

CLERK'S OFFICE

APPROVED  
Date: 9-9-03

ANCHORAGE, ALASKA  
- AO No. 2003-119

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 \$4,000,000 FOR THE PURPOSE OF FINANCING  
4 A PORTION OF THE COSTS OF THE SCADA SEWER PROJECT IN THE MUNICIPALITY,  
5 AND PROVIDING FOR RELATED MATTERS.  
6

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 **SCADA**  
27 **SEWER** 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 **\$4,000,000** 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:  
35

36 Section 1 Definitions. As used in this Ordinance, unless a different meaning clearly  
37 appears from the context:  
38

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.

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

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

26  
27 Section 2. Purpose. The purpose of this Ordinance is to authorize the borrowing of a  
28 total amount not to exceed **\$4,000,000** from the Fund in the form of a loan to provide funds to  
29 pay a portion of the capital costs of the Project and to fix certain details of said loan.

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

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

42  
43 Section 5. Authorization of Loan and Purpose of Issuance. For the purpose of providing  
44 a portion of the funds required to pay the cost of the Project described herein, and to pay all  
45 costs incidental thereto, the Municipality hereby authorizes and determines to borrow moneys  
46 from the Fund in the form of a loan in a principal amount not to exceed **\$4,000,000** for the  
47 specified construction project.

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49 Section 6. Loan Applications. The General Manager of the Anchorage Water &  
50 Wastewater Utility ("AWWU") is hereby authorized and directed to complete and submit to the

1 State Department of Environmental Conservation applications to borrow moneys from the  
2 Fund for the purposes of paying a portion of the costs of the Project as authorized in this  
3 Ordinance.

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5 Section 7. Negotiation of Terms and Approval of Amount, Interest Rates, Maturities and  
6 Other Details of Loans. The General Manager of AWWU shall negotiate with the State and the  
7 Assembly shall by resolution approve the total amount of the loan to be entered into for the  
8 Projects; the interest rate, as defined by 18AAC76.080(b)(1) "for a contract term of five to 20  
9 years, accrual of finance charges begins one year after the date of the first payment to the  
10 borrower; the department will assess a finance charge at a rate of two and one-half percent of  
11 the total amount of financial assistance disbursed, or 30 percent of the current bond rate as  
12 defined by the Municipal Bond Index, whichever is higher"; the interest and principal payment  
13 dates, the maturities, which shall not exceed 20 years, and any other details of the loan.

14  
15 Section 8. Authority of Officers. The Mayor, the Acting Mayor from time to time, the  
16 Municipal Manager, the Chief Fiscal Officer, the General Manager of AWWU, the Municipal  
17 Clerk and the Acting Municipal Clerk from time to time, are, and each of them hereby is,  
18 authorized and directed to do and perform all things and determine all matters not determined  
19 by this Ordinance, or to be determined by a subsequent ordinance or resolution of the  
20 Municipality, to this end that the Municipality may carry out its obligations under the loan and  
21 this Ordinance.

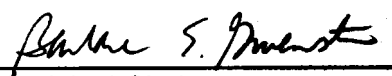
22  
23 Section 9. Severability. If any one or more of the covenants and agreements provided  
24 in this Ordinance to be performed on the part of the Municipality shall be declared by any court  
25 of competent jurisdiction to be contrary to law, then such covenant and agreements shall be  
26 null and void and shall be deemed separable from the remaining covenant and agreement in  
27 this Ordinance and shall in no way affect the facility of the other provisions of this Ordinance or  
28 of the loan entered into pursuant to this Ordinance.

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30 Section 10. Effective Date. This Ordinance shall take effect immediately.

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32 PASSED AND APPROVED by the Anchorage Assembly this 9<sup>th</sup> day of  
33 September, 2003.

34  
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36 \_\_\_\_\_  
37 Chairman

38  
39 ATTEST:

40  
41   
42 \_\_\_\_\_  
43 Municipal Clerk

MUNICIPALITY OF ANCHORAGE  
Summary of Economic Effects - Utilities

AO Number: 2003-119

Title: An Ordinance authorizing and providing for the borrowing of a total amount of \$4,000,000 from the State of Alaska Clean Water Fund for the purpose of paying a portion of the cost of wastewater capital improvements (SCADA - Sewer)

Sponsor:

Preparing Agency: Anchorage Water & Wastewater Utility

Others Affected: None

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

	<b>FY03</b>	<b>FY04</b>	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>
Operating Revenues:					
TOTAL OPERATING REVENUES:					
Operating Expenses:					
TOTAL OPERATING EXPENSES:					
Non-Operating Revenues:					
TOTAL NON-OPERATING REVENUES:					
Non-Operating Expenses:	100	96	92	88	84
Interest Expense					
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 30 percent of the current bond rate as defined by the Municipal Bond Index or 2.5%, whichever is greater (2.5%)
- Terms of Loan - fully amortizing, equal payments, 20 years, end of period, annual payments
- Total Principal and Interest per year = \$256,589
- 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, Senior Staff Accountant, AWWU Telephone: 786-5512

Approved by: Mark Premo, General Manager. AWWU

Validated by OMB: Jeffrey Sinz, Chief Fiscal Officer

Approved by: Denis C. LeBlanc, Municipal Manager

# MUNICIPALITY OF ANCHORAGE

## ASSEMBLY MEMORANDUM AM No. 664-2003

Meeting Date: August 19, 2003

From: Mayor

Subject: AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA,  
AUTHORIZING THE BORROWING AND PROVIDING FOR THE  
BORROWING OF NOT TO EXCEED \$4,000,000 FROM THE  
STATE OF ALASKA CLEAN WATER FUND FOR THE PURPOSE OF  
FINANCING A PORTION OF THE COSTS OF THE SCADA - SEWER  
PROJECT

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

The attached Ordinance authorizes borrowing of not to exceed \$4,000,000 to be used specifically for financing a portion of the costs for the SCADA – Sewer project.

THE ADMINISTRATION RECOMMENDS APPROVAL OF ANCHORAGE ORDINANCE AO 2003-119, AUTHORIZING AND PROVIDING FOR THE BORROWING OF NOT TO EXCEED \$4,000,000 FROM THE STATE OF ALASKA CLEAN WATER FUND FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS OF THE SCADA - SEWER PROJECT.

Recommended by: Mark Premo, P.E., General Manager, Anchorage Water & Wastewater Utility  
Concur: Jeffrey Sinz, Chief Fiscal Officer  
Concur: Denis C. LeBlanc, Municipal Manager  
Respectfully submitted, Mark Begich, Mayor