

Deer Mountain Sanitary District Meeting

201 W. Main Street Suite 301 & via Zoom

July 11, 2025

President Oz Enderby called the meeting to order at 5:00 p.m. Trustees Enderby, Dan O'Connor, Joe Kosel, Marty Fabens and John Bailey were present at the district office along with water operator Steve Ryan. Attorney Talbot Wieczorek, AE2S Joe Noble & Clerk Shari Kosel appeared via Zoom.

Approval of Business Agenda. Motion by O'Connor seconded by Fabens to approve the amended agenda. All approved.

Motion by Kosel, seconded by Fabens to approve the June 6, 2025 meeting minutes. All approved.

Approve Treasures Report. Enderby updated with a balance of \$157,496.71. Motion by Kosel, seconded by Bailey to approve the Treasurer's Report. All approved.

Lidel Construction Contract/Baffle Installation schedule update/AE2S. Enderby shared the schedule and turned it over to Noble. Noble updated that we do have the baffle and the pipe is exposed. Lidel created the entire baffle. L-D Sanitary will shut down water this Tuesday and Lidel will then install the baffle. PowderHouse has been notified of this outage. L-D will reenergize the line later that evening. The concrete manufacturer provided the wrong manhole lid and they are working to get the correct one ASAP. We can still run initial tests while waiting for the lid. Kosel inquired if the district will be out of water, Noble assured the board that water will not be shut down.

Approve and adapt documents for DANR loan closing:

*Second Amendment to Categorical Exclusion. Enderby stated the document was prepared by DANR and sent to DMSD, which addresses the current award of \$450,000. This was published in today's paper as required by DANR.

*An Ordinance of Deer Mountain Sanitary District to Approve a Surcharge Applicable to all Users of the District's Drinking Water System to repay a Surcharge Revenue Bond in the Principal Amount not to exceed \$450,000. These documents were sent to Enderby and Wieczorek for review. Enderby asked Wieczorek for questions. Wieczorek stated that this sets the ordinance and surcharge for the year. 2025-1 will be the ordinance number, dated today. Enderby read the Ordinance title into the minutes. *Ordinance 2025-1: An Ordinance of Deer Mountain Sanitary District to Approve a Surcharge Applicable to all Users of the District's Drinking Water System to repay a Surcharge Revenue Bond in the Principal Amount not to exceed \$450,000.* The bond attorney requires this to finalize the loan. Motion by O'Connor, seconded by Fabens, to adopt this ordinance 2025-1. All approved. The full documents will be uploaded to the website. Noble added that this can be reevaluated at a future date as needed. An attendee asked how many users there are currently. Enderby replied we have 120 users.

*Resolution giving Approval to the Issuance by Deer Mountain Sanitary. Enderby read Resolution 2025-2 into the record. *This is a resolution given approval to the issuance by Deer Mount Sanitary District of its Drinking water surcharge, revenue series. Revenue bond series 2025a, in the amount not to exceed \$450,000, to finance, directly and indirectly construction of prudence to the sanitary district's drinking water system. Approving the form of loan agreement and revenue bond, authorizing the sale of said revenue bond, pledging drinking water surcharge revenues for servicing the debt issued hereunder, and the manner of execution and issuance of said bond.* Wieczorek noted there are spots for the adoption with the number and date of the revenue bond. Kosel motioned to approve and adopt Resolution 2025-2, Bailey seconded. All approved.

Update of remaining Meter Pit/Meter installation/Hoyt Contract/AE2S. Enderby said once the award was made, the state was requiring we put the remaining work out to bid. Wieczorek noted he is discussing this with Noble on what the state needs. Noble will put together a contractual document that incorporates what needs to be done and the obligations required by the SRF loans. Noble added that the state needs the final change order and the other items requested. Enderby added it was not practical to look for a curb stop, or it would cause damage to the property. So we have set up to have some of these installed in the home at the homeowner's expense. Kosel asked if all meters would be read remotely, and Enderby confirmed yes. Kosel asked Wieczorek if there are any concerns with having them installed in the home. Wieczorek said he generally sees rules or language rules that say that there's a meter in your house where we've got the right to come in and inspect it. Make sure that if there's an issue or replace it. It's generally not a big issue. Wieczorek might want to look through your rules and see if the district captures any of that. Enderby added that we want to make sure it states the homeowner is responsible from the service line to the house, even if the curb stop is installed inside the home. Wieczorek added that Rapid City homeowners are responsible for the service line as soon as it leaves the main, and all the meters are in the basement. That's fairly typical.

Discussion and Approval of metered billing rates as per DANR. Enderby provided the trustees with the document proposing water meter rates effective upon meter commissioning. This will be located on the website once approved. Their base fee of \$50 a month for 3,000 gallons, the base fee includes the \$20 surcharge, so it's a base fee of \$30, plus a surcharge of \$20 to pay for 3,000 gallons a month. Then, moving up the next level is \$10 per 1,000 gallons, and that's for 3,000 to 7,000 gallons per month. That's where the DANR said that for 5,000 gallons, the fee would be \$70. The next level is \$15 per 1,000 gallons of usage, for any usage above 7,000 gallons a month and up. We also have to establish a commercial rate and it has been reviewed by the state and AE2S. Enderby threw out some examples for a residential user of 3,000 gallons a month or less. It's \$50 a month for a residential user, and at 5,000 gallons a month. It's \$70 a month, and that was exactly how it was presented to DANR in their board meeting. A residential user at 7,000 gallons a month would be \$90 a month, a residential user at 10,000 gallons per month would be \$135, and a residential user at 30,000 gallons a month would be \$435. A commercial user at 100,000 gallons a month would be \$1,820. Enderby opened it for discussion. Wieczorek noted these are standard rates, and DMSD is in an area where water is harder to come by. Kosel motioned to adopt the metered billing rates, noting these are proposed for billing, and does not bind the board to provide any service to Sugarloaf in the future or if there is commercial use in other areas within our district, seconded by O'Connor with Kosel's remarks. All approved. Wieczorek noted that rates can be changed if there is a shortfall 30 days out. Noble added that other improvements were not incorporated in this go around, and we recognize we still have old pipes, leaky pipes, and those could be addressed with additional revenue.

Mainline Final Billing update/Punch List/AE2S. Enderby addressed the current payment request #13, which was received today. AE2S still needs to respond to this. Noble will take a better look and will present it to the board at the next meeting. We need to perform the final walk-through and make sure all punch list items have been addressed. Noble added that final payment does not remove them from their warranty.

District road damage and repair/AE2S/BHE/Mainline. Enderby noted the road damage at Whitetail and Big Sky both Mainline and BHE worked there. It hasn't been addressed satisfactorily. With recent rains, we still have issues. Noble added to keep the invoice and he will reach back out to BHE.

*Discussion of Draft of KR Request for Annexation/13 acre lot/61 acre lot/Talbot. Enderby stated we have preliminary drafts and would like to adjourn to executive session to discuss in detail.

*Discussion of Draft for KR Club House Amendment/Talbot

* Adjourn to Executive Session if needed. Kosel motioned to adjourn to executive session at 6:05 p.m., seconded by Fabens. All approved. Kosel motioned to go out of executive session at 6:40 p.m., Fabens seconded. All approved.

Aberle/Morris Update/Adjourn to Executive Session if needed

Discussion only items:

Items from the public. Jeff Nelson inquired if there have been any updates to the Aberle litigation. Enderby stated there is nothing new, and we have filed all of our pleadings. We are in a holding pattern and waiting for a response from the Judge/Court. We are obligated to continue providing water per the Injunctive Relief from the Judge.

Items from the trustees. Kosel noted our next meeting, there may be an issue with schedules. Enderby updated the trustees that we billed for curb stops where needed, and most have been paid. We are still waiting for payment on a couple of invoices. Enderby will update at the next meeting. S. Kosel reminded the trustees that there will be two positions opening and petitions will open July 21, with a petition deadline of August 19.

ADJOURN

Motion by Kosel to adjourn, seconded by Fabens. All approved at 6:42 p.m.

Next meeting is scheduled for August 15, 2025.

Approved 8/15/25

Shari Kosel

Secretary/Clerk/Notary