

OVERVIEW

MUNICIPALITY OF ANCHORAGE

GENERAL GOVERNMENT

1989-1994 CAPITAL IMPROVEMENT PROGRAM

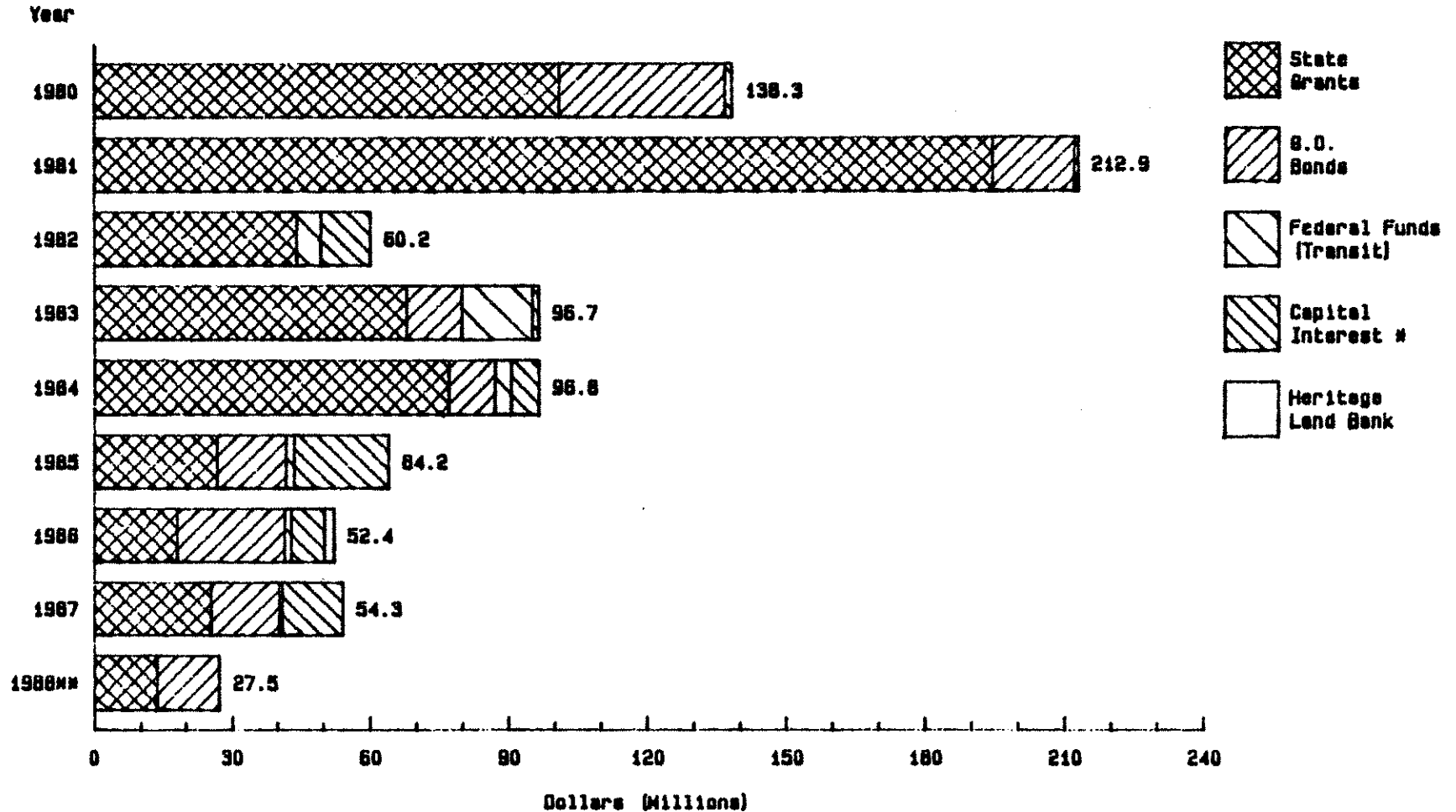
Each year, the Municipality of Anchorage updates its six-year Capital Improvement Program. This annual updating and extension of the program provides an opportunity for the community to re-evaluate its long-range capital needs. It also enables the Municipality to coordinate its program to maintain, upgrade and acquire the basic infrastructure in Anchorage: roads, buildings, equipment, water quality improvements and land. (Although the utility capital programs are in a separate document, they are included in the coordination process.)

The 1989-1994 Capital Improvement Program (CIP) was formulated with the participation of the Community Councils throughout Anchorage. Many of their past year recommendations were incorporated into this program. Informational meetings and review sessions will be held with interested citizen groups, the Planning and Zoning Commission and the Assembly. The Assembly will hold two public hearings prior to adoption of the 1989-1994 CIP in November.

The graph on the next page shows historical funding of the capital budget from 1980 to 1988. The continued reduction of state oil revenues has resulted in the lowest level of state capital funding in the 1980's. In 1988, the top general government priority for state funding was the Economic Recovery Program. The "Jobs Bill," HB512 and the "Reprogramming Bill" HB543 were the two sources of state funding for 1988. Of the approximately \$14 million for general government projects that was received by the municipality, almost \$4.9 million was for the continued construction of Spenard Road. The balance was for projects or programs that met the objectives of Phase 1 of the Economic Recovery Program, immediate impact on the economy.

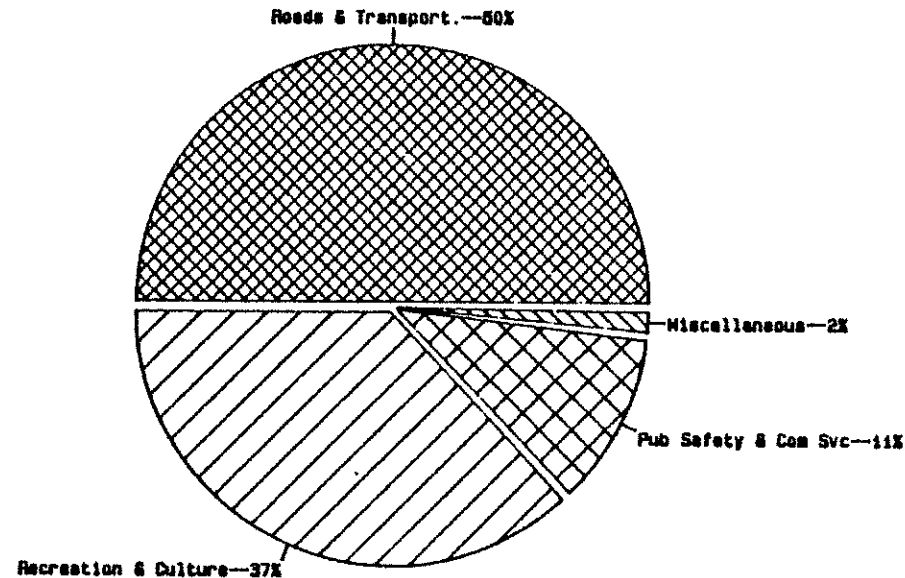
The proposed 1989 capital projects are designed to meet the basic needs of the community, i.e., road reconstruction, drainage, signals and channelization, park and trail rehabilitation and water quality projects. The highest priority major road projects that are ready for construction have been included in 1989 for State funding.

Sources of Capital Funding General Government Appropriations 1980-1988 (Excludes Utilities and School District)



* Capital interest earned on General Government and Port of Anchorage state capital grants.
 ** of August 30, 1988

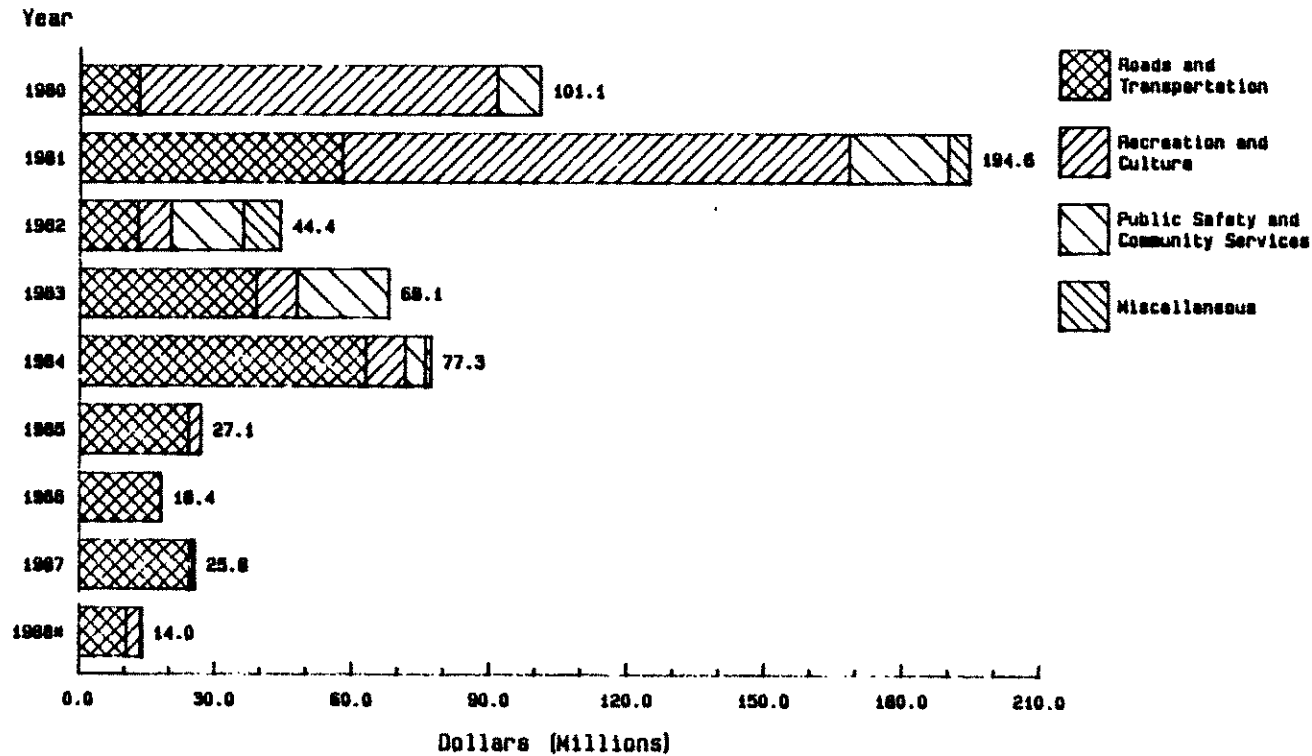
Categories of Capital Projects
General Government Appropriations 1980-1988
(Excludes Utilities and School District)



This chart represents the distribution by major category of all capital funding received for general government purposes in the 1980's. Despite large state grants received early in the 1980's for recreational and cultural facilities, our transportation and drainage systems have actually been our highest priority and have received the largest share of capital resources since 1980.

When the categories of utilities and education are added to the general government distribution, the ranking by funding received from all sources is 1) utilities, 2) roads and transportation, 3) education, 4) recreation and cultural facilities, 5) public safety and community services, and 6) miscellaneous. (See 1989 Fiscal Trends Report.)

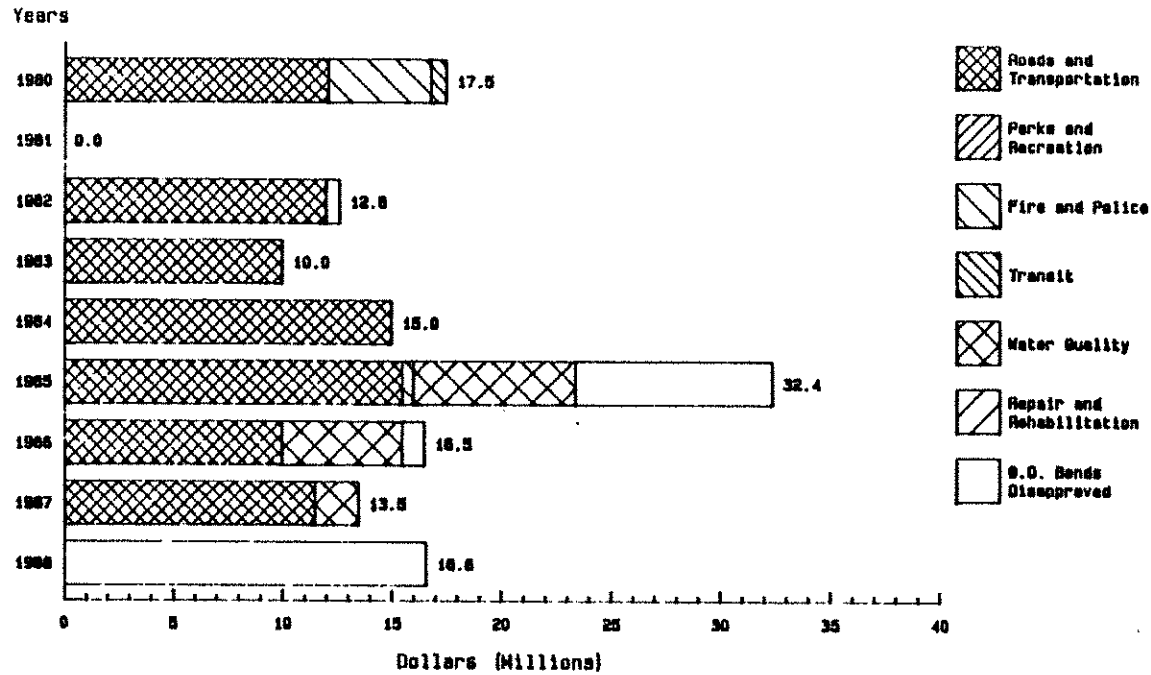
State Capital Grants Appropriated by General Government (Excluding Utilities and Education)



*As of August 30, 1988

The cornerstone funding for municipal capital construction during the 1980's has been capital grants from the State of Alaska. The "Project 80's" funding was received for a number of large recreational and cultural facilities projects. In more recent years, the emphasis of state funding has been for expansion and improvements to the transportation system.

**General Obligation Bond Propositions
General Government Proposals 1980-1988
(Excludes Utilities and School Bonds)**

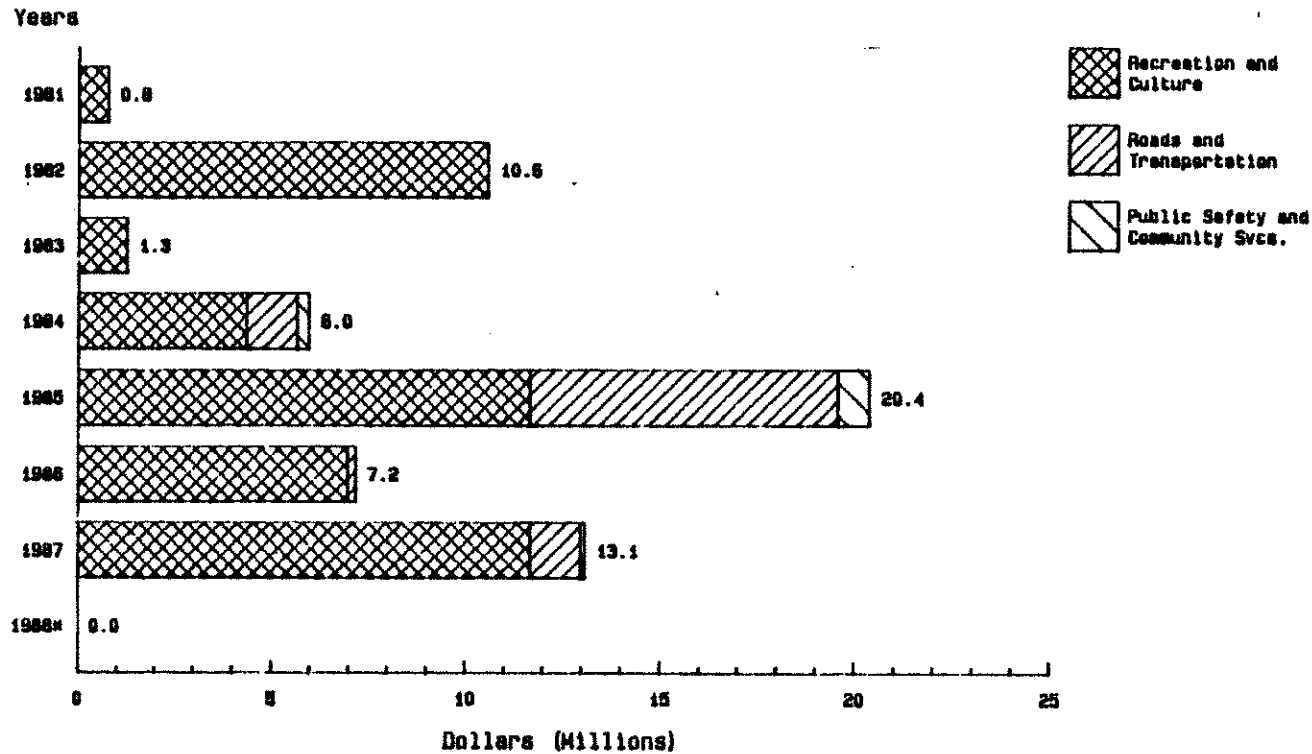


Prior to 1988, the voters of Anchorage provided a continuous funding source -- general obligation bonds -- for basic neighborhood transportation, drainage and other improvements throughout the Municipality. General obligation bonds have also funded special one-time requirements such as a police communication system, fire equipment and facilities, and local matching funds for federal transit funding. A major water quality improvement program began with bond funding in 1985 and continued with bonds approved in 1986 and 1987. Prior to 1988, the only general obligation bonds that had not been approved in the last six elections were narrowly defeated proposals of Transit in 1982 for \$640,000, Parks and Recreation for \$9 million in 1985 and an Eagle River road proposal of \$1 million in 1986. (The Eagle River proposition did pass in the Eagle River area; however it failed to receive the required approval from areawide voters.)

In 1988, the original capital budget included \$16.6 million in general obligation bonds for roads, drainage, water quality, fire facilities/communications and building repairs/rehabilitation. With a voter turnout of 28%, all these ballot issues failed. The results are summarized as follows:

<u>Proposition</u>	<u>Amount</u>	<u>% Against</u>
Roads and Transportation	\$11,000,000	51.9%
South Fork Fire Station	350,000	64.2%
Fire Communications	1,000,000	58.5%
Building Repair/Rehabilitation	2,215,000	72.1%
Water Quality	2,000,000	56.5%
	<u>\$16,565,000</u>	

**Interest Appropriation for
Capital Projects 1981-1988**
(Excluding Utilities and Education)



WAs of August 30, 1988

When oil prices and corresponding revenues were high in the early 1980's, the state began funding the recreational and cultural facilities commonly known as "Project 80's" as well as major roads and other community improvements. In 1980 and 1981, the Municipality received a total of \$295 million in state grants for general government purposes. The policy of the state at that time was to advance 20% of each grant to municipalities, plus reimburse expenditures as they occurred. This resulted in the substantial cash advance being invested by the Municipality, earning substantial short-term interest during the life of the projects.

It was municipal policy that capital interest would be used only for capital projects. Interest earned on capital grants of over \$1 million would be dedicated to that project until completion. Capital interest earned on state grants of under \$1 million was deposited in a grant interest pool for capital projects, with recommendations made on an individual basis by the Administration and forwarded to the Assembly for appropriation.

Capital interest funds have been used for three purposes: 1) funding the difference between the initial, often unrefined, project estimate used for legislative appropriation and the detailed project cost determined after design was complete; 2) funding changes in project scope and contingencies arising during construction; and 3) expansion of existing projects such as the Coastal Trail or new capital projects such as safety improvements at 13th and L Streets and communication equipment for the fire department.

In the future, capital interest earnings will not be a large source of funding for capital projects. In fact, as of August 30, 1988 no capital interest has been appropriated. Capital grants from the state have significantly declined in recent years and the state changed its policy of cash advances in 1986. The state still advances 20% of a grant. However, expenditures are deducted from the advance at the beginning of the project rather than the end as under the previous policy. Expenditures are reimbursed by the state only after the advance is depleted.

The 1989 Capital Improvement Budget (the first year of the 1989-1994 Capital Improvement Program) responds to the highest priority community and neighborhood needs.

1989 Capital Improvement Budget (\$000)

<u>Program</u>	<u>State Grants</u>	<u>Federal Grants</u>	<u>Other* Sources</u>	<u>Total</u>	<u>Percent</u>
Roads and Transportation	\$55,935	\$2,007	\$ 535	\$ 58,710	78%
Public Safety	2,216	0	0	2,216	3%
Neighborhood/Community Improvements	12,163	0	300	12,463	16%
Water Quality Improvements	<u>2,375</u>	<u>0</u>	<u>0</u>	<u>2,375</u>	<u>3%</u>
Total	\$72,922	\$2,007	\$ 835	\$ 75,764	100%

The 1989 Capital Improvement Budget establishes the foundation for the six-year program.

1989-1994 Capital Improvement Program (\$000)

<u>Program</u>	<u>State Grants</u>	<u>Federal Grants</u>	<u>G.O. Bonds</u>	<u>Other* Sources</u>	<u>Total</u>	<u>Percent</u>
Roads and Transportation	\$140,048	\$15,395	\$ 56,410	\$ 535	\$212,388	74%
Public Safety	5,723	0	2,830	0	8,553	3%
Neighborhood/Community Improvements	28,623	0	11,565	5,720	45,908	16%
Water Quality Improvements	<u>2,375</u>	<u>0</u>	<u>19,065</u>	<u>0</u>	<u>21,440</u>	<u>7%</u>
Total	\$176,769	\$15,395	\$ 89,870	\$ 6,255	\$288,289	100%

* Other sources include capital interest, Heritage Land Bank and fund balance.

A major factor in determining the affordability of a capital budget is the operation and maintenance (O & M) cost of the completed projects. The estimated operation and maintenance costs for the proposed 1989 capital projects are approximately \$207,000 when all projects are fully on-line.

**Summary of Operating and Maintenance Costs for 1989 CIB Projects
(In Thousands of 1989 Dollars)**

	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>
O & M Costs	\$47	\$207	\$207	\$207	\$207	\$207

The following pages summarize the 1989 Capital Improvement Budget and the total 1989-1994 Capital Improvement Program by major program area. Detailed project descriptions, O & M estimates and funding sources are also provided.

ROADS AND TRANSPORTATION

The continuing goal of the Roads and Transportation Program is to provide a comprehensive, modern and efficient transportation system. Our transportation network should move people and goods with optimum speed, cost, and safety while ensuring that the environment is enhanced and protected. The 1989-1994 Capital Improvement Program has identified capital projects consistent with these objectives.

The Road Improvement Program, developed cooperatively by the Municipality of Anchorage and the State of Alaska, includes major improvements to both state and municipal roads. Priority projects in the Road Improvement Program for the 1989 CIB are:

- \$11,400,000 to complete construction of Spenard Road - Phase III - Wisconsin to McRae.
- \$ 4,000,000 for construction of Lake Otis Parkway - Phase IV - 68th Avenue to Abbott Road.
- \$1,700,000 to strip pave and improve Baranof Avenue - Eagle River Loop to Genora.
- \$1,100,000 to construct East 6th Avenue - Muldoon Road to Cherry Street.
- \$4,800,000 to complete construction of 36th Avenue - Arctic Road to Spenard Road.
- \$ 925,000 to strip pave and improve Santa Maria Drive - Old Glenn Highway to Spring Brook.
- \$ 800,000 to repair subbase and pave Raspberry Road Extension/Kincaid Park Access Road.
- \$9,500,000 to construct a 4-lane bridge over Campbell Creek and construction of Arctic Boulevard - Raspberry Road to Dimond Boulevard.
- \$3,100,000 for construction of Lake Otis Parkway - O'Malley Road to Huffman Road.

In addition to Road Improvement projects, \$5,900,000 is proposed in 1989 for: Reconstruction/rehabilitation of streets and drainage facilities in the Lakeview Terrace, Windemere, and Wickersham Park/Homestead Acres subdivisions (\$4,300,000); Storm drainage and water pollution improvements (\$600,000); Asphalt overlay of portions of Lakeshore Drive, Arctic Boulevard, Spenard Road and Providence Drive (\$1,000,000).

Transportation Safety Improvements totaling \$4,375,000 are recommended for 1989. These projects include: walkways to schools, sidewalks, handicapped access curbs, additional traffic lights, traffic channels to alleviate congestion at key intersections and improvements to the traffic signal system.

Transit 1989 CIB includes \$2,240,000 of projects consistent with the Anchorage Metropolitan Area Transportation Study (AMATS) plan for the continuing development of the public transit system. Major projects for 1989 are: construction of the Eagle River Transit Center; replacement of six busses that are more than twelve years old; transit passenger shelters; and pedestrian access and safety improvements to bus stops. Over ninety percent of Transit's project cost are reimbursed by Federal Urban Mass Transportation Assistance grants.

Roads and Transportation: Total Program and 1989 Costs (In Thousands)

<u>Project Category</u>	<u>1989 CIB Request</u>	<u>Estimated Annual O & M Costs 1989 CIB</u>	<u>Total 1989-1994 CIP Request</u>
Road Improvements	43,050	10	\$134,647
Drainage Improvement	600	1	21,630
Roads, Drainage and Facility Rehab.	6,835	1	21,335
Street Maintenance Facilities	400	3	900
Special Projects	1,210	0	2,510
Transportation Safety Improvements	4,375	28	14,400
Transit	<u>2,240</u>	<u>28</u>	<u>16,966</u>
Total	\$ 58,710	\$ 71	\$212,388
<u>1989 Fund Source</u>		<u>Amount</u>	<u>Percent</u>
State Grants		\$ 56,168	96%
Federal Grants		2,007	3%
Capital Interest		<u>535</u>	<u>1%</u>
Total		\$ 58,710	100%

PUBLIC SAFETY

In response to public safety service needs, the 1989-1994 CIP has programmed replacement of obsolete fire apparatus and equipment to ensure effective and efficient police protection, fire suppression and emergency medical capability. Major projects programmed for 1989 are:

- \$1,000,000 for emergency services telecommunication system to reduce response time to ambulance and fire calls for assistance.
- \$308,000 for replacement of 1981 rescue vehicle and upgrade capabilities for response to hazardous materials incidents.

Public Safety: Total Program and 1989 Costs (in Thousands)

<u>Project Category</u>	<u>1989 CIB Request</u>	<u>Estimated Annual O & M Costs 1989 CIB</u>	<u>Total 1989-1994 CIP Request</u>
Anchorage Fire	\$1,737	\$ 72	\$6,511
Chugiak Fire	189	0	935
Emergency Medical Services	<u>290</u>	<u>0</u>	<u>1,107</u>
Total	\$2,216	\$ 72	\$8,553
<u>1989 Fund Source</u>		<u>Amount</u>	<u>Percent</u>
State Grants		\$2,216	100%

NEIGHBORHOOD/COMMUNITY IMPROVEMENTS

This program area includes capital projects which support the integrity and quality of Anchorage from community-wide and individual neighborhood perspectives. Department requests included here are from Property and Facility Management, Library, and Parks and Recreation. Examples of the 1989 CIB items:

- \$5,496,000 for the removal of asbestos and demolition of the Willow Park Apartment Complex and the demolition and site restoration of the Hollywood Vista Apartment Complex.
- \$ 875,000 for repair/reconstruction of deteriorated and hazardous sections of the Campbell Creek trail.
- \$ 450,000 for Loretta French Park planning and development.
- \$1,955,000 for repair and renovation of municipal buildings such as asbestos abatement, roofs, exteriors and mechanical systems

Parkland acquisition will be accomplished by allocation of funds and management transfer of several municipal parcels from the Heritage Land Bank for parks.

Neighborhood/Community Improvements: Total Program and 1989 Costs (in Thousands)

<u>Project Category</u>	<u>1989 CIB Request</u>	<u>Estimated Annual O & M Costs 1989 CIB</u>	<u>Total 1989-1994 CIP Request</u>
Parkland Acquisition	\$ 0	\$ 16	\$ 5,320
Park and Trail Development	2,798	22	16,453
Chugiak/Eagle River Recreation	1,104	11	2,994
Girdwood Recreation	360	5	840
General Facility Projects	7,451	0	17,301
Library Improvements	500	0	3,000
Total	<u>\$12,463</u>	<u>\$54</u>	<u>\$45,908</u>
 <u>1989 Fund Source</u>		<u>Amount</u>	<u>Percent</u>
State Grants		\$12,163	98%
Heritage Land Bank		0	0%
Capital Interest		300	2%
Total		<u>\$12,463</u>	<u>100%</u>

WATER QUALITY IMPROVEMENT

The goal of the municipality's Water Quality Improvement Program is to protect and rehabilitate surface and groundwaters within the community. Maintenance/management of this program requires coordination of projects for water quality, public health, drainage, sewer and wastewater disposal, and community wide planning.

Major projects in this program for 1989 are:

- \$1,000,000 for construction of Pleasant Valley/Kobuk, Phase I storm drainage system.
- \$ 500,000 for construction of oil and grease separators on Chester, Fish, Campbell and Ship Creeks.
- \$ 270,000 for construction of Essex Square Sedimentation Basin.
- \$ 375,000 for Campbell Lake Dam flood control wier

<u>Project Category</u>	<u>1989 CIB Request</u>	<u>Estimated Annual O & M Costs 1989 CIB</u>	<u>Total 1989-1994 CIP Request</u>
Stream/Lake Rehabilitation	\$ 0	\$ 0	\$15,000
Wetland Acquisition	0	0	3,315
Improvement Projects	2,375	10	2,375
Monitoring System	<u>0</u>	<u>0</u>	<u>750</u>
Total	\$2,375	\$10	\$21,440
<u>1989 Fund Source</u>		<u>Amount</u>	<u>Percent</u>
State Grants		\$2,375	100%

MUNICIPALITY OF ANCHORAGE
SUMMARY OF GENERAL OBLIGATION INDEBTEDNESS

OUTSTANDING GENERAL OBLIGATION DEBT as of 12/31/88 (Projected):

General Government:

General Government General Purpose	\$ 41,435,000	
Roads	126,580,000	
Schools	<u>174,580,000</u>	
		\$342,595,000

Utilities: (Revenue Bonds not included)

Sewers	\$ 91,705,000	
Solid Waste	24,560,000	
Port	7,415,000	
Airport	5,000	
Water	<u>53,525,000</u>	
		<u>\$177,210,000</u>

TOTAL GENERAL OBLIGATION DEBT		\$519,805,000
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Authorized General Obligation Debt But Unsold as of 12/31/88

Schools	30,550,000	
Wastewater	28,950,000	
Port	<u>6,500,000</u>	
		<u>\$ 66,000,000</u>

AMOUNT OF GENERAL OBLIGATION DEBT TO BE RETIRED 1988-1994

<u>Year Ending December 31</u>	<u>General Government</u>	<u>Schools</u>	<u>Utilities</u>	<u>Total</u>
1988	10,730,000	13,340,000	\$ 7,620,000	31,690,000
1989	10,695,000	14,320,000	8,225,000	33,240,000
1990	10,635,000	15,560,000	8,395,000	34,590,000
1991	10,800,000	17,005,000	8,560,000	38,365,000
1992	11,190,000	17,840,000	9,245,000	38,275,000
1993	10,730,000	20,315,000	8,875,000	39,920,000
1994	9,620,000	20,730,000	7,425,000	37,775,000
Total	<u>\$74,400,000</u>	<u>\$119,110,000</u>	<u>\$58,345,000</u>	<u>\$251,855,000</u>

TAX SUPPORTED DEBT (Total debt less special assessment revenues)

Net Debt Per Capita - (Based
on the population estimate
of 219,500)

Direct Net Debt
(Without School)

Overall Net Debt
(With School)

	<u>Median</u>	<u>Low</u>	<u>Median</u>	<u>High</u>
Cities (200,000-299,999 Population)*	\$596	\$575	\$923	\$2,336
Anchorage - 12/31/88	670		758**	
Anchorage with authorized but unissued tax supported bonds (excluding schools)	700			
Anchorage with authorized but unissued tax supported bonds including schools			803**	

*From Moody's 1988 Medians - Selected Indicators of Municipal Performance.

**These figures recognize the state support of school district debt. If state support of approximately 89% is not recognized, the figures become \$1,466 and \$1,634 respectively.

Net Debt to Assessed Valuation*

	Direct Net Debt (Without Schools)	Overall Net Debt (With Schools)		
	Median	Low	Median	High
Cities (200,000-299,999 Population)	2.7%	1.2%	3.6%	4.6%
Anchorage (12/31/88 w/1989 Valuation)	1.6%		1.8%**	
Anchorage (w/Proposed Bonds & 1989 Valuation)	1.7%		1.9%**	

*Official projection for assessed valuation not yet available. For purposes of comparison, the figure used for 1989 was \$9.1 billion

**Without state support for school bonds, the overall debt figures would be 3.5% and 3.9%.

PERCENT OF GENERAL OBLIGATION BOND DEBT OF TOTAL GENERAL GOVERNMENT BUDGET FOR MUNICIPALITY OF ANCHORAGE

	Gen. Gov't G.O Debt Service	Percent	Net G.O. Debt Service (Less Assessments)	Percent
1985	\$18,953,472	9.1%	\$15,750,132	7.6%
1986	21,187,117	10.0%	17,710,237	8.4%
1987	22,206,492	11.3%	18,614,456	9.4%
1988	21,381,164	11.1%	17,985,052	9.4%
1989	23,039,787 (Projected)	13.2%	19,903,347 (Projected)	11.3%

The rating agencies have indicated that they start looking more closely at a community if this figure approaches 15%. If a city is young and growing, even the 15% figure is not considered unreasonable.