

**MINUTES OF
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 20, 2018 at 6:00 p.m. at the 175 Mercado Street, Suite 240, Durango, Colorado.

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

Curt Piccoli
Pat Morrissey
Bud Gohn
Tom Price
Judy Campbell

Also present were District operator Dave Marsa, District employee Nic Ionita, Rick Johnson of San Juan Engineering and Bud Smith, attorney for the District.

The Board reviewed the invoices and approved the bills for payment.

The Board reviewed the financial statement for November 2018. Bud also reviewed a report of tap sales for 2018. Tap sales exceeded \$1.2 million and added more than 200 accounts to the monthly billing.

The Board reviewed and approved the Fredrick Zink & Associates letter agreement for accounting and billing services for 2019.

Bud reviewed an engagement letter from Beckstead & Associates for preparation of the 2018 audit for the District. The fee for preparation of the annual audit for the District has not been increased for 7 years. The 2018 engagement letter proposes an increase from \$7,600 to \$8,200. Todd Beckstead indicated he again expects to keep the fee unchanged for several years. On motion duly made and seconded the engagement letter was approved.

The Board reviewed the minutes for the regular meeting held on November 15, 2018. On motion duly made and seconded, the minutes were approved.

The budget hearing for the 2019 budget for the District was opened. Bud noted that the notice of the hearing had been published as required by the budget law. No written comments were received prior to the meeting, and no public comments were made at the hearing.

Bud reviewed the highlights of the 2019 budget. The operating budget projects a significant increase in revenue due to monthly user fees to be paid by a couple of large projects and a slight increase in expenses. The operating income will be over \$150,000 which will be used to pay lease payments for the sludge handling equipment and to reimburse the capital reserve fund for a portion of the operating share of the bond redemption in 2018. The most significant non-operating expenditure will be for construction of the Grandview Interceptor access.

On motion duly made and seconded the Board approved Resolution No. 2018-5, a resolution to adopt the 2019 budget and Resolution No. 2018-6, a resolution to appropriate sums for the 2019 budget.

Dave presented the monthly operating report. The plant is operating without any problems and meeting all standards. Employees are now reporting to Dave on a daily basis. There was a discussion about the written policy on holidays. The policy will be revised to be consistent with how holidays are handled for employees.

Rick presented a summary of the Purgatory Metro District (PMD) proposal for using a location at the South Durango Sanitation District site for a pilot project to test a new treatment process. All expenses incurred by the South Durango Sanitation District, which are expected to be minimal, will be reimbursed by PMD. Bud reviewed an agreement between the Districts for the pilot project which includes an indemnification by PMD to South Durango for any potential damages. On motion duly made and seconded the agreement was approved.

Rick presented a review of the major projects in the District. There was a discussion about the Rocket project which has numerous deficiencies. The most serious concern is potential settlement issues. The two-year warranty period should be adequate to determine if such issues are significant and to require repairs by the developer if necessary.

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