



# Iris Associates

*Management, Engineering & Environmental Strategies  
for Business, Industry & Government*

**Michael D. Strub. PE   Rhenda Iris Strub. BSChE**

June 26, 2001

Mr. Dan Bjerke  
Director of Public Works  
City of Rapid City  
300 Sixth Street  
Rapid City, South Dakota 57701

Subject: Agreement for Utility Rate Engineering Services

Dear Mr. Bjerke:

In accordance with our recent discussions, Iris Associates is pleased to submit this proposal for utility rate engineering services to the City of Rapid City. For convenience, this proposal is presented in a form that can be accepted and signed as an agreement between Iris Associates and the City of Rapid City. HDR Engineering, Inc. will provide services as a consultant to Iris Associates.

Over the past three years Iris Associates in conjunction with the Alliance of Architects and Engineers and HDR Engineering, Inc. has conducted rate studies for both the water utility and the water reclamation utility. The water rate study, which included a bill tabulation study and a capital development fee study, was completed in March of 1999. The water reclamation rate study is ongoing and nearly complete requiring only the submission of the final written report. Both rate studies have incorporated the development of Microsoft Excel spreadsheets that will allow staff and the city council to regularly monitor and update utility costs and rate requirements without conducting another detailed rate study.

Due to the need to continue resolving rate implementation issues the city has requested engineering services to include, but not necessarily be restricted to the following:

1. Continued consultation on the impact and implementation of multi-year rate scenarios.
2. Resolution of issues related to wholesale contracts and defensible rates for the city's wholesale customers, including Ellsworth Air Force Base (EAFB).
3. Continued development of alternate revenue sources, and the resolution of related issues involving the potential development of defensible costs for capacity impact fees for customers inside and outside the city limits.
4. Staff training and implementation of the rate software developed as part of both utility rate studies.

Compensation for services will be on a time and expense basis. Direct expenses will be billed with no markup. Time related charges shall be made as follows:

Michael D. Strub, PE; Iris Associates: \$75.00 per hour

George Oamek, PhD; HDR Engineering, Inc.: \$130.00 per hour.

Total billing under this contract will not exceed \$10,000 unless amended in writing, and can be terminated at any time by the City of Rapid City. Work completed prior to termination would be due at that time.

We look forward to continuing our work of the City of Rapid City. Please call if you have any questions.

Respectfully yours,

IRIS ASSOCIATES  
MICHAEL D. STRUB, PE

By \_\_\_\_\_

Date \_\_\_\_\_

THE HONORABLE JERRY MUNSON  
MAYOR, CITY OF RAPID CITY

By \_\_\_\_\_

Date \_\_\_\_\_

JIM PRESTON  
CITY FINANCE OFFICER, CITY OF RAPID CITY

By \_\_\_\_\_

Date \_\_\_\_\_