

**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 March 17, 2016 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:

Bud Gohn
Tom Price
Judy Campbell
Curt Piccoli

Also present were Dave Marsa and Bud Smith.

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

The Board reviewed and approved the minutes for February 17, 2016.

The Board reviewed the February 29, 2016 financial statement.

Dave Marsa presented the monthly operations report. Dave explained to the Board that Loma Linda Sanitation District will need to remove sludge from its lagoons as part of its wastewater treatment plant improvements project. Dave requested permission from the Board to store the sludge in the South Durango lagoons. Loma Linda would ultimately have to dispose of the sludge. The Board approved the request provided there is no cost to the South Durango Sanitation District.

Dave advised the Board that liner warranties from the manufacturer and Simbeck will be provided. Dave is getting quotes on the price of installation of soft starts for motors at the treatment plant. The plant is meeting all discharge standards.

Dave has completed the employee review and both were rated well. Dave recommended a raise for the employees. After discussion, on motion duly made and seconded, the Board unanimously approved a raise of 3% for the employees effective January 1, 2016.

Bud updated the Board on the Mercy Hospice issue. He advised the Board that the hospice project does not fit the affordable housing definition in the statutes that allows a district to waive or amortize tap fees. There was a discussion of how to handle the excess flows from the hospital which appear to be above the permitted ERTs. It was determined that flows for the existing ERTs would use 250 gpm/ERT, the rate that was in effect when they were purchased. Any flows above that amount would be assessed additional plant investment fees using the current standard of 180 gpm/ERT.

Bud provided an update on the sludge handling equipment. He reported that 2 banks have offered to fund the lease purchase at a rate of 2.97% for 5 years or 3.05% for 7 years. San Juan Engineering is completing final operating cost analysis and obtaining an updated quote on the equipment. When all financial details are available the Board will review to determine if acquiring the sludge handling equipment is the best option for the District.

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