

EAST DILLON WATER DISTRICT

RULES AND REGULATIONS

2006

RULES AND REGULATIONS

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ARTICLE I - GENERAL

1.1 Authority. The District is a governmental subdivision of the State of Colorado and a body corporate with the powers of a public quasi-municipal corporation which are specifically granted, or necessary or incidental to those powers specifically granted for carrying out the objectives and purposes of the District.

1.2 Purpose. The purpose of this consolidated body of rules and regulations is to ensure an orderly and uniform administration of water operations of the East Dillon Water District of Summit County, Colorado.

1.3 Policy. The Board of Directors of the District declares the rules, regulations and by-laws set forth 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, regulations and by-laws shall be treated and considered as new and comprehensive regulations governing the operations and functions of the District, and shall supersede all prior rules, regulations and by-laws of the District.

1.5 Intent of Construction. It is intended the rules, regulations and by-laws shall 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, regulations and by-laws 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 and regulations at any time. Whether contained in this document or not, amendments declared in the minutes of the meetings of the Board of Directors, or effected by entry into, or the amendment of, any agreement shall be in full force and effect from the date of such declaration or agreement. Prior notice of these amendments shall not be required to be provided by the District exercising its amendment powers pursuant to this Section.

ARTICLE II - DEFINITIONS

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

Accessory unit. A second, subordinate dwelling unit located on the same lot as a 1-family dwelling unit, where the subordinate unit is incorporated into either the primary unit or a garage serving the primary unit, and the subordinate unit has separate cooking facilities from the primary unit. An accessory unit shall be in conformance with applicable standards of the Summit County Development Code.

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 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.

Backflow Prevention Device (Backflow Preventer). Where referred to herein a backflow prevention device shall be any device designed and approved to prevent backflow or backsiphonage of water into the District's water system.

Backpressure. Any situation where the water pressure in a customer's water system is greater than the pressure supplied by the District's water system. Such conditions may be the result of a pump, elevated tank, boiler, water heater or other means that the District's minimum pressure which may cause a reversal of water flow (backflow).

Board. The Board of Directors of the East Dillon Water District.

Contractor. Any person, firm or corporation authorized by the District to perform work and 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 customer's service line that can interrupt the water supply through the service line.

Customer. Any person, company, corporation, homeowner's association or similar entity authorized to connect to and use the public water system under a permit issued by the District.

Developer. A person or entity who owns land and/or is subdividing land for resale and seeking to have the land served by the District.

District. Refers to the East Dillon Water District.

Dwelling Unit. Any building or portion of a building which contains living facilities, including provisions for sleeping, eating, cooking and sanitation, intended for occupancy by not more than one family and which has no more than one kitchen.

Equivalent Dwelling Unit (EQR). Refers to the water demand of an average dwelling unit (average determined and set by the Board) that is used as a basis for estimating flows for non-dwelling users and non-average dwelling users relative to the water demand of an average dwelling unit.

Licensed Contractor. The person, persons or entity as provided by these rules who perform services which physically affect the public water system of the District.

Inspector. The person or entity under the direction of the District who shall inspect all water connections, excavations, installations of and repairs to the public water system and facilities of the District to ensure compliance with the Rules and Regulations and when applicable, Plans and Specifications.

Manager. The Operations Manager of the District is the person or entity retained by the Board to manage the daily system operation of the District.

Permit. The written permission to connect to the water main of the District pursuant to the Rules and Regulations of the District and shall be revocable upon the change of use of the property being served by such connection.

Person. Any individual, firm, partnership, corporation, association or other 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.

Service Line. The entire pipe, line, associated valves or other facilities used to provide water service from the water main of the District to and within a building for water use.

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 corporation tap onto the District's water main and the curb stop together with the connecting water service line. It may also consist of a short length of service pipe behind (downstream of) the curb stop.

Tap or Connection Tap. The connecting of the service line to the water system either directly to a main line, or a stub-out from the main line.

Tap Fee. The fee payable to the District for the right to connect a particular use to the water system.

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

Water System. Any water main, line, appurtenances, accessories or portion thereof owned and maintained by the District.

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 - BOARD OF DIRECTORS

3.1 Directors. The property and business of the District shall be governed by the Board of Directors who shall be elected or otherwise chosen pursuant to, and shall exercise the powers granted by, Colorado Statutes. The officers of the Board shall be chosen and hereinafter provided.

3.2 Meetings. The Board of Directors shall meet regularly at a time and place determined by the Board. Meetings shall be convenient to and open to the public. Notice of meetings shall be as prescribed by Colorado Statutes. Special meetings may be called at any convenient time by the President of the Board or by any two directors acting jointly. Notice of special meetings shall be given in the same manner as regular meetings.

Should the Board need to discuss matters of proprietary nature, the President may declare an executive session; to be attended by Board members and other consultants as appropriate. No formal Board action may be taken in executive session.

3.3 Quorum. A majority of the Board shall constitute a quorum, and official action may be taken only when a quorum is present.

3.4 Rules of Order. Conduct of meetings shall be in accordance with Roberts Rules of Order.

3.5 Compensation. Board members may receive compensation as determined by Colorado State Statutes. No Board member shall receive compensation as an employee of the Board, and no Board member shall have any interest in any contract or transaction with the District except in his capacity as Board member.

3.6 Officers. Officers of the Board shall be elected and shall be President, Vice President, Secretary and Treasurer. Election of officers shall be held at the first regular meeting following the election of Directors.

3.7 Vacancies. In the event that a Director becomes unqualified to continue service, is unable to continue service, or resigns, the remaining board members shall appoint a person qualified to serve on the Board. The Director so appointed shall serve until the next regularly scheduled election of the District.

3.8 Committees. When circumstances arise which may require special input or directions from the Board, the President may appoint a committee which may work independently or coordinate efforts and activities of consultants, agents or others retained by the Board.

ARTICLE IV - SEAL, MINUTES AND ACCOUNTING

4.1 Seal. The Board shall adopt a seal of the District to be used in all places and in such manners as seals generally are used by public corporations. The Secretary shall have custody of the seal and shall be responsible for its safekeeping and use.

4.2 Minutes of Proceedings. The Secretary shall be responsible for keeping a record of proceedings of the Board, certificates, contracts, bonds, agreements, and all other documents pertinent to the operations of the District. Such records shall be available during normal business hours for inspection by District property owners and others who have an interest in the affairs of the District.

4.3 Receipt and Expenditure of Money. The Treasurer shall cause to have deposited in the name of the District all funds of the District. The Bank shall be that as determined by the Board of Directors. Funds shall be withdrawn only upon approval of the Board with checks signed by any two members of the Board.

4.4 Accounting Records. The Treasurer shall keep strict and accurate records of all money received by and funds disbursed on behalf of the District.

4.5 Financial Audit. A financial audit shall be made each year. The audit will be conducted by an accounting firm selected by the Board. The Board shall appoint such auditor no later than the last regularly scheduled Board meeting each calendar year. The audit will be for the period January 1, through December 31 and will be submitted to the Board for review no later than the regularly scheduled Board meeting in September of the year following the year audited. The audit as performed shall be in accordance with all statutory requirements and other standards normally applied to quasi-municipal corporations. The auditor shall also provide a Management Letter addressed to the Board of Directors which will outline deficiencies, if any, which may have been identified during the audit.

4.6 Assignment of Duties. The Board may enter into agreements or contracts with individuals or entities to perform the obligations of the Secretary and Treasurer as provided for in this Article.

ARTICLE V - OWNERSHIP AND OPERATION OF FACILITIES

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

5.2 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, cock, or meter by any agents of the District; 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; or from doing anything to the systems of the District deemed necessary by the Board of Directors or its agents. The District shall have no responsibility for notification to customers of any of the foregoing conditions.

5.3 Ownership of Facilities. All existing and future water mains connected with and forming an integral part of the water system and accepted for maintenance by the District shall become and are the property of the District, unless any contract with an owner or customer provides otherwise exclusive of service lines. Ownership will remain with the District whether the water mains are constructed, financed, paid for, or otherwise acquired by the District, or by other persons.

All water meters shall become and are the property of the District. Ownership shall remain with the District whether the meters are installed, financed, paid for, repaired or maintained by another person or whether the meters are located on a privately owned and maintained service line.

The service line, curb stop service box, marker post, shut off valve(s) and pressure reducing devices shall be owned by the property owner and maintained by the property owner. The portion of the service line from the main line to the curb stop, but not including the curb stop valve, shall be maintained by the District.

ARTICLE VI - USE AND MAINTENANCE OF WATER SYSTEM

6.1 Unauthorized Tampering with System. No unauthorized person shall uncover, use, alter, disturb, or make any connection with, or opening onto, alter a use, or disturb the water system without first obtaining a written permit from the District. Unauthorized uses of the District's systems include, but are not limited to, an unauthorized turn-on or turn-off of water service, or a tampering or in any way modifying any meter, even though the same may be performed on a privately owned and maintained service line.

6.1.1 No person shall maliciously, willfully, or negligently, break, damage, destroy, uncover, deface or tamper with any portion of the District's water system.

6.1.2 Any person who shall violate the provisions of this Section 6.1 will be subject to prosecution at the initiative of the District.

6.1.3 Any person violating any of the provisions of these Rules and Regulations 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 of Directors. Upon non-payment thereof at the demand of the Administrator, a lien shall be created against the violator's property, as allowed by Colorado State Statutes.

6.2 Use of Water System. The customer shall notify the District prior to any change in the customer's equipment, service or use of the property served by the District and upon any change of ownership of the property. Each customer shall be responsible for the total cost of constructing the entire length of the service line serving his property and/or any related service facilities. Service lines shall be constructed in accordance with these Rules and Regulations. Leaks. Any break in that part of the service line owned by the property owner as outlined in paragraph 5.3 shall be repaired by the property owner within seventy-two (72) hours of obtaining knowledge of a leak. The District may shut off water service at any time should progress toward repairing said leak has not been made or to prevent the loss of water. In addition the District shall have the right to affect the repair, and the cost therefor shall constitute a charge of the District and constitute a lien on and against the property of such customer, securing payment of such cost, as provided by Colorado State Statutes.

6.3 Maintenance Program. The maintenance program of the District is designed to protect public investment in the District's water system capacity, maintain design capacity, minimize damage to public and private property caused by unavoidable stoppages, minimize inconveniences caused by interruptions in service, and prevent public health hazards. Preservation of water system design capacity shall be achieved by means of a continuous program of maintenance.

6.4 Responsibility for Program. The Operations Manager and Administrator shall develop, implement, and perform a continuous maintenance program consistent with these Rules and Regulations. The program shall be designed to be efficient and cost effective, and to utilize latest technology and generally accepted practices in providing maintenance services. The Board may engage the services of an Engineer on behalf of the District to assist in all or part of the program.

6.5 Information and Data. The maintenance program of the District will provide for 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 water system components which need repair or replacement.

6.5.1 Location of Facilities. The Board will develop a system of maps which are in sufficient detail to provide information needed to properly manage the water distribution system. Maps will identify the location, size, materials, and appurtenances, as appropriate based on best available information.

(a) Base Maps. A base map will indicate the existence of major water facilities such as water mains, manholes, meter stations, fire hydrants, and the like.

(b) System Maps. A map of appropriate size and scale, containing pertinent water system information will be developed. System maps will contain detail information such as size and location of all significant water system appurtenances and the associated identification number.

6.5.2 Engineering Information and Data. The Engineer will 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 detail engineering drawings, computations relative to water system evaluations, projected requirements for future facilities, contracts for construction and bidding responses.

6.5.3 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.

6.5.4 Engineering and Copying Costs. The District may require any costs incurred to provide information requested by entities outside of the District be paid for by the entity making the request.

6.6 Complaints and Service Requests. All customer 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/Complaint Form. Forms will indicate action taken.

6.6.1 Receiving Complaints. Complaints are received and processed by the Administrator. All complaints will receive prompt investigation and action. If investigation indicates that the complaint is without merit, the complainant will be so notified.

6.7 Responsibility for Maintenance. Proper maintenance of the water distribution system requires a sharing of responsibility between the Board and users as herein outlined:

6.7.1 Service Lines. The owner shall be responsible for maintenance and repair of the service line which he owns as provided in paragraph 5.3.

6.7.2 Meters. The District will maintain and repair water meters at no expense to the property owner. In the event the condition of the meter is such that further repair is impractical, the meter will be replaced by the District. The property owner is responsible for any meter repair or replacement due to owner negligence, including freezing.

6.7.3 Pressure Reducing Valves. Repair and maintenance of the pressure reducing valve on a private service line shall be the responsibility of the owner receiving service.

6.7.4 Meter Setting Hardware and Vaults. The repair and maintenance of all equipment and hardware used to install the meter and all associated vault or meter pit materials shall be the responsibility of the owner receiving service.

6.7.5 Distribution System. The District shall be responsible for repairs and maintenance of all the water distribution system exclusive of service lines.

6.8 Maintenance Categories. Maintenance activities are categorized as follows:

6.8.1 Preventive Maintenance. Preventive or routine maintenance is a systematic preplanned program of inspection, evaluation, and work performed to maintain the original installed system capability and performance. All system components are to be scheduled for periodic maintenance and evaluation. Preventive maintenance program system components include, but are not limited to, the following:

(a) Fire Hydrants. Lubricate and verify proper operation, and paint when necessary.

(b) System Isolation Valves. Locate, exercise, and verify as being operational.

(c) Pressure Reducing Valves. Verify proper operation and replace working parts as necessary.

6.8.2 Emergency Repairs. Emergency maintenance is prompt repair or other action taken to restore a loss in service. Service losses are generally due to line breaks, fire hydrant malfunction, or pressure reducing valve failures.

6.8.3 System Repairs and Improvements. System repairs and improvements are the construction or installation of facilities to replace undersized or deteriorated lines, improve system efficiency through connections, the construction of facilities to improve overall system performance or lower operating costs.

6.9 Inspection. The condition of the water distribution system should be continuously evaluated by a program of inspection which will provide information concerning various operating parameters and indicate overall system performance.

6.9.1 Pressure and Flow. A continuing inspection program is to be initiated to establish a system pressure profile and identify those areas which are currently or may in the future experience pressure or low conditions which do not meet standards.

6.9.2 Meters. Customer water meters may be inspected at any reasonable time to verify proper operation. Inspection may consist of flowing a known quantity of water through the meter with the meter installed at its original location or the meter removed and inspected at a repair facility.

6.9.3 System Losses. The Board shall actively pursue a program to minimize system losses. The quantity of water lost should be determined by comparing water purchases with sales. Reduction in unaccounted water will be achieved by identification of line leaks, replacement of improperly reading meters, monitoring fire hydrant flows for the non-fire fighting use, and other techniques as appropriate.

6.9.4 Electrolysis. Where appropriate, evaluations of the electrolytic action between water lines and surrounding ground should be performed and when required, corrective action should be taken.

6.10 Records. All inspections, repairs, and maintenance performed will be recorded, including explanatory comments.

6.11 Waste of Water. It is recognized by the Board and its customers that water is a limited natural resource and should not be wasted. It is incumbent upon each customer to conserve water so as to use only that amount necessary for domestic requirements and to maintain landscape health and appearance. Customers shall be aware of the amount of water used and shall strive for maximum efficiency. The waste of water shall be sufficient reason to cancel a permit to provide service to any customer. 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 customer to adhere to water restrictions when such are imposed.

6.12 Inspection Powers and Authority of District Agents. The Administrator, Manager, District Engineer, Inspector, and other duly authorized consultants and tradesman 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 testing, in

accordance with the provisions of these Rules and Regulations. Refusal of a property owner or his agent of a written request by the Administrator to permit such inspections, observations, measurements, sampling and/or testings upon the request may result in the immediate disconnection of service to the property.

6.13 Modification, Waiver and Suspension of Rules. The Board or the Administrator acting on instructions of the Board shall have the sole authority to waive, suspend or modify these Rules and Regulations, and any such waiver, suspension or modification must be in writing, signed by the Board or the Administrator. Such waiver shall not be deemed an amendment of the Rules and Regulations. No waiver will be deemed a continuing waiver or given any rights to any other contractor or customer not receiving such written waiver.

6.14 Discontinuance of Service. The District reserves the right to discontinue service to any property at any time when deemed necessary or appropriate by the Board of Directors. The District shall further have the right to discontinue service to any property for violations of these Rules and Regulations in accordance with the procedures set forth herein.

6.15 Access to Private Property. Application for or receipt of service from the District shall be deemed to give permission by the property owner to allow District employees to enter the premises for the purpose of reading the water meter and, when required, to make changes or repairs to the water meter. Denial of access during reasonable times of day or in case of an emergency, shall be cause for termination of service.

ARTICLE VII - APPLICATION FOR SERVICE

7.1 Inclusions. Subject to the provisions of these rules and regulations, service will 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 request 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. Notwithstanding the above, if good and sufficient reasons exist, the Board may waive any inclusion requirements.

7.2 Service Outside the District. No service shall be provided to property outside 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 judgement of the Board, it is in the best interest of the District to do so.

7.3 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. Only upon authorized approval of the application and payment of all charges and fees, may a connection to the system be made.

7.4 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 facilities. Denial may also be based on an unresolved obligation between the District and the applicant, inadequate documentation of easements for water mains serving the property, or any other reason as determined by the Board.

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

7.6 Change in Customer's Equipment, Service or Use of Property. No change in the customer's equipment, service or use of property served shall be made without the prior notification of and approval of the Board. Any such change which, in the opinion of the board, will increase the burden placed on the District's water systems by the customer 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 which would be less than that originally paid, no refund or credit shall be given.

7.6.1 Changes in use and/or water demand may result in the assessment of an additional connection fee as determined by the Board, and the District shall take those steps

authorized by these Rules and Regulations and Colorado Statutes regarding the collection of said fee.

7.6.2 Any customer believed to have changed equipment, service, or use of his 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, and additional connection 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 permitted 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 and/or connection fees shall be deemed appropriate and may be assessed against the property in question and shall be assessed as provided under these Rules and Regulations and Colorado Statutes. To defer the payment of said fees pending a hearing as provided for and described in Article XI of these Rules and Regulations, any response by the customer must, be made within ten (10) days and include permission for the District to make such inspection of the property in question as the Administrator and Operations Manager deems necessary to clearly establish the nature of equipment, service and use of the property.

7.7 Unauthorized Connections and Fees. No person shall be allowed to connect onto the water 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 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 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(s) 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(s) 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 (10) day period, service to the property may be immediately disconnected, subject to the provisions of these Rules and Regulations. 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 for the collection of unpaid fees and charges of the District.

7.8 Revocation of Service. Service may be discontinued by the District upon non-payment of any valid fees or charges owing to the District. In the event of non-payment, the customer shall be given not less than fifteen (15) days advance notice in writing that service will be discontinued, which notice shall set forth:

- (a) The reason for the discontinuation of service.
- (b) Notice that the customer has the right to contact the Administrator.
- (c) Notice of a right to a hearing in accordance with Article XI of these Rules and Regulations.

If the obligation is not resolved within the fifteen (15) day period, service to the property may be discontinued by disconnecting the appropriate line serving the property. The cost of disconnection shall be assessed against the customer and may be collected in any lawful manner.

If payment of the outstanding obligation or a request for a hearing with the accompanying deposit is not received within 15 days, the Administrator may disconnect the service, and the customer shall be assessed the cost of disconnection.

7.9 Turn-on/Turn-off of Service. All turn-on and turn-off of water 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 customer 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 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.

ARTICLE VIII - POLICIES, RATES, CHARGES AND FEES

8.1 Policy. This policy sets forth the establishment, assessment, and collection of the rates, charges, and fees for water service to be paid by the District's customers. 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 citizens. The information contained in this Article is pertinent to all charges of whatever nature to be levied for the provision of water 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 Regulations, and the applicable statutes of the State of Colorado. Nothing contained herein shall limit the Board from at any time modifying rates and charges. A Schedule of Fees and Charges shall define the actual rates to be in effect.

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

8.3 Requirements for Meters. Every individual unit served by the District will be required to have a meter and pressure reducing valve. The original 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 meter must be inspected and sealed by the District. Upon a satisfactory inspection and payment of the inspection fee, the meter becomes property of the District and all maintenance and replacement is at the District's expense. The cost of maintenance and replacement of meters due to owner negligence and/or abuse is chargeable to the property owner.

8.3.1 Multiple Unit Meters. Properties served by one service line per the Rules and Regulations including condominiums, trailer parks and other structures may have one meter serving multiple properties. The meter must be of a size and type to properly service the property. Usage from meters serving multiple units are allocated equally between the units served based on the total number of units connected to the meter.

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

8.3.3 Meter Reading. The amount shown on the meter shall be presumed to be the amount consumed by the property owner. Water used by any customer that has a service line leak or is inoperative, broken or a non-existent meter shall be estimated by the District and the customer billed based on such estimate. Service to properties with an inoperative, broken or

non-existent meter may also be subject to a surcharge.

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

8.4 Tap Fees. A tap fee as determined by the board shall be charged to all applicants for service. Such fee shall be assessed and paid before the 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. No application for a building permit or certificate of occupancy will be approved prior to the payment of all applicable tap fees.

8.4.1 Irrigation Tap Fees. No charge is made for an irrigation tap fee 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.

8.4.2 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 property 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 water system.

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

8.5 Water Service Fees. Water service fees will be charged on all properties beginning with the quarter following initiation of structure construction. The minimum water service fee shall continue as long as the service line is intact and available for service regardless

of extent of occupancy or use.

8.5.1 Irrigation Fees. Irrigation fees will be charged based on usage. Irrigation usage can be discontinued at anytime due to water shortages.

8.6 Charges for Extensions. The cost of extensions to the Board's water distribution system will be borne by the applicant receiving the benefit. Included are the costs of design, construction, and other associated costs.

8.7 Connection Fees. All inspection fees must be paid in advance of connection to the system. An application for water service shall be made on District forms. Inspection fees will reimburse the District for the cost of conducting and inspecting of the service lines, and cost of administrative overhead to establish the necessary accounting and engineering records.

8.8 Availability Fees. The District may charge available fees on unimproved properties. One availability fee shall be charged per property regardless of the size or potential unit density. After sub-division of larger properties, each lot of the sub-division will become subject to the availability fee.

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

8.10 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.

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

- (a) Water charges are due when billed, and they shall become delinquent if unpaid after 30 days.
- (b) Charges for extension of 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, and they shall become delinquent if unpaid after 30 days.
- (f) Tap and inspection fees shall be due and payable with the application.
- (g) Late charges shall be due and payable as billed.

8.12 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 property owner.

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

8.13.1 Billing Fee. Accounts which remain unpaid 30 days from date of billing will be subject to a notice and special billing at 30 day intervals until collected.

8.13.2 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 recompense the District for its expenses in collection of the same. If a past due account is turned over to an attorney for collection, attorney fees will be assessed in addition to accumulated charges. All costs of collection through the courts will also be assessed.

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

8.13.4 Termination of Water Service. As a final recourse, after all other methods of collection applicable have been initiated, water service may be terminated. Termination of service due to non-payment shall only be made after a formal hearing by the Board in which the Board votes for the service termination. The customer must receive a minimum of fifteen (15) days notice by certified mail regarding the proposed termination and the property owners right to attend the hearing. After termination, service may be resumed only after payment of all amounts due including turn-on fees have been made.

8.13.5 Waiving of Fees. All or a portion of the fee for 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. The Administrator's decision may be appealed to the Board as elsewhere provided.

8.13.6 Interest. Past due accounts will bear interest as established by the Board and included in the Schedule of Rates and Fees.

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

8.14.1 Liens. Charges for all water service shall become a lien upon the property to which the service is delivered until paid. A request for connection of service shall constitute a declaration by the owner of his agreement to pay for such charges, and billings of such service to

other than the owner shall not release the responsibility of the owner for such charges. The District will not release its lien upon the property upon change of ownership, until all past due accounts are paid or a sufficient guarantee of payment made. A statement by the owner to a title insurer, abstract examiner, lender or new purchaser concerning charges due and payable shall not be binding upon the District unless and until such charges are actually paid.

8.14.2 Mechanics Liens. The District may file a written notice of lien on the property after which collection and foreclosure may be made as provided by the mechanics lien laws of Colorado. Such lien will not be released by the District until the account and all charges have been paid in full or payment guaranteed.

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

8.14.4 Collection through Court. When it appears to the Board that an account has been past due for an unduly long period of time, and no adequate explanation has been given by the owner why collection should not be vigorously enforced, the Board may direct that the past due accounts be turned over to an attorney for collection by any lawful process. For every such account, the Administrator is authorized to incur attorney's fees to be assessed to the customer as part of the cost of collection.

8.14.5 Certification for Collection. Past due amounts may be collected by certifying the amount due to the County to be included in the annual tax sale.

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

8.16 Non-Collectable Check. If payment to the District is made by a no account, insufficient fund or other dishonored instrument the customer 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 customer will be notified and allowed two normal working days to make payment by cash, cashiers check, certified funds, or money order, or the delinquency will be treated as provided by that portion of these Rules and Regulations pertaining to delinquent accounts.

8.17 Billing Cycle. The billing cycle shall be a regular intervals as determined annual by the schedule of fees approved by the Board of Directors.

8.17.1 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 property owner for payment and all balances due remain tied to the property until paid.

ARTICLE IX - HEARING AND APPEAL PROCEDURES

9.1 Application. The hearing and appeal procedures established by this Section shall apply to all complaints concerning the interpretation, application, or enforcement of the Rules and Regulations of the District, as they now exist or may hereafter be amended. The hearing and appeal procedures established by this section shall not apply to the following complaints:

- (a) Complaints arising out of the interpretation of the terms of District contracts.
- (b) Any other complaint which does not concern the interpretation, application, or enforcement of the Rules and Regulations of the District.

9.2 Initial Complaint Resolution. Complaints concerning the interpretation, application, or enforcement of the Rules and Regulations of the District must be presented to the Administrator in writing. Upon receipt of a complaint and after a full and complete review of the allegations contained in the complaint, the Administrator shall take such action or make such determination as it shall determine to be warranted and shall notify the complainant of the action or determination by mail within twenty (20) days after receipt of the complaint.

9.3 Formal Hearing. In the event the decision of the Administrator is deemed unsatisfactory to the complainant, a written request for formal hearing may be submitted to the Administrator or such hearing officer as shall be designated by the Board within twenty (20) days from the date written notice of the decision was mailed.

Upon receipt of the request, if it be timely and if any and all other prerequisites prescribed by these Rules and Regulations have been met, the Administrator or hearing officer shall conduct a hearing at the District's convenience but in any event not later than twenty (20) days after the receipt of the request for a formal hearing. The formal hearing shall be conducted in accordance with and subject to all pertinent provisions of these Rules and Regulations.

9.4 Conduct of Hearing. At the hearing, the Manager or an appointed hearing officer shall preside. The complainant and representatives of the District shall be permitted to appear in person, and the complainant may be represented by any person of his choice, including legal counsel.

Both the complainant or his representatives and the District representatives shall have the right to present evidence and arguments; the right to confront and cross-examine any person who appears and testifies; and the right to oppose any testimony or statement that may be presented in support of or in opposition to the matter complained of. The Administrator or hearing officer may receive and consider any evidence which has probative value and which is commonly accepted and relied upon by reasonable and prudent persons in the conduct of their affairs.

The Administrator or hearing officer shall determine whether the weight of the evidence presented is sufficient to justify the request of the complainant to alter, amend, defer, or cancel

the interpretation, application, and/or enforcement of the Rules and Regulations that are the subject of the complaint. The decision shall be based upon evidence presented at the hearing. The burden of showing that the required grounds exist to alter, amend, defer, or cancel the action shall be upon the complainant.

9.5 Findings. Subsequent to the formal hearing, the Administrator or hearing officer shall make written findings and an order disposing of the matter and shall mail a copy thereof to the complainant not later than fifteen (15) days after the date of the Formal Hearing.

9.6 Appeals to the Board. In the event the complainant disagrees with the findings and Order of the Administrator or hearing officer, the complainant may, within twenty (20) days from the date of their mailing, file with the District a written request for an appeal thereof to the Board of Directors. The request for an appeal shall set forth with specificity the facts or exhibits presented at the formal hearing upon which the complainant relies and shall contain a brief statement of the complainant's reasons for the appeal. In response the District shall compile a written record of the appeal consisting of (1) a transcript of the recorded proceedings at the Formal Hearing (if such hearing was recorded), (2) all exhibits or other physical evidence offered and received in evidence, at the formal hearing, (3) a copy of the written findings and Order, and (4) additional written comments which the Administrator may wish to submit in response to the written request for appeal. The Board shall consider the complainant's written request and the written record on appeal at the next regularly scheduled Board meeting held not earlier than ten (10) days after the filing of the complainant's written request for appeal. No further evidence shall be presented by any party to the appeal during the review by the Board.

9.7 Board's Findings. The Board of Directors shall make written findings and an Order concerning the disposition of the appeal presented to it and shall cause notice of the decision to be sent by registered or certified mail to the complainant within thirty (30) days after the hearing. The findings of the Board of Directors shall be final.

9.8 Notice. A complainant shall be given notice of any hearing before the Administrator, the hearing officer, or before the Board of Directors, by registered or certified mail at least seven (7) calendar days prior to the date of the hearing, unless the complainant requests or agrees to a hearing upon shorter notice. When a complainant has been represented by an attorney at any hearing before the Administrator, hearing officer or Board, notice of any action, finding, determination, decision, or order affecting the complainant shall also be served upon the attorney.