

Submitted by: Chair of the Assembly at the
Request of the Mayor
Prepared by: Anchorage Water and Wastewater
Utility
For reading: October 14, 2008

CLERK'S OFFICE

APPROVED

Date: 10-28-08

ANCHORAGE, ALASKA
AO No. 2008-110

1 AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA,
2 AUTHORIZING AND PROVIDING FOR THE BORROWING FROM THE
3 STATE OF ALASKA CLEAN WATER FUND AN AGGREGATE AMOUNT NOT
4 TO EXCEED \$8,650,000 FOR THE PURPOSE OF FINANCING A PORTION OF
5 THE COSTS OF VARIOUS AWWU 2008 CAPITAL IMPROVEMENT BUDGET
6 (CIB) WASTEWATER IMPROVEMENTS PROJECTS AND PROVIDING FOR
7 RELATED MATTERS.

8
9 WHEREAS, the State of Alaska (the "State") has, pursuant to Alaska Statutes 46.03.032
10 and 18 AAC 76.005 et seq. of the Alaska Administrative Code, established the Alaska
11 Clean Water Fund (the 'Fund'), a fund which makes use of U.S. Government grants as
12 authorized by the Clean Water Act, as amended by P.L. 100-4; and,

13
14 WHEREAS, the Municipality of Anchorage (the "Municipality") is eligible to borrow
15 from the Fund for the purposes of planning, designing, constructing, equipping,
16 modifying, improving and expanding public wastewater collection, treatment, and
17 discharge facilities; and,

18
19 WHEREAS, the interest rate to be paid by the Municipality on money borrowed from the
20 Fund is a favorable rate considering other sources of funds available to the Municipality;
21 and,

22
23 WHEREAS, the Home Rule Charter of the Municipality provides at Section 15.03 that
24 the Assembly by ordinance shall provide for the form and manner of sale of bonds and
25 notes; and,

26
27 WHEREAS, the Assembly of the Municipality has determined and does hereby
28 determine that it is necessary to proceed to plan, design, develop, construct, equip,
29 acquire property for, or otherwise obtain items of capital improvements in connection
30 with the following AWWU 2008 CIB sewer improvements projects listed in the Alaska
31 Clean Water approved FY09 Intended Use Plan:

| | | |
|----|---|-------------|
| 32 | | |
| 33 | Asplund WWTF Process Improvements (<i>loan increase</i>) | \$4,000,000 |
| 34 | SCADA Sewer (<i>loan increase</i>) | \$2,000,000 |
| 35 | Northern Communities Sewer (<i>loan increase</i>) | \$1,000,000 |
| 36 | UBM-ERP Sewer | \$1,000,000 |
| 37 | AWWU Operations Facility Phase III (<i>loan increase</i>) | \$ 650,000 |
| 38 | | |

39 and,

1
2 WHEREAS, it is deemed necessary and advisable and in the best interests of the
3 Municipality and its inhabitants that final applications be submitted and such other
4 actions as may be necessary be taken to borrow a total aggregate amount not to exceed
5 \$8,650,000 from the Fund for the purpose of paying a portion of the costs associated with
6 said Projects.

7
8 WHEREAS, at its October 1, 2008 meeting, the AWWU Authority Board supported this
9 ordinance to authorize and provide for the borrowing from the State of Alaska Clean
10 Water Fund.

11
12 NOW THEREFORE, the Municipality of Anchorage ordains:

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

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

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

42
43 "System" means the existing wastewater utility system of the Municipality as the same
44 will be added to, improved and extended as authorized and provided in this Ordinance,
45 and as the same may be added to, improved and extended for as long as the loans
46 authorized by this Ordinance are outstanding, but shall not include such collections,

transmission and treatment facilities that may be hereafter purchased, constructed or otherwise acquired by the Municipality as a separate wastewater 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.

Section 2. Purpose. The purpose of this Ordinance is to authorize the borrowing of a total aggregate amount not to exceed \$8,650,000 from the Fund in the form of loans to provide funds to pay a portion of the capital costs of the Projects and to fix certain details of said loans.

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 Loans. The obligation to repay the loans 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 payments of the principal of and interest on the loans. The Gross Revenues less the Operating Expenses of the System are hereby pledged to repayment of the loans authorized by this Ordinance.

Section 5. Authorization of Loans 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 moneys from the Fund in the form of a loans in an aggregate principal amount not to exceed \$8,650,000 for the specified construction projects.

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 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 loans 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 loans.

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

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

16
17 **Section 10. Effective Date.** This Ordinance shall take effect immediately.

18
19
20 PASSED AND APPROVED by the Anchorage Assembly this 28th day of
21 October, 2008.

22
23
24
25
26 
Chairman

27 ATTEST:

28 
29
30 Municipal Clerk
31

MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 675-2008

Meeting Date: October 14, 2008

1 **From:** Mayor

2
3 **Subject:** AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE,
4 ALASKA, AUTHORIZING AND PROVIDING FOR THE
5 BORROWING FROM THE STATE OF ALASKA CLEAN WATER
6 FUND AN AGGREGATE AMOUNT NOT TO EXCEED \$8,650,000
7 FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS
8 OF VARIOUS AWWU 2008 CAPITAL IMPROVEMENT BUDGET
9 (CIB) WASTEWATER IMPROVEMENTS PROJECTS AND
10 PROVIDING FOR RELATED MATTERS.
11

12 The State of Alaska Department of Environmental Conservation offers low-interest loans
13 through the Alaska Clean Water Fund program to communities for the planning, design,
14 and construction of publicly owned wastewater capital projects.
15

16 The attached Ordinance authorizes borrowing of not to exceed \$8,650,000 to be used
17 specifically for financing a portion of the costs of the following AWWU 2008 CIB
18 projects included in the Alaska Clean Water Fund FY09 Intended Use Plan:
19

| | |
|--|-------------|
| 20 Asplund WWTF Process Improvements (<i>loan increase</i>) | \$4,000,000 |
| 21 SCADA Sewer (<i>loan increase</i>) | \$2,000,000 |
| 22 Northern Communities Sewer (<i>loan increase</i>) | \$1,000,000 |
| 23 UBM-ERP Sewer | \$1,000,000 |
| 24 AWWU Operations Facility Phase III (<i>loan increase</i>) | \$ 650,000 |

25

26 At its October 1, 2008 meeting, the AWWU Authority Board supported this ordinance to
27 authorize and provide for the borrowing from the State of Alaska Clean Water Fund.
28

29 **THE ADMINISTRATION CONCURS IN THE AWWU BOARD**
30 **RECOMMENDATION AND REQUESTS APPROVAL OF AN ORDINANCE OF**
31 **THE MUNICIPALITY OF ANCHORAGE, ALASKA, AUTHORIZING AND**
32 **PROVIDING FOR THE BORROWING OF NOT TO EXCEED \$8,650,000 FROM**
33 **THE STATE OF ALASKA CLEAN WATER FUND FOR THE PURPOSE OF**
34 **FINANCING A PORTION OF THE COSTS OF VARIOUS AWWU 2008**
35 **WASTEWATER CAPITAL IMPROVEMENT BUDGET (CIB) PROJECTS.**
36

| | |
|----------------------------|---|
| 37 Prepared by: | Anchorage Water and Wastewater Utility |
| 38 Recommended by: | Mark Premo, P.E., General Manager, AWWU |
| 39 Concur: | Michael K. Abbott, Municipal Manager |
| 40 Respectfully submitted: | Mark Begich, Mayor |

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects - Utilities

AO Number: 2008-110 Title: **An Ordinance authorizing and providing for the borrowing of a total amount not to exceed \$8,650,000 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: | FY08 | FY09 | FY10 | FY11 | FY12 |
| | | | | | |
| 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 | \$10 | \$30 |
| | | | | | |
| 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 = \$504,000**
- **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:

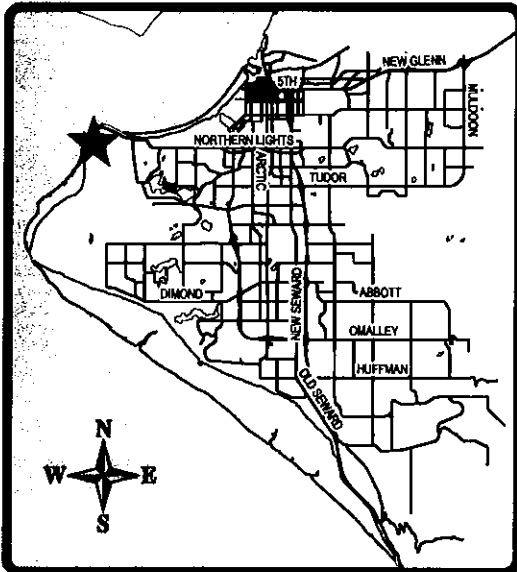
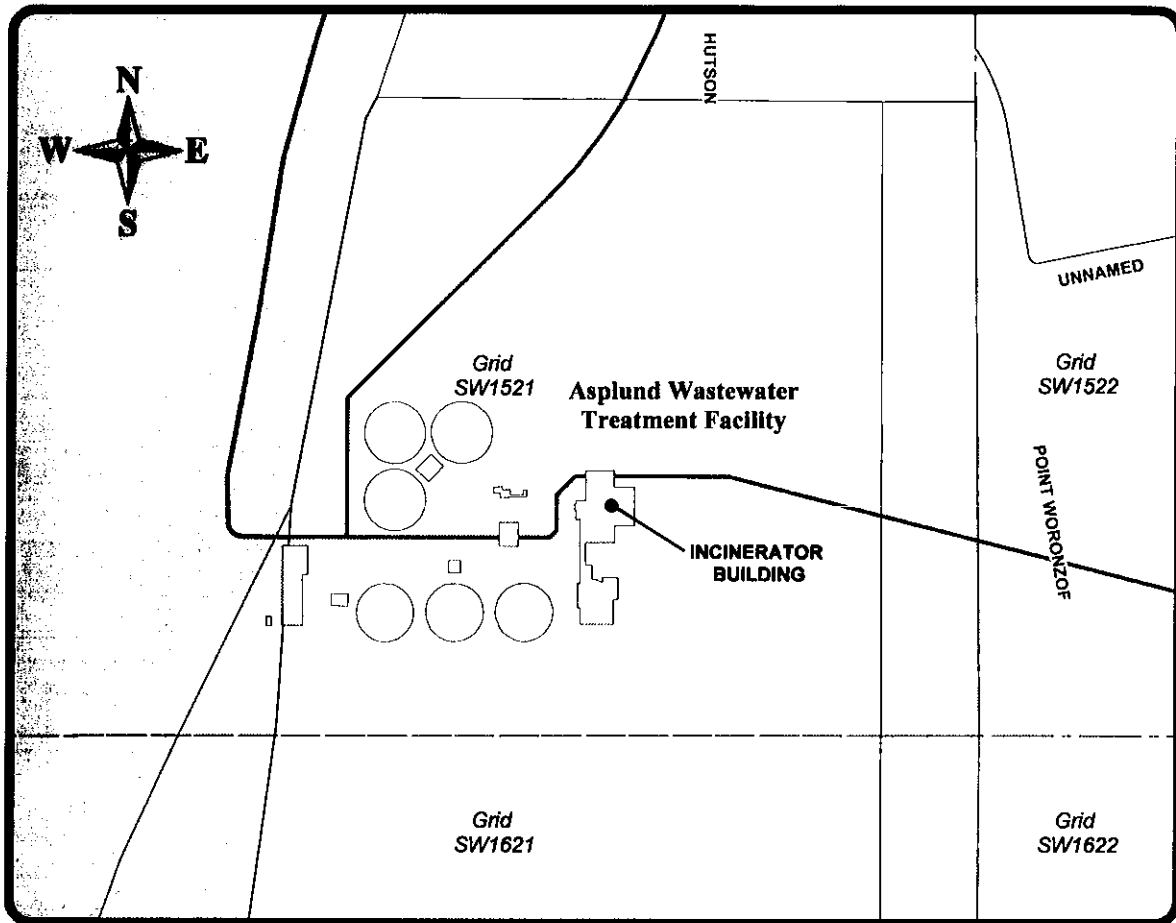
- **None**

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



Maps Not-to-Scale

LEGEND

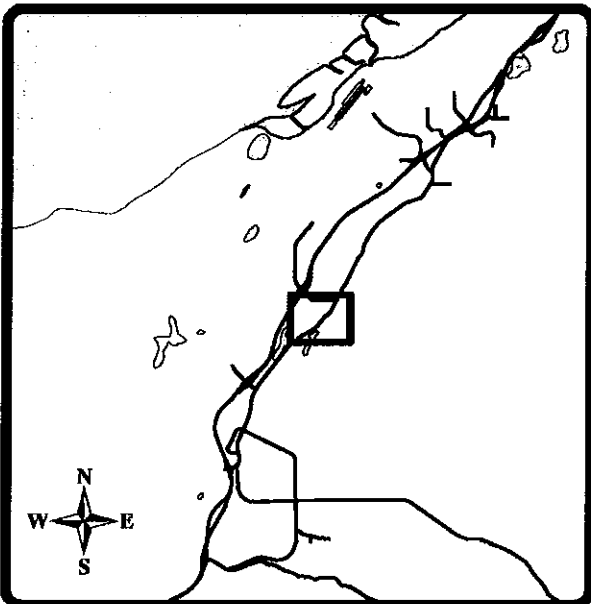
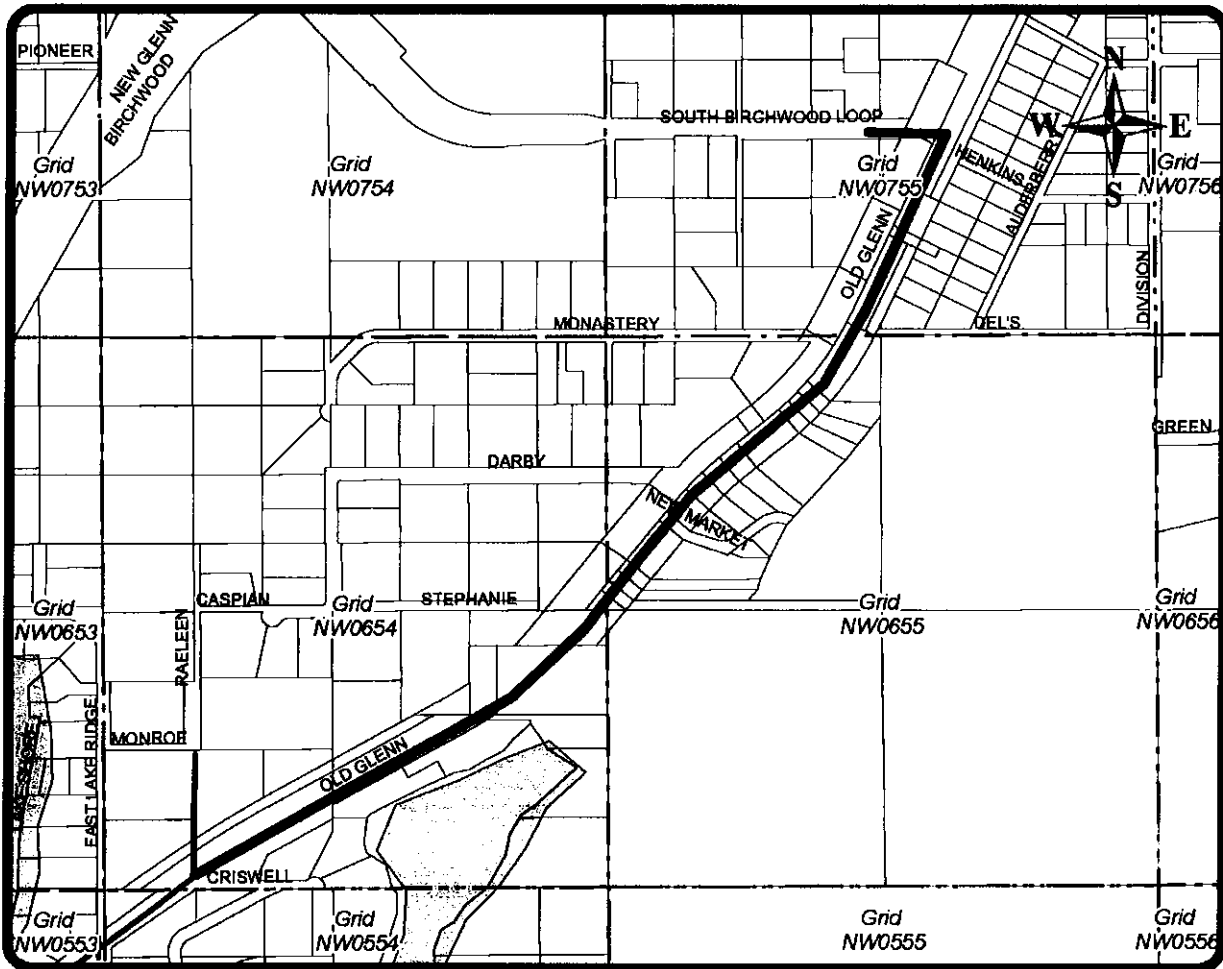
- Existing Sewer Mains
- ★ Project Map Area



Map Created
by AJU
05/11/2005

Asplund Wastewater Treatment Facility Incinerator Upgrade

Asplund Incin Upgr
PeopleSoft Project ID 0000003336
PM ID 3012
Anchorage Water & Wastewater Utility



Maps Not-to-Scale

LEGEND

- Project Sewer Mains
- Existing Sewer Mains
- Project Map Area

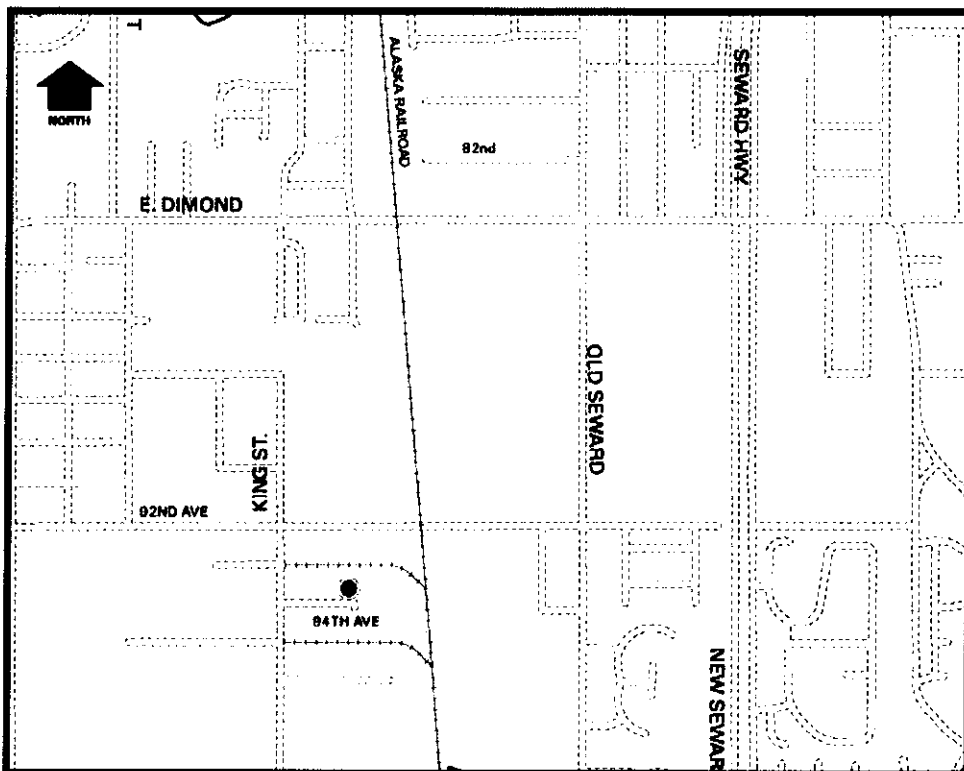


Map Created
by AJU
4-10-2006

NC_Old Glenn Highway Sewer Ext.

People Soft Project ID 0000000069

Anchorage Water & Wastewater Utility

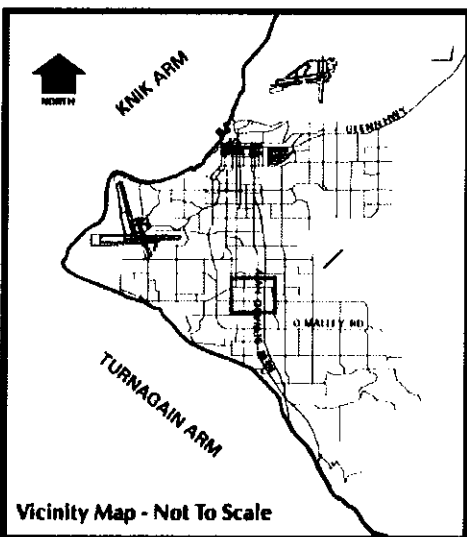


This Graphic Produced By AWWU Engineering GIS Section

30 Mar 00

Project Map - Not To Scale

/arcdata/maps/ekj/ajgo.aml



Vicinity Map - Not To Scale

Project Symbols



● Location

□ Project Map Area

AWWU Ops_Warm_Storage_Add

(AWWU_Ops_Warm_Storage_Add)

PeopleSoft Project ID 0000003723

Anchorage Water & Wastewater Utility

Content ID: 006885**Type:** Ordinance - AO

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA,
 AUTHORIZING AND PROVIDING FOR THE BORROWING FROM THE STATE
 OF ALASKA CLEAN WATER FUND AN AGGREGATE AMOUNT NOT TO
Title: EXCEED \$8,650,000 FOR THE PURPOSE OF FINANCING A PORTION OF THE
 COSTS OF VARIOUS AWWU 2008 CAPITAL IMPROVEMENT BUDGET (CIB)
 WASTEWATER IMPROVEMENTS PROJECTS AND PROVIDING FOR
 RELATED MATTERS

Author: maglaquijp**Initiating
Dept:** AWWU**Date
Prepared:** 10/1/08 2:29 PM**Assembly
Meeting
Date:** 10/14/08**Public
Hearing
Date:** 10/28/08

| <u>Workflow Name</u> | <u>Action Date</u> | <u>Action</u> | <u>User</u> | <u>Security Group</u> | <u>Content ID</u> |
|-----------------------------|-------------------------------|----------------------|---------------------|----------------------------------|------------------------------|
| Clerk_Admin_SubWorkflow | 10/6/08 10:22 AM | Exit | Joy Maglaqui | Public | 006885 |
| MuniMgrCoord_SubWorkflow | 10/6/08 10:22 AM | Approve | Joy Maglaqui | Public | 006885 |
| MuniMgrCoord_SubWorkflow | 10/6/08 10:21 AM | Checkin | Joy Maglaqui | Public | 006885 |
| MuniManager_SubWorkflow | 10/3/08 3:24 PM | Approve | Michael Abbott | Public | 006885 |
| Legal_SubWorkflow | 10/3/08 2:58 PM | Approve | Dean Gates | Public | 006885 |
| Finance_SubWorkflow | 10/3/08 11:12 AM | Approve | Sharon Weddleton | Public | 006885 |
| OMB_SubWorkflow | 10/2/08 4:21 PM | Approve | Wanda Phillips | Public | 006885 |
| AWWU_SubWorkflow | 10/1/08 3:01 PM | Approve | Mark Premo | Public | 006885 |
| AllOrdinanceWorkflow | 10/1/08 2:36 PM | Checkin | Alyssa Gibson | Public | 006885 |