

CLERK'S OFFICE

APPROVED

Date: 9/13/05

ANCHORAGE, ALASKA

No. AO 2005-111

1 AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA,
2 AUTHORIZING AND PROVIDING FOR THE BORROWING FROM THE STATE
3 OF ALASKA DRINKING WATER FUND OF AN AGGREGATE AMOUNT NOT TO
4 EXCEED \$2,500,000 FOR THE PURPOSE OF FINANCING A PORTION OF THE
5 COSTS OF THE GIRDWOOD WATER IMPROVEMENTS AND THE 88TH AVENUE
6 (PZ411) WATER TRANSMISSION MAIN PROJECTS IN THE MUNICIPALITY,
7 AND PROVIDING FOR RELATED MATTERS.
8

9
10 WHEREAS, the State of Alaska (the "State") has, pursuant to Alaska Statutes
11 46.03.036 and 18 AAC 76.200 *et seq* of the Alaska Administrative Code,
12 established the Alaska Drinking Water Fund (the "Fund"), a fund which makes use
13 of U.S. Government grants as authorized by the Safe Drinking Water Act,
14 Amendments of 1996, P. L. 104-182.
15

16 WHEREAS, the Municipality of Anchorage (the "Municipality") is eligible to
17 borrow from the Fund to assist in the planning, designing, constructing, equipping,
18 modifying, improving and expanding of public water treatment, transmission and
19 distribution facilities; and
20

21 WHEREAS, the interest rate to be paid by the Municipality on money
22 borrowed from the Fund is a favorable rate considering other sources of funds
23 available to the Municipality; and
24

25 WHEREAS, the Home Rule Charter of the Municipality provides at Section
26 15.03 that the Assembly by ordinance shall provide for the form and manner of sale
27 of bonds and notes; and
28

29 WHEREAS, the Assembly of the Municipality has determined and does
30 hereby determine that it is necessary to proceed to plan, design, develop,
31 construct, equip, acquire property for, or otherwise obtain items of capital
32 improvements in connection with the following AWWU water improvements
33 projects:
34

Girdwood Water Improvements	\$500,000
88th Avenue (PZ411) Water Transmission Main	\$2,000,000

35
36
37
38 and
39

40 WHEREAS, it is deemed necessary and advisable and in the best interests of
41 the Municipality and its inhabitants that a final application be submitted and such
42 other actions as may be necessary be taken to borrow an amount not to exceed
43 **\$2,500,000** from the Fund for the purpose of financing a portion of the costs
44 associated with said Projects.

1
2 NOW THEREFORE, the Municipality of Anchorage ordains:
3

4 Section 1. Definitions. As used in this Ordinance, unless a different meaning
5 clearly appears from the context:
6

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

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

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

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

1
2 Section 2. Purpose. The purpose of this Ordinance is to authorize the
3 borrowing of not to exceed **\$2,500,000** 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
7 Section 3. Authority for Ordinance. The Assembly has ascertained and
8 hereby determines that each and every matter and thing as to which provision is
9 made in this Ordinance is necessary in order to carry out and effectuate the
10 purposes of the Municipality in accordance with the Constitution and statutes of the
11 State of Alaska, and the Home Rule Charter of the Municipality, and to incur the
12 indebtedness authorized by this Ordinance.

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

21
22 Section 5. Authorization of Loan and Purpose of Issuance. For the purpose
23 of providing a portion of the funds required to pay the cost of the Projects described
24 herein, and to pay all costs incidental thereto, the Municipality hereby authorizes
25 and determines to borrow money from the Fund in the form of a loan in an
26 aggregate principal amount not to exceed **\$2,500,000**.

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

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

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

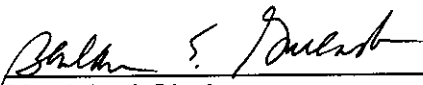
Section 9. Severability. If any one or more of the covenants and agreements provided in this Ordinance to be performed on the part of the Municipality shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant and agreements shall be null and void and shall be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

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

PASSED AND APPROVED by the Anchorage Assembly this 18th day of September, 2005.



Chairman

ATTEST:


Municipal Clerk

AO Number: 2005- 111 Title: An Ordinance authorizing and providing for the borrowing of a total amount not to exceed \$2,500,000 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:					
Interest Expense	63	60	58	55	52
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 = \$ 160,368.
- 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 596 -2005

Meeting Date: August 23, 2005

1 **From:** Mayor

2
3 **Subject:** **AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE,**
4 **ALASKA, AUTHORIZING AND PROVIDING FOR THE**
5 **BORROWING OF NOT TO EXCEED \$2,500,000 FROM THE**
6 **STATE OF ALASKA DRINKING WATER FUND FOR THE**
7 **PURPOSE OF FINANCING A PORTION OF THE COSTS OF**
8 **THE GIRDWOOD WATER IMPROVEMENTS AND THE 88TH**
9 **AVENUE (PZ411) WATER TRANSMISSION MAIN PROJECTS**

10
11
12 The State of Alaska Department of Environmental Conservation offers low-interest loans
13 through the Alaska Drinking Water Fund program to communities for the planning,
14 design, and construction of publicly-owned water capital projects.

15
16 The attached Ordinance authorizes borrowing of not to exceed **\$2,500,000** to be used
17 specifically for financing a portion of the costs of the following AWWU projects:

18		
19	Girdwood Water Improvements	\$500,000
20	88th Avenue (PZ411) Water Transmission Main	\$2,000,000
21		

22 **THE ADMINISTRATION RECOMMENDS APPROVAL OF ANCHORAGE ORDINANCE**
23 **NO. AO 2005- 111 AUTHORIZING AND PROVIDING FOR THE BORROWING OF**
24 **NOT TO EXCEED \$2,500,000 FROM THE STATE OF ALASKA DRINKING WATER**
25 **FUND FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS OF THE**
26 **GIRDWOOD WATER IMPROVEMENTS AND THE 88TH AVENUE (PZ411) WATER**
27 **TRANSMISSION MAIN PROJECTS.**

28
29 Recommended by: Mark Premo, General Manager, AWWU
30 Concur: Denis C. LeBlanc, Municipal Manager
31 Concur: Jeffrey Sinz, Chief Fiscal Officer
32 Respectfully submitted: Mark Begich, Mayor

Content Information**Content ID :** 003136**Type:** AM_CitingFunds - Citing Funds Memorandum

Title: AUTHORIZING AND PROVIDING FOR THE BORROWING FROM
THE STATE OF ALASKA DRINKING WATER FUND, GIRDWOOD
WATER IMPROVEMENTS AND THE 88TH AVENUE (PZ411)
WATER TRANSMISSION MAIN PROJECTS

Author: gibsonam**Initiating Dept:** AWWU**Date Prepared:** 8/1/05 9:43 AM**Director Name:** Mark Premo**Assembly****Meeting Date** 8/23/05**MM/DD/YY:****Public Hearing****Date MM/DD/YY:** 9/13/05

M.O.A.
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Workflow History

Workflow Name	Action Date	Action	User	Security Group	Content ID
CitingFundsWorkflow	8/1/05 9:45 AM	Checkin	gibsonam	Public	003136
AWWU_SubWorkflow	8/1/05 9:49 AM	Approve	premomc	Public	003136
Finance_SubWorkflow	8/3/05 10:33 AM	Approve	richardsdm	Public	003136
MuniManager_SubWorkflow	8/12/05 12:50 PM	Approve	abbottmk	Public	003136
MuniMgrCoord_SubWorkflow	8/12/05 1:05 PM	Approve	curtiscr2	Public	003136