



Hidden Springs Sewer Company Meeting Minutes August 22, 2023

A meeting of the Hidden Springs Sewer Company was held in the Community Clubhouse and via Zoom on August 22, 2023, at 7:00pm. The following Town Council members were in attendance.

Ryan Luke
Stephanie Wright
Dixie Milliken
Bradley Shafer
Garry Stanislaw

Also in attendance was the Town Manager, Lisa Ahrens.
The meeting was called to order at 7:01pm.

There were no Cartwright Ranch residents in attendance.

Hidden Springs residents in attendance:

- In-Person – Jennifer Stanislaw, Sharon Cauchi, Jean Smith, Bill Beattie, David Cooper, John Ahrens, Kate Nelson, Susan Elcox, Suzette Cooper, Eric Schulman
- Via Zoom – Juliann Overlie

Approval of Meeting Minutes from the previous meeting HSSC 7/25/23

Ryan L. made a motion to approve the HSSC Meeting Minutes from 7/25/23. Dixie M. seconded the motion. All TC members unanimously voted to approve the minutes. Motion passed.

Votes Conducted by E-mail

- 8/7/23 – Town Council unanimously approved a change order from Irminger Construction for \$1,447.48 for a Blower Temp Switch. This switch, allows for a quick shut off for the blowers should they over heat.

HSSC Financial Update and Treasurer's Report

- **Treasurer's Report**
 - The YTD 2023 financials have been received and reviewed through July.
 - The operating account balance for HSSC has been thoroughly reviewed.
 - Reclass to come in August between reserve cash account and operating account. The net impact is \$0.00. This reclass is to match the reserve liability between the cash accounts.
 - Budget preparation will start in September and into October.
 - **Operating/Reserves/Investment Account Monthly Balances – HSSC**

Asset Accounts	Description	July '23	June '23	July '22	June '22	YoY July	MoM 2023	MoM 2022
Hidden Springs Sewer Company								
Operating	CIT Checking 0772	270,800	181,548	288,430	207,503	-6%	49%	39%
Reserves	CIT Reserve 6989	1,258,162	1,327,569	203,050	0	-	-5%	-
Investment	Raymond James 6250	179,831	129,204	268,496	218,248	-33%	39%	23%
Investment	CD's *see balance sheet	260,273	310,273	162,436	212,599	60%	-16%	-24%
		\$ 1,969,066	\$ 1,948,595	\$ 922,411	\$ 638,350	113%	1%	44%

- **Income vs. Expenses July 2023**

- The Sewer Company's Income for July 2023 totaled \$232,881. \$117,478 more than budgeted for the month. YTD, Actual Income is \$128,887 higher than budget. Note: this is due to the change to modified accrual accounting relative to the budget preparation. Budget was prepared on actuals and last year's actuals (for July) were not modified accrual accounting.
- Operational Expenses for July 2023 totaled \$67,220 and are flat to budget.
- Net Income, YTD, is \$104,009 higher than budgeted revenue. Note: this is due to the change to modified accrual accounting relative to the budget.
- HSSC CRTA Delinquent Accounts as of 8/18/23 total \$12,793 (47 accounts), compared to last month's \$20,057 (74 accounts). The outstanding AR balance as of 8/22/22 was \$179,154 (192 accounts). **Note:** Due to the Capital Improvements and Upgrades Fee added to accounts and due August 15, 2022 the dollar amount and count is higher than typical.
- 5 CRTA accounts totaling \$8,432 are with Sentry Management for collection.
- \$43,146 saved year to date with Hidden Springs Town Association staff managing and facilitating vendor payments for Hidden Springs Sewer Company instead of OMCS.

WWTF Capital Improvements and Upgrade Projects

- 7/27/23 – Construction meeting with OMCS and Mountain Waterworks to discuss progress to date. Received an updated project cost projection and notified that Mike Woodworth has accepted a position with Strata Engineering and Cody Sprague will be taking over as lead on our project. Notified that a change order for a Blower Temp Switch is expected from Irminger.
- 8/7/23 – Change order received and approved by the Town Council.
- 8/17/23 – Notified that the new Evoqua sand filter will be delivered 8/21/23 with Irminger starting construction to place the sand filter inside the Waste Water Treatment Facility building. Connection will happen after this year's irrigation season with start-up Spring 2024.
- Status of Sewer Capital Improvements and Upgrades Fee Payments as of the end of day 8/18/23:

	# Units	Paid in Full	Min or Partial Payment	Not Paid
HSTA	854	849	1	4
CRTA*	457	448	7	2
TOTALS	1311	1297	8	6

*114 more CRTA Lots to be billed as they come online

- 7/27/23 - The analysis of WWTF Capital Improvements and Upgrade Projects Expenses to Reserves was updated following the construction meeting and notification that the Mountain Waterworks was comfortable reducing the contingency at this stage of the project from \$61K to \$42K.
- Current projections show Hidden Springs Sewer Company is now projected to finish the year with \$659,454 in reserves provided everything stays on track and we do not have any major change orders

or equipment expenses in the next 5 months. This is \$324,133 less than the Reserve Study recommendation.

- Originally, the Capital Improvement and Upgrades Assessment was forecasted as \$1,180 plus a second assessment in 2023 estimated to be \$400.
- The Association has a couple of options to make up the difference, either through a 2024 assessment increase spread over 1311 connections (current) or another Capital Improvement and Upgrades Fee installment spread over 1425 connections (projected build out).

NEEDED FOR RESERVES	NUMBER OF CONNECTIONS	COST PER CONNECTION
\$324,133	1311 (CURRENT)	\$247.25 per connection
\$324,133	1425 (BUILD OUT)	\$227.50 per connection

- **Option 1 - Assessment** - To make this difference up in “assessments,” each homeowner would need to be charged an additional \$61.81 a quarter in 2024. This would be in addition to the regular sewer assessments for 2024 as determined necessary for annual operation through the budget process.

CONNECTIONS	2023	2024	2025 (15% to Res)
HS	\$173.50	\$235.31 + Ops Increase	\$199.60 + Ops Increase
CR	\$181.00	\$242.81 + Ops Increase	\$207.10 + Ops Increase

- In the 2022 Reserve Study Financial Update, note, a 15% increase to the reserve contribution is recommended for 2025.
- These rates are based on reserve requirements only; any increase for annual operational expenses would be in addition. Rates subject to change based on financial reserve
- As this option takes 12 months to build reserves, recommend holding the \$179K in a Money Market account (4.9%) at Raymond James and reviewing reinvestment options in July 2024.
- **Option 2 - Capital Improvement and Upgrade Project Fee Installment #2** - To make this difference up in a “Capital Improvement and Upgrade Projects Fee,” each current and future connection (854 HS + 571 CWR = 1425) would need to be charged a minimum of \$227.50.

OPTIONS	PROS	CONS
1 = \$247.25	Payment spread over a year / \$61.81 a quarter for 4 quarters	\$19.75 more per connection than Option 2. Will take a year or more to receive all funds.
2 = \$227.50	\$19.75 less option 1 More immediate benefit to HSSC	One-time payment

- **RECOMMENDATION:** Assess a CIUF Assessment of \$250 due January 1, 2024 and delinquent if not received by January 10, 2024 the same as Q1 2024 Assessments.
 - This option spreads the cost over ALL connections vs. just current connections shouldering the entire expense

- Allows the Sewer Company to stay on track as projected by North Star Reserves and fund all current Capital Improvement and Upgrades projects provided everything stays on track and we do not have any major change orders or equipment expenses in the next 5 months.
- Provides a cushion of \$42,783 if projects exceed current projections, for those that do not pay right away and helps reduce the % increase to reserve contribution projected for 2025 and contributes to a healthier Capital Reserve balance given the critical nature of the service.
- Spring 2022, a majority of residents preferred one-time payment vs. multiple. Residents were notified with the original CIUF notification (July 2022) that there would be a second amount due estimated at \$400. While not ideal news, \$250 is less than originally forecasted.
- If these funds are needed in 2023, HSSC could borrow again from HSTA. Reminder, HSSC still owes HSTA \$90K from 2019 sewer expenses.
- ACTION: Town Council discussed the options. Dixie M. made a motion to pass the Town Manager's recommendation to assess a CIUF Assessment of \$250 due January 1, 2024. Stephanie W. 2nd the motion. The motion passes unanimously.

MANAGER'S REPORT

Cartwright Ranch Sewer Line Repairs

Cartwright Ranch Sewer Line Infrastructure

HSSC Legal Review / Sharing Agreement / Conveyance / Easement of Cartwright Ranch Sewer Lines

- 7/26/23 – Notified by Chad Hamel that Integrity had completed the repairs and an updated inspection report with video sent to OMCS for review.
- 7/27/23 – Jay Irby and Ty Waterman notified the Sewer Company (at the regularly scheduled water meeting) that upon review of the footage, they found the repairs complete and acceptable. Following the meeting, Chad Hamel was notified that with the repairs complete and accepted, we could move to the next steps of finalizing the Amended Wastewater Sharing Agreement, Conveyance, Operation and Maintenance Agreement and Utility Easement Agreement to support Hidden Springs Sewer Company taking ownership of Cartwright Ranch Town Association's sewer infrastructure. Abbey Germaine, Elam & Burke, was also notified that the repairs were complete and that she could resume conversations with Brian Ballard, Hawley Troxell.
- 8/8/23 – Abbey Germaine notified the Sewer Company that Grossman's legal counsel told her that they are "figuring out their status" and will get back to her in the next week or so.

OWWTF Update

- **Annual Report** – The report has been turned into IDEQ for review and a response is still pending.
- **Blowers** – The new blowers installed in June are working well.
- **Flow and Salt Meter** – Ada County approved the building permit for the sewer monitoring outbuilding. Meters are on site and ready to be installed once the outbuilding is complete.
- **Irrigation Water Meetings** – Land application across all Irrigation Management Units (IMUs) has gone well this season and we are on track to finish the season with less than 5MG in the storage lagoons headed into the non-irrigation (storage only) season. Water meetings are held every Thursday at 11:30am in order to manage re-use water land application across all IMUs.
- **Lagoon Storage** – Storage capacity continues to increase (see Irrigation Water Meetings) as we continue to land apply water in all areas positioning us well for Sludge Removal this fall and winter storage.
- **Phase 8 Lift Station Equipment** – The new pump from Integrity Pump Solutions has been received and OMCS / Riverside will be swapping the smaller emergency pump out for the new one in the next couple of weeks.
- **Pump for Cell 3** – A replacement Gorman Rupp Pump has been ordered for Cell 3.

- **Rapid Mixer for Chemfloc** - A mechanical seal on the rapid mixer for chemfloc addition broke during the 2022 irrigation season. OMCS is trying to figure out a good path forward as the mechanical seal is pricey. Chemfloc is used to coagulate particulate in the water that can cause turbidity issues.
- **Recirc Pump** – Pump started to leak; identified it needed a new mechanical seal which was ordered 8/15/23 and will be replaced upon receipt.
- **TSS and BOD** – Nothing to report at this time.
- **Under Drain Pump for Cell 3** - During inspection on the Cell 3 under drain pump, OMCS found that the under-drain pump was no longer functioning. Master Rooter has ordered a replacement and will deliver it for install as soon as all parts arrive.

HSSC Outbuilding for Flow and Salt Meter

- 7/31/23 – Notified that Ada County and approved the building permit for the sewer monitoring outbuilding. Approved plans have been forwarded to the contractor and he will begin construction in a few weeks. Once constructed, the meters will be installed in order to collect data on the flow and chlorides/salt from the influent flow from Cartwright Ranch connections.
- 8/17/23 – Contractor and OMCS met onsite to identify best placement in relation to the manhole.

Sewer Line Cleaning

- Sewer infrastructure in all phases of Hidden Springs has been inspected and cleaned. Future inspections and cleanings of all phases will be done on a scheduled rotation by phase every 5+ years. Certain sections that historically accumulate significant solids, will continue to be inspected and cleaned as needed.

A repair needed in Phase 6 for INI (inflow and infiltration), Integrity made this repair 7/has been contacted to repair with proposed cost estimated at \$1,700.

HSSC CONNECTIONS

YEAR	HIDDEN SPRINGS CONNECTIONS	CARTWRIGHT RANCH CONNECTIONS	TOTAL CONNECTIONS
2023	854	457	1311
2022	854	452	1306
2021	849	445	1294
2020	848	360	1208
2019	845	224	1069
2018	843	135	978
2017	841	57	898
2016	841	14	855

- 448 homes occupied and contributing to HSSC daily influent (count as of 8/18/2023)
 - 571 CRTA Build Out /114 more connections
- Per the sharing agreement, HSTA has 900 allowed connections and CRTA has 620 for a total of 1520 connections to the system

Unfinished Business / New Business

None

**Questions and
Answers**

Q: Can residents expect an assessment like this one every year (referring to the \$250 assessment coming January 1, 2024)?

A: No, that is what the reserves are for. This was a known assessment. This was part of the first Capital Improvement and Upgrades Fee assessed in 2022. Originally it was estimated the second part of the Capital Improvement and Upgrades Fee assessment would be closer to \$400. We were going to do this assessment in 2023, but we didn't need it then given the status of the project and expenses to date. Now it looks like it we can reduce the amount to \$250. This will get us close to our reserve number.

Q: If these are contingency funds, are they in a locked box until the contingency is needed? And if so, is it possible for those funds to generate interest income and maybe residents get a rebate?

A: As a resident, we wouldn't see a rebate. Any retained earnings are applied to reserves. Having a healthy reserve balance slows the rate at which the sewer assessment (or HOA assessment) needs to increase. The goal is to keep assessments from increasing sharply. We are focused on conservative spending, building healthy reserves and gradual instead of sharp increases. This isn't contingency money, it is reserve money and the interest the reserves account earns, is reinvested into reserves.


Q: Do we explore rebuilding pumps vs purchasing new pumps?

A: We always explore rebuilding pumps as an option. If a pump that has been in service for 5-10 years begins to show signs of age or fail and we don't have a spare pump on the shelf, OMCS will pull it out, put a new one in and rebuild the old pump. The rebuilt pump becomes a spare or shelf pump as a backup.

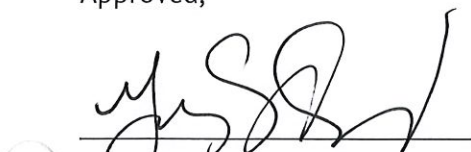
Adjournment

The meeting was adjourned by Garry S. at 7:39 p.m.

Respectfully submitted,


Dixie Milliken, Recording Secretary

Approved,


Garry Stanislaw, President