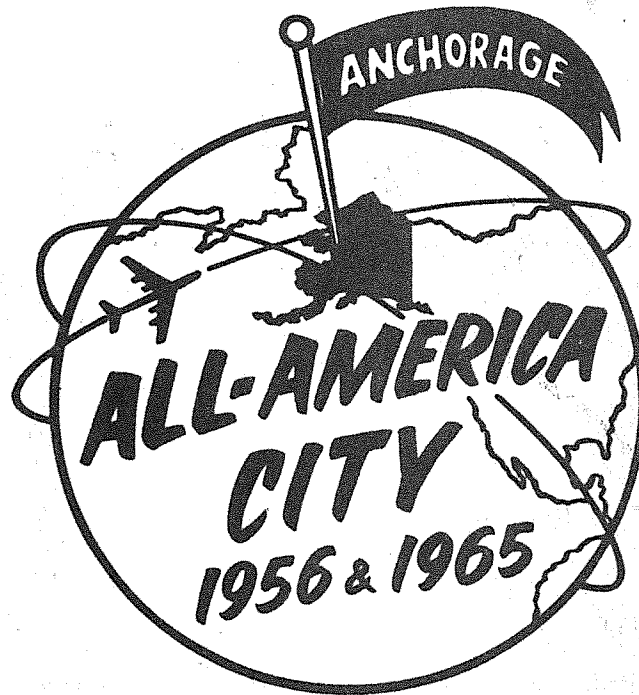


*Wilson Copy*

# 1968 BUDGET

17

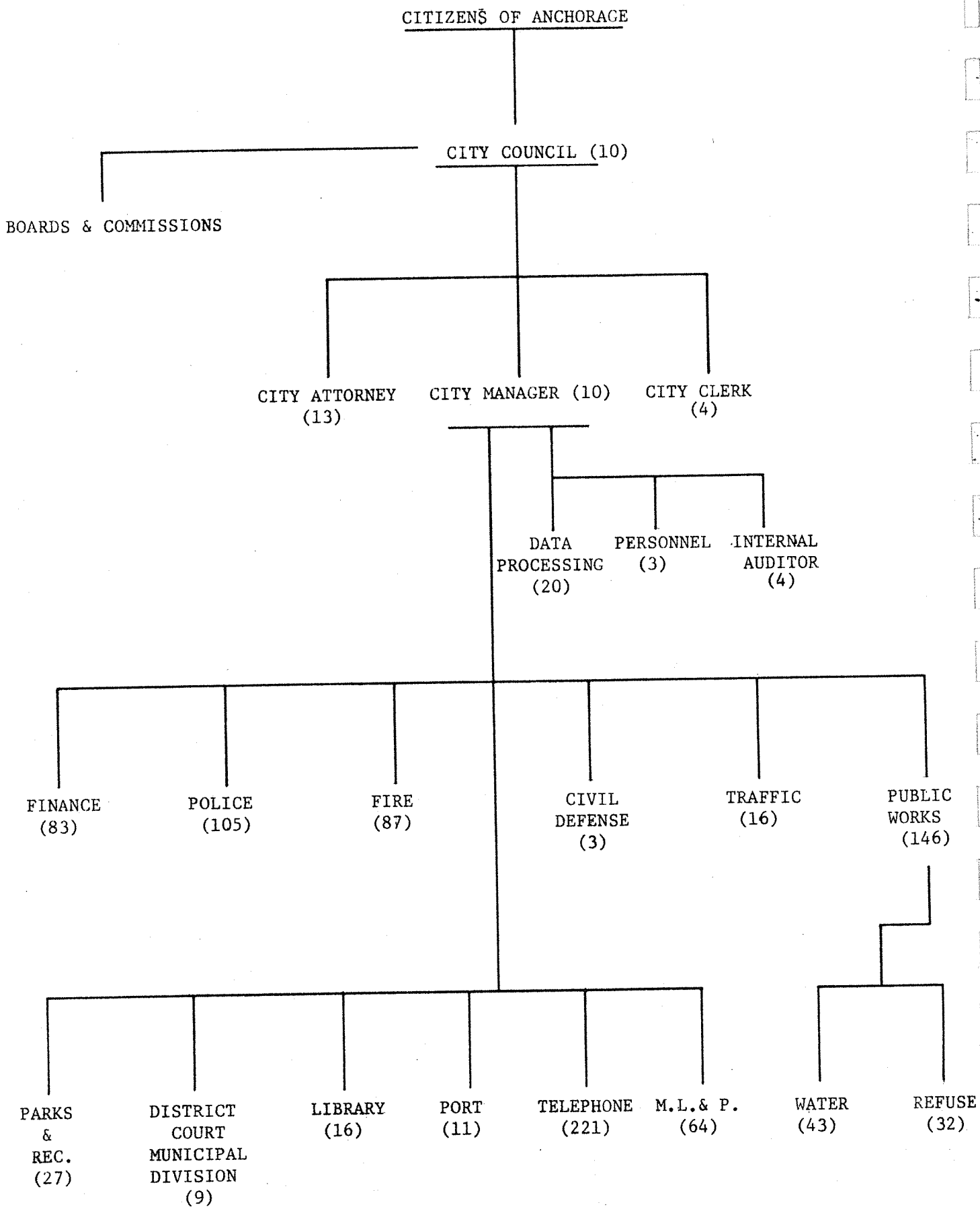


## ANCHORAGE, ALASKA

### THE CITY OF PROMISE



266611



Numbers in parentheses indicate number of employees

ANNUAL BUDGET  
CITY OF ANCHORAGE  
1968

SUBMITTED BY  
BERNARD L. MARSH  
CITY MANAGER

MAYOR

GEORGE M. SULLIVAN

CITY COUNCIL

Joseph A. Yesenski  
William A. Besser  
Joseph P. Josephson  
Mrs. Wilda G. Hudson

Richard L. Silberer  
Bennie Leonard  
Mrs. Pauline L. Sharrock  
Richard Albers

APPOINTED OFFICIALS

Bernard L. Marsh  
B. W. Boeke  
Karl Walter, Jr.

City Manager  
City Clerk  
City Attorney

STAFF

Norman Levesque  
H. Russell Painter  
John Flanigan  
Carroll Oliver  
Victor Bernasconi  
Jack Harris  
Lt. Col. Douglas Clure (USA Ret.)  
Terry L. Novak  
George Easley  
Robert Herrnsteen  
Robert L. Crow  
Thomas Herrick  
Bill Creighton  
Richard Watts  
Mrs. Irene Samson  
Norman Levesque

Acting Finance Director  
Port Director  
Police Chief  
Manager, Municipal Light & Power  
Fire Chief  
Telephone Manager  
Civil Defense Director  
Assistant City Manager  
Traffic Engineer  
Management Analyst  
Public Works Director  
Personnel Director  
Parks & Recreation Director  
Planning Coordinator  
Librarian  
Internal Auditor

December 1, 1967

TABLE OF CONTENTS  
1968 BUDGET

<u>ITEM</u>	<u>PAGE</u>	<u>ACCOUNT NO.</u>
BUDGET MESSAGE	i	-
SUMMARIES	1	-
GENERAL FUND REVENUES	4	-
GENERAL FUND EXPENDITURES	15	-
Mayor & City Council	16	1200
City Manager	19	1201.1
Personnel	22	1201.2
Internal Audit	25	1201.3
Community Promotion	28	1201.4
Human Relations Commission	30	1201.5
Data Processing	33	1202
Elections	40	1203.1
City Clerk	42	1203.2
City Attorney	45	1205.1
Property Management	48	1205.2
District Court	51	1206
FINANCE - Accounting	54	1210.1
Treasury	59	1210.2
Purchasing	67	1210.3
General Services	70	1211
Utility Customer Service	73	1212
POLICE - Operations	76	1220.1
Prisoners	82	1220.2
FIRE - City Division	85	1223.1
Fire Prevention	90	1223.2
Spenard Contract	93	1223.4
Muldoon Contract	95	1223.5
CIVIL DEFENSE	98	1225
TRAFFIC - Engineering	101	1226.1
Signal Maintenance	106	1226.2
Parking	109	1226.3
PUBLIC WORKS - Administration	113	1229
Engineering	117	1230
Capital Improvements Program	138	-
Maintenance	144	1231
Equipment and Supply	162	7032
Airport	169	1240
LIBRARY	172	1251
INDUSTRIAL PARK	176	6680
PARKS & RECREATION - Administration	180	1253.1
Parks	184	1253.2
Recreation	187	1253.3
Cemetery	192	1253.4
Museum	195	1253.5
MISCELLANEOUS	198	1260
DEBT SERVICE	199	1270.2
PORT	207	-
TELEPHONE	213	-
MUNICIPAL LIGHT & POWER	222	-
WATER	233	-
REFUSE	258	-

GENERAL FUND  
BUDGET MESSAGE

November 3, 1967

Honorable Mayor and City Council  
City of Anchorage, Alaska

Gentlemen:

The proposed General Fund Budget for the year 1968 totals \$9,895,426 as compared to an adjusted 1967 budget of \$7,804,344. This \$2,284,521 expenditure hike is partly due to changes in fiscal reporting, and partly due to the increased cost of operation. Its components are:

\$1,431,243	Increase in debt service (Includes addition of \$1,000,000 short-term notes)
150,000	Normal Salary Increases
259,800	Adjustment in revenue recording (Also increases revenues)
173,500	Costs of new facilities added in 1967
80,000	Reduction of charges from General Fund to Utilities
<u>189,978</u>	Recommended Service Improvements
\$2,284,521	Total Increase

General Fund anticipated revenues, if new sources are not created by Council nor existing sources augmented, would total \$8,676,155. To put the problem another way, if other things are equal and the total assessed valuation is in line with present estimates, a property tax increase of 2.7 mills is necessary to finance this budget.

However, not included at this time are four additional cost items the amounts of which have not been determined: Fire-Police Retirement Benefits, other retirement benefits, any labor contract settlement above present scales, and the Annual Wage and Classification Review.

Of the 43 accounts in the General Fund, 32 are above last year, and ten are below. Because of the unfavorable revenue picture, many well justified departmental requests have been deleted through management review.

The budget nevertheless does not propose any reduction in service levels; all accounts provide for the same or more service than last year, even where costs are down.

Apparently the cost of government will continue to rise despite all efforts to prevent it. We must recognize that (a) we have inflation, (b) population keeps growing, (c) people want new services, (d) people want higher quality services, (e) economic and social life becomes more complicated, and (f) the cost of borrowing money keeps rising. Yet, with all this, the Operating Budget

increased only 22 percent during the last five years, which represents a per capita increase of 14 percent, while average family incomes in Anchorage increased 41.5 percent from 1960 to 1965 (U. S. Bureau of Census and Anchorage Chamber of Commerce).

#### BUDGET NOTES

We have progressed halfway toward true program budgeting this year, with the use of account designations that more closely correspond to actual work programs, and with the program descriptions preceding each budget account. Where possible, we have shown work units and quantities for 1966, 1967 and estimates for 1968. Future budgets will develop closer correlation between dollars spent and work units accomplished.

The proposed Public Works budget for 1968 is remarkable. It anticipates a reduction of \$73,640 below last year. There will be 12 fewer permanent employees, and 17 fewer temporary. But there will be no service reductions whatsoever. Snow removal and street and sewer maintenance will be notably improved.

The efficiency gain in Public Works will be achieved in three ways: a reorganization of the department, the use of more efficient equipment, and more productive use of personnel.

In the Finance Department we are forced to recommend additional personnel, simply because of climbing work load. Last year this work load expanded past the department's ability to handle, with the result that we have been plagued with undone backlogs and poor quality work. Hopefully, we can remove some or all of the increase during the coming year through reorganization, and by a concentration of Data Processing development effort.

Parks and Recreation faces the addition of two new museums, two new community centers, and a new ski chalet, all of which must be operated and maintained. Its budget is going up. The Library budget must go up because of the new Mountain View Branch. Electrical power costs are up because of new street lighting.

#### ANNEXATION

While annexations to the City have become less frequent during recent years, two facts are now apparent: (a) Annexation is feasible if the contiguous area is relatively undeveloped; and (b) a positive effort is made by this City to inform and persuade the property owners.

It is highly desirable that we pursue an annexation program. Potential future benefits to the City are numerous, even if present returns are small. If we don't do it now, contiguous lands will soon be improved and broken up among many owners, who will demand and get municipal services elsewhere. History will have passed us by.

During recent months, the efforts of a temporary employee in the Manager's office have been utilized in an annexation program which already shows some

success. This budget does not fund a continuation of this service, but as much staff time as possible will be devoted to this and during the coming year. It is hoped Council will consider a better program as soon as funds become available.

## REVENUES

Nothing attests to the viability of Anchorage's economy so much as the fact that we have been able to rely on the real property tax as primary support of the cost of government; this despite the rising cost of services, despite services provided for the "outside city" population, despite forty percent of our land area in tax exempt status, and despite the disproportion of residential property in the tax base. Anchorage is the only city of any size in Alaska which has not broadened its tax base to capture more support from the transient resident, the commuter, the tourist, and the non-property owner. Yet, we have more people in these categories than any other city.

It is probable that the time has come to consider supplementary or alternative revenue sources. The following sources are suggested for consideration:

1. The Sales Tax This is a more feasible source if applied to the entire Borough, rather than just the City. The tax is common in nearly every city and state in the U. S., it is easily administered, and it grows with the economy. According to Sales Management, source of the Chamber of Commerce Statistical Profile, \$203,602,000 was spent in retail sales in the urban area in 1966, of which \$143,495,000 was spent in the City. Thus, each one percent of sales tax would yield \$1,434,000 in the City (1966 sales volume).
2. Rebate on License Plate Sales A State shared tax, with 50 percent returned to the local jurisdiction where sold, would produce revenue of \$564,000 per year to this area, based on 1966 sales figures. Assume one-half to the City. This would require passage of a bill by the Legislature. Support for such legislation has been recommended by the Alaska Managers' Association to the Alaska Municipal League.
3. A Transient Room Tax This is a tax common to most cities, including most of the cities of Alaska. It could be levied in the City of Anchorage only (not the Borough) without jeopardizing the competitive position of our motels and hotels. There are approximately 1,500 rooms in Anchorage, with single occupancy rates from \$7.50 to \$24. Calculating minimum rates for each hotel, single occupancy, and assuming a 70 percent occupancy rate, the yield for a four percent room tax would be \$200,000 per year. Increase this estimate to \$240,000 for a 20 percent factor to cover multiple occupancy and higher than minimum rental charges.
4. A Wage Tax This tax is easily administered, is proportional to ability to pay and produces revenue from people who live outside the City but gain their livelihood here. Chamber statistics show that payrolls within the City in 1966 amounted to \$203,974,000. For each one percent, the yield would approximate \$2,000,000.



## RECOMMENDATIONS

It is recommended that City Council take the following steps:

- 1) Create a four percent Transient Room Tax, by ordinance, to become effective January 1, 1968.
- 2) Create a one percent Wage Tax to become effective April 1, 1968.
- 3) Request the Anchorage area legislators to introduce a bill to rebate 50 percent of license plate sales to the local jurisdictions where such revenue is generated.
- 4) Avoid increasing, or effect a decrease, in the property tax levy, by making maximum use of other Revenues.

Respectfully submitted,



Bernard L. Marsh  
City Manager

## MANAGER'S COMMENTS

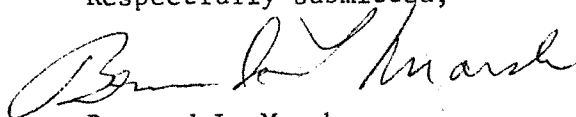
January 2, 1968

During the budget review process, the City Council has reduced the City Manager's recommended budget of \$9,895,426 for the General Fund to \$9,240,840. A number of Council-instituted adjustments in revenues, including the establishment of payment in lieu of tax figures for all utilities and transfer of some cost responsibility to the Borough for area-wide services, this budget will be financed with an anticipated tax levy of 10.0 mills. The General Fund Budget for 1968 has therefore been financed without resort to additional taxes. Therefore the recommendations of the foregoing budget message have been avoided for the current year.

The proposed increase in the property tax levy of 0.7 mills is the amount necessary to finance the proposed fire and police retirement plan, which was approved by the voters at the election of October 3. If the validity of this plan is tested in the courts between the beginning of the fiscal year and April 1, this tax increase can possibly be scaled down.

Both the City Council and the Budget Advisory Committee are to be complimented on their thorough and studious examination of the proposed budget.

Respectfully submitted,



Bernard L. Marsh  
City Manager

UTILITY FUNDS  
BUDGET MESSAGE

The City of Anchorage provides services to the citizens far beyond those provided in normal American municipalities. In addition to the usual municipal services, Anchorage provides telephone service for the Greater Anchorage area, water service for the majority of the area, refuse and electrical service within the City limits, and a Port which serves Anchorage, the surrounding area, and the remainder of Alaska. More than 59% of our business during 1968 will be from utility services.

The Telephone, Municipal Light & Power and Water Utilities will contribute \$796,965 to the General Fund in 1968, compared to \$1,110,818 in 1967. Council Policy calls for further reduction in this contribution in 1969 until 25% of net income is reached. The Refuse Utility and Port will make a payment in lieu of taxes to the General Fund for the first time in 1968; Telephone, ML&P and Water will continue their payment. The Port Industrial Park is considered a General Fund budget, since it is owned by the General Fund, but administration of the Port Industrial Park is carried out by the Port staff.

This budget reflects considerable analysis of interfund charges from General Fund to the five utilities in an attempt to identify the true costs of services rendered to the utilities. Further analysis of these charges will be made in early 1968.

The utilities share several objectives for 1968. These include concerted data processing and utility staff study of 20-cycle billing, possible elimination of deposits, splitting of the present consolidated bill, (perhaps separating the telephone utility from the consolidated bill), possible decentralization of the Customer Service function, and advance billing. (In addition, the utilities will be working to reduce the inventories which they keep on hand to allow the City of Anchorage a more liquid cash position.)

In addition to these improvements, the utilities plan to continue the objectives outlined in the 1967 budget message. These include improvement in customer relations by cutting the billing lag, improved handling of citizen complaints, modernization of tools and equipment, beautification of plant facilities, improved maintenance of mechanical equipment and development of further improvements in the cost accounting system.

A quote from the 1967 Budget Message is particularly appropriate in 1968: "The utility budgets should not be in the same light as the General Fund departments. They should be operated as though they were private corporations, with a view to developing earnings, expanding services, finding new customers, and expanding operations in response to customer demand."

## PORT

The highlight of the 1967 Port operation was the reduction in operating cost made possibly by management review of the entire Port operation. The Port Director and his staff are to be commended for a reduction of approximately \$40,000 in operating expenses.

With the increase in Port business, particularly when Terminal No. 2 is finished, the financial position of the Port of Anchorage is favorable; but earnings do not as yet provide reimbursement for the capital investment made by the taxpayers through General Obligation Bonds. The outstanding G.O. Bonds for the Port amount to \$6,916,275 and require annual debt service payments of \$497,694. This represents slightly less than one mill of the tax levy. The very nature of a port facility, of course, requires heavy initial capital investment before earnings begin. The Port of Anchorage produces a higher net return on invested capital than any other port on the West Coast.

All revenues from the original facility and all additions thereto are first pledged to retire the original \$6,200,000 Revenue Bonds. After reserves reach approximately three times the annual requirements for this issue, the excess can be used to help retire the G.O. Bonds. The practical effect is to accelerate the retirement of the Revenue Bonds so that eventually all net earnings can be concentrated on repaying the taxpayers' investment in G. O. Bonds.

While revenue bonds are being retired, the City of Anchorage is enjoying the benefits of a recognizable reduction in the cost of living through lower freight rates and lower handling costs on merchandise and supplies entering through the Port. In addition, the employment of stevedores, crane operators, truck drivers, warehouse employees, office workers and salesmen with related facilities provide a substantial boost to the Anchorage economy. Even the price of fuel has been reduced since the petroleum dock went into service while Fairbanks' price was increased. The Greater Anchorage Area Borough and the railbelt area from Fairbanks to Kenai has also been benefited, but this is a bonus above the fact that our own citizens receive an annual benefit in excess of the interim G. O. Bond cost.

## TELEPHONE UTILITY

This will be a year of continued improvements in the telephone utility. The Alaska Communications System contract is still under negotiation, and the possibility of inaugurating direct distance dialing from Anchorage to the other 49 states has come to the fore. The data processing review of the Finance Department will affect the Telephone Utility perhaps more than any other utility. Decentralization of the billing would allow closer attention to the costs of the Telephone Utility. The question as to whether the City should "keep or sell" the Telephone Utility to a private telephone company will undoubtedly occupy considerable City Council time during 1968.

## MUNICIPAL LIGHT & POWER

The data processing review of the Finance Department contemplates 20-cycle billing and decentralization of the Utility Customer Service function. These developments will affect the internal operations of Municipal Light and Power. The Utility plans to install during 1968 the new gas turbine, substations and increased transmission and distribution facilities. Negotiation of an agreement with Chugach Electric Association will also occupy considerable management time.

## WATER UTILITY

The Water Utility estimates an increase of \$150,000 in total revenue for 1968, a \$70,000 increase in net income, and a \$10,000 reduction in the contribution to the General Fund. The Utility also estimates the average daily consumption for 1968 to increase 2.3 million gallons per day over that in 1967. Continued growth in water consumption, revenues, and in net income is almost assured by a Capital Improvements Plan calling for \$1,721,000 of construction in 1968 and similar, although smaller, programs in each year from 1969 to 1973.

Previous to 1968, the Water Utility had operated the Customer Service sections and billing sections for the Refuse Utility, and received a payment from Refuse for this service. Beginning in 1968, the Refuse Utility will operate its own customer service and billing section.

## REFUSE UTILITY

The City of Anchorage Refuse Utility has operated in the red since inception. City Council recently approved a rate increase of approximately 25% on most tariff items. This rate increase will bring the Refuse Utility into the black for the first time in its existence, even though the Utility will be contributing a payment in lieu of taxes to the General Fund for the first time in 1968.

CITY OF ANCHORAGE, ALASKA  
RESOLUTION NO. 80-R-67

A RESOLUTION ADOPTING THE 1968 BUDGET FOR THE CITY OF ANCHORAGE, ALASKA AND APPROPRIATING THE MONIES FOR THE 1968 BUDGET.

WHEREAS, the City Manager has prepared his proposed 1968 budget for the City of Anchorage, Alaska, and has presented the budget to the City Council in accordance with Section 6.2 of the City Charter; and

WHEREAS, the City Council reviewed the budget as presented and made various changes therein; and

WHEREAS, a notice of public hearing was published as required by Section 6.3(b) by the City Clerk one week prior to the date of hearing; and

WHEREAS, on December 12, 1967, at a meeting of the City Council a public hearing was held on the budget as revised in accordance with Section 6.3 of the City Charter; and

WHEREAS, the 1968 budget is ready for adoption.

NOW, THEREFORE, THE CITY OF ANCHORAGE RESOLVES:

Section 1. That the 1968 budget for the City of Anchorage as prepared by the City Manager and revised by City Council be and the same hereby is, adopted as the 1968 budget of the City.

Section 2. That the amounts as set forth in the 1968 budget as revised by City Council for the respective departments shall be and they hereby are appropriations for the 1968 fiscal year.

Publication of this resolution shall be made by posting a copy hereof on the City Hall Bulletin Board for a period of ten days following its passage and approval.

Passed and approved by the City Council of the City of Anchorage, Alaska, the \_\_\_\_\_ day of December, 1967.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk