

Municipal Clerk's Office
Approved
Date: **October 23, 2018**

Submitted by: Chair of the Assembly at
the Request of the Mayor
Prepared by: Solid Waste Services Staff
and Public Finance Staff
For reading: September 11, 2018

**ANCHORAGE, ALASKA
AO No. 2018-75**

1 AN ORDINANCE AUTHORIZING ACQUISITION OF REAL PROPERTY LOCATED
2 SOUTH OF EAST 56th AVENUE AND WEST OF HOMER DRIVE, LEGALLY
3 DESCRIBED AS LOTS 1 AND 2 BLOCK 1 FYFE SUBDIVISION (PLAT 72-57); EAST
4 AND WEST PORTIONS OF SW4 SW4 SE4 SW4 SW4 SEC 32 T13N R3W; PARCEL 1-
5 21 N2 NE4 SW4 SW4 PORTION WITHIN SEC 32 T13N R3W; AND PARCEL 1-22 S2
6 NE4 SW4 SW4, N2 SE4 SW4 SW4 PORTION WITHIN SEC 32 T13N R3W (PID 009-281-
7 70; 009-281-71; 009-284-09; 009-284-10; 009-284-01; 009-284-02), FOR A PURCHASE
8 PRICE, INCLUDING RELATED EXPENSES, IN AN AMOUNT NOT TO EXCEED
9 SEVENTEEN MILLION DOLLARS (\$17,000,000); APPROPRIATING THE PROCEEDS
10 OF SOLID WASTE UTILITY REVENUE NOTES AND OR BONDS (COLLECTION AND
11 DISPOSAL); APPROPRIATING PROCEEDS FROM THE NOTES AND OR BONDS IN
12 AN AMOUNT NOT TO EXCEED SEVENTEEN MILLION DOLLARS (\$17,000,000) SPLIT
13 BETWEEN THE SOLID WASTE DISPOSAL SERVICES (SWS) FUND (562000) IN THE
14 AMOUNT OF TEN MILLION TWO HUNDRED THOUSAND (\$10,200,000) AND TO THE
15 SOLID WASTE COLLECTION SERVICES FUND (560000) IN THE AMOUNT OF SIX
16 MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$6,800,000); AND FURTHER
17 APPROPRIATING THE PROCEEDS OF THE NOTES AND OR BONDS AS A
18 CONTRIBUTION TO THE SWS CAPITAL IMPROVEMENT PROJECT FUNDS (562200)
19 AND (560200) RESPECTIVELY; AND REVISING BOTH SOLID WASTE SERVICES'
20 2018 CAPITAL IMPROVEMENT BUDGET AND SOLID WASTE SERVICES' 2018-2023
21 CAPITAL IMPROVEMENT PLAN.
22

23
24 **WHEREAS**, Solid Waste Services (SWS) has prepared an Integrated Solid Waste Master
25 Plan (the "Plan") which includes redevelopment of the SWS Central Transfer Station
26 ("CTS"); and
27

28 **WHEREAS**, the CTS is over thirty years old and many critical structural and mechanical
29 components of the facility are at or beyond the extent of their useful design life and no
30 longer efficiently meets the needs of the community; and
31

32 **WHEREAS**, the Municipality of Anchorage (MOA) proposes to acquire real property,
33 legally described as Lots 1 and 2 Block 1 Fyfe Subdivision (Plat 72-57); east and west
34 portions of SW4 SW4 SE4 SW4 SW4 SEC 32 T13N R3W; Parcel 1-21 N2 NE4 SW4
35 SW4 portion within SEC 32 T13N R3W; and Parcel 1-22 S2 NE4 SW4 SW4, N2 SE4
36 SW4 SW4 portion within SEC 32 T13N R3W (PID 009-281-70; 009-281-71; 009-284-09;
37 009-284-10; 009-284-01; 009-284-02) (the "Property"), and pay related expenses, for an
38 amount not to exceed Seventeen Million Dollars (\$17,000,000); and
39

40 **WHEREAS**, the Property will be developed for the construction of a new modern CTS
41 facility with minimal disruption to the existing CTS; and
42

1 **WHEREAS**, the MOA proposes to finance the purchase price and related expenses of the
2 Property with the proceeds of revenue notes and or bonds payable from allocations of
3 revenues of the Refuse Collection Utility and Solid Waste Disposal Utility (the "Bonds");
4 and
5

6 **WHEREAS**, the related expenses are defined to include, but are not limited to, closing
7 costs, loan fees, debt issuance fees and predevelopment activities; and
8

9 **WHEREAS**, in accordance with Anchorage Municipal Code section 6.10.045, the
10 Assembly may alter the SWS Capital Improvement Budgets (CIB) and Capital
11 Improvement Programs (CIP) by majority vote; and
12

13 **WHEREAS**, the SWS 2018 CIB was approved by passage of AO 2017-126 on 11/21/17
14 and the SWS 2018-2023 CIP was approved by passage of AR 2017-306 on 11/21/17;
15 now, therefore,
16

17 **THE ANCHORAGE ASSEMBLY ORDAINS:**
18

19 **Section 1.** The MOA is hereby authorized to acquire the Property and pay for related
20 expenses, for an aggregate amount not to exceed Seventeen Million Dollars
21 (\$17,000,000) as part of the Plan. The purchase price and related expenses for the
22 Property are intended to be financed with a portion of the proceeds of the Bonds
23 authorized by ordinance of the Municipality.
24

25 **Section 2.** The proceeds from the Bonds are hereby appropriated to the SWS Disposal
26 Fund (562000) in the amount of Ten Million Two Hundred Thousand Dollars
27 (\$10,200,000) and Six Million Eight Hundred Thousand Dollars (\$6,800,000) to the SWS
28 Collections Fund (560000) and are further appropriated as a contribution to SWS Capital
29 Improvement Project Funds (562200) and (560200) respectively, provided that the total
30 appropriation shall not exceed Seventeen Million Dollars (\$17,000,000).
31

32 **Section 3.** The purchase of the Property under this authorization shall be made on or
33 prior to June 30, 2019. If the purchase of the Property is not made by June 30, 2019, all
34 authority granted in this Ordinance shall expire and be null and void on July 1, 2019.
35

36 **Section 4.** The SWS 2018 CIB and 2018-2023 CIP are hereby revised to include the
37 acquisition of the Property.
38

39 **Section 5.** This Ordinance shall be effective immediately upon passage and approval
40 by the Assembly.
41

42 PASSED AND APPROVED by the Anchorage Assembly this 23rd day of October, 2018.
43
44

45 
46 _____
47 Chair

47 ATTEST:
48 
49 _____
50 Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects - Utilities

AO Number: 2018-75 Title: AN ORDINANCE AUTHORIZING ACQUISITION OF REAL PROPERTY LOCATED SOUTH OF EAST 56th AVENUE AND WEST OF HOMER DRIVE, LEGALLY DESCRIBED AS LOTS 1 AND 2 BLOCK 1 FYFE SUBDIVISION (PLAT 72-57); EAST AND WEST PORTIONS OF SW4 SW4 SE4 SW4 SW4 SEC 32 T13N R3W; PARCEL 1-21 N2 NE4 SW4 SW4 PORTION WITHIN SEC 32 T13N R3W; AND PARCEL 1-22 S2 NE4 SW4 SW4, N2 SE4 SW4 SW4 PORTION WITHIN SEC 32 T13N R3W (PID 009-281-70; 009-281-71; 009-284-09; 009-284-10; 009-284-01; 009-284-02), FOR A PURCHASE PRICE, INCLUDING RELATED EXPENSES, IN AN AMOUNT NOT TO EXCEED SEVENTEEN MILLION DOLLARS (\$17,000,000); APPROPRIATING THE PROCEEDS OF SOLID WASTE UTILITY REVENUE NOTES AND OR BONDS (COLLECTION AND DISPOSAL); APPROPRIATING PROCEEDS FROM THE NOTES AND OR BONDS IN AN AMOUNT NOT TO EXCEED SEVENTEEN MILLION DOLLARS (\$17,000,000) TO THE SOLID WASTE DISPOSAL SERVICES (SWS) FUND (562000) IN THE AMOUNT OF TEN MILLION TWO HUNDRED THOUSAND DOLLARS (\$10,200,000) AND TO THE SOLID WASTE COLLECTION SERVICES FUND (560000) IN THE AMOUNT OF SIX MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$6,800,000); AND FURTHER APPROPRIATING THE PROCEEDS OF THE NOTES AND OR BONDS AS A CONTRIBUTION TO THE SWS CAPITAL IMPROVEMENT PROJECT FUNDS (562200) AND (560200) RESPECTIVELY; AND REVISING BOTH SOLID WASTE SERVICES' 2018 CAPITAL IMPROVEMENT BUDGET AND SOLID WASTE SERVICES' 2018-2023 CAPITAL IMPROVEMENT PLAN.

Sponsor: Mayor
 Preparing Agency: Finance, Public Finance and Investments Division
 Others Impacted: Solid Waste Disposal Utility and Refuse Collection Utility

CHANGES IN REVENUES AND EXPENSES:					
(In Thousands of Dollars)					
	FY18	FY19	FY20	FY21	FY22
Operating Revenues					
TOTAL OPERATING REVENUES:					
Operating Expenses					
4000 Debt Service	28	340	340	340	340
TOTAL OPERATING EXPENSES:	28	340	340	340	340
Non-Operating Revenues					
TOTAL NON-OPERATING REVENUES:					
Non-Operating Expenses					
TOTAL NON-OPERATING EXPENSES:					
NET INCOME (REGULATED):					

POSITIONS FT/PT and Temp:

NOTES:

PUBLIC SECTOR ECONOMIC EFFECTS:

Debt Service is forecasted based upon \$17,000,000 of short term borrowing program notes sold at 2.00% and interest only is paid through the year 2022.

PRIVATE SECTOR ECONOMIC EFFECTS:

No impact.



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 568-2018

Meeting Date: September 11, 2018

1 **From:** MAYOR

2
3 **Subject:** AN ORDINANCE AUTHORIZING ACQUISITION OF REAL
4 PROPERTY LOCATED SOUTH OF EAST 56th AVENUE AND WEST
5 OF HOMER DRIVE, LEGALLY DESCRIBED AS LOTS 1 AND 2
6 BLOCK 1 FYFE SUBDIVISION (PLAT 72-57); EAST AND WEST
7 PORTIONS OF SW4 SW4 SE4 SW4 SW4 SEC 32 T13N R3W;
8 PARCEL 1-21 N2 NE4 SW4 SW4 PORTION WITHIN SEC 32 T13N
9 R3W; AND PARCEL 1-22 S2 NE4 SW4 SW4, N2 SE4 SW4 SW4
10 PORTION WITHIN SEC 32 T13N R3W (PID 009-281-70; 009-281-
11 71; 009-284-09; 009-284-10; 009-284-01; 009-284-02), FOR A
12 PURCHASE PRICE, INCLUDING RELATED EXPENSES, IN AN
13 AMOUNT NOT TO EXCEED SEVENTEEN MILLION DOLLARS
14 (\$17,000,000); APPROPRIATING THE PROCEEDS OF SOLID
15 WASTE UTILITY REVENUE NOTES AND OR BONDS
16 (COLLECTION AND DISPOSAL); APPROPRIATING PROCEEDS
17 FROM THE NOTES AND OR BONDS IN AN AMOUNT NOT TO
18 EXCEED SEVENTEEN MILLION DOLLARS (\$17,000,000) SPLIT
19 BETWEEN THE SOLID WASTE DISPOSAL SERVICES (SWS)
20 FUND (562000) IN THE AMOUNT OF TEN MILLION TWO
21 HUNDRED THOUSAND (\$10,200,000) AND TO THE SOLID WASTE
22 COLLECTION SERVICES FUND (560000) IN THE AMOUNT OF SIX
23 MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$6,800,000);
24 AND FURTHER APPROPRIATING THE PROCEEDS OF THE
25 NOTES AND OR BONDS AS A CONTRIBUTION TO THE SWS
26 CAPITAL IMPROVEMENT PROJECT FUNDS (562200) AND
27 (560200) RESPECTIVELY; AND REVISING BOTH SOLID WASTE
28 SERVICES' 2018 CAPITAL IMPROVEMENT BUDGET AND SOLID
29 WASTE SERVICES' 2018-2023 CAPITAL IMPROVEMENT PLAN.
30

31 Purpose of the Ordinance

32
33 This ordinance authorizes the Municipality of Anchorage (MOA) to purchase real
34 property, legally described as Lots 1 and 2 Block 1 Fyfe Subdivision (Plat 72-57);
35 east and west portions of SW4 SW4 SE4 SW4 SW4 SEC 32 T13N R3W; Parcel 1-
36 21 N2 NE4 SW4 SW4 portion within SEC 32 T13N R3W; and Parcel 1-22 S2 NE4
37 SW4 SW4, N2 SE4 SW4 SW4 portion within SEC 32 T13N R3W (PID 009-281-70;
38 009-281-71; 009-284-09; 009-284-10; 009-284-01; 009-284-02) (the "Property") and
39 pay related expenses, for an amount not to exceed Seventeen Million Dollars
40 (\$17,000,000). The purchase will be paid from the proceeds of revenue notes and
41 or bonds (the "Bonds"), payable proportionately from revenues of the refuse
42 collection utility and the solid waste disposal utilities of the Municipality.

1 Additionally, the ordinance appropriates the proceeds from the Bonds to the SWS
2 Areawide General Fund and further appropriates the funds to SWS Areawide
3 General Capital Improvement Fund.

4
5 An ordinance authorizing SWS' Integrated Solid Waste Master Plan (the "Plan") of
6 which this land purchase is an integral part of, is subject to approval by the
7 Municipal Assembly.

8 **Background**

9
10 This currently privately owned vacant land is approximately 27.64 acres and zoned
11 I-1 (Light Industrial District). The parcels are located immediately south of the MOA
12 SWS Central Transfer Station (CTS) on 56th Avenue; bounded by 56th Avenue on
13 the north, Homer Drive on the east, and commercial properties along Dowling Road
14 and the Old Seward Highway on the south and west, respectively.

15
16 The CTS was initially constructed as a waste shredder plant in 1975 and
17 repurposed to a transfer station as part of the development which closed the Merrill
18 Field landfill and created the Anchorage Regional Landfill (ARL) in 1987. Each day,
19 over 800 tons of waste, approximately 80 percent of all waste delivered to the ARL
20 crosses the CTS tipping floor. Its central location within the Anchorage Bowl affords
21 waste haulers, including the Municipal Refuse Collection Utility, numerous private
22 commercial waste haulers, and the general public an economical and efficient
23 location to deliver trash.

24
25 All components of CTS are between thirty and forty years old and reached the end
26 of their useful life. A 2015 building assessment survey and evaluation study
27 identified deterioration of the metal roof, in several places resulting in severe
28 corrosion of the underlying structural roof members. Columns supporting the
29 structure have incurred damage resulting from trash handling activities. The loading
30 tunnel beneath the tipping floor relies on a snow-melt system. This system uses
31 two large boilers which are highly inefficient and nearing replacement to circulate
32 glycol through a piping network which is also deteriorating. Poor lighting and
33 insufficient separation of facility users from operating equipment create significant
34 safety hazards. The facility site cannot accommodate the amount of traffic which
35 uses the facility, particularly weekend residential traffic, which can average over
36 1,000 users per day on summer Saturdays.

37
38 Accomplishing the many needed repairs and upgrades will require either a complete
39 shutdown of the CTS facility for nearly two years or numerous shorter duration
40 shutdowns to accomplish the repairs in a piecemeal fashion over numerous years.
41 Many of these shutdowns will be several months in duration, causing significant
42 disruption and expense to community waste haulers and the general public.

43
44 SWS is currently preparing an Integrated Solid Waste Master Plan which will guide
45 future development and operation of solid waste management system within the
46 MOA for several decades to come. One of the key components of the planning

1 process is the redevelopment of the CTS to continue support of waste disposal from
2 Anchorage in an efficient manner, but to include potential waste diversion options
3 necessary to extend the life of the existing landfill.
4

5 The Property, which has recently become available on the commercial real estate
6 market provides a unique opportunity for SWS to construct a new, modern facility
7 with minimal disruption to the existing transfer station. The site occupies a central
8 location similar to the existing facility, ensuring efficient and economic waste
9 management. The site is large enough that a completely new facility could be
10 constructed without interruption to transfer station activities, such as residential
11 waste drop off, as well as allow for waste diversion activities, such as organics and
12 other recyclables. Existing CTS facilities could be repurposed to support other
13 municipal activities, such as grit management, vital to our storm drainage systems.
14

15 **Financing and Source of Funds**

16
17 The source of funds for financing the acquisition of the Property and related
18 expenses, which may include, but are not limited to, appraisal costs, closing costs,
19 loan fees, debt issuance fees and pre-development activities is proposed to be the
20 Bonds. An ordinance authorizing SWS' Plan of Finance of which the Bonds are part
21 of is subject to approval by the Municipal Assembly.
22

23 **Timing of the Purchase**

24
25 The proposed ordinance places a time limit on the time for purchasing the Property.
26 The purchase of the Property must occur on or prior to June 30, 2019; otherwise,
27 the authority granted by the ordinance will expire, on July 1, 2019.
28

29 The Administration recommends a Public Hearing on October 23, 2018.
30

31 The budget detail is proposed as follows:
32

33 **REVENUE**

34 <u>Account Number</u>	<u>Description</u>	<u>Amount</u>
35 562000-201300-2018	STBP Payable	\$10,200,000
36 560000-201300-2018	STBP Payable	\$ 6,800,000
37		
38 562200-450010	Contributions from Other Funds	\$10,200,000
39 560200-450010	Contributions from Other Funds	\$ 6,800,000
40		

41 **EXPENDITURE**

42 <u>Account Number</u>	<u>Description</u>	<u>Amount</u>
43 562000-580530	Contributions to Other Funds	\$10,200,000
44 560000-580530	Contributions to Other Funds	\$ 6,800,000
45		
46 562200-570120	Land	\$10,200,000

1 560200-570120 Land \$ 6,800,000
2

3 **THE ADMINISTRATION RECOMMENDS APPROVAL OF THE ORDINANCE.**
4

5 Prepared by: Mark Spafford, SWS General Manager and
6 Ross Risvold, Public Finance Manager

7 Approved by: Robin E. Ward, Real Estate Director

8 Concur: Christopher M. Schutte, OECD Director

9 Concur: Mark Spafford, SWS General Manager

10 Concur: Lance Wilber, Office of Management & Budget, Director

11 Fund Certification: Ross Risvold, Acting CFO, August 30, 2018

12 Proceeds of a SWS Plan of Finance which is subject to

13 Municipal Assembly approval of an ordinance authorizing

14 such Plan of Finance

15 Concur: Rebecca A. Windt Pearson, Municipal Attorney

16 Concur: William D. Falsey, Municipal Manager

17 Respectfully submitted: Ethan A. Berkowitz, Mayor