

Submitted by: Chair of the Assembly at the
Request of the Mayor
Prepared by: Anchorage Water and
Wastewater Utility
For reading: December 7, 2010

CLERK'S OFFICE

APPROVED

ANCHORAGE, ALASKA

AO No. 2010-89

Date: 1-11-11

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 \$12,000,000 FOR THE PURPOSE OF FINANCING A PORTION OF
5 THE COSTS OF THE GIRWOOD WASTEWATER TREATMENT FACILITY
6 UPGRADE AWWU 2011 CAPITAL IMPROVEMENT BUDGET (CIB)
7 PROJECT AND PROVIDING FOR RELATED MATTERS.

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 Clean Water
12 Act, Amendments of 1996, P.L. 100-4; 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 AWWU 2011 CIB Project (Project), listed in the Alaska Clean Water
32 approved SFY11 Intended Use Plan:

33
34 State Funding Priority Project
35 Girdwood Wastewater Treatment Facility Upgrade \$12,000,000
36

1
2 And,

3
4 **WHEREAS**, at its November 3, 2010 meeting, the AWWU Board of Directors
5 supported this ordinance to authorize the borrowing and accepting of funds
6 from the State of Alaska Clean Water Fund; and

7
8 **WHEREAS**, it is necessary, advisable, and in the best interests of the
9 Municipality and its inhabitants for an application to be submitted and such
10 other actions as may be necessary be taken to borrow, and accept when
11 approved, an amount not to exceed \$12,000,000 from the Fund for the purpose
12 of financing a portion of the costs associated with said Project; now, therefore,

13
14 **THE ANCHORAGE ASSEMBLY ORDAINS:**

15
16 **Section 1. Purpose.** The purpose of this Ordinance is to authorize the
17 borrowing of, and accepting when approved, an amount not to exceed
18 \$12,000,000 from the Fund in the form of a loan(s) to provide funds to finance a
19 portion of the capital costs of the Project; and

20
21 **Section 2. Authority for Ordinance.** It is hereby ascertained and determined
22 that each and every matter and thing as to which provision is made in this
23 Ordinance is necessary in order to carry out and effectuate the purposes of the
24 Municipality in accordance with the Alaska Constitution, Alaska State Statutes,
25 and the Municipality's Charter and Code, and to incur the indebtedness
26 authorized by this Ordinance.

27
28 **Section 3. Obligation of Loan.** The obligation to repay the loan authorized by
29 this Ordinance shall not be a direct and general obligation of the Municipality
30 and neither the faith and credit nor the taxing power of the Municipality is
31 pledged to the payment of the principal of and interest on the loan. The Gross
32 Revenues less the Operating Expenses of the System are hereby pledged to
33 repayment of the loan(s) authorized by this Ordinance. Such pledge shall be
34 subordinate to the lien on net revenues of lien revenue bonds of the
35 Municipality heretofore and hereafter issued.

36
37 As used in this Ordinance, unless a different meaning clearly appears from the
38 context, the following words are defined as follows:

39
40 **"Gross Revenues"** means all rates and charges and other income, in each
41 case derived by or for the account of the Municipality, from the ownership,
42 leasing or operation of the System except proceeds from the sale of bonds
43 or notes, any grants received for the Anchorage Wastewater Utility, and
44 interest received and profits derived from the investment of moneys
45 obtained from such sources or from moneys held in any fund to pay or
46 secure the payment of any bonds or notes issued in connection with the

1 System. For the purposes of this Ordinance, **Gross Revenues** shall not
2 include allowance for funds used during construction.

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

27
28 "**System**" means the existing wastewater utility system of the Municipality as
29 the same will be added to, improved and extended as authorized and
30 provided in this Ordinance, and as the same may be added to, improved
31 and extended for as long as the loan authorized by this Ordinance is
32 outstanding, but shall not include such collections, treatment, transmission
33 and distribution facilities that may be hereafter purchased, constructed or
34 otherwise acquired by the Municipality as a separate wastewater utility
35 system, the revenues of which may be pledged to the payment of bonds or
36 notes issued to purchase, construct or otherwise acquire and improve such
37 separate system. **System** shall also include the water system of the
38 Municipality, if hereafter combined with the wastewater utility.

39
40 **Section 4. Loan Terms.** The following primary terms shall be incorporated into
41 the Loan Agreements:

42
43 Principal Amount: Not to exceed \$12,000,000 (subject to
44 individual draws)
45 Interest Rate: 1.5% per annum

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

21 **Section 5. Authorization of Loan; Purpose of Issuance.** For the purpose of
22 providing a portion of the funds required to pay the cost of the Project described
23 herein, and to pay all costs incidental thereto, the borrowing of money from the
24 Fund in the form of a loan in an aggregate principal amount not to exceed
25 \$12,000,000 is hereby authorized.
26

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

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

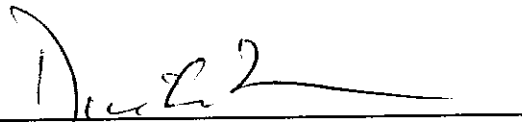
45 **Section 8. Authority of Officers.** The Mayor (or the Acting Mayor), the
46 Municipal Manager, the Chief Fiscal Officer, the AWWU General Manager, the

1 Municipal Clerk (or the Acting Municipal Clerk), are, and each of them hereby
2 is, authorized and directed to do and perform all things and determine all
3 matters not determined by this Ordinance, or to be determined by a subsequent
4 ordinance or resolution of the Municipality, to this end that the Municipality may
5 carry out its obligations under the loan and this Ordinance.

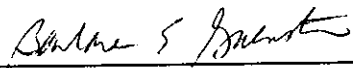
6
7 **Section 9. Severability.** If any one or more of the covenants and agreements
8 provided in this Ordinance to be performed on the part of the Municipality shall
9 be declared by any court of competent jurisdiction to be contrary to law, then
10 such covenant and agreements shall be null and void and shall be deemed
11 separable from the remaining covenant and agreement in this Ordinance and
12 shall in no way affect the facility of the other provisions of this Ordinance or of
13 the loan entered into pursuant to this Ordinance.

14
15 **Section 10. Effective Date.** This Ordinance shall take effect immediately upon
16 passage and approval by the Assembly.

17 PASSED AND APPROVED by the Anchorage Assembly this 11th day of
18 January, 2011.

19
20
21
22 
23 _____
24 Chair

25 ATTEST:

26
27 
28 _____
29 Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects - Utilities

AO No.: 2010-89

Title: **AN ORDINANCE AUTHORIZING THE BORROWING AND ACCEPTING, FROM THE STATE OF ALASKA CLEAN WATER FUND, AN AGGREGATE AMOUNT NOT TO EXCEED \$12,000,000 FOR THE PURPOSE OF PAYING A PORTION OF THE COST OF THE GIRDWOOD WASTEWATER TREATMENT FACILITY UPGRADE AWWU 2011 CIB PROJECT.**

Sponsor: **MAYOR**

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

Others Affected: **None**

CHANGES IN EXPENDITURES AND REVENUES (Thousands of dollars)

	FY11	FY12	FY13	FY14	FY15
Operating Revenues:					
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	180,000	172,000	164,000	156,000
TOTAL NON-OPERATING EXPENSES:	0	180,000	172,000	164,000	156,000
NET INCOME (REGULATED)	0	0	0	0	0
POSITIONS: FT/PT/TEMP					

Impact on General Government? **No**

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 = \$620 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**

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 640-2010

Meeting Date: December 7, 2010

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From: MAYOR

Subject: 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 \$12,000,000 FOR THE PURPOSE OF FINANCING A PORTION OF THE GIRDWOOD WASTEWATER TREATMENT FACILITY UPGRADE AWWU 2011 CAPITAL IMPROVEMENT BUDGET (CIB) PROJECT AND PROVIDING FOR RELATED MATTERS

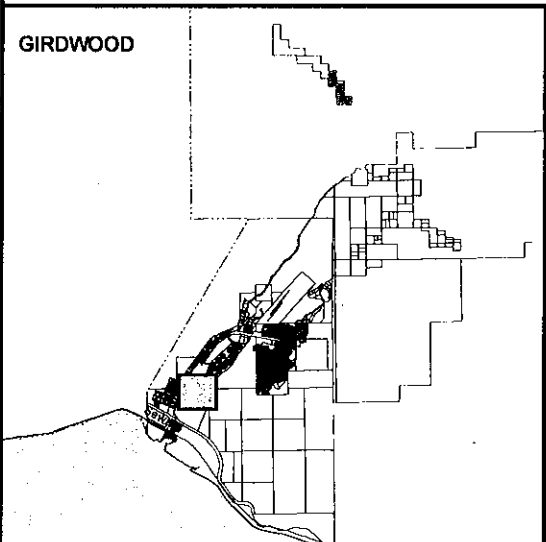
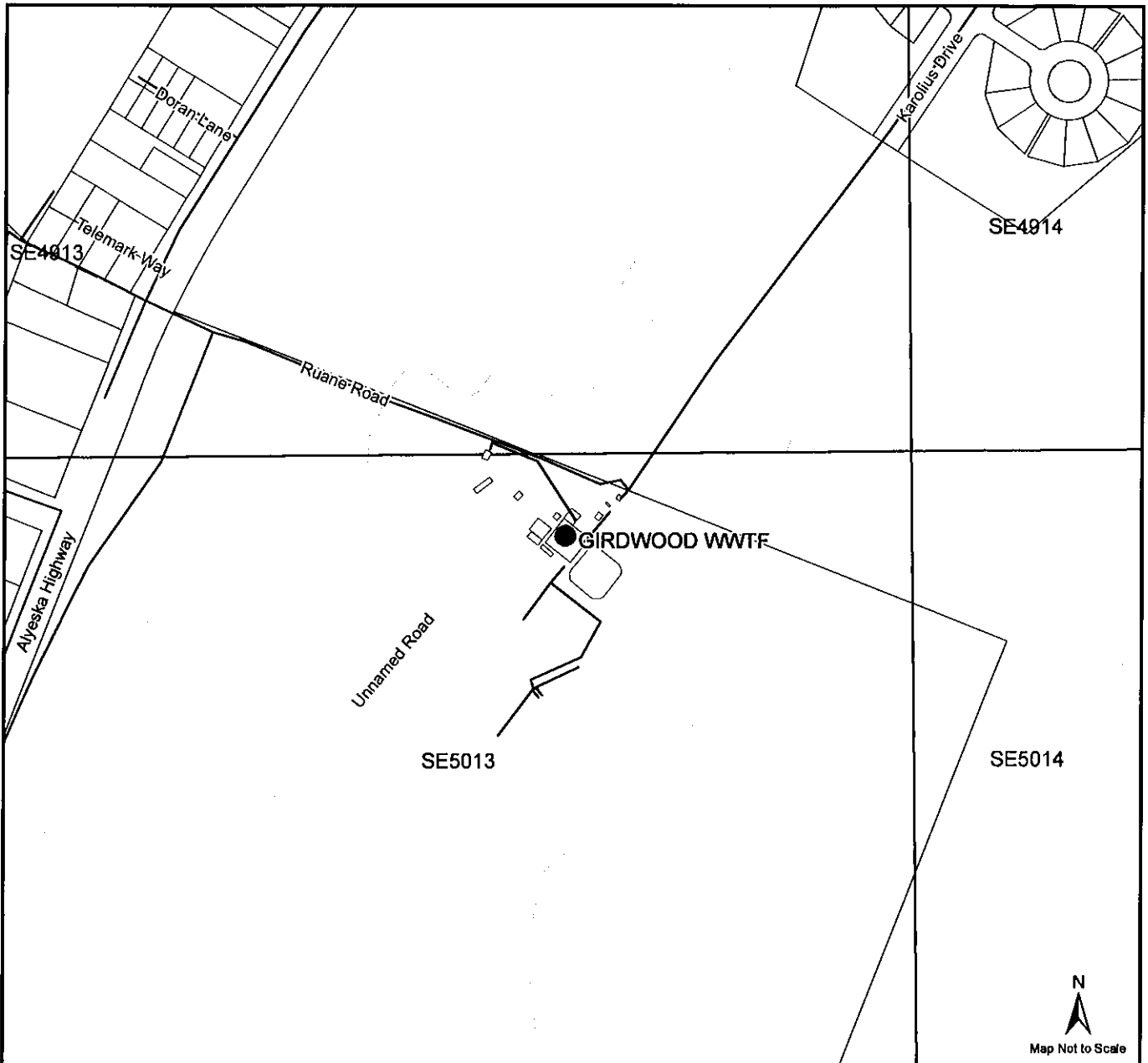
The State of Alaska Department of Environmental Conservation offers low-interest loans through the Alaska Clean Water Fund program to communities for the planning, design, and construction of publicly-owned wastewater capital projects.

This Ordinance authorizes borrowing and accepting of not to exceed \$12,000,000 to be used specifically for financing a portion of the costs of the Girdwood Wastewater Treatment Facility Upgrade AWWU 2011 CIB project included in the Alaska Clean Water Fund FY11 Intended Use Plan.

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

THE ADMINISTRATION CONCURS WITH THE AWWU BOARD RECOMMENDATION AND REQUESTS APPROVAL OF AN ORDINANCE AUTHORIZING THE BORROWING AND ACCEPTING, FROM THE STATE OF ALASKA CLEAN WATER FUND, AN AGGREGATE AMOUNT NOT TO EXCEED \$12,000,000 FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS OF THE GIRDWOOD WASTEWATER TREATMENT FACILITY UPGRADE AWWU 2011 CIB PROJECT.

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



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 | |

Content ID: 009594

Type: Ordinance - AO

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

Title: \$12,000,000 FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS OF THE GIRLWOOD WASTEWATER TREATMENT FACILITY UPGRADE AWWU 2011 CAPITAL IMPROVEMENT BUDGET (CIB) PROJECT AND PROVIDING FOR RELATED MATTERS

Author: maglaquijp

Initiating Dept: AWWU

Date Prepared: 11/5/10 10:57 AM

Director Name: Mark Premo

Assembly Meeting Date: 12/7/10

Public Hearing Date: 1/11/11

Workflow Name	Action Date	Action	User	Security Group	Content ID
Clerk_Admin_SubWorkflow	11/22/10 1:50 PM	Exit	Joy Maglaqui	Public	009594
MuniManager_SubWorkflow	11/22/10 1:50 PM	Approve	Joy Maglaqui	Public	009594
MuniManager_SubWorkflow	11/22/10 1:50 PM	Checkin	Joy Maglaqui	Public	009594
Legal_SubWorkflow	11/19/10 10:33 AM	Approve	Rhonda Westover	Public	009594
Finance_SubWorkflow	11/18/10 4:35 PM	Approve	Lucinda Mahoney	Public	009594
OMB_SubWorkflow	11/17/10 4:35 PM	Approve	Cheryl Frasca	Public	009594
AWWU_SubWorkflow	11/5/10 10:59 AM	Approve	Mark Premo	Public	009594
AllOrdinanceWorkflow	11/5/10 10:58 AM	Checkin	Alyssa Gibson	Public	009594