

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 ANCHORAGE, ALASKA
Date: 6-24-08 AO No. 2008-76

**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
\$575,000 FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS THE
MINNESOTA-BENSON SEWER UPGRADE PROJECT AND PROVIDING FOR R
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 Minnesota-Benson Sewer Upgrade project; 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 to exceed \$575,000 from the Fund for the purpose of paying a portion of the costs associated with said Project.

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

NOW THEREFORE, the Municipality of Anchorage ordains:

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

1 "Gross Revenues" means all rates and charges and other income, in each case derived by or for
2 the account of the Municipality, from the ownership, leasing or operation of the System except
3 proceeds from the sale of bonds or notes, any grants received for the Anchorage Wastewater
4 Utility, and interest received and profits derived from the investment of moneys obtained from
5 such sources or from moneys held in any fund to pay or secure the payment of any bonds or
6 notes issued in connection with the System. For the purposes of this Ordinance, Gross Revenues
7 shall not include allowance for funds used during construction.
8

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

24 "System" means the existing wastewater utility system of the Municipality as the same will be
25 added to, improved and extended as authorized and provided in this Ordinance, and as the same
26 may be added to, improved and extended for as long as the loan authorized by this Ordinance are
27 outstanding, but shall not include such collections, transmission and treatment facilities that may
28 be hereafter purchased, constructed or otherwise acquired by the Municipality as a separate
29 wastewater utility system, the revenues of which may be pledged to the payment of bonds or
30 notes issued to purchase, construct or otherwise acquire and improve such separate system.
31

32 **Section 2. Purpose.** The purpose of this Ordinance is to authorize the borrowing of a total
33 aggregate amount not to exceed \$575,000 from the Fund in the form of a loan to provide funds to
34 pay a portion of the capital costs of the Project and to fix certain details of said loan.
35

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

42 **Section 4. Obligation of Loan.** The obligation to repay the loan authorized by this Ordinance
43 shall not be a direct and general obligation of the Municipality and neither the faith and credit
44 nor the taxing power of the Municipality is pledged to the payments of the principal of and
45 interest on the loan. The Gross Revenues less the Operating Expenses of the System are hereby
46 pledged to repayment of the loan authorized by this Ordinance.

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 Project described herein, and to pay all costs incidental thereto, the Municipality hereby authorizes and determines to borrow moneys from the Fund in the form of a loan in an aggregate principal amount not to exceed \$575,000 for the specified construction project.

Section 6. Loan Applications. 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 applications to borrow moneys from the Fund for the purposes of paying a portion of the costs of the Project as authorized in this Ordinance.

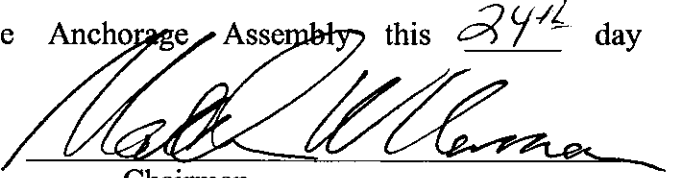
Section 7. Negotiation of Terms and Approval of Amount, Interest Rates, Maturities and Other Details of Loan. The General Manager of AWWU shall negotiate with the State and the Assembly shall by resolution approve the total amount of the loan to be entered into for the Project; the interest rate, as 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 upon passage and approval by the Assembly.

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


Chairman

ATTEST:


Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects - Utilities

AO 2008- 76

Title: An Ordinance authorizing and providing for the borrowing of a total amount not to exceed \$575,000 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	\$9,000	\$9,000
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 = \$34,000
- 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 363 -2008

Meeting Date: June 10, 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 \$575,000 FROM THE STATE OF**
6 **ALASKA CLEAN WATER FUND FOR THE PURPOSE OF FINANCING A**
7 **PORTION OF THE COSTS OF THE MINNESOTA-BENSON SEWER**
8 **UPGRADE PROJECT AND PROVIDING FOR RELATED MATTERS**
9

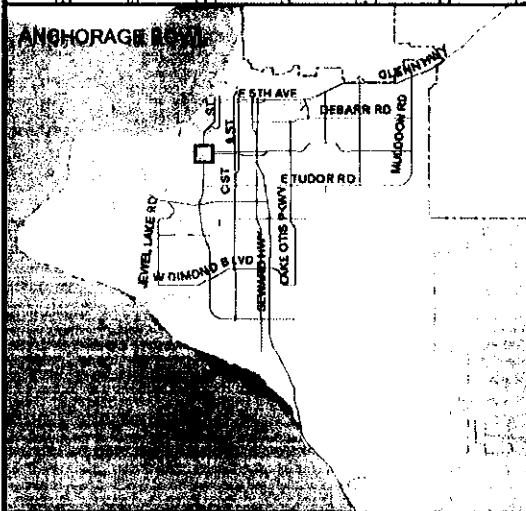
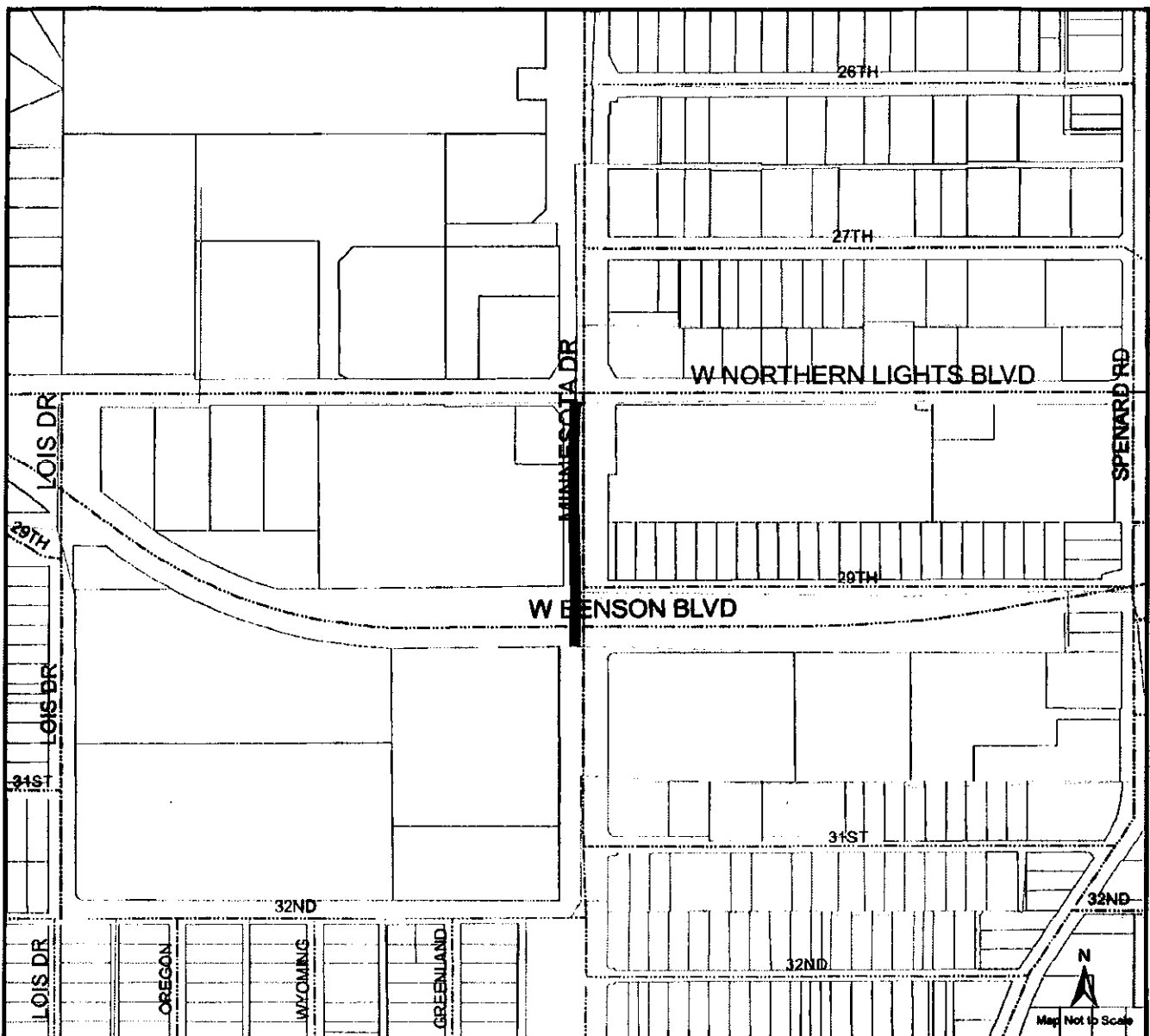
10 The State of Alaska Department of Environmental Conservation offers low-interest loans
11 through the Alaska Clean Water Fund program to communities for the planning, design, and
12 construction of publicly owned wastewater capital projects.
13

14 The attached Ordinance authorizes borrowing of not to exceed \$575,000 to be used specifically
15 for financing a portion of the costs of the Minnesota-Benson Sewer Upgrade project.
16

17 At its May 7, 2008 meeting, the AWWU Authority Board supported this ordinance to authorize
18 and provide for the borrowing from the State of Alaska Clean Water Fund.
19

20 **THE ADMINISTRATION CONCURS IN THE AWWU BOARD RECOMMENDATION**
21 **AND REQUESTS APPROVAL OF AN ORDINANCE OF THE MUNICIPALITY OF**
22 **ANCHORAGE, ALASKA, AUTHORIZING AND PROVIDING FOR THE**
23 **BORROWING OF NOT TO EXCEED \$575,000 FROM THE STATE OF ALASKA**
24 **CLEAN WATER FUND FOR THE PURPOSE OF FINANCING A PORTION OF THE**
25 **COSTS OF THE MINNESOTA-BENSON SEWER UPGRADE PROJECT AND**
26 **PROVIDING FOR RELATED MATTERS.**
27

28 Prepared by: Anchorage Water and Wastewater Utility
29 Recommended by: Mark Premo, P.E., General Manager, AWWU
30 Concur: James N. Reeves, Municipal Attorney
31 Concur: Sharon Weddleton, CFO
32 Concur: Michael K. Abbott, Municipal Manager
33 Respectfully submitted: Mark Begich, Mayor



Municipality of Anchorage



Anchorage Water and Wastewater Utility

Minnesota_Benson_Sewer_Upgr

People Soft Number 0000004957

- Water
- Wastewater
- Existing Water Pipe
- Existing Wastewater Pipe

Map Created: 09/26/2007



ANCHORAGE WATER AND WASTEWATER UTILITY AUTHORITY BOARD
BOARD MEMORANDUM
No. 2008-37

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 Clean Water Fund an Aggregate Amount not to Exceed \$575,000
5 for the Purpose of Financing a Portion of the Costs of the Minnesota-
6 Benson Sewer Upgrade Project
7

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

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

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

24 Approved:

25
26  7 May 2008
27
28 Calvin F. West, P.E. Date
29 Chair, AWWU Board of Directors
30

31 Attachments: Assembly Ordinance ACWF Loan Request
32 Assembly Memorandum ACWF Loan Request
33 Summary of Economic Effects – Utilities

Content ID: 006365**Type:** Ordinance-InvolvingFunds - AO

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
Title: EXCEED \$575,000 FOR THE PURPOSE OF FINANCING A PORTION OF THE
 COSTS THE MINNESOTA-BENSON SEWER UPGRADE PROJECT AND
 PROVIDING FOR RELATED MATTERS

Author: maglaquijp**Initiating
Dept:** AWWU**Date
Prepared:** 5/8/08 2:23 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	006365
MuniMgrCoord_SubWorkflow	5/30/08 10:48 AM	Approve	Heather Handyside	Public	006365
MuniMgrCoord_SubWorkflow	5/12/08 1:01 PM	Checkin	Joy Maglaqui	Public	006365
MuniManager_SubWorkflow	5/9/08 12:04 PM	Approve	Michael Abbott	Public	006365
Legal_SubWorkflow	5/9/08 11:53 AM	Approve	Dean Gates	Public	006365
CFO_SubWorkflow	5/9/08 10:51 AM	Approve	Sharon Weddleton	Public	006365
OMB_SubWorkflow	5/9/08 8:49 AM	Approve	Regina Alatervo	Public	006365
AWWU_SubWorkflow	5/8/08 3:12 PM	Approve	Mark Premo	Public	006365
AllFundOrdinanceWorkflow	5/8/08 2:27 PM	Checkin	Alyssa Gibson	Public	006365