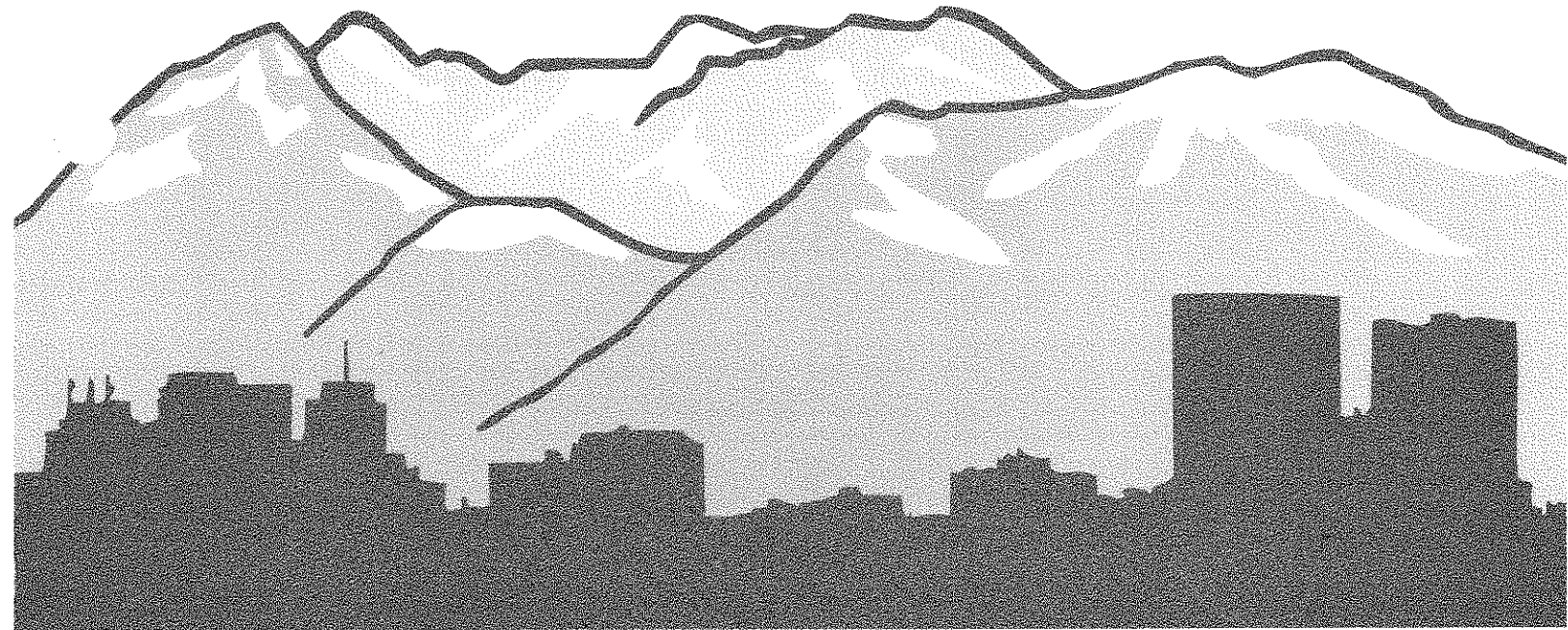


# Municipality of Anchorage

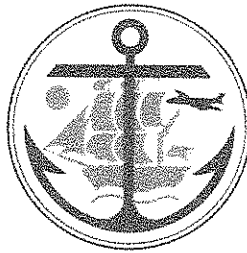


Tom Fink  
Mayor



## **1993 Fiscal Trends Report**

# Municipality of Anchorage



OFFICE OF THE MAYOR

P.O. BOX 196650  
ANCHORAGE, ALASKA 99519-6650  
(907) 343-4431

TOM FINK,  
MAYOR

October 2, 1992

Dear Assembly Members and Interested Residents of Anchorage:

The following report, which has been prepared by the Office of Management and Budget (OMB) under the direction of the Municipal Manager, presents a strategic planning approach to solving the fiscal gap facing the Municipality over the next six years. This process was designed so that the Assembly, Budget Advisory Commission, and other citizens could provide input and recommendations on problem determination, strategy evaluation and identification of solutions for the Municipality's long-range fiscal planning objectives.

The assumptions used are a compilation of data from several sources. State Revenue, inflation and population projections were derived with the concurrence of the Institute of Social and Economic Research (ISER). The New Requirements were formulated by each of the departments and analyzed by the Office of Management and Budget.

The Budget Advisory Commission (BAC) has been presented the planning assumptions, as well as the preliminary revenue and expenditure profiles including new requirements. The Administration will continue to update and inform the BAC, Assembly and citizens when the revenue or expenditure profile changes.

On June 23, 1992, I informed the Assembly that the General Government Operating Budget was facing a \$20 million fiscal gap for 1993. This gap was a combination of several factors, including increased labor contracts, Federal and State mandated cost increases, reduced State revenues and a substantially reduced fund balance.

This report explains how the June 23, 1992 fiscal gap of \$20 million was reduced down to the current gap of \$9 million. The forecasted gap did not magically decline. Prudent management policies and practices were implemented during the budget process to substantially reduce the fiscal gap.

The various general government departments have reviewed their operations to identify other areas for possible reduction including:

- Reduction of internal administrative/support costs.
- Reorganization, consolidation, streamlining, and increasing the span of control of managers.
- Improvements in productivity.
- New/increased user fees, permit fees, and fines.

Cost reductions in the aforementioned areas together with my recommendations of June 23, 1992 should bring the fiscal gap down to about \$9 million, assuming property taxes are held constant with 1992 plus new construction and debt service costs.

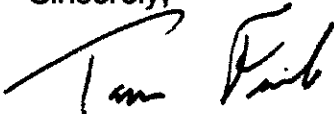
Similar to prior years, the budget priorities survey conducted in May 1992 by Dittman Research Corporation has reiterated the message that the residents of Anchorage do not support any increase in taxes, be it property tax or a new sales tax.

The recommended solution by the Administration centers on service and program reductions as outlined in the Proposed 1993 General Government Operating Budget. Police, Fire, Emergency Medical Services, Street Maintenance and certain critical safety net programs have been given the highest priority.

As you know, one of the most difficult financial problems still facing the Municipality is the potential unfunded liability for Police and Fire retirees. Since this item is a subject of binding arbitration, per Assembly ordinance, it is unlikely to be resolved in the short term. The longer this problem exists, the more difficult it will be to resolve.

In conclusion, all projections in the Fiscal Trends Report were developed with information that was considered the most reliable and current at the time of development. It is important to keep in mind that circumstances may arise which could change the assumptions and thus the projected results of the various scenarios.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Fink". The signature is written in a cursive style with a large, sweeping initial "T".

Tom Fink  
Mayor

**1993  
FISCAL TRENDS REPORT  
MUNICIPALITY OF ANCHORAGE**

**Tom Fink, Mayor**

**ASSEMBLY**

Craig Campbell, Chairman

Pat Abney

Bill Faulkner

Brian Porter

Jim Barnett

Heather Flynn

Dick Traini

Mark Begich

Jim Kubitz

John Wood

Chuck Landers

**ADMINISTRATION**

Larry D. Crawford ..... Municipal Manager

Will Gay ..... Executive Manager, Enterprise Activities

Richard L. McVeigh ..... Municipal Attorney

Jerry Anderson ..... Chief Fiscal Officer

This Fiscal Trends Report was prepared by the Office of Management and Budget.

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