

## Capital Overview

The capital budget consists of capital projects, which are a set of activities that maintain or improve a city asset, often referred to as infrastructure—from buildings, to park trails, to roads. These activities can be new construction, expansion, renovation or replacement of existing infrastructure. Project costs can include the cost of land, engineering, architectural planning, and contractual services required to complete the project.

Capital projects also include purchase of infrastructure, plant, and equipment that meet the following thresholds:

Land	Capitalize All
Buildings	> \$100,000
Building Improvements	> \$50,000
Land Improvements	> \$50,000
Machinery & Equipment	> \$5,000
Vehicles	> \$5,000
Office Furniture and Fixtures	> \$5,000
Computer Software and Hardware	> \$1,000
Infrastructure	> \$1,000,000
Library Collections	Capitalize All
Art Objects	Capitalize All

### Project Budget

The Municipality has two documents that govern planning and funding of capital projects:

- Capital Improvement Budget (CIB) identifies projects and funding sources for the upcoming fiscal year; and
- Capital Improvement Plan (CIP) has a longer-term outlook that identifies projects for the next six years, including the upcoming fiscal year.

### Planning Process

The Office of Management and Budget (OMB) prepares a draft of the upcoming year's CIB in March. For each proposed project, the CIB lists its scope, funding source, and timeline to complete the project. The Mayor's proposed capital budget includes projects identified by municipal departments and citizens that reflect his priorities, which are projects that protect the public's safety and take care of the existing infrastructure.

In order to get to that final budget, the Mayor's priorities are communicated to departments and a survey is distributed to local community councils who prioritize projects as well as identify other needs. The departments also review projects previously included in the six-year CIP. This combined input is reflected in the draft reviewed by the Mayor. The Mayor might then request additional information and make changes, which are reflected in the CIB and CIP and are sent to the Assembly as the proposed CIB and proposed CIP.

## Approval Process

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The Anchorage Municipal Code (AMC) states the timeline for approval of the CIB and CIP:

- 120 days before the end of the fiscal year the Assembly must be provided a preliminary summary of the CIB and CIP. This summary is high-level and includes the total of the projects by department, year, and funding source (AMC 6.10.040);
- 90 days prior to the end of the fiscal year the proposed CIB and CIP are submitted to the Assembly (AMC 6.10.040 Section 13.03); and
- The Planning and Zoning Commission is required to review the capital budgets and make recommendations to the Assembly (AMC 21.10.015).

Once the proposed budgets are formally introduced in early October, the Assembly may hold work sessions to discuss the proposed budgets presented. Two public hearings also are required, which are held in October and November, at which the public can testify.

In late November or early December, the Assembly takes final action on the proposed budgets. As part of this process, the Assembly can revise and adjust the capital budgets. The final adoption of the capital budgets is in November or 30 days prior to the end of the fiscal year (AMC 6.10.040).

## Funding Sources

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**General Obligation (GO) Bonds** - GO bonds require voter approval and are placed before voters at the April election. Once approved and the bonds are sold; re-payment is included in the operating budget as debt service. As part of the bond approval process, the Municipality is required to disclose to voters any operations and maintenance (O&M) costs associated with each project. O&M and debt service to repay the bonds are excluded from the Municipality's tax limit.

A goal of the Mayor is to not increase the overall amount of the Municipality's general obligation debt. To that end, the total of any proposed bond package can't exceed the amount of debt being retired in any one year.

**State Grants** - Requests for state funding are included in the Municipality's "Legislative Program" that is compiled by the Mayor, approved by the Assembly, and submitted to Anchorage area legislators and the Governor. The goal is to have funding for these projects included in the State of Alaska's capital budget as grants to the Municipality. If approved, these grants are typically effective on July 1, the start of the State's fiscal year.

**Federal grants** - Applied for on an individual project basis and awarded based on the Federal agency's timetable.

**Other** - Other funding sources include mill levy and operating contributions that are approved in the Municipality's operating budget and are available as early as January. Also, capital/master lease, inter-fund loans, or donations are typical in this category. These types of funding are used when projects do not qualify within the stated above funding criteria or have been exhausted. If the project is approved, the assembly will decide on the terms and rates for the loans at the appropriation.

## **Operations and Maintenance (O&M)**

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Capital investments may generate operating costs and these costs are often times absorbed within the operating budget as on-going. However, these costs may reduce or increase as decisions and actions regarding the control and upkeep are made with the goal of increasing efficiency, reliability, and safety. Efficiency investments will often reduce overall operating cost. Reliability and safety investments might increase overall operating cost. Capturing these costs at the initiative level will help ensure sound decisions.

The Assembly will determine which capital projects will have a significant impact on the general operating budget. Voter approval is required for capital project at the general or special election on a ballot proposition that sets forth information on estimated construction, O&M, of the project to be added to the tax limitation on the general government operating budget.

# Annual Capital Improvement Budget (CIB)<sup>[1]</sup> and Capital Improvement Program (CIP)<sup>[2]</sup> Development Process

Approximate Timing of Events											
JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
CIB/CIP REVIEW											
<b>BUDGET PROCESS</b>		Community Council Survey developed	Community Council Survey distributed	MOA Depts begin developing CIB/CIP	MOA Depts generate complete draft of CIB/CIP	OMB analysis	Preliminary and proposed CIB/CIP prepared and introduced to Assembly -- Commissions review	Work sessions; Assembly comments; and Public hearings	Assembly amendments	Approved CIB/CIP published	
			CC Survey results received			Mayor review/comments			Final approval		
<b>BONDS</b>	Final administration Bond propositions developed and introduced to Assembly	Bond proposition hearing - Assembly approves ballot propositions	Final Bond fact sheet distributed	Bond election certified	Assembly appropriation of Bonds						Bond propositions drafted (from approved CIB/CIP)
<b>STATE/ FEDERAL GRANTS</b>	Legislative program approved by Assembly and delivered to Legislators	Federal funding priorities developed/ delivered to Congress	Liaison with Legislature during session	Capital Budget Bill passed	Governor reviews Capital Budget Bill	State Grants awarded	Assembly AR Approved (effective 7/1)			Legislative program developed	

[1] Refers to the current budget year, i.e., the next calendar year

[2] Refers to the six year program including the current budget year and an additional five years

[3] Grant funding requests are detailed in the CIB/CIP; grant requests are subsequently summarized for the Legislature in a document referred to as the MOA Legislative Program; grants approved by the Legislature are included in the Capital Budget bill and forwarded to the Governor; grants included in the Capital Budget bill and not vetoed by the Governor become effective July 1.

**2013 Capital Improvement Budget**  
**2013 - 2018 Capital Improvement Program**  
**Budget Preparation Calendar**

Action	Due Date
Distribute Community Council Surveys	March 15
Capital rollover in TeamBudget	April 18
Analyst/Department training on budget system for Capital	Week of June 11
Dept finalize project entry in TeamBudget (date factor - legi grants bill comes out in June)	June 4 - 29
Community Council surveys due to OMB	June 29
Departments submit changes to 2013 - 2017 CIP and 2018 additions	Aug 3
Mayor's preliminary review - meet with depts	July 23 - Aug 3
Departments review proposed capital budget	Aug 6
Mayor's Final Decision on CIB/CIP	Aug 24
OMB delivers 120-day submission to Assembly <i>A. 6.10.040 Submittal and adoption of municipal operating and capital budget.</i> <i>At least 120 days before the end of the fiscal year the mayor shall submit to the assembly...</i>	Sept 1
Preparation of Final narratives & data presentations	Sept 4 - 14
OMB completes Proposed CIB/CIP Book, AR, AM, & AO	Sept 7
Final print-ready budget documents	Sept 21
OMB presents CIB/CIP to Planning & Zoning Commission for recommendations	Oct 1
OMB submit budget to Assembly <i>Section 13.03. Operating and capital budget. At least 90 days before the end of the fiscal year of the municipality the mayor shall submit to the assembly a proposed operating and capital budget for the next fiscal year.</i>	Oct 1

**2013 Capital Improvement Budget**  
**2013 - 2018 Capital Improvement Program**  
**Budget Preparation Calendar**

Action	Due Date
Formal introduction of CIB/CIP ordinance & resolution Introduction of Mayor's budget to assembly	Oct 9
Assembly work session - 2013 overview/department presentations	Oct 12
Assembly work session - Capital/Enterprises	Oct 19
Public Hearing #1 (proposed date) <i>C. Section 13.04. Budget hearing.</i>	Oct 23
Public Hearing #2 (proposed date)	Nov 13
Assembly work session - Assembly amendments	Nov 16
Assembly adoption CIB/CIP (proposed date) <i>D. 6.10.040 Submittal and adoption of municipal operating and capital budget.</i>	Nov 27

**General Obligation Bond Propositions**  
**History of Voter Approved**  
(in millions)

<b>Year</b>	<b>Roads and Transit</b>	<b>Public Safety</b>	<b>Parks and Recreation, Library, and Museum</b>	<b>Total</b>
2012	27.5	1.6	2.8	31.8
2011	30.9	2.3	-	33.2
2010	31.3	1.9	-	33.2
2009	40.2	2.5	-	42.7
2008	45.5	4.7	8.9	59.1
2007	36.4	7.0	5.0	48.4
2006	41.1	2.0	-	43.1
2005	46.4	0.5	-	46.9
2004	46.5	8.9	-	55.4
2003	40.0	2.9	-	42.9
2002	34.7	10.7	1.0	46.4
2001	33.9	8.3	4.8	47.0
2000	28.8	6.3	8.0	43.1
<b>Total</b>	<b>483.2</b>	<b>59.6</b>	<b>30.5</b>	<b>573.2</b>

### History of State Legislative Capital Grants Awarded to the Municipality of Anchorage

Year	Capital Bill No.	Health & Human Services				Project Management & Engineering		Parks & Rec, Library, Museum		Facilities/ Misc		Other *	Total
		Fire	Police	Transit	Services	Transit	Engineering	Museum	Library	Misc			
2012	SB 160	3,266,700	3,100,000	1,075,000	-	-	106,125,250	6,963,150	-	31,267,375	98,500,000	-	250,297,475
2011	SB 46	1,477,100	3,466,300	-	-	-	49,527,850	80,000	-	551,150	30,000,000	-	85,102,400
2010	SB 230	150,000	450,000	250,000	-	-	47,901,000	2,206,000	-	13,125,000	10,155,000	-	74,237,000
2009	SB 75	-	-	-	-	-	-	-	-	1,000,000	-	-	1,000,000
2008	SB 221/256	54,400	40,000	-	-	-	81,895,500	1,620,000	-	16,491,000	2,940,000	-	103,040,900
2007	SB 53	190,000	567,500	1,300,000	-	-	39,102,000	1,525,000	-	2,120,000	4,111,000	-	48,915,500
2006	SB 231	9,197,500	236,000	320,000	-	-	28,125,000	11,065,800	-	2,500,000	10,000,000	-	61,444,300
2005	SB 46	666,500	100,000	-	-	-	35,325,000	615,000	-	7,000,000	1,010,000	-	44,716,500
2004	SB 283	-	100,000	-	-	-	424,000	-	-	-	125,000	-	649,000
2003	SB 100	-	75,000	-	-	-	1,169,083	50,000	-	-	-	-	1,294,083
2002	SB 2006	440,000	-	-	55,000	-	7,217,252	30,000	-	2,150,000	376,294	-	10,268,546
2001	SB 29	367,800	30,000	-	200,000	-	8,336,000	125,167	-	1,250,000	-	-	10,308,967
2000	SB 192	484,000	500,000	-	-	-	820,000	1,568,398	-	970,000	-	-	4,342,398
1999	SB 32	1,180,000	-	-	-	-	400,000	1,600,000	-	1,110,000	-	-	4,290,000
1998	SB 231	25,000	-	-	-	-	2,048,996	1,994,484	-	1,131,158	-	-	5,199,638
1998	SB 231	-	-	-	-	-	(1,253,446)	-	-	-	-	-	(1,253,446)
1997	SB 107	245,000	-	-	-	-	1,553,464	1,704,000	-	2,980,000	-	-	6,482,464
1997	SB 107	-	-	-	-	-	(230,421)	(18,793)	-	-	-	-	(249,214)
<b>Total</b>		<b>17,744,000</b>	<b>8,664,800</b>	<b>2,945,000</b>	<b>255,000</b>	<b>2,945,000</b>	<b>408,486,528</b>	<b>31,128,206</b>	<b>83,645,683</b>	<b>157,217,294</b>	<b>710,086,511</b>		

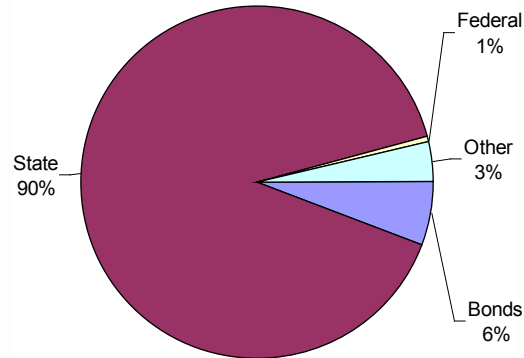
\* Includes grants to Port of Anchorage



## 2013 Capital Improvement Budget

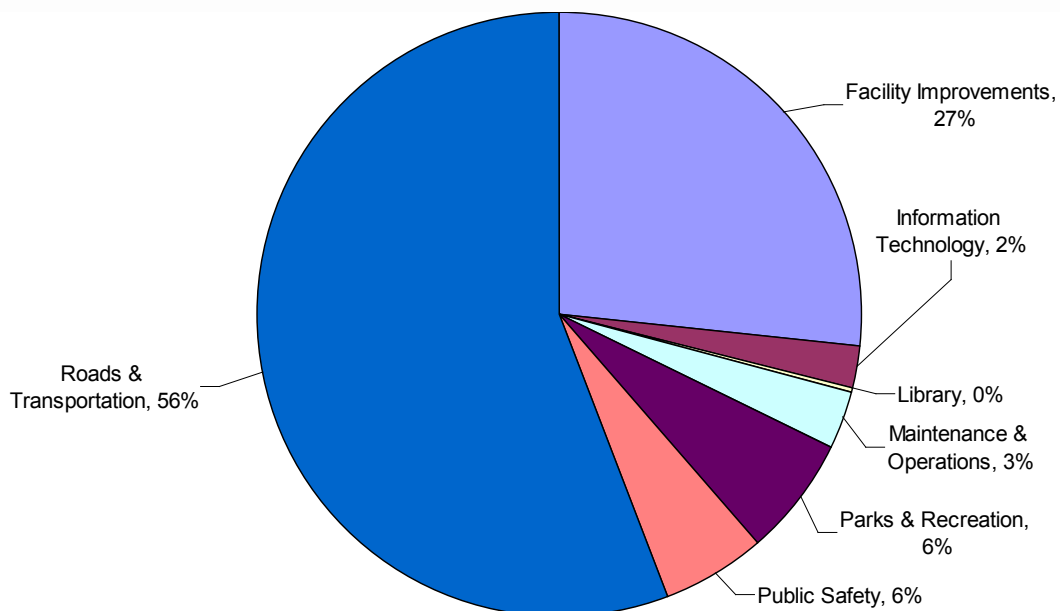
### 2013 Proposed Funding Sources

<b>Funds</b>	<b>\$</b>	<b>%</b>
State	438.1M	90%
Bonds	28.2M	6%
Other	17.6M	3%
Federal	3.3M	1%
<b>Total</b>	<b>487.2M</b>	<b>100%</b>



### 2013 Project Totals by Functioning Group (in thousands)

<b>Category</b>	<b>\$</b>	<b>%</b>
Facility Improvements	130,030	27%
Information Technology	11,930	2%
Library	1,120	0%
Maintenance & Operations	17,400	3%
Parks & Recreation	31,343	6%
Public Safety	27,967	6%
Roads & Transportation	267,425	56%
<b>Total</b>	<b>487,215</b>	<b>100%</b>



## **Significant Non-Routine Capital Projects**

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Most of the capital budget is for routine-projects such as paving roads and rehabilitation of municipal facilities. There are a few significant non-routine projects that are one-time in nature; some will have significant impact on the operating budget.

### **Anchorage Area-Wide Radio Network (AWARN) Infrastructure Upgrades - \$5,302,000**

AWARN is the Anchorage portion of the Alaska Land Mobile Radio Network (ALMR). It is via this radio network that all Anchorage departments communicate among themselves and with state and federal law enforcement and emergency medical responders. The State and Federal users are currently performing a life cycle and technology upgrade on the statewide system. It is necessary to perform a similar update to the Anchorage system, AWARN, to maintain radio interoperability among local, state, and federal authorities for the most efficient and prompt delivery of public safety services to Anchorage residents. (Page 225)

### **Anchorage Senior Center Renovations - \$3,680,000**

This project will provide funding for various facility upgrades and safety enhancements at the Anchorage Senior Center facility. (Page 231)

### **Computer Assist Mass Appraisal (CAMA) - \$5,000,000**

Replace 30 year old legacy property appraisal system with a relational database system, spatially referenced and fully integrated with GIS data and 3D intelligent aerial imagery. (Page 92)

### **Centennial Celebration - \$3,000,000**

Funding for this project will be utilized for establishment of events and programs for the Anchorage Centennial Celebration. The Anchorage Centennial will commemorate the 100th Anniversary of the Historic land auction in July 1915 that established Anchorage as a township. The Anchorage Centennial events will begin in April 2013 with the Commissioning of the USS Anchorage and will include a series of existing events produced by organizations with anniversaries. These anniversary events will provide a series that can be packaged and marketed for an extended tourism and economic impact. Additional programs will be developed to engage and celebrate our diverse community and create significant opportunities for educational and commemorative projects. The expenses expected with an event of this magnitude are significant, as well as the potential for a very good economic impact. (Page 269)

### **Department of Health and Human Services (DHHS) Headquarters - \$25,000,000**

This project will replace the aging DHHS Public Health building at 9th Avenue & L Street. The funds will be used to construct a new state of the art public health headquarters facility. (Page 282)

### **E911 Upgrade - \$1,600,000**

This project will fund planning of 10 year contract upgrade and renewal to E911 system. Initial funding is for upfront consultant contract for research, coordination and design of major components and functionalities for total system rehabilitation. Second year funding will allow full implementation of the new E911 system that will service the Anchorage Public Safety Access Point (PSAP) through 2025. (Page 87)

Enterprise Virtualization - \$2,930,000

Software upgrades from Office 2003, server and storage consolidation and virtualization. (Page 99)

Geographic Information Systems (GIS) Restructuring - \$4,000,000

Consolidate multiple citywide GIS to leverage newer technology and share resources with AWWU and ML&P in order to provide efficient services across the Municipality. (Page 102)

Midtown Transit Facility - \$8,000,000

The project will construct a new transit center in Midtown for future benefit and growth of the Anchorage People mover fixed route transit system. The project will include site investigation, site acquisition, route restructuring, design and construction for a transit oriented development. The new Transit Center in Midtown will provide improved access to public transportation services to the public and the critical foundation to meeting the future needs for transportation in Anchorage. (Page 176)

Sullivan Arena Facility Upgrades - \$10,000,000

Completed in 1983 with State grant funding, Sullivan Arena is Anchorage's premier large event venue. Now 28 years old, capital renovations are necessary to protect the state's investment. (Page 384)

## 2013 - 2018 Capital Improvement Program

The 2013 - 2018 Capital Improvement Program (CIP) is a compilation of capital projects proposed for design and/or construction, or purchase and installation during the next six years. For each project proposed, the following items have been included:

- a narrative description of each project;
- the estimated cost of the project or phase of the project;
- the financial effect of the project on operation and maintenance costs

The 2013 - 2018 CIP was formulated with the participation of Community Councils. Many recommendations have been incorporated into the CIP. Informational meetings and review sessions will be held with interested citizen groups, the Planning and Zoning Commission and the Assembly. Also reflected in the document are needs identified by the staff of the general government departments who would oversee the projects.

Anchorage School District and Municipal Utilities present separate capital budget/program documents; historical financial data reflected in this document does not include the Anchorage School District or Municipal Utilities, unless specifically noted.

### 2013 – 2018 O&M

As capital requests are reviewed, awareness of potential operating costs associated with projects is identified at an individual project detail level for in the year(s) after the work is complete. For 2013 – 2018 CIP O&M, the identified costs are increase to the operating budget due to addition of IT operating software (maintenance support fees), facilities expansion (utilities, etc), and road improvements (street maintenance). Yearly costs by departments are projected as follows:

### 2013 - 2018 O&M Estimate

(in thousands)

Department	2013	2014	2015	2016	2017	2018
Information Technology	492	459	464	331	201	207
Public Transportation	-	7	7	7	7	-
Public Works	294	33	235	415	118	172
<b>Total</b>	<b>786</b>	<b>499</b>	<b>706</b>	<b>753</b>	<b>326</b>	<b>379</b>