

DILLON VALLEY DISTRICT

RULES AND REGULATIONS

July 2015

RULES AND REGULATIONS

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ARTICLE I - GENERAL

1.1 Authority. These Rules and Regulations are adopted in accordance with the authority conferred in Title 32, Article 1, *et seq.* of the Colorado Revised Statutes by the Dillon Valley District (the “District”), a political subdivision of the State of Colorado and quasi-municipal corporation with powers which are specifically granted to the District, or are necessary to, incidental to, or implied from those powers specifically granted by statute, constitution, or other law, for carrying out the objectives and purposes of the District.

1.2 Purpose. The purpose of this consolidated body of Rules and Regulations, the (“Rules”), is to ensure an orderly and uniform administration of water and sanitation operations of the District.

1.3 Policy. The Board of Directors of the District declares that the Rules will serve a public use and are necessary to promote the health, safety, prosperity, security, and general welfare of the inhabitants of the District.

1.4 Scope. These Rules shall be treated and considered as new and comprehensive rules and regulations governing the operations and functions of the District, and shall supersede all prior rules and regulations of the District.

1.5 Intent of Construction. It is intended that the Rules be liberally construed to affect the general purposes set forth herein, and each and every part is separate and distinct from all other parts. No omissions or additional material set forth in the Rules shall be construed as an alteration, waiver or deviation from any grant of power, duty or responsibility, or limitation or restriction, imposed or conferred upon the Board of Directors by virtue of statutes now existing or subsequently amended, or under any contract or agreement existing between the District and any other governmental entity. Nothing contained herein shall be so construed as to prejudice or affect the right of the District to secure the full benefit and protection of any law which has been enacted or may subsequently be enacted by the Colorado General Assembly pertaining to the governmental or proprietary affairs of the District.

1.6 Amendment. The Board of Directors of the District shall retain the power to amend these Rules at any time, during a regular or special Board meeting. Prior notice of these amendments shall not be required to be provided by the District exercising its amendment powers pursuant to this section.

1.7 Variations and Waivers. The Board of Directors, in its sole discretion, may grant variances to and waivers from any of the requirements of these Rules, in whole or in part, as it deems appropriate in its sole discretion, based on particular circumstances. The granting of any such variance or waiver must be in writing. Such variance or waiver shall not be deemed an amendment of the Rules. No variance or waiver will be deemed to be a continuing variance or waiver or to have given any rights to any other Contractor or User not receiving such written waiver.

1.8 Governmental Immunity. Nothing herein shall constitute nor be construed as a waiver by the District of sovereign immunity or any provisions of the Colorado Governmental Immunity Act, sections 24-10-101, *et seq.*, C.R.S. or any other defenses available to the District, its officials or employees, or a waiver of its insurance coverage.

ARTICLE II – DEFINITIONS

Unless the context specifically indicates otherwise, the meaning of the terms used herein shall be as follows:

Administrator. The Person or entity retained by the Board to administer and supervise the affairs of the District and its consultants.

Applicant. Any Person who applies to the District for a water and/or wastewater service connection or service disconnection, main line extension or other such service agreement, or who attempts to have real property included within or excluded from the District, as the case may be.

Backflow. A reversal of normal flow in a Potable Water system due to backsiphonage or backpressure. Such reverse flow is not allowed as it may cause contaminated water to enter the District's Water System.

Board. The Board of Directors of the Dillon Valley District.

Connection Permit. The written permission to connect to a Water Main or Sewer Main of the District pursuant to the Rules of the District, which shall be revocable upon the change of use of the property being served by such connection.

Contractor. Any Person authorized by the District to perform work and/or to furnish materials within the District.

Cross-Connection. Any physical arrangement whereby a public water supply is connected, directly or indirectly, with any other water supply system, sewer, drain, conduit, pool, storage tank, plumbing fixture or other device which contains, or may contain, contaminated water, sewage or other liquid of unknown or unsafe quality and which may be capable of imparting contamination to the public water supply as a result of Backflow. Bypass arrangements, jumper connections, removable sections, swivel or changeover devices, and other temporary or permanent devices through which, or because of which, Backflow could occur are considered to be Cross-Connections.

Curb Stop. A shut-off valve located in the User's Service Line that can interrupt the water supply through the Service Line. Cost of maintenance of a curb stop is the responsibility of the owner. Any curb stop maintenance requires prior approval of the District.

District. The Dillon Valley District.

Equivalent Residential Unit ("EQR"). Any unit that impacts the Sanitation System and/or Water System by an amount equivalent to an average single family residential unit.

Inflow and Infiltration ("I&I"). The introduction of ground water into the collection or transmission components of the Sanitation System.

Inspector. The Person under the direction of or contract with the District who shall inspect all water connections, excavations, installations of and repairs to the public Water System, Sanitation System, and facilities of the District to ensure compliance with the Rules and, when applicable, plans and specifications.

Joint Sewer Authority (“JSA”). The entity established by agreement between the District, the Town of Dillon, the Town of Silverthorne, Buffalo Mountain Metropolitan District, and Mesa Cortina Water and Sanitation District, for operation of the Blue River Wastewater Treatment Plant and other sanitation-related activities.

Operations Manager. The Person retained by the Board to manage the daily operation of the District’s System.

Owner. A Person who owns any real property being served or proposed to be served by the District and/or located within the boundaries of the District.

Person. Any individual, firm, partnership, corporation, association, or entity of any nature, whether public or private.

Potable Water. Water that is approved for human consumption by standards established by State and/or Federal drinking water regulations.

Rules. These Rules and Regulations, as they may be amended by the Board.

Sanitation System. Any and all Sewer Main(s), line(s), appurtenances, manholes, accessories or a portion thereof owned and maintained by the District for the purposes of providing sanitation service.

Service Line. The entire pipe, line, associated valves or other facilities used to provide water or sanitation service from a Water Main or Sewer Main of the District to and within a building for water or sanitation use, including the Connection Tap onto the District's Water Mains and/or Sewer Mains. All maintenance of the service line and associated facilities and costs therefore are the responsibility of the owner. No maintenance can be done without prior District approval and inspection. A separate service line is required to all single family properties or individual residential units. There cannot be joint service lines shared with other properties unless specifically approved by the District in writing.

Sewer Main. Any pipe, piping, or system of piping, including manholes, that is used as a conduit for sanitation in the District's Sanitation System and that is owned and maintained by the District.

Shall - May. The use of the word "shall" is construed as a mandatory direction. The use of the word "may" is construed as a permissible, but not mandatory, direction.

Stub-Out. That portion of the Service Line consisting of the Connection Tap onto the District's Water Mains and/or Sewer Mains and the Curb Stop, together with the connecting

Service Line. It may also consist of a short length of service pipe behind (downstream of) the Curb Stop.

System. The District's Water System and the District's Sanitation System.

Tap or Connection Tap. The connecting of the Service Line to the Water System or Sewer System either directly to a Water Main or Sewer Main, or to a Stub-Out.

Tap Fee. The fee payable to the District for the right to connect a particular property or structure to the System. All tap fees will be calculated based on the EQR factor for water and for sewer assigned to the property by the District.

User. Any Person to whom the District furnishes any water and/or sanitation service. A User may or may not be an Owner.

Water Main. Any pipe, piping, or system of piping that is used as a conduit for water in the District's Water System and that is owned and maintained by the District.

Water System. Any and all water main(s), line(s), appurtenances, accessories or a portion thereof owned and maintained by the District for the purposes of providing water service.

Any Other Term not herein defined shall be defined as presented in the "Glossary - Water & Sewage Control Engineering" A.P.H.A, A.W.W.A., A.S.C.E. and F.W.S.A., latest editions.

ARTICLE III - OWNERSHIP AND OPERATION OF FACILITIES

3.1 Responsibilities of District. Except as otherwise provided by these Rules, the District is responsible for the operation and maintenance of the System. The District shall not be liable or responsible for inadequate water treatment or interruption of service brought about by circumstances beyond its control.

3.2 Liability of District. The District assumes no liability for damages by reason of the following: breakage of main lines; interruption of water service and the conditions resulting therefrom; breaking of any Service Line, pipe, valve, or meter; shutting off or turning on water; making of connections or extensions; damage caused by water running or escaping from open or defective faucets; burst Service Lines or other facilities not owned by the District; damage to water heaters, boilers, or other appliances resulting from shutting water off, or from turning it on, or from inadequate or sporadic pressures; failure or interruption of the water supply; inadequacy of the water supply as it relates to flows and pressures whether permanent or temporary in nature; failure of water facilities to be located where District's map indicates they should be; sewer backup; errors of omission or commission made by the District's licensees or independent Contractors; actions by third parties; or for taking certain actions with respect to the System deemed necessary by the Board of Directors or its agents. The District shall have no responsibility for notification to Users of any of the foregoing conditions.

These Rules shall not be construed to hold the District in any manner responsible for any damages to Persons or property resulting from any inspections as herein authorized or failure to inspect or resulting from the issuance or denial of any Connection Permit as herein provided, or resulting from the institution of court action as allowed by law, or the forbearance by the District to so proceed.

3.3 Ownership of Facilities. All existing and future Water Mains and Sewer Mains connected with and forming an integral part of the System and accepted for maintenance by the District shall become and are the property of the District, unless any contract with an Owner provides otherwise, exclusive of Service Lines. Ownership will remain with the District whether the Water Mains and Sewer Mains are constructed, financed, paid for, or otherwise acquired by the District, or by other Persons.

All water meters are the property of the Owner. Owners are responsible for the maintenance of their water meter(s). The Owner shall provide the District access to the water meter if needed for the District to read and/or inspect the water meter. The Service Line, Curb Stop service box, marker post, shut off valve(s), and pressure reducing devices shall be owned and maintained by the Owner. All costs and expenses of the installation and construction of Service Lines shall be borne by the Owner. The Owner shall indemnify the District from any loss or damage that may directly or indirectly be occasioned by the installation of the Service Line(s) or connection to the system.

ARTICLE IV – CONSTRUCTION, USE, AND MAINTENANCE OF SYSTEM

4.1 Unauthorized Tampering with the System. No unauthorized Person shall uncover, use, alter, disturb, install, or make any connection with, or opening onto, alter a use of, or disturb any component of the System without first obtaining the approval of plans and a written permit from the District. Unauthorized uses of the District's System include, but are not limited to, an unauthorized turn-on or turn-off of water service, unauthorized connection to the System, or tampering with or in any way modifying any meter.

4.1.1 No Person shall maliciously, willfully, or negligently break, damage, destroy, uncover, deface or tamper with any portion of the District's System.

4.1.2 Any Person who shall maliciously, willfully, negligently or criminally break, damage, destroy, uncover, deface or tamper with any portion of the District's System, or take water from the District's System, including fire hydrants, without written authorization, may be charged with a misdemeanor or other appropriate offense, and upon conviction thereof, shall be fined in an amount as established by the court for each violation, along with whatever additional penalties may be appropriate. The District reserves the right to pursue any and all civil and/or criminal remedies that may be available for such unauthorized actions.

4.1.3 Any Person violating any of the provisions of these Rules shall be liable to the District for any expense, loss or damage occasioned by reason of such violation, or for any fees or charges payable as determined by the Board. Upon non-payment thereof at the demand of the Administrator, a lien shall be created against the violator's property, pursuant to Section 32-1-1001(1)(j)(I), C.R.S.

4.1.4 Additional remedies are set forth in Article VI, at Section 6.15.

4.2 Use of the System and Construction and Repair of Service Lines.

4.2.1 Each individual residential or commercial unit shall install its own separate water service line and separate curb stop and curb stop box, allowing termination of water service to that individual unit, if needed, except for multiple units served by a single account per section 6.3.1 of these Rules. In the past, several units were connected to the District water main from a single connection with a single curb stop, which then separated into two or more service lines, such as with a Y-pipe. In the event that any repair or replacement is performed on a line where two or more users have a single curb stop, the property owner which performs the repair or replacement shall bring the line into conformance with current District standards by installing individual curb stops and curb stop boxes for each unit connected to the line, at the cost of the property owner making the repair or replacement. The property owner may apply to the District for reimbursement for only the incremental cost of installing the second curb stop on their

neighbor's service line, and determinations regarding reimbursement will be in the discretion of the District and in accordance with its budget and appropriation.

4.2.2 The User shall notify the District prior to any change in the User's Service Line, or the water or wastewater use or demand of the property served by the District and upon any change of ownership of the property. Each Owner shall be responsible for the total cost of constructing the entire length of the Service Line serving his/her property and/or any related service facilities. Service Lines shall be constructed in accordance with these Rules. Any break in that part of the Service Line(s) owned by the Owner shall be repaired by the Owner within seventy-two (72) hours of obtaining knowledge of a leak or line break. The District may shut off water service at any time that progress toward repairing said leak or line break has not been made or in order to prevent the loss of water or injury to public health and the environment. If I&I are observed from any sanitation Service Line, the Owner shall be responsible for correcting all line deficiencies within a reasonable time and may be held responsible for any penalties imposed on the District by the JSA that can be attributed to the deficiency. In addition, the District shall have the right to affect the repair, and the cost therefor shall constitute a charge of the District and a lien on and against the property of such Owner, securing payment of such cost as provided by Section 32-1-1001(l)(j)(I), C.R.S.

4.3 Maintenance Program. The maintenance program of the District is designed to protect public investment in the District's Water System and Sanitation System within the District's budget and subject to available resources, to maintain System design capacity, to minimize damage to public and private property caused by stoppages, to minimize inconveniences caused by interruptions in service, and to prevent public health hazards. Preservation of System design capacity shall be achieved by means of a program of maintenance.

4.4 Responsibility for Maintenance Program. The Operations Manager and Administrator shall develop, implement, and perform a maintenance program consistent with these Rules. The maintenance program shall be designed to be efficient and cost-effective and to utilize generally accepted practices in providing maintenance services. The Board may engage the services of an engineer or other consultant on behalf of the District to assist in all or part of the maintenance program.

4.5 Information and Data for Maintenance Program. The maintenance program of the District will include the recording of all pertinent data and information and for a complete record which may be used in determining the costs of the program and the frequency and type of maintenance which is the most cost effective. Data so collected may also be used to identify System components which need repair or replacement. Information and data for the maintenance program may include, without limitation, the following:

4.5.1 Location of Facilities. The District may develop a system of maps that depict the facilities comprising the System in sufficient detail in order to provide information needed to properly manage and maintain the System. Maps will identify facility location, size, materials, and appurtenances, as appropriate based on best available information.

4.5.2 Engineering Information and Data. An operations manager or engineer retained by the District may develop a system of recording and filing for all engineering data, calculations and drawings, including information associated with a particular project such as line extensions, replacements, or major installations. Data and information may include such things as detailed engineering drawings, computations relative to System evaluations, projected requirements for future facilities, contracts for construction, and bidding responses.

4.5.3 Other Data and Information. The Administrator or Operations Manager may develop and implement additional data systems as deemed appropriate to provide the information needed to effectively manage the maintenance program of the District.

4.5.4 Engineering. The District may require any costs incurred to provide information requested by Persons outside of the District be paid for by the Person making the request. Please see the District's Open Records Act Policy for document requests.

4.6 Service Requests. All User complaints, requests for service, or inquiries which are not readily answered or require a statement of Board policy, will be documented by initiation of a service request form, which will indicate the action taken.

4.6.1 Processing Service Requests. Service requests are received and processed by the Administrator. All service requests will receive prompt investigation and action. If investigation indicates that the service request is without merit, the User will be so notified.

4.7 Responsibility for Maintenance. Proper maintenance of the System requires a sharing of responsibility between the Board and Owners as herein outlined:

4.7.1 Service Lines. The Owner shall be responsible for maintenance and repair of the Service Line(s) which the Owner owns.

4.7.2 Water Meters. The District will maintain and repair water meters at the Owner's expense, upon the Owner notifying the District of any needed repairs that are not identified by the District and the Owner providing required access to the District. In the event the condition of the water meter is such that further repair is impractical, the meter will be replaced by the District. The Owner is responsible for any meter repair or replacement due to owner negligence, including freezing.

4.7.3 Pressure Reducing Valves. Repair and maintenance of the pressure reducing valve on a Service Line shall be the responsibility of the Owner of the Service Line.

4.7.4 Meter Setting Hardware and Vaults. The repair and maintenance of all equipment and hardware used to install the water meter and all associated vault or meter pit materials shall be the responsibility of the Owner.

4.7.5 Water System—Distribution. The District shall be responsible for repairs and maintenance of the Water System, exclusive of Service Lines.

4.7.6 Sanitation System—Collection. The District shall be responsible for repairs and maintenance of all Sewer Main collection lines and manholes, exclusive of Service Lines and any private manholes associated with Service Lines.

4.8 Records. All inspections, repairs, and maintenance performed will be documented in the District's records, including explanatory comments.

4.9 Waste of Water. It is recognized by the Board and its Users that water is a limited natural resource and should not be wasted. It is incumbent upon each User to conserve water so as to use only that amount necessary for domestic requirements and to maintain landscape health and appearance. Users shall be aware of the amount of water used and shall strive for maximum efficiency. The waste of water, as determined by the District in its sole discretion, shall be sufficient reason to cancel a Connection Permit to provide service to any User. The District may establish voluntary water usage guidelines as standards for conservative water usage. Further, in periods of water shortage, the District may impose water restrictions on outside water usage. It shall be incumbent upon each User to adhere to water restrictions when such are imposed.

4.10 Inspection Powers and Authority of District Agents. The Administrator, Operations Manager, any engineers retained by the District, Inspector, and other duly authorized consultants and/or Contractors of the District, bearing proper credentials and identification, shall be permitted to enter upon all properties for the purpose of inspection, observation, measurement, sampling, and/or testing, in accordance with the provisions of these Rules. Refusal of an Owner or his/her agent of a written request by the Administrator to permit such inspection, observation, measurement, sampling and/or testing upon the request may result in the immediate disconnection of service to the property.

4.11 Access to Private Property. Application for or receipt of service from the District shall be deemed to give permission by the Owner and the User to allow District employees, Contractors and agents to enter the premises for the purpose of reading the water meter, inspecting water and wastewater improvements and, when required, to make changes or repairs to the water meter or Service Line. Denial of access during reasonable times of day or in case of an emergency shall be cause for termination of service.

4.12 Connections and Cross-Connections. The District's duly authorized Inspector shall have the right of inspection from the water service tap to the free-flowing outlet of the User. The Inspector shall have the right to inspect all plumbing connections and Cross-Connections.

All Cross-Connections are prohibited. It shall be unlawful to make, install, maintain, or permit any Cross-Connection between any component of the Water System and any pipe, plumbing fixture, or water system containing water of a quality below the minimum general sanitary standards of the Colorado Department of Public Health as to the quality of drinking water supplied to the public; or to fail to remove such Cross-Connection within twenty-four hours after being so ordered, in writing, by the District to remove same.

4.13 Fire Hydrants. The District maintains fire hydrants within the Water System and may consult with the Lake Dillon Fire District and the Town of Dillon as needed regarding operation and maintenance of the District's fire hydrants. Except for the Lake Dillon Fire District, the Town of Dillon, or any other authorized responder to a fire emergency, no Person shall take any water from the District's fire hydrants without having obtained written permission from the Board.

4.14 Compelling Connection. Pursuant to section 32-1-1006(1)(a), C.R.S., whenever necessary for the protection of public health, the District may compel the owner of premises located within the boundaries of the District to connect such Owner's premises, in accordance with the state plumbing code, to the District's Sewer Mains and/or Water Mains within twenty days after written notice is sent by registered mail, if such Sewer Main or Water Main is within four hundred feet of such premises. If such connection is not begun within twenty days, the District may thereafter connect the premises to the Water System and/or Sanitation System, as applicable, and shall have a perpetual lien on and against the premises for the cost of making the connection, and any such lien may be foreclosed in the same manner as provided by the laws of the State of Colorado for the foreclosure of mechanics' liens.

4.15 Registration and Testing. No Person other than a Contractor registered with Summit County shall construct or repair a Service Line, Water Main, or Sewer Main or make a connection with the System. Testing of all new Water Mains, Sewer Mains, and Service Lines shall be performed by the Inspector in accordance with the technical specifications of the District and shall be made at the expense of the Owner, unless otherwise approved by the District.

4.16 Unlawful Discharge. No person shall discharge or cause to be discharged any storm water, surface water, groundwater, roof runoff, sub-surface drainage or cooling water to any of the District facilities. No person shall discharge or cause to be discharged into any of the District facilities any harmful water or wastes, whether liquid, solid or gas, capable by itself or in combination with other wastes discharged into the District facilities of causing any of the following: obstruction to the flow in such District facilities; damage or hazard to District facilities, equipment, personnel, or System; damage or hazard to the District's wastewater treatment processes; injury to public health, safety and welfare; or other pass-through or interference with the proper operation of the District facilities or System. No industrial waste, including, without limitation, industrial process waters, shall be discharged into the District facilities without prior treatment to strength of toxicity amenable to treatment with domestic waste and without prior written approval of the District.

ARTICLE V - APPLICATION FOR SERVICE

5.1 Inclusions. Subject to the provisions of these Rules, service may be furnished to property included within the District's service area. A Person owning land outside the District boundaries and desiring service may make a formal petition to the Board for inclusion into the District. All costs incurred for the inclusion shall be assessed and paid by the Applicant prior to service being provided. Until paid, such costs and fees shall constitute a charge of the District and become a lien upon the property to be served per 32-1-1006 (1)(a)(I). Notwithstanding the above, if good and sufficient reasons exist, the Board may waive any inclusion requirements for a particular Applicant.

- a) General. Any person desiring water service to a property not previously served by the District will be required to construct and dedicate to the District such Water Main and/or Sewer Main extensions or such other public water facilities as determined by the District to be necessary to provide service, in accordance with plans to be approved by the District. Extensions of Water Mains or Sewer Mains shall be made at the expense of the Owner of the property to be served unless otherwise approved by the Board. The costs of processing an inclusion request shall be made at the expense of the Owner of the property to be served.
- b) Application for Extension of Public Water Main and Sewer Mains. When extension of a Water Main or Sewer Main is desired, the Owner of the property to be served shall make application to the District for said extension and submit site plans for the planned development of the property. The application may be approved, denied, or conditionally approved in the discretion of the District. All construction of Water Main and Sewer Main extensions shall be done in accordance with plans approved by the District for said extension. The Applicant shall provide the District with any additional maps and/or drawings as may be requested by the District. All applications, maps and other materials submitted to the District shall become the property of the District.
- c) Extension of Water Mains or Sewer Mains. The size of the extension of any Water Main or Sewer Main to serve any part of the District shall be subject to the approval of the Board and shall be large enough to serve other properties which are expected to connect to the Main. No Water Main less than six inches in diameter or Sewer Main less than eight inches in diameter shall be installed. When applicable, the Water Mains and Sewer Mains shall be extended to such points and locations as will permit the formation of adequate loops and so that the Water System may be perpetuated.
- d) Easements and Crossings. The Owner will dedicate land or easements to the District for the public facilities, including access and construction easements

if necessary, in a form acceptable to the District. No Person shall build facilities, utility lines, or structures that cross District easements, District property, or District Water or Sewer Mains without obtaining the prior written consent of the District.

- e) Construction. All Water Main and Sewer Main extensions within the District shall be made by the District or other parties acceptable to and under the supervision of the District. Plans for such extensions shall comply with the District's master plan (if any), and all design, construction and/or review costs incurred by the District shall be at the Owner's expense and paid to the District within thirty (30) days of receipt of an invoice. The District must approve all plans, drawings, and technical specifications prior to construction. Upon completion of construction, the Owner will allow for inspection by the District prior to covering the improvements.
- f) Dedication to the District. All Water Main extensions, Sewer Main extensions, or other additions/expansions to the System will be dedicated to the District by bill of sale or other form acceptable to the District, free and clear of liens and encumbrances, along with any easements or other right of access acceptable to the District, following inspection, testing, and acceptance by the District. Unless the extension is constructed by the District, the Owner shall provide the District a two-year warranty on the work. The District may also require payment and performance bonds.

5.2 Service outside the District. No service shall be provided to property outside of the boundaries of the District, except under the terms of an express written contract with the Board. Charges for furnishing service outside of the District shall be at the discretion of the Board, taking into consideration, but not necessarily limited to, property taxes which could have been generated by such property if it were a part of the District. In each instance where the Board furnishes service outside the District, the Board reserves the right to discontinue the service when, in the judgment of the Board, it is in the best interest of the District to do so.

5.3 Application for Service. Application for service must be filed with the Administrator on forms provided by the District and accompanied by appropriate fees prior to any action to connect to the System.

5.4 Denial of Application. The District reserves the exclusive right to deny an application for service when, in the opinion of the Board, the service applied for would create an excessive seasonal or other demand on the System. Denial may also be based on an unresolved obligation between the District and the Applicant, inadequate documentation of easements for Water Mains or Sewer Mains serving the property, or any other reason as determined by the Board.

5.5 Revocation of Application. The District reserves the right to revoke any application before service has been provided, and thereafter for any violation of these Rules.

5.6 Change in User's Equipment, Service, or Use of Property. No change in the User's equipment, service, or use of property served shall be made without the prior notification of and approval of the District. Any such change which, in the opinion of the District, will increase the burden placed on the District's Water System or Sanitation System by the User shall require a redetermination of the Tap Fee. Tap Fees previously paid with respect to the property in question shall be credited against the redetermined Tap Fee so that only the unpaid portion of any redetermined Tap Fee shall be due. However, should the redetermination result in a Tap Fee that would be less than that originally paid, no refund or credit shall be given.

5.6.1 Changes in use and/or demand may result in the assessment of an additional Tap Fee as determined by the Board, and the District shall take those steps authorized by these Rules and Colorado Revised Statutes regarding the collection of said fee.

5.6.2 Any User believed to have changed equipment, service, or use of his/her property in violation of this section, shall be notified of such belief by the District, and shall be notified of the District's intent to assess any additional Tap Fees; and shall be afforded twenty (20) days from the date upon which notice is mailed in which to respond to the District's notice. Failure to respond as allowed herein within the twenty (20) day period shall constitute an admission of the District's belief concerning the nature and extent of the charge, and such additional Tap Fees shall be deemed appropriate and may be assessed against the property in question and shall be assessed as provided under these Rules and Colorado Revised Statutes, 32-1-1006(1)(a)(I).

5.7 Unauthorized Connections and Fees. No Person shall be allowed to connect onto the System, to enlarge or otherwise change equipment, service or use of property without prior payment of Tap Fees, approval of application for service, and adequate supervision and inspection of the tap by the District's Inspector, engineer or Operations Manager. Any such connection, enlargement, or change made without the District's approval shall be deemed an unauthorized connection. Upon the discovery of any unauthorized connection, the District may require disconnection or the then-current District Tap Fee plus any other charges shall become immediately due and payable, and the property shall automatically be assessed these fees. The District shall send written notice to the Owner of the property benefitted by such connections stating that an unauthorized connection has been made between the Owner's property and the District facilities and demand payment. The Owner shall then have ten (10) days from the date the notice is mailed to pay the fees and charges. In the event fees are not paid within the ten-day period, service to the property may be immediately disconnected, subject to the provisions of these Rules. Once discontinued, service may be returned to the property only upon receipt by the District of the outstanding fees, deposits and other charges as may be determined by the Board. The District may also foreclose such lien as may be provided by law or pursue any other remedy available by law for the collection of unpaid fees and charges of the District.

5.8 Turn-on/Turn-off of Service. All turn-on and turn-off of service through a Service Line shut-off valve or other means shall be performed only by District personnel. The District shall assess a single turn-off/turn-on charge in an amount as determined by the Board. The District will provide this service at no cost for (1) new construction, one time prior to the occupancy of the building served, and (2) for a User requiring service to be turned off for

maintenance to a Service Line. All other requests for a turn-off or turn-on of District service may be granted by the Administrator or Operations Manager at their sole discretion. Violation of this section and/or failure to pay an amount as determined by the Board shall result in the assessment against the property served. A 48-hour notification to the District is required for any turn-on or turn-off service.

5.9 Commercial and Industrial Users. The District may impose additional requirements on commercial and industrial Users, including but not limited to installation of grease and oil traps.

ARTICLE VI - RATES, FEES, AND TERMINATION OF SERVICE

6.1 Policy on Fees. This Article sets forth the establishment, assessment, and collection of the rates, charges, and fees for water and sanitation service to be paid by the District's Users. The rates, charges, and fees established shall be as low as practical, but shall be sufficient to pay for the operation, maintenance, reserves, debt service, additions, improvements, expansion for anticipated growth, and provide for the general welfare of the District's residents. The information contained in this Article is pertinent to all charges of whatever nature to be levied for the provision of water and sanitation services. Said rates and charges as adopted from time to time shall remain in effect until modified by the Board under the provisions of these Rules, and the applicable statutes of the State of Colorado. Nothing contained herein shall limit the Board from at any time modifying rates and charges in accordance with applicable laws. A Schedule of Fees and Charges shall define the actual rates to be in effect. At the time of adoption of these Rules, the current Schedule of Fees and Charges is attached hereto as **Exhibit A**. Billing in the District is quarterly in arrears. The method and timeframe of the billing may be changed by the Board.

6.2 Application of this Article. The rates, charges, and information shown herein shall apply only to Users inside the District, and shall in no way obligate the District with respect to services provided outside the District boundaries.

6.3 Requirements for Water Meters. Every individual unit served by the District will be required to have a water meter and pressure reducing valve. The original water meter and pressure reducing valve may be purchased by the Applicant from the District. The Applicant may purchase the equipment from another source only if the equipment shall be of the type, manufacturer, and model number as determined by the Administrator. The meter and pressure reducing valve shall be installed by the Applicant in an acceptable manner including the remote reading unit located in an approved location. After installation, the water meter must be inspected and sealed by the District, and the District may charge the Owner an inspection fee.

6.3.1 Multiple Unit Water Meters. Properties served by one Water Service Account, such as condominiums, trailer parks, and other structures, may have one water meter serving multiple end users. The water meter must be of a size and type to properly service the property. Each multiple unit dwelling or individually billed unit shall have a separate and independent Water Service Line, meter, and connection for each dwelling unit in the multiple unit dwelling. The District will determine the best means for sewer service connection in instances where dwelling units are situated above one another.

6.3.2 Water Usage. Water usage will be metered and charged as outlined by these Rules, except water used for firefighting purposes, or other uses as determined by the Board.

6.3.3 Meter Reading. The amount shown on the water meter shall be presumed to be the amount consumed by the Owner or User. When the Service Line has a leak or when the water meter is inoperative, broken, or non-existent, the amount of water used by the User shall

be estimated by the District, and the District will bill the User based on such estimate. Service to properties with an inoperative, broken, or non-existent water meter may also be subject to a surcharge.

6.3.4 Use of Service. Service will be made available for use only for the specific property serviced by said water meter and only on condition of compliance with these Rules.

6.4 Sanitation Fees. Sanitation fees shall be based on the EQR schedule for the property as defined by JSA rules, regulations, policies, and/or guidelines.

6.5 Tap Fees. Water and wastewater Tap Fees as determined by the Board shall be charged to all Applicants for service. Such Tap Fees shall be assessed and paid before the Connection Permit for service is issued. Tap Fees shall be assessed as provided for in the Schedule of Fees and Charges as modified by the Board from time to time.

6.5.1 Irrigation Tap Fees. The Board may establish irrigation tap fees as it deems appropriate. Irrigation tap fees generally are required when the purpose of the tap is solely to provide water for landscape maintenance. Irrigation taps can be discontinued at any time due to water shortages.

6.5.2 Transfer of Tap. Taps are purchased for and shall be appurtenant to a specific property, and once purchased are not transferable, except in the case where unusual circumstances not caused by the Owner create a hardship. The Board shall have sole discretion regarding transfer of a tap and may consider these factors, among others, to determine whether to permit the transfer:

- (a) Whether the transfer is in the best interest of the District.
- (b) Whether the Owner requesting the transfer is the common owner of both the property to which the tap is appurtenant and the property to which the transfer of the tap is being requested.
- (c) Whether the Owner requesting the transfer has no outstanding unpaid accounts with the District and has previously maintained a good credit record with the District.
- (d) Whether the property to which the tap is appurtenant has ever been connected to the District's System.
- (e) Whether the property from which the transfer is sought may at some time in the future be connected to the System.

If the Board approves a tap transfer, the owner requesting the transfer shall pay to the District the difference between the Tap Fees which would otherwise be charged on the date the transfer is requested for the property to which transfer is being sought, and the Tap Fees previously paid, but in no event shall the District refund any Tap Fees.

6.6 Service Fees. Water and sewer service fees will be charged on all properties beginning with the quarter during the issuance of a certificate of occupancy. The minimum water and sewer service fee shall continue as long as the Service Line is intact and available for service regardless of extent of occupancy or use.

6.6.1 Irrigation Fees. Irrigation service fees will be charged based on usage. Irrigation usage can be discontinued at any time due to water shortages.

6.7 Charges for Extensions. The cost of extensions to the District System will be borne by the Applicant receiving the benefit. Included are the costs of design, construction, and other associated costs.

6.8 Inspection Fees. All inspection fees must be paid in advance of connection to the System. An application for service shall be made on District forms. Inspection fees will reimburse the District for the cost of inspecting of the Service Lines and the water meters, and cost of administrative overhead to establish the necessary accounting and engineering records.

6.9 Standby Fees. The District may charge standby fees on unimproved or vacant properties, pursuant to Section 32-1-1004(1)(h), C.R.S. One standby fee, in the amount of a quarterly base rate, shall be charged per property per quarter regardless of the size or potential unit density. After subdivision of larger parcels, each lot of the subdivision will become subject to the standby fee.

6.10 Turn-On/Turn-Off Fee. Fees for the act of turning on and turning off service, shall be sufficient to compensate the District for the actual cost thereof and may be charged whether done at the request of the Owner or in enforcement of the Rules.

6.11 Fees for Other Services. The Board may establish fees for any other service provided by the District not herein covered. All fees so established will be sufficient to reimburse the District for the actual cost of the services.

6.12 Payment Schedule. Rates, charges, and fees shall accrue for usage as it is utilized, and billing shall be prepared, issued, and become due and delinquent in accordance with the following:

- (a) Water and sewer charges are due when billed.
- (b) Estimated charges for extension of the District System for new service are due and payable with the application.
- (c) Charges for meters and appurtenances are due and payable with the application.
- (d) Turn-on/Turn-off charges are due when levied.
- (e) Charges for other services shall become due and payable when the charge is

levied.

- (f) Tap Fees and inspection fees shall be due and payable with the application.
- (g) Late charges shall be due and payable as billed.

6.13 Responsibility for Payments. Owners of property receiving service shall be responsible for payment of all rates, charges, and fees. The fact that the Person receiving the service may not be identified on the billing by name shall not in any manner alter the fact that the charges become a lien against the property until paid or change the presumption that the service is provided at the request of the Owner. The Owner has the responsibility to notify the District if there is a change in address, and the District will not be liable for misdirected invoices.

6.14 Past Due Accounts. All money due the District for service shall be due and payable upon billing. If unpaid after 30 days from the billing date, the account will be considered past due or delinquent.

6.14.1 Billing Fee. Accounts that remain unpaid 30 days from the date of billing may be subject to a notice and special billing at 30-day intervals until collected.

6.14.2 Collection Costs. Past due accounts may be assessed for the cost of special billing and collection. A fee for each special billing will be assessed in an amount sufficient to compensate the District for its expenses in collection of the same. If a past due account is turned over to an attorney or collection agency for collection, attorney fees or collection agency fees will be assessed in addition to accumulated charges. All costs of collection through the court(s) will also be assessed.

6.14.3 Order of Payment. Money received from a User will be applied first towards the water and sewer bill; thereafter, the surplus, shall be applied to special billing costs and collection costs.

6.14.4 Waiving of Fees. All or a portion of the fee for turn-off, turn-on, special billings, or costs of collection may be waived for good cause or other mitigating circumstances. Such waiver may be made by the Administrator.

6.14.5 Late fees and Interest. Past due accounts are subject to late fees and interest as established by the Board and included in the Schedule of Fees and Charges.

6.14.6 Termination of Water Service for Past Due Accounts. Water service may be terminated for non-payment or other violation of these Rules, as provided below at section 6.15.

6.15 Termination of Water Service—Notice and Hearing. In all cases except for cases involving an imminent hazard to the health, safety, or welfare of the residents or visitors of the District, or to the District facilities, prior to the involuntary termination of service by the District, the District must give written notice to the Owner of the reason for the termination and advising

that the Owner may request a hearing on the termination, by a written request submitted to the Operations Manager within ten (10) days of receiving such notice. Such notice shall be deemed complete and received upon the delivery of such notice to the Owner's residence or business if located within the District and mailing notice to the Owner's billing address, or three (3) days after delivery of such notice to the property served and the mailing of notice to the Owner's billing address if the Owner neither resides nor owns a business within the District. Any requested hearing will be held before the Board, and the Owner shall have an opportunity to present testimony and evidence. The Board's decision shall be final. After termination, service may be resumed only after payment of all amounts due including turn-off and turn-on fees have been made.

Termination of water and/or sanitation service may be initiated for:

- (a) Failure to make required payments to the District.
- (b) Unauthorized use of water.
- (c) Failure of the Owner's facilities to conform to the requirements of these Rules.
- (d) Failure to comply with any state or federal law or regulation, any provision of these Rules, any rule, regulation, policy or guideline of the JSA, or any Order of the Board.
- (e) Maintaining unauthorized Cross-Connections.
- (f) Upon the request of the Owner.
- (g) When public health, safety and welfare of the System is threatened.

6.16 Enforcement of Charges. Collection of past due accounts may be by any lawful method, including but not limited to the following:

6.16.1 Perpetual Lien. Until paid, all fees, rates, penalties and charges shall constitute a first and perpetual lien on and against the property served. Any such lien may be foreclosed in the manner as provided by the laws of the State of Colorado for the foreclosure of mechanics' liens. See C.R.S. § 32-1-1001(1)(j)(I). The District may wish to document its lien by recording a Notice of Lien document with the Clerk and Recorder Office of Summit County, but recordation is not required for the lien to be effective. Such lien will not be released by the District until the account and all charges have been paid in full or until payment is guaranteed to the sole satisfaction of the District.

6.16.2 Bankruptcy. In the event of the bankruptcy, insolvency, or receivership of the Owner of property receiving service, the amounts due to the District will remain a secured obligation against the property receiving service.

6.16.3 Certification for Collection. In addition to or as an alternative to the other remedies provided in these Rules or by law, in the event that any of the District's tolls, rates, charges or fees are not paid when due, the Board may authorize the District's Treasurer to certify such delinquent amounts to the Treasurer of Summit County for collection in accordance with C.R.S. § 32-1-1101(1)(e). Upon certification, the Treasurer of Summit County shall collect and remit such delinquent amounts to the District in the manner provided by law for the collection of general property taxes. The Treasurer of Summit County may impose a fee and add to the delinquent amount as needed to defray the costs of collection.

6.17 Collection of Miscellaneous Costs. The District shall recover costs incurred to enforce any violation of the Rules from the responsible party or parties. These costs may include attorney, engineering and other fees and shall be recoverable whether or not a lawsuit was commenced.

6.18 Non-Collectable Checks. If payment to the District is made by a non-account, insufficient fund or other dishonored instrument, the User will be given an opportunity to make the payment good within a reasonable period of time. A service fee may be added to the account to cover the cost of collection on the check. If the payment is for an account which is subject to turn-off or otherwise considered delinquent, the User will be notified and allowed two normal working days to make payment by cash, cashier's check, certified funds, or money order, or the delinquency will be treated as provided by that portion of these Rules pertaining to delinquent accounts.

6.19 Billing Cycle. The billing cycle shall be at regular intervals as determined annually by the Schedule of Fees and Charges approved by the Board of Directors.

6.19.1 Partial Billing Period. Upon change of ownership of the property served, or when requested, the District will make a final meter reading or estimate, calculate the amount due, and submit a bill to whomever designated. Charges for special meter readings and billings are those currently in effect within the District. The special meter reading and billing in no way relieves the responsibility of the Owner for payment and all balances due remain tied to the property until paid.

6.20 Owner Responsible. The Owner of any building that is connected to the District's System shall be responsible for the fees, rates and charges. The District assumes no responsibility for any agreements between Owners and tenants, regardless of how made, or whether the District was notified of such agreements. The District will hold the Owner liable for all charges for service at the location where the service is provided.

EXHIBIT A
SCHEDULE OF FEES AND CHARGES