

MUNICIPALITY OF ANCHORAGE

ORDINANCE No. 2021-6

AN ORDINANCE PROVIDING FOR THE SUBMISSION TO THE QUALIFIED VOTERS OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, THE QUESTION OF THE ISSUANCE OF NOT TO EXCEED EIGHT MILLION FIFTY-FIVE THOUSAND DOLLARS (\$8,055,000) OF GENERAL OBLIGATION BONDS OF THE MUNICIPALITY OF ANCHORAGE TO PAY THE COSTS OF AREAWIDE FACILITIES CAPITAL IMPROVEMENT PROJECTS, AND THE QUESTION OF AN INCREASE IN THE MUNICIPAL TAX CAP LIMITATION TO PAY ASSOCIATED OPERATIONS AND MAINTENANCE COSTS, AT THE ELECTION TO BE HELD IN THE MUNICIPALITY ON APRIL 6, 2021 AND AMENDING THE 2021 GENERAL GOVERNMENT CAPITAL IMPROVEMENT BUDGET (CIB) AND THE 2021-2026 GENERAL GOVERNMENT CAPITAL IMPROVEMENT PROGRAM (CIP).

Prepared by

K&L GATES LLP

**MUNICIPALITY OF ANCHORAGE
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* This Table of Contents and the cover page are for convenience of reference and are not intended to be a part of this ordinance.

Requested by: Chair of the Assembly at
the Request of the Acting
Mayor
Prepared by: Cynthia M. Weed, Bond
Counsel
K&L GATES LLP
For Reading: January 12, 2021

**MUNICIPALITY OF ANCHORAGE
ORDINANCE No. 2021-6**

AN ORDINANCE PROVIDING FOR THE SUBMISSION TO THE QUALIFIED VOTERS OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, THE QUESTION OF THE ISSUANCE OF NOT TO EXCEED EIGHT MILLION FIFTY-FIVE THOUSAND DOLLARS (\$8,055,000) OF GENERAL OBLIGATION BONDS OF THE MUNICIPALITY OF ANCHORAGE TO PAY THE COSTS OF AREAWIDE FACILITIES CAPITAL IMPROVEMENT PROJECTS, AND THE QUESTION OF AN INCREASE IN THE MUNICIPAL TAX CAP LIMITATION TO PAY ASSOCIATED OPERATIONS AND MAINTENANCE COSTS, AT THE ELECTION TO BE HELD IN THE MUNICIPALITY ON APRIL 6, 2021 AND AMENDING THE 2021 GENERAL GOVERNMENT CAPITAL IMPROVEMENT BUDGET (CIB) AND THE 2021-2026 GENERAL GOVERNMENT CAPITAL IMPROVEMENT PROGRAM (CIP).

WHEREAS, the best interest of the citizens and property owners in the Municipality of Anchorage, Alaska (the "Municipality") require the Municipality to make areawide public facilities capital improvements, including at the Anchorage and Chugiak Senior Centers and the Loussac Library, said improvements involving building safety rehabilitation and upgrades, facility renovations, code improvement projects, pool filtration system, public restrooms, solar panel energy saving improvements and related capital improvements (the "Projects"); and

WHEREAS, in order to provide financing for the Projects, it is deemed necessary and advisable that the Municipality issue and sell its general obligation bonds in the principal amount of not to exceed \$8,055,000 (the "Bonds"); and

WHEREAS, in accordance with Anchorage Municipal Code section 6.10.045, the Assembly may alter the general government capital improvement budget (CIB) and capital improvement program (CIP) by majority vote; and

WHEREAS, on November 17, 2020, the 2021 General Government CIB was approved by passage of AO 2020-106(S) as Amended, and the 2021-2026 General Government CIP was approved by passage of AR 2020-351(S) as Amended; now, therefore,

THE ANCHORAGE ASSEMBLY ORDAINS:

Section 1. Purpose. The Assembly hereby determines that the Projects are needed throughout the Municipality. The Assembly hereby determines that the best interest of the residents and property owners within the Municipality require the Municipality to undertake the Projects at the time and in the order and in the manner deemed most necessary and advisable by the Municipality. The estimated cost of the Projects, including incidental costs and costs related to issuing and selling the Bonds as provided in this ordinance, is estimated to be \$8,055,000.

The Projects are described in more detail in the attachment to the Assembly Memorandum accompanying this ordinance. The cost of all necessary planning, acquisition of property for, site preparation, construction, installing and equipping of the Projects, architectural, engineering, design, and other consulting services, inspection and testing, administrative expenses, costs of issuance of the Bonds and other costs incurred in connection with the Projects shall be deemed to be costs of the approved Projects. The approved Projects may be completed with all necessary equipment and appurtenances.

The Municipality shall determine the application of available moneys between the various Projects so as to accomplish, as nearly as may be, the Projects described or provided for in this section.

If the Municipality shall determine that it has become impractical to accomplish any portion of the approved Projects by reason of changed conditions or needs, incompatible development or costs substantially in excess of those estimated, the Municipality shall not be required to accomplish such portions and shall apply Bond proceeds as set forth in this section.

If the approved Projects have been completed in whole or in part, or their completion duly provided for, or its completion found to be impractical, the Municipality may apply Bond proceeds or any portion thereof to other Municipality areawide facilities capital improvements at its sole discretion. Otherwise, the Municipality shall apply such remaining proceeds solely to payment of principal or interest on the Bonds, as provided in the Home Rule Charter. In the event that the proceeds of sale of the Bonds, plus any other monies of the Municipality legally available, are insufficient to accomplish the approved Projects, the Municipality shall use the available funds for paying the cost of those portions of the approved Projects deemed by the Municipality most necessary and in the best interest of the Municipality. No Bond proceeds shall be used by the Municipality for any purpose other than a capital improvement of the Municipality.

For the purpose of providing funds for the undertaking of the Projects, which are hereby found to be a public purpose and in the public interest, the

Municipality hereby proposes to issue general obligation bonded indebtedness in an amount not to exceed Eight Million Fifty-Five Thousand Dollars (\$8,055,000).

Section 2. Details of Bonds. The Bonds shall be sold in such amounts and at such time or times as deemed necessary and advisable by the Assembly and as permitted by law and shall mature over a period of up to 20 years from date of issue. The Bonds shall be issued in an aggregate principal amount of not to exceed \$8,055,000. The Bonds shall bear interest to be fixed at the time of sale or sales thereof. The exact form, terms, conditions, contents, security, options of redemption, and such other matters relating to the issuance and sale of said Bonds as are deemed necessary and advisable by the Assembly shall be as hereinafter determined and/or delegated by ordinance and/or resolution of the Assembly.

The full faith and credit of the Municipality is pledged for the payment of the principal of and interest on the Bonds, and ad valorem taxes upon all taxable property in the Municipality shall be levied without limitation as to rate or amount to pay the principal and interest on the Bonds when due.

Section 3. Ballot Proposition. The Assembly hereby submits to the qualified voters of the Municipality the proposition of whether or not the Municipality should issue the Bonds for the purpose of financing the costs of the approved Projects at the regular municipal election to be held on April 6, 2021.

The Clerk shall prepare the ballot proposition to be submitted to the voters as provided by this ordinance and the Municipal Code and shall perform all necessary steps in accordance with law to place this proposition before the voters at the regular election. The proposition must receive an areawide majority vote of those in the Municipality voting on the question to be approved. The proposition shall be substantially in the following form:

PROPOSITION NO. ____

AREAWIDE FACILITIES CAPITAL IMPROVEMENT PROJECT BONDS

For the purpose of providing areawide facilities capital improvements within the Municipality of Anchorage, including at the Anchorage and Chugiak Senior Centers and the Loussac Library, said improvements involving building safety rehabilitation and upgrades, facility renovations, code improvement projects, pool filtration system, public restrooms, solar panel energy saving improvements and related capital improvements, as provided in AO 2021-____, shall Anchorage borrow money and issue up to \$8,055,000 in principal amount of general obligation bonds and

increase the municipal tax cap by an annual amount not to exceed \$40,000 to pay for associated annual operations and maintenance costs?

Voter approval of this bond proposition authorizes for each \$100,000 of assessed taxable property value (based on the estimated 2021 areawide assessed valuation in Anchorage): (i) an annual increase in taxes of approximately \$1.72 to retire the proposed bonds, and (ii) an annual increase in the municipal tax cap (Charter 14.03(b)(2)) of approximately \$0.12 to pay for annual operation and maintenance costs related to the proposed capital improvements.

The debt shall be paid from real and personal property taxes levied and collected areawide within Anchorage. The Municipality will also pledge its full faith and credit for payment of the bonds.

☐ YES ☐ NO

Section 4. 2021 General Government CIB and 2021-2026 General Government CIP. The 2021 General Government CIB and the 2021-2026 General Government CIP are hereby revised to include the changes as identified in the accompanying Assembly Memorandum and Exhibit A.

Section 5. Effective Dates. Section 2 of this ordinance shall become effective only if the proposition described in Section 3 is approved by a majority of the qualified voters voting on the proposition at the regular election held on April 6, 2021. The remaining sections of this ordinance shall become effective upon passage and approval by the Assembly.

PASSED AND APPROVED by the Assembly of the Municipality of Anchorage, this ____ day of _____, 2021.

By _____
Chair of the Assembly

ATTEST:

Municipal Clerk



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 13-2021

Meeting Date: January 12, 2021

From: Acting Mayor

Subject: AN ORDINANCE PROVIDING FOR THE SUBMISSION TO THE QUALIFIED VOTERS OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, THE QUESTION OF THE ISSUANCE OF NOT TO EXCEED EIGHT MILLION FIFTY-FIVE THOUSAND DOLLARS (\$8,055,000) OF GENERAL OBLIGATION BONDS OF THE MUNICIPALITY OF ANCHORAGE TO PAY THE COSTS OF AREAWIDE FACILITIES CAPITAL IMPROVEMENT PROJECTS, AND THE QUESTION OF AN INCREASE IN THE MUNICIPAL TAX CAP LIMITATION TO PAY ASSOCIATED OPERATIONS AND MAINTENANCE COSTS, AT THE ELECTION TO BE HELD IN THE MUNICIPALITY ON APRIL 6, 2021 AND AMENDING THE 2021 GENERAL GOVERNMENT CAPITAL IMPROVEMENT BUDGET (CIB) AND THE 2021-2026 GENERAL GOVERNMENT CAPITAL IMPROVEMENT PROGRAM (CIP).

The attached ordinance will place a general obligation bond proposition for Areawide Facilities Improvements on the ballot for the regular Municipal election to be held on April 6, 2021.

The 2021 General Government CIB, approved by passage of AO 2020-106(S) as Amended, and the 2021-2026 General Government CIP approved by passage of AR 2020-351(S) as Amended will be amended as follows, with passage of the attached ordinance:

- * Major Municipal Facility Upgrade Projects – Deferred \$70,000 is removed
 - * Public Restrooms - \$75,000 (and associated \$40,000 of O&M) is added
 - * Anchorage Memorial Cemetery \$350,000 is removed
- Net Total Removed: \$345,000

The administration recommends scheduling a public hearing for this bond ordinance on January 26, 2021.

The Areawide Facilities Improvements bond proposal will implement the priorities established in the recently approved 2021-2026 Capital Improvement Program. Please see the attached Project List, attached as Exhibit A.

THE ADMINISTRATION RECOMMENDS APPROVAL OF THE ORDINANCE.

Prepared By: Ross Risvold, Public Finance Manager and

Jessie Wei, Municipal Debt Officer

Approved By: Alexander Slivka, CFO

| | | |
|---|---------------------------------------------------|-------------------------------------------------------|
| 1 | Concur: | Lance Wilber, Director, Office of Management & Budget |
| 2 | Concur: | Kathryn Vogel, Municipal Attorney |
| 3 | Concur: | Anna C. Henderson, Municipal Manager |
| 4 | Respectfully submitted: | Austin Quinn-Davidson, Acting Mayor |
| 5 | AM 2021 Areawide Facilities Improvements Prop.doc | |

EXHIBIT A

Areawide Facilities Improvements 2021 Bond Project List (000)'s

| <u>Project</u> | <u>Amount</u> | <u>O&M</u> |
|------------------------------------------------------------------|----------------|----------------|
| Loussac Library - Alaska Room | \$ 500 | -- |
| Anchorage Health Facility Safety & Code Upgrades | 2,500 | -- |
| Anchorage Senior Center Renovations | 350 | -- |
| Chugiak Senior Center Phase II and III | 300 | -- |
| Facility Safety/Code Upgrades | 500 | -- |
| Major Municipal Facility Fire Alarm System Replacement Phase III | 400 | -- |
| Pool Filtration System | 500 | -- |
| Major Municipal Facility Upgrade Projects - Deferred | 680 | -- |
| Public Restrooms | 325 | \$40 |
| Solar Panel Energy Saving Improvements | 2,000 | -- |
| Total | \$8,055 | \$40 |

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects - General Government

AO Number: 2021-6

Title: AN ORDINANCE PROVIDING FOR THE SUBMISSION TO THE QUALIFIED VOTERS OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, THE QUESTION OF THE ISSUANCE OF NOT TO EXCEED EIGHT MILLION FIFTY-FIVE THOUSAND DOLLARS (\$8,055,000) OF GENERAL OBLIGATION BONDS OF THE MUNICIPALITY OF ANCHORAGE TO PAY THE COSTS OF AREAWIDE FACILITIES CAPITAL IMPROVEMENT PROJECTS, AND THE QUESTION OF AN INCREASE IN THE MUNICIPAL TAX CAP LIMITATION TO PAY ASSOCIATED OPERATIONS AND MAINTENANCE COSTS, AT THE ELECTION TO BE HELD IN THE MUNICIPALITY ON APRIL 6, 2021 AND AMENDING THE 2021 GENERAL GOVERNMENT CAPITAL IMPROVEMENT BUDGET (CIB) AND THE 2021-2026 GENERAL GOVERNMENT CAPITAL IMPROVEMENT PROGRAM (CIP).

Sponsor: Acting Mayor

Preparing Agency: Finance

Others Impacted: Areawide: Facilities Improvements

CHANGES IN EXPENDITURES AND REVENUES: (Thousands of Dollars)

| | FY21 | FY22 | FY23 | FY24 | FY25 |
|------------------------|------|-------|-------|-------|-------|
| Operating Expenditures | | | | | |
| 1000 Personal Services | | | | | |
| 2000 Supplies | | | | | |
| 3000 Other Services | -- | 40.0 | 40.0 | 40.0 | 40.0 |
| 4000 Debt Service | -- | 592.7 | 592.7 | 592.7 | 592.7 |
| 5000 Capital Outlay | | | | | |
| TOTAL DIRECT COSTS: | -- | 632.7 | 632.7 | 632.7 | 632.7 |

ADD: 6000 Charge from Others

LESS: 7000 Charge to Others

FUNCTION COST:

REVENUES:

CAPITAL:

POSITIONS: FT/PT and Temp.

PUBLIC SECTOR ECONOMIC EFFECTS:

Estimated annual debt service of \$592,701 assumes bonds are sold as a package @ 4.0% interest, with bond repayments corresponding to the expected life of the assets financed up to 20 years.

When projects are completed and fully functioning, increased annual operations and maintenance costs are estimated at \$40,000.

PRIVATE SECTOR ECONOMIC EFFECTS:

Estimated annual debt service payments of approximately \$592,701 equate to an estimated property tax increase of 0.0172 mills or \$1.72 per year on \$100,000 of assessed valuation in the Municipality areawide.

When fully operational, increased annual operations and maintenance costs are estimated at \$40,000 and equate to an estimated property tax increase of 0.0012 mills or \$0.12 per year on \$100,000 of assessed valuation in the Municipality areawide and an increase in the Municipal tax cap limitation.

The total private sector economic effect would therefore be a total of \$1.84 per \$100,000 of assessed valuation in the Municipality areawide.