

CLERK'S OFFICE

APPROVED

Date: 11-4-03

Submitted by: Chairman of the Assembly at the
Request of the Mayor

Prepared by: Anchorage Water & Wastewater Utility
For reading: October 21, 2003

ANCHORAGE, ALASKA
AO No. 2003-145

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, AUTHORIZING AND PROVIDING FOR THE BORROWING FROM THE STATE OF ALASKA CLEAN WATER FUND OF AN AGGREGATE AMOUNT NOT TO EXCEED \$8,450,000 FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS OF VARIOUS AWWU SEWER IMPROVEMENTS PROJECTS IN THE MUNICIPALITY, AND PROVIDING FOR RELATED MATTERS.

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

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

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

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

WHEREAS, the Assembly of the Municipality has determined and does hereby determine that it is necessary to proceed to plan, design, develop, construct, equip, acquire property for, or otherwise obtain items of capital improvements in connection with the following AWWU sewer improvements projects listed in the Alaska Clean Water approved FY04 Intended Use Plan:

C-5-7 Sewer Improvements (increase)	\$ 1,000,000
Pump Station 10 Upgrade (increase)	\$ 1,000,000
Asplund WWTF Process Improvements	\$ 4,200,000
Pump Station 2 Upgrade (increase)	\$ 1,000,000
C-2(A,B) Sewer Improvements	\$ 300,000
Oregon and Lois @ 36th Avenue Sewer	\$ 175,000
Wyoming and Lois @ 36th Avenue Sewer	\$ 175,000
Sewer Improvement Districts	\$ 200,000
Vehicles	\$ 400,000;

and

WHEREAS, it is deemed necessary and advisable and in the best interests of the Municipality and its inhabitants that final applications be submitted and such other actions as may be necessary be taken to borrow a total aggregate amount not to exceed \$8,450,000 from the Fund for the purpose of paying a portion of the costs associated with said Projects.

NOW THEREFORE, the Municipality of Anchorage ordains:

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

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

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

27
28 "System" means the existing wastewater utility system of the Municipality as the same
29 will be added to, improved and extended as authorized and provided in this Ordinance, and as
30 the same may be added to, improved and extended for as long as the loans authorized by this
31 Ordinance are outstanding, but shall not include such collections, transmission and treatment
32 facilities that may be hereafter purchased, constructed or otherwise acquired by the
33 Municipality as a separate wastewater utility system, the revenues of which may be pledged to
34 the payment of bonds or notes issued to purchase, construct or otherwise acquire and improve
35 such separate system.

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37 Section 2. Purpose. The purpose of this Ordinance is to authorize the borrowing of a
38 total aggregate amount not to exceed **\$8,450,000** from the Fund in the form of loans to provide
39 funds to pay a portion of the capital costs of the Projects and to fix certain details of said loans.

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

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47 Section 4. Obligation of Loans. The obligation to repay the loans authorized by this
48 Ordinance shall not be a direct and general obligation of the Municipality and neither the faith
49 and credit nor the taxing power of the Municipality is pledged to the payments of the principal
50 of and interest on the loans. The Gross Revenues less the Operating Expenses of the System
51 are hereby pledged to repayment of the loans authorized by this Ordinance.
52

2 Section 5. Authorization of Loans and Purpose of Issuance. For the purpose of
3 providing a portion of the funds required to pay the cost of the Projects described herein, and
4 to pay all costs incidental thereto, the Municipality hereby authorizes and determines to borrow
5 moneys from the Fund in the form of loans in an aggregate principal amount not to exceed
6 **\$8,450,000** for the specified construction projects.

7 Section 6. Loan Applications. The General Manager of the Anchorage Water &
8 Wastewater Utility ("AWWU") is hereby authorized and directed to complete and submit to the
9 State Department of Environmental Conservation applications to borrow moneys from the
10 Fund for the purposes of paying a portion of the costs of the Projects as authorized in this
11 Ordinance.

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

21 Section 8. Authority of Officers. The Mayor, the Acting Mayor from time to time, the
22 Municipal Manager, the Chief Fiscal Officer, the General Manager of AWWU, the Municipal
23 Clerk and the Acting Municipal Clerk from time to time, are, and each of them hereby is,
24 authorized and directed to do and perform all things and determine all matters not determined
25 by this Ordinance, or to be determined by a subsequent ordinance or resolution of the
26 Municipality, to this end that the Municipality may carry out its obligations under the loans and
27 this Ordinance.

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


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

35 PASSED AND APPROVED by the Anchorage Assembly this 4th day of
36 November, 2003.

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ATTEST:


Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects - Utilities

AO Number: 2003-145

Title: An Ordinance authorizing and providing for the borrowing of a total amount of \$8,450,000 from the State of Alaska Clean Water Fund for the purpose of paying a portion of the cost of various wastewater capital improvements

Sponsor:

Preparing Agency: Anchorage Water & Wastewater Utility

Others Affected: None

CHANGES IN EXPENDITURES AND REVENUES (Thousands of dollars)

Operating Revenues:	FY03	FY04	FY05	FY06	FY07
TOTAL OPERATING REVENUES:					
Operating Expenses:					
TOTAL OPERATING EXPENSES:					
Non-Operating Revenues:					
TOTAL NON-OPERATING REVENUES:					
Non-Operating Expenses:	0	211	203	195	186
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%) Interest rate used = 2.5%
- Terms of Loans - fully amortizing, equal payments, 20 years, end of period, annual payments
- Total Principal and Interest per year = \$542,043
- 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

No. AM 800-2003

Meeting Date: October 21, 2003

From Mayor

Subject: AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA,
AUTHORIZING THE BORROWING AND PROVIDING FOR THE
BORROWING OF NOT TO EXCEED \$8,450,000 FROM THE
STATE OF ALASKA CLEAN WATER FUND FOR THE PURPOSE OF
FINANCING A PORTION OF THE COSTS OF VARIOUS AWWU PROJECTS

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 **\$8,450,000** to be used specifically for financing a portion of the costs for the following AWWU projects included in the Alaska Clean Water Fund FY04 Intended Use Plan:

C-5-7 Sewer Improvements (increase)	\$ 1,000,000
Pump Station 10 Upgrade (increase)	\$ 1,000,000
Asplund WWTF Process Improvements	\$ 4,200,000
Pump Station 2 Upgrade (increase)	\$ 1,000,000
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Oregon and Lois @ 36 th Avenue Sewer	\$ 175,000
Wyoming and Lois @ 36 th Avenue Sewer	\$ 175,000
Sewer Improvement Districts	\$ 200,000
Vehicles	\$ 400,000
TOTAL	\$ 8,450,000

THE ADMINISTRATION RECOMMENDS APPROVAL OF ANCHORAGE ORDINANCE AO 2003-145 AUTHORIZING AND PROVIDING FOR THE BORROWING OF NOT TO EXCEED \$8,450,000 FROM THE STATE OF ALASKA CLEAN WATER FUND FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS OF VARIOUS AWWU PROJECTS.

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

Content Information**Content ID :** 001106

Title: AUTHORIZING AND PROVIDING FOR THE BORROWING
FROM THE SOA CLEAN WATER FUND OF AN
AGGREGATE AMOUNT NOT TO EXCEED \$8,450,000 FOR
THE PURPOSE OF FINANCING A PORTION OF THE
COSTS OF VARIOUS AWWU SEWER IMPROVEMENTS
PROJECTS IN THE MUNICIPALITY, AND PROVIDING FO

Author: gibsonam**Initiating Dept:** AWWU**Date Prepared:** 9/5/03 9:31 AM**Director Name:** Mark Premo**Requested Assembly****Meeting Date** 9/16/03 12:00 AM**MM/DD/YY:****Document Number:** AO 2003-145

Assembly Meeting Date 10/21/03 12:00 AM
MM/DD/YY:

Public Hearing Date 11/4/03 12:00 AM
MM/DD/YY:

2003 OCT 13 PM 12:19
CLEAN - FILE

Workflow History

<u>Workflow Name</u>	<u>Action Date</u>	<u>Action</u>	<u>User</u>	<u>Security Group</u>	<u>Content ID</u>
AllOrdinanceWorkflow	9/5/03 9:33 AM	Checkin	gibsonam	Public	001106
AWWU_SubWorkflow	9/5/03 9:36 AM	Approve	premomc	Public	001106
OMB_SubWorkflow	9/6/03 11:31 AM	Approve	wiltsep	Public	001106
Legal_SubWorkflow	9/16/03 5:07 PM	Approve	fehlenrl	Public	001106
MuniManager_SubWorkflow	10/9/03 3:21 PM	Approve	leblancdc	Public	001106
MuniMgrCoord_SubWorkflow	10/10/03 1:51 PM	Approve	katkusja	Public	001106

INTRODUCTION