

Department Budget Overview 2011 General Government Operating Budget

Assembly Work Session
October 22, 2010

MAYOR DAN SULLIVAN



Municipality of Anchorage

Today's Departments: Operating & Capital Budgets, Fee Proposals

- Finance
 - Controller
 - Property Appraisal
 - Treasury
 - Public Finance
- Chief Fiscal Officer
- IT
- Purchasing
- Internal Audit
- Health & Human Services
- Library
- Real Estate
- Public Works
- Community Development



Finance Department

	FY 10	FY 11	Difference	% Change
Direct Cost	\$11,581.4	\$11,768.2	+186.8k	+ 1.6%
Positions	102 FT	84 FT / 16 PT	- 2	

- Includes:
 - Controller
 - Treasury
 - Property Appraisal
 - Public Finance



Controller Division

	FY 10	FY 11	Difference	% Change
Direct Cost	\$2,912.7	\$2,925.9	+ \$13.2k	+ 0.45%
Positions	27 FT	18 FT / 8 PT	- 1	

- Efficiency/administrative savings
 - Eliminates vacant Accounts Payable position; responsibilities reassigned
- ERP Project: use capital funds to help pay for positions working on new system
 - Operating budget savings of \$195k (7 positions)
- Minimal impact on level of service



Controller: PVR

- Purpose
 - Provide accurate, timely financial information
- Goals
 - Accurately report financial results annually
 - Maintain internal controls system so transactions recorded accurately, timely
 - Pay employees and vendors accurately, timely



Controller: PVR Accountability

Measure: Number of external audit comments

	2007	2008	2009
# Auditor Points in Management Letter	5	7	6

Measure: Reduce overtime costs associated with audit

	2006	2007	2008	2009	2010
Overtime Cost	\$47,916	\$70,581	\$66,151	\$70,432	\$56,279



Controller: PVR Accountability

Measure: Division's cost to produce vendor checks

	2005	2006	2007	2008	2009
\$ cost per transaction	\$11.18	12.46	\$11.32	\$11.16	\$9.14
# invoices processed for departments	30,433	30,405	32,201	34,828	37,446

Measure: Division's cost to produce payroll checks

	2005	2006	2007	2008	2009
cost per payment	\$3.74	\$4.03	\$4.37	\$4.46	\$4.92
# payroll payments/ year	78,646	79,311	81,456	84,285	83,040



Treasury Division

	FY 10	FY 11	Difference	% Change
Direct Cost	\$3,061.5	\$2,995.6	- \$65.9k	- 2.15%
Positions	29 FT	27 FT / 2 PT		

- Efficiency/administrative savings
 - “Cost Causer/Cost Payer” – debtors to pay commission to external collection agency (\$170k budget savings; AO introduced Oct. 26)
- Labor charged to CAMA project (\$32k)
- No impact on services



Treasury: Accountability

- Purpose
 - Maximize realization of the Municipality's primary revenue sources
- Goals
 - Enforce and increase collections of taxes, fines, fees owed
 - Provide enhanced service through e-commerce
 - Improve timely posting and analysis of municipal revenues



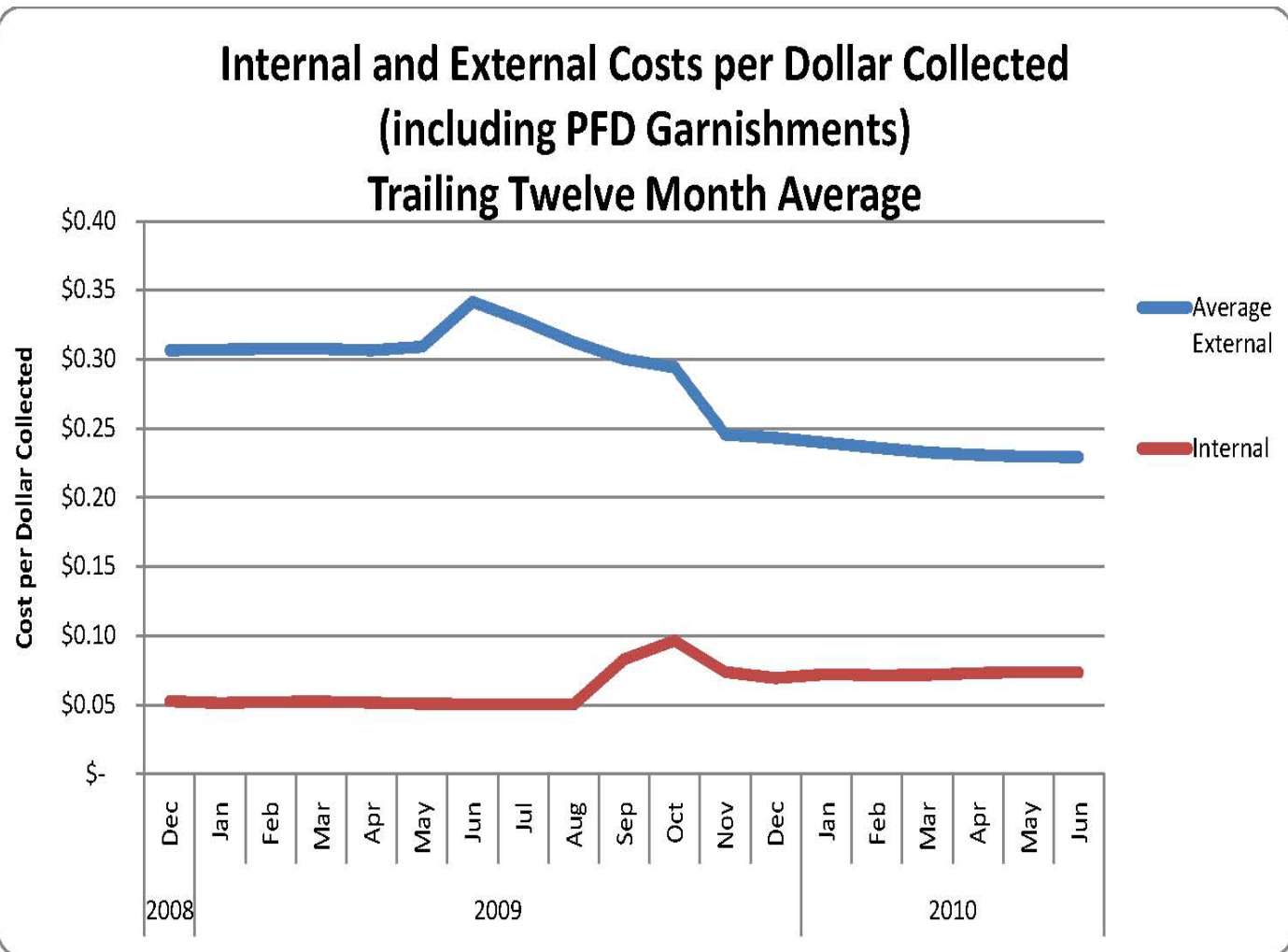
Treasury: Accountability

Measure: Revenue generated directly by Treasury as a multiple of cost

	2010 Rev Generated	2010 Cost	Calculated multiple (revenue-to-cost)
Property tax revenue	\$464.9M	\$800k	581x
Program tax revenue	\$39M	\$540k	72x
Delinquent Criminate/Civil Fines, Fees	\$5.3M	\$510k	10x
MOA Trust Dividend	\$5.1M	\$220k	23x
Total	\$514M	\$2.1M	248x



Treasury: Accountability



Municipality of Anchorage

Treasury: Revenue Proposals

- Fee for dishonored check
 - Increase to \$30 from current \$20
 - Project \$8k in revenue
- Aircraft registration tax
 - Current structure/rate set in 1994
 - Prior to 1994 based on aircraft value
 - Increase single engine tax from \$75 to \$150 (\$153k in revenue)
 - Increase twin engine from \$125 to \$250 (\$56k in revenue)



Treasury: Proposed Revenue

- Motor Vehicle Registration Tax
 - Current rate based on vehicle age, type
 - Rate hasn't changed since 1978
 - Paid biennially to SOA when register vehicle
 - SOA retains 8%; remits balance to MOA monthly
- Proposed change
 - New car rate increase \$29 to \$150
 - Cars 7 years or older pay \$70 instead of \$16
 - Effective 1/1/2012
 - Additional \$3.9M in revenue for total \$8.9M



Property Appraisal Division

	FY 10	FY 11	Difference	% Change
Direct Cost	\$4,400.3	\$4,610.3	+ \$210k	+ 4.8%
Positions	42 FT	35 FT / 6 PT	-1	

- Efficiency/administrative savings
 - Eliminates vacant Supervisor position
- CAMA project
 - Capital funds pay for positions working on project
 - Operating budget savings of \$244k
 - Debt service - \$339k increase
- No impact to level of service



Property Appraisal: PVR

- Purpose
 - Provide fair, equitable basis for taxation in conformance with State law and professional standards
- Goals
 - Timely annual assessments
 - Completion of annual assessment appeals
 - Improve assessment functions to ensure accurate data collection



Property Appraisal: Accountability

Measure: Sales Ratio (Assessed Value/Sales Price)

2007	2008	2009	2010 Projected
95.4%	94.1%	94.1%	94%

(Benchmark standard is >89%)

Measure: Cost per property inspection per year

	Total Required Inspections	Total Staff Cost for Inspections	Total Cost per Inspection
2007	15,755	\$1,848,000	\$117
2008	15,883	\$1,749,000	\$110
2009	15,968	\$1,478,184	\$ 93
2010 Proj	15,983	\$1,425,097	\$ 89



Property Appraisal: Accountability

Measure: Appeal Response—Substantive Completion of Assessment

Appeals Process by June 1st

	Appeals Filed	# Completed by June 1 st	Percentage Complete
2008	825	821	99.5%
2009	1,058	1,040	98.0%
2010 Proj	716	713	99.5%

Measure: Cost per Appeal

	# Appeals Filed	Cost Per Appeal
2008	825	\$2,120
2009	1,058	\$1,397
2010 Proj	716	\$2,028



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Property Appraisal

2011 Proposed Capital Project

Project	Cost
Computer Assisted Mass Appraisal (CAMA) System Replacement	\$5M



Public Finance Division

	FY 10	FY 11	Difference	% Change
Direct Cost	\$1,206.9	\$1,236.3	+ \$29.4k	+ 2.4 %
Positions	4 FT	4 FT	-	

- Continuation level budget
- No change in level of service



Public Finance: Accountability

- Purpose
 - Prudently and efficiently manage debt and investment portfolios while providing liquidity to meet daily cash requirements
- Goals
 - Maintain current AA rating for general obligation
 - Refund outstanding debt that provides minimum net present value savings
 - Invest only in securities that comply with AMC
 - Provide aggregate investment return, net of fees, that outperforms the benchmark for MOA's aggregate portfolio



Public Finance: Accountability

Measure: General Obligation rating by Standard & Poor's and Fitch

Year	S&P	Fitch
2008	AA Stable	AA Stable
2009	AA Stable	AA Stable
2010	AA Stable	AA+ Stable

Measure: Net present value savings by refunding outstanding debt

Year	Description	Par Amount	Nominal Savings	NPV Savings
2008	No refunding			
2009	AWWU – Water	\$49.7M	\$15M	\$5.8M
2010	GO Refunding	\$11.7M	\$1M	\$1.1M
2010	GO Restructuring	\$11.7M	-\$2.2M	- \$579k
	Total	\$73.1M	\$13.8M	\$6.4M



Chief Fiscal Officer

	FY 10	FY 11	Difference	% Change
Direct Cost	\$479.0	\$485.4	+\$6.4k	+ 1.3%
Positions	2 FT	2 FT	-	

- \$10k savings taken from professional services budget
- No impact on services



IT: Budget

	FY 10	FY 11	Difference	% Change
Direct Cost	\$15,358.8	\$15,438.9	+ \$80.1k	+ 0.52 %
Positions	77 FT	58 FT / 17 PT	- 2	

- Efficiency/administrative savings
 - Automated second shift Service Desk operations; now staffed on standby basis (\$96k savings)
 - Absorbed PBX maintenance in IT; negotiating lower communications costs
- CAMA / ERP projects
 - Switches \$595k to capital to partially fund 7 positions
 - Adds \$339k for debt service
- Minimal impact on level of services



Information Technology Department

- Mission
 - Provide state of the art, structured, controlled and secured computing environment that delivers responsible and cost-efficient services
- Goals
 - Reduce total of IT operational costs as a % of MOA's costs
 - Deliver increased municipal services via technology
 - Provide excellent customer service
 - Improve IT service delivery by applying industry best practice frameworks



IT: Accountability

Application Services Division

**Measure:
Application
system availability
during normal
MOA business
hours (7 a.m. to 6
p.m.)**

From 1/1/2010 – 6/31/2010	Total Time Up
PeopleSoft HR/Payroll	100%
PeopleSoft Financials	100%
CAMA Tax	99.94% (2 outages; 40 minutes total)
Assembly Mtg Management	100%
PACE	100%
Prosecutors System (Justware)	100%
PAS/Hansen	100%
Delinquent Fines, Fees	100%
Building Prep	100%
Muni.org	100%
Web Reporting/PS data	100%
City View	100%



IT: Accountability

Measure: Number of business efficiency applications developed

Year	Applications
2010 (1/1 – 7/31)	Online pay advice Bus passes on-line Dog licenses on-line On-line public notices Web-based ticket payments



IT 2011 Capital Budget

Project	Cost
Lifecycle management	\$1.3M
Enterprise Resource Planning (ERP) replacement	\$13.7M
System security	\$113k
Total	\$15.1M



Purchasing Department

	FY 10	FY 11	Difference	% Change
Direct Cost	\$1,522.1	\$1,486.5	- \$35.6k	- 2.34 %
Positions	13 FT	12 FT / 1 PT	-	

- Efficiency/administrative savings
 - \$20k savings in advertising, postage, mailing prep due to increased use of web by contractors/potential vendors
- Charge \$80.5k to ERP project for position working on project
- No reduction in service to the public or agencies



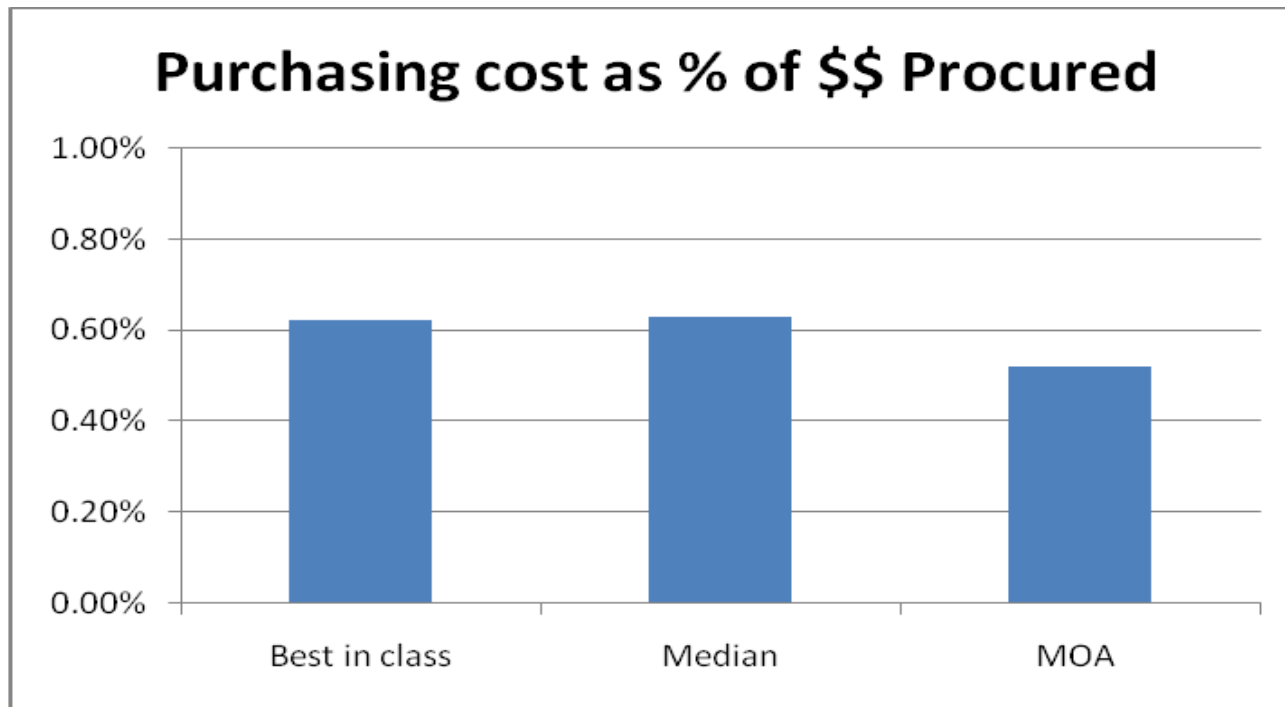
Purchasing: Accountability

- Mission
 - Support agencies through effective and efficient purchasing and contract management services
- Goals
 - Provide efficient, effective procurement services
 - Continuously improve lead time on procurements
 - Expand P-card program to improve lead-time on small purchases, increase administrative savings, increase revenue through incentive program
 - Increase revenue in surplus sales via increased use of e-commerce in auction contract, surplus sale bid processes



Purchasing: Accountability

Measure: Cost to provide purchasing services as a percent of total MOA purchases



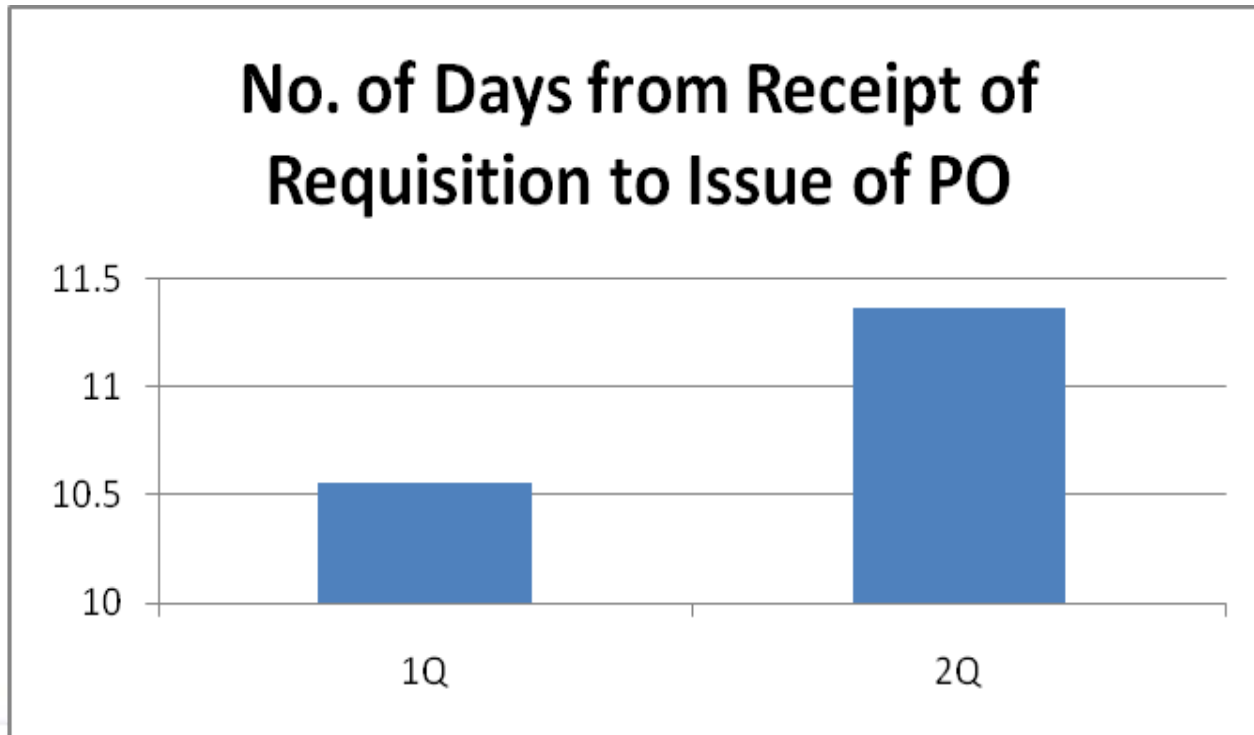
Benchmarks per Hackett Group



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Purchasing: Accountability

Measure: Lead-time (number of days) to acquire services, supplies for purchases under \$50,000



Internal Audit Department

	FY 10	FY 11	Difference	% Change
Direct Cost	\$536.2	\$535.8	- \$.5k	- 0.09 %
Positions	4 FT / 1 PT	4 FT / 1 PT	-	

- Efficiency/administrative savings
 - Reduction in computer purchases, travel, salary for total savings of \$28k
 - Based on average amount of budget unspent over last five years
- Reductions will not impact level of service



Internal Audit: Accountability

Measure: Total number of audit reports issued

2007	2008	2009	2010 (1/1 – 9/23)	2011 Proj
12	13	15	9	13

Measure: Total number of special projects completed

2007	2008	2009	2010 (1/1 – 9/23)	2011 Proj
15	20	16	7	10



Internal Audit: Accountability

Measure: Percentage of reported audit findings that have receive management concurrence

2007	2008	2009	2010 (1/1 – 9/23)	2011 Proj
100%	98%	100%	100%	100%

Measure: Total number of staff hours provided to external auditors

2007	2008	2009	2010 (1/1 – 9/23)	2011 Proj
472	501	471	518	500



Health & Human Services Department

	FY 10	FY 11	Difference
Direct Cost	\$11,362.3	\$12,361.7	+ 8.8 %
Positions	61 FT/ 8 PT	54 FT / 8 PT	- 7

Note: Above does not include \$12.7M in grant funds, which fund 72 FT, 21 PT positions

- Efficiency/administrative savings
 - Food Safety & Sanitation vacant position deleted
 - \$115k savings
 - Clinical Services vacant position deleted
 - \$73k savings
 - Health Plan and Preparation vacant coordinator deleted
 - \$55k savings



DHHS: Budget Highlights

- Four Public Health Nursing positions shifted to State grant
 - \$418k savings; no impact to services
- Grants to non-profit organizations reduced
 - \$87k savings; \$427k still remains for programs
- Clinical Services vacant position deleted
 - \$73k savings
- CSP contract transferred from Fire



DHHS: Accountability

- Mission
 - Protect and improve the public health and well-being of all people in Anchorage
- Goals
 - Establish alternate care site capability and mass sheltering readiness for medical surge events
 - Improve responsiveness to public health complaints
 - Increase community and agency partnerships in public health initiatives

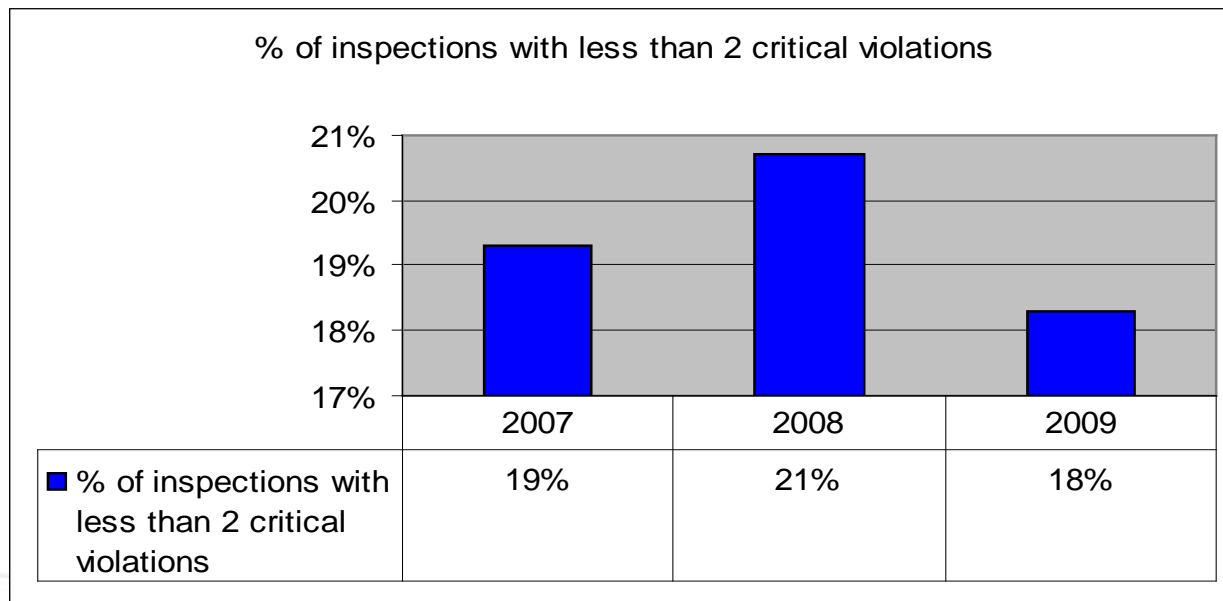


DHHS: Accountability

Measure: Average number of days to resolve Child Care Facility complaint

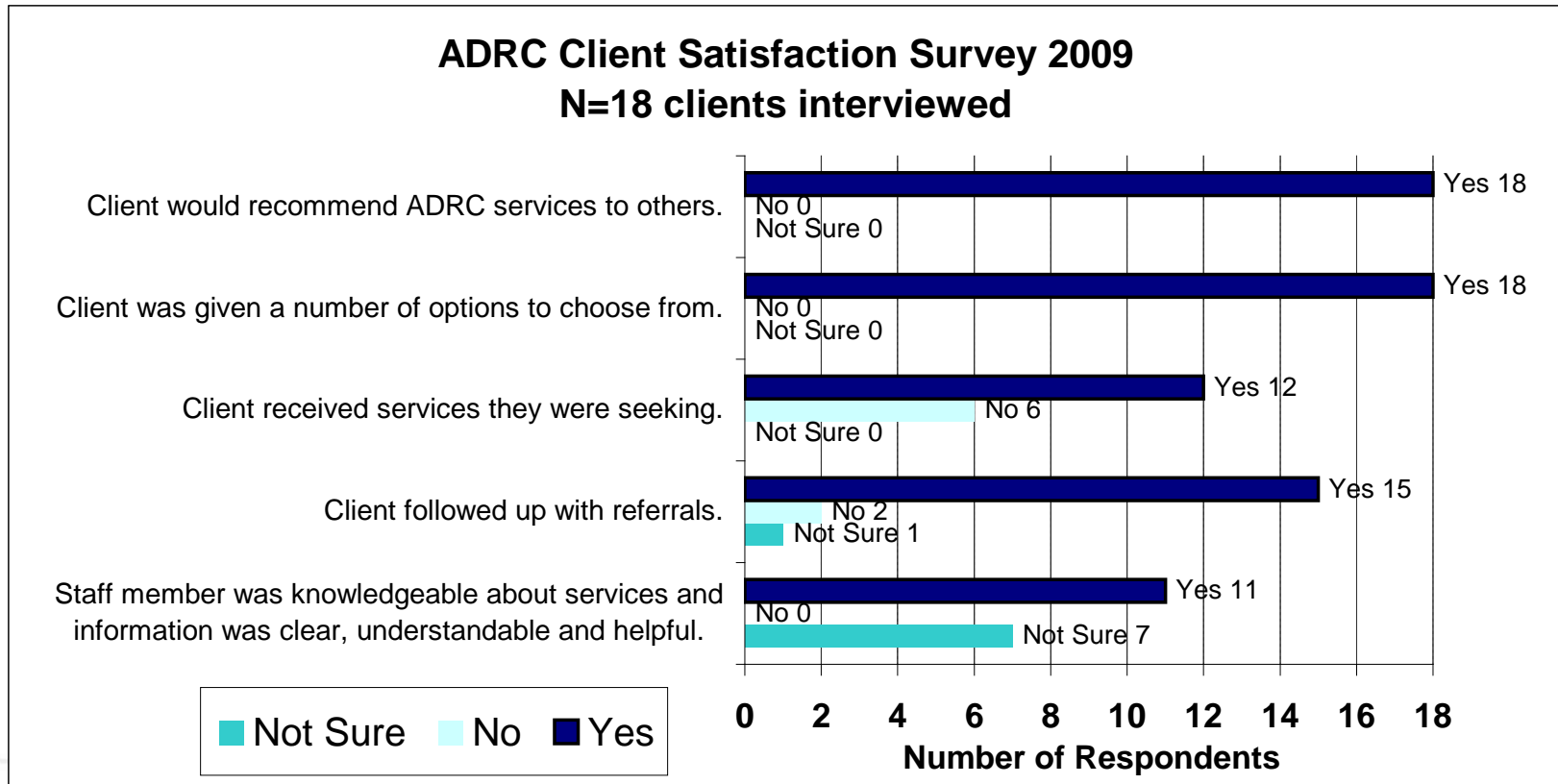
Year	Avg number of days
2009	49

Measure: Percent of food establishments inspected with fewer than two critical items



DHHS: Accountability

Measure: Number of Aging and Disability Resource Center clients that indicate their situation improved as a result of long-term care referrals



Library

	FY 10	FY 11	Difference	% Change
Direct Cost	\$7,605.2	\$7,708.4	+ \$103.2k	+ 1.4 %
Positions	69 FT / 28 PT	64 FT / 29 PT	-4	

- Administrative/efficiency savings
 - Automated renewal/notification services via telephone will save print, mail costs, staff time and provide 24/7 service
 - Reduced courier services to 5 days/week from 6
 - “Cost causer/cost payer”
 - In 2010 added fee for filled interlibrary loan requests; raised fines/fees for printing, overdue materials; instituted rate structure for room rentals



Library: Budget Highlights

- Mountain View branch library
 - Adds \$185k for year-round operation
- Closes Samson-Diamond branch library
 - Savings of \$432k savings; - 5 positions
 - Potential increased traffic, longer waits at Loussac
- Reference services only in-person
 - Eliminate position that provided telephone service



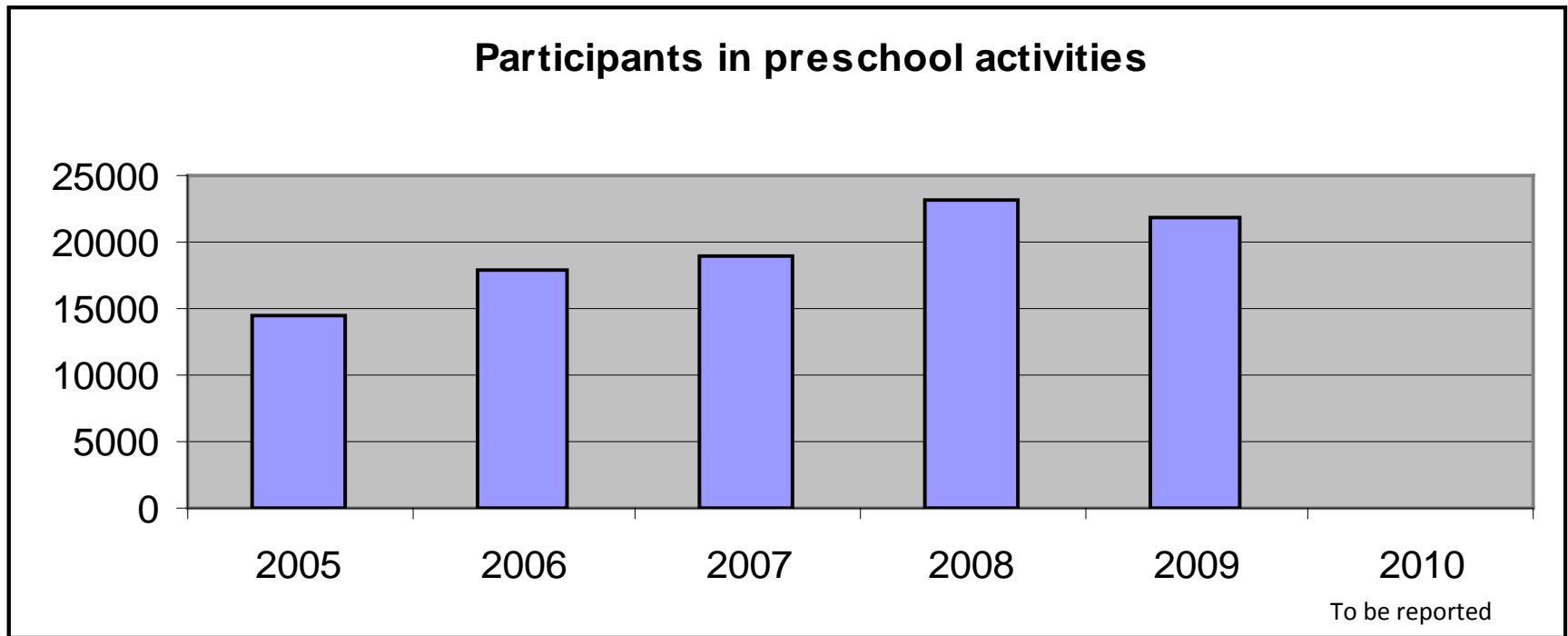
Library: Accountability

- Mission
 - Deliver opportunities for education, information, enrichment for residents
- Goals
 - Increase opportunities for children's success when they enter school
 - Improve civic engagement, cultural enrichment, enhance quality of life
 - Improve economic advancement by providing equitable access to equipment and resources



Library: Accountability

Measure: Number of participants attending preschool activities with a goal of 10% increase annually



Note: In 2009, furlough and Chugiak-Eagle River relocation reduced open hours by 1308



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Library: Accountability

Measure: Material expenditures per capita

2005	2006	2007	2008	2009
\$2.80	\$2.91	\$3.44	\$3.30	\$3.10

Note: Peer libraries (2008) \$4.58 spent per capita on library materials

Measure: Library card holders per capita

2005	2006	2007	2008	2009
41.3%	47.7%	53.9%	58.7%	64.5%

Note: Peer libraries (2008) 58.83%

Measure: Number of computers available for public use

2005	2006	2007	2008	2009
109	74	79	121	118

Note: In 2008 MOA was 19% below standards.



Library

2011 Capital Budget

Project	State Funds	Other Funds	Project Total
Loussac indoor book drop	\$600k		\$600k
Collections	\$300k	\$60k	\$360k
Loussac entrance renovation	\$5M		\$5M
Radio frequency ID upgrade	\$2.5M		\$2.5M
Total	\$8.4M	\$60k	\$8.5M

Other Funds: Friends of the Library (\$40k); Anchorage Library Foundation (\$20k)

2011 - 2016 Capital Program

Bonds	State	Federal	Other	Total
\$4M	\$13.4M	\$3M	\$8.1M	\$28.5M



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Real Estate Department

	FY 10	FY 11	Difference	% Change
Direct Cost	\$8,018.0	\$7,754.3	-\$263.7k	- 3.3 %
Positions	8	8	-	

- Deletes \$134.6k for Samson-Diamond library lease



Real Estate Accountability

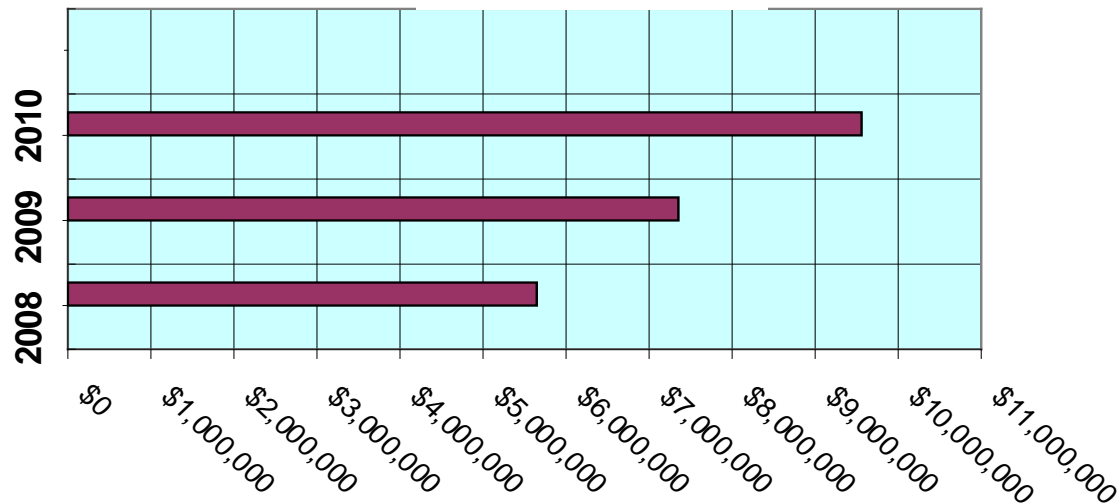
- Purpose (Real Estate Services)
 - Provide effective property management; administer foreclosure process of delinquent property taxes and assessments; acquire and dispose real property not in HLB inventory
- Goals
 - Manage properties to maximize efficiency and minimize expense
 - Reduce foreclosures and recover revenue
 - Minimize number of properties that go for sale due to non-payment of taxes, delinquent assessments
 - Maximize number of payments on delinquencies or foreclosures



Real Estate Accountability

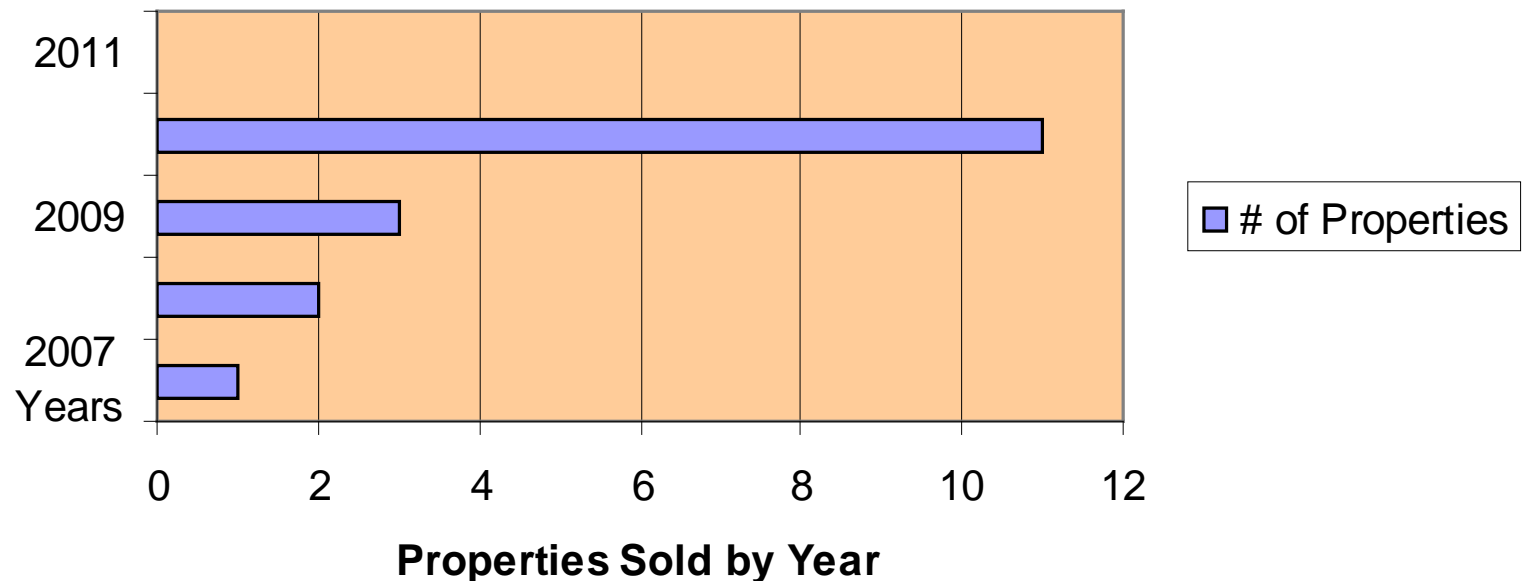
Measure: Dollar value of all available, uncontaminated foreclosed properties via sealed bid auction

TABLE 1: Initial Delinquent Taxes & Assessments Due



Real Estate Accountability

**TABLE 2: Number of Foreclosed Properties Sold,
2007-2010**



Public Works

	FY 10	FY 11	Difference	% Change
Direct Cost	\$94,441.9	\$103,688.8	+ 9,246.9	+ 9.8 %
Positions	249 FT / 21 PT	246 FT / 21 PT	- 3	

- Reorganization combines:
 - M&O
 - Traffic
 - PM&E
 - 1% for the Arts (from former OCPD)



Public Works: Budget Highlights

- Efficiency/administrative savings
 - Reorganization consolidated administrative functions, eliminated duplication, realigned divisions
 - \$500k+ savings
 - Reduced contractual services in MOA facilities
 - Reduce frequency of window washing, custodial, security, other services
 - \$157k savings
 - Utilities
 - Budgets have been higher than actual costs
 - \$120k savings
 - Snow hauling contract savings
 - New snow site (Dowling/Spruce) will reduce snow hauling travel time in midtown
 - \$250k savings



Public Works: Budget Highlights

- Savings through reprioritization
 - Pavement rehab and reclaim
 - Restructured program to use capital funds for long-term repairs; current program targets short-term fixes for neighborhood streets
 - \$992k savings
 - Don't heat downtown sidewalks
 - Business owners will need to clear same as other downtown areas
 - \$200k savings
 - Repair, maintenance supplies
 - Prioritize repairs; public safety, infrastructure preservation top priority
 - \$236k savings



Public Works: Accountability

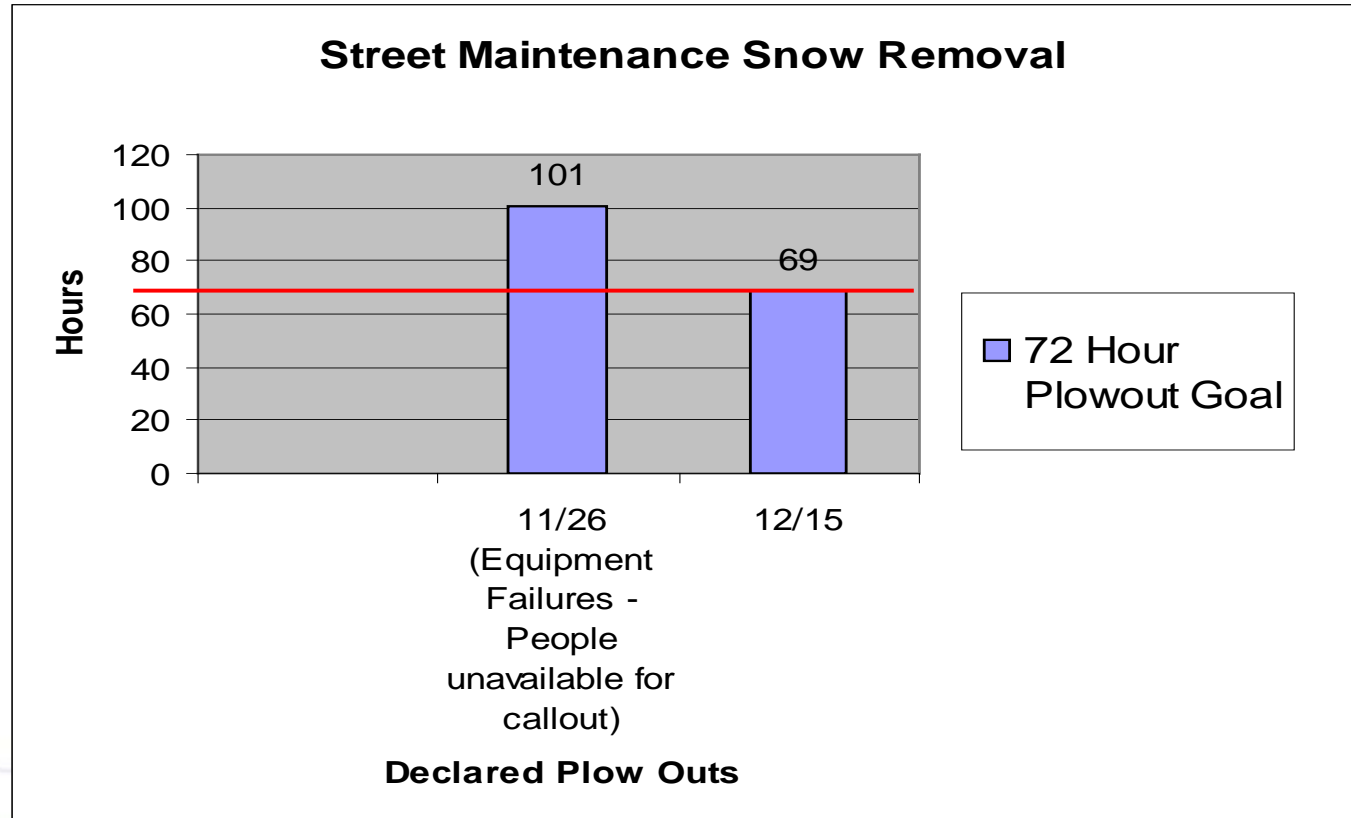
- M&O Division Purpose
 - Protect, maintain, improve roads and drainage systems through organized efforts and effective use of resources
- Goals
 - Complete declared plow-outs within 72 hours of a snowfall four inches or more
 - Repair reported potholes within 24 hours
 - Annually inspect and clean all storm drain structures per Alaska Pollution Discharge Elimination System (APDES) Phase II permit



Public Works: Accountability

Maintenance & Operations Division

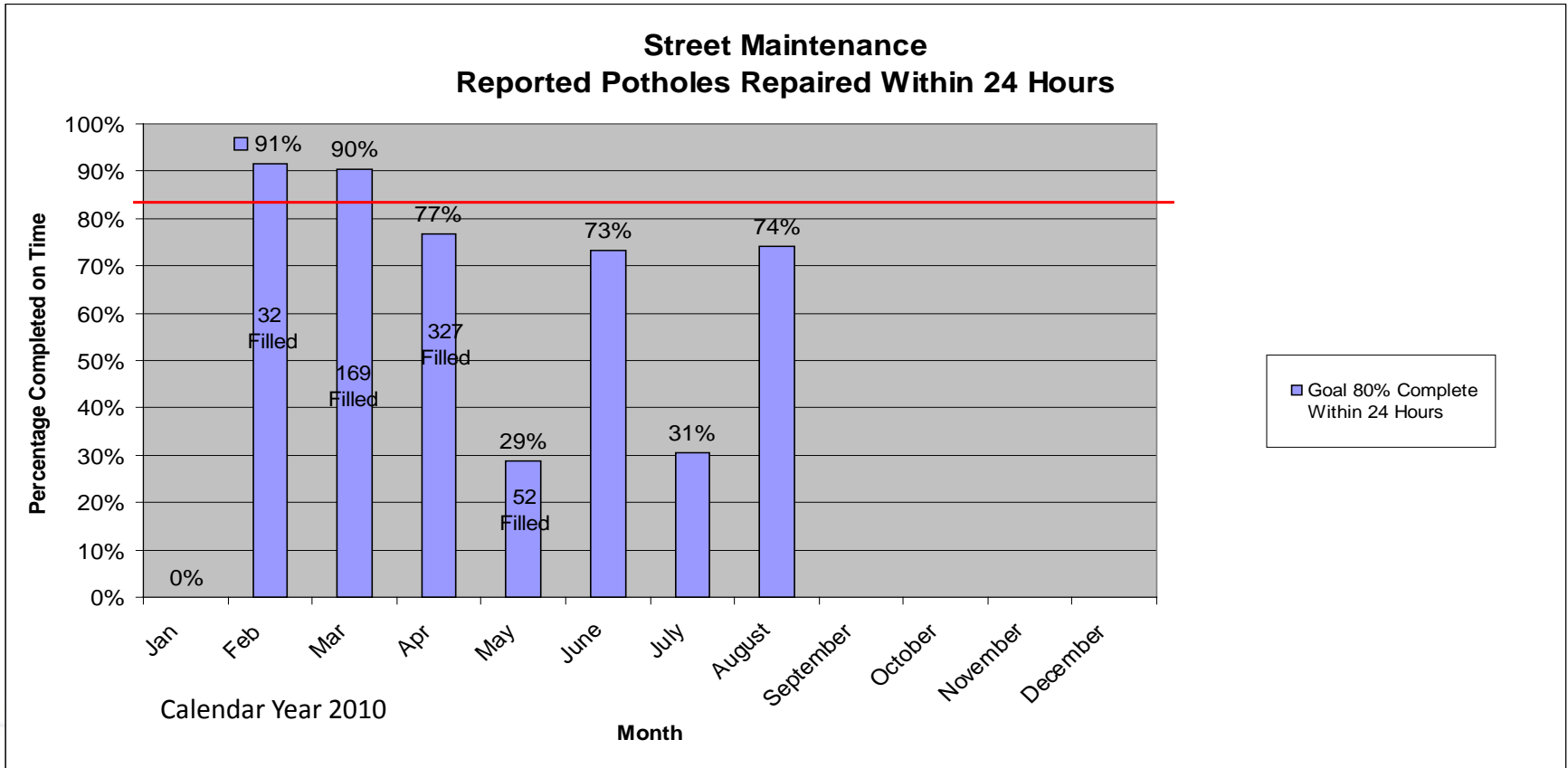
Measure: Complete declared plow-outs within 72 hours of a snowfall four inches or more



Public Works: Accountability

Maintenance & Operations Division

Measure: Repair reported potholes within 24 hours



Municipality of Anchorage

Public Works

2011 Capital Budget

Project	Bonds	State	Other	Total
Facility improvement/renovation		\$24.6M	\$1.1M	\$25.7M
Fleet services		\$916k	\$4.4M	\$5.3M
Roadway improvements	\$17M	\$58M	\$1.3M	\$76.3M
Safety	\$250k	\$5M		\$5.3M
Storm drainage	\$5M	16.9M		\$21.9M
Traffic improvements	\$3.2M	\$6M		\$9.2M
Other improvements/projects	\$5.5M	\$9.3M		\$14.8M
Total	\$31M	\$120.7M	\$6.8M	\$158.5M

2011 - 2016 Capital Program

Bonds	State	Other	Total
\$140.9M	\$474.3M	\$48.1M	\$663.2M



Municipality of Anchorage

Public Works: Fee Proposals

- Establish new and increase existing fees to implement Alaska Pollution Discharge Elimination System permit
 - Estimated \$35k in additional revenue
- Adjust fees for Watershed Management
 - Neutral in projected revenue



Community Development Department

	FY 10	FY 11	Difference	% Change
Direct Cost	\$13,811.7	\$14,405.4	+ \$593.7k	+ 4.3 %
Positions	105 FT / 1 PT	103 FT / 2 PT	- 1	

- Reorganization combines:
 - Development Services
 - Planning
 - PM&E's Private Development
 - Traffic's Transportation Planning
 - Neighborhoods



Community Development: Budget Highlights

- Efficiency/administrative savings
 - Reorganization created smaller administrative team
 - Eliminate four vacant positions - \$454k
 - Add two deputies, admin officer + \$365k
 - Outside plan reviews
 - Reduced need for plan reviews due to construction slowdown
 - \$217k savings; \$75k remains in budget for reviews
- Reprioritization
 - East Anchorage District Plan
 - Postpone to 2012
 - \$85k savings



Community Development: Budget in Brief

- Reprioritization (continued)
 - Postpone City View software migration
 - \$140k savings
- Meet obligations
 - Hanson project debt service + \$148k
 - Permitting software license + \$176k



Community Development: Accountability

Building Safety Section

Measure: Percent of construction inspections completed same day as requested

Q1 2010	Q2 2010	Q3 2010	Q4 2010
99.75%	99.85%		

Note: During 2009 97.9% of all inspections were completed the same day as requested

Planning Division

Measure: Average cost, fee revenue, tax subsidy per case processed

	2005	2006	2007	2008	2009
Avg cost/case	\$3,201	\$3,727	\$4,118	\$5,011	\$5,033
Avg revenue/case	\$2,361	\$3,043	\$2,665	\$3,040	\$2,243
Tax subsidy	\$841	\$684	\$1,453	\$1,971	\$2,790



Community Development: Fee Proposals

- Increase in building permit, plan review, inspection fees
 - Additional \$466k in revenue

