



Submitted by: Chairman of the Assembly at the  
Request of the Mayor  
Prepared by: Anchorage Water & Wastewater Utility  
For reading: October 15, 2002

CLERK'S OFFICE

APPROVED

Date: 11-19-02 ANCHORAGE, ALASKA  
AO No. 2002-155

1 AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA,  
2 AUTHORIZING AND PROVIDING FOR THE BORROWING FROM THE STATE  
3 OF ALASKA DRINKING WATER FUND OF AN AMOUNT NOT TO EXCEED  
4 \$13,018,300 FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS  
5 OF VARIOUS WATER CAPITAL IMPROVEMENT PROJECTS IN THE  
6 MUNICIPALITY, AND PROVIDING FOR RELATED MATTERS.

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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,  
11 established the Alaska Drinking Water Fund (the "Fund"), a fund which makes use  
12 of U.S. Government grants as authorized by the Safe Drinking Water Act,  
13 Amendments of 1996, P. L. 104-182.

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

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

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

27  
28 WHEREAS, the Assembly of the Municipality has determined and does hereby  
29 determine that it is necessary to proceed to plan, design, develop, construct, equip,  
30 acquire property for, or otherwise obtain items of capital improvements in  
31 connection with the following projects:

32  
33 Disinfection Alternatives Upgrade - Water Treatment (*Increase*) \$ 255,000  
34 Girdwood Water System Improvements \$1,635,300  
35 Anchorage Loop Water Transmission Main – Phase IV \$5,000,000  
36 SCADA – Water \$4,000,000  
37 Old Glenn Highway Water Extension \$2,128,000; and

38  
39 WHEREAS, it is deemed necessary and advisable and in the best interests of the  
40 Municipality and its inhabitants that a final application be submitted and such other  
41 actions as may be necessary be taken to borrow an amount not to exceed  
42 \$13,018,300 from the Fund for the purpose of financing a portion of the costs  
43 associated with said Projects.

1 NOW THEREFORE, the Municipality of Anchorage ordains:  
2

3 Section 1. Definitions. As used in this Ordinance, unless a different meaning  
4 clearly appears from the context:  
5

6 "Gross Revenues" means all rates and charges and other income, in each  
7 case derived by or for the account of the Municipality, from the ownership, leasing  
8 or operation of the System except proceeds from the sale of bonds or notes, any  
9 grants received for the Anchorage Water Utility, and interest received and profits  
10 derived from the investment of moneys obtained from such sources or from  
11 moneys held in any fund to pay or secure the payment of any bonds or notes  
12 issued in connection with the System. For the purposes of this Ordinance, Gross  
13 Revenues shall not include allowance for funds used during construction.  
14

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

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

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

1        Section 2. Purpose. The purpose of this Ordinance is to authorize the  
2 borrowing of not to exceed **\$13,018,300** from the Fund in the form of a loan to  
3 provide funds to finance a portion of the capital costs of the Projects and to fix  
4 certain details of said loan.

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

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

20  
21        Section 5. Authorization of Loan and Purpose of Issuance. For the purpose  
22 of providing a portion of the funds required to pay the cost of the Projects described  
23 herein, and to pay all costs incidental thereto, the Municipality hereby authorizes  
24 and determines to borrow money from the Fund in the form of a loan in an  
25 aggregate principal amount not to exceed **\$13,018,300**.

26  
27        Section 6. Loan Application. The General Manager of the Anchorage Water  
28 & Wastewater Utility ("AWWU") is hereby authorized and directed to complete and  
29 submit to the State Department of Environmental Conservation an application to  
30 borrow money from the Fund for the purpose of financing a portion of the costs of  
31 the Projects as authorized in this Ordinance.

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

1        Section 8. Authority of Officers. The Mayor, the Acting Mayor from time to  
2 time, the Municipal Manager, the Chief Fiscal Officer, the General Manager of  
3 AWWU, the Municipal Clerk and the Acting Municipal Clerk from time to time, are,  
4 and each of them hereby is, authorized and directed to do and perform all things  
5 and determine all matters not determined by this Ordinance, or to be determined by  
6 a subsequent ordinance or resolution of the Municipality, to this end that the  
7 Municipality may carry out its obligations under the loan and this Ordinance.

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9        Section 9. Severability. If any one or more of the covenants and agreements  
10 provided in this Ordinance to be performed on the part of the Municipality shall be  
11 declared by any court of competent jurisdiction to be contrary to law, then such  
12 covenant and agreements shall be null and void and shall be deemed separable  
13 from the remaining covenant and agreement in this Ordinance and shall in no way  
14 affect the facility of the other provisions of this Ordinance or of the loan entered into  
15 pursuant to this Ordinance.

16  
17        Section 10. Effective Date. This Ordinance shall take effect immediately.

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19        PASSED AND APPROVED by the Anchorage Assembly this 19<sup>th</sup> day of  
20 November, 2002.

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ATTEST:



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Municipal Clerk

AO Number: 2002-155 Title An Ordinance authorizing and providing for the borrowing of a total amount not to exceed \$13,018,300 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'03	FY'04	FY'05	FY'06	FY'07
<b>TOTAL OPERATING REVENUES:</b>					
Operating Expenses:					
<b>TOTAL OPERATING EXPENSES:</b>					
Non-Operating Revenues:					
<b>TOTAL NON-OPERATING REVENUES:</b>					
Non-Operating Expenses:	<b>519</b>	<b>502</b>	<b>484</b>	<b>465</b>	<b>445</b>
Interest Expense					
<b>TOTAL NON-OPERATING EXPENSES:</b>					
<b>NET INCOME (REGULATED)</b>					
<b>POSITIONS: FT/PT/TEMP</b>					

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 8/23/02 (  $5.32 * .75 = 3.99\%$  )
- Terms of Loan - fully amortizing, equal payments, 20 years, end of period, annual payments
- Total Principal and Interest per year = \$ 957,061
- 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, Plant Accounting Spvr, AWWU

Telephone: 786-5512

Validated by OMB: Cheryl Frasca, Director, OMB

Date: 9/12/2002

Approved by: Mark Premo, General Manager, AWWU

Date: 9/12/2002

Approved by: Harry Kieling, Municipal Manager

Date: 9/12/2002

# MUNICIPALITY OF ANCHORAGE

## ASSEMBLY MEMORANDUM

No. AM 889-2002

Meeting Date: October 15, 2002

From Mayor

Subject: AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE,  
ALASKA, AUTHORIZING AND PROVIDING FOR THE  
BORROWING OF NOT TO EXCEED \$13,018,300 FROM THE  
STATE OF ALASKA DRINKING WATER FUND FOR THE  
PURPOSE OF FINANCING A PORTION OF THE COSTS OF  
VARIOUS WATER CAPITAL IMPROVEMENT PROJECTS

The State of Alaska Department of Environmental Conservation offers low-interest loans through the Alaska Drinking Water Fund program to communities for the planning, design, and construction of publicly-owned water capital projects.

The attached Ordinance authorizes borrowing of not to exceed **\$13,018,300** to be used specifically for financing a portion of the costs of the following projects:

Disinfection Alternatives Upgrade - Water Treatment ( <i>Increase</i> )	\$ 255,000
Girdwood Water System Improvements	\$1,635,300
Anchorage Loop Water Transmission Main – Phase IV	\$5,000,000
SCADA – Water	\$4,000,000
Old Glenn Highway Water Extension	\$2,128,000

THE ADMINISTRATION RECOMMENDS APPROVAL OF ANCHORAGE ORDINANCE NO. AO 2002-155 AUTHORIZING AND PROVIDING FOR THE BORROWING OF NOT TO EXCEED \$13,018,300 FROM THE STATE OF ALASKA DRINKING WATER FUND FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS OF VARIOUS WATER CAPITAL IMPROVEMENT PROJECTS.

Concur: Recommended by.

Harry J. Kieling  
Municipal Manager

Mark Premo, P.E.  
General Manager  
Anchorage Water & Wastewater Utility

Respectfully submitted,

Concur:

George Wuerch  
Mayor

Kate Giard  
Chief Fiscal Officer



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## Work Flow History Report

Ad 2002-155

## Workflow History

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Workflow Name	Action Date	Action	User	Security Group	Cs ID
AWWU_SubWorkflow	9/16/02 8:37 AM	Approve	premomc	Public	00
OMB_SubWorkflow	9/16/02 3:43 PM	Approve	frascaci	Public	00
Legal_SubWorkflow	10/3/02 3:28 PM	Approve	wheelerda	Public	00
MuniManager_SubWorkflow	10/3/02 3:42 PM	Approve	poseyjm	Public	00
MuniMgrCoord_SubWorkflow	10/4/02 9:57 AM	Approve	bealejl	Public	00

## INTRODUCTION

M.O.A  
2002 OCT -7 AM 9:51  
CLERK'S OFFICE