Submitted by: Assembly Budget and Finance Committee Co-Chairs Brawley and Volland, and Member Baldwin Day
Reviewed by: Assembly Counsel
For reading: July 21, 2026

Baldwin Day DRAFT **ANCHORAGE, ALASKA** **Baldwin Day DRAFT**

AR No. 2026-_____

A RESOLUTION OF THE ANCHORAGE ASSEMBLY SETTING POLICY PRIORITIES FOR THE FISCAL YEAR 2027 MUNICIPAL BUDGET

WHEREAS, the Anchorage Assembly is the Municipality's appropriating body and approves the annual municipal budget; and

WHEREAS, recapitalization at Joint Base Elmendorf Richardson will involve major capital investments of over $2 billion and related housing investments to accommodate relocation of approximately 4,000 personnel in the next five years, which will bring tangible benefits and also place additional demands on the local economy and community; and

WHEREAS, the proposed Liquid Natural Gas (LNG) Pipeline, if constructed, would have significant economic impact on Alaska, including both economic benefits and impacts to the existing population, infrastructure, and public services in Anchorage, particularly during the construction period; and

WHEREAS, Southcentral Alaska faces a natural gas shortage in the short to medium term, irrespective of the viability of the LNG Pipeline, as locally produced supplies run low and utilities are investing in capacity to import gas supplies, which will increase prices for consumers and industry; and

WHEREAS, the Municipality continues to improve operations through filling staff vacancies, implementing strategies for increased recruitment and retention of employees, improving training and adherence to policies and procedures, investing in vehicle fleet replacement, addressing deferred maintenance of facilities and infrastructure, and employing effective human resources and workplace practices; and

WHEREAS, recent structural improvements to Municipal fiscal systems include completion of the 2024 Annual Consolidated Financial Report which brings the Municipality back into a typical audit completion schedule, assessment and corrective actions to address persistent structural deficits in funds such as Workers Compensation and the Building Safety Service Area, and restoration of the required bond rating reserve and emergency funds, which contribute to raising the Municipality's bond rating and keeping taxpayer funds in a stronger long term position; and

WHEREAS, the Municipality continues to face challenges in meeting public expectations for historical quality and consistency of service levels, even with vacancies filled and operational improvements, due to ongoing strain on limited budgets and rising costs for labor, supplies, and capital; and

WHEREAS, in addition to the challenge of funding general government services at customary levels, the Municipality also faces many other fiscal challenges, such as:

- Adequate funding for public education after years of flat-funding at the state level without adjustments for inflation
- State-mandated education funding formulas that constrain local capacity to support public schools
- Multi-billion dollar deferred maintenance liability and risk of structural failure of public buildings, facilities, and infrastructure
- A low-density, road-infrastructure-dependent built environment that requires a high level of investment to maintain, which exceeds the economic capacity of the Municipality's tax base to sustain as currently designed; and

WHEREAS, the tax capacity limit calculation or "tax cap" is established in the Charter (Section 14.03) and code (AMC 12.25.040), and was designed to limit the annual limit on total taxes collected, as well as total property taxes collected, with a formula based on the prior year's limit, adjustments for population growth (or decline), average inflation, and amount of new construction; and

WHEREAS, the tax cap formula is also designed to automatically "ratchet down" or permanently reduce the limit in future years if tax capacity is not fully utilized, resulting in an annual policy choice to permanently cut the Municipality's operating budget, or instead adopt a "use it or lose it" budget policy to maintain adequate funding for public services year over year; and

WHEREAS, the Assembly maintains a set of policy priorities and workplan, updated annually to reflect shared priorities of members, with the most recent progress report and workplan adopted in February 2026 (AR 2026-24); and

WHEREAS, the Assembly has also adopted several plans and policy positions regarding key priority areas, including the Housing Action Plan in December 2023 (AR 2023-304 as Amended), Policy Guidance for Anchorage's Alcohol Tax and Alcohol Tax Strategic Plan in September 2024 (AR 2024-278 as Amended); and

WHEREAS, through multiple administrations, Assembly action on prior municipal budgets has ensured the Municipality continues to adequately funds core public services and find opportunities in strategic investments to improve the community; now, therefore

THE ANCHORAGE ASSEMBLY RESOLVES:

<u>Section 1.</u> The Assembly requests the following to be included in the Preliminary ("120 Day") Budget Memo for the FY 2027 budget:

1. Identify at least two scenarios for funding levels for the Municipality's local contribution to Anchorage School District, including:
    a. (Scenario A) The dollar amount needed to provide the maximum optional local contribution for school funding, and any corresponding reduction needed to Muni services within the tax cap, with preliminary conceptual discussion about how (which services, departments or other funding) this cut would be absorbed.
    b. (Scenario B) The dollar amount needed below the maximum optional local contribution to avoid cuts from Muni services while staying within the tax cap.
    c. Any additional scenarios or other considerations that will help inform this decision in the FY27 budget.
2. Accompanying the proposed Capital Improvement Program (CIP) and Capital Improvement Budget (CIB), provide an itemized summary of estimated total infrastructure maintenance, major repair, and replacement needs, including estimated cost/liability and an approximate timeframe (number of years) required to meet this need if annual project funding proceeds at typical historical levels. Categories include:
    a. Roads, inclusive of all service areas, for known capital needs
    b. Replacement of vehicle fleets for all departments
    c. Stormwater drainage systems, in applicable service areas
    d. Major maintenance and other needs for public buildings and facilities, including demolition if applicable
    e. Water and wastewater systems (data provided by AWWU)
    f. School facilities (data provided by Anchorage School District)
    g. Other major enterprise and utility assets (data provided by Port, SWS, Merrill Field)
3. Identify and, to the extent possible, quantify known factors and trends that will impact the Municipality's population, economic activity, housing demand, and tax base, such as anticipated significant new investments and personnel at Joint Base Elmendorf Richardson (JBER).
4. Identify and characterize "known unknowns" such as natural gas line development, other potential projects that may have significant impacts, and estimated annual operating and capital costs for an adequately resourced and sustainably funded Wildland Fire Division.

<u>Section 2.</u> The Assembly recommends the following in the FY 2027 budget:

1. Set realistic expectations for residents on anticipated changes/adjustments to municipal service levels and the revenue required to sustainably fund services at customary levels going forward.
2. Identify places in the General Government operating budget where efficiencies and budget reductions can allow for re-allocating existing funding capacity to other priorities under the tax cap, such as;
3. When developing the Capital Improvement Program (CIP) and 2027 Capital Improvement Budget (CIB), make a thorough review and consider re-prioritizing projects in terms of urgency, severity of need, and population density, such as projects to prevent future catastrophic infrastructure failures, and de-prioritizing projects that increase future maintenance liabilities or contribute to more diffuse infrastructure.

Commented [BE1]: Is this something we already have at a departmental level, or will this involve generation of new information?

Commented [BE2]: Does this "such as" refer to #3 and #4? Or something else?

4. Focus on investments and budget choices that support construction and maintenance of housing that is not financially feasible to build at market rates and/or that the private sector is not anticipated to produce. The Administration is encouraged to prioritize potential funding opportunities, particularly one-time capital investments, in support of housing.
5. Explore the use of software, tech tools, and AI solutions to streamline departmental workflows, minimize administrative burden on municipal employees, and deliver municipal services efficiently and effectively despite staffing constraints.

Section 3. It is the position of the Assembly that the community's current circumstances, along with the constraints of structural choices and systems that were designed decades ago for different conditions, necessitate taking action to achieve a better future than the status quo.

Section 4. The Assembly commits to making the Municipality's fiscal future a high priority, and will work collaboratively with the Mayor and the community to explore possible scenarios, assess and weigh the trade-offs inherent in each choice, and decide how to proceed.

Section 5. This resolution shall be effective immediately upon passage and approval by the Assembly.

PASSED AND APPROVED by the Anchorage Assembly this _______ day of _______________, 2026.

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Chair of the Assembly

ATTEST:

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Municipal Clerk