

ASSEMBLY MEMBER GEORGE MARTINEZ

THE ANCHORAGE IDENTITY AND **FISCAL** CRISIS:



Resetting the Agenda with AR 2025-159

TRUTH • STACKABLE ROI • PREEMPTIVE RESILIENCY • EQUITY

Budget Crisis vs. Fiscal Crisis: **A Primer**

Budget Crisis

Short-term imbalance between planned spending and available revenues.

Anchorage experiences this when:

- Departments must cut to fit under the tax cap
- One-time funds temporarily fill gaps
- Annual decisions feel like “tightening the belt”

Key Idea - A budget crisis is about this year's choices.

Fiscal Crisis

Long-term structural imbalance between the cost of what we built and the revenue base we have to maintain it.

Anchorage experiences this because:

- OPM funded expansion, not stewardship
- Maintenance costs grow faster than revenues
- The tax cap limits local alignment
- Infrastructure aging out at the same time

Key Idea - A fiscal crisis is about the sustainability of the system itself.

DNA Of Our Municipality

Anchorage originated in 1915 as a tent city for the construction of the Alaska Railroad, established as the railroad's headquarters at the mouth of Ship Creek.

After the initial railroad boom, Anchorage was incorporated in 1920 and developed a more stable population. Over the following decades, it grew as a hub for military operations (especially after World War II) and the oil and gas industry (following the Prudhoe Bay discovery in 1968).

Anchorage's economy remains centered on **logistics**, **infrastructure**, and **resource** industries.

A hub where people gather, workers rotate, and tourist launch their adventures.



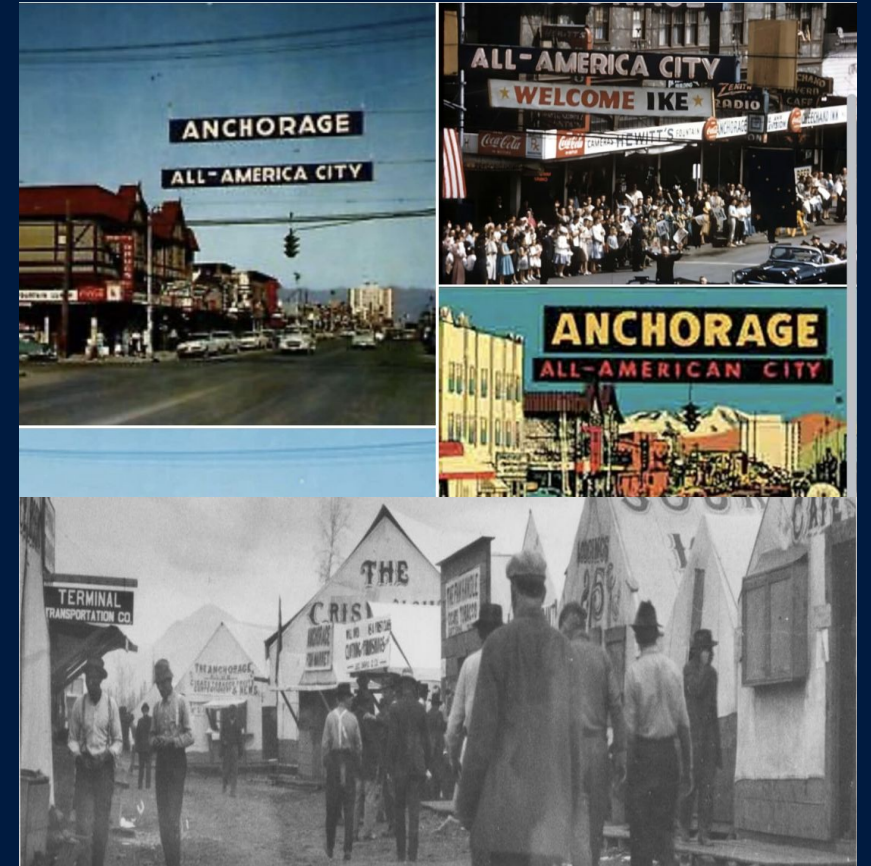
Main Street Old Town Anchorage July 1915. Credit: Anchorage Museum

The Mirage of a City

We sold ourselves as Alaska's "big city," a rising all-American success story, a city poised for positive growth. But slogans aren't strategy. And the façade has cost us dearly.

The truth is **Anchorage is not a conventional city** that happens to sit in Alaska; it is **Alaska's outpost**, the staging ground that moves people, goods, services, and ideas across the state and beyond. That function creates a distinctive **culture**: practical, inventive, and deeply diverse.

Our outpost status is not a deficit to fix; it is a strategic advantage to harness.



Anchorage, Alaska has won the "All- America City" award four times in 1956, 1965, 1985, 2002.

Main Street Old Town Anchorage July 1915. Credit: Anchorage Museum

The Distinction Between “City” And “Municipality”

CITY

Culturally connotes:

- Density
- Urbanism
- Downtown vitality
- Walkability
- Vertical growth
- “Metropolitanism”
- Amenities built for scale (museums, transit, nightlife)

Anchorage has pieces of this but not the economic base or physical form of a true urban city.

MUNICIPALITY

Is a legal and administrative structure, not an identity.

- The incorporated government entity
- Responsible for services, taxes, zoning, and infrastructure
- Regardless of whether the built environment is urban, suburban, rural, or mixed

Anchorage is a **Unified Home Rule Municipality** — and that includes dense neighborhoods, sparse exurbs, military lands, industrial port zones, parks, rural pockets, and trail systems.

We Adopted The Wrong “Identity” Model

Anchorage never needed to be a “city” in the cultural/urban sense to succeed.

It did need to function as an effective municipal outpost, the administrative, logistical, and service hub that keeps the entire state moving.

That’s where the misalignment occurred:

- We judged ourselves by “city” metrics
- We invested OPM and sprawled without a coherent identity
- We neglected the fundamentals of our purpose
- While also ignoring the realities of municipal capacity and tax base

The things a municipal outpost must excel at:

- Infrastructure stewardship
- Public safety
- Strategic housing near job centers
- Worker retention
- Logistics capacity
- Resilience and readiness
- Efficient public service delivery
- Building compact, functional hubs instead of endless sprawl

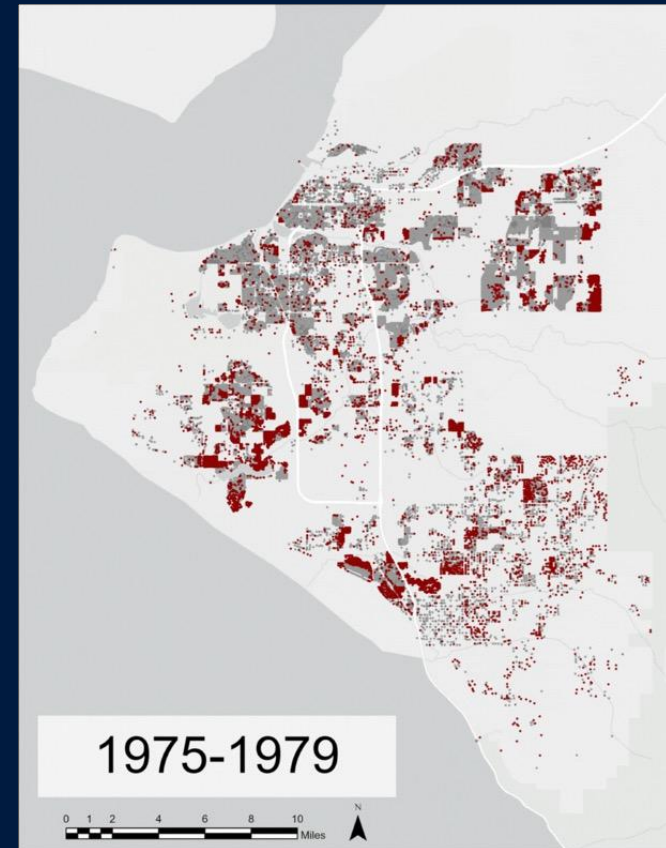
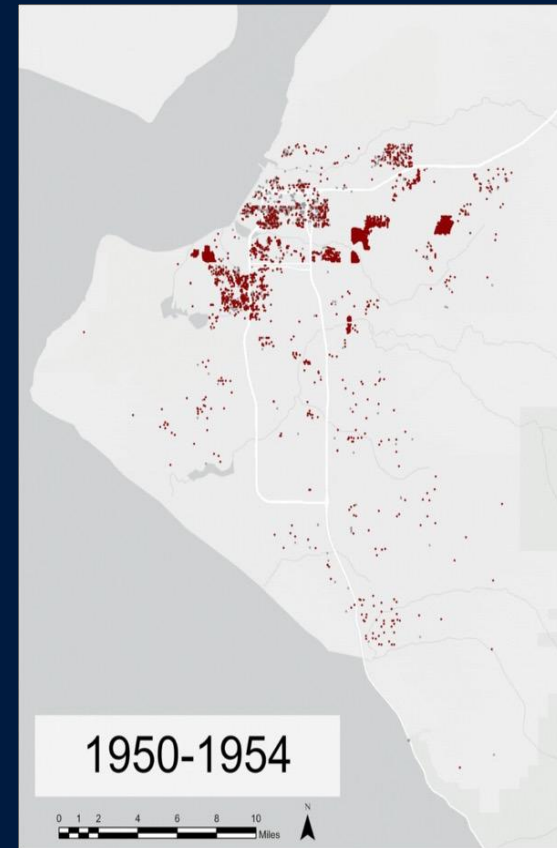
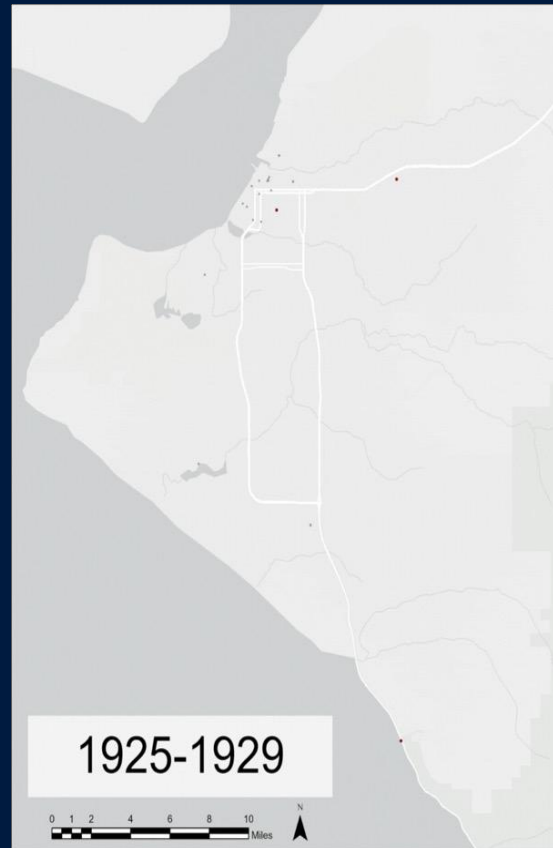
What the Historical Data Tells Us

Supporting Metric	Data Source	Insight
<i>Built land vs. population growth</i>	MOA GIS, Census	Anchorage is overbuilt for its size and capacity.
<i>O&M per capita vs. investment returns</i>	MOA Budget	Few overlapping benefits = low efficiency.
<i>Infrastructure age vs. replacement fund</i>	Public Works	Deferred maintenance risk increasing.
<i>Transit access by income bracket</i>	AMATS, MOA	Lower-income residents bear higher transport costs.

Building and Zoning 1925-1975

Anchorage's growth pattern reflects a belief in expansion.

Since the 1970s, land area zoned for single-family homes increased nearly fourfold, while population plateaued under 300,000.



Source: MOA Planning Department GIS

Building and Zoning 1980-2020+

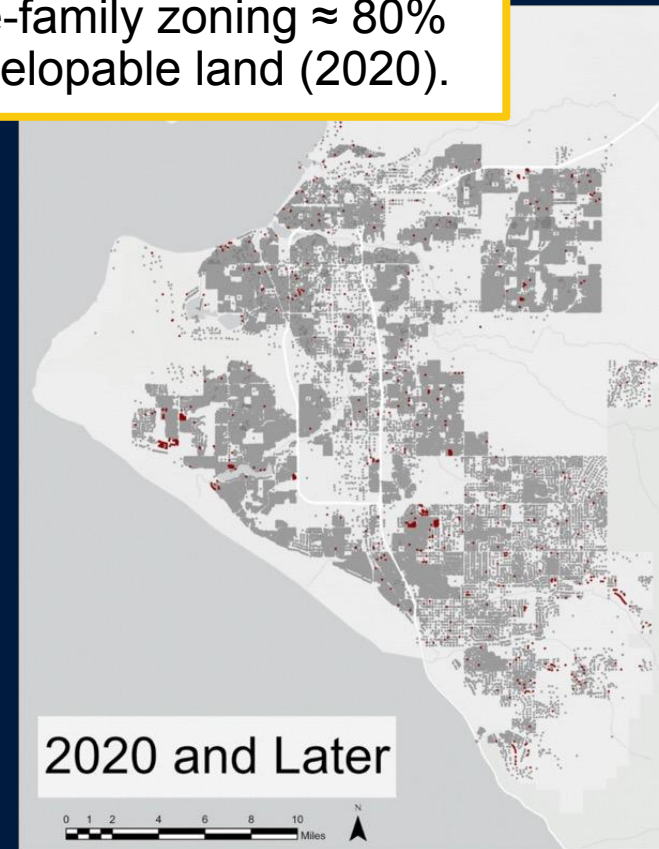
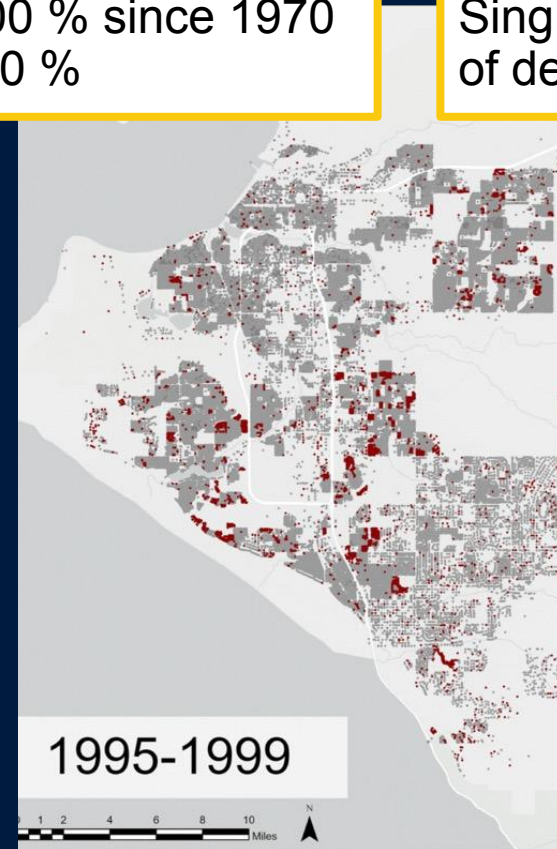
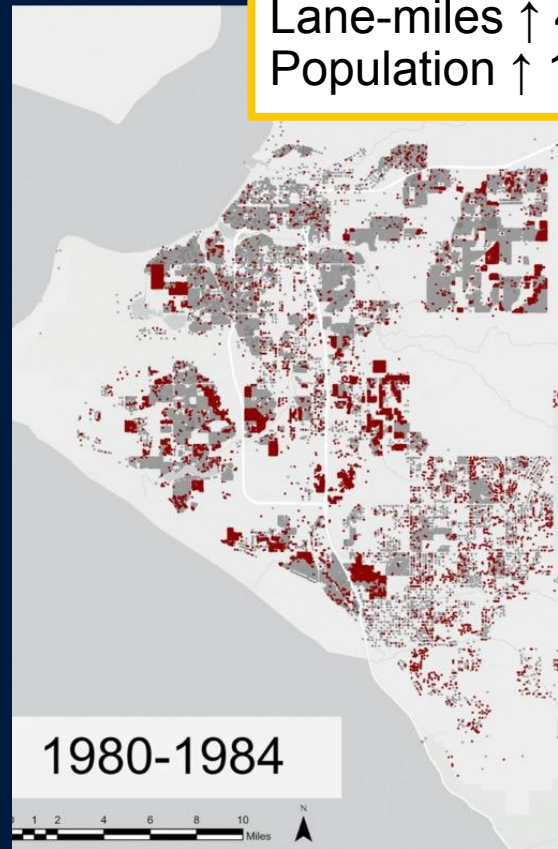
OPM helped us build more streets, sewers, and schools than our tax base could sustain.

This is the legacy of building for a city that never arrived.

We expanded faster than we grew.

Lane-miles ↑ 400 % since 1970
Population ↑ 150 %

Single-family zoning ≈ 80% of developable land (2020).



Source: MOA Planning Department GIS

Legacy of OPM - Other People's Money

For decades, Anchorage developed with **Other People's Money**, federal grants, state oil dollars, and outside capital that financed our expansion.

We mistook state and federal funds for local sustainability. We built outward instead of inward.

Historical

Operating
Budget
Totals

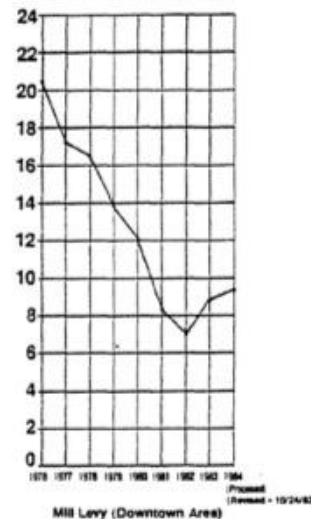


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THE 1984 OPERATING BUDGET WAS \$181M WITH \$52.7M FUNDED BY THE STATE. 29%!!

GENERAL GOVERNMENT Property Tax Profile

MILL LEVY TRENDS



CALCULATION OF AVERAGE MILL LEVY

	1983	1984 Proposed	1984 Proposed (Revised)
Direct Costs	\$ 193,490,460	\$ 199,868,800	\$ 181,169,490
Less Charges to:			
Utilities,			
Capital Budget, and			
Grants	(19,456,780)	(18,945,250)	(18,712,490)
Less User Fees	(18,047,880)	(17,433,430)	(17,778,020)
Less Other Sources	(6,375,420)	(1,975,660)	(1,346,480)
Less Other Revenues:			
Other Local	(14,771,610)	(14,633,140)	(13,809,160)
State	(66,361,700)	(52,718,010)	(52,718,010)
Federal	(19,086,630)	(16,586,630)	(16,586,630)
NET TAX REQUIREMENT	\$ 49,389,440	\$ 77,575,670	\$ 60,218,700
Areawide Assessed Valuation	\$ 10,407,877,000	\$ 11,460,000,000	\$11,460,000,000
Average Mill Levy	4.75 mills	6.77 mills	5.25 mills

*The tax cap was approved in 1983 and implemented in 1984.

A Billion \$\$\$ of Other Peoples Money

The result is a city stretched thin: too much infrastructure to maintain, too little investment where people actually live and work, and too few resources to sustain what we already have.

The bills are now due. We are living with the liabilities of ambition without practical alignment.

Historical

State Capital Grant Totals



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Year	Capital Bill No.	Fire	Police	Health & Human Services	Transit	Project Management & Engineering	Parks & Rec, Library, Museum	Facilities/ Misc	Other *	Total
2025		-	-	-	-	-	-	-	-	-
2024	HB268	-	-	4,000,000	6,980,384	979,745	-	2,500,000	10,460,129	24,920,258
2023	HB39	200,000	-	-	-	2,000,000	-	-	11,754	2,211,754
2022	HB281	-	-	-	-	3,501,864	723,936	-	201,000,000	205,225,800
2021	HB69	40,804	-	-	-	3,108,735	37,124	-	25,000	3,211,663
2020	HB205**	-	-	-	-	-	-	-	-	-
2019	SB 2002	-	-	-	-	484,000	-	-	-	484,000
2018	SB 142	-	2,000,000	-	-	-	-	-	20,000,000	22,000,000
2017	SB 23**	-	-	-	-	-	-	-	-	-
2016	SB 138**	-	-	-	-	-	-	-	-	-
2015	SB 26**	-	-	-	-	-	-	-	-	-
2014	SB 119	-	-	-	-	37,936,581	250,000	41,948,370	-	80,134,951
2013	SB 18	1,550,000	-	-	-	65,910,244	1,313,000	38,492,500	-	107,265,744
2012	SB 160	3,266,700	3,100,000	-	1,075,000	106,125,250	6,963,150	31,267,375	98,500,000	250,297,475
2011	SB 46	1,477,100	3,466,300	-	-	49,527,850	80,000	551,150	30,000,000	85,102,400
2010	SB 230	150,000	450,000	-	250,000	47,901,000	2,206,000	13,125,000	10,155,000	74,237,000
2009	SB 75	-	-	-	-	-	-	1,000,000	-	1,000,000
2008	SB 221/256	54,400	40,000	-	-	81,895,500	1,620,000	16,491,000	2,940,000	103,040,900
2007	SB 53	190,000	567,500	-	1,300,000	39,102,000	1,525,000	2,120,000	4,111,000	48,915,500
2006	SB 231	9,197,500	236,000	-	320,000	28,125,000	11,065,800	2,500,000	10,000,000	61,444,300
2005	SB 46	666,500	100,000	-	-	35,325,000	615,000	7,000,000	1,010,000	44,716,500
2004	SB 283	-	100,000	-	-	424,000	-	-	125,000	649,000
2003	SB 100	-	75,000	-	-	1,169,083	50,000	-	-	1,294,083
2002	SB 2006	440,000	-	55,000	-	7,217,252	30,000	2,150,000	376,294	10,268,546
2001	SB 29	367,800	30,000	200,000	-	8,336,000	125,167	1,250,000	-	10,308,967
2000	SB 192	484,000	500,000	-	-	820,000	1,568,398	970,000	-	4,342,398
1999	SB 32	1,180,000	-	-	-	400,000	1,600,000	1,110,000	-	4,290,000
1998	SB 231	25,000	-	-	-	2,048,996	1,994,484	1,131,158	-	5,199,638
1998	SB 231	-	-	-	-	(1,253,446)	-	-	-	(1,253,446)
1997	SB 107	245,000	-	-	-	1,323,043	1,685,207	2,980,000	-	6,233,250
Total		19,534,804	10,664,800	4,255,000	9,925,384	522,407,696	33,452,266	166,586,553	388,714,177	1,155,540,680

* Includes grants to Port of Alaska

** The Municipality did not receive any State Legislative grants in 2015 (SFY 2016), 2016 (SFY 2017), 2017 (SFY 2018), 2020 (SFY 2021), and 2025 (SFY2026).

The Cost of Misalignment

Spatial mismatch: Sprawl stretches services thin while core areas age.

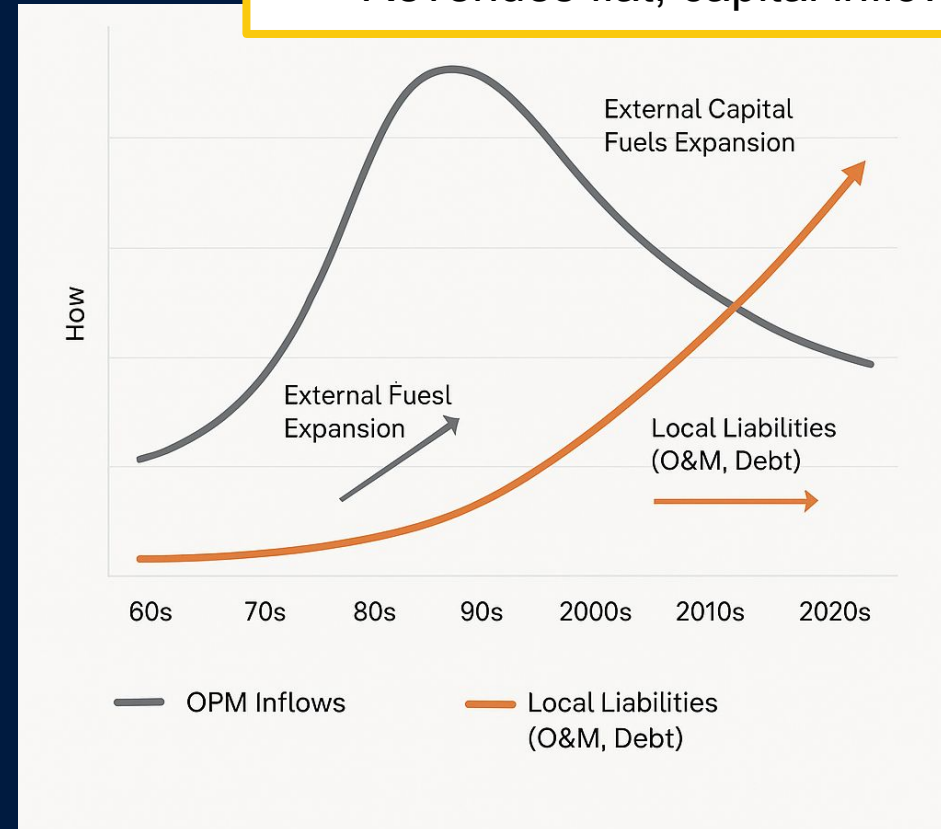
Budget overhang: We inherit O&M on assets launched with external dollars but unfunded for the life cycle.

Our development model — suburban expansion fueled by OPM left us with a **maintenance crisis** and a **structural imbalance**. We maintain too much road, too little housing, and too many liabilities from projects built with no local plan to sustain them.

The OPM era built expansion we can't sustain.





O&M cost per capita ↑ 60 % since 2000

- Deferred maintenance > \$500M (est.)
- Revenues flat; capital inflows declining



Source: MOA Planning Department GIS

The Four Pillars Of AR 2025-159

Pillar	Definition	Anchorage Application
 Truth	Ground every decision in who we are and how we work.	Accept our identity as Alaska's hub: logistics, labor, service, culture. Plan for function, not fantasy.
 Stackable ROI	Every dollar must yield multiple benefits — economic, social, and environmental.	Prioritize projects that generate overlapping returns: housing near jobs, transit that doubles as a resilience measure, and parks that boost tourism & health.
 Preemptive Resiliency	Build readiness into every system before the shock arrives.	Require lifecycle costing, hazard readiness, and maintenance plans for every capital investment.
 Equity	Ensure the prosperity of the outpost reaches everyone who powers it.	Invest in workforce housing, childcare, and opportunity pipelines; empower small, immigrant, and Indigenous businesses.

From Expansion to Stewardship

If Anchorage had once planned through a framework like the Four Pillars of AR 2025-159, we might have built differently. We might have accepted who we are, invested in what works, and avoided decades of overextension.

Our next era must be about **stewardship**, not sprawl — car-centric, wide roads, limited pedestrian infrastructure, distant subdivisions, and high maintenance costs. **The outpost doesn't need pretense. It needs purpose.**

Expansion Era

- Fueled by OPM
- Focused on image
- Built for growth we never reached



Stewardship Era

- Driven by Truth
- Built for sustainability
- Investing in who we really are

The Outpost Future: **Our Call to Action**

OPM support is shrinking.

Grants are competitive and unreliable.

Infrastructure liabilities are growing.

Relying only on property tax is unsustainable.

Maintaining “business as usual” is no longer viable.

Hard choices need to be made:

- structural reductions
- modernization/streamlining
- new revenue

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THE ANCHORAGE IDENTITY AND **FISCAL** CRISIS:



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