

# Anchorage Community Conversations

## Bringing the public to the table

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The Municipality of Anchorage (MOA) is facing significant budget shortfalls over the coming years. In response to the situation, the Mayor convened a series of “Community Conversations” designed to get public input on how best to address the shortfall and balance services and revenues.<sup>1</sup> On four evenings in early August 2010, more than 350 Anchorage residents came together to discuss the city’s future. They considered four key questions:

- *What sort of Anchorage do we want to live in?*
- *What services do we want government to provide?*
- *How should these services be paid for?*
- *What sort of choices and tradeoffs are we willing to make, especially in an era of economic challenges and budget shortfalls?*

Sessions were open to all interested members of the public, and participants came from nearly every zip code across the municipality and represented a range of ages, incomes and backgrounds. Over the course of 3-hour facilitated meetings they considered three basic choices for the city’s future. These choices were presented as a starting point; participants were encouraged to change them as they saw fit:

1. *Reduce services and keep taxes low*
2. *Tax to the cap to maintain services*
3. *Increase taxes to improve Anchorage services*

## CORE VALUES:

As participants discussed the issues, certain core values emerged in all four sessions. These formed the underpinning of the evening’s conversation:

- *Love of Anchorage and Alaska*
- *Strong ethic of mutual responsibility and supporting the needs of more vulnerable residents*
- *General sense that public officials mean well*
- *Deep frustration with government inefficiency*
- *Limited awareness of steps the city has already taken to increase efficiency and close the budget gap*

1. Conveners included the Mayor, the University of Alaska Anchorage, the Anchorage Chamber of Commerce, Commonwealth North, and the Eagle River Chamber of Commerce. Funding for the project was provided by the Rasmuson Foundation, Northrim Bank, the First National Bank of Alaska and the Municipality of Anchorage.

## FINDINGS:

These findings represent the common ground conclusions of all four Community Conversations.

### *Rating the Choices*

When it came to the three scenarios, participants rated the second choice, “tax to the cap to maintain services” the highest of the three—higher than “reduce services and keep taxes low” or “increase taxes to improve Anchorage services.” **However, this should not be taken as an indication that people strongly supported taxing to the cap. A closer look at the data confirms that their priorities were: avoid cuts, make efficiency gains, and only then (IF necessary) increase taxes.** In addition, if a tax increase was necessary, participants strongly opposed having that increase in the form of property taxes (although they were willing to consider some others).

### *Services/Spending:*

- ***Participants did not want large service cuts—instead they wanted MOA to address inefficiencies.***
- ***If cuts must be made, participants’ top priorities were that those cuts come from Administrative/Support services, Maintenance & Operations, and Police.*** These priorities do not mean participants wanted less of any of these services—instead they reflect a sense that these departments have both the largest budgets and the greatest visible inefficiencies. Therefore they were likely to yield the greatest savings.
- ***Strongest support for maintaining—and if possible expanding—some essential services, especially Fire Protection, Police (after efficiency measures are put in place), public transportation and small departments like Health and Human Services.***

### *Revenues:*

- ***Participants were generally willing to raise taxes to maintain essential services:***
  - Two-thirds (66%) agreed to the general idea of a tax increase, and more than half supported specific increases (ranging from 3% to more than 9%). 44% supported taxing as much as the tax cap allows or more. However support for any tax increase was based on the condition that efficiency comes first.
- ***When it came to specific forms of possible revenue increases, participants made it very clear that they did not want to continue to rely primarily on property taxes.*** A considerable majority (73%) wanted to see a more diversified tax base even if total tax receipts stay the same; only 24% said they prefer the current system that relies on property tax as the primary source of revenue. In particular:
  - ***Strong support for alcohol excise tax,*** which had majority support and very little strong opposition.
  - ***Support for establishing a sales tax but also strong opposition.*** About half of participants picked sales taxes (either year-round or seasonal) as a preferred choice for increasing revenue, but almost equal numbers selected sales taxes as the least acceptable option.
  - ***Mixed support and opposition for increasing fines and user fees.*** About one-quarter supported increasing fines and fees, but only if the increase protected lower income people who rely on municipal services. Almost as many were strongly opposed to this proposal.
  - ***Little support and strong opposition to increased property taxes.***

## KEY RECOMMENDATIONS

In addition to the specific measures Anchorage residents are (and are not) willing to support, the Community Conversations revealed that city leaders have a good opportunity now to engage the broader public in designing and implementing solutions. A few key recommendations emerged as priorities for bringing the public in and addressing the budget situation over the long term.

- ***Identify and address inefficiencies and create systems to prevent them from recurring***
  - Participants cited many examples of inefficiency, especially in terms of police, maintenance & operations, and departmental duplication. While most of these were not actually major drivers of the budget shortfall, they took on a powerful symbolic resonance in the meetings, and leaders should not underestimate their importance in shaping public attitudes toward municipal government.
- ***Create more effective, two-way communication between leaders and the public***
- ***Reach out beyond the ‘usual suspects,’ especially to low-income and minority communities***
- ***Tell the story of what has been done, efficiency gains that have been made, what is working (and not working) and the rationale behind decisions***
- ***Acknowledge the role of the Anchorage School District budget in discussions of municipal spending, and make clear the distinctions and divisions between the two***
- ***Solicit and act upon recommendations from residents about ways to improve services and cost effectiveness, as well as ways to address budget shortfalls***

The Community Conversations showed an Anchorage public that is open to being more engaged on these issues. Turnout at the meetings was high, participants were pleased with the meeting and the process, and they were surprised and impressed at the amount of common ground they discovered.

This positive energy is something leaders can and should build on. These Community Conversations should not be taken as an end in themselves, but the first step towards an authentic and continuing process of engagement, with real listening and learning on both sides. They show that Anchorage residents are willing and ready to face up to difficult choices, and that they are willing to go the distance to make a brighter future for their community.





## Project Report

### Introduction

Residents agree: Anchorage is a great place to live. People love its natural environment and its recreational opportunities. They appreciate the area's quality of life, and many are engaged in community and civic life—volunteering time, money or both.

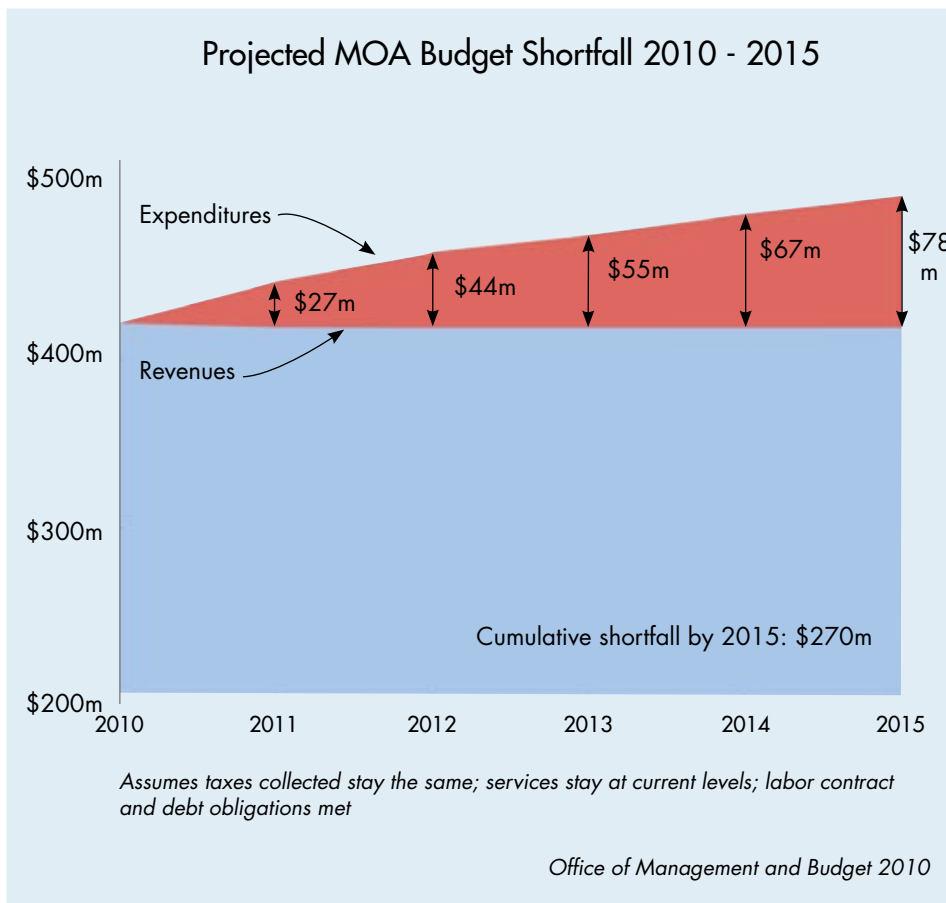
But the municipality is facing challenges. In the last few years the Municipality's costs have gone up, in large part due to debt obligations for bond-funded capital projects and increased personnel costs. At the same time, the city is bringing in less revenue. One factor is the overall slowdown in the economy, which has led to a drop in the value of the MOA trust fund and the Police and Fire Retirement Trust Fund, as well as a decline in tourism and room tax revenues. And available revenues are further decreased by Proposition 9, which moved utility payments under the tax cap (as they were prior to 2003).

The Municipality of Anchorage (MOA) has worked to address this shortfall, trimming more than \$20 million from the city budget for the current 2010 fiscal year. They have restructured the city's debt, reduced the municipal workforce by almost 8%, and reduced department budgets. But while these efforts closed the budget cap for this year, if revenues remain flat the shortfalls are projected to continue into the future, rising from \$27 million in 2011 to \$78 million in 2015: a cumulative \$270 million over the next five years. (See chart on page 6.)

So far, most Anchorage residents have been shielded from the worst effects; recent cuts and efficiency measures have not had a dramatic impact on municipal services, and a major tax increase has been avoided. But it is unlikely that the city can once again reduce its spending to this degree without making changes that affect residents far more noticeably. Given the continuing imbalance between financial

obligations and available revenues, the municipality projects large shortfalls continuing over the next several years.

It is time for a serious discussion of how to address this situation and the direction the city ought to take, and the Mayor and the Assembly want the public to weigh in. No matter which direction Anchorage ultimately chooses—toward reduced services, increased taxes or some combination of the two—making these changes now is essential to avoid more difficult problems in the future.



On four evenings in early August 2010, more than 350 Anchorage residents came together to discuss these issues and the city’s future. They considered four key questions:

- ***What sort of Anchorage do we want to live in?***
- ***What services do we want government to provide?***
- ***How should these services be paid for?***
- ***What sort of choices and tradeoffs are we willing to make, especially in an era of economic challenges and budget shortfalls?***

The “Anchorage Community Conversations” were convened by the Mayor, along with the University of Alaska Anchorage, the Anchorage Chamber of Commerce, Commonwealth North, and the Eagle River Chamber of

Commerce. Funding for the project was provided by the Rasmuson Foundation, Northrim Bank, the First National Bank of Alaska and the Municipality of Anchorage. In addition, the Embassy Suites donated facilities and audio-visual equipment for two of the meetings and the Anchorage School District provided a meeting room.

The Community Conversations were designed and conducted by Viewpoint Learning, using a dialogue-based approach that focuses on finding common ground.<sup>1</sup>

### Process and Materials

Each Community Conversation was a structured and professionally facilitated three-hour conversation. Each session involved the following steps:

- A brief background presentation outlining MOA’s current fiscal situation and the challenges it faces
- *Discussion #1: The Future We Want for Anchorage.* Participants worked together in small groups (about 8-10 people) to consider three distinct approaches for the city’s future and the pros/cons of each approach. This was followed by a brief plenary in which the small groups reported back their conclusions and compared common ground across the groups.
- *Discussion #2: Choices to Balance the Budget.* Participants returned to their small groups to discuss potential service cuts and potential new revenues, followed by a second brief plenary in which the small groups again reported back and looked for common ground.
- At the end of the session, participants were asked to complete a questionnaire and were given the opportunity to sign up for a mailing list to be kept up to date on this issue and other important municipal matters.

The background and discussion materials, the dialogue design and the questionnaire were created by Viewpoint Learning. Throughout the design process, municipal leaders, union representatives, business leaders, faith leaders and others reviewed the materials, and their feedback was incorporated into the final drafts.

The materials presented three basic approaches for the future of the city:

- 1. Reduce services and keep taxes low***
- 2. Tax to the cap to maintain services***
- 3. Increase taxes to improve Anchorage services***

These choices represented a starting point only; participants were encouraged to change and adapt them as they saw fit. (The complete text of the three choices can be found on page 7.)

1. For more information about Viewpoint Learning’s approach and methodology, visit [www.viewpointlearning.com](http://www.viewpointlearning.com)

## Who Attended

Three of the sessions were open to any member of the public who wished to participate. The sessions were advertised through inserts in AWWU and SWS utility bills, electronic flyers distributed to non-profits, membership organizations, community councils and elected officials, and online advertising with the Anchorage Daily News and Alaska Dispatch. In addition, stories ran in the Anchorage Daily News and on KTUU, KTVA, KIMO, and Alaska Public Radio, and the Mayor included a mention of the meetings during his talk radio appearances.

For comparative purposes, one session was conducted with an invited sample of Anchorage residents. A postcard invitation was sent to 6,000 randomly selected registered voters in the municipality; this invitation directed people to a website survey. From these survey responses a sample of respondents was generated that aimed to be as representative as possible in terms of gender, ethnicity, owning vs. renting, and zip code. In addition, respondents who had attended more than one public meeting in the last 12 months were screened out of the invited session. Including an invited group ensured that the opinions of Anchorage residents who do not regularly attend public meetings or represent particular interest groups were represented.

We saw a few differences between the invited and the self-selected groups. The invited group had less familiarity with the issue and seemed in general to have had less involvement with civic issues. This group had far more questions about whether the municipality actually faces a shortfall, how the projections were arrived at, and so forth. However, though less familiar with the issues, the invited group had the same concerns as were expressed in the other groups, once they became familiar with the choices involved. In the end, the conclusions reached by the

## THREE CHOICES

### 1. REDUCE SERVICES AND KEEP TAXES LOW

Alaska and Anchorage are built on a tradition of rugged individualism and self-reliance. We want those principles to guide our future.

We want to limit and wherever possible reduce the role of government in our lives, and rely on our residents and civic organizations to maintain our quality of life. Our total tax burden is among the lowest in the United States, and we want it to stay that way, with government as small as possible and our taxes low.

People who support this choice believe the community benefits when more money is left in the hands of people rather than with the government.

Supporters understand that this means Anchorage residents would need to accept substantial reductions in services in order to pay increasing costs while keeping taxes low. The Municipality will cut annual spending (on the order of \$27 million) and maintain those reductions to balance the budget.

### 2. TAX TO THE CAP TO MAINTAIN SERVICES

The quality of life in Anchorage is very good, and while we do not want to see a major expansion of government services, we want our government to continue providing the level of services we have today.

This will ensure that Anchorage continues to be a good place for families and for businesses alike. If that means we have to pay more to maintain important services like road maintenance, public safety, libraries and public transportation, we are prepared to do so.

People who support this scenario believe the current level of city services is appropriate and any less would reduce the quality of life in Anchorage.

Supporters understand that this choice means the Municipality will have to raise additional revenues of about \$27 million next year and an additional \$12-\$15 million each year after that. This will likely involve taxing to the cap and raising some fees and fines.

### 3. INCREASE TAXES TO IMPROVE ANCHORAGE SERVICES

Anchorage is not a small town any more; we are a growing and thriving city that should have public services and a quality of life on a par with or better than other similar cities.

Even if it means our taxes and fees go up, we need to invest more to enhance and improve our public safety, roads, social services, transportation, economic development, parks, libraries and other cultural institutions. We can do this either through direct government services or increased government support for non-profits and other civic organizations that currently provide some of these services.

People who support this choice believe that the time has come for Anchorage to step up its level of public services, and believe it is worth paying more to make that happen.

Supporters understand this choice would require more revenue than can be brought in by taxing to the cap. It would mean changing the tax cap so more taxes can be collected and potentially adding other new taxes and fees.



invited group were closely aligned with the aggregate.

Participants came from nearly every zip code in the municipality, with strong representation across the entire municipal area.<sup>2</sup> As is often the case in public meetings of this kind, participants in all four sessions tended to be older and somewhat wealthier than the general population; relatively few members of racial and ethnic minorities took part (something that many participants noted as well).

## Core Values

Participants in all four discussions were thoughtful, lively and engaged. Turnout was high, and most participants stayed for the whole session.

Participants brought a wide range of viewpoints and perspectives to the conversations. Many were surprised and impressed by the diversity of views in the room: as one participant noted on the final questionnaire, “There were so many various opinions—it stretched my thinking about possibilities.”

As they engaged with the materials and with each other, people were surprised and pleased to discover that in spite of their very different visions and perspectives they shared a great deal of common ground. Some of the earliest points to emerge:

- **Love of Anchorage and Alaska:** 90% had lived in Anchorage for more than five years, and two-thirds had lived here for more than 20 years. Across the board people expressed great pride in Anchorage and Alaska and a desire to help the city flourish.
- **Strong ethic of mutual responsibility:** Many participants felt that the challenges of life in Alaska mean that people must help one another. (In one session, this extended as far as a suggestion that volunteerism should be “mandatory.”)



This was reflected in a widespread belief that the community needs to look out for everyone’s well-being. A fair number of participants noted that they themselves do not use public services like health clinics or public transportation. But they were very much aware that others in the community do use these services and that their lives and wellbeing may depend on it. **Across the board we saw a strong commitment to supporting the needs of more vulnerable residents.**

- **General sense that public officials mean well:** In contrast to other US cities where we have conducted work of this kind, Anchorage participants did not express deep distrust of public officials—they did not see city leaders as trying to pick citizens’ pockets or feather their own nests. But most did see inefficiency, redundancy and a lack of coordination between city departments.
- **Deep frustration with government inefficiency:** Inefficiency was a central theme in all four meetings. Many expressed an underlying assumption that all government is inherently inefficient—each session featured multiple stories held up as examples of governmental ineptitude and inefficiency.

- **Limited awareness of steps the city has already taken:** Most participants were unaware of what the city has already done to increase efficiency and close the budget gap.

## FINDINGS

As they looked over the three choices and discussed the approaches and their pros and cons, groups arrived at considerable common ground.

The following findings represent both quantitative data from the questionnaires completed by participants and qualitative data from the discussions, flip charts, and facilitators’ notes. Figures represent the aggregate of the 306 completed questionnaires from all four Community Conversations. (Questionnaire data can be found in the Appendix.)

2. The only MOA zip code that was unrepresented in the Community Conversations was Girdwood (99587); presumably its remote location and small year-round population (2,000) played a role.



## Rating the Choices

Participants were asked to rate each choice on a scale of 1-10 (with 1 being totally negative and 10 being totally positive). Overall, participants preferred the second choice (tax to the cap to maintain services) over the other two. **However, this should not be taken as an indication that participants strongly favored taxing to the cap.** Rather, the complete data indicates that people's highest priority was to maintain essential services—preferably by increasing efficiency and reducing waste. If, after strong efficiency measures were put in place, it turned out that residents still had to choose between higher taxes and fewer services, most then said they would prefer raising taxes to cutting services.

**Across the board people's priorities were clear: Avoid cuts, make efficiency gains, and only then—and only if necessary—increase taxes.** In addition, if a tax increase was necessary, participants strongly opposed having that increase in the form of property taxes (although they were willing to consider some others).



## Services/Spending

- **No stomach for large service cuts.** Most felt that major cuts would do more harm than good. As noted above, participants consistently reframed the issue of service cuts as a matter of taking steps to increase efficiency and reduce duplication. When pressed to identify specific cuts they would accept if it were necessary, many participants rejected this as a false choice (about 15% refused to identify any specific cuts on their questionnaires).
- **Frustration with inefficiency.** Instead of cutting services, participants called for departments to address what they saw as widespread inefficiency. Participants' concerns on this issue emerged in several major themes that cut across all four sessions:

- **Police:** This was one of the most common examples raised. People especially pointed out officers riding alone in cars instead of doubling up, as well noting instances where many more officers responding to minor calls than seemed necessary (one participant cited an example of 10 officers, each in his or her own squad car, responding to a minor shoplifting incident).

It is important to note that people made a big distinction between police and fire, with no negative comments about fire and much of the criticism about inefficiency aimed at police.

- **Maintenance and operations:** Participants cited idling vehicles wasting fuel, as well as lack of coordination when it comes to infrastructure repairs (e.g. installing a speed-bump then removing it two weeks later to perform other street repairs).
- **Duplication and redundancies:** People especially cited maintenance and operations, city planning,

renovation, and construction projects. Many felt that departments operate in separate silos and rarely communicate or coordinate activities (as in the speed-bump example above).

Participants also questioned municipal agencies whose function they felt was abstract or unclear (e.g. why is there both an "Equal Opportunity Office" and an "Equal Rights Commission"? Why are there separate departments for "Internal Audit," "Finance," "Municipal Manager," and "Chief Fiscal Officer"?). Since people's picture of what these departments actually do was so uncertain, many were under the impression that they were redundant or unnecessary.

- **Using more expensive personnel instead of lower-paid staff or volunteers:** Some participants were frustrated that overtime assignments (like directing traffic at special events) were being done by the Anchorage Police Department and given to higher-paid senior police officers rather than more junior (and cheaper) personnel; others said they had tried to volunteer at their local libraries but had been turned away and told it was because of union agreements.

**The power of symbols.** While many of the examples above are certainly examples of inefficiency, most of them are not actually major drivers of the budget shortfall, on their own or in combination. Some may even be based on misunderstandings or mistaken assumptions. **However, these relatively minor budgetary items took on a powerful symbolic resonance in the meetings, and leaders should not underestimate their importance in shaping public attitudes toward municipal government.** By identifying and addressing such issues, the city has

the opportunity to transform a liability into evidence of responsiveness and efficiency. Doing so can help create an environment where trust develops and better communication is possible—and can make it possible to consider alternative approaches that would not be on the table otherwise.

- ***If cuts are necessary, cut administrative/support services:***

When asked to choose an area where cuts would be most acceptable, most participants chose administrative/support services (51% marked this as either their first or second choice if cuts must be made). Other top areas were maintenance and operations (31% selected as first or second choice) and police (25% selected as first or second choice).

When asked about the reasoning behind these choices, participants took an extremely pragmatic stance—if MOA is looking for savings to be gained out of existing budgets, they said, it only makes sense to look at the departments where the money is. You can't get \$20 million in savings from a department with a \$1 million budget. Public safety, maintenance and operations, and administration/support were more likely to yield the desired savings.



However, a fair number of participants declined to identify any specific cuts at all. These findings underscore participants' strong preference for maintaining services, and should be understood in the context of their overall focus on increased efficiency.

- ***Frustration with long-term contracts.*** Some participants expressed a sense that recent union contracts and concessions 'hamstring' the city and do not support the long term well-being of the municipality.
- ***Highest priority is to maintain and if possible enhance essential services.*** While some participants were open to enhancing services across the board,

overall the strongest support was for maintaining/enhancing a few key areas:

- ***Fire protection.*** People did not want to see fewer firefighters or any reduction in response times. They had almost no negative comments about the fire department, although some felt there were probably efficiencies to be gained.
- ***Police.*** People had far more concerns about inefficiency in the police department. They did not want to see cuts, and (as with fire) they felt that efficiency improvements would make it possible to enhance the department's services.
- ***Public transportation.*** In all four dialogues, there was strong support for expanding public transportation and keeping it affordable, even among people who said they rarely use it themselves.
- ***Smaller departments like health and human services.*** These were seen as vital, especially to lower income people. Most felt these departments are already operating on a pretty lean budget and should not have to cut further.



Q7: How willing would you be to pay more in taxes to maintain the CURRENT level of services?

	%	Totals
Very willing	34	Willing: 66%
Somewhat willing	32	
Somewhat unwilling	17	Unwilling: 34%
Very unwilling	17	
No response	0	

Q8: What level of taxation are you willing to support to provide the level of service you want to see?

	%	Totals
Reduce current levels of taxation	9	Keep taxes at current rates or below: 37%
Keep taxes at current rates	28	
Moderate tax increases (3 to 4%) each year	13	Increase taxes above current rates: 57%
Tax the maximum allowed under the tax cap (9% increase next year; about 5% each year thereafter)	23	
Increase the tax cap so more taxes can be collected each year	21	
No response	6	



Revenues:

- **General willingness to raise taxes to maintain essential services.** When asked in general terms, a clear majority of participants (66%) said that they were willing to pay more in taxes to maintain services. However a deeper examination reveals a more complicated picture. (See charts at left.)

- When presented with specific amounts their taxes would go up (3–4%, 9%, and more), participants' support for raising taxes above where they are today dropped to 57%—still a majority but a smaller one. There are several possible reasons for this difference:

- People shy away when a general question about “paying more” is translated into specific tax rates;
- People are theoretically willing to pay more, but are happier if that money can come from someone else;
- The wording of the question led people to assume that the tax increases described in the question would be imposed in the form of property taxes, which many people strongly opposed (although other taxes were not necessarily off the table).

- **Limited support for taxing to the cap.**

Participants were split on the question of whether taxes should be raised to the cap (44% supported taxing to the cap or beyond). A cross-tab of responses to question 7 and question 8 reveals that participants were divided into three main camps when it comes to taxing to the cap:

- **Strong supporters:** 30% were both “very willing” to accept increased taxes [Q7] AND supportive of taxing to the cap or beyond [Q8].



- **Strong opponents:** 28% were both “unwilling” to accept a tax increase [Q7] AND wanted to keep taxes at or below current levels [Q8].
- The rest of the respondents (more than one-third) fell somewhere between these two poles.

Strong supporters and opponents are not likely to change their views about proposed tax increases, regardless of arguments or circumstances. It is the third group, with less strongly held opinions, that may be open to further engagement and discussion.

- **Major condition: Tax increases are acceptable ONLY IF preceded or accompanied by efficiency measures.** Participants said they would need to see clear progress on efficiency improvements before they would support a tax increase. This was especially true for sales and property taxes.

- **If more revenue is needed, what kinds of taxes/fees would be most (and least) acceptable?** In their discussions and their final questionnaires, participants were asked to identify two revenue sources they would find most acceptable, and one that they found completely unacceptable. Several clear patterns emerged across all four groups:

- **Widespread support for alcohol excise tax:** 53% of participants selected a tax on alcohol as either their first or second choice. Just as important, very few people felt that an alcohol tax would be completely unacceptable (or at least they felt that other options were worse).
- **Support for establishing a sales tax, but also strong opposition.** In total, about 55% of participants selected a sales tax as their first or second choice. About half of these (27% of all participants) supported a seasonal

sales tax (May-September), the other half (28% of all participants) supported a year-round tax.

Unlike the alcohol tax, however, the sales tax also had significant opposition. 32% of participants said a year-round sales tax was the least acceptable option, and another 18% objected to a seasonal tax.

Participants gave several reasons for their opposition. Some objected to tax increases on principle; others were concerned about the impact on low-income families; still others worried that a seasonal sales tax would hurt tourism, which is already suffering in the economic downturn.

Participants were clear that any sales tax would need to exempt groceries and medication.

- **Mixed support and opposition to increasing fines and user fees.** 27% of participants selected increasing user fees and fines as a first or second choice—but only IF these increases are carefully targeted. They supported measures that penalize misbehavior as well as increasing user fees for ‘discretionary’ services (like facility rentals and trail fees). However, they opposed measures that penalize low-income people who rely on city services. In other words, increasing the fine for running red lights and charging more for parade permits was acceptable; raising transit fares was less acceptable.

However almost as many people opposed raising fees and fines (22%) as supported it.

- **Strong opposition to raising property taxes:** Participants strongly opposed increasing property taxes, with 62% identifying this as the least acceptable option for raising additional revenues.

**Q9: If it became necessary to raise additional revenues, which would you find **MOST** ACCEPTABLE? (Pick two)** %

Add alcohol excise tax	53
Add year-round sales tax	28
Add seasonal sales tax	27
Increase user fees and fines	27
Increase property taxes	16
Increase vehicle registration tax	14
Increase room tax	7

**Q10: If it became necessary to raise additional revenues, which would you find **LEAST** ACCEPTABLE? (Pick two)** %

Increase property taxes	62
Add year-round sales tax	32
Increase room tax	25
Increase user fees and fines	22
Add seasonal sales tax	18
Increase vehicle registration tax	17
Add alcohol excise tax	8

**Q11: Whether or not it raises more money, what mix of taxes would you like to see?**

Continue to rely on property taxes as the primary source of revenue to pay for city services	24%
Rely on other sources of revenue to replace some or all of property taxes	73%



- There was strong interest in diversifying the tax base to rely on multiple different forms of revenue, even if total tax receipts stay the same. Nearly three-quarters of participants (73%) said they would prefer using other forms of revenue to replace all or some of property taxes; only 24% said they prefer the current system that relies on property tax as the primary source of revenue.

Many people noted that any discussion of property taxes must include a discussion of the schools. The Mayor and Assembly have a very limited role in school district budgetary decisions (they only approve the bottom line amount of property taxes to be collected). For this reason, the Community Conversations dealt only with the portion of property taxes that go to fund the municipality—about half of the total property taxes paid. However, many participants saw this as a somewhat artificial distinction. They were not willing to agree to an increase in property tax—no matter where the money went—without paying close attention to school budgets as well as municipal spending. Several people pointed out that if MOA increased property taxes the school district would almost certainly increase its budget as well, and this may have factored into their resistance to increased property taxes to pay for city services.

Throughout the dialogues we saw a consistent preference for taxing activities or purchases (e.g. “non-essential” consumer goods or alcoholic beverages) rather than income or assets (like property). This may be because such an approach gives people a greater sense of control over their own tax burden; if people don’t want to pay the tax, the reasoning goes, they can avoid the activity. **In other words many people preferred to tax what people DO, rather than what they HAVE.**

## Bringing the Public to the Table

In addition to the specific measures Anchorage residents are (and are not) willing to support, the Community Conversations revealed that city leaders have a good opportunity now to engage the broader public in designing and implementing solutions.

This means going beyond the traditional methods of simply providing more information or relying on ‘top-down’ public education campaigns. Leaders also need to bring the public into the process. Without a sense of engagement or authorship, the public will have a hard time seeing government as efficient or recognizing gains that have been made, no matter how diligently leaders address and resolve inefficiencies. This is true even in Anchorage, where leaders enjoy a relatively high level of public goodwill. While Anchorage does not approach the toxic levels of mistrust evident in other parts of the U.S., it is by no means immune.

These meetings are more than a survey—they should be considered the beginning of an ongoing process. The Mayor can use the conversations and their findings to take steps that will improve efficiency, increase transparency, openness and engagement, and build trust. The strongest take-aways from

these conversations are a call for greater efficiency and a clear need for leaders to do more to help the public understand how municipal government works.

For its part, the public is hungry for greater engagement. The high turnout for the meetings and the enthusiasm and positive comments from participants show that people valued the opportunity to be heard. They had many positive comments for the Mayor for initiating these conversations, and overwhelming majorities of participants (80–90%) said that the conversations had been helpful in shaping their views and changing the way they thought.

The positive public response to this project shows that city leaders have a window of opportunity to create a feedback loop between government and residents, focused on efficiency and good governance. But this window will not be open forever—while the Mayor and the city got major credit for conducting the conversation, effective follow-up is essential. Failure to respond or build on the findings could have negative consequences down the road.

A few key steps emerged as potential priorities for engaging the public and addressing the budget situation over the long term:





- **Identify and address inefficiencies, and create systems to prevent them from recurring.** People had many concrete suggestions, including: providing incentives to encourage departments to innovate ways to save money while protecting or enhancing service be more streamlined; better coordination between departments; removing barriers to volunteerism. These efficiency measures are indispensable—without them, MOA will find it extremely difficult to build the public support needed to enact either revenue measures or service cuts.
- **More effective communication.** The municipality has so far not done an effective job of communicating either its goals or its accomplishments. Participants in these sessions—especially the self-selected groups—tended to be people who were already fairly involved in and aware of city issues. Given this well-informed cohort, it was surprising how little people knew about the city’s efforts to date—and if this engaged group was unaware, the message is almost certainly failing to reach the general public. Better information, combined with effective engagement and two-way communication, can be an important part of the response.

Things the city might do include:

- Tell the story of what has already been done and the efficiency gains that have already been made.
- Point out instances of effective coordination as they occur (e.g. when the speed bump installation and the underground work happen at the same time). The public is much more likely to take note of a snafu than of things working well, and it helps to draw their attention to the latter.
- Communicate not only about the decisions that are made, but about the rationale behind them and why other decisions were not adopted. (E.g. when determining staffing levels for police, having officers ride solo actually saves money by allowing fewer people to patrol a large area—it allows greater flexibility and efficiency.) Without a clearer sense of how municipal government works and why systems are structured as they are, many members of the public will continue to assume that the government is not working effectively.
- **Develop a broader strategy or plan.** Even more important, the city needs a long term plan—beyond getting through the next few years of shortfalls. As one participant wrote: “We need a shared sustainable vision that doesn’t change with each Administration.” It is vital to make sure the public is engaged in crafting this vision. Leaders can help people connect the dots between specific decisions and a sense of where the city is going.
- **Make symbols work for the city, not against it.** As noted earlier, many participants’ examples of city inefficiency operated primarily on a symbolic level: senior officers directing traffic at hockey games, speed-bumps, idling buses, lonely cops in squad cars, etc. These real examples, while minor in budgetary terms, took on a powerful symbolic resonance in the meetings.
  - Facts alone are not enough to counter symbolic beliefs. In addition to providing information, the city needs ongoing engagement so that the public gains a sense of authorship for what the municipality is doing and that the city is responsive to their input.
  - This presents an important opportunity for the city—by identifying such issues and addressing them in a responsive and public way they can turn symbols from a liability to an asset.
- **Acknowledge the school budget:** Anchorage residents pay their property taxes as a single (large) check—they want accountability for all that money, even if MOA receives only half the amount while schools spend the rest. In all four dialogues participants repeatedly emphasized the need to have a similar conversation about school budgets and priorities. This will be especially crucial if any significant tax increase is being discussed.
- **Reach out beyond the ‘usual suspects.’** It will be important to reach out beyond the cohort of engaged citizens who regularly attend public meetings.

While the results of the invited session indicate that residents with less detailed knowledge of budget issues have the same concerns and ultimately reach very similar conclusions, those respondents had to travel a steeper learning curve to get there.

- **Prioritize diversity.** Several participants noted that the groups brought together in the Community Conversations did not reflect the full diversity of the Anchorage they knew. It will be especially crucial for the city to do more to engage low income and minority residents. This will mean finding ways to bring the conversation to those communities and to accommodate the many people for whom public meetings and other traditional forms of citizen input are out of reach, because of work schedules, family constraints, limited access to the Internet and other barriers.

- **Emphasize two-way communication.** The response to these meetings showed that the public not only want to hear from their leaders, they are also eager to have a say and to be heard. Effective two-way communication can open up a feedback loop between people and government that builds trust and makes it possible to consider bolder steps and innovative proposals. Existing initiatives like the “Tax Savers” line that solicits citizen suggestions for increasing efficiency and quality of service are a step in the right direction; these efforts can be expanded and developed so that residents not only have a chance to speak, they also know they have been heard and can see results.

- **Tell the story:** The city has the opportunity to create and tell a coherent story about a new era of efficiency and accountability in Anchorage. This will require ongoing communication, engagement and trust building, not just episodic or news-driven efforts. Key elements of the story include:

- What gains have already been made
- Incentives to get departments to be more efficient
- Ongoing reporting about efficiency and in particular how leaders are using the input from these meetings and other citizen feedback to improve efficiency
- Two way communication with the public (using both existing avenues and new efforts); making sure that resident input is received, acknowledged and acted on
- Improve opportunities for people to volunteer or pitch in.

If steps are taken along these lines, the city may be able to initiate a conversation about raising revenues if necessary. The simplest starting point for such a conversation would be an alcohol excise tax, though there is some possibility of placing other new revenues on the table. However, to discuss revenues or cuts without taking these steps is likely to meet with resistance and heighten public mistrust.

## The public is willing to engage

The Community Conversations showed an Anchorage public that is open to being more engaged. Turnout at the meetings was high (overflow crowds of 100 or more at each open meeting, with most people staying to the end and completing the questionnaire). The discussion itself had a big impact on how people think through the issue. Many participants were pleased with both the meeting and the process; they felt the evening had been a positive and worthwhile experience, and they were surprised and impressed at the amount of common ground they discovered.

This positive energy is something leaders can and should build on. As noted earlier, Anchorage residents and leaders have higher levels of mutual trust and respect compared to other US cities in our experience. Residents are giving their leaders benefit of the doubt—they see inefficiency but not corruption or malice. They want opportunities to contribute ideas and to feel that they have been heard. But that means an authentic and continuing process of engagement, with real listening and learning on both sides.

These Community Conversations represent a starting point, not an end in themselves. They show that Anchorage residents are willing and eager to face up to difficult choices, and that they are willing to go the distance to make a brighter future for their community.





## QUANTITATIVE FINDINGS - ANCHORAGE COMMUNITY CONVERSATIONS

### SESSION DATES/LOCATIONS

August 3, 2010 (invited session)  
Midtown (Embassy Suites Hotel)  
55 participants completed surveys

August 4, 2010  
Midtown (Embassy Suites Hotel)  
89 participants completed surveys

August 10, 2010  
Eagle River (Eagle River Lions Club)  
69 participants completed surveys

August 11, 2010  
East Anchorage (ASD Headquarters Building)  
93 participants completed surveys

5. If it became necessary to cut municipal services, what area would be LEAST ACCEPTABLE to cut? (Pick TWO)

	%
Police	38
Maintenance and operations	11
Fire and emergency response	49
Administrative/support services	3
Public transportation	26
Parks and recreation	11
Libraries and cultural facilities	19
Health and human services	28
Other	1
No response	14

8. What level of taxation are you willing to support to provide the level of service you want to see?

	%
Reduce current levels of taxation	9
Keep taxes at current rates	28
Moderate tax increases (3 to 4%) each year	13
Tax the maximum amount allowed under the tax cap (9% increase next year; about 5% each year thereafter)	23
Increase the tax cap so more taxes can be collected each year	21
No response	6

### RATING THE CHOICES

Look back at the sheet describing the three choices. Which of the three comes closest to your vision for the future of Anchorage? Rate each choice on a scale of 1 to 10.  
1 = lowest (strongly dislike)  
10 = highest (strongly like)

	mean	
1. Reduce services and keep taxes low	4.5	
2. Tax to the cap to maintain services	6.2	
3. Increase taxes to improve Anchorage services	4.7	
4. If it became necessary to cut municipal services, in what area would cuts be MOST ACCEPTABLE to you? Put a (1) next to the choice you find MOST acceptable, and a (2) next to your second choice.		
	first choice	second choice
	%	%
Police	18	7
Maintenance and operations	16	15
Fire and emergency response	2	8
Administrative/support services	30	21
Public transportation	3	4
Parks and recreation	7	12
Libraries and cultural facilities	3	8
Health and human services	1	2
Other	6	4
No response	14	19

6. If the Municipality's budget were increased through higher taxes, how should the additional monies be spent? Put a (1) next to the choice you find MOST acceptable, and a (2) next to your second choice.

	first choice	second choice
	%	%
Increase public safety (police, fire)	27	7
Improve road maintenance and snow removal	12	20
Provide more social services (senior centers, child care services, programs for the homeless, animal control/welfare)	19	12
Increase maintenance of parks and recreations facilities, availability of recreational programs	7	7
Enhance support for libraries and other cultural institutions (performing arts centers, museums)	5	11
Improve public transportation	15	23
Other	8	4
No response	8	15

9. If it became necessary to raise additional revenues, which would you find MOST ACCEPTABLE? Put a (1) next to the choice you find MOST acceptable, and a (2) next to your second choice.

	first choice	second choice
	%	%
Increase property taxes	11	5
Increase user fees and fines	20	7
Increase room tax	3	4
Increase vehicle registration tax	6	8
Add sales tax	16	12
Add seasonal sales tax	11	16
Add alcohol excise tax	24	29
Other	5	8
No response	5	11

10. If it became necessary to raise additional revenues, which would you find LEAST ACCEPTABLE? (Pick TWO)

	%
Increase property taxes	62
Increase user fees and fines	22
Increase room tax	25
Increase vehicle registration tax	17
Add sales tax	32
Add seasonal sales tax	18
Add alcohol excise tax	8
Other	2
No response	14

7. How willing would you be to pay more in taxes to maintain the CURRENT level of services?

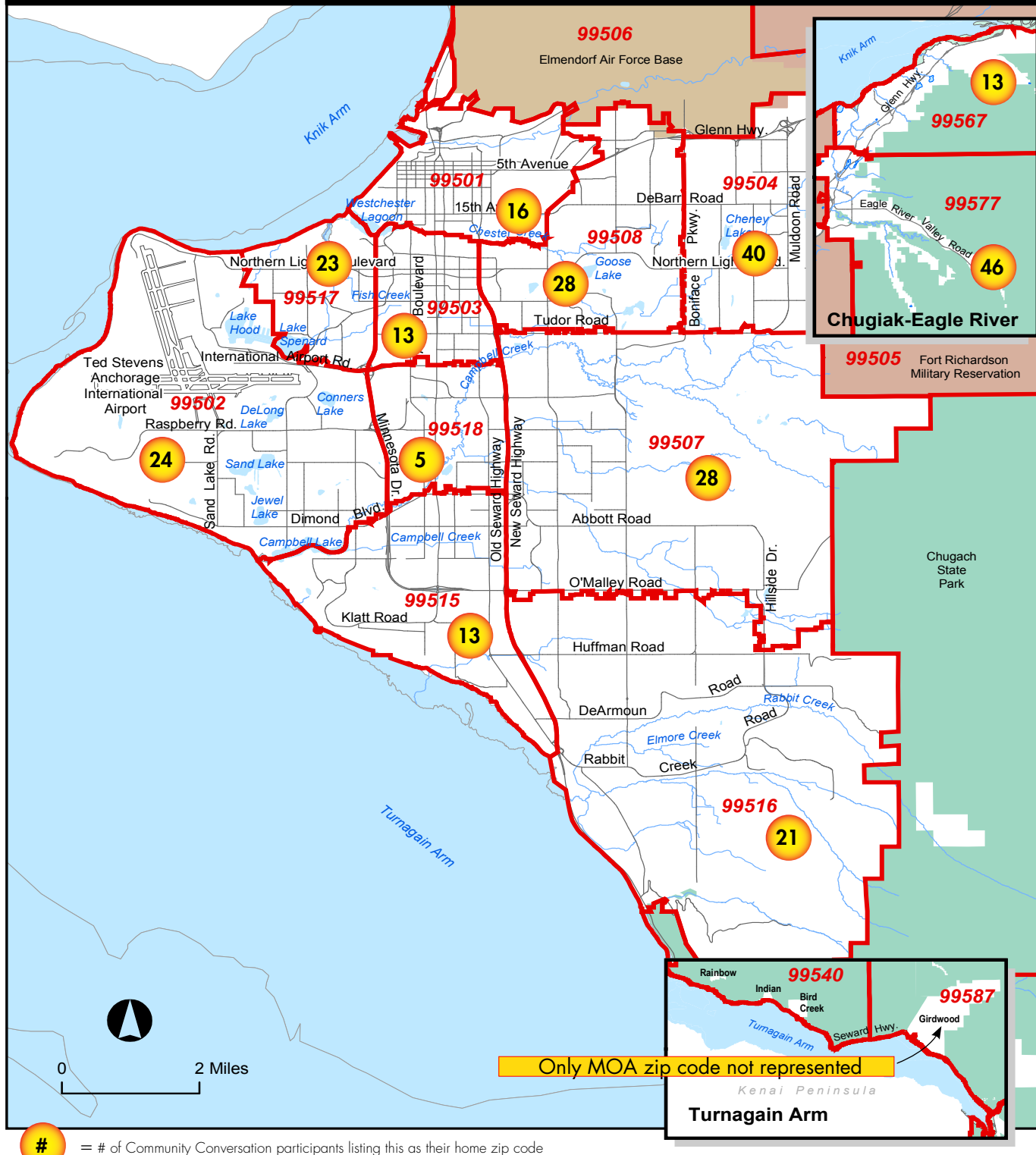
	%
Very willing	34
Somewhat willing	32
Somewhat unwilling	17
Very unwilling	17
No response	0



<b>11. Whether or not it raises more money, what mix of taxes would you like to see?</b>		<b>16. What was the most surprising or important thing you heard in today's session?</b>		<b>21. What is your gender?</b>	
	%		Available on request		%
Continue to rely on property taxes as the primary source of revenue to pay for city services	24			Male	47
Rely on other sources of revenue to replace some or all of property taxes	73	<b>17. How long have you lived in Anchorage?</b>	%	Female	52
No response	3			No response	1
		Less than 2 years	2	<b>22. What is your age?</b>	%
<b>12. How useful were the background materials in helping you think about this issue?</b>		2-5 Years	8		
	%	6-10 Years	7	Under 18	1
Very	33	11-20 Years	15	18-34	9
Somewhat	54	More than 20 years	66	35-44	14
Not very	9	No response	2	45-54	27
Not at all	2	<b>18. Do you own or rent your home?</b>	%	55-65	32
No response	2			Over 65	15
		Own	85	No response	2
<b>13. How useful was the discussion in helping you think about this issue?</b>		Rent	13	<b>23. What was your total household income in 2009 (before taxes)?</b>	%
	%	No response	2		
Very	49	<b>19. What is your zip code? (see map on page 18)</b>	#	\$20,000 Or less	5
Somewhat	41			\$20,001-40,000	8
Not very	8	99501	16	\$40,001-60,000	12
Not at all	1	99502	24	\$60,001-80,000	16
No response	1	99503	13	\$80,001-100,000	15
		99504	40	More than \$100,000	37
<b>14. Overall, how much impact did your participation have on your thinking about the issues facing Anchorage?</b>		99507	28	No response	8
	%	99508	28	<b>24. What is your ethnicity?</b>	%
A lot	34	99510	2		
Some	47	99515	24	African American	2
Not much	14	99516	21	Alaska Native	3
None	2	99517	23	Asian	1
No response	2	99518	5	Latino	1
		99519	1	White	79
<b>15. How did you hear about today's session?</b>		99520	1	Other	6
	%	99521	1	No response	8
E-mail	33	99545	1		
Newspaper	8	99567	13		
Radio	3	99577	46		
Direct invitation	17	no response	22		
Employer, union, or workplace colleague	7	<b>20. Do you have children under 18 living at home?</b>	%		
Friend or family member	7				
Community organization	9	Yes	27		
Other	11	No	72		
No response	6	No response	1		

# Municipality of Anchorage Zip Codes

July 2010



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