

Submitted by: Chair of the Assembly at the
Request of the Mayor
Prepared by: Anchorage Water and
Wastewater Utility
For reading: September 25, 2007

CLERK'S OFFICE

APPROVED

Date: 10-9-07

ANCHORAGE, ALASKA
AO No. 2007-127

1 AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA,
2 AUTHORIZING AND PROVIDING FOR THE BORROWING FROM THE STATE
3 OF ALASKA DRINKING WATER FUND OF AN AGGREGATE AMOUNT NOT
4 TO EXCEED \$36,313,400 FOR THE PURPOSE OF FINANCING A PORTION
5 OF THE COSTS OF VARIOUS AWWU 2007 CAPITAL IMPROVEMENT
6 BUDGET (CIB) WATER IMPROVEMENTS PROJECTS AND PROVIDING FOR
7 RELATED MATTERS.

8
9 **WHEREAS**, the State of Alaska (the "State") has, pursuant to Alaska Statutes
10 46.03.036 and 18 AAC 76.200 et seq of the Alaska Administrative Code,
11 established the Alaska Drinking Water Fund (the "Fund"), a fund which makes use
12 of U.S. Government grants as authorized by the Safe Drinking Water Act,
13 Amendments of 1996, P. L. 104-182.

14
15 **WHEREAS**, the Municipality of Anchorage (the "Municipality") is eligible to borrow
16 from the Fund to assist in the planning, designing, constructing, equipping,
17 modifying, improving and expanding of public water treatment, transmission and
18 distribution facilities; and

19
20 **WHEREAS**, the interest rate to be paid by the Municipality on money borrowed
21 from the Fund is a favorable rate considering other sources of funds available to
22 the Municipality; and

23
24 **WHEREAS**, Section 15.03 of the Home Rule Charter of the Municipality provides
25 the Assembly by ordinance shall provide for the form and manner of sale of bonds
26 and notes; and

27
28 **WHEREAS**, the Assembly of the Municipality has determined and does hereby
29 determine it is necessary to proceed to plan, design, develop, construct, equip,
30 acquire property for, or otherwise obtain items of capital improvements in
31 connection with the following AWWU water improvements projects listed in the
32 Alaska Drinking Water approved FY08 Intended Use Plan:

33		
34	Loop Water Transmission Main, Ph. IV	\$2,000,000
35	Arctic 32nd – 34th Water Upgrade	\$ 606,000
36	Island-Kodiak-Kalgin Water	\$ 420,000
37	South Addition, Ph. IV	\$ 500,000
38	Southwood Park Water Upgrade	\$ 550,000
39	Sand Lake Water Extension	\$ 400,000
40	Norm Newt Drive Water Upgrade	\$ 668,400
41	Hiland Road Water Intertie Ph. II	\$1,000,000

1	Northeast Anchorage Water Improvements, Ph. II	\$ 840,000
2	135 th Reservoir Water Extension	\$ 400,000
3	19 th -Spenard Water Upgrade	\$ 770,000
4	68 th -Pebble Brook-Baby Bear Water Upgrade	\$ 300,000
5	Chester Creek Crossing - Sullivan	\$1,000,000
6	E Bluff Road Water Upgrade	\$ 492,000
7	Hillside Transmission Main	\$2,000,000
8	Klatt-New Seward Highway PZ Intertie	\$2,991,000
9	Knik View Water	\$1,000,000
10	Miscellaneous Water Projects (2007)	\$5,130,000
11	Old Glenn Highway Water Extension	\$1,000,000
12	Reservoirs Upgrades (135 th /Elmore & 980 Zone)	\$1,000,000
13	San Ernesto Water Upgrade	\$ 500,000
14	SCADA Water, Phase III	\$5,300,000
15	Security Improvements – Water	\$ 846,000
16	South Anchorage Water Extension	\$1,000,000
17	Water Data Processing	\$ 600,000
18	Well 7 and Well 12 Upgrade	\$ 420,000
19	Well Upgrades	\$ 822,000
20	Creekside Water Improvements – Phase I	\$2,492,000
21	Miscellaneous Water Projects (2006)	\$ 846,000
22	Daryl-Industrial Way Water Intertie	\$ 420,000

23 and

24
25 **WHEREAS**, at its September 5, 2007 meeting, the AWWU Authority Board
26 supported this ordinance to authorize and provide for the borrowing from the State
27 of Alaska Drinking Water Fund.

28
29 **WHEREAS**, it is deemed necessary and advisable and in the best interests of the
30 Municipality and its inhabitants that a final application be submitted and such other
31 actions as may be necessary be taken to borrow an amount not to exceed
32 **\$36,313,400** from the Fund for the purpose of financing a portion of the costs
33 associated with said Projects; now, therefore,

34 35 **THE ANCHORAGE ASSEMBLY ORDAINS:**

36
37 **Section 1. Definitions.** As used in this Ordinance, unless a different meaning
38 clearly appears from the context:

39
40 "Gross Revenues" means all rates and charges and other income, in each case
41 derived by or for the account of the Municipality, from the ownership, leasing or
42 operation of the System except proceeds from the sale of bonds or notes, any
43 grants received for the Anchorage Water Utility, and interest received and profits
44 derived from the investment of moneys obtained from such sources or from
45 moneys held in any fund to pay or secure the payment of any bonds or notes
46 issued in connection with the System. For the purposes of this Ordinance, Gross
47 Revenues shall not include allowance for funds used during construction.

48
49 "Operating Expenses" means the current expenses incurred for operation,
50 maintenance or repair of the System of a non-capital nature, and shall include,
51 without limiting the generality of the foregoing, water purchase agreements, source

1 of supply expenses, water treatment, transmission and distribution expenses, fuel
2 and electricity expenses, chemical expenses, customer accounts expenses,
3 administrative and general expenses, insurance premiums, lease rentals, legal,
4 regulatory, and engineering expenses, payments to pension, retirement, group life
5 insurance, health and hospitalization funds or other employee benefit funds which
6 are properly chargeable to current operations, interest on customers' deposits,
7 payroll tax expenses, Municipal Utility Service Assessments or any assessment
8 levied in lieu of municipal taxes and any other expenses required to be paid under
9 the provisions of this Ordinance or by law or permitted by standard practices for
10 public utility systems similar to the properties and business of the System
11 (adjusted to reflect public ownership) and applicable in the circumstances.
12 Operating Expenses shall not include any allowances for depreciation or
13 amortization or any principal, redemption price or purchase price of, or interest on,
14 any obligations of the Municipality incurred in connection with and payable from
15 Gross Revenues.

16
17 "System" means the existing water utility system of the Municipality as the same will
18 be added to, improved and extended as authorized and provided in this Ordinance,
19 and as the same may be added to, improved and extended for as long as the loan
20 authorized by this Ordinance is outstanding, but shall not include such water
21 supply, treatment, transmission and distribution facilities that may be hereafter
22 purchased, constructed or otherwise acquired by the Municipality as a separate
23 water utility system, the revenues of which may be pledged to the payment of
24 bonds or notes issued to purchase, construct or otherwise acquire and improve
25 such separate system. The term System shall also include the wastewater system
26 of the Municipality if hereafter combined with the water utility.

27
28 "Lien Revenue Bonds" means all publicly marketed revenue bonds or other
29 obligations issued by the Municipality having a lien on net revenue (Gross
30 Revenues less Operating Expenses).

31
32 **Section 2. Purpose.** The purpose of this Ordinance is to authorize the borrowing
33 of not to exceed **\$36,313,400** from the Fund in the form of a loan to provide funds
34 to finance a portion of the capital costs of the Projects and to fix certain details of
35 said loan.

36
37 **Section 3. Authority for Ordinance.** The Assembly has ascertained and hereby
38 determines that each and every matter and thing as to which provision is made in
39 this Ordinance is necessary in order to carry out and effectuate the purposes of the
40 Municipality in accordance with the Constitution and statutes of the State of
41 Alaska, and the Home Rule Charter of the Municipality, and to incur the
42 indebtedness authorized by this Ordinance.

43
44 **Section 4. Obligation of Loan.** The obligation to repay the loan authorized by this
45 Ordinance shall not be a direct and general obligation of the Municipality and
46 neither the faith and credit nor the taxing power of the Municipality is pledged to
47 the payment of the principal of and interest on the loan. The Gross Revenues less
48 the Operating Expenses of the System are hereby pledged to repayment of the
49 loan authorized by this Ordinance. Such pledge shall be subordinate to the lien on
50 net revenues of lien revenue bonds of the Municipality heretofore and hereafter
51 issued.

Section 5. Authorization of Loan and Purpose of Issuance. For the purpose of providing a portion of the funds required to pay the cost of the Projects described herein, and to pay all costs incidental thereto, the Municipality hereby authorizes and determines to borrow money from the Fund in the form of a loan in an aggregate principal amount not to exceed **\$36,313,400**.

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

Section 7. Negotiation of Terms and Approval of Amount, Interest Rates, Maturities and Other Details of Loans. The General Manager of AWWU shall negotiate with the State and the Assembly shall by resolution approve the total amount of the loan to be entered into for the Projects; the interest rate, as defined by 18AAC76.080(b)(1) "for a contract term of five to 20 years, accrual of finance charges begins one year after the date of the first payment to the borrower; the department will assess a finance charge at a rate of two and one-half percent of the total amount of financial assistance disbursed, or 30 percent of the current bond rate as defined by the Municipal Bond Index, whichever is higher"; the interest and principal payment dates, the maturities, which shall not exceed 20 years, and any other details of the loan.

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

Section 10. Effective Date. This Ordinance shall take effect immediately upon passage and approval by the Assembly.

PASSED AND APPROVED by the Anchorage Assembly this 9th day of October, 2007.

Chair

ATTEST:

Sallan S. J. J. J.
Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects - Utilities

AO Number: 2007-127 Title: **An Ordinance authorizing and providing for the borrowing of a total amount not to exceed \$36,313,400 from the State of Alaska Drinking Water Fund for the purpose of paying a portion of the cost of various water capital improvements**

Sponsor: **MAYOR**

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

CHANGES IN EXPENDITURES AND REVENUES (Thousands of dollars)

Operating Revenues:	FY07	FY08	FY09	FY10	FY11
TOTAL OPERATING REVENUES:					
Operating Expenses:					
TOTAL OPERATING EXPENSES:					
Non-Operating Revenues:					
TOTAL NON-OPERATING REVENUES:					
Non-Operating Expenses:	0	0	0	0	0
Interest Expense	0	0	0	0	0
TOTAL NON-OPERATING EXPENSES:	0	0	0	0	0
NET INCOME (REGULATED)	0	0	0	0	0
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 (2.5%) Interest rate used = 2.5%**
- **Terms of Loans - fully amortizing, equal payments, 20 years, end of period, annual payments**
- **Total Principal and Interest per year = \$2,300,000**
- **Payments to begin one year after construction completion**
- **No increase in non-operating expense (interest expense) because program offers a lower cost alternative when compared to the issuance of revenue bonds**

Private Sector Economic Effects:

- **None**

If further explanation is necessary, a separate page may be attached.

Prepared by: Wendy Drew, Project Support/Grants Supervisor

Telephone: 564-2710

Approved by: Sharon Weddleton, CPA, CFO, AWWU

Approved by: Mark Premo, General Manager, AWWU

MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 567-2007

Meeting Date: September 25, 2007

From: MAYOR

Subject: **AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, AUTHORIZING AND PROVIDING FOR THE BORROWING OF NOT TO EXCEED \$36,313,400 FROM THE STATE OF ALASKA DRINKING WATER FUND FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS OF VARIOUS AWWU 2007 CAPITAL IMPROVEMENT BUDGET (CIB) 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.

This Ordinance authorizes borrowing of not to exceed **\$36,313,400** to be used specifically for financing a portion of the costs of the following AWWU 2007 CIB projects included in the Alaska Drinking Water Fund FY08 Intended Use Plan:

Loop Water Transmission Main, Ph. IV	\$2,000,000
Arctic 32 nd – 34 th Water Upgrade	\$ 606,000
Island-Kodiak-Kalgin Water	\$ 420,000
South Addition, Ph. IV	\$ 500,000
Southwood Park Water Upgrade	\$ 550,000
Sand Lake Water Extension	\$ 400,000
Norm Newt Drive Water Upgrade	\$ 668,400
Hiland Road Water Intertie Ph. II	\$1,000,000
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Water Data Processing	\$ 600,000
Well 7 and Well 12 Upgrade	\$ 420,000

Well Upgrades	\$ 822,000
Creekside Water Improvements – Phase I	\$2,492,000
Miscellaneous Water Projects (2006)	\$ 846,000
Daryl-Industrial Way Water Intertie	\$ 420,000

At its September 5, 2007 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 CONCURS IN THE AWWU BOARD RECOMMENDATION AND REQUESTS APPROVAL OF AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, AUTHORIZING AND PROVIDING FOR THE BORROWING OF NOT TO EXCEED \$36,313,400 FROM THE STATE OF ALASKA DRINKING WATER FUND FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS OF VARIOUS AWWU 2007 CAPITAL IMPROVEMENT BUDGET (CIB) WATER IMPROVEMENTS PROJECTS

Prepared by:	Anchorage Water & Wastewater Utility
Recommended by:	Mark Premo, P.E., General Manager, AWWU
Concur:	Jeffrey Sinz, Chief Fiscal Officer
Concur:	James N. Reeves, Municipal Attorney
Concur:	Denis C. LeBlanc, Municipal Manager
Respectfully submitted:	Mark Begich, Mayor

Content Information**Content ID :** 005475**Type:** Ordinance-InvolvingFunds - AOAUTHORIZING AND PROVIDING FOR THE BORROWING FROM THE
STATE OF ALASKA DRINKING WATER FUND OF AN AGGREGATE**Title:** AMOUNT NOT TO EXCEED \$36,313,400 FOR THE PURPOSE OF
FINANCING A PORTION OF THE COSTS OF VARIOUS AWWU 2007
CIB WATER IMPROVEMENTS PROJECTS**Author:** gibsonam**Initiating Dept:** AWWU**Date Prepared:** 9/17/07 10:30 AM**Director Name:** Mark Premo**Assembly****Meeting Date** 9/25/07**MM/DD/YY:****Public Hearing****Date** 10/9/07**MM/DD/YY:**M.O.A.
2007 SEP 18 PM 8:10
CLERK'S 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	9/17/07 10:32 AM	Checkin	gibsonam	Public	005475
AWWU_SubWorkflow	9/17/07 10:56 AM	Approve	premomc	Public	005475
OMB_SubWorkflow	9/17/07 1:48 PM	Approve	mitsonjl	Public	005475
CFO_SubWorkflow	9/17/07 3:58 PM	Approve	sinzje	Public	005475
Legal_SubWorkflow	9/17/07 4:20 PM	Approve	fehlenrl	Public	005475
MuniManager_SubWorkflow	9/17/07 4:33 PM	Approve	maglauijp	Public	005475
MuniMgrCoord_SubWorkflow	9/17/07 4:33 PM	Approve	maglauijp	Public	005475