

**GRAND COUNTY
WATER AND SANITATION
DISTRICT No. 1**

RULES AND REGULATIONS

AND

BYLAWS

JULY 2019

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SECTION I. GENERAL REGULATIONS

- 1.1 Purpose. These Rules and Regulations provide for management and operation of the water and sanitary sewer systems of the Grand County Water and Sanitation District No. 1 (the “District”). These Rules and Regulations serve a public use and are necessary to promote the health, safety, and general welfare of the inhabitants of the District. All persons who receive water or sewer service from the District are subject to these Rules and Regulations and are deemed to have accepted them in full and without exception.
- 1.2 Water System. The District’s water system (the “Water System”) provides Owners with potable domestic water, and water for irrigation, fire protection flows, and other municipal uses, all of which must be conserved from waste.
- 1.3 Sewer System. The District’s sewer system (the “Sewer System”) is a sanitary sewer system for the collection and treatment of water containing biodegradable wastes. The Sewer System is not a storm water sewer system and is not for receiving flood waters, surface drainage, industrial process waters, nor discharge of water from above ground or underground sources. Therefore, no person shall make connection of roof downspouts, exterior foundation drains, basement sump pumps, areaway drains, garage floor drains, or other sources of surface runoff or groundwater to a building drain that is connected, directly or indirectly, to the Sewer System.
- 1.4 Tap Fee. The “Tap Fee” is a fee to reimburse the District for past capital investment or to pay for future capital expenditures, including all associated Costs, and shall be chargeable for all new connections or changes in existing connections that will increase the amount of use or change the use classification. The term “Tap Fee” shall mean the same as “connecting charge,” “tap privilege fee,” or “plant investment fee.” The District's Tap Fee Schedule is available at the District’s administrative offices. The Board may revise the amount of the Tap Fee or amend the Tap Fee Schedule from time to time in accordance with these Rules and Regulations and the Special District Act.

1.5 Service Fees. The “Service Fees” are fees to reimburse the District for operating and other expenditures and shall be chargeable to all Owners in the District. Service Fees shall include water Service Fees and sewer Service Fees. The term “Service Fees” shall mean the same as “use fee.” The District’s “Monthly Service Fees Schedule” is available at the District’s administrative offices. The Board may revise the amount of the Service Fees or amend the Monthly Service Fees Schedule from time to time in accordance with these Rules and Regulations and the Special District Act.

1.6 Definitions. As used herein:

- (a) Affordable Housing means the Units more particularly described in § 32-1-1001(1)(j)(ii), C.R.S., as amended. Pursuant to said statute, “affordable housing” shall be defined, and may be redefined, by a resolution adopted by the Board.
- (b) Board shall mean the Board of Directors of the District.
- (c) Costs means all costs applicable to the construction of new District Service Facilities, including without limitation the costs of surveys, preliminary and design engineering, inspection, administrative and legal services, actual construction, "as-built" drawings, Easements and Rights-of Way acquisition, and all other costs necessary for completion of such new facility.
- (d) District means the Grand County Water and Sanitation District No. 1.
- (e) District Engineer means the engineer or engineering firm retained by the District, who shall be the District Engineer for purposes of these Rules and Regulations. The District Engineer shall not accept employment with, or act as a consultant for, projects that would create a conflict of interest with the District or an appearance of impropriety. The District Engineer shall, from time to time, review and revise as necessary the District’s Engineering Standards.

- (f) District Manager shall be the individual appointed by the Board to act on its behalf and on behalf of the District in the administrative and operational management of the District and the programs directed by the Board.
- (g) District Representative shall be the District Manager or any person authorized by the District Manager or the Board to provide, on the District's behalf, oversight, review or inspection of utility installations for compliance with these Rules and Regulations and the Engineering Standards.
- (h) District Service Facilities means the District's Water System and the District's Sewer System.
- (i) Easement as used in these Rules and Regulations means a right granted to the District allowing the use of land for District purposes. Easements granted to the District shall be on the District's standard Easement form.
- (j) Meter means the device that is part of the District's Water System and measures the volume of water used by an Owner. The volume of water used by the Owner is also used by the District to calculate the volume of sanitary sewage contributed by the Owner to the District's Sewer System.
- (k) Owner, for purposes of these Rules and Regulations, shall include and mean:
 - (1) The legal owner of a Unit receiving water and sewer service from the District;
 - (2) The owner of real property for which water and sewer service is requested from the District;
 - (3) Lessees or tenants of the Owner;
 - (4) Agents with actual or apparent authority to act on behalf of the Owner;
 - (5) Homeowners' associations, condominium associations or other similar entities that own, manage or administer water and sewer service provided by the District to members of the association or other entity;

- (6) All persons who have contracted with the Owner to develop Units or other property that will receive water and sewer service from the District; and
- (7) The holder of a “reserved tap,” which shall mean a tap issued by the District, which does not receive services from the District Service Facilities and does not pay Service Fees.
- (8) The holder of a “vacant tap,” which shall mean a tap issued by the District, which does not receive services from the District Service Facilities, but does pay Service Fees.
- (l) Permit means written authorization of the District or the Board to connect to the District’s Service Facilities pursuant to, and consistent with, these Rules and Regulations and the District’s Engineering Standards.
- (m) Private Sewer Collection Line means a sewer line that collects sanitary sewage from two or more Units, which is not owned by the District.
- (n) Private Sewer Service Line means the sewer line from the tap on a Sewer Main to the Unit being served, which is not owned by the District.
- (o) Private Water Distribution Line means a water line that distributes water to two or more Units, which is not owned by the District.
- (p) Private Water Service Line means the water line from the corporation stop or control valve on a Water Main to the Unit being served, which is not owned by the District.
- (q) Right-of-Way as used in these Rules and Regulations means the right to allow the District to permanently pass through, over or under specifically identified property, which may be dedicated to the District. Rights-of Way granted to the District shall be on the District’s standard Right-of-Way form.
- (r) Sewer Main means any sewer line owned by the District and installed in a public Right-of-Way or Easement, including any appurtenances thereto, which has been duly dedicated to and accepted by the District.

- (s) Unit means a structure that is within a use classification determined by the District in its Tap Fee Schedule for rate and fee calculations. Examples of Units include a Single Family Residence, Multi-Family, Commercial, Hotels, Motels and Bed and Breakfasts. The Board may amend or revise the types and descriptions of Units in the Tap Fee Schedule from time to time.
 - (t) Water Main means any water line owned by the District and installed in a public Right-of-Way or Easement, including any appurtenances thereto, which has been duly dedicated to and accepted by the District.
- 1.7 Statutory Provisions. The Colorado Special District Act, § 32-1-101, *et seq.*, C.R.S. (the “SDA”), as the same may be amended from time to time, applies to the District. Other statutory provisions, including without limitation, Articles 1-13.5, (Elections), § 1-24-1-101, *et seq.* (Administration), § 24-72-101, *et seq.* (Public Records), § 24-91-101, *et seq.* (Construction Contracts with Public Entities), § 24-92-101, *et seq.* (Construction Bidding for Public Projects), § 24-93-101, *et seq.* (Construction Contracts), and § 29-1-101, *et seq.* (Local Government Budget Law), may also apply to the District in whole or in part. In the event of a conflict between a statutory provision and a provision of these Rules and Regulations, the statute shall control.
- 1.8 “Shall” and “May”. As used in these Rules and Regulations, “shall” is to be construed to mean a mandatory action, and “may” is to be construed to mean a discretionary action.
- 1.9 Authority of District Representatives. To the extent permitted by law, District Representatives and other duly authorized employees or consultants of the District shall be permitted to enter Owners’ properties at reasonable times, with or without prior notice, as necessary to inspect, observe, measure, sample, test, repair or replace any part of the Water System or Sewer System, or a Private Water Service Line, a Private Sewer Service Line, a Private Water Distribution Line, or a Private Sewer Collection Line.
- 1.10 Swimming Pools and Hot Tubs. All swimming pools (i.e., commercial and residential) and communal hot tubs (i.e., hot tubs installed in an apartment or

condominium complex, hotel or health club, but not including residential hot tubs) must be registered with the District by size in gallons and location of the swimming pool or hot tub. A permanent sign must be placed in the filter room with instructions for draining a swimming pool or hot tub. The sign shall read "Before draining the pool [or hot tub], the District Manager of the Grand County Water and Sanitation District No. 1 must be contacted at (970) 726-5583." The District may require that a swimming pool or hot tub be dechlorinated prior to draining. Swimming pools and hot tubs shall be drained only between the hours of 11:00 p.m. and 6:00 a.m. No acid-based cleaning is allowed without first contacting and receiving authorization from the District Manager. If acid-based cleaning is used without authorization of the District, the owner or operator of the swimming pool or hot tub shall be obligated to pay the increased cost of operation of the District's Sewer System and may be subject to a fine for a noncompliance discharge. The owner or operator of a swimming pool or hot tub shall be subject to a fine of up to \$10,000 for violation of this section.

- 1.11 Fire Hydrants. All District-owned fire hydrants in the District's service area are for emergency use only by emergency personnel. No other connection shall be made to District fire hydrants without first obtaining a permit from the District and paying applicable fees to the District.
- 1.12 Use of the District's Water System Required. Within the District's service area, use of the District's Water System is required and no water wells shall be constructed or used unless specifically authorized by the Board.
- 1.13 Use of District's Sewer System Required. Within the District's service area, use of the District's Sewer System is required and no private sewage disposal system shall be constructed or used unless specifically authorized by the Board. The Board may grant such authorization only if all the following conditions are met:
 - (a) Extension of the District's Sewer System would create an unreasonable hardship on the Owner as determined in the discretion of the Board;

- (b) The private sewage disposal system is constructed in a manner that meets all standards of the Town of Winter Park, Grand County and the Colorado Department of Public Health and the Environment; and
- (c) The Owner of the private sewage disposal system agrees, in writing, to connect to the District's Sewer System, at its sole expense, and pay the District's then-existing Tap Fee, within thirty (30) days of the date on which a Sewer Main is constructed within 400 feet of the Unit. The District shall notify the Owner, by any reasonable means, of such date of construction.

1.14 Prohibited Effluents. Any nonbiodegradable waste or any waste that does or may preclude the District's ability to meet State water quality standards after treatment or a Colorado Pollutant Discharge Elimination Permit to which the District is subject shall not be discharged into the Sewer System. These wastes include without limitation oils and greases used for mechanical or other uses, gasoline, diesel fuels and kerosene. As more particularly set forth in Section III of these Rules and Regulations, no material that could cause blockage of any part of the Sewer System shall be discharged from vehicle wash racks, filling stations, restaurants, or other Private Sewer Service Line or Private Sewer Collection Line unless the discharge will first pass through a grease, sand and oil interceptor approved by the District. A person, including any Owner, in violation of this section shall be liable to the District for any expense, loss, or damage to the Sewer System caused by such violation. The District may discontinue water or sewer service to an Owner in violation of this section.

1.15 Detrimental Effluents – Special Permit. Discharge of any effluent that the Board determines could adversely impact, in any manner, the Sewer System is prohibited unless a special permit is issued by the Board. The Board shall have full discretion to determine whether an effluent will adversely impact the Sewer System and whether to issue a special permit therefor. Any such special permit shall set forth the conditions, restrictions, pretreatment requirements, and fees and charges determined by the Board to be in the best interest of the District and the Sewer

System, and shall require payment of all increased costs of treatment and of managing or disposing of sludge after treatment. A person, including any Owner, in violation of this section shall be liable to the District for any expense, loss, or damage to the Sewer System caused by such violation. The District may discontinue water or sewer service to an Owner in violation of this section.

- 1.16 Improper Use of the Water System or Sewer System. No person, including any Owner, shall make any connection to the Water System or the Sewer System without authorization from the District, expand or enlarge their permitted use without authorization from the District, or tamper with any structure, appurtenance, or equipment that is part of the Water System or the Sewer System, including without limitation Meters or fire hydrants. No person, including any Owner, shall maliciously, willfully, or negligently break, damage, destroy, uncover, deface property owned or operated by the District. A person, including any Owner, in violation of this section shall be liable to the District for any expense, loss, or damage to the Water System or the Sewer System caused by such violation. The District may discontinue water or sewer service to an Owner in violation of this section. Tampering with a public water system is also a federal offense pursuant to 42 U.S.C. § 300i-1, the violation of which may result in assessment of civil penalties.
- 1.17 Remedies for Violation or Noncompliance. The District shall be entitled to take administrative or judicial action against any Owner for any of the reasons set forth below. The District may recover any expense, loss, or damage to the District or the Water System or Sewer System, and the District may assess fines in an amount to be determined by the Board. In all cases, the District shall be entitled to all costs of collection, including interest at one percent per month or fraction thereof (§ 32-1-1001(1)(d), C.R.S.) from the date of accrual, and reasonable attorney's fees. Failure of an Owner to pay any monetary amounts or damages owed to the District may also result in discontinuance of water or sewer service or disconnection from the District's Water System or Sewer System at the discretion of the Board. In addition, the District may certify to the County Treasurer for collection on an Owner's real property tax bill all amounts the Owners owes to the District as a

result of violation or noncompliance with these Rules and Regulations. Any of the foregoing options will be available to the District and may be used individually or in combination at the discretion of the District. All Owners in the District consent to recordation of a notice of lien against any Unit causing expense, loss, or damage to the District on account of the following:

- (a) Improper use of the Water System or the Sewer System as set forth in these Rules and Regulations.
- (b) Misrepresentation in the application for a Tap/Service Fee Agreement or a Connection Permit as to the property or fixtures to be served or of the use to be made of the District's Water System or Sewer System.
- (c) The use of the Water System or Sewer System on any property for a purpose other than that described in the Tap/Service Fee Agreement or Connection Permit.
- (d) Increasing or changing the use to be made of the Water System or Sewer System, including, but not limited to expanding the square footage of, or adding fixtures to, a Unit without notice to, and prior consent of, the District.
- (e) Failure to connect to, or to keep in good working order, any part of the District Service Facilities.
- (f) Nonpayment of any account or amount due for water or sewer service, failure to make or renew advance payments, or nonpayment of any other fee, charge or fine assessed by the District for an unreasonable period of time as determined by the District in its discretion.
- (g) Where two or more families, places of business, or offices in a single building are supplied with water or sewer service through a single Private Water Service Line or a single Private Sewer Service Line, and the Owner or, for purposes of this section only, the person or party responsible for payment of such water service or sewer service, fails to pay any bill for water or sewer service when due, or fails to comply with these Rules and Regulations.

(h) Violation or noncompliance with these Rules and Regulations.

1.18 Procedure for Disconnection and Reconnection of Water and Sewer Service and Forfeiture of Taps.

- (a) Except as expressly set forth in these Rules and Regulations, the District shall follow the procedure set forth below prior to disconnection of an Owner from the District's Water System or Sewer System. The District will send a letter by certified mail, return receipt requested, notifying the Owner of the reason for disconnection and that a public hearing will be held at which the Board may, among other things, confirm its intent to disconnect the Owner from the District's Water System or Sewer System. If the Owner fails to remedy or resolve the reason for disconnection, a second notice will be sent, by certified mail, return receipt requested, to the Owner stating that a public hearing has been scheduled at the date and time set forth in the notice, and that, at the public hearing, the Board may order any or all of the following: disconnection from the District's Water System or Sewer System, forfeiture of taps, assessment of all outstanding Service Fees, fines, and collection of all amounts due to the District under these Rules and Regulations or the SDA.
- (b) If water and sewer service is disconnected, the following conditions will apply prior to any reconnection:
- (1) All fees, labor costs, and supplies for disconnection must be paid to the District.
 - (2) A flat rate of One Thousand, Five Hundred Dollars (\$1,500.00) for each disconnection must be paid to the District to cover general costs in addition to the above fees, labor costs, and supplies.
 - (3) All fees, labor costs, and supplies for reconnection must be paid to the District. The person or contractor that performs the work must be approved by the District, and the work must be inspected and

accepted by the District prior to reconnecting water and sewer service.

- (4) A flat rate of One Thousand, Five Hundred Dollars (\$1,500.00) for reconnection must be paid to the District to cover general costs in addition to the fees, labor costs, and supply costs.
- (5) All outstanding Service Fees must be paid prior to reconnection of water and sewer service.
- (6) Until paid, the costs of disconnection and reconnection shall constitute a lien against the Unit served or formerly served by the District.
- (7) If water and sewer service is disconnected for failure to pay Service Fees or other fees required under these Rules and Regulations, any prior payments for Tap Fees may be forfeited as set forth below. After service has been disconnected for six (6) months, the Tap Fee, without further hearing or other proceeding by the District, shall be automatically cancelled and not eligible for any credit or refund. If water or sewer service is thereafter requested by the same Owner for the same property, the Tap Fee and Service Fees in effect at the time of such request must be paid as a condition of such service together with the cost of disconnection and reconnection as set forth above.

1.19 Amendment of the Rules and Regulations. These Rules and Regulations may be amended or repealed, in whole or in part, at any regular meeting of the Board or at any special meeting of the Board called for that purpose. These Rules and Regulations shall also be deemed amended by subsequently enacted State laws that are inconsistent with them.

1.20 Partial Invalidity of Rules and Regulations. If any section or subsection of these Rules and Regulations shall be determined, for any reason, to be invalid or

unenforceable, the remaining provisions of these Rules and Regulations shall be valid and fully enforceable by the District.

1.21 Variances. Upon written application to the Board filed at least ten (10) days prior to the next regular meeting of the Board, the Board shall have the authority to grant variances from these Rules and Regulations when the Board determines, in its sole discretion, that strict adherence to these Rules and Regulations would cause undue hardship to the Owner and/or the District, and granting of such variance would not have a substantial adverse effect on the interests of the District or other Owners in the District. The decision to grant a variance must be set forth in a duly authorized and approved resolution of the Board. The Board may also grant a variance from the Rules and Regulations on its own motion or initiative provided that it follows the requirements set forth above.

1.22 Compliance with Other Requirements. Notwithstanding any provision of these Rules and Regulations or the Engineering Standards, Owners must comply with all requirements of federal, state or local law and regulations promulgated thereunder.

SECTION II. LINE CONSTRUCTION, INCLUSION AND ABILITY TO SERVE

- 2.1 **Engineering Standards.** Specific requirements for design criteria, preparation of plans and specifications, and construction practices are set forth in the District's Construction and Engineering Standards (the "Engineering Standards"). The Engineering Standards and these Rules and Regulations, including, in particular, the general policies set forth below, shall apply to all activities or projects inside and outside the District's service boundaries that affect, or may affect, operation of all or any part of the Water System or the Sewer System. In the event of a conflict between a specific provision of the Engineering Standards and a term of these Rules and Regulations, the Engineering Standards shall control. The Engineering Standards may be amended by the Board at any time.
- 2.2 **Costs.** The District requires that an Owner, as the proponent of development that will be served by the District, pay all Costs related to such service by the District. Costs shall include "Costs" as defined in Section I of these Rules and Regulations, and shall specifically include the following:
- (a) If the District determines that all or any portion of the work necessary to connect an Owner to the Water System or Sewer System, including without limitation construction of Water Mains and Sewer Mains, should be performed by the District, the Owner shall deposit, in advance, the estimated Costs of the work to be performed by the District, but shall pay to the District the actual final Costs as determined by the District.
 - (b) The Owner shall pay all Costs related to construction of Water Mains or Sewer Mains, all related facilities, structures, and fire hydrants whether constructed by the Owner or by the District. Such Costs include without limitation design, review of plans and specifications by the District and the District Engineer, periodic review or inspection by a District Representative (before, during and after construction), construction including labor and materials, and testing of Water Mains and Sewer Mains.

- (c) Costs related to Easements and Rights-of-Way required by the District shall be paid by the Owner. Such Costs include, without limitation, surveys, review and approval by the District Engineer and the District's legal counsel, required title work and title policies to ensure unencumbered title in the District to Easements and Rights-of-Way, and recording fees.

2.3 Development Within the District.

- (a) This section is enacted to promote the efficient operation of the Water System and Sewer System and with the further objective of promoting public health, safety and welfare by providing general conditions for the design, construction, inspection and maintenance of the Water System and Sewer System. Provisions of this section are applicable to all types of development identified in the District's Tap Fee Schedule and the Town of Winter Park Zoning Ordinance (currently Title 7 of the Town of Winter Park Town Code) located within the District's service boundaries.
- (b) Any Owner requesting water and sewer service from the District shall submit to the District plans and specifications, which shall contain, at the minimum:
 - (a) an estimate of the water and sewer demands for the development;
 - (b) a depiction of existing dedicated public or private Rights-of-Way and Easements within the area to be served;
 - (c) the alignment of all proposed Rights-of-Way and Easements;
 - (d) the specific location of all proposed buildings and special use areas;
 - (e) the location of dry utilities; and
 - (f) a detailed design of the proposed water and sewer systems.The District and the District Engineer shall review all documents submitted by the Owner and inform the Owner of any required revisions to the plans for the development. Following the Owner's submission of revised plans, and approval by the District, notice of final approval of the plans and specifications shall be provided to the Owner, in writing, by the District. As-built drawings shall also be provided to the District upon completion of construction and testing, and the Owner of any commercial or multi-family development shall also provide an electronic file of the as-built drawings in a format that can be

incorporated into the Town of Winter Park's Geographical Information System.

- (c) Any final plans and specifications shall be deemed to have expired, and must be resubmitted to the District for approval, if material implementation of the plans and specifications, as determined by the District in its sole discretion, has not occurred within five (5) years of the date of the notice of final approval. Expiration may be for all or a portion of the plans and specifications as determined by the District. The District may, but shall not be required to, give notice to the Owner of such expiration.
- (d) The plans and specifications described above shall include the following minimum requirements for access by the District. Rights-of-Way and Easements shall have a minimum width as set forth in the Engineering Standards. The District shall have exclusive use of a portion thereof, except for right angle utility crossings as set forth in the Engineer's Standards. The topography and alignment of every Right-of-Way and Easement shall be suitable for Water Main or Sewer Main construction, maintenance, repair, and replacement and must allow for unobstructed and unhindered use of the District's equipment. No impediment to vehicular travel shall be constructed within a Right-of-Way or an Easement.
- (e) All required fire hydrants shall be acquired from a manufacturer approved by the District. Hydrants shall be placed within an appropriate Right-of-Way or Easement and include approved markers to identify the location of the hydrant. Placement of hydrants shall be approved by the District and the fire department responsible for protection of the area. Hydrants shall be maintained by the District after dedication to, and acceptance by, the District.
- (f) All buildings situated in the development shall be individually metered unless the District, in its sole discretion, determines that other means are more suitable for operation of the District's Water System. No services shall be interconnected behind Meters except in such circumstances as the

District, in its sole discretion, may deem necessary to benefit the District's Water System.

- (g) After dedication of any Water Mains, Sewer Mains, and fire hydrants to, and acceptance by, the District, the District shall maintain, own and operate Water Mains, Sewer Mains, and fire hydrants, upon such terms and conditions as may be prescribed by the Board generally or specifically to the development.
- (h) This section does not include Private Sewer Collection Lines, Private Sewer Service Lines, Private Water Distribution Lines, and Private Water Service Lines, which shall be constructed, owned and maintained by the Owner.

2.4 Water Main and Sewer Main Construction. Unless otherwise agreed to or required by the District, the Owner will construct all Water Mains or Sewer Mains that are less than twelve (12) inches in diameter. The District reserves the right to construct Water Mains and Sewer Mains that are twelve (12) inches or larger in diameter or in situations or locations in which it determines that it is in the best interest of the District to do so.

- (a) For all Water Mains or Sewer Mains to be constructed by an Owner, the Owner shall:
 - (1) Before beginning construction, the Owner must submit detailed plans and specifications prepared by a registered professional engineer for the proposed construction, which plans and specifications must comply with the District's Engineering Standards and be approved by the District in writing prior to award of a contract and commencement of construction.
 - (2) Cause the work to be performed by a contractor prequalified by the District or the Town of Winter Park, which has posted appropriate bonds for the work, and has provided notice to the District prior to testing so that a District Representative can observe the test work.

- (3) Following construction, provide to the District testing and inspection reports for water pressure and disinfection, a letter from a registered professional engineer that the construction was completed in accordance with the District-approved plans and specifications, and a two-year warranty, in writing, covering labor and materials.
 - (4) Upon completion of the requirements set forth above to the full satisfaction of the District, dedicate the Water Main or Sewer Main to the District.
- (b) Water Mains or Sewer Mains shall be constructed only in dedicated public Rights-of-Way or Easements in accordance with the District's standard Right-of-Way form or Easement form, respectively.
 - (c) All Water Mains shall be of sufficient size to provide water service for domestic, irrigation, fire protection flows, and all other municipal uses, to the areas being served, as well as future areas and development to be served by the Water Main. All Sewer Mains shall be of sufficient size to collect sanitary sewage for treatment from the areas being served, as well as future areas and development to be served by the Sewer Main.
 - (d) To provide adequate water and fire protection service, and to maintain water quality, all Water Mains shall be "looped," i.e., connected to more than one Water Main such that there is no dead end or terminus. The final design of Water Mains must be submitted to, reviewed, and approved by the District in its sole discretion prior to construction thereof.

2.5 Inclusion. The District has water rights that are intended to serve the demand for water within the boundaries of the District's service area. Notwithstanding the foregoing, in the event the Board accepts inclusion of property outside the District's service area pursuant to § 32-1-401, *et seq.*, C.R.S., the Board may require that the Owner of the property to be included convey to the District water rights in an amount, quantity and quality sufficient to serve development on such land or to provide funds or other compensation to the District in lieu of providing such water rights. For example, the District may require a Tap Fee greater than is set forth in

the Tap Fee Schedule and/or increased Monthly Service Fees for Units within the property to be included. The District may require other terms and conditions for inclusion and shall only allow inclusion when it is in the District's best interest as determined by the Board.

2.6 Ability to Serve Requirements and Letter. If so requested, the District may issue an “ability to serve” letter for a proposed development, which shall describe the then-current status of the District’s Water System and Sewer System and will contain other terms and conditions that the District Manager or Board deems appropriate. The following conditions apply even if they are not expressly included in an “ability to serve” letter.

- (a) The purpose of an “ability to serve” letter is to state that, as of the date of the letter and for 180 days thereafter, the District owns, and shall own, the volume of water and the wastewater treatment capacity necessary to a serve the proposed development.
- (b) An “ability to serve” letter is neither approval of any proposal for development involving the District's Water System or Sewer System, nor a guarantee of water or sewer service to the proposed development.
- (c) The only means by which the District will guarantee service from its Water System or Sewer System is by full payment of Tap Fees.

SECTION III. SERVICE POLICIES

- 3.1 **Taps/Service Fees Agreement.** Taps are sold on a “first come, first served” basis. The Tap Fee is due and payable upon the earlier of issuance of a building permit or connection to a District Water Main or Sewer Main. At or before the time the Tap Fee is paid, the Owner shall execute the District’s Taps/Service Fees Agreement on a form available in the District’s administrative offices. In addition to purchase of a tap, the Taps/Service Fees Agreement provides that Monthly Service Fees will commence as of the date thereof; provided, however, that until water and sewer service commence to and from the Unit, the Owner shall only be obligated to pay the District’s Readiness to Serve Charge more particularly described in its Monthly Service Fees Schedule. Each connection must have a Taps/Service Fees Agreement.
- 3.2 **Connection Permit.** In addition, before any connection is made to the District’s Water System or Sewer System, a Connection Permit shall be obtained from the District.
- (a) Application for a Connection Permit shall be made to the District on a form available at the District’s administrative offices. The application shall give a full description of the work to be done, the street address and a narrative description of the location of the Unit to be served, the Owner of the Unit, the name of the District-approved contractor to perform the work under the permit, and such other information as may be required by the District. Each connection must have a Connection Permit.
 - (b) A Connection Permit may be revoked if construction or use of Private Sewer Collection Lines, Private Sewer Service Lines, Private Water Distribution Lines, or Private Water Service Lines is not made in accordance with these Rules and Regulations, the Engineering Standards or any other requirements imposed by the District for all or any part of the development.
 - (c) The failure of any Owner to obtain a Connection Permit shall not bar the District from pursuing any remedy for any damage or adverse impact to the District Service Facilities or violation of these Rules and Regulations.

- (d) The holder of a Connection Permit issued by the District shall:
1. Bear all Costs related to connection to the District's Water System and Sewer System, including without limitation the Costs of obtaining permits required by other governmental or regulatory entities, posting bonds or other financial assurance and conducting all required engineering reviews and inspections; and
 2. Grant to the District all warranties required by it.

3.3 Tap Fee Credit. The Taps/Service Fees Agreement provides that a tap purchased by the Owner may be put into service within one year of the date of the Agreement. If the tap has not been put into service within one year of the date of the Taps/Service Fees Agreement, the Monthly Service Fees will be discontinued, the tap will revert to the District, but the Owner shall retain a credit for the amount of the Tap Fees paid previously. No guarantee of water or sewer service exists for the holder of a credit, and there shall be no refunds of Tap Fees or Monthly Service Fees. The credit can be applied only for the subsequent purchase of a tap at the then-applicable Tap Fee.

3.4 Increase or Change in Use. Owners must notify the District in writing of any proposed increase or change in use of water service or sewer service. A new Taps/Service Fees Agreement and a new Connection Permit shall be required for any increase in use or change in use of water service or sewer service, which may also require payment of additional Tap Fees. In the event of any increase or change in use for which the Owner fails to pay the additional Tap Fees assessed by the District or does not notify the District of the increase or change in use, the Owner shall be subject to assessment of fines and shall be obligated to pay the additional Tap Fees under the Tap Fee Schedule in effect at the time that the Tap Fees are paid for the increase or change in use (as opposed to the Tap Fee Schedule in effect at the time the increase or change in use occurred), together with interest at 12% per annum, attorney's fees and other reasonable costs of collection and all back Service Fees from the time of the change or increase in use, all at the discretion of the Board. A new Taps/Service Fees Agreement and Connection Permit is also

required for an increase in water meter size, or a change of use that would require installation of a grease pretreatment facility and/or a back-flow prevention device pursuant to these Rules and Regulations or the Engineering Standards. All applicable fees, including Tap Fees, shall be paid as a condition of, and prior to, issuance of a new Connection Permit.

3.5 Private Service Lines and Appurtenances. In Section III of these Rules and Regulations, Private Water Service Lines, Private Water Distribution Lines, Private Sewer Service Lines, and Private Sewer Collection Lines may be collectively referred to as “Private Service Lines.”

- (a) Except as set forth in these Rules and Regulations or in the Engineering Standards, Private Service Lines shall be constructed and owned by the Owner.
- (b) As part of its reasonable operation and maintenance of the District Service Facilities, the District may relocate a Private Service Line, which shall remain the property of the Owner.
- (c) Any connection between a Water Main or a Sewer Main and a Private Service Line shall be made in a public Right-of-Way or an Easement in which the District has an unrestricted right of access and is large enough to allow inspection, maintenance, repair or replacement of the Water Main, Sewer Main, or a Private Service Line. The District must inspect and approve any connection to a Water Main or Sewer Main as described above.
- (d) A Private Service Line shall be constructed in accordance with standards set forth in these Rules and Regulations and the Engineering Standards.
- (e) The maintenance, repair or replacement of a Private Service Line, and of any water-using appliances, except a Meter, shall be the exclusive responsibility of the Owner except as set forth in these Rules and Regulations. Water using devices and systems that require limited or sustained water pressure to a Private Service Line or a continual water

supply are the responsibility of the Owner, including suitable protective devices therefor.

- (f) For purposes of inspection and maintenance of the District Service Facilities, a District Representative or authorized employees of the District shall be allowed unrestricted access to any Unit or building complex premises. Additionally, the District shall have the right to discontinue water or sewer service, or to disconnect a Private Service Line from a Water Main or Sewer Main, under circumstances described in these Rules and Regulations. Any such disconnection shall occur at the curb stop or corporation stop, which may or may not be on the Owner's property.

3.6 Depth and Inspection Requirements. Private Service Lines shall be constructed and connected to the District's Water System and Sewer System as follows:

- (a) A Private Water Service Line or a Private Water Distribution Line shall be buried with a minimum of nine (9) feet of cover. A Private Sewer Service Line Sewer or Private Sewer Collection Line shall be buried with a minimum of five (5) feet of cover. The maximum cover of a Private Service Line shall not exceed twelve (12) feet. If the amount of cover specified above is not possible in a particular location, a District Representative may require additional insulation or other method to be used to avoid potential freezing or damage to the Private Service Line. Additional requirements are set forth in the Engineering Standards.
- (b) Any excavation, trench shaping, pipe bedding, and backfilling of a Private Service Line must be inspected and approved by the District prior to be backfilled or covered. All backfill or cuts in public Rights-of-Way shall comply with the Engineering Standards and all requirements of the Town of Winter Park or Grand County. Owners shall obtain required permits from the Town of Winter Park or Grand County for road cuts.

3.7 Leakage and Repairs. The Owner shall be responsible for maintaining the Private Service Line. Leaks shall be repaired by the Owner within 72 hours of notification thereof or within such time as agreed to by the Owner and the District.

Alternatively, the District shall have authority to repair the leak and bill the Owner for the Costs of repair. In the case of a major water leak, as determined by the District in its sole discretion, the District shall repair the leak and charge the Owner for all Costs of repair.

- 3.8 Pressure Reducing Valves. All Water System connections require pressure reducing valves, which shall be furnished and installed by the Owner in accordance with the Engineering Standards. Such valves shall be the property of, and maintained by, the Owner.
- 3.9 Disconnections. No Private Service Line connected to a District Water Main or Sewer Main shall be disconnected or abandoned without the authorization of the District Manager. Disconnection or abandonment shall be at the Water Main or Sewer Main and shall be completed as specified by the District.
- 3.10 Special Equipment. Water booster pumps, sewer lift stations, force mains and other similar special equipment are allowed only upon approval by the District. Any such equipment shall not be owned or maintained by the District.
- 3.11 Water Meters. Meters must be used by all Owners subject to the following conditions:
- (a) Meters must be purchased from the District; however, the Owner's Cost of a Meter shall be the same as the District's Cost to purchase the Meter.
 - (b) All Meters shall be maintained by the District and shall be tested, repaired or replaced as necessary. The Cost of all repairs or replacement resulting from neglect, abuse or tampering by an Owner, as determined by the District Manager or the Board, shall be paid by the Owner.
 - (c) Tampering or interfering with a Meter or Meter seal in any manner that causes water usage to be incorrectly or inaccurately measured is a violation of these Rules and Regulations. The District may discontinue water service immediately to any Owner who violates the provisions of this section until full payment has been made for all water used and for

repair or replacement of the Meter. The Board, in its discretion, may also assess fines as it deems appropriate.

- 3.12 **Inflow and Infiltration.** Inflow and infiltration of water not containing biodegradable wastes to the District's Sewer System increases the District's operating costs to the detriment of all persons served by the Sewer System. Therefore, all existing and new Owners in the District shall prevent inflow and infiltration of water not containing biodegradable wastes to the District's Sewer System by all practicable means. The District may discontinue sewer service immediately to any Owner who violates the provisions of this section until remedial steps have been taken, and the Board may assess fines in its discretion.
- 3.13 **Water Conservation Practices.** The District's policy shall be to promote water conservation and reduce the quantity of wastewater requiring treatment. Private Water Service Lines, Private Water Distribution Lines and related plumbing shall, therefore, be constructed in accordance with the following regulations:
- (a) All Private Water Service Lines and Private Water Distribution Lines shall be connected to the Water System in a manner by which bleeding or leakage of water is not necessary to prevent freezing. Bleeding or leakage of water by an Owner shall be cause for discontinuance of water service or disconnection from the District's Water System and imposition of fines unless specifically authorized in writing by the District.
 - (b) All new construction connected to the District's water system shall incorporate plumbing design and fixtures required by the Town of Winter Park that utilize water conserving components and meet applicable federal and state requirements.
- 3.14 **Water Shortage.** The District's policy shall be to implement reasonably practicable water conservation measures, particularly during conditions when surface water supplies are physically or legally limited or reduced. The Board may declare a "Water Shortage" by a vote of the majority of the Directors and may impose water conservation measures as it deems appropriate including a

plan to conserve and ration water. The duration of the Water Shortage, or each stage thereof, will be decided by the Board in its discretion.

- (a) If, prior to the expiration of a Water Shortage, more severe shortage conditions exist, the Board may declare a “Water Crisis” by a vote of the majority of the Directors. During a Water Crisis, all restrictions under a Water Shortage shall remain in effect, and the Board will adopt additional water conservation measures.
- (b) In the event of a violation of a water conservation measures implemented pursuant to this regulation, a written notice shall be placed on the Unit at which the violation occurred or is occurring or delivered by any reasonable means to the Owner. The notice shall describe the violation and order that it be corrected or abated immediately or within such specified time as the District Manager determines is reasonable under the circumstances. If the Owner does not comply with the order within a reasonable time, as determined by the District in its discretion, the District may assess a fine, discontinue water service, or, notwithstanding section 1.18 of these Rules and Regulations, immediately disconnect service to the Unit where the violation is occurring.
- (c) A fee of \$2,500.00 shall be paid for any service disconnected under this section during a Water Shortage and \$2,500.00 prior to reconnection.
- (d) A fee of \$3,750.00 shall be paid for any service disconnected under this section during Water Crisis and \$3,750.00 prior to reconnection.

3.15 Alteration of Existing District Facilities. The owner of any real property upon which an alteration to the existing District Service Facilities is proposed will be responsible at their sole Cost for modifications to the District Service Facilities, as required by the District pursuant to the standards set forth below and the requirements of the Engineering Standards. Any proposed modification to the District Service Facilities must be presented to, and approved by, the District prior to commencement of any work on such modification.

- (a) The condition of manholes shall be evaluated by the Owner and the District prior to any changes. Manholes in poor condition, as determined by the District, shall be replaced by the Owner at the Owner's expense. All changes must be approved by the District and result in a manhole structure that meets the requirements of the Engineering Standards for new manholes. Grade rings in excess of twelve (12) inches in height are not allowed. Precast concrete manhole sections with steps shall be added or removed as necessary to change the rim grade. In no circumstances, shall the depth of a manhole be less than five (5) feet.
- (b) Valve box extensions shall be furnished and installed by the Owner as necessary to match revised elevations.
- (c) Fire hydrant extensions shall be constructed as necessary by the Owner to provide 2-14 inches clearance from the ground to the traffic flange.
- (d) All excavation and backfill shall be performed in accordance with the Engineering Standards and road cut standards of the Town of Winter Park.
- (e) Any Costs incurred by the District in modifying the District Service Facilities due to an alteration in the existing conditions may be included in a perpetual lien on and against the affected property.

3.16 Pretreatment for Grease Removal. All commercial and industrial Owners and users of the District's Service Facilities that discharge grease in their wastewater shall, prior to discharge, provide to the District a detailed description of the potential sources of grease. This information shall include, but not limited to, the number of sinks, garbage disposals, seat capacity for restaurants and dining facilities, and any other qualitative and quantitative information necessary for designing and sizing grease pretreatment facilities. Design of grease pretreatment facilities shall comply with the most current building codes for the Town of Winter Park or, for installations outside the Town limits, those of Grand County, and shall be provided to the District Manager and the District Engineer for review and approval. The District may require administrative fees and Service Fees based upon potential discharge of grease into the District Sewer System. Generally, a grease trap shall be

used when the flow of wastewater is less than 50 gallons per minute and a grease interceptor shall be used when the flow of wastewater is more than 50 gallons per minute; however, the District reserves the right to require a specific type of grease pretreatment facility or specific design features in particular circumstances.

- (a) Grease pretreatment facilities shall be of a multiple compartment design with the inlet and outlet structures installed to maximize removal efficiency. Sizing, design and installation of a grease pretreatment facility must be certified by a Colorado Professional Engineer. The District reserves the right to modify the grease pretreatment facility after testing thereof or the evaluating the effluent from a specific Owner.
- (b) All grease interceptors shall be located outside, except when the District determines that such a location is not possible. All grease pretreatment facilities shall be located to provide access for cleaning.
- (c) Prior to installation, the proposed design, sizing calculations and location for grease pretreatment facilities shall be submitted to the District for its approval. The District may require information and documentation as it deems necessary to determine whether the grease pretreatment facility will comply with this section.
- (d) Grease pretreatment facilities shall be regularly cleaned and maintained. Accumulated grease and grit shall be removed as solids and disposed of in a manner approved by the Town of Winter Park, Grand County, and the Colorado Department of Public Health and Environment. Unless otherwise approved by the District, cleaning shall be required at least once per month for grease interceptors and once per week for grease pretreatment traps.
- (e) Proof of adequate cleaning of the grease pretreatment facilities shall include, at the minimum, records showing the dates of maintenance and volume of grease removed, which shall be maintained by the Owner and available for review by the District. The District may make periodic inspections of grease pretreatment facilities to insure compliance with this

section, including that the grease pretreatment facility has been properly cleaned and maintained. In the event of a violation of this section, the District shall issue a citation setting forth a description of the violation. The citation shall be delivered to the Owner by any reasonable means. If the violation is not resolved within five (5) days from the date of receipt by the Owner, the District may assess a fine, discontinue water and sewer service, or, notwithstanding section 1.18 of these Rules and Regulations, immediately disconnect service to the Owner.

- (f) A fee of \$2,500.00 shall be paid for any service disconnected under this section and \$2,500.00 for reconnection.

SECTION IV. PAYMENT AND TRANSFER OF FEES

- 4.1 **Billing.** Statements for all fees and charges assessed by the District are typically rendered monthly. Charges for late payments, disconnection and reconnection, service line repairs, and other similar assessments, shall be included with the monthly statements. All bills are payable within thirty (30) days of mailing by the District. If payment is not timely received, a penalty for delinquency may be assessed by the Board pursuant to § 32-1-1001(1)(d), C.R.S. Any delinquency in payment shall bear interest from the due date to the date of payment at a rate not exceeding one percent (1%) per month or any fraction thereof. The District shall also be entitled to recover reasonable attorney's fees and other costs of collection of a delinquent payment.
- 4.2 **Liability for Payment.** In accordance with § 32-1-1001(1)(j)(I), C.R.S. (as to fees and charges) and § 32-1-1006(1)(a)(I), C.R.S. (as to the costs of connection), all Tap Fees, Service Fees, other fees, rates, tolls, and charges for services, programs, or facilities furnished by the District or authorized by these Rules and Regulations shall constitute a perpetual lien, which shall have the priority accorded to it by law, against the property served until paid. Any such lien may be foreclosed in the manner provided by the SDA, or the amount due to the District may be certified for collection to the County Treasurer for collection as provided in § 32-1-1101(1)(e), C.R.S. If referred to the Treasurer for collection, the Treasurer's fee or penalty shall be added to the amounts due to the District. All costs relating to said liens, including attorney's fees, incurred by the District shall be paid by the Owner. The Owner shall be liable to the District for all charges for water and sewer service and other charges authorized by these Rules and Regulation. The District may collect any amount determined to be due in a court action in addition to other remedies available to it.
- 4.3 **Cash Deposit.** The District may require at any time from any Owner or prospective Owner a cash deposit intended to ensure payment of the Owner's obligations to the District; provided, however, that such deposit shall not exceed an amount equal to the estimated cost of water and sewer service to the Owner for 90 days.

- 4.4 Service Outside the District Boundaries. Units outside the boundaries of the District may be served by the District in accordance with a written service agreement, the terms of which shall be determined by the Board in its sole discretion. Among other things, such Units may pay a surcharge for both Tap Fees and Monthly Service Fees in an amount set forth in the service agreement.
- 4.5 Revision of Fees and Notice Thereof. The Board may, at its discretion, increase or decrease the Tap Fee or Monthly Service Fees, or other fees, as it deems necessary for the best interest of the District, provided such fees are uniform for properties in the same classification. However, the Board may establish different Tap Fees or Service Fees, or other related fees, for properties classified by type or quantity of use, or other classification as permitted by state statute. The Board may also approve increased Monthly Service Fees for a particular Owner or development if it determines, by resolution, that such increased fees are justified by special circumstances that will result in increased costs of service. The Board may revise Tap Fees or Monthly Service Fees, or other fees, only after consideration of the action at a public meeting held at least thirty (30) days after providing public notice stating that the action is being considered and stating the date, time, and place of the meeting at which the action is being considered or upon such other procedure as may be set forth in § 32-1-1001(2)(a), C.R.S.
- 4.6 Amount of Monthly Service Fees. The Monthly Service Fees per Single Family Equivalent (SFE), which is defined in the District's Tap Fee Schedule, is determined by the Board and is subject to change as necessary to meet the financial obligations of the District. Monthly Service Fees for water service are based upon a Readiness to Serve Charge plus a fee for the quantity of water usage per SFE per month. Monthly Service Fees for sewer service are based upon a Readiness to Serve Charge plus a fee assessed as a percentage of metered water use per SFE per month.
- 4.7 Transfer or Sale of Tap Fees. The following are the regulations applicable to the transfer or sale of Tap Fees purchased from the District.

- (a) Tap Fees, when paid, give the Owner the ability to utilize the District's Water System or Sewer System, or both, for the purpose and under the conditions set forth in the Rules and Regulations of the District then existing and as modified from time to time.
- (b) No Tap Fee can be transferred if it is then being utilized by an Owner on any property. Upon request to, and approval by, the District Manager or the Board, the Owner may transfer an unused Tap Fee to another property owned by the Owner located in the District. All rights in the Tap Fee will be voided for the property from which it was transferred.
- (c) A Tap Fee may also be transferred from an existing structure to a new use on the same property provided the existing structure is destroyed and service discontinued. No transfer fee will be charged; however, if additional Tap Fees are necessary based upon an increase in SFEs, the Owner will be charged at the then existing rate.
- (d) If property is sold and a Tap Fee was purchased for the property previously, the Tap Fee will remain in effect for the purchaser provided all Service Fees are current. Notification to the District that a property has been, or will be, sold is the responsibility of the purchaser.
- (e) The sale of Tap Fees from one person to another is prohibited except as described in this Section.

APPENDIX

**BYLAWS OF GRAND COUNTY WATER AND
SANITATION DISTRICT No. 1**

ARTICLE I

Offices

- 1.1 The principal office of the District, which shall also be its administrative offices, shall be located at 50 Vasquez Road, Winter Park, Colorado, 80482. The mailing address of the District is P.O. Box 3077, Winter Park, Colorado 80482. The District, in the discretion of the Board, may maintain offices wherever the business of the District may require. The District, by resolution of the Board, may change the address of its principal office.

ARTICLE II

Directors

- 2.1 **Management by the Board of Directors.** The Board of Directors will be elected in accordance with Colorado law, including the Colorado Special District Act, Colorado Revised Statute (“C.R.S.”) § 32-1-101, *et seq.*, as amended (the “SDA”), and these Bylaws, and will manage the property and business of the District. The Board shall have the powers enumerated by law, in these Bylaws and in the SDA. The officers of the District shall be the officers of the Board and shall be elected and otherwise chosen as officers as hereinafter provided. All business of the Board shall be conducted only during regular or special meetings, and all meetings shall be open to the public; provided, however, that the Board may meet in Executive Session as provided by law.
- (a) **Qualifications of Directors.** Directors shall be “eligible electors” as defined in § 32-1-103(5), C.R.S.
- (b) **Number of Directors.** The number of directors of the District shall be five (5). The number of directors may be increased to seven (7) by resolution of the Board of Directors. The Board shall follow the procedure set forth in § 32-1-

902.5, C.R.S., which, among other things, provides that if a special district increases to a seven-member board, the special district is not permitted to reduce to a five-member board.

- (c) **Quorum.** A quorum of directors is required for the transaction of any business by the District. Three (3) members of the five-member Board shall constitute a quorum at any meeting. If less than a quorum is present at a meeting, a majority of the directors present may adjourn the meeting. In the event that the Board increases to seven-members, a quorum shall be five (5) directors.
- (d) **Voting.** The affirmative votes of a majority of the directors present at a meeting (provided that a quorum exists) shall be an act of the Board.
- (e) **Resignation.** Any director may resign at any time by giving written notice of resignation to the District. Resignation shall be effective at the time it is received by the District, and acceptance of a resignation shall not be necessary to make such resignation effective.

2.2 Meetings.

- (a) **Regular Meetings.** The Board shall meet regularly on the third Wednesday of each month in the administrative offices of the District. No notice to the Board shall be required for regular meetings. Public notice of meetings of the Board shall comply with § 32-1-903(2), C.R.S., by posting the time and place of regular meetings in at least three (3) public places within the District and in the office of the County Clerk and Recorder in the Grand County Courthouse in Hot Sulphur Springs, Colorado. Such notices shall remain posted and shall be changed in the event that the time and place of a regular meeting is changed.
- (b) **Special Meetings.** In accordance with § 32-1-903(2), C.R.S., any director may call a special meeting of the Board at any time by informing the other directors of the date, time, location, and purpose of such meeting. Notice of a special meeting may be given to the directors by email, telephone call, personal notice, postcard or letter at such time prior to the meeting as, under the circumstances,

may be practical. Public notice of a special meeting shall be given in the same manner as notice of a regular meeting of the Board at least seventy-two (72) hours prior to said meeting. Special meetings include study sessions at which a quorum of the Board is present, but no official action is taken by the Board.

- (c) **Special Notice.** The notice posted for any regular or special meeting at which the Board intends to make a final determination to issue or refund general obligation indebtedness, to consolidate the special district with another special district, to dissolve the special district, to file a plan for the adjustment of debt under federal bankruptcy law, or to enter into a private contract with a director, or not to make a scheduled bond payment, shall specifically set forth such proposed action. § 32-1-903(3), C.R.S.
- (d) **Waiver of Notice.** A director may waive any notice required in this section, whether before or after the date or time stated in the notice or the date or time a special meeting takes place. The waiver shall be in writing, signed by the director entitled to the notice, and delivered to the District for inclusion in its records, but such delivery is not a condition to the effectiveness of the waiver. A director's attendance at, or participation in, a meeting waives objection to a failure of notice or a defective notice, unless the director at the beginning of the meeting objects to holding the meeting or transacting business at such meeting and does not thereafter vote for or assent to action taken at the meeting.
- (e) **Failure of a Director to Attend Meetings.** The office of a director who fails to attend three (3) consecutive meetings without being excused, either regular or special, shall be deemed vacant in accordance with § 32-1-905(1)(g), C.R.S. The director's position shall be filled in accordance with the provision of these Bylaws applicable to filling vacancies on the Board.
- (f) **Rules of Order.** So far as practical, Robert's Rules of Order shall be followed at meetings of the Board. The Chairperson may vote.

2.3 Compensation. In accordance with § 32-1-902(3)(a), C.R.S., for directors serving a term of office commencing prior to January 1, 2018, each director may receive as compensation for the director's her or his services a sum to be determined in advance

by resolution of the Board, not in excess of One Thousand, Six Hundred Dollars (\$1,600.00) per year, payable at the rate of One Hundred Dollars (\$100.00) per meeting attended. For directors serving a term of office commencing on or after January 1, 2018, each director may receive as compensation for her or his services a sum to be determined in advance by resolution of the Board, not in excess of Two Thousand, Four Hundred Dollars (\$2,400.00) per year, payable at the rate of One Hundred Dollars (\$100.00) per meeting attended. Reimbursement of actual expenses incurred by directors shall not be considered compensation. No director shall receive compensation as an employee of the District.

2.4 Conflicts of Interest. No member of the Board shall have an interest in any contract or transaction with the District, except as allowed and as provided by the SDA (§ 32-1-902, C.R.S.), and other statutes including without limitation §24-18-101, *et seq.* (code of ethics for public officials), and § 24-18-201, *et seq.* (improper interest in contract, warrants and claims). Pursuant to §18-8-308, C.R.S., failure to disclose a conflict with a government contract, purchase, payment or other pecuniary transaction, is a misdemeanor and could result in prosecution.

2.5 Vacancies. Vacancies on the Board shall be filled in accordance with § 32-1-905, C.R.S. Vacancies shall be filled within sixty (60) days by appointment made by the remaining directors or, in the event the Board fails to act within sixty (60) days, by the Grand County Board of County Commissioners as provided in the SDA. The appointee shall act until the next regular election when the vacancy shall be filled by election.

2.6 Term of Office. The typical term of office for directors is for four (4) years. § 32-1-305.5(3)(a), C.R.S. However, the terms of office of directors elected in the regular special district elections held in 2020 and 2022 are for three (3) years. § 32-1-305.5(3)(b), C.R.S. The terms of directors filling vacancies, or in the event the number of directors is increased from five to seven directors, are more particularly described in the SDA. The voters of the District may lengthen, shorten, or eliminate the limitations on terms of office found in Colorado Constitution, Article XVIII, § 11.

- 2.7 Recall.** Directors shall be subject to recall in accordance with the SDA. § 32-1-906, *et seq.*, C.R.S.
- 2.8 Acts Requiring an Appropriation.** Pursuant to § 29-1-110, C.R.S., neither the Board, nor any officer or employee of the District, shall have authority to expend, or contract to expend, any money, incur any liability, or enter into any contract which involves the expenditures of money in excess of the amounts appropriated. Any contract, verbal or written, made in violation of this section shall be void, and no District funds shall will be paid on such contract. The Board may expend such money, incur such liability, or enter into a contract in excess of the amount of such appropriation for that fiscal year only in cases of emergency which could not have been reasonably foreseen at the time of adoption of the budget and only by an appropriate resolution, in accordance with §§ 29-1-111 & 112, C.R.S.
- 2.9 Retention of Employees and Consultants.** The Board shall retain the services of a District Manager, employees, attorneys, engineers, and other consultants as necessary and as allowed by the SDA. All employees and consultants of the District are hired and retained at will, and the Board may terminate any of them at any time with or without cause unless a separate, written employment agreement applies.

ARTICLE III

Elections

- 3.1 Election Code.** The Colorado Local Government Election Code, § 1-13.5-101, *et seq.*, C.R.S., was enacted in 2014 and applies to special districts. All provisions of the Uniform Election Code of 1992, Title 1, Articles 1-13, C.R.S., not in conflict with the Local Government Election Code, also apply to special district elections except as provided in § 1-13.5-106(2), C.R.S. The District may provide by resolution that it will utilize all or any part of the Uniform Election Code of 1992 in lieu of the Local Government Election Code. Both the Local Government Election Code and the

Uniform Election Code of 1992 should be applied in conjunction with § 32-1-801, *et seq.*, C.R.S., which is the portion of the SDA applicable to elections.

ARTICLE IV

Officers

- 4.1 Officers.** The officers of the District are the President, Vice President, Secretary, and Treasurer. The Board shall elect one of its members as Chairperson of the Board and President of the District and another of its members as Vice Chairperson of the Board and Vice President of the District. § 32-1-902(1), C.R.S. The Secretary and Treasurer shall be members of the Board and shall be elected by the Board. The Secretary and Treasurer offices may be a single person. The officers shall generally have the powers that are incident to their respective positions and shall perform such other duties and functions as the Board may from time to time assign them or as the Board, the Bylaws or other Rules and Regulations of the District may require. The officers may also perform duties and function in special circumstances, which, if necessary and appropriate, shall later be ratified by the Board.
- 4.2 Election of Officers.** The regular election of officers shall be held biennially at the first regular meeting of the Board following the biennial election of the directors in such year. Any officer elected to fill a vacancy shall serve until the next regular election of officers.
- 4.3 Delegation.** In the event of absence or inability of any officer to act, the Board may delegate the powers or duties of such officer to any other officer or director whom the Board may select.
- 4.4 Compensation.** Officers of the District shall not receive compensation from the District in their capacity as officers. This section shall not supersede Section 2.3 of these Bylaws, which provides for compensation of directors in their capacity as directors.
- 4.5 Resignation.** An officer may resign as an officer at any time by giving written notice of resignation to the District. Any such resignation is effective when notice

thereof is received by the District, unless the notice specifies a later date.

Resignation as an officer shall not be deemed to be resignation as a director. The Board may fill any vacancy occurring in any office. The term of the replacement officer shall be for the unexpired term of the resigning officer.

- 4.6 Removal.** The Board may remove an officer at any time, with or without cause. The Board may fill any vacancy occurring in any office. The replacement officer will complete the unexpired term of the former officer.

ARTICLE V

Seal, Clerical, Finance, and Indemnification

- 5.1 Seal.** The Board shall adopt a seal of the District to be used in all places and in such manner as seals generally used by corporate entities. The Secretary shall have custody of the seal and shall be responsible for its safekeeping and use.
- 5.2 Records.** The Secretary shall keep, in a well bound book and in an electronic medium, a record of all proceedings of the Board including without limitation minutes of meetings and all resolutions, certificates, contracts, bonds given by directors, and all corporate acts, which shall be open to inspection during business hours by all Owners as well as all other interested parties.
- 5.3 Funds.** The funds of the District shall be deposited in the name of the District in such bank accounts or local government pools authorized by state statutes or a trust company as the Board may designate or as is authorized by law. Such funds may be withdrawn by transfer or by checks signed in the name of the District by such person or persons as the Board directs by appropriate resolution.
- 5.4 Accounts.** The Treasurer shall keep strict and accurate permanent records of all money received by and disbursed on behalf of the District. Capital accounts and operation and maintenance accounts shall be segregated according to the methods specified and defined by the District and applicable law, and budget and audit reports shall have separate schedules for the two types of accounts. Capital income includes, but is not be limited to: Tap Fees, tax revenue designated for acquisition of capital assets, bond sale proceeds, and government grants. Operating and

maintenance income includes: Service Fees, tax revenue designated for operation and maintenance expenses, and all other revenue received by the District.

- 5.5 Annual Budget.** The District shall prepare an annual budget in accordance with the procedures set forth in in the Local Government Budget Law, § 29-1-101, *et seq.*, C.R.S. The Board must approve and adopt the annual budget by resolution. The Board shall also, through resolution, appropriate the revenues and reserves or fund balances to, and for the purposes described in, the annual budget. Further, the Board shall, by resolution, set mill levies upon each dollar of the total valuation for assessment of all taxable property within the District for the purposes of meeting all general operating expenses of the District for the following budget year and of meeting all payments for bonds and interest, if any, of the District.
- 5.6 Certification of Annual Levy to Grand County.** In accordance with § 32-1-1201(3), C.R.S. and § 39-5-128(1), C.R.S., the Board shall, before December 15th of each year, certify to the Board of County Commissioners of Grand County, Colorado, the rate of any ad valorem tax levy, which the Board shall have set as the annual levy for the District.
- 5.7 Audits.** The Board shall cause an audit or audits to be made of all financial affairs of the District at the end of each calendar year in accordance with the Local Government Audit Law, §29-1-601, *et seq.*, C.R.S., and shall make the required publication thereof.
- 5.8 Administration.** The Board may appoint an administrator to serve for such term and upon such conditions, including salary, as the Board may establish. The administrator shall have general supervision over the administration of the affairs, employees, and business of the District, will oversee the hiring and dismissal of employees and appeals to the Board and the management of the District's properties.
- 5.9 Qualifications of Employees and Consultants.** The selection of agents, employees, engineers, accountants, special consultants and attorneys of the District (collectively, “Independent Contractors”) by the Board will be based upon the qualifications and capabilities of the applicants and shall not be based on political services or affiliations. All Independent Contractors shall serve the District at the pleasure of the

Board. Contracts for professional services of Independent Contractors, accountants, special consultants, and attorneys may be entered into on such terms and conditions as are reasonable and proper in the discretion of the Board.

5.10 Indemnification of Directors, Officers and Employees.

- (a) For the purposes of this section only, the following definitions shall apply:
- (1) “Employee” means a director, officer, or employee (hereinafter referred to as "employee") of the District, whether compensated, elected or appointed. The term “Employee” specifically excludes any Independent Contractors.
 - (2) “Performance of Duty” shall be interpreted as broadly as possible to include any situation in which a District Employee could be deemed to be acting within the scope of his employment. It shall specifically extend to Employees who are providing service on a voluntary basis or otherwise to any private, corporate, or governmental party other than the District, when doing so with the appropriate consent and authorization from the District. The term "Performance of Duty" shall not include any act or omission constituting deliberate and intentional tortious or criminal conduct, or malfeasance in office, or willful or wanton neglect of duty.
- (b) The District shall defend, hold harmless, and indemnify any Employee against any liability, claim, or demand, whether groundless or otherwise, arising out of any alleged act or omission occurring during the Performance of Duty. As hereinafter described, the District may compromise and settle any such liability, claim, or demand, and may pay the amount of any settlement or judgment rendered thereon.

The District’s rights and obligations under this section shall be governed by the provisions hereof and the Colorado Governmental Immunity Act, § 24-10-101, *et seq.* (the “CGIA”), C.R.S., as amended from time to time. The CGIA will govern in the event of a conflict with these Bylaws. The District

specifically reserves any defenses available to it or its Employees under the CGIA, and any judgment or settlement of a claim against the District shall be paid in accordance with the provisions of the CGIA.

- (c) In any action in which the District has assumed the defense of an Employee, the District reserves the right to designate the attorney retained to defend the Employee.
- (d) All claims to be paid in accordance with this section shall be paid by the District or its insurer.
- (e) The Board may exercise discretion to not defend or indemnify an Employee if that Employee:
 - (1) Fails to notify the District, within a reasonable time, of any incident or occurrence that the Employee should reasonably expect would result in a claim of liability.
 - (2) Fails to notify the District within ten (10) days of service that a notice, summons, or complaint commencing a lawsuit has been served upon the Employee;
 - (3) Fails to notify the District, within a reasonable period of time, of any claim for damages reimbursable under this subsection that have been informally asserted against the Employee; or
 - (4) Refuses to cooperate with an investigation or defense of any lawsuit by or against the District, or its insurer, or by any attorney employed by the District to defend said Employee, or any private investigator hired by the District.
- (f) If the District or the Employee against whom a claim reimbursable hereunder is asserted has any other valid insurance, bond, or indemnification plan available covering the loss or damage alleged, such plan will be first applied to the payment of any claim. In such event, the District shall indemnify and hold harmless the Employee only for liability incurred in excess of such other coverage.

- (g) In the event of any payment made in accordance with this section by the District on behalf of an Employee, the District shall be subrogated to all of the Employee's rights of recovery therefor against any person or organization, and the Employee shall take all actions, including signing any applicable document, to secure such rights of subrogation. The Employee shall not take action that may prejudice or adversely affect the District's right of subrogation hereunder.
- (h) No assignment of an Employee's right to indemnification shall be permitted without approval of the Board, by resolution, prior to such assignment. If, however, the Employee has died, the benefits of this section shall be available to, and apply fully to, the Employee's legal representative acting within the scope of such representative's duties.
- (i) Any defense and indemnification available to an Employee under this section will survive any termination of employment, office, or tenure provided that the act or omission causing such liability occurred during the course of his duties while an employee of the District.

5.11 Bidding and Contracting Procedures. The District's bidding and contracting procedures shall be subject to all applicable Colorado statutes including § 24-91-101, *et seq.*, C.R.S. (construction contracts with public entities), § 24-92-101, *et seq.*, C.R.S. (construction bidding for public projects), and the SDA. The provisions of these Bylaws are subject to and, to the extent of any inconsistency therewith, are modified by, all such statutory provisions.

- (a) Except when the District will receive aid from a government agency or will purchase through the state purchasing program, a notice shall be published for bids on all construction contracts for services or material, or both, involving an expense of the amount, or more, of public monies as set forth in § 32-1-1001(1)(d)(I), C.R.S. The District may reject any and all bids, and, if it appears that the District can perform the services or secure material for less than the lowest bid, it may proceed to do so. § 32-1-1001(1)(d)(I), C.R.S.

- (b) The District shall insure that its bidding process is open, competitive and fair. A Notice of Invitation to Bid shall be published in a newspaper of general circulation within the District boundaries, which meets the requirements set forth in § 24-70-103, C.R.S. The Notice shall request sealed proposals for the construction or materials to be provided. Any information necessary to prepare a bid shall be specifically stated, including without limitation where and when the plans and design specifications may be examined, and the time and place at which the sealed proposals will be opened and read publicly. The District may require bidders to attend a pre-bid conference, where the District can answer bidders' questions and conduct a tour of the work site. The Board retains the right, in its sole discretion, to reject any or all bids or proposals.
- (c) Bids must be accompanied by an acceptable bidder's bond, or a certified check payable to the District, in an amount equal to 5% of the bid. If, within the time designated in the Notice of Award, the bidder fails to execute the contract or, if required, fails to provide payment and performance bonds and Certificates of Insurance, the District shall retain the bid bond and may assess such other damages as the District may determine to be proper.
- (d) Bids shall be publicly opened and read aloud. The Board shall determine the bid that will serve the District's best interests, which generally means that the contract should be awarded to the lowest responsible and responsive bidder as determined by the Board, in its sole discretion.
- (e) Payment and performance bonds are required for contracts over \$50,000 and may be required by the Board in its discretion for contracts under that amount, all as required by and set forth in § 38-26-105 & 106, C.R.S.
- (f) For a contract less than or equal to \$150,000.00, the District will withhold ten percent (10%) of all pay estimates during the construction until 50% of the contract work has been performed; thereafter, no additional sums should be withheld if the District determines, in its sole discretion, that all contract terms are being met and subcontractors and laborers are being timely paid. However, no portion of said 10% shall be paid until final accounting and publication, and full

compliance with state statutes has occurred. For a contract in excess of \$150,000.00, similar withholding and payment shall apply, except that the District shall pay at least ninety-five percent (95%) of the calculated value of completed work as more particularly described in § 24-91-103(1)(a), C.R.S. For any amount exceeding \$150,000.00, the contractor may deposit acceptable securities in lieu of such retained amounts in accordance with applicable law, including § 24-91-105, C.R.S.

- (g) Final settlement of the amount due under a construction contract shall be made in accordance with § 24-91-103(1)(b), C.R.S. (payment within 60 days of satisfactory completion and final acceptance by the District) and § 38-26-107, C.R.S. (suppliers filing a notice of nonpayment).

5.12 Integrated Project Delivery. "Integrated project delivery" ("IPD") means a project delivery method in which there is a contractual agreement between the District and a single participating entity for the design, construction, alteration, operation, repair, improvement, demolition, maintenance, or financing, or any combination of these services, for a public project. Notwithstanding any other provision of law, and without limiting or modifying any alternative for public contracting by the District as authorized by any other provision of law, the District may award an IPD contract for a public project under the provisions of § 32-1-1801, *et seq.*, C.R.S. upon the determination by the District that integrated project delivery represents a timely or cost-effective alternative for a public project.

ARTICLE VI

Amendments of the Bylaws

6.1 Amendments. These Bylaws may be amended or repealed at any regular meeting of the Board of Directors or at any special meeting of the Board called for that purpose. Additionally, the Bylaws shall be deemed amended in the event state laws are enacted that are contrary or inconsistent with them. Amendments to state law that grant the District greater authority or power shall be deemed to be incorporated in these Bylaws without further action of the Board.