

CITY OF ANCHORAGE, ALASKA



ANNUAL BUDGET

1974

All America City 1956 - 1965

OFFICE OF THE CITY MANAGER

1974 BUDGET LETTER OF TRANSMITTAL

Honorable Mayor and Council
City of Anchorage, Alaska

November 13, 1973

Ladies and Gentlemen:


Pursuant to Section 6.2, Chapter VI, of the Municipal Charter, the 1974 Budget is submitted herewith. The budget message is part of the budget document which contains the City Manager's budget recommendations, analysis of revenues, and comparisons of prior year data.

A copy of the 1974 Budget has been filed with the City Clerk for public inspection.

Section 6.3(b), Chapter VI, of the Municipal Charter requires a public hearing on the budget prior to final adoption by Council. We suggest a public hearing be held on Tuesday, November 27, 1973, at 7:30 p.m.

I wish to express my appreciation to everyone who participated and assisted in the preparation of this budget.

Respectfully submitted,


Robert E. Sharp
City Manager

Requested by: Administration
Prepared by: City Attorney
For Reading: 12/11/73

CITY OF ANCHORAGE, ALASKA
RESOLUTION NO. 75-R-73

A RESOLUTION ADOPTING THE 1974 BUDGET FOR THE CITY OF ANCHORAGE, ALASKA, AND APPROPRIATING MONIES FOR THE 1974 BUDGET.

WHEREAS, the City Manager has prepared his proposed 1974 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 the public hearing was published as required by Section 6.3(b) of the City Charter; by the City Clerk one week prior to the date of hearing; and

WHEREAS, on November 27, 1973, at a regular 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 1974 budget is ready for adoption.

NOW, THEREFORE, THE CITY OF ANCHORAGE RESOLVES;

Section 1. That the 1974 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 1974 budget of the City.

Section 2. That the amounts set forth in the 1974 budget as revised by City Council for the respective departments shall be and they hereby are appropriations for the respective departments.

Publication of this resolution shall be made by posting a copy thereof on the City Hall Bulletin Board for a period of ten (10) days following its passage and approval.

Passed and approved by the City Council of the City of Anchorage, Alaska, this 11th day of December, 1973.

ATTEST:

Patricia Price
City Clerk

George M. Sankman
Mayor



CITY OF ANCHORAGE, ALASKA
ANNUAL BUDGET
For the Calendar Year of
1973

CITY COUNCIL

GEORGE M. SULLIVAN
Mayor

WILDA G. HUDSON

BENNIE LEONARD

JAMES O. CAMPBELL

DAVID A. ROSE

GORDON HARTLIEB

PEG BENKERT

MIKE GORDON

BERNARD L. MARSH

APPOINTED OFFICIALS

ROBERT E. SHARP City Manager

BEATRICE PRICE City Clerk

JOHN R. SPENCER City Attorney

CITY OF ANCHORAGE

JACK D. EASLEY Deputy City Manager

DEPARTMENT HEADS

LT. COL. DOUGLAS M. CLURE (USA Ret.) Civil Defense Director
ROBERT M. NELSON Finance Director
EUGENE H. BENNETT Fire Chief
MARYLYNN MCKEAN Acting Librarian
CARROLL A. OLIVER Municipal Light & Power Manager
ROBERT ROBERTSON Parks and Recreation Director
EARL W. HIBPSHMAN Police Chief
ERWIN E. DAVIS Port Director
HERMAN J. VESELKA Public Works Director
J. T. HARRIS, JR. Telephone Utility Manager
THOMAS E. PRICE Traffic Engineer

CITY OF ANCHORAGE

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CITY OF ANCHORAGE
OFFICE OF THE CITY MANAGER

1974 BUDGET MESSAGE

by
Robert E. Sharp
City Manager

During the past year, accelerated economic activity has occurred in the City of Anchorage and vicinity in anticipation of the issuance of a permit for construction of the Trans-Alaska Oil Pipeline. As this message is being written, the Congress is expected to act favorably on legislation to authorize the issuance of the pipeline permit. The Alaska Legislature has ended a special session dealing exclusively with oil industry-related legislation. A State ad valorem tax on certain oil industry properties was passed by the Legislature and the Governor's approval is almost certain. These events could not be fully reflected in this budget, which has been under preparation for the past several months.

Building permits in 1973 are expected to exceed \$80 million -- some \$10 million over 1972. This reflects the contemplated oil pipeline activity next year. With the start of the Anchorage Government Center, now scheduled for construction to commence on the Federal Court and Office buildings in May, 1974, building permits in 1974 are likely to exceed \$100 million. Other economic indicators reflect the fact that the oil pipeline impact has already commenced in the City of Anchorage and surrounding area.

This budget reflects the increased economic activity, but it does not fully reflect the impact that will occur when the pipeline permit is issued and construction commenced. Fortunately, the capital planning and financing program approved by the voters in October 1972 and 1973 gives the City considerable latitude in meeting such impact when it occurs. The Legislature passed a bill, and the Governor is expected to approve it, which appropriates \$5 million for reimbursing municipalities for extraordinary expenses resulting from the oil pipeline construction. Legislative leaders have advised us this is a token amount to demonstrate good faith to the impacted communities and further appropriations will be made during the regular session next year. The Federal Regional Council, Region 10, Seattle, is meeting with the Special Legislative Oil Impact Committee in the near future to coordinate federal assistance to impacted communities. This State and Federal assistance is not fully known and, therefore, could not be fully reflected in this budget.

Conversely, the full expense resulting from the oil pipeline construction is not reflected in the 1974 Budget recommendations. However, revisions can be made to the budget during 1974 to fully reflect both the expenses, and the State and Federal assistance to be received.

The Port of Anchorage anticipated revenues were reduced in 1973, because of the reduced cargo resulting from the United States pull-out in Viet Nam and carry-over into 1974 budget forecasts. However, with a pipeline permit in 1974, the Port of Anchorage, other enterprises, and the public utility activities will continue a high level of growth.

The estimated total assessed value of real and personal property on January 1, 1974, is over \$952 million. This is an increase of 9.5% over 1973 and reflects both new construction and upward re-assessments by the Borough Assessor's office. As in past years, the increased assessed value has been considered in forecasting the tax mill rate for 1974. Other factors in forecasting the tax mill rate for 1974 have been the inclusion of Federal General Revenue Sharing funds, full funding of State of Alaska Shared Revenues, and \$565,340 of State of Alaska Extraordinary Shared Revenues for Oil pipeline impact. We are not satisfied with the estimated amounts of Federal General Shared Revenues which the Treasury Department has furnished for the entitlements contained in our 1974 revenue forecast. It is lower than anticipated, and the Treasury Department, contrary to their own regulations, failed to include the population on the military bases annexed earlier this year until July, 1974, instead of July of this year. We are further pursuing this matter in order that this city will receive its fair share of these funds. The amount estimated from State Extraordinary Shared Revenues reflects only what is in the expense estimate from current impact. Both the oil pipeline impact expenses and State shared revenue are expected to increase during the year and budget revisions will be submitted from time to time as programs and grants are approved by the Council and State authorities.

The demand for investment and capital facilities and equipment continues to be high for both governmental and utility activities. The Debt Service in the General Fund continues to run at near 25 per cent of the total budget. The revenues of some public utility and enterprise funds required extensive downward revisions in 1973. The revenue forecast for 1974 is based on the latest trends and the utility and enterprise funds revenues should be realized and could be exceeded, depending on the additional activity created by the start of construction on the oil pipeline. No public utility rate increases are contemplated in the 1974 Budget submitted. However, the water utility is in a marginal financial position in providing mandatory 1.4 coverage on its revenue bonds. Following the 1973 year-end audit, we will further analyze the adequacy of these water rates. All public utilities show the effect of continued increased labor, equipment, and other costs. Close scrutiny of the financial position of all utility and enterprise funds will be needed in 1974.

We have assumed that the Public Employment Program will either be extended or another Manpower program will replace it. Therefore, Federal funding has been contemplated for the PEP positions in 1974.

Negotiations are just starting with the Anchorage Municipal Employees Association, the Anchorage Firefighters Union Local #1264, the Anchorage Police Department Employees Association, and the Anchorage Joint Crafts Council. Their contracts expire December 31, 1973. The Telephone contract with IBEW Local #1547 expires May 16, 1974; however, the Municipal Light & Power contracts run through August, 1975. No attempt has been made to forecast in this Budget changes in wages covered by the contracts under negotiation, those to be negotiated in 1974, or increases in pay which may be granted to Classified employees not covered by labor contracts. A reasonable contingency fund has been provided as in prior years.

The General Fund balance is expected to be sufficient on December 31, 1973 to allow additional appropriations during 1974 for contingent Federal or other programs included in the budget or salary increases for which sufficient funds were not allowed in the Contingency account.

Last year, this Administration recommended an additional position in the office of the City Manager to do executive-level work on public utility matters. Subsequently, Council employed consultants to study the need for organizational changes affecting public utility and enterprise activities. A report of this study is due in November, 1973. Therefore, no further recommendations have been made pending completion and submission of this study.

The position of Federal Program Coordinator is being eliminated in this budget and the position of Administrative Assistant II is to be created in 1974. This latter position is being created to employ a senior planner in order to have a professional in this field directly available and responsive to the City Administration and Council. As Council knows, numerous attempts have been made with the Greater Anchorage Area Borough to fund this position, without success. With the accelerated growth this City will experience in the immediate years ahead, the need for this position becomes more evident.

As in prior years, all departments have exerted a great deal of effort in budget preparation.

The Administration has reviewed, and made its recommendation for, funding levels. The Budget does not fully reflect the oil pipeline impact as previously stated, and work will be continued with Federal and State agencies to more fully develop these needs and to reflect Federal and State financial assistance which is expected. Increased funding was provided this year for a number of municipal services, particularly Police and Public Works. Further increases in funding of Police services is provided in 1974. There is also increased funding for Fire services in 1974. Full year funding of one additional Public Works crew is provided in the 1974 Budget. Funding is provided for opening the new swimming pool at East Anchorage High School and a new Neighborhood Recreation Center in Fairview.

The 1974 Budget is in balance. The principal funds are discussed in detail in separate sections of this message.

GENERAL FUND

The total General Fund budget recommended for fiscal year 1974 totals \$18,672,050, exclusive of grant programs and G.A.A.B. reimburseable contracts for Police and Library Services. This compares with Departmental requests of \$19,893,000 and the 1973 revised budget of \$17,245,842 as of October 1, 1973. The estimated ad valorem tax rate needed to fund this budget is 7.9 mills, the same as 1973.

The following table compares the 1973 and 1974 budgets by major classifications:

<u>Classification</u>	<u>Amount</u>		<u>Per Cent of Total</u>	
	<u>1973 Revised</u>	<u>1974</u>	<u>1973 Revised</u>	<u>1974</u>
General Government	\$ 1,589,605	\$ 1,659,060	9.22	8.89
Public Safety	5,709,852	6,336,810	33.11	33.94
Public Works	3,121,270	2,860,960	18.10	15.32
Library, Museum, Parks & Recreation	2,214,093	2,319,430	12.84	12.42
Miscellaneous	466,448	728,000	2.70	3.90
Debt Service	4,144,574	4,767,790	24.03	25.53
 TOTAL	 \$17,245,842	 \$18,672,050	 100.00	 100.00
G.A.A.B. Library & Spenard Police	1,198,008	633,760		
Grant Programs	1,731,759	372,100		
 TOTALS	 \$20,175,609	 \$19,677,910		

It is significant to note that grant programs (primarily Federal) during 1973 have been revised upward from an initial budget of \$942,561 to \$1,731,759, or 8.58 per cent of the 1973 Budget. The 1974 grant estimate is \$372,100, and we would expect this to be revised upward during 1974 as new grants are received or existing programs renewed during the year.

The proportion of the 1974 Budget allocated to each major classification of expenditures has not changed a great deal. Public Safety, with 33.94 per cent of the total, continues to receive the greatest amount of funds. Debt Service follows with 25.53 per cent.

There are 49 new positions in the 1974 General Fund Budget, and they are tabulated below:

<u>CMO - Personnel</u>		<u>Police Department</u>		<u>DPW - Building Maintenance</u>	
Personnel Specialist III	1	Police Clerk I	1	Journeyman Craftsman	2
		Police Clerk II	1	Clerk II	1
<u>CMO - Data Processing</u>		Patrolman	9		
Systems Analyst IV	1	Communications Clerk	1	<u>DPW - Janitorial</u>	
Programmer-Coder	1			Custodial Worker II	1
		<u>Fire Department</u>			
<u>City Attorney</u>		Fire Fighter	8	<u>Library</u>	
File Clerk	1	Fire Inspector I	2	Librarian Assistant	1/4
		Fire Apparatus Mechanic	1	Clerk I	1/2
<u>Municipal Court</u>					
Clerk IV	1	<u>Traffic Engineering</u>		<u>Parks and Recreation</u>	
		Engineering Aide	1/2	Parks - Park Caretaker II	1-1/2
<u>Finance - Tolls</u>		Traffic Control Tech.	1	Recreation:	
File Clerk	1			Recreationl Supt.	1
		<u>DPW - City Engineer</u>		Lifeguard Captain	1
<u>Finance - Purchasing</u>		Clerk I	1	Lifeguard	1
Junior Buyer	1	Chainman	1	Cashier	1/2
		Draftsman II	2	Recreation Facility	
		Draftsman I	2	Mgr. Cust.	1/2
				Recreation Center	
				Manager	1
				<u>Museum</u>	
				Museum Attendant	1/4

The Borough Assessor's forecast of \$744,727,000 in total assessed value for real property has been used. This is an increase of \$61,350,000 or 9 per cent. The personal property forecast by the Greater Anchorage Area Borough of \$188,975,000 was increased by \$18,902,970, and this is an increase of \$21,067,850, or 11.3 per cent. The property tax revenue is 38.2 per cent of the total General Fund Revenue. This compares with approximately 34.0 per cent in 1973. The revenue estimate contemplates full funding of the State shared revenues authorized by AS 43.18.010. This revenue item of \$1,914,700 for 1974 has become a major revenue source, contributing materially to the City's ability to reduce its mill rate for four straight years. \$1,320,000 has been estimated for the City's share of the Alaska Business License tax.

The method of computing the payment in lieu of taxes has been changed. Payment in lieu of taxes by the Utilities is based on a 7.9 mill levy on their Real and Personal properties, and a 2 per cent Franchise Tax on revenues, within the City of Anchorage. The 8 per cent contribution by the Utilities is based on all City equities except contributions by other entities of government and private individuals.

Other revenue estimates have been thoroughly reviewed, and we believe they are relatively accurate.

ELECTRIC UTILITY FUND

Municipal Light & Power continues to show a rapid growth in peak demand and energy sales. 1974 electric utility revenues are estimated at \$8,707,250, and expenditures at \$8,035,000. Net income from operations is estimated at \$672,250 for 1974. The retained earnings balance on January 1, 1974, is expected to be \$23,336, and \$246,366 at year end. A \$2.3 million electric revenue bond sale is planned in 1974 to fund most of the 1974 \$3,445,000 capital improvement program.

TELEPHONE UTILITY FUND

The Telephone Utility revenue estimate for 1974 is \$16,834,500, including net toll collections. 1974 expenditures are forecast at \$16,025,970. The 1974 capital budget of \$15,645,000 will be funded with telephone revenue bonds of \$13,145,000 and the balance from construction reserves. The net income for 1974 is estimated at \$808,530. The retained earnings balance is expected to total \$203,032 on January 1, 1974, and \$31,837 at year end. The Telephone Utility continues to be the fastest growing of the several utilities owned by the City.

WATER UTILITY FUND

1974 Water Utility revenues are estimated at \$3,473,000, and expenditures at \$3,076,980. The gross income forecast is \$396,020. The retained earnings balance at January 1, 1974 is estimated at \$99,105, and at \$262,698 on December 31, 1974. The capital improvement program is budgeted at \$4,400,000, of which \$2,950,000 is to be funded with water revenue bond proceeds.

GARAGE FUND

This is a revolving fund in which the equipment pool is financed. All costs are recorded and rental rates generally recover such costs and appear as expenditures in the various budgets.

PORT AND TERMINAL FACILITIES FUND

The operating revenue forecast for 1974 is \$1,570,000, and the expenditures forecast is \$1,042,580. The net income is estimated at \$537,720. The 1974 capital improvement program budget is \$5,788,000, of which \$2,894,000 would be financed from bond funds.

PORT INDUSTRIAL PARK FUND

The 1974 revenue estimate for this fund is \$230,700, and the expenditures are \$42,400. The balance of \$188,300 is transferred to the General Fund for bond debt service, except for a reserve of \$43,570 to offset revenues from disputed tidelands.

REFUSE FUND

The 1974 revenue estimate is \$1,542,000, and expenditures are estimated at \$1,349,760. The net income is estimated at \$192,240.

CAPITAL IMPROVEMENT PROGRAM AND FUNDS

The proposed 1974 Capital Improvement Program totals \$45,019,600. This is the same program Council reviewed earlier this year prior to authorizing certain bond propositions on the ballot. It should be pointed out the bond authorization for the Port expansion requires a grant of EDA funds.

This program is funded primarily from bond funds, but includes Federal and State grants and substantial utility construction reserve funds.

During the Council work session, the Capital Improvement Program for 1975-1979 will also be presented, although no funding is requested at this time. These forecasts give weight to accelerated growth experienced in 1972 and 1973, but do not fully include the greater growth which is expected when the Pipeline construction to the North Slope oil fields is commenced.

The 1974 Capital Improvement Program is summarized below:

Public Works

Residential Paving	\$ 2,275,000
Arterial Streets and Signalization	2,160,000
Subdivision Paving	1,030,000
Storm Sewers	2,420,000
Miscellaneous Improvements	<u>885,000</u>
	<u>\$ 8,770,000</u>
Method of Financing - State & GAAB	\$ 1,285,000
City Share	2,905,000
Assessable Cost	<u>4,580,000</u>
State or Greater Anchorage Area Borough	1,285,000
G. O. Bond Funds	<u>7,485,000</u>
	<u>\$ 8,770,000</u>

Public Structures

Museum	\$ 1,220,000
Other Building	<u>161,000</u>
	<u>\$ 1,381,000</u>
Method of Financing - Federal Funds	\$ 50,000
G. O. Bond Funds	1,220,000
Other	<u>111,000</u>
	<u>\$ 1,381,000</u>

Merrill Field

Runway and Taxiway Lights	\$ 126,100
Method of Financing - G. O. Bond Funds	15,000
Federal Funds	78,812
State Funds	32,288
	<u>\$ 126,100</u>

Parks and Recreation

Method of Financing - Sale of Lake Spenard Tracts	\$ 755,000
Federal Funds	918,000
G. O. Bond Funds	1,040,000
Cemetery Trust	1,500
	<u>\$ 2,714,500</u>

Water Utility

Method of Financing - Water Revenue Bonds	\$ 2,950,000
Contribution in Aid	300,000
Construction Reserve	600,000
State Funds	550,000
	<u>\$ 4,400,000</u>

Anchorage Telephone Utility

Method of Financing - Revenue Bonds	\$ 13,145,000
Construction Reserves	2,500,000
	<u>\$ 15,645,000</u>

Municipal Light & Power

Method of Financing - Revenue Bonds	\$ 2,510,000
Construction Reserves	<u>935,000</u>
	<u>\$ 3,445,000</u>

Port of Anchorage

Method of Financing - G. O. Bond Funds	\$ 2,894,000
Federal Funds	<u>2,894,000</u>
	<u>\$ 5,788,000</u>

Parking Revenue

Method of Financing - G. O. Bond Funds	\$ 2,750,000
	<u>\$ 2,750,000</u>

TOTAL 1974 C. I. P.

\$ 45,019,600CONCLUSION

The 1974 Budget proposal reflects substantial economic change but does not fully reflect the impact from issuance of the pipeline permit. It reflects improved levels of governmental services, particularly Police, Fire, Library, Parks and Recreation, Street Cleaning, Maintenance, Snow Removal, and Traffic Engineering.

The Public Employment Program is forecast at a reduced level next year.

The 1974 Capital Improvement Program reflects the increased regular, recurring programs and, in addition, the Museum expansion project, Port expansion, parking facilities, a new Sports Arena, and a major Parks and Recreation Land Acquisition program. Federal or State grants must be received before the Port project can be completed. A substantial part of the Park program contemplates receipt of Bureau of Outdoor Recreation funds and the appropriation of Federal Shared Revenues to fund the Sports Arena.

The proposed 1974 ad valorem tax rate of 7.9 mills is the same as this year, and compares with 8.9 mills in 1972; 9.3 mills in 1971; 9.5 mills in 1970; and 10 mills in 1968 and 1969.

The Budget is in balance. It represents an improved level of governmental and utility services at reasonable tax and utility rates. The City Administration recommends its adoption by the Council.