



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, August 16, 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 June 21, 2018
2. 2nd Quarter Metro Financial Report - Marilyn
3. Water Resource Recovery Facility (Waste Water Plant) Update – Mr. Butler, and Mr. Martinez
4. Staff Report
 - A) Fire concerns
 - B) Water supply - Discussion of Possible Water Alert
 - C) Street Lights
5. Board Concerns

Dated this 13th day of August 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, August 16, 2018 at 4:03 PM by Steve Martin.

Directors in attendance were: Steve Martin, Rich Butler, Andrew Rapiejko, Larry Mongelli and Al Winzerling. Also, in attendance were staff members, Mike Lancianese, Mark Fuson, Kurtis Martinez, Marilyn Heide and Annette Hutchins. Edgemont residents in attendance were: Linda Herz, Rob Cohn, David Bray, Bill Fisher, Steve Doob, Tom Gorton, and Don Brotchie.

Mr. Butler moved to approve the Regular Metro Board meeting minutes from June 21, 2018, seconded by Mr. Mongelli, and was carried unanimously.

Marilyn reviewed Metro's 2nd Quarter ERMD Interim Financial Report: the Consolidated Balance Sheet, June 30, 2018, the Consolidated Statement of Cash Flows, June 30, 2018 YTD, and the Analysis of Reserve Activity, June 30, 2018 YTD. (See attachments)

Mr. Martin asked Mr. Cohn about the concerns he had about the streets signs and traffic flow at the intersection of Golden Dipper, Silver Queen and the new Edgemont Meadows Road. The Meadows Road is currently closed but will be opened soon and will be used as a secondary road. (Mr. Gorton, the developer, commented that it would not be an emergency exit road.) Mr. Cohn would like to replace a yield sign for a 3 way stop at that corner because there is a blind spot created from the aspen branches. He was concerned because he's almost had several collisions at that corner. Mr. Martin stated Metro will install a stop sign on Silver Queen and remove the yield sign on Golden Dipper and see how it works. If it doesn't work that way Metro will re-examine the situation.

Mr. Martinez gave a brief update on the progress of the Waste Water Plant, (Water Resource Recovery Facility). We are currently working on the process calculations including biological calculations, air, hydraulic, etc. Element Engineering will be completing drafts of the process design report and the 60% plans. These plans and report will be presented to Goff and the district. Our estimate is that these drafts will be ready in 3 months. The site application, (first stage of the design process), was submitted on February 9th. We have received a few minor questions/clarifications from our review engineer, Emily Wong. Emily has indicated that the site application will be approved shortly. Mr. Butler reported if the district is required to have higher limits for the phosphates, there may be construction inflation due to the possibility of needing another unit to meet more stringent state regulations.

Mr. Fuson reported on the Metro's current level of water supply. On August 7th the Florida River, Edgemont's primary source of water, was reduced from 20 CFS (cubic feet per second) to 10 and is now 9.5. Even with the reduction of available water from the river the Metro can keep the reservoir full at 10 M gallons of water. The two water tanks have 1.3 M gallons combined, and the pond has close to 4 M gallons. Metro is currently allowed to use 180 gallons/minute. There was discussion of the different water rights the Metro had; a complicated process. The district is perfecting the #4 water right. Then there was discussion about sending out a water conservation message to all of the residents/homeowners encouraging them to conserve water. Mr. Butler had previously composed a letter in April which was sent to all residents describing in detail the regional drought and a reminder to conserve water. Though he did not feel the letter was effective. Marilyn showed the water usage actually increased after it was sent. There was discussion on the how strong to make the language in this new letter. Mr. Mongelli felt the letter should have strong language. Mr. Rapiejko advised to do what other towns did in this situation. Mr. Cohn asked about the condition of the well – the water was not

usable because of sulfates. Mr. Gorton noted the foresight of the Metro board to add the reservoir recently and now the board has options and is in a good position with water storage. Mr. Martin asked Mr. Winzerling to compose a new letter with staff member, Mr. Fuson. Mr. Martin was authorized to approve a final draft.

Lastly, Mr. Lancianese explained issues concerning the street lights. The district had hired CT Electric to give a cost estimate to repair work on the street lights – broken wires to the transformer - for several of the lights. This will get done in the next month. Mr. Martin asked Mr. Lancianese to research other possible systems to light the streets, such as solar, and its cost.

Thereafter, and upon motion duly made, seconded and unanimously passed, the meeting was adjourned at 4:53 PM.

Respectfully submitted,

Annette Hutchins,

Administrative Assistant

**ERMD INTERIM FINANCIAL REPORT
JUNE 30, 2018**

BALANCE SHEET

Current assets are \$6M, consisting of \$5.8M cash and \$188K 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 was \$1.055M, which is \$29K more than budgeted. There were 17 Highlands lot sold, 25 new house starts and 36 excavation permits as of June 30. After transferring \$413K to Reserves, Net Operating Cash Inflow is \$642K.

Total Operating Cash Outflow was \$540K, which is \$56K less than budgeted. The variance is caused by timing of expenditures. The Cash Flow before Reserves was \$102K, which is \$55K greater than budget. Total cash flow including reserve activity is \$262K, \$244K more than budgeted

ANALYSIS OF RESERVE ACTIVITY:

Total Reserve Cash Inflow was \$413K, which is \$30K more than budgeted.

Total Reserve Cash Outflow was \$253K.

Total Reserve increased by \$160K, beginning the year at \$5.3M and ending the quarter at \$5.5M.

CURRENT INFRASTRUCTURE STATUS

6/30/2018	WATER/SEWER CUSTOMERS	<u>RANCH</u>	<u>HIGHLAND</u>	<u>MEADOWS</u>	<u>TOTAL</u>	-
	UNIMPROVED	13	84	77	174	
	RESIDENTIAL	218	316	7	541	
	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
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EDGEMONT RANCH METROPOLITAN DISTRICT
Consolidated Balance Sheet
JUNE 30, 2018

ASSETS

Current Assets

Cash	\$302,401
Water System Reserve	124,208
Waste Water System Reserve	4,972,489
Road Maintenance Reserve	280,727
Snow Removal Reserve	128,959
Taxes Receivable	63,661
Utilities Receivable	41,420
Infrastructure Maintenance Fees Receivable	83,362
Bad Debt Reserve	-2,012
Other Current Assets	1,095

Total Current Assets	5,996,310
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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	-2,532,084

Total Property, Plant and Equipment	7,874,403
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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	-1,768,765

Total Other Assets	4,345,830
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TOTAL ASSETS	\$18,216,543
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LIABILITIES

Accounts Payable	24,823
Restricted Property Tax	63,661
Deferred Income	20,000
Leases Payable	372,285
Notes Payable	5,465,117

TOTAL LIABILITIES	5,945,886
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CAPITAL

Retained Earnings	\$5,481,550
Restricted for Roads	280,727
Contributed Capital	4,090,641
Investment in General Fixed Assets	2,155,763
Net Cash Flow	261,976

TOTAL CAPITAL	12,270,657
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TOTAL LIABILITIES AND CAPITAL	\$18,216,543
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EDGEMONT RANCH METROPOLITAN DISTRICT
Consolidated Statement of Cash Flows
JUNE 30, 2018 YTD

CASH INFLOW	Water Fund	Sewer Fund	General Fund	Long Term Debt	Total	Budget	Variance	%
Water / Sewer Base Fees	\$113,706	\$78,500			\$192,206	\$185,000	\$7,206	4%
Infrastructure Maintenance Fees	128,473	132,153			260,626	268,000	(7,374)	-3%
Property Tax Income			\$143,000	\$49,357	192,357	184,815	7,542	4%
Snow Removal Fees			31,692		31,692	32,832	(1,140)	-3%
Highlands Lot Sale Fees	19,975	19,975			39,950	16,450	23,500	143%
Water / Sewer Reserves	53,531	237,875			291,406	295,250	(3,844)	-1%
Inspection/Equipment/Impact Fees	11,775	625	13,400		25,800	9,960	15,840	159%
Lease Income			13,824		13,824	13,824	0	0%
EPOA Reimbursement	0	0	6,029		6,029	5,407	622	12%
Other	0	0	20		20	15,150	(15,130)	-100%
Interest Income		3,334			3,334	0	3,334	#DIV/0!
Bad Debt Reserve	-644	-1,260	-108		-2,012	0	(2,012)	
TOTAL CASH INFLOW	326,816	471,202	207,857	49,357	1,055,232	1,026,688	28,544	3%
Transfers to Reserves	-73,506	-261,184	-78,490	0	-413,180	-383,032		
NET OPERATING CASH INFLOW	253,310	210,018	129,367	49,357	642,052	643,656	-1,604	0%
OPERATING CASH OUTFLOW								
Professional Fees	3,108	3,108	8,055	1,382	15,653	20,892	5,239	25%
Office Expenses	2,181	2,013	2,213		6,407	6,230	(177)	-3%
Lease Expense	41,419	24,325	0		65,744	65,600	(144)	0%
Employee Expenses - Personnel	43,878	51,054	51,079		146,011	139,100	(6,911)	-5%
Employee Exp - Taxes, Insurance, etc.	17,169	20,017	18,070		55,256	59,685	4,429	7%
Insurance	4,227	4,227	4,227		12,681	12,681	0	0%
Vehicle Expenses	3,689	2,126	2,104		7,919	9,000	1,081	12%
Operations Expenses	41,871	19,694	6,186		67,751	84,302	16,551	20%
Maintenance/Repair Equipment	1,603	6,520	0		8,123	3,256	(4,867)	-149%
Maintenance/Repair Infrastructure	8,394	590	1,368		10,352	14,742	4,390	30%
Capital Expenditures	3,685	73,072	2,785		79,542	118,480	38,938	33%
Debt Payments		6,885	0	30,697	37,582	37,581	(1)	0%
Other	24,646	306	2,046		26,998	24,755	(2,243)	-9%
TOTAL OPERATING CASH OUTFLOW	195,870	213,937	98,133	32,079	540,019	596,304	56,285	9%
CASH FLOW BEFORE RESERVES	\$57,440	-\$3,919	\$31,234	\$17,278	\$102,033	\$47,352	\$54,681	115%
NET RESERVE ACTIVITY	12,398	74,292	73,253	0	159,943	-29,619	189,562	
TOTAL CASH FLOW	\$69,838	\$70,373	\$104,487	\$17,278	\$261,976	\$17,733	\$244,243	1377%

EDGEMONT RANCH METROPOLITAN DISTRICT
Analysis of Reserve Activity
JUNE 30, 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	\$19,975	\$19,975			\$39,950	\$16,450	23,500
Spring Valley Reservoir Reserve Fees	53,531				\$53,531	\$54,250	(719)
WWTP Reserve		237,875			\$237,875	241,000	(3,125)
Interest on Loan Proceeds		3,334			\$3,334	0	3,334
Road Maintenance Tax Levy			\$34,298		\$34,298	33,500	798
Snow Removal Fee				\$31,692	\$31,692	32,832	(1,140)
Road Impact Fees			12,500		\$12,500	5,000	7,500
TOTAL CASH INFLOW	<u>73,506</u>	<u>261,184</u>	<u>46,798</u>	<u>31,692</u>	<u>413,180</u>	<u>383,032</u>	<u>30,148</u>
CURRENT RESERVE CASH OUTFLOW							
Spring Valley Reservoir Loan Payments	61,108				61,108	61,108	0
WWTP Loan Payments		155,542			155,542	155,543	1
WWTP Development		31,350			31,350	163,300	131,950
R&M Roads			2,321		2,321	24,500	22,179
Snow Removal Expense				1,130	1,130	4,100	2,970
Snow Equipment R&M				1,786	1,786	4,100	2,314
TOTAL RESERVE CASH OUTFLOW	<u>61,108</u>	<u>186,892</u>	<u>2,321</u>	<u>2,916</u>	<u>253,237</u>	<u>412,651</u>	<u>159,414</u>
NET RESERVE CASH FLOW	<u>\$12,398</u>	<u>\$74,292</u>	<u>\$44,477</u>	<u>\$28,776</u>	<u>\$159,943</u>	<u>-\$29,619</u>	<u>-\$189,562</u>
PREVIOUS BALANCE (12/31/17)	<u>111,810</u>	<u>4,898,197</u>	<u>236,250</u>	<u>100,183</u>	<u>5,346,440</u>		
TOTAL RESERVE BALANCE	<u>\$124,208</u>	<u>\$4,972,489</u>	<u>\$280,727</u>	<u>\$128,959</u>	<u>\$5,506,383</u>		

August 20, 2018

IMPORTANT MESSAGE

Dear Residents/Homeowners:

We are in a severe drought. We need to work together for the mitigation of this situation. As you know, our water comes from the Florida River, one of the safest, cleanest water sources in southwest Colorado. The river currently is down to 9 cfs (cubic feet per second). If you have walked along the river trail the last week, then you know it's just about dry.

The Edgemont Metro District has prepared for such an event via construction of the reservoir which contains approx. ten million gallons of water. During the upcoming winter months, that could last for at least four months. However, early depletion could begin sooner if we don't cut back on usage. Therefore, we must ask for your cooperation in following these simple guidelines. **EFFECTIVE IMMEDIATELY**, please:

- *Limit outside watering for landscaping/yards to only three days a week and not more than 30 minutes per station and no watering after 10:00a.m. or before 6:00p.m. MWF. If it rains substantially, don't water for at least three days.
- *Do not water native plants more than twice a month
- *Eliminate washing autos, trucks, boats, driveways and anything else that isn't necessary
- *Fifty per cent of water usage comes from the above outdoor purposes but please take additional measures inside homes, i.e. shorter showers, repairing leaking faucets, and whatever else occurs to you.

These measures can get us through the "growing season" and we can perhaps not tap much of our stored water. If these measures are not successful, we will of necessity need to impose mandatory restrictions which may eliminate all outside watering, and lead to a limit per household on water usage with attendant penalties.

Surely this drought will end but we don't know when.

Thank you for your cooperation,
ERMD Board of Directors and Staff.