

1
2
3
4 CLERK'S OFFICE
5 **AMENDED AND APPROVED**

6 Date: 5-11-10

Requested by: Chair of the Assembly at the
Request of the Mayor
Prepared by: Finance Department
For Reading: April 27, 2010

7 **ANCHORAGE, ALASKA**
8 **AO No. 2010-40**
9

10 **AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE SECTION**
11 **10.45.060 TO CHANGE THE SURCHARGE ON ADULT ADMISSION CHARGES,**
12 **INCLUDING SENIOR CITIZEN ADMISSION CHARGES, EFFECTIVE FOR ALL**
13 **PERFORMANCES BEGINNING SEPTEMBER 7, 2010.**

14
15 **WHEREAS**, the Municipality of Anchorage, Alaska (the "Municipality"), is required
16 to collect a surcharge on tickets of admission to the Alaska Center for the
17 Performing Arts (ACPA) to meet the debt service requirements of debt issued to
18 replace the ACPA roof in 2004 pursuant to AO 2004-110; and

19
20 **WHEREAS**, AO 2004-93 established the ACPA surcharge at \$2.50 on adult
21 admission charges, excluding senior citizen admission charges; and

22
23 **WHEREAS**, the funds projected to be collected by the Municipality at the current
24 surcharge are not sufficient to pay the debt service on the debt issued for the
25 ACPA roof; and

26
27 **WHEREAS**, the Municipality desires to increase the surcharge on adult tickets to
28 the ACPA effective September 7, 2010; now, therefore,

29
30 **THE ANCHORAGE ASSEMBLY ORDAINS:**
31

32 **Section 1.** Anchorage Municipal Code section 10.45.060 is amended to read as
33 follows (*the remainder of the section is not affected and, therefore, not set out*):

34
35 **10.45.060 Surcharge on adult admission charges, including**
36 **[EXCLUDING] senior citizen admission charges, to events**
37 **held in Alaska Center for the Performing Arts.**
38

- 39 A. There is hereby imposed upon every person who pays an adult
40 admission charge, including [EXCLUDING] senior citizen admission
41 charges, to any event held in the Alaska Center for the Performing
42 Arts for which an adult admission ticket is sold, a surcharge of \$3.00
43 [2.50] on each ticket to fund [ESTABLISH] a reserve to pay off an
44 existing loan and provide a revenue stream for repayment of
45 revenue bonds issued [AN ANTICIPATED REVENUE BOND] for major
46 renovation and repair of the Alaska Center for the Performing Arts.

1 *** *** ***
2 (AO No. 2004-93, § 1, 6-8-04)
3

4 **Section 2.** Section 1 shall become effective for all performances at the Alaska
5 Center for the Performing Arts beginning on and after September 7, 2010.
6

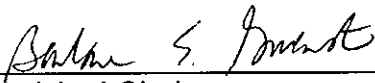
7 **Section 3.** It is the intent of the Assembly that this surcharge not be further
8 increased to pay existing debts.
9

10 **Section 4 [3].** This ordinance shall be effective immediately upon passage and
11 approval by the Assembly.
12

13 PASSED AND APPROVED by the Anchorage Assembly this 11th day of
14 May, 2010.
15

16
17
18 
19 _____
Chair of the Assembly

20 ATTEST:

21
22 
23 _____
24 Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects -- General Government

AO Number: 2010-40

Title: **AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE SECTION 10.45.060 TO CHANGE THE SURCHARGE ON ADULT ADMISSION CHARGES, INCLUDING SENIOR CITIZEN ADMISSION CHARGES, EFFECTIVE FOR ALL PERFORMANCES BEGINNING SEPTEMBER 7, 2010**

Sponsor: Mayor
 Preparing Agency: Finance
 Others Impacted:

CHANGES IN EXPENDITURES AND REVENUES: (In Thousands of Dollars)

	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>
Operating Expenditures					
1000 Personal Services					
2000 Non-Labor					
3900 Contributions					
4000 Debt Service					
TOTAL DIRECT COSTS:	\$ -	\$ -	\$ -	\$ -	\$ -
Add: 6000 Charges from Others					
Less: 7000 Charges to Others					
FUNCTION COST:	\$ -	\$ -	\$ -	\$ -	\$ -

REVENUES:

CAPITAL:

POSITIONS: FT/PT and Temp

PUBLIC SECTOR ECONOMIC EFFECTS:

None. Revenues pass through to State of Alaska to pay debt service on bonds issued on behalf of the Municipality of Anchorage to repair the Alaska Center for the Performing Arts (ACPA) roof.

PRIVATE SECTOR ECONOMIC EFFECTS:

Patrons of the ACPA, nineteen years and older, will pay a surcharge of \$3.00 per ticket, per event, while attending the facility. This represents an increase of \$.50 per ticket for adults and extends the surcharge to senior citizens who have previously been exempt.

Prepared by: Richard G. Whitehead

Telephone: 343-6681



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 254-2010

Meeting Date: April 27, 2010

1 **FROM: Mayor**

2
3 **SUBJECT: AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE**
4 **SECTION 10.45.060 TO CHANGE THE SURCHARGE ON ADULT**
5 **ADMISSION CHARGES, INCLUDING SENIOR CITIZEN**
6 **ADMISSION CHARGES, EFFECTIVE FOR ALL PERFORMANCES**
7 **BEGINNING SEPTEMBER 7, 2010.**

8
9 **BACKGROUND:**

10
11 In 2004 the Alaska Municipal Bond Bank Authority issued \$5,365,000 Revenue
12 Bonds, 2004 Series B, on behalf of the Municipality for the repair of the roof on
13 the Alaska Center for the Performing Arts (ACPA). The Municipality is obligated to
14 repay the debt and established a surcharge on ACPA tickets for that purpose.
15 The Municipality is also subject to meeting certain covenants agreed to in
16 Assembly Ordinance 2004-110 and the Loan Agreement dated September 1,
17 2004, between the Municipality and the Alaska Municipal Bond Bank Authority,
18 including the obligations to:

- 19
20 1. Establish, maintain and collect surcharge revenues in sufficient amount to
21 cover annual debt service (principal and interest) on the Bonds, see
22 Section 14(a) of AO 2004-110; and
23
24 2. Have surcharge revenues in the Bond Account, together with other ACPA
25 revenues on hand and available to the Bond Account, as of February 1 of
26 each Bond Year in sufficient amount to pay annual debt service (principal
27 and interest) on the Bonds, see Section 16 of the Loan Agreement and
28 Section 9 of AO 2004-110.

29
30 The surcharge was set at \$2.50 per adult ticket (excluding seniors) in AO 2004-93.

31
32 The funds collected and remitted to the Municipality by the ACPA are held in
33 Municipal Fund 301 (Bond Account). Comparing only the revenue to the debt
34 service for fiscal years 2005 – 2008, the annual shortfall in surcharge revenue has
35 been between \$32,000 and \$82,000. These deficits were made up for by an initial
36 contribution of \$218,517 to Fund 301 when the bonds were sold in 2004. At
37 February 1, 2010, the amount on hand did exceed the debt service due in 2010 by
38 a small amount. However, we have been cautioned that the 2009 revenue was
39 unusually high and certainly not sustainable in the next few years. Under the most

1 reasonable forecast, surcharge revenues are expected to fall short of debt service
2 due in 2011.

3
4 Exhibit A shows actual surcharge revenues from 2005 through 2009 with the
5 current \$2.50 surcharge. Exhibit B shows two scenarios. The first assumes no
6 change in ticket structure; showing a best to worst scenario, surcharge revenues
7 are not sufficient to cover debt service. The second scenario shows a \$3.00
8 surcharge for all adults generates sufficient revenues in all but the worst years.
9 Surpluses in normal years should be sufficient to re-establish a reserve which
10 could handle any deficit in bad years.

11
12 Additionally, the Municipality is carrying on its books a loan due from ACPA with a
13 principal balance of \$581,209.10. No payments have been made on this non-
14 interest bearing loan since 2003.

15
16 The surcharge increase will be used to restore Fund 301 to \$200,000,
17 approximately its initial amount, with any excess surcharge revenues used to pay
18 down the outstanding loan due from ACPA until both the loan and the Bonds have
19 been paid in full.

20
21 **PROPOSED CHANGES:**

22
23 This ordinance increases the surcharge from \$2.50 per adult ticket to \$3.00 per
24 adult ticket. The ordinance also eliminates the exclusion of senior citizens from
25 the ticket surcharge. If approved, beginning September 7, 2010 all adult tickets
26 are subject to the \$3.00 surcharge; tickets purchased by youths, age 18 and
27 under, remain excluded from the surcharge.

28
29 Nancy Harbour, President of the Alaska Center for the Performing Arts, concurs in
30 this ordinance increasing the surcharge.

31
32 **THE ADMINISTRATION RECOMMENDS APPROVAL OF AN ORDINANCE**
33 **AMENDING ANCHORAGE MUNICIPAL CODE SECTION 10.45.060 TO**
34 **CHANGE THE SURCHARGE ON ADULT ADMISSION CHARGES, INCLUDING**
35 **SENIOR CITIZEN ADMISSION CHARGES, EFFECTIVE FOR ALL**
36 **PERFORMANCES BEGINNING SEPTEMBER 7, 2010.**

37
38 Prepared by: Finance Department
39 Approved by: Lucinda Mahoney, CFO
40 Concurrence: Dennis A. Wheeler, Municipal Attorney
41 Concurrence: George J. Vakalis, Municipal Manager
42 Respectfully submitted: Daniel A. Sullivan, Mayor

The Alaska Center For the Performing Arts

Revenue Versus Debt Service Analysis

Year	# of Qualifying Surcharge Ticket Sales	Revenues Actual 2005-2009	Yearly Debt Serv.	Revenues \$ Over or (Under) Debt Serv.	Revenues \$ Over or (Under) Debt Serv.
2005	122,139	305,348	338,261	-32,913.0	2005 to 2009 Average
2006	112,890	282,225	339,613	-57,388.0	
2007	103,762	259,404	340,813	-81,409.0	
2008	110,714	277,085	336,813	-59,728.0	
2009	158,554	396,385	337,813	58,572.0	
2004 had the first 3 Qtrs. At \$ 1.00 and the 4th Qtr. At \$2.50 for the surcharges					

The Alaska Center For the Performing Arts
 Summary of Assumptions
 Revenue Options Calculation Worksheet

EXHIBIT B

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Option		Total Ticket Sales	% Adults	# Adults	Adult Surcharge	Adult Revenues	% Seniors	# Seniors	Senior Surcharge	Senior Revenues	Estimated Total Revenues	Debt Service	Revenues Versus Debt Service	Analysis Conclusion
#		Estimated Total Patrons			Per Patron	Estimated Revenues			Per Patron	Estimated Revenues				
	#1													
High	21Yr Avg	178,278	75%	133,708	2.50	334,271	14%	17,631.46	0.00	0.00	334,271	340,813.00	-6,542	Not Sufficient
Medium	5 Yr Avg	162,149		121,612	2.50	304,030			0.00	0.00	304,030	340,813.00	-36,783	Not Sufficient
Low	2008 Modified	125,939		94,454	2.50	236,136			0.00	0.00	236,136	340,813.00	-104,677	Not Sufficient
							Adult Surcharge to \$ 3.00 and Senior Surcharge of \$ 3.00							
High	21Yr Avg	178,278	75%	133,708	3.00	401,125.11	14%	24,958.90	3.00	74,876.69	476,001.80	340,813.00	135,189	More than Sufficient
Medium	5 Yr Avg	162,149		121,612	3.00	364,836.00		22,700.91	3.00	68,102.72	432,938.72	340,813.00	92,126	More than Sufficient
Low	2008 Modified	125,939		94,454	3.00	283,362.75		17,631.46	3.00	52,894.38	336,257.13	340,813.00	-4,556	Not Sufficient

Note: Non-Surcharge Youth tickets average 11% of total tickets sold.

Content ID: 008892
Type: Ordinance - AO
 An Ordinance Amending Anchorage Municipal Code Section 10.45.060 to
Title: Change the Surcharge on Adult Admission Charges, Including Senior Citizen
 Admission Charges, Effective for all Performances Beginning September 7,
 2010
Author: pruittns
Initiating Dept: Finance
Keywords: surcharge, admission, charges, adult, seniors, code change, PAC, ACPA
Date Prepared: 4/1/10 4:46 PM
Director Name: Lucinda Mahoney
Assembly Meeting Date: 4/27/10
Public Hearing Date: 5/11/10

Workflow Name	Action Date	Action	User	Security Group	Content ID
Clerk_Admin_SubWorkflow	4/16/10 10:50 AM	Exit	Nina Pruitt	Public	008892
MuniManager_SubWorkflow	4/16/10 10:50 AM	Approve	Nina Pruitt	Public	008892
Legal_SubWorkflow	4/9/10 11:13 AM	Approve	Rhonda Westover	Public	008892
OMB_SubWorkflow	4/9/10 11:07 AM	Approve	Cheryl Frasca	Public	008892
Finance_SubWorkflow	4/9/10 10:35 AM	Approve	Lucinda Mahoney	Public	008892
Finance_SubWorkflow	4/8/10 11:06 AM	Checkin	Nina Pruitt	Public	008892
AllOrdinanceWorkflow	4/8/10 9:42 AM	Checkin	Nina Pruitt	Public	008892
OMB_SubWorkflow	4/2/10 12:57 PM	Reject	Cheryl Frasca	Public	008892
Finance_SubWorkflow	4/1/10 5:03 PM	Approve	David Ryan	Public	008892
AllOrdinanceWorkflow	4/1/10 4:50 PM	Checkin	Nina Pruitt	Public	008892