

MAYOR'S BUDGET PRIORITIES

Improving Public Safety

Police officers on the streets — The administration is committed to putting more police officers on the streets so Anchorage residents can feel safe in their homes and neighborhoods. Since January, nine new officers have been added, and another 24 began academy training in August.

Crack down on sexual assault — The Assembly approved a request for \$500,000 for a new, specialized unit to focus on interrupting the cycle of sexual assault. We've also added prosecutors and secured \$2 million in federal funds to combat this terrible crime. Anchorage streets are also safer, thanks to the re-introduction of a traffic unit, which will continue in 2005.

Better fire protection — Fire protection has also been strengthened with the opening of two new stations, getting voter approval for a third, and training 24 new fire recruits.

New police officers, firefighters — The 2005 budget will continue with increased funding for public safety – the proposed budget includes funding for 20 additional sworn police officers, as well as commitments for continued annual increases in police staffing, and 25 additional firefighters.

Relieving Traffic Congestion

Moving people and vehicles — When it comes to transportation, relieving Anchorage's traffic congestion is Goal Number One. In 2004, 41 road and safety projects were on the streets, totaling about \$45 million. But congestion will only get worse until some of our major intersections are addressed, such as Lake Otis and Tudor, 5th and 6th Avenues, New Seward and Glenn Highway interchanges. The administration worked with the Assembly to successfully convince the State House to fund the \$9 million in Lake Otis and Tudor changes Anchorage needs. In 2005, we will go back to the Legislature and state administration, and to our congressional delegation, for Anchorage's fair share of state and federal transportation dollars.

Encouraging Economic Development

Keep economy healthy — Anchorage's continued prosperity is directly tied to a growing economy. Our city is enjoying its 16th consecutive year of economic growth and a growing number of national publications tout Anchorage as a top place to live and do business. In 2005 the administration will continue economic development projects ranging from a new civic and convention center to expanded year-round recreational opportunities in Girdwood and Eagle River downtown revitalization.

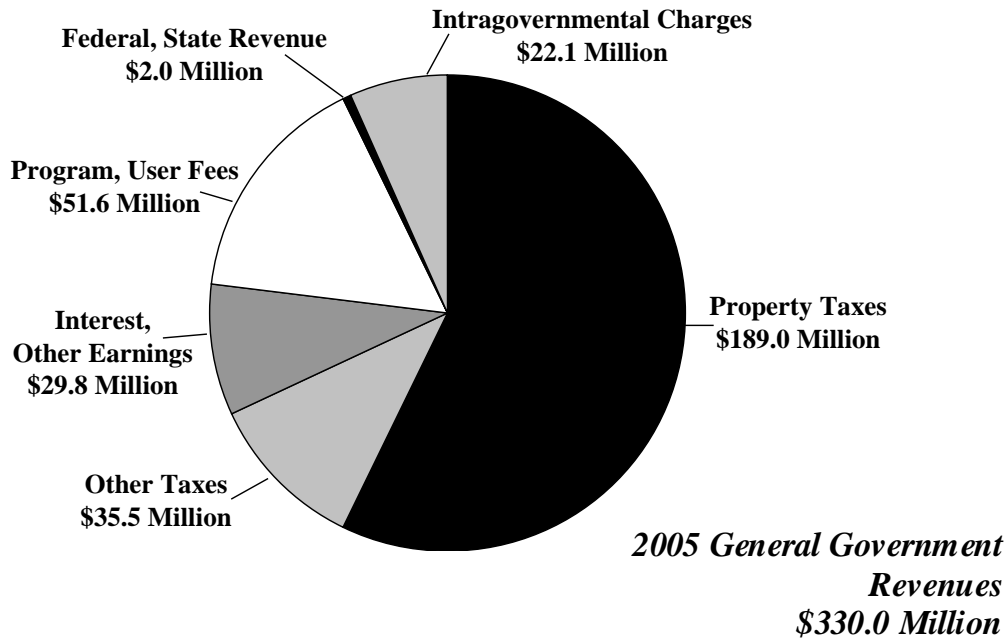
- **Providing Tax Relief to Taxpayers**

Lessen burden on property taxpayers — In an effort to make Anchorage's tax system more fair and provide tax relief to over-burdened residential property taxpayers, the administration during 2004 proposed a four-part plan to reform Anchorage's tax system.

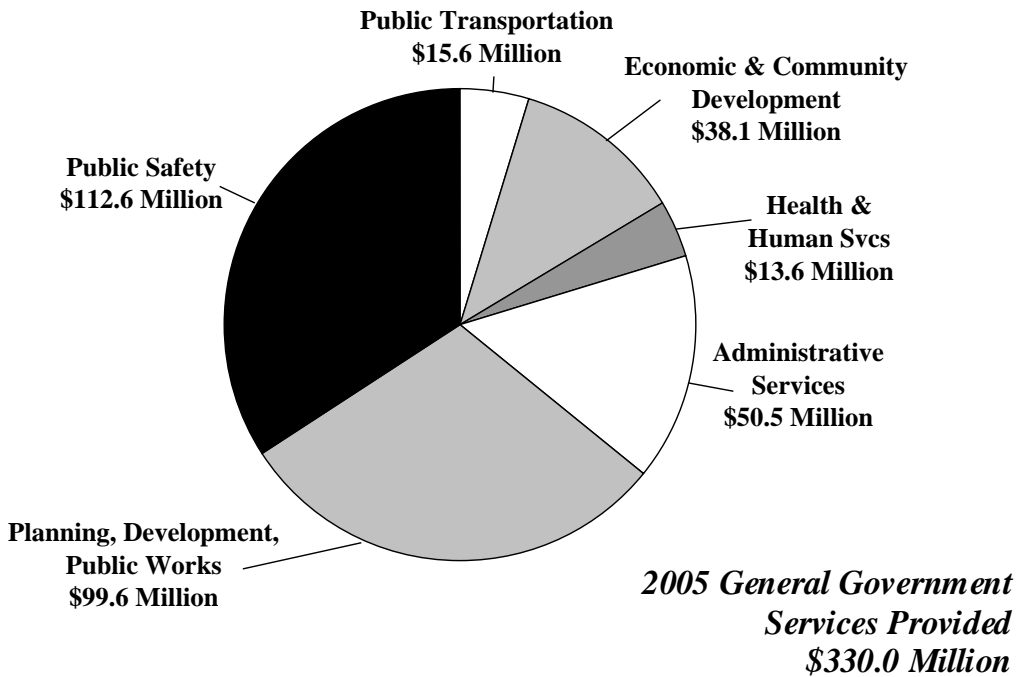
The plan includes:

- A \$1 increase in the city's tax on cigarettes. This was approved by the Anchorage Assembly, and takes effect on October 1, 2004. The increase would generate a projected \$8.9 million, and because the revenues would be below Anchorage's tax cap, would offset property taxes.
- A property tax exemption on the first \$20,000 of residential property, which is proposed to be on the ballot for the April municipal election;
- An exemption on the first \$20,000 of the business personal property tax, which will be introduced to the Assembly prior to the end of 2004; and
- Fair assessing of private businesses which hold leases on government-owned property, which will be implemented by the administration in 2004, effective for 2005 tax assessments.

WHERE THE MONEY COMES FROM . . .



. . . WHERE THE MONEY GOES



2005 PROPOSED GENERAL GOVERNMENT OPERATING BUDGET AT A GLANCE

Category	2004 Revised Budget	Wages and Benefits Changes for Continuing Personnel	Changes for Voter-Approved Debt Service and Related Operations & Maintenance	Other Changes in Continuing Programs *
Public Safety	\$ 107,792,870	\$ 4,869,070	\$ 702,430	\$ (2,008,210)
Public Transportation	14,626,370	740,180	(10,950)	1,180
Health & Human Services	13,211,890	441,750	42,990	101,160
Economic and Community Development	36,076,690	837,260	(116,940)	279,840
Planning, Development & Public Works	95,945,590	1,802,910	1,715,110	(748,310)
Administrative Services	41,664,280	1,939,500	87,280	6,552,440
Total General Government	\$309,317,690	\$10,630,670	\$2,419,920	\$4,178,100

*Table
continued
below*

Category	Continuation Budget, 2005	2005 Programmatic Changes	Increases for Operations & Maintenance on Voter-Approved Capital Proj	Cost Savings in Procurement and Health Care	2005 Proposed Budget
Public Safety	\$ 111,356,160	\$ 2,766,230	\$ 903,470	\$ (2,404,010)	\$ 112,621,850
Public Transportation	15,356,780	521,700	-	(313,330)	15,565,150
Health & Human Services	13,797,790	(45,000)	-	(207,390)	13,545,400
Economic and Community Development	37,076,850	1,607,690	-	(598,060)	38,086,480
Planning, Development & Public Works	98,715,300	2,215,600	-	(1,294,440)	99,636,460
Administrative Services	50,243,500	1,085,030	-	(822,750)	50,505,780
Total General Government	\$326,546,380	\$8,151,250	\$903,470	\$(5,639,980)	\$329,961,120

* Changes to the 2005 Continuation Budget include various reorganizations moving divisions or activities from one department to another during 2004.

** The \$10.6 million increase in personnel costs include:

- \$4.4 million from wages,
- \$4.4 million increased medical costs,
- \$3.4 million increase from PERS and other retirement plans costs, and
- \$1.6 million decrease from other benefits.

The decrease in other benefits is primarily a reduction in leave accrual budgeted for the Fire Department.

Departments listed within the above table:

Public Safety

- Fire Department
- Police Department

Public Transportation

- Public Transportation

Health & Human Services

- Health & Human Svcs Department

Planning, Development & Public Works

- Development Services
- Maintenance & Operations
- Planning
- Project Management & Engineering
- Traffic

Economic and Community Development

- Anchorage Parks & Recreation
- Economic & Community Development
- Real Estate/Heritage Land Bank

Administrative Services

- Assembly
- Chief Fiscal Officer
- Employee Relations
- Equal Opportunity
- Equal Rights
- Finance
- Information Technology
- Internal Audit
- Mayor
- Office of Management & Budget
- Municipal Attorney
- Municipal Manager
- Purchasing

Highlights of 2005 Program Changes

Public Safety

20 new sworn police officers
25 new firefighters

Public Transportation

Route expansion (funded by Federal grant)
Increased fuel costs

Economic and Community Development

Library - technology improvements
Revenue bond payment - Performing Arts Center roof (funded by ticket surcharge)
Reorganization of Parks & Rec, establish P&R Foundation to develop parks long range plan
Additional Heritage Land Bank staff to manage Municipal property

Planning, Development & Public Works

Maintenance & Ops - fuel, utilities, contract management increases, increased sidewalk maintenance, adjustment for road service areas for voter approved increases
Increase staff to monitor watershed program
Technology improvements in E911 system, on-line citizen gateway
Develop Central Business District plan

Administrative Services

Costs to implement business process improvements

Procurement & Health Care Cost Savings

The Municipality is committed to reducing operating costs through the use of the Cooperative Services Authority, and has accordingly reduced each department's budget by a proportional amount totaling \$3 million for 2005.

In addition, the Municipality believes significant cost savings can be achieved in employee health care plan modification, and has accordingly reduced each department's budget by a proportional amount totaling \$2.5 million for 2005.

PERSONNEL CHANGES 2004-2005

Department	2004 Authorized at Continuation Level				2005 Proposed Budget				Net Change in Positions
	FT	PT	Temp	Total	FT	PT	Temp	Total	Total
Assembly	27	-	-	27	27	-	-	27	0
Chief Fiscal Officer	2	-	-	2	2	-	-	2	0
Development Services	84	2	2	88	84	2	2	88	0
Economic and Community Development	97	46	22	165	98	47	27	172	7
Employee Relations	19	4	-	23	19	4	-	23	0
Office-Equal Opportunity	3	-	-	3	3	1	-	4	1
Equal Rights Commission	5	2	-	7	5	2	-	7	0
Finance	123	-	-	123	123	-	-	123	0
Fire	365	-	-	365	391	-	-	391	26
Health and Human Services	71	15	-	86	72	15	-	87	1
Information Technology	69	-	-	69	69	-	-	69	0
Internal Audit	4	1	-	5	4	1	-	5	0
Maintenance and Operations	208	6	28	242	208	6	28	242	0
Management and Budget	9	-	-	9	9	-	-	9	0
Mayor	11	-	2	13	11	-	2	13	0
Municipal Attorney	55	-	-	55	55	-	-	55	0
Municipal Manager	14	3	-	17	14	3	-	17	0
Anchorage Parks and Recreation	41	60	85	186	60	49	87	196	10
Planning	48	-	-	48	49	1	-	50	2
Police	507	1	-	508	527	1	-	528	20
Project Management & Engineering	57	-	2	59	58	-	3	61	2
Public Transportation	149	-	-	149	155	-	-	155	6
Purchasing	15	-	-	15	15	-	-	15	0
Real Estate	6	1	-	7	9	1	-	10	3
Traffic	48	1	2	51	48	1	4	53	2
Total General Gov't	<u>2,037</u>	<u>142</u>	<u>143</u>	<u>2,322</u>	<u>2,115</u>	<u>134</u>	<u>153</u>	<u>2,402</u>	<u>80</u>

* 46 new public safety employees

* 20 new employees in Economic and Community Development, including Anchorage Parks & Recreation and Real Estate

* 6 new employees for bus route expansion

2005 PROPOSED GENERAL GOVERNMENT OPERATING BUDGET COMPARED TO 2004 REVISED

	2004 REVISED BUDGET (After 1st Qtr & Supplementals) (1)	2005 PROPOSED BUDGET	2005 PROPOSED vs 2004 REVISED BUDGET
EXPENDITURES			
Departments (Direct Costs)	\$ 269,547,090	\$ 288,153,610	\$ 18,606,520
Voter-Approved Debt Service (2)	39,770,600	41,807,510	2,036,910
Total Expenditures	\$ 309,317,690	\$ 329,961,120	\$ 20,643,430
REVENUES			
Non-Property Taxes:			
State	1,389,820	1,529,880	140,060
Federal	501,340	494,040	(7,300)
Program	49,292,360	51,555,550	2,263,190
Taxes, Interest, Other	40,009,670	51,371,750	11,362,080
MUSA/MESA +1.25%	9,284,680	13,949,000	4,664,320
IGC's to Non-General Government	22,431,300	22,087,400	(343,900)
Reduced charges for equipment use	3,584,840		(3,584,840)
Applied Fund Balance(fund 101)	112,000		(112,000)
Applied Fund Balance(fund 106)	15,000		(15,000)
Total Non-Property Taxes	\$ 126,621,010	\$ 140,987,620	\$ 14,366,610
PROPERTY TAXES REQUIRED	\$ 182,696,680	\$ 188,973,500	\$ 6,276,820
DETAIL OF PROPERTY TAXES			
MOA PROPERTY TAX CAP	173,975,100	179,858,990	5,883,890
LRSA Max Mill Rate Tax	\$ 1,354,580	1,512,110	\$ 157,530
CBERRRSA Max Mill Rate Tax	4,466,300	4,621,790	155,490
ER/Chugiak P&R Max Mill Rate Tax	2,702,790	2,777,240	74,450
Glen Alps Max Mill Rate Tax	198,390	212,730	14,340
TOTAL OTHER PROPERTY TAXES	\$ 8,722,060	\$ 9,123,870	\$ 401,810
TOTAL PROPERTY TAXES	182,697,160	188,982,860	6,285,700
(Over)/Under tax cap	\$ 480	\$ 9,360	\$ 8,880

(1) Includes supplemental appropriations through 5/31/04

(2) Voter-Approved Debt Service Only (excludes fiscal agency fees and other long-term debt costs)

2005
TAX LIMIT CALCULATION
(Preliminary)

2004 TAXES

Real/Personal Property Taxes	\$ 173,975,100
Payment in Lieu of Taxes (State/Federal)	609,540
Automobile Tax	5,285,160
Tobacco Tax	4,900,000
Aircraft Tax	195,000
Motor Vehicles Rental Tax	4,200,000

2004 Total Taxes	<u>\$ 189,164,800</u>
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Less Taxes to Pay Judgments	170,000
Less Taxes to Pay Debt Service	39,770,600
	<u>\$ 149,224,200</u>

ADJUSTMENT FACTORS

Population 5 Year Average	1.16%
Change in Consumer Price Index	<u>2.80%</u>
Total	3.96%

Base Taxes Allowed	<u>\$ 155,133,480</u>
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PLUS:

(1) Tax on New Construction	4,417,870
(2) Tax to Pay Debt Service	41,807,510
(3) Voter-Approved New O&M Costs	1,395,000
(4) Judgments/Legal Settlements	1,085,000

TAX LIMITATION	<u>\$ 203,838,860</u>
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LESS:

Payment in Lieu of Taxes (State/Federal)	(664,870)
Automobile Tax	(5,300,000)
Tobacco Tax	(13,810,000)
Aircraft Tax	(205,000)
Motor Vehicle Rental Tax	(4,500,000)
(5) Taxing Authority Transfer to ASD not implemented	<u>500,000</u>

2005 MOA MAXIMUM PROPERTY TAX ALLOWED	<u><u>\$ 179,858,990</u></u>
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Notes:

- (1) Based on Property Appraisal estimate of \$514,902,935 value for new construction at 2004's 8.58 average tax rate.
- (2) 2005 debt service estimates, includes ER Parks & Rec Debt Service of \$411,740.
- (3) a) Southport Fire Station #15 - \$295,000
b) Fire Heavy Rescue Truck #4 - \$740,000
c) Expanded E-911 - \$163,000.
d) Various Roads & Drainage projects identified by Maintenance & Ops Dept - \$133,000
e) Various Parks & Recreation projects identified by Maintenance & Ops Dept - \$63,500
- (4) Miscellaneous settlements
- (5) \$500,000 taxing authority transfer to ASD in 2004 not implemented.