

CLERK'S OFFICE

APPROVED

Date: 9-24-02

IMMEDIATE RECONSIDERATION FAILED 9-24-02

VETOED 10-1-02, VETO

OVERRIDDEN 10-15-02

ANCHORAGE, ALASKA

AO NO. 2002-138

Submitted by: Assemblymember Tesche

Prepared by: Department of Assembly

For reading: September 10, 2002

AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY AMENDING ANCHORAGE MUNICIPAL CODE SECTION 6.10.030, PREPARATION OF BUDGET, TO ADD A NEW PARAGRAPH RELATING TO COMPUTATION OF A CONTINUATION LEVEL

THE ANCHORAGE ASSEMBLY ORDAINS:

**Section 1:** That Anchorage Municipal Code Section 6.10.030, Preparation of budget, is amended to read as follows:

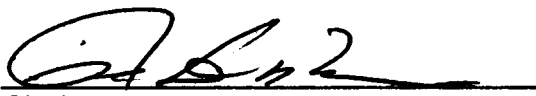
**6.10.030 Preparation of budget.**

The Director of the Office of Management and Budget shall present to the Mayor the annual budget for the ensuing fiscal year. The budget shall be based upon detailed estimates furnished by the agencies of the Municipal government according to a classification as nearly uniform as possible. The budget shall present information on recommended appropriations, anticipated expenditures, estimated taxes, and other revenues required to support the budget.

**The proposed annual budget submitted to the Assembly shall also include, on the reconciliation worksheets, a continuation funding level for each agency, and a total continuation level for the budget comparing the ensuing year's budget to the current year's revised budget.**

**Section 2:** That this ordinance shall take effect immediately with respect to the 2003 approved budget.

PASSED AND APPROVED by the Anchorage Assembly this 24<sup>th</sup> day of September, 2002.

  
Chair

ATTEST:

  
Municipal Clerk  
EGJ/2002 ORDINANCES/AO35

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

AO Number: 2002-138

Title: Amending Anchorage Municipal Code Section 6.10.030, Preparation of  
Budget Relating to Computation of a Continuation Level

Sponsor: Assemblymember Tesche

Preparing Agency: Department of Assembly

Others Impacted:

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**CHANGES IN EXPENDITURES AND REVENUES:**

(In Thousands of Dollars)

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	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>
<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>

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**REVENUES:**

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**CAPITAL:**

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**POSITIONS: FT/PT and Temp**

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**PUBLIC SECTOR ECONOMIC EFFECTS:**

There are no substantial public sector economic effects anticipated.

**PRIVATE SECTOR ECONOMIC EFFECTS:**

There are no substantial private sector economic effects anticipated.

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Prepared by: Elvi Gray-Jackson

Telephone: 343-4751

Approved by: \_\_\_\_\_

  
Director/Municipal Clerk

Date: \_\_\_\_\_



**MUNICIPALITY OF ANCHORAGE**  
**ASSEMBLY MEMORANDUM**  
**NO. 813-2002**

**Meeting Date:** September 10, 2002

**From:** Assemblymember Tesche  
**Subject:** AO 2002-138 - AMENDING ANCHORAGE MUNICIPAL CODE SECTION  
6.10.030 RELATING TO COMPUTATION OF A CONTINUATION LEVEL

For many years, the Administration and the Assembly have used calculations of "continuation level" as a valuable tool to prepare and evaluate operating budgets for General Government.

Simply stated, the continuation level is the total amount needed to maintain the current level of Municipal services and programs in the ensuing budget year. For example, the continuation level for FY 2003 is calculated by costing goods, services, and programs provided in 2002 together with any necessary increases or decreases in costs during the following year. Examples of changing costs include new labor contract wage changes, salaries and benefits adjustments, transfers from other agencies, and one-time requirements.

To ensure that continuation levels are calculated and made available to the Assembly and to the public in connection with the 2003 and subsequent budgets, AO 2002-138 is offered. The ordinance requires that the Municipal administration calculate continuation levels for each of the departments and provide an overall continuation level for General Government. It is the intent of this ordinance that continuation levels be included in the Mayor's 2003 proposed budget.

Approval of AO 2002-138 is recommended.

Respectfully submitted,

*Allan Tesche/jm*

Allan Tesche  
Assemblymember

EGJ/2002ASSEMBLYMEMORANDUMS/AM50



# Municipality of Anchorage

Office of the Mayor

*George P. Wuerch, Mayor*



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**DATE:** October 1, 2002

**TO:** Anchorage Assembly

**FROM:** Mayor George Wuerch

**SUBJECT:** Veto of Assembly Ordinance 2002-138, an ordinance of the Anchorage Municipal Assembly amending Anchorage Municipal Code section 6.10.030.

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I hereby veto Assembly Ordinance 2002-138 as approved by the Assembly on September 24, 2002 for the following reasons:

The mayor is responsible for submitting a budget to the Assembly. The Anchorage Municipal Charter does not require a particular format for submission, nor does it require the Mayor to expressly maintain, or implicitly maintain, static spending levels, without regard to the realities of municipal finances as they change from year to year. Charter §13.03 only requires that "the form and content of the budget shall be consistent with the proposed six-year program." The Charter does not require the Mayor to reproduce this year's budget (BY2002), as amended, side by side with the proposed budget (BY2003).

AO 2002-138 attempts to require the Mayor to provide formatting and content in the form of an Assembly budget, complete with tailored analysis. The requested content could be available to the Assembly if it were to direct its own Budget and Policy staff to compile it. This type of analysis involves spending staff time on comparisons that the Administration does not believe to be a wise use of the people's tax dollars, especially since staff has been directed to devote their time to developing more meaningful information such as performance measures.

2. The ordinance as drafted is flawed in that it requires a comparison between the "ensuing year's budget" and the "current year's revised budget." Since there is no "ensuing year's budget" until the Assembly actually approves one, there is no comparison to be made at the time the administration submits its proposed budget.
3. Continuation level budgeting artificially builds up the cost of government because it ignores efficiencies and other savings that can be achieved by investing in technology and re-engineering how the Municipality delivers services. Continuation level budgeting assumes government must not only inflate its costs, but that it should keep doing the same things, the same way, every year - without giving taxpayers the benefit of savings achieved. It is a budgeting system of the past.

This administration does not believe continuation budgets are the best method for judging the quality and cost of providing services. They rely on the artificial and unsupported assumption that what was spent for services the previous year continues to be justified. This administration uses "zero-based" budgeting - requiring every department and every employee each year to reevaluate their services and programs from the ground up. We challenge ourselves to find efficiencies and justify the services we provide for the tax dollars that we spend.

I encourage the Assembly to uphold this veto and use its own Budget and Policy staff if it deems this kind of work appropriate for its deliberations.



Municipality of Anchorage  
MUNICIPAL CLERK'S OFFICE  
**Agenda Document Control Sheet**

*As 2002-138*

(SEE REVERSE SIDE FOR FURTHER INFORMATION)

<b>1</b>	<b>SUBJECT OF AGENDA DOCUMENT</b>	<b>DATE PREPARED</b>	
	An Ordinance Amending AMC 6.10.030, Preparation of Budget, to Add a New Paragraph Relating to Computation of a Continuation Level	5-Sep-02	
		Indicate Documents Attached <input checked="" type="checkbox"/> AO <input type="checkbox"/> AR <input checked="" type="checkbox"/> AM <input type="checkbox"/> AIM	
<b>2</b>	<b>DEPARTMENT NAME</b>	<b>DIRECTOR'S NAME</b>	
	Assembly	Greg Moyer	
<b>3</b>	<b>THE PERSON THE DOCUMENT WAS ACTUALLY PREPARED BY</b>	<b>HIS/HER PHONE NUMBER</b>	
		343-4751	
<b>4</b>	<b>COORDINATED WITH AND REVIEWED BY</b>	<b>INITIALS</b>	<b>DATE</b>
	<b>Mayor</b>		
	Heritage Land Bank		
	Merrill Field Airport		
	Municipal Light & Power		
	Port of Anchorage		
	Solid Waste Services		
	Water & Wastewater Utility		
	<b>Municipal Manager</b>		
	Cultural & Recreational Services		
	Employee Relations		
	Finance, Chief Fiscal Officer		
	Fire		
	Health & Human Services		
	Office of Management and Budget		
	Management Information Services		
	Police		
	Planning, Development & Public Works		
	Development Services		
	Facility Management		
	Planning		
	Project Management & Engineering		
	Street Maintenance		
	Traffic		
	Public Transportation Department		
	Purchasing		
	<b>Municipal Attorney</b>		
	<b>Municipal Clerk</b>		
	<b>Other</b>		
<b>5</b>	<b>Special Instructions/Comments</b>		
	<i>Added to agenda</i>		
	<i>Indefinite</i>		
<b>6</b>	<b>ASSEMBLY HEARING DATE REQUESTED</b>		<b>PUBLIC HEARING DATE REQUESTED</b>
	9/11/02 5:1 PM		9/24/02

M.O.A.