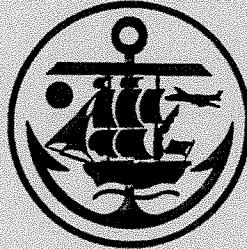


**PRELIMINARY
GENERAL GOVERNMENT
OPERATING BUDGET
INFORMATION**

1998

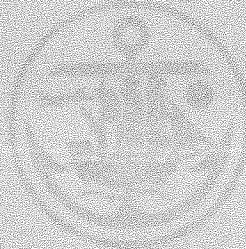


Municipality of Anchorage

**Rick Mystrom
Mayor**

PRELIMINARY
GENERAL GOVERNMENT
OPERATING BUDGET
INFORMATION

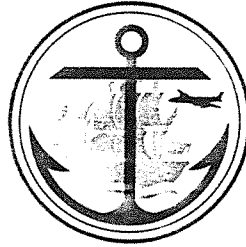
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Municipality of Anchorage

Rick Hystrom
Mayor

Municipality
of
Anchorage



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Rick Mystrom, Mayor

OFFICE OF THE MAYOR

August 29, 1997

Dear Residents of Anchorage:

I am pleased to present to you and the Assembly preliminary information on the 1998 General Government Operating Budget. This information has been designed to provide initial summary information in the areas of service priorities, revenues, and taxes. As in the past, a more detailed proposed 1998 General Government Operating Budget will be provided by October 2, 1997 as required by the Municipal Charter.

The 1998 budget will allow us to continue our efforts to make Anchorage a safer and more livable city. Crime in Anchorage for the first half of 1997 is down from one year ago in all categories. Comparisons of the 1997 crime rate per 100,000 population to the same time period in 1995 show how much crime conditions have improved in the last two years. Based on the population statistic the crime rate is down 31% with dramatic drops in homicides (67%), rape (34%), and robbery (53%). Although I am pleased by this information, I am not yet satisfied. The crime statistics are a good sign that Anchorage is moving toward being the city we all want, but there is still work to be done. The 1998 budget will continue our efforts in that direction.

My administration has always put a high priority on working with the business community to foster economic development. We will continue to place emphasis on working with existing businesses and new prospects in 1998.

While making our City safe will continue to be our primary focus, we will also continue to work to make Anchorage a cleaner, more livable city. We will make our streets throughout the city safer and cleaner. In addition to being safe and attractive, we will continue to recognize the importance of quality recreational and cultural opportunities for our citizens. During 1998, we will automate major manual processes and provide better access to information to enhance decision making and increase worker productivity.

There are still uncertainties regarding revenues and expenditures. As a result, some of the numbers may change between this preliminary document and my proposed budget to be submitted to the Assembly by October 2, 1997.

I believe that the service priorities identified in this preliminary document and the program details to be provided in my 1998 proposed budget continue the steps that we have undertaken to reach our goal of making Anchorage an even better place to live and raise our families. I look forward to working with the Assembly during their consideration of the budget.

Sincerely,

Rick Mystrom

"City of Lights and Flowers"

**1998 PRELIMINARY GENERAL GOVERNMENT
OPERATING BUDGET
INFORMATION**

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**1998 General Government Operating Budget
ADMINISTRATION'S SERVICE PRIORITIES**

THE ADMINISTRATION AND MUNICIPAL EMPLOYEES ARE COMMITTED TO THE GOAL OF MAKING ANCHORAGE AN EVEN BETTER PLACE TO LIVE AND RAISE OUR FAMILIES. THE ADMINISTRATION WILL PROVIDE THE HIGHEST POSSIBLE LEVEL OF SERVICE TO THE PEOPLE OF ANCHORAGE WITHIN THE BUDGET CONSTRAINTS FACING US IN 1998.

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

- **Public Safety**

We will provide a safe environment for our City's residents and visitors. Crime in Anchorage for the first half of 1997 is down from one year ago in all categories. Comparisons of the 1997 crime rate per 100,000 population to the same time period in 1995 show how much crime conditions have improved in the last two years. Based on the population statistic, Anchorage has experienced a 67% decrease in homicides, 34% decrease in rape, 53% decrease in robbery, 48% decrease in stolen autos, 39% decrease in burglary, 24% decrease in assaults, and a 27% decrease in theft during the last two years. The downturn in the crime statistics can be largely credited to the Anchorage Police Department; to a good job by the Municipal Prosecutor's Office, State District Attorney's Office, and the U.S. Attorney's Office in prosecuting offenders; and to the volunteer support and commitment of the general public.

The continued downward trend in crime gives a good indication that Anchorage's aggressive stance against crime, including the move towards more community policing, is really beginning to show good results. Although we can be pleased by this information, we should not yet be satisfied. These crime statistics are a good sign that Anchorage is moving toward being the safer city we all want, but there is still work to be done. The community's constant vigilance and high level of awareness to criminal activities is one of the major keys to making Anchorage a safer city.

We must ensure that the Police Department is properly staffed and scheduled to ensure the continued reduction in the occurrence of violent crime in Anchorage. Increased on-street presence will have a dramatic impact in the areas of domestic violence, DWI arrests, and juvenile crime. The 1998 budget will provide full year funding for the 21 additional police officer positions plus support personnel that were added in 1997 as well as full Municipal funding of the 15 police officers hired under the 1995 federal grant that is due to expire September 30, 1998. In addition, funding has been included for the match required of the new federal grant received in mid-1997 that provides for an additional 6 police officers.

The increased number of officers will enable more time to be spent on prevention and follow-up and will allow for the implementation of Community Policing throughout the Municipality.

At full strength in 1998, we will have 356 sworn officers compared to 248 sworn officers actually on board in November 1994.

Our fire and emergency medical response capabilities are maintained in the 1998 budget. The fully integrated fire and medical services have improved emergency response times, while the number of emergency calls continue to increase due to population increases. In 1998, our major emphasis on public education and cost-effective fire and medical response will continue.

The Public Safety Financial Plan introduced by the Mayor and approved by the Assembly assures the Municipality's ability to provide continued financial support for public safety programs while reducing the impact on property taxpayers. The Plan utilized Anchorage's \$12.1 million share of the State's "Safe Communities" legislation early one-time payment to reduce existing long-term debt or be used in lieu of acquiring new debt associated with public safety programs. The Plan shifts property tax revenues from funding such debt to continued funding of new/expanded public safety services.

- **Economic Development**

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

We will work to create an anchor for coordinated development of the city's waterfront including a diversity of uses such as government and commercial offices, research facilities and conference facilities, recreational and educational opportunities, and tourism.

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

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

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

- **Maintenance of Municipal Roads and Facilities**

We will continue to make the streets throughout our City safer and cleaner. Continued use of potassium acetate and high quality gravel combined with earlier street sweeping will reduce spring dust levels. Emphasis on street light maintenance will continue to improve the safety of our neighborhoods.

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

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

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

- **Beautification**

We will continue our efforts to make Anchorage a more beautiful, attractive city for both the people who live here and those who visit. The maintenance and watering of our sports and parks facilities and road right-of-ways/medians will enjoy a high priority. The flowers throughout our city play an important role in its beauty. Programs such as Operation Clean Sweep, junk car removal, and Graffiti Busters make our city more attractive and a better place in which to live or visit.

- **Community Planning and Development**

We will continue moving forward in the preparation of a new Anchorage Bowl Comprehensive Plan which will provide guidance for the City's development over the next twenty years. This plan will be based on our community's vision of the future. It will present goals, policies, and strategies which can be used to guide our daily urban design decisions. Resources have been made available to produce data to do trend and population analysis, develop and identify essential planning districts and provide interface with current planning activities, and to develop transportation plans which are all necessary for the update of our Comprehensive Plan.

Our Community Planning and Development Department will more efficiently respond to the increasing number of active rezoning, conditional use, and variance cases.

- **Quality of Life**

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

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

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

- **Fiscal Stability**

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

**1998 TAX LIMIT CALCULATION
(Preliminary)**

1997 TAXES		
Real/Personal/MUSA		\$ 136,381,780
Payment in Lieu of Taxes (State/Federal)		504,780
Auto Taxes		5,847,130
Tobacco Tax		5,524,980
Aircraft Tax		206,000
1997 Total Taxes		<u>\$ 148,464,670</u>
Less Taxes to Pay Judgments		(167,830)
Less Taxes to Pay Debt Service		<u>(24,315,130)</u>
		<u>\$ 123,981,710</u>
 ADJUSTMENT FACTORS		
Population 5 Year Average	1.29%	
Change in Consumer Price Index	<u>1.50%</u>	
Total	2.79%	<u>3,459,090</u>
Base Taxes Allowed		<u>\$ 127,440,800</u>
 PLUS EXCLUSIONS		
Tax on New Construction (a)		2,984,280
Tax to Pay 1998 Debt Service		24,828,220
Voter-Approved New/Expanded Services		0
Voter-Approved Special Taxes		0
Judgments		0
 TAX LIMITATION		 <u>\$ 155,253,300</u>
 LESS: PAYMENT IN LIEU OF TAXES (1998 Estimate)		 (504,780)
AUTOMOBILE TAXES (1998 Estimate)		(3,758,870)
TOBACCO TAX (1998 Estimate)		(4,979,000)
AIRCRAFT TAX (1998 Estimate)		(206,000)
 1998 MAXIMUM PROPERTY TAX ALLOWED		 <u><u>\$ 145,804,650</u></u> (b)

(a) Assumes same value of new construction as in 1997 (\$274,290,973) x 1997 average mill rate (10.88) = \$2,984,280

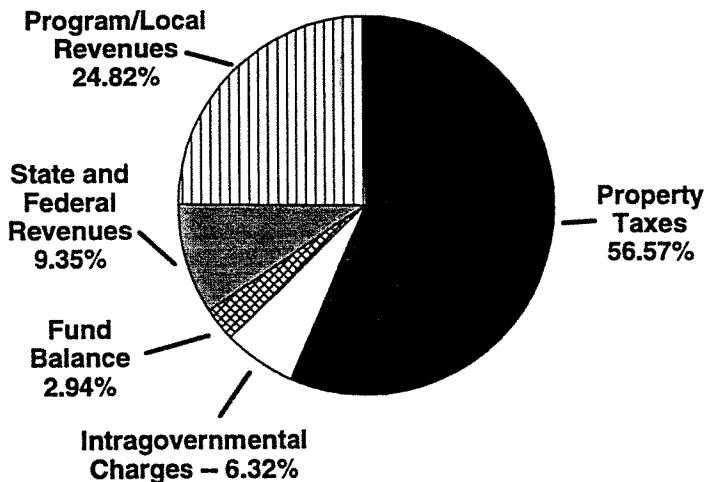
(b) Property taxes in Proposed Budget will be less than this amount.

1998 General Government Operating Budget
PRELIMINARY REVENUE AVAILABILITY

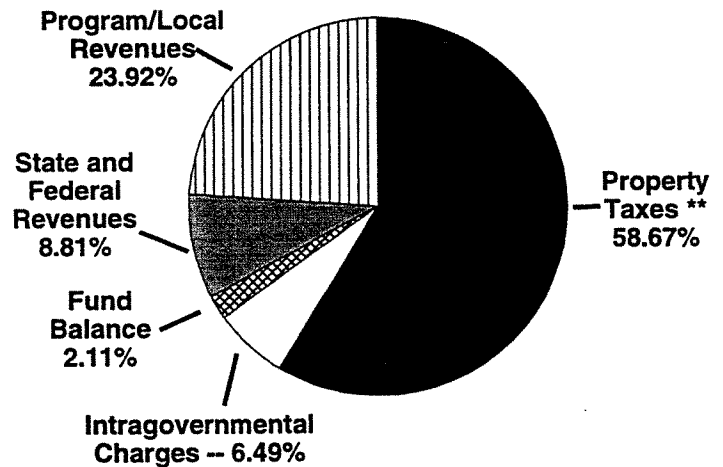
SOURCE OF FUNDS

	<u>1997 Revised *</u>	<u>1998 Preliminary</u>	<u>Increase (Decrease)</u>
State and Federal Revenues	\$ 22,548,620	\$ 21,887,800	\$ (660,820)
Program/Local Revenues	59,848,100	59,437,770	(410,330)
Property Taxes	136,381,780	145,804,650 **	9,422,870
Intragovernmental Charges	15,238,160	16,123,720	885,560
Applied Fund Balance	7,084,920	5,243,970	(1,840,950)
TOTAL	\$241,101,580	\$248,497,910 **	\$ 7,396,330

1997 REVISED



1998 PRELIMINARY



* As of April 30, 1997 plus impact of Proposition 3.

** Based on maximum property taxes allowed under tax cap. Total budget and property taxes in Proposed Budget will be less than this amount.

1998 General Government Operating Budget
SUMMARY OF ALL REVENUE ACCOUNTS
(PRELIMINARY)

Revenue Source	1997 Revised	1998
FEDERAL REVENUES		
9312 Federal in Lieu of Property Tax	\$ 306,450	\$ 306,450
9324 Mass Transportation	353,700	353,700
9331 Other Federal Grant Revenue	36,500	36,500
9357 National Forest Allocation	2,630	2,630
9376 Civil Defense	64,000	64,000
Total Federal Revenues	\$ 763,280	\$ 763,280
STATE REVENUES		
9346 Health Facilities	\$ 511,360	\$ 545,290
9349 Road Maintenance	567,100	570,710
9362 Tax Equalization Entitlement	4,933,720	5,087,890
Total State Revenue Sharing	\$ 6,012,180(a)	\$ 6,203,890
9022 State in Lieu of Taxes	198,330	198,330
9342 Municipal Assistance	12,964,020	0
9343 Safe Communities		12,111,490
9344 Fisheries Tax	143,280	143,280
9347 Liquor Licenses	365,500	365,500
9348 Amusement Device Licenses	30,480	30,480
9355 Electric Co-Op Allocation	800,000	800,000
9363 State Traffic Signal Reimbursement	1,271,550	1,271,550
Total State Revenues	\$ 21,785,340	\$ 21,124,520

(a) 1997 actual \$6,203,890

LOCAL REVENUES

ALLOCATED

9003 Penalty/Interest on Delinquent Taxes	\$ 1,543,750	\$ 1,543,750
9004 Tax Cost Recoveries	125,670	125,670
9006 Auto Tax	5,847,130	3,758,870
9011 Tobacco Tax	5,524,980	4,979,000
9013 Aircraft Tax	206,000	206,000
9023 Hotel and Motel Taxes	7,929,740	8,400,000
9024 Penalty/Interest on Hotel/Motel Taxes	21,020	21,020

1998 General Government Operating Budget

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

Revenue Source	1997 Revised	1998
9601 Contributions From Other Funds	1,744,740	1,744,740
9602 Utility Revenue Distribution From ATU	8,300,000	9,200,000
9603 Utility Revenue Distribution Other	696,000	875,000
9615 Contribution of Interest From G.O. Bonds	1,130,580	1,130,580
9711 Assessments	385,480	385,480
9712 Penalty/Interest on Assessments	249,080	249,080
9737 ACPA Ticket Surcharge	150,000	150,000
9761 Cash Pool Short-Term Interest	3,657,190	3,657,190
9762 Other Short-Term Interest	857,570	857,570
Total Allocated Local Revenues	\$ 38,368,930	\$ 37,283,950

PROGRAM

9008 Collection Service Fees	\$ 330,000	\$ 330,000
9111 Building and Trade Licenses	43,000	43,000
9112 Taxicab Permits	180,000	180,000
9113 Contractor Certificates and Examinations	2,000	2,000
9114 Chauffeur Licenses	24,150	24,360
9115 Taxicab Permit Revisions	10,630	2,000
9116 Local Business	110,000	110,000
9117 Chauffeur License Renewal	2,000	1,000
9131 Plan Checking Fees	945,000	960,000
9132 Building Permits	1,207,170 *	1,536,030
9133 Electrical Permits	390,000	390,000
9134 Gas and Plumbing Permits	400,000	400,000
9135 Moving Fence/Sign Fees	16,000	16,000
9136 Construction and Right-of-Way Permits	203,000	253,500
9137 Elevator Inspection Fees	100,000	100,000
9138 Mobile Home Inspection Fees	18,000	27,000
9139 Land Use Permits	85,430	96,090
9141 Subdivision Inspection Fees	90,000	108,000
9142 Site Plan Review Fees	23,500	20,000
9143 Parking and Access Agreement Fees	350	350
9151 Emission Certificate Fee	1,350,000	1,350,000
9191 Animal Licenses	187,500	187,500
9199 Miscellaneous Permits	81,500	63,500
9211 Court Fines and Forfeitures	1,960,110	1,952,110
9213 Library Book Fines	216,000	217,000
9215 Other Fines and Forfeitures	146,050	149,000

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

1998 General Government Operating Budget

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

Revenue Source	1997 Revised	1998
9216 Pre-Trial Diversion	54,500	54,500
9218 Zoning Enforcement Fines	20,820	10,000
9219 I&M Enforcement Fines	40,000	0
9221 Administrative Fines, Civil	65,000	65,000
9222 Photo Radar	399,000	0
9224 Parking Enforcement Fines		600,000
9411 Platting Fees	153,000	153,000
9412 Zoning Fees	82,000	82,000
9413 Sale of Publications	59,430	58,930
9415 Miscellaneous Map Sales	12,000	13,000
9416 Rezoning Inspections	700	1,000
9419 Vehicle Emission Inspection Fee	5,000	6,000
9423 Family Planning Fees	120,000	120,000
9425 Dispensary Fees	105,000	200,000
9426 Sanitary Inspections Fees	865,050	862,060
9427 Clinic Fees	48,700	42,700
9428 Cook Inlet Air Pollution	11,700	11,510
9431 Public Transit Fees	1,928,130	1,910,130
9433 Transit Advertising Fees	42,000	60,000
9441 Recreation Centers and Programs	468,200	468,200
9442 Sports and Park Activities	442,240	442,240
9443 Aquatics	924,080	924,080
9444 Camping Fees	95,000	95,000
9448 Library Fees	470	83,430
9449 Admission Fees	517,950	602,950
9451 Ambulance Service Fees	2,036,000	2,036,000
9453 Fire Alarm Fees	41,600	41,600
9455 Hazardous Waste Fees	120,000	120,000
9462 Cemetery Fees	131,400	131,400
9463 Mapping Fees	33,500	33,000
9466 Private Enforcement		100
9481 State of Alaska - 911	983,500	983,500
9482 DWI Impound/Admin. Fees	150,000	252,000
9484 Animal Shelter Fees	282,000	282,000
9487 Incarceration Expense Recovery	145,400	145,400
9491 Address Fees	8,000	8,000
9492 Service Fees - School District	165,720	178,100
9493 Microfiche Sales	2,300	1,880
9494 Copier Fees	82,650	84,520
9495 Parking Authority Service Fees	7,000	2,000
9497 Computer Time Fees	7,600	7,000

1998 General Government Operating Budget
SUMMARY OF ALL REVENUE ACCOUNTS
(PRELIMINARY)

<u>Revenue Source</u>	<u>1997 Revised</u>	<u>1998</u>
9498 Unbilled Revenue (Flex-Benefits)	20,500	20,500
9499 Reimbursed Costs	635,940	617,990
9674 Prior Year Business Inventory Recovery	118,660	118,660
9731 Lease & Rental Revenues	317,180	285,300
9732 Lease State Land Conveyance	28,450	28,450
9733 Building Rental	69,140	69,140
9735 Amusement Surcharge	65,500	110,000
9736 Arena Loan Surcharge	202,000	250,000
9741 State Land Sales	187,820 *	147,630
9742 Other Property Sales	93,130	93,130
9752 Parking Garages and Lots	191,180	54,000
9753 5th & C Garage Income	366,000	266,000
9754 6th & C Garage Income		0
9763 State Land Sale Interest	207,250	207,250
9782 Lost Book Reimbursement	20,800	22,000
9785 Sale of Books	32,000	32,000
9793 Liquor Licenses	500	0
9794 Appeal Receipts	3,180	2,000
9795 Sale of Contractor Specifications	12,000	12,000
9798 Miscellaneous Revenue	129,910	127,100
<hr/>		
Total Program Local Revenues	\$ 21,479,170	\$ 22,153,820
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Total Local Revenues	\$ 59,848,100	\$ 59,437,770
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OTHER AVAILABLE REVENUES		
Intragovernmental Revenues	\$ 15,238,160	\$ 16,123,720
Fund Balance Applied	7,084,920	5,243,970
Property Taxes	136,381,780	145,804,650 **
<hr/>		
Total Other Revenues	\$ 158,704,860	\$ 167,172,340
<hr/>		
TOTAL REVENUES	<u>\$ 241,101,580</u>	<u>\$ 248,497,910</u> **

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

** Based on maximum property taxes allowed under tax cap. Total budget and property taxes in Proposed Budget will be less than this amount.

1997 General Government Operating Budget

SUMMARY OF ALL REVENUE ACCOUNTS

1. State and Federal Revenues

- The \$12.1 million of Safe Communities revenues included in this budget will not be appropriated by the Legislature until the spring of 1998 and is assumed to be the same received in 1997.
- The \$6.2 million of State Revenue Sharing will also not be appropriated until the spring of 1998 and the funding during the 1998 legislative session is assumed to be the same as in 1997.

2. Program and Local Revenues

- User fees have been reviewed. Some small adjustments have been made to fee totals. Rates remain unchanged and no new fees are being proposed except for library and museum fee increases planned to be implemented late in 1997.
 - The Anchorage Parking Authority partial subsidy reimbursement of \$100,000 was eliminated with the passage of Proposition #3.
 - The utility revenue distribution of profits from Anchorage Telephone Utility is based on the amount previously stated by ATU as being available for 1998. A utility revenue distribution of \$200,000 has been included from Solid Waste Services.
 - Plan Checking Fee, Building Permit, Construction and Right-of Way Permit, Mobile Home Inspection Fee, Land Use Permit, and Subdivision Inspection revenues have increased to reflect current and projected activity in Building Safety.
 - Photo Radar revenue has been eliminated.
 - Account 9224 Parking Enforcement Fines (\$600,000) reflects the anticipated parking fine revenue to be collected by the Police department as a result of Proposition 3. With the defeasance of the 6th and "G" Parking Garage bonds these revenues will go to the Police Department rather than to the Anchorage Parking Authority.
3. The decrease in Auto Taxes from \$5,847,130 to \$3,758,870 reflects the first normal year of a biennial collection by the State.
4. Hotel/Motel tax revenues are expected to increase from \$7.9 million in 1997 to \$8.4 million in 1998 based on 1996 actuals.
5. Tobacco Tax revenues are expected to decrease as a result of the state tax increase of \$0.71 per pack and the expected resulting decrease in consumption.
6. Property Taxes The property tax cap was intended as a limit; however, available taxes should be used only when needed for priority services. We should strive to provide needed public services at less than the property tax cap.

1997 General Government Operating Budget

SUMMARY OF ALL REVENUE ACCOUNTS

7. Fund Balance In order to avoid accruing unnecessarily large fund balances, fund balances have been reduced as much as possible, consistent with cash flow needs, maintenance of bond ratings and types of contingencies which could require additional support from a particular fund. Self Insurance Fund applied fund balance has been decreased from \$2.9 million in 1997 to \$2.3 million in 1998. There will be less available fund balance in 1998 than in 1997 in other funds due primarily to less projected expenditure lapse in 1997.

8. Intragovernmental Charges The 1998 IGCs outside of the General Government Operating Budget (to the utilities, grants, and capital) are based on continuation of existing service and management relationships with the exception of charges to ATU. Charges to ATU includes increased services to be provided by the Management Information Systems Department. About \$246,000 of the increased IGCs are due to the decrease in Self-Insurance applied fund balance from \$2.9 million in 1997 to \$2.3 million in 1998. In addition, approximately \$430,000 of the increased IGCs are due to the Year 2000 project and the new FIS/Payroll/HR project.

1998 General Government Operating Budget

DEPARTMENT REORGANIZATIONS

At this time, there are no programmed departmental consolidations, reorganizations, or establishment necessitating changes to AMC 3.10 (Organization Plan) AMC 3.20 (Executive Organization).