



# MUNICIPALITY OF ANCHORAGE

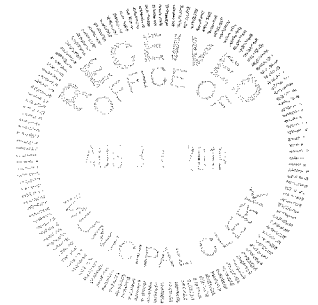
## MEMORANDUM

August 31, 2018

TO: Anchorage Assembly

FROM: Mayor Ethan Berkowitz *EB*

SUBJECT: 2019 Preliminary Data – 120 Day Memo



Anchorage Municipal Code 6.10.040 (A) requires the Administration to provide preliminary information regarding the 2019 budget for general government, utilities, and enterprises at least 120 days prior to the end of the preceding fiscal year. The required information included in this memo is:

- Preliminary 2019 revenue estimate
- Preliminary 2019 tax limit calculation
- Administration's priorities including major departmental changes
- Preliminary 2019 CIB and 2019-2024 CIP for general government
- Preliminary Utility and Enterprise budget information

### Preliminary 2019 Revenue Estimate

The preliminary non-property tax revenue estimates suggest 2019 revenues from existing revenue streams are likely to be similar, in total, to budgeted 2018 revenues. Final calculations for the 2019 revenues are still under way. The revenue calculations necessary for the development of the Administration's 2019 budget will be submitted on October 2. As in previous years, revenue calculations will likely be re-calculated before the 2019 budget is adopted and again before first quarter budget amendments are presented in April 2019.

### Preliminary 2019 Tax Limit Calculation

Attachment A is the preliminary Tax Limit calculation. When compared to the 2018 Tax Limit, the preliminary 2019 calculation provides:

- The preliminary limit of all taxes that can be collected for 2019 is estimated to be up \$7.6M.
- The calculation for 2019 starts with the prior year (2018) amount of all taxes collected. That amount is then adjusted for population, inflation, new construction, voter approved ballot measures, debt, and other non-property tax revenues which contribute to the total amount of all taxes that can be collected.

- Limit on property taxes that can be collected is down \$0.8M due to the anticipated net increase in non-property taxes, primarily Gas Tax (full year included in 2019, whereas only partial year was included in 2018) and Marijuana Tax (fully included in 2019, whereas it was not included in 2018), offset by lower anticipated use of tax capacity within the Tax Cap.

The limit on property taxes is created by backing out the non-property taxes from the limit on all taxes, thus, every dollar increase in non-property tax translates into a dollar less in property taxes.

The Tax Limit will be finalized in April during the first quarter amendment process at which time 2019 property tax rates will be set.

#### Administration's Priorities

My Administration will remain focused on public safety, economic development, affordable housing, and addressing homelessness. We will continue to leverage partnerships with other government entities, facilitate public-private partnerships, and work with our non-profit and business community partners to make additional progress on these issues.

Anticipated department changes include moving the Information Technology Department from the Office of the Chief Fiscal Officer to an office that will report directly to the Mayor. Additionally, the Payroll Division will be moved from the Office of the Chief Fiscal Officer, Finance Department, to the Office of the Municipal Manager, Employee Relations Department.

#### Preliminary 2019 CIB and 2019-2024 CIP for General Government

Attachment B is the preliminary 2019 Capital Improvement Budget (CIB).

Attachments C and D are the preliminary 2019-2024 Capital Improvement Program (CIP) presented in summary by departments over the years and by funding source.

Project details of the CIB and CIP will be provided in the submittals to the Assembly on or before October 2, 2018.

#### Preliminary Utility and Enterprise Budget Information

Attachments E 1-5 are the updated strategic and business plans and preliminary CIB and CIP information for:

- E-1 Anchorage Water & Wastewater Utility
- E-2 Merrill Field Airport
- E-3 Municipal Light & Power
- E-4 Port of Alaska
- E-5 Solid Waste Services

# 2019 Preliminary Data - 120 Day Memo Attachment A

## Tax Limit Calculation Anchorage Municipal Charter 14.03 and Anchorage Municipal Code 12.25.040

		2019	
		2018 at Revised	PRELIMINARY at 120 Day Memo
Line			
1	<u>Step 1: Building Base with Taxes Collected the Prior Year</u>		
2	Real/Personal Property Taxes to be Collected	285,275,759	283,527,018
3	Payment in Lieu of Taxes (State & Federal)	870,687	900,000
4	Automobile Tax	11,680,447	11,097,356
5	Tobacco Tax	22,011,899	22,000,000
6	Aircraft Tax	210,000	202,000
7	Motor Vehicles Rental Tax	6,189,722	6,500,000
8	MUSA/MESA	25,815,620	26,698,096
9	Gas Tax	-	11,600,000
10	Marijuana Sales Tax	-	3,400,000
10	Step 1 Total	352,054,134	365,924,470
11			
12	<u>Step 2: Back out Prior Year's Exclusions Not Subject to Tax Limit</u>		
13	Judgments/Legal Settlements (One-Time)	(6,918,820)	(4,717,407)
14	Debt Service (One-Time)	(55,685,511)	(56,988,171)
15	Step 2 Total	(62,604,331)	(61,705,578)
16			
17	Tax Limit Base (before Adjustment for Population and CPI)	289,449,803	304,218,892
18			
19	<u>Step 3: Adjust for Population, Inflation</u>		
20	Population 5 Year Average	-0.10% (289,450)	-0.30% (912,660)
21	Change in Consumer Price Index 5 Year Average	1.20% 3,473,400	0.70% 2,129,530
22	Step 3 Total	1.10% 3,183,950	0.40% 1,216,870
23			
24	<b>The Base for Calculating Following Year's Tax Limit</b>	<b>292,633,753</b>	<b>305,435,762</b>
25			
26	<u>Step 4: Add Taxes for Current Year Items Not Subject to Tax Limit</u>		
27	New Construction	2,082,196	2,147,878
28	Taxes Authorized by Voter-Approved Ballot - O&M	829,000	721,000
29	Judgments/Legal Settlements (One-Time)	4,717,407	25,050
30	Debt Service (One-Time)	56,988,171	56,473,811
31	Step 4 Total	64,616,774	59,367,739
32			
33	<b>Limit on ALL Taxes that can be collected</b>	<b>357,250,527</b>	<b>364,803,501</b>
34			
35	<u>Step 5: To determine limit on property taxes, back out other taxes</u>		
36	Payment in Lieu of Taxes (State & Federal)	(900,000)	(900,000)
37	Automobile Tax	(11,097,356)	(10,606,323)
38	Tobacco Tax	(22,000,000)	(22,000,000)
39	Aircraft Tax	(202,000)	(202,000)
40	Motor Vehicle Rental Tax	(6,500,000)	(6,800,000)
41	MUSA/MESA	(26,698,096)	(26,899,196)
41	Gas Tax	(11,600,000)	(13,800,000)
42	Marijuana Sales Tax	-	(4,000,000)
43	Step 5 Total	(78,997,452)	(85,207,519)
44			
45	<b>Limit on PROPERTY Taxes that can be collected</b>	<b>278,253,075</b>	<b>279,595,982</b>
46			
47	Add General Government use of tax capacity within the Tax Cap	5,273,943	3,083,946
48			
49	<b>Limit on PROPERTY Taxes that can be collected within tax cap</b>	<b>283,527,018</b>	<b>282,679,928</b>
50			
51	<u>Step 6: Determine property taxes to be collected if different than Limit on Property Taxes that can be collected</u>		
52	Property taxes to be collected based on spending decisions minus other available revenue.		
53			
54	<b>Property taxes TO BE COLLECTED</b>	<b>283,527,018</b>	<b>TBD</b>

# 2019 Preliminary Data - 120 Day Memo Attachment B

## General Government 2019 Capital Improvement Budget Department Summary by Funding Source

(in thousands)

Department	Bonds	State	Federal	Other	Total
Economic & Community Development	-	-	-	200	200
Fire	4,600	-	-	200	4,800
Health & Human Services	3,000	-	-	100	3,100
Information Technology	-	-	-	2,100	2,100
Library	1,100	2,300	-	-	3,400
Maintenance & Operations	4,300	42,400	-	2,900	49,600
Parks & Recreation	4,000	-	-	1,100	5,100
Police	3,500	-	-	-	3,500
Project Management & Engineering	31,000	-	-	600	31,600
Public Transportation	1,500	-	8,700	-	10,200
Traffic	1,500	-	-	-	1,500
<b>Total</b>	<b>54,500</b>	<b>44,700</b>	<b>8,700</b>	<b>7,200</b>	<b>115,100</b>

# 2019 Preliminary Data - 120 Day Memo Attachment C

## General Government 2019 - 2024 Capital Improvement Program Department Summary by Year

(in thousands)

Department	2019	2020	2021	2022	2023	2024	Total
Economic & Community Development	200	-	-	-	-	-	200
Fire	4,800	8,200	4,100	3,600	3,200	2,600	26,500
Health & Human Services	3,100	2,300	-	-	-	-	5,400
Information Technology	2,100	2,100	700	800	700	700	7,100
Library	3,400	3,100	10,000	30,000	-	-	46,500
Maintenance & Operations	49,600	31,200	19,700	14,800	16,500	8,900	140,700
Parks & Recreation	5,100	4,900	5,100	3,700	3,300	3,600	25,700
Police	3,500	18,100	1,000	-	-	-	22,600
Project Management & Engineering	31,600	71,000	170,600	133,300	213,400	101,100	721,000
Public Transportation	10,200	4,300	2,200	1,300	1,300	1,300	20,600
Traffic	1,500	2,700	2,700	2,700	2,200	2,200	14,000
<b>Total</b>	<b>115,100</b>	<b>147,900</b>	<b>216,100</b>	<b>190,200</b>	<b>240,600</b>	<b>120,400</b>	<b>1,030,300</b>

# 2019 Preliminary Data - 120 Day Memo Attachment D

## General Government 2019 - 2024 Capital Improvement Program Department Summary by Funding Source

(in thousands)

Department	Bonds	State	Federal	Other	Total
Economic & Community Development	-	-	-	200	200
Fire	26,300	-	-	200	26,500
Health & Human Services	5,300	-	-	100	5,400
Information Technology	-	-	-	7,100	7,100
Library	8,200	3,300	-	35,000	46,500
Maintenance & Operations	14,300	89,100	-	37,300	140,700
Parks & Recreation	20,900	-	-	4,800	25,700
Police	22,600	-	-	-	22,600
Project Management & Engineering	336,000	381,400	-	3,600	721,000
Public Transportation	3,200	-	17,400	-	20,600
Traffic	14,000	-	-	-	14,000
<b>Total</b>	<b>450,800</b>	<b>473,800</b>	<b>17,400</b>	<b>88,300</b>	<b>1,030,300</b>

## **Anchorage Water and Wastewater Utility Business Plan**

### **Vision**

Excellence through innovation.

### **Mission**

Providing safe and reliable water and wastewater service today and into the future.

### **Message**

AWWU is investing to ensure reliable service, safeguard public health, and protect the environment, long into the future.

### **Services**

The Anchorage Water and Wastewater Utility (AWWU) is the largest water and wastewater utility in Alaska. AWWU currently serves the Municipality of Anchorage extending from Eklutna to as far south as Girdwood. Although they share one workforce, AWWU operates as two separate economic and regulated entities: the Anchorage Water Utility (AWU) and the Anchorage Wastewater Utility (ASU).

### **Business Goals**

AWWU prepared an updated strategic plan in 2016. The plan includes the following goals:

- Be responsive to the needs of the community
- Be the model of innovation and efficiency in service to the public
- Be a responsible steward of ratepayer funds
- Be the employer of choice for existing and future staff

### **Commitments to Customers**

AWWU has identified the following customer commitments which represent the outcomes or accomplishments of the Utilities' activities as viewed by the customer:

1. Provide safe drinking water that meets or exceeds all standards.
2. Protect the environment through appropriate wastewater collection, treatment, and disposal.
3. Provide reliable service.
4. Have timely, professional, and courteous interactions with customers.
5. Manage finances responsibly and transparently.
6. Set rates that fairly reflect the cost of providing service and maintaining infrastructure.
7. Deliver services affordably to promote a strong Anchorage economy.
8. Invest wisely to minimize risk and maintain service levels.
9. Continuously improve the efficiency of our operations.
10. Anticipate change and prepare for the future.

### **Performance Measures to Track Progress in Achieving Goals**

AWWU measures progress in achieving these customer commitments using quantifiable performance measures, including the following:

1. Compliance with all State and Federal drinking water, wastewater and air standards.
2. Number of planned and unplanned water outages.
3. Sanitary sewer overflows.
4. Recordable incident rate (of lost-time injuries and accidents).
5. Execution of capital improvement budget.
6. Debt to equity ratio.

**2019 Preliminary Data - 120 Day Memo  
Attachment E-1**

**Anchorage Water Utility  
2019 Capital Improvement Budget**  
(in thousands)

<b>Project Title</b>	<b>Debt *</b>	<b>State/ Fed Grants</b>	<b>Equity/ Operations *</b>	<b>Total</b>
ADOT-MOA Emergency	-	-	1,000	1,000
IT Hardware/Software	-	-	2,235	2,235
Miscellaneous Equipment	-	-	1,100	1,100
Other Plant & Facilities	3,000	-	-	3,000
Transmission/Distribution	12,190	-	4,520	16,710
Vehicles	-	-	1,145	1,145
Water Plant	7,508	-	-	7,508
<b>Total</b>	<b>22,698</b>	<b>-</b>	<b>10,000</b>	<b>32,698</b>

\* Debt and Equity/Operations funding amounts by project are estimates and are subject to change as actual loans are awarded by the State of Alaska.



# 2019 Preliminary Data - 120 Day Memo Attachment E-1

## Anchorage Water Utility 2019 - 2024 Capital Improvement Program (in thousands)

<b>Project Category</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
ADOT-MOA Emergency	1,000	1,000	1,000	1,000	1,000	4,000	9,000
IT Hardware/Software	2,235	1,925	1,475	1,450	1,425	1,425	9,935
Miscellaneous Equipment	1,100	950	1,100	950	1,100	950	6,150
Other Plant & Facilities	3,000	650	-	500	250	650	5,050
Transmission/Distribution	16,710	22,088	20,785	24,898	28,875	22,025	135,381
Vehicles	1,145	1,000	1,000	1,000	1,000	1,000	6,145
Water Plant	7,508	6,070	9,168	5,844	3,123	5,520	37,233
<b>Total</b>	<b>32,698</b>	<b>33,683</b>	<b>34,528</b>	<b>35,642</b>	<b>36,773</b>	<b>35,570</b>	<b>208,894</b>

<b>Funding Source</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
Debt	22,698	23,683	25,528	26,642	27,773	27,570	153,894
State/Federal Grants	-	-	-	-	-	-	-
Equity/Operations	10,000	10,000	9,000	9,000	9,000	8,000	55,000
<b>Total</b>	<b>32,698</b>	<b>33,683</b>	<b>34,528</b>	<b>35,642</b>	<b>36,773</b>	<b>35,570</b>	<b>208,894</b>

**2019 Preliminary Data - 120 Day Memo  
Attachment E-1**

**Anchorage Wastewater Utility  
2019 Capital Improvement Budget**  
(in thousands)

<b>Project Title</b>	<b>Debt *</b>	<b>State/ Fed Grants</b>	<b>Equity/ Operations *</b>	<b>Total</b>
ADOT-MOA Emergency	-	-	1,000	1,000
Collection System	6,255	-	3,100	9,355
IT Hardware/Software	-	-	2,745	2,745
Miscellaneous Equipment	-	-	1,100	1,100
Other Plant & Facilities	5,000	-	-	5,000
Vehicles	-	-	1,055	1,055
Wastewater Plant	16,400	-	-	16,400
<b>Total</b>	<b>27,655</b>	<b>-</b>	<b>9,000</b>	<b>36,655</b>

\* Debt and Equity/Operations funding amounts by project are estimates and are subject to change as actual loans are awarded by the State of Alaska.

# 2019 Preliminary Data - 120 Day Memo Attachment E-1

## Anchorage Wastewater Utility 2019 - 2024 Capital Improvement Program (in thousands)

<b>Project Category</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
ADOT-MOA Emergency	1,000	1,000	716	1,000	1,000	1,000	5,716
Collection System	9,355	18,055	16,964	23,025	22,025	15,525	104,949
IT Hardware/Software	2,745	2,740	1,490	1,465	1,440	1,440	11,320
Miscellaneous Equipment	1,100	950	1,100	950	1,100	950	6,150
Other Plant & Facilities	5,000	9,050	10,200	750	750	1,150	26,900
Vehicles	1,055	1,000	1,000	1,000	1,000	1,000	6,055
Wastewater Plant	16,400	3,230	5,530	8,700	10,000	17,500	61,360
<b>Total</b>	<b>36,655</b>	<b>36,025</b>	<b>37,000</b>	<b>36,890</b>	<b>37,315</b>	<b>38,565</b>	<b>222,450</b>

<b>Funding Source</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
Debt	27,655	27,025	28,000	27,890	29,315	30,565	170,450
State/Federal Grants	-	-	-	-	-	-	-
Equity/Operations	9,000	9,000	9,000	9,000	8,000	8,000	52,000
<b>Total</b>	<b>36,655</b>	<b>36,025</b>	<b>37,000</b>	<b>36,890</b>	<b>37,315</b>	<b>38,565</b>	<b>222,450</b>

## **Merrill Field Airport Business Plan**

### **Background**

Merrill Field Airport (MRI) is a municipally owned and operated enterprise. It is operated as a municipal Enterprise Fund department under the direction of the Municipal Manager.

### **Services**

Merrill Field is a primary commercial service airport and serves as a general aviation reliever for Anchorage International Airport. Home base to ~8.8% of all aircraft registered in Alaska, Merrill Field was the 102nd busiest airport in the nation in 2017.

### **Mission**

Merrill Field Airport is committed to operating and maintaining a safe and efficient airport that meets the aviation and business needs of the community.

### **Business Goals**

- Enhance the Airport's role as the major general aviation transportation facility serving Anchorage and outlying areas within Alaska by providing services that promote and encourage use of the Airport by the general aviation community.
- Develop an overall Airport strategy, including leasing policies and pricing that attracts aviation support services and related businesses to Merrill Field and encourages long and short term private sector investments.
- Practice sound fiscal management to enable Merrill Field to increase its value, both to its customers and to its owner, the Municipality of Anchorage.
- Take advantage of new technologies to maximize the use and efficiency of available resources.
- Understand and be responsive to our customers to better meet their needs by providing the services and facilities they desire. This includes maintaining those facilities in a fully functional, efficient and safe condition by continually improving their utility, quality, and appearance.
- Maximize the use of Federal Airport Improvement Program (AIP) grants to provide facilities that will safely and adequately meet the needs of general aviation.
- Meet requisite FAA sponsor assurances resultant from AIP grant acceptance.

### **Strategies to Achieve Goals**

Merrill Field's strategic plan provides a framework to achieve results for the customer:

1. Maintain a pro-active anti-noise policy, asking pilots to follow established noise-reducing practice, including implementation of a late night 'Quiet Hours' protocol that restricts Touch & Go operations to one take-off and one landing per pilot at MRI between the hours of 10PM and 7AM (local). Maintain a close working relationship and coordinate with the MRI FAA ATCT.
2. Maintain positive relations with neighboring Community Councils by encouraging their comments and actively addressing their concerns.
3. Work in close coordination with the Municipal Airports Aviation Advisory Commission, Fixed Based Operators, and Airport users.
4. Continue to aggressively seek and obtain both FAA and State grant funding for the MRI Airport Capital Improvement Program.
5. Provide infrastructure to meet customer demand.

## 2019 Preliminary Data - 120 Day Memo Attachment E-2

6. Maintain revenues at a level adequate to cover inflation, fund MOA and FAA mandated costs, and meet airport objectives by:
  - a. increasing facility productivity.
  - b. adjusting user fees and/or lease rates annually.
7. Minimize expenses by:
  - a. Reducing or eliminating services where the impact is minimal.
  - b. Employing economies of scale whenever possible.
  - c. Deferring expenses, within practical limits.
  - d. Performing functions in-house when cost-efficient to do so and workloads permit.
8. Take advantage of new technology:
  - a. Continue refinement and enhancement of existing programs to facilitate better data resource management, including enabling fiber optic cabling and surveillance cameras airport-wide.
  - b. Continue replacing computer hardware, as required, to ensure the efficient processing of data.
9. Maintain database and management reporting capabilities.
10. Maintain runways, taxiways, and tie-down aprons in a safe and secure condition.
11. Expeditiously and systematically remove snow from airport surfaces. Ensure NOTAMs (Notices to Airmen) and ATIS (Air Traffic Information Service) are both proactive, accurate and current.
12. Continue long term planning, development, and construction of quality airport facilities through the Airport Master Plan process.
13. Provide technical assistance to lessees on issues associated with federally mandated environmental programs.
14. Endeavor to reduce the number of runway incursions (Vehicle/Pedestrian Deviations or VPDs).
15. Manage and develop Orca St properties to maintain and maximize lease rental revenue.
16. Pursue development of new lease lots and encourage development of commercial aviation facilities on current leaseholds.
17. Perform asphalt crack sealing of runways/taxiways/apron areas to extend the life expectancy of these surfaces.
18. Fund pre-grant expenses for engineering services on grant-eligible projects.
19. Enhance the utility of existing tiedown aprons, taxiways, and roadways.
20. Expand aircraft aprons and taxiways as needed to meet demand.
21. Actively market Airport facilities and services.
22. Acquire planned acquisition of identified parcels southwest of the Runway 16/34 safety area to ensure compatible land use as listed on the master plan.
23. Identify high priority projects to be included in the FAA 5-Year Airport Capital Improvement Plan (ACIP), thereby helping Merrill Field to more effectively compete nationally for AIP grant funds.
24. Secure engineering services for project preliminary design, final design, contract specifications, bid award, and construction supervision.

### **Performance Measures to Track Progress in Achieving Goals**

Merrill Field measures progress in achieving these customer commitments using the following set of quantifiable performance measures.

1. Number of Vehicle-Pedestrian Deviations (VPDs)
2. Number of unfulfilled requests for aircraft parking space – Electrical Drive-Through
3. Percentage of lease spaces currently leased
4. Percent of runway pavement above the minimum PCI value of 70
5. Percent of apron pavement above the minimum PCI value of 60
6. Percent of taxiway pavement above the minimum PCI value of 60

# 2019 Preliminary Data - 120 Day Memo Attachment E-2

## Merrill Field Airport 2019 Capital Improvement Budget (in thousands)

Project Title	State Grants	Federal Grants	Equity/ Operations	Total
Land Acquisition for Development	-	2,820	188	3,008
Obstruction Removal (1535 Orca Street, Sandoval Property)	-	480	32	512
Planning Study - Miscellaneous	-	330	22	352
Primary Access Road Reconstruction *	-	15,000	-	15,000
Safety and/or Security Equipment Acquisition (Phase 5)	-	950	50	1,000
Snow Removal Equipment Acquisition	-	938	62	1,000
Taxiway C South Apron, Phase 7 Rehabilitation *	-	3,000	-	3,000
Taxiway Lighting and Signage Installation - TWY C (RIMP Phase 1)	-	750	50	800
<b>Total</b>	<b>-</b>	<b>24,268</b>	<b>404</b>	<b>24,672</b>

\* Requested funding under the Consolidated Appropriations Act, Supplemental \$1B AIP Discretionary Funding from FAA for 100% funding with no matching funds.

# 2019 Preliminary Data - 120 Day Memo Attachment E-2

## Merrill Field Airport 2019 - 2024 Capital Improvement Program (in thousands)

Project Category	2019	2020	2021	2022	2023	2024	Total
Buildings and Equipment	2,000	-	1,000	1,400	-	-	4,400
Land Acquisition	3,008	-	-	-	-	-	3,008
Land Improvements	15,512	-	-	-	-	-	15,512
Runways and Taxiways	4,152	6,704	2,000	2,000	-	-	14,856
<b>Total</b>	<b>24,672</b>	<b>6,704</b>	<b>3,000</b>	<b>3,400</b>	<b>-</b>	<b>-</b>	<b>37,776</b>

Funding Source	2019	2020	2021	2022	2023	2024	Total
State Grants	-	-	-	-	-	-	-
Federal Grants	24,268	6,285	2,812	3,200	-	-	36,565
Equity/Operations	404	419	188	200	-	-	1,211
<b>Total</b>	<b>24,672</b>	<b>6,704</b>	<b>3,000</b>	<b>3,400</b>	<b>-</b>	<b>-</b>	<b>37,776</b>

## **Municipal Light & Power Business Plan**

### **Mission**

Provide energy that is safe and reliable at competitive rates.

### **Services**

Municipal Light and Power's (ML&P) service area is roughly 20-square-miles. ML&P has approximately 31,000 residential and commercial customers. The utility provides service to the Municipal economic drivers including: commercial, industrial (Ship Creek area and the Port of Anchorage), Universities, Major Medical Campuses, and the Downtown and Midtown business districts. ML&P also serves Joint Base Elmendorf-Richardson and sells electricity to other Railbelt utilities. The utility has a 56.67 percent working interest in the Beluga River Unit gas field, making it one of the only vertically integrated utilities on the West Coast. ML&P is subject to economic regulation by the Regulatory Commission of Alaska.

### **Business Goals**

- Provide electricity on demand to ML&P customers 24 hours a day, 365 days a year
- Meet the needs and expectations of our customers by providing:
  - Competitive rates and reliable service for all customer classes
  - Prompt, reliable, and courteous customer assistance
  - Support and assistance to the military bases
  - Support and assistance to wholesale power customers
- Maintain equity and earn net income at a level sufficient to continue to ensure the long-term financial stability of the utility.
- Operate the electrical system with optimum economic efficiency and strict adherence to environmental standards.
- Provide for the safety of both the public and our employees in the operation of the electrical system.
- Recruit and retain a highly skilled, diverse workforce dedicated to serving the Anchorage community.
- Improve system reliability by incorporating new equipment and technology.
- Provide educational programs to school children and the community on electrical safety. Communicate factual information to customers and the public at large on issues affecting ML&P and the utility industry.
- Foster teamwork and an integrated approach to decision-making within the utility.

### **Strategies to Achieve Goals**

- Attain the financial objectives established in the Equity Management Plan
- Replace old generation with more efficient, state-of-the-art fuel efficient generation
- Implement industry best practices and streamline business processes to ensure the financial and operational integrity of the utility
- Cooperate with other Railbelt utilities to implement Economic Dispatch of generating resources
- Implement operational and financial procedures to maintain the highest bond rating
- Implement predictive maintenance program to reduce or eliminate outages and interruptions



## **2019 Preliminary Data - 120 Day Memo Attachment E-3**

### **Performance Measures to Track Progress in Achieving Goals**

1. Maintain competitive residential and commercial rates as measured in revenue per kilowatt-hour (kWh) sold
2. Maintain Total Recordable Incident Rates (TRIR) below industry average
3. Maintain Days Away Restricted Transferred (DART) rate below industry standard
4. Achieve 80% of bills that go out within 1 day of meter read date
5. At a minimum, maintain an A bond rating
6. Maintain Customer Average Interruption Duration Index (CAIDI) below industry average
7. Maintain System Average Interruption Duration Index (SAIDI) below industry average
8. Maintain System Average Interruption Frequency Index (SAIFI) below industry average
9. Manage workers' compensation claims

# 2019 Preliminary Data - 120 Day Memo Attachment E-3

## Municipal Light & Power 2019 Capital Improvement Budget (in thousands)

Project Title	Revenue Bonds/ Commercial Paper	Contribution in Aid of Construction	Beluga Contributed	Equity/ Operations	Total
Beluga River Gas Field	-	-	9,600	-	9,600
Communications	-	-	-	1,280	1,280
Distribution Equipment	-	-	-	4,135	4,135
Eklutna Power Plant	-	-	-	2,610	2,610
Land & Land Rights-Transmission & Distribution	-	-	-	80	80
Meters	-	-	-	750	750
Overhead Lines	-	-	-	2,210	2,210
Stores/Tools/Lab	-	-	-	310	310
Street Lighting	-	-	-	300	300
Structures & Improvements - General Plant	-	-	-	200	200
Structures & Improvements - Plant 1/Plant 2	-	-	-	-	-
Transformer Services	-	-	-	3,900	3,900
Transmission Lines	-	-	-	100	100
Transmission Stations	-	-	-	2,900	2,900
Transportation	-	-	-	1,000	1,000
Turbines & Generators	-	-	-	1,675	1,675
Underground Lines	-	3,300	-	7,670	10,970
<b>Total</b>	<b>-</b>	<b>3,300</b>	<b>9,600</b>	<b>29,120</b>	<b>42,020</b>

# 2019 Preliminary Data - 120 Day Memo Attachment E-3

## Municipal Light & Power 2019 - 2024 Capital Improvement Program (in thousands)

Project Category	2019	2020	2021	2022	2023	2024	Total
Beluga River Gas Field	9,600	9,600	10,200	10,800	10,800	10,800	61,800
Distribution	22,345	24,555	22,680	21,330	17,420	21,520	129,850
General Plant	2,790	3,225	3,335	2,740	3,080	3,175	18,345
Production	4,285	1,030	423	100	100	100	6,038
Transmission	3,000	5,840	5,040	7,140	3,890	3,940	28,850
<b>Total</b>	<b>42,020</b>	<b>44,250</b>	<b>41,678</b>	<b>42,110</b>	<b>35,290</b>	<b>39,535</b>	<b>244,883</b>

Funding Source	2019	2020	2021	2022	2023	2024	Total
Revenue Bonds/Commercial Paper	-	-	-	-	-	-	-
Contribution in Aid of Construction	3,300	3,300	3,300	3,300	3,300	3,300	19,800
Beluga Contributed	9,600	9,600	10,200	-	-	-	29,400
Equity/Operations	29,120	31,350	28,178	38,810	31,990	36,235	195,683
<b>Total</b>	<b>42,020</b>	<b>44,250</b>	<b>41,678</b>	<b>42,110</b>	<b>35,290</b>	<b>39,535</b>	<b>244,883</b>

## **Port of Alaska Business Plan**

### **Mission**

The Port of Alaska is committed to provide a modern, safe, and efficient facility to support the movement of goods throughout the State of Alaska.

### **Services**

The Port of Alaska is a landlord port committed to providing safe, efficient, and dependable facilities and support services to our private and public sector customers. The staff of the Port is responsible for maintaining all of the land, docks, and municipal buildings that encompass the Port of Alaska.

### **Business Goals**

- Provide Port operating expertise and management to the Port of Alaska Modernization Program (PAMP) with the Port Engineer serving as Project Administrator.
- Plan for future facility and service needs of business and public entity customers.
- Conduct periodic facility condition surveys to anticipate age-related challenges and to ensure uninterrupted operations and safety.
- Maintain affordable and competitive tariff rates sufficient to cover operating and capital requirements.
- Provide a safe work environment for both employees and tenants.
- Maintain financially sound operating ratios.
- Deliver accurate and timely billings to tenants and customers; demand timely payments from all users.
- Provide required level of Port security under U.S. Coast Guard/Homeland Security directives through a consortium of private tenants and the Port.

### **Strategies to Achieve Goals**

1. Provide year-round access to suitable terminals and docks for movement of containers, dry bulk cargo, and liquid bulk cargo to include petroleum products.
2. Provide seasonal maintenance of and access to the Small Boat Launch.
3. Plan, develop, and operate facilities to accommodate market growth and modernization.
4. Schedule all vessels that call on the Port.
5. Provide centralized Port and tenant security services and emergency management leadership.
6. As a landlord port, manage short-term permits (revocable use permits) and long-term leases of land and buildings.
7. Maintain and ensure uninterrupted 24/7/365 availability of Port owned facilities.
8. Ensure environmental quality of the land within the Port boundaries
9. Assess and manage the collection of all tariffs and user fees associated with vessels calling on the Port and land tenant operations.
10. Manage the Foreign Trade Zone (FTZ) and all FTZ applicants.
11. Coordinate U.S. Army Corps of Engineers dredging of channel, turning basin, and dock face dredging to provide for safe commerce.
12. Host official U.S. Navy, U.S. Coast Guard, NOAA, foreign navy and Arctic research vessels on behalf of the Municipality of Anchorage, as needed.

## **2019 Preliminary Data - 120 Day Memo Attachment E-4**

### **Performance Measures to Track Progress in Achieving Goals**

Progress in achieving goals will be measured by:

1. Overtime hours and pay compared to base compensation for current vs prior year.
2. Operating Net Income YTD for current vs prior year.
3. Reportable incidents for current vs prior year (# of incidents, loss of time & cost).

**2019 Preliminary Data - 120 Day Memo  
Attachment E-4**

**Port of Alaska  
2019 Capital Improvement Budget**  
(in thousands)

<b>Project Title</b>	<b>Debt</b>	<b>State/ Fed Grants</b>	<b>Equity/ Operations</b>	<b>Total</b>
Petroleum Cement Terminal	22,057	20,000	-	42,057
Port Fleet Vehicles	-	-	100	100
Wharf Pile Enhancements	-	-	1,500	1,500
<b>Total</b>	<b>22,057</b>	<b>20,000</b>	<b>1,600</b>	<b>43,657</b>

# 2019 Preliminary Data - 120 Day Memo Attachment E-4

## Port of Alaska 2019 - 2024 Capital Improvement Program (in thousands)

Project Category	2019	2020	2021	2022	2023	2024	Total
Petroleum Cement Terminal	42,057	147,740	-	-	-	-	189,797
Port Fleet Vehicles	100	-	-	-	-	-	100
Terminal 1 and Terminal 2	-	16,534	-	-	-	-	16,534
Wharf Pile Enhancements	1,500	1,500	-	-	-	-	3,000
<b>Total</b>	<b>43,657</b>	<b>165,774</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>209,431</b>

Funding Source	2019	2020	2021	2022	2023	2024	Total
Debt	22,057	144,274	-	-	-	-	166,331
State/Federal Grants	20,000	20,000	-	-	-	-	40,000
Equity/Operations	1,600	1,500	-	-	-	-	3,100
<b>Total</b>	<b>43,657</b>	<b>165,774</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>209,431</b>

## **Solid Waste Services Business Plan**

### **Mission**

Providing safe, efficient and innovative solid waste management for the Municipality of Anchorage (MOA).

### **Services**

The Refuse Collection Utility (RCU) provides garbage and recycling collection to the former City of Anchorage service area, which is approximately 20% of the population of the MOA. Since at least 1952, there has been mandatory service for all customers of the RCU service area. The RCU provides four types of service: commercial dumpster; commercial recycling; automated garbage and recycling roll cart service; and, limited can and bag service.

The Solid Waste Disposal Utility (SWDU) serves the entire MOA. The services include the disposal of solid waste, the collection of household hazardous waste, and the promotion of community recycling. Municipal solid waste is received at three transfer stations located within the MOA. Waste generated in the community of Girdwood is transported from the Girdwood Transfer Station (GTS) to the Central Transfer Station (CTS) in Anchorage. All waste from the CTS is transported to the Anchorage Regional Landfill (ARL) for final disposal.

### **Business Goals**

- Increase overall customer satisfaction rating.
- Reduce number of missed pick-ups by SWS.
- Decrease the per capita amount of trash disposed at ARL.
- Expand the lifespan of ARL and maximize airspace utilization.
- Fully maximize existing collection and transfer truck routes through the leveraging of technology.
- Reduce time loss accidents and workman compensation claims.
- Create opportunities for employee development via training opportunities.

### **Strategies to Achieve Goals**

- Leverage SWS on-board vehicle computer systems.
- Install web-cams to provide real-time customer wait information.
- Streamline and improve CTS and ARL site traffic patterns.
- Invest in modernizing fleet and fuel technologies.
- Utilize alternative daily cover material and improve waste compaction.
- Communicate more effectively with employees about training opportunities and make them available.
- Promote the diversion of food waste, yard waste, metals, plastics, paper and cardboard.
- Improve recycling options for businesses and apartment buildings within the SWS service area.
- Standardize recycling outreach and labeling.

### **Performance Measures to Track Progress in Achieving Goals**

- Decreased SWS at fault missed stops.
- Reduced wait times at SWS disposal facilities.
- Track vehicle miles per gallon.
- Monitor landfill waste to cover waste ratio.
- Employee annual hours of training.
- Average per capita waste generation.
- SWS collection area recycling rate.



# 2019 Preliminary Data - 120 Day Memo Attachment E-5

## Solid Waste Services - Disposal 2019 Capital Improvement Budget (in thousands)

Project Title	Debt	State/ Fed Grants	Equity/ Operations	Total
Annual Additional Gas Wells/Piping	-	-	200	200
Cash Booth Replacement	-	-	100	100
Cell 9 Design	-	-	500	500
Energy Efficiency	-	-	200	200
Energy Efficiency - CTS	-	-	300	300
Engineering Design Contract - ARL	-	-	125	125
Excavator	-	-	675	675
Leachate Force Main Construction	-	-	1,500	1,500
Leachate Pipeline JBER (Design)	-	-	150	150
Leachate Treatment Upgrades	1,000	-	1,000	2,000
Light Plant-1990-Allmond Bros	-	-	40	40
Main Building Roof Replacement	-	-	225	225
New Transfer Facility	-	-	700	700
Office Equipment (Administration)	-	-	45	45
Provision Cameras	-	-	45	45
Replace 2002 Grader CAT	-	-	610	610
Replace 2004 Cheverolet Trailblazer	-	-	50	50
Replace 2008 Ford F350 4X4 Red Crewcab	-	-	65	65
Replace 2010 & 2014 Trailers (4)	-	-	560	560
Replace1992 Ford Explorer 4x4	-	-	55	55
Replace1997 Service Truck Peterbilt	-	-	500	500
Solar Project	-	-	180	180
Wait Time Cameras	-	-	20	20
<b>Total</b>	<b>1,000</b>	<b>-</b>	<b>7,845</b>	<b>8,845</b>

ARL - Anchorage Regional Landfill  
CTS - Central Transfer Station  
JBER - Joint Base Elmendorf - Richardson

# 2019 Preliminary Data - 120 Day Memo Attachment E-5

## Solid Waste Services - Disposal 2019 - 2024 Capital Improvement Program (in thousands)

Project Category	2019	2020	2021	2022	2023	2024	Total
ARL Improvements	5,125	9,157	7,375	5,400	4,000	4,000	35,057
CTS Improvements	1,120	1,000	10,000	15,000	15,000	10,000	52,120
Equipment & Vehicles	2,515	5,735	4,210	2,035	1,000	1,000	16,495
Girdwood Improvements	-	-	-	-	-	-	-
Office Equipment & Technology	85	30	30	30	165	30	370
<b>Total</b>	<b>8,845</b>	<b>15,922</b>	<b>21,615</b>	<b>22,465</b>	<b>20,165</b>	<b>15,030</b>	<b>104,042</b>

Funding Source	2019	2020	2021	2022	2023	2024	Total
Clean Water Loan	1,000	8,807	7,000	5,000	-	-	21,807
Revenue Bonds	-	1,000	10,000	15,000	15,000	10,000	51,000
State/Federal Grants	-	-	-	-	-	-	-
Equity/Operations	7,845	6,115	4,615	2,465	5,165	5,030	31,235
<b>Total</b>	<b>8,845</b>	<b>15,922</b>	<b>21,615</b>	<b>22,465</b>	<b>20,165</b>	<b>15,030</b>	<b>104,042</b>

ARL - Anchorage Regional Landfill  
CTS - Central Transfer Station

# 2019 Preliminary Data - 120 Day Memo Attachment E-5

## Solid Waste Services - Refuse Collection 2019 Capital Improvement Budget (in thousands)

Project Title	Debt	State/ Fed Grants	Equity/ Operations	Total
Air Shop Handling Units (2)	-	-	80	80
Dumpsters & Lids	-	-	350	350
Electric Collection Vehicle	-	600	-	600
Electric Med Duty Vehicle	-	-	275	275
Energy Efficiency Improvements	-	-	200	200
New Transfer Station	-	-	300	300
Replace 1998 Cheverolet Pick up	-	-	50	50
Replace 2009 Isuzu Stakebed	-	-	60	60
Replace 2011 Automated Curb Tenders (2)	-	-	720	720
Replace Data Processing Equipment	-	-	30	30
Replace Office Equipment	-	-	5	5
Residential Yard Waste Carts	-	-	10	10
Routeware	-	-	230	230
Sideloader 12' (2)	-	-	500	500
<b>Total</b>	<b>-</b>	<b>600</b>	<b>2,810</b>	<b>3,410</b>

# 2019 Preliminary Data - 120 Day Memo Attachment E-5

## Solid Waste Services - Refuse Collection 2019 - 2024 Capital Improvement Program (in thousands)

Project Category	2019	2020	2021	2022	2023	2024	Total
Building Improvements	580	-	-	-	-	-	580
Containers/Dumpsters/Roll-offs & Lids	590	360	360	360	360	360	2,390
Data Processing	30	30	30	30	30	30	180
Office Equipment	5	5	5	5	5	5	30
Vehicle Replacement	2,205	1,410	1,475	1,100	1,010	1,000	8,200
<b>Total</b>	<b>3,410</b>	<b>1,805</b>	<b>1,870</b>	<b>1,495</b>	<b>1,405</b>	<b>1,395</b>	<b>11,380</b>

Funding Source	2019	2020	2021	2022	2023	2024	Total
Debt	-	-	-	-	-	-	-
State/Federal Grants	600	-	-	-	-	-	600
Equity/Operations	2,810	1,805	1,870	1,495	1,405	1,395	10,780
<b>Total</b>	<b>3,410</b>	<b>1,805</b>	<b>1,870</b>	<b>1,495</b>	<b>1,405</b>	<b>1,395</b>	<b>11,380</b>