

CLERK'S OFFICE

APPROVED

Date: 6-5-01

ANCHORAGE, ALASKA

AO No. 2001-103

1 AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, AUTHORIZING AND  
2 PROVIDING FOR THE BORROWING FROM THE STATE OF ALASKA CLEAN WATER  
3 FUND OF AN AMOUNT NOT TO EXCEED \$3,858,570 FOR THE PURPOSE OF FINANCING  
4 A PORTION OF THE COSTS OF THE CHESTER CREEK TRUNK PROJECT IN THE  
5 MUNICIPALITY, AND PROVIDING FOR RELATED MATTERS.  
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7  
8 WHEREAS, the State of Alaska (the "State") has, pursuant to Alaska Statutes 46.03.032  
9 and 18 AAC 76.005 et seq of the Alaska Administrative Code, established the Alaska Clean  
10 Water Fund (the "Fund"), a fund which makes use of U.S. Government grants as authorized by  
11 the Clean Water Act, as amended by P.L. 100-4; and  
12

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

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

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

24 WHEREAS, the Assembly of the Municipality has determined and does hereby  
25 determine that it is necessary to proceed to plan, design, develop, construct, equip, acquire  
26 property for, or otherwise obtain items of capital improvements in connection with the  
27 **CHESTER CREEK TRUNK** project; and  
28

29 WHEREAS, it is deemed necessary and advisable and in the best interests of the  
30 Municipality and its inhabitants that final applications be submitted and such other actions as  
31 may be necessary be taken to borrow a total amount not to exceed **\$3,858,570** from the Fund  
32 for the purpose of paying a portion of the costs associated with said Project.  
33

34 NOW THEREFORE, the Municipality of Anchorage ordains:  
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36 Section 1. Definitions. As used in this Ordinance, unless a different meaning clearly  
37 appears from the context:  
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39 "Gross Revenues" means all rates and charges and other income, in each case derived  
40 by or for the account of the Municipality, from the ownership, leasing or operation of the  
41 System except proceeds from the sale of bonds or notes, any grants received for the  
42 Anchorage Wastewater Utility, and interest received and profits derived from the investment of  
43 moneys obtained from such sources or from moneys held in any fund to pay or secure the  
44 payment of any bonds or notes issued in connection with the System. For the purposes of this  
45 Ordinance, Gross Revenues shall not include allowance for funds used during construction.  
46

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

16  
17 "System" means the existing wastewater utility system of the Municipality as the same  
18 will be added to, improved and extended as authorized and provided in this Ordinance, and as  
19 the same may be added to, improved and extended for as long as the loan authorized by this  
20 Ordinance are outstanding, but shall not include such collections, transmission and treatment  
21 facilities that may be hereafter purchased, constructed or otherwise acquired by the  
22 Municipality as a separate wastewater utility system, the revenues of which may be pledged to  
23 the payment of bonds or notes issued to purchase, construct or otherwise acquire and improve  
24 such separate system.

25  
26 Section 2. Purpose. The purpose of this Ordinance is to authorize the borrowing of a  
27 total amount not to exceed **\$3,858,570** from the Fund in the form of a loan to provide funds to  
28 pay a portion of the capital costs of the Project and to fix certain details of said loan.

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

35  
36 Section 4. Obligation of Loan. The obligation to repay the loan authorized by this  
37 Ordinance shall not be a direct and general obligation of the Municipality and neither the faith  
38 and credit nor the taxing power of the Municipality is pledged to the payments of the principal  
39 of and interest on the loan. The Gross Revenues less the Operating Expenses of the System  
40 are hereby pledged to repayment of the loan authorized by this Ordinance.

41  
42 Section 5. Authorization of Loan and Purpose of Issuance. For the purpose of providing  
43 a portion of the funds required to pay the cost of the Project described herein, and to pay all  
44 costs incidental thereto, the Municipality hereby authorizes and determines to borrow moneys  
45 from the Fund in the form of a loan in an aggregate principal amount not to exceed **\$3,858,870**  
46 for specified construction project.

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48 Section 6. Loan Applications. The General Manager of the Anchorage Water &  
49 Wastewater Utility ("AWWU") is hereby authorized and directed to complete and submit to the  
50 State Department of Environmental Conservation applications to borrow moneys from the  
51 Fund for the purposes of paying a portion of the costs of the Project as authorized in this  
52 Ordinance.

1  
2        **Section 7. Negotiation of Terms and Approval of Amount, Interest Rates, Maturities and**  
3 **Other Details of the Loan.** The General Manager of AWWU shall negotiate with the State and  
4 the Assembly shall by resolution approve the total amount of the loan to be entered into for the  
5 Project; the interest rate, which shall not exceed 75 percent of the Merrill Lynch 50 State  
6 General Obligation Bond Index as published in the Wall Street Journal on the Friday preceding  
7 the closing of any loan; the interest and principal payment dates, the maturities, which shall not  
8 exceed 20 years, and any other details of the loan.  
9

10        **Section 8. Authority of Officers.** The Mayor, the Acting Mayor from time to time, the  
11 Municipal Manager, the Chief Fiscal Officer, the General Manager of AWWU, the Municipal  
12 Clerk and the Acting Municipal Clerk from time to time, are, and each of them hereby is,  
13 authorized and directed to do and perform all things and determine all matters not determined  
14 by this Ordinance, or to be determined by a subsequent ordinance or resolution of the  
15 Municipality, to this end that the Municipality may carry out its obligations under the loan and  
16 this Ordinance.  
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18        **Section 9. Severability.** If any one or more of the covenants and agreements provided  
19 in this Ordinance to be performed on the part of the Municipality shall be declared by any court  
20 of competent jurisdiction to be contrary to law, then such covenant and agreements shall be  
21 null and void and shall be deemed separable from the remaining covenant and agreement in  
22 this Ordinance and shall in no way affect the facility of the other provisions of this Ordinance or  
23 of the loan entered into pursuant to this Ordinance.  
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25        **Section 10. Effective Date.** This Ordinance shall take effect immediately  
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27        PASSED AND APPROVED by the Anchorage Assembly this 5 day of  
28 June, 2001.  
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32 \_\_\_\_\_  
33 Chairman

34        ATTEST:

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37 Municipal Clerk  
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MUNICIPALITY OF ANCHORAGE  
Summary of Economic Effects - Utilities

AO Number: 2001-103

Title: An Ordinance authorizing and providing for the borrowing of a total amount of \$3,858,570 from the State of Alaska Clean Water Fund for the purpose of paying a portion of the cost of wastewater capital improvements (Chester Creek Trunk - B-5G B-6CDEF Sewer Trunk Upgr)

Sponsor:

Preparing Agency: Anchorage Water & Wastewater Utility

Others Affected: None

**CHANGES IN EXPENDITURES AND REVENUES (Thousands of dollars)**

Operating Revenues:	FY01	FY02	FY03	FY04	FY05
TOTAL OPERATING REVENUES:					
Operating Expenses:					
TOTAL OPERATING EXPENSES:					
Non-Operating Revenues:					
TOTAL NON-OPERATING REVENUES:					
Non-Operating Expenses:					
Interest Expense	167	161	156	150	144
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 the Municipal Bond Index - at 4/27/01 (5.76% x .75 = 4.32%)
- Terms of Loan - fully amortizing, equal payments, 20 years, end of period, annual payments
- Total Principal and Interest per year = \$ 292,023.
- 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:

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David Johnston, Senior Staff Accountant, AWWU

Telephone: 786-5512

Validated by OMB:

Cheryl Frasca  
Director, OMB

Date:

5/7/01

Approved by:

Mark Premo  
Mark Premo, General Manager, AWWU

Date:

5/2/01

Approved by:

Cheryl Frasca  
for Harry J. Kieling, Municipal Manager

Date:

5/14/01