

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 Program (CIP) has a longer-term outlook that identifies projects for the next six years, including the upcoming fiscal year.

Planning Process

Management & 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

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 (AMC 6.10.040). This summary is high-level and includes the total of the projects by department, year, and funding source;
- 90 days prior to the end of the fiscal year the proposed CIB and CIP are submitted to the Assembly (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.A.6).

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 are also required, which may be 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 general government capital budget/capital program will be adopted at least 21 days prior to the end of the fiscal year of the Municipality (AMC 6.10.040).

Annual Capital Improvement Budget (CIB)^[1] and Capital Improvement Program (CIP)^[2]
Development Process

		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Approximate Timing of Events													
		CIB/CIP REVIEW											
BUDGET PROCESS			Community Council Survey developed	Community Council (CC) 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		
BONDS				Final Bond fact sheet distributed	Bond election certified	Assembly appropriation of Bonds							Bond propositions drafted (from approved CIB/CIP)
				Bond proposition hearing - Assembly approves ballot propositions									
STATE/ FEDERAL GRANTS				Federal funding priorities developed/ delivered to Congress	Liason with Legislature during session	Capital Budget Bill passed	Governor reviews Capital Budget Bill	State Grants awarded					Legislative program developed
				Legislative program approved by Assembly and delivered to Legislators			Assembly AR Approved (effective 7/1)						

[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.

2016 Proposed General Government Capital Budgets
Municipality of Anchorage
Operating & Capital Budgets -- General Government / Utilities / Enterprises
2016 - Budget Preparation Calendar (Preliminary)

Action	Date	Category
Available Online Community Council Surveys	March 18	Capital
Community Council surveys due to OMB	May 31	Capital
Rollover of 2015 1Q to 2016 Operating and Capital	May-June	All
TeamBudget available to departments	July	All
OMB distributes Mayor's operating funding guidance and initial capital funding guidance and priorities to departments	July	All
OMB to coordinate with departments for IGC data	July	Operating
Dept finalize project entry in TeamBudget (date factor - legislative grants bill comes out in June)	July	Capital
Treasury to provide to OMB preliminary revenue projections		Operating
Public Finance to provide OMB: bond P&I projections; bond payout for next year; utility/enterprise cash pool earnings, debt service schedules and equity ratios.	July	All
Department proposed budget changes and changes to Operating due to OMB. Close TeamBudget.	August 14	All
Department proposed budget changes and changes to CIP / CIB due to OMB. Close TeamBudget.	August 19	All
Utilities / enterprise submit CIB / CIP	August 19	Capital
Preliminary Tax Cap Calculation	August	Operating
OMB compiles summaries of department changes for Mayor review	Aug 19-24	All
Mayor meets with departments and reviews budget proposals and PVRs	August 24-	All
Departments review proposed capital budget	August	Capital
Service Area budgets due to OMB	August	Operating
Initial assessed value projection due to OMB from Prop. Appraisal	August	Operating
Mayor's preliminary decision on operating, CIB, CIP	Sept. 2	Capital
Preliminary budget information to Assembly - " 120 Day Memo " (revenues, tax limit, service priorities, reorganizations, utility / enterprise business plans, update to utility / enterprise strategic plans, and proposed	Sept. 2	A All
Preparation of final CIB / CIP narratives & data presentations	Sept 4 - 11	Capital
OMB run IGCs	Sept 14-17	Operating
Request from Public Finance cash pool investment income (Chris), debit svcs schedules and financial strategies (Richard)	Sept 14-17	Operating
Mayor's final decisions	Sept 18	Operating

2016 Proposed General Government Capital Budgets
Municipality of Anchorage
Operating & Capital Budgets -- General Government / Utilities / Enterprises
2016 - Budget Preparation Calendar (Preliminary)

Action	Date	Category
OMB completes Proposed CIB / CIP Book, AR, AM, & AO	Sept. 18-30	Capital
OMB presents CIB / CIP and 6 Year Program to Planning & Zoning Commission for recommendations	Sept.- Oct.	Capital
OMB completes GG Ops / Utl Proposed Budget Books, AO, AR, and AM & AR for 6 Year Program	Sept. 18-30	All
OMB submits 6-Year Program and Budgets to Assembly (NLT October 2)	Oct 2	B All
Assembly Worksession - 2016 Budget, Overview, & Revenue	Oct 2	Operating
Assembly Worksession - 2016 Budget & Other Matters	Oct 9	Operating
Formal introduction of Mayor's budgets to Assembly (note, Assembly meeting dates changed from 6 & 20 to 13 & 27)	Oct 13	All
Assembly Worksession - 2016 Budget & Other Matters (tentative)	Oct 16	Operating
Assembly Worksession - 2016 Budget & Other Matters	Oct 23	Utl / Ent / Cap
Assembly Public Hearing # 1 on proposed budget	Oct 27	C All
Assembly Public Hearing # 2 on proposed budget	Nov 10	C All
Assembly Worksession - 2016 Assembly Budget Amendments (tentative)	Nov 13	All
Assembly Worksession - 2016 Assembly Budget Amendments (tentative)	Nov 20	All
Assembly Meeting - adoption of budgets (proposed date)	Nov 24	D All
OMB / IT upload adopted budget into financial system for 2016 use	Dec 4	Operating

Note: All dates are subject to change.

A

6.10.040 Submittal and adoption of municipal operating and capital budget. **September**

A. At least 120 days before the end of the fiscal year the Mayor shall submit to the Assembly the following:

1. A preliminary general government capital budget/capital program and utilities capital budget/capital program.
2. Proposed utility business plans and update to utility strategic plans.
3. Preliminary general government revenue plan, tax limitation, and administration service priorities.
4. Major departmental consolidations, reorganizations or establishments necessitating changes to Chapter 3.10 or 3.20, pertaining to executive organization, and required by proposed budgets for the next fiscal year.

B

Section 13.02. Six Year Program October

At least 90 days before the end of the fiscal year of the municipality the mayor shall submit to the assembly, with recommendations from the planning commission, a six-year program for public services, fiscal policies and capital improvements of the municipality. The program shall include estimates of the effect of capital improvement projects on maintenance, operation and personnel costs. The assembly shall hold at least one public hearing on the six-year program prior to adoption.

Section 13.03. Operating and capital budget. October

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. The form and content of the budget shall be consistent with the proposed six-year program. The Mayor shall submit with the budget an analysis of the fiscal implications of all tax levies and programs.

2016 Proposed General Government Capital Budgets
Municipality of Anchorage
Operating & Capital Budgets -- General Government / Utilities / Enterprises
2016 - Budget Preparation Calendar (Preliminary)

Action	Date	Category
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C

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.

D

6.10.040 Submittal and adoption of municipal operating and capital budget.

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.

Funding Sources

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 & 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.

Bond funding is used to purchase "bricks and mortar" type items with long useful lives. Bond funding can also be used to extend the life of an asset, but not repair it. Bond funding cannot generally be used to purchase assets with very short lives, but if there are sufficient long term assets being financed at the same time, a review can be done to verify that there is sufficient amortization in the early years to repay the debt on those short term items.

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 8 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 9 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 & Maintenance (O&M)

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.

General Obligation Bond Propositions History of Voter Approved

(in millions)

Year	Roads and Transit	Public Safety	Parks and Recreation, Library, and Museum	Total
2015	17.3	8.3	2.8	28.3
2014	22.1	2.5	2.6	27.1
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
Total	543.6	72.4	38.3	654.3

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

Year	Capital Bill No.	Fire	Police	Health & Human Services	Transit	Project Management & Engineering	Parks & Rec, Library, Museum	Facilities/ Misc	Other *	Total
2015	SB26**	-	-	-	-	-	-	-	-	-
2014	SB 119	-	-	-	-	37,936,581	250,000	41,948,370	-	80,134,951
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)
Total		19,294,000	8,664,800	255,000	2,945,000	512,333,353	32,691,206	164,086,553	157,217,294	897,487,206

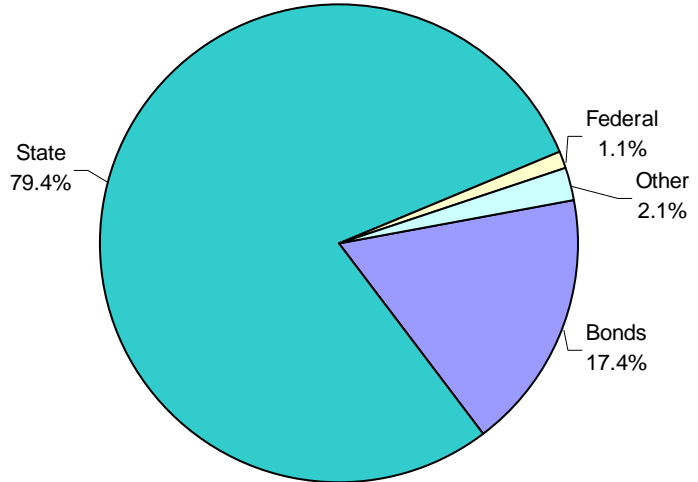
* Includes grants to Port of Anchorage

** The Municipality did not receive any State Legislative grants in 2015 (SFY 2016).

2016 Capital Improvement Budget

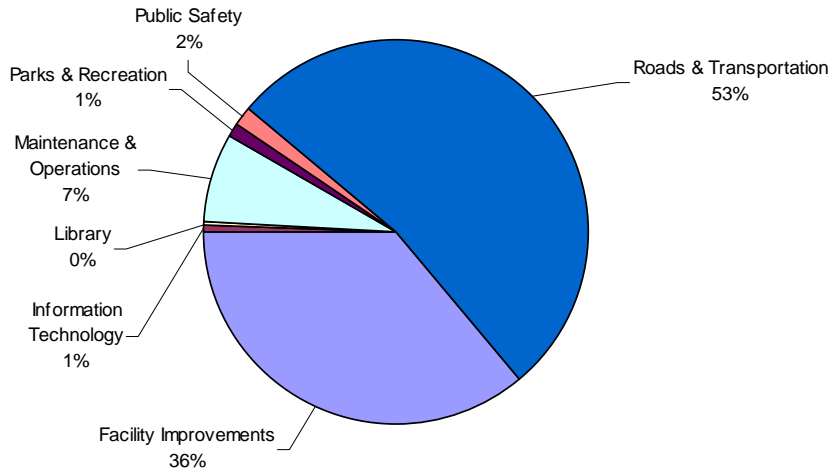
2016 Proposed Funding Sources

Funds	\$ (millions)	%
Bonds	\$ 58.8	17.4%
State	\$ 268.7	79.4%
Federal	\$ 3.8	1.1%
Other	\$ 7.2	2.1%
Total	\$ 338.4	100.0%



2016 Project Totals by Functioning Group (in thousands)

Category	\$	%
Facility Improvements	121,841	36%
Information Technology	2,110	1%
Library	733	0%
Maintenance & Operations	25,368	7%
Parks & Recreation	4,000	1%
Public Safety	6,137	2%
Roads & Transportation	178,255	53%
Total	338,444	100%



Significant Non-Routine Capital Projects

Most of the approved 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 may have significant impact on the operating budget as defined in the project details.

APD Headquarters Expansion – Phase III – \$50,000,000

This project addresses the renovation of the police department Headquarters Building and construction of essential support facilities on the existing police campus. The department's headquarters building is located on approximately 70 acres of developable land dedicated for police usage. The development of the current campus will consolidate all police department operational assets with the exception of the Police Academy Training Center and Satellite Substations to a single centralized location. (Maintenance & Operations Department, page MO – 15)

Chester Creek Sports Complex - \$11,500,000

Project will expand the arena parking lot by removing and replacing the North Kosinski baseball fields with an expanded parking lot that includes paving, a walkway to the arena, lighting and relocation of Mulcahy Baseball Stadium. Parking lot is undersized due to location of several high public use facilities in close proximity. Kosinski baseball fields see limited use due to the development of the South Anchorage Sports Complex. (Maintenance & Operations Department, page MO – 21)

Fleet Maintenance Shop - \$4,100,000

The current Fleet Maintenance Shop is a leased facility and lacks space for current operations. The existing buildings are over 30 years old and do not meet the standards for a modern maintenance shop responsible for maintaining a fleet of over 1,000 vehicles. This project would purchase warehouse space and retrofit to house Fleet Maintenance Shop. (Maintenance & Operations Department, page MO – 30)

Girdwood Multipurpose Community Facility - \$2,800,000

This funding would launch design, review, permitting and geotechnical site work of the reserved 6.8 acres in the South Townsite. (Maintenance & Operations Department, page MO – 31)

Multi-Disciplinary Center Construction - \$10,000,000

This project would build a new 20,000 square foot Multi-Disciplinary Center (MDC) on already owned Municipal land adjacent to the Anchorage Police Headquarters. This facility would provide space for all agencies to continue to provide effective and caring investigations to the victims of sexual assault. (Police Department, page PD – 9)

Public Health Facility Improvements - \$2,500,000

The Health facility houses the majority of the Health & Human Services Department and serves the residents of Anchorage as a major health care clinic. Major mechanical systems in the building are past their useful life and in need of replacement due to costly annual maintenance of the outdated systems; this funding would be used to replace deteriorated windows, corroded pipes and outdated boilers. (Maintenance & Operations Department, page MO – 41)

South Central Law Enforcement Tactical Range/Construction - \$4,800,000

The South Central Law Enforcement Tactical Range, a Campus of the Arctic Public Safety Training Institute (PSTI), will be a dedicated outdoor shooting facility with four individual ranges of different sizes to accommodate various types of firearms including long guns (rifles) and the simultaneous training of multiple agencies. This funding will be utilized for project construction. (Maintenance & Operations Department, page MO – 45)

Spenard Rd Reconstruction Phase II – Hillcrest Dr to Benson Blvd - \$14,000,000

This project will construct safety and pavement rehabilitation improvements to an arterial street. Improvements are expected to include new pavement, curb and gutter, traffic signals, traffic calming, street lighting, and landscaping. (Project Management & Engineering Department, page PME – 190)

Spruce St Upgrade/Extension – Dowling Rd to 68th Ave - \$9,750,000

This funding will be used to upgrade and complete a new north/south collector street connection between Dowling Road and 68th Avenue. Improvements are expected to include a new road base, curbs, pavement, storm drains, pedestrian facilities, street lighting, and landscaping. (Project Management & Engineering Department, page PME – 195)

2016 - 2021 Capital Improvement Program

The 2016-2021 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 2016 - 2021 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.

2016 – 2021 O&M

As capital requests are reviewed, awareness of potential operating costs associated with projects is identified at an individual project detail level for the year(s) after the work is complete. For 2016 – 2021 CIP O&M, the identified costs are increases to the operating budget due to addition of facilities expansion (utilities, etc) and road improvements (street maintenance). Yearly costs by departments are projected as follows:

2016 - 2021 Capital Improvement Program Operations & Maintenance Estimate

(In Thousands)

Department	2016	2017	2018	2019	2020	2021	Total
Maintenance & Operations	2	37	149	182	197	204	771
Parks & Recreation	235	-	-	-	-	-	235
Project Mgmt & Engineering	50	-	-	-	-	-	50
Total	287	37	149	182	197	204	1,056

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