Submitted by:

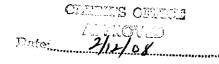
Chair of the Assembly at the Request of the AWWU Board

Prepared by:

Anchorage Water and Wastewater Utility

For reading:

January 22, 2008



ANCHORAGE, ALASKA AO No. 2008-11

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 \$4,210,000 FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS OF VARIOUS AWWU 2008 CAPITAL IMPROVEMENT BUDGET (CIB) WATER IMPROVEMENTS PROJECTS 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 water improvements projects listed in the Alaska Drinking Water approved FY08 Intended Use Plan:

Christensen Drive Water Upgrade	\$ 650,000
DeBarr-Klevin-Hoyt Water Upgrade	\$ 430,000
Eagle River Heights Water Upgrade, Ph. I	\$ 440,000
Hiland Road Water Intertie Phase 3	\$ 700,000
Jewel Lake Trans: 82 nd -88 th	\$ 790,000
Northeast Anchorage Water Improvements, Ph. IV	\$1,000,000
Ship Creek Water Treatment Facility Plan	\$ 200,000
and,	, 200,000

AM 39-2008

WHEREAS, at its January 2, 2008 meeting, the AWWU Authority Board supported this ordinance to authorize and provide for the borrowing from the State of Alaska Drinking Water Fund.

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 \$4,210,000 from the Fund for the purpose of financing 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 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. 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.

"System" means the existing water utility system of the Municipality as the same will be added to, improved and extended as authorized and provided in this

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

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

Section 2. Purpose. The purpose of this Ordinance is to authorize the borrowing of not to exceed \$4,210,000 from the Fund in the form of a loan to provide funds to finance a portion of the capital costs of the Projects and to fix certain details of said loan.

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

Section 4. Obligation of Loan. The obligation to repay the loan authorized by this Ordinance shall not be a direct and general obligation of the Municipality and neither the faith and credit nor the taxing power of the Municipality is pledged to the payment of the principal of and interest on the loan. The Gross Revenues less the Operating Expenses of the System are hereby pledged to repayment of the loan authorized by this Ordinance. Such pledge shall be subordinate to the lien on net revenues of lien revenue bonds of the Municipality heretofore and hereafter 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 \$4,210,000.

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 one 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.

PASSED AND APPRQVED by the Anchorage Assembly this 124 day of May, 2008.

Chairman

ATTEST:

MUNICIPALITY OF ANCHORAGE Summary of Economic Effects - Utilities

AO 2008-<u>11</u>

Title: An Ordinance authorizing and providing for the borrowing of a total amount not to exceed \$4,210,000 from the State of Alaska Drinking Water Fund for the purpose of paying a portion of the cost of various water capital improvements

Sponsor:

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:	<u> </u>				
TOTAL OPERATING EXPENSES:					
Non-Operating Revenues:					
TOTAL NON-OPERATING REVENUES:					
Non-Operating Expenses:	0	0	0	0	0
Interest Expense	0	0	0	\$62,000	\$62,000
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 = \$250,000
- Payments to begin one year after construction completion
- 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:	Glenda Gibson, Finance Director, AWWU	
Approved by:	Mark Premo, General Manager, AWWU	

MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 39 -2008

Meeting Date: January 22, 2008

From:Mayor

Subject:

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, AUTHORIZING AND PROVIDING FOR THE BORROWING OF NOT TO EXCEED \$4,210,000 FROM THE STATE OF ALASKA DRINKING WATER FUND FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS OF VARIOUS AWWU 2008 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.

The attached Ordinance authorizes borrowing of not to exceed \$4,210,000 to be used specifically for financing a portion of the costs of the following AWWU 2008 CIB projects included in the Alaska Drinking Water Fund FY08 Intended Use Plan:

 Christensen Drive Water Upgrade \$ 650,000

DeBarr-Klevin-Hoyt Water Upgrade \$ 430,000

Eagle River Heights Water Upgrade, Ph. I \$ 440,000

Hiland Road Water Intertie Phase 3 \$ 700,000

Jewel Lake Trans: 82nd-88th \$ 790,000

Northeast Anchorage Water Improvements, Ph. IV \$1,000,000

Ship Creek Water Treatment Facility Plan \$ 200,000

At its January 2, 2008 meeting, the AWWU Authority Board supported this ordinance to authorize and provide for the borrowing from the State of Alaska Drinking Water Fund.

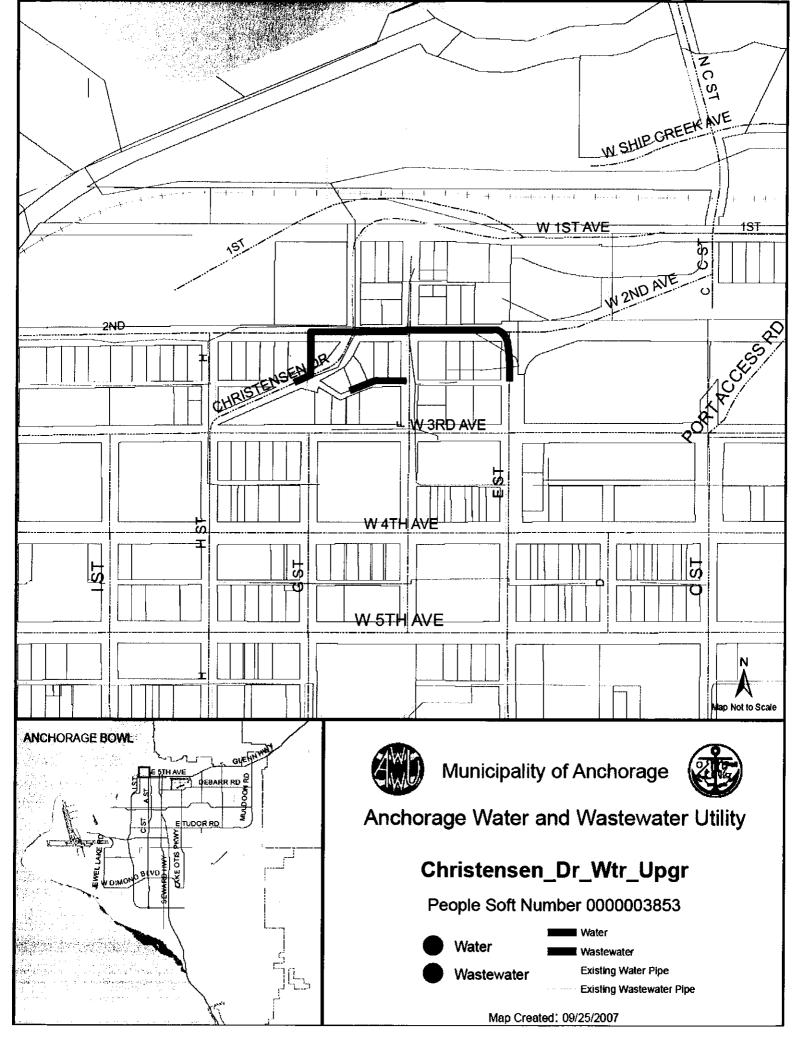
THE ADMINISTRATION CONCURS IN THE AWWU BOARD RECOMMENDATION AND REQUESTS APPROVAL OF AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, AUTHORIZING AND PROVIDING FOR THE BORROWING OF NOT TO EXCEED \$4,210,000 FROM THE STATE OF ALASKA DRINKING FUND FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS OF VARIOUS AWWU 2008 WATER CAPITAL IMPROVEMENT BUDGET (CIB) PROJECTS.

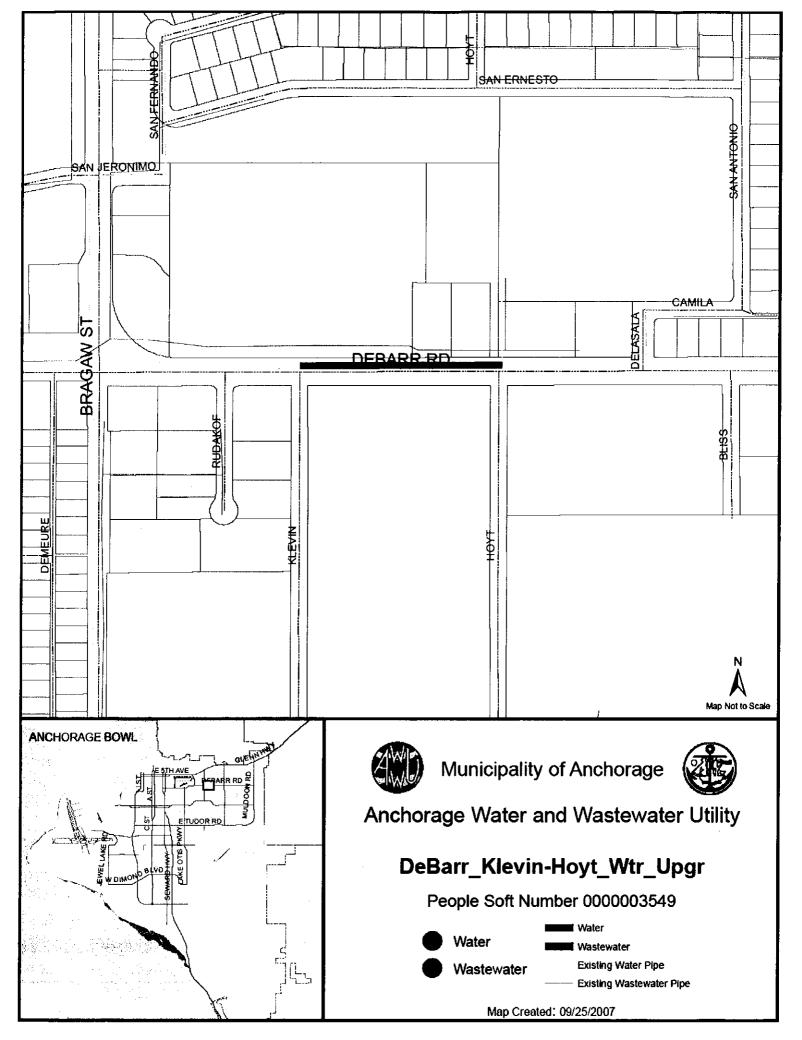
Prepared by:

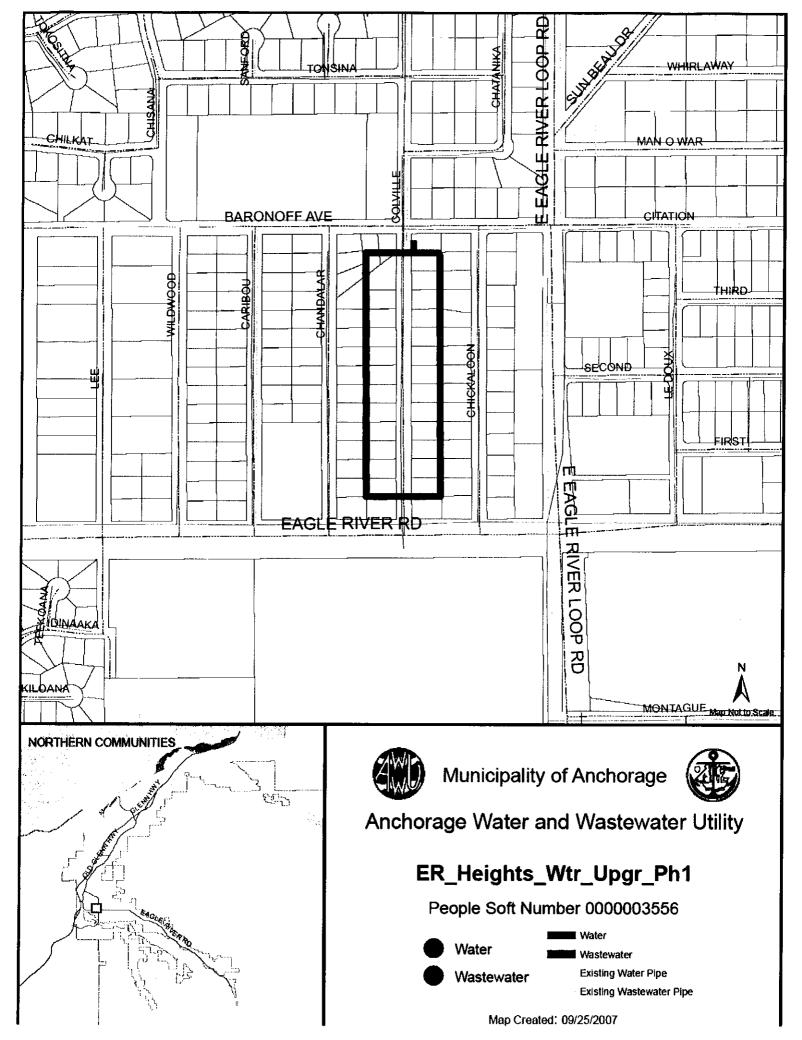
Recommended by:

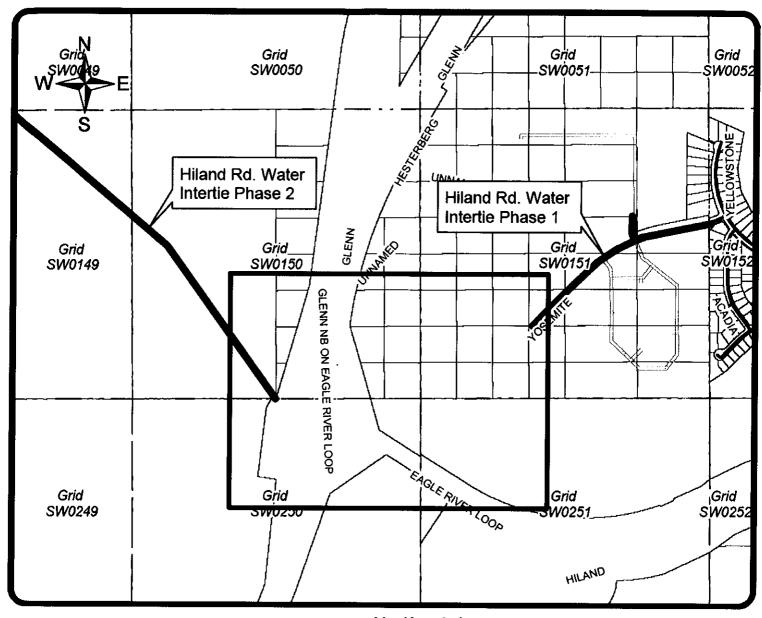
Concur:

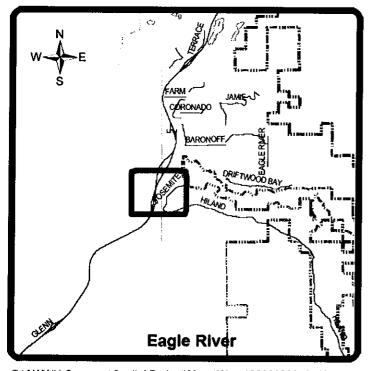
Respectfully submitted: Mark Begich, Mayor











Maps Not-to-Scale

LEGEND

Project Water Mains
Existing Water Mains
Proposed Intertie Area
Project Map Area

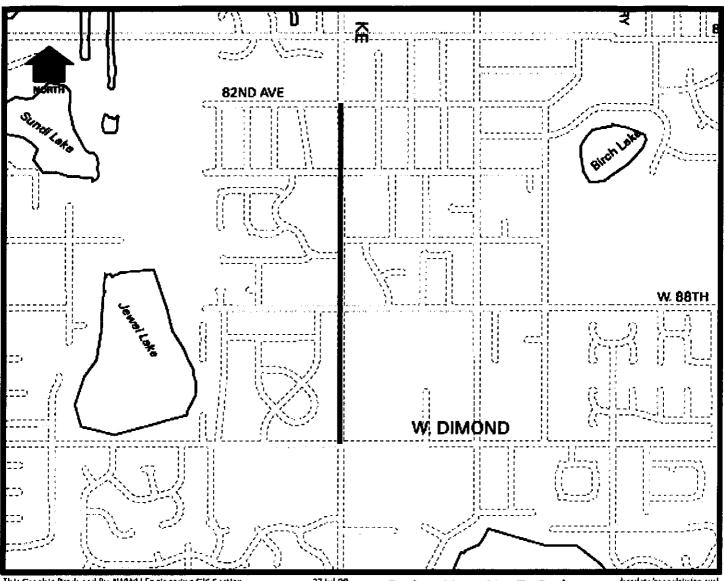


Map Created by AJU 8/03/2007

Hiland Road Water Intertie Phase 3

PeopleSoft Project ID 0000002912

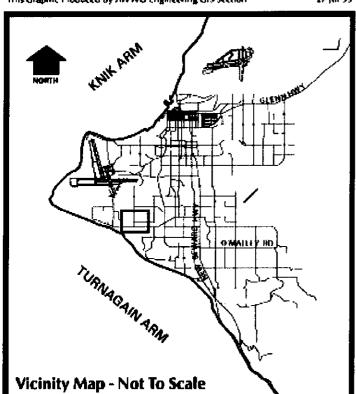
Anchorage Water & Wastewater Utility



This Graphic Produced By AWWU Engineering GIS Section

27 Jul 99

Project Map - Not To Scale



Project Symbols

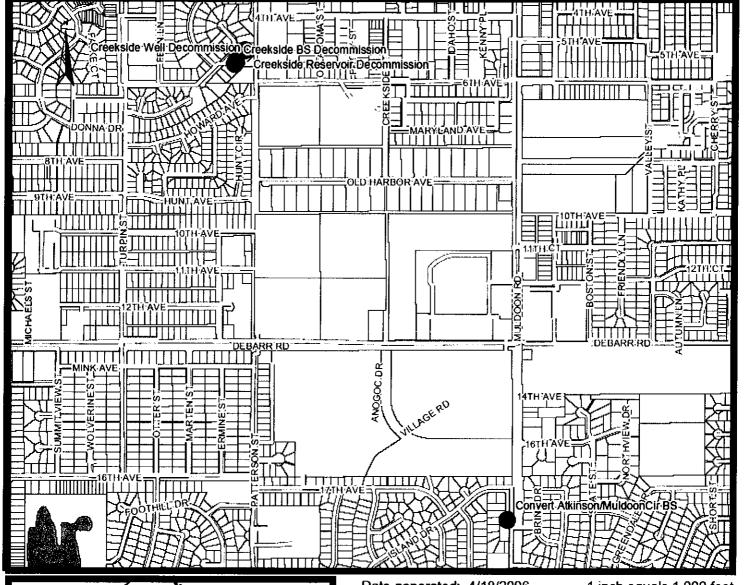
Piping

Project Map Area

JEWEL LAKE TRANSMISSION

Grid(s): 2325 2225

Anchorage Water & Wastewater Utility



HRAND **VORTHERN LIGHTS** TUDOR **ABBOTT OMALLEY** HUFFMAN

Date generated: 4/18/2006

1 inch equals 1,000 feet

Project Symbols

Piping

Existing System

Location



Project Map Area

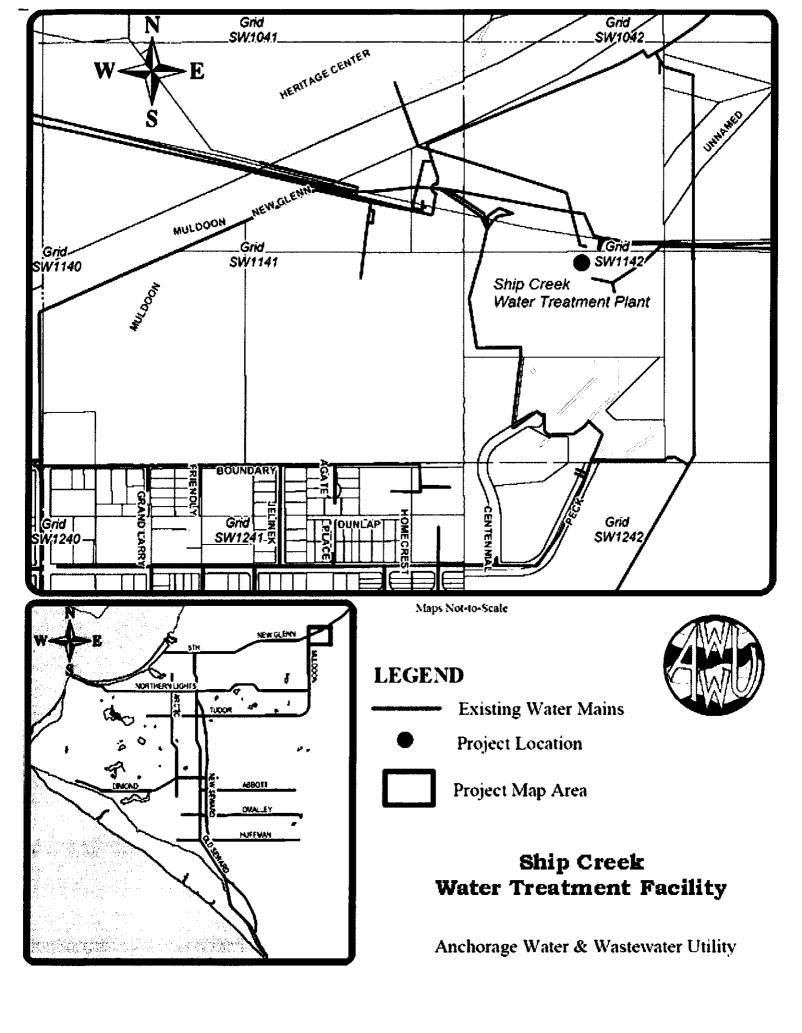
Note: Planning Level Alignment/Location

Water

Creekside Wtr Improvements Ph4

2005 WMP Project #294

Anchorage Water & Wastewater Utility



Content Information

Content ID: 005911

Type: Ordinance-InvolvingFunds - AO

AUTHORIZING AND PROVIDING FOR THE BORROWING FROM THE STATE OF ALASKA DRINKING WATER FUND OF AN AGGREGATE Title: AMOUNT NOT TO EXCEED \$4,210,000 FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS OF VARIOUS AWWU 2008

CAPITAL IMPROVEMENT BUDGET WATER IMPROVEMENTS

Author: gibsonam

Initiating AWWU
Dept:

Date 1/10/08 11:14 AM **Prepared:**

Director Name: Mark Premo

Assembly

Meeting 1/22/08

Date:

Public

Hearing 2/12/08

Date:

Workflow History

Workflow Name	Action Date	Action	User	Security Group	Content ID
AllFundOrdinanceWorkflow	1/10/08 11:18 AM	Checkin	gibsonam	Public	005911
AWWU_SubWorkflow	1/10/08 11:29 AM	Approve	premomc	Public	005911
OMB_SubWorkflow	1/10/08 1:54 PM	Approve	mitsonji	Public	005911
CFO_SubWorkflow	1/11/08 1:02 PM	Approve	weddletonsb	Public	005911
Legal_SubWorkflow	1/11/08 3:20 PM	Approve	gatesdt	Public	005911
MuniManager_SubWorkflow	1/11/08 3:50 PM	Approve	leblancdc	Public	005911
MuniMgrCoord_SubWorkflow	1/13/08 11:14 AM	Approve	abbottmk	Public	005911