

Submitted by: Chair of the Assembly at the
Request of the Mayor

Prepared by: Anchorage Water &
Wastewater Utility Authority

For Reading: July 15, 2008

CLERK'S OFFICE

APPROVED

Date: 8/12/08 ANCHORAGE, ALASKA
AO No. 2008-85

**AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE SECTION
31.20.020 TO REVISE THE REQUIREMENT FOR PAYMENT OF A DIVIDEND
FROM THE ANCHORAGE WATER AND WASTEWATER UTILITY TO THE
MUNICIPALITY OF ANCHORAGE UNDER CERTAIN CONDITIONS.**

THE ANCHORAGE ASSEMBLY ORDAINS:

Section 1. Anchorage Municipal Code section 31.20.020 is amended to read as follows
(the remainder of the section is not affected and therefore not set out):

31.20.020 Dividend to the Municipality.

*** *** ***

B. The board shall make recommendations to the assembly regarding dividend payments by ASU and/or AWU to the municipality from the previous year, after the audited financial statements of ASU and AWU for that previous year are issued [APPROVED BY THE ASSEMBLY AND THE BOARD]. Dividends may be paid by ASU and/or AWU when dividends do not degrade the financial health, system integrity, and stability of ASU or AWU.

1. When making a recommendation to the assembly the board shall give consideration to indicators of financial health and integrity, including the utility's bond coverage ratio, its debt to equity ratio, the amount of cash reserves on hand before and after the dividend payment, the utility's historical financial trend and expected future financial operations, and any other criteria the board determines is relevant to indicating the financial health and integrity of the utility.

2. When the board recommends payment of a dividend, it shall include with its recommendation a report stating its conclusions following consideration of the indicators of financial health and integrity set out above.

[DIVIDENDS SHALL BE MADE WHEN ALL THE FOLLOWING
CONDITIONS ARE MET:

1. NO ADVERSE EFFECT UPON PAYING UTILITY DEBT
SERVICE AND/OR BOND COVENANTS;
2. ACHIEVEMENT AND PROJECTED FUTURE
MAINTENANCE OF DEBT-TO-EQUITY RATIOS OF
65/35 OR BETTER FOR THE PAYING UTILITY;

- 1 3. MAINTAINING AT LEAST 180 DAYS OPERATIONAL
2 CASH RESERVES AFTER THE DIVIDEND PAYOUT
3 FOR BOTH ASU AND AWU;
4 4. DIVIDEND PAYMENTS BY ASU OR AWU DOES NOT
5 EXCEED 50 PERCENT OF THE PAYING UTILITY'S
6 NET INCOME FOR THE YEAR ON WHICH DIVIDENDS
7 ARE PAID; AND SHOULD THE FINANCIAL POSITION
8 OF EITHER ASU OR AWU CHANGE DUE TO A
9 WINDFALL CONDITION, THE BOARD AND
10 ASSEMBLY MAY REEVALUATE THE DIVIDEND
11 DISTRIBUTION CRITERIA.]
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13 (AO No. 2005-107, § 1, 1-1-06)
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15 **Section 2.** This ordinance shall become effective immediately upon passage and
16 approval by the Assembly.
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18 PASSED AND APPROVED this 12th day of August, 2008.
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24 Chair

25 ATTEST:
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27

28 
29
30 Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects -- Utilities

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AO Number: 2008-85

Title: AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE SECTION 31.20.020 TO REVISE THE REQUIREMENT FOR PAYMENT OF A DIVIDEND FROM THE ANCHORAGE WATER AND WASTEWATER UTILITY TO THE MUNICIPALITY OF ANCHORAGE UNDER CERTAIN CONDITIONS

Sponsor: **MAYOR**

Preparing Agency: Anchorage Water and Wastewater Utility

Others Impacted: n/a

CHANGES IN REVENUES AND EXPENSES:		(In Thousands of Dollars)				
	FY08	FY09	FY10	FY11	FY12	
Operating Revenues:						
TOTAL OPERATING REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	-
Operating Expenses:						
TOTAL OPERATING EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	-
Non-Operating Revenues:						
	\$ -	\$ -	\$ -	\$ -	\$ -	-
TOTAL NON-OPERATING REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	-
Non-Operating Expenses:						
	\$ -	\$ -	\$ -	\$ -	\$ -	-
TOTAL NON-OPERATING EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	-
NET INCOME (REGULATED)	\$ -	\$ -	\$ -	\$ -	\$ -	-
POSITIONS: FT/PT and Temp	0	0	0	0	0	0

PUBLIC SECTOR ECONOMIC EFFECTS:

The proposed ordinance will have no economic effects.

PRIVATE SECTOR ECONOMIC EFFECTS:

The proposed ordinance will have no economic effects.

Prepared by: Brett Jokela, Asst General Manager, AWWU

Telephone: 786-5511

MUNICIPALITY OF ANCHORAGE
ASSEMBLY MEMORANDUM

No. AM 449-2008

Meeting Date: July 15, 2008

From: MAYOR

Subject: AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE SECTION 31.20.020 TO REVISE THE REQUIREMENT FOR PAYMENT OF A DIVIDEND FROM THE ANCHORAGE WATER AND WASTEWATER UTILITY TO THE MUNICIPALITY OF ANCHORAGE UNDER CERTAIN CONDITIONS

This ordinance amends Anchorage Municipal Code section 31.20.020 to revise the requirement for payment of a dividend under certain circumstances. Section 31.20.020A. states:

AWU (Anchorage Water Utility) and ASU (Anchorage Sewer Utility) shall be operated in accordance with prevailing industry practices and in a manner which shall provide dividends to the Municipality.

Thereafter, Anchorage Municipal Code section 31.20.020B. is *permissive* in terms of when the utility may pay a dividend:

Dividends may be paid by ASU and/or AWU when dividends do not degrade the financial health, system integrity, and stability of ASU or AWU.

Section 31.20.020B. is also *prescriptive* in terms of when the utility must pay a dividend, setting out four conditions that must be met to trigger the dividend payment.

The AWWU Authority Board discussed the precise nature of the prescriptive terms on several occasions. As a result of those discussions, the AWWU Authority Board seeks additional flexibility, as provided in this ordinance, regarding making recommendations to the Assembly regarding dividend payments.

At a special meeting of the AWWU Authority Board of Directors on March 31, 2008, the AWWU Board of Directors endorsed the suggested language of the ordinance and asked for introduction of the code amendment by the municipal administration.

THE ADMINISTRATION RECOMMENDS APPROVAL OF AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE SECTION 31.20.020 TO REVISE THE REQUIREMENT FOR PAYMENT OF A DIVIDEND FROM THE ANCHORAGE WATER AND WASTEWATER UTILITY TO THE MUNICIPALITY OF ANCHORAGE UNDER CERTAIN CONDITIONS.

Prepared by:	Anchorage Water and Wastewater Utility
Recommended by:	Mark Premo, P.E., General Manager, AWWU
Concur:	James N. Reeves, Municipal Attorney
Concur:	Michael K. Abbott, Municipal Manager
Respectfully submitted:	Mark Begich, Mayor

Content ID: 006363

Type: Ordinance - AO

Title: AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE SECTION 31.02.020 TO REVISE THE REQUIREMENT FOR PAYMENT OF A DIVIDEND FROM THE ANCHORAGE WATER AND WASTEWATER UTILITY TO THE MUNICIPALITY OF ANCHORAGE UNDER CERTAIN CONDITIONS

Author: maglaquijp

Initiating Dept: AWWU

Date Prepared: 5/8/08 1:43 PM

Director Name: Mark Premo

Assembly Meeting Date: 7/15/08

Public Hearing Date: 7/29/08

2008 JUL -3 6:11:25
CLERK'S OFFICE

Workflow Name	Action Date	Action	User	Security Group	Content ID
Clerk_Admin_SubWorkflow	7/3/08 8:59 AM	Exit	Heather Handyside	Public	006363
MuniMgrCoord_SubWorkflow	7/3/08 8:59 AM	Approve	Heather Handyside	Public	006363
MuniManager_SubWorkflow	7/2/08 3:50 PM	Approve	Michael Abbott	Public	006363
MuniManager_SubWorkflow	6/26/08 1:27 PM	Checkin	Joy Maglaqui	Public	006363
Legal_SubWorkflow	6/23/08 9:44 AM	Approve	Rhonda Westover	Public	006363
OMB_SubWorkflow	6/20/08 11:18 AM	Approve	Bruce Holmes	Public	006363
AWWU_SubWorkflow	6/19/08 4:43 PM	Approve	Mark Premo	Public	006363
AllOrdinanceWorkflow	6/19/08 4:31 PM	Checkin	Alyssa Gibson	Public	006363
Legal_SubWorkflow	5/9/08 11:07 AM	Reject	Dean Gates	Public	006363
OMB_SubWorkflow	5/9/08 8:27 AM	Approve	Regina Alatero	Public	006363
AWWU_SubWorkflow	5/8/08 3:11 PM	Approve	Mark Premo	Public	006363
AllOrdinanceWorkflow	5/8/08 1:59 PM	Checkin	Alyssa Gibson	Public	006363
AWWU_SubWorkflow	5/8/08 1:51 PM	Reject	Mark Premo	Public	006363
AllOrdinanceWorkflow	5/8/08 1:44 PM	Checkin	Alyssa Gibson	Public	006363