

Submitted by: Chair of the Assembly at the  
Request of the Mayor  
Prepared by: Anchorage Water and  
Wastewater Utility  
For reading: November 23, 2010

CLERK'S OFFICE

APPROVED

ANCHORAGE, ALASKA

AO No. 2010-85

Date: \_\_\_\_\_

12-9-10

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 \$18,062,224 FOR THE PURPOSE OF FINANCING A PORTION**  
5 **OF THE COSTS OF VARIOUS AWWU 2011 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:

1	<u>State Funding Priority Planning Projects</u>	
2	South Anchorage Water Extension	\$ 9,233,000
3	Bayshore Subdivision Water Upgrade	\$ 1,700,000
4	Wonder Park Water Upgrade Phase I-IV	\$ 1,687,000
5	41 <sup>st</sup> -Cope-Northstar Water Upgrade	\$ 1,402,500
6	Well Upgrade	\$ 1,260,000
7	CUI Reservoir Site Upgrade	\$ 850,000
8	Oklahoma-Muldoon Water Upgrade	\$ 735,724
9	Tudor Road Bus Barn	\$ 514,000
10	Water Master Plan	\$ 425,000
11	Turnagain View Booster & Reservoir	\$ 255,000

12  
13 And,

14  
15 **WHEREAS**, at its November 3, 2010 meeting, the AWWU Board of Directors  
16 supported this ordinance to authorize the borrowing and accepting of funds  
17 from the State of Alaska Drinking Water Fund; and

18  
19 **WHEREAS**, it is necessary, advisable, and in the best interests of the  
20 Municipality and its inhabitants for an application to be submitted and such  
21 other actions as may be necessary be taken to borrow, and accept when  
22 approved, an amount not to exceed \$18,062,224 from the Fund for the purpose  
23 of financing a portion of the costs associated with said Projects; now, therefore,

24  
25 **THE ANCHORAGE ASSEMBLY ORDAINS:**

26  
27 **Section 1. Purpose.** The purpose of this Ordinance is to authorize the  
28 borrowing of, and accepting when approved, an amount not to exceed  
29 \$18,062,224 from the Fund in the form of a loan(s) to provide funds to finance a  
30 portion of the capital costs of the Projects; and

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

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

1  
2 As used in this Ordinance, unless a different meaning clearly appears from the  
3 context, the following words are defined as follows:  
4

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

15 "**Lien Revenue Bonds**" means all publicly marketed revenue bonds or other  
16 obligations issued by the Municipality having a lien on net revenue (Gross  
17 Revenues less Operating Expenses).  
18

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

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

1 issued to purchase, construct or otherwise acquire and improve such  
2 separate system. **System** shall also include the wastewater system of the  
3 Municipality, if hereafter combined with the water utility.  
4

5 **Section 4. Loan Terms.** The following primary terms shall be incorporated into  
6 the Loan Agreements:  
7

8	Principal Amount:	Not to exceed \$18,062,224 (subject to
9		individual draws)
10	Interest Rate:	1.5% per annum
11	Interest Accrual:	Accrual begins one year after the date of first
12		disbursement to the Municipality
13	Term:	Twenty years from the date of initiation of
14		operation of the Projects
15	Date of First Payment:	One year following substantial completion
16		and initiation of operation of the Projects
17	Payment Interval:	Annual
18	Amortization Schedule:	Level, fully amortizing
19	Security:	A subordinate lien pledge of Gross Revenues
20		less Operating Expenses of the System, as
21		those terms are defined herein, provided that
22		if such monies are not sufficient, repayment of
23		the loans shall be from any legally available
24		funds accruing to or in the possession of the
25		Municipality; and provided further that
26		repayment of the loans is not a direct
27		obligation of the Municipality and neither the
28		faith and credit nor the taxing power of the
29		Municipality are pledged therefore.
30		

31 **Section 5. Authorization of Loan; Purpose of Issuance.** For the purpose of  
32 providing a portion of the funds required to pay the cost of the Projects  
33 described herein, and to pay all costs incidental thereto, the borrowing of  
34 money from the Fund in the form of a loan in an aggregate principal amount not  
35 to exceed \$18,062,224 is hereby authorized.  
36

37 **Section 6. Loan Applications and Loan Agreements.** The AWWU General  
38 Manager is hereby authorized and directed to complete and submit to the State  
39 applications to borrow money from the Fund for the purpose of financing a  
40 portion of the costs of the Projects authorized by this Ordinance. Further, the  
41 AWWU General Manager and AWWU Chief Financial Officer are hereby  
42 authorized, empowered and directed to execute and deliver Loan Agreements,  
43 for and on behalf of the Municipality, including necessary counterparts, as  
44 authorized by this Ordinance.  
45

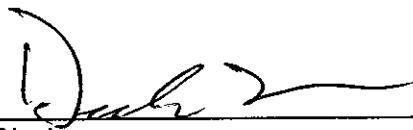
1 **Section 7. Acceptance of Loan Funds.** The AWWU General Manager is  
2 hereby authorized to accept, when approved and available, loan funds from the  
3 State, pursuant to loan applications approved in this ordinance, for the purpose  
4 of reimbursement of the costs of the Projects. Upon notification from the State  
5 and acceptance of the funds, AWWU shall file with the Assembly, on a quarterly  
6 basis, an Assembly Informational Memorandum, listing the amount of funds  
7 approved and accepted by AWWU, the authorizing ordinance for the funds, and  
8 identifying the specific projects approved under the Loan program.

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

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

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

28  
29 PASSED AND APPROVED by the Anchorage Assembly this 7<sup>th</sup> day of  
30 December, 2010.

31  
32  
33  
34   
35  
36 \_\_\_\_\_  
37 Chair

38  
39  
40 ATTEST:

  
\_\_\_\_\_  
Municipal Clerk

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

AO Number: 2010-85

Title: **AN ORDINANCE AUTHORIZING FOR THE BORROWING AND ACCEPTING, FROM THE STATE OF ALASKA DRINKING WATER FUND, AN AGGREGATE AMOUNT NOT TO EXCEED \$18,062,224 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)**

	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>
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	<b>0</b>	<b>271,000</b>	<b>259,000</b>	<b>247,000</b>	<b>235,000</b>
<b>TOTAL NON-OPERATING EXPENSES:</b>	<b>0</b>	<b>271,000</b>	<b>259,000</b>	<b>247,000</b>	<b>235,000</b>
<b>NET INCOME (REGULATED)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>POSITIONS: FT/PT/TEMP</b>					

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 620-2010

Meeting Date: November 23, 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 **\$18,062,224 FOR THE PURPOSE OF FINANCING A PORTION**  
8 **OF THE COSTS OF VARIOUS AWWU 2011 CAPITAL**  
9 **IMPROVEMENT BUDGET (CIB) WATER IMPROVEMENTS**  
10 **PROJECTS AND PROVIDING FOR RELATED MATTERS**

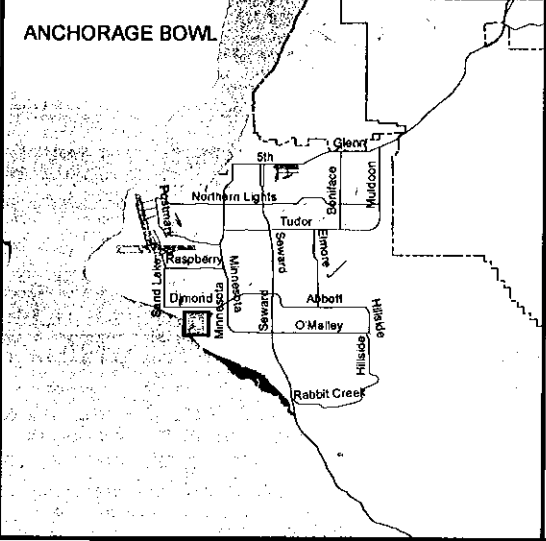
11  
12 The State of Alaska Department of Environmental Conservation offers low-  
13 interest loans through the Alaska Drinking Water Fund program to  
14 communities for the planning, design, and construction of publicly-owned  
15 water capital projects.

16  
17 This Ordinance authorizes the borrowing and accepting of not to exceed  
18 \$18,062,224 to be used specifically for financing a portion of the costs of  
19 various AWWU 2011 CIB projects included in the Alaska Drinking Water  
20 Fund SFY11 Intended Use Plan.

21  
22 At its November 3, 2010 meeting, the AWWU Board of Directors supported  
23 this ordinance.

24  
25 **THE ADMINISTRATION CONCURS WITH THE AWWU BOARD**  
26 **RECOMMENDATION AND REQUESTS APPROVAL OF AN ORDINANCE**  
27 **AUTHORIZING THE BORROWING AND ACCEPTING, FROM THE STATE**  
28 **OF ALASKA DRINKING WATER FUND, AN AGGREGATE AMOUNT NOT**  
29 **TO EXCEED \$18,062,224 FOR THE PURPOSE OF FINANCING A**  
30 **PORTION OF THE COSTS OF VARIOUS AWWU 2011 CAPITAL**  
31 **IMPROVEMENT BUDGET (CIB) WATER IMPROVEMENTS PROJECTS.**

32  
33 Prepared by: Anchorage Water and Wastewater Utility  
34 Recommended by: Mark Premo, P.E., General Manager, AWWU  
35 Concur: Dennis A. Wheeler, Municipal Attorney  
36 Concur: George J. Vakalis, Municipal Manager  
37 Respectfully submitted: Daniel A. Sullivan, Mayor







Municipality of Anchorage



### Anchorage Water and Wastewater Utility

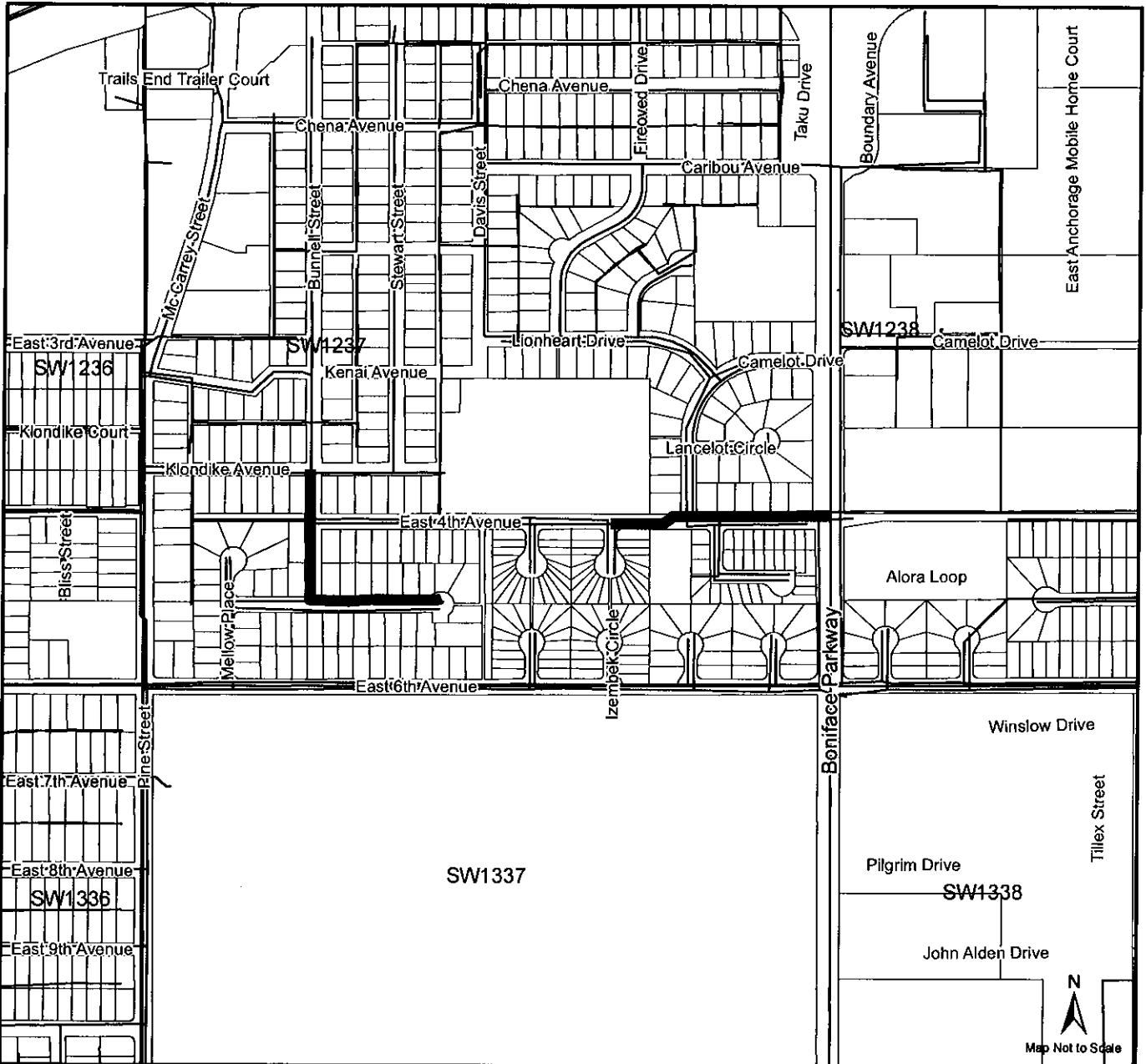
Bayshore Subd Wtr Upgr

People Soft Number: 0000004901

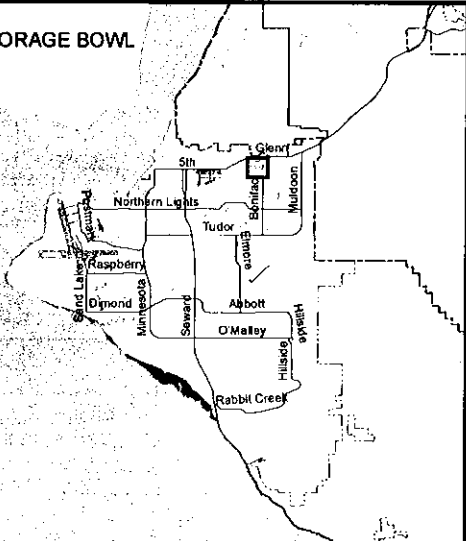
-  Water
-  Wastewater
-  Existing Water Pipe
-  Existing Wastewater Pipe

Map Created: 08/27/2010





**ANCHORAGE BOWL**



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







**People Soft Information:**

Name: Wonder\_Pk\_Wtr\_Upgr  
Number: 0000004909-541



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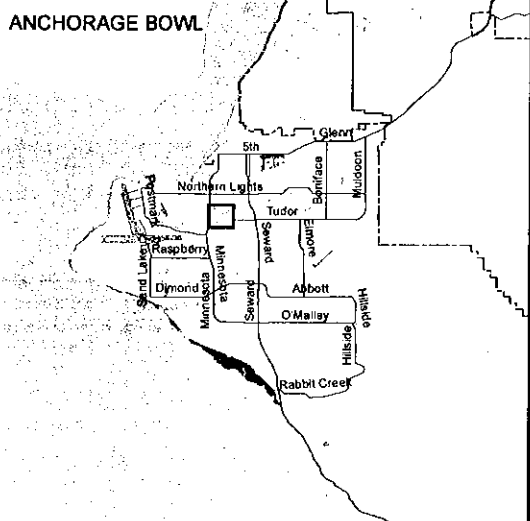
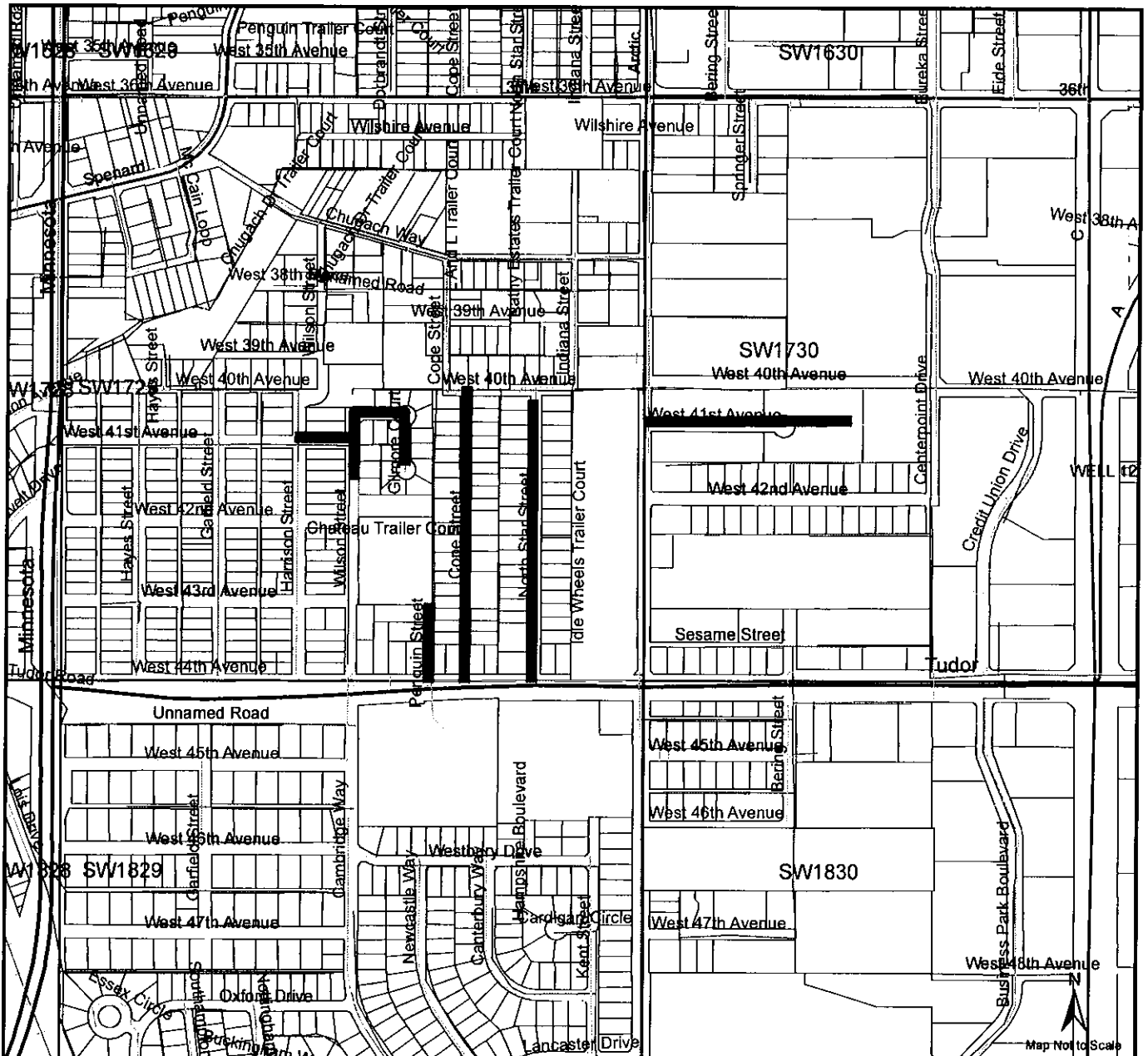
Name: Wonder Park Water and Sewer Upgrade  
Number: 9310

**Proposed Project**

-  Water
-  Wastewater
-  Water Pipe
-  Wastewater Pipe

**Existing Infrastructure**

-  AWWU Water Main
-  AWWU Sewer Main



Municipality of Anchorage

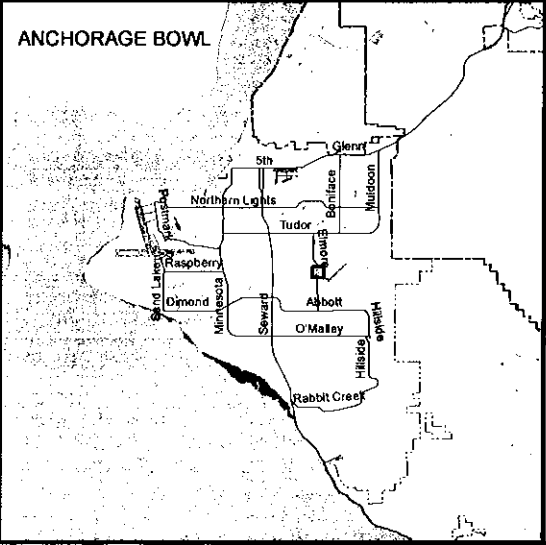
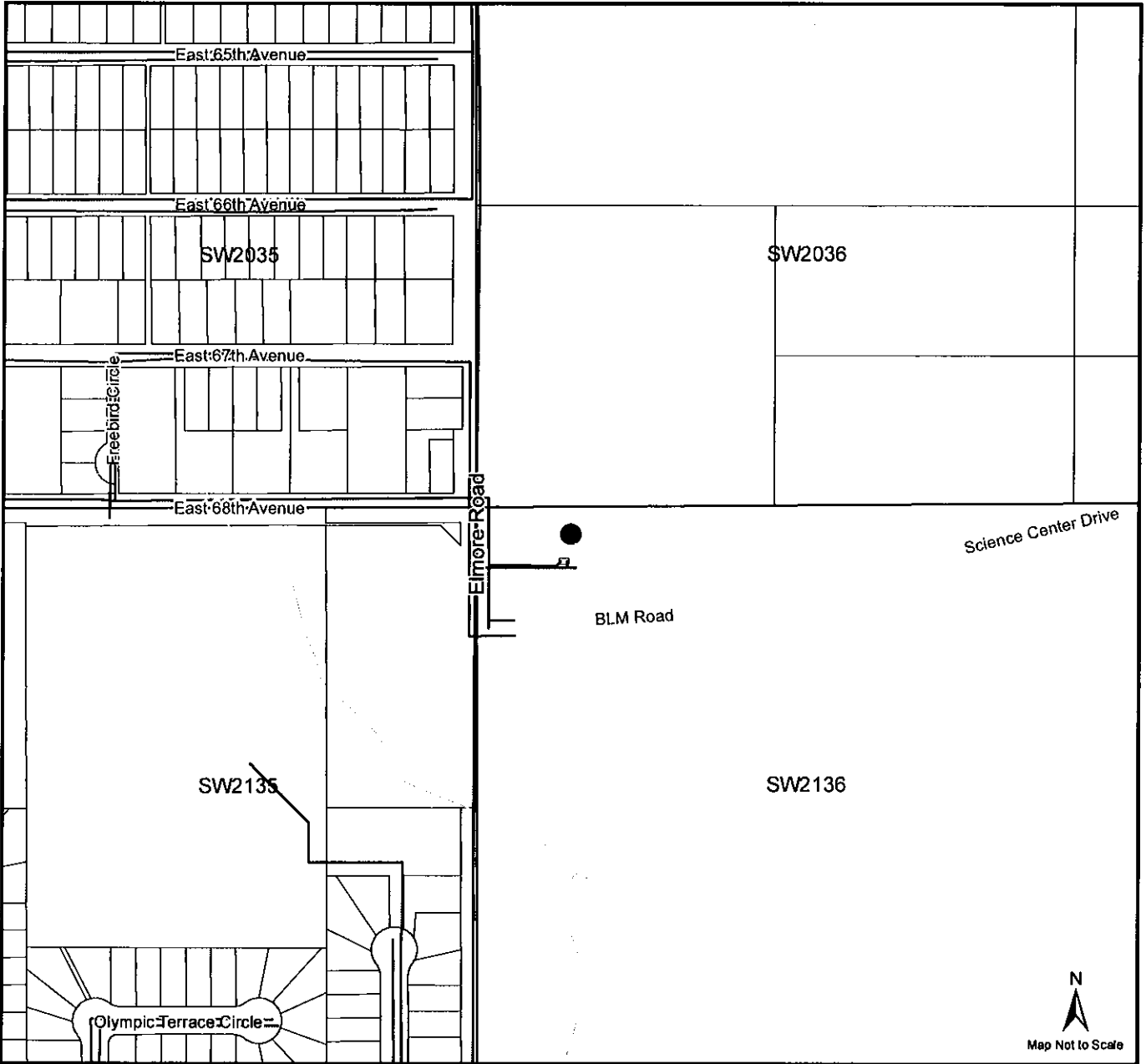


### Anchorage Water and Wastewater Utility

41st-Cope-Northstar Wtr Upgr  
 People Soft Number: 000004902

- Water
- Wastewater
- Existing Water Pipe
- Existing Wastewater Pipe

Map Created: 08/27/2010



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







**People Soft Information:**

Name: Wells\_New-WTR  
 Number: 0000003540-541



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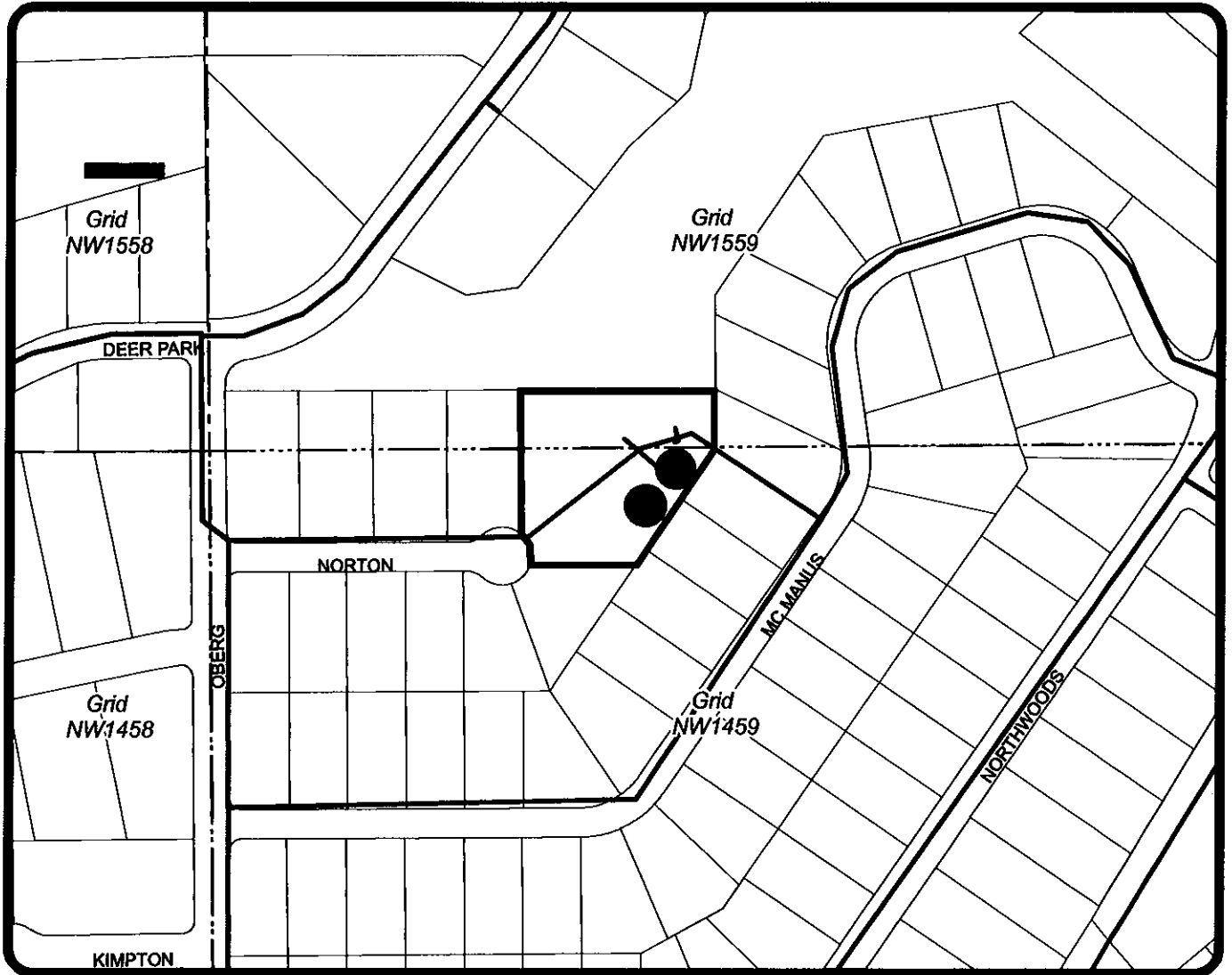
Name: Wells\_New\_WTR  
 Number: 9289

**Proposed Project**

-  Water
-  Wastewater
-  Water Pipe
-  Wastewater Pipe




**Existing Infrastructure**

-  AWWU Water Main
-  AWWU Sewer Main



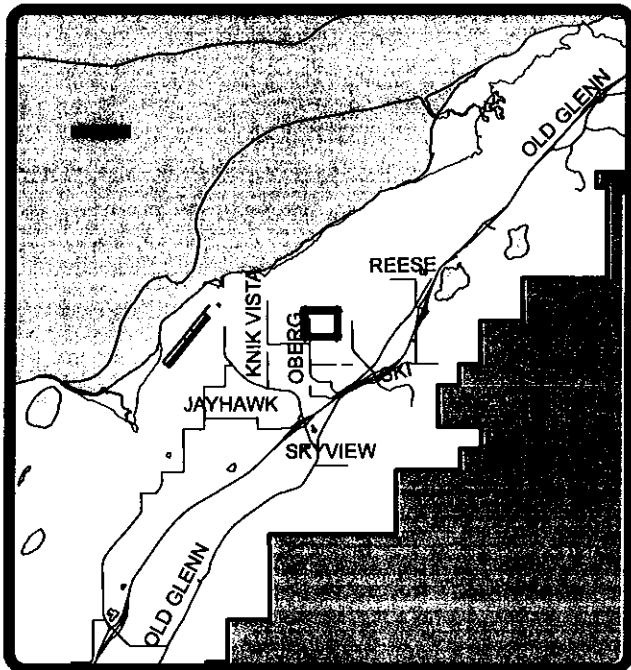
Maps Not-to-Scale

**LEGEND**

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

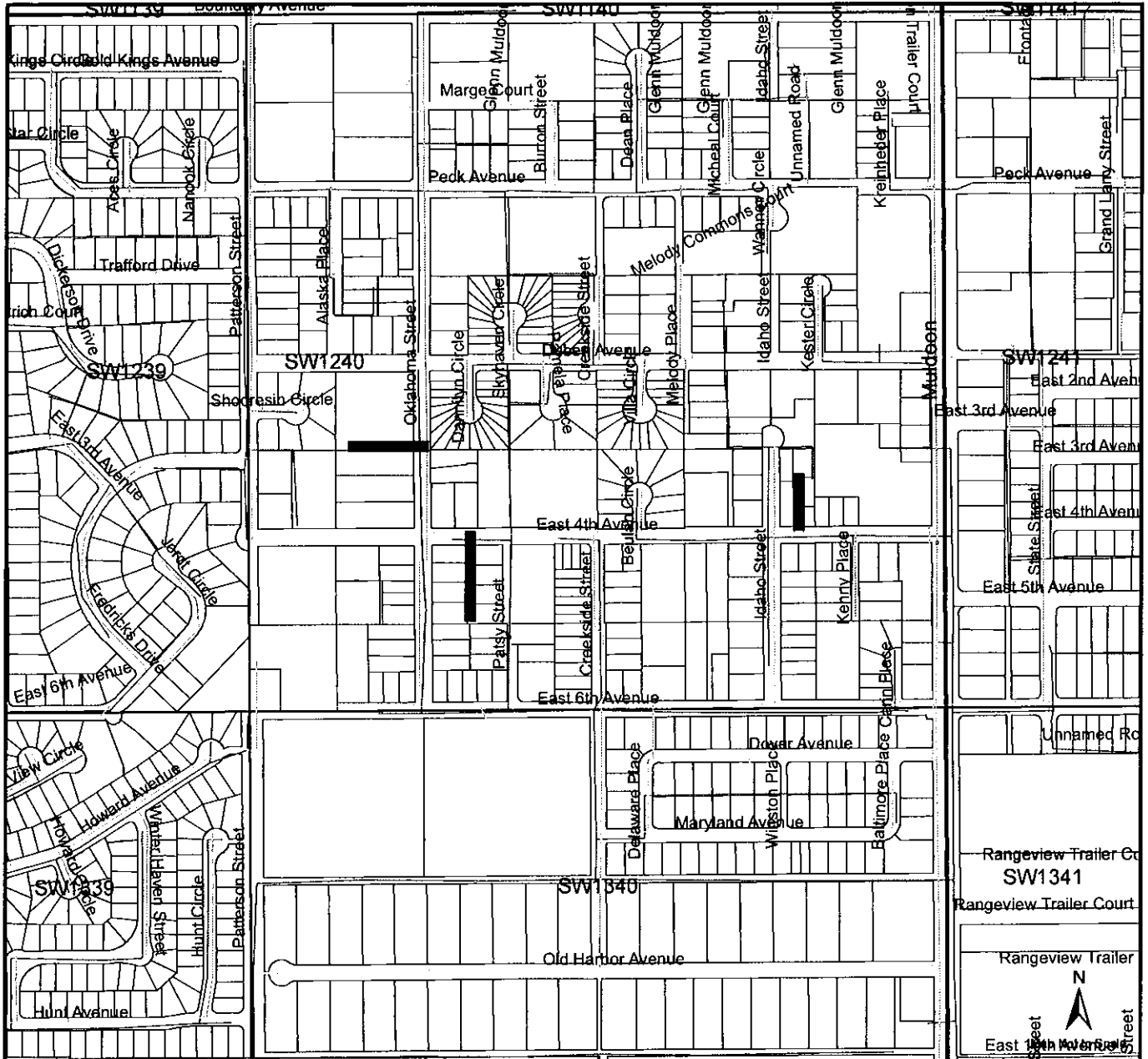


Map Created  
by AJU  
08/08/2006

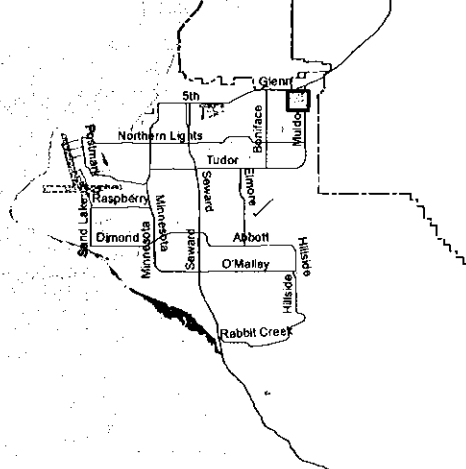


**CUI\_Res\_Site\_Upgr**

PeopleSoft Project ID 0000003850  
Anchorage Water & Wastewater Utility



**ANCHORAGE BOWL**







Municipality of Anchorage



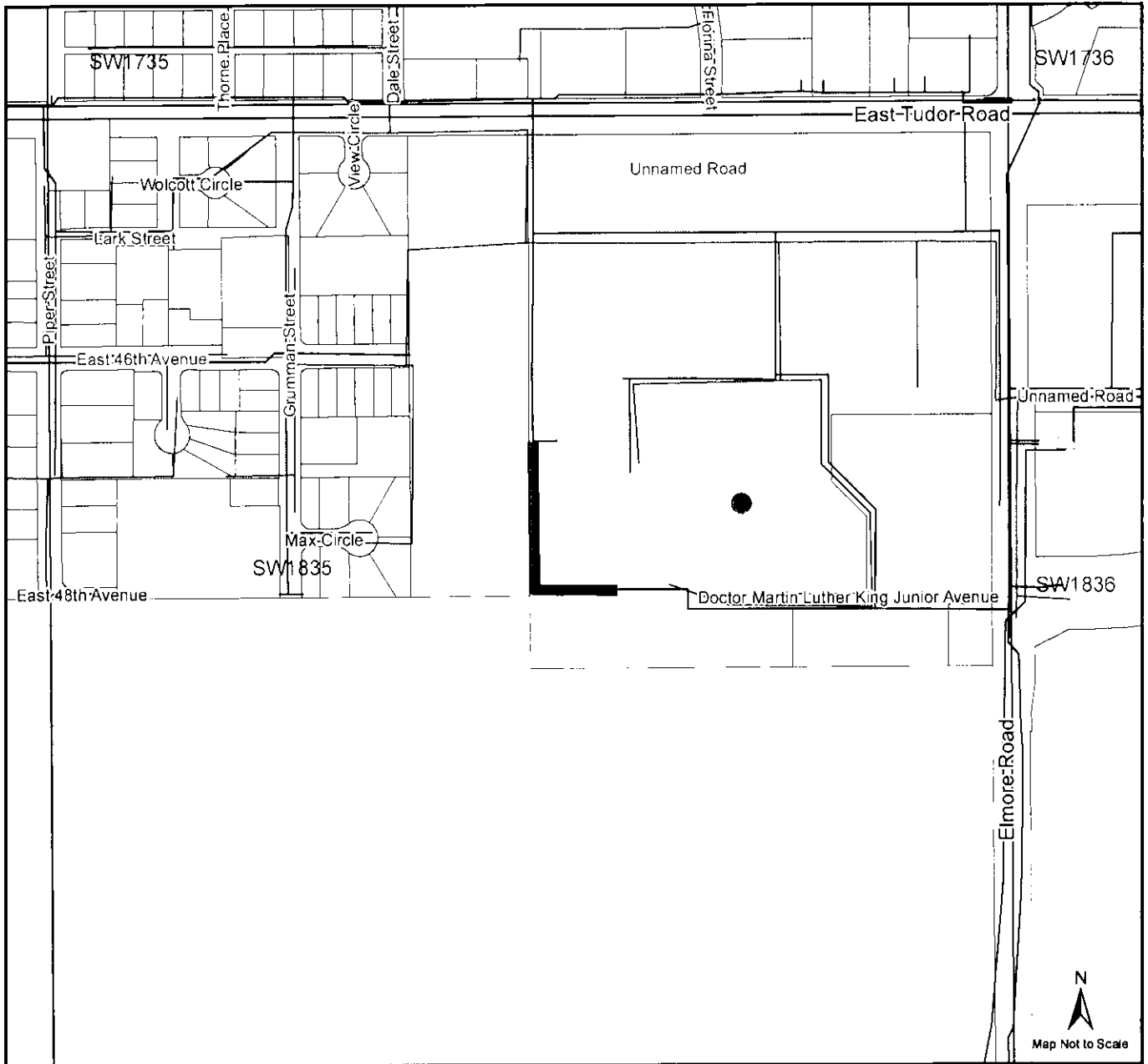
**Anchorage Water and Wastewater Utility**

Oklahoma-Muldoon Wtr Upgr

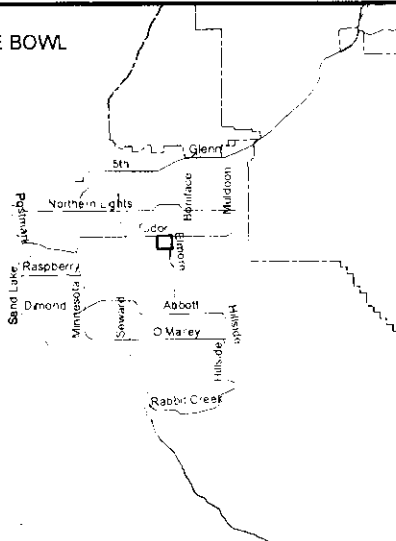
People Soft Number: 0000004894

-  Water
-  Wastewater
-  Existing Water Pipe
-  Existing Wastewater Pipe

Map Created: 08/27/2010



**ANCHORAGE BOWL**



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



**People Soft Information:**

Name: 3650\_E\_Tudor\_Rd\_Bus\_Barn  
 Number: 0000005472-541

**Plan Set Information:**

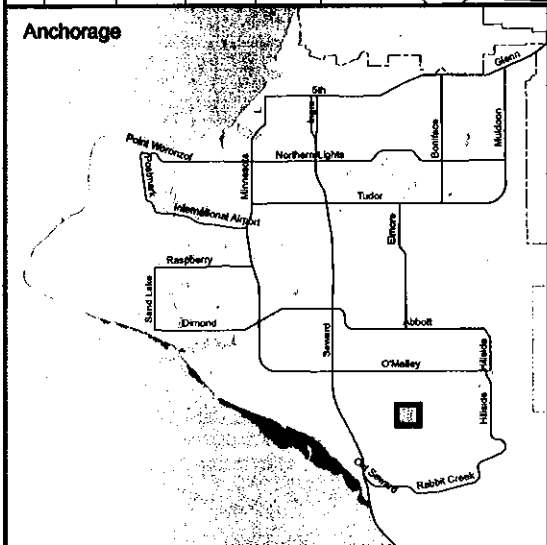
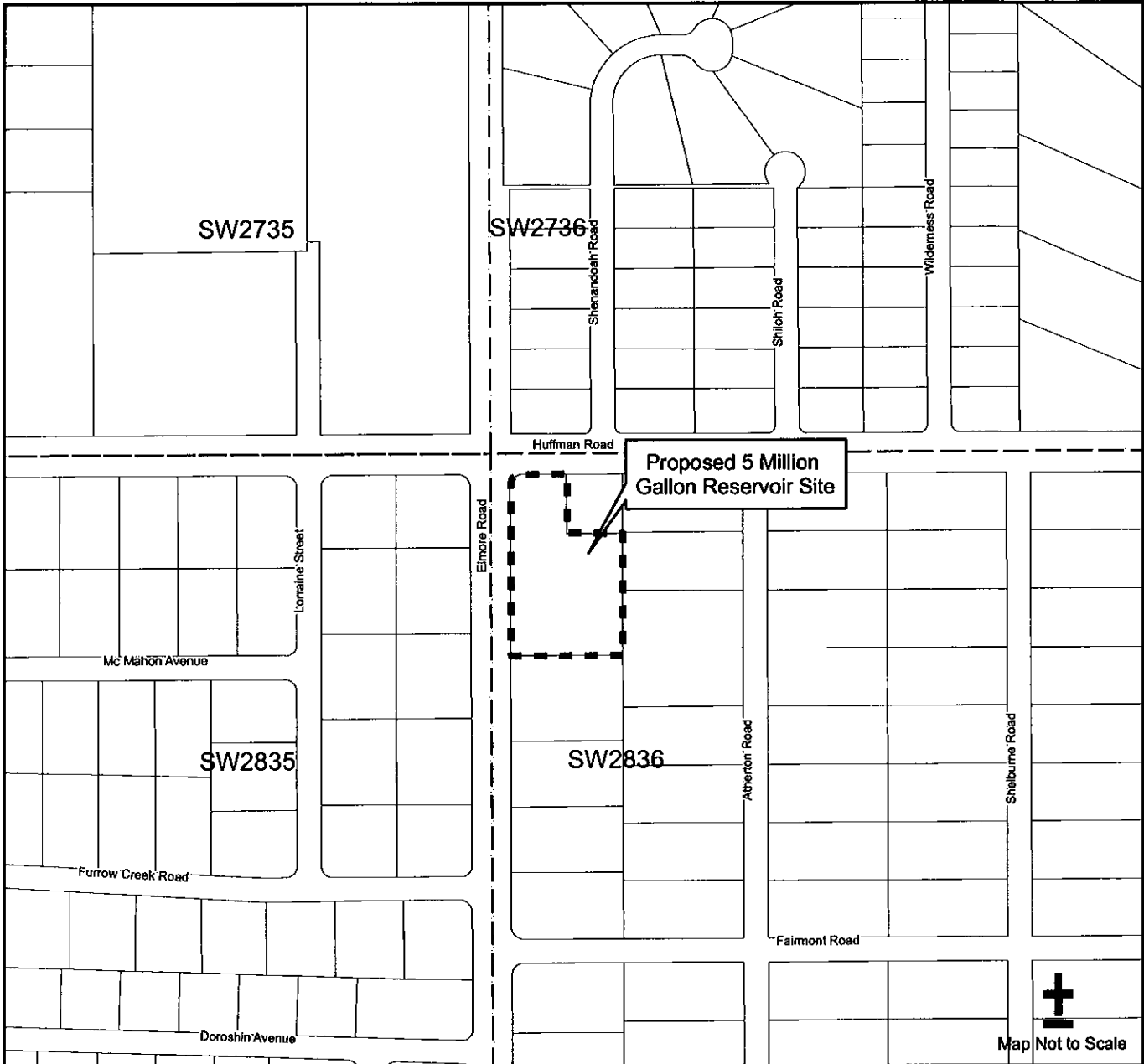
Name: 3650 E Tudor Rd Bus Barn  
 Number: 9277

**Proposed Project**

- Water
- Wastewater
- Water Pipe
- Wastewater Pipe

**Existing Infrastructure**



- AWWU Water Main
- AWWU Sewer Main



Municipality of Anchorage  
Anchorage Water and Wastewater Utility



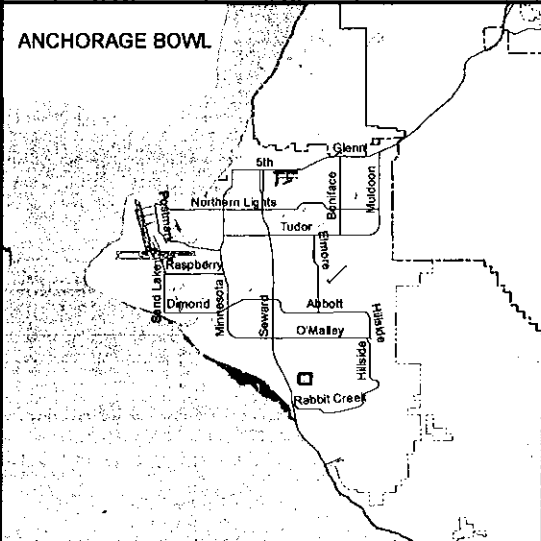
**Reservoir - Elmore**  
PeopleSoft Project ID 0000004004

-  AWWU Water Hydrant
-  AWWU Water Pipe

Map Created: 8/18/09



**ANCHORAGE BOWL**



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



**People Soft Information:**

Name: Turnagain\_View\_BS-Resv  
Number: 0000005688-541

**Plan Set Information:**

Name: Turnagain\_View\_BS-Resv  
Number: 9314

**Proposed Project**

- Water
- Wastewater
- Water Pipe
- Wastewater Pipe

**Existing Infrastructure**

- AWWU Water Main
- AWWU Sewer Main



**Content ID:** 009593

**Type:** Ordinance - AO

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

**Title:** EXCEED \$18,062,224 FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS OF VARIOUS AWWU 2011 CAPITAL IMPROVEMENT BUDGET (CIB) WATER IMPROVEMENTS PROJECTS AND PROVIDING FOR RELATED MATTERS

**Author:** maglaquijp

**Initiating Dept:** AWWU

**Date Prepared:** 11/5/10 10:41 AM

**Director Name:** Mark Premo

**Assembly Meeting Date:** 11/23/10

**Public Hearing Date:** 12/7/10

<b>Workflow Name</b>	<b>Action Date</b>	<b>Action</b>	<b>User</b>	<b>Security Group</b>	<b>Content ID</b>
Clerk_Admin_SubWorkflow	11/12/10 12:03 PM	Exit	Joy Maglaqui	Public	009593
MuniManager_SubWorkflow	11/12/10 12:03 PM	Approve	Joy Maglaqui	Public	009593
MuniManager_SubWorkflow	11/12/10 12:02 PM	Checkin	Joy Maglaqui	Public	009593
Legal_SubWorkflow	11/12/10 11:38 AM	Approve	Rhonda Westover	Public	009593
Finance_SubWorkflow	11/10/10 5:24 PM	Approve	Lucinda Mahoney	Public	009593
OMB_SubWorkflow	11/9/10 10:19 AM	Approve	Cheryl Frasca	Public	009593
AWWU_SubWorkflow	11/5/10 10:48 AM	Approve	Mark Premo	Public	009593
AllOrdinanceWorkflow	11/5/10 10:44 AM	Checkin	Alyssa Gibson	Public	009593