

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 project scope, funding sources, and cost 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 title, the CIB lists its scope, funding source, amount, 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.

Starting in March, a survey is distributed to local community councils who prioritize projects as well as identify additional needs. In July, the Mayor's priorities are communicated to departments. By August, municipal departments combine the community council priorities, the Mayor's priorities, and the conditions of existing infrastructure to develop a proposed CIB/CIP draft for the Mayor. The Mayor might then request additional information and make changes, which are reflected in the CIB and CIP that is submitted to the Assembly as the proposed CIB and proposed CIP by the codified due date in early October.

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

Approximate Timing of Events

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
	CIB/CIP REVIEW											
BUDGET PROCESS			Community Council Survey developed	Community Council (CC) Survey distributed CC Survey results received		MOA Depts begin developing CIB/CIP	MOA Depts generate complete draft of CIB/CIP	OMB analysis Mayor review/comments	Preliminary and proposed CIB/CP prepared and introduced to Assembly -- Commissions review	Work sessions, Assembly comments, and Public hearings	Assembly amendments Final approval	Approved CIB/CIP published
BONDS	Final administration Bond propositions developed and introduced to Assembly	Bond proposition hearing - Assembly approves ballot propositions	Final Bond fact sheet distributed	Bond vote/ election	Bond election certified	Assembly appropriation of Bonds						Bond propositions drafted (from approved CIB/CIP)
STATE/ FEDERAL GRANTS	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.

2018 Proposed General Government Capital Budget
Municipality of Anchorage
Operating & Capital Budgets -- General Government / Utilities / Enterprises
2018 Budget Preparation Calendar (Preliminary) - June 2017

Action	Date	Category
Community Council Surveys Available Online	Mar 1	Capital
Community Council surveys due to OMB	May 31	Capital
Rollover of QuesticaBudget prior-year revised to budget-year proposed operating and capital	June	All
Questica budget available to departments	June	All
OMB request 2018 CIB / 2018-2023 CIP projects from Departments	June 19	Capital
All Department preliminary capital budget changes to CIB due to OMB.	June 30	Capital
OMB distributes Mayor's funding guidance and priorities to departments	June 26-30	Operating
OMB review, analyse, compile preliminary CIB to Mayor	July 1-12	Capital
Mayor's first preliminary review of list of projects	July 13-14	Capital
Send preliminary CIB to Finance for fund certification	July 17-19	Capital
CIB discussion with Mayor	July 24-28	Capital
AEDC to provide data for Six-Year Fiscal Program	July 28	Operating
All departments submit proposed changes to operating budgets to OMB	July 31	Operating
OMB compiles summaries of department operating budget changes for Mayor review	Aug 1-4	All
Planning & Zoning Commission preview of preliminary working draft CIB/CIP for GG by coordinating with Departments	July 31-Aug 7	Capital
Treasury to provide to OMB preliminary revenue projections	Aug 9	Operating
Public Finance to provide fund balance, bond rating, and financial strategies data for Six-Year Fiscal Program	Aug 11	Operating
Treasury to provide revenue data for Six-Year Fiscal Program	Aug 11	Operating
Mayor's decisions on proposed CIB/CIP to OMB	Aug 14	Capital
OMB Completes Proposed 2018 CIB/CIP book	Aug 18	Capital
Mayor meets with departments and reviews budget proposals and PVRs	Aug 14-18	All
Service Area budgets due to OMB	Aug 18	Operating
O&M projections due to OMB (OMB to send out file prior to this date)	Aug 18	Operating
Public Finance to provide OMB: review of utility/enterprise 8 year summaries and revenue/expense statements, with focus on: debt, debt/equity ratios, cash pool, cash pool earnings, etc.	Aug	All
Initial assessed value projection due to OMB from Prop. Appraisal	Aug	Operating
Preliminary Tax Cap Calculation by OMB to Mayor	Aug 18	Operating
OMB submits Six-Year Fiscal Program to Mayor	Aug 21	All
Mayor's final decisions on operating budget	Aug 23	Operating
OMB run IGCs	Aug 24-25	Operating
("120 Day Memo") Mayor's Preliminary budget information to Assembly and online (revenues, tax limit, service priorities, reorganizations, utility/enterprise business plans, update to utility/enterprise strategic plans, and proposed CIPs)	Sept 1	A All
OMB finalizes Proposed CIB/CIP book and Assembly documents	Sept 5-8	Capital
OMB completes GG operating and utility/enterprise budget books and Six-Year Fiscal Program	Sept 11-15	All

2018 Proposed General Government Capital Budget
Municipality of Anchorage
Operating & Capital Budgets -- General Government / Utilities / Enterprises
2018 Budget Preparation Calendar (Preliminary) - June 2017

Action	Date	Category
OMB completes assembly documents for GG operating and utility/enterprise budgets and Six-Year Fiscal Program	Sept 18-22	All
Assembly worksession, Overview & Highlights of Proposed Budgets	Sept 29	All
OMB submits budgets and Six-Year Fiscal Program to Assembly and online (NLT October 2)	Oct 2	B All
Formal introduction of Mayor's budgets to Assembly	Oct 10	All
Planning & Zoning Commission recommendations on CIB/CIP; (first Monday after Assembly introduction of Mayor's CIB/CIP)	Oct 16	Capital
Assembly Worksession - General Government Operating & Capital	Oct 20	All
Assembly Public Hearing # 1 on proposed budgets	Oct 24	C All
Assembly Worksession - Utilities/Enterp. Budgets & Legislative Program	Oct 27	Utl / Ent / Leg
Assembly Public Hearing # 2 on proposed budgets	Nov 7	C All
Proposed Special Assembly meeting for PH#3 (Special Meeting TBD)	Nov 14	All
Assembly Worksession - Assembly proposed amendments	Nov 16-17	All
Administration prepares S-Version	Nov 14-20	All
Assembly Meeting - Assembly amendments and adoption of budgets	Nov 21	D All
OMB / IT upload adopted budget into financial system for budget year use	Dec 2	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 Fiscal 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.

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.

Annual debt issuance will be in accordance with the Municipality's formal Debt Management Policy approved by the Anchorage Assembly on July 12, 2016 on Assembly Resolution AR 2016-190, As Amended.

See page 7 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 8 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
2017	36.9	4.0	3.7	44.6
2016	36.6	7.9	3.4	47.9
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	617.1	84.4	45.3	746.8

**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
2017	SB 23**	-	-	-	-	-	-	-	-	-
2016	SB 138**	-	-	-	-	-	-	-	-	-
2015	SB 26**	-	-	-	-	-	-	-	-	-
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

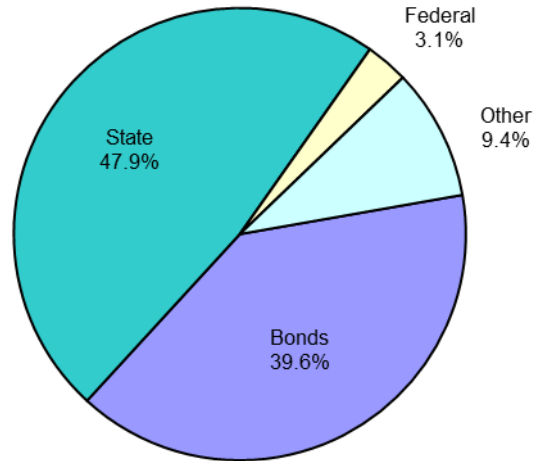
** The Municipality did not receive any State Legislative grants in 2015 (SFY 2016), 2016 (SFY 2017) and 2017 (SFY 2018).

2018 Capital Improvement Budget

2018 Proposed Funding Sources

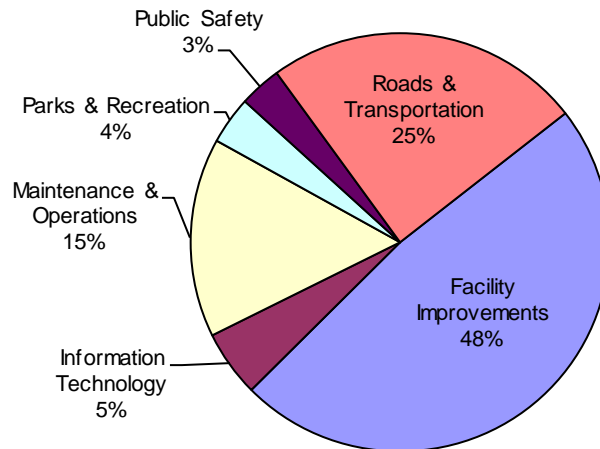
Funds	\$ (millions)	%
Bonds	\$ 45.9	39.6%
State	\$ 55.6	47.9%
Federal	\$ 3.6	3.1%
Other	\$ 10.9	9.4%
Total	\$ 115.9*	100.0%

*Does not sum to total due to rounding



2018 Project Totals by Functioning Group (in thousands)

Category	\$	%
Facility Improvements	\$55,769	48%
Information Technology	\$ 5,937	5%
Maintenance & Operations	\$17,850	15%
Parks & Recreation	\$ 4,275	4%
Public Safety	\$ 3,760	3%
Roads & Transportation	\$28,350	25%
Total	\$115,941	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.

82nd Ave. Storm Drain Replacement – West of Old Seward Hwy – \$2,100,000

This project would reconstruct the existing drainage system in this area to replace or slip line deteriorated pipes and convey the drainage to a tributary of Little Campbell Creek. Design is underway funded with prior year bond monies; 2018 construction is proposed with local road bonds. The project need was identified through Street Maintenance by property owners in the area. Flooding is expected on 82nd Avenue with every precipitation event. (Project Management & Engineering Department, page PME - 32)

Anchorage Area-Wide Radio Network (AWARN) Infrastructure Upgrade – \$2,250,000

This project will upgrade the AWARN infrastructure to comply with mandates for Alaskan public safety communications interoperability. These updates maintain our encryption compatibility with our state and federal partners. AWARN is the Anchorage portion of the statewide interoperable public safety network. Municipal departments communicate among themselves and with state and federal law enforcement and emergency medical responder partners via this network. The State and Federal partners are currently performing a life cycle and technology upgrade on the statewide system. State of Alaska has appropriated \$4,600,000 in their 2018 capital budget. It is necessary to perform a similar update to the Anchorage system, to maintain interoperability among local, state and federal authorities for the most efficient and prompt delivery of public safety services to Anchorage residents. (Maintenance & Operations Department, page MO - 10)

Campbell Woods Subd Area Road and Drainage Improvements – \$2,500,000

This project will fund Phase I construction. This phase will construct drainage improvements in the Campbell Woods subdivision area including replace two of the outfalls into the Campbell Creek drainage. The storm drain in Edinburgh Drive is expected to be replaced along with reconstructing most of the roadways in the subdivision. In addition, a new connection running south from Lennox Circle will also be constructed. The construction is anticipated to be completed in four phases and funding will be pursued accordingly. Previous bond funds have funded design efforts. (Project Management & Engineering Department, page PME - 47)

Coastal Trail Bridge Replacement @ South Westchester Lagoon – \$950,000

This funding will replace the aging bridge with viewing platforms that will help alleviate congestion and provide opportunities for sight-seeing & bird-watching at the lagoon. (Parks & Recreation Department, page PR - 9)

Pleasant Valley Subdivision Area Road and Drainage Rehab – \$3,400,000

The project will provide for Phase 1 construction of Pussywillow Street, Williwa Avenue, and possibly Northwind Avenue west of Pussywillow. Improvements are expected to include a new road base, curb and gutter with the installation of a storm drain system, pedestrian facilities, and street lighting. The project is currently in design. The drainage is very poor, which has added to the crumbling of the road surface especially at the edges. In addition, property owners report extensive icing in the winter months and standing water in the summer. (Project Management & Engineering Department, page PME - 128)

Stormwater Sediment Treatment Facility – \$3,300,000

This project will construct a new Vactor Waste Decant Facility for storm drain cleaning operations. Design is currently underway with funding from prior year local road bonds. Property has been purchased and is going through the rezoning process and this funding will allow for construction to begin. A Vactor Waste Facility is needed to meet new State of Alaska, Alaska Pollution Discharge Elimination System (APDES) storm drain cleaning requirements. (Project Management & Engineering Department, page PME - 155)

2018 - 2023 Capital Improvement Program

The 2018-2023 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 2018-2023 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 utility and enterprise departments 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.

2018 – 2023 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 2018 – 2023 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:

2018 - 2023 Capital Improvement Program Operations & Maintenance Estimate

(In Thousands)

Department	2018	2019	2020	2021	2022	2023	Total
Information Technology	490	1,531	1,345	1,465	1,220	1,067	7,118
Library	-	-	500	500	500	500	2,000
Maintenance & Operations	22	80	122	138	139	-	501
Parks & Recreation	290	271	237	178	35	-	1,011
Total	802	1,882	2,204	2,281	1,894	1,567	10,630