

**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 January 18, 2024, 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
Tom Price

Also present were Dave Marsa, Doug Davis, Bud Smith and Rick Johnson. Stephan Kimball participated by phone.

The Board reviewed the minutes of December 21, 2023. On motion duly made and seconded, the minutes were approved.

The Board reviewed and approved payment of the District invoices.

The December 2023 financial statements of the District were reviewed. The District ended the year with just under \$3.7 million in cash reserves. Developer donated lines in 2023 added \$296,278 in assets. Operating revenue was 98% of the budgeted amount and expenditures were 82% of the budgeted amount. Tap fee revenue was slightly over the budgeted amount. Capital expenditures were minimal. The District's financial performance in 2023 was very good.

Attorney Smith reviewed the investment report. The District purchased an 18-month CD at the end of the year with a 5.15% interest rate. Attorney Smith recommended the District close the small account at 1st Southwest Bank. The Board approved the recommendation.

Dave presented the operations report. The District continues to operate in single basin mode due to the actuator valve failure. A new actuator valve will be shipped on February 9. The District will review other needs for spare equipment and develop a purchase plan to avoid the problem created by the actuator valve failure.

Doug Davis expressed concerns that the accrued benefits report was intentionally showing less comp time hours. Attorney Smith responded that all accrued benefits through December 31, 2023 were listed in the report but acknowledged that the final totals needed to be adjusted. Doug advised the Board that he did not intend to seek any training or licensing.

Rick Johnson presented the engineering update. He reviewed various projects that are currently in the planning or construction phase.

Rick advised the Board that design of the Wilson Gulch access and TSC pipe upgrade projects were nearing completion. Rick recommended that the District bid the projects together to encourage better pricing due to reduced mobilization costs and other savings.

Rick reported that work on the master plan update is continuing. An updated financial model should be ready for Board review in March. Rick believes the model will suggest a significant increase in tap fees is needed to meet the rapid cost increases in wastewater projects.

Attorney Smith introduced Resolution No. 2024-1 establishing a time and place for regular meetings and procedures for providing notice. On motion duly made and seconded, the resolution was approved.

South Durango Sanitation District

Minutes

January 18, 2024

Page 2

Attorney Smith advised the Board that Pat Morrissey had resigned effective December 29, 2023. The Board will need to appoint a replacement. A notice of the vacancy has been posted on the District website. Jamie Matthews have expressed interest in serving on the Board but was unable to attend the meeting. The Board will consider the matter at its next meeting. Interested candidates should attend.

Attorney Smith reviewed year end reports for the Grandview Interceptor Capacity, tap sales and water usage. There are no significant concerns.

The accrued benefits report was discussed. Comp time continues to increase each month. Attorney Smith and Stephan Kimball both recommended the Board hire a third employee. The resume of Kegan Aragon was reviewed. The Board would like to meet Mr. Aragon before making a hiring decision.

Attorney Smith recommended the Board enter an executive session to discuss a personnel matter as authorized by §24-6-402(4)(f), C.R.S. On motion duly made and seconded the Board voted to enter an executive session for the discussion of a personnel matter.

The Board returned from executive session. The need for more structure of District staff was discussed. On motion duly made and seconded the Board appointed Stephan Kimball as operation supervisor with authority to oversee all District employee matters except hiring and firing. Mr. Kimball and Attorney Smith will develop a job description

The Board discussed annual raises for District staff. On motion duly made and seconded the Board approved an increase of \$1.50 per hour for Doug Davis and \$3 per hour for Stephan Kimball.

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