

Submitted by: Chair of the Assembly at the
Request of the Mayor
Prepared by: Anchorage Water and Wastewater Utility
For reading: June 10, 2008

CLERK'S OFFICE

APPROVED

Date: 6-24-08

ANCHORAGE, ALASKA

AO No. 2008- 75

**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 \$3,960,500 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 Amended Intended Use Plan:

3000 Arctic HVAC Upgrade	\$ 310,000
G-K to 5 th -6 th Avenue Water Upgrade	\$ 717,000
Juneau 17 th -21 st Water Upgrade	\$ 945,000
Norfolk Booster Station Upgrade	\$1,024,500
68 th Avenue Redhawk Upgrade	\$ 270,000
Two-Way Radio Upgrade - WTR	\$ 324,000
Whitney Road Water Upgrade	\$ 370,000

and

1 WHEREAS, at its May 7, 2008 meeting, the AWWU Authority Board supported this ordinance
2 to authorize and provide for the borrowing from the State of Alaska Drinking Water Fund.
3

4 WHEREAS, it is deemed necessary and advisable and in the best interests of the Municipality
5 and its inhabitants that a final application be submitted and such other actions as may be
6 necessary be taken to borrow an amount not to exceed \$3,960,500 from the Fund for the purpose
7 of financing a portion of the costs associated with said Projects.
8

9 NOW THEREFORE, the Municipality of Anchorage ordains:
10

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

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

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

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

1 The term System shall also include the wastewater system of the Municipality if hereafter
2 combined with the water utility.

3
4 “Lien Revenue Bonds” means all publicly marketed revenue bonds or other obligations issued by
5 the Municipality having a lien on net revenue (Gross Revenues less Operating Expenses).

6
7 **Section 2. Purpose.** The purpose of this Ordinance is to authorize the borrowing of not to
8 exceed \$3,960,500 from the Fund in the form of a loan to provide funds to finance a portion of
9 the capital costs of the Projects and to fix certain details of said loan.

10
11 **Section 3. Authority for Ordinance.** The Assembly has ascertained and hereby determines
12 that each and every matter and thing as to which provision is made in this Ordinance is necessary
13 in order to carry out and effectuate the purposes of the Municipality in accordance with the
14 Constitution and statutes of the State of Alaska, and the Home Rule Charter of the Municipality,
15 and to incur the indebtedness authorized by this Ordinance.

16
17 **Section 4. Obligation of Loan.** The obligation to repay the loan authorized by this Ordinance
18 shall not be a direct and general obligation of the Municipality and neither the faith and credit
19 nor the taxing power of the Municipality is pledged to the payment of the principal of and
20 interest on the loan. The Gross Revenues less the Operating Expenses of the System are hereby
21 pledged to repayment of the loan authorized by this Ordinance. Such pledge shall be subordinate
22 to the lien on net revenues of lien revenue bonds of the Municipality heretofore and hereafter
23 issued.

24
25 **Section 5. Authorization of Loan and Purpose of Issuance.** For the purpose of providing a
26 portion of the funds required to pay the cost of the Projects described herein, and to pay all costs
27 incidental thereto, the Municipality hereby authorizes and determines to borrow money from the
28 Fund in the form of a loan in an aggregate principal amount not to exceed \$3,960,500.

29
30 **Section 6. Loan Application.** The General Manager of the Anchorage Water and Wastewater
31 Utility ("AWWU") is hereby authorized and directed to complete and submit to the State
32 Department of Environmental Conservation an application to borrow money from the Fund for
33 the purpose of financing a portion of the costs of the Projects as authorized in this Ordinance.

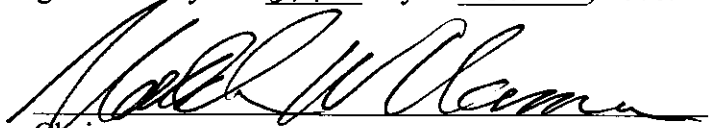
34
35 **Section 7. Negotiation of Terms and Approval of Amount, Interest Rates, Maturities and**
36 **Other Details of Loans.** The General Manager of AWWU shall negotiate with the State and the
37 Assembly shall by resolution approve the total amount of the loan to be entered into for the
38 Projects; the interest rate, as defined by 18AAC76.080(b)(1) “for a contract term of five to 20
39 years, accrual of finance charges begins one year after the date of the first payment to the
40 borrower; the department will assess a finance charge at a rate of one and one-half percent of the
41 total amount of financial assistance disbursed, or 30 percent of the current bond rate as defined
42 by the Municipal Bond Index, whichever is higher”; the interest and principal payment dates, the
43 maturities, which shall not exceed 20 years, and any other details of the loan.
44

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

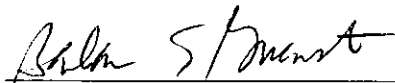
7
8 **Section 9. Severability.** If any one or more of the covenants and agreements provided in this
9 Ordinance to be performed on the part of the Municipality shall be declared by any court of
10 competent jurisdiction to be contrary to law, then such covenant and agreements shall be null and
11 void and shall be deemed separable from the remaining covenant and agreement in this
12 Ordinance and shall in no way affect the facility of the other provisions of this Ordinance or of
13 the loan entered into pursuant to this Ordinance.

14
15 **Section 10. Effective Date.** This Ordinance shall take effect immediately upon passage and
16 approval of the Assembly.

17
18 PASSED AND APPROVED by the Anchorage Assembly this 24th day of June, 2008.

19
20
21 
22 Chairman

23
24 ATTEST:

25
26 
27
28 Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects - Utilities

AO 2008- 75

Title: **An Ordinance authorizing and providing for the borrowing of a total amount not to exceed \$3,960,500 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:					
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, CPA, CFO, AWWU

Approved by: Mark Premo, General Manager, AWWU

MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 362 -2008

Meeting Date: June 10, 2008

1 **From: Mayor**

2
3 **Subject: AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA,**
4 **AUTHORIZING AND PROVIDING FOR THE BORROWING FROM THE**
5 **STATE OF ALASKA DRINKING WATER FUND OF AN AGGREGATE**
6 **AMOUNT NOT TO EXCEED \$3,960,500 FOR THE PURPOSE OF**
7 **FINANCING A PORTION OF THE COSTS OF VARIOUS AWWU 2008**
8 **CAPITAL IMPROVEMENT BUDGET (CIB) WATER IMPROVEMENTS**
9 **PROJECTS AND PROVIDING FOR RELATED MATTERS**

10
11 The State of Alaska Department of Environmental Conservation offers low-interest loans
12 through the Alaska Drinking Water Fund program to communities for the planning, design, and
13 construction of publicly-owned water capital projects.

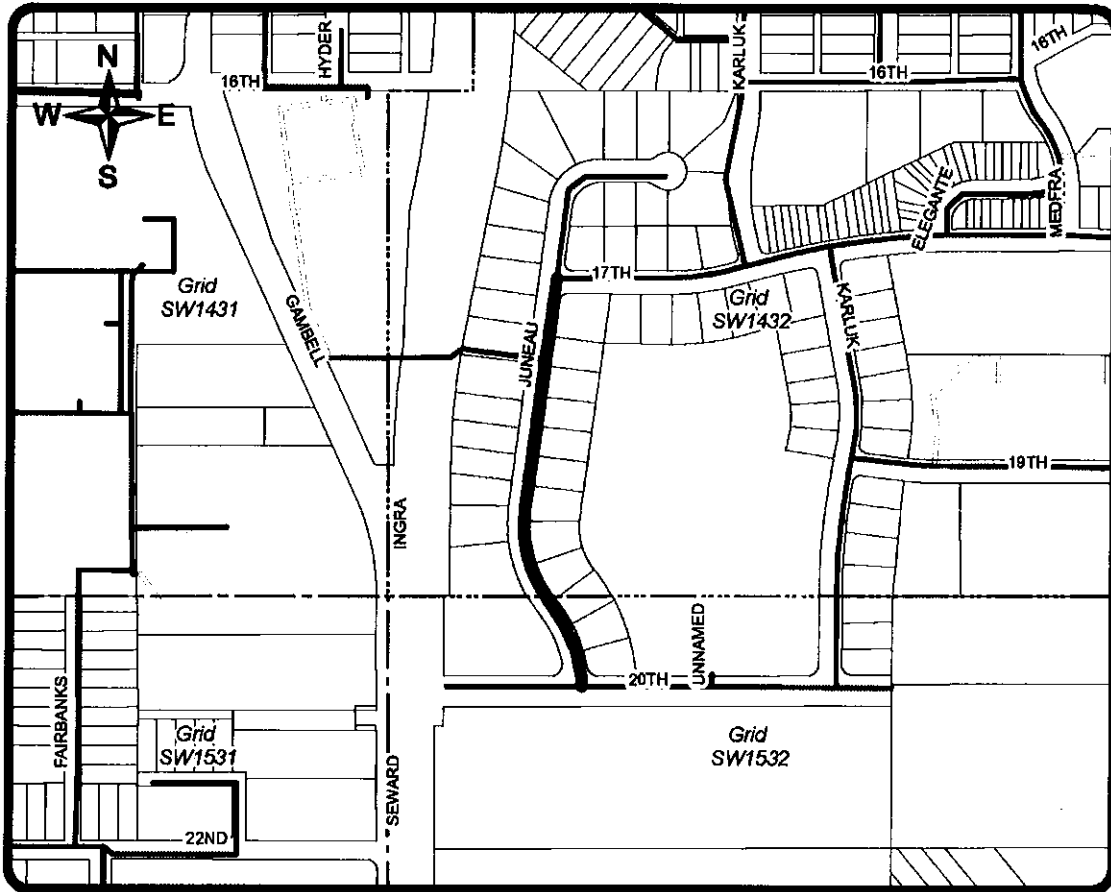
14
15 The attached Ordinance authorizes borrowing of not to exceed \$3,960,500 to be used specifically
16 for financing a portion of the costs of the following AWWU 2008 CIB projects included in the
17 Alaska Drinking Water Fund FY08 Amended Intended Use Plan:

18		
19	3000 Arctic HVAC Upgrade	\$ 310,000
20	G-K to 5 th -6 th Avenue Water Upgrade	\$ 717,000
21	Juneau 17 th -21 st Water Upgrade	\$ 945,000
22	Norfolk Booster Station Upgrade	\$1,024,500
23	68 th Avenue Redhawk Upgrade	\$ 270,000
24	Two-Way Radio Upgrade - WTR	\$ 324,000
25	Whitney Road Water Upgrade	\$ 370,000
26		

27 At its May 7, 2008 meeting, the AWWU Authority Board supported this ordinance to authorize
28 and provide for the borrowing from the State of Alaska Drinking Water Fund.




29
30 **THE ADMINISTRATION CONCURS IN THE AWWU BOARD RECOMMENDATION**
31 **AND REQUESTS APPROVAL OF AN ORDINANCE OF THE MUNICIPALITY OF**
32 **ANCHORAGE, ALASKA, AUTHORIZING AND PROVIDING FOR THE**
33 **BORROWING OF NOT TO EXCEED \$3,960,500 FROM THE STATE OF ALASKA**
34 **DRINKING FUND FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS**
35 **OF VARIOUS AWWU 2008 WATER CAPITAL IMPROVEMENT BUDGET (CIB)**
36 **PROJECTS.**

37
38 Prepared by: Anchorage Water and Wastewater Utility
39 Recommended by: Mark Premo, P.E., General Manager, AWWU
40 Concur: James N. Reeves, Municipal Attorney
41 Concur: Sharon Weddleton, CFO
42 Concur: Michael K. Abbott, Municipal Manager
43 Respectfully submitted: Mark Begich, Mayor



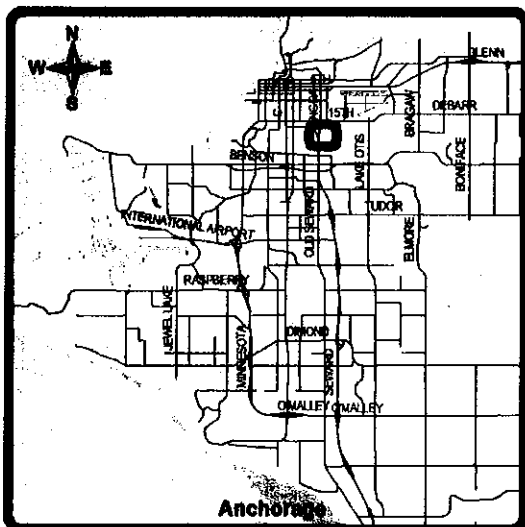
Maps Not-to-Scale

LEGEND

-  Existing Water Mains
-  Project Water Mains
-  Project Map Area



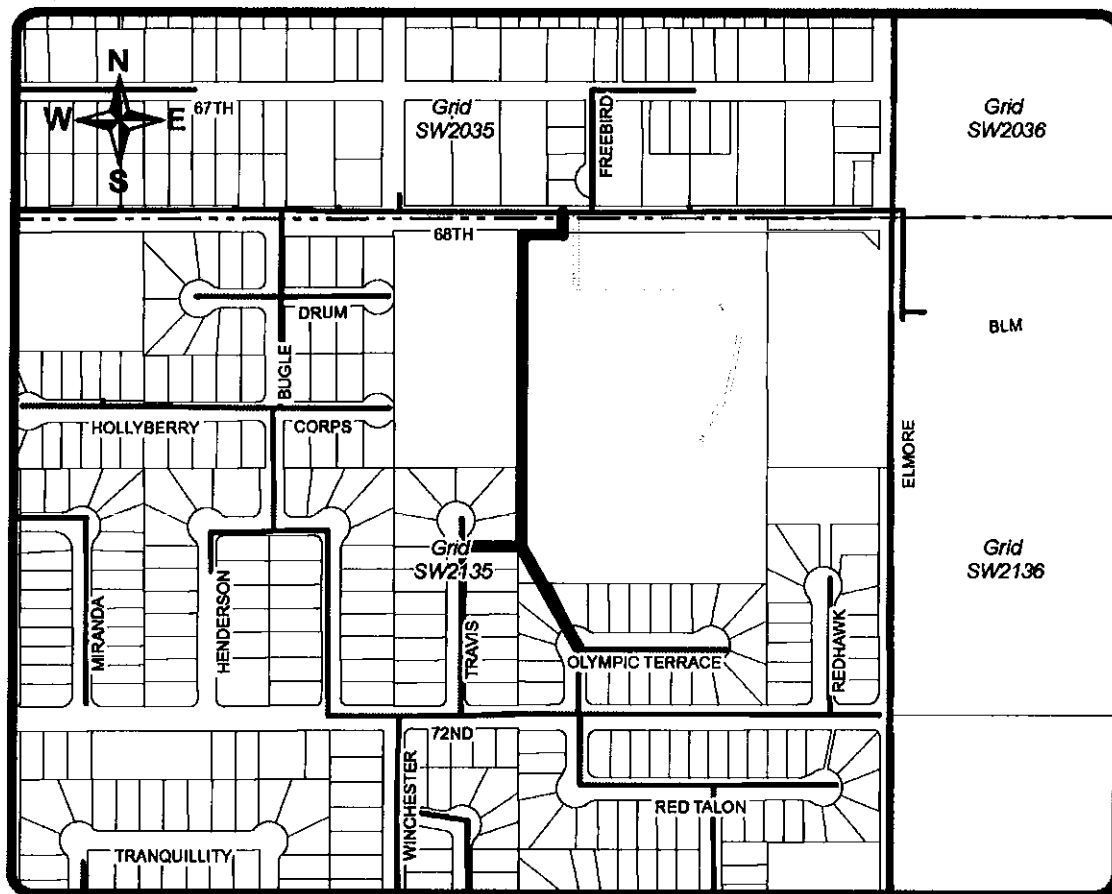
Map Created
by AJU
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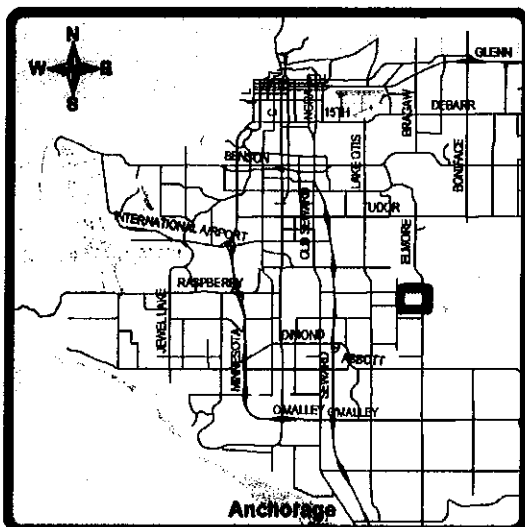
Juneau_17th-20th_St_Wtr_Upgr

PeopleSoft Project ID 0000003548
Anchorage Water & Wastewater Utility




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_St_Wtr_Upgr.pdf



Maps Not-to-Scale



LEGEND

-  Project Water Mains
-  Existing Water Mains
-  Project Area



Map Created
by AJU
11/13/2007

68th Ave-Redhawk Int

PeopleSoft Project ID 0000004871
Anchorage Water & Wastewater Utility



ANCHORAGE WATER AND WASTEWATER UTILITY
BOARD MEMORANDUM
No. 2008-39

AUTHORITY BOARD
APPROVED

Date: May 7, 2008

Meeting Date: May 7, 2008

1 From: Mark Premo, P.E., General Manager

2
3 Subject: Authorizing the Borrowing and Providing for the Borrowing from the State
4 of Alaska Drinking Water Fund an Aggregate Amount not to Exceed
5 \$3,960,500 for the Purpose of Financing a Portion of the Costs of Various
6 AWWU 2008 Capital Improvement Budget (CIB) Water Improvement
7 Projects
8

9 AWWU Board Memorandum 2006-19 was introduced and approved at the AWWU Board
10 meeting of October 4, 2006. It outlined and described the process for securing project loan
11 funding under the two loan programs, the Alaska Clean Water Fund (ACWF) and the Alaska
12 Drinking Water Fund (ADWF). These programs provide loans at attractive rates (generally
13 1.5% for ADWF, and 1.5% for ACWF loans) for up to twenty years in duration to cities,
14 boroughs, and qualified private utilities.
15

16 Approval by the AWWU Board of the attached draft Ordinance is requested at the regular
17 meeting of May 7, 2008. With the Board's approval, AWWU will present the attached
18 Assembly Ordinance and Memorandum to the Assembly seeking approval to incur debt from
19 the said State funding program.
20

21 Prepared by: Kurt Vause, P.E., Engineering Division Director
22 Concur: Glenda Gibson, CPA, CFO
23 Respectfully submitted: Mark Premo, P.E., General Manager
24

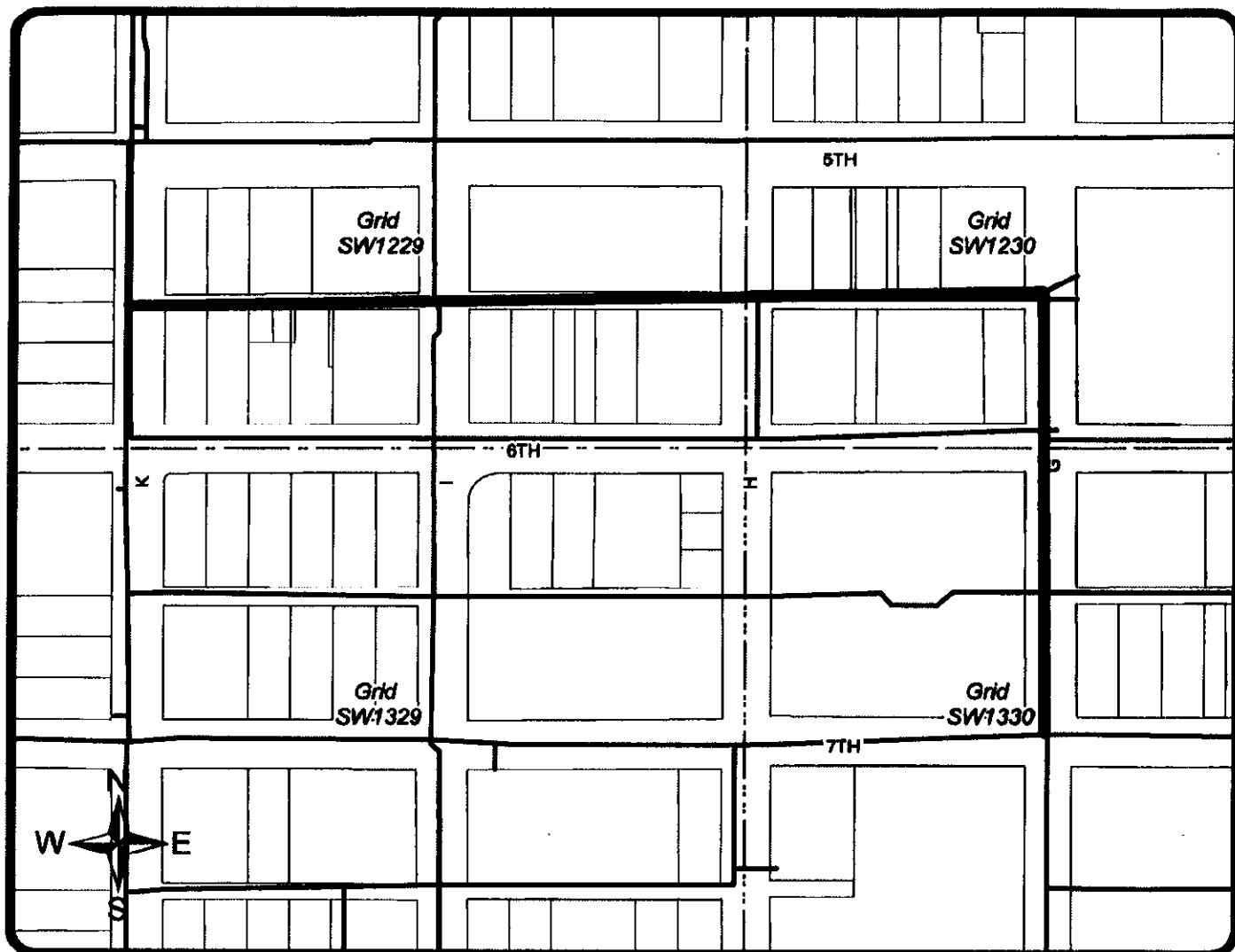
25 Approved:

26
27 

28 Calvin E. West, P.E.
29 Chair, AWWU Board of Directors
30
31

7 MAY 2008
Date




32 Attachments: Assembly Ordinance ADWF Loan Request
33 Assembly Memorandum ADWF Loan Request
34 Summary of Economic Effects – Utilities



Maps Not-to-Scale



LEGEND

-  Existing Water Mains
-  Project Water Mains
-  Project Area



Map Created
by AJU
5/07/2008

G-K St. 5-6 Ave. Water Upgrade

Anchorage Water & Wastewater Utility

Content ID: 006369**Type:** Ordinance-InvolvingFunds - AO

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

Title: EXCEED \$3,960,500 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

Author: maglaquijp**Initiating
Dept:** AWWU**Date
Prepared:** 5/8/08 3:15 PM**Director
Name:** Mark Premo**Assembly
Meeting Date:** 6/10/08**Public
Hearing Date:** 6/24/08

Workflow Name	Action Date	Action	User	Security Group	Content ID
Clerk_Admin_SubWorkflow	5/30/08 10:48 AM	Exit	Heather Handyside	Public	006369
MuniMgrCoord_SubWorkflow	5/30/08 10:48 AM	Approve	Heather Handyside	Public	006369
MuniMgrCoord_SubWorkflow	5/12/08 1:16 PM	Checkin	Joy Maglaqui	Public	006369
MuniManager_SubWorkflow	5/9/08 12:04 PM	Approve	Michael Abbott	Public	006369
Legal_SubWorkflow	5/9/08 11:59 AM	Approve	Dean Gates	Public	006369
CFO_SubWorkflow	5/9/08 10:58 AM	Approve	Sharon Weddleton	Public	006369
OMB_SubWorkflow	5/9/08 8:58 AM	Approve	Regina Alatero	Public	006369
AWWU_SubWorkflow	5/8/08 3:49 PM	Approve	Mark Premo	Public	006369
AllFundOrdinanceWorkflow	5/8/08 3:18 PM	Checkin	Alyssa Gibson	Public	006369