

# **CITY OF ANCHORAGE**

**1956**

## **BUDGET**



**Prepared by**

**THE OFFICE OF THE CITY MANAGER**

**for**

**THE CITY COUNCIL**

**Anchorage, Alaska**



November 22, 1955

The Mayor and Members of City Council  
City of Anchorage  
City Hall  
Anchorage, Alaska

Gentlemen:

The 1956 budget is presented to you as recommendations of the City Manager for a work program of municipal services that can be performed within the limits of anticipated revenues. The budget, as presented, is in balance as to income and expense, and a very serious effort has been made to meet the demands of the Council and the public in providing all municipal services for which the City government is responsible. This budget, as past budgets, is not prepared on the basis of amounts of money that have been appropriated in past years, but it is based on the evaluation of services that are required by the public and performed by the functional departments.

In preparing this budget, a review was made of all the requests that have been made by citizens for improved services and new services, physical improvements of community facilities, a review of the constructive criticisms received, and an analysis of work operations and performance reports of all departments. When evaluating these factors, it often appears that budget making becomes an insurmountable task. The problem is further accentuated by requests for reduction-in-revenue measures, thus limiting funds to such an extent that it is never possible to provide the standards of service which are demanded and required on the part of the public. The objective of this budget is to bring into balance the standards of service with the dollars available for all the recognized functions of the City.

To give an example of some of the service requests which have been received by various departments, the City Manager and City Council in 1955, the following are listed:

(1) Request for construction of almost 2 million dollars of street improvements which costs will be shared by the property owners and the General Fund, with the result that a large increase in fixed charges have to be paid to service the debt that must be created to complete the improvements.

(2) Numerous requests for operational services to aid in the safety and welfare of the youth of our City, including such things as street lights, traffic signals, participation in construction of overpass for school children, special library services, additional police officers to direct traffic at school crossings on heavily traveled traffic arteries, snow removal on sidewalks leading to schools, providing land for school construction, requests for additional neighborhood parks and supervised recreation including such things as ice rinks, ball diamonds and play equipment, establishment of a juvenile detention home. Compliance or partial compliance with many of these requests have been provided for, but others have had to be rejected because of inadequate funds even though nearly all appear reasonable and just.

(3) There have been requests for considerable improvement to the unpaved streets, providing additional storm drains, major sidewalk repair, street openings, improved standard of snow removal and ice control, and many requests for a much higher standard of dust control. Numerous requests have been made for the improvement of garbage collection services so that a higher standard of sanitation and cleanliness may be maintained, especially in the densely populated areas.

(4) Numerous requests are made for assistance to various community-type programs, including contributions to Chamber of Commerce and their special service projects, Fur Rendezvous, Alaska Visitors' Association, an area-wide economic study, and several requests for donations to campaign fund drives. During the year there have been requests made for the City to provide special library service, make space available for a municipal museum, provide funds for a band to play at public functions, to assist other organizations who use the Auditorium by absorbing rental charges as a part of the City's operating costs, provide a working fund of \$5,000 to organize a United Drive, and provide and supervise an emergency welfare warehouse.

(5) The City was requested to participate in the paving of a public thoroughfare on federal property, to provide fire service to the Alaska Railroad without cost, and to sponsor construction of a drill track into the industrial district.

(6) Requests have been made for the City to sponsor an Urban Renewal Program for the improvement of living conditions for many of the residents in the City.

There are numerous other requests made upon the general fund of the City, some of which have real merit, that are too numerous to mention in this budget message.

In addition to these requests for new services and participation on the part of the City government, department heads and other City officials are in position to evaluate their standards of service by analyzing the complaints that are received. Not all complaints are based on poor service, because many of them concern the inadequacy of service that cannot be rendered because of the lack of appropriations to satisfy the public's service requirements. The work performed by the various departments is constantly under review by the department heads and the City Manager throughout the year, and at budget-making time these operations and their requirements are considered along with complaints for new and improved service requests so that when the final budget recommendations have been compiled, there will be serious effort on the part of the City administration to provide as balanced a public service program as possible and to perform as much work as possible within the funds that are available. The department heads and their employees have exhibited a sincere desire to perform their public services on a quality basis, because they recognize that the better service they render, the better will be the public acceptance of their service and the service of the entire City government.

It is the intent that this budget presentation will convert dollar appropriations into policies of work to be accomplished and services to be rendered for the dollar appropriation. Once the budget is adopted, then not only are the dollar expenditures controlled to keep within the appropriations, but monthly reviews are also made of the work accomplished and comparing the performance with that as outlined in the budget. Upon the adoption of this type of budget, the City Council and its citizens have real basis to account and evaluate their tax monies with the standards of services that they will receive.

### General Fund

The General Fund revenue estimates are based upon a 20 mill tax rate as being the minimum tax rate that could be levied since the School District 10 mill tax rate was set last May. The General Fund revenues have increased \$251,606 over the 1955 revenue estimates. Property taxes provide \$214,108 of the additional revenues. The increased revenue from taxes has been

partially caused by the annexation of East Mountain View since the 1955 tax year and the re-evaluation of land appraised at 1955 prices as compared with 1950 prices in last year's land assessments. Other increases in the General Fund revenues are minor in comparison to the property tax source. The contributions from the three utility funds total the same as was received last year.

In analyzing General Fund revenues of the Anchorage City government, it is always necessary to take out that portion of the funds which are collected for the School District by the City and then passed on to the School District as a form of appropriation from the General Fund. The taxes estimated as revenue for the schools are \$891,738. Eliminating this amount from the General Fund operational accounts shows that the increase in revenue for municipal purposes is only \$61,435. On that portion of the budget for municipal services, tax revenues provide 40% of the revenue, utilities contributions and their payment in lieu of taxes to the General Fund provide 23%, and all other sources provide 37%. The percent of revenue derived from the property tax is slightly below average. This same percentage could be maintained at a much lower tax rate to the Anchorage property owner if it were not for the high percentage of tax exempt federal government property within the city limits.

The General Fund expenditures for the second consecutive year show the greatest increase in payment to the school system and increased debt charges. Out of the increased total budget of \$251,606, \$152,673 is the increased appropriation to the School District over the 1955 appropriation. Debt charges, including interest expense and contributions to the special assessment funds for payment of bonds, have increased \$54,019, leaving a net increase in the general operating expenses of the General Fund of \$44,914.

A summary analysis of the expenditure budgets of the General Fund reveals that 17 accounts were reduced for a total of \$130,000 and only nine accounts were increased more than \$2,500 over 1955 estimates. These nine accounts include, Police Department, Custody of Prisoners, Fire Department, Engineering and Design, Garbage Collection, Public Works Garage, Parking Meter and Off-Street Parking, Parks and Recreation, and Workmen's Compensation. The increases in these accounts are explained in detail in the work programs. Where there has been decreases in expenditures, it has been as a result of reduction in services or because of abnormal expenditures made in 1955 for special items--just as there will be found abnormal expenditures in 1956 for several of the accounts enumerated above.

The chart opposite Page 4 shows the General Fund expenditure comparisons for four years divided as to capital, School District appropriations, debt service and operational expenses. From this analysis, the 1956 budget reduced its capital expenditures \$18,000, increased the school expenditures \$152,673, increased its debt services \$54,019, and general operational expenses \$63,114. In order to carry out a desirable work program and to balance the budget, all personal service expenditures of the various departments were analyzed and in most instances two weeks salary has been reduced from the personal service code of the departmental budgets since experience shows that there is usually that much underrun created during the year because of the taking of annual leave and changes in personnel. As salaries have increased over the past several years, the leave reserve has had to be bolstered to make up for the higher salary scale. This has made it necessary to increase personal service costs for annual leave reserve to 12% of the payroll instead of 11% was used in 1955.

The department budgets were prepared to not exceed a pre-allocated amount. Several of the departments have submitted supplemental requests, which they believe desirable to meet the service standards that are expected of them by the general public. No provision has been made in this budget to provide additional funds for the various departmental operations in the event that any new areas should annex to the City. Should annexation occur, it would mean that services now provided would have to be spread over the larger area with the result of a decrease in service standards.

#### Water Utility

The Water Utility fund budget has improved its financial position considerably over that which existed one year ago. The water rate increase and the increase in number of customers have brought revenues up, while at the same time improvements in the water distribution system have helped reduce maintenance and operation costs. The net result is an \$8,000 contribution to the General Fund which is the first contribution that has been made by this fund for several years. The big problem that is facing the Water Department is to meet the demands for the extension of water mains into the new areas of the City where water is not now available. APW funds do not appear to be forthcoming for water main expansion. This means that should further expansion take place in 1956, it will be done at a cost of approximately 50% more than it has cost the City under the APW method of installation. It appears that further expansion may have to be financed under a bond program. Because of the high costs and the higher interest charges, it is very important that water main extensions be constructed only when there is good assurance of customers. It may re-

quire that construction charges be again reviewed and increased unless the present water consumers are expected to help pay a much larger portion for the new mains in addition to having paid for their own service mains.

#### Electric Utility Fund

The Electric Utility budget shows that, with the present rate structure, the lower cost of power, increased consumption, and the efficient operation, high profits are still available in spite of the past reduction in rates, which is valued at \$600,000 in savings to the consumer for 1956. The contribution from the profits of the electrical utility still constitute 14.6% of the electrical revenue. Over \$400,000 has been provided for improvements and expansion to the system, \$312,000 as a contribution to the General Fund, and \$150,000 for a proposed rate reduction to be effective July 1, 1956. The savings that have been made possible through consolidation of generation and distribution and the purchasing of low cost power from the Eklutna hydro-project should all be passed on to the consumers, and further reductions in contribution to the General Fund should be made possible in future years as the water and telephone utility contributions are increased to 5% of the City's equity in the systems.

#### Telephone Utility Fund

Telephone revenues show a very substantial increase in 1956 over the 1955 budget. The expansion program is enabling the department to increase its number of telephones on an average of over 125 per month. This, coupled with the increased rates, is permitting the utility to meet all its obligations of operation and maintenance and its annual debt requirements of \$445,000. In addition, the department is making capital improvements within the department out of current revenues equivalent to the annual depreciation charges, and a contribution to the General Fund equivalent to 4.48% of the City's equity in the system. Construction from the 1955 bond sale will continue at a rapid pace that will almost complete the out-of-City construction in 1956. It is planned that \$275,000 in telephone bonds will be sold in 1956 to complete the expansion program started in 1954 inside the city limits. Improved service to the telephone customer has been provided for in the operational expenses for 1956.

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City government is organized and constituted by the people of the community on a democratic basis for the purpose of providing a self-government whose aim is to improve, develop and serve the community. The people of the community



expect the City government to provide public services, community facilities, and regulations in order that the community may have protection of life and property, public means of communication, uniform sanitation facilities all of which can only be provided by means of government. The requirements of the people are all human needs. It is hoped that, as the City Council and interested citizens analyze this recommended budget, they will realize that the services proposed to be rendered are below the standard which most of the people desire, but within the means which it appears that the majority are willing to pay. The services of regulation, protection, and community facilities are the primary objectives, and they should be provided to the full extent for which the people are willing to pay.

All too often many people think in terms of their government only as a tax collector. The process of collecting taxes, service charges, licenses and fees are only a means for the City government to obtain uniform payment from the public for the services which are provided. The benefits of municipal services are best realized by people who do not have them and find themselves paying individually for many of the services that are provided and made available to residents of cities through taxation. For a person who has to have a cesspool pumped, the few cents a month that a City taxpayer pays for sanitary sewer service looks mighty good. For the person who has to hire snow removal equipment to clear his street, the few dollars that the City taxpayer pays through taxes looks like a bargain. For the person who has to drill a water well, install a pump, and periodically maintain repair of the equipment, the \$4 to \$7 water bill per month would be cheap. For the person who pays \$10.80 per thousand for fire insurance realizes that the City property owner is getting a lot for his taxes in fire protection alone, because of the comparative bargain that fire insurance rates are inside the city limits where fire protection services are in Class 4. As a matter of fact, one prominent citizen, who owns a parcel of property in Annexation Area No. 4, made a public statement to a Chamber of Commerce meeting that after annexation he paid his taxes to the City and his fire insurance premium to the fire insurance company and, compared with the taxes he had paid in the prior year to the School District, PUD and the premium to the fire insurance company, found that he had a net saving of \$25.00 per year. To this man the 10 mill tax that goes to the City is indeed a bargain, even if he had not received any other municipal services. The savings to the automobile owner driving over paved streets rather than unimproved roads will go a long way toward paying his municipal tax bill. The many other services, when analyzed separately, reveal a low monthly cost for each of the many benefits received.



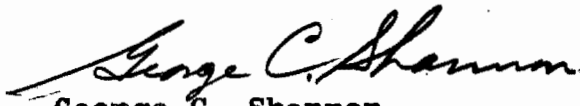
The numerous petitions that have been received in 1954 and 1955 for sewers, street paving, water and other improvements indicate that there is a strong public desire in the minds of the people of Anchorage that they want the City of Anchorage, as their home town, to progress and to be a modern, convenient, safe place which will attract people, industry and business. If the City is to continue in this direction, some very definite plans will have to be made in the near future to provide additional revenues for continuation of the construction projects that create fixed debt charges on the present revenue structures of the City.

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The Department Heads have been very cooperative in the preparation of this budget. Special appreciation is given to the City Comptroller and his staff for the work they have done in preparation of the budget and the assistance they have given the various departments. The City Manager's staff has worked diligently and long during the budget preparation period in order to meet the deadline in preparing the budget document for presentation.

This budget is handed to you in accordance with code requirements for your study and consideration. The City Manager recommends that a 20 mill tax rate be set early in December to fulfill the requirements of the budget recommendations. In accordance with the Anchorage City Code, the budget cannot be adopted earlier than 7 days following its submission and after three days notice to the public of its submission and the place and time for final Council action. The City Manager and Department Heads will be available at any time to review the budget recommendations.

Yours truly,

  
George C. Shannon  
City Manager

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SUMMARY OF SOURCES OF  
ALL

REVENUES

General Fund

	<u>1955</u>	<u>1956</u>
Est. Taxes	\$1,753,066	\$1,936,144
Est. Other General Revenues	1,109,560	1,109,805
Est. Revenues from Utilities	395,000	395,000
	<u>\$3,257,626</u>	<u>\$3,440,949</u>

Telephone Utility Fund

Est. Revenue Local Service	\$1,022,813	\$1,189,191
Est. Other Operating Revenues	50,400	109,236
Est. Non-Operating Revenues	165,244	189,051
	<u>\$1,238,457</u>	<u>\$1,487,478</u>

Electric Utility Fund

Est. Revenue From Sale Electric Power	\$1,984,465	\$1,924,600
Est. Other Operating Revenues	34,006	35,200
Est. Non-Operating Revenues	173,191	172,284
	<u>\$2,191,662</u>	<u>\$2,132,084</u>

Water Utility Fund

Est. Revenue From Flat Rate Water Sales	\$ 452,926	\$ 464,819
Est. Other Operating Revenues	3,840	15,235
Est. Non-Operating Revenues	119,592	99,474
	<u>\$ 576,358</u>	<u>\$ 579,528</u>

Total Revenues.....	<u>\$7,264,103</u>	<u>\$7,640,039</u>
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REVENUES AND EXPENDITURES  
FUNDS

EXPENDITURES

General Fund

	<u>1955</u>	<u>1956</u>
Est. Operating Expense	\$2,341,445	\$2,318,341
Est. Debt Service	177,116	230,870
Est. School Payment	739,065	891,738
	<u>\$3,257,626</u>	<u>\$3,440,949</u>

Telephone Utility Fund

Est. Operating Expense	\$ 649,146	\$ 778,277
Est. Debt Service	389,087	445,150
Est. Contribution to Gen. Fund	35,000	75,000
Est. Construction	165,224	189,051
	<u>\$1,238,457</u>	<u>\$1,487,478</u>

Electric Utility Fund

Est. Operating Expense	\$1,499,845	\$1,409,038
Est. Debt Service	13,668	5,625
Est. Contribution to Gen. Fund	360,000	312,000
Est. Construction	318,149	405,421
	<u>\$2,191,662</u>	<u>\$2,132,084</u>

Water Utility Fund

Est. Operating Expense	\$ 286,736	\$ 312,839
Est. Debt Service	190,780	181,225
Est. Contribution to Gen. Fund	-----	8,000
Est. Construction	98,842	77,464
	<u>\$ 576,358</u>	<u>\$ 579,528</u>

Total Expenditures.....	<u>\$7,264,103</u>	<u>\$7,640,039</u>
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