



2023 1st Quarter Budget Worksession



Presented By: Mayor Dave Bronson
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11:00 am

MUNICIPALITY OF ANCHORAGE



2023 1st Quarter Snapshot

- Fund balance reserves met*
 - 10% for bond ratings
 - 2% for emergencies
- Revenues
 - Property taxes – Under Tax Cap - \$3.6 million
 - Non-property tax revenue (from Approved) + \$3.3 million

* Unaudited; assumes FEMA reimbursements



Approach to 1st Quarter Revisions

- Focused on adjustments and not major program changes
- Fund departments with expectation they will manage to come in on/under budget at year-end
- Funded contractual obligations
 - PLU and TMS new collective bargaining agreements
 - IAFF add 2 new holidays
 - CPI contract adjustments
- Adjusted revenues based on Treasury's updated forecast



Revenue Changes

1st Quarter vs. Approved

- Room tax + \$2.2 million
 - Corresponding \$500k spending increase
- Property taxes (5 majors) + \$7.6 million
 - \$6.7 million in direct cost to pay debt service and settlements
- One-time ASD prior-year property tax overcollection from 2021 - \$2.3 million
- Investment income + \$2.6 million
 - \$1.5 million in added direct costs to pay TANS
- MOA trust fund contribution - \$200,000



Additional Revenue Changes

1st Quarter vs. Approved

- PFD garnishment, counter fines + \$550,000
 - Assumes \$1,114 individual check amount
- Ambulance fees (SEMT) + \$2.5 million
- Electric Co-op and Department Revenues + \$896,000
- Community Assistance and Fisheries Tax - \$1.4 million
- Dividend – AWWU + \$700,000



Non-Property Taxes Under Tax Cap

1st Quarter vs. Approved

- Motor vehicle rental tax - \$3.0 million
- Marijuana Tax - \$300,000
- Fuel Tax + \$1.75 million
- MUSA/MESA and CEA PILT - \$568,000
- Payment in Lieu of Taxes (PILT) – State + \$25,000



Tax Limit Calculation

Anchorage Municipal Charter 14.03 and Anchorage Municipal Code 12.25.040

Line	2022	2023	Line	
	at Revised	at Revised *		
1	<u>Step 1: Building Base with Taxes Collected the Prior Year</u>		1	
2	Real/Personal Property Taxes to be Collected	297,714,363	297,648,243	2
3	Auto Tax	10,508,117	10,606,323	3
4	Tobacco Tax	20,700,000	20,700,000	4
5	Aircraft Tax	126,000	-	5
6	Marijuana Sales Tax	5,400,000	6,000,000	6
7	Motor Vehicle Rental Tax	5,100,000	8,300,000	7
8	Fuel Excise Tax	12,640,000	13,300,000	8
9	Payment in Lieu of Taxes (State & Federal)	10,863,283	11,620,949	9
10	MUSA/MESA	20,818,552	20,722,252	10
11	Step 1 Total	383,870,315	388,897,767	11
12	<u>Step 2: Back out Prior Year's Exclusions Not Subject to Tax Limit</u>		12	
13	Judgments/Legal Settlements (One-Time)	(2,127,830)	(165,050)	14
14	Debt Service (One-Time)	(54,545,777)	(54,847,881)	15
15	Step 2 Total	(56,673,607)	(55,012,931)	16
16	Tax Limit Base (before Adjustment for Population and CPI)	327,196,708	333,884,836	18
17	<u>Step 3: Adjust for Population, Inflation</u>		19	
18	Population 5 Year Average	-0.60% (1,963,180)	-0.50% (1,669,420)	21
19	Change in Consumer Price Index 5 Year Average	1.70% 5,562,340	3.30% 11,018,200	22
20	Step 3 Total	1.10% 3,599,160	2.80% 9,348,780	23
21	The Base for Calculating Following Year's Tax Limit	330,795,868	343,233,616	25
22	<u>Step 4: Add Taxes for Current Year Items Not Subject to Tax Limit</u>		26	
23	New Construction	2,631,367	1,617,597	28
24	Taxes Authorized by Voter-Approved Ballot - O&M	692,000	277,500	29
25	Judgments/Legal Settlements (One-Time)	165,050	827,500	30
26	Debt Service (One-Time)	54,847,881	62,839,984	31
27	Step 4 Total	58,336,298	65,562,581	32
28	Limit on ALL Taxes that can be collected	389,132,166	408,796,197	34
29	<u>Step 5: To determine limit on property taxes, back out other taxes</u>		35	
30	Automobile Tax	(10,606,323)	(10,409,910)	37
31	Tobacco Tax	(20,700,000)	(21,500,000)	38
32	Marijuana Sales Tax	(6,000,000)	(5,700,000)	39
33	Motor Vehicle Rental Tax	(8,300,000)	(10,000,000)	40
34	Fuel Excise Tax	(13,300,000)	(14,400,000)	41
35	Payment in Lieu of Taxes (Utility, State, and Federal)	(11,620,949)	(10,999,990)	42
36	MUSA/MESA	(20,722,252)	(18,693,876)	43
37	Step 5 Total	(91,249,524)	(91,703,776)	44
38	Limit on PROPERTY Taxes that can be collected	297,882,642	317,092,421	46
39	Add General Government use of tax capacity within the Tax Cap	991,378	1,286,151	48
40	Limit on PROPERTY Taxes that can be collected within the Tax Cap	298,874,020	318,378,572	50
41	<u>Step 6: Determine property taxes to be collected if different than Limit on Property Taxes that can be collected</u>		51	
42	Property taxes to be collected based on spending decisions minus other available revenue.		53	
43	Property taxes TO BE COLLECTED	297,648,243	314,806,447	55
44	Amount below limit on property taxes that can be collected ("under the cap")	1,225,777	3,572,125	57

There also are service areas with boards that set their maximum mill levies. The property taxes in these service areas are not subject to the Tax Limit Calculation ("outside the cap"). The 2023 total property taxes "outside the cap" is **\$24,844,598**, making the total of all property taxes to be collected for General Government **\$339,651,045**.

* Does not reflect impact of passage of any 2023 ballot propositions



Spending

1st Quarter vs. Approved

- Fire Department + \$588,000
 - Non-labor funding + \$312,000
 - IAFF – addition of 2 new holidays + \$476,000
 - P&F Retirement Medical - adjust for number of participants - \$200,000

- Police Department - \$587,000
 - Savings for the purchase of 716 W. 4th Ave Building - \$497,000
 - Special levy tax to maximum + \$40,000
 - P&F Retirement Medical - adjust for number of participants - \$130,000



Other Major Spending Changes

1st Quarter vs. Approved

- CAMA “go live” debt service - \$95,000
- M&O - Contractual cost increases, snow removal, Golden Lion Repairs + \$2.1 million
- Add administrative support for Mayor’s Office + \$119,000
- National Archives Property debt service + \$175,000
- Permit Center CPI Increase + \$41,000



Other Major Spending Changes

1st Quarter vs. Approved

- Air Quality Monitoring for OSHA Abatement + \$20,000
- Facilities Contractual Increases + \$188,000
 - Museum
 - ACPA
- Depreciation Reduction – I.T. - \$542,000
- Labor “scrub” savings - \$2.25 million
- New Labor Agreement Terms + \$196,000



Spending, Property Taxes, & Mill Levy

2022 1st Quarter vs. 2023 1st Quarter

	2022 1 st Quarter	2023 1 st Quarter	Difference
Spending	\$563,667,914	\$597,501,444	\$33,833,530
Property Taxes*	\$297,648,243	\$314,806,447	\$17,158,204
Mill Levy	16.48	15.95	-0.53

What 1Q revised means to taxpayers:

- \$53 savings / \$100,000 assessed value
- \$217 savings on \$410,450 average assessed valued home

*Doesn't include limited service areas



Spending, Property Taxes, & Mill Levy

1st Quarter vs. (S) Version

	2023 1 st Quarter	2023 1 st Quarter (S) w/Election Results	Difference
Spending	\$597,501,444	\$596,879,125	-\$622,319
Property Taxes*	\$314,806,447	\$314,358,688	-\$447,759
Assessed Values	37,600,552,285	36,439,760,925	-1,160,791,360
Mill Levy	15.95	16.43	0.48

What Election Results mean to taxpayers:

- \$48 increase / \$100,000 assessed value
- \$197 increase on \$410,320 average assessed valued home

*Doesn't include limited service areas



Spending, Property Taxes, & Mill Levy

2022 1st Quarter vs. 2023 (S) Version

	2022 1 st Quarter	2023 1 st Quarter (S) w/Election Results	Difference
Spending	\$563,667,914	\$596,879,125	\$33,211,211
Property Taxes*	\$297,648,243	\$314,358,688	\$16,710,445
Mill Levy	16.48	16.43	0.05

What 1Q S version means to taxpayers:

- \$5 savings / \$100,000 assessed value
- \$21 savings on \$410,320 average assessed valued home

*Doesn't include limited service areas



Alcohol Tax

1st Quarter vs. Approved

- 2022 unspent went to Alcohol Tax fund balance *\$11.1 million
 - AR 2023-43, As Amended – approved 3/7/23 (\$4.75 million)
- 2023 Treasury's updated projection + \$570,000
- 1Q proposed allocation:
 - Health – non labor funding to administer grants + \$23,000
 - Police – Reduce MIT funding aligned with approval of AR 2023-049(S) - \$390,000
 - Calculated Labor and IGC changes - \$107,000



Utilities / Enterprises

1st Quarter vs. Approved

- Operating

Calculated Labor and IGC changes, MESA/MUSA, Depreciation

- AWU – reduction of (\$33,140)
- ASU – reduction of (\$1,291,051)
- SWS Refuse – reduction of (\$272,421)
 - Increase for utility cost for new CTS and ARL bldgs. \$55,250
- SWS Disposal – \$5,620,967
 - Increase to debt service \$5,145,957
 - Increase for utility cost for new CTS and ARL bldgs. \$330,000
- Port – \$5,764,385
 - Increase to debt service \$5,900,000
- Merrill Field – reduction of (\$1,185,322)



Utilities / Enterprises

1st Quarter vs. Approved

- Capital

- AWU – 2023 Approved CIB \$15,762,000 increase to \$16,112,000
 - Add new project: Eklutna Water Treatment Facility Safety Improvements – \$350,000
- ASU – 2023 Approved CIB \$16,943,000 increase to \$17,153,000
 - Add new project: Asplund Wastewater Treatment Facility Brine/Caustic Header Replacement – \$210,000
- SWS Disposal – 2023 Approved CIB \$3,770,000 increase to \$4,065,000
 - Add new project: Hazardous Waste Holding Tank Repair – \$45,000
 - Add new project: Cash Booth Scales and Design – \$250,000



1st Quarter “Moving Parts”

Introduced on the April 11th Assembly Meeting

- AR 2023-102 – 2023 GG Revised Budget
- AIM 77-2023 – 2023 Utilities / Enterprise Dividends
- AR 2023-103 – 2023 Utilities / Enterprises Activities Revised Budgets

- AO 2023-40 – 2023 GG Tax Levy
- AO 2023-41 – 2023 ASD Tax Levy



Next Steps...

- Work session - Assembly amendments April 21
- Assembly public hearing/action April 25

Budget information available
OMB's web page at:

<https://www.muni.org/Departments/budget/Pages/default.aspx>