



BOARD DIRECTORS MEETING
6 PM NOVEMBER 10, 2025
4611 TEAK DR RAPID CITY SD, 57703

Chairman Andy Fitzgerald called the meeting to order at 6:00 p.m. Present at roll call were Bob Phillips, Diana Nelson, Eric Krebs, Jennifer Battles, Shirley Haines, Tim Roth, and Connie Olson. Carrie Wheeler was absent a roll call but arrived by 6:05. Also in attendance was General Manager Rusty Schmidt, and Office Manager Sara Bender

APPROVAL OF AGENDA: made a motion by Bob Phillips to approve the agenda. Eric Krebs seconded the motion. Motion carried unanimously.

APPROVAL OF MINUTES: Connie Olson made a motion to approve the minutes from the October meeting. Diana Nelson seconded the motion. Motion carried unanimously.

APPROVAL OF FINANCE REPORT: The financial reports were distributed to the Trustees for their review prior to the meeting. Diana Nelson made a motion to approve the Finance Report. Connie Olson seconded the motion. Motion carried unanimously.

ITEMS FROM THE PUBLIC: No one from the public was in attendance.

PRESIDENT'S REPORT:

1. Budget Committee Recommendations: The budget and finance committee met on October 28th and reviewed all 68 budget line items, Connie Olson presented the recommendations from the committee. The committee is recommending a 3.5% rate increase for the water minimum and the per 1,000 gallon charge. The new recommended minimum charge would be 22.23 and the per 1,000 gallon charge would be \$5.04 per 1,000 gallons. The committee is also recommending a 5% increase on the sewer rate for both the minimum and per 1,000 gallon rate. The committee felt it would be less impactful to increase sewer rates at smaller increments over the next couple of years. This increase would make the new monthly minimum residential sewer charge would be \$26.76 and the per 1,000 gallon charge would be \$6.36 per 1,000 gallons. The total increase between water at 5000 gallons and sewer using the system average of 3,400 gallons would increase approximately \$3.89 per month. The committee also discussed the 2026 Verizon lease increase of 15% bringing the annual total of the lease to \$31,582.50. The recommended proposed total budget from the committee consists of \$947,288.00 income over expenditures. This will take effect January 2026. The consensus of the group was to approve the committee recommended 2026 budget.

2. Drinking Water Surcharge Revenue Bond 2023 26th Draw for Engineering Services: The 24th and 25th draw for Engineering Services were combined making the 26th invoice the 25th draw for Engineering Services, which totals \$24,704.70. Charges for this invoice include \$21,582.50 for engineering services, \$2,898.00 for subcontracting for mechanical/architectural consulting and \$224.20 for transportation and robotics (drones). The remaining balance on the contract is \$190,128.98.

MANAGERS REPORT

3. Monthly Water Loss and Leak Detection: Daily production for October was 764,000 gallons, with line loss of 6.67%, making the annual water loss average 5.59%. A leak was found today during a routine meter replacement. One of the recently implemented procedures conducted by the service team during meter replacements is to do a pressure test on the service line, and a leak was found today on Meadowland as a result of that test. This is one of the tools the service team uses to conduct leak detection. The national average for water loss is approximately 30% and the district is well below that average due to the success of the various leak detection methods utilized by the service team.

PROJECTS AND FUTURE DEVELOPMENT

4. Ennen Housing: Phase 2A and 2B have not started yet but the fees have been billed extension fees. The two-road crossing from Anamosa St and Traverse Dr are complete and passed all testing. The paving for Reservoir Rd should be complete this week.

5. Homestead St. Extension: Advanced Design (Hani Shafi) has submitted plans for review for a 38 single family lot development on Homestead between N. Valley Dr and Diamond Ridge Blvd. These homes will be connected to the Diamond Ridge booster station and is located right near the recently installed water main on N. Valley Dr.

6. County and State ARPA 2 MG Storage Reservoir: Nothing has been submitted at this time for pay application 13. There are just a few final things to finish up for this project including installing a splash pan, repair some cracks in the shotcrete and installation of a perimeter fence. The county commissioners have requested a tour of the tank site and the well location, so that will be scheduled soon.

7. County and State ARPA Madison Well, Well House and Generator Project: Pay application 2 from RCS has not been received yet. The concrete floor for the chemical room has been poured but we are still waiting on specs from the VFD supplier to finalize the electrical locations so the entire floor can be poured before the snow starts.

OTHER TOPICS

8. Water Use Resolution A Update: We recently purchased a de-chlorinator for flushing new water mains on our projects. It is likely that contractors will want to rent it for de-chlorinating new mains within the system. The manager is proposing a \$1,700.00 deposit with a \$200.00 use fee for each time its used. The \$1,500.00 would stay on the account and the contractor would need to pay \$200.00 for each use thereafter. This would allow for the equipment to be replaced if it were lost/stolen or damaged. A motion was made by Jennifer Battles to approve the addition of the de-chlorinator rental to Water Use Resolution A, with contractors being required to pay a \$1,700.00 deposit up front with \$200.00 of that being a usage charge for each use and \$1,500.00 staying on the account for future use and a \$200.00 usage charge for each use. Connie Olson seconded the motion. Motion carried unanimously.

9. Compressor Room Addition: The air compressor for the treatment plant recently started having issues with the paint on the tank starting to bubble. This has potential to become a serious safety issue as well as potential to cause extensive damage to the plant operations if it breached. The corrosion/bubbling on the tank has to do with the compressor pulling chemical induced air during cleaning cycles for the skids. The tank was replaced and the air intakes for the compressor have been re-plumbed to the outside.

This solves the problem of pulling chemical induced air through the intake, but the upcoming cold weather will cause additional condensation in the tanks, and when it is extremely cold, they will have to pull air from inside the plant again. The manager recommends a 10'x17' addition to the plant to move all the compressors and tanks to a separate room in order to minimize any potential damage or safety issues should a breach occur in the future and stop the intake of chemical induced air. The estimated cost of the addition includes approximately \$25,500.00 for the building, \$6,150.00 for the electrical, relocation of the primary power from WREA for \$4,270.00. There would also be some additional costs for trenching and piping, but it is estimated that the total cost for the addition would be approximately \$50,000.00 and the budget committee did include this in the 2026 budget presented for approval. The consensus of the group was to proceed with the compressor room addition based on the approval of the 2026 budget.

10. WREA Peak Shaving Program: A meeting was held with WREA and Rushmore Electric to discuss costs saving options for the district now that we will have the new well that can be ran on the generator during the peak times. We are currently on a rate 51 commercial plan. If we approve to go to a peak shavings plan rate 75 we could save up to 114k annually in power costs. The estimated potential cost savings for the well is approximately \$69,000.00 annually, the potential cost savings for the intake station is approximately \$15,000.00 annually and the potential cost savings for the treatment plant is approximately \$30,000.00 annually. A motion was made by Connie Olson to participate in the peak shaving program. The motion was seconded by Carrie Wheeler. Motion carried unanimously.

MISC. INFO:

- Nanostone modules on order and will take about 4-6 weeks to arrive.
- N. Valley Dr segment 2 completed, Murphy Ranch 10C completed, Apple Valley phase 3 not started
- Leadership conference, who will be driving? – Tim, Carrie and Andy will be driving.

A motion was made by Connie Olson at 6:37 pm to enter into executive session as per SDCL 1-25-2 to discuss annual employee compensation. Jennifer Battles seconded the motion. Motion carried unanimously.

The board came out of executive session at 7:25 pm. A motion was made by Connie Olson to approve a 2.8% cola increase and the 2.5% step rate for all employees. Bob Phillips Seconded the motion. Motion carried unanimously.

There being no further business, the meeting was adjourned at 7:30pm.