

October 12, 2012 - Responses to Various budget questions asked during meetings with CFO.

- A. Assemblymember Jackson - send ASD tax cap sheet electronically – *Attachment A*
- B. Assemblymember Jackson - MOA code that defines tax cap as one – *Attachment B*
- C. Assemblymember Jackson - Bank of America reserve or receipt of fund of \$4.5 M? *Public Finance or Treasury are not aware of a settlement/reserve of this size with Bank of America. MOA did receive a small settlement of \$17K earlier this year.*
- D. Assemblymember Drummond - Is there a bus route planned to neighborhood health center? *It is not in the budget.*
- E. Assemblymember Drummond - what are the salary increases? *Execs – 1.5%, Non-reps 2.6%, See Attachment C for 2013 proposed increases by CBA.*
- F. All - an explanation of the Fire Dept. closures, aren't they just rolling closures? *No. They are not rolling closures. In a rolling closure environment, all stations/equipment rotated into a out of service status for a short period of time regardless of the number of calls it received. In the flexible cascade environment, stations/equipment with the lowest call volume are placed out of service.*

IN PLAN B ALL STATIONS REMAIN OPEN. One tender 9 and one truck 11 are placed out of service due to staff shortfall on a particular day.
- G. Assemblymember Drummond - What is the new position in the Mayor's office? – *Special Admin Assistant- Susan Duck (Centennial Celebration Coordinator).*
- H. Assemblymember Drummond - show impact to tax cap of using one time funds for ongoing expenditures – *Included in Worksession Presentation.*
- I. Assemblymember Flynn - Is the senior planner transportation position funded by Federal Funds? *Yes via an indirect allocation to the grant. The transportation planning will be performed by other planning staff who will charge their time to the grant. Net impact to grant is zero and taxes are reduced.*
- J. Assemblymember Flynn - Request for data to understand the ISO rating /impact on response time - *Included in Worksession Presentation*
- K. Assemblymember Flynn -Youth Court funding – concern about reduced funding. The program provides a benefit to Muni and our youth.

Unfunding the AYC's main grant for 2013 will require the organization to seek funding from other sources. The other community sponsors of the AYC can be viewed at:
http://www.anchorageyouthcourt.org/anchorageyouthcourt_sponsors.html

Over \$100,000:

Municipality of Anchorage

\$50,000 - \$99,999:

State of Alaska Department of Health and Social Services,
Division of Juvenile Justice

\$10,000 - \$49,999:

United Way of Anchorage
BP
ICE Services, Inc.
Gordon Pospisil & Blythe Marston

\$5,000 - \$9,999:

Alaska Frontier Constructors, Inc.
Anchorage Police Department Employees Association
The CIRI Foundation
Exxon Mobil Corporation
Fred Meyer Fund
Erma L. Howell Estate
Rasmuson Foundation
Thomas, Head & Greisen, PC

\$1,000 - \$4,999:

Anchorage Bar Association
Anchorage Bar Association – Young Lawyers Section
Anonymous (2)/ConocoPhillips Alaska, Inc. employees
Drs. Laurie and Michael Bleicher
Capital Office
Bruce E. Carr
Craig Cornichuck
Edward & Nancy Faith
Feldman Orlansky and Sanders
First National Bank Alaska
Cindy R. & Richard Jobe
Linda Johnson Spraker & Gary A. Spraker
Allan & Jennifer Johnston
Sharon & Ed Leon
Little Red Services, Inc.
Matanuska Electric Association, Inc.
Municipal Light & Power, Municipality of Anchorage
Catherine E. Richter
Drs. Sharon Smith & Thomas K. Hunt
United States District Court for the District of Alaska

\$500 - \$999:

Anonymous (2)/State of Alaska Court System employees
Baker-Jennings Films/William Baker & Pamela Jennings
David & Janette Bannan
Bill & Julianne Brackin
Joe Everhart
Sam & Dara Glass
Hughes Gorski Seedorf Odsen & Tervooren, LLC
Michael & Cindy Hulquist
Int'l Assoc. of Firefighters
Law Office of Maryann E. Foley
Jadon, Inc. DBA: Chilkoot Charlies
Jermain, Dunnagan & Owens, PC
Steven and Kimberlee Johnson
Jonathon A. Katcher
Denali Kemppe & Kevin Cuddy

Kay & Brad McKim
Reed & Lies Packer
Arden E. Page & Dawn M. Moreau
Nelson G. Page
James & Renita Rodgers
Susan A. & Pat Ross
Russell, Wagg, Gabbert & Budzinski, PC
Sandstrom Consulting/Ruth & Jeff Sandstrom
Michael J. Schneider
Michael Schwaiger
Stoel Rives LLP
Ian Wheelles, Law Office of
Wuestenfeld and Corey, LLC

\$250 - \$499:

Patricia Abney
Jacob Adams
Paul Adelman
Marie & Jeff Allen
Elaine Andrews
Anonymous (6)/donors via United Way
Anonymous/ASRC Energy Services employee
Anonymous/Geological Survey employee
Anonymous (10)/State of Alaska employees
Annette & Spencer Bailly
Ronald L. Baird
Fred Becker V
Ralph R. Beistline
Yelena & Alexander Bogdanova
Rex Lamont Butler & Associates, Inc.
Victor D. Carlson
David S. Case
T. E. Chandler
Morgan Christen
Clapp, Peterson, Tiemessen, Thorsness & Johnson, LLC
Charles E. Cole
Jennifer Coughlin
William Cummings
Laura Eakes
Martin & Robin Eckmann
Kenneth P. Eggers
Monica C. Elkinton
Kristin English
Joseph W. Evans
Randall E. Farleigh
Walter T. Featherly
Rhonda Fehlen-Westover
Harriett L. & Dennis G. Fenerty
Lynn Ferrell
Maryann E. Foley, Law Office of
Harold Green, Jr.
Marla N. Greenstein
Hag-Lan Ha
Roger F. Holmes
Shawnessy Hughes
Evelyn M. & Thomas K. Hunt
Tyler Hunt-Smith
Vickie and Steven Isaacs
Thom Janidlo

Alexander Joannides
Johnson & Combs, PC
Marc & Susan June
Amrit Kaur Khalsa
Kirsten M. Kinegak-Friday
G. Rodney Kleedechn
Jim Leik
Libby Law Offices, LLC
Rodney Lincoln III & Robyn Davena
Chris & Ashley Lutes
Peter Maassen
David W. Marquez
Marston & Cole, PC
Meredith S. Matthews
Amy A. McFarlane
Mendel & Associates/Allison Mendel
Dennis Mestas
Michael Baker Jr, Inc.
Mara Michaletz
Robert A. Mintz
Eric F. Myers
Heather Nobrega
Russell A. Nogg
Constantine Occhipinti
Arden E. Page & Dawn M. Moreau
James A. Palmer & Sheila M. Arkell
Matthew K. Peterson
John L. Rader
Herbert A. Ross
Melvin Sather and Diane Kaplan
A. William Saupe & Pamela A. Dupuis
Scott A. Schillinger
Debra J. Schnebel
Timothy W. Seaver
Barbara Sell
Jin So
Mary & Joseph Spears
Cheryl L. Stine
Craig F. Stowers
John Suddock
Sunshine Custom Promotions LLC
Super Floors of Alaska, LLC
Whitney Sutton & George Haynes
Kelly Taylor
Jim Torgerson
Julie S. Tucker
Umialik Insurance Company
Michael J. & Cheri Utsler
Stephen J. Van Goor
Jennifer Wagner
David Walsh
James N. Wanamaker
Lynette Watson
David R. Weber
James & Marty Weeks
Sharon Winner
Woelber & Jacobson LLC
James B. Wright

Up to \$249:

Marie & Jeff Allen
Cynthia Allred
Sonja Amundsen
Mark and Lynne Anderson
Anonymous/Alaska USA Federal Credit Union employee
Anonymous (16)/Anchorage School District employees
Anonymous (2)/BP employees
Anonymous (2)/Municipality of Anchorage employees
Anonymous (14) via Pick.Click.Give.
Anonymous/State of Alaska Fish and Game
Anonymous/State of Alaska Law
Anonymous/University of Alaska
Anonymous/University of Alaska, College of Health & Social Welfare employee
Anonymous/University of Alaska, College of Education employee
Debra Baldwin
Besseney & Van Tuyn
Joel Bolger
Deena & Michael Bradley
David S. Carter
Chevron Humankind Matching Gift Program
Cody Chipp
Matthew Claman
Zelma & Kenneth J. Clarke
Alfred T. Clayton Jr.
Carol Comeau
Glenn Cravez
Teresa Cunningham
Katie Cueva
Richard A. Curtin
Christopher & Susan Cusack
Michael Cutter
Camilla Dalton
Emma De Mander
Fern Ebeling
Deb Fancher
Marissa Flannery and Aaron Schutt
Alexandra Foote-Jones
Hardy Fortson
Evangeline & Garry Gembala
Anthony Glavinic
Sharon Gleason
Randy & Kimberlee Greenway
Benjamin Hardwick
Taran Haynes
Joshua Heppner
Charlie Hewitt
M. Lee Holen
Samuel Holley-Kline
Michael Horowitz
Tracie Howard
Elayne Hunter
Margaret Jacobs
Stormy Jarvis
Janelle Jerue
Paul J. Jones & Bobbie Hammond
Christopher June
Wendy C. Justus

Diane Kaplan
Hyon Kim & Hong N Kim
Heakyung Kim
Mi Kyong & Or Pyung Kim
Jonathon Lack
Elizabeth A. Lee
Suzanne Little
Theodore Madsen
Joanna Makar
Michael Mandregan
Erin & Cheri Marston
Cynthia Maxwell
Kathleen McVey
Timothy L. Minnick
Mark Moderow
Greg Oczkus
Steven & Rebecca O'Hara
Martha Pausback
Illiya and Lisa Pekich
Janet Platt
Carl Propes
Mark Regan
Steven & Amy Rhodes
Margaret Topic Richmond
Elizabeth Robards
Ken Robertson
Lisa Rotterman
Jeffrey Rubin
Nathaniel Rubin
Natalia Saprykina, M.D.
Melvin Sather
Stephanie R. Schenck
Jo-Li Sellin
Julie Sery
Dale Sherman
Moir Smith
Davanh Soukhot
The Growth Company, Inc./Lynne Curry
Kathy Thompson
Jana Turvey
David & Barbara Vralsted
Joellen S. Weatherholt
John A. & Sharon Burns Weddleton
Kimberly Wetzel
Michael D. White
Donna C. Willard
Jody Willing
Larry D. Wood
Jonathan Woodman
Wendy C. Woolf

- L. Assemblymember Flynn - Homeless Coordinator and the cold weather project. Concerned that rotating churches isn't effective because it's a different church each night, maybe pick 4 or 5?

The Mayor is committed to reduce homelessness in Anchorage. The "Kitchen Cabinet" will continue to address homeless concerns by working with committee groups such as HUD, RuralCap, Cook Inlet Housing, Neighborworks, AHFC and others.

Mayor's letter to community attached.

- M. Assemblymember Flynn - Air quality specialist, be sure that we have staff to get the air work done. *Health Dept. will ensure staff is available to address ongoing issues.*
- N. Assemblymember Flynn - Municipal Attorney positions - smart cuts? *Reductions were based on reduced APD staff. May need to increase by 1 position in 2014 with new officers from the academy.*
- O. Assemblymember Flynn – Youth Employment in Parks (YEP) support. MOA should fund some of this. *In 2012 the funding is \$129.5k. This reduces funding by \$29k leaving \$100k of MOA funding.*
- P. Assemblymember Flynn – Concerned about camp fire grant reduction. *Mayor's Office may continue to contribute \$95K, contingent on Mayor's Community Grant Program.*
- Q. Assemblymember Flynn - Public works professional services cuts, funding to capital get affirmation - Are we still SWPPP compliant? *Yes; grants that require match funding will receive it from local bond funds. Added back in Plan B.*
- R. Assemblymembers Flynn and Birch – Requested a Delaney Park Train Engine 556 Update repairs on park.

In 2011 the Anchorage Assembly appropriated 50K toward Engine 556. The funds were spent on hazard testing, a hazmat report, an environmental remediation plan (including bid documents and specifications) as well as the creation of a landscape plan and construction documents to restore the site after hazard remediation.

A variety of alternatives were considered during this process ranging from full-access (interactive) to the train to no-access (static display). Full-access would require extensive ramps for ADA compliance as well as a higher level of hazmat remediation inside the engine. Cost estimates for remediation and site improvements for full-access exceeded \$500K. Therefore, the department moved toward a remediation and site plan that prohibits access to the train. In 2012 the State of AK granted the MOA \$250K for the train. In July of 2012, even before state legislative funds were in hand, we bid the train remediation project with an engineer's estimate of \$200K to complete the clean-up. Unfortunately, the low bidder came in at \$297K. There was a non-responsive bidder (forgot to include a bond) who bid about \$97K. Because we didn't have sufficient funds, we had to reject the bids. We will rebid the project in early 2013 with the hopes that the low, non-responsive bidder will re-bid the project with success and begin work in the spring. Once the remediation work is finished, the department will complete site improvements making the train a static display.

Improvements will include interpretive panels about the historic steam engine, landscape improvements and decorative fencing to protect and preserve the display.

- S. Assemblymember Birch - What is status of an express library in south Anchorage. *Due to budget challenges we cannot open additional libraries.*
- T. Assemblymember Flynn - SWS – Question about restoring alley refuse collection service. Need Public Works to work with SWS to do this. *Answer will be forthcoming from City Manager.*
- U. Assemblymember Jackson - 2011 Fund Balance – *Attachment E*

Anchorage School District - updated Oct. 9, 2012
FY 2013-2014 - 6 Year Forecast
 (July 1, 2013 - June 30, 2014)

Computation of Municipal Property Tax Limitation &
 State Foundation Formula Local Tax Limitation

Municipal Property Tax Limitation Calculation	FY13	FY14	FY15	FY16	FY17	FY18
Prior Year Municipal Taxes Collected for Anchorage School District	\$ 239,963,319	\$ 232,003,738 *	\$ 237,109,167	\$ 241,985,841	\$ 244,927,739	\$ 246,809,839
Less: Prior Year Taxes Required for Debt Service	\$ 40,061,780	\$ 39,854,941	\$ 40,049,224	\$ 40,497,071	\$ 39,200,315	\$ 38,020,477
Net Tax Amount Approved for Municipal General Fund Baseline	\$ 199,901,539	\$ 192,148,797	\$ 197,059,943	\$ 201,488,770	\$ 205,727,424	\$ 208,789,362
Allowable Growth Factors						
5 Year Average Population Growth	Muni 0.9%	1.0%	1.1%	1.0%	1.0%	1.0%
5 Year Average Anchorage CPI-U	Muni 2.6%	2.8%	3.0%	3.0%	3.0%	3.0%
Total Annual Growth Factor Allowed	3.5% As of February 2013	3.8%	4.2%	4.0%	4.0%	4.0%
Basic Municipal Tax Cap Limitation [Baseline + Allowable Growth]	\$ 206,944,870	\$ 199,121,493	\$ 204,603,398	\$ 209,897,783	\$ 214,018,239	\$ 217,203,574
Plus MUNI Exclusions:						
Judgements/Legal Settlements						
Taxes for Operations and Maintenance on New Voter Approved Facilities						
Taxes Requested on New Construction/Property Investments	Muni \$ -					
Adjusted Municipal Tax Cap Limitation - General Fund	\$ 206,944,870	\$ 199,121,493	\$ 204,603,398	\$ 209,897,783	\$ 214,018,239	\$ 217,203,574
Taxes Requested for Anchorage School District Debt Service (FY14)	ASD Finance \$ 38,843,941	\$ 37,987,674	\$ 37,382,443	\$ 35,029,956	\$ 32,791,600	\$ 30,362,443
October 2012 Bond Sale Projected Impact on FY14	ASD Finance \$ 1,011,000	\$ 1,061,550	\$ 1,114,628	\$ 1,170,359	\$ 1,228,877	\$ 1,290,321
2013 new debt		\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
2014 new debt			\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
2015 new debt				\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
2016 new debt					\$ 1,000,000	\$ 1,000,000
2017 new debt						\$ 1,000,000
Total Debt						\$ 1,000,000
Maximum Tax Allowed Under Municipal Tax Cap + Voter Approved Bonds	\$ 39,854,941	\$ 40,049,224	\$ 40,497,071	\$ 39,200,315	\$ 38,020,477	\$ 36,652,764
	\$ 245,788,811	\$ 237,109,167	\$ 241,985,841	\$ 244,927,739	\$ 246,809,839	\$ 247,566,017
Debt Service Fund (FY14)						
	\$ 39,854,941	\$ 40,049,224	\$ 40,497,071	\$ 39,200,315	\$ 38,020,477	\$ 36,652,764
Maximum General Fund Tax Allowed Under Municipal Tax Cap	\$ 205,933,870	\$ 197,059,943	\$ 201,488,770	\$ 205,727,424	\$ 208,789,362	\$ 210,913,253
State Foundation Formula Municipal Tax Limitation	FY14					
Assessed Valuation - Determined by SOA	Muni \$ 35,784,451,840	1% \$ 36,500,140,877	1% \$ 36,865,142,286	1% \$ 37,233,793,708	1% \$ 37,606,131,646	1% \$ 37,982,192,962
2.65 mil minimum local tax effort	\$ 94,828,797	\$ 96,725,373	\$ 97,692,627	\$ 98,669,553	\$ 99,656,249	\$ 100,652,811
PLUS:						
2 mil basic levy on local assessed valuation	\$ 71,568,904	\$ 73,000,282	\$ 73,730,285	\$ 74,467,587	\$ 75,212,263	\$ 75,964,386
23% of State Basic Need determination	\$ 97,320,000	\$ 98,293,200	\$ 99,276,132	\$ 100,268,893	\$ 101,271,582	\$ 102,284,298
Greater of 2 mil or 23% of State Basic Need ("Maximum Local Adder on Top Of Minimum Effort")	\$ 97,320,000	\$ 98,293,200	\$ 99,276,132	\$ 100,268,893	\$ 101,271,582	\$ 102,284,298
State Foundation Formula Municipal Tax Limitation (Min + Max Local Adder)	\$ 192,148,797	\$ 195,018,573	\$ 196,968,759	\$ 198,938,447	\$ 200,927,831	\$ 202,937,109
Difference between Maximum General Fund Tax Allowed under Municipal Tax Cap & Maximum Practical Local Tax under Foundation Formula Limitation	\$ 13,785,072	\$ 2,041,370	\$ 4,520,011	\$ 6,788,977	\$ 7,861,531	\$ 7,976,144

assumes permanent downward adjustment to ASD tax cap of \$14.1 M

Conclusion: ASD will h

Attachment A

From Ross, assume 45

assumption. Need v

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Lucinda – this office issued two opinions shortly after adoption of the tax cap. One determined that Anchorage Municipal Assembly could reduce the portion of the mill levy allocated to Anchorage School District budget items and apply the difference to other municipal expenses without violating tax cap limitations. The other determined that the cap is a single cap. The opinions are attached. More recently, the Alaska Supreme Court has upheld the MOA's position that the municipal budget includes the school district. That decision bolsters the position that the cap is a single cap. Sometimes it is best just to quote directly for the Alaska Supreme court:

Municipality of Anchorage v. Repasky, 34 P.3d 302, 308-09 (Alaska 2001)

a. The terms “budget” and “appropriation” in charter subsection 5.02(c) encompass the school budget.

The charter defines “appropriation” as “a unit of funding ... in the municipal budget.”⁴¹ Long and the school district argue that the school budget is not a “unit of funding ... in the municipal budget.” They think it significant that separate sections of the charter discuss the municipal and school budgets.⁴² The school district argues that this separation is highlighted by the mayor's ability to transfer unencumbered funds between departments within all appropriations except the school budget appropriation.⁴³ Long and the school district therefore argue that the item veto extends only to the municipal budget and not to the separate school budget. The school district also asserts that the term “budget” in the charter does not encompass the school system budget, because the Charter Review Commission did not mention the school budget when it discussed the item veto and because we have held that the “assembly has no legislative power to make appropriations for specific items, programs or priorities provided for by the school board's budget.”⁴⁴

The municipality replies that the Anchorage School District is part of the municipality, and that therefore the assembly's annual school budget ordinance—which approves the total amount of the district's annual budget, determines the amount of funding from local sources, and appropriates the local source funds for the district's budget—is by its terms a municipal “budget or appropriation measure.”⁴⁵ The municipality also notes that the subsection 5.02(c) veto power does not distinguish between the budgets for general government, the school district, and the utilities, each of which has a separately identifiable municipal budget.⁴⁶ Finally, the municipality offers two reasons why the school budget process is described in a separate section of the municipal charter: first, because the school system operates on a separate fiscal year, and second, because the procedures for approving the school budget differ from the procedures for approving

other budget items, not because the school budget was intended to be segregated from the municipal budget.

We find the municipality's interpretation more persuasive. First, the school budget ordinance qualifies as a "budget measure" under subsection 5.02(c). A school budget ordinance is in appearance and substance a "budget measure." Appellees provide no persuasive reason why it should not be treated as such.

Second, it is significant that the school district is governmentally part of the municipality,⁴⁷ that the school district budget is for amounts that must be expended in order to operate public schools in the municipality, and that the school district budget includes amounts the municipality must contribute from local sources to operate the school system. We therefore agree with the municipality that the term "municipal budget" as used in the charter's definition of "appropriation"⁴⁸ inherently includes the school district budget.

Further, as the municipality points out, the charter uses the term "appropriation" in sections which deal exclusively with the school budget.⁴⁹ This usage indicates that the charter framers considered the school district budget ordinance to be an "appropriation." Subsection 6.05(c) directs the assembly to "appropriate" funds for the school district.⁵⁰ The ordinance appropriating these funds is both an "appropriation" and an "appropriation measure" for purposes of the charter.⁵¹ Placing the topic of the school budget in a charter section apart from sections concerning other municipal budgets does not mean that the school budget is not part of the total municipal budget.

Finally, given its absolute and relative size, it is counterintuitive to think that the school district's local source appropriation is not part of the municipal budget. The 1997-98 local source school appropriation required the municipality to contribute \$100,228,823; this was about twenty-nine percent of the district's total operating budget of \$358,723,000.⁵² The local source school appropriation is also a very large part of the total municipal budget.⁵³

The same can be said for "municipal tax" as used in the charter and code regarding the tax cap – they do not distinguish between taxes collected for ASD and taxes collected for MOA. Taxation for the benefit of the school district is not called out separately because there was no intention to treat taxation or the cap, separately. In fact, the code is cognizant of the need to consider the school district separately only as necessary to make the unified cap work. For example, in the use of a "fiscal year" for the tax limit calculation, the code provides: "Fiscal year means the fiscal year of the municipality. School system fiscal year figures will be for the current year, i.e., that which commenced during the municipal fiscal year." (AMC 12.25.020).

MUNICIPALITY OF ANCHORAGE

~~School District~~
School District
Budget

MEMORANDUM

DATE: April 18, 1989

TO: Joe Griffith, Assembly Budget Analyst

FROM: Scott A. Brandt-Erichsen, Assistant Municipal Attorney *SB-E*

THRU: James E. Ramsey, Deputy Municipal Attorney *JE*
Richard D. Kibby, Municipal Attorney *RAK*
Larry D. Crawford, Municipal Manager

SUBJECT: School Budget and Tax Cap

QUESTION:

You asked for comment from the Legal Department as to whether the Anchorage Municipal Assembly could reduce the portion of the mill levy allocated to Anchorage School District budget items and apply the difference to other municipal expenses without violating tax cap limitations.

BRIEF ANSWER:

So long as the Municipality of Anchorage stays within the limits prescribed by AS 14.17.025 for local contributions to School District funding, the Municipality may reduce the portion of the tax cap which is taken up by school budget expenses.

DISCUSSION:

In reviewing this question, several different enactments on both the state and municipal level should be reviewed together. Initially, the Anchorage Municipal Charter § 14.03 and AMC Chapter 12.25 set out the mechanics of the tax cap for the Municipality of Anchorage. A review of these sections indicates that the tax cap applies as an overall limit on the total levy by the Municipality. The tax cap does not set out separate limitations for what portion of the mill levy should be applied to separate budget items.

AMC 6.10.037 does provide a limitation on the increase of the general operating budget. However, no such limit on increase or reduction of the portion of the tax cap allocated to School District funding is addressed in the Municipal Code.

AS 14.12.020(c) indicates that the Municipality must provide a portion of the funds used to maintain and operate the School

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District from local sources (i.e., property taxes). AS 14.14.060(c) sets out the deadline of April 30th for the Municipal Assembly to inform the School Board of how much local funding will be available. If no statement is made by that date, then the school budget is approved as submitted.

AS 14.17.025 sets out specific guidelines and limitations for the amount of local contributions to be applied to funding school districts. These amounts are the equivalent to the range of 4 to 6 mills on the value of taxable real and personal property in the district as of January 1st of the second preceeding fiscal year. Or, in the alternative, thirty-five percent (35%) of the district's basic need for the preceeding fiscal year, as defined in AS 14.17.021(b). Of these two requirements, the Municipality need only provide local contributions in the lesser of the two amounts.

With the local contribution requirements in AS 14.17.025 as a lower limit, nothing prevents the Anchorage Municipal Assembly from adjusting the portion of the tax cap allocated to school district budget expenses. However, in making such an adjustment, the Assembly should stay within the limitation on increase of the general operating budget under AMC 6.10.037.

SBE:gml
M:GRIFFITH

MUNICIPALITY OF ANCHORAGE

MEMORANDUM

DATE: April 2, 1990

TO: Richard D. Kibby, Municipal Attorney
James E. Ramsey, Deputy Municipal Attorney

FROM: Mary Gilson, Assistant Municipal Attorney *MG*

SUBJECT: Opinion re: Municipal Tax Cap

This memorandum analyzes the question of whether Anchorage Home Rule Charter Section 14.03 establishes one tax limitation or two separate limitations - one for Municipal general government and one for the School District. This question was analyzed for the School District by Peter C. Partnow of Hellén, Partnow & Condon. Mr. Partnow's opinion set out in a letter dated January 8, 1990 (hereinafter referred to as 1/8/90 opinion) concludes that the "tax cap initiative" established two tax caps rather than one. As explained below, I disagree with that conclusion and am of the opinion that Charter Section 14.03 most likely establishes one tax cap which applies to limit the total taxes the Municipality may levy in a given year. However, as noted in the 1/8/90 opinion, there is no legal precedent on this matter, and the wording of the applicable provisions is less than precise.

Background

The Municipality approved a 1990 general government budget which was based on a tax increase limit calculation that assumed a reduction in the tax limit calculation for the Anchorage School District share of Municipal tax levy. The School District asserts that the Municipality's action was illegal. See, 1/8/90 opinion.

The primary basis for the School District's assertion is its argument that Anchorage Home Rule Charter §14.03 imposes two separate tax increase limitations; one on Municipal general government and one on the School District. Therefore, the District's argument is that the Municipality's action increasing its tax limit calculation beyond the amount which would be allowable if there were two separate tax caps, and also at the expense of the School District's share of Municipal taxes, violated the separate general government cap. As explained below, it is unlikely that Charter Section 14.03 establishes two separate tax caps.

The Municipal "tax cap" is established in Anchorage Home Rule Charter Section 14.03. The tax increase limitation is set out in

subsection (a) which states:

Section 14.03 Tax Increase Limitation.

(a) Except as provided in this Section, the total amount of Municipal Tax that can be levied during the fiscal year shall not exceed the total amount approved by the Assembly for the preceding year by more than a percentage determined by adding the percentage increase in the Federal Consumer Price Index for Anchorage from the proceeding fiscal year plus the average percentage growth or loss in the Anchorage municipal population over the preceding five fiscal years as determined by the State Department of Community and Regional Affairs. (emphasis added.)

Subsection 14.03(b) lists five exclusions from the tax cap. Subsection 14.03(c) refers to certain of those exceptions being added to the base amount which is used to calculate the tax increase limitation. Neither subsection b or c is pertinent here.

Section 14.03, was approved by the voters at the October 1983 election. Section 14.03 had been placed on the ballot as "Proposition 24" pursuant to initiative. The voter approved "tax cap" went into effect with the Municipal tax levy for 1984. This affected the 1985 general Municipal fiscal year and the 1984/85 School District fiscal year.

The Mayor prepares the general Municipal budget and submits it to the Assembly for approval. Pursuant to Charter Section 6.05, the School Board prepares the School District budget and submits it to the Assembly for approval. The total amount of the Municipal tax levy is determined by the total of the two budgets as approved by the Assembly. The amount approved for the School District budget determines what part of the Municipal tax levy will be designated for the School District.

Prior to the tax cap being implemented, the School District made its own calculations concerning its budgetary needs and presented them to the Assembly through the process set out in Charter section 6.05(a). Pursuant to Charter § 6.05(b), the Assembly increased or decreased the budget as to total amount. Thus, the Assembly was free to allocate potential tax revenues between the School District and the general government budgets.

After the implementation of the tax cap, the School District continued to make its own budgetary calculations and since it was one of two budgets which fell underneath the tax cap set out in 14.03, it calculated its budgetary increases pursuant to the formula set out in 14.03(a). The Municipality calculated its budget increases also based on the tax increase limit set out in 14.03(a).

ANALYSIS

The fact that two sets of calculations were made, one for each budget affected by the tax cap, does not establish that in fact there were two separate tax caps approved by the voters. However it does establish that at least in practice, the Municipality so far has regarded the allowable increase in its budget to be based on a tax limit calculation based on the amount of the previous years taxes which were allocated to general government, and not on the total amount of Municipal taxes. However the plain language of the charter merely places a limit on the total amount of Municipal taxes, and not a separate limit on the increase each entity may impose.

The intent of the initiative as expressed in the wording of section 14.03 is to limit the total amount of Municipal taxes. To interpret the Charter as imposing a dual cap would be imposing an additional constant on the Assembly's power other than simply a limit on the increase allowed for the total amount of Municipal taxes. The purpose of the tax cap, appears to have been to protect citizens from unreasonable growth not to allocate the allowable tax portions to the School District and the general government. The power of the Assembly to allocate the available tax resources between the two entities as it did prior to the adoption of Section 14.03 would be eradicated under a dual cap concept. The Municipality is required to give a minimum local contribution to the School District under AS 14.15.060(c), but aside from that, the Assembly has always had the power to allocate tax resources between general government and the School District. The "dual cap" concept is inconsistent with this.

In the January 8, 1990 letter, three reasons are outlined to support the conclusion that there are two tax caps under Charter Section 14.03. Each of these will be addressed in turn.

A. Wording of tax cap initiative and Section 14.03.

The opinion letter of 1/8/90 incorrectly states that the tax increase limit had two effective dates. The limitation was effective with the mil levy of May 1984, therefore the limitation had a single effective date. The School District fiscal year is July 1-June 30. The general Municipal government fiscal year is January 1 - December 31. Therefore, the initial implementation of the tax increase limitation affected the 1984 general government budget and the 1984-85 School District budget.

The 1/8/90 opinion states that the wording of Section 14.03(a) limiting the total amount of municipal taxes that can be levied during "a" fiscal year rather than limiting the increase during "the" fiscal year reinforces the concept of two separate fiscal year determinations. Since the School District and the Municipality

pality have different fiscal years, the use of "a" is appropriate. The argument that the use of "a" indicates the establishment of two tax increase limitations is thus not particularly persuasive. The use of "a" is likely reflective of the fact that there is more than one fiscal year affected by the mill levy.

The 1/8/90 opinion next discusses a hypothetical judgment against the School District. The opinion asserts that if there was only one tax increase limitation, taxes could be raised above the limitation under the exception for judgments in 14.03(b)(4) yet not in fact be applied to fund the cost of the judgment against the School District but could instead be applied to fund Municipal programs. Section 14.03(b)(4) states:

The limitations set forth in subsection (a) do not apply to the following: (4) Taxes required to fund the costs of judgments entered against the municipality or to pay principal or interest on bonds, including revenue bonds.

Assuming that the exception for judgments applies to judgments entered against the School District as well as those entered against the Municipality, the provision only allows an exception from the tax increase limitation for those taxes required to fund the judgment. Therefore, if taxes were increased to cover a judgment, the revenues would have to be used to pay the judgment. If otherwise used, the use would be in violation of the tax increase limitation as the tax increase would not be then within the exception of being "required to fund" the judgment. The argument put forth in the 1/8/90 opinion thus is not helpful to the position that there are two tax caps.

B. Intent of Proposition 24.

The 1/8/90 opinion, page 5, states that the intent of Proposition 24 was to limit government spending and taxation. The intent of Proposition 24 was to limit taxes. As a result, of course, any increase in government spending of tax revenues is also limited. However, there is no direct spending limitation as the 1/8/90 opinion seems to infer. New revenues from sources such as grants, enterprise activities, user fees, etc. are legally unaffected by the Charter §14.03.

The opinion argues that a dual tax cap, unlike a unitary tax increase limitation, would allow tax relief to occur if the needs of either the Municipality or the School District decreased. The opinion states, that if only one limit is imposed on the total amount, and if the needs of the School District were reduced, the Municipality would be free to use the "excess funds" beneath the increase limitation for Municipal programs. Thus, leaving tax relief to the discretion of elected officials. First, Section 14.03 is a limit on tax increases not a mandate for reduction.

There is no guarantee under either the "dual cap" or one cap theory that taxes would be reduced if the budgeted needs of either entity were lessened. Second, the fact that the Assembly retains the discretion to allocate potential tax revenues between the School District and general government under the theory of a unitary tax cap is not a novel concept. As noted above, the Assembly has always had that power. There is no indication in the language of Section 14.03 that the power was meant to be curtailed. The Section is a limit on the Assembly's ability to increase taxes not a limit on the decision making power concerning how the available revenues are to be utilized.

The newspaper articles written at the time of election, and prior to it, do focus on the impact of the limitation on Municipal services, and the effect on general government spending. However, spending is of course affected by any increase limit whether under a dual cap theory or a unitary cap. There is no mention of a dual tax cap theory in any news items contemporaneous with or prior to the election.

C. Contemporaneous reaction at the time of the 1983 election and thereafter.

As noted above none of the publicity indicated that a dual tax cap was contemplated. However, the position taken by the Municipal administration against the tax cap focused on the impact on general government and did not suggest that the allowable increase could be calculated from the total municipal tax amount of the previous year rather than only that portion of taxes allocated to the general government. This stance may have been taken for political reasons since the administration was opposed to the cap. In any event, a self-imposed limit by the administration on the amount of tax revenues available, cannot change the tax increase amount allowable by the language of the Charter, as approved by the voters. Though it is evidence of how it has been previously interpreted.

The School District and the Municipality have always in a sense competed for a common pool of tax revenues. The adoption of the initiative did not change this. As was noted in the Anchorage Daily News:

"Under the sponsorship of the Anchorage Chamber of Commerce and the Anchorage Women's Club, Proposition 24 was overwhelmingly approved by the voters October 4. Except for new taxes approved in special elections, it limits the rise in local taxation to the increase in the cost of living and a five year average of population change. The initiative's umbrella covers the municipality, the Anchorage School District, and the local road service districts..."

Anchorage Daily News dated November 12, 1983 Page A1.

Thus this article indicates the belief than one tax cap was imposed. The School Board took the position in an October 24, 1983 memorandum, that there were two separate tax caps imposed. Inasmuch as both these statements were made after the election, and the School District's memorandum is self serving, they would probably be given little weight. The 1984 Municipal analysis of the tax cap in Assembly Memorandum 1389-84 quoted on page 8 of the 1/8/90 opinion, noted the effect of the implementation of the tax increase limitation separately for the School District and for general government. The likely reason for referring to the tax limit effect separately for each entity is that the taxes imposed by the Municipal tax levy are broken out in two parts, one for the School District and one for the Municipality. The statement taken out of context is not persuasive concerning the two tax cap issue.

Conclusion

In sum, the language of the Charter approved by the voters indicates that the tax increase limitation applies to the total amount of Municipal taxes. The voters approved one limitation not two. The calculations for allowable tax increases have been done separately by the Municipality and the School district since the inception of the limitation. The Municipality has calculated its allowable increase based on the portion of taxes allocated to it the previous year, and not on the total amount of taxes. The School District has calculated its allowable increases the same way. This dual calculation for each entity has ensured that the tax cap is not exceeded when the budgets are proposed, but there is no limit in the language of § 14.03 on the amount of Municipal taxes allocated to general government. The language only limits total Municipal taxes. There is no indication that the initiative sought to limit the power of the Assembly to allocate tax resources between the School District and general government. It appears more likely that a single limitation was intended and not a "dual cap" as stated in the 1/8/90 opinion letter.

MAG/cre
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MEMORANDUM

TO: Dr. William Coats, Superintendent
FROM: Peter C. Partnow
DATE: January 8, 1990
SUBJECT: Municipal Tax Cap

QUESTION

You have asked whether the Municipality acted legally when it recently balanced the Municipal budget by appropriating tax revenues to be generated after July 1, 1990 when the effect of this Municipal action because of the Municipal Tax cap (Anchorage Municipal Charter section 14.03) is to limit the local tax dollars available for the School District's FY 1990-91 budget.

ANSWER

While legal precedent does not exist, and the applicable statutory and charter provisions are less than precise, it appears more likely than not that the Municipality's recent action violated the Municipal tax cap as established by AMC Section 14.03.¹

¹A second basis for asserting that the Assembly's action was illegal is not directly related to the interpretation of the tax cap. One could argue that by taking action in December, in the absence of any information as to the District's proposed budget, the Assembly violated its legal obligation with regards to consideration and approval of the District's budget.

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Background

Under section 13.05 of the Anchorage Municipal Charter, the Assembly is required to adopt the Municipal budget by December 10th each year. The Municipality's ability to balance its budget is effected by the so-called Municipal tax cap (AMC section 14.03). This tax cap was established by voter approved initiative in October of 1983. Simply stated, the tax cap prohibits the Municipality from levying more taxes from one year to the next, with various exceptions pertaining primarily to inflation, population changes, and new construction.

Since the tax cap was enacted, it has been applied as though there were two caps - one impacting the general Municipal budget as prepared by the Mayor and approved by the Assembly, and the other impacting the school budget as prepared by the school board and approved by the Assembly. While we are aware of no specific legal determination which led to the dual cap treatment, it has been pursued and practiced since the adoption of the tax cap initiative. Undoubtly, a significant factor in the adoption of this approach was the confusion otherwise created by the different fiscal years that the Municipal government and the School District. As you know, the Municipality operates on a January 1-December 31 fiscal year while the School District's fiscal year runs from July 1-to the following June 30.

The question addressed by this memo is raised as a result of action by the Municipal Assembly with regards to the budget for the Municipality for its 1990 fiscal year. Based on its determination that it could not raise sufficient revenues to fund the desired level of Municipal services for FY 1990, the Assembly ultimately passed a balanced budget by relying on approximately 1.5 million dollars in revenues to be derived from taxes which would otherwise be available to fund school operations when the Assembly considers the proposed School District budget in April of 1990. Rather than taking revenues which had been previously approved and appropriated to the School District, the Assembly's action would take no funds from the Districts current FY 89-90 budget, but would instead reduce by approximately 1.5 million dollars the ceiling for local taxes which could be levied to fund the School District for its 1990-91 budget. As of the time of the Assembly's action, the School District budget had not yet been prepared, nor had the

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District had any hearings on the budget. Indeed, the District's budget would not be prepared and submitted to the Assembly for its consideration and action for approximately four months.

ANALYSIS

The primary legal issue raised by the Assembly action is whether the initiative now incorporated as Anchorage Municipal Charter Section 14.03 created one or two tax caps. If there is a single cap placing a limitation on all Municipal taxation without regards to how revenues are allocated in the budget process, then the recent Assembly action would not violate the tax cap. Under this analysis, the Assembly would be free to shift tax revenues back and forth between Municipal and District operations so long as the total amount of tax revenues did not exceed the tax cap.

On the other hand, if the initiative adopted in 1983 established two caps, one for the calendar year Municipal budget and one for the School District's July 1-June 30 fiscal year, then the Assembly action would violate the tax cap limitation by increasing Municipal taxation to fund Municipal operation by 1.5 million dollars more than the tax cap would permit.

While the issue is clouded by the confusing wording of the initiative itself and by the apparent lack of extrinsic "intent" evidence dealing specifically with this issue at the time of adoption by the voters of the tax cap initiative, it is our conclusion that the tax cap initiative established two caps rather than one. We have reached this conclusion for the following reasons:

1. The wording of the initiative itself is most amenable to a reading which would establish a dual cap.
2. Establishment of two caps is more consistent with the intent of the initiative sponsors and supporters.
3. Actions at the time of the initiative campaign and subsequent to adoption, while not specifically addressing this issue, implicitly recognized a belief that the initiative would establish two caps.

These reasons will be examined separately.

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1. Wording of the tax cap initiative suggests the establishment of two caps - one for the general Municipal government and one for the School District.

Proposition 24, as presented in the 1983 Municipal election asked the voter

Should the Anchorage Municipal Charter be amended by adding a new section 14.03 as follows, to be effective starting with the fiscal 1984 Municipal budget and the fiscal 1984-1985 School District budget?

Since the taxes for the second half of the School District's FY 83-84 fiscal year had already been approved and levied in May-June of 1983, there appears to have been no impediment to a single effective date for the proposed charter amendment. By recognizing two different fiscal years and establishing two corresponding effective dates, it appears the drafters of the proposition envisioned a dual cap -- one for the School District and one the general Municipal government.

This interpretation is reinforced by the wording of the first section of Section 14.03(a) which placed a limit on the "total amount of Municipal tax which can be levied during a fiscal year." (emphasis added) By using the article "a" rather than the word "the" to modify the term "fiscal year", the language of the proposition reinforces the concept of two separate fiscal year determinations.

Consideration of the exceptions provided in subsection (b) of the charter amendment further supports the concept of a dual cap. Under a dual cap, the additional taxation permitted under any of these exceptions would be available only to the entity whose need led to the exception from the tax cap. Under a unitary cap treatment, the additional taxes would not be so limited and could be used for entirely unrelated purposes. For example, assume a \$10 million uninsured judgment against the School District. The tax cap could be raised for one year only to fund the judgment pursuant to Section 14.03(b)(4). Since the Assembly acts on the total amount of the local support for the School District rather than by

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Page 5

line item, if there were a single cap, the District's local revenue could be unchanged for the year in question and the \$10 million of additional revenues could be used to fund Municipal programs. Under a dual cap, the \$10 million waiver would affect only the School District budget.

Thus, even though the wording of the initiative does not explicitly speak to the issue, the better reading of the initiative supports an interpretation that it established a dual tax cap.

2. Establishment of two tax caps is most consistent with the intent of Proposition 24.

Clearly, the intent of Proposition 24 was to limit governmental spending and taxation. The initiative was undoubtedly based upon the premise that new taxation should not occur except as necessitated by inflation, population growth, new construction, catastrophic events, or specific voter approval. Increases in government taxation to pay for new or special services appears to have been limited to situations where voter approval for the new services is obtained.

The establishment of two tax caps, one applying to the Municipal budget and one applying to the School District budget is clearly more consistent with this intent than is the establishment of a single cap. In the case of dual caps, where the needs of either the District or the Municipality shrink, expenditures should shrink and tax relief occur. For example, assume a fall in school enrollment which led to a net cost reduction for school operations or an increase in state funding which reduced the need for local funds. In either situation, the local tax levy could be reduced and tax relief occur.

However, under a single tax cap, the powers that be would be in a position to switch the excess "school funds" to establish additional Municipal programs or services without voter approval. The long term impact of a unitary cap would thus be to leave any tax relief to the discretion of elected officials rather than to the discretion of the public.

While one could argue as to the wisdom of either approach, for the purposes of the instant analysis it is evident that the decision was made when Proposition 24 was adopted. The intent of Proposition 24 was recognized in the press at the time

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of the 1983 initiative campaign. By way of example, the Anchorage Times, which strongly supported the initiative, editorialized shortly before the October 1983 election that

The voters have a chance to tell the folks in local government next week that more discipline is needed in Municipal spending practices. ... The tax limitation initiative would put a lid on the whole kit and caboodle. ... Increases in taxes collected would be limited by a formula based on population growth and changes in the consumer price index.

After several years of accelerated Municipal spending and topsy-turvy property evaluations, some relief is in sight -- if the voters want it.

See Anchorage Times, September 28, 1983, page A12.

At the same time, the Anchorage Daily News, which strongly opposed the initiative, noted that its effect would be to

tie Anchorage into a fiscal straight jacket ... at a time when the community is growing, the economy expanding, the complexity of problems increasing, and the demand for public approval swelling at a startling rate. It would impose a heavy bias against even existing programs and services even as a mature community grows into new needs.

Anchorage Daily News, October 1, 1983, page A10.

Thus, while there was sharp disagreement as to the wisdom of the proposed initiative, there was consensus by both supporters and opponents that its intent and effect was to limit government spending by limiting taxation. A unitary cap is inconsistent with this clearly understood intent.

3. Contemporaneous reaction at the time of the 1983 Municipal election and thereafter indicates an implicit

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understanding that Proposition 24 established two caps.

Review of the publicity which surrounded the 1983 Municipal election indicates that whether the initiative would establish a single or dual cap was not addressed directly. However, the public debate over the proposed initiative indicates an understanding that two distinct caps would be established -- one effecting the Municipal government and one effecting the School District.

Both the mayor and the School District strongly opposed the initiative. Each indicated the adverse impact predicted with adoption of the initiative. Mayor Knowles and other Municipal officials repeatedly warned the passage of the initiative would lead to a shortfall in the Municipal budget in the first year of approximately \$27 million. Prior to the election, the impact of this shortfall was outlined as follows:

Public works would suffer the most, according to the administration estimates, by losing about \$6.2 million and 63 jobs; the police budget would drop by \$4.5 million and 68 workers; the fire department would have \$3.1 million and 42 jobs cut.

Other departments that would bear the burden of major budget cuts included parks and recreations (\$1.7 million and 52 jobs) and public transit (1.1 million and 21 jobs). ...

After the meeting, Knowles denied that targeting those departments was a "scare tactic" as his opponents have charged.

"Where else are you going to capture \$27 million?" he asked. "When you're going to cut this much, you have to start with the big ticket items. Fire and police make up 40% of our budget."

See Anchorage Times, Tuesday, September 27, 1983, page B1

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At the same time, school officials predicted that the tax cap could cut the District budget by as much as \$14 million and that the District would have to examine its own programs if this occurred. Id.

Significantly, at no point was it suggested or warned that short falls on either the Municipal or School District side would or could be cushioned by dipping into the tax revenues previously allocated to the other governmental entity. At no point was it argued or suggested that the adoption of the initiative would place the general Municipal government and the School District in competition for a common pool of local tax revenues - which appears to be the inescapable result of a single tax cap.

Subsequent to the adoption of the initiative, both the Municipality and the School District proceeded, until the recent action by the assembly, to explicitly or implicitly recognize that the newly enacted charter provision created a dual cap. For instance, the day after the election, the mayor outlined the Municipal services which would likely be reduced or eliminated as a result of the tax cap. No mention was made of the possibility of reallocating tax revenues previously made available to the School District. See Anchorage Daily News, October 6, 1983, page A1.

The Municipality continued to recognize the existence of two caps. For instance, in 1984, the Municipal administration analyzed the effect of proposed ordinances which were intended to implement the charter provision enacted by Proposition 24. This analysis noted that one of the proposed ordinances would have the following effect:

The property taxes levied by the Assembly in 1984 for School District and general government operations would be over the revised tax limit ... by approximately \$10.7 million -- \$6 million for School District and \$4.7 million for general government operations.

Assembly Memorandum No. AM1389-84, October 16, 1984. Moreover, as noted at the outset, until the recent action by the Assembly, the Municipal and School District budgets have been developed and enacted since 1984 based upon the existence of a dual cap rather

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than a unitary cap.

The School District's understanding of the cap was set out in a School Board memo several weeks after the election. That October 24, 1983 memo advised the School Board, among other things, that

The petition language indicates that the [tax] limitation is to be computed and applied separately for the two governmental entities. ... Literal interpretation, while still complying with the intent of the amendment to the extent possible should be the underlying principal used in applying the amendment.

See School Board Memo No. 201 (83-84), October 24, 1983 at page 3.

While there may be questions, if litigation were to occur, whether these after-the-fact statements would be admissible as evidence to assist in interpreting the intent of the initiative, for the purposes of this analysis this information is consistent with the pre-election information and the analyses of the actual wording of the initiative itself. All of these approaches point to the initiative having established two caps.

PCP/mjh

cc: Guy Bellville

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2012/2013 Cost of Living Increases per Bargaining Unit		
Union/Bargaining Group Name	2012 Wage Increase	2013 CBA Provisions
Anchorage Municipal Employee's Association	2.60%	2013: wage opener option either party January 2013 with 90 days notice 2012 Guidance: Anchorage CPI-U average for the previous five-year period 2006-2010; minimum 2.5% and a maximum 3.9%
International Association of Fire Fighters, Local 1264 (IAFF)	3.90%	Anchorage CPI-U average over the previous five years, as measured by the First Half indices for each of the five years, with a minimum 2.9% and maximum 4.5%.
Operating Engineers - Local 302	2.50%	Wage freeze for 2013.
International Brotherhood of Electrical Workers, Local 1547 (IBEW)	2.50%	Anchorage CPI-U calculated based on a 12 month period using the second half indices of 2011 and the first half indices of 2012 to establish the annual average for 2012, the second half indices of 2010 and the first half indices for 2011 to establish the annual average for 2011. These averages then should be used to calculate the average annual percentage change, with a minimum of 2.5% and a maximum of 3.9% of the hourly wage rates.
International Brotherhood of Electrical Workers, Local 1547 (IBEW) - Mechanics	2.00%	Wage Schedule given Article 10, Section 10.5 of contract. Equals 2% increase.
Public Employees - Local 71	3.60%	Anchorage CPI-U average over the previous five years with a minimum 2.5% and maximum 3.9% plus an additional 1%
Anchorage Police Department Employees Association	3.90%	Anchorage CPI-U average over the previous five years, as measured by the First Half indices for each of the five years, with a minimum 2.9% and maximum 4.5% plus an additional 1%
Plumbers & Pipefitters, Local 367	2.80%	Contract currently in negotiation.
General Teamsters, Local Union No 959	3.60%	Wage opener option either party January 2013 with 90 days notice.
		2012 Guidance: Five year average CPI-U range 2.5% - 4.0% plus additional 1%
<u>Assumptions for Other Employee Groups - Non Union</u>		
Executives	1.50%	Same as 2012
Non-Reps	2.60%	Same as 2012

Attachment C

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MUNICIPALITY OF ANCHORAGE



Office of the Mayor

Phone: 907-343-7100

FAX: 907-343-7180

Mayor Dan Sullivan

October 1, 2012

Dear Community Partners,

As you are all aware, the Department of Health and Human Services has undergone significant changes over the past few weeks. Most impactful is the retirement of Director Diane Ingle and the announcement that Homeless Coordinator Darrel Hess has been appointed as the new Municipal Ombudsman.

These changes, along with the budget challenges facing us in 2013, require us to re-assess the department structure and its operations so that we can continue to provide essential services. Our efforts to reduce homelessness in Anchorage will not be diminished nor will my commitment to collaborating with our community partners in this area. To this end, my "Kitchen Cabinet" on Homelessness will continue to meet. In fact, this past week, a subcommittee of that body began the first of three work sessions on Treatment and Services. They are scheduled to present their recommendations early in 2013.

DHHS will continue to be my Administration's lead entity on homelessness. We are, however, at the suggestion of the Kitchen Cabinet, seeking to engage the Anchorage Community Development Authority (ACDA) to play an active role in developing more affordable housing opportunities in Anchorage. I believe efforts in this area fit within their mission and working with other groups such as HUD, RuralCap, Cook Inlet Housing, Neighborworks, AHFC and others, they could be a significant partner in meeting the growing need for affordable housing.

It is the strength of these community partnerships that will allow us to meet our future challenges. The best solutions come from a shared sense of purpose; a practical plan for getting things done; and the optimism that as partners we can and will have a positive impact on our community.

Thank you for your support during our transition and I truly appreciate all you do to make our wonderful city a great place to live for all residents.

Sincerely,

Dan Sullivan
Mayor

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The Municipality of Anchorage
Estimated Fund Balance
Year Ending 2011
as of 3/26/2012

	Areawide General Fund 101	Fire Fund 131	Roads & Drainage Fund 141	Police Fund 151	Parks & Rec Fund 161	Total 5 Majors	Building Safety Fund 181	All Other Funds *	General Funds Total	Workers Comp/ Insurance Fund 602	Medical Fund 603
Revenues	386,729,853	64,302,265	63,925,141	97,877,067	19,494,665	612,328,991	6,259,763	18,496,521	637,095,275	11,253,779	54,744,862
Expenditures	383,516,862	56,150,785	66,182,277	88,083,638	16,301,394	620,234,976	4,982,893	16,297,054	641,514,823	15,934,779	52,105,678
Total	(26,787,029)	8,151,481	(2,257,136)	9,793,429	3,193,270	(7,905,985)	1,276,870	2,199,467	(4,429,648)	(4,681,000)	2,639,184
IGC's											
Charges from departments	65,958,295	18,779,392	2,129,820	13,483,542	3,936,793	104,287,842	2,736,632	1,154,243	108,178,717		
Charges to departments	(95,105,044)	(12,406,992)	(1,138,462)	(4,000,837)	(362,664)	(113,013,999)	(990,834)	(123,010)	(114,127,843)		
Total IGC's (revenue)/expense	(29,146,749)	6,372,400	991,358	9,482,705	3,574,128	(8,726,157)	1,745,798	1,031,233	(5,949,126)		
Change in Fund Balance	2,359,720	1,779,081	(3,248,494)	310,724	(380,858)	820,172	(468,928)	1,168,234	1,519,478	(4,681,000)	2,639,184
Fund Balance - Jan 1	20,057,974	6,042,957	10,630,563	15,527,229	3,273,838	55,532,561	(2,293,002)	10,082,335	63,321,894	(33,225)	(3,675,255)
Fund Balance - Dec 31	22,417,694	7,822,038	7,382,069	15,837,953	2,892,980	56,352,733	(2,761,930)	11,250,569	64,841,372	(4,714,225)	(1,036,071)
Fund Balance:											
Reserved for Inventories	1,095,337					1,095,337			1,095,337		
Reserved for Prepaids	53,492	2,204				55,696	8,143		63,839		
Reserved for LT Loans	1,438,567		5,047			1,443,614		728,347	2,171,961		
Bond Rating	9,949,436	6,393,252	6,386,613	9,786,551	1,948,387	34,464,239		1,501,478	35,965,717		
Working Capital Reserve	1,969,887	1,278,550	1,277,323	1,957,310	389,677	6,892,847		1,139,635	8,032,482		
Reserve for Taps	2,297,321	532,278	846,806	777,247	169,361	4,623,013			4,623,013		
Unreserved	5,593,654	(384,346)	(1,133,720)	3,316,845	385,555	7,777,987	(2,770,073)	7,881,109	12,889,023	(4,714,225)	(1,036,071)
Fund Balance - Dec 31	22,417,694	7,822,038	7,382,069	15,837,953	2,892,980	56,352,733	(2,761,930)	11,250,569	64,841,372	(4,714,225)	(1,036,071)

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