWS has no data.

**Quarter 2 Data –  
Disposal Costs Offset: 26%**

SWS syphons the gas from collected refuse in the landfill. A portion of the gas is sold to Doyon Utilities to provide electricity to the Army side of Joint Base Elmendorf-Richardson. The revenue from selling landfill gas is used to subsidize disposal costs, therefore SWS customer rates are lower.

## Measure #2: Waste to Cover Ratio



This measure is calculated by dividing the total tons of refuse received at the landfill by the total tons of cover used (including alternative cover.) SWS has set a target goal of 1.4 indicated by the dashed line in the above line graph.

### Quarter 2 Data –

**April: 0.87**

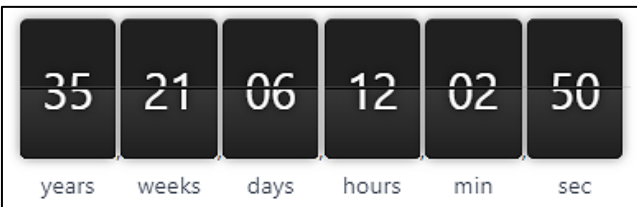
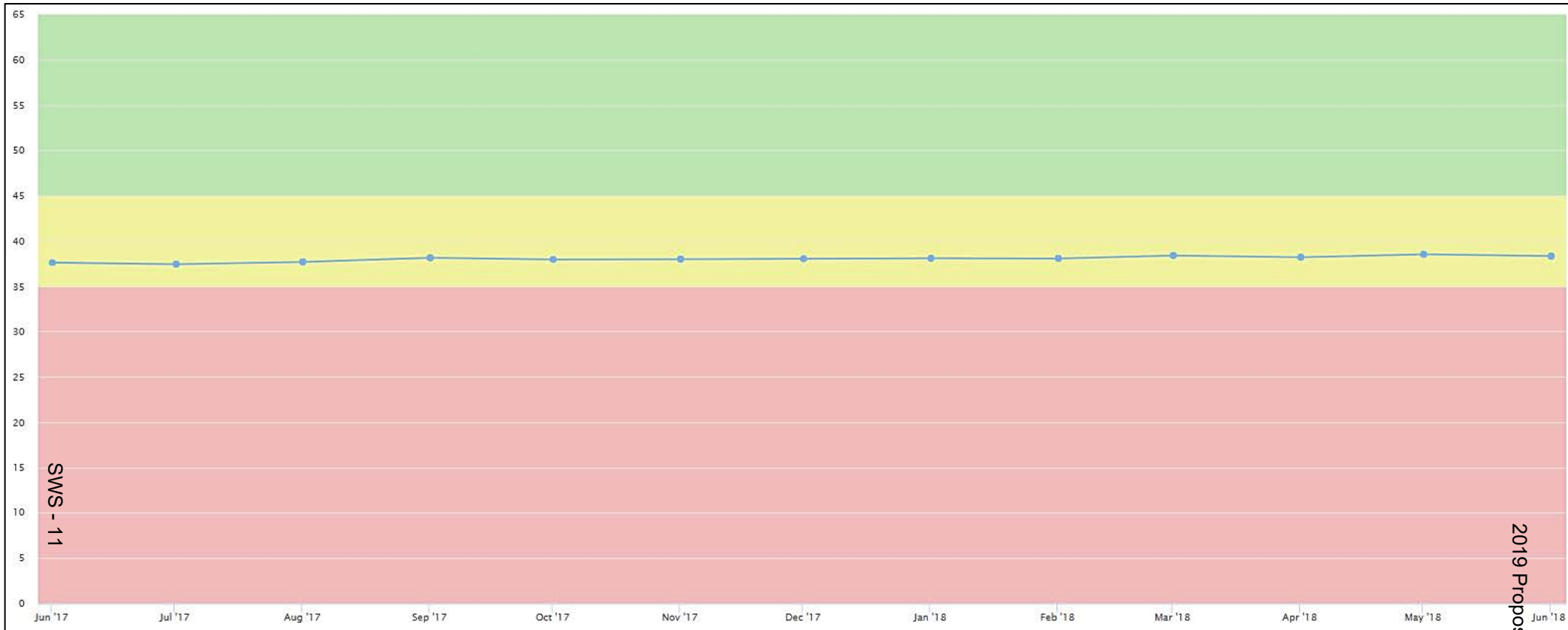
**May: 1.31**

**June: 1.34**

Everyday SWS uses gravel or other forms of alternate cover, ranging from wood chips to snow, to cover the garbage.

This data is important because SWS has a goal to “Extend the Life of Anchorage Regional Landfill.” The less amount of gravel (or alternative cover) used to cover the refuse, the more space is left and the longer the landfill will be open.

**Measure #3: Landfill Closure Date**



SWS uses a 12-month average of waste generation and cover used by the landfill to predict the day the landfill will reach full capacity. As public behavior changes, the lower rate of waste generation and less cover used will slowly affect the life of the landfill. Decomposition and compaction are considered in the equation, as well as population growth. SWS derives this data from the most current landfill study.

SWS does not have a target set because this information is continually changing, however SWS has a goal to extend the life of the landfill.

**Quarter 2 Data –**

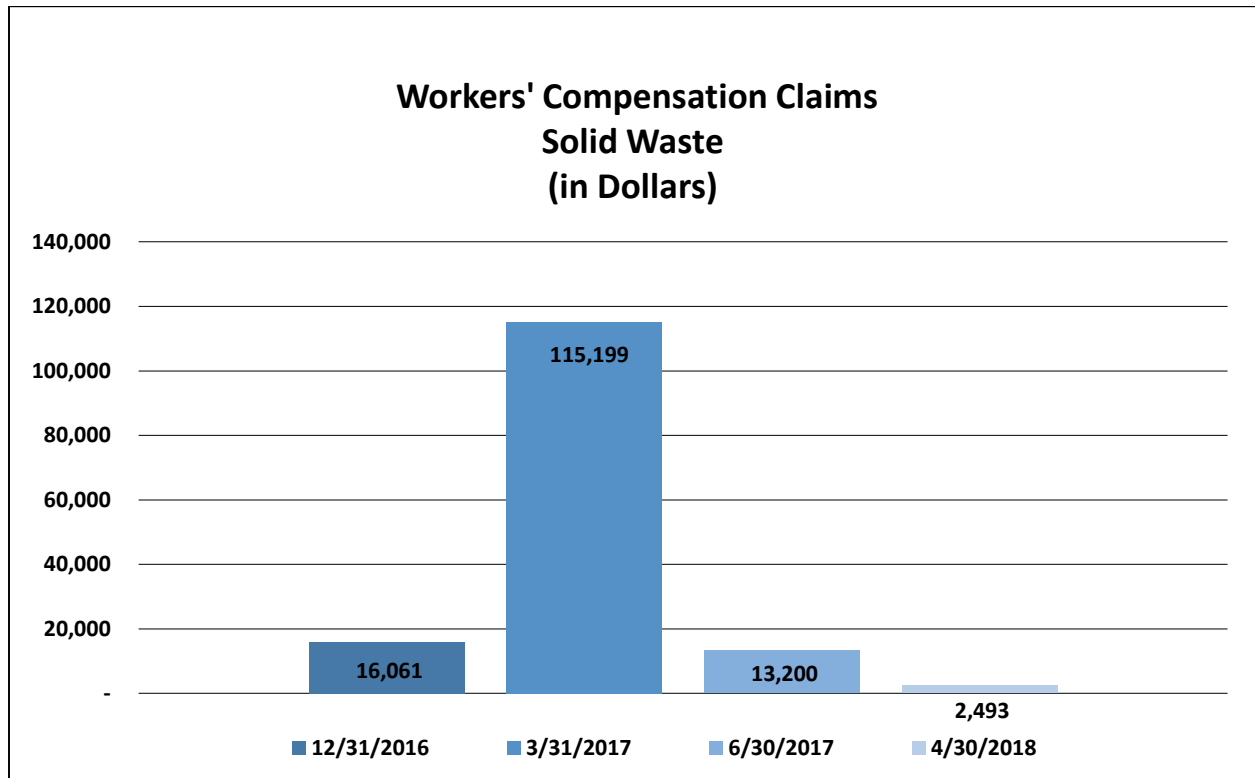
**Estimated Year of Closure: 2053**

2053 is quickly approaching. As the year of closure draws near, SWS must think about *how* to continually provide safe, efficient, and innovative solid waste management (i.e.: development of a new landfill). Through fine-tuning public behavior (i.e. recycling), SWS can successfully serve the MOA for many years beyond the estimated date. Landfills are not forever, there is no time waste.

**PVR Measure WC: Managing Workers' Compensation Claims**

Reducing job-related injuries is a priority for the Administration by ensuring safe work conditions and safe practices. By instilling safe work practices, we ensure not only the safety of our employees but reduce the potential for injuries and property damage to the public. The Municipality is self-insured and every injury poses a financial burden on the public and the injured worker's family. It just makes good sense to WORK SAFE.

Results are tracked by monitoring monthly reports issued by the Risk Management Division.



## **Solid Waste Services Highlights and Future Events**

### **Disposal Utility**

In 2019, the Disposal Utility 2019 total budget is projected at \$24,370,593 compared to the 2018 Revised Budget of \$24,021,923 and the 2017 draft of \$23,032,785. The 2019 budget is 1.5% higher than the 2018 Revised Budget. This increase is due to three factors; the MUSA calculation, increase to Interest during Construction, and an increase in debt service.

The three items in the budget that are not appropriated by the Assembly are the non-cash items, depreciation, interest during construction, and landfill closure expenses, totaling \$5,673,479. Depreciation expense is projected at \$4,650,000, interest during construction at \$123,479 and the estimated landfill closure cost is \$900,000. Although the budget appropriation excludes non-cash items, both they are included in the utility's financial statements.

Removing the \$5,673,479 of non-cash items from the total budget of \$24,370,593, results in a 2019 appropriation budget of \$18,697,114.

Total revenue for 2019 is projected at \$23,958,185, compared to the 2018 Revised Budget revenue of \$22,772,605. It is 5% higher, reflecting an anticipated rate increase for 2019. The rate increase is necessary to place the utility in a position to achieve a healthy financial position of 60-90 days of operating cash reserves, 2% of assets in capital reserves and to achieve rate funded system reinvestment goals, all as recommended by the Government Finance Officers' Association.

Net loss of \$412,408 is forecast for 2019. In anticipation of higher expenses, the need to set financial goals to ensure a healthy financial future and capital needs of the utility, additional rate increases are needed annually for the foreseeable future.

The proposed capital budget of \$9,345,000 includes several ARL projects to improve technologies and energy efficiency, as well as funding to commence the design and engineering of a new central transfer station.

### **Refuse Collection**

The Refuse Collection budgeted expenses for 2018 were \$11,876,698 and are proposed to be \$12,483,397 in 2019. The 2017 draft expenses are \$9,859,484. The 2019 budget is 5.11% higher than the 2018 Revised Budget. The increase is due to increased Charges from Other Departments (IGCs), an increase in Debt Service to purchase the new CTS site and minor increases in non labor and personnel costs.

The Refuse Collection 2019 Proposed Budget authorization figure will exclude \$1,017,000 of depreciation, a non-cash item. Although the budget appropriation excludes non-cash items, they are included in the utility's financial statements.

Removing the \$1,017,000 of depreciation from the total budget of \$12,483,397 results in a 2019 appropriation budget of \$11,466,397.

Total revenue for 2019 is projected at \$12,006,250, compared to the 2018 Revised Revenue of \$11,445,000, a 5% increase, reflecting an anticipated rate increase for 2019. The rate increase is necessary to place the utility in a position to achieve a healthy financial position of 60-90 days

of operating cash reserves, 2% assets in capital reserves and to achieve rate funded system reinvestment goals, all as recommended by the Government Finance Officers' Association. In anticipation of higher expenses, the need to set financial goals to ensure a healthy future and capital needs of the utility, additional rate increases are needed annually for the foreseeable future.

The estimated Refuse Collection 2019 Proposed Budgeted net loss is \$477,147 and a capital budget of \$4,310,000 is proposed. Capital expenses include the purchase of a compact front-loader, a side-loader, energy efficiency building improvements, dumpsters and roll-off cans for solid waste customers, and funding to commence the design and engineering of a new administrative facility at the new Central Transfer Station.



## **Solid Waste Services External Impacts**

### **Disposal**

SWS is scheduled to construct two new landfill cells at the ARL before the end of 2020. SWS anticipates using State of Alaska Clean Water Loans with a low interest rate and 20-year term, whenever possible. It is unknown if the program will be funded in the future; if the eligible expenses related to landfill construction will further limit use of these funds for construction; or if SWS will be awarded loans based on the program scoring criteria. Currently, the total cost of the landfill expansion is over \$22M, with potential loan amounts estimated at \$21M to cover those costs.

The Landfill Gas (LFG) to Energy project came into commercial operation in 2013. Revenue to the Solid Waste Disposal Utility (SWDU) derived from the sale of landfill gas to Doyon Utilities (DU) is based upon the purchase price for natural gas as reported by Chugach Electric to the Regulatory Commission of Alaska. Future revenues anticipated from this project will be based upon gas price projections by Chugach Electric and other area utilities. As a result, the actual revenue generated by the LFG project will fluctuate dependent upon market price of natural gas in Southcentral Alaska.

Currently DU Inc. holds an air quality permit which will allow continuous operation of up to six generating units at the LFG power plant on Joint Base Elmendorf-Richardson (JBER). The power plant currently operates five generating units, producing approximately seven (7) megawatts of power. In the summer months, power usage at Fort Richardson decreases below this capacity in off-peak hours. Because of the lower demand, one generating unit is shut down on evenings and weekends, resulting in decreased landfill gas consumption seasonally. Currently, there is no energy integration between the Fort Richardson and Elmendorf sides of JBER. This limits the amount of revenue that can be generated by the project. A project is currently in the final phases of design to interconnect the Fort Richardson and Elmendorf electrical grids.

The current tonnage received at the landfill is dependent upon all refuse providers servicing the MOA. SWS is in the process of implementing a Recycling Education Program as well as recycling incentives. As a result, there is an expected decrease in the amount of refuse received by ARL.

Since 1994 SWS has stored gravel generated from cell development activities on leased land from Fort Richardson. SWS currently has over 4 million-cubic yards of material stored at this location which will all be used in the normal operation of the landfill. An extension of this lease needs to be negotiated prior to expiration in 2019 to ensure continued use of this property until the gravel is expended.

Leachate from the ARL is disposed of to Anchorage Water & Wastewater Utility's (AWWU) wastewater collection system. SWS hauls the leachate from ARL to AWWU's Turpin Street septic hauler station. SWS has hauled over 25 million gallons annually to this facility. The cost for this activity is driven by labor, fuel and vehicle O&M costs as well as AWWU disposal rates, all of which are continuously rising. SWS is in the process of initiating design activities for a pipeline to allow direct discharge to the AWWU system.

ARL and CTS facilities were all constructed in 1987. Consequently, many mechanical, electrical and structural components of these facilities are rapidly approaching or have exceeded their useful lives. Many of these systems are either life safety issues or critical to the continued operation of the facilities. SWS has and will continue to incur significant capital and maintenance costs as these facilities and components are upgraded or replaced. SWS is proposing a plan to construct a new CTS. The new facility will allow SWS to control the destiny of the Disposal and Refuse Collection Utilities through additional space to explore new technologies, and the ability to re-purpose the existing space to meet other growing needs within the Municipality.

**Refuse**

The warm storage building and Administrative facilities were constructed in 1987. Many mechanical, electrical and structural components of these facilities are rapidly approaching or have exceeded their useful lives. The Refuse Collection Utility (RCU) has congested traffic lanes and delays in disposal of loads due to the outdated design of the CTS. SWS has and will continue to incur significant capital and maintenance costs related to the aging warm-storage and administration buildings. Therefore, SWS is proposing a plan to construct a new CTS, including warm storage and administration facilities. The new facilities will provide space, safety, and a design that will allow for proper care and storage of the collection vehicles, as well as other valuable assets of the utility.

## Solid Waste Services Workforce Projections

<b>Division</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Refuse Collection	26	26	26	26	26	26	26	26
Disposal	51	49	49	49	49	49	49	49
Administration	20	23	23	23	23	23	23	23
<b>Total Full Time</b>	<b>97</b>	<b>98</b>	<b>98</b>	<b>98</b>	<b>98</b>	<b>98</b>	<b>98</b>	<b>98</b>
Part time/Temp	6	6	6	6	6	6	6	6
Seasonal	7	6	6	6	6	6	6	6
<b>Total Positions</b>	<b>110</b>	<b>110</b>	<b>110</b>	<b>110</b>	<b>110</b>	<b>110</b>	<b>110</b>	<b>110</b>
<b>Total FTE</b>	<b>107.6</b>	<b>105.3</b>	<b>105.3</b>	<b>105.3</b>	<b>105.3</b>	<b>105.3</b>	<b>105.3</b>	<b>105.3</b>

**Solid Waste Services - Disposal**  
**8 Year Summary**  
(\$ in thousands)

Financial Overview	<b>DRAFT</b>							
	2017 Actuals	2018 Proforma	2019 Proposed	2020	2021	2022	2023	2024
	<b>Forecast</b>							
Revenues	24,104	22,773	23,958	25,156	26,414	27,734	29,121	30,577
Expenses	23,033	23,726	24,370	24,857	25,603	26,627	27,692	28,523
<b>Net Income (Loss)</b>	<b>1,071</b>	<b>(953)</b>	<b>(412)</b>	<b>299</b>	<b>811</b>	<b>1,107</b>	<b>1,429</b>	<b>2,054</b>
Budgeted Positions	56(83)	54(83)	54(83)	54(83)	54(83)	54(83)	54(83)	54(83)
Capital Improvement Program	5,475	18,376	9,345	18,259	27,227	22,240	8,792	4,999
Bond Sales/ New Debt	-	10,200	1,200	12,147	22,675	19,775	6,600	4,570
Net Plant (12/31)	64,707	78,433	83,128	82,801	114,673	125,793	134,585	139,584
Dividend	1,144	972	750	232	237	242	247	252
Net Assets (12/31)	65,137	64,184	63,772	64,071	64,881	65,988	67,417	69,471
Unrestricted Net Assets	7,885	(1,244)	(9,801)	(15,615)	(19,356)	(20,714)	(21,477)	(19,852)
Future Landfill Closure Liability	33,045	32,897	33,797	34,697	35,597	36,497	37,397	38,297
General /Construction Cash Pool	7,742	4,216	721	(891)	(943)	23,432	25,990	30,409
Landfill Closure Cash Reserve**	32,897	34,197	35,097	35,097	35,623	36,497	37,397	38,297
<b>Total Cash</b>	<b>40,639</b>	<b>38,413</b>	<b>35,818</b>	<b>34,206</b>	<b>34,680</b>	<b>59,929</b>	<b>63,387</b>	<b>68,706</b>
**In 2008, a restricted account to fund landfill closure & post-closure was approved by the MOA Assembly.								
IGCs - General Government	2,256	3,631	3,634	3,779	3,931	4,088	4,251	4,421
MUSA	1,155	1,293	1,657	1,242	1,720	1,887	2,019	2,094
Total Outstanding Debt	14,256	22,970	22,683	33,316	54,463	70,742	73,913	74,814
Total Annual Debt Service	1,723	1,747	1,824	1,957	2,203	1,929	1,949	1,964
Debt Coverage	0.62	(0.55)	(0.23)	0.15	0.37	0.57	0.73	1.05
Debt/Equity Ratio	15/67	18/67	24/67	35/67	56/67	1 5/67	1 6/67	1 5/67
<b>Rate Percentage Change (CTS /ARL)</b>								
Tipping Fee Rate per Ton (ARL / CTS)	\$58/\$68	\$58/\$68	\$61/\$71	\$64/\$74	\$67/\$77	\$70/\$80	\$74/\$84	\$78/\$88
Pickup Rate per Load	\$16	\$16	\$17	\$18	\$19	\$20	\$21	\$22
Car Rate per Load	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6
Proposed Annual Rate Increase			5%	5%	5%	5%	5%	5%
<b>Statistical/Performance Trends</b>								
Tons Disposed	310,052	305,000	305,000	305,000	305,000	305,000	305,000	305,000
Vehicle Count	239,840	240,000	240,000	240,000	240,000	240,000	240,000	240,000

Certain actual financial figures above will not match the Comprehensive Annual Financial Report; the CAFR combines Disposal with Administrative and Vehicle Maintenance cost centers.

## Solid Waste Services - Disposal

### Statement of Revenues and Expenses

	<i>DRAFT</i>					
	2017 Actuals	2018 Proforma	2018 Revised	19 v 18 \$ Change	2019 Proposed	19 v 18 % Change
<b>Operating Revenue</b>						
Landfill Disposal Fees	19,087,628	19,220,405	19,220,405	961,020	20,181,425	5.0%
Hazardous Waste Fees	274,869	300,000	300,000	15,000	315,000	5.0%
Community Recycling Residential	162,053	165,000	165,000	8,250	173,250	5.0%
Community Recycling Commercial	422,392	410,000	410,000	20,500	430,500	5.0%
Landfill Methane Gas Sales	2,551,915	1,850,000	1,850,000	150,000	2,000,000	8.1%
Recycle Rebate	-	-	-	-	-	0.0%
Reimbursed Costs	234,112	100,000	100,000	-	100,000	0.0%
Unsecured Loads	13,650	15,000	15,000	750	15,750	5.0%
Other	149,195	142,200	142,200	30,060	172,260	21.1%
<b>Total Operating Revenue</b>	<b>22,895,814</b>	<b>22,202,605</b>	<b>22,202,605</b>	<b>1,185,580</b>	<b>23,388,185</b>	<b>5.3%</b>
<b>Non Operating Revenue</b>						
Misc. non-operating Revenue	57,160	20,000	20,000	-	20,000	0.0%
Interest from cash pool	933,459	400,000	400,000	-	400,000	0.0%
Unrealized Gains/Losses	217,238	100,000	100,000	-	100,000	0.0%
Other Property Sales/Disposition of Assets	-	50,000	50,000	-	50,000	0.0%
Capital Contributions/Grant Revenue	-	-	-	-	-	-
<b>Total Non Operating Revenue</b>	<b>1,207,857</b>	<b>570,000</b>	<b>570,000</b>	<b>-</b>	<b>570,000</b>	<b>0.0%</b>
<b>Total Revenue</b>	<b>24,103,671</b>	<b>22,772,605</b>	<b>22,772,605</b>	<b>1,185,580</b>	<b>23,958,185</b>	<b>5.2%</b>
<b>Operating Expenses</b>						
<b>Labor</b>						
Labor and Benefits	5,982,756	5,735,554.86	5,852,607	78,276	5,930,883	1.3%
Overtime	507,026	508,889	540,966	(2,600)	538,366	-0.5%
<b>Total Labor</b>	<b>6,489,782</b>	<b>6,244,444</b>	<b>6,393,574</b>	<b>75,675</b>	<b>6,469,249</b>	<b>1.2%</b>
<b>Non Labor</b>						
Non Labor	7,007,619	5,613,832	5,728,400	(10,248)	5,718,152	-0.2%
Travel	4,639	10,199	15,000	-	15,000	0.0%
Landfill Closure Costs	489,148	1,300,000	1,300,000	(400,000)	900,000	-30.8%
Debt Service	236,137	258,033	260,000	194,000	454,000	74.6%
Depreciation and Amortization	4,249,968	4,523,269	4,650,000	-	4,650,000	0.0%
Dividend Distribution	1,143,934	972,344	750,000	-	750,000	100.0%
MUSA	1,155,471	1,172,803	1,293,560	363,440	1,657,000	28.1%
<b>Total Non Labor</b>	<b>14,286,916</b>	<b>13,850,480</b>	<b>13,996,960</b>	<b>147,192</b>	<b>14,144,152</b>	<b>1.1%</b>
<b>Total Direct Cost</b>	<b>20,776,698</b>	<b>20,094,924</b>	<b>20,390,534</b>	<b>222,867</b>	<b>20,613,401</b>	<b>1.1%</b>
Charges from other departments	2,256,087	3,631,389	3,631,389	2,324	3,633,713	0.1%
<b>Total Operating Expense</b>	<b>23,032,785</b>	<b>23,726,313</b>	<b>24,021,923</b>	<b>225,191</b>	<b>24,247,114</b>	<b>0.9%</b>
Interest During Construction	-	-	-	123,479	123,479	0.0%
<b>Total Non Operating Expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>123,479</b>	<b>123,479</b>	<b>0.0%</b>
<b>Total Expenses (Function Cost)</b>	<b>23,032,785</b>	<b>23,726,313</b>	<b>24,021,923</b>	<b>348,670</b>	<b>24,370,593</b>	<b>1.5%</b>
<b>Net Income</b>	<b>1,070,886</b>	<b>(953,708)</b>	<b>(1,249,317)</b>	<b>836,909</b>	<b>(412,408)</b>	<b>-67.0%</b>
<b>Appropriation</b>						
<b>Total Expenses</b>			<b>24,021,923</b>	<b>348,670</b>	<b>24,370,593</b>	
Less: Non Cash items						
Interest during Construction			-	123,479	123,479	
Landfill Care and Closure			1,300,000	(400,000)	900,000	
Depreciation and Amortization			4,650,000	-	4,650,000	
<b>Total Non Cash</b>			<b>5,950,000</b>	<b>(276,521)</b>	<b>5,673,479</b>	
<b>Amount to be Appropriated (Cash Expenses)</b>			<b>18,071,923</b>	<b>625,191</b>	<b>18,697,114</b>	

## Solid Waste Services - Disposal

### Reconciliation from 2018 Revised Budget to 2019 Proposed Budget

	Appropriation	Positions		
		FT	PT	T
<b>2018 Revised Budget</b>	24,021,923	49	-	5
<b>Debt Service Charges</b>				
- Interest During Construction	123,479	-	-	-
<b>Changes in Existing Programs/Funding for 2019</b>				
- Salaries and benefits adjustments	75,675	-	-	-
- Reduction to non labor	(10,248)	-	-	-
- Reduction in landfill closure costs	(400,000)	-	-	-
- Increase in debt service	194,000	-	-	-
- Adjust MUSA	363,440	-	-	-
- Charges from Other Departments	2,324	-	-	-
<b>2019 Continuation Level</b>	<b>24,370,593</b>	<b>49</b>	<b>-</b>	<b>5</b>
<b>2019 Proposed Budget Changes</b>				
-	-	-	-	-
<b>2019 Proposed Budget</b>	<b>24,370,593</b>	<b>49</b>	<b>-</b>	<b>5</b>
<b>2019 Budget Adjustment for Accounting Transactions (Appropriation)</b>				
- Depreciation and amortization	(4,650,000)	-	-	-
- Interest During Construction	(123,479)	-	-	-
- Landfill Care and Closure	(900,000)	-	-	-
<b>2019 Proposed Budget (Appropriation)</b>	<b>18,697,114</b>	<b>49</b>	<b>-</b>	<b>5</b>

**Solid Waste Services - Disposal**  
**2019 - 2024 Capital Improvement Program**  
(in thousands)

<b>Project Category</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
Anchorage Regional Landfill Improvements	5,225	9,157	7,375	5,400	1,000	400	28,557
Central Transfer Station Improvements	1,520	3,337	15,612	14,775	6,627	4,569	46,440
Equipment & Vehicles	2,515	5,735	4,210	2,035	1,000	-	15,495
Girdwood Improvements	-	-	-	-	-	-	-
Office Equipment & Technology	85	30	30	30	165	30	370
<b>Total</b>	<b>9,345</b>	<b>18,259</b>	<b>27,227</b>	<b>22,240</b>	<b>8,792</b>	<b>4,999</b>	<b>90,862</b>

<b>Funding Source</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
Clean Water Loan	-	8,807	7,000	5,000	-	-	20,807
Commercial Loan	-	-	-	-	-	-	-
Equity/Operations	8,145	6,112	4,552	2,465	2,192	429	23,895
Short-Term Borrowing Program	1,200	3,340	15,675	14,775	6,600	4,570	46,160
<b>Total</b>	<b>9,345</b>	<b>18,259</b>	<b>27,227</b>	<b>22,240</b>	<b>8,792</b>	<b>4,999</b>	<b>90,862</b>

**Solid Waste Services - Disposal**  
**2019 Capital Improvement Budget**  
(in thousands)

<b>Project Title</b>	<b>Debt</b>	<b>State/Fed Grant</b>	<b>Equity/ Operations</b>	<b>Total</b>
Annual Additional Gas Wells/Piping	-	-	200	200
Cash Booth Replacement	-	-	100	100
Cell 9 Design	-	-	500	500
Energy Efficiency	-	-	200	200
Energy Efficiency- CTS	-	-	300	300
Engineering Design Contract- ARL	-	-	125	125
Excavator	-	-	675	675
Leachate Force Main Construction	-	-	1,500	1,500
Leachate Pipeline JBER (Design)	-	-	150	150
Leachate Treatment Upgrades	-	-	2,000	2,000
Light Plant-1990-Allmond Bros	-	-	40	40
Main Building Roof Replacement	-	-	225	225
New Transfer Facility Design	1,200	-	-	1,200
Office Equipment (Administration)	-	-	45	45
Provision Cameras	-	-	45	45
Replace 2002 Grader CAT	-	-	610	610
Replace 2004 Cheverolet Trailblazer	-	-	50	50
Replace 2008 Ford F350 4X4 Red Crewcab	-	-	65	65
Replace 2010 & 2014 Trailers (4)	-	-	560	560
Replace 1992 Ford Explorer 4x4	-	-	55	55
Replace 1997 Service Truck Peterbilt	-	-	500	500
Solar Project	-	-	180	180
Wait Time Cameras	-	-	20	20
<b>Total</b>	<b>1,200</b>	<b>-</b>	<b>8,145</b>	<b>9,345</b>



**Solid Waste Services - Disposal Utility  
Statement of Cash Sources and Uses**

	<i>DRAFT</i> 2017 Actuals	2018 Proforma	2019 Proposed
<b>Sources of Cash Funds</b>			
Operating Income <sup>1</sup>	1,249,182	1,449,472	2,448,592
Depreciation, net of amortization	4,249,968	4,523,269	4,650,000
Amortization of Landfill Liability	489,148	1,300,000	900,000
Interest Received	933,459	400,000	400,000
Loan Proceeds	-	10,200,000	1,200,000
<b>Total Sources of Cash Funds</b>	<b>6,921,757</b>	<b>17,872,741</b>	<b>9,598,592</b>
<b>Uses of Cash Funds</b>			
Capital Construction	1,349,721	18,376,000	9,345,000
Debt Principal Payment	1,486,613	1,486,612	1,356,500
Debt Interest Payments	236,137	258,033	454,000
Landfill Post Closure Cash Reserve Transfer	489,148	1,300,000	900,000
MUSA	1,155,471	1,172,803	1,657,000
Dividend Distribution	1,143,934	972,344	750,000
<b>Total Uses of Cash Funds</b>	<b>5,861,024</b>	<b>23,565,792</b>	<b>14,462,500</b>
Net Increase (Decrease) in Cash Funds	1,060,733	(5,693,051)	(4,863,908)
Cash Balance, January 1	10,054,511	11,115,244	5,422,193
<b>Cash Balance, December 31</b>	<b>11,115,244</b>	<b>5,422,193</b>	<b>558,285</b>
<b>Detail of Cash and Investment Funds</b>			
General Cash Less Customer Deposits	3,373,535	1,206,193	(162,715)
Construction Cash	7,741,709	4,216,000	721,000
<b>Cash Balance, December 31</b>	<b>11,115,244</b>	<b>5,422,193</b>	<b>558,285</b>
Landfill Post Closure Cash Reserve	32,897,332	34,197,332	35,097,332

<sup>1</sup> Operating Income less Functional Costs plus Debt Interest, MUSA, and Dividends.

## Solid Waste Services - Refuse Collection 8 Year Summary

(\$ in thousands)

Financial Overview	DRAFT		2019 Proposed	2020	2021	2022	2023	2024
	2017 Actuals	2018 Proforma						
Revenues	11,221	11,445	12,006	12,606	13,236	13,898	14,593	15,323
Expenses	9,859	10,782	12,483	12,818	13,202	13,598	14,142	14,708
<b>Net Income (Loss)</b>	<b>1,362</b>	<b>663</b>	<b>(477)</b>	<b>(212)</b>	<b>34</b>	<b>300</b>	<b>451</b>	<b>615</b>
Budgeted Positions	27	27	27	27	27	27	27	27
Capital Improvement Program	1,407	9,185	4,310	4,030	12,278	11,345	5,823	4,441
Bond Sales/STBP	-	6,800	1,100	2,400	11,000	10,000	5,000	4,000
Net Plant (12/31)	4,579	12,664	15,574	18,204	29,082	39,027	43,450	46,491
Dividend	556	583	1,270	734	785	779	794	810
Net Assets (12/31)	4,920	12,705	15,615	18,245	29,123	39,068	43,491	46,532
General/Construction Cash Pool	4,240	2,872	9,299	7,669	6,391	5,046	4,223	3,782
IGCs - General Government	1,843	2,380	2,801	2,857	2,914	2,972	3,032	3,093
MUSA	55	55	59	228	364	488	543	581
Total Outstanding Debt	-	-	76	2,476	13,476	23,476	28,476	32,476
Total Annual Debt Service	-	11	129	144	289	518	681	765
Debt Service Coverage	N/A	N/A	85	85	1,639	1,639	1,639	1,639
Debt/Equity Ratio	0/100	0/100	0	9/67	31/67	40/67	44/67	47/67
Residential Rate per month			\$14.10 - \$36.50 pay as you throw variable residential rates					
Commercial Rate (3Yd-1 per wk)	\$125.00	\$125.00	\$131.25	\$137.81	\$144.70	\$151.94	\$159.54	\$167.52
			5%	5%	5%	5%	5%	5%
<b>Statistical/Performance Trends</b>								
Waste Collected (Tons)	36,747	36,500	36,500	36,500	36,500	36,500	36,500	36,500
Average Residential Services	12,230	12,230	12,230	12,230	12,230	12,230	12,230	12,230
Average Dumpsters Services	4,378	4,378	4,378	4,378	4,378	4,378	4,378	4,378

## Solid Waste Services - Refuse Collection Statement of Revenues and Expenses

	<i>DRAFT</i>					
	2017 Actuals	2018 Proforma	2018 Revised	19 v 18 \$ Change	2019 Proposed	19 v 18 % Change
<b>Operating Revenue</b>						
Commercial	7,023,931	7,300,000	7,300,000	365,000	7,665,000	5.00%
Residential	3,406,406	3,450,000	3,450,000	172,500	3,622,500	5.00%
Dumpster Container Rental	468,955	475,000	475,000	23,750	498,750	5.00%
Other Collection Revenues	140,930	130,000	130,000	-	130,000	0.00%
<b>Total Operating Revenue</b>	<b>11,040,222</b>	<b>11,355,000</b>	<b>11,355,000</b>	<b>561,250</b>	<b>11,916,250</b>	<b>4.94%</b>
<b>Non Operating Revenue</b>						
Interest from Cash Pool	129,512	80,000	80,000	-	80,000	0.00%
Unrealized Gains & Losses	43,510	-	-	-	-	-
Misc. non-operating Revenue	7,605	10,000	10,000	-	10,000	0.00%
<b>Total Non Operating Revenue</b>	<b>180,627</b>	<b>90,000</b>	<b>90,000</b>	<b>-</b>	<b>90,000</b>	<b>0.00%</b>
<b>Total Revenue</b>	<b>11,220,849</b>	<b>11,445,000</b>	<b>11,445,000</b>	<b>561,250</b>	<b>12,006,250</b>	<b>4.90%</b>
<b>Operating Expenses</b>						
Labor and Benefits						
Labor and Benefits	3,006,830	3,084,179	3,179,566	64,768	3,244,334	2.04%
Overtime	120,545	121,250	125,000	-	125,000	0.00%
Total Labor	3,127,375	3,205,429	3,304,566	64,768	3,369,334	1.96%
Non Labor						
Non Labor	3,302,488	3,545,400	3,732,000	96,000	3,828,000	2.57%
Travel	6,038	7,000	10,000	-	10,000	0.00%
Debt Service	-	10,667	-	129,333	129,333	100.00%
MUSA	55,139	55,000	37,000	22,000	59,000	59.46%
Dividends	555,629	583,410	1,270,000	-	1,270,000	0.00%
Depreciation and Amortization	969,982	994,232	1,017,000	-	1,017,000	0.00%
Total Non Labor	4,889,276	5,195,709	6,066,000	247,333	6,313,333	4.08%
<b>Total Direct Cost</b>	<b>8,016,651</b>	<b>8,401,138</b>	<b>9,370,566</b>	<b>312,101</b>	<b>9,682,667</b>	<b>3.33%</b>
Charges from Other Departments	1,842,833	2,380,825	2,506,132	294,598	2,800,730	11.76%
<b>Total Operating Expense</b>	<b>9,859,484</b>	<b>10,781,963</b>	<b>11,876,698</b>	<b>606,699</b>	<b>12,483,397</b>	<b>5.11%</b>
<b>Non Operating Expense</b>						
<b>Total Non Operating Expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>
<b>Total Expenses (Function Cost)</b>	<b>9,859,484</b>	<b>10,781,963</b>	<b>11,876,698</b>	<b>606,699</b>	<b>12,483,397</b>	<b>5.11%</b>
<b>Net Income</b>	<b>1,361,365</b>	<b>663,037</b>	<b>(431,698)</b>	<b>(45,449)</b>	<b>(477,147)</b>	<b>10.53%</b>
<b>Appropriation</b>						
<b>Total Expenses</b>			<b>11,876,698</b>	<b>606,699</b>	<b>12,483,397</b>	
Less: Non Cash items						
Depreciation and Amortization			1,017,000	-	1,017,000	
Total Non-Cash			1,017,000	-	1,017,000	
<b>Amount to be Appropriated (Cash Expenses)</b>			<b>10,859,698</b>	<b>606,699</b>	<b>11,466,397</b>	

**Solid Waste Services - Refuse Collection**  
**Reconciliation from 2018 Revised Budget to 2019 Proposed Budget**

	Appropriation	Positions		
		FT	PT	T
<b>2018 Revised Budget</b>	11,876,698	26	-	1
<b>Debt Service Charges</b>				
- Increase in debt service for Short-Term Borrowing Program (STBP)	129,333	-	-	-
<b>Changes in Existing Programs/Funding for 2019</b>				
- Salary and benefits adjustments	64,768	-	-	-
- Non-Labor Adjustments	96,000	-	-	-
- Adjust MUSA, Gross Receipts, Contributions	22,000	-	-	-
- Charges from other Departments	294,598	-	-	-
<b>2019 Continuation Level</b>	<b>12,483,397</b>	<b>26</b>	<b>-</b>	<b>1</b>
<b>2019 Proposed Budget Changes</b>				
- None	-	-	-	-
<b>2019 Proposed Budget</b>	<b>12,483,397</b>	<b>26</b>	<b>-</b>	<b>1</b>
<b>2019 Budget Adjustment for Accounting Transactions (Appropriation)</b>				
- Depreciation and amortization	(1,017,000)	-	-	-
<b>2019 Proposed Budget (Appropriation)</b>	<b>11,466,397</b>	<b>26</b>	<b>-</b>	<b>1</b>

**Solid Waste Services - Refuse Collection**  
**2019 - 2024 Capital Improvement Program**  
(in thousands)

<b>Project Category</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
Building - Construct New CTS	1,100	2,225	10,408	9,850	4,418	3,046	31,047
Building Improvements	380	-	-	-	-	-	380
Containers/Dumpsters/Roll-offs & Lids	590	360	360	360	360	360	2,390
Data Processing	30	30	30	30	30	30	180
Office Equipment	5	5	5	5	5	5	30
Vehicle Replacement	2,205	1,410	1,475	1,100	1,010	1,000	8,200
<b>Total</b>	<b>4,310</b>	<b>4,030</b>	<b>12,278</b>	<b>11,345</b>	<b>5,823</b>	<b>4,441</b>	<b>42,227</b>

<b>Funding Source</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
Equity/Operations	2,610	1,630	1,278	1,345	823	441	8,127
Short-Term Borrowing Program (STBF)	1,100	2,400	11,000	10,000	5,000	4,000	33,500
State Grants	600	-	-	-	-	-	600
<b>Total</b>	<b>4,310</b>	<b>4,030</b>	<b>12,278</b>	<b>11,345</b>	<b>5,823</b>	<b>4,441</b>	<b>42,227</b>

**Solid Waste Services - Refuse Collection**  
**2019 Capital Improvement Budget**  
(in thousands)

<b>Project Title</b>	<b>Debt</b>	<b>State/Fed Grant</b>	<b>Equity/ Operations</b>	<b>Total</b>
Air Shop Handling Units (Two)	-	-	80	80
Dumsters & Lids	-	-	350	350
Electric Collection Vehicle	-	600	-	600
Electric Med Duty Vehicle	-	-	275	275
Energy Efficiency Improvements	-	-	300	300
New Transfer Station	1,100	-	-	1,100
Replace 1998 Cheverolet Pick up	-	-	50	50
Replace 2009 ISUZU Stakebed	-	-	60	60
Replace 2011 Automated Curb Tenders (2)	-	-	720	720
Replace Data Processing Equipment	-	-	30	30
Replace Office Equipment	-	-	5	5
Residential Yard Waste Carts	-	-	10	10
Routeware	-	-	230	230
Sideload 12' (2)	-	-	500	500
<b>Total</b>	<b>1,100</b>	<b>600</b>	<b>2,610</b>	<b>4,310</b>

## Solid Waste Services - Refuse Collection Statement of Cash Sources and Uses

	<i>DRAFT</i>		
	2017	2018	2019
	Actuals	Proforma	Proposed
<b>Sources of Cash Funds</b>			
Operating Income	2,063,751	731,520	1,155,319
Depreciation, net of amortization	969,982	994,232	1,017,000
Interest Received	129,512	80,000	80,000
Misc Non-Operating Revenue	-	10,000	10,000
Loan Proceeds	-	6,800,000	1,100,000
<b>Total Sources of Cash Funds</b>	<b>3,163,245</b>	<b>8,615,752</b>	<b>3,362,319</b>
<b>Uses of Cash Funds</b>			
Capital Construction	1,407,214	9,185,000	4,310,000
MUSA	55,139	55,000	59,000
Dividends	555,629	583,410	1,270,000
<b>Total Uses of Cash Funds</b>	<b>2,017,982</b>	<b>9,823,410</b>	<b>5,639,000</b>
Net Increase (Decrease) in Cash Funds	1,145,263	(1,207,658)	(2,276,681)
Cash Balance, January 1	9,631,612	10,776,875	9,569,217
<b>Cash Balance, December 31</b>	<b>10,776,875</b>	<b>9,569,217</b>	<b>7,292,536</b>
<b>Detail of Cash and Investment Funds</b>			
General Cash Less Customer Deposits	6,537,118	6,697,459	6,613,778
Construction Cash	4,239,758	2,871,758	678,758
<b>Cash Balance, December 31</b>	<b>10,776,876</b>	<b>9,569,217</b>	<b>7,292,536</b>

## About Solid Waste Services

The Department of Solid Waste Services (SWS) is composed of two utilities, the Refuse Collections Utility (RCU) and the Solid Waste Disposal Utility (SWDU). The RCU provides refuse collection service to residential and commercial customers in the old “City of Anchorage” Service Area and the SWDU operates three transfer stations and the Anchorage Regional Landfill (ARL) providing affordable and environmentally responsible municipal solid waste disposal services for the entire Municipality of Anchorage (MOA). SWS is divided into three organizations: Refuse Collections; Solid Waste Disposal; and Administration (which is a support organization that fully charges out expenses to both Refuse Collections and Disposal Utilities).

### Refuse Collections Utility

#### History

The RCU was originally a function of the former City of Anchorage Public Works Department. When the City and Borough merged in 1975, the RCU became an enterprise activity of the MOA.

#### Service

The RCU provides refuse collection to the service area of the former City of Anchorage, which is approximately 20% of the population of the MOA. Since 1952, there has been mandatory service for all occupants of the RCU service area. The RCU has four types of services: commercial dumpsters; automated roll cart service; can and bag service; and curbside recycling. The RCU services over 5,000 dumpsters per week with six daily dumpster routes, and two Saturday routes to serve its commercial and multi-family residential customers.

As a result of an automated trash and recycling collection service that began in the fall of 2009, most SWS residential customers are serviced using automated vehicles and roll carts. In 2017, the final phase of automated collection rollout was completed and the RCU will be servicing eight automated collection routes. Approximately 150 commercial customers remain on can/bag service.

#### Regulation

The fees charged by the RCU are overseen by the Anchorage Municipal Assembly. The RCU is granted the exclusive right to collect solid waste within its defined service area by a Certificate of Public Convenience and Necessity which is issued by the Regulatory Commission of Alaska.

#### Environmental Mandates

Although there is no specific state or federal regulations governing refuse collection, the RCU must comply with a number of mandated regulations. These regulations include, but are not limited to: the Federal Clean Air Act; the Clean Water Act; and, the Occupational Safety and Health Administration. These regulations have and will continue to impact the economics and operations of the RCU.

#### Physical Plant

The RCU's truck fleet assets include:

- 11 commercial refuse collection vehicles;
- 10 residential refuse and recycling vehicles (automated and can/bag); 8 automated / 2 Tomcats
- One rear load vehicle for MOA paper collection and recycling; and,



- 7 support vehicles (General Foreman Vehicle, Refuse Collections Leadman Vehicle, Expeditor Vehicle, Mechanics' Truck, 1 ton tilt Flatbed with lift gate, Box Van, and a 2 ton Flatbed)

Currently, there is an average of 24,773 roll-carts and 1,977 dumpsters in service. The RCU maintains a 27,000 square foot building that contains vehicle maintenance, warm storage space, and administrative offices and it is located at the Central Transfer Station (CTS).

### **Future Planning Efforts**

In December 2016 the RCU began utilizing an Automated Refuse Route Management System (ARRMS) to provide real time route information and GPS vehicle locations to make customer service and operations more efficient and cost effective. Specifically, this system provides real-time information to management and customer service staff such as: photo-documented waste containers that are overfull; not placed on curbside; out of compliance in some manner; a method for drivers to document extra charges; provide automated communication between refuse collection vehicles and the back office systems; provide updated route information to refuse collection vehicle operators; track vehicle progress on route; integrate with SWS existing billing system; and provide moving map displays for drivers that show customer and navigation information.

### **Solid Waste Disposal Utility**

#### **History**

Municipal solid waste disposal was originally a function of the City Public Works Department, which operated the city landfill at Merrill Field. Under unification, the MOA acquired responsibility for five waste disposal sites from Peters Creek to Girdwood. The SWDU was formed to operate and maintain these sites, while managing solid waste disposal matters throughout the MOA. The five sites were ultimately closed and waste disposal was consolidated at ARL. ARL, is an award winning, state-of-the-art, fully engineered landfill. The facility was opened in 1987 and is the only operating municipal solid waste landfill within the MOA.

#### **Service**

The SWDU serves the entire MOA. The services include the disposal of solid waste and collection of household hazardous waste. Municipal solid waste is received at three transfer stations located within MOA. The waste is then transported by the SWDU to ARL for final disposal.

The ARL has a total land area of approximately 275-acres and is being developed in phases called cells. Currently, cells 1 through 7, 8a, 8b, 10 - 12 have been constructed. There are two remaining cells that will begin development in about 2020 with preliminary design starting in 2019. ARL is projected to have a total capacity in excess of 45.1 million cubic yards and should reach its capacity in 2050, dependent upon population growth, waste compaction, diversion of more recyclables and construction activities. In 2017, approximately 308,000 tons were deposited in ARL, which represents approximately 22,000 tons less than in 2016. The decrease aligns with the expectations set forth in 2016. SWDU currently expects an average of approximately 300,000 tons in 2018 and 2019.

The transfer stations located at Girdwood, midtown Anchorage (CTS), and ARL allow the SWDU to reduce traffic flow to the landfill and restrict access to the working face. CTS receives the largest amount of solid waste, having received over 222,000 tons in 2017 from almost

161,000 customers. This facility has an operating capacity of 1,600 tons per day. The 2017 quantity was 1,578 tons less than 2016, which was higher due to major construction projects causing inflation in the amount disposed for that year. The SWDU operates a fleet of 29 transfer tractor and trailers that transport the solid waste from CTS with a capacity of 120 cubic yards each.

The SWDU is responsible for post closure care and monitoring of former landfill sites at Merrill Field, Peters Creek (Loretta French Park), and International Airport Road (Javier de la Vega Park). At each of these sites, SWS must perform annual groundwater and landfill gas (LFG) migration monitoring. The SDWU operates an active LFG collection system at Merrill Field to mitigate migration of LFG to commercial buildings constructed along Merrill Field Drive. The SWDU also operates and maintains a leachate collection system along 15<sup>th</sup> Avenue to mitigate potential migration of groundwater contaminants to the Chester Creek system. Since no closure funds were ever designated for these sites, all post closure care activities must be funded out of the SDWU's annual operating budget.

The SWDU operates a 6,000 square foot hazardous waste collection facility built in 1989 at ARL. Through 2017, the facility has collected nearly 24 million pounds of hazardous waste that otherwise may have been improperly disposed of at ARL, the storm drain system, or citizens' backyards.

Household hazardous waste can be dropped off at CTS (on Tuesday, Thursday and Saturday) or the Hazardous Waste Facility located at ARL (Tuesday through Saturday). The hazardous waste is then handled by a contractor that sorts and processes the waste into proper containers. Hazardous products are shipped out of state to federally approved hazardous waste disposal sites. Other materials are rendered inert and landfilled, processed locally, or recycled. Anchorage residents bring household items such as paints, cleaners, and solvents to Reuse Centers at CTS or at ARL. The items are then stocked for other Anchorage residents to take home for reuse on household projects. SWS is also exploring the option of using waste oil collected from collection and transfer vehicles to use as fuel in heaters that will provide heat for warm storage locations at CTS and ARL.

### **Regulation**

The SWDU is not economically regulated by any non-municipal agencies but is overseen by the Anchorage Municipal Assembly. SDWU operates under numerous permits and many EPA regulations. ARL is operated under a Solid Waste operating permit issued by the Alaska Department of Environmental Conservation (ADEC). This permit must be renewed every five years. ARL construction and certain operations must comply with the EPA Resource Conservation and Recovery Act (RCRA) subtitle D. The facility is also regulated under a Title V air emissions operating permit issued by ADEC. SWDU operates under two permits from AWWU for industrial water discharge, one for disposal of leachate from ARL and one for discharge of leachate contaminated groundwater at Merrill Field. ARL has permits from the U.S. Department of Fish and Wildlife and the Alaska Department of Fish and Game for bird management.

### **Environmental Mandates**

SWDU must operate under, and comply with, numerous environmental mandates. These mandates have a significant economic impact on the cost of operations and construction for the Utility. The main environmental mandates that have a significant impact on the SWDU are RCRA subtitle D, the Clean Air Act, New Source Performance Standards (NSPS), the Clean Water Act, SARA Title 3 (Super Fund), NESAP (asbestos), and NPDES (storm water

discharge). In 2010, EPA added greenhouse gas monitoring and reporting requirements that affect both active and closed landfill sites. It is projected that the environmental mandates regarding operating and constructing a landfill will become even more stringent in the future.

### **Physical Plant**

The SWDU's assets include:

#### Anchorage Regional Landfill

- 275 acres, estimated to last through the year 2050.
- 45.1 million cubic yard capacity.
- Phased construction of cells lasting four to five years each.
- Ten of the 12 landfill cells are constructed.
- Located on municipal land.
- Scale house and a 22,000 square-foot shop with an adjoining storage facility.
- Heavy equipment fleet: dozers, loaders, dump trucks, water truck, leachate trucks, tankers, lube trucks, grader, excavator and solid waste compactor.
- Two leachate storage and treatment lagoons with a 2.9 million gallon capacity.
- Gas collection facility with 700 square foot blower and flare station with a 2,000 cubic feet per minute capacity enclosed flare.
- Gas processing facility processes gas to fuel quality and transports it by pipeline to Doyon Utility's power generation system to produce electricity on adjacent military lands. MOA is currently in a 20-year agreement with Doyon, in which Doyon will generate electricity from methane gas to sell to military customers on Joint Base Elmendorf Richardson (JBER).

#### Three transfer stations provide intermediate disposal, easy access for public

- Cash booths at Girdwood, CTS, and the ARL public site.
- Two scale houses, one each at CTS and ARL.
- 29 transfer tractor and trailers haul from stations to landfill.

#### Hazardous waste management

- 6,000 square foot collection facility for household hazardous waste.

#### Merrill Field

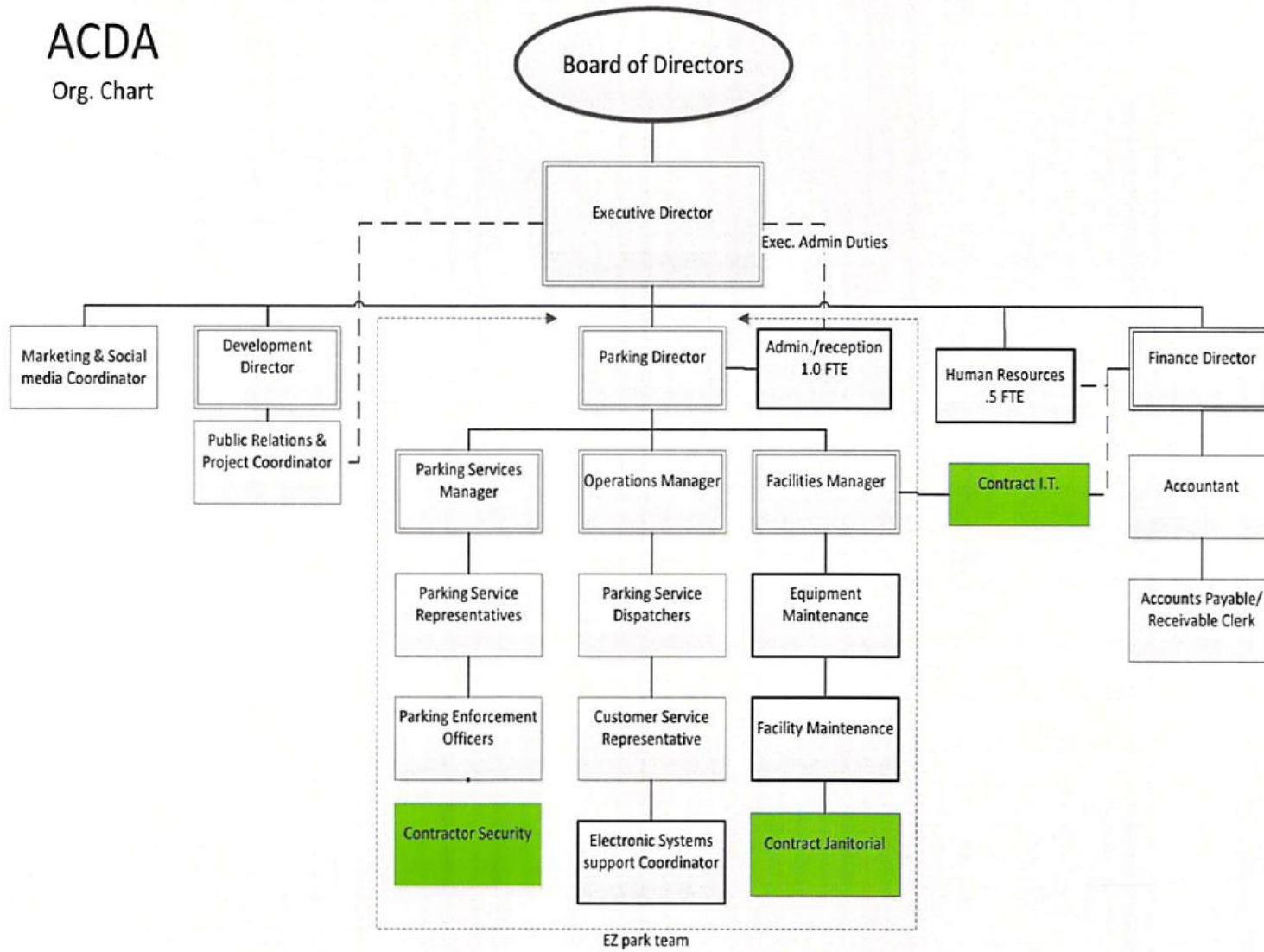
- LFG collection system and leachate/groundwater collection system.

### **Future Planning Efforts**

Future projects include:

- Development of remaining cells (cell 8c and 9) will occur by 2020 with an estimated cost of \$22.3 million.
- Slope closure and storm water run-off development is on-going.
- Expansion of gas collection system into cells 10, 11 and 12 by 2020.
- Construction of pipeline to mitigate growing expense of hauling leachate.
- Master Plan is in the process of being completed.
- First strategic plan has been completed and is continuously being updated based off of new goals and strategies as developed by SWS staff.
- CTS Upgrade and Expansion to a new site.

# ACDA Org. Chart





## **The Anchorage Community Development Authority 2019**

### **Organization**

Pursuant to Municipal Code, AMC 25.35.010(A), the Anchorage Community Development Authority (ACDA) is “an instrument of the municipality, but exists independently of and separately from the municipality.” ACDA is governed by a nine-member board of directors appointed by the mayor and approved by the assembly. Two of the nine members are executive employees of the municipality. In addition, two assembly members serve as ex officio members of the board. The management team of ACDA reports to the Board of Directors. The Executive Director is appointed by and serves at the pleasure of the Mayor.

ACDA has an operational staff of 48 employees. These employees operate all municipal parking facilities, maintain and clean public garages and parking lots, maintain on-street parking meters, manage Anchorage Police Department’s parking citation system, plan and develop public projects, and manage property in the ACDA’s inventory. ACDA’s planning and development staff work on projects and property transferred from the Municipality to ACDA, along with other redevelopment projects, both in the public as well as the private sectors.

### **History**

The predecessor of ACDA, the Anchorage Parking Authority, was originally created as a separate public authority on February 28, 1984. That authority was created “to create an environment in the Anchorage area such that parking and parking policies are a position of influence for the community as a whole.” Within four years, the Anchorage Parking Authority operated three public garages (two of which were new), six surface lots and the on-street spaces are within the Central Business District (CBD). Total parking operated by the Anchorage Parking Authority was approximately 5,800 spaces. Revenues from parking operations were used to help pay debt service on the parking garages built in the 1980’s.

In 2004, the municipality began considering creation of a community development authority that could aid in developing public lands identified for their development potential and redevelopment of deteriorated or demised areas or properties, as well as affording housing projects. On January 18, 2005, the assembly adopted an amendment to the Anchorage Parking Authority Ordinance that created the ACDA.

In June of 2011, the Anchorage Assembly delegated ACDA authority to enforce parking violations with the area bounded by Ship Creek on the north, Gambell Street on the east, 10th Avenue on the south, and M street on the west. The Assembly amended Anchorage Municipal Code chapter 25.35.

**Mission & Vision**

The mission of ACDA as adopted is “***We deliver quality development and public parking services within the Municipality of Anchorage.***”

The vision of ACDA as adopted is to “***A vibrant and prosperous Municipality of Anchorage facilitated by innovative community development and public parking.***”

We believe as an organization that everything we do, must add a tangible value to our three critical stakeholders: the MOA, ACDA, and the Anchorage Community.



In the fall of 2017, the ACDA Board of Directors held a planning session to determine the organization’s strategy for the coming year. Those goals included improvements in organizational efficiencies through new parking technologies and cost containment, and a more aggressive approach to new developments in downtown Anchorage.



## Development 2018-19 Strategic Goals

**ACDA will aggressively advocate and facilitate development in alignment with the Anchorage 2040 plan.**



**ACDA will:**  
Define development opportunities for existing assets.

**ACDA will:**  
Identify & pursue projects to grow asset base.

**ACDA will:**  
Be the leader in P3 advocacy & education.



- 8th & K
- 3rd & C
- Frag Lot
- Leaseholds at 5th Avenue
- Transit Center



- JCPenney Garage
- New properties to be purchased & redeveloped by ACDA
- Project participation with landowners/developers



- Collaborate with MOA to draft new tax incentives
- Targeted education offerings through P3 Summits
- Collaborate with MOA on land use map

### Budget Assumptions

The 5th, 6th & 7th Avenue Garages along with JC Penny Garage have hourly public parking available on a 24/7 basis. Effective July 1, 2016 rates were adjusted to \$1.25 per hour from \$1.00 per hour.

Medical benefits might increase in 2019 by approximately 8%. ACDA's liability insurances are expected to go down a little bit based on the 2018 quotes.

Salary for staff is budgeted to increase by 1% creating a pool to support pay for performance incentive plan. This plan is subject to any budget shortfalls.



Effective July 1, 2016 monthly parking permits range from \$95 to \$110 per month depending on facility. Also effective July 1, 2016 monthly parking permits in surface lots and on-street permit zones range from \$50 to \$80 per month depending on location. Parking meter rates increased July 1, 2016 – (2 hour meters at \$1.75/hr. and 10 hour meters at \$1.25/hr.) There had been no meter increases in 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016 and 2017.

Lease revenue is generated by retail spaces in 5th Avenue Garage and lease with People Mover business in the 6th Ave Transit Mall, first floor area. Revenue projections are based on current leases in effect. Also ACDA is buying a building on 716 W 3rd Ave and the first payment of \$802,500 interest component will be made in 2019. The building will be leased and ACDA will receive approximately \$1,634,540 revenue as well. The purchase of the building will increase ACDA's 2019 MESA tax and depreciation.

### **Executive Director's Message**

In 2017, the ACDA continued to reimagine its role in community development by making significant progress on re-development projects in downtown.

This past year we had a successful award to re-develop the downtown transit center, which has been a source of public safety issues for decades. The proposed plan calls for housing combined with a hotel/bar and restaurant. Construction is expected to begin in the spring of 2019.

ACDA is also looking to develop our three city blocks at the corner of 8th & K. During 2017, we did necessary planning and environmental work, and we anticipate offering an RFP to the market in the third quarter of 2018, with construction hopefully slated for the following spring. The project will be a combination of housing and structured parking.

One of the biggest projects we began work on in 2017 was the JCP garage re-development. After fifty plus years of service, the entire structure needs to be demolished. We have begun conversations with JCP about the future of the garage, and potential ways ACDA could facilitate the re-development of the parcel, including purchasing the garage outright. In 2018 we anticipate creating a financial plan for different development scenarios, and what if any tax incentives would be needed.

2017 also continued to bring challenges. A softening economy has depressed downtown parking revenues, including both daily and monthly parkers. New locations have helped slow revenue losses, but the overall health of parking demand is directly related to the health of the economy. We do see green shoots, as efforts to improve our parking services by adopting both technology and activating unused garage space has provided positive results. But possibly the biggest news about ACDA/Easy Park in 2017, is the organization was recognized with several local and national awards:

### ***IPI Awards of Excellence***

Parking Matters - Marketing & Communication Awards

- Safety First: Partnering to Make Downtown Anchorage Safe
- Employee Parking Incentive for Downtown Workers

### ***Award of Merit***

- The Rooftop – Innovation in a Parking Operation Program
- Amenities Program – Innovation in a Parking Operation Program



***Heart of Anchorage***

- Dena'ina Award – The EasyPark and ACDA team, received the 2017 Dena'ina Award for their successful deployment of Safety First and providing the Anchorage Downtown Partnership the leverage they needed to make “safe & clean” successful, offering the Amenities Program which gives back to the EasyPark customer the added-value services of a customer shuttle service, air for their tires, and battery jumps. EasyPark also kicked off the Employee Parking Program which made the monthly parking permit affordable for downtown part-time or lower income workers. The team also reinvented the use of an underutilized garage rooftop at the 5th & B garage and transformed it into an outdoor park.
- George M. Sullivan Award - Executive Director, Andrew Halcro, received the 2017 George M. Sullivan Award which highlighted Mr. Halcro's strong leadership skills and his efforts of fostering an effective EasyPark and Development team that has made a difference in downtown safety, cleanliness, and housing and redevelopment opportunities for Anchorage.

On behalf of the staff and management of ACDA and Easy Park, we are proud of our progress but realize our hard work has just begun. We are pleased to share with you our highlights from 2017, and our 2019 proposed budget.

Andrew Halcro

**Anchorage Community Development Authority  
Statement of Revenues and Expenses**

	<b>2018 Approved Budget</b>	<b>2019 Proposed Budget</b>
<b>Operating Revenue</b>		
Parking Revenue	8,159,102	8,026,119
Leased Space Revenue	572,184	2,006,166
Other Operating Revenue	131,564	132,000
Real Estate Sales - Development	-	-
<b>Total Operating Revenue</b>	<b>8,862,850</b>	<b>10,164,285</b>
<b>Non-Operating Revenue</b>		
Non-Operating Revenue	37,064	-
<b>Total Non-Operating Revenue</b>	<b>37,064</b>	<b>-</b>
<b>Total Revenue</b>	<b>8,899,914</b>	<b>10,164,285</b>
<b>Operating Expenses</b>		
Labor	3,608,796	3,690,000
Professional Fees	185,000	197,000
Contract Services	1,087,260	1,208,900
Information Services	434,800	478,800
Direct Maintenance Costs	197,000	167,300
Facility Maint. Contract Services	467,000	401,700
Utility Expenses	519,000	527,600
General Expenses	735,300	594,300
Transfers (MESA)	483,900	685,000
Office Expenses	60,600	71,500
Employee Expenses	75,000	70,000
Real Estate Costs - Northpointe	-	-
Interest Expense	-	802,500
Depreciation	2,700,000	3,150,000
<b>Total Operating Expenses</b>	<b>10,553,656</b>	<b>12,044,600</b>
<b>Total Net Income</b>	<b>(1,653,742)</b>	<b>(1,880,315)</b>
<b>Appropriation</b>		
<b>Total Expenses</b>	10,553,656	12,044,600
Less: Non-Cash Items		
Depreciation	(2,700,000)	(3,150,000)
<b>Amount to be Appropriated (Cash Expenses)</b>	<b>7,853,656</b>	<b>8,894,600</b>

**Anchorage Community Development Authority  
2019 Capital Improvement Budget**

<b>Project Title</b>	<b>Total</b>
General Development/Tenant Improvements	50,000
Closed Circuit TV System	30,000
Garage Structural Improvements	-
Garage Equipment Upgrade	250,000
IT Upgrades	50,000
<b>Total</b>	<b>380,000</b>

**Anchorage Community Development Authority  
Statement of Cash Sources and Uses**

	<b>2017 Actual</b>	<b>2018 Estimated</b>	<b>2019 Proposed Budget</b>
<b>Sources of Cash Funds</b>			
Parking Revenue	6,996,339	7,430,080	8,026,119
Leased Space Revenue	465,398	468,693	2,006,166
Other Operating Revenue	96,031	95,670	100,000
Development Services	427,350	-	-
Other Non-Operating Revenue	62,994	38,849	32,000
<b>Total Sources of Cash Funds</b>	<b>8,048,112</b>	<b>8,033,292</b>	<b>10,164,285</b>
<b>Uses of Cash Funds</b>			
Parking Operations	7,418,170	7,355,400	8,209,600
Development Operations	464,054	-	-
Payment in Lieu of Taxes (MESA)	481,109	482,330	685,000
Capital Investment-Parking Operations	1,753,000	850,000	330,000
Capital Investment-Development Operations	42,000	75,000	50,000
Other Uses of Cash Funds	-	-	-
<b>Total Uses of Cash Funds</b>	<b>10,158,333</b>	<b>8,762,730</b>	<b>9,274,600</b>
Net Increase (Decrease) In Cash Funds	(2,110,221)	(729,438)	889,685
Cash Balance January 1,	6,441,287	4,331,066	3,601,628
<b>Cash Balance December 31</b>	<b>4,331,066</b>	<b>3,601,628</b>	<b>4,491,313</b>