

Submitted by: Chairman of the Assembly at the  
Request of the Mayor  
Prepared by: Anchorage Water & Wastewater Utility  
For reading: October 11, 2005

CLERK'S OFFICE

APPROVED

Date: 10.25.05

ANCHORAGE, ALASKA  
AO No. 2005-141

1 AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA,  
2 AUTHORIZING AND PROVIDING FOR THE BORROWING FROM THE STATE OF  
3 ALASKA CLEAN WATER FUND OF AN AGGREGATE AMOUNT NOT TO  
4 EXCEED \$21,857,000 FOR THE PURPOSE OF FINANCING A PORTION OF THE  
5 COSTS OF VARIOUS AWWU SEWER IMPROVEMENTS PROJECTS IN THE  
6 MUNICIPALITY, AND PROVIDING FOR RELATED MATTERS.  
7

8  
9 WHEREAS, the State of Alaska (the "State") has, pursuant to Alaska Statutes  
10 46.03.032 and 18 AAC 76.005 et seq of the Alaska Administrative Code,  
11 established the Alaska Clean Water Fund (the "Fund"), a fund which makes use of  
12 U.S. Government grants as authorized by the Clean Water Act, as amended by P.L.  
13 100-4; and  
14

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

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

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

28 WHEREAS, the Assembly of the Municipality has determined and does  
29 hereby determine that it is necessary to proceed to plan, design, develop, construct,  
30 equip, acquire property for, or otherwise obtain items of capital improvements in  
31 connection with the following AWWU sewer improvements projects listed in the  
32 Alaska Clean Water approved FY06 Intended Use Plan:  
33

34	<b>Old Glenn Highway Interceptor</b>	<b>\$ 1,000,000</b>
35	<b>C-5A King-Rovena Sewer Upgrade</b>	<b>\$ 3,000,000</b>
36	<b>SCADA – Sewer</b>	<b>\$ 5,000,000</b>
37	<b>A-4-B (Minnesota/Dowling)</b>	<b>\$ 756,000</b>
38	<b>C-2(A,B) Sewer Improvements</b>	<b>\$ 1,700,000</b>
39	<b>Eagle River WWTF Gravity Thickener</b>	<b>\$ 294,000</b>
40	<b>Asplund WWTF Interceptor</b>	<b>\$ 252,000</b>
41	<b>Chester Creek Sewer (B-5, B-6)</b>	<b>\$ 1,500,000</b>
42	<b>Septage Improvements – Phase II</b>	<b>\$ 1,260,000</b>

1	<b>Girdwood WWTF Improvements</b>	<b>\$ 841,000</b>
2	<b>Asplund WWTF Process Improvements</b>	<b>\$ 4,000,000</b>
3	<b>C(F) Turnagain Int. 30" Sewer Upgrade</b>	<b>\$ 505,000</b>
4	<b>C-5-1 (North of Campbell Lake)</b>	<b>\$ 1,345,000</b>
5	<b>San Ernesto Hoyt-San Antonio Sewer Upgrade</b>	<b>\$ 404,000;</b>

6 and

7  
8 WHEREAS, it is deemed necessary and advisable and in the best interests of  
9 the Municipality and its inhabitants that final applications be submitted and such  
10 other actions as may be necessary be taken to borrow a total aggregate amount not  
11 to exceed **\$21,857,000** from the Fund for the purpose of paying a portion of the  
12 costs associated with said Projects.

13  
14 NOW THEREFORE, the Municipality of Anchorage ordains:

15  
16 Section 1. Definitions. As used in this Ordinance, unless a different meaning  
17 clearly appears from the context:

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

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

1 "System" means the existing wastewater utility system of the Municipality as  
2 the same will be added to, improved and extended as authorized and provided in  
3 this Ordinance, and as the same may be added to, improved and extended for as  
4 long as the loans authorized by this Ordinance are outstanding, but shall not include  
5 such collections, transmission and treatment facilities that may be hereafter  
6 purchased, constructed or otherwise acquired by the Municipality as a separate  
7 wastewater utility system, the revenues of which may be pledged to the payment of  
8 bonds or notes issued to purchase, construct or otherwise acquire and improve such  
9 separate system.

10  
11 Section 2. Purpose. The purpose of this Ordinance is to authorize the  
12 borrowing of a total aggregate amount not to exceed **\$21,857,000** from the Fund in  
13 the form of loans to provide funds to pay a portion of the capital costs of the Projects  
14 and to fix certain details of said loans.

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

22  
23 Section 4. Obligation of Loans. The obligation to repay the loans authorized  
24 by this Ordinance shall not be a direct and general obligation of the Municipality and  
25 neither the faith and credit nor the taxing power of the Municipality is pledged to the  
26 payments of the principal of and interest on the loans. The Gross Revenues less the  
27 Operating Expenses of the System are hereby pledged to repayment of the loans  
28 authorized by this Ordinance.

29  
30 Section 5. Authorization of Loans and Purpose of Issuance. For the purpose  
31 of providing a portion of the funds required to pay the cost of the Projects described  
32 herein, and to pay all costs incidental thereto, the Municipality hereby authorizes  
33 and determines to borrow moneys from the Fund in the form of loans in an  
34 aggregate principal amount not to exceed **\$21,857,000** for the specified construction  
35 projects.

36  
37 Section 6. Loan Applications. The General Manager of the Anchorage Water  
38 & Wastewater Utility ("AWWU") is hereby authorized and directed to complete and  
39 submit to the State Department of Environmental Conservation applications to  
40 borrow moneys from the Fund for the purposes of paying a portion of the costs of  
41 the Projects as authorized in this Ordinance.

42  
43 Section 7. Negotiation of Terms and Approval of Amount, Interest Rates,  
44 Maturities and Other Details of Loans. The General Manager of AWWU shall  
45 negotiate with the State and the Assembly shall by resolution approve the total

1 amount of the loans to be entered into for the Projects; the interest rate, as defined  
2 by 18AAC76.080(b)(1) "for a contract term of five to 20 years, accrual of finance  
3 charges begins one year after the date of the first payment to the borrower; the  
4 department will assess a finance charge at a rate of one and one-half percent of the  
5 total amount of financial assistance disbursed, or 30 percent of the current bond  
6 rate as defined by the Municipal Bond Index, whichever is higher"; the interest and  
7 principal payment dates, the maturities, which shall not exceed 20 years, and any  
8 other details of the loans.  
9

10 Section 8. Authority of Officers. The Mayor, the Acting Mayor from time to  
11 time, the Municipal Manager, the Chief Fiscal Officer, the General Manager of  
12 AWWU, the Municipal Clerk and the Acting Municipal Clerk from time to time, are,  
13 and each of them hereby is, authorized and directed to do and perform all things  
14 and determine all matters not determined by this Ordinance, or to be determined by  
15 a subsequent ordinance or resolution of the Municipality, to this end that the  
16 Municipality may carry out its obligations under the loans and this Ordinance.  
17

18 Section 9. Severability. If any one or more of the covenants and agreements  
19 provided in this Ordinance to be performed on the part of the Municipality shall be  
20 declared by any court of competent jurisdiction to be contrary to law, then such  
21 covenant and agreements shall be null and void and shall be deemed separable  
22 from the remaining covenant and agreement in this Ordinance and shall in no way  
23 affect the facility of the other provisions of this Ordinance or of the loans entered  
24 into pursuant to this Ordinance.  
25

26 Section 10. Effective Date. This Ordinance shall take effect immediately.  
27

28 PASSED AND APPROVED by the Anchorage Assembly this 25<sup>th</sup> day of  
29 October, 2005.  
30

31 Anna L. Fairclough  
32  
33 Chairman

34 ATTEST:

35  
36 Bethan E. Gmelch  
37  
38 Municipal Clerk

MUNICIPALITY OF ANCHORAGE  
Summary of Economic Effects - Utilities

AO Number: 2005-141 Title: **An Ordinance authorizing and providing for the borrowing of a total amount of \$21,857,000 from the State of Alaska Clean Water Fund for the purpose of paying a portion of the cost of various wastewater capital improvements**

Sponsor:

Preparing Agency: **Anchorage Water & Wastewater Utility** Others Affected: **None**

CHANGES IN EXPENDITURES AND REVENUES (Thousands of dollars)

Operating Revenues:	FY05	FY06	FY07	FY08	FY09
TOTAL OPERATING REVENUES:					
Operating Expenses:					
TOTAL OPERATING EXPENSES:					
Non-Operating Revenues:					
TOTAL NON-OPERATING REVENUES:					
Non-Operating Expenses:	0	546	525	503	481
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 1.5%, whichever is greater (1.5%) Interest rate used = 1.5%**
- **Terms of Loans - fully amortizing, equal payments, 20 years, end of period, annual payments**
- **Total Principal and Interest per year = \$1,402,064**
- **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: Erik Johnson, Senior Staff Accountant, AWWU Telephone: 786-5512

Approved by: Sharon Weddleton, CPA, Finance Manager, 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 711-2005

Meeting Date: October 11, 2005

1 **From:** Mayor

2  
3 **Subject:** AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE,  
4 ALASKA, AUTHORIZING THE BORROWING AND PROVIDING FOR  
5 THE BORROWING OF NOT TO EXCEED \$21,857,000 FROM THE  
6 STATE OF ALASKA CLEAN WATER FUND FOR THE PURPOSE OF  
7 FINANCING A PORTION OF THE COSTS OF VARIOUS AWWU  
8 PROJECTS  
9

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

14 The attached Ordinance authorizes borrowing of not to exceed **\$21,857,000** to be  
15 used specifically for financing a portion of the costs for the following AWWU projects  
16 included in the Alaska Clean Water Fund FY06 Intended Use Plan:  
17

18	<b>Old Glenn Highway Interceptor</b>	<b>\$ 1,000,000</b>
19	<b>C-5A King-Rovena Sewer Upgrade</b>	<b>\$ 3,000,000</b>
20	<b>SCADA – Sewer</b>	<b>\$ 5,000,000</b>
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31	<b>San Ernesto Hoyt-San Antonio Sewer Upgrade</b>	<b>\$ 404,000</b>

32  
33 **THE ADMINISTRATION RECOMMENDS APPROVAL OF ANCHORAGE**  
34 **ORDINANCE AO 2005-141 AUTHORIZING AND PROVIDING FOR THE**  
35 **BORROWING OF NOT TO EXCEED \$21,857,000 FROM THE STATE OF**  
36 **ALASKA CLEAN WATER FUND FOR THE PURPOSE OF FINANCING A**  
37 **PORTION OF THE COSTS OF VARIOUS AWWU PROJECTS.**  
38

39  
40 Recommended by: Mark Premo, P.E., General Manager, AWWU

41 Concur: Jeffrey Sinz, Chief Fiscal Officer

42 Concur: Denis C. LeBlanc, Municipal Manager

43 Respectfully submitted, Mark Begich, Mayor

AO 2005-141

**Content Information**

**Content ID :** 003323

**Type:** Ordinance-InvolvingFunds - AO

AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE BORROWING FROM THE STATE OF ALASKA CLEAN WATER FUND

**Title:** OF AN AGGREGATE AMOUNT NOT TO EXCEED \$21,857,000 FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS OF VARIOUS AWWU SEWER IMPROVEMENTS PROJECTS

**Author:** gibsonam

**Initiating Dept:** AWWU

**Date Prepared:** 9/29/05 8:10 AM

**Director Name:** Mark Premo

**Assembly**

**Meeting Date** 10/11/05

**MM/DD/YY:**

**Public Hearing**

**Date** 10/25/05

**MM/DD/YY:**

2005 OCT -3 AM 9:39  
 CLERKS OFFICE  
 M.O.A.

**Workflow History**

<u>Workflow Name</u>	<u>Action Date</u>	<u>Action</u>	<u>User</u>	<u>Security Group</u>	<u>Content ID</u>
AllFundOrdinanceWorkflow	9/29/05 8:15 AM	Checkin	gibsonam	Public	003323
AWWU_SubWorkflow	9/29/05 8:19 AM	Approve	premomc	Public	003323
OMB_SubWorkflow	9/29/05 1:23 PM	Approve	mitsonjl	Public	003323
CFO_SubWorkflow	9/30/05 1:03 PM	Approve	sinzje	Public	003323
Legal_SubWorkflow	9/30/05 1:33 PM	Approve	fehlenrl	Public	003323
MuniManager_SubWorkflow	9/30/05 2:01 PM	Approve	leblancdc	Public	003323
MuniMgrCoord_SubWorkflow	9/30/05 2:02 PM	Approve	curtiscr2	Public	003323