

# CITY OF ANCHORAGE

**1961**

# BUDGET



Prepared by  
THE OFFICE OF THE CITY MANAGER  
for  
THE CITY COUNCIL  
Anchorage, Alaska

THE CITY OF ANCHORAGE

1961

BUDGET

As adopted by the City Council

MAYOR

George H. Byer

COUNCILMEN

Roy V. Nigh  
E. Bradford Phillips  
William A. Besser  
Bennie L. Leonard

Joseph A. Yesenski  
George Sharrock  
Harry Pursell  
Dr. Robert D. Livie



# CITY OF ANCHORAGE

ALL AMERICA CITY — 1956

POST OFFICE BOX 400  
ANCHORAGE, ALASKA

Please USE AIR MAIL

November 21, 1960

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

Gentlemen:

We have now completed the first year of operation under the Charter adopted in October, 1959. The Acting City Manager believes that it is generally agreed that the Charter was well formulated and that the transition to a home rule City has been accomplished smoothly. As you know, the Charter requires that the City Manager prepare a budget proposal for consideration by the Council. In accordance with this directive, the 1961 Budget proposal is submitted herewith.

1960 has been a year of substantial progress for Anchorage. The Public Works Department completed 25 projects and partially completed 3, at a total cost of \$3,000,000. We added 8.3 miles of paved streets, 24 miles of sanitary sewers, 2.2 miles of storm sewers, 12 miles of water mains, 102 fire hydrants, 560 water connections, 561 sewer connections, 400 parking meters and 304 street lights. The purchase of the Turnagain Homes water and sewer systems was successfully completed. The Telephone utility now has over 21,000 instruments in use.

At the close of the 1960 construction season, the \$8,200,000 port facility was substantially complete, as was the Government Hill urban renewal project. The Public Safety Building is 50% complete.

The annexation of the independent Fairview "island" within the City's boundaries was accomplished without incident. The Alaska Methodist University was opened, and starts were made on the State Mental Health Hospital and the new Providence Hospital in the Goose Lake area. The Anchorage Natural Gas Corporation completed 35 miles of distribution lines.

The voters authorized three bond issues of \$1,500,000 each, for street improvements, water system expansion, and telephone utility improvement and expansion. Building permits totaled 1,000, for a value of \$23 million, the highest annual valuation of new construction, alteration, and repair in our history.

In 1961, we shall continue our progress, improving living, working, and recreational conditions, and meeting the unending problems which face a growing and forward-looking community. The major tasks will be: complete the port facility and put it into income-producing operation; start of construction on the water filtration plant; continue our street, sewer, water and telephone expansion programs; relocate the Police and Fire Department in the new Public Safety Building which will be finished next summer; continue urban renewal projects; develop additional generation facilities for the electrical utility; and complete the General Plan for the long-range development of the Anchorage Metropolitan area.

On the State legislative front, the City will have to maintain vigilance so that its home rule powers are not jeopardized by legislative action. The legislature can be expected to study and perhaps enact borough legislation. It is imperative that any borough law provide for home rule, so that the Anchorage area have a borough government fitted to its needs.

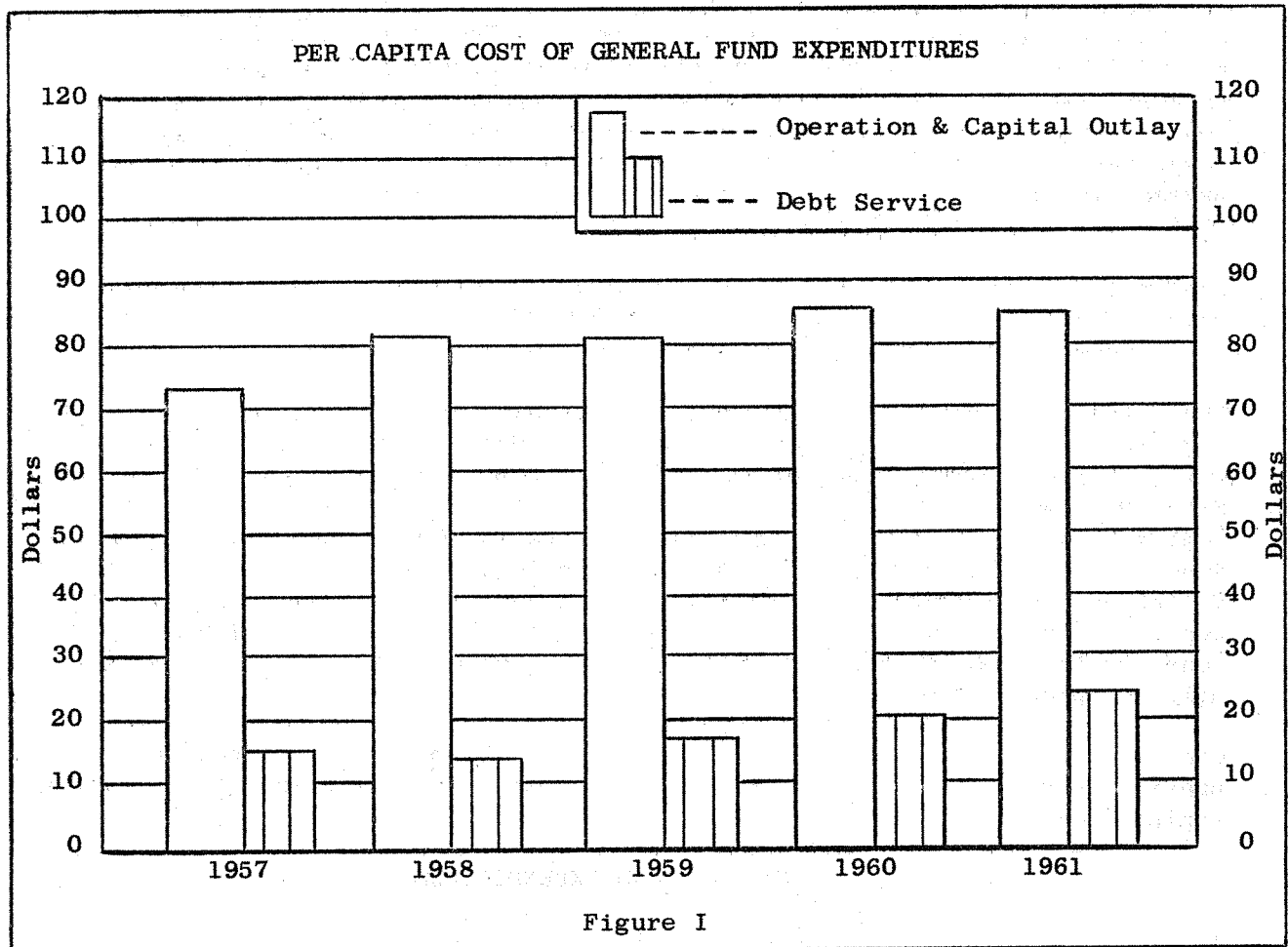
The City must raise funds in ever-increasing amounts to provide the steadily increasing municipal services which a growing city needs. The request for more services and facilities with which the Council is continually bombarded must be analyzed carefully in the light of the resources available to us.

As in preceding years, this 1961 budget contains descriptions and explanations of revenue sources, and detailed discussions of the work programs of the various departments. A five-year comparison of expenditures is shown in graphic form with a break down into personnel service, capital outlay, and "other". These graphs demonstrate the trends in each account. The incorporation of these details creates a document of formidable appearance. However, we are now hitting the \$12 million mark on our operating budget, and the Council must be fully aware of the operations of all aspects of the City's business.

#### GENERAL FUND

For 1961, the General Fund budget has increased to \$4,879,126, as compared to \$4,247,420 for 1960, an increase of \$631,706, or 15%. About half (\$307,582) of this increase is attributable to increased debt service.

The 1961 population of the City is estimated at 45,000, which fixes the per capita cost of municipal government at \$108, of which \$24 is for debt service, leaving \$84 for general services. For comparison, the 1952 per capita cost was \$121, of which \$10 was for debt service and \$111 for general services. This clearly shows the increased demands on the City caused by the capital improvement program in the past several years. A graphic tabulation of the per capita cost for the last five years follows:



We have not budgeted funds for the support of any annexation which may occur in 1961, as no substantial revenue can be expected until 1962. Therefore, if annexation takes place we will have to finance the attendant expenses out of current revenue by spreading the available resources a little thinner.

#### GENERAL FUND REVENUES

As in the past, the general property tax will be the principal revenue producer for 1961. This fact is reflected in the following tabulation:

Property Tax	45%
City-Owned Utilities	26%
Service Charges	13%
Licenses and Permits	12%
Other Revenues	4%



The increased revenue from the property tax results from recent annexations to the City and from revaluation of property. The Council will recall that the 1959 legislature exempted the REA financed electrical co-operative from property tax, and substituted a 2% gross receipts tax therefor. The net tax loss to the City is about \$76,000. Also, to equalize the Municipal Light and Power Department with the co-operative, the Council revised the Department's payment in lieu of tax to the same formula, resulting in net loss to the General Fund of about \$50,000.

The ratio of 70% of current market value has been used in computing assessed value. The latter is estimated at \$185,000,000, taxable at 12 mills, for total revenue of \$2,200,000. This is the same mill rate as for 1960.

The three municipally-owned utilities (telephone, electrical, and water) provide the next major source of revenue to the General Fund. The estimated total is \$1,273,696, of which \$411,198 is for payments in lieu of taxes and \$862,498 from contributions or "dividends". The Council and the public should realize that these municipal utilities are paying more taxes into our General Fund than would privately-owned agencies performing similar service. Also, in the case of privately-owned companies the "dividends" would inure to the benefit of the private owners of the utilities, and not to the general citizenry of Anchorage. Our utilities provide revenue equivalent to almost 7 mills of property tax.

The other revenues of the City follow closely the patterns established in previous years, as will be seen from the summary on page 5 and the following explanations.

#### GENERAL FUND EXPENDITURES

As explained previously, the principal increased expenditures will be in debt service, which jumps from \$771,445 to \$1,079,027, up \$307,582. This item alone is almost half of the total increase for 1961. Other major increases are \$128,227 for Public Safety, \$63,086 for streets and appurtenances, and \$40,145 for sanitation. These increases are due to the higher standards of service required by the public, as well as higher wage rates, and the last annexation. The only major new items are \$98,000 for continuation of the urban renewal program and \$41,888 for the new fire alarm system.

Beginning on page 24, you will find the details of the expenditures contemplated. A close examination will reveal the complexity of the City's operations. Each department has set forth its work program, with statistical data showing activities in various work categories.

## UTILITY FUNDS

### TELEPHONE UTILITY:

The imperative need for a rate increase is reflected in this budget. The last rate increase was in 1955, and the rising costs of doing business have caught up with us. Wages have increased some 30% since then, and costs of operation and maintenance have advanced substantially. As a consequence, we are able to budget only \$84,820 for construction, whereas we should budget at least \$480,000, which is the amount of depreciation charged off for 1961. This simply means that we are not maintaining the plant properly from current revenues. We strongly recommend that the Council authorize a rate study by professional consultants, as we believe an increase of at least 15% in customer charges is unavoidable.

The construction program to be financed by the recent \$1,500,000 bond issue should be pursued diligently. Also, we should proceed with planning for the combination Telephone and Electrical field force building, to be constructed at First Avenue and Post Road. It will be necessary to finance this building from Electrical Department reserve funds.

### ELECTRICAL UTILITY:

A substantial reduction was accorded the rate payers in 1960. However, increased consumption of electricity indicates a 5% jump in revenue for 1961.

The major problem for this utility will be that of developing additional generation facilities. The City has employed consulting engineers to review the various proposals received for this expansion, and it is hoped that a positive decision can be reached by January 1. We have 18 to 24 months left before the probable deadline for placing additional facilities on line.

### WATER UTILITY:

The expansion of this utility has boomed the debt service, so that the fixed charges jump from \$698,062 in 1960 to \$955,200 in 1961. The revenue available under our present rate structure is plainly insufficient to support the expanded system, so a rate increase of at least 30% will be necessary. Even with this increase, the system will merely break even, so that enough funds will be available to maintain the plant. The debt impact of the new water filtration plant will be felt in 1962 or 1963, and undoubtedly an additional increase will then be necessary to finance and operate this plant.

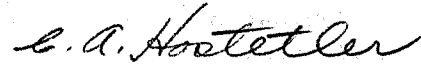
Any future expansions of the water system should be reviewed carefully for economic justification. We should also take a hard look at payments to the City in lieu of assessment, now computed at 2 1/2 cents per square foot of property benefited. Analysis indicates that this charge should be at least 4 cents per square foot.

\* \* \* \* \*

All department heads have been very co-operative in preparing the raw material for this budget. They have taken a realistic approach in facing the problems of the City as a whole, as distinct from the problems of their individual bailiwicks. The preparation of the Budget has been performed by the Controller and his staff. To Bernice Brooks of the Manager's office goes credit for typing the document. Personnel of the Fire Department assisted in assembly of the pages.

The Charter requires that Council conduct a public hearing not less than one week prior to final adoption. The Charter sets December 22 as the deadline for adoption. Consequently, the public hearing should be set for the regular meeting of December 13. If the budget is not adopted prior to December 29, this proposal automatically becomes the 1961 budget. All department heads and the writer are available at any time for discussion of this budget.

Respectfully submitted,



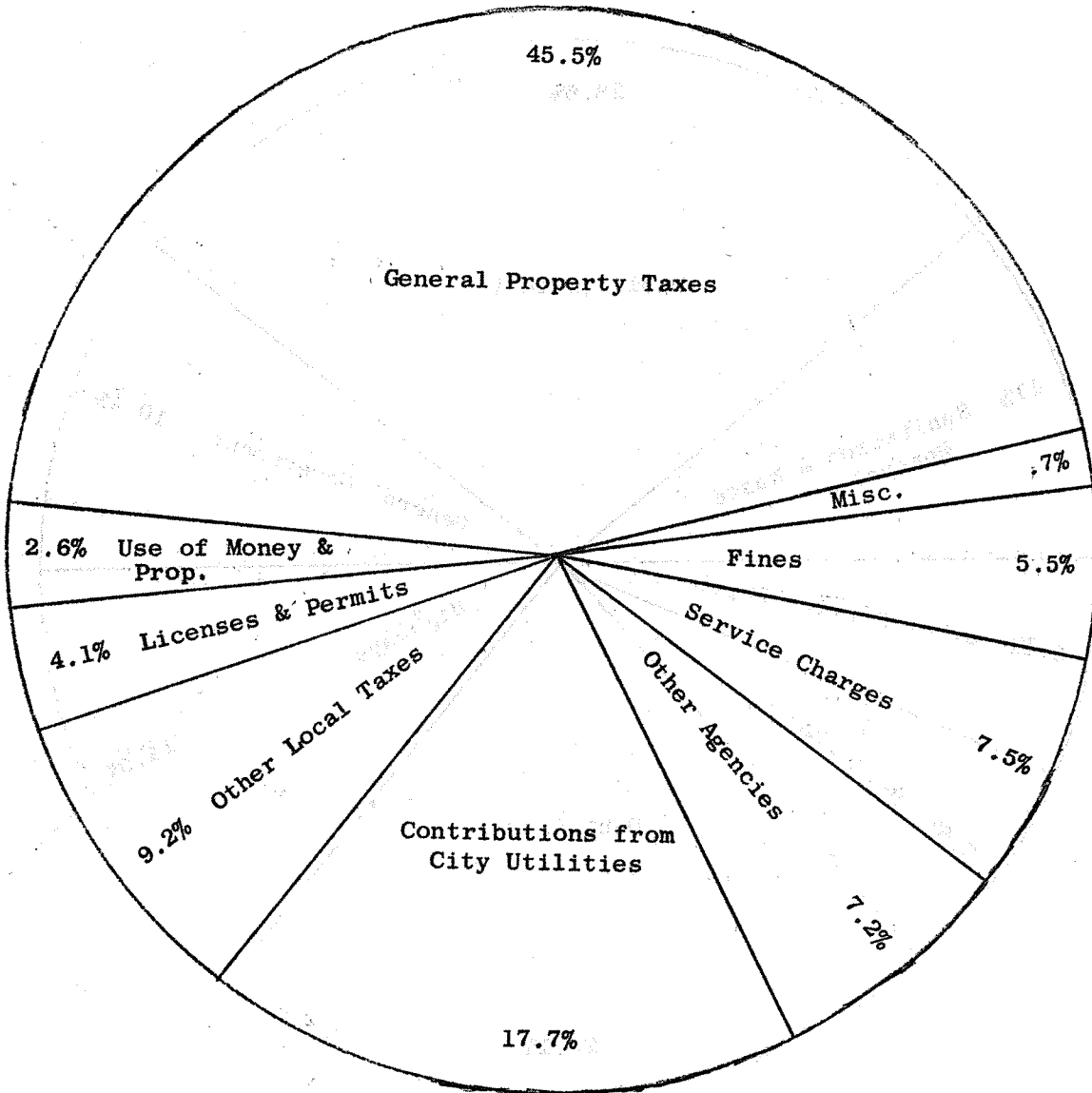
C. A. Hostetler  
Acting City Manager



1961

GENERAL FUND

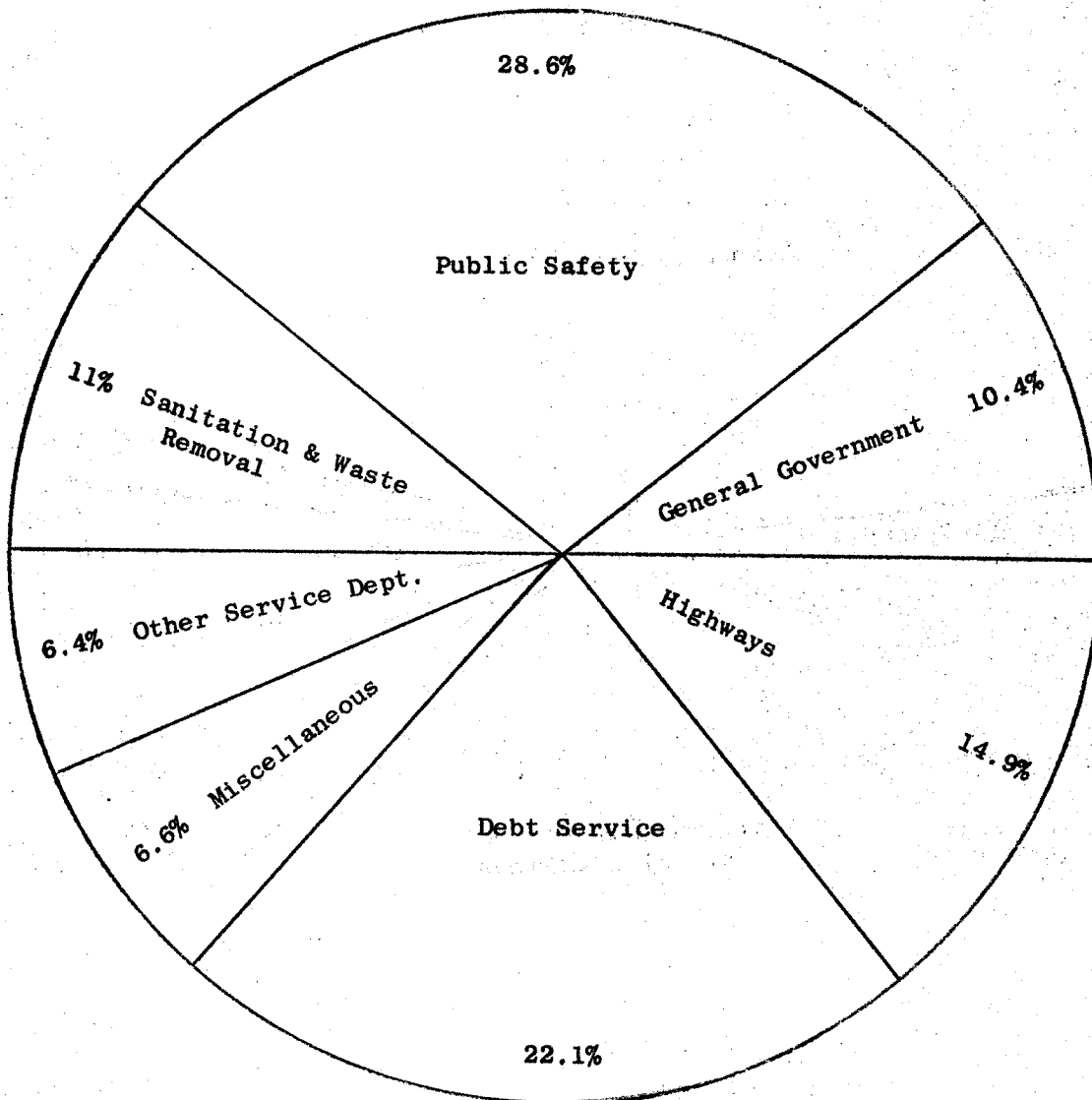
SOURCES OF REVENUE

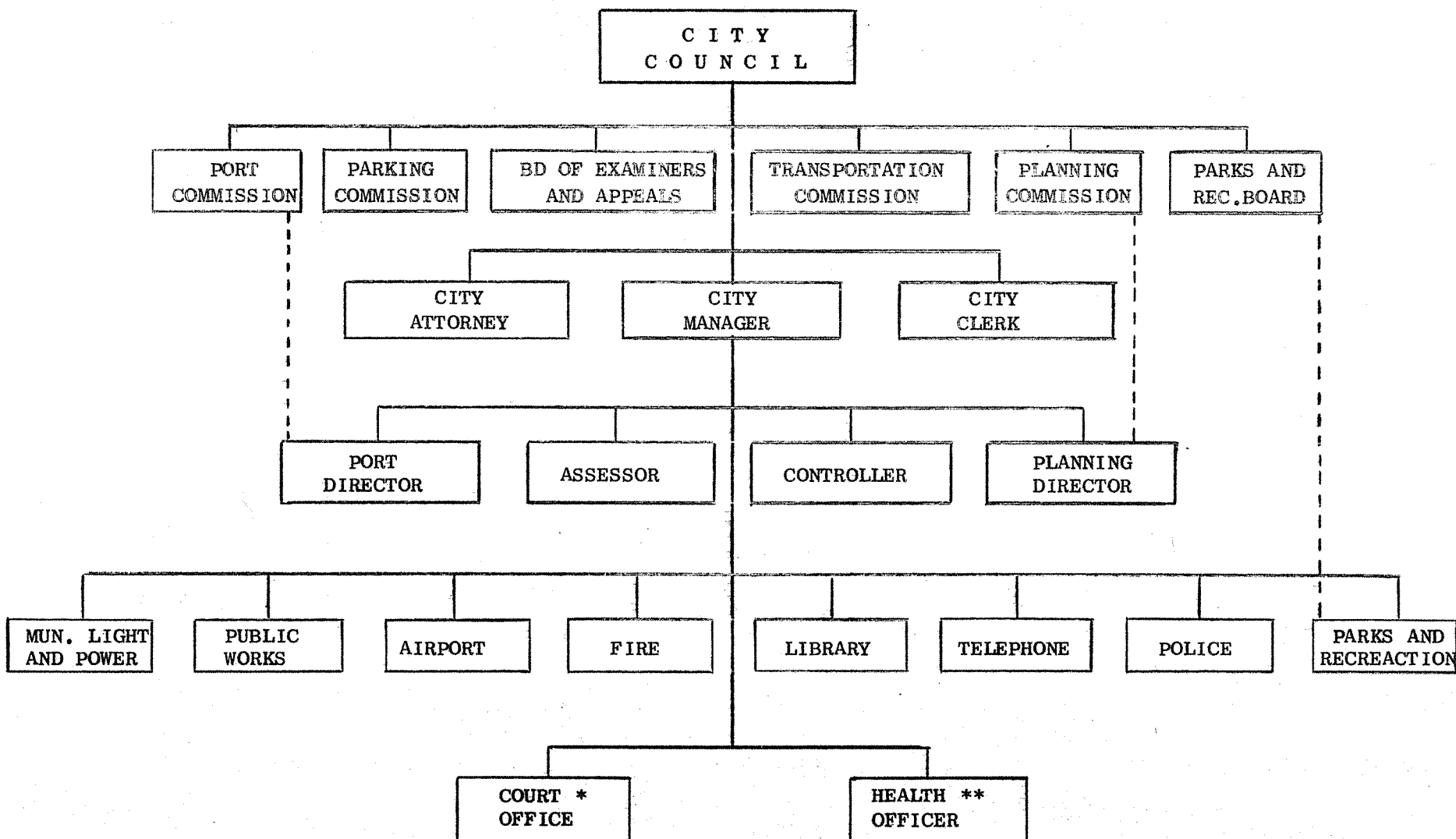


1961

GENERAL FUND

EXPENDITURE APPROPRIATIONS





\* State function; City provides space and personnel, and receives service and revenue.

\*\* Public health and related services contracted with State.

-- Signifies liaison relationship.

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SUMMARY OF SOURCES OF  
ALL

REVENUES

	<u>Estimated 1960</u>	<u>Estimated 1961</u>
<u>General Fund</u>		
Taxes	\$ 2,191,264	\$ 2,670,118
Other General Revenue	1,395,086	1,346,510
Revenue from Utilities	661,070	862,498
	<u>\$ 4,247,420</u>	<u>4,879,126</u>
<u>Telephone Utility Fund</u>		
Local Service Revenues	\$ 1,905,000	\$ 2,104,000
Other Operating Revenues	316,000	277,300
Non-Operating Revenues	419,837	480,000
	<u>\$ 2,640,837</u>	<u>\$ 2,861,300</u>
<u>Electric Utility Fund</u>		
Revenue from Sale of Electric Power	\$ 2,401,805	\$ 2,502,273
Other Operating Revenues	71,000	71,000
Non-Operating Revenues	221,500	274,497
	<u>\$ 2,694,305</u>	<u>\$ 2,847,770</u>
<u>Water Utility Fund</u>		
Revenue from Flat Rate Water Sales	\$ 773,350	\$ 1,060,800
Other Operating Revenues	30,240	49,900
Non-Operating Revenues	283,379	320,000
	<u>\$ 1,086,969</u>	<u>\$ 1,430,700</u>
 TOTAL REVENUES . . . . .	 \$ 10,669,531	 \$ 12,018,896

REVENUES AND EXPENDITURES  
FUNDS

EXPENDITURES

	Estimated 1960	Estimated 1961
<u>General Fund</u>		
Operating Expenses	\$ 3,475,975	\$ 3,800,099
Debt Service	771,445	1,079,027
	\$ 4,247,420	\$ 4,879,126
<u>Telephone Utility Fund</u>		
Operating Expense	\$ 1,414,590	\$ 1,707,299
Debt Service	716,560	740,279
Contribution to General Fund	167,080	328,902
Construction	342,607	84,820
	\$ 2,640,837	\$ 2,861,300
<u>Electric Utility Fund</u>		
Operating Expense	\$ 1,759,110	\$ 1,873,298
Contribution to General Fund	435,038	456,544
Construction	493,400	517,928
Unappropriated Balance	6,757	0
	\$ 2,694,305	\$ 2,847,770
<u>Water Utility Fund</u>		
Operating Expense	\$ 580,606	\$ 667,570
Debt Service	340,642	519,060
Contribution to General Fund	58,952	77,050
Construction	106,769	167,020
	\$ 1,086,969	\$ 1,430,700
 TOTAL EXPENDITURES . . . . .	 \$ 10,669,531	 \$ 12,018,896