



**Hidden Springs Sewer Company Meeting Minutes
November 27, 2023**

A meeting of the Hidden Springs Sewer Company was held in the Community Clubhouse and via Zoom on November 27, 2023, at 7:00pm. The following Town Council members were in attendance.

- Ryan Luke
- Dixie Milliken
- Bradley Shafer
- Garry Stanislaw
- Stephanie Wright

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, Carol & John Kriz, Melissa Christian, James Cornwell, Tim & Linda Corcoran, Cliff Cramp
- Via Zoom – Tasha Cooper

Approval of Meeting Minutes from the previous meeting HSSC 10/17/23

Stephanie W. made a motion to approve the HSSC Meeting Minutes from 10/17/23. Brad S. seconded the motion. All TC members unanimously voted to approve the minutes. Motion passed.

Votes conducted by email since last Hidden Springs Town Council Meeting

- There were no votes conducted by email for Hidden Springs Sewer Company since the last Town Council Meeting.

HSSC Financial Update

- Treasurers Report
 - YTD 2023 financials received and reviewed through October. The budget is finalized with the understanding this needs to be approved and November/December are based on estimates.
 - Operating account balances for HSSC have been reviewed.

Asset Accounts	Description	October-23	September-23	MoM 2023	October-22	September-22	MoM 2022	YoY Oct
Hidden Springs Sewer Company								
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 sheet	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%

• Income vs. Expenses October 2023

- The Sewer Company's Income for October 2023 totaled \$234,394. \$118,991 than budgeted for the month. YTD, Actual Income is \$132,161 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 Oct) were not modified accrual accounting.

- Operational Expenses for October 2023 totaled \$75,740 and \$18,706 less than budgeted. YTD Expenses are over budget \$7,771 most notably due to increased utility costs due to inflation and increased demand by the facility to process more influent.
- Net Income, YTD, is \$10,098 more than budgeted revenue.
- HSSC CRTA Delinquent Accounts as of 11/19/23 total \$17,314 (41 accounts) compared to last month's \$23,697 (74 accounts), and \$2,216 (89 accounts) 11/18/2022.
- Status of delinquent accounts - turned over to Sentry and now Advanced Community Services pending due to the turn over from Developer to Homeowners and change in property management company.
- **\$93,441 saved YTD** with Hidden Springs Town Association staff managing and facilitating vendor payments for Hidden Springs Sewer Company instead of OMCS. YTD this equates to a savings of \$71.44 this year!

Cartwright Ranch Sewer Line Repairs

Cartwright Ranch Sewer Line Infrastructure

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

- 11/14/23 – HSSC legal counsel is still working on the agreements.
 - A Utility Easement Agreement (“Easement Agreement”) – Agreement to include language to address adding future sections not yet conveyed.
 - Conveyance, Operation, and Maintenance Agreement (“Maintenance Agreement”) – Agreement to include language to address future sections to be conveyed at a later date and that cleaning, inspection and any repairs must be done prior to Hidden Springs Sewer Company accepting conveyance.
 - And an Amended Wastewater Treatment Facility Sharing Agreement (“Amended Agreement”).

Mountain Waterworks Master Service Agreement

- HSSC signed an agreement January 2019 for Engineering support for HSSC Reuse Permit, Annual Reporting and Ground water testing.
- November 2022, Mountain Waterworks asked to enter into a Master Services Agreement with HSSC, performing on-going and requested services under one agreement.
- The proposed agreement was sent to legal counsel (11/9/22) and she returned comment which was sent to Mountain Waterworks.
- Mountain Waterworks merged with Merrick 2022 and sent a revised agreement in 2023.
- The revised agreement was sent to legal counsel for review and she returned comments to the Town Council on 10/14/23.
- Town Council asked legal counsel to review the agreement and provide a redline version noting each area of concern in order to better understand the risk(s).

Grant of Right of First Refusal

- The Grant of Right of First Refusal has been agreed upon by all parties and ready for final approval and execution by the Town Council.
- **ACTION** – Vote to approve and sign the agreement between Hidden Springs Sewer Company and OMCS granting Right of First Refusal in the event the Town Association would like to sell the Sewer Company. Dixie M. made a motion to approve the Right of First Refusal agreement between HSSC and OMCS. Ryan L. seconded the motion. **The vote was unanimously passed.**

MANAGER'S REPORT

WWTF Update / Jay Irby & Ty Waterman

- **Annual Report** – The report has been turned into IDEQ for review and a response is still pending due to a back log at IDEQ.
- **Flow and Salt Meter** – The outbuilding is complete. Meters will be installed this fall/winter after WWTF construction projects are complete.
- **Irrigation Water / Lagoon Storage** – At the end of Irrigation Season, the Total Volume of water in lagoon storage = **6.31 mg** which leaves the Available Capacity at 38.84 mg through 4/1/24. [Projected Influent flow over the next 150 days = 30.58 mg]. *All figures are approximate.
- **Off Season WWTF & Irrigation Meetings** – Instituted once a month meeting to address repair & maintenance, equipment, costs, and prepare for 2024 irrigation season. The 2024 HSTC President will attend these meetings as well.
- **Phase 8 Lift Station Equipment** – The new pump will be placed this winter after WWTF construction projects are complete.
- **Pump for Cell 3** – A replacement Gorman Rupp Pump will be installed spring 2024 when the lagoon is full. The lagoon needs to be full to allow crane and boat access to install.
- **Recirc Pump** – Pump started to leak; identified it needed a new mechanical seal. OMCS rebuilt the pump, replacing the mechanical seal and gaskets, which saved the HSSC money. This project is complete.
- **Seepage Testing** – Required after sludge removal and to be scheduled with Strata for spring 2024.
- **Sludge Removal** – This project came in at approximately \$200,000 under budget which helps the reserves and keeps the second assessment under the projected amount. Project complete.
- **Under Drain Pump for Cell 3** - During inspection of the new Cell 3 under drain pump, OMCS noticed that it stopped working. It was determined that the wrong pump was sent by the supplier and it will be replaced at no additional cost to HSSC.

WWTF Capital Improvements and Upgrade Projects

- 11/1/23 – Irringer Construction resumed installation of the additional sand filter. Remaining items are the electrical work, air lines, chemical lines, and painting. There will also likely be some additional costs upon start up in spring 2024 which is accounted for in the contingency. HSSC is holding \$42,000 in contingency, and any remaining contingency funds after completion of the project will be added to Reserves.
- Sludge Removal from Cell 3 is complete. Merrell Brothers removed 423.57 wet tons / 94.97 dry tons of sludge.
- Status of Sewer Capital Improvements and Upgrades Fee Payments as of the end of day 11/22/23:

	# Units	Paid in Full	Min or Partial Payment	Builder Payment	Not Paid
HSTA	854	850	0	0	4
CRTA*	479	452	6	2 + 11	19**
TOTALS	1333	1302	6	13	23

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

** Regular Sewer and Capital Improvement Fees are assessed 120 days / or occupancy whichever occurs first

- Current projections show Hidden Springs Sewer Company is now projected to finish the year with \$759,883 in reserves provided everything stays on track and there are no major change orders or

equipment expenses in the next 2 months. Refer to WWTF Upgrades and Improvement Expense Tracking Spreadsheet.

- North Star's Review recommends starting 2024 with \$1,451,911 in Reserves and includes a recommended Second Capital Improvement and Upgrade Fee of at least \$350 per connection.
 - Originally, the Capital Improvement and Upgrades Assessment was forecasted as \$1,180 plus a second assessment in 2023 estimated to be \$400. Following the 8/22/23 Town Council meeting, the Council agreed to wait for North Stars recommendation and completion of the Sludge Removal project before making a decision on the amount and timing of the Second Capital Improvement and Upgrade Fee.

HSSC 2024 Budget

- 2024 operating budget is based on 2023 actuals plus forecast, inflation and reserve requirements per North Star Reserves financial review of 2023 for fiscal year 2024.
- Income considerations
 - 848 Hidden Springs Connections
 - 460 Cartwright Connections Q1 / 480 Cartwright Connections Q2-Q4
 - Second Capital Improvement and Upgrades Fee (\$350) due in Q2
- Expense considerations
 - No increase in Contract Operations. 2% increased cost is due to more labor hours to process more influent, manage projects and address issues. Note, in 2020 after assuming ownership of OMCS, Jay and Ty offered to renegotiate the compensation schedule offering to freeze the hourly labor rate (\$75) and monthly base fee (\$6000) in return for an extended 10-year contract to run with the new IDEQ 10-year Permit.
 - 5% increase for utility costs, water, electricity, gas and trash due to higher demand and inflation.
 - Budgeted repair, maintenance and equipment replacement costs reduced given recent upgrades and replacements.
 - No full phase cleaning needed in 2024. Funds allocated for inspection and cleaning of any problem areas or infiltration.
 - Professional Fees should be less as legal counsel hours are reduced finalizing the Cartwright Ranch agreements. Seepage Testing required for Cell 3 following sludge removal.
- **ACTION** - (1) Stephanie W. made a motion to approve the 2024 Sewer Company Budget as proposed with a minimum 1% increase to the regular quarterly sewer assessment. A 1% equals a break even between income and expenses. Anything over budget would be funded out of reserves. Dixie M. seconded the motion. **The motion passed unanimously.** (2) Ryan L. made a motion to approve a second Capital Improvement and Upgrade fee of at least \$350 per connection per the Reserve Study Funding Model and Financial Review for Fiscal Year 2024 to be due from all HSSC customers April 1, 2024. Brad S. seconded the motion. **The motion passed unanimously.**

Notice of the increase will be in the Q1 2024 statement mailing along with a QR code linked to the budget on the community website.

- **HSTA Regular Quarterly Sewer Assessment 2024** = \$175.25 (2023 Assessment = 173.50)
- **CRTA Regular Quarterly Sewer Assessment 2024** = \$182.75 / \$7.50 per quarter is the cost for management of CRTA sewer accounts and billing charged to the Sewer Company by AMI. HS cost for management of accounts and billing is paid for by residents with their combined quarterly HOA and Sewer statement.
- **Second Capital Improvement and Upgrade Fee** = Minimum \$350 per connection.

HSSC CONNECTIONS

YEAR	HIDDEN SPRINGS CONNECTIONS	CARTWRIGHT RANCH CONNECTIONS	TOTAL CONNECTIONS
2023	854	481	1335
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

- 457 homes occupied and contributing to HSSC daily influent (count as of 11/19/2023)
- 571 CRTA Build Out / 90 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

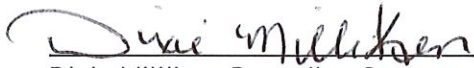
Q: Do we expect additional Capital Improvement and Upgrade Fees above regular sewer assessments?

A: The goal is to continue to build and fund reserves to avoid additional fees. We can't see into the future, but the intent of the reserves is to avoid the need for additional assessments.

Adjournment

The meeting was adjourned by Garry S. at 7:43 p.m.

Respectfully submitted,


Dixie Milliken, Recording Secretary

Approved,


Garry Stanislaw, President