

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

ORDINANCE COUNCIL
Date: 2/12/08

ANCHORAGE, ALASKA
AO No. 2008- 12

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 \$956,000 FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS OF VARIOUS AWWU 2008 CAPITAL IMPROVEMENT BUDGET (CIB) SEWER IMPROVEMENT PROJECTS AND PROVIDING FOR RELATED MATTERS.

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

WHEREAS, the Municipality of Anchorage (the "Municipality") is eligible to borrow from the Fund for the purposes of planning, designing, constructing, equipping, modifying, improving and expanding public wastewater collection, treatment, and discharge 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 2008 CIB sewer improvements projects listed in the Alaska Clean Water approved FY08 Intended Use Plan:

Asplund Generator Upgrade	\$ 200,000
A-4-B Minnesota/Dowling	\$ 756,000

and,

WHEREAS, it is deemed necessary and advisable and in the best interests of the Municipality and its inhabitants that final applications be submitted and such other actions as may be necessary be taken to borrow a total aggregate amount not

1 to exceed **\$956,000** from the Fund for the purpose of paying a portion of the costs
2 associated with said Projects.

3
4 WHEREAS, at its January 2, 2008 meeting, the AWWU Authority Board
5 supported this ordinance to authorize and provide for the borrowing from the State of
6 Alaska Clean Water Fund.

7
8 NOW THEREFORE, the Municipality of Anchorage ordains:

9
10 Section 1. Definitions. As used in this Ordinance, unless a different meaning
11 clearly appears from the context:

12
13 "Gross Revenues" means all rates and charges and other income, in each
14 case derived by or for the account of the Municipality, from the ownership, leasing or
15 operation of the System except proceeds from the sale of bonds or notes, any grants
16 received for the Anchorage Wastewater Utility, and interest received and profits
17 derived from the investment of moneys obtained from such sources or from moneys
18 held in any fund to pay or secure the payment of any bonds or notes issued in
19 connection with the System. For the purposes of this Ordinance, Gross Revenues
20 shall not include allowance for funds used during construction.

21
22 "Operating Expenses" means the current expenses incurred for operation,
23 maintenance or repair of the System of a non-capital nature, and shall include,
24 without limiting the generality of the foregoing, collection, transmission and treatment
25 expenses, fuel and electricity expenses, chemical expenses, customer accounts
26 expenses, administrative and general expenses, insurance premiums, lease rentals,
27 legal, regulatory, and engineering expenses, payments to pension, retirement, group
28 life insurance, health and hospitalization funds or other employee benefit funds
29 which are properly chargeable to current operations, interest on customers' deposits,
30 payroll tax expenses, Municipal Utility Service Assessments or any assessment
31 levied in lieu of municipal taxes and any other expenses required to be paid under
32 the provisions of this Ordinance or by law or permitted by standard practices for
33 public utility systems similar to the properties and business of the System (adjusted
34 to reflect public ownership) and applicable in the circumstances. Operating
35 Expenses shall not include any allowances for depreciation or amortization or any
36 principal, redemption price or purchase price of, or interest on, any obligations of the
37 Municipality incurred in connection with and payable from Gross Revenues.

38
39 "System" means the existing wastewater utility system of the Municipality as
40 the same will be added to, improved and extended as authorized and provided in
41 this Ordinance, and as the same may be added to, improved and extended for as
42 long as the loans authorized by this Ordinance are outstanding, but shall not include
43 such collections, transmission and treatment facilities that may be hereafter
44 purchased, constructed or otherwise acquired by the Municipality as a separate
45 wastewater utility system, the revenues of which may be pledged to the payment of
46 bonds or notes issued to purchase, construct or otherwise acquire and improve such
47 separate system.

48
49 Section 2. Purpose. The purpose of this Ordinance is to authorize the
50 borrowing of a total aggregate amount not to exceed **\$956,000** from the Fund in the
51 form of loans to provide funds to pay a portion of the capital costs of the Projects
52 and to fix certain details of said loans.

1
2 Section 3. Authority for Ordinance. The Assembly has ascertained and
3 hereby determines that each and every matter and thing as to which provision is
4 made in this Ordinance is necessary in order to carry out and effectuate the
5 purposes of the Municipality in accordance with the Constitution and statutes of the
6 State of Alaska, and the Home Rule Charter of the Municipality, and to incur the
7 indebtedness authorized by this Ordinance.

8
9 Section 4. Obligation of Loans. The obligation to repay the loans authorized
10 by this Ordinance shall not be a direct and general obligation of the Municipality and
11 neither the faith and credit nor the taxing power of the Municipality is pledged to the
12 payments of the principal of and interest on the loans. The Gross Revenues less the
13 Operating Expenses of the System are hereby pledged to repayment of the loans
14 authorized by this Ordinance.

15
16 Section 5. Authorization of Loans and Purpose of Issuance. For the purpose
17 of providing a portion of the funds required to pay the cost of the Projects described
18 herein, and to pay all costs incidental thereto, the Municipality hereby authorizes and
19 determines to borrow moneys from the Fund in the form of loans in an aggregate
20 principal amount not to exceed **\$956,000** for the specified construction projects.

21
22 Section 6. Loan Applications. The General Manager of the Anchorage Water
23 and Wastewater Utility ("AWWU") is hereby authorized and directed to complete and
24 submit to the State Department of Environmental Conservation applications to
25 borrow moneys from the Fund for the purposes of paying a portion of the costs of
26 the Projects as authorized in this Ordinance.

27
28 Section 7. Negotiation of Terms and Approval of Amount, Interest Rates,
29 Maturities and Other Details of Loans. The General Manager of AWWU shall
30 negotiate with the State and the Assembly shall by resolution approve the total
31 amount of the loans to be entered into for the Projects; the interest rate, as defined
32 by 18AAC76.080(b)(1) "for a contract term of five to 20 years, accrual of finance
33 charges begins one year after the date of the first payment to the borrower; the
34 department will assess a finance charge at a rate of one and one-half percent of the
35 total amount of financial assistance disbursed, or 30 percent of the current bond rate
36 as defined by the Municipal Bond Index, whichever is higher"; the interest and
37 principal payment dates, the maturities, which shall not exceed 20 years, and any
38 other details of the loans.

39
40 Section 8. Authority of Officers. The Mayor, the Acting Mayor from time to
41 time, the Municipal Manager, the Chief Fiscal Officer, the General Manager of
42 AWWU, the Municipal Clerk and the Acting Municipal Clerk from time to time, are,
43 and each of them hereby is, authorized and directed to do and perform all things and
44 determine all matters not determined by this Ordinance, or to be determined by a
45 subsequent ordinance or resolution of the Municipality, to this end that the
46 Municipality may carry out its obligations under the loans and this Ordinance.

47
48 Section 9. Severability. If any one or more of the covenants and agreements
49 provided in this Ordinance to be performed on the part of the Municipality shall be
50 declared by any court of competent jurisdiction to be contrary to law, then such
51 covenant and agreements shall be null and void and shall be deemed separable
52 from the remaining covenant and agreement in this Ordinance and shall in no way

1 affect the facility of the other provisions of this Ordinance or of the loans entered into
2 pursuant to this Ordinance.

3
4 Section 10. Effective Date. This Ordinance shall take effect immediately.

5
6 PASSED AND APPROVED by the Anchorage Assembly this 12th day of
7 February, 2008.

8
9
10
11 
Chairman

12 ATTEST:

13
14 
15 Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects - Utilities

AO 2008- 12

Title: **An Ordinance authorizing and providing for the borrowing of a total amount not to exceed \$956,000 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 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	\$14,000	\$14,000
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 = \$55,000
- 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 40 -2008

Meeting Date: January 22, 2008

1 **From:** Mayor

2
3 **Subject: AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA,**
4 **AUTHORIZING THE BORROWING AND PROVIDING FOR THE**
5 **BORROWING OF NOT TO EXCEED \$956,000 FROM THE STATE OF**
6 **ALASKA CLEAN WATER FUND FOR THE PURPOSE OF FINANCING**
7 **A PORTION OF THE COSTS OF VARIOUS AWWU 2008**
8 **WASTEWATER CAPITAL IMPROVEMENT BUDGET (CIB) 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

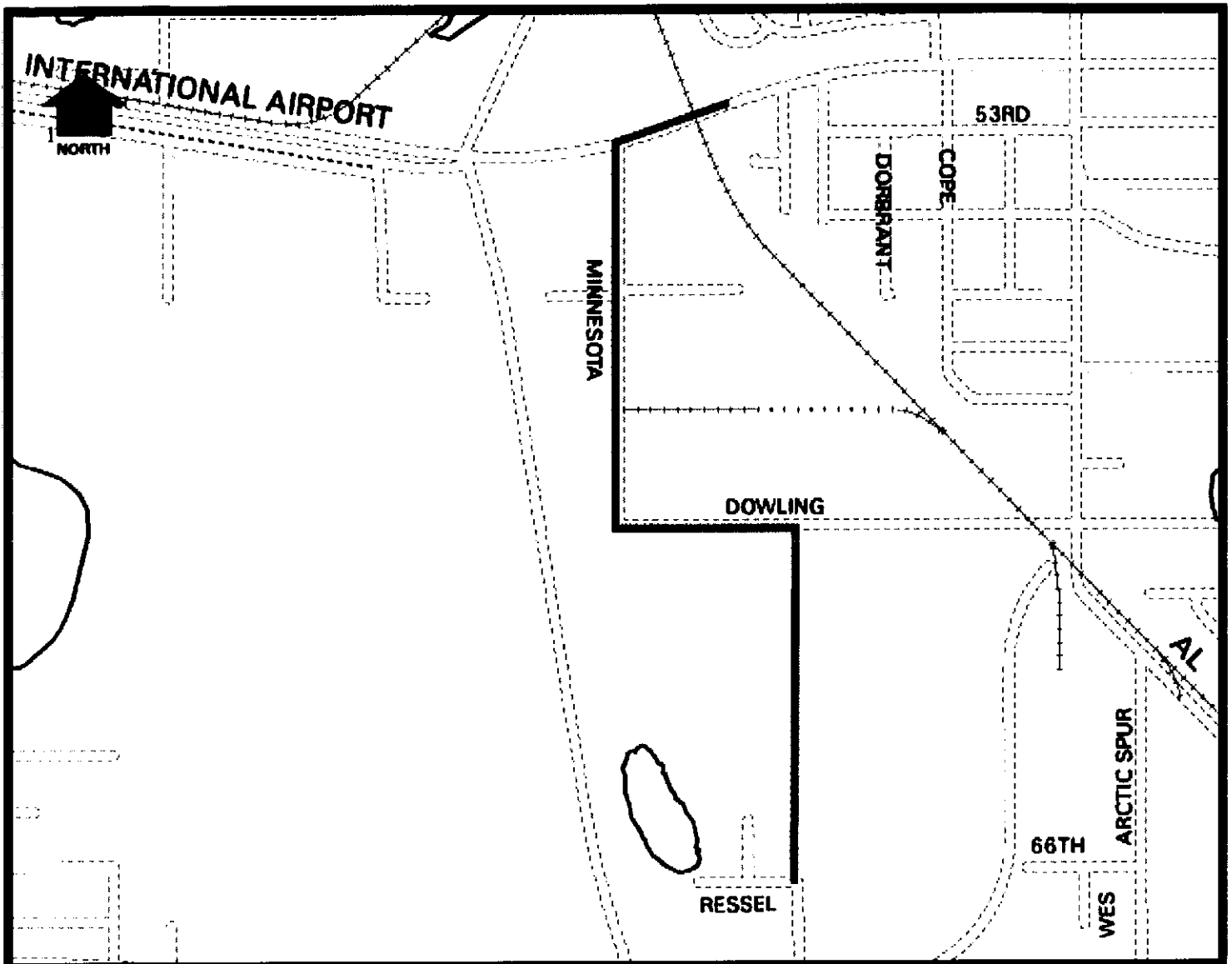
14 The attached Ordinance authorizes borrowing of not to exceed \$956,000 to be used
15 specifically for financing a portion of the costs for the following AWWU 2008 CIB
16 projects included in the Alaska Clean Water Fund FY08 Intended Use Plan:
17

18 Asplund Generator Upgrade	\$ 200,000
19 A-4-B Minnesota/Dowling	\$ 756,000

20
21 At its January 2, 2008 meeting, the AWWU Authority Board supported this ordinance
22 to authorize and provide for the borrowing from the State of Alaska Clean Water
23 Fund.
24

25 **THE ADMINISTRATION CONCURS IN THE AWWU BOARD RECOMMENDATION**
26 **AND REQUESTS APPROVAL OF AN ORDINANCE OF THE MUNICIPALITY OF**
27 **ANCHORAGE, ALASKA, AUTHORIZING AND PROVIDING FOR THE**
28 **BORROWING OF NOT TO EXCEED \$956,000 FROM THE STATE OF ALASKA**
29 **CLEAN WATER FUND FOR THE PURPOSE OF FINANCING A PORTION OF**
30 **THE COSTS OF VARIOUS AWWU 2008 CAPITAL IMPROVEMENT BUDGET**
31 **(CIB) SEWER IMPROVEMENT PROJECTS AND PROVIDING FOR RELATED**
32 **MATTERS.**
33

34 Prepared by:	Anchorage Water & Wastewater Utility
35 Recommended by:	Mark Premo, P.E., General Manager, AWWU
36 Concur:	Sharon Weddleton, CPA, Chief Fiscal Officer
37 Concur:	James N. Reeves, Municipal Attorney
38 Concur:	Denis C. LeBlanc, Municipal Manager
39 Respectfully submitted:	Mark Begich, Mayor

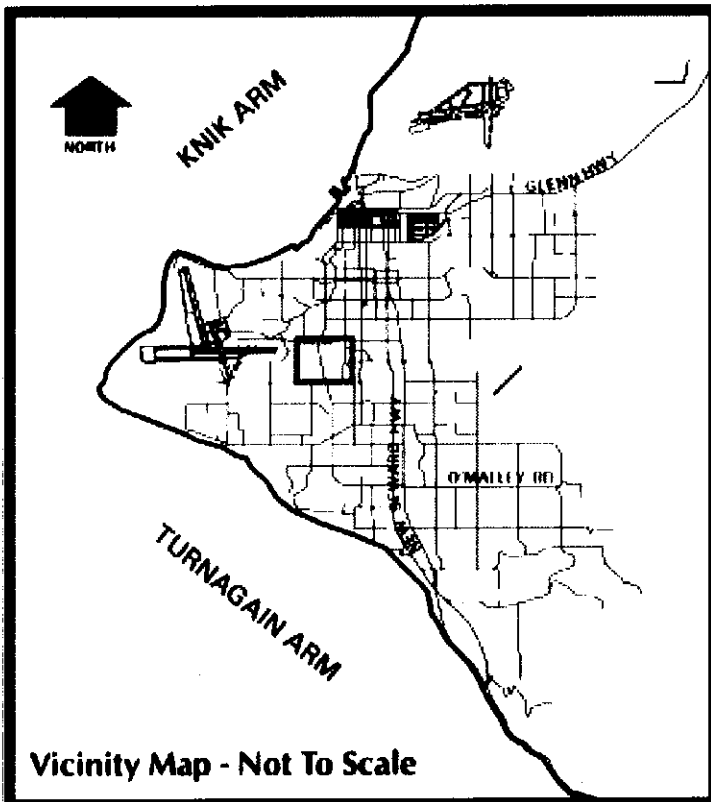


This Graphic Produced By AWWU Engineering GIS Section

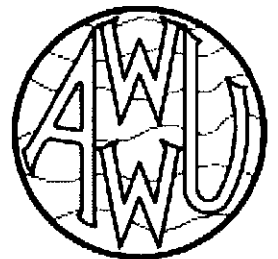
27 Jul 99



Project Map - Not To Scale

/arcdata/maps/c/pigo.ami



Project Symbols



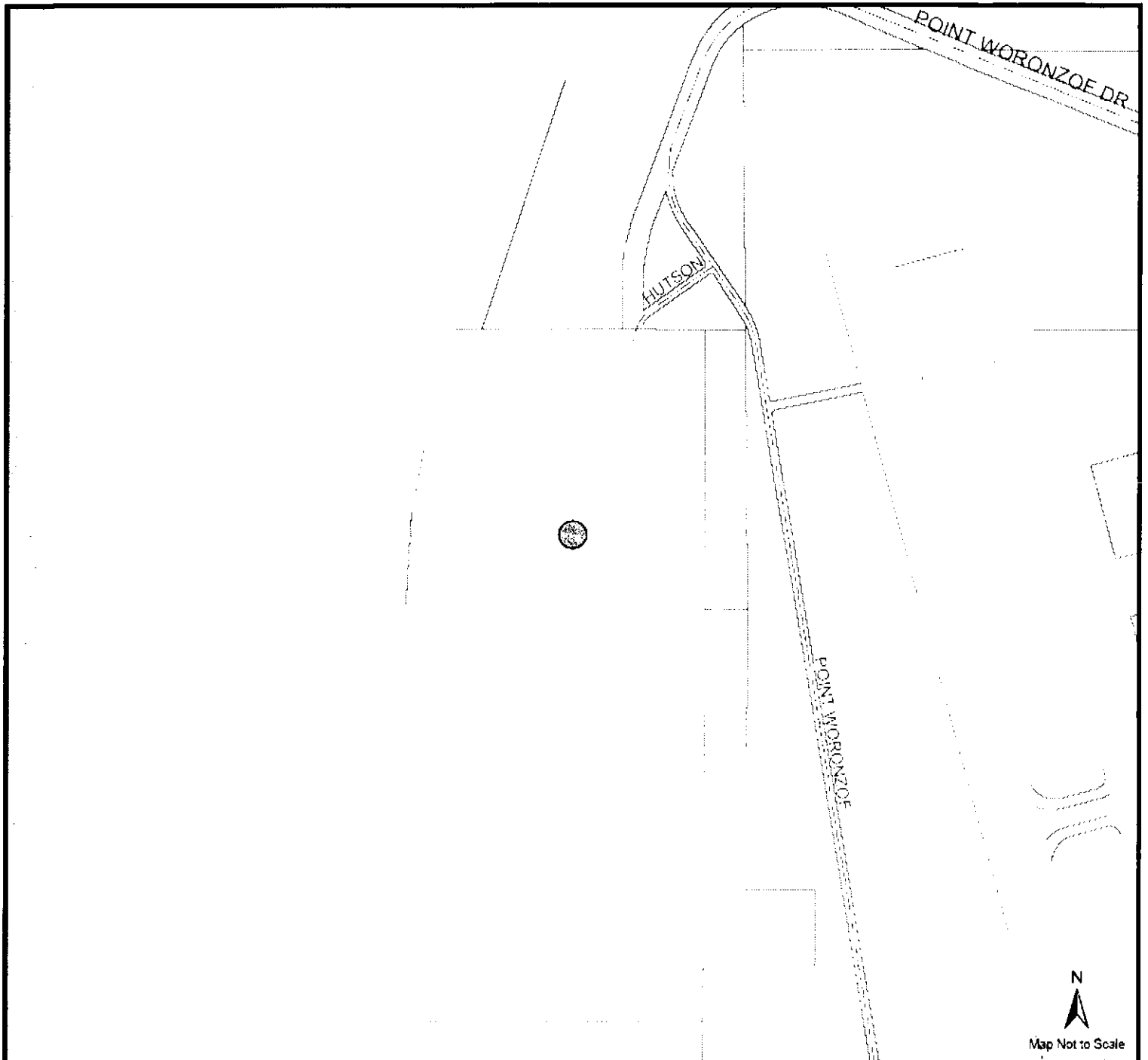
-  **Piping**
-  **Project Map Area**

A-4-B MINNESOTA/DOWLING

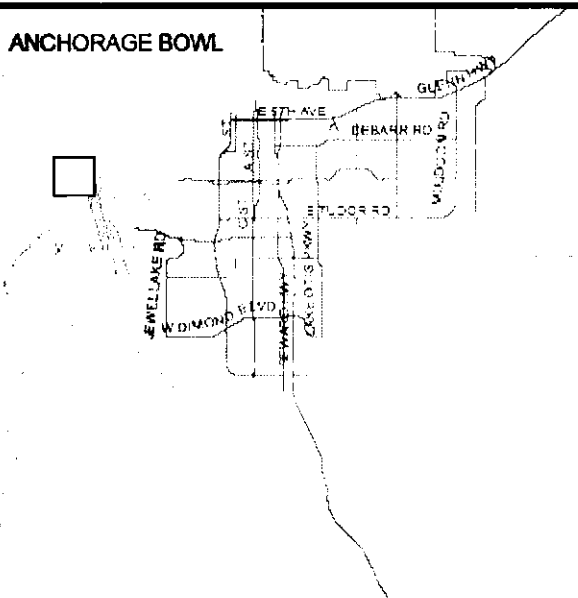
Sewer

Cnd(s): 1928 1929 2028

Anchorage Water & Wastewater Utility



ANCHORAGE BOWL



Municipality of Anchorage



Anchorage Water and Wastewater Utility

AWWTF_Gen-Elec_Rm_Upgr

People Soft Number 0000004961



Water



Wastewater

Water

Wastewater

Existing Water Pipe

Existing Wastewater Pipe

Map Created: 09/25/2007

Content Information**Content ID :** 005910**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 \$956,000 FOR THE PURPOSE OF
FINANCING A PORTION OF THE COSTS OF VARIOUS AWWU 2008
CAPITAL IMPROVEMENT BUDGET (CIB) SEWER IMPROVEMENT**Author:** gibsonam**Initiating
Dept:** AWWU**Date
Prepared:** 1/10/08 11:11 AM**Director
Name:** Mark Premo**Assembly
Meeting
Date:** 1/22/08**Public
Hearing
Date:** 2/12/082008 JAN 14 AM 10:58
CLEAN WATER FUND
M.O.A.**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	1/10/08 11:12 AM	Checkin	gibsonam	Public	005910
AWWU_SubWorkflow	1/10/08 11:29 AM	Approve	premomc	Public	005910
OMB_SubWorkflow	1/10/08 1:54 PM	Approve	mitsonjl	Public	005910
CFO_SubWorkflow	1/11/08 1:02 PM	Approve	weddletonsb	Public	005910
Legal_SubWorkflow	1/11/08 3:17 PM	Approve	gatesdt	Public	005910
MuniManager_SubWorkflow	1/11/08 3:50 PM	Approve	leblancdc	Public	005910
MuniMgrCoord_SubWorkflow	1/13/08 11:13 AM	Approve	abbottmk	Public	005910