

CLERK'S OFFICE
APPROVED

3-29-11

Date: _____

Submitted by: Chair of the Assembly at the
Request of the Mayor
Prepared by: Anchorage Water and Wastewater
Utility
For reading: March 8, 2011

ANCHORAGE, ALASKA
AO No. 2011-35

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 \$140,000 FOR THE PURPOSE OF FINANCING A PORTION OF
5 THE COSTS OF THE SAND LAKE AREA SEWER PHASE II AWWU 2011
6 CAPITAL IMPROVEMENT BUDGET (CIB) PROJECT AND PROVIDING FOR
7 RELATED MATTERS.
8

9
10 **WHEREAS**, the State of Alaska (State), pursuant to Alaska Statutes 46.03.032
11 and 18 AAC 76.005 et. seq., established the Alaska Clean Water Fund (Fund),
12 a fund using U.S. Government grants as authorized by the Safe Clean Water
13 Act, Amendments of 1996, P.L. 100-4; and
14

15 **WHEREAS**, the Municipality of Anchorage (Municipality) is eligible to borrow
16 from the Fund for the purposes of planning, designing, constructing, equipping,
17 modifying, improving and expanding public wastewater collection, treatment,
18 and discharge facilities; and
19

20 **WHEREAS**, the interest rate to be paid by the Municipality on money borrowed
21 from the Fund is a favorable rate considering other sources of funds available to
22 the Municipality; and
23

24 **WHEREAS**, Home Rule Charter Section 15.03 requires the Assembly by
25 ordinance shall provide for the form and manner of sale of bonds and notes;
26 and
27

28 **WHEREAS**, the Municipality and Anchorage Water & Wastewater Utility
29 (AWWU) determined it is necessary to proceed to plan, design, develop,
30 construct, equip, acquire property for, or otherwise obtain items of capital
31 improvements in connection with the Sand Lake Area Sewer Phase II AWWU
32 2011 CIB Project (Project), listed in the Alaska Clean Water Fund Amended
33 SFY11 Intended Use Plan:
34

35 State Funding Priority Planning Project
36 Sand Lake Area Sewer Phase II

\$140,000

37
38 And,
39

1 **WHEREAS**, at its February 2, 2011 meeting, the AWWU Board of Directors
2 supported this ordinance to authorize the borrowing and accepting of funds
3 from the State of Alaska Clean Water Fund; and
4

5 **WHEREAS**, it is necessary, advisable, and in the best interests of the
6 Municipality and its inhabitants for an application to be submitted and such
7 other actions as may be necessary be taken to borrow, and accept when
8 approved, an amount not to exceed \$140,000 from the Fund for the purpose of
9 financing a portion of the costs associated with said Project; now, therefore,
10

11 **THE ANCHORAGE ASSEMBLY ORDAINS:**
12

13 **Section 1. Purpose.** The purpose of this Ordinance is to authorize the
14 borrowing of, and accepting when approved, an amount not to exceed
15 \$140,000 from the Fund in the form of a loan(s) to provide funds to finance a
16 portion of the capital costs of the Project; and
17

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

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

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

37 "**Gross Revenues**" means all rates and charges and other income, in each
38 case derived by or for the account of the Municipality, from the ownership,
39 leasing or operation of the System except proceeds from the sale of bonds
40 or notes, any grants received for the Anchorage Wastewater Utility, and
41 interest received and profits derived from the investment of moneys
42 obtained from such sources or from moneys held in any fund to pay or
43 secure the payment of any bonds or notes issued in connection with the
44 System. For the purposes of this Ordinance, **Gross Revenues** shall not
45 include allowance for funds used during construction.
46

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

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

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

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

40 Principal Amount:	Not to exceed \$140,000 (subject to individual 41 draws)
42 Interest Rate:	1.5% per annum
43 Interest Accrual:	Accrual begins one year after the date of first 44 disbursement to the Municipality
45 Term:	Twenty years from the date of initiation of 46 operation of the Project

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Date of First Payment: One year following substantial completion and initiation of operation of the Project

Payment Interval: Annual

Amortization Schedule: Level, fully amortizing

Security: A subordinate lien pledge of Gross Revenues less Operating Expenses of the System, as those terms are defined herein, provided that if such monies are not sufficient, repayment of the loans shall be from any legally available funds accruing to or in the possession of the Municipality; and provided further that repayment of the loans is not a direct obligation of the Municipality and neither the faith and credit nor the taxing power of the Municipality are pledged therefore.

Section 5. Authorization of Loan; Purpose of Issuance. For the purpose of providing a portion of the funds required to pay the cost of the Project described herein, and to pay all costs incidental thereto, the borrowing of money from the Fund in the form of a loan in an aggregate principal amount not to exceed \$140,000 is hereby authorized.

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

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


Section 8. Authority of Officers. The Mayor (or the Acting Mayor), the Municipal Manager, the Chief Fiscal Officer, the AWWU General Manager, the Municipal Clerk (or the Acting Municipal Clerk), are, and each of them hereby is, authorized and directed to do and perform all things and determine all matters not determined by this Ordinance, or to be determined by a subsequent

1 ordinance or resolution of the Municipality, to this end that the Municipality may
2 carry out its obligations under the loan and this Ordinance.

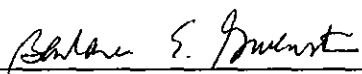
3
4 **Section 9. Severability.** If any one or more of the covenants and agreements
5 provided in this Ordinance to be performed on the part of the Municipality shall
6 be declared by any court of competent jurisdiction to be contrary to law, then
7 such covenant and agreements shall be null and void and shall be deemed
8 separable from the remaining covenant and agreement in this Ordinance and
9 shall in no way affect the facility of the other provisions of this Ordinance or of
10 the loan entered into pursuant to this Ordinance.

11
12 **Section 10. Effective Date.** This Ordinance shall take effect immediately upon
13 passage and approval by the Assembly.

14
15 PASSED AND APPROVED by the Anchorage Assembly this 29th day of
16 March, 2011.

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18
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20 
21 _____
22 Chair

23
24 ATTEST:

25 
26 _____
Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects - Utilities

AO NO.: 2011-35

Title: **AN ORDINANCE AUTHORIZING THE BORROWING AND ACCEPTING, FROM THE STATE OF ALASKA CLEAN WATER FUND, AN AGGREGATE AMOUNT NOT TO EXCEED \$140,000 FOR THE PURPOSE OF PAYING A PORTION OF THE COST OF THE SAND LAKE AREA SEWER PHASE II AWWU 2011 CIB PROJECT**

Sponsor: MAYOR

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

Others Impacted: **None**

CHANGES IN EXPENDITURES AND REVENUES

Operating Revenues:	FY11	FY12	FY13	FY14	FY15
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	2,100	2,000	1,900	1,800
TOTAL NON-OPERATING EXPENSES:	0	2,100	2,000	1,900	1,800
NET INCOME (REGULATED)	0	0	0	0	0
POSITIONS: FT/PT/TEMP					

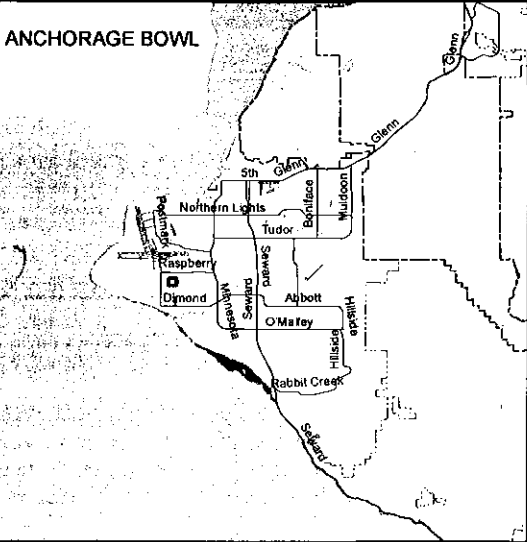
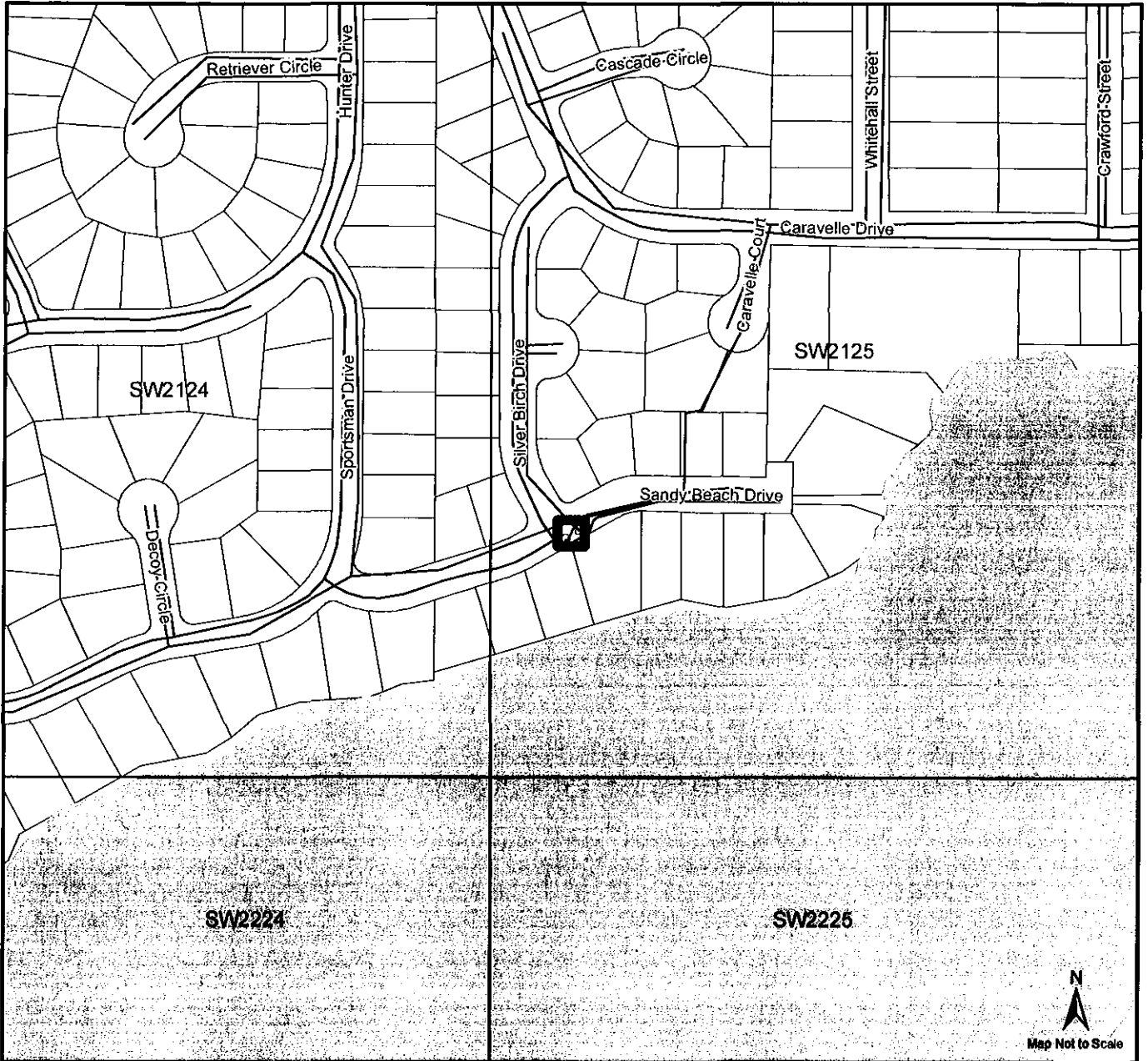
Impact on General Government (Yes or No) <u>No</u> (If yes, attach SEE for General Government agency impacted.)
Public Sector Economic Effects:
<ul style="list-style-type: none"> • Interest expense is 18.75 percent of the current bond rate as defined by the Municipal Bond Index or 1.5%, whichever is greater (1.5%) <u>Interest rate used = 1.5%</u> • Terms of Loans - fully amortizing, equal payments, 20 years, end of period, annual payments • Total Principal and Interest per year = \$8 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:
<ul style="list-style-type: none"> • 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
Anchorage Water and Wastewater Utility







People Soft Information:

Name: Sand_Lake_Area_SWR_Phil
 Number: 0000006026-551



Plan Set Information:

Name: Sand Lake Area Sewer Phase 2 - Pump Station 20 Upg
 Number: 9414

Proposed Project

-  Water
-  Wastewater
-  Water
-  Wastewater

Existing Infrastructure

-  AWWU Water Main
-  AWWU Sewer Main

MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 138-2011

Meeting Date: March 8, 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 **\$140,000 FOR THE PURPOSE OF FINANCING A PORTION**
8 **OF THE SAND LAKE AREA SEWER PHASE II AWWU 2011**
9 **CAPITAL IMPROVEMENT BUDGET (CIB) PROJECT AND**
10 **PROVIDING FOR 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 not to exceed
18 \$140,000 to be used specifically for financing a portion of the costs of the
19 Sand Lake Area Sewer Phase II AWWU 2011 CIB project included in the
20 Alaska Clean Water Fund Amended FY11 Intended Use Plan.
21

22 At its February 2, 2011 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 CLEAN WATER FUND, AN AGGREGATE AMOUNT NOT TO**
29 **EXCEED \$140,000 FOR THE PURPOSE OF FINANCING A PORTION OF**
30 **THE COSTS OF THE SAND LAKE AREA SEWER PHASE II AWWU 2011**
31 **CIB PROJECT.**
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

Content ID: 009896

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: \$140,000 FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS OF THE SAND LAKE AREA SEWER PHASE II AWWU 2011 CAPITAL IMPROVEMENT BUDGET (CIB) PROJECT AND PROVIDING FOR RELATED MATTERS.

Author: gibsonam

Initiating Dept: AWWU

Date Prepared: 2/7/11 3:57 PM

Director Name: Mark Premo

Assembly Meeting Date: 3/8/11

Public Hearing Date: 3/29/11

Workflow Name	Action Date	Action	User	Security Group	Content ID
Clerk_Admin_SubWorkflow	2/25/11 9:18 AM	Exit	Joy Maglaqui	Public	009896
MuniManager_SubWorkflow	2/25/11 9:18 AM	Approve	Joy Maglaqui	Public	009896
Legal_SubWorkflow	2/18/11 1:22 PM	Approve	Rhonda Westover	Public	009896
Finance_SubWorkflow	2/18/11 12:21 PM	Approve	Lucinda Mahoney	Public	009896
OMB_SubWorkflow	2/14/11 1:54 PM	Approve	Cheryl Frasca	Public	009896
AWWU_SubWorkflow	2/7/11 4:04 PM	Approve	Mark Premo	Public	009896
AllOrdinanceWorkflow	2/7/11 4:00 PM	Checkin	Alyssa Gibson	Public	009896