

Submitted by: Chairman of the Assembly at the
Request of the Mayor
Prepared by: Anchorage Water & Wastewater Utility
For reading: November 16, 2004

CLERK'S OFFICE

APPROVED

Date: 12-7-04 ANCHORAGE, ALASKA
AO No. 2004-156

**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 \$7,643,000 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 AWWU water improvements projects listed in the Alaska Drinking Water approved FY05 Intended Use Plan:

Hiland Road Water Intertie, Phase II	\$2,162,000
Old Glenn Highway Water Extension	\$2,128,000
Knik View/CUI Intertie	\$862,000
Dimond: Cache-Campbell Water Upgrade	\$733,000
E Bluff Road Water Upgrade	\$600,000
Security Improvements - Water	\$432,000
Hoyt-San Antonio Water Upgrade	\$310,000
Island-Kodiak-Kalgin Water Upgrade	\$216,000
Water Improvement Districts	\$200,000;

and

1 WHEREAS, it is deemed necessary and advisable and in the best interests of
2 the Municipality and its inhabitants that a final application be submitted and such
3 other actions as may be necessary be taken to borrow an amount not to exceed
4 **\$7,643,000** from the Fund for the purpose of financing a portion of the costs
5 associated with said Projects.

6
7 NOW THEREFORE, the Municipality of Anchorage ordains:
8

9 Section 1. Definitions. As used in this Ordinance, unless a different meaning
10 clearly appears from the context:
11

12 "Gross Revenues" means all rates and charges and other income, in each
13 case derived by or for the account of the Municipality, from the ownership, leasing
14 or operation of the System except proceeds from the sale of bonds or notes, any
15 grants received for the Anchorage Water Utility, and interest received and profits
16 derived from the investment of moneys obtained from such sources or from
17 moneys held in any fund to pay or secure the payment of any bonds or notes
18 issued in connection with the System. For the purposes of this Ordinance, Gross
19 Revenues shall not include allowance for funds used during construction.
20

21 "Operating Expenses" means the current expenses incurred for operation,
22 maintenance or repair of the System of a non-capital nature, and shall include,
23 without limiting the generality of the foregoing, water purchase agreements, source
24 of supply expenses, water treatment, transmission and distribution expenses, fuel
25 and electricity expenses, chemical expenses, customer accounts expenses,
26 administrative and general expenses, insurance premiums, lease rentals, legal,
27 regulatory, and engineering expenses, payments to pension, retirement, group life
28 insurance, health and hospitalization funds or other employee benefit funds which
29 are properly chargeable to current operations, interest on customers' deposits,
30 payroll tax expenses, Municipal Utility Service Assessments or any assessment
31 levied in lieu of municipal taxes and any other expenses required to be paid under
32 the provisions of this Ordinance or by law or permitted by standard practices for
33 public utility systems similar to the properties and business of the System (adjusted
34 to reflect public ownership) and applicable in the circumstances. Operating
35 Expenses shall not include any allowances for depreciation or amortization or any
36 principal, redemption price or purchase price of, or interest on, any obligations of
37 the Municipality incurred in connection with and payable from Gross Revenues.
38

39 "System" means the existing water utility system of the Municipality as the
40 same will be added to, improved and extended as authorized and provided in this
41 Ordinance, and as the same may be added to, improved and extended for as long
42 as the loan authorized by this Ordinance is outstanding, but shall not include such
43 water supply, treatment, transmission and distribution facilities that may be
44 hereafter purchased, constructed or otherwise acquired by the Municipality as a
45 separate water utility system, the revenues of which may be pledged to the
46 payment of bonds or notes issued to purchase, construct or otherwise acquire and

1 improve such separate system. The term System shall also include the wastewater
2 system of the Municipality if hereafter combined with the water utility.

3
4 "Lien Revenue Bonds" means all publicly marketed revenue bonds or other
5 obligations issued by the Municipality having a lien on net revenue (Gross
6 Revenues less Operating Expenses).

7
8 Section 2. Purpose. The purpose of this Ordinance is to authorize the
9 borrowing of not to exceed **\$7,643,000** from the Fund in the form of a loan to
10 provide funds to finance a portion of the capital costs of the Projects and to fix
11 certain details of said loan.

12
13 Section 3. Authority for Ordinance. The Assembly has ascertained and
14 hereby determines that each and every matter and thing as to which provision is
15 made in this Ordinance is necessary in order to carry out and effectuate the
16 purposes of the Municipality in accordance with the Constitution and statutes of the
17 State of Alaska, and the Home Rule Charter of the Municipality, and to incur the
18 indebtedness authorized by this Ordinance.

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

27
28 Section 5. Authorization of Loan and Purpose of Issuance. For the purpose
29 of providing a portion of the funds required to pay the cost of the Projects described
30 herein, and to pay all costs incidental thereto, the Municipality hereby authorizes
31 and determines to borrow money from the Fund in the form of a loan in an
32 aggregate principal amount not to exceed **\$7,643,000**.

33
34 Section 6. Loan Application. The General Manager of the Anchorage Water
35 & Wastewater Utility ("AWWU") is hereby authorized and directed to complete and
36 submit to the State Department of Environmental Conservation an application to
37 borrow money from the Fund for the purpose of financing a portion of the costs of
38 the Projects as authorized in this Ordinance.

39
40 Section 7. Negotiation of Terms and Approval of Amount, Interest Rates,
41 Maturities and Other Details of Loans. The General Manager of AWWU shall
42 negotiate with the State and the Assembly shall by resolution approve the total
43 amount of the loan to be entered into for the Projects; the interest rate, as defined
44 by 18AAC76.080(b)(1) "for a contract term of five to 20 years, accrual of finance
45 charges begins one year after the date of the first payment to the borrower; the
46 department will assess a finance charge at a rate of two and one-half percent of the
47 total amount of financial assistance disbursed, or 30 percent of the current bond

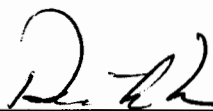
1 rate as defined by the Municipal Bond Index, whichever is higher"; the interest and
2 principal payment dates, the maturities, which shall not exceed 20 years, and any
3 other details of the loan.

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

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

20
21 Section 10. Effective Date. This Ordinance shall take effect immediately.

22
23 PASSED AND APPROVED by the Anchorage Assembly this 7th day of
24 December, 2004.

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28
29 
Chairman

30
31 ATTEST:

32
33
34 
35 Municipal Clerk

SUMMARY OF ECONOMIC EFFECTS

AO Number: **2004- 156** Title: **An Ordinance authorizing and providing for the borrowing of a total amount not to exceed \$7,643,000 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'04	FY'05	FY'06	FY'07	FY'08
TOTAL OPERATING REVENUES:					
Operating Expenses:					
TOTAL OPERATING EXPENSES:					
Non-Operating Revenues:					
TOTAL NON-OPERATING REVENUES:					
Non-Operating Expenses:	191	184	176	168	160
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 = \$ 490,277.
- 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, A WWU

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 848-2004

Meeting Date: November 16, 2004

From: Mayor

Subject: AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE,
ALASKA, AUTHORIZING AND PROVIDING FOR THE
BORROWING OF NOT TO EXCEED \$7,643,000 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 **\$7,643,000** to be used specifically for financing a portion of the costs of the following AWWU projects included in the Alaska Drinking Water Fund FY05 Intended Use Plan:

Hiland Road Water Intertie, Phase II	\$2,162,000
Old Glenn Highway Water Extension	\$2,128,000
Knik View/CUI Intertie	\$862,000
Dimond: Cache-Campbell Water Upgrade	\$733,000
E Bluff Road Water Upgrade	\$600,000
Security Improvements - Water	\$432,000
Hoyt-San Antonio Water Upgrade	\$310,000
Island-Kodiak-Kalgin Water Upgrade	\$216,000
Water Improvement Districts	\$200,000

THE ADMINISTRATION RECOMMENDS APPROVAL OF ANCHORAGE ORDINANCE NO. AO 2004-¹⁵⁶ AUTHORIZING AND PROVIDING FOR THE BORROWING OF NOT TO EXCEED \$7,643,000 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 :** 002307

Title: AUTHORIZING AND PROVIDING FOR THE BORROWING FROM THE STATE OF ALASKA DRINKING WATER FUND OF AN AGGREGATE AMOUNT NOT TO EXCEED \$7,643,000 FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS OF VARIOUS WATER CAPITAL IMPROVEMENT PROJECTS IN THE MUNICIPALITY

Author: gibsonam**Initiating Dept:** AWWU**Select Routing:** All Ordinances AO**Review Depts:** Finance**Date Prepared:** 10/26/04 3:29 PM**Director Name:** Mark Premo**Assembly****Meeting Date** 11/16/04**MM/DD/YY:****Requested ublic****Hearing Date** 12/7/04**MM/DD/YY:**

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2004 NOV -0 PM 2:10

2004 NOV -0 PM 2:10

11/16/04

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 3:35 PM	Checkin	gibsonam	Public	002307
AWWU_SubWorkflow	10/26/04 3:41 PM	Approve	premomc	Public	002307
AllOrdinanceWorkflow	10/28/04 11:00 AM	Reject	pearcydl	Public	002307
AllOrdinanceWorkflow	10/28/04 3:57 PM	Checkin	gibsonam	Public	002307
AWWU_SubWorkflow	10/28/04 3:58 PM	Approve	premomc	Public	002307
Finance_SubWorkflow	10/29/04 10:35 AM	Approve	sinzje	Public	002307
OMB_SubWorkflow	11/2/04 11:21 AM	Approve	pearcydl	Public	002307
Legal_SubWorkflow	11/2/04 11:54 AM	Approve	gatesdt	Public	002307
MuniManager_SubWorkflow	11/4/04 9:29 PM	Approve	leblancdc	Public	002307
MuniMgrCoord_SubWorkflow	11/8/04 8:07 AM	Approve	katkusja	Public	002307