

Apple Springs Sanitary District Community Meeting Minutes

June 16, 2025 6:00 PM Mountain Time

Location: Community Firepit

1. Introduction

Explained the history and purpose of the Sanitary District. It was formed in 2010 in conjunction with the original developer of Apple Springs/Lawrence County and reconfirmed again in 2018 by Lawrence County. We exist under state statutes SDCL 34A-5. See below reference to state statutes.

34A-5-14. District as governmental subdivision and public body.

Any sanitary district established under this chapter is a governmental subdivision of this state and a public body, corporate and politic.

We provide financial assistance and guidance to the private water / sewer treatment owner H2O Clear Solutions LLC owned by Mike Short within the mapped Sanitary District map. The board of trustees are residents of Apple Springs and want to help assure compliant growth of the water / and sewer system to meet the expanding demands while maintaining financial responsibility to control costs for the residents.

2. Grant Update

Informed residents that the current administration dropped the EPA Climate Change Grant program. We expect no funding from the government to expand the existing wastewater treatment capabilities within Apple Springs and the Boulder Canyon area.

3. Website: <https://applespringsdistricts.com>

Informed residents of Sanitary and Road District website that was created last year. It includes information for residents such as Board Minutes, Financial Information, Board Calendar, and regulatory related documents.

4. 2026 Budget

The District and H2O Clear Solutions work together to help control costs for the residents. We both show each other our financial statements and work together to control costs. In 2024 the District received a sales tax exemption of 4.2% on any service fee or purchase. We are trying to maintain a reserve of approximately \$90,000 to cover unexpected expenses. In previous years we have supported purchasing spare parts for the old Dropbox treatment system, water meter software upgrades, booster water pump replacement, and engineering services.

The District has proposed a \$35,906 budget for the 2026 wastewater treatment plant (WWTP) to H2O Clear Solutions. Our objective is to use this money to help support operational costs of the WWTP facility to help minimize monthly fees. These services include gas and electricity for WWTP along with the contract operator (Black Hills

Technology) who provides daily inspections and sampling of the water to assure compliance and efficient operations. As our community grows, we hope to cover additional operational costs as allowed.

5. Water System Expansion

As Mike shared at the last community social, he will be soon drilling a 2nd well on the corner lot at the intersection of Hwy 14A and Wildberger road. Our wells are 1500 ft deep in the Madison Aquifer and of excellent quality. This will provide a redundant well for Apple Springs and over double capacity for future expansion. H2O Clear Solutions has shared that they intend to use funds gained from the sale of the Dropbox WWTP systems to help pay for the system. Long term H2O Clear Solutions may sell water/ice as another revenue source.

6. WWTP Status and Growth

H2O Clear Solutions has been built as a very nice facility to treat our wastewater. The existing building was designed to install a second treatment system, potentially doubling capacity. The sewer flowrates are very fluctuating due to Apple Springs mixture of Primary/Secondary Homes and vacation rental properties. The vacation rental properties add complexity due to their potential of high occupancy potential.

In 2024 the District supported a wastewater treatment system study that H2O Clear Solutions requested by an engineering firm. In summary this study indicated a capacity of 147 homes using a factor of 2.5 people per home for a typical residential community. With the complexity of large vacation rental homes the state engineer recommends up to 3.5 people per home. This would result in a lower capacity of 105 residential units. This is not a straightforward calculation with our diverse type of residential units. In parallel, H2O Clear is working with the engineering firm to obtain realtime flowrates to better establish our usages. Some small projects may help improve capacity capabilities.

At the end of 2025 the District projects approximately 88 “homes/users” to be hooked up to the sewer system. This does not include future golf course/restaurant/temp housing units and proposed multiple condo/townhouses. The golf course/restaurant based on state sizing guidelines for waste treatment systems could add a waste load of approximately 10-27 homes based on assumptions made. An additional 19 lots will be added with the approval of the new Hidden Pines Subdivision (see later on).

With our existing subdivision of 200+ lots and additional loads the District feels that H2O Clear Solutions will have to expand capacity within the next 5 year. We will try to work with H2O Clear Solutions to help minimize the infrastructure cost impact on current users. Residents should also realize that additional growth could reduce the monthly fees due to a higher volume of users spreading out the costs of operation.

7. New Hidden Pines Subdivision

A new 19 lot (average 0.6-acre lot) subdivision at the intersection of Hwy 14A and Wildberger Road was recently approved by the Lawrence County Planning and Zoning & County Commissioners. As part of that submittal H2O Clear Solutions has offered sewer and water services to the 19 lots. Hookup/Tap fees to be used to pay off H2O Clear Solutions debt.

The District plans to work with H2O Clear Solutions to ensure this does not negatively impact on the Apple Springs Community services.

- a. Assure the new expansion does not violate the new well permit. The submitted application states that the water is to be used for the water distribution system of residents in the Apple Springs Waterworks District. It does not state if it could be used for residential units outside the District.
- b. Assure H2O Clear Solutions has the wastewater treatment capacity to add 19 homes outside the District when we project significant growth of users in 2026.
- c. Assure District users are treated equally financially. Currently Apple Springs residents pay mil levy tax to support the operations. As the new subdivision is outside the district there is no means to equally tax the future subdivision lots at this time.

8. Community Interest in Purchasing/Taking Over Debt of WWTP

The District and H2O Clear Solutions have had preliminary discussions about purchasing / taking over debt of the existing WWTP facility in win/win situation for both parties. The District feels we may be able to provide a lower cost of operation due to the following savings

- a. Sales Tax Exemption
- b. Property Tax Exemption
- c. Lower Bank or State Loan rates
- d. Lower Tax-Deductible Assessment vs Current Monthly Access Fee
- e. Lower Admin Costs

This District wanted to confirm with the residents that they supported such an initiative before progressing on the topic. If an agreement is reached, the District will generate a Resolution to document the purchase and generate Ordinances for the District to document policies and regulations as needed.

The residents supported pursuing the purchase. No objections noted. We will need to define agreement on how to handle WWTP expansion in the future.

9. Future 2.0 acre lots Allowing Septic System

The District is pursuing the allowance of septic fields on future platted lots that are 2.0 acres and larger. The District feels this meets all the Lawrence County Ordinances and South

Dakota State Laws. The District has documented support from a SD wastewater engineer on the topic. H2O Clear Solutions has indicated through their discussions with Lawrence County that it will probably not be allowed. 4 Bears in the Hills has reduced the overall planned population density than originally planned by approximately 20% and 30% in the areas of expansion. We plan to meet with the county to discuss this in the near future.

The District is trying to minimize future infrastructure costs in the WWTP and infrastructures costs of the sewer main required to be built by the developer 4 Bears. To assure proper operation of the septic systems the District would like to require all septic systems to be inspected on a TBD frequency. We believe we would be the only area in the county to do this proactive action.

Below is a list of comparable subdivisions that allow septic systems with public freshwater systems provided like ours.

- a. **Powder House Pass.** Has a residential water system and a wastewater treatment system but allows 2 acres in area of expansion to have septic systems.
- b. **3 Peaks.** Has residential water provided by the City of Whitewood and allows septic systems on lots greater than 2 acres.
- c. **Wildflower Estates.** Has residential water provided by the City of Whitewood and allows septic systems on lots greater than 2 acres.
- d. **New Deer Mountain Village.** Has residential water provided by City of Lead and allows septic systems on over 20 lots less than 2 acres.

The residents supported pursuing the concept with Lawrence County. No objections noted.

Thanks to everyone that attended. In the future we will give more notice and hope to have the Road District involved also. We will try to reduce the time, but we felt we had a lot of information to share.

Minutes By: Dan Carlson

Approved By: John Miller