

**MT. CRESTED BUTTE
WATER & SANITATION DISTRICT**

**RULES AND REGULATIONS
Version 1.4**

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MT. CRESTED BUTTE WATER & SANITATION DISTRICT RULES & REGULATIONS

SECTION 1. INTRODUCTION - EXPLANATORY MATERIAL.

1.1 **SCOPE.** These Rules and Regulations shall be treated and considered as the comprehensive Rules and Regulations that govern the operations and functions of the Mt. Crested Butte Water & Sanitation District and the District's relationship with its Customers. These Rules and Regulations shall supersede any and all previous rules and regulations of the District.

1.2 **POLICY AND PURPOSE.** It is hereby declared that the Rules and Regulations hereinafter set forth will serve a public purpose and will promote the health, safety, comfort, convenience, prosperity, security, and general welfare of the inhabitants of the Mt. Crested Butte Water & Sanitation District. The purpose of these Rules and Regulations is to provide for the control, management, and operation of the sewage collection, sewage treatment, water delivery, and water treatment of the District, including additions, extensions, and connections thereto, and to establish minimum standards concerning said systems and provide for the administration and enforcement of such standards.

1.3 **DEFINITIONS.** Unless the context physically indicates otherwise, the meaning of terms used herein shall be as follows:

1.3.1 **"Actual Cost"** shall mean all direct costs applicable to the construction of a given water or sewer line, including, but not limited to, construction, engineering, inspection, plan approval fees, etc., which have been paid by the line constructor.

1.3.2 **"Availability of Service"** shall mean and refer to fees billed quarterly when Property Owners have not tapped into the District's water and wastewater systems and the property is within one hundred (100) feet of the District's main lines.

1.3.3 **"Board"** and **"Board of Directors"** shall mean the governing body of the Mt. Crested Butte Water & Sanitation District.

1.3.4 **"Capacity Expansion Agreement"** shall mean and refer to an agreement between the District and a Developer or Property Owner by which the District agrees to serve new Development or redevelopment of real property in exchange for the payment by the Developer or Property Owner of all or a portion of the costs of capacity expansion and other system demands reasonably related to the new Development or redevelopment of real property.

1.3.5 **"Commercial"** shall mean a use of real property which is primarily restricted to business and professional endeavors including, but not limited to, retail shops, offices, short term rental of lodging accommodations, restaurants, bars, and recreational businesses but excluding the conduct of municipal, quasi-municipal and other governmental entities.

1.3.6 **"Constructor"** shall mean any person, corporation, partnership, association, public entity, or firm desiring to construct an extension of or to the District's water distribution or sewage system.

1.3.7 **"Contractor"** shall mean any person, firm, entity, company, or corporation approved by the District to perform work upon, for, or related to the water and sanitary

sewer systems of the District or to furnish materials therefor.

1.3.8 “**Cost Reimbursement Agreement**” shall mean an agreement entered into between the District and a Developer for the reimbursement and payment of the District’s costs incurred in reviewing and approving the plans, specifications, engineering, reports, agreements, information and other documents relating to a Developer’s request to construct, install, repair, maintain, or modify flows to infrastructure owned, or requested to be owned, by the District. The Cost Reimbursement Agreement shall include, without limitation, those additional provisions, terms, conditions, and obligations, including without limitation security and deposits, as are required by these Rules and Regulations along with such other additional provisions, terms, conditions and obligations as the District Manager may require to ensure that the District does not incur any expense, cost, or other liability that is not, to the satisfaction of the District Manager, reimbursed by the Developer. The Cost Reimbursement Agreement, subject to any modifications required by the District Manager consistent with this paragraph, shall be substantially in the form attached hereto as **Exhibit A**.

1.3.9 “**Customer**” shall mean any Property Owner authorized to use or connect to the water and sewer systems and services of the District pursuant to a permit issued by the District.

1.3.10 “**Customer’s Representative**” shall mean any person, firm, company, entity, or corporation authorized to act on behalf of the Customer in matters pertaining to the repair and maintenance of the Customer’s water and / or sewer service line.

1.3.11 “**Deleterious wastes**” shall mean any wastes contained in special sewage that would be harmful to the District’s sewer main lines or to the sewage treatment works.

1.3.12 “**Developer**” shall mean any person(s) who owns real property and/or is subdividing or otherwise developing or redeveloping real property and seeks to have the said real property served by the District.

1.3.13 “**Development**” shall mean and refer to subdivision, new construction, building expansion, or increase of units or commercial square footage upon or within property served by or proposed to be served by the District.

1.3.14 “**District**” shall mean the Mt. Crested Butte Water & Sanitation District and the areas included within.

1.3.15 “**District Engineer**” shall mean that person or firm authorized to perform engineering services for the District.

1.3.16 “**Domestic Sewage**” shall mean any sewage which can be treated in the District’s sanitary sewer system without pretreatment and within normal operating procedures.

1.3.17 “**Grantee**” shall mean anyone acquiring an interest, including without limitation a leasehold interest, in real property or an owner of property which is served by the District.

1.3.18 “**Grantor**” shall mean a Property Owner or the representatives thereof who is conveying an interest in real property served by or to be served by the District to a Grantee.

1.3.19 “**Industrial Sewage**” shall mean any sewage which does not conform to the definitions for Domestic Sewage, but which can be treated at the District's sewage treatment works after sufficient pre-treatment.

1.3.20 “**Inspector**” shall mean the person or persons duly authorized by the District to enforce these Rules and Regulations.

1.3.21 “**Lateral Line**” or “**Lateral**” shall mean a sewer or water main that connects to the existing District main line system, or other laterals, used to connect service areas to District main lines.

1.3.22 “**Licensed Plumber**” shall mean a person who has been approved to work in the District or licensed by the State of Colorado.

1.3.23 “**Main Line**” or “**Main**” is (1) the principal transmission facilities of a water pipeline system extending from supply areas to service areas; or (2) the principal transmission facilities of a sewer pipeline system collecting sewage from service areas for delivery to treatment facilities. Main lines do not include smaller diameter supply or delivery laterals.

1.3.24 “**Non-commercial**” shall mean a use of real property which is primarily restricted to full-time residential purposes by ownership or upon a long-term rental basis and which is not a "Commercial" use as defined herein.

1.3.25 “**ORC**” shall mean Operator in Responsible Charge. The ORC is that person who is licensed by the Colorado Department of Public Health and Environment to control the operation of District treatment plants and other facilities.

1.3.26 “**Oversized Transmission Lines**” are transmission lines which are greater than eight (8) inches in diameter and are sized and installed with the contemplated purpose of serving more users than those contemplated by the constructor of the lines. An example would be the use of the line to serve future users beyond the development of the constructor of the line.

1.3.27 “**Permit**” shall mean written permission of the District Manager to connect to or otherwise use the water or sewer facilities or systems of the District pursuant to the Rules and Regulations of the District.

1.3.28 “**Person**” shall mean any individual, firm, company, association, entity, society, corporation, or group.

1.3.29 “**Pre-tap**” shall mean any connection to a main line which extends from the main line, and which is intended to facilitate service line connection to the water or sewer system, either directly to the main line or indirectly through a lateral or private main. A pre-tap may extend to or beyond easements, rights of way, or property lines but remains terminated. Any extension from the terminated point shall be considered a tap, whether connected or not.

1.3.30 “**Pretreatment Facilities**” shall mean structures, devices, or equipment for the purpose of removing any wastes which would be harmful or damaging to the District's sewer main lines or treatment facilities.

1.3.31 “**Property Owner**” shall mean a person, company, corporation, entity, authority, or agency having the legal title to real property.

1.3.32 “**Prohibited Sewage**” shall mean any sewage which would be harmful or damaging to the District's sanitary sewer system, the District's staff, or other persons, and for any of these reasons cannot be serviced by the District under any conditions.

1.3.33 “**Public Entity**” shall be the state, county, city and county, incorporated city or town, school district, special improvement district, agency, instrumentality, or political subdivision of the state organized pursuant to state law.

1.3.34 “**Public Improvements Acceptance Agreement**” shall mean an agreement entered into between the District and a Developer for the District's acceptance and acquisition of infrastructure by the District. The Public Improvements Acceptance Agreement shall include, without limitation, those provisions, terms, conditions, and obligations as are required by these Rules and Regulations along with such other additional provisions, terms, conditions and obligations, including without limitation security and deposits, as the District Manager may require to ensure that the District does not accept infrastructure: (1) without adequate legal right, including through easements and deeds, to maintain, replace and expand the same in the future, (2) unless it has been thoroughly tested and reviewed and found to meet the District's specifications and requirements, and (3) unless there are such financial payments to the District as are sufficient to address any infrastructure concerns caused by the infrastructure to be completed or with the infrastructure to be completed. The Public Improvements Acceptance Agreement, subject to any modifications required by the District Manager consistent with this paragraph, shall be substantially in the form attached hereto as **Exhibit B**.

1.3.35 “**Sampling**” shall mean the periodic collection of water or sewage samples for analysis.

1.3.36 “**Sanitary Sewer System**” shall mean all facilities owned by the District and used for collecting, pumping, treating and disposition of sewage.

1.3.37 “**Service Line**” when in reference to water service, shall mean the pipe, line or conduit and appurtenances, such as a corporation valve or the like, used to conduct water from the main or lateral to an individual house or other structure; when in reference to sewer service, “**Service Line**” shall mean the pipe, system of piping and appurtenances used as a conduit for sewage from a structure used for residential, commercial or industrial purposes to a connection with the sewer main or lateral.

1.3.38 “**Sewage**” shall mean any organic or inorganic material, in suspension or solution, originating from within residential, commercial, or industrial buildings.

1.3.39 “**Sewage Treatment Works**” shall mean those devices, facilities, or locations to which the District sewage is conveyed by sewer main lines for the purpose of reducing the pollution content and from which point it leaves the District's sewer facilities.

1.3.40 “**Sewer Main**” shall mean any pipe or sewer interceptor used as a conduit for sewage in the District's sewer systems and owned by the District. The minimum sewer

main size shall be eight (8) inches in diameter.

1.3.41 “**Special Structures**” shall mean installations and equipment such as pump stations, lift stations, diversion facilities and the like, which may require special engineering attention and extraordinary maintenance considerations.

1.3.42 “**Tap or Connection**” shall mean the connection of a service line to the water or sewer system, either directly to a District main line, lateral, or indirectly through a private main line or lateral.

1.3.43 “**Tap Fee**” shall mean the payment to the District of a fee for the privilege of connecting to the water and/or sewer system.

1.3.44 “**Testing**” shall mean the analysis of samples of sewage or water.

1.3.45 “**Unit**” shall mean one parcel of real property used as a living unit in single or joint ownership.

1.3.46 “**User**” shall mean any person to whom water or sewer service is provided.

1.3.47 “**User Fee**” shall mean and refer to fees billed monthly for water consumption, sewer service, and other applicable District fees.

1.3.48 “**Water Main**” shall mean any water pipe, line, or portion thereof, owned by the District.

1.3.49 **ANY OTHER TERM** not herein defined shall be defined as presented in the latest editions of the American Water Works Association and the Water Environment Federation.

1.4 **CONSTRUCTION.** These Rules and Regulations shall be liberally construed to affect the general purposes and policies set forth herein. Nothing set forth herein shall be construed as an alteration, waiver, or deviation from any grant of power, or any limitation or restriction thereof, conferred or imposed upon the District by Statutes, constitutional provisions, or other laws of Colorado as they currently exist and as they may exist in the future.

1.5 **SAVING PROVISION.** The enactment of these Rules and Regulations, and any amendment thereof, or the repeal of any prior existing Rules and Regulations, shall not deny or limit any right, action, cause of action, penalty, charge, or fee which arose under such prior provision.

SECTION 2. OWNERSHIP AND OPERATION OF FACILITIES.

2.1 **POLICY.** Except as otherwise noted in these Rules and Regulations, the District is responsible for the operation and maintenance of the water and sewer systems and treatment works in a sound and economical manner in accordance with these Rules and Regulations. That responsibility notwithstanding, the liability and responsibility of the District shall be limited as provided in Section 2.2.

2.2 **LIABILITY.** The District, its officials, and employees shall not be liable or responsible for, and no claim for damage shall be made against the District by reason of damage resulting from, any of the following: (1) blockage in the system causing the backup of effluent; (2) damage caused by smoking of lines to determine drainage connections to District lines; (3) breakage of mains, laterals, or any pipe, cock, valve, or meter; (4) interruption of water or sewer service and the conditions resulting therefrom brought about by the request of claimant or by circumstances beyond the District's control (5) breaking of any service or supply line, pipe, cock, or meter by any employee of the District when an emergency cut off is required; (6) failure of the water supply; (7) shutting off or turning on water; (8) the making of connections or extensions; (9) damage or additional User Fees caused by water running or escaping from open or defective faucets, or other appliances; (10) damage to property resulting from work on any portion of the District's system(s); (11) burst service pipes or other facilities not owned by the District; (12) damage to water heaters, boilers or other appliances resulting from shutting off or turning on water, or from inadequate, excessive or sporadic pressures; (13) failure of a service tap or related fixtures to be located where the District's map indicates it should be; (14) the shutting off of sewer lift stations and possible backflow resulting therefrom; (15) inadequate treatment of water or sewage; or (16) for doing anything to the systems of the District deemed necessary by the Board of Directors or its agents. The District hereby reserves the right to shut off the water supply at any time, for any reason deemed appropriate.

2.2.1 Notwithstanding anything provided or set forth in these Rules and Regulations, including without limitation anything in this Section 2.2, all liability actions concerning the District shall be governed by and shall conform with C.R.S. §24-10-101, et. seq. commonly known as the Colorado Governmental Immunity Act, and nothing in these Rules and Regulations shall be construed as a waiver by the District of the defense of immunity pursuant thereto, nor a waiver of the District's insurance coverage.

2.2.2 These Rules and Regulations shall not be construed to hold the District in any manner responsible for any damages to persons or property resulting from any inspection herein authorized or resulting from any failure to inspect, or resulting from the issuance or denial of any permit by the District, or resulting from the institution of any court action as allowed by law, or the forbearance by the District to proceed.

2.2.3 Any District official or employee acting in good faith and without malice on behalf of the District in the discharge of duties or responsibilities for the District, including without limitation enforcement of these Rules and Regulations, shall not thereby be rendered personally liable for any damages which may accrue to persons or property resulting from any act or omission in the discharge of such duties or responsibilities.

2.2.4 The District does not assume any liability or responsibility for any work performed by others. No claim shall be made against the District or any of its officers or employees on account of errors or omission or commission made by the District's licensees.

2.3 **OWNERSHIP.** All existing and future sewer and water mains and sewer and water treatment facilities, connected with and forming an integral part of the District's public water and sanitary sewer system, once accepted by the District, shall become and will remain the property of the District. Said ownership is and will remain valid and effective whether said water and sewer facilities and installations are constructed, financed, paid for, or otherwise acquired by the District or by other persons. All service lines shall be owned by the Property Owner served by such lines.

2.3.1 These principles shall not be changed by the fact that the District might construct, finance, pay for, repair, maintain or otherwise affect the Property Owner's service line. The construction or repair of any service line shall be done in compliance with District Standards and Specifications. The ownership of the service line shall not entitle the Property Owner and assignees of the Property Owner to make unauthorized uses of the District's systems once the service line has been connected to a District main or lateral line. All uses of the service line or any appurtenances thereto, at any time after the initial connection to the District's system shall be subject to these Rules and Regulations.

2.3.2 Notwithstanding the above, all water meters and shut-off valves shall become and are the property of the District. Said ownership shall remain valid whether the meters and/or shut-off valves are installed, financed, paid for, repaired or maintained by another person or whether the meters and/or shut-off valves are located on a privately owned and maintained service line.

2.3.3 An easement for use, maintenance, repair, replacement, and upgrading of a District main or lateral shall be deemed to exist upon, along, under, across, and within that portion of a Property Owner's real property where said facilities are located by virtue of the fact that a Property Owner is receiving and accepting services of the District by means of a service line connected to a District main line or lateral, which easement shall include a right of reasonable access to such facilities and a reasonable area surrounding such facilities as necessary or prudent for the District to use, maintain, repair, replace, and upgrade such facilities. Said easement shall exist regardless of whether there is an express grant or reservation thereof, or whether there is a recorded instrument thereof, and regardless of whether the main or lateral is located within or outside of a recorded or express easement.

2.3.4 Improvements, including without limitation landscaping, trees, berms, bushes, walls, fences, structures, or any other improvement that would inhibit or interfere with the District's access to and use of the easement, shall be prohibited within express District easements and easement areas as defined in Section 2.3.3, including areas that are necessary or prudent to serve as access to District facilities.

2.4 **POWERS AND AUTHORITY OF AGENTS.** The District Manager and other duly authorized employees 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 these Rules and Regulations.

2.5 **GENERAL OPERATIONS.** The District will adopt and update current personnel policies and procedures and a salary and benefit schedule for District personnel laying out, in sufficient detail, the rights and obligations of District personnel and providing for an organized system of personnel administration.

The Board of Directors shall require from its personnel periodic formal reports expressing, in sufficient detail, the operational status of the District.

2.6 **RESPONSIBILITIES OF DISTRICT MANAGER.** The District Manager shall be responsible for the proper administration of the routine affairs of the District, the operation and maintenance of the District's water and sewer facilities, the supervision of District employees and the administration and enforcement of these Rules and Regulations.

In furtherance of and pursuant to the duties and responsibilities specified hereunder, the District Manager shall:

2.6.1 Render monthly reports to the Board of Directors concerning the operational status of District facilities.

2.6.2 Make recommendations to the Board of Directors designed to increase the efficiency of District operations.

2.6.3 Be accountable for hiring, transferring, and/or terminating District employees.

2.6.4 Attend all Board Meetings and render such advice to the Board of Directors, as requested by the Board of Directors or reasonably necessary, to facilitate the proper functioning of the Board of Directors.

2.7 **RESPONSIBILITIES OF DISTRICT FINANCE AND ADMINISTRATION MANAGER.** The District Finance/Administration Manager shall be responsible for keeping the District's financial records, preparation of the monthly operations report, preparation of the annual budget, preparation and transmittal of the annual audit report, preparation and transmittal of District billings, presentation of invoices for approval for payment, maintaining and updating the District's website, and such other matters as required by law, the District Manager, or the Board of Directors. The District Finance/Administration Manager shall also advise the District Manager and the Board of Directors of any delinquencies in payment of District obligations.

In furtherance of and pursuant to the duties and responsibilities specified hereunder, the District Finance/Administration Manager shall:

2.7.1 Attend all Board Meetings and render such advice to the Board of Directors, as is requested or reasonably necessary, to facilitate the proper management of the District's financial affairs.

2.7.2 Make recommendations to the Board of Directors designed to improve or render more efficient the financial status of the District.

2.8 **SECURITY SENSITIVE INFORMATION.** Due to homeland security concerns related to the nature of the locational information contained in the District's maps, access to the detailed appendices or maps is primarily limited to state and federal authorities.

SECTION 3. APPLICATION FOR SERVICE.

3.1 **APPLICATION FOR SERVICE.** Persons desiring service from the District shall file an Application for Service with the District on the District's standard form and shall be accompanied by the appropriate applicable fees prior to any action to connect to the system, including without limitation tap fees and any applicable administrative or inspection fees, all as authorized by or pursuant to these Rules and Regulations. An Application shall include a copy of the plans, drawings and related materials submitted for development review to the Town of Mt. Crested Butte or Gunnison County. The Application shall demonstrate compliance with all resolutions, regulations and rules concerning the District's systems. A copy of the District's approval of the Application together with a receipt demonstrating payment of all applicable fees and charges must be filed with the Building Department of the Town of Mt. Crested Butte or Gunnison County as applicable.

3.2 **DENIAL OF APPLICATION.** The District reserves the right to deny, or condition, an application for service on any of the following grounds:

3.2.1 Connection of the District's system to an applicant's existing plumbing would constitute a cross-connection to an unsafe water supply; or

3.2.2 The service applied for would create an excessive demand on the facilities as determined by the sole discretion of the District; or

3.2.3 Misrepresentations in the application concerning the property and fixtures contained therein, or as to the use of the District's service; or

3.2.4 An unresolved obligation between the District and the applicant; or

3.2.5 Inadequate easements for District facilities; or

3.2.6 The District facilities or system are inadequate to serve a property or Development, included but not limited to inadequate physical plant capacity or effluent discharge rights; or

3.2.7 The service applied for would, either by itself or in connection with other proposed or reasonably anticipated Development in the District, necessitate capacity expansion, replacement, upgrade, or modification of District facilities or system in order to ensure continued system performance and without such capacity expansion, replacement, upgrade, or modification, would compromise, diminish, imperil, or degrade the performance of the District system or facilities, at the determination of the District; or

3.2.8 Such other valid reasons as determined in the sole discretion of the District.

3.3 **CAPACITY EXPANSION AGREEMENT.** The District may, in lieu of denying service, enter into a Capacity Expansion Agreement with a Developer or Property Owner whereby such Developer or Property Owner shall pay for, or, depending upon the availability of capital of the District, share in the cost of, capacity expansion or system and/or facility upgrade, replacement or modification, with the District.

3.4 **CANCELLATION OF APPLICATION AND REFUND OF FEE.** The District reserves the right to revoke any application previously granted before service has been provided. Application

for service does not bind the applicant to use the service. If the applicant has not then requested service, the Board of Directors, at its discretion, may cancel the application and refund the application fee.

3.5 **NO SERVICE OUTSIDE OF DISTRICT.** No water and/or sanitation services can be furnished to property outside of the District except upon the express written consent of the District. Charges for furnishing service outside of the District shall be at the discretion of the Board of Directors, but no service shall be furnished to property outside of the District unless the charge therefor equals at least the cost of service, plus the estimated mill levy and tap fees for which such property would be responsible if it were a part of the District. In every case where the District furnishes service to property outside the District, the District reserves the right to discontinue the service when, in the judgment of the Board of Directors, it is in the best interest of the District to do so. Applications for inclusion are outlined under Section 6, "Inclusion of Territory."

3.6 **CHANGE IN PROPERTY OWNER'S EQUIPMENT OR SERVICE.** No change in the Property Owner's approved equipment or service shall be made without the prior written approval of the District of such change(s). Any change in a Property Owner's equipment or service which, in the opinion of the District, increases the service provided by the District, shall require a redetermination of the applicable fees and charges and payment of any additional or increased fees and charges as determined by the District.

Credit for previously paid or deferred fees, subject to paragraphs 3.6.3 and 3.6.4, will be applied. Changes in the Property Owner's equipment or service, which result in a decrease in the service provided by the District, shall not result in a reduction or refund of any fees.

3.6.1 When a building is destroyed or demolished the existing tap authorization (Tap Fee Credit) shall remain in effect for a period of ten (10) years from the date of initial demolition provided that User Fees have been kept current subsequent to said destruction or demolition.

If after ten (10) years the Property Owner fails to utilize the Tap Fee Credit(s) by applying them to new construction, the Tap Fee Credit(s) will expire and the Property Owner must resume payment of Availability of Service Fees.

3.6.2 A tap fee paid on behalf of one property or any portion thereof, cannot be transferred to another property except as follows: (1) Property Owner shall make a written request to the District asking for the tap authorization to be transferred from one property to another; and (2) the tap previously authorized shall not be in use, and (2) both properties must be located within the District or served pursuant to a valid agreement between the District and the Property Owner where the Property Owner is not in default under said Agreement; and (3) both properties must be owned by the party making the transfer request; and (4) the Property Owner shall not have any outstanding fees, charges, or delinquent accounts or outstanding balances owed to the District.

The User Fees associated with keeping the tap fee credits current will be the responsibility of the new owner to pay immediately upon acceptance of the tap fee credit transfer.

3.6.3 When a service line is abandoned permanently, the Property Owner or representative of, shall shut off the water supply at the main line (corporation stop valve), and plug the sewer service connection at the main, using appropriate means as

determined by the District. If the Property Owner or representative fails to complete this work within ten days of abandonment, the District will cause the work to be performed with all costs (time and materials) to be borne by the Property Owner.

3.6.4 Unused or Unutilized Taps. Taps that are unused or unutilized for more than one year must be inspected by the District prior to use and a new tap saddle and corporation cock may be required at the expense of the Property Owner. If the corporation cock is in the off position, then the Property Owner will be required to replace the tap saddle, corporation cock, and service line for those taps that are older than one year from the installation date. If a tap is unused or unutilized for more than ten years from the installation date, the main will need to be tapped again and the old tap abandoned at the expense of the Property Owner. The District may require other items to be updated, changed, or replaced by the Property Owner to ensure public health. Additionally, the Property Owner will be required to pay the difference in fees, if any, for unused or unutilized taps, except as otherwise provided in Section 3.6.3.

3.7 **PROTECTION FROM DAMAGE**. No unauthorized person shall maliciously, willfully or negligently break, damage, destroy, uncover, deface or tamper with any structure, equipment or appurtenance which is part of the District's water or sanitary sewer system, including fire hydrants, or in any way interfere with the District's ability to serve its Customers. Any person violating this section, may be subject to criminal prosecution pursuant to state law and upon conviction, shall be subject to fines and/or imprisonment as established by the court for each violation.

3.7.1 Any person violating any of the provisions of these Rules and Regulations shall become liable to the Board of Directors for any expense, loss or damage occasioned by reason of such violation. See Section 8.0 herein.

3.8 **DISCONTINUATION OF SERVICE**. If any amounts due to the District are not paid when due, service may be discontinued by the District by shutting off the water supply thereto or therefrom. A Property Owner may have service discontinued by submitting a written request, accompanied by a "turn-off" fee as set forth in the District's Fee Schedule, to the District. A "turn-off" fee will be assessed to the Property Owner per the District's Fee Schedule for the discontinuance of service to the property. "Turn-off" fees will be escalated for delinquent Customers who have had more than one discontinuation of service in any one continuance year, as set forth in the District's Fee Schedule. Once service is discontinued, either voluntarily or due to delinquency, a "turn-on" fee will be assessed.

3.9 **RESUMPTION OF SERVICE**. A Customer may have service restored by submitting a request in writing to the District accompanied by a "turn-on" fee per the District's Fee Schedule, plus full payment of all outstanding fees, charges, penalties, interest, and delinquent amounts due to the District.

3.10 **UNAUTHORIZED TURN-ON**. It shall be unlawful for any unauthorized person to turn on water service and/or restore sewer service that has been discontinued. In addition to criminal penalties, the District shall assess a penalty against the person responsible for violation of this section and/or the owner of the property benefitted by such unauthorized activity.

3.11 **UNAUTHORIZED CONNECTION FEES**. A fee equal to an additional 50% of the calculated tap fee shall be due and payable by any person who taps into the District's facilities without prior payment of connection fees, approval of application, or adequate inspection of lines.

3.12 **REVOCAION OR DISCONTINUATION OF SERVICE.** Water and sanitation services shall be revocable or discontinued by the District for any violation of these Rules and Regulations or for non-payment of fees and charges owing to the District pursuant to these Rules and Regulations and the District's Fee Schedule. In the event of a violation of these Rules and Regulations (including without limitation non-payment of fees, charges, costs, penalties, assessments, interest and other sums due the District pursuant to these Rules and Regulations), service may be revoked or discontinued, as follows: (1) The Property Owner shall be given a Disconnection Notice at least ten (10) days prior to disconnection by first class U.S. mail. Service of said notice shall be deemed complete upon mailing to the last known address of the Property Owner. The Property Owner will be charged a Disconnection Notice Fee in accordance with the District's Fee Schedule. Disconnection Notice Fees shall be escalated for Customers to whom the District has provided more than one Disconnection Notice in a given on continuous year, in accordance with the District's Fee Schedule. (2) To avoid disconnection, the Property Owner shall, within the ten (10)day period, either (a) pay the outstanding balance due, or (b) request a hearing by submitting a written request for hearing and posting a bond in the full amount of the outstanding balance due plus a hearing fee as provided in the District's Fee Schedule. Said hearing shall be held by the District at a regular or special meeting of the Board of Directors, at which time the Property Owner or representative of the Property Owner shall have the opportunity to present testimony in evidence to the Board of Directors. (3) Following said hearing, the Board of Director's decision shall be final. (4) If the Board of Directors votes to revoke service, service to the property shall be revoked by blocking or disconnecting the appropriate lines, either public or private, serving the property.

3.13 **LIABILITY FOR PAYMENT.** The District will hold the Property Owner liable for all fees and charges relating to water and sanitation services, at the Property Owner's address of record where the bills are sent. Any agreements between the occupants, tenants, and Property Owner for payment of water and sanitation services are not recognized by the District.

3.13.1 The District shall treat a condominium association ("association") as one Property Owner for a condominium complex which has multiple units with one water meter and one sewer line servicing all units within the complex. Each individual Property Owner of the association is responsible individually and jointly for any fees assessed by the District on behalf of the condominium association. The association is treated as the Property Owner for these Rules and Regulations

3.13.2 The District shall individually invoice each Property Owner's unit of a condominium complex where each unit has a separate water meter and sewer service line. The individual unit Property Owner, in this case, is treated as the Property Owner for these Rules and Regulations

3.14 **GRANTOR AND GRANTEE RESPONSIBILITY.** The District assumes no responsibility for agreements between Grantors and Grantees of real property, personal property or business property interests. It shall be the responsibility of the Grantee to ascertain whether all applicable fees and charges have been paid by the Grantor. Regardless of ownership or other property interests, or of failure of the District to collect tap fees at the time of the issuance of permits or any other act or omission of the District, unpaid fees and charges shall constitute a first and perpetual lien on real property which may be foreclosed as is provided by law.

3.15 **REIMBURSEMENT POLICY.** It shall not be the policy of the District to reimburse Constructors or Developers for the cost of building service mains, laterals, and appurtenances,

including without limitation any Oversized Transmission Lines that may be required by the District. The District will allow, and cooperate in the administration of, private arrangements for the reimbursement of costs of service main construction to the extent that the District may legally, reasonably, and practicably do so.

3.16 **RATES AND CHARGES.** Water and sanitation service schedule of rates, fees, and charges is attached, as Section 8 District's Fee Schedule. District rates, fees, and charges for its services may be changed from time to time with any notice required by law and the responsibility for remaining informed is with the Property Owner.

3.17 **BILLING PROCEDURES.** Property Owners receiving water and sanitation services from the District are invoiced monthly through User Fees. Property Owners who have not tapped into the District's water and sanitation systems and the property is within one hundred (100) feet of the District's lines are invoiced quarterly for Availability of Service Fees. User Fees are charged in arrears and Availability of Service Fees are charged in advance. Any fees for late payments, interest, turn-on, turn-off, penalties, etc., shall be added to the invoice.

3.17.1 Invoices for User Fees will be mailed on the last day of each month to Property Owners. Invoices for Availability of Service Fees will be mailed on the last day of the months of March, June, September, and December of each year to Property Owners. All invoices are due on the 20th day of the following month from the date of issuance. Any payments received after the 20th day from the invoice date are considered delinquent. Interest will be charged on delinquent accounts at the rate noted from the District Fee Schedule, on the unpaid balance from the invoice date until the account balance is paid in full and brought current.

3.17.2 At the time the Property Owner receives a Tap Fee Permit from the District, and at the end of the current Availability of Service Fees billing quarter, monthly User Fees shall be rendered.

3.17.3 Water and sanitary sewer service shall be revocable or discontinued by the District upon nonpayment of fees and/or charges owed to the District. If an account is delinquent for thirty (30) days, the District may discontinue services as provided in Section 3.12 above. Service will be resumed upon payment in full of all past due fees, charges, and interest, plus payment of the Reconnection Fee as provided in the District's Fee Schedule. Disconnection (also called "turn-off") notification fees, disconnection (or "turn-off") fees, and reconnection fees will be increased for each subsequent notice or disconnection of service in one continuous year, as provided in the District's Fee Schedule.

3.17.4 In the event that a Customer should disagree with a District billing invoice, the invoice must be paid under protest, request a hearing before the Board of Directors, and pay the applicable hearing fee as set forth in the District Fee Schedule, to dispute the amount invoiced. At the hearing, the Customer may present evidence to the Board of Directors. The Board of Directors shall endeavor to issue a final decision within thirty (30) days of the hearing.

3.17.5 It shall be deemed adequate notice of delinquency that the Customer was mailed the billing invoice in a timely manner and that twenty (20) days have elapsed following the invoice date, without receipt of payment by the District.

3.17.6 Until paid, all rates, fees and charges shall constitute a first and perpetual lien

against the property served and any such lien may be foreclosed in a manner provided by law.

3.17.7 In accordance with Colorado law, The District Manager may certify the delinquent fees and charges owing the District to the County Treasurer to be placed upon the tax list for the current year to be collected in the manner that other taxes are collected, with ten percent (10%) added thereto to defray the cost of collection, plus interest at the rate stated in the District's Fee Schedule or as established by resolution of the District, and all laws of the State of Colorado for the assessment and collection of general taxes, including the laws for the sale of property for taxes and redemption of the same, shall apply.

SECTION 4. USE OF WATER AND SANITATION SYSTEM.

4.1 **AUTHORIZATION REQUIRED.** No unauthorized person shall uncover, make any connection with, any opening into, use of, alteration to, or disturb any District water or sewer main or appurtenances without (1) obtaining written permission to do so from the District or its duly authorized representative, (2) Requesting underground utility locations through the Utility Notification Center of Colorado (UNCC), in accordance with C.R.S. §9-1.5-101, et. seq. No permit shall be issued to any person until the District has received payment of all applicable fees and charges. Failure to obtain written authority from the District is unlawful and is punishable according to law.

4.1.1 Upon receipt of the UNCC request, the District will attempt to locate all water and sewer main lines to the best of its ability. The District assumes no liability for any damage resulting from or related to, and no financial responsibility for any costs incurred as a result of, any inaccurate water or sewer locate.

4.2 **PROPERTY OWNER RESPONSIBILITIES FOR WATER FACILITIES.** The total cost of constructing the entire length of the service line serving a property is the responsibility of the Property Owner, from the water main line or water service pre-tap, if present. This includes all appurtenances to said water service line, either external or internal, of the structure served. If a pre-tap is present, the District shall be responsible for ensuring that water flows from the pre-tap. Once water flows from the main or lateral line to the Property Owner's service line or pre-tap, each Property Owner is responsible for the maintenance of the entire length of the service line serving through the owner's property, beginning at the water main tap or lateral tap, regardless of the presence or lack of presence of a pre-tap. Service lines shall be constructed in accordance with District Standards and Specifications. Booster pumps located within a structure or upon private property, and connected to the service line, belong to the Property Owner, who is responsible for installation, repairs, and maintenance of the booster pump. Water service begins upon successful test completion of the water main, lateral, and pre-tap (where installed) construction. The Property Owner shall be responsible for all fees and charges assessed by the District.

4.2.1 The Property Owner shall notify the District prior to any expansion or addition to the service or use of the property being served by the District and upon any change of ownership of said property.

4.2.2 The Property Owner shall notify the District of any representative who may be contacted in the Property Owner's absence. The Property Owner shall provide the District current contact information for the Property Owner and/or the representative, if any, including their address, phone number, and email address.

4.2.3 Damage, leaks or breaks in the service line, when discovered by the Property Owner or by the Property Owner's Representative, shall be reported to the District immediately. Upon any notice received by the District of any damage, leak or break in the service line, the District will notify the Property Owner or Property Owner's Representative of the necessary procedures to follow. The service line shall be repaired by the Property Owner within forty-eight (48) hours of obtaining knowledge of such damage, leak, or break or from the time of the notification of said condition by the District, whichever is earlier. Service line repair methods and materials used shall be in accordance with District Standards and Specifications. If satisfactory progress toward repair of said damage, leak

or break has not been completed within such forty-eight (48) hour period, or the District Manager determines that environmental or property damage is possible, the District may shut off the water service line until the repairs have been completed. In the event the water service line valve is inoperable or otherwise incapable of stopping the flow of water, the District may initiate repairs immediately and without prior notification to the Property Owner or Property Owner's Representative in order to preserve water service and quality for the community. If the District initiates such repairs, the Property Owner shall be responsible for the cost thereof. If such cost is not paid by the Property Owner, the cost shall constitute a lien on and against the property of such Property Owner, securing payment of such cost, as provided for by C.R.S. §32-1-1001.

4.2.4 A Property Owner having fire suppression systems, boilers and/or other appliances on the premises, dependent upon water pressure or water in pipes or on a continual supply of water, shall provide, at the Property Owner's expense, suitable safety devices to protect him, himself, and his property against a stoppage of water supply or excessive or deficient water pressure. The District expressly disclaims any liability or responsibility for any damage resulting from a Property Owner's failure to provide such appropriate protection.

4.2.5 No water service shall be available from the District's system without a water meter having been installed to serve the subject structure. All water meters must be purchased from the District and will include a meter and a data transmission device. The type of water meter, location of the water meter, and the location of the data transmission device shall be determined by the District. The District shall have the right to require testing, removal, repair or replacement of water meters and/or the data transmission device. It shall be the duty of each Property Owner to notify the District office if the water meter is not operating properly. If any meter is suspected of having a defect due to the Property Owner's neglect, the District shall require the Property Owner to diligently pursue repair or replacement of said meter in a timely manner at the Property Owner's expense.

During the interim period prior to the repair or replacement of the water meter and/or the data transmission device, the following policy shall be enforced. The Property Owner shall be given notice, by the District, of a suspected water meter defect. The Property Owner shall be given thirty (30) days in which to respond to the notification including scheduling an appointment with the District for a meter inspection and potential replacement. If the Property Owner fails to respond, the Property Owner will be placed on the unmetered rate, effective with the following billing cycle. (See District's Fee Schedule for unmetered rate.)

The Property Owner shall be given a second notice, by the District, of a suspected water meter defect. The Property Owner shall be given thirty (30) days in which to respond to the second notice in which to respond to the notification including scheduling an appointment with the District for a meter inspection and potential replacement. If the Property Owner fails to respond to the second notice, the District may disconnect the water service and charge the Property Owner the unmetered water and sewer rates while the service is disconnected. (See District's Fee Schedule for unmetered rates.)

4.2.6 Except for purposes of (1) inspecting, servicing, testing, or replacing a water meter or backflow prevention device or (2) for the presence of sump pumps or drains discharging into sanitary sewer, District personnel shall not enter private structures for any reason.

4.3 **CROSS CONNECTION CONTROL**. All Property Owners are responsible for the installation and maintenance of a backflow prevention device to prevent a cross connection from occurring between the property and the public water supply. Requirements for Cross Connection Control are found in C.R.S. §25-1-114, 25-1-114.1, and Colorado Primary Drinking Water Regulations Article 12. Descriptions of approved devices for various structures and uses are found in the latest edition of the Backflow Prevention and Cross Connection Control (BPCCC) Manual, Colorado Department of Public Health and Environment.

4.3.1 All building plans for new construction or remodeling that involve plumbing must be submitted to the local plumbing inspector and the District for review and approval prior to connection to water service. Plans must show the backflow prevention device location.

4.3.2 No Grandfather clause exists. All rules, regulations and laws apply, regardless of the property or service connection.

4.3.3 Approved backflow prevention devices shall be installed on all properties served by the District to protect the domestic water system from potential cross connection contamination. Installation will be verified by the plumbing inspector.

4.3.4 All fire sprinkler systems shall conform to the applicable Sections in the current edition of pamphlets Thirteen, Twenty-four and Twenty-five of the National Fire Protection Association and the Crested Butte Fire Protection District.

4.3.5 Single check valves are not considered backflow prevention devices and shall not be permitted within the District.

4.3.6 Backflow prevention devices shall only be installed by a master plumber, a licensed plumber, or certified Cross Connection Control Technician working directly under the supervision and authority of a licensed Master Plumber.

4.3.7 All backflow prevention devices required in paragraph 4.3 shall be tested at the time of installation and annually thereafter. Test results must be submitted to the District on the District's reporting form and all information must be completed and legible. Testing of backflow prevention devices must be performed by a Cross Connection Control Technician, having a current and valid certification recognized in the State of Colorado. All backflow testing must be completed and the report submitted to the District by October 31 of each calendar year. Any failed test must be reported to the District, repaired, replaced, or removed immediately, and retested until the backflow prevention device passes.

4.3.8 Backflow prevention devices shall be installed downstream from the meter and prior to any other connection. Backflow prevention devices shall not be used as the outlet valve of the water meter. Test cocks are not to be used as supply connections.

4.3.9 The District, or its representatives, shall have the right to enter and inspect buildings and/or premises for cross connections relative to possible hazards, or to verify proper installation and/or testing of backflow prevention devices.

4.3.10 The District reserves the right to require the replacement or modification of any

backflow prevention device deemed to be a potential hazard to the domestic water system by a certified Cross Connection Control Technician.

4.3.11 All costs for the design, installation, maintenance, repair, and testing of the backflow prevention device shall be borne by the Property Owner.

4.3.12 The District may discontinue water service to any property if an unprotected cross connection exists on such property and poses a significant risk to the domestic water system. Whether said unprotected cross connection poses a significant risk to the domestic water system shall be at the sole discretion of the District.

4.3.13 If after the issuance of proper written notice by the District relating to the lack of installation, maintenance, repair, testing, relocation or inspection of a backflow prevention device and the Property Owner fails to comply with said notice, the District may discontinue water service to the property. If disconnection of a water service is not feasible, the District has the authority to fine said Property Owner in an amount not to exceed five hundred dollars (\$500.00) per day for each day the connection is out of compliance.

4.4 **FIRE HYDRANT USAGE.** It is the express policy of the District that all fire hydrants are for emergency use only in the fighting and prevention of fires or other uses approved by the District. Except only for qualified personnel of the District or the Crested Butte Fire Protection District, no person shall make any connection to or use water from any fire hydrant without consent of the District. A Contractor or entity may request use of the fire hydrant but must complete a Release and Waiver of Liability provided by the District. However, this fire hydrant use may be denied or revoked by the discretion of District. Bulk water for tanker fills will be available for a fee at the Mt. Crested Butte Water Treatment Plant only.

4.4.1 Any Property Owner of the District or any person, including any employee, agent subcontractor of such Property Owner or person, who makes any connection to a fire hydrant, uses any water from a fire hydrant or tampers or damages any fire hydrant meter or control valve, shall be subject to a fine and/or imprisonment, as per the Town of Mt. Crested Butte Ordinance Number 5, Series 1994 and Section 8.0 and 9.0 of these Rules and Regulations.

4.4.2 Minimum clearances must be maintained around fire hydrants to facilitate the hydrants' use. It shall be the responsibility of the Property Owner to maintain a seven (7) foot clearance on either side where the two and a half (2 ½) inch connectors are located; ten (10) foot clearance in front where the five and a quarter (5 ¼) inch connection is located; four (4) foot clearance in back, to include retaining walls and landscaping; twenty-five (25) foot clearance above all fire hydrants. The breakaway fitting must be six (6) inches above finish grade.

4.4.3 The fee for bulk water for tanker fills is listed in the District Fee Schedule.

4.5 **SNOW REMOVAL AROUND FIRE HYDRANTS.** No person other than an employee in the service of the District or in the service of an independent contractor acting for the District shall pile, push, or plow snow or ice on or against any fire hydrant or other similar device used for fire protection which is located in any public or private way so as to conceal such hydrant or device or cover any outlet thereof. Whoever violates this section shall be punished by a fine.

4.6 **PROPERTY OWNER RESPONSIBILITIES FOR SANITATION FACILITIES.** The total cost of constructing the entire length of the service line serving a property is the responsibility of the Property Owner, from the sewer main or sewer service a pre-tap, if present. This includes all appurtenances to said sewer service, either external or internal, of the structure served. Maintenance of the entire length of the service line serving the property is the responsibility of the Property Owner, beginning at the sewer main or lateral tap, regardless of the presence or lack of presence of a pre-tap. Service lines shall be constructed in accordance with District Standards and Specifications. Sewage lift stations located within a structure or upon private property, and connected to the service line, will belong to the Property Owner, who is responsible for installation, repairs, and maintenance of such sewage lift station. The Property Owner shall be responsible for all fees and charges assessed by the District.

4.6.1 The Property Owner shall notify the District prior to any expansion, change, or addition to the service or use of the property being served by the District and upon any change of ownership of said property.

4.6.2 The Property Owner shall provide to the District current contact information for the Property Owner and/or the Property Owner's Representative, if any, including the following: address, phone number, and email address.

4.6.3 Damage, leaks or breaks in the sewer service line, when discovered by the Property Owner or by the Property Owner's Representative, shall be reported to the District immediately. Upon any notice received by the District of any damage, leak or break in the service line, the District will notify the Property Owner or Property Owner's Representative as to the necessary procedures to follow. The service line shall be repaired by the Property Owner within forty-eight (48) hours of obtaining knowledge of such damage, leak, or break or from the time of the notification of said condition by the District, whichever is earlier. Service line repair methods and materials used shall be in accordance with District Standards and Specifications. If satisfactory progress toward repair of said damage, leak or break has not been completed within such forty-eight (48) hour period, or the District Manager determines that environmental or property damage is possible, the District may shut off the water service line until the repairs have been completed. In the event the service line valve is inoperable or otherwise incapable of stopping the flow, the District may initiate repairs immediately and without prior notification to the Property Owner or Property Owner's Representative in order to preserve the health and environmental quality for the community. If the District initiates such repairs, the Property Owner shall be responsible for the cost thereof. If such cost is not paid by the Property Owner, the cost shall constitute a lien on and against the property of such Property Owner, securing payment of such cost, as provided for by C.R.S. §32-1-1001.

4.6.4 No person shall discharge or cause to be discharged any storm water, surface water, ground water, roof runoff, sub-surface drainage, cooling water or unpolluted industrial process waters to any sanitary sewer. No public or private swimming pool shall be connected to the sanitary sewer system.

4.6.5 No person shall discharge, or cause to be discharged, to any sewer main any individual or prohibited sewage or any harmful waters or wastes, whether liquid, solid or gas, capable of causing an obstruction to the flow in sewers, damage or hazard to structures, equipment and personnel of the District or other interference with the proper

operation of the sewer system.

4.6.6 The admission into the public sewers of any Industrial Sewage shall be subject to the review and approval of the Board of Directors, which may prescribe limits on the strength and character of such sewage. Where necessary, in the opinion of the Board of Directors, the owner shall provide, at the owner's expense, such pretreatment facilities as may be necessary to treat such Industrial Sewage prior to discharge to the sewer system. Plans, specifications, and any other pertinent information relating to proposed pretreatment facilities shall be submitted for the approval of the District and of the Colorado Department of Public Health and Environment and no construction of such facilities shall be commenced until such approval is obtained in writing. Where pretreatment facilities are provided for any special sewage, they shall be continuously maintained in satisfactory and effective operation by the owner, at the owner's expense.

4.6.7 When required by the District, the owner of any property served by a service line carrying Industrial Sewage shall install and maintain, at the owner's expense, a suitable control manhole in the service line to facilitate observation, sampling, and measurement of the waste. The manhole shall be installed by the Property Owner and maintained at the owner's expense. All measurements, tests, and analyses of the characteristics of water and wastes shall be determined in accordance with "Standard Methods for the Examination of Water and Sewage" and shall be determined at the control manhole or upon suitable samples taken at such control manhole.

In the event that no special manhole has been required, the control manhole shall be the nearest downstream manhole in the sewer main to the point at which the service line is connected.

4.6.8 At the time of sale or transfer of a property, a Sewer Service Line Inspection Report shall be on file with the District. The Sewer Service Line Inspection Report shall be submitted to the District within thirty (30) days following the inspection. If an issue is identified from the inspection, the issue shall be rectified/repared within sixty (60) days following the inspection. An extension may be granted at the District's discretion and will be provided via written consent.

4.6.8.1 If the submission of the Sewer Service Line Inspection Report and/or the repairs are not completed within the timeline above, the District will fine the Property Owner in accordance with Section 9 for noncompliance of the Rules and Regulations.

4.6.8.2 Sixty (60) days following the fine invoice date, unpaid fees and incomplete inspection and/or repair, all rates, fees and charges shall constitute a first and perpetual lien against the property served and any such lien may be foreclosed in a manner provided by law.

4.6.8.3 Thirty (30) days following the lien date, water and sanitation services may be discontinued.

4.6.9 Grease traps and interceptors, oil separators and sand separators (grease control device) shall be required as per the International Plumbing Code in use by the Town of Mt. Crested Butte to prevent the accumulation of fat, oil, and grease (FOG) into the

wastewater system. Where installed, they shall be maintained and in continuous, efficient operation at all times and at the owner's expense.

4.6.9.1 Property Owners shall register each grease control device with the District within ninety (90) days of installation.

4.6.9.2 Each grease control device shall be properly maintained at all times. Maintenance shall include the complete removal of all contents, including floating materials, wastewater, and settled solids. Decanting or discharging of the removed waste back into the trap or private sewer line or into any portion of the sewage system is prohibited. In no event shall the content of solids exceed twenty-five percent (25%) of the overall liquid depth of the device.

4.6.9.3 The District shall have the authority to make such inspections as are authorized by law during reasonable hours for the purpose of inspecting, observing, taking measurements, sampling, testing, or reviewing the records of the installed grease control device. Upon request, the owner must show evidence of an active contract to service all grease control device(s) on the premise and haul waste. Alternatively, the grease control device itself must provide evidence of regular maintenance and proper waste disposal.

4.7 **CLASSIFICATION OF WASTE.** This section of the Rules and Regulations shall provide the basic policies of the District for classification of waste and for control of discharge of waste into the sanitary sewage system. It shall be the policy of the District to classify waste into three main categories, termed "Domestic Sewage," "Industrial Sewage," and "Prohibited Sewage," which are generally defined in Section 1.3, and which will be more fully defined in this section. The classification of waste shall be the responsibility of the Wastewater Treatment Plant ORC and shall follow recommended procedures of the Colorado Department of Public Health and Environment and subject to approval of the Board of Directors, shall be final and binding.

4.7.1 **Domestic Sewage.** Domestic sewage shall mean any sewage which can be treated at the District's wastewater treatment plant without pretreatment and within normal operating procedures and which, when analyzed, shows by weight, a daily average of not more than three hundred (300) parts per million of Suspended Solids and not more than two hundred fifty (250) parts per million Biochemical Oxygen Demand.

4.7.2 **Industrial Sewage.** Industrial sewage shall mean any sewage which does not conform to the definition for Domestic Sewage but which can be treated by the District after pretreatment by the user or by utilization of special operating procedures by the District at its treatment facility.

4.7.3 **Prohibited Sewage.** Prohibited sewage shall mean any sewage which may reasonably be anticipated to have a deleterious effect upon the sanitary sewer system or any person or property and, therefore, in the opinion of the District, cannot be serviced by the District.

4.8 **Analysis of Sewage.** The Wastewater Treatment Plant ORC shall be responsible for all sampling, testing, analysis and classifying of sewage. Testing and analysis shall be determined in accordance with "Standard Methods for the Examination of Water and Wastewater" latest edition. Results of tests shall be made available to the user at the District's office.

SECTION 5. CONSTRUCTION OF FACILITIES.

5.1 **AUTHORITY FOR CONSTRUCTION.** It will be unlawful for any person to construct, move, extend, modify, or tap water or sewer mains within the jurisdiction of the District without first making formal application to the District for approval, having complied with these Rules and Regulations, and having obtained the District's authorization to proceed.

5.1.1 Construction of main lines, lateral lines, and appurtenances thereto, within the District, will be subject to the District's Standards and Specifications for the Water and Wastewater of Construction portion of these Rules and Regulations.

5.1.2 The District may require the Constructor or Developer to install Oversized Transmission Lines at the District's discretion.

5.2 **AVAILABILITY OF ACCESS TO SERVICE.** By acceptance of detailed plans and specifications, the District does not guarantee that the current facilities of the District are adequate to provide water service and sanitation service to any real property. The development of real property may require an enlargement of either or both the water and the sewer facilities. Further, although the District may be able to adequately serve a parcel of real property with water service and/or sanitation service, as of the date of acceptance, no guarantee may be made of such availability of those services at the time the owner of the individual lots, tracts, or parcels of land, within the parcel of real property, makes an actual request for connection. Any real property served by the District will be subject to the policies and Rules and Regulations of the District concerning the availability of water and sewer service.

5.3 **PROCEDURE FOR MAIN LINE CONSTRUCTION.** Upon approval of the construction plan submitted to the District under this Section, the owner, Developer, petitioner, or applicant (collectively "Applicant") may proceed to contract for the construction of the proposed facilities. All construction and extension or modification of main lines and lateral lines, within the District, must be made under the supervision of the District's engineer or other registered professional engineer. All engineering, construction, District Engineer inspections and consultations, and other costs related to the project will be borne by the Applicant.

5.3.1 Prior to the review of any construction plans by the District, the District and the Applicant shall enter into a Cost Reimbursement Agreement. The Cost Reimbursement Agreement shall include a deposit paid by the Applicant of an amount estimated to be sufficient to compensate the District for engineering, fees, legal fees and ancillary costs, anticipated to be incurred by the District as a result of the application and the construction of the proposed facilities, as determined by the District Manager.

5.3.2 In the event that the Applicant's deposit is not sufficient for the payment of all such costs, fees, and expenses as set forth in paragraph 5.3.1 above, the Applicant shall be billed for any additional costs, fees, and expenses by the District as they are incurred and the Applicant shall pay such amounts in accordance with the terms of the Cost Reimbursement Agreement. In addition, if the initial deposit is insufficient, the District may require an additional deposit, all of which shall be set forth in more detail in the Cost Reimbursement Agreement.

5.3.3 No acceptance of construction shall be given until all fees, costs, and expenses have been paid by the Applicant.

5.3.4 By submitting a Petition for Inclusion, the Applicant or petitioner shall be deemed to have granted to the District a lien upon the affected parcel as to any fees, costs, and expenses unpaid by the petitioners.

5.3.5 The District and the Applicant may agree to the Applicant depositing funds with the District to cover the estimated costs of installing the approved extension, and the District may then proceed to make the installation with its own forces or by contract with a private contractor. If the original deposit of funds is insufficient to fulfill the approved construction, the Applicant shall, upon notification, immediately deposit the balance required with the District to complete the work.

5.4 **WATER LINE CONSTRUCTION.**

5.4.1 **Location and Alignment of Service.** Water service lines shall be located so as to take the most direct route (preferably perpendicular to the main line) from the water main or pre-tap connection to the structure. Water service lines shall not be located under any driveway or service road. All water lines shall have a minimum seven (7) feet and maximum of fifteen (15) feet of cover over top wherever possible, unless approved by the District. A service line shall not be laid parallel to or under any bearing wall that would compromise the service line or the bearing wall. The water service line shall be laid at a uniform grade and in a straight alignment. The District Manager will review any requests for variances.

5.4.2 **Service Line Separation.** Ten (10) feet of separation must be maintained between parallel water and sewer service lines. Eighteen (18) inches of vertical separation must be maintained for a water line crossing over any sewer lines. At locations where a water line is under a sewer line, or less than eighteen (18) inches of vertical separation is maintained, sewer service line joints within a ten (10) foot distance of the water line must be encased or sleeved in accordance with Colorado Department of Public Health and Environment standards.

5.4.3 **Pre-taps.** When the water main has been pre-tapped (a service line has been extended to the lot property line and terminated with a curb valve and box), the service line from the building shall connect to the water line pre-tap connection. The Property Owner or Contractor must locate the pre-tap connection. The pre-tap connection is to be marked with a utility marker that is visible on-site and GPS coordinates shall be provided to the District.

5.4.4 **Direct Tap to the Main.** When a water pre-tap connection is not present, service line connection will (1) require tapping a District main or lateral, which is allowed only between April 15 and October 15 annually; (2) include installation of a curb stop valve and valve box located at the property line, or as otherwise approved by the District. Permits for excavation within any right of way with the Town of Mt. Crested Butte or Gunnison County are the sole responsibility of the Contractor.

5.4.5 **Specifications.** Service lines up to two (2) inches in diameter shall be constructed of NFS/ANSI 61 approved High Density Polyethylene (HDPE). Service lines larger than

two (2) inches in diameter may be constructed of Ductile Iron Pipe (D.I.P.) or HDPE. HDPE service lines shall be one continuous line with no joints, if possible. Couplings are allowed where the distance exceeds the footage of a full spool. There shall be no couplings between the curb stop and the main. Water lines are to include tracer wire and locate tape for all new construction. The District may also require cutoff walls, cathodic protection, and/or pipe wrap to ensure the longevity of the pipeline that will be evaluated based on the pipe location and soil type. Full materials specifications will be found in the District Standards and Specifications for Water & Wastewater Construction.

5.4.6 Inspections. The applicant for water service or their representative shall notify the District when the service line/tap connection is ready for inspection. Appointments for inspection and connection should be scheduled forty-eight (48) business hours in advance of inspection (not to include weekends or holidays). Under supervision of a District representative, the water service line will be inspected and pressure tested at normal operating pressure from the water main (or curb valve when pre-tapped) to the building prior to backfill.

5.4.7 Disinfection and Testing. All disinfection and testing shall be done in compliance with District's Water Standards and Specifications, Section 01656, Disinfection of Domestic Water Lines and Section 01666, Testing Piping Systems, respectively.

5.4.8 Water Meter Installation. Water meters, data transmission devices and meter setters must be purchased from the District. All meters will be installed by a Colorado licensed plumber. All meter installations must be freeze proof and in a convenient, easily accessible area. If located in a crawl space, the meter must be within ten (10) feet of an access hatch. There must be a clear area of at least one (1) foot above, one (1) foot below and three (3) feet in front of the meter. All meters must be installed in the horizontal position with the flow directional arrow pointed towards the end use. Care should be taken when cutting, threading, or joining pipe so that cuttings, pipe dope, solder, or other debris does not get into the meter.

5.4.9 Responsibility. The Property Owner is responsible for installation, repairs, and maintenance of the service line from the District main or lateral to the building. The Property Owner is responsible for installation, repairs, and maintenance of the booster pump located within a structure or upon private property and connected to the service line.

5.5 **SEWER SERVICE LINE CONSTRUCTION.**

5.5.1 Location and Alignment of Service. Sewer service lines shall be located so as to take the most direct route (preferably perpendicular to the main) from the sewer main or pre-tap connection to the structure. Sewer service lines shall not be located under any driveway or service road. All sewer lines shall have a minimum of seven (7) feet and a maximum of fifteen (15) feet of cover over top of pipe. Cover depths of up to twenty-five (25) feet may be considered, if calculations are provided by a licensed Colorado Professional Engineer to demonstrate that the pipe will not deflect more than three percent (3%) at the designed depth. Cover depths in excess of twenty-five (25) feet will not be allowed. Special cases may be considered for sewers installed via trenchless methods. A service line shall not be laid parallel to or under any bearing wall that might weaken the service line or bearing wall. The sewer service line shall be laid at a uniform grade and in a straight alignment. The District Manager will review any requests for

variances.

5.5.2 **Service Line Separation.** Ten (10) feet of separation must be maintained between parallel water and sewer service lines. Eighteen (18) inches of vertical separation must be maintained for a water line crossing over any sewer lines. At locations where a water line is under a sewer line, or less than eighteen (18) inches of vertical separation is maintained, all sewer service line joints within a ten(10) foot distance of the water line must be encased or sleeved in accordance with Colorado Department of Public Health and Environment standards.

5.5.3 **Pre-taps.** When the sewer main has been pre-tapped (a service line has been extended to the lot property line and terminated with an airtight plug), the service line from the building shall connect to the sewer line pre-tap connection. The Property Owner or Contractor must locate the pre-tap connection. The pre-tap connection is to be marked with a utility marker that is visible onsite and GPS coordinates are to be provided to the District.

5.5.4 **Direct Tap to the Main.** When a sewer pre-tap connection is not present, service line construction will require tapping a District main, which is permitted only between April 15 and October 15 annually. Permits for excavation within any right of way with the Town of Mt. Crested Butte or Gunnison County are the sole responsibility of the Contractor.

5.5.5 **Specifications.** Service lines up to six (6) inches in diameter shall be connected to the main by a saddle tap. The saddle tap will be located not less than ten (10) feet away from any manhole. Connections into manholes will not be allowed. Service lines eight (8) inches in diameter or larger, will make connection into an existing manhole or a new manhole constructed by the owner. All new manholes shall include a corrosion resistant liner to eliminate water infiltration and exfiltration, in accordance with Wastewater Standards and Specifications, Section 02000, paragraph 3.2, D, 3. Service lines shall be constructed of PVC pipe, SDR 35, unless otherwise specified. Accessible clean-outs will be constructed every one hundred (100) feet, or as otherwise approved by the District. Full materials specifications will be found in the District Standards and Specifications for Water & Wastewater Construction.

5.5.6 **Inspections.** The applicant for water service or their representative shall notify the District when the service line/tap connection is ready for inspection. Appointments for inspection and connection should be scheduled forty-eight (48) business hours in advance (not to include weekends or holidays). Under supervision of a District representative, the sewer service line will be inspected from the sewer main or lateral (or pre-tap connection when present) to the building prior to backfill.

5.5.7 **Responsibility.** The entire sewer service line from the District main to the building belongs to the Property Owner, who is responsible for installation, repairs, and maintenance of the service line. Sewage lift stations located within a structure or upon private property, and connected to the service line, will belong to the Property Owner, who is responsible for installation, repairs, and maintenance of the sewage lift station.

5.6 **ACCEPTANCE OF CONSTRUCTION.** Prior to final acceptance of main lines, lateral lines, special structures, and appurtenances constructed, extended or modified under Section 5 et al., the land owners, subdividers or developers of the property served or encumbered by such

facilities shall enter into and comply with the Public Improvements Acceptance Agreement, which shall be, among other provisions, deemed necessary by the District in the best interests of its existing service recipients, requiring the landowner, subdivider or developer to:

5.6.1 Construct the infrastructure to be accepted in accordance with the District's Standards and Specifications and in accordance with any plans approved by the District for the infrastructure.

5.6.2 Fully comply with, and pay all amounts owing to the District under, any Cost Reimbursement Agreement and any other contract with the District.

5.6.3 Deed and convey to the District: (1) the lines and appurtenances, and (2) all water and sewer facilities constructed along with adequate and necessary easements and rights of way for the purpose of construction, maintenance and repair for the water facilities and sewer facilities. This deed and conveyance shall be free and clear of all liens and encumbrances in the form of a deed or other instrument of conveyance acceptable to the District.

5.6.4 Provide as-built drawings, including all spatial data, in a digital format including (1) Portable Document Format (PDF/.pdf) and (2) AutoCAD files (.dwg). The files shall be formatted as per District Standards and Specifications, compatible with the District's CAD mapping system or in such other electronic format requested by the District.

5.6.4.1 Provide as-built survey drawings, including, but not limited to, a basis of survey statement identifying the datum, inverts in/out of every manhole, rim elevation, pipe size, and pipe material for mains, laterals, bends, cleanouts, special structures, and appurtenances.

5.6.5 Provide the District a written request for the acceptance of the facilities for preliminary acceptance.

5.6.6 Complete an inspection and provide the District with copies of all written test results on water and sewer facilities and tapes or recordings of video inspections of sewer lines.

5.6.7 Provide to the District, or the District's attorney, all deeds, easements, and other documents, as required, for recording with the Clerk and Recorder of Gunnison County, Colorado. The costs of recording will be borne by the landowners, subdividers or Developers.

5.6.8 Provide a maintenance bond for eighteen (18) months, following the date of preliminary acceptance of the facilities by the District, in an amount prescribed by the District determined to be adequate to cover potential maintenance costs for the new facilities and as built drawings as per 5.6.2. Preliminary acceptance shall occur in accordance with the terms of the Public Infrastructure Acceptance Agreement and shall not occur until all the other requirements set forth above are met.

5.6.9 Provide an additional bond for an additional twelve (12) months if during the eighteen (18) months following the preliminary acceptance there are significant maintenance or repair problems in the facilities, as determined by the District in its discretion.

5.6.10 With respect to final acceptance of the facilities, provide the District a request for final acceptance.

5.6.11 In no event will the District provide final acceptance for any construction, extension or modification until: (1) a minimum of eighteen (18) months has elapsed since preliminary acceptance; (2) complete inspection and adequate testing have been completed showing that the facilities comply with District Standards and Specifications; and (3) the project has been without significant maintenance or repair problems for a period of twelve (12) months; and (3) any and all additional costs and expenses of the District have been paid. If significant maintenance or repair problems occur, or construction of the project is abandoned for more than six (6) months, the acceptance period will be extended for successive periods of one (1) year, until a full year has elapsed without such repair and maintenance problems.

5.6.12 The Property Owner and/or Developer shall be responsible for all costs and maintenance of all water and sewer lines prior to final acceptance by the District.

SECTION 6. INCLUSION OF TERRITORY.

6.1 **Statutory Authority.** The procedure for the inclusion of property shall be governed by Section 32-1-401, et seq., Colorado Revised Statutes, as now adopted and as may be hereafter amended.

6.2 **Policy.** This policy is in addition to the statutory authority and sets forth the mandatory procedure for inclusion of any new property within the District.

6.3 **Position of District.** It is the position of the District to allow the inclusion of property into the District subject to the following requirements:

6.3.1 The District finds that it can adequately serve the property to be included.

6.3.2 The petitioner complies with this policy and the applicable policies, rules, and regulations of the District.

6.3.3 The petitioner shall pay all costs, fees, and expenses to extend and install water service and sewer service to and within the property to be included.

6.3.4 Inclusion is within the best interest of the District.

6.3.5 The Petitioner owns and can convey to the District water rights adequate to provide for all water demands of the property which the Petitioner proposes to include within the District, subject to the provisions of paragraphs 6.6, 6.7, and 6.8 hereof.

6.3.6 The District has both the physical plant capacity and effluent discharge rights to serve the property proposed for inclusion.

6.3.7 The District may deny, or condition, the inclusion of property on any of the grounds set forth in Section 3.2.

6.4 **PETITION FOR INCLUSION.** The owners of property requesting to be included within the boundaries of the District (the "Included Parcel") shall submit ten (10) copies of a Petition for Inclusion in writing requesting that such Included Parcel be included in the District. The Petition for Inclusion shall set forth the following information:

6.4.1 The full name, address, and telephone number of the petitioner (the "Inclusion Petitioner").

6.4.2 The full names, addresses and telephone numbers of the owners of one hundred percent (100%) of the Included Parcel.

6.4.3 The written and acknowledged consent of the owners of one hundred percent (100%) of the Included Parcel shall be attached to the Petition for Inclusion.

6.4.4 The full name, address, and telephone number of the holder of any lien, mortgage, deed of trust or other encumbrance against the Included Parcel.

6.4.5 Legible copies of all documents or instruments verifying the current ownership of the Included Parcel.

6.4.6 A current Policy of Title Insurance, Commitment for Title Insurance, or an opinion of an attorney at law licensed to practice in the State of Colorado confirming the ownership of the Included Parcel.

6.4.7 A full and complete list of all water and water rights, ditch and ditch rights, spring and spring rights, well and well rights and reservoir and reservoir rights appurtenant to the Included Parcel which shall include the name of the ditch or structure, the ditch or structure number, the amount of water adjudicated to the ditch or structure, including priority or court case number, the amount of water owned by the Inclusion Petitioner and the date or dates of adjudication of all water to the ditch or structure.

6.4.8 A current Policy of Title Insurance, Commitment for Title Insurance or an opinion of an attorney at law licensed to practice in the State of Colorado verifying and confirming the ownership of said water rights and that all of said water rights have been appurtenant to the Included Parcel for the last five years.

6.4.9 A comprehensive description of all water and sewer facilities of any type or description currently situate upon the Included Parcel or being used to provide domestic water service and/or sewer service to the Included Parcel.

6.4.10 A contour map of the Included Parcel with contour intervals of not less than five (5) feet with a scale of not less than one (1) inch equals two hundred (200) feet, in accordance with the drawing standards outlined in the District's Standards and Specifications, Section 01020.

6.4.11 A full and legible copy of any annexation, subdivision, or zoning proposals submitted to the Town of Mt. Crested Butte, Colorado or Gunnison County pertaining to the Included Parcel, as applicable.

6.4.12 A sketch plan setting forth the proposed subdivision and/or uses of the Included Parcel, location of proposed water and sewer mains and including a listing of the number and type of projected water taps and sewer taps that will be required to serve the Included Parcel. One disk of spatial data in digital format as per District specifications will also be required.

6.4.13 Such additional information, documents and exhibits as may be reasonably required by the District.

6.4.14 A cashier's check or other good funds for payment of the application fee.

6.4.15 A statement that the owners of the Included Parcel shall, upon demand, convey to the District all water and sewer facilities constructed upon the Included Parcel and adequate and necessary easements and rights of way for the purpose of construction, maintenance and repair for the water facilities and sewer facilities.

6.4.16 A statement by the Inclusion Petitioner that they agree to pay all costs, fees and expenses incurred by the District in reviewing the Petition for Inclusion, the adequacy of the water rights, the ability of the District to adequately serve the Included Parcel and the

District's legal and administrative costs pertaining to the inclusion proceedings.

6.5 **PRELIMINARY PETITION FOR INCLUSION.** Subject to prior approval by the Board of Directors, a petitioner may submit a Preliminary Petition for Inclusion containing less than all of the required information and documentation set forth in paragraph 6.4. The non-refundable application fee must be paid at the time of submission.

6.5.1 The District shall take no action on a Preliminary Petition for Inclusion unless or until all of the required information and documentation has been submitted by the petitioner to comply in full with the requirements of paragraph 6.4 above.

6.5.2 If all of such information and documentation has not been received by the District within thirty (30) days from the date of submission of the Preliminary Petition for Inclusion, such Preliminary Petition for Inclusion shall become automatically null and void and of no further force and effect and the District shall retain the application fee paid by the petitioner.

6.5.3 Notwithstanding the above, the Board of Directors, for good cause, may grant an extension of the thirty (30) day period for submission of all such information and documentation, but in no event shall such an extension exceed ninety (90) days.

6.6 **ADEQUACY OF WATER RIGHTS.** Subject to the provisions of paragraphs 6.7 and 6.8, upon receipt of a complete Petition for Inclusion, the District shall determine if the water rights to be conveyed to the District as required under paragraph 6.3.5 hereof are adequate for the District's requirements, based upon the following considerations:

6.6.1 Title to such water rights shall be fully marketable in the Inclusion Petitioner, free and clear of all liens and encumbrances.

6.6.2 Such water rights shall have a proven yield sufficient to serve not less than one hundred percent (100%) of projected water demand within the Included Parcel, including peak day demand, peak hourly demand, or other peak requirements on a year-round one hundred percent (100%) occupancy basis.

6.6.3 Such water rights shall be sufficiently senior in priority as to be free from administrative curtailment in the event of strict administration by priority.

6.6.4 Such water rights shall be physically located such that they may be diverted from their existing decreed point of diversion, or changed to such other point of diversion as the District may require, without change in priority or yield, and without in any manner impairing any other water rights of the District or other vested water right owners.

6.6.5 Such water rights shall be decreed, located, historically used, and of such nature that the same can be incorporated into the overall water rights portfolio of the District, including augmentation strategies, without impairing any of the other water rights of the District or other vested water right owners in any manner.

Such water rights, in order to be utilized by the District, would not require any enlargement, expansion, modification, or advance planning or engineering for enlargement, expansion or modification of the District's water diversion, pumping, collection, storage, treatment, distribution, measurement, augmentation release, or other

water system components, nor of the District sewage collection, treatment, discharge, and other sewer system components, unless such enlargement, expansion, modification or advance planning or engineering for enlargement, expansion, or modification is fully paid for by the Inclusion Petitioner.

6.6.6 Such water rights shall satisfy such other reasonable requirements as the District, its water engineers and attorneys deem appropriate in order to assure that by virtue of the inclusion of the Included Parcel and provision of water service thereto, the District will not in any manner impair its ability to fully serve the present and anticipated future water requirements of the existing District and the Included Parcel without additional expense to the District.

6.6.7 In order to make the foregoing determinations of adequacy, the District shall obtain the opinions of a qualified hydrologist, water engineer, environmental consultant, water attorney, or such other qualified experts as the District may deem necessary. All costs, fees, and expenses of the District to fully evaluate such water rights, including all experts retained by the District, shall be paid by the Inclusion Petitioner.

6.6.8 A condition of final inclusion of the Included Parcel into the District shall be the conveyance of such water rights to the District by special warranty deed, and the agreement of the Inclusion Petitioner to pay or advance payment of all additional costs, fees and expenses of the District to obtain a final adjudication and decree of the Water Court for Water Division 4, State of Colorado, and any other filings, permits, or other actions which may be taken by the District in its sole discretion with respect to such water rights.

6.7 **CASH OR OTHER CONTRIBUTIONS IN LIEU OF WATER.** Notwithstanding the foregoing, the District, in its discretion, may accept in lieu of or in addition to the water rights or set forth in paragraph 6.6 above, cash or other contributions provided that the petitioner can demonstrate to the District's satisfaction that such cash or other contributions are sufficient to allow the District to expand or improve then-existing physical and legal water supply, augmentation plan and treatment and delivery systems to meet the increased water demands of the Included Parcel. In order to make the foregoing determination, the District shall retain such qualified hydrologists, water engineers, environmental consultants, water attorneys, or other qualified experts as the District may deem necessary, the costs, fees, and expenses of which shall be paid by the Inclusion Petitioner.

6.8 **ADEQUACY OF CAPACITY.** Upon receipt of a complete Petition for Inclusion, the District shall determine whether it has the hydraulic and organic plant capacity to serve one hundred percent (100%) of the projected wastewater treatment demands of the Included Parcel, considering the wastewater treatment services then provided by the District and the projected wastewater treatment demands for all property then within the District at full build out.

6.9 **APPLICATION FEE AND PAYMENT OF EXPENSES.**

6.9.1 A non-refundable application fee shall be submitted with any Petition for Inclusion of Included Parcel in the District.

6.9.2 The Inclusion Petitioner shall further deposit with the District with the Petition for Inclusion a deposit for the payment of costs, fees, and expenses of the District in such

amount as the District Manager, subject to the ratification or change by the Board of Directors, may determine. Such deposit shall be utilized by the District to pay for its engineering, hydrology, legal, and administrative expenses incurred in the inclusion proceedings. Any excess of the deposit over and above the amount expended for such costs, fees, and expenses shall be returned to the petitioner at the conclusion of the proceedings.

6.9.3 In the event that the expense deposit is not sufficient for the payment of all such costs, fees and expenses as set forth in paragraph 6.10.2 above, the Inclusion Petitioner shall be invoiced for any additional costs, fees and expenses by the District as they are incurred and the petitioner shall pay such amounts within ten (10) days of the date of billing.

6.9.4 No final approval for the inclusion of the Included Parcel to the District shall be given until all fees, costs and expenses have been paid.

6.9.5 As a condition of submitting the Petition for Inclusion, the petitioners covenant and agree with the District that the District shall have an absolute right to place a lien upon the Included Parcel as to any fees, costs, and expenses unpaid by the petitioners.

6.10 **AVAILABILITY OF SERVICE.** By acceptance of a Petition for Inclusion, the District does not guarantee that the current facilities of the District are adequate to provide water service and sewer service to the Included Parcel. The inclusion of the Included Parcel in the District may require an enlargement of the water facilities and/or sewer facilities. Further, although the District may be able to adequately serve the Included Parcel with water service and/or sewer service as of the date of the Petition for Inclusion, no guarantee may be made of such availability of those services at the time individual lots, tracts or parcels of land within the Included Parcel make actual requests for connection. Any inclusion of property within the District shall be subject to the policies, rules and regulations of the District concerning the availability of water and sewer service and any priority criteria for such availability.

6.11 **PUBLIC MEETING ON PETITION.** Upon the District receiving a full and complete Petition for Inclusion of territory, the District shall schedule a public meeting and hearing in accordance with Colorado statutes. Following such public meeting and hearing, the Board of Directors shall, within a reasonable time, grant or deny the Petition for Inclusion, in whole or in part, with or without conditions and the action of the Board of Directors of the District shall be final subject only to a right of appeal as provided by statute.

SECTION 7. EXCLUSION OF TERRITORY.

7.1 **PETITION FOR EXCLUSION.** An owner of property located inside the boundaries of the District wishing to exclude property into the District shall submit to the District a petition for exclusion meeting the requirements of C.R.S. §32-1-501. Such owner is referred to in these Rules and Regulations as the “Exclusion Petitioner”. An owner desiring the District to provide the form of petition for exclusion to the Exclusion Petitioner shall pay an application fee in the amount set forth in the District’s Fee Schedule (the “Exclusion Petition Form Fee”). The Exclusion Petition Form Fee shall be non-refundable and shall not be credited toward the initial deposit for the exclusion petition. An owner desiring to meet with the District and/or the District’s consultants prior to formal submission of a petition shall pay a pre-exclusion fee to the District in the amount set forth on the District’s Fee Schedule.

7.2 **EXCLUSION FEE.** Concurrent with the submission of a fully executed petition for inclusion, and pursuant to and in accordance with the provisions of C.R.S. §32-1-501(1), the Exclusion Petitioner shall remit to the District the initial deposit in the amount set forth in the District’s Fee Schedule to pay for all costs associated with the processing of the exclusion petition. The initial deposit shall be non-refundable under all circumstances. All costs, specifically including, but not limited to, legal, management and engineering costs and fees shall be applied to the initial deposit. When the amount of the initial deposit remaining is two thousand dollars (\$2,000), the District Manager shall notify the Exclusion Petitioner in writing and request that an incremental refundable deposit in the amount set forth in the District’s Fee Schedule be remitted to the District. All work on the exclusion shall continue until the initial deposit is exhausted. In the event an incremental refundable deposit is not received by the District by the time the initial deposit is exhausted, the District’s consultants, including legal, management and engineering, shall cease all work until an incremental refundable deposit is remitted to the District, at which time work shall resume. When the amount of any incremental refundable deposit remaining is two thousand dollars (\$2,000), the District Manager shall proceed in the same manner as set forth above for obtaining additional incremental refundable deposits. Upon completion of the exclusion process, any unused portions of the incremental refundable deposit shall be refunded to the Exclusion Petitioner.

7.3 **EXCLUSION AGREEMENT.** The Exclusion Petitioner seeking to exclude property from the District shall enter into an exclusion agreement with the District setting forth the conditions of exclusion. The exclusion agreement shall comply with the provisions of these Rules and Regulations and shall be substantially in the form provided by the District’s legal counsel. Any material deviations from the District’s exclusion agreement shall be approved by the Board of Directors prior to a public hearing on the petition for exclusion.

7.4 **PUBLIC HEARING ON EXCLUSION.** Notice of a public hearing on the petition for exclusion shall be published in accordance with C.R.S. §32-1-501. No petition for exclusion may be withdrawn after the date of publication without the consent of the Board of Directors. The District shall advise the Exclusion Petitioner of the date, time, and location for the public hearing on the petition for exclusion. The public hearing on the petition shall be conducted in accordance with the provisions of C.R.S. §32-1-501, and the District shall grant or deny the petition, in whole or in part, with or without conditions at the public hearing. In its sole discretion, the Board of Directors may continue the public hearing.

7.5 **EFFECTIVE DATE OF EXCLUSION.** After approval by the Board of Directors of the inclusion of the property at the public hearing, the District’s legal counsel shall process the necessary documents to obtain an order from the Gunnison County District Court ordering the

exclusion of the property into the District. Upon receipt of a certified order for exclusion, the order shall be recorded in the real property records of the Gunnison County Clerk and Recorder's Office and the exclusion of the property shall become effective. All continuing obligations of Exclusion Petitioner set forth in the exclusion agreement shall remain in full force and effect until fully satisfied in accordance with the terms thereof. The District's legal counsel shall provide Exclusion Petitioner with a copy of the fully executed and recorded order for exclusion for its records.

7.6 **UPDATE OF DISTRICT MAP.** Pursuant to C.R.S. §32-1-306, when the District's boundaries have been altered by either an inclusion or exclusion, the District is required to file an updated map of the District's boundaries with various Colorado agencies. The Exclusion Petitioner shall pay all costs associated with updating the District's map for the year in which the exclusion became effective. In the event other inclusions or exclusions became effective in the same year, then each petitioner shall be responsible for its proportionate share of the costs of the updated map.

SECTION 8. DISTRICT'S FEE SCHEDULE.

**PLEASE SEE THE DISTRICT WEBSITE FOR THE MOST CURRENT SCHEDULE OF RATES,
FEES, AND CHARGES**

<https://www.mcbwsd.com/district-fee-schedule>

<https://www.mcbwsd.com/Tap-Fees>

SECTION 9. VIOLATORS FINED.

Any person violating any of the provisions of these Rules and Regulations shall become liable to the District for payment of a penalty of up to one thousand dollars (\$1,000.00) plus up to five hundred dollars (\$500.00) per Single Family Equivalent that was or would be affected by loss of service due to damage, plus any expense, loss, or damage resulting from such violation including attorney fees for enforcement action, occasioned by reason of such violation. If any person causes damage to the District system, whether directly or indirectly by damage to systems owned by others which affect District water and sewer system or facilities, whether by misuse, negligence, intentional or other action, such person shall be liable to the District for the cost of increased maintenance, repair, or replacement of facilities, including any study, investigation, or consultant fees incurred. Further, any fines imposed upon or assessed to the District resulting from such actions of any person or any violation of these Rules and Regulations, or any State or Local law or ordinance by any person, shall be charged and assessed to said person. Such costs, charges, and assessments shall constitute a perpetual lien upon the violator's property as allowed by C.R.S. §32-1-1001, as amended, or a perpetual lien upon the property to which the District was providing services at the time of the violation, whichever the District Manager deems appropriate. Nothing in this section, or elsewhere in these Rules and Regulations shall limit, or shall be deemed to limit, any other remedy that may be available to the District at law or equity.

SECTION 10. HEARING AND APPEAL PROCEDURES.

10.1 **APPLICATION.** This section shall apply to all complaints, variance, and time extension requests, etc., concerning the interpretation, application, or enforcement of these Rules and Regulations in present or amended form.

10.2 **INITIAL COMPLAINT RESOLUTION.** Complaints or requests concerning the interpretation, application or enforcement of these Rules and Regulations must be presented to the District Manager or the District representative as may be designated. Upon receipt of a complaint, the District Manager or the District representative, after a full and complete review of the complaint, shall take such action and/or make such determination as may be warranted and shall notify the complainant of the action or determination within thirty (30) days after receipt of the complaint.

The District Manager or the District representative shall determine whether sufficient grounds exist 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. The burden of showing the required grounds exist to alter, defer, or cancel action shall be upon the complainant.

10.3 **APPEALS TO THE BOARD OF DIRECTORS.** In the event the complainant disagrees with the findings and Order of the District Manager or the District representative, the complainant may, within thirty (30) days of the date of such Order, request an appeal to the Board of Directors, by providing a written statement of the complaint, the grounds for the appeal, and the request for relief. Within fifteen (15) days of receipt of the appellant's written statement, the District Manager or Finance/Administration Manager shall set a hearing date and notify the appellant of the hearing date at a regular or special meeting of the Board of Directors. The hearing date shall be within no later than sixty (60) days of receipt of the appellant's written appeal statement.

At the hearing, the Board of Directors shall consider the complainant's written request, and any evidence presented. The Board of Directors may limit the duration of the presentation and may continue the appeal to a future meeting.

10.4 **BOARD OF DIRECTOR'S FINDINGS.** The Board of Directors shall make written findings concerning the disposition of the appeal presented to it and shall cause notice of the decision to be sent by mail to the complainant within thirty (30) days after the hearing.

EXHIBIT A

Mt. Crested Butte Water & Sanitation District
Cost Reimbursement Agreement

This Cost Reimbursement Agreement (this “Agreement”) is entered into as of this ____ day of _____, 202_, by and between Mt. Crested Butte Water & Sanitation District (the “District”), on the one hand, and _____, a Colorado limited liability company (“Developer”), on the other hand. Each of the foregoing parties is sometimes referred to as a “Party” and collectively as the “Parties.”

Recitals

A. Developer desires to construct certain infrastructure within the District for acceptance by the District (the “Infrastructure”);

B. Pursuant to section 5.3 of the District’s Rules and Regulations, Developer must pay all fees, costs and expenses of the District, including without limitation engineering, legal fees and other ancillary costs, in reviewing, supervising and otherwise processing the plans, designs, application, construction, and installation by Developer of the Infrastructure (collectively, the “District’s Costs”);

C. Pursuant to section 5.3 of the District’s Rules and Regulations, Developer has agreed to pay such deposits as required by the District and all the District’s Costs in excess of such deposits; and

D. Upon payment pursuant to this Agreement, the District agrees to process, review and otherwise process the plans, designs, application, construction and installation by Developer of the Infrastructure.

Agreement

NOW THEREFORE, in consideration of the foregoing recitals, the mutual promises, covenants and agreements set forth herein, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Consulting Deposit. Developer agrees to pay to the District a \$ _____ deposit for the District to respond to questions and inquiries by the Developer relating to the Infrastructure

prior to the submission to the District of Developer's plans for the Infrastructure (the "Consulting Deposit"). The District will charge against the Consulting Deposit all fees, expenses, and costs of the District, including administrative expenses and time, engineering time, legal fees and costs, and other amounts incurred by the District in responding to Developer's inquiries relating to the Infrastructure prior to the submission of the Plans (as defined below). The Consulting Deposit is not an estimate or guarantee of the total costs to the District in responding to the Developer's inquiries prior to submission of the Plans. In the event that the Consulting Deposit reaches a balance of \$0, the District will not respond to inquiries until it is fully replenished with an additional \$_____ deposit to be included in the Consulting Deposit.

2. Initial Deposit. Developer agrees to submit to the District a complete set of construction drawings stamped by an engineer licensed in the State of Colorado showing all Infrastructure (the "Plans"). Within thirty (30) calendar days of the submission of the Plans to the District, the District shall provide to Developer the estimate of the District's Costs (the "Estimate"). Because the District's Estimate of the District's Costs is just an estimate, notwithstanding such Estimate, including all revisions and updates to the same, and the payment thereof, Developer shall be responsible for reimbursing the District for all the District's Cost regardless of whether they exceed the Estimate, including any revision thereto. Developer shall pay the District the amount of the Estimate in good funds within ten (10) calendar days of the receipt of the Estimate (the "Initial Deposit"). Any amounts remaining on the Consulting Deposit will be added to and included in the Initial Deposit at the time that Developer pays any additional amounts in excess of the remaining Consulting Deposit to fund the Initial Deposit. All costs of the District, specifically including, but not limited to, engineering, hydrology, legal, and administrative costs and fees shall be applied to the Initial Deposit and any Additional Deposits (as defined below).

3. Additional Deposits. When either: (1) Developer provides the District with revisions to the Plans that would have resulted in the Estimate being \$_____ or more higher than the amount of the Estimate if the revised Plans had been initially submitted, or (2) the amount of the Initial Deposit falls below \$_____, the Manager shall notify the Developer in writing and request that an additional deposit in the amount estimated by the Manager to cover the District's Costs for the remainder of the project (the "Additional Deposit" and collectively, the "Additional

Deposits”) to be remitted to the District. All work on the approval, completion and acceptance of the Infrastructure shall continue until the Initial Deposit is exhausted. In the event an Additional Deposit is not received by the Manager by the time the Initial Deposit is exhausted, the District’s consultants, including legal, hydrological, administrative, and engineering, shall cease all work until an Additional Deposit is remitted to the Manager, at which time work shall resume.

4. Total District’s Costs. If for any reason the amount of the Initial Deposit and the Additional Deposits is insufficient to pay for all of the District’s Costs, Developer shall pay the District all such additional amounts of the District’s Costs within 30 calendar days of being invoiced for the same by the District.

5. Unused Funds. Upon completion of the Infrastructure and acceptance of the same by the District, any unused portions of the Initial Deposit and Additional Deposit shall be refunded to Developer. The fact that the Initial Deposit and Additional Deposit are refundable does not provide Developer with any right to audit or contest any of the District’s Costs. All of the District’s Costs shall be incurred and paid by the District in the District’s sole and absolute discretion. If the Infrastructure is not accepted within 24 months of the last time that the District incurred any of the District’s Costs, any remaining deposits of \$1,000 or less will be transferred and paid to the District and no longer treated as a deposit as they will pay the administrative cost for the District in closing out the project as incomplete and any deposits in excess of the \$1,000 will be returned to the Developer after payment of the District’s Costs.

6. Termination by Developer. At any point in time, the Developer may terminate this Agreement and withdraw the Plans from consideration by the District. Any termination shall be deemed effective once a written communication (including an email communication) is delivered to the Manager advising the Manager of the termination. In the event of termination, all of the District’s Costs incurred through the date of termination shall be charged against the remaining deposits. Any excess remaining deposits shall be paid to the Developer within sixty (60) days of termination. If any remaining deposits are not sufficient to pay for the District’s Costs, Developer shall pay the District an amount equal to the difference between the remaining deposits and the District’s Costs at the time of termination or within 30 calendar days of being invoiced for the same by the District, whichever is sooner.

7. District Lien Rights. The amounts owed by the Developer to the District under this Agreement constitute a fee or charge by the District in exchange for the District's services within the meaning of C.R.S. § 32-1-1001(1)(j)(I) and the District's Rules and Regulations. As such, in addition to any other rights and remedies the District may have to collect any unpaid amounts under the District's Rules and Regulations and Colorado law, until paid, all amounts owed by the Developer to the District under this Agreement shall constitute a perpetual lien on and against the Property, and such lien may be foreclosed in the same manner as provided by the laws of the State of Colorado for the foreclosure of mechanic's liens.

8. Miscellaneous.

(a) This Agreement shall be binding upon and shall inure to the benefit of the Parties and the Parties' respective heirs, agents, successors, and assigns.

(b) The paragraph headings used in this Agreement are for purposes of identification only and shall not be considered in construing this Agreement. Furthermore, this Agreement shall be deemed to have been prepared with the full and equal participation of each Party, and shall not be construed by any Party against any other Party.

(c) This Agreement shall be construed and enforced in accordance with the laws of the State of Colorado, and the Parties agree that the state courts located in Gunnison, Colorado shall have exclusive jurisdiction over, and shall be the exclusive venue for, any action arising out of, or related to, this Agreement.

(d) This Agreement may be executed in multiple counterparts, each of which shall constitute an original, and all of which together shall constitute one and the same document. The parties will accept facsimile signatures or electronic signatures as original signatures.

(e) This Agreement is in addition to and does not supersede or replace the Public Improvements Acceptance Agreement entered into between the District and Developer, if any, relating to this same infrastructure. Prior to commencement of any construction or installation of any Infrastructure, the Parties must enter into a Public Improvements Acceptance Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

Mt. Crested Butte Water & Sanitation District

Developer: _____

By: _____
Mike Fabbre, District Manager

By: _____

Its: _____

DRAFT

EXHIBIT B

PUBLIC IMPROVEMENTS ACCEPTANCE AGREEMENT

This PUBLIC IMPROVEMENTS ACCEPTANCE AGREEMENT (this “Agreement”) is made and entered into as of the ___ day of _____, 2025 by and between Mt. Crested Butte Water & Sanitation District, a quasi-municipal corporation and political subdivision of the State of Colorado (the “District”) and _____ (the “Developer”). The District and the Developer are collectively referred to herein as the “Parties” and individually as a “Party.”

I. Recitals

1. The District is a quasi-municipal corporation and political subdivision of the State of Colorado.
2. The District was formed for, among other purposes, designing, acquiring, constructing, installing, owning, operating, and maintaining water systems and sewer systems.
3. The Mt. Crested Butte Water & Sanitation District Rules and Regulations Amended and Adopted August 11, 2015, as amended (the “Rules and Regulations”) set forth the procedure by which the District may accept certain water lines, sewer lines, and related infrastructure, improvements, and easements.
4. The Developer has obtained design approval by the District to construct certain infrastructure as shown on and described by plans titled _____ provided by _____ dated _____ (the “Approved Plans” and the infrastructure constructed pursuant to the Approved Plans, the “Public Improvements”).
5. The Parties desire to establish the terms and conditions for the District’s acceptance of Public Improvements to be constructed by the Developer.
6. The District does not intend to direct the design or construction of any Public Improvements by way of this Agreement. The Rules and Regulations establish standards and specifications for public improvements, but do not constitute direction or design by the District of these Public Improvements.
7. The District is not, by or through this Agreement, contracting for the construction, alteration, repair, or maintenance of any Public Improvements nor for any work or material.
8. The Parties do not intend, by or through this Agreement, to enter into a public works contract as defined in C.R.S. § 24-91-103.5(1)(b).
9. The Parties do not intend, by or through this Agreement, to enter into a contract for work or materials in accordance with C.R.S. § 32-1-1001(1)(d)(I).
10. Accordingly, the Board has determined that the best interests of the District, its property owners, and the public, are served by entering into this Agreement.
11. The Parties have authorized their respective officers or representatives to execute this Agreement and to take all other actions necessary and desirable to effectuate the purposes of this Agreement.

II. *Agreement*

NOW, THEREFORE, in consideration of the mutual covenants and promises expressed herein and the recitals set forth above, the Parties hereby agree as follows:

1. Purpose of Agreement. This Agreement shall establish the terms and conditions for the District's acceptance of Public Improvements constructed by the Developer. The District has determined that this Agreement serves a public use, and is in the furtherance of the purposes for which the District was organized.
2. During Construction. The Developer shall complete the construction of the Public Improvements in a good and workmanlike manner consistent with the Approved Plans. Within 14 calendar days of the execution of this Agreement, the Developer shall obtain and maintain until Preliminary Acceptance a performance and maintenance bond, substantially in the form attached hereto as **Exhibit A**, for the Public Improvements in an amount equal to 125% of the estimated costs of construction of the Public Improvements (the "Original Bond"). The estimated costs of construction must be signed and provided by the Developer's engineer as part of the Approved Plans. The Developer represents and warrants that the Developer will complete the construction of the Public Improvements within 18 months. If the Developer fails to complete the construction of the Public Improvements within 18 months, the District may, in its sole discretion that such construction is necessary to protect the District, complete the Public Improvements, or any portion of them, at the Developer's expense and draw upon the Developer's bond to complete those Public Improvements. In addition, if the Developer fails to complete the construction of the Public Improvements within 18 months, the Developer must obtain an extension of the Original Bond for an additional 18 months. Developer shall keep the Original Bond in place such that the Original Bond shall not lapse, expire or otherwise terminate prior to Preliminary Acceptance.
3. Preliminary Acceptance.
 - a. *Requirements for Preliminary Acceptance.* In order to obtain preliminary acceptance of the Public Improvements constructed by Developer, the Developer must:
 - i. Have constructed the Public Improvements in conformity with the Approved Plans and, to the extent of any nonconformity, such nonconformity must be disclosed to the District pursuant to the immediately following subparagraph. The District, in its sole

discretion, may refuse to accept infrastructure not constructed in accordance with the Approved Plans.

- ii. Submit to the District as-built drawings in the form of three (3) sets of “D” size, scale 1” = 50’ paper in hardcopy and electronic copy together with electronic copies of spatial data in digital format as per District specifications, compatible with the District’s mapping system. The as-built drawings must be signed and stamped by a Colorado licensed engineer. The as-built drawings must show and identify any and all differences between the actual installation and the previously approved plans and specifications.
- iii. Have fully complied with the Cost Reimbursement Agreement entered into between the Developer and the District relating to the Public Improvements, including without limitation the payment of all amounts owed by the Developer to the District as required by that agreement.
- iv. Have fully complied with the Line Expansion Payment and Reimbursement Agreement entered into between the Developer and the District, including without limitation the payment of all amounts owed by the Developer to the District as required by that agreement.
- v. Receive preliminary inspection, testing and approval of the Public Improvements by the District confirming compliance with the Rules and Regulations and the Approved Plans for the Public Infrastructure (the “Preliminary Inspection Certification”), which approval the Parties hereby agree shall be evidenced by an Engineer Certification (as defined below).
- vi. Deed and convey the Public Improvements to the District free and clear of all liens and encumbrances using a deed and conveyance substantially in the form attached hereto as **Exhibit B** (the “Infrastructure Deed”). The Developer shall provide the executed and notarized deed and conveyance to the District or its attorney and shall pay all costs of recording.
- vii. Deed, grant and convey, free and clear of all liens and encumbrances, such rights of way and easements as are required by the District for the installation, repair, maintenance and improvements of the Public Improvements using a deed substantially in the form attached hereto as **Exhibit C** (the “Easement Deed”). The Developer shall pay all costs of surveying and platting such easements. The Developer shall deliver the original, notarized Easement Deed to the District or the District’s attorney for recording. The Developer shall pay all recording costs for the Easement Deed.

- viii. Provide a maintenance bond for eighteen (18) months following the date of the Preliminary Acceptance Certification (as defined below), in an amount prescribed by the District determined to be adequate to cover potential maintenance costs for the Public Improvements. In the discretion of the Developer, the bond must either: (i) be substantially in the form of the bond attached hereto as **Exhibit D**, in which case the Original Bond may be released and terminated, or (ii) the Developer may keep the Original Bond in place and reduce the amount of the Original Bond to the amount prescribed by the District under this paragraph. If Developer elects to keep the Original Bond in place, the remaining warranty period under the Original Bond must be at least 18 months from the effective date of the Preliminary Acceptance Certification.
 - ix. Pay in full all costs for the District's administration and review of the Public Improvement acceptance process to date, including all engineering fees and administrative and staff time attributable to acceptance of the Public Improvements to date.
- b. *Preliminary Acceptance Certification.* Upon Developer fully complying with all the provisions of this Section set forth above, the District shall provide Developer with a preliminary acceptance certification certifying the Developer's compliance and identifying the effective date of preliminary acceptance (the "Preliminary Acceptance Certification") which shall be substantially in the form attached hereto as **Exhibit E**.
- c. *Effect of Preliminary Acceptance.* Preliminary acceptance does not make the District liable for the Public Improvements nor their maintenance. Following Preliminary Acceptance Certification (the "Preliminary Acceptance Period"), the Developer remains liable for all costs of repairs, replacement, correction, removal, installation and other maintenance of the Public Improvements. Until Final Acceptance and regardless of whether any bond has expired or does not apply, the Developer, as to each and every portion of the Public Improvements included in any Application for Acceptance of Public Improvements, or all the Public Improvements if all the Public Improvements are included in such application, covenants, guarantees, represents and warranties that: (a) such Public Improvements shall be free of defective materials and workmanship; (b) such Public Improvements were constructed, installed and otherwise completed in accordance with the plans and specifications for the Public Improvements as approved by the District; (c) such Public Improvements were properly designed; and (d) such Public Improvements will perform in accordance with the requirements of the District.

4. Final Acceptance.

a. *Requirements for Final Acceptance.* In order to obtain final acceptance of the Public Improvements constructed by Developer, the Developer must:

- i. Be fully in compliance with this Agreement, including without limitation all requirements of Section 3 above. The Developer must meet all requirements for preliminary acceptance above.
- ii. Provide an additional bond for an additional twelve (12) months if during the 18 months following the Preliminary Acceptance Certification there are significant maintenance or repair problems in the Public Improvements,. This bond must also be substantially in the form of the bond attached hereto as **Exhibit A** or **Exhibit D**.
- iii. Wait a minimum of eighteen (18) months from completion of the construction and a minimum of twelve (12) months from the last significant maintenance or repair problems for the Public Improvements, as determined by the District in its discretion.
- iv. Pay in full all costs for the maintenance and repairs of the Public Improvements prior to Final Acceptance by the District, including the full repair and replacement thereof, and otherwise be fully in compliance with this Agreement, including the Developer's warranties and guarantees under this Agreement.
- v. Pay in full all costs for the District's administration and review of the Public Improvement acceptance process, including all engineering fees and administrative and staff time attributable to acceptance of the Public Improvements.
- vi. Submit to the District, after the eighteen months set forth above, an application for acceptance of the Public Improvements in the form of **Exhibit F** (the "Application for Acceptance of Public Improvements").
- vii. Receive final inspection, testing and approval of the Public Improvements by the District confirming compliance with the Rules and Regulations and the Approved Plans for the Public Infrastructure, which approval the Parties hereby agree shall be evidenced by an Engineer Certification, as defined below (the "Final Inspection Certification").

b. *Final Acceptance Resolution and effect:* Upon review by the District and/or its designated representative of the Application for Acceptance of Public Improvements and determination that all conditions set forth in Agreement have been met, the District shall consider acceptance of the Public Improvements at its next Board meeting. Upon consideration of acceptance of the Public Improvements at its Board meeting and determination that all

requirements set forth in the Rules and Regulations and this Agreement have been met, the Board shall accept the Public Improvements on behalf of the District by adopting a resolution accepting the Public Improvements subject to any reasonable conditions the District may specify (the “District Acceptance Resolution”). The District Acceptance Resolution shall be in the form of **Exhibit G** subject to such additional reasonable conditions the District may specify. Upon adoption of the District Acceptance Resolution (“Final Acceptance”), the District shall have the District Acceptance Resolution recorded and shall assume maintenance responsibilities of the Public Improvements.

5. Inspection. The following procedures shall be followed for the Preliminary Inspection Certification and Final Inspection Certification:
 - a. The Developer shall give written notice to the District requesting an inspection of the completed Public Improvements (the “Inspection Notice”) and concurrently therewith provide construction plans and any applicable construction standards;
 - b. The District’s engineer (who must be a civil engineer licensed in Colorado having experience in the design and construction of public improvements) shall inspect the Public Improvements within 30 days of the Inspection Notice (the “Inspection”), unless the Parties mutually agree to extend the deadline;
 - c. If the District’s engineer finds after Inspection that: (1) the Public Improvements (or its individual components and/or subsystems, if applicable) have been constructed in substantial accordance with the Approved Plans and any applicable construction standards (subject to any reasonable punch list items to correct any defective work); (2) the Public Improvements are fit for their intended purpose; and (3) the Public Improvements comply with the Rules and Regulations, then within 14 calendar days after the Inspection, unless the Parties mutually agree to extend the deadline, the District’s engineer shall notify the District in writing of its findings and provide certification of the same (the “Engineer Certification”);
 - d. If any defective work is identified during the Inspection, the District manager will prepare a punch list of items requiring remedial action to correct any defective work. Such corrective work will be performed by the Developer within 30 calendar days of the issuance of an Engineer Certification.

6. Default/Remedies. In the event of a breach or default of this Agreement by any Party, the non-defaulting Party, having given notice to the other Party and providing a 30 day period to cure said breach or default, shall be entitled to exercise all remedies available at law or in equity. If the Developer fails to pay the District any

amounts owed to the District pursuant to this Agreement, the District shall be entitled to recover from the Developer the District's reasonable attorney's fees, expert witness fees and court costs along with all reasonable attorney's fees and costs on appeal in collecting such amounts, including without limitation its reasonable attorney's fees and costs incurred in any legal proceedings.

7. Notices. All notices, demands and communications (collectively, "Notices") under this Agreement shall be delivered or sent, addressed to the address of the intended recipient set forth below or such other address as a Party may designate by notice pursuant to this paragraph, by: (a) first class, registered or certified mail, postage prepaid, return receipt requested, (b) nationally recognized overnight carrier, or (c) sent by confirmed facsimile transmission or confirmed email. Notices shall be deemed given either one business day after delivery to the overnight carrier, three days after being mailed as provided above, or upon confirmed delivery of the facsimile or email.

District: Mt. Crested Butte Water & Sanitation District
P.O. Box 5740
Mt. Crested Butte, Colorado 81225
Attention: Mike Fabbre

With copy to: Law of the Rockies
525 N. Main Street
Gunnison, CO 81230
Attention: Marcus J. Lock
mlock@lawoftherockies.com

Developer: _____

With copy to: _____

8. Not Public Works Contract. This Agreement is not a public works contract as defined in C.R.S. § 24-91-103.5(1)(b). This Agreement is not a contract for work or materials in accordance with C.R.S. § 32-1-1001(1)(d)(I).

9. Amendments. This Agreement may only be amended or modified by a writing executed by the Parties.

10. Governing Law/Jurisdiction/Venue. This Agreement shall be governed and construed in accordance with the laws of the state of Colorado. The state courts located in Gunnison County, Colorado shall have exclusive jurisdiction and be the exclusive venue for any and all actions arising out of or relating to this Agreement.
11. Assignment. This Agreement shall not be assigned by either Party.
12. Authority. By execution hereof, the District and the Developer represent and warrant that their respective representatives signing hereunder have the full power and lawful authority to execute this Agreement and bind the respective Party to the terms hereof. In addition, each person signing hereunder represents and warrants that he or she has the authority to execute this Agreement and bind to the terms of this Agreement the Party on behalf of whom he or she is signing.
13. Entire Agreement. This Agreement together with the Cost Reimbursement Agreement between the District and the Developer relating to the Public Improvements, any bond, and the Line Expansion Payment and Reimbursement Agreement constitutes and represents the entire, integrated agreement between the Parties with respect to the matters set forth herein, and hereby supersedes any and all prior negotiations, representations, agreements or arrangements of any kind with respect to such matters, whether written or oral, but excluding the Cost Reimbursement Agreement, any bond, and the Line Expansion Payment and Reimbursement Agreement. Nothing in this Agreement supersedes or replaces the Cost Reimbursement Agreement, any bond, or the Line Expansion Payment and Reimbursement Agreement. The Cost Reimbursement Agreement establishes the timing and mechanism for paying the District its costs, which are specifically required by this Agreement to be paid in accordance with the Cost Reimbursement Agreement. This Agreement shall become effective upon the date set forth above. The Parties agree that this Agreement accurately reflects and complies with the Rules and Regulations.
14. Inurement. The terms of this Agreement shall be binding upon, and inure to the benefit of, the Parties as well as their respective successors.
15. Governmental Immunity. Nothing in this Agreement shall be construed to waive, limit, or otherwise modify, in whole or in part, any governmental immunity that may be available by law to the District, its respective officials, employees, contractors, or agents, or any other person acting on behalf of the District and, in particular but without limitation, governmental immunity afforded or available to the District pursuant to the Colorado Governmental Immunity Act.

16. No Third Party Beneficiaries. There are no third party beneficiaries to this Agreement and no third parties are entitled to enforce this Agreement.

17. Electronic Signatures. The Parties agree to accept electronic signatures on this Agreement as originals. The Parties agree that this Agreement may be executed in counterparts and, if so executed, the counterparts taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first above written.

[THE REMAINDER OF THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY]

[THE SIGNATURES OF THE PARTIES APPEAR ON THE FOLLOWING PAGE]

DISTRICT:

Mt. Crested Butte Water & Sanitation District

By: _____
Mike Fabbre, District Manager

DEVELOPER:

Name: _____

By: _____

Its: _____

Exhibit A

PERFORMANCE AND MAINTENANCE BOND

Bond Number: _____

Effective Date: _____
(date of acceptance of infrastructure)

We,

Principal Name

Principal Address

Principal Telephone

(hereinafter, the “Principal”), whose principal place of business and telephone number is set forth above, and

Surety Name

Surety Address

Surety Telephone

(hereinafter called the “Surety”), whose principal address and telephone number is as stated above, a surety insurer chartered and existing under the laws of the State of _____ and authorized to do business in the State of Colorado, are held and firmly bound unto Mt. Crested Butte Water & Sanitation District, whose address is 100 Gothic Road/P.O. Box 5740, Mt. Crested Butte, CO 81225 (“MCBWS”) in the penal sum of _____ (\$ _____) (the “Bond Amount”) for payment of which we bound ourselves, our heirs, our personal representatives, our successors and our assigns, jointly and severally.

WHEREAS, pursuant to that certain Public Improvements Acceptance Agreement between Principal and MCBWSD dated _____20____ (the “Agreement”), MCBWSD is agreeing to accept certain public improvements as described therein (the “Public Improvements”) subject to the terms, conditions, and provisions in the Agreement, including without limitation the obligation on Principal to provide this bond and guarantee the Public Improvements as set forth herein.

NOW THEREFORE, for a period of thirty six (36) months from the Effective Date:

1. Principal does hereby covenant, guarantee and agree that:
 - a. The Public Improvements shall be free of defective materials and workmanship;
 - b. The Public Improvements shall be constructed, installed and otherwise completed in accordance with the plans and specifications for the Public Improvements as approved by MCBWSD within 18 months from the Effective Date;
 - c. The Public Improvements are and were properly designed; and
 - d. The Public Improvements will perform in accordance with the requirements of MCBWSD.
(collectively, the “Guarantee”).
2. Principal does hereby covenant and agree that it shall indemnify and defend and reimburse MCBWSD against all claims, loss or damage and expenses of repair, construction, replacement, reconstruction or any other additional labor, materials or work arising out of or relating to any breach of its Guarantee.
3. This Maintenance Bond shall apply to all breaches of the Guarantee discovered within thirty six (36) months from the Effective Date regardless of whether the repairs or replacements are performed after the expiration of said period. All suits at law or equity to recover on this bond shall be instituted within thirty (30) months after the Effective Date.
4. In the event of any breach of the Guarantee, MCBWSD shall have, among other rights, the right to: (a) to complete the construction of the Public Improvements, in whole or in part, whichever it deems appropriate in its sole discretion, either directly or through such contractors or agents as it may retain, (b) repair or replace the defective Public Improvements, whichever it deems appropriate in its sole discretion, either directly or through such contractors or agents as it may retain, (c) to require Principal to make such repairs or replacements as directed by MCBWSD, or (d) to perform some of such repairs and replacements and require Principal to make other of such repairs and replacements. Within 30 calendar days of receipt by Principal, it shall pay all invoices incurred by MCBWSD to construct, remedy, repair, replace, fix or otherwise correct any breach of the Guarantee, including those invoices by MCBWSD for construction, repairs and replacements to the Public Improvements it performs as well as construction, repairs and replacements to the Public Improvements performed by its contractors and subcontractors. With each replacement made to the satisfaction of MCBWSD, the obligation of Principal and Surety shall be discharged as to such replacement.
5. Surety hereby waives notice of any alteration or extension of time made by MCBWSD.
6. Whenever Principal is in default of its obligations under this Performance and Maintenance Bond, the Surety shall promptly remedy the default and pay all amounts owed hereunder to MCBWSD by Principal. If Principal is required hereunder to perform construction, repairs or replacements and Surety elects not to perform such repairs or replacements, MCBWSD shall have the right to perform such construction, repairs and replacements and

Surety shall pay MCBWSD all costs and expenses incurred by MCBWSD in performing such construction, repairs and replacements. Surety shall have no obligation to pay MCBWSD any amount in excess of the Bond Amount.

In witness whereof, we have hereunto set our hands and seals this ____ day of _____, 20____.

Principal

By: _____

Its: _____

Surety

By: _____

Its: _____

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 20____, by _____ as _____ of _____, the Principal. Witness my hand and official seal.
My commission expires: _____.

Notary Public

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 20____, by _____ as _____ of _____, the Surety. Witness my hand and official seal.
My commission expires: _____.

Notary Public

Exhibit B

INFRASTRUCTURE CONVEYANCE AND TRANSFER

_____, for \$10.00 and other good and valuable consideration, in hand paid, hereby sells transfers and conveys to MT. CRESTED BUTTE WATER & SANITATION DISTRICT, a Colorado special district, whose address is P.O. Box 5740, Mt. Crested Butte, CO 81225, the following real and personal property in the County of Gunnison and State of Colorado, to wit:

All water lines and wastewater lines, including any pumps, fittings, and appurtenances and all infrastructure used therewith located in, on or under the real property described in **Exhibit A**, which is attached hereto and incorporated herein by this reference,

with all appurtenances, and warrants title to the same against all persons claiming under him.

Signed this _____ day of _____, 20_____.

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 20_____, by _____.

Witness my hand and official seal.
My commission expires: _____.

Notary

**EXHIBIT A TO
INFRASTRUCTURE CONVEYANCE AND TRANSFER**

DRAFT

Exhibit C

GRANT OF UTILITY EASEMENT

_____ (“Grantor”), whose address is _____ for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby grants and conveys to MT. CRESTED BUTTE WATER & SANITATION DISTRICT, a Colorado special district (the “District”), whose address is P.O. Box 5740, Mt. Crested Butte, CO 81225, a perpetual non-exclusive easement at the location described in **Exhibit A**, which is incorporated herein by this reference (the “Easement Area”) to install, construct, operate, repair, reconstruct, replace, remove, inspect, survey and use, an underground water lines and wastewater lines and all necessary and proper appurtenances connected therewith, hereafter collectively referred to as the “Utilities”, together with the right of ingress and egress over and across said Easement Area and over and across all roads, streets and driveways as may currently exist or may exist in the future as located on the parcel described on **Exhibit B**, which is incorporated herein by this reference, as may be necessary to install, construct, operate, repair, reconstruct, replace, remove, inspect, survey and use said Utilities, at any time.

Specifically, but without limitation, Grantor grants to the District:

1. The right from time to time to change the grade of the easement, enlarge, improve, reconstruct, relocate and replace any underground utility lines, improvements or other appurtenances constructed hereunder with any other number or type of underground utilities and pipelines, or other structures either in the original location or at any alternate location or locations within the Easement Area; provided, however, that no alteration of grade may be made that would alter any road or driveway grade such that it no longer complies with applicable road or driveway standards and no alteration of grade may be made that would cause water damage to improvements outside of the Easement Area.
2. The right to mark the location of said easement by suitable markers set in or on the ground; provided that any permanent markers shall be placed in locations which will not interfere with any reasonable use the Grantor is otherwise permitted to make of the Easement Area.

Said easement and right of way shall be subject to the following terms and conditions and reservations:

1. Grantor shall have the right to use the Easement Area for any purpose not inconsistent with the full use and enjoyment of the Easement Area by the District as granted pursuant to this Grant of Utility Easement.

2. Immediately upon completion of installation, construction, operation, repair, reconstruction, replacement, or removal of the Utilities, the District shall restore the property disturbed or damaged by such activity to a condition as near as reasonably possible to the condition prior to the activity or otherwise restore the disturbed area to a level and clean condition. Notwithstanding the foregoing, in no event shall the District be required to replace or repair asphalt, curb, gutter, concrete work or other improvements in the Easement Area.

This Grant of Utility Easement shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, personal representatives, successors and assigns and shall run with the land.

The persons signing this Grant of Utility Easement represent and warrant that they have full and lawful authority to make this Grant of Utility Easement on behalf of Grantor.

IN WITNESS WHEREOF, the undersigned have set their hands hereto on the day and year first above written.

GRANTOR:

STATE OF _____)
) ss.
 COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____, by

_____.
 Witness my hand and official seal.

My commission expires:_____.

 Notary Public

EXHIBIT A
to
GRANT OF UTILITY EASEMENT

Ten feet on either side of any water lines and wastewater lines wherever located, including but not limited to those locations as shown or otherwise described on **Exhibit A-1**, which is attached hereto and incorporated herein.

DRAFT

EXHIBIT A-1
to
GRANT OF UTILITY EASEMENT

[INSERT SURVEY OR OTHER SPECIFIC DESCRIPTION OF INFRASTRUCTURE LOCATIONS]

DRAFT

EXHIBIT B
to
GRANT OF UTILITY EASEMENT

[DESCRIPTION OF ENTIRE PARCEL]

DRAFT

Exhibit D
MAINTENANCE BOND

Bond Number: _____

Effective Date: _____
(date of acceptance of infrastructure)

We,

Principal Name

Principal Address

Principal Telephone

(hereinafter, the “Principal”), whose principal place of business and telephone number is set forth above, and

Surety Name

Surety Address

Surety Telephone

(hereinafter called the “Surety”), whose principal address and telephone number is as stated above, a surety insurer chartered and existing under the laws of the State of _____ and authorized to do business in the State of Colorado, are held and firmly bound unto

Mt. Crested Butte Water & Sanitation District, whose address is 100 Gothic Road/P.O. Box 5740, Mt. Crested Butte, CO 81225 (“MCBWSD”) in the penal sum of _____

(the “Bond Amount”) for payment of which we bound ourselves, our heirs, our personal representatives, our successors and our assigns, jointly and severally.

WHEREAS, pursuant to that certain Public Improvements Acceptance Agreement between Principal and MCBWSD dated _____ 20__ (the “Agreement”), MCBWSD is agreeing to accept certain public improvements as described therein (the “Public Improvements”) subject to the terms, conditions, and provisions in the Agreement, including without limitation the obligation on Principal to provide this bond and guarantee the Public Improvements as set forth herein.

NOW THEREFORE, for a period of eighteen (18) months from the Effective Date:

1. Principal does hereby covenant, guarantee and agree that:
 - a. The Public Improvements shall be free of defective materials and workmanship;
 - b. The Public Improvements were constructed, installed and otherwise completed in accordance with the plans and specifications for the Public Improvements as approved by MCBWSD;
 - c. The Public Improvements were properly designed; and
 - d. The Public Improvements will perform in accordance with the requirements of MCBWSD.(collectively, the “Guarantee”).
2. Principal does hereby covenant and agree that it shall indemnify and defend and reimburse MCBWSD against all claims, loss or damage and expenses of repair, replacement, reconstruction or any other additional labor, materials or work arising out of or relating to any breach of its Guarantee.
3. This Maintenance Bond shall apply to all breaches of the Guarantee discovered within eighteen (18) months from the Effective Date regardless of whether the repairs or replacements are performed after the expiration of said period. All suits at law or equity to recover on this bond shall be instituted within thirty (30) months after the Effective Date.
4. In the event of any breach of the Guarantee, MCBWSD shall have, among other rights, the right to: (a) repair or replace the defective Public Improvements, whichever it deems appropriate in its sole discretion, either directly or through such contractors or agents as it may retain, (b) to require Principal to make such repairs or replacements as directed by MCBWSD, or (c) to perform some of such repairs and replacements and require Principal to make other of such repairs and replacements. Within 30 calendar days of receipt by Principal, it shall pay all invoices incurred by MCBWSD to remedy, repair, replace, fix or otherwise correct any breach of the Guarantee, including those invoices by MCBWSD for repairs and replacements to the Public Improvements it performs as well as repairs and replacements to the Public Improvements performed by its contractors and subcontractors. With each replacement made to the satisfaction of MCBWSD, the obligation of Principal and Surety shall be discharged as to such replacement.
5. Surety hereby waives notice of any alteration or extension of time made by MCBWSD.
6. Whenever Principal is in default of its obligations under this Maintenance Bond, the Surety shall promptly remedy the default and pay all amounts owed hereunder to MCBWSD by Principal. If Principal is required hereunder to perform repairs or replacements and Surety elects not to perform such repairs or replacements, MCBWSD shall have the right to perform such repairs and replacements and Surety shall pay MCBWSD all costs and expenses incurred by MCBWSD in performing such repairs and replacements. Surety shall have no obligation to pay MCBWSD any amount in excess of the Bond Amount.

In witness whereof, we have hereunto set our hands and seals this ____ day of _____, 20____.

Principal

By: _____

Its: _____

Surety

By: _____

Its: _____

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 20____, by _____ as _____ of _____, the Principal. Witness my hand and official seal.

My commission expires: _____.

Notary Public

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 20____, by _____ as _____ of _____, the Surety. Witness my hand and official seal.

My commission expires: _____.

Notary Public

Exhibit E

**PRELIMINARY ACCEPTANCE CERTIFICATION
Mt. Crested Butte Water & Sanitation District**

Developer: _____

Public Improvements Acceptance Agreement entered into: _____

Preliminary Acceptance effective date: _____

As-built drawing engineer: _____

As-built drawing date: _____

The District hereby certifies that effective as of the Preliminary Acceptance effective date set forth above, Developer has complied with the requirements for preliminary acceptance of the Public Improvements as set forth on the as-built drawings above described to the best of the District's knowledge and the Public Improvements have been preliminarily accepted. Nothing in this certification waives any claims nor does it require that the District provide any repairs or maintenance for the Public Improvements nor does this preliminary acceptance require that the District provide final acceptance except as set forth in the above-described Public Improvements Acceptance Agreement.

Executed effective as of the Preliminary Acceptance effective date set forth above.

Mt. Crested Butte Water & Sanitation District

By: _____

Its: _____

Exhibit F

Application for Acceptance of Public Improvements

Applicant Name: _____

Applicant Address: _____

State: _____ **Zip:** _____ **Daytime Phone #:** _____

Alt. Phone / Cell: _____

Email: _____

List of Public Improvements proposed for acceptance:

_____ (attach additional pages if necessary)

By its signature below, Applicant certifies that this Application for Acceptance of Public Improvements and all documents submitted in support of this application are true and correct and not misleading in any way and that the Applicant is the owner of the Public Improvements identified for acceptance in this application.

Applicant

By: _____

Date: _____

Its: _____

Exhibit G

Resolution No. _____

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE MT. CRESTED BUTTE
WATER & SANITATION DISTRICT
REGARDING ACCEPTANCE OF IMPROVEMENTS**

WHEREAS, the Mt. Crested Butte Water & Sanitation District, Gunnison County, State of Colorado (the “District”) is a quasi-municipal corporation and political subdivision of the state of Colorado; and

WHEREAS, the District’s Service Plan has been approved by Gunnison County, Colorado (as amended, the “Service Plan”); and

WHEREAS, the District was formed for, among other things, the purpose of designing, acquiring constructing, installing, operating, maintaining and financing water systems and sewer systems subject to the terms of the Service Plan; and

WHEREAS, the Board of Directors of the District (the “Board”) adopted the Mt. Crested Butte Water & Sanitation District Rules and Regulations Amended and Adopted August 11, 2015 (as amended, the “Rules and Regulations”); and

WHEREAS, the District and _____ (the “Developer”) entered into a Public Improvements Acceptance Agreement as of the ___ day of _____ (the “Agreement”), which establishes the terms and conditions for the District’s acceptance of certain public improvements to be constructed by the Developer in accordance with the Agreement and the Rules and Regulations (the “Public Improvements”); and

WHEREAS, the Developer now requests that the District accept the Public Improvements as more particularly described in the Application for Acceptance of Public Improvements attached hereto as **Exhibit A**; and

WHEREAS, the Developer has furnished all documents to the District that are required by the Rules and Regulations and the Agreement, and all other requirements set forth in the Agreement and the Rules and Regulations have been met; and

WHEREAS, the Board has reviewed the information and documents submitted by Developer and has determined that the best interests of the District, its residents, users and property owners would be served by the District's acceptance of the Public Improvements.

NOW THEREFORE, be it resolved by the Board of the District as follows:

1. *Acceptance of Public Improvements.* The Board hereby finds that the applicable requirements set forth in the Agreement as well as the applicable provisions of the Rules and Regulations regarding acceptance by the District of the Public Improvements have been met, including without limitation the delivery of as-built drawings, the provision of adequate easements and other access rights for maintenance of the Public Improvements, the conveyance of the Public Improvements to the District, the payment of all maintenance costs to date, the passage of at least 18 months since preliminary acceptance or the last major repairs for the Public Improvements, satisfactory preliminary and final inspections by the District's engineer, and the payment of all costs for accomplishing these matters. The District hereby agrees to accept the Improvements subject to the terms, conditions, provisions, and limitations set forth in the Rules and Regulations, the Agreement and this Resolution.

ADOPTED THIS ____ DAY OF _____, 20____.

MT. CRESTED BUTTE WATER &
SANITATION DISTRICT

By: _____

Its: _____

ATTEST:

Secretary