



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, February 17, 2022 via Zoom.**

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 7, 2021
2. 4th Quarter Financial Report 2021– Marilyn
3. 2021 Budget Amendment - Marilyn
4. Present & Approve the Compensatory Time-off Policy – Mr. Butler
5. Staff Report
 - A) Waste Water Plant Update – Mr. Martinez
 - B) Water Plant Update - Mr. Ludwig
6. Board Concerns

Robert Ludwig is inviting you to a scheduled Zoom meeting.

Topic: Edgemont Metro District February Board Meeting

Time: Feb 17, 2022 04:00 PM Mountain Time (US and Canada)

Join Zoom Meeting

<https://us02web.zoom.us/j/87256069488?pwd=dkpuaXcvMFpsSDZleHQzYktybVI1Zz09>

Meeting ID: 872 5606 9488

Passcode: 897169

One tap mobile

+12532158782,,87256069488#,,,,*897169# US (Tacoma)

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Dial by your location

+1 253 215 8782 US (Tacoma)

+1 346 248 7799 US (Houston)

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+1 669 900 6833 US (San Jose)

+1 301 715 8592 US (Washington DC)

+1 312 626 6799 US (Chicago)

+1 646 876 9923 US (New York)

Meeting ID: 872 5606 9488

Passcode: 897169

Find your local number: <https://us02web.zoom.us/j/kcQK2VCNiM>

Dated this 14th day of February 2022

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 on Zoom Thursday, February 17, 2022 at 4:00 PM.

Directors in attendance were: Steve Martin, Al Winzerling, Rich Butler and Andrew Rapiejko. Metro staff members in attendance were: Robert Ludwig, Kurtis Martinez, Mike Lancianese, Eric Mietchen, Marilyn Heide and Annette Hutchins. Also about a dozen others were in attendance.

Mr. Winzerling moved to approve the Regular Metro Board meeting minutes from December 7, 2021, seconded by Mr. Butler, and was carried unanimously.

Marilyn reviewed the 4th Quarter Financial Report. ERMD Consolidated Balance Sheet, December 31, 2021, ERMD Consolidated Statement of Cash Flows, December 31, 2021 YTD, and ERMD Analysis of Reserve Activity, December 31, 2021 YTD. (See attachment). Mr. Butler related that the sewer loan is payable as of 12-21 and by March will be fully drawn to the full 7.5M – it's a draw loan as we go to completion. Mr. Butler pointed out that Metro will only pay interest when the funds are spent. Marilyn stated that our revenues were higher than budgeted because of the building in the District, (47 new housing starts this year), refunds from LPEA and health insurance company. We settled out of court for Metro's water rights, and saved \$83K, and we didn't spend our contingencies. Though this was a hard year for Metro's vehicles and equipment - a pump broke at the booster station.

Marilyn reviewed the 2021 Budget Amendment. Only the sewer fund was amended to include the new loan for the waste water plant. The amount of the added cost was not known at the time the budget was created. Mr. Butler presented a resolution for supplemental budget and appropriation which goes towards the new waste water plant. Mr. Martin moved to approve the resolution for supplemental budget and appropriation, seconded by Mr. Winzerling and was unanimously approved. (See attachment)

Mr. Butler explained while he and Mr. Martin were at a recent staff meeting, staff members pointed out there needed to be an updated compensation policy that explicitly stated the hours of overtime that applied to each 8 hour day – not the 40 hour week. Mr. Butler presented an amended comp-time policy to accurately record what is really happening for each full-time staff member's compensation and the calculation for processing their payroll. This was mainly attributed to the overtime hours staff members worked when snowplowing. Mr. Martin moved to take action to update the compensatory employee overtime/time-off policy, seconded by Mr. Winzerling and was unanimously approved. (See attachment)

Mr. Martinez encouraged board members to see the progress of the construction being made on the new waste water facility by Integrated Water Services. He reported that Mr. Kay, the state inspector, did a walk-through and reviewed the progress and filled out the "substantial completion" report for the state. Mr. Martinez stated everything is on site and Metro was going to meet the deadlines. Metro planned to drain the lagoons starting May 1st, and send water to the new water plant by June 1st. Metro was in contact with the bio-solids people in Denver and planning for the sludge removal of the lagoons, and are working on the plan to decommission them. They will dry everything and truck it to the landfill to save money. The District will remove the sludge and rinse everything to lagoon 3. The lagoons have had the same nitrogen and ammonia levels as they've been having. Mr. Ludwig estimated that the new waste water plant construction was approximately 80% complete. There is a compliance order that allows Metro to move the new waste water plant into production as the District moves the old lagoon system out of production without paying anymore fines. He has already written a letter to the state

explaining this. They have accepted the plans and process for the transfer. This is part of his monthly report to the state and they accepted this update as a "substantial completion". Mr. Butler asked if Metro was on track with the budgeted amounts and was hoping there wouldn't be any more change orders. Mr. Ludwig explained he didn't expect any more change orders. They had some flow issues they were working out. Metro was getting the equipment needed with the quality needed with this whole process. An example was Metro ordering a particular valve, but the lead time was too long so another valve that meets the specifications was ordered. The longest lead time was for the windows - next October. Working with Integrated Water Services has worked out great - they are still under bid with value engineering and coming along well. Mr. Martin thanked Mr. Martinez and Mr. Ludwig for keeping Metro away from major change orders.

Mr. Ludwig reported that Metro purchased new filters in January for the water plant. The original sand filter met compliance, but it used water to clean itself, therefore it wasted water to treat water. They were putting in a one micron absolute filter that will consume no water rather than a back washable fan media. Metro will be able to use it in drought and wintertime. It has been proven in this valley for the last 10 years and can be expected to produce excellent water quality. Metro is getting the pipe fitting done to put a new filter train in the water plant to make a third redundant booster pump that moves water from the lower tank to the upper tank. This will avoid any further pump failures.

Mr. Ludwig discussed Lot 121 from the Highlands. Developer, Mr. Asher, submitted his plan to Metro for comments. Mr. Ludwig was getting the citizens input into the city planning department process along with his comments. He was dealing with Mr. Asher concerning the drainage, and traffic flow (he was willing to do a traffic study, and how the construction impact was going to work). There was one disagreement dealing with the Highlands homeowners association covenants on how to deal with the Multi-family status. Mr. Wilson, a neighbor to this property, was spearheading the communication between Metro and the adjacent Highlands homeowners with their citizen's concerns. The communication was going well and they were doing what it takes to make a good product.

Lastly, Mr. Winzerling brought up an issue concerning the water bill for the house that was burned in the Ranch. Metro forgave the owner several months of bills, but now the owner needed to catch up after the allotted time had passed. The owner said the house was taking longer to be refurbished due to lack of supplies and contract workers. Marilyn will get in touch with the property owner to find out the plan to catch up.

A motion was made and approved to adjourn the meeting at 4:34 PM.

Respectfully submitted,

Annette Hutchins,
Administrative Assistant

**ERMD INTERIM FINANCIAL REPORT
DECEMBER 31, 2021**

BALANCE SHEET

Current assets are \$3.561M, consisting of \$3.095M cash and \$466K receivables and other. Bad debt is at zero.

Property, Plant and Equipment is \$9.3M, which primarily represents the water and sewer infrastructure.

Other Assets are \$5.9M, made up primarily of all the roads for which the District has responsibility and buildings.

Total Liabilities are \$6.3M. The Sewer Plant loan acquired in 2017 (balance of \$3.851M) was paid off 6/4/21 using the loan proceeds which have been held in a CD until needed. A new loan has been acquired for up to \$7.5M and the District is receiving the proceeds as needed. As of 12/31/21, the District has drawn \$5.146M. Notes Payable reflects the balances of the road bond and water reservoir loans.

Deferred Property Tax Revenue reflects the District's total 2022 tax levy.

Total Net Position is \$18.7M.

FINANCIAL OVERVIEW:

The District's YTD Total Cash Inflow is \$1.9M, a positive variance from the budget of \$53K. That variance is largely due to housing construction. The District had 47 new houses started in 2021. \$9,000 of the variance is from specific ownership taxes collected. After transferring \$668K to Reserves, Net Operating Cash Inflow is \$1.2M.

Total Operating Cash Outflow was just over \$1M. While some areas of spending were over budget due to equipment and vehicle breakdowns, we still came out with a positive variance of 112K. The water rights cases were settled outside of court leaving expenditures \$84K under budget and most of the contingency funds were not spent. The Cash Flow before Reserves was \$267K, a positive variance of almost \$163K. Total cash flow including reserve activity is -\$4.6M.

ANALYSIS OF RESERVE ACTIVITY:

Total Reserve Cash Inflow was \$668K, a positive variance from the budget of \$3K.

Total Reserve Cash Outflow was \$5.5M, a negative variance of \$969K. The largest variances are from loan fees of -\$65K and WWTP Construction -\$1.054M. The District did have funds to cover those variances and the Sewer Reserve Balance at the bottom of the page reflects an end of year balance of \$1.165M after paying off the 2017 loan and acquiring the new loan in 2021.

Snow Equipment R&M has a \$16K negative variance due to loader rental and equipment breakdowns.

CURRENT INFRASTRUCTURE STATUS

6/30/2020	WATER/SEWER CUSTOMERS	<u>RANCH</u>	<u>HIGHLAND</u>	<u>MEADOWS</u>	<u>TOTAL</u>
	UNIMPROVED	11	73	72	156
	RESIDENTIAL	219	385	64	668
	PONDS	3	0	0	3
	LANDSCAPING	3	2	1	6
	TOTAL	236	460	137	833
	Miles of Road (estimate)	3.4	5.4	1.1	9.9

EDGEMONT RANCH METROPOLITAN DISTRICT
Consolidated Balance Sheet
DECEMBER 31, 2021

ASSETS

Current Assets

Cash	\$284,700
Water System Reserve + Unrestricted	309,470
Sewer System Reserve + Unrestricted	1,962,424
Road Maintenance Reserve	365,677
Snow Removal Reserve	173,346
Property Taxes Receivable	319,905
Water/Sewer Base Fees Receivable	41,631
Infrastructure Maintenance Fees Receivable	71,779
Other Current Assets	32,265
Bad Debt Reserve	0

Total Current Assets 3,561,197

Property, Plant and Equipment

Water Source and Distribution Infrastructure	6,223,531
Water Treatment Infrastructure	678,783
Water Plant Equipment	172,780
Sewer Transmission Infrastructure	4,047,559
Sewer Treatment Infrastructure	427,813
Sewer Treatment Plant Construction in Progress	568,248
Sewer Plant Equipment	158,285
Transportation Equipment	206,491
Office Building	71,280
Accumulated Depreciation	-3,277,501

Total Property, Plant and Equipment 9,277,269

Other Assets

Roads Infrastructure	7,297,536
Security Infrastructure	262,576
Office Building & Equipment	350,802
Building Improvements	87,536
Land	62,609
Accumulated Depreciation	-2,192,058

Total Other Assets 5,869,001

TOTAL ASSETS \$18,707,467

LIABILITIES

Current Liabilities

Accounts Payable	440,346
Accrued Compensated Absences	11,260
Unearned revenue	20,000

Total Current Liabilities 471,606

Long-term Debt

Sewer Loan Payable	5,146,362
Notes Payable	423,266
LT Debt Paid YTD Reported in Cash Flow as Outflow	238,698

Total Long-term Debt 5,808,326

TOTAL LIABILITIES 6,279,932

DEFERRED INFLOWS OF RESOURCES

Deferred Property Tax Revenue	319,905
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NET POSITION

Retained Earnings	10,179,083
Contributed Capital	4,090,641
Investment in General Fixed Assets	2,155,763
Restricted for Roads	265,321
Net Cash Flow	-4,583,178

TOTAL NET POSITION 12,107,630

TOTAL LIABILITIES AND NET POSITION \$18,707,467

EDGEMONT RANCH METROPOLITAN DISTRICT
Consolidated Statement of Cash Flows
DECEMBER 31, 2021 YTD

CASH INFLOW	Water Fund	Sewer Fund	General Fund	Long Term Debt	Total	Budget	Variance	%
Water / Sewer Base Fees	\$276,281	\$192,156			\$468,437	\$443,397	25,040	6%
Infrastructure Maintenance Fees	230,848	237,505			468,353	470,916	(2,563)	-1%
Property Tax Income			\$266,976	\$69,439	336,415	327,208	9,207	3%
Snow Removal Fees			55,810		55,810	57,240	(1,430)	-2%
Water / Sewer Reserves	96,187	427,510			523,697	526,140	(2,443)	0%
Inspection/Equipment/Impact Fees	22,139	1,175	24,775		48,089	20,420	27,669	135%
Lease Income			30,504		30,504	29,904	600	2%
EPOA Reimbursement	500	500	8,985		9,985	13,970	(3,985)	-29%
Other	2,346	1,824	674		4,844	300	4,544	1515%
Interest Income		3,146			3,146	6,700	(3,554)	-53%
Bad Debt Reserve	0	0	0		0	0	0	
TOTAL CASH INFLOW	628,301	863,816	387,724	69,439	1,949,280	1,896,195	53,085	3%
Transfers to Reserves	-96,187	-430,656	-141,541	0	-668,384	-665,311		
NET OPERATING CASH INFLOW	532,114	433,160	246,183	69,439	1,280,896	1,230,884	50,012	4%
OPERATING CASH OUTFLOW								
Professional Fees	15,361	9,696	16,582	1,876	43,515	37,860	(5,655)	-15%
Office Expenses	6,344	6,223	3,888		16,455	15,770	(685)	-4%
Employee Expenses - Personnel	143,392	143,392	71,696		358,480	362,900	4,420	1%
Employee Exp - Taxes, Insurance, etc.	51,385	53,615	24,387		129,387	145,145	15,758	11%
Insurance	7,382	7,382	3,691		18,455	21,900	3,445	16%
Vehicle Expenses	9,980	11,256	6,493		27,729	16,225	(11,504)	-71%
Operations Expenses	70,215	57,305	14,388		141,908	164,930	23,022	14%
Maintenance/Repair Equipment	8,495	0	0		8,495	7,470	(1,025)	-14%
Maintenance/Repair Infrastructure	12,770	1,368	9,093		23,231	19,875	(3,356)	-17%
Distribution / Collections	50,857	11,996			62,853	57,080	(5,773)	-10%
Capital Expenditures	25,838	4,876	11,726		42,440	22,875	(19,565)	-86%
Debt & Interest Payments				61,394	61,394	61,394	0	0%
Other	77,423	1,148	941		79,512	193,010	113,498	59%
TOTAL OPERATING CASH OUTFLOW	479,442	308,257	162,885	63,270	1,013,854	1,126,434	112,580	10%
CASH FLOW BEFORE RESERVES	\$52,672	\$124,903	\$83,298	\$6,169	\$267,042	\$104,450	\$162,592	156%
NET RESERVE ACTIVITY	-26,029	-4,864,905	40,714	0	-4,850,220	-3,884,639	-965,581	
TOTAL CASH FLOW	\$26,643	-\$4,740,002	\$124,012	\$6,169	-\$4,583,178	-\$3,780,189	-\$802,989	21%

EDGEMONT RANCH METROPOLITAN DISTRICT
Analysis of Reserve Activity
DECEMBER 31, 2021 YTD

	Water System Reserve	Waste Water System Reserve	Road Maintenance Reserve	Snow Removal Reserve	Total	Budget	Variance	%
CURRENT RESERVE CASH INFLOW								
Spring Valley Reservoir Reserve Fees	96,187				\$96,187	\$96,840	(653)	-1%
WWTP Reserve		427,510			\$427,510	429,300	(1,790)	0%
Interest on Loan Proceeds		3,146			\$3,146	6,700	(3,554)	-53%
Road Maintenance Tax Levy			\$60,956		\$60,956	60,956	0	0%
Snow Removal Fee				\$55,810	\$55,810	57,240	(1,430)	-2%
Road Impact Fees			24,775		\$24,775	14,275	10,500	74%
TOTAL CASH INFLOW	96,187	430,656	85,731	55,810	668,384	665,311	3,073	0%
CURRENT RESERVE CASH OUTFLOW								
Spring Valley Reservoir Loan Payments	122,216				122,216	122,217	1	0%
WWTP Loan/Interest Payments		176,684			176,684	311,083	134,399	43%
WWTP Loan Fees		65,000			65,000	0	(65,000)	
WWTP Development / Construction		5,053,877			5,053,877	4,000,000	(1,053,877)	-26%
R&M Roads			57,021		57,021	89,750	32,729	36%
Snow Removal Expense				19,517	19,517	18,700	(817)	-4%
Snow Equipment R&M				24,289	24,289	8,200	(16,089)	-196%
TOTAL RESERVE CASH OUTFLOW	122,216	5,295,561	57,021	43,806	5,518,604	4,549,950	-968,654	-21%
NET RESERVE CASH FLOW	-\$26,029	-\$4,864,905	\$28,710	\$12,004	-\$4,850,220	-\$3,884,639	\$965,581	-25%
PREVIOUS RESERVE BALANCE (12/31/20)								
Payoff of 2017 Sewer Loan	84,936	4,726,037	336,967	161,342	5,309,282			
Loan proceeds of 2021 Sewer Loan		-3,842,834			-3,842,834			
		5,146,362			5,146,362			
TOTAL RESERVE BALANCE 12/31/21	\$58,907	\$1,164,660	\$365,677	\$173,346	\$1,762,590			

**RESOLUTION/ORDINANCE FOR SUPPLEMENTAL BUDGET
and APPROPRIATION**

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

A RESOLUTION/AN ORDINANCE APPROPRIATING ADDITIONAL SUMS OF MONEY TO DEFRAY EXPENSES IN EXCESS OF AMOUNTS BUDGETED FOR THE Edgemont Ranch Metropolitan District.

COLORADO.

WHEREAS,

(Describe the circumstances concerning adoption of this Resolution/Ordinance):

The receipt of Loan proceeds of \$5,146,362
(Describe the unanticipated revenue or revenues not assured at the time of the adoption of the budget from any source **other than the local government's property tax mill levy.**)

NOW, THEREFORE, BE IT RESOLVED/ORDAINED BY THE Board of Directors
OF THE Edgemont Ranch Metropolitan District, COLORADO;

Section 1. That the 20 ~~21~~ 22 appropriation for the Sewer
fund is hereby increased from \$ 4,646,357 to \$ \$9,500,000 for the
following purpose:

Construction of Waste Water Treatment Plant and loan payoff

ADOPTED, this 17th day of February, A.D., 2022.

Attest: [Signature] President
[Signature] Treasurer



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

**COMPENSATORY TIME-OFF AND OVERTIME POLICY FOR REGULAR FULL-TIME STAFF
EDGEMONT RANCH METRO DISTRICT
FEBRUARY 2022**

Edgemont Ranch Metro District's (ERMD) Compensatory Time-Off and Overtime Policy applies to regular full-time staff. ERMD's Board of Directors may change this policy at any time in its sole discretion. This Policy supersedes ERMD's policy of 12/06/2013 and is effective as of January 1, 2022.

Normal Workweek and Hours: ERMD's standard work schedule shall be an 8-hour day Monday through Friday. Unless otherwise directed, work hours will commence at 7:30 a.m. and end at 4:00 p.m. with a 30-minute lunch break. Employees are required to log their hours in the format directed by ERMD's payroll provider.

Compensatory Time-Off and Accountability: ERMD's policy is to grant regular full-time employees Compensatory Time-Off for hours worked beyond the 40-hour week. Overtime work often occurs during winter storms and other emergency or unforeseen events. Compensatory time-off shall be accrued at a rate of time-and-a half for hours worked in excess of an 8-hour day and double time in any instance where the employee was directed to work on an established ERMD holiday. Staff members are required to log their hours in excess of 8 hours in any day on a weekly basis and present written supporting data to ERMD's accounting department.

Time limitations for Overtime and Compensatory Time-Off Use: Accrued Overtime worked by a staff member may, at the discretion of ERMD, be compensated in Compensatory Time-Off of one and a half (1.5) hours for each overtime hour worked. It is understood that in agreeing to work for ERMD, employees agree to accept Compensatory Time-Off for overtime work or with payment at one and a half (1.5) times the employee's regular pay rate.

In its discretion ERMD may preclude an employee from working additional overtime until such employee's existing accrual of overtime hours is exhausted by the use of Compensatory Time Off. Employees shall manage the use of Compensatory Time-Off so that the necessary work functions at ERMD are being met. If an employee leaves the employment of the Metro District, such person shall be paid for any overtime hours left outstanding for which there was no Compensatory Time-Off taken.

This Compensatory Time-Off and Overtime Policy shall be managed in conjunction with all other ERMD employment policies.

February 2022