

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. 2006-177

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 \$8,591,500 FOR THE PURPOSE OF FINANCING A PORTION OF THE
5 COSTS OF VARIOUS AWWU 2007 CAPITAL IMPROVEMENT PLAN (CIP)
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 2007 CIP sewer improvements projects listed
33 in the Alaska Clean Water approved FY07 Intended Use Plan:
34

Miscellaneous Wastewater Projects (2007)	\$3,118,000
Sand Lake Sewer Extension	\$1,777,000
Pump Station Upgrades	\$1,603,000
Asplund WWTF Generator Upgrade	\$933,500
A-4-B (Minnesota/Dowling) Sewer Trunk	\$756,000
San Ernesto Hoyt-San Antonio Sewer	\$404,000

41 and
42

1
2 WHEREAS, it is deemed necessary and advisable and in the best interests of
3 the Municipality and its inhabitants that final applications be submitted and such
4 other actions as may be necessary be taken to borrow a total aggregate amount not
5 to exceed **\$8,591,500** from the Fund for the purpose of paying a portion of the costs
6 associated with said Projects;

7
8 WHEREAS, at its October 4th, 2006 meeting, the AWWU Authority Board
9 supported this ordinance to authorize and provide for the borrowing from the State
10 of Alaska Clean Water Fund.

11
12 NOW THEREFORE, the Municipality of Anchorage ordains:

13
14 Section 1. Definitions. As used in this Ordinance, unless a different meaning
15 clearly appears from the context:

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

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

43
44 "System" means the existing wastewater utility system of the Municipality as
45 the same will be added to, improved and extended as authorized and provided in

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

8
9 Section 2. Purpose. The purpose of this Ordinance is to authorize the
10 borrowing of a total aggregate amount not to exceed **\$8,591,500** from the Fund in
11 the form of loans to provide funds to pay a portion of the capital costs of the Projects
12 and to fix certain details of said loans.

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 Loans. The obligation to repay the loans authorized
22 by 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 payments of the principal of and interest on the loans. The Gross Revenues less the
25 Operating Expenses of the System are hereby pledged to repayment of the loans
26 authorized by this Ordinance.

27
28 Section 5. Authorization of Loans and Purpose of Issuance. For the purpose
29 of providing a portion of the funds required to pay the cost of the Projects described
30 herein, and to pay all costs incidental thereto, the Municipality hereby authorizes
31 and determines to borrow moneys from the Fund in the form of loans in an
32 aggregate principal amount not to exceed **\$8,591,500** for the specified construction
33 projects.

34
35 Section 6. Loan Applications. 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 applications to
38 borrow moneys from the Fund for the purposes of paying 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 loans 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

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

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

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

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

25
26 PASSED AND APPROVED by the Anchorage Assembly this 9th day of
27 January, 2007.

28
29 Don Sullivan
30
31 Chairman

32 ATTEST:

33
34 Antonia S. Gustafson
35
36 Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects - Utilities

AO Number: 2006-177 Title: **An Ordinance authorizing and providing for the borrowing of a total amount of \$8,591,500 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	128	123	117
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 = \$500,418**
- **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 860-2006

Meeting Date: December 12, 2006

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 \$8,591,500 FROM THE**
6 **STATE OF ALASKA CLEAN WATER FUND FOR THE PURPOSE OF**
7 **FINANCING A PORTION OF THE COSTS OF VARIOUS AWWU**
8 **2007 CAPITAL IMPROVEMENT PLAN (CIP) 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 **\$8,591,500** to be
15 used specifically for financing a portion of the costs for the following AWWU 2007
16 CIP projects included in the Alaska Clean Water Fund FY07 Intended Use Plan:

Miscellaneous Wastewater Projects (2007)	\$3,118,000
Sand Lake Sewer Extension	\$1,777,000
Pump Station Upgrades	\$1,603,000
Asplund WWTF Generator Upgrade	\$933,500
A-4-B (Minnesota/Dowling) Sewer Trunk	\$756,000
San Ernesto Hoyt-San Antonio Sewer	\$404,000

24
25 At its October 4th, 2006 meeting, the AWWU Authority Board supported this
26 ordinance to authorize and provide for the borrowing from the State of Alaska Clean
27 Water Fund.

28
29 **THE ADMINISTRATION REQUESTS APPROVAL OF THE ORDINANCE**
30 **AUTHORIZING AND PROVIDING FOR THE BORROWING OF NOT TO EXCEED**
31 **\$8,591,500 FROM THE STATE OF ALASKA CLEAN WATER FUND FOR THE**
32 **PURPOSE OF FINANCING A PORTION OF THE COSTS OF VARIOUS AWWU**
33 **2007 CIP PROJECTS.**

34
35 Prepared by: Mark Premo, P.E., General Manager, AWWU
36 Respectfully submitted: Mark Begich, Mayor

Content Information**Content ID :** 004575**Type:** Ordinance - AOBORROWING FROM THE STATE OF ALASKA CLEAN WATER FUND
OF AN AGGREGATE AMOUNT NOT TO EXCEED \$8,591,500 FOR**Title:** THE PURPOSE OF FINANCING A PORTION OF THE COSTS OF
VARIOUS AWWU 2007 CAPITAL IMPROVEMENT PLAN (CIP)
SEWER IMPROVEMENTS PROJECTS**Author:** gibsonam**Initiating Dept:** AWWU**Review Depts:** AWWU, Legal, MuniManager**Date Prepared:** 11/21/06 12:14 PM**Director Name:** Mark Premo**Assembly****Meeting Date** 12/12/06**MM/DD/YY:****Public Hearing****Date** 1/9/07**MM/DD/YY:**M.O.A.
2006 DEC - 4 AM 10:44
CLERKS OFFICE**Workflow History**

Workflow Name	Action Date	Action	User	Security Group	Content ID
AllOrdinanceWorkflow	11/21/06 12:17 PM	Checkin	gibsonam	Public	004575
AWWU_SubWorkflow	11/27/06 8:26 AM	Approve	premomc	Public	004575
Legal_SubWorkflow	11/29/06 12:38 PM	Approve	fehlenri	Public	004575
MuniManager_SubWorkflow	12/1/06 2:03 PM	Approve	leblancdc	Public	004575
MuniMgrCoord_SubWorkflow	12/2/06 2:18 PM	Approve	abbottmk	Public	004575