

Municipality of Anchorage



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GEORGE M. SULLIVAN,
MAYOR

OFFICE OF THE MAYOR

December 15, 1978

Members of the Assembly:

I am pleased to present the 1979 Approved Municipal Budget.

My comments contained in this budget message are intended to present our emphasis for 1979 and to give a brief summary of the events behind the cost-containment approach used in developing the 1979 budget.

The primary theme for my Recommended 1979 budget was the continued development of a responsive, cost-effective local government - - - one in which we who live in Anchorage can continue to take pride. In March, I established a "hold the line" approach to the 1979 budget. The ceiling set for each general government department's operating budget was the amount required to continue 1978 programs/services at 1979 prices. In most cases, depending upon the relative priority of programs/services, departments were required to make reductions below that level. In certain cases expenditures for legally mandated programs/services were increased as is the case in the voter approved police expansion into Eagle River and Chugiak.

Our success in holding the line is evidenced by the fact that the 1979 general government budget is 3.7% greater than that of 1978 - - this is below the annual inflation rate of approximately 8% - - and, the increase in the gross property tax requirement is less than 1% over that of 1978. When considering mandatory increases for such items as debt service, operating costs of the new shredding plant, and police expansion, all previously approved by the voters, the increase in the 1979 general government budget over 1978 is less than 1%: approximately 130 existing permanent general government positions have been deleted.

The 1979 budget marks the culmination of a period of unprecedented growth in local government services to meet the demand generated by the large influx of people due largely to the Trans-Alaska Oil Pipeline.

During the past four years, we've been riding the crest of prosperity, generated primarily by the oil and gas development in the state. As the service center for the entire state, we gained impressively from the Trans-Alaska Oil Pipeline's construction.

The size, complexion and role of Anchorage local government has also changed commensurately with the growth of the area. Surveys and census analysis suggest that the character of our community has changed considerably in recent years. The Anchorage population has increased - with a greater proportion of newer residents who expect more government services than do long-time residents. The demand for services, both in level and type, has increased and the perception of what the government's role is has become more expansive in scope. This increased demand for local government services has resulted in corresponding growth in the government and the associated costs to accommodate that demand.

Economic indicators now reveal that our pipeline-related boom has begun to plateau. Although we will continue to remain a growing community, wages and the cost of living will probably rise in closer relationship as is the case in other parts of the nation. Any increase in taxes - whether due to increased millage rates or reassessments - will have more of an impact on the individual taxpayer. Municipal government must respond to current economic conditions.

The results of an Anchorage Urban Observatory survey released in December 1977, show that an overwhelming plurality of Anchorage citizens now want to hold the line on taxes by cutting back on less important Municipal services while keeping important services as they are. This indicates that, while the Municipality has generally been responsive to increased demand for critical services brought about by the rapid growth of the area in recent years, we should now place more emphasis on containing the costs of local government.

Municipal unification occurred during the height of the pipeline boom and the rapid expansion of local government services required to accommodate it. Resulting economies were often overshadowed by the effects of inflation and the growth required to meet the demand of the increasing population. By late 1977, most of the major problems of physically combining the two governments were resolved. A comprehensive Resource Management Program incorporating private industry methods and techniques was then initiated to further streamline operations so that the citizens of Anchorage could even more fully realize the increased efficiency and effectiveness possible as a result of unification. Some of these results are reflected in the recommended budget for 1979.

Our government will continue to take a planned, organized approach to cost containment while being responsive to the demands of the Anchorage taxpayers. We're using new and innovative techniques to improve operating procedures and management skills. A Zero Base Budget pilot program was conducted in the Fire Department in preparing the 1979 budget. The results have been analyzed and the Zero Base Budget concept will be expanded to other Municipal departments for the 1980 budget.

The Municipality also prepared a six-year fiscal plan to aid in the formation and analysis of current and long-term fiscal policies. This fiscal plan will be updated each year to supplement our existing annual operating and capital budget programs.

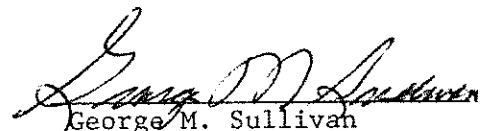
The combined 1979 operating budget for the Municipal utilities reflects an increase of 12.3% for revenues and a 9.6% increase in expenditures over the 1978 budget. The increase in expenditures is required to meet the needs of our expanding customer base and to offset increases resulting from new wage agreements. Significant cost reductions are reflected in the 1979 Utilities' budgets for intragovernmental services as a direct result of the cost containment program in general government.

The 1979 Capital Improvement Budget is a comprehensive package designed to meet the increasing needs of our developing municipality.

Throughout 1978 the Municipality has continued to realize favorable general obligation and revenue bond ratings. We achieved exceptionally good savings through bond refundings in the water utility and in general obligation bonds covering such priority items as roads, sewers and parks. These conditions, which we hope will continue during 1979, reflect the confidence of the National financial community in the Municipality's fiscal stability and its ability to sustain fiscal integrity.

I wish to express my appreciation to the Department Heads and Staff who participated in the preparation of this budget. I feel we have had an open review process with the Assembly and other interested Anchorage residents. Together we can make 1979 another year of major accomplishment.

Respectfully Submitted


George M. Sullivan
Mayor