

Submitted by: Chair of the Assembly at the  
Request of the Mayor  
Prepared by: Anchorage Water and  
Wastewater Utility  
For reading: November 22, 2011

CLERK'S OFFICE

**APPROVED**

Date: 12-6-11 **ANCHORAGE, ALASKA**  
**AO No. 2011-116**

1 **AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA,**  
2 **AUTHORIZING THE BORROWING AND ACCEPTING, FROM THE STATE**  
3 **OF ALASKA CLEAN WATER FUND, AN AGGREGATE AMOUNT NOT TO**  
4 **EXCEED \$5,100,000 FOR THE PURPOSE OF FINANCING A PORTION OF**  
5 **THE COSTS OF TWO AWWU 2012 CAPITAL IMPROVEMENT BUDGET**  
6 **(CIB) WASTEWATER PROJECTS AND PROVIDING FOR RELATED**  
7 **MATTERS**

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8  
9 **WHEREAS**, the State of Alaska (State), pursuant to Alaska Statutes 46.03.032  
10 and 18 AAC 76.005 et. seq., established the Alaska Clean Water Fund (Fund),  
11 a fund using U.S. Government grants as authorized by the Safe Drinking Water  
12 Act Amendments of 1996, P.L. 104-182; and

13  
14 **WHEREAS**, the Municipality of Anchorage (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,  
17 and discharge facilities; and

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

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

26  
27 **WHEREAS**, the Municipality and Anchorage Water & Wastewater Utility  
28 (AWWU) determined it is necessary to proceed to plan, design, develop,  
29 construct, equip, acquire property for, or otherwise obtain items of capital  
30 improvements in connection with the Girdwood Wastewater Treatment Facility  
31 Upgrade and Asplund Wastewater Treatment Facility Utilidor Upgrade AWWU  
32 2012 CIB Projects (Projects), listed in the Alaska Clean Water approved SFY12  
33 Intended Use Plan:  
34

1           State Funding Priority Projects

2           Girdwood Wastewater Treatment Facility Upgrade           \$ 3,000,000

3           Asplund Wastewater Treatment Facility Utilidor           \$ 2,100,000

4  
5 and,

6  
7 **WHEREAS**, at its November 2, 2011 meeting, the AWWU Board of Directors  
8 supported this ordinance to authorize the borrowing and accepting of funds  
9 from the State of Alaska Clean Water Fund; and

10  
11 **WHEREAS**, it is necessary, advisable, and in the best interests of the  
12 Municipality and its inhabitants for an application to be submitted and other  
13 actions as may be necessary to be taken to borrow, and accept when  
14 approved, an amount not to exceed \$5,100,000 from the Fund for the purpose  
15 of financing a portion of the costs associated with said Projects; now, therefore,

16  
17 **THE ANCHORAGE ASSEMBLY ORDAINS:**

18  
19 **Section 1. Purpose.** The purpose of this Ordinance is to authorize the  
20 borrowing of, and accepting when approved, an amount not to exceed  
21 \$5,100,000 from the Fund in the form of a loan(s) to provide funds to finance a  
22 portion of the capital costs of the Projects; and

23  
24 **Section 2. Authority for Ordinance.** It is hereby ascertained and determined  
25 that each and every matter and thing as to which provision is made in this  
26 Ordinance is necessary in order to carry out and effectuate the purposes of the  
27 Municipality in accordance with the Alaska Constitution, Alaska Statutes, and  
28 the Municipality's Charter and Code, and to incur the indebtedness authorized  
29 by this Ordinance.

30  
31 **Section 3. Obligation of Loan.** The obligation to repay the loan authorized by  
32 this Ordinance shall not be a direct and general obligation of the Municipality  
33 and neither the faith and credit nor the taxing power of the Municipality is  
34 pledged to the payment of the principal of and interest on the loan. The Gross  
35 Revenues less the Operating Expenses of the System are hereby pledged to  
36 repayment of the loan(s) authorized by this Ordinance. Such pledge shall be  
37 subordinate to the lien on net revenues of lien revenue bonds of the  
38 Municipality heretofore and hereafter issued.

39  
40 As used in this Ordinance, unless a different meaning clearly appears from the  
41 context, the following words are defined as follows:

42  
43       **"Gross Revenues"** means all rates and charges and other income, in each  
44 case derived by or for the account of the Municipality, from the ownership,  
45 leasing or operation of the System except proceeds from the sale of bonds  
46 or notes, any grants received for the Anchorage Wastewater Utility, and

1 interest received and profits derived from the investment of moneys  
2 obtained from such sources or from moneys held in any fund to pay or  
3 secure the payment of any bonds or notes issued in connection with the  
4 System. For the purposes of this Ordinance, **Gross Revenues** shall not  
5 include allowance for funds used during construction.

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

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

30  
31 "**System**" means the existing wastewater utility system of the Municipality as  
32 the same will be added to, improved and extended as authorized and  
33 provided in this Ordinance, and as the same may be added to, improved  
34 and extended for as long as the loan authorized by this Ordinance is  
35 outstanding, but shall not include such collections, treatment, transmission  
36 and distribution facilities that may be hereafter purchased, constructed or  
37 otherwise acquired by the Municipality as a separate wastewater utility  
38 system, the revenues of which may be pledged to the payment of bonds or  
39 notes issued to purchase, construct or otherwise acquire and improve such  
40 separate system. **System** shall also include the water system of the  
41 Municipality, if hereafter combined with the wastewater utility.

42  
43 **Section 4. Loan Terms.** The following primary terms shall be incorporated into  
44 the Loan Agreements:  
45

1	Principal Amount:	Not to exceed \$5,100,000 (subject to
2		individual draws)
3	Interest Rate:	1.5% per annum
4	Interest Accrual:	Accrual begins one year after the date of first
5		disbursement to the Municipality
6	Term:	Twenty years from the date of initiation of
7		operation of the Projects
8	Date of First Payment:	One year following substantial completion
9		and initiation of operation of the Projects
10	Payment Interval:	Annual
11	Amortization Schedule:	Level, fully amortizing
12	Security:	A subordinate lien pledge of Gross Revenues
13		less Operating Expenses of the System, as
14		those terms are defined herein, provided that
15		if such monies are not sufficient, repayment of
16		the loans shall be from any legally available
17		funds accruing to or in the possession of the
18		Municipality; and provided further that
19		repayment of the loans is not a direct
20		obligation of the Municipality and neither the
21		faith and credit nor the taxing power of the
22		Municipality are pledged therefore.
23		

24 **Section 5. Authorization of Loan; Purpose of Issuance.** For the purpose of  
25 providing a portion of the funds required to pay the cost of the Projects  
26 described herein, and to pay all costs incidental thereto, the borrowing of  
27 money from the Fund in the form of a loan in an aggregate principal amount not  
28 to exceed \$5,100,000 is hereby authorized.

29  
30 **Section 6. Loan Applications and Loan Agreements.** The AWWU General  
31 Manager is hereby authorized and directed to complete and submit to the State  
32 applications to borrow money from the Fund for the purpose of financing a  
33 portion of the costs of the Projects authorized by this Ordinance. Further, the  
34 AWWU General Manager and AWWU Chief Financial Officer are hereby  
35 authorized, empowered and directed to execute and deliver Loan Agreements,  
36 for and on behalf of the Municipality, including necessary counterparts, as  
37 authorized by this Ordinance.

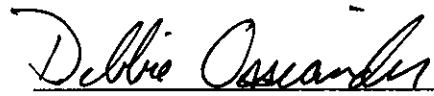
38  
39 **Section 7. Acceptance of Loan Funds.** The AWWU General Manager is  
40 hereby authorized to accept, when approved and available, loan funds from the  
41 State, pursuant to loan applications approved in this ordinance, for the purpose  
42 of reimbursement of the costs of the Projects. Upon notification from the State  
43 and acceptance of the funds, AWWU shall file with the Assembly, on a quarterly  
44 basis, an Assembly Informational Memorandum, listing the amount of funds  
45 approved and accepted by AWWU, the authorizing ordinance for the funds, and  
46 identifying the specific Projects approved under the Loan program.

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

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

17  
18 **Section 10. Effective Date.** This Ordinance shall take effect immediately upon  
19 passage and approval by the Assembly.

20  
21 PASSED AND APPROVED by the Anchorage Assembly this 6<sup>th</sup> day of  
22 December, 2011.

23  
24  
25   
26 \_\_\_\_\_  
27 Chair

28  
29 ATTEST:

30  
31  
32   
33 \_\_\_\_\_  
34 Municipal Clerk

**MUNICIPALITY OF ANCHORAGE**  
**Summary of Economic Effects - Utilities**

AO NO.: 2011-116

Title: **AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, AUTHORIZING THE BORROWING AND ACCEPTING, FROM THE STATE OF ALASKA CLEAN WATER FUND, AN AGGREGATE AMOUNT NOT TO EXCEED \$5,100,000 FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS OF TWO AWWU 2012 CAPITAL IMPROVEMENT BUDGET (CIB) WASTEWATER 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)**

	FY12	FY13	FY14	FY15	FY16
Operating Revenues:					
<b>TOTAL OPERATING REVENUES:</b>					
Operating Expenses:					
<b>TOTAL OPERATING EXPENSES:</b>					
Non-Operating Revenues:					
<b>TOTAL NON-OPERATING REVENUES:</b>					
Non-Operating Expenses:	0	0	0	0	0
Interest Expense	0	77,000	73,000	70,000	66,000
<b>TOTAL NON-OPERATING EXPENSES:</b>	0	77,000	73,000	70,000	66,000
<b>NET INCOME (REGULATED)</b>	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 = \$297 thousand**
- **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**

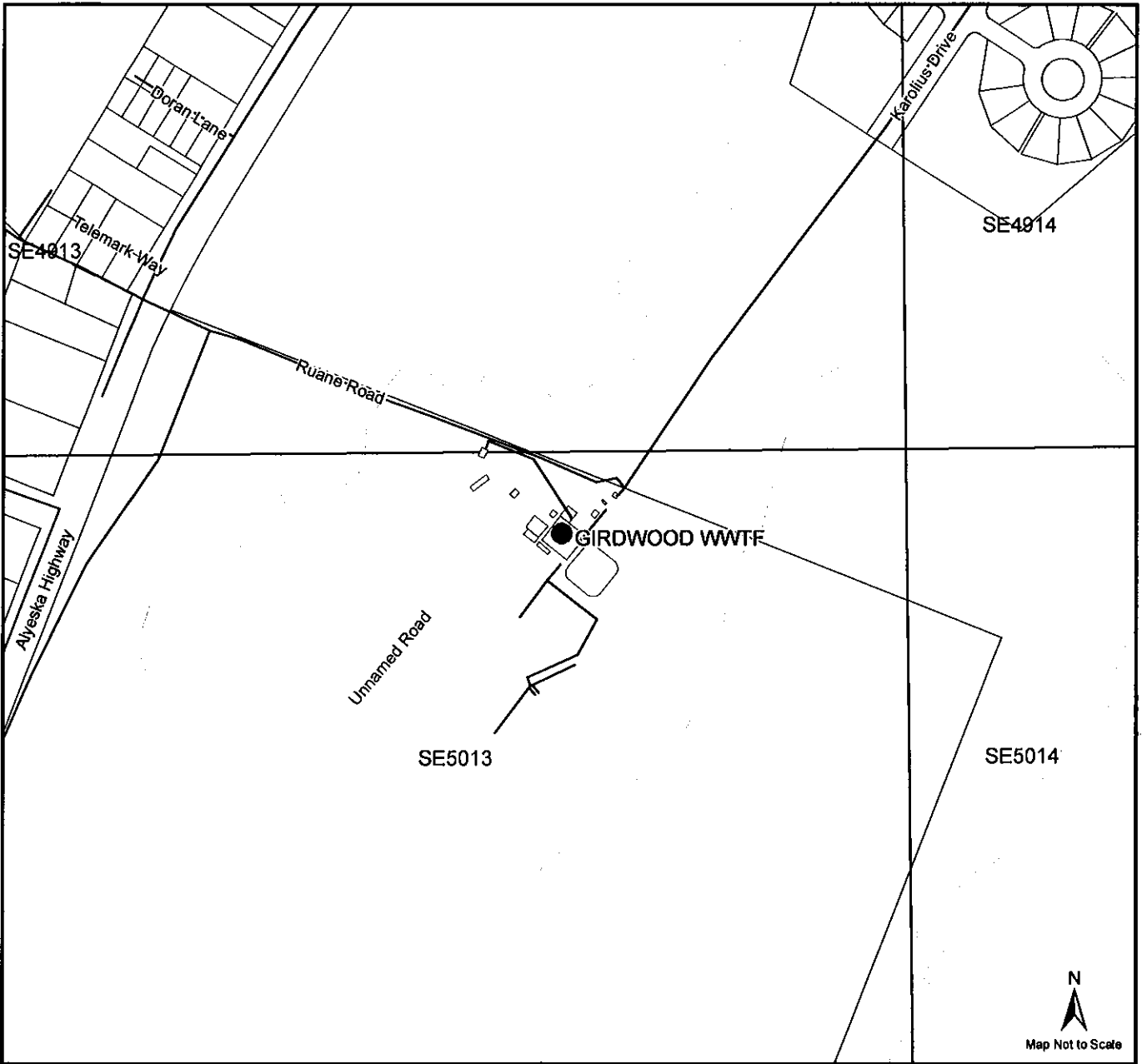
If further explanation is necessary, a separate page may be attached.

Prepared by: Wendy Drew, Project Support/Grants Supervisor

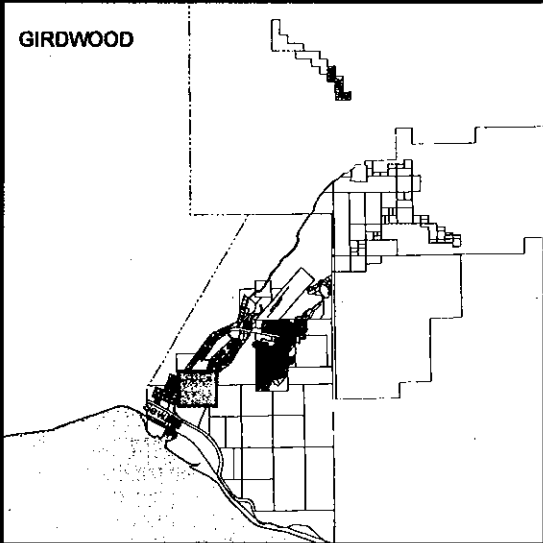
Telephone: 564-2710

Approved by: Glenda Gibson, CPA, CFO, AWWU

Approved by: Craig R. Woolard, Ph.D., P.E., General Manager, AWWU



GIRDWOOD



**Municipality of Anchorage**  
**Anchorage Water and Wastewater Utility**



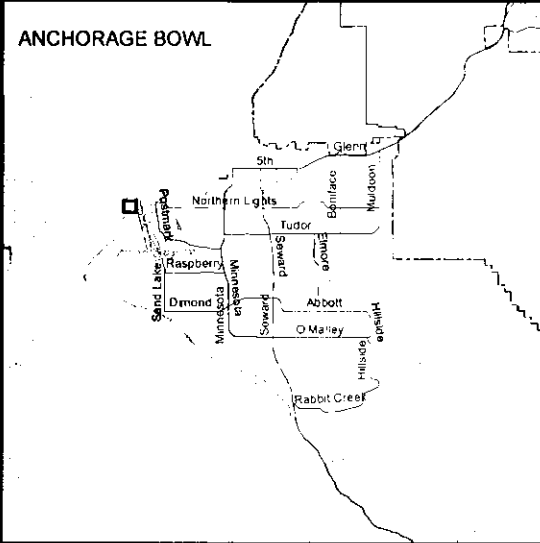
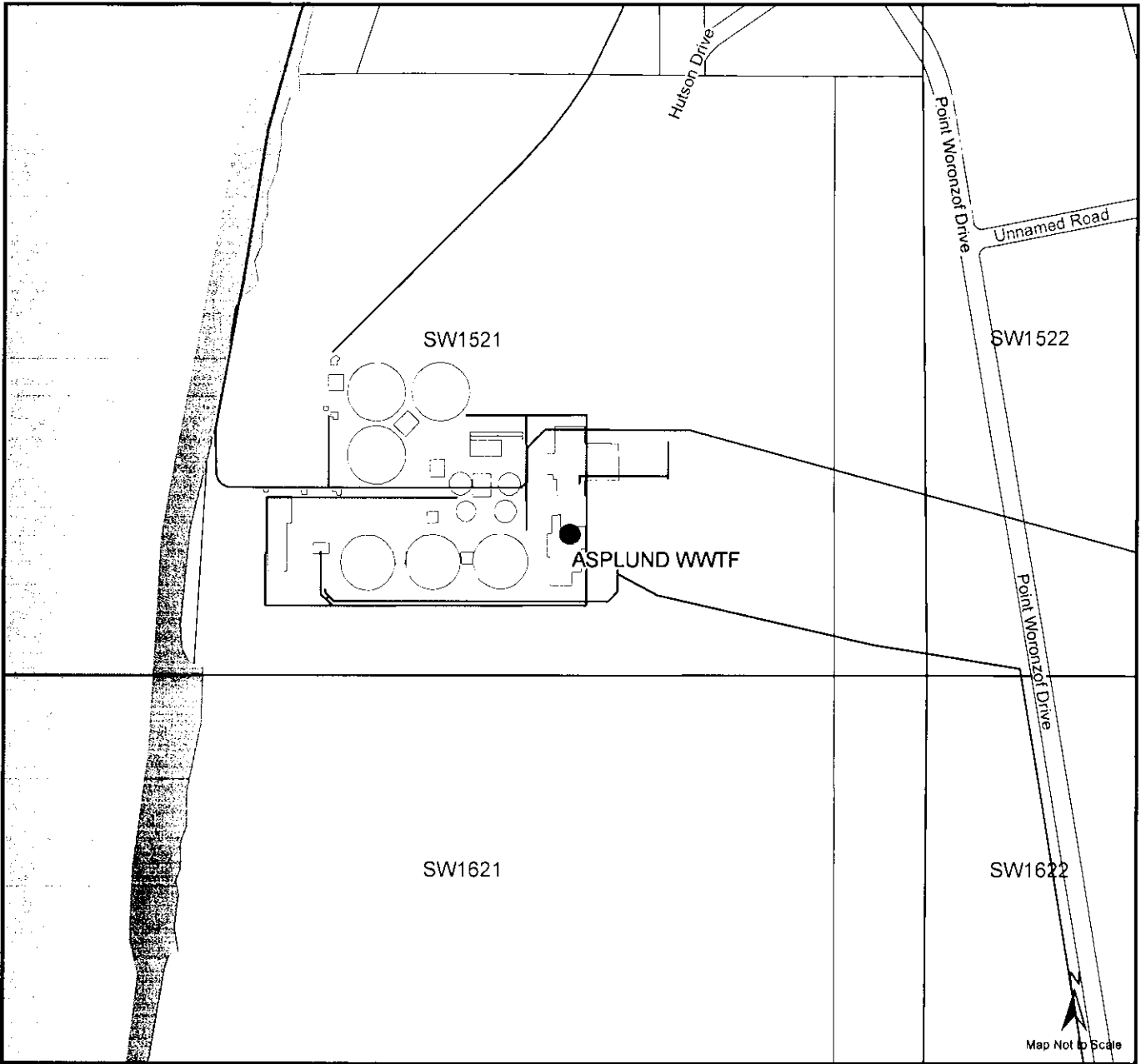
**People Soft Information:**

Name: GWWTF\_Upgr  
 Number: 0000003450-551

**Plan Set Information:**

Name: GWWTF Upgrade  
 Number: 9311

- | Proposed Project  | Existing Infrastructure |
|-------------------|-------------------------|
| ● Water           | — AWWU Water Main       |
| ● Wastewater      | — AWWU Sewer Main       |
| ■ Water Pipe      |                         |
| ■ Wastewater Pipe |                         |



**Municipality of Anchorage**  
**Anchorage Water and Wastewater Utility**



**People Soft Information:**

Name: AWWTF\_Utilidor Impr  
 Number: 0000005982-551

**Plan Set Information:**

Name: Asplund WWTF Utilidor Improvement  
 Number: 9447

**Proposed Project**

- Water
- Wastewater
- Water Pipe
- Wastewater Pipe

**Existing Infrastructure**

- AWWU Water Main
- AWWU Sewer Main



# MUNICIPALITY OF ANCHORAGE

## ASSEMBLY MEMORANDUM

No. AM 657-2011

Meeting Date: November 22, 2011

1 **From:** MAYOR

2  
3 **Subject:** AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE,  
4 ALASKA, AUTHORIZING THE BORROWING AND  
5 ACCEPTING, FROM THE STATE OF ALASKA CLEAN  
6 WATER FUND, AN AGGREGATE AMOUNT NOT TO EXCEED  
7 \$5,100,000 FOR THE PURPOSE OF FINANCING A PORTION  
8 OF TWO AWWU 2012 CAPITAL IMPROVEMENT BUDGET  
9 (CIB) WASTEWATER PROJECTS AND PROVIDING FOR  
10 RELATED MATTERS  
11

12 The State of Alaska Department of Environmental Conservation offers low-  
13 interest loans through the Alaska Clean Water Fund program to communities  
14 for the planning, design, and construction of publicly-owned wastewater  
15 capital projects.  
16

17 The Ordinance authorizes borrowing and accepting of an amount not to  
18 exceed \$5,100,000 to be used specifically for financing a portion of the costs  
19 of the Girdwood Wastewater Treatment Facility Upgrade and Asplund  
20 Wastewater Treatment Facility Utilidor Upgrade AWWU 2012 CIB projects  
21 included in the Alaska Clean Water Fund FY12 Intended Use Plan.  
22

23 At its November 2, 2011 meeting, the AWWU Board of Directors supported  
24 this ordinance.  
25

26 **THE ADMINISTRATION CONCURS WITH THE AWWU BOARD**  
27 **RECOMMENDATION AND REQUESTS APPROVAL OF AN ORDINANCE**  
28 **AUTHORIZING THE BORROWING AND ACCEPTING, FROM THE STATE**  
29 **OF ALASKA CLEAN WATER FUND, AN AGGREGATE AMOUNT NOT TO**  
30 **EXCEED \$5,100,000 FOR THE PURPOSE OF FINANCING A PORTION**  
31 **OF TWO AWWU 2012 CAPITAL IMPROVEMENT BUDGET (CIB)**  
32 **WASTEWATER PROJECTS.**  
33

34 Prepared by: Anchorage Water and Wastewater Utility  
35 Recommended by: Craig R. Woolard, Ph.D., P.E., General Manager,  
36 AWWU  
37 Concur: Dennis A. Wheeler, Municipal Attorney  
38 Concur: George J. Vakalis, Municipal Manager  
39 Respectfully submitted: Daniel A. Sullivan, Mayor