



Welcome Home



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# Hidden Springs Sewer Company

*Annual Report 2023*



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# 2023 HSSC Manager's Report



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## Welcome

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We are in this together.

Everyone in this room has a role to play in keeping the Hidden Springs Sewer Company, the Wastewater Treatment Facility, and the discharge of irrigation water continuously and efficiently operating while keeping sewer rates as low as possible.



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# Hidden Springs Sewer Company, LLC (HSSC)

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- The Hidden Springs Town Association (HSTA) Town Council serves as the Board for the Sewer Company.

Garry Stanislaw, President  
Brad Shafer, Vice President  
Stephanie Wright, Treasurer  
Dixie Milliken, Recording Secretary  
Ryan Luke, Director

- HSTA Staff provides administrative, project management and operational support.

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## OMCS



- Operations Management Consulting Services (OMCS) provides full scale operation and consulting service for HSSC.
- Service partner for 26 years.
- The current agreement with OMCS runs with the IDEQ Permit (through 2030).



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## Mountain Waterworks



- Mountain Waterworks engineering firm provides planning, commissioning, design, construction, and operational optimization services for HSSC.
- Service partner for 6 years.
- Currently working on the Wastewater Treatment Facility Improvements and Upgrades, Seepage Testing and 2023 Annual Report for IDEQ.

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## Elam & Burke

- Hidden Springs Sewer Company retained Abigail R. Germaine Spring 2021 to provide legal counsel and guidance related to the Sewer Company's governing documents and agreements.
- Abbey is still working with HSSC on easement and conveyance documents in regards to the Cartwright Ranch infrastructure.

ELAM & BURKE  
ATTORNEYS AT LAW



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# North Star Reserves (NSR)

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- NSR conducted the first Sewer Company reserve study in 2020 for fiscal year 2021.
- The reserve study details a long term Operations and Maintenance funding model for Sewer expenses.
- A financial review is conducted annually to make sure the Sewer Company stays on track with the funding model.



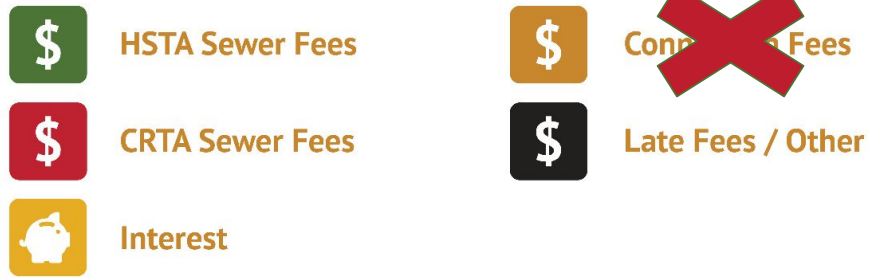
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## 2023 HSSC Income

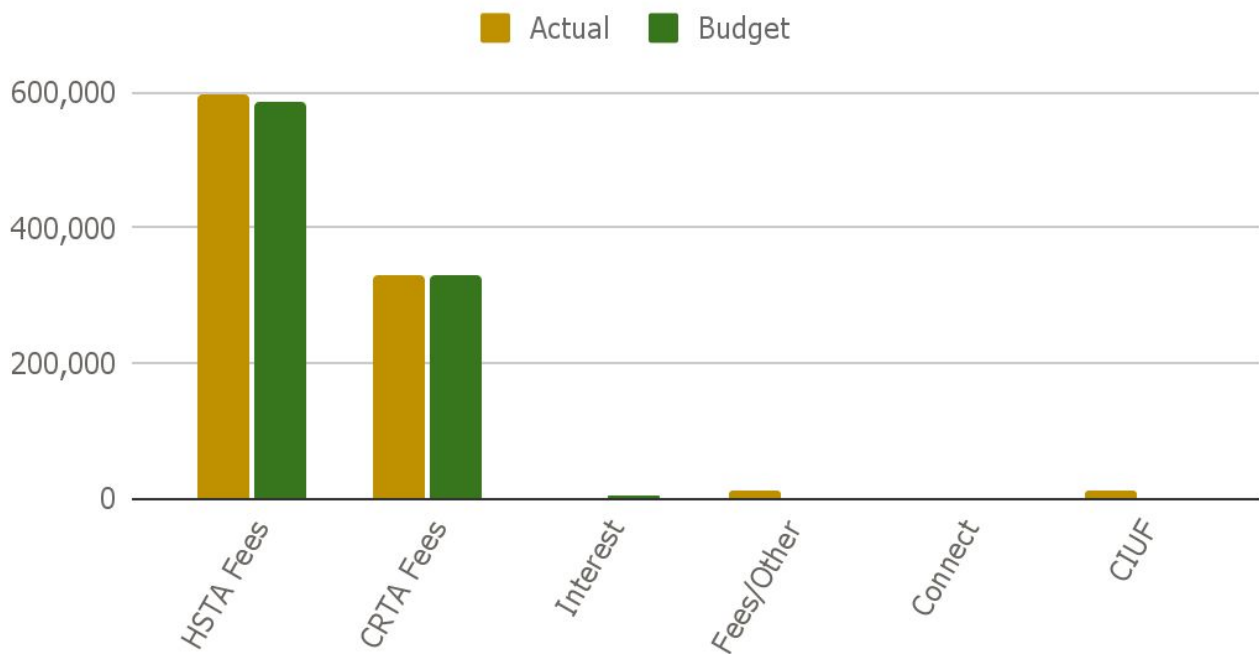
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- \$951,963 - Actual (Jan-Oct) + Forecast (Nov-Dec)
- 2% fee increase for fiscal year 2023
- Income from 63% HS and 37% CR sewer fees
- Delinquent sewer fee balances (as of 11/22/23) - HSTA \$11,343 and CRTA \$17,314
- \$228,000 contributed to Reserves

## Sewer Company Income Sources



## HSSC Income: 2023 Actual /2023 Budget



## Income Detail Actuals (Jan-Oct) + Forecast (Nov-Dec)

ACCOUNTS	DESCRIPTION	ACTUAL	BUDGET
HSTA Sewer Fees	\$173.50 per lot per quarter. Higher than plan due to 2022 delinquent accounts paying in 2023.	\$597,852	\$587,481
CRTA Sewer Fees	CRTA Sewer Assessment is \$181 per lot per quarter. Assessment includes \$7.50 administrative fee for account administration and billing.	\$330,233	\$331,787
Interest	FDIC Insured Investments. Interest income is from CIT Money Market, ID Trust CD and Raymond James Investment Accounts.	\$ 955	\$3,240

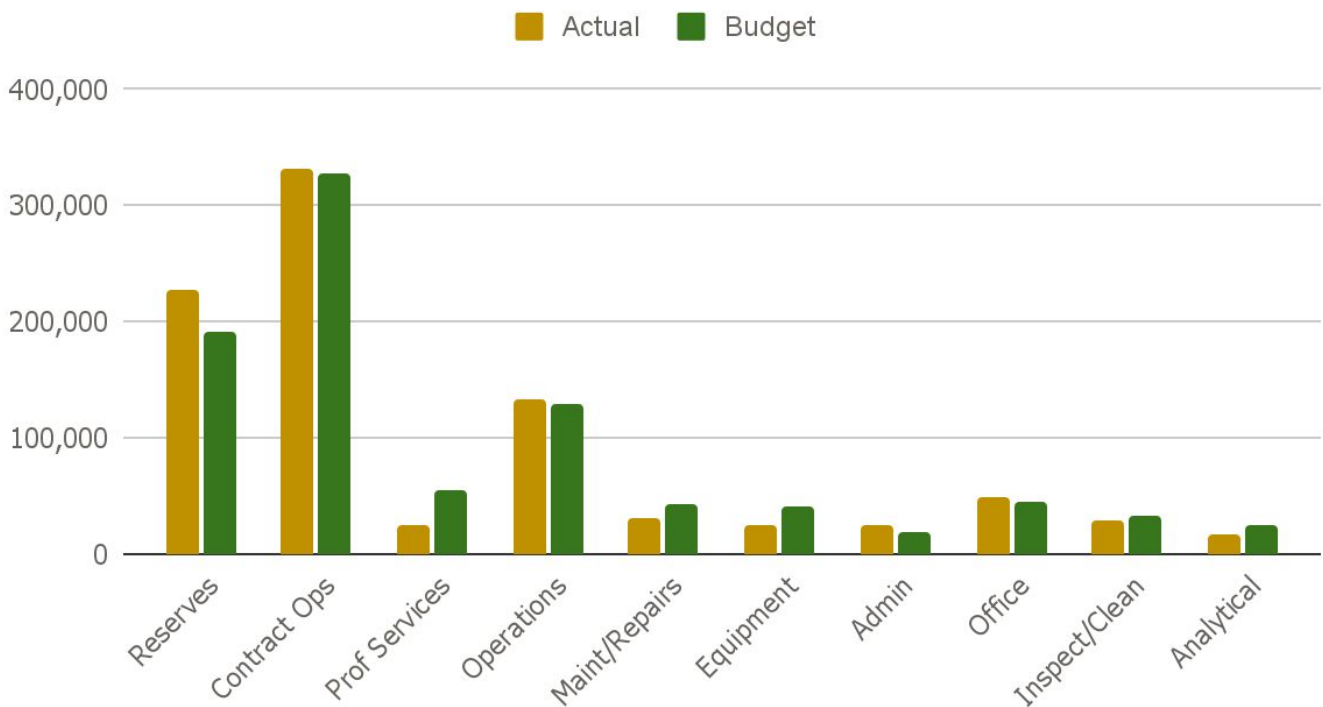
## Income Detail Actuals (Jan-Oct) + Forecast (Nov-Dec)

ACCOUNTS	DESCRIPTION	ACTUAL	BUDGET
Late Fees/Other	CRTA Member Late Fees, Waste Water Dumping Fees (Avimor)	\$12,303	\$2,092
CIUF	Capital Improvement and Upgrade Fee. Fees collected for new accounts in Cartwright Ranch post July 2022.	\$0	\$10,620
Connection Fees	HSTA Member Sewer Connection Fees. \$2,250 per connection per lot; All connection fees for CRTA homes are returned to Grossman Company per the agreement with the Developers of Hidden Springs 2007.	\$0	\$0
TOTAL		\$951,963	\$924,599

# Hidden Springs Sewer Company Expenses Paid for by Sewer Dues




 <b>Contract Operations &amp; Professional Services</b>	 <b>Equipment</b>	 <b>Inspection &amp; Cleaning</b>
 <b>Operations</b>	 <b>Administration</b>	 <b>Analytical</b>
 <b>Maintenance &amp; Repairs</b>	 <b>Office</b>	 <b>Reserves</b>

## HSSC EXPENSE: 2023 Actual / 2023 Budget








## Expense Detail (Jan-Nov Actuals/Dec Forecast)

	ACCOUNTS	DESCRIPTION	ACTUAL	BUDGET
	Reserves	Savings for future capital expenses. Increased contribution to meet Reserve recommendations.	\$228,000	\$192,000
	Contract Operations	OMCS Service and Labor. Actual higher than plan due to increased hours to process additional sewage and address issues.	\$330,861	\$327,973
	Professional Services	Engineering and Legal. Actual lower than plan as Engineering expenses were part of Capital Improvement Project expenses and legal fees associated with Cartwright Ranch infrastructure agreements lower than projected.	\$24,325	\$55,232




## Expense Detail (Jan-Nov Actuals/Dec Forecast)

	ACCOUNTS	DESCRIPTION	ACTUAL	BUDGET
	Operations	Utilities and Chemicals. Actual higher than plan due to increased costs to process more water and inflation for utility services.	\$133,917	\$130,212
	Maintenance & Repairs	Maintenance and repairs at the Wastewater Treatment Facility and Lift Stations. Actual lower than plan as repairs (under \$5K) were minimal.	\$31,883	\$44,100
	Equipment	Replacement and new equipment components for operation of the Wastewater Treatment Facility and Lift Stations in accordance with the DEQ Permit. Actual lower than plan as required repairs (under \$5K) were minimal.	\$24,898	\$42,000

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## Expense Detail (Jan-Nov Actuals/Dec Forecast)


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	ACCOUNTS	DESCRIPTION	ACTUAL	BUDGET
	Admin	Office and AMI Billing for CRTA, Newsletters, Notices, and Insurance. <b>Actual higher than plan with more CR occupied homes than projected and higher printing and mailing costs.</b>	\$24,637	\$19,555
	Office	HSTA Oversight, Telephone, Internet, Alarm, Monitoring and Supplies. <b>Higher than plan due to annual monitoring expense.</b>	\$49,917	\$44,743
	Inspect & Clean	Sewer Line Inspection and Cleaning. <b>Lower than projected.</b>	\$28,246	\$33,661

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## Expense Detail (Jan-Nov Actuals/Dec Forecast)

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	ACCOUNTS	DESCRIPTION	ACTUAL	BUDGET
	Analytical	Lab Fees, Sample Transportation, Groundwater Sampling and Testing. <b>Lower than projected.</b>	\$17,632	\$25,026
	TOTAL		\$894,316	\$914,502

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# Sewer Company Year End Projections

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- Income higher \$27,364 than budgeted
- Expenses \$20,186 lower than budgeted
- Operating Reserve contribution \$47,550 more than planned

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## 2023 Sewer Company Capital Projects

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- 01** **Outbuilding for Meters** Building for Flow and Chloride Meter \$10,004
- 02** **Gorman Rupp Pump** Replacing Pump in Cell 3 \$12,593
- 03** **Lift Station Pump** Replacing Phase 8 Lift Station Pump \$8,892

# Sewer Company Reserves



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## Purpose of a Reserve Fund

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- Based on the 30 year cash flow projection established in the 2021 Reserve Study (3.5% inflation rate and planning for 70% threshold funding), the Sewer Company reserves were inadequate and increased contributions needed to repair or replace major components in future years.
- Reserves are funded by planned budget contributions and annual excess carryover.



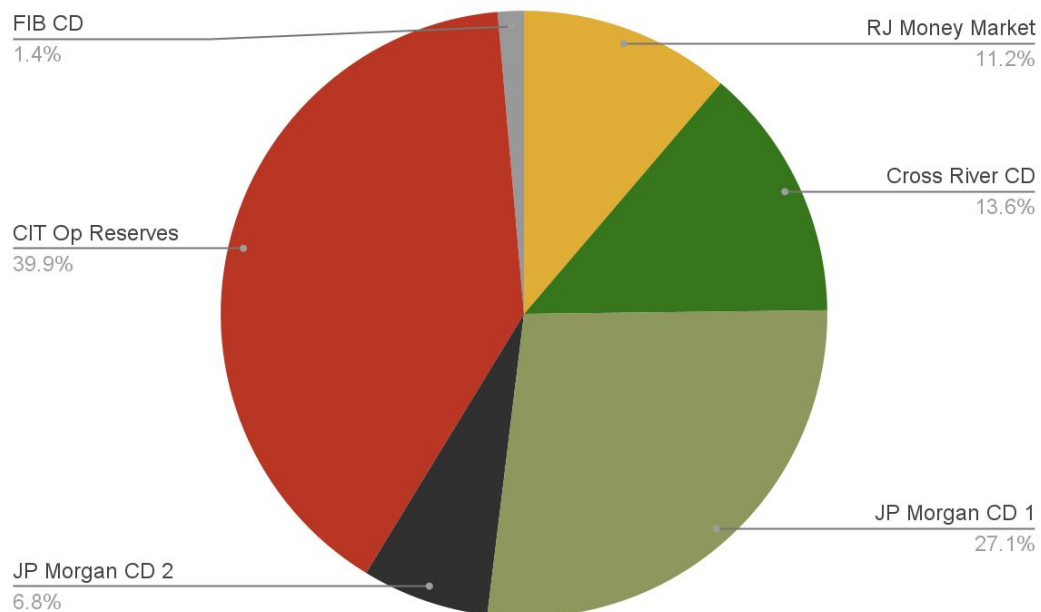


**Hidden Springs Sewer Company, LLC**  
Analysis Date - January 1, 2024

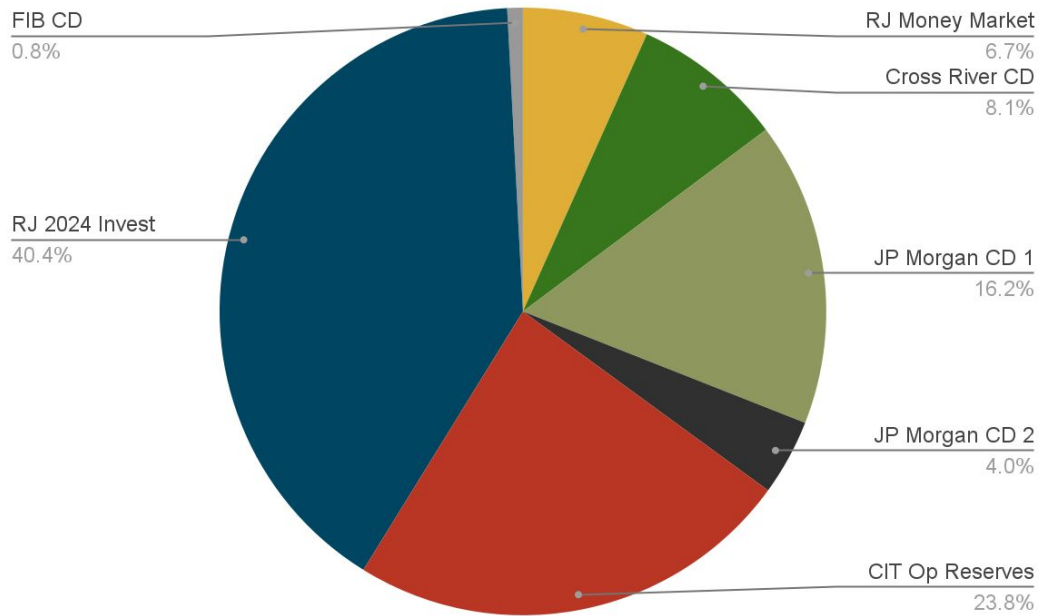
**Percent Funded - Cash Flow - Annual**

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
<b>100% Funded</b>	\$2,691,175.62	\$1,830,150.75	\$2,125,086.56	\$2,387,828.78	\$2,534,649.10	\$2,878,282.75	\$2,627,541.10	\$2,838,113.46	\$3,098,338.94	\$3,213,249.54
<b>Percent Funded</b>	33.40%	22.10%	29.80%	34.45%	36.68%	42.80%	34.74%	38.67%	42.74%	43.35%
<b>Begin Balance</b>	\$898,786.82	\$404,418.14	\$633,175.26	\$822,511.35	\$929,652.49	\$1,232,036.80	\$912,867.71	\$1,097,446.13	\$1,324,252.01	\$1,393,072.81
<b>Contribution</b>	\$228,000.00	\$296,400.00	\$296,400.00	\$340,860.00	\$340,860.00	\$340,860.00	\$391,989.00	\$391,989.00	\$391,989.00	\$450,787.00
<b>Average Per Unit</b>	\$265.42	\$345.05	\$345.05	\$396.81	\$396.81	\$396.81	\$456.33	\$456.33	\$456.33	\$524.78
<b>Percent Change</b>	0.00%	30.00%	0.00%	15.00%	0.00%	0.00%	15.00%	0.00%	0.00%	15.00%
<b>Special Assessment</b>	\$498,750.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Interest</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Less Expenditures</b>	\$1,221,118.68	\$67,642.88	\$107,063.91	\$233,718.86	\$38,475.69	\$660,029.09	\$207,410.58	\$165,183.12	\$323,168.20	\$723,016.93
<b>Ending Balance</b>	\$404,418.14	\$633,175.26	\$822,511.35	\$929,652.49	\$1,232,036.80	\$912,867.71	\$1,097,446.13	\$1,324,252.01	\$1,393,072.81	\$1,120,842.88

## Year End Projected Reserves \$736,342



# Q2 2024 Projected Reserves \$1,235,092



Wastewater  
Facility Capital  
Improvements  
& Upgrades  
Project



# Capital Improvement and Upgrades Expenses

- 01** Engineering for Improvements and Upgrades To date \$167,507 / \$82,293 remaining
- 02** Evoqua Sand Filter Final cost \$433,490
- 03** Two Aerzen Blowers Final cost \$88,217
- 04** Construction + Start Up To date \$278,050 / \$196,578 remaining
- 05** Sludge Removal Cell 3 Final cost \$300,000

# Capital Improvement and Upgrades

- The status of the first Capital Improvement and Upgrades Fee of \$1180 (7/8/22).
- There are 90 more CR lots to be assessed as the accounts come online at 120/days from the date the sewer permit is issued or occupancy whichever occurs first.

	# Units	Paid In Full	Partial Payment	Builder Payment Pending	Not Paid
HSTA	854	850	0	0	4
CRTA	479	452	6	2 +11	19
<b>TOTALS</b>	1333	1302	6	13	23



# Capital Improvement and Upgrades

- A second Capital Improvement and Upgrade Fee (CIUF) in the amount of \$400 was anticipated for 2023. Based on the timing of payments due, projected final costs and recommended reserves, the second CIUF is \$350.
- This fee will be on the Q2 2024 statement and due April 1, 2024.



## Sludge Removal





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# Sludge Removal

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- Lagoon dredging is the process of mechanically removing sludge that has accumulated on the bottom of a wastewater lagoon.
- Dredging is a necessary requirement to meet IDEQ requirements for TSS (Total Suspended Solids) and BOD (Biochemical Oxygen Demand).
- Sludge is pumped from the lagoon to a holding tank and material is dewatered through a belt filter press.
- The “dry sludge” is hauled to the landfill and the water is pumped back into the lagoon.

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## 2023 Sludge Removal Cell 3

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- Sludge removal for Cell 3 was done this fall with 423.7 wet tons of sludge removed.
- Sludge removal for Cell 3a TBD based on filter process changes and build-up.
- Sludge removal for Cells 1, 1a and 2 was done in 2019 and planned again for 2029.







MANAGING  
A HEALTHY  
SEWER  
SYSTEM





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## Customers Play a Pivotal Role

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- FOG (Fats, Oils & Grease) are three substances you should try to **ALWAYS** keep out of your drains.
- Review the list of items that are not flushable as they do not break down clogging pipes and pumps.
- Avoid salt or potassium chloride regenerative water softeners which increase the salinity of wastewater by discharging brine, a salty waste derivative, into the sewer. There are salt-free options available.



Director  
Reports



Garry Stanislaw  
President



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## 2023 in Review

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- Continue management of the Sewer Company as a non-profit for the benefit of all customers
- Wastewater Treatment Facility Upgrade and Improvement Projects
- Inspection and repair of HS Sewer Infrastructure
- Inspection and repair of CR Sewer Infrastructure prior to conveyance
- Collaborate with legal counsel on necessary Easement and Conveyance Agreements along with proposed updates to Facility Sharing Agreement between HS and CR
- Right of First Refusal between HSTA and OMCS



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## Looking Ahead to 2024

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- Continue management of the Sewer Company as a non-profit for the benefit of all customers
- Complete the Wastewater Treatment Facility Upgrade and Improvement Projects and start up of new equipment
- Inspection and repair of additional phases of CR Sewer Infrastructure prior to conveyance
- Finalize the Easement and Conveyance Agreements along with proposed updates to Facility Sharing Agreement between HS and CR
- Identify additional ways to disperse reuse water

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## Working to Save Every Dollar

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- \$93,441 saved YTD with staff managing and facilitating vendor payments for the Sewer Company instead of OMCS. YTD this equates to a savings of \$71.44 per customer this year!
- OMCS/HSSC contract renegotiation Jan 2021 removed an annual increase for service and labor with the term matching the term of the current IDEQ permit. This resulted in a savings of over \$543,000 over the 10 year term. This year, that equates to a savings of \$40.74 per customer this year!
- There was less sludge than forecasted in Cell 3 with the project costing \$300,000 vs. \$500,000. This equates to the second Capital Improvement and Upgrade Fee being \$140.35 less per connection.



# Stephanie Wright Treasurer



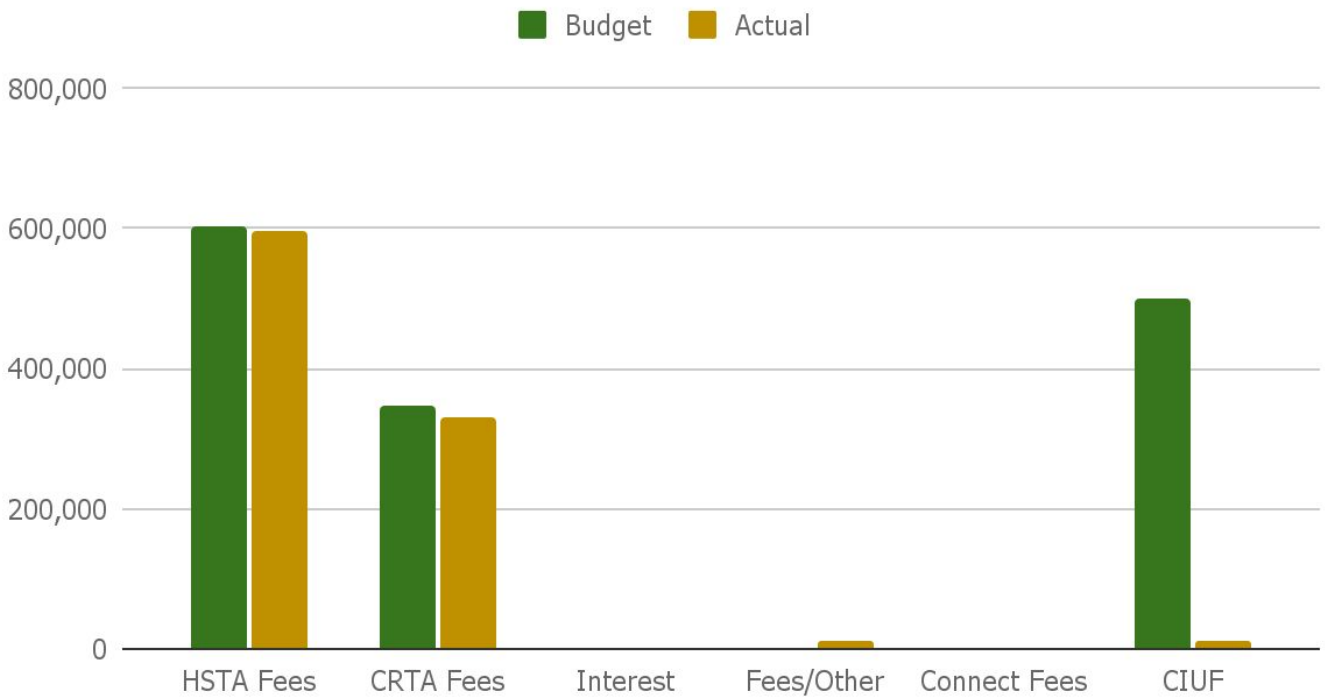
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## 2023 in Review

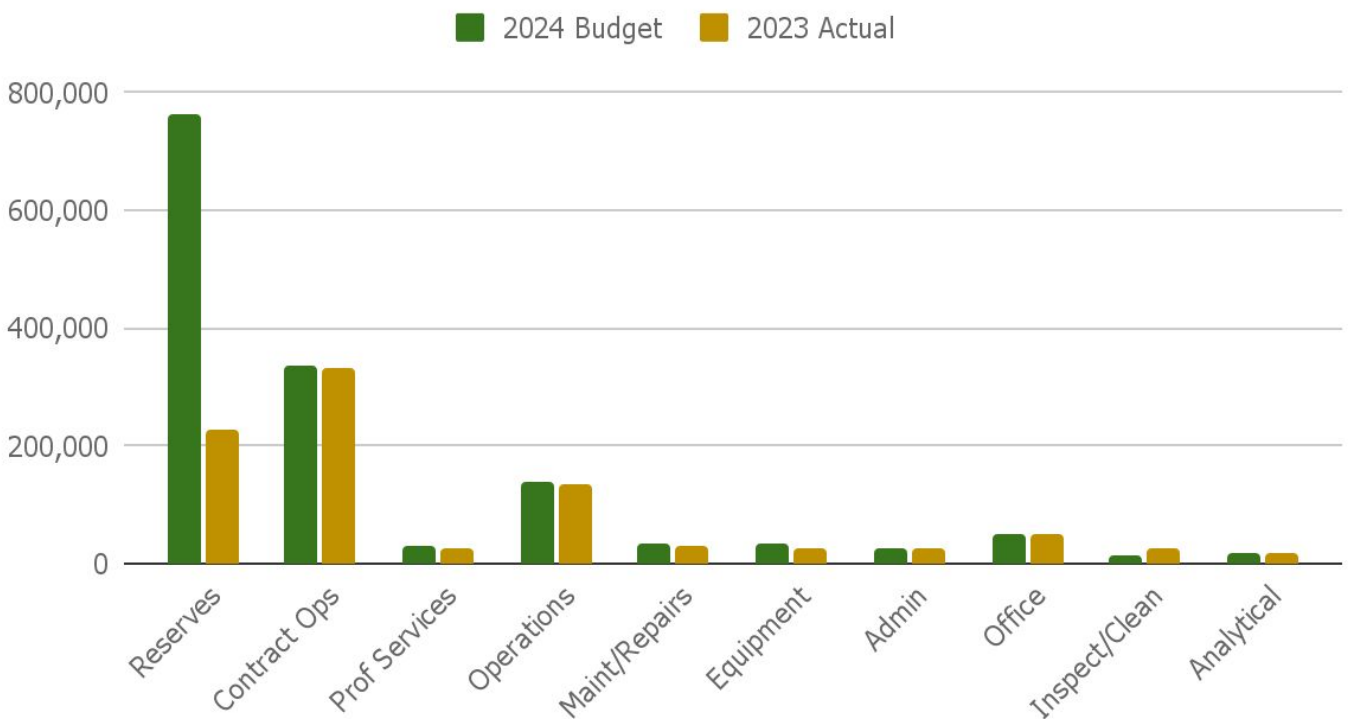
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- Fiscal responsibility and transparency
- Monthly review of HSSC financial reports, income vs. expenses and account balances
- Re-investment of reserves
- Bi-monthly accounts payable and check signing
  - The Town Manager has no check signing authority
  - Checks over \$5k signed by Treasurer and President

## HSSC Income: 2024 Budget / 2023 Actual



## HSSC Expenses: 2024 Budget / 2023 Actual



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## Sewer Assessments (aka Dues)

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- Based on the regular operational expenses and to meet reserve funding model recommendations, the Hidden Springs Sewer Company 2024 budget was approved with a 1% increase.
- To save on expenses, a copy of the Sewer Budget was not mailed with the Q1 2024 statement but available on the community website or emailed upon request.
- CR regular assessment includes \$7.50 more for accounting and billing expenses than HS pays as part of the HOA assessment.

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## Sewer Assessments (aka Dues)

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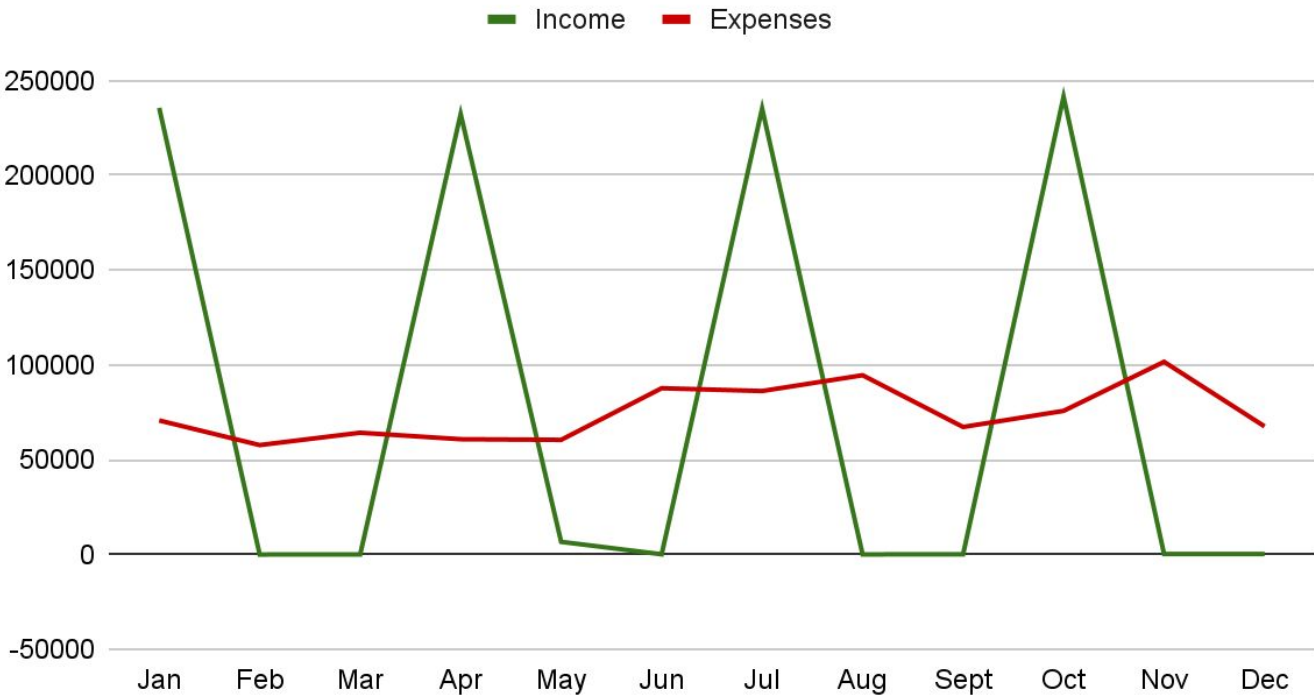
The Annual Sewer Assessments for 2024 are below. Refer to the Expense Detail for how income is applied to the daily operational expenses of the wastewater treatment facility, lift stations, repairs, improvements and reserve funding.

	2024	2023	2022	2021
<b>HS QTR SEWER</b>	\$175.25	\$173.50	\$170	\$154
<b>HS ANNUAL SEWER</b>	\$701	\$694	\$680	\$616
<b>CR QTR SEWER</b>	\$182.75	\$181	\$177	\$161
<b>CR ANNUAL SEWER</b>	\$731	\$724	\$708	\$644

# Operating/Reserves/Investment Account Monthly Balances - HSSC

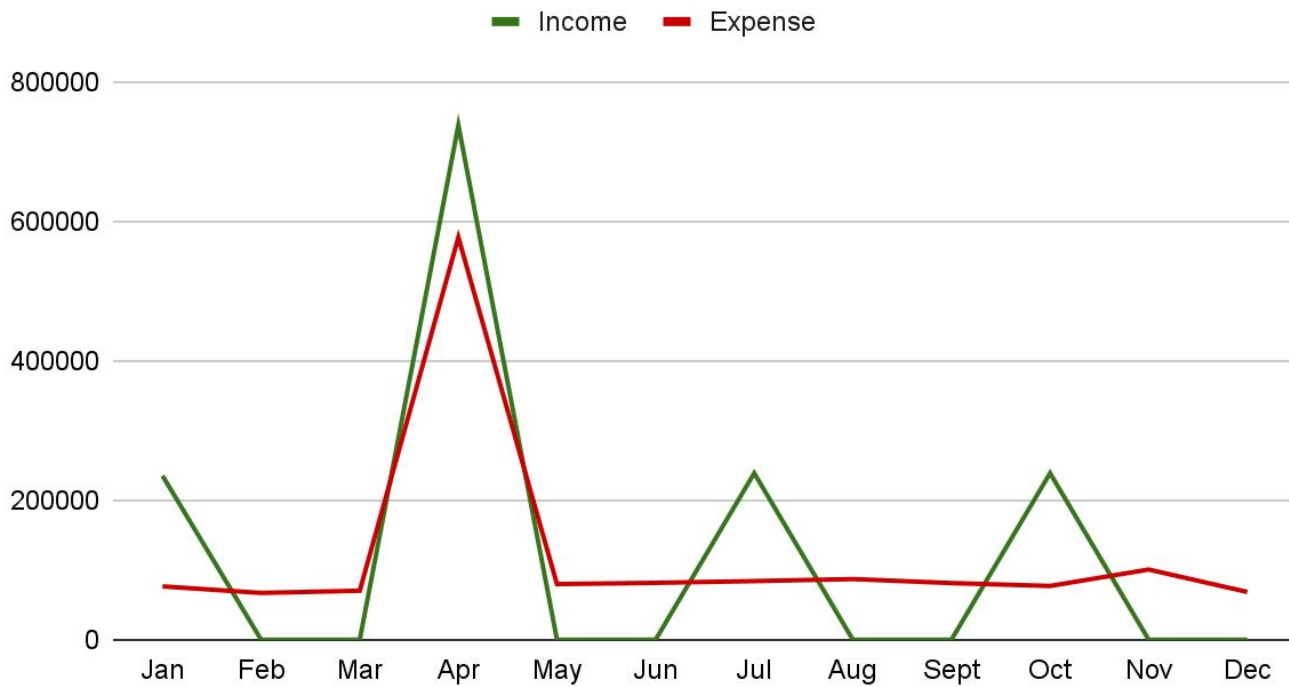
Asset Accounts	Description	October-23	September-23	MoM 2023	October-22	September-22	MoM 2022	YoY Oct
<b>Hidden Springs Sewer Company</b>								
Operating	CIT Checking 0772	272,317	175,958	55%	167,900	203,791	-18%	62%
Reserves	CIT Reserve 6989	1,108,010	1,176,408	-6%	1,518,451	203,000	648%	-27%
Investment	Raymond James 6250	181,909	180,355	1%	268,801	218,248	23%	-32%
Investment	CD's *see balance shee	260,273	260,273	0%	162,144	212,599	-24%	61%
		\$ 1,822,510	\$ 1,792,995	2%	\$ 2,117,296	\$ 837,638	153%	-14%

## 2023 Income Compared to Expenses





## 2024 Projected Income Compared to Expenses



Information pertaining to the Hidden Springs Town Association (HSTA) and Hidden Springs Sewer Company (HSSC) provided by the HSTA to its members is not to be considered public information and may not be copied or further disseminated in any manner, including online via any website or social media platform.

Questions regarding content may be directed to the Town Council ([towncouncil@hiddensprings.com](mailto:towncouncil@hiddensprings.com)) or to the Town Manager ([hsta@hiddensprings.com](mailto:hsta@hiddensprings.com))

