



# MUNICIPALITY OF ANCHORAGE

## ASSEMBLY INFORMATION MEMORANDUM

AIM No. \_\_\_\_ - 2024

Meeting Date: January 9, 2024

**From: MAYOR**

**Subject: November 2023 Expenditure Reports for General Government Departments and Alcohol Tax**

In accordance with AMC 6.40.015.D, the following represents department year-to-date expenditures of five percent or more compared to budget using data queried from the SAP system on December 13, 2023 with an effective date of November 30, 2023. Any transactions not yet recorded in SAP will not be captured in this analysis, nor will transactions reported on a trailing basis, such as year-end closing entries or 2023 items expected to be recorded in 2024. AMC 6.40.015.D general government revenue reports of one percent or more in aggregate are reported separately by the municipal Treasurer.

Attached to this report are five additional Exhibits:

- 2023 Budget to Actual Expenditures by Department

- 2023 Budget to Actual Expenditures by Department (Labor vs. Non-Labor)

- 2023 Budget to Actual Expenditures by Department – Overtime

- 2023 Budget to Actual Expenditures by Department – Travel

- 2023 Budget to Actual Expenditures (Functional Cost) – Alcoholic Beverages Retail Sales Tax Fund

Some departments did not respond to requests for comment; those departments show budget to actuals but do not present explanations for variances.

Descriptions of overspending or underspending are generally as reported by the (responding) departments, with OMB only providing stylistic changes.

### Budget to Actuals – General Government Departments:

At the end of November (91.5% through the fiscal year with 92% of pay periods posted), general government departments have spent and encumbered 88% of their total collective budgets. A further breakdown of expenditures and encumbrances shows 89% of the labor budget is spent in comparison to 92% of pay periods having posted (24 pay periods out of 26), while 87% of the non-labor budget has been spent or encumbered in comparison to 91.5% of the fiscal year having passed (eleven months of twelve).

The following departments report total positive or negative variances of at least five percent (<86.5% or >96.5%) from the percent through the year (91.5%). Departments that are five or more percent overspent are listed first.

### Departments or Items at least 5% over Year-to-Date Budget:

Real Estate – has spent or encumbered 98% of its 2023 budget (vs. the range of 86.5% to 96.5%) through November 30 due to the timing of contractual payments and JE postings. The department reports that it expects to come in at budget by the end of 2023.

Tax Anticipation Notes (TANS) – TANS are only 5% spent or encumbered through November 30, 2023 (vs. the range of 86.5% to 96.5%) because 2023 TANS interest has not been recorded; interest is posted and recorded when the TANS mature each December. However, TANS are included in the section “Departments or Items at least 5% over Year-to-Date Budget” because known information shows that 2023 TANS costs will exceed budget by more than 5% as discussed below.

The 2023 TANS transaction was comprised of a single \$125 million par value instrument with a 4.25% coupon issued at a premium (thus, the 2023 TANS expense yield is lower than the 4.25% coupon, since cash proceeds received by the municipality exceeded \$125 million). TANS costs recorded in December totaled \$3,676,479 vs. a 2023 budget of \$2,887,000 which will result in a 2023 budget overrun of more than 5%.

**Departments at least 5% under Year-to-Date Budget:**

Chief Fiscal Officer – has spent or encumbered 85% of its 2023 budget (vs. the range of 86.5% to 96.5%) as of November 30 due to spending considerably less in Other Professional Services (miscellaneous legal services) as the result of fewer special projects than anticipated. These savings were partially offset by the unbudgeted expense incurred when the prior CFO's leave was paid (cashed out) at the time of his employment termination; governmental accounting rules do not allow paid time off to be recorded and accrued as a liability for general government employees.

Community Development – has spent or encumbered 85% of its 2023 budget (vs. the range of 86.5% to 96.5%) as of November 30.

Development Services – has spent or encumbered 86% of its 2023 budget (vs. the range of 86.5% to 96.5%) as of November 30 due to vacancies in the following positions: Director, Mechanical Inspector, Right of Way Officer, Plan Review II, and Plan Review I (Permit Tech).

Equal Rights Commission – has spent or encumbered 79% of its 2023 budget (vs. the range of 86.5% to 96.5%) as of November 30 due to understaffing.

Equity & Justice – has spent or encumbered 81% of its 2023 budget (vs. the range of 86.5% to 96.5%) as of November 30. Equity & Justice expected to come within final budget projections by filling in vacancies within OEO and OEJ departments, however, the department is still seeking candidates to fill its vacant positions.

Information Technology – has spent or encumbered 75% of its 2023 budget (vs. the range of 86.5% to 96.5%) as of November 30 due to large annual contract renewals expected to post in December, the department reorganization taking longer than anticipated with Human Resources with pending position description rewrites delaying the hiring process, and supply

chain delays for critical path equipment purchases for Disaster Recovery Implementation at the East Wire Center.

Management & Budget – has spent or encumbered 68% of its 2023 budget (vs. the range of 86.5% to 96.5%) as of November 30 due to numerous staffing vacancies through mid-November. However, OMB recently hired an administrative employee (early November), an Acting OMB Director (mid-November) and a new analyst (late November) and has only one remaining vacancy.

Mayor – has spent or encumbered 83% of its 2023 budget (vs. the range of 86.5% to 96.5%) as of November 30 due to Mayor's Office Community and Arts Grants not being fully disbursed. Most of the Community Grants have now been disbursed, and an additional amount was disbursed in early December for Arts Grants. The Mayor expects expenditures to catch up to budget by year-end. Applications will be opened early in 2024 to avoid budget lag next year. The Mayor's Office appreciates the extraordinary assistance received from Deputy Director Marilyn Banzhaf.

Municipal Attorney – has spent or encumbered 79% of its 2023 budget (vs. the range of 86.5% to 96.5%) as of November 30. This variance was primarily due to several long-term employee retirements resulting in vacancies from the civil department partially offset by the impact of the retirees' cashable leave payouts. The Municipal Attorney does not expect the same vacancy issues in 2024.

Parks & Recreation – has spent or encumbered 81% of its 2023 budget (vs. the range of 86.5% to 96.5%) as of November 30. Its year-to-date underspend is due to unfilled budgeted positions the department is in the process of recruiting for.

Planning – has spent or encumbered 78% of its 2023 budget (vs. the range of 86.5% to 96.5%) as of November 30. Planning's year-to-date underspend is due to vacancies and timing of spend of non-labor contracts, including the Spenard Corridor Parking Study; the feasibility study for developing manufactured housing communities throughout the municipality; and a grant Anchorage Neighborhood Housing Services DBA Neighbor Works Alaska toward a local match required for the Reconnecting Communities Pilot Program. The department is actively working on efforts toward completing these projects and has successfully recruited all vacant positions except one Associate Planner. Additionally, the Planning Department is recruiting for one grant-funded Senior Planner.

Public Works – has spent or encumbered 35% of its 2023 budget (vs. the range of 86.5% to 96.5%) as of November 30.

Convention Center – has spent or encumbered 44% of its 2023 budget (vs. the range of 86.5% to 96.5%) as of November 30 because a budgeted \$6,355,369 2023 CIVIC Ventures debt service payment that is scheduled to be posted on December 15, 2023; inclusive of that known large payment, year-to-date spending relative to budget would have increased to 82% of 2023 budget.

**Budget to Actuals – Alcoholic Beverages Retail Sales Tax Fund:**

AIM – November 2023 Expenditure Report

Page 4 of 4

The Alcoholic Beverages Retail Sales Tax Fund has spent or encumbered 80% of its direct cost budget through November 30 (vs. the range of 86.5% to 96.5%). Labor is 60% spent through November and with two additional December pay periods pending, could spend approximately 65% of its labor budget at year-end. However, labor comprises only a small portion of Alcoholic Beverages Retail Sales Tax Fund expenditure activity.

Non-labor, which represents 83% of the total direct cost budget, is 85% spent; if spending trends continue through December, Non-labor will spend about 93% of its 2023 budget.

As shown on the last Exhibit to this AIM, through November 30, 2023 the Alcoholic Beverages Sales Tax Fund retains \$5,513,361 of unspent total budget which unspent budget is primarily in the areas of: Child Abuse, Sexual Assault and Domestic Violence (\$2.2 million), First Responders (\$1.5 million), and Homelessness (\$1.7 million).

Prepared by:	Office of Management & Budget (OMB)
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Respectfully submitted:	Dave Bronson, Mayor