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CLERK'S OFFICE

APPROVED

Date: 12-7-99

ANCHORAGE, ALASKA
AO No. 99- 150



1 AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA,
2 AUTHORIZING AND PROVIDING FOR THE BORROWING OF NOT TO EXCEED
3 \$8,400,000 FROM THE STATE OF ALASKA CLEAN WATER FUND FOR THE
4 PURPOSE OF FINANCING A PORTION OF THE COSTS OF THE ASPLUND
5 (PT. WORONZOF) SOLIDS HANDLING PROJECT IN THE MUNICIPALITY, AND
6 PROVIDING FOR RELATED MATTERS.

7
8 WHEREAS, the State of Alaska (the "State") has, pursuant to Alaska Statutes
9 46.03.032 and 18 AAC 76.005 et seq of the Alaska Administrative Code, established
10 the Alaska Clean Water Fund (the "Fund"), a fund which makes use of U.S.
11 Government grants as authorized by the Clean Water Act, as amended by P.L. 100-4;
12 and

13
14 WHEREAS, the Municipality of Anchorage (the "Municipality") is eligible to borrow
15 from the Fund to assist in the planning, designing, constructing, equipping, modifying,
16 improving and expanding of public wastewater collection, treatment and discharge
17 facilities; and

18
19 WHEREAS, the interest rate to be paid by the Municipality on money borrowed
20 from the Fund is a favorable rate considering other sources of funds available to the
21 Municipality; and

22
23 WHEREAS, the Home Rule Charter of the Municipality provides at Section 15.03
24 that the Assembly by ordinance shall provide for the form and manner of sale of bonds
25 and notes; and

26
27 WHEREAS, the Assembly of the Municipality has determined and does hereby
28 determine that it is necessary to proceed to plan, design, develop, construct, equip,
29 acquire property for, or otherwise obtain items of capital improvements in connection
30 with the **Asplund (Pt. Woronzof) Solids Handling Project**, and

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32 WHEREAS, it is deemed necessary and advisable and in the best interests of the
33 Municipality and its inhabitants that separate final applications be submitted and such
34 other actions as may be necessary be taken to borrow an amount not to exceed
35 \$8,400,000 from the Fund for the purpose of paying a portion of the costs associated
36 with said Project.

NOW THEREFORE, the Municipality of Anchorage ordains:

Section 1. Definitions. As used in this Ordinance, unless a different meaning clearly appears from the context:

"Gross Revenues" means all rates and charges and other income, in each case derived by or for the account of the Municipality, from the ownership, leasing or operation of the System except proceeds from the sale of bonds or notes, any grants received for the Anchorage Wastewater Utility, and interest received and profits derived from the investment of moneys obtained from such sources or from moneys held in any fund to pay or secure the payment of any bonds or notes issued in connection with the System. For the purposes of this Ordinance, Gross Revenues shall not include allowance for funds used during construction.

"Operating Expenses" means the current expenses incurred for operation, maintenance or repair of the System of a non-capital nature, and shall include, without limiting the generality of the foregoing, collection, transmission and treatment expenses, fuel and electricity expenses, chemical expenses, customer accounts expenses, administrative and general expenses, insurance premiums, lease rentals, legal, regulatory, and engineering expenses, payments to pension, retirement, group life insurance, health and hospitalization funds or other employee benefit funds which are properly chargeable to current operations, interest on customers' deposits, payroll tax expenses, Municipal Utility Service Assessments or any assessment levied in lieu of municipal taxes and any other expenses required to be paid under the provisions of this Ordinance or by law or permitted by standard practices for public utility systems similar to the properties and business of the System (adjusted to reflect public ownership) and applicable in the circumstances. Operating Expenses shall not include any allowances for depreciation or amortization or any principal, redemption price or purchase price of, or interest on, any obligations of the Municipality incurred in connection with and payable from Gross Revenues.

"System" means the existing wastewater utility system of the Municipality as the same will be added to, improved and extended as authorized and provided in this Ordinance, and as the same may be added to, improved and extended for as long as the loan authorized by this Ordinance is outstanding, but shall not include such collections, transmission and treatment facilities that may be hereafter purchased, constructed or otherwise acquired by the Municipality as a separate wastewater utility system, the revenues of which may be pledged to the payment of bonds or notes issued to purchase, construct or otherwise acquire and improve such separate system. The term "System" shall also include the water system of the Municipality if thereafter combined with the wastewater system.

"Lien Revenue Bonds" means all publicly marketed revenue bonds or other obligations issued by the Municipality having a lien on net revenues (Gross Revenues less Operating Expenses).

1 Section 2. Purpose. The purpose of this Ordinance is to authorize the
2 borrowing of not to exceed **\$8,400,000** from the Fund in the form of a loan to
3 provide funds to pay a portion of the capital costs of the Project and to fix certain
4 details of said loan.

5
6 Section 3. Authority for Ordinance. The Assembly has ascertained and hereby
7 determines that each and every matter and thing as to which provision is made in this
8 Ordinance is necessary in order to carry out and effectuate the purposes of the
9 Municipality in accordance with the Constitution and statutes of the State of Alaska,
10 and the Home Rule Charter of the Municipality, and to incur the indebtedness
11 authorized by this Ordinance.

12
13 Section 4. Obligation of Loan. The obligation to repay the loan authorized by this
14 Ordinance shall not be a direct and general obligation of the Municipality and neither
15 the faith and credit nor the taxing power of the Municipality is pledged to the payment
16 of the principal of and interest on the loan. The Gross Revenues less the Operating
17 Expenses of the System are hereby pledged to repayment of the loan authorized by
18 this Ordinance. Such pledge shall be subordinate to the lien on net revenues of lien
19 revenue bonds of the Municipality issued heretofore and hereafter on behalf of the
20 Anchorage Wastewater Utility.

21
22 Section 5. Authorization of Loan and Purpose of Issuance. For the purpose of
23 providing a portion of the funds required to pay the cost of the Project described
24 herein, and to pay all costs incidental thereto, the Municipality hereby authorizes and
25 determines to borrow money from the Fund in the form of a loan in a principal amount
26 not to exceed **\$8,400,000**.

27
28 Section 6. Loan Application. The General Manager of the Anchorage Water &
29 Wastewater Utility ("AWWU") is hereby authorized and directed to complete and
30 submit to the State Department of Environmental Conservation an application to
31 borrow money from the Fund for the purpose of paying a portion of the costs of the
32 Project as authorized in this Ordinance.

33
34 Section 7. Negotiation of Terms and Approval of Amount, Interest Rates,
35 Maturities and Other Details of the Loan. The General Manager of AWWU shall
36 negotiate with the State and the Assembly shall by resolution approve the total amount
37 of the loan to be entered into for the Project; the interest rate, which shall not exceed
38 75 percent of the Merrill Lynch 50 State General Obligation Bond Index as published in
39 the Wall Street Journal on the Friday preceding the closing of this loan; the interest
40 and principal payment dates, the maturities, which shall not exceed 20 years, and any
41 other details of the loan.

PROJECT NARRATIVE

**JOHN M. ASPLUND (POINT WORONZOF) WASTEWATER TREATMENT
FACILITY SOLIDS HANDLING UPGRADE**

Solids produced at the John M. Asplund Wastewater Treatment Facility (WWTF) are processed and incinerated, with residue being landfilled at the Municipality's Hiland Road Landfill. Two belt presses process solids to a moisture content suitable for combustion in a single multiple-hearth incinerator. The belt presses and incinerator were built in the mid-1980's and are now in need of major maintenance to remain reliable.

The existing process is without suitable redundancy to ensure continuous handling of solids during periods of high solids production if a major equipment item, such as the incinerator or one of the belt presses, is temporarily out of service for maintenance. Without a redundant back up plan for handling solids, the risk to public health and receiving waters is greatly increased.

To ensure that AWWU has the capacity to continue to safely process solids, additional processing and storage capacity is required. A third belt press and new storage facility is required. The third belt press assures AWWU can dewater all solids that are captured at the WWTF over the next several years with one belt press out of service. The storage facility allows solids to be processed, stored, then trucked to the landfill if the incinerator is out of service.

Due to growth in industrial seafood production in the Anchorage Bowl, the Asplund WWTF will also be faced with a large increase in plant solids loading, starting in 1999. This project will provide the capacity to handle increased solids loading during periods of high seafood production, without increasing incinerator capacity (i.e., redundant incinerators).

In order to protect and properly screen the incoming solids, the plant headworks also requires modifications. Plant solids, especially solids from seafood production facilities, typically are removed from the plant headworks through screens. Removal at the headworks protects pumps and other process equipment in the facility. The project includes construction of new screening equipment, gates and modifications to the existing plant headworks to install fine screens. Installation of new screening equipment will enable the Utility to handle solids more efficiently, saving equipment and protecting water quality.

<i>LOAN REQUEST AMOUNT - \$8,400,000</i>
