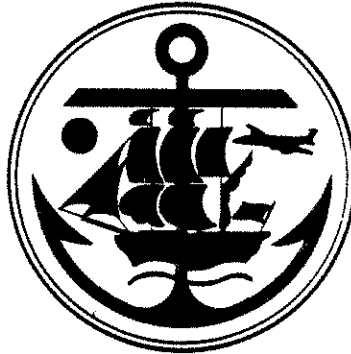


**PRELIMINARY
GENERAL GOVERNMENT
OPERATING BUDGET
INFORMATION**

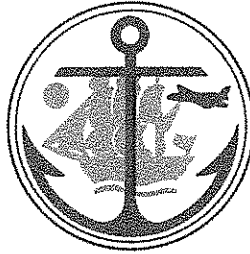
1993



Municipality of Anchorage

**Tom Fink
Mayor**

Municipality of Anchorage



P.O. BOX 196650
ANCHORAGE, ALASKA 99519-6650
TELEPHONE: (907) 343-4431
FAX: (907) 272-1991

Tom Fink, Mayor

OFFICE OF THE MAYOR

August 28, 1992

Dear Residents of Anchorage:

The 1993 Preliminary General Government Operating Budget has been designed to provide the Assembly and you with some initial summary information in the areas of service priorities, revenues, taxes, and pending reorganizations. As in the past, a more detailed proposed 1993 General Government Operating Budget will be provided on October 2, 1992 as required by the Municipal Charter.

On June 23, 1992 I informed the Assembly that Anchorage General Government faced a \$20 million fiscal gap in 1993. This gap is caused by the labor contracts approved last year, legally mandated cost increases, reduced State revenues, and less available fund balance due to its use to fund the new labor contract costs increases for 1992 and smaller 1992 expenditure lapses due to the departments having to absorb 1992 inflationary increases.

On June 23, 1992 I also proposed to the Assembly over \$14 million in solutions for reducing the 1992 fiscal gap. Unfortunately the Assembly chose not to support my suggestion that we ask each labor union to agree to a wage freeze for the balance of 1992 and all of 1993 (non-union employees would have had their wages similarly frozen). This item alone would have closed the fiscal gap by \$7 million.

The departments have reviewed their operations to identify other opportunities for reducing the amount of the fiscal gap in order to minimize reductions in programs and services. Areas explored included:

- 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.

Tax cost reductions in the above areas together with my proposals of June 23, 1992 which were not rejected by the Assembly should bring the 1993 fiscal gap down to about \$10 million if property taxes are to remain at the same level as 1992, allowing for tax on new construction and increased debt service costs. It should be noted that the sale of the Anchorage Telephone Utility would have provided over \$20 million annually which would have not only resolved the 1993 fiscal gap but those of future years as well.

The people of Anchorage do not support any increases in taxes, be it property tax or a new sales tax. A budget priorities survey conducted in May 1992 by Dittman Research Corporation, under contract with the Municipality of Anchorage, showed the number of Anchorage citizens who are willing to increase local taxes to continue current Municipal services has declined from 48% in a similar survey conducted two years ago to 40%. This "no increased taxes" attitude is also reflected in Anchorage citizens' support for specific new or increased taxes.

In each case, the support has declined from that in the survey two years ago:

<u>New/Increased Tax</u>	<u>People Supporting</u>	
	<u>1990</u>	<u>1992</u>
• Year Round Sales Tax	54%	37%
• Seasonal Sales Tax During Summer Months	46%	37%
• Increasing Property Taxes	40%	24%
• Local Tax on Alcohol	84%	80%
• Local Tax on Gasoline	49%	45%

We will need to be prepared to make some significant service reductions for 1993. The Administration is currently developing its recommendations for which services should be continued and which should be reduced or eliminated in accordance with the service goals and priorities stated in this document. However, one thing is obvious. In past years budget reductions were able to be made in areas less visible to the public; for 1993, this will not be possible.

The 1993 fiscal gap amount of \$10 million is a very real number. Prior years' fiscal gap projections have included the following types of items:

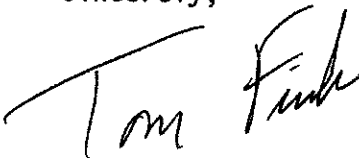
- "Discretionary" increases that, although important to address, could be deferred.
- "Mandated" increases that could be included in the capital budget.
- A portion of the Police and Fire Retiree Medical unfunded liability. (This item has been deferred each year. It will have to be addressed at some later date).

The \$10 million fiscal gap does not include any discretionary increases and makes no provision to reduce a portion of the Police and Fire Retiree Medical unfunded liability. All "mandated increases" that could be included in the capital budget have been deleted from the operating budget along with certain items funded in the 1992 operating budget which otherwise would be part of the 1993 base if not transferred to the capital budget.

We are not as conservative as in the past in our early revenue estimates. For example, we are assuming no additional reduction in State Revenue Sharing and Municipal Assistance revenues during next year's Legislative session, even though the State Legislature has, in recent years, consistently reduced the amount available.

Anchorage is faced with some tough decisions for 1993. As Assembly work sessions and meetings are conducted in October and November 1992, a community consensus will hopefully develop enabling us to solve the major problems facing the Municipality. The Administration's focus will be on providing the services that the public has stressed as their highest priorities -- police, fire, emergency medical services, street maintenance and certain critical safety net programs.

Sincerely,



Tom Fink
Mayor

1993 GENERAL GOVERNMENT
PRELIMINARY OPERATING BUDGET

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1993 General Government Operating Budget

ADMINISTRATION SERVICE GOALS AND PRIORITIES

GOALS FOR THE MUNICIPALITY OF ANCHORAGE

The Administration and Municipal employees are committed to the goal of excellence in local government. We will endeavor to provide the highest possible level of service to the public within the budget constraints facing us in 1993.

In carrying out this mission, the Administration will focus on five general goals. The specific goals and objectives are:

- Economic Development

The Municipality shall strive to contribute to the long-term stable recovery and growth of the Anchorage economy.

- 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.

- 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.

- 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.

- 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.

OPERATING BUDGET SERVICE PRIORITIES

- Priority 1: Maintain essential police, fire, emergency medical and road maintenance services as close to 1992 levels of service as funding and other priorities allow.
- Priority 2: Minimize reductions in other 1992 high-priority services as funding permits.
- Priority 3: Provide for an increased level of street maintenance through development of an aggressive program to obtain state grant funding.
- Priority 4: Provide for an increased level of maintenance for other Municipal infrastructure needs through development of an aggressive program to obtain state grant funding.
- Priority 5: Develop a plan to resolve the level of support for potential unfunded liability in the Police and Fire Retiree Medical Program.

1993 General Government Operating Budget

TAX LIMIT CALCULATION
(Preliminary Estimate)

1992 TAXES		
Real/Personal/MUSA (a)		\$106,260,390
Payment in Lieu of Taxes (State/Federal)		1,913,810
Auto Taxes		3,534,000
Tobacco Tax		<u>2,638,080</u>
1992 Total Taxes		\$114,346,280
Less Taxes to Pay Debt Service		<u>(20,436,090)</u>
1992 Net Taxes		\$ 93,910,190
ADJUSTMENT FACTORS		
Population 5 Year Average	(0.74)%	
Change in Consumer Price Index	4.50%	
Total	<u>3.76%</u>	
Base Taxes Allowed		<u>\$ 97,441,210</u>
PLUS EXCLUSIONS		
Tax on New Construction (b)		\$ 1,311,920
Tax to Pay 1993 Debt Service		21,505,290
Voter Approved Capital Projects		0
Judgments		<u>337,730</u>
TAX LIMITATION		\$120,596,150
LESS: AUTOMOBILE TAXES		(3,534,000)
PILT		(1,913,810)
TOBACCO TAX		<u>(2,638,080)</u>
MAXIMUM PROPERTY TAX ALLOWED		\$112,510,260
PROPERTY TAX RECOMMENDED (c)		<u>\$108,641,510</u>
RECOMMENDED AMOUNT UNDER (OVER) TAX CAP		<u>\$ 3,868,750</u>

NOTE: (a) Includes \$639,010 property taxes added by Assembly by raising the Areawide (Fund 0101) mill rate beyond that required to fund the 1992 revised budget to the maximum allowable under the tax cap.

(b) Tax on new construction computed as follows: \$124,000,000 (estimated new construction value) x 10.58/1000 (1992 average mill rate) = \$1,311,920.

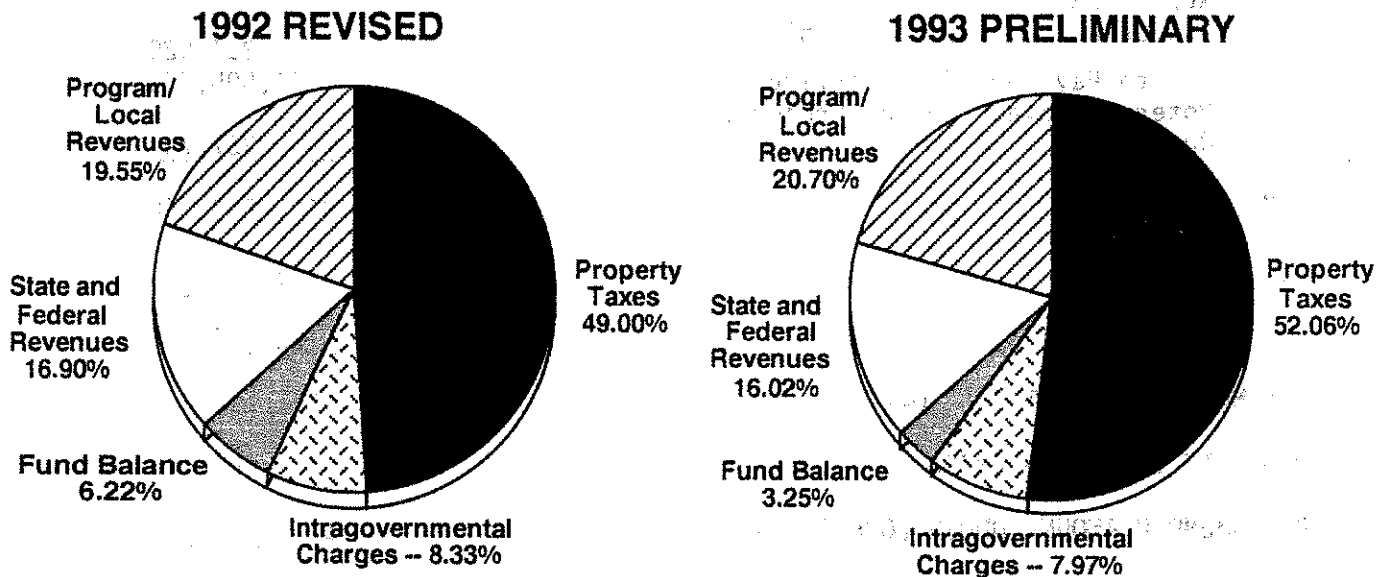
(c) 1992 property tax levied plus tax on new construction plus increased tax to pay debt service.

1993 General Government Operating Budget

PRELIMINARY REVENUE PLAN

	<u>1992 Revised</u>	<u>1993 Preliminary</u>	<u>Increase (Decrease)</u>
State and Federal Revenues	\$ 36,415,590	\$ 33,428,940	\$(2,986,650)
Program/Local Revenues	42,127,890	43,188,320	1,060,430
Property Taxes	105,621,380 *	108,641,510	3,020,130
Intragovernmental Charges	17,958,250	16,631,480	(1,326,770)
Fund Balance	13,408,460	6,774,200	(6,634,260)
Total	\$215,531,570	\$208,664,450	\$(6,867,120)

* Does not include additional \$639,010 property taxes levied by the Assembly by raising the Areawide (Fund 0101) mill rate beyond that required to fund the 1992 revised budget to the maximum allowable under the tax cap.



- 1. State and Federal Revenues:** The \$18.7 million of Municipal Assistance included in this budget has already been appropriated by the State Legislature. The \$11.0 million of State Revenue Sharing will not be appropriated until the spring of 1993 and is assumed to be the same amount as received in 1992. No new State revenues are assumed in this budget; however, we will continue to propose greater State support and economic relief. Federal revenues are forecast to be slightly less than in 1992.
- 2. Program and Local Revenues:** User fees have been reviewed. Some small adjustments have been made to fee totals. A rate increase for ambulance transport fees

and a new on-site wastewater disposal system permit fee are being proposed. Other rates remain unchanged. We have been conservative in estimating program revenues due to continuing population and economic activity uncertainties. A \$2.5 million utility revenue distribution of profits from Anchorage Telephone Utility is included; however, Alaska Public Utilities Commission approval is required.

3. Property Taxes: The Administration recommends holding property taxes at the 1992 level for the community as a whole, allowing for tax on new construction and increased debt service costs.
 4. Intragovernmental Charges: The 1993 IGC's (outside of the General Government Operating Budget (to the utilities, grants, and capital)) are based on continuation of existing service and management relationships. The IGC's to ATU are about \$1.8 million less in 1993 than in 1992. As a general rule, this decrease has been mitigated somewhat by an increase in IGC's caused by labor contract cost increases.
 5. Fund Balance: To help cushion the negative economic effect on the community of major employee layoffs and to ensure adequate levels of public services, fund balances have been reduced as much as possible, consistent with cash flow needs, maintenance of bond ratings and type of contingencies which could require additional support from a particular fund. There will be less available fund balance in 1993 than in 1992 because of its use to fund the new labor contract cost increases in 1992 and smaller 1992 expenditure lapses due to the departments having to absorb 1992 inflationary increases.
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1993 General Government Operating Budget

SUMMARY OF ALL REVENUE ACCOUNTS

Revenue Source	1991 Revised	1992 Revised	1993 Budget
FEDERAL REVENUES			
9312 Federal in Lieu of Property Tax	\$ 337,520	\$ 337,520	\$ 337,520
9324 Mass Transportation	700,000	761,500	700,000
9331 Other Federal Grant Revenue	89,250	94,530	43,080
9357 National Forest Allocation	2,630	2,630	2,630
9376 Civil Defense	20,000	20,000	20,000
Total Federal Revenues	\$ 1,149,400	\$ 1,216,180	\$ 1,103,230
STATE REVENUES			
9346 Health Facilities	\$ 883,520	\$ 889,460	\$ 806,500
9349 Road Maintenance	988,240	978,800	895,690
9362 Tax Equalization Entitlement	9,752,620	10,414,370	9,349,170
Total State Revenue Sharing	\$ 11,624,380	\$ 12,282,630	\$ 11,051,360
9342 Municipal Assistance	21,121,320	20,317,380	18,718,080
9344 Fisheries Tax	186,950	186,950	186,950
9347 Liquor Licenses	363,610	363,610	363,610
9348 Amusement Device Licenses	30,480	30,480	30,480
9355 Electric Co-Op Allocation	663,680	663,680	663,680
9363 State Traffic Signal Reimbursement	1,311,600	1,311,550	1,311,550
9481 State of Alaska - 911	43,130	43,130	-0-
Total State Revenues	\$ 35,345,150	\$ 35,199,410	\$ 32,325,710
LOCAL REVENUES			
9003 Penalty/Interest on Delinquent Taxes	\$ 2,639,310	\$ 2,117,780	\$ 2,117,780
9004 Tax Cost Recoveries	63,480	63,480	63,480
9006 Auto Tax	3,386,690	3,534,000	3,534,000
9007 Delinquent Taxes	600,000	600,000	600,000
9008 Collection Service Fees	255,000	300,000	300,000
9011 Tobacco Tax	2,586,350	2,638,080	2,638,080
9021 Franchises	658,720	779,000	779,000
9022 Payment In Lieu of Taxes	1,436,290	1,576,290	1,576,290
9023 Hotel and Motel Taxes	5,150,000	6,035,000	6,362,360
9024 Penalty/Interest on Hotel/Motel Taxes	30,300	21,020	21,020
9111 Building and Trade Licenses	31,000	54,000	54,000
9112 Taxicab Permits	162,330	162,330	162,330
9113 Contractor Certificates and Examinations	3,000	3,000	3,000
9114 Chauffeur Licenses	10,500	10,500	10,500
9115 Taxicab Permit Revisions	10,630	10,630	10,630

1993 General Government Operating Budget

SUMMARY OF ALL REVENUE ACCOUNTS

Revenue Source	1991 Revised	1992 Revised	1993 Budget
9116 Local Business	\$ 63,000	\$ 59,000	\$ 59,000
9117 Chauffeur License Renewal	17,500	17,500	17,500
9131 Plan Checking Fees	523,260 *	660,000 *	780,000 *
9132 Building Permits	641,040 *	630,580 *	1,024,890 *
9133 Electrical Permits	138,000	240,000	240,000
9134 Gas and Plumbing Permits	174,000	360,000	360,000
9135 Moving Fence/Sign Fees	8,200	7,200	7,200
9136 Construction and Right-of-Way Permits	135,000	89,400	90,000
9137 Elevator Inspection Fees	73,000	96,000	96,000
9138 Mobile Home Inspection Fees	8,200	21,600	21,600
9139 Land Use Permits	24,000	33,000	33,000
9142 Site Plan Review Fees	-0-	6,000	11,000
9143 Parking and Access Agreement Fees	400	200	200
9191 Animal Licenses	50,000	50,000	95,000
9199 Miscellaneous Permits	22,250	20,700	45,500
9211 Court Fines and Forfeitures	1,398,700	1,701,830	1,761,460
9213 Library Book Fines	138,400	165,630	157,900
9215 Other Fines and Forfeitures	49,900	24,000	24,000
9216 Pre-Trial Diversion	14,000	14,000	54,500
9411 Platting Fees	65,000	94,300	160,000
9412 Zoning Fees	42,500	42,200	46,000
9413 Sale of Publications	27,000	148,000	129,000
9415 Miscellaneous Map Sales	5,000	6,000	19,500
9416 Rezoning Inspections	870	1,000	1,000
9418 Emission Certificate Fee	1,215,000	1,325,000	1,500,000
9419 Emission Inspection Test Fee	10,000	12,000	12,000
9421 Septic System Annual Permit	-0-	-0-	600,000
9423 Family Planning Fees	60,000	60,000	65,000
9424 Community Health Fees	55,250	55,250	-0-
9425 Dispensary Fees	50,000	55,000	55,000
9426 Sanitary Inspections Fees	579,000	587,000	669,100
9428 Cook Inlet Air Pollution	11,000	11,000	14,300
9431 Public Transit Fees	1,392,000	1,579,470	1,494,060
9441 Recreational Activities	362,000	355,700	300,500
9443 Swim Fees	961,860	1,241,500	851,540
9445 Cemetery Fees	61,000	92,520	117,000
9446 Ski Fees	10,000	10,000	10,000
9447 Golf Fees	114,660	108,440	112,400
9448 Camper Park Fees	65,430	94,390	68,000
9451 Ambulance Service Fees	1,180,280	1,180,000	1,600,000
9452 Fire Training Center	20,000	20,000	20,000
9453 Fire Alarm Fees	13,200	14,400	38,700
9456 Admission Fees	231,300	381,300	339,780
9457 Typewriter User Fees	4,270	4,340	4,080
9462 Subdivision Inspection Fees	50,000	50,000	50,000

1993 General Government Operating Budget

SUMMARY OF ALL REVENUE ACCOUNTS

Revenue Source	1991 Revised	1992 Revised	1993 Budget
9463 Mapping Fees	\$ 52,500	\$ 62,500	\$ 33,000
9467 Address Fees	7,500	7,500	7,500
9468 Computer Time Fees	21,000	21,000	5,000
9471 Building Rental	32,000	35,230	53,000
9478 Parking Authority Income	620,000	620,000	400,000
9484 Animal Shelter Fees	220,000	263,000	220,000
9485 Defensive Driving Fees	23,600	43,600	43,600
9492 Service Fees - School District	416,540	412,960	442,450
9493 Microfiche Sales	14,700	18,000	13,000
9494 Clinic Fees	34,530	50,000	37,500
9495 Parking Authority Service Fees	68,600	80,830	6,000
9498 Unbilled Revenue (Flex-Benefits)	10,000	10,000	10,000
9499 Reimbursed Costs	330,500	661,300	439,250
9532 Miscellaneous Non-operating Income	5,000	-0-	-0-
9601 Contributions from Other Funds	246,700	432,030	1,079,750
9602 Utility Revenue Distribution from ATU	2,500,000	2,500,000	2,500,000
9613 Loan Recovery	5,000	-0-	-0-
9615 Contribution of Interest from G.O. Bonds	1,230,190	591,670	591,670
9711 Assessments	856,000	708,000	708,000
9712 Penalty/Interest on Assessments	654,000	538,000	538,000
9724 Proceeds-Refunding Bonds		750,150	-0-
9731 Lease & Rental Revenues	440,780	472,580	462,790
9732 Lease State Land Conveyance	32,040	32,040	32,040
9735 Amusement Surcharge	107,500	70,000	87,800
9736 Arena Loan Surcharge	261,000	236,390	221,070
9737 ACPA Ticket Surcharge	150,000	150,000	150,000
9741 State Land Sales	291,450 *	318,280 *	222,050 *
9742 Other Property Sales	22,500	22,500	37,500
9752 Parking Garages and Lots	52,000	52,000	52,000
9761 Cash Pool Short-Term Interest	3,330,170	2,433,010	2,433,010
9762 Other Short-Term Interest	1,086,210	743,180	743,180
9763 State Land Sale Interest	-0-	-0-	51,230
9782 Lost Book Reimbursement	10,730	12,160	12,660
9783 Library Fees	1,200	1,690	26,580
9785 Sale of Books	11,400	12,370	-0-
9793 Liquor Licenses	1,500	1,000	1,000
9794 Appeal Receipts	4,000	4,100	4,100
9795 Sale of Contractor Specifications	14,000	14,000	14,000
9796 Transit Advertising Fees	40,000	40,000	42,000
9797 Copier Fees	63,740	75,460	71,710
9798 Miscellaneous Revenue	13,500	800	7,700
Total Local Revenues	\$ 40,371,150	\$ 42,127,890	\$ 43,188,320

1993 General Government Operating Budget

SUMMARY OF ALL REVENUE ACCOUNTS

Revenue Source	1991 Revised	1992 Revised	1993 Budget
OTHER REVENUES			
Intragovernmental Revenues	\$ 18,710,110	\$ 17,958,250	\$ 16,631,480
Fund Balance Applied	9,041,030	13,408,460	6,774,200
Property Taxes	99,493,240	105,621,380	108,641,510
Total Other Revenues	\$127,244,380	\$136,988,090	\$132,047,190
TOTAL REVENUES	\$204,110,080	\$215,531,570	\$208,664,450

* Does not include Funds 0181 (Building Safety) and 0221 (Heritage Land Bank) Profit Earnings.

1993 General Government Operating Budget

DEPARTMENT REORGANIZATIONS

At this time, there are no major departmental consolidations, reorganizations or establishments necessitating changes to AMC 3.20.010 (Executive Organization).