

**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 21, 2023, at 6:00 p.m. at 65 Mercado Street, Durango, Colorado.

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

Curt Piccoli
Bud Gohn
Judy Campbell
Pat Morrissey

Also present were Dave Marsa, Doug Davis, Stephan Kimball, and Bud Smith.

The Board reviewed the minutes of November 16, 2023. The minutes were correct to show that Director Morrissey appeared by phone. On motion duly made and seconded, the corrected minutes were approved.

The Board reviewed and approved payment of the District invoices.

The October 2023 financial statements of the District were reviewed. Total operating and administration expenditures are well below the projected budget level except sludging processing. Those costs were higher than budgeted amounts because the District was able to process more sludge than projected.

The Board reviewed the investment report. Attorney Smith noted that a \$250,000 CD will be maturing on December 29, 2023. Interest rates are declining but 12-month CDs with 5.25% interest are available. Director Gohn advised the Board that 1st Southwest Bank also has CDs available at that rate. Attorney Smith will check to see what requirements 1st SW Bank has for a District CD and purchase if existing account information is sufficient. If not he will purchase a CD through MSB.

The Board reviewed an engagement letter from Haynie & Company for preparation of the 2023 audit for the District. The fee will be \$13,200 which is slightly higher than the fee for the 2022 audit. On motion duly made and seconded, the Board approved the engagement letter with Haynie & Company.

The 2024 budget hearing was opened. Attorney Smith advised the Board that notice of the budget had been published as required. No comments have been received. The 2024 budget projects operating expenditures will be substantially higher than 2023 expenses due to an engineering expense for preparation of a new master plan and an expenditure for management. Capital expenditures for 2024 include preparation of a bio solids design, new equipment, an office trailer and the TSC collection system and Wilson Gulch access projects.

On motion duly made and seconded, the Board approved Resolution No. 2023-6 Adopting the 2024 Budget and Resolution No. 2023-7 Appropriating Funds for the 2024 Budget.

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The monthly operations report was presented.

- Effluent quality is good.
- The actuator valve at the plant has failed. The District has not purchased a spare and replacement could be several weeks out. During the time the plant will need to be operated manually.
- The well has been connected and the three-phase panel has been installed. An amendment to the well permit showing the actual location of the well as drilled was approved.

Attorney Smith presented a Shared Services Agreement with Loma Linda Sanitation District. The Agreement allows the Districts to share employees and certain equipment. The agreement provides for a cost allocation between the Districts based on actual use and number of taps. The allocation for 2024 will be 80% South Durango Sanitation District and 20% Loma Linda Sanitation District. On motion duly made and seconded, the Shared Services Agreement was approved.

The Board discussed the need for a third employee. It was noted that comp time for the two current employees has increased since the third employee was terminated and continues to increase. The Board authorized staff to begin the process of hiring a third employee.

The Board reviewed and approved the Independent Contract agreement with Dave Marsa aka Southwest Waste Water Services, Inc.

Attorney Smith advised the Board that Barb Prose was retiring in January. He noted that she has worked for the District for more than 15 years and her service has been invaluable. Attorney Smith recommended paying her \$2,500 as compensation for her excellent service. The recommendation was unanimously approved.

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