



City of Lawrence  
UTILITIES

# 2008 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. By ordinance, 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.

### 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 2007 and 2008 water and wastewater system development charges collected. Table B2 shows 2008 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. 2007 and 2008 water and wastewater system development charges collected.

Description	2007	2008
Water System Development Charges	\$595,140	\$401,860
Wastewater System Development Charges	\$537,470	\$514,800
<b>Total System Development Charges Collected</b>	<b>\$1,132,610</b>	<b>\$916,660</b>

Table B2. 2008 water and wastewater system development charges collected by month.

Month	SDC-Water	SDC-Wastewater	Total
January	\$4,260	4,350	8,613
February	9,940	10,150	20,097
March	3,550	1,450	5,002
April	11,360	7,250	18,615
May	33,370	37,380	70,762
June	12,070	8,700	20,778
July	28,400	31,900	60,320
August	36,210	34,800	71,034
September	89,460	119,230	208,719
October	27,690	28,900	56,608
November	34,790	27,450	62,255
December	110,760	203,240	314,023
<b>TOTALS</b>	<b>\$401,860</b>	<b>\$514,800</b>	<b>\$916,826</b>

The Department of Utilities processed and collected system development charges on applications for service in 2008. Tables B3 shows the total number of service applications received by the Department of Utilities in 2008 and 2007 for residential service. While Tables B4 shows the total number of service applications received by the Department of Utilities in 2008 and 2007 for non-residential service.

Table B3. 2007 and 2008 total number of residential service applications received by meter size

Size of Meter	2007 Residential Applications (ct.)	2008 Residential Applications (ct.)
<b>5/8"</b>	387	140
<b>1"</b>	90	6
<b>1 1/2"</b>	1	0
<b>2"</b>	1	0
<b>&gt;2"</b>	0	0
<b>TOTAL</b>	<b>396</b>	<b>146</b>

Table B4. 2007 and 2008 total number of non-residential service applications received by meter size

Size of Meter	2007 Non-Residential Applications (ct.)	2008 Non-Residential Applications (ct.)
5/8"	9	1
1"	5	6
1 ½"	1	12
2"	3	5
>2"	1	0
<b>TOTAL</b>	<b>19</b>	<b>24</b>

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 \$442,639.14 for the Clinton Plant Expansion and \$407,104.42 for Lime Residuals Project. The wastewater utility has annual payments totaling \$2,964,251.18 for the Wastewater Plant Expansion. These expenditures alone exceed the System Development fees collected in 2007.

Additional growth related projects in 2008 for water and wastewater facilities included:

- Continuation of Clinton WTP Expansion
- Stone Ridge Elevated Tank
- SE Area Benefit District Participation
- West Baldwin Creek Interceptor

The system development charges collected in 2008 will be used to fund projects in the 2009 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 2009 with anticipated cost:

- Kaw Water Treatment Plant Kansas River Water Intake Structure, Pump Station, and Piping (\$6,600,000)
- Anaerobic Digester Improvement (\$5,000,000)
- 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 2008 system development charge rate schedule for both water and wastewater customers.

Table C1. 2008 system development charge rate schedule

Type of Customer	Size of Meter	Water System Development Charge *	Wastewater System Development Charge **
Residential	5/8"	1,420	1,450
Residential	1"	3,550	1,450
Residential	1 ½"	7,100	1,450
Residential	2"	11,360	1,450
All-Other	5/8"	1,420	2,860

All-Other	1"	3,550	7,150
All-Other	1/1/2"	7,100	14,300
All-Other	2"	11,360	22,880
All-Other	3"	21,300	42,900
All-Other	4"	35,500	71,500
All-Other	6"	71,000	143,000
All-Other	8"	142,000	286,000
All-Other	10"	213,000	429,000

\*Source: City of Lawrence, Ordinance #8134 Section 1. *Water System Development Charge; Meter Type, Size, and Charge.*

\*\* Source: City of Lawrence, Ordinance #8134, Section 2. *Wastewater System Development Charge; Meter Type, Size and Charge.*

Table C2 summarizes the 2009 system development charge rate schedule for both water and wastewater customers based on the Ordinance No. 8308.

Table C2. 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	658,400
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.