

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

ANCHORAGE, ALASKA
AO No. 2007-128

Date: 10-9-07

1 AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA,
2 AUTHORIZING AND PROVIDING FOR THE BORROWING FROM THE
3 STATE OF ALASKA CLEAN WATER FUND OF AN AGGREGATE AMOUNT
4 NOT TO EXCEED \$26,112,806 FOR THE PURPOSE OF FINANCING A
5 PORTION OF THE COSTS OF VARIOUS AWWU 2007 CAPITAL
6 IMPROVEMENT BUDGET (CIB) SEWER IMPROVEMENT PROJECTS AND
7 PROVIDING FOR RELATED MATTERS.

8
9 **WHEREAS**, the State of Alaska (the "State") has, pursuant to Alaska Statutes
10 46.03.032 and 18 AAC 76.005 et seq. of the Alaska Administrative Code,
11 established the Alaska Clean Water Fund (the 'Fund'), a fund which makes use
12 of U.S. Government grants as authorized by the Clean Water Act, as amended
13 by P.L. 100-4; and

14
15 **WHEREAS**, the Municipality of Anchorage (the "Municipality") is eligible to borrow
16 from the Fund for the purposes of planning, designing, constructing, equipping,
17 modifying, improving and expanding public wastewater collection, treatment,
18 and discharge 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
22 to the Municipality; and

23
24 **WHEREAS**, the Home Rule Charter of the Municipality provides at Section 15.03
25 that the Assembly by ordinance shall provide for the form and manner of sale
26 of bonds 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 2007 CIB sewer improvements projects
32 listed in the Alaska Clean Water approved FY08 Intended Use Plan:

33
34 C-5-A King-Rovena Sewer Upgrade \$2,500,000
35 Old Glenn Highway Interceptor-Northern Communities \$1,000,000
36 Arctic 32nd-36th Sewer Upgrade \$ 734,806
37 Security Improvements - Sewer \$ 846,000
38 C-2 (A,B) Sewer Improvements \$1,150,000
39 Douglas Street Sewer Upgrade \$ 117,000
40 Eagle River WWTF Gravity Thickener \$ 294,000
41 Asplund WWTF Process Improvements \$4,000,000
42 C(F) Turnagain Int. 30" Sewer Upgrade \$ 505,000

1	C-5-1 (North of Campbell Lake)	\$1,045,000
2	Chester Creek Sewer (B-5, B-6)	\$1,500,000
3	Cope-Dorbrant Sewer Upgrade	\$ 233,000
4	Miscellaneous VC Pipe Replacement	\$ 280,000
5	San Ernesto Hoyt-San Antonio Sewer Upgrade	\$ 404,000
6	Sand Lake Sewer Extension	\$ 600,000
7	SCADA – Sewer	\$2,000,000
8	Septage Improvements – Phase II	\$1,000,000
9	Valley-Mason 6 th Sewer Upgrade	\$ 210,000
10	Asplund Building Improvements	\$2,701,000
11	Eagle River WWTF Treatment Facility Improvements	\$1,000,000
12	Gambell Street Trunk Sewer Upgrade	\$1,000,000
13	Girdwood WWTF Improvements	\$ 841,000
14	Asplund Disinfection Study and Upgrade	\$ 250,000
15	Pump Station 10 Upgrade	\$1,000,000
16	Pump Station Upgrades (13,21,27,52,53)	\$ 650,000
17	Asplund WWTF Interceptor	\$ 252,000

18 and

19
20 **WHEREAS**, it is deemed necessary and advisable and in the best interests of the
21 Municipality and its inhabitants that final applications be submitted and such
22 other actions as may be necessary be taken to borrow a total aggregate
23 amount not to exceed **\$26,112,806** from the Fund for the purpose of paying a
24 portion of the costs associated with said Projects.

25
26 **WHEREAS**, at its September 5, 2007 meeting, the AWWU Authority Board
27 supported this ordinance to authorize and provide for the borrowing from the
28 State of Alaska Clean Water Fund; now, therefore,

29
30 **THE ANCHORAGE ASSEMBLY ORDAINS:**

31
32 **Section 1. Definitions.** As used in this Ordinance, unless a different meaning
33 clearly appears from the context:

34
35 "Gross Revenues" means all rates and charges and other income, in each case
36 derived by or for the account of the Municipality, from the ownership, leasing or
37 operation of the System except proceeds from the sale of bonds or notes, any
38 grants received for the Anchorage Wastewater Utility, and interest received
39 and profits derived from the investment of moneys obtained from such sources
40 or from moneys held in any fund to pay or secure the payment of any bonds or
41 notes issued in connection with the System. For the purposes of this
42 Ordinance, Gross Revenues shall not include allowance for funds used during
43 construction.

44
45 "Operating Expenses" means the current expenses incurred for operation,
46 maintenance or repair of the System of a non-capital nature, and shall include,
47 without limiting the generality of the foregoing, collection, transmission and
48 treatment expenses, fuel and electricity expenses, chemical expenses,
49 customer accounts expenses, administrative and general expenses, insurance
50 premiums, lease rentals, legal, regulatory, and engineering expenses,
51 payments to pension, retirement, group life insurance, health and
52 hospitalization funds or other employee benefit funds which are properly

1 chargeable to current operations, interest on customers' deposits, payroll tax
2 expenses, Municipal Utility Service Assessments or any assessment levied in
3 lieu of municipal taxes and any other expenses required to be paid under the
4 provisions of this Ordinance or by law or permitted by standard practices for
5 public utility systems similar to the properties and business of the System
6 (adjusted to reflect public ownership) and applicable in the circumstances.
7 Operating Expenses shall not include any allowances for depreciation or
8 amortization or any principal, redemption price or purchase price of, or interest
9 on, any obligations of the Municipality incurred in connection with and payable
10 from Gross Revenues.

11
12 "System" means the existing wastewater utility system of the Municipality as the
13 same will be added to, improved and extended as authorized and provided in
14 this Ordinance, and as the same may be added to, improved and extended for
15 as long as the loans authorized by this Ordinance are outstanding, but shall not
16 include such collections, transmission and treatment facilities that may be
17 hereafter purchased, constructed or otherwise acquired by the Municipality as
18 a separate wastewater utility system, the revenues of which may be pledged to
19 the payment of bonds or notes issued to purchase, construct or otherwise
20 acquire and improve such separate system.

21
22 **Section 2. Purpose.** The purpose of this Ordinance is to authorize the borrowing
23 of a total aggregate amount not to exceed **\$26,112,806** from the Fund in the
24 form of loans to provide funds to pay a portion of the capital costs of the
25 Projects and to fix certain details of said loans.

26
27 **Section 3. Authority for Ordinance.** The Assembly has ascertained and hereby
28 determines that each and every matter and thing as to which provision is made
29 in this Ordinance is necessary in order to carry out and effectuate the purposes
30 of the Municipality in accordance with the Constitution and statutes of the State
31 of Alaska, and the Home Rule Charter of the Municipality, and to incur the
32 indebtedness authorized by this Ordinance.

33
34 **Section 4. Obligation of Loans.** The obligation to repay the loans authorized by
35 this Ordinance shall not be a direct and general obligation of the Municipality
36 and neither the faith and credit nor the taxing power of the Municipality is
37 pledged to the payments of the principal of and interest on the loans. The
38 Gross Revenues less the Operating Expenses of the System are hereby
39 pledged to repayment of the loans authorized by this Ordinance.

40
41 **Section 5. Authorization of Loans and Purpose of Issuance.** For the purpose of
42 providing a portion of the funds required to pay the cost of the Projects
43 described herein, and to pay all costs incidental thereto, the Municipality
44 hereby authorizes and determines to borrow moneys from the Fund in the form
45 of loans in an aggregate principal amount not to exceed **\$26,112,806** for the
46 specified construction projects.

47
48 **Section 6. Loan Applications.** The General Manager of the Anchorage Water
49 and Wastewater Utility ("AWWU") is hereby authorized and directed to
50 complete and submit to the State Department of Environmental Conservation
51 applications to borrow moneys from the Fund for the purposes of paying a
52 portion of the costs of the Projects as authorized in this Ordinance.

1
2 **Section 7. Negotiation of Terms and Approval of Amount, Interest Rates,**
3 **Maturities and Other Details of Loans.** The General Manager of AWWU shall
4 negotiate with the State and the Assembly shall by resolution approve the total
5 amount of the loans to be entered into for the Projects; the interest rate, as
6 defined by 18AAC76.080(b)(1) "for a contract term of five to 20 years, accrual
7 of finance charges begins one year after the date of the first payment to the
8 borrower; the department will assess a finance charge at a rate of one and
9 one-half percent of the total amount of financial assistance disbursed, or 30
10 percent of the current bond rate as defined by the Municipal Bond Index,
11 whichever is higher"; the interest and principal payment dates, the maturities,
12 which shall not exceed 20 years, and any other details of the loans.
13

14 **Section 8. Authority of Officers.** The Mayor, the Acting Mayor from time to time,
15 the Municipal Manager, the Chief Fiscal Officer, the General Manager of
16 AWWU, the Municipal Clerk and the Acting Municipal Clerk from time to time,
17 are, and each of them hereby is, authorized and directed to do and perform all
18 things and determine all matters not determined by this Ordinance, or to be
19 determined by a subsequent ordinance or resolution of the Municipality, to this
20 end that the Municipality may carry out its obligations under the loans and this
21 Ordinance.
22

23 **Section 9. Severability.** If any one or more of the covenants and agreements
24 provided in this Ordinance to be performed on the part of the Municipality shall
25 be declared by any court of competent jurisdiction to be contrary to law, then
26 such covenant and agreements shall be null and void and shall be deemed
27 separable from the remaining covenant and agreement in this Ordinance and
28 shall in no way affect the facility of the other provisions of this Ordinance or of
29 the loans entered into pursuant to this Ordinance.
30

31 **Section 10. Effective Date.** This Ordinance shall take effect immediately upon
32 passage and approval by the Assembly
33

34 PASSED AND APPROVED by the Anchorage Assembly this 9th day of
35 October, 2007.
36

37
38
39 Chair
40
41

42 ATTEST:

43 Brian S. Panto
44 Municipal Clerk
45

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects - Utilities

AO Number: 2007-128 Title: **An Ordinance authorizing and providing for the borrowing of a total amount not to exceed \$26,112,806 from the State of Alaska Clean Water Fund for the purpose of paying a portion of the cost of various wastewater 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 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 = \$1,500,000**
- **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 568-2007

Meeting Date: September 25, 2007

From: MAYOR

Subject: AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, AUTHORIZING THE BORROWING AND PROVIDING FOR THE BORROWING OF NOT TO EXCEED \$26,112,806 FROM THE STATE OF ALASKA CLEAN WATER FUND FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS OF VARIOUS AWWU 2007 WASTEWATER 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.

This Ordinance authorizes borrowing of not to exceed \$26,112,806 to be used specifically for financing a portion of costs for the following AWWU 2007 CIB projects included in the Alaska Clean Water Fund FY08 Intended Use Plan:

C-5A King-Rovena Sewer Upgrade	\$2,500,000
Old Glenn Highway Interceptor-Northern Communities	\$1,000,000
Arctic 32 nd -36 th Sewer Upgrade	\$ 734,806
Security Improvements - Sewer	\$ 846,000
C-2 (A,B) Sewer Improvements	\$1,150,000
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Pump Station 10 Upgrade	\$1,000,000
Pump Station Upgrades (13,21,27,52,53)	\$ 650,000

Asplund WWTF Interceptor

\$ 252,000

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 Clean 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 FROM THE STATE OF ALASKA CLEAN WATER FUND OF AN AGGREGATE AMOUNT NOT TO EXCEED \$26,112,806 FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS OF VARIOUS AWWU 2007 CAPITAL IMPROVEMENT BUDGET (CIB) SEWER IMPROVEMENT PROJECTS AND PROVIDING FOR RELATED MATTERS.

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 :** 005478**Type:** Ordinance-InvolvingFunds - AOAUTHORIZING AND PROVIDING FOR THE BORROWING FROM THE
STATE OF ALASKA CLEAN WATER FUND OF AN AGGREGATE**Title:** AMOUNT NOT TO EXCEED \$26,112,806 FOR THE PURPOSE OF
FINANCING A PORTION OF THE COSTS OF VARIOUS AWWU 2007
CIB SEWER IMPROVEMENTS PROJECTS**Author:** maglaquijp**Initiating Dept:** AWWU**Date Prepared:** 9/17/07 10:33 AM**Director Name:** Mark Premo**Assembly****Meeting Date** 9/25/07**MM/DD/YY:****Public Hearing****Date** 10/9/07**MM/DD/YY:****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 10:35 AM	Checkin	gibsonam	Public	005478
AWWU_SubWorkflow	9/17/07 10:56 AM	Approve	premomc	Public	005478
OMB_SubWorkflow	9/17/07 1:48 PM	Approve	mitsonjl	Public	005478
CFO_SubWorkflow	9/17/07 3:58 PM	Approve	sinzje	Public	005478
Legal_SubWorkflow	9/17/07 4:27 PM	Approve	fehlenrl	Public	005478
MuniManager_SubWorkflow	9/17/07 4:30 PM	Checkin	maglaquijp	Public	005478
MuniManager_SubWorkflow	9/17/07 4:30 PM	Approve	maglaquijp	Public	005478
MuniMgrCoord_SubWorkflow	9/17/07 4:31 PM	Approve	maglaquijp	Public	005478

2007 SEP 18 AM 8:40
 N.O.A.
 ULEMS OFFICE