

CLERK'S OFFICE

APPROVED

Date: 11-4-03

ANCHORAGE, ALASKA

AO No. 2003-146

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, AUTHORIZING AND PROVIDING FOR THE BORROWING FROM THE STATE OF ALASKA DRINKING WATER FUND OF AN AGGREGATE AMOUNT NOT TO EXCEED \$14,935,300 FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS OF VARIOUS WATER CAPITAL IMPROVEMENT PROJECTS IN THE MUNICIPALITY, AND PROVIDING FOR RELATED MATTERS.

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

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 water treatment, transmission and distribution 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 projects:

Girdwood Water Improvements	\$1,635,300
Anchorage Loop Water Transmission Main Phase IV	\$5,000,000
SCADA – Water	\$5,000,000
Water Improvement Districts	\$ 200,000
Creekside Water Improvements – Phase I	\$3,100,000;

and

WHEREAS, it is deemed necessary and advisable and in the best interests of the Municipality and its inhabitants that a final application be submitted and such other actions as may be necessary be taken to borrow an amount not to exceed \$14,935,300 from the Fund for the purpose of financing a portion of the costs associated with said Projects.

NOW THEREFORE, the Municipality of Anchorage ordains:

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

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

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

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

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

2        Section 2. Purpose. The purpose of this Ordinance is to authorize the  
3 borrowing of not to exceed **\$14,935,300** from the Fund in the form of a loan to  
4 provide funds to finance a portion of the capital costs of the Projects and to fix  
5 certain details of said loan.

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

19        Section 5. Authorization of Loan and Purpose of Issuance. For the purpose  
20 of providing a portion of the funds required to pay the cost of the Projects described  
21 herein, and to pay all costs incidental thereto, the Municipality hereby authorizes  
22 and determines to borrow money from the Fund in the form of a loan in an  
23 aggregate principal amount not to exceed **\$14,935,300**.

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


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

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

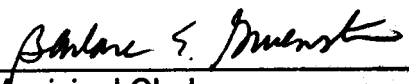
9        Section 9. Severability. If any one or more of the covenants and agreements  
10 provided in this Ordinance to be performed on the part of the Municipality shall be  
11 declared by any court of competent jurisdiction to be contrary to law, then such  
12 covenant and agreements shall be null 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.

18  
19        PASSED AND APPROVED by the Anchorage Assembly this 4th day of  
20 November, 2003.

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24  
25          
Chairman

26  
27        ATTEST:

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29          
30  
31        Municipal Clerk

AO Number: 2003-146

Title: An Ordinance authorizing and providing for the borrowing of a total amount not to exceed \$14,935,300 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
TOTAL OPERATING REVENUES:					
Operating Expenses:					
TOTAL OPERATING EXPENSES:					
Non-Operating Revenues:					
TOTAL NON-OPERATING REVENUES:					
Non-Operating Expenses:	0	373	359	344	328
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 (Interest Rate used: 2.5%)
- Terms of Loan - fully amortizing, equal payments, 20 years, end of period, annual payments
- Total Principal and Interest per year = \$ 958,037.
- 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 801-2003

Meeting Date: October 21, 2003

From: Mayor

Subject: AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE,  
ALASKA, AUTHORIZING AND PROVIDING FOR THE  
BORROWING OF NOT TO EXCEED \$14,935,300 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 **\$14,935,300** to be used specifically for financing a portion of the costs of the following AWWU projects included in the Alaska Drinking Water Fund FY04 Intended Use Plan:

Girdwood Water Improvements	\$1,635,300
Anchorage Loop Water Transmission Main Phase IV	\$5,000,000
SCADA – Water	\$5,000,000
Water Improvement Districts	\$ 200,000
Creekside Water Improvements – Phase I	\$3,100,000

THE ADMINISTRATION RECOMMENDS APPROVAL OF ANCHORAGE ORDINANCE NO. AO 2003-146 AUTHORIZING AND PROVIDING FOR THE BORROWING OF NOT TO EXCEED \$14,935,300 FROM THE STATE OF ALASKA DRINKING WATER FUND FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS OF VARIOUS WATER CAPITAL IMPROVEMENT PROJECTS.

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



## Content Information

**Content ID :** 001107

**Title:** AUTHORIZING AND PROVIDING FOR THE BORROWING FROM THE STATE OF ALASKA DRINKING WATER FUND OF AN AGGREGATE AMOUNT NOT TO EXCEED \$14,935,300 FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS OF VARIOUS WATER CAPITAL IMPROVEMENT PROJECTS IN THE MUNICIPALITY

**Initiating Dept:** AWWU

**Description:** water capital improvements (\$14,935,300)

**Date Prepared:** 9/8/03 10:40 AM

**Director Name:** Mark Premo

**Document Number:** AO 2003-146

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

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

## 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	9/8/03 10:42 AM	Checkin	gibsonam	Public	001107
AWWU_SubWorkflow	9/8/03 10:43 AM	Approve	premomc	Public	001107
OMB_SubWorkflow	9/17/03 5:43 PM	Approve	wiltsep	Public	001107
Legal_SubWorkflow	9/18/03 4:59 PM	Approve	fehlenrl	Public	001107
MuniManager_SubWorkflow	10/9/03 3:21 PM	Approve	leblancdc	Public	001107
MuniMgrCoord_SubWorkflow	10/10/03 1:52 PM	Approve	katkusja	Public	001107

INTRODUCTION



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