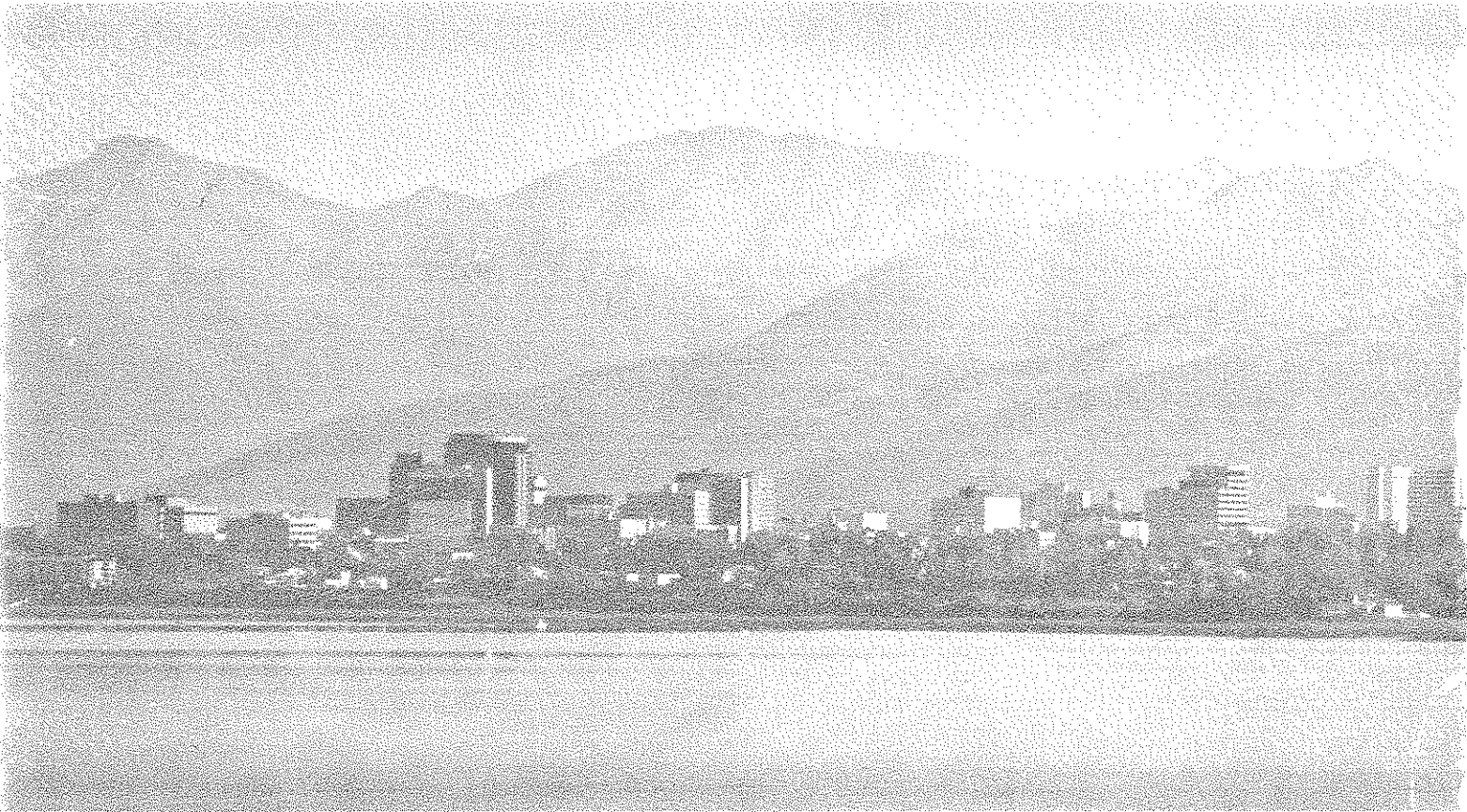


1982

ANNUAL OPERATING BUDGET

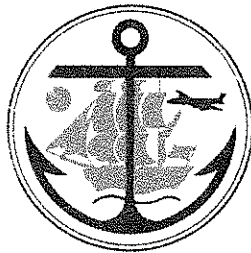
VOLUME 1



MUNICIPALITY OF ANCHORAGE

George M. Sullivan, Mayor

APPROVED



Municipality of Anchorage



POUCH 6-650
ANCHORAGE, ALASKA 99502
(907) 264-4431

GEORGE M. SULLIVAN,
MAYOR

OFFICE OF THE MAYOR

October 2, 1981

Members of the Assembly:

I am pleased to present, for your review and approval, my Budget for 1982. The budget document format is similar to that of this year. It readily shows what we propose to do in 1982 and the resources that will be required to accomplish the job. Analytical information on the budget is also included.

The emphasis for next year is the continued development of a responsive, cost-effective local government committed to its citizens and to preserving the quality of life that has made Anchorage a fine community in which to reside. In the area of capital improvements, 1981 has been another exciting and productive year for the Municipality. As a result of the outstanding efforts by the Anchorage State Legislative delegation, the Assembly, and the Municipal Administration, we received over \$200 million State funding for long awaited and needed capital projects. This infusion of State dollars at this important point in Anchorage's growth will play a major role in our comprehensive community and economic development program.

The Anchorage economy is dynamic and growing after the brief down-turn following the end of the Trans-Alaska Oil Pipeline boom. Construction activity is on the increase in Anchorage. In July 1981 the number of building permits issued for the year was 2,279, compared to 992 for the same time last year. The construction represented by those permits is \$260 million this year compared to \$75 million for this time last year. Related to the increased construction activity is Anchorage's apartment vacancy rate. In July, 1980 it was 15%; this year it is only 7%. Anchorage's unemployment rate at mid-year was 6.8% compared to 7.7% at the same time last year. In 1981 the Port of Anchorage finds itself involved with a broadly based upswing in economic activity. General cargo is 20% ahead of that of last year at this time. These are but a few key indicators of our growing economy.

Tourism and the visitor industry is big business in Anchorage. There are 7,300 persons directly employed in this industry, and, it is estimated that 25,000 persons rely on the visitor industry for their livelihood. Last year we had 700,000 visitors from throughout the world come to Anchorage. This brought in an estimated \$200 million into our economy. The first thrust of Project 80s has been specifically targeted at the tourism industry. However, Project 80s and other economic development efforts currently in progress will also provide a strong community and economic development foundation for the future growth of our community. The Municipality directly supports the efforts of the tourism and visitor industry by sharing 50% of the Hotel-Motel tax revenues for its promotion. In 1982, we estimate this contribution to be over \$1 million.

The Municipality has recently launched a program to capture a piece of the lucrative motion picture and television industry. We have established the Film Coordinator's Office, and a campaign is now underway aimed at Hollywood and New York, as well as our Pacific Rim neighbors and Europe.

A growing potential exists here in Anchorage for manufactured items, and we are working to develop this potential. Two different Anchorage firms have proven the profitability of building Arctic drilling rigs here, using Anchorage's workforce, and making a dent in our community's historically high rates of unemployment.

We are set to launch a highly-targeted industrial attraction effort, in a public/private partnership, aimed at getting suppliers of the oil and gas industry to locate operations in Anchorage and elsewhere in Alaska. The State of Alaska has awarded the Dow-Shell Consortium a contract to evaluate the feasibility of petrochemical development in Alaska. Anchorage is one location they are evaluating for the placement of a \$4.5 billion production plant.

Soon we envision that Alaska's enormous mineral wealth will begin to be tapped, now that the D-2 land bill is finally settled.

Anchorage will reap benefits from the economic development in the state. Development anywhere in Alaska impacts Anchorage since we are the hub of transportation, communication, and finance in Alaska and the headquarters of many major corporations.

We have learned that a small investment, done well, can reap substantial rewards for the local economy. Although Anchorage's further economic growth will undoubtedly be spurred by factors external to our control, our own long-term future is in our hands. Our aim should continue to be to build economic growth patterns to supersede the "boom or bust" ones of the past, and we are taking ambitious strides toward achieving that goal.

General Government Budget

The primary theme is to continue to contain the costs of Municipal government in order to hold the line on expenditures and local property taxes.

Working with the Anchorage State Legislative delegation during the 1981 session, we were able to obtain increased State funding that enabled us to significantly reduce the property taxes that Anchorage residents paid in 1981 for their Municipal services.

Anchorage residents will continue to share our State's oil wealth. My recommended budget for 1982 has been developed so that it would be fiscally responsible even without the increased State funding. This way our citizens will be able to realize maximum property tax reduction benefit from the increased funding made possible by the influx of petroleum dollars into the State treasury.

The tax-supported general government 1982 operating budget reflects an expenditure increase of 7.3% over that of 1981. This is a relatively modest rise considering the inflationary increases on the cost of living that all of us are experiencing.

The results of last year's public opinion survey showed the highest priority of Anchorage residents to be public transit. While the 1982 tax-supported general government budget is up 7.3% from that of 1981, expenditures for public transit are up over 28%. Expenditures for police and fire protection services are each up 11% from the 1981 level.

Although 1982 tax-supported fund expenditures are up \$10.0 million from the 1981 level, the property tax requirement is up less than \$1.7 million. There would be a \$1.3 million reduction from the 1981 property tax requirement were it not for a \$3 million reduction in the State Land Deficiency payment from the State of Alaska. Anchorage is slated to receive \$9 million due to insufficient State lands being available within the Municipality under the State Lands Selection Program -- \$4 million in both 1980 and 1981, and the remaining \$1 million in 1982. By State law, this revenue must be used to reduce local property taxes. The \$9 million total is considerably less than the value of the unavailable acreage. However, this was all the State felt it could afford when the program was established in 1978. With the subsequent influx of oil dollars into the State Treasury, our efforts during 1982 legislative session should include ensuring that Anchorage taxpayers receive equitable compensation for the lack of available State lands.

Municipal Utilities Budget

The combined 1982 operating budget of the Municipal Utilities reflects a 10.2% increase in expenditures over 1981. There have been several significant changes that account for 1.6% of the increase. These are: the accounting treatment of utility plant depreciation; a Federal Communication Commission ruling requiring telephone station connection construction to be treated as an expense; and the large increase in fuel costs required in Municipal Light and Power operations.

Utility rates in Anchorage compare favorably with other areas of the United States despite the relatively higher cost of living in Alaska. Electric rates are well below the national average; and the only areas in the United States with lower rates are those where hydroelectric power is the major energy source.

Our Municipal utilities operate through the sale of user services, together with some state and federal grants. No property taxes are used to finance their operations. On the contrary, in 1982 the Municipal utilities will pay over \$820,000 in lieu of property taxes to support our general government operations. This directly decreases the amount of property taxes that Anchorage residents pay for their Municipal general government services.

Our Utilities have responded well to service demands imposed by Anchorage's growth. They are anticipating the long range requirements of our community and are planning for these needs. This long range planning includes water resource studies, new sewer treatment plants, a new telephone central wire center, involvement in the Susitna hydroelectrical project, and the Anchorage-Fairbanks electrical transmission intertie proposal. Today's planning for tomorrow's Anchorage will assure that our citizens continue to receive services at reasonable costs.

Capital Improvement Budget

The 1982 capital improvement budget is a continuation of the aggressive capital program which began with Project 80s. The program contains few major facility projects. However, my recommended transportation, public safety, recreational, and utility projects complement the major facilities projects approved during the past two years and are essential to the development of the infrastructure needed for sustained community and economic development.

The key difference between the 1982 capital budget and those of previous years is that no general obligation bond funding is being requested. Rather, we again will actively work with the members of the Anchorage State Legislative delegation to ensure that the State continues to invest a portion of its oil wealth in high priority capital projects in local communities.

The preparation of the 1982 capital improvement budget has involved careful evaluation of the appropriateness, timing, and potential funding source of each project. My objective throughout has been to develop a sound, balanced capital program reflective of the needs of our community's citizens.

* * * * *

The 1982 budget is the sixth budget that I have recommended to you as Mayor of our unified Municipality. It represents the culmination of our efforts to increase our government's efficiency and effectiveness resulting from Municipal unification in 1975 and our efforts to increase organizational capabilities and productivity. Much hard work by many people has resulted in containing the costs of Anchorage local government in the face of high inflation and citizen demands for expanded local services.

Prior to 1978, the economies resulting from Municipal unification were overshadowed by the rapid growth of local government services required to meet the demand of the increasing population brought about by the Trans-Alaska Oil Pipeline boom. In 1978 we initiated a comprehensive Resource Management Program incorporating many private industry methods and techniques. Thanks to this and our other efforts, the 1979 budget reflected significant reductions from 1978.

We first implemented zero base budgeting on a pilot basis in one department for the 1979 budget. The concept has been expanded to additional departments each year; and, for the first time for 1982, all general government departments have prepared their budgets utilizing zero base budgeting technique.

We have taken many other steps in providing a planned, organized approach in containing the costs of local government while being responsive to the demands of Anchorage taxpayers. Included are new procedures and methods to reduce costs, increased use of computer technology in Municipal operations, and improved management training and performance. The consolidation of many Municipal services and operations in the Hill Building has increased operational efficiency and effectiveness.

Comparing the 1978 general government operating budget approved by the Assembly with the 1982 budget I have recommended, we find that expenditures have increased by 43.2% during the four year period. During this period, the Anchorage consumer price index is estimated to increase by about 47.4%. Included in the 43.2% increase are major increases in high-priority voter approved Municipal services such as public transit, street maintenance, and police protection, and parks and recreational services. The State operating budget, on the other hand, has more than doubled during these same four years.

The Municipality has been able to maintain a favorable debt/revenue ratio which has enabled us last year to secure an A1 rating from Moody's on our general obligation bonds. The national financial institutions have shown confidence in our fiscal stability by their expanding interest in our bond sales. Our continued fiscal responsibility will allow for growth while maintaining debt payments at a reasonable level.

We have worked closely with the Anchorage State Legislative delegation to help ease the property tax burden on Anchorage taxpayers as well as to obtain many long awaited and needed capital projects for our community. Our success in the first area is evidenced by Anchorage's low mill rates for 1981 and the ones I am recommending for 1982. Over \$300 million received from the State for Anchorage capital projects during the past two years is evidence of our success in the second area.

Much has been accomplished since Municipal unification. We must continue our efforts to ensure that our citizens receive the maximum service for each tax dollar while making Anchorage a fine community for ourselves and for future generations.

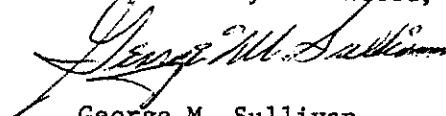
By charter, the 1982 budget must be approved and funds appropriated twenty-one days prior to the end of the fiscal year. The following is my recommendation for public hearings and adoption of the 1982 operating budget.

November 10, 1981
November 17, 1981
December 1, 1981

Public Hearing
Public Hearing
Adoption and Appropriation

I wish to express my appreciation to the Executive Managers, Department Directors, and staff who participated in the preparation of this budget. We are looking forward to an open review process with the Assembly and other interested Anchorage residents.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "George M. Sullivan".

George M. Sullivan
Mayor

Submitted by: Chairman of the Assembly
at the request of the Mayor
Prepared by: Management & Budget
For Reading: October 20, 1981

DATE 12-8-81

ANCHORAGE, ALASKA
AO NO. 81-186

AN ORDINANCE ADOPTING THE 1982 BUDGET FOR THE MUNICIPALITY OF ANCHORAGE (EXCEPT FOR THOSE BUDGET APPROPRIATIONS APPROVED BY ORDINANCE AO. NO. 81-185) AND APPROPRIATING FUNDS FOR SAID BUDGET.

WHEREAS, the Mayor has presented his recommended 1982 Operating Budgets and Utility Capital Improvement Budget for the Municipality of Anchorage to the Assembly in accordance with Article XIII of the Municipal Charter; and

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

WHEREAS, on November 10, 1981 and on November 17, 1981 duly advertised public hearings were held in accordance with Article XIII, Section 13.04 of the Municipal Charter, and

WHEREAS, the 1982 funds are now ready for appropriation by ordinance;

NOW, THEREFORE, the Assembly hereby ordains:

1. That the 1982 Operating Budget and Utility Capital Improvement Budget as recommended by the Mayor and revised by the Assembly are hereby adopted for the Municipality of Anchorage.

2. That the amounts as set forth in the Budgets as revised by the Assembly for the respective departments and/or funds shall be, and hereby are appropriations for the 1982 fiscal year.

3. The General Government Operating Budget appropriations by fund are as follows:

<u>FUND NO.</u>	<u>GENERAL FUNDS</u>	<u>AMOUNT</u>
0101	Areawide General	\$40,432,630
0102	City Service Area	1,973,520
0103	Eagle River Fire Service Area	671,600
0104	Chugiak Fire Service Area	246,440
0105	Glen Alps Service Area	106,810
0106	Girdwood Valley Service Area	226,010
0107	Anchorage Sewer Service Area	3,634,520
0131	Anchorage Fire Protection Service Area	17,524,030
0141	Anchorage Roads & Drainage Service Area	16,671,320
0142	Talus West Limited Road Service Area	29,670
0143	Upper O'Malley Limited Road Service Area	96,810
0144	Eagle River Limited Road Service Area	83,080
0145	Rabbit Creek View/Heights Limited Road Service Area	24,810

0146	Chugiak Limited Road Service Area	115,000
0151	Anchorage Police Service Area	26,230,360
0161	Anchorage Parks & Recreation Service Area	10,065,610
0162	Eagle River/Chugiak Recreational Facilities Service Area	498,560
0181	Anchorage Building Safety Service Area	1,938,620
	Total General Funds	\$120,569,400

<u>FUND NO.</u>	<u>TAX-SUPPORTED ENTERPRISE FUNDS</u>	<u>AMOUNT</u>
0562	Anchorage Solid Waste Service Area	\$ 3,383,600
0564	Eagle River/Chugiak Solid Waste Disposal Service Area	269,660
0584	Transit	8,958,780
	Total Tax-Supported Enterprise Funds	\$12,612,040

<u>FUND NO.</u>	<u>SPECIAL ASSESSMENT FUNDS</u>	<u>AMOUNT</u>
0896	Service Area 35-Roads and Drainage Bonded Indebtedness Retirement Service Area	\$ 1,961,300
0897	City Service Area-Roads and Drainage Bonded Indebtedness Retirement Service Area	736,700
0898	Municipal Service Area-Roads and Drainage Bonded Indebtedness Retirement Service Area	1,151,150
	Total Assessment Funds	3,849,150
	Total Tax-Supported Funds	\$137,030,590

<u>FUND NO.</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>AMOUNT</u>
0211	Parking Revenue	\$ 2,031,800
0221	Land Trust	693,820
	Total Special Revenue Funds	\$ 2,725,620

<u>FUND NO.</u>	<u>ENTERPRISE FUNDS</u>	<u>AMOUNT</u>
0560	Refuse Collection	\$ 3,596,390
0570	Port & Terminal Facilities	3,779,010
0580	Municipal Airport	645,100
	Total Enterprise Funds	\$ 8,020,500

<u>FUND NO.</u>	<u>INTERNAL SERVICE FUNDS</u>	<u>AMOUNT</u>
0601	Equipment Maintenance	\$ 677,710
	Total Internal Service Funds	\$ 677,710
	Total Operating Funds	\$148,454,420

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

<u>FUND NO.</u>		<u>AMOUNT</u>
0520	Anchorage Telephone Utility	\$69,798,410
0530	Municipal Light & Power	27,826,810
0540	Anchorage Water Utility	8,498,700
0550	Anchorage Sewer Utility Service Area	16,008,550
	Total Utility Funds	<u>\$122,132,470</u>

5. The appropriations for Utilities' Capital Improvement Funds are as follows:

<u>FUND NO.</u>	<u>CAPITAL IMPROVEMENT FUNDS</u>	<u>AMOUNT</u>
0521	Anchorage Telephone Utility	\$24,859,000
0531	Municipal Light & Power Utility	21,477,000
0541	Anchorage Water Utility	2,761,000
0551	Anchorage Sewer Utility	2,478,000
	Total Utility Capital Improvement	<u>\$51,575,000</u>

6. The appropriations for the general government Capital Improvement Funds are incorporated herein for a total 1982 Budget of \$324,869,890.

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

<u>DEPARTMENT OR AGENCY NUMBER</u>	<u>DEPARTMENT/AGENCY</u>	<u>AMOUNT</u>
1000	Assembly	\$ 1,231,840
1100	Equal Rights Commission	403,690
1200	Office of the Mayor	3,535,680
1300	Finance	6,709,350
1400	Administrative Services	20,065,460
1500	Planning	2,880,390
1600	Law	2,510,560
1700	Management & Budget	1,140,510

Assembly Ordinance
Page Four

1800	Employee Relations	\$ 1,165,600
1900	Social Services	443,480
2000	Health & Environmental Protection	5,043,040
3000	Transportation	17,145,580
4000	Cultural & Recreational Services	14,243,010
5000	Fire	20,616,570
6000	Police	22,891,880
7000	Public Works	37,203,810
8100	Municipal Utilities Administration	556,190
8230	Credit and Collections	2,796,720
9000	Non-Departmental	7,575,230

8. This ordinance shall take effect January 1, 1982.

PASSED AND APPROVED by the Assembly this 8th day of December, 1981.



Chairman

ATTEST:


Municipal Clerk

MUNICIPALITY OF ANCHORAGE
1982 APPROVED BUDGET
For The Fiscal Period of
January 1, 1982 through December 31, 1982
GEORGE M. SULLIVAN, MAYOR

-----ASSEMBLY-----

DON SMITH, CHAIRMAN

JANE ANGVIK
PAUL B. BAER
FRED CHIEI, JR.
JOE JOSEPHSON
BERNARD L. MARSH

CAROL MASER
RICK MYSTROM
GERRY O'CONNOR
LIDIA SELKREGG
DAVID WALSH

-----ASSEMBLY-APPOINTED STAFF-----

RUBY SMITH.....MUNICIPAL CLERK
WAYNE MABRY.....OMBUDSMAN

-----MAYOR-APPOINTED STAFF-----

RONALD A. GARZINI.....Chief Administrative Officer-Operations
JOHN HARSHMAN.....Acting Chief Administrative Officer-Municipal Utilities
JOHN VALENSI.....Municipal Manager
JERRY WERTZBAUGHER.....Acting Municipal Attorney

EVERETT P. DIENER.....Director of Public Works
JAMES DUNN.....Director of Transportation
JOHN F. FRANKLIN.....Fire Chief
ROBERT A. HALL.....Director of Health & Environmental Protection
WILDA HUDSON.....Director of Cultural & Recreational Services
JEWEL JONES.....Director of Social Services
WILLIAM LEWIS.....Acting Director of Administrative Services
MICHAEL MEEHAN.....Director of Planning
ROBERT M. NELSON.....Chief Fiscal Officer
LU PERSON.....Director of Management & Budget
ALBERT PISTORIUS.....Anchorage Telephone Utility General Manager
BRIAN S. PORTER.....Chief of Police
ROBERT SMITH.....Acting Water & Sewer Utility General Manager
WILLIAM SMITH.....Director of Employee Relations
THOMAS R. STAHR.....Municipal Light & Power General Manager

MUNICIPAL ORGANIZATION CHART

