

ANCHORAGE, ALASKA

AO No. 2009-136

1 AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA,
 2 AUTHORIZING AND PROVIDING FOR THE BORROWING FROM THE STATE
 3 OF ALASKA DRINKING WATER FUND AN AGGREGATE AMOUNT NOT TO
 4 EXCEED \$15,548,000 FOR THE PURPOSE OF FINANCING VARIOUS AWWU
 5 WATER CAPITAL IMPROVEMENT PROJECTS.

6
 7 **WHEREAS**, the State of Alaska (the "State") has, pursuant to Alaska Statutes
 8 46.03.036 and 18 AAC 76.200 et. seq. of the Alaska Administrative Code,
 9 established the Alaska Drinking Water Fund (the "Fund"), a fund which makes
 10 use of U.S. Government grants as authorized by the Safe Drinking Water Act,
 11 Amendments of 1996, P. L. 104-182; and

12
 13 **WHEREAS**, the Municipality of Anchorage (the "Municipality") is eligible to borrow
 14 from the Fund to assist in the planning, designing, constructing, equipping,
 15 modifying, improving and expanding of public water treatment, transmission and
 16 distribution facilities; and,

17
 18 **WHEREAS**, the interest rate to be paid by the Municipality on money borrowed
 19 from the Fund is a favorable rate considering other sources of funds available to
 20 the Municipality; and,

21
 22 **WHEREAS**, the Home Rule Charter of the Municipality provides at Section 15.03
 23 that the Assembly by ordinance shall provide for the form and manner of sale of
 24 bonds and notes; and,

25
 26 **WHEREAS**, the Assembly of the Municipality has determined and does hereby
 27 determine that it is necessary to proceed to plan, design, develop, construct,
 28 equip, acquire property for, or otherwise obtain items of capital improvements in
 29 connection with the following drinking water capital improvement projects listed in
 30 the Alaska Drinking Water approved State FY10 Intended Use Plan:

31		
32	Hillside Transmission Main (<i>loan increase</i>)	\$11,340,000
33	Eagle River Heights Water Upgrade Phase 1 (<i>loan increase</i>)	\$2,400,000
34	SCWTF Heat Exchanger (<i>loan increase</i>)	\$773,000
35	G Street, 6 th -7 th Water Main	\$525,000
36	Tidewater-Gull Water Upgrade (<i>loan increase</i>)	\$510,000

37 and,

38
 39 **WHEREAS**, at its November 4, 2009 meeting, the AWWU Authority Board
 40 supported this ordinance to authorize and provide for the borrowing from the State
 41 of Alaska Drinking Water Fund; and

1 **WHEREAS**, it is deemed necessary and advisable and in the best interests of the
2 Municipality and its inhabitants that a final application be submitted and such
3 other actions as may be necessary be taken to borrow an amount not to exceed
4 \$15,548,000 from the Fund for the purpose of financing a portion of the costs
5 associated with said Projects; now, therefore,

6
7 **THE ANCHORAGE ASSEMBLY ORDAINS:**

8
9 **Section 1. Definitions.** As used in this Ordinance, unless a different meaning
10 clearly appears from the context:

11
12 "Gross Revenues" means all rates and charges and other income, in each case
13 derived by or for the account of the Municipality, from the ownership, leasing or
14 operation of the System except proceeds from the sale of bonds or notes, any
15 grants received for the Anchorage Water Utility, and interest received and profits
16 derived from the investment of moneys obtained from such sources or from
17 moneys held in any fund to pay or secure the payment of any bonds or notes
18 issued in connection with the System. For the purposes of this Ordinance, Gross
19 Revenues shall not include allowance for funds used during construction.

20
21 "Operating Expenses" means the current expenses incurred for operation,
22 maintenance or repair of the System of a non-capital nature, and shall include,
23 without limiting the generality of the foregoing, water purchase agreements,
24 source of supply expenses, water treatment, transmission and distribution
25 expenses, fuel and electricity expenses, chemical expenses, customer accounts
26 expenses, administrative and general expenses, insurance premiums, lease
27 rentals, legal, regulatory, and engineering expenses, payments to pension,
28 retirement, group life insurance, health and hospitalization funds or other
29 employee benefit funds which are properly chargeable to current operations,
30 interest on customers' deposits, payroll tax expenses, Municipal Utility Service
31 Assessments or any assessment levied in lieu of municipal taxes and any other
32 expenses required to be paid under the provisions of this Ordinance or by law or
33 permitted by standard practices for public utility systems similar to the properties
34 and business of the System (adjusted to reflect public ownership) and applicable
35 in the circumstances. Operating Expenses shall not include any allowances for
36 depreciation or amortization or any principal, redemption price or purchase price
37 of, or interest on, any obligations of the Municipality incurred in connection with
38 and payable from Gross Revenues.

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

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

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

7
8 **Section 2. Purpose.** The purpose of this Ordinance is to authorize the
9 borrowing of not to exceed \$15,548,000 from the Fund in the form of a loan to
10 provide funds to finance a portion of the capital costs of the Projects and to fix
11 certain details of said loan.

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

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

28
29 **Section 5. Authorization of Loan and Purpose of Issuance.** For the purpose
30 of providing a portion of the funds required to pay the cost of the Projects
31 described herein, and to pay all costs incidental thereto, the Municipality hereby
32 authorizes and determines to borrow money from the Fund in the form of a loan in
33 an aggregate principal amount not to exceed \$15,548,000.

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

40
41 **Section 7. Negotiation of Terms and Approval of Amount, Interest Rates,**
42 **Maturities and Other Details of Loans.** The General Manager of AWWU shall
43 negotiate with the State and the Assembly shall by resolution approve the total
44 amount of the loan to be entered into for the Projects; the interest rate, as defined
45 by 18AAC76.225(b)(1) "for a contract term of five to 20 years, accrual of finance
46 charges begins one year after the date of the first payment to the borrower; the
47 department will assess a finance charge at a rate of one and one-half (1.5)
48 percent of the total amount of financial assistance disbursed, or 18.75 percent of

1 the current bond rate as defined by the Municipal Bond Index, whichever is
2 higher"; the interest and principal payment dates, the maturities, which shall not
3 exceed 20 years, and any other details of the loan.

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


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

20
21 **Section 10. Effective Date.** This Ordinance shall take effect immediately.

22
23 PASSED AND APPROVED by the Anchorage Assembly this 15th day of
24 December, 2009.

25
26 
27 _____
28 Chair of the Assembly

29 ATTEST:

30
31 
32 _____
33 Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects - Utilities

AO 2009-136

Title: **AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE BORROWING OF A TOTAL AMOUNT NOT TO EXCEED \$15,548,000 FROM THE STATE OF ALASKA DRINKING WATER FUND FOR THE PURPOSE OF PAYING A PORTION OF THE COST OF VARIOUS WATER CAPITAL IMPROVEMENTS**

Sponsor: **MAYOR**

Preparing Agency: **Anchorage Water and Wastewater Utility**

Others Impacted: None

CHANGES IN EXPENDITURES AND REVENUES: (Thousands of dollars)

Operating Revenues:	FY10	FY11	FY12	FY13	FY14
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	233,000	223,000	213,000	203,000
TOTAL NON-OPERATING EXPENSES:	0	233,000	223,000	213,000	203,000
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 18.75 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 = \$1.7 million
- 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 673-2009

Meeting Date: November 17, 2009

From: MAYOR

Subject: 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 \$15,548,000 FOR THE PURPOSE OF FINANCING VARIOUS AWWU WATER IMPROVEMENT PROJECTS.

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

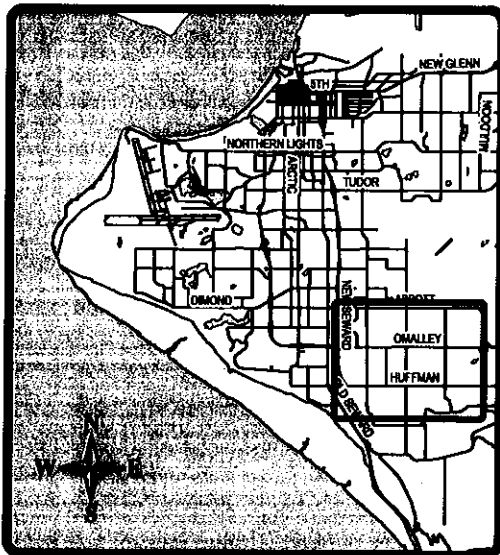
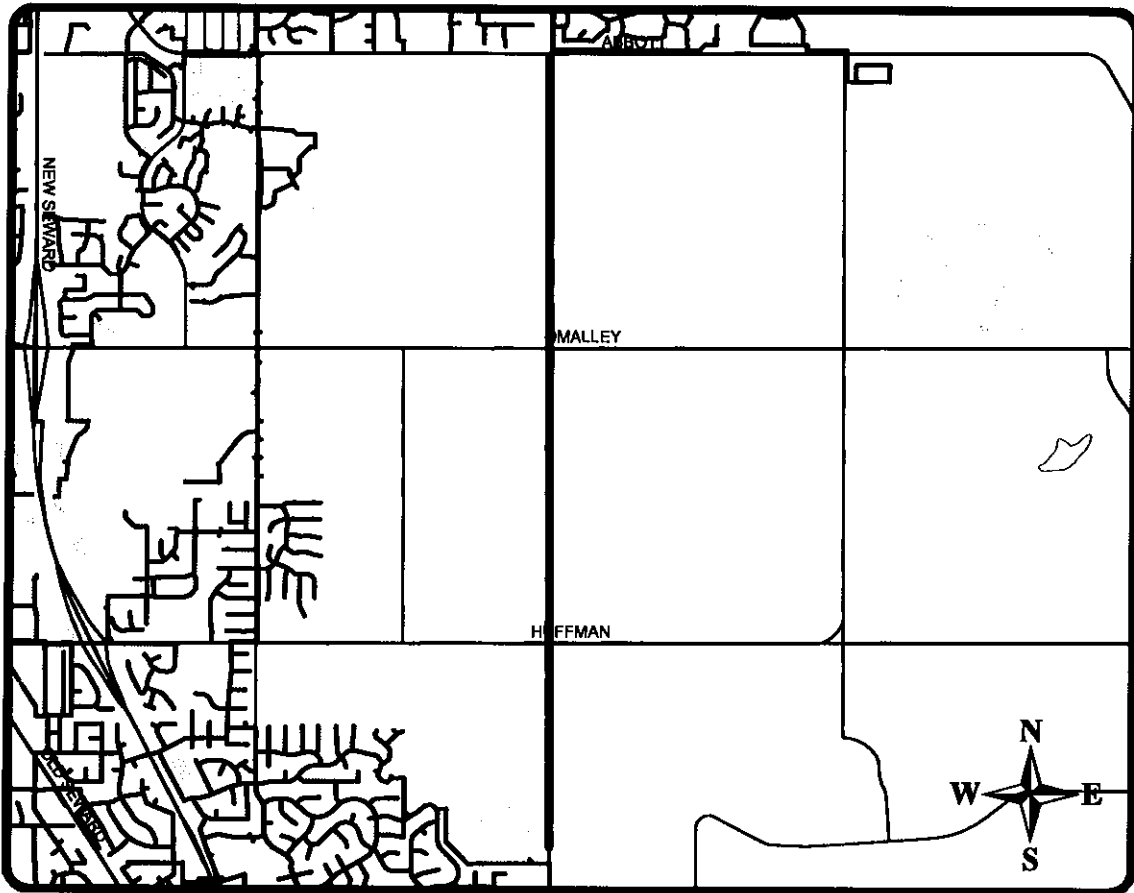
The attached Ordinance authorizes borrowing of not to exceed \$15,548,000 to be used specifically for financing a portion of the costs of the following AWWU projects included in the Alaska Drinking Water Fund FY10 Intended Use Plan:

Hillside Transmission Main (loan increase)	\$11,340,000
Eagle River Heights Water Upgrade Phase 1 (loan increase)	\$2,400,000
SCWTF Heat Exchanger (loan increase)	\$773,000
G Street, 6 th -7 th Water Main	\$525,000
Tidewater-Gull Water Upgrade (<i>loan increase</i>)	\$510,000

At its November 4, 2009 meeting, the AWWU Authority Board supported this ordinance to authorize and provide for the borrowing from the State of Alaska Drinking Water Fund.




THE ADMINISTRATION CONCURS IN THE AWWU BOARD RECOMMENDATION AND REQUESTS APPROVAL OF AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, AUTHORIZING AND PROVIDING FOR THE BORROWING OF NOT TO EXCEED \$15,548,000 FROM THE STATE OF ALASKA DRINKING FUND FOR THE PURPOSE OF FINANCING VARIOUS AWWU WATER CAPITAL IMPROVEMENT PROJECTS.

Prepared by:	Anchorage Water and Wastewater Utility
Recommended by:	Mark Premo, P.E., General Manager, AWWU
Concur:	Dennis A. Wheeler, Municipal Attorney
Concur:	George J. Vakalis, Municipal Manager
Respectfully submitted:	Daniel A. Sullivan, Mayor



Maps Not-to-Scale

LEGEND

-  Project Water Main
-  Existing Water Main
-  Project Map Area

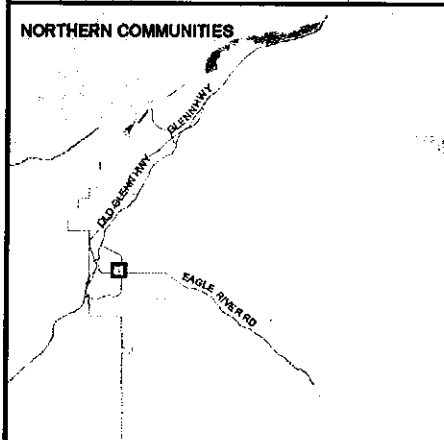
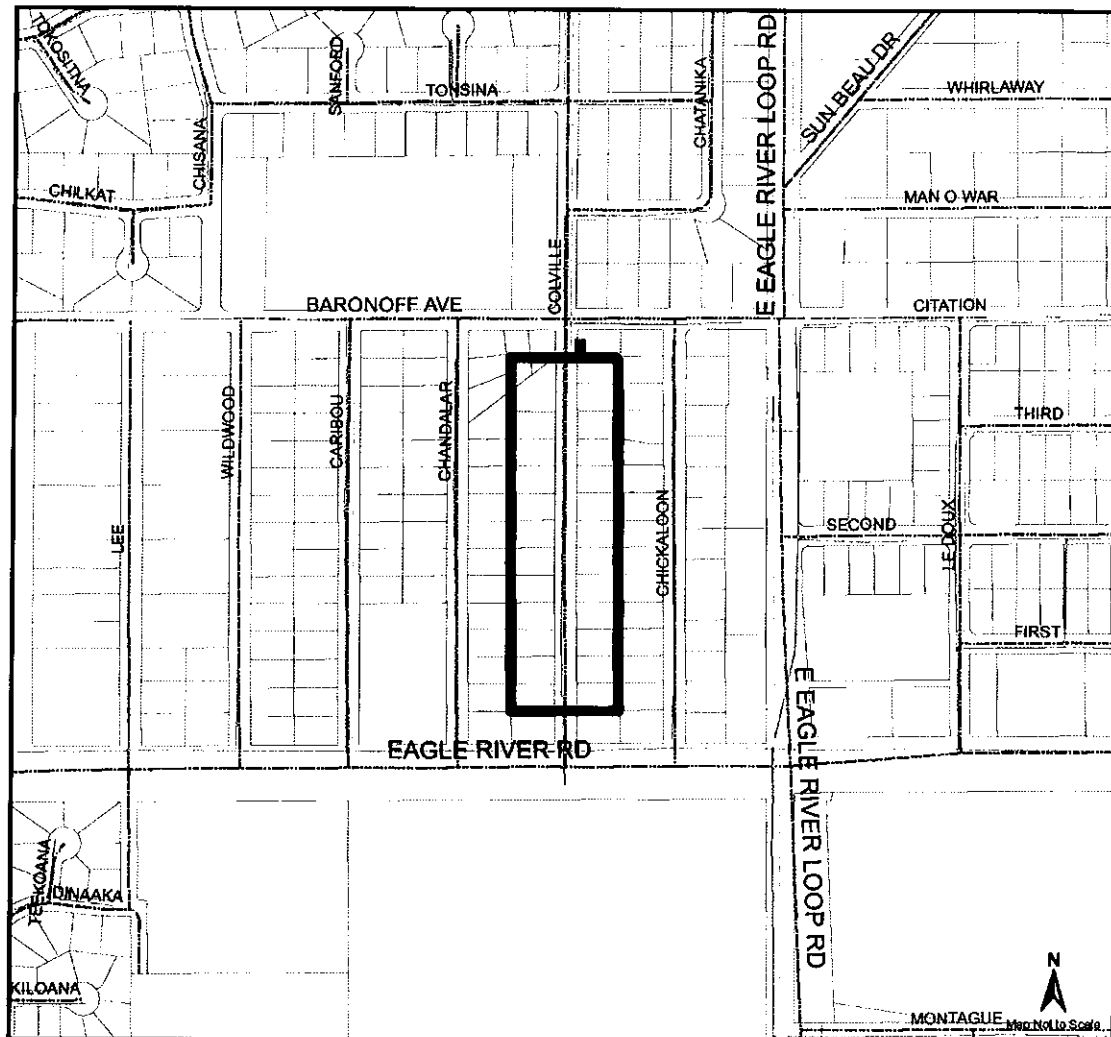


Map Created
by AJU
08/17/2005

Hillside_Trans_Main

PeopleSoft Project ID 0000003491

Anchorage Water & Wastewater Utility



Municipality of Anchorage



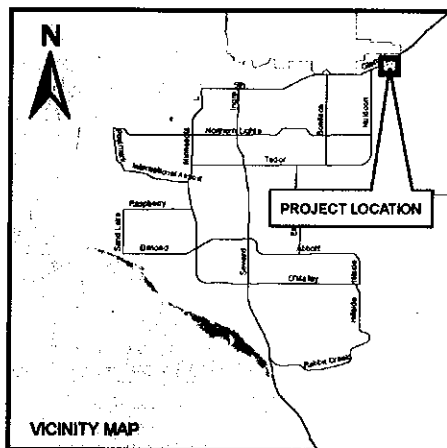
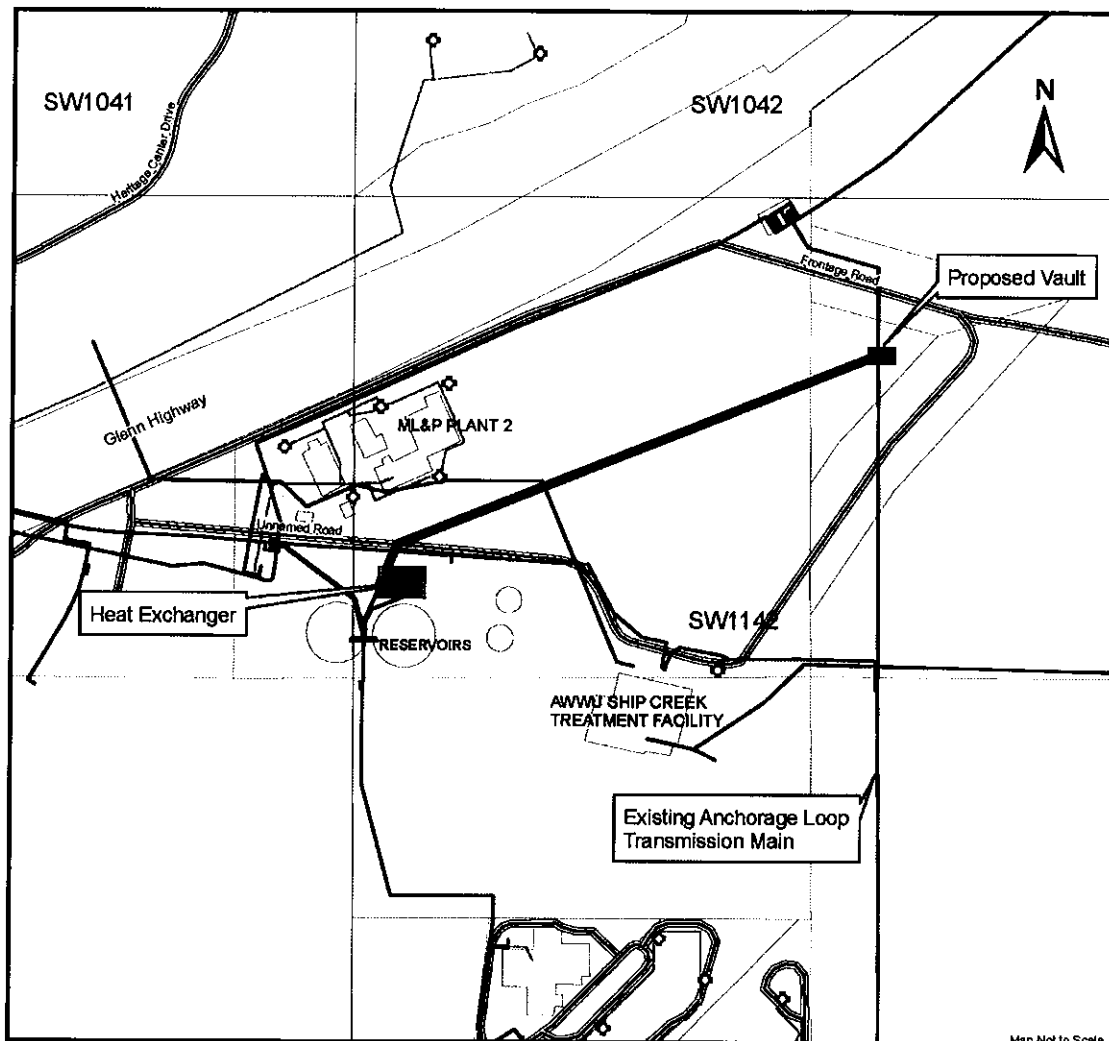
Anchorage Water and Wastewater Utility

ER_Heights_Wtr_Upgr_Ph1

People Soft Number 0000003556

- | | |
|--------------|--------------------------|
| ● Water | — Water |
| ● Wastewater | — Wastewater |
| | Existing Water Pipe |
| | Existing Wastewater Pipe |

Map Created: 09/25/2007



Municipality of Anchorage
Anchorage Water and Wastewater Utility



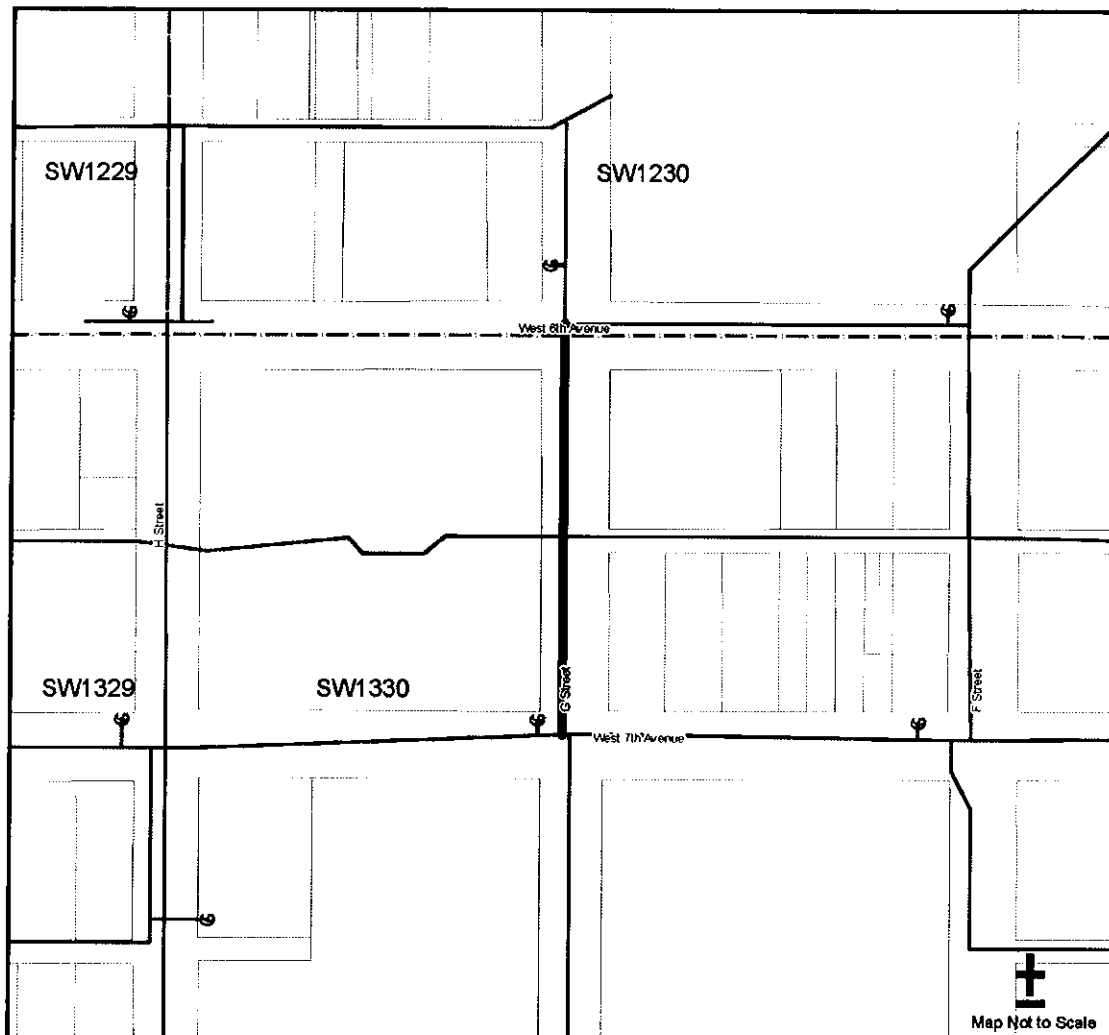
SCWTF_Heat_Exchanger

PeopleSoft Project ID 0000004882

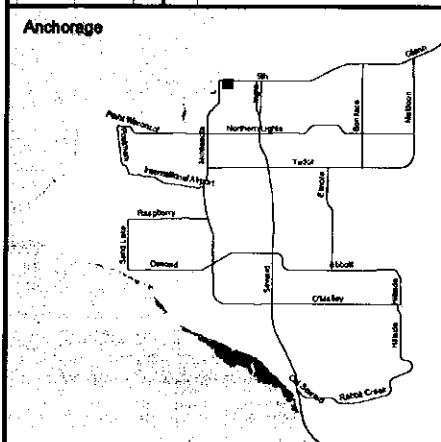
Legend

- Proposed Water Pipe
- AWWU Water Pipe
- ◆ AWWU Water Hydrant
- Private Water Pipe
- ◆ Private Water Hydrant

Map Created: March 12, 2009 (sdn 4037)



Map Not to Scale



Municipality of Anchorage
Anchorage Water and Wastewater Utility



G Street 6th-7th Water Main

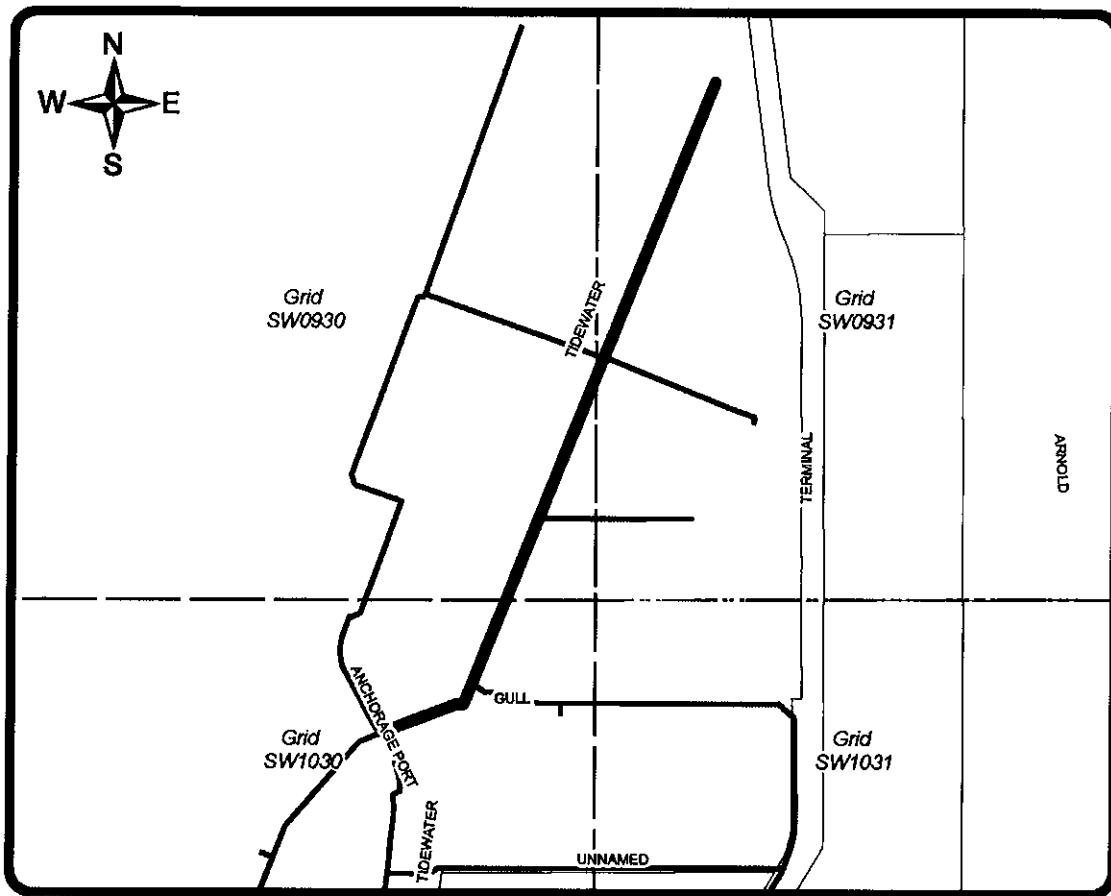
PeopleSoft Project ID 0000005235

— Proposed Water Main

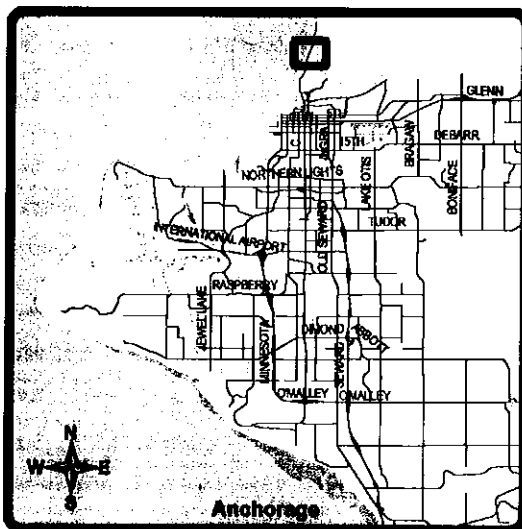
⊕ AWWU Water Hydrant

— AWWU Water Main




Map Created: 10/19/09



Maps Not-to-Scale



LEGEND

-  Existing Water Mains
-  Project Water Mains
-  Project Area



Map Created
by AJU
1/05/2009

Tidewater Gull Water Upgrade

Revised
PeopleSoft Project ID 0000004898
Anchorage Water & Wastewater Utility

Content ID: 008388

Type: Ordinance - AO

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA,
AUTHORIZING AND PROVIDING FOR THE BORROWING FROM THE STATE
Title: OF ALASKA DRINKING WATER FUND AN AGGREGATE AMOUNT NOT TO
EXCEED \$15,548,000 FOR THE PURPOSE OF FINANCING VARIOUS AWWU
WATER CAPITAL IMPROVEMENT PROJECTS

Author: gibsonam

**Initiating
Dept:** AWWU

**Date
Prepared:** 11/6/09 2:34 PM

**Director
Name:** Mark Premo

**Assembly
Meeting
Date:** 11/17/09

**Public
Hearing
Date:** 12/1/09

Workflow Name	Action Date	Action	User	Security Group	Content ID
Clerk_Admin_SubWorkflow	11/13/09 11:57 AM	Exit	Joy Maglaqui	Public	008388
MuniManager_SubWorkflow	11/13/09 11:57 AM	Approve	Joy Maglaqui	Public	008388
Legal_SubWorkflow	11/13/09 10:49 AM	Approve	Rhonda Westover	Public	008388
Finance_SubWorkflow	11/13/09 8:49 AM	Approve	Lucinda Mahoney	Public	008388
OMB_SubWorkflow	11/12/09 2:58 PM	Approve	Cheryl Frasca	Public	008388
AWWU_SubWorkflow	11/12/09 1:47 PM	Approve	Mark Premo	Public	008388
AllOrdinanceWorkflow	11/12/09 1:27 PM	Checkin	Alyssa Gibson	Public	008388
Legal_SubWorkflow	11/11/09 4:46 PM	Reject	Rhonda Westover	Public	008388
Finance_SubWorkflow	11/10/09 10:53 AM	Approve	Ross Risvold	Public	008388
OMB_SubWorkflow	11/10/09 7:55 AM	Approve	Cheryl Frasca	Public	008388
AWWU_SubWorkflow	11/6/09 2:59 PM	Approve	Mark Premo	Public	008388
AllOrdinanceWorkflow	11/6/09 2:35 PM	Checkin	Alyssa Gibson	Public	008388