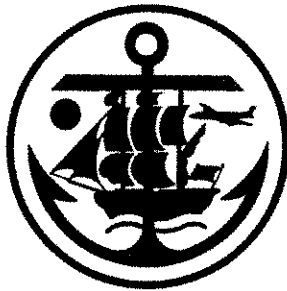


**THE
FISCAL
TRENDS
REPORT**

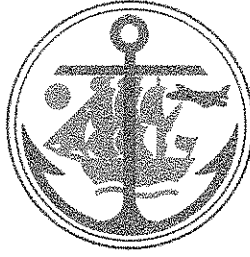
1994

**Focus
on
Planning
for the
Future**



**Municipality of Anchorage
Tom Fink, Mayor**

Municipality of Anchorage



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Tom Fink, Mayor

OFFICE OF THE MAYOR

October 1, 1993

Dear Residents of Anchorage:

The 1994 Fiscal Trends 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 projected fiscal gap facing the Municipality over the next six years. This process was designed so that the Assembly and citizens can provide input and recommendations on problem determination, strategy evaluation and identification of solutions for the Municipality's long-range fiscal planning objectives.

1994 Fiscal Gap

Earlier this year I informed the Assembly that Anchorage General Government faced a projected \$22 million fiscal gap in 1994. I am now happy to report that we have worked hard to virtually eliminate that projected fiscal gap. Several of our employee groups have accepted pay freezes to help reduce the fiscal gap. For 1993, all employee groups except the Fire and IBEW unions have accepted pay freezes. My Proposed 1994 General Government Operating Budget assumes that no pay increases will be granted in 1994, except for applicable step and longevity increases. The State Legislature helped to reduce the projected fiscal gap by appropriating more revenues to Anchorage than had originally been proposed by the Governor.

My proposed 1994 budget includes the use of \$2.5 million of revenues from the sale and lease of Heritage Land Bank properties to help reduce the projected fiscal gap. This action will probably stimulate debate during the Assembly's review of the budget. However, I do not believe that the Municipality should be a major property owner; the properties not needed by the Municipality should be in private ownership and paying taxes.

Fiscal Gap Beyond 1994

Based on the Administration's Proposed 1994 General Government Operating Budget, this Fiscal Trends Report shows the 1994 fiscal gap to be virtually eliminated. However, significantly increasing fiscal gaps are projected beyond 1994 unless positive actions are taken.

- Two-thirds of the General Government Operating Budget, excluding debt service costs, is for the compensating of employees. We must continue our efforts to bring these costs under control.

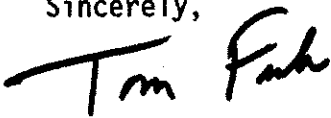
- If falling State revenues require the reduction of the State government budget, we feel that it is only fair for local governments to share in that reduction. However, the current trend for the State to balance its budget on the backs of local governments by disproportionate reductions in State Revenue Sharing and Municipal Assistance must be stopped.
- The Federal and State governments cannot continue to mandate service requirements on local governments without providing the funds necessary to pay for those services.
- One of the most difficult financial problems still facing the Municipality is the potential unfunded medical 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.
- Maximize the use of our assets (sale of land and utilities).

We are seeing a turnaround in the Anchorage economy. The town is very busy. Construction activity during the first six months of 1993 has increased significantly over comparable levels in 1991 and 1992. The most important element in the long-term expansion of the Anchorage economy is the development of a new oil field in Cook Inlet. Continuing support for Cook Inlet oil development from Anchorage and other Cook Inlet communities will be a key element in bringing this new oil field on-line as quickly as possible.

* * * * *

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,



Tom Fink
Mayor

**1994
FISCAL TRENDS REPORT
MUNICIPALITY OF ANCHORAGE**

Tom Fink, Mayor

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Pat Abney

Cheryl Clementson

Joe Murdy

Bob Bell

Bill Faulkner

Dick Traini

Craig Campbell

Chuck Landers

Charles Wohlforth

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ADMINISTRATION

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Richard L. McVeigh Municipal Attorney

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

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