



METROPOLITAN DISTRICT

5972 County Road 234 Durango, CO 81301

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**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, February 20, 2020 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 December 5, 2019 and an informational meeting held on January 21, 2020
2. 4<sup>th</sup> Quarter Financial Report – Marilyn
3. Board Presentation - for Approval to Consolidate Highland's Lots 222 & 221
4. Review of access gates – Mr. Gorton
5. Staff Report
  - A) Waste Water Plant Update – Mr. Martinez & Mr. Butler
6. Board Concerns

Dated this 14th day of February 2020

EDGEMONT RANCH METROPOLITAN DISTRICT  
Steve Martin, President

5 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, February 20, 2020 at 4:00 PM.

Directors in attendance were: Larry Mongelli, Al Winzerling, Rich Butler and Andrew Rapiejko. Steve Martin had an excused absence. Metro staff members in attendance were: Mark Fuson, Kurtis Martinez, Mike Lancianese, Marilyn Heide and Annette Hutchins. Also in attendance were: Tom Gorton, Steve Doob, Bill Fisher, and Marty Grabijas.

Mr. Rapiejko moved to approve the Regular Metro Board meeting minutes from December 6, 2019 and also the informational meeting held on January 21, 2020, seconded by Mr. Mongelli, and was carried unanimously.

Marilyn gave the 4th Quarter Metro Financial Report: ERMD Interim Financial Report, December 31, 2019, ERMD Consolidated Balance Sheet, December 31, 2019, ERMD Consolidated Statement of Cash Flows, December 31, 2019 YTD, ERMD Analysis of Reserve Activity, December 31, 2019. (See attached)

Mr. Martinez reviewed Mr. Grabijas' request to combine Highland's lots 221 & 222 and found no issues for the Metro District. This consolidation would have no impact to the easement. There should be a green space drainage boundary re-adjustment – it does not work for the trail. Mr. Rapiejko recommended the land be surveyed. A stipulation needs to be included in the deed to make clear the strip of land cannot be developed and the drainage between the lots needs to remain the same. Mr. Grabijas was asked to present the title report to the Highlands HOA for their approval as well. And he can return to have his easement agreement signed. (See attachment of submitted information)

Mr. Gorton explained security concerns that he had. He has discussed with Staff the need for better security on the access road to Metro's new site for the WWTP. He has had some items stolen from that area. He suggested better fencing – such as a 6' high fence with barbed wire on top to discourage trespassers from jumping over the fence. He recommended including a punch code for a 16' to 20' gate. Also he referred to the Metro's plan to move the river access from the Metro storage areas to the right of the Metro office. He was looking into the cost of having a river access tag with barcode made to use at a gate for the residents. He said he would get quotes from Brothers for the fence plan and suggested splitting the cost with Metro. He didn't believe it would be a great expense. He estimated it would cost around \$5K to \$7K. He will report back with the quotes for the Board to consider. He hoped to get it done sometime this year. Staff is in agreement with the plan. Staff supports the installation of a better gate to our new WWTP. The cost of better security (new gate and fencing at the office entrance to the river trail) has been approved and budgeted in the 2020 budget. The Board moved and approved Staff working with Mr. Gorton on the new gate and fencing at the WWTP access point.

Mr. Fuson reported the sander for the truck had been fixed.

Mr. Martinez gave an update on the progress of the Waste Water Treatment Facility. The State had received 99.9% plans. Metro still hasn't heard back from the state. Metro cannot proceed until the state had signed the final approval. If we haven't heard from the state by March 1<sup>st</sup> the District will have to push the start date to spring 2021 due to the timeliness of bidding for construction and getting the most competitive rates for constructing the plant during the best

time of year. The middle of May would be too late to start the bidding process. There is nothing Metro can do about this situation except to complete various smaller projects to prepare for construction, such as installing a water main to suffice fire flow at new WWTF as well as a conduit to run electricity to new or future gate. Mr. Winzerling commented that the delay may cost the District more money at construction time. Mr. Martinez related that the inventor of the waste water system had communicated with the state – guaranteeing the system’s reliability.

Mr. Lancianese reported the TTHM level in the water had greatly reduced to “29.6” for the first quarter and is out of violation. This excellent level/report was due to staff draining the water tanks twice and flushing all of the fire hydrants. This information is stated on Metro’s web site. (See updates on [www.edgemontranch.com](http://www.edgemontranch.com)>Metro>Current Quarter Disinfection Byproducts)

Lastly, Mr. Butler and Marilyn reported they will have Metro’s computer system reviewed to determine if additional network security protection is required.

Mr. Winzerling moved to adjourn the meeting, seconded by Mr. Mongelli. The meeting adjourned at 4:44 PM.

Respectfully submitted,

Annette Hutchins,

Administrative Assistant

**ERMD INTERIM FINANCIAL REPORT  
DECEMBER 31, 2019**

**BALANCE SHEET**

Current assets are \$5.9M, consisting of \$5.8M cash and \$118K receivables and other.

Property, Plant and Equipment is \$8M, which primarily represents the water and sewer infrastructure.

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

Liabilities are \$5M. The District's total 2019 tax levy is \$260,565. Of that amount \$47 is yet to be collected.

Total Net Position is \$13M.

**FINANCIAL OVERVIEW:**

The District's YTD Total Cash Inflow is \$1.7 million, and \$36K more than budgeted. The variance is due to faster growth in the development than anticipated, as well as the collection of \$16K more specific ownership tax than expected. There were 32 new house starts in 2019 and the District conservatively budgeted for 20. The developer's obligation to collect fees on each lot sale for infrastructure has now been fully met. After transferring \$621K to Reserves, Net Operating Cash Inflow is \$1.1M.

Total Operating Cash Outflow was \$993K, which is \$97K less than budgeted. The variance is from decisions made to not proceed with everything that was budgeted for. The Cash Flow before Reserves was \$124K. Total cash flow including reserve activity is \$31.7K.

**ANALYSIS OF RESERVE ACTIVITY:**

Total Reserve Cash Inflow was \$621K, which is almost \$10K more than budgeted.

Total Reserve Cash Outflow was \$713K. The reason for the large variance of \$1.8M in WWTP Development is that the new treatment plant project is moving more slowly than anticipated at the time of budgeting. 2019 was a very heavy snow year causing our snow removal/equipment expenses combined to go over budget by nearly 19K.

Total Reserve decreased by \$92K, beginning the year at \$5.49M and ending the quarter at \$5.4M.

**CURRENT INFRASTRUCTURE STATUS**

The District made a preliminary acceptance of 38 new lots in Phase 5B of the Overlook in December, bringing the total number of lots to 764. The final layer of asphalt will be added in 2020.

12/31/2019	WATER/SEWER CUSTOMERS	<u>RANCH</u>	<u>HIGHLAND</u>	<u>MEADOWS</u>	<u>TOTAL</u>
	UNIMPROVED	12	98	68	178
	RESIDENTIAL	219	340	27	586
	PONDS	3	0	0	3
	LANDSCAPING	3	2	1	6
	TOTAL	237	440	96	773

Miles of Road (estimate)	3.4	5.4	1.1	9.9
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**EDGEMONT RANCH METROPOLITAN DISTRICT**  
**Consolidated Balance Sheet**  
**DECEMBER 31, 2019**

<b>ASSETS</b>	
Current Assets	
Cash	\$429,212
Water System Reserve	114,529
Sewer System Reserve	4,830,814
Road Maintenance Reserve	307,182
Snow Removal Reserve	150,213
Property Taxes Receivable	47
Water/Sewer Base Fees Receivable	37,057
Infrastructure Maintenance Fees Receivable	69,072
Other Current Assets	15,611
Bad Debt Reserve	-3,960
Total Current Assets	5,949,777
Property, Plant and Equipment	
Water Source and Distribution Infrastructure	5,548,376
Water Treatment Infrastructure	676,371
Water Plant Equipment	160,718
Sewer Transmission Infrastructure	3,391,340
Sewer Treatment Infrastructure	427,813
Sewer Treatment Plant Construction in Progress	153,721
Sewer Plant Equipment	158,285
Transportation Equipment	206,491
Office Building	71,280
Accumulated Depreciation	-2,782,382
Total Property, Plant and Equipment	8,012,013
Other Assets	
Building Improvements	87,536
Security Infrastructure	212,610
Roads Infrastructure	5,518,045
Office Building & Equipment	333,377
Land	62,609
Accumulated Depreciation	-1,903,687
Total Other Assets	4,310,490
<b>TOTAL ASSETS</b>	<b>\$18,272,280</b>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	65,489
Unearned revenue	20,000
Current portion of long-term debt	331,432
Total Current Liabilities	416,921
Long-term Debt	
Leases Payable, net of current portion	108,466
Notes Payable, net of current portion	4,504,798
Total Long-term Debt	4,613,264
<b>TOTAL LIABILITIES</b>	<b>5,030,185</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Property Tax Revenue	47
<b>NET POSITION</b>	
Retained Earnings	6,268,658
Investment in General Fixed Assets	2,155,763
Restricted for Roads	231,120
Contributed Capital	4,090,641
LT Debt Paid YTD Reported in Cash Flow as Outflow	464,155
Net Cash Flow	31,711
<b>TOTAL NET POSITION</b>	<b>13,242,048</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$18,272,280</b>

**EDGEMONT RANCH METROPOLITAN DISTRICT**  
**Consolidated Statement of Cash Flows**  
**DECEMBER 31, 2019 YTD**

<b>CASH INFLOW</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>General Fund</b>	<b>Long Term Debt</b>	<b>Total</b>	<b>Budget</b>	<b>Variance</b>	<b>%</b>
Water / Sewer Base Fees	\$238,139	\$171,007			\$409,146	\$408,117	1,029	0%
Infrastructure Maintenance Fees	209,827	214,630			424,457	422,112	2,345	1%
Property Tax Income			\$220,240	\$68,409	288,649	272,389	16,260	6%
Snow Removal Fees			51,574		51,574	51,264	310	1%
Developer Lot Sale Fees	10,900	10,900			21,800	21,800	0	0%
Water / Sewer Reserves	87,428	386,333			473,761	471,360	2,401	1%
Inspection/Equipment/Impact Fees	16,076	800	16,875		33,751	19,920	13,831	69%
Lease Income			13,824		13,824	13,824	0	0%
EPOA Reimbursement	500	500	12,605		13,605	13,970	(365)	-3%
Other	2,328	1,381	994		4,703	300	4,403	1468%
Interest Income		6,698			6,698	6,700	(2)	0%
Bad Debt Reserve	-1,224	-2,520	-216		-3,960	0	(3,960)	
<b>TOTAL CASH INFLOW</b>	<b>563,974</b>	<b>789,729</b>	<b>315,896</b>	<b>68,409</b>	<b>1,738,008</b>	<b>1,701,756</b>	<b>36,252</b>	<b>2%</b>
Transfers to Reserves	-98,328	-403,931	-118,966	0	-621,225	-611,446		
<b>NET OPERATING CASH INFLOW</b>	<b>465,646</b>	<b>385,798</b>	<b>196,930</b>	<b>68,409</b>	<b>1,116,783</b>	<b>1,090,310</b>	<b>26,473</b>	<b>2%</b>
<b>OPERATING CASH OUTFLOW</b>								
Professional Fees	5,747	11,597	11,011	1,838	30,193	37,300	7,107	19%
Office Expenses	4,618	4,691	5,018		14,327	13,575	(752)	-6%
Lease Expense	90,756	53,301			144,057	142,500	(1,557)	-1%
Employee Expenses - Personnel	96,276	112,039	112,138		320,453	335,915	15,462	5%
Employee Exp - Taxes, Insurance, etc.	33,225	42,475	37,478		113,178	118,645	5,467	5%
Insurance	6,768	6,665	6,706		20,139	24,900	4,761	19%
Vehicle Expenses	4,035	4,252	4,388		12,675	18,000	5,325	30%
Operations Expenses	62,349	48,465	15,170		125,984	150,656	24,672	16%
Maintenance/Repair Equipment	8,994	2,050			11,044	12,640	1,596	13%
Maintenance/Repair Infrastructure	10,010	380	3,972		14,362	19,395	5,033	26%
Distribution / Collections	22,382	13,708			36,090	46,785	10,695	23%
Capital Expenditures	35,895	0	0		35,895	42,000	6,105	15%
Debt Payments		0		61,394	61,394	61,394	0	0%
Other	51,618	645	979		53,242	66,146	12,904	20%
<b>TOTAL OPERATING CASH OUTFLOW</b>	<b>432,673</b>	<b>300,268</b>	<b>196,860</b>	<b>63,232</b>	<b>993,033</b>	<b>1,089,851</b>	<b>96,818</b>	<b>9%</b>
<b>CASH FLOW BEFORE RESERVES</b>	<b>\$32,973</b>	<b>\$85,530</b>	<b>\$70</b>	<b>\$5,177</b>	<b>\$123,750</b>	<b>\$459</b>	<b>\$123,291</b>	<b>26861%</b>
<b>NET RESERVE ACTIVITY</b>	<b>-23,888</b>	<b>-111,944</b>	<b>43,793</b>	<b>0</b>	<b>-92,039</b>	<b>-1,873,323</b>	<b>1,781,284</b>	
<b>TOTAL CASH FLOW</b>	<b>\$9,085</b>	<b>-\$26,414</b>	<b>\$43,863</b>	<b>\$5,177</b>	<b>\$31,711</b>	<b>-\$1,872,864</b>	<b>\$1,904,575</b>	<b>-102%</b>

**EDGEMONT RANCH METROPOLITAN DISTRICT**  
**Analysis of Reserve Activity**  
**DECEMBER 31, 2019 YTD**

	<u>Water System Reserve</u>	<u>Waste Water System Reserve</u>	<u>Road Maintenance Reserve</u>	<u>Snow Removal Reserve</u>	<u>Total</u>	<u>Budget</u>	<u>Variance</u>
<b>CURRENT RESERVE CASH INFLOW</b>							
Highlands Lot Sale Fee	\$10,900	\$10,900			\$21,800	\$21,800	0
Spring Valley Reservoir Reserve Fees	87,428				\$87,428	\$86,880	548
WWTP Reserve		386,333			\$386,333	384,480	1,853
Interest on Loan Proceeds		6,698			\$6,698	6,700	(2)
Road Maintenance Tax Levy			\$50,517		\$50,517	50,322	195
Snow Removal Fee				\$51,574	\$51,574	51,264	310
Road Impact Fees			16,875		\$16,875	10,000	6,875
<b>TOTAL CASH INFLOW</b>	<b>98,328</b>	<b>403,931</b>	<b>67,392</b>	<b>51,574</b>	<b>621,225</b>	<b>611,446</b>	<b>9,779</b>
<b>CURRENT RESERVE CASH OUTFLOW</b>							
Spring Valley Reservoir Loan Payments	122,216				122,216	122,216	0
WWTP Loan Payments		311,083			311,083	311,083	0
WWTP Development		204,792			204,792	2,000,000	1,795,208
R&M Roads			33,755		33,755	35,070	1,315
Snow Removal Expense				14,389	14,389	8,200	(6,189)
Snow Equipment R&M				19,829	19,829	8,200	(11,629)
Snow Equipment Capital - Sander				7,200	7,200	0	(7,200)
<b>TOTAL RESERVE CASH OUTFLOW</b>	<b>122,216</b>	<b>515,875</b>	<b>33,755</b>	<b>41,418</b>	<b>713,264</b>	<b>2,484,769</b>	<b>1,771,505</b>
<b>NET RESERVE CASH FLOW</b>	<b>-\$23,888</b>	<b>-\$111,944</b>	<b>\$33,637</b>	<b>\$10,156</b>	<b>-\$92,039</b>	<b>-\$1,873,323</b>	<b>-\$1,781,284</b>
<b>PREVIOUS BALANCE (12/31/18)</b>	<b>138,417</b>	<b>4,942,758</b>	<b>273,545</b>	<b>140,057</b>	<b>5,494,777</b>		
<b>TOTAL RESERVE BALANCE</b>	<b>\$114,529</b>	<b>\$4,830,814</b>	<b>\$307,182</b>	<b>\$150,213</b>	<b>\$5,402,738</b>		