




# MUNICIPALITY OF ANCHORAGE

## MEMORANDUM

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September 1, 2017

TO: Anchorage Assembly

FROM: Mayor Ethan Berkowitz 

SUBJECT: 2018 Preliminary Data – 120 Day Memo

Anchorage Municipal Code 6.10.040 (A) requires the Administration to provide preliminary information regarding the 2018 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 2018 revenue estimate
- Preliminary 2018 tax limit calculation
- Administration's priorities including major departmental changes
- Preliminary 2018 CIB and 2018-2023 CIP for general government
- Preliminary Utility and Enterprise budget information

### Preliminary 2018 Revenue Estimate

The preliminary non-property tax revenue estimates suggest 2018 revenues from existing revenue streams are likely to be similar, in total, to budgeted 2017 revenues. Final calculations for the 2018 revenues are still under way. The revenue calculations necessary for the development of the Administration's 2018 budget will be submitted on October 2. As in previous years, revenue calculations will likely be re-calculated before the 2018 budget is adopted and again before first quarter budget amendments are presented in April 2018.

### Preliminary 2018 Tax Limit Calculation

Attachment A is the preliminary Tax Limit calculation. When compared to the 2017 Tax Limit, the preliminary 2018 calculation provides:

- The preliminary limit of all taxes that can be collected for 2018 is estimated to be up \$4.3M.
- The calculation for 2018 starts with the prior year (2017) amount of all taxes collected. That amount is then adjusted for population, inflation, new construction, voter approved ballot measures, debt, and other non-property tax revenues that contribute to the total amount of all taxes that can be collected.

- Limit on property taxes that can be collected is up \$0.7M due to the anticipated net increase in non-property taxes, primarily MUSA, offset by lower anticipated use of tax capacity within the Tax Cap.

The limit on property taxes is created by backing out the non-property taxes from the limit on all taxes, thus, every dollar increase in non-property tax translates into a dollar less in property taxes.

The Tax Limit will be finalized in April during the first quarter amendment process at which time 2018 property tax rates will be set.

#### Administration's Priorities

My Administration will remain focused on public safety, economic development, housing, and addressing homelessness. We will continue to leverage partnerships with other government entities, facilitate public-private partnerships, and work with our non-profit community partners to address these issues.

#### Preliminary 2018 CIB and 2018-2023 CIP for General Government

Attachment B is the preliminary 2018 Capital Improvement Budget (CIB).

Attachments C and D are the preliminary 2018-2023 Capital Improvement Program (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, 2017.

#### Utility and Enterprise Budget Information

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

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

# 2018 Preliminary Data - 120 Day Memo Attachment A

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

Line		2017		2018	
		at Revised		Preliminary at 120 Day Memo	
1	<u>Step 1: Building Base with Taxes Collected the Prior Year</u>				
2	Real/Personal Property Taxes to be Collected	266,494,607		285,275,759	
3	Payment in Lieu of Taxes (State & Federal)	824,275		870,687	
4	Automobile Tax	12,090,673		11,680,447	
5	Tobacco Tax	22,401,673		22,011,899	
6	Aircraft Tax	210,000		210,000	
7	Motor Vehicles Rental Tax	5,920,407		6,189,722	
8	MUSA/MESA	22,195,957		25,815,620	
9	Step 1 Total	330,137,592		352,054,134	
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)	(320,050)		(6,918,820)	
14	Debt Service (One-Time)	(55,015,146)		(55,685,511)	
15	Step 2 Total	(55,775,196)		(63,044,331)	
16					
17	Tax Limit Base (before Adjustment for Population and CPI)	274,362,396		289,009,803	
18					
19	<u>Step 3: Adjust for Population, Inflation</u>				
20	Population 5 Year Average	0.20%	548,720	-0.10%	(289,010)
21	Change in Consumer Price Index 5 Year Average	1.60%	4,389,800	1.20%	3,468,120
22	Step 3 Total	1.80%	4,938,520	1.10%	3,179,110
23					
24	The Base for Calculating Following Year's Tax Limit	279,300,916		292,188,913	
25					
26	<u>Step 4: Add Taxes for Current Year Items Not Subject to Tax Limit</u>				
27	New Construction	4,964,228		2,874,330	
28	Taxes Authorized by Voter-Approved Ballot - O&M	1,460,750		510,000	
29	Taxes Authorized by Voter-Approved Ballot - O&M Reserves (One-Time)	440,000		440,000	
30	Judgments/Legal Settlements (One-Time)	6,918,820		25,050	
31	Debt Service (One-Time)	55,685,511		56,988,171	
32	Step 4 Total	69,469,309		60,837,551	
33					
34	Limit on ALL Taxes that can be collected	348,770,225		353,026,464	
35					
36	<u>Step 5: To determine limit on property taxes, back out other taxes</u>				
37	Payment in Lieu of Taxes (State & Federal)	(870,687)		(902,682)	
38	Automobile Tax	(11,680,447)		(11,405,565)	
39	Tobacco Tax	(22,011,899)		(22,104,828)	
40	Aircraft Tax	(210,000)		(210,000)	
41	Motor Vehicle Rental Tax	(6,189,722)		(6,496,327)	
42	MUSA/MESA	(25,815,620)		(27,777,725)	
43	Step 5 Total	(66,778,375)		(68,897,127)	
44					
45	Limit on PROPERTY Taxes that can be collected	281,991,850		284,129,337	
46					
47	Add General Government use of tax capacity within the Tax Cap	3,283,909		1,869,517	
48					
49	Limit on PROPERTY Taxes that can be collected within tax cap	285,275,759		285,998,854	
50					
51	<u>Step 6: Determine property taxes to be collected if different than Limit on Property Taxes that can be collected</u>				
52	Property taxes to be collected based on spending decisions minus other available revenue.				
53					
54	Property taxes TO BE COLLECTED	285,275,759		TBD	

**2018 Preliminary Data - 120 Day Memo  
Attachment B**

**General Government  
2018 Capital Improvement Budget  
Department Summary by Funding Source**

(in thousands)

<b>Department</b>	<b>Bonds</b>	<b>State</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
Fire	3,500	-	-	300	3,800
Health & Human Services	200	-	-	100	300
Information Technology	-	-	-	3,800	3,800
Library	600	-	-	-	600
Maintenance & Operations	3,000	136,100	-	4,000	143,100
Parks & Recreation	3,700	-	-	1,100	4,800
Police	2,300	-	-	-	2,300
Project Management & Engineering	30,100	1,900	-	600	32,600
Public Transportation	900	-	3,600	-	4,500
Traffic	1,800	-	-	-	1,800
<b>Total</b>	<b>46,100</b>	<b>138,000</b>	<b>3,600</b>	<b>9,900</b>	<b>197,600</b>

**2018 Preliminary Data - 120 Day Memo  
Attachment C**

**General Government  
2018 - 2023 Capital Improvement Program  
Department Summary by Year**

(in thousands)							
Department	2018	2019	2020	2021	2022	2023	Total
Fire	3,800	3,100	4,800	4,200	900	-	16,800
Health & Human Services	300	2,300	-	-	-	-	2,600
Information Technology	3,800	3,600	3,100	700	700	600	12,500
Library	600	10,300	10,600	2,300	-	-	23,800
Maintenance & Operations	143,100	34,300	15,100	20,300	18,900	18,000	249,700
Parks & Recreation	4,800	3,700	3,400	2,100	500	300	14,800
Police	2,300	14,000	18,100	-	-	-	34,400
Project Management & Engineering	32,600	48,400	198,500	136,500	183,700	99,000	698,700
Public Transportation	4,500	1,000	1,000	1,000	1,000	300	8,800
Traffic	1,800	2,200	2,200	2,200	2,200	1,700	12,300
<b>Total</b>	<b>197,600</b>	<b>122,900</b>	<b>256,800</b>	<b>169,300</b>	<b>207,900</b>	<b>119,900</b>	<b>1,074,400</b>

**2018 Preliminary Data - 120 Day Memo  
Attachment D**

**General Government  
2018 - 2023 Capital Improvement Program  
Department Summary by Funding Source**

(in thousands)

Department	Bonds	State	Federal	Other	Total
Fire	15,400	-	-	1,400	16,800
Health & Human Services	2,400	-	-	200	2,600
Information Technology	-	-	-	12,500	12,500
Library	8,700	-	-	15,100	23,800
Maintenance & Operations	13,000	185,100	-	51,600	249,700
Parks & Recreation	13,600	-	-	1,200	14,800
Police	34,400	-	-	-	34,400
Project Management & Engineering	273,700	421,400	-	3,600	698,700
Public Transportation	1,700	-	7,100	-	8,800
Traffic	12,300	-	-	-	12,300
<b>Total</b>	<b>375,200</b>	<b>606,500</b>	<b>7,100</b>	<b>85,600</b>	<b>1,074,400</b>

## **Anchorage Water and Wastewater Utility Business Plan**

### **Vision**

Excellence through innovation.

### **Mission**

Providing safe and reliable water and wastewater service today and into the future.

### **Message**

AWWU is investing to ensure reliable service, safeguard public health, and protect the environment, long into the future.

### **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 prepared an updated strategic plan in 2016. The plan includes the following goals:

- Be responsive to the needs of the community
- Be the model of innovation and efficiency in service to the public
- Be a responsible steward of ratepayer funds
- Be the employer of choice for existing and future staff

### **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.

**2018 Preliminary Data - 120 Day Memo  
Attachment E-1**

**Anchorage Water Utility  
2018 Capital Improvement Budget**  
(in thousands)

<b>Project Title</b>	<b>Debt *</b>	<b>State/ Fed Grants</b>	<b>Equity/ Operations *</b>	<b>Total</b>
ADOT-MOA Emergency	366	-	3,005	3,371
IT Hardware/Software	-	-	2,075	2,075
Miscellaneous Equipment	-	-	850	850
Transmission/Distribution	21,754	-	-	21,754
Vehicles	-	-	1,000	1,000
Water Plant	3,500	-	70	3,570
<b>Total</b>	<b>25,620</b>	<b>-</b>	<b>7,000</b>	<b>32,620</b>

\* Debt and Equity/Operations funding amounts by project are estimates and are subject to change as actual loans are awarded by the State of Alaska.



# 2018 Preliminary Data - 120 Day Memo Attachment E-1

## Anchorage Water Utility 2018 - 2023 Capital Improvement Program (in thousands)

Project Category	2018	2019	2020	2021	2022	2023	Total
ADOT-MOA Emergency	3,371	2,627	3,625	4,110	4,037	4,000	21,770
Facility Master Plan	-	650	-	50	-	250	950
IT Hardware/Software	2,075	1,350	1,450	1,450	1,475	1,450	9,250
Miscellaneous Equipment	850	850	850	850	850	850	5,100
Other Plant & Facilities	-	-	250	-	650	-	900
Transmission/Distribution	21,754	20,478	23,975	22,695	25,993	27,950	142,845
Vehicles	1,000	1,055	1,000	1,000	1,000	1,000	6,055
Water Plant	3,570	5,850	2,850	4,600	1,750	1,500	20,120
<b>Total</b>	<b>32,620</b>	<b>32,860</b>	<b>34,000</b>	<b>34,755</b>	<b>35,755</b>	<b>37,000</b>	<b>206,990</b>

Funding Source	2018	2019	2020	2021	2022	2023	Total
Debt	25,620	25,860	27,000	27,755	28,755	30,000	164,990
State/Federal Grants	-	-	-	-	-	-	-
Equity/Operations	7,000	7,000	7,000	7,000	7,000	7,000	42,000
<b>Total</b>	<b>32,620</b>	<b>32,860</b>	<b>34,000</b>	<b>34,755</b>	<b>35,755</b>	<b>37,000</b>	<b>206,990</b>

**2018 Preliminary Data - 120 Day Memo  
Attachment E-1**

**Anchorage Wastewater Utility  
2018 Capital Improvement Budget**  
(in thousands)

<b>Project Title</b>	<b>Debt *</b>	<b>State/ Fed Grants</b>	<b>Equity/ Operations *</b>	<b>Total</b>
ADOT-MOA Emergency	-	-	3,009	3,009
Collection System	12,645	-	2,891	15,536
IT Hardware/Software	-	-	2,100	2,100
Miscellaneous Equipment	-	-	950	950
Other Plant & Facilities	1,650	-	-	1,650
Vehicles	-	-	1,050	1,050
Wastewater Plant	12,067	-	-	12,067
<b>Total</b>	<b>26,362</b>	<b>-</b>	<b>10,000</b>	<b>36,362</b>

\* Debt and Equity/Operations funding amounts by project are estimates and are subject to change as actual loans are awarded by the State of Alaska.

# 2018 Preliminary Data - 120 Day Memo Attachment E-1

## Anchorage Wastewater Utility 2018 - 2023 Capital Improvement Program (in thousands)

Project Category	2018	2019	2020	2021	2022	2023	Total
ADOT-MOA Emergency	3,009	2,340	3,551	2,566	3,910	3,435	18,811
Collection System	15,536	17,650	14,029	20,189	22,500	24,500	114,404
Facility Master Plan	-	-	-	700	500	250	1,450
IT Hardware/Software	2,100	1,360	1,465	1,440	1,465	1,440	9,270
Miscellaneous Equipment	950	850	850	850	850	850	5,200
Other Plant & Facilities	1,650	-	-	-	-	-	1,650
Vehicles	1,050	755	1,000	1,000	1,000	1,000	5,805
Wastewater Plant	12,067	13,755	16,005	10,255	6,775	6,525	65,382
<b>Total</b>	<b>36,362</b>	<b>36,710</b>	<b>36,900</b>	<b>37,000</b>	<b>37,000</b>	<b>38,000</b>	<b>221,972</b>

Funding Source	2018	2019	2020	2021	2022	2023	Total
Debt	26,362	27,710	28,900	29,000	30,000	31,000	172,972
State/Federal Grants	-	-	-	-	-	-	-
Equity/Operations	10,000	9,000	8,000	8,000	7,000	7,000	49,000
<b>Total</b>	<b>36,362</b>	<b>36,710</b>	<b>36,900</b>	<b>37,000</b>	<b>37,000</b>	<b>38,000</b>	<b>221,972</b>

## **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**

Merrill Field is a primary commercial service airport and serves as a general aviation reliever for Anchorage International Airport. Home base to ~8.8% of all aircraft registered in Alaska, Merrill Field was the 96th busiest airport in the nation in 2016.

### **Mission**

Merrill Field Airport 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 attracts aviation support services and related businesses to Merrill Field and encourages long and short term private sector investments.
- Practice sound fiscal management to enable Merrill Field 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 FAA sponsor assurances resultant from AIP grant acceptance.

### **Strategies to Achieve Goals**

Merrill Field's strategic plan provides a framework to achieve results for the customer.

1. Maintain a pro-active anti-noise policy, asking pilots to follow established noise-reducing practice, including implementation of a late night 'Quiet Hours' protocol that restricts Touch & Go operations to one take-off and one landing per pilot *at MRI* between the hours of 10PM and 7AM (local). Maintain a close working relationship and coordinate with the MRI FAA 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, if ever again available, State grant) funding for the MRI Airport Capital Improvement Program.
5. Provide infrastructure to meet customer demand.

## 2018 Preliminary Data - 120 Day Memo Attachment E-2

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 or eliminating 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 cost-efficient to do so and 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. Expeditiously and systematically remove snow from airport surfaces. Ensure NOTAMs (Notices to Airmen) and ATIS (Air Traffic Information Service) are both proactive, accurate 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 St 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 asphalt crack sealing of runways/taxiways/apron areas 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 southwest 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), thereby helping Merrill Field 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

**2018 Preliminary Data - 120 Day Memo  
Attachment E-2**

**Merrill Field Airport  
2018 Capital Improvement Budget**  
(in thousands)

<b>Project Title</b>	<b>State Grants</b>	<b>Federal Grants</b>	<b>Equity/ Operations</b>	<b>Total</b>
Property Acquisition - Obstacle Removal	-	480	32	512
Security Upgrades, Phase 5	-	950	50	1,000
Taxiway Lighting and Signage Installation - RIMP	-	750	50	800
Taxiway Quebec and Apron Rehabilitation, Phase 7	-	1,900	100	2,000
<b>Total</b>	<b>-</b>	<b>4,080</b>	<b>232</b>	<b>4,312</b>

# **2018 Preliminary Data - 120 Day Memo Attachment E-2**

## **Merrill Field Airport 2018 - 2023 Capital Improvement Program** (in thousands)

<b>Project Category</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total</b>
Buildings and Equipment	-	-	500	-	-	-	500
Land Acquisition	512	-	2,704	-	2,208	-	5,424
Land Improvements	1,800	-	1,000	-	1,000	-	3,800
Runways and Taxiways	2,000	-	2,000	-	2,000	-	6,000
<b>Total</b>	<b>4,312</b>	<b>-</b>	<b>6,204</b>	<b>-</b>	<b>5,208</b>	<b>-</b>	<b>15,724</b>

<b>Funding Source</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total</b>
State Grants	-	-	-	-	-	-	-
Federal Grants	4,080	-	5,854	-	4,920	-	14,854
Equity/Operations	232	-	350	-	288	-	870
<b>Total</b>	<b>4,312</b>	<b>-</b>	<b>6,204</b>	<b>-</b>	<b>5,208</b>	<b>-</b>	<b>15,724</b>

## **Municipal Light & Power Business Plan**

### **Mission**

Provide energy that is safe and reliable at competitive rates.

### **Services**

Municipal Light and Power's (ML&P) service area is roughly 20-square-miles. ML&P has approximately 31,000 residential and commercial customers. The utility provides service to the Municipal economic drivers including: commercial, industrial (Ship Creek area and the Port of Anchorage), Universities, Major Medical Campuses, and the Downtown and Midtown business districts. ML&P also serves Joint Base Elmendorf-Richardson and sells electricity to other Railbelt utilities. The utility has a 56.67 percent working interest in the Beluga River Unit gas field, making it one of the only vertically integrated utilities on the West Coast. ML&P is subject to economic regulation by the Regulatory Commission of Alaska.

### **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
- Maintain equity and earn net income at a level sufficient to continue to pay annual dividends to the Municipality of Anchorage.
- 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 equipment and technology.
- 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.
- Foster teamwork and an integrated approach to decision-making within the utility.

### **Strategies to Achieve Goals**

- Attain the financial objectives established in the Equity Management Plan
- Replace old generation with more efficient, state-of-the-art fuel efficient generation
- Implement industry best practices and streamline business processes to ensure the financial and operational integrity of the utility
- Cooperate with other Railbelt utilities to implement Economic Dispatch of generating resources
- Implement operational and financial procedures to maintain the highest bond rating
- Implement predictive maintenance program to reduce or eliminate outages and interruptions



## **2018 Preliminary Data - 120 Day Memo Attachment E-3**

### **Performance Measures to Track Progress in Achieving Goals**

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

**2018 Preliminary Data - 120 Day Memo  
Attachment E-3**

**Municipal Light & Power  
2018 Capital Improvement Budget**  
(in thousands)

Project Title	Revenue Bonds/ Commercial Paper	Contribution in Aid of Construction	Beluga Contributed	Equity/ Operations	Total
Beluga River Gas Field	-	-	11,000	-	11,000
Communications	-	-	-	1,805	1,805
Distribution Equipment	-	-	-	3,655	3,655
Eklutna Power Plant	-	-	-	3,100	3,100
Land & Land Rights-Transmission & Distribution	-	-	-	60	60
Meters	-	-	-	750	750
Overhead Lines	-	-	-	2,310	2,310
Stores/Tools/Lab	-	-	-	155	155
Street Lighting	-	-	-	300	300
Structures & Improvements - General Plant	-	-	-	650	650
Structures & Improvements - Plant 1/Plant 2	-	-	-	3,875	3,875
Transformer Services	-	-	-	3,550	3,550
Transmission Lines	-	-	-	70	70
Transmission Stations	-	-	-	2,500	2,500
Transportation	-	-	-	1,200	1,200
Turbines & Generators	-	-	-	11,305	11,305
Underground Lines	-	2,450	-	8,370	10,820
<b>Total</b>	<b>-</b>	<b>2,450</b>	<b>11,000</b>	<b>43,655</b>	<b>57,105</b>

# 2018 Preliminary Data - 120 Day Memo Attachment E-3

## Municipal Light & Power 2018 - 2023 Capital Improvement Program (in thousands)

Project Category	2018	2019	2020	2021	2022	2023	Total
Beluga River Gas Field	11,000	10,800	10,800	10,800	10,800	10,800	65,000
Distribution	21,425	20,425	18,980	18,040	25,040	18,630	122,540
General Plant	3,810	3,840	2,180	2,915	3,310	3,230	19,285
Production	18,280	2,910	398	1,823	400	350	24,161
Transmission	2,590	6,240	6,340	3,440	6,040	3,290	27,940
<b>Total</b>	<b>57,105</b>	<b>44,215</b>	<b>38,698</b>	<b>37,018</b>	<b>45,590</b>	<b>36,300</b>	<b>258,926</b>

Funding Source	2018	2019	2020	2021	2022	2023	Total
Revenue Bonds/Commercial Paper	-	-	10,800	10,800	10,800	-	32,400
Contribution in Aid of Construction	2,450	2,500	2,550	2,600	2,650	2,700	15,450
Beluga Contributed	11,000	10,800	-	-	-	-	21,800
Equity/Operations	43,655	30,915	25,348	23,618	32,140	33,600	189,276
<b>Total</b>	<b>57,105</b>	<b>44,215</b>	<b>38,698</b>	<b>37,018</b>	<b>45,590</b>	<b>36,300</b>	<b>258,926</b>

## **2018 Preliminary Data - 120 Day Memo Attachment E-4**

### **Port of Anchorage Business Plan**

#### **Mission**

The Port of Anchorage is committed to provide a modern, safe, and efficient facility to support the movement of goods throughout the State of Alaska.

#### **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. The staff of the Port is responsible for maintaining all of the land, docks, and municipal buildings that encompass the Port of Anchorage.

#### **Business Goals**

- Provide Port operating expertise and management to the Anchorage Port Modernization Project (APMP) with the Port Engineer serving as Project Administrator.
- 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 billings to tenants and customers; demand timely payments from all users.
- Provide required level of Port security under U.S. Coast Guard/Homeland Security directives through a consortium of private tenants and the Port.

#### **Strategies to Achieve Goals**

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

## **2018 Preliminary Data - 120 Day Memo Attachment E-4**

### **Performance Measures to Track Progress in Achieving Goals**

Progress in achieving goals will be measured by:

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. Reportable incidents for current vs prior year (# of incidents, loss of time & cost).

**2018 Preliminary Data - 120 Day Memo  
Attachment E-4**

**Port of Anchorage  
2018 Capital Improvement Budget**  
(in thousands)

Project Title	Debt	State/ Fed Grants	Equity/ Operations	Total
Anchorage Port Modernization Project	-	-	-	-
Anchorage Port GIS Mapping	-	-	250	250
Wharf Pile Enhancements	-	-	1,500	1,500
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,750</b>	<b>1,750</b>

# 2018 Preliminary Data - 120 Day Memo Attachment E-4

## Port of Anchorage 2018 - 2023 Capital Improvement Program (in thousands)

Project Category	2018	2019	2020	2021	2022	2023	Total
Anchorage Port Modernization Project	-	-	-	-	-	-	-
Anchorage Port GIS Mapping	250	-	-	-	-	-	250
Wharf Pile Enhancements	1,500	1,500	-	-	-	-	3,000
<b>Total</b>	<b>1,750</b>	<b>1,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,250</b>

Funding Source	2018	2019	2020	2021	2022	2023	Total
Debt	-	-	-	-	-	-	-
State/Federal Grants	-	-	-	-	-	-	-
Equity/Operations	1,750	1,750	-	-	-	-	3,500
<b>Total</b>	<b>1,750</b>	<b>1,750</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,500</b>

## 2018 Preliminary Data - 120 Day Memo Attachment E-5

### Solid Waste Services Business Plan

#### **Mission**

Providing safe, efficient and innovative solid waste management for the Municipality of Anchorage (MOA).

#### **Services**

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

The Solid Waste Disposal Utility (SWDU) 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 the MOA. Waste generated in the community of Girdwood is transported from the Girdwood Transfer Station (GTS) to the Central Transfer Station (CTS) in Anchorage. All waste from the CTS is transported to the Anchorage Regional Landfill (ARL) for final disposal.

#### **Business Goals**

- Increase overall customer satisfaction rating.
- Reduce number of missed pick-ups by SWS.
- Decrease the per capita amount of trash disposed at ARL.
- Expand the lifespan of ARL and maximize airspace utilization.
- Fully maximize existing collection and transfer truck routes through the leveraging of technology.
- Reduce time loss accidents and workman compensation claims.
- Create opportunities for employee development via training opportunities.

#### **Strategies to Achieve Goals**

- Leverage SWS on-board vehicle computer systems.
- Install web-cams to provide real-time customer wait information.
- Streamline and improve CTS and ARL site traffic patterns.
- Invest in modernizing fleet and fuel technologies.
- Utilize alternative daily cover material and improve waste compaction.
- Communicate more effectively with employees about training opportunities and make them available.
- Promote the diversion of food waste, yard waste, metals, plastics, paper and cardboard.
- Improve recycling options for businesses and apartment buildings within the SWS service area.
- Standardize recycling outreach and labeling.

#### **Performance Measures to Track Progress in Achieving Goals**

- Decreased SWS at fault missed stops.
- Reduced wait times at SWS disposal facilities.
- Track vehicle miles per gallon.
- Monitor landfill waste to cover waste ratio.
- Employee annual hours of training.
- Average per capita waste generation.
- SWS collection area recycling rate.



**2018 Preliminary Data - 120 Day Memo  
Attachment E-5**

**Solid Waste Services - Disposal  
2018 Capital Improvement Budget**  
(in thousands)

Project Title	Debt	State/ Fed Grants	Equity/ Operations	Total
175 CFM Air Compressor	-	-	20	20
Alarm Panel Replacement	-	-	50	50
Annual Additional Gas Wells and Piping	-	-	175	175
ARL Energy Efficiency	-	-	100	100
ARL Gas Emissions Monitoring Device	-	-	16	16
ARL Scalehouse Scales	-	-	250	250
CTS Roof and Floor Upgrade	-	-	1,400	1,400
CTS Scalehouse Scales	-	-	250	250
D9 Dozer/Cat	-	-	1,200	1,200
Emergent Equipment Contingency	-	-	50	50
Engineering Design Contract	-	-	100	100
Fleet Focus	-	-	250	250
Gravel Processor Plant (Grizzly)	-	-	75	75
Leachate Force Main Construction	-	-	1,500	1,500
Leachate Pipeline Design	-	-	450	450
Leachate Tankers (2)	-	-	290	290
Office Equipment and technology purchase	-	-	30	30
Pickup Truck (2)	-	-	90	90
Ramp Heating System	-	-	200	200
Rebuild Leachate Pond	-	-	450	450
Reconstruct Fueling Island Pump	-	-	40	40
Scrap Metal Roll Off Containers (2)	-	-	30	30
Tractors (3)	-	-	525	525
Trailers (4)	-	-	540	540
Warm Storage Heating	-	-	45	45
White Water Truck	-	-	50	50
<b>Total</b>	-	-	<b>8,176</b>	<b>8,176</b>

## 2018 Preliminary Data - 120 Day Memo Attachment E-5

### Solid Waste Services - Disposal 2018 - 2023 Capital Improvement Program (in thousands)

Project Category	2018	2019	2020	2021	2022	2023	Total
ARL Improvements	3,160	2,775	9,082	7,275	5,275	275	27,842
CTS Improvements	1,850	-	-	-	-	-	1,850
Equipment & Vehicles	2,886	1,930	5,735	4,010	2,035	2,035	18,631
Girdwood Improvements	-	-	-	-	-	-	-
Office Equipment & Technology	280	30	30	30	30	30	430
<b>Total</b>	<b>8,176</b>	<b>4,735</b>	<b>14,847</b>	<b>11,315</b>	<b>7,340</b>	<b>2,340</b>	<b>48,753</b>

Funding Source	2018	2019	2020	2021	2022	2023	Total
Clean Water Loan	-	1,000	8,807	7,000	5,000	-	21,807
State/Federal Grants	-	-	-	-	-	-	-
Equity/Operations	8,176	3,735	6,040	4,315	2,340	2,340	26,946
<b>Total</b>	<b>8,176</b>	<b>4,735</b>	<b>14,847</b>	<b>11,315</b>	<b>7,340</b>	<b>2,340</b>	<b>48,753</b>

**2018 Preliminary Data - 120 Day Memo  
Attachment E-5**

**Solid Waste Services - Refuse Collection  
2018 Capital Improvement Budget**  
(in thousands)

<b>Project Title</b>	<b>Debt</b>	<b>State/ Fed Grants</b>	<b>Equity/ Operations</b>	<b>Total</b>
Additional OBC Change Orders	-	-	40	40
Compact Frontloader	-	-	250	250
CTS Building Carpet Replacement	-	-	60	60
CTS Building Heating System/Chillers	-	-	190	190
Dumpsters	-	-	275	275
Electric Sideloaders and charging system	-	-	600	600
Emergent Equipment Purchase	-	-	50	50
Energy Efficiency Improvements	-	-	120	120
Fleet Focus	-	-	75	75
Lids	-	-	75	75
Mechanic's Truck	-	-	65	65
Mobile Cart Washer	-	-	125	125
Pickup Dump Truck	-	-	70	70
Replace Data Processing Equipment	-	-	20	20
Replace Office Equipment	-	-	5	5
Residential Roll Carts	-	-	10	10
Side loaders	-	-	355	355
<b>Total</b>	-	-	<b>2,385</b>	<b>2,385</b>

## 2018 Preliminary Data - 120 Day Memo Attachment E-5

### Solid Waste Services - Refuse Collection 2018 - 2023 Capital Improvement Program (in thousands)

Project Category	2018	2019	2020	2021	2022	2023	Total
Building Improvements	420	80	-	-	-	-	500
Containers/Dumpsters/Roll-offs & Lids	360	360	360	360	360	360	2,160
Data Processing	135	30	30	30	30	30	285
Office Equipment	5	5	5	5	5	5	30
Vehicle Replacement	1,465	1,055	1,410	1,140	1,100	1,010	7,180
<b>Total</b>	<b>2,385</b>	<b>1,530</b>	<b>1,805</b>	<b>1,535</b>	<b>1,495</b>	<b>1,405</b>	<b>10,155</b>

Funding Source	2018	2019	2020	2021	2022	2023	Total
Debt	-	-	-	-	-	-	-
State/Federal Grants	-	-	-	-	-	-	-
Equity/Operations	2,385	1,530	1,805	1,535	1,495	1,405	10,155
<b>Total</b>	<b>2,385</b>	<b>1,530</b>	<b>1,805</b>	<b>1,535</b>	<b>1,495</b>	<b>1,405</b>	<b>10,155</b>