

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: October 12, 2011

Board Item: V-C-1

Adoption of Proposed 2012 System Development Charges

Action by Consent

Action

Information

Staff requests approval to increase SDCs by 8.5% beginning February 1, 2012.

SDCs are assessed to new connections and existing connections requiring additional capacity. SDCs recover cost to serve new capacity requirements. The SDC consists of two primary costs – infrastructure and water rights.

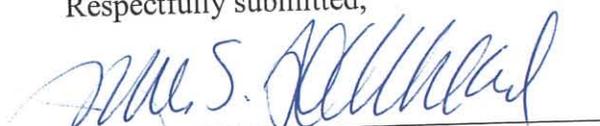
Proposed Alternatives for 2012 SDC

The proposed 2012 includes an inflationary increase for infrastructure-related costs using a composite of the ENR¹ and Handy-Whitman² construction cost indices and a water rights valuation increase of \$2,000 per acre-foot from \$9,500 to \$11,500 per acre-foot.

The fee structure remains unchanged from 2011 and the outside city SDC retains the differential of 1.4 times the inside city SDC.

Denver Water sent an SDC Advance Notification letter to approximately 50 organizations on August 1, 2011. These organizations include developers, HOAs, and distributors. The Advance Notification provided an estimate of an increase up to 10% based on current available information.

Respectfully submitted,



James S. Lochhead
CEO/Manager

Approvals:



Angela Bricmont
Director of Finance

¹ Engineering News Record Construction Cost Index (ENR-CCI).

² Handy-Whitman Construction Cost Index for Public Utilities.