

## Capital Overview

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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

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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

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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).

# 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.

## 2014 Capital Improvement Budget 2014 - 2019 Capital Improvement Program Budget Preparation Calendar

Action	Due Date
Distribute Community Council Surveys	April 17
Community Council surveys due to OMB	June 1
Capital rollover in TeamBudget	June 24
OMB distributes initial funding guidance and priorities to departments	July 8
OMB conduct budget overview to departments	July 11
Dept finalize project entry in TeamBudget (date factor - legislative grants bill comes out in June)	July
Departments submit changes to 2014 - 2019 CIP and 2019 additions. Close TeamBudget.	July 31
Utilities / enterprise submit CIB / CIP	Aug 2
Mayor's preliminary review - meet with depts	August
Departments review proposed capital budget	August
<i>Mayor's Final Decision on CIB / CIP</i>	Aug 28
OMB delivers 120-day submission to Assembly	Sept 3
<i>AMC 6.10.040 Submittal and adoption of municipal operating and capital budget.</i>	
<i>A. At least 120 days before the end of the fiscal year the Mayor shall submit to the Assembly the following:</i>	
<i>1. A preliminary general government capital budget/capital program and utilities capital budget/capital program.</i>	
Preparation of final CIB / CIP narratives & data presentations	Sept 3 - 13
OMB completes GG Proposed CIB / CIP Book, AR, AM, & AO	Sept 18
OMB submit budget to Assembly	Oct 2
<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>	
OMB presents CIB/CIP to Planning & Zoning Commission for recommendation	Oct
Formal introduction of CIB / CIP ordinance & resolution	Oct 8
Introduction of Mayor's budget to assembly	
Assembly work session - 2013 overview/departments presentations	Oct 11
Assembly work session - Capital/Enterprises	Oct 18
Public Hearing #1 (proposed date)	Oct 22
<i>Section 13.04. Budget hearing. The assembly shall hold at least two public hearings on the proposed operating and capital budget for the next fiscal year, including one hearing at least 21 days after the budget is submitted to the assembly, and one hearing at least seven but not more than 14 days prior to the adoption of the budget.</i>	
Public Hearing #2 (proposed date)	Nov 5
Assembly work session - Assembly amendments (proposed date)	Nov 15
Assembly adoption CIB / CIP (proposed date)	Nov 19
<i>AMC 6.10.040 Submittal and adoption of municipal operating and capital budget.</i>	
<i>B. The general government capital budget/capital program will be adopted at least 21 days prior to the end of the fiscal year of the municipality.</i>	

## **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.

See page 6 for history of voter approved GO bonds.

**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.

See page 7 for history of State legislative grants awarded to the Municipality.

**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.

**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>
2013	21.1	2.1	2.5	25.6
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>504.2</b>	<b>61.7</b>	<b>33.0</b>	<b>598.8</b>

**State Legislative Grants  
History of Awards to the Municipality of Anchorage**

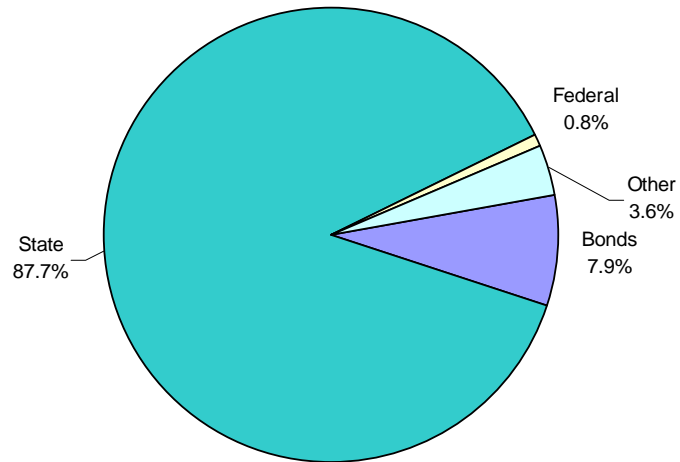
Year	Capital Bill No.	Fire	Police	Health & Human Services	Transit	Management & Engineering	Parks & Rec, Library, Museum	Facilities/ Misc	Other *	Total
2013	SB 18	1,550,000	-	-	-	65,910,244	1,313,000	38,492,500	-	107,265,744
2012	SB 160	3,266,700	3,100,000	-	1,075,000	106,125,250	6,963,150	31,267,375	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>19,294,000</b>	<b>8,664,800</b>	<b>255,000</b>	<b>2,945,000</b>	<b>474,396,772</b>	<b>32,441,206</b>	<b>122,138,183</b>	<b>157,217,294</b>	<b>817,352,255</b>

\* Includes grants to Port of Anchorage

## 2014 Capital Improvement Budget

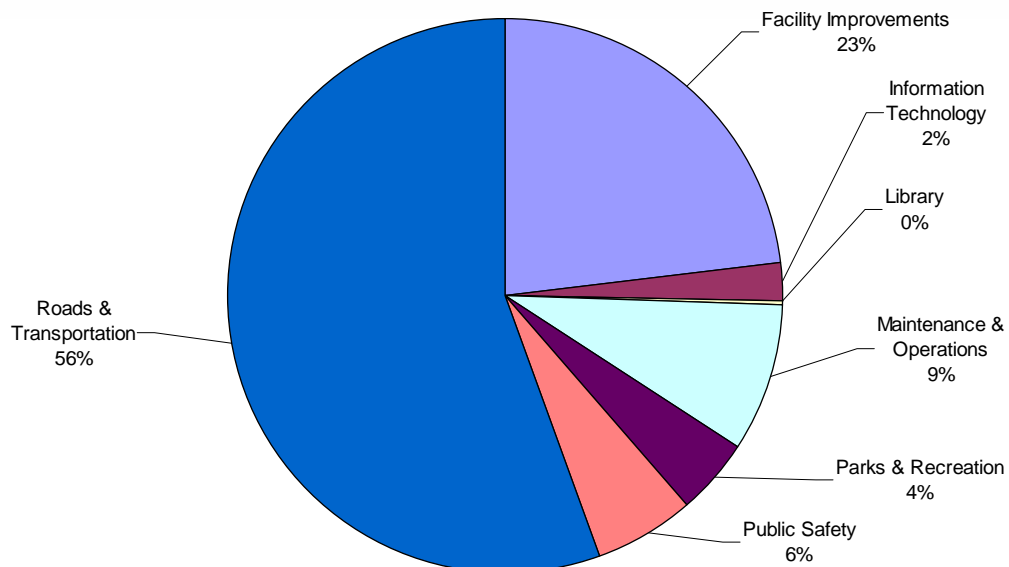
### 2014 Proposed Funding Sources

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



### 2014 Project Totals by Functioning Group (in thousands)

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%
<b>Total</b>	<b>405,314</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 Museum at Rasmuson Center - \$5,000,000**

The Museum's collections storage area is more than 40 years old in some areas and is outdated and insufficient in space and security. The HVAC system aged and in need of replacement to provide improved temperature and humidity control for the sensitive collections. The atrium and auditorium see high public use and are in need of a renovation. (Public Works Department, page PW – 58)

### **APD Expansion Phase II Indoor Secure Storage - \$12,500,000**

This building will securely house large evidence items and department owned mission essential emergency response specialty vehicles. With construction of the new Outdoor Secure Evidence Lot in 2013 and closure of the previous facility, this project will allow for the collocation of Indoor and Outdoor Secure Evidence Storage on the same secure campus to increase security and decrease man power management costs. (Anchorage Police Department, page APD – 3)

### **Chugiak Senior Center Phase II & III - \$5,080,000**

Provide needed facility enhancements, with specific improvements to include covered carports, and parking lot rehabilitation; engineering assessment of septic system; landscape upgrades; steel maintenance shop/dry storage outbuilding, HVAC upgrades, apartment renovation and design/construction of 20 additional apartments. Chugach - Eagle River Senior Center has a waiting list of 40 - 50 people consistently for independent housing. (Public Works Department, page PW – 93)

### **Computer Assisted Mass Appraisal (CAMA) 2014 - \$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. (Information Technology Department, page IT – 3)

### **DHHS Headquarters Building - \$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. (Public Works Department, page PW – 107)

### **Emergency Vehicle Shop Replacement - \$8,000,000**

The Fire Maintenance Shop is 26 years old. It was built to accommodate the repair of a fleet half the current size of AFD's fleet. The Shop bays are narrow and do not adequately accommodate today's larger fire apparatus. The shop maintains the EMS and Fire fleet for Anchorage, Girdwood and Chugiak Fire Departments. (Public Works Department, page PW – 119)

### **Fleet Maintenance Shop - \$6,000,000**

Purchase warehouse space and retrofit to house Fleet Maintenance shop. (Public Works Department, page PW – 126)

Loussac Renovation - \$8,250,000

Next phase of construction, which will include reconstruction of the front entrance, installation of an interior book drop, design for interior renovations, various mechanical and safety code upgrades, and wireless broadband upgrade. (Public Works Department, page PW – 151)

Midtown Transit Facility - \$8,240,000

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. (Public Transportation Department, page PTD – 9)

Mulcahy Park Stadium Relocation & Replacement - \$12,240,000

Funding will be used to relocate and replace Mulcahy Stadium (Parks and Recreation Department, page P&R – 30)

## 2014 - 2019 Capital Improvement Program

The 2014 - 2019 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 2014 - 2019 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.

### 2014 – 2019 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 2014– 2019 CIP O&M, the identified costs are increases 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:

### 2014 - 2019 O&M Estimate

(in thousands)

Department	2014	2015	2016	2017	2018	2019
Information Technology	459	464	331	201	207	-
Public Transportation	14	14	14	14	14	14
Public Works	228	545	455	165	234	138
<b>Total</b>	<b>701</b>	<b>1,023</b>	<b>800</b>	<b>380</b>	<b>455</b>	<b>152</b>

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