December 14, 2021

Public Works Committee and Common Council

RE: Request Authorization to Seek Proposals for Utility Rate Study

Staff proposes to seek proposals for development and implementation of a Utility Rate Study for its Water and Water Reclamation utilities. The most recent rate study for these utilities was conducted in 2017. This study developed a five-year rate plan for the Water and Water Reclamation Divisions. This plan will lapse at the end of 2022 and a plan is required to ensure adequate funding of these utilities.

The proposed rate study will develop a plan for the Water and Water Reclamation Divisions that will position the City to meet current and future operation and maintenance expenses, capital requirements, identify proposed funding strategies for capital improvements, ensure the Water and Water Reclamation rate structures reflect the true cost of service, provide fair and equitable rates across all user classes and maintain revenue stability for the Water and Water Reclamation Divisions, in compliance with the Financial and Rate settings Policies adopted in 2017.

The City’s standard consultant selection process will be used to select a firm to conduct this study.

The estimated cost for this Utility Rate Study is $200,000.00. Funding for the project will be divided evenly between the Water Enterprise Fund and the Water Reclamation Enterprise Fund.

Sincerely,

Dale Tech, LS/PE
Public Works Director
City of Rapid City