



METROPOLITAN DISTRICT

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, March 7, 2019 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 6, 2018
2. 4th Quarter Financial Report – Marilyn
3. Board Presentation - for Approval to Consolidate Highland Lots 126 & 127
4. Waste Water Plant Update – Mr. Martinez & Mr. Butler
5. Staff Report
6. Board Concerns

Dated this 1st day of March 2019

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, March 7, 2019 at 4:01 PM – a rescheduled meeting date from February 12, 2019, by Steve Martin.

Directors in attendance were: Steve Martin, Rich Butler, Al Winzerling and Andrew Rapiejko. Also, in attendance were staff members, Mike Lancianese, Kurtis Martinez, Marilyn Heide and Annette Hutchins. Edgemont residents in attendance were: Linda Herz, Steve Doob, Bill Owens, Jeff & Lynn Tanner, Don Brothie, Carrie Kolb and Dolph Kuss.

Mr. Butler moved to approve the Regular Metro Board meeting minutes from December 6, 2018, seconded by Mr. Winzerling, and was carried unanimously.

Marilyn reviewed Metro's 4th Quarter Financial Report, including ERMD Consolidated Balance Sheet, December 31, 2018, ERMD Consolidated Statement of Cash Flows, December 31, 2018 YTD, and ERMD Analysis of Reserve Activity, December 31, 2018 YTD. (See attached)

Mr. Martin explained the Tanner's plan to consolidate Highlands's lots 126 & 127. Mr. Martin made a motion to approve the lot consolidation and state the Metro's abandonment of the easement between the two lots, seconded by Mr. Winzerling and was unanimously approved.

Mr. Mongelli arrived at this time.

Mr. Martinez gave an update on the progress of the Waste Water Plant. Element Engineering has completed their drafts of the process design report. The Waste Water Plant will have an appearance of a barn and feature removable panels with pulleys to make changes to meet the state's anticipated requirements. It will be energy efficient and LEED official. Mr. Butler stated the county is considering a new approval process. How the county codes the land use may differ from the current regulations and approval from the state. La Plata County may not be part of this process. Mr. Martinez said the District is hoping to start the bid process July 4th with a September start date and be operational in the summer of 2020.

Mr. Lancianese reported on the snow removal process and specs. The vehicles District used: a backhoe, a dump truck, a road grader, and a pick-up truck. In February staff members worked 2,500 miles, used 750 gallons of diesel fuel, 85 gallons of unleaded fuel, and used \$2500 worth of sand. Mr. Martin congratulated staff members on doing a great job.

Mr. Brothie asked when large snow piles would be moved in Mountain Stream Court, a cul-de-sac in the Highlands, so he could bring in his RV on March 12th. Mr. Martinez said they would remove the snow by then.

Mr. Owens said the staff was doing a great job of removing the snow. He commented on how the road shoulders were taking a beating in the snow removal process. Mr. Martinez explained staff would rent a mini to pull the gravel and compact it and also add road base to refurbish the road shoulders in the spring.

Mr. Martin had a board concern. Mr. Coln said when staff took down the stop sign and yield sign at the intersection of Golden Dipper and Silver Queen it had become a more dangerous intersection. Mr. Coln's car was almost hit there. Mrs. Herz agreed - she related the same thing almost happened to another resident. Mr. Martinez said staff would review the intersection's safeness. A stop sign could easily be put back at that intersection.

Mr. Martin briefly mentioned a land/water use proposal with Mr. Gorton which was being reviewed by the Metro's lawyers and would be covered in a future regular board meeting.

Mr. Martin commented that he has been contacted by AT&T with reference to some amendments they will be submitting to their lease on the water tank. He hasn't seen the documents, but Martin commented that they usually ask for a reduction in rent which ERMD usually rejects.

Mr. Doob commented that he liked the Meadows street lights and the lower wattage at night and asked if some could be put in the Ranch. Mr. Lancianese said the ones that were installed in the Meadows were very expensive. He commented that there was a newly installed solar operated light at the corner of Golden Dipper and Iron King. He explained that these lights and installations were less expensive than the ones tied into the electric meters.

Lastly, Mr. Martin asked if Mr. Lancianese could get a price quote for solar operated street lights in the same style and wattage as the Meadows. Mr. Lancianese would get a quote by the next regular board meeting.

Mr. Mongelli moved to adjourn the meeting, seconded by Mr. Winzerling. The meeting adjourned at 4:32 PM.

Respectfully submitted,

Annette Hutchins,

Administrative Assistant

**ERMD INTERIM FINANCIAL REPORT
DECEMBER 31, 2018**

BALANCE SHEET

Current assets are \$5.9, consisting of \$5.79M cash and \$126K receivables and other.

Property, Plant and Equipment is \$7.9 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 for 2018 was \$1.8M, which is \$130K more than budgeted. There were 53 Highlands and Meadows lots sold, 47 new house starts and 57 excavation permits. After transferring \$723K to Reserves, Net Operating Cash Inflow is \$1.1M.

Total Operating Cash Outflow was just over \$1M, leaving Operating Cash Flow of \$65. The positive \$160K variance in Operating Cash Flow came from buying the pickup truck in 2017, not needing the emergency reserve in the General and Sewer Funds, and coming in under budget in several operating accounts including electric, vehicles & equipment, chemicals, treatment and testing. Total cash flow including reserve activity is \$214K, \$549K more than budgeted

ANALYSIS OF RESERVE ACTIVITY:

Total Reserve Cash Inflow was \$723K, which is \$79K more than budgeted.

Total Reserve Cash Outflow was \$575K. The \$310K variance is timing for the WWTP and road repair.

Total Reserve increased by \$148K, beginning the year at \$5.35M and ending the year at \$5.49M.

CURRENT INFRASTRUCTURE STATUS

| 12/31/2018 | WATER/SEWER CUSTOMERS | <u>RANCH</u> | <u>HIGHLAND</u> | <u>MEADOWS</u> | <u>TOTAL</u> |
|------------|-----------------------|--------------|-----------------|----------------|--------------|
| | UNIMPROVED | 13 | 73 | 66 | 157 |
| | RESIDENTIAL | 218 | 327 | 18 | 558 |
| | PONDS | 3 | 0 | 0 | 3 |
| | LANDSCAPING | 3 | 2 | 1 | 6 |
| | TOTAL | 237 | 402 | 85 | 724 |

| | | | | |
|--------------------------|-----|-----|-----|-----|
| Miles of Road (estimate) | 3.4 | 5.4 | 1.1 | 9.9 |
|--------------------------|-----|-----|-----|-----|

EDGEMONT RANCH METROPOLITAN DISTRICT
Consolidated Balance Sheet
DECEMBER 31, 2018

ASSETS

Current Assets

| | |
|--|---------------|
| Cash | \$294,629 |
| Water System Reserve | 138,417 |
| Waste Water System Reserve | 4,942,758 |
| Road Maintenance Reserve | 273,545 |
| Snow Removal Reserve | 140,057 |
| Taxes Receivable | 0 |
| Utilities Receivable | 36,005 |
| Infrastructure Maintenance Fees Receivable | 64,299 |
| Bad Debt Reserve | 0 |
| Other Current Assets | <u>26,028</u> |

Total Current Assets 5,915,738

Property, Plant and Equipment

| | |
|--|-------------------|
| Water Source and Distribution Infrastructure | 5,420,139 |
| Water Treatment Infrastructure | 676,371 |
| Sewer Transmission Infrastructure | 3,272,293 |
| Sewer Treatment Infrastructure | 496,544 |
| Water/Sewer Plant Equipment | 263,369 |
| Transportation Equipment | 206,491 |
| Office Building | 71,280 |
| Accumulated Depreciation | <u>-2,532,084</u> |

Total Property, Plant and Equipment 7,874,403

Other Assets

| | |
|-----------------------------|-------------------|
| Building Improvements | 87,536 |
| Security Infrastructure | 205,900 |
| Roads Infrastructure | 5,425,173 |
| Office Building & Equipment | 333,377 |
| Land | 62,609 |
| Accumulated Depreciation | <u>-1,768,765</u> |

Total Other Assets 4,345,830

TOTAL ASSETS \$18,135,971

LIABILITIES

| | |
|-------------------------|------------------|
| Accounts Payable | 55,928 |
| Restricted Property Tax | 0 |
| Deferred Income | 20,000 |
| Leases Payable | 372,285 |
| Notes Payable | <u>5,465,117</u> |

TOTAL LIABILITIES 5,913,330

CAPITAL

| | |
|------------------------------------|----------------|
| Retained Earnings | \$5,543,527 |
| Restricted for Roads | 218,750 |
| Contributed Capital | 4,090,641 |
| Investment in General Fixed Assets | 2,155,763 |
| Net Cash Flow | <u>213,960</u> |

TOTAL CAPITAL 12,222,641

TOTAL LIABILITIES AND CAPITAL \$18,135,971

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

| CASH INFLOW | Water Fund | Sewer Fund | General Fund | Long Term Debt | Total | Budget | Variance | % |
|---------------------------------------|-----------------------|-----------------------|-------------------------|---------------------------|------------------|-------------------|------------------|--------------|
| Water / Sewer Base Fees | \$232,288 | \$161,196 | | | \$393,484 | \$370,869 | \$22,615 | 6% |
| Infrastructure Maintenance Fees | 207,718 | 212,729 | | | 420,447 | 421,824 | (1,377) | 0% |
| Property Tax Income | | | \$202,423 | \$69,859 | 272,282 | 257,055 | 15,227 | 6% |
| Snow Removal Fees | | | 51,060 | | 51,060 | 51,264 | (204) | 0% |
| Developer Lot Sale Fees | 62,275 | 62,275 | | | 124,550 | 35,250 | 89,300 | 253% |
| Water / Sewer Reserves | 86,548 | 382,914 | | | 469,462 | 471,240 | (1,778) | 0% |
| Inspection/Equipment/Impact Fees | 22,639 | 1,175 | 24,925 | | 48,739 | 19,920 | 28,819 | 145% |
| Lease Income | | | 13,824 | | 13,824 | 13,824 | 0 | 0% |
| EPOA Reimbursement | | | 12,308 | | 12,308 | 12,970 | (662) | -5% |
| Other | 525 | 1,120 | 71 | | 1,716 | 300 | 1,416 | 472% |
| Interest Income | | 6,688 | | | 6,688 | 30,000 | (23,312) | -78% |
| Bad Debt Reserve | 0 | 0 | 0 | | 0 | 0 | 0 | |
| TOTAL CASH INFLOW | 611,993 | 828,097 | 304,611 | 69,859 | 1,814,560 | 1,684,516 | 130,044 | 8% |
| Transfers to Reserves | -148,823 | -451,877 | -122,330 | 0 | -723,030 | -643,950 | | |
| NET OPERATING CASH INFLOW | 463,170 | 376,220 | 182,281 | 69,859 | 1,091,530 | 1,040,566 | 50,964 | 5% |
| OPERATING CASH OUTFLOW | | | | | | | | |
| Professional Fees | 4,610 | 9,337 | 10,298 | 1,875 | 26,120 | 37,494 | 11,374 | 30% |
| Office Expenses | 4,239 | 4,041 | 4,924 | | 13,204 | 12,475 | (729) | -6% |
| Lease Expense | 86,750 | 50,948 | 0 | | 137,698 | 132,334 | (5,364) | -4% |
| Employee Expenses - Personnel | 96,720 | 112,557 | 112,657 | | 321,934 | 323,201 | 1,267 | 0% |
| Employee Exp - Taxes, Insurance, etc. | 33,722 | 38,852 | 36,063 | | 108,637 | 116,466 | 7,829 | 7% |
| Insurance | 4,660 | 4,660 | 4,660 | | 13,980 | 12,681 | (1,299) | -10% |
| Vehicle Expenses | 4,436 | 3,070 | 3,747 | | 11,253 | 18,000 | 6,747 | 37% |
| Operations Expenses | 56,999 | 49,367 | 14,766 | | 121,132 | 152,715 | 31,583 | 21% |
| Maintenance/Repair Equipment | 3,323 | 3,082 | 0 | | 6,405 | 4,450 | (1,955) | -44% |
| Maintenance/Repair Infrastructure | 9,388 | 266 | 2,781 | | 12,435 | 11,752 | (683) | -6% |
| Distribution / Collections | 33,115 | 10,694 | | | 43,809 | 41,760 | (2,049) | -5% |
| Capital Expenditures | 13,848 | 58,419 | 2,785 | | 75,052 | 128,480 | 53,428 | 42% |
| Debt Payments | | 13,770 | | 61,394 | 75,164 | 75,164 | 0 | 0% |
| Other | 57,401 | 634 | 1,049 | | 59,084 | 68,183 | 9,099 | 13% |
| TOTAL OPERATING CASH OUTFLOW | 409,211 | 359,697 | 193,730 | 63,269 | 1,025,907 | 1,135,155 | 109,248 | 10% |
| CASH FLOW BEFORE RESERVES | \$53,959 | \$16,523 | -\$11,449 | \$6,590 | \$65,623 | -\$94,589 | \$160,212 | -169% |
| NET RESERVE ACTIVITY | 26,607 | 44,561 | 77,169 | 0 | 148,337 | -240,320 | 388,657 | |
| TOTAL CASH FLOW | \$80,566 | \$61,084 | \$65,720 | \$6,590 | \$213,960 | -\$334,909 | \$548,869 | -164% |

EDGEMONT RANCH METROPOLITAN DISTRICT
Analysis of Reserve Activity
DECEMBER 31, 2018 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> |
|---------------------------------------|-------------------------------------|---|---|-------------------------------------|--------------------|-------------------|-------------------|
| CURRENT RESERVE CASH INFLOW | | | | | | | |
| Highlands Lot Sale Fee | \$62,275 | \$62,275 | | | \$124,550 | \$35,250 | 89,300 |
| Spring Valley Reservoir Reserve Fees | 86,548 | | | | \$86,548 | \$86,760 | (212) |
| WWTP Reserve | | 382,914 | | | \$382,914 | 384,480 | (1,566) |
| Interest on Loan Proceeds | | 6,688 | | | \$6,688 | 30,000 | (23,312) |
| Road Maintenance Tax Levy | | | \$46,345 | | \$46,345 | 46,196 | 149 |
| Snow Removal Fee | | | | \$51,060 | \$51,060 | 51,264 | (204) |
| Road Impact Fees | | | 24,925 | | \$24,925 | 10,000 | 14,925 |
| TOTAL CASH INFLOW | 148,823 | 451,877 | 71,270 | 51,060 | 723,030 | 643,950 | 79,080 |
| CURRENT RESERVE CASH OUTFLOW | | | | | | | |
| Spring Valley Reservoir Loan Payments | 122,216 | | | | 122,216 | 122,216 | 0 |
| WWTP Loan Payments | | 311,083 | | | 311,083 | 311,084 | 1 |
| WWTP Development | | 96,233 | | | 96,233 | 400,000 | 303,767 |
| R&M Roads | | | 33,975 | | 33,975 | 34,570 | 595 |
| Snow Removal Expense | | | | 2,589 | 2,589 | 8,200 | 5,611 |
| Snow Equipment R&M | | | | 8,597 | 8,597 | 8,200 | (397) |
| TOTAL RESERVE CASH OUTFLOW | 122,216 | 407,316 | 33,975 | 11,186 | 574,693 | 884,270 | 309,577 |
| NET RESERVE CASH FLOW | \$26,607 | \$44,561 | \$37,295 | \$39,874 | \$148,337 | -\$240,320 | -\$388,657 |
| PREVIOUS BALANCE (12/31/17) | 111,810 | 4,898,197 | 236,250 | 100,183 | 5,346,440 | | |
| TOTAL RESERVE BALANCE | \$138,417 | \$4,942,758 | \$273,545 | \$140,057 | \$5,494,777 | | |