

# 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**

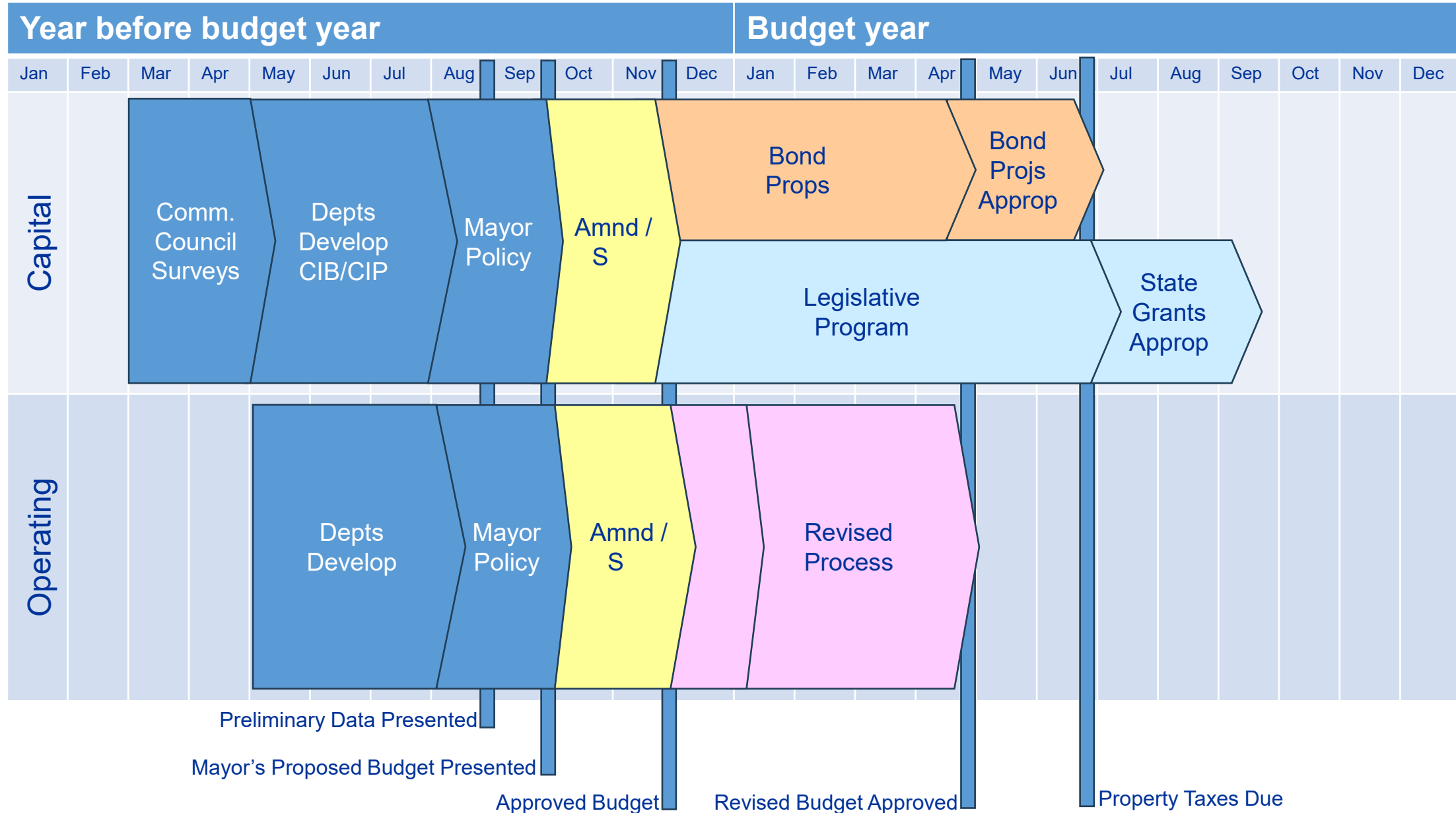
# Presentation Overview

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## 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)

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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 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

Revenue  
Adjustments



# 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	<b>Limit on ALL Taxes that can be collected</b>	<b>416,524,522</b>	<b>438,057,948</b>	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	<b>Limit on PROPERTY Taxes that can be collected</b>	<b>333,771,391</b>	<b>353,677,080</b>	44
45				45
46	Add General Government use of tax capacity within the Tax Cap	562,222	1,683,422	46
47				47
48	<b>Limit on PROPERTY Taxes that can be collected within the Tax Cap</b>	<b>334,333,613</b>	<b>355,360,502</b>	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	<b>Property taxes TO BE COLLECTED</b>	<b>334,333,113</b>	<b>354,880,203</b>	53
54				54
55	<b>Amount below limit on property taxes that can be collected ("under the cap")</b>	<b>500</b>	<b>480,299</b>	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
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24	<b>The Base for Calculating Following Year's Tax Limit</b>		<b>354,037,024</b>		<b>369,205,020</b>	24
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27	New Construction		4,212,114		2,636,544	27
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30	Debt Service (One-Time)		55,482,032		57,808,888	30
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31	Step 4 Total		62,487,498		68,852,928	31
32						32
33	<b>Limit on ALL Taxes that can be collected</b>		<b>416,524,522</b>		<b>438,057,948</b>	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



# 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 <sup>th</sup>	2025 1Q Budget Introduced to Assembly
April 11 <sup>th</sup>	Assembly Worksession
April 18 <sup>th</sup>	Second Worksession - Assembly Amendments
April 22 <sup>nd</sup>	S Version, Public Hearing & Approval
May 1 <sup>st</sup>	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!

