



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 15, 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 December 7, 2017
2. 4<sup>th</sup> Quarter Financial Report – Marilyn
3. 2018 Designated Election Official Resolution
4. Waste Water Plant Update – Mr. Butler
5. Discussion of Need for a Water Alert – Mr. Butler
6. Staff Report
7. Board Concerns

Dated this 9th day of February 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, February 15, 2018 at 4:02 PM by Steve Martin.

All directors were in attendance: Steve Martin, Rich Butler, Al Winzerling, Larry Mongelli and Andrew Rapiejko. Also, in attendance were staff members, Robert Ludwig, Mike Lancianese, Mark Fuson, Marilyn Heide and Annette Hutchins. Edgemont residents and guests in attendance were: Linda Herz, Steve Doob, Bill Owen, Joe Padilla, Sterling Balliger, David Bray, and Tom Bray.

Mr. Winzerling moved to approve the Regular Metro Board meeting minutes from December 7, 2017, seconded by Mr. Mongelli, and was carried unanimously.

Marilyn reported on the Metro's 4<sup>th</sup> Quarter Financials: the Consolidated Balance Sheet, December 31, 2017, the Consolidated Statement of Cash Flows, December 31, 2017 YTD, and the Analysis of Reserve Activity, December 31, 2017 YTD. (See attachments)

Mr. Martin moved to adopt and approve the resolution # 2018-2-15, in appointing a designated election official (DEO), Marilyn Heide, and authorize the DEO is authorized to cancel the election under the circumstances set forth therein, seconded by Mr. Rapiejko and was unanimously approved. Marilyn has published a call for nominations notice in the Durango Herald newspaper and other required posting places as required by code. (See attachment)

Mr. Butler gave an update on the progress of the Waste Water Plant and the financing of the facility. He stated the financing was completed last summer and Metro was able to lock in the loan at a good interest rate, noting the recent increases in interest rates. Mr. Ludwig then explained the process staff members were going through to select the best possible technology for the scheduled construction of the wastewater plant. The two technologies being evaluated are the "SBR" (Sequence Batch Reactor) factor (a proven system like in the City of Durango), and the "MBR" (Membrane Batch Reactor) factor. 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 and Mr. Martinez are going to Kansas City, March 6<sup>th</sup> - 8<sup>th</sup> to tour a similar wastewater plant. The other system being consider was developed and manufactured in Austria. Mr. Rapiejko asked how easy it would be to service and acquire replacement parts from Austria. Mr. Ludwig assured the board there are places in the US that can meet that need. Mr. Ludwig stated the Metro has to make a decision within the next month to keep on schedule.

Mr. Martin moved to approve the retaining wall on lot 248 in the Highlands, at 27 Engine Creek Trail, owned by Jeff Perino, seconded by Mr. Winzerling and was unanimously approved. Mr. Martin signed a letter stating the board's approval of the location of a retaining wall that will be placed over a general utility easement on lot 248, with present and future owners proceeding at their own risk and cost if there is a need for the Metro to avail themselves of the easement in the future.

Mr. Martin reported on the Skywerx installation - the new phone system and the free internet service for the Metro. He stated staff members are now able to control the water plant system on-line.

Mr. Ludwig stated the engineers are now explaining and itemizing their hourly rates/fees for the Board's analysis of the engineers' service.

Mr. Padilla and Mr. Balliger from ATMOS Energy asked the board and staff for clarification on the permitting process and the fee amounts for their bundles of taps for properties being developed. They were not sure if they should include the \$25.00 excavation-boring permit fee in their costs to their subcontractors or the owners of the properties. They were asking for their subcontractors to be exempt from these fees and deposits. Mr. Fuson explained the utility companies should be responsible for the work done and submit the \$500 surety fee (deposit and their permit fee of \$25.00). These new fees were added to the Metro office procedure due to negligence of utility installation companies to the Metro's roads right-of-way in the past, and a need for them to reimburse the Metro District if there is damage done to the road easements. Mr. Winzerling asked if ATMOS preapproved the contractors and did they do quality work? Mr. Padilla said they were preapproved and felt they did quality work. Mr. Padilla also asked about the cost of a performance bond for the sub-contractors with an example of a \$200K job times 1% = \$2000 fee – stating that was a high expense for the sub-contractors. After much discussion, Mr. Martin asked Mr. Padilla and Mr. Balliger if they could meet with staff to further discuss this issue and asked Mr. Ludwig to schedule a meeting at a later date.

Lastly, Mr. Butler discussed a plan to give the residents information and a friendly reminder of the possibility of a water alert due to the low moisture amount the region had received through the winter months. Mr. Martin appointed Mr. Ludwig to draft a letter explaining the current water situation concerning the Florida River level, the Lemon Reservoir level and the process of tapping into the Metro's water rights if the need arose. Mr. Fuson said the last time Metro used their water rights was in September 2017.

Thereafter, and upon motion duly made, seconded and unanimously passed, the meeting was adjourned at 5:00 PM.

Respectfully submitted,

Annette Hutchins,

Administrative Assistant

**RESOLUTION** *2018-2-15*  
**APPOINTING A DESIGNATED ELECTION OFFICIAL AND**  
**AUTHORIZING DESIGNATED ELECTION OFFICIAL**  
**TO CANCEL ELECTION**

32-1-804(2), 1-13.5-513, 1-11-103(3) C.R.S.

**WHEREAS**, pursuant to 32-1-804(2), C.R.S., the Board of Directors of the Edgemont Ranch Metropolitan District, La Plata County, Colorado is authorized to designate a Designated Election Official (the "DEO") to exercise the authority of the Board in conducting the election, and

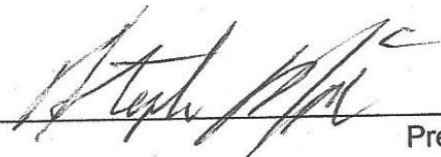
**WHEREAS**, pursuant to 1-13.5-513, C.R.S., the Board can authorize the DEO to cancel the election upon certain conditions;


**NOW THEREFORE**, be it resolved by the Board of Directors of the Edgemont Ranch Metropolitan District, La Plata County, Colorado that:

1. the Board hereby names [has named] Marilyn Heide as the DEO for the regular special district election scheduled for the 8th day of May, 2018.
2. the Board hereby authorizes and directs the DEO, if the only matter before the electors is the election of persons to office, to cancel said election and declare the candidates elected, if at the close of business on the sixty-third day before the election there are not more candidates than offices to be filled, including candidates filing affidavits of intent to run as write-in candidates.
3. the Board further authorizes and directs the DEO to publish and post a Notice of Cancellation of election in the offices of the DEO, the county clerk and Recorder of each county in which the district is located. The DEO shall also notify the candidates that the election was cancelled and they are elected by acclamation.

4. Pursuant to §1-11-103(3), and §1-13.5-513(1)&(4), if the DEO has cancelled the election, the DEO or district will file this resolution, together with the Notice of Cancellation, with the Division of Local Government.

Adopted and approved this 15th day of February, 2018, by the Board of Directors of the Edgemont Ranch Metropolitan District, La Plata County, Colorado.

  
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President

  
\_\_\_\_\_  
Secretary

**PROCEDURAL INSTRUCTIONS:**  
Combine with Notice of Cancellation, form SD-11, if election is cancelled, and file both with the Division of Local Government

**ERMD INTERIM FINANCIAL REPORT  
DECEMBER 31, 2017**

**BALANCE SHEET**

Current assets are \$5.7M, consisting of \$5.6M cash and \$126K receivables and other.

Property, Plant and Equipment is \$7 million, which primarily represents the water and sewer infrastructure.

Other Assets are \$3 million, made up primarily of all the roads for which the District has responsibility.

Liabilities are \$1.7 million.

Total capital is \$14 million.

**FINANCIAL OVERVIEW:**

The District's YTD Total Cash Inflow was \$5.98M, which is \$146K more than the amended budget. There were 55 Highlands and Meadows lots sold, and 35 new home starts. After transferring nearly \$5M to Reserves, Net Operating Cash Inflow is \$989K.

Total Operating Cash Outflow was \$975K, which is \$59K less than budgeted. The Cash Flow before Reserves was \$14.5K, which is \$96K more than the budget. Total cash flow including reserve activity is \$4.6M, \$315K more than budgeted.

**ANALYSIS OF RESERVE ACTIVITY:**

Total Reserve Cash Inflow was \$5M, which is \$108K more than budgeted.

Total Reserve Cash Outflow was \$420K.

Total Reserve increased by \$4.6M, beginning the year at \$778K and ending the quarter at \$5.3M.

**CURRENT INFRASTRUCTURE STATUS**

The District accepted infrastructure for 15 new lots in Timbers 3-C in November and 84 lots in the Meadows in December, bringing out total water taps to 706.

12/31/2017	WATER/SEWER CUSTOMERS	<u>RANCH</u>	<u>HIGHLANDS</u>	<u>MEADOWS</u>	<u>TOTAL</u>
	UNIMPROVED	13	84	84	181
	RESIDENTIAL	218	299	0	517
	PONDS	3	0	0	3
	LANDSCAPING	3	2	0	5
	<b>TOTAL</b>	<b>237</b>	<b>385</b>	<b>84</b>	<b>706</b>

Miles of Road (estimate)                      3.4                      4.8                      8.2

**EDGEMONT RANCH METROPOLITAN DISTRICT**  
**Consolidated Balance Sheet**  
**DECEMBER 31, 2017**

**ASSETS**

Current Assets

Cash	\$218,710
Water System Reserve	111,810
Waste Water System Reserve	4,898,197
Road Maintenance Reserve	238,984
Snow Removal Reserve	100,183
Taxes Receivable	674
Utilities Receivable	28,799
Infrastructure Maintenance Fees Receivable	51,355
Bad Debt Reserve	-3,007
Other Current Assets	48,233

Total Current Assets	<u>5,693,938</u>
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Property, Plant and Equipment

Water Source and Distribution Infrastructure	4,843,918
Water Treatment Infrastructure	676,371
Sewer Transmission Infrastructure	2,873,333
Sewer Treatment Infrastructure	427,813
Water/Sewer Plant Equipment	161,093
Transportation Equipment	160,102
Other Equipment	94,815
Office Building	71,280
Accumulated Depreciation	-2,315,643

Total Property, Plant and Equipment	<u>6,993,082</u>
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Other Assets

Security Infrastructure	130,636
Roads Infrastructure	4,230,937
Office Building & Equipment	420,915
Land	62,609
Accumulated Depreciation	-1,656,780

Total Other Assets	<u>3,188,317</u>
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TOTAL ASSETS	<u><u>\$15,875,337</u></u>
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**LIABILITIES**

Accounts Payable	33,120
Restricted Property Tax	674
Deferred Income	20,000
Leases Payable	453,083
Notes Payable	1,185,015

TOTAL LIABILITIES	<u>1,691,892</u>
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**CAPITAL**

Retained Earnings	\$3,129,855
Restricted for Roads	221,484
Contributed Capital	4,090,641
Investment in General Fixed Assets	2,155,764
Net Cash Flow	4,585,701

TOTAL CAPITAL	<u>14,183,445</u>
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TOTAL LIABILITIES AND CAPITAL	<u><u>\$15,875,337</u></u>
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**EDGEMONT RANCH METROPOLITAN DISTRICT**  
**Consolidated Statement of Cash Flows**  
**DECEMBER 31, 2017 YTD**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>General Fund</u>	<u>Long Term Debt</u>	<u>Total</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
<b>CASH INFLOW</b>								
Water / Sewer Base Fees	\$221,766	\$149,190			\$370,956	\$357,462	\$13,494	4%
Infrastructure Maintenance Fees	175,850	179,535			355,385	353,616	1,769	1%
Property Tax Income			\$195,237	\$69,586	264,823	251,148	13,675	5%
Snow Removal Fees			43,221		43,221	43,056	165	0%
Highlands Lot Sale Fees	64,625	64,625			129,250	35,250	94,000	267%
Water / Sewer Reserves	73,271	179,535			252,806	251,640	1,166	0%
Inspection/Equipment/Impact Fees	16,485	875	17,500		34,860	14,940	19,920	133%
Lease Income			13,824		13,824	13,824	0	0%
EPOA Reimbursement	500	500	12,411		13,411	12,970	441	3%
Other	550	490	130		1,170	300	870	290%
Sewer Plant Loan Proceeds/Interest		4,503,350			4,503,350	4,500,000	3,350	0%
Bad Debt Reserve	-1,663	-1,200	-144		-3,007	0	(3,007)	
	<b>551,384</b>	<b>5,076,900</b>	<b>282,179</b>	<b>69,586</b>	<b>5,980,049</b>	<b>5,834,206</b>	<b>145,843</b>	<b>2%</b>
Transfers to Reserves	-137,896	-4,747,510	-105,376	0	-4,990,782	-4,882,255		
<b>NET OPERATING CASH INFLOW</b>	<b>413,488</b>	<b>329,390</b>	<b>176,803</b>	<b>69,586</b>	<b>989,267</b>	<b>951,951</b>	<b>37,316</b>	<b>4%</b>
<b>OPERATING CASH OUTFLOW</b>								
Professional Fees	3,535	3,403	15,885	1,872	24,695	23,056	(1,639)	-7%
Office Expenses	7,013	6,836	7,373		21,222	13,675	(7,547)	-55%
Lease Expense	75,518	44,352	0		119,870	127,333	7,463	6%
Employee Expenses - Personnel	90,503	105,301	105,353		301,157	310,968	9,811	3%
Employee Exp - Taxes, Insurance, etc.	30,978	36,863	35,111		102,952	112,508	9,556	8%
Insurance	3,842	3,842	3,842		11,526	12,120	594	5%
Vehicle Expenses	3,127	5,738	3,966		12,831	14,500	1,669	12%
Operations Expenses	78,677	52,322	11,827		142,826	175,145	32,319	18%
Maintenance/Repair Equipment	242	8,526	0		8,768	2,539	(6,229)	-245%
Maintenance/Repair Infrastructure	23,138	318	2,495		25,951	25,742	(209)	-1%
Capital Expenditures	12,169	68,501	0		80,670	91,600	10,930	12%
Debt Payments	0	13,770	0	61,394	75,164	75,164	0	0%
Other	39,611	256	7,229		47,096	49,410	2,314	5%
<b>TOTAL OPERATING CASH OUTFLOW</b>	<b>368,353</b>	<b>350,028</b>	<b>193,081</b>	<b>63,266</b>	<b>974,728</b>	<b>1,033,760</b>	<b>59,032</b>	<b>6%</b>
<b>CASH FLOW BEFORE RESERVES</b>	<b>\$45,135</b>	<b>-\$20,638</b>	<b>-\$16,278</b>	<b>\$6,320</b>	<b>\$14,539</b>	<b>-\$81,809</b>	<b>\$96,348</b>	<b>-118%</b>
<b>NET RESERVE ACTIVITY</b>	15,680	4,467,123	88,359	0	4,571,162	4,352,085	219,077	
<b>TOTAL CASH FLOW</b>	<b>\$60,815</b>	<b>\$4,446,485</b>	<b>\$72,081</b>	<b>\$6,320</b>	<b>\$4,585,701</b>	<b>\$4,270,276</b>	<b>\$315,425</b>	<b>7%</b>



**EDGEMONT RANCH METROPOLITAN DISTRICT**  
**Analysis of Reserve Activity**  
**DECEMBER 31, 2017 YTD**

	Water System Reserve	Waste Water System Reserve	Road Maintenance Reserve	Snow Removal Reserve	Total	Budget	Variance
<b>CURRENT RESERVE CASH INFLOW</b>							
Highlands Lot Sale Fee	\$64,625	\$64,625			\$129,250	\$35,250	94,000
Spring Valley Reservoir Reserve Fees	73,271				\$73,271	\$72,840	431
WWTP Reserve		179,535			\$179,535	178,800	735
Sewer Loan Proceeds/Interest		4,503,350			\$4,503,350	4,500,000	3,350
Road Maintenance Tax Levy			\$44,655		\$44,655	44,809	(154)
Snow Removal Fee				\$43,221	\$43,221	43,056	165
Road Impact Fees			17,500		\$17,500	7,500	10,000
<b>TOTAL CASH INFLOW</b>	<b>137,896</b>	<b>4,747,510</b>	<b>62,155</b>	<b>43,221</b>	<b>4,990,782</b>	<b>4,882,255</b>	<b>108,527</b>
<b>CURRENT RESERVE CASH OUTFLOW</b>							
Spring Valley Reservoir Loan Payments	122,216				122,216	122,220	4
WWTP Loan Payments		155,542			155,542	155,542	0
WWTP Loan Fees		47,508			47,508	47,508	0
WWTP Development		77,337			77,337	161,000	83,663
R&M Roads			2,971		2,971	27,500	24,529
Snow Removal Expense				4,688	4,688	8,200	3,512
Snow Equipment R&M				9,358	9,358	8,200	(1,158)
<b>TOTAL RESERVE CASH OUTFLOW</b>	<b>122,216</b>	<b>280,387</b>	<b>2,971</b>	<b>14,046</b>	<b>419,620</b>	<b>530,170</b>	<b>110,550</b>
<b>NET RESERVE CASH FLOW</b>	<b>\$15,680</b>	<b>\$4,467,123</b>	<b>\$59,184</b>	<b>\$29,175</b>	<b>\$4,571,162</b>	<b>\$4,352,085</b>	<b>-\$219,077</b>
<b>PREVIOUS BALANCE (12/31/16)</b>	<b>96,130</b>	<b>431,074</b>	<b>179,800</b>	<b>71,008</b>	<b>778,012</b>		
<b>TOTAL RESERVE BALANCE</b>	<b>\$111,810</b>	<b>\$4,898,197</b>	<b>\$238,984</b>	<b>\$100,183</b>	<b>\$5,349,174</b>		