# 2020 Proposed

Municipal Utilities / Enterprise Activities and
Anchorage Community Development Authority

Operating and Capital Budgets

## Municipality of Anchorage, Alaska

**Ethan Berkowitz, Mayor**

# Municipality of Anchorage

Ethan Berkowitz, Mayor

October 2, 2019

Dear Residents:

Enclosed are the proposed 2020 Municipal Utilities and Enterprise Departments Operating Budgets and their respective 2020-2025 Capital Budgets and Program.

Municipal-owned utilities provide residents and businesses safe water, dependable electricity, and the collection and disposal of waste. Thanks to the efforts of Municipal employees, these utilities provide outstanding and efficient services to the residents of Anchorage.

In April 2018, voters approved the pending sale of one of our utilities, Municipal Light & Power (ML&P). The sale and acquisition of ML&P to Chugach Electric is currently under review with the Regulatory Commission of Alaska, which is the final step in the pre-sale process. If the sale proceeds as expected, Chugach Electric, a member-owned cooperative, will take over ML&P's service area in 2020.

The Municipality of Anchorage (MOA) is beginning work to stand up a storm water utility (SWU) in 2021. This new utility will provide a consistent revenue stream essential to maintaining and operating more than 400 miles of stormwater pipes, culverts, and infrastructure. The implementation of a SWU will continue to be discussed in greater detail over the coming months into 2020.

I invite you to review the enclosed proposal. Your feedback is important to the budget development process.

Regards,

Ethan Berkowitz

P.O. Box 196650 | Anchorage, Alaska 99519-6650 | http://www.muni.org

# MUNICIPALITY OF ANCHORAGE

## ETHAN BERKOWITZ, MAYOR

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|---|---|---|
| Marilyn Banzhaf | Christine Chesnut | Leilah Lawyer |
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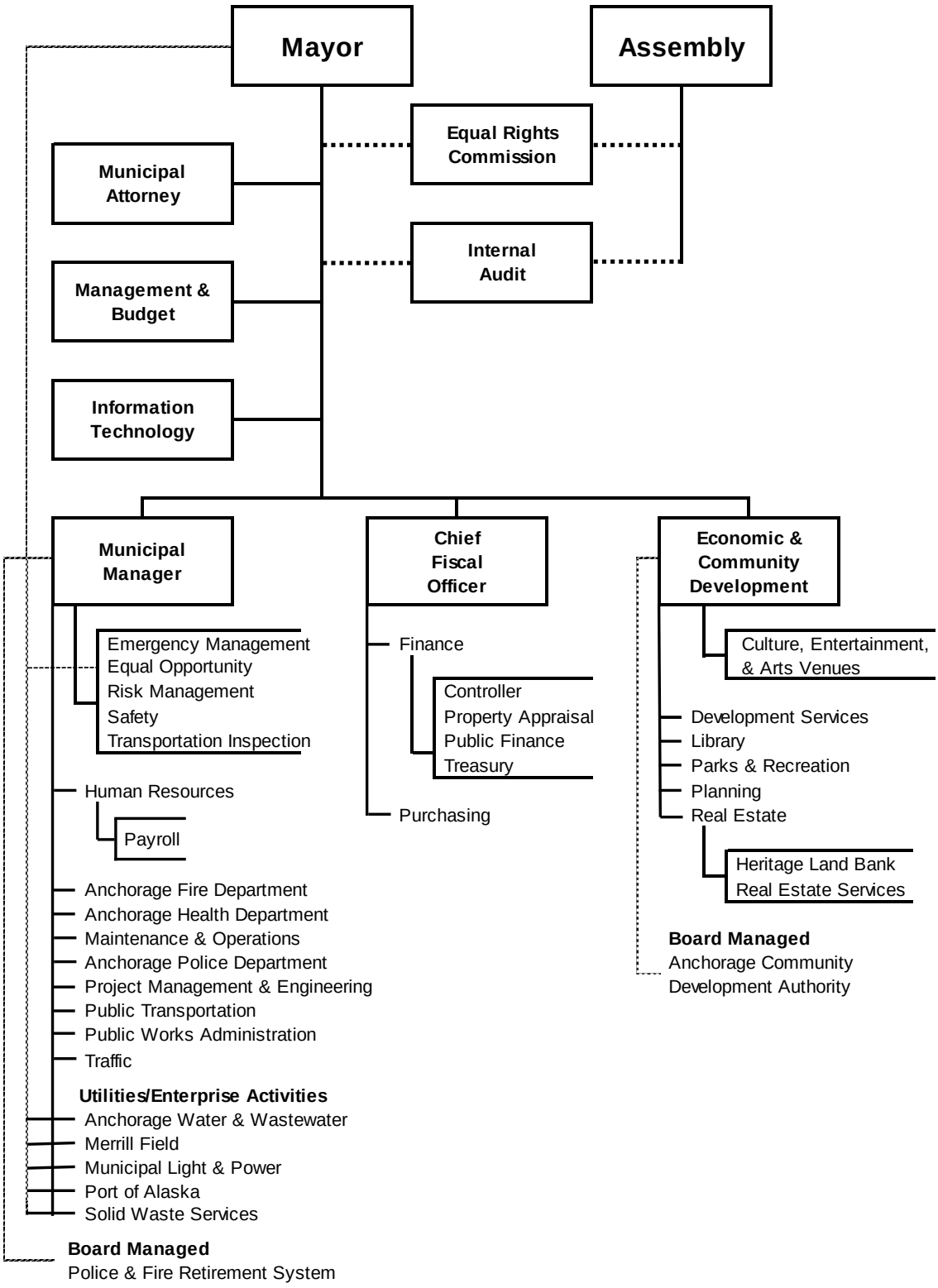
# MUNICIPALITY OF ANCHORAGE



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# Utility/Enterprise Budget Process and Procedures

## Utility/Enterprise Departments

Anchorage Water & Wastewater (AWWU), Municipal Light & Power (ML&P), and Solid Waste Services (SWS) are utility departments; Merrill Field Airport and the Port of Alaska (Port) are enterprise departments. Many of the basic services Anchorage residents rely on daily: safe water, reliable electricity, safe and efficient delivery of goods, come from municipal-owned utilities and enterprise departments.

The goal of the utilities/enterprise departments is to continue to provide quality service at reasonable rates. These departments continue to meet debt service requirements, prudently increase equity, adequately maintain cash reserves, and generate sufficient revenue to maintain their plants in good working condition. The primary source of revenue required to support the operating and capital budget comes from rate payers or users of their respective services. The budget is presented for a calendar year, in line with the Municipality's fiscal year.

## Governance

The authority for operation and management of the utility/enterprise departments is under the control of the Mayor.

ML&P, Port, and SWS established a commission to provide guidance to the Mayor and Assembly in regards to each entity's strategic plan, budget, policies, economic impacts, expansions, and improvements. (AMC 4.70.10).

AWWU established a Board of Directors to provide guidance to the Mayor and Assembly in regards to AWWU's strategic plan, long term fiscal plan, budget, tariff rates, and fees. (AMC 4.80.020).

Merrill Field Airport established Municipal Airports Aviation Advisory Commission to provide recommendations to the Mayor and Assembly on all matters pertaining to the annual operating budget, rules, regulations, and administrative guidelines (AMC 4.60.160).

The Regulatory Commission of Alaska (RCA) regulates AWWU and ML&P by approving all rates and tariffs prior to implementation. They also regulate service areas and quality.

## Utility/Enterprise Accounting

The accrual basis of accounting is used for utility/enterprise funds. Revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recognized in the period incurred, if measurable.

The direct cost budget allocates spending among several categories: labor (salaries and benefits); non-labor (supplies, travel, contracts, etc); contributions; debt service; and non-cash accounts such as depreciation and amortization, which are not appropriated. Each department is responsible for managing and monitoring their respective budget at these category levels. The function cost budget includes interfund charges for general government services to the total direct cost budget. Actual expenses may not exceed function cost budget appropriations at the enterprise and utility fund levels (AMC 6.10.036).

The Assembly may, by resolution, reduce or increase appropriations during the course of the fiscal year. A resolution reducing or increasing appropriations by an amount in excess of $100,000 shall be subject to a public hearing (AMC 6.10.085).

The Budget Office is authorized to transfer budget amounts within the appropriated departments and funds. Revisions that change the total expenditures of any department or fund must be approved by the Assembly. Operating appropriations that are not expended, encumbered, or designated to be carried over, lapse at the end of the fiscal year.

**Municipal Utility/Enterprise Service Assessment (MUSA/MESA)**
Each year, payments-in-lieu of taxes are included in the operating budgets for the utility/enterprise departments to cover the cost of tax supported services they receive, other than services received on a contract or interfund basis. It is the public policy to require the utilities (AWWU, ML&P, and SWS) to pay a municipal utility service assessment (MUSA). Merrill Field and the Port are required to pay a municipal enterprise service assessment (MESA).

The MUSA shall be calculated by applying the millage rate established annually for each service area by the assembly to the net classified plant in service as of January 1 of the current year of each utility. Net book value of plant will be the MUSA basis for the refuse collection utility and solid waste disposal utility. The millage rate so established will be that rate assessed other owners of real, personal and business property in each service area. Payment must be made on or before July 15th of each calendar year. (AMC 26.10.025)

The MESA shall be calculated by applying the value of adjusted plant in service multiplied by the annual mill rate. Adjusted plant in service means the final, year-end, audited net classified non-contributed plant in service value, less exclusions specified, for the calendar year preceding the mill rate year. Payment shall be made on the first business day of July of each calendar year. (AMC 11.50.280)

**Utility/Enterprise Revenues**
Utility/enterprise departments are operated in a manner as to provide a reasonable profit in accordance with applicable regulatory provisions and law. Surplus revenues from operations are to be reinvested in the department. If a municipal utility has or is anticipated to have net income accruing from its operations in any year, a portion of the net income may be pledged by inclusion in the respective municipal utility and general government budgets for the subsequent year. The pledged amount shall be described as “Utility Revenue Distribution.”

The Assembly shall hold a public hearing as part of the annual budget process on the proposed Utility Revenue Distribution and use of funds. Payment of any approved and budgeted Utility Revenue Distribution shall be made in two equal payments on or before the 15th calendar day of August and October of such subsequent year only after the income has been collected by the municipality pursuant to lawful authority and the annual audit has been completed. (AMC 26.10.065).

Operating revenues are collected from rate payers for operating activities and services provided. Examples of some of the services provided from rate collections include: electricity, clean water, airport tie-downs, recycling collections, and dock revenue. Non-Operating revenues are earned from activities such as: operating grants, interest income, and unrealized gains/losses.

**Utility/Enterprise Capital**

The Municipality has two documents that govern planning and funding of capital projects:

- Capital Improvement Budget (CIB) – identifies projects and funding sources for the upcoming fiscal year; and
- Capital Improvement Program (CIP) – a longer-term outlook that identifies projects for the next six years, including the upcoming fiscal year.

Once approved by the Assembly, the amount of specific appropriations, project descriptions, and budget years for individual projects within the CIB/CIP are considered permanent legislative actions of the Assembly and may be altered in subsequent years only by majority vote of the Assembly (AMC 6.10.045).

The funding sources that are obtained for the capital projects could be: debt, State/Federal grants, and/or equity. Most utility/enterprise department capital projects are funded by equity, but can be funded by multiple sources.

**Budget Planning and Timeline**

The Mayor is required to submit the proposed enterprise/utilities operating and capital budgets to the Assembly 90 days prior to the end of the fiscal year (October 2st) (AMC 13.03).

Prior to that (120 days prior to the end of the fiscal year), the Administration is required to provide preliminary information on the capital budget/capital program, business plans, update to utility/enterprise strategic plans, and major reorganizations (AMC 6.10.040).

**Key Dates in Budget Process**

| | |
|---|---|
| Summer | Preliminary budget information gathered |
| September 2 | Preliminary budget information to Assembly |
| October 2 | Mayor proposed budgets |
| October, November | Assembly deliberates, holds public hearings |
| December | Deadline for Assembly approval |
| April | First Quarter budget revisions |

Preparation of the budget starts much earlier. A preliminary planning phase gets underway in the summer. The Office of Management & Budget (OMB) works with departments in reviewing their programs and responsibilities, assessing what is being done during the current year, and assisting in making plans for the next budget year in line with Administration goals. Some considerations during this phase are:

- Contractually obligated increases, such as labor contracts and health insurance premiums;
- New facilities that will open during the next fiscal year that will require staff, supplies, and other operating expenses;
- New responsibilities or programs required by Federal, State, or local laws;
- New or changed programs to meet community needs or interests;
- Programs that can be eliminated because they are ineffective, no longer required, or desired; and/or
- Efficiencies and savings that can be achieved through organizational management.

During this period of time, OMB also reviews projected revenue information in order to get an early indication of the Municipality's ability to afford current spending levels and/or the potential need for reductions.

**Mayor Proposes/Assembly Appropriates**
The Mayor submits the proposed operating and capital budgets to the Assembly in early October, the Assembly holds public work sessions at which the Administration and department directors discuss the Mayor's proposal.

**Public Comment**
The budget books are available on the Office and Management and Budget's website, as well as the Mayor's website, for the public to view. The Assembly is required to hold two public hearings on the Mayor's proposed budget, which is the official opportunity for the public to comment and for the Assembly to consider amendments. These are usually held during October and November. The Anchorage Charter requires that the Assembly approve the budget 21 days before the end of the year (by December 10). But if for some reason they still have not reached agreement, the Charter was amended to allow the Assembly and Mayor to continue to work. Once agreement is reached, that budget is known as the "Approved Budget."

**Veto Process**
The Mayor has the ability to strike or reduce an appropriation in the operating or capital budget within 7 days from Assembly action. The Assembly then has 21 days from the Mayor's veto to override his/her action and must have a super-majority of 8 Assembly members to be successful. If a veto is sustained, the Mayor's action is implemented (AMC 5.02.c).

**First Quarter Budget Amendments**
During the spring following the budget's approval, the Administration finalizes the prior year's spending numbers and firms up revenues available to support the current year budget. This process, called "First Quarter Budget Amendments," takes place in April and May and results in the Assembly's approval of a "Revised Budget."

Unlike the proposed budget process in the fall that requires two public hearings, the first quarter amendment process only requires one public hearing and usually is at the Assembly meeting that follows the Mayor's introduction of the proposed amendments.

Based on these final spending decisions for general government, the Assembly then sets the tax rates for each service area.

**Budget Monitoring, Controls, and Reporting**
Each utility/enterprise department is responsible for managing and monitoring their respective budget at the spending category levels. Department managers also monitor their program performance measures throughout the year to ascertain if goals are being met.

Actual expenditures in a fiscal year that consume operating budgets may not exceed the function level budget appropriations by fund; which is all spending categories within a fund. At the end of the fiscal year, actual expenditures less revenues fall to fund balance. Some of the fund balance (equity) is transferred to the capital fund to support capital projects. There are also other requirements on minimum fund balance reserves that are defined in the annual financial statements. The capital budget is controlled by fund, division, and project.

P.V.R. – Performance.Values.Results. Performance measures and corresponding data for each program, as identified by each department, are reported quarterly to communicate and demonstrate the results and effectiveness of the program in achieving its stated purpose and to accurately capture the costs to deliver the intended results (AMC 6.40.016).

The last assembly meeting prior to June 30 of each year, the Mayor provides a memorandum to the assembly identifying the frequency, data, and format of the reporting requirements (AMC 6.40.015).

Currently, spending reports are provided quarterly to the assembly by spending category; labor, overtime, non-labor expenditures, and revenues compared to budget. A budget to actuals report for travel and the contributions to nonprofit organizations are provided to the Assembly, separately (AMC 6.10.034).

The accounting records at AWWU must conform to the Uniform System of Accounts prescribed by the National Association of Regulatory Utility Commissioners (NARUC). ML&P is responsible for financial analysis and reporting in the manner prescribed by Federal Energy Regulatory Commission (FERC).

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**Municipality of Anchorage**
**Operating & Capital Budgets -- General Government / Utilities / Enterprises**
**2020 Budget Preparation Calendar (Preliminary) - May 2019**

| Action | Date | | Category |
|---|---|---|---|
| Rollover of QuesticaBudget prior-year revised to budget-year proposed operating and capital | June | | All |
| Questica budget available to departments | June 5 | | All |
| OMB distributes Mayor's funding guidance and priorities to departments | June 14 | | Operating |
| OMB request CIB/CIP projects from Departments | June 17 | | Capital |
| All Department preliminary capital budget changes to CIB due to OMB | June 28 | | Capital |
| OMB review, analyze, compile preliminary CIB to Mayor | July 1-12 | | Capital |
| Mayor's first preliminary review of list of projects | July 15-17 | | Capital |
| Send preliminary CIB to Finance for fund certification | July 17-19 | | Capital |
| CIB discussion with Mayor | July 22-26 | | Capital |
| All departments submit proposed changes to operating budgets to OMB | July 29 | | Operating |
| OMB compiles summaries of department operating budget changes for Mayor review | July 30-Aug 2 | | All |
| Mayor meets with Departments Heads | Aug 12-16 | | Operating |
| Public Finance to provide OMB: review of utility/enterprise 8 year summaries, revenue/expense statements, and statement of cash sources and uses with focus on: debt, debt/equity ratios, cash pool, cash pool earnings, etc. | Aug | | All |
| Mayor's decisions on proposed CIB/CIP to OMB | Aug 19 | | Capital |
| OMB submits Six-Year Fiscal Program to Mayor | Aug 19 | | All |
| OMB run IGCs | Aug 23 | | Operating |
| **("120 Day Memo")** Mayor's Preliminary budget information to Assembly and online (revenues, tax limit, service priorities, reorganizations, utility/enterprise business plans, update to utility/enterprise strategic plans, and proposed CIPs) { note: due Sat. Sept 1 by code, Monday Sept 3rd MOA holiday} | Aug 30 | **A** | All |
| OMB completes GG operating and utility/enterprise budget books and Six-Year Fiscal Program | Sept 9-13 | | All |
| OMB completes assembly documents for GG operating and utility/enterprise budgets and Six-Year Fiscal Program | Sept 16-20 | | All |
| **OMB submits budgets** and Six-Year Fiscal Program to Assembly and online (NLT October 2) | Oct 2 | **B** | All |
| Assembly worksession, Overview & Highlights of Proposed Budgets | Oct 4 | | All |
| Formal introduction of Mayor's budgets to Assembly | Oct 8 | | All |
| Assembly Worksession - General Government Operating & Capital | Oct 18 | | All |
| **Assembly Public Hearing # 1** on proposed budgets | Oct 22 | ***C*** | All |
| Assembly Worksession - Utilities/Enterp. Budgets & Legislative Program | Oct 25 | | Utl / Ent / Leg |
| **Assembly Public Hearing # 2** on proposed budgets | Nov 5 | | All |
| Assembly Worksession - Assembly proposed amendments | Nov 15 | | All |

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# Municipality of Anchorage
## Operating & Capital Budgets -- General Government / Utilities / Enterprises
## 2020 Budget Preparation Calendar (Preliminary) - May 2019

| Action | Date | | Category |
|---|---|---|---|
| Administration prepares S-Version | Nov 14-18 | | All |
| Assembly Meeting - Assembly amendments and adoption of budgets | Nov 19 | D | All |
| OMB upload adopted budget into financial system for budget year use | Dec 2 | | Operating |

**Note:** All dates are subject to change.

**A**

6.10.040 Submittal and adoption of municipal operating and capital budget. **September**

**A. At least 120 days before the end of the fiscal year the Mayor shall submit to the Assembly the following:**

**1.** A preliminary general government capital budget/capital program and utilities capital budget/capital program.

**2.** Proposed utility business plans and update to utility strategic plans.

**3.** Preliminary general government revenue plan, tax limitation, and administration service priorities.

**4.** Major departmental consolidations, reorganizations or establishments necessitating changes to Chapter 3.10 or 3.20, pertaining to executive organization, and required by proposed budgets for the next fiscal year.

**B**

**Section 13.02. Six-Year Fiscal Program. October**

At least 90 days before the end of the fiscal year of the municipality the mayor shall submit to the assembly, with recommendations from the planning commission, a six-year program for public services, fiscal policies and capital improvements of the municipality. The program shall include estimates of the effect of capital improvement projects on maintenance, operation and personnel costs. The assembly shall hold at least one public hearing on the six-year program prior to adoption.

**Section 13.03. Operating and capital budget. October**

At least 90 days before the end of the fiscal year of the municipality the Mayor shall submit to the Assembly a proposed operating and capital budget for the next fiscal year. The form and content of the budget shall be consistent with the proposed six-year program. The Mayor shall submit with the budget an analysis of the fiscal implications of all tax levies and programs.

**C**

**Section 13.04. Budget hearing.**

The Assembly shall hold at least two public hearings on the proposed operating and capital budget for the next fiscal year, including one hearing at least 21 days after the budget is submitted to the Assembly, and one hearing at least seven but not more than 14 days prior to the adoption of the budget.

**D**

**6.10.040 Submittal and adoption of municipal operating and capital budget.**

**B.** The general government capital budget/capital program will be adopted at least 21 days prior to the end of the fiscal year of the municipality.

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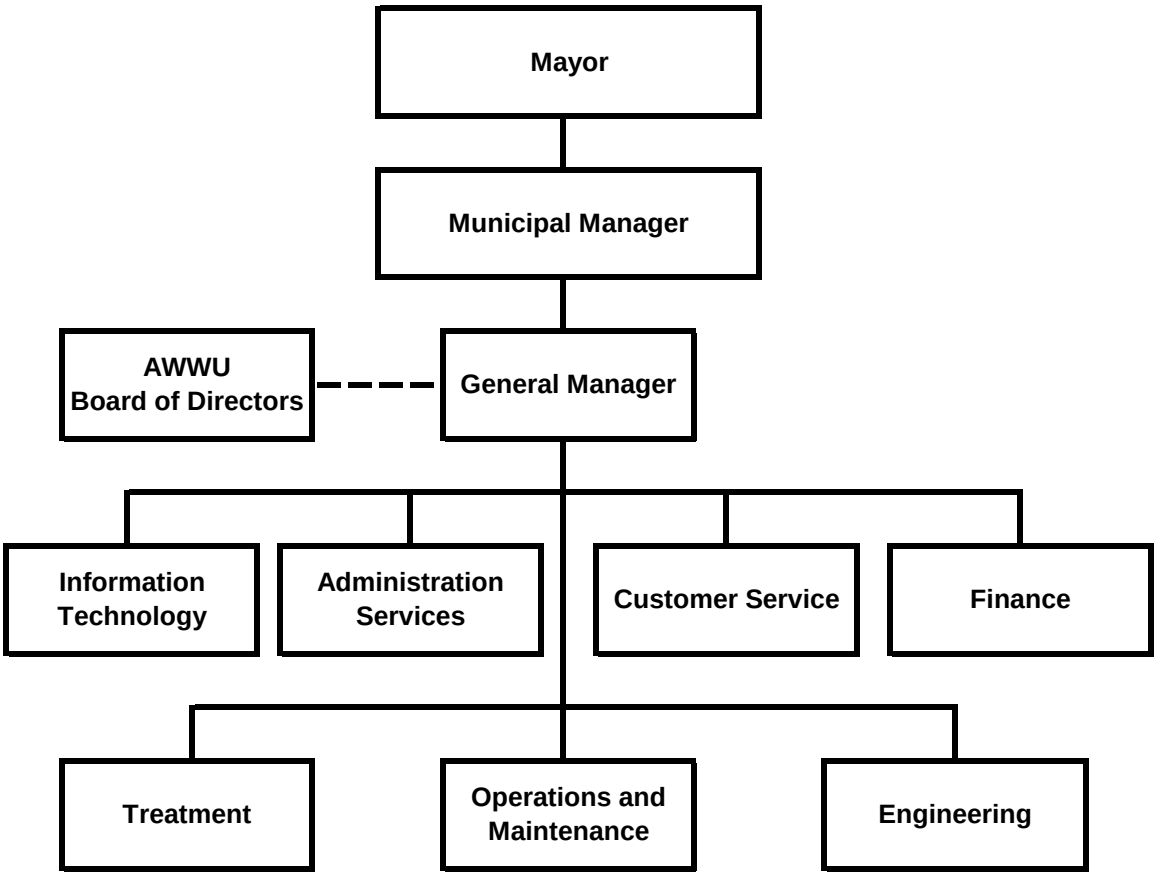
# Anchorage Water & Wastewater Utility



# Anchorage Water & Wastewater Organizational Overview

## Overview

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


*Figure 1. AWWU Headquarters*

## System Description

To provide water and sewer services, AWWU owns and operates five Treatment Facilities (2 water and 3 wastewater), approximately 1,600 miles of pipe, and over 325,000 square feet of facility space distributed throughout the Municipality. The certificated water service area covers 130.4 square miles in three distinct geographic areas, Northern Communities, the Anchorage Bowl, and Girdwood Valley. Estimates place the water service population at approximately 240,000 people via nearly 57,000 customer accounts. The certificated sewer service area is larger, encompassing nearly all of the Municipality. ASU currently provides sewer service to approximately 250,000 people via over 57,000 customer accounts. Additionally, AWWU receives septage pumped from on-site wastewater systems on lots in areas not directly connected to the sewer system.

*Figure 2. Ship Creek Water Treatment Facility*

AWU's three sources of water are Eklutna Lake, Ship Creek, and groundwater accessed through a system of wells in the Northern Communities, the Anchorage Bowl, and Girdwood Valley. Eklutna Water Treatment Facility (WTF) and the wells which supply Girdwood are operated year-round and serve as the primary supply source for the Anchorage and Girdwood water systems. The Ship Creek Water Treatment Facility and the remainder of the water wells are used to augment the primary water supply, mainly in times of peak demand, as well as provide redundancy to the Eklutna source for Eagle River and the Anchorage Bowl. Of these sources, the Eklutna WTF now provides approximately 86% of total water production for the Northern Communities/Eagle River and the Anchorage Bowl. In Girdwood, where system demand constitutes less than 2 percent of AWWU's total water production, all water produced and distributed is from two municipally-owned and managed wells.

ASU operates three wastewater treatment facilities to treat wastewater collected in three geographically separate but commonly managed sewer systems. The largest of these is the John M. Asplund Wastewater Treatment Facility (WWTF) located at Point Woronzof. The

*Figure 3. Asplund Facility*

Asplund WWTF was constructed in the early 1970's when Anchorage eliminated direct ocean discharges. It services the wastewater treatment needs of the Anchorage Bowl. The Asplund facility has received silver, gold, and platinum awards from the National Association of Clean Water Agencies for efficiency and environmental compliance. ASU is continually at work to maintain and enhance the facility. The Asplund facility operates in accordance with a National Pollution Discharge Elimination System (NPDES) permit administered by the U.S. Environmental Protection Agency (EPA). The permit, which expired in 2005 but has been administratively extended by EPA, allows discharge of effluent receiving primary treatment, in accordance with Section 301(h) of the Clean Water Act.

The Eagle River WWTF was originally built in the 1960's and upgraded several times. It services the public wastewater treatment and disposal needs within Eagle River and Chugiak. The Eagle River facility provides biological secondary treatment and discharges treated effluent to Eagle River. The Eagle River WWTF Permit has been administratively extended. The existing permit continues to be effective and enforceable until a new permit is issued by Alaska Department of Environmental Conservation (ADEC), which has assumed primacy from EPA over permits for wastewater discharge to fresh water.

*Figure 4. Girdwood Wastewater Treatment Plant*

The third facility is Girdwood WWTF. It was originally constructed in the 1970's and also has undergone several process modifications and upgrades. The Girdwood facility provides biological secondary treatment and discharges treated effluent to Glacier Creek under an administratively extended NPDES permit administered by the ADEC. The core facility is now at the end of its useful life. Phase 1 of plant replacement and upgrades was completed in 2014. Phase 2 of the plant replacement and upgrade is being planned to conform to discharge requirements of a new permit.

Over the past decade, investments in physical infrastructure have resulted in an increase in the value of AWU and ASU. From 2008 to present, plant in service has increased by 37% from $639.4 million to $874.2 million for AWU and by 40.5% from $486.5 million to $683.7 million for ASU. This growth is primarily a result of an increasing amount of investment in transmission and distribution assets (water pipelines) and collection plant assets (wastewater pipelines).

**Organization**

The General Manager's office is responsible for overall operation of AWWU. AWWU is organized into 7 divisions.

- The Information Technology Division provides support for all of AWWU's computers, network, and software systems.

- The Administration Services Division provides for training, safety, and internal and external communications.
- The Customer Service Division is responsible for responding to customer inquiries, billing and collections for both utilities, issuing of permits, and field service functions.
- The Finance Division is responsible for all general ledger and plant accounting, preparation of utility budgets and financial statements, and regulatory filings.
- The Treatment Division is responsible for day-to-day operation of the treatment facilities and water distribution system and for maintaining compliance with all state and federal regulations.
- The Operations and Maintenance (O&M) Division maintains the treatment facilities and repairs all water and sewer piping and lift stations. The O&M Division also operates the wastewater collection system and is responsible for AWWU's SCADA system.
- The Engineering Division is responsible for development and execution of AWWU's capital program and for system planning.

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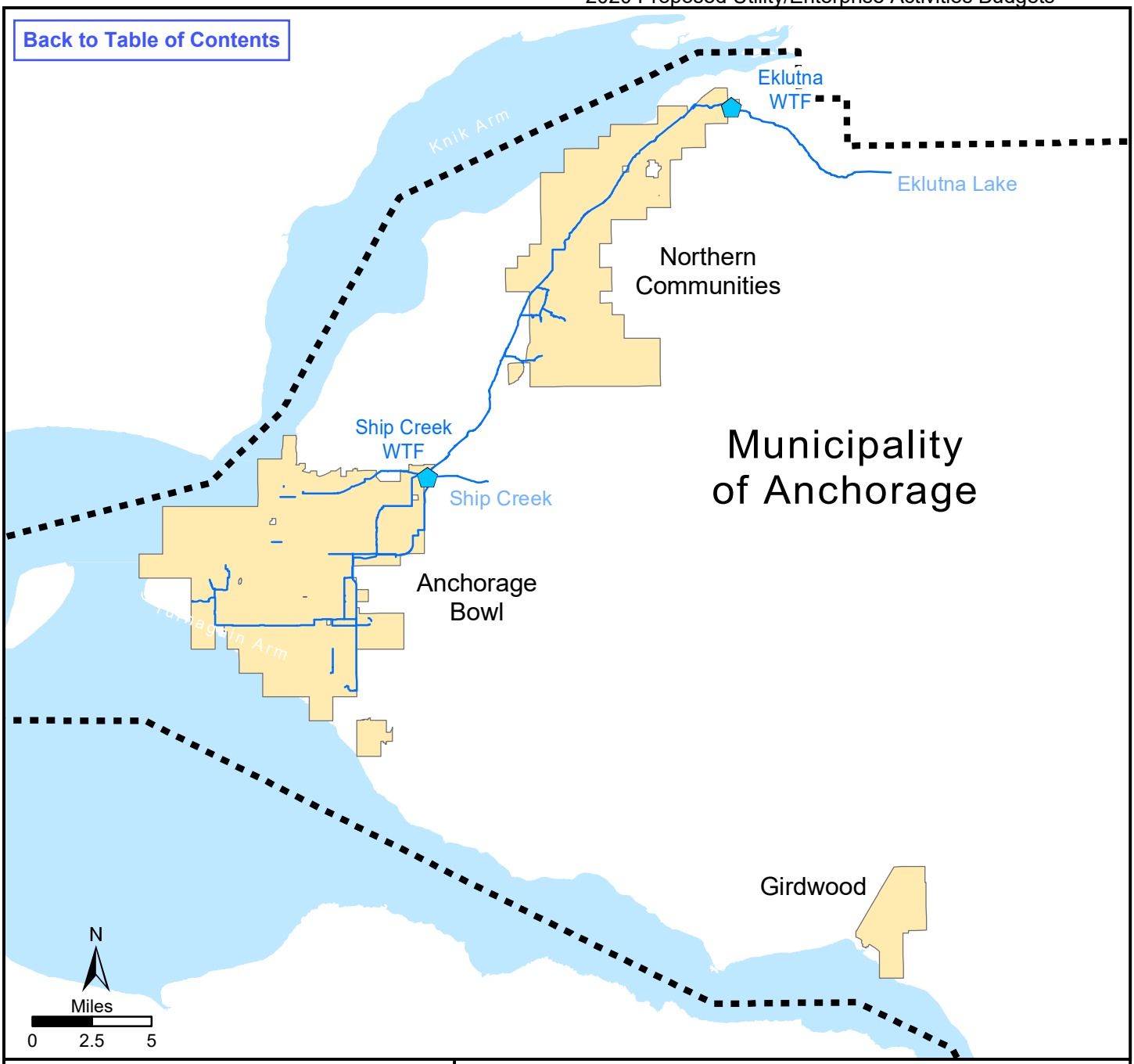



Municipality of Anchorage
Anchorage Water and Wastewater Utility

# HAZARD RESPONSE PLAN

## Water Service Area and Surface Water Sources

- Water Treatment Facility
- Water Transmission Main
- Municipality of Anchorage Boundary
- AWWU Water Service Area

Map Created: April 2018

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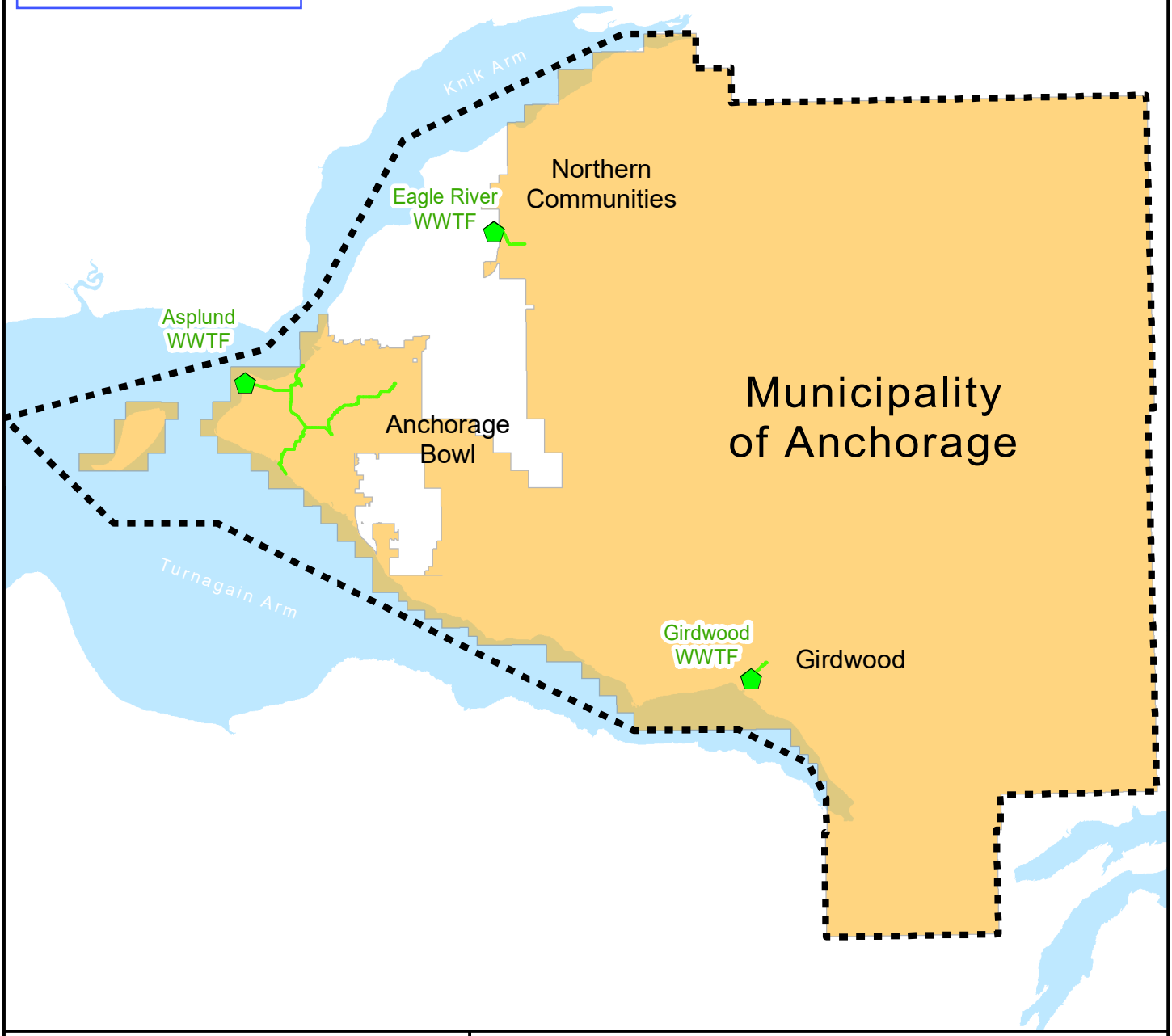




Municipality of Anchorage
Anchorage Water and Wastewater Utility

# HAZARD RESPONSE PLAN

## Wastewater Service Area

- Wastewater Treatment Facility
- Sewer Interceptor
- Municipality of Anchorage Boundary
- AWWU Wastewater Service Area

Scale = NTS

Map Created: April 2018

# Anchorage Water & Wastewater Utility
# Business Plan

**Vision**
Excellence through innovation.

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

**Message**
Anchorage Water & Wastewater Utility (AWWU) is investing to ensure reliable service, safeguard public health, and protect the environment, long into the future.

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

**Business Goals**
AWWU prepared an updated strategic plan in 2016. The plan includes the following goals:

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

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

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

**Performance Measures to Track Progress in Achieving Goals**
AWWU measures progress in achieving these customer commitments using quantifiable performance measures, including the following:

1. Compliance with all State and Federal drinking water, wastewater and clean air standards.
2. Number of planned and unplanned water outages.
3. Sanitary sewer overflows.
4. Number of reportable injuries and accidents.
5. Execution of capital improvement budget.
6. Debt to equity ratio.

# Anchorage Water & Wastewater Utility

*Anchorage: Performance. Value. Results.*

**Mission**

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

**Core Services**

- Reliably treat and distribute potable water for domestic, commercial, and firefighting uses throughout the certificated service area.
- Reliably collect, treat, and dispose of wastewater in accordance with laws and regulations that protect public health and the environment.

**Accomplishment Goals**

- Provide reliable service
- Provide safe drinking water that meets or exceeds all standards
- Protect the environment through appropriate wastewater collection, treatment, and disposal.
- Fiscal responsibility and transparency with utility finances.
- Timely, professional, and courteous interactions with customers.
- Rates that fairly reflect the cost of providing service and maintaining infrastructure
- Continuous improvement in the efficiency of our operations
- Anticipate change and be prepared for the future.

**Performance Measures**

Progress in achieving goals shall be measured by:

1. Compliance with all State and Federal drinking water standards /wastewater standards /Clean Air Act standards
2. Number of planned and unplanned water outages
3. Sanitary sewer overflows
4. Recordable incident rate (as compared to the standard incident rate for water and wastewater utilities)
5. Execution of capital improvement budget
6. Debt to equity ratio

**Measure 1: Compliance with all State and Federal drinking water, wastewater, and clean air standards**

**Type**
Effectiveness

**Accomplishment Goals Supported**
- Provide reliable service
- Provide safe drinking water that meets or exceeds all standards
- Protect the environment through appropriate wastewater collection, treatment, and disposal.

**Definition**
The number of regulatory requirements meeting compliance standards divided by the total number of regulatory requirements for the time period. The total number of regulatory requirements is the sum of daily, weekly, and monthly compliance standards.

**Data Collection Method**
All samples collected are compared with the State or Federal regulatory standards and any violations are noted and reported in accordance with permit stipulations.

**Frequency**
The percent compliance measurement will be calculated quarterly, using running totals for the calendar year.

**Measured By**
The Treatment Division will prepare a report from the water quality and laboratory databases that identifies any samples or reportable incidents that do not meet regulatory standards.

**Reporting**
The Treatment Division Director will update the report quarterly from the water quality and laboratory databases. The information will be displayed in tabular form.

**Used By**
The Treatment Division Director and General Manager will use the information to gain a clearer understanding of performance of AWWU's treatment facilities and determine if changes in system operation or maintenance are required.

**Results**

| Measure 1: Compliance with all State and Federal drinking water, wastewater, and clean air standards | Goal | 2019 Q4 | 2019 Q3 | 2019 Q2 | 2019 Q1 | Past Years 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Safe Drinking Water Act Compliance (%) | 100 | | | 100 | 100 | 99.8 | 97.6 | 100 | 100 | 100 | 100 |
| Clean Water Act (NPDES permit) Compliance (%) | 100 | | | | | | | 100 | 100 | | |
| -Asplund | | | | 94.5 | 96.8 | 99.7 | 100 | 100 | 100 | 100 | 99.8 |
| -Eagle River | | | | 98.9 | 100 | 99.3 | 100 | 99.7 | 100 | 100 | 100 |
| -Girdwood | | | | 97.8 | 100 | 100 | 100 | 99.7 | 99.5 | 99.8 | 99.3 |
| Clean Air Act Compliance (%) (Asplund Incinerator) | 100 | 100 | 100 | 97.3 | 100 | 100 | 100 | 99.99 | 99.998 | 100 | 99.998 |

**Measure 2: Number of planned and unplanned water outages**

**Type**
Effectiveness

**Accomplishment Goal Supported**

- Provide reliable service
- Provide safe drinking water that meets or exceeds all standards
- Protect the environment through appropriate wastewater collection, treatment, and disposal.
- Timely, professional, and courteous interactions with customers.
- Continuous improvement in the efficiency of our operations
- Anticipate change and be prepared for the future

**Definition**
A water outage is defined as a disruption in service to a service connection. A service connection serves one customer, although multiple people may be affected by the disruption in service to a residence or a business.

**Data Collection Method**
A tally is kept through each calendar month of the number of customers who experience planned and unplanned water service disruptions for a range of durations listed below. The outage is as reported to AWWU and confirmed by observation or analysis in the field.

**Frequency**
The measurement will be recorded at the beginning of each month for the preceding month.

**Measured By**
Number of customers who do not have water service for the following durations:

- Less than 4 hours
- Between 4 hours and 12 hours
- Greater than 12 hours

Disruptions are counted for planned activities (customers are given advance notice in writing) and unplanned (emergency) activities.

**Reporting**
The Strategic Asset Services Section will create a monthly report that will be show water outages numerically and graphically.

**Used By**
The O&M Division, Customer Service Division, and Strategic Asset Services Section and the General Manager will review these data monthly to evaluate adequacy of operation and maintenance approaches, customer service response and pipe condition.

**Results**

| Measure 2: Number of planned and unplanned water outages (customers per month) | Goal (Affected customers per month) | 2019 (monthly average) | 4th Q 2019 (monthly average) | 3rd Q 2019 (monthly average) | 2nd Q 2019 (monthly average) | 1st Q 2019 (monthly average) | Historical monthly average | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | 2018 | 2017 | 2016 | 2015 | 2014 |
| Planned Outages | | | | | | | | | | | |
| <4 hours | <20 | 3 | | | 0.3 | 5 | 10 | 10 | 5 | 18 | 27 |
| 4-12 hours | <20 | 18 | | | 36 | 0 | 16 | 71 | 8 | 23 | 37 |
| >12 hours | 0 | 0 | | | 0 | 0 | 3 | 0.2 | 0.2 | 0.2 | 0.6 |
| Unplanned Outages | | | | | | | | | | | |
| <4 hours | <20 | 21 | | | 13 | 29 | 38 | 15 | 92 | 41 | 40 |
| 4-12 hours | <50 | 48 | | | 19 | 76 | 42 | 38 | 22 | 33 | 44 |
| >12 hours | 0 | 4 | | | 0.7 | 8 | 11 | 3 | 5 | 0.2 | 3 |

## Measure 3: Sanitary Sewer Overflows

**Type**
Effectiveness

**Accomplishment Goals Supported**

- Provide reliable service.
- Timely, professional, and courteous interactions with customers.
- Protect the environment through appropriate wastewater collection, treatment, and disposal.
- Continuous improvement in the efficiency of our operations
- Anticipate change and be prepared for the future.

**Definition**
Total number of wastewater overflows onto the ground or wastewater back-ups into customer residences if caused by an obstruction in an AWWU sewer main, manhole, or cleanout. Overflows or backups that occur due to on-property blockages do not count.

**Data Collection Method**
The reportable number of sanitary sewer overflows is what is reported in writing to the EPA Region X office within a week of each occurrence.

**Frequency**
The measurement will be recorded each month for the previous month.

**Measured By**
Data collection is by direct observation by AWWU staff.

**Reporting**
The O&M Division will create a monthly report displaying overflow data numerically and graphically.

**Used By**
The O&M Division, Customer Service Division, and Strategic Asset Services Section and the General Manager will review these data monthly to evaluate adequacy of operation and maintenance approaches, customer service response and pipe condition.

**Results**

| | | 2019 | | | | Historical monthly average | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Goal | Q4 | Q3 | Q2 | Q1 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| **Measure 3: Sanitary Sewer Overflows (monthly)** | <1.5 | | | 1.66 | 0.66 | 1.23 | 0.91 | 1.48 | 1.58 | 1.75 | 2.25 |

## Measure 4: Number of reportable injuries and accidents

Type
Effectiveness

Accomplishment Goal Supported
- Provide reliable service
- Continuous improvement in the efficiency of our operations
- Anticipate change and be prepared for the future.

**Definition**
Number of Occupational Safety and Health Administration (OSHA) recordable incidents multiplied by 200,000 (# defined by OSHA as 100 employees working full-time for a year) divided by number of hours worked by all employees. Compare Recordable incident rate to standard industrial rate (SIR) for water and wastewater utilities.

**Data Collection Method**
Accident and near-miss reports.

**Frequency**
Annually.

**Measured By**
Safety Program Manager, Administrative Services Division.

**Reporting**
The Administrative Services Division will maintain an accident and near miss report on a monthly basis. Data will be compiled, summarized, and reported at the end of the year. Reportable incidence rates will appear mid-calendar year.

**Used By**
The Safety Manager, all Division Directors and the General Manager will use the report to monitor and adjust working practices and focus training and attention to hazardous situations.

**Results**

| | Goal | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|---|---|---|
| **Measure 4: Number of reportable injuries and accidents (annual)** | <4.60 | * | 7.1 | 4.45 | 6.30 | 6.26 | 6.37 | 4.48 |

* This information will not be available until 2nd Quarter 2020.

Note: Bureau of Labor Statistics (BLS) will normally post the previous year's incidence rate during the months of June or July. AWWU falls within the utilities sector of electric

power generation, transmission and distribution; natural gas distribution; and water, sewer, and other systems.

Update - from the Bureau of Labor Statistics (BLS): **Important note on future data:** Beginning with the 2016 reference year, the Survey of Occupational Injuries and Illnesses (SOII) will present a single release of national data on **November 9, 2017**. This release will include industry counts and rates along with case circumstances and worker characteristics for cases requiring days away from work. In previous years, these data were released separately. State data was released on November 28, 2017. A similar schedule will be followed in subsequent years.

## Measure 5: Execution of Capital Improvement Budget

**Type**
Efficiency

**Accomplishment Goal Supported**
- Provide reliable service
- Fiscal responsibility and transparency with utility finances.
- Rates that fairly reflect the cost of providing service and maintaining infrastructure
- Continuous improvement in the efficiency of our operations
- Anticipate change and be prepared for the future.

**Definition**
The ratio (as a percent) of capital project dollars expended through the fiscal year divided by the planned expenditure for the year as indicated in the approved Capital Improvement Budget.

**Data Collection Method**
Project Managers input % complete data and expected completion dates for each project named in the capital improvement budget.

**Frequency**
Estimates of the completeness (% complete) of all ongoing projects will be reported through the AWWU Engineering Division Project Management group annually and with quarterly updates to yearly progress.

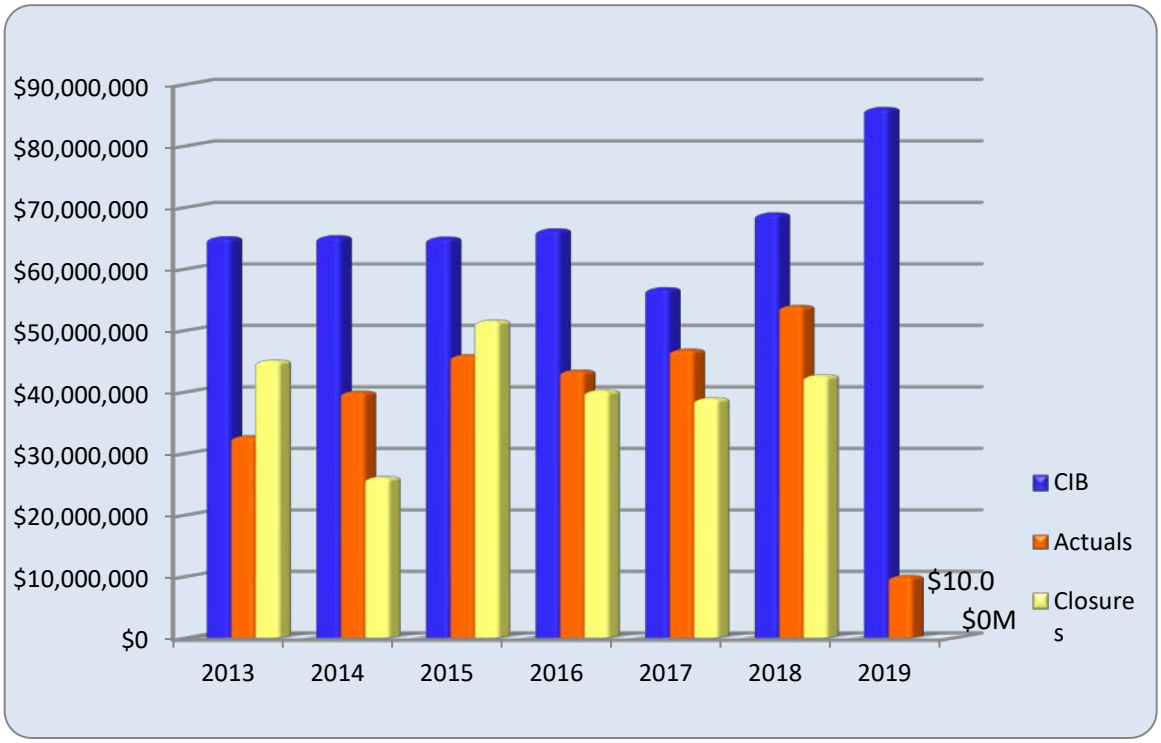
**Measured By**
The Engineering Division will keep track of this information using the ERP tracking and reporting system.

**Reporting**
The information will be displayed numerically and graphically in monthly reports.

**Used By**
The Engineering Director and General Manager will use this data to gauge progress on use of capital project funds.

**Results**

| | Goal | 2019 | Historical Information | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| **Measure 5: Execution of Capital Improvement Budget (annual)** | 75% | 12% | 78% | 64% | 65% | 71% | 61% | 56% |




**Budget, Expenditures, and Closures through March 31, 2019**
**Note – No 2019 closure information is known at this time and is not reflected on this graph**

## Measure 6: Debt to Equity Ratio

**Type**
Effectiveness

**Accomplishment Goal Supported**
- Fiscal responsibility and transparency with utility finances.
- Anticipate change and be prepared for the future.

**Definition**
The relative percentages of assets that are funded by debt and equity, respectively. The total of debt funding and equity funding equals 100%.

**Data Collection Method**
The calculation is performed by comparing debt and equity to assets annually.

**Frequency**
The measurement will be calculated annually upon completion of the Utility's audited financial statement.

**Measured By**
The Finance Division will calculate this ratio from financial statement data.

**Reporting**
The Finance Division manager will create and maintain an annual report. Trend information will be displayed in a table.

**Used By**
The information will be used by the Finance Division Director, General Manager, Board, and Administration to help evaluate debt financing levels.

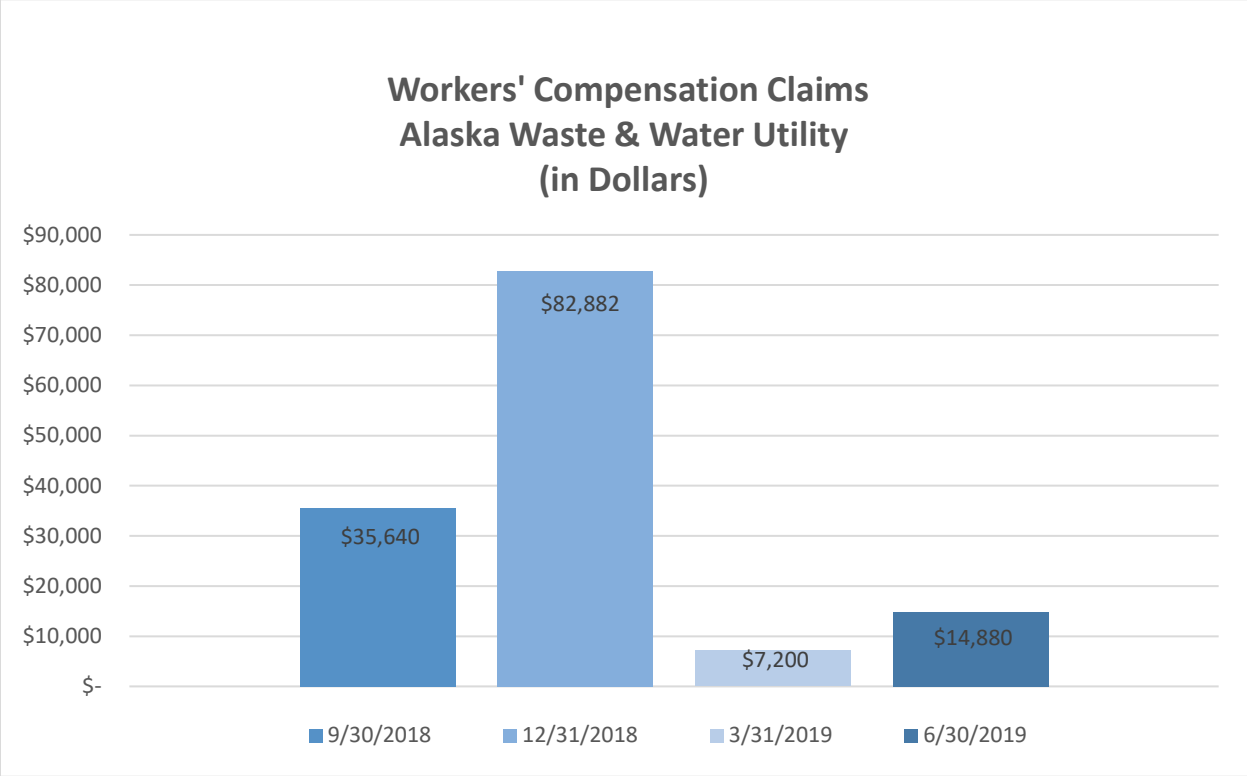
**Results**

| Measure 6: Debt to Equity Ratio (annual) | Goal | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|
| Water Utility | 67/33 | 60/40 | 61/39 | 62/38 | 63/37 | 62/38 | 65/35 | 67/33 |
| Wastewater Utility | 67/33 | 65/35 | 64/36 | 67/33 | 67/33 | 65/35 | 67/33 | 66/34 |

**PVR Measure WC: Managing Workers' Compensation Claims**

Reducing job-related injuries is a priority for the Administration by ensuring safe work conditions and safe practices. By instilling safe work practices, we ensure not only the safety of our employees but reduce the potential for injuries and property damage to the public. The Municipality is self-insured and every injury poses a financial burden on the public and the injured worker's family. It just makes good sense to WORK SAFE.

Results are tracked by monitoring monthly reports issued by the Risk Management Division.



# Anchorage Water & Wastewater
# Highlights and Future Events

**Infrastructure**
At the current time, AWWU provides best-in-class service as measured against industry benchmarks such as drinking water compliance rate, water quality complaints, water pipeline breaks, unplanned service disruptions, compliance with discharge permits, collection system failures, and sewer overflows. However, the infrastructure required to provide water and sewer service is aging and will require continued annual capital investments to maintain service levels.

In aggregate, AWU's physical assets are considered to have about one-half of their useful lives consumed. The water transmission and distribution system pipe network consists of over 847 miles of pipe, has a weighted average age of over 36 years. Other AWU assets including reservoirs, wells, booster stations, and major valve vaults are of varying age, but in aggregate, have reached just over one-half of their useful lives and have undergone or have been scheduled for major re-investment over the next 5 years. Significant investment has been made in AWU's water treatment plants over the last 5 years to bring them current to technology, including an almost $20 million update of the Ship Creek Water Treatment Facility to maintain it as a regular supplemental and emergency treatment plant.

ASU's sewer pipe network consists of over 760 miles of pipe and has a weighted average age of 38 years, again reflecting just over one-half of the estimated useful lives of pipe and approximately three-fifths of the estimated useful lives of other sewer plant. Within Anchorage, more than $50 million of investment occurred at the JM Asplund Wastewater Treatment Facility (WWTF) over the past decade. In Eagle River, new process improvements and support systems (headworks, ultraviolet (UV) disinfection, mechanical and heating, ventilation, and air conditioning (HVAC) systems) worth over $20 million were built over the last ten years. The exception is the Girdwood WWTF, which is now over 30 years old and reaching the end of its useful life as documented by multiple studies performed since 2006. An approximate $24 million investment in new electrical generation, flow handling, and administrative space was completed in 2015. The second phase of upgrades to the Girdwood WWTF is pending regulatory approval of permit renewal by Alaska Department of Environmental Conservation (ADEC) prior to the project beginning.

AWWU has advanced its asset management program to manage the Utility's aging infrastructure. The primary components of AWWU's asset management program include:

- Risk based approach that categorizes AWWU's assets and evaluates each asset's class on the basis of consequence and likelihood of failure.
- Robust analysis of system performance and maintenance data to predict service lives of different asset classes.
- Business case analysis of major projects to determine solutions yielding lowest overall lifecycle costs.
- Use of state-of-the-art repair and rehabilitation technologies to reduce service disruption and reduce costs.
- Condition assessment monitoring and evaluation using both AWWU staff and specialized contractors.

**Limited Customer Growth**
The Anchorage economy and land-use development patterns and restrictions are such that AWWU does not anticipate significant customer growth rate for the foreseeable future. Limited customer growth represents a significant challenge for AWWU because there are few new customers to help cover the cost of maintaining infrastructure. Exacerbating the lack of customer growth is the repair and replacement of contributed plant. In the 1990's, over 70% of the plant in-service was contributed (i.e., given to AWWU or paid for by grants). Today that percentage is about 50% and decreasing steadily. Contributed plant is not included in rates for calculating depreciation costs and earning a return. However, repair and replacement of this considerable portion of our plant-in-service must be borne wholly by customers. With a very slow growth of the customer base, cost of this repair and replacement will increase over time for each customer.

There is very little AWWU can do to encourage significant customer growth without major changes in policy and community desires. Most of AWWU's customer growth will come from redevelopment of existing properties in the MOA, expansion in outlying areas (which require significant expenditures to extend infrastructure) and limited infill. Redevelopment and infill must comply with current codes and utility tariffs, which may require upgrades to existing utility service.

**Debt**
At the end of 2018, AWWU was carrying approximately $395.4 million in total net debt. AWWU can easily service this debt and the Utility maintains healthy operating margins and debt service coverage ratios. However, compared to peer utilities, AWWU has a significant amount of debt and finances much less of its capital program with equity.

Two major factors have contributed to AWWU's current debt/equity position. During the 1990's, AWWU did not have rate increases and had a very modest capital improvement budget (CIB). Additionally, during these years, reductions in workforce levels and improvements in worker productivity as a result of investments in appropriate technology allowed the Utility to operate effectively, but not accumulate equity.

**Rate Increases Calculated, Requested and Approved**

| | Calculated Rate Increases | | Requested Permanent Rate Increases | | Approved Rate Increases | | |
|---|---|---|---|---|---|---|---|
| | AWU | ASU | AWU | ASU | AWU | ASU | Reason For Requesting Increases Less Than The Calculated Increases |
| **2004** | 14.2% | 8.1% | 14.2% | 8.1% | 13.6% | 8.1% | The calculated increases were requested due to the change in the MUSA calculation. |
| **2005** | 7.2% | 6.8% | 7.2% | 6.8% | 7.8% | 3.0% | The calculated increases were requested due to the change in the MUSA calculation. |
| **2006** | 12.4% | 15.0% | 8.9% | 10.6% | 6.5% | 10.6% | Policy direction to limit rate increases requested to reduce impact on customers. |
| **2007** | 15.0% | 17.8% | 14.5% | 13.0% | 7.0% | 9.5% | Policy direction to limit rate increases requested to reduce impact on customers. |
| **2008** | - | - | - | - | - | - | Rate changes were not requested by AWWU for 2008. |
| **2009** | 8.7% | 8.0% | 7.0% | 6.5% | 5.6% | 6.5% | Policy direction to limit rate increases requested to reduce impact on customers. |
| **2010** | 7.0% | 9.5% | 2.5% | 2.5% | 2.5% | 2.5% | Policy direction to limit rate increases requested to reduce impact on customers. |
| **2011** | 18.5% | 26.2% | 8.0% | 15.0% | 8.0% | 15.0% | Policy direction to limit rate increases requested to reduce impact on customers. |
| **2012** | 13.0% | 16.6% | 6.0% | 11.0% | 6.0% | 11.0% | Policy direction to limit rate increases requested to reduce impact on customers. |
| **2013** | 9.1% | 6.8% | 6.0% | 4.5% | 6.0% | 4.5% | Policy direction to limit rate increases requested to reduce impact on customers. |
| **2014** | 5.6% | 6.7% | 4.0% | 5.5% | 2.3% | 4.3% | AWWU stipulated to permanent rates lower than the rates requested. |
| **2015** | - | - | - | - | - | - | Rate changes were not requested by AWWU for 2015. |
| **2016** | - | - | - | - | - | - | Rate changes were not requested by AWWU for 2016. |
| **2017** | - | 11.9% | - | 9.5% | - | 9.5% | Policy direction to limit rate increases requested to reduce impact on customers. |
| **2018** | 4.5% | 4.2% | 3.0% | 2.5% | 3.0% | 1.0% | |
| **2019** | 10.5% | 8.3% | 9.5% | 7.0% | 9.5% | 7.0% | Approved as interim and refundable. A final decision is due March of 2020. |

To improve its debt position, AWWU must continue to request reasonable rates and at the same time control expenses. The budget provided in this package provides just such a balance.

# Anchorage Water & Wastewater Utility
# External Impacts

**Wastewater Treatment Facilities Discharge Permits**
The State of Alaska Department of Environmental Conservation (ADEC) assumed authority for permitting wastewater discharges for the Girdwood and Eagle River Wastewater Treatment Facilities (WWTF) in November 2008. The Eagle River WWTF permit was reissued by Alaska Department of Environmental Conservation (ADEC) in 2014, and was valid for at least five years has been administratively extended. The existing permit continues to be effective and enforceable until a new permit is issued by ADEC, which has assumed primacy from the U.S. Environmental Protection Agency (EPA) over permits for wastewater discharge to fresh water.

Authorization of discharge into marine waters from the Asplund WWTF remains under the auspices of the EPA. The EPA is currently evaluating the Utility's application for reauthorization of the permit allowing only primary treatment, in accordance with criteria set out in Section 301(h) of the Clean Water Act. Subsequent to the agency's determination that the Asplund discharge meets the 301(h) criteria, EPA will consult with the National Marine Fisheries Service (NMFS) on the effects of the permit reauthorization on endangered species (i.e., the Cook Inlet beluga whale). If NMFS finds that the discharge reauthorization is likely to jeopardize continued existence of the species or adversely modify critical habitat, NMFS may impose conditions on the permit to mitigate the effects on the species. Discussions with federal agencies to-date suggest that such a finding is unlikely.

**Infrastructure**
At the current time, AWWU provides best-in-class service as measured against industry benchmarks. However, the infrastructure required to provide water and sewer service requires continual annual capital investments to maintain service levels.

AWWU has advanced its asset management program to optimize spending on the Utility's infrastructure. AWWU performs business case analyses of major issues to determine solutions that lead to the lowest overall life cycle costs, as well as extensive condition assessment monitoring and evaluation using both AWWU staff and specialized contractors. This work is expected to provide best value to ratepayers in the long term.

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# Anchorage Water & Wastewater Utility
# Workforce Projections

| Division | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|
| Administrative Services | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Customer Service | 41 | 41 | 41 | 41 | 41 | 41 | 41 | 41 |
| Engineering | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 |
| Finance | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 |
| General Manager | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Information Technology | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 |
| Operations and Maintenance | 91 | 91 | 91 | 91 | 91 | 91 | 91 | 91 |
| Treatment | 64 | 65 | 65 | 65 | 65 | 65 | 65 | 65 |
| **Total Full Time** | **282** | **283** | **283** | **283** | **283** | **283** | **283** | **283** |
| Part-time/Temporary | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Seasonal | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Interns | 5 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| **Total Part Time** | **10** | **11** | **11** | **11** | **11** | **11** | **11** | **11** |
| **Total Positions** | **292** | **294** | **294** | **294** | **294** | **294** | **294** | **294** |
| **Total FTE** | **287.0** | **288.5** | **288.5** | **288.5** | **288.5** | **288.5** | **288.5** | **288.5** |

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# Anchorage Water Utility
## 8 Year Summary
**($ in thousands)**

| Financial Overview | 2018 Actuals | 2019 Proforma | 2020 Proposed | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|
| | | | | Forecast | | | | |
| Revenues | 61,705 | 66,927 | 66,327 | 68,739 | 71,088 | 73,918 | 76,848 | 79,518 |
| Expenses | 51,656 | 58,781 | 63,639 | 62,339 | 62,412 | 64,960 | 65,980 | 67,250 |
| **Net Income (Loss)** | **10,049** | **8,146** | **2,688** | **6,400** | **8,676** | **8,958** | **10,868** | **12,268** |
| Budgeted Positions* | 292 | 294 | 294 | 294 | 294 | 294 | 294 | 294 |
| Capital Improvement Program | 32,620 | 50,798 | 25,456 | 25,289 | 25,636 | 24,259 | 25,279 | 24,210 |
| Transfers (Dividend) | - | - | 1,630 | 820 | 1,440 | 2,020 | 2,200 | 2,610 |
| New Debt | 20,370 | 20,687 | 17,000 | 13,438 | 7,100 | 48,700 | 7,000 | 67,000 |
| Net Capital Assets (12/31) | 563,079 | 577,733 | 583,801 | 593,105 | 600,223 | 604,712 | 611,103 | 615,088 |
| Net Position (12/31) | 155,869 | 164,015 | 166,484 | 172,884 | 181,560 | 190,519 | 201,387 | 213,656 |
| Operating Cash | 37,717 | 37,281 | 30,485 | 24,712 | 23,150 | 19,865 | 18,898 | 19,229 |
| Construction Cash Pool | 2,930 | 4,209 | 6,754 | 6,126 | 184 | 36,927 | 31,268 | 26,083 |
| Restricted Cash | 209 | 250 | - | 2,251 | 2,335 | 2,422 | 2,513 | 2,608 |
| **Total Cash** | **40,856** | **41,740** | **37,239** | **33,089** | **25,669** | **59,214** | **52,679** | **47,920** |
| Charges by Other Departments | 2,131 | 2,367 | 2,491 | 2,541 | 2,592 | 2,643 | 2,696 | 2,750 |
| Transfers (MUSA) | 8,525 | 8,713 | 9,177 | 9,510 | 10,280 | 10,960 | 11,230 | 11,730 |
| CCP Borrowings from GG | - | - | - | - | - | - | - | - |
| Total Outstanding LT Debt | 237,840 | 245,535 | 249,155 | 248,803 | 240,855 | 272,712 | 262,910 | 252,373 |
| Total Annual Debt Service | 17,555 | 18,580 | 19,251 | 21,476 | 21,666 | 24,881 | 24,567 | 24,711 |
| Debt Service Coverage (Bond) | 2.84 | 3.29 | 2.94 | 2.66 | 2.47 | 2.13 | 2.38 | 2.53 |
| Debt Service Coverage (Total) | 1.48 | 1.58 | 1.36 | 1.33 | 1.39 | 1.29 | 1.40 | 1.47 |
| Debt/Equity Ratio | 60 / 40 | 60 / 40 | 60 / 40 | 59 / 41 | 57 / 43 | 59 / 41 | 57 / 43 | 54 / 46 |
| Rate Change Percent | 3.0% | 7.0% | 0.0% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% |
| Single Family Rate | 51.19 | 54.78 | 54.78 | 56.70 | 58.68 | 60.74 | 62.86 | 65.06 |
| **Statistical/Performance Trends** | | | | | | | | |
| Number of Accounts | 56,528 | 56,641 | 56,641 | 56,783 | 56,925 | 57,067 | 57,210 | 57,353 |
| Average Treatment (MGD) | 22.2 | 22.3 | 22.3 | 22.4 | 22.4 | 22.5 | 22.5 | 22.6 |
| Miles of Water Lines | 847 | 849 | 851 | 853 | 856 | 858 | 860 | 862 |
| Number of Public Hydrants | 6,051 | 6,066 | 6,081 | 6,096 | 6,112 | 6,127 | 6,142 | 6,158 |

* Workforce Authorized per Budget is for both Water and Wastewater utilities.

MUSA - Municipal Utility Service Assessment

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# Anchorage Water Utility
## Statement of Revenues and Expenses

| | 2018 Actuals | 2019 Proforma | 2019 Revised | 20 v 19 $ Change | 2020 Proposed | 20 v 19 % Chg |
|---|---|---|---|---|---|---|
| **Operating Revenue** | | | | | | |
| Residential Sales | 42,614,583 | 45,200,000 | 45,241,395 | 240,000 | 45,481,395 | 0.5% |
| Commercial Sales | 12,479,206 | 13,550,000 | 13,508,485 | 60,000 | 13,568,485 | 0.4% |
| Public Authority Sales | 4,903,964 | 5,250,000 | 5,250,120 | - | 5,250,120 | 0.0% |
| Miscellaneous | 1,259,717 | 1,255,000 | 1,293,550 | - | 1,293,550 | 0.0% |
| **Total Operating Revenue** | **61,257,470** | **65,255,000** | **65,293,550** | **300,000** | **65,593,550** | 0.5% |
| **Non Operating Revenue** | | | | | | |
| Investment Income | 360,144 | 1,607,160 | 630,000 | 18,000 | 648,000 | 2.9% |
| Other Income | 87,138 | 64,627 | 5,000 | 80,050 | 85,050 | 0.0% |
| **Total Non Operating Revenue** | **447,282** | **1,671,787** | **635,000** | **98,050** | **733,050** | **15.4%** |
| **Total Revenue** | **61,704,752** | **66,926,787** | **65,928,550** | **398,050** | **66,326,600** | **0.6%** |
| **Operating Expense** | | | | | | |
| Labor | | | | | | |
| Salaries and Benefits | 16,124,714 | 16,940,658 | 17,743,748 | 451,068 | 18,194,816 | 2.5% |
| Overtime | 842,772 | 953,717 | 453,000 | - | 453,000 | 0.0% |
| Total Labor | 16,967,486 | 17,894,375 | 18,196,748 | 451,068 | 18,647,816 | 2.5% |
| Non Labor | | | | | | |
| Non Labor | 9,039,988 | 9,576,855 | 10,253,434 | 290,789 | 10,493,734 | 2.3% |
| Travel | 49,241 | 64,191 | 85,400 | 6,500 | 91,900 | 7.6% |
| Transfers (MUSA, Dividends, and Gross Rcpts) | 8,524,748 | 8,712,813 | 8,710,762 | 2,096,738 | 10,807,500 | 24.1% |
| Depreciation and Amortization | 11,467,581 | 13,256,200 | 14,382,000 | (702,000) | 13,680,000 | -4.9% |
| Total Non Labor | 29,081,558 | 31,610,059 | 33,431,596 | 1,692,027 | 35,073,134 | 4.9% |
| **Total Direct Cost** | **46,049,044** | **49,504,434** | **51,628,344** | **2,143,095** | **53,720,950** | **4.1%** |
| Charges by Other Departments | 2,131,096 | 2,366,561 | 2,400,190 | 91,122 | 2,491,312 | 3.8% |
| Intradepartmental Overheads | (1,267,157) | (752,999) | (680,325) | 9,882 | (670,443) | 0.0% |
| **Total Operating Expense** | **46,912,983** | **51,117,996** | **53,348,209** | **2,244,099** | **55,541,819** | **4.1%** |
| **Non Operating Expense** | | | | | | |
| Interest on Bonded Debt | 5,042,926 | 7,997,172 | 7,851,500 | (328,478) | 7,523,022 | -4.2% |
| Amortization of Debt Expense | (842,988) | (883,889) | (879,478) | 13,478 | (866,000) | -1.5% |
| Other Interest Expense | 1,353,411 | 1,491,310 | 2,085,000 | 315,000 | 2,400,000 | 15.1% |
| Interest During Construction | (810,494) | (941,855) | (1,230,000) | 270,000 | (960,000) | -22.0% |
| **Total Non Operating Expense** | **4,742,855** | **7,662,738** | **7,827,022** | **270,000** | **8,097,022** | **3.4%** |
| **Total Expense (Function Cost)** | **51,655,838** | **58,780,734** | **61,175,231** | **2,514,099** | **63,638,841** | **4.0%** |
| **Net Income (Loss)** | **10,048,914** | **8,146,053** | **4,753,319** | **(2,116,049)** | **2,687,759** | **-43.5%** |
| **Appropriation:** | | | | | | |
| **Total Expense** | | | **61,175,231** | **2,514,099** | **63,638,841** | |
| Less: Non Cash Items | | | | | | |
| Depreciation and Amortization | | | 14,382,000 | (702,000) | 13,680,000 | |
| Amortization of Debt Expense | | | (879,478) | 13,478 | (866,000) | |
| Interest During Construction | | | (1,230,000) | 270,000 | (960,000) | |
| Total Non-Cash | | | 12,272,522 | (418,522) | 11,854,000 | |
| **Amount to be Appropriated (Cash Expense)** | | | **48,902,709** | **2,932,621** | **51,784,841** | |

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# Anchorage Water Utility
# Reconciliation from 2019 Revised Budget to 2020 Proposed Budget

| | | Positions | | |
|---|---|---|---|---|
| | Appropriation | FT | PT | T |
| **2019 Revised Budget** | 61,175,231 | 283 | 1 | 10 |
| **Transfers by/to Other Departments** | | | | |
| - Charges by Other Departments | 40,633 | - | - | - |
| - GIS Licensing from Non Labor to Charges by Other Departments | 50,489 | - | - | - |
| **Changes in Existing Programs/Funding for 2020** | | | | |
| - Salaries and Benefits Adjustments | 442,598 | - | - | - |
| - GIS Licensing from Non Labor to Charges by Other Departments | (50,489) | - | - | - |
| - Depreciation | (702,000) | - | - | - |
| - Interest During Construction | 270,000 | - | - | - |
| - Municipal Utility Service Assessment (MUSA) | 466,738 | - | - | - |
| **2020 Continuation Level** | **61,693,200** | **283** | **1** | **10** |
| **2020 Proposed Budget Changes** | | | | |
| - Labor Upgrades for Customer Service Organization Change | 8,470 | - | - | - |
| - Software Maintenance | 7,171 | - | - | - |
| - Travel | 6,500 | - | - | - |
| - Operating Supplies | (3,000) | - | - | - |
| - Repair & Maintenance Supplies | (3,500) | - | - | - |
| - Briggs Bridge | 300,000 | - | - | - |
| - Dividend | 1,630,000 | - | - | - |
| **2020 Proposed Budget** | **63,638,841** | **283** | **1** | **10** |
| **2020 Budget Adjustment for Accounting Transactions (Appropriation)** | | | | |
| - Depreciation and Amortization | (13,680,000) | - | - | - |
| - Amortization of Debt Expense | 866,000 | - | - | - |
| - Interest During Construction | 960,000 | - | - | - |
| **2020 Proposed Budget (Appropriation)** | **51,784,841** | **283** | **1** | **10** |

Workforce Authorized per Budget is for both Water and Wastewater utilities.

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# Anchorage Water Utility
## 2020 - 2025 Capital Improvement Program
**(in thousands)**

| Project Category | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Total |
|---|---|---|---|---|---|---|---|
| ADOT-MOA Emergency | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 6,000 |
| IT Hardware/Software | 1,925 | 1,475 | 1,450 | 1,425 | 1,425 | 1,425 | 9,125 |
| Misc Equipment | 450 | 600 | 700 | 2,850 | 1,700 | 1,850 | 8,150 |
| Other Plant & Facilities | 300 | - | 250 | 250 | 2,000 | 3,800 | 6,600 |
| Transmission/Distribution System | 17,075 | 11,175 | 14,828 | 14,861 | 14,955 | 11,485 | 84,379 |
| Vehicles | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 6,000 |
| Water Plant | 3,706 | 10,039 | 6,408 | 2,873 | 3,199 | 3,650 | 29,875 |
| **Total** | **25,456** | **25,289** | **25,636** | **24,259** | **25,279** | **24,210** | **150,129** |

| Funding Source | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Total |
|---|---|---|---|---|---|---|---|
| Debt | 14,456 | 14,289 | 15,636 | 14,259 | 15,279 | 14,210 | 88,129 |
| Equity/Operations | 11,000 | 11,000 | 10,000 | 10,000 | 10,000 | 10,000 | 62,000 |
| **Total** | **25,456** | **25,289** | **25,636** | **24,259** | **25,279** | **24,210** | **150,129** |

ADOT - State of Alaska Department of Transportation

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# Anchorage Water Utility
# 2020 Capital Improvement Budget
**(in thousands)**

| Project Title | Debt * | State/Fed Grant | Equity/ Operations * | Total |
|---|---|---|---|---|
| **AK Dept Of Transportation-MOA Emergency** | | | | |
| AK Dept Of Transportation-MOA-Emergency -Water 2020 | - | - | 1,000 | 1,000 |
| **AK Dept Of Transportation-MOA Emergency** | **-** | **-** | **1,000** | **1,000** |
| **Information Technology Hardware/Software** | | | | |
| Customer Information System Enhancements - Water | - | - | 850 | 850 |
| Geographic Information System Application Development | - | - | 75 | 75 |
| Information Technology Infrastructure | - | - | 600 | 600 |
| Miscellaneous Information Technology Systems | - | - | 250 | 250 |
| Work Management Software | - | - | 150 | 150 |
| **IT Hardware/Software** | **-** | **-** | **1,925** | **1,925** |
| **Miscellaneous Equipment** | | | | |
| Facility Equipment | - | - | 200 | 200 |
| Supervisory Control and Data Acquisition Network Improvements | - | - | 250 | 250 |
| **Miscellaneous Equipment** | **-** | **-** | **450** | **450** |
| **Other Plant & Facilities** | | | | |
| Headquarters Lighting Upgrades | 300 | - | - | 300 |
| **Other Plant & Facilities** | **300** | **-** | **-** | **300** |
| **Transmission/Distribution** | | | | |
| 475 Loop Conversion-Water | 1,000 | - | - | 1,000 |
| 484 520 Zone Conversion | - | - | 500 | 500 |
| 900 Reservoir & Transmission Main | 2,750 | - | 1,000 | 3,750 |
| Anchorage Townsite 5th 8th Water Upgrade | 1,000 | - | 500 | 1,500 |
| Bragaw 16th Debar Water | 800 | - | 500 | 1,300 |
| Dowling Rd Pressure Reducing Valve -Water | 100 | - | 400 | 500 |
| Girdwood St. Mortiz Emergency Generation | 1,250 | - | - | 1,250 |
| Girdwood Timberline Pressure Reducing Valve Upgrade | 850 | - | - | 850 |
| Girdwood Virgin Creek Sample Station | - | - | 200 | 200 |
| Glenn Square Pressure Reducing Valve Facility | 1,700 | - | 1,000 | 2,700 |
| Hillcrest Drive Rehabilitation -Water | 1,000 | - | 1,000 | 2,000 |
| Plant Oversize Improvement-Water | - | - | 25 | 25 |
| Reservoir Corrosion Control Upgrades | - | - | 500 | 500 |
| Upper Eagle River Fire Flow | - | - | 1,000 | 1,000 |
| **Transmission/Distribution** | **10,450** | **-** | **6,625** | **17,075** |
| **Vehicles** | | | | |
| Heavy Rolling Stock | - | - | 600 | 600 |
| Vehicles | - | - | 400 | 400 |
| **Vehicles** | **-** | **-** | **1,000** | **1,000** |
| **Water Plant** | | | | |
| Eklutna Water Treatment Facility Disinfection Improvements | 704 | - | - | 704 |
| Eklutna Water Treatment Facility Energy Recovery Station Control Improvements | 500 | - | - | 500 |
| Eklutna Water Treatment Facility Flouride Improvements | 452 | - | - | 452 |
| Facility Plant - Water 2020 | 750 | - | - | 750 |
| Girdwood Well Rehabilitation | 1,300 | - | - | 1,300 |
| **Water Plant** | **3,706** | **-** | **-** | **3,706** |
| **Total** | **14,456** | **-** | **11,000** | **25,456** |

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

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# Anchorage Water Utility
# Statement of Cash Sources and Uses

| | 2018 Actual | 2019 Proforma | 2020 Proposed |
|---|---|---|---|
| **Sources of Cash Funds** | | | |
| Operating Income | 22,039,105 | 22,842,000 | 20,731,000 |
| Depreciation, net of amortization | 11,467,581 | 13,256,000 | 13,680,000 |
| Special Assessment Proceeds | 307,718 | 300,000 | 300,000 |
| State of Alaska Loan Proceeds | 14,495,122 | 9,000,000 | 7,000,000 |
| Bond/Other Loan Proceeds | 5,874,622 | 11,686,000 | 10,000,000 |
| Miscellaneous Non-Operating Revenues | 31,438 | 64,000 | 10,000 |
| Interest Received | 521,839 | 1,607,000 | 630,000 |
| Changes in Assets and Liabilities | 1,156,439 | 3,021,000 | (2,975,000) |
| **Total Sources of Cash Funds** | **55,893,864** | **61,776,000** | **49,376,000** |
| **Uses of Cash Funds** | | | |
| Capital Construction | 26,399,311 | 29,407,000 | 25,456,000 |
| Debt Principal Payment | 10,865,992 | 11,796,000 | 12,194,000 |
| Debt Interest Payments | 6,914,237 | 6,784,000 | 7,057,000 |
| Transfer To Escrow Account | 1,378,288 | 4,200,000 | - |
| MUSA | 8,524,748 | 8,705,000 | 9,170,000 |
| **Total Uses of Cash Funds** | **54,082,576** | **60,892,000** | **53,877,000** |
| Net Increase (Decrease) in Cash Funds | 1,811,288 | 884,000 | (4,501,000) |
| Cash Balance, January 1 | 39,044,808 | 40,856,096 | 41,740,096 |
| **Cash Balance, December 31** | **40,856,096** | **41,740,096** | **37,239,096** |
| **Detail of Cash and Investment Funds** | | | |
| General Cash Less Customer Deposits | 37,716,763 | 37,281,096 | 30,235,096 |
| Construction Cash | 2,930,212 | 4,209,000 | 6,754,000 |
| Operating Fund Investment & Customer Deposits | 209,121 | 250,000 | 250,000 |
| **Cash Balance, December 31** | **40,856,096** | **41,740,096** | **37,239,096** |

* This budgetary presentation does not include the effects of implementing Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions and thus the revenues and expenses presented in this schedule differ from AWWU's GAAP basis financial statements.

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# Anchorage Wastewater Utility
## 8 Year Summary
**($ in thousands)**

| Financial Overview | 2018 Actuals | 2019 Proforma | 2020 Proposed | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|
| | | | | Forecast | | | | |
| Revenues | 56,264 | 61,914 | 61,567 | 66,915 | 70,645 | 73,765 | 75,655 | 77,825 |
| Expenses | 46,905 | 54,470 | 59,426 | 60,117 | 59,952 | 63,462 | 64,462 | 65,170 |
| **Net Income (Loss)** | **9,359** | **7,444** | **2,141** | **6,798** | **10,693** | **10,303** | **11,193** | **12,655** |
| Budgeted Positions* | 292 | 294 | 294 | 294 | 294 | 294 | 294 | 294 |
| Capital Improvement Program | 36,000 | 43,055 | 26,250 | 24,650 | 24,425 | 25,750 | 24,875 | 25,050 |
| Transfers (Dividend) | - | - | - | - | - | - | - | - |
| New Debt | 20,529 | 23,417 | 17,900 | 18,707 | 7,300 | 67,700 | 7,400 | 7,500 |
| Net Capital Assets (12/31) | 428,053 | 433,215 | 440,024 | 449,706 | 456,873 | 465,472 | 471,786 | 478,246 |
| Net Position (12/31) | 100,726 | 108,171 | 110,157 | 116,955 | 127,648 | 137,952 | 149,145 | 161,800 |
| Operating Cash | 26,939 | 29,015 | 24,582 | 19,124 | 21,909 | 23,981 | 25,008 | 25,016 |
| Construction Cash Pool | 2,663 | 2,169 | 3,819 | 7,834 | 1,132 | 54,776 | 43,710 | 16,030 |
| Restricted Cash | 161 | 250 | 250 | 5,045 | 3,657 | 2,557 | 1,364 | 2,346 |
| **Total Cash** | **29,763** | **31,434** | **28,651** | **32,003** | **26,698** | **81,314** | **70,082** | **43,392** |
| Charges by Other Depts | 2,123 | 2,333 | 2,471 | 2,520 | 2,571 | 2,622 | 2,675 | 2,728 |
| Transfers (MUSA) | 6,241 | 6,255 | 7,268 | 6,490 | 6,650 | 6,760 | 6,880 | 6,990 |
| CCP Borrowings from GG | - | - | - | - | - | - | - | - |
| Total Outstanding LT Debt | 185,264 | 199,111 | 206,460 | 214,196 | 208,533 | 262,795 | 254,274 | 245,466 |
| Total Annual Debt Service | 13,263 | 14,082 | 15,370 | 17,708 | 18,741 | 21,443 | 23,656 | 23,762 |
| Debt Service Coverage (Bond) | 3.25 | 3.82 | 3.14 | 3.11 | 2.85 | 2.46 | 2.19 | 2.31 |
| Debt/Equity Ratio | 65 / 35 | 65 / 35 | 65 / 35 | 65 / 35 | 62 / 38 | 66 / 34 | 63 / 37 | 60 / 40 |
| Rate Change Percent | 0.98% | 9.50% | 0.00% | 8.40% | 5.60% | 3.70% | 1.90% | 3.20% |
| Single Family Rate | 45.02 | 49.30 | 49.30 | 53.44 | 56.43 | 58.52 | 59.63 | 61.54 |
| **Statistical/Performance Trends** | | | | | | | | |
| Number of Accounts | 57,361 | 57,476 | 57,476 | 57,619 | 56,816 | 56,958 | 57,100 | 57,243 |
| Average Treatment (MGD) | 27.90 | 27.97 | 28.04 | 28.11 | 28.18 | 28.25 | 28.32 | 28.39 |
| Miles of Wastewater Lines | 760 | 762 | 764 | 766 | 768 | 770 | 771 | 773 |

* Workforce Authorized per Budget is for both Water and Wastewater utilities.
General Government (GG)
Municipal Utility Service Assessment (MUSA)

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# Anchorage Wastewater Utility
## Statement of Revenues and Expenses

| | 2018 Actuals | 2019 Proforma | 2019 Revised | 20 v 19 $ Change | 2020 Proposed | 20 v 19 % Chg |
|---|---|---|---|---|---|---|
| **Operating Revenue** | | | | | | |
| Residential Sales | 40,750,529 | 44,300,000 | 44,694,376 | 48,000 | 44,742,376 | 0.1% |
| Commercial Sales | 12,230,558 | 13,000,000 | 13,056,235 | 12,000 | 13,068,235 | 0.1% |
| Public Authority Sales | 1,992,562 | 2,400,000 | 2,249,389 | - | 2,249,389 | 0.0% |
| Miscellaneous | 920,013 | 975,000 | 975,000 | - | 975,000 | 0.0% |
| **Total Operating Revenue** | **55,893,662** | **60,675,000** | **60,975,000** | **60,000** | **61,035,000** | 0.1% |
| **Non Operating Revenue** | | | | | | |
| Investment Income | 243,378 | 1,094,213 | 409,950 | 32,050 | 442,000 | 7.8% |
| Other Income | 126,668 | 144,606 | 90,050 | - | 90,050 | 0.0% |
| **Total Non Operating Revenue** | **370,046** | **1,238,819** | **500,000** | **32,050** | **532,050** | **6.4%** |
| **Total Revenue** | **56,263,708** | **61,913,819** | **61,475,000** | **92,050** | **61,567,050** | **0.1%** |
| **Operating Expense** | | | | | | |
| Labor | | | | | | |
| Salaries and Benefits | 16,544,732 | 16,392,890 | 17,790,640 | 240,219 | 18,030,859 | 4.1% |
| Overtime | 805,703 | 818,431 | 419,500 | - | 419,500 | 0.0% |
| Total Labor | 17,350,435 | 17,211,321 | 18,210,140 | 240,219 | 18,450,359 | 1.3% |
| Non Labor | | | | | | |
| Non Labor | 11,637,647 | 12,415,418 | 13,822,155 | (22,722) | 13,748,944 | -0.5% |
| Travel | 61,860 | 72,504 | 90,800 | 6,500 | 97,300 | 7.2% |
| Transfers (MUSA and Gross Receipts) | 6,241,155 | 6,255,187 | 6,262,181 | 1,005,319 | 7,267,500 | 16.1% |
| Depreciation and Amortization | 8,590,514 | 12,430,800 | 12,495,000 | 785,000 | 13,280,000 | 6.3% |
| Total Non Labor | 26,531,176 | 31,173,909 | 32,670,136 | 1,774,097 | 34,393,744 | 5.3% |
| **Total Direct Cost** | **43,881,611** | **48,385,230** | **50,880,276** | **2,014,316** | **52,844,103** | 3.9% |
| Charges by Other Departments | 2,123,442 | 2,332,713 | 2,355,169 | 115,990 | 2,471,159 | 4.9% |
| Intradepartmental Overheads | (1,963,987) | (867,775) | (789,795) | 704 | (789,091) | |
| **Total Operating Expense** | **44,041,066** | **49,850,168** | **52,445,650** | **2,131,010** | **54,526,171** | 4.0% |
| **Non Operating Expense** | | | | | | |
| Interest on Bonded Debt | 3,649,090 | 6,467,802 | 6,000,000 | (1,330,000) | 4,670,000 | -22.2% |
| Amortization of Debt Expense | (823,160) | (1,421,788) | (1,800,000) | 1,040,000 | (760,000) | -57.8% |
| Other Interest Expense | 1,182,982 | 1,301,900 | 1,860,000 | 290,000 | 2,150,000 | 15.6% |
| Interest During Construction | (1,145,050) | (1,728,212) | (1,350,000) | 190,000 | (1,160,000) | -14.1% |
| **Total Non Operating Expense** | **2,863,862** | **4,619,702** | **4,710,000** | **190,000** | **4,900,000** | 4.0% |
| **Total Expense (Function Cost)** | **46,904,928** | **54,469,870** | **57,155,650** | **2,321,010** | **59,426,171** | 4.0% |
| **Net Income (Loss)** | **9,358,780** | **7,443,949** | **4,319,350** | **(2,228,960)** | **2,140,879** | -50.4% |
| **Appropriation:** | | | | | | |
| **Total Expense** | | | **57,155,650** | **2,321,010** | **59,426,171** | |
| Less: Non Cash Items | | | | | | |
| Depreciation and Amortization | | | 12,495,000 | 785,000 | 13,280,000 | |
| Amortization of Debt Expense | | | (1,800,000) | 1,040,000 | (760,000) | |
| Interest During Construction | | | (1,350,000) | 190,000 | (1,160,000) | |
| Total Non-Cash | | | 9,345,000 | 2,015,000 | 11,360,000 | |
| **Amount to be Appropriated (Cash Expense)** | | | **47,810,650** | **306,010** | **48,066,171** | |

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# Anchorage Wastewater Utility
# Reconciliation from 2019 Revised Budget to 2020 Proposed Budget

| | Appropriation | Positions FT | PT | T |
|---|---|---|---|---|
| **2019 Revised Budget** | 57,155,650 | 283 | 1 | 10 |
| **Transfers by/to Other Departments** | | | | |
| - Charges by Other Departments | 65,501 | - | - | - |
| - GIS Licensing from Non Labor to Charges by Other Departments | 50,489 | - | - | - |
| **Changes in Existing Programs/Funding for 2020** | | | | |
| - Salaries and Benefits Adjustments | 231,749 | - | - | - |
| - GIS Licensing from Non Labor to Charges by Other Departments | (50,489) | - | - | - |
| - Depreciation | 785,000 | - | - | - |
| - Allowance for Funds Under Construction (AFUDC) | 190,000 | - | - | - |
| - Municipal Utility Service Assessment (MUSA) | 1,005,319 | - | - | - |
| **2020 Continuation Level** | **59,433,219** | **283** | **1** | **10** |
| **2020 Proposed Budget Changes** | | | | |
| - Labor Upgrades for Customer Service Organization Change | 8,470 | - | - | - |
| - Software Maintenance | 14,482 | - | - | - |
| - Travel | 6,500 | - | - | - |
| - Operating Supplies | (3,000) | - | - | - |
| - Laundry & Sanitation Services | (3,500) | - | - | - |
| - Sludge Hauling | (60,000) | - | - | - |
| - Utility Teaming - PFAS in Wastewater Treatment Plants | 30,000 | - | - | - |
| **2020 Proposed Budget** | **59,426,171** | **283** | **1** | **10** |
| **2020 Budget Adjustment for Accounting Transactions (Appropriation)** | | | | |
| - Depreciation and Amortization | (13,280,000) | - | - | - |
| - Amortization of Debt Expense | 760,000 | - | - | - |
| - Interest During Construction | 1,160,000 | - | - | - |
| **2020 Proposed Budget (Appropriation)** | **48,066,171** | **283** | **1** | **10** |

Workforce Authorized per Budget is for both Water and Wastewater utilities.

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# Anchorage Wastewater Utility
# 2020 - 2025 Capital Improvement Program
**(in thousands)**

| Project Category | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Total |
|---|---|---|---|---|---|---|---|
| ADOT-MOA Emergency | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 6,000 |
| Collection System | 7,825 | 4,525 | 12,275 | 8,025 | 6,525 | 6,025 | 45,200 |
| IT Hardware/Software | 2,725 | 1,475 | 1,450 | 1,425 | 1,425 | 1,425 | 9,925 |
| Misc Equipment | 450 | 600 | 700 | 2,850 | 1,700 | 1,850 | 8,150 |
| Other Plant & Facility | 10,400 | 7,000 | 3,000 | 750 | 1,225 | 250 | 22,625 |
| Vehicles | 1,600 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 6,600 |
| Wastewater Plant | 2,250 | 9,050 | 5,000 | 10,700 | 12,000 | 13,500 | 52,500 |
| **Total** | **26,250** | **24,650** | **24,425** | **25,750** | **24,875** | **25,050** | **151,000** |

| Funding Source | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Total |
|---|---|---|---|---|---|---|---|
| Debt | 16,250 | 14,650 | 14,425 | 15,750 | 14,875 | 15,050 | 91,000 |
| Equity/Operations | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 60,000 |
| **Total** | **26,250** | **24,650** | **24,425** | **25,750** | **24,875** | **25,050** | **151,000** |

ADOT - State of Alaska, Department of Transportation

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# Anchorage Wastewater Utility
# 2020 Capital Improvement Budget
**(in thousands)**

| Project Title | Debt * | State/Fed Grant | Equity/ Operations * | Total |
|---|---|---|---|---|
| **AK Dept Of Transportation-MOA Emergency** | | | | |
| AK Dept Of Transportation-MOA-Emergency - Sewer 2020 | - | - | 1,000 | 1,000 |
| **AK Dept Of Transportation-MOA Emergency** | **-** | **-** | **1,000** | **1,000** |
| **Collection Systems** | | | | |
| Pump Station 2 Rehabilitation | 1,975 | - | 2,325 | 4,300 |
| W 72nd Avenue Trunk Upgrade | - | - | 350 | 350 |
| D-2-4 Trunk Improvements | - | - | 1,300 | 1,300 |
| King Street Septage Receiving Station | 1,000 | - | - | 1,000 |
| Laurence Court Sewer | - | - | 250 | 250 |
| West 8th, N - P Street Sewer | 100 | - | - | 100 |
| M Street Sewer | 100 | - | - | 100 |
| West 2nd Avenue Sewer | 100 | - | - | 100 |
| D & E Street Sewer | 100 | - | - | 100 |
| H & I Street Sewer | 100 | - | - | 100 |
| C & D Street Sewer | 100 | - | - | 100 |
| Plant Oversize and Betterments-Sewer 2020 | 25 | - | - | 25 |
| **Collection Systems** | **3,600** | **-** | **4,225** | **7,825** |
| **Information Technology Hardware/Software** | | | | |
| Customer Information System Enhancements SWR | **-** | **-** | 850 | 850 |
| Geographic Information System Application Development | **-** | **-** | 75 | 75 |
| Information Technology Infrastructure | **-** | **-** | 600 | 600 |
| Miscellaneous Information Technology Systems | **-** | **-** | 250 | 250 |
| Sewer Model Development | **-** | **-** | 800 | 800 |
| Work Management Software | **-** | **-** | 150 | 150 |
| **IT Hardware/Software** | **-** | **-** | **2,725** | **2,725** |
| **Miscellaneous Equipment** | | | | |
| Facility Equipment | **-** | **-** | 200 | 200 |
| Supervisory Control and Data Acquisition Network Improvements | **-** | **-** | 250 | 250 |
| **Miscellaneous Equipment** | **-** | **-** | **450** | **450** |
| **Other Plant & Facilities** | | | | |
| King Street Main Building Upgrade | 1,000 | - | - | 1,000 |
| King St Warm Vehicle Storage | 9,400 | - | - | 9,400 |
| **Other Plant & Facilities** | **10,400** | **-** | **-** | **10,400** |
| **Vehicles** | | | | |
| Large Diameter Sewer Cleaning Equipment | - | - | 600 | 600 |
| Heavy Rolling Stock | - | - | 600 | 600 |
| Vehicles | - | - | 400 | 400 |
| **Vehicles** | **-** | **-** | **1,600** | **1,600** |
| **Wastewater Plant** | | | | |
| Asplund Wastewater Treatment Facility Sludge Dewatering Replacement | 500 | - | - | 500 |
| Facility PLANT - Sewer 2020 | 750 | - | - | 750 |
| Eagle River Wastewater Treatment Facility - Facility Plan Recommendations | 500 | - | - | 500 |
| Asplund Wastewater Treatment Facility Combined Heat to Power Conversion | 500 | - | - | 500 |
| **Wastewater Plant** | **2,250** | **-** | **-** | **2,250** |
| **Total** | **16,250** | **-** | **10,000** | **26,250** |

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

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# Anchorage Wastewater Utility
# Statement of Cash Sources and Uses

| | 2018 Actual | 2019 Proforma | 2020 Proposed |
|---|---|---|---|
| **Sources of Cash Funds** | | | |
| Operating Income | 17,094,692 | 17,072,000 | 13,646,000 |
| Depreciation, net of amortization | 8,590,514 | 12,430,000 | 13,280,000 |
| Special Assessment Proceeds | 328,678 | 300,000 | 300,000 |
| State of Alaska Loan Proceeds | 11,752,715 | 11,000,000 | 7,900,000 |
| Bond/Other Loan Proceeds | 8,776,349 | 12,417,000 | 10,000,000 |
| Miscellaneous Non-Operating Revenues | 31,439 | 64,000 | 10,000 |
| Interest Received | 341,564 | 1,174,000 | 490,000 |
| Changes in Assets and Liabilities | 2,739,182 | 5,677,000 | 471,000 |
| **Total Sources of Cash Funds** | **49,655,133** | **60,134,000** | **46,097,000** |
| **Uses of Cash Funds** | | | |
| Capital Construction | 31,773,607 | 32,910,000 | 26,250,000 |
| Debt Principal Payment | 8,138,337 | 8,711,000 | 9,700,000 |
| Debt Interest Payments | 5,124,876 | 5,371,000 | 5,670,000 |
| Transfer to Escrow Account | 1,138,151 | 5,224,000 | - |
| MUSA | 6,241,155 | 6,248,000 | 7,260,000 |
| **Total Uses of Cash Funds** | **52,416,126** | **58,464,000** | **48,880,000** |
| Net Increase (Decrease) in Cash Funds | (2,760,993) | 1,670,000 | (2,783,000) |
| Cash Balance, January 1 | 32,524,780 | 29,763,787 | 31,433,787 |
| **Cash Balance, December 31** | **29,763,787** | **31,433,787** | **28,650,787** |
| **Detail of Cash and Investment Funds** | | | |
| General Cash Less Customer Deposits | 26,939,768 | 29,014,787 | 24,581,787 |
| Construction Cash | 2,662,567 | 2,169,000 | 3,819,000 |
| Operating Fund Investment & Customer Deposits | 161,452 | 250,000 | 250,000 |
| **Cash Balance, December 31** | **29,763,787** | **31,433,787** | **28,650,787** |

* This budgetary presentation does not include the effects of implementing Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions and thus the revenues and expenses presented in this schedule differ from AWWU's GAAP basis financial statements.

# About Anchorage Water & Wastewater

**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 100 years ago, Anchorage's public water utility has grown into an enterprise with a net plant in service of approximately $543 million that delivers nearly 23 million gallons of water to customers each day. 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. A 2.6 mile raw water line to Ship Creek was built in 1980 to replace an earlier raw water main originally constructed in 1962 for the Ship Creek Water Treatment Facility (WTF). In the 1950's, an aqueduct was drilled through the mountains north of Anchorage to supply water from Eklutna Lake to the Eklutna hydroelectric power plant along the Knik River. In 1985, AWWU tapped this aqueduct and connected a 7.8 mile long transmission main (intake portal) to provide water from the Lake to the Eklutna WTF. A 22 mile long water transmission main was constructed to distribute the treated water from Eklutna to Chugiak, Eagle River, and on into Anchorage.

**Anchorage Sewer 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 in much of the area between Ship Creek and Chester Creek, west of Cordova Street. Greater Anchorage Area Borough (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. Investment by the GAAB in the 1970's constructed the John M. Asplund (Asplund) Wastewater Treatment Facility (WWTF) for Anchorage, the Girdwood WWTF, and the Eagle River WWTF. The wastewater 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. The rivers, 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. Anchorage's public wastewater utility has grown into an enterprise with a net plant in service of approximately $391 million.

**Governance**
AWWU has a seven-member Board of Directors as codified in Anchorage Municipal Code section 4.80.020. The Board is appointed by the Mayor to staggered 3-year terms, with nominees subject to Assembly approval. The Board, by code, makes recommendations to the Mayor, establishes procedures for customer complaints, and recommends changes in code to the Assembly that the Board deems necessary or desirable for the efficient operation of the Utility or for the benefit of its customers. The authority for operation and management of the Utility is under the control of the Mayor. The Board members are very experienced professionals in the fields of law, accounting, engineering, and public health, in addition to 2 at-large citizen members. Regular meetings are held monthly and are open to the public. Board meetings focus on Utility operations and highlights.

**Economic Regulation and Accounting**
Since 1970, both the Anchorage Water Utility (AWU) and the Anchorage Wastewater Utility (ASU) have been regulated by the Alaska Public Utilities Commission (APUC), which was renamed the Regulatory Commission of Alaska (RCA) on July 1, 1999. AWU and ASU each hold a Certificate

of Public Convenience and Necessity for serving portions of the Anchorage Bowl, Eagle River, and Girdwood. The RCA must approve all rates and tariffs prior to implementation. 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.

AWWU is an Enterprise Fund. Enterprise Funds are used to account for operations where costs of providing services to the general public on a continuing basis are financed or recovered primarily through user charges or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or change in net assets is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

AWWU applies all applicable provisions of the Governmental Accounting Standards Board (GASB) which has authority for setting accounting standards for governmental entities. The accounting records of the Utility conform to the Uniform System of Accounts prescribed by the National Association of Regulatory Utility Commissioners (NARUC). The accrual basis of accounting is used for Enterprise Funds. Revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recognized in the period incurred, if measurable.

**Environmental Regulation**
AWU's activities are dictated by a wide variety of environmental regulations administered by the Environmental Protection Agency (EPA) and the Alaska Department of Environmental Conservation (ADEC). Potable water produced by AWU must comply with the regulations promulgated under the Safe Drinking Water Act (SDWA). The SDWA is the main federal law governing the quality of drinking water in the United States. The ADEC has authority (primacy) to administer the SDWA regulations for the EPA. The SDWA sets standards for the chemical and microbial quality of drinking water and establishes requirements for informing the public.

ASU's activities are also dictated by a wide variety of environmental regulations administered by the EPA and the ADEC. All wastewater discharges must comply with the regulations promulgated under the Clean Water Act (CWA). The CWA is the main federal law governing discharges into the waters of the United States. The CWA requires that each treatment facility have a unique National Pollution Discharge Elimination System (NPDES) permit that specifies the discharge limits from each facility for a wide variety of chemical and biological constituents. The ADEC has authority (primacy) to issue and administer the NPDES permits for ASU's Eagle River and Girdwood WWTFs. Authority to issue and administer the 301(h) modification for the Asplund WWTF has been retained by EPA, due to the special conditions of this discharge as outlined in section 301(h) of the CWA. In addition to the CWA laws, ASU's sewage sludge incinerator must also comply with the provisions specified in Title V of the Clean Air Act (CAA). ADEC has primacy for the CAA and administers the permit for EPA.

Failure to comply with the regulations promulgated under the SDWA, CWA, and CAA can result in fines and/or compliance orders and criminal charges.

**Physical Plant**
The Asplund WWTF is one of the few facilities in the nation operating as a primary treatment facility under Section 301(h) of the CWA. The primary treatment provided by this facility removes up to 46% of the biological oxygen demand (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 WWTFs 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 2018, the Asplund WWTF treated an average of 26.3 million gallons per day (mgd). The Eagle River WWTF treated an average 1.3 mgd and the Girdwood WWTF treated 0.3 mgd. The three facilities have a combined design capacity of 61.1 mgd. The wastewater collection system has approximately 760 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 underwent major renovations in 1982, and expanded and upgraded again in 1989.

A facilities plan update was prepared in 1999. The 1999 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 over $40 million worth of improvements to the solids handling, headworks, administration, laboratory, incineration, and thickening processes and control and power systems. AWWU undertook a majority of the recommended Asplund projects. These projects, along with careful operation, have made Asplund a modern, state-of-the-art treatment facility. In 2014, an updated facilities plan was prepared for Asplund. The plan recommended over $17M of additional investment in Asplund over ten years' time to rehabilitate and maintain aging infrastructure. A significant portion of those recommendations have been completed since 2014 with more to be completed in 2019. ASU continues to maintain its smaller treatment plants. Additional projects at Eagle River and Girdwood are underway, all designed to replace, rehabilitate and provide for the near-term needs of the areas being serviced.

AWU's three sources of water are Eklutna Lake, Ship Creek and groundwater accessed through a system of wells in the Northern Communities, the Anchorage Bowl and Girdwood Valley. Eklutna WTF and the wells which supply Girdwood are operated year-round and serve as the primary supply sources for the two water systems. The Ship Creek WTF and the remainder of water wells are used to augment the primary water supply as well as provide redundancy to the Eklutna source for Eagle River and the Anchorage Bowl.

Of these sources, the WTF now provides, on average, 91 percent of total water production for the Northern Communities and the Anchorage Bowl. In Girdwood, where system demand constitutes less than 2 percent of AWWU's total water production, all water produced and distributed is from two wells.

Projects to maintain the surface water plants and AWU's wells are on-going. The purpose of these projects is multiple fold: to rehabilitate and upgrade facilities where equipment has reached the end of its useful life; to automate and increase operational efficiency of facilities; to increase yield from existing well sites; and to meet stricter federal and state regulations regarding water quality.

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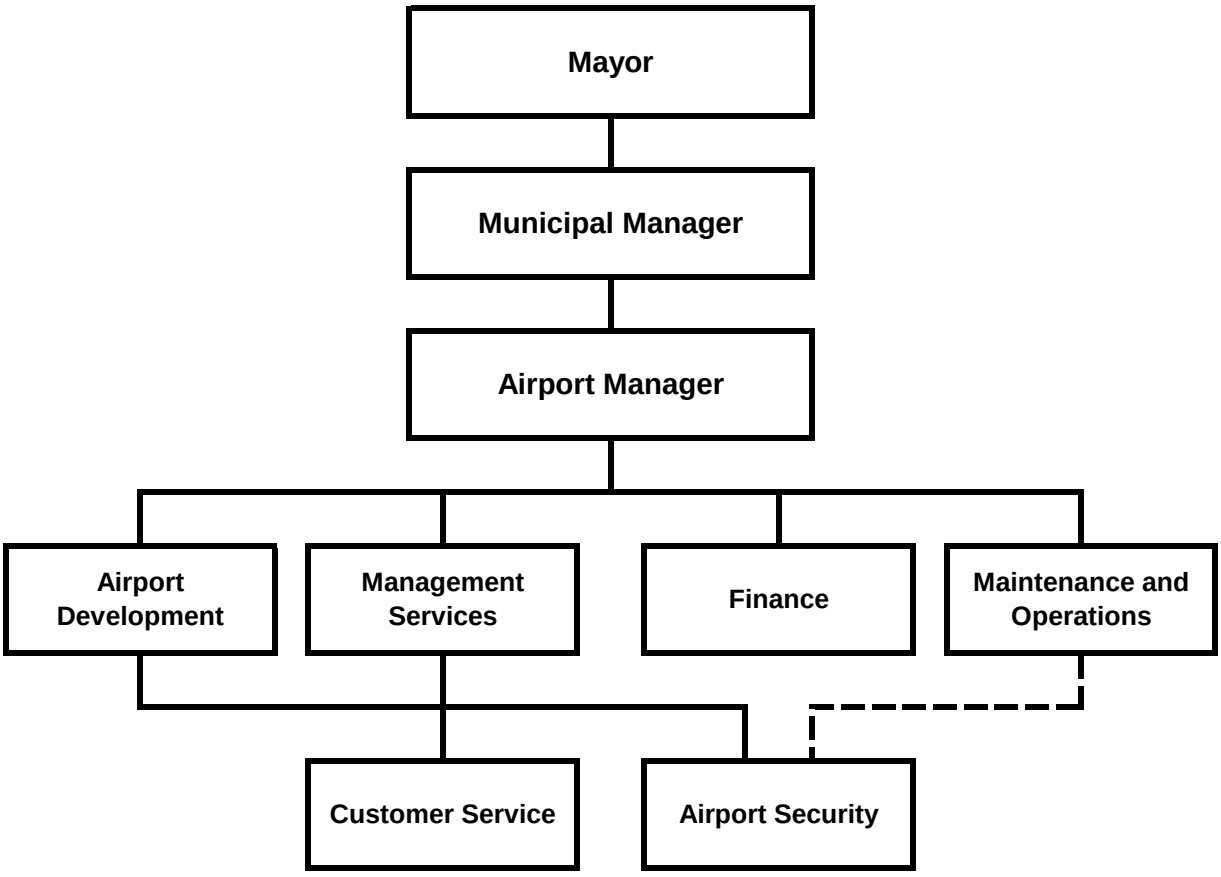
# Merrill Field Airport



# Merrill Field Airport
# Organizational Overview

Merrill Field Airport (MRI) is functionally structured as a single department. Department personnel include the Airport Manager and four office staff, plus four maintenance personnel.

The Airport Manager is responsible for overall management, airport operations, risk mitigation, and operational tone/policies/direction of the Airport. The Airport Manager is also the primary point of contact with the Federal Aviation Administration (FAA) regarding capital and airport planning, operations, and capital development, as well as the MRI spokesman in representations to the media.

*Figure 1. Merrill Field Airport Runway*

The Administrative staff conducts the day-to-day operation of the Airport. This includes property management and servicing of leasehold and tie-down customers, as well as oversight/coordination of planning, design, and oversight of Airport infrastructure construction. All office staff are one deep and specialized, per job duties.

*Figure 2. Merrill Field Airport*

Maintenance personnel provide maintenance and operation of Airport facilities and equipment, as well as maintenance of all operating surfaces on the airport - runways, taxiways, roads, and aircraft tiedown areas that are not on leased property. Such responsibilities include snow removal, sanding, airfield maintenance, including coordination of Notices to Airmen (NOTAMs) and currency of the regularly updated and continuously broadcast Air Traffic Information Service (ATIS).

# MERRILL FIELD AIRPORT LOCATION MAP

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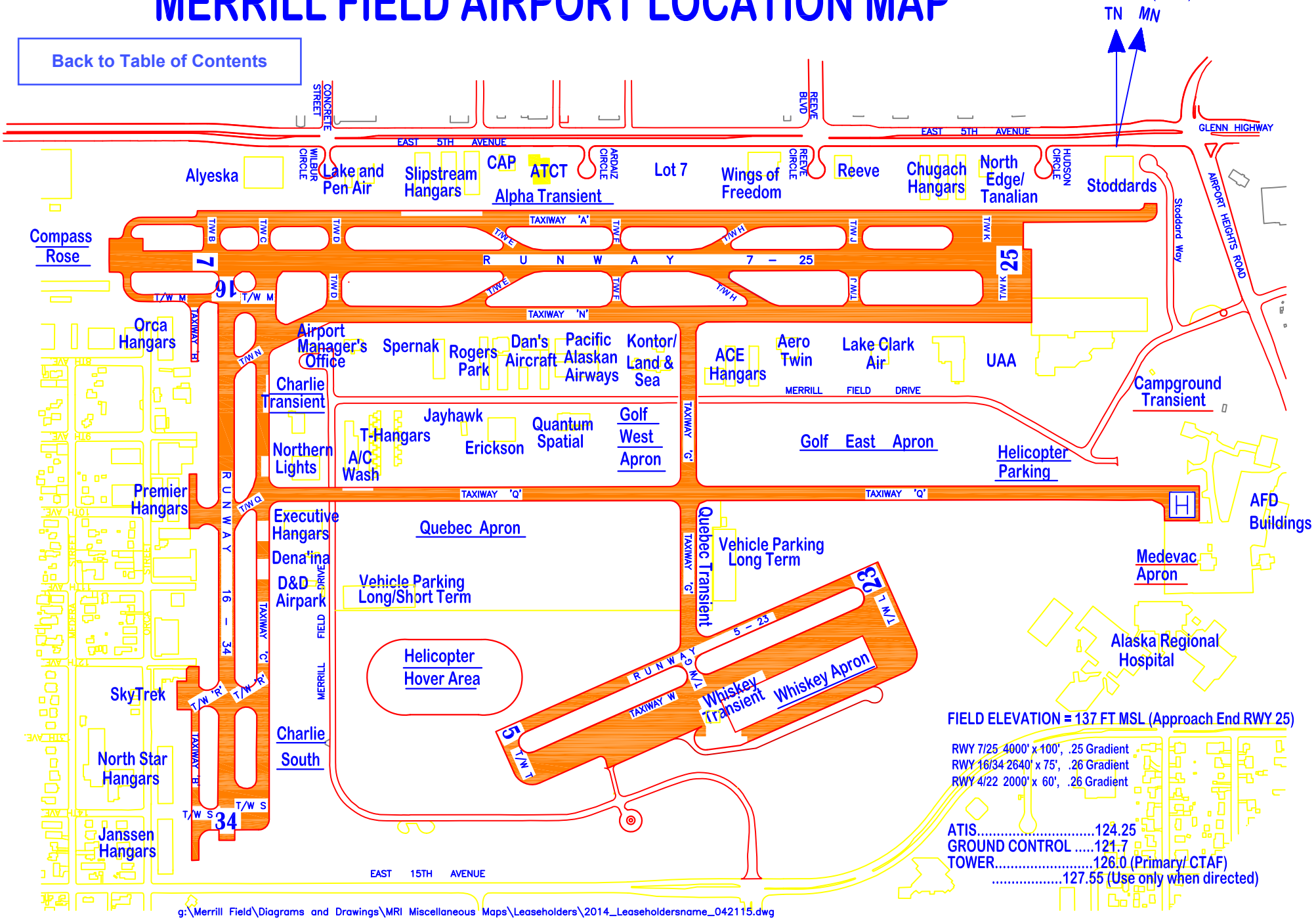


# Merrill Field Airport
# Business Plan

**Mission**
Merrill Field Airport (MRI) is committed to operating and maintaining a safe and efficient airport that meets the aviation and business needs of the community. New branding; “Welcome to Merrill Field-The gateway to Alaska’s Interior.”

**Services**
Merrill Field is a primary commercial service airport and serves as a general aviation reliever for Anchorage International Airport. Home base to ~8.8% of all aircraft registered in Alaska, Merrill Field was the 86th busiest airport in the nation in 2018. It was ranked 46th busiest airport of all general aviation (GA) airports with 151,400 annual operations. It is the second busiest airport in the state, second only to Ted Stevens.

**Business Goals**
- Enhance the Airport's role as the major general aviation transportation facility serving Anchorage and outlying areas within Alaska by providing services that promote and encourage use of the Airport by the general aviation community.
- Develop an overall Airport strategy, including leasing policies and pricing that attracts aviation support services and related businesses to Merrill Field and encourages long and short term private sector investments.
- Practice sound fiscal management to enable Merrill Field to increase its value, both to its customers and to its owner, the Municipality of Anchorage.
- Take advantage of new technologies to maximize the use and efficiency of available resources.
- Understand and be responsive to our customers to better meet their needs by providing the services and facilities they desire. This includes maintaining those facilities in a fully functional, efficient and safe condition by continually improving their utility, quality, and appearance.
- Maximize the use of Federal Airport Improvement Program (AIP) grants to provide facilities that will safely and adequately meet the needs of general aviation.
- Meet requisite Federal Aviation Administration (FAA) sponsor assurances resultant from AIP grant acceptance.
- Increase operating revenues through increased lease and parking rates, and the addition of new business enterprises.
- Decrease expenses caused leaseholder damage to airport infrastructure, i.e., $3500 security gates.

**Strategies to Achieve Goals**
Merrill Field’s strategic plan provides a framework to achieve results for the customer:
1. Maintain a proactive anti-noise policy, asking pilots to follow established noise-reducing practice, including implementation of a late night ‘Quiet Hours’ protocol that restricts Touch & Go operations to one take-off and one landing per pilot at MRI between the hours of 10PM and 7AM (local). Maintain a close working relationship and coordinate with the MRI FAA ATCT (Tower).
2. Maintain positive relations with neighboring Community Councils by encouraging their comments and actively addressing their concerns.
3. Work in close coordination with the Municipal Airports Aviation Advisory Commission, Fixed Based Operators, and Airport users.

4. Continue to aggressively seek and obtain FAA grant funding for the MRI Airport Capital Improvement Program.
5. Provide infrastructure to meet customer demand.
6. Maintain revenues at a level adequate to cover inflation, fund MOA and FAA mandated costs, and meet airport objectives by:
    a. increasing facility productivity.
    b. adjusting user fees and/or lease rates annually.
7. Minimize expenses by:
    a. Reducing or eliminating services where the impact is minimal.
    b. Employing economies of scale whenever possible.
    c. Deferring expenses, within practical limits.
    d. Performing functions in-house when cost-efficient to do so and workloads permit.
8. Take advantage of new technology:
    a. Continue refinement and enhancement of existing programs to facilitate better data resource management, including enabling fiber optic cabling and surveillance cameras airport-wide.
    b. Continue replacing computer hardware, as required, to ensure the efficient processing of data.
9. Maintain database and management reporting capabilities.
10. Maintain runways, taxiways, and tie-down aprons in a safe and secure condition.
11. Expeditiously and systematically remove snow from airport surfaces. Ensure Notices to Airmen (NOTAMs) and Air Traffic Information Service (ATIS) are both proactive, accurate, and current.
12. Continue long term planning, development, and construction of quality airport facilities through the Airport Master Plan process.
13. Provide technical assistance to lessees on issues associated with federally mandated environmental programs.
14. Endeavor to reduce the number of runway incursions (Vehicle-Pedestrian Deviations or VPDs).
15. Manage and develop Orca Street properties to maintain and maximize lease rental revenue.
16. Pursue development of new lease lots and encourage development of commercial aviation facilities on current leaseholds.
17. Perform asphalt crack sealing of runways/taxiways/apron areas to extend the life expectancy of these surfaces.
18. Fund pre-grant expenses for engineering services on grant-eligible projects.
19. Enhance the utility of existing tiedown aprons, taxiways, and roadways.
20. Expand aircraft aprons and taxiways as needed to meet demand.
21. Actively market Airport facilities and services.
22. Acquire planned acquisition of identified parcels southwest of the Runway 16/34 safety area to ensure compatible land use as listed on the master plan.
23. Identify high priority projects to be included in the FAA 5-Year Airport Capital Improvement Plan (ACIP), thereby helping Merrill Field to more effectively compete nationally for AIP grant funds.
24. Secure engineering services for project preliminary design, final design, contract specifications, bid award, and construction supervision.
25. Solicit bids for “Millionaire” style fixed based operator (FBO) with flight school, restaurant, pilot lounge, and flight planning facilities.
26. Pursue increased landing weights to encourage small business jets to use MRI , thereby increasing our Jet A fuel sales.

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

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

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

# Merrill Field Airport

*Anchorage: Performance. Value. Results.*

## Mission

Safely 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

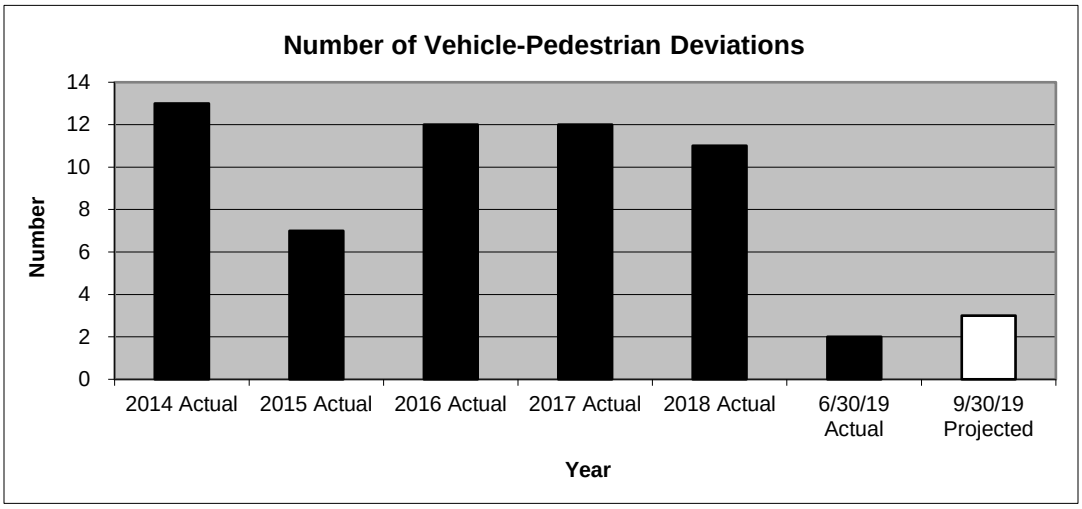
- Reduce the number of vehicle-pedestrian deviations (VPDs) - unauthorized entry into restricted areas.
- Provide sufficient aircraft parking area and business lease space to meet public demand.
- Repair and improve surface conditions on all Runway operating surfaces with a Pavement Condition Index (PCI) 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:

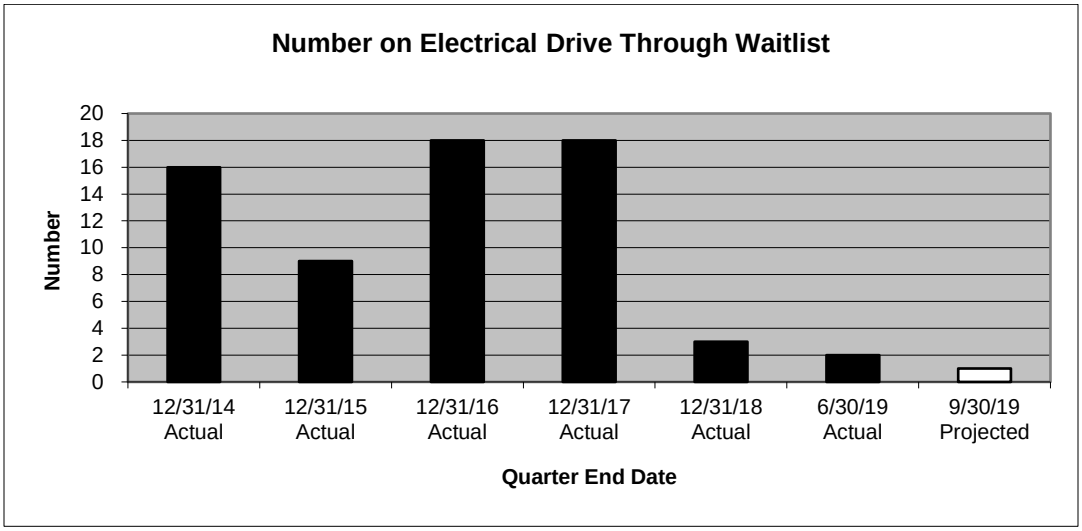
**Measure #1: Number of Vehicle-Pedestrian Deviations (VPDs)**

| 2018 Actual | 6/30/19 Actual | 9/30/19 Projected |
|---|---|---|
| 11 | 2 | 3 |



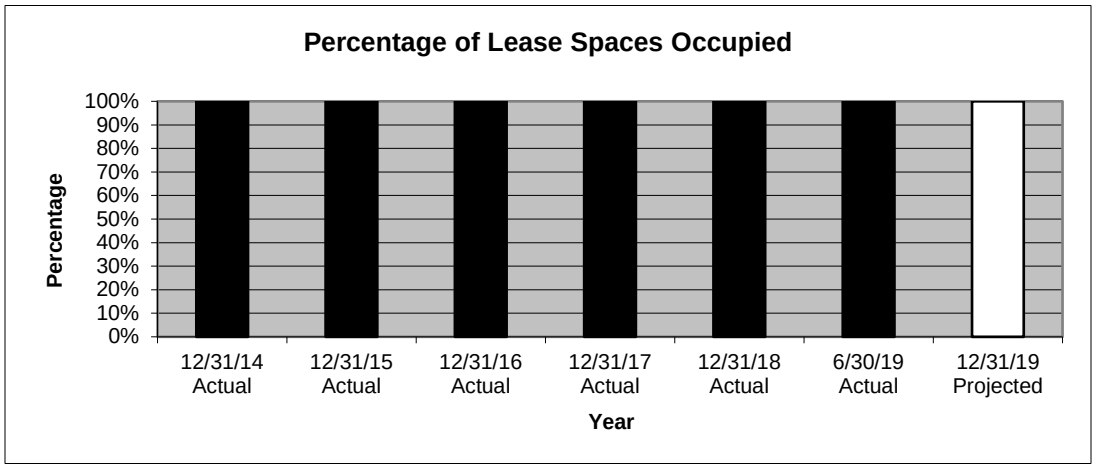
**Measure #2: Number of unfulfilled requests for aircraft parking space – Electrical Drive Through**

| 12/31/18 Actual | 6/30/19 Actual | 9/30/19 Projected |
|---|---|---|
| 3 | 2 | 1 |



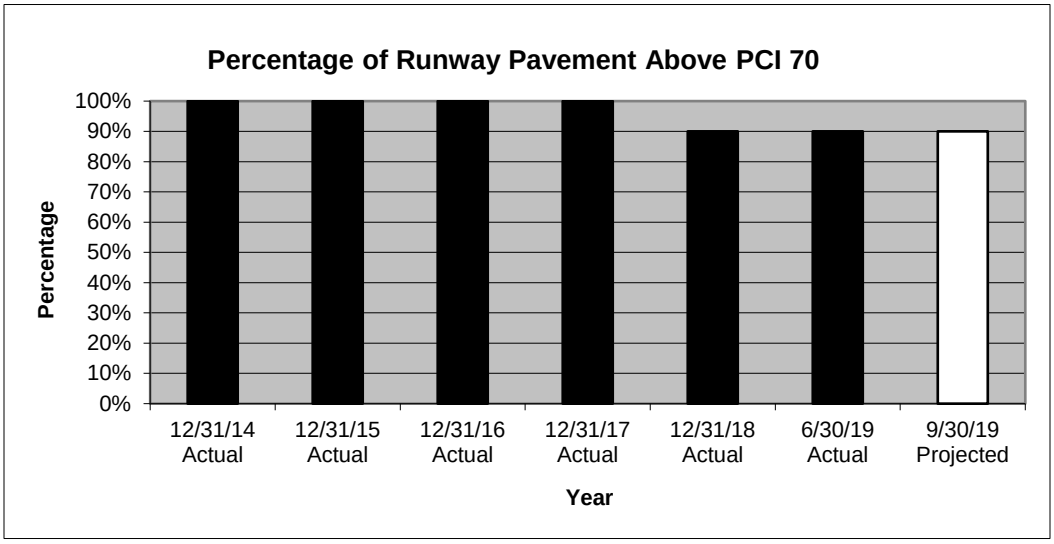

**Measure #3: Percentage of lease spaces currently leased**

| 12/31/18 Actual | 06/30/19 Actual | 12/31/19 Projected |
|---|---|---|
| (54/54) | (55/55) | (55/55) |
| 100.00% | 100.00% | 100.00% |



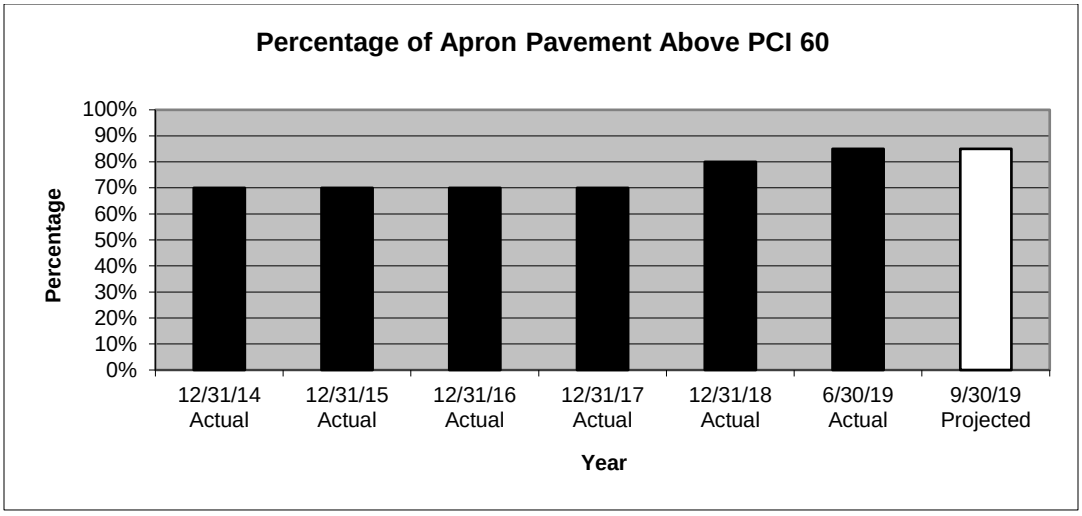
**Measure #4: Percent of runway pavement above the minimum PCI value of 70**

| 12/31/18 Actual | 6/30/19 Actual | 9/30/19 Projected |
|---|---|---|
| 100% | 90% | 90% |



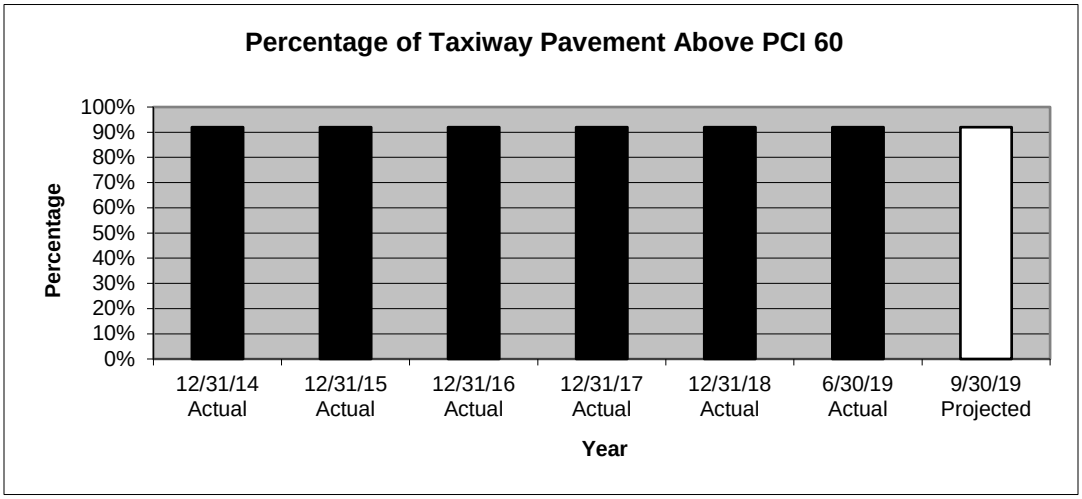

**Measure #5: Percent of apron pavement above the minimum PCI value of 60**

| 12/31/18 Actual | 06/30/19 Actual | 9/30/19 Projected |
|---|---|---|
| 80% | 85% | 85% |



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

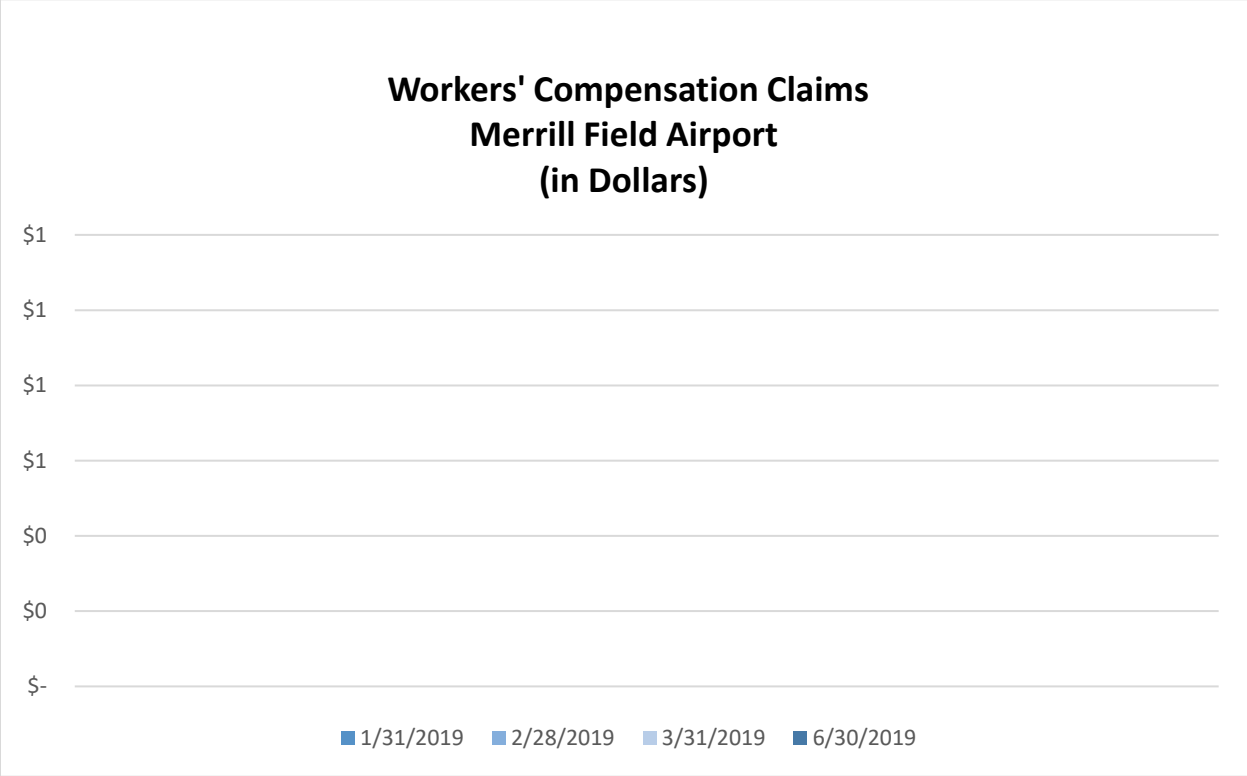
| 12/31/18 Actual | 6/30/19 Actual | 9/30/19 Projected |
|---|---|---|
| 92% | 92% | 92% |



**PVR Measure WC: Managing Workers' Compensation Claims**

Reducing job-related injuries is a priority for the Administration by ensuring safe work conditions and safe practices. By instilling safe work practices, we ensure not only the safety of our employees but reduce the potential for injuries and property damage to the public. The Municipality is self-insured and every injury poses a financial burden on the public and the injured worker's family. It just makes good sense to WORK SAFE.

Results are tracked by monitoring monthly reports issued by the Risk Management Division.



# Merrill Field Airport
# Highlights and Future Events

Merrill Field (MRI) continues to develop its economic revitalization program through cooperative efforts of the business owners, airport management, and surrounding communities. Between 2015 and 2018, private development has invested over $17 million in constructing twenty-one new aviation related facilities plus remodeling existing hangars, parts facilities, and renovations, substantially adding to MOA tax revenues. Additionally, during the same period, the Federal Aviation Administration (FAA) invested $37.8M in airport infrastructure and MOA's economy.

2019 capital improvement projects include:
1) Taxiway C lighting and signage design and construction
2) Reconstruct Primary Access Road design for Merrill Field Drive
3) Conduct Miscellaneous Planning Study (RIM issues and ALP update).
This represents a significant reduction to the previous plan for 2019. There are two primary drivers behind this change: first, MRI has proposed to begin setting aside reserve funds for future FAA matching funds requirements or to pay off loans early, and second, the FAA/Merrill/MAAAC reprioritized the Reconstruct Primary Access Road project.

2020 projects include:
1) The construction portion of the Reconstruct Primary Access Road for Merrill Field Drive based on 2019 design work
2) The design and construction of the safety and security projects.

# Merrill Field Airport
# External Impacts

Merrill Field Airport (MRI) is classified as a Primary Non-Hub airport that also serves as a general aviation reliever airport to Ted Stevens Anchorage International Airport (ANC). With approximately 151,400 flight operations per year, MRI is the major general aviation link between Anchorage and surrounding rural communities. With over 50 aviation businesses and 830+ based aircraft, MRI provides a positive economic impact to Anchorage. Approximately 16% of all flight operations in Alaska are at or out of MRI.

The MRI Economic Impact brochure, completed as part of the ongoing Airport Master Plan, highlighted the economic and community benefits of the Airport, which noted that MRI is responsible for approximately 600 direct, indirect, and induced in-state jobs, and that four air taxi operators are based here, including one that provides non-stop service from MRI to Prudhoe Bay! There are two rotorcraft flight schools and now five fixed wing flight schools on MRI.

MRI is one of the few airports in the nation that has a taxiway link connecting directly to a hospital (Alaska Regional). Medevac aircraft land and taxi directly to the hospital and the patient is literally transferred from the aircraft onto a gurney and wheeled into the hospital emergency room. This service saves valuable minutes in critical situations and it is regularly utilized.

MRI continues to pursue federal airport grant funds for all grant-eligible capital improvement projects by working with federal grant managers to secure all available grant funding as it becomes available. These funds are used to develop/continue its economic revitalization program through cooperative efforts of the business owners, airport management, and surrounding communities.

Since its beginning in 1930 when MRI was built on the outskirts of Anchorage, MRI has become encroached by residential and commercial development. As a result, the airfield layout is geometrically constrained without taxiway separation from individual leasehold apron areas, which effectively makes MRI taxiways apron edge taxi-lines. This apron-edge taxi-lane configuration easily enables vehicles to inadvertently trespass onto the adjacent taxiway thereby creating a Vehicle-Pedestrian Deviation (VPD).

To address this, in our MRI Runway Safety Program we have implemented operational procedures and provided numerous capital improvements in an effort to curb this trespass problem. Further, reconfiguration of apron-edge taxi-lanes (better delineation and the installation of taxiway lighting) has been proposed to Federal Aviation Administration (FAA) and will be pursued for north side Taxiway Alpha. Through cooperative efforts of Airport leaseholders and implementation of our Driver Training Program, there has been a dramatic decrease in trespass incidents, from the historic number in the hundreds to 19-or-less per year over the past decade. Our ongoing goal is to improve Airport fencing and perimeter/gate security, continue education of and utilize support of the Airport leaseholders and businesses to make VPDs the exception rather than a periodic occurrence.

MRI noise complaints have also dramatically decreased since implementing a “Fly Friendly” program that includes a revised standard protocol for all rotorcraft Touch & Go operations, emphasizing the use of Runway 34 only when the wind is out of the north or south; landing long

(further down the runway); using steeper ascent and descent angles, to the degree practicable; and using Bryant Army Airfield (on Joint Base Elmendorf-Richardson (JBER)) for rotorcraft training, when it is available. A “Quiet Hours” program that allows only one take off and one landing per aircraft at MRI between the hours of 10PM and 7AM (local) is also being implemented to discourage repetitive Touch & Go ops during these hours, which operations have significant noise impacts on neighboring communities (if an operator wants to conduct Tough & Go’s during these times, they can do so elsewhere at other southcentral airports, such as ANC, LHD, Wasilla, Palmer, etc.).

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# Merrill Field Airport
# Workforce Projections

| Division | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|
| Airport Manager | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Airport Development | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Finance | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Management Services | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Maintenance Technicians | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| **Total Full Time** | **9** | **9** | **9** | **9** | **9** | **9** | **9** | **9** |
| Part-time/Temporary | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| **Total Part Time** | **2** | **2** | **2** | **2** | **2** | **2** | **2** | **2** |
| **Total Positions** | **11** | **11** | **11** | **11** | **11** | **11** | **11** | **11** |
| **Total FTE** | **9.5** | **9.5** | **9.5** | **9.5** | **9.5** | **9.5** | **9.5** | **9.5** |

Merrill Field will hire up to three temporary seasonal employees for 3 months each summer, depending upon the impact of the previous winter's ops expenses experienced.

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# Merrill Field Airport
## 8 Year Summary
**($ in thousands)**

| Financial Overview | 2018 Actuals | 2019 Proforma | 2020 Proposed | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|
| | | | | Forecast | | | | |
| Revenues | 1,735 | 1,728 | 1,999 | 2,001 | 2,003 | 2,005 | 2,007 | 2,009 |
| Expenses (1) | 5,941 | 4,809 | 5,096 | 5,101 | 5,106 | 5,111 | 5,116 | 5,122 |
| **Net Income (Loss)** | **(4,206)** | **(3,081)** | **(3,097)** | **(3,100)** | **(3,103)** | **(3,106)** | **(3,109)** | **(3,113)** |
| (1): Expenses shown include all depreciation, including depreciation on assets purchased with grant funds. | | | | | | | | |
| Budgeted Positions | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Capital Improvement Program | 10,750 | 3,281 | - | - | - | - | 1,000 | 3,000 |
| Bond Sales | - | - | - | - | - | - | - | - |
| Net Plant (12/31) | 84,422 | 84,998 | 82,227 | 78,756 | 75,196 | 71,797 | 69,507 | 69,230 |
| Net Assets (12/31) | 112,503 | 112,703 | 109,606 | 106,506 | 103,403 | 100,297 | 98,188 | 98,075 |
| Cash and Cash Equivalents | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Construction Cash Pool | - | - | - | - | - | - | - | - |
| Bond Redemption Cash | - | - | - | - | - | - | - | - |
| **Total Cash** | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Charges by/to Other Departments | 326 | 396 | 215 | 219 | 223 | 227 | 232 | 237 |
| Transfers (MESA) | 45 | 54 | 59 | 60 | 55 | 52 | 50 | 48 |
| Total Debt | - | - | 64 | 80 | 80 | 80 | 80 | 80 |
| Debt/Equity Ratio | 0/100 | 0/100 | 0/100 | 0/100 | 0/100 | 0/100 | 0/100 | 0/100 |
| Rate Change Percent | 0.0% | -0.5% | 12.0% | 3.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| **Lease Rate/Square Foot/Year** | $0.208 | $0.208 | $0.240 | $0.250 | $0.250 | $0.250 | $0.250 | $0.250 |
| Tail-In Space/Month | $60 | $60 | $70 | $70 | $70 | $70 | $70 | $70 |
| Drive-Through Space/Month | $70 | $70 | $80 | $80 | $80 | $80 | $80 | $80 |
| **Statistical/Performance Trends** | | | | | | | | |
| Based Aircraft | 826 | 826 | 826 | 826 | 826 | 826 | 826 | 826 |
| Municipal Tiedowns | 529 | 529 | 529 | 529 | 529 | 529 | 529 | 529 |
| Flight Operations/Year | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 |
| National Airport Ranking by Yr | 86th | 86th | 86th | 86th | 86th | 86th | 86th | 86th |

MESA - Municipal Enterprise Service Assessment

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# Merrill Field Airport
## Statement of Revenues and Expenses

| | 2018 Actuals | 2019 Proforma | 2019 Revised | 20 v 19 $ Change | 2020 Proposed | 20 v 19 % Change |
|---|---|---|---|---|---|---|
| **Operating Revenue** | | | | | | |
| Airport Lease Fees | 699,263 | 703,000 | 703,000 | 97,000 | 800,000 | 13.8% |
| Airport Property Rental | 349,654 | 314,000 | 528,000 | (169,000) | 359,000 | -32.0% |
| Permanent Parking Fees | 260,751 | 270,000 | 278,000 | 29,000 | 307,000 | 10.4% |
| Transient Parking Fees | 14,728 | 9,000 | 9,000 | 5,500 | 14,500 | 61.1% |
| Vehicle Parking | 51,109 | 50,000 | 49,000 | 27,000 | 76,000 | 55.1% |
| MOA Aviation Fuel Fees | 79,180 | 62,000 | 68,000 | 33,000 | 101,000 | 48.5% |
| SOA Aviation Fuel Fees | 20,165 | 18,000 | 18,000 | 6,000 | 24,000 | 33.3% |
| Medevac Taxiway Fees | 53,214 | 52,000 | 52,000 | 6,000 | 58,000 | 11.5% |
| Other Revenue | 41,861 | 20,000 | 10,000 | 70,000 | 80,000 | 700.0% |
| **Total Operating Revenue** | **1,569,925** | **1,498,000** | **1,715,000** | **104,500** | **1,819,500** | **6.1%** |
| **Non Operating Revenue** | | | | | | |
| Operating Grant Revenue | 155,794 | 157,368 | - | 158,942 | 158,942 | 0.0% |
| Unrealized Gain/(Loss) on Investments | - | 20,000 | 20,000 | (20,000) | - | -100.0% |
| Interest Income | (4,881) | 40,000 | 40,000 | (34,000) | 6,000 | -85.0% |
| Other Revenue | 13,966 | 13,000 | 13,000 | 2,000 | 15,000 | 15.4% |
| **Total Non Operating Revenue** | **164,879** | **230,368** | **73,000** | **106,942** | **179,942** | **146.5%** |
| **Total Revenue** | **1,734,804** | **1,728,368** | **1,788,000** | **211,442** | **1,999,442** | **11.8%** |
| **Operating Expense** | | | | | | |
| Labor | | | | | | |
| Salaries and Benefits | 959,255 | 1,067,168 | 906,713 | 256,992 | 1,163,705 | 28.3% |
| Overtime | 8,819 | 8,500 | 12,000 | - | 12,000 | 0.0% |
| Total Labor | 968,074 | 1,075,668 | 918,713 | 256,992 | 1,175,705 | 28.0% |
| Non Labor | | | | | | |
| Non Labor | 434,342 | 577,410 | 586,000 | (43,000) | 543,000 | -7.3% |
| Travel | - | - | - | - | - | 0.0% |
| Transfers (MESA and Gross Receipts) | 45,431 | 54,021 | 45,431 | 13,463 | 58,894 | 29.6% |
| Depreciation and Amortization | 4,167,423 | 2,706,321 | 2,771,000 | 269,321 | 3,040,321 | 9.7% |
| Total Non Labor | **4,647,196** | **3,337,752** | **3,402,431** | **239,784** | **3,642,215** | **7.0%** |
| **Total Direct Cost** | **5,615,270** | **4,413,420** | **4,321,144** | **496,776** | **4,817,920** | **11.5%** |
| Charges to Other Departments | (294,960) | (294,960) | (375,960) | (100,000) | (475,960) | 26.6% |
| Charges by Other Departments | 620,830 | 691,171 | 676,226 | 14,378 | 690,604 | 2.1% |
| **Total Operating Expense** | **5,941,140** | **4,809,631** | **4,621,410** | **411,154** | **5,032,564** | **8.9%** |
| **Non Operating Expense** | | | | | | |
| Financing Costs on Short-Term Obligations | - | - | 172,756 | (108,763) | 63,993 | 0.0% |
| **Total Non Operating Expense** | **-** | **-** | **172,756** | **(108,763)** | **63,993** | **0.0%** |
| **Total Expense (Function Cost)** | **5,941,140** | **4,809,631** | **4,794,166** | **302,391** | **5,096,557** | **6.3%** |
| **Net Income (Loss)** | **(4,206,336)** | **(3,081,263)** | **(3,006,166)** | **(90,949)** | **(3,097,115)** | **3.0%** |
| **Appropriation:** | | | | | | |
| **Total Expense** | | | **4,794,166** | **302,391** | **5,096,557** | |
| Less: Non Cash Items | | | | | | |
| Depreciation and Amortization | | | 2,771,000 | 269,321 | 3,040,321 | |
| Total Non-Cash | | | 2,771,000 | 269,321 | 3,040,321 | |
| **Amount to be Appropriated (Cash Expense)** | | | **2,023,166** | **33,070** | **2,056,236** | |

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# Merrill Field
## Reconciliation from 2019 Revised Budget to 2020 Proposed Budget

| | Appropriation | Positions FT | PT | T |
|---|---|---|---|---|
| **2019 Revised Budget** | 4,794,166 | 9 | 2 | - |
| **Transfers by/to Other Departments** | | | | |
| - Charges by Other Departments | (85,622) | - | - | - |
| **Debt Service Charges** | | | | |
| - Debt Service | (108,763) | - | - | - |
| **Changes in Existing Programs/Funding for 2020** | | | | |
| - Salaries and Benefits Adjustments | 256,992 | - | - | - |
| - Depreciation | 269,321 | - | - | - |
| - Municipal Enterprise Service Assessment (MESA) | 13,463 | - | - | - |
| **2020 Continuation Level** | **5,139,557** | **9** | **2** | **-** |
| **2020 Proposed Budget Changes** | | | | |
| - Adjust Non Labor to Spend | (43,000) | - | - | - |
| **2020 Proposed Operating Budget** | **5,096,557** | **9** | **2** | **-** |
| **2020 Budget Adjustment for Accounting Transactions (Appropriation)** | | | | |
| - Depreciation and Amortization | (3,040,321) | - | - | - |
| **2020 Proposed Budget (Appropriation)** | **2,056,236** | **9** | **2** | **-** |

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# Merrill Field Airport
## 2020 - 2025 Capital Improvement Program
**(in thousands)**

| Project Category | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Total |
|---|---|---|---|---|---|---|---|
| Buildings and Equipment | - | - | - | - | 1,000 | - | 1,000 |
| Runways and Taxiways | - | - | - | - | - | 3,000 | 3,000 |
| **Total** | **-** | **-** | **-** | **-** | **1,000** | **3,000** | **4,000** |

| Funding Source | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Total |
|---|---|---|---|---|---|---|---|
| Federal Grants | - | - | - | - | 938 | 2,813 | 3,750 |
| Equity/Operations | - | - | - | - | 63 | 188 | 250 |
| **Total** | **-** | **-** | **-** | **-** | **1,000** | **3,000** | **4,000** |

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# Merrill Field Airport
# 2020 Capital Improvement Budget
**(in thousands)**

| Project Title | Federal Grants | State Grants | Equity/ Operations | Total |
|---|---|---|---|---|
| Merrill Field has no requests for 2020, previously approved funding sources will be managed toward achieving a healthy equity. | | | | |
| **Total** | **-** | **-** | **-** | **-** |

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# Merrill Field Airport
## Statement of Cash Sources and Uses

| | 2018 Actual | 2019 Proforma | 2020 Proposed |
|---|---|---|---|
| **Sources of Cash Funds** | | | |
| Net Income/(Loss) | (2,884,015) | (2,691,230) | (3,097,115) |
| Depreciation | 2,760,158 | 2,706,321 | 3,040,321 |
| Capital Contributions | 14,078,037 | 11,666,402 | 12,872,220 |
| Proceeds from Disposal of Capital Assets | - | - | - |
| Interest Received | (4,881) | (129,426) | (120,000) |
| **Total Sources of Cash Funds** | **13,949,299** | **11,552,067** | **12,695,426** |
| **Uses of Cash Funds** | | | |
| Additions to Plant/Construction Work in Progress | (11,914,710) | (82,220) | 3,478,737 |
| Transfers to Other Funds | (45,431) | (54,021) | 67,484 |
| **Total Uses of Cash Funds** | **(11,960,141)** | **(136,241)** | **3,546,221** |
| Net Increase (Decrease) in Cash Funds | - | - | - |
| Cash Balance, January 1 | 200 | 200 | 200 |
| **Cash Balance, December 31** | **200** | **200** | **200** |
| **Detail of Cash and Investment Funds** | | | |
| Cash and Cash Equivalents | 200 | 200 | 200 |
| Equity in Construction Cash Pool | - | - | - |
| **Cash Balance, December 31** | **200** | **200** | **200** |

# About Merrill Field Airport

**Organization**
Five office staff manage the operational and financial affairs of Merrill Field Airport (MRI), and four maintenance personnel, with two-three summer seasonals, provide maintenance for 8 airport buildings and 437 acres of property. The maintenance function includes all operating surfaces of the airport –three 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**
MRI, established in 1930 and located one mile east of downtown Anchorage, was the first real airport in Alaska and in Anchorage, and served as the primary airport for South Central Alaska until Anchorage International Airport opened in 1954. 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. The three letter Federal Aviation Administration (FAA) designator for Merrill Field is MRI; the International Air Transport Association (IATA) also designates Merrill Field as MRI; and the International Civil Aviation Organization (ICAO) designates Merrill Field as PAMR.

Today, MRI is classified as a "Non-Hub Primary Commercial Service Airport" and effectively serves as a general aviation reliever airport to Ted Stevens Anchorage International Airport. MRI is presently restricted to aircraft weighing 12,500 pounds or less.

MRI continues to be an integral part of Alaska's transportation network. Over the past several years aircraft operations have varied between 125,000 and 130,000 and based aircraft varied between 800 and 900; 2018 based aircraft numbered about 826.

**Service**
Merrill Field serves as the general aviation link between Southcentral Alaskan communities, rural areas, and Anchorage. Intrastate air traffic to and from Anchorage, with many passengers destined for the downtown and midtown areas, is conveniently served by MRI.

Some of the many services provided at MRI 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; a fully accredited University of Alaska Aviation Technology Division campus offering Baccalaureate/Associate degree and A&P License programs in piloting and aviation management; and direct Medevac taxiway connection to Alaska Regional Hospital.

**Regulation**
Merrill Field is a non-Part 139 certificated public airport that is required to meet most FAA and all Municipal regulations. Additionally, the Municipal Airports Aviation Advisory Commission advises and makes recommendations to the Anchorage Administration and Assembly on all matters pertaining to the operating budget, rules, regulations, and administrative guidelines at Merrill Field.

**Environmental and Other Mandates**
There are many federally mandated programs which have a direct impact on the Airport's operating costs. The Clean Water Act, Civil Rights 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. Approximately 42% of the MRI airfield land mass is atop the former Anchorage Municipal landfill, which was closed in 1987. As a result of this residual underlying trash mass, significant environmental challenges and additional development costs exist for airfield development and construction.

**Physical Plant**
Primary Commercial Service Airport
- Hub for intra-Alaska air travel
- Located one mile from downtown Anchorage
- Serves as General Aviation reliever for Ted Stevens Anchorage International Airport
- Restricted to aircraft weighing 12,500 pounds or less (Larger with Prior Permission Required (PPR) allowed for maintenance and airshows at the discretion of the airport manager.)
- 437 acre land area; elevation 137 feet; fee simple title
- 1,193 tiedown spaces; leaseholders manage 664; Municipality manages 529, including 53 for transient aircraft
- Runway 7/25 length/width is 4,000' x 100'; Runway 16/34 is 2,640' x 75'; Gravel/Ski Runway 5/23 is 2,000' x 60'
- Six taxiways; 102 acres of tiedown aprons
- Air Traffic Control Tower owned, operated, and staffed by FAA

Merrill Field Airport Statistics for 2018
- 86$^{th}$ Busiest Airport in the Nation
- 151,400 flight operations at MRI, 15.93% of the 818,707 total flight ops in Alaska
- 826 registered aircraft based at MRI, ~8.8% of the 9,401 total in Alaska
- 7,933 certificated pilots in Alaska
- 54 leaseholders lease 3,379,984 square feet of airport property with tenant improvements assessed at $28,694,197
- 25 rental properties
- Approximately 50 aviation related businesses operate on the airport
- 425 transient aircraft stayed a total of 2,935 days in 2018
- Approximately 1,018,308.9 gallons of fuel were sold in 2018
- Five fixed wing and two rotorcraft flight schools at MRI

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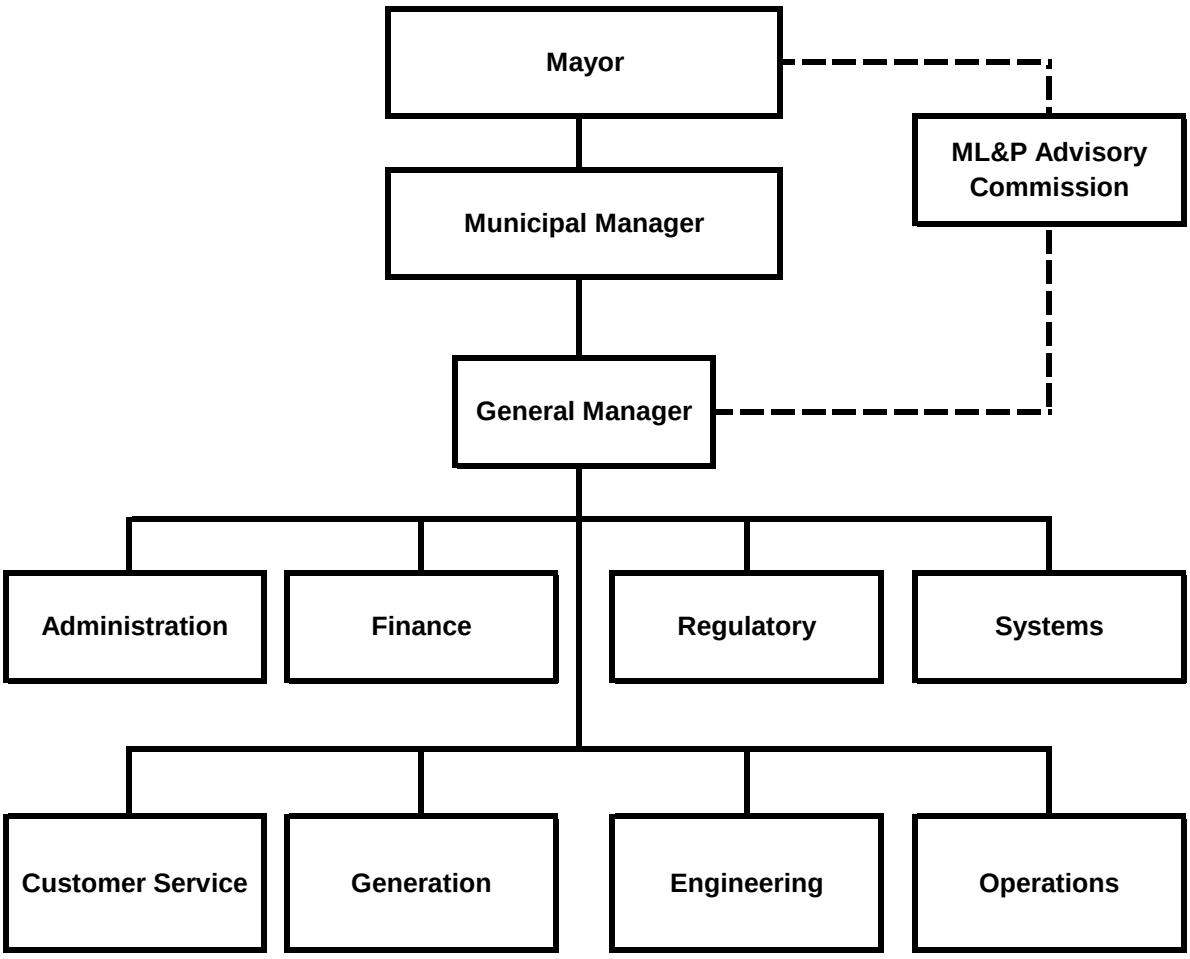
# Municipal Light & Power



# Municipal Light & Power
# Organizational Overview

## General Manager's Office

The General Manager is responsible for the overall management of Municipal Light & Power (ML&P). ML&P is functionally structured into eight operating divisions: Administration, Generation, Engineering, Operations, Finance, Customer Service, Regulatory Affairs, and Systems. Each division manager reports directly to the General Manager. The General Manager and Division Managers are responsible for coordinating both the strategic planning efforts and the efficient application of resources necessary to achieve ML&P's mission.

## Administration Division

The Administration Division provides support to the General Manager. Functions carried out by the Administration Division include: human resources, safety, security, public relations, environmental, telephone switchboard/receptionist duties, and courier/mailroom operations.

*Figure 1. ML&P Plant 2A Main Building Dynamic Mural, "Cosmic Rise"*

## Generation Division

The Generation Division is responsible for the production of all thermal electricity at ML&P and the Eklutna Hydroelectric plant.

This includes operation, maintenance, engineering, and installation of equipment used in conjunction with the three Municipally-owned electric power plants. The division also provides full spectrum maintenance and support for the Eklutna Hydroelectric Power Plant (ML&P owns 53%), the Southcentral Power Plant (SPP) (ML&P owns 30%).

The **Generation Plant Operators** operate the turbines as required by the dispatch center. The operator's primary function is to monitor and respond to equipment alarms and trips. This is done on a 24-hour basis. The operators coordinate lock-out/tag-out safety procedures in the plant when equipment is taken out of service for maintenance.

The **Heavy Mechanical** crew performs overhauls and major maintenance of power production equipment. This experienced crew is trained to disassemble large industrial turbines, evaluate their condition and make necessary repairs.

The **Electric/Electronic** section provides maintenance and installation of all instrumentation, which includes generation control and protective systems, supervisory control and data acquisition systems (SCADA), general plant electrical systems, and other related plant and construction work.

The **Eklutna** hydroelectric plant is managed by a ML&P Superintendent but operated by a Chugach Electric Association (CEA) Operator. Plant electrical production and costs are shared between ML&P, CEA, and Matanuska Electric Association (MEA) based on a predetermined percentage of ownership.

The **Generation Warehouse** section maintains an inventory of critical spare parts for the generation division.

**Engineering Division**

The Engineering Division is responsible for the planning, budgeting, design, coordination, and construction of transmission and distribution facilities that are required to provide consumers with safe and reliable electrical power.

The **Engineering Support** section is responsible for ML&P's Geographic Information System (GIS), rights-of-way acquisition of easements/permits/lands and record keeping, land surveying and project staking, underground locates, support, administration, and Autodesk utility design (AUD) encompassing ML&P's electronic engineering design workflow. The section is also responsible for the continuing property/facility records, computer aided drafting (CAD), mapping, and the professional services contract administration as related to these responsibilities.

This section is also responsible to provide and develop tools to maintain the GIS, streamline engineering business processes using workflows and technology to increase efficiency, and maintain the integrity and accuracy of ML&P's design and asset data.

The **Station Design, System Protection and System Planning** section prepares complete substation and switchyard design packages, implements all the distribution and transmission system protection, conducts transmission and distribution load flow studies, performs distribution system fault and failure analyses, purchases substation equipment, and is responsible for the annual transformer distribution order, prepares specifications and contract documents, and procures construction contracts.

In addition, conducts distribution system normal studies and transmission system load flow studies, prepares substation construction standards and provides technical support to other sections and divisions for system upgrades; performs distribution system fault analyses, protective devices coordination and coordinates with other intertie utilities for transmission protection and transmission line improvements.
Additional Tasks:

- Construction and Material standards
- Substation construction inspection/field engineering
- 10-Year Plan studies
- Arc-Flash Studies

The **Transmission/Distribution Line Design and Customer Engineering** sections are responsible for the design of major system improvements, relocations, pole replacement applications, undergrounding, and line extensions of the transmission and distribution systems. These sections also approve customer interconnection generation applications; and provides engineering services to new customers, including new service line extension design, minor customer service, and non-ML&P construction project reviews. They perform National Electric Safety Code (NESC) safety compliance assessments, update material specifications, prepare new and update construction standards and construction methods, develop standards and maintenance methods, evaluate material bids, prepare and administer the "unit price" construction contract and other project construction contracts, and do other special projects. They coordinate with other Municipal departments, governmental agencies, community organizations and other utilities.

**Operations Division**

The Operations Division oversees the construction, maintenance, and operation of the transmission and distribution systems, administration of contracts and contractors, facility maintenance, fleet and equipment maintenance, and warehousing of required material. The Power Management section is responsible for dispatch of all thermal electricity at ML&P and the dispatch of the Eklutna Hydroelectric plant.

*Figure 2. ML&P Lineman*

The **Line Section** is responsible for the construction and maintenance of the transmission and distribution systems. This section also provides cut-in/cut-out assistance for the Customer Service Division and switching services as directed by the Generation and Power Management Division.

The **Technical Services** section provides services associated with electrical metering and substation maintenance including installation, calibration and testing of circuit breakers, relays, meters, transformers, and SCADA equipment.

The **Fleet Services** section provides pre-purchase technical specifications, preventive and nonscheduled maintenance of all utility rolling stock, miscellaneous equipment, and hot line tools.

The **Electrical Services** section provides testing, repairs and tracking of transformers, facility maintenance and associated contract administration, as well as management of ML&P's Polychlorinated Biphenyls (PCB)/Hazardous materials testing and disposal program.

The **Warehouse** section is responsible for receipt, storage and issuance of construction and maintenance material for Engineering and Operations. They also provide support to other divisions in processing purchase requisitions, including change orders and receiving goods.

The **Radio Shop** section is responsible to support process control and internal communications for all ML&P divisions. They work closely with MOA general government communications shop to provide adequate and interoperable two-way radio communications for ML&P and fulfill service contracts in support of wireless communications for Municipal Enterprise Activities (AWWU, Solid Waste Services, and Port of Alaska).

The **Power Management** section performs studies and analyses to determine the optimal operation of ML&P's Generation and Hydroelectric resources and conducts a variety of power pooling and marketing studies to identify power sales opportunities between ML&P and other Railbelt utilities. The three major functions of the Power Management section are as follows:

- **Power Dispatch** is responsible for the safe and efficient control and dispatch of ML&P's interconnected electrical system, including the Eklutna Hydroelectric Project and the southern portion of the Alaskan Intertie. This section responds to emergencies or unscheduled outages on the Interconnected System, ML&P Transmission System, and/or ML&P Power Plants and directs outage restoration procedures.
- **Distribution Dispatch** operates the ML&P distribution system in a safe and reliable manner, responds to distribution system emergencies and unscheduled outages, directs restoration procedures to restore service as soon as practicable, and directs switching and tagging of scheduled maintenance, new services, and system improvements.

**Finance Division**

The Finance Division provides financial management, financial reporting, budgeting and analysis to the Municipal Administration, Assembly, ML&P's Advisory Commission and staff. The Finance Division is responsible for long-range resource planning, forecasts, financial support for ML&P's interest in the Beluga River Unit (BRU) gas field, and pursuit of initiatives necessary to support the utility's financial health and competitive position.

The **Accounting** section is responsible for general and plant accounting, and financial reporting according to regulatory requirements and Generally Accepted Accounting Principles (GAAP). The Accounting section is also responsible for meeting accounting and tax compliance requirement for ML&P's gas field operations.

The **Budgeting** section is responsible for financial forecasting, financial modeling, bond sale support, yearly operating and Capital Improvement Plan budget submissions, developing budgeting standards, ensuring budget compliance, and providing other situational fiscal analysis as required.

The **Payroll** section reviews time-related audit reports and ensures correct time reporting per Municipal Personnel Rules and collective bargaining agreements, monitors timecard approvals and assists with timecard and leave entries.

**Customer Service Division**

The Customer Service Division provides a full line of customer services for ML&P's electric customers.

The **Customer Service** section is responsible for any customer contact necessary to establish, maintain, and terminate electrical service and landlord contracts. This section explains rates and tariff applications as required, responds to residential and commercial service requests and bill inquiries, and processes cash receipts, while maintaining security of customer records. Customer Service is the focus for customer contact in the utility.

The **Credit and Collections** section is a primary function of the division as it is responsible for negotiating payment schedules in accordance with ML&P's tariff, Alaska Statutes, and accepted Fair Credit Act practices, as well as providing anti-identity theft measures demanded by Federal statutes and practices. This section is also responsible for maintaining a low percentage of write-offs, coordinating all customer refunds and reviews, as well as preparation of accounts for legal referral.

**Billing,** another key section of the division, receives the read data collected by the meter readers and processes, records, and renders billing statements to clearly inform the customer of their energy consumption.

The **Meter Reading** section is responsible for accurate and timely scheduled monthly meter reads, timely reads on customer connects and disconnects, and delinquent door hanger notices. This section also investigates customer energy usage patterns, high bill complaints, customer equipment access issues and power theft incidents.

**Regulatory Affairs Division**

The Regulatory Affairs Division is responsible for overseeing and managing ML&P's participation in all regulatory proceedings affecting the utilities ability to perform its mission including general rate cases, tariff, negotiating and administering special contracts, quarterly

cost of power adjustment filings, annual compliance filings, investigatory dockets and rulemaking dockets opened by the Regulatory Commission of Alaska. Regulatory also negotiates and administers operational agreements with other regulated entities, such as gas transportation providers, gas storage providers, and interconnected Railbelt utilities.

The Regulatory Affairs Division is also responsible for overseeing the administration and operations of ML&P's Gas Supply. This includes oversight of ML&P's 56.67% ownership interest in the Beluga River Unit (BRU), as well as negotiating natural gas purchases and sales agreements with third-party gas producers. The Gas Controller works closely with Power Dispatch to establish daily gas requirements and nominates those requirements to gas field operators and pipeline transmission/distribution operators using day-ahead nomination procedures. The Gas Controller monitors daily natural gas usage to develop trends, forecasting models, and reports.

**Systems Division**

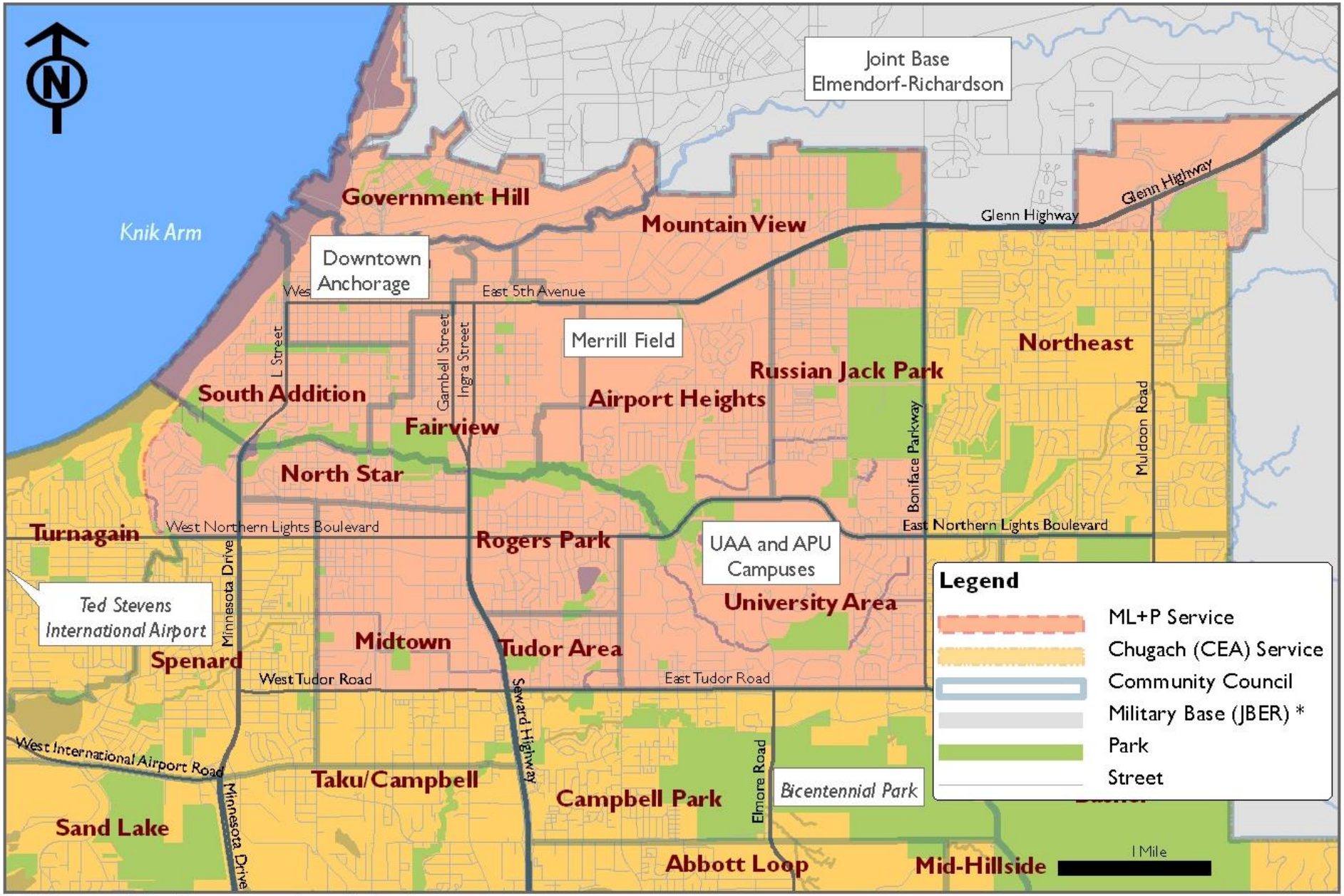
The Systems Division provides internal communications, business systems installation and process control support for all ML&P Divisions and the General Manager. In addition, this division provides recommendations for communication system upgrades, improvements and replacements of technology to ensure equipment compatibility and cost efficiency.

The **Programming Section** is responsible to ensure business practices and methodologies are applied through easy to use electronic products, applications, software, and/or hardware products for all employees of ML&P from their first day of employment forward. This applies to commercial off-the-shelf products, applications created in-house, and MOA applications.

The **Network Services Section** is responsible for 24/7 Business local area network (LAN) connectivity and support, server support, and telephone/voicemail services to all of ML&P. Network Services is also responsible to provide an efficient and reliable means for ML&P employees to communicate both internally and externally to ML&P customers, vendors, and other outside agencies. The section provides disaster recovery planning and implementation to assure the availability of critical data. The section is responsible for cyber security of the Business LAN and software update service for all desktop computers.

The **Energy Management System (EMS) Section** provides configuration, maintenance and technical support for the ML&P SCADA/EMS system infrastructure and user computer consoles used to manage and control power generation, transmission and distribution systems. The section is responsible for cyber security of the SCADA/EMS LAN.

The **IT Support Section** supports and administrates the desktop computers, printers and peripherals for all ML&P divisions. They provide help desk support for computer users, assist in the resolution of issues, and perform service requests. They also provide education and information to end users.




* JBER is part of ML+P's service area but is displayed separately

# Municipal Light & Power
# Business Plan

**Mission**
Provide energy that is safe and reliable at competitive rates.

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

**Business Goals**
- Provide electricity on demand to ML&P customers 24 hours a day, 365 days a year
- Meet the needs and expectations of our customers by providing:
  - Competitive rates and reliable service for all customer classes
  - Prompt, reliable, and courteous customer assistance
- Maintain equity and earn net income at a level sufficient to continue to ensure the long-term financial stability of the utility.
- Operate the electrical system with optimum economic efficiency and strict adherence to environmental standards.
- Provide for the safety of both the public and our employees in the operation of the electrical system.
- Recruit and retain a highly skilled, diverse workforce dedicated to serving the Anchorage community.
- Improve system reliability by incorporating new equipment and technology.
- Provide educational programs to the community on electrical safety. Communicate factual information to customers and the public at large on issues affecting ML&P and the utility industry.
- Foster teamwork and an integrated approach to decision-making within the utility.

**Strategies to Achieve Goals**
- Attain the financial objectives established in the Equity Management Plan
- Implement industry best practices and streamline business processes to ensure the financial and operational integrity of the utility
- Cooperate with other Railbelt utilities to implement Economic Dispatch of generating resources
- Implement operational and financial procedures to maintain the highest bond rating
- Implement predictive maintenance program to reduce or eliminate outages and interruptions

**Performance Measures to Track Progress in Achieving Goals**
1. Maintain competitive residential service rates as measured in cents per kilowatt-hour (kWh)
2. Maintain Total Recordable Incident Rates (TRIR) below industry average
3. Maintain Days Away Restricted Transferred (DART) rate below industry standard
4. Achieve 80% of bills that go out within 1 day of meter read date
5. Maintain positive Net Income

6. At a minimum, maintain an A bond rating
7. Maintain Customer Average Interruption Duration Index (CAIDI) below industry average
8. Maintain System Average Interruption Duration Index (SAIDI) below industry average
9. Maintain System Average Interruption Frequency Index (SAIFI) below industry average

# Municipal Light & Power

*Anchorage: Performance. Value. Results.*

**Mission**

Provide service with competitive, safe, reliable energy.

**Core Services**

- Energy distribution
- Energy generation
- Customer service

**Direct Services**

Direct services provided by divisions

- See: Customer Service, Finance, Regulatory and Systems & Communications
- See: Energy Production
- See: Engineering & Operations

**Accomplishment Goals**

- Affordable and competitive rates
- Safe work environment
- Safe service
- Reliable service

**Performance Measures**

Progress in achieving goals will be measured by:

**Measure #1: Maintain competitive residential service rates as measured in cents per kilowatt hour**

| | 2015 | 2016 | 2017 | 2018 | 2Q-2019 |
|---|---|---|---|---|---|
| Municipal Light & Power | 16.55 | 16.93 | 18.48 | 21.99 | 20.84 |
| Chugach Elec. Assoc. | 17.47 | 17.95 | 20.05 | 20.18 | 20.16 |
| Matanuska Elec. Assoc. | 19.88 | 19.68 | 21.82 | 20.64 | 21.21 |
| Homer Elec. Assoc. | 24.84 | 23.89 | 25.67 | 25.63 | 25.52 |
| Golden Valley Electric Assoc. | 21.77 | 21.76 | 24.37 | 23.90 | 25.05 |

Note: Customer charge is $13.62/month and energy usage is 750 kWh/month. Energy Charge effective 4/20/18 is 15.274 cents/kWh. The Cost of Power Adjustment (COPA) effective 7/1/19 is 3.667 cents/kWh. The Regulatory Charge is adjusted annually by RCA, and is currently .0827 cents/kWh.

**Measure #2: Maintain Total Recordable Incident Rates (TRIR) below industry average**

| 2015 | 2016 | 2017 | 2018 | 2Q-2019 |
|---|---|---|---|---|
| 6.32 | 3.94 | 3.13 | 6.5 | 15.3 |

Note:Industry Average TRIR 2012 - 2015 6.8, 4.5, 2.4 and 6.2 respectively.

**Measure #3: Maintain Days Away Restricted Transferred (DART) rate below industry standard**

| 2015 | 2016 | 2017 | 2018 | 2Q-2019 |
|---|---|---|---|---|
| 2.26 | 3.07 | 2.69 | 3.4 | 3.8 |

Note: Industry Average DART 2012 – 2015 3.3, 3.8, 1.3 and 3.6 respectively.

# Municipal Light & Power
# Customer Service, Administration, Systems and Communications

*Anchorage: Performance. Value. Results.*

**Mission**

Ensure Municipal Light and Power's (ML&P) business process requirements are efficiently and effectively conducted, while also meeting ML&P's stewardship obligations to the citizens of Anchorage.

**Core Services**

- Energy distribution
- Energy generation
- Customer service

**Direct Services**

- Financial services that maintain and protect the financial integrity of the utility
- Service all residential and commercial customer account needs
- Support utility wide communications and technical/business application needs of the utility

**Accomplishment Goals**

- Accurate and timely reporting of financial data
- Maintain sound key financial ratios
- Maintain optional business systems uptime
- Accurate and timely meter reading and customer billing

**Performance Measures**

Progress in achieving goals will be measured by:

**Measure #4: Achieve 80% percent of bills that go out within 1 day of meter read date**

| 2015 | 2016 | 2017 | 2018 | 2Q-2019 |
|---|---|---|---|---|
| 83% | 86% | 85% | 84% | 85% |

**Measure #5: Maintain positive Net Income**

| 2015 | 2016 | 2017 | 2018 | YTD March 2019 |
|---|---|---|---|---|
| $9,608,914 | $5,793,592 | $14,890,813 | $18,307,794 | 5,600,099 |

Note: Cumulative Net Income

**Measure #6: At a minimum, maintain an A bond rating**

| Standard & Poor's Rating Services | | | | |
|---|---|---|---|---|
| 2015 | 2016 | 2017 | 2018 | 2019 |
| A+ | A+ | A+ | A+ | A+ |

| Fitch Ratings | | | | |
|---|---|---|---|---|
| 2015 | 2016 | 2017 | 2018 | 2019 |
| A+ | A+ | A+ | A+ | A+ |

Note: Rates the level of risk involved in investing in ML&P bonds; "A+" indicates the least amount of risk and is in the highest rating category.

# Municipal Light & Power
# Engineering and Operations

*Anchorage: Performance. Value. Results.*

**Mission**

Design, construct, operate and maintain generation, transmission and distribution facilities to serve anticipated electric power needs within ML&P's service area at the lowest reasonable cost.

**Core Services**

- Energy generation
- Energy distribution
- Customer service

**Direct Services**

- Design reliable and cost effective electrical systems
- Construct reliable and cost effective electrical systems in accordance with design standards
- Provide electrical system maintenance that ensures continuity of a vital utility
- Maintain the Continuing Property Records (CPR) system to record equipment type and location

**Accomplishment Goals**

- Maintain voltages under normal conditions within plus or minus 5 percent (%) of nominal voltage
- Adhere to safety and construction standards
- Proactive preventative maintenance service
- Maintain an outage reporting database system in accordance with industry standards
- Restore power outage conditions in an expeditious and economical manner

**Performance Measures**

Progress in achieving goals will be measured by:

**Measure #7: Maintain Customer Average Interruption Duration Index (CAIDI) below industry average**

| 2015 | 2016 | 2017 | 2018 | 2Q-2019 |
|---|---|---|---|---|
| 1.502 | .603 | .56 | 1.96 | 2.65 |

Note: Data compiled from 2015 data collected by EIA indicates an average CAIDI of 2.31 hours.

**Measure #8: Maintain System Average Interruption Duration Index (SAIDI) below industry average**

| 2015 | 2016 | 2017 | 2018 | 2Q-2019 |
|---|---|---|---|---|
| 1.563 | .605 | .589 | .040 | .055 |

Note: Data compiled from 2015 data collected by EIA indicates an average SAIDI of 3.0 hours.

**Measure #9: Maintain System Average Interruption Frequency Index (SAIFI) below industry average**

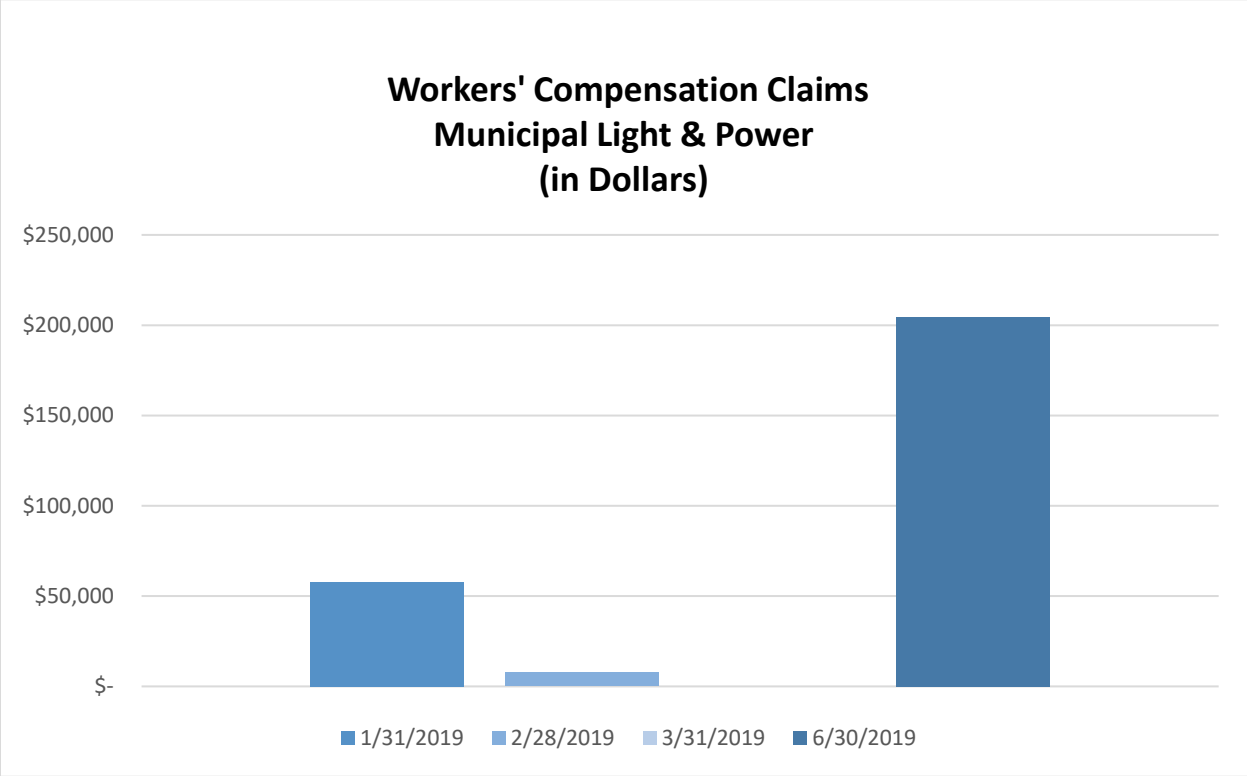
| 2015 | 2016 | 2017 | 2018 | 2Q-2019 |
|---|---|---|---|---|
| 1.04 | 1.004 | 1.061 | .0207 | .0207 |

Note: Data compiled from 2015 data collected by EIA indicates an average SAIFI of 1.17 interruptions per customer.
*EIA is the U.S. Energy Information Administration*

## PVR Measure WC: Managing Workers' Compensation Claims

Reducing job-related injuries is a priority for the Administration by ensuring safe work conditions and safe practices. By instilling safe work practices, we ensure not only the safety of our employees but reduce the potential for injuries and property damage to the public. The Municipality is self-insured and every injury poses a financial burden on the public and the injured worker's family. It just makes good sense to WORK SAFE.

Results are tracked by monitoring monthly reports issued by the Risk Management Division.



# Municipal Light & Power
# Highlights and Future Events

**New Generation**
ML&P completed construction of Plant 2A in November 2016. The new generation units are much more efficient, allowing ML&P to deliver more energy for the same amount of fuel. The new plant produces over 90% less Nitrogen Oxide and Carbon Monoxide emissions than older generation plants. Some of those efficiencies are achieved through the Plant's collocation with AWWU's drinking water infrastructure. The collocation provides cooling to ML&P's infrastructure while simultaneously warming AWWU's infrastructure. The total cost of the plant is just over $304.9 million.

**LED Street Light Conversion**
In 2017 and 2018, ML&P has converted over 90% of its utility owned street lights to light emitting diode (LED) fixtures. It is expected that the remaining streetlights will be converted in the near future.

LED fixtures use about half the power to produce the same amount of light as conventional high pressure sodium (HPS) fixtures. LED lights also cost less to maintain than equivalent HPS lights, and they provide more reliable service, especially in cold weather. LED lights typically last four times as long as conventional HPS lights.

**Conversion of system meters to Advanced Metering Infrastructure (AMI)**
In early 2017, ML&P began the replacement of Automatic Meter Reading (AMR) meters with AMI meters. The replacement of all system meters will take approximately five years, however the AMI technology already allows ML&P to read all AMR and AMI meters in its service territory. To date, ML&P has installed more than 13,000 meters, collectors and repeaters.

Unlike AMR meters, AMI meters enable two-way communication, which can provide the Utility with the ability to remotely connect and disconnect service, remotely measure electricity use, detect tampering, and identify and isolate outages, as well as provide customers with useful information about their own usage.

**Potential Sale of ML&P**
On April 3, 2018, Anchorage voters approved an amendment to the Anchorage Municipal Charter authorizing the Municipality to sell ML&P to Chugach Electric Association, Inc. (CEA) by Municipal ordinance, to be approved no later than December 31, 2018. The Anchorage Assembly approved the sale on December 4, 2018. In April 2019, both the Municipality and CEA filed applications to the RCA to amend their Certificates of Public Convenience and Necessity and to approve the sale. The statutory timeline for these applications requires the Regulatory Commission of Alaska to issue a decision on November 19, 2019.

The Municipality and CEA are currently engaged in integration planning and due diligence activities.

# Municipal Light & Power
# External Impacts

The transfer price of gas from the Gas Division to the Electric Division is comprised of costs necessary to produce gas. The transfer price, including the Asset Retirement Organization (ARO) surcharge is budgeted to decrease from $2.53/MCF in 2019 to $2.15/MCF in 2020. Beginning in the summer of 2012 ML&P also incurs additional costs due to fees paid to Cook Inlet Natural Gas Storage Alaska, Inc. for seasonal gas storage.

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# Municipal Light & Power
# Workforce Projections

| Division | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|
| Administration | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Customer Service | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 |
| Engineering | 32 | 32 | 31 | 31 | 31 | 31 | 31 | 31 |
| Finance | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| Generation | 64 | 68 | 66 | 66 | 66 | 66 | 66 | 66 |
| Operations | 65 | 63 | 63 | 63 | 63 | 63 | 63 | 63 |
| Power Management | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Regulatory | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Systems & Communications | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 |
| **Total Full Time** | **263** | **265** | **262** | **262** | **262** | **262** | **262** | **262** |
| Part-Time/Temporary | 20 | 18 | 19 | 19 | 19 | 19 | 19 | 19 |
| **Total Part Time** | **20** | **18** | **19** | **19** | **19** | **19** | **19** | **19** |
| **Total Positions** | **283** | **283** | **281** | **281** | **281** | **281** | **281** | **281** |
| **Total FTE** | **273.0** | **274.0** | **271.5** | **271.5** | **271.5** | **271.5** | **271.5** | **271.5** |

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# Municipal Light & Power
## 8 Year Summary
**($ in thousands)**

| Financial Overview | 2018 Actuals* | 2019 Proforma * | 2020 Proposed * | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|
| | | | | Forecast* | | | | |
| Revenues | 181,042 | 178,819 | 179,278 | 155,251 | 156,185 | 156,087 | 158,970 | 159,313 |
| Expenses | 183,871 | 174,614 | 177,462 | 148,709 | 151,916 | 152,315 | 153,899 | 155,515 |
| **Net Income (Loss) - Regulatory** | **(2,829)** | **4,205** | **1,816** | **6,542** | **4,269** | **3,773** | **5,071** | **3,798** |
| Budgeted Positions | 283 | 283 | 281 | 281 | 281 | 281 | 281 | 281 |
| Capital Improvement Program | 32,645 | 34,020 | 36,291 | 34,816 | 33,725 | 34,355 | 36,630 | 33,265 |
| Bond Sales/ Commercial Paper | - | - | - | 197,880 | - | - | - | - |
| Net Non-Contributed Plant (12/31) (REG) | 699,267 | 693,585 | 687,702 | 679,814 | 680,557 | 681,073 | 682,727 | 679,984 |
| Net Contributed Plant (12/31) | 177,824 | 180,973 | 186,121 | 187,893 | 182,291 | 176,656 | 171,109 | 165,569 |
| Net Plant (12/31) (GAAP) | 877,091 | 874,558 | 873,823 | 867,708 | 862,849 | 857,728 | 853,836 | 845,554 |
| Retained Earnings (12/31) | 287,247 | 291,955 | 293,995 | 300,537 | 304,805 | 308,578 | 313,649 | 317,447 |
| General and Restricted Cash | 91,594 | 94,665 | 82,379 | 77,648 | 69,204 | 60,165 | 50,709 | 43,662 |
| Bond Redemption Investment | 23,719 | 22,213 | 24,712 | 35,365 | 35,367 | 35,360 | 35,320 | 35,254 |
| Debt Service Account | 2,058 | 2,720 | 2,719 | 2,976 | 4,096 | 4,187 | 4,186 | 4,183 |
| Operating Fund Investment & Customer Deposits | 16,431 | 17,025 | 17,325 | 13,525 | 13,525 | 13,525 | 13,625 | 13,825 |
| **Total Cash & Investments (12/31)** | **133,802** | **136,624** | **127,135** | **129,515** | **122,192** | **113,238** | **103,841** | **96,923** |
| Charges by Other Departments | 4,142 | 5,016 | 5,148 | 5,190 | 5,455 | 5,713 | 5,984 | 6,207 |
| Transfers (MUSA) | 9,566 | 9,596 | 9,568 | 9,545 | 9,488 | 9,406 | 9,331 | 9,284 |
| Total Outstanding Debt | 507,405 | 499,675 | 491,600 | 489,170 | 477,249 | 464,730 | 451,611 | 437,857 |
| Total Annual Debt Service | 21,824 | 22,215 | 22,213 | 24,712 | 35,365 | 35,367 | 35,360 | 35,320 |
| Debt Service Coverage | 2.99 | 2.35 | 2.26 | 2.24 | 1.60 | 1.60 | 1.64 | 1.61 |
| LT Debt/Equity Ratio | 64/36 | 63/37 | 63/37 | 62/38 | 61/39 | 60/40 | 59/41 | 58/42 |
| Rate Change Percent | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 2.00% | 0.00% |
| **Statistical/Performance Trends:** | | | | | | | | |
| Residential Customer (500 kWh) | $104.10 | $112.36 | $108.80 | $108.15 | $108.59 | $108.67 | $110.92 | $111.21 |
| Total Residential Sales (kWh) | 120,098 | 121,000 | 120,986 | 120,977 | 120,967 | 120,957 | 120,948 | 120,935 |
| Commercial & Industrial Sales (kWh) | 665,320 | 660,251 | 660,752 | 661,247 | 661,743 | 662,259 | 662,776 | 663,292 |
| Total Residential, Commercial and Industrial kWh Sales | 785,418 | 781,251 | 781,738 | 782,224 | 782,710 | 783,216 | 783,724 | 784,227 |
| Total Retail Sales Revenue | $148,862 | $144,774 | $146,426 | $145,207 | 146,057 | $146,235 | $149,334 | $149,908 |

The values presented combine the electric and gas utilities.

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.

*This budgetary presentation does not include the effects of implementing Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and thus the revenues and expenses presented in this schedule differ from ML&P's GAAP basis financial statements.

MUSA - Municipal Utility Service Assessment

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**Municipal Light & Power - Electric**
**Statement of Revenues and Expenses**

| | 2018 Actuals * | 2019 Proforma * | 2019 1Q Revised * | 20 v 19 $ Change | 2020 Proposed * | 20 v 19 % Change |
|---|---|---|---|---|---|---|
| **Operating Revenue** | | | | | | |
| Residential | 24,180,864 | 27,191,000 | 27,633,000 | (1,306,000) | 26,327,000 | -4.7% |
| Commercial | 101,039,566 | 106,435,000 | 109,403,000 | (7,700,000) | 101,703,000 | -7.0% |
| Military | 15,021,531 | 17,062,000 | 18,156,000 | (2,103,000) | 16,053,000 | -11.6% |
| Sales for Resale | 28,266,428 | 29,776,000 | 14,660,000 | 11,035,000 | 25,695,000 | 75.3% |
| Other | 9,209,629 | (5,260,000) | 3,066,000 | 2,765,000 | 5,831,000 | 90.2% |
| **Total Operating Revenue** | **177,718,018** | **175,204,000** | **172,918,000** | **2,691,000** | **175,609,000** | **1.6%** |
| **Non Operating Revenue** | | | | | | |
| Interest Income | 3,324,190 | 3,615,000 | 3,385,000 | 284,000 | 3,669,000 | 8.4% |
| **Total Non Operating Revenue** | 3,324,190 | **3,615,000** | 3,385,000 | 284,000 | **3,669,000** | 8.4% |
| **Total Revenue** | **181,042,208** | **178,819,000** | **176,303,000** | **2,975,000** | **179,278,000** | **1.7%** |
| **Operating Expense** | | | | | | |
| Labor: | | | | | | |
| Labor and Benefits | 33,061,753 | 36,207,792 | 36,207,792 | 300,208 | 36,508,000 | 0.8% |
| Overtime | 2,798,656 | 2,026,000 | 2,026,000 | 365,000 | 2,391,000 | 18.0% |
| Total Labor | 35,860,409 | 38,233,792 | 38,233,792 | 665,208 | 38,899,000 | 1.7% |
| Non Labor: | | | | | | |
| Material & Supplies | 11,947,847 | 16,002,492 | 15,533,000 | 3,209,000 | 18,742,000 | 20.7% |
| Travel | 76,821 | 150,000 | 150,000 | 6,000 | 156,000 | 4.0% |
| Natural Gas Purchases & Transportation | 52,033,901 | 48,634,000 | 48,043,000 | 124,000 | 48,167,000 | 0.3% |
| Southcentral Power Project | 3,832,916 | 4,300,000 | 4,300,000 | - | 4,300,000 | 0.0% |
| Purchased Power & Wheeling | 5,785,131 | 6,218,000 | 6,056,000 | 282,000 | 6,338,000 | 4.7% |
| Depreciation, Depletion & Amortization | 27,823,696 | 28,086,000 | 29,245,000 | (1,131,000) | 28,114,000 | -3.9% |
| Transfers (MUSA) | 9,565,771 | 9,596,000 | 9,645,567 | (77,567) | 9,568,000 | -0.8% |
| Transfer Equity to/from Other Funds | 10,029,418 | - | - | - | - | n/a |
| Total Non Labor | 121,095,502 | 112,986,492 | 112,972,567 | 2,412,433 | 115,385,000 | 2.1% |
| **Total Direct Costs** | **156,955,911** | **151,220,284** | **151,206,359** | **3,077,641** | **154,284,000** | 2.0% |
| Charges by Other Departments | 4,067,465 | 4,933,716 | 4,933,716 | 131,966 | 5,065,682 | 2.7% |
| Intradepartmental Overheads | - | (2,275,000) | (1,525,000) | (1,497,000) | (3,022,000) | 98.2% |
| **Total Operating Expense** | **161,023,375** | **153,879,000** | **154,615,075** | **1,712,607** | **156,327,682** | **1.1%** |
| **Non Operating Expense** | | | | | | |
| Interest on Bonded Debt | 17,025,851 | 16,922,000 | 18,922,000 | (2,347,000) | 16,575,000 | -12.4% |
| Other Interest Expense | 5,092,635 | 5,031,000 | 602,000 | 5,198,000 | 5,800,000 | 863.5% |
| Allowance for Funds Used During Construction | (638,303) | (264,000) | (324,000) | 57,000 | (267,000) | -17.6% |
| Amortization of Debt Expense | (1,024,969) | (1,123,000) | (1,021,000) | (72,000) | (1,093,000) | 7.1% |
| Loss on Disposal of Property | 2,337,536 | - | - | - | - | n/a |
| Other | 55,000 | 169,000 | 119,000 | - | 119,000 | 0.0% |
| **Total Non Operating Expense** | **22,847,750** | **20,735,000** | **18,298,000** | **2,836,000** | **21,134,000** | **15.5%** |
| **Total Expenses (Function Cost)** | **183,871,125** | **174,614,000** | **172,913,075** | **4,548,607** | **177,461,682** | **2.6%** |
| **Net Income** | **(2,828,917)** | **4,205,000** | **3,389,925** | **(1,573,607)** | **1,816,318** | **-46.4%** |
| **Appropriation** | | | | | | |
| **Total Expenses** | | | **172,913,075** | **4,548,607** | **177,461,682** | 2.6% |
| Less: Non Cash items | | | | | | |
| Depreciation, Depletion & Amortization | | | 29,245,000 | (1,131,000) | 28,114,000 | -3.9% |
| Allowance for Funds Used During Construction | | | (324,000) | 57,000 | (267,000) | -17.6% |
| Amortization of Bonds | | | (1,021,000) | (72,000) | (1,093,000) | 7.1% |
| Loss on Disposal of Property | | | - | - | - | n/a |
| Total Non Cash | | | **27,900,000** | **(1,146,000)** | **26,754,000** | -4.1% |
| **Amount to be Appropriated (Cash Expenses)** | | | **145,013,075** | **5,694,607** | **150,707,682** | **3.9%** |

*This Budgetary presentation does not include the effects of implementing Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and thus the revenues and expenses presented in this schedule differ from ML&P's GAAP basis financial statements.

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# Municipal Light & Power - Electric

## Reconciliation from 2019 Revised Budget to 2020 Proposed Budget

| | Appropriation | Positions FT | PT | T |
|---|---|---|---|---|
| **2019 Revised Budget** | 172,913,075 | 265 | 1 | 17 |
| **Transfers by/to Other Departments** | | | | |
| - Charges by Other Departments | 131,966 | - | - | - |
| - Municipal Utility Service Assessment (MUSA) | (77,567) | - | - | - |
| **Debt Service Changes** | | | | |
| - Interest Expense | 2,851,000 | - | - | - |
| **Changes in Existing Programs/Funding for 2020** | | | | |
| - Depreciation, Depletion & Amortization | (1,131,000) | - | - | - |
| - Allowance for Funds Used During Construction | 57,000 | - | - | - |
| - Purchased Power & Wheeling | 282,000 | - | - | - |
| - Natural Gas Purchases and Transportation | 124,000 | - | - | - |
| - Amortization of Debt Expense | (72,000) | - | - | - |
| - Travel | 6,000 | - | - | - |
| **2020 Continuation Level** | **175,084,474** | **265** | **1** | **17** |
| **2020 Proposed Budget Changes** | | | | |
| - Salaries and Benefits Adjustments | 665,208 | (3) | - | 1 |
| - Material and Supplies | 3,209,000 | - | - | - |
| - Intradepartmental Overheads | (1,497,000) | - | - | - |
| **2020 Proposed Operating Budget** | **177,461,682** | **262** | **1** | **18** |
| **2020 Budget Adjustment for Accounting Transactions (Appropriation)** | | | | |
| - Depreciation, Depletion & Amortization | 28,114,000 | - | - | - |
| - Allowance for Funds Used During Construction | (267,000) | - | - | - |
| - Amortization of Bonds | (1,093,000) | - | - | - |
| **2020 Proposed Budget (Appropriation)** | **150,707,682** | **262** | **1** | **18** |

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**Municipal Light & Power - Gas**
**Statement of Revenues and Expenses**

| | 2018 Actuals * | 2019 Proforma * | 2019 Revised * | 20 v 19 $ Change | 2020 Proposed * | 20 v 19 % Change |
|---|---|---|---|---|---|---|
| **Operating Revenue** | | | | | | |
| Other | 15,215,866 | 12,582,000 | 15,538,000 | (2,327,000) | 13,211,000 | -15.0% |
| **Total Operating Revenue** | **15,215,866** | **12,582,000** | **15,538,000** | **(2,327,000)** | **13,211,000** | **-15.0%** |
| **Non Operating Revenue** | | | | | | |
| Interest Income | 310,826 | 989,000 | 948,000 | 138,000 | 1,086,000 | 14.6% |
| **Total Non Operating Revenue** | 310,826 | **989,000** | 948,000 | 138,000 | **1,086,000** | 14.6% |
| **Total Revenue** | **15,526,692** | **13,571,000** | **16,486,000** | **(2,189,000)** | **14,297,000** | **-13.3%** |
| **Operating Expense** | | | | | | |
| Labor: | | | | | | |
| Labor and Benefits | 187,843 | 160,000 | 160,000 | 30,000 | 190,000 | 18.8% |
| Overtime | 186 | - | - | 1,000 | 1,000 | n/a |
| Total Labor | 188,029 | 160,000 | 160,000 | 31,000 | 191,000 | 19.4% |
| Non Labor: | | | | | | |
| Material & Supplies | 406,707 | 404,066 | 439,000 | 66,000 | 505,000 | 15.0% |
| Gas Production Expense | 11,693,402 | 11,309,000 | 14,335,000 | (2,521,000) | 11,814,000 | -17.6% |
| Regulatory Debit/Credit | (8,026,635) | (5,000) | 59,000 | (59,000) | - | -100.0% |
| Depreciation, Depletion & Amortization | 1,038,504 | 1,045,000 | 891,000 | 462,000 | 1,353,000 | 51.9% |
| Transfers to/from Other Funds | (10,000,000) | - | - | - | - | n/a |
| Total Non Labor | (4,888,022) | 12,753,066 | 15,724,000 | (2,052,000) | 13,672,000 | -13.1% |
| **Total Direct Costs** | **(4,699,993)** | **12,913,066** | **15,884,000** | **(2,021,000)** | **13,863,000** | -12.7% |
| Charges by Other Departments | 74,457 | 81,934 | 81,934 | - | 81,934 | 0.0% |
| **Total Operating Expense** | **(4,625,536)** | **12,995,000** | **15,965,934** | **(2,021,000)** | **13,944,934** | **-12.7%** |
| **Non Operating Expense** | | | | | | |
| Interest on Bonded Debt | 257,051 | - | - | - | - | n/a |
| Other Interest Expense | 363 | - | - | - | - | n/a |
| Amortization of Debt Expense | 30,931 | - | - | - | - | n/a |
| **Total Non Operating Expense** | **288,345** | **-** | **-** | **-** | **-** | **n/a** |
| **Total Expenses (Function Cost)** | **(4,337,190)** | **12,995,000** | **15,965,934** | **(2,021,000)** | **13,944,934** | **-12.7%** |
| **Net Income** | **19,863,882** | **576,000** | **520,066** | **(168,000)** | **352,066** | **-32.3%** |
| **Appropriation** | | | | | | |
| **Total Expenses** | | | **15,965,934** | **(2,021,000)** | **13,944,934** | -12.7% |
| Less: Non Cash items | | | | | | |
| Depreciation, Depletion & Amortization | | | 891,000 | 462,000 | 1,353,000 | 51.9% |
| Regulatory Debits/Credits | | | 59,000 | (59,000) | - | -100.0% |
| Amortization of Bonds | | | - | - | - | n/a |
| Total Non Cash | | | **950,000** | **403,000** | **1,353,000** | **42.4%** |
| **Amount to be Appropriated (Cash Expenses)** | | | **15,015,934** | **(2,424,000)** | **12,591,934** | **-16.1%** |

*This Budgetary presentation does not include the effects of implementing Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and thus the revenues and expenses presented in this schedule differ from ML&P's GAAP basis financial statements.

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# Municipal Light & Power - Gas

## Reconciliation from 2019 Revised Budget to 2020 Proposed Budget

| | Appropriation | Positions FT | PT | T |
|---|---|---|---|---|
| **2019 Revised Budget** | 15,965,934 | - | - | - |
| **Changes in Existing Programs/Funding for 2020** | | | | |
| - Depreciation, Depletion & Amortization | 462,000 | - | - | - |
| - Gas Production Expense | (2,521,000) | - | - | - |
| - Regulatory Debits/Credits | (59,000) | - | - | - |
| **2020 Continuation Level** | **13,847,934** | **-** | **-** | **-** |
| **2020 Proposed Budget Changes** | | | | |
| - Salaries and Benefits adjustments | 31,000 | - | - | - |
| - Material and Supplies | 66,000 | - | - | - |
| **2020 Proposed Operating Budget** | **13,944,934** | **-** | **-** | **-** |
| **2020 Budget Adjustment for Accounting Transactions (Appropriation)** | | | | |
| - Depreciation, Depletion & Amortization | (1,353,000) | - | - | - |
| **2020 Proposed Budget (Appropriation)** | **12,591,934** | **-** | **-** | **-** |

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## Municipal Light & Power
## 2020 - 2025 Capital Improvement Program
**(in thousands)**

| Project Category | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Total |
|---|---|---|---|---|---|---|---|
| Beluga River Gas Field | 9,600 | 10,200 | 10,800 | 10,800 | 10,800 | 10,800 | 63,000 |
| Distribution | 19,540 | 17,990 | 18,280 | 19,870 | 19,420 | 18,410 | 113,510 |
| General Plant | 2,741 | 4,958 | 2,985 | 2,720 | 2,740 | 2,480 | 18,624 |
| Production | 3,380 | 373 | 50 | 50 | 800 | 50 | 4,703 |
| Transmission | 1,030 | 1,295 | 1,610 | 915 | 2,870 | 1,525 | 9,245 |
| **Total** | **36,291** | **34,816** | **33,725** | **34,355** | **36,630** | **33,265** | **209,082** |

| Funding Source | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Total |
|---|---|---|---|---|---|---|---|
| Contribution in Aid of Construction | 2,300 | 2,300 | 2,300 | 2,300 | 2,300 | 2,300 | 13,800 |
| Beluga Contributed | 9,600 | 10,200 | - | - | - | - | 19,800 |
| Equity/Operations | 24,391 | 22,316 | 31,425 | 32,055 | 34,330 | 30,965 | 175,482 |
| **Total** | **36,291** | **34,816** | **33,725** | **34,355** | **36,630** | **33,265** | **209,082** |

## Municipal Light & Power
## 2020 - 2025 Deferred & Reimbursable Projects Budget
**(in thousands)**

| Project Category | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Total |
|---|---|---|---|---|---|---|---|
| Electric | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 42,000 |
| **Total** | **7,000** | **7,000** | **7,000** | **7,000** | **7,000** | **7,000** | **42,000** |

| Funding Source | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Total |
|---|---|---|---|---|---|---|---|
| Deferred/Reimbursable | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 42,000 |
| **Total** | **7,000** | **7,000** | **7,000** | **7,000** | **7,000** | **7,000** | **42,000** |

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## Municipal Light & Power
## 2020 Capital Improvement Budget
## (in thousands)

| Project Title | Equity/ Operations | Revenue Bonds/ Commercial Paper | Contribution in Aid of Construction | Beluga Contributed | Total |
|---|---|---|---|---|---|
| Beluga River Gas Field | - | - | - | 9,600 | 9,600 |
| Communications | 866 | - | - | - | 866 |
| Distribution Equipment | 6,550 | - | - | - | 6,550 |
| Eklutna Power Plant | 480 | - | - | - | 480 |
| Land & Land Rights-Transmission & Distribution | 90 | - | - | - | 90 |
| Meters | 2,000 | - | - | - | 2,000 |
| Overhead Lines | 1,530 | - | - | - | 1,530 |
| Stores/Tools/Lab | 175 | - | - | - | 175 |
| Street Lighting | 50 | - | - | - | 50 |
| Structures & Improvements - General Plant | 700 | - | - | - | 700 |
| Structures & Improvements - Plant 1/Plant 2 | 550 | - | - | - | 550 |
| Transformer Services | 3,100 | - | - | - | 3,100 |
| Transmission Lines | 90 | - | - | - | 90 |
| Transmission Stations | 930 | - | - | - | 930 |
| Transportation | 1,000 | - | - | - | 1,000 |
| Turbines & Generators | 2,350 | - | - | - | 2,350 |
| Underground Lines | 3,930 | - | 2,300 | - | 6,230 |
| **Total** | **24,391** | **-** | **2,300** | **9,600** | **36,291** |

## Municipal Light & Power
## 2020 Deferred & Reimbursable Projects Budget
## (in thousands)

| Project Title | Reimbursabl | | | | Total |
|---|---|---|---|---|---|
| Electric | 7,000 | | | | 7,000 |
| **Total** | **7,000** | **-** | **-** | **-** | **7,000** |

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# Municipal Light & Power
# Statement of Cash Sources and Uses

| | 2018 Actual* | 2019 Proforma * | 2020 Proposed * |
|---|---|---|---|
| **Sources of Cash Funds** | | | |
| Net Income | 16,550,765 | 4,708,000 | 2,040,384 |
| Depreciation/Depletion/Amortization | 28,862,200 | 29,131,000 | 29,467,000 |
| Amortization of Bonds | (994,037) | (1,159,000) | (1,093,000) |
| Deferred Charges and Other Assets | (1,637,177) | 6,899,996 | - |
| Contribution in Aid of Construction | 9,736,953 | 3,148,624 | 5,148,459 |
| Changes in Assets and Liabilities | (21,645,133) | (5,843,683) | (8,511,211) |
| **Total Sources of Cash Funds** | **30,873,571** | **36,884,937** | **27,051,632** |
| **Uses of Cash Funds** | | | |
| Additions to Plant | 30,624,813 | 26,333,627 | 28,465,154 |
| Debt Principal Payment | 7,865,000 | 7,730,000 | 8,075,000 |
| **Total Uses of Cash Funds** | **38,489,813** | **34,063,627** | **36,540,154** |
| Net Increase (Decrease) in Cash Funds | (7,616,242) | 2,821,310 | (9,488,522) |
| Cash Balance, January 1 | 141,418,516 | 133,802,274 | 136,623,584 |
| **Cash Balance, December 31** | **133,802,274** | **136,623,584** | **127,135,062** |
| **Detail of Cash and Investment Funds** | | | |
| General Cash Less Customer Deposits | 63,913,262 | 71,479,012 | 65,679,541 |
| BRU Reg Liability, Future Gas Purchases & ARO | 27,680,543 | 23,185,940 | 16,699,291 |
| Bond Investment | 23,718,574 | 22,213,247 | 24,712,143 |
| Debt Service | 2,058,443 | 2,719,934 | 2,718,635 |
| Operating Fund Invest, Interim Rev. Escrow, Cust Dep | 16,431,452 | 17,025,452 | 17,325,452 |
| **Cash Balance, December 31** | **133,802,274** | **136,623,584** | **127,135,062** |

*This Budgetary presentation does not include the effects of implementing Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and thus the revenues and expenses presented in this schedule differ from ML&P's GAAP basis financial statements.

# About Municipal Light & Power

**Organization**
ML&P is functionally structured into seven operating divisions: Generation, Engineering, Operations, Finance, Customer Service, Administration, Regulatory Affairs, and Systems. Each division manager reports directly to the General Manager.

As of December 31, 2018, ML&P had 237 employees and total labor and benefit costs of approximately $41 million, which includes operating and capital labor expenditures. Of these 237 employees, 176 were covered by a labor agreement with the IBEW and 61 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 30MW simple-cycle gas turbine is a GE LM2500+ and cost $27.5 million to purchase and install. Two units have dual-fuel capability, which enhances ML&P's reliability in the event of a disruption of the natural gas supply. 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 (CEA) and Matanuska Electric Association purchased the Eklutna Hydroelectric Project from the federal government.

On August 28, 2008 ML&P entered into an agreement with CEA 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. It is a 3 X 1 LM6000 combined cycle project. The plant entered into commercial operation January 31, 2013.

On April 21, 2016 the Regulatory Commission of Alaska (RCA) approved the purchase of ConocoPhillips' one-third working interest in the Beluga River Unit natural gas field by ML&P and CEA. The final agreement transferred 70 percent ownership of the ConocoPhillips' interest to ML&P and 30 percent to CEA. The total purchase price was $152 million. The utility now owns 56.67 percent of the field.

On November 7, 2016 Plant 2A was placed in service. The new combined cycle plant is adjacent to the existing Plant 2. Two (2) LM6000 combustion turbines (unit 9 and 10) and one steam turbine (unit 11) are housed in 2A. The 120 MW plant uses less natural gas and reduces Nox and CO emissions. Some of those efficiencies are achieved through the Plant's collocation with AWWU's drinking water infrastructure. The collocation provides cooling to ML&P's infrastructure while simultaneously warming AWWU's infrastructure. The total cost of the plant is just over $304.9 million.

**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 2018, the average number of residential and commercial customers was 24,699 and 6,407 respectively. In 2018, electric retail sales totaled 940,572 MWh resulting in revenues of $148,861,709. Total electric operating revenues including Miscellaneous Operating Revenue, Sales for Resale and Other Utility Operating Income were $177,718,018. 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 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.

ML&P budgets are submitted to the Administration before submittal to the Municipal Assembly for approval.

**Electric and Gas Plant**
ML&P generates, transmits, distributes, and purchases electric power and has a working interest in the Beluga River Unit Gas Field.

- Power Generated/Purchased in 2018 — 1,432,404 MWh
  - ML&P Generated — 873,159 MWh — 60.96%
    - Southcentral Power Plant — 389,111 MWh — 27.16%
    - Eklutna Hydroelectric Project — 67,827 MWh — 4.74%
  - Purchased:
    - Bradley Lake Project — 102,307 MWh — 7.14%
- Total Thermal Generation capacity in 2018 — 420.1 Megawatts (MW) at 30°F
  - Power Plant One (2 Turbines) — 66.5 MW — 15.83%
  - Power Plant Two (2 Turbines) — 166.8 MW — 39.70%
  - Power Plant Two A (3 Turbines) — 126.7 MW — 30.16%

  - Southcentral Power Plant (4 Turbines) 60.1 MW (ML&P 30%) 14.31%
  - Six Gas Fired Turbines (ML&P Plant 1, 2 & 2A)
  - One Heat Recovery Turbine (ML&P Plant 2A)
  - Two of the six gas fired turbines are equipped to use liquid fuel/diesel as an alternate fuel
  - Southcentral Power Plant – Three Gas Fired Turbines and one Heat Recovery Turbine
- Distribution System in 2018 364 Miles
  - Underground Cable 250 Miles 68.68%
  - Overhead Line 114 Miles 31.32%
  - 19 Substations

- Total Electric Plant as of December 31, 2018 $732,046,180
- Total Gas Plant as of December 31, 2018 $145,044,953
- ML&P has a 53.33% ownership interest in the Eklutna Hydroelectric Project, which has 44.4 MW of installed capacity.
- ML&P is a 30% owner of the Southcentral Power Plant
- 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.

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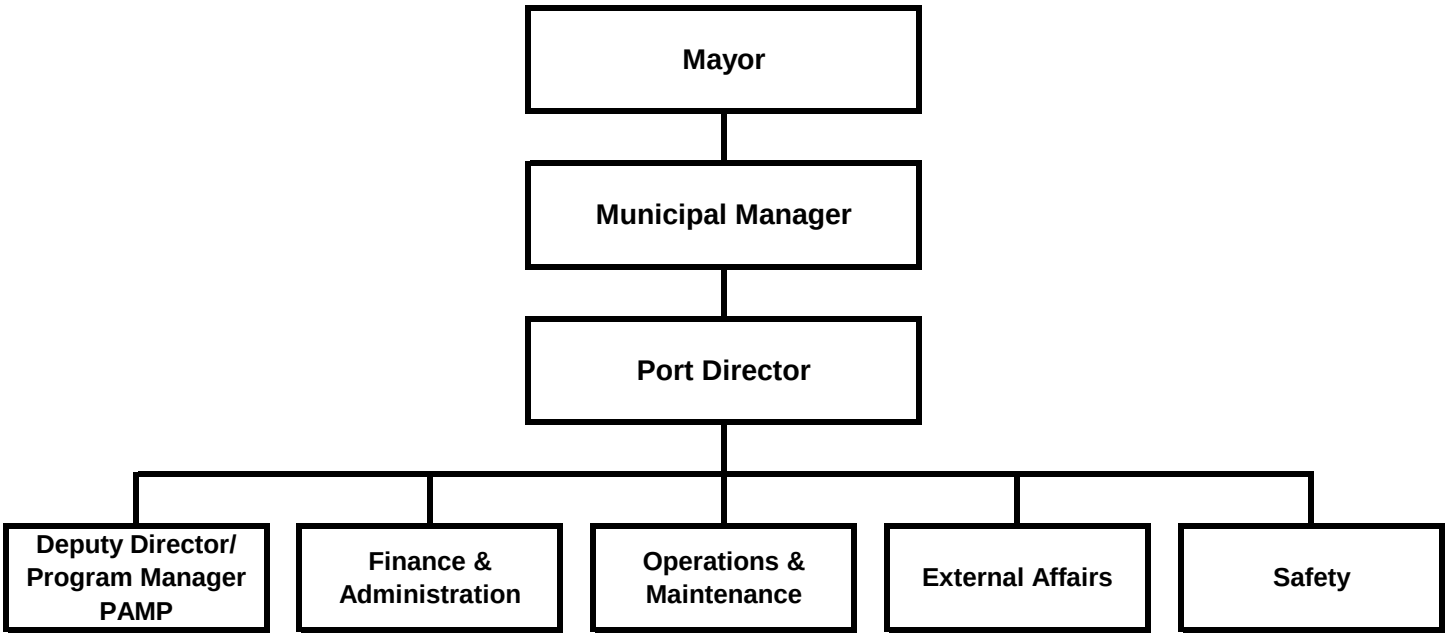
# Port of Alaska



# Port of Alaska
# Organizational Overview

The Port of Alaska is an enterprise function of the Municipality.

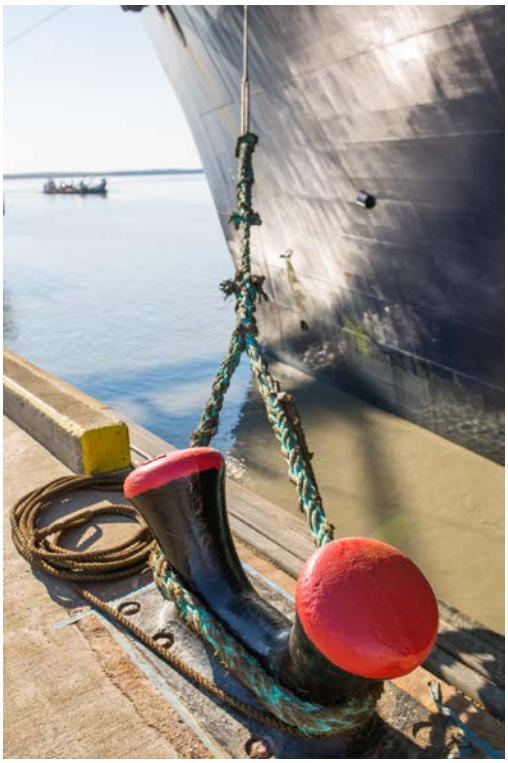


*Figure 1. Photo taken by Andre Horton*

The Port Director is responsible for overseeing the day-to-day business operations of the Port; interacting as needed with tenants, the U.S. Coast Guard, the military and any new business prospects interested in operating out of the Port.

The Deputy Port Director acts on behalf of the Port Director in his absence and provides technical and professional guidance for the Port's capital improvement program, is responsible for state and federal grant applications, leads the Port's GIS effort, and serves as the Program Manager for the Alaska Port Modernization Program.

The Port's Superintendent for Operations oversees all Port operations, to include all aspects of facility maintenance, vessel scheduling, movements and dockside activities, general upkeep and operation of Port facilities, infrastructure, equipment, upkeep and day-to-day management of all municipally owned infrastructure, roads, and docks. This individual also serves in the role of Facility Security Officer, overseeing the Port security contract for Port. Also, under his direction, Port Maintenance is responsible for the dredging and upkeep of the Ship Creek Small Boat Launch and the Dry Barge Berth.

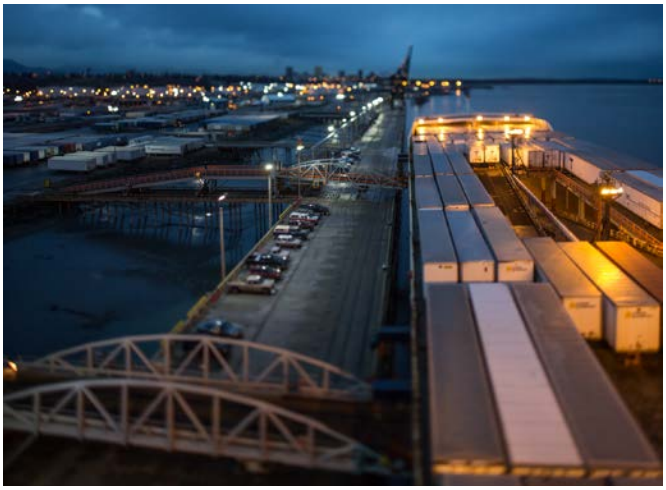


*Figure 2. Photo taken by Andre Horton*

The Port's Safety Coordinator oversees the Port staff's workplace safety program, heads the Port's Safety Working Group, and coordinates safety-related interactions with the municipality's Risk Management Department. The Safety Coordinator reports directly to the Port Director.

The Finance & Administration Section's responsibilities include the performance of the day-to-day business functions supporting the Port and Municipality as required. Duties performed by the staff in this section include receptionist duties; accounts payable and receivable; financial management; and analysis of reports and budgets. The finance section is also responsible for real estate management, grants management, and budgeting preparation for the operating and Capital Improvement Plan.

*Figure 3. Port of Alaska Docks*

The External Affairs section is responsible for all media advertising, coordinating public outreach and media/press relations, legislative relations coordination, any major events involving public participation, and business development. Associated duties include management of website and social media presence, coordinating all public speaking engagements, coordinating all port tours for businesses, the public and Alaska federal, state and local legislative representatives; interfacing with the public and all media for information inquires and public comments, and writing press releases.

# Port of Alaska
# Business Plan

## Mission

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

## Services

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

## Business Goals

- Provide Port operating expertise and management to the Port of Alaska Modernization Program (PAMP) with the Port Engineer serving as Project Administrator.
- Plan for future facility and service needs of business and public entity customers.
- Conduct periodic facility condition surveys to anticipate age-related challenges and to ensure uninterrupted operations and safety.
- Maintain affordable and competitive tariff rates sufficient to cover operating and capital requirements.
- Provide a safe work environment for both employees and tenants.
- Maintain financially sound operating ratios.
- Deliver accurate and timely billings to tenants and customers; demand timely payments from all users.
- Provide required level of Port security under U.S. Coast Guard/Homeland Security directives through a consortium of private tenants and the Port.

## Strategies to Achieve Goals

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

12. Host official U.S. Navy, U.S. Coast Guard, National Oceanic and Atmospheric Administration (NOAA), foreign navy, and Arctic research vessels on behalf of the Municipality of Anchorage, as needed.

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

Progress in achieving goals will be measured by:

1. Overtime hours and pay compared to base compensation for current vs prior year.
2. Operating Net Income year-to-date for current vs prior year.
3. Occupational Safety and Health Administration (OSHA) recordable incidents for current vs prior year (# of incidents, loss of time, and cost).

# Port of Alaska

*Anchorage: Performance. Value. Results.*

## Mission

Develop and maintain the quality of the Port's infrastructure to meet the needs of our stakeholders and ensure safe and modern infrastructure for the timely delivery of consumer goods and commercial cargo.

## Core Services

- Provide all Port users with marine terminals 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-related vehicles.

## Accomplishment Goals

- Ongoing repair and enhancement of deteriorated dock pile.
- Continued maintenance of valve yard valves and piping through scheduled inspections and timely maintenance.
- Continued maintenance and repair of storm drain systems and Ship Creek Boat Launch.
- Inspect dock surface and common areas to ensure cranes, equipment and personnel can operate with minimal threat of damage.
- Assist the Municipality of Anchorage effectively oversee management of the cost and schedule associated with the Port of Alaska Modernization Project (PAMP).

## Performance Measures

Progress in achieving goals will be measured by the following:

**Measure #1: Overtime hours and pay compared to base compensation for current vs prior year.**

| | 2018 | 2019 (YTD) |
|---|---|---|
| **Total Hours** | 2,062 | 661 |
| **Total Cost** | $103,183 | $ 36,396 |

**Measures #2: Operating Net Income YTD for current vs prior year.**

| | 6/30/2018 | 6/30/2019 | %Growth/(Loss) |
|---|---|---|---|
| ***Net Operating Income** | $ (965,078) | $ (837,933) | 13% |
| **Total Cash Flow** | $ 2,545,613 | $ 2,879,740 | 13% |

* Unaudited

* Net Operating Income includes Depreciation (non-cash item).

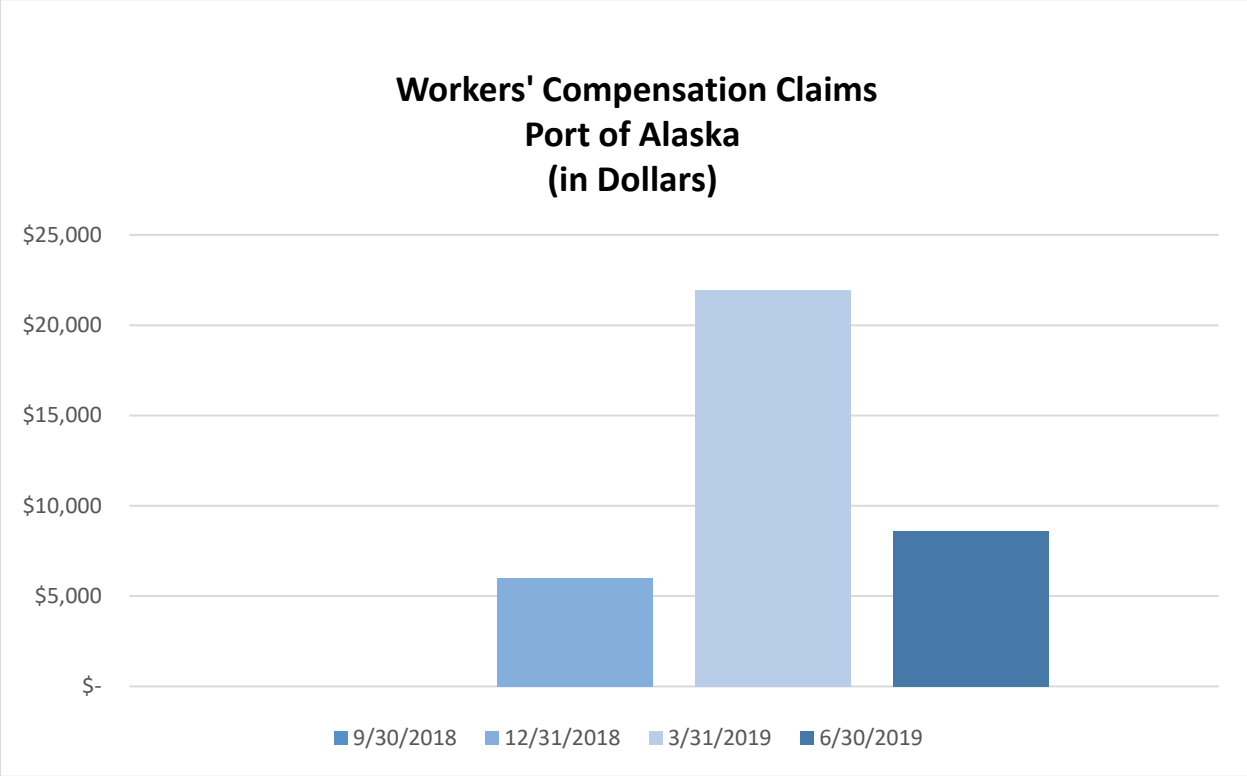
**Measures #3: Occupational Safety and Hazard Administration (OSHA) recordable incidents for current vs prior year (# of incidents, loss of time, and cost)**

| | 2018 | 2019 (YTD) |
|---|---|---|
| **# of Incidents** | 0 | 0 |
| **Loss of Time** | 0 | 0 |
| **Cost** | $ 0 | $ 0 |

**PVR Measure WC: Managing Workers' Compensation Claims**

Reducing job-related injuries is a priority for the Administration by ensuring safe work conditions and safe practices. By instilling safe work practices, we ensure not only the safety of our employees but reduce the potential for injuries and property damage to the public. The Municipality is self-insured and every injury poses a financial burden on the public and the injured worker's family. It just makes good sense to WORK SAFE.

Results are tracked by monitoring monthly reports issued by the Risk Management Division.



# Port of Alaska
# Highlights and Future Events

**Port of Alaska Modernization Program (PAMP)**
Port of Alaska is a Municipality of Anchorage owned and operated facility that serves Anchorage, the State of Alaska and the nation. The facility opened in 1961 to promote regional economic development. It has grown into Alaska's primary, inbound cargo facility that handles some 75 percent of all non-petroleum marine cargo shipped into Alaska. Today it supports more than $14 billion of state-wide economic activity annually, including goods consumed by 90 percent of all Alaskans. Port of Alaska is one of 17 Department of Defence - designated Commercial Strategic Seaports world-wide and projects U.S. force across Alaska, the Pacific Rim and the Arctic. It also accounts for almost half of the jet fuel consumed at Ted Stevens International Airport, the nation's second busiest air-cargo hub and the fifth busiest in the world.

Port of Alaska's half-century-old docks have long-exceeded their 35-year design life and inspections show that its aging wharf piles have lost up to three-quarters of their original thickness near the mud line. Crews started installing steel jackets on corroding piles in 2004 and have reinforced about half of the facility's wharf piles through the end of 2019. Crews are also maintaining fender piles, cathodic protection systems and other dock-related infrastructure. Nevertheless, most of these repairs are one-time fixes that only last 10-15 years and do little to enhance seismic resiliency.

The Port of Alaska Modernization Program (PAMP) will replace aging docks and related infrastructure to:

- Improve operational safety and efficiency
- Accommodate modern shipping operations
- Improve resiliency to survive extreme seismic events and Cook Inlet's harsh marine environment.

The first PAMP project is constructing a new petroleum cement terminal (PCT) just south of Port of Alaska's existing docks. Crews finished shore stabilization and transitional dredging for the PCT in September 2019 and in-water dock construction is scheduled to begin spring 2020. Financing options are under review to complete PCT construction in 2021 and to continue remaining PAMP-related scoping, design, permitting and construction work.

Remaining PAMP-related projects could include construction of one or two general cargo terminals that have lift-on/lift-off and roll-on/roll-off capabilities, a second petroleum terminal, North Extension stabilization, and demolition of all decommissioned docks. All PAMP- and North Extension-related projects are expected to take 8-to-ten years to construct, depending upon final project scopes, schedules and design. PAMP project funding is expected from a combination of state and federal grants, private funding sources and cargo-related fees and tariffs.

**Ongoing Facility Maintenance**
Port of Alaska officials are working to provide uninterrupted service and capability throughout PAMP design and construction. Aging facilities not included in the early phases of infrastructure improvements continue to be managed and maintained to the highest standards possible. Recommendations in the Port's Capital Improvement Budget address items needing immediate attention outside of the PAMP, including additional wharf pile and fender system repairs and a project that supports the GIS mapping of all Port facilities.

# Port of Alaska
# External Impacts

**External Factors**

Continued development and infrastructure replacement at North Slope, offshore, and Cook Inlet oil and gas fields, including potential construction of a pipeline to tidewater for liquefied natural gas (LNG) export.

Catching up with the changing equipment and infrastructure needs of the maritime shipping community so as not to lose relevance, to keep port users competitive, and to keep the cost of goods to the consumer reasonable.

Sustaining the response to jet fuel requirements from Ted Stevens Anchorage International Airport and Joint Base Elmendorf-Richardson (JBER).

Designation of the Port of Alaska as one of 17 Department of Defense – designated Commercial Strategic Seaports.

Unpredictability of State and Federal funding.

Unpredictable terrorist events affecting implementation of Department of Homeland Security laws and regulations.

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# Port of Alaska
# Workforce Projections

| Division | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|
| Administrative / Engineering | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Operations / Maintenance | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| **Total Full Time** | **20** | **20** | **20** | **20** | **20** | **20** | **20** | **20** |
| Part Time / Temporary | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| **Total Part Time** | **2** | **2** | **2** | **2** | **2** | **2** | **2** | **2** |
| **Total Positions** | **22** | **22** | **22** | **22** | **22** | **22** | **22** | **22** |
| **Total FTE** | **21.0** | **21.0** | **21.0** | **21.0** | **21.0** | **21.0** | **21.0** | **21.0** |

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# Port of Alaska
## 8 Year Summary
**($ in thousands)**

| Financial Overview | 2018 Actuals | 2019 Proforma | 2020 Proposed | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|
| | | | | Forecast | | | | |
| Revenues | 14,321 | 14,132 | 14,059 | 14,410 | 14,771 | 15,140 | 15,519 | 15,906 |
| Expenses (1) | 21,949 | 23,014 | 22,234 | 23,123 | 21,048 | 21,680 | 22,113 | 22,334 |
| **Net Income(Loss)** | **(7,628)** | **(8,882)** | **(8,175)** | **(8,713)** | **(6,278)** | **(6,540)** | **(6,595)** | **(6,428)** |
| (1): Expenses shown include all depreciation, including depreciation on assets purchased with grant funds. | | | | | | | | |
| Budgeted Positions | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 |
| Capital Improvement Program | 1,750 | 5,789 | 7,600 | 4,750 | 4,750 | 3,250 | 3,250 | 3,000 |
| Long Term Debt** | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 |
| Net Plant (12/31) | 157,920 | 163,709 | 171,309 | 176,059 | 179,309 | 181,059 | 182,809 | 184,309 |
| Net Assets (12/31) | 191,304 | 197,093 | 204,693 | 202,056 | 230,365 | 226,018 | 223,347 | 222,114 |
| General Cash Pool | 6,520 | 8,985 | 11,412 | 11,412 | 40,283 | 69,786 | 99,722 | 129,880 |
| Construction Cash Pool | 14,445 | 20,234 | 27,835 | 32,585 | 37,335 | 3,250 | 6,500 | 9,500 |
| **Total Cash** | **20,965** | **29,219** | **39,247** | **43,997** | **77,618** | **73,036** | **106,222** | **139,380** |
| Charges by Other Depts | 985 | 1,004 | 1,029 | 1,055 | 1,081 | 1,108 | 1,136 | 1,164 |
| Transfers (MESA) | 2,019 | 2,087 | 2,062 | 2,083 | 2,135 | 2,188 | 2,243 | 2,299 |
| Long Term Debt | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 |
| Debt Service Coverage | 1,152 | 1,386 | 1,325 | 1,325 | 1,350 | 1,350 | 1,350 | 1,350 |
| Debt/Equity Ratio | 27/72 | 26/72 | 29/71 | 29/71 | 30/70 | 30/70 | 31/69 | 31/69 |
| **Tariff Wharfage Rates (01/15):** | | | | | | | | |
| 1250 Petroleum, Bulk / Barrel | $0.146 | $0.152 | $0.158 | $0.164 | $0.171 | $0.178 | $0.185 | $0.192 |
| 1250 Cement, Bulk / Ton | $1.61 | $1.67 | $1.74 | $1.81 | $1.88 | $1.95 | $2.03 | $2.11 |
| **Statistical/Performance Trends:** | | | | | | | | |
| Tonnage (in thousands) | 3,949 | 3,524 | 3,525 | 3,578 | 3,632 | 3,686 | 3,741 | 3,797 |
| Operating Revenue/Ton | 3.12 | 3.36 | 3.37 | 3.41 | 3.40 | 3.41 | 3.45 | 3.50 |

** Line of Credit renewed in June 2019 - 2yr term

MESA - Municipal Enterprise Service Assessment

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# Port of Alaska
## Statement of Revenues and Expenses

| | 2018 Actuals | 2019 Proforma | 2019 Revised | 20 v 19 $ Change | 2020 Proposed | 20 v 19 % Change |
|---|---|---|---|---|---|---|
| **Operating Revenue** | | | | | | |
| Dock Revenue | 6,762,486 | 6,257,696 | 6,302,487 | - | 6,302,487 | 0.0% |
| Industrial Park Revenue | 5,036,375 | 5,004,521 | 5,288,645 | (87,025) | 5,201,620 | -1.6% |
| Other Operating Revenue | 526,851 | 315,898 | 280,500 | - | 280,500 | 0.0% |
| **Total Operating Revenue** | **12,325,712** | **11,578,115** | **11,871,632** | **(87,025)** | **11,784,607** | **-0.7%** |
| **Non Operating Revenue** | | | | | | |
| Interest Income (Loss) | 312,700 | 759,161 | 200,000 | 337,000 | 537,000 | 168.5% |
| Pipeline Right-of-Way Fee | 202,056 | 202,500 | 160,000 | 13,000 | 173,000 | 8.1% |
| Other Revenues | 1,480,808 | 1,592,705 | 1,477,975 | 87,025 | 1,565,000 | 5.9% |
| **Total Non Operating Revenue** | **1,995,564** | **2,554,366** | **1,837,975** | **437,025** | **2,275,000** | 23.8% |
| **Total Revenue** | **14,321,276** | **14,132,481** | **13,709,607** | **350,000** | **14,059,607** | **2.6%** |
| **Operating Expense** | | | | | | |
| Labor | | | | | | |
| Salaries and Benefits | 2,602,300 | 2,622,349 | 2,807,450 | 41,040 | 2,848,490 | 1.5% |
| Overtime | 100,950 | 102,464 | 104,365 | - | 104,365 | 0.0% |
| Total Labor | 2,703,250 | 2,724,813 | 2,911,815 | 41,040 | 2,952,855 | **1.4%** |
| Non Labor | | | | | | |
| Non Labor | 7,010,609 | 8,678,503 | 7,637,690 | - | 7,637,690 | 0.0% |
| Travel | 39,465 | 31,240 | 40,000 | - | 40,000 | 0.0% |
| Transfers (MESA and Gross Receipts) | 3,033,915 | 2,087,485 | 2,105,301 | (43,452) | 2,061,849 | -2.1% |
| Depreciation and Amortization | 7,024,522 | 7,103,250 | 7,435,347 | (247,556) | 7,187,791 | -3.3% |
| Total Non Labor | 17,108,511 | 17,900,478 | 17,218,338 | (291,008) | 16,927,330 | -1.7% |
| **Total Direct Cost** | **19,811,761** | **20,625,291** | **20,130,153** | **(249,968)** | **19,880,185** | -1.2% |
| Charges by Other Departments | 985,176 | 1,003,683 | 1,003,683 | 25,163 | 1,028,846 | 2.5% |
| **Total Operating Expense** | **20,796,937** | **21,628,974** | **21,133,836** | **(224,805)** | **20,909,031** | **-1.1%** |
| **Non Operating Expense** | | | | | | |
| Financing Costs on Short-Term Obligations | 1,152,083 | 1,385,977 | 1,325,000 | - | 1,325,000 | 0.0% |
| **Total Non Operating Expense** | **1,152,083** | **1,385,977** | **1,325,000** | **-** | **1,325,000** | 0.0% |
| **Total Expense (Function Cost)** | **21,949,020** | **23,014,951** | **22,458,836** | **(224,805)** | **22,234,031** | **-1.0%** |
| **Net Income (Loss)** | **(7,627,745)** | **(8,882,470)** | **(8,749,229)** | **574,805** | **(8,174,424)** | **-6.6%** |
| **Appropriation:** | | | | | | |
| **Total Expense** | | | **22,458,836** | **(224,805)** | **22,234,031** | |
| Less: Non Cash Items | | | | - | | |
| Depreciation and Amortization | | | 7,435,347 | (247,556) | 7,187,791 | |
| Total Non-Cash | | | 7,435,347 | (247,556) | 7,187,791 | |
| **Amount to be Appropriated (Cash Expense)** | | | **15,023,489** | **22,751** | **15,046,240** | |

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# Port of Alaska
## Reconciliation from 2019 Revised Budget to 2020 Proposed Budget

| | Appropriation | Positions FT | PT | T |
|---|---|---|---|---|
| **2019 Revised Budget** | 22,458,836 | 19 | 3 | - |
| **Transfers by/to Other Departments** | | | | |
| - Charges by Other Departments | 25,163 | - | - | - |
| **Changes in Existing Programs/Funding for 2020** | | | | |
| - Salaries and Benefits Adjustments | 41,040 | - | - | - |
| - Municipal Enterprise Service Assessment (MESA) and Gross Receipts | (43,452) | - | - | - |
| - Depreciation | (247,556) | - | - | - |
| **2020 Continuation Level** | **22,234,031** | **19** | **3** | **-** |
| **2020 Proposed Budget Changes** | | | | |
| - None | - | - | - | - |
| **2020 Proposed Budget** | **22,234,031** | **19** | **3** | **-** |
| **2020 Budget Adjustment for Accounting Transactions (Appropriation)** | | | | |
| - Depreciation | (7,187,791) | - | - | - |
| **2020 Proposed Budget (Appropriation)** | **15,046,240** | **19** | **3** | **-** |

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# Port of Alaska
## 2020 - 2025 Capital Improvement Program
**(in thousands)**

| Project Category | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Total |
|---|---|---|---|---|---|---|---|---|
| Fender Pile Enhancements | | 5,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 13,000 |
| Port Equipment | | 350 | - | - | - | - | - | 350 |
| Storm Drain Enhancements | | 1,000 | 1,500 | 1,500 | - | - | - | 4,000 |
| Wharf Pile Enhancements | | 750 | 1,750 | 1,750 | 1,750 | 1,750 | 1,500 | 9,250 |
| | **Total** | **7,600** | **4,750** | **4,750** | **3,250** | **3,250** | **3,000** | **26,600** |

| Funding Source | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Total |
|---|---|---|---|---|---|---|---|---|
| State/Federal Funds | | 4,000 | - | - | - | - | - | 4,000 |
| Port Equity | | 3,600 | 4,750 | 4,750 | 3,250 | 3,250 | 3,000 | 22,600 |
| | **Total** | **7,600** | **4,750** | **4,750** | **3,250** | **3,250** | **3,000** | **26,600** |

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# Port of Alaska
# 2020 Capital Improvement Budget
**(in thousands)**

| Project Title | Debt | State/Fed Grant | Equity/ Operations | Total |
|---|---|---|---|---|
| Fender Pile Enhancements | - | 4,000 | 1,500 | 5,500 |
| Port Equipment | - | - | 350 | 350 |
| Storm Drain Enhancements | - | - | 1,000 | 1,000 |
| Wharf Pile Enhancements | - | - | 750 | 750 |
| **Total** | **-** | **4,000** | **3,600** | **7,600** |

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# Port of Alaska
# Statement of Cash Sources and Uses

| | 2018 Actuals | 2019 Proforma | 2020 Proposed |
|---|---|---|---|
| **Sources of Cash Funds** | | | |
| Net Cash by Operating Activities | 2,286,561 | 2,168,471 | 2,227,516 |
| Interest | 318,660 | 296,688 | 200,000 |
| Grant Proceeds/Capital Contributions | 10,562,025 | 5,788,722 | 7,600,000 |
| **Total Sources of Cash Funds** | **13,167,246** | **8,253,881** | **10,027,516** |
| **Uses of Cash Funds** | | | |
| Additions to Plant | 21,143,922 | 5,788,722 | 7,600,000 |
| **Total Uses of Cash Funds** | **21,143,922** | **5,788,722** | **7,600,000** |
| Net Increase (Decrease) in Cash Funds | (7,976,676) | 8,253,881 | 10,027,516 |
| Cash Balance, January 1 | 28,941,510 | 20,964,834 | 29,218,715 |
| **Cash Balance, December 31** | **20,964,834** | **29,218,715** | **39,246,231** |
| **Detail of Cash and Investment Funds** | | | |
| Equity in General Cash Pool | 6,520,046 | 8,985,205 | 11,412,721 |
| Equity in Construction Cash Pool | 14,444,788 | 20,233,510 | 27,833,510 |
| **Cash Balance, December 31** | **20,964,834** | **29,218,715** | **39,246,231** |

# About Port of Alaska

**History**

The Port of Alaska commenced operation in September 1961 as the Port of Anchorage, with a single berth. In its first year of operation, 38,000 tons of cargo crossed the dock. On average, around four million tons pass over the dock every year, equating to about 250,000 commercial truck trips through Port property. The Port of Alaska is a major economic engine 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 and its stakeholders have maintained a notable safety record throughout the five decades of operation. The Port is one of 17 Department of Defense - designated Commercial Strategic Seaports. On October 24, 2017, the Anchorage Assembly approved ordinance AO 2017-122(S) to change the name to the Port of Alaska in an effort to recognize the statewide importance of this vital marine intermodal facility.

**Physical Plant**

Real Estate:
- 128 acres of developed uplands
- 65 acres currently under construction
- 48 acres of newly acquired land from Joint Base Elmendorf-Richardson (JBER)
- 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
- 1,641 total acres

Terminals:
- Three general cargo terminals, 2,109 ft. of dock face, container, bulk cement, dry bulk 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
- One dry barge berth, available spring through fall, and 15 acres of uplands for any type commodity movement

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 (FTZ) service available.

**Services**

Approximately 50% of all waterborne freight entering the State, and 90% of all refined petroleum products sold within the Railbelt and beyond (87% of the State's population) move through the Port of Alaska on an annual basis. Container service is available twice a week from the Port of

Tacoma through two domestic ocean carriers. Bulk shipments, both domestic and foreign, involve imports of basic commodities such as cement, refined petroleum products and construction materials. Due to its strategic global position and close proximity to neighboring military bases, JBER and Fort Wainwright are key transportation nodes for Department of Defense concerning mobilization planning, shipping/transporting of jet fuel and other related petroleum products and bulk cargo for military use.

The Municipality of Anchorage is the Grantee of FTZ No. 160, the only activated FTZ in the State of Alaska. The Port of Alaska is the Municipal department responsible for the administration of the FTZ program in Anchorage. Under the FTZ Alternate Site Framework construct, the entire Municipality is the identified FTZ. At the present time, there are seven "sub-zones" totaling some 1,000 acres located at the Port, Ted Stevens Anchorage International Airport and at five private sites throughout the Municipality. An application for subzone status for the Andeavor (formerly Tesoro) 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 Alaska are established in the Port's Terminal Tariff No. 8.2 and through contractual Terminal Preferential Usage Agreements. Changes to the tariff and adjustments to the Preferential Usage Agreements' charges require initial approval by the Anchorage Port Commission, and are subject to final approval by the Anchorage Municipal Assembly.

Port Industrial Park Revenue is derived from long-term leases of properties in the 220-acre 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), the Marine Mammal Protection Act (MMPA), Endangered Species Act, and Coastal Zone Management Plan. The Port area was also granted a categorical exclusion from Cook Inlet beluga whale critical habitat for reasons of its strategic importance to the Department of Defense and the State of Alaska.

**Port Safety Security and Emergency Preparedness**
Because the Port is a lifeline to the State of Alaska, safety, security and emergency preparedness are key parts of Port operations. Threats of natural disasters, accidents, or terrorists potentially disrupting the commerce and fuel supply for 87% of the state's population is of utmost importance. Efforts will continue to prevent and minimize these threats as well as establishing recovery procedures. These efforts are done in conjunction with the Port stakeholders, and Municipal, State, and Federal agencies. The Port continues to undergo security upgrades via Federal Port Security Grant applications and awards. Emergency preparedness planning and drills continue to be held to establish up to date disaster action and mitigation plans.

**Master Planning**
The Port of Alaska Modernization Project (PAMP) began in 2003 as the Port of Anchorage Intermodal Expansion Project (PIEP). What started as an expansion effort, is now solely

focused on replacing the deteriorating dock structures that have reached their original design life and were not built to current engineering standards for operational and seismic performance.

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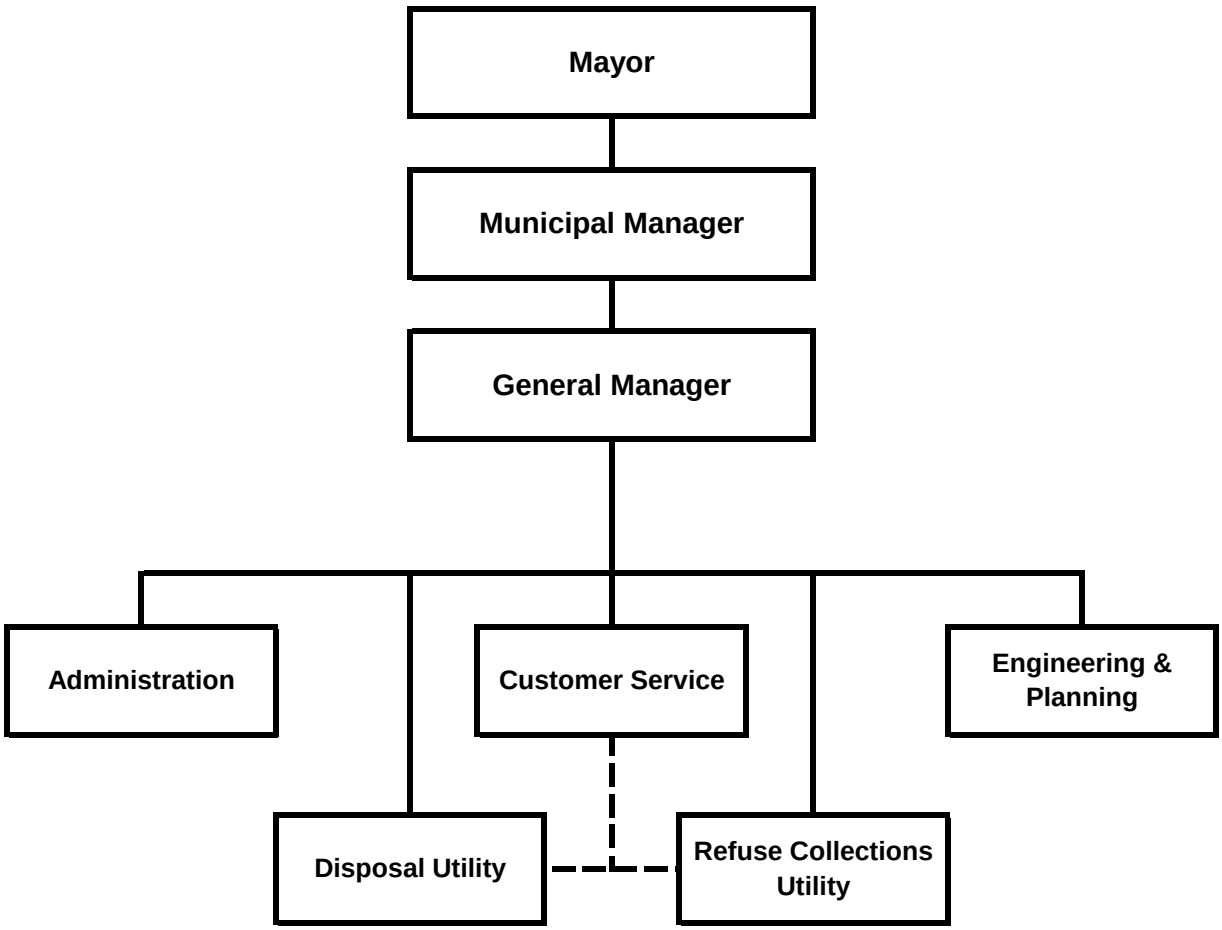
# Solid Waste Services



# Solid Waste Services
# Organizational Overview

The Municipality of Anchorage's (MOA) Department of Solid Waste Services (SWS), comprised of the Refuse Collection Utility (RCU) and Solid Waste Disposal Utility (SWDU), is defined as a municipal utility by Anchorage Municipal Code (AMC 26.10.015). The Utilities are self-funded and self-supporting by revenues derived from operations; primarily customer fees for services. No tax dollars are used by SWS operations. By Code and Municipal Charter, each utility is required to operate in accordance with general business standards common to the solid waste industry (Charter Article 16.01) and to provide a reasonable profit in accordance with industry standards (AMC 26.10.060).

To support the RCU and SWDU, SWS has three additional operating divisions: Engineering & Planning, Customer Service, and Administration. Each SWS supervisor reports to the General Manager.

**General Manager**
The General Manager is responsible for the overall management of SWS. The General Manager oversees operational decisions, with the Solid Waste and Recycling Advisory Commission (SWRAC) providing an overview of strategies, operating plans and budgets, along with offering input on solid waste issues, ordinances and policies and providing recommendations to the Mayor.

**Refuse Collection Utility (RCU)**
The RCU provides both residential and commercial service to the former City of Anchorage service area. The RCU has converted 99% of its residential customers to automated collections operations. There are approximately 150 customers which still receive manual can and bag pickup.

*Figure 1. Solid Waste Recycling and Commercial Collection Services*

Commercial refuse collection consists of seven routes serviced Monday through Friday and four additional routes serviced on Saturdays. This equates to the servicing of over 5,000 dumpsters on a weekly basis. All commercial refuse collected is unloaded at the Central Transfer Station (CTS).

Residential refuse collection consists of 11 routes serviced Monday through Friday for over 10,000 customers. All residential refuse is collected and unloaded at CTS. Curbside Recycling is performed by two routes that service over 9,500 customers weekly. Mixed paper and cardboard recycling collection is also provided to more than 50 municipal offices on a weekly, bi-weekly, and monthly basis. All recycling is transported and unloaded at the Anchorage Recycling Center (ARC) and pays a recycling tipping fee. Residential organics (food scraps and yard waste) collections is also now available and there are approximately 900 customers enrolled with this service. This collected material is transported to a regional facility that converts it to compost for use by commercial and residential customers.

All refuse and recycling collection activities are currently performed by 27 full time employees. The RCU fleet consists of: ten 40 cubic yard commercial frontload vehicles; nine 27 cubic yard automated sideload vehicles; one 25 cubic yard rear loader; numerous light-duty support vehicles; and one forklift. RCU vehicle maintenance employees repair and maintain this fleet within a warm storage facility located at the CTS. Residential and Commercial collection operators are members of the local Teamster's union with the vehicle maintenance employees being part of the International Brotherhood of Electrical Workers (IBEW). All operators are required to participate in a pre-route safety-operations briefing, and daily Department of Transportation (DOT) required pre-shift and post-shift vehicle inspections.

**Solid Waste Disposal Utility (SWDU)**
The main function of the SWDU is to dispose of household and commercial refuse generated within the MOA. The refuse is brought to three locations: Girdwood Transfer Station (GTS), CTS, and the Anchorage Regional Landfill (ARL). The SWDU has an extensive fleet of specialized equipment for the disposal of refuse that is maintained, operated, and supported by highly skilled and trained staff.

GTS received over 1,200 tons of refuse in 2018. GTS has a paved area where solid waste is discarded into an enclosure containing a 120-cubic yard trailer for transfer to CTS. GTS accepts used oil and batteries from customers and these items are picked up by SWS's Household Hazardous Waste (HHW) contractors for proper disposal, recycling, or for reuse.

CTS is located between the old and new Seward Highways on 56th Avenue. Solid waste disposed of at CTS is transferred by SWS tractors pulling 120 cubic yard (approximately 20-tons at a time) open top trailers to ARL. An average of 800 tons per day of solid waste is transferred from CTS to ARL. CTS also has an HHW disposal location and accepts residential used oil, batteries, and appliances that are picked up by contractors for proper disposal, recycling, or for reuse. Customers can drop off small quantities (less than 220 pounds per month) of unregulated hazardous waste which is not allowed to be disposed at ARL. A total of 25 SWS operators perform the various duties and operations associated with CTS.

*Figure 2. Solid Waste - Anchorage Regional Landfill*

ARL is located near the intersection of the Glenn Highway and Hiland Road near Eagle River. It is a 275-acre, award-winning, subtitle D landfill that typically processes more than 1,000 tons of refuse daily. Currently, 10 cells are constructed, one is under design, with a total of 12 cells to be developed at full build out of the facility. Every day solid waste is compacted and then covered with soil using bulldozers or alternative daily cover such as plastic tarps and recycled construction and demolition debris. The soil cover material comes from the excavation of future cells located on-site. Each landfill cell is lined and contains a leachate (water) collection system. Leachate is collected and transported in pipelines at the bottom of the landfill to collection lagoons for pre-treatment by aeration to increase the oxygen levels within it. On average, three specially designed leachate tankers transport and dispose of 25 million-gallons per year at the Anchorage Water & Wastewater Utility's Turpin Road dump station. ARL employees are responsible for the daily disposal of all of the MOA's refuse, the excavation and hauling of daily cover material, the installation and maintenance of landfill gas recovery wells and lines, the hauling of leachate, the building and maintaining of roads, snow removal, dust

control and equipment repair. Located within a warm storage facility located at ARL, vehicle maintenance employees repair and maintain heavy equipment and SWDU vehicles. A total of 26 SWS operators and mechanics perform the various duties and operations associated with ARL. The main HHW facility is located at ARL and is operated by a contractor that serves the residential and small business customers.

Due to the November 30, 2018 earthquake in the MOA, the warm storage, vehicle maintenance, and administration facilities have been rendered unusable and staff are being housed in temporary facilities until the permanent structures can be ultimately repaired. This process is on-going with the assistance of the State of Alaska and the Federal Emergency Management Agency (FEMA) and is expected to be completed by 2021.

City-wide recycling has stabilized and trash disposed at the landfill has remained steady for several years. Funded from a recycling surcharge, the recycling program promotes recycling and the recycling industry with the goal of extending the ultimate life of the landfill. One fulltime recycling coordinator answers public inquiries, and, in coordination with private and non-profit partners, prepares educational media (including social media) campaigns and events related to recycling throughout the MOA. A sustainability coordinator position has been added in 2019 with the vision of expanding the recycling and diversion programs within the MOA and ultimately extending the life of ARL. The surcharge has funded the development of an expanded paved public recycling drop-off site at the landfill. ARL currently accepts aluminum cans, paper, plastic, and cardboard. The materials are then transported to the Anchorage Recycling Center.

The program also provides support for public space recycling and to the Anchorage School District (ASD) by collecting mixed paper from all their facilities. The recycling program along with assistance from ASD and Alaska Waste funds a recycling coordinator position for the district that helps to promote education for students and the reduction of waste generated from their facilities. Recycling within the MOA is further supported through a grant for Christmas tree recycling, and a grant to offset the Port of Alaska wharfage fees that the ARC pays to ship recyclables out of state. A large, but less visible effort is economic and business development grants. These funds are given to local recycling businesses for developing ideas for reusing materials in-state, such as glass, tires, construction and demolition debris, and organics. A commercial glass collection pilot program is being rolled out in late 2019 to test the effectiveness of this type of collection from commercial generators.

**Engineering & Planning**

The Engineering & Planning Division consists of one engineer/manager, one civil engineer, one engineering intern, and two engineering technicians. The group has the following main tasks:

- Planning, design and construction of new facilities;
- Major facility upgrades and repairs;
- Technical landfill operations;
- Landfill gas (LFG) collection system operation; and,
- Regulatory compliance.

The division is responsible for the planning, design and management of construction activities related to landfill expansion, LFG collection system expansion and maintenance, CTS improvements, and landfill closure projects. The division relies on contracted engineering services for major design and construction projects. As the landfill development progresses, engineering efforts will turn more toward closure and reclamation projects such as capping, re-vegetation and storm water management as well as the design and construction of the new

CTS. The current closure cost includes $59M of closure construction work, and $29M (both in 2018 dollars) of post closure care costs that will be conducted over a period of 30 years following the closure of ARL.

As SWS facilities age (many are over 30-years old), the division is responsible for the procurement of services for major repair and maintenance activities as well as new ones. These activities include periodic reconstruction of the CTS tipping floor; heating, ventilation, and air conditioning (HVAC) systems; paving of roads and work areas at ARL; rehabilitation of landfill gas and leachate wells and piping systems; and the design and construction of the new CTS.

The division provides technical support to the SWDU ARL staff to improve landfill operations and maximize airspace utilization. The division helps re-engineer outer landfill slopes which recovers valuable landfill airspace and regularly monitors waste compaction and daily cover quantities in order to re-evaluate these estimates. The division provides support for planning fill operations, developing access roads, and efficiently mining cover materials from the site. As an example, the landfill crew, in addition to processing solid waste, can also mine gravel for current and future cover operations.

The LFG collection system currently supplies Doyon Utilities (DU) with gas to power a 7 megawatt electrical generating plant which provides power to the Fort Richardson side of Joint Base Elmendorf-Richardson (JBER). LFG activities at ARL include daily checks of key operating parameters, as well as routine maintenance of LFG well heads and monitoring equipment. The system currently requires a bi-weekly check and rebalancing of over 68 gas collection points to optimize the efficiency of the gas collection system while maximizing the gas output delivered to DU.

The division is responsible for compliance with environmental regulations at ARL as well as three closed landfill sites. All sites have groundwater monitoring and reporting requirements, as well as solid waste permit compliance relating to operation or post-closure monitoring. The Merrill Field landfill site has active landfill gas and leachate management systems which have both operational and regulatory reporting requirements. ARL operates under an active Class I landfill operating permit, as well as a Title V Air Quality operating permit, both issued by the Alaska Department of Environmental Conservation (ADEC). In addition to specific operating requirements, these permits require numerous inspections, as well as documentation and reporting requirements. Because ARL accepts asbestos wastes, it is regulated under National Emissions Standards for Hazardous Air Pollutants which requires inspection and documentation of every load of regulated material received. Both ARL and CTS have Storm Water Pollution Prevention Plans approved by ADEC which have regular inspection, monitoring, sampling, and reporting requirements.

**Customer Service**

The Customer Service Division has two work groups; the Customer Service Administration and Call Center and the Scale House / Cash Booth. Both work groups, totaling 18 employees, are managed by one Senior Administrative Officer.

Customer Service Administration and Call Center

This work group is based out of the SWS Administration Building located at 1111 East 56th Avenue. This office is staffed with one Senior Administrative Officer, one Junior Administrative Officer, one Collector, one Code Enforcement Officer and three Account Representative III's. The SWS call center staff answer up to 160 calls per day and also maintain the SWS customer

information system, which allows the invoicing of up to 12,350 customers monthly. These customers provide, on average, more than $2.1M in monthly payments to their accounts.

The SWS Code Enforcement officer ensures compliance within the SWS mandatory service area by actively facilitating corrective action in accordance to AMCs 14, 15, 21.07 and 26; while handling all in-house collections efforts for accounts that are 31 to 90 days past due. Once these accounts reach 90 days past due, they are transferred to the MOA third party collections company for further collective action.

Scale House / Cash Booth

The 12 employees of the Scale House / Cash Booth work group operate both the scale houses and cash booths at CTS, ARL, and GTS. Operating hours and days of operation vary by location, but overall this work group operates approximately 311 days a year, including all MOA holidays except Christmas and New Year's Day. Opening shifts begin as early as 6:00 A.M. for the staff opening CTS, closers are often on duty until approximately 6:00 P.M.

This group is the smiling face that greets both the residential and commercial disposal customers as they visit our disposal locations. These employees screen the customer's load prior to disposal, help monitor safety compliance, and kindly educate many on safe disposal practices, and encourage compliance with AMC and State Laws regarding litter prevention through assessment of fees. These team members assist over a quarter of a million customers visiting SWS facilities each year.

**Administration**

The Administration division provides support to all SWS employees. It is responsible for key performance indicator monitoring, IT assistance, Safety, Finance and Accounting, Purchasing, Accounts Payable, as well as human resources, labor relations, security, code enforcement, facility maintenance, and vehicle parts inventory functions.

SWS has one position involved in the monitoring and reporting of key performance indicators. This employee also researches, evaluates, and implements existing and emerging technologies when deemed necessary, fiscally responsible, and/or becomes critical to operations.

The SWS Safety Manager ensures that all operations are conducted in a safe manner. The Safety Manager is responsible for compliance with Occupational Safety and Health Administration (OSHA) safety standards by ensuring that the work environment is safe, as well as identifying and mitigating potential hazards for SWS employees and the public long before the hazard becomes an accident statistic. The Safety Manager inspects buildings, projects, equipment, operating practices and working conditions for compliance with various MOA, State and Federal safety codes and regulatory requirements. The Safety Manager coordinates safety programs in training, personal protective equipment, clothing and devices, as well as organizes and conducting seminars on first aid and OSHA required safety training. The Safety Manager prepares reports and makes recommendations for improvement. By analyzing data on accident rates and compensation claims, the Safety Manager develops methods to reduce costs, loss time, and personnel suffering.

Finance and Accounting

The Finance and Accounting section, consisting of four employees, manages the financial matters of SWS, including the accounting for revenues and expenses, the preparation of budgets, asset management, capital expenditures, as well as providing financial reports. One employee is responsible for purchasing and accounts payable providing for the procurement of

and the payment for all equipment, supplies, and contracts, in coordination with other MOA departments. Invoices are received, checked, account coded, approved, and entered into SAP for payment. Purchase orders are initiated at SWS: verifying proper account codes and funding, attaching all supporting documentation, obtaining proper department approval through the SAP workflow; many of the purchase orders also go through the MOA Purchasing Department's SAP workflow for final approval. Over 100 SWS timecards are processed each week in the SAP timekeeping and payroll system to ensure proper pay and cost of service coding. Additional administrative staff provide other support duties that include: ordering office supplies; processing travel authorizations, expense reports, and incoming and outgoing mail; maintaining files; oversite of recycling and organics programs; and providing administrative support to supervisors and to the SWRAC.

The SWS philosophy is to retain a small staff, while encouraging safety and dedication to a job well done.

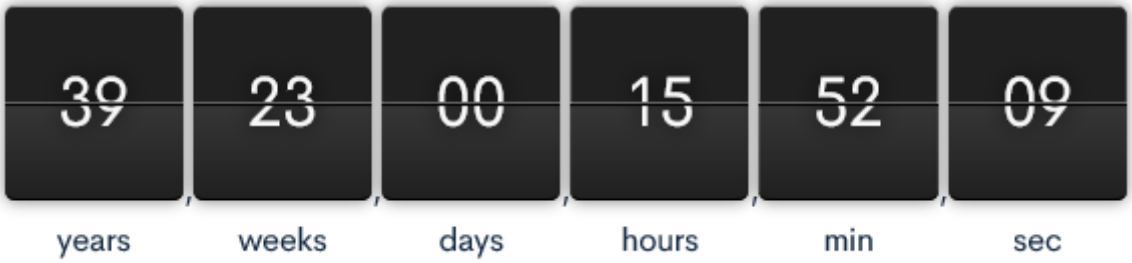



*Figure 3. Solid Waste Services – Disposal "Doomsday Clock"* https://acak.statwindow.com/landfill

# Solid Waste Services
# Business Plan

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

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

The Solid Waste Disposal Utility (SWDU) serves the entire MOA. The services include the disposal of solid waste, the collection of household hazardous waste, and the promotion of community recycling and sustainability. Municipal solid waste is received at three transfer stations located within the MOA. Waste generated in the community of Girdwood is transported from the Girdwood Transfer Station (GTS) to the Central Transfer Station (CTS) in Anchorage. All waste from the CTS is transported to the Anchorage Regional Landfill (ARL) for final disposal.

**Business Goals and Guiding Principles**
- Increase overall customer satisfaction rating.
- Reduce number of missed pick-ups by SWS.
- Reduce the average customer wait time.
- Maximize the usage of landfill has collected for beneficial purposes.
- Decrease the per capita amount of trash disposed at ARL.
- Expand the lifespan of ARL and maximize airspace utilization.
- Fully maximize existing collection and transfer truck routes through the leveraging of technology.
- Reduce time loss accidents and workman compensation claims.
- Create opportunities for employee development via training opportunities.
- Reduce greenhouse gas emissions across the MOA.

**Strategies to Achieve Goals**
- Invest in our business and community through the construction of a State-of-the-Art transfer facility on newly purchased property.
- Leverage SWS on-board vehicle computer systems.
- Streamline and improve CTS and ARL site traffic patterns. Invest in modernizing fleet and fuel technologies.
- Utilize alternative daily cover material and improve waste compaction.
- Communicate more effectively with employees about training opportunities and make them available.
- Work with Doyon Utilities to expand the landfill gas to energy facility or find another beneficial use for the gas.
- Promote the diversion of food waste, yard waste, metals, plastics, paper and cardboard.
- Improve recycling options for businesses and apartment buildings within the SWS service area.
- Standardize recycling outreach and labeling.

- Monitor the MOA's performance with respect to achieving the goals identified within the climate action plan.

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

1. Disposal Costs Offset by Landfill Gas Revenue.
2. Garbage to Dirt Ratio.
3. Landfill Closure Date.

# Refuse Collections & Disposal Utility
# Solid Waste Services Department

*Anchorage: Performance. Value. Results.*

**Mission**

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

**Vision**

Advancing solid waste management through continuous improvement and transparent performance.

**Values**

Providing value to our community through safe, innovative, and sustainable solid waste management.

**Core Services**

- Provide dumpster service to commercial and multifamily residential customers.
- Provide automated garbage, curbside recycle collection, and disposal to residential customers.
- Provide transfer station and landfill disposal services for the entire community of Anchorage.
- Support and promote energy efficient and sustainable practices for all residents throughout the community.

**Accomplishment Goals**

- Subsidize Disposal Utility operations with revenue collected from landfill gas sales to keep rates lower for longer periods of time.
- Extend the life of the Anchorage Regional Landfill by increasing the ratio of inbound garbage to dirt placed as daily cover. The less dirt used to cover garbage for means more space available at the landfill.
- Extend the useful life of the Anchorage Regional Landfill as far in the future as possible by improving recycling and operational performance on a continuous basis. The longer the landfill stays open the cheaper the cost to dispose of material in Anchorage is.

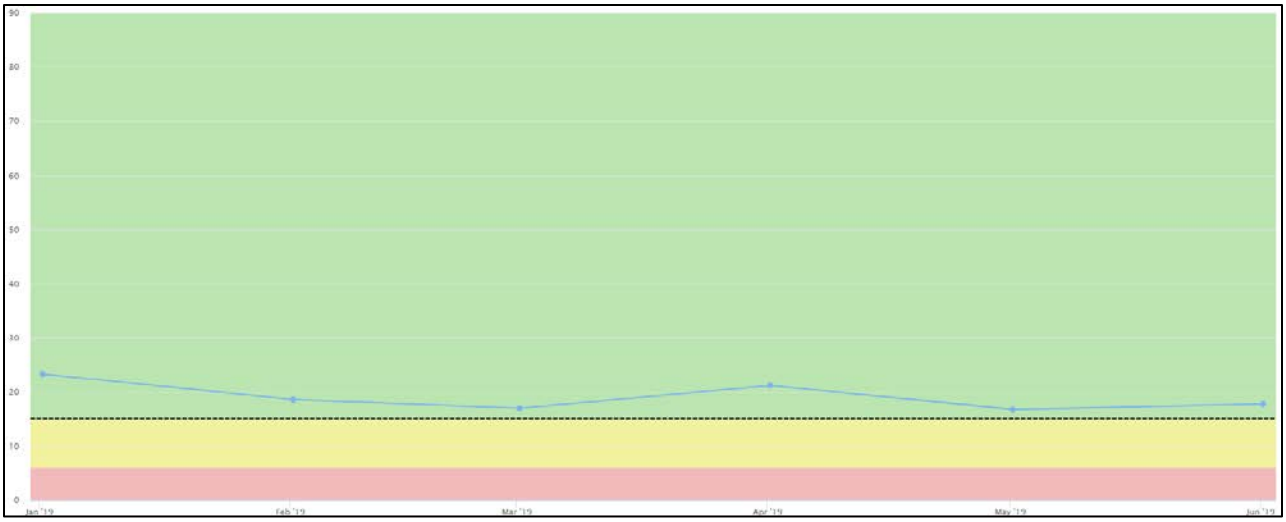
**Performance Measures**

Progress in achieving these goals will be measured by:

- Landfill Gas Revenue as a percent of Disposal Utility Operations Costs;
- Garbage to Dirt Ratio; and,
- Landfill Closure Date.

The following pages provide actual data which quantify these measures.
For more information on the performance indicators SWS has developed, please visit:
https://acak.statwindow.com

**Measure #1: Disposal Costs Offset by Landfill Gas Revenue**



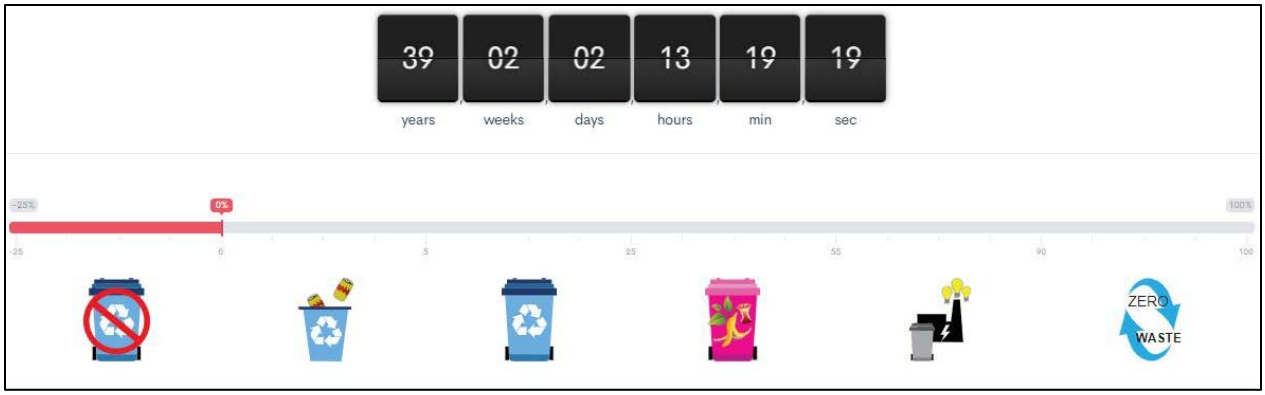
This measure is calculated by dividing the landfill gas revenue by the total disposal costs. SWS has set a target goal of > 15% indicated by the dashed line in the above line graph. This data is given to SWS on a quarterly basis. The months reflecting zero value are months in the current quarter SWS has no data.

**Quarter 2 Data –**

**Disposal Costs Offset: 18%**

SWS syphons the gas from collected refuse in the landfill. A portion of the gas is sold to Doyon Utilities to provide electricity to the Army side of Joint Base Elmendorf-Richardson. The revenue from selling landfill gas is used to subsidize disposal costs, therefore SWS customer rates are lower.

**Measure #2: Garbage to Dirt Ratio**




This measure is calculated by dividing the total tons of refuse (garbage) received at the landfill by the total tons of cover (dirt) used (which includes alternative cover.)
SWS has set a target goal of 1.4 indicated by the dashed line in the above line graph.

**Quarter 2 Data – 1.79**

**Apr: 1.45**
**May: 2.12**
**June: 1.88**

Everyday SWS uses many different forms of alternate cover to cover the garbage collected such as gravel, wood chips, tarps, and snow season-permitting.
This data is important because SWS has a goal to "Extend the Life of Anchorage Regional Landfill." The less amount of cover or alternative cover used to cover the refuse, the more space is left and the longer the landfill will be open.

**Measure #3: Landfill Closure Date**

SWS uses a 12-month average of waste generation and cover used by the landfill to predict the day the landfill will reach full capacity. As public behavior changes, the lower rate of waste generation and less cover used will slowly affect the life of the landfill. Decomposition and compaction are considered in the equation, as well as population growth. SWS derives this data from the most current landfill study.

SWS does not have a target set because this information is continually changing, however SWS has a goal to extend the life of the landfill.

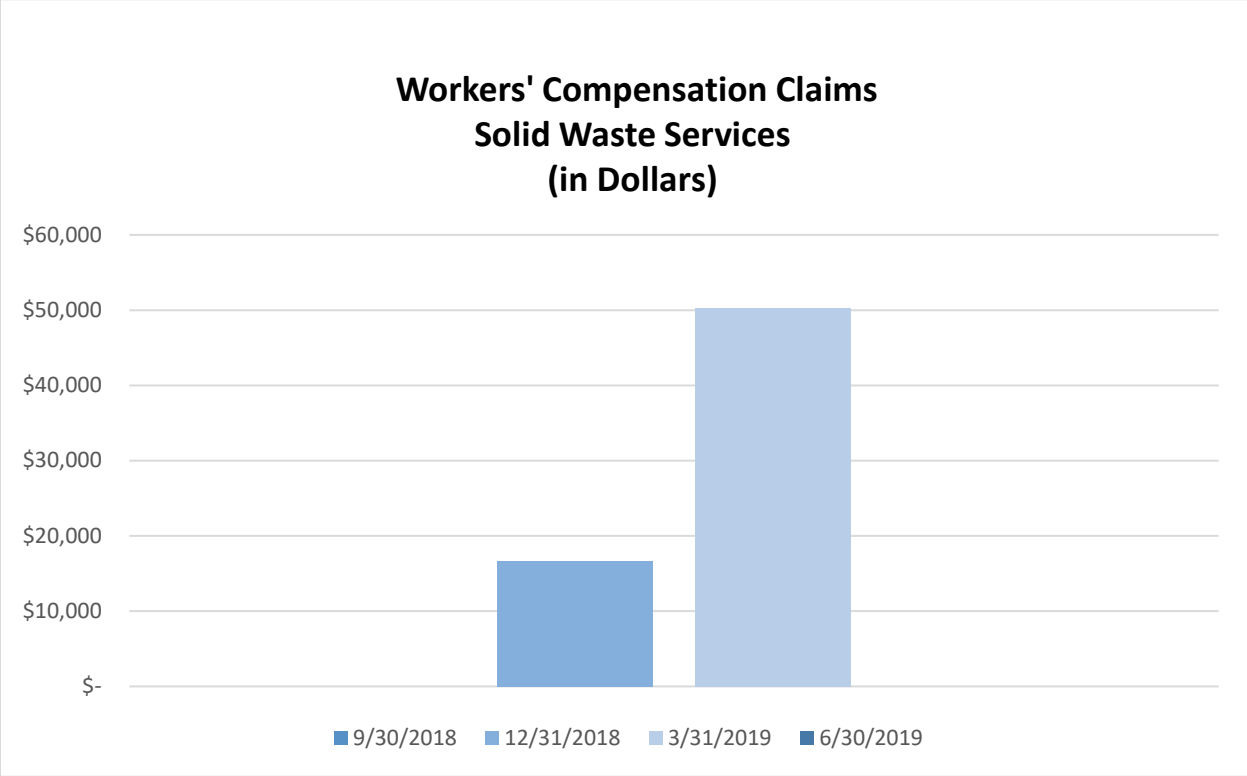
**Quarter 2 Data –**
**Estimated Year of Closure: 2058**

As the year of closure draws near, SWS needs think about *how* to continually provide the Municipality of Anchorage safe, efficient, and innovative solid waste management (i.e. development of a new landfill) for many years to come. Through fine-tuning public behavior (i.e. recycling, composting, organics collection), SWS can successfully serve the MOA for many years beyond this estimated date. Landfills are not forever, there is no time waste.

**PVR Measure WC: Managing Workers' Compensation Claims**

Reducing job-related injuries is a priority for the Administration by ensuring safe work conditions and safe practices. By instilling safe work practices, we ensure not only the safety of our employees but reduce the potential for injuries and property damage to the public. The Municipality is self-insured and every injury poses a financial burden on the public and the injured worker's family. It just makes good sense to WORK SAFE.

Results are tracked by monitoring monthly reports issued by the Risk Management Division.



# Solid Waste Services
# Highlights and Future Events

**Disposal Utility**

The Solid Waste Services (SWS) Disposal Utility's (SWDU) Central Transfer Station (CTS) is nearing the end of its useful life. The facility is aged, poses health and safety risks, and is not properly designed for the vehicle size and volume that it serves. SWS recently closed a transaction to purchase a tract of land across the street from the existing facility and has begun the architecture/engineering design for constructing a new transfer station facility. The new facility will provide increased capacity for peak flows of commercial and residential customers as well as provide much needed on-site traffic circulation improvements. The new transfer station will enhance the SWDU's ability to serve the community, while accommodating needs for increased recycling and waste reduction efforts to extend the life of the Anchorage Regional Landfill (ARL).

Anchorage sustained a 7.2 magnitude earthquake on November 30, 2018, and ARL suffered irreparable damage to the main Shop/Admin building. Additional damage that was sustained at the landfill includes: various gas collection piping and gas wells, non-structural damage to the concrete floor of the Household Hazardous Waste building, as well as multiple smaller damages to roadways and slopes within the landfill. Temporary facilities and gas system repairs are currently being constructed to maintain operation through the winter and the utility is working with Federal Emergency Management Agency (FEMA) to obtain approval for reconstructing the permanent ARL Shop/Admin building. Additionally, various building and roadway repairs are ongoing.

The ARL has a total land area of approximately 275-acres and is being developed in phases called cells. Currently, cells 1 through 7, 8a, 8b, 10 - 12 have been constructed. Cell 9a will begin development in 2020 with preliminary design complete before 2020.

In 2018 SWDU trucked to over 31 million gallons of treated leachate generated at the landfill to Anchorage Water & Wastewater Utility (AWWU). SWDU started design for retrofitting the leachate lagoons with a more modernized aeration system that will be more efficient and provide better treatment to the leachate.

Leachate has been hauled via tanker truck since ARL was first opened in 1987. The truck haul system is considered inefficient and potentially unsafe to the public due to the additional truck traffic on the Glenn Highway. SWDU is currently evaluating alternatives to trucking leachate including installation of multiple leachate evaporators onsite.

SWDU continues to aggressively expand recycling programs in Anchorage. Organics collection is a priority for the department. Demand for the program is high and the SWDU is looking to expand capacity by developing back-end infrastructure and increasing community outreach for participation in food scrap drop-offs.

SWDU also plans to continue supporting recycling initiatives across the municipality, which has seen increased processing costs as a result of shifting global commodities markets. SWS will continue to invest in recycling, as well as communication and outreach, which is vital to the success of the programs.

Another priority for SWS is sustainability and climate issues. SWS spearheads MOA's sustainability efforts. The Anchorage Climate Action Plan, a strategic plan to reduce emissions and prepare for the changing climate, was passed by the Assembly in May 2019; SWS coordinates its implementation and reporting.

**Refuse Collection**

The SWS Refuse Collection Utility (SWRCU) owns and operates a fleet of refuse collection vehicles, which are housed in a shop/storage building along with administrative offices on land owned by SWDU. The recent land purchase by SWS includes land to construct new facilities to replace the aging structures owned by SWRCU.

New software has recently been installed in SWRCU vehicles allowing drivers to communicate directly with the billing system for improved tracking of refuse collection activities, missed stops, and other metrics. Installation and training for use of the new software is expected to be complete in 2019.

SWS worked in 2019 to restart a commercial glass recycling program in the downtown district. The department worked with local recyclers to expand uses for the recycled glass in construction projects. Demand is at the point where local recyclers can accept even more glass for recycling. SWS is testing glass recycling downtown with the goal of increasing participation and offering the service outside of downtown.

# Solid Waste Services
# External Impacts

**Disposal**
SWS is scheduled to construct two new landfill cells at the Anchorage Regional Landfill (ARL) before the end of 2020. SWS anticipates using State of Alaska Clean Water Loans with a low interest rate and 20-year term, whenever possible. It is unknown if the program will be funded in the future; if the eligible expenses related to landfill construction will further limit use of these funds for construction; or if SWS will be awarded loans based on the program scoring criteria. Currently, the total cost of the landfill expansion is over $22M, with potential loan amounts estimated at $21M to cover those costs.

The Landfill Gas (LFG) to Energy project came into commercial operation in 2013. Revenue to the Solid Waste Disposal Utility (SWDU) derived from the sale of landfill gas to Doyon Utilities (DU) is based upon the purchase price for natural gas as reported by Chugach Electric Association (CEA) to the Regulatory Commission of Alaska (RCA). Future revenues anticipated from this project will be based upon gas price projections by CEA and other area utilities. As a result, the actual revenue generated by the LFG project will fluctuate dependent upon market price of natural gas in Southcentral Alaska.

Currently DU Inc. holds an air quality permit which will allow continuous operation of up to six generating units at the LFG power plant on Joint Base Elmendorf-Richardson (JBER). The power plant currently operates five generating units, producing approximately seven (7) megawatt of power. In the summer months, power usage at Fort Richardson decreases below this capacity in off-peak hours. Because of the lower demand, one generating unit is shut down on evenings and weekends, resulting in decreased landfill gas consumption seasonally. Currently, there is no energy integration between the Fort Richardson and Elmendorf sides of JBER. This limits the amount of revenue that can be generated by the project. A project is currently in the final phases of design to interconnect the Fort Richardson and Elmendorf electrical grids.

The current tonnage received at the landfill is dependent upon all refuse providers servicing the MOA. SWS is in the process of implementing a Recycling Education Program as well as recycling incentives. As a result, there is an expected decrease in the amount of refuse received by ARL.

Since 1994, SWS has stored gravel generated from cell development activities on leased land from Fort Richardson. SWS currently has over 4 million-cubic yards of material stored at this location which will all be used in the normal operation of the landfill. An extension of this lease needs to be negotiated prior to expiration in 2019 to ensure continued use of this property until the gravel is expended.

Leachate from the ARL is disposed of to Anchorage Water & Wastewater Utility's (AWWU) wastewater collection system. SWS hauls the leachate from ARL to AWWU's Turpin Street septic hauler station. SWS has hauled over 25 million gallons annually to this facility. The cost for this activity is driven by labor, fuel and vehicle operations and maintenance (O&M) costs as well as AWWU disposal rates, all of which are continuously rising. SWS is in the process of initiating design activities for a pipeline to allow direct discharge to the AWWU system.

ARL and Central Transfer Station (CTS) facilities were all constructed in 1987. Consequently, many mechanical, electrical and structural components of these facilities are rapidly approaching or have exceeded their useful lives. Many of these systems are either life safety issues or critical to the continued operation of the facilities. SWS has and will continue to incur significant capital and maintenance costs as these facilities and components are upgraded or replaced. Disposal customers are subjected to long wait times and safety issues each time they come to the CTS to dispose of their loads. Therefore, SWS has proposed and received approval for a plan to construct a new CTS. The new facility will also allow SWS to control the destiny of the Disposal and Refuse Collection Utilities through additional space to explore new technologies, and the ability to re-purpose the existing space to meet other growing needs within the Municipality.

**Refuse**

Disposal customers are subjected to long wait times and safety issues each time they come to the CTS to dispose of their loads. Therefore, SWS has proposed and received approval for a plan to construct a new CTS. The new facility will also allow SWS to control the destiny of the Disposal and Refuse Collection Utilities through additional space to explore new technologies, and the ability to re-purpose the existing space to meet other growing needs within the Municipality.

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# Solid Waste Services
# Workforce Projections

| Division | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|
| Administration | 23 | 25 | 24 | 24 | 24 | 24 | 24 | 24 |
| Disposal | 49 | 47 | 49 | 49 | 49 | 49 | 49 | 49 |
| Refuse Collection | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 26 |
| **Total Full Time** | **98** | **98** | **99** | **99** | **99** | **99** | **99** | **99** |
| Part time/Temp | 6 | 6 | 7 | 7 | 7 | 7 | 7 | 7 |
| Seasonal | 6 | 6 | 7 | 7 | 7 | 7 | 7 | 7 |
| **Total Part Time** | **12** | **12** | **14** | **14** | **14** | **14** | **14** | **14** |
| **Total Positions** | **110** | **110** | **113** | **113** | **113** | **113** | **113** | **113** |
| **Total FTE** | **105.3** | **107.3** | **109.6** | **109.6** | **109.6** | **109.6** | **109.6** | **109.6** |

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# Solid Waste Services - Disposal
## 8 Year Summary
**($ in thousands)**

| Financial Overview | 2018 Actuals | 2019 Proforma | 2020 Proposed | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|
| | | | | Forecast | | | | |
| Revenues | 23,237 | 25,518 | 25,573 | 26,852 | 28,194 | 29,604 | 30,196 | 30,800 |
| Expenses | 24,930 | 22,563 | 24,517 | 25,007 | 25,758 | 26,788 | 27,859 | 28,695 |
| **Net Income (Loss)** | **(1,693)** | **2,955** | **1,056** | **1,844** | **2,437** | **2,816** | **2,337** | **2,105** |
| Budgeted Positions | 83(27) | 83(27) | 86(27) | 86(27) | 86(27) | 86(27) | 86(27) | 86(27) |
| Capital Improvement Program | 5,475 | 24,885 | 19,999 | 28,037 | 23,470 | 9,892 | 7,449 | 4,945 |
| Transfers (Dividend) | 790 | 233 | 750 | 750 | 750 | 750 | 750 | 750 |
| Bond Sales/ New Debt | - | 16,570 | 12,294 | 12,147 | 22,675 | 19,775 | 6,600 | 4,570 |
| Net Plant (12/31) | 64,707 | 84,942 | 100,291 | 105,291 | 145,063 | 150,009 | 157,458 | 162,403 |
| Net Assets (12/31) | 65,137 | 68,092 | 69,148 | 70,992 | 73,429 | 76,245 | 78,582 | 80,686 |
| Unrestricted Net Assets | 2,631 | 3,839 | 2,395 | 1,739 | 1,973 | 2,860 | 3,248 | 3,388 |
| Future Landfill Closure Liability** | 1,602 | - | 590 | - | - | - | - | - |
| General /Construction Cash Pool | 8,056 | 41 | 95 | (9,154) | (4,949) | 9,934 | 14,085 | 18,710 |
| Landfill Closure Cash Reserve** | 31,558 | 32,458 | 33,048 | 53,692 | 63,692 | 73,692 | 83,692 | 93,692 |
| **Total Cash** | **39,614** | **32,499** | **33,143** | **44,538** | **58,743** | **83,626** | **97,777** | **112,402** |
| Charges by Other Departments | 2,789 | 3,525 | 3,704 | 3,852 | 4,006 | 4,166 | 4,333 | 4,506 |
| Utility Revenue Distribution | - | - | - | - | - | - | - | - |
| Transfers (MUSA) | 871 | 1,153 | 851 | 1,579 | 2,176 | 2,250 | 2,362 | 2,436 |
| Total Outstanding Debt | 14,256 | 29,079 | 24,050 | 23,903 | 34,728 | 32,102 | 18,907 | 16,862 |
| Total Annual Debt Service | 1,723 | 1,747 | 2,500 | 2,500 | 2,203 | 1,929 | 1,949 | 1,964 |
| Debt Service Coverage | (0.98) | 1.69 | 0.42 | 0.74 | 1.11 | 1.46 | 1.20 | 1.07 |
| Debt/Equity Ratio | 18/67 | 29/67 | 23/67 | 23/67 | 32/67 | 28/67 | 16/67 | 14/67 |
| **Rate Percentage Change (CTS /ARL)** | | | | | | | | |
| Tipping Fee Rate per Ton (ARL / CTS) | $58/$68 | $58/$68 | $62/$72 | $66/$76 | $70/$80 | $74/$84 | $78/$88 | $80/$90 |
| Pickup Rate per Load | $16 | $16 | $16 | $17 | $18 | $19 | $20 | $20 |
| Car Rate per Load | $6 | $6 | $6 | $7 | $7 | $8 | $8 | $8 |
| Proposed Annual Rate increase | | | 6.25% | 6.25% | 6.25% | 5.00% | 5.00% | 2.00% |
| **Statistical/Performance Trends** | | | | | | | | |
| Tons Disposed | 310,052 | 305,000 | 305,000 | 305,000 | 305,000 | 305,000 | 305,000 | 305,000 |
| Vehicle Count | 239,840 | 240,000 | 240,000 | 240,000 | 240,000 | 240,000 | 240,000 | 240,000 |

**In 2018, an investment account was established with the assumption that the investment growth would offset the closure liability amount in future years.

Certain actual financial figures above will not match the Comprehensive Annual Financial Report; the CAFR combines Disposal with Administrative and Vehicle Maintenance cost centers.

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# Solid Waste Services - Disposal
## Statement of Revenues and Expenses

| | 2018 Actuals | 2019 Proforma | 2019 Revised | 20 v 19 $ Change | 2020 Proposed | 20 v 19 % Change |
|---|---|---|---|---|---|---|
| **Operating Revenue** | | | | | | |
| Landfill Disposal Fees | 19,936,703 | 19,618,067 | 20,421,680 | 1,276,355 | 21,698,035 | 6.3% |
| Hazardous Waste Fees | 604,499 | 217,165 | 318,750 | 19,922 | 338,672 | 6.3% |
| Community Recycling Residential | 171,696 | 182,473 | 175,313 | 10,957 | 186,270 | 6.2% |
| Community Recycling Commercial | 438,224 | 391,757 | 435,625 | 27,227 | 462,852 | 6.3% |
| Landfill Methane Gas Sales | 2,967,624 | 2,053,767 | 2,000,000 | - | 2,000,000 | 0.0% |
| Reimbursed Costs | 204,883 | 20,039 | 106,000 | (6,000) | 100,000 | -5.7% |
| Unsecured Loads | 14,830 | 15,000 | 15,938 | 996 | 16,934 | 6.2% |
| Other | (36,610) | 19,179 | 193,525 | 17,521 | 211,046 | 9.05% |
| **Total Operating Revenue** | **24,301,849** | **22,517,447** | **23,666,831** | **1,346,978** | **25,013,809** | **5.69%** |
| **Non Operating Revenue** | | | | | | |
| Other Revenue | 33,010 | - | - | 30,000 | 30,000 | 0.0% |
| Interest from Cash Pool | 107,280 | 200,922 | 400,000 | (421,000) | (21,000) | -105.3% |
| Realized Gains | 589,868 | 300,000 | - | 200,000 | 200,000 | 0.0% |
| Unrealized Gains/(Losses) | (2,087,755) | 2,500,000 | 100,000 | 200,000 | 300,000 | 200.0% |
| Other Property Sales/Disposal of Assets | 292,563 | 17 | 50,000 | - | 50,000 | 0.00% |
| **Total Non Operating Revenue** | **(1,065,034)** | **3,000,939** | **550,000** | **9,000** | **559,000** | **1.64%** |
| **Total Revenue** | **23,236,814** | **25,518,386** | **24,216,831** | **1,355,978** | **25,572,809** | **5.60%** |
| **Operating Expense** | | | | | | |
| Labor | | | | | | |
| Salaries and Benefits | 6,409,708 | 6,615,341 | 5,929,367 | 450,755 | 6,380,122 | 7.6% |
| Overtime | 518,695 | 580,503 | 538,366 | 24,933 | 563,299 | 4.6% |
| Total Labor | **6,928,403** | **7,195,844** | **6,467,733** | **475,689** | **6,943,422** | **7.4%** |
| Non Labor | | | | | | |
| Non Labor | 6,507,387 | 6,435,438 | 6,178,152 | 1,021,533 | 7,199,685 | 16.5% |
| Travel | 21,092 | 21,092 | 15,000 | 20,000 | 35,000 | 133.3% |
| Landfill Closure Costs | 1,602,499 | - | 900,000 | (310,000) | 590,000 | -34.4% |
| Transfers (MUSA, Dividend, and Gross Receipts) | 1,673,279 | 1,385,957 | 1,385,957 | 215,328 | 1,601,285 | 15.5% |
| Depreciation and Amortization | 5,408,664 | 4,000,000 | 4,650,000 | 400,000 | 5,050,000 | 8.6% |
| Total Non Labor | **15,212,920** | **11,842,487** | **13,129,109** | **1,346,861** | **14,475,970** | **10.3%** |
| **Total Direct Cost** | **22,141,323** | **19,038,331** | **19,596,842** | **1,822,550** | **21,419,392** | **9.3%** |
| Charges by Other Departments | 2,788,766 | 3,525,308 | 3,729,507 | (20,233) | 3,709,274 | -0.5% |
| **Total Operating Expense** | **24,930,089** | **22,563,639** | **23,326,349** | **1,802,317** | **25,128,666** | **7.7%** |
| **Non Operating Expense** | | | | | | |
| Interest During Construction | - | - | (123,479) | (488,567) | (612,046) | 395.7% |
| **Total Non Operating Expense** | - | - | (123,479) | (488,567) | (612,046) | 0.0% |
| **Total Expense (Function Cost)** | **24,930,089** | **22,563,639** | **23,202,870** | **1,313,750** | **24,516,620** | **5.7%** |
| **Net Income (Loss)** | **(1,693,274)** | **2,954,747** | **1,013,961** | **42,228** | **1,056,189** | **4.2%** |
| **Appropriation:** | | | | | | |
| **Total Expense** | | | **23,202,870** | **1,313,750** | **24,516,620** | |
| Less: Non Cash Items | | | | | | |
| Landfill Care and Closure | | | 900,000 | (310,000) | 590,000 | |
| Depreciation and Amortization | | | 4,650,000 | 400,000 | 5,050,000 | |
| Total Non Cash | | | 5,550,000 | 90,000 | 5,640,000 | |
| **Amount to be Appropriated (Cash Expense)** | | | **17,652,870** | **1,223,750** | **18,876,620** | |

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# Solid Waste Services - Disposal
# Reconciliation from 2019 Revised Budget to 2020 Proposed Budget

| | | Positions | | |
|---|---|---|---|---|
| | **Appropriation** | **FT** | **PT** | **T** |
| **2019 Revised Budget** | 23,202,870 | 72 | 5 | 4 |
| **Transfers by/to Other Departments** | | | | |
| - Charges by Other Departments | (20,233) | - | - | - |
| **Debt Service** | | | | |
| - Debt Service | 543,585 | - | - | - |
| **Changes in Existing Programs/Funding for 2020** | | | | |
| - Salaries and Benefits Adjustments | 202,422 | - | - | - |
| - Non Labor - Contractual Increases | 477,948 | - | - | - |
| - Landfill Closure Accrual | (310,000) | - | - | - |
| - Depreciation and Amortization | 400,000 | - | - | - |
| - Dividend Distribution | 517,200 | - | - | - |
| - Municipal Utility Service Assessment (AMC 26.10.025 Removed 1.25% Revenue from Calculation) | (301,872) | - | - | - |
| - Int Capitalized on Construction | (488,567) | | | |
| **2020 Continuation Level** | **24,223,353** | **72** | **6** | **5** |
| **2020 Proposed Budget Changes** | | | | |
| - Adding new Disposal VMT Foreman, Engineering Intern, and Accounting Assistant | 273,267 | 1 | 1 | 1 |
| - Travel | 20,000 | - | - | - |
| **2020 Proposed Budget** | **24,516,620** | **73** | **7** | **6** |
| **2020 Budget Adjustment for Accounting Transactions (Appropriation)** | | | | |
| - Depreciation and Amortization | (5,050,000) | - | - | - |
| - Landfill Care and Closure | (590,000) | - | - | - |
| **2020 Proposed Budget (Appropriation)** | **18,876,620** | **73** | **7** | **6** |

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# Solid Waste Services - Disposal
## 2020 - 2025 Capital Improvement Program
**(in thousands)**

| Project Category | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Total |
|---|---|---|---|---|---|---|---|
| Construction and Land Improvements | 9,257 | 7,475 | 5,500 | 1,500 | 500 | 500 | 24,732 |
| Heavy Equipment | 5,950 | 2,650 | 1,800 | - | 900 | 3,300 | 14,600 |
| Misc Light Equipment | 120 | 280 | 80 | 215 | 80 | 80 | 855 |
| New Central Transfer Station | 3,337 | 15,612 | 14,775 | 6,627 | 4,569 | - | 44,920 |
| Vehicles | 1,335 | 2,020 | 1,315 | 1,550 | 1,400 | 1,065 | 8,685 |
| **Total** | **19,999** | **28,037** | **23,470** | **9,892** | **7,449** | **4,945** | **93,792** |

| Funding Source | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Total |
|---|---|---|---|---|---|---|---|
| Debt - Clean Water Loan | 8,957 | 7,000 | 5,000 | - | - | - | 20,957 |
| Debt - Bonds | 3,337 | 15,612 | 14,775 | 6,627 | 4,569 | - | 44,920 |
| Equity/Operations | 7,705 | 5,425 | 3,695 | 3,265 | 2,880 | 4,945 | 27,915 |
| **Total** | **19,999** | **28,037** | **23,470** | **9,892** | **7,449** | **4,945** | **93,792** |

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# Solid Waste Services - Disposal
# 2020 Capital Improvement Budget
**(in thousands)**

| Project Title | Debt | State/Fed Grant | Equity/ Operations | Total |
|---|---|---|---|---|
| Annual Additional Gas Wells/Piping | - | - | 300 | 300 |
| Cell 9 - Construction | 8,807 | - | - | 8,807 |
| Cherry Pickers- Knuckleboom Cranes | - | - | 800 | 800 |
| D3 Caterpillar Dozer | - | - | 175 | 175 |
| Engineering Design Contract - Anchorage Regional Landfill | 150 | - | - | 150 |
| Mini Excavator | - | - | 275 | 275 |
| New Central Transfer Facility | 3,337 | - | - | 3,337 |
| Office Equipment (Administration) | - | - | 30 | 30 |
| Renewable Energy Project | - | - | 50 | 50 |
| Replace 2005 3/4 Ton Pickup | - | - | 75 | 75 |
| Replace 2005 Light Duty Pickups | - | - | 130 | 130 |
| Replace 2010 Cat Compactor/Dozer | - | - | 1,600 | 1,600 |
| Replace 2013 A35F Volvo 6WD Dump Truck | - | - | 800 | 800 |
| Replace 2014 Peterbilt Tractors (3) | - | - | 570 | 570 |
| Replace 2014 Wilkins Trailers (4) | - | - | 560 | 560 |
| Replace 988K Wheel Loader | - | - | 1,200 | 1,200 |
| Roll-off Containers | - | - | 40 | 40 |
| Shredder | - | - | 1,100 | 1,100 |
| **Total** | **12,294** | **-** | **7,705** | **19,999** |

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# Solid Waste Services - Disposal Utility
## Statement of Cash Sources and Uses

| | 2018 Actuals | 2019 Proforma | 2020 Proposed |
|---|---|---|---|
| **Sources of Cash Funds** | | | |
| Operating Income[1] | 3,758,896 | 3,159,918 | 3,433,936 |
| Depreciation, net of amortization | 4,400,603 | 4,650,000 | 5,050,000 |
| Interest Received | 92,455 | 400,000 | (21,000) |
| Loan Proceeds | - | 16,569,923 | 12,294,000 |
| **Total Sources of Cash Funds** | **8,251,954** | **24,779,841** | **20,756,936** |
| **Uses of Cash Funds** | | | |
| Capital Construction and Acquisition | 4,852,874 | 15,515,352 | 19,999,000 |
| Land Purchase | - | 9,369,923 | - |
| Debt Principal Payment | 1,486,613 | 1,486,612 | 2,973,224 |
| Debt Interest Payments | 213,838 | 260,000 | 803,585 |
| Landfill Post Closure Cash Reserve | (1,543,502) | 900,000 | 590,000 |
| Due to Areawide | (141,656) | - | - |
| Investment Loss on Landfill Post Closure Cash Reserve | 1,496,567 | - | - |
| MUSA | 871,401 | 1,153,157 | 1,170,157 |
| Transfer to Other Funds | 12,000 | - | - |
| Dividend Distribution | 789,878 | 232,800 | 750,000 |
| **Total Uses of Cash Funds** | **8,038,013** | **28,917,844** | **26,285,966** |
| Net Increase (Decrease) in Cash Funds | 213,941 | (4,138,003) | (5,529,030) |
| Cash Balance, January 1 | 10,472,180 | 10,686,121 | 6,548,118 |
| **Cash Balance, December 31** | **10,686,121** | **6,548,118** | **1,019,088** |
| **Detail of Cash and Investment Funds** | | | |
| General Cash Less Customer Deposits | 2,630,075 | 6,507,424 | 924,088 |
| Construction Cash [(2)] | 8,056,046 | 40,694 | 95,000 |
| **Cash Balance, December 31** | **10,686,121** | **6,548,118** | **1,019,088** |
| Landfill Post Closure Cash Reserve | 31,558,268 | 32,458,268 | 33,048,268 |

(1) Operating Income less Functional Costs plus Debt Interest, MUSA, and Dividends.
(2) Assumes transfer from operating cash sufficient to cover constrcution/CIP needs

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# Solid Waste Services - Refuse Collection
## 8 Year Summary
**($ in thousands)**

| Financial Overview | 2018 Actuals | 2019 Proforma | 2020 Proposed | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|
| | | | | Forecast | | | | |
| Revenues | 11,170 | 12,130 | 12,877 | 13,521 | 14,197 | 14,907 | 15,652 | 16,435 |
| Expenses | 11,544 | 11,029 | 12,381 | 12,714 | 13,095 | 13,488 | 14,027 | 14,588 |
| **Net Income (Loss)** | **(374)** | **1,101** | **496** | **807** | **1,102** | **1,419** | **1,625** | **1,847** |
| Budgeted Positions | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 |
| Capital Improvement Program | 2,385 | 3,710 | 4,830 | 12,278 | 11,345 | 6,183 | 4,441 | 1,755 |
| Transfers (Dividend) | 552 | - | 300 | 300 | 300 | 300 | 300 | 300 |
| Bond Sales/STBP | - | 1,100 | 2,225 | 1,475 | 11,000 | 10,000 | 5,000 | 4,000 |
| Net Plant (12/31) | 5,022 | 7,332 | 10,762 | 21,640 | 31,585 | 36,368 | 39,409 | 39,764 |
| Net Assets (12/31) | 5,452 | 7,762 | 11,192 | 22,070 | 32,015 | 36,798 | 39,839 | 40,194 |
| **Total Cash** | **2,213** | **3,189** | **584** | **-** | **-** | **-** | **-** | **-** |
| Charges by Other Depts | 2,298 | 2,872 | 2,919 | 2,977 | 3,037 | 3,098 | 3,160 | 3,223 |
| Utility Revenue Distribution | - | - | - | - | - | - | - | - |
| Transfers (MUSA) | 75 | 75 | 83 | 271 | 395 | 455 | 493 | 497 |
| Total Outstanding Debt | - | 76 | 2,301 | 3,776 | 14,776 | 24,776 | 29,776 | 33,776 |
| Total Annual Debt Service | - | - | - | 144 | 289 | 518 | 681 | 765 |
| Debt Service Coverage | N/A | N/A | 85.00 | 85 | 1,639 | 1,639 | 1,639 | 1,639 |
| Debt/Equity Ratio | 0/100 | 1/67 | 14/67 | 11/67 | 31/67 | 45/67 | 50/67 | 56/67 |
| **Residential Rate per month** | | | | | | | | |
| Commercial Rate (3Yd-1 per wk) | $125.00 | $131.00 | $137.55 | $144.43 | $151.65 | $159.23 | $167.19 | $175.55 |
| Rate Increase | | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| **Statistical/Performance Trends** | | | | | | | | |
| Waste Collected (Tons) | 35,310 | 36,500 | 36,500 | 36,500 | 36,500 | 36,500 | 36,500 | 36,500 |
| Average Residential Services | 12,230 | 12,230 | 12,230 | 12,230 | 12,230 | 12,230 | 12,230 | 12,230 |
| Average Dumpsters Services | 4,378 | 4,378 | 4,378 | 4,378 | 4,378 | 4,378 | 4,378 | 4,378 |

MUSA - Municipal Utility Service Assessment

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# Solid Waste Services - Refuse Collection
## Statement of Revenues and Expenses

| | 2018 Actuals | 2019 Proforma | 2019 Revised | 20 v 19 $ Change | 2020 Proposed | 20 v 19 % Change |
|---|---|---|---|---|---|---|
| **Operating Revenue** | | | | | | |
| Commercial | 6,919,310 | 7,217,129 | 7,665,000 | (97,651) | 7,567,349 | -1.27% |
| Residential | 3,474,533 | 4,119,265 | 3,622,500 | 970,025 | 4,592,525 | 26.78% |
| Dumpster Container Rental | 479,920 | 500,149 | 498,750 | 23,468 | 522,218 | 4.71% |
| Other Collection Revenues | 201,500 | 193,304 | 130,000 | (15,748) | 114,252 | -12.11% |
| **Total Operating Revenue** | **11,075,263** | **12,029,847** | **11,916,250** | **880,094** | **12,796,344** | **7.39%** |
| **Non Operating Revenue** | | | | | | |
| Interest from Cash Pool | 95,267 | 100,000 | 80,000 | (11,000) | 69,000 | -13.75% |
| Other Revenue | (80) | - | 10,000 | 1,348 | 11,348 | 13.48% |
| **Total Non Operating Revenue** | **95,187** | **100,000** | **90,000** | **(9,652)** | **80,348** | **-10.72%** |
| **Total Revenue** | **11,170,450** | **12,129,847** | **12,006,250** | **870,442** | **12,876,692** | **7.25%** |
| **Operating Expense** | | | | | | |
| Labor | | | | | | |
| Salaries and Benefits | 1,748,213 | 1,744,999 | 1,867,994 | 120,574 | 1,988,568 | 6.45% |
| Overtime | 128,494 | 153,488 | 125,000 | - | 125,000 | 0.00% |
| Total Labor | 3,315,306 | 3,211,634 | 3,368,734 | 124,204 | 3,492,938 | 3.69% |
| Non Labor | | | | | | |
| Non Labor | 4,111,819 | 3,654,622 | 3,828,000 | 240,400 | 4,068,400 | 6.28% |
| Travel | 12,491 | 12,491 | 10,000 | 2,000 | 12,000 | 20.00% |
| Transfers (MUSA, Dividends, and Gross Receipts) | 627,492 | 75,101 | 75,101 | 308,199 | 383,300 | 1.39% |
| Depreciation and Amortization | 1,178,980 | 1,196,164 | 1,017,000 | 240,000 | 1,257,000 | 23.60% |
| Total Non Labor | 5,930,782 | 4,945,432 | 4,937,155 | 783,545 | 5,720,700 | 15.87% |
| **Total Direct Cost** | **9,246,088** | **8,157,066** | **8,305,889** | **907,749** | **9,213,638** | **10.93%** |
| Charges by Other Departments | 2,297,527 | 2,871,719 | 2,871,719 | 46,902 | 2,918,621 | 1.63% |
| **Total Operating Expense** | **11,543,614** | **11,028,785** | **11,177,608** | **954,651** | **12,132,259** | **8.54%** |
| **Non Operating Expense** | | | | | | |
| Interest During Construction | - | 168,149 | 129,333 | 119,687 | 249,020 | 92.54% |
| **Total Non Operating Expense** | - | - | 129,333 | 119,687 | 249,020 | 0.00% |
| **Total Expense (Function Cost)** | **11,543,614** | **11,028,785** | **11,306,941** | **1,074,338** | **12,381,279** | **9.50%** |
| **Net Income (Loss)** | **(373,164)** | **1,101,062** | **699,309** | **(203,896)** | **495,413** | **-29.16%** |
| **Appropriation:** | | | | | | |
| **Total Expense** | | | **11,306,941** | **1,074,338** | **12,381,279** | |
| Less: Non Cash Items | | | | | | |
| Depreciation and Amortization | | | 1,017,000 | 240,000 | 1,257,000 | |
| Total Non-Cash | | | 1,017,000 | 240,000 | 1,257,000 | |
| **Amount to be Appropriated (Cash Expense)** | | | **10,289,941** | **834,338** | **11,124,279** | |

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# Solid Waste Services - Refuse
# Reconciliation from 2019 Revised Budget to 2020 Proposed Budget

| | Appropriation | Positions FT | PT | T |
|---|---|---|---|---|
| **2019 Revised Budget** | 11,306,941 | 26 | - | 1 |
| **Transfers by/to Other Departments** | | | | |
| - Charges by Other Departments | 46,902 | - | - | - |
| **Changes in Existing Programs/Funding for 2020** | | | | |
| - Salaries and Benefits Adjustments | 49,199 | - | - | - |
| - Non Labor - Contractual Increases | 240,400 | - | - | - |
| - Depreciation and Amortization | 240,000 | - | - | - |
| - Municipal Utility Service Assessment (MUSA) | 1,145 | - | - | - |
| **2020 Continuation Level** | **11,884,587** | **26** | **-** | **1** |
| **2020 Proposed Budget Changes** | | | | |
| - Salaries and Benefits Adjustments | 75,005 | - | - | - |
| - Travel for Training | 2,000 | - | - | - |
| - Interest During Construction | 119,687 | - | - | - |
| - Dividend Distribution | 300,000 | - | - | - |
| **2020 Proposed Budget** | **12,381,279** | **26** | **-** | **1** |
| **2020 Budget Adjustment for Accounting Transactions (Appropriation)** | | | | |
| - Depreciation and Amortization | (1,257,000) | - | - | - |
| **2020 Proposed Budget (Appropriation)** | **11,124,279** | **26** | **-** | **1** |

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# Solid Waste Services - Refuse Collection
# 2020 - 2025 Capital Improvement Program
**(in thousands)**

| Project Category | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Total |
|---|---|---|---|---|---|---|---|
| Construction and Land Improvements | 200 | - | - | - | - | - | 200 |
| Heavy Equipment | - | - | - | 360 | - | 360 | 720 |
| Misc Light Equipment and Containers | 395 | 395 | 395 | 395 | 395 | 395 | 2,370 |
| New Central Transfer Station | 2,225 | 10,408 | 9,850 | 4,418 | 3,046 | - | 29,947 |
| Vehicles | 2,010 | 1,475 | 1,100 | 1,010 | 1,000 | 1,000 | 7,595 |
| **Total** | **4,830** | **12,278** | **11,345** | **6,183** | **4,441** | **1,755** | **40,832** |

| Funding Source | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Total |
|---|---|---|---|---|---|---|---|
| STBP/Revenue Bonds | 2,225 | 10,408 | 9,850 | 4,418 | 3,046 | - | 29,947 |
| Equity/Operations | 2,605 | 1,870 | 1,495 | 1,765 | 1,395 | 1,755 | 10,885 |
| **Total** | **4,830** | **12,278** | **11,345** | **6,183** | **4,441** | **1,755** | **40,832** |

Short-Term Borrowing Program (STBP)

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# Solid Waste Services - Refuse Collection
# 2020 Capital Improvement Budget
**(in thousands)**

| Project Title | Debt | State/Fed Grant | Equity/ Operations | Total |
|---|---|---|---|---|
| Automated Sideloaders (2) | - | - | 740 | 740 |
| Dumpsters and Lids | - | - | 350 | 350 |
| Electric Collection Vehicle | - | - | 600 | 600 |
| Electric Vehicle Charging Station | - | - | 200 | 200 |
| New Transfer Station | 2,225 | - | - | 2,225 |
| Replace Data Processing Equipment | - | - | 30 | 30 |
| Replace Office Equipment | - | - | 5 | 5 |
| Residential Roll Carts | - | - | 10 | 10 |
| Straight Fork - Peterbilt (2) | - | - | 670 | 670 |
| **Total** | **2,225** | **-** | **2,605** | **4,830** |

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# Solid Waste Services - Refuse Collection
# Statement of Cash Sources and Uses

| | 2018 Final | 2019 Revised | 2020 Proposed |
|---|---|---|---|
| **Sources of Cash Funds** | | | |
| Operating Income | (148,649) | 691,464 | 492,201 |
| Depreciation, net of amortization | 1,178,980 | 1,017,000 | 1,257,000 |
| Interest Received | 283,829 | 80,000 | 69,000 |
| Misc Non-Operating Revenue | - | 10,000 | - |
| Loan proceeds [(1)] | - | 11,046,541 | 2,225,000 |
| **Total Sources of Cash Funds** | **1,314,160** | **12,845,005** | **4,043,201** |
| **Uses of Cash Funds** | | | |
| Capital Construction | 2,320,461 | 3,823,568 | 4,830,000 |
| Land Purchase | - | 6,246,541 | - |
| MUSA | 75,101 | 82,155 | 83,300 |
| Dividends | 552,391 | - | 300,000 |
| **Total Uses of Cash Funds** | **2,947,953** | **10,152,264** | **5,213,300** |
| Net Increase (Decrease) in Cash Funds | (1,633,793) | 2,692,741 | (1,170,099) |
| Cash Balance, January 1 | 10,774,436 | 9,140,643 | 11,833,384 |
| **Cash Balance, December 31** | **9,140,643** | **11,833,384** | **10,663,285** |
| **Detail of Cash and Investment Funds** | | | |
| General Cash Less Customer Deposits | 6,927,317 | 8,643,626 | 10,078,527 |
| Construction Cash | 2,213,326 | 3,189,758 | 584,758 |
| **Cash Balance, December 31** | **9,140,643** | **11,833,384** | **10,663,285** |

(1) Loans proceeds approved in 2019 includes Loan Proceeds approved in 2018, and utilized in 2019 for land Purchase.

# About Solid Waste Services

The Department of Solid Waste Services (SWS) is composed of two utilities, the Refuse Collections Utility (SWRCU) and the Solid Waste Disposal Utility (SWDU). The SWRCU provides refuse collection service to residential and commercial customers in the old "City of Anchorage" Service Area and the SWDU operates two transfer stations and the Anchorage Regional Landfill (ARL) providing affordable and environmentally responsible municipal solid waste disposal services for the entire Municipality of Anchorage (MOA). SWS is divided into three organizations: SWRCU, SWDU, and Administration (which is a support organization that fully charges out expenses to both SWRCU and SWDU).

**Refuse Collections Utility**

**History**
The SWRCU was originally a function of the former City of Anchorage Public Works Department. When the City and Borough merged in 1975, the SWRCU became an enterprise activity of the MOA.

**Service**
The SWRCU provides refuse collection to the service area of the former City of Anchorage, which is approximately 20% of the population of the MOA. Since 1952, there has been mandatory service for all occupants of the SWRCU service area. The SWRCU has five types of services: commercial dumpsters; automated roll cart service; can and bag service; curbside recycling; and, curbside organics collection. The SWRCU services over 5,000 dumpsters per week with six daily dumpster routes, and two Saturday routes to serve its commercial and multi-family residential customers.

As a result of an automated trash and recycling collection service that began in the fall of 2009, most SWS residential customers are serviced using automated vehicles and roll carts. In 2017, the final phase of automated collection rollout was completed and the SWRCU is servicing eight automated collection routes. Approximately 150 customers remain on can/bag service.

**Regulation**
The fees charged by SWRCU are overseen by the Anchorage Municipal Assembly. SWRCU is granted the exclusive right to collect solid waste within its defined service area by a Certificate of Public Convenience and Necessity which is issued by the Regulatory Commission of Alaska.

**Environmental Mandates**
Although there is no specific state or federal regulations governing refuse collection, SWRCU must comply with a number of mandated regulations. These regulations include, but are not limited to, the Federal Clean Air Act; the Clean Water Act; and the Occupational Safety and Health Administration. These regulations have and will continue to impact the economics and operations of SWRCU.

**Physical Plant**
The SWRCU's truck fleet assets include:

- 11 commercial refuse collection vehicles;
- 10 residential refuse and recycling vehicles (automated and can/bag); 10 automated / 2 Tomcats
- Two rear load vehicles for MOA paper collection and recycling; and,

- 9 support vehicles (General Foreman Vehicle, Refuse Collections Leadman Vehicle, Expeditor Vehicle, Mechanics' Truck, 1-ton tilt Flatbed with lift gate, Box Van, and a 2-ton Flatbed)

Currently, there is an average of 25,000 roll-carts and 2032 dumpsters in service. The SWRCU maintains a 27,000 square foot building that contains vehicle maintenance, warm storage space, and administrative offices and it is located at the Central Transfer Station (CTS).

**Future Planning Efforts**
The SWRCU is currently in the process of evaluating and rolling out additional collection services such as curbside residential organics collection and commercial glass collection. The SWRCU also plans on deploying all electric medium duty roll-cart and class 8 collection vehicles and is currently working with truck manufacturers in the development of them. The SWRCU is also assisting with the planning and design of the new CTS as there will be numerous components of the new facility that will support their functions.

**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 MOA acquired responsibility for five waste disposal sites from Peters Creek to Girdwood. The SWDU was formed to operate and maintain these sites, while managing solid waste disposal matters throughout the MOA. The five sites were ultimately closed, and waste disposal was consolidated at the Anchorage Regional Landfill (ARL). ARL is an award winning, state-of-the-art, fully engineered landfill. The facility was opened in 1987 and is the only operating municipal solid waste landfill within the MOA.

**Service**
The SWDU serves the entire MOA. The services include the disposal of solid waste and collection of household hazardous waste. Municipal solid waste is received at two transfer stations located within MOA. The waste is then transported by the SWDU 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, cells 1 through 7, 8a, 8b, 10 - 12 have been constructed. Cell 9a will begin development in 2020 with preliminary design starting in 2019 for Cell 9. ARL is projected to have a total capacity in excess of 47.5 million cubic yards and should reach its capacity in 2060, dependent upon population growth, waste compaction, diversion of more recyclables and construction activities. In 2018, approximately 350,000 tons were deposited in ARL, which represents approximately 42,000 tons more than in 2017. SWDU currently expects an average of approximately 300,000+ tons in 2019 and 2020.

The transfer stations located at Girdwood and midtown Anchorage (CTS) allow the SWDU to reduce traffic flow to the landfill and restrict access to the working face. CTS receives the largest amount of solid waste, having received nearly 210,000 tons in 2018 from almost 161,000 customers. This facility has an operating capacity of 1,600 tons per day. The 2018 quantity was 12,000 tons less than 2017, which was primarily due to a 3-week shut down of the transfer station in the fall of 2018 for a major reconstruction project of the tipping floor. The SWDU operates a fleet of 29 transfer tractor and trailers that transport the solid waste from Girdwood and CTS with a capacity of 120 cubic yards each.

The SWDU is responsible for post closure care and monitoring of former landfill sites at Merrill Field, Peters Creek (Loretta French Park), and International Airport Road (Javier de la Vega Park). At each of these sites, SWS must perform annual groundwater and landfill gas (LFG) migration monitoring. The SDWU operates an active LFG collection system at Merrill Field to mitigate migration of LFG to commercial buildings constructed along Merrill Field Drive. The SWDU also operates and maintains a leachate collection system along 15th Avenue to mitigate potential migration of groundwater contaminants to the Chester Creek system. Since no closure funds were ever designated for these sites, all post closure care activities must be funded out of the SDWU's annual operating budget.

The SWDU operates a 6,000 square foot hazardous waste collection facility built in 1989 at ARL. Through 2018, the facility has collected nearly 24 million pounds of hazardous waste that otherwise may have been improperly disposed of at ARL, the storm drain system, or citizens' backyards.

Household hazardous waste can be dropped off at CTS (on Tuesday, Thursday, and Saturday) or the Hazardous Waste Facility located at ARL (Tuesday through Saturday). The hazardous waste is then handled by a contractor that sorts and processes the waste into 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. 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. SWS is also exploring the option of using waste oil collected from collection and transfer vehicles to use as fuel in heaters that will provide heat for warm storage locations at CTS and ARL.

**Regulation**

The SWDU is not economically regulated by any non-municipal agencies but is overseen by the Anchorage Municipal Assembly. SDWU operates under numerous permits and many Environmental Protection Agency (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. SWDU operates under two permits from Anchorage Water & Wastewater Utility (AWWU) for industrial water discharge, one for disposal of leachate from ARL and one for discharge of leachate contaminated groundwater at Merrill Field Airport. ARL has permits from the U.S. Department of Fish and Wildlife and the Alaska Department of Fish and Game for bird management.

**Environmental Mandates**

SWDU 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 SWDU 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 SWDU's assets include:

Anchorage Regional Landfill (ARL)

- 275 acres, estimated to last through the year 2050.
- 47.5 million cubic yard capacity.
- Phased construction of cells lasting four to five years each.
- Ten of the 11 landfill cells are fully or partially constructed.
- Located on municipal land.
- Scale house
- 22,000 square-foot shop with an adjoining storage facility, that was severely damaged in the 2018 Earthquake and reconstruction is in the planning stages.
- Heavy equipment fleet: dozers, loaders, dump trucks, water truck, leachate trucks, tankers, lube trucks, grader, excavator and solid waste compactor.
- Two leachate storage and treatment lagoons with a 2.9-million-gallon capacity.
- Gas collection facility with 700 square foot blower and flare station with a 2,000 cubic feet per minute capacity enclosed flare.
- Gas processing facility processes gas to fuel quality and transports it by pipeline to Doyon Utility's power generation system to produce electricity on adjacent military lands. MOA is currently in a 20-year agreement with Doyon, in which Doyon will generate electricity from methane gas to sell to military customers on Joint Base Elmendorf-Richardson (JBER).

Three transfer stations provide intermediate disposal, easy access for public

- Cash booths at Girdwood, CTS, and the ARL public site.
- Two scale houses, one each at CTS and ARL.
- 29 transfer tractor and trailers haul from stations to landfill.

Hazardous waste management

- 6,000 square foot collection facility for household hazardous waste.

Merrill Field Airport

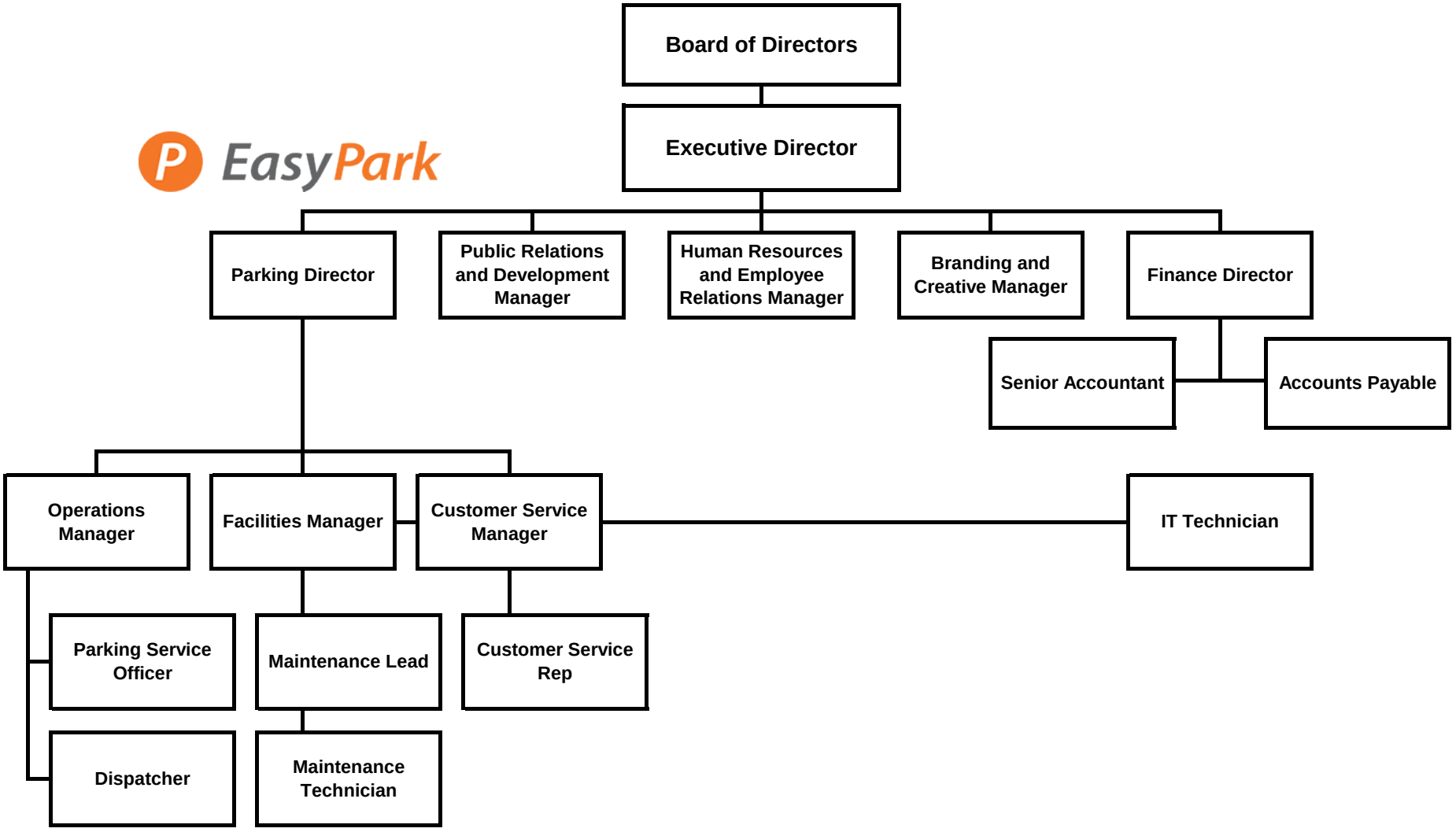
- LFG collection system and leachate/groundwater collection system.

**Future Planning Efforts**
Future projects include:

- Development of cell 9 will occur by 2020 with an estimated cost of $10.7 million.
- Development of the remainder of the cells (9b and 8c) will occur by 2023 with an estimated cost of $10 million.
- Slope closure and storm water run-off development is on-going.
- Upgrades to
- Expansion of gas collection system into cells 11 and 12 by 2020.
- Construction of leachate evaporators to mitigate growing expense of hauling leachate.
- First strategic plan and Masterplan have been completed and are continuously being updated based upon new goals and strategies as developed by SWS staff.
- CTS Upgrade and Expansion to a new site is in the design and engineering stages. It is anticipated that construction will commence in 2020 and be substantially completed by 2022.

- Construction of replacement for the shop/administration/vehicle maintenance building, and replacement of gas wells and piping are on-going as part of the 2018 earthquake recovery project.

# Anchorage Community Development Authority and EasyPark



# The Anchorage Community Development Authority
# 2020

**Organization**
Pursuant to Municipal Code, AMC 25.35.010(A), the Anchorage Community Development Authority (ACDA) is "an instrument of the Municipality, but exists independently of and separately from the Municipality." ACDA is governed by a nine-member board of directors appointed by the mayor and approved by the Anchorage Assembly (assembly). Two of the nine members are executive employees of the Municipality. In addition, two assembly members serve as *ex officio* members of the board. The management team of ACDA reports to the Board of Directors. The Executive Director is appointed by and serves at the pleasure of the Mayor.

The ACDA consists of two departments: Development and Parking Services (branded EasyPark), with a total operational staff of 48 employees. These employees operate all municipal parking facilities, maintain and clean public garages and parking lots, maintain on-street parking meters, manage Anchorage Police Department's parking citation system, plan and develop public projects, and manage property in the ACDA's inventory. ACDA's planning and development staff work on projects and property transferred from the Municipality to ACDA, along with other redevelopment projects, both in the public as well as the private sectors.

**History**
The predecessor of ACDA, the Anchorage Parking Authority, was originally created as a separate public authority on February 28, 1984. That authority was created "to create an environment in the Anchorage area such that parking and parking policies are a position of influence for the community as a whole." Within four years, the Anchorage Parking Authority operated three public garages (two of which were new), six surface lots and the on-street spaces are within the Central Business District (CBD). Total parking operated by the Anchorage Parking Authority was approximately 5,800 spaces. Revenues from parking operations were used to help pay debt service on the parking garages built in the 1980's.

On January 18, 2005, the assembly adopted an amendment to the Anchorage Parking Authority Ordinance that created the ACDA as an instrument of the Municipality, existing independently of and separately from the Municipality, replacing the former Anchorage Parking Authority. The powers of ACDA were expanded to include responsibilities above and beyond the management of parking facilities, including the acquisition, operation, improvement, and leasing of property.

In 2008, the ACDA's mission was formally defined to include the responsibility to "create and develop opportunities that forward municipal goals and objectives, using innovations, partnerships, sound planning and incentives. Additionally in 2008, the Development Department was created in ACDA, which would be responsible for acquiring or disposing of interests in real property, and constructing, improving, operating, managing, and controlling real property assets.

In June of 2011, the assembly delegated ACDA authority to enforce parking violations with the area bounded by Ship Creek on the north, Gambell Street on the east, 10th Avenue on the south, and M street on the west. The assembly amended Anchorage Municipal Code chapter 25.35.

In 2018, the ACDA's Mission Statement was updated to more accurately reflect its focus on economic and community development work.

In the fall of 2017, the ACDA Board of Directors held a planning session to determine the organization's strategy for the coming year. Those goals included improvements in organizational efficiencies through new parking technologies and cost containment, and a more aggressive approach to new developments in downtown Anchorage.

**Mission & Vision**

It is the mission of ACDA to:

- Provide sufficient, high quality, customer-focused public parking by managing parking resources in a fair and efficient manner for the benefit of the residents of the Municipality.
- Create and develop opportunities that forward municipal goals and objectives, using innovation, partnerships, sound planning, and incentives.
- Engage in community and economic development opportunities, including but not limited to the acquisition of vacant or abandoned property and facilities, with a goal of encouraging economic growth, commercial development, and safe and vibrant neighborhoods, and furthering the goals and objectives of municipal plans and policies

The mission statement of ACDA as adopted is "***We deliver quality development and public parking services within the Municipality of Anchorage.***"

The vision of ACDA as adopted is to "***A vibrant and prosperous Municipality of Anchorage facilitated by innovative community development and public parking.***"

We believe as an organization that everything we do, must add a tangible value to our three critical stakeholders: the Municipality, ACDA, and the Anchorage Community.

**Budget Assumptions**

The 5th, 6th, and 7th Avenue Garages along with JCPenney Garage have hourly public parking available on a 24/7 basis. Effective July 1, 2016 rates were adjusted to $1.25 per hour from $1.00 per hour.

Salary for staff is budgeted to increase by 3% creating a pool to support pay for performance incentive plan. This plan is subject to any budget shortfalls.

Effective July 1, 2019 monthly parking permits range from $95 to $120 per month depending on facility. Also effective July 1, 2019 monthly parking permits in surface lots and on-street permit zones range from $50 to $85 per month depending on location. Parking meter rates increased July 1, 2016 (2 hour meters at $1.75/hr. and 10 hour meters at $1.25/hr.). There had been no meter increases in 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2017, and 2018.

Lease revenue is generated by retail spaces in 5th Avenue Garage and 716 West 4th Avenue building, which is leased to the Anchorage Police Department (APD). Revenue projections are based on current leases in effect.

**Executive Director's Message**

In 2018, the ACDA continued its goal to transition into a more traditional development authority with a focus on acquiring new assets and redeveloping the assets the organization currently owns.

Highlights from 2018:

- Purchased 716 West 4th Avenue (the former Alaska State Legislative Information Office (LIO)) and successfully negotiated a lease to bring the Anchorage Police Headquarters downtown after a 35 year absence. The move will save time and money for APD by providing a more functional modern space for their detectives and improving efficiency by locating closer to courts, prosecutors, and partner law enforcement agencies.
- Successful RFP launched for housing on three city blocks owned by ACDA at 8th & K. The vision is at least 40 units of housing along with structured parking.
- Continued upgrade of parking facilities and introduction of new technology to ensure a better customer experience.
- Successful launch of new initiatives to develop federal and local development programs like opportunity zones and the recently adopted reinvestment focus areas.

Challenges from 2018:

- Parking revenues are beginning to rebound but are still below 2015 levels.
- Uncertainty in state finances and the future economy continued to have investors nervous.
- Continued challenges with downtown security costs due to homelessness, crime, and loitering in our facilities.
- High construction costs continued to hamper attractiveness of downtown development.

On behalf of the staff and management of ACDA and EasyPark, we are proud of our progress but realize there is a lot more work to do. The changing economy and new pressures will demand ACDA be creative, innovative, and mindful with our limited resources in order to continue accomplishing our mission.

Andrew Halcro

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# Anchorage Community Development Authority
# Statement of Revenues and Expenses

| | 2019 Approved Budget | 2020 Proposed Budget |
|---|---|---|
| **Operating Revenue** | | |
| Parking Revenue | 8,026,119 | 7,722,308 |
| Leased Space Revenue | 2,006,166 | 1,823,820 |
| Other Operating Revenue | 132,000 | 162,000 |
| Real Estate Sales - Development | - | - |
| **Total Operating Revenue** | **10,164,285** | **9,708,128** |
| | | |
| **Operating Expense** | | |
| Labor | 3,690,000 | 3,740,000 |
| Professional Fees | 197,000 | 268,500 |
| Contract Services | 1,208,900 | 1,183,200 |
| Information Services | 478,800 | 498,700 |
| Direct Maintenance Costs | 167,300 | 215,500 |
| Facility Maint. Contract Services | 401,700 | 426,700 |
| Utility Expenses | 527,600 | 529,000 |
| General Expenses | 594,300 | 617,603 |
| Transfers (Municipal Enterprise Service Assessment (MESA)) | 685,000 | 730,000 |
| Office Expenses | 71,500 | 67,000 |
| Employee Expenses | 70,000 | 85,000 |
| Real Estate Costs - Northpointe | - | - |
| Interest Expense | 802,500 | 772,112 |
| Depreciation | 3,150,000 | 3,150,000 |
| **Total Operating Expense** | **12,044,600** | **12,283,315** |
| **Net Income (Loss)** | **(1,880,315)** | **(2,575,187)** |
| | | |
| **Appropriation** | | |
| **Total Expense** | 12,044,600 | 12,283,315 |
| Less: Non-Cash Items | | |
| Depreciation | (3,150,000) | (3,150,000) |
| **Amount to be Appropriated (Cash Expense)** | **8,894,600** | **9,133,315** |

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# Anchorage Community Development Authority
# 2020 Capital Improvement Budget

| Project Title | Total |
|---|---|
| Accounting Upgrades | 12,000 |
| Elevators in the 6th Avenue Garage | 50,000 |
| Garage Equipment Upgrade | 400,000 |
| Garage Structural Improvements | 180,000 |
| General Development/Tenant Improvements | 50,000 |
| Information Technology Upgrades | 75,000 |
| Vehicles | 32,000 |
| **Total** | **799,000** |

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# Anchorage Community Development Authority
## Statement of Cash Sources and Uses

| | 2018 Actuals | 2019 Proforma | 2020 Proposed Budget |
|---|---|---|---|
| **Sources of Cash Funds** | | | |
| Parking Revenue | 6,730,387 | 6,708,806 | 6,865,100 |
| Other Parking Operating Revenue | 608,255 | 841,767 | 857,208 |
| Leased Space Revenue | 700,444 | 1,086,736 | 1,823,820 |
| Development Services | - | - | - |
| Other Non-Operating Revenue | 5,771 | 150,631 | 162,000 |
| **Total Sources of Cash Funds** | **8,044,857** | **8,787,940** | **9,708,128** |
| **Uses of Cash Funds** | | | |
| Parking Operations | 7,621,682 | 8,209,600 | 7,604,315 |
| Development Operations | - | - | - |
| Payment in Lieu of Taxes (MESA) | 483,846 | 700,000 | 730,000 |
| Capital Investment-Parking Operations | 14,824,680 | 330,000 | 749,000 |
| Capital Investment-Development Operations | 44,355 | 50,000 | 50,000 |
| Other Uses of Cash Funds | - | - | - |
| **Total Uses of Cash Funds** | **22,974,563** | **9,289,600** | **9,133,315** |
| Net Increase (Decrease) In Cash Funds | (14,929,706) | (501,660) | 574,813 |
| Cash Balance January 1, | 4,331,066 | (10,598,640) | (11,100,300) |
| **Cash Balance December 31** | **(10,598,640)** | **(11,100,300)** | **(10,525,487)** |

# Glossary of Terms

| | |
|---|---|
| **ACDA** | Anchorage Community Development Authority |
| **ADEC** | Alaska Department of Environmental Conservation |
| **AEC** | Alaska Engineering Commission |
| **AFUDC** | Allowance for Funds Under Construction |
| **AIP** | Federal Airport Improvement Program |
| **AMI** | Advanced Metering Infrastructure |
| **AMR** | Automatic Meter Reading |
| **ANC** | Ted Stevens Anchorage International Airport |
| **APD** | Anchorage Police Department |
| **APUC** | Alaska Public Utilities Commission |
| **ARC** | Anchorage Recycling Center |
| **ARL** | Anchorage Regional Landfill |
| **ARO** | Asset Retirement Organization |
| **ASD** | Anchorage School District |
| **ASU** | Anchorage Wastewater Utility |
| **ATIS** | Air Traffic Information Service |
| **AUD** | Autodesk Utility Design |
| **AWU** | Anchorage Water Utility |
| **AWWU** | Anchorage Water & Wastewater Utility |
| **BLS** | Bureau of Labor Statistics |
| **BOD** | Biological Oxygen Demand |
| **BRU** | Beluga River Unit |
| **CAA** | Clean Air Act |

| | |
|---|---|
| **CAD** | Computer Aided Drafting |
| **CAIDI** | Customer Average Interruption Duration Index |
| **CBD** | Central Business District |
| **CEA** | Chugach Electric Association |
| **CIB** | Capital Improvement Budget |
| **COPA** | Cost of Power Adjustment |
| **CPR** | Continuing Property Records |
| **CTS** | Central Transfer Station |
| **CWA** | Clean Water Act |
| **DART** | Days Away Restricted Transferred |
| **DOT** | Department of Transportation |
| **DU** | Doyon Utilities |
| **EMS** | Energy Management System |
| **EPA** | Environmental Protection Agency |
| **FAA** | Federal Aviation Administration |
| **FBO** | Fixed Based Operator |
| **FEMA** | Federal Emergency Management Agency |
| **FTZ** | Foreign Trade Zone |
| **GA** | General Aviation |
| **GAAB** | Greater Anchorage Area Borough |
| **GAAP** | Generally Accepted Accounting Principles |
| **GASB** | Governmental Accounting Standards Board |
| **GG** | General Government |
| **GIS** | Geographic Information System |
| **GTS** | Girdwood Transfer Station |
| **HHW** | Household Hazardous Waste |

| | |
|---|---|
| **HPS** | High Pressure Sodium |
| **HVAC** | Heating, Ventilation, and Air Conditioning |
| **IATA** | International Air Transport Association |
| **IBEW** | International Brotherhood of Electrical Workers |
| **ICAO** | International Civil Aviation Organization |
| **JBER** | Joint Base Elmendorf-Richardson |
| **kW** | Kilowatts |
| **LAN** | Local Area Network |
| **LFG** | Landfill Gas |
| **LIO** | Legislative Information Office |
| **LNG** | Liquefied Natural Gas |
| **MEA** | Matanuska Electric Association |
| **MESA** | Municipal Enterprise Service Assessment |
| **MGD** | Million Gallons per Day |
| **ML&P** | Municipal Light and Power |
| **MMPA** | Marine Mammal Protection Act |
| **MOA** | Municipality of Anchorage |
| **MRI** | Merrill Field Airport |
| **MUSA** | Municipal Utility Service Assessment |
| **MW** | Megawatts |
| **NARUC** | National Association of Regulatory Utility Commissioners |
| **NEPA** | National Environmental Policy Act |
| **ESAP** | Asbestos |
| **NESC** | National Electric Safety Code |
| **NMFS** | National Marine Fisheries Service |
| **NOAA** | National Oceanic and Atmospheric Administration |

| | |
|---|---|
| **NOTAM** | Notices to Airmen |
| **NPDES** | National Pollution Discharge Elimination System |
| **NSPS** | New Source Performance Standards |
| **O&M** | Operations & Maintenance |
| **OSHA** | Occupational Safety & Health Administration |
| **PAMP** | Port of Alaska Modernization Project |
| **PCB** | Polychlorinated Biphenyls |
| **PCI** | Pavement Condition Index |
| **PCT** | Petroleum Cement Terminal |
| **PIEP** | Port of Anchorage Intermodal Expansion Project |
| **PPR** | Prior Permission Required |
| **RCA** | Regulatory Commission of Alaska |
| **RCRA** | Resource Conservation and Recovery Act |
| **RCU** | Refuse Collection Utility |
| **SAIDI** | System Average Interruption Duration Index |
| **SAIFI** | System Average Interruption Frequency Index |
| **SCADA** | Supervisory Control and Data Acquisition Systems |
| **SDWA** | Safe Drinking Water Act |
| **SIR** | Standard industrial rate |
| **SOII** | Survey of Occupational Injuries and Illnesses |
| **SPP** | Southcentral Power Plant |
| **SWDU** | Solid Waste Disposal Utility |
| **SWRAC** | Solid Waste and Recycling Advisory Commission |
| **SWRCU** | SWS Refuse Collection Utility |
| **SWS** | Solid Waste Services |
| **TRIR** | Total Recordable Incident Rates |

| | |
|---|---|
| **UV** | Ultraviolet |
| **VPD** | Vehicle-Pedestrian Deviation |
| **WTF** | Water Treatment Facility |
| **WWTF** | Wastewater Treatment Facility |