

CRWS

Clay Rural Water System, Inc.

2024 Annual Meeting Program & Report



“Your local water supplier must comply with regulations set forth by the Safe Drinking Water Act. This requires your utility to monitor and treat for almost 100 different parameters in the water delivered to your tap. As a result, drinking water is the most regulated and controlled substance you can ingest – more than any food, drug or beverage.”

-American Water Works Association

Directors, Staff



Board of Directors:
Front (l to r): Cody Merrigan, Pat Manning, Sec-Treas, Randy Ronning, Vice Pres, Dave Reiff. Back row: Randy Huot, President, Jerry Buom, Tim Irwin, Ken Kessler, Mark Bottolfson, State Dir.



Staff Members: Andy Ganschow, Donna Henriksen, Lane Severson, Leanne Brown, Rob Ganschow, Pam Lunning, Steve Muilenburg: System Manager, Phil Iverson.

Annual Meeting Program Agenda

- ⇒ Registration
- ⇒ Meal
- ⇒ Call to Order
- ⇒ Welcome
- ⇒ Determination of Quorum—Randy Huot, President
- ⇒ Minutes of 2023 Meeting—Pat Manning, Secretary/Treasurer
- ⇒ Financial Report
- ⇒ Manager’s Report—Steve Muilenburg, System Manager
- ⇒ Old Business
 - Chapter Project Phases 1&2 - Brosz Engineering
- ⇒ Question & Answer Session
- ⇒ Door Prizes
- ⇒ Adjournment



Welcome!

Welcome to our 45th Annual Meeting and Program. This year CRWS customers will once again gather for a meal, program and have an opportunity to view the financials, ask questions or just see the friendly faces of your water system staff and Directors.

The Clay Rural Water System provides water service to 2,549 locations in parts of five counties in south-east South Dakota. The primary purpose of the CRWS is to provide safe, quality drinking water to its members for domestic, farm and business uses.

CRWS is a member-owned, non-profit corporation incorporated in July, 1975. The water system was originally financed and constructed from 1978-1980, primarily with member connection fees, loans and grants from the Farmers Home Administration. It became fully operational in 1980. The original construction cost of the system was \$5.8 million.



Service to the member population base of 6,300 is provided from two water treatment plants located in central Clay County and southern Union County. Treated well water is distributed from the treatment plants through a network of 1,403 miles of pipeline, six storage reservoirs with a total storage capacity of over 1,300,000 gallons, and five booster stations. Clay RWS is governed by a nine-member Board of Directors, elected by the membership from three voting districts.

Our Mission:

The Mission of the Clay Rural Water System is to provide high quality water service to the consumers of the corporation at the lowest possible cost, consistent with sound business practice.

From the Directors and Staff

On behalf of the Board of Directors and Staff, we would like to welcome you to the 2024 Annual Membership Meeting. This is your opportunity to review the performance of Clay Rural Water System during this past year.

CRWS has taken on some major challenges with our next two projects. The first Chapter Project named Phase I, started with nearly 21 miles of new main transmission lines ranging from in size from 3” to 14”, going east and west of the Wakonda Water Treatment Plant, along Timber Road, and east of Beresford on Highway 46. Our next part of Phase I will be the placement of a new Spink Booster and Greenfield Storage Tank to replace the existing facilities a few miles south of Union Grove State Park, just east of I-29. A new meter building will also be placed at our Westreville Tank site on 457th Avenue, about 7 miles north of Meckling. The last item to be completed will be a 1 million gallon ground storage tank that will become integrated with the new water treatment plant, to be located near the existing water treatment plant along Highway 19, about 14 miles north of Vermillion.

Over the next few years you will see, hear about, and become part of these large scale projects that are so desperately needed to continue serving our customers. These projects are not possible without the help and support of our current and future members.

The office staff implemented another new billing system last September that has been working out quite well. This new system has a customer portal for our customers to pay their bill, print out customer payment and usage history or have their bills emailed to them. We would like to thank our customers for bearing with us over these past two years of searching for a billing system that would work best for Clay Rural Water and our members.

The Directors and staff of CRWS would like to thank our customers for their patience and understanding while we do everything possible to keep the water flowing. We take our role as the caretakers of the system very seriously.

Sincerely,
CRWS Board and Staff
Steve Muilenburg, System Manager

Minutes of 2023 Annual Meeting

**MINUTES
CLAY RURAL WATER SYSTEM, INC.
44th Annual Meeting
March 21, 2023**

Clay Rural Water System held their 44th Annual Meeting on March 21, 2023 at the National Guard Armory in Vermillion. President Randy Huot called the meeting to order at 6:32 p.m. and declared a quorum of 62 members were present and proceeded with the meeting.

Secretary Pat Manning read the minutes of the April 21, 2022 meeting. Motion was made, second, and carried to approve. Treasurer Pat Manning reviewed the Draft Financial Report for 2022. A motion was made, second and carried to approve.

Manager Steve Muilenburg gave his Manager's Report and reviewed 2022 and the upcoming New Chapter Project. Members viewed a video produced by SDARWS, "Thank you to Rural Water".

New Business:

President Randy Huot introduced Attorney, Mike McGill, who explained the proposed changes to the Bylaws and the Articles of Incorporation and why they are necessary.

President Randy Huot then called for a vote for the proposed changes to the Bylaws. A motion was made, second and carried to approve changes to the Bylaws.

President Randy Huot then called for a vote for the proposed changes to the Articles of Incorporation. A motion was made, second and carried to approve changes to the Articles of Incorporation.

President Randy Huot then introduced Chancey Shrake & Nick Gillen of Brosz Engineering who presented a slide presentation showing the New Chapter Project, Phases 1 & 2 of the planned project construction.

President Randy Huot asked for any questions and door prizes were drawn. President Randy Huot called for a motion to adjourn. Motion was made and second to adjourn at 7:18 p.m. Motion carried.

ATTEST: Pat Manning, Secretary
RECORDED BY: Donna Henriksen

Balance Sheet Draft

Assets (What We Own)	12/31/2023	12/31/2022
Cash and cash equivalents	\$1,252,023	\$955,167
Cash and cash equivalents-board designated	\$345,858	\$447,016
Certificates of Deposits & Patronage Equity	\$482,396	\$262,860
Accounts Receivable	\$208,871	\$794,306
Accrued Interest Receivable	\$5,643	0
Inventory	\$220,974	\$209,935
Prepaid expenses	\$20,680	\$19,773
Notes Receivable - current portion	\$5,014	\$4,249
Total Current Assets	\$2,541,458	\$2,693,306
Property and equipment, net	\$21,005,509	\$13,580,545
Notes receivable, less current portion	\$41,445	\$47,224
Customer cash deposits—reserved	\$14,860	\$14,850
Total Noncurrent Assets	\$21,061,814	\$13,642,619
Total Assets	\$23,603,272	\$16,335,925
Liabilities (What We Owe)		
Current maturities of long-term debt	\$465,550	\$396,138
Accounts Payable	\$48,903	\$173,101
Accounts Payable—Construction & Retainage	\$1,866,134	\$568,284
Accrued expenses and interest	\$128,067	\$99,605
Customer Deposits	\$14,860	\$14,850
Total Current Liabilities	\$2,523,514	\$1,251,978
Total Noncurrent Liabilities	\$9,586,208	\$8,988,190
Total Liabilities	\$12,109,722	\$10,240,168
Net Assets without Donor Restrictions	\$533,085	\$628,839
Undesignated	\$10,960,465	\$5,466,918
Total Net Assets	\$11,493,550	\$6,095,757
Total Liabilities and Net Assets	\$23,603,272	\$16,335,925

Income Statement Draft

Operating Revenue	12/31/2023	12/31/2022
Water Sales	\$2,839,644	\$2,602,576
Hookup Fees	\$60,200	\$122,100
Line Installation	\$101,054	\$44,785
Reimbursement & miscellaneous income	\$42,210	\$77,351
Total Revenue	\$3,043,109	\$2,846,812
Operating Expenses		
Program expenses	\$990,658	\$989,201
General and administrative expenses	\$1,541,296	\$1,408,204
Total Operating Expenses	\$2,531,954	\$2,397,405
Operating Income	\$511,155	\$449,407
Other Income (Expense)		
Investment Income	\$91,152	\$60,412
ARPA Funding	\$4,951,084	\$4,016
Grant income	\$66,048	\$40,703
Gain (loss) on sale of Capital Assets	\$52,651	0
Interest expense	(\$274,297)	(\$293,021)
Other (Expense) - Net	\$4,886,638	(\$187,890)
Change in Net Assets	\$5,397,793	\$261,517
Net Assets without Donor Restriction, Beg of Year	\$6,095,757	\$5,834,240
Net Assets without Donor Restriction, End of Year	\$11,493,550	\$6,095,757

These printed statements are excerpts from the December 31, 2022 and 2023 draft audited financial statements prepared by Kinner & Co, Brookings, SD. The complete audit report is on file with the Clay Rural Water System, Inc., Wakonda, SD.

304th Going East



River Bore on 304th



Corroded Water Valve



304th Pipe Ready to Install



Phase 1 & 2 Project Update

Phase 1—Distribution System & Water Storage Improvements

- **Distribution System Improvements encompass four individual projects.**
 - **Project 1—West Vermillion**
 - Additional capacity to serve the region and Town of Gayville.
 - Project consisted of installing 4.9 miles of 4” watermain.
 - 3-D Digging and Trucking, LLC. from Centerville completed the project in the summer of 2023.
 - **Project 2—Westville Connection**
 - Southwest region of the system is out of capacity, and severely stresses the distribution system during peak demand.
 - Project consists of installing 2.8 miles of 8” watermain from the West Phase Booster Station to the Westville Water Storage Tank.
 - Winter Contracting, LLC. from Brookings installed approximately 2.7 miles of 8” watermain and completed the connection to the West Booster.
 - The installation of the remaining pipe and a meter vault for Westville Water Storage Tank will be completed in the Spring of 2024.
 - **Project 3—West Phase Booster Station to Garfield Booster Station**



- Existing 8” watermain that leaves the treatment plant is undersized and frequently breaks.
- Project consists of installing 5 miles of 12” watermain from the West Phase Booster to the Water Treatment Plant, and 6 miles of 14” watermain from the Water Treatment Plant to the Garfield Booster Station.
- Winter Contracting, LLC. from Brookings finished installing the 12” and 14” watermain in Fall 2023 and will return this spring to connect services along the route to the new watermain and install new meter pits for the affected customers.

Phase 1 & 2 Project Update

Phase 1—Distribution System & Water Storage Improvements

- **Project 4—Highway 46 Relocation**
 - South Dakota Department of Transportation (SD DOT) is proceeding with a major grading project along HWY 46 East of Beresford that severely impacts CRWS watermain.
 - CRWS Staff self performed the installation of 2 miles of 3” water main and completed construction in the fall of 2023.
- **Water Storage Improvements**
 - **Project 1—Ground Storage Reservoirs and Booster Station Replacement**
 - Additional Storage is needed to alleviate system stresses during peak demands and water outages.
 - Two new tanks will be constructed. One at the Greenfield Reservoir site (I-29 South of Beresford) and one at the Wakonda Water Treatment Plant.
 - Designs for both tanks have been completed. Each tank will store one million gallons. The project will be bid June of 2024. Construction to begin as soon as fall of 2024, and be completed by fall of 2025
 - **Booster Station Replacement**
 - The existing booster station at the Greenfield Reservoir (I-29 South of Beresford) has reached the end of its useful life and is to be replaced.

Phase 2—New Water Treatment Plant

- Existing treatment plant has reached the end of its useful life and is not able to accommodate future water demands.
- The new treatment plant will be able to treat 2.5 million gallons per day and will be expandable to over 4 million gallons per day.
- The new treatment plant will be adjacent to the existing treatment plant.
- Design began in February of 2023. Depending upon funding of the project; Construction anticipated to begin in May of 2025 and be completed by the end of 2026.





Clay Plant



Coyote Plant

CRWS
Clay Rural Water System

Clay Rural Water
System Inc.
July 21st, 1975



Wynstone Plant