

CLERK'S OFFICE
AMENDED AND APPROVED
Date: 9-13-05

ANCHORAGE, ALASKA

No. AO 2005-107

1 AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE TO ADOPT A NEW TITLE 31
2 TO PROVIDE FOR INDEPENDENT OPERATION AND MANAGEMENT OF THE ANCHORAGE
3 WATER AND WASTEWATER UTILITY, AND AMENDING CHAPTERS 4.70, 4.80, 26.10 AND
4 26.50 FOR CONSISTENCY WITH NEW TITLE 31.
5

6
7 THE ANCHORAGE ASSEMBLY ORDAINS:
8

9 **Section 1:** Anchorage Municipal Code is amended to enact a new title 31 to read as follows:
10

11 **TITLE 31**

12 **ANCHORAGE WATER AND WASTEWATER UTILITY**
13

14 **Chapters**

- 15 **31.10 General Provisions.**
16 **31.20 Operation and Management of the Utility.**
17 **31.30 Personnel.**
18 **31.40 Miscellaneous Provisions.**
19

20 **Chapter 31.10 GENERAL PROVISIONS.**
21

- 22 **31.10.010 Establishment.**
23 **31.10.020 Governing Body.**
24 **31.10.030 Powers of the Board of Directors.**
25 **31.10.040 Meetings of the Board of Directors.**
26 **31.10.050 Definitions.**
27

28
29 **31.10.010 Establishment.**
30

31 There is established the Anchorage Water and Wastewater Utility, a public corporate authority of
32 the municipality. The Utility is an instrument of the municipality, but exists independently of and
33 separately from the municipality. The Utility shall continue to exist until terminated by ordinance.
34 When the Utility's existence is terminated, all of its rights, assets and properties shall pass to the
35 municipality.
36

37
38 **31.10.020 Governing Body.**
39

- 40 A. The Anchorage Water and Wastewater Utility shall be governed by a Board of Directors
41 consisting of seven (7) members. All Directors shall be citizens of the United States, and
42 residents of and registered voters in the Municipality of Anchorage. At least five (5) of
43 the Directors shall be customers of the Anchorage Water and Wastewater Utility, and one

1 Director shall be an employee of the municipality. Board members shall be qualified as
2 follows:

- 3
4 1. One (1) member shall be a member in good standing of the Alaska Bar **with**
5 **experience in utility matters;**
6
7 2. One (1) member shall be a registered professional engineer in Alaska **with**
8 **experience in utility matters;**
9
10 3. One (1) member shall have experience in finance, accounting, or business
11 administration **with experience in utility matters;**
12
13 4. One (1) member shall be a public health professional;
14
15 5. One (1) member shall be a municipal employee;
16
17 6. Two (2) members shall be at large.

18
19 B. Directors shall serve staggered terms, and shall be appointed to office by the Mayor and
20 confirmed by the Assembly. The first term lengths shall be as follows:

- 21
22 Seat 1: 1 year
23 Seat 2: 2 years
24 Seat 3: 2 years
25 Seat 4: 3 years
26 Seat 5: 4 years
27 Seat 6: 4 years
28 Seat 7: 5 years

29
30 After the first term, terms for each seat shall be five (5) years.

31
32 C. When transmitting to the Assembly for confirmation the name of appointees to the Board,
33 the Mayor shall cause a notice of a ten (10) day comment period inviting public comment
34 on the qualifications of such appointees to be published in a newspaper of general
35 circulation in the municipality. The notice shall state that comments must be in writing,
36 and must be filed with the municipal clerk. Upon receipt of such comments, the
37 municipal clerk shall forward the comments to the Mayor and the Assembly. The
38 Assembly shall take no action on confirmation of the appointees until after the close of
39 the public comment period.

40
41 D. Any director may be removed upon a vote of at least eight members of the assembly, or a
42 vote of at least six members of the assembly and concurrence of the mayor given within
43 seven days after the assembly's action. The Board shall adopt ethical standards for
44 Directors substantially similar to chapter 1.15 in its By-laws.

45
46 E. The General Manager of the Utility shall not be a Director, but shall serve as executive
47 secretary and staff to the Board.

1
2 F. The compensation for the Anchorage Water and Wastewater Utility Board of Directors
3 shall be determined by the Commission on Salaries and Emoluments in the same manner
4 as provided for elected officials in charter section 5.08.

5
6 G. Except as may be inconsistent with the provisions of this title, chapter 4.05 shall apply to
7 the Board.
8

9
10 **31.10.030 Powers of the Board of Directors.**

11
12 A. In connection with the operation and management of the Anchorage Water and
13 Wastewater Utility, the Board of Directors shall operate and manage the Utility and in
14 general may exercise any power unless otherwise provided in the Charter, the code, or
15 prohibited by State law.
16

17 B. The Board may also:

18
19 1. Adopt a seal;

20
21 2. Sue and be sued;

22
23 3. Annually review the compensation of Utility employees, and set compensation
24 levels of General Manager and Utility Division Directors in accordance with
25 chapter 31.30; provided that the compensation of the General Manager shall be
26 approved by the Mayor.
27

28 4. Formulate and adopt policies, and forward proposed rules and policies to the
29 Assembly for approval where required;
30

31 5. Adopt, amend and repeal bylaws for the Board's internal organization and
32 activities; by-laws regarding notice of meetings shall be consistent with the
33 charter and section 1.25.015;
34

35 6. Operate, manage, and control, Utility land, plant, facilities, and personal property
36 in accordance with general standards common to utilities, whether public or
37 private, providing the same utility service subject to title 25;
38

39 7. Provide for and manage all of the Utility's human resource, payroll, treasury,
40 accounts receivable, accounts payable, purchasing, contracting, and other
41 operational or business functions;
42

43 8. Obtain rights of way necessary or desirable to the Utility's services, subject to
44 title 25;
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46 9. Municipal attorney shall advise and assist the authority on legal matters; the
47 Board may obtain other appropriate non-legal professional services as required;
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10. Investigate, study and plan Utility facility requirements and service conditions;
11. Plan and implement the Utility’s capital improvement and maintenance strategy and operations;
12. Coordinate with Risk Management Division to obtain appropriate insurance coverage for Utility property and operations;
13. Set tariff rates and fees for products and services provided by the Utility, subject to approval by the Assembly;
14. Establish appropriate and reasonable tariff rules for the Utility. The existing tariff rules, approved by the Regulatory Commission of Alaska as of the effective date of this section, shall continue in force until changed by the Board;
15. Adjudicate formal complaints not resolved by the Utility itself;
16. Purchase or otherwise acquire other water or wastewater utilities, subject to title 25 and Assembly approval;
17. Recommend to the Assembly revisions to the code the Board deems necessary or desirable for the efficient operation of the Utility or for the benefit of its customers; and
18. Take all other actions under law it deems necessary to ensure the independent operation and management of the Utility, subject to applicable charter and code provisions.

- C. The Board may exercise the power of eminent domain on behalf of the Utility only with prior approval by the Assembly, or if required for an emergency declaration by the Mayor, in accordance with title 25.
- D. The Board may sell or dispose of Utility real property, subject to prior approval of the Assembly. Title 25 shall apply to any sale or disposition of Utility real property.
- E. The Board may acquire real property on behalf of the Utility, subject to prior approval of the Assembly. Title 25 shall apply to any acquisition of real property for the Utility by the Board.
- F. Changes to the Utility’s tariff shall become effective only after notice, consistent with chapter 1.25, subject to section 31.20.030, *Rates, Fees, and Charges*, unless necessary to protect public health or safety.

31.10.040 Meetings of the Board of Directors.

- A. At its first meeting and annually thereafter, the Board shall elect a Chairman and a Vice Chairman. The Chairman and Vice Chairman shall serve until their successors are duly

1 elected or appointed.

- 2
- 3 B. The Board shall meet at least once per month. Additional meetings shall be at the call of
4 the Chairman or the General Manager.
- 5 C. Procedures for calling special meetings of the Board shall be set in the Board's Bylaws,
6 and all Board meeting notice procedures shall be consistent with the charter and
7 section 1.25.015.
- 8
- 9 D. Four (4) Directors shall constitute a quorum for doing business at any meeting of the
10 Board, unless there be less than seven (7) Directors in office, in which case a quorum
11 shall be a majority of the Directors then in office.
- 12

13

14 **31.10.050 Definitions.**

15

16 The following words, terms and phrases, when used in this title, shall have the meanings ascribed
17 to them in this section:

18

19 *ASU* means Anchorage Wastewater Utility.

20

21 *AWU* means Anchorage Water Utility.

22

23 *Board or Board of Directors* means Board of Directors of the Anchorage Water and Wastewater
24 Utility.

25

26 *Director* means a member of the Board of Directors of the Anchorage Water and Wastewater
27 Utility.

28

29 *General Manager* means the General Manager of the Anchorage Water and Wastewater Utility.

30

31 *Utility* means Anchorage Water and Wastewater Utility, which includes both AWU and ASU.

32

33 *Utility Division Director* means AWWU Authority division manager.

34

35 *Windfall condition* means large profits received by the Utility from non-typical Utility
36 transactions including, but not limited to, sale of land, facilities, large equipment.

37

38

39 **Chapter 31.20 OPERATION AND MANAGEMENT OF THE AUTHORITY**

40

- 41 **31.20.010 Fiscal Management.**
- 42 **31.20.020 Dividend to the Municipality.**
- 43 **31.20.030 Rates, Fees, and Charges.**
- 44 **31.20.040 Utility Budget.**
- 45 **31.20.050 Municipal Utility Service Assessment.**
- 46 **31.20.060 Utility Borrowing.**
- 47 **31.20.070 Grants to the Utility.**
- 48 **31.20.080 Utility Audit.**

- 1 **31.20.090 Annual Report.**
- 2 **31.20.100 Purchasing and Contracts.**
- 3 **31.20.110 Assessments for Improvements.**
- 4 **31.20.120 Complaints and Appeals.**

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6

7 **31.20.010 Fiscal Management.**

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9 The chief fiscal officer shall be advisor to the authority regarding its financial affairs, including
10 but not limited to establishing and maintaining the authority's funds. The chief fiscal officer,
11 auditors appointed by the chief fiscal officer, and the internal auditor may examine and audit the
12 books and records of the authority regarding its financial affairs, and the chief fiscal officer and
13 the internal auditor may make recommendations to the authority, the mayor and the assembly
14 regarding the authority's financial affairs. The chief fiscal officer shall be custodian of the
15 authority's funds.

16

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18 **31.20.020 Dividend to the Municipality.**

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- 20 A. ASU and AWU shall be operated in accordance with prevailing industry practices and in
21 a manner which shall provide dividends to the Municipality.
- 22
- 23 B. The Board shall make recommendations to the Assembly regarding dividend payments by
24 ASU and/or AWU to the municipality from the previous year, after the audited financial
25 statements of ASU and AWU for that previous year are approved by the Assembly and
26 the Board. Dividends may be paid by ASU and/or AWU when dividends do not degrade
27 the financial health, system integrity, and stability of ASU or AWU. Dividends shall be
28 made when all the following conditions are met:
- 29
- 30 1. No adverse effect upon paying utility debt service and/or bond covenants;
 - 31
 - 32 2. Achievement and projected future maintenance of debt-to-equity ratios of 65/35
33 or better for the paying utility;
 - 34
 - 35 3. Maintaining at least 180 days operational cash reserves after the dividend payout
36 for both ASU and AWU;
 - 37
 - 38 4. Dividend payments by ASU or AWU does not exceed fifty percent (50%) of the
39 paying utility's net income for the year on which dividends are paid; and
 - 40
 - 41

42 Should the financial position of either ASU or AWU change due to a windfall condition, the
43 Board and Assembly may reevaluate the dividend distribution criteria.

44

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46 **31.20.030 Rates, Fees, and Charges.**

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- 48 A. The Board shall recommend tariff rates, fees, and charges imposed by the Utility for its

1 products and services to the Assembly for approval, and prior to seeking regulatory
2 approvals required under municipal, state and federal law;

3
4 B. The Board shall establish in its By-laws the procedures for setting the rates, fees, and
5 charges of the Utility. The procedures shall include a public hearing for each new or
6 changed rate, fee, charge, rule, regulation, or other tariff provision, and the opportunity
7 for one or more consumer advocates representing ratepayer interests to participate. These
8 procedures shall follow generally water and sewer utility industry standard practices for
9 municipally-owned utilities.

10
11 C. Tariff rate, fee, or charge adjustments recommended by the Board shall be submitted to
12 the Assembly either:

- 13
14 1. As part of the Utility's annual budget, after public notice and public hearing for
15 any associated tariff rate, fee, or charge adjustment prior to scheduled Assembly
16 budget hearings; or
17
18 2. Outside the annual budget process, after public notice and public hearing for
19 associated tariff rate, fee, or charge adjustment.

20
21 D. The Board may implement a recommended adjustment to tariff rates, fees, or charges
22 following Assembly approval of the Utility's budget, or Assembly approval of the
23 recommended adjustment, if the adjustment is being made outside the budget process.

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25
26 **31.20.040 Utility Budget.**

27
28 A. The Utility's annual budget, capital improvement budget, capital improvement program
29 and long range financial plan shall be prepared, submitted to the Mayor for approval by
30 the Assembly, in accordance with chapter 6.10.

31
32 B. The Utility shall have the power to expend funds within the budget approved by the
33 Assembly subject to appropriation.

34
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36 **31.20.050 ~~Municipal Utility Service Assessment.~~**

37
38 ~~Except for the 1.25% of gross revenues set forth in section 26.10.025D., the Utility shall be~~
39 ~~subject to the requirements of section 26.10.025 relating to municipal utility service assessment.~~
40 ~~Both contributed and non-contributed property and assets of the Utility shall be subject to the~~
41 ~~municipal utility service assessment and the Board shall allow the cost of the municipal utility~~
42 ~~service assessment to be collected in the Utility's rates.~~

43
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45 **31.20.060 Utility Borrowing.**

46
47 The Board of Directors may incur debt for the Utility subject to Article 15 of the charter, after
48 approval of the Assembly of the amount of the debt and the terms and conditions of the

1 borrowing.

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4 **31.20.070 Grants to the Utility.**

5
6 The Board shall have the power to accept grants to the municipality or the Utility for water and
7 wastewater projects or improvements, subject to appropriation by the Assembly and/or the
8 Mayor.

9
10
11 **31.20.080 Utility Audit.**

- 12
13 A. The Utility shall participate in the annual independent financial audit of the municipality
14 under chapter 6.40.
15
16 B. The Board may also commission an independent performance or management audit from
17 time to time.
18
19

20 **31.20.090 Annual Report.**

21
22 The Utility shall make available an annual report to the Mayor, the Assembly, and its customers
23 covering the operational and financial results from the previous year. The annual report shall be
24 issued not later than thirty (30) days following the publication of the municipality's
25 comprehensive annual financial report. The Utility shall annually make a Strategic Plan available
26 to the Mayor, the Assembly and its customers.
27

28
29 **31.20.100 Purchasing and Contracts.**

- 30
31
32 A. The Board shall use the same purchasing and contracting rules and policies for the Utility
33 contained in title 7, except that the Board shall appoint Utility employees to assume the
34 functions of the municipal purchasing office under title 7, purchasing officer under title 7,
35 and the Director of Public Works under section 7.15.060.
36
37
38 B. The Board shall have the powers of the Bidding Review Board under section 7.20.130
39 and the powers of the Mayor and the Assembly under title 7, except for the power of the
40 Assembly under section 7.15.100. The Board shall report quarterly all contract awards in
41 an informational memorandum to the Assembly.
42
43
44 C. The Utility may, at its discretion, negotiate and implement agreements for goods and
45 services with the municipality, subject to the terms of any transition plan adopted by the
46 Board and the Assembly.
47
48

31.20.110 **Assessment for Improvements.**

Assessments of property for the cost of Utility improvements shall be governed by title 19.

31.20.120 **Complaints and Appeals.**

The Board shall establish procedures for reviews of formal and informal complaints from customers, and for appeals of decisions on such complaints. A decision on a formal complaint, which decision was not made by the Board, may be appealed to the Board within thirty (30) days after notice of the decision has been mailed to the parties. Decisions of the Board on a formal complaint may be appealed to the Ombudsman within thirty (30) days after notice of the Board’s decision has been mailed to the parties. Appeals of authority decisions not received by the Board or the Ombudsman, as appropriate, within the time set forth herein shall be dismissed.

Chapter 31.30 **PERSONNEL**

31.30.010 **Board Powers on Employment Matters.**

31.30.020 **Appointment of the General Manager.**

31.30.030 **Utility Division Directors.**

31.30.010 **Board Powers on Employment Matters.**

A. The Board shall adopt and recommend to the Assembly for approval personnel rules applicable to executive, utility division directors and non-represented employees of the Utility. Represented employees shall only be subject to these rules to the extent allowed by their respective collective bargaining agreements or by law. The personnel rules in effect in title 3 shall remain applicable to Utility employees until such time new personnel rules are approved by the Assembly.

B. Subject to the approval of any agreements by the Assembly, the Board shall have the power to negotiate agreements with collective bargaining groups representing some or all of the Utility’s employees but not employees in other areas of municipal government or municipal enterprise activities. Collective bargaining agreements covering employees of the Utility in effect as of the effective date of this section shall remain in full force and effect in accordance with their respective terms.

31.30.020 **Appointment of the General Manager.**

A. The Mayor shall appoint the General Manager of the Utility, subject to confirmation by the Assembly. The General Manager shall serve at the pleasure of the Mayor. Prior to effective date of dismissal, the Mayor shall inform the Board of reason for dismissal of the General Manager. A majority of the Board may recommend dismissal of the General

1 Manager to the Mayor.

- 2
- 3 B. When a vacancy in the position of General Manager occurs, the board shall recommend to
- 4 the Mayor not less than three (3) qualified candidates for the position. The Mayor shall
- 5 appoint the General Manager from those candidates recommended by the Board.
- 6

7

8 **31.30.030 Utility Division Directors.**

9

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11 The executive Utility Division Managers referenced in chapter 3.30 shall become Utility Division

12 Directors.

- 13 a. The General Manager shall appoint Utility Division Directors subject to confirmation by
- 14 the Board.
- 15 b. Utility Division Directors shall serve at the pleasure of the General Manager and the
- 16 Board. The General Manager and a majority of the Board shall concur to dismiss a Utility
- 17 Division Director, except the General Manager may dismiss a Utility Division Director
- 18 for cause without concurrence of the Board.
- 19 c. For compensation, a Utility Division Director I is classified as a range 22E and a Utility
- 20 Division Director II is classified as a range 23E as defined in section 3.30.174.
- 21

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24 **Chapter 31.40 MISCELLANEOUS PROVISIONS.**

25

- 26 **31.40.010 Transition Plan.**
- 27 **31.40.020 Limitation on Liability.**
- 28 **31.40.030 Exemption from taxes.**
- 29

30

31 **31.40.010 Transition Plan.**

32

33 Within 180 days of the effective date of this section, the Board shall develop a transition plan and

34 forward it to the Assembly for approval. The transition plan may provide for the orderly

35 separation of the Utility's functions from those of the municipality generally. The transition plan

36 shall cover the first three years of Utility operations and shall be updated on an annual basis

37 during the term of the transition.

38

39

40 **31.40.020 Limitation on Liability.**

41

- 42 A. Any person who was or is a party or is threatened to be made a party to any threatened,
- 43 pending, or completed action, suit or proceeding, whether civil, criminal, administrative or
- 44 investigative, by reason of the fact that he or she is or was a Director, the General Manager,
- 45 an employee, or an agent of the Utility, shall be indemnified by the Utility to the fullest
- 46 extent permitted under Alaska state law, the Charter, or this code. Any determination
- 47 required or permitted to be made as to any indemnification shall, whenever appropriate and
- 48 permitted by applicable law, be made by a vote of a quorum consisting of disinterested

1 Directors. Any indemnification under this section shall not be deemed exclusive of any
2 other rights to which the person indemnified may be entitled under any provision of law or
3 otherwise, and shall continue as to a person who has ceased to be a Director, General
4 Manager, employee or agent of the Utility and shall inure to the benefit of the heirs,
5 executors and administrators of such person.

6
7 B. The Utility shall have power, except to the extent prohibited by state law, the charter or the
8 code, to purchase and maintain insurance covering official acts of any person who is or was
9 a Director, General Manager, or employee of the Utility arising out of such official position.

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11
12 **31.40.030 Exemption from taxes.**

13
14 The real and personal property of the Utility and its assets, income and receipts are declared to be
15 the property of a political subdivision of the state devoted to an essential public and governmental
16 function and purpose, and the property, assets, income, receipts shall be exempt from all
17 municipal taxes.

18
19
20 **Section 2:** Anchorage Municipal Code section 4.70.010 is amended as follows (*the remainder of the*
21 *section is not affected, and therefore not set out*):

22
23 **4.70.010 Generally.**

24
25 A. There are established the following municipal public utility commissions:

26
27 1 [2]. Municipal light and power commission for municipal light and power.
28 [WATER AND WASTEWATER COMMISSION FOR THE WATER UTILITY
29 AND WASTEWATER UTILITY.]

30
31 2 [3]. Solid waste services commission for solid waste services consisting of the
32 municipal refuse collections utility and solid waste disposal utility.

33
34 *** **

35
36 (CAC 2.64.450--2.64.470; AO No. 89-51(S-3); AO No. 91-142(S-1); AO No. 91-173(S))
37 *Cross references:* Municipal light and power commission, § 4.70.030.

38
39
40 **Section 3:** Anchorage Municipal Code section 4.70.020 is repealed in its entirety.

41
42
43 **Section 4:** Anchorage Municipal Code chapter 4.80 is amended to add a new section to read as
44 follows:

45
46 **4.80.020 Anchorage Water and Wastewater Utility Authority Board of**
47 **Directors.**

1
2 There is established an Anchorage Water and Wastewater Utility authority board of directors
3 with the powers and duties more particularly set forth in title 31.
4
5

6 **Section 5:** Anchorage Municipal Code chapter 26.10 is amended by adding a new section as follows:
7

8 **26.10.080 Applicability of chapter to Anchorage Water and Wastewater Utility.**
9

10 Sections 26.10.015, 26.10.065, and 26.10.075 shall not apply to the Anchorage Water and
11 Wastewater Utility.
12
13

14 **Section 6:** Anchorage Municipal Code section 26.50.390 is amended to read as follows:
15

16 **26.50.390 Right to administrative ruling or appeal.**
17

18 A. As long as no special order of the Utility has been issued, any user or any interested party
19 shall have the right to administrative procedures provided in:
20

21 1. T[t]he utility's tariff; or
22

23 2. I[i]n chapters 3.60, 14.30, and 14.40,
24

25 to challenge any grant or denial given under this chapter.
26

27 B. After exhausting administrative remedies, any user or interested party may appeal to the
28 RCA or to the superior court, depending on appropriate jurisdiction over the matter.
29

30 (AO No. 86-118, 9-4-86; AO No. 2000-129(S), § 23, 11-21-00)

31 *Note:* Formerly § 26.50.066.
32

33 **Section 7:** The effective dates of the various provisions of this ordinance shall be as follows:
34

35 A. Chapter 31.10, as set forth in Section 1 above, shall become effective immediately
36 upon passage and approval of this ordinance.
37

38 B. Chapter 31.20, as set forth in Section 1 above, shall become effective as follows:
39

40 1. Sections 31.20.040 and 31.20.050 shall become effective immediately
41 upon passage and approval of this ordinance;
42

43 2. Sections 31.20.020, 31.20.030, 31.20.060, 31.20.070, 31.20.080,
44 31.20.110, and 31.20.120 shall become effective on January 1, 2006; and
45

46 3. Sections 31.20.010, 31.20.090, Section 31.20.100 and 31.30.010B. shall
47 become effective on January 1, 2007.

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- C. Chapter 31.30, except for 31.30.010B., as set forth in Section 1 above, shall become effective on January 1, 2006.
- D. Chapter 31.40, as set forth in Section 1 above, shall become effective immediately upon passage and approval of this ordinance.
- E. Sections 2, 3 and 4, as set forth above, shall become effective immediately upon passage and approval of this ordinance.
- F. Sections 5 and 6, as set forth above, shall become effective on January 1, 2006.

Section 8: This enactment does not authorize the Assembly to assume the regulatory functions of the RCA unless the assumption of those functions is approved by subsequent ordinance.

PASSED AND APPROVED by the Anchorage Assembly this 13th day of September, 2005.

Anna L. Fairclough
Chair of the Assembly

ATTEST:
Brian S. [Signature]
Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects - General Government

AO Number: 2005 -107 Title: Adopt new Title 31 to provide independent operation and management of AWWU.
 Sponsor: AWWU
 Preparing Agency: Legal Department
 Others Impacted:

CHANGES IN EXPENDITURES AND REVENUES: (Thousands of Dollars)

	FY05	FY06	FY07	FY08
Operating Expenditures				
1000 Personal Services				
2000 Supplies				
3000 Other Services				
4000 Debt Service				
5000 Capital Outlay				

TOTAL DIRECT COSTS:	0	0	0*	0*
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6000 IGCs

FUNCTION COST:

REVENUES:	0	0	0*	0*
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CAPITAL:	0	0	0*	0*
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POSITIONS: FT/PT and Temp.

PUBLIC SECTOR ECONOMIC EFFECTS:

***The first expense or revenue impacts are expected in 2007 and will be dependent upon the transition plan which must be presented to the Assembly approximately 180 days after effective date of this AO. Future operating efficiency savings are expected to outweigh any operating increases as a result of this AO.**

PRIVATE SECTOR ECONOMIC EFFECTS:

Prepared by: _____ Telephone: **786-5506**

Validated by OMB: _____ Date: _____

Approved by: Mark Premo Date: July 8, 2005
 (Director, Preparing Agency)

MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 557 -2005

Meeting Date: August 9, 2005

1 **FROM:** Mayor

2
3 **SUBJECT:** AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE TO ADOPT A NEW
4 TITLE 31 TO PROVIDE FOR INDEPENDENT OPERATION AND MANAGEMENT OF
5 THE ANCHORAGE WATER AND WASTEWATER UTILITY
6

7 The attached Assembly Ordinance authorizes the Municipality of Anchorage to provide for the independent
8 operation and management of the Anchorage Water and Wastewater Utility (AWWU) and to establish
9 AWWU as a public corporate authority of the municipality.
10

11 AWWU is currently a well run utility with a consistently good track record. AWWU can be even a better
12 utility by changing the way it is governed. An Authority and Board of Directors type of governance has
13 proven to be an effective and efficient way to manage water and/or wastewater utilities in the United States.
14 Changing the way AWWU is managed will benefit the Municipality and Anchorage consumers.
15

16 Being more independent will support the implementation of best business practices that will enable more
17 efficient implementation of new programs or technologies. Establishing AWWU as an independent
18 authority will support the current legislative effort to self-regulate AWWU. The Authority Board will be
19 focused on one business enterprise, unlike the Assembly which has many issues for which it is responsible.
20 The Authority Board can be made up of experts in areas important to AWWU operations and can represent
21 a wide spectrum of viewpoints. The Authority Board can be focused on strong fiscal management and
22 sustaining system integrity. Customers will have better access to policy makers and there will be an
23 additional level of public hearings on budgets and rate increases.
24

25 The Board would consist of seven members serving staggered 5 year terms that are appointed by the Mayor
26 and confirmed by the Assembly. The board members would have to meet certain qualifications and could
27 only be removed upon a vote of at least eight members of the Assembly, or a vote of at least six members of
28 the Assembly and concurrence of the Mayor. Budgets, both operating and capital, and rate changes would
29 have to be approved after public hearings by both the Board and the Assembly. The Authority Board would
30 make expenditure decisions using the same rules and policies contained in title 7 within Assembly approved
31 appropriations and provide the Assembly a quarterly report of all Authority Board purchasing approvals.
32 Dividends could be paid if the financial health and system integrity and stability of the Utility are not
33 degraded. The Authority Board will develop a transition plan within 180 days of the effective date of this
34 ordinance for the first three years of operations and forward it to the Assembly for approval.
35

36 The Administration recommends approval of the Ordinance to provide for the independent operation and
37 management of the Anchorage Water and Wastewater Utility and to establish AWWU as a public corporate
38 authority of the municipality.
39

40 Recommended by: Mark Premo, P.E., General Manager, AWWU
41 Concur: Denis C. LeBlanc, Municipal Manager
42 Respectfully submitted: Mark Begich, Mayor

Requested by: Chairman of the AWWU
Advisory Commission

Prepared by: Anchorage Water and
Wastewater Utility

RESOLUTION OF THE AWWU ADVISORY COMMISSION
ANCHORAGE, ALASKA

A RESOLUTION RECOMMENDING THAT THE ASSEMBLY APPROVE THE ORDINANCE ADOPTING A NEW TITLE 31 TO PROVIDE FOR INDEPENDENT OPERATION AND MANAGEMENT OF THE ANCHORAGE WATER AND WASTEWATER UTILITY.

WHEREAS, the Anchorage Water and Wastewater Utility Advisory Commission believes that AWWU is a well run utility; and

WHEREAS, the Anchorage Water and Wastewater Utility Advisory Commission believes that AWWU can be an even better utility by changing the way it is governed; and

WHEREAS, the Anchorage Water and Wastewater Utility Advisory Commission's research determined that an independent authority structure is the governance model used by the nation's best utilities; and

WHEREAS, the Anchorage Water and Wastewater Utility Advisory Commission believes that an independent authority focused on one business enterprise governed by a board of experts will be more efficient and effective; and

WHEREAS, the Anchorage Water and Wastewater Utility Advisory Commission believes that an independent authority structure will support the implementation of best business practices, including the authority for purchasing and contracting; and

WHEREAS, the Anchorage Water and Wastewater Utility Advisory Commission supports the development of a transition plan providing for the orderly separation of the utility's functions from those of the Municipality generally; and

WHEREAS, the Anchorage Water and Wastewater Utility Advisory Commission's believes that an independent authority structure will support the legislative effort to self-regulate AWWU; and

WHEREAS, the Anchorage Water and Wastewater Utility Advisory Commission believes that an independent authority will provide better customer access to policy makers and the budget and rate approval processes.

NOW THEREFORE, BE IT RESOLVED that the Anchorage Water and Wastewater Utility Advisory Commission recommend approval of the proposed ordinance to provide for independent operating and management of the Anchorage Water and Wastewater Utility.

Passed this 18th day of July, 2005.

 Patricia Curl, Chair

Yeas 7, Nays 0, Abstain 0.

Content Information

Content ID : 003062

Type: Ordinance - AO

Title: AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE TO ADOPT A NEW TITLE 31 TO PROVIDE FOR INDEPENDENT OPERATION AND MANAGEMENT OF THE ANCHORAGE WATER AND WASTEWATER UTILITY

Author: curtiscr2

Initiating Dept: AWWU

Date Prepared: 7/12/05 3:49 PM

Director Name: Mark Premo

Assembly

Meeting Date 8/9/05

MM/DD/YY:

Public Hearing 9/13/05

Date MM/DD/YY:

2005 AUG - 1 AM 11:41
 M.O.A.
 CLERKS 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>
AWWU_SubWorkflow	7/12/05 3:51 PM	Approve	premomc	Public	003062
AllOrdinanceWorkflow	7/12/05 3:51 PM	Checkin	gibsonam	Public	003062
OMB_SubWorkflow	7/14/05 11:41 AM	Approve	mitsonjl	Public	003062
Legal_SubWorkflow	7/22/05 1:46 PM	Approve	fehlenrl	Public	003062
MuniManager_SubWorkflow	7/22/05 3:30 PM	Checkin	curtiscr2	Public	003062
MuniManager_SubWorkflow	7/29/05 3:01 PM	Approve	leblancdc	Public	003062
MuniMgrCoord_SubWorkflow	7/29/05 3:19 PM	Approve	abbottmk	Public	003062