

Municipality of Anchorage

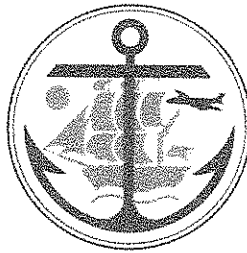


Tom Fink
Mayor



1993 Fiscal Trends Report

Municipality of Anchorage



OFFICE OF THE MAYOR

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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.

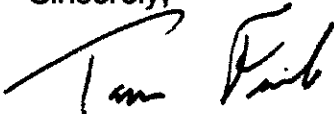
Similar to prior years, the budget priorities survey conducted in May 1992 by Dittman Research Corporation has reiterated the message that the residents of Anchorage do not support any increase in taxes, be it property tax or a new sales tax.

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, slightly slanted style.

Tom Fink
Mayor

**1993
FISCAL TRENDS REPORT
MUNICIPALITY OF ANCHORAGE**

Tom Fink, Mayor

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Jim Barnett

Heather Flynn

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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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I. EXECUTIVE SUMMARY

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During the late 1980's, the Municipality of Anchorage was faced with declining State revenues, lowered real estate values, losses in construction activity and employment, rising labor costs and a fairly shaky local economy. Today, the economy appears to have improved yet some of these same fiscal difficulties remain, especially in the areas of decreasing State revenues, rising labor costs and unemployment. On the positive side, the level of construction activity (mainly non-residential) and real estate values seem to have taken an upward turn. In 1991 the average value of a home or condominium sold in Anchorage went up approximately 8% as compared to 1990.

The primary objective of this document is to enhance public understanding of the Municipality's fiscal situation by:

- Describing the Proposed 1993 General Government Operating Budget and the anticipated long-range fiscal forecast;
- Describing the various trade-offs and corresponding implications for services and revenues; and
- Providing information to allow for participation in the budget balancing process.

The \$20 million Gap for 1993 carries with it a mix of many of the same requirements dealt with in the 1992 budget process. Of the \$20 million, \$9 million will result in actual program and service reductions to balance the 1993 budget within the proposed revenue level. The remainder will continue to be postponed, eliminated or absorbed through new sources of revenues.

After careful consideration of historical trends and economic projections, the impending budgetary shortfall for 1993 indicates a need for the city to become more active in setting the path for a six-year planning process coupled with the implementation of a corrective strategy. Strategic planning, management control and updated fiscal projections provide a framework through which Anchorage can take the lead to reshape its economic picture. After the planning process, the management control system becomes the forum through which Anchorage can achieve the strategies established under the planning process. Finally, joint involvement by the Administration, Assembly, advisory commissions, business leaders and interested citizen groups create the nucleus through which solutions to solve the Fiscal Gap are realized.

ASSUMPTIONS

Although three cases using optimistic, most likely and pessimistic assumptions were developed, the focus will be on the most likely case and the corresponding assumptions and corrective strategies.

Revenues:

- Federal revenues will remain fairly consistent with prior years and experience a 0% growth.
- State revenues will decrease 2% per year from the base established in 1992. The \$18.7 million of Municipal Assistance included in the 1993 General Government Operating Budget has already been appropriated by the State Legislators. The \$11 million of State Revenue Sharing will not be appropriated until the spring of 1993 and is assumed to be the same amount as the Municipality received in 1992. No new State revenues are assumed for the purposes of this report; however, we will continue to propose greater State support and economic relief from mandated requirements.
- Local revenues are assumed to increase 2% over the base because of projected increases in population and consumption spending patterns. An extensive review of user fees has been undertaken. Small adjustments have been made to fee totals for 1993. Also included in the local revenue estimate is a \$2.5 million Utility Revenue Distribution (URD) from the Anchorage Telephone Utility, which is contingent upon approval from the Alaska Public Utilities Commission (APUC).
- Property taxes are assumed to be held constant with increases for new construction and increased debt service only.
- Fund balances have been reduced as much as possible, consistent with cash flow requirements, maintenance of bond ratings and various contingencies with respect to a specific fund.
- Intragovernmental charges (IGC's) are estimated to increase 5% after 1993. This estimate needs to be reviewed in greater detail once the long-term agreement for IGC's to ATU has been finalized. The 1993 IGC's to ATU are approximately \$1.8 million lower than 1992.

The variance that arises from revenue and expenditure differences is referred to as the Fiscal Gap. There are several ways to reduce this gap of approximately \$20 million for 1993, and we have attempted to outline some of the more feasible possibilities.

CORRECTIVE STRATEGIES

To effectively deal with the budgetary shortfall facing the Municipality, some of the following options should be considered:

- Service/program reductions.
- Compensation concessions.
- Postponement of high priority new requirements.
- Funding of Police and Fire Retirement Medical benefits through an affordable benefit program.
- New revenues.
- Sale of ATU. (Note: Only a portion of the proceeds have been applied to balance the Gap.)

The balance among the above options can be summarized in the chart on Page 1-4, which depicts the options available to solve the Fiscal Gap in 1993. It is important to note that solutions are already in place to resolve the first half of the solution matrix (which totals \$11.3 million).

Figure 2-1

"Fiscal Gap" Solution Options
1993

	Option #1	Option #2	Option #3	Option #4	Option #5	Option #6
Legislative Approved CIB	\$ 3.0 M	\$ 3.0 M	\$ 3.0 M	\$ 3.0 M	\$ 3.0 M	\$ 3.0 M
No Increase in Jail Contract	2.0	2.0	2.0	2.0	2.0	2.0
Repayment of Contribution to Bldg Safety	0.9	0.9	0.9	0.9	0.9	0.9
Move Certain Mandated/Continuing						
Increases to the 1993 CIB	1.2	1.2	1.2	1.2	1.2	1.2
Heritage Land Bank Funding	0.5	0.5	0.5	0.5	0.5	0.5
Subtotal A	\$ 7.6 M	\$ 7.6 M	\$ 7.6 M	\$ 7.6 M	\$ 7.6 M	\$ 7.6 M
Salary & Benefits Adjustment Reduction	0.8	0.8	0.8	0.8	0.8	0.8
Inflation Adjustment Reduction	0.5	0.5	0.5	0.5	0.5	0.5
Hill Building/MISD Reduction	0.5	0.5	0.5	0.5	0.5	0.5
Increased Program Revenues	1.2	1.2	1.2	1.2	1.2	1.2
Increased Hotel-Motel Tax Rev (92 & 93)	0.6	0.6	0.6	0.6	0.6	0.6
Net Savings to Enable Funding of Current						
Service Levels	3.1	3.1	3.1	3.1	3.1	3.1
Add'l State Revenue Sharing Reduction	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)
Reduction in IGC's Outside Gen Govt						
Due to Budget Reductions	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)
Other/Rounding	0.1	0.1	0.1	0.1	0.1	0.1
Subtotal B	\$ 3.7 M	\$ 3.7 M	\$ 3.7 M	\$ 3.7 M	\$ 3.7 M	\$ 3.7 M
Subtotal of A + B	\$11.3 M	\$11.3 M	\$11.3 M	\$11.3 M	\$11.3 M	\$ 11.3 M
Service/Program Reductions	8.7	0.0	5.6	2.0	2.0	0.0
Compensation Concessions	0.0	0.0	0.0	0.0	6.7	0.0
Sale of ATU	0.0	0.0	0.0	0.0	0.0	8.7
Tax Cap	0.0	3.1	3.1	3.1	0.0	0.0
Increased User Fees	0.0	0.0	0.0	0.6	0.0	0.0
New/Increased Taxes	0.0	5.6	0.0	3.0	0.0	0.0
TOTAL FISCAL GAP SOLUTION	\$20.0 M	\$20.0 M	\$20.0 M	\$20.0 M	\$20.0 M	\$20.0 M

II. INTRODUCTION

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The Fiscal Trends Report 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 citizen groups can provide input and recommendations on problem determination, strategy evaluation and identification of solutions for the Municipality's long-range fiscal objectives.

The assumptions used are a compilation of data from several sources. State revenue and inflation projections were derived with the concurrence of the Institute of Social and Economic Research (ISER). Population projections were derived from the city demographer and assessed values from the Property Appraisal Division.

The Assembly and the Administration should develop and implement long-range solutions to correct the Fiscal Gap. Section IV of this report details the options available to fill the gap for 1993, which could be carried over to the outyears. Unfortunately the service and program reductions are very real for 1993 and reflect the downsizing or the elimination of certain services. The detailed list of services and programs identified for elimination or reduction will be included in the 1993 General Government Operating Budget.

* * * * *

The 1993 Proposed Operating Budget for general government services totals \$208.5 million and is based on the following goals:

1. Economic Development -- The Municipality shall strive to contribute to the long-term stable recovery and growth of the Anchorage economy.
2. Fiscal Stability -- The Municipality shall strive to maintain vital services to the public while adjusting to changing fiscal circumstances and assuring the long-term financial integrity of local government.
3. Public Safety -- The Municipality shall strive to provide services necessary to ensure a safe environment for its residents. These services include police, fire, emergency medical and emergency preparedness, public health and environmental services.

4. Maintenance of Municipal Facilities -- The Municipality shall strive to maintain existing facilities on a schedule that will allow our children to enjoy the benefits of these improvements for many years. We believe maintaining basic facilities, roads and public buildings, as well as parks, bike trails and cultural facilities should be a high priority.
5. Balanced Community Values -- The Municipality shall strive to achieve a balance in meeting expressed community needs despite diminished resources. Basic services will continue to be given the highest priority. The Municipality will continue to provide recreation and leisure activities and city beautification within funding constraints.

These goals were attained in the 1992 General Government Operating Budget with the exception of partial funding of the retiree medical cost, which is part of Goal #2 -- Fiscal Stability.

As shown in this report, 1993 presents more difficult problems. Even continued savings and a slight upturn in the Anchorage economy have not been sufficient to offset the impact of increased labor costs and mandated new requirements, which result in a Fiscal Gap of over \$20 million for 1993.

We are definitely at the point where Anchorage residents will again feel the toll of budget reductions -- mainly in the area of cultural and recreational services, transit and contributions to non-profit organizations.

As a result, the Administration has devoted an extensive section of this report to the identification of the problem facing the Municipality, as well as corrective strategies to "Fill the Gap."

LONG RANGE PLANNING

Currently, the Municipality of Anchorage requires a one-year operating budget, a six-year program for fiscal policies and a six-year capital improvement plan (AMC 6.10). By examining the Fiscal Trends Report, the Administration, Assembly and community groups can get a good indication of future funding levels for services and programs as well as anticipated revenues.

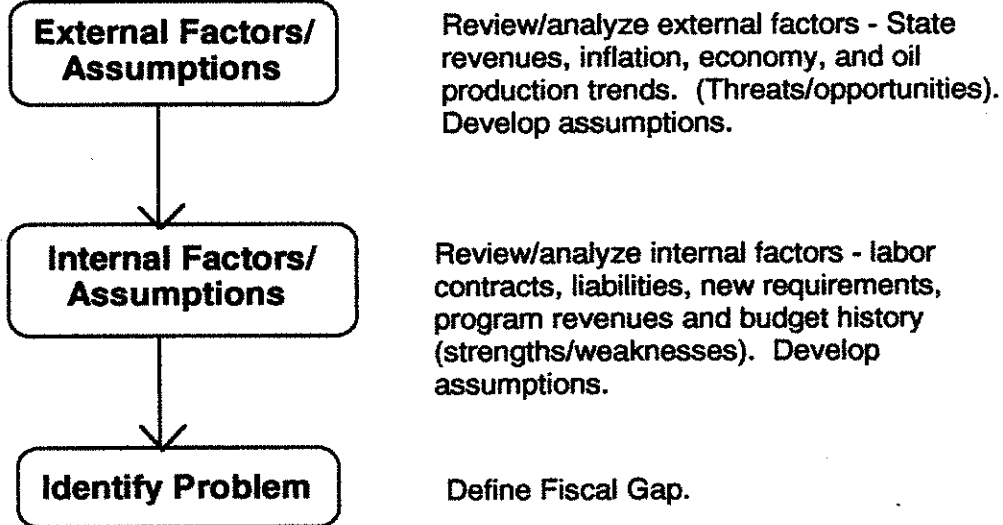
PLANNING PROCESS

For your reference, Page 2-4 contains a flow chart of the planning process that was used in the development of this year's long-range budget forecast. The planning process consisted of three key phases:

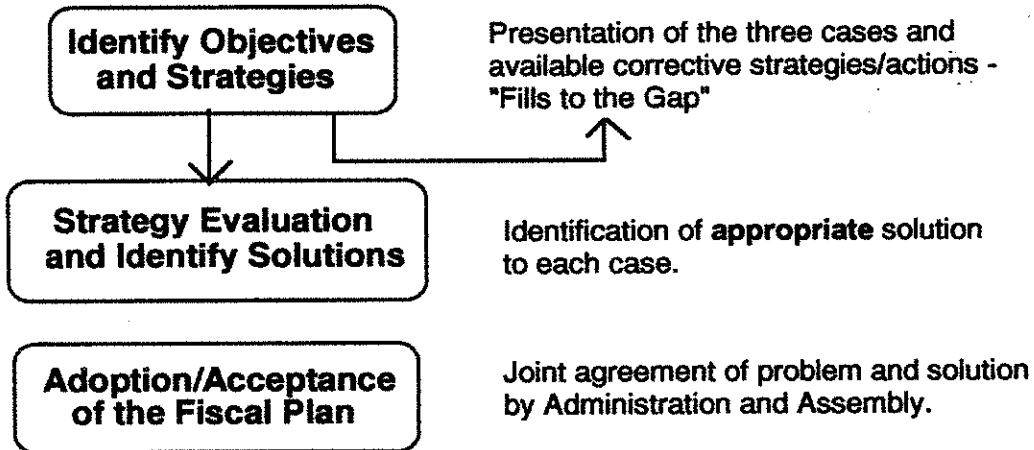
- I. Strategic Thinking - This is the phase where the external and internal factors affecting the budget are reviewed and analyzed, in conjunction with the development of assumptions. At the end of this phase, the problem is identified and the Fiscal Gap defined.
- II. Decisions - During this phase, three cases and available corrective strategies are presented. Each of the strategies is then evaluated and the optimal solution to each case identified. The final step in this phase is intended to be the joint agreement of the problem and solution by the Administration and the Assembly.
- III. Strategy Implementation - This final phase centers on the implementation, monitoring and review of the Fiscal Plan.

GENERAL GOVERNMENT SIX-YEAR BUDGET FORECAST PLANNING PROCESS

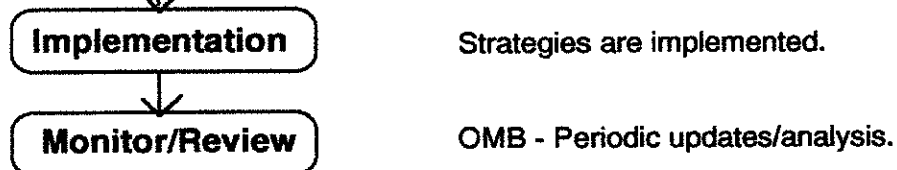
STRATEGIC THINKING



DECISIONS/PLAN ADOPTION



STRATEGY IMPLEMENTATION



In line with the six-year planning process described in the introduction, the following pages outline and describe the external factors directly impacting Anchorage. Some of these factors are more consistent with operational problems at the State level, but it is realistic to assume that some of these could also influence Anchorage's economy.

We have attempted to offset the "THREATS" looming on the horizon with a listing of some positive "OPPORTUNITIES" facing Anchorage. Unfortunately, the list of "OPPORTUNITIES" appears more futuristic while the list of "THREATS" is more probable. Without expanded comment on the probability of some of these opportunities actually coming to fruition, it is important to realize that they do provide diversification to a fairly stagnant economy.

During the 1992 Legislative session, we have seen evidence of declining oil revenues in the struggle to arrive at a balanced State budget. 85% of the State revenues come from the production of oil. After a dozen years at record levels, the depletion of the North Slope field has set in. Alaska continues to spend as if the oil production curve has not changed over the past several years. Hopefully, the State will follow a policy of cutting back without balancing the budget on the back of local government. We would see more cost-effective government services under this scenario.

Finally as you read through the list of Threats and Opportunities facing Anchorage, keep in mind that all economic assessments are probable at best and are subject to many unknown external influences.

IMPACT ON ANCHORAGE

Threats/Opportunities

THREATS

- Decline in Oil Industry Presence in Alaska
- Fiscal Gap/Declining Revenues at the State Level
- Limited Diversification
- New Jobs at the Service/Retail Level vs. Executive Jobs (Seasonality Issue as well)
- Reductions in Federal Military Budget
- Increasing Cost of Government - Local, State, Federal
- Decline in International Passenger Travel
- Federal and State Mandates
- Potential Decline of COLA for Federal Employees

OPPORTUNITIES

- Expansion of Tourism - Ship Creek, Hatcher's Pass, Airport
- Cold Storage and Secondary Processing Center for Alaskan Fisheries
- International Warehousing and Distribution Center - AIDA Bond Potential (\$85 Million)
- Encouragement of Light Industry (i.e., Software Development)
- Expansion of Facilities and Services at the International Airport
- Expansion of the Port - Coal Loading Facility
- Operations/Staging Location for Russian/Siberian Exchange
- Expansion of Winter Facilities/Tourism Enhancement
 - Kincaid Park
 - Glacier/Winner Creek Development - Four Season Destination
 - Alyeska Ski Resort
- Federal Highway Money (\$1.4 Billion Over 6-Year Life of the Act)

III. FISCAL PROFILE

III. FISCAL PROFILE

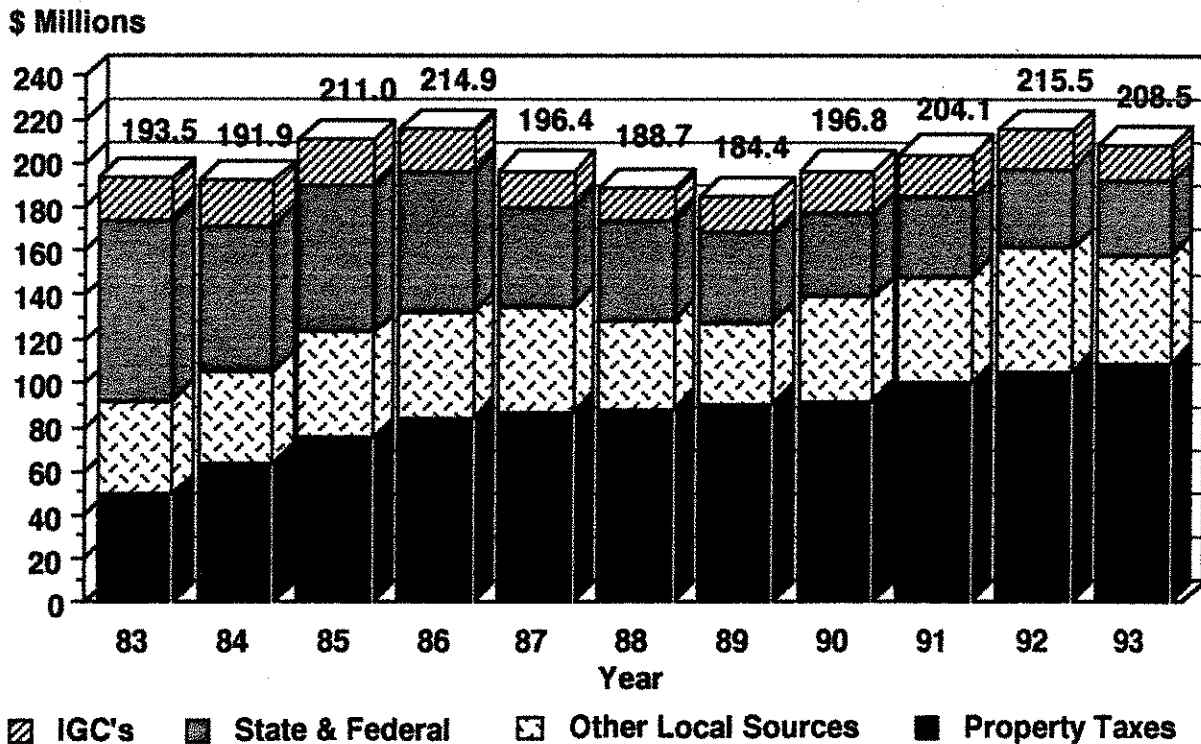
This section provides historical information on some important aspects of the Municipality of Anchorage's fiscal structure. Trends in this data give an indication of how the fiscal situation has changed over the last several years, and may lend perspective to current choices and projections of the future.

Operating Revenues

Under our balanced budget requirement, the level of local government services is dependent upon the availability of same-year revenues with which to fund these activities. The following charts summarize the level and sources of operating revenues over the past several years.

Figure 3-1

**Budgeted Revenues
General Government Operating Purposes
1983 - 1993 ***

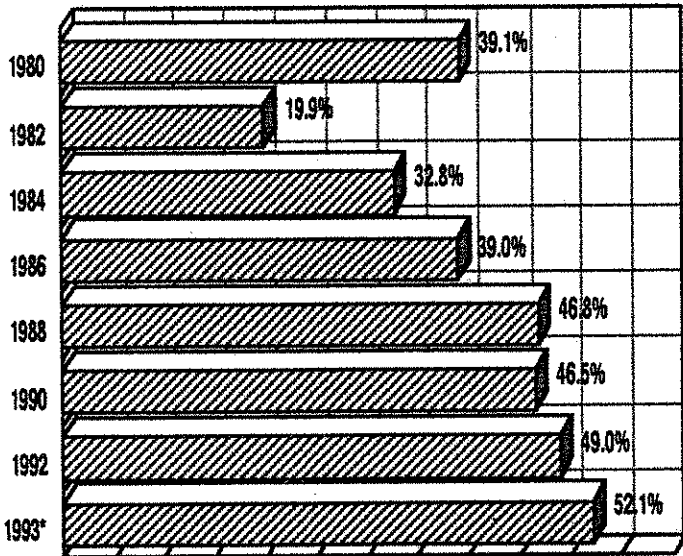


* 1983 - 1992 Revised Budgets; 1993 Proposed Budget.

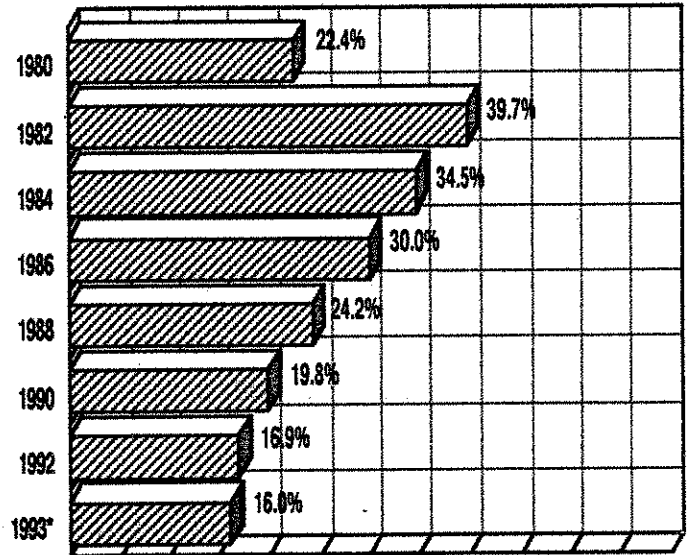
Figure 3-2

**Changes in General Government Operating Revenue Sources
(Revenues by Source as Percentage of Total Revenues) ***

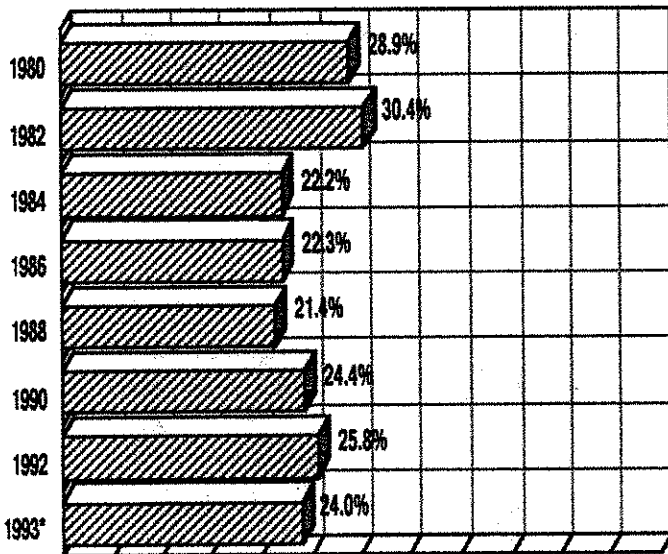
Property Taxes



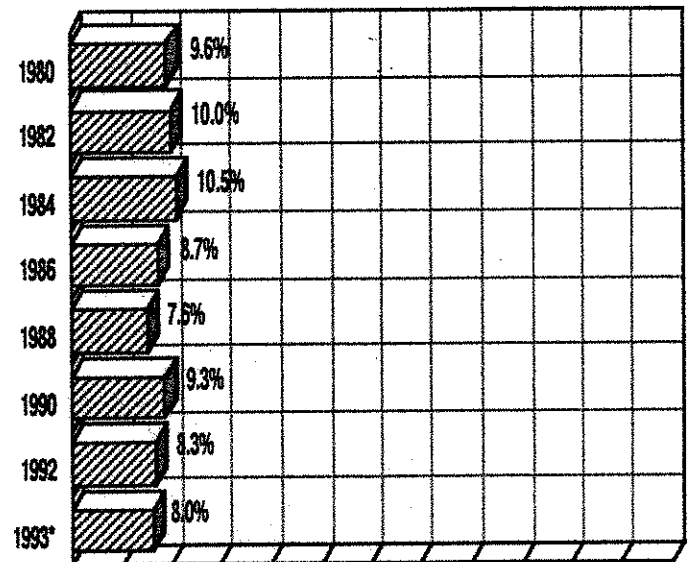
State and Federal Revenues



Other Local Sources **



Intragovernmental Charges



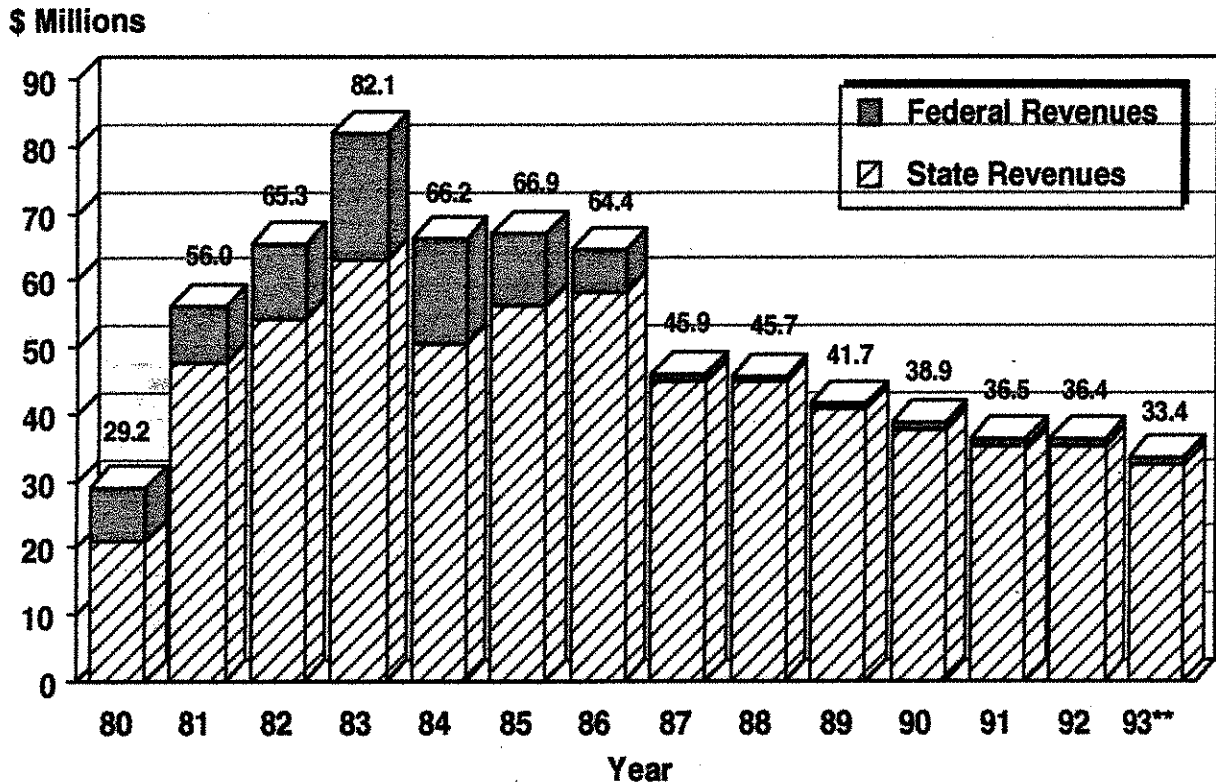
* 1980-1992 Revised Budgets; 1993 Proposed Budget.

** Other local sources include fees, charges, interest earnings, fund balance contributions, Utility Revenue Distribution, hotel/motel tax, automobile taxes, and other miscellaneous revenues. See Figure 3-9 for more detail on this category.

The major shifts among revenue sources have occurred in state/federal sources and property taxes. Figures 3-3 through 3-9 provide more detailed information on these sources.

Figure 3-3

**State and Federal Revenues
General Government Operating Budget *
(Millions of Dollars)**



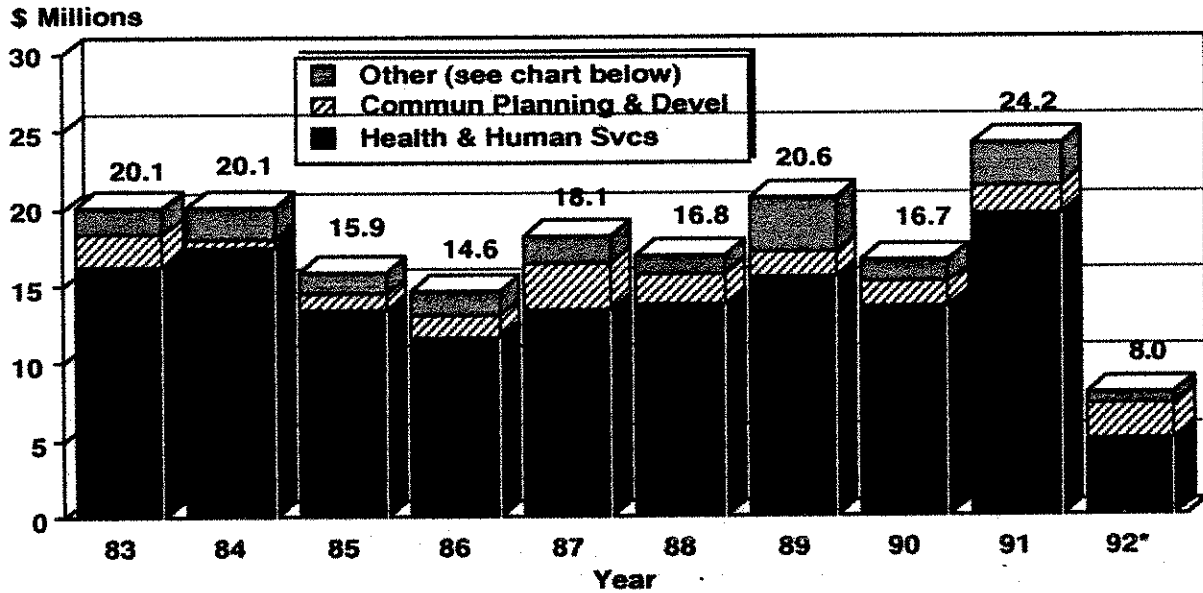
* Includes revenue sharing programs and Urban Mass Transit grants but not special categorical grants which are not part of the operating budget (see next page).

** 1980-1992 Revised Budgets; 1993 Proposed Budget.

In addition to state and federal revenues which are reflected in the General Government Operating Budget, the Municipality receives categorical grants, summarized by purpose or recipient department in Figures 3-4 and 3-5.

Figure 3-4

Summary of State and Federal Categorical Grants By Purpose **

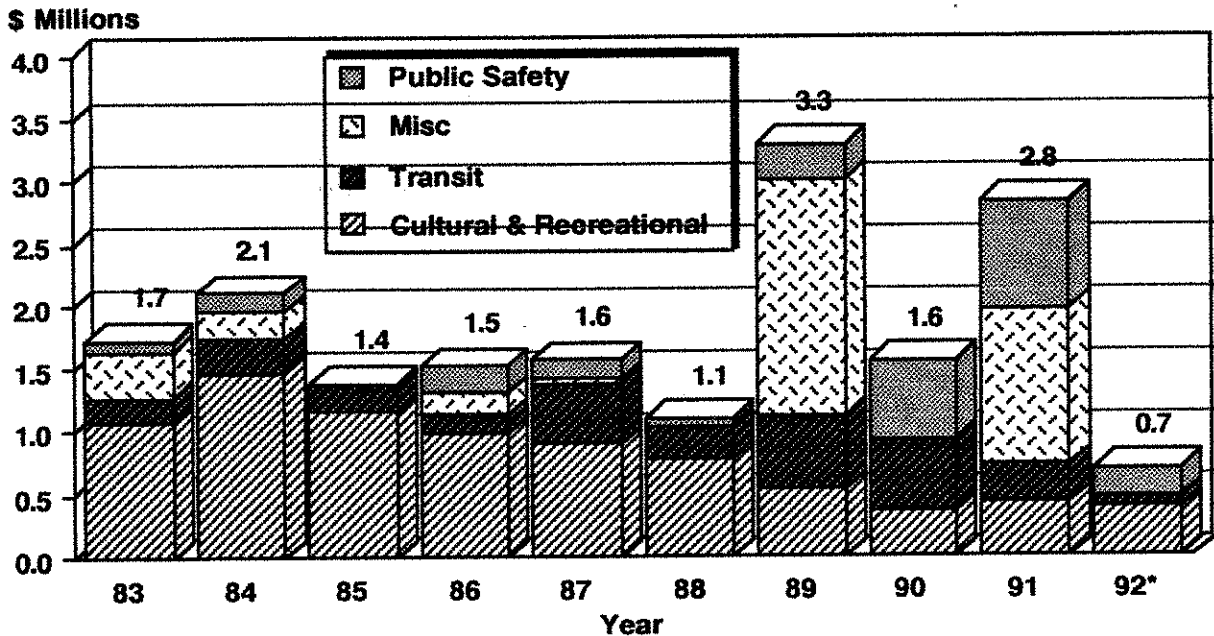


* As of September, 1992.

** These grants are not included in Figure 3-3 (State and Federal revenues which are part of the Municipal operating budget).

Figure 3-5

Detail on "Other" Category Categorical Grants

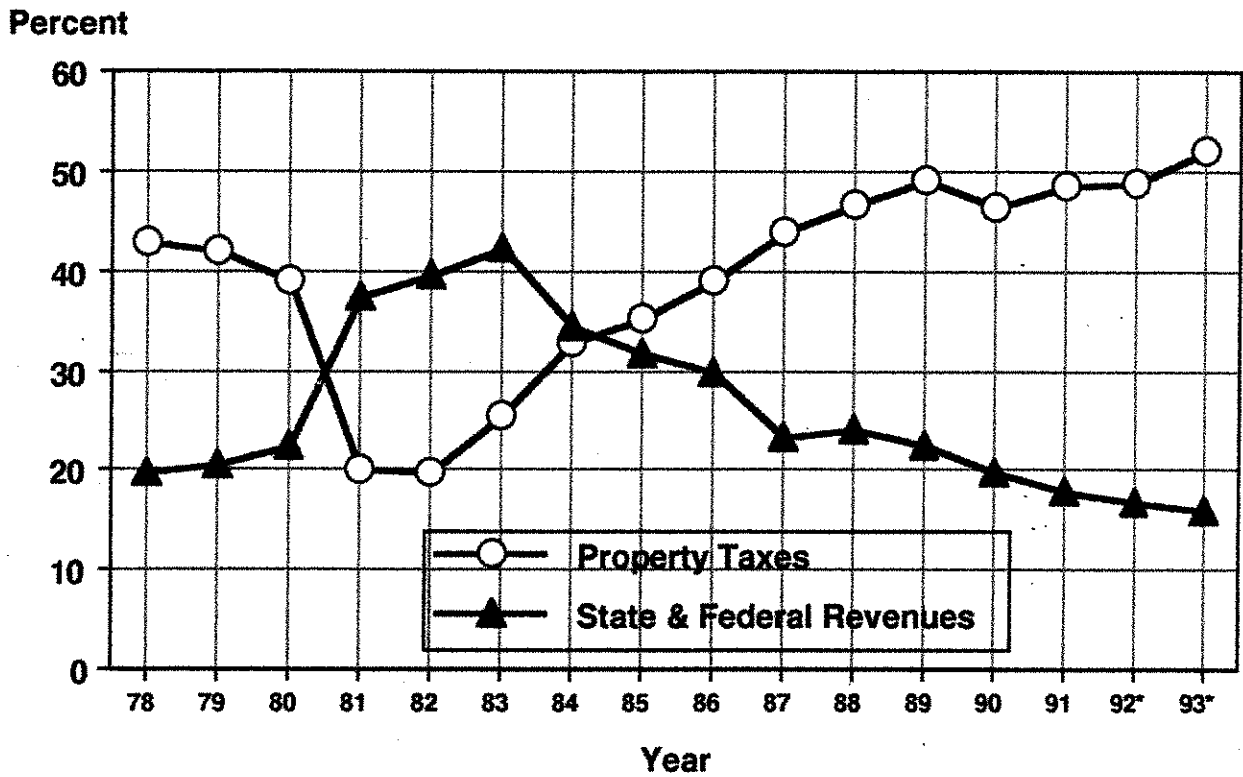


* As of September, 1992.

State and federal revenues have acted as an offset to local property taxes over the past ten years. As shown in Figure 3-6, the percentages of operating revenues from local and intergovernmental sources have tended to move in opposite directions. This relationship is reflected in mill levy trends over the same period (Figure 3-7).

Figure 3-6

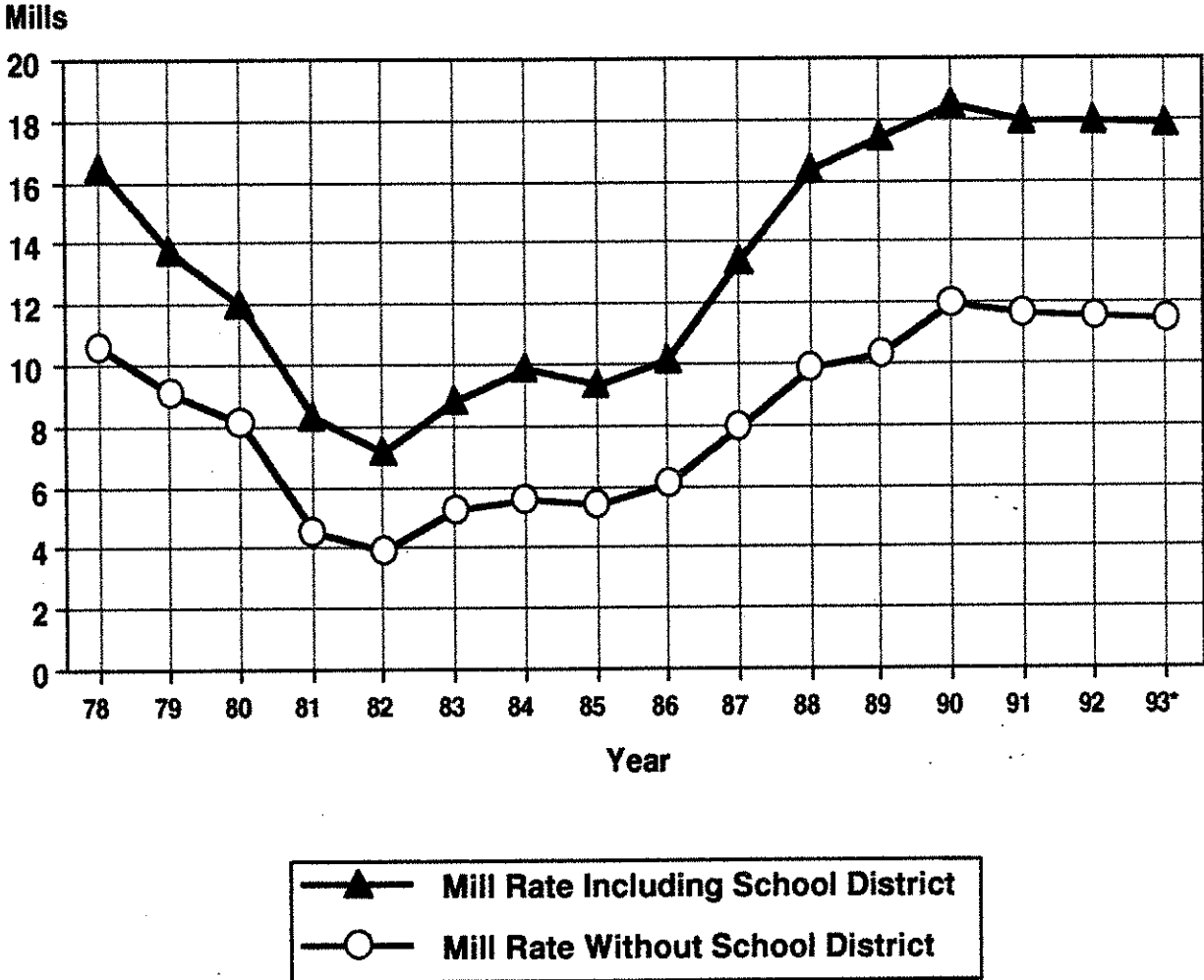
**Property Taxes and State/Federal Revenues
As Percentage of General Government Operating Revenues ***



* 1978-1992 Revised Budgets; 1993 Proposed Budget.

Figure 3-7

**Mill Rate Trends
for Property Taxation *
(Downtown Area)**



* 1978-1992 Revised Budgets; 1993 Proposed Budget.

A mill is one-tenth of 1¢. For each mill of taxation, the tax equals .001 times the assessed valuation of a property (one mill equals \$100 for each \$100,000 of assessed valuation).

Figure 3-8 shows the level of property taxes allowed under the charter tax limitation vis-a-vis the amount in the 1987-1992 revised budgets and in the 1993 proposed budget.

Figure 3-8

**Property Taxes Under Charter Limitation
(Millions of Dollars) ***

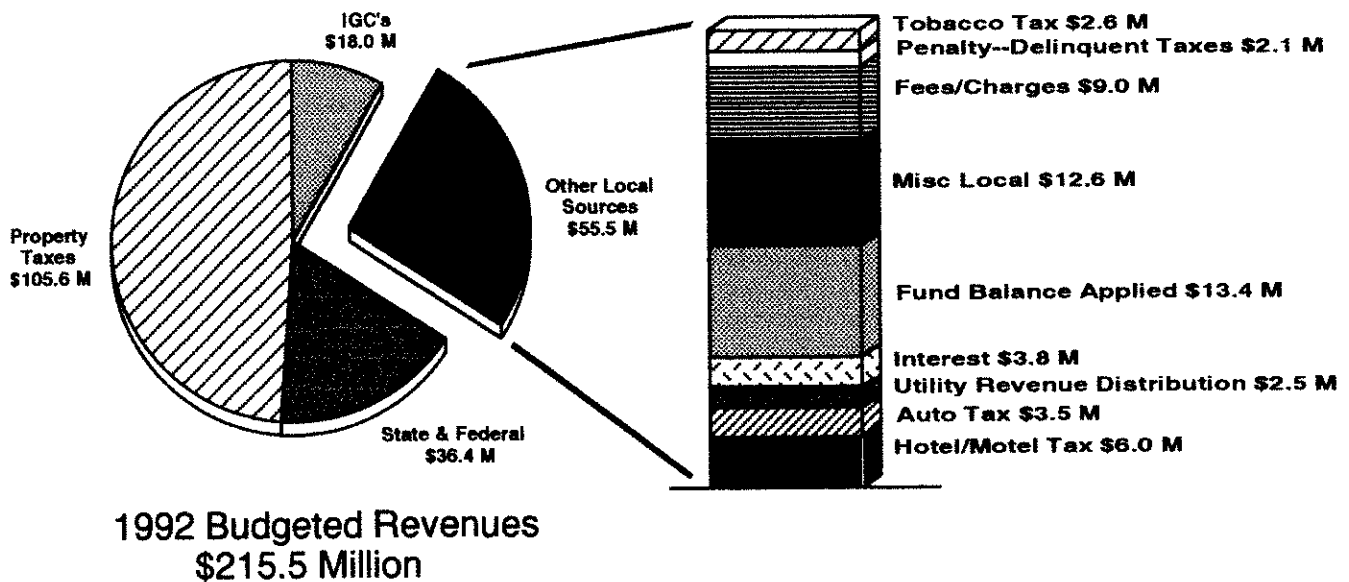
	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
Property Taxes Allowed by Tax Limit	\$96.4	\$90.6	\$91.6	\$91.8	\$101.0	\$106.3	\$111.7
Budgeted	<u>86.5</u>	<u>88.3</u>	<u>90.5</u>	<u>91.6</u>	<u>97.8</u>	<u>105.6</u>	<u>108.6</u>
Under Tax Limit	\$ 9.9	\$ 2.2	\$ 1.1	\$ 0.2	\$ 3.2	\$ 0.7	\$ 3.1

* 1987-1992 Revised Budgets; 1993 Proposed Budget.

As state revenues decline, the revenue category labeled "Other Local Sources" becomes more important. Figure 3-9 shows some detail for this grouping based on the revised 1992 budget.

Figure 3-9

**Local Sources -- Detail
1992 Revenues ***



* Revised Budget as of June 30, 1992.

In a nationwide comparative study of taxes, the Department of Finance and Revenue of the District of Columbia analyzed residential property taxes in the largest city in each state. The table below summarizes the effective real estate taxes for single-family owner-occupied dwellings within each of the cities. Shown are "effective" taxes, which represent the "announced" rates levied by jurisdictions adjusted for the relationship between each area's assessment levels and market values. Thus, if assessments were less than market values, effective tax rates were adjusted downward to reflect that discrepancy. As the data indicate, effective rates range from a high of \$4.40 per \$100 of assessed value in Detroit to 48 cents per \$100 of assessed value in Honolulu, Hawaii.

Figure 3-10

**Residential Property Tax Rates in
Selected Large Cities; 1990
(Ranked from Highest to Lowest Effective Rates)**

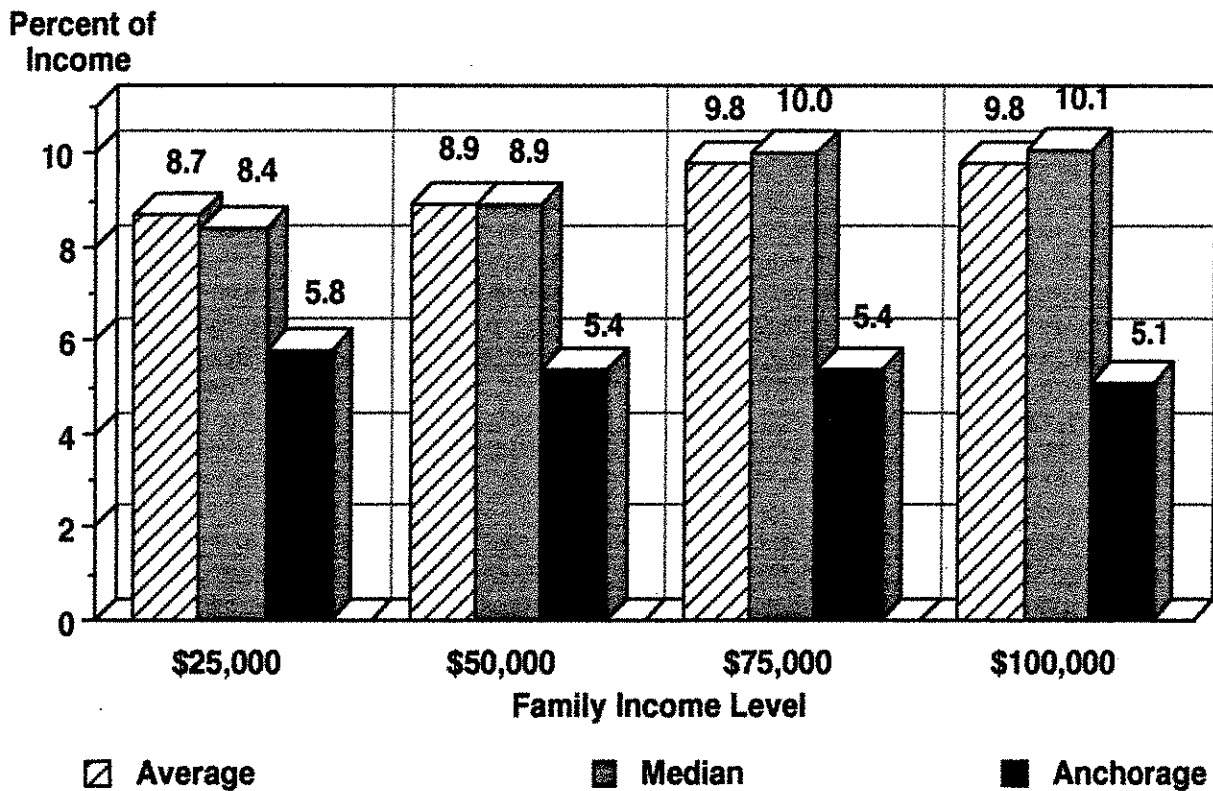
<u>City</u>	<u>Rank</u>	<u>Tax Per \$100,000</u>	<u>City</u>	<u>Rank</u>	<u>Tax Per \$100,000</u>
Detroit, MI	1	\$4,400	New Orleans, LA	26	\$1,460
Milwaukee, WI	2	3,780	Billings, MT	27	1,440
Portland, OR	3	3,320	Wilmington, DE	28	1,310
Des Moines, IA	4	3,100	Phoenix, AZ	29	1,310
Newark, NJ	5	2,960	Seattle, WA	30	1,300
Philadelphia, PA	6	2,640	Columbia, SC	31	1,260
Omaha, NE	7	2,630	Norfolk, VA	32	1,240
Providence, RI	8	2,550	Louisville, KY	33	1,200
Baltimore, MD	9	2,460	Wichita, KS	34	1,170
Manchester, NH	10	2,360	Charlotte, NC	35	1,150
Sioux Falls, SD	11	2,270	St. Louis, MO	36	1,150
Houston, TX	12	2,190	Denver, CO	37	1,120
Jacksonville, FL	13	2,180	Minneapolis, MN	38	1,110
Bridgeport, CT	14	2,100	Salt Lake City, UT	39	1,080
Atlanta, GA	15	2,080	Oklahoma City, OK	40	1,040
Cleveland, OH	16	2,000	Albuquerque, NM	41	1,040
Boise City, ID	17	1,920	Washington, DC	42	960
Fargo, ND	18	1,780	Little Rock, AR	43	950
Memphis, TN	19	1,770	Las Vegas, NV	44	880
Anchorage, AK	20	1,760	Boston, MA	45	850
Portland, ME	21	1,740	New York City, NY	46	790
Burlington, VT	22	1,650	Casper, WY	47	710
Chicago, IL	23	1,630	Birmingham, AL	48	700
Indianapolis, IN	24	1,620	Los Angeles, CA	49	630
Jackson, MS	25	1,470	Charleston, WV	50	610
			Honolulu, HI	51	480
		Unweighted Average			\$1,670
		Median			\$1,470

Source: Government of the District of Columbia, Department of Finance and Revenue, Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison, June 1991.

One measure of the burden of taxation is the percent of income devoted to paying taxes. The Department of Finance of the Government of the District of Columbia has estimated this burden for the largest city in each state. Figures 3-11 and 3-12 summarize some of their results.

Figure 3-11

**Estimated Burden of Major Taxes
For a Family of Four by Income Level
1990 Average for 51 Cities Compared to Anchorage**



NOTE: Burden is defined here as the percent of income going to pay taxes. Taxes included are state and local, income, sales, property, and automobile taxes.

Permanent Fund Dividend payments which are, in a sense, negative taxes are not included in the calculation.

SOURCE: Government of the District of Columbia, Department of Finance and Revenue, Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison, June 1991.

Figure 3-12

Estimated Burden of Major State and Local Taxes for a Family of Four, 1990

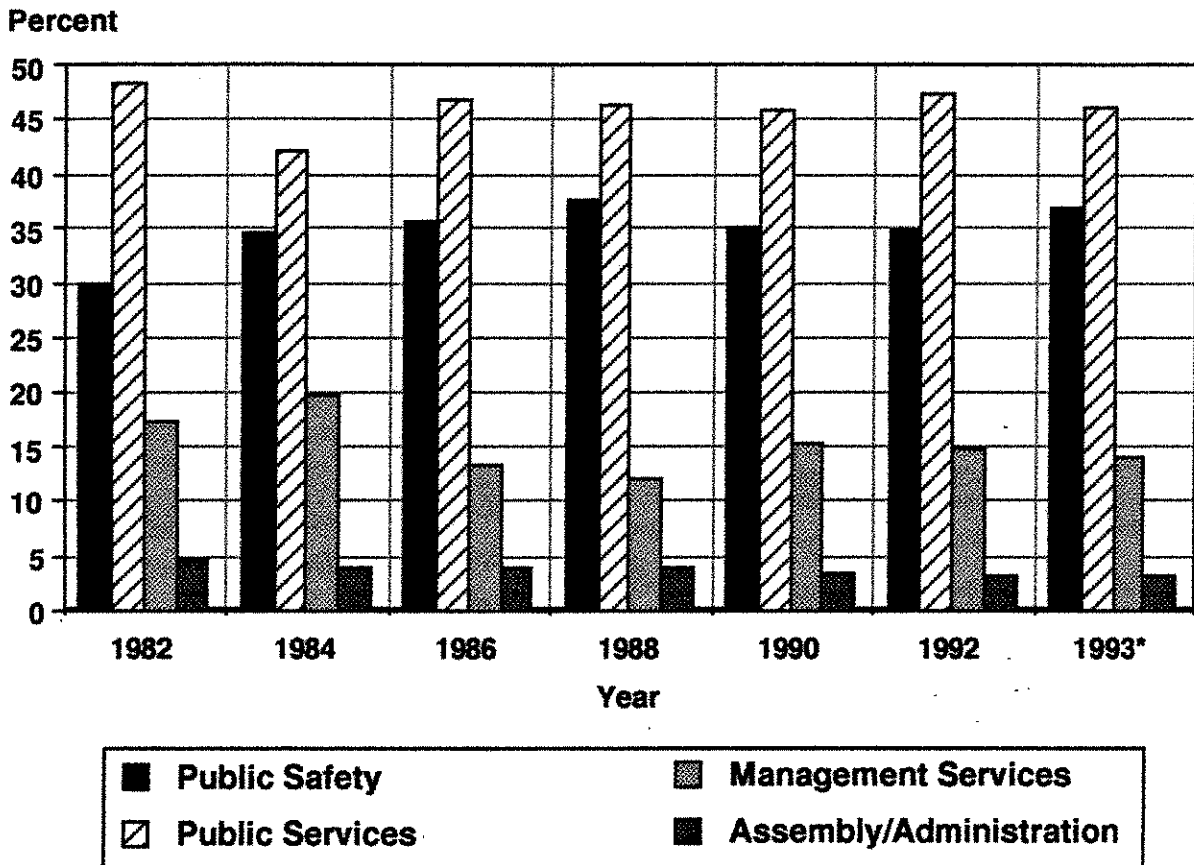
<u>Family Income Level</u>	<u>Rank</u>	<u>City</u>	<u>Percent of Income</u>	
\$ 25,000	Highest	1	Portland, OR	13.8%
		48	Anchorage, AK	5.8%
	Lowest	51	Casper, WY	4.6%
			51-City Average	8.7%
\$ 50,000	Highest	1	Milwaukee, WI	14.8%
		48	Anchorage, AK	5.4%
	Lowest	51	Casper, WY	3.8%
			51-City Average	8.9%
\$ 75,000	Highest	1	Portland, OR	15.3%
		49	Anchorage, AK	5.4%
	Lowest	51	Casper, WY	4.4%
			51-City Average	9.8%
\$100,000	Highest	1	Portland, OR	15.2%
		50	Anchorage, AK	5.1%
	Lowest	51	Casper, WY	4.1%
			51-City Average	9.8%

SOURCE: Government of the District of Columbia, Department of Finance and Revenue, Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison, June 1991.

The following chart describes the distribution of general government budgeted expenditures since 1982.

Figure 3-13

**Distribution of Budgeted Expenditures
By Major Functions *
(As a Percentage of Total Expenditures)**



Public Safety includes Health and Human Services, Fire, and Police.

Public Services includes Public Works, Cultural and Recreational Services, Transit, Community Planning and Development, Property and Facility Management, and Non-Departmental.

Management Services includes the Municipal Manager, Finance, Information Systems, Employee Relations, and Purchasing. In 1990, the increase is mainly attributable to the transfer of ATU's Management Information System section to General Government.

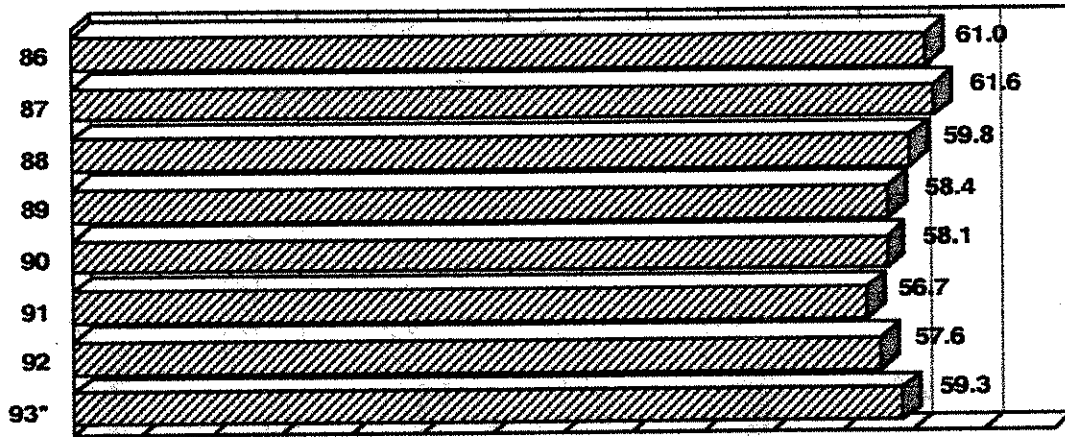
Assembly/Administration includes Assembly, Equal Rights Commission, Internal Audit, Office of the Mayor and Municipal Attorney.

* 1982-1992 Revised Budgets; 1993 Proposed Budget

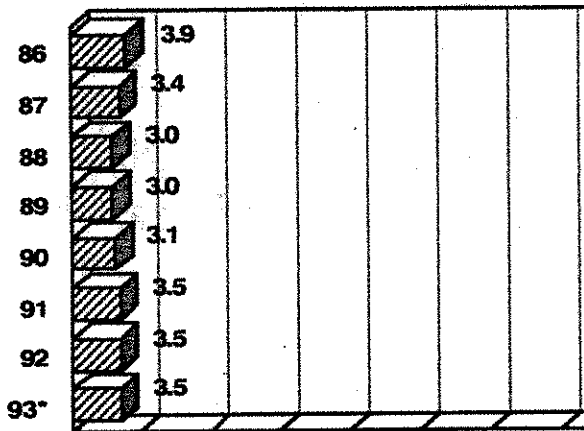
Figure 3-14

**General Government Budgeted Expenditures
Direct Cost By Type *
(Percentage Distribution)**

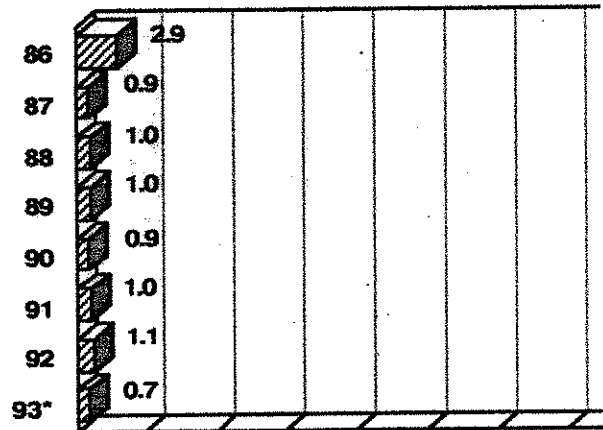
Personal Services (Percent of Total)



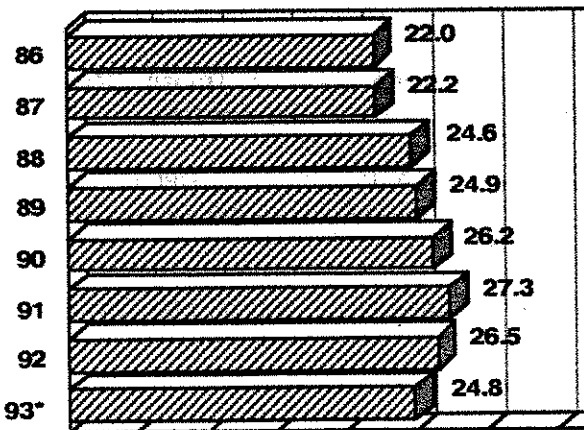
Supplies (Percent of Total)



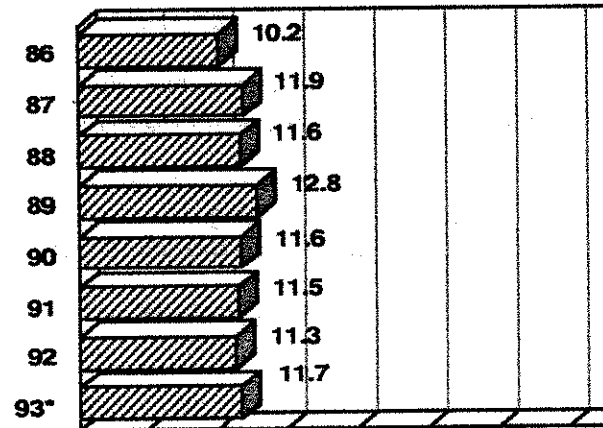
Capital Outlay (Percent of Total)



Other Services (Percent of Total)



Debt Service (Percent of Total)



* 1986 - 1992 Revised Budgets; 1993 Proposed Budget.

Capital Funding

The Municipality of Anchorage experienced substantial capital growth during the early 1980's with a substantial decrease during the last half of the decade. Figures 3-15 through 3-23 present historical information on the sources and uses of capital funds during this period.

Figure 3-15

**Categories of Capital Projects
Total Appropriations by MOA
1983-1992**

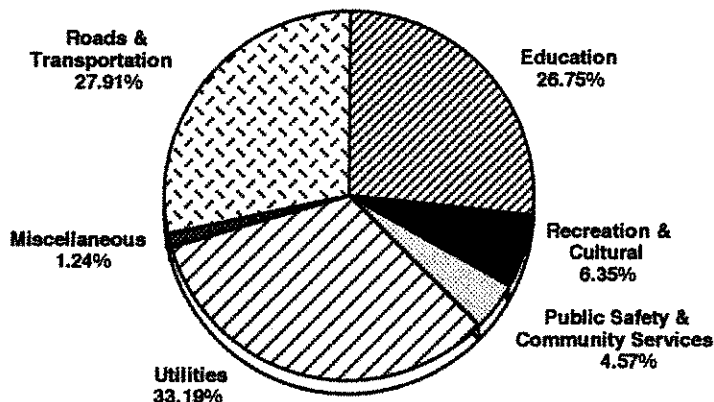
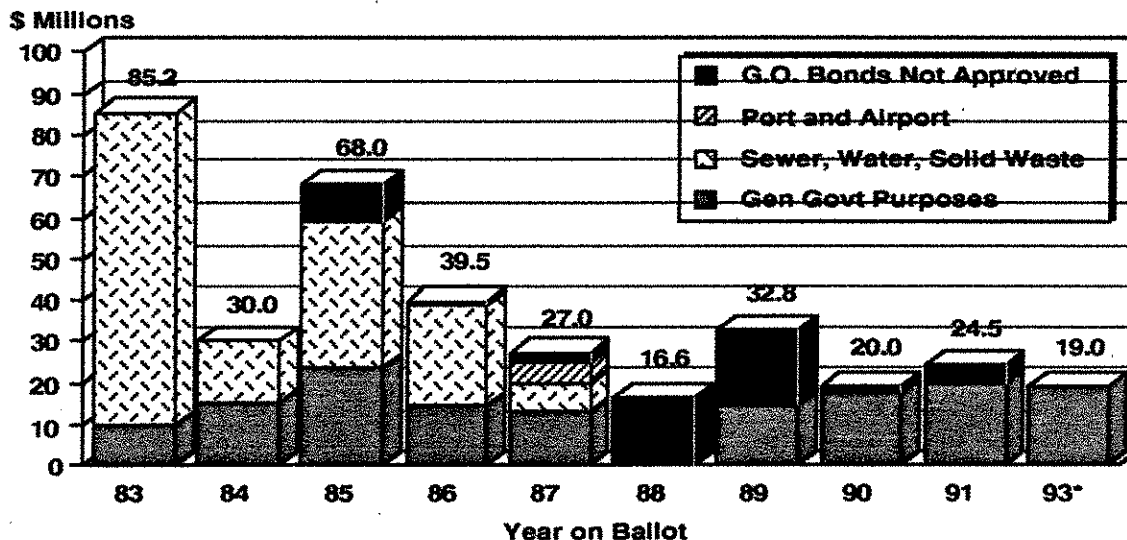


Figure 3-16

**General Obligation Bond Propositions
(Excluding School Bonds)
1983-1993**



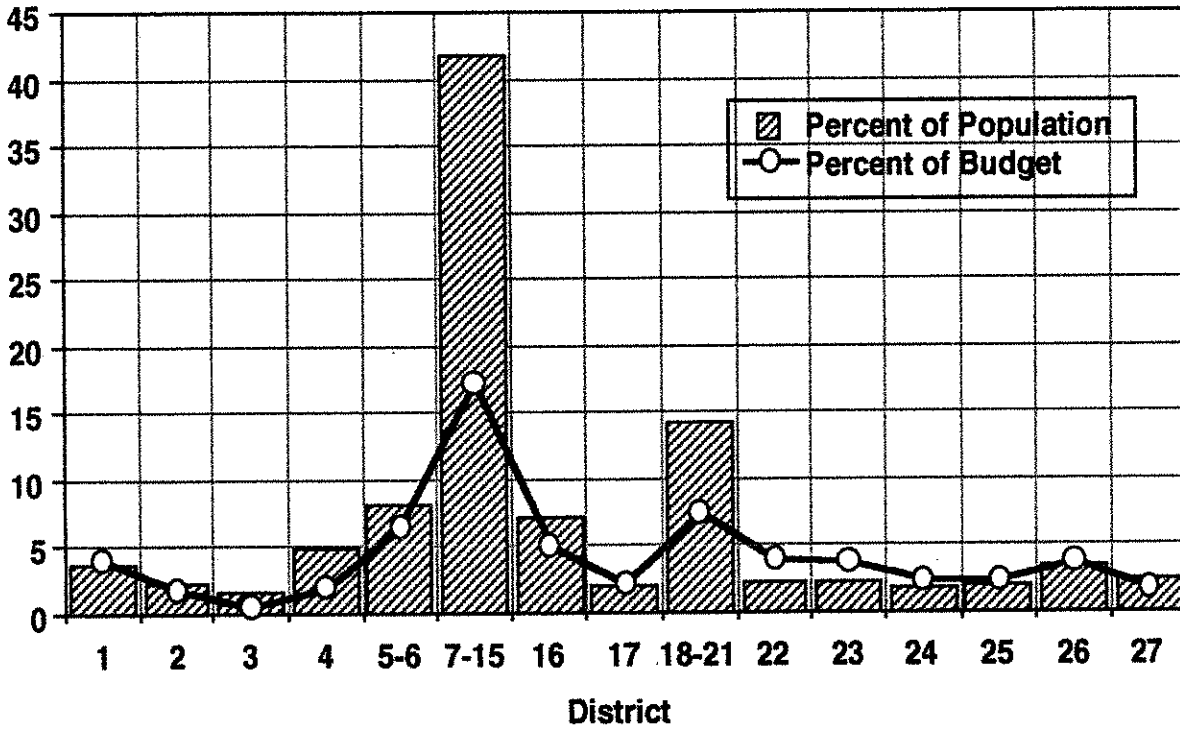
* Proposed on the April 20, 1993 ballot. 1991 was the last year to have an October ballot. There were no Municipal propositions in 1992.

General Government purposes include roads, parks, fire, police, library, etc. Wastewater, Water and Solid Waste totals include only general obligation bonds for these utilities; revenue bonds are excluded. Additional information on major Municipal utilities is presented in Section V of this report.

Figure 3-17

District Comparison of Population to Percentage of Fiscal Year 1993 State Capital Budget

Percent



District	Population		Capital Budget	
	Amount	Percent	Amount	Percent
1 Ketchikan - Wrangell - Petersburg	20,043	3.6%	\$ 31.513 M	4.0%
2 Inside Passage	12,914	2.3%	14.175 M	1.8%
3 Baranoff - Chichagof	9,281	1.7%	4.942 M	0.6%
4 Juneau	26,751	4.9%	16.522 M	2.1%
5-6 Kenai - Cook Inlet - North Kenai - South Coast	44,287	8.1%	51.442 M	6.5%
7-15 Anchorage	229,843	41.8%	135.832 M	17.3%
16 Matanuska - Susitna	39,683	7.2%	40.349 M	5.1%
17 Interior Highways	11,028	2.0%	17.708 M	2.2%
18-21 S.E. Fairbanks N. Star Borough - Fairbanks	77,950	14.2%	60.000 M	7.6%
22 North Slope- Kotzebue	12,092	2.2%	32.032 M	4.1%
23 Norton Sound	11,836	2.2%	29.608 M	3.8%
24 Interior Rivers	10,226	1.9%	19.632 M	2.5%
25 Lower Kuskokwim	11,768	2.1%	18.706 M	2.4%
26 Bristol Bay - Aleutians	18,889	3.4%	29.526 M	3.8%
27 Kodiak - East Alaska Peninsula	13,452	2.4%	14.568 M	1.9%
99 Other			269.986 M	34.3%
TOTAL STATE	550,043		\$786.541 M	

SOURCE: "Alaska Population Overview: 1990 Census & Estimates" by the Alaska Department of Labor and "Election District Report: Fiscal Year 1993" by the Alaska Legislative Finance Division.

Local voters approved nearly \$500 million in general obligation bonds during the 1980's. Approximately 34% of these bonds were for utilities, 41% were for schools; and 25% for general government purposes such as roads, drainage, water quality and parks.

Figure 3-18

**General Obligation Bonds
Approved by Voters**

<u>Year</u>	<u>General Government Purposes</u>	<u>Utilities</u>	<u>School District</u>	<u>Total</u>
1982	\$12.0 M	\$ -0- M	\$ 69.9 M	\$ 81.9 M
1983	10.0	75.2	-0-	85.2
1984	15.0	15.0	-0-	30.0
1985	23.4	35.6	103.0	162.0
1986	14.8	23.7	-0-	38.5
1987	13.5	11.5	-0-	25.0
1988	-0-	-0-	-0-	-0-
1989	14.7	-0-	29.7	44.4
1990	17.9	-0-	-0-	17.9
1991	20.0	-0-	24.4	44.4
1993 *	19.0	-0-	**	-0-

* Proposed bonds on the April, 1993 ballot. NOTE: There was no bond ballot in October, 1992. The election/bond propositions will now be held in April of every year.

** The School District has not yet determined the amount of bonds they will place on the ballot in 1993.

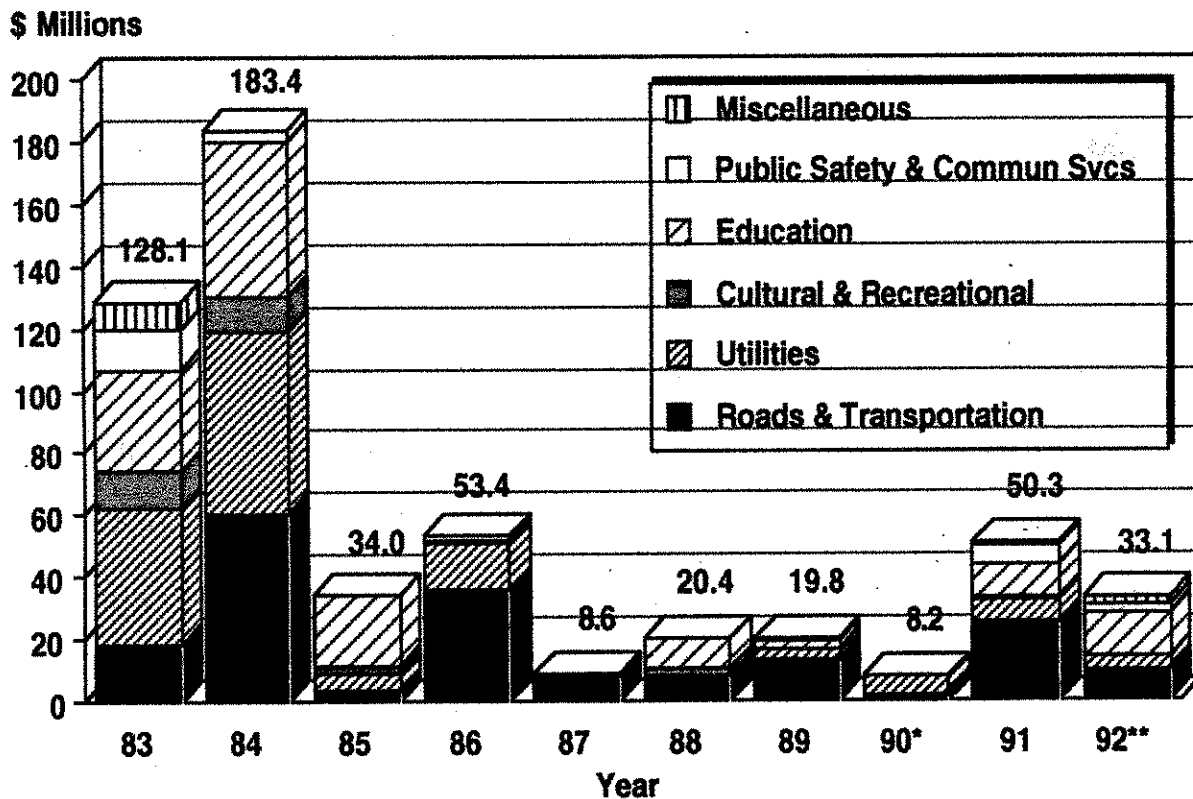
The \$19 million General Government bond propositions include the following:

- \$15 M Anchorage Roads and Drainage Service Area
- 3 M Major maintenance on Municipal facilities, underground storage tanks and ADA improvements
- 1 M Dempsey Anderson second indoor ice rink

Figure 3-19 shows capital grants from the State of Alaska to the Municipality. When final notice of these grants is received, the Assembly appropriates the funds for the purposes outlined in the grants. Grants are shown here in the year appropriated by the Assembly, which may differ from the State fiscal year of appropriation and from the year in which the funds are actually expended. Amounts shown are net of repeals and reappropriations.

Figure 3-19

**State Capital Grants
Appropriated by MOA
Net of Repeals**



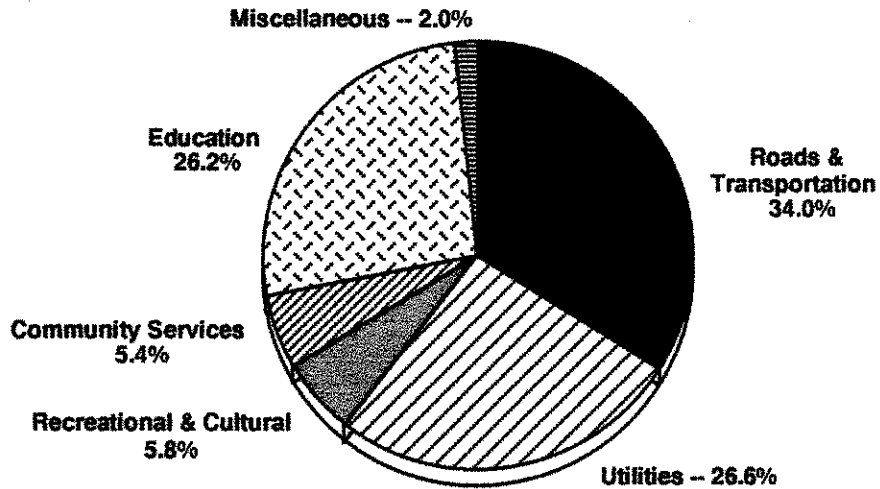
* The Governor's line item veto in July, 1990 resulted in net negative appropriations for the Anchorage School District and Department of Cultural and Recreational Services due to repeals of existing grants. Railbelt Energy Fund appropriations were composed of \$2.5 million for the Ship Creek Original Townsite Redevelopment Project and \$2.3 million to reconstruct and upgrade the Girdwood water system.

** As of August, 1992.

Figure 3-20 summarizes the purposes of State grants over this period.

Figure 3-20

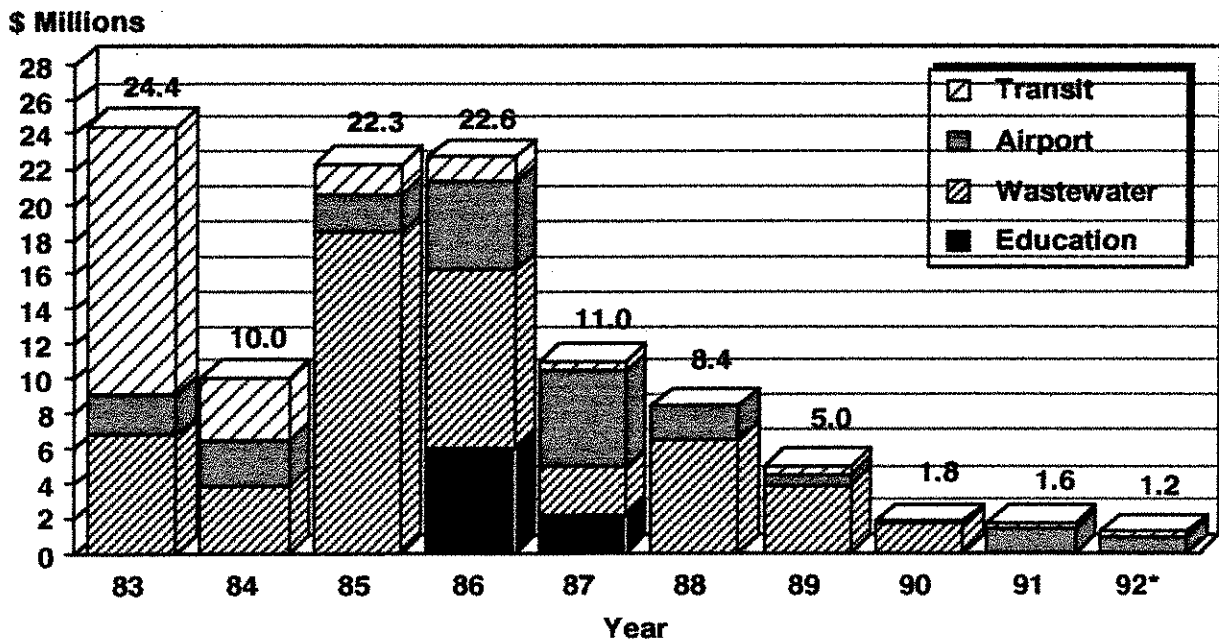
**State Capital Grants Appropriated by MOA
Total Distribution by Purpose 1983-1992 ***



Federal capital grants have been more modest in proportion. The bulk of federal capital funding has gone to Transit and Wastewater over the years shown.

Figure 3-21

**Major Federal Capital Grants
1983-1992**

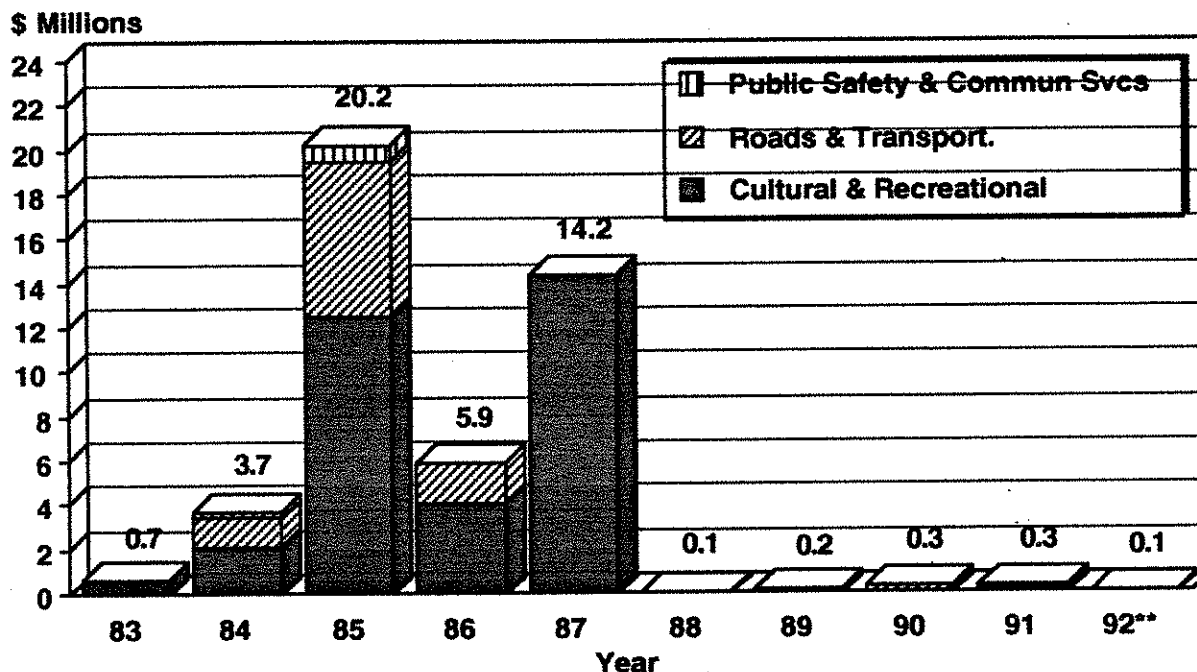


* As of August, 1992.

Through the mid 1980's, interest earned on capital grants was a funding source for capital projects. Figure 3-22 summarizes interest appropriation by broad program groupings. In prior years these interest earnings served to balance out the declines in State capital grants. Due to reduced State grants and a change in State grant payment procedures, the Municipality has had substantially lower grant fund balances in recent years and lower interest earnings.

Figure 3-22

**Interest Appropriations
for General Government Capital Projects *
(1983-1992)**



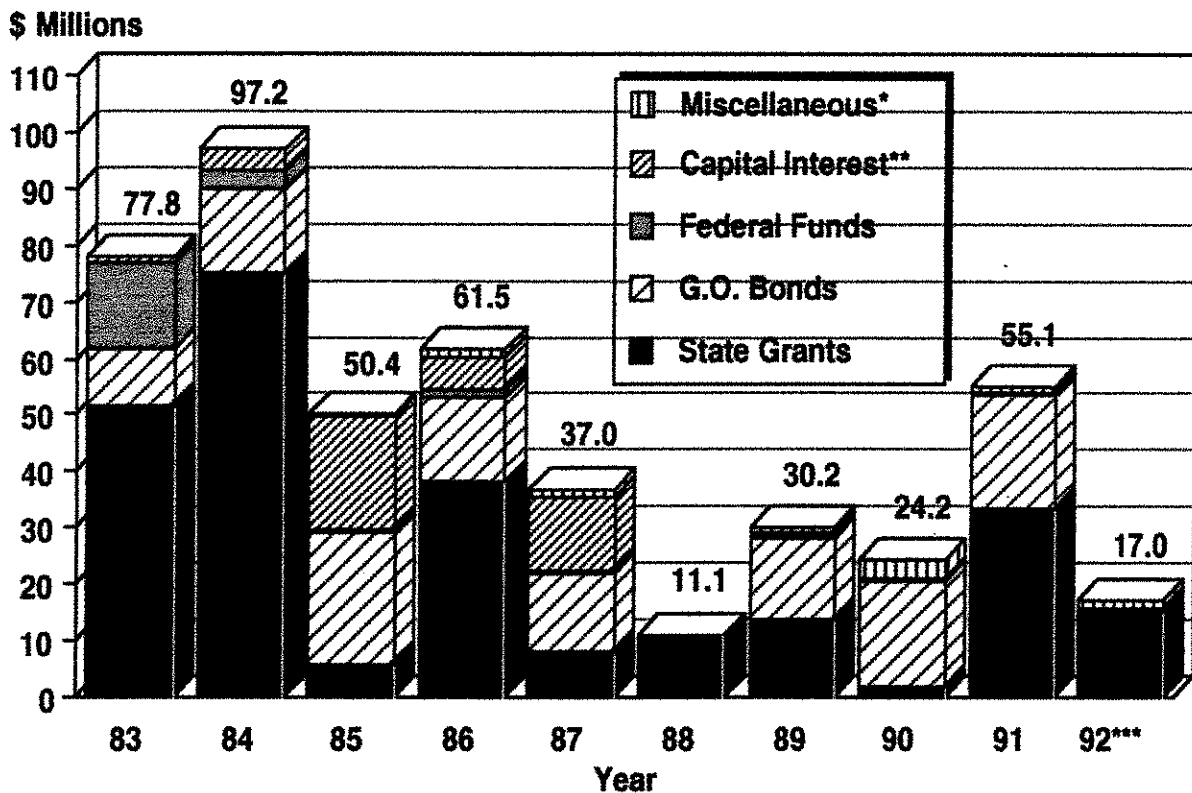
* Interest earned on General Government and Port of Anchorage State capital grants.

** As of August, 1992.

Figure 3-23 gives an overall summary of general government capital funding by source of funds. Here general obligation bonds are shown in the year of their voter approval.

Figure 3-23

**Summary of Appropriations to General Government
Capital Projects -- MOA
(Excludes Utilities and School District)**



* The Miscellaneous category consists of contributions from Heritage Land Bank, Anchorage School District, fund balance, assessment bonds, private donations, capital mill levy, miscellaneous revenues, etc. Figures prior to 1985 represent Heritage Land Bank contributions only.

** Interest earned on General Government and Port of Anchorage State capital grants.

*** As of August, 1992. No bond amount is represented as the next ballot will not go before the voters until April, 1993.

These tables depict the amount of taxes the Municipality collects each year and the ratio of tax collections to the tax levy. Keep in mind that tax collections will at times exceed the levy because of prior year collections.

Figure 3-24

Percent of Delinquent Taxes to Tax Levy

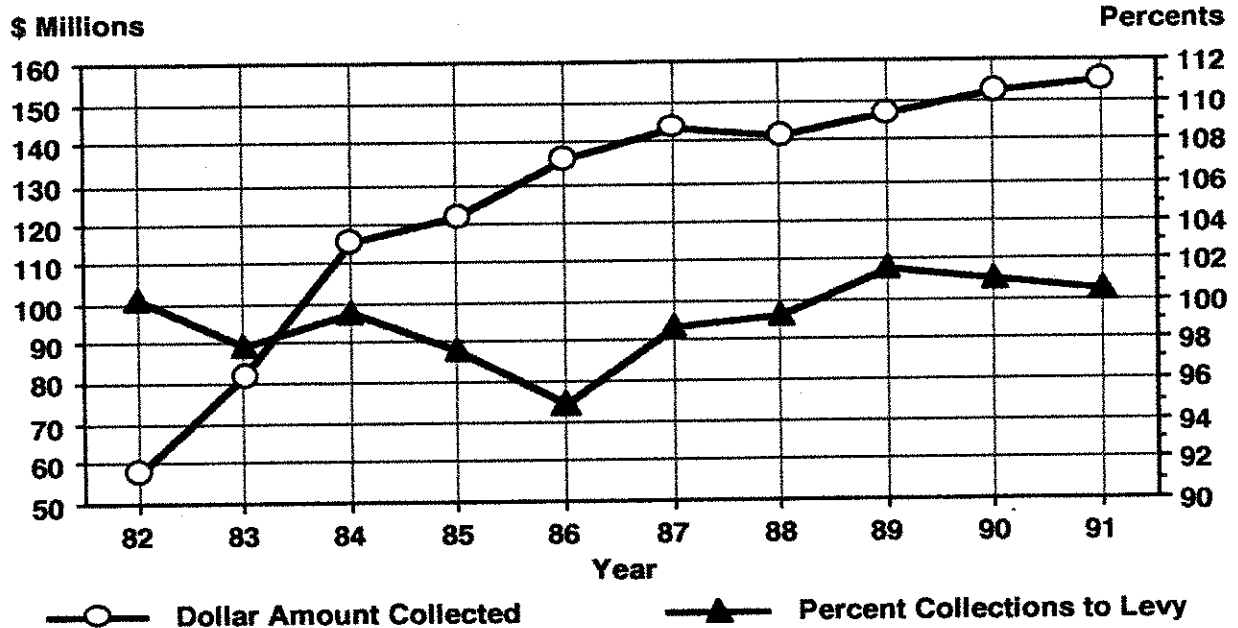
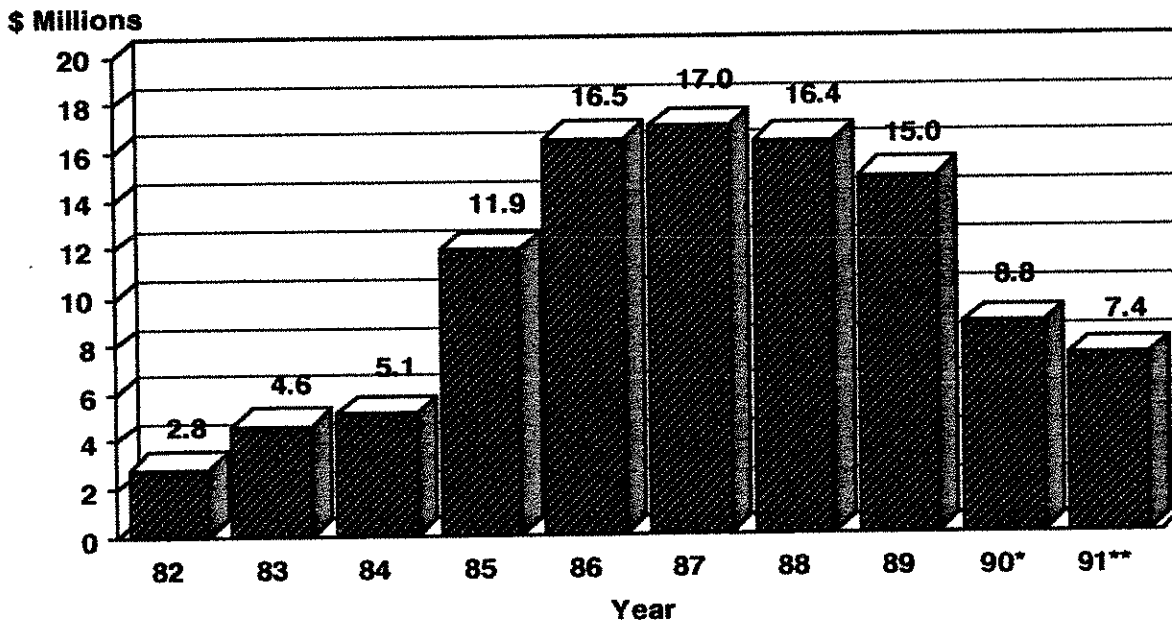


Figure 3 - 25

Outstanding Delinquent Taxes



* Restated to exclude Senior Tax Credit Receivable.
 ** Excludes Senior Tax Credit Receivable.

**IV. "FISCAL GAP" --
PROBLEM AND SOLUTIONS**

IV. "FISCAL GAP" - PROBLEM AND SOLUTIONS

This section was developed in 1990 and has been continued in this report to identify corrective action to resolve the Fiscal Gap facing the Municipality. The term Fiscal Gap is derived from the shortfall that exists when desired expenditures are greater than available revenues. The Administration's recommendation to resolve the Gap is contained later in this section.

PROCESS

Many of the factors directly impacting the model have been reviewed and analyzed by the administration, department directors, and the Fiscal Policy Committee. Input from these various groups provided a strong base for the planning process involved in the fiscal gap model.

"FISCAL GAP"

The proposed General Government operating budget contains a recommended reduction of about \$9 million in various programs and services. Additional cuts will also have to be made if the \$3.0 million major maintenance bond proposition fails, since it entails federally mandated improvements to handicap access problems throughout the city. Figure 4-1 depicts the assumptions utilized for revenues and expenditures, resulting in the Fiscal Gap of \$20 million in 1993, which does not include the potential Police and Fire unfunded retiree medical liability that could approximate \$22 million per year, or high priority new/increased programs and services. Three cases with different Fiscal Gaps were developed during the planning process. We have presented the "Most Likely Case" for purposes of evaluating solutions to the Fiscal Gap in this document.

The new requirements have been developed by each of the departments in General Government. The direction given to these departments centered on providing realistic new requirements that would impact the operating budget during the 1993 to 1998 time frame. All cost information reflects expenditures over the 1992 approved budget level, adjusted for first quarter revisions and one-time expenditures.

The New Requirements section of the Fiscal Gap Report is divided into several sections, which are outlined below:

1. Federal/State Mandated Services -- This category encompasses services or programs mandated by Federal, State, or Municipal law, statute, ordinance, code, or regulation. The components of this category should receive priority funding because of the implications of non-compliance.

2. Additional costs of existing programs/services -- This category centers on the additional cost of current contracts or programs, other than inflationary increases, needed to provide the same level of service.
3. Utility Increases -- This area focuses on utility rate increases.
4. High Priority New or Increased Programs/Services -- This category entails all the increased programs/services that would be beneficial to the Municipality to increase. This is not a wish list, but a well developed management plan for the effective functioning of the various Municipal departments.

Items 1 through 3 (subtotal \$4.5 million) are additive to the Fiscal Gap that results from the shortfall between planned revenues and anticipated expenditures (subtotal \$15.5 million) to arrive at the combined Fiscal Gap of \$20 million. The high priority new requirements (\$19.6 million) nor the potential Police/Fire retiree medical liability (\$21.8 million) have not been included and would raise the fiscal gap to over \$60 million for 1993.

In order to cover the costs of certain mandated new requirements, it is anticipated that the city will receive State grant assistance or voter approved bonds in the following areas:

- Underground Storage Tanks
- National Pollution Discharge Elimination System (NPDES)
- Americans with Disabilities Act (ADA)

Additionally, certain High Priority new or increased programs/services will comprise the 1993 Legislative Program for the Municipality. Some of these key projects include:

- Building Maintenance (deferred and ongoing)
- Street Maintenance and Repair
- Police -- Communications System Upgrade
- Park and Trail Compliance with ADA

By far the largest component of New Requirements would be the potential unfunded liability for Police and Fire retirees. This \$22 million number is shown below the line, but by no means is it any less important. The present value of benefits -- over \$142 million -- resulting from a valuation of the Municipality's Police, Fire and command officers Retiree Health Plan has been estimated by Mercer, Inc., health care consultants for the Municipality, and confirmed by Martin E. Segal Company.

Figure 4-1 on the following page outlines the Fiscal Gap if nothing is done to correct our current situation. All assumptions for revenues have been delineated within parentheses next to the revenue source. Wages and benefits are increasing per existing contractual obligations and other services increasing at a rate of 4% during the future years. With recent projections on health care benefits indicating potential increases of 16%, the expenditure portion is probably conservative.

Figure 4-1

**"Fiscal Gap"
Before Implementation of Solutions
(In \$ Millions)**

	1993	1994	1995	1996	1997	1998
REVENUES						
Federal Revenues (0%)	\$ 1.22	\$ 1.22	\$ 1.22	\$ 1.22	\$ 1.22	\$ 1.22
State Revenues (-2% after 1993)	32.44	31.79	31.16	30.53	29.92	29.32
Local Revenues (2%)	40.97	41.79	42.62	43.48	44.35	45.23
Property Taxes (Constant + New Construction)	107.83	109.03	110.23	111.43	112.63	113.83
Fund Balance Applied (2% Prior Yr. Expend.)	3.99	4.41	4.61	4.81	5.03	5.26
IGC's (5% after 1993)	18.46	19.38	20.35	21.37	22.44	23.56
TOTAL REVENUES	\$204.90	\$207.62	\$210.19	\$212.84	\$215.59	\$218.43
EXPENDITURES						
Personnel Services (5.6%)	\$129.14	\$136.37	\$144.01	\$152.07	\$160.59	\$169.58
Debt Service	24.30	24.30	24.30	24.30	24.30	24.30
Other (4%)	66.97	69.65	72.43	75.33	78.34	81.48
TOTAL EXPENDITURES	\$220.41	\$230.32	\$240.74	\$251.70	\$263.23	\$275.36
FISCAL GAP (Reference Figure 4-2)	\$ 15.51	\$ 22.70	\$ 30.56	\$ 38.86	\$ 47.65	\$ 56.93
ADDITIONAL REQUIREMENTS - INCREASES TO THE GAP						
Federally/State Mandated Services:						
Internal Audit	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.01
Clerk -- S.S./Add. Election Work	0.03	0.03	0.03	0.03	0.03	0.03
Law -- ADA Req.	0.00	0.50	0.50	0.10	0.05	0.03
P&FM -- ADA	0.22	0.22	0.00	0.00	0.00	0.00
Employee Relations -- ADA	0.04	0.02	0.02	0.02	0.02	0.02
Cost of Medicare for Certain Employees	0.00	0.00	0.00	0.00	0.00	0.00
H&HS -- ADA (Suppl. Trans. Vans)	0.05	0.05	0.05	0.04	0.04	0.04
H&HS -- Clean Air Conf. Analysis	0.04	0.04	0.04	0.04	0.04	0.04
Cultural & Rec -- ADA	0.19	0.17	0.14	0.14	0.14	0.14
Fire -- OSHA Req.	0.17	0.18	0.19	0.20	0.21	0.21
NPDES	0.39	0.23	0.23	0.23	0.23	0.23
Full Accrual of Leave	0.00	0.00	0.00	0.00	0.00	0.00
Police/Fire Unfunded Liability	0.00	0.00	0.00	0.00	0.00	0.00
Asbestos Removal	0.07	0.42	0.42	0.00	0.00	0.00
Underground Storage Tanks	0.25	0.25	0.25	0.20	0.15	0.15
Subtotal	\$ 1.44	\$ 2.10	\$ 1.87	\$ 1.00	\$ 0.90	\$ 0.89
Additional Cost of Existing Programs/Services:						
COBRA Liability for Health Insurance	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Police/Fire Retiree Medical	0.83	0.45	0.46	0.49	0.50	1.48
Police -- Jail Contract	2.00	2.00	2.00	2.00	2.00	2.00
Police -- Repair/Maint. of Equipment	0.00	0.00	0.00	0.00	0.00	0.00
Fire Hydrant Maintenance	0.00	0.00	0.00	0.00	0.00	0.00
Non-Departmental	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	\$ 2.83	\$ 3.15	\$ 3.16	\$ 3.19	\$ 3.20	\$ 4.18
Utility Increases or IGC's:						
P&FM	\$ 0.14	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01
Police	0.03	0.03	0.03	0.03	0.03	0.03
Cultural & Rec Services	0.06	0.06	0.06	0.06	0.06	0.06
Subtotal	\$ 0.23	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10
FISCAL GAP (Prior to New Requirements and Police/Fire Retiree Medical Liability)	\$ 20.01	\$ 28.05	\$ 35.69	\$ 43.15	\$ 51.85	\$ 62.10

	1993	1994	1995	1996	1997	1998
High Priority New or Increased Programs/Services:						
Health & Human Services	\$ 0.24	\$ 0.29	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35
P&FM -- Deferred/Ongoing Building Maint.	2.20	2.50	2.60	2.60	2.60	2.60
P&FM -- Replacement of Heavy Equipment	1.20	0.00	0.00	0.00	0.00	0.00
Employee Relations	0.33	0.35	0.35	0.35	0.35	0.35
Pub. Works -- Deferred/Ongoing Maintenance	8.07	10.66	11.97	13.27	13.27	13.27
Finance	0.63	0.63	0.63	0.63	0.63	0.63
Law	0.00	0.00	0.00	0.00	0.00	0.00
Cultural & Recreation	3.56	4.61	2.78	3.03	3.39	3.53
Police	0.33	0.33	0.33	0.33	0.33	0.33
Police -- 911 System Upgrade	2.00	0.20	0.20	0.20	0.20	0.20
Fire	1.04	2.93	3.12	3.33	3.35	3.36
Subtotal	\$19.60	\$22.51	\$22.34	\$24.09	\$24.47	\$24.63
Total New Requirements	\$24.10	\$27.85	\$27.46	\$28.38	\$28.67	\$29.80
TOTAL FISCAL GAP	\$39.61	\$50.55	\$58.02	\$67.25	\$76.32	\$86.73
Police/Fire Retiree Medical Benefits (Based on 20-year % of Payroll)	\$21.76	\$21.97	\$22.23	\$22.53	\$22.53	\$22.53
Gap with Unfunded Liability for Police/Fire	\$61.36	\$72.52	\$80.25	\$89.78	\$98.85	\$109.27

Figure 4-2

**TOTAL FISCAL GAP
"MOST LIKELY CASE"**

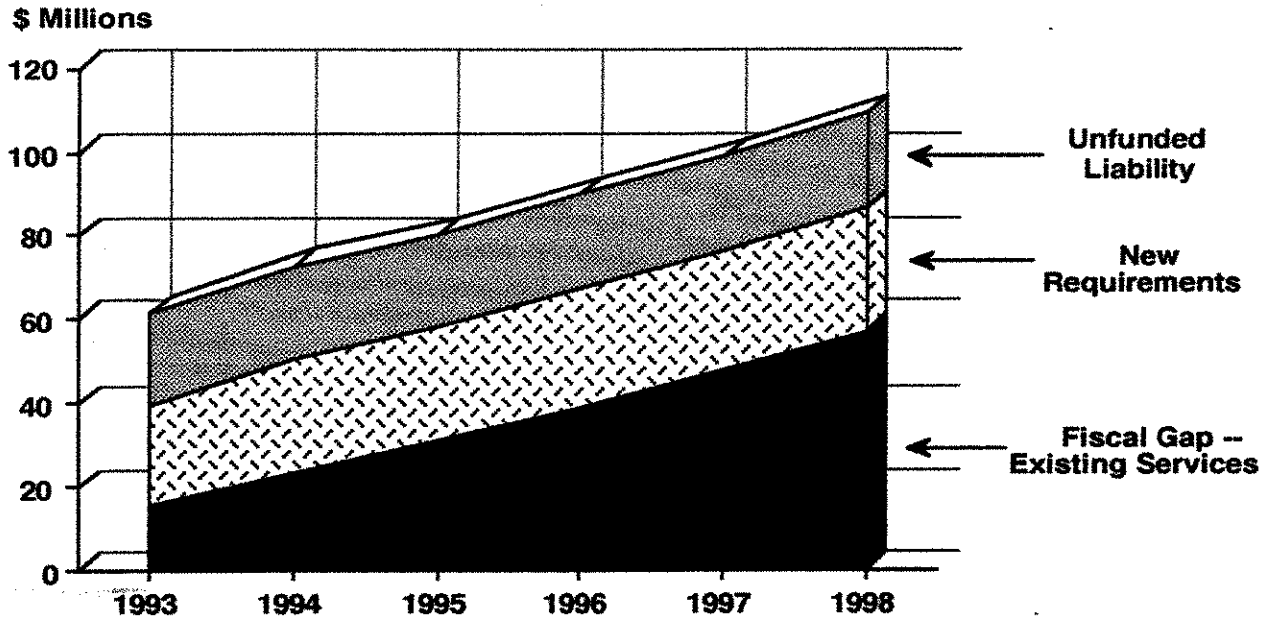
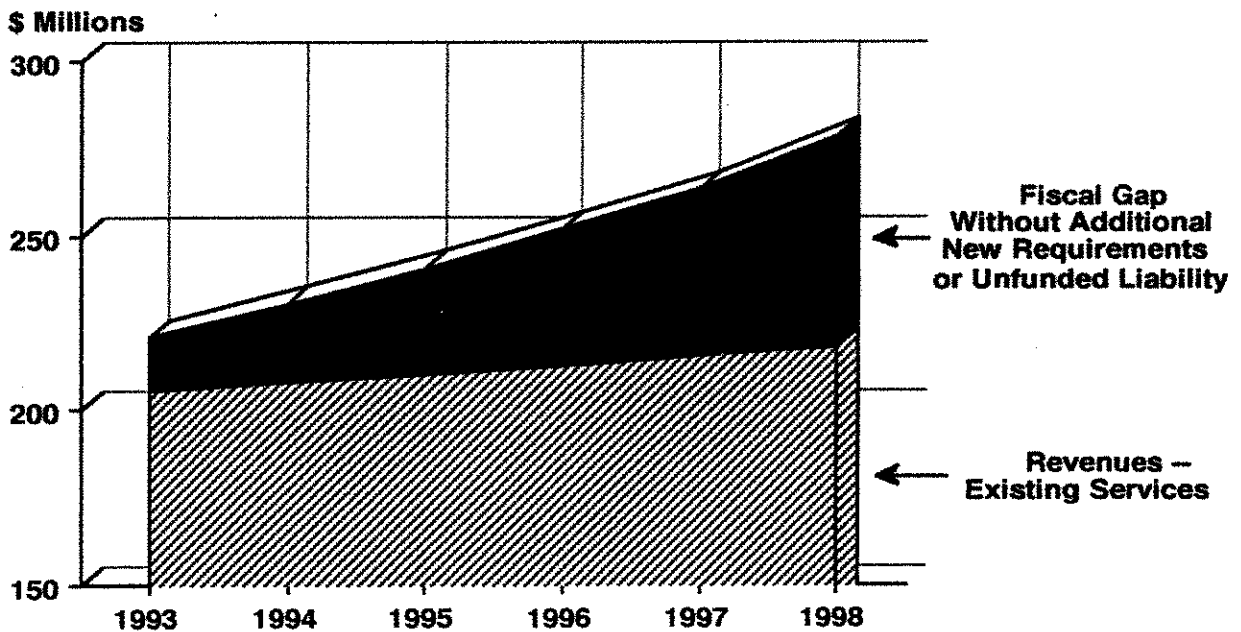


Figure 4-3

**CURRENT LEVEL EXPENDITURES
MINUS EXPECTED REVENUES**



FISCAL POLICY ANALYSIS

This portion of the Fiscal Trends document explains the policy analysis that took place when solutions to the Fiscal Gap were being evaluated.

In order to develop a comprehensive plan to solve the Fiscal Gap, it was necessary to agree on the solution option that would resolve the projected gap. The feasibility of the most desirable public policy solution options was assessed as the final step in the process.

Once the Gap was identified, the next logical step was the establishment of solutions necessary to remedy the problem. Policy options were defined in the following categories:

- Compensation Concessions
- Utility Policy
- Service and Program Adjustments
- New Revenues

These options are presented for analytical purposes. The Administration does not support higher utility rates, taxes or user fees beyond those already proposed in the 1993 Operating Budgets.

Compensation Concessions

Salaries - The result of labor negotiations has increased the cost of the various bargaining units and non-reps in the 1992 operating budget, which carries over to 1993 and the outyears. Labor concessions from the various bargaining units would alleviate some of the potential departmental reductions.

Cost of Living Adjustments (Benefits) - Inflationary increases for health benefits have not been included in the Fiscal Gap model. Should they occur, they would increase the Fiscal Gap.

Police and Fire Retiree Medical Benefits - Martin E. Segal Company has confirmed the present value of benefits resulting from a valuation of the Municipality's Police and Fire retiree health plan at over \$142 million. This amount equates to a \$22-\$24 million a year (FASB 106) potential expense. A prudent fiscal policy objective would be to implement certain cost containment measures. The 1993 solution to the Gap does not account for any funding of this potential liability, yet the need still exists and should be resolved.

Utility Policy

Sale of ATU - Under this solution, the Municipality could sell ATU and use some of the revenues to assist in closing the Fiscal Gap.

- \$150 million of outstanding debt at ATU would be eliminated.
- Invest \$100 million for retiring general obligation debt, which has a corresponding impact on the taxpayer.
- Establish a permanent fund for approximately \$201 - \$251 million. The interest earnings after inflation-proofing are approximately \$7.6 - \$9.5 million annually, which could be used to close the Fiscal Gap.

In addition, this solution would provide a source of funds for critical priorities upon approval of the voters.

Sale of Other Utilities - Solid Waste Collections and ML&P appear to be the only other feasible candidates. These two would not be expected to generate near the revenues predicted from the sale of ATU.

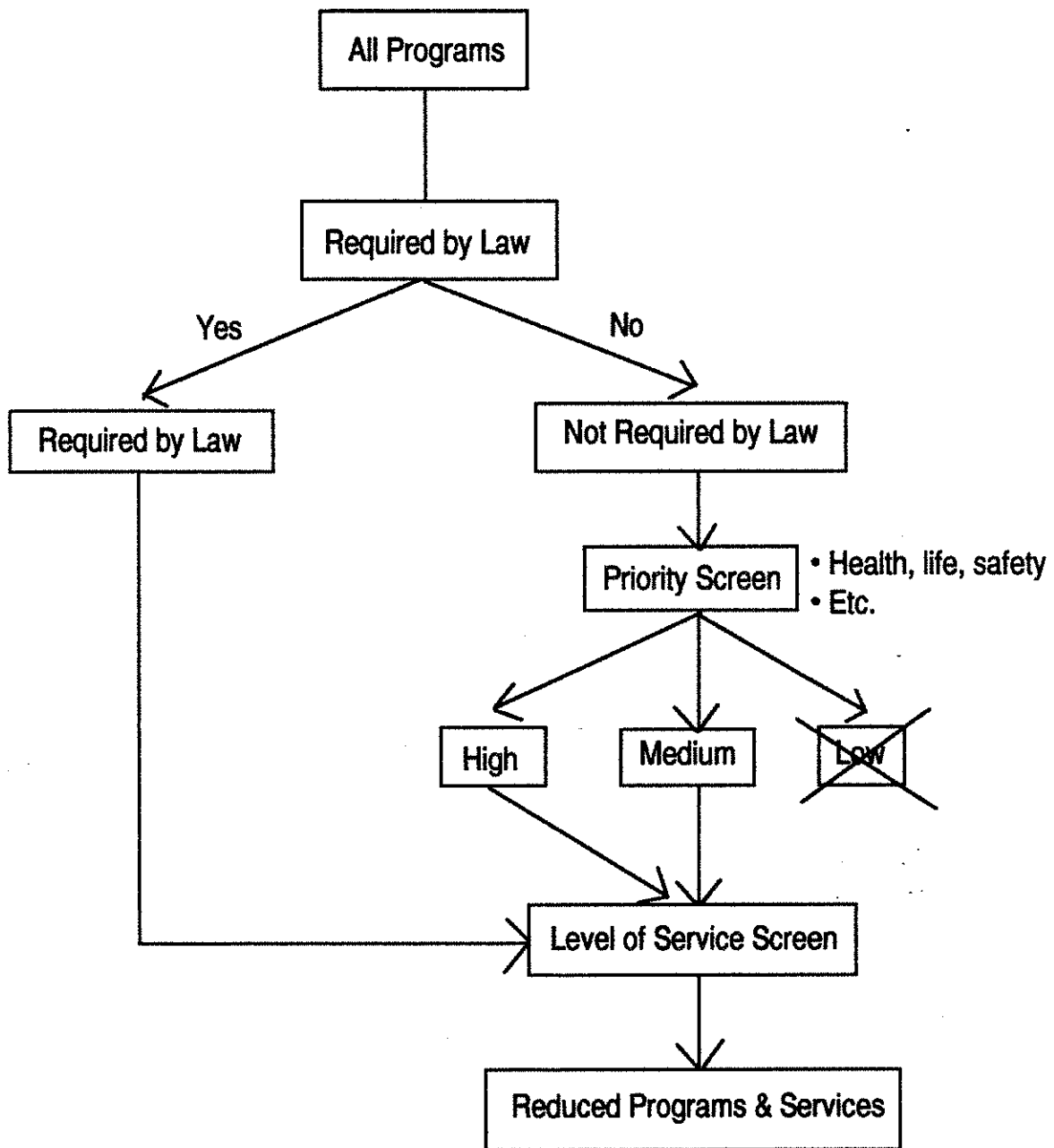
Increased Utility Revenue Distribution - These amounts are directly dependant on the Municipality's dividend policy, the Utilities' ability to pay and, in most cases, Alaska Public Utilities Commission rulings. Projected utility rates will be affected by the anticipated URD's.

Service and Program Adjustments

Consolidation and Efficiency Savings - Many of these reductions have already been implemented. The identification of additional savings in this category will likely require a more comprehensive analysis. Any substantial savings will require time to implement.

Service and Program Reductions - This category will encompass a wide range of dollar savings for 1993, which will vary with the assumptions utilized in determining service/program priorities and desired levels of service.

The model on the following page was utilized in establishing priorities for services and programs.



New Revenues

State Assistance for Mandated Programs - More emphasis should be put on assistance with federally mandated requirements.

Major Repairs and New Requirements - Under this solution, Anchorage would place emphasis on major repair and maintenance of the existing infrastructure.

Exemption Program for Senior Citizens and Disabled Veterans - The Municipality could reduce taxes to existing taxpayers if the Legislature would fully fund the exemption program for senior citizens and disabled veterans, as set forth in Alaska Statute 29.45.030. Fully funded, this program would generate an additional \$5.6 million, which would be available for reallocation. The Municipality is anticipating funding at approximately 20% for 1993. This option would be a redistribution of taxes rather than additional money.

User Fees - This category would entail an increase to the fee structure imposed by the Municipality on its users.

Property Tax - This solution would incorporate taxing the maximum allowed under the cap.

Additional Taxes - This solution has various possibilities for generating a range of revenues. It is presented here for analytical purpose. The Administration does not support substantial new taxes at this time without voter approval. Additionally, recent surveys indicate that the public is opposed to any new form of general taxation. Examples are as follows:

- **Alcohol Tax** - Average package store retail prices from local sources (\$10 for a bottle of liquor, \$7 for a bottle of wine and \$12 for a case of beer) were used to estimate package store sales. Sales volumes for the remaining 18% of alcohol volume from restaurants and bars were calculated on a per drink basis. Both of the aforementioned sales were then multiplied by a 6% tax to arrive at estimated revenues of \$6.57 million per year after administrative costs.
- **Sales Tax** - \$10 million annually. Current estimates indicate that a broadly based tax at a 1% rate would raise approximately \$10 million after administrative costs.
- **Sales Tax with a Sunset Clause** - Same as above, but it would be for a fixed term.
- **Seasonal Sales Tax** with effective dates during the summer season (mainly May through September). The revenue from this tax varies with the level imposed. For purposes of this model, we can assume that \$3 million would be the net yield on a 1% sales tax, after administrative costs.

- Automobile Registration Tax - This solution would include a revision to the State statute which sets the fee schedule for automobile registration taxes. This solution would be a redistribution of the taxes, rather than additive money, unless it was taken to the voters for specific approval.

* * * * *

Once the fiscal policy analysis was completed, the solutions to the Fiscal Gap were identified and presented to the Assembly in the 1993 Operating Budget. The remainder of this section of the report outlines the various solutions and presents future recommendations

PROPOSED SOLUTION TO THE FISCAL GAP

Since June, the development of the Fiscal Gap solution matrix has been an evolutionary process. The various options have been identified in Figure 4-4 for a consolidated view of the solutions. Option 1 is the recommendation of the Administration and focuses on program and service reductions, transfer of certain mandated increases into the General Government Capital Improvement Budget, and some assistance from the State.

The Proposed 1993 General Government Operating Budget reduces the costs of existing services by \$9 million. Additional cuts will have to be made if certain assumptions involving labor contracts and State assistance do not materialize.

Option 1 also establishes the use of \$1.2 million of bond proceeds to reduce the mandated new requirements.

Finally, this recommended option entails the postponement of \$20 million in high priority new or increased programs/services. This option does not fund the potential Police/Fire retiree medical liability at this time, but does come with the recommendation that this problem be resolved by the Assembly, and not by an arbitrator.

The "Most Likely" projection represents the Fiscal Gap if no solutions are implemented to solve the problem and the assumptions regarding revenues and expenditures actually occur. The reason for displaying the case in this manner is to present the full magnitude of the Fiscal Gap, which could materialize unless we take appropriate action. It is apparent from the submitted 1993 General Government Operating Budget that approximately \$11 million of the \$20 million has already been addressed in detail and the remaining \$9 million will result in reduced or eliminated services and programs, even if the Assembly taxes to the cap.

Figure 4-4

**"FISCAL GAP" SOLUTION OPTIONS
1992**

	Option #1	Option #2	Option #3	Option #4	Option #5	Option #6
Legislative Approved CIB	\$ 3.0 M	\$ 3.0 M	\$ 3.0 M	\$ 3.0 M	\$ 3.0 M	\$ 3.0 M
No Increase in Jail Contract	2.0	2.0	2.0	2.0	2.0	2.0
Repayment of Contribution to Bldg Safety	0.9	0.9	0.9	0.9	0.9	0.9
Move Certain Mandated/Continuing						
Increases to the 1993 CIB	1.2	1.2	1.2	1.2	1.2	1.2
Heritage Land Bank Funding	0.5	0.5	0.5	0.5	0.5	0.5
Subtotal A	\$ 7.6 M	\$ 7.6 M	\$ 7.6 M	\$ 7.6 M	\$ 7.6 M	\$ 7.6 M
Salary & Benefits Adjustment Reduction	0.8	0.8	0.8	0.8	0.8	0.8
Inflation Adjustment Reduction	0.5	0.5	0.5	0.5	0.5	0.5
Hill Building/MISD Reduction	0.5	0.5	0.5	0.5	0.5	0.5
Increased Program Revenues	1.2	1.2	1.2	1.2	1.2	1.2
Increased Hotel-Motel Tax Rev (92 & 93)	0.6	0.6	0.6	0.6	0.6	0.6
Net Savings to Enable Funding of Current						
Service Levels	3.1	3.1	3.1	3.1	3.1	3.1
Add'l State Revenue Sharing Reduction	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)
Reduction in IGC's Outside Gen Govt						
Due to Budget Reductions	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)
Other/Rounding	0.1	0.1	0.1	0.1	0.1	0.1
Subtotal B	\$ 3.7 M	\$ 3.7 M	\$ 3.7 M	\$ 3.7 M	\$ 3.7 M	\$ 3.7 M
Subtotal of A + B	\$11.3 M	\$11.3 M	\$11.3 M	\$11.3 M	\$11.3 M	\$ 11.3 M
Service/Program Reductions	8.7	0.0	5.6	2.0	2.0	0.0
Compensation Concessions	0.0	0.0	0.0	0.0	6.7	0.0
Sale of ATU	0.0	0.0	0.0	0.0	0.0	8.7
Tax Cap	0.0	3.1	3.1	3.1	0.0	0.0
Increased User Fees	0.0	0.0	0.0	0.6	0.0	0.0
New/Increased Taxes	0.0	5.6	0.0	3.0	0.0	0.0
TOTAL FISCAL GAP SOLUTION	\$20.0 M	\$20.0 M	\$20.0 M	\$20.0 M	\$20.0 M	\$20.0 M

**V. ENTERPRISE ACTIVITIES
PROFILE**

V. ENTERPRISE ACTIVITIES

The Municipality of Anchorage owns and operates seven Enterprise Activities -- Municipal Light and Power, Anchorage Water and Wastewater Utilities, Solid Waste Disposal and Municipal Refuse Collection Utilities, the Port of Anchorage, and Merrill Field Airport. Detailed information on each of these entities is contained in the 1993 Public Utilities Operating and Capital Budgets document. The eighth Enterprise Activity, owned but not operated by the Municipality, is the Anchorage Telephone Utility. Beginning in 1992, management authority for ATU has been vested in a Board of Directors appointed by the Municipal Assembly. A separate document detailing their 1993 operating and capital budgets has been submitted by ATU to the Assembly.

The intent here is to extract and summarize some information to provide an overview of these important Municipal activities. This section highlights some of the interrelationships which exist among General Government functions and Enterprise Activities --- Intragovernmental Charges (IGC's), the Municipal Utility Service Assessment (MUSA), and Utility Revenue Distribution. Following a discussion of these linkages, summary income, expense, debt and rate data are also presented.

INTRAGOVERNMENTAL CHARGES

The intragovernmental charge system is the mechanism used by the Municipality to account for the costs of certain services provided by one unit of government for another. An IGC represents the cost for a service which one budget unit (servicer) provides to another (requestor). Net charges to utilities, operating grants and capital improvements are counted as general government revenues.

General government provides administrative services to the Municipal utilities, e.g., financial services, insurance, purchasing, and management. Utilities also provide services to general government, but in general these charges are handled through the regular customer billing procedures of the utilities, rather than through a charge-back system.

Figure 5-1 summarizes the IGC's to utilities contained in the 1993 budgets. Charges to utilities are \$11 million, approximately 67% of the total of \$16.6 million IGC revenues in the general government operating budget. Figure 5-1 also summarizes the changes in IGC's since 1987. The increase in utility charges in 1989 reflects centralization of the Management Information System Department from ATU.

Major components of utility IGC's are for self-insurance and general liability funds, labor and human relations, financial information system accounting services, utility collections and remittance processing, purchasing, and information systems.

Figure 5-1

**Intragovernmental Charges
From General Government
(\$000 Omitted)**

	ACTUAL							
	<u>ATU</u>	<u>ML&P</u>	<u>Water</u>	<u>Waste- Water</u>	<u>Disposal</u>	<u>Refuse</u>	<u>Port</u>	<u>Merrill Field</u>
1987	\$ 3,614	\$2,063	\$ 875	\$1,014	\$ 271	\$ 188	\$ 182	\$ 83
1988	2,558	1,417	734	807	234	179	198	57
1989	7,488	1,465	807	1,089	220	174	225	62
1990	7,808	1,299	941	1,225	219	180	234	57
1991	8,268	1,401	1,050	1,383	307	215	258	73
1992	<u>7,718</u>	<u>1,467</u>	<u>1,300</u>	<u>1,397</u>	<u>327</u>	<u>248</u>	<u>311</u>	<u>80</u>
TOTAL	\$37,454	\$9,112	\$5,707	\$6,915	\$1,578	\$1,184	\$1,408	\$412
PROJECTED								
1993	\$ 5,806	\$1,693	\$1,365	\$1,338	\$ 290	\$ 265	\$ 297	\$ 89
1994	3,961	1,761	1,420	1,392	302	276	309	93
1995	1,475	1,831	1,477	1,448	314	287	321	97
1996	1,541	1,904	1,536	1,506	327	298	334	101
1997	1,611	1,980	1,597	1,566	340	310	347	105
1998	1,683	2,059	1,661	1,629	354	322	361	109

MUNICIPAL UTILITY SERVICE ASSESSMENT (MUSA)

Utilities receive general services provided by the Municipality to all residents and businesses in the service area, such as fire and police protection, and street maintenance. Therefore, utilities which are financially self-supporting help pay for these services through a MUSA, which is analogous to property taxes paid by private property owners. The mill rate applied is the same as that applied against the value of private properties; however, there are differences in the way in which the value of the property is assessed. The utilities are assessed on the book value of the property, not the market value.

The income approach is often used by private utilities as the basis for appeal of the assessed valuation computed by the Municipality using the cost approach.

Figure 5-2 summarizes MUSA payments by utilities since MUSA was established by ordinance in 1976. Initially MUSA was applied to the telephone, electric and water utilities. Wastewater and Refuse Collection Utilities were included in 1986. Merrill Field

and the Port are exempt from MUSA. Beginning in 1989, MUSA was applied to Solid Waste Disposal Utility. MUSA revenues are used in the Anchorage School District and general government in the same ratio as other property tax collections.

Figure 5-2

MUSA Paid 1976 Through 1992

(\$000 Omitted)

<u>Year</u>	<u>ATU</u>	<u>ML&P</u>	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Total</u>
1976	\$ 443	\$ 152	\$ 190	\$	\$	\$ 785
1977	1,378	414	511			2,303
1978	1,536	438	556			2,530
1979	1,442	386	444			2,272
1980	1,372	561	387			2,320
1981	994	416	302			1,712
1982	904	348	279			1,531
1983	1,287	502	395			2,184
1984	1,477	679	493			2,649
1985	1,524	870	888			3,282
1986	1,657	1,025	1,299	1,424	25	5,430
1987	2,439	1,480	2,156	2,082	32	8,189
1988	3,185	1,788	2,661	2,832	65	10,531
1989	4,773	2,755	1,265	1,134	488	10,415
1990	4,422	947	2,040	1,152	470	9,031
1991	4,271	1,747	1,345	1,031	490	8,884
1992	<u>4,243</u>	<u>1,760</u>	<u>1,371</u>	<u>1,101</u>	<u>494</u>	<u>8,969</u>
TOTAL	\$37,347	\$16,268	\$16,582	\$10,756	\$2,064	\$83,017

MUSA Projected 1993 Through 1998

(\$000 Omitted)

<u>Year</u>	<u>ATU</u>	<u>ML&P</u>	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Total</u>
1993	\$4,611	\$1,950	\$1,417	\$1,169	\$499	\$ 9,646
1994	5,233	1,965	1,438	1,187	521	10,344
1995	5,847	1,980	1,444	1,203	539	11,013
1996	6,269	1,995	1,454	1,234	559	11,511
1997	6,611	2,008	1,461	1,254	579	11,913
1998	6,976	2,025	1,417	1,276	608	12,302

UTILITY REVENUE DISTRIBUTION

The Home Rule Charter for the Municipality of Anchorage (September 1975) provided that Municipal utilities could operate at a reasonable profit and that net profits from former city utilities would be applied for the benefit of the old City Service Area for five years after unification. This was, in effect, the way in which the new Municipality "purchased" the utilities from the city. In 1978, the Assembly passed an ordinance which halved the payment rate (from 100% to 50% of net profits) and lengthened the payment period (from five to ten years) for ATU and the Anchorage Water Utility. The following chart details the actual payments which were made in conformance with these requirements.

Figure 5-3

Utility Net Profit Distributions to Former City Service Area 1976-1985

(\$000 Omitted)

<u>Year</u>	<u>ATU</u>	<u>ML&P</u>	<u>Water</u>	<u>Total</u>
1976	\$ 730	\$ 566	\$ 15	\$ 1,311
1977	914	608	292	1,814
1978	978	503	314	1,795
1979	1,046	474	337	1,857
1980	1,119			1,119
1981	1,198	223		1,421
1982	1,281			1,281
1983	1,371			1,371
1984	1,467			1,467
1985	<u>1,570</u>	<u> </u>	<u> </u>	<u>1,570</u>
TOTAL	\$11,674	\$2,374	\$958	\$15,006

In 1985, the net profit distribution was succeeded by an ordinance providing for an investment return to all the residents of the Municipality from their ownership of the utilities. This Utility Revenue Distribution is somewhat analogous to the return paid to owners of private utilities. The Utility Revenue Distribution allows for a distribution to general government from surplus utility revenues. A maximum of 5% of gross revenues may be distributed "where prudent fiscal management permits." Payment is made following evaluation of revenues restricted by grants or contracts, cash needed for reinvestment in the utility, bond ratings, prudent cash flow and debt management considerations.

The ordinance applies to ATU, AWWU, ML&P and SWS. To date, only ATU has met the evaluation criteria. The distribution from ATU is shown in the following table:

Figure 5-4

**Utility Net Profit Distributions
From Anchorage Telephone Utility
1986 - 1993**

1986	\$5,500,000
1987	7,000,000
1988	5,000,000
1989	2,583,000
1990	4,000,000
1991	2,500,000
1992	2,500,000
1993	2,500,000 *

* Estimated

Revenue distributions paid by the utilities have reduced the level of property taxes which would otherwise have been necessary to fund services at the levels provided over the last few years.

FISCAL SUMMARIES

This section presents fiscal information pertaining to Municipally-owned utilities. The information is not a complete fiscal picture of the utilities; rather, the charts provide a brief overview. More information regarding the financial history and the budget summaries for each of the utilities are contained in the 1993 Public Utilities Operating and Capital Budgets.

The Municipal utilities are self-supported through user rates and have received no local tax assistance since 1984. The utilities have eased the tax burden for the taxpayers, through the Utility Revenue Distribution, MUSA, and their self-supported businesses.

A brief description of some of the fiscal indicators used here may be useful.

Net income is calculated by subtracting total expenses from total revenues. It is closely tied to utility rates as most revenues are from charges for services provided. If net income is large, it may indicate that rates are sufficient and will not need to be raised in the near future. If it is low or negative, a utility's equity is being eroded and it may be an indicator that a rate increase needs to be requested. In either case, expenses are monitored closely to be sure they are being kept as low as possible while still providing services to all customers.

Income and expenses for the regulated utilities (Anchorage Water and Wastewater Utility, Anchorage Telephone Utility, and Municipal Light and Power) have been computed using methodology prescribed by the Alaska Public Utilities Commission. The major difference between the regulatory and non-regulatory approach is the exclusion of depreciation on contributed plant under the regulatory rules.

Debt Service coverage is determined by dividing income available for debt service (current net operating revenue with adjustments made for depreciation and debt service payments and, in some cases, MUSA and interest revenue) by the accrued debt service on revenue bonds for the year. Debt service coverage is an indication of a utility's ability to pay for existing debt as well as its ability to finance new debt. For a utility to issue new debt, it must satisfy a number of criteria in the bond covenants and be able to show that projected debt service coverage will be at least equal to the minimum requirement contained in its covenants. Projected debt service coverage is one of several indicators used by the utilities to determine when to file for a rate increase and the size of the increase needed.

All of the utilities have met their debt coverage requirements in recent years and have been able to issue new debt to finance their growth as needed. The minimum debt service coverage requirement contained in each utility's bond covenants is included as a benchmark on each of the following graphs. No debt service coverage graphs are included for the Anchorage Wastewater Utility or Merrill Field Airport because those entities have not issued revenue bonds. A \$4.0 million Solid Waste Disposal revenue bond was sold in August 1989. The pro forma coverage ratio on this bond is estimated to be 6.35 while the bond covenant requirement is 1.25.

ANCHORAGE TELEPHONE UTILITY

The Anchorage Telephone Utility is the largest municipally-owned local telephone operating system in the United States. The following two figures summarize ATU's revenues, expenses, and net income, 1983-1993.

Figure 5-5

Anchorage Telephone Utility Revenues and Expenses

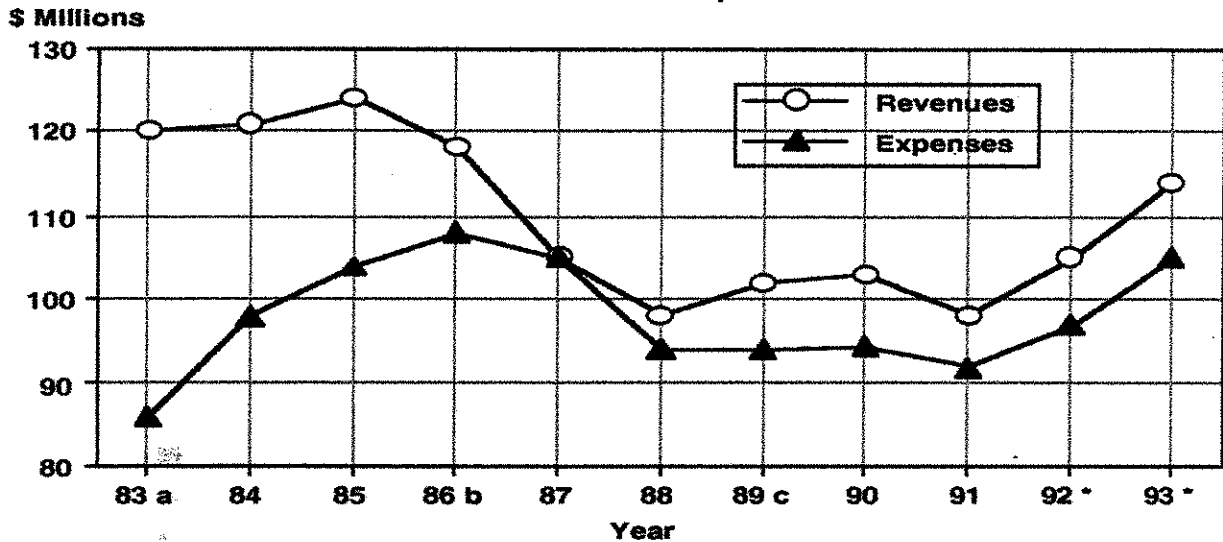
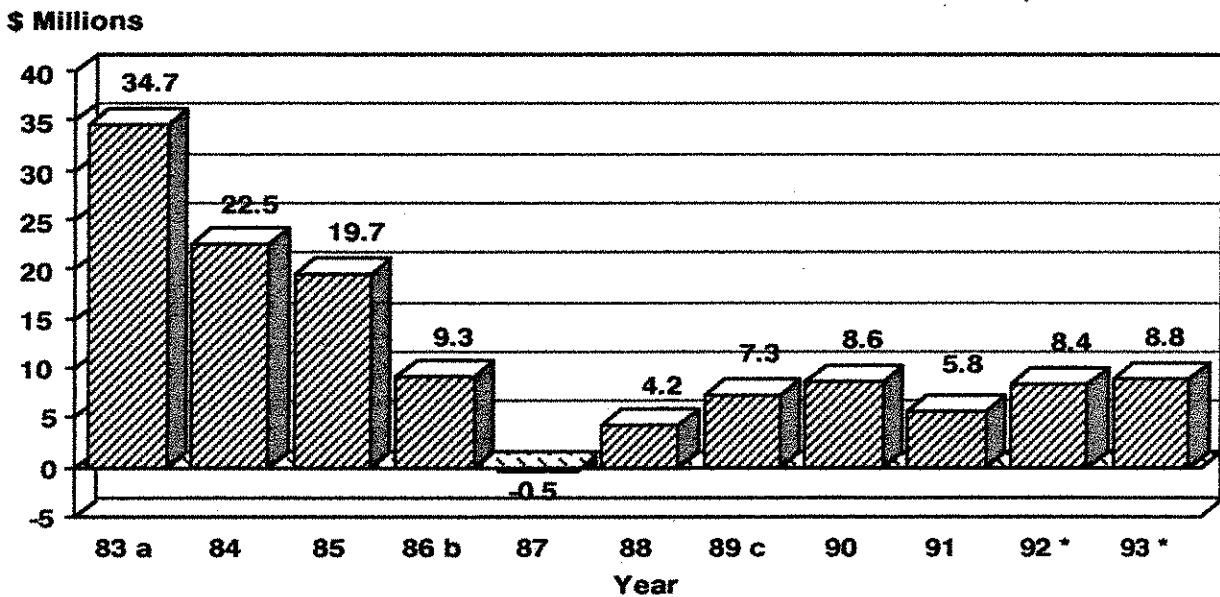


Figure 5-6

Anchorage Telephone Utility Net Income



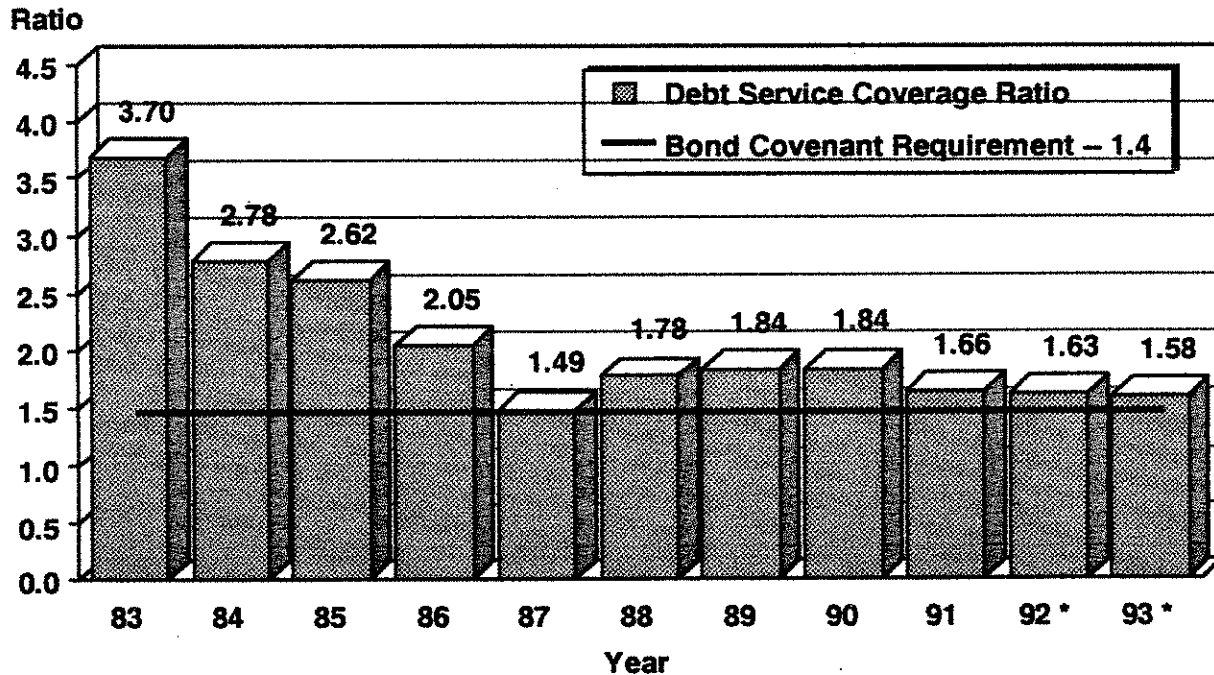
* Estimate

- Notes
- a) Included \$20.8 million in prior year toll settlement
 - b) Expenses and adjusted net income don't include refunding loss of approximately \$12 million
 - c) Prior to extraordinary and unusual item adjustments totaling a loss of \$21.7 million

As of December 31, 1991, ATU had \$138 million in revenue bonds outstanding. Current debt service payments are approximately \$24 million per year. The following figure shows the debt service coverage ratio.

Figure 5-7

**Anchorage Telephone Utility
Debt Service Coverage**



* Estimate

ATU is a major local employer as shown below.

Figure 5-8

**Anchorage Telephone Utility
Actual Employees at Year End**

<u>Year</u>	<u>Employees</u>	<u>Year</u>	<u>Employees</u>
1983	790	1991	647
1984	854	1992*	695
1985	871	1993*	708
1986	1047	1994*	701
1987	865	1995*	677
1988	777	1996*	677
1989	657	1997*	677
1990	630	1998*	677

* Projected

The table below provides some comparative rates.

Figure 5-9

**Average Telephone Rates for
Private Line Rotary Service with Unlimited Calling,
Subscriber Line Charges, Surcharges, and Taxes**

<u>U.S. Cities</u>	<u>Average Rate*</u>	<u>Alaska Cities</u>	<u>Average Rate*</u>
National Average	\$18.64	Anchorage, AK	\$14.45 **
Honolulu, HI	\$17.59	Juneau, AK	\$ 9.40
Seattle, WA	\$16.35	Eagle River, AK	\$14.15
Buffalo, NY	\$31.65		

*These rates do not include additional charges for customer premise equipment.

** Includes a 15% interim rate increase effective June 1, 1992.

ATU was granted a 9.42% permanent rate increase on July 1, 1989. Due to a shift in costs from long distance to local, a partial pass-through of these costs is represented in the local rate increases projected during the years 1992-1993. The projected changes in local service rates increase the average monthly bill as indicated in the following table.

Figure 5-10

**Projected Annual Rate Increases, Resulting Phone Rates
and Average Monthly Bills, and Cumulative Increases
1992 - 1998**

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
<u>TOTAL ATU:</u>							
Annual Increase	32%	19%	0%	0%	0%	9%	0%
New Rate*	\$14.45	\$16.46	\$16.46	\$16.46	\$16.46	\$17.59	\$17.59
Cumulative Increase (from 1992)	0%	14%	14%	14%	14%	22%	22%
<u>RESIDENTIAL LINES:</u>							
New Average Monthly Bill**	\$84.85	\$86.86	\$86.86	\$86.86	\$86.86	\$87.99	\$87.99
Cumulative Increase (from 1992)	0%	2%	2%	2%	2%	4%	4%

* These rates are for the phone service and charges priced in the previous table.

** Includes charges for enhanced services and long distance calls.

ANCHORAGE WATER AND WASTEWATER UTILITY

Figures 5-11 through 5-14 summarize revenue and expenses for water and wastewater operations.

Figure 5-11

Anchorage Water Utility Revenues and Expenses

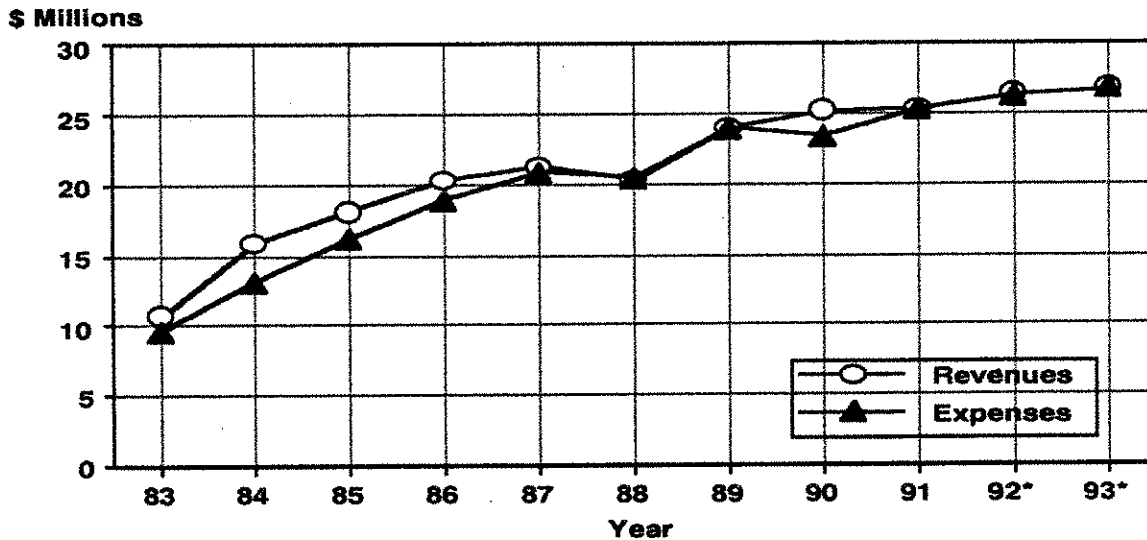
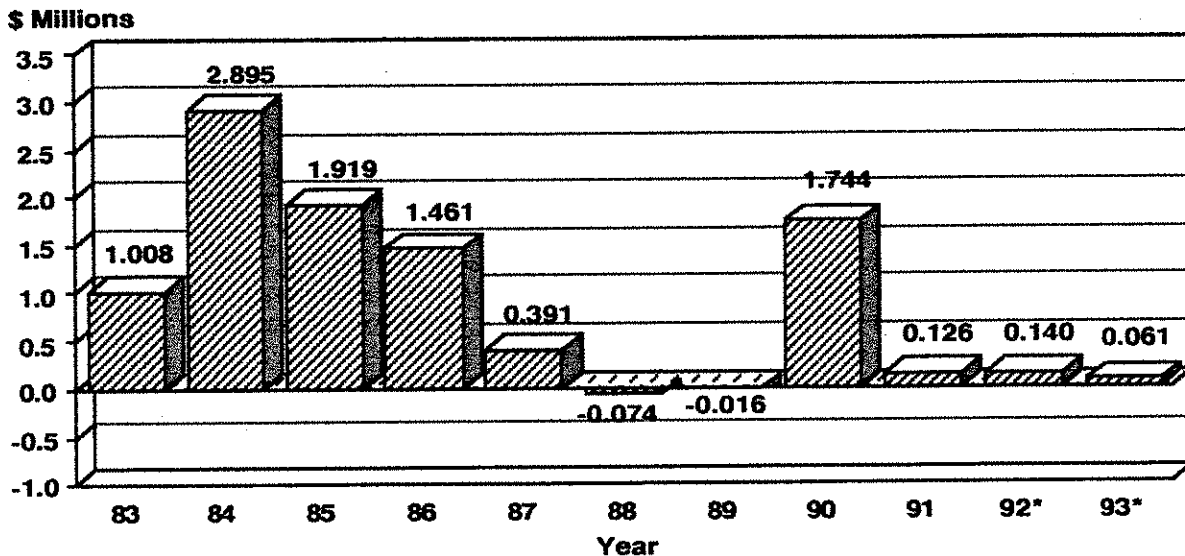


Figure 5-12

Anchorage Water Utility Net Income (Regulatory)



*Estimate

Figure 5-13

Anchorage Wastewater Utility
Revenues and Expenses

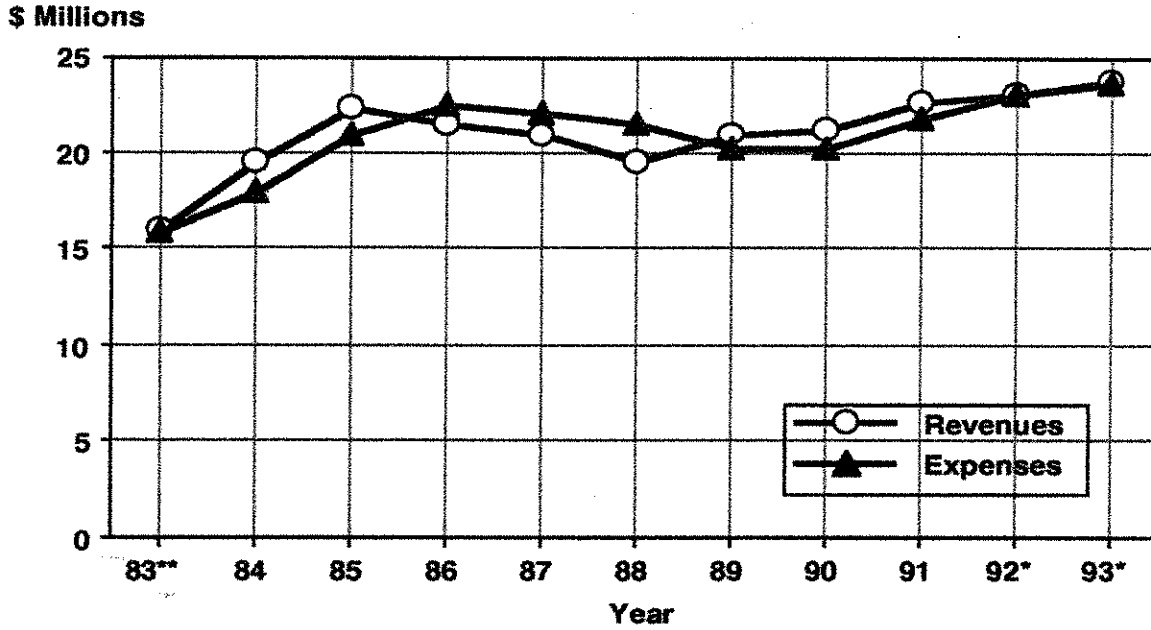
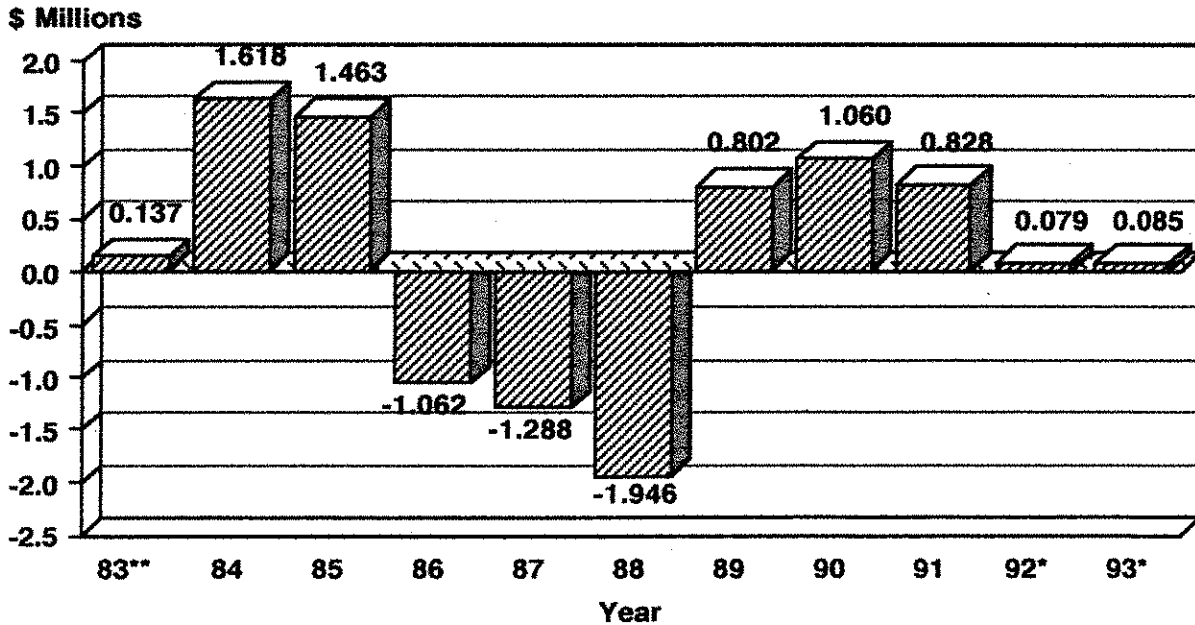


Figure 5-14

Anchorage Wastewater Utility
Net Income (Regulatory)



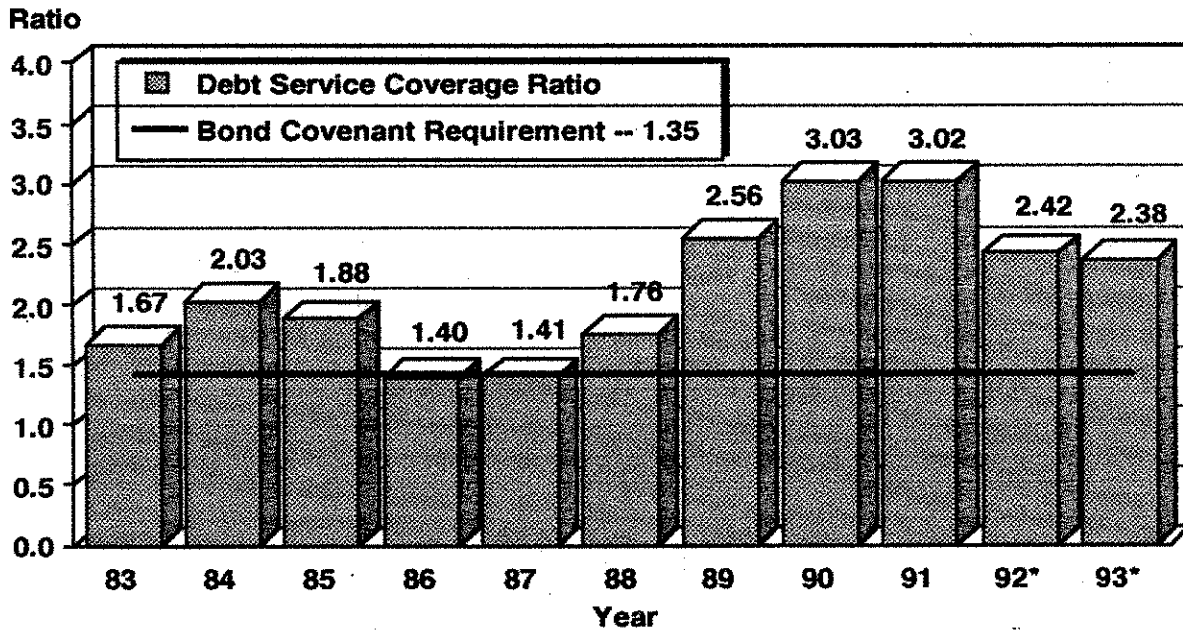
* Estimate

** Includes \$3.6 million operating transfer from areawide general fund.

As of the end of 1991, the Water Utility had approximately \$44.7 million in revenue bonds and \$61.4 million in general obligation bonds outstanding, with combined debt service payments currently averaging about \$8.4 million per year. Wastewater has approximately \$72.2 million general obligation bonds outstanding with current debt service of about \$9.7 million annually. Debt coverage ratio applies only to revenue bonds and therefore is only shown for the Water Utility.

Figure 5-15

**Anchorage Water Utility
Debt Service Coverage**



* Estimate

Figure 5-16 shows the employment history of AWWU.

Figure 5-16

**Anchorage Water and Wastewater Utility
Authorized Positions**

1983	247	1991	285
1984	284	1992*	285
1985	299	1993*	275
1986	315	1994*	275
1987	330	1995*	275
1988	312	1996*	275
1989	285	1997*	275
1990	285	1998*	275

* Projected.

Number of employees may be different than number of positions.

Figure 5-17 shows some comparative rates for water and wastewater services; while Figure 5-18 summarizes the history and timing of rate requests and approvals.

Figure 5-17

<u>Utility</u>	<u>Water Rate</u>	<u>Wastewater Rate</u>
Anchorage Water & Wastewater Utility Anchorage, Alaska	\$24.75	\$21.65
Norfolk Utilities Eagle River, Alaska	\$30.25	
Eklutna Utilities Eagle River, Alaska	\$34.97	
College Utilities Fairbanks, Alaska	\$47.25	\$50.19
Fairbanks Municipal Utilities Fairbanks, Alaska	\$22.90	\$41.63
City/Borough of Juneau Juneau, Alaska	\$19.00	\$31.00
North Slope Borough Barrow, Alaska	\$140.00	N/A (Included in Tax Base)

Rates as of June, 1992.

Figure 5-18

**Anchorage Water and Wastewater Utility
Rate Change Summary
1987 - 1998**

WATER

<u>Year</u>	<u>Single Family Rate</u>	<u>Rate Change</u>
1987	\$19.60	25%
1988	18.25	(7%)
1989	23.35	28%
1990	23.35	0%
1991	24.75	6%
1992	24.75	0%
1993 *	24.75	0%
1994 *	26.24	6%
1995 *	26.24	0%
1996 *	27.55	5%
1997 *	27.55	0%
1998*	28.37	3%

WASTEWATER

<u>Year</u>	<u>Single Family Rate</u>	<u>Rate Change</u>
1987	\$15.85	0%
1988 **	18.85	19%
1989	18.85	0%
1990	20.15	7%
1991	21.65	7%
1992	21.65	0%
1993 *	21.65	0%
1994 *	22.95	6%
1995 *	24.56	7%
1996 *	25.54	4%
1997 *	25.54	0%
1998*	26.56	4%

* Projected

** Rate change due to cost-of-service study which shifted costs from commercial customers to residential customers. No overall revenue increase to the utility.

Figure 5-19

**Anchorage Water and Wastewater Utility
Financial Indicators**

Debt to Equity Ratio (Regulatory)

<u>Year</u>	<u>Water</u>	<u>Wastewater</u>
1987	84/16	98/2
1988	84/16	100/0
1989	85/15	99/1
1990	84/16	91/9
1991	83/17	90/10
1992	83/17	90/10
1993 *	84/16	89/11
1994 *	83/17	88/12
1995 *	83/17	85/15
1996 *	82/18	81/19
1997 *	81/19	77/23
1998*	80/20	72/28

* Projected

MUNICIPAL LIGHT AND POWER

Revenues, expenses and net income for the power utility, calculated on the regulatory basis prescribed by the Alaska Public Utilities Commission, are shown below.

Figure 5-20

Municipal Light and Power Revenues and Expenses

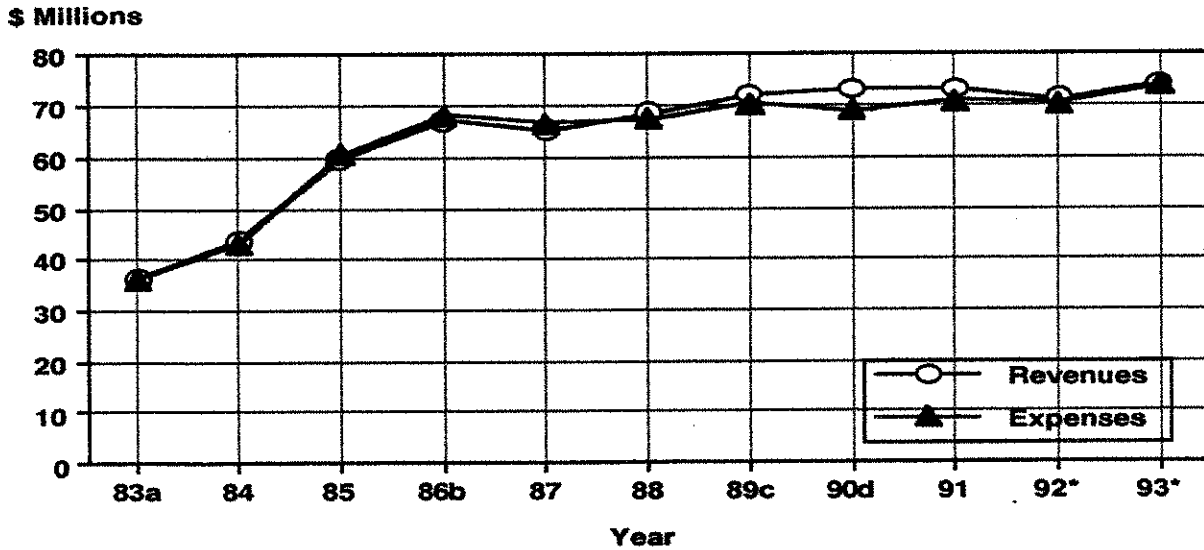
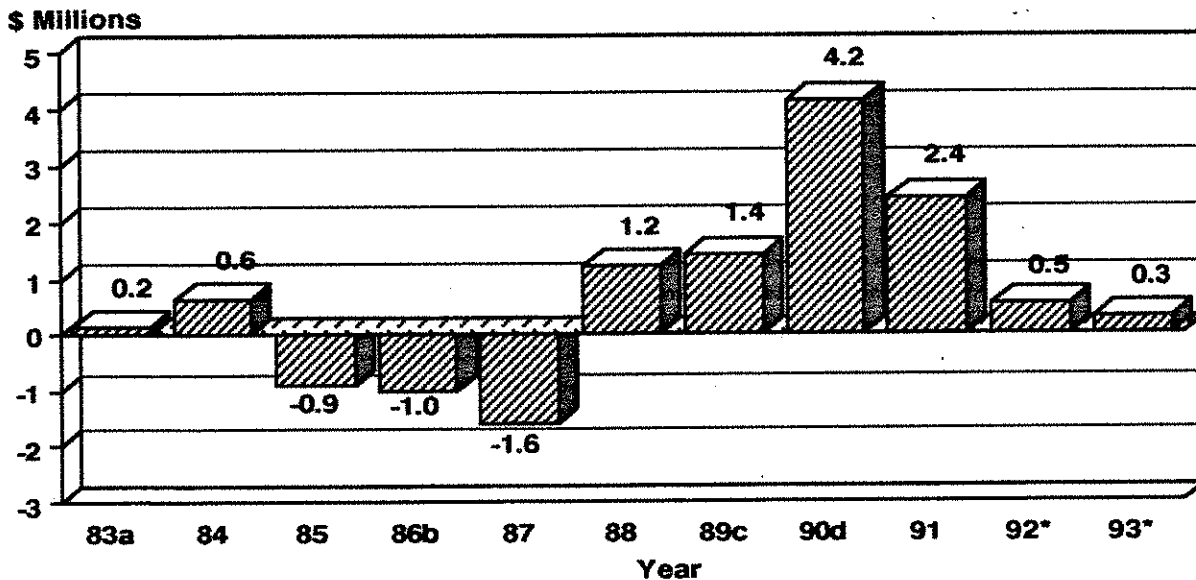


Figure 5-21

Municipal Light and Power Net Income (Regulatory)



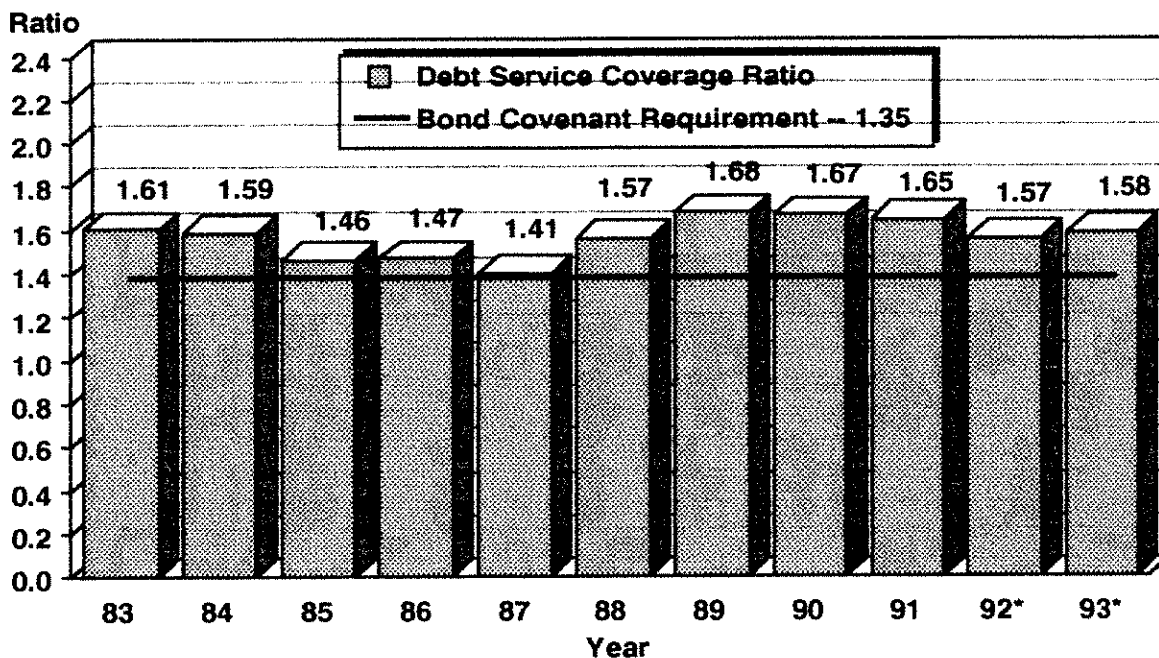
* Estimate

- Notes
- a) Gain on refunding of \$14.9 million not included
 - b) 1986 expenses and adjusted net income do not include refunding loss of \$19.7 million
 - c) 1989 does not include \$2,053,997 Extraordinary Gain
 - d) 1990 does not include unusual item of \$830,088 (return of the 1.25% gross receipts portion of MUSA rebated to ML&P by the Municipality in compliance with APUC Order U.89.60)

Municipal Light and Power will have \$191.5 million in revenue bonds outstanding as of December 31, 1992. Debt service coverage is shown below.

Figure 5-22

**Municipal Light and Power
Debt Service Coverage**



* Estimate

The employment history of ML&P is shown in the following figure.

Figure 5-23

**Municipal Light and Power
Number of Authorized Positions**

1983	149	1991	209
1984	182	1992	216
1985	206	1993 *	216
1986	213	1994 *	219
1987	203	1995 *	220
1988	194	1996 *	222
1989	198	1997 *	224
1990	203	1998 *	226

* Projected

The following table compares ML&P typical billings to those of selected electric utilities in Alaska and elsewhere in the United States.

Figure 5-24

Comparison of Average Revenues and Typical Billings

Utility	Typical Billings *			
	Residential (500 kWh)	Residential (1,000 kWh)	Commercial (1,500 kWh) (12 kW)	Commercial (10,000 kWh) (40 kW)
Selected Alaska Utilities:				
Municipal Light & Power	\$47.74	\$ 89.98	\$139.12	\$ 931.10
Chugach Electric Association	46.04	85.82	133.36	828.70
Homer Electric Association	61.24	109.26	325.42	1,060.83
City of Seward	58.70	102.00	189.75	1,073.75
Fairbanks Municipal Utilities	50.50	88.80	180.79	1,254.99
GVEA (Fairbanks, Alaska)	56.90	95.00	177.95	882.50
Matanuska Electric Association (Palmer)	54.42	98.44	170.74	787.80
Selected Utilities Outside Alaska:				
Consolidated Edison Co. of New York	\$58.55	\$106.14	\$273.39	\$1,133.41
Florida Power & Light Co.	37.93	84.87	115.19	660.53
Georgia Power Co.	38.15	66.41	201.94	999.82
Houston Lighting & Power Co.	42.97	86.82	144.73	755.81
Los Angeles Department of Water & Power	47.37	94.24	164.20	1,065.75
Portland General Electric	25.87	49.11	98.17	604.90
Sacramento Municipal Utility District	36.89	90.64	120.53	818.34

* Compiled by ML&P staff based on rates in effect March 31, 1992.

The following table shows the rate increases granted to ML&P by the APUC in the last 14 years.

Figure 5-25

**Municipal Light and Power
Rate History**

<u>Date of Filing</u>	<u>Requested</u>	<u>Effective Increase Granted</u>	<u>Date Granted</u>
January 1979	17.23%	14.40%	July 1979
February 1980	29.56%	35.06% *	October 1981
April 1982	14.98%	14.98%	September 1982
November 1983	10.77%	9.27%	April 1985
March 1986	16.13%	13.53%	February 1987
September 1987	11.60%	8.45%	January 1989
July 1990	4.14%	2.87% **	October 1990
September 1991	4.90%	4.15% **	October 1991

* Includes adjustments to base gas cost in permanent rates. This is the last time that gas cost adjustments were included in rate cases.

** Interim rate increase granted.

SOLID WASTE SERVICES

Solid Waste Services is composed of two utilities, Refuse Collection Utility and Solid Waste Disposal Utility. The information for these utilities is presented separately below.

Figure 5-26

Refuse Collection Utility Revenues and Expenses

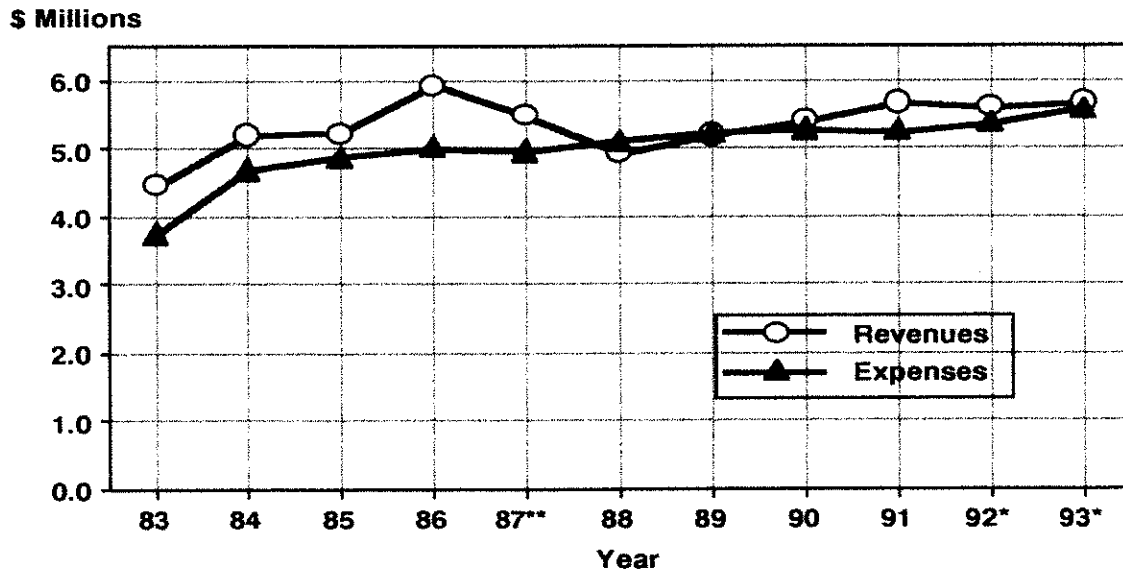
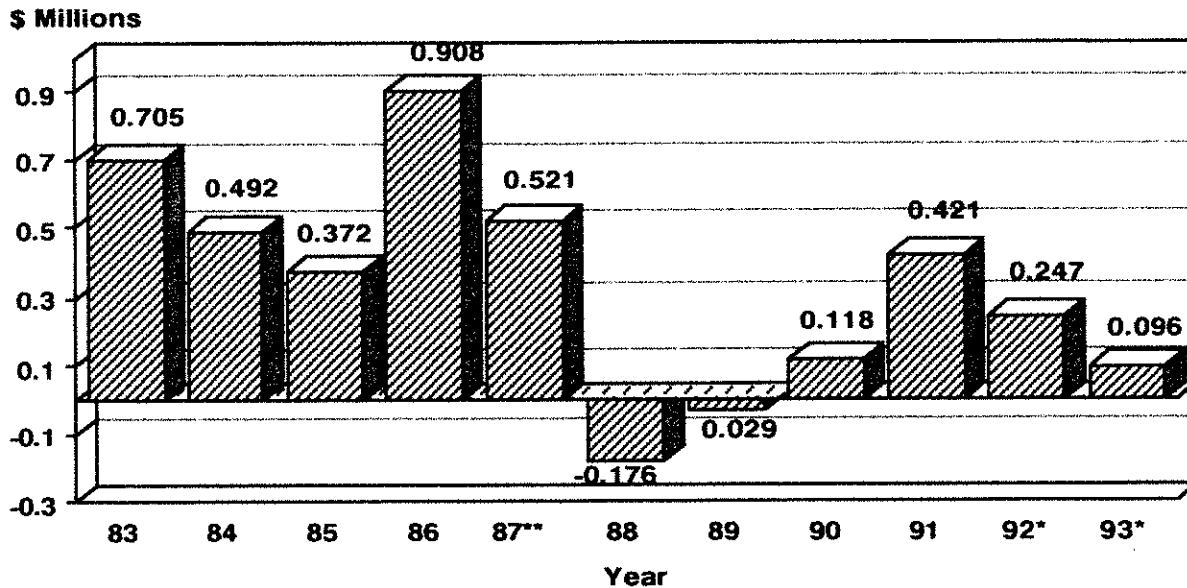


Figure 5-27

Refuse Collection Utility Net Income (Regulatory)



* Estimate

** 1987 expenses and net income do not include bond refunding loss of approximately \$600,000.

Figure 5-28

Solid Waste Disposal Utility
Revenues and Expenses

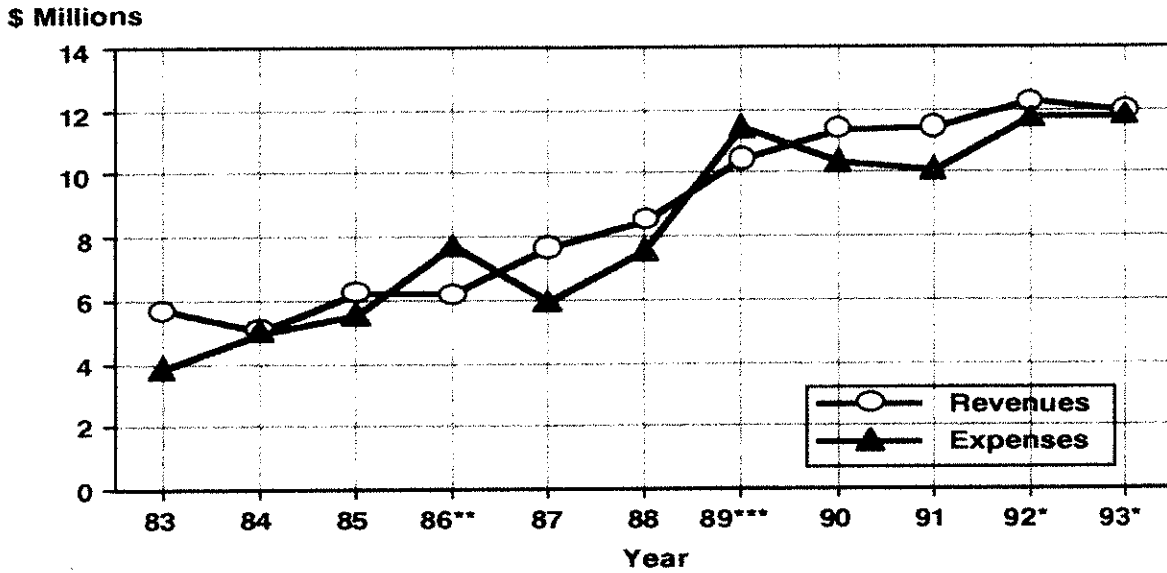
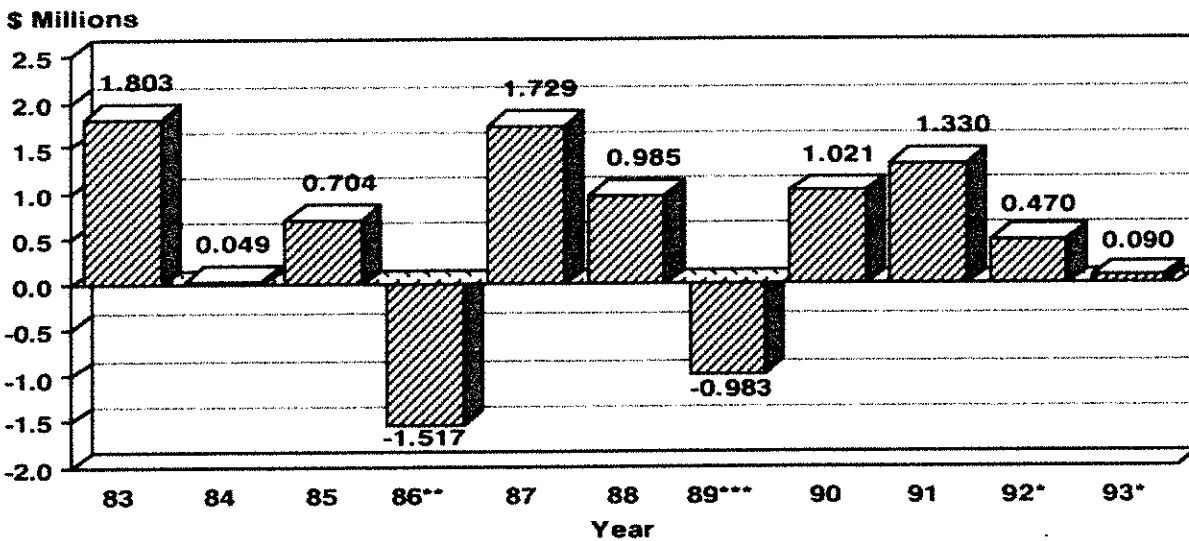


Figure 5-29

Solid Waste Disposal Utility
Net Income (Regulatory)



* Estimate

** 1986 loss due to accounting adjustment to reflect closing of shredder plant

*** 1989 loss includes approximately \$2,800,000 in Merrill Field landfill closure costs

As of the end of 1991 the Refuse Collection Utility had approximately \$3.145 million in revenue bonds outstanding, with debt service averaging about \$360,000 per year. As of the end of 1991 the Solid Waste Disposal Utility had approximately \$3.81 million in revenue bonds and \$23.7 million in general obligation bonds outstanding, with combined debt service averaging about \$2.8 million per year. The debt service coverage is shown below. Both utilities are required to maintain a ratio of at least 1.25.

Figure 5-30

**Refuse Collection Utility
Debt Service Coverage**

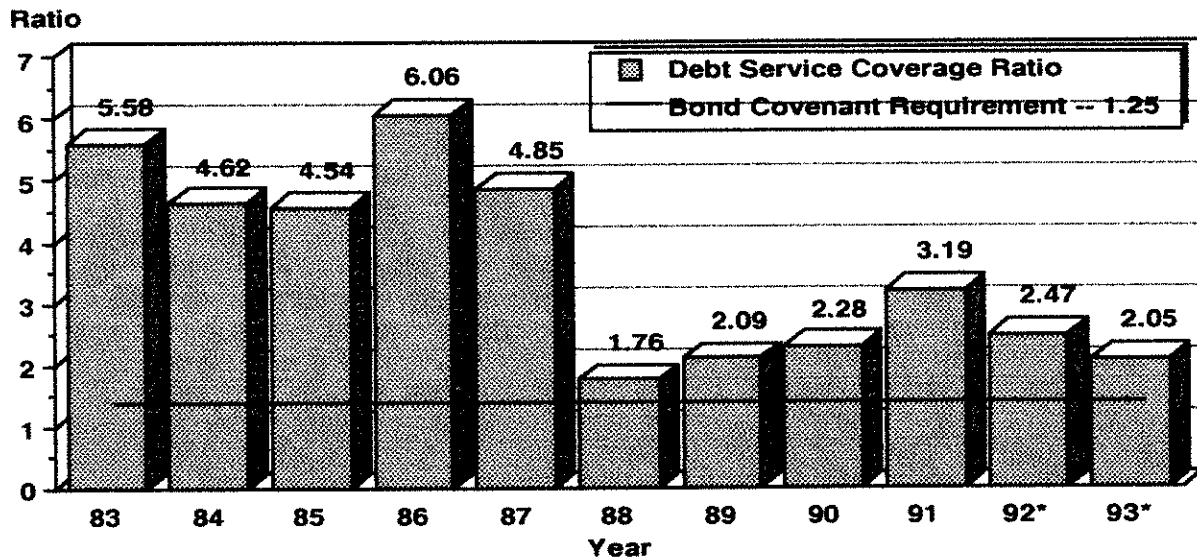
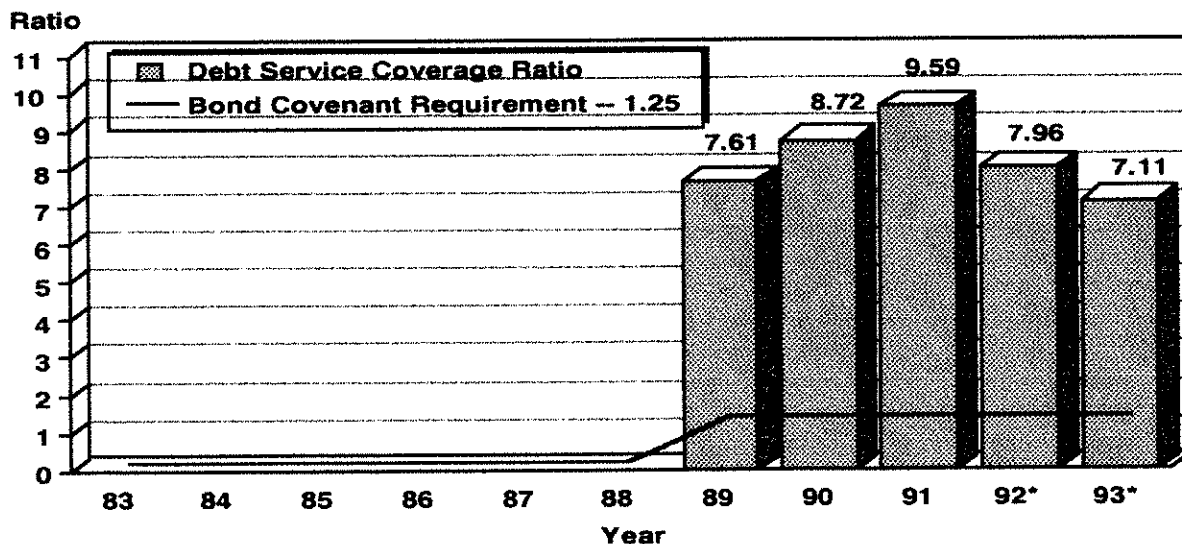


Figure 5-31

**Solid Waste Disposal Utility
Debt Service Coverage ****



* Estimate

** The Solid Waste Disposal Utility did not have any revenue bonds outstanding until 1989. Thus debt service coverage for the years 1983-1988 is not applicable.

A few comparative rates for refuse collection in other Alaska communities are shown below.

Figure 3-32

**Refuse Collection Utility
Comparative Rates**

<u>Utility</u>	<u>Approved</u>	<u>Residential Monthly</u>	<u>Commercial Monthly</u>
MOA Refuse Collection	07/31/90	\$15.00	\$ 50.50
Anchorage Refuse Inc.	09/15/89	14.04	66.68
Eagle River Refuse	09/15/89	14.37	57.39
Channel Sanitation (Juneau)	08/30/91	22.49	102.79
Peninsula Sanitation (Kenai)	Pending	15.10	59.77
Wasilla Refuse	11/24/86	20.00	65.00
Peninsula Sanitation (Girdwood)	06/11/91	21.37	105.82

It is difficult to make a valid comparison between the solid waste disposal rates charged in Anchorage and those charged in other Alaska communities. The type of disposal facility (landfill or waste to energy), the location of the landfill relative to population centers and the use of transfer facilities all complicate the comparison. In addition, some communities fund their disposal facilities fully or in part with tax dollars. There are currently no disposal systems in Alaska that are comparable to the Anchorage system. King County and the City of Seattle, Washington, have similar systems to Anchorage's system. A comparison of rates is shown below.

Figure 5-33

**Solid Waste Disposal Utility
Comparative Rates**

<u>Utility</u>	<u>Cars</u>	<u>Pickups</u>	<u>Commercial</u>
MOA Solid Waste Disposal	\$5.00 fixed	\$ 5.00 fixed	\$45.00/ton
King County, Washington	\$10.75 minimum	\$71.77/ton	\$71.77/ton
City of Seattle, WA	\$7.00 fixed *	\$83.00/ton *	\$83.00/ton *

Rate histories are shown below.

Figure 5-34

**Solid Waste Services
Rate History**

<u>Refuse Collection Utility</u>			<u>Solid Waste Disposal Utility</u>	
<u>Date</u>	<u>Residential</u>	<u>Commercial</u>	<u>Date</u>	<u>Per Ton</u>
January 1, 1984	\$11.80	\$37.65	January 1, 1984	\$18.00
January 1, 1986	13.60	43.30	May 1, 1985	21.00
January 1, 1989	14.30	45.50	April 1, 1987	33.00
July 31, 1990	15.00	50.50	January 1, 1988	39.00
			January 1, 1989	45.00

PORT OF ANCHORAGE

Figure 5-35

**Port of Anchorage
Revenues and Expenses ****

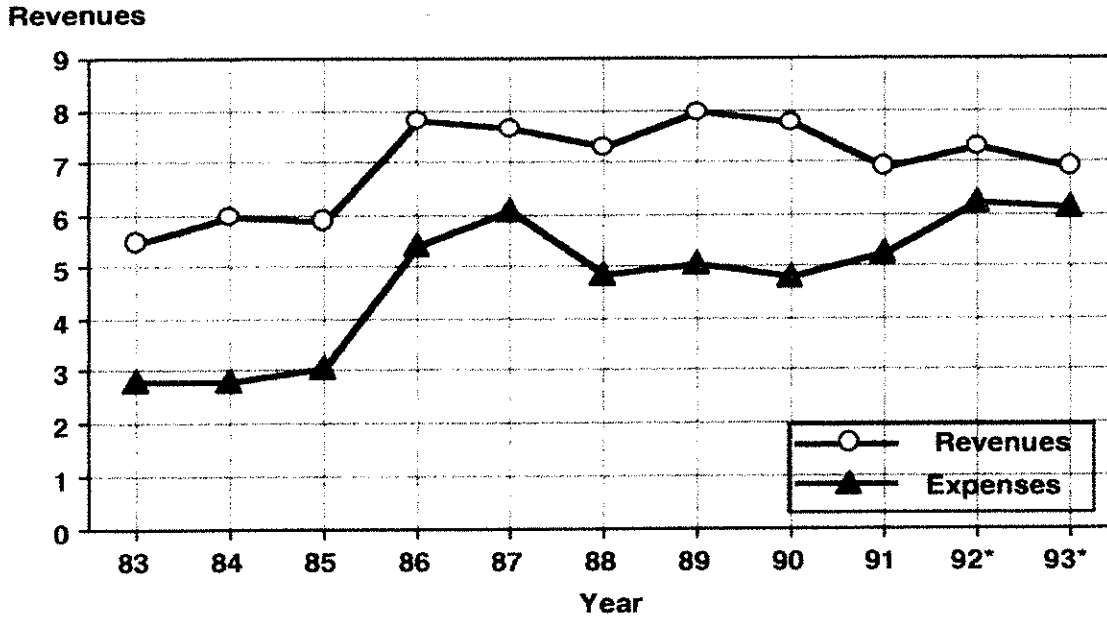
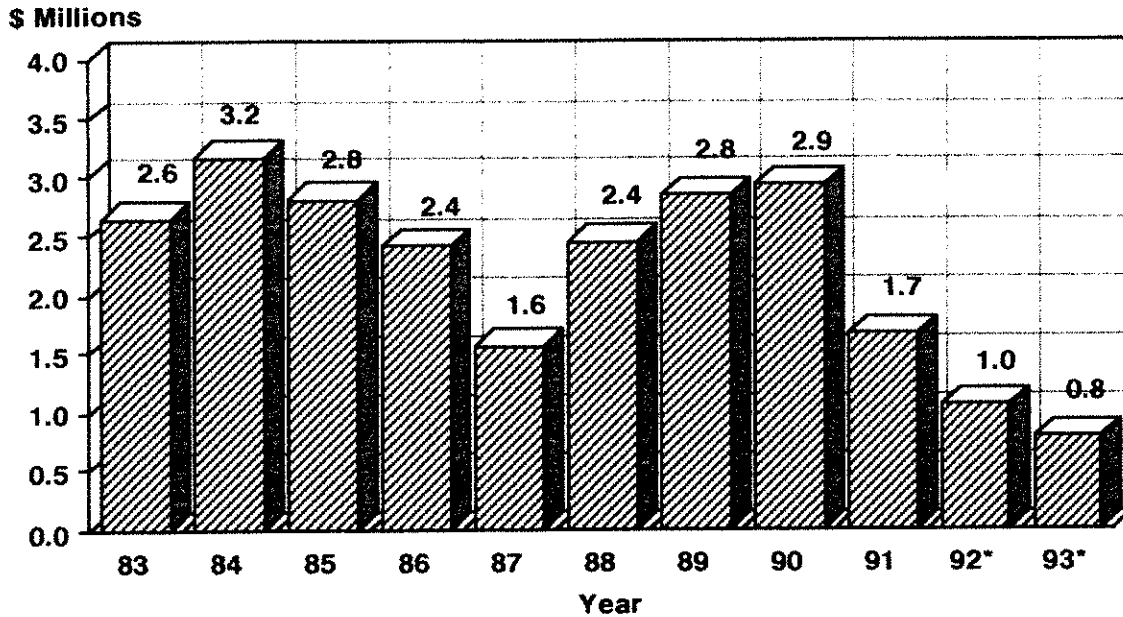


Figure 5-36

**Port of Anchorage
Net Income ****



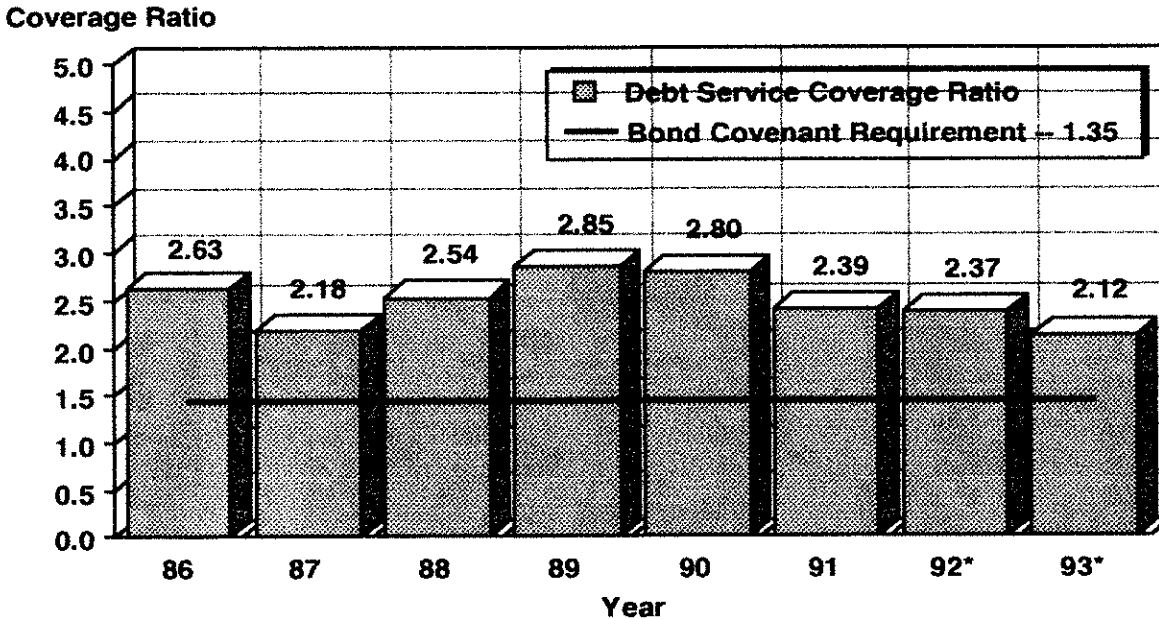
* Estimate

** Computed using methodology applied to regulated utilities.

As of December 31, 1991, the Port had \$3.8 million in general obligation bonds and \$15.7 million in revenue bonds outstanding. Combined debt service is currently about \$3.06 million per year. The coverage ratio for the revenue bond portion (approximately \$1.9 million in 1992) is shown in Figure 5-37.

Figure 5-37

**Port of Anchorage
Debt Service Coverage ****



* Estimate

** No Port Revenue Bonds outstanding prior to December, 1985.

A summary of rate changes is shown below.

Figure 5-38

**Port of Anchorage
Rate Changes Percent of Increase**

Revenue Category	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Preferential Usage Agreement Rate Changes	0%	15.0%	0%	0%	0%	0%	19.25%	0%	0%	0%
	1990	1991	1992	1993	1994	1995	1996	1997	1998	
	0%	(6%)*	0%	0%	0%	0%	15.0%	0%	0%	

* Decrease in Preferential Usage Agreement rates was substantially offset by increased revenues from Port Industrial Park leases of the PUA customers.

MERRILL FIELD AIRPORT

Figures 5-39 and 5-40 summarize the airport's income picture, calculated on the regulatory basis.

Figure 5-39

**Merrill Field Airport
Revenues and Expenses ****

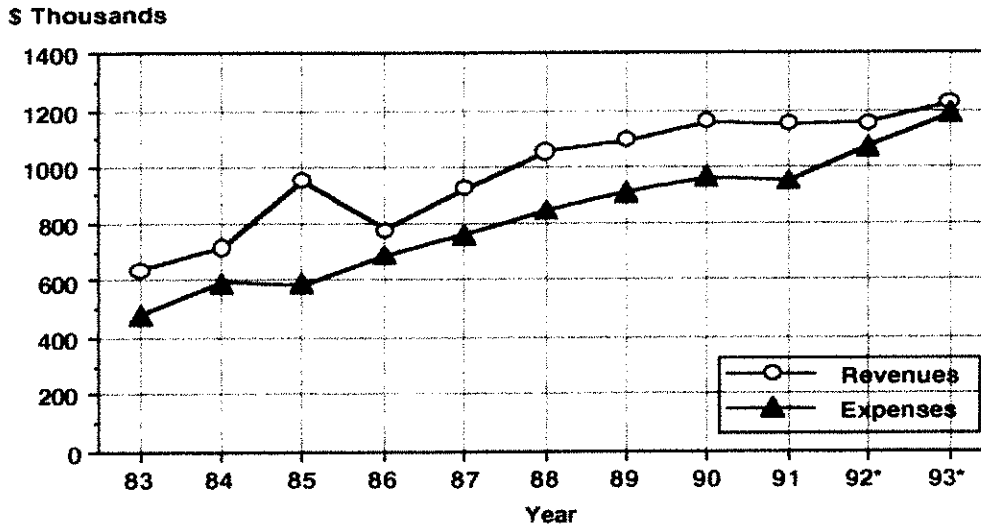
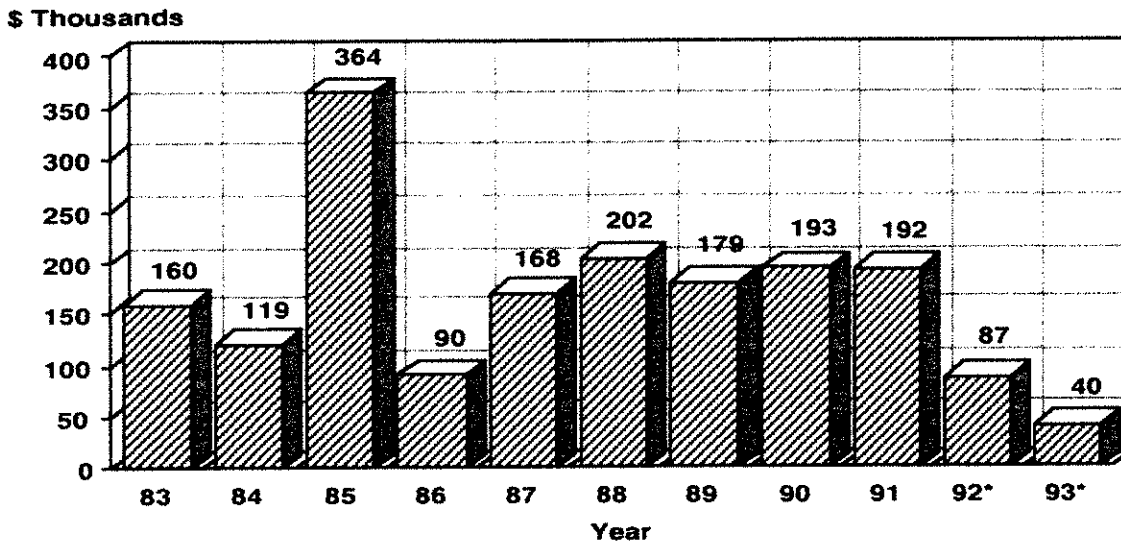


Figure 5-40

**Merrill Field Airport
Net Income ****



* Estimate

** Computed using methodology applied to regulated utilities.

At the end of 1991, the Airport had no outstanding indebtedness.

The table below summarizes rate changes at Merrill Field.

Table 5-41

**Merrill Field -- Summary of Rate Changes
Percent of Increase**

<u>Revenue Category</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
Lease/Access Fees	5.9	---	---	11.1	15.0	8.7	8.0	3.7	---	---
Transient Parking	---	---	---	50.0 *	---	---	---	---	---	---
Permanent Parking	---	---	---	12.7 **	---	---	---	---	---	---

<u>Revenue Category</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
Lease/Access Fees	7.1	---	---	---	3.3	3.2	3.1	3.0	2.9
Transient Parking	---	---	---	---	33.3 *	---	---	---	---
Permanent Parking	---	---	---	---	11.3 **	---	---	---	---

* Each increase represents one additional dollar per day.

** Each increase represents an additional \$5 per month.

VI. COMMUNITY PROFILE

MUNICIPALITY OF ANCHORAGE

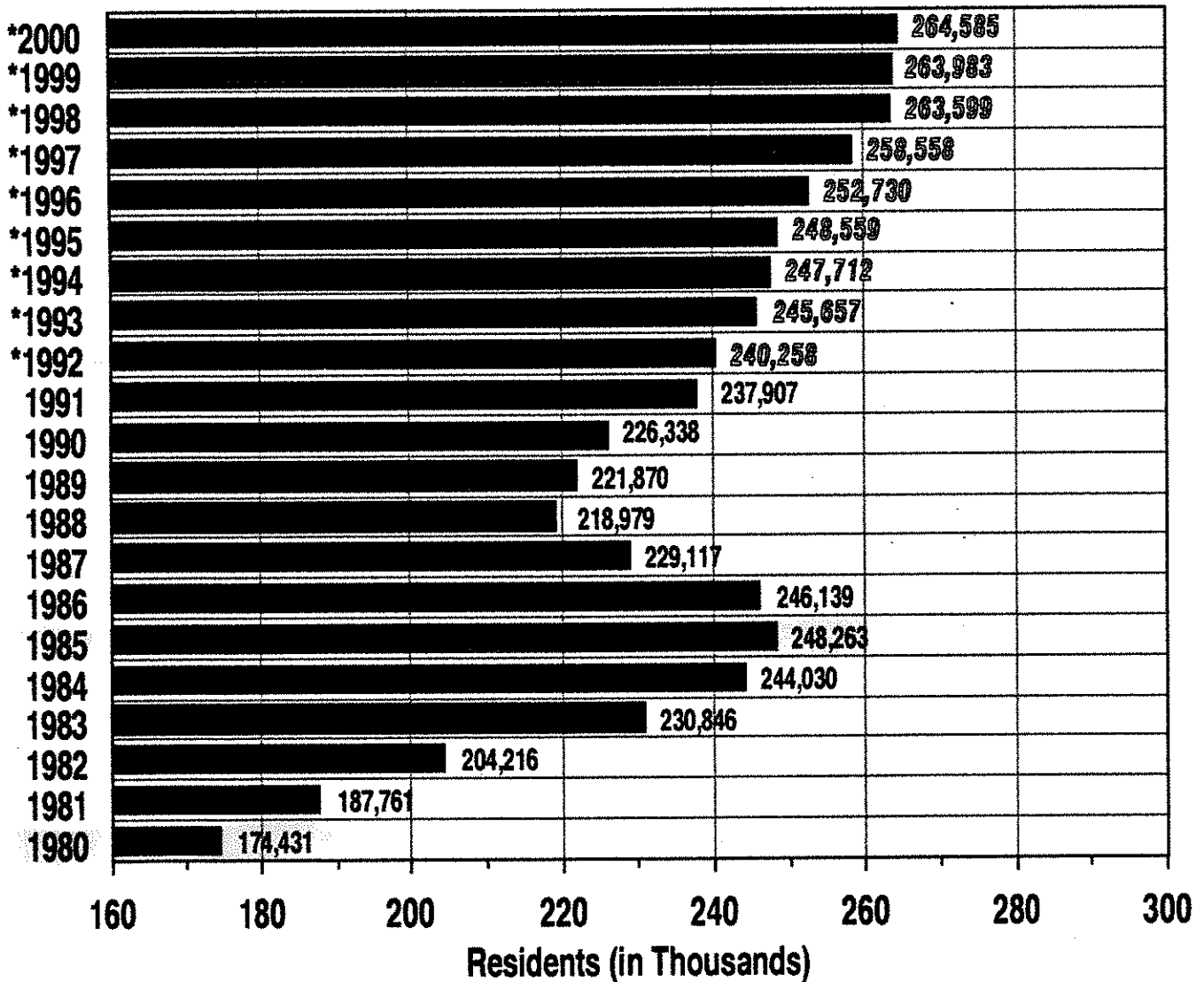
---- COMMUNITY PROFILE ----

The following pages contain a variety of indicators of general economic activity and public sector service delivery in Anchorage. Most of the historical data and projections are presented in graphic form, and are self-explanatory. Actual statistics for these charts are presented in the Appendix. If the reader has questions, please contact the Office of Management and Budget, Municipality of Anchorage.

GENERAL FACTS

Incorporation	September 16, 1975
Form of Government	Unified, Home Rule -- Mayor/Assembly
Area	1,955 Square Miles

POPULATION ESTIMATES

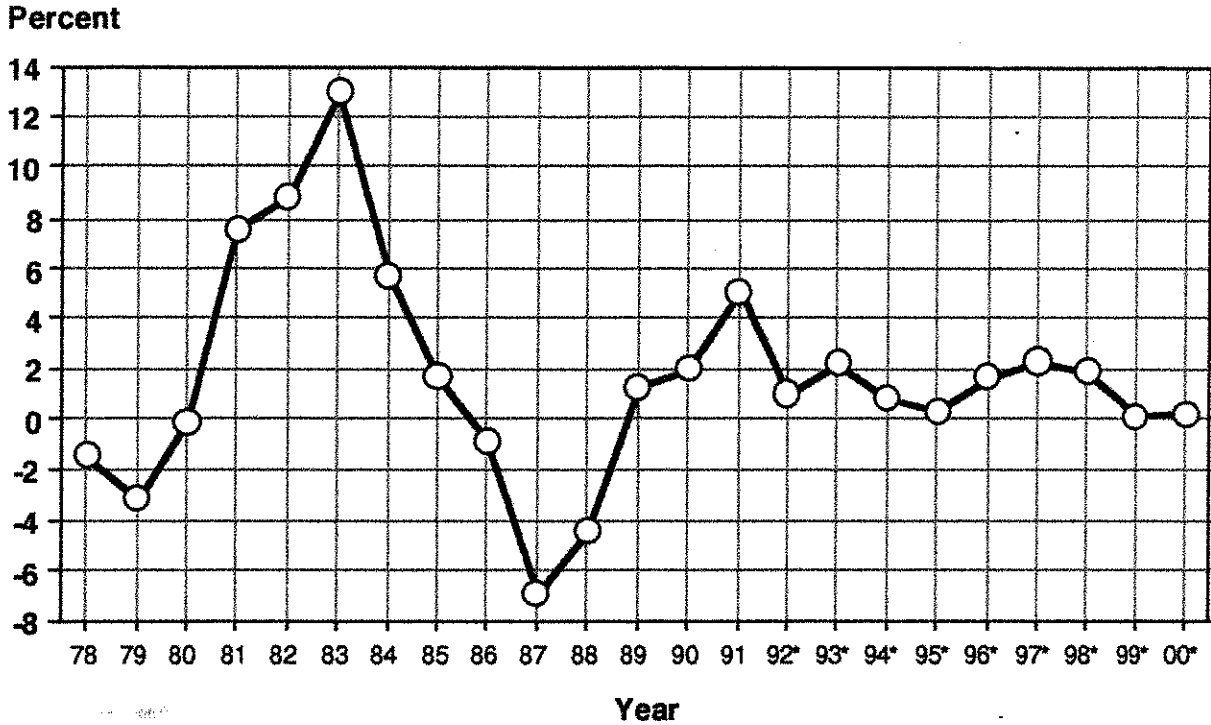


* Projections

NOTE: 1992 figure is from a Municipal survey by the Community Planning and Development Department dated July 1992. Projections for 1993 through 2000 are from a Base Case done by the Institute of Social and Economic Research, UAA, for Chugach Electric, September, 1991.

SOURCE: Community Planning and Development Department, MOA

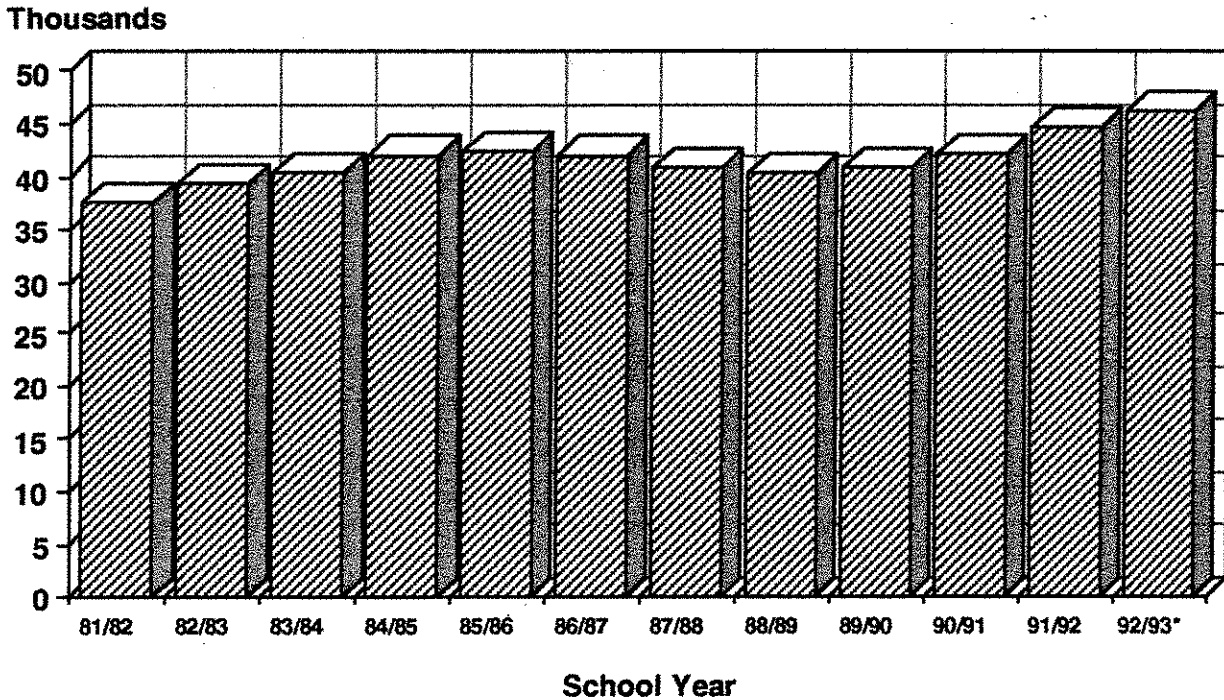
PERCENTAGE CHANGE IN ANCHORAGE POPULATION 1978 - 2000



* Estimate

SOURCE: Community Planning and Development Department, MOA

ANCHORAGE SCHOOL DISTRICT STUDENT ENROLLMENT School Years 1981-82 Through 1992-93

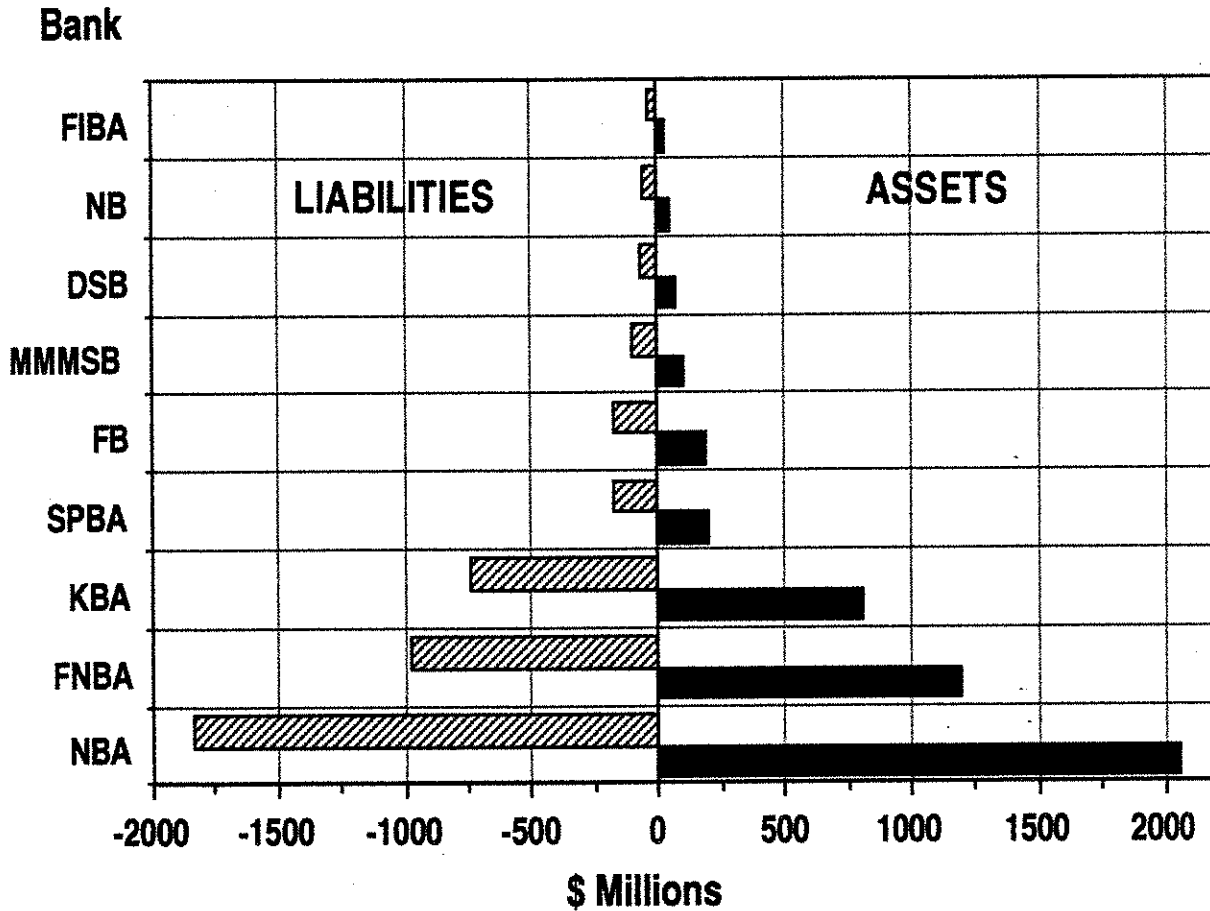


* Estimate

SOURCE: Anchorage School District

ECONOMY

ASSETS AND LIABILITIES OF ALASKA BANKS as of December 31, 1991

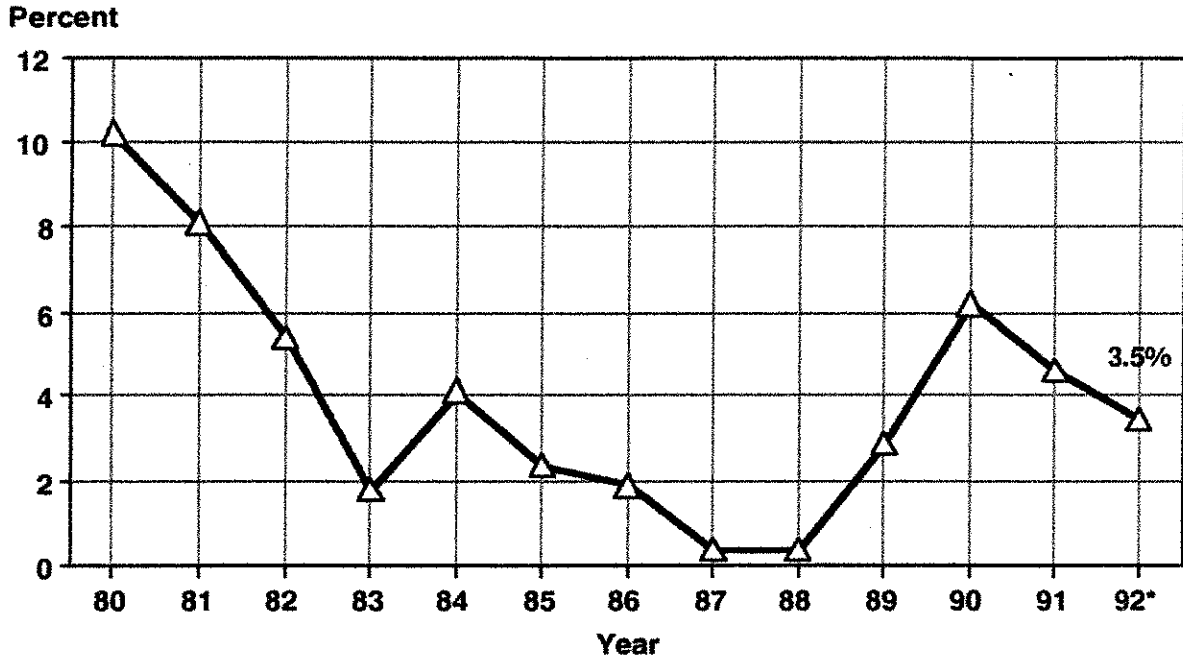


- FIBA** **First Interstate Bank of Alaska**
- NB** **Northrim Bank**
- DSB** **Denali State Bank**
- MMMSB** **Mt. McKinley Mutual Savings Bank**
- FB** **First Bank**
- SPBA** **Security Pacific Bank Alaska**
- KBA** **Key Bank of Alaska**
- FNBA** **First National Bank of Anchorage**
- NBA** **National Bank of Alaska**

SOURCE: Alaska Department of Commerce and Economic Development

INFLATION IN ANCHORAGE

Annual Average Percent Change in Consumer Price Index



* Projected

NOTE: Projected rate of change for the years 1993 through 1998 is 4 percent per year.

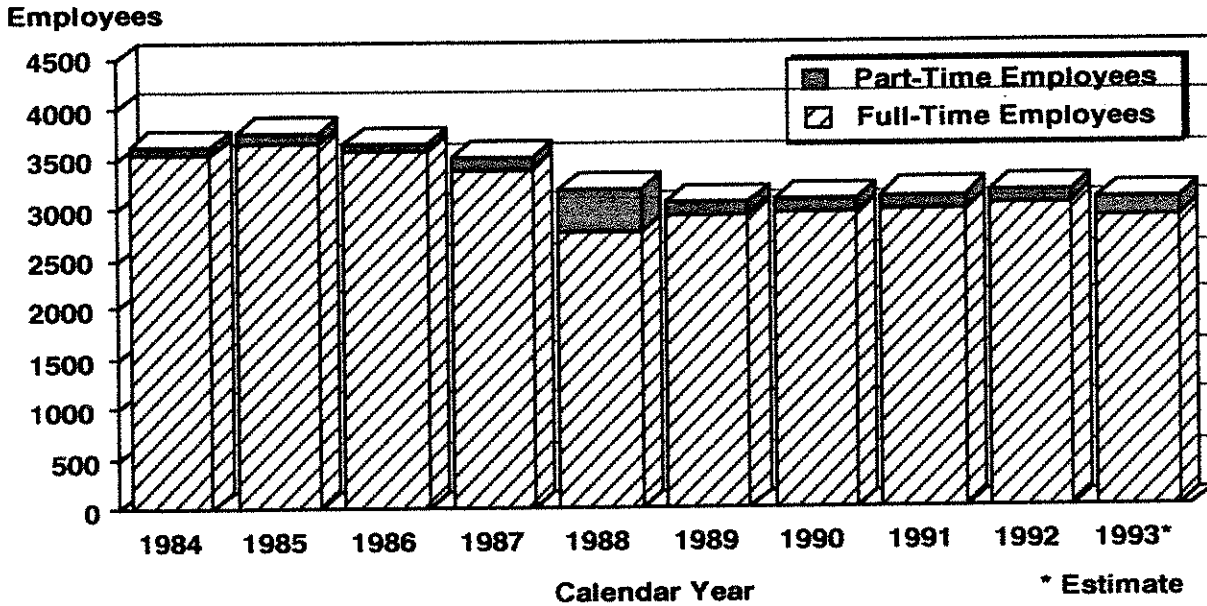
SOURCE: Community Planning and Development Department, MOA

PER CAPITA PERSONAL INCOME ANCHORAGE / ALASKA / U.S.					
	Anchorage	Alaska	U.S. Average	Alaska as % of Nation	Anchorage as % of Nation
1990	\$25,035	\$21,646	\$18,696	116	134
1989	\$23,295	\$20,585	\$17,738	116	131
1988	\$20,830	\$18,635	\$16,600	112	125
1987	\$19,995	\$17,726	\$15,494	114	129
1986	\$20,553	\$18,040	\$14,654	123	140
1985	\$20,409	\$18,405	\$13,942	132	146
1984	\$19,863	\$17,790	\$13,149	135	151
1983	\$19,739	\$17,931	\$12,123	148	163
1982	\$19,128	\$17,213	\$11,497	150	166
1981	\$16,824	\$15,410	\$10,957	141	154
1980	\$15,017	\$13,835	\$ 9,919	139	151

SOURCE: Bureau of Economic Analysis, Regional Economic Measurement Division

EMPLOYMENT

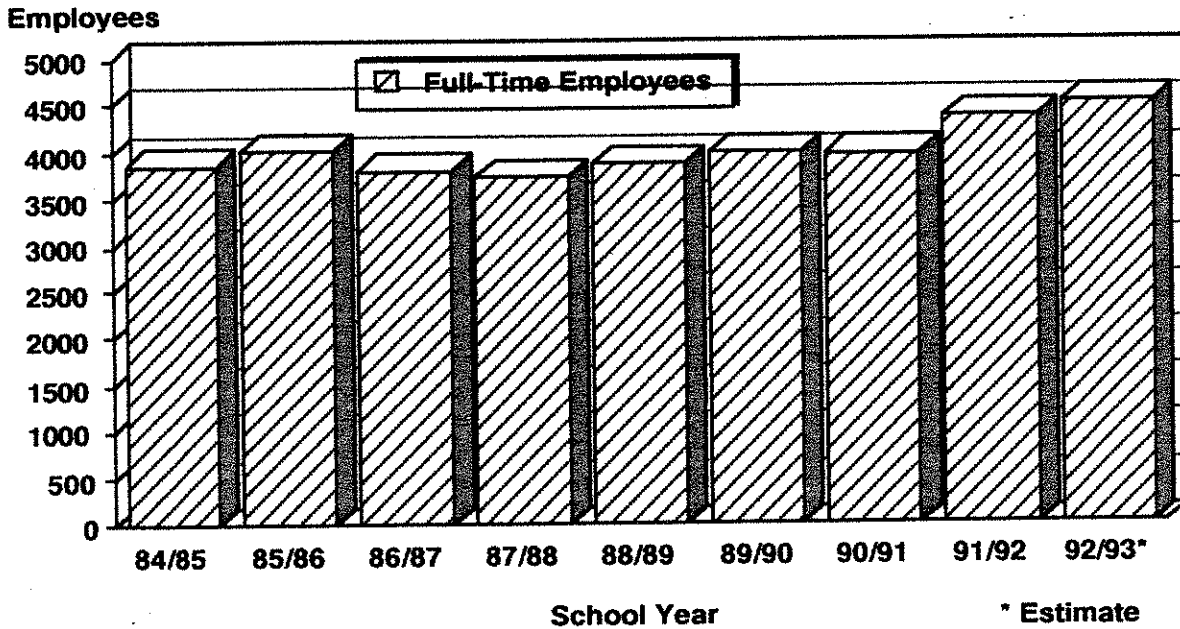
MUNICIPALITY OF ANCHORAGE EMPLOYEES 1984 - 1993



NOTE: A large number of AMEA positions were converted to part-time in 1988 and converted back to full-time in 1989.

SOURCE: Employee Relations Department, MOA

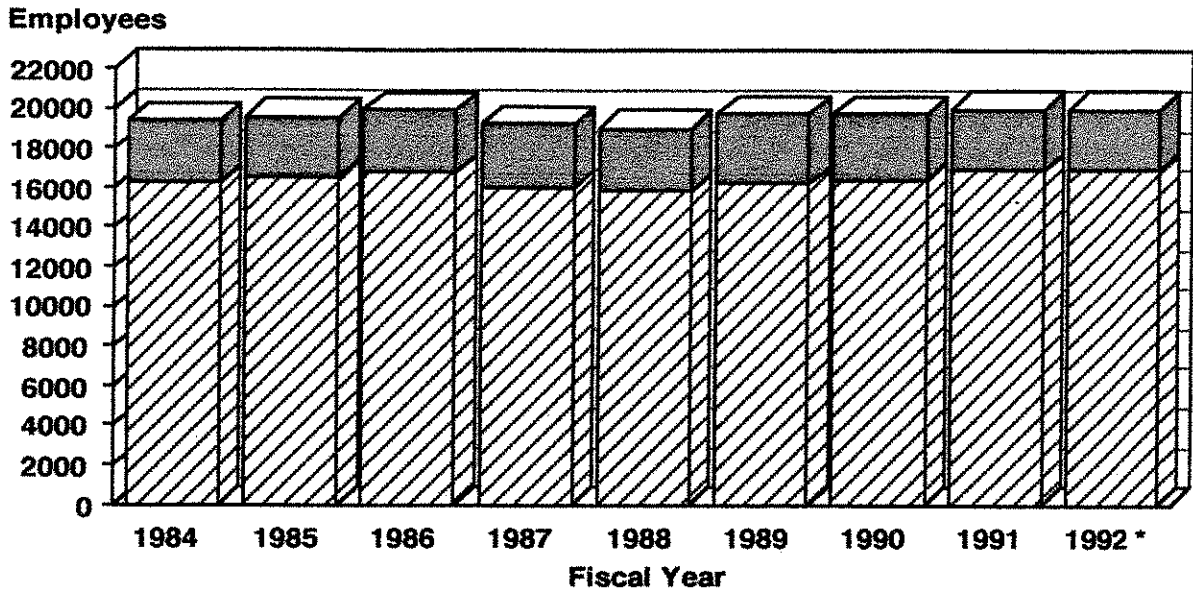
ANCHORAGE SCHOOL DISTRICT EMPLOYEES 1984/85 - 1992/93



NOTE: Part-time Noon Duty positions are included on a full-time-equivalency basis. Student Nutrition personnel and grant-funded personnel are not included.

SOURCE: Budgeting Department, Anchorage School District

STATE OF ALASKA EMPLOYEES 1984 - 1992

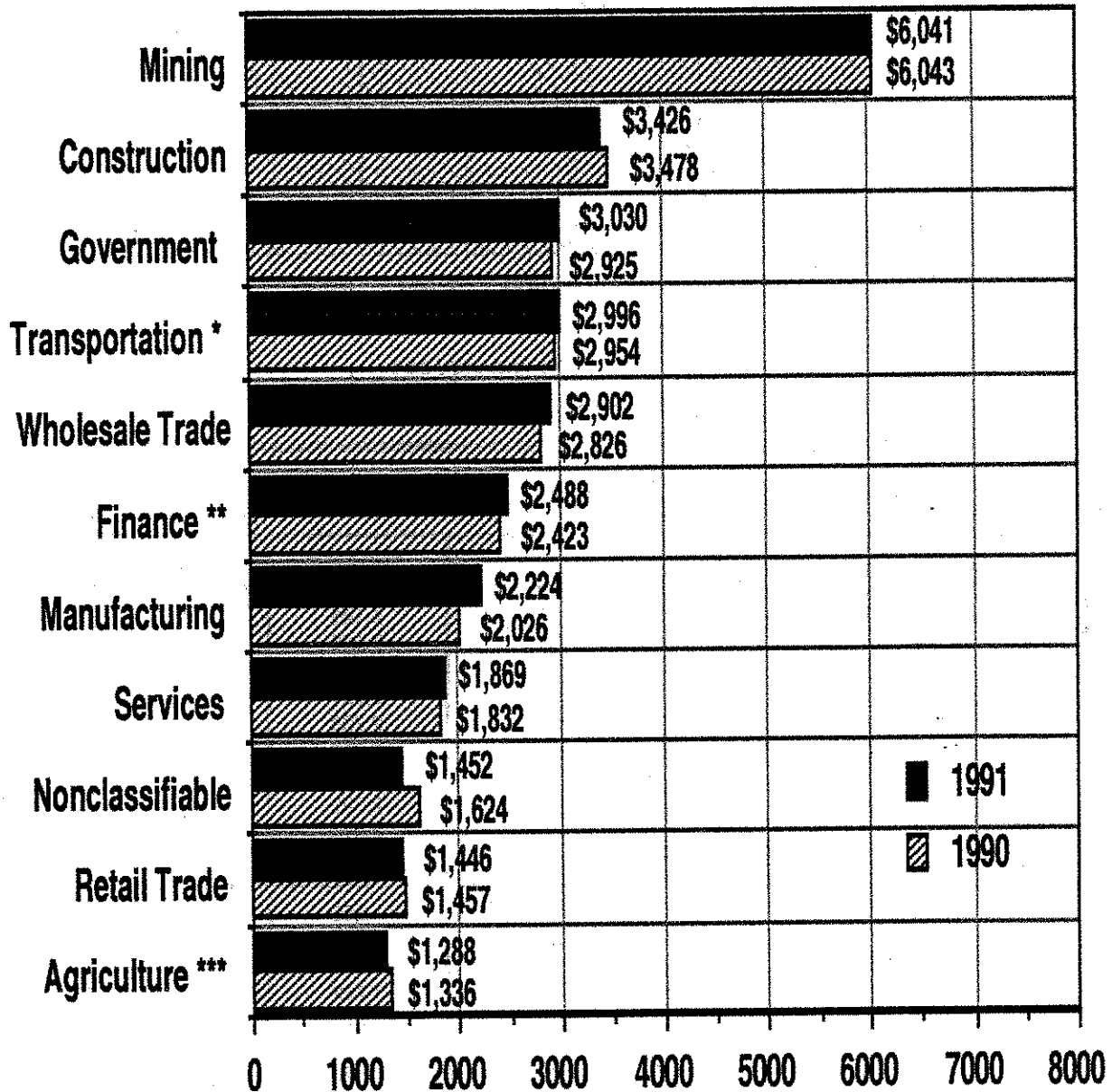


Part-Time Employees
 Full-Time Employees
 * Estimate

SOURCE: Office of Management and Budget, State of Alaska

EMPLOYEE STATISTICS			
		Full-Time	Part-Time
Municipality of Anchorage	1984	2,141	82
	1985	3,638	101
	1986	3,560	89
	1987	3,391	119
	1988	2,738	439
	1989	2,926	134
	1990	2,946	140
	1991	2,965	137
	1992	2,970	169
	1993	2,893	187
Anchorage School District	1984/85	3,866	
	1985/86	4,019	
	1986/87	3,806	
	1987/88	3,742	
	1988/89	3,875	
	1989/90	3,986	
	1990/91	3,968	
	1991/92	4,366	
1992/93	4,501		
State of Alaska	1984	16,262	3,097
	1985	16,577	3,030
	1986	16,763	3,083
	1987	16,038	3,194
	1988	15,788	3,247
	1989	16,245	3,506
	1990	16,451	3,296
	1991	16,861	3,160
	1992	16,876	3,072
	1993	16,826	2,978

**AVERAGE MONTHLY WAGE
ANCHORAGE LABOR DIVISION
First Quarter, 1990 and 1991**

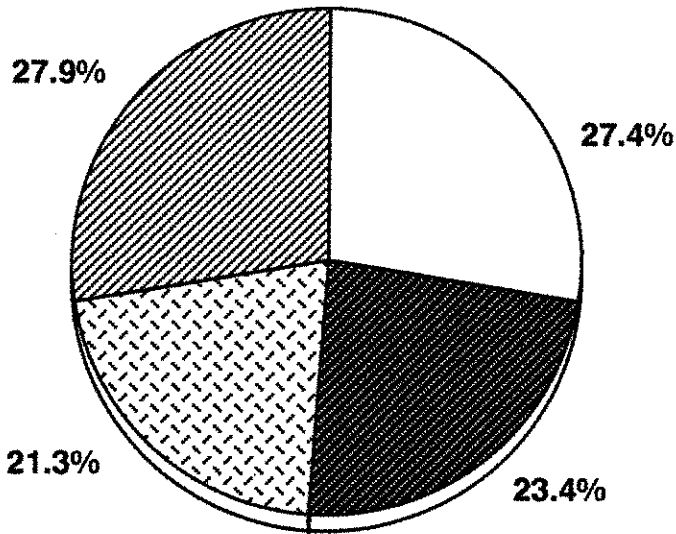


- * Transportation, Communication, & Utilities
- ** Finance, Insurance, & Real Estate
- *** Agriculture, Forestry, & Fisheries

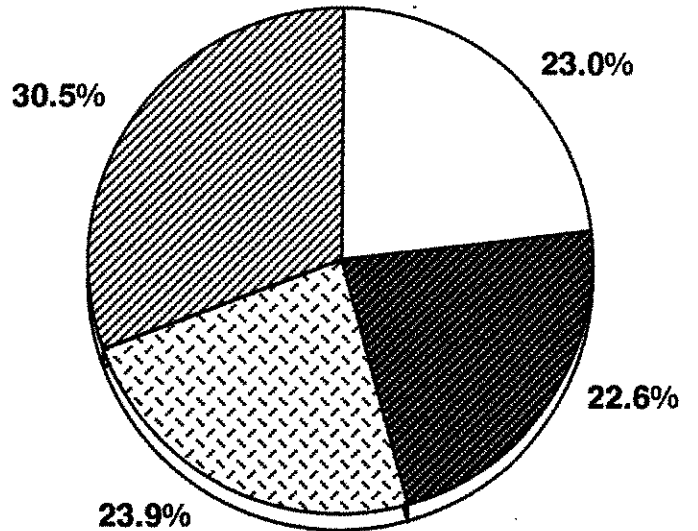
SOURCE: Alaska Department of Labor, Statistical Quarterly, 1st Quarter, 1991

ANCHORAGE EMPLOYMENT DISTRIBUTION

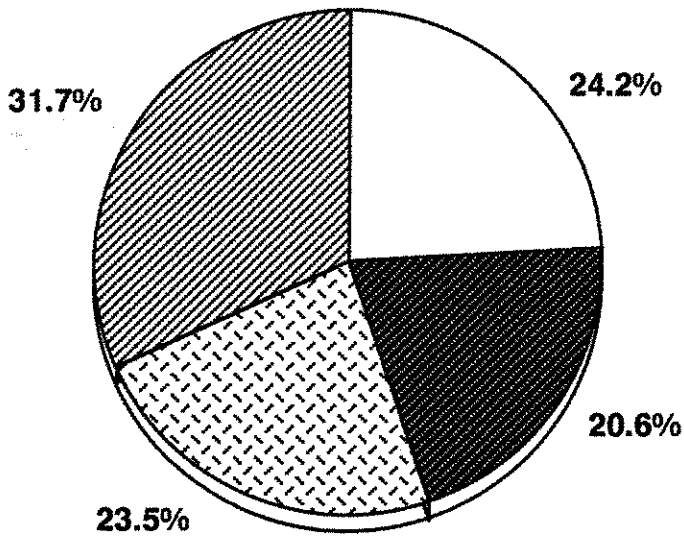
Third Quarter, 1980



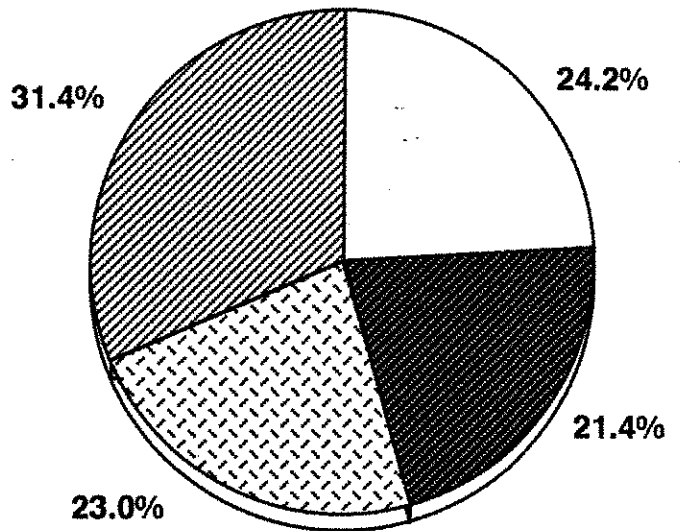
Third Quarter, 1985



Third Quarter, 1990



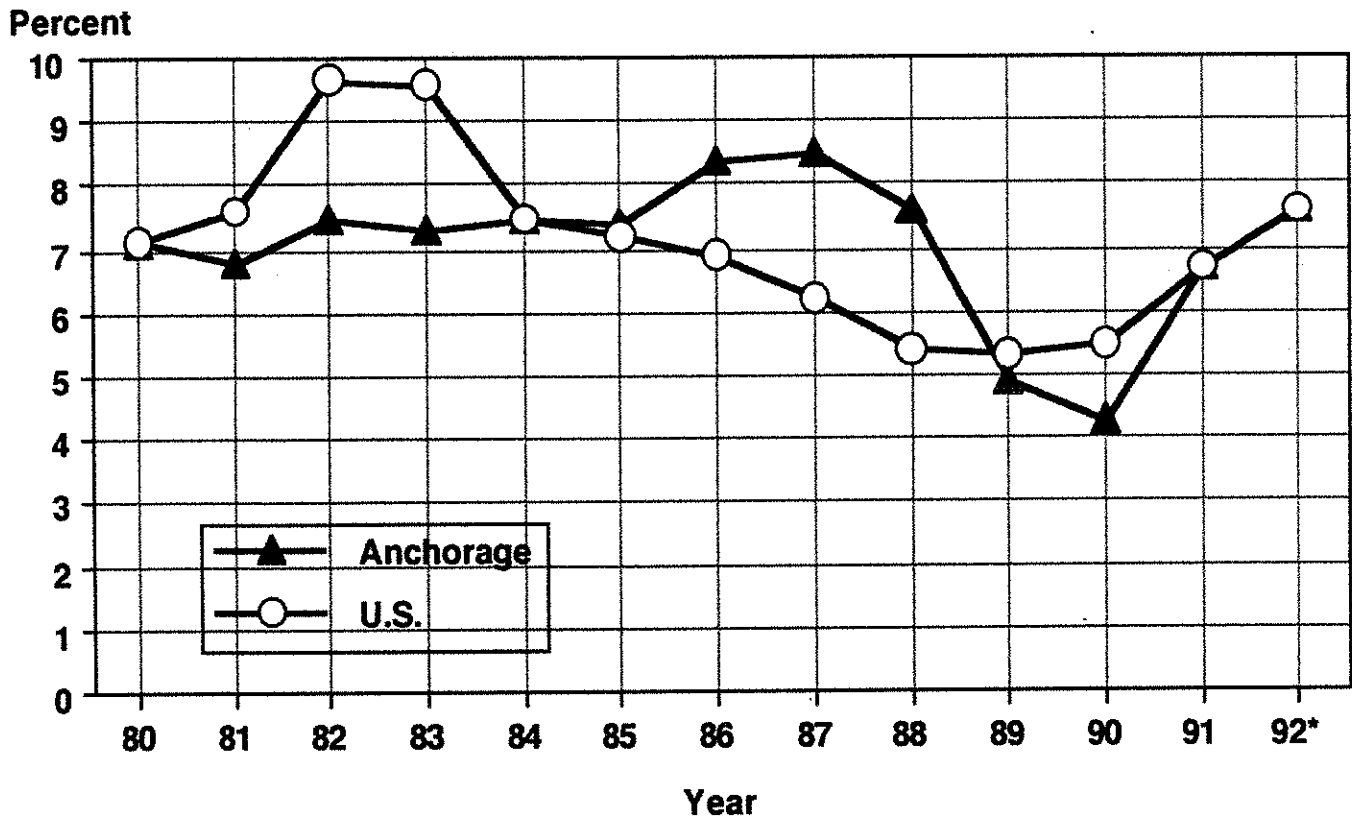
Third Quarter, 1991



- | | |
|--|---|
| <p>□ Government</p> <p>■ Construction, Transportation, Manufacturing, Mining</p> | <p>▨ Trade</p> <p>▩ Services, Finance, Insurance, Real Estate</p> |
|--|---|

SOURCE: Alaska Department of Labor

AVERAGE ANNUAL UNEMPLOYMENT RATES

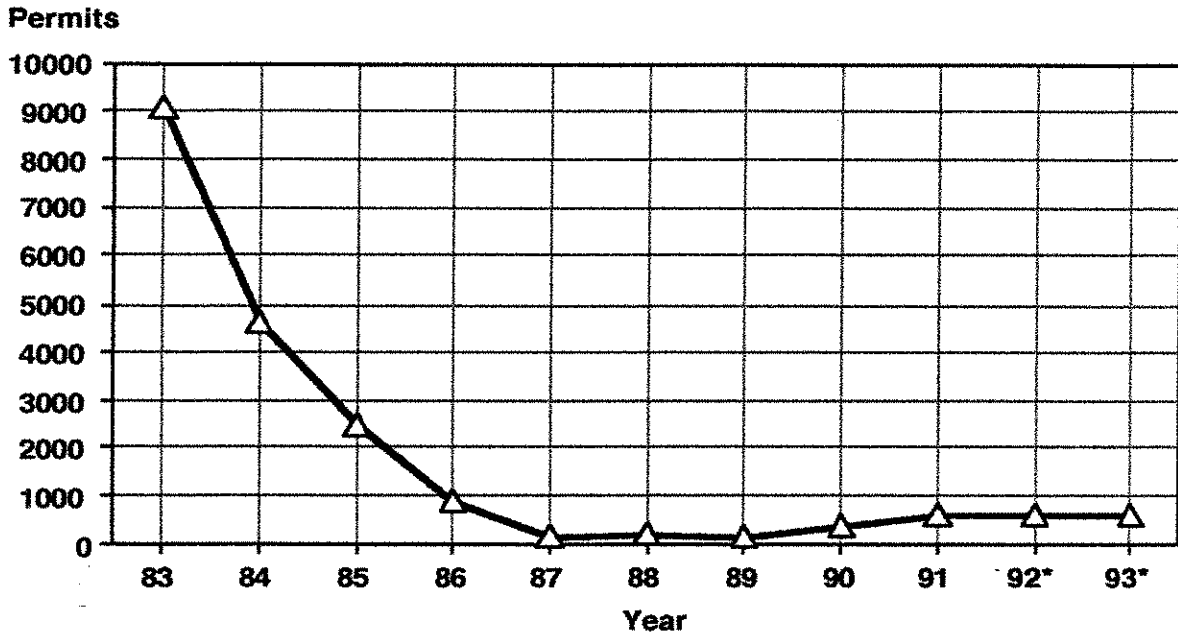


* The 1992 figure is an average of January through July.

SOURCE: Alaska Department of Labor

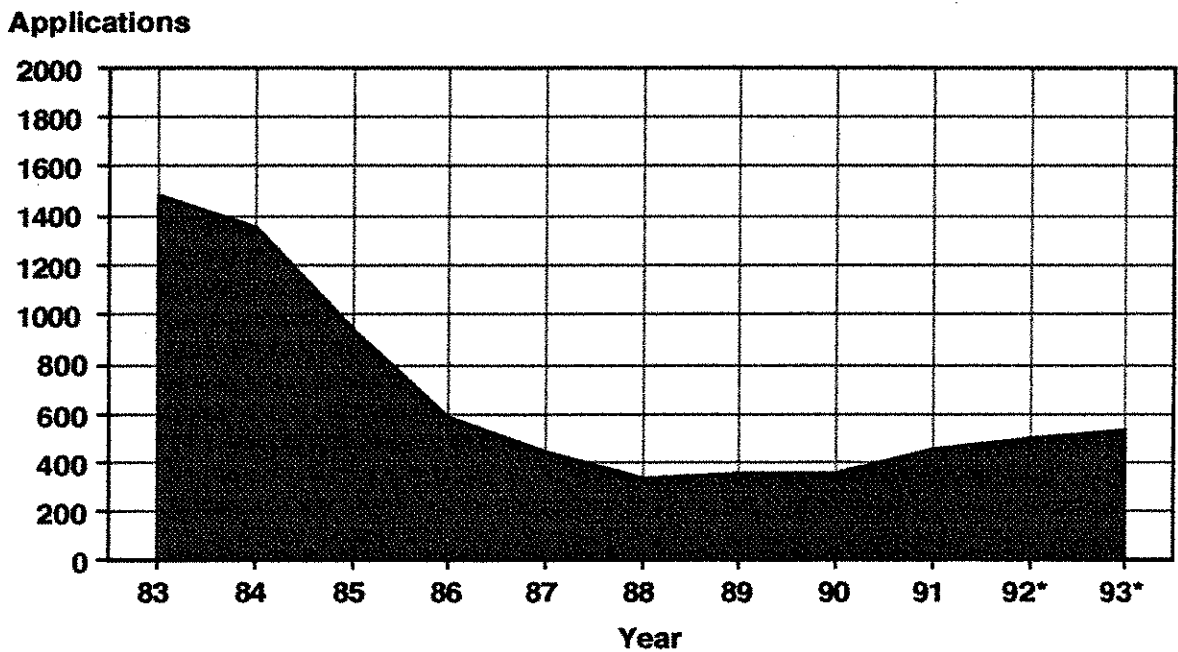
LAND AND HOUSING

TOTAL NEW HOUSING UNITS AUTHORIZED BY PERMITS



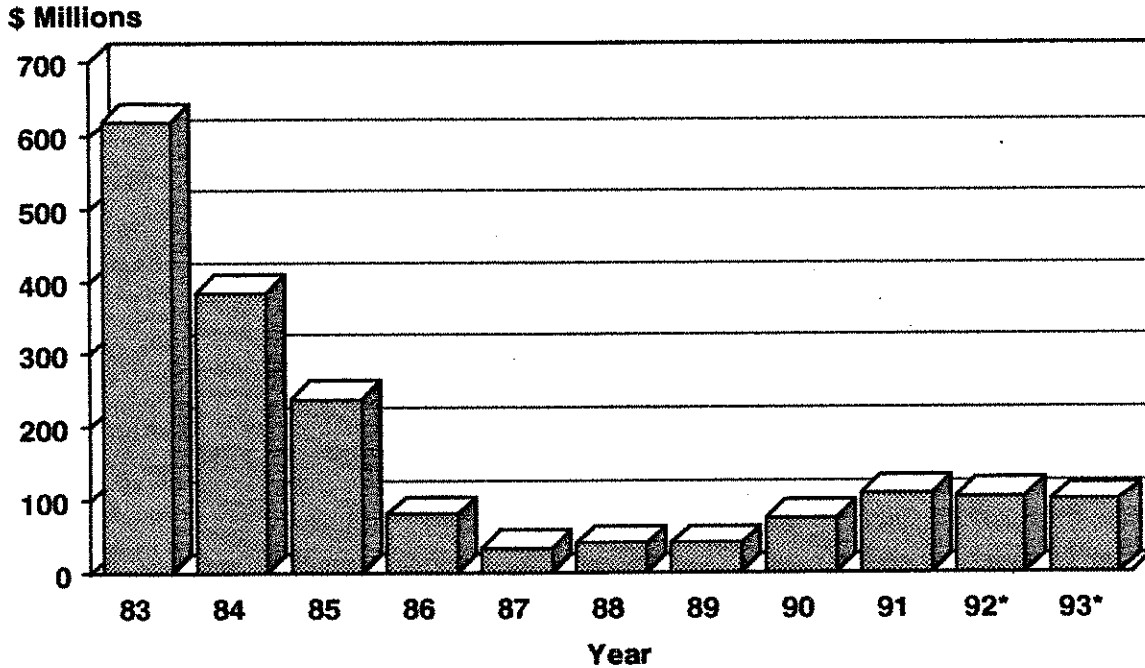
* Estimate
Source: Public Works Department, MOA

ZONING CONDITIONAL USE AND SUBDIVISION APPLICATIONS PROCESSED



* Estimate
SOURCE: Community Planning and Development Department, MOA

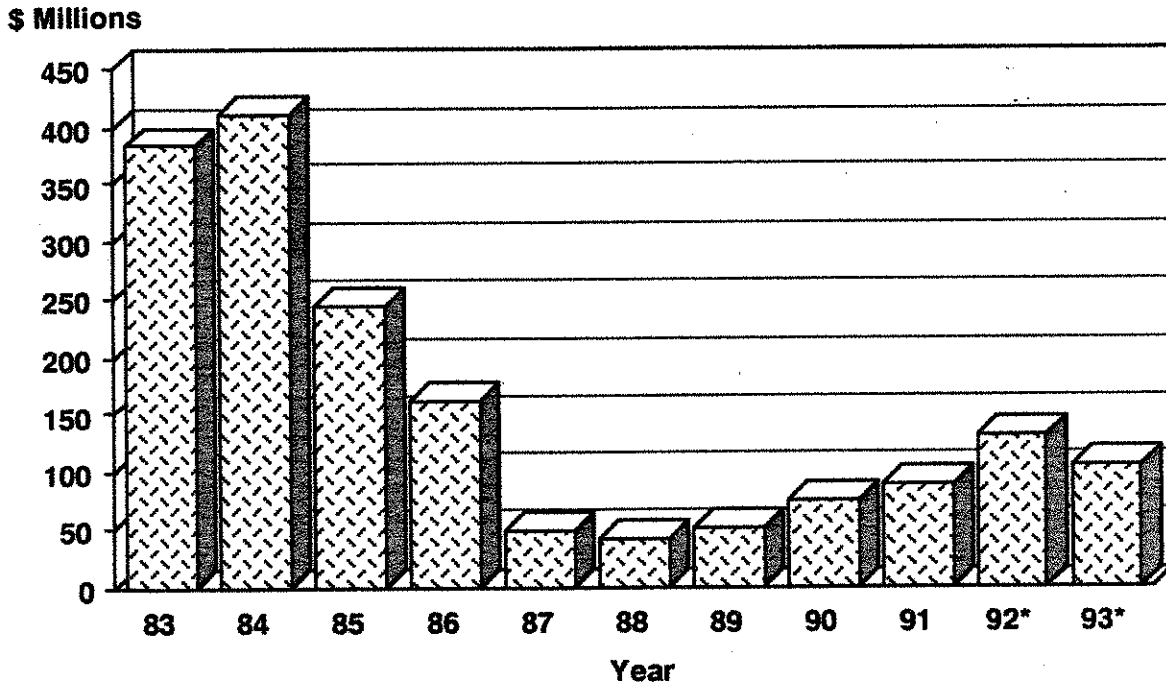
CONSTRUCTION SPENDING IN ANCHORAGE RESIDENTIAL



* Estimate

SOURCE: Public Works Department, MOA

CONSTRUCTION SPENDING IN ANCHORAGE NON-RESIDENTIAL

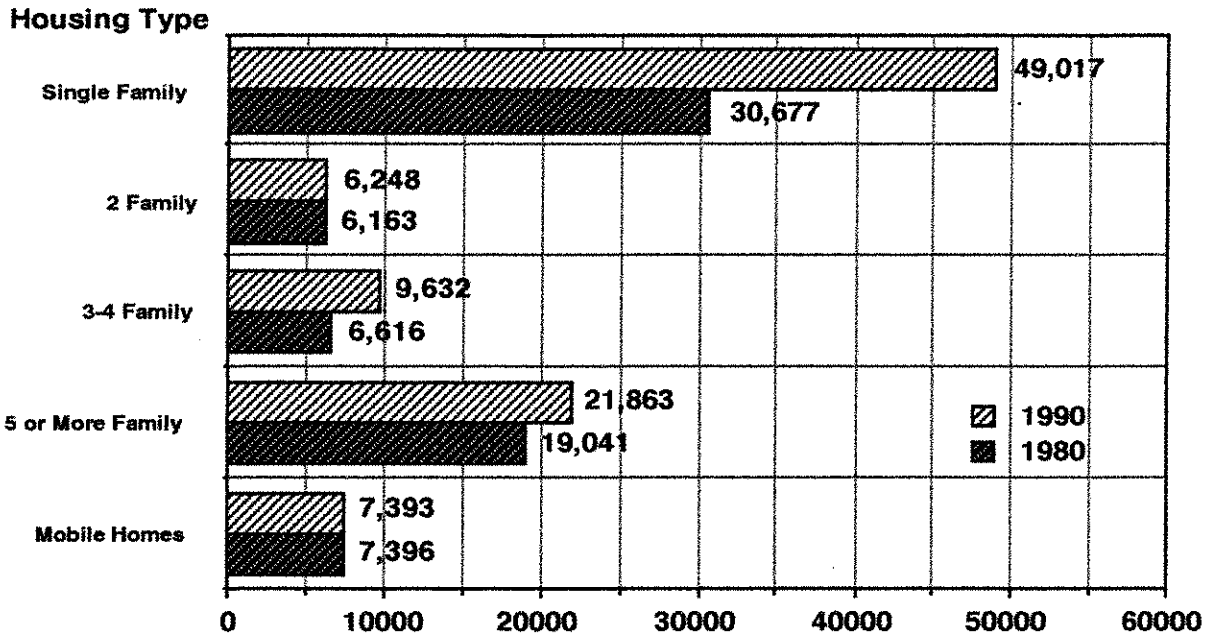


* Estimate

NOTE: Large increase from 1991 to 1992 due to several new construction projects including Alyeska Hotel, Costco, Federal Express, Red Robin, Mapco, Alaska USA Federal Credit Union, and Eagle Hardware.

SOURCE: Public Works Department, MOA

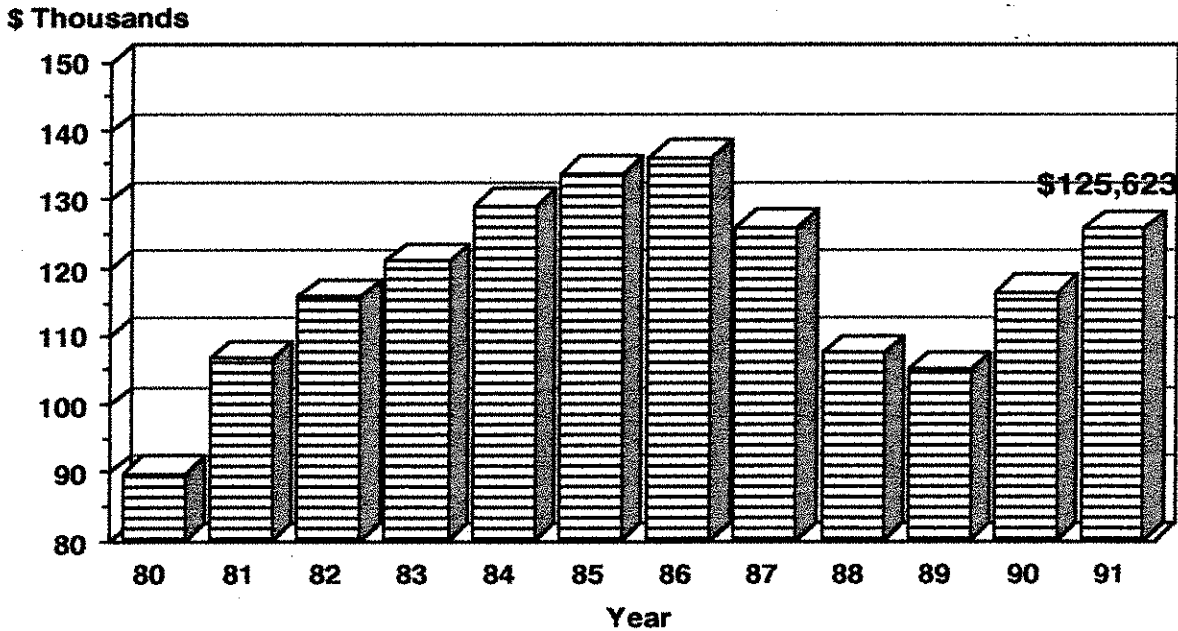
CHANGE IN HOUSING UNITS BY STRUCTURE TYPE 1980 to 1990



* Estimate

SOURCE: U.S. Bureau of the Census

AVERAGE SELLING PRICE OF A HOME IN THE MUNICIPALITY OF ANCHORAGE



* Estimate

NOTE: Figures show only homes listed through the Multiple Listing Service. Includes single-family dwellings, townhouses, zero-lot lines but not condominiums or income properties.

SOURCE: Multiple Listing Services.

REAL PROPERTY PARCELS APPRAISED

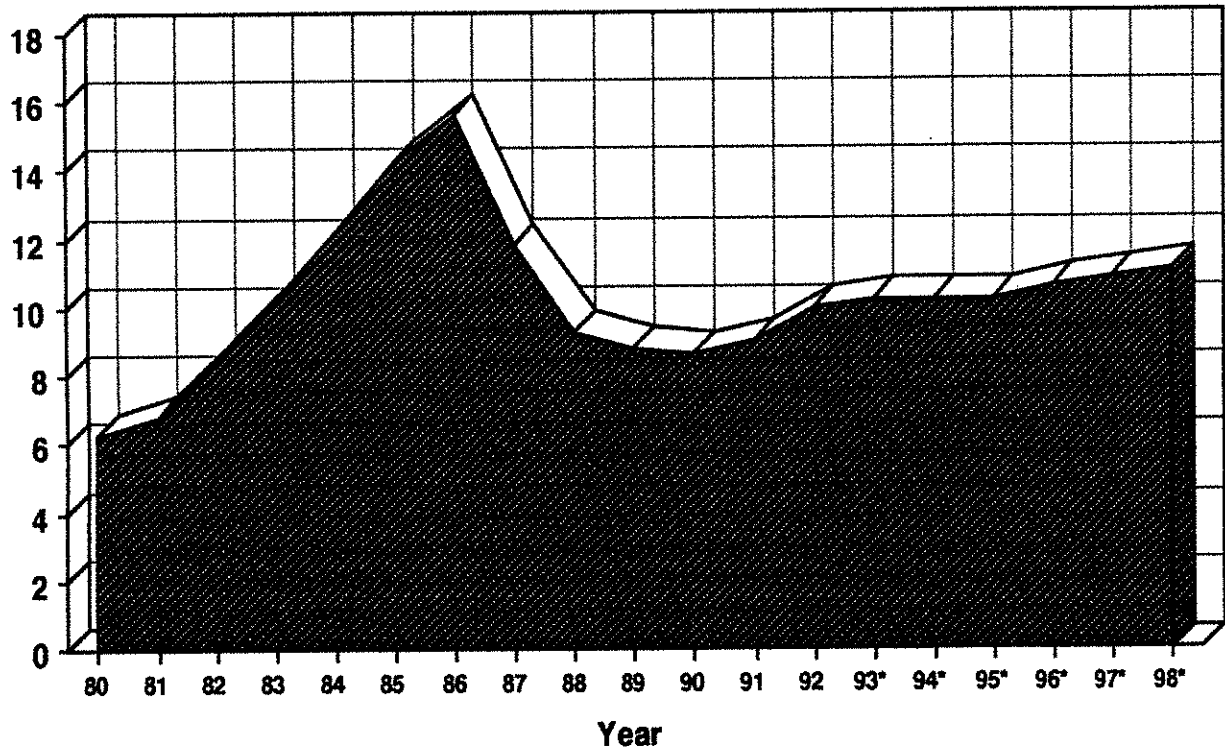
1980	1982	1984	1986	1988	1990	1992*	1993*
63,090	67,009	80,132	84,147	84,801	85,015	85,145	85,150

* Estimate

SOURCE: Property Appraisal Division, MOA

ASSESSED VALUATION OF REAL AND PERSONAL TAXABLE PROPERTY

\$ Billions



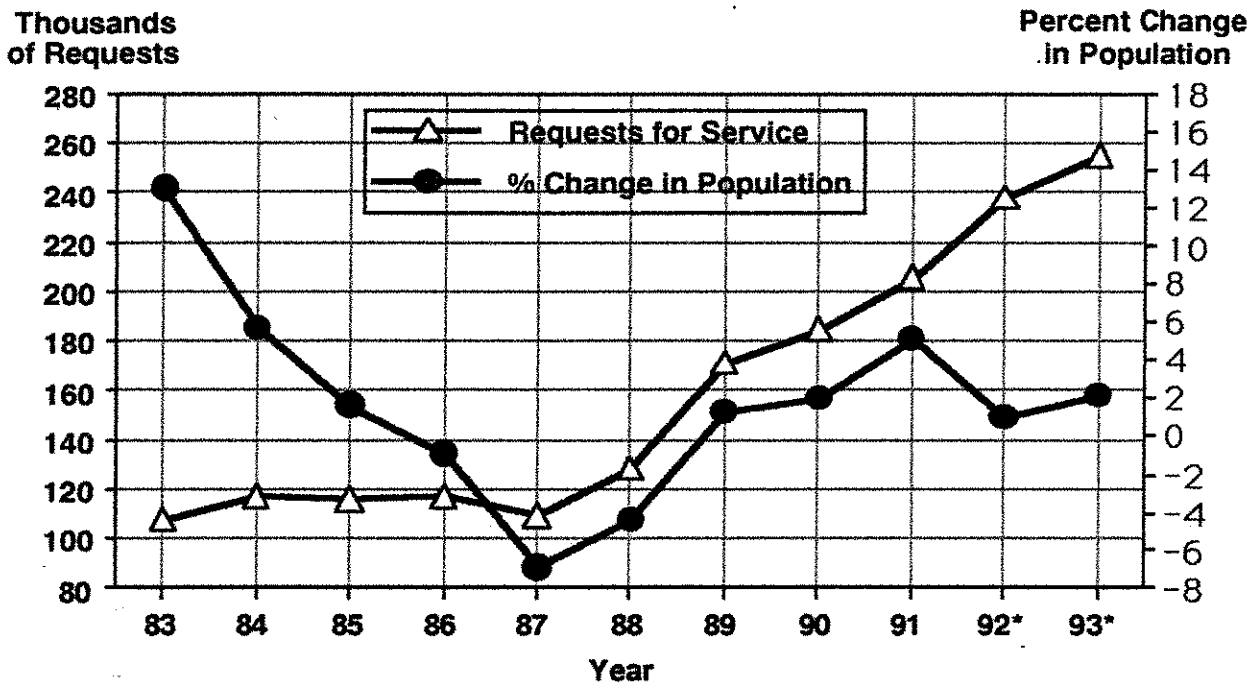
* Estimate

Note: Data is derived from "Annual Report on Assessment and Taxation."

SOURCE: Property Appraisal Division, MOA

PUBLIC SAFETY

POLICE DEPARTMENT REQUESTS FOR SERVICE

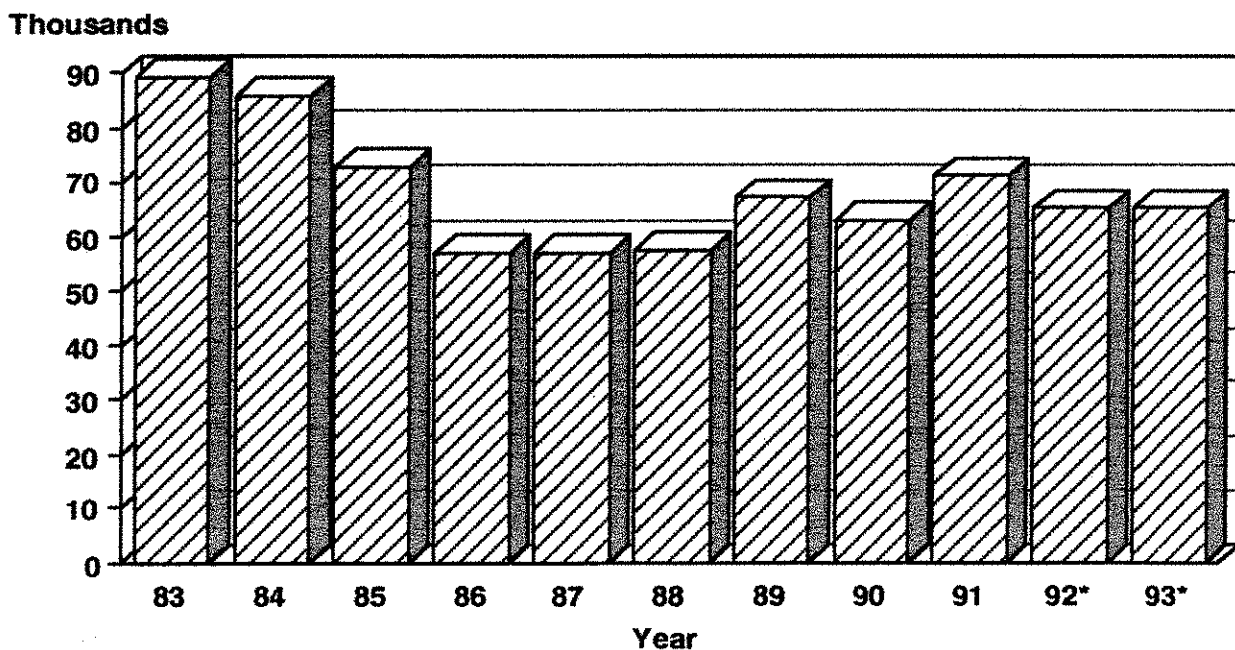


* Estimate

NOTE: More accurate method of computer tracking of incidents began in 1989.

SOURCE: Police Department, MOA

HEALTH CLINIC VISITS

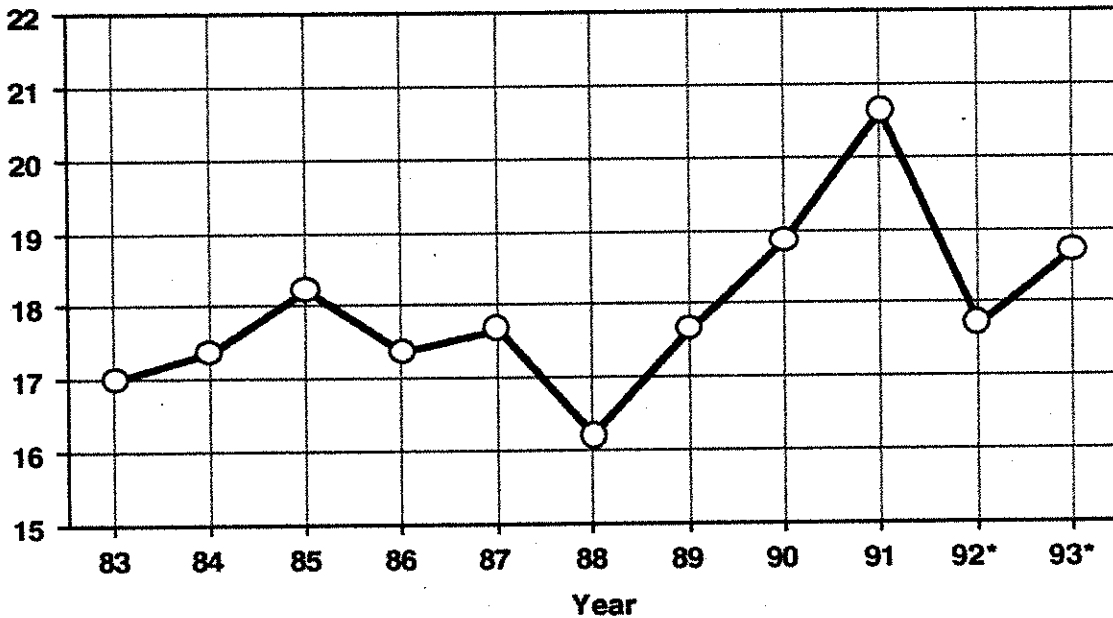


* Estimate

SOURCE: Health and Human Services Department, MOA

FIRE/EMS ALARMS

Thousands



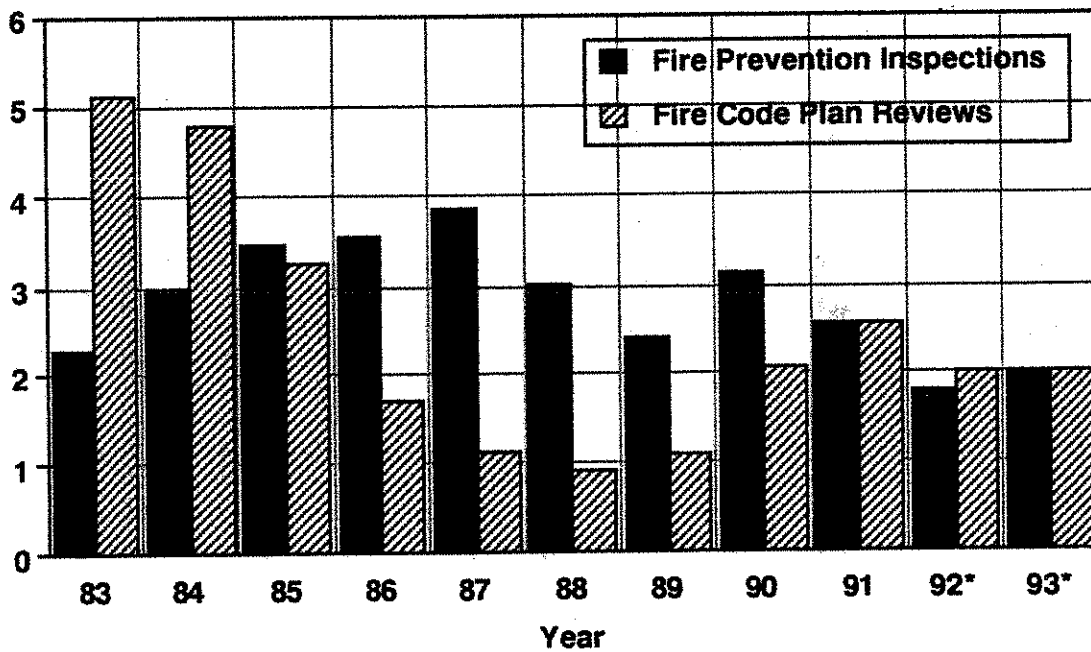
* Estimate

NOTE: Private ambulance service started in Anchorage in 1988. New numbering system initiated in 1992 counts each response only once even though both fire and medic units are dispatched.

SOURCE: Fire Department, MOA

FIRE PREVENTION ACTIVITIES

Thousands

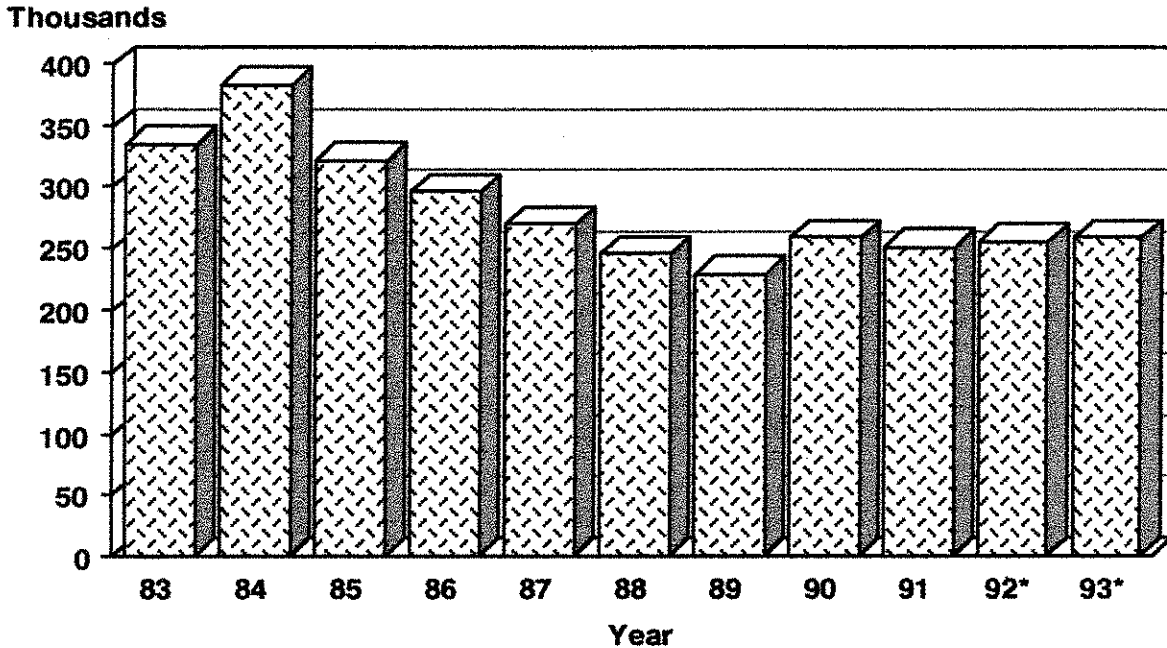


* Estimate

SOURCE: Fire Department, MOA

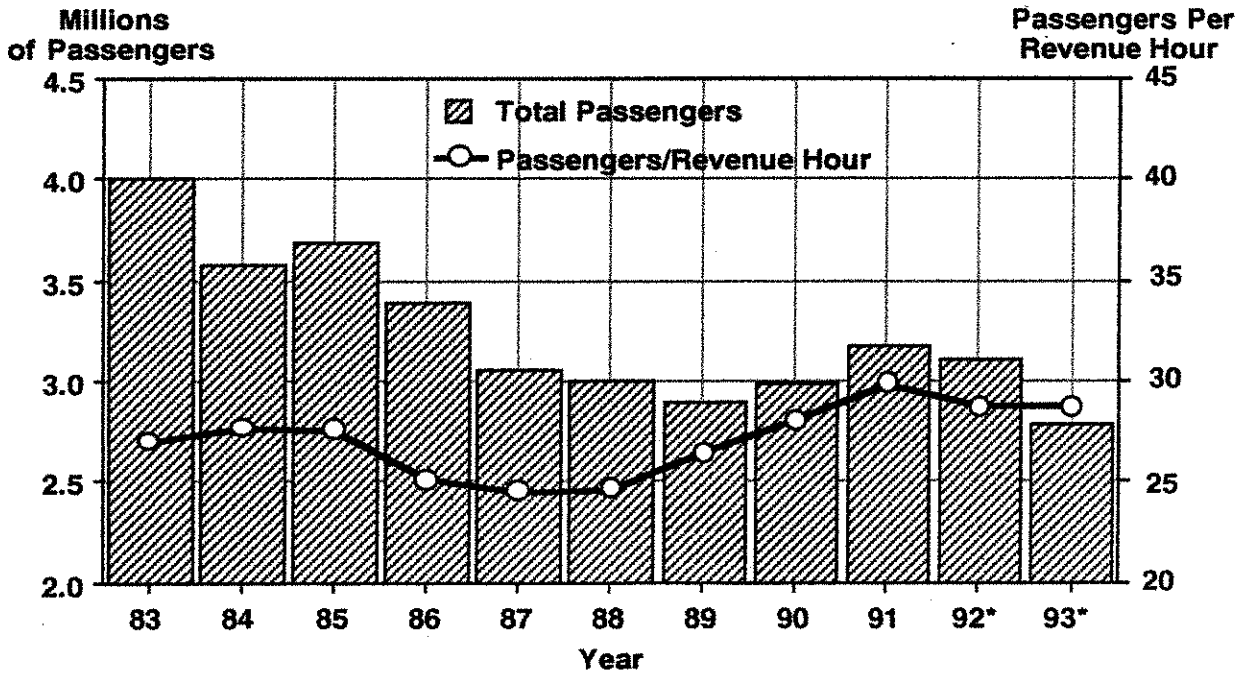
TRANSPORTATION

MERRILL FIELD TOTAL LANDINGS AND TAKEOFFS



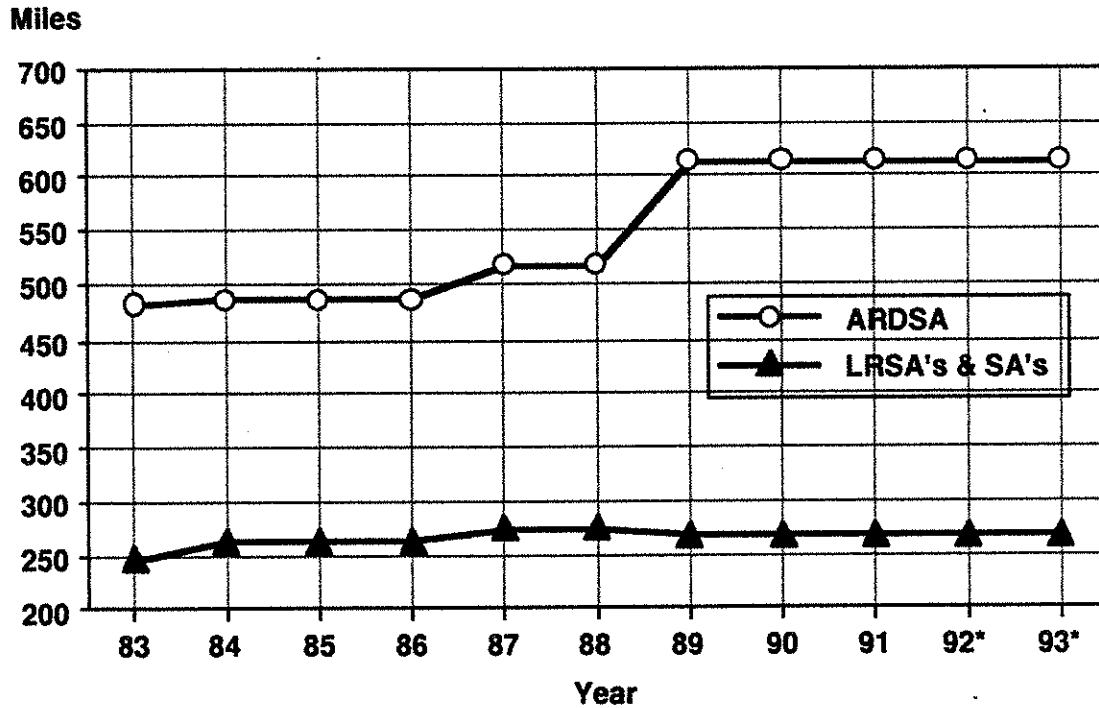
* Estimate
SOURCE: Merrill Field Airport, MOA

PEOPLE MOVER RIDERSHIP



* Estimate
NOTE: 1993 Passengers Per Revenue Hour based on 96,840 operational hours.
SOURCE: Transit Department, MOA

MILES OF ROAD MAINTAINED BY THE MUNICIPALITY



* Estimate

SOURCE: Public Works Department, MOA

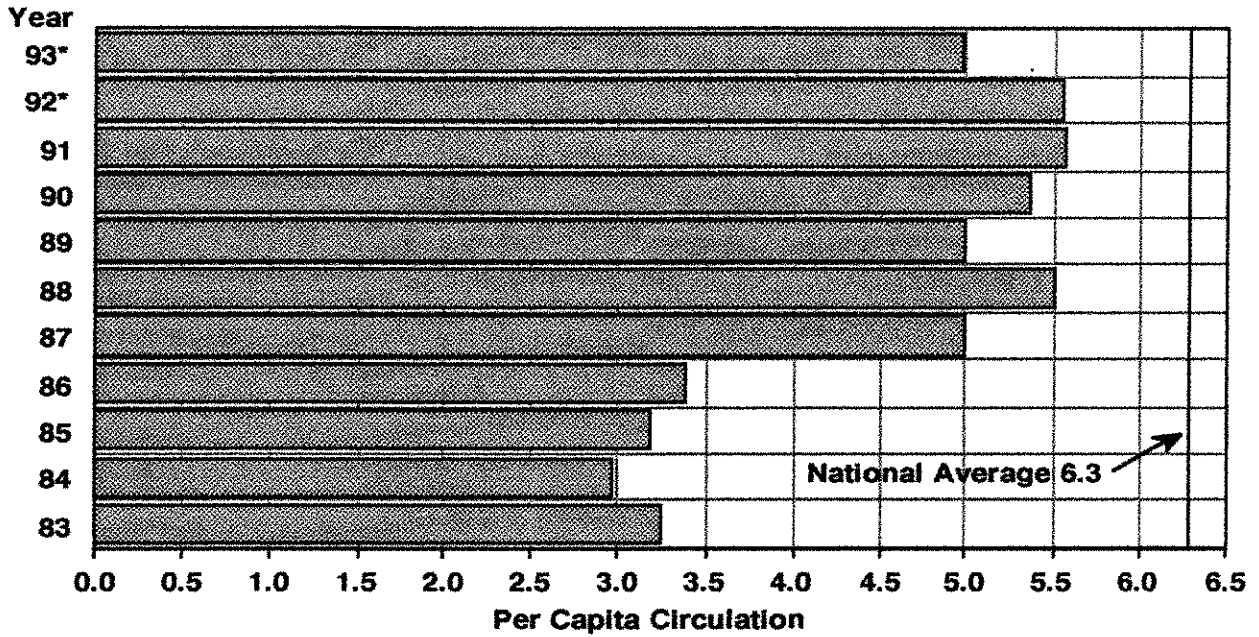
VEHICLE REGISTRATION IN ANCHORAGE

	Passenger Vehicles	Motor Cycles	Commercial Trailers	Trailers	Commercial Trucks	Pickups	Buses	Total
1986	135,573	5,684	6,326	20,753	11,327	45,274	609	225,546
1987	126,697	5,132	5,823	20,222	9,643	41,224	609	209,350
1988	124,403	4,710	5,330	19,991	8,545	39,409	592	202,980
1989	128,237	4,413	5,141	20,212	8,290	40,224	501	207,018
1990	133,750	4,230	5,593	20,840	8,672	42,462	484	216,031
1991	137,091	4,195	5,797	21,561	8,660	43,727	330	221,361
<hr/>								
% Change								
1990 - 1991	2.5%	(0.8%)	3.6%	3.5%	(0.1%)	3.0%	(31.8%)	2.5%

SOURCE: Alaska Department of Public Safety

LEISURE

LIBRARY BOOKS/MATERIALS CIRCULATED PER CAPITA



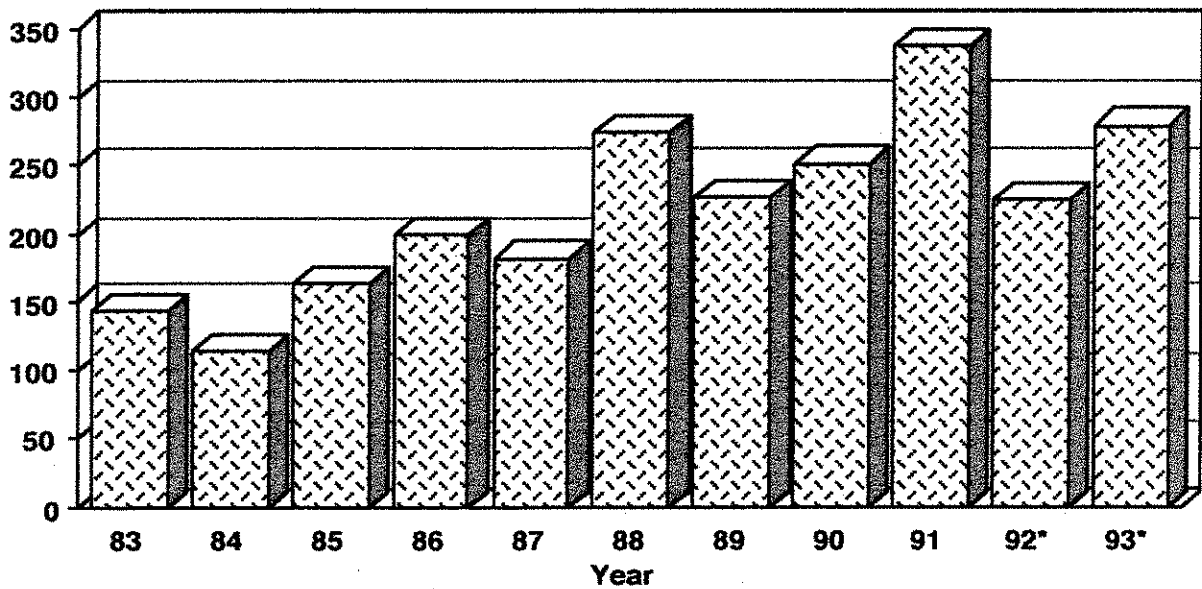
* Estimate

NOTE: National average is for libraries serving populations of 100,000 to 249,999.

SOURCE: Anchorage Municipal Library, MOA

ANCHORAGE MUSEUM OF HISTORY AND ART VISITORS

Thousands

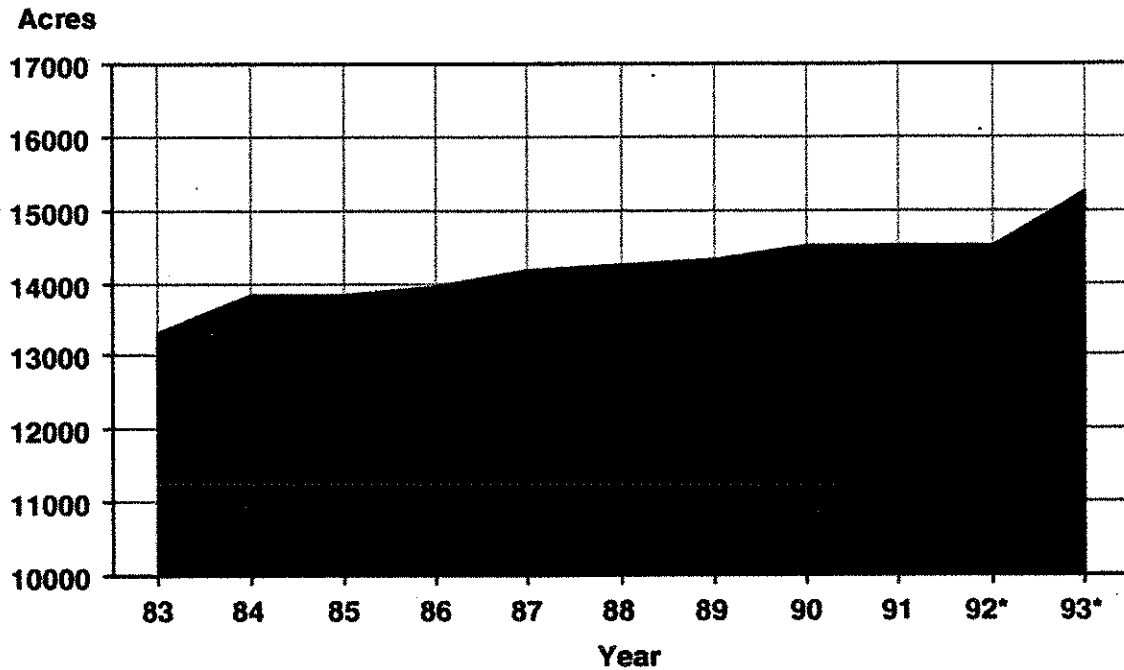


* Estimate

NOTE: Unusually large attendance at dinosaur exhibit in 1988 (70,356) and whale exhibit in 1991 (80,617).

SOURCE: Anchorage Museum of History and Art, MOA

MUNICIPAL ACREAGE MANAGED OR MAINTAINED AS PARK LAND



* Estimate

NOTE: Totals include acreage in the Anchorage Bowl, Eagle River, Chugiak, and Girdwood.

SOURCE: Parks and Recreation Division, MOA

MUNICIPAL PARKS / TRAILS / RECREATION AREAS - 1993

Bike Trails (Municipally Maintained)	94 Miles
Playgrounds	70
Ski Trails	132.5 KM
Tennis Courts	64
Ball Fields/Recreation Fields	82
Ice Skating Areas	5
Fitness Trails/Clusters	13
Community Recreation Centers	3
Swimming Pools	6
Lakes	15
Campgrounds	2
Golf Courses	1
Track and Field Area	1

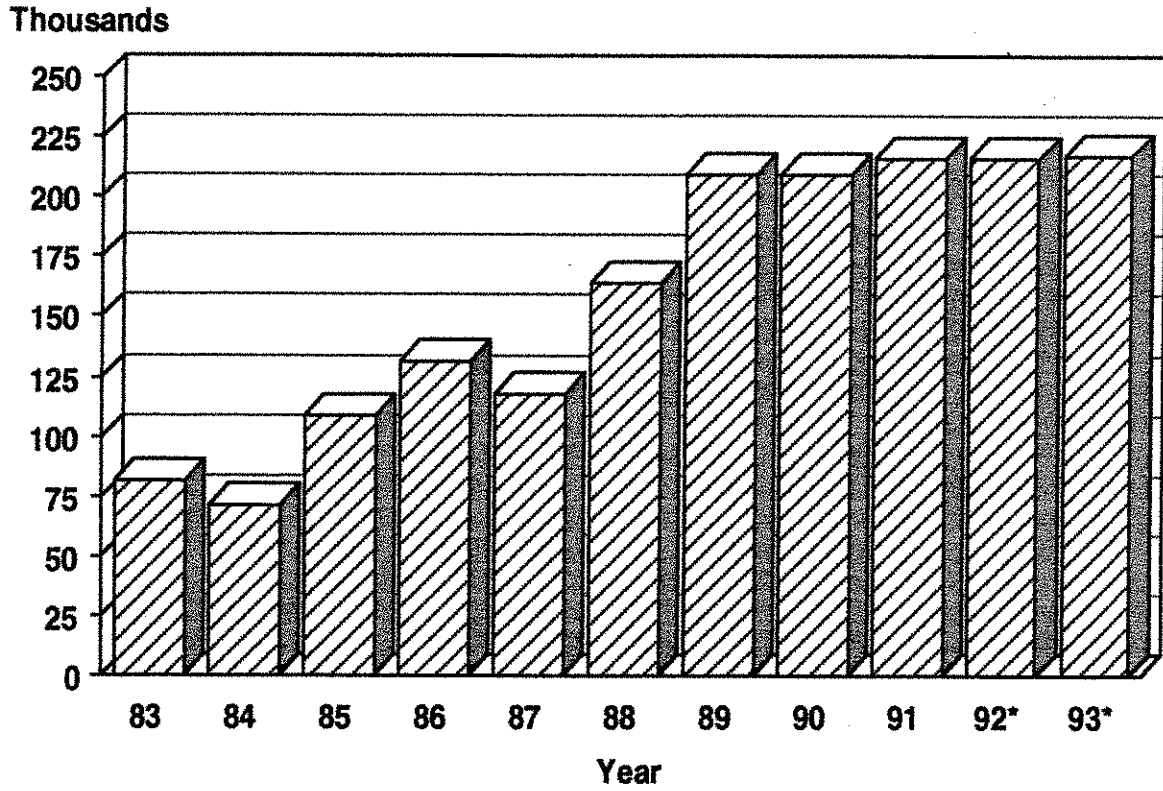
	1982	1984	1986	1988	1990	1992	1993*
Municipal Parks	123	160	170	189	194	199	202

* Estimate

NOTE: Totals include facilities in the Anchorage Bowl, Eagle River, Chugiak and Girdwood.

SOURCE: Parks and Recreation Division, MOA

COMMUNITY SCHOOLS PROGRAM Activity Registrants



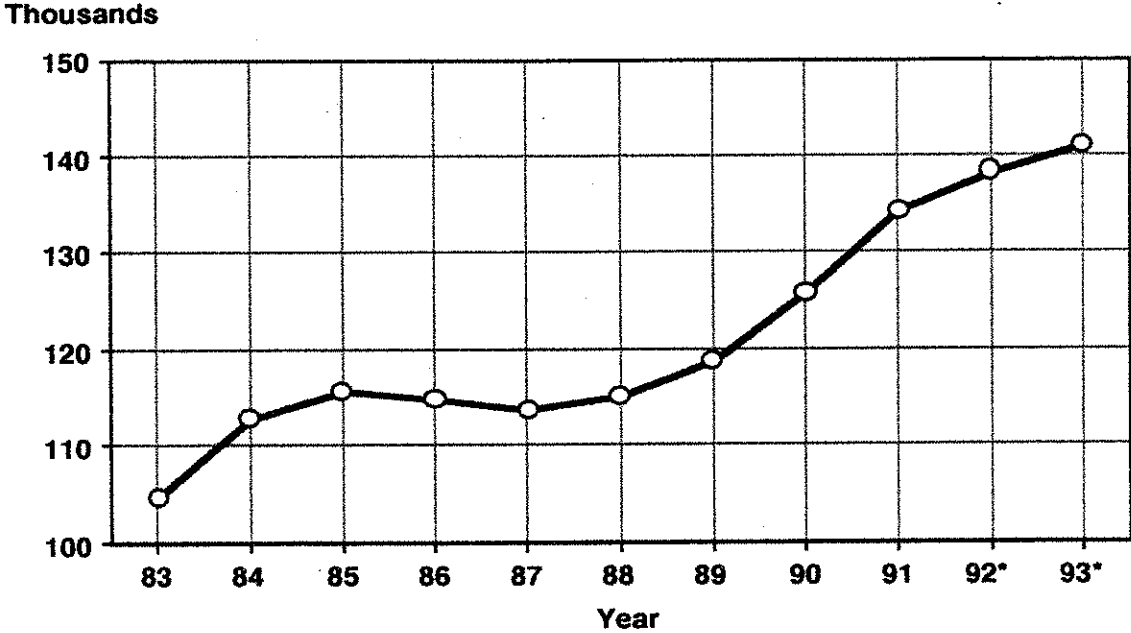
* Estimate

NOTE: Large increase from 1984 to 1985 due to the addition of one community school and revised method of counting registrants.

SOURCE: Anchorage School District

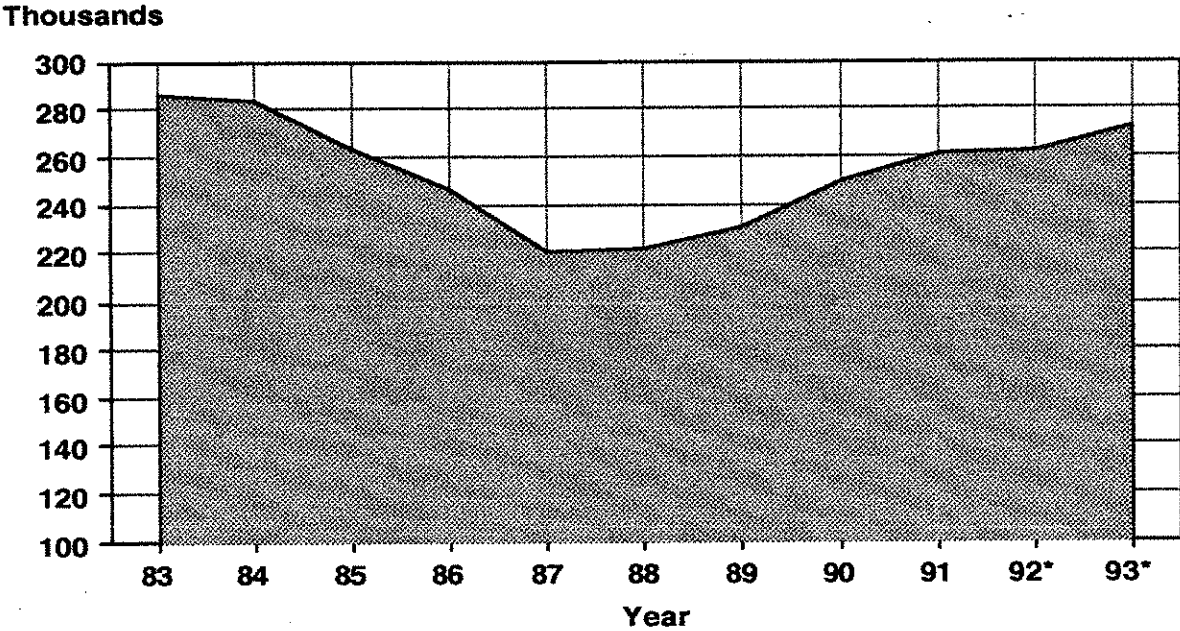
PUBLIC UTILITIES

ANCHORAGE TELEPHONE UTILITY Access Lines



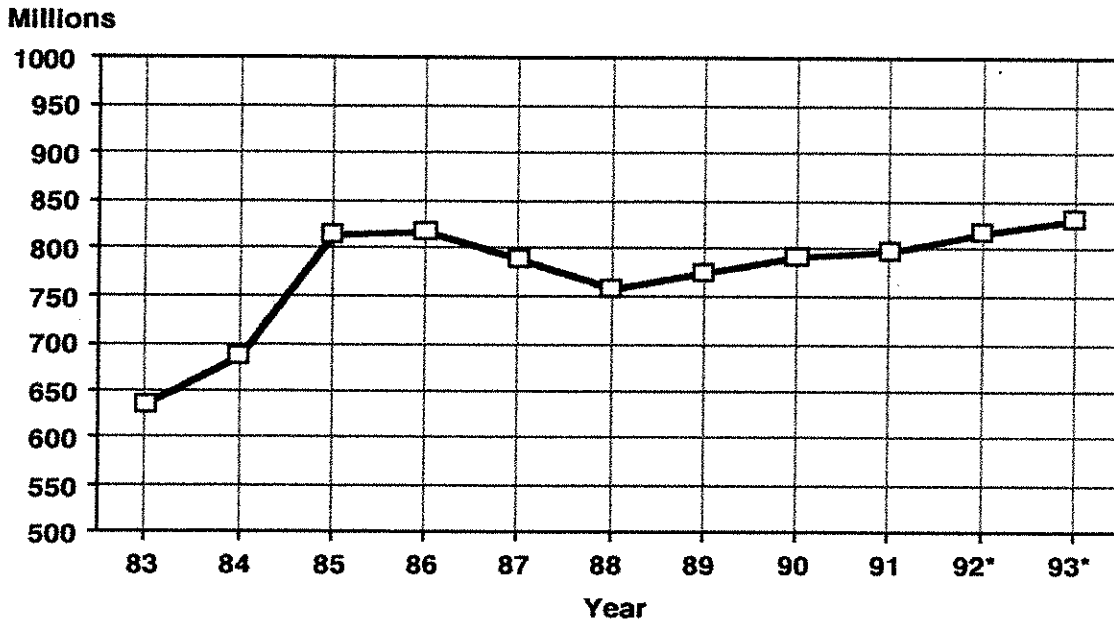
* Estimate
SOURCE: Anchorage Telephone Utility, MOA

SOLID WASTE SERVICES Total Tons Disposed



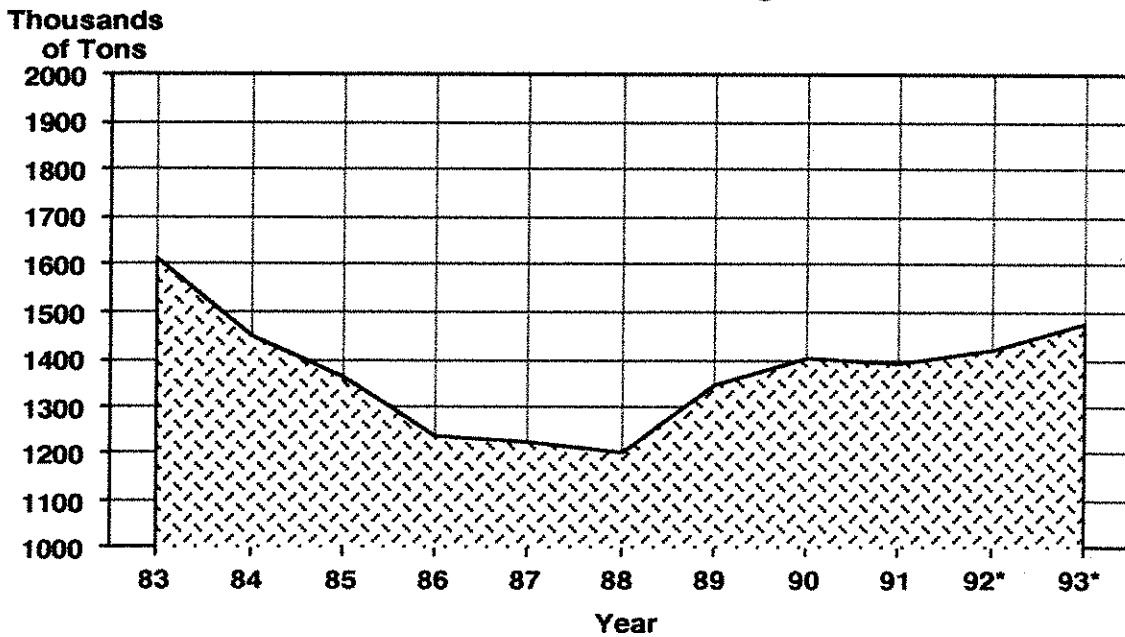
* Estimate
NOTE: Facilities located at the intersection of Glenn Highway and Hiland Road and at 1111 East 56th Avenue opened November, 1987.
SOURCE: Solid Waste Services Department, MOA

MUNICIPAL LIGHT & POWER Retail Kilowatt Hour Sales



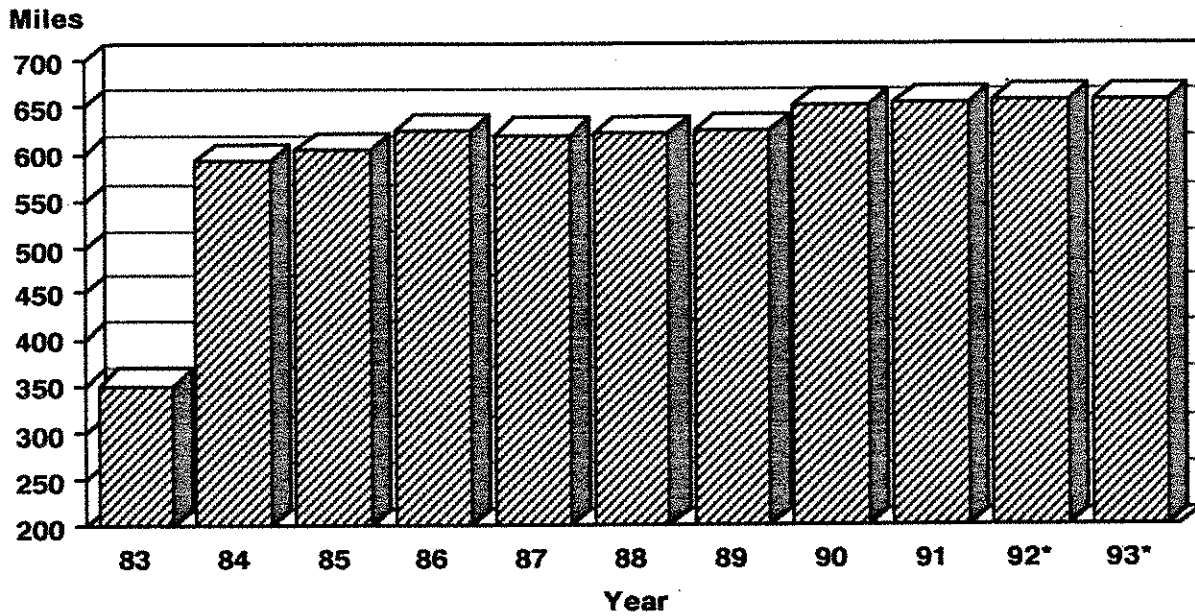
* Estimate
SOURCE: Municipal Light & Power Utility, MOA

PORT OF ANCHORAGE Tons of General Cargo



* Estimate
SOURCE: Port of Anchorage, MOA

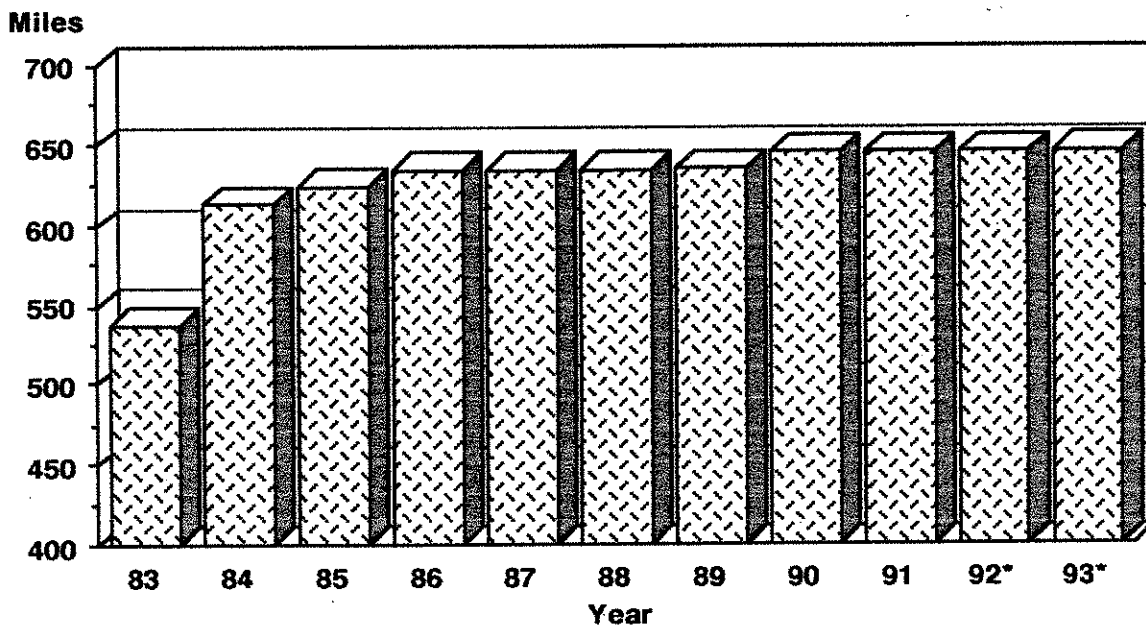
ANCHORAGE WATER UTILITY Miles of Installed Water Mains



* Estimate

SOURCE: Anchorage Water & Wastewater Utility, MOA

ANCHORAGE WASTEWATER UTILITY Miles of Installed Wastewater Lines



* Estimate

SOURCE: Anchorage Water & Wastewater Utility, MOA

APPENDIX

STATISTICAL INFORMATION FOR SELECTED COMMUNITY PROFILE CHARTS

ANCHORAGE POPULATION ESTIMATES

1980	174,431
1981	187,761
1982	204,216
1983	230,846
1984	244,030
1985	248,263
1986	246,139
1987	229,117
1988	218,979
1989	221,870
1990	226,338
1991	237,907
1992 *	240,258
1993 *	245,657
1994 *	247,712
1995 *	248,559
1996 *	252,730
1997 *	258,558
1998 *	263,599
1999 *	263,983
2000 *	264,585

FIVE-YEAR POPULATION AVERAGE

<u>Five-Year Period Ending</u>	<u>Percentage Change</u>
1985	+ 7.38%
1986	+ 5.68%
1987	+ 2.54%
1988	- 0.95%
1989	- 1.83%
1990	- 1.77%
1991	- 0.58%
1992 *	+ 1.00%
1993 *	+ 2.34%
1994 *	+ 2.24%
1995 *	+ 1.91%
1996 *	+ 1.22%
1997 *	+ 1.48%
1998 *	+ 1.42%
1999 *	+ 1.28%
2000 *	+ 1.26%

PERCENTAGE CHANGE IN ANCHORAGE POPULATION 1978 - 2000

<u>Year</u>	<u>Percentage Change</u>	<u>Year</u>	<u>Percentage Change</u>
1978	- 1.5%	1990	+ 2.0%
1979	- 3.1%	1991	+ 5.1%
1980	- 0.1%	1992 *	+ 1.0%
1981	+ 7.6%	1993 *	+ 2.2%
1982	+ 8.8%	1994 *	+ 0.8%
1983	+ 13.0%	1995 *	- 0.3%
1984	+ 5.7%	1996 *	+ 1.7%
1985	+ 1.7%	1997 *	+ 2.3%
1986	- 0.9%	1998 *	+ 1.9%
1987	- 6.9%	1999 *	+ 0.1%
1988	- 4.4%	2000 *	+ 0.2%
1989	+ 1.3%		

* Estimate

**ANCHORAGE SCHOOL DISTRICT
STUDENT ENROLLMENT
School Years 1983-84 Through 1992-93**

<u>School Year</u>	<u>Students</u>	<u>School Year</u>	<u>Students</u>
1983/84	40,427	1988/89	40,320
1984/85	42,063	1989/90	40,819
1985/86	42,426	1990/91	42,222
1986/87	41,997	1991/92	44,700
1987/88	40,907	1992/93 *	46,400

**ASSETS AND LIABILITIES OF ALASKA BANKS
as of December 31, 1991**

<u>Bank</u>	<u>Assets</u>	<u>Liabilities</u>
First Interstate Bank of Alaska	\$ 29,838,000	\$ 26,707,000
Northrim Bank	52,130,000	45,935,000
Denali State Bank	81,259,000	73,467,000
Mt. McKinley Mutual Savings Bank	107,334,000	96,218,000
First Bank	183,196,000	166,558,000
Security Pacific Bank Alaska	199,732,000	180,498,000
Key Bank of Alaska	804,312,000	742,289,000
First National Bank of Anchorage	1,196,343,000	977,086,000
National Bank of Alaska	2,064,331,000	1,842,188,000

**INFLATION IN ANCHORAGE
Annual Average Percent Change
in Consumer Price Index**

1980	10.2%	1987	0.4%
1981	8.1%	1988	0.4%
1982	5.4%	1989	2.9%
1983	1.8%	1990	6.2%
1984	4.1%	1991	4.6%
1985	2.4%	1992 *	3.5%
1986	1.9%		

* Estimate

**AVERAGE MONTHLY WAGE
ANCHORAGE LABOR DIVISION
Third Quarter, 1990 and 1991**

<u>Classification</u>	<u>1990</u>	<u>1991</u>
Mining	\$6,043	\$6,041
Construction	3,478	3,426
Transportation, Communication and Utilities	2,954	3,030
Government	2,925	2,996
Wholesale Trade	2,826	2,902
Finance, Insurance and Real Estate	2,423	2,488
Manufacturing	2,026	2,224
Services	1,832	1,869
Nonclassifiable Establishments	1,624	1,452
Retail Trade	1,457	1,446
Agriculture, Forestry, and Fisheries	1,336	1,288

AVERAGE ANNUAL UNEMPLOYMENT RATES

	<u>Anchorage</u>	<u>U.S.</u>		<u>Anchorage</u>	<u>U.S.</u>
1980	7.1%	7.1%	1987	8.5%	6.2%
1981	6.8%	7.6%	1988	7.6%	5.4%
1982	7.5%	9.7%	1989	4.9%	5.3%
1983	7.3%	9.6%	1990	4.3%	5.5%
1984	7.5%	7.5%	1991	6.7%	6.7%
1985	7.4%	7.2%	1992 *	7.6%	7.6%
1986	3.4%	6.9%			

**TOTAL NEW HOUSING UNITS
AUTHORIZED BY PERMITS**

1983	9,082	1989	198
1984	4,609	1990	395
1985	2,434	1991	643
1986	891	1992 *	590
1987	182	1993 *	575
1988	208		

* Estimate

**ZONING CONDITIONAL USE
AND SUBDIVISION APPLICATIONS PROCESSED**

1983	1,482	1989	356
1984	1,351	1990	355
1985	928	1991	449
1986	583	1992 *	500
1987	442	1993 *	525
1988	330		

**CONSTRUCTION SPENDING IN ANCHORAGE
RESIDENTIAL**

1983	617,054,722	1989	\$ 36,708,914
1984	383,141,394	1990	71,693,700
1985	238,711,974	1991	107,624,846
1986	80,227,309	1992 *	105,000,000
1987	30,875,386	1993 *	98,000,000
1988	39,208,421		

**CONSTRUCTION SPENDING IN ANCHORAGE
NON-RESIDENTIAL**

1983	383,232,475	1989	\$ 49,963,746
1984	409,371,453	1990	75,319,125
1985	242,789,387	1991	87,746,664
1986	160,084,372	1992 *	130,000,000
1987	49,302,101	1993 *	105,000,000
1988	41,320,929		

* Estimate

**AVERAGE SELLING PRICE OF A HOME
IN THE MUNICIPALITY OF ANCHORAGE**

1983	\$120,854	1988	\$107,407
1984	128,998	1989	105,109
1985	133,920	1990	116,299
1986	136,200	1991	125,623
1987	126,027		

**ASSESSED VALUATION OF REAL AND
PERSONAL TAXABLE PROPERTY**

1980	\$ 6,269,398,847	1990	\$ 8,631,142,023
1981	6,856,916,555	1991	9,052,125,977
1982	8,523,530,799	1992	10,030,367,575
1983	10,225,631,571	1993 *	10,230,974,926
1984	12,236,757,000	1994 *	10,230,975,000
1985	14,242,118,528	1995 *	10,230,975,000
1986	15,603,882,386	1996 *	10,640,214,000
1987	11,814,534,957	1997 *	10,853,018,000
1988	9,253,471,394	1998 *	11,070,078,000
1989	8,810,431,622		

**POLICE DEPARTMENT
REQUESTS FOR SERVICE**

1983	108,009	1989	171,168
1984	117,427	1990	184,841
1985	116,335	1991	205,256
1986	117,399	1992 *	238,220
1987	109,083	1993 *	255,260
1988	128,375		

* Estimate

HEALTH CLINIC VISITS

1983	89,005	1989	67,009
1984	85,816	1990	63,080
1985	73,078	1991	71,465
1986	56,900	1992 *	65,000
1987	57,199	1993 *	65,000
1988	57,273		

FIRE/EMS ALARMS

1983	16,986	1989	17,665
1984	17,369	1990	18,870
1985	18,232	1991	20,641
1986	17,380	1992 *	17,720
1987	17,687	1993 *	18,700
1988	16,190		

FIRE PREVENTION ACTIVITIES

	<u>Fire Prevention Inspections</u>	<u>Fire Code Plan Reviews</u>
1983	2,276	5,130
1984	2,970	4,780
1985	3,458	3,235
1986	3,545	1,699
1987	3,856	1,147
1988	3,027	913
1989	2,377	1,120
1990	3,111	2,076
1991	2,565	2,560
1992 *	1,800	2,000
1993 *	2,000	2,000

* Estimate

**MERRILL FIELD
TOTAL LANDINGS AND TAKEOFFS**

1983	335,559	1989	229,831
1984	384,314	1990	259,632
1985	321,955	1991	251,817
1986	296,395	1992 *	256,000
1987	269,536	1993 *	259,000
1988	246,853		

PEOPLE MOVER RIDERSHIP

<u>Total Passengers</u>		<u>Passengers Per Revenue Hour</u>	
1983	4,000,101	1983	27.04
1984	3,581,631	1984	27.73
1985	3,683,986	1985	27.61
1986	3,381,222	1986	25.06
1987	3,054,000	1987	24.49
1988	2,995,669	1988	24.65
1989	2,891,689	1989	26.46
1990	2,990,326	1990	28.12
1991	3,166,303	1991	29.86
1992 *	3,100,000	1992 *	28.78
1993 *	2,785,700	1993 *	28.77

MILES OF ROAD MAINTAINED BY THE MUNICIPALITY

	<u>Anchorage Roads and Drainage Service Area</u>	<u>Limited Road Service Areas and Service Areas</u>
1983	482	247
1984	488	263
1985	488	263
1986	488	263
1987	518	274
1988	518	274
1989	615	269
1990	615	269
1991	615	269
1992 *	615	269
1993 *	615	269

* Estimate

LIBRARY BOOKS/MATERIALS CIRCULATED PER CAPITA

1983	3.24	1989	5.00
1984	2.95	1990	5.36
1985	3.19	1991	5.57
1986	3.39	1992 *	5.56
1987	4.99	1993 *	4.97
1988	5.50		

ANCHORAGE MUSEUM OF HISTORY AND ART VISITORS

1983	144,702	1989	225,720
1984	113,884	1990	252,447
1985	162,988	1991	337,869
1986	199,165	1992 *	225,000
1987	182,761	1993 *	278,350
1988	273,639		

MUNICIPAL ACREAGE MANAGED OR MAINTAINED AS PARK LAND

1983	13,341	1989	14,321
1984	13,821	1990	14,508
1985	13,840	1991	14,508
1986	13,945	1992 *	14,512
1987	14,180	1993 *	15,251
1988	14,229		

COMMUNITY SCHOOLS PROGRAM ACTIVITY REGISTRANTS

1983	82,000	1989	209,244
1984	71,804	1990	209,100
1985	109,000	1991	215,535
1986	130,800	1992 *	216,000
1987	117,900	1993 *	217,000
1988	163,745		

* Estimate

**ANCHORAGE TELEPHONE UTILITY
ACCESS LINES**

1983	104,668	1989	118,881
1984	112,996	1990	125,785
1985	115,524	1991	134,447
1986	114,976	1992 *	138,480
1987	113,852	1993 *	141,250
1988	115,264		

**SOLID WASTE SERVICES
TOTAL TONS DISPOSED**

1983	286,733	1989	230,936
1984	283,519	1990	250,419
1985	262,963	1991	260,992
1986	246,729	1992 *	262,000
1987	220,697	1993 *	272,600
1988	222,222		

**MUNICIPAL LIGHT AND POWER
RETAIL KILOWATT HOUR SALES**

1983	636,818	1989	774,719
1984	685,938	1990	792,397
1985	813,894	1991	798,618
1986	817,214	1992 *	816,950
1987	789,231	1993 *	833,300
1988	756,978		

* Estimate

**PORT OF ANCHORAGE
TONS OF GENERAL CARGO**

1983	1,612,000	1989	1,344,000
1984	1,448,000	1990	1,404,000
1985	1,364,000	1991	1,388,000
1986	1,234,000	1992 *	1,418,000
1987	1,228,000	1993 *	1,473,000
1988	1,204,000		

**ANCHORAGE WATER UTILITY
MILES OF INSTALLED WATER MAINS**

1983	350.4	1989	624.5
1984	592.0	1990	650.0
1985	604.5	1991	655.0
1986	624.3	1992 *	656.0
1987	620.8	1993 *	657.0
1988	622.1		

**ANCHORAGE WASTEWATER UTILITY
MILES OF INSTALLED WASTEWATER LINES**

1983	536.5	1989	634.3
1984	612.8	1990	644.0
1985	623.5	1991	644.5
1986	632.9	1992 *	645.0
1987	633.8	1993 *	645.5
1988	633.5		

* Estimate