

**MUNICIPALITY OF ANCHORAGE**  
**Summary of Economic Effects -- General Government**

AO Number: 2020-98

Title: **AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE SECTION 6.50.060 TO MODIFY THE MOA TRUST FUND ANNUAL DIVIDEND CALCULATION METHODOLOGY AND TO BROADEN AUTHORIZED INVESTMENTS TO FURTHER DIVERSIFY THE MOA TRUST FUND RETROACTIVE TO JANUARY 1, 2020 SUBJECT TO THE OCCURRENCE OF**

Sponsor: **MAYOR**  
 Preparing Agency: **FINANCE / TREASURY**  
 Others Impacted:

<b>CHANGES IN EXPENDITURES AND REVENUES:</b>	<b>(In Thousands of Dollars)</b>				
	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>
<b>Operating Expenditures</b>					
1000 Personal Services					
2000 Non-Labor					
3900 Contributions	-	-	-	-	-
4000 Debt Service	-	-	-	-	-
<b>TOTAL DIRECT COSTS:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Add: 6000 Charges from Others	\$ -	\$ -	\$ -	\$ -	\$ -
Less: 7000 Charges to Others	-	-	-	-	-
<b>FUNCTION COST:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>REVENUES:</b>	<b>\$ -</b>	<b>\$ 3,600</b>	<b>\$ 300</b>	<b>\$ 200</b>	<b>\$ 200</b>
<b>CAPITAL:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>POSITIONS: FT/PT and Temp</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**PUBLIC SECTOR ECONOMIC EFFECTS:**

The proposed Ordinance would allow for an increased annual dividend, from \$6.5M to \$14.0M, starting in year 2020 as a result of a recalibrated formula to account for the designated portion of net sales proceeds going into the MOA Trust Fund ("Trust") from the sale of ML&P to Chugach Electric (i.e., assuming upper estimate of \$230M). The change in calculation methodology will gradually return to the average market value of the Trust for the 20 consecutive trailing calendar quarters by year 2026. The additional funds from the MOA Trust Fund annual dividend can be used to help fund operating budget priorities without the need to rely solely on property taxes as a revenue source. The above revenue projections factor in the ramped up average market value time periods cited in the Ordinance and assumes a 5.00% payout rate in 2020 only, in accordance with a 2020 1Q budget revision proposed and approved by the Assembly, and a 4.50% dividend payout rate thereafter, with the dividend calculated consistently at March 31 beginning in year 2021 and with the dividend assumed to be paid out by December 15 of each year per existing Code requirement. The 4.50% payout rate is consistent with recommendation provided by the Trust's investment consultant based on long-term capital market assumptions.

**PRIVATE SECTOR ECONOMIC EFFECTS:**

There is no direct projected effect on the Private Sector other than City services will have additional non-property tax revenues from the MOA Trust Fund, in the form of investment income and return, to pay for priority public services that broadly support the community.