

Municipal Clerk's Office

Approved

Date: **January 9, 2018**

MUNICIPALITY OF ANCHORAGE

ORDINANCE No. 2017-172

AN ORDINANCE PROVIDING FOR THE SUBMISSION TO THE QUALIFIED VOTERS OF ANCHORAGE, ALASKA, THE QUESTION OF THE ISSUANCE OF NOT TO EXCEED THIRTY-THREE MILLION EIGHT HUNDRED SIXTY-FIVE THOUSAND DOLLARS (\$33,865,000) OF GENERAL OBLIGATION BONDS OF THE MUNICIPALITY OF ANCHORAGE TO PAY THE COSTS OF ROAD AND STORM DRAINAGE CAPITAL IMPROVEMENTS IN THE ANCHORAGE ROADS AND DRAINAGE SERVICE AREA AND RELATED CAPITAL IMPROVEMENTS, AND THE QUESTION OF AN INCREASE IN THE MUNICIPAL TAX CAP LIMITATION TO PAY ASSOCIATED OPERATIONS AND MAINTENANCE COSTS IN THE ANCHORAGE ROADS AND DRAINAGE SERVICE AREA, AT THE ELECTION TO BE HELD IN THE MUNICIPALITY ON APRIL 3, 2018.

Prepared by

K&L GATES LLP

**MUNICIPALITY OF ANCHORAGE
ORDINANCE No. 2017-172**

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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 Mayor
Prepared by: Cynthia M. Weed, Bond
Counsel
K&L GATES LLP
For Reading: December 19, 2017

**MUNICIPALITY OF ANCHORAGE
ORDINANCE No. 2017-172**

AN ORDINANCE PROVIDING FOR THE SUBMISSION TO THE QUALIFIED VOTERS OF ANCHORAGE, ALASKA, THE QUESTION OF THE ISSUANCE OF NOT TO EXCEED THIRTY-THREE MILLION EIGHT HUNDRED SIXTY-FIVE THOUSAND DOLLARS (\$33,865,000) OF GENERAL OBLIGATION BONDS OF THE MUNICIPALITY OF ANCHORAGE TO PAY THE COSTS OF ROAD AND STORM DRAINAGE CAPITAL IMPROVEMENTS IN THE ANCHORAGE ROADS AND DRAINAGE SERVICE AREA AND RELATED CAPITAL IMPROVEMENTS, AND THE QUESTION OF AN INCREASE IN THE MUNICIPAL TAX CAP LIMITATION TO PAY ASSOCIATED OPERATIONS AND MAINTENANCE COSTS IN THE ANCHORAGE ROADS AND DRAINAGE SERVICE AREA, AT THE ELECTION TO BE HELD IN THE MUNICIPALITY ON APRIL 3, 2018.

WHEREAS, the best interests of the citizens and property owners in the Anchorage Roads and Drainage Service Area serving the Municipality of Anchorage, Alaska (the "Municipality") require the Municipality to acquire, construct, renovate, upgrade and undertake certain road improvements, roadway safety improvements, storm collection drainage and treatment improvements and related capital improvements; and

WHEREAS, the Anchorage Assembly has identified necessary capital acquisitions, construction, renovations, upgrades and improvements within the Anchorage Roads and Drainage Service Area; and

WHEREAS, in order to provide funds to perform the necessary acquisitions, construction, renovations, upgrades and improvements as further described in Section 1 of this ordinance (the "Projects"), it is deemed necessary and advisable that the Municipality issue and sell its general obligation bonds (the "Bonds"); now, therefore,

THE ANCHORAGE ASSEMBLY ORDAINS:

Section 1. Purpose. The Assembly hereby determines that the roads and storm drainage within the Anchorage Roads and Drainage Service Area are in need of the Projects. The Assembly hereby determines that the best interests of the residents and property owners within the Anchorage Roads and Drainage Service Area require the Municipality to undertake the Projects at the time and in the order and in

1 the manner deemed most necessary and advisable by the Municipality. The
2 estimated cost of the Projects, including incidental costs and costs related to issuing
3 and selling the Bonds as provided in this ordinance, is estimated to be \$33,865,000.
4

5 The Projects are described in more detail in the attachment to the Assembly
6 Memorandum accompanying this ordinance. The cost of all necessary planning,
7 acquisition of property, site preparation, construction, installing and equipping of the
8 Projects, architectural, engineering, design, and other consulting services,
9 inspection and testing, administrative expenses, costs of issuance of the Bonds
10 (hereinafter defined) and other costs incurred in connection with the Projects shall
11 be deemed to be costs of the approved Projects. The approved Projects may be
12 completed with all necessary equipment and appurtenances.
13

14 The Municipality shall determine the application of available moneys as
15 between the various Projects so as to accomplish, as nearly as may be, all of the
16 Projects described or provided for in this section.
17

18 If the Municipality shall determine that it has become impractical to
19 accomplish any portion of the approved Projects by reason of changed conditions
20 or needs, incompatible development or costs substantially in excess of those
21 estimated, the Municipality shall not be required to accomplish such portions and
22 shall apply Bond proceeds as set forth in this section.
23

24 If the approved Projects have been completed in whole or in part, or their
25 completion duly provided for, or their completion found to be impractical, the
26 Municipality may apply Bond proceeds or any portion thereof to other Municipality
27 road and storm drainage capital improvements within the Anchorage Roads and
28 Drainage Service Area at its sole discretion. Otherwise, the Municipality shall apply
29 such remaining proceeds solely to payment of principal or interest on the Bonds, as
30 provided in the Home Rule Charter. In the event that the proceeds of sale of the
31 Bonds, plus any other monies of the Municipality legally available, are insufficient to
32 accomplish the approved Projects, the Municipality shall use the available funds for
33 paying the cost of those portions of the approved Projects deemed by the
34 Municipality most necessary and in the best interest of the Municipality. No Bond
35 proceeds shall be used by the Municipality for any purpose other than a capital
36 improvement of the Municipality.
37

38 For the purpose of providing funds for the undertaking of the Projects, which
39 are hereby found to be a public purpose and in the public interest, the Municipality
40 hereby proposes to issue general obligation bonded indebtedness in an amount not
41 to exceed Thirty-Three Million Eight Hundred Sixty-Five Thousand Dollars
42 (\$33,865,000) (the "Bonds").
43

44 **Section 2.** Details of Bonds. The Bonds shall be sold in such amounts and at
45 such time or times as deemed necessary and advisable by the Assembly and as
46 permitted by law and shall mature over a period of up to 20 years from date of issue.

1 The Bonds shall be issued in an aggregate principal amount of not to exceed
 2 \$33,865,000. The Bonds shall bear interest to be fixed at the time of sale or sales
 3 thereof. The exact form, terms, conditions, contents, security, options of
 4 redemption, and such other matters relating to the issuance and sale of said Bonds
 5 as are deemed necessary and advisable by the Assembly shall be as hereinafter
 6 determined and/or delegated by ordinance and/or resolution of the Assembly.

7
 8 The full faith and credit of the Municipality is pledged for the payment of the
 9 principal of and interest on the Bonds, and ad valorem taxes upon all taxable
 10 property in the Municipality shall be levied without limitation as to rate or amount to
 11 pay the principal and interest on the Bonds when due. The principal of and interest
 12 on the Bonds are to be paid first from ad valorem taxes levied and collected within
 13 the Anchorage Roads and Drainage Service Area.

14
 15 **Section 3. Ballot Proposition.** The Assembly hereby submits to the qualified
 16 voters of the Municipality the proposition of whether or not the Municipality should
 17 issue the Bonds for the purpose of financing the costs of the approved Projects at
 18 the regular municipal election to be held on April 3, 2018.

19
 20 The Clerk shall prepare the ballot proposition to be submitted to the voters
 21 as provided by this ordinance and the Municipal Code and shall perform all
 22 necessary steps in accordance with law to place this proposition before the voters
 23 at the regular election. The proposition must receive a majority vote of those in the
 24 Municipality voting, both in the Anchorage Roads and Drainage Service Area and
 25 areawide, on the question to be approved. The proposition shall be substantially in
 26 the following form:

27
 28 PROPOSITION NO. _____

29
 30 ANCHORAGE ROADS AND DRAINAGE SERVICE
 31 AREA ROAD AND STORM DRAINAGE BONDS

32
 33 For the purpose of providing roads and storm drainage
 34 capital acquisition, construction, renovation, upgrades
 35 and related capital improvements as provided in
 36 Anchorage Ordinance No. 2017-__, shall the
 37 Municipality of Anchorage borrow money and issue up
 38 to \$33,865,000 in principal amount of general obligation
 39 bonds and increase the municipal tax cap by an annual
 40 amount not to exceed \$866,000 to pay for associated
 41 annual operations and maintenance costs? The
 42 proposed capital improvements would be located within
 43 the Anchorage Roads and Drainage Service Area.

44
 45 Voter approval of this bond proposition authorizes for
 46 each \$100,000 of assessed taxable property value

(based on the estimated 2018 assessed valuation in the Anchorage Roads and Drainage Service Area): (i) an annual increase in taxes of approximately \$8.66 to retire the proposed bonds, and (ii) an annual increase in the municipal tax cap (Charter 14.03(b)(2)) of approximately \$3.08 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 within the Anchorage Roads and Drainage Service Area, without cost to properties in Chugiak, Eagle River, Girdwood and other areas outside the Service Area. The Municipality will also pledge its full faith and credit for payment of the debt.

(AO No. 2017-___)


YES NO

Section 4. 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 3, 2018. The remaining sections of this ordinance shall become effective upon passage and approval.

PASSED AND APPROVED by the Anchorage Assembly, this 9th day of January, 2018.

By 
Chair of the Assembly

ATTEST:


Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects General Government

AO Number: 2017-172

Title: AN ORDINANCE PROVIDING FOR THE SUBMISSION TO THE QUALIFIED VOTERS OF ANCHORAGE, ALASKA, THE QUESTION OF THE ISSUANCE OF NOT TO EXCEED THIRTY-THREE MILLION EIGHT HUNDRED SIXTY-FIVE THOUSAND DOLLARS (\$33,865,000) OF GENERAL OBLIGATION BONDS OF THE MUNICIPALITY OF ANCHORAGE TO PAY THE COSTS OF ROAD AND STORM DRAINAGE CAPITAL IMPROVEMENTS IN THE ANCHORAGE ROADS AND DRAINAGE SERVICE AREA AND RELATED CAPITAL IMPROVEMENTS, AND THE QUESTION OF AN INCREASE IN THE MUNICIPAL TAX CAP LIMITATION TO PAY ASSOCIATED OPERATIONS AND MAINTENANCE COSTS IN THE ANCHORAGE ROADS AND DRAINAGE SERVICE AREA, AT THE ELECTION TO BE HELD IN THE MUNICIPALITY ON APRIL 3, 2018.

Sponsor: Mayor

Preparing Agency: Finance

Others Impacted: ARDSA

CHANGES IN EXPENDITURES AND REVENUES: (Thousands of Dollars)

	FY18	FY19	FY20	FY21	FY22
Operating Expenditures					
1000 Personal Services					
2000 Supplies					
3000 Other Services	--	866	866	866	866
4000 Debt Service		2,436	2,436	2,436	2,436
5000 Capital Outlay	--				
TOTAL DIRECT COSTS:	--	3,302	3,302	3,302	3,302

ADD: 6000 Charge from Others

FUNCTION COST:

REVENUES:

CAPITAL:

POSITIONS: FT/PT and Temp.

PUBLIC SECTOR ECONOMIC EFFECTS:

Estimated annual debt service of \$2.44 million assumes bonds are sold as a package @ 3.75% 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 \$866,000.

PRIVATE SECTOR ECONOMIC EFFECTS:

Estimated annual debt service payments of approximately \$2.44 million equate to an estimated property tax increase of 0.0866 mills or \$8.66 per year on \$100,000 of assessed valuation in the ARDSA.

When fully operational, increased annual operations and maintenance costs are estimated at \$866,000 and equate to an estimated property tax increase of 0.0308 mills or \$3.08 per year on \$100,000 of assessed valuation in the Anchorage Parks and Recreation Service Area and an increase in the Municipal tax cap limitation.

The total private sector economic effect would therefore be a total of \$11.74 per \$100,000 of assessed valuation in the Anchorage Parks and Recreation Service Area.



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 842-2017

Meeting Date: December 19, 2017

1 **From:** Mayor

2
3 **Subject:** AN ORDINANCE PROVIDING FOR THE SUBMISSION TO THE
4 QUALIFIED VOTERS OF ANCHORAGE, ALASKA, THE QUESTION OF
5 THE ISSUANCE OF NOT TO EXCEED THIRTY-THREE MILLION EIGHT
6 HUNDRED SIXTY-FIVE THOUSAND DOLLARS (\$33,865,000) OF
7 GENERAL OBLIGATION BONDS OF THE MUNICIPALITY OF
8 ANCHORAGE TO PAY THE COSTS OF ROAD AND STORM
9 DRAINAGE CAPITAL IMPROVEMENTS IN THE ANCHORAGE ROADS
10 AND DRAINAGE SERVICE AREA AND RELATED CAPITAL
11 IMPROVEMENTS, AND THE QUESTION OF AN INCREASE IN THE
12 MUNICIPAL TAX CAP LIMITATION TO PAY ASSOCIATED
13 OPERATIONS AND MAINTENANCE COSTS IN THE ANCHORAGE
14 ROADS AND DRAINAGE SERVICE AREA, AT THE ELECTION TO BE
15 HELD IN THE MUNICIPALITY ON APRIL 3, 2018.

16
17 The attached ordinance will place a general obligation bond proposition for the ARDSA
18 on the ballot for the regular Municipal election to be held on April 3, 2018.

19
20 The Administration recommends scheduling a public hearing for this bond ordinance on
21 January 9, 2018.

22
23 The ARDSA bond proposal will implement the priorities established in the recently
24 approved 2018-2023 Capital Improvement Program. Please see the attached Project
25 List, attached as Exhibit A.

26
27 **THE ADMINISTRATION RECOMMENDS APPROVAL OF THE ORDINANCE.**

28
29 Prepared and approved by: Robert E. Harris, CFO

30 Concur: Lance Wilber, Director, Office of Management &
31 Budget

32 Concur: Rebecca Windt Pearson, Municipal Attorney

33 Concur: William D. Falsey, Municipal Manager

34 Respectfully submitted: Ethan A. Berkowitz, Mayor

EXHIBIT A

Anchorage Road and Drainage Service Area 2018 Bond Project List (000)'s

<u>Project</u>	<u>Amount</u>	<u>O&M</u>
120th Ave Upgrade - Johns Rd to Old Seward Hwy	\$ 400	--
27th Ave Storm Drain Improvements - C St to A St	550	\$ 55
2nd Ave/Nelchina St Area Storm Drain Improvements Phase II	300	--
36th Ave Resurfacing - New Seward Hwy to Lake Otis Pkwy	300	--
42nd Ave Upgrade - Lake Otis Pkwy to Florina St	750	--
48th Ave/Cordova St Reconstruction Old Seward Hwy to International Airport Rd	500	--
82nd Ave Storm Drain Replacement - west of Old Seward Hwy	2,100	21
ADA Improvements	500	2
Alaska Railroad Crossing Rehabs	300	20
Anchorage Signal System, Signage, and Safety Improvements	250	5
ARDSA Alley Paving	300	--
Bugle Ct Area Drainage Improvements and Surface Rehab	300	3
Campbell Woods Subd Area Road and Drainage Improvements	2,500	--
Central Business District Infrastructure Upgrades	2,000	--
Chester Creek Flooding - Lagoon to A St	300	--
E 73rd Ave Area Drainage - east of Old Seward Hwy	150	15
Flooding, Glaciation, and Drainage Annual Program	1,000	15
Image Dr/Reflection Dr Area Road Reconstruction	1,000	--
Intersection Resurfacing	100	--
Intersection Safety and Congestion Relief Annual Program	500	--
Jamestown Dr Area Drainage Improvements	1,800	18
Juneau St/Karluk St Area Storm Drain Improvements - 16th Ave to 20th Ave	300	--
Lakehurst Dr Area Drainage Improvements Phase III	200	2
Loon Cove Area Drainage Improvements	1,350	135
Low Impact Development Annual Program	250	--
Mountain View Dr/Bragaw St Surface Rehab - Taylor St to McCarrey St	200	--
Patterson St Bike Lanes - Debarr Rd to Chester Creek	300	1
Pedestrian Safety and Rehab Annual Program	1,000	75
Pleasant Valley Subdivision Area Road and Drainage Rehab	3,400	340
Recycled Asphalt Pavement (RAP) and Subbase Rehabilitation	600	60
Reka Dr Southside Separated Pedestrian Facility and Storm Drain Replacement - Bragaw St to Pine St	200	--
Relocation of Traffic Signal for Fire Station #3	600	--
Road and Storm Drain Improvements Annual Program	1,000	15
Signalization of the Tudor Road and MacInnes Street Intersection	225	--
Storm Drain Condition Assessment and Rehabilitation Program	1,000	--
Stormwater Sediment Treatment Facility	3,300	33
Street Light LED Upgrades	750	--
Traffic Calming and Safety Improvements	1,000	30
Westpark Stormwater Bypass Reconstruction	2,140	21
Wonder Park Elementary School Area Street Lighting	150	--
Total	\$33,865	\$866