

Submitted by: Chairman of the Assembly at the  
Request of the Mayor  
Prepared by: Anchorage Water & Wastewater Utility  
For reading: December 12, 2006

CLERK'S OFFICE

APPROVED

Date: 1-9-07

ANCHORAGE, ALASKA

AO No. 2006- 176

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 \$17,310,000 FOR THE PURPOSE OF FINANCING A PORTION OF THE  
COSTS OF VARIOUS AWWU 2007 CAPITAL IMPROVEMENT PLAN (CIP)  
WATER IMPROVEMENTS 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 interest rate 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 2007 CIP water  
improvements projects listed in the Alaska Drinking Water approved FY07 Intended Use  
Plan:

Reservoirs Upgrades	\$5,563,000
Miscellaneous Water Projects (2007)	\$5,130,000
Sand Lake Water Extension	\$2,411,000
South Anchorage Water Extension	\$1,000,000
Well Upgrades	\$822,000
Port 12-inch Water Upgrade	\$817,000
Jewel Lake Trans: 82>88th	\$630,000
Hoyt-San Antonio Water	\$517,000

**Island-Kodiak-Kalgin Water**

**\$420,000**

and;

WHEREAS, it is deemed necessary and advisable and in the best interests of the Municipality and its inhabitants that a final application be submitted and such other actions as may be necessary be taken to borrow an amount not to exceed **\$17,310,000** from the Fund for the purpose of financing a portion of the costs associated with said Projects;

WHEREAS, at its October 4th, 2006 meeting, the AWWU Authority Board supported this ordinance to authorize and provide for the borrowing from the State of Alaska Drinking Water Fund.

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 Water 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, water purchase agreements, source of supply expenses, water treatment, transmission and distribution 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 water utility system of the Municipality as the  
2 same will be added to, improved and extended as authorized and provided in this  
3 Ordinance, and as the same may be added to, improved and extended for as long  
4 as the loan authorized by this Ordinance is outstanding, but shall not include such  
5 water supply, treatment, transmission and distribution facilities that may be  
6 hereafter purchased, constructed or otherwise acquired by the Municipality as a  
7 separate water utility system, the revenues of which may be pledged to the  
8 payment of bonds or notes issued to purchase, construct or otherwise acquire and  
9 improve such separate system. The term System shall also include the wastewater  
10 system of the Municipality if hereafter combined with the water utility.

11  
12 "Lien Revenue Bonds" means all publicly marketed revenue bonds or other  
13 obligations issued by the Municipality having a lien on net revenue (Gross  
14 Revenues less Operating Expenses).

15  
16 Section 2. Purpose. The purpose of this Ordinance is to authorize the  
17 borrowing of not to exceed **\$17,310,000** from the Fund in the form of a loan to  
18 provide funds to finance a portion of the capital costs of the Projects and to fix  
19 certain details of said loan.

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

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

35  
36 Section 5. Authorization of Loan and Purpose of Issuance. For the purpose  
37 of providing a portion of the funds required to pay the cost of the Projects described  
38 herein, and to pay all costs incidental thereto, the Municipality hereby authorizes  
39 and determines to borrow money from the Fund in the form of a loan in an  
40 aggregate principal amount not to exceed **\$17,310,000**.

41  
42 Section 6. Loan Application. The General Manager of the Anchorage Water  
43 & Wastewater Utility ("AWWU") is hereby authorized and directed to complete and  
44 submit to the State Department of Environmental Conservation an application to  
45 borrow money from the Fund for the purpose of financing a portion of the costs of  
46 the Projects as authorized in 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.

PASSED AND APPROVED by the Anchorage Assembly this 9<sup>th</sup> day of January, 2007.

Sandra E. Dunsen  
Municipal Clerk

**MUNICIPALITY OF ANCHORAGE**  
**Summary of Economic Effects - Utilities**

AO Number: **2006- 176** Title: **An Ordinance authorizing and providing for the borrowing of a total amount not to exceed \$17,310,000 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)**

	FY06	FY07	FY08	FY09	FY10
Operating Revenues:					
<b>TOTAL OPERATING REVENUES:</b>					
Operating Expenses:					
<b>TOTAL OPERATING EXPENSES:</b>					
Non-Operating Revenues:					
<b>TOTAL NON-OPERATING REVENUES:</b>					
Non-Operating Expenses:	<b>0</b>	<b>0</b>	<b>433</b>	<b>415</b>	<b>398</b>
Interest Expense					
<b>TOTAL NON-OPERATING EXPENSES:</b>					
<b>NET INCOME (REGULATED)</b>					
<b>POSITIONS: FT/PT/TEMP</b>					

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 = \$1,110,387**
- **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 859 -2006

Meeting Date: December 12, 2006

From: Mayor

Subject: **AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE,  
ALASKA, AUTHORIZING AND PROVIDING FOR THE  
BORROWING OF NOT TO EXCEED \$17,310,000 FROM THE  
STATE OF ALASKA DRINKING WATER FUND FOR THE  
PURPOSE OF FINANCING A PORTION OF THE COSTS OF  
VARIOUS AWWU 2007 CAPITAL IMPROVEMENT PLAN (CIP)  
WATER IMPROVEMENTS 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 **\$17,310,000** to be used specifically for financing a portion of the costs of the following AWWU 2007 CIP projects included in the Alaska Drinking Water Fund FY07 Intended Use Plan:

Reservoirs Upgrades	\$5,563,000
Miscellaneous Water Projects (2007)	\$5,130,000
Sand Lake Water Extension	\$2,411,000
South Anchorage Water Extension	\$1,000,000
Well Upgrades	\$822,000
Port 12-inch Water Upgrade	\$817,000
Jewel Lake Trans: 82>88th	\$630,000
Hoyt-San Antonio Water	\$517,000
Island-Kodiak-Kalgin Water	\$420,000

At its October 4th, 2006 meeting, the AWWU Authority Board supported this ordinance to authorize and provide for the borrowing from the State of Alaska Drinking Water Fund.

**THE ADMINISTRATION REQUESTS APPROVAL OF THE ORDINANCE AUTHORIZING  
AND PROVIDING FOR THE BORROWING OF NOT TO EXCEED \$17,310,000 FROM  
THE STATE OF ALASKA DRINKING WATER FUND FOR THE PURPOSE OF  
FINANCING A PORTION OF THE COSTS OF VARIOUS AWWU 2007 CIP PROJECTS.**

Prepared by: Mark Premo, P.E., General Manager, AWWU  
Respectfully submitted: Mark Begich, Mayor

**Content Information**

**Content ID :** 004574

**Type:** Ordinance - AO

BORROWING FROM THE STATE OF ALASKA DRINKING WATER  
FUND OF AN AGGREGATE AMOUNT NOT TO EXCEED \$17,310,000

**Title:** FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS  
OF VARIOUS AWWU 2007 CAPITAL IMPROVEMENT PLAN (CIP)  
WATER IMPROVEMENTS PROJECTS

**Author:** gibsonam

**Initiating Dept:** AWWU

**Review Depts:** AWWU, Legal, MuniManager

**Date Prepared:** 11/21/06 12:07 PM

**Director Name:** Mark Premo

**Assembly**

**Meeting Date** 12/12/06

**MM/DD/YY:**

**Public Hearing**

**Date** 1/9/07

**MM/DD/YY:**

**Workflow History**

Workflow Name	Action Date	Action	User	Security Group	Content ID
AllOrdinanceWorkflow	11/21/06 12:14 PM	Checkin	gibsonam	Public	004574
AWWU_SubWorkflow	11/27/06 8:26 AM	Approve	premomc	Public	004574
Legal_SubWorkflow	11/29/06 12:37 PM	Approve	fehlenrl	Public	004574
MuniManager_SubWorkflow	12/1/06 2:04 PM	Approve	leblancdc	Public	004574
MuniMgrCoord_SubWorkflow	12/2/06 2:18 PM	Approve	abbottmk	Public	004574

M.O.A.  
 2006 DEC-4 AM 10:44  
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