

Submitted by: Chair of the Assembly at the
Request of the Mayor
Prepared by: Anchorage Water and
Wastewater Utility
For reading: August 31, 2010

CLERK'S OFFICE
APPROVED

Date: 9-14-10 **ANCHORAGE, ALASKA**
AO No. 2010-60

1 **AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA,**
2 **AUTHORIZING THE BORROWING AND ACCEPTING, FROM THE STATE**
3 **OF ALASKA DRINKING WATER FUND, AN AGGREGATE AMOUNT NOT**
4 **TO EXCEED \$19,297,300 FOR THE PURPOSE OF FINANCING A PORTION**
5 **OF THE COSTS OF VARIOUS AWWU 2010 CAPITAL IMPROVEMENT**
6 **BUDGET (CIB) WATER IMPROVEMENTS PROJECTS AND PROVIDING**
7 **FOR RELATED MATTERS.**

8
9 **WHEREAS**, the State of Alaska (State), pursuant to Alaska Statutes 46.03.036
10 and 18 AAC 76.200 et. seq., established the Alaska Drinking Water Fund
11 (Fund), a fund using U.S. Government grants as authorized by the Safe
12 Drinking Water 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 to assist in the planning, designing, constructing, equipping,
16 modifying, improving and expanding of public water treatment, transmission and
17 distribution 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 following AWWU water improvements
31 projects (Projects), listed in the Alaska Drinking Water approved SFY11
32 Intended Use Plan:

33
34 State Funding Priority Projects

35 Eagle River Heights Water Upgrade – Phase 1	\$ 3,931,550
36 Northern Communities Water – Harold Loop	\$ 2,150,000

1 State Funding Priority Planning Projects

2	Ship Creek Water Treatment Facility Upgrade	\$ 3,197,500
3	South Anchorage Water Extension	\$ 2,667,000
4	Tidewater Gull Water Upgrade	\$ 2,146,250
5	Well Upgrade	\$ 1,800,000
6	Ship Creek Water Treatment Facility Roof Upgrade	\$ 1,300,000
7	3000 Arctic HVAC Upgrade	\$ 900,000
8	Well 7 Capacity Upgrade	\$ 780,000
9	Ship Creek Water Treatment Facility SCADA	\$ 425,000

10
11 And,

12
13 **WHEREAS**, at its August 4, 2010 meeting, the AWWU Board of Directors
14 supported this ordinance to authorize the borrowing and accepting of funds
15 from the State of Alaska Drinking Water Fund; and

16
17 **WHEREAS**, it is necessary, advisable, and in the best interests of the
18 Municipality and its inhabitants for an application to be submitted and such
19 other actions as may be necessary be taken to borrow, and accept when
20 approved, an amount not to exceed \$19,297,300 from the Fund for the purpose
21 of financing a portion of the costs associated with said Projects; now, therefore,

22
23 **THE ANCHORAGE ASSEMBLY ORDAINS:**

24
25 **Section 1. Purpose.** The purpose of this Ordinance is to authorize the
26 borrowing of, and accepting when approved, an amount not to exceed
27 \$19,297,300 from the Fund in the form of a loan(s) to provide funds to finance a
28 portion of the capital costs of the Projects; and

29
30 **Section 2. Authority for Ordinance.** It is hereby ascertained and determined
31 that each and every matter and thing as to which provision is made in this
32 Ordinance is necessary in order to carry out and effectuate the purposes of the
33 Municipality in accordance with the Alaska Constitution, Alaska State Statutes,
34 and the Municipality's Charter and Code, and to incur the indebtedness
35 authorized by this Ordinance.

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

45

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

3
4 "**Gross Revenues**" means all rates and charges and other income, in each
5 case derived by or for the account of the Municipality, from the ownership,
6 leasing or operation of the System except proceeds from the sale of bonds
7 or notes, any grants received for the Anchorage Water Utility, and interest
8 received and profits derived from the investment of moneys obtained from
9 such sources or from moneys held in any fund to pay or secure the payment
10 of any bonds or notes issued in connection with the System. For the
11 purposes of this Ordinance, **Gross Revenues** shall not include allowance
12 for funds used during construction.

13
14 "**Lien Revenue Bonds**" means all publicly marketed revenue bonds or other
15 obligations issued by the Municipality having a lien on net revenue (Gross
16 Revenues less Operating Expenses).

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

37
38 "**System**" means the existing water utility system of the Municipality as the
39 same will be added to, improved and extended as authorized and provided
40 in this Ordinance, and as the same may be added to, improved and
41 extended for as long as the loan authorized by this Ordinance is
42 outstanding, but shall not include such water supply, treatment, transmission
43 and distribution facilities that may be hereafter purchased, constructed or
44 otherwise acquired by the Municipality as a separate water utility system,
45 the revenues of which may be pledged to the payment of bonds or notes
46 issued to purchase, construct or otherwise acquire and improve such

1 separate system. **System** shall also include the wastewater system of the
2 Municipality, if hereafter combined with the water utility.

3
4 **Section 4. Loan Terms.** The following primary terms shall be incorporated into
5 the Loan Agreements:

6
7 Principal Amount: Not to exceed \$19,297,300 (subject to
8 individual draws)
9 Interest Rate: 1.5% per annum
10 Interest Accrual: Accrual begins one year after the date of first
11 disbursement to the Municipality
12 Term: Twenty years from the date of initiation of
13 operation of the Projects
14 Date of First Payment: One year following substantial completion
15 and initiation of operation of the Projects
16 Payment Interval: Annual
17 Amortization Schedule: Level, fully amortizing
18 Security: A subordinate lien pledge of Gross Revenues
19 less Operating Expenses of the System, as
20 those terms are defined herein, provided that
21 if such monies are not sufficient, repayment of
22 the loans shall be from any legally available
23 funds accruing to or in the possession of the
24 Municipality; and provided further that
25 repayment of the loans is not a direct
26 obligation of the Municipality and neither the
27 faith and credit nor the taxing power of the
28 Municipality are pledged therefore.

29
30 **Section 5. Authorization of Loan; Purpose of Issuance.** For the purpose of
31 providing a portion of the funds required to pay the cost of the Projects
32 described herein, and to pay all costs incidental thereto, the borrowing of
33 money from the Fund in the form of a loan in an aggregate principal amount not
34 to exceed \$19,297,300 is hereby authorized.

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

44
45 **Section 7. Acceptance of Loan Funds.** The AWWU General Manager is
46 hereby authorized to accept, when approved and available, loan funds from the


1 State, pursuant to loan applications approved in this ordinance, for the purpose
2 of reimbursement of the costs of the Projects. Upon notification from the State
3 and acceptance of the funds, AWWU shall file with the Assembly, on a quarterly
4 basis, an Assembly Informational Memorandum, listing the amount of funds
5 approved and accepted by AWWU, the authorizing ordinance for the funds, and
6 identifying the specific projects approved under the Loan program.

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

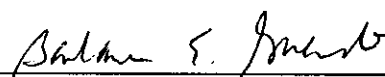
15
16 **Section 9. Severability.** If any one or more of the covenants and agreements
17 provided in this Ordinance to be performed on the part of the Municipality shall
18 be declared by any court of competent jurisdiction to be contrary to law, then
19 such covenant and agreements shall be null and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

23
24 **Section 10. Effective Date.** This Ordinance shall take effect immediately upon
25 passage and approval by the Assembly.

26
27 PASSED AND APPROVED by the Anchorage Assembly this 14th day of
28 September, 2010.

29
30
31
32 
33 _____
34 Chair

35 ATTEST:

36
37 
38 _____
Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects - Utilities

AO Number: 2010-60

Title: **AN ORDINANCE AUTHORIZING FOR THE BORROWING AND ACCEPTING, FROM THE STATE OF ALASKA DRINKING WATER FUND, AN AGGREGATE AMOUNT NOT TO EXCEED \$19,297,300 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 Affected: **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	289,000	277,000	264,000	251,000
TOTAL NON-OPERATING EXPENSES:	0	289,000	277,000	264,000	251,000
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 = \$1.1 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 462-2010

Meeting Date: August 31, 2010

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 DRINKING**
6 **WATER FUND, AN AGGREGATE AMOUNT NOT TO EXCEED**
7 **\$19,297,300 FOR THE PURPOSE OF FINANCING A PORTION**
8 **OF THE COSTS OF VARIOUS AWWU 2010 CAPITAL**
9 **IMPROVEMENT BUDGET (CIB) WATER IMPROVEMENTS**
10 **PROJECTS AND PROVIDING FOR RELATED MATTERS**
11

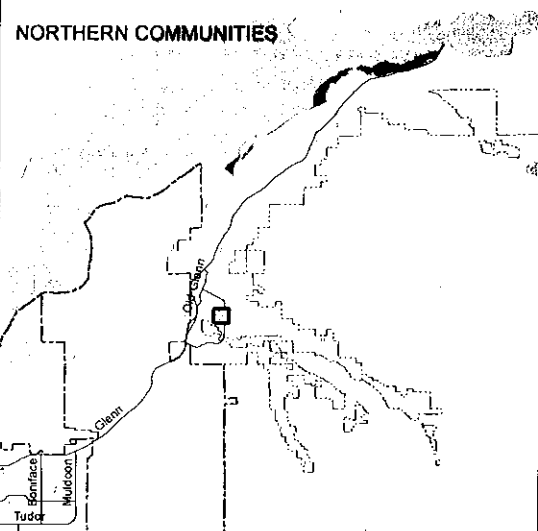
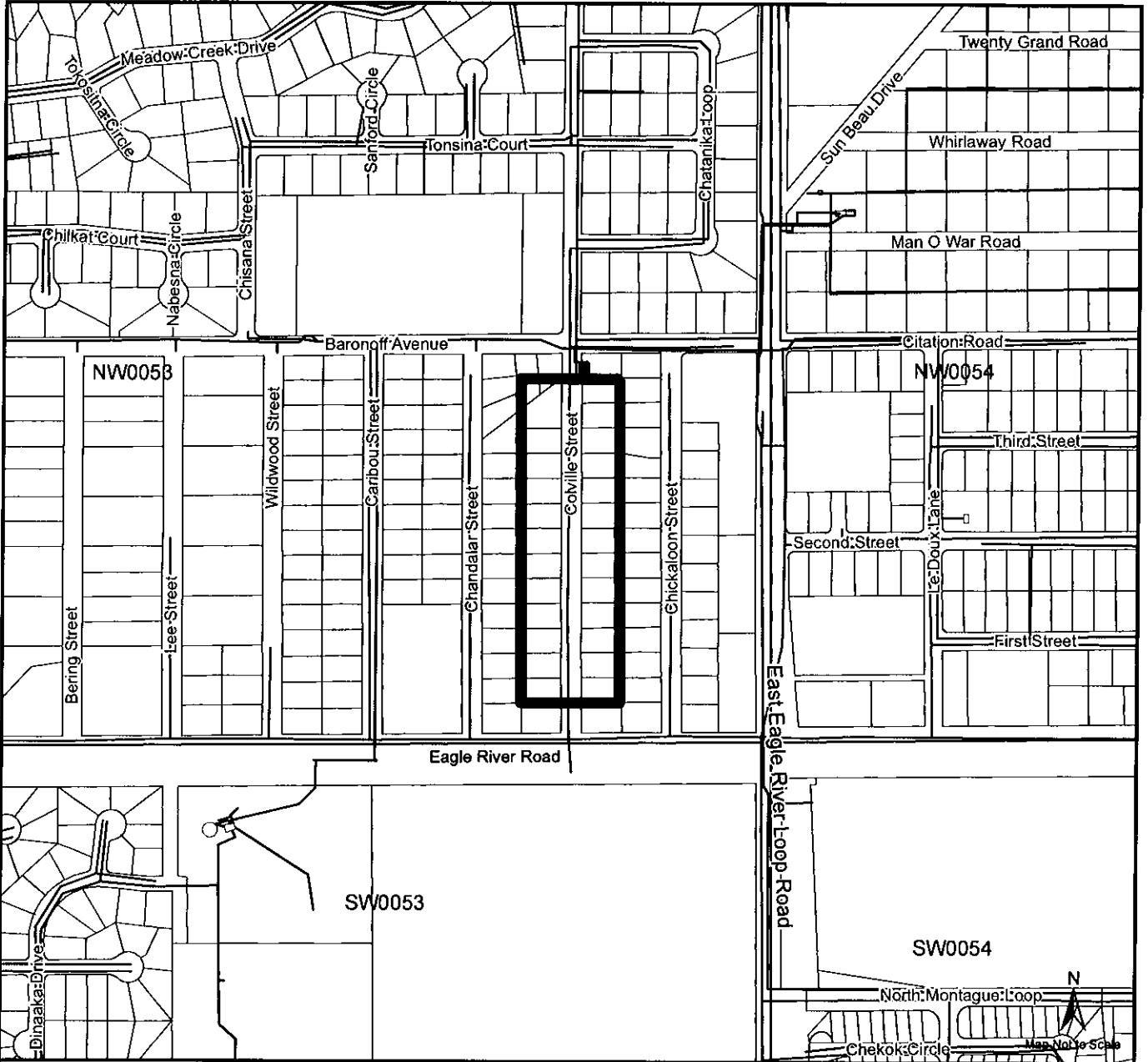
12 The State of Alaska Department of Environmental Conservation offers low-
13 interest loans through the Alaska Drinking Water Fund program to
14 communities for the planning, design, and construction of publicly-owned
15 water capital projects.
16

17 The attached Ordinance authorizes the borrowing and accepting of not to
18 exceed \$19,297,300 to be used specifically for financing a portion of the
19 costs of various AWWU 2010 CIB projects included in the Alaska Drinking
20 Water Fund SFY11 Intended Use Plan.
21

22 At its August 4, 2010 meeting, the AWWU Board of Directors supported this
23 ordinance.
24

25 **THE ADMINISTRATION CONCURS WITH THE AWWU BOARD**
26 **RECOMMENDATION AND REQUESTS APPROVAL OF THIS**
27 **ORDINANCE AUTHORIZING THE BORROWING AND ACCEPTING,**
28 **FROM THE STATE OF ALASKA DRINKING WATER FUND, AN**
29 **AGGREGATE AMOUNT NOT TO EXCEED \$19,297,300 FOR THE**
30 **PURPOSE OF FINANCING A PORTION OF THE COSTS OF VARIOUS**
31 **AWWU 2010 CAPITAL IMPROVEMENT BUDGET (CIB) WATER**
32 **IMPROVEMENTS PROJECTS.**
33

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



Municipality of Anchorage
Anchorage Water and Wastewater Utility



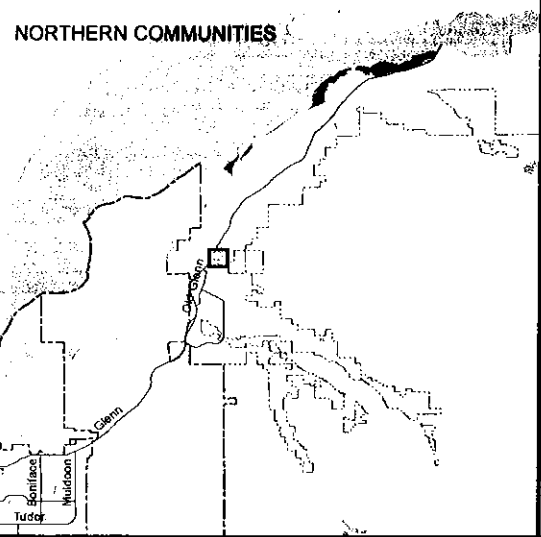
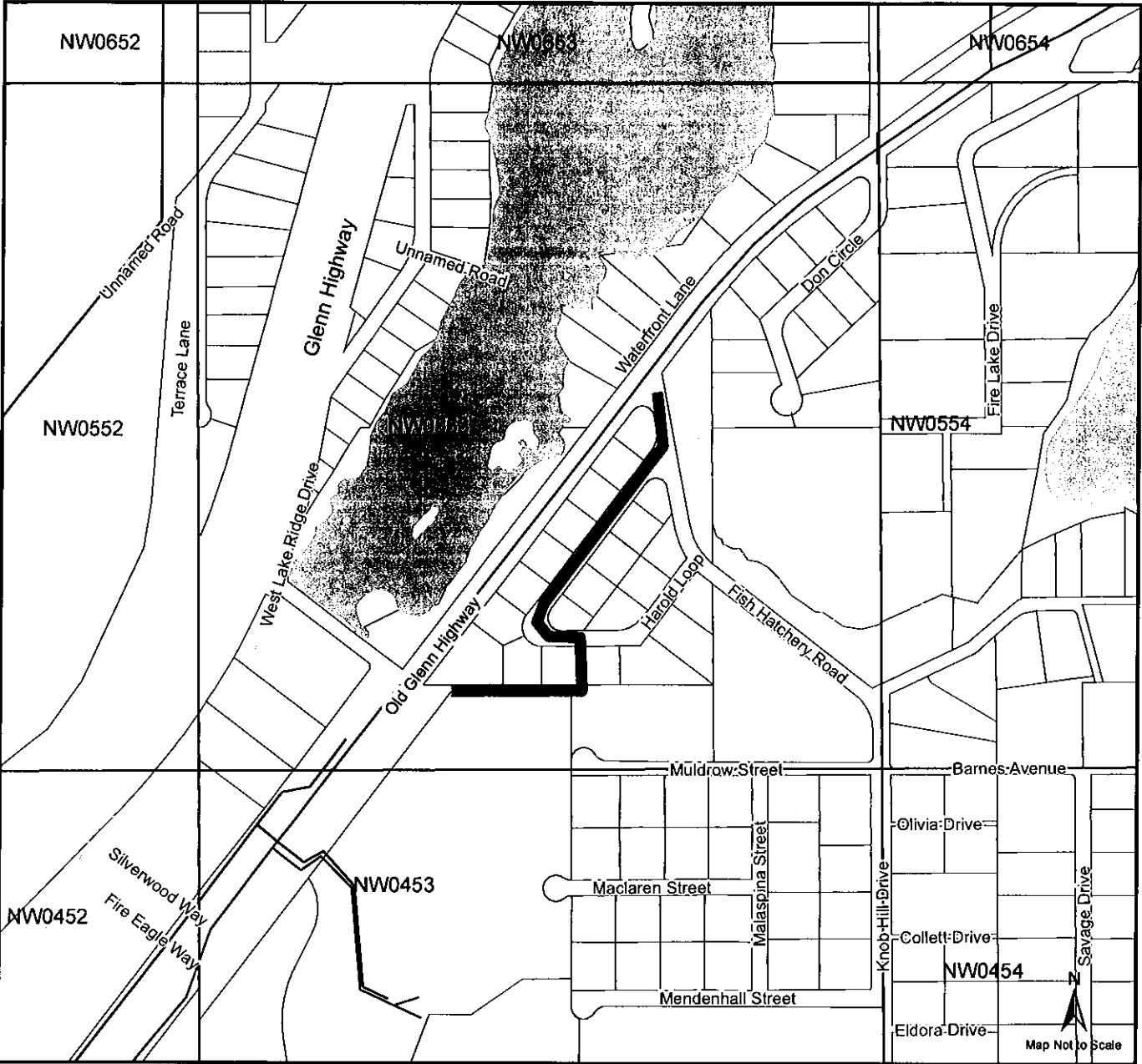
People Soft Information:

Name: ER_Heights_Wtr_Upgr_Ph1
 Number: 000003556-541

Plan Set Information:

Name: Eagle River Heights Water Upgrade Phase 1
 Number: 8967

- | | |
|-------------------------|--------------------------------|
| 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: N_Comm_Wtr_Extension
 Number: 000000049-541



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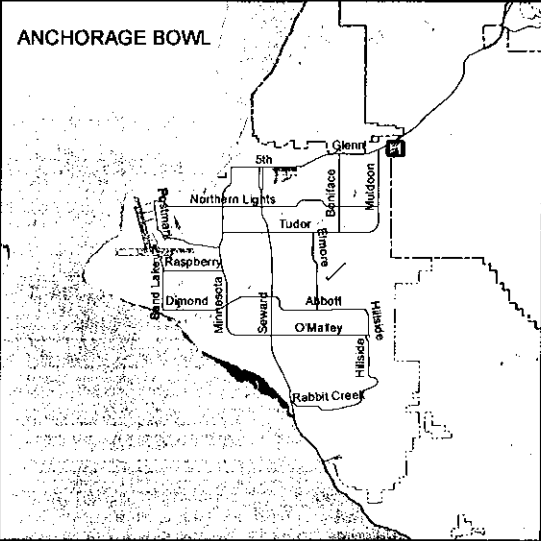
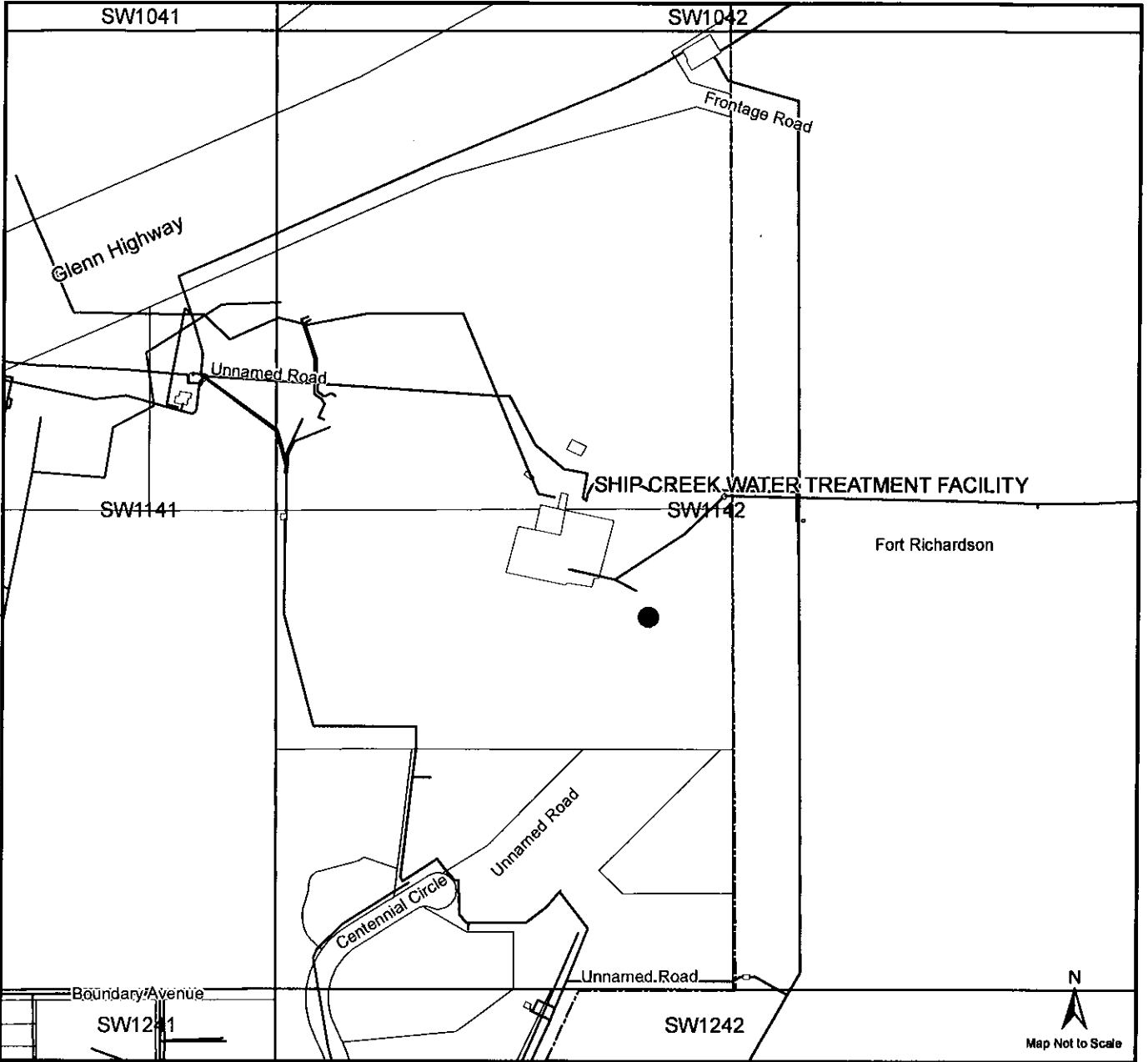
Name: N.Communities Water Extension (Harold Loop)
 Number: 9278

Proposed Project

-  Water
-  Wastewater
-  Water Pipe
-  Wastewater Pipe

Existing Infrastructure

-  AWWU Water Main
-  AWWU Sewer Main



Municipality of Anchorage
Anchorage Water and Wastewater Utility



People Soft Information:

Name: SCWTF_Heat_Exchanger
 Number: 0000004882-541

Plan Set Information:

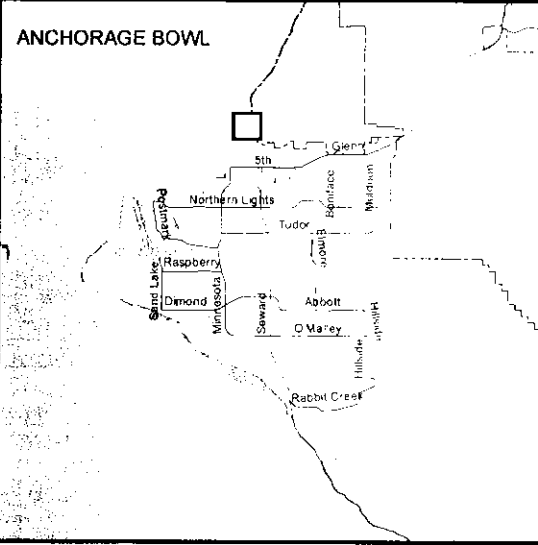
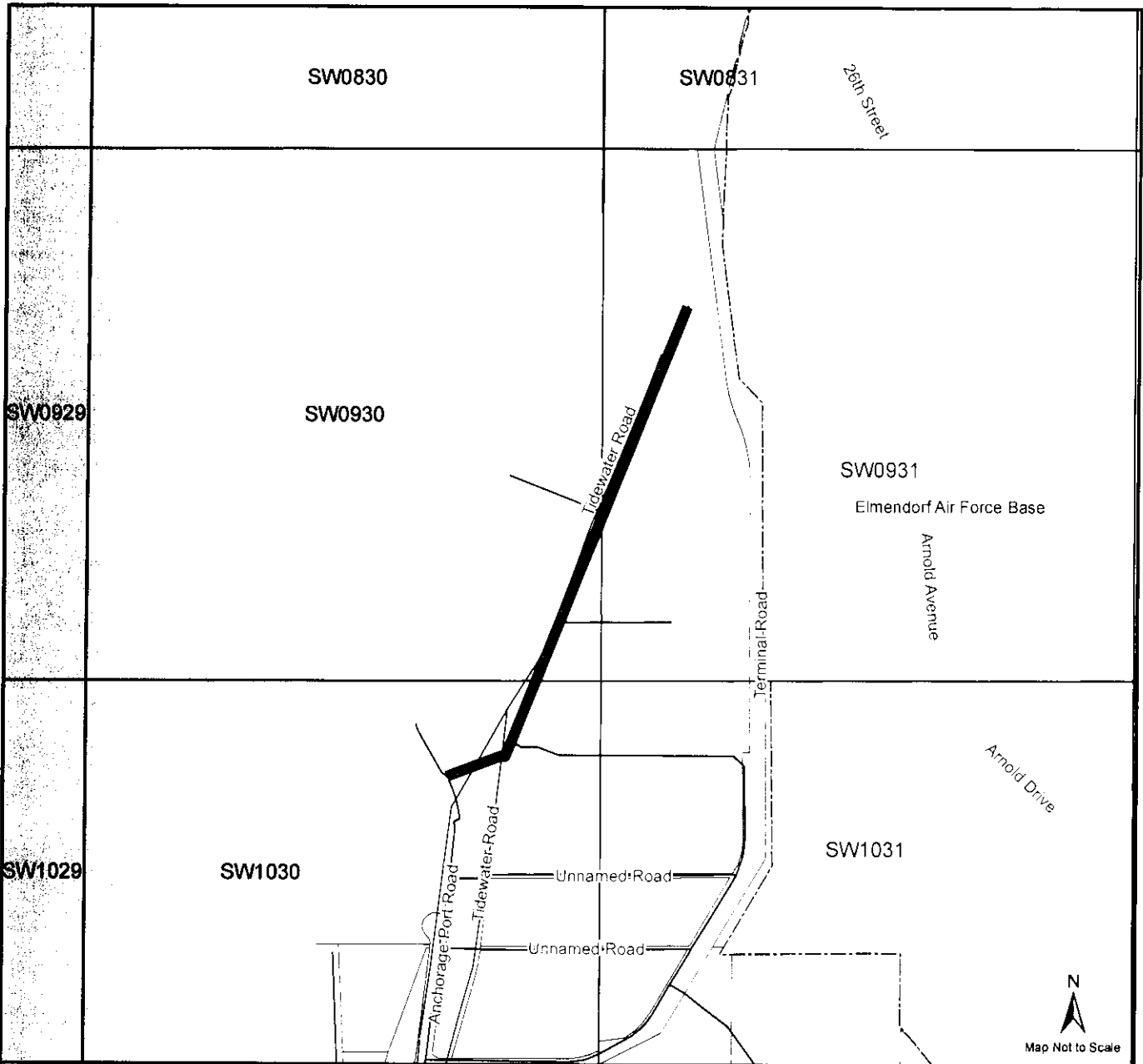
Name: Ship Creek Heat Exchanger
 Number: 9279

Proposed Project

- Water
- Wastewater
- Water Pipe
- Wastewater Pipe

Existing Infrastructure

- AWWU Water Main
- AWWU Sewer Main



Municipality of Anchorage
Anchorage Water and Wastewater Utility



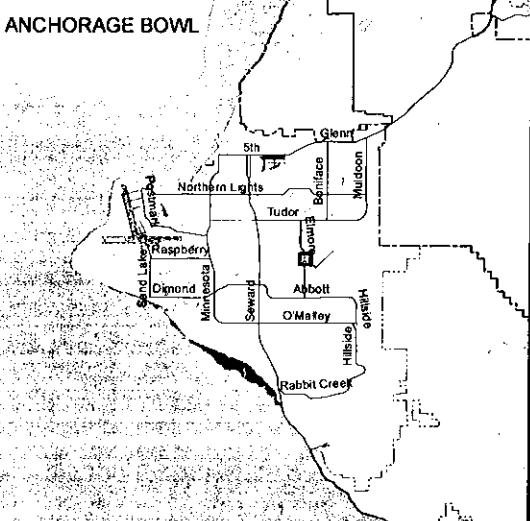
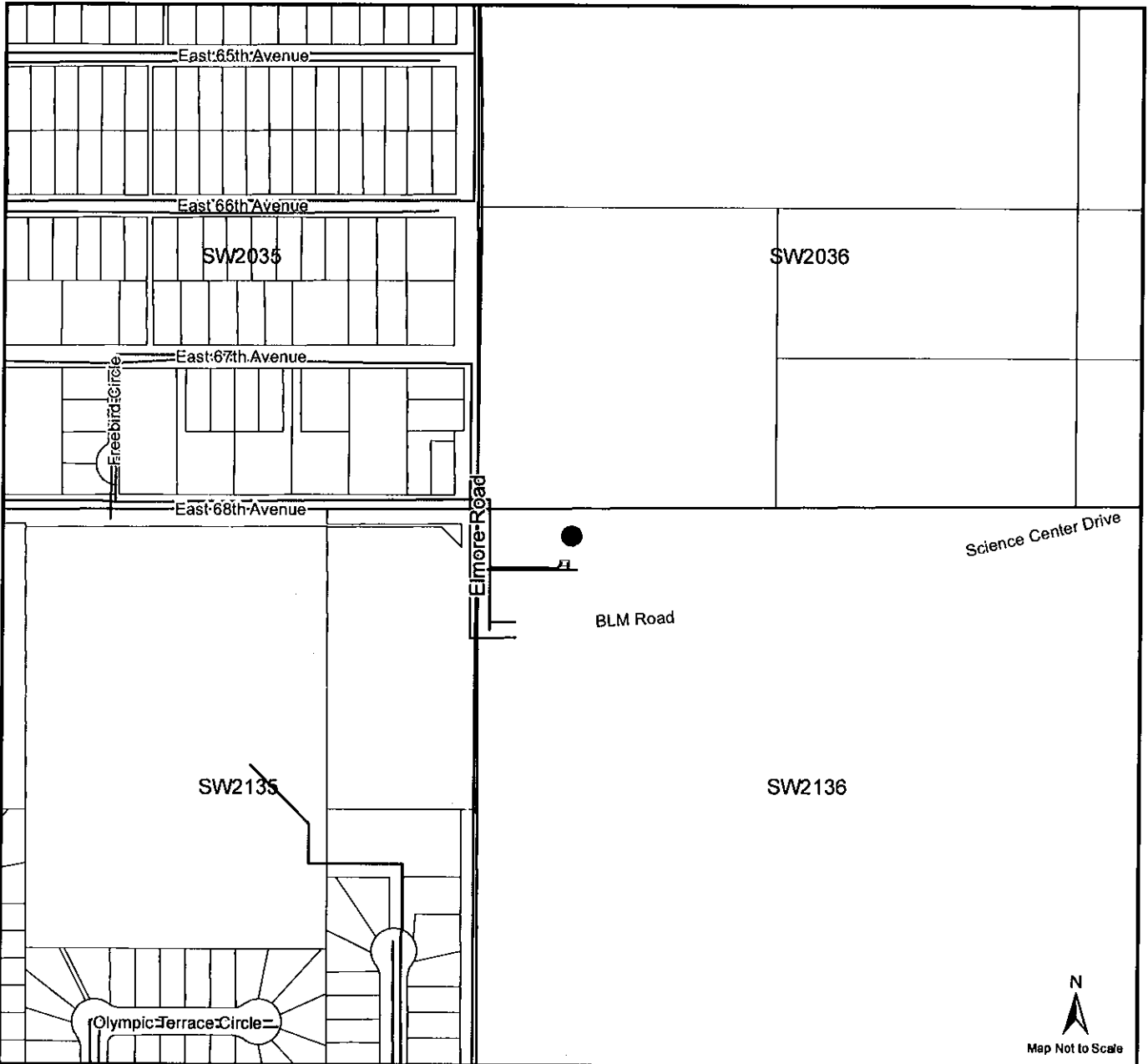
People Soft Information:

Name: Tidewater_Gull_Wtr_Upgr
Number: 0000004898-541

Plan Set Information:

Name: Tidewater Gull Water Upgrade
Number: 9284

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



Municipality of Anchorage
Anchorage Water and Wastewater Utility



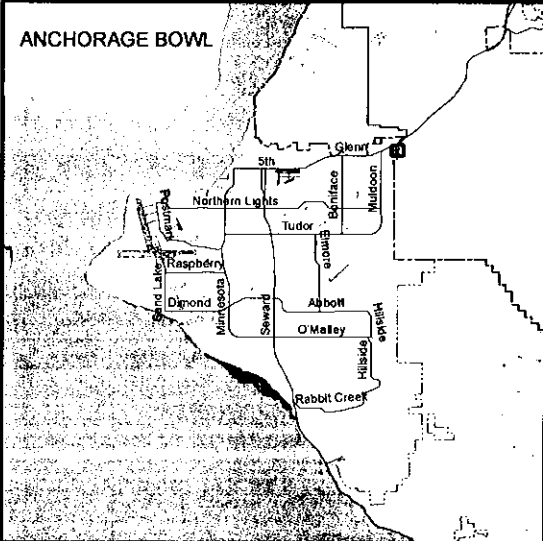
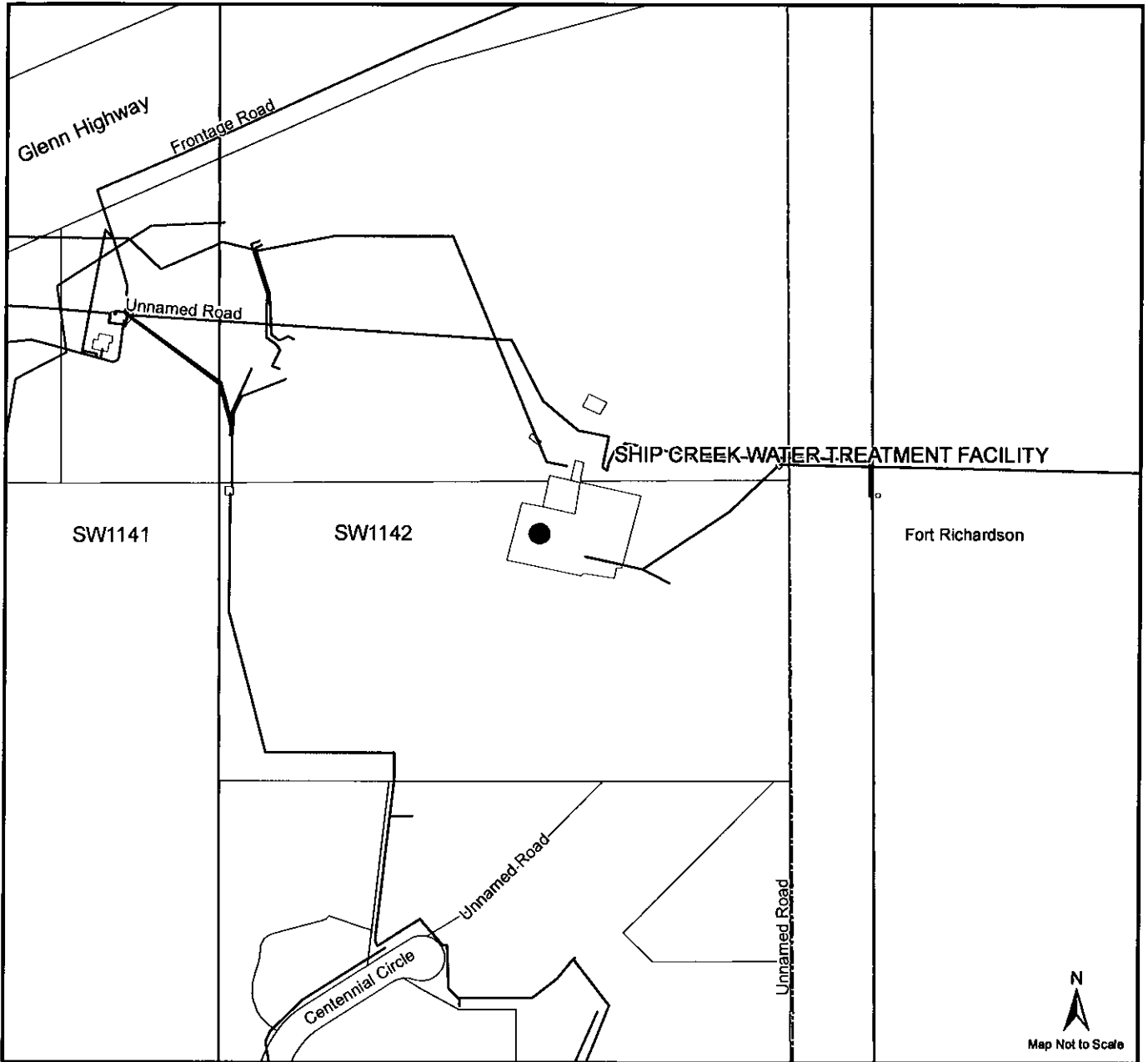
People Soft Information:

Name: Wells_New-WTR
 Number: 000003540-541

Plan Set Information:

Name: Wells_New_WTR
 Number: 9289

- | 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: SCWTF_Roof_Upgr
Number: 000004883-541

Plan Set Information:

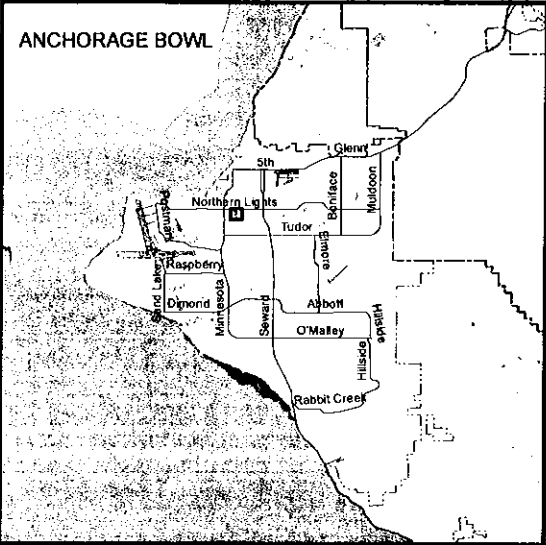
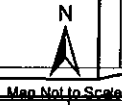
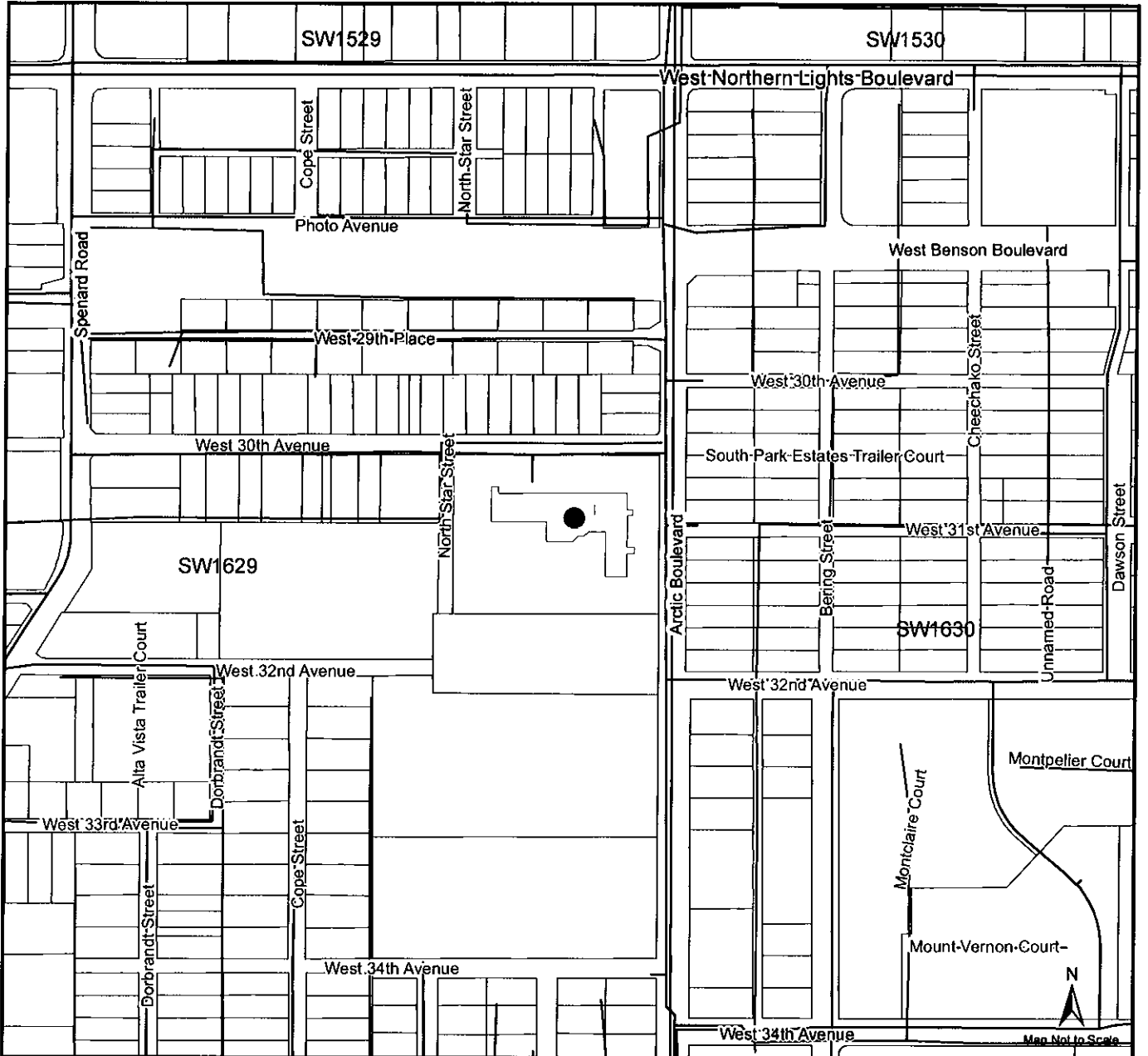
Name: SCWTF Roof Upgr
Number: 9263

Proposed Project

- Water
- Wastewater
- ▬ Water Pipe
- ▬ Wastewater Pipe

Existing Infrastructure

- AWWU Water Main
- AWWU Sewer Main



Municipality of Anchorage
Anchorage Water and Wastewater Utility



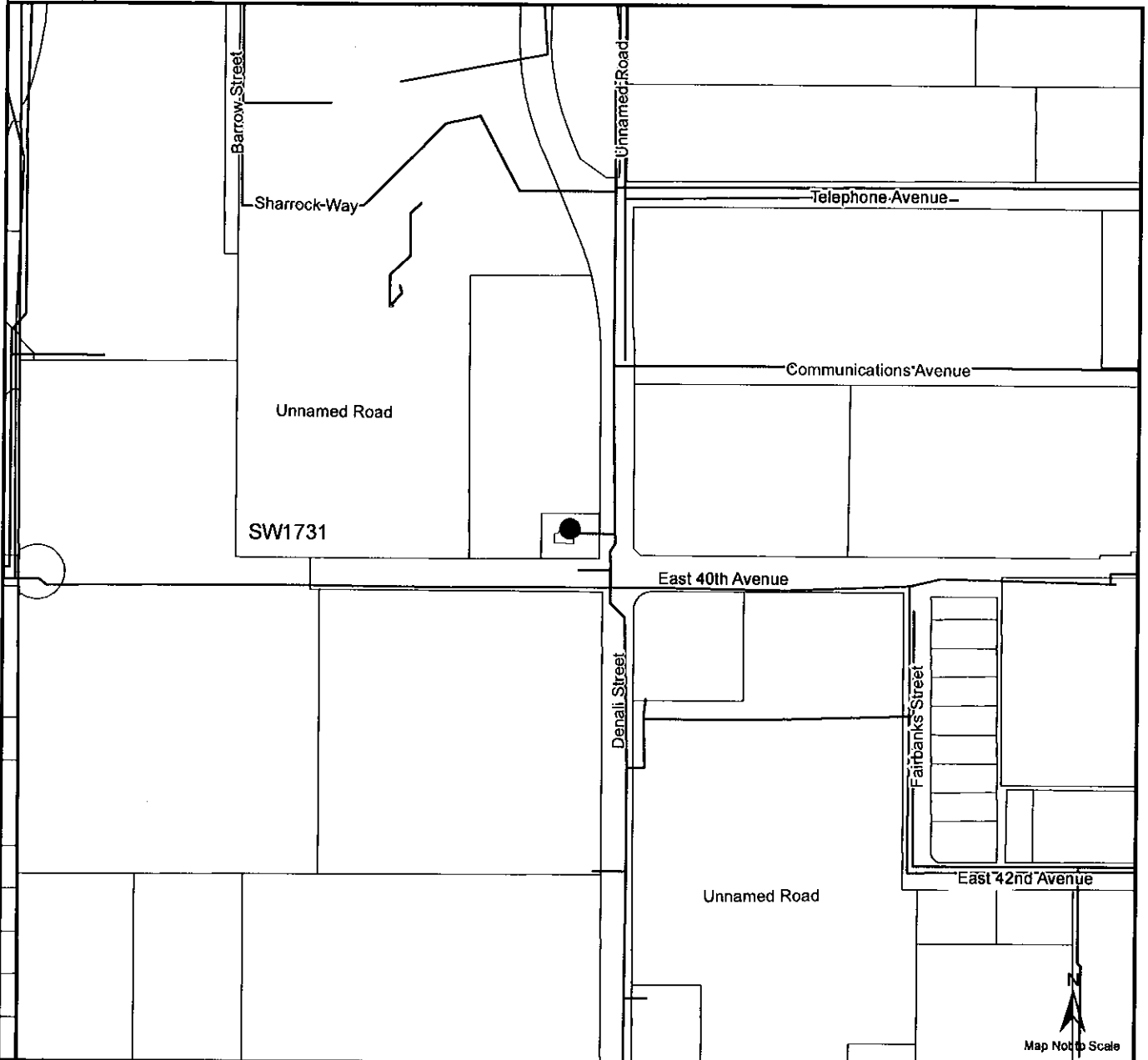
People Soft Information:

Name: 3000_Arctic_HVAC_Upgr
 Number: 0000003847-541

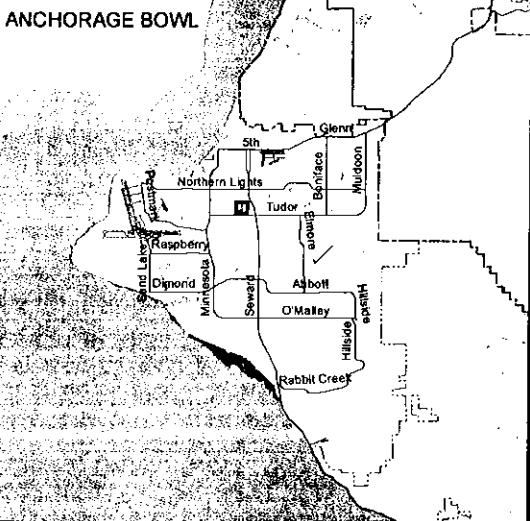
Plan Set Information:

Name: AWWU, 3000 Arctic Boulevard HVAC Upgrade
 Number: 9184

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



Map Not to Scale



Municipality of Anchorage
Anchorage Water and Wastewater Utility



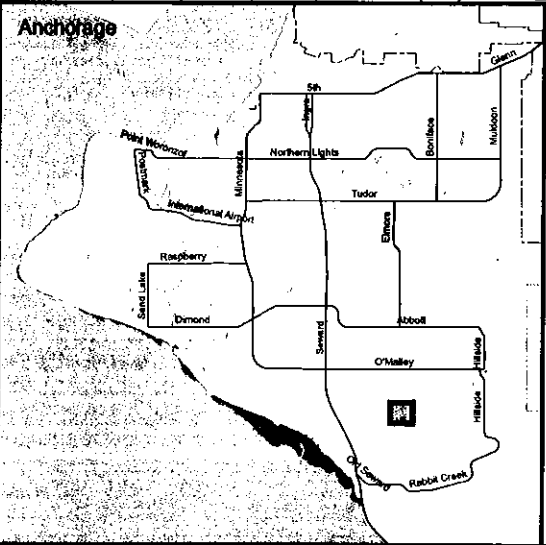
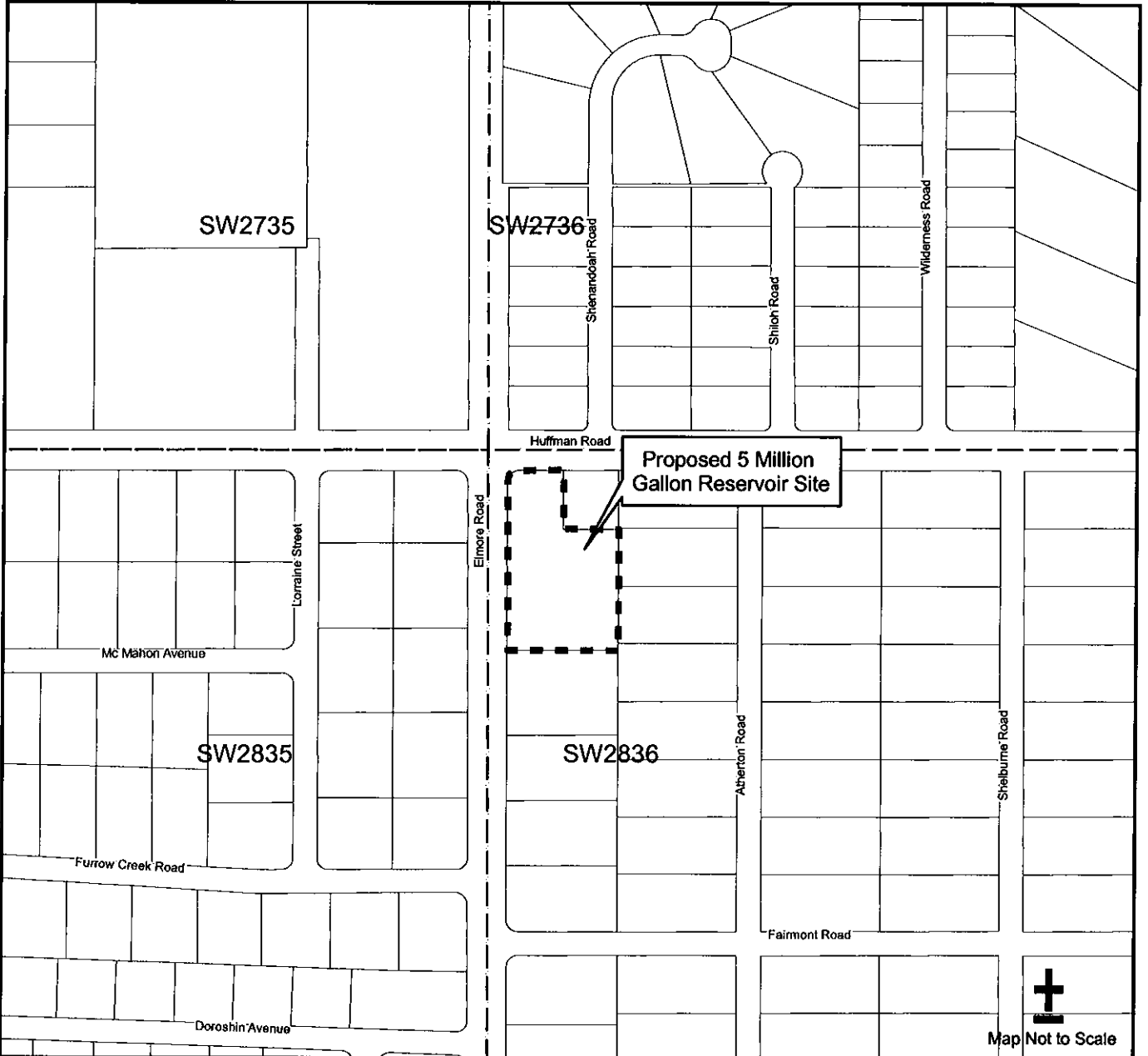
People Soft Information:

Name: Well_7_Capacity_Upgr
 Number: 000004870-541

Plan Set Information:

Name: Wellhouse #7 Improvements - Capacity Upgrade
 Number: 8995



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



Municipality of Anchorage
Anchorage Water and Wastewater Utility



Reservoir - Elmore
PeopleSoft Project ID 0000004004

-  AWWU Water Hydrant
-  AWWU Water Pipe

Map Created: 8/18/09

Content ID: 009297**Type:** Ordinance - AO

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA,
AUTHORIZING THE BORROWING AND ACCEPTING, FROM THE STATE OF
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Title: EXCEED \$19,297,300 FOR THE PURPOSE OF FINANCING A PORTION OF
THE COSTS OF VARIOUS AWWU 2010 CAPITAL IMPROVEMENT BUDGET
(CIB) WATER IMPROVEMENTS PROJECTS AND PROVIDING FOR RELATED
MATTERS.

Author: gibsonam**Initiating
Dept:** AWWU**Date
Prepared:** 8/10/10 9:50 AM**Director
Name:** Mark Premo**Assembly
Meeting** 8/31/10**Date:****Public
Hearing** 9/14/10**Date:**

Workflow Name	Action Date	Action	User	Security Group	Content ID
Clerk_Admin_SubWorkflow	8/20/10 11:41 AM	Exit	Joy Maglaqui	Public	009297
MuniManager_SubWorkflow	8/20/10 11:41 AM	Approve	Joy Maglaqui	Public	009297
Legal_SubWorkflow	8/20/10 11:15 AM	Approve	Dean Gates	Public	009297
Finance_SubWorkflow	8/20/10 10:30 AM	Approve	Lucinda Mahoney	Public	009297
OMB_SubWorkflow	8/11/10 1:49 PM	Approve	Cheryl Frasca	Public	009297
AWWU_SubWorkflow	8/10/10 10:24 AM	Approve	Mark Premo	Public	009297
AllOrdinanceWorkflow	8/10/10 9:51 AM	Checkin	Alyssa Gibson	Public	009297