



MUNICIPALITY OF ANCHORAGE

MEMORANDUM

September 2, 2015

TO: Anchorage Assembly

FROM: Mayor Ethan Berkowitz

SUBJECT: 2016 Preliminary Data – 120 Day Memo

2015 Sep. 2 PM 4:52
CLERKS OFFICE
(SRS)

Anchorage Municipal Code 6.10.040 (A) requires the Administration to provide preliminary information regarding the 2016 budget for general government, utilities and enterprises at least 120 days prior to the end of the preceding fiscal year. The required information included in this memo is:

- Preliminary 2016 revenue estimate
- Preliminary 2016 tax limit calculation
- Administration's priorities including major departmental changes
- Preliminary 2016 CIB and 2016-2021 CIP for general government
- Preliminary Utility and Enterprise budget information

Preliminary 2016 Revenue Estimate

Attachment A is the preliminary revenue estimate for 2016. The preliminary revenue estimate shows an overall decrease in revenues of \$12.4M. The primary changes are \$8.6M in Program, Fees, Interest, Other revenues, which includes Utility Revenue Distribution decreases of \$7M from ML&P due to recent RCA order and \$2M from Solid Waste Services reduction of 2015 one-time dividend, offset by \$.3M increase in Contribution from MOA Trust Fund and \$.3M net increase of other program revenue changes adjusted to 2016 projected activity levels. State Revenues are projected to decrease by \$4.8M based on the current legislation regarding State Revenue Sharing. Additionally, Room Tax is anticipated to increase \$1M primarily due to a projected increase in tourism.

Preliminary 2016 Tax Limit Calculation

Attachment B is the preliminary Tax Limit calculation. When compared to the 2015 Tax Limit, the preliminary 2016 calculation provides:

- Limit on all taxes that can be collected is up \$8.5M, primarily due to the base increase of \$8.6M. The items that the limit can be adjusted for (not subject to the Tax Limit) create a \$0.1M decrease primarily due to the removal of the \$1M 2015 Dome settlement offset by increases in new construction of \$0.8M and debt service of \$0.1M.

- Limit on property taxes that can be collected is up \$8.6M. It is slightly higher than the limit on all taxes that can be collected due to small anticipated net decrease in non-property taxes. Thus, every dollar decrease in non-property tax translates into a dollar more in property taxes.

The Tax Limit will be finalized in April during the first quarter amendment process at which time 2016 property tax rates will be set.

Administration's Priorities

My Administration seeks to make Anchorage safe, secure, and strong. We will focus on increasing public safety, facilitating new community development, and promoting more accessible and affordable housing.

The Municipality should strive to create better customer service for all municipal operations through consistent and transparent communication with citizens, businesses, and other governments. In this pursuit, I am reorganizing and realigning five departments formally housed under the Municipal Manager under a new Office of Economic and Community Development. This office will include Development Services, Planning, Real Estate, Parks and Recreation, and the Library. The Public Works Department will be absorbed through the elevation of the Traffic, Maintenance and Operations, and Project and Engineering Divisions to Department-level status. Recognizing our need for development, a more formalized working relationship with the Anchorage Community Development Authority is also reflected in my 2016 operating budget.

Preliminary 2016 CIB and 2016-2021 CIP for General Government

Attachment C is the preliminary 2016 Capital Improvement Budget (CIB).

Attachments D and E are the preliminary 2016-2021 Capital Improvement Plan (CIP) presented in summary by departments over the years and by funding source.

Project details of the CIB and CIP will be provided in the submittals to the Assembly on or before October 2, 2015.

Utility and Enterprise Budget Information

Attachments F 1-5 are the updated strategic and business plans and preliminary CIB and CIP information for:

- F-1 Anchorage Water and Wastewater Utility
- F-2 Merrill Field Airport
- F-3 Municipal Light and Power
- F-4 Port of Anchorage
- F-5 Solid Waste Services

General Government Revenue

Description	2015 Revised	2016 Preliminary	Increase / (Decrease)
Taxes in Tax Limitation			
Payment in Lieu of Taxes (State & Federal)	804,000	773,000	(31,000)
Automobile Tax	11,937,000	12,182,000	245,000
Tobacco Tax	22,647,000	22,453,000	(194,000)
Aircraft Tax	210,000	210,000	-
Motor Vehicle Rental Tax	5,835,000	5,838,000	3,000
MUSA/MESA	22,053,000	21,943,000	(110,000)
Total Taxes in Tax Limitation	63,486,000	63,399,000	(87,000)
Room Tax	25,751,000	26,714,000	963,000
State Revenues	17,045,000	12,293,000	(4,752,000)
Federal Revenues	764,000	844,000	80,000
Program, Fees, Interest, Other	66,041,000	57,404,000	(8,637,000)
Total Non-Property Tax Revenue	173,087,000	160,654,000	(12,433,000)

Attachment B

Tax Limit Calculation Anchorage Municipal Charter 14.03 and Anchorage Municipal Code 12.25.040

Line		2015 at Revised	2016 PRELIMINARY
1	<u>Step 1: Building Base with Taxes Collected the Prior Year</u>		
2	Real/Personal Property Taxes to be Collected	239,317,214	249,693,455
3	Payment in Lieu of Taxes (State & Federal)	800,290	804,176
4	Automobile Tax	11,448,632	11,936,552
5	Tobacco Tax	23,001,852	22,647,362
6	Aircraft Tax	210,000	210,000
7	Motor Vehicles Rental Tax	5,449,649	5,835,268
8	MUSA/MESA	22,091,221	22,052,512
9	Step 1 Total	302,318,858	313,179,325
10			
11	<u>Step 2: Back out Prior Year's Exclusions Not Subject to Tax Limit</u>		
12	Taxes Authorized by Voter-Approved Ballot - O&M Reserves (One-Time)	(440,000)	(440,000)
13	Judgments/Legal Settlements (One-Time)	(895,050)	(1,025,050)
14	Debt Service (One-Time)	(53,015,313)	(54,681,024)
15	Step 2 Total	(54,350,363)	(56,146,074)
16			
17	Tax Limit Base (before Adjustment for Population and CPI)	247,968,495	257,033,251
18			
19	<u>Step 3: Adjust for Population, Inflation</u>		
20	Population 5 Year Average	0.70% 1,735,780	0.60% 1,542,200
21	Change in Consumer Price Index 5 Year Average	2.40% 5,951,240	2.20% 5,654,730
22	Step 3 Total	3.10% 7,687,020	2.80% 7,196,930
23			
24	The Base for Calculating Following Year's Tax Limit	255,655,515	264,230,181
25			
26	<u>Step 4: Add Taxes for Current Year Items Not Subject to Tax Limit</u>		
27	New Construction	2,478,291	3,308,747
28	Taxes Authorized by Voter-Approved Ballot - O&M	519,000	482,500
29	Taxes Authorized by Voter-Approved Ballot - O&M Reserves (One-Time)	440,000	440,000
30	Judgments/Legal Settlements (One-Time)	1,025,050	25,050
31	Debt Service (One-Time)	54,681,024	54,802,369
32	Step 4 Total	59,143,365	59,058,666
33			
34	Limit on ALL Taxes that can be collected	314,798,880	323,288,847
35			
36	<u>Step 5: To determine limit on property taxes, back out other taxes</u>		
37	Payment in Lieu of Taxes (State & Federal)	(804,176)	(773,176)
38	Automobile Tax	(11,936,552)	(12,181,552)
39	Tobacco Tax	(22,647,362)	(22,453,362)
40	Aircraft Tax	(210,000)	(210,000)
41	Motor Vehicle Rental Tax	(5,835,268)	(5,838,268)
42	MUSA/MESA	(22,052,512)	(21,942,660)
43	Step 5 Total	(63,485,870)	(63,399,018)
44			
45	Limit on PROPERTY Taxes that can be collected	251,313,010	259,889,829
46			
47	<u>Step 6: Determine property taxes to be collected if different than Limit on Property Taxes that can be collected</u>		
48	Property taxes to be collected based on spending decisions minus other available revenue.		
49			
50	Property taxes TO BE COLLECTED	249,693,455	-

Preliminary 2016 Capital Improvement Budget Department Summary by Funding Source

(in thousands)

Department	Bonds	State	Federal	Other	Total
Fire	2,000	-	-	-	2,000
Health and Human Services	-	1,300	60	120	1,480
Information Technology	-	-	-	2,110	2,110
Library	-	100	-	600	700
Parks and Recreation	4,000	-	-	-	4,000
Police	3,100	-	-	-	3,100
Public Transportation	600	-	3,000	-	3,600
Public Works	49,000	258,000	650	3,500	311,150
Total	58,700	259,400	3,710	6,330	328,140

Preliminary 2016 - 2021 Capital Improvement Program Department Summary by Year

(in thousands)

Department	2016	2017	2018	2019	2020	2021	Total
Fire	2,000	5,900	2,800	3,200	1,800	3,200	18,900
Health and Human Services	1,480	-	-	-	-	-	1,480
Information Technology	2,110	2,100	1,600	800	1,000	700	8,310
Library	700	700	700	800	800	800	4,500
Parks and Recreation	4,000	1,500	1,800	1,200	900	1,500	10,900
Police	3,100	19,500	1,100	1,100	1,100	-	25,900
Public Transportation	3,600	1,200	2,800	11,000	2,000	1,500	22,100
Public Works	311,150	217,700	208,000	202,000	146,000	194,000	1,278,850
Total	328,140	248,600	218,800	220,100	153,600	201,700	1,370,940

Preliminary 2016 - 2021 Capital Improvement Program Department Summary by Funding Source

(in thousands)

Department	Bonds	State	Federal	Other	Total
Fire	18,600	-	-	300	18,900
Health and Human Services	-	1,300	60	120	1,480
Information Technology	-	-	-	8,310	8,310
Library	-	700	-	3,800	4,500
Parks and Recreation	10,900	-	-	-	10,900
Police	23,900	2,000	-	-	25,900
Public Transportation	3,100	-	19,000	-	22,100
Public Works	306,000	915,900	7,950	49,000	1,278,850
Total	362,500	919,900	27,010	61,530	1,370,940

Anchorage Water and Wastewater Utility Business Plan

Vision

Excellence through innovation.

Mission

Supporting the public health, safety and economic interests of the community by providing quality water and wastewater services in a responsible, efficient and sustainable manner.

Services

The Anchorage Water and Wastewater Utility (AWWU) is the largest water and wastewater utility in Alaska. AWWU currently serves the Municipality of Anchorage extending from Eklutna to as far south as Girdwood. Although they share one workforce, AWWU operates as two separate economic and regulated entities: the Anchorage Water Utility (AWU) and the Anchorage Wastewater Utility (ASU).

Business Goals

AWWU's strategic plan for 2014-2016, as recommended by the Utility Board of Directors on August 6, 2014, calls for the focus on the following goals:

- Build a customer relationship that recognizes and advocates for our core purpose.
- Enhance focus on environmental compliance.
- Provide robust infrastructure that meets customer needs.
- Maintain fair and affordable rates.
- Make sound business decisions.
- Improve human capital management.
- Develop a knowledge management strategy plan.
- Become hazard response ready.
- Ensure effective organizational communication.

Commitments to Customers

AWWU has identified the following customer commitments which represent the outcomes or accomplishments of the Utilities' activities as viewed by the customer:

1. Provide safe drinking water that meets or exceeds all standards.
2. Protect the environment through appropriate wastewater collection, treatment, and disposal.
3. Provide reliable service.
4. Have timely, professional, and courteous interactions with customers.
5. Manage finances responsibly and transparently.
6. Set rates that fairly reflect the cost of providing service and maintaining infrastructure.
7. Deliver services affordably to promote a strong Anchorage economy.
8. Invest wisely to minimize risk and maintain service levels.
9. Continuously improve the efficiency of our operations.
10. Anticipate change and prepare for the future.

Performance Measures to Track Progress in Achieving Goals

AWWU measures progress in achieving these customer commitments using quantifiable performance measures, including the following:

1. Compliance with all State and Federal drinking water, wastewater and air standards.
2. Number of planned and unplanned water outages.

3. Sanitary sewer overflows.
4. Recordable incident rate (of lost-time injuries and accidents).
5. Execution of capital improvement budget.
6. Debt to equity ratio.
7. Manage workers' compensation claims.

Anchorage Water Utility
2016 Capital Improvement Budget
(in thousands)

Project Title	Debt	State/Fed Grant	Equity/ Operations	Total
347 Zone Conversion	975	-	-	975
ADOT-MOA-Emergency-Water	-	-	3,670	3,670
Customer Information System Enhancements	-	-	360	360
Downtown to Kincaid Water Transmission Main	-	2,000	-	2,000
Engineering Project Management Tools-Water	-	-	45	45
Facility Equipment - Water	-	-	100	100
Facility Plant - Water	-	-	1,500	1,500
Geographic Information Systems Application Development	-	-	160	160
Hydraulic Model Upgrades	-	-	50	50
Information Technology Infrastructure	-	-	685	685
Information Technology Master Plan Update-Water	-	-	52	52
Line Trucks (94216, 94217)	-	-	480	480
Miscellaneous Information Technology Systems	-	-	713	713
Northern Lights Wesleyan to Bragaw	6,000	-	-	6,000
Plant Oversize Improvement-Water	25	-	-	25
Railroad Yard Water 16" Rehabilitation	3,463	-	-	3,463
Reservoir 3 & 4 Circulation Line	900	-	-	900
Rosemary Street to ARCA Water Line Rehabilitation	2,400	-	-	2,400
SCADA Equipment	-	-	750	750
Ship Creek Water Treatment Facility Rehabilitation.	2,250	-	-	2,250
Storage Facility--Emergency Water Trailers	150	-	-	150
Terminal Road Water Rehabilitation 16"	1,063	-	1,000	2,063
Transmission Main Extension	300	-	1,000	1,300
Vactor Truck (94950) Line Truck (94856)	-	-	480	480
Vehicles-Water	-	-	360	360
Water Quality Management and Environmental Compliance Monitoring Reporting	-	-	45	45
Water Upgrades Preliminary Engineering	-	-	150	150
West 8th at L Street Upgrades	700	-	-	700
Work Management Software	-	-	400	400
Total	18,226	2,000	12,000	32,226

Anchorage Water Utility
2016 - 2021 Capital Improvement Program
(in thousands)

Project Category	2016	2017	2018	2019	2020	2021	Total
Equipment	4,680	3,853	3,810	2,813	3,286	3,020	21,462
Plant	5,800	9,323	7,225	4,205	8,875	14,239	49,667
Pipe	21,746	19,904	21,183	25,982	21,839	17,741	128,395
Total	32,226	33,080	32,218	33,000	34,000	35,000	199,524

Funding Source	2016	2017	2018	2019	2020	2021	Total
Debt	18,226	21,080	21,218	22,000	26,000	27,000	135,524
Grants	2,000	2,000	2,000	2,000	2,000	2,000	12,000
Equity/Operations	12,000	10,000	9,000	9,000	6,000	6,000	52,000
Total	32,226	33,080	32,218	33,000	34,000	35,000	199,524

**Anchorage Wastewater Utility
2016 Capital Improvement Budget**
(in thousands)

Project Title	Debt	State/Fed Grant	Equity/ Operations	Total
2nd Avenue and Post Road Sewer Rehabilitation	496	-	-	496
7th-9th Avenue I Street-LM Alley Sewer Upgrades	874	-	-	874
ADOT-MOA-Emergency-Sewer	1,500	-	-	1,500
Asplund Process Water Supply Rehabilitation	-	1,000	-	1,000
Asplund Clarifiers Upgrades	1,000	-	-	1,000
Asplund Gravity Thickener Rehabilitation	400	-	-	400
Asplund Grit Facility Improvements	700	-	-	700
Blueberry Sewer Rehabilitation	470	-	-	470
Customer Information System Enhancements	-	-	360	360
Eagle River Wastewater Treatment Facility Rehabilitation	6,400	-	-	6,400
East 42nd Avenue Sewer Rehabilitation	239	-	-	239
Engineering Project Management Tools - Sewer	-	-	45	45
Facility Equipment - Sewer	-	-	100	100
Facility Plant - Sewer	-	-	500	500
Fish Creek Interceptor Phase II	1,000	-	-	1,000
Flower-Park Glenn to 4th Sewer Upgrade	133	-	-	133
Geographic Information Systems Application Development	-	-	160	160
Hydraulic Model Upgrades	-	-	50	50
Information technology Infrastructure	-	-	685	685
Information Technology Master Plan Study - Sewer	-	-	52	52
Interceptor and Trunk Rehabilitation	353	-	-	353
Interceptor C: Force Main Gravity Junction Rehabilitation	750	-	-	750
King Street Septage Receiving Station	100	-	-	100
King Street Backup Power Upgrades	1,300	-	-	1,300
King Street Main Building 1st Floor Office Improvements	270	-	-	270
King Street Main Building Exterior Upgrades	385	-	-	385
King Street Main Building Mechanical Upgrades	400	-	-	400
King Street Shop Improvements	650	-	-	650
King Street Warm Storage Building Upgrades	4,110	-	-	4,110
Large Diameter Sewer Cleaning Equipment	-	-	1,670	1,670
Line Truck (94218) Combination Cleaner (94940)	-	-	560	560
Miscellaneous Information Technology Systems	-	-	738	738
ML&P - Starview Drive Sewer Upgrades	190	-	-	190
Plant Oversize and Betterments-Sewer	-	-	25	25
PS 30/31 Force Main and Facility Upgrades	2,200	-	-	2,200
SCADA Equipment	500	-	250	750
Security Improvements-Sewer	250	-	-	250
Sewer Rehabilitation Preliminary Engineering	430	-	-	430
Trunk Interceptor Extension	2,000	-	-	2,000
Turpin Septage Receiving Station	100	-	-	100
Vehicles-Sewer	-	-	360	360
Water Quality Management and Environmental Compliance Monitoring Reporting	-	-	45	45
Work Management System	-	-	400	400
Total	27,200	1,000	6,000	34,200

Anchorage Wastewater Utility
2016 - 2021 Capital Improvement Program
(in thousands)

Project Category	2016	2017	2018	2019	2020	2021	Total
Equipment	5,975	4,418	3,671	3,303	3,301	3,255	23,923
Plant	17,205	7,618	5,441	13,872	2,604	6,580	53,320
Pipe	11,020	23,114	26,888	19,825	32,095	29,165	142,107
Total	34,200	35,150	36,000	37,000	38,000	39,000	219,350

Funding Source	2016	2017	2018	2019	2020	2021	Total
Debt	27,200	29,150	30,000	31,000	32,000	30,000	179,350
Grants	1,000	1,000	1,000	1,000	1,000	1,000	6,000
Equity/Operations	6,000	5,000	5,000	5,000	5,000	8,000	34,000
Total	34,200	35,150	36,000	37,000	38,000	39,000	219,350

Merrill Field Airport Business Plan

Background

Merrill Field Airport (MRI) is a municipally owned and operated enterprise. It is operated as a city Enterprise Fund department under the direction of the Municipal Manager.

Services

MRI is a primary commercial service airport and serves as a general aviation reliever for Anchorage International Airport. Home base to 8.9% of all aircraft registered in Alaska, MRI was the 104th busiest airport in the nation in 2014.

Mission

MRI is committed to operating and maintaining a safe and efficient airport that meets the aviation and business needs of the community.

Business Goals

- Enhance the Airport's role as the major general aviation transportation facility serving Anchorage and outlying areas within Alaska by providing services that promote and encourage use of the Airport by the general aviation community.
- Develop an overall Airport strategy, including leasing policies and pricing that attract aviation support services and related businesses to MRI and encourage long and short term private sector investments.
- Practice sound fiscal management to enable MRI to increase its value, both to its customers and to its owner, the Municipality of Anchorage.
- Take advantage of new technologies to maximize the use and efficiency of available resources.
- Understand and be responsive to our customers to better meet their needs by providing the services and facilities they desire. This includes maintaining those facilities in a fully functional, efficient and safe condition by continually improving their utility, quality, and appearance.
- Maximize the use of Federal Airport Improvement Program (AIP) grants to provide facilities that will safely and adequately meet the needs of general aviation.
- Meet requisite Federal Aviation Administration (FAA) sponsor assurances resultant from AIP grant acceptance.

Strategies to Achieve Goals

MRI's strategic plan provides the following framework to achieve results for the customer.

1. Maintain a proactive anti-noise policy, asking pilots to follow established noise-reducing practice. Maintain a close working relationship and coordinate with FAA air traffic control tower (ATCT).
2. Maintain positive relations with neighboring Community Councils by encouraging their comments and actively addressing their concerns.
3. Work in close coordination with the Municipal Airports Aviation Advisory Commission, Fixed Based Operators, and Airport users.
4. Continue to aggressively seek and obtain both FAA and State grant funding for the Airport Capital Improvement Program.
5. Provide infrastructure to meet customer demand.
6. Maintain revenues at a level adequate to cover inflation, fund MOA and FAA mandated costs, and meet airport objectives by:

- a. increasing facility productivity
 - b. adjusting user fees and/or lease rates annually.
7. Minimize expenses by:
 - a. Reducing services where the impact is minimal
 - b. Employing economies of scale whenever possible
 - c. Deferring expenses, within practical limits
 - d. Performing functions in-house when workloads permit.
8. Take advantage of new technology
 - a. Continue refinement and enhancement of existing programs to facilitate better data resource management, including enabling fiber optic cabling and surveillance cameras airport-wide.
 - b. Continue replacing computer hardware, as required, to ensure the efficient processing of data.
9. Maintain database and management reporting capabilities.
10. Maintain runways, taxiways, and tie-down aprons in a safe and secure condition.
11. Expediently and systematically remove snow from all surfaces. Ensure Notices to Airmen (NOTAMs) and Air Traffic Information Service (ATIS) are both proactive and current.
12. Continue long term planning, development, and construction of quality airport facilities through the Airport Master Plan process.
13. Provide technical assistance to lessees on issues associated with federally mandated environmental programs.
14. Endeavor to reduce the number of runway incursions (Vehicle/Pedestrian Deviations or VPDs).
15. Manage and develop Orca Street properties to maintain and maximize lease rental revenue.
16. Pursue development of new lease lots and encourage development of commercial aviation facilities on current leaseholds.
17. Perform asphaltic crack sealing of runways/taxiways to extend the life expectancy of these surfaces.
18. Fund pre-grant expenses for engineering services on grant-eligible projects.
19. Enhance the utility of existing tiedown aprons, taxiways, and roadways.
20. Expand aircraft aprons and taxiways as needed to meet demand.
21. Actively market Airport facilities and services.
22. Acquire planned acquisition of identified parcels west of the Runway 16/34 safety area to ensure compatible land use.
23. Identify high priority projects to be included in the FAA 5-Year Airport Capital Improvement Plan (ACIP) allowing MRI to more effectively compete nationally for AIP grant funds.
24. Secure engineering services for project preliminary design, final design, contract specifications, bid award, and construction supervision.

Performance Measures to Track Progress in Achieving Goals

Merrill Field measures progress in achieving these customer commitments using the following set of quantifiable performance measures.

1. Number of Vehicle-Pedestrian Deviations (VPDs)
2. Number of unfulfilled requests for aircraft parking space – Electrical Drive-Through
3. Percentage of lease spaces currently leased
4. Percent of runway pavement above the minimum PCI value of 70
5. Percent of apron pavement above the minimum PCI value of 60
6. Percent of taxiway pavement above the minimum PCI value of 60
7. Managing workers' compensation claims

Merrill Field Airport
2016 Capital Improvement Budget
(in thousands)

Project Title	Federal Grants	State Grants	Equity/ Operations	Total
Building Upgrades - Orca Street Facilities	-	-	200	200
Rehab Taxiway Quebec and Apron, Phase 5	938	31	31	1,000
Security Upgrades, Phase 4	937	32	31	1,000
Total	1,875	63	262	2,200

Merrill Field Airport
2016 - 2021 Capital Improvement Program
(in thousands)

Project Category	2016	2017	2018	2019	2020	2021	Total
Runways and Taxiways	1,000	1,000	1,000	1,000	1,000	1,000	6,000
Buildings and Equipment	200	500	200	-	-	-	900
Land Improvements	1,000	1,000	2,600	1,000	1,000	1,000	7,600
Total	2,200	2,500	3,800	2,000	2,000	2,000	14,500

Funding Source	2016	2017	2018	2019	2020	2021	Total
Federal Grants	1,875	2,344	3,375	1,875	1,875	1,875	13,219
State Grants	63	78	112	63	63	62	441
Equity/Operations	262	78	313	62	62	63	840
Total	2,200	2,500	3,800	2,000	2,000	2,000	14,500

Municipal Light & Power Business Plan

Mission

Provide Service with competitive, safe, reliable energy.

Business Goals

- Provide electricity on demand to ML&P customers 24 hours a day, 365 days a year
- Meet the needs and expectations of our customers by providing:
 - Competitive rates and reliable service for all customer classes
 - Prompt, reliable and courteous customer assistance
 - Support and assistance to the military bases
 - Support and assistance to wholesale power customers
- Replace old turbines with more efficient, state-of-the-art turbines capable of achieving over 25% fuel savings
- Operate the electrical system with optimum economic efficiency and strict adherence to environmental standards
- Provide for the safety of both the public and our employees in the operation of the electrical system
- Recruit and retain a highly skilled, diverse workforce dedicated to serving the Anchorage community
- Improve system reliability by incorporating new components, technologies, and methods of cooperation with interconnected utilities
- Maintain competitive rates by incorporating cost cutting technologies and streamlining business processes without jeopardizing the financial and operational integrity of the utility
- Attain the financial objectives established in the Equity Management Plan
- Promote efficient use of electrical energy
- Continue to provide educational programs to school children and the community on electrical safety. Communicate factual information to customers and the public at large on issues affecting ML&P and the utility industry, including means by which the customer may undertake on their own volition measures to install cost-effective, energy efficient technologies and promote energy conservation
- Foster teamwork and an integrated approach to decision-making within the utility
- Maintain equity and earn net income at a level sufficient to continue to pay annual dividends to the Municipality of Anchorage

Strategies to Achieve Goals

- Affordable and competitive rates
- Low employee incident rate
- Low number of lost work days
- Highest possible bond rating
- Highest possible net income
- Low customer outages and interruptions

Performance Measures to Track Progress in Achieving Goals

1. Maintain competitive residential service rates as measured in cents per kilowatt hour
2. Maintain Total Recordable Incident Rates (TRIR) below industry average
3. Maintain Days Away Restricted Transferred (DART) rate below industry standard
4. Achieve 80% of bills that go out within 1 day of meter read date
5. Maintain positive Income Before Dividend

6. At a minimum, maintain an A bond rating
7. Maintain competitive residential and commercial rates as measured in revenue per kilowatt-hour (kWh) sold
8. Maintain Customer Average Interruption Duration Index (CAIDI) below industry average
9. Maintain System Average Interruption Duration Index (SAIDI) below industry average
10. Maintain System Average Interruption Frequency Index (SAIFI) below industry average
11. Manage workers' compensation claims

Municipal Light & Power
2016 Capital Improvement Budget
(in thousands)

Project Title	Equity/ Operations	Revenue Bond/ Commercial Paper	Contribution in Aid of Construction	Beluga Contributed	Total
Beluga River Gas Field	-	-	-	13,700,000	13,700,000
Communications	2,178,000	-	-	-	2,178,000
Distribution Equipment	1,710,000	-	-	-	1,710,000
Eklutna Power Plant	200,000	-	-	-	200,000
Land & Land Rights - Distribution	35,000	-	-	-	35,000
Land & Land Rights - Transmission	20,000	-	-	-	20,000
Meters	400,000	-	-	-	400,000
Miscellaneous Equipment	45,000	-	-	-	45,000
Overhead Lines	1,656,000	-	-	-	1,656,000
Plant 2A	-	3,000,000	-	-	3,000,000
SPP	500,000	-	-	-	500,000
Stores/Tools/Lab	340,000	-	-	-	340,000
Street Lighting	110,000	-	-	-	110,000
Structures & Improvements - General Plant	250,000	-	-	-	250,000
Structures & Improvements - Plant 1/Plant 2	900,000	-	-	-	900,000
Transformer Services	2,980,000	-	-	-	2,980,000
Transmission Lines	70,000	-	-	-	70,000
Transmission Stations	1,115,000	-	-	-	1,115,000
Transportation	460,000	-	-	-	460,000
Underground Lines	3,600,000	-	2,300,000	-	5,900,000
Unit 3	400,000	-	-	-	400,000
Unit 7	3,700,000	-	-	-	3,700,000
Total	20,669,000	3,000,000	2,300,000	13,700,000	39,669,000

Municipal Light & Power
2016 - 2021 Capital Improvement Program
(in thousands)

Project Category	2016	2017	2018	2019	2020	2021	Total
Production	8,700	3,975	1,850	11,910	15,790	10,450	52,675
Transmission	1,205	7,350	6,160	2,560	1,690	1,500	20,465
Distribution	12,791	15,596	17,856	12,976	15,251	11,786	86,256
General Plant	3,273	2,740	1,925	2,338	2,370	2,042	14,688
Beluga River Gas Field	13,700	8,700	13,700	9,400	9,400	9,400	64,300
Total	39,669	38,361	41,491	39,184	44,501	35,178	238,384

Funding Source	2016	2017	2018	2019	2020	2021	Total
Equity/Operations	20,669	27,311	25,441	27,384	32,651	23,228	156,684
Revenue Bond/Commercial Pay	3,000	-	-	-	-	-	3,000
Contribution in Aid of Constructi	2,300	2,350	2,350	2,400	2,450	2,550	14,400
Beluga Contributed	13,700	8,700	13,700	9,400	9,400	9,400	64,300
Total	39,669	38,361	41,491	39,184	44,501	35,178	238,384

Port of Anchorage Business Plan

Mission

Provide a modern, safe and efficient facility to support the movement of goods throughout the State of Alaska.

Core Services

The Port of Anchorage is a landlord port committed to providing safe, efficient, and dependable facilities and support services to our private and public sector customers. We are responsible for maintaining and operating all of the land, docks and municipal buildings that encompass the Port of Anchorage.

Direct Services

- Provide year round access to suitable terminals and docks for movement of containers, dry bulk cargo and liquid bulk cargo to include petroleum products.
- Provide seasonal access to the Small Boat Launch
- Plan, develop and operate facilities to accommodate market growth and modernization.
- Schedule all vessels that call on the Port.
- Provide centralized Port and tenant security services and emergency management leadership.
- As a landlord port, manage short term permits (revocable use permits) and long term leases of land, and buildings.
- Maintain and ensure uninterrupted 24/7/365 availability of Port owned facilities.
- Ensure environmental quality of the land within the Port boundaries.
- Assess and manage the collection of all tariffs and user fees associated with vessels calling on the Port and land tenant operations.
- Manage the Foreign Trade Zone (FTZ) and all FTZ applicants.
- Coordinate U.S. Army Corps of Engineers dredging of channel, turning basin and dock face dredging to provide for safe commerce.
- Host official U.S. Navy, U.S. Coast Guard, NOAA, foreign Navy and arctic research vessels on behalf of the Municipality of Anchorage.

Goals

- Provide Port operating expertise and management to the Anchorage Port Modernization Project.
- Plan for future facility and service needs of business and public entity customers.
- Conduct periodic facility condition surveys to anticipate age-related challenges and to ensure uninterrupted operations and safety.
- Maintain affordable and competitive tariff rates sufficient to cover operating and capital requirements.
- Provide a safe work environment for both employees and tenants.
- Maintain financially sound operating ratios.
- Deliver accurate and timely billing of tenants and customers.
- Provide required level of Port Security under US Coast Guard/Homeland Security directives through a consortium of private tenants and the Port.

Performance Measures to Track Progress in Achieving Goals

1. Overtime hours and pay compared to base compensation for current vs prior year.
2. Operating Net Income YTD for current vs prior year.
3. OSHA Reportable incidents for current vs prior year (# of incidents, loss of time & cost).
4. Managing workers' compensation claims.

Port of Anchorage
2016 Capital Improvement Budget
(in thousands)

Project Title	Debt	State/Fed Grant	Equity/ Operations	Total
Emergency Power Upgrade	-	-	750	750
Port Security	-	813	276	1,089
Wharf Pile Enhancements	-	-	3,000	3,000
Total	-	813	4,026	4,839

Port of Anchorage
2016 - 2021 Capital Improvement Program
(in thousands)

Project Category	2016	2017	2018	2019	2020	2021	Total
Buildings and Equipment	1,839	688	-	-	-	-	2,527
Wharf Pile Enhancements	3,000	3,000	3,000	3,000	3,000	3,000	18,000
Total	4,839	3,688	3,000	3,000	3,000	3,000	20,527

Funding Source	2016	2017	2018	2019	2020	2021	Total
State/Fed Grants	813	688	-	-	-	-	1,501
Equity/Operations	4,026	3,000	3,000	3,000	3,000	3,000	19,026
Total	4,839	3,688	3,000	3,000	3,000	3,000	20,527

Solid Waste Services Business Plan

Mission

Provide management of our solid waste resources to create a safe and sustainable waste system for the Municipality of Anchorage (MOA) in a way that is economical and environmentally responsible.

Services

The Refuse Collection Utility provides garbage collection to the service area of the former City of Anchorage, which is approximately 20% of the population of the MOA. Since at least 1952, there has been mandatory service for all occupants of the Refuse Collections Utility service area. The Refuse Collections Utility provides three types of service: commercial dumpster, automated roll cart service, and can and bag service.

The Solid Waste Disposal Utility serves the entire MOA. The services include the disposal of solid waste, the collection of household hazardous waste, and the promotion of community recycling. Municipal solid waste is received at three transfer stations located within MOA. The waste is then transported by the Utility to the Anchorage Regional Landfill for final disposal.

Business Goals

- Provide exceptional customer service for an equitable cost to the customer.
- Ensure facilities are safe for the customers and for Solid Waste Services employees
- Provide proper disposal of hazardous waste for commercial and residential generators.
- Promote community involvement through education and be responsive to the needs and concerns of municipal citizens.
- Use technology to optimize operations.
- Plan and prepare for current and future waste collection and disposal needs.
- Create incentives and programs to promote source reduction first, then recycling, then treatment, and finally disposal as the preferred means to handle waste.
- Research and explore new revenue options.

Strategies to Achieve Goals

Solid Waste Services strategic plan provides a framework to achieve results for customers.

Refuse Collection Utility

1. Reduce refuse volumes by promoting waste reduction and increased curbside recycling diversion.
2. Reduce injuries associated with residential refuse collection.

Disposal Utility

1. Optimize solid waste transfer truck utilization.
2. Set rates that reflect the cost of services while maintaining infrastructure.

Performance Measures to Track Progress in Achieving Goals

Solid Waste Services measures progress in achieving these goals using sets of quantifiable performance measures.

Refuse Collections Utility

1. Percent change in recyclable material diverted from the residential waste stream.
2. Percent change in worker injuries.

Disposal Utility

1. Solid waste transfer truck payload weight.
2. Maintain positive revenue stream.

Solid Waste Services - Disposal
2016 Capital Improvement Budget
(in thousands)

Project Title	Debt	State/Fed Grant	Equity/ Operations	Total
ARL Drainage / Stormwater Study	-	-	25	25
ARL Evaporators (2)	-	-	400	400
ARL GCCS Blower Replacement / Rebuild	-	-	35	35
ARL GPS Survey Equipment	-	-	75	75
ARL Latex Paint Pump	-	-	10	10
ARL Leachate Blower Replacement / Rebuild	60	-	-	60
ARL Leachate Loading Pumps Replacement / Rebuild	50	-	-	50
ARL LFG Flare Building Gas Monitoring System Replacement	-	-	30	30
ARL Lighting Upgrades	-	-	10	10
ARL Perimeter Slope Interim Closures	-	-	25	25
ARL Reconstruct Fueling Island	-	-	90	90
ARL Tarp Deployment System	-	-	50	50
Cherry Pickers (2)	-	-	700	700
CTS Ramp Heater Manifolds	-	-	50	50
CTS Transfer Station Rehabilitative Study	-	-	80	80
Dozer (D155)	-	-	925	925
MT6 Trackless Tractor	-	-	160	160
Office Equipment and technology purchase	-	-	25	25
Pickup Truck	-	-	40	40
Tractors (2)	-	-	340	340
Total	110	-	3,070	3,180

Solid Waste Services - Disposal
2016 - 2021 Capital Improvement Program
(in thousands)

Project Category	2016	2017	2018	2019	2020	2021	Total
ARL Improvements	860	1,150	11,807	250	-	10,872	24,939
CTS Improvements	130	-	-	-	-	-	130
Girdwood Improvements	-	55	-	-	-	-	55
Equipment & Vehicles	2,165	3,330	2,300	1,585	5,710	2,935	18,025
Office Equipment & Technology	25	25	25	25	25	25	150
Total	3,180	4,560	14,132	1,860	5,735	13,832	43,299

Funding Source	2016	2017	2018	2019	2020	2021	Total
Clean Water Loan	110	-	11,807	-	-	10,872	22,789
Commercial Loan	-	-	-	-	-	-	-
Equity/Operations	3,070	4,560	2,325	1,860	5,735	2,960	20,510
Total	3,180	4,560	14,132	1,860	5,735	13,832	43,299

Solid Waste Services - Refuse Collection
2016 Capital Improvement Budget
(in thousands)

Project Title	Debt	State/Fed Grant	Equity/ Operations	Total
CTS Building Heating System/Chillers	-	-	150	150
Dumpster Dolly	-	-	75	75
Dumpsters/Roll-offs	-	-	275	275
Frontloader (1)	-	-	315	315
Lids	-	-	75	75
Pickup Truck	-	-	40	40
Replace Data Processing Equipment	-	-	30	30
Replace Office Equipment	-	-	5	5
Residential Roll Carts	-	-	10	10
Side loaders (2)	-	-	620	620
Total	-	-	1,595	1,595

Solid Waste Services - Refuse Collection
2016 - 2021 Capital Improvement Program
(in thousands)

Project Category	2016	2017	2018	2019	2020	2021	Total
Building Improvements	150	-	50	-	-	-	200
Containers/Dumpsters/Roll-offs & Lids	360	360	360	360	360	360	2,160
Data Processing	30	30	30	30	30	30	180
Office Equipment	5	5	5	5	5	5	30
Vehicle Replacement	1,050	1,355	975	195	1,655	-	5,230
Total	1,595	1,750	1,420	590	2,050	395	7,800

Funding Source	2016	2017	2018	2019	2020	2021	Total
Equity/Operations	1,595	1,750	1,420	590	2,050	395	7,800
Total	1,595	1,750	1,420	590	2,050	395	7,800