

**THREE LAKES WATER AND SANITATION DISTRICT  
RESOLUTION 2024-5-1**

**A RESOLUTION AMENDING THE  
RULES AND REGULATIONS OF THE DISTRICT**

WHEREAS, the Three Lakes Water and Sanitation District (“District”) is a quasi-municipal corporation and political subdivision of the State of Colorado and a duly organized and existing special district pursuant to Title 32, Colorado Revised Statutes; and

WHEREAS, pursuant to Section 32-1-1001(1)(h), C.R.S., the Board of Directors of the District (the “Board”) has the power to manage, control, and supervise the business and affairs of the District and all construction, installation, operation, and maintenance of the District’s improvements; and

WHEREAS, pursuant to Section 32-1-1001(1)(j)(I), C.R.S., the Board has the power to fix and from time to time to increase or decrease fees, rates, tolls, penalties, or charges for services, programs, or facilities furnished by the District; and

WHEREAS, pursuant to Section 32-1-1001(1)(m), C.R.S., the Board has the power to adopt, amend, and enforce rules and regulations not in conflict with the Constitution and the laws of this State for carrying on the business, objects and affairs of the Board and of the District; and

WHEREAS, on March 8, 2010, the Board adopted Rules and Regulations of the District, as amended (the “Rules and Regulations”); and

WHEREAS, pursuant to Section 11.9 of the Rules and Regulations, the Board has the right and authority to amend the Rules and Regulations at any time to reflect those changes determined to be necessary by the Board; and

WHEREAS, a significant number of homes, businesses, and other premises within the District have septic tank and leach field systems (“Septic Systems”); and

WHEREAS, pursuant to Section 32-1-1006(1), C.R.S. and Section 3.5 of the Rules and Regulations, the District has the right and authority to require property owners to abandon their Septic Systems and connect to the District’s sewer system whenever necessary for the protection of public health; and

WHEREAS, the Board’s longstanding policy objective is for all homes, businesses, and other premises within the District to connect to the sewer system, however, the Board recognizes that making such connections is costly and can impose a financial hardship on the property owner; and

WHEREAS, when a Septic System fails, it can have severe impacts to public health and the environment, such as groundwater and surface water contamination, soil contamination, air pollution, and foul odors; and

WHEREAS, Septic System failure is of particular concern to the Board due to the potential for contamination of the Three Lakes System, which could have devastating environmental and economic impacts on the region; and

WHEREAS, in an effort to mitigate the risks of a Septic System failure, the Board desires to require regular inspections of Septic Systems to ensure they are operating properly and are not nearing the end of their useful life; and

WHEREAS, in an effort to further encourage property owners to abandon their Septic Systems and connect to the District's sewer system, the Board desires to establish a financing program for the cost of such connections, as further described herein; and


WHEREAS, the Board hereby finds and determines that amending the Rules and Regulations as set forth herein is necessary for the protection of public health and the environment and to the function and operation of the District and is beneficial to the District and its customers.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Three Lakes Water and Sanitation District as follows:

1. The amendments to the Rules and Regulations set forth in Exhibit A, attached hereto and incorporated herein, are hereby adopted.
2. This Resolution shall take effect and be enforced immediately upon adoption of this Resolution.
3. If any section, subsection, sentence, clause or phrase of this Resolution is held to be invalid, such invalidity shall not affect the validity of the remaining provisions.
4. This Resolution is and shall constitute a legislative measure of the District, which may be modified only by formal resolution of the Board of Directors.

ADOPTED this 13<sup>th</sup> day of May, 2024.

THREE LAKES WATER AND  
SANITATION DISTRICT

By   
Matt Reed (May 17, 2024 06:29 MDT)  
\_\_\_\_\_  
Matt Reed, Chairman

Attest:

  
Scott Huff (May 14, 2024 11:23 MDT)  
\_\_\_\_\_  
Scott Huff, Secretary/Treasurer

**EXHIBIT A**  
**AMENDMENTS TO RULES AND REGULATIONS**

**CHAPTER 3, USE OF DISTRICT FACILITIES**

Section 3.5.1 is amended by deleting the stricken text and adding the capitalized, double-underlined text, as follows:

**3.5.1 EXISTING HOMES OR STRUCTURES – EXTENSION OF TIME TO COMPLETE CONNECTION/~~PROMISSORY NOTE FOR TAP FEE~~**

Periodically, District sewer mains are extended, allowing new properties to connect to the District’s sewer system. The District provides an option for owners of premises containing an existing building or structure who receive a Compelling Connection Order due to an extension of the sewer main to request additional time to complete the connection. Within two months after the date of a compelling Connection Order issued following sewer main extension, an owner of premises containing an existing building or structure may request, in writing, to have five (5) years from the date of the Compelling Connection Order to complete the connection.

The request shall be accompanied by an inspection report from a qualified inspector, approved by the District, showing that the existing septic tank and leach field system has been tested and inspected and is in good working order AND IS NOT EXPECTED TO REACH THE END OF ITS USEFUL LIFE WITHIN THE NEXT FIVE (5) YEARS.

If the ~~d~~District approves the request, the owner and the District will enter into an agreement in a form acceptable to the District and recorded in the records of the Grand County Clerk and Recorder (“5 Year Connection Agreement”). The 5 Year Connection Agreement will provide:

- A. Owner agrees to complete the connection and abandon the septic tank and leach field. In accordance, in accordance with all requirements of the Grand County Health Department within five years from the date of the Compelling Connection Order; provided, that if the existing septic tank and leach field fails prior to the five years, connection will be made at that time.
- B. Owner agrees that the tap fee shall be due and payable to the District prior to connection, in the amount set by the District and in effect at the time of connection (unless owner provides a promissory note as set forth in ~~subsection D~~ Section 3.9 below and timely makes all payments).

C. In the case of an owner holding an existing tap, the owner who receives an extension of time to connect shall pay a capital improvement fee in the amount of the difference, if any, between the amount initially paid for the tap fee as shown on the District's records and the tap fee for the property in effect at the time of connection.

~~D. — Owner may agree to pay the tap fee over four years from the date of the 5 Year Connection Agreement, with equal quarterly payments of principal and interest set at the prime rate, as determined by the District, plus one percent. The owner shall sign a promissory note to the District at the time of the 5 Year Connection Agreement, which will be recorded with the Grand County Clerk and Recorder on the subject property. In the event that the owner signs a promissory note and timely makes all quarterly payments due to the District, the tap fee will be charged at the rate in effect on the date of the promissory note, rather than the date of connection. The connection cannot be made until the connection and inspection permit fee and tap fee have been paid in full.~~

D.E. If a line extension fee has been imposed on the property, pursuant to the line reimbursement program described in Section 9.2 of these Rules, the line extension fee will be due at signing of the 5 Year Connection Agreement, in the case of a line extension financed by an extending owner, or prior to connection, in the case of a line extension financed by the District.

Section 3.6 is amended by deleting the stricken text and adding the capitalized, double-underlined text, as follows:

### 3.6 TEMPORARY VARIANCES FROM CONNECTION

Properties subject to a Compelling Connection Order by the District may request a temporary variance from connection. Any temporary variance request shall be made in writing, shall set forth detailed reasons for the requested variance and include at least one bid from a contractor of Owner's choosing for the construction work necessary to complete the connection. The District will typically also obtain a second, independent bid of the District's choosing, at Owner's expense.

The variance request shall also be accompanied by a variance fee in the amount set by the Board of Directors of the District, as a deposit to cover the District's estimated costs to process the variance, including the cost of obtaining the construction bid, costs of drafting and recording a variance agreement (if the variance is approved), and legal or engineering work related to the District's review of the request. The variance fee will be due regardless of whether the variance is approved, in accordance with Section 7.16 of these Rules.

In the case of an existing building or structure under a Compelling Connection order, the applicant shall have the burden of proving that it is not practical to require the connection and that the public health or environment will not be adversely affected if the variance is granted. If the Board determines that it is not practical to require the connection of the existing building or plumbing facilities to the sewer main owned by the District, and that the public health or environment will not be adversely affected, the Board may, in its discretion, grant a temporary variance and authorize an owner to continue use of its individual disposal system, temporarily.

A person seeking a temporary variance from connection to the District's sewer main for a proposed building or plumbing facilities that have not yet been constructed shall have the burden of proving that topography will not allow the connection without extreme hardship, or that the property owner cannot obtain an easement across private land, required to reach a sewer main of the District, or that there is another physical impediment to connection.

The Board may approve, conditionally approve or deny a temporary variance to connection request. The Board's decision shall be final and conclusive. Any approved, temporary<sup>22</sup> variance shall continue until one of the below-described circumstances occurs, UPON WHICH THE VARIANCE WILL BE AUTOMATICALLY REVOKED AND OWNER WILL BE REQUIRED TO CONNECT TO THE SEWER SYSTEM:

- A. Owner (or related parties) obtains a Building Permit to expand or enlarge the square footage of the building or to build any new human-occupied buildings on the property.
- B. The septic tank and leach field system on the property fails for any reason ~~including, but not limited to,~~ OR OWNER'S failure to comply with the testing and inspection requirements described below.
- C. The District determines that a change in circumstances allows the owner to economically connect to the District's sewer main.
- D. Sale of the property

Any party granted a temporary variance from connection will be required, as a condition of receiving the variance, to enter into an agreement with the District setting forth the terms and conditions for the variance. Said written Agreement shall be recorded with the Grand County Clerk and Recorder's office so that future owners of said property shall be made aware of said Agreement.

As part of the written Agreement, the owner shall commit to have the septic tank/leach field system tested and inspected every ~~other~~ FOUR (4) yearS by a qualified inspector approved by the District, with the initial test and inspection occurring no later than December 31 of the first full calendar year after completion of the temporary individual disposal system or the granting of the temporary variance, whichever is later. Upon testing, a copy of the inspection report shall be forwarded to the District within thirty (30) days.

THE OWNER OF ANY PROPERTY SUBJECT TO A TEMPORARY VARIANCE FROM CONNECTION APPROVED BY THE DISTRICT SHALL BE REQUIRED TO HAVE THE SEPTIC TANK/LEACH FIELD SYSTEM TESTED AND INSPECTED EVERY FOUR (4) YEARS BY A QUALIFIED INSPECTOR APPROVED BY THE DISTRICT, WITH THE INITIAL TEST AND INSPECTION OCCURRING NO LATER THAN OCTOBER 31, 2025. UPON TESTING, A COPY OF THE INSPECTION REPORT SHALL BE FORWARDED TO THE DISTRICT WITHIN THIRTY (30) DAYS. THE TESTING AND INSPECTION REQUIREMENTS SET FORTH HEREIN APPLY TO ALL TEMPORARY VARIANCES REGARDLESS OF WHEN, AND UPON WHAT CONDITIONS, THE VARIANCE WAS INITIALLY APPROVED BY THE DISTRICT.

IF AN INSPECTION REPORT INDICATES THAT THE SEPTIC TANK/LEACH FIELD SYSTEM IS NOT IN GOOD WORKING ORDER AND/OR IS EXPECTED TO REACH THE END OF ITS USEFUL LIFE WITHIN THE NEXT FOUR (4) YEARS, THE OWNER SHALL EITHER CONNECT TO THE SEWER SYSTEM OR MAKE ALL NECESSARY REPAIRS AND SUBMIT A NEW INSPECTION REPORT TO THE DISTRICT WITHIN SIXTY (60) DAYS. AT ANY TIME, THE DISTRICT MAY NOTIFY GRAND COUNTY OF A FAILING SEPTIC TANK/LEACH FIELD SYSTEM.

If a temporary variance to connection has been approved by the District's Board of Directors to a parcel of land that is vacant, the temporary variance shall expire three (3) years from the date of approval, if the septic tank/leach field system improvements have not been made prior to said date.

A new Section 3.9 is added, as follows:

### 3.9 CONNECTION FINANCING PROGRAM

The District may offer to finance the costs of completing a connection to the Sewer Main, including the tap fee, line extension fee, if applicable, and/or connection and inspection permit fee, when an Owner elects, or is

required, to abandon a septic tank and leach field system and connect to the Sewer Main, subject to the following conditions:

A. Sufficient funds are available for the financing, as determined by the District in its sole discretion; and

B. The owner shall pay the financed amount over four (4) years, with equal quarterly payments of principal and interest set at the prime rate, as determined by the District, plus one percent (1%). The owner shall sign a promissory note to the District at the time of the financing, which will be recorded with the Grand County Clerk and Recorder on the subject property. In the event that the owner signs a promissory note and timely makes all quarterly payments due to the District, any District fees will be charged at the rate in effect on the date of the promissory note, rather than the date of connection. The connection cannot be made until all applicable fees have been paid in full to the District.

## **CHAPTER 5, SERVICE LINE CONSTRUCTION AND CONNECTION**

Section 5.3 is amended by adding the capitalized, double-underlined text, as follows:

### **5.3 OWNER RESPONSIBLE FOR COSTS OF CONNECTION**

Owner is responsible for the payment of all costs and expenses, including, but not limited to, engineering design and evaluation, construction, rights-of-way and easement acquisition and recording, labor, material, attorneys fees and job inspection by the District, as well as any other necessary inspecting authority, incidental to the installation and connection of sewer service lines, necessitated by a request for new, different or additional service or a District Compelling Connection Order. The District shall not be responsible for any costs arising from an agreement or contract between an owner and a contractor or plumber for construction of the sewer service line. FINANCING FOR CONNECTION COSTS MAY BE AVAILABLE THROUGH THE DISTRICT PER SECTION 3.9 HEREOF.

## **CHAPTER 9, SEWER MAIN LINES**

Section 9.2 (Extension Reimbursement Program), eighth paragraph, is amended by deleting the stricken text and adding the capitalized, double-underlined text, as follows:

Should the owner of an existing home or structure be compelled to connect to an extended sewer main under this reimbursement program, the line extension fee will be due at the time of connection except as follows:- ~~Except,~~ (1) if such an owner receives a temporary variance from connection, the owner shall be required to pay the line extension fee to the District at the time the temporary variance is granted; ~~;~~



OR (2) In the case of a District-financed line extension, the owner may request to pay the line extension fee over four years from the date that the variance is granted, in accordance with a promissory note, with quarterly payments of principal and interest (at the prime rate plus 1%). NOTWITHSTANDING ANY OTHER PROVISION IN THESE RULES AND REGULATIONS, NO LINE EXTENSION FEE SHALL BE DUE IF THE LINE EXTENSION IS PAID FOR ENTIRELY BY FUNDS AWARDED TO THE DISTRICT BY AN OUTSIDE ENTITY (E.G., THE FEDERAL GOVERNMENT) WITH NO REPAYMENT OBLIGATION.

Section 9.3 is amended by adding the capitalized, double-underlined text, as follows:

### 9.3 RESPONSIBILITY FOR COSTS

The owner or Developer is responsible for the payment of all costs and expenses, including, but not limited to, engineering design and evaluation, construction, rights-of-way and easement acquisition and recording, labor, material, development of as-built drawings for the District, attorney fees and job inspection by the District as well as any other necessary inspecting authority incidental to the installation and connection of sewer service lines, main line extensions or enlargement of District facilities necessitated by a request for new, different or additional service, or a District Compelling Connection Order. The District shall not be responsible for any costs arising from an agreement or contract between an owner and a Contractor for construction of the sewer service line. Unless otherwise agreed to by the District, a Developer shall pay for the entire project cost of extending sewer service to a new subdivision. The District may require an owner or a Developer to deposit up to 100% of the estimated project costs prior to authorizing a proposed project. FINANCING FOR CONNECTION COSTS MAY BE AVAILABLE THROUGH THE DISTRICT PER SECTION 3.9 HEREOF.









# Resolution 2024-5-1 Authorizing Amendment to Rules and Regulations Septic to Sewer Program

Final Audit Report

2024-05-17

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