

Submitted by: Chairman of the Assembly at the  
Request of the Mayor  
Prepared by: Anchorage Water & Wastewater Utility  
For reading: March 28, 2006

CLERK'S OFFICE  
APPROVED  
Date: 4-11-06

ANCHORAGE, ALASKA  
AO No. 2006- 55

**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 \$12,352,000 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 finance charge 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 amended Alaska Drinking Water FY06 Intended Use Plan:

<b>Pine Street Water</b>	<b>\$1,000,000</b>
<b>Arctic Boulevard, 32<sup>nd</sup> to 36<sup>th</sup> Water Upgrade</b>	<b>\$ 606,000</b>
<b>Sullivan-Ben Boeke Water Upgrade</b>	<b>\$4,000,000</b>
<b>SCADA – Water Ph III</b>	<b>\$5,300,000</b>
<b>Water Data Processing</b>	<b>\$ 600,000</b>
<b>Miscellaneous Water Projects</b>	<b>\$ 846,000;</b>

and

1  
2 WHEREAS, it is deemed necessary and advisable and in the best interests of  
3 the Municipality and its inhabitants that a final application be submitted and such  
4 other actions as may be necessary be taken to borrow an amount not to exceed  
5 **\$12,352,000** from the Fund for the purpose of financing a portion of the costs  
6 associated with said Projects.

7  
8 NOW THEREFORE, the Municipality of Anchorage ordains:  
9

10 Section 1. Definitions. As used in this Ordinance, unless a different meaning  
11 clearly appears from the context:  
12

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

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

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

1 payment of bonds or notes issued to purchase, construct or otherwise acquire and  
2 improve such separate system. The term System shall also include the wastewater  
3 system of the Municipality if hereafter combined with the water utility.  
4

5 "Lien Revenue Bonds" means all publicly marketed revenue bonds or other  
6 obligations issued by the Municipality having a lien on net revenue (Gross  
7 Revenues less Operating Expenses).  
8

9 Section 2. Purpose. The purpose of this Ordinance is to authorize the  
10 borrowing of not to exceed **\$12,352,000** from the Fund in the form of a loan to  
11 provide funds to finance a portion of the capital costs of the Projects and to fix  
12 certain details of said loan.  
13

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

21 Section 4. Obligation of Loan. The obligation to repay the loan authorized by  
22 this Ordinance shall not be a direct and general obligation of the Municipality and  
23 neither the faith and credit nor the taxing power of the Municipality is pledged to the  
24 payment of the principal of and interest on the loan. The Gross Revenues less the  
25 Operating Expenses of the System are hereby pledged to repayment of the loan  
26 authorized by this Ordinance. Such pledge shall be subordinate to the lien on net  
27 revenues of lien revenue bonds of the Municipality heretofore and hereafter issued.  
28

29 Section 5. Authorization of Loan and Purpose of Issuance. For the purpose  
30 of providing a portion of the funds required to pay the cost of the Projects described  
31 herein, and to pay all costs incidental thereto, the Municipality hereby authorizes  
32 and determines to borrow money from the Fund in the form of a loan in an  
33 aggregate principal amount not to exceed **\$12,352,000**.  
34

35 Section 6. Loan Application. The General Manager of the Anchorage Water  
36 & Wastewater Utility ("AWWU") is hereby authorized and directed to complete and  
37 submit to the State Department of Environmental Conservation an application to  
38 borrow money from the Fund for the purpose of financing a portion of the costs of  
39 the Projects as authorized in this Ordinance.  
40

41 Section 7. Negotiation of Terms and Approval of Amount, Interest Rates,  
42 Maturities and Other Details of Loans. The General Manager of AWWU shall  
43 negotiate with the State and the Assembly shall by resolution approve the total  
44 amount of the loan to be entered into for the Projects; the interest rate, as defined  
45 by 18AAC76.080(b)(1) "for a contract term of five to 20 years, accrual of finance  
46 charges begins one year after the date of the first payment to the borrower; the

1 department will assess a finance charge at a rate of two and one-half percent of the  
2 total amount of financial assistance disbursed, or 30 percent of the current bond  
3 rate as defined by the Municipal Bond Index, whichever is higher"; the interest and  
4 principal payment dates, the maturities, which shall not exceed 20 years, and any  
5 other details of the loan.

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

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

22  
23 Section 10. Effective Date. This Ordinance shall take effect immediately.

24  
25 PASSED AND APPROVED by the Anchorage Assembly this 11<sup>th</sup> day of  
26 Apr. 1, 2006.

27  
28  
29  
30 Anna L. Fairclough  
31 Chairman

32  
33 ATTEST:

34  
35 Paula S. Gromet  
36 Municipal Clerk  
37

MUNICIPALITY OF ANCHORAGE  
Summary of Economic Effects - Utilities

AO Number: 2006- 55

Title: **An Ordinance authorizing and providing for the borrowing of a total amount not to exceed \$12,352,000 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:	FY06	FY07	FY08	FY09	FY10
TOTAL OPERATING REVENUES:					
Operating Expenses:					
TOTAL OPERATING EXPENSES:					
Non-Operating Revenues:					
TOTAL NON-OPERATING REVENUES:					
Non-Operating Expenses:					
Interest Expense	308,800	296,711	284,321	271,620	258,602
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 = 792,345
- 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: Pam Richins, Senior Staff Accountant, AWWU

Telephone: 786-5521

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 216 -2006

Meeting Date: March 28, 2006

**From:** Mayor

**Subject:** AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE,  
ALASKA, AUTHORIZING AND PROVIDING FOR THE  
BORROWING OF NOT TO EXCEED \$12,352,000 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 **\$12,352,000** to be used specifically for financing a portion of the costs of the following AWWU projects included in the Alaska Drinking Water Fund FY05 & FY06 Intended Use Plans:

<b>Pine Street Water</b>	<b>\$1,000,000</b>
<b>Arctic Boulevard, 32nd to 36th Water Upgrade</b>	<b>\$ 606,000</b>
<b>Sullivan-Ben Boeke Water Upgrade</b>	<b>\$4,000,000</b>
<b>SCADA – Water Ph III</b>	<b>\$5,300,000</b>
<b>Water Data Processing</b>	<b>\$ 600,000</b>
<b>Miscellaneous Water Projects</b>	<b>\$ 846,000</b>

**THE ADMINISTRATION RECOMMENDS APPROVAL OF ANCHORAGE ORDINANCE AUTHORIZING AND PROVIDING FOR THE BORROWING OF NOT TO EXCEED \$12,352,000 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: Jeffrey Sinz, Chief Fiscal Officer  
Concur: Denis C. LeBlanc, Municipal Manager  
Respectfully submitted: Mark Begich, Mayor

**Content Information**

**Content ID :** 003772

**Type:** Ordinance-InvolvingFunds - AO

Authorizing and providing for the borrowing from SOA Drinking

**Title:** Water Fund of an aggregate amount not to exceed \$12,352,000 for various water capital improvement projects.

**Author:** gibsonam

**Initiating Dept:** AWWU

**Date Prepared:** 3/8/06 10:46 AM

**Director Name:** Mark Premo

**Assembly Meeting**  
**Date MM/DD/YY:** 3/28/06

**Public Hearing**  
**Date MM/DD/YY:** 4/11/06

**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	3/8/06 11:02 AM	Checkin	gibsonam	Public	003772
AWWU_SubWorkflow	3/8/06 11:15 AM	Approve	premomc	Public	003772
OMB_SubWorkflow	3/13/06 2:50 PM	Approve	mitsonjl	Public	003772
CFO_SubWorkflow	3/17/06 1:02 PM	Approve	sinzje	Public	003772
Legal_SubWorkflow	3/17/06 1:40 PM	Approve	fehlenrl	Public	003772
MuniManager_SubWorkflow	3/24/06 9:10 AM	Approve	leblancdc	Public	003772
MuniMgrCoord_SubWorkflow	3/24/06 9:31 AM	Approve	abbottmk	Public	003772

M.O.A.  
 2006 MAR 24 AM 10:14  
 CLERKS OFFICE