



City of Lawrence

2019 MUNICIPAL SERVICES & OPERATIONS REPORT SYSTEM DEVELOPMENT CHARGES

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A. Background

As required by City ordinance, the Lawrence Municipal Services & Operations (MSO) Department 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:

- July 2, 1996 – The City Commission passed Ordinance #6791 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 23, 2004 – The City Commission adopted Ordinance #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 26, 2008 – The City Commission replaced Ordinance #8134 with Ordinance #8308 to update the development charges effective on January 1, 2009 through 2012.
- March 26, 2013 – The City Commission replaced Ordinance #8303 with Ordinance #8847 to set charges effective May 1, 2013 and each year after that effective January 1 beginning 2014 through 2017.
- November 15, 2017 – The City Commission replaced Ordinance #8847 with Ordinance #9375 to update the development charges effective January 1 beginning 2018 through 2022.

B. Receipt and Expenditure Information

Funds generated from the system development charges 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 2018 and 2019 water and wastewater system development charges collected. Table B2 shows 2019 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. 2018 and 2019 water and wastewater system development charges collected.

Description	2018	2019
Water System Development Charges	\$1,002,300	\$475,575
Wastewater System Development Charges	\$1,982,330	\$735,310
Total System Development Charges Collected	\$2,984,630	\$1,210,885

Table B2. 2019 water and wastewater system development charges collected by month.

Month	SDC - Water	SDC - Wastewater	Total
January	\$70,850	\$147,690	\$218,540
February	\$35,490	\$40,970	\$76,460
March	\$37,180	\$76,690	\$113,870
April	\$22,815	\$6,680	\$29,495
May	\$38,025	\$55,540	\$93,565
June	\$40,530	\$55,260	\$95,790
July	\$53,236	\$86,000	\$139,235
August	\$41,405	\$33,740	\$75,145
September	\$13,520	\$19,280	\$32,800
October	\$18,590	\$19,280	\$37,870
November	\$65,910	\$130,530	\$196,440
December	\$38,025	\$63,650	\$101,675
TOTALS	\$475,576	\$735,310	\$1,210,885

The MSO Department processed and collected system development charges on applications for service in 2019. Table B3 shows the total number of service applications received by the MSO Department paid in 2018 and 2019 for residential service. While Table B4 shows the total number of service applications received by the MSO Department paid in 2018 and 2019 for non-residential service.

Table B3. 2018 and 2019 total number of residential service applications paid for by meter size

Size of Meter	2018 Residential Applications (ct.)	2019 Residential Applications (ct.)
5/8"	431	157
1"	7	8
1 1/2"	14	1
2"	6	1
>2"	0	0
TOTAL	458	167

Table. B4. 2018 and 2019 total number of non-residential service applications paid for by meter size

Size of Meter	2018 Non-Residential Applications (ct.)	2019 Non-Residential Applications (ct.)
5/8"	4	3
1"	10	11
1 1/2"	3	1
2"	10	2
>2"	2	2
TOTAL	29	19

The system development charges collected helped repay loan payments from the State Revolving Loan Fund, revenue bonds, a general obligation bond, and temporary notes. Table B5 describes each bond and loan maturity, debt service payments, balances, and the related projects. The capacity related projects for each debt issuance below are bolded for reference. The Revenue Bonds – Series 2007 and 2009 were refunded with Revenue Bonds – Series 2016A REV. The State revolving loan was refunded with General Obligation Bonds – Series 2016A GO.

Table B5. Debt Description

Debt	Year Matures	Debt Service Payment in 2019	December 31, 2019 Balance	Related Projects (Capacity Projects are bold)	
				Water	Wastewater
Revenue Bonds – Series 2008	Bond is deceased	\$195,000 in principal and \$124,823 in interest	\$0 outstanding	Stoneridge/ West Hills Tank	
Revenue Bonds – Series 2009	2016	\$335,000 in principal and \$485,374 in interest	\$0 outstanding (Refunded with 2016A Rev – see below)		WW Pump Station, Anaerobic Digester
SRF 1260	2016	\$0 in principal and \$0 in interest	\$0 outstanding (Refunded with 2016A-GO—see below)		WW Plant Expansion
GO Bonds – Series 2010C (formerly SRF funds refinanced)	2023	\$675,000 in principal and \$90,168.76 in interest	\$2,645,000 outstanding	Clinton Plant Expansion, Lime Residuals Project	

Table B5. Debt Description continued.

Debt	Year Matures	Debt Service Payment in 2019	December 31, 2019 Balance	Related Projects (Capacity Projects are bold)	
				Water	Wastewater
2015a	2040	\$2,450,000 in principal and \$3,255,450 in interest	\$80,570,000 outstanding	Clinton Intake , Taste & Odor Improvement/ Clinton Process Improvements, Water main relocations, Kaw Water Treatment Plant Intake , Kaw Water Transmission Main to North Lawrence , portions of 31st & LA and 31st & Haskell water main replacement, O'Connell Road Water line	Wakarusa WWTP/Influent Pump Station/Force Main Design , Sanitary Sewer relocations, Rapid Inflow/Infiltration Reduction Program (included due to the increased capacity at WWTP and lift stations)
2015b	2025	\$810,000 in principal and \$204,200 in interest	\$5,360,000 outstanding	Clinton Plant Expansion, Kaw Water Supply/ Transmission	Alvamar Drive Area Sanitary Sewer Improvement Project, North Lawrence Pump Stations Improvements, 24 th & Crossgate Drive Area Sanitary Sewer Improvement Project
2016 A GO	2021	\$2,325,000 in principal and \$500,750 in interest	\$7,690,000 outstanding		WW Plant Expansion
2016 A REV	2036	\$2,705,000 in principal and \$2,335,762.50 in interest	\$53,535,000	New money portion for: Refunding of 2007 for General Improvements to Clinton & Kaw Water Plants; Water Storage & Pumping Stations; Watermain Rehab and Replace Refunding portion of 2007A for Clinton Plant Expansion	New money portion for improvements to Kansas River & Wakarusa River Wastewater Treatment Plants; New Wakarusa WWTP; influent pump station; force mains; rapid I/I program Refunding of 2009 for WW Pump Station Anaerobic Digester

Table B5. Debt Description continued.

Debt	Year Matures	Debt Service Payment in 2018	December 31, 2018 Balance	Related Projects (Capacity Projects are bold)	
				Water	Wastewater
2017 A REV	2037	\$655,000 in principal and \$668,700 in interest	\$15,810,000	General improvements to Clinton & Kaw Water Treatment Facilities & Raw Water Systems, water storage, pumping stations, & automated meter infrastructure, watermain assessment, relocation, rehabilitation, replacement, & extension, and field operations facilities	General improvements to Kansas & Wakarusa River Wastewater Treatment Facilities, wastewater containment & pumping stations, Rapid Inflow/Infiltration Reduction Program, sanitary sewer manhole assessment, cured inplace pipe (CIPP), relocation, rehabilitation, replacement, & extension, and field operations facilities
2018 A	2028	\$685,000 in principal and \$811,016.88 in interest	\$19,385,000	General improvements to Clinton & Kaw Water Treatment Facilities & Raw Water Systems, water storage, pumping stations, & automated meter infrastructure, watermain assessment, relocation, rehabilitation, replacement, & extension, and field operations facilities	General improvements to Kansas & Wakarusa River Wastewater Treatment Facilities, wastewater containment & pumping stations, Rapid Inflow/Infiltration Reduction Program, sanitary sewer manhole assessment, cured inplace pipe (CIPP), relocation, rehabilitation, replacement, & extension, and field operations facilities

The system development charges collected in 2019 will be used to fund projects in 2020, debt, and interest payments for water and wastewater capacity improvements. The department is anticipating the following growth-related projects for 2020:

- Naismith Valley Interceptor and Pump Station 8 Abandonment (\$4,160,000)
- Rapid Inflow and Infiltration Reduction Program (\$3,060,000)
- SW Lawrence Conveyance Corridor Improvements (\$500,000)
- Eagle Bend and YSC Irrigation Water Supply Project (\$1,250,000)

C. Rate Information

Table C1 summarizes 2019 system development charge rate schedule for both water and wastewater customers as approved November 15, 2017 by the City Commission and effective January 1, 2018 as a 5-year rate plan.

Table C1. 2019 system development charge rate schedule

Type of Customer	Size of Meter	Water System Development Charges	Wastewater System Development Charges
Residential	5/8-inch	\$1,690	\$2,410
Residential	1-inch	\$4,225	\$2,410
Residential	1½-inch	\$8,450	\$2,410
Residential	2-inch	\$13,520	\$2,410
All-Other	5/8-inch	\$1,690	\$5,040
All-Other	1-inch	\$4,225	\$12,600
All-Other	1½-inch	\$8,450	\$25,200
All-Other	2-inch	\$13,520	\$40,320
All-Other	3-inch	\$25,350	\$75,600
All-Other	4-inch	\$42,250	\$126,000
All-Other	6-inch	\$84,500	\$252,000
All-Other	8-inch	\$169,000	\$504,000
All-Other	10-inch	\$253,500	\$756,000
All-Other	12-inch	\$371,800	\$1,108,800
All-Other	15-inch	\$929,500	\$2,772,000

*Source: City of Lawrence, Ordinance #9375 Section 6. *Water System Development Charge; Meter Type, Size, and Charge.*

** Source: City of Lawrence, Ordinance #9375, Section 7. *Wastewater System Development Charge; Meter Type, Size and Charge.*