

**THREE LAKES WATER AND SANITATION DISTRICT
RESOLUTION 2026-11-2**

**A RESOLUTION AMENDING THE RULES AND REGULATIONS TO ALLOW
CONDITIONAL PREPAYMENT OF TAP FEES**

WHEREAS, 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 (“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)(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, 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 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.

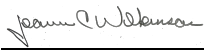
ADOPTED this 10th day of November, 2025.

THREE LAKES WATER AND
SANITATION DISTRICT

By: 
Scott Huff (Nov 12, 2025 08:55:42 MST)

Scott Huff, Chairman

Attest:



Jeannie Wilkinson, Secretary/Treasurer

EXHIBIT A

Amendments to the District Rules and Regulations

CHAPTER 2, DEFINITIONS

Section 2.7 is amended by deleting the stricken-through text and adding the capitalized, double-underlined text as follows:

- 2.7 **Capital Improvement Fee** ~~is~~MEANS that fee assessed when a Tap has not been physically activated within two (2) years of its purchase, and the property owner then desires to activate the Tap thereafter. THIS FEE DOES NOT APPLY TO THE ORIGINAL PURCHASER OF A PRE-PAID TAP, EVEN IF THE TAP IS NOT ACTIVATED WITHIN TWO (2) YEARS OF PURCHASE AND THE OWNER LATER WISHES TO ACTIVATE IT. HOWEVER, THE FEE DOES APPLY TO ANYONE WHO RECEIVES A PRE-PAID TAP BY TRANSFER OF THE PROPERTY, IF THE TAP IS NOT ACTIVATED WITHIN TWO YEARS OF THE TRANSFER AND THE TRANSFEREE LATER WISHES TO ACTIVATE IT.

Section 2.44 is amended by adding the following new definition and renumbering the subsequent defined terms accordingly:

- 2.44 **Pre-paid Tap** means a Tap Fee paid for a property located within and affected by the projected septic to sewer project boundaries paid in anticipation of the District extending District Facilities as part of the septic to sewer conversion project. Pre-paid taps shall be associated with the property itself, not with the individual purchaser. Only properties within and affected by the designated septic to sewer project boundaries may purchase a Pre-paid Tap and such purchase may only be made in advance of service in areas where the District plans to extend District Facilities to allow or require property owners to connect to the District Facilities under the septic to sewer conversion project.

CHAPTER 3, USE OF DISTRICT FACILITIES

Section 3.9 is amended by adding the capitalized, double-underlined text as follows:

3.9 CONNECTION FINANCING PROGRAM

EXCEPT AS PROVIDED BELOW FOR PRE-PAID TAPS, 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.

IF THE OWNER HAS A PRE-PAID TAP, THEY SHALL NOT BE ELIGIBLE FOR DISTRICT FINANCING OF THE TAP FEE AND MUST APPLY THEIR PRE-PAID TAP TO THE PROPERTY. DISTRICT FINANCING SHALL NOT BE AVAILABLE FOR PRE-PAID TAPS.

CHAPTER 4, APPLICATION FOR SERVICE

Section 4.4 is amended by adding the capitalized, double-underlined text as follows:

4.4 APPLICATION FOR SEWER TAP

A proposed owner/user seeking service from the District shall submit an *Application for Sewer Tap*, on the District's standard form. The Application for Sewer Tap form shall be supplemented by any plans, specifications, or other information considered pertinent in the judgment of the District. EXCEPT AS PROVIDED IN SECTION 4.18 FOR PRE-PAID TAPS, no Sewer Tap shall be sold without review of Building Plans, as outlined in Section 4.2 Building Plan Review, ready for submittal to the Grand County or Town of Grand Lake Building Department. District personnel shall stamp Plan sets as required by the Grand County or Town of Grand Lake Building Department and, in particular, shall review the floor plans of said Plan sets and stamp each page accordingly, acknowledging review of each. The stamp shall serve as an indicator to the Grand County or Town of Grand Lake

Building Department that sewer service shall be provided as per the assessment noted by the District, in accordance with the Rules and Regulations of the District, and that all tap fees have been paid for said assessment. EXCEPT FOR PRE-PAID TAPS, no Tap shall be sold for service to a property not serviceable by the District at the time of the request for purchase.

Section 4.5 is amended by adding the capitalized, double-underlined text as follows:

4.5 SEWER TAP SFE ASSESSMENT

The District shall determine the amount of the Tap Fee by converting the planned building that is to be connected to the District facilities into single-family equivalents (SFEs), and multiplying such SFEs by the rate as provided for the type of use. EXCEPT FOR PRE-PAID TAPS, in determining the tap fee, the District shall review and evaluate the drawings for the planned building and shall use the SFE Unit Conversion Schedule in effect at the time the Building Plans are submitted to the District for review.

The District specifically reserves the right to recalculate the number of SFEs for any building at any time after the District has signed off on the Building Plans, particularly upon completion of the building or thereafter, and to assess additional SFEs if such recalculation results in a higher number of SFEs. If the recalculation results in a finding by the District that the number of SFEs for the building is less than the number of SFEs previously determined by the District for that building, the District will refund, with no interest or penalty, the tap fee associated with the difference between the number of SFEs previously determined by the District for that building and the number of SFEs for the building as recalculated pursuant to this Chapter.

Properties which received sewer service from Grand Lake Water and Sanitation District or Columbine Lake Water and Sanitation District prior to the District commencing sewer service were assessed a Tap equivalency by the District, in terms District single-family equivalent ratings (SFEs) based on the structures and types of uses in place at the time of connection to the District's facilities, which was used for the commencement of user fees.

ALL PRE-PAID TAPS SHALL INITIALLY BE ASSESSED AT 1.0 SFE AT THE TIME OF TAP PURCHASE. THE DISTRICT SHALL APPLY THE TAP FEE RATE IN EFFECT AT THE TIME THE PROPERTY OWNER APPLIES FOR AND PURCHASES A PRE-PAID TAP.

AT THE TIME OF A CONNECTION AND INSPECTION PERMIT REQUEST FOR A PRE-PAID TAP, THE DISTRICT SHALL DETERMINE THE AMOUNT OF THE TAP FEE BY REVIEWING THE BUILDING PLANS, CONVERTING THE BUILDING THAT IS TO BE CONNECTED TO THE DISTRICT FACILITIES INTO SFES, AND MULTIPLYING SUCH SFES BY THE RATE AS PROVIDED FOR THE TYPE OF USE. IF THE DISTRICT'S DETERMINATION AT THAT TIME RESULTS IN AN ASSESSMENT GREATER THAN 1.0 SFE, THE OWNER OF A PRE-PAID TAP SHALL PAY THE DIFFERENCE USING THE TAP FEE RATE IN EFFECT AT THE TIME THE CONNECTION AND INSPECTION PERMIT REQUEST IS MADE FOR THE AMOUNT OF SUCH DIFFERENCE.

Section 4.7 is amended by adding the capitalized, double-underlined text as follows:

4.7 TAP PURCHASE LIMITATION

If the property of an applicant for a Sewer Tap is improved, the tap will be limited to the number of SFES required to serve the buildings existing on the property on the date of the application. If applicant's property is unimproved, or additional improvements are proposed, the Tap is limited to the Building Plans submitted and assessed by the District. NOTWITHSTANDING THE FOREGOING, AN OWNER MAY PURCHASE ONE (1) PRE-PAID TAP FOR AN IMPROVED OR UNIMPROVED RESIDENTIAL PROPERTY INITIALLY ASSESSED AT 1.0 SFE IN ACCORDANCE WITH SECTIONS 4.5 AND 4.18.

Section 4.9 is amended by adding the capitalized, double-underlined text as follows:

4.9 TAP TRANSFER REQUEST

A request for a tap fee OR PRE-PAID TAP transfer from one property to another must be made by written application. The application shall confirm that the property the tap fee is applied to and the property that the tap fee is requested to be transferred to, are both owned by the Applicant requesting the transfer. It may be approved by the District, in its sole discretion, upon payment of a Tap Transfer Fee as provided for in Chapter 7, Section 7, and a determination that such transfer will not impair the health, safety and welfare of the residents and visitors of the District.

Section 4.18 is amended by adding the following new section:

4.18 PRE-PAID TAPS

An owner of a property located within and affected by the projected septic to sewer project boundaries may purchase one (1) Pre-paid Tap for an improved or unimproved residential property in anticipation of the District extending District Facilities as part of the septic to sewer conversion project. No Pre-paid Taps shall be permitted for any commercial property, multi-family property, accessory building, or accessory dwelling unit. No more than one (1) Pre-paid Tap may be purchased per property.

Pre-paid Taps shall be purchased by submitting an application for sewer tap pursuant to Section 4.4 and shall not require submittal or review of building plans at the time of application. The owner of a Pre-paid Tap shall submit building plans to the District at the time of application for a Connection and Inspection Permit. User fees shall apply to Pre-Paid taps and shall commence upon the earlier of connection into the District's system or one year from the date of the Connection and Inspection Permit for the Pre-paid Tap in accordance with Section 7.2. Capital improvement fees shall not be assessed against the original purchaser of a Pre-paid Tap if the Pre-paid Tap has not been physically activated within two (2) years of its purchase, but capital improvement fees shall apply to and be assessed against the transferee of the property if the Pre-paid Tap is transferred and the tap has not been physically activated within two (2) years of its transfer and the transferee then desires to activate the tap thereafter. District financing shall not be available for Pre-paid Taps.

CHAPTER 7, FEES AND CHARGES

Section 7.2 is amended by adding the capitalized, double-underlined text as follows:

7.2 QUARTERLY USER FEES

In addition to those fees and charges described elsewhere in these Rules and Regulations, the District, in consultation with its Manager, Superintendent and Engineer, shall determine the total annual costs of administration, operation, maintenance, repair, replacement and upgrading of the sewer system which are necessary to maintain the capacity and performance of such sewer system as designed and constructed, and the costs of managing the District. The Board shall then approve a quarterly flat rate user fee per SFE based on these findings. The District will review its fees and charges at least every two (2) years and revise as necessary to ensure that it generates adequate annual revenues.

User fees shall commence when Building Plans are reviewed and stamped, except as set forth below.

For taps purchased after January 1, 2019 for planned new development, user fees commence upon the earlier of: connection into the District's system or one year from the date of the Connection and Inspection Permit for planned new development.

FOR PRE-PAID TAPS, USER FEES COMMENCE UPON THE EARLIER TO OCCUR OF CONNECTION TO THE DISTRICT'S SYSTEM OR ONE YEAR FROM THE DATE OF THE CONNECTION AND INSPECTION PERMIT FOR THE PRE-PAID TAP.

Section 7.4 is amended by adding the capitalized, double-underlined text as follows:

7.4 DETERMINING SFE RATING

EXCEPT FOR PRE-PAID TAPS, the SFE rating of each Tap is determined initially at the time application is made or the District commences providing sewer service to the property, based on the following established normal use ratings:

Section 7.7 is amended by adding the capitalized, double-underlined text as follows:

7.7 TAP TRANSFER FEE

The tap transfer fee shall be the difference between the original tap fee paid and the existing tap fee at the time of the transfer. The tap transfer fee shall be in addition to any other fees, including, without limitation, the capital improvement fee as described in Chapter 7, Section 8. THIS FEE SHALL APPLY TO PRE-PAID TAPS.

Section 7.8 is amended by adding the capitalized, double-underlined text as follows:

7.8 CAPITAL IMPROVEMENT FEE

EXCEPT AS PROVIDED BELOW, the District shall charge a capital improvement fee on each SFE on the District's records which has not been activated and used within two (2) years from its date of purchase. The capital improvement fee shall be the difference between: 1) the SFE tap fee at the time that sewer service through the Tap actually begins; and 2) the amount initially paid for the SFEs as shown on the District's records. The District shall collect a capital improvement fee prior to issuance of a Connection and Inspection Permit or prior to the inspection of the physical Tap at the sewer main line. This capital improvement fee shall be in addition to the tap fee paid for such SFEs and the Connection and Inspection Permit fee. The capital

improvement fee is effective for all SFEs purchased March 1, 1998 and thereafter. NOTWITHSTANDING THE FOREGOING, THE CAPITAL IMPROVEMENT FEE SHALL APPLY TO PRE-PAID TAPS ONLY IF (A) THE DISTRICT APPROVES TRANSFER OF A PROPERTY WITH A PRE-PAID TAP, (B) THE TAP HAS NOT BEEN PHYSICALLY ACTIVATED WITHIN TWO (2) YEARS OF SUCH TRANSFER, AND (C) THE THEN-CURRENT OWNER OF THE PROPERTY DESIRES TO ACTIVATE THE TAP THEREAFTER. IN SUCH CASE, THE CAPITAL IMPROVEMENT FEE SHALL BE PAID BY THE THEN-CURRENT OWNER OF THE PROPERTY.

CHAPTER 8, USER FEE BILLING PROCEDURES

Section 8.3 is amended by adding the capitalized, double-underlined text as follows:

8.3 BILLING PROCEDURES

Except as specifically provided by written agreement between the District and an owner, all sewer charges and fees provided in these Rules and Regulations will be billed to the owner of record and are due on the first day of the quarter in advance of service at the office of the District. EXCEPT FOR PRE-PAID TAPS, WHICH SHALL BE BILLED PURSUANT TO SECTION 7.2, billing shall commence at the time of payment of the tap fee. Billing is continuous and shall not cease unless a surrender of a Tap or Taps has been accepted by the District. Except as specifically provided by written agreement between the District and an owner, tap fees, tap transfer fees, Connection and Inspection Permit fees, disconnection and reactivation fees and any other fees and charges are due when application for such Permit or request is made, or the task is performed, whichever occurs first.

Resolution 2025-11-2 Allowing Conditional Prepayment of Tap Fees

Final Audit Report

2025-11-12

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