

5972 County Road 234 Durango, CO 81301 Phone: 970-259-3102 Fax: 970-259-9870

NOTICE OF REGULAR MEETING OF THE EDGEMONT RANCH METROPOLITAN DISTRICT BOARD OF DIRECTORS

TO ALL QUALIFIED TAXPAYING ELECTORS OF EDGEMONT RANCH METROPOLITAN DISTRICT TO ALL OTHER PERSONS TO WHOM IT MAY BE OF CONCERN:

NOTICE IS HEREBY GIVEN the Regular Meeting of the Edgemont Ranch Metropolitan District Board of Directors will be held at 4:00 PM on Thursday, April 19, 2018 at ERMD Office, 5972 C.R. 234, Durango, CO.

The purpose of the meeting is to transact the items specified below and transact such other business as may properly come before the Board in accordance with the Bylaws of the District.

AGENDA ITEMS:

- 1. Approve ERMD Regular Board Meeting Minutes from February 15, 2018
- 2. 2017 Metro Budget Amendment Marilyn
- 3. 1st Ouarter Financial Report Marilyn
- 4. Waste Water Plant Update Mr. Butler, Mr. Martinez and Mr. Ludwig
- 5. Discussion of Need for a Water Alert Drought Condition Reminder Letter Mr. Butler
- 6. Staff Report
- 7. Board Concerns

Dated this 16th day of April 2018

EDGEMONT RANCH METROPOLITAN DISTRICT Steve Martin, President

4 Edgemont Ranch Metropolitan District Locations & La Plata County Clerk's Office

Edgemont Ranch Metropolitan District Meeting of the Board of Directors Minutes

The regular meeting of the Board of Directors of the Edgemont Ranch Metropolitan District was called to order at the District office on Thursday, April 19, 2018 at 4:04 PM by Steve Martin.

Directors in attendance were: Steve Martin, Rich Butler, and Al Winzerling. Andrew Rapiejko had a conflicting event he needed to attend. Larry Mongelli had not arrived yet. Also, in attendance were staff members, Robert Ludwig, Mike Lancianese, Mark Fuson, Kurtis Martinez, Marilyn Heide and Annette Hutchins. Edgemont residents in attendance were: George Hepner, Don Brotchie, and William Lambert.

Mr. Winzerling moved to approve the Regular Metro Board meeting minutes from February 15, 2018, seconded by Mr. Butler Mongelli, and was carried unanimously.

Marilyn explained the 2017 Metro Budget Amendment. Resolution #2018-4-19 was for appropriating additional sums of money to defray expenses in excess amount budgeted for the Edgemont Ranch Metro District in 2017. Mr. Butler moved to adopt Resolution #2108-4-19 – a supplemental budget for 2017 adding \$16K to the water fund due to unforeseen additional expenses and equipment breakdowns, seconded by Mr. Winzerling and was unanimously approved. (See attachment)

Marilyn reviewed Metro's 1st Quarter ERMD Financial Report: the Consolidated Balance Sheet, March 31, 2018, the Consolidated Statement of Cash Flows, March 31, 2018 YTD, and the Analysis of Reserve Activity, March 31, 2018 YTD. (See attachments)

There was one property owner who had not paid his annual Metro Maintenance Fee. Metro had made several attempts to locate the owner to collect payment, but to no avail.

Mr. Mongelli arrived at this time.

Mr. Martinez gave an update on the progress of the Waste Water Plant. He stated the first set of construction numbers/costs from the engineers for the "MBR" (Membrane Batch Reactor) factor system were being reviewed. The other technology being evaluated is the "SBR" (Seguence Batch Reactor) factor (a proven system like in the City of Durango). This system would be 250K less expensive than the "MBR" system in construction and operating costs due to fewer moving parts that may need to be repaired or replaced. Mr. Ludwig then explained the process staff members were going through to select the best possible technology for the best cost for the scheduled construction of the wastewater plant. They are comparing the cost to operate, the flexibility in meeting the current and future state regulations, and the ease of replacing the equipment parts. Mr. Ludwig stated the Metro had to make a decision soon to keep on schedule. Mr. Martin said there will be a Special Metro Meeting soon for the board to make a final selection and approve the purchase of the waste water plant system. Staff stated that construction material and labor costs were increasing rapidly and could impact our final cost for the project. Mr. Butler said he was concerned about steel and concrete costs in light of the new tariffs imposed by the current administration. Mr. Mongelli agreed, saying that quotes on steel were now only valid for 5 days.

Mr. Butler related he had drafted a letter to email residents from the Metro District. It included information about the regional drought and a reminder to conserve water due to the low moisture amount received through the winter months. Mr. Ludwig reported the Florida River flow, the Metro's main water source, will be severely cut back this spring. Mr. Butler would add a

line in the email concerning the Metro staff's requirement to flush the fire hydrants as usual this spring.

Board members responded to a plea from the Horse Gulch subdivision to be added onto our water supply. The Board stated they had communicated with them to let them know there would be no expansion of the Edgemont Metro District water system to other developments at this time.

Mr. Lancianese explained it was important for the Metro to continue their usual annual springtime hydrant flushing to keep the water fresh throughout the system, as required by fire department regulations.

Mr. Ludwig reported on the Skywerx installation - the new phone system and the free internet service for the Metro. Skywerx's contract will be ready to sign next week.

Mr. Ludwig stated Metro will add grass carp in the new reservoir this spring to help control the algae blooms.

Staff had built a dock onto the reservoir in order to take water samples.

Mr. Martinez reported that a broken fire hydrant on Iron King would be replaced as well as the stop sign on the corner of Golden Dipper and Iron King that had been knocked down. The reason why this happened is unknown. Mr. Lancianese had reported this incident to the police department.

Lastly, Mr. Martin recounted joining Mr. Fuson while driving through Highlands, phase 5B & 5C – 59 lots, to view the future area to be developed. He commented on how much dirt work would need to be done to make various areas more buildable. It would translate into many truckloads of dirt needing to be removed – thus adding much wear-and-tear on the future roads. Mr. Ludwig related that the asphalt thickness requirement for the developer had increased to 4" from 3" after seeing the high impact caused from the many heavy trucks on the roads in other phases of Highlands. Mr. Ludwig estimated it would cost 2 – 2.5 M to add an asphalt overlay to those roads. On a related subject Mr. Ludwig recommended the homeowners groups to negotiate with the trash companies to use only one company – for a better deal and also for lighter impact on the area's roads.

Mr. Hepner then asked if it might be possible for the District to make a berm along the road with phase 5's removed dirt to help cut down on the truck traffic noise. Mr. Lancienese noted that it may be on the county's right-of-way and also may cover up the main sewer line. Mr. Ludwig would look into that possibility.

Thereafter, and upon motion duly made, seconded and unanimously passed, the meeting was adjourned at 4:54 PM.

Respectfully submitted,

Annette Hutchins,

Administrative Assistant



5972 County Road 234 Durango, CO 81301 Phone: 970-259-3102

RESOLUTION FOR SUPPLEMENTAL BUDGET and APPROPRIATION

(Pursuant to Section 29-1-109, C.R.S.)

RES. #2018-4-19

A RESOLUTION APPROPRIATING ADDITIONAL SUMS OF MONEY TO DEFRAY EXPENSES IN EXCESS AMOUNTS BUDGETED FOR THE EDGEMONT RANCH METRO DISTRICT, LA PLATA COUNTY, COLORADO.

WHEREAS, the Water Fund incurred unforeseen additional expenses and equipment breakdowns; and

WHEREAS, moneys are available in the form of un-appropriated revenues and surpluses;

NOW, THEREFORE, BE IT RESOLVED BY THE Board of Directors of the EDGEMONT RANCH METRO DISTRICT, La Plata County, Colorado:

Section 1. That the 2017 appropriation for the Water Fund is hereby increased from \$485,614 to \$501,614.

Adopted this 19th day of April, 2018.

Attest:

Secretary

Fax: (970) 259-9870 e-mail: ermd@edgemontranch.com

EDGEMONT RANCH METRO DISTRICT EXPENDITURES WITH COMPARISON TO BUDGET FOR THE 12 MONTHS ENDING DECEMBER 31, 2017

WATER FUND

		PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
				10		
	EVDENDITUDES					
	EXPENDITURES					
52-8015	AUDIT	.00	2,750.00	2,500.00	(250.00)	110.0
	BANK AND CC CHARGES	.00	4.03	625.00	620.97	.6
52-8017	BILLING EXPENSE	.00	652.80	.00	(652.80)	.0
52-8018	CAPITAL OUTLAY-WATER	(670.90)	12,169.24	10,700.00	(1,469.24)	113.7
52-8020	DUES & SUBSCRIPTIONS	.00	485.33	487.00	1.67	99.7
52-8025	EDUCATION	.00	285.52	1,250.00	964.48	22.8
	INSURANCE - HEALTH	.00	16,734.00	16,320.00	(414.00)	102.5
52-8040	INSURANCE - LIABILITY & AUT	.00	3,842.18	4,040.00	197.82	95.1
	INTEREST EXPENSE	.00	28,363.18	.00		.0
	LEASE EXPENSE -RDL	.00	83,195.99		(28,363.18)	
	COMPUTER SUPPORT	158.50		80,220.00	(2,975.99)	103.7
52-8057		.00	4,164.26	4,050.00	(114.26)	102.8
52-8059	MISCELLANEOUS	671.30	1,775.44	1,350.00	(425.44)	131.5
52-8060	OFFICE FOOD		5,347.84	1,000.00	(4,347.84)	534.8
		.00	218.37	240.00	21.63	91.0
	GAS, OIL AND MILEAGE	.00	1,376.64	2,500.00	1,123.36	55.1
52-8065	VEHICLE AND EQUIPMENT	.00	1,814.78	2,000.00	185.22	90.7
		.00	170.45	670.00	499.55	25.4
	SHOP SUPPLIES - WATER	.00	476.72	500.00	23.28	95.3
52-8071	SAFETY/CLOTHING	.00	210.63	1,100.00	889.37	19.2
52-8080	TRAVEL, ENTERTAINMENT & MEALS	.00	336.82	1,500.00	1,163.18	22.5
52-8108	WORKERS' COMPENSATION	.00	1,924.49	2,000.00	75.51	96.2
52-8390	PAYROLL TAX EXPENSE	.00	7,403.39	7,628.00	224.61	97.1
52-8391	PAYROLL EXPENSE	.00	88,787.09	91,730.00	2,942.91	96.8
52-8392	RETIREMENT PLAN	.00	3,500.14	3,756.00	255.86	93.2
52-8393	TEMPORARY HELP/CONTRACT LABOR	.00	.00	1,000.00	1,000.00	.0
52-8395	ON-CALL COMPENSATION	16.00	1,732.00	1,700.00	(32.00)	101.9
52-8396	PAYROLL SERVICE	.00	703.63	720.00	16.37	97.7
52-8555	ANNUAL FEE	.00	1,130.00	1,130.00	.00	100.0
52-8560		.00	1,014.20	.00	(1,014.20)	.0
52-8565	ELECTRIC/PROPANE - WTP	.00	21,718.60	25,000.00	3,281.40	86.9
	ELECTRIC/BOOSTER/STG/DIST	.00	11,695.93	16,500.00	4,804.07	70.9
52-8575		.00	17,533.94	17,710.00	176.06	99.0
52-8690	R & M BUILDINGS/STRUCTURES	.00	9,371.13	16,532.00	7,160.87	56.7
52-8750	CONSULTING / ENGINEERING FEES	.00	128,00	1,000.00	872.00	12.8
	O & M SOURCE & SUPPLY	.00	6,875.88	5,200.00	(1,675.88)	132.2
52-8760	O & M SERVICES/DISTRIBUTION	.00	7,985.77	5,950.00	(2,035.77)	134.2
	DISTRIBUTION - O&M EQUIP/MACH	.00	2,499.23	.00	(2,499.23)	.0
	DISTRIBUTION - LAB SUPPLIES	.00.	167.27	2,600.00	2,432.73	6.4
	DISTRIBUTION - SAFETY/CLOTHING	.00	680.60	1,100.00	419.40	61.9
	CHEMICALS / TREATMENT	.00	14,411.21	400.00	(14,011.21)	
	O & M EQUIPMENT/MACHINERY/TREA	.00	241.97	.00	(241.97)	.0
	TESTING	.00	2,476.65	2,300.00	(176.65)	
	TELEPHONE/COMMUNICATIONS	.00	4,945.56	2,300.00	(2,645.56)	215.0
	TRASH REMOVAL	.00	114.60	185.00	70.40	62.0
	PROPANE	.00	267.09	900.00	632.91	29.7
	WATER/SEWER PROJECT	.00	35,878.90	36,000.00	121.10	99.7
	RESERVOIR LOAN PAYMENTS	.00	93,852.98	122,220.00	28,367.02	76.8
52-8900	CONTINGENCY / EMERGENCY	.00	.00	5,000.00	5,000.00	.0

EDGEMONT RANCH METRO DISTRICT EXPENDITURES WITH COMPARISON TO BUDGET FOR THE 12 MONTHS ENDING DECEMBER 31, 2017

WATER FUND

	PERIO	D ACTUAL	YT	TD ACTUAL		BUDGET	UNEXPENDED	PCNT
TOTAL FUND EXPENDITURES		174.90		501,414.47		501,613.00	198.53	100.0
NET REVENUE OVER EXPENDITURES	(174.90)	(501,414.47)	(501,613.00)	(198.53)	(100.0)

ERMD INTERIM FINANCIAL REPORT MARCH 31, 2018

BALANCE SHEET

Current assets are \$6M, consisting of \$5.7M cash and \$357K receivables and other.

Property, Plant and Equipment is \$7.8 million, which primarily represents the water and sewer infrastructure.

Other Assets are \$4.3 million, made up primarily of all the roads for which the District has responsibility.

Liabilities are \$6 million.

Total capital is \$12 million.

FINANCIAL OVERVIEW:

The District's YTD Total Cash Inflow was \$638K, which is \$5K less than budgeted. This is because of timing issues compared to the budget and bad debt reserve. There have been 6 new meters installed and 1 Highlands lot sold as of March 31. After transferring \$257.6K to Reserves, Net Operating Cash Inflow is \$380K.

Total Operating Cash Outflow was \$280K, which is \$5K less than budgeted. The Cash Flow before Reserves was \$100K, which is \$2.5K under budget. Total cash flow including reserve activity is \$219K, \$78.5K more than budgeted

ANALYSIS OF RESERVE ACTIVITY:

Total Reserve Cash Inflow was \$257.6K, which is \$2.7K more than budgeted.

Total Reserve Cash Outflow was \$139K.

Total Reserve increased by \$119K, beginning the year at \$5.3M and ending the quarter at \$5.465M.

CURRENT INFRASTRUCTURE STATUS

3/31/2018	WATER/SEWER CUSTOMERS	RANCH	HIGHLAND	<u>MEADOWS</u>	TOTAL	
	UNIMPROVED	13	95	83	191	
	RESIDENTIAL	218	305	1	524	
	PONDS	3	0	0	3	
	LANDSCAPING	3	2	1	6	
	TOTAL	237	402	85	724	
	Miles of Road (estimate)	3.4	5.0	1.1	9.5	

EDGEMONT RANCH METROPOLITAN DISTRICT Consolidated Balance Sheet MARCH 31, 2018

ASSETS		
7.552.5		
Current Assets Cash		\$238,905
Water System Reserve		119,985
Waste Water System Reserv	e	4,966,078
Road Maintenance Reserve		258,385
Snow Removal Reserve		121,019
Taxes Receivable		181,989
Utilities Receivable Infrastructure Maintenance Fo	ana Danaiyahla	27,414 148,924
Bad Debt Reserve	ees Receivable	-3,098
Other Current Assets		1,298
	Total Current Assets	6,060,899
Property, Plant and Equipment		
Water Source and Distributio	n Infrastructure	5,420,139
Water Treatment Infrastructu		676,371
Sewer Transmission Infrastru	cture	3,272,293
Sewer Treatment Infrastructu	re	427,813
Water/Sewer Plant Equipmer	nt	161,093
Transportation Equipment		206,491
Other Equipment		116,927
Office Building Accumulated Depreciation		71,280 -2,532,083
•	Total Dranarty, Dlant and Equipment	
	Total Property, Plant and Equipment	7,820,324
Other Assets		
Security Infrastructure		205,901
Roads Infrastructure		5,425,173
Office Building & Equipment Land		420,915 62,609
Accumulated Depreciation		-1,768,765
ricoannaiatea Doprociation	Total Other Assets	4,345,833
	TOTAL ASSETS	\$18,227,056
	TOTALASSETS	Ψ10,221,030
LIABILITIES		
Accounts Payable		22,871
Restricted Property Tax		181,989
Deferred Income		20,000
Leases Payable		453,083
Notes Payable		5,465,118
	TOTAL LIABILITIES	6,143,061
CAPITAL		
Retained Earnings		\$3,156,211
Restricted for Roads		237,885
Contributed Capital		5,045,629
Investment in General Fixed	Assets	3,425,265
Net Cash Flow	TOTAL 045:T::	219,004
	TOTAL CAPITAL	12,083,995
	TOTAL LIABILITIES AND CAPITAL	\$18,227,056

EDGEMONT RANCH METROPOLITAN DISTRICT Consolidated Statement of Cash Flows MARCH 31, 2018 YTD

	Water Fund	Sewer Fund	General Fund	Long Term Debt	Total	Budget	Variance	%
CASH INFLOW	<u> </u>	<u> </u>	- unu		- Total	<u> </u>	<u> varianoo</u>	
Water / Sewer Base Fees	\$47,346	\$38,847			\$86,193	\$85,500	\$693	1%
Infrastructure Maintenance Fees	93,667	96,832			190,499	191,000	(501)	0%
Property Tax Income			\$79,172	\$27,334	106,506	101,850	4,656	5%
Snow Removal Fees			22,950		22,950	23,616	(666)	-3%
Highlands Lot Sale Fees	1,175	1,175			2,350	4,700	(2,350)	-50%
Water / Sewer Reserves	37,554	170,939			208,493	208,000	493	0%
Inspection/Equipment/Impact Fees	2,826	150	3,275		6,251	4,980	1,271	26%
Lease Income			13,824		13,824	13,824	0	0%
EPOA Reimbursement	0	0	2,371		2,371	2,165	206	10%
Other	0	0	20		20	7,575	(7,555)	-100%
Sewer Plant Loan Proceeds/Interest		1,648			1,648	0	1,648	#DIV/0!
Bad Debt Reserve	-1,514	-1,440	-144		-3,098	0	(3,098)	
TOTAL CASH INFLOW	181,054	308,151	121,468	27,334	638,007	643,210	-5,203	-1%
Transfers to Reserves	-38,729	-173,762	-45,156	0	-257,647	-254,966		
NET OPERATING CASH INFLOW	142,325	134,389	76,312	27,334	380,360	388,244	-7,884	-2%
OPERATING CASH OUTFLOW								
Professional Fees	190	190	3,204	783	4,367	7,400	3,033	41%
Office Expenses	848	985	1,236		3,069	3,120	51	2%
Lease Expense	20,007	11,750	0		31,757	21,200	(10,557)	-50%
Employee Expenses - Personnel	19,347	22,511	22,522		64,380	65,300	920	1%
Employee Exp - Taxes, Insurance, etc.	8,534	10,023	9,624		28,181	31,190	3,009	10%
Insurance	4,227	4,227	4,227		12,681	12,681	0	0%
Vehicle Expenses	2,677	1,307	185		4,169	4,500	331	7%
Operations Expenses	21,542	11,660	4,534		37,736	48,525	10,789	22%
Maintenance/Repair Equipment	1,202	2,035	0		3,237	1,110	(2,127)	-192%
Maintenance/Repair Infrastructure	2,055	161	766		2,982	5,830	2,848	49%
Capital Expenditures	2,375	58,009	2,375		62,759	64,280	1,521	2%
Debt Payments	0	0	0	15,348	15,348	15,348	0	0%
Other	9,157	280	280		9,717	5,250	(4,467)	-85%
TOTAL OPERATING CASH OUTFLOW	92,161	123,138	48,953	16,131	280,383	285,734	5,351	2%
CASH FLOW BEFORE RESERVES	\$50,164	\$11,251	\$27,359	\$11,203	\$99,977	\$102,510	-\$2,533	-2%
NET RESERVE ACTIVITY	8,175	67,881	42,971	0	119,027	37,941	81,086	

EDGEMONT RANCH METROPOLITAN DISTRICT

Analysis of Reserve Activity MARCH 31, 2018 YTD

CURRENT RESERVE CASH INFLOW	Water System Reserve	Waste Water System Reserve	Road Maintenance Reserve	Snow Removal Reserve	Total	Budget	Variance
Highlands Lot Sale Fee	\$1,175	\$1,175			\$2,350	\$2,350	0
Spring Valley Reservoir Reserve Fees WWTP Reserve	37,554	470.000			\$37,554	\$38,000	(446)
Sewer Loan Proceeds/Interest		170,939 1,648			\$170,939 \$1,648	170,000 0	939 1,648
Road Maintenance Tax Levy		1,040	\$19,206		\$19,206	18,500	706
Snow Removal Fee			. ,	\$22,950	\$22,950	23,616	(666)
Road Impact Fees			3,000		\$3,000	2,500	500
TOTAL CASH INFLOW	38,729	173,762	22,206	22,950	257,647	254,966	2,681
CURRENT RESERVE CASH OUTFLOW Spring Valley Reservoir Loan Payments WWTP Loan Payments WWTP Development R&M Roads Snow Removal Expense Snow Equipment R&M	30,554	77,771 28,110	71	1,130 984	30,554 77,771 28,110 71 1,130 984	30,554 77,771 100,000 500 4,100 4,100	0 0 71,890 429 2,970 3,116
TOTAL RESERVE CASH OUTFLOW	30,554	105,881	71	2,114	138,620	217,025	78,405
NET RESERVE CASH FLOW	\$8,175	\$67,881	\$22,135	\$20,836	\$119,027	\$37,941	-\$81,086
PREVIOUS BALANCE (12/31/17)	111,810	4,898,197	236,250	100,183	5,346,440		
TOTAL RESERVE BALANCE	\$119,985	\$4,966,078	\$258,385	\$121,019	\$5,465,467		



5972 County Road 234 Durango, CO 81301 Phone: 970-259-3102

Fax: 970-259-9870

April 24, 2018

Edgemont Ranch Metropolitan District Drought Conditions Reminder

Dear Residents,

As most of you are aware the poor snowfall during the winter of 2017/18 has put our region into extreme drought conditions (a D3 rating from the US Drought Monitor). In addition the US Seasonal Drought Outlook forecasts that these drought conditions are likely to persist into the summer. The following charts highlight the situation. These conditions greatly increase the risks we face from wild fires and impacted water supplies.

<u>Fire Risk</u>: ERMD is asking each resident to be mindful of the heightened fire danger this season. To the extent possible we encourage residents to implement sound fire mitigation practices on your property. We recommend taking advantage of the brush pick up days scheduled by Edgemont's various HOAs and following good wild fire risk management techniques as outlined by Firewise Southwest Colorado (http://www.southwestcoloradofires.org/).

<u>Water Risk</u>: Although ERMD has invested in multiple water rights and constructed a major reservoir for water storage it will still be important of us to practice good water conservation this season. While we have not yet been informed of any curtailments of our water rights on the Florida River, we know that the snow-water equivalent for Lemon Reservoir is at 45% of the 30-year average. Given precipitation forecasts it is likely that irrigation allocations out of Lemon will be cut back.

In light of this, ERMD is requesting residents to conserve as much water as possible as soon as possible. The best way to create a supply of water is not waste it. Keep this in mind as you select planting and landscape alternatives, the more drought tolerant the better. Water conservation also helps with fire readiness, as more water in our tanks and reservoir is available for fire suppression. We will keep you posted of our water situation as the season progresses. Fire Department regulations require us to flush our hydrants – regardless of the drought situation – so you will be seeing staff flushing hydrants as required by code later this spring.

ERMD Board & Staff



