



City of Lawrence
UTILITIES

2009 Annual Utility System Development Charges Report

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A. Background

As required by City ordinance, the Lawrence Department of Utilities prepares an annual report for the City Commission detailing the receipt and expenditure of system development charges on or about March 1 of each year. As required by 19-905(B) of the City Code, the report shall provide the following:

- detail the receipt and expenditure of system development charges
- review the rates of system development charges
- report on matters concerning the administration of system development charges

The following timeline illustrates the history of the system development charges:

- January 2, 1996 – The City Commission passed Ordinance #6781 establishing system development charges for water and sanitary sewer customers to fund improvements to the City's utility system.
- January 1, 1997 – The Department of Utilities implemented year 1 of a 3-year phased-in approach for system development charges.
- September 21, 1999 – The City Commission adopted Ordinance #7138 to update the development charges from January 1, 2000 through 2004.
- August 24, 2004 – The City Commission adopted Ordinance #7808 and #7809 to update the development charges for water and sanitary sewer from January 1, 2005 through 2009.
- August 14, 2007 – The City Commission replaced Ordinance #7809 with Ordinance #8134 to update the development charges effective on January 1, 2008.
- August 19, 2008 – The City Commission replaced Ordinance #8134 with Ordinance #8308 to update the development charges effective on January 1, 2009. This remains the rate schedule for 2010.

B. Receipt and Expenditure Information

Funds generated from the system development charge are deposited into the City Water and Sewer Fund Account to fund improvements to the City's water and wastewater utility system. These funds are used to pay for utility system design and construction costs, interest and debt issuance costs and capital improvements, which expand the capacity of the water and wastewater systems. Water system development charge collections are designated to be used only for water utility capital improvements and wastewater system development charge collections are designated to be used only for wastewater utility capital improvements. The funds collected in a given year are expended in the following year. Table B1 shows the 2008 and 2009 water and wastewater system development charges collected. Table B2 shows 2009 water and wastewater system development charges collected by month. Further detail describing the implementation of system development charges can be found in the most recent version of the water and wastewater rate study.

Table B1. 2008 and 2009 water and wastewater system development charges collected.

| Description | 2008 | 2009 |
|---|------------------|--------------------|
| Water System Development Charges | \$401,860 | \$539,510 |
| Wastewater System Development Charges | \$514,800 | \$754,000 |
| Total System Development Charges Collected | \$916,660 | \$1,293,510 |

Table B2. 2009 water and wastewater system development charges collected by month.

| Month | SDC - Water | SDC - Wastewater | Total |
|---------------|------------------|------------------|--------------------|
| January | \$24,560 | \$55,730 | \$80,290 |
| February | \$130,410 | \$223,320 | \$353,730 |
| March | \$21,840 | \$20,580 | \$42,420 |
| April | \$4,680 | \$4,410 | \$9,090 |
| May | \$39,780 | \$29,630 | \$69,410 |
| June | \$152,100 | \$258,240 | \$410,340 |
| July | \$34,320 | \$17,640 | \$51,960 |
| August | \$20,280 | \$19,110 | \$39,390 |
| September | \$24,960 | \$47,280 | \$72,240 |
| October | \$34,320 | \$32,340 | \$66,660 |
| November | \$18,720 | \$19,260 | \$37,980 |
| December | \$33,540 | \$26,460 | \$60,000 |
| TOTALS | \$539,510 | \$754,000 | \$1,293,510 |

The Department of Utilities processed and collected system development charges on applications for service in 2009. Tables B3 shows the total number of service applications received by the Department of Utilities in 2008 and 2009 for residential service. While Tables B4 shows the total number of service applications received by the Department of Utilities in 2008 and 2009 for non-residential service.

Table B3. 2008 and 2009 total number of residential service applications received by meter size

| Size of Meter | 2008 Residential Applications (ct.) | 2009 Residential Applications (ct.) |
|---------------|-------------------------------------|-------------------------------------|
| 5/8" | 140 | 125 |
| 1" | 6 | 4 |
| 1 ½" | 0 | 0 |
| 2" | 0 | 0 |
| >2" | 0 | 0 |
| TOTAL | 146 | 129 |

Table B4. 2008 and 2009 total number of non-residential service applications received by meter size

| Size of Meter | 2008 Non-Residential Applications (ct.) | 2009 Non-Residential Applications (ct.) |
|---------------|---|---|
| 5/8" | 1 | 1 |
| 1" | 6 | 14 |
| 1 ½" | 12 | 31 |
| 2" | 5 | 7 |
| >2" | 0 | 1 |
| TOTAL | 24 | 54 |

The system development charges collected helped repay loan payments from the State Revolving Loan Fund. The annual State Revolving Loan payment for the water utility is \$426,164 for the Clinton Plant Expansion and \$391,493 for Lime Residuals Project. The wastewater utility has annual payments totaling \$2,888,286 for the Wastewater Plant Expansion. These expenditures alone exceed the System Development fees collected in 2009.

Additional growth related projects in 2009 for water and wastewater facilities included:

- Stone Ridge Elevated Tank
- SE Area Benefit District Participation

The system development charges collected in 2009 will be used to fund projects in the 2010 Capital Improvement Plan, debt and interest payments for the State Revolving Loan Fund and bonded payments for the water and wastewater improvements. Examples of growth related projects planned for 2010 with anticipated cost:

- Anaerobic Digester Improvement (\$6,200,000)
- Pump Station 25 and Force Main Upgrade (\$3,400,000)
- Pump Station 9 Wet Weather Storage (\$3,500,000)

C. Rate Information

Table C1 summarizes the 2009 and 2010 system development charge rate schedule for both water and wastewater customers.

Table C1. 2009 system development charge rate schedule

| Type of Customer | Size of Meter | Water System Development Charge * | Wastewater System Development Charge ** |
|------------------|---------------|-----------------------------------|---|
| Residential | 5/8" | \$1,560 | \$1,470 |
| Residential | 1" | \$3,900 | \$1,470 |
| Residential | 1 ½" | \$7,800 | \$1,470 |
| Residential | 2" | \$12,480 | \$1,470 |
| All-Other | 5/8" | \$1,560 | \$2,970 |
| All-Other | 1" | \$3,900 | \$7,430 |
| All-Other | 1 1/2" | \$7,800 | \$14,850 |

| | | | |
|-----------|-----|-----------|-------------|
| All-Other | 2" | \$12,480 | \$23,760 |
| All-Other | 3" | \$23,400 | \$44,550 |
| All-Other | 4" | \$39,000 | \$74,250 |
| All-Other | 6" | \$78,000 | \$148,500 |
| All-Other | 8" | \$156,000 | \$297,000 |
| All-Other | 10" | \$234,000 | \$445,500 |
| All-Other | 12" | \$343,200 | \$653,400 |
| All-Other | 16" | \$858,000 | \$1,633,500 |

*Source: City of Lawrence, Ordinance #8308 Section 1. *Water System Development Charge; Meter Type, Size, and Charge.*

** Source: City of Lawrence, Ordinance #8308, Section 2. *Wastewater System Development Charge; Meter Type, Size and Charge.*

D. Administration

The Department administers the system development charges effectively and with few issues arising from the process.