

CLERK'S OFFICE

APPROVED

Date: 12-7-04

ANCHORAGE, ALASKA

AO No. 2004- 155

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 AGGREGATE AMOUNT NOT TO EXCEED \$15,778,000 FOR THE PURPOSE**  
4 **OF FINANCING A PORTION OF THE COSTS OF VARIOUS AWWU SEWER**  
5 **IMPROVEMENTS PROJECTS IN THE MUNICIPALITY, AND PROVIDING FOR RELATED**  
6 **MATTERS.**

7  
8  
9 WHEREAS, the State of Alaska (the "State") has, pursuant to Alaska Statutes 46.03.032  
10 and 18 AAC 76.005 et seq of the Alaska Administrative Code, established the Alaska Clean  
11 Water Fund (the "Fund"), a fund which makes use of U.S. Government grants as authorized by  
12 the Clean Water Act, as amended by P.L. 100-4; and

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

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

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

24  
25 WHEREAS, the Assembly of the Municipality has determined and does hereby  
26 determine that it is necessary to proceed to plan, design, develop, construct, equip, acquire  
27 property for, or otherwise obtain items of capital improvements in connection with the following  
28 AWWU sewer improvements projects listed in the Alaska Clean Water approved FY05  
29 Intended Use Plan:

30		
31	<b>Asplund WWTF Process Improvements</b>	<b>\$4,200,000</b>
32	<b>A-4-B (Minnesota/Dowling)</b>	<b>\$900,000</b>
33	<b>C(F) Turnagain Int. 30" Sewer Upgrade</b>	<b>\$707,000</b>
34	<b>C-2 (A, B) Sewer Upgrade</b>	<b>\$1,700,000</b>
35	<b>Chester Creek Interceptor</b>	<b>\$1,310,000</b>
36	<b>Eagle River WWTF Warm Storage Building</b>	<b>\$432,000</b>
37	<b>Lower Fire Lake Dam Sewer</b>	<b>\$304,000</b>
38	<b>Old Glenn Highway Interceptor</b>	<b>\$1,000,000</b>
39	<b>Oregon &amp; Lois @ 36th Sewer</b>	<b>\$175,000</b>
40	<b>San Ernesto Hoyt-San Antonio Sewer Upgrade</b>	<b>\$243,000</b>
41	<b>SCADA - Sewer</b>	<b>\$4,000,000</b>
42	<b>Security Improvements - Sewer</b>	<b>\$432,000</b>
43	<b>Sewer District Improvements</b>	<b>\$200,000</b>
44	<b>Wyoming &amp; Lois @ 36th Sewer</b>	<b>\$175,000;</b>

45 and

1 WHEREAS, it is deemed necessary and advisable and in the best interests of the  
2 Municipality and its inhabitants that final applications be submitted and such other actions as  
3 may be necessary be taken to borrow a total aggregate amount not to exceed **\$15,778,000**  
4 from the Fund for the purpose of paying a portion of the costs associated with said Projects.

5  
6 NOW THEREFORE, the Municipality of Anchorage ordains:

7  
8 Section 1. Definitions. As used in this Ordinance, unless a different meaning clearly  
9 appears from the context:

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

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

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

43  
44 Section 2. Purpose. The purpose of this Ordinance is to authorize the borrowing of a  
45 total aggregate amount not to exceed **\$15,778,000** from the Fund in the form of loans to  
46 provide funds to pay a portion of the capital costs of the Projects and to fix certain details of  
47 said loans.

48  
49 Section 3. Authority for Ordinance. The Assembly has ascertained and hereby  
50 determines that each and every matter and thing as to which provision is made in this  
51 Ordinance is necessary in order to carry out and effectuate the purposes of the Municipality in

1 accordance with the Constitution and statutes of the State of Alaska, and the Home Rule  
2 Charter of the Municipality, and to incur the indebtedness authorized by this Ordinance.

3  
4 Section 4. Obligation of Loans. The obligation to repay the loans authorized by this  
5 Ordinance shall not be a direct and general obligation of the Municipality and neither the faith  
6 and credit nor the taxing power of the Municipality is pledged to the payments of the principal  
7 of and interest on the loans. The Gross Revenues less the Operating Expenses of the System  
8 are hereby pledged to repayment of the loans authorized by this Ordinance.

9  
10 Section 5. Authorization of Loans and Purpose of Issuance. For the purpose of  
11 providing a portion of the funds required to pay the cost of the Projects described herein, and  
12 to pay all costs incidental thereto, the Municipality hereby authorizes and determines to borrow  
13 moneys from the Fund in the form of loans in an aggregate principal amount not to exceed  
14 **\$15,778,000** for the specified construction projects.

15  
16 Section 6. Loan Applications. The General Manager of the Anchorage Water &  
17 Wastewater Utility ("AWWU") is hereby authorized and directed to complete and submit to the  
18 State Department of Environmental Conservation applications to borrow moneys from the  
19 Fund for the purposes of paying a portion of the costs of the Projects as authorized in this  
20 Ordinance.

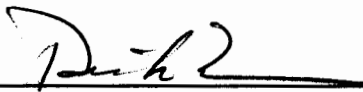
21  
22 Section 7. Negotiation of Terms and Approval of Amount, Interest Rates, Maturities and  
23 Other Details of Loans. The General Manager of AWWU shall negotiate with the State and the  
24 Assembly shall by resolution approve the total amount of the loans to be entered into for the  
25 Projects; the interest rate, as defined by 18AAC76.080(b)(1) "for a contract term of five to 20  
26 years, accrual of finance charges begins one year after the date of the first payment to the  
27 borrower; the department will assess a finance charge at a rate of two and one-half percent of  
28 the total amount of financial assistance disbursed, or 30 percent of the current bond rate as  
29 defined by the Municipal Bond Index, whichever is higher"; the interest and principal payment  
30 dates, the maturities, which shall not exceed 20 years, and any other details of the loans.

31  
32 Section 8. Authority of Officers. The Mayor, the Acting Mayor from time to time, the  
33 Municipal Manager, the Chief Fiscal Officer, the General Manager of AWWU, the Municipal  
34 Clerk and the Acting Municipal Clerk from time to time, are, and each of them hereby is,  
35 authorized and directed to do and perform all things and determine all matters not determined  
36 by this Ordinance, or to be determined by a subsequent ordinance or resolution of the  
37 Municipality, to this end that the Municipality may carry out its obligations under the loans and  
38 this Ordinance.

39  
40 Section 9. Severability. If any one or more of the covenants and agreements provided  
41 in this Ordinance to be performed on the part of the Municipality shall be declared by any court  
42 of competent jurisdiction to be contrary to law, then such covenant and agreements shall be  
43 null and void and shall be deemed separable from the remaining covenant and agreement in  
44 this Ordinance and shall in no way affect the facility of the other provisions of this Ordinance or  
45 of the loans entered into pursuant to this Ordinance.

46  
47 Section 10. Effective Date. This Ordinance shall take effect immediately.

PASSED AND APPROVED by the Anchorage Assembly this 7<sup>th</sup> day of  
December, 2004.

  
Chairman

ATTEST:

  
Municipal Clerk

MUNICIPALITY OF ANCHORAGE  
Summary of Economic Effects - Utilities

AO Number: 2004-155 Title: An Ordinance authorizing and providing for \$15,778,000 from the State of Alaska Clean Water Fund to pay a portion of the cost of various wastewater capital

Sponsor:  
Preparing Agency: Anchorage Water & Wastewater Utility Others:

CHANGES IN EXPENDITURES AND REVENUES (Thousands of dollars)

Operating Revenues:	FY04	FY05	FY06
TOTAL OPERATING REVENUES:			
Operating Expenses:			
TOTAL OPERATING EXPENSES:			
Non-Operating Revenues:			
TOTAL NON-OPERATING REVENUES:			
Non-Operating Expenses:			
Interest Expense	394	379	363
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)

- Public Sector Economic Effects:
- Interest expense is 30 percent of the current bond rate as defined by the Municipality of Anchorage, Alaska, 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 = \$ 1,012,113
  - 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

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 847-2004

Meeting Date: November 16, 2004

From: Mayor

Subject: **AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA,  
AUTHORIZING THE BORROWING AND PROVIDING FOR THE  
BORROWING OF NOT TO EXCEED \$15,778,000 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 **\$15,778,000** to be used specifically for financing a portion of the costs for the following AWWU projects included in the Alaska Clean Water Fund FY05 Intended Use Plan:

Asplund WWTF Process Improvements	\$4,200,000
A-4-B (Minnesota/Dowling)	\$900,000
C(F) Turnagain Int. 30" Sewer Upgrade	\$707,000
C-2 (A, B)	\$1,700,000
Chester Creek Interceptor	\$1,310,000
Eagle River WWTF Warm Storage Building	\$432,000
Lower Fire Lake Dam Sewer	\$304,000
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Oregon & Lois @ 36th Sewer	\$175,000
San Ernesto Hoyt-San Antonio Sewer Upgrade	\$243,000
SCADA - Sewer	\$4,000,000
Security Improvements - Sewer	\$432,000
Sewer District Improvements	\$200,000
Wyoming & Lois @ 36th Sewer	\$175,000

**THE ADMINISTRATION RECOMMENDS APPROVAL OF ANCHORAGE ORDINANCE AO 2004- 155 AUTHORIZING AND PROVIDING FOR THE BORROWING OF NOT TO EXCEED \$15,778,000 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 :** 002308

AUTHORIZING AND PROVIDING FOR THE BORROWING FROM THE  
STATE OF ALASKA CLEAN WATER FUND OF AN AGGREGATE  
**Title:** AMOUNT NOT TO EXCEED \$15,778,000 FOR THE PURPOSE OF  
FINANCING A PORTION OF THE COSTS OF VARIOUS AWWU  
SEWER IMPROVEMENTS PROJECTS IN THE MUNICIPALITY

**Author:** gibsonam**Initiating Dept:** AWWU**Review Depts:** Finance**Date Prepared:** 10/26/04 3:36 PM**Director Name:** Mark Premo**Assembly****Meeting Date** 11/16/04**MM/DD/YY:****Public Hearing****Date** 12/7/04**MM/DD/YY:**

2004 NOV - 8 PM 2:10  
RECEIVED OFFICE

**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	10/26/04 3:37 PM	Checkin	gibsonam	Public	002308
AWWU_SubWorkflow	10/26/04 3:42 PM	Approve	premomc	Public	002308
OMB_SubWorkflow	10/27/04 5:05 PM	Approve	pearcydl	Public	002308
AllOrdinanceWorkflow	10/28/04 11:13 AM	Reject	gatesdt	Public	002308
AllOrdinanceWorkflow	10/28/04 3:56 PM	Checkin	gibsonam	Public	002308
AWWU_SubWorkflow	10/28/04 3:58 PM	Approve	premomc	Public	002308
Finance_SubWorkflow	10/29/04 10:34 AM	Approve	sinzje	Public	002308
OMB_SubWorkflow	11/2/04 11:20 AM	Approve	pearcydl	Public	002308
Legal_SubWorkflow	11/2/04 3:09 PM	Approve	gatesdt	Public	002308
MuniManager_SubWorkflow	11/4/04 9:23 PM	Approve	leblancdc	Public	002308
MuniMgrCoord_SubWorkflow	11/8/04 8:08 AM	Approve	katkusja	Public	002308