

2014 Proposed Budget General Government Operating & Capital

Assembly Worksession

Presented by:

Mayor Dan Sullivan

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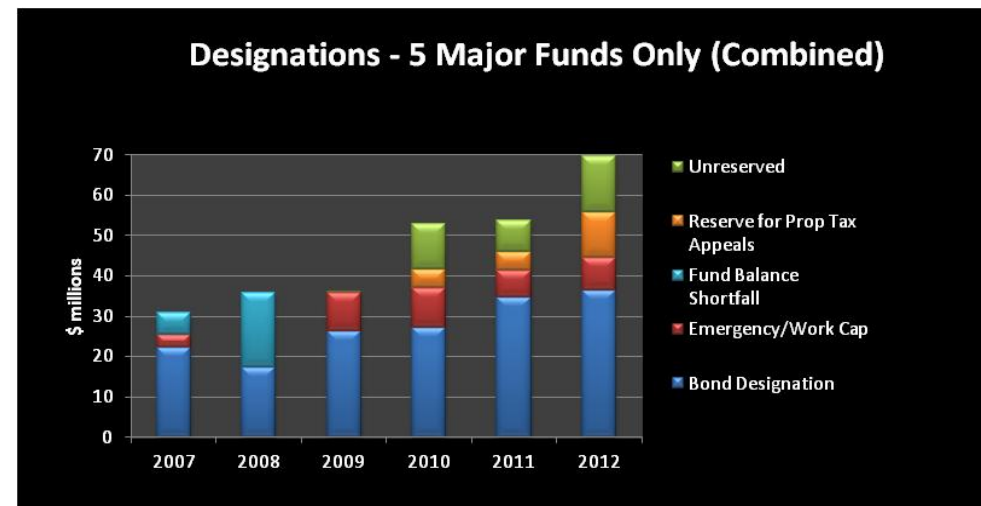
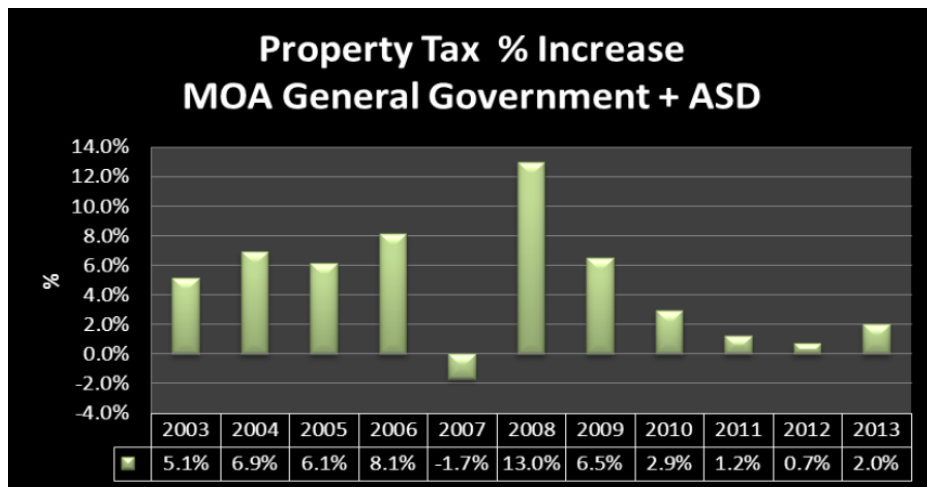
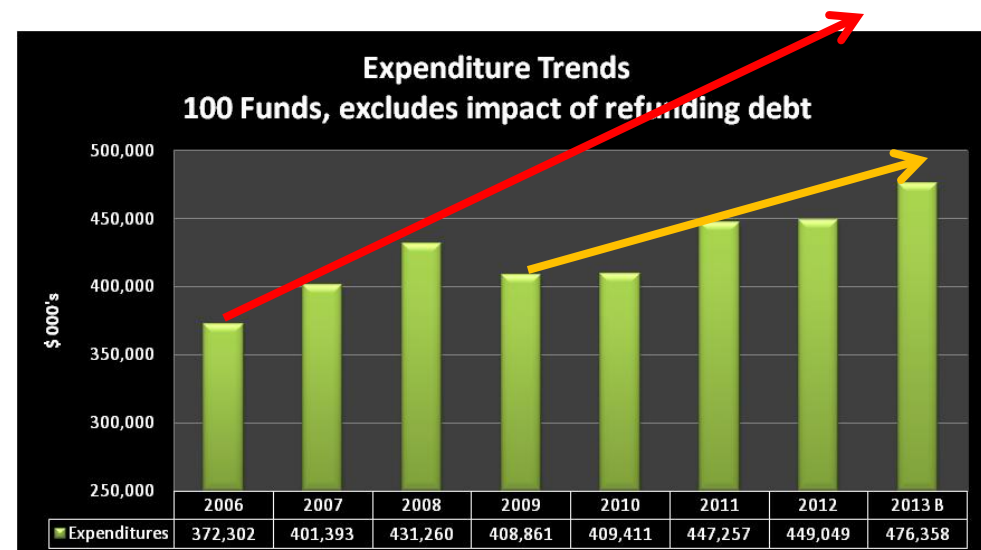
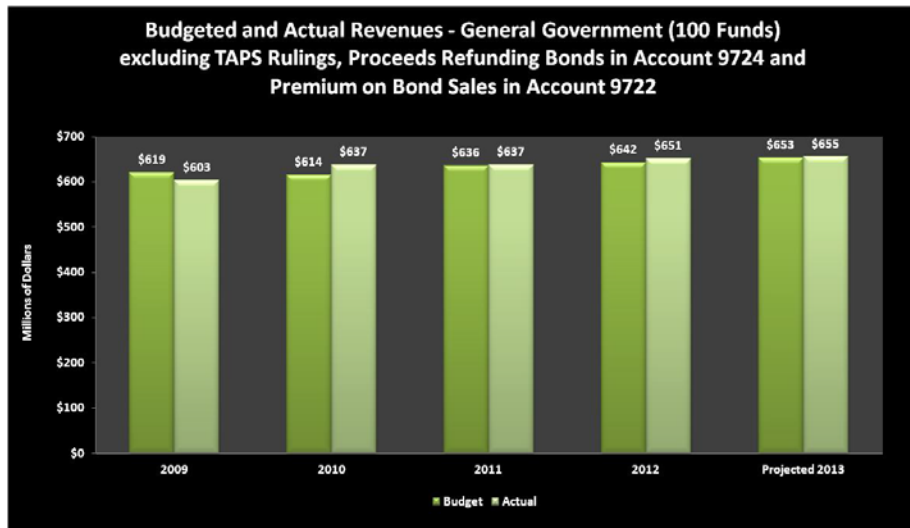
October 11, 2013

Agenda

- Key Historical Fiscal Trends
- Long Term Fiscal Overview – Six-Year Fiscal Outlook
- 2014 Proposed General Government Operating Budget
 - Revenue Forecast
 - Expenditure by Department
- Capital Improvement Budget
- Capital Improvement Program

Key Fiscal Historical Trends –

We are doing Great!!



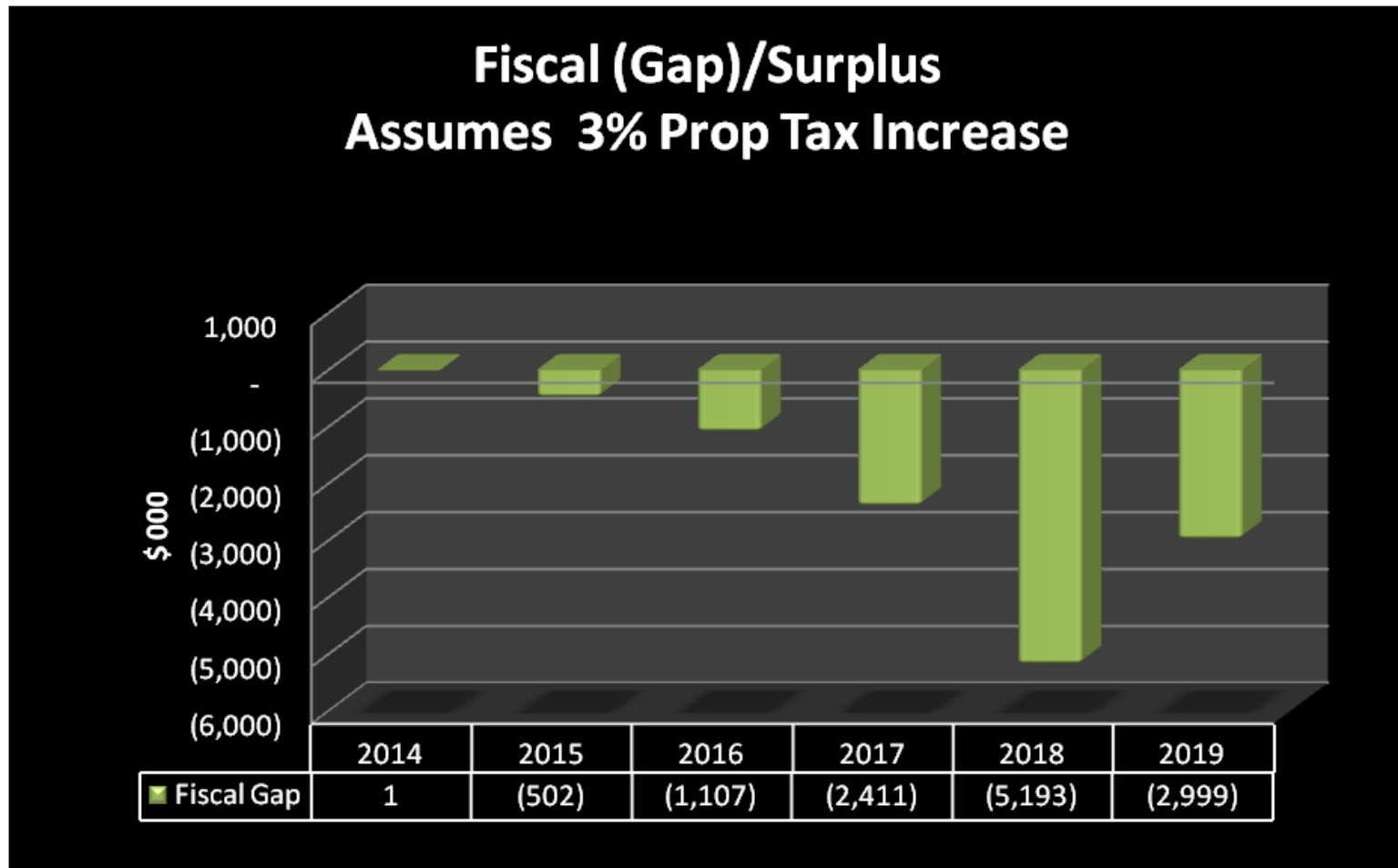
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Looking Ahead – Six-Year Fiscal Outlook

Small(ish) deficits to overcome



HOWEVER.....Uncertain State and Federal Funding may impact MOA Financial Stability

State of Alaska Forecast (\$ Millions)	2013	2014	2015	2016	2017	2018	2019
Oil Price and Production							
Forecast ANS West Coast Price (\$/barrel)	\$109.21	\$109.61	\$111.67	\$114.88	\$116.22	\$117.16	\$118.29
Forecast Production (Million Barrels per Day)	0.539	0.527	0.513	0.5	0.477	0.443	0.422
Revenue versus Spending							
General Fund Revenues	\$7,585.50	\$6,162.70	\$5,993.50	\$6,232.30	\$6,206.50	\$5,864.60	\$5,775.00
General Fund Expenses	\$7,969.90	\$6,830.60	\$6,775.00	\$6,725.00	\$6,725.00	\$6,700.00	\$6,700.00
Budget Surplus/ (Deficit)	(\$384.40)	(\$667.90)	(\$781.50)	(\$571.70)	(\$518.50)	(\$835.40)	(\$925)
Reserve Balances							
Constitutional Budget Reserve	\$11,604.50	\$12,055.40	\$12,560.90	\$13,124.40	\$13,751.40	\$14,447.00	\$15,216.60
Statutory Budget Reserve	\$5,103.60	\$4,435.70	\$3,654.20	\$3,136.50	\$2,618.00	\$1,782.60	\$857.60
Total Reserve Balances	\$16,708.10	\$16,491.10	\$16,215.10	\$16,261.00	\$16,369.40	\$16,229.60	\$16,074.20

Source: SOA spring 2013 Revenue Sources Book, Governor's Office of Management & Budget

2014 Proposed Operating Budget

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2014 Proposed Budget - Overview

Millions \$\$	2013 1Q Budget	2014 Continuation Budget	Cont. Delta to 2013	2014 Proposed	Delta to 2013	
Revenue						
Property Taxes	\$253.2	\$ 261.8	\$ 8.6	\$ 260.1 *	\$ 6.9	2.7%
Other Revenues	\$178.5	\$ 176.5	\$ (2.0)	\$ 172.5	\$ (6.0)	-3.4%
IGC	\$ 31.3	\$ 30.4	\$ (0.9)	\$ 36.1	\$ 4.8	15.3%
Fund Balance	\$ 12.3	\$ 2.7	\$ (9.6)	\$ 2.1	\$ (10.2)	-82.9%
Total	\$475.3	\$ 471.4	\$ (3.9)	\$ 470.8	\$ (4.5)	-0.9%
Expenditures						
Labor	\$255.0	\$ 263.7	\$ 8.7	\$ 260.1	\$ 5.1	2.0%
Debt Service	\$ 51.5	\$ 55.6	\$ 4.1	\$ 55.5	\$ 4.0	7.8%
Non Labor/Other	\$153.6	\$ 154.1	\$ 0.5	\$ 154.7	\$ 1.1	0.7%
One Time Spending	\$ 15.2	\$ 1.1	\$ (14.1)	\$ 0.5	\$ (14.7)	-96.7%
Total	\$475.3	\$ 474.5	\$ (0.8)	\$ 470.8	\$ (4.5)	-0.9%
Surplus/Gap	\$ -	\$ 3.1	\$ 3.1			

* Under Tax cap by \$3.2M

Budget Guidelines:

- Mayors Direction: 1% savings per department, no service impacts
- Total Compensation Increase = 3.2% for CBAs expiring in 2013
- Status Quo for SOA Revenue Sharing

2014 Proposed Budget - Average Taxpayer impact

Property Taxes Per \$100,000 Assessed Value:

<u>2013</u>	<u>2014 Proposed</u>	<u>Change</u>
\$787.	\$787.	-\$3.00 REDUCTION

Total assessed value is forecast to increase of 3% overall

- New Construction is forecast to increase by \$110M - 45%
- Existing Real Property - \$700M increase or 2.4%
- Personal Property - \$150M increase or 5%

Collective Bargaining Agreements - Negotiations

Labor Organization	Expiration	Membership ⁽¹⁾
<i>International Union of Operating Workers – L302</i>	<i>06/30/13</i>	<i>151</i>
<i>Public Employees Local 71</i>	<i>06/30/13</i>	<i>63</i>
<i>International Brotherhood of Electrical Workers/NECA</i>	<i>10/01/13</i>	<i>218</i>
<i>Anchorage Municipal Employees Association</i>	<i>12/31/13</i>	<i>524</i>
<i>IBEW / Mechanics</i>	<i>12/31/13</i>	<i>69</i>
<i>Plumbers and Pipefitters</i>	<i>12/31/13</i>	<i>137</i>
Teamsters	12/31/13	105
Anchorage Police Department Employees Association	12/31/14	453
International Association of Fire	12/31/14	353
Non-Represented / Executives / Assembly Employees	N/A	619

(1) As of 9/20/13

Revenue – Overview

2013 1Q Budget \$ millions

475.4

Less:

One time funding: Over Collection of ASD Prop taxes	-7.8	
One time funding: Unreserved fund balance	-6.2	-14.0
One time funding: Contributions from Fund 101		-5.6
APD Traffic Court and Counter Fines		-0.9
IGCs due to SAFER grant expiring		-0.9
Establish new, separate E911 Fund		-6.7
Short term interest		-0.3

Plus:

Property tax increase 2.2% + <u>Service Areas</u>		6.9
Local revenue changes		
MUSA/MESA	2.4	
Room tax	0.6	
SOA Trial court fines due to increase in PFD	0.7	
Community Development	0.5	
Other	0.6	4.8
IGC recalculation and E911 new fund impacts		5.7
Position Generated - Elevator Inspector / Tobacco Tax Enforcement		0.4
Fund balance use for ASD Basic Need		1.0
Fund balance adjustments for Program Funds		2.7
Proposed Fee Increases		
Ambulance fee increase of \$300 per ride		1.5
Bus fare increase		0.6
Land use and ROW fees		0.2
Food Safety / Noise Permits / Library Room Rental		0.1

2014 Proposed Revenues

470.8

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Positions – Overview

Position Changes by Department	2013 1Q				2014 Proposed			
	FT	PT	Total		FT	PT	Total	
Assembly	23	1	24		23	1	24	
CFO	3	-	3		3	-	3	
Community Dev	96	1	97		94	-	94	(-3) 1+ FT Elevator Inspector; -1 PT Civil Engineer; -2 FT Senior Planner and -1 FT Manager positions transferred to AMATS grant fund sourcing
Employee Relations	31	-	31		31	-	31	
Equal Rights	5	2	7		5	2	7	
Finance	95	2	97		96	2	98	1+ Treasury – 1 FT Tax Enforcement position added
Fire	375	2	377		375	2	377	
Health & Human Svcs	40	7	47		56	3	59	12+ Personnel realignment to reflect grant funded positions
IT	74	-	74		71	-	71	(-3) 1 FT Senior Office Assistant reduced mid-year; 1 FT GIS Technician II position and 1 FT GIS Cartographer II position. Function transferred to AWWU
Internal Audit	5	1	6		5	1	6	
Library	59	35	94		59	35	94	
Municipal Attorney	52	2	54		53	-	53	(-1) FT Clerk position reduced; 2 PT Municipal Attorney II positions increased to FT
Municipal Manager	19	2	21		19	2	21	
Parks and Recreation	60	243	303		61	241	302	(-1)Adjusting between full time and part time
Police	523	-	523		523	-	523	
Public Transportation	144	-	144		144	-	144	
Public Works	238	40	278		239	22	261	(-17) Temporary light and medium seasonal equipment operator positions transferred to bond funding source
Purchasing	14	-	14		14	-	14	
Real Estate	7	-	7		7	-	7	
TOTALS			2,217				2,205	Total reduction of 12

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Police

	Direct Costs	FT	PT	T
2013 Revised Budget	\$97,756,862	523	-	-
2013 One-Time Requirements				
-Reverse one-time funding for Police Academy	(500,000)	-	-	-
-Reverse one-time funding for legal fees and settlements	(184,000)	-	-	-
Debt Service Changes				
-General Obligation Bonds	(11,653)	-	-	-
Changes in Existing Programs/Funding for 2014				
-Salary and benefits adjustments	2,525,257	-	-	-
-Police and Fire Retiree medical	51,082	-	-	-
-Police and Fire Retiree Pension Trust contribution	(525,800)	-	-	-
2014 Continuation Level	99,411,748	523	-	-
2014 One-Time Requirements				
-Police Academy May 2014 – 28 Recruits	303,100	-	-	-
-Legal settlements	115,000	-	-	-
2014 Proposed Budget Changes				
-Lower salaries and benefit costs for new recruits	(707,901)	-	-	-
-Increased vacancy due to anticipated attrition	(1,429,570)	-	-	-
-Miscellaneous non-labor savings	(35,000)	-	-	-
2014 Budget Adjustment for Accounting Transactions				
-Move E911 costs to establish a separate E911 Surcharge Fund (211X00)	(1,316,072)	-	-	-
2014 Proposed Budget	\$ 96,341,305	523	-	-

Anchorage Police Staffing

■ 2013 Police Academy

- Total applications submitted were higher than last year
- 17 new recruits start November 4th

■ 2014 Proposed Police Academy

- Scheduled for May 2014
- 28 Recruits targeted

Fire

	Direct Costs	FT	PT	T
2013 Revised Budget	\$88,168,017	375	2	-
2013 One-Time Requirements				
-Reverse one-time funding of 2013 academy	(800,000)	-	-	-
-Reverse one-time funding of strategic plan study	(100,000)	-	-	-
 -General Obligation Bonds	 836,255	 -	 -	 -
Changes in Existing Programs/Funding for 2014				
-Salary and benefits adjustments	2,114,435	-	-	-
-Contractual – AWWU charge for fire hydrant use – 4% increase	188,878	-	-	-
-Police and Fire Retiree medical	313,947	-	-	-
-Police and Fire Retiree Pension Trust Combination	(705,511)	-	-	-
 2014 Continuation Level	 90,017,021	 375	 2	 -
 2014 Proposed Budget Changes				
-Non-labor savings by expanding useful life of tools and equipment; replacement schedule for uniform purchases; reduce travel, budget, and computer software maintenance	(308,837)	-	-	-
 -Chugiak Volunteer Fire Department (VFD) (EMS) Add two half-time non-municipal positions	 52,100	 -	 -	 -
-Girdwood Volunteer Fire Department (VFD)(EMS) WComp contract, fuel, and other miscellaneous non-labor	47,500	-	-	-
 2014 Proposed Budget	 \$89,807,784	 375	 2	 -

Fire – Ambulance Proposed Fee Increase

- ✓ Proposed \$300 fare increase recommended to improve cost recovery and reduce taxpayer subsidy
- ✓ Fees for transportation of patients who are municipal residents have not increased since 2001
- ✓ Fees for transportation of patients who are non-municipal residents have not increased since 2006
- ✓ Since 2002 costs for Emergency Medical Services have increased 127%
- ✓ \$1,500,000 estimated annual revenue increase

Fare type	Current Fare	Proposed fare (2014)
Transport providing Advanced Life Support (ALS) services: MOA residents Non-MOA residents <small>ALS services means a procedure that is, in accordance with state and local laws, beyond the scope of authority of an emergency medical technician.</small>	\$550 \$650	\$850 \$950
Transport providing Basic Life Support (BLS) services: MOA residents Non-MOA residents <small>BLS means transportation by ground ambulance vehicle, medically necessary supplies and services, plus the provision of BLS ambulance services.</small>	\$400 \$500	\$700 \$800

Public Transportation

	Direct Costs	FT	PT	T
2013 Revised Budget	\$22,528,575	144	-	-
Debt Service Changes				
-General Obligation Bonds	21,435	-	-	-
Changes in Existing Programs/Funding for 2014				
-Salary and benefits adjustments	265,546	-	-	-
-Contractual – MV Transportation (AnchorRIDES)	218,000	-	-	-
2014 Continuation Level	\$23,033,556	144	-	-
2014 Proposed Budget Changes				
-Expand service with increased bus fares*	300,000	-	-	-
-Diesel fuel savings based on 2014 fuel price injection	(135,120)	-	-	-
-Miscellaneous non-labor savings	(40,600)	-	-	-
2014 Proposed Budget	\$23,157,836	144	-	-

* Effective upon approval of increase in People Mover and AnchorRIDES fares

Public Transportation – Proposed Fee Increase

- ✓ Proposed fares recommended to support and expand transit service
- ✓ Cash fares have not increased since 2005 (costs have increase 18-20%)
- ✓ Some period passes increase slightly in 2011
- ✓ Since the last fare increase fuel costs are up \$1M annually
- ✓ \$600,000 estimated annual revenue increase

Fare type	Current Fare	Proposed fare (2014)
Adult (single trip)	\$1.75 (2005)	\$2.00
Day Pass	\$5.00 (2011)	\$5.00 – same
30 Day Pass	\$55.00 (2011)	\$60.00
Youth Single trip	\$1.00 (2005)	\$1.00
Day Pass	\$5.00	\$2.50 <i>deduction</i>
30 day	\$25.00	\$30.00
Senior (single trip)	\$.50 (2005) – Free on Wed	\$1.00 – Free on Wed.
Day Pass	\$1.50 (2005)	\$2.50
30 day	\$19.25	\$30.00
Medicare (single trip)	\$.50 (2005)	\$1.00
AnchorRIDES	\$3.00 (2005)	\$3.50
Premium Area Surcharge	\$1.50 (2005)	\$2.00

Parks and Recreation

	Direct Costs	FT	PT	T
2013 Revised Budget	\$20,437,494	60	33	210
2013 One-Time Requirements				
-Reverse funding of Eagle River Parks and Recreation contribution to capital	347,947	-	-	-
-Reverse funding of Voter Approved Bond O&M – Annual (20 year) contribution of \$100K to reserve for pools re 2007 Proposition 4	(100,000)	-	-	-
-General Obligation Bonds	345,227	-	-	-
Changes in Existing Programs/Funding for 2014				
-Salary and benefits adjustments	266,627	1	-	(2)
-Contractual – Hotel/Motel Tax based on revenue projection	36	-	-	-
2014 Continuation Level	\$21,297,331	61	33	208
2014 One-Time Requirements				
-Voter Approved Bond O&M – Annual (20 year) contribution of \$100K to reserve for pools re 2007 Proposition 4	100,000	-	-	-
2014 Proposed Budget Changes				
-Efficiencies – moving from print to digital advertising	(17,000)	-	-	-
-Efficiencies – use current seasonal staff to deliver afterschool programs	(15,000)	-	-	-
-Increase use of grant funding for professional services and major maintenance and repair projects	(78,277)	-	-	-
-Miscellaneous non-labor savings	(60,400)	-	-	-
-Voter Approved Bond O&M – 2012 Bond – Proposition 3 AO2012-4	148,000	-	-	-
-Voter Approved Bond O&M – 2013 Bond – Proposition 1 AO2013-2(S)	125,000	-	-	-
2014 Proposed Budget	\$21,499,654	61	33	208

Public Works

	Direct Costs	FT	PT	T
2013 Revised Budget	\$109,387,835	238	2	38
2013 One-Time Requirements				
-Reverse one-time funding for AWARD to be contributed to 401 fund	(2,700,000)	-	-	-
-Reverse Voter Approved Bond O&M – Maintenance and Operations Division	(340,000)	-	-	-
-General Obligation Bonds	1,434,777	-	-	-
Changes in Existing Programs/Funding for 2014				
-Salary and benefits adjustments	1,329,327	1	(1)	-
-Contractual – Hotel/Motel Tax based on revenue projection	53	-	-	-
2014 Continuation Level	\$109,111,992	239	1	38
2014 One-Time Requirements				
-Voter Approved Bond O&M – Maintenance and Operations Division	340,000	-	-	-
2014 Proposed Budget Changes				
-Efficiencies – lower utility costs due to energy efficiency projects	(170,500)	-	-	-
-Defer studies and contracted work – preliminary studies to investigate potential facility problems /solutions and lower priority building work orders typically repaired by contractor may be deferred	(140,000)	-	-	-
-Reduce professional services – preliminary studies to investigate potential facility problems/solution	(120,000)	-	-	-
-Align budget to actual expenditures in an average snowfall year	(482,832)	-	-	-
-Miscellaneous non-labor savings	(38,000)	-	-	-
-Voter Approved Bond O&M – 2012 Bond – Proposition 2, AO2012-3	178,000	-	-	-
-Voter Approved Bond O&M – 2013 Bond – Proposition 3, AO2013-19	367,000	-	-	-
2014 Budget Adjustments for Accounting Transactions				
-Transfer direct cost of seasonal light and medium equipment operators associated with the Recycled Asphalt/Chip Seal Program to bond funding source	(282,952)	-	-	(17)
-Add Homestead Limited Road Service Area (LRSA) per AMC 27.30.660	19,000	-	-	-
2014 Proposed Budget	\$108,781,708	239	1	21

Community Development

	Direct Costs	FT	PT	T
2013 Revised Budget	\$13,985,011	96	1	-
2013 One-Time Requirements				
-Reverse one-time funding of Ship Creek Development	(400,000)	-	-	-
Debt Service Changes				
-Master Lease for Hansen Project paid off in April 2014	(30,039)	-	-	-
Changes in Existing Programs/Funding for 2014				
-Salary and benefits adjustments	584,923	-	-	-
2014 Continuation Level	\$14,139,895	96	1	-
2014 Proposed Budget Changes				
- <u>Area-wide</u> – Reduce Vacancy Factor	20,908	-	-	-
- <u>Building Service Area</u> – Reduce Vacancy Factor partially offset by reduction of unused vacant .4 FTE Civil Engineer (last filled in 2005)	136,168	-	(1)	-
- <u>Building Service Area</u> – Add elevator inspector that would reduce MOA liability, funded by position-generated inspection fees	149,641	1	-	-
2014 Budget Adjustments for Accounting Transactions				
-Move Code Abatement area-wide services from Building Service Area Fund (163000) to Area-wide Service Area Fund (101000)*	-	-	-	-
-Move direct cost of Anchorage Metropolitan Area Transportation Solutions (AMATS) grant labor to grant funding source	(443,313)	(3)	-	-
2014 Proposed Budget	\$14,003,299	94	-	-

* Increases property taxes by \$464k

Health and Human Services

	Direct Costs	FT	PT	T
2013 Revised Budget	9,926,104	40	6	1
Debt Service Changes				
-General Obligation Bonds	43,702	-	-	-
Changes in Existing Programs/Funding for 2014				
-Salary and benefits adjustments	64,523	16	(4)	-
2014 Continuation Level	10,034,329	56	2	1
2014 Proposed Budget Changes				
-Miscellaneous non-labor savings	(73,212)	-	-	-
2014 Proposed Budget	9,961,117	56	2	1

Library

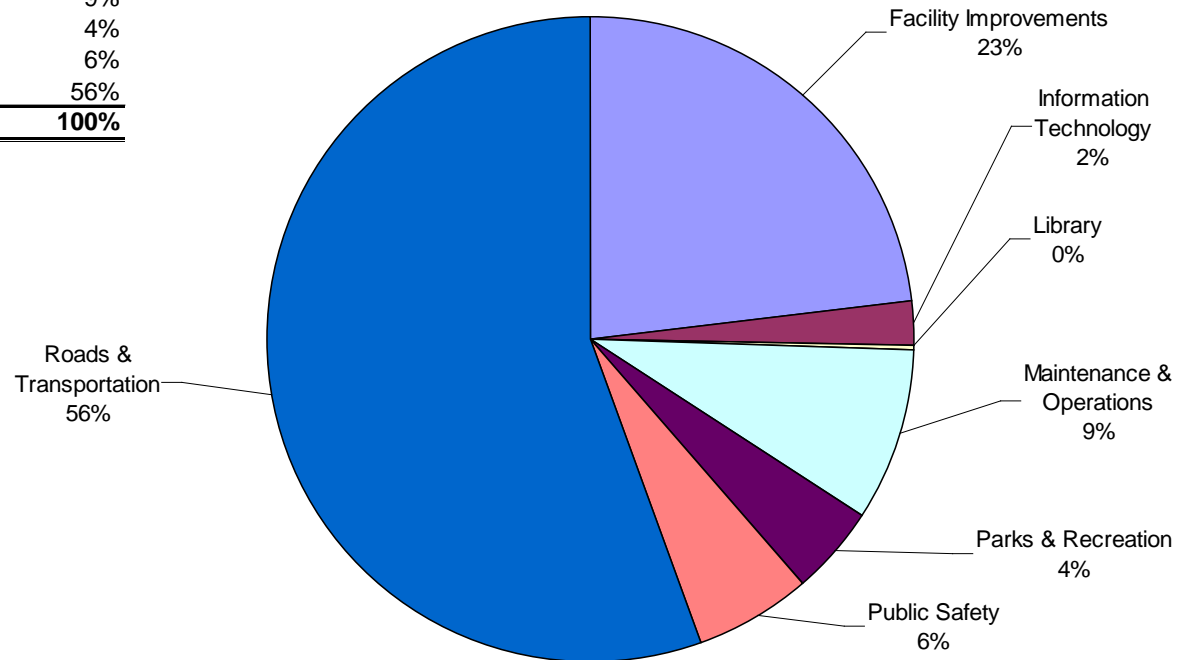
	Direct Costs	FT	PT	T
2013 Revised Budget	\$7,964,515	59	35	-
2013 One-Time Requirements				
-Reverse one-time funding of library materials	(200,000)	-	-	-
Changes in Existing Programs/Funding for 2014				
-Salary and benefits adjustments	140,059	-	-	-
2014 Continuation Level	\$7,904,574	59	35	-
2014 Proposed Budget Changes				
-Reduce overtime – currently using less overtime than budgeted	(8,078)	-	-	-
-Miscellaneous non-labor savings	(63,128)	-	-	-
2014 Proposed Budget	\$7,833,368	59	35	-

2014 Proposed Capital Improvement Budget & 2014-2019 Proposed Capital Improvement Program for General Government



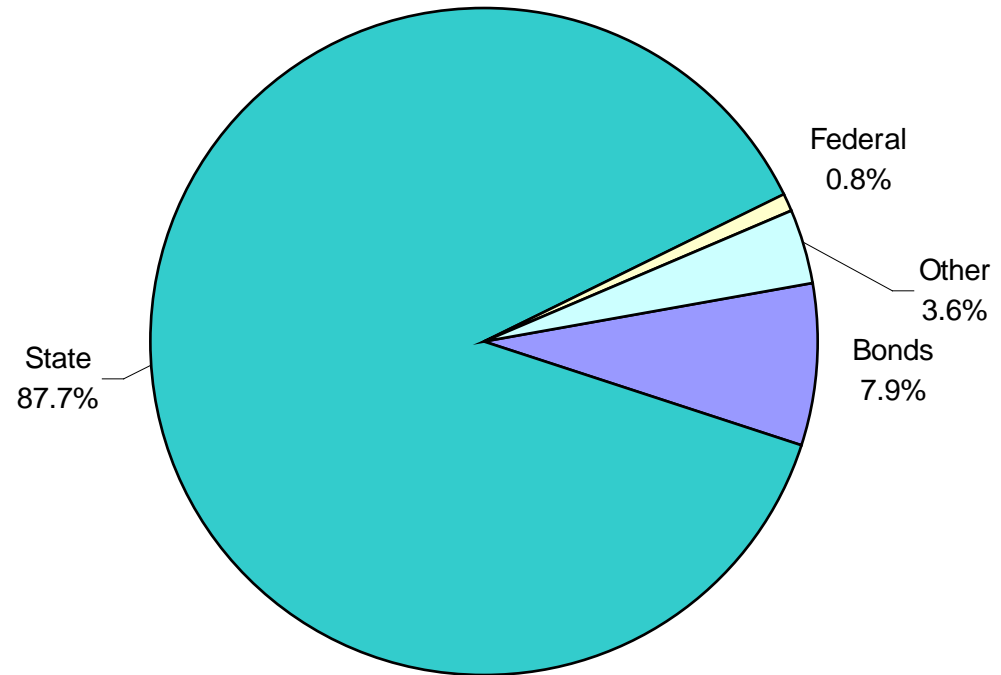
2014 Proposed General Government Capital Budget by Category - \$405.3 Million

Category	\$	%
Facility Improvements	93,022	23%
Information Technology	9,555	2%
Library	1,186	0%
Maintenance & Operations	34,900	9%
Parks & Recreation	17,361	4%
Public Safety	23,970	6%
Roads & Transportation	225,320	56%
Total	405,314	100%



2014 Proposed General Government Capital Budget by Source of Funds - \$405.3 Million

Funds	\$ (millions)	%
Bonds	\$ 32.0	7.9%
State	\$ 355.5	87.7%
Federal	\$ 3.2	0.8%
Other	\$ 14.6	3.6%
Total	\$ 405.3	100.0%



2014 Proposed Capital Improvement Budget

Department Summary by Funding Source

Department	Bonds	State	Federal	Other	Total
Anchorage Fire	2,470	-	-	-	2,470
Anchorage Police	-	15,200	-	-	15,200
Community Development	-	293	-	-	293
Information Technology	-	-	-	9,105	9,105
Library	-	205	-	981	1,186
Parks and Recreation	2,500	27,401	-	-	29,901
Public Transportation	573	8,240	3,242	-	12,055
Public Works	26,450	304,114	-	4,540	335,104
Total	31,993	355,453	3,242	14,626	405,314

Significant Capital Projects

■ Loussac Renovation	\$8M
■ Mulcahy Park Stadium Relocation & Replacement	\$12M
■ Chugiak Senior Center Phase II & III	\$5M
■ Computer Assisted Mass Appraisal (CAMA) 2014	\$5M
■ Anchorage Museum	\$5M
■ DHHS Headquarters Building	\$25M
■ Midtown Transit Facility	\$8M
■ APD Expansion Phase II Indoor Secure Storage	\$12M
■ Fleet Maintenance Shop	\$6M
■ Emergency Vehicle Shop Replacement	\$8M

2014-2019 Capital Improvement Program

Department	2014	2015	2016	2017	2018	2019	Total
Anchorage Fire	2,470	10,240	770	9,280	8,620	780	32,160
Anchorage Police	15,200	600	600	600	-	-	17,000
Community Development	293	-	-	-	-	-	293
Information Technology	9,105	2,050	225	425	900	-	12,705
Library	1,186	1,186	1,186	1,186	1,186	1,186	7,116
Parks and Recreation	29,901	7,365	5,865	5,160	4,740	4,100	57,131
Public Transportation	12,055	7,915	2,895	2,895	2,895	2,895	31,550
Public Works	335,104	192,352	243,271	159,714	127,869	118,897	1,177,207
Total	405,314	221,708	254,812	179,260	146,210	127,858	1,335,162

Questions ?

