

**MINUTES
BOARD OF DIRECTORS
SOUTH DURANGO SANITATION DISTRICT**

The regular meeting of the Board of Directors of the South Durango Sanitation District was held on December 16, 2021, at 6:00 p.m. via teleconference`.

Present at the meeting were the following members of the Board of Directors:

Curt Piccoli
Pat Morrissey
Judy Campbell
Tom Price
Bud Gohn

Also present were Dave Marsa, Bud Smith, Rick Johnson, Nic Ionita, Doug Davis and Stephan Kimball.

The Board reviewed the minutes of the regular meeting held on November 18, 2021. On motion duly made and seconded, the minutes were approved.

The Board reviewed and approved payment of the District invoices. The Board approved a Christmas bonus of \$750 for each employee.

Rick advised the Board that the final invoice for the Silver View Court line replacement was \$63,307.64. He reviewed Change Order No. 1 for the project which would increase the contract amount by \$10,034.64. The increase was due to the need to hydro-vac the entire area to located service lines for utilities for all properties. On motion duly made and seconded, the Change Order and payment of the invoice were approved.

Rick advised the Board that final steps for completion of the plant upgrade were underway. Fluidyne has completed the software programming. An invoice for the contract amount, less startup charges, is expected prior to the end of the year. The Board authorized payment of the invoice upon receipt.

Attorney Smith reviewed the November 2021 financial statements. The District total cash reserves are \$1,623,029 with no long-term debt. Expenses are generally within budgeted amounts except for sludge handling which is almost 2 times the projected amount. The increase is the result of processing more sludge which will allow the District to complete its initial sludge processing sooner than anticipated. Net operating income is 44% of total income which exceeds the master plan projection of 35%. Additional operating funds will be transferred to the capital reserve to increase the 2021 transfer to \$350,000.

Attorney Smith reviewed an engagement letter from Beckstead & Co. for completion of the 2021 audit report for the District for the sum of \$8,200. The price is the same as for the 2020 audit. On motion duly made and seconded, the engagement of Beckstead & Co. for the 2021 audit was approved.

Attorney Smith reviewed an engagement letter from Fredrick Zink & Associates for the District for 2022. The monthly amount of \$3,700 is less than the 2021 charge. The engagement does include payment of \$50 for each transfer fee to Stephanie Strain. The fee is collected by the District at the time of the transfer so there is no additional cost to the District. On motion duly made and seconded, the engagement of Fredrick Zink & Associates for 202e accounting services was approved.

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President Piccoli opened the budget hearing for the proposed 2022 budget. Attorney Smith noted that notice of the budget had been published as required by law. No comments were received. The Board reviewed the final budget and upon motion duly made and seconded, Resolution No. 2021 – 5, Adoption of the 2022 Budget and Resolution No. 2021 – 6, Appropriation of Sums of Money for the 2022 Budget, were approved.

The monthly operations report was presented. Dave reported the plant was operating well with no significant problems. Sharp Drilling has not completed drilling of the additional well. The cistern provides enough water for the limited winter needs. Sludge processing for the year has finished. Dave noted that processing in 2022 will be more difficult as the remaining sludge is much thicker. Dave noted that testing expenses for 2022 will increase as additional testing is required by the District's new permit.

Stephan is being trained to perform the testing procedures. There was a discussion regarding the District manager position. Since the District has not been successful in finding a candidate that meets all the requirements specified for the position, it was decided to seek applications for a certified operator.

Rick advised the Board that the plant upgrade project is now scheduled for start-up in late February.

Attorney Smith advised the Board that the annual election of directors will take place on May 3, 2022. The seats currently held by Director Campbell and Director Price will be up for re-election. Attorney Smith reviewed Resolution No. 2021-7 concerning appointment of a Designated Election Official and authorization to cancel the election if there are not more candidates than vacancies. On motion duly made and seconded, the Board approved the resolution.

There being no further business to come before the Board, the meeting was adjourned.