



Municipality of Anchorage

**Proposed 2011
Municipal Utility
Enterprise Activity
Operating and Capital
Budgets**

**Dan Sullivan, Mayor
October 1, 2010**

**MUNICIPAL UTILITIES
PROPOSED
2011 OPERATING and
2011-2016 CAPITAL BUDGETS**

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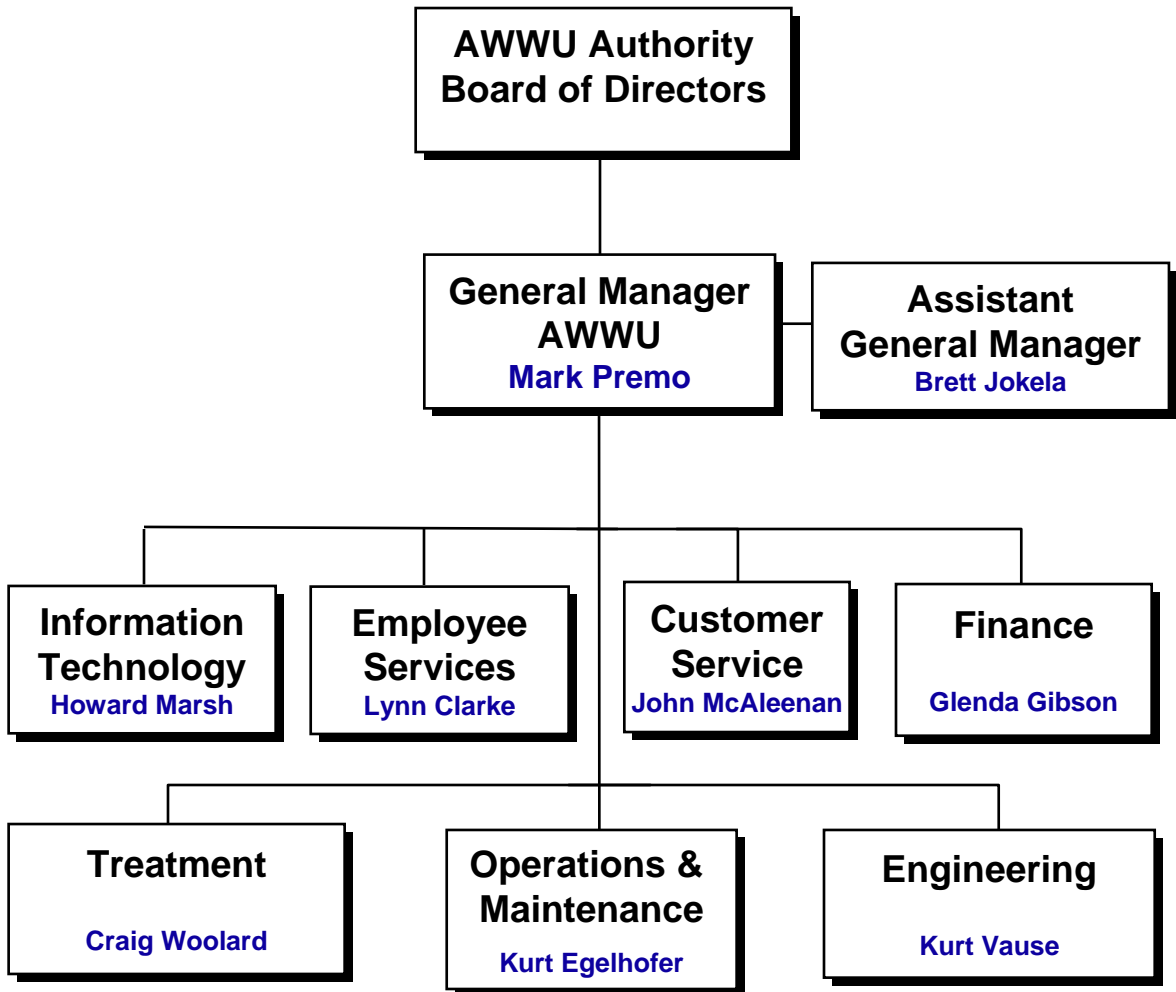
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ANCHORAGE WATER & WASTEWATER UTILITY

ORGANIZATION CHART





ANCHORAGE WATER AND WASTEWATER UTILITY
BOARD RESOLUTION
No. 2010-10(S)

AUTHORITY BOARD
APPROVED

Date: September 1, 2010

Meeting Date: September 1, 2010

Subject: Recommendation of 2011 AWWU Capital and Operating Budgets to the
Municipal Assembly

WHEREAS, the AWWU Board Finance Committee worked with staff on multiple occasions, from July through August 2010, to review and discuss the prospective capital and operating budgets for the utility; and,

WHEREAS, Board Resolution 2010-10 was amended to address changes in personnel costs as outlined in Board Information Memorandum 2010-77; and,

WHEREAS, the AWWU Board of Directors invited testimony at a Public Hearing on the proposed budget on September 1, 2010.

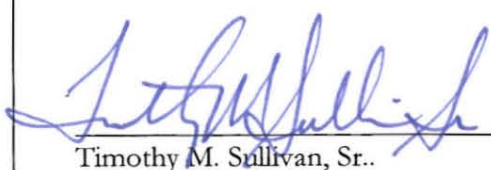
NOW, THEREFORE, THE AWWU BOARD OF DIRECTORS RESOLVES:

to recommend to the Municipal Assembly appropriation of the Capital and Operating Budgets for Anchorage Water Utility and Anchorage Wastewater Utility for 2011 as follows:

Anchorage Water Utility	Capital Improvement Budget	Operating Budget
2011	38,922,000	51,979,000

Anchorage Wastewater Utility	Capital Improvement Budget	Operating Budget
2011	38,589,000	42,820,000

Approved by a majority vote of the AWWU Board of Directors.


Timothy M. Sullivan, Sr..
Chair, AWWU Board of Directors

Date

1 Sept 2010

ANCHORAGE WATER & WASTEWATER UTILITY PROFILE

ORGANIZATION: Anchorage Water and Wastewater Utility (AWWU) is the largest water and wastewater utility in the State of Alaska. The service area equals 125 square miles of metropolitan Anchorage, from Eklutna to Girdwood. The Utility collects water from two major surface watersheds and many deep underground wells. The Utility treats and distributes water to approximately 55,000 residential, commercial, military, and industrial accounts throughout the urban areas of Anchorage. The Utility's wastewater facilities serve approximately 55,800 residential, commercial and military accounts. This represents an estimated population base of 239,000 residents who receive water service and 252,000 residents who receive sewer service. AWWU's wastewater treatment plants operate 24 hours per day, discharging treated wastewater into Cook Inlet, Eagle River and Glacier Creek. The public investment in these systems, treatment plants, mains and sewers, laboratories, and reservoirs, totals just over \$1 billion, with an estimated replacement value of \$7.4 billion. AWWU employs 287 individuals and spends approximately \$86 million annually to operate the water and wastewater systems. Through education, training, certification programs, field experience and longevity of service, AWWU's employees are a dedicated team. Treatment plant operators, engineers, laboratory technicians, maintenance craftsmen, accountants, customer service representatives and field personnel all work together to ensure Anchorage's water and wastewater systems perform efficiently.

GOVERNANCE: AWWU is a public corporate authority of the Municipality of Anchorage governed by a seven member Board of Directors, appointed by the Mayor and approved by the Anchorage Municipal Assembly. The Directors serve five year staggered terms. The current Board members are very experienced professionals in the fields of law, engineering, accounting, public health, and government. The Board shall operate and manage AWWU and, in general, may exercise any power unless otherwise provided in the Municipal Charter, the Code or prohibited by State law. Regular meetings are held monthly and are open to the public. Board meetings focus on Utility operations and highlights.

Although they share one workforce, the utilities are separate economic and regulated entities. A profile of each utility is shown below:

ANCHORAGE WATER UTILITY

HISTORY: From the first intake of water at Lower Ship Creek, and a few miles of woodstave water lines downtown more than 75 years ago, Anchorage's public water utility has grown into an enterprise with a net plant in service of approximately \$430 million that delivers nearly 27 million gallons of water to customers each day, for a little more than \$1 per household. The original water system for Anchorage was installed by the Alaska Railroad in 1917. In 1921, the City purchased the water system and associated water rights from the Alaska Engineering Commission. As the City expanded by annexation, the water system was extended into new areas and independent water systems previously

serving the annexed areas were acquired by the City. The entire service area is now governed by the Municipality of Anchorage as a result of unification of the City of Anchorage and the Greater Anchorage Area Borough (GAAB) on September 15, 1975.

SERVICE: Anchorage's water supply is dominated by two surface watersheds, Eklutna Lake and Ship Creek. Several deep wells provide the Utility with supplementary sources of water. Until 2000, Ship Creek Water Treatment Plant was the main water production facility. With the shift of 24-hour operations to the Eklutna Water Treatment Facility, AWWU has made better use of its higher-pressure water and more effective use of personnel. The Eklutna water supply originates at Eklutna Lake, a drought-resistant natural reservoir. Fed by runoff from Eklutna Glacier and snow-pack from the Chugach Mountains, the eight-mile long lake can supply up to 300 million gallons of water each day. The Eklutna Water Treatment Facility is capable of treating up to 35 million gallons per day.

Ship Creek remains an important water source for Anchorage with the Ship Creek Water Treatment Facility in standby mode. From spring through fall, AWWU has the water rights from Ship Creek and to provide as much as 24 million gallons of water per day. Currently the Ship Creek Water Treatment Facility can produce up to 16 million gallons per day.

AWWU also operates 16 wells that can provide up to 16 million gallons per day.

The Girdwood community is served by a stand-alone system which includes two AWWU wells.

REGULATION: Since December 1970, AWU has been regulated by the Alaska Public Utilities Commission (APUC), which was renamed the Regulatory Commission of Alaska (RCA) on July 1, 1999. AWU holds a Certificate of Public Convenience and Necessity for serving portions of the Anchorage Bowl, Eagle River and Girdwood. This commission, prior to implementation, must approve all rates and tariffs. They also regulate service areas and service quality. The RCA is composed of five members appointed to six-year staggered terms by the Governor of the State of Alaska and confirmed by the State Legislature.

ENVIRONMENTAL MANDATES: In recent years, several federally mandated programs have directly impacted the Utility's water operating costs. The Safe Drinking Water Act, Americans with Disabilities Act, and Community Right-to-Know are some of the current and ongoing laws that impact the Utility.

PHYSICAL PLANT: AWU operates two treatment plants and operates 16 wells on an as-needed basis. Average daily water production in 2009 was 1.45 million gallons per day (gpd). AWU has the capacity to provide up to 68 million gpd. The distribution transmission system equals approximately 830 miles of waterline and 7,020 fire hydrants.

ANCHORAGE WASTEWATER UTILITY

HISTORY: The Alaska Engineering Commission first installed sewers in downtown Anchorage in 1916 along the lower bluff near the Alaska Railroad Depot. As Anchorage grew, construction of sewers continued and by the end of World War II, sewers were available to much of the area between Ship Creek and Chester Creek, west of Cordova Street. GAAB was created in 1964, and was granted area wide sewer authority. The last major private sewer utility was acquired by the GAAB in 1972. The Utility is now owned and governed by the Municipality of Anchorage as a result of unification of the City of Anchorage and the GAAB on September 15, 1975.

SERVICE: Anchorage's enjoyment of drinking water is just one part of the AWWU system. After the day's water is used, it must be treated before it is returned to the environment. The creeks and inlets downstream from Anchorage's wastewater treatment facilities are not adversely impacted by treated effluent, which is AWWU's principal measure of success. The Anchorage community benefits from the superior operation of the three wastewater treatment plants that serve its growing population.

REGULATION: Since 1971, the Anchorage Wastewater Utility has been regulated by the APUC, which was renamed the RCA on July 1, 1999. The Utility holds a Certificate of Public Convenience and Necessity for serving the Anchorage Bowl, Eagle River, and Girdwood. This commission, prior to implementation, must approve all rates and tariffs. They also regulate service areas and service quality. The RCA is composed of five members appointed to six-year staggered terms by the Governor and confirmed by the State Legislature.

ENVIRONMENTAL MANDATES: All three of AWWU's wastewater treatment facilities are subject to discharge limits imposed by individual National Pollutant Discharge Elimination System permits issued. Discharge permits for Eagle River and Girdwood are issued by the Alaska Department of Environmental Conservation (ADEC). The discharge permit for the Asplund facility is issued by the Environmental Protection Agency (EPA). Each permit is good for a period of five years after which they may be renewed. All three permits expired in 2005. AWWU submitted timely renewal applications six months in advance of the expiration dates of each permit. The Eagle River permit was reissued early in 2006 but the Girdwood and Asplund facilities permits have not yet been received.

Both expired permits, however, have been administratively extended by the ADEC or EPA until renewal takes place. Renewal of the Asplund permit could be complicated by the listing of Cook Inlet Beluga whales as endangered under the Endangered Species Act by the National Marine Fisheries Service. AWWU is cooperating with EPA in its efforts to evaluate whether the permit reissuance might affect the recovery of the whales. AWWU anticipates increased monitoring requirements in the permit renewal.

PHYSICAL PLANT: The John M. Asplund Wastewater Treatment Facility is one of the few facilities in the nation operating as a primary treatment facility under Section 301(h) of the Clean Water Act. The primary treatment provided by this facility removes up to 45% of the BOD and 80% of the solids from the influent wastewater meeting the criteria necessary for discharge to the marine waters of Cook Inlet.

The smaller Eagle River and Girdwood Wastewater Treatment facilities provide advanced secondary treatment prior to discharge to Eagle River and Glacier Creek respectively. These facilities remove up to 99% of the pollutants from the incoming wastewater prior to discharge.

In 2008, the Asplund Wastewater Treatment Facility treated an average of 29.2 million gallons per day (mgd). The Eagle River Wastewater Treatment Facility treated an average 1.5 mgd and the Girdwood Wastewater Treatment Facility treated 0.5 mgd. The three facilities have a design capacity of 61.1 mgd. The collection system has approximately 740 miles of pipes.

The Asplund Facility, built in 1972, is Alaska's largest wastewater treatment plant. As wastewater treatment technology and the demands of community growth have developed over the last two decades, utility operators and engineers have kept pace. The Asplund plant was upgraded in 1982, and expanded and upgraded again in 1989.

In conjunction with the permit renewal process, a facilities plan update was prepared in 1999. The facilities plan evaluated the existing condition of the Asplund facility and identified improvements necessary to meet the future needs of the community. The facilities plan identified \$15 million worth of improvements to the solids handling, headworks, administration, incineration, and thickening processes and control and power systems. Construction of new solids handling improvements including sludge dewatering, storage and load out facilities was completed in 2001. Design of headworks improvements began in September 2002. Construction was completed in 2005. Other process and building improvements have been undertaken since 2006 which extend the life of the sludge incinerator and other treatment process equipment, as well as the building and laboratory facilities. Control and power systems upgrades were completed in 2010. These projects, along with careful operation, have made Asplund a modern, state of the art treatment facility.

ANCHORAGE WATER & WASTEWATER UTILITY 2011 OPERATING & CAPITAL BUDGET ASSUMPTIONS

Below are the specific AWWU budget assumptions, used in the preparation of the Anchorage Water Utility and Anchorage Wastewater Utility 2011 Operating and Capital Budgets.

REGULATION

Assume continued economic regulation by Regulatory Commission of Alaska (RCA).

AUTHORITY

AWWU is now an Authority, governed by an appointed Board of Directors. Assume continued Authority status in 2011.

UTILITY OWNERSHIP

Assume continued Municipal ownership in 2011.

MUNICIPAL UTILITY SERVICE ASSESSMENT (MUSA)

Assume mill rate calculation for MUSA/MESA (in lieu of taxes) will be the same as 2010. Assume AWWU will prevail before the RCA on the 2004/2005 MUSA Rate Case.

INTEREST

Assume debt service for new State of Alaska loans to be 1.5%. Short-term interest income calculated assuming a rate of 3.0%.

INTRAGOVERNMENTAL CHARGES (IGCs)

Assume no increase from 2010 budget.

RATE INCREASES

Assume 8.0% rate increase for Water and 15.0% rate increase for Wastewater.

POPULATION

Assume customer growth of .25%.

COMPENSATION COSTS (Salaries and Benefits)

Assume AMEA increase in accordance with current labor agreement to be 2.86%, assume 0% for Plumbers (PLU). Plumbers contract expired 6/30/10. Assume Non-Reps and Execs mirror the AMEA agreement.

VACANCY FACTOR

Assume a 3.5% vacancy factor.

ANCHORAGE WATER & WASTEWATER UTILITY WORK FORCE PROJECTIONS

DIVISIONS	2008	2009	2010	2011	2012	2013	2014	2015	2016
GM	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
IT	17.0	18.0	18.0	19.0	19.0	19.0	19.0	19.0	19.0
O & M	86.0	86.0	86.0	86.0	86.0	86.0	86.0	86.0	86.0
TRMT	61.5	61.5	62.0	63.0	63.0	63.0	63.0	63.0	63.0
FIN	26.0	26.0	26.0	25.0	25.0	25.0	25.0	25.0	25.0
ES	7.5	7.5	7.5	8.0	8.0	8.0	8.0	8.0	8.0
CS	42.0	42.0	42.0	40.5	40.5	40.5	40.5	40.5	40.5
ENG	34.0	38.0	38.0	39.5	39.5	39.5	39.5	39.5	39.5
TOTAL FULL TIME	278.0	283.0	283.5	285.0	285.0	285.0	285.0	285.0	285.0
TEMPORARY FTE'S	4.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
TOTAL FTE'S	282.5	286.5	287.0	288.5	288.5	288.5	288.5	288.5	288.5
INTERNS	6.5	7.0	7.0	10.0	10.0	10.0	10.0	10.0	10.0

ANCHORAGE WATER UTILITY

11-YEAR SUMMARY

UTILITY FORMAT - 2011 OPERATING BUDGET (\$ in Thousands)

	Actual				Proforma	Budget	Forecast				
Financial Overview	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues	39,903	45,427	46,251	50,184	49,683	52,650	57,890	63,590	68,900	74,170	79,210
Expenses and Transfers	36,623	40,544	44,787	43,130	47,213	51,979	55,170	57,570	59,920	63,560	66,630
Net Income (Loss)	3,281	4,883	1,463	7,054	2,470	671	2,720	6,020	8,980	10,610	12,580
Dividend to General Government	0	0	0	0	0	0	0	0	0	0	0
Increase in Net Assets	3,281	4,883	1,463	7,054	2,470	671	2,720	6,020	8,980	10,610	12,580
Workforce Authorized per Budget	277.5	280.5	282.5	286.5	287.0	288.5	288.5	288.5	288.5	288.5	288.5
Capital Improvement Program	33,500	35,000	32,400	34,000	35,530	38,922	38,760	40,375	40,375	39,520	40,850
New Debt	6,875	77,925	9,175	8,244	25,000	67,000	20,000	20,000	20,000	76,600	20,000
Net Plant (12/31)	382,624	409,365	433,285	457,421	488,770	508,304	532,788	557,801	582,226	605,094	628,125
Net Assets (12/31)	68,170	73,053	74,516	81,570	82,914	83,585	86,305	92,325	101,305	111,915	124,495
Operating Cash	14,232	18,648	17,122	11,865	9,065	6,227	4,493	4,899	4,808	5,368	5,812
Construction Cash Pool	0	0	36,684	10,610	6,165	46,081	31,297	15,664	2,289	50,241	40,591
Restricted Cash	5,180	54,834	3,253	7,906	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Total Cash	19,412	73,482	57,060	30,381	18,730	55,808	39,290	24,063	10,597	59,109	49,903
IGC's - General Government	1,371	1,060	1,111	1,372	1,360	1,360	1,408	1,459	1,512	1,566	1,622
MUSA	5,478	5,259	5,763	5,906	6,718	7,280	7,580	7,940	8,320	8,690	9,030
CCP Borrowings from Gen'l Govt.	11,525	194	0	0	0	0	0	0	0	0	0
Total Outstanding LT Debt	117,167	191,547	192,780	197,152	217,302	275,693	283,459	289,805	294,434	357,914	361,928
Total Annual Debt Service	12,103	12,009	14,250	15,221	15,898	16,901	21,746	23,449	25,331	24,551	28,804
Debt Service Coverage (Revenue)	2.00	1.93	1.40	1.93	1.47	1.44	1.40	1.67	1.90	2.50	2.23
Debt/Equity Ratio	63 / 37	72 / 28	72 / 28	71 / 29	72 / 28	77 / 23	77 / 23	76 / 24	74 / 26	76 / 24	74 / 26
Rate Change Percent	8.90%	7.00%	0.00%	7.00%	2.50%	8.00%	9.50%	9.50%	9.50%	7.50%	5.70%
Single Family Rate	34.10	36.50	36.50	39.06	40.04	43.25	47.36	51.86	56.79	61.05	64.53
Statistical/Performance Trends:											
Number of Accounts	54,316	54,525	54,697	54,835	54,972	55,110	55,247	55,385	55,524	55,663	55,802
Average Treatment (GPD) (000)	26,000	25,300	23,300	25,300	25,363	25,427	25,490	25,554	25,618	25,682	25,746
Miles of Water Lines	820	823	828	829	831	833	835	837	839	842	844
Number of Hydrants	6,871	6,941	7,021	7,207	7,225	7,243	7,261	7,279	7,298	7,316	7,334

**ANCHORAGE WATER UTILITY
STATEMENT OF REVENUES AND EXPENSES**

	2009 ACTUAL	2010 PROFORMA	2010 BUDGET	2011 BUDGET
OPERATING REVENUES				
CHARGES FOR SERVICES	45,867,168	46,803,000	46,600,000	50,500,000
MISCELLANEOUS	1,368,347	1,300,000	1,250,000	1,250,000
TOTAL OPERATING REVENUES	47,235,515	48,103,000	47,850,000	51,750,000
OPERATING EXPENSES				
SOURCE OF SUPPLY	2,752,625	2,929,000	2,838,000	3,369,000
TREATMENT	4,130,606	4,556,000	5,194,000	5,240,500
TRANSMISSION	5,961,552	6,206,000	5,921,000	7,138,400
CUSTOMER ACCOUNTS	2,223,347	2,370,000	2,452,000	2,726,100
GENERAL & ADMINISTRATIVE	6,873,012	7,794,000	8,645,000	8,965,000
DEPRECIATION	7,201,903	8,160,000	8,000,000	9,100,000
MUSA	5,906,013	6,717,558	6,650,000	7,280,000
TOTAL OPERATING EXPENSES	35,049,058	38,732,558	39,700,000	43,819,000
OPERATING INCOME	12,186,457	9,370,442	8,150,000	7,931,000
NON-OPERATING REVENUE				
RENTAL INCOME	92,221	192,300	30,000	30,000
GAIN ON SALE OF PROPERTY	-	487,700	-	-
INTEREST INCOME, NET	2,856,542	900,000	900,000	870,000
TOTAL NON-OPERATING REVENUE	2,948,763	1,580,000	930,000	900,000
NON-OPERATING EXPENSE				
AMORTIZATION	644,527	700,000	700,000	650,000
INTEREST	8,357,771	8,400,000	8,400,000	8,290,000
CAPITALIZED INTEREST	(921,091)	(620,000)	(620,000)	(780,000)
TOTAL NON-OPERATING EXPENSE	8,081,207	8,480,000	8,480,000	8,160,000
NET NON-OPERATING EXPENSE	(5,132,444)	(6,900,000)	(7,550,000)	(7,260,000)
NET INCOME	7,054,013	2,470,442	600,000	671,000

**ANCHORAGE WATER UTILITY
2011 OPERATING BUDGET DETAIL**

	2009 ACTUAL	2010 BUDGET	2011 BUDGET
LABOR			
Wages	8,581,746	9,081,500	9,671,400
Benefits	5,031,709	6,054,500	6,447,600
Subtotal	13,613,455	15,136,000	16,119,000
SUPPLIES			
Chemicals	360,848	495,000	474,800
Plant, Shop, & Office Expense	1,484,748	1,753,000	1,765,400
Subtotal	1,845,596	2,248,000	2,240,200
INTRAGOVERNMENTAL CHARGES			
Finance Dept	300,175	358,000	358,000
Information Technology Dept	535,588	418,000	418,000
Employee Relations Dept	114,102	130,000	130,000
Other	421,684	453,500	453,500
Subtotal	1,371,549	1,359,500	1,359,500
OTHER SERVICES			
Charitable Contributions	73,500	25,000	50,000
Professional Services	621,474	731,000	996,800
Rent/Leases	885,241	901,000	906,500
Utilities	2,633,614	3,156,000	3,913,000
Contracted Mtnce/Repair	1,094,377	1,204,500	1,287,100
Insurance	90,581	108,000	107,700
Other Services/Charges	625,934	831,000	1,109,200
Operating Expense Transfer to CWIP	(914,179)	(650,000)	(650,000)
Subtotal	5,110,542	6,306,500	7,720,300
OTHER EXPENSES			
Depreciation	7,201,903	8,000,000	9,100,000
MUSA	5,906,013	6,650,000	7,280,000
Interest Expense	8,357,771	8,400,000	8,290,000
Capitalized Interest	(921,091)	(620,000)	(780,000)
Amort Deferred Debits/Discounts	644,527	700,000	650,000
Subtotal	21,189,123	23,130,000	24,540,000
TOTAL EXPENSES	43,130,265	48,180,000	51,979,000

**ANCHORAGE WATER UTILITY
2011 - 2016 CAPITAL IMPROVEMENT PROGRAM
FINANCIAL SUMMARY
(In thousands of dollars)**

	2011	2012	2013	2014	2015	2016	Total
TOTAL, AWWU-FUNDED AND OTHER	38,922	38,760	40,375	40,375	39,520	40,850	238,802
LESS: FUNDED BY GRANTS AND OTHER	2,000	2,000	2,000	2,000	2,000	2,000	12,000
BALANCE: AWWU-FUNDED	36,922	36,760	38,375	38,375	37,520	38,850	226,802

ANCHORAGE WASTEWATER UTILITY

11-YEAR SUMMARY

UTILITY FORMAT - 2011 OPERATING BUDGET (\$ in Thousands)

	Actual				Proforma	Budget	Forecast				
Financial Overview	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues	31,538	36,218	36,832	37,198	37,916	43,030	47,310	51,970	57,060	62,270	67,820
Expenses and Transfers	27,988	31,883	35,425	33,512	37,847	42,820	45,480	47,770	51,490	56,280	58,360
Net Income (Loss)	3,550	4,335	1,407	3,686	69	210	1,830	4,200	5,570	5,990	9,460
Dividend to General Government	0	0	0	0	0	0	0	0	0	0	0
Increase (Decrease) in Net Assets	3,550	4,335	1,407	3,686	69	210	1,830	4,200	5,570	5,990	9,460
Workforce Authorized per Budget	277.5	280.5	282.5	286.5	287.0	288.5	288.5	288.5	288.5	288.5	288.5
Capital Improvement Program	26,221	27,344	21,600	25,600	30,780	38,589	30,381	31,863	31,863	33,345	34,200
New Debt	2,653	44,851	12,111	16,802	20,000	41,000	20,000	20,000	74,000	20,000	20,000
Net Plant (12/31)	272,975	282,918	292,164	335,258	351,915	361,784	383,229	399,471	439,666	459,603	479,742
Net Assets (12/31)	48,887	53,222	54,629	58,315	58,031	58,241	60,071	64,271	69,841	75,831	85,291
Operating Cash	8,596	13,899	15,626	12,817	8,905	5,019	4,444	4,563	4,713	5,261	5,373
Construction Cash Pool	0	0	14,208	0	0	21,201	11,933	14,294	46,720	39,597	35,025
Restricted Cash	969	28,149	426	2,162	450	2,500	2,500	2,500	2,500	2,500	2,500
Total Cash	9,565	42,048	30,260	14,979	9,355	28,720	18,878	21,357	53,933	47,359	42,899
IGC's - General Government	1,126	1,011	1,140	1,369	1,360	1,360	1,408	1,459	1,512	1,566	1,622
MUSA	4,068	3,868	4,089	4,098	5,011	5,330	5,480	5,800	6,050	6,660	6,960
CCP Borrowings from Gen'l Govt.	10,185	8,930	0	6,584	0	0	0	0	0	0	0
Total Outstanding LT Debt	62,416	105,986	115,074	127,368	141,841	177,525	190,390	203,049	268,669	277,777	285,839
Total Annual Debt Service	7,889	5,668	7,237	8,696	9,221	10,302	12,795	13,023	15,401	19,170	20,217
Debt Service Coverage (Revenue)	10.03	5.66	2.88	2.99	2.46	2.60	2.49	3.02	3.00	2.47	2.92
Debt/Equity Ratio	53 / 47	64 / 36	66 / 34	68 / 32	70 / 30	75 / 25	76 / 24	76 / 24	79 / 21	79 / 21	77 / 23
Rate Change Percent	4.01%	9.50%	0.00%	6.50%	2.50%	15.00%	9.50%	9.50%	9.50%	8.20%	8.90%
Single Family Rate	26.30	28.75	26.80	28.54	29.26	33.65	36.85	40.35	44.19	47.81	52.06
Statistical/Performance Trends:											
Number of Accounts	55,272	55,470	55,635	55,783	55,922	56,062	56,202	56,343	56,484	56,625	56,767
Average Treatment (GPD) (000)	30,100	29,400	31,200	29,900	29,975	30,050	30,125	30,200	30,276	30,351	30,427
Miles of Wastewater Lines	721	723	743	751	753	755	757	759	760	762	764

**ANCHORAGE WASTEWATER UTILITY
STATEMENT OF REVENUES AND EXPENSES**

	2009 ACTUAL	2010 PROFORMA	2010 BUDGET	2011 BUDGET
OPERATING REVENUES				
CHARGES FOR SERVICES	34,535,148	35,780,000	36,500,000	41,200,000
MISCELLANEOUS	1,464,301	1,566,000	1,400,000	1,500,000
TOTAL OPERATING REVENUES	35,999,449	37,346,000	37,900,000	42,700,000
OPERATING EXPENSES				
COLLECTION	3,972,445	4,211,000	4,187,000	4,747,900
TREATMENT	9,172,670	9,583,000	9,357,000	10,804,900
CUSTOMER ACCOUNTS	1,790,215	1,967,000	2,100,000	2,217,900
GENERAL & ADMINISTRATIVE	7,071,689	7,955,000	8,757,000	8,969,300
DEPRECIATION	4,189,089	5,520,000	5,200,000	6,220,000
MUSA	4,097,804	5,011,065	4,700,000	5,330,000
TOTAL OPERATING EXPENSES	30,293,912	34,247,065	34,301,000	38,290,000
OPERATING INCOME	5,705,537	3,098,935	3,599,000	4,410,000
NON-OPERATING REVENUE				
INTEREST INCOME, NET	1,198,524	570,000	570,000	330,000
TOTAL NON-OPERATING REVENUE	1,198,524	570,000	570,000	330,000
NON-OPERATING EXPENSE				
AMORTIZATION	97,538	130,000	130,000	100,000
INTEREST	3,975,309	4,170,000	4,170,000	4,990,000
INTERFUND TRANSFER	164,443	-	-	-
CAPITALIZED INTEREST	(1,019,157)	(700,000)	(700,000)	(560,000)
TOTAL NON-OPERATING EXPENSE	3,218,133	3,600,000	3,600,000	4,530,000
NET NON-OPERATING EXPENSE	(2,019,609)	(3,030,000)	(3,030,000)	(4,200,000)
NET INCOME	3,685,928	68,935	569,000	210,000

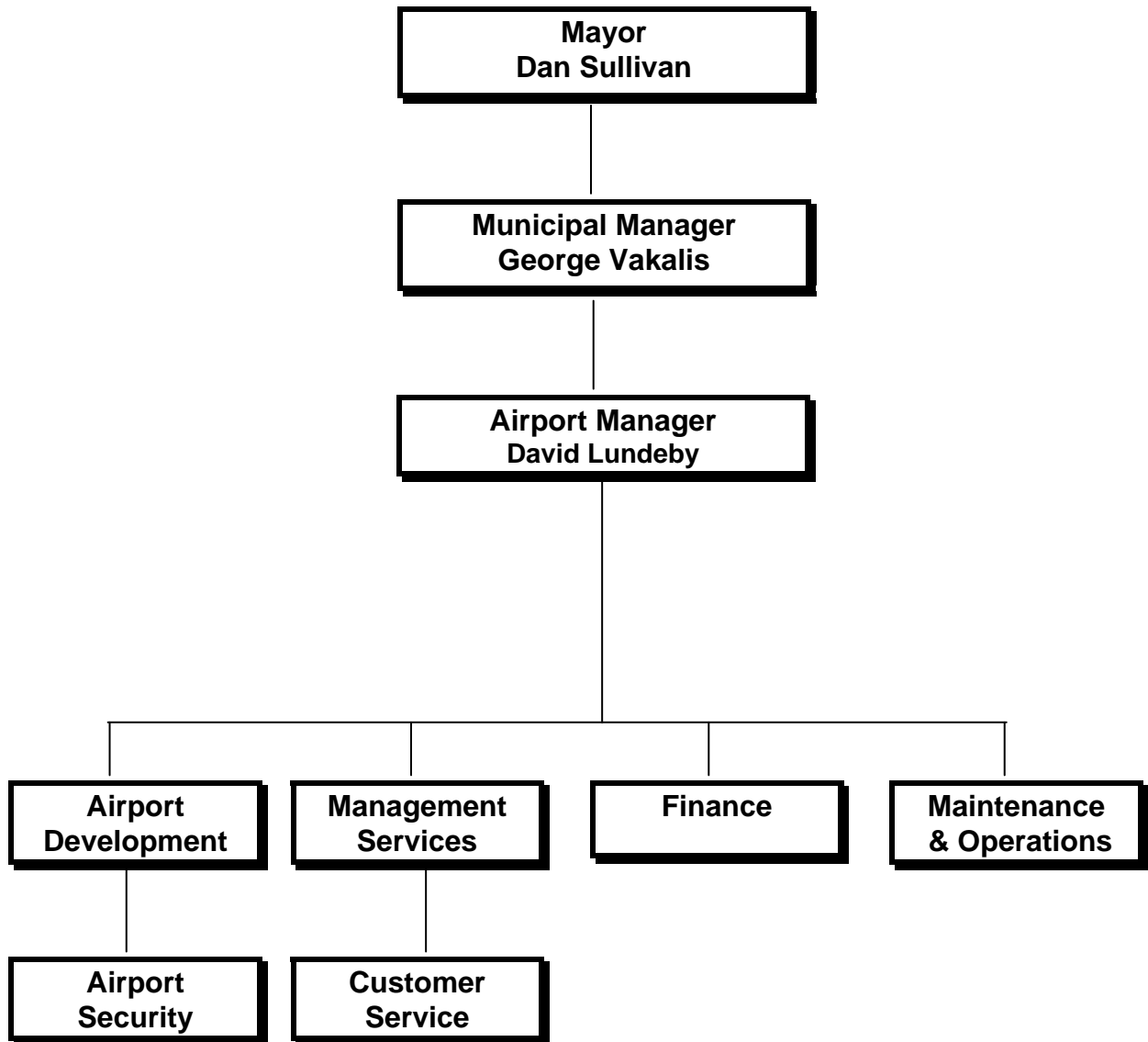
**ANCHORAGE WASTEWATER UTILITY
2011 OPERATING BUDGET DETAIL**

	2009 ACTUAL	2010 BUDGET	2011 BUDGET
LABOR			
Wages	8,175,388	8,534,400	9,575,100
Benefits	4,853,410	5,689,600	6,383,400
Subtotal	13,028,798	14,224,000	15,958,500
SUPPLIES			
Chemicals	927,443	896,500	930,100
Plant, Shop, & Office Expense	1,137,083	1,572,700	1,599,300
Subtotal	2,064,526	2,469,200	2,529,400
INTRAGOVERNMENTAL CHARGES			
Finance Dept	297,361	358,000	358,000
Information Technology Dept	535,592	418,000	418,000
Employee Relations Dept	113,978	130,000	130,000
Other	421,684	453,500	453,500
Subtotal	1,368,615	1,359,500	1,359,500
OTHER SERVICES			
Charitable Contributions	88,500	25,000	50,000
Professional Services	901,227	1,504,000	1,640,300
Rent/Leases	736,890	724,300	754,300
Utilities	2,185,996	2,642,000	2,893,500
Contracted Mtnce/Repair	1,715,261	953,000	953,200
Insurance	77,431	91,600	91,600
Other Services/Charges	995,704	1,058,400	1,109,700
Operating Expense Transfer to CWIP	(1,155,931)	(650,000)	(600,000)
Subtotal	5,545,078	6,348,300	6,892,600
OTHER EXPENSES			
Depreciation	4,189,089	5,200,000	6,220,000
MUSA	4,097,806	4,700,000	5,330,000
Interest Expense	3,975,309	4,170,000	4,990,000
Capitalized Interest	(1,019,157)	(700,000)	(560,000)
Amort Deferred Debits/Discounts	97,538	130,000	100,000
Interfund Transfer	164,443	-	-
Subtotal	11,505,028	13,500,000	16,080,000
TOTAL EXPENSES	<u>33,512,045</u>	<u>37,901,000</u>	<u>42,820,000</u>

**ANCHORAGE WASTEWATER UTILITY
2011 - 2016 CAPITAL IMPROVEMENT PROGRAM
FINANCIAL SUMMARY
(In thousands of dollars)**

	2011	2012	2013	2014	2015	2016	Total
TOTAL, AWWU-FUNDED AND OTHER	38,589	30,381	31,863	31,863	33,345	34,200	200,241
LESS: FUNDED BY GRANTS AND OTHER	1,000	1,000	6,000	6,000	2,000	2,000	18,000
BALANCE: AWWU-FUNDED	37,589	29,381	25,863	25,863	31,345	32,200	182,241

MERRILL FIELD AIRPORT
ORGANIZATION CHART
2011



MERRILL FIELD AIRPORT

BUSINESS PLAN

2011

Background

Merrill Field Airport is a municipally owned and operated enterprise, regulated by the Federal Aviation Administration.

Merrill Field is a primary commercial service airport, and serves as a general aviation reliever for Anchorage International Airport. Home to over 8% of all aircraft registered in Alaska, Merrill Field was the 72nd busiest airport in the nation in 2009.

Mission Statement

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

Goals

The goals of Merrill Field are to:

- ➔ 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.

Objectives Used in Accomplishing the Goal

- Actively market Airport facilities and services
- Provide infrastructure to meet customer demand

- ➔ Develop an overall Airport strategy, including leasing policies, that attract aviation support services and related businesses to Merrill Field and encourage long and short term private sector investments. This, plus sound fiscal management, will enable Merrill Field to increase its value, both to its customers and to its owner, the Municipality of Anchorage.

Objectives Used in Accomplishing the Goal

- Maintain revenues at a level adequate to cover inflation, fund MOA and FAA mandated costs, and meet airport objectives by:
 - increasing facility productivity
 - increasing user fees, when necessary.

- Minimize expenses
 - Reduce services where the impact is minimal
 - Employ economies of scale whenever possible
 - Defer expenses, within practical limits
 - Perform functions in-house when workloads permit
 - Take advantage of new technology
 - Continue refinement and enhancement of existing programs to facilitate better data resource management.
 - Continue replacing computer hardware, as required, to ensure the efficient processing of data.
 - Maintenance of database and management reporting capabilities.
- ➔ Understand and be responsive to our customers. This will allow us to better meet their needs by providing the services and facilities they desire. Maintain those facilities in a fully functional, efficient and safe condition by continually improving their utility, quality, and appearance.

Objectives Used in Accomplishing the Goal

- Maintain runways, taxiways, and tie-down aprons in a safe and secure condition.
- Expeditiously remove snow from all surfaces.
- Continue long term planning, development, and construction of quality airport facilities through the Airport Master Plan process.
- Provide technical assistance to lessees on issues associated with federally mandated environmental programs.
- Continue to reduce the number of runway incursions (Vehicle/Pedestrian Deviations, or VPDs).
- Promote pro-active leasing program for Municipal Airports.
- Manage and develop Orca Street properties to provide lease space for aircraft hangar development.
- Provide new lease lots to expand or develop commercial aviation facilities.
- Work in close coordination with the Airport Commission, Fixed Based Operators, and Airport users.
- Perform asphaltic crack sealing of runways/taxiways to extend the life expectancy of these surfaces.
- Fund pre-grant expenses for engineering services on grant-eligible projects.
- Maintain three temporary Airport Maintenance Technician Assistant employees for twelve weeks during the summer months for grounds-keeping.
- Implement recommendations from the FAA Runway Safety Action Team.

- Enhance the utility of existing tiedown aprons, taxiways and roadways.
 - Expand aircraft aprons and taxiways as needed to meet demand.
 - Maintain positive relations with neighboring Community Councils by encouraging their comments and actively addressing their concerns.
 - Maintain a pro-active anti-noise policy, asking pilots to follow established noise-reducing practices.
- ➔ Maximize the use of Federal Airport Improvement Program (AIP) grants to provide facilities that will safely and adequately meet the needs of general aviation.

Objectives Used in Accomplishing the Goal

- Continue to aggressively seek and obtain both FAA and State grant funding for the Airport Capital Improvement Program.
- Acquire additional land west of the Runway 16/34 safety area to ensure compatible land use.
- Identify high priority projects to be included in the FAA 5-Year Airport Capital Improvement Plan (ACIP) allowing Merrill Field to more effectively compete nationally for AIP grant funds.
- Secure engineering services for project preliminary design, final design, contract specifications, bid award, and construction supervision.
- Secure funding allocations through the grant application process.

Factors Affecting the Utility

- Population level in the Anchorage area
- Demand for aircraft tiedown and hangar space
- Capacity of Anchorage area airport facilities
- Federal and State regulatory requirements, especially those pertaining to Underground Storage Tanks, Clean Water Act, Clean Air Act, and the Americans With Disabilities Act, will require continued responses.
- Duty to perform a responsive and responsible level of maintenance
- Continuation of the Federal Airport Improvement Program, which provides the majority of our capital funding requirements
- Federal Aviation Administration regulations pertaining to airport and aircraft operations and maintenance

Planning and Financial Assumptions

The following assumptions have been used in developing Merrill Field Airport's 2011-2016 long-range plans.

- FAA and State matching grants will be available in sufficient amounts to fund the Airport Capital Programs recommended in the Merrill Field Master Plan.
- Airport revenue can be increased as necessary to:
 - Meet increased expenses associated with maintaining existing responsive levels of service.
 - Maintain and repair airport plant and equipment.
 - Set aside funds to construct and acquire capital improvements and equipment, either in whole or in part as Airport contributions to Federally-funded grant projects.
 - Provide a return to our owner, the Municipality of Anchorage, in the form of a MESA (Municipal Enterprise Special Assessment) payment.
 - Maintain a fund balance for potential legal and environmental liabilities.
- Airport revenue will fluctuate with weather conditions, the general economy, and the population level of Anchorage.

MERRILL FIELD AIRPORT

UTILITY PROFILE

2011

ORGANIZATION

Five office staff manage the operational and financial affairs of Merrill Field, and four maintenance personnel provide maintenance for 8 airport buildings and property. The maintenance function includes all operating surfaces of the airport - runways, taxiways, roads and aircraft tiedown areas that are not on leased property. This includes snow removal, sanding, resurfacing, and maintenance of facilities and equipment.

HISTORY

Merrill Field, established in 1930 and located one mile east of downtown Anchorage on 436 acres of land, was the first real airport in the city. The airport bears the name of Russel Hyde Merrill, an early Alaskan aviator who disappeared in September 1929 on a flight to Bethel. The first aviation beacon in the Territory of Alaska was located at Merrill Field and was dedicated on September 25, 1932 to honor Russ Merrill. Merrill Field is a "Primary Commercial Service Airport" and serves as a general aviation reliever airport to Ted Stevens Anchorage International Airport. Merrill Field is restricted to aircraft weighing 12,500 pounds or less.

Merrill Field continues to be an integral part of Alaska's transportation network. Over the past five years aircraft operations have varied between 165,000 and 190,000 and based aircraft varied between 875 and 940.

SERVICE

Merrill Field serves as the general aviation link between Southcentral Alaskan communities, including the rural areas, and Anchorage. Intrastate air traffic to and from Anchorage, with many passengers destined for the downtown and mid-town areas, are conveniently served by Merrill Field.

Some of the many services provided at Merrill Field are: sale of aircraft fuel; hangar rental; flightseeing; flight and ground school instruction; aircraft maintenance and repair; sale of parts, supplies, equipment and accessories; aerial photography; propeller repair; aviation electronics; aircraft sales, rentals and charters; power plant and airframe training; college courses for aviation degree-seeking students; and direct taxiway connection to the local hospital.

REGULATION

Merrill Field is required to meet Federal Aviation Administration, Alaska Department of Transportation and Public Facilities, and Municipal regulations. Addi-

tionally, the Municipal Airports Aviation Advisory Commission advises and makes recommendations to the Administration and Assembly on all matters pertaining to the operating budget, rules, regulations, and administrative guidelines at Merrill Field.

ENVIRONMENTAL MANDATES

There are many federally mandated programs which have had a direct impact on the Airport's operating costs. The Clean Water Act, Americans With Disabilities Act, Community Right To Know, Underground Storage Tank Regulations, and Clean Air Act are some of the current laws which have and will continue to affect the Airport.

PHYSICAL PLANT

Primary Commercial Service Airport

- Restricted to aircraft weighing 12,500 pounds or less
- 436 acre land area; elevation 137 feet; fee simple title
- 1,230 tiedown spaces; leaseholders manage 651;
 - Municipality manages 528, plus 51 for transient aircraft
- Runway 7/25 length is 4,000 feet; Runway 16/34 length is 2,640 feet;
- Gravel/Ski Runway 4/22 length is 2,000 feet
- Six taxiways; 102 acres of tiedown aprons
- Control Tower owned and operated by FAA

Seventy Second (72nd) Busiest Airport in the Nation in 2009

- Hub for intra-Alaska travel
- Located one mile from downtown Anchorage
- General Aviation reliever airport to Ted Stevens Anchorage International Airport
- 824,176 flight operations in Alaska; 165,014 operations (20%) at Merrill Field
- 10,891 registered aircraft in Alaska; 877 (8.1%) based at Merrill Field
- 8,165 certificated pilots in Alaska

Economic Stimulus

- 47 leaseholders lease 3,167,240 square feet of airport property with tenant improvements assessed at \$23,357,780.
- 12 rental properties
- Approximately 46 aviation related businesses operate on the airport
- 423 transient aircraft stayed a total of 2,133 days last year
- Approximately 629,000 gallons of fuel were sold in 2009

Airport Plant (net of accumulated depreciation) at December 31, 2009 was \$47,427,306

MERRILL FIELD AIRPORT

HIGHLIGHTS AND FUTURE EVENTS

2011

Today, with approximately 165,000 take offs and landings per year, Merrill Field serves as a reliever airport to Ted Stevens Anchorage International Airport and also as the major general aviation link between Anchorage and our surrounding rural communities. With over 40 aviation businesses and 900 based aircraft, Merrill Field provides a positive economic impact to Anchorage.

Merrill Field is one of the few airports in the nation that has a taxiway link directly to a hospital. Medevac aircraft land and taxi directly to the hospital, the patient is transferred from the aircraft onto a gurney and wheeled into the hospital. This service saves valuable minutes in critical situations and is utilized almost daily.

Merrill Field continues to develop its economic revitalization program through cooperative efforts of the business owners, airport management, and surrounding communities. Over the past five years private development has invested approximately \$15 million in constructing over 150 new aircraft hangars and 3 new office/retail facilities on Municipal Airport leased property. The Administration recently updated Merrill Field's lease terms which resulted in more benefits to the airport leaseholders and makes Merrill Field's leases more competitive with State airport leases.

Federally funded capital improvement projects for 2011 include aircraft parking apron rehabilitation and the reconstruction of a major taxiway located on the south side of the airport.

Over the past 20 years, Merrill Field has had a Land Acquisition Program in place to prioritize land acquisitions and building demolitions along the west side of the airport. The primary purpose of this program is to eliminate deviations from Airport design standards within Runway and Taxiway Object Free Areas and Runway Protection Zones and to ensure airport compatible land use. The FAA and the State of Alaska have consistently supported these land purchases to provide the airport the authority to remove existing obstructions and to make available new property for aviation development.

Numerous security improvements have already been implemented and new programs are planned for Merrill Field that will enhance the safety and security of Merrill Field's air operation areas. These improvements are focused on eliminating unauthorized entry into the aircraft movement areas (taxiways and runways). Security improvements already in place include new perimeter fencing, taxiway barrier gates, relocation of the mid-field taxiway on runway 7-25, vehicle and pedestrian gate access controls, a public address system, a guided walking trail, area lighting, signage, a closed circuit TV security camera system, a Driver Training Program, and continuing educational programs on airport safety. A coordinated effort between the FAA Airports Division, FAA Runway Safety Office, FAA Air Traffic Control, Merrill Field Management, Anchorage Police De-

partment and Merrill Field Airport Businesses has been a major contributing factor in decreasing unauthorized entries into the aircraft movement areas.

Merrill Field Airport

Anchorage: Performance. Value. Results.

Mission

To operate and maintain Merrill Field Airport to meet the aviation and business needs of our customers.

Core Services

- Maintain runways, taxiways, and aircraft parking aprons in a safe and secure condition.
- Provide space to operate and park aircraft.
- Provide lease space for private enterprises to support air transportation.

Accomplishment Goals

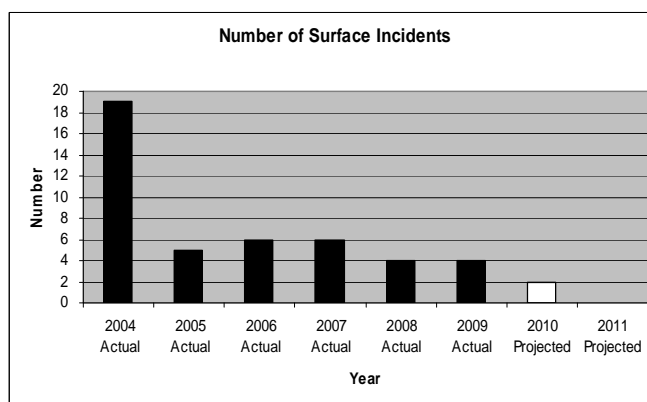
- Reduce the number of “surface incidents” (unauthorized entry into restricted areas).
- Expeditiously remove snow from all runways, taxiways, and aircraft parking aprons.
- Provide sufficient aircraft parking area and business lease space to meet public demand.
- Repair and improve surface conditions on all Runway operating surfaces with a Pavement Condition Index (PCI) below 70 and all Taxiway, Apron & Roadway operating surfaces with a PCI below 60 (on a scale of 1 – 100 with 100 being the best condition).

Performance Measures

Progress in achieving goals will be measured by:

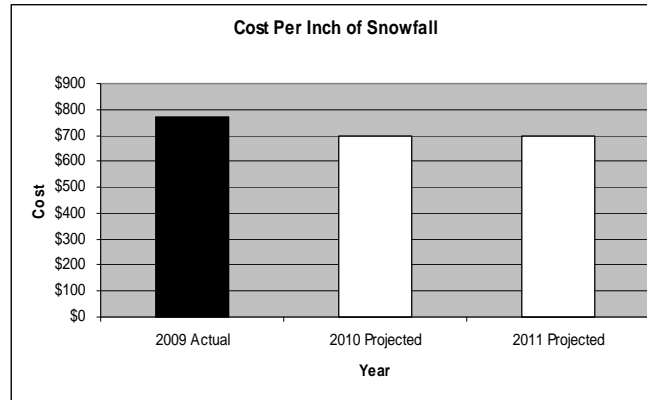
Measure #1: Number of surface incidents (unauthorized entry into restricted areas)

2009 Actual	2010 Projected	2011 Projected
4	2	0



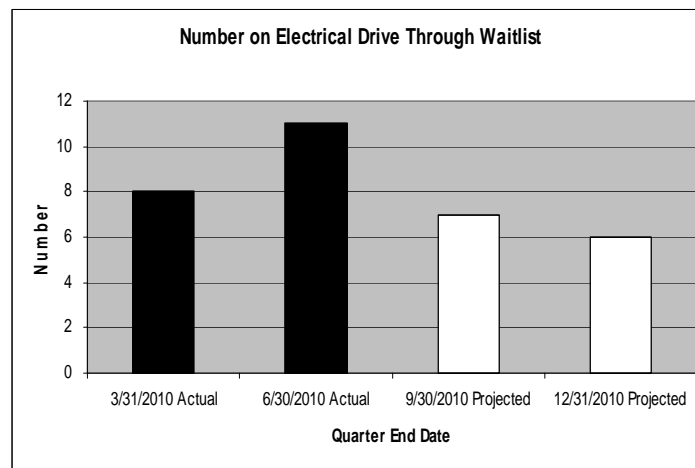
Measure #2: Personnel cost per one inch of snowfall to remove snow from Airport operating surfaces

2009 Actual	2010 Projected	2011 Projected
\$773	\$700	\$700



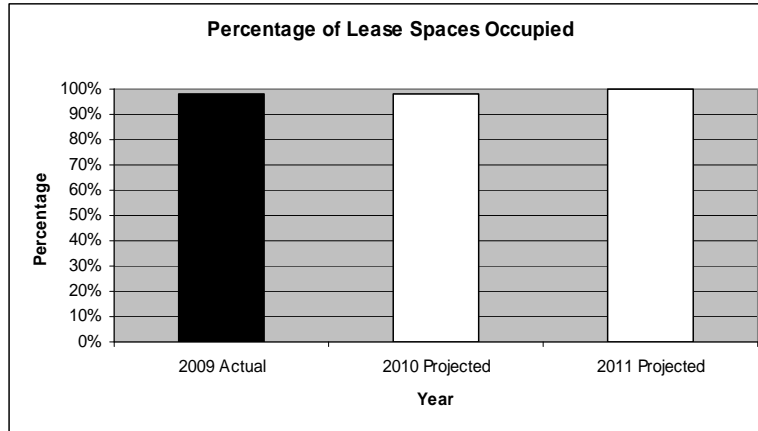
Measure #3: Number of unfulfilled requests for aircraft parking space – Electrical Drive Through

2009 Actual	2010 Projected	2011 Projected
8	6	4

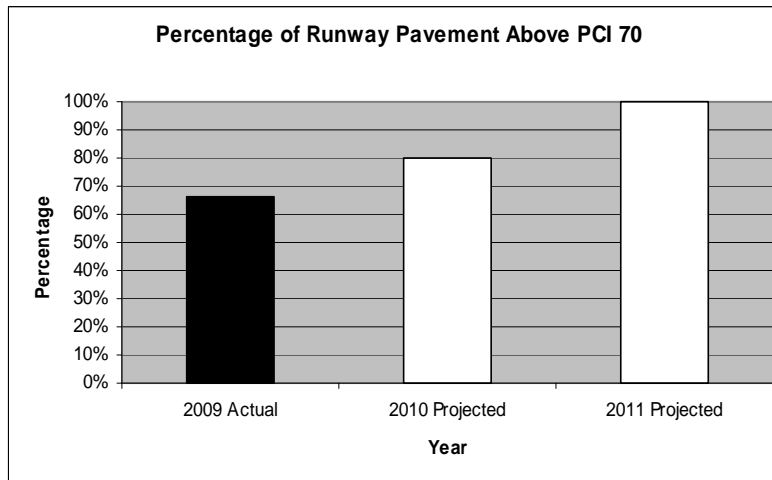


Measure #4: Percentage of lease spaces currently leased

2009 Actual	2010 Projected	2011 Projected
(50/51)	(50/51)	(51/51)
98.04%	98.04%	100.00%

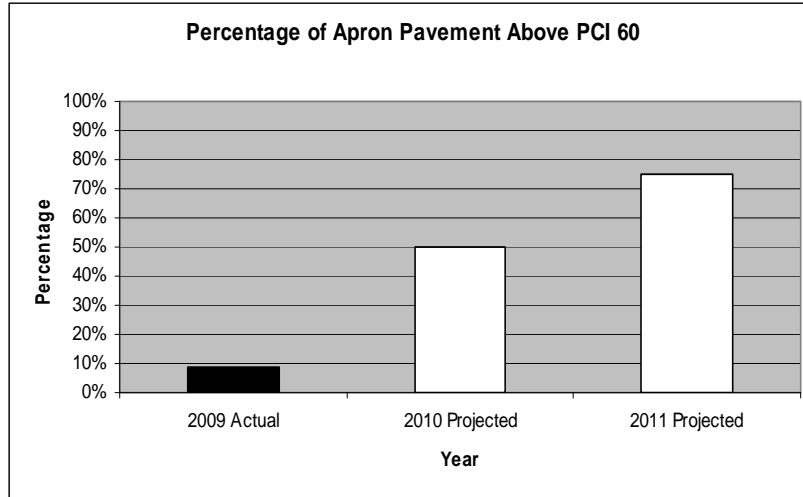
**Measure #5: Percent of runway pavement above the minimum PCI value of 70**

2009 Actual	2010 Projected	2011 Projected
66%	80%	100%

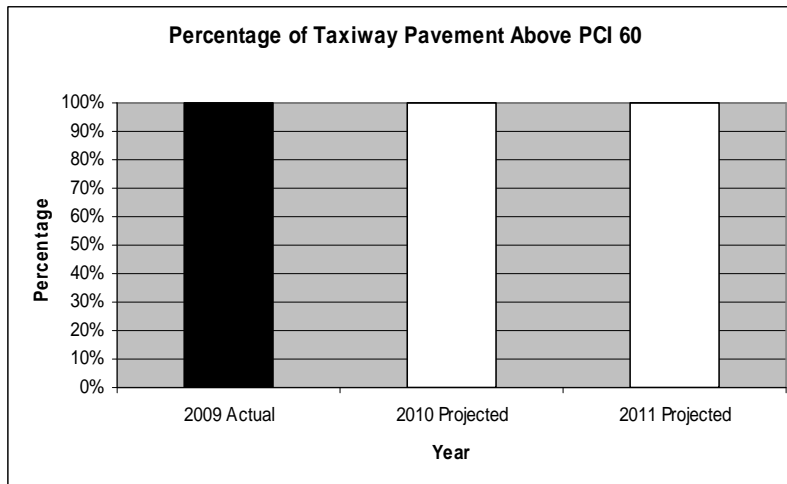


Measure #6: Percent of apron pavement above the minimum PCI value of 60

2009 Actual	2010 Projected	2011 Projected
9%	50%	75%

**Measure #7: Percent of taxiway pavement above the minimum PCI value of 60**

2009 Actual	2010 Projected	2011 Projected
100%	100%	100%



MERRILL FIELD AIRPORT

BUDGET ASSUMPTIONS

2011

Below are the general budget assumptions/guidelines provided by the Office of Management and Budget and specific Merrill Field assumptions used in the preparation of Merrill Field Airport's 2011 Operating and Capital Budgets.

POPULATION

No assumptions provided

ESCALATOR

No assumptions provided

WAGES

Assume maximum wage rate increases for AMEA and 302 employees of 3.9% unless a higher maximum is required by labor agreements. Assume a 3% wage rate increase for Executive employees. Assume no wage rate increase for Non-Rep employees.

Assume Service Recognition (SR) Pay for all eligible employees at the following rates: 103.5% of base pay after ten years of continuous service, 107.0% after fifteen years, and 110.5% after 20 years.

Assume Performance Step Program (PSP) Pay for eligible employees of the Operating Engineers (Local 302) bargaining unit at the following rates: 106.5% of the current rate of pay after the successful completion of eight quarters of participation in the PSP, and 113.0% after sixteen quarters. PSP pay, when added to any existing SR pay, shall not exceed 106.5% after eight quarters, or 113.0% after sixteen quarters.

Assume Performance Incentive Program (PIP) Pay for eligible employees of the Anchorage Municipal Employees Association bargaining unit at the following rates: 106.5% of the current rate of pay after the successful completion of eight quarters of participation in the PIP, and 113.0% after sixteen quarters. PIP pay, when added to any existing SR pay, shall not exceed 113.0% after eight quarters.

IGCs

No assumptions provided

INTEREST

No assumptions provided

BENEFITS

PERS/Other - Assume a rate of 22% for Executive employees, Non-Reps, and AMEA. For Operating Engineers, use 18%.

Social Security (FICA) - 6.2%

Medicare- 1.45%

Unemployment Compensation - 0.20%

Health Benefits

Employee Group	Budget Cost	Monthly Cost
AMEA	\$19,656	\$1,638
Non-Rep/Execs	\$19,656	\$1,638
Operating Engineers	\$15,768	\$1,314

* * * * *

2011 BUDGET IMPACTS/ASSUMPTIONS SPECIFIC TO MERRILL FIELD AIRPORT

Merrill Field continues to remain debt free by pursuing federal airport grant funds for all grant-eligible capital improvement projects. By working with the federal and state grant managers, we will continue to secure a reasonable portion of the grant funding as it becomes available.

Merrill Field continues to develop its economic revitalization program through cooperative efforts of the business owners, airport management, and surrounding communities. New aircraft hangar projects have recently been constructed on the Airport which have provided business and employment opportunities to the local community and also expanded the existing tax base for General Government.

Since its beginning in the 1930s when it was built on the outskirts of town, Merrill Field has become surrounded by residential and commercial development. Individuals not associated with the airport occasionally enter restricted areas (trespass across runways) when transiting the airport because they are not familiar with the airport layout. Our Runway Safety Program has implemented operational procedures and provided numerous capital improvements in an effort to curb this trespass problem. Through cooperative efforts of Airport leaseholders and implementation of our Driver Training Program, there has been a dramatic decrease in trespass incidents, from a total of 19 incidents in 2004 down to 4 incidents in 2009. The Federal Aviation Administration has recommended Merrill Field provide physical security as an option to further reduce the level

of trespass (the national FAA goal is zero trespass incidents). Physical security would be an additional operating cost for which we are not currently budgeted. Our goal is to increase Airport security through the continued support of the Airport leaseholders and businesses, the Municipality of Anchorage, and the Federal Aviation Administration.

The State DOT&PF and the Municipality have executed a Land Exchange Agreement to address the right of way needs for the Glenn Highway expansion project. As part of the Project, the State DOT&PF needs to acquire Municipal lands that are located adjacent to the Glenn Highway. The Anchorage Assembly approved the release of Merrill Field land and the acceptance of funds from the State of Alaska. Approvals still to be obtained over the next 6 months include: FAA and FHWA to approve the functional replacement of Merrill Field land; and FAA to approve the release of Merrill Field land, which will require Congressional action.

Merrill Field reduced staff levels mid-year 2010 as a cost saving measure to reduce costs for 2010 and 2011. There are no proposed rate increases for the 2011 budget, but Merrill Field anticipates the 2012 budget will have increased expenses which may make it necessary to adjust rates at Merrill Field Airport in 2012.

MERRILL FIELD AIRPORT

WORK FORCE PROJECTIONS

DIVISION	2011	2012	2013	2014	2015	2016
Airport Manager	1	1	1	1	1	1
Airport Development	1	1	1	1	1	1
Finance	1	1	1	1	1	1
Management Services	2	2	2	2	2	2
Airport Maintenance Technicians	4	4	4	4	4	4
Subtotal	9	9	9	9	9	9
Part-time/Temporary	3	3	3	3	3	3
Total	12	12	12	12	12	12

MERRILL FIELD AIRPORT
2011 11-YEAR OPERATING BUDGET SUMMARY (\$000s)

	Actual				Proforma	Budget	Forecast				
FINANCIAL OVERVIEW (1)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Revenues(2)	\$1,359	\$1,383	\$1,493	\$1,373	\$1,343	\$1,383	\$1,446	\$1,446	\$1,446	\$1,503	\$1,503
Total Expenses(3)	\$1,377	\$1,403	\$1,453	\$1,379	\$1,330	\$1,364	\$1,398	\$1,411	\$1,421	\$1,428	\$1,435
Net Income Regulatory	(\$18)	(\$20)	\$40	(\$6)	\$13	\$19	\$48	\$35	\$25	\$75	\$68
Budgeted Positions	10	10	10	10	9	9	9	9	9	9	9
Capital Program	\$959	\$5,451	\$2,805	\$4,767	\$6,563	\$8,830	\$4,500	\$4,660	\$4,050	\$4,200	\$6,030
Bond Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Plant (12/31)	\$38,618	\$45,361	\$43,909	\$47,427	\$51,832	\$58,469	\$60,233	\$62,074	\$63,219	\$64,460	\$67,473
Utility Revenue Distribution	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unrestricted Net Assets (12/31) (4)	\$1,423	\$751	\$1,238	\$1,092	\$1,163	\$981	\$908	\$915	\$806	\$886	\$729
General Cash Pool	(\$383)	(\$474)	(\$691)	(\$857)	(\$786)	(\$968)	(\$1,041)	(\$1,034)	(\$1,143)	(\$1,063)	(\$1,220)
Construction Cash Pool	\$1,550	\$1,574	\$1,794	\$1,475	\$5,975	\$1,475	\$1,475	\$1,475	\$1,475	\$1,475	\$1,475
Bond Redemption Cash	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cash (12/31)	\$1,167	\$1,100	\$1,103	\$618	\$5,189	\$507	\$434	\$441	\$332	\$412	\$255
IGCs from General Government	\$154	\$193	\$188	\$195	\$202	\$209	\$211	\$213	\$215	\$217	\$219
Municipal Enterprise Service Assessment	\$14	\$24	\$35	\$35	\$37	\$38	\$39	\$44	\$46	\$47	\$48
Total Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt/Equity Ratio	0/100	0/100	0/100	0/100	0/100	0/100	0/100	0/100	0/100	0/100	0/100
Rate Change Percent(5)	0.0%	6.3%	0.0%	0.0%	0.0%	0.0%	5.9%	0.0%	0.0%	5.6%	0.0%
Lease Rate/Square Foot Per Year	\$0.160	\$0.170	\$0.170	\$0.170	\$0.170	\$0.170	\$0.180	\$0.180	\$0.180	\$0.190	\$0.190
Tail-In Space Per Month	\$50	\$55	\$55	\$55	\$55	\$55	\$60	\$60	\$60	\$65	\$65
Drive-Through Space Per Month	\$60	\$65	\$65	\$65	\$65	\$65	\$70	\$70	\$70	\$75	\$75
PERFORMANCE TRENDS (1)											
Based Aircraft	943	910	892	902	877	876	876	875	874	874	873
Municipal Tiedowns	607	644	587	579	579	579	579	579	579	579	579
Flight Operations Per Calendar Year	187,798	174,848	171,634	165,014	168,314	171,680	175,114	178,616	182,188	185,832	189,549
National Airport Ranking by Calendar Year	86th	91st	86th	76th	76th	75th	71st	69th	66th	64th	62nd

Notes:

(1): 2006-2009 represents actual; 2010-2016 represents projected.

(2): Revenues shown are regulatory in nature. Capital grant revenue is not included.

(3): Expenses shown are regulatory in nature. Depreciation on assets purchased with funds contributed by other agencies is not included here, but is included in the annual budget appropriation. For 2011, the budgeted expense appropriation is \$3,398,000.

(4): For the Airport, Net Assets is comprised of two classifications: "Invested in Capital Assets" and "Unrestricted". Only the "Unrestricted" amount is shown above.

(5): Rate increases shown in future years are for purposes of projections only and have not been approved for implementation. It is intended that the need for rate increases be reviewed closely each year in conjunction with established operating budgets. Merrill Field Airport will continue to strive to find ways to avoid projected rate increases.

MERRILL FIELD AIRPORT
2011 STATEMENT OF SOURCES AND USES OF CASH

	2009 Actual Data	2010 Pro- forma	2011 Budget Request
SOURCES OF CASH FUNDS:			
Regulatory net income/(loss)	(6,444)	13,000	19,000
Non-contributed depreciation	149,264	157,000	158,000
Grants	4,494,210	6,464,000	3,971,000
Non-grant contributions	-	4,500,000	-
TOTAL SOURCES OF CASH	4,637,030	11,134,000	4,148,000
USES OF CASH FUNDS:			
Additions to Plant/CWIP	4,766,335	6,563,000	8,830,000
Investment and Other Non-Oper Losses	355,630	-	-
TOTAL USES OF CASH	5,121,965	6,563,000	8,830,000
NET INCREASE (DECREASE)	(484,935)	4,571,000	(4,682,000)
CASH BALANCE, JANUARY 1	1,102,861	617,926	5,188,926
CASH BALANCE, DECEMBER 31	\$ 617,926	\$ 5,188,926	\$ 506,926
DETAIL OF CASH BALANCE			
Equity in General Cash Pool	(857,433)	(786,433)	(968,433)
Equity in Construction Cash Pool	1,475,359	5,975,359	1,475,359
TOTAL CASH, DECEMBER 31	\$ 617,926	\$ 5,188,926	\$ 506,926

MERRILL FIELD AIRPORT
2011 OPERATING BUDGET DETAIL

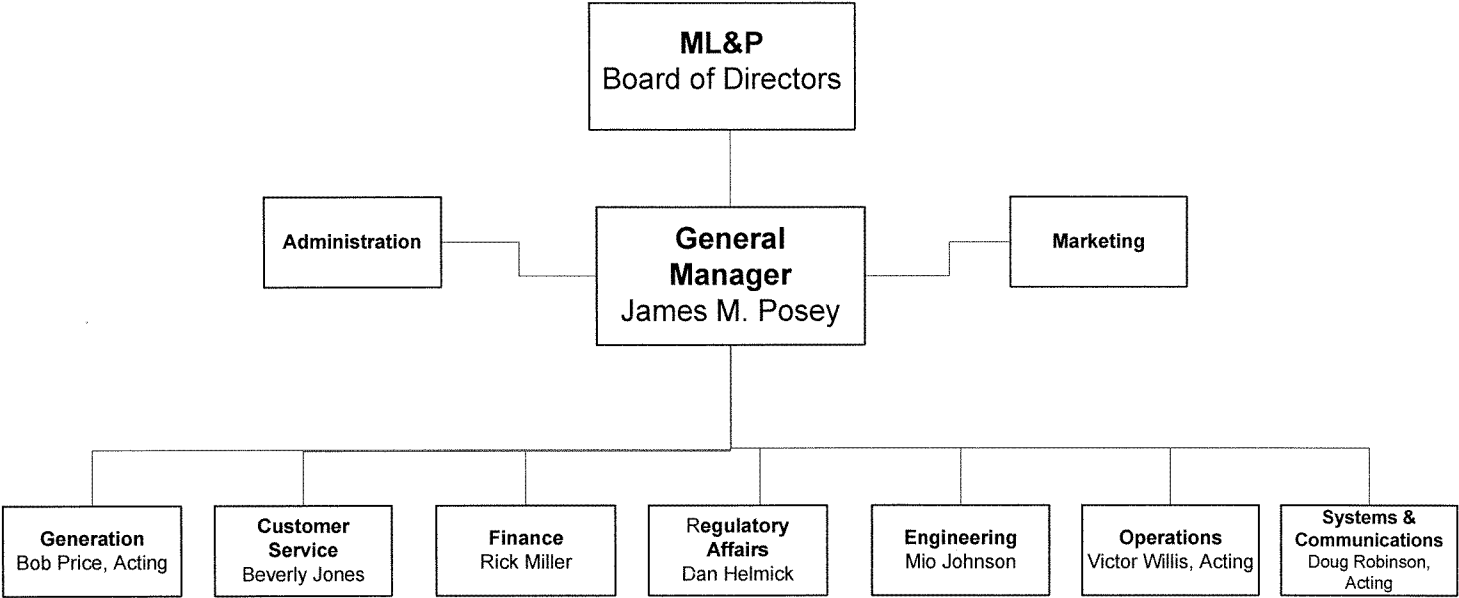
	2009 Actual Data	2010 Pro- forma	2011 Budget Request
LABOR			
Wages	600,989	583,000	604,000
Overtime	25,432	19,000	20,000
Leave	74,513	73,000	86,000
Benefits	326,578	342,000	353,000
Subtotal	1,027,512	1,017,000	1,063,000
SUPPLIES			
Office Supplies	9,884	9,000	10,000
Operating Supplies	88,510	87,000	88,000
Repair and Maintenance Supplies	13,804	14,000	14,000
Subtotal	112,198	110,000	112,000
INTRAGOVERNMENTAL CHARGES			
Charges To Others	(461,345)	(498,000)	(532,000)
Charges From Others	194,739	202,000	209,000
Subtotal	(266,606)	(296,000)	(323,000)
OTHER SERVICES			
Professional Services	53,344	36,000	37,000
Other Contractual Services	26,979	25,000	27,000
Subtotal	80,323	61,000	64,000
OTHER EXPENSES			
Depreciation	2,056,838	2,158,000	2,193,000
Utilities	179,823	186,000	193,000
Municipal Enterprise Service Assessment	34,597	37,000	38,000
Other	61,856	58,000	59,000
Subtotal	2,333,114	2,439,000	2,483,000
TOTAL EXPENSES	3,286,541	3,331,000	3,399,000

MERRILL FIELD AIRPORT
2011 - 2016 CAPITAL IMPROVEMENT BUDGET FINANCIAL SUMMARY
 (IN 000s)

PROJECT CATEGORY	2011	2012	2013	2014	2015	2016	TOTALS
Apron Improvements	4,500	0	2,200	2,200	2,500	2,500	13,900
Runways and Taxiways	2,900	2,600	0	0	1,700	2,800	10,000
Buildings and Equipment	930	100	1,460	150	0	730	3,370
Land Improvements	500	1,500	1,000	1,500	0	0	4,500
Land Acquisition	0	300	0	200	0	0	500
TOTAL CIP PROGRAM	\$8,830	\$4,500	\$4,660	\$4,050	\$4,200	\$6,030	\$32,270

SOURCE OF FUNDING	2011	2012	2013	2014	2015	2016	TOTALS
Bonds	0	0	0	0	0	0	0
Operations	4,859	320	233	345	210	444	6,411
State Grants	0	0	0	0	0	0	0
Federal Grants	3,971	4,180	4,427	3,705	3,990	5,586	25,859
TOTAL FUNDING	\$8,830	\$4,500	\$4,660	\$4,050	\$4,200	\$6,030	\$32,270

Municipal Light & Power Organization Chart



Municipal Light & Power

2011 Utility Profile

Organization

Municipal Light & Power (ML&P) is functionally structured into seven operating divisions: Generation & Power Management, Engineering, Operations, Finance, Regulatory Affairs, Customer Service, and Systems & Communication. Each division manager reports directly to the General Manager. Furthermore, ML&P administrative, personnel, and public relations efforts are performed as part of the General Manager's administrative group.

As of December 31, 2009, ML&P had 248 employees and total labor and benefit costs of approximately \$38.2 million, which includes operating and capital labor expenditures. Of these 248 employees, 178 were covered by a labor agreement with the IBEW and 70 were non-represented (covered by the Municipal Personnel Rules).

History

The history of ML&P is closely linked with the history and development of Anchorage itself. ML&P has emerged to serve a city with approximately half the population of the state at rates which are among the lowest in Alaska and that compare favorably with those of many metropolitan areas in the lower 48 states. ML&P has evolved into an acknowledged energy leader by being customer oriented, innovative, and responsive to customers' needs for safe, economical, and reliable electrical service.

When the Alaska Engineering Commission (AEC) initiated electrical service in Anchorage in 1916, Anchorage was just a small tent city in the wilderness. The City operated the electrical distribution system under a lease agreement, first with the AEC and later with the Alaska Railroad. This lease agreement continued until 1932 when the citizens of the young city bought the electrical distribution system for \$11,351.

A small steam plant and diesel power generators supplied Anchorage with electricity until 1929 when the private Anchorage Power & Light Company began supplying the community with electricity from a hydroelectric power plant on the Eklutna River, 40 miles northeast of Anchorage. The City acquired the Eklutna Plant from the Anchorage Power & Light Company in 1943. In 1955, the City contracted for 16,000 kilowatts (kW) of the generating capacity of a new Eklutna Hydroelectric power project of the U.S. Bureau of Reclamation and transferred "Little Eklutna" to that federal agency.

Between 1962 and 1984, ML&P installed seven turbine-generating units fired by natural gas and one heat recovery steam turbine generating unit. Unit 3, which was purchased in 1968 and remained in service for 36 years, was retired in 2004. Unit 3's replacement, which is the first new generating unit for ML&P in more than 20 years, began commercial operation August 16, 2007. The 30 megawatt simple cycle gas turbine is a GE LM2500+ and cost \$27.5 million to purchase and install. Four of the seven gas fired turbines have dual-fuel capability, which enhances ML&P's reliability in the event of a disruption of the natural gas transportation system. In addition to its two power plants, ML&P operates nineteen modern substations and is the south-end controller of the Alaska Intertie from Anchorage to Fairbanks.

In late 1996, the Municipality purchased a one-third working interest in the Beluga River Gas Field, which established a guaranteed fuel supply and serves as a means to stabilize fuel prices for years to come. In 1997, ML&P in association with Chugach Electric Association and Matanuska Electric Association purchased the Eklutna Hydroelectric Project from the federal government. On August 28, 2008 ML&P entered into an agreement with Chugach Electric Association for a dedicated 30% share of the output of the Southcentral Power Project (SPP) plant, varying in electrical output from 45 MW to 54 MW depending on season and temperature. The plant is anticipated to enter commercial operation by January 1, 2013.

Services

ML&P service area encompasses 19.9 contiguous square miles including a large portion of the commercial and high-density residential areas of the Municipality. In 2009, the average number of residential and commercial customers was 24,139 and 6,264 respectively. Commercial customers account for approximately eighteen percent of ML&P's customer billings and consume fifty-six percent of its output.

In 2009, electric retail sales totaled 1,115,964 MWh resulting in revenues of \$110,061,785. Total electric operating revenues including Miscellaneous Operating Revenue, Sales for Resale and Other Utility Operating Income were \$118,620,070. ML&P also has agreements to supply Fort Richardson Army Base and Elmendorf Air Force Base with firm electrical service.

Regulation

ML&P is subject to economic regulation by the Regulatory Commission of Alaska (RCA), which is composed of five members appointed to six-year staggered terms by the Governor and confirmed by the State Legislature. RCA regulation encompasses service area definition, tariff rules and regulations, service quality criteria and establishment of recurring rates and miscellaneous fees and charges.

The ML&P Board of Directors (Board) was created to govern ML&P by the Anchorage Municipal Assembly on September 9, 2008 by passage of Assembly Ordinance No. 2008-90(S). The Board is composed of nine members appointed to staggered five-year terms by the Mayor subject to confirmation by the Municipal Assembly. The general manager of ML&P shall not be a director but shall serve as executive secretary and staff to the Board.

The power to operate and manage ML&P is vested in the Board. The Board is responsible to the Municipal Assembly and may in general exercise any power unless otherwise provided in the Municipal Charter, Title 32, or prohibited by state law. Municipal Assembly approval continues to be required for the operating and capital budgets, proposed rate increases for filing with the RCA, the purchase or sale of real estate, proposed changes to Title 32, the exercise of eminent domain, the incurrence of debt, the appropriation of grants, amendments to collective bargaining agreements, and confirmation of the general manager and board members.

The Mayor, with concurrence of the Municipal Assembly, shall appoint the members of the Board. The Mayor shall appoint the general manager from candidates recommended by the Board. The general manager shall serve at the pleasure of the Mayor. ML&P budgets shall be submitted to the Administration before submittal to the Municipal Assembly for approval.

Environmental Mandates

Environmental mandates imposed by the Federal and State Governments will continue to add to the cost of environmental compliance. Scoping of environmental alternatives and pre-permitting assessments associated with equipment replacements, new generation, and services expansion will require effort to assure continued regulatory compliance. Recent changes to State oil spill prevention regulations are imposing additional requirements for corrosion protection of fuel storage tanks and piping. As a result, fuel system upgrades will be required.

Emergency Preparedness/Security

Because of the threat of natural disasters and potential for gas supply disruptions in Cook Inlet, ML&P is continuing its efforts to prevent and minimize threats to the utility as well as establishing recovery procedures. These efforts are done in conjunction with the MOA, state and federal agencies, and other local utilities. ML&P's Emergency Response Plan is currently being revised to include an annex for influenza pandemic preparedness. Upgraded fencing, increased closed circuit TV monitoring and 24-hour guard service at ML&P generation plants have been implemented to enhance security at ML&P's facilities. Alaska Partnership for Infrastructure Protection (APIP) continues to be a valuable tool for information flow from the private sector to the public sector to support emergency response and recovery.

Electric and Gas Plant

ML&P generates, transmits, distributes, and purchases electric power and has a one-third working interest in the Beluga River Gas Field.

- Power Generated/Purchased in 2009
 - ML&P Generated
 - 1,249,717 MWh
 - 1,098,465 MWh 87.89 %
 - Eklutna Hydroelectric Project 57,059 MWh 4.57 %
 - Purchased:
 - Bradley Lake Project 93,863 MWh 7.51 %
 - Chugach Electric Assoc. 330 MWh 0.03 %
- Total Thermal Generation capacity in 2009 342.5 Megawatts (MW) at 30°F
 - Power Plant One (4 Turbines & 2 Diesels) 100.6 MW 29.37 %
 - Power Plant Two (4 Turbines) 241.9 MW 70.63 %
 - Seven Gas Fired Turbines
 - One Heat Recovery Turbine
 - Four of the seven gas fired turbines are equipped to use No. 2 fuel oil as an alternate fuel
- Distribution System in 2009 385 Miles
 - Underground Cable 254 Miles 65.97%
 - Overhead Line 131 Miles 34.03 %
 - 19 Substations
- Total Electric Plant as of December 31, 2009 \$283,669,957
- Total Gas Plant as of December 31, 2009 \$ 98,074,008
- ML&P has a 53.33% ownership interest in the Eklutna Hydroelectric Project, which has 44.4 MW of installed capacity.
- Pursuant to a Power Sales Agreement with the Alaska Energy Authority, ML&P is required to purchase 25.9% of the output of the Bradley Lake Project, which has 126 MW of installed capacity.

Municipal Light & Power

2011 Budget Assumptions

Beginning January 1, 2006 all of ML&P's gas requirements for generation (except for purchases to meet peaking requirements) are supplied from its one-third interest in the Beluga River Unit Gas Field. Therefore, the transfer price of gas from the Gas Division to the Electric Division is, for all practicable purposes comprised of costs necessary to produce gas, and is budgeted to decrease from \$3.83/MCF in 2010 to \$3.30/MCF in 2011.

It is estimated that the 2011 contract price for natural gas sales to Chugach Electric Association, Inc. (CEA) will increase to \$4.18/MCF over the 2010 contract price of \$3.65/MCF. ML&P's contract with CEA expires in 2011.

On May 28, 2010, the RCA issued Order Number 1 in Docket U10-31 granting ML&P a 4.01% across-the-board interim and refundable rate increase to demand and energy charges effective June 1, 2010. ML&P anticipates permanent rates of 6% to be in effect for 2011.

Municipal Light & Power

Highlights and Future Events

New Generation

ML&P is at a point from a life cycle perspective where it must make significant generation capital additions over the next few years. Currently, there is \$176.2 million (in nominal dollars) in the capital budget for new generation to replace aging generation infrastructure. Modern generating units are much more efficient, allowing them to deliver more energy for the same amount of fuel. The goal of ML&P is to have new generation facilities online by mid 2013 at Plant 1 and mid 2014 at Plant 2.

Southcentral Power Project

ML&P entered into a participation agreement with Chugach Electric Association, Inc. (CEA) on August 28, 2008 to proceed with the joint development, construction and operation of the Southcentral Power Project (SPP). The design of the plant includes three GE LM6000PF DLE combustion turbines that recover exhaust heat to produce additional electricity in a steam bottoming cycle. Three machines have been purchased by SPP with total capacity of approximately 180 MW, of which ML&P's proportionate share will be 54 MW, or 30%. ML&P's estimated share of the cost of SPP is \$109.2 million. SPP is anticipated to enter commercial operation by January 1, 2013.

Dividend and Gross Receipts Payments

The dividend consists of a revenue distribution to general government of 5 percent of the utility's gross revenues (excluding restricted revenues) and a gross receipts payment considered supplemental MUSA at 1.25 percent times actual gross operating revenues. The dividend is based on prior year revenues confirmed after audit.

In response to a proposal from ML&P, the Regulatory Commission of Alaska issued a bench ruling on November 7, 2005, removing their restriction on dividend and dividend-like payments, thereby re-instating ML&P's ability to pay dividends to its owner, the Municipality of Anchorage. From 2006 to 2009 the total dividend and gross receipts distribution is \$28 million, averaging \$7 million a year.

ML&P Legacy Application Replacement

ML&P has been utilizing an HP3000 Minicomputer for most business and customer service applications. In November of 2001 Hewlett-Packard (HP) announced they would discontinue support for the HP3000 system in 2006. This date was extended by HP as they found many customers unable to transition off the hardware in a timely manner. ML&P has been migrating all of its existing applications on the HP3000 to new platforms. We expect this to be accomplished by the end of the second quarter in 2011.

Migration has been proceeding with major components completed including electronic time card system, continuing property records, Customer Service Support and Fleet Maintenance.

Replacement of more components with off the shelf products has proven to be the most cost effective. This project involves all divisions both in selection of a replacement system and in testing and implementation. It is expected that these replacements will take place with little affect on day-to-day operations. With limited ability to increase staffing, testing of replacement systems and keeping normal operations going will be our greatest challenge.

SCADA Replacement

ML&P's SCADA system was replaced in the first quarter of 2010 giving us the ability to control and monitor the generation, transmission, and distribution of electrical power to our customers. The replacement works hand in hand with the system located at Chugach Electric Association's headquarters in south Anchorage. The new system is based on the same database configuration enabling redundant systems in the event of a major failure by either company. The new system incorporates the latest technology and security controls generally followed by the Electrical industry.

This ends the 5 year process that has carried us into the future with modernized maintainable and more secure hardware and software. Additional follow-on projects mandated by evolving security and utility protection regulation will start in the near future including the ability to maintain and update skills related to the SCADA system with a standalone SCADA simulator and integrated backup resources.

Municipal Light & Power

11-Year Summary

Utility Format 2011 Operating Budget (in 000's)

Financial Overview:	Actual			Pro Forma		Budget		Forecast			
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues	\$120,367	\$104,457	\$108,140	\$120,398	\$139,875	\$137,754	\$138,439	\$146,041	\$141,951	\$158,867	\$166,841
Expenses	96,526	81,066	94,643	108,373	131,142	120,888	123,599	136,635	133,081	152,395	165,617
Special Item	-	-	921	-	-	-	-	-	-	-	-
Net Income After Special Item	23,842	23,391	14,418	12,025	8,733	16,866	14,841	9,406	8,870	6,472	1,223
Work Force Authorized per Budget - FTE	255	260	265	265	274	274	274	274	274	274	274
Capital Improvements	63,178	65,861	33,680	48,847	69,162	167,139	147,509	87,501	46,654	43,713	37,508
Bond Sales	-	-	-	129,362	-	175,860	-	96,723	-	26,379	-
Net Non-Contributed Plant (12/31) (REG)	274,692	305,538	313,856	317,346	322,962	331,451	340,684	496,417	605,635	607,301	603,114
Net Contributed Plant (12/31)	17,324	29,024	30,672	40,681	53,896	74,067	82,467	84,935	89,130	87,859	87,133
Net Electric Plant (12/31) (GAAP)	292,016	334,562	344,528	358,027	376,858	405,518	423,151	581,353	694,764	695,159	690,246
Retained Earnings (12/31)	197,070	214,492	223,717	230,341	233,060	243,061	251,144	253,759	255,457	254,962	248,372
General and Restricted Cash	70,238	48,013	55,611	113,845	112,693	87,833	52,455	35,586	24,319	42,367	48,645
Bond Construction Cash	-	-	-	75,768	50,000	121,965	28,702	62,440	34,000	28,968	-
Bond Redemption Investment	26,386	27,276	26,144	33,068	32,970	32,702	40,318	42,199	44,671	44,293	40,198
Debt Service Account	3,371	1,890	2,193	2,790	3,575	3,726	4,563	4,959	5,298	5,325	4,795
Grant Cash	(1,270)	(1)	-	-	-	-	-	-	-	-	-
Operating Fund Investment & Customer Deposits	8,524	8,044	9,202	9,765	11,665	11,465	10,865	12,565	12,165	14,665	15,965
Total Cash & Investments (12/31)	107,250	85,222	93,150	235,235	210,902	257,691	136,902	157,750	120,452	135,617	109,602
IGC's - General Government	3,260	3,612	3,726	3,751	3,875	3,903	3,990	4,032	4,074	4,116	4,160
Dividend	5,964	5,969	5,192	5,401	6,014	6,864	6,758	6,792	7,172	6,967	7,813
MUSA and Gross Receipts	3,551	3,671	4,314	4,405	5,073	5,617	5,962	6,339	7,462	11,100	11,687
Total Outstanding Debt	196,780	179,055	161,760	274,490	257,495	420,550	403,635	485,550	467,640	476,065	462,004
Total Annual Debt Service	32,901	28,440	27,071	26,730	33,057	32,702	40,318	42,199	44,671	44,293	40,198
Debt Service Coverage	1.86	2.14	1.90	1.83	1.57	1.59	1.43	1.47	1.48	1.51	1.53
LT Debt/Equity Ratio	50.0/50.0	45.5/54.5	42.0/58.0	54.4/45.6	52.5/47.5	63.4/36.6	61.6/38.4	65.7/34.3	64.7/35.3	65.1/34.9	65.0/35.0
Rate Change Percent	0.00%	0.00%	0.00%	0.00%	2.33%	0.00%	2.00%	8.00%	8.00%	5.00%	0.00%
Electric Statistical/Performance Trends:											
Residential Customer (500 kWh) (1)	\$52.60	\$46.84	\$57.35	\$60.36	\$65.01	\$65.63	\$65.74	\$70.96	\$70.81	\$78.98	\$82.30
Total Residential Sales (kWh)	148,255	147,246	147,725	147,643	147,000	147,441	147,883	148,327	148,772	149,218	149,666
Commercial & Industrial Sales (kWh)	747,400	753,227	754,542	760,450	759,869	761,389	762,912	764,438	764,438	765,202	766,733
Total Kilowatt Hour Sales (kWh)	895,656	900,473	902,267	908,093	906,869	908,830	910,795	912,765	913,210	914,421	916,399
Total Retail Sales Revenue	\$79,367	\$80,875	\$89,707	\$108,910	\$121,833	\$119,191	\$119,068	\$128,750	\$125,822	\$142,857	\$150,715

NOTE: Rate increases are shown in the out years for purposes of projections only and have not been approved for implementation. It is intended that they be reviewed closely each year in conjunction with establishing operating budgets. Utilities will continue to strive to find ways to avoid projected rate increases.

(1) Rates for Electric Residential customers as of March 31 each year using 500 kWh and including Cost of Power Adjustment.

Municipal Light & Power
2011 Work Force Projections

<u>Division:</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Administration	15	15	15	15	15	15	15
Regulatory	8	8	8	8	8	8	8
Generation	81	81	81	81	81	81	81
Engineering	28	28	28	28	28	28	28
Operations	59	59	59	59	59	59	59
Customer Service	21	21	21	21	21	21	21
Finance	24	24	24	24	24	24	24
Systems & Communications	26	26	26	26	26	26	26
Subtotal	<u>262</u>	<u>262</u>	<u>262</u>	<u>262</u>	<u>262</u>	<u>262</u>	<u>262</u>
Part-Time/Temporary Positions	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>
Total Positions	<u>286</u>	<u>286</u>	<u>286</u>	<u>286</u>	<u>286</u>	<u>286</u>	<u>286</u>
Total FTE	<u>274</u>	<u>274</u>	<u>274</u>	<u>274</u>	<u>274</u>	<u>274</u>	<u>274</u>

Municipal Light & Power
2011 Operating Budget
Statement of Revenue and Expenses

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Proforma</u>	<u>2011</u> <u>Budget</u>
Operating Revenue			
Residential	\$17,973,827	\$19,113,000	\$19,353,000
Commercial & Industrial	76,949,102	82,612,000	83,087,000
Public Highway & Street Lighting	1,211,707	1,322,000	1,355,000
Military	13,927,149	15,548,000	15,396,000
Sales for Resale	8,522,078	11,188,000	11,275,000
Miscellaneous Service Revenue/COPA	(90,961)	4,438,000	1,100,000
Rent from Electric Property	127,169	130,000	130,000
Total Operating Revenue	118,620,070	134,351,000	131,696,000
Operating Expense			
Production Expense	40,096,863	54,061,000	50,441,000
Transmission Expense	560,833	513,000	616,000
Distribution Expense	8,378,660	8,760,000	9,358,000
Customer Account Expense	3,626,253	3,436,000	3,654,000
Customer Service & Information	427,423	432,000	387,000
Administrative & General Expense	9,446,731	9,681,000	10,078,000
Regulatory Debit/Credit	4,191,550	5,238,000	4,641,000
Depreciation Electric and Depletion Gas	25,846,816	26,418,000	25,441,000
Amortization of Intangible Plant	403,802	404,000	404,000
Taxes Other than Income	363,284	770,000	862,000
Total Operating Expense	93,342,214	109,713,000	105,882,000
Operating Income	25,277,856	24,638,000	25,814,000

Municipal Light & Power
2011 Operating Budget
Statement of Revenue and Expenses

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Proforma</u>	<u>2011</u> <u>Budget</u>
Non-Operating Revenue			
Interest from Bond Redemption Cash	793,660	248,000	1,316,000
Interest from General Cash Pool	808,158	2,670,000	2,122,000
Interest from Debt Service Account	47,916	0	0
Miscellaneous Non-Operating Revenue	215,054	2,606,000	2,620,000
Restricted Interest Income	(86,585)	0	0
Total Non-Operating Revenue	1,778,202	5,524,000	6,058,000
Non-Operating Expense			
Misc. Non-Operating Expense	476,739	421,000	600,000
Interest on Bonded Debt	9,460,410	16,062,000	15,757,000
Amortization of Bond Discount/(Premium)	(1,151,836)	(1,074,000)	(949,000)
Amortization of Bond Sale Cost & Insurance	200,801	227,000	219,000
Amortization of Loss on Refunded Debt	1,812,470	1,583,000	1,342,000
Other Interest Expense	1,203,652	1,024,000	984,000
Interest During Construction	(1,375,798)	(1,887,000)	(8,564,000)
Total Non-Operating Expense	10,626,438	16,356,000	9,389,000
Transfers (MUSA and Gross Receipts)	4,404,760	5,073,000	5,617,000
Net Income - Before Special Item	12,024,861	8,733,000	16,866,000
Special Item	-	-	-
Net Income - After Special Item	12,024,861	8,733,000	16,866,000

Municipal Light & Power
2011 Operating Budget
Statement of Cash Sources and Cash Uses

	<u>2009</u>	<u>2010</u>	<u>2011</u>
	<u>Actual</u>	<u>Proforma</u>	<u>Budget</u>
Sources of Cash Funds			
Net Income	\$12,024,861	\$8,733,000	\$16,866,000
Depreciation/Depletion	25,709,690	25,802,000	24,825,000
Amortized Bond Discount/(Premium)	(1,151,836)	(1,074,000)	(949,000)
Amortization of Bond Sale Costs	200,801	227,000	219,000
Amortization of Refunded Debt	1,812,470	1,583,000	1,342,000
Grant Proceeds	-	-	-
Bond Proceeds	129,361,782	-	175,860,000
Deferred Charges and Other Assets	(317,000)	226,000	97,000
Contribution in Aid of Construction	3,063,935	2,336,000	2,351,000
Changes in Assets and Liabilities	38,002,571	22,703,374	1,699,164
	<hr/>	<hr/>	<hr/>
Total Sources of Cash Funds	208,707,274	60,536,374	222,310,165
Uses of Cash Funds			
Additions to Plant	49,352,327	67,874,929	158,575,655
Debt Principal Payment	17,270,000	16,995,000	16,945,000
	<hr/>	<hr/>	<hr/>
Total Uses of Cash Funds	66,622,327	84,869,929	175,520,655
	<hr/>	<hr/>	<hr/>
Net Increase (Decrease) in Cash Funds	142,084,947	(24,333,556)	46,789,510
Cash Balance, January 1	93,150,428	235,235,375	210,901,819
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Cash Balance, December 31	235,235,375	210,901,819	257,691,329
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Detail of Cash & Investment Balance			
General Cash Less Customer Deposits	39,025,009	30,966,796	23,607,223
Bond Cash	75,767,821	50,000,000	121,965,000
Grant Construction	-	-	-
BRU Construction & Natural Gas Purchases Cash	74,820,104	81,725,915	64,226,365
Bond Investment	33,067,682	32,969,962	32,701,876
Debt Service	2,790,200	3,574,587	3,726,306
Operating Fund Investment & Customer Deposits	9,764,559	11,664,559	11,464,559
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Cash Balance, December 31	235,235,375	210,901,819	257,691,329
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Municipal Light & Power

2011 Operating Budget

2011 Operating Budget Detail

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Proforma</u>	<u>2011</u> <u>Budget</u>
Labor Expenses			
Personnel Costs	\$15,271,572	\$16,085,000	\$16,727,000
Benefit Costs	10,700,236	10,925,000	10,978,000
Self Insurance-Workers Comp.	631,708	638,000	643,000
Subtotal	26,603,517	27,648,000	28,348,000
Intragovernmental Expenses			
ERP Services	613,297	674,529	708,255
IT	619,311	623,394	654,564
Overheads	348,353	278,669	292,602
Mayor	234,021	176,690	185,525
Office of Emerg Mgmt	200,561	171,185	179,744
Purchasing	137,377	137,905	144,800
Employee Relations	106,646	114,195	119,905
Other Intragovernmental Charges	860,011	1,060,000	975,000
Subtotal	3,119,577	3,237,000	3,260,000
Other Expenses			
Depreciation, Depletion & Amortization	26,571,125	26,538,000	25,437,000
Gas Production Expense	16,215,457	13,654,000	12,861,000
Interest Expense	10,513,434	17,086,000	16,741,000
MUSA and Gross Receipts	4,404,760	5,073,000	5,617,000
Purchased Power	4,405,693	4,440,000	4,537,000
Natural Gas Purchases & Transportation	3,649,546	20,426,000	16,936,000
Regulatory Debits/Credits	4,191,550	5,238,000	4,641,000
Taxes Other than Income	363,284	770,000	862,000
Regulatory Compliance	1,166,070	987,000	699,000
Professional Services	676,118	466,000	603,000
Interest During Construction	(1,375,798)	(1,887,000)	(8,564,000)
Materials & Other Expenses	7,869,078	7,466,000	8,910,000
Subtotal	78,650,318	100,257,000	89,280,000
Total Expenses	<u>\$108,373,412</u>	<u>\$131,142,000</u>	<u>\$120,888,000</u>

Municipal Light & Power
2011 - 2016 Capital Improvement Budget (\$000)

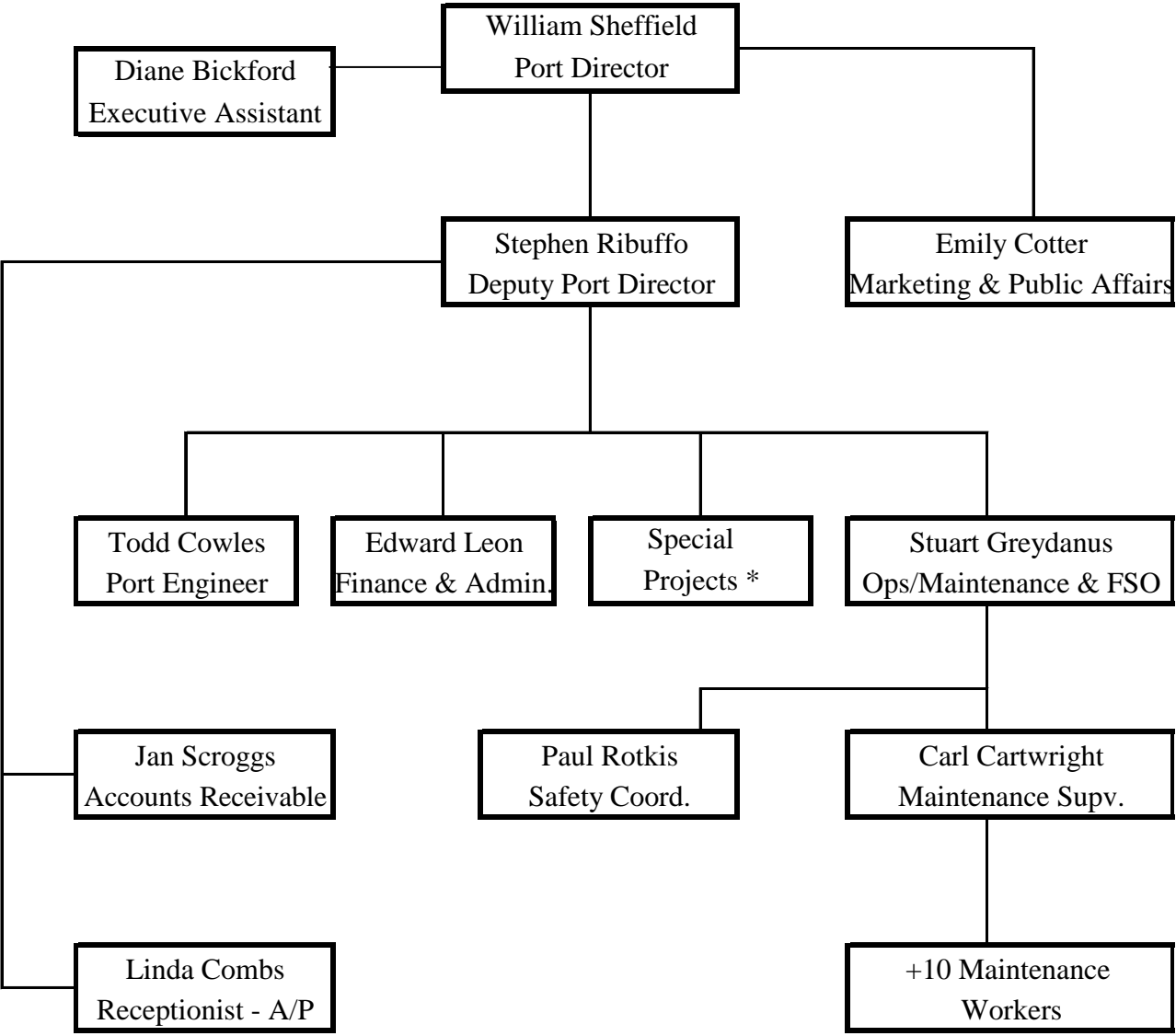
<u>Project Category:</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Total</u>
Production	\$112,617	\$106,330	\$47,789	\$15,511	\$20,436	\$13,784	\$316,467
Transmission	5,098	4,254	1,430	1,458	1,187	1,229	14,656
Distribution	15,874	14,487	15,807	13,182	12,751	13,213	85,314
General Plant	6,691	4,682	4,346	4,665	4,080	3,867	28,331
Regulatory Compliance	300	300	150	50	50	50	900
Beluga River Gas Field	26,559	17,456	17,979	11,788	5,209	5,365	84,356
Total Capital Budget	<u>\$167,139</u>	<u>\$147,509</u>	<u>\$87,501</u>	<u>\$46,654</u>	<u>\$43,713</u>	<u>\$37,508</u>	<u>\$530,024</u>

<u>Source of Funding</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Total</u>
Revenue Bonds	103,895	93,263	62,985	28,434	31,411	28,968	348,956
Equity/Operations	36,685	36,790	6,537	6,432	7,093	3,175	96,712
Beluga Contributed	26,559	17,456	17,979	11,788	5,209	5,365	84,356
Total Capital Budget	<u>\$167,139</u>	<u>\$147,509</u>	<u>\$87,501</u>	<u>\$46,654</u>	<u>\$43,713</u>	<u>\$37,508</u>	<u>\$530,024</u>

Municipal Light & Power
2011 - 2016 Capital Improvement Budget (\$000)

<u>Production:</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Total</u>
Steam	3,300	150	150	150	150	150	4,050
Turbines & Generators	105,813	103,796	46,123	13,375	18,950	12,600	300,657
Eklutna Power Plant	324	534	116	1,036	1,336	534	3,880
Structures & Improvements	<u>3,180</u>	<u>1,850</u>	<u>1,400</u>	<u>950</u>	<u>0</u>	<u>500</u>	<u>7,880</u>
Subtotal	112,617	106,330	47,789	15,511	20,436	13,784	316,467
<u>Transmission:</u>							
Land & Land Rights	90	70	70	70	70	80	450
Transmission Lines	588	593	597	602	607	613	3,600
Transmission Stations	<u>4,420</u>	<u>3,591</u>	<u>763</u>	<u>786</u>	<u>510</u>	<u>536</u>	<u>10,606</u>
Subtotal	5,098	4,254	1,430	1,458	1,187	1,229	14,656
<u>Distribution:</u>							
Distribution Equipment	4,375	3,575	4,400	1,900	1,025	1,025	16,300
Land & Land Rights	27	29	31	32	34	35	188
Meters	1,650	1,600	1,650	1,100	1,100	1,100	8,200
Overhead Lines	1,337	1,403	1,473	1,545	1,623	1,703	9,084
Street Lighting	17	17	18	19	20	21	112
Transformer Services	2,866	3,010	3,160	3,318	3,483	3,657	19,494
Underground Lines	<u>5,602</u>	<u>4,853</u>	<u>5,075</u>	<u>5,268</u>	<u>5,466</u>	<u>5,672</u>	<u>31,936</u>
Subtotal	15,874	14,487	15,807	13,182	12,751	13,213	85,314
<u>General Plant:</u>							
Communications	1,480	1,875	1,662	2,041	1,473	1,157	9,688
Furniture & Misc Equipment	80	70	72	73	70	71	436
Stores/Tools/Lab	970	331	373	354	355	417	2,800
Structures & Improvements	3,561	1,656	1,489	1,447	1,432	1,472	11,057
Transportation	<u>600</u>	<u>750</u>	<u>750</u>	<u>750</u>	<u>750</u>	<u>750</u>	<u>4,350</u>
Subtotal	6,691	4,682	4,346	4,665	4,080	3,867	28,331
<u>Regulatory Compliance:</u>							
Environmental	<u>300</u>	<u>300</u>	<u>150</u>	<u>50</u>	<u>50</u>	<u>50</u>	<u>900</u>
Subtotal	300	300	150	50	50	50	900
<u>Beluga River Gas Field:</u>							
Improvements	<u>26,559</u>	<u>17,456</u>	<u>17,979</u>	<u>11,788</u>	<u>5,209</u>	<u>5,365</u>	<u>84,356</u>
Subtotal	26,559	17,456	17,979	11,788	5,209	5,365	84,356
Total Capital Budget	<u>\$167,139</u>	<u>\$147,509</u>	<u>\$87,501</u>	<u>\$46,654</u>	<u>\$43,713</u>	<u>\$37,508</u>	<u>\$530,024</u>

PORT OF ANCHORAGE
ORGANIZATIONAL CHART



* Position currently unfilled

PROFILE

ORGANIZATION

The Port of Anchorage is organized into the following functional areas: Administration, Finance, Port Operations and Maintenance, Engineering, Finance, Marketing and Public Affairs. The Administrative and Finance responsibility entails day-to-day business functions and real estate management. Operations and Maintenance functions include management of vessel movements and dockside activities, general upkeep and operation of the facilities, equipment and security. Engineering is responsible for the capital improvement program. Marketing and Public Affairs is responsible for all marketing intergovernmental relations and public outreach.

HISTORY

The Port of Anchorage commenced operation in September 1961, with a single berth. In its first year of operation, 38,000 tons of cargo crossed the Port's dock. In 2009, 3.7 million tons crossed the dock. The Port of Anchorage is a major economic factor and one of the strongest links in the Alaska transportation chain. This chain enables residents statewide from Cordova to Barrow to take full advantage of the benefits of inexpensive waterborne commerce through this regional Port. The Port of Anchorage contributes an estimated \$1.4 billion annually to Alaska's economy. The Port and its stakeholder's have maintained a notable safety record throughout the four (4) decades the Port has been in operation. In 2004, the Port of Anchorage was named as the Nation's 15th National Strategic Seaport.

SERVICES

Approximately 90% of the consumer goods and foodstuffs sold within the Railbelt and beyond (80% of the State's population) move through the Port of Anchorage on a year-round basis. Container service is available twice a week from Puget Sound through two domestic ocean carriers and increases seasonally when needed by one additional container vessel per week. Bulk shipments are both domestic and foreign, and involve imports of basic commodities such as cement, refined petroleum products and construction materials. The Port of Anchorage, due to its strategic global position and close proximity to neighboring major military bases, Joint Base Elmendorf-Richardson, is a key transportation mode for Department of Defense strategic activities concerning mobilization planning and the shipping/transporting of jet fuel and other related petroleum products and bulk cargo for military use. The Port serves as the primary export facility for the state's largest petroleum refinery in North Pole, and facilitates in the delivery of refined petroleum products from the State's other refineries.

The Municipality of Anchorage is the Grantee of Anchorage Foreign Trade Zone (FTZ) No. 160, the only activated FTZ in the State of Alaska. The Port of Anchorage is the Municipal department responsible for the administration of the FTZ program in Anchorage. At the present time FTZ No. 160 is comprised of seven sites totaling some 1,000 acres located at the Port of Anchorage, Anchorage International Airport and at five private sites throughout the Municipality. An application for subzone status for the Tesoro Petroleum refinery in Kenai was approved by the United States Department of Commerce, Foreign Trade Zones Board in May 2001.

REGULATION

Dock Revenue rates for the Port of Anchorage are established in the Port of Anchorage Terminal Tariff No. 6 and through contractual Terminal Preferential Usage Agreements. Changes to the tariff and adjustments to the five (5) year term Preferential Usage Agreements' charges require approval by the Anchorage Port Commission, subject to final approval by the Anchorage Municipal Assembly and the Federal Maritime Commission.

Port Industrial Park Revenue is derived from long-term leases of properties in the Port Industrial Park. The leases provide for five-year rate adjustments that are performed in accordance with Anchorage Municipal Code provisions. Leases and lease options are subject to Municipal Assembly approval.

ENVIRONMENTAL MANDATES

The Port complies with a broad range of local, state and federal environmental standards, including all provisions of the National Environmental Policy Act (NEPA), Clean Water Act, Clean Air Act, National Pollution Discharge Elimination System (NPDES), Endangered Species Act and Coastal Zone Management Plan.

PHYSICAL PLANT

Real Estate: 128 acres of developed uplands
400 acres of economically developable tidelands to the north and south of
the existing Industrial Park and dock area
1,000 acres of submerged lands offshore from tidelands holdings
1,528 total acres

Terminals:

- Three General Cargo Terminals, 2,109 ft. of dock face, container, roll on/roll off, bulk cement and break bulk capabilities
- Two Bulk Petroleum Product Terminals with 600 feet each of berthing space with four 2,000-bbl./hr.-product pipelines each
- Operating depth at all facilities: dredged to -35 feet MLLW
- Maximum vessel tonnage: 60,000 DWT
- Maximum length and breadth: No limit
- On-dock Transit Shed with 27,000 square foot heated storage/office space

Cargo Handling Equipment:

- Rail mounted, electric Container Cranes:
(2) 30 ton and (1) 40 ton
- Portable Cranes to 150 tons available
- Forklifts to 30 tons available
- Bulk Petroleum Valve Yard capable of accommodating multiple simultaneous marine/shore and/or inter-user shore side transfers.

U.S. Port of Entry: Foreign Trade Zone service available.

PORT OF ANCHORAGE OPERATING AND CAPITAL BUDGET ASSUMPTIONS

Below are the general budget assumptions for the Port of Anchorage's 2011 Operating and Capital Budgets.

WAGES

Wage increases were in accordance with current labor agreements. For labor agreements that expire during the budgeting period, wage increases of 2.8% for 2011 were assumed.

For Non-Reps - wage increases of 2.8% were budgeted for 2011, but have not been approved.

For Executives – the 2011 budget includes an increase of 3% over the 2010 level of compensation, but has not been approved.

INTEREST

Short-term interest income will be calculated assuming a rate of 0.25%.

BENEFITS

PERS – For 2011 was assumed at the rate of 22% except for Operating Engineers personnel whose rate is assumed at 18.0%.

Social Security (FICA) – 6.20% of factored wage.

Unemployment Compensation – 0.20% of factored wage.

2011 IMPACTS/ASSUMPTIONS SPECIFIC TO THE PORT OF ANCHORAGE

1. The Port of Anchorage's Tariff #6 has undergone review and the revised Tariff #7 will take effect in 2011.
2. The Port assumes MUSA/MESA (in lieu of taxes) to be 1.25% of operating revenues beginning with Fiscal Year 2010.
3. The Port vacated several rights-of-way within the Port area and is in the process of establishing Fragmented Lot Lines to allow the consolidation of multiple leases with TOTE, Horizon Lines and other Port users. Future lease negotiations for additional land by Port tenants may occur as a result of the Port expansion project.
4. 2011 Expenses are anticipated slightly higher than in 2010 primarily due to an increase in facility improvements and accompanying contract engineer work resulting from repairs and maintenance as opposed to renovating in anticipation of complete replacement in the near future; increase in Depreciation resulting from improved asset values and possibly new assets being added to the Port's Plant value; and, a slight increase resulting from application expense for Federal Transportation Infrastructure Grants for the Port's Intermodal Expansion Project (PIEP).
5. The Port has embarked on a Port Intermodal Expansion Program that will double the acreage and increase berthing capability. Federal agency and State grants, Commercial Paper Issues and Port matching monies will combine to fund construction costs. Grant matching fund amounts have been estimated based on current grant requirements. Local financial resources required for the expansion include an allocation of \$47 million in Port retained earnings over the life of the project.

As part of the match for federal funds, the Port has requested state reimbursable capital funding for the Port's Intermodal Expansion Program.

At the federal level, Department of Defense, Federal Highway Administration and the Federal Transportation Administration have committed to assist the Port's expansion project. The Port anticipates additional federal appropriations requests for FY 2011-2014.

PORT OF ANCHORAGE HIGHLIGHTS AND FUTURE EVENTS

PORT INTERMODAL EXPANSION PROGRAM (PIEP)

The Port has initiated a program of ongoing, extensive efforts to secure project funding through a combination of federal, state and local financial resources. Started in 2003, this Port expansion will occur incrementally over several periods. The Capital Improvement project provides for flexibility in sequencing for the PIEP as funding becomes available for project development and construction activities.

The PIEP has four primary objectives: 1) replace deteriorated infrastructure; 2) stimulate economic development for the Municipality and the region by providing marine and landside transportation system improvements; 3) accommodate existing customer requirements without interruption; and 4), accommodate growth and demand for Port services, especially with respect to potential new customers and the new generation of vessels anticipated to call at the Port. The U.S. Maritime Administration (MARAD) is the Federal Lead Agency for Port development.

The PIEP has received the support of Congress in receiving funds through the Department of Defense, the Federal Highway Administration and the Federal Transportation Administration in the total amount of \$138.2 million dollars. In addition to federal funds the Port has received \$71.2 million in grant funds from the State of Alaska and has set aside or contributed \$47.5 million in Port earnings as contributory / matching funds for federal appropriations.

The Port has a close working relationship with the Alaska Rail Road Corporation and the State's DOT&PF, as well as other transportation agencies. This collaboration will improve intermodal connections to the highway and rail systems as part of the PIEP project. As part of the PIEP, the Port has already completed constructing a road and rail line with two sidings around the Eastern Port perimeter. By project completion, the rail line will terminate in the North Tidelands and provide for barge off-load service to a Trailer On Flat Car (TOFC) yard via three rail lines and one road. This road/rail development will also provide access to develop additional areas in the North Tidelands in support of mega-module assembly and load out activities. The first phase of this project was completed in 2005.

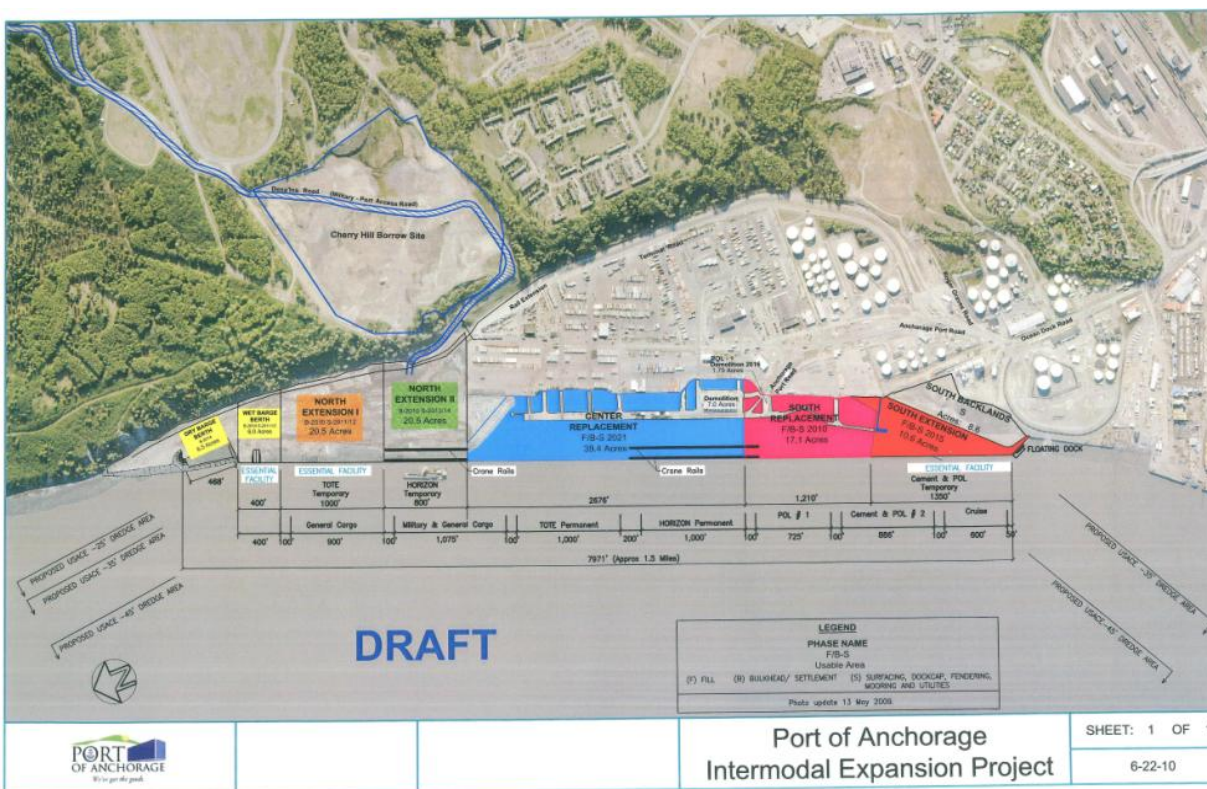
Totem Ocean Trailer Express, Inc. (TOTE), one of the major general cargo/container carriers calling at the Port of Anchorage, made a significant decision in 1999 to design and construct new ships for its Alaska trade. These new 840 foot Orca Class roll-on/roll-off vessels accommodate trailers 53 feet or greater in length and provide dedicated vehicle stowage. These two new vessels, the Midnight Sun and the North Star, have both been in service since August 2003. In support of new vessel operations, TOTE and the Port initiated a major development project that reconfigured and renovated Port real estate used by TOTE. Construction activities consisted of vacating Tidewater Road adjacent to TOTE leaseholds, relocating all underground utilities and realigning existing fencing to yield one contiguous staging area for TOTE operations.

In preparation for the impacts of the PIEP, and to better utilize Port managed property and roadway systems, the Port of Anchorage vacated the public rights-of-way of Terminal Road, Gull Avenue and two fire alleys. The right-of-way vacation and new designation as internal roads have enhanced Port security and traffic safety. The re-platting action will cause improved cargo access and an increase in customer operating efficiencies. Several small parcels of property will be eliminated, creating a large single tract of land. This will bring about a better functional use of all Port cargo staging and storage areas and allow greater flexibility to meet current and future Port business needs.

STRATEGIC PLAN

The Port of Anchorage's PIEP was started in 2002 in order to address the congestion and constraints that demand has placed on this important transportation and freight facility, and to replace the deteriorating dock structures that are 25 years passed original design life and are not built to modern engineering standards for operational or seismic integrity.

The overarching goal of the PIEP is to complete the expansion and construction of facilities without interruption of commercial operations. Completion of the North Extension is critical to achieving this goal. Once completed, container ships and cruise ships will be able to use the North Extension facilities, which will allow the Port of Anchorage to demolish and condemn the current facilities. Please refer to the Port of Anchorage Intermodal Expansion Project phasing plan that follows for facility and design layout:



Additionally, in 2010 Holland America Lines' M/S Amsterdam made its first call at the Port of Anchorage in May and will make a total of nine visits in 2010. Holland America Lines has announced they will repeat this schedule in 2011.

The PIEP Phasing Plan for 2010 through 2021 is as follows:

- Complete Barge Berth and North Extension in 2014
- Complete South Extension in 2015
- Complete South Replacement in 2018
- Complete Center Replacement in 2021

Port of Anchorage

Anchorage: Performance. Value. Results.

Mission

Maintain the quality of the Port's infrastructure to meet the needs of container, petroleum and general cargo marine transportation companies to ensure the timely delivery of consumer goods and commercial cargo.

Core Services

- Provide Port users with a marine terminal and staging yards free of defects.
- Provide Port petroleum terminal operators with an operable and efficient valve yard and petroleum docks.
- Provide clean and safe roads and transfer yards for use by commercial and port-based vehicles.

Accomplishment Goals

- Repair and replace damaged fender panels and repair deteriorated dock piles.
- Periodically inspect valve yard valves and piping.
- Inspect dock surface and common areas to ensure cranes, equipment and personnel can operate with minimal threat of damage.
- Effectively oversee management of the cost and schedule associated with the Port of Anchorage Intermodal Expansion Project (PIEP).

Performance Measures

Progress in achieving goals will be measured by:

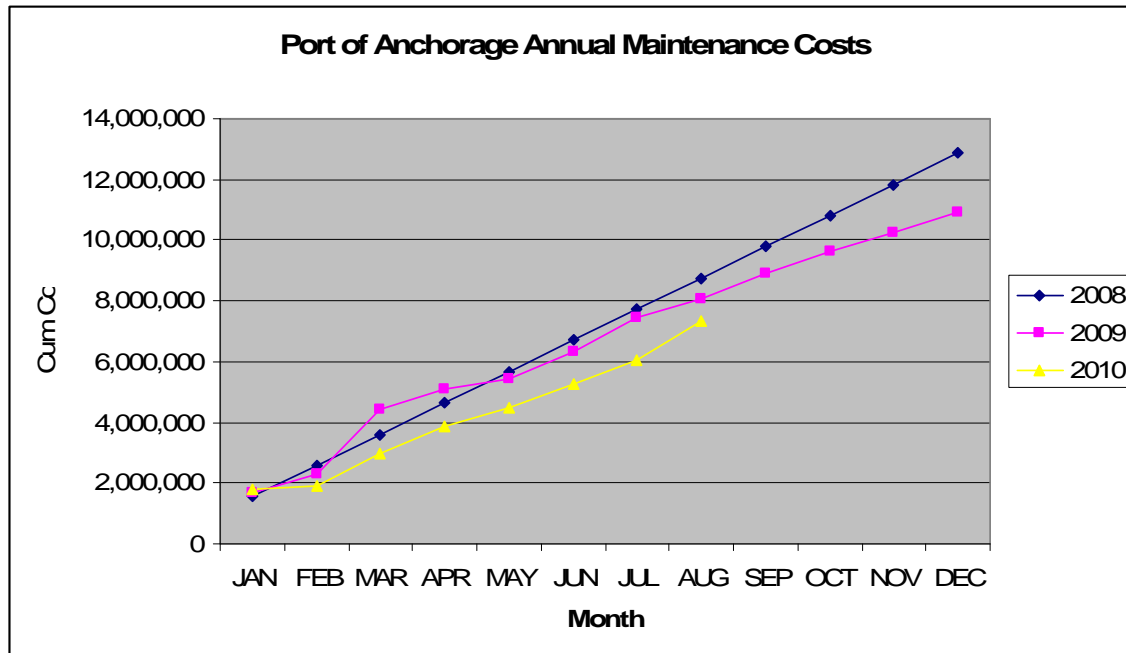
Measure #1: Solicit feedback from port users, vessel, tanker and barge Captains regarding dock and infrastructure condition or problems.

The Port staff meets regularly and on an ad hoc basis with all Port tenants on a wide variety of issues (repair needs, security, dock scheduling, temporary land lease arrangements, tariff issues, etc.). We relied on this open communication to deal with any conflicts that would arise. We assumed that this style of open communication and mutual problem solving, coupled with the fact that there are no issues with Port user deliveries to their customers throughout our area of operation, was sufficient evidence both Port users satisfaction and a successful supply chain system. We are constructing a survey instrument that we can administer on a semi-annual basis in order to measure satisfaction levels.

Measures #2 and #3: Maintain open communications with crane repair crews and operators for input on crane infrastructure condition. Constantly survey common and leased Port property for hazards or surface repairs. Periodically engage outside professionals to inspect the overall infrastructure.

Infrastructure and equipment inspections are accomplished on daily, weekly, quarterly, semi-annual, and annual bases. The chart below identifies annual O&M expenses

against programmed. The baseline year was 2008. Actual 2009 and 2010 (YTD) expense curves are shown below.



Measure #4: Track actual PIEP cost and schedule execution against planned.

PIEP cost and schedule information can change several times in a year, depending upon funding availability, weather, and materiel deliveries. The Port maintains a cash flow sheet that is crossed with the construction requirements in order to follow production efforts. Further, Port staff teleconferences twice weekly with U.S. Maritime Administration (MARAD) leadership to discuss project issues, and weekly meets face to face with MARAD's local construction management team—Integrated Concepts and Research Corporation (ICRC). Additionally, Port staff visits the construction site as needed. Port staff communicates with the Municipality administration as needed to keep them abreast of progress and any issues that may arise.

PORT OF ANCHORAGE WORKFORCE PROJECTIONS

<u>Category</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Administrative / Engineering	10	10	10	10	10	10	10
Operations / Maintenance	11	11	12	12	13	14	14
Port Development	0	0	0	0	0	0	0
Subtotal	21	21	22	22	23	24	24
Part Time / Temporary	0	0	0	0	0	0	0
Total	21	21	22	22	23	24	24

PORT OF ANCHORAGE											
11 - YEAR SUMMARY											
UTILITY FORMAT - 2011 OPERATING BUDGET (000's Omitted)											
Financial Overview	Actual				Proforma	Budget	Forecast				
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues	\$13,833	\$14,237	\$12,886	\$13,184	\$13,725	\$13,657	\$13,733	\$14,348	\$14,415	\$17,965	17,906
Expenses	\$10,081	\$10,809	\$12,031	\$11,658	\$11,625	\$12,291	\$12,444	\$12,465	\$14,740	\$14,821	17,399
Net Income (Regulatory) (*)	\$3,752	\$3,428	\$856	\$1,526	\$2,100	\$1,365	\$1,290	\$1,883	(\$324)	\$3,144	\$508
Budgeted Positions	21	21	21	21	21	22	22	23	24	24	24
Capital Program	\$6,120	\$12,500	\$48,515	\$25,008	\$29,093	\$40,633	\$29,335	\$28,415	\$27,810	\$27,705	\$27,700
Bond Sales and Other Loans (**)	\$0	\$0	\$0	\$40,000	\$40,000	\$20,000	\$15,000	\$0	\$0	\$0	\$0
Net Plant (12/31)	\$28,403	\$26,576	\$24,749	\$22,922	\$20,805	\$18,602	\$16,315	\$13,943	\$27,021	\$23,943	\$20,780
MESA	\$525	\$495	\$481	\$447	\$503	\$472	\$458	\$436	\$401	\$372	\$573
Total Net Assets	\$48,899	\$52,327	\$53,183	\$54,709	\$56,809	\$58,175	\$59,465	\$61,348	\$61,023	\$64,167	\$64,675
General Cash Pool	\$10,135	\$17,332	\$21,884	\$26,359	\$26,359	\$26,359	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Construction Cash Pool	\$11,385	\$30,301	\$27,859	\$26,351	\$20,000	\$22,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Bond & Other Loan Reserve Cash	\$1,256	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Total Cash (12/31)	\$22,776	\$48,633	\$50,743	\$53,710	\$47,359	\$49,359	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000
IGC's - General Government	\$341	\$409	\$430	\$486	\$577	\$592	\$576	\$580	\$583	\$516	\$518
Total Outstanding Debt (12/31)	\$1,297	\$0	\$0	\$40,000	\$40,000	\$60,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000
Debt Service - Cm'l Paper Int - Capitalized	\$0	\$0	\$0	\$400	\$400	\$600	\$750	\$750	\$750	\$750	\$750
Debt Service Coverage (Cm'l Paper Interest)	0.00	0.00	0.00	10.05	11.15	8.33	6.68	7.58	5.47	10.20	6.94
Debt/Equity Ratio (12/31)	1 / 99	0 / 100	0 / 100	23 / 77	23 / 77	31 / 69	36 / 64	35 / 65	35 / 65	35 / 65	34 / 66
Tariff Wharfage Rates (01/11):											
1250 Petroleum, Bulk / Barrel	\$0.125	\$0.125	\$0.125	\$0.125	\$0.125	\$0.135	\$0.135	\$0.135	\$0.135	\$0.135	\$0.135
1250 Cement, Bulk / Ton	\$1.20	\$1.10	\$1.20	\$1.25	\$1.25	\$1.37	\$1.37	\$1.37	\$1.37	\$1.37	\$1.37
Statistical/Performance Trends:											
Tonnage (in thousands)	4,347	4,316	4,370	3,798	4,092	4,530	4,755	4,775	4,785	5,369	5,384
Revenue/Ton	2.44	2.32	2.27	2.55	2.55	3.18	2.97	2.81	2.68	3.41	3.41
(*) The Port's ability to service debt is a combination of Net Income PLUS the Expense Category "Depreciation":											
Net Income Above	\$3,752	\$3,428	\$856	\$1,526	\$2,100	\$1,365	\$1,290	\$1,883	(\$324)	\$3,144	\$508
PLUS Depreciation	\$3,750	\$4,108	\$4,649	\$4,660	\$4,537	\$4,622	\$4,707	\$4,792	\$7,020	\$7,105	\$7,190
Available to Service Debt	\$7,502	\$7,536	\$5,505	\$6,187	\$6,638	\$5,988	\$5,997	\$6,675	\$6,696	\$10,249	\$7,698
(**) Other Loan funds will be used to help complete the Port expansion. Other Loan funds are projected at an interest rate of 1.00%											

PORT OF ANCHORAGE
2008 - 2011
STATEMENT OF REVENUES AND EXPENSES

	2008 <u>Actual</u>	2009 <u>Actual</u>	2010 <u>Proforma</u>	2011 <u>Budget</u>
OPERATING REVENUE				
Dock Revenue	5,237,696	4,976,854	5,769,632	6,611,485
Industrial Park Revenue	4,158,226	4,301,791	4,843,697	4,883,416
Other Operating Revenue	533,476	406,878	526,000	580,535
TOTAL OPERATING REVENUE	9,929,398	9,685,523	11,139,329	12,075,436
OPERATING EXPENSES				
Labor	2,299,783	2,318,382	2,620,057	2,838,869
Supplies	218,897	199,428	210,600	212,111
Other Services & Charge	1,697,876	2,115,068	2,050,060	2,241,582
IGC's	429,639	486,147	576,800	592,148
Depreciation / Amortization	4,649,017	4,660,449	4,537,239	4,622,239
Municipal Enterprise Service Assessment	480,867	447,479	502,778	471,777
TOTAL OPERATING EXPENSE	9,776,079	10,226,953	10,497,534	10,978,726
OPERATING INCOME	153,319	(541,430)	641,795	1,096,710
NON-OPERATING REVENUE (*)				
Interest Income	254,721	2,043,010	207,800	0
Pipeline Right-of-Way Fee	177,083	140,074	170,000	170,000
Gain / Loss - Disposal of Property	52,470	0	0	0
Miscellaneous Non-Operating Revenue	0	0	0	0
Other Non-Operating Revenue	2,472,788	1,315,225	1,583,471	1,411,147
TOTAL NON-OPERATING REVENUE	2,957,062	3,498,309	1,961,271	1,581,147
NON-OPERATING EXPENSE				
Interest on Long-Term Debt	0	0	0	0
Other Non-operating Expense	2,254,587	1,430,699	1,283,471	1,312,413
TOTAL NON-OPERATING EXPENSE	2,254,587	1,430,699	1,283,471	1,312,413
NON-OPERATING INCOME	702,475	2,067,610	677,800	268,734
NET INCOME (REGULATORY)	855,794	1,526,180	1,319,595	1,365,444
ADJUSTMENTS FOR GAAP	0	0	0	0
NET INCOME GAAP	855,794	1,526,180	1,319,595	1,365,444

(*) GASB 33 capital grant revenue not included

**PORT OF ANCHORAGE
STATEMENT OF SOURCES AND USES OF CASH**

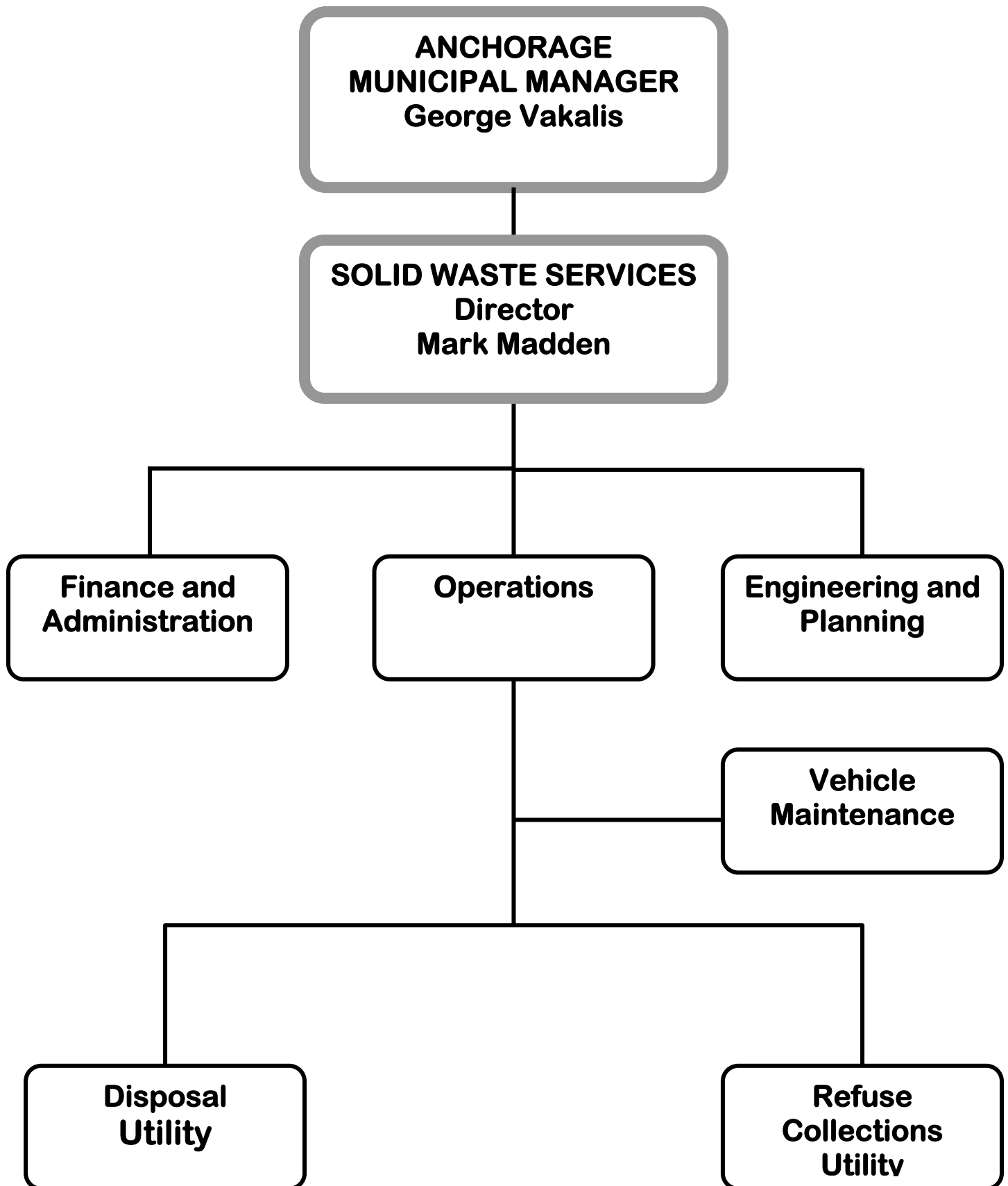
	<u>2008</u> <u>Actual</u>	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Proforma</u>	<u>2011</u> <u>Budget</u>
SOURCES OF CASH FUNDS:				
Net Income GAAP	855,794	1,526,180	1,319,595	1,365,444
Depreciation / Amortization	4,649,017	4,660,449	4,537,239	4,622,239
Equity / Operations	0	0	0	0
Grants	0	0	0	0
Bonds and Commercial Paper	40,000,000	0	20,000,000	15,000,000
Amortization of Debt Discount	0	0	0	0
Principal Payments, Financing Leases	35,828	11,190	7,800	0
Disposition of Assets	52,470	0	0	0
State Debt Repayment	0	0	0	0
TOTAL SOURCES OF FUNDS	45,593,109	6,197,819	25,864,634	20,987,684
USES OF CASH FUNDS:				
Additions to Plant	2,500,000	1,897,281	1,700,000	1,700,000
Bond Principal Payments	0	0	0	0
Matching Funds to MARAD (**)	5,400,000	5,400,000	4,000,000	4,000,000
Net Effect of Changes on Balance Sheet Which Affect Cash				
TOTAL USES OF FUNDS	7,900,000	7,297,281	5,700,000	5,700,000
NET INCREASE (DECREASE) IN CASH FUNDS	37,693,109	(1,099,462)	20,164,634	15,287,684
CASH BALANCE JANUARY 1,	32,624,631	70,317,740	69,218,278	89,382,912
CASH BALANCE DECEMBER 31,	70,317,740	69,218,278	89,382,912	104,670,595
DETAIL OF CASH BALANCE				
Equity in General Cash Pool	8,461,887	13,190,583	10,000,000	10,000,000
Equity in Construction Cash Pool	15,505,291	23,881,146	20,000,000	20,000,000
Revenue Bond Maintenance Reserve	1,000,000	1,000,000	1,000,000	1,000,000
TOTAL CASH DECEMBER 31,	24,967,178	38,071,729	31,000,000	31,000,000

(**) Disbursed to Maritime Administration (MARAD) - Port Intermodal Expansion Program Contribution & Mitigation Escrow

**PORT OF ANCHORAGE
OPERATING BUDGET DETAIL**

	2008 <u>Actual</u>	2009 <u>Actual</u>	2010 <u>Proforma</u>	2011 <u>Budget</u>
LABOR				
Wages	1,371,684	1,411,308	1,645,396	1,741,430
Overtime	28,758	25,601	43,493	76,721
Benefits	726,206	710,023	715,014	889,585
Other	173,135	171,451	216,154	131,133
Subtotal	2,299,783	2,318,382	2,620,057	2,838,869
SUPPLIES				
Office & Operating Supplies	64,806	47,957	51,000	50,428
Fuel	50,989	43,427	45,000	45,000
Repair & Maintenance Supplies	102,798	96,718	110,000	111,100
Other	0	0	0	0
Subtotal	218,594	188,102	206,000	206,528
INTRAGOVERNMENTAL CHARGES				
IGC's From Others	0	0	0	0
IGC's To Others	429,639	486,147	576,800	592,148
Subtotal	429,639	486,147	576,800	592,148
OTHER SERVICES				
Professional Services	743,949	992,047	832,600	1,000,000
Contributions to Outside Organizations	42,500	41,000	41,000	44,000
Repairs & Maintenance - Contracted	44,658	96,365	150,000	25,000
Municipal Enterprise Service Assessm	480,867	447,479	502,778	471,777
Contract Services	30,255	174,870	33,060	
Rentals / Leases	148,365	146,097	290,000	283,922
Utilities	332,134	406,323	330,000	330,000
Other	2,610,905	1,700,391	1,661,571	1,876,756
Subtotal	4,433,634	4,004,573	3,841,009	4,031,455
OTHER EXPENSES				
Depreciation / Amortization	4,649,017	4,660,449	4,537,239	4,622,239
Interest on Long Term Debt	0	0	0	0.00
Other	0	0	0	0
Subtotal	4,649,017	4,660,449	4,537,239	4,622,239
TOTAL EXPENSES	12,030,666	11,657,654	11,781,105	12,291,239

PORT OF ANCHORAGE							
2011-2016 CAPITAL IMPROVEMENT PROGRAM SUMMARY							
(000's Omitted)							
<u>PROJECT CATEGORY</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>TOTAL</u>
LAND DEVELOPMENT							
PORT INTERMODAL EXPANSION PROGRAM (*)	6,408	6,410	5,500	5,000	5,000	5,000	33,318
TERMINAL DEVELOPMENT	32,300	21,000	21,000	21,000	21,000	21,000	137,300
HARBOR DEVELOPMENT							
REPAIRS & RENOVATIONS	1,725	1,725	1,715	1,710	1,705	1,700	10,280
EQUIPMENT	200	200	200	100	0	0	700
TOTAL	40,633	29,335	28,415	27,810	27,705	27,700	181,598
<u>SOURCE OF FUNDING</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>TOTAL</u>
G.O. BONDS							
REVENUE BONDS							
LEASE/REVENUE BONDS							
EQUITY-MARAD Contribution & Mitigation Escrow(**)	6,408	6,410	5,500	5,000	5,000	5,000	33,318
GRANTS	32,300	21,000	21,000	21,000	21,000	21,000	137,300
EQUITY / OPERATIONS	1,925	1,925	1,915	1,810	1,705	1,700	10,980
TOTAL	40,633	29,335	28,415	27,810	27,705	27,700	181,598
(*) Federal Grant Matching Portion Remitted and Controlled by MARAD (Maritime Administration) for Port Expansion. Federal Funds received directly, if any, or MARAD expansion components will be reflected as Work In Progress. Port Asset Value will be reflected upon completion of the expansion program.							
(**) Federal Grant Matching Fund Portion - Estimated to be Remitted to MARAD (Maritime Administration).							



SOLID WASTE SERVICES UTILITY PROFILE 2011

Solid Waste Services (SWS) is composed of two separate utilities. The Refuse Collections Utility provides refuse collection service to residential and commercial customers in the "City of Anchorage" Service Area. The Solid Waste Disposal Utility operates multiple transfer stations and a regional landfill providing affordable and environmentally responsible municipal solid waste disposal services for the entire Municipality. SWS is divided into four organizations. The organizations include Refuse Collections and Solid Waste Disposal, which are separate operating utilities, and Vehicle Maintenance and Administration, which are support organizations that fully charge out expenses to Refuse Collections and Disposal Utilities.

The profile for both Refuse Collections Utility and Solid Waste Disposal are shown separately below:

REFUSE COLLECTIONS UTILITY

HISTORY: Refuse Collections Utility was originally owned by the former City of Anchorage. When the City and Borough merged in 1975 the Municipality of Anchorage became the new owner. Since at least 1952 there has been mandatory service for all residents who live in the Refuse Collections Utility service area.

SERVICE: Refuse Collections Utility serves the service area of the former City of Anchorage, which is approximately 20% of the population of the Municipality of Anchorage. The Refuse Collections Utility has three main types of collection vehicles. They are frontload, manual sideload and automated sideload trucks.

The frontload vehicles are primarily used to service dumpsters for commercial or multifamily residential customers. Refuse Collections Utility services approximately 4,770 dumpsters per week. Refuse Collections Utility operates six dumpster routes per day M-F and two routes on Saturday.

Residential and small commercial can and bag customers are serviced using front load, automated and manual sideload trucks. Manual sideload equipment is being phased out with automated sideload trucks for residential and commercial can and bag collections. The automated refuse collection program, which includes refuse collection, collection of commingled recyclable materials and variable rates, will be fully implemented by the end of 2011.

The Refuse Collections Utility currently services over 12,000 residential and small commercial can and bag customers per week. By the end of 2010, approximately 10,000 of these customers will be serviced with automated

operations, with the last 2,000 customers to be phased into automated operations in the fall of 2011. By the end of 2010, the utility will operate two manual can and bag routes per day M-F, and three automated routes per day M-F. One automated recycle collection route will be operated M-F every day on the automated refuse collection routes.

REGULATION: The Refuse Collections Utility is regulated by the Regulatory Commission of Alaska (RCA). The utility is granted the exclusive right to collect solid waste within its defined service area by a Certificate of Public Convenience and Necessity. The Alaska Public Utilities Commission (predecessor to the RCA) relinquished economic regulation authority to the Anchorage Municipal Assembly.

As a part of Solid Waste Services, the Refuse Collections Utility also has a seven member advisory commission. The members are appointed by the mayor and confirmed by the assembly. The commission normally meets monthly and, when necessary, holds special meetings. The advisory commission advises and makes recommendations to the administration and assembly on matters pertaining to the operating budget, capital budget, rules, regulations, and administrative guidelines for the Utility.

ENVIRONMENTAL MANDATES: Although there are no specific state or federally mandated regulations for Refuse Collections, it must comply with a number of federal and state mandated regulations. These regulations include, but are not limited to, the Federal Clean Air Act, the Clean Water Act and OSHA. These regulations have and will continue to impact the economics and operations of the Refuse Collections Utility.

PHYSICAL PLANT: The Refuse Collection Utility's assets include:

Industry Specific truck fleet

- 8 frontload trucks for dumpster collection
- 5 sideload trucks for manual curbside collection
- 7 automated sideload trucks for refuse and recycle collection

By the end of 2010 with the implementation of automated operations, the Utility will have purchased over 20,000 roll carts of various sizes for the use by residential customers for trash and for curbside recycling.

In the fall of 2010, the utility will replace 2 frontload trucks, and acquire 2 new automated sideload trucks to implement the third phase of automated operations for residential customers. In 2011, the final automated truck is planned to purchase to complete the switch from can and bag to automated operations.

Refuse Collections constructed a 27,000 square foot building that contains vehicle maintenance and warm storage space and administrative offices.

FUTURE PLANNING EFFORTS: In 2011, Refuse Collection will complete the switch from can and bag operations to automated collection services for all Solid Waste Services residential and small commercial customers.

SOLID WASTE DISPOSAL UTILITY

HISTORY: Municipal solid waste disposal was originally a function of the City Public Works Department, which operated the city landfill at Merrill Field. Under unification, the Municipality acquired responsibility for five waste disposal sites from Peters Creek to Girdwood. The Solid Waste Disposal Utility was formed to operate and maintain these sites, while managing solid waste disposal matters throughout the Municipality. The five sites were closed and waste disposal was consolidated to a single site near Eagle River. Merrill Field closed in 1987 following approximately 50 years of use. The Anchorage Regional Landfill (ARL), an award winning, "state-of-the-art", fully lined, modern landfill was built in 1987 and is the only operating landfill in MOA.

SERVICE: The Solid Waste Disposal Utility serves the entire MOA. The services include the disposal of solid waste and collection of household hazardous waste. Municipal solid waste is received at any of the three transfer stations located within MOA. The waste is then transported by the Utility to ARL for final disposal.

The ARL has a total land area of approximately 275 acres and is being developed in phases called cells. Currently 7 of 12 base cells have been constructed, with the eighth cell to be completed by the fall of 2010. ARL is projected to have a total capacity in excess of 42.3 million cubic yards. It is estimated that ARL will reach full capacity in the year 2043. In 2009, 320,983 tons were deposited in ARL, 17,516 tons less than in 2008.

Solid Waste Disposal Utility also operates three transfer stations located at Girdwood, midtown Anchorage (Central Transfer Station-CTS), and ARL. The transfer stations allow the Solid Waste Disposal Utility to reduce traffic flow to the landfill and to restrict access to the working face of the landfill. CTS receives the largest amount of solid waste, having received over 225,173 tons in 2009. This facility has a total capacity of 1,600 tons per day. The 2009 quantity was 10,005 tons less than in the 2008 tons. The Solid Waste Disposal Utility operates a fleet of 20 transfer tractor and trailers that transport the solid waste from CTS. The trailers have a capacity of 120 yards each.

Solid Waste Disposal Utility operates a 6,000 square foot hazardous waste collection facility built in 1989. In 1992, the facility was the only Hazardous Waste facility in North America to receive Solid Waste Association of North America's "System Excellence" award. Through 2009, the facility has collected over 20 million pounds of hazardous waste that otherwise may have been improperly disposed of in the landfill, storm drain system or people's backyards.

Household hazardous waste can be dropped off at CTS or the Hazardous Waste Facility located at ARL. The hazardous waste is then handled by a contractor that sorts and processes the waste in proper containers. Hazardous products are shipped out of state to federally approved hazardous waste disposal sites. Other materials are rendered inert and landfilled, processed locally or recycled. In March 2000, a new reuse program was successfully implemented. Anchorage residents bring household items such as paints, cleaners, and solvents to Reuse Centers at CTS or at ARL. The items are then stocked for other Anchorage residents to take home for reuse on household projects. In 2009, over 2,000 people took advantage of the program and as a result over 48,000 items were reused.

REGULATION: The Solid Waste Disposal Utility is not economically regulated by any non-municipal agencies. However, the Utility operates under numerous permits and many EPA regulations. ARL is operated under a Solid Waste operating permit issued by the Alaska Department of Environmental Conservation (ADEC). This permit must be renewed every five years. ARL construction and certain operations must comply with the EPA Resource Conservation and Recovery Act (RCRA) subtitle D. The facility is also regulated under a Title V air emissions operating permit issued by ADEC. The Disposal Utility operates under two permits from AWWU for industrial water discharge, one for disposal of leachate from ARL and one for discharge of leachate contaminated groundwater at Merrill Field. ARL has permits from the US Department of Fish and Wildlife and the Alaska Department of Fish and Game for bird predation.

The Solid Waste Disposal Utility, as a part of Solid Waste Services, also has a seven member advisory commission. The members are appointed by the mayor and confirmed by the assembly. The commission normally meets monthly and when necessary holds special meetings. The advisory commission advises and makes recommendations to the administration and assembly on matters pertaining to the operating budget, capital budget, rules, regulations, and administrative guidelines for the Utility.

ENVIRONMENTAL MANDATES: The Solid Waste Disposal Utility must operate under and comply with numerous environmental mandates. These mandates have a significant economic impact on the cost of operations and construction for the Utility. The main environmental mandates that have a significant impact on the Disposal Utility are RCRA subtitle D, the Clean Air Act, New Source Performance Standards (NSPS), the Clean Water Act, SARA Title 3 (Super Fund), NESAP (asbestos), and NPDES (storm water discharge). In 2010, EPA added greenhouse gas monitoring and reporting requirements that affect both active and closed landfill sites. It is projected that the environmental mandates regarding operating and constructing a landfill will become even more stringent in the future.

PHYSICAL PLANT: The Disposal Utility's assets include:

Anchorage Regional Landfill

- 275 acres, estimated to last through the year 2043
- 42.3 million cubic yard capacity
- Phased construction of cells lasting four to five years each
- By the end of 2010 constructed eight of the twelve base cells
- Located on municipal land
- Scale house and a 22,000 square foot shop with an adjoining storage facility
- Heavy equipment fleet: dozers, loaders, dump trucks, boom truck, water truck, leachate trucks, tankers, lube trucks, grader and solid waste compactor
- Two leachate storage, treatment lagoons with a 2.9 million gallon capacity
- Gas collection facility with 700 square foot blower and flare station and a 2,000 cubic feet per minute capacity enclosed flare

Three transfer stations provide intermediate disposal, easy access for public

- Girdwood, Central, and the ARL public site
- 20 transfer tractor and trailers haul from stations to landfill

Hazardous waste management

- 6,000 square foot collection facility for household hazardous waste
- Opened in 1989, operated by private contractor
- Received the only "System Excellence Award" in North America from Solid Waste Association of North America

FUTURE PLANNING EFFORTS: Future projects include:

- In 2010, complete construction the next landfill waste expansion cell
- In 2011, begin design and construction of the next landfill cell
- Landfill methane gas to energy project proposals are currently being evaluate. It is anticipated that the selected project will be on line in 2012
- Develop a long-term plan for the CTS facility

SOLID WASTE SERVICES 2011 OPERATING AND CAPITAL BUDGET ASSUMPTIONS

There will be no revenue distributions. Since future capital budgets require significant capital investments, prudent fiscal management of the utilities direct the retaining of dividends for capital purposes and for funding landfill closure and post-closure liability.

The mill rates for MUSA (in lieu of taxes) will be the same as 2010 mill rates.

With an interest rates assumption of only 0.25%, only a modest interest income is budgeted for 2011.

The IGC's from General Government are based on the 2009 actual and 2010 Proforma operating expenses. Averaging \$1.5 million per year for the last five years, General Government IGCs increased 5% per year from 2005 to 2009. These figures exclude any intra SWS charges.

Solid Waste Services used no account specific inflation multipliers. For future years (2011- 2015), Solid Waste Services assumed inflation to be 2.9% per year.

Salaries are assumed to increase as follows: for Non-Represented 1.5%; for AMEA, and Operating Engineer employees 2.9%; for Executives 3%, for Teamsters 3.9%; and for IBEW Mechanics 2% to 6%. The estimates are pursuant to various Collective Bargaining Agreements, in which salaries are linked to a five year average inflation rate.

AMEA, Non-Represented, IBEW Mechanics, and Executives' Health benefit costs are assumed to be \$19,656 per year; the Teamsters are \$18,912, and the Operating Engineers' health estimates are \$15,768 per year.

Assumptions for other benefits include PERS 22%, Social Security 6.2%, Medicare 1.45%, Leave cash-out 6.69%, and Unemployment Compensation 0.20%.

Spring Cleanup will continue. 2010 expense was over \$200,000 for SWS. Diesel fuel expense is a significant operating cost; SWS uses over 300 gallons annually, with costs ranging from over \$1 million in 2008 and five year average expense over \$839,000.

The Anchorage population will remain unchanged.

Capital projects will be funded by each utility's operating revenues, loans from the Alaska Clean Water Fund for Disposal projects, and other loan sources.

REFUSE COLLECTION

No rate increases are proposed for 2011.

Refuse Collections Utility will continue to hold a Certificate granted by The Regulatory Commission of Alaska for collecting in the City Service Area.

Refuse Collection has no debt.

Mandatory refuse collection will continue.

Curbsides recycling shipping charges to Washington state facilities are assumed to be \$81,000 at \$40 per ton.

The Refuse Collection Utility will complete the switch from conventional can and bag residential service to automated operations in 2011. Phase I & II conversion was completed in 2009; Phase III A will be in the fall of 2010, and the final Phase III B will be completed in the fall of 2011. The conversion to automated operations is directly linked to the purchase of new automated side loader vehicles for garbage collection. Customers have the option to participate in curbside recycling.

DISPOSAL UTILITY

The amount of solid waste deposited at the landfill has declined by 5% per year for the past two years, and is anticipated to continue to decline. It is believed that the primary source of the decline is related to the current economic down turn. For budgeting purposes, it is assumed that revenue tons will decline by 3%.

With the decline in its primary source of revenue (tipping fees) and increases in labor and contract expenses, Disposal's revenue would be less than total expenses: an estimated \$1 million net loss. The proposed budget incorporates a \$3 per ton rate increase for all weighed tonnage. The flat rates for small (unweighed) loads will remain unchanged. The rate increase will generate approximately \$685,000 in additional revenue, but still results in a loss of (\$372,329) in 2011.

The 1.25% of operating revenue MUSA applies only to the Solid Waste Disposal Utility.

Disposal's total outstanding debt is State of Alaska Clean Water Loans with 1.5% interest rates.

With the request for proposals moving forward, the Disposal Utility is seeking development of its methane gas produced at the Anchorage Regional Landfill to generate a new source of revenue. At this time, no revenue is anticipated from this project until 2012.

Monitoring of water quality and landfill gas generation at former municipal solid waste disposal sites will continue in the future. When necessary, corrective projects and those mandated by regulatory changes will be undertaken.

In 2011, design work will begin for the next landfill cell to be constructed beginning in 2011 and completed in 2012.

Future landfill care and closure liability costs are recognized in the operating budget. This is required by "cost causer shall be the cost payer" principle and recent federal Environmental Protection Agency regulations. Pursuant to A0 2008 - 46, an account was established specifically for closure and post-closure funds.

SWS Disposal will continue to direct and manage hazardous wastes programs at current financial levels.

Federal and state regulations will continue to impact operation and development costs at the level experienced today, with increases expected in the future.

2011 BUDGET HIGHLIGHTS

Refuse Collections

The Refuse Collection 2011 operating budget is projected at \$8,753,624 compared to the 2010 Proforma \$8,314,598 and the 2010 approved budget \$8,676,228. The 2011 budget is 0.9% higher than the 2010 approved budget.

Total revenue for 2011 is projected at \$8,875,458, compared to the 2010 Proforma revenue of \$8,914,281, a 0.4% decrease. However, operating revenue is projected to be 1.8% higher due to residential customers switching from flat rates associated with can and bag operations to automated operations and the pay-as-you-throw variable rates in 2011. The overall effect of automated operations on revenue and expense will be better understood in 2012 after all residential customers are serviced with automated operations.

With a capital budget of \$1.3 million, capital projects include the purchase of two commercial front load vehicles, as well as over 3,000 roll carts for solid waste and curbside recycling residential customers.

Disposal Utility

The Disposal Utility 2011 operating budget is projected at \$19,742,136 compared to the 2010 Proforma of \$18,425,598 and the 2010 approved budget of \$18,602,589. The 2011 budget is 6% higher than the 2010 approved budget. The increase is due to higher labor, depreciation and contractual costs.

At current tipping fee rates, total revenues for 2011 are projected to be \$18,684,461. With the proposed \$3 per ton rate increase on all weighed loads, total revenue for 2011 is projected at \$19,369,808. The 2010 Proforma revenue is projected to be \$19,145,814.

With the higher expenses in 2011, and the \$3 per ton rate increase for weighed tonnage, a (\$372,329) net loss is projected for 2011. Increasing expenses combined with a reduction in customers and tonnage results in the need for a 5.2% increase in rates. Flat rates for unweighed customers will remain unchanged.

With a capital budget of \$8 million, capital projects include the design and construction of a new landfill cell and landfill equipment, as well as the construction of a landfill methane gas-to-energy project.

Disposal Utility Solid Waste Services

Anchorage: Performance. Value. Results.

Mission

Dispose of municipal solid waste generated within the Municipality in compliance with state and federal regulations.

Core Services

- Operate the Anchorage Regional Landfill (ARL)
- Operate the solid waste transfer stations and transfer fleet
- Operate the Household Hazardous Waste Program
- Promote community recycling efforts

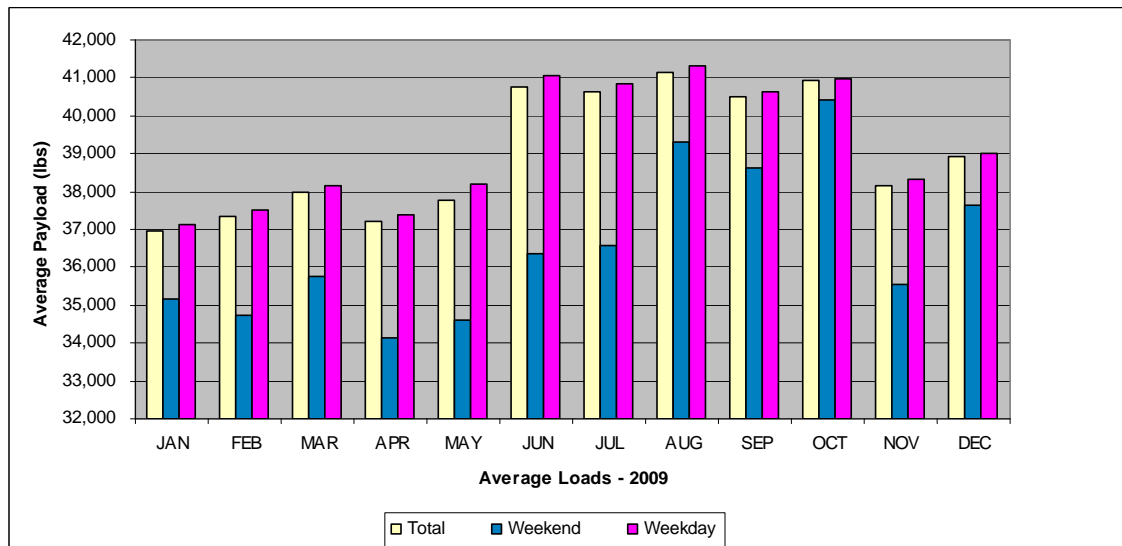
Accomplishment Goal

Optimize solid waste transfer truck utilization

Performance Measure

Progress in achieving the goal will be measured by:

Measure #1: Solid waste transfer truck payload weight
--



Refuse Collections Utility Solid Waste Services

Anchorage: Performance. Value. Results.

Mission

Provide solid waste collection and disposal service to rate-paying customers within our defined service area.

Core Services

- Provide dumpster service to commercial and multifamily residential customers.
- Provide automated garbage and curbside recycle collection and disposal to residential customers.
- Provide manual garbage collection to residential customers not serviced by automated routes

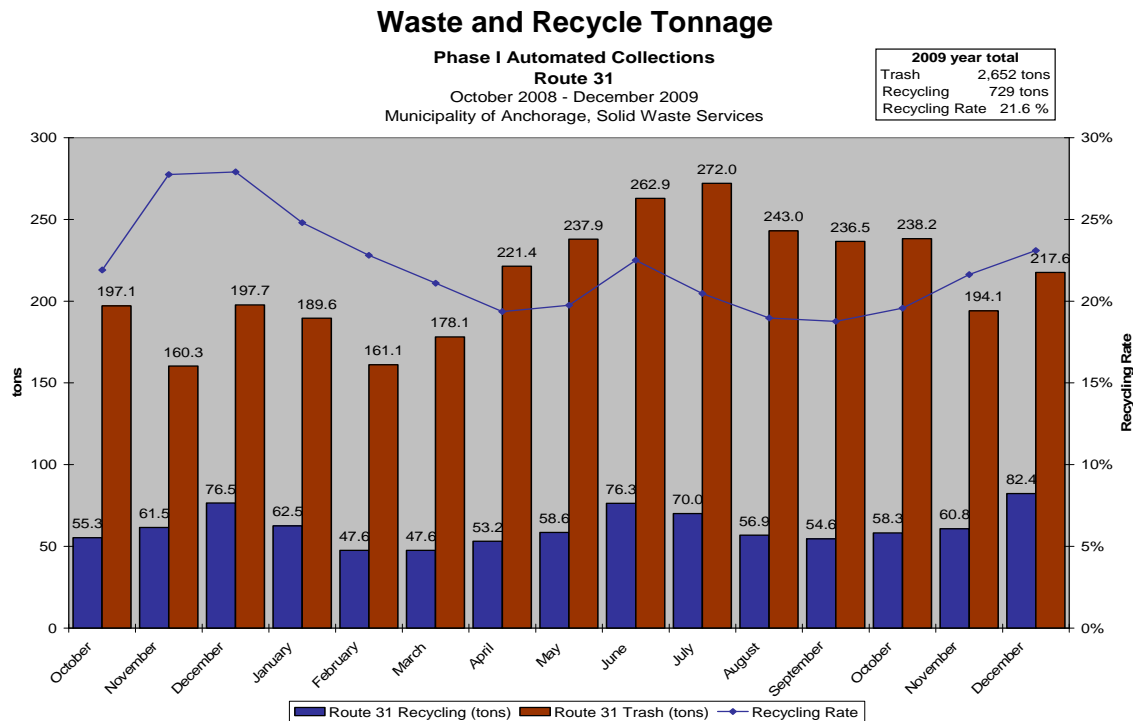
Accomplishment Goals

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

Performance Measures

Progress in achieving these goals will be measured by:

Measure #2: Percent change in recyclable material diversion from the residential waste stream.



(Route 31 only is the only route in automated operation for the full year 2009.)

Measure #3: Percent change in worker injuries
--

2008 Summary of Losses by Work Group

2008 DART Rate 21.8

	<u>Auto Liability</u>		<u>Workers Compensation</u>					
	<u>Incidents</u>	<u>Losses</u>	<u>TLI Incidents</u>	<u>TLI Losses</u>	<u>MO Incidents</u>	<u>MO Losses</u>	<u>RO Incidents</u>	<u>RO Losses</u>
<u>Collections</u>								
Manual Residential	1	\$4,232	4	\$29,800	1	\$799	4	\$0
Automated Residential	0	\$0	0	\$0	0	\$0	0	\$0
Commercial Vehicle	0	\$0	0	\$0	0	\$0	0	\$0
Maintenance	0	\$0	0	\$0	0	\$0	0	\$0
Other	0	\$0	0	\$0	0	\$0	0	\$0
Total - Group	1	\$4,232	4	\$29,800	1	\$799	4	\$0

2009 Summary of Losses by Work Group

2009 DART Rate 43.8

	<u>Auto Liability</u>		<u>Workers Compensation</u>					
	<u>Incidents</u>	<u>Losses</u>	<u>TLI Incidents</u>	<u>TLI Losses</u>	<u>MO Incidents</u>	<u>MO Losses</u>	<u>RO Incidents</u>	<u>RO Losses</u>
<u>Collections</u>								
Manual Residential	0	\$0	2	\$76,898	3	\$4,565	4	\$0
Automated Residential	0	\$0	1	\$1,735	1	\$0	1	\$0
Commercial Vehicle	0	\$0	2	\$45,750	0	\$0	0	\$0
Maintenance	0	\$0	0	\$0	2	\$717	0	\$0
Other	0	\$0	1	\$85,571	0	\$0	1	\$0
Total - Group	0	\$0	6	\$209,954	6	\$5,282	6	\$0

Notes:

TLI = Time Loss Injury

MO = Injury requiring medical care but no lost time

RO = Reportable injury involving no medical care or lost time

2009 Collections "Other" TLI was slip/fall on wet break room floor, not attributable to any operational function.

SOLID WASTE SERVICES OPERATING BUDGET 2011 WORK FORCE PROJECTIONS

<u>Budget Unit</u>	2011	2012	2013	2014	2015
<u>Refuse Collection</u>					
Full time	22	22	22	22	22
Part time	0	0	0	0	0
Seasonal	2	2	2	2	2
Budgeted Positions Subtotal	24	24	24	24	24
<u>Disposal</u>					
Full time	48	48	48	48	48
Part time	7	7	7	7	7
Seasonal	6	6	6	6	6
Budgeted Positions Subtotal	61	61	61	61	61
<u>Administration</u>					
Full time	22	22	22	22	22
Part time	1	1	1	1	1
Budgeted Positions Subtotal	23	23	23	23	23
<u>Vehicle Maintenance</u>					
Full time	9	9	9	9	9
TOTAL SOLID WASTE SERVICES					
Full time	101	101	101	101	101
Part time	8	8	8	8	8
Seasonal	8	8	8	8	8
TOTAL	117	117	117	117	117
EXECUTIVE	3	3	3	3	3
NON-REPRESENTED	11	11	11	11	11
AMEA	25	25	25	25	25
OPERATING ENGINEERS	49	49	49	49	49
IBEW MECHANICS	6	6	6	6	6
TEAMSTERS	23	23	23	23	23
TOTAL	117	117	117	117	117

No new positions to work force in 2011.

Six former Non Reps (5 VMT machinists & 1 maintenance worker) joined IBEW

Assumed 2.9% wage increase in 2011 for Operating Engineers & AMEA; 3% Execs & 1.5% for Non-Reps.

Pursuant to varying union collective bargaining agreement provisions, Teamster increase is 3.9% (est CPI 2.9% + 1% contractual), and IBEW ranges from a 2% to a 6% increase. 31 employees have the potential to acquire the new PIP/PSP salary increase in 2011.

SOLID WASTE SERVICES - SOLID WASTE DISPOSAL

SOLID WASTE DISPOSAL Financial Overview											
	Actual 2005	Actual 2006	Actual 2007	Actual 2008	Actual 2009	Proforma 2010	Budget 2011	Forecast 2012	Forecast 2013	Forecast 2014	Forecast 2015
Revenues	16,250	16,004	16,635	18,819	20,097	19,146	19,370	19,370	19,370	19,370	19,370
Expenses	14,435	15,300	19,063	17,447	21,246	18,620	19,742	19,742	19,742	19,742	19,742
Net Income / (Loss)	1,815	704	(2,428)	1,372	(1,149)	526	(372)	(372)	(372)	(372)	(372)
Workforce Authorized per Budget FT*	39 (102)	39 (104)	42 (104)	46 (111)	48(117)	48(117)	48(117)	48(117)	48(117)	48(117)	48(117)
Capital Improvement Program	2,393	5,060	12,594	6,443	2,435	15,419	8,040	6,065	2,095	5,735	7,785
Bond Sales/ New Debt	0	8,979	1,561	0	0	0	4,754	3,800	247	1,900	3,800
Net Plant (12/31)	41,467	41,434	51,187	54,503	53,258	53,258	54,380	57,659	56,889	58,552	63,826
Utility Revenue Distribution	780	775	796	826	909	0	0	0	0	0	0
Net Assets (12/31)	41,079	41,786	39,357	40,729	39,580	40,106	39,734	39,362	38,990	38,618	38,246
General/Construction Cash Pool	4,213	3,215	1,331	2,256	476	(8,910)	(10,062)	(8,825)	(7,272)	(7,334)	(7,828)
Future Landfill Closure Liability	11,899	12,911	16,596	18,092	19,218	20,676	22,134	23,592	25,050	26,508	27,966
Landfill Closure Cash Reserve**				1,383	2,920	4,455	5,913	7,371	8,829	10,287	11,745
Bond Redemption Cash	382	382	402	412	0	0	0	0	0	0	0
Total Cash (12/31)	16,494	16,508	18,329	18,553	16,774	7,311	6,159	7,396	8,949	8,887	8,393
IGC's - General Government	1,351	1,402	1,490	1,578	1,208	1,195	1,300	1,300	1,300	1,300	1,300
MUSA - 1.25%	190	185	188	188	216	220	219	219	219	219	219
MUSA - Regular	554	507	484	616	619	702	702	741	730	750	812
Total Outstanding Debt	15,653	21,109	21,165	19,378	17,571	16,119	19,427	21,709	19,946	19,922	21,498
Total Annual Debt Service	4,271	3,844	1,778	2,049	2,102	1,709	1,688	2,312	2,348	2,434	2,647
Debt Coverage	3.49	2.90	0.69	3.52	2.46	4.09	3.67	3.04	3.09	3.22	3.04
Debt/Equity Ratio	28/72	34/66	34/66	48/52	44/56	40/60	49/51	55/45	51/49	51/49	56/44
Rate Percentage Change (CTS /ARL)				18% / 40%			5% / 6%				
Tipping Fee Rate per Ton (ARL / CTS)	\$45	\$45	\$45	\$53/\$63	\$53/\$63	\$53/\$63	\$56/\$66	\$56/\$66	\$56/\$66	\$56/\$66	\$56/\$66
Pickup Rate per Load	\$10	\$10	\$10	\$15	\$16	\$16	\$16	\$16	\$16	\$16	\$16
Car Rate per Load	\$5	\$5	\$5	\$5	\$6	\$6	\$6	\$6	\$6	\$6	\$6
Statistical/Performance Trends											
Tons Disposed	368,182	356,387	359,165	338,499	320,983	299,182	290,207	290,207	290,207	290,207	290,207
Vehicle Count	279,735	267,639	273,262	274,530	245,590	238,222	231,076	231,076	231,076	231,076	231,076

* Total FT Utility Workforce and (Total number of SWS Employees). SWS total includes SWS Admin (23), Refuse Collection (24) and Vehicle Maintenance (9).

**In 2008, a restricted account to fund landfill closure & post-closure was approved by the Assembly. Current 2010 balance is \$4.5 million

Certain Actual financial figures above will not match the Comprehensive Annual Financial Report, as the CAFR combines Disposal with Administrative and Vehicle Maintenance figures.

SOLID WASTE SERVICES DISPOSAL UTILITY OPERATING BUDGET 2011
STATEMENT OF REVENUE AND EXPENSE

	Actual 2009	Proforma 2010	Budget 2011
OPERATING REVENUE			
Reimbursed Costs	275,449	190,000	300,000
Disposal Fees	17,435,080	17,384,859	17,542,634
Area wide Recycling Surcharges	946,967	985,739	956,167
Hazardous Waste Fees	108,108	107,633	104,404
Methane Gas Sales	0	0	0
Other	94,780	97,042	94,131
TOTAL OPERATING REVENUE	18,860,384	18,765,273	18,997,335
OPERATING EXPENSE			
Labor	4,522,256	4,784,099	5,326,008
Supplies	155,067	210,200	231,700
Contracted Services	1,872,857	1,535,500	2,058,174
Utilities	698,360	800,000	800,000
Other Expenses (1)	461,782	1,200,000	1,076,922
Depreciation	3,381,306	3,666,622	3,953,041
Transfer to Other Funds (2)	4,202,953	7,050	0
MUSA	835,054	896,468	920,883
Landfill Closure Cost	1,125,732	1,535,218	1,458,059
Intergovernmental Charges	3,713,355	3,541,143	3,670,802
TOTAL OPERATING EXPENSE	20,968,722	18,176,300	19,495,588
OPERATING INCOME / (LOSS)	(2,108,338)	588,973	(498,253)
NON-OPERATING REVENUE			
Sale of Assets	38,331	54,000	50,000
Interest Income	224,949	225,000	200,000
Other Revenue	973,675	101,541	122,472
TOTAL NON-OPERATING REVENUE	1,236,955	380,541	372,472
NON-OPERATING EXPENSE			
Interest on Long-term Debt	277,375	249,298	246,548
TOTAL NON-OPERATING EXPENSE	277,375	249,298	246,548
NET INCOME / (LOSS)	(1,148,759)	720,216	(372,329)

1) Includes community area-wide recycling expenses: public outreach, public space, school, drop-off and grant projects pursuant to AO 2008-62(s) funded by the \$3 recycling commercial or \$1 residential surcharges.

2) Transfer to Other Funds in 2009 includes donation to AWWU for water main \$3.1 million, \$168,925 to HLB for Ruane Road improvement in Girdwood, and \$909,010 Revenue Distribution

SOLID WASTE SERVICES DISPOSAL UTILITY OPERATING BUDGET 2011
STATEMENT OF SOURCES AND USES OF CASH

	Actual 2009	Proforma 2010	Budget 2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	18,776,757	18,866,814	19,119,808
Payments to Employees	(4,232,394)	(4,784,099)	(5,326,008)
Payments to Vendors	(6,753,210)	(7,286,843)	(7,837,598)
Net Cash Provided by Operating Activities	7,791,153	6,795,872	5,956,202
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES			
Intergovernmental Revenue	-	-	-
Transfers to Other Funds	(5,038,007)	(903,518)	(920,883)
Transfers from Other Funds	-	-	-
Net Cash Used by Non-Capital and Related Financing Activities	(5,038,007)	(903,518)	(920,883)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from Loans and Grants	-	-	4,753,500
Principal Payments on Long-Term Obligations	(1,806,868)	(1,446,870)	(1,446,870)
Interest Payments on Long-Term Obligations	(295,154)	(249,298)	(246,548)
Acquisition and Construction of Capital Assets	(2,703,403)	(12,402,180)	(8,040,200)
Landfill Post Closure Cash Reserve	(1,537,285)	(1,535,218)	(1,458,059)
Gain on Asset Impairment	-	-	-
Proceeds from Disposition of Capital Assets	336,862	54,000	50,000
Net Cash Used by Capital and Related Financing Activities	(6,005,848)	(15,579,566)	(6,388,177)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale of Investments	412,337	-	-
Investment Income (Loss)	1,053,196	225,000	200,000
Net Cash Provided (Used) by Investing Activities	1,465,533	225,000	200,000
Net Increase in Cash	(1,787,169)	(9,462,212)	(1,152,858)
Cash, Beginning of Year	18,560,767	16,773,598	7,311,386
Cash, End of Year	16,773,598	7,311,386	6,158,528
COMPONENTS OF CASH			
Cash and Cash Equivalents	6,408,978	7,310,886	6,158,028
Capital Acquisition and Construction Accounts	10,364,620	500	500
Cash and Cash Equivalents, End of Year	16,773,598	7,311,386	6,158,528
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	3,076,741	1,594,032	545,102
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	3,381,306	3,666,622	3,953,041
Special Item – NPO/OPEB Write-Off	-	-	-
Amortization of Landfill Closure Costs	1,125,732	1,535,218	1,458,059
Changes in Assets and Liabilities Which Increase (Decrease) Cash:			
Accounts Receivable	(230,701)	-	-
Prepaid Items and Deposits	(1,004)	-	-
Accounts Payable	149,216	-	-
Compensated Absences Payable	7,131	-	-
Accrued Payroll Liabilities Payable	282,732	-	-
Net Pension and Other Postemployment Benefits Obligation	-	-	-
Net Cash Provided by Operating Activities	7,791,153	6,795,872	5,956,202
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Deferred Refunding Loss	753	-	-

**SOLID WASTE SERVICES DISPOSAL UTILITY
2011 OPERATING BUDGET DETAIL**

	Actual 2009	Proforma 2010	Budget 2011
Labor			
Wages	2,529,031	2,644,633	2,948,326
Overtime	264,930	394,233	426,964
Benefits	1,382,891	1,370,668	1,537,142
Other	345,405	374,565	413,576
Subtotal	4,522,256	4,784,099	5,326,008
Supplies			
Office Supplies	3,376	2,200	3,200
Operating Supplies	94,503	105,000	170,000
Petroleum, Oil & Lubricant	4,921	5,000	5,700
Repair and Maintenance Supplies	52,267	98,000	52,800
Subtotal	155,067	210,200	231,700
Other Expenses			
Professional Services	230,472	200,000	330,600
Utilities	698,360	800,000	800,000
Contractual Services	1,642,385	1,335,500	1,727,574
Other (1)	461,782	1,200,000	1,076,922
Depreciation	3,381,306	3,666,622	3,953,041
Transfer to Other Funds (2)	4,202,953	7,050	0
MUSA	835,054	896,468	920,883
Landfill Closure Costs	1,125,732	1,535,218	1,458,059
Subtotal	12,578,043	9,640,858	10,267,078
Interest on Long-term Debt	277,375	249,298	246,548
Intergovernmental Charges			
Solid Waste Administration	753,627	900,000	787,100
Solid Waste Vehicle Maintenance	1,975,378	1,500,000	1,609,226
Solid Waste Refuse Collection		0	27,000
Other IGC's	1,208,141	1,194,843	1,300,576
Charges to Others	(223,792)	(53,700)	(53,100)
Subtotal	3,713,355	3,541,143	3,670,802
Total Expenses	21,246,097	18,425,598	19,742,136

1) Includes community area-wide recycling expenses: public outreach, public space, school, drop-off and grant projects pursuant to AO 2008-62(s) funded by the \$3 recycling commercial or \$1 residential surcharges.

2) Transfer to Other Funds in 2009 includes donation to AWWU for water main \$3.1 million, \$168,925 to HLB for Ruane Road improvement in Girdwood, and \$909,010 Revenue Distributio

**SOLID WASTE SERVICES DISPOSAL UTILITY
2011 - 2016 CAPITAL IMPROVEMENT BUDGET
FINANCIAL SUMMARY**

PROJECT CATEGORY	2011	2012	2013	2014	2015	2016	TOTAL
EQUIPMENT	1,540,200	1,540,200	1,540,200	1,540,200	1,540,200	1,540,200	9,241,200
ARL & CTS IMPROVEMENTS	6,460,000	4,500,000	530,000	4,170,000	6,220,000	600,000	22,480,000
OFFICE /DP EQUIPMENT	40,000	25,000	25,000	25,000	25,000	25,000	165,000
TOTAL	8,040,200	6,065,200	2,095,200	5,735,200	7,785,200	2,165,200	31,886,200
SOURCE OF FUNDING							
BONDS	0	0	0	0	0	0	0
LOAN	297,296	4,000,000	260,000	2,000,000	4,000,000	0	10,557,296
EQUITY/OPERATIONS	7,667,904	2,065,200	1,835,200	3,735,200	3,785,200	2,165,200	21,253,904
STATE GRANT	75,000	0	0	0	0	0	75,000
FEDERAL GRANT							
OTHER							
TOTAL	8,040,200	6,065,200	2,095,200	5,735,200	7,785,200	2,165,200	31,886,200

SOLID WASTE SERVICES - REFUSE COLLECTIONS

REFUSE COLLECTIONS Financial Overview	UTILITY 2011 OPERATING BUDGET (\$ in Thousands)										
	Actual 2005	Actual 2006	Actual 2007	Actual 2008	Actual 2009	Proforma 2010	Budget 2011	Forecast 2012	Forecast 2013	Forecast 2014	Forecast 2015
Revenues	6,729	7,069	7,600	8,290	8,860	8,914	8,875	8,981	8,981	8,981	8,981
Expenses	6,238	6,632	6,962	7,759	8,021	8,315	8,754	8,754	8,754	8,754	8,754
Net Income (Regulatory)	491	437	638	531	839	599	121	227	227	227	227
Workforce Authorized per Budget FT*	20 (102)	19 (104)	19 (104)	19 (111)	23 (117)	22 (117)	22 (117)	22 (117)	22 (117)	22 (117)	22 (117)
Capital Improvement Program	443	603	24	1,461	1,484	1,781	1,318	1,453	1,632	1,012	1,690
Bond Sales	0	0	0	0	0	0	0	0	0	0	0
Net Plant (12/31)	2,375	2,464	2,100	3,112	4,026	5,069	4,713	5,122	5,616	5,328	5,616
Utility Revenue Distribution	295	323	351	376	201	159	0	0	0	0	0
Net Assets (12/31)	6,782	7,219	7,857	8,388	9,227	9,830	9,950	10,180	10,410	10,640	10,870
General/Construction Cash Pool	4,198	4,898	5,980	4,881	4,796	4,227	3,938	3,756	3,489	4,003	3,942
Total Cash (12/31)	4,198	4,898	5,980	4,881	4,796	4,227	3,938	3,756	3,489	4,003	3,942
IGC's - General Government	985	1,026	1,132	1,264	1,353	902	928	928	928	928	928
MUSA - 1.25%	0	0	0	0	0	0	0	0	0	0	0
MUSA - Regular	37	36	36	31	45	61	71	77	84	80	84
Total Outstanding Debt	0	0	0	0	0	0	0	0	0	0	0
Total Annual Debt Service	0	0	0	0	0	0	0	0	0	0	0
Debt Service Coverage	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Debt/Equity Ratio	0/100	0/100	0/100	0/100	0/100	0/100	0/100	0/100	0/100	0/100	0/100
Rate Change Percentage				32.97% Com	11.6% Res						
Residential Rate per month**	\$16.35	\$16.35	\$16.35	\$16.35	\$18.25	\$18.25	\$14.10 - \$36.50 pay as you throw variable rates				
Commercial Rate (3Yd-1 per wk)	\$64.45	\$64.45	\$64.45	\$85.70	\$85.70	\$85.70	\$85.70	\$85.70	\$85.70	\$85.70	\$85.70
Statistical/Performance Trends											
Waste Collected (Tons)	43,667	41,205	41,487	39,927	39,509	39,500	39,500	39,500	39,500	39,500	39,500
Average Residential Services	12,080	11,751	11,753	12,120	12,120	12,120	12,120	12,120	12,120	12,120	12,120
Average Dumpsters Services	4,400	4,455	4,178	4,423	4,423	4,423	4,423	4,423	4,423	4,423	4,423

* Total number of Utility FT and (SWS Employees). SWS total includes SWS Admin (23), Disposal (61) and Vehicle Maintenance (9)

**Phasing in automated collection: changing from flat rates to variable pay-as-you-throw rates eliminates the \$18.25 flat fee and allows choices for rates from \$14.10 - \$36.50 per month, depending upon roll cart size selection.

REFUSE COLLECTIONS UTILITY OPERATING BUDGET 2011
STATEMENT OF REVENUE AND EXPENSE

	Actual 2009	Proforma 2010	Budget 2011
OPERATING REVENUE			
Commercial Collections	5,065,742	5,036,031	5,026,854
Commercial Other Collection	52,913	37,032	40,000
Residential Collections	2,839,281	3,106,769	3,267,048
Residential Other Collection	57,776	34,719	35,000
Container Rental Fees	464,845	464,499	464,256
TOTAL OPERATING REVENUE	8,480,557	8,679,051	8,833,158
OPERATING EXPENSE			
Labor	1,897,674	2,101,014	2,347,265
Supplies	44,116	62,000	64,000
Contracted Services	188,215	291,500	318,050
Utilities	108,201	108,200	120,000
Other Expenses (1)	124,120	120,000	131,150
Depreciation	567,243	738,377	906,806
Transfers To Other Funds	209,853	169,805	0
MUSA	45,399	61,102	70,692
SWS Disposal Fees	2,389,868	2,300,000	2,455,200
Inter Governmental Charges	2,446,286	2,362,600	2,340,461
TOTAL OPERATING EXPENSE	8,020,975	8,314,598	8,753,624
OPERATING INCOME / (LOSS)	459,581	364,453	79,534
NON-OPERATING REVENUE			
Sale of Assets	0	500	500
Interest Income	70,341	109,000	5,000
Other Revenue	308,931	125,730	36,800
TOTAL NON-OPERATING REVENUE	379,272	235,230	42,300
NON-OPERATING EXPENSE			
Interest on Long-term Debt	0	0	0
TOTAL NON-OPERATING EXPENSE	0	0	0
NET INCOME (LOSS)	838,853	599,683	121,834

1) Other Expenses include a \$25,000 donation to AEDC.

REFUSE COLLECTIONS UTILITY OPERATING BUDGET 2011
STATEMENT OF SOURCES AND USES OF CASH

	Actual 2009	Proforma 2010	Budget 2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	8,440,061	8,679,051	8,833,158
Payments to Employees	(1,812,815)	(2,101,014)	(2,347,265)
Payments to Vendors	(5,305,812)	(5,244,300)	(5,428,861)
Net Cash Provided by Operating Activities	1,321,434	1,333,737	1,057,032
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES			
Intergovernmental Revenue	-	-	-
Transfers to Other Funds	(250,752)	(230,907)	(70,692)
Transfers from Other Funds	-	-	-
Net Cash Used by Non-Capital and Related Financing Activities	(250,752)	(230,907)	(70,692)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(1,484,491)	(1,906,800)	(1,318,300)
Proceeds from Disposition of Capital Assets	-	500	500
Net Cash Used by Capital and Related Financing Activities	(1,484,491)	(1,906,300)	(1,317,800)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Income	328,849	234,730	41,800
Net Cash Provided by Investing Activities	328,849	234,730	41,800
Net Increase (Decrease) in Cash	(84,960)	(568,740)	(289,660)
Cash, Beginning of Year	4,880,978	4,796,018	4,227,278
Cash, End of Year	4,796,018	4,227,278	3,937,618
COMPONENTS OF CASH			
Cash and Cash Equivalents	2,099,466	4,227,278	3,937,618
Capital Acquisition and Construction Accounts	2,696,552	-	-
Cash and Cash Equivalents, End of Year	4,796,018	4,227,278	3,937,618
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income	745,125	595,360	150,226
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	567,243	738,377	906,806
Special Item-NPO/OPEB Write-off	-	-	-
Changes in Assets and Liabilities Which Increase (Decrease) Cash:			
Accounts Receivable	(75,371)	-	-
Prepaid Items and Deposits	(406)	-	-
Accounts Payable	(96)	-	-
Deferred Revenue	83	-	-
Compensated Absences Payable	17,226	-	-
Accrued Payroll Liabilities Payable	67,630	-	-
Net Pension and Other Postemployment Benefits Obligation	-	-	-
Net Cash Provided by Operating Activities	1,321,434	1,333,737	1,057,032

**SOLID WASTE SERVICES REFUSE COLLECTIONS UTILITY
2011 OPERATING BUDGET DETAIL**

	Actual 2009	Proforma 2010	Budget 2011
Labor			
Wages	1,026,628	1,099,564	1,221,336
Overtime	100,086	97,171	108,042
Benefits	641,789	758,422	854,067
Other	129,169	145,857	163,821
Subtotal	1,897,671	2,101,014	2,347,265
Supplies			
Office supplies	2,059	2,000	2,500
Operating Supplies	27,140	40,000	39,000
Repair and Maintenance Supplies	14,916	20,000	21,500
Subtotal	44,116	62,000	63,000
Other Expenses			
Professional Services	1,738	15,000	60,000
Contractual Services	186,476	276,500	258,050
Utilities	108,201	108,200	120,000
Other Expenses 1)	128,624	120,000	132,150
Depreciation	567,243	738,377	906,806
Transfer to Other Funds	205,353	169,805	0
MUSA	45,399	61,102	70,692
SWS Disposal Charges	2,389,868	2,300,000	2,455,200
Subtotal	3,632,903	3,788,984	4,002,898
Intergovernmental Charges			
Solid Waste Administration	502,591	530,000	524,733
Solid Waste Vehicle Maintenance	796,163	893,000	876,240
Solid Waste Disposal	38,100	38,100	38,100
General Government IGC's	1,152,846	901,500	928,388
Charges to Others	(43,413)	0	(27,000)
Subtotal	2,446,286	2,362,600	2,340,461
Interest on Long-term Debt	0	0	0
TOTAL EXPENSES	8,020,976	8,314,598	8,753,624

1) Other Expenses include \$25,000 donation to AEDC.

**SOLID WASTE SERVICES REFUSE COLLECTIONS UTILITY
2011 - 2016 CAPITAL IMPROVEMENT BUDGET
FINANCIAL SUMMARY**

PROJECT CATEGORY	2011	2012	2013	2014	2015	2016	TOTAL
VEHICLE REPLACEMENT	678,300	642,600	872,100	601,800	1,280,100	795,600	4,870,500
CONTAINERS	550,000	750,000	700,000	350,000	350,000	350,000	3,050,000
EQUIPMENT	25,000	25,000	25,000	25,000	25,000	25,000	150,000
OFFICE EQUIPMENT	5,000	5,000	5,000	5,000	5,000	5,000	30,000
DATA PROCESSING	30,000	30,000	30,000	30,000	30,000	30,000	180,000
BUILDING IMPROVEMENTS	30,000	0	0	0	0	0	30,000
TOTAL	1,318,300	1,452,600	1,632,100	1,011,800	1,690,100	1,205,600	8,310,500

SOURCE OF FUNDING

G.O. BONDS							
REVENUE BONDS							
LOAN							
EQUITY/OPERATIONS	1,318,300	1,452,600	1,632,100	1,011,800	1,690,100	1,205,600	8,310,500
STATE GRANT							
FEDERAL GRANT							
DIRECT APPROPRIATION							
TOTAL	1,318,300	1,452,600	1,632,100	1,011,800	1,690,100	1,205,600	8,310,500