

Submitted by: Chairman of the Assembly at the  
Request of the AWWU Board  
Prepared by: Anchorage Water & Wastewater Utility  
For reading: October 17, 2006

CLERK'S OFFICE

APPROVED

Date: 10-31-06 ANCHORAGE, ALASKA  
AO No. 2006-142

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 \$23,992,000 FOR THE PURPOSE OF FINANCING A PORTION OF THE**  
5 **COSTS OF VARIOUS AWWU 2006 CAPITAL IMPROVEMENT BUDGET (CIB)**  
6 **SEWER IMPROVEMENTS PROJECTS IN THE MUNICIPALITY, AND PROVIDING**  
7 **FOR RELATED MATTERS.**  
8

9  
10 WHEREAS, the State of Alaska (the "State") has, pursuant to Alaska Statutes  
11 46.03.032 and 18 AAC 76.005 et seq of the Alaska Administrative Code,  
12 established the Alaska Clean Water Fund (the "Fund"), a fund which makes use of  
13 U.S. Government grants as authorized by the Clean Water Act, as amended by P.L.  
14 100-4; and  
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 wastewater collection, treatment and  
19 discharge 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, construct,  
31 equip, acquire property for, or otherwise obtain items of capital improvements in  
32 connection with the following AWWU 2006 CIB sewer improvements projects listed  
33 in the Alaska Clean Water approved FY07 Intended Use Plan:  
34

35	SCADA - Sewer	\$5,000,000
36	Asplund WWTF Process Improvements	\$4,000,000
37	C-5 (A) King-Rovenna Sewer	\$3,000,000
38	Asplund Building Improvements	\$2,701,000
39	C-2 (A, B) Sewer Trunk	\$1,700,000
40	Chester Creek (B-5, B-6) Sewer Trunk	\$1,500,000
41	C-5-1 (North of Campbell Lake) Sewer Trunk	\$1,345,000
42	Septage Improvements - Phase II	\$1,260,000

Old Glenn Highway Interceptor	\$1,000,000
Security Improvements (Util_Wide_Prox_Card_SWR)	\$846,000
Girdwood WWTF Improvements	\$841,000
C(F) Turnagain 30" Interceptor	\$505,000
Eagle River WWTF Gravity Thickener	\$294,000

and

WHEREAS, it is deemed necessary and advisable and in the best interests of the Municipality and its inhabitants that final applications be submitted and such other actions as may be necessary be taken to borrow a total aggregate amount not to exceed **\$23,992,000** from the Fund for the purpose of paying a portion of the costs associated with said Projects.

NOW THEREFORE, the Municipality of Anchorage ordains:

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

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

"Operating Expenses" means the current expenses incurred for operation, maintenance or repair of the System of a non-capital nature, and shall include, without limiting the generality of the foregoing, collection, transmission and treatment expenses, fuel and electricity expenses, chemical expenses, customer accounts expenses, administrative and general expenses, insurance premiums, lease rentals, legal, regulatory, and engineering expenses, payments to pension, retirement, group life insurance, health and hospitalization funds or other employee benefit funds which are properly chargeable to current operations, interest on customers' deposits, payroll tax expenses, Municipal Utility Service Assessments or any assessment levied in lieu of municipal taxes and any other expenses required to be paid under the provisions of this Ordinance or by law or permitted by standard practices for public utility systems similar to the properties and business of the System (adjusted to reflect public ownership) and applicable in the circumstances. Operating Expenses shall not include any allowances for depreciation or amortization or any principal, redemption price or purchase price of, or interest on, any obligations of the Municipality incurred in connection with and payable from 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 **\$23,992,000** 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 **\$23,992,000** 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

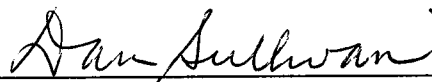
1 amount of the loans to be entered into for the Projects; the interest rate, as defined  
2 by 18AAC76.080(b)(1) "for a contract term of five to 20 years, accrual of finance  
3 charges begins one year after the date of the first payment to the borrower; the  
4 department will assess a finance charge 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.

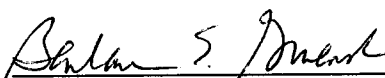
17  
18 Section 9. Severability. If any one or more of the covenants and agreements  
19 provided in this Ordinance to be performed on the part of the Municipality shall be  
20 declared by any court of competent jurisdiction to be contrary to law, then such  
21 covenant and agreements shall be null 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 31<sup>st</sup> day of  
29 October, 2006.

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31   
32 Chairman

33  
34 ATTEST:

35  
36   
37 Municipal Clerk  
38

MUNICIPALITY OF ANCHORAGE  
Summary of Economic Effects - Utilities

AO Number: 2006-142 Title: **An Ordinance authorizing and providing for the borrowing of a total amount of \$23,992,000 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:	FY06	FY07	FY08	FY09	FY10
TOTAL OPERATING REVENUES:					
Operating Expenses:					
TOTAL OPERATING EXPENSES:					
Non-Operating Revenues:					
TOTAL NON-OPERATING REVENUES:					
Non-Operating Expenses:	0	0	360	344	328
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 = \$1,397,432
- 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: Michelle Ramirez, Project Support/Grants Supervisor Telephone: 564-2755  
Approved by: Sharon Weddleton, CPA, CFO, AWWU  
Approved by: Mark Premo, General Manager, AWWU

# MUNICIPALITY OF ANCHORAGE

## ASSEMBLY MEMORANDUM

No. AM 751-2006

Meeting Date: October 17, 2006

**From:** Anchorage Water & Wastewater Utility Board of Directors

**Subject:** **AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, AUTHORIZING THE BORROWING AND PROVIDING FOR THE BORROWING OF NOT TO EXCEED \$23,992,000 FROM THE STATE OF ALASKA CLEAN WATER FUND FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS OF VARIOUS AWWU 2006 CAPITAL IMPROVEMENT BUDGET (CIB) PROJECTS**

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

The attached Ordinance authorizes borrowing of not to exceed **\$23,992,000** to be used specifically for financing a portion of the costs for the following AWWU 2006 CIB projects included in the Alaska Clean Water Fund FY07 Intended Use Plan:

SCADA - Sewer	\$5,000,000
Asplund WWTF Process Improvements	\$4,000,000
C-5 (A) King-Rovenna Sewer	\$3,000,000
Asplund Building Improvements	\$2,701,000
C-2 (A, B) Sewer Trunk	\$1,700,000
Chester Creek (B-5, B-6) Sewer Trunk	\$1,500,000
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Security Improvements (Util_Wide_Prox_Card_SWR)	\$846,000
Girdwood WWTF Improvements	\$841,000
C(F) Turnagain 30" Interceptor	\$505,000
Eagle River WWTF Gravity Thickener	\$294,000

**THE AWWU BOARD REQUESTS APPROVAL OF THE ORDINANCE FOR SUBMISSION BY THE ANCHORAGE WATER & WASTEWATER UTILITY AUTHORIZING AND PROVIDING FOR THE BORROWING OF NOT TO EXCEED \$23,992,000 FROM THE STATE OF ALASKA CLEAN WATER FUND FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS OF VARIOUS AWWU 2006 CIB PROJECTS.**

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

Respectfully submitted: Randal Buckendorf, Chair AWWU Board

**Content Information**

**Content ID :** 004467

**Type:** Ordinance-InvolvingFunds - AO

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

**Title:** AMOUNT NOT TO EXCEED \$23,992,000 FOR THE PURPOSE OF  
FINANCING A PORTION OF THE COSTS OF VARIOUS AWWU 2006  
CIB SEWER IMPROVEMENT PROJECTS

**Author:** gibsonam

**Initiating Dept:** AWWU

**Review Depts:** AWWU

**Date Prepared:** 10/5/06 2:51 PM

**Director Name:** Mark Premo

**Assembly**

**Meeting Date** 10/17/06

**MM/DD/YY:**

**Public Hearing**

**Date** 10/31/06

**MM/DD/YY:**

M.O.A.  
2006 OCT -6 AM 8:30  
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>
AllFundOrdinanceWorkflow	10/5/06 2:54 PM	Checkin	gibsonam	Public	004467
AWWU_SubWorkflow	10/5/06 4:12 PM	Approve	premomc	Public	004467