

Submitted by: Chairman of the Assembly at the
Request of the Mayor
Prepared by: Anchorage Water & Wastewater Utility
For reading: January 11, 2000

CLERK'S OFFICE

APPROVED

Date: 1-25-00

ANCHORAGE, ALASKA
AO No. AO 2000-24

1 AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, AUTHORIZING
2 AND PROVIDING FOR THE BORROWING FROM THE STATE OF ALASKA DRINKING
3 WATER FUND OF AN AMOUNT NOT TO EXCEED \$31,194,000 FOR THE PURPOSE OF
4 FINANCING A PORTION OF THE COSTS OF VARIOUS WATER CAPITAL
5 IMPROVEMENT PROJECTS IN THE MUNICIPALITY, AND PROVIDING FOR RELATED
6 MATTERS.
7

8
9 WHEREAS, the State of Alaska (the "State") has, pursuant to Alaska Statutes
10 46.03.036 and 18 AAC 76.200 et seq. of the Alaska Administrative Code, established the
11 Alaska Drinking Water Fund (the "Fund"), a fund which makes use of U.S. Government
12 grants as authorized by the Safe Drinking Water Act, Amendments of 1996, P. L. 104-182.
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 water treatment, transmission and distribution facilities;
17 and
18

19 WHEREAS, the interest rate to be paid by the Municipality on money borrowed from
20 the Fund is a favorable rate considering other sources of funds available to the Municipality;
21 and
22

23 WHEREAS, the Home Rule Charter of the Municipality provides at Section 15.03 that
24 the Assembly by ordinance shall provide for the form and manner of sale of bonds and
25 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, acquire
29 property for, or otherwise obtain items of capital improvements in connection with the
30 following projects:
31

32	Old Glenn Highway Water Extension – Design	\$1,000,000
33	South Addition Woodstave Upgrades	\$1,563,000
34	Ship Creek Lagoon Filter Upgrade	\$ 200,000
35	Anchorage Loop Water Transmission Main - Phase V	\$3,550,000
36	Anchorage Loop Water Transmission Main - Phase VI	\$5,050,000
37	Eagle River Reservoir and Water Transmission Main	\$3,050,000
38	Reservoir 6 - Service High	\$8,550,000
39	Water Utilitywide Data Processing Equipment - 2000	\$4,821,000
40	6th Avenue Mains (Loop)	\$1,800,000
41	Disinfection Alternatives Upgrade - Water Treatment	\$ 500,000
42	Girdwood Well Study (Planning and Design)	\$ 200,000
43	Miscellaneous Water System Upgrades	\$ 910,000; and

2 WHEREAS, it is deemed necessary and advisable and in the best interests of the
3 Municipality and its inhabitants that a final application be submitted and such other actions
4 as may be necessary be taken to borrow an amount not to exceed **\$31,194,000** from the
5 Fund for the purpose of financing a portion of the costs associated with said Projects.

6 NOW THEREFORE, the Municipality of Anchorage ordains:

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

9
10
11 "Gross Revenues" means all rates and charges and other income (including income
12 from Water Fund investments), in each case derived by or for the account of the Municipality
13 from the ownership, leasing or operation of the Water System, except proceeds from the
14 sale of bonds or notes, any grants received for the Water System and interest received and
15 profits derived from the investment of moneys obtained from such sources or from moneys
16 held in any fund solely to pay or secure the payment of any bonds or notes issued in
17 connection with the Water System.

18
19 "Operating Expenses" means the current expenses incurred for operation,
20 maintenance or repair of the Water System of a non-capital nature, and shall include,
21 without limiting the generality of the foregoing, payments required by any water purchase
22 agreements, source of supply expenses, fuel expenses, treatment, transmission and
23 distribution expenses, customer accounts expenses, administrative and general expenses,
24 insurance premiums, lease rentals, legal, regulatory, and engineering expenses, payments
25 to pension, retirement, group life insurance, health and hospitalization funds or other
26 employee benefit funds which are properly chargeable to current operations, interest on
27 customers' deposits, payroll tax expenses, and any other expenses required to be paid
28 under the provisions of this Ordinance or by law or permitted by standard practices for public
29 utility systems similar to the properties and business of the Water System (adjusted to
30 reflect public ownership) and applicable in the circumstances. Operating Expenses shall not
31 include any allowances for depreciation or amortization or any principal, redemption price or
32 purchase price of, or interest on, any obligations of the Municipality incurred in connection
33 with and payable from Gross Revenues or Municipal Utility Service Assessments or any
34 assessment levied in lieu of municipal taxes.

35
36 "System" means the existing water utility system of the Municipality as the same will
37 be added to, improved and extended as authorized and provided in this Ordinance, and as
38 the same may be added to, improved and extended for as long as the loan authorized by
39 this Ordinance is outstanding, but shall not include such water supply, treatment,
40 transmission and distribution facilities that may be hereafter purchased, constructed or
41 otherwise acquired by the Municipality as a separate water utility system, the revenues of
42 which may be pledged to the payment of bonds or notes issued to purchase, construct or
43 otherwise acquire and improve such separate system. The term System shall also include
44 the wastewater system of the Municipality if hereafter combined with the water utility.

1
2 "Lien Revenue Bonds" means all publicly marketed revenue bonds or other obligations
3 issued by the Municipality having a lien on net revenue (Gross Revenues less Operating
4 Expenses).

5
6 Section 2. Purpose. The purpose of this Ordinance is to authorize the borrowing of
7 not to exceed **\$31,194,000** from the Fund in the form of a loan to provide funds to finance a
8 portion of the capital costs of the Projects and to fix certain details of said loan.

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

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

23
24 Section 5. Authorization of Loan and Purpose of Issuance. For the purpose of
25 providing a portion of the funds required to pay the cost of the Projects described herein,
26 and to pay all costs incidental thereto, the Municipality hereby authorizes and determines to
27 borrow money from the Fund in the form of a loan in an aggregate principal amount not to
28 exceed **\$31,194,000**.

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

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects - Utilities

AO Number: 2000-24 Title: An Ordinance authorizing and providing for the borrowing of a total amount not to exceed \$31,194,000 from the State of Alaska Drinking Water Fund for the purpose of paying a portion of the costs of various water capital improvements.

Sponsor:

Preparing Agency: Anchorage Water & Wastewater Utility

Others Affected: None

CHANGES IN EXPENDITURES AND REVENUES (Thousands of dollars)

Operating Revenues:	FY'00	FY'01	FY'02	FY'03	FY'04
TOTAL OPERATING REVENUES:					
Operating Expenses:					
TOTAL OPERATING EXPENSES:					
Non-Operating Revenues:					
TOTAL NON-OPERATING REVENUES:					
Non-Operating Expenses:					
Interest Expense	1,500	1,454	1,406	1,355	1,301
TOTAL NON-OPERATING EXPENSES:					
NET INCOME (REGULATED)					
POSITIONS: FT/PT/TEMP					

Impact on General Government (Yes or No) No (If yes, attach SEE for General Government agency impacted.)
 Public Sector Economic Effects:
 • Interest expense is 75% of MBI at 12/15/99 ($6.41 * .75 = 4.81\%$)
 • Terms of Loan - fully amortizing, equal payments, 20 years, end of period, annual payments
 • Total Principal and Interest per year = \$ 2,462,921
 • Payments to begin one year after construction completion
 Private Sector Economic Effects:
 • None

If further explanation is necessary, a separate page may be attached.

Prepared by: David Johnston
 David Johnston, Senior Accountant, AWWU

Telephone:
 786-5512

Validated by OMB: [Signature]

Date:
1-4-00

Approved by: Mark Premo
 Mark Premo, General Manager, AWWU

Date:
12/20/99

Approved by: George Vakalis
 George Vakalis, Municipal Manager

Date:
1/4/00