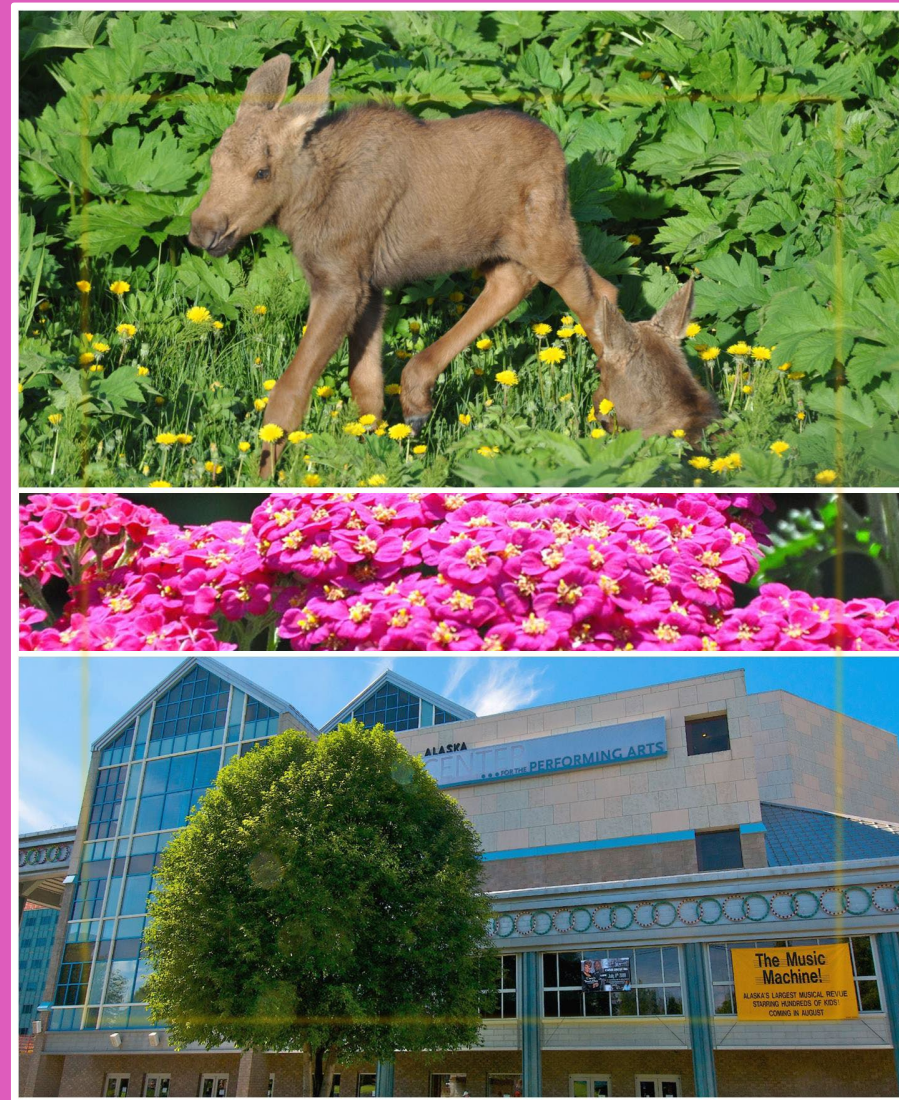


Municipality of Anchorage

Assembly Worksession

2025 Revised Budgets: General Government Operating Utilities / Enterprise Operating & Capital

2025 Established Mill Levies



Presented by:
Mayor Suzanne LaFrance
Ona Brause, Director, Office of Management & Budget
April 11, 2025

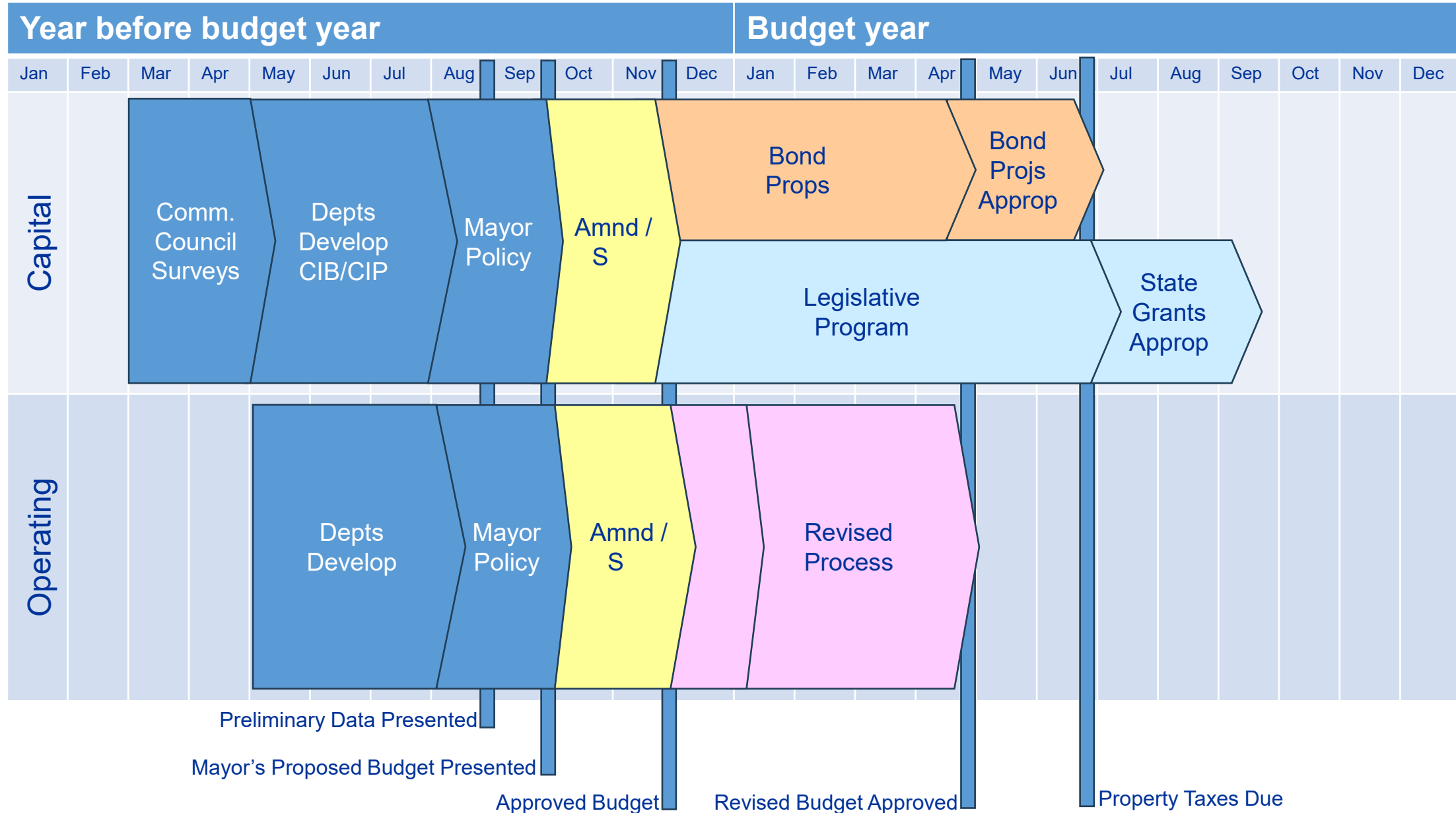
Presentation Overview

- Budget Process
- 2024 Year End
- Mayor's Priorities
- 2025 Approved Budget
- 2025 Revised at 1Q
 - Budget Overview
 - Historical Adjustments
 - Revenue Adjustments
 - Direct Cost Adjustments
 - Tax Cap
 - Budget Changes
 - Mill Levy for General Government & Anchorage School District
 - Alcoholic Beverages and Marijuana Retail Sales Taxes
 - Utilities / Enterprise
- Future Budget Considerations
- Schedule of Worksessions and Public Hearing

Overview



Budget Process



Budget Process



2024 Year End

General Government Direct Cost Budget to Actuals:

- Overall 96% spent
- All departments met or underspent budget except Municipal Manager (Risk) and CFO (position changes)

Utilities / Enterprise:

- All Under in Expenses
- Most Over in Revenues

2024
Year End



Mayor's Priorities

Mayor's Priorities



**GOOD
GOVERNMENT**



**SAFE STREETS
AND TRAILS**



**BUILDING
OUR FUTURE**



2025 Approved Budget

Mayor LaFrance's 2025 Budget Goals:

- Address **homelessness**.
- Expand and align Anchorage's **crisis response services**.
- Improve and invest in **snow removal**.
- Invest in **traffic calming and safe public spaces**.
- Support **childcare and early education**.
- **Get the basics right:** Continue core MOA constituent work; improve recruitment & retention to ensure day-to-day services.

2025
Approved



2025 Approved Budget

Labor +\$13.1 million
(salaries & benefits)

Non-Labor +\$7.8 million
(P&F retirement, leases, prof. services, contracts)

Debt Service +\$7.1 million
\$28.0 million

2025
Approved



2025 1Q Budget Overview

Municipal Assistance

+\$3.0 million

(Includes amount for SOA FY 2026)

Fund Balance Reserves

10% and 2%

Revenues

-\$1.2 million

Voter Approved Bond/Levy

+\$3.6 million

One-time tax cap recoveries

+\$4.6 million

Direct Costs

+\$8.5 million



Historical Direct Cost Adjustments

Year	Amounts
2020 1Q	+\$1.95 million
2021 1Q	+\$7.50 million
2022 1Q	+\$11.70 million
2023 1Q	+\$13.10 million
2024 1Q	+\$8.93 million
2025 1Q (preliminary)	+\$8.53 million

Adjustments to refine and revise the Approved Budget include:

- Revenue Adjustments
- Expenditure Adjustments
- Service Area Board Requests



2025 1Q Revenue Adjustment Highlights

Revenue Adjustments

Revenue Item	+Increase or (Decrease)
Tans Investment Earnings	(\$4,442,000)
Parks & Recreation	(\$1,148,847)
MUSA/MESA changes	(\$999,814)
Fuel Excise tax	+\$500,000
Tobacco tax	+\$1,000,000
Settlement for 602 fund	+\$2,600,000



2025 1Q Direct Cost Adjustment Highlights

Direct Cost Item	+Increase or (Decrease)
Planning Projects	+\$176,120
Chugiak & Girdwood EMS	+\$126,504
Mt. View Community Center	+\$189,147
Rent/CPI and Utility increases	+\$840,654
Service Areas (SA) approved tax rates	+\$566,759
Homelessness Response	+1,055,155
Anchorage Safety Patrol contract	+\$2,355,737
Voter approved fleet levy	+\$3,500,000
Emergency Ordinance recovery closeout	+\$1,163,496

Direct Cost
Adjustments



2025 1Q Tax Cap Calculation

Tax Limit Calculation

Anchorage Municipal Charter 14.03 and Anchorage Municipal Code 12.25.040

Line		2024 at Revised	2025 at Revised	Line
1	<u>Step 1: Building Base with Taxes Collected the Prior Year</u>			1
2	Real/Personal Property Taxes to be Collected	317,799,100	334,333,113	2
3	Auto Tax	10,409,910	10,311,702	3
4	Tobacco Tax	21,500,000	19,050,000	4
5	Marijuana Sales Tax	4,700,000	-	5
6	Motor Vehicle Rental Tax	10,000,000	10,000,000	6
7	Fuel Excise Tax	14,400,000	13,500,000	7
8	Payment in Lieu of Taxes (State & Federal)	10,999,990	10,070,633	8
9	MUSA/MESA	19,260,458	19,820,796	9
10	Step 1 Total	409,069,458	417,086,244	10
11				11
12	<u>Step 2: Back out Prior Year's Exclusions Not Subject to Tax Limit</u>			12
13	Judgments/Legal Settlements (One-Time)	(827,500)	(2,455,352)	13
14	Debt Service (One-Time)	(62,839,984)	(55,482,032)	14
15	Step 2 Total	(63,667,484)	(57,937,384)	15
16				16
17	Tax Limit Base (before Adjustment for Population and CPI)	345,401,974	359,148,860	17
18				18
19	<u>Step 3: Adjust for Population, Inflation</u>			19
20	Population 5 Year Average	-0.50% (1,727,010)	-0.30% (1,077,450)	20
21	Change in Consumer Price Index 5 Year Average	3.00% 10,362,060	3.10% 11,133,610	21
22	Step 3 Total	2.50% 8,635,050	2.80% 10,056,160	22
23				23
24	The Base for Calculating Following Year's Tax Limit	354,037,024	369,205,020	24
25				25
26	<u>Step 4: Add Taxes for Current Year Items Not Subject to Tax Limit</u>			26
27	New Construction	4,212,114	2,636,544	27
28	Taxes Authorized by Voter-Approved Ballot - O&M	338,000	344,000	28
29	Taxes Authorized by Voter-Approved Ballot - Levy	-	3,500,000	29
29	Judgments/Legal Settlements (One-Time)	2,455,352	3,400,000	29
30	Debt Service (One-Time)	55,482,032	57,808,888	30
31	Emergency Ordinances (One-Time)	-	1,163,496	31
31	Step 4 Total	62,487,498	68,852,928	31
32				32
33	Limit on ALL Taxes that can be collected	416,524,522	438,057,948	33
34				34
35	<u>Step 5: To determine limit on property taxes, back out other taxes</u>			35
36	Automobile Tax	(10,311,702)	(10,311,702)	36
37	Tobacco Tax	(19,050,000)	(21,000,000)	37
38	Motor Vehicle Rental Tax	(10,000,000)	(9,500,000)	38
39	Fuel Excise Tax	(13,500,000)	(14,000,000)	39
40	Payment in Lieu of Taxes (Utility, State, and Federal)	(10,070,633)	(9,167,131)	40
41	MUSA/MESA	(19,820,796)	(20,402,035)	41
42	Step 5 Total	(82,753,131)	(84,380,868)	42
43				43
44	Limit on PROPERTY Taxes that can be collected	333,771,391	353,677,080	44
45				45
46	Add General Government use of tax capacity within the Tax Cap	562,222	1,683,422	46
47				47
48	Limit on PROPERTY Taxes that can be collected within the Tax Cap	334,333,613	355,360,502	48
49				49
50	<u>Step 6: Determine property taxes to be collected if different than Limit on Property Taxes that can be collected</u>			50
51	Property taxes to be collected based on spending decisions minus other available revenue.			51
52				52
53	Property taxes TO BE COLLECTED	334,333,113	354,880,203	53
54				54
55	Amount below limit on property taxes that can be collected ("under the cap")	500	480,299	55

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 2025 total property taxes "outside the cap" is \$28,656,893, making the total of all property taxes to be collected for General Government \$383,537,096.

The 2025 Revised budget proposal is \$480,299 under the tax cap.



2025 1Q Tax Cap Detail

16						16
17	Tax Limit Base (before Adjustment for Population and CPI)		345,401,974		359,148,860	17
18						18
19	<u>Step 3: Adjust for Population, Inflation</u>					19
20	Population 5 Year Average	-0.50%	(1,727,010)	-0.30%	(1,077,450)	20
21	Change in Consumer Price Index 5 Year Average	3.00%	10,362,060	3.10%	11,133,610	21
22	Step 3 Total	2.50%	8,635,050	2.80%	10,056,160	22
23						23
24	The Base for Calculating Following Year's Tax Limit		354,037,024		369,205,020	24
25						25
26	<u>Step 4: Add Taxes for Current Year Items Not Subject to Tax Limit</u>					26
27	New Construction		4,212,114		2,636,544	27
28	Taxes Authorized by Voter-Approved Ballot - O&M		338,000		344,000	28
29	Taxes Authorized by Voter-Approved Ballot - Levy		-		3,500,000	29
29	Judgments/Legal Settlements (One-Time)		2,455,352		3,400,000	29
30	Debt Service (One-Time)		55,482,032		57,808,888	30
31	Emergency Ordinances (One-Time)		-		1,163,496	31
31	Step 4 Total		62,487,498		68,852,928	31
32						32
33	Limit on ALL Taxes that can be collected		416,524,522		438,057,948	33

- Population and CPI impacts: tax cap follows trend up or down (5-year average).
- Judgements/Legal settlements recovery: \$3,400,000 (one-time).
- *New* Voter approved levy for ARDSA heavy equipment: \$3,500,000 (as needed).
- *New* Fund recovery to closeout COVID-19 and Hiland Avalanche Emergency Ordinance costs: \$1,163,496 (one-time).



2025 1Q Budget Changes

Budget
Changes

	2025 Approved	2025 1Q
Budget	\$648.3 million	\$656.8 million
Position Count	2,366	2,379
Property Tax	\$346.3 million	\$354.9 million



2025 Average Mill Levy

	2024	2025 Preliminary	Difference	2025 Cost per \$100,000
General Government	9.12	9.12	0.00	\$ 912
Anchorage School District	6.67	6.32	-0.35	\$ 632
Total	15.79	15.44	-0.35	\$1,544

General government mill levy remains flat between 2024 and 2025.
Total average 2025 mill levy is a reduction of 0.35.

Mill
Levy



2025 1Q Alcoholic Beverages & Marijuana Retail Sales Taxes

- **Alcoholic Beverages Retail Sales Tax**
 - Calculated Labor Adjustments and IGCs +\$443K
 - Adjust Budget in Line with Projected Revenues in Mobile Crisis Team (\$33K)
 - Increase Alcoholic Beverages Retail Sales Tax Revenue +\$331K
- **Marijuana Retail Sales Tax (ACCÉE Fund)**
 - Calculated Labor Adjustments and IGCs +\$251K
 - Add Little Bears Playhouse Construction +\$200K

**Alcohol &
Marijuana
Retail
Taxes**



2025 1Q Utilities / Enterprise

Anchorage Water Utility - Change in Appropriation (\$646K), capital change +\$500K

Anchorage Wastewater Utility - Change in Appropriation (\$550K), capital change +\$3M

Solid Waste Services - Refuse Collections Change in Appropriation +\$478K, capital change +\$300K

Solid Waste Services - Disposal Collections Change in Appropriation +\$1.2M, capital change +\$9M

Merrill Field Airport - Change in Appropriation (\$93K)

Anchorage Hydro - Adjustments for operations and contractual requirements +\$694K, capital change +\$650K

Don Young Port of Alaska - Change in Appropriation +\$5.5M

**Utilities /
Enterprise
Revisions**



Future Budget Considerations

- Closeout and recovery of all FEMA emergencies
- Building Safety Service Area (BSSA) & Workers' Compensation fund recoveries
- Labor costs & wage adjustments
- Long range facility & maintenance costs



Schedule of Worksessions & Public Hearing

April 8 th	2025 1Q Budget Introduced to Assembly
April 11 th	Assembly Worksession
April 18 th	Second Worksession - Assembly Amendments
April 22 nd	S Version, Public Hearing & Approval
May 1 st	Treasury receives mill rates to prepare tax notices

Schedule
to
Approval



Office of Management & Budget (OMB)

Budgets available at OMB Homepage

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

Thank you!

