

Submitted by: Chair of the Assembly at the
Request of the Mayor
Prepared by: Anchorage Water and Wastewater
Utility
For reading: October 28, 2008

CLERK'S OFFICE
APPROVED
Date: 11-25-08

ANCHORAGE, ALASKA
AO No. 2008-115

**AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA,
AUTHORIZING AND PROVIDING FOR THE BORROWING FROM THE STATE
OF ALASKA DRINKING WATER FUND AN AGGREGATE AMOUNT NOT TO
EXCEED \$6,600,000 TO FINANCE 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 FY09 Intended Use Plan:

Anchorage Loop Phase IV (<i>loan increase</i>)	\$5,500,000
Hiland Road Water Intertie	\$ 700,000
South Anchorage Water Extension (<i>loan increase</i>)	\$ 400,000

and,

1 **WHEREAS**, at its October 1, 2008 meeting, the AWWU Authority Board supported this
2 ordinance to authorize and provide for the borrowing from the State of Alaska Drinking
3 Water Fund.
4

5 **WHEREAS**, it is deemed necessary and advisable and in the best interests of the
6 Municipality and its inhabitants that a final application be submitted and such other actions
7 as may be necessary be taken to borrow an amount not to exceed \$6,600,000 from the
8 Fund for the purpose of financing a portion of the costs associated with said Projects; now,
9 therefore,
10

11 **THE ANCHORAGE ASSEMBLY ORDAINS:**
12

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

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

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

41 "System" means the existing water utility system of the Municipality as the same will be
42 added to, improved and extended as authorized and provided in this Ordinance, and as the
43 same may be added to, improved and extended for as long as the loan authorized by this
44 Ordinance is outstanding, but shall not include such water supply, treatment, transmission
45 and distribution facilities that may be hereafter purchased, constructed or otherwise
46 acquired by the Municipality as a separate water utility system, the revenues of which may

1 be pledged to the payment of bonds or notes issued to purchase, construct or otherwise
2 acquire and improve such separate system. The term System shall also include the
3 wastewater system of the Municipality if hereafter combined with the water utility.

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

8
9 **Section 2. Purpose.** The purpose of this Ordinance is to authorize the borrowing of not to
10 exceed \$6,600,000 from the Fund in the form of a loan to provide funds to finance a
11 portion of the capital costs of the Projects and to fix certain details of said loan.

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

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

26
27 **Section 5. Authorization of Loan and Purpose of Issuance.** For the purpose of
28 providing a portion of the funds required to pay the cost of the Projects described herein,
29 and to pay all costs incidental thereto, the Municipality hereby authorizes and determines
30 to borrow money from the Fund in the form of a loan in an aggregate principal amount not
31 to exceed \$6,600,000.

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

38
39 **Section 7. Negotiation of Terms and Approval of Amount, Interest Rates, Maturities**
40 **and Other Details of Loans.** The General Manager of AWWU shall negotiate with the
41 State and the Assembly shall by resolution approve the total amount of the loan to be
42 entered into for the Projects; the interest rate, as defined by 18 AAC 76.080(b)(1) “for a
43 contract term of five to 20 years, accrual of finance charges begins one year after the date
44 of the first payment to the borrower; the department will assess a finance charge at a rate of
45 one and one-half percent of the total amount of financial assistance disbursed, or 30
46 percent of the current bond rate as defined by the Municipal Bond Index, whichever is

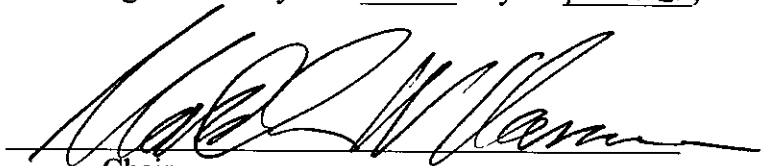
higher"; the interest and principal payment dates, the maturities, which shall not exceed 20 years, and any other details of the loan.

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 the Municipality may carry out its obligations under the loan and this Ordinance.

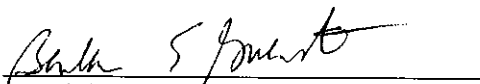
Section 9. Severability. If any one or more of the covenants and agreements provided in this Ordinance to be performed on the part of the Municipality shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant and agreements shall be null and void and shall be 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 25th day of November, 2008.


Chair

ATTEST:


Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects - Utilities

AO No.: 2008-115

Title: AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, AUTHORIZING AND PROVIDING FOR THE BORROWING FROM THE STATE OF ALASKA DRINKING WATER FUND AN AGGREGATE AMOUNT NOT TO EXCEED \$6,600,000 TO FINANCE A PORTION OF THE COSTS OF VARIOUS AWWU 2008 CAPITAL IMPROVEMENT BUDGET (CIB) WATER IMPROVEMENTS PROJECTS AND PROVIDING FOR RELATED MATTERS

Sponsor: MAYOR

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	\$6200	\$7000
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: None (If yes, attach SEE for General Government agency impacted.)

Impact on Public Sector:

- Interest expense is 30% 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 = \$361,000
- Payments to begin one year after construction completion
- Program offers a lower cost alternative when compared to the issuance of revenue bonds

Impact on Private Sector:

- None

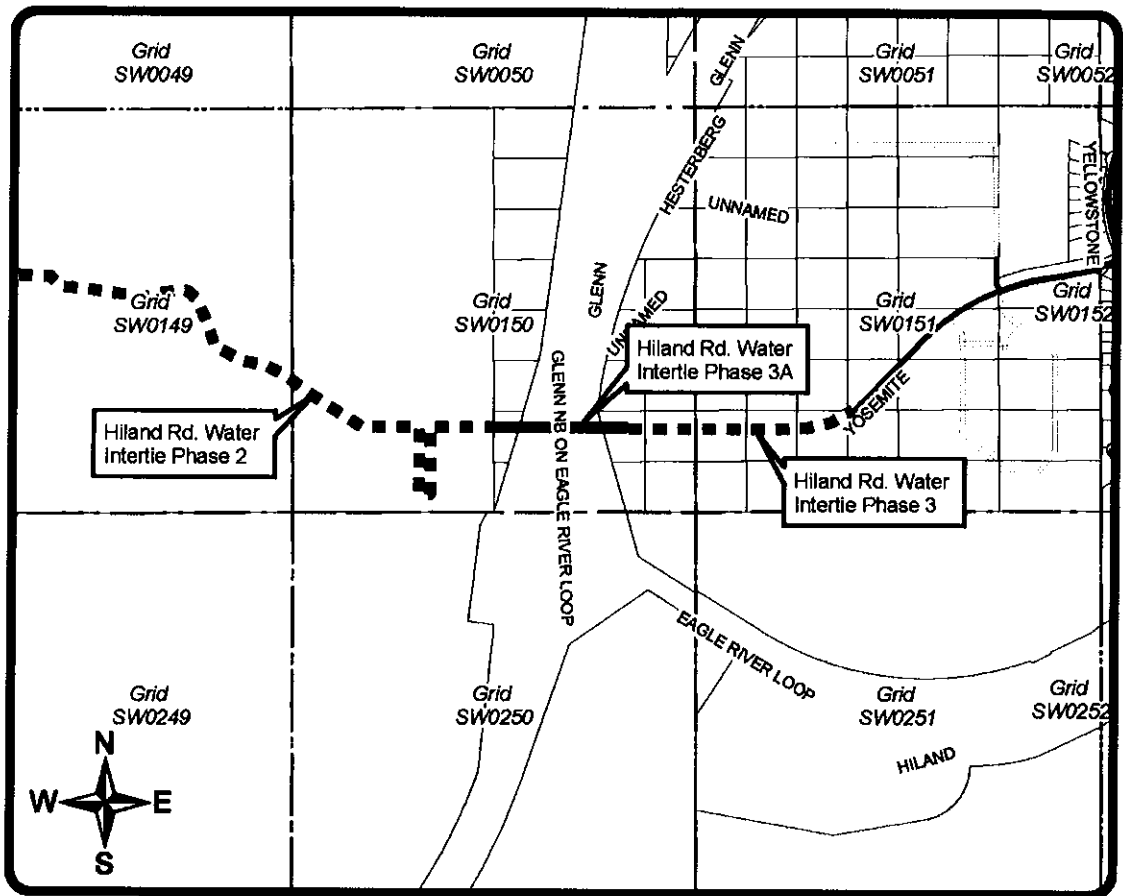
If further explanation is necessary, a separate page may be attached.

Prepared by: Wendy Drew, Project Support/Grants Supervisor

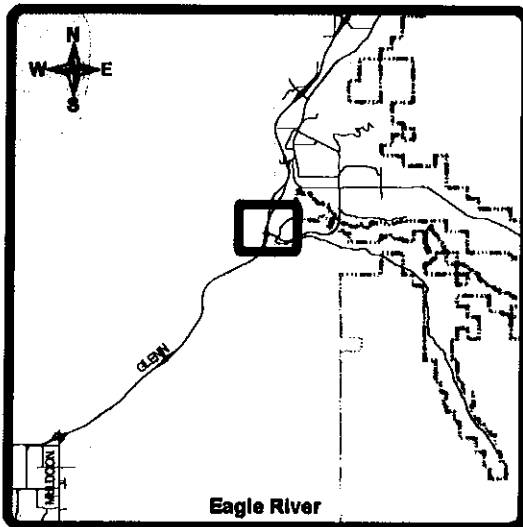
Telephone: 564-2710

Approved by: Glenda Gibson, CPA, CFO, AWWU




Approved by: Mark Premo, General Manager, AWWU



Maps Not-to-Scale



LEGEND

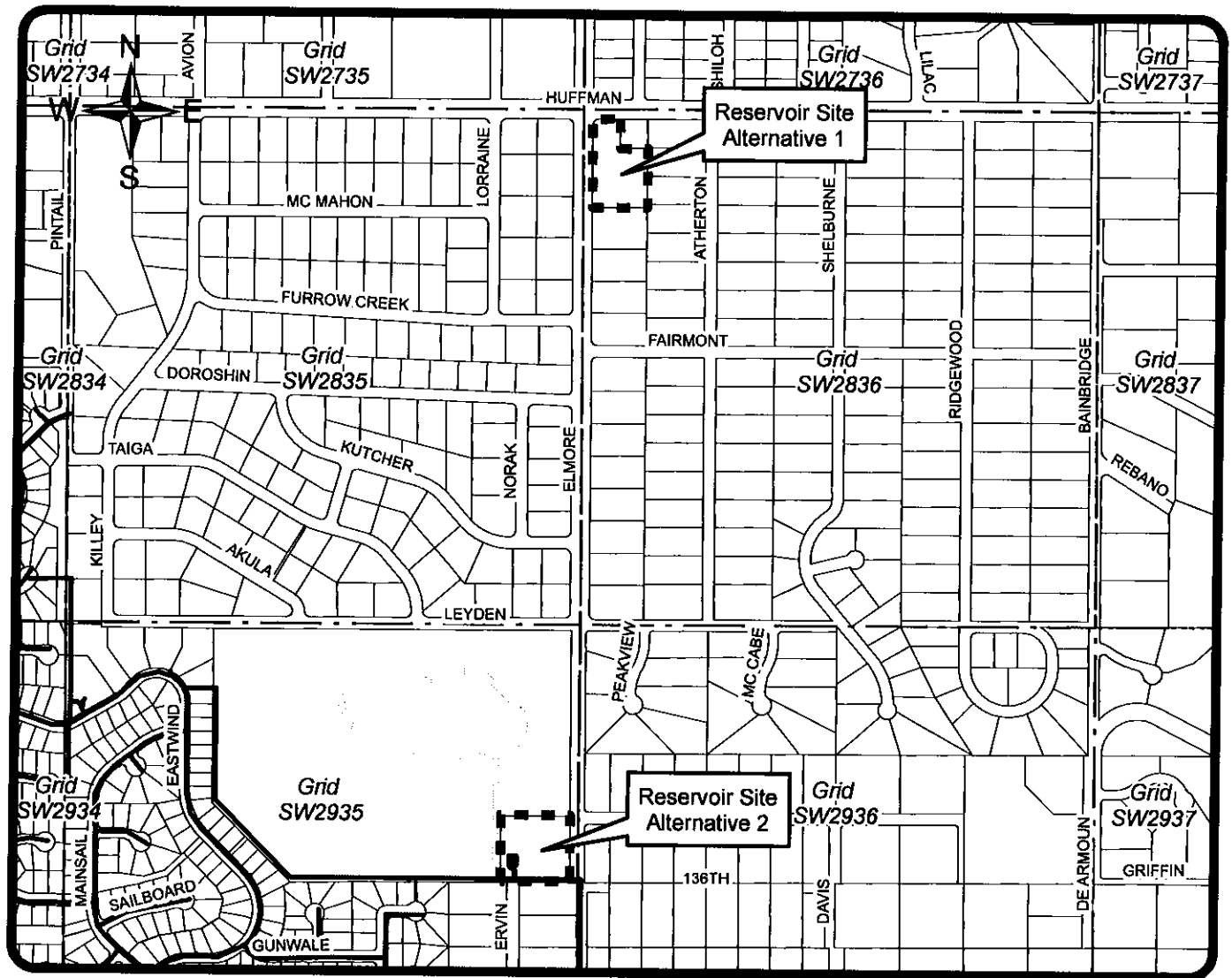
-  Existing Water Mains
-  Intertie Phase 3A
-  Project Area



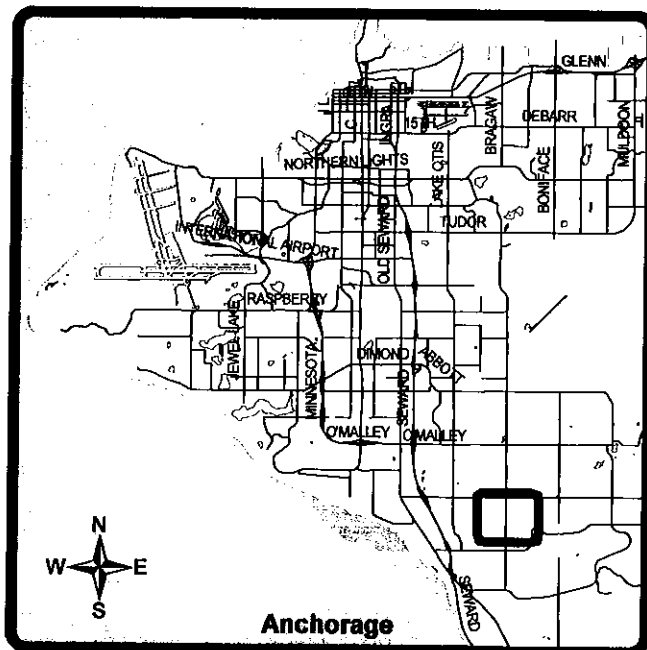
Map Created
by AJU
7/24/2008

Hiland_Rd_Wtr_Intertie-Ph3A



PeopleSoft Project ID 0000002912
Anchorage Water & Wastewater Utility

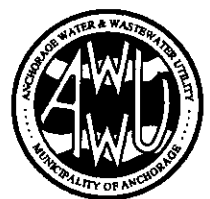


Maps Not-to-Scale



LEGEND

-  Existing Water Mains
-  Project Area



Map Created
by AJU
9/23/2008

Res_135th-Davis

Revised

PeopleSoft Project ID 0000004004

Anchorage Water & Wastewater Utility

MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 729-2008

Meeting Date: October 28 2008

1 **From: MAYOR**

2
3 **Subject: AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE,**
4 **ALASKA, AUTHORIZING AND PROVIDING FOR THE BORROWING**
5 **FROM THE STATE OF ALASKA DRINKING WATER FUND AN**
6 **AGGREGATE AMOUNT NOT TO EXCEED \$6,600,000 TO FINANCE A**
7 **PORTION OF THE COSTS OF VARIOUS AWWU 2008 CAPITAL**
8 **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,
13 and construction of publicly-owned water capital projects.
14

15 This Ordinance authorizes borrowing of not to exceed \$6,600,000 to be used specifically
16 for financing a portion of the costs of the following AWWU 2008 CIB projects included in
17 the Alaska Drinking Water Fund FY09 Intended Use Plan:
18

19 Anchorage Loop Phase IV (<i>loan increase</i>)	\$5,500,000
20 Hiland Road Water Intertie	\$ 700,000
21 South Anchorage Water Extension (<i>loan increase</i>)	\$ 400,000

22

23 At its October 1, 2008 meeting, the AWWU Authority Board supported this ordinance to
24 authorize and provide for the borrowing from the State of Alaska Drinking Water Fund,
25 and the Administration concurs in the AWWU Board Recommendation.
26

27 **THE ADMINISTRATION RECOMMENDS APPROVAL OF AN ORDINANCE OF**
28 **AUTHORIZING AND PROVIDING FOR THE BORROWING OF NOT TO**
29 **EXCEED \$6,600,000 FROM THE STATE OF ALASKA DRINKING FUND TO**
30 **FINANCE A PORTION OF THE COSTS OF VARIOUS AWWU 2008 WATER CIB**
31 **PROJECTS.**
32

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

Content ID: 006886**Type:** Ordinance - AO

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA,
AUTHORIZING AND PROVIDING FOR THE BORROWING FROM THE STATE
OF ALASKA DRINKING WATER FUND AN AGGREGATE AMOUNT NOT TO

Title: EXCEED \$6,600,000 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 10/1/08 2:51 PM
Prepared:

Director
Name: Mark Premo

Assembly
Meeting 10/28/08
Date:

Public
Hearing 11/25/08
Date:

Workflow Name	Action Date	Action	User	Security Group	Content ID
Clerk_Admin_SubWorkflow	10/17/08 2:54 PM	Exit	Heather Handyside	Public	006886
MuniMgrCoord_SubWorkflow	10/17/08 2:54 PM	Approve	Heather Handyside	Public	006886
MuniManager_SubWorkflow	10/17/08 1:02 PM	Approve	Michael Abbott	Public	006886
MuniManager_SubWorkflow	10/9/08 11:59 AM	Checkin	Joy Maglaqui	Public	006886
Legal_SubWorkflow	10/3/08 5:30 PM	Approve	Rhonda Westover	Public	006886
Finance_SubWorkflow	10/3/08 4:43 PM	Approve	Sharon Weddleton	Public	006886
Finance_SubWorkflow	10/3/08 3:48 PM	Checkin	Nina Pruitt	Public	006886
OMB_SubWorkflow	10/3/08 11:43 AM	Approve	Wanda Phillips	Public	006886
AWWU_SubWorkflow	10/2/08 12:59 PM	Approve	Mark Premo	Public	006886
AllOrdinanceWorkflow	10/1/08 3:06 PM	Checkin	Alyssa Gibson	Public	006886
AWWU_SubWorkflow	10/1/08 3:01 PM	Reject	Mark Premo	Public	006886
AllOrdinanceWorkflow	10/1/08 2:57 PM	Checkin	Alyssa Gibson	Public	006886