

VOL.1

ANNUAL OPERATING AND CAPITAL BUDGET



Municipality of Anchorage
George M. Sullivan, Mayor

MUNICIPALITY OF ANCHORAGE

1977 APPROVED BUDGET

For the Fiscal Period of

January 1, 1977 through December 31, 1977

GEORGE M. SULLIVAN, MAYOR

ASSEMBLY

DAVID A. ROSE, CHAIRMAN

BERNARD L. MARSH

PAUL B. BAER

LIDIA L. SELKREGG

WILLIAM BESSER

DON SMITH

ERNEST BRANNON

ARLISS STURGULEWSKI

FRED CHIEI, JR.

DAVID WALSH

ANTHONY KNOWLES

APPOINTED OFFICIALS

MARY COFFEY MUNICIPAL CLERK

JOEL DE VORE OMBUDSMAN

MUNICIPAL STAFF

DOUGLAS G. WEIFORD.....Municipal Manager
RICHARD GARNETT.....Municipal Attorney
NORMAN J. LEVESQUE.....Chief Fiscal Officer
MICHAEL MEEHAN.....Director of Planning
E. MARGARET BENKERT.....Director of Community Affairs
ROBERT A. HALL.....Director of Health & Environmental Protection
E. ERWIN DAVIS.....Director of Transportation
J. T. HARRIS, JR.....Director of Enterprise Activities
JAMES SWING.....Director of Public Works
JOHN VALENSI.....Director of Administrative Services

ANCHORAGE, ALASKA

AO NO. 266-76

AN ORDINANCE ADOPTING THE 1977 BUDGET FOR THE MUNICIPALITY OF ANCHORAGE AND APPROPRIATING MONIES FOR SAID BUDGET.

WHEREAS, the Mayor has prepared his proposed 1977 Budget for the Municipality of Anchorage and has presented the budget to the Assembly in accordance with Article XIII of the Municipal Charter; and

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

WHEREAS, on November 16, 1976 and on November 23, 1976 duly advertised public hearings were held in accordance with Article XIII, Section 13.04 of the Municipal Charter; and

WHEREAS, the 1977 funds are now ready for appropriation by ordinance;

NOW, THEREFORE, the Assembly hereby ordains:

1. That the 1977 Budget as prepared by the Mayor and revised by the Assembly is hereby adopted as the 1977 Budget for the Municipality of Anchorage.

2. That the amounts as set forth in the 1977 Budget as revised by the Assembly for the respective departments and/or funds shall be, and they hereby are appropriations for the 1977 fiscal year.

3. The appropriations by funds are as follows:

<u>FUND NO.</u>	<u>GENERAL FUNDS</u>	<u>AMOUNT</u>
101	Areawide General	27,560,290
102	City Service Area	8,598,730
103	Eagle River Service Area	347,560
104	Chugiak Service Area	171,210

3. Continued

<u>FUND NO.</u>	<u>GENERAL FUNDS</u>	<u>AMOUNT</u>
105	Glen Alps Service Area	18,380
106	Girdwood Service Area	69,630
121	Library Service Area	2,807,730
131	Fire Protection Service Area	10,249,100
141	Roads and Drainage Service Area	7,040,830
151	Police Service Area	10,971,800
161	Parks and Recreation Service Area	6,365,870
171	Solid Waste Service Area	1,263,290
172	Chugiak/Eagle River Disposal	65,780
<u>FUND NO.</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>AMOUNT</u>
201	Port Van Container Crane #1	17,180
202	Port Van Container Crane #2	17,190
211	Parking Revenue	1,358,320
221	Land Trust	77,380
231	State Categorical Grants	1,497,000
241	Federal Categorical Grants	641,000
<u>FUND NO.</u>	<u>ENTERPRISE FUNDS</u>	<u>AMOUNT</u>
560	City Refuse Collection	2,354,820
570	Port and Terminal Facilities	1,944,680
575	Port Industrial Park	93,230
580	Municipal Airport	423,800
	TOTAL	<u>83,954,800</u>

4. Appropriations for the following Utilities' expenditures are hereby established:

<u>FUND NO.</u>		<u>AMOUNT</u>
520	Municipal Telephone Utility	34,308,640
530	Municipal Light and Power Utility	13,917,570
540	Municipal Water Utility	5,573,260
550	Municipal Sewer Utility	7,934,020
	TOTAL	<u>61,733,490</u>

5. The six year Capital Improvement Program (CIP) is hereby adopted and the following 1977 Capital Improvement Funds are hereby appropriated:

<u>FUND NO.</u>	<u>CAPITAL IMPROVEMENT FUNDS</u>	<u>AMOUNT</u>
401	Areawide General (Transit)	1,023,500
406	Girdwood Service Area (Disposal)	65,500
431	Fire Protection	520,000
461	Parks & Recreation	4,746,500
471	Solid Waste Service Area	170,000
472	Chugiak/Eagle River Disposal	287,000
481	Parking	32,000
496	Roads & Drainage (Former Borough)	8,349,000
497	Roads & Drainage (Former City)	5,615,000
521	Municipal Telephone Utility	19,500,000
531	Municipal Light and Power Utility	12,415,000
541	Municipal Water Utility	8,956,960
551	Municipal Sewer Utility	16,679,300
561	Refuse Collection	387,000
571	Port and Terminal Facilities	6,563,000
581	Municipal Airport	750,000
	TOTAL	<u>86,059,760</u>

5. Continued

TOTAL 1977 BUDGET 231,748,050

6. Appropriations for the following departments and/or agencies are hereby established:

<u>DEPARTMENT OR AGENCY NUMBER</u>	<u>DEPARTMENT/AGENCY</u>	<u>AMOUNT</u>
1000	Assembly	818,340
1100	Equal Rights Commission	185,930
1200 to 1255	Mayor's Office	2,004,710
1260	Support Services	940,470
1300 to 1370	Finance	4,405,160
1380	Short Term Interest	300,000
1400	Administrative Services	9,264,330
1500	Planning	1,438,540
1600	Law	1,221,900
2000	Health & Environmental Protection	6,553,860
3000	Transportation	7,987,830
4000	Cultural & Recreational Services	8,095,880
5000	Fire	10,347,120
6000	Police	9,962,960
7000	Public Works	24,395,810
9000	Non-Departmental	534,770

Handwritten notes:
20,579,380
300,000
20,279,380

7. This ordinance shall take effect January 1, 1977.

PASSED AND APPROVED by the Anchorage Assembly this 7th day of December, 1976.

ss/ David A. Rose
Chairman

ATTEST:

ss/ Mary Coffey
Municipal Clerk

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MUNICIPALITY OF ANCHORAGE

1977 BUDGET MESSAGE

by

George M. Sullivan
Mayor

I am pleased to present for your review and approval the first integrated budget of the Municipality of Anchorage. This document is a milestone in the governmental history of the area and symbolizes the reality of unification. The 1977 fiscal year budget for general government is in balance.

It is a particularly gratifying event because in spite of a continuing rise in the cost-of-living index in Anchorage, most mill levies have decreased. The people of Anchorage had expected such a result when they voted for unification and it is fitting that their expectations have been realized.

The line has been held on the mill levy because the people of Anchorage need tax relief. They have had to bear a heavy burden over the past ten years in providing those services that are basic to a modern growing area. This phase of the area's development must now grow at a rate tailored to the resources of the Anchorage taxpayer.

The greatest cost of government to the taxpayer lies in personnel costs, and the various departments were charged with reducing the number of personnel, particularly in the supervisory area. This 1977 budget reflects a 1.1% decrease in full-time general government employees when compared to September, 1975.

We shall strive for improvements in services to be accomplished by higher productivity of Municipal employees and an expanded valuation base. Although in the upcoming fiscal year the major emphasis is on austerity, significant improvements in the delivery of services will be made.

Two new fire stations will be completed and fully manned in south Anchorage, one on O'Malley Road (near Birch Road) and the other on Huffman Road (near old Seward Highway).

The maintenance of ice rinks, cross country ski trails, and athletic fields will be significantly improved.

A Bookmobile will be made available to the Rabbit Creek and Muldoon areas.

Approximately 100,000 books will be added to the Municipal libraries.

The recent sale of \$8,330,000 General Obligation Bonds resulted in another improvement in Municipal financing. The Municipal bond rating services (Moody's, and Standard and Poor's) both rated the new Municipality of Anchorage as an "A". The low interest bid of 5.7292% reflects well for Anchorage and denotes the fiscal integrity and trust in Anchorage credit by the financial houses.

We are taking under consideration the advance refunding of general obligation bonds of the Municipality which will result in additional bond interest cost savings to the Anchorage taxpayers.

The 1977 budget must be approved, and appropriated for, twenty-one (21) days prior to the end of the fiscal year of the Municipality. I recommend the following schedule for public hearings and adoption of the budget to meet the requirements of Article XIII, Section 13.04 of the Charter:

November 16, 1976	Public Hearing
November 23, 1976	Public Hearing
November 30, 1976	Adoption and Appropriation of 1977 Budget

There are many factors which affected the preparation of the 1977 fiscal year budget. The most important factors were (1) the consolidation of services into separate and distinct service funds, (2) the conversion of the fiscal year, (3) new account codes compatible with the unified financial management system, and (4) the intragovernmental charge system. This budget is the sixth budget that has been prepared since unification. The consolidated 1977 budget will provide the tools for cost comparison of services in future budgets. The year 1977 will, without question, prove to be an important year for the Municipality of Anchorage as the further implementation of unification is fully realized through the budget process.

Consolidation of Services

The consolidation of service areas which occurred since unification are as follows:

- Fire Services - (City of Anchorage, Spenard, Muldoon, Sand Lake and the Hillside area)
- Police Services - (City of Anchorage and Spenard)
- Parks and Recreation - (City of Anchorage and Service Area 30 - the services are now provided within one service area for the entire Anchorage bowl area)
- Solid Waste - Same as Parks and Recreation

The above consolidation of services, for the first time, are reflected in a separate fund budget. I am certain that the current service areas will require further boundary changes as we proceed to provide increased services to other areas of the Municipality upon demand. The streets, roads, and drainage services have not been consolidated. We will be reviewing the Charter requirements for the consolidation of this service and I am hopeful that consolidation will become a reality during 1977. There are definite financial advantages to the Municipality in providing streets, roads, and drainage services from one service area and one budget. The transitional powers of the Charter, Section 19.13(c) "Assets and Liabilities", do not allow for the spreading of debt service requirements on pre-unification bonds for sewers, water, and streets. On the other hand, Article IX Section 9.01 (b) requires that services provided in a service area shall be financed by a uniform tax levy within the area. If bonded indebtedness is not spread for streets, roads, and drainage, a uniform mill levy cannot occur in a consolidated streets service area.

Areawide Services

Article XIX "Transition", Section 19.13(b) "Assets and Liabilities", addresses itself to areawide services. Not later than March 1, 1977 the Assembly shall determine which assets of a former government provided benefit to an area larger than the former government prior to unification or will provide such a benefit after unification.

The tax obligation for bonded indebtedness, or other debt, incurred prior to unification with respect to such an asset, shall be spread to such areas not later than July 1, 1977. The following assets have been spread areawide by Assembly action:

Port of Anchorage and associated Port Industrial Park
Museum
Library (includes entire Municipality except Glen Alps)

The above services are now properly reflected as areawide within the 1977 budget. Soon after the first of the year I intend to recommend to the Assembly that the Municipal Cemetery and Building Safety be placed on an areawide basis.

Reorganization

Reorganization was one of the first important steps required as a result of unification. I believe that the current Organization Plan of the Municipality of Anchorage is a viable plan and one which has proven reasonably effective for the conservation of resources and for the provision of services to the community based on current conditions. The 1977 budget has been prepared in line with the currently approved Organization Plan.

Space and Location of Municipal Services

Space needs and location of Municipal services continue to be significant problems. Following unification, immediate steps were taken to place the various Municipal services in the most strategic locations based on the available space at that time. Widespread dispersal of Municipal services costs money.

The constant travel of Municipal employees from one location to another, the time requirements for delivery of services, materials, and equipment from one location to another have placed a burden on attempts to conserve time and money. For this reason, I will be analyzing the Municipal space needs and the location of services to the public on a long-range plan basis during 1977. The review will include current Municipal space costs (rents, bonded debt, among others), as well as a reasonable analysis of savings which could be realized through the most efficient and effective use of resources. The study will provide the Municipality with a workable interim plan as well as a permanent long range plan.

Planning and Study Costs

The following studies have been recommended in the 1977 budget. These studies are a small fraction of the total budget and are definitely required during 1977:

1.	\$ 85,000	Completion of Topographic Mapping. Areas involved are Eagle River and Chugiak
2.	45,000	Study on Municipal Facilities and Space Requirements
3.	120,000	Study on the Municipal Drainage System
4.	15,000	Parks and Recreation Services Study
5.	<u>7,000</u>	Geo-Technical - Land Hazards Assessment Study
	\$272,000	

Municipal Utilities

The 1977 Municipal Utilities' budget reflects projected deficits for the Anchorage Telephone Utility, Municipal Light and Power, and the Anchorage Water Utility. All three (3) Utilities will be appearing before the Public Utilities Commission prior to January 1, 1977 for rate increases. The Municipal Utilities' service assessment payments to the general government were placed into effect as of September 1, 1976. The 1977 budget recognizes this formula for general government revenue purposes. I have projected \$300,000 from these three utilities as profits to be distributed to the City of Anchorage Service Area in compliance with Section 19.14(b) of the Charter.

The Sewer Utility budget is in balance.

It is imperative that all Municipal Utilities be financially stable and provide reasonable and adequate services to customers. For this reason, rates must be adequate to generate revenues sufficient to provide services necessary for our growing community. Currently, this is not the case. It is also necessary that rates be adequate to fully fund depreciation of the obsolete plant and the reduction in value of the existing plant to allow for reinvestment of utility funds within each system.

Unified Financial Management System

On January 1, 1977, the Municipality's Unified Financial Management System will be implemented. This automated system will assist in financial management as well as program analysis. Implementation of such a system requires constant effort for the first months of operation as new procedures, forms and reports are implemented and generated. The utilization of the mini-computer concept for immediate access to information is a major step forward for general government operations.

The long range plan for data processing is in the final stages of completion. This study will provide the Municipality with a long range data processing plan for the unified government. The final unified payroll system is scheduled for completion and implementation in mid-1977. This system will provide the capability for projecting labor costs on an automated basis and will have the flexibility to accommodate the various requirements within each employee labor contract.

General Government Revenues

I continue to be concerned regarding the increased requirements from real and personal property taxes to operate the general government. Assessed valuations on real property are increasing at a rapid rate. Such increases in assessed valuation generate additional taxes but place an ever increasing burden on property owners. Other sources of local revenues must be found and seriously considered. I do not foresee how the State oil revenues will completely eliminate the increasing burden of real and personal property taxes in a fast growing community such as Anchorage. A sales tax appears to be one approach and I plan to appoint a task force to review all methods of possible revenues.

The collection of personal property taxes on vehicles is scheduled for implementation by the State of Alaska in 1978. The collections will be made at time of registration of vehicles and reimbursement will be made by the State to the local government. The utilization of this service is optional to the local governments by State law.

We can foresee increased revenues generated by this method of collection. Substantial numbers of vehicle owners as of January 1 of each year are currently escaping the personal property tax, thereby increasing the burden of taxes on other property owners. The contractual arrangement for this service between the State and the Municipality will be concluded during 1977.

Girdwood - Alyeska

The mill levy for Girdwood in 1975 was 11.70 mills; in 1976 the millage was 14.37. The mill levy projected for 1977 is 18.35 or an increase of 3.98 mills over 1976. The projected costs of refuse collection, sewer operations and paid firemen have placed a tremendous burden on that area. The assessed valuation of the Girdwood Service Area is low and needed programs therefore impact heavily on the Girdwood property owners. One mill, for example generates only \$10,500. Therefore, I have taken the following steps to hold down the tax increases within the Girdwood area:

1. Allocated \$45,000 of uncommitted general revenue sharing to Girdwood.
2. Placed the burden of principal and interest cost payment on \$500,000 General Obligation Bonds as an advance from the Sewer Utility until such time as assessment collections from property owners are collected.

These steps are necessary in order to maintain the integrity of the area as a developing part of our community. However, I feel that it is crucial that Alyeska annex to the Girdwood Service Area if the Girdwood Valley is to continue to develop properly. The continued subsidizing of that area is not a good approach. Each year there will continue to be an increase in level of service requirements, especially due to the sewer plant development and the associated annual operational requirements.

Eagle River

The mill levy for Eagle River in 1975 was 12.61; in 1976 the millage rate was 13.33. The projected mill levy for 1977 is 15.86 mills or an increase of 2.53 mills over 1976. The Eagle River budget includes an increase in the level of fire protection service. A recruitment drive is planned to double the number of volunteer firemen from ten (10) to twenty (20). One full-time new fireman position has been added for the year 1977. Three additional full-time fireman positions have been included for the last three months of the year. These three positions are to be filled if the recruitment of volunteers is not successful.

Transportation

Transportation in the Anchorage bowl continues to present a continually growing and complex problem to the community. The increase in vehicle usage is unprecedented. The People Mover system has increased its operations substantially during 1976. We are looking forward to the receipt of twelve (12) new busses during 1977, funded 80 per cent from our UMTA grant and 20 per cent from local contributions. I have included twelve (12) new full-time and ten (10) new part-time bus drivers and maintenance personnel in the Transit budget to provide for an increase in bus routes from 17 to 23.

The increased vehicular traffic on existing roads has caused deterioration of those roads. If the Streets and Roads Bonds are approved at the next general election, such funds will barely be enough to catch up on street and road projects which were programmed for upgrading in past years. These improvements would occur during 1977.

Port of Anchorage

The Port of Anchorage operations and expansion represents an important and vital link in the everyday activities of the Anchorage community. The Anchorage Port is in a good stable financial condition. The remaining revenue bonds on the Port were scheduled to be fully paid by 1998. However, these revenue bonds are being redeemed on an accelerated basis. The balance remaining payable is \$2,587,000 and it is estimated that the remaining bonds will be paid in the next four or five years. This will then allow the Port of Anchorage to issue revenue bonds because the current Port Trust Agreement will have been satisfied. It is gratifying to note that the Port is self-sufficient - unlike other ports of this country which are highly subsidized by their local governments.

Inter and Intra Fund Charges

The Assembly is fully aware of the complexities of developing a reasonable chargeback system. We believe that the 1977 system is fair and reasonable based on available data. It is my intention to fully analyze chargeback methods during 1977 based on historical data to the best degree possible.

One of the specific areas of emphasis will be the feasibility of elimination of chargebacks of such clearly identified areawide functions as the Assembly, the Mayor's Office, the Clerk and the Ombudsman. Under this concept, costs of these services would be charged to the Area-wide millage rate and would alleviate, to some degree, impact on the millage rates of the various service areas.

Program Budget

In addition to the traditional "accountability" or line-item budget, substantial effort has been made to develop a program budget. This latter budget will be presented to the Assembly as a separate submission. It should be recognized that this initial effort is somewhat embryonic in scope and that it will require about three years to fully develop the program budget approach. Nevertheless it is desirable that the Administration and Assembly begin to think in terms of programs and their respective costs as soon as possible.

Analysis of Mill Levies

	<u>1975</u>	<u>1976 (1)</u>	<u>1977 (1)</u>
01 Anchorage	19.20	20.44	19.99
02 Borough (Bowl)	13.93	14.24	15.02
03 Spenard	18.39	20.34	19.42
04 Girdwood	11.70	14.37	18.35
05 Glen Alps	15.90	16.58	15.58
06 Richardson Vista	11.75	11.75	11.30
07 Sand Lake	16.93	15.86	16.97
08 Muldoon	16.93	15.86	16.97
09 Rabbit Creek	13.93	14.24	15.02
10 Eagle River	12.61	13.33	15.86
11 Chugiak	11.40	12.67	12.60
12 City Annex	14.25	19.31	19.99
14 Rabbit Creek/Oceanview	16.93	15.86	16.97
15 Borough (Outside Bowl)	10.90	12.17	12.10
17 Landfill	10.58	12.02	11.83

- (1) In 1976, there was an increase of 1.24 mills in the millage to support the operation of schools. This increase is also included in the 1977 mill levy and must be considered when a comparison of total mill levies is made.

Total Costs 1977 Municipal Budget

TOTAL EXPENDITURES BY SERVICE AREA:

Areawide	\$ 28,511,950
City	12,404,950
Eagle River	402,600
Chugiak	91,410
Glen Alps	20,160
Girdwood	76,900
Library	2,875,130
Fire	9,607,140
Roads and Drainage	7,207,750
Police	11,197,150
Parks and Recreation	6,393,580
Solid Waste	1,357,750
Chugiak-Eagle River Disposal	74,930
Land Trust	<u>77,650</u>
Sub-Total	80,299,050

EXPENDITURES BY UTILITY:

Telephone	36,871,200
Power and Light	14,184,540
Water	7,352,520
Sewer	<u>8,646,120</u>
Sub-Total	67,054,380

EXPENDITURES BY CAPITAL IMPROVEMENT PROJECTS:

Fire Projects	520,000
Parks and Recreation Projects	4,746,500
Solid Waste Projects	909,500
Street Projects	13,334,000
Parking Projects	32,000
Traffic Projects	1,100,000
Port	6,563,000
Airport	750,000
Telephone Utility	19,500,000
Light and Power	12,415,000
Water Utility	9,751,000
Sewer Utility	<u>16,679,300</u>
Sub-Total	86,300,300

Total 1977 Recommended Operating and Capital Budget \$233,653,730 (1)

(1) This amount does not include the School Budget.

Personnel Summary

Summary of Full-Time Positions .

	<u>Sept., 1975 Unification</u>	<u>July, 1976 Reorganization</u>	<u>July, 1976 Transition</u>	<u>Sept., 1976 Current</u>	<u>New Positions During FY 77</u>
Assembly	29	21	21	21	0
Equal Rights Commission	4	4	7	7	0
Mayor's Office	58	54	58	58	1
Finance	159	160	155	155	1
Administrative Services	168	166	156	158	2
Planning	33	33	33	33	1
Law	32	31	31	31	0
Health & Environmental Prot.	133	130	124	117	3
Transportation	117	117	115	115	12
Cultural & Recreational Srvc.	137	140	136	136	3
Fire	224	216	222	222	25
Police	230	209	210	210	4
Public Works	424	414	413	413	0
General Government	1,748	1,695	1,681	1,676 (1)	52
Enterprise Activities(2)	782	825	860	860	22
Total All	2,530	2,520	2,541	2,536	74

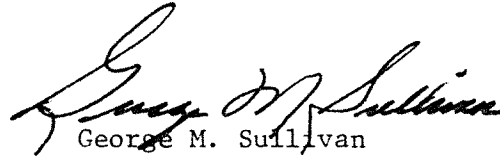
(1) Nine of these positions will be deleted by January 1, 1977

(2) Telephone, Power and Light, Water and Sewer

Note: General Government includes those functions of government which were impacted by unification. The employee position summary for General Government is as follows:

Full-Time Positions September, 1975	-	1,748
Full-Time Positions July, 1976	-	1,681
Full-Time Positions Proposed for 1977	-	1,719

I want to take this opportunity to express my sincere appreciation to Department Heads and Staff who participated and assisted in preparing this first unified budget.



George M. Sullivan
Mayor