



# MAYOR & COUNCIL COMMUNICATION

**DATE:** January 19, 2016  
**REGULAR**  
**ITEM #14**

**AGENDA ITEM:** Cost of Service Study for Water and Sanitary Sewer Utilities – Approve Authorization for TKDA.

**SUBMITTED BY:** Jack Griffin, City Engineer

**THROUGH:** Clark Schroeder, Interim City Administrator

**REVIEWED BY:** Cathy Bendel, Finance Director  
Mike Bouthilet, Public Works

**SUGGESTED ORDER OF BUSINESS:**

- Introduction of Item.....City Staff
- Report/Presentation.....City Staff
- Questions from Council to Staff ..... Mayor Facilitates
- Public Input, if Appropriate.....Mayor Facilitates
- Call for Motion ..... Mayor & City Council
- Discussion ..... Mayor & City Council
- Action on Motion..... Mayor Facilitates

**POLICY RECOMMENDER:** Administration/Finance/Engineering.

**FISCAL IMPACT:** \$13,900 to be funded 50% through the Water Enterprise Fund and 50% through the Sanitary Sewer Enterprise Fund.

**SUMMARY AND ACTION REQUESTED:**

This item was initially presented to the City Council for consideration on December 15, 2015. At that time the item was tabled by the City Council with a request to add the item to the 1/12/16 workshop and have the workshop be a joint meeting with the Finance Committee to have further discussion on this topic. The workshop was held and all questions were discussed related to this item.

The City Council is respectfully requested to approve the Cost of Service Study for the Water and Sanitary Sewer Utilities Task Order with TDKA. The recommended motion for the action is as follows:

***“Move to approve the Cost of Service Study for the Water and Sanitary Sewer Utilities Task Order with TDKA in an amount not to exceed \$13,900.”***

**LEGISLATIVE HISTORY/BACKGROUND INFORMATION:**

City staff has contacted and met with Bernie Bullert from TKDA, an experienced utility manager, to prepare a Cost of Service Study for the water and sanitary sewer utilities. In particular, the goal of the study will be to better understand the cost of service for each utility so that a system of rates and charges can be confidently reviewed and developed to best meet the Utility's funding requirements, addressing conservation, and that are fair and equitable. The work includes a review of the City's water and sanitary sewer operational costs based on best practices, capital costs, and depreciation costs projected for 2016-2025. The report findings may then be used by the City Finance Department for the purpose of projecting cash flows, bonding needs and evaluating user rates and charges.

**RECOMMENDATION:**

Staff is recommending that the City Council approve the Cost of Service Study for the Water and Sanitary Sewer Utilities Task Order with TDKA. The recommended motion for the action is as follows:

***“Move to approve the Cost of Service Study for the Water and Sanitary Sewer Utilities Task Order with TDKA in an amount not to exceed \$13,900.”***

**ATTACHMENT(S):**

1. None.