

November 28, 2011

To: TVW Property Owners

Last July, as part of the information for the Annual Meeting, you were mailed a copy of the new Water System Policies and Procedures document. A cover letter from John Frederick encouraged feedback regarding the proposed changes. To date we have had no comments relative to these new Policies and Procedures.

I would once more like to give you the opportunity to provide feedback prior to presenting the new Water System Policies and Procedures document for a vote for acceptance by the Property Owners.

Both the original and the proposed Policies and Procedures documents are included herein as well as a comparison chart detailing the proposed revisions.

You will notice that we are proposing to implement the long expected tiered charge for water usage over a base amount. After investigating the rates being charged in the surrounding communities, we have proposed a rate which we believe will be extremely amenable for all.

Your water usage fee of \$44.00 per month (as of January 1, 2012) will cover 4,000 gallons of water per month. Any overage will be billed at a rate of \$1.00 per 1,000 gallons. To put this in perspective, the normal usage averages around 2,000 to 3,000 gallons per month. There are currently 34 water meters on the ranch, and of those, over the last 10 months (340 readings) there were only 25 readings where the usage was over 4,000 gallons for a month. The majority of users over 4,000 gallons per month were those who were putting in yards and/or doing landscaping with the associated watering.

We would like to have any feedback before December 15, 2011 in order to resolve any issues that may arise.

The new Water System Policies and Procedures will be presented to the POA for an electronic vote in January 2012.

Please take the time to review the changes and submit any questions or comments to me at Mariatvw@aol.com. I will also be glad to go over any individual Owner's historic usage personally.

Maria Smith

President, TVW Owners Association

COMPARISON CHART.

Developer Original	Current Draft Rules & Regulations
1. Resolution	Resolution omitted – unnecessary
2. Table of Contents	Table of Contents omitted – unnecessary
3. Section 1.1 Scope	Unchanged with the exception of inserting the word “Association” for the original “Board”.
4. Section 1.2 Authority	Updated to reflect the appropriate authority as per the newly adopted 2011 Governing Documents
5. Section 1.3 Policy & Purpose	Unchanged with exception of deletion of the 2 nd sentence in the original referring to financing, control, and management as required during the Developer control period.
6. Section 1.4 Definitions	Updated
7. Section 1.5 Powers & Authority	Modified “the manager, and other duly authorized employees of the Association bearing proper credentials and identification” to “Representatives of the Board or the Association”.
8.	Added Section 1.8 – Board Action – allows for any action required or permitted by the Board to be taken by any authorized representative of the Board.
9. Section 2.3 Water System	Added “and limited irrigation”
10. Section 2.4 Water Service	Simplified language
11. Section 2.5 Water Restrictions	Added the ability for the Board, in the event of extreme water shortages, to impose in-house water usage restrictions in addition to restriction all outside usage.
12. Section 2.6 Other Permits	Deleted Section as unnecessary
13. Section 3.1 Cost Responsibility	Modified. The Association will be responsible for the connection of the water service line (piping, meter, valves, meter box). The Association will pay the contractor of such installation and invoice the Customer for said costs.

14. Section 3.2 Service Line Maintenance	Service Line maintenance now a responsibility of the Association. This includes meter replacement as necessary.
15. Section 3.3 Water Meter Installation and Maintenance	Section deleted.
16.	Section 3.3 Water Service Line Ownership and Easement – defines ownership responsibility and easement granted to the Association to provide water service
17. Section 3.4 Water Service	Section deleted.
18. Section 3.5 Water Tap Fee and Permit	Section deleted.
19. Section 3.6 through Sections 3.10	Same but now labeled Section 3.4 – Section 3.8
	Added Section 3.9 – Recommending Lot owners install a pressure reducing valve on their water line
20. Section 3.11 Design, Construction....	Deleted
21. Section 4.1 Water Tap Fee	Same with addition of timing of payment by Lot Owner
22. Section 4.2 Water Meter Requirement	Deleted. Cost responsibility covered under Section 3.1
23. Section 4.3 Water Service Charges	Renumbered as Section 4.2
24. Section 4.4 Unauthorized turn-on	Renumbered as Section 4.3
25 Section 4.5 Construction Water	Renumbered as Section 4.4 minor language modification
26 Section 4.6 Protection from Damage	Renumbered as Section 4.5
27. Section 4.7 Billing Period-Payment	Renumbered as Section 4.6. rewritten to align payment with the Associations Collections Policy
28. Section 4.8 Disconnection	Renumbered as Section 4.7. late payment determination

	and late fee removed as Section 4.6 addresses the Collection Policy. Changed to 30 days the time available to make account current. Remaining language unchanged.
29 Sections 4.9-4.11	Deleted
30 Sections 5.1-5.5	Unchanged
31. Section 5.6 Adoption	Changed effective date to 2011
32. Exhibit "A" Water Tap Fees	Changed to allow the Board to change the amount of the water tap fee. Currently the water tap fee is \$0.0 (zero dollars).
33. Exhibit "B" Water Service Charges	The current water availability fee is \$40/mo. The water usage fee needs to be determined.

RULES AND REGULATIONS
TRES VALLES WEST WATER SYSTEM

SECTION 1. GENERAL – EXPLANATORY MATERIAL

1.1 Scope. These Rules and Regulations, as the same may be amended from time to time, shall be treated and considered as a comprehensive regulation, governing the operations and functions of the Tres Valles West Water System. The Association reserves the right to adopt additional rules and regulations concerning matters not covered herein as and when appropriate, in the opinion of the Association.

1.2 Authority. These Rules and Regulations are adopted in accordance with Section 7.1(b) of the Amended and Restated Bylaws of Tres Valles West Owners Association.

1.3 Policy and Purpose. The purpose of these Rules and Regulations is to provide for the control, management and operation of the water supply and distribution system of the Tres Valles West Water System, including additions, extensions and Connections.

1.4 Definitions. In supplement of the definitions provided for in the (i) Second Amended and Restated Declaration of Covenants of Tres Valles West, and (ii) Amended and Restated Bylaws of Tres Valles West Owners Association, the following terms shall have the meaning set forth below, unless the context requires otherwise:

- a. **Collections Policy** shall mean the Tres Valles West Owners Association's Policy and Procedures for Collection of Unpaid Assessment.
- b. **Customer** shall mean any person, company, corporation or governmental authority or agency authorized to use the Tres Valles West Water System under a Permit issued by the Board.
- c. **Delivery Point** shall mean the downstream outlet of the water meter to a Lot.
- d. **Sampling** shall mean the periodic collection of water for testing.
- e. **Single Family Unit** shall mean a free-standing living unit located on a separate and distinct parcel or ground containing only that unit.
- f. **Tres Valles** shall mean the Tres Valles West subdivision as approved by the Huerfano County, Colorado Board of County Commissioners.

- g. **Tres Valles West Water System** shall mean that water system serving Tres Valles.
- h. **Unit** shall mean a building or portion thereof used for a single family residence or which is provided with separate service.
- i. **Water Main** shall mean a water pipeline owned by the Association capable of carrying potable water to a Water Service Line.
- j. **Water Service Line** shall mean the piping, water meter, valves, meter box and associated facilities extending from a Water Main to the Delivery Point of a Customer.
- k. **Water Tap Fee** shall mean the charge imposed from time to time by the Board for authorizing a connection to the Tres Valles West Water System.

1.5 Powers and Authority of Tres Valles West Water System. Representatives of the Board or the Association shall be allowed access at all reasonable hours to any Lot or any building or premises for the purpose of inspection, observation, measurement, sampling, reading meters and testing, in accordance with the provisions of these Rules and Regulations.

1.6 Regulations By Other Governmental Entities. Any limitation, restriction or prohibition validly placed upon the Tres Valles West Water System or Association by any governmental entity or by an agreement between the Board and any governmental entity is hereby incorporated into these Rules and Regulations by this reference and shall constitute a limitation, restriction, and/or prohibition on each Customer of the Tres Valles West Water System.

1.7 Severability. The invalidity of any section, clause, sentence, or provision of these Rules and Regulations shall not affect the validity of any other part of these Rules and Regulations which can be given effect without such invalid part or parts, and to this end the provisions of these Rules and Regulations are hereby declared to be severable.

1.8 Board Action. Any action required or permitted to be taken by the Board may be taken by any representative so authorized by the Board.

SECTION 2. CONDITIONS FOR USE OF WATER SYSTEMS

2.1 Who May Use. Water service can be furnished only to Lots, except pursuant to Section 2.2 hereunder.

2.2 Service Other Than Lots. The Association shall not provide service to parties outside Tres Valles, except as required by prior agreements with Travis Crawford and Bud Kreutzer.

2.3 Water System. The Tres Valles West Water System is intended to provide potable water for conventional domestic uses and limited irrigation, all in accordance with the decree dated in April 2, 2001 in Case No. 97CW108(B), Water Division 2.

2.4 Water Service. No water service shall be provided to a Customer until the Water Tap Fee has been paid and the Association has been reimbursed for all costs associated with the construction of the Customer's Water Service Line.

2.5 Water Restrictions. While it is the purpose of the Board to provide an adequate water supply to meet the requirements of its Customers within the restrictions of the decree dated April 2, 2001 in Case No. 97CW108(B), Water Division 2, there are many factors which make it uncertain that the supply can always be adequate for all purposes. Therefore in times of extreme shortages or operational difficulties, water service for irrigation shall be curtailed by such restrictions and/or methods as are deemed necessary by the Board. In the event such curtailment is not sufficient to resolve the difficulty, the Board may further restrict water usage as it deems reasonably necessary.

SECTION 3. SERVICE LINES AND CONNECTIONS

3.1 Construction and Cost Responsibility. The Association shall be responsible for the construction and connection of the Water Service Line to the Water Main. Customer shall reimburse Association for all such costs. Customer shall be responsible for the construction of all water lines and plumbing downstream of the Water Service Line and all associated costs. Customer's reimbursement for Water Service Line costs is due and payable to the Association no later than thirty (30) days after the Association bills Customer for such costs.

3.2 Maintenance. The Association shall be responsible for maintaining the Water Service Line. Each Customer shall be responsible for maintaining all water lines and plumbing downstream of the Water Service Line. Should a leak or break occur in such downstream portion, the Board may notify the Customer and shut off the water supply at the water meter. After satisfactory repair has been completed, and accepted by the Board, the Board will turn on the water supply.

3.3 Water Service Line Ownership; Easement. The Association shall own the Water Service Line. Customer shall own the water lines and plumbing downstream of the Water Service Line. By the acceptance of water service, the Owner grants the Association an easement on and across the Owner's Lot to provide the water service described in these Rules and Regulations to the Lot. Should Owner question or deny the Association's easement, the Association may terminate water service. The Customer shall be responsible for any damage to,

or loss of, the Water Service Line or any portion thereof due to the actions or activities of Customer or Customer's contractor, agent, representative, invitee, guest or family member.

3.4 Cross-connection Control. The Association is responsible for the protection of its water system from contamination or pollution due to the backflow of contaminant or pollutants through the water service connections.

3.5 Cross-connection Prohibited.

- a. It is a violation of these Rules and Regulations for any person to have a connection between a line carrying Tres Valles West Water System water and a line carrying non-Tres Valles West Water System, including water from a well.
- b. It is a violation of these Rules and Regulations for any person to make, install, maintain or permit to exist any cross-connection between the Tres Valles West Water System and any pipe, plumbing fixture, tank, receptacle, equipment or other appurtenance on the Customer's premises that is a source of contaminated or polluted water, unless the Tres Valles West Water System is protected with a backflow prevention assembly.
- c. No water service connection to any premises shall be installed or maintained unless the water supply is protected as required by these Rules and Regulations.
- d. The Board shall discontinue water service to any premises if it is found that an unprotected cross-connection exists on the premises or that a backflow prevention assembly required under this section has not been installed and tested or that the required backflow prevention assembly has been removed, bypassed, improperly maintained or improperly tested. Service shall not be restored until such conditions or defects are corrected to the satisfaction of the Board.

3.6 Backflow Prevention Assembly. The extent of cross-connection control and the type of backflow prevention assembly to be required shall depend upon the degree of hazard presented by the cross-connection on the premises. When backflow prevention assemblies are required, they shall be installed at the Delivery Point or location designated by the Board. The assembly shall be located so as to be readily accessible for in-line maintenance and testing and no part of the assembly may be submerged.

3.7 Contamination Prohibited. The Customer is responsible for preventing pollutants and contaminants from entering the Tres Valles West Water System. The Customer's responsibility starts at the Delivery Point and includes all of such Customer's water systems. Customer shall install, operate, test and maintain backflow prevention assemblies at the Customer's expense as directed by the Board, and shall keep accurate records of tests and repairs made to such

assemblies in accordance with the provisions of this section and any other applicable laws, rules, regulations, policies and procedures.

3.8 Prevention Program. The Board may conduct surveys as to the extent of cross-connection problems and establish a program to control and eliminate cross-connection hazards. The Board may adopt such supplemental Rules and Regulations as may be necessary to implement and administer the cross-connection control program.

3.9 Pressure Reducing Valves. The Board strongly urges Lot owners to install an inline pressure reducing valve to prevent water damage from unplanned high pressure within the water service line.

SECTION 4. RATES AND CHARGES

4.1 Water Tap Fee. The Water Tap Fee shall be in the amount set forth in Exhibit A, as the same shall be amended from time to time by the Board. The Water Tap Fee is due and payable to the Association no later than thirty (30) days after the Association bills Customer for such fee.

4.2 Water Service Charges. Water service charges shall be in the amounts set forth in Exhibit B, as the same shall be amended from time to time by the Association. Water usage charges will be charged beginning with the date the Water Service is complete and ready to provide service.

4.3 Unauthorized Turn On. It shall be a violation of these Rules and Regulations for any person other than officials of the Association to turn on water service. The Board may institute appropriate civil proceedings in court should such violation occur. In addition, and whether or not it has instituted any such proceedings, the Association shall have the right to recover all expenses incurred by the Association in connection with such illegal turn on as well as any other remedies available under these Rules and Regulations or at law.

4.4 Construction Water. A Customer may be provided with water service to draw water for construction purposes from the system. All water taken for construction purposes must be used only for work in the construction of a Single Family Unit and associated outbuildings on the Customer's Lot.

4.5 Protection From Damage. No unauthorized person shall intentionally or negligently break, damage, destroy, open, uncover, deface, operate, tamper, with or remove any structure, appurtenance, or equipment which is part of the Tres Valles West Water System, including removal of manhole covers or putting any material into a manhole. The Association shall have

the right to recover all expenses incurred in connection with any violation of the immediately preceding sentence.

4.6 Late Pay; Failure to Pay. For the purposes of these Rules and Regulations, the reimbursement cost for the Water Service Line, Water Tap Fee, water service charges, and all other costs and fees shall be considered to be an assessment subject to the Collections Policy, except to the extent that a due date is provided herein for Water Service Line reimbursements and Water Tap Fees.

4.7 Disconnection. In the event that a Customer is delinquent in any payment, the Board may issue a “disconnection” notice and mail such notice to the Customer. The notice shall provide an additional thirty (30) calendar days for payment of all outstanding fees and charges, after which period, if complete payment has not been made, the Board shall disconnect the Customer’s water service. If disconnection is accomplished, a disconnection fee of fifty dollars (\$50.00) shall be applied to the Customer’s account. If the disconnection of service results in any additional expense to the Association, such expense shall also be applied to the Customer’s account. Water service will not be reconnected until payment of all outstanding fees and charges have been received.

SECTION 5. PROVISIONS

5.1 Delinquent Payment, Lien on Property Served. No water service will be available until all fees, rates, tolls, penalties and charges have been paid. Until paid, all fees, rates, tolls, penalties, and charges made or imposed by the Board, whether with respect to water facilities or services, shall constitute a perpetual lien on and against the property served and such lien may be foreclosed in the manner provided by law.

5.2 Liability. Any person violating any of the provisions of these Rules and Regulations shall be liable to the Association for any expense, loss, or damage to the Association or its property occasioned by reason of such violation, and shall indemnify the Association against, and hold it harmless from and against any expense, loss or damage occasioned by any other person by reason of such violation. The Association shall not be liable for, and no claim shall be made against the Association by reason of damage to water heaters, boilers, appliances or any other personal or real property of whatever nature or description resulting from any water; or from turning such on or off; from excessive, inadequate or sporadic pressures; or caused by water escaping from open or defective faucets; or caused by burst or leaking service pipes; disruption of service stemming from breaking of any supply line, pipe, valve, cock, or meter; or other facilities not owned by the Association. The Owner and the occupant of the premises being served shall be liable for all expense, loss, or damage resulting from failure to repair any leaks or

breaks in the water lines and plumbing downstream of the Water Service Line to the premises and owned by Customer. Any Board member or representative, charged with enforcement of these Rules and Regulations, acting in good faith on behalf of the Association, shall not thereby render himself personally liable for any damages which may accrue to persons or property resulting from any act committed in the discharge of such duties.

5.3 Customer Plumbing. Any Owner or occupant, and their respective successors and assigns, who makes any direct or indirect cross-connection to any of the Tres Valles West Water System facilities, such cross-connections being hereby expressly prohibited, shall indemnify the Association against, and hold the Association harmless from and against, any claims arising from such cross-connection.

5.4 Binding Effects of Operating Procedures, Rules and Regulations: Violations. By having accepted water service from Tres Valles West Water System, every Owner and occupant is deemed to have consented to and accepted these Rules and Regulations. Each violation of these Rules and Regulations is a separate offense, and each day that any Rule or Regulation is violated is a separate. In addition to any criminal penalty which may be applicable, and in addition to any other specific remedy elsewhere provided in these Rules and Regulations, the Board may institute appropriate civil proceedings in court to recover all damages suffered and expenses incurred by the Association in connection with enforcement of these Rules and Regulations or by reason of such violation. The Board may assess a monetary penalty, in an amount not to exceed \$250.00 for any violation of these Rules and Regulations, after providing the alleged violator with notice of its intent to assess a penalty and an opportunity for a hearing with the Board.

5.5 Revisions. These Rules and Regulations, including all schedules of service charges and Water Tap Fees, and other rates, fees, tolls, penalties and charges may be altered, amended, repealed, or re-enacted at any meeting of the Association or the Board, as provided herein. Such alterations, amendments, and re-enactments shall apply to all Owners, Customers and occupants then or thereafter using the facilities or services of the Tres Valles Water System.

5.6 Adoption. These Rules and Regulations are hereby adopted by the Tres Valles West Owners Association on _____, 2012.

EXHIBIT “A”
WATER TAP FEES

(Effective on the first day of the month following adoption by the Owners Association)

This schedule of Water Tap Fees may be changed by the Board at any time, without notice.

RESIDENTIAL: \$0.00

EXHIBIT “B”

WATER SERVICE CHARGES

(Effective on the first day of the month following adoption by the Owners Association)

This schedule of charges may be changed by the Association, at any time, pursuant to the Rules and Regulations.

RESIDENTIAL:

For the purpose of the following schedules, the words listed below have the meanings set forth opposite each:

Single Family Unit is defined as a free-standing living unit located on a separate and distinct parcel or ground containing only that unit.

Water Service Rates for Single Family Units shall be in accordance with the following table:

Water Service Availability fee is \$44.00 per month per Lot. (This includes Lots not tapped into Water Main.)

Water Usage fee is \$44.00 per month (includes 4,000 gallons per month), with all usage in excess of 4,000 gallons per month charged at a rate of \$1.00 per thousand gallons or fraction thereof.

CONSTRUCTION USE:

Same rates as for Single Family Units.

**RESOLUTION
OF THE BOARD OF DIRECTORS
TRES VALLES WEST OWNERS ASSOCIATION**

**ADOPTION OF OPERATING PROCEDURES, RULES AND REGULATIONS
FOR THE TRES VALLES WEST WATER SYSTEM**

WHEREAS, the Tres Valles West Owners Association has responsibility for developing and maintaining a culinary water system for the use of Tres Valles West owners;

WHEREAS, Tres Valles West developer Three Valleys West, LLC has expended considerable time and money to update the existing water system to correct problems and deficiencies;

WHEREAS, operating procedures, rules and regulations regarding the operation and use of the Tres Valles West Water System are necessary to ensure that the Water System remains reliable and cost efficient;

WHEREAS, the Board of Directors has the authority to adopt rules and regulations under Article IX, Section 18 of the Amended and Restated Declaration of Covenants, Conditions, and Restrictions of Tres Valles West and the authority to adopt fees for the provision of water services under Art. 4, § 4.4.5 of the Bylaws of Tres Valles West Owners Association;

THEREFORE BE IT RESOLVED by the Board of Directors of the Tres Valles West Owners Association, that

The Operating Procedures, Rules and Regulations for the Tres Valles West Water System are hereby adopted and placed into full force and effect as to the members of the Tres Valles West Owners Association, and

BE IT FURTHER RESOLVED by the Board of Directors, that

The Board hereby adopts and accepts its role as the governing body for the Tres Valles West Water System.

RESOLVED this _____ day of _____, 2001.

TRES VALLES WEST OWNERS ASSOCIATION

By _____

OPERATING PROCEDURES, RULES AND REGULATIONS
OF
TRES VALLES WEST WATER SYSTEM

AS REVISED AND ADOPTED ON
_____, 2001

EXCEPT AS SUBSEQUENTLY AMENDED

THESE OPERATING PROCEDURES, RULES AND REGULATIONS ARE SUBJECT TO CHANGE, AT ANY TIME, WITHOUT NOTICE, BY ACTION OF THE BOARD OF DIRECTORS.

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OPERATING PROCEDURES, RULES AND REGULATIONS TRES VALLES WEST WATER SYSTEM

SECTION 1. GENERAL - EXPLANATORY MATERIAL

1.1 Scope. These Operating Procedures, Rules and Regulations, as the same may be amended from time to time, shall be treated and considered as a comprehensive regulation, governing the operations and functions of the Tres Valles West Water System. The Board reserves the right to adopt additional Operating Procedures, Rules and Regulations concerning matters not covered herein as and when appropriate, in the opinion of the Board.

1.2 Authority. These Operating Procedures, Rules and Regulations are adopted in accordance with the authority conferred upon the Board by Article IX, Section 18 of the Amended and Restated Declaration of Covenants, Conditions, and Restrictions of Tres Valles West. Fees for the provision of water service are adopted pursuant to Art. 4 § 4.4.5 of the Bylaws of Tres Valles West Owners Association.

1.3 Policy and Purpose. It is hereby declared that the Operating Procedures, Rules and Regulations hereinafter set forth will serve a public use and are necessary to insure and protect the health, safety, prosperity, security, and general welfare of the inhabitants of the Tres Valles West Subdivision. The purpose of these Operating Procedures,- Rules and Regulations is to provide for the financing, control, management and operation of the water supply and distribution system of the Tres Valles West . Water System, including additions, extensions and Connections.

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

- a. **Board and Board of Directors** shall mean the governing body of Tres Valles West Owners Association ("Board").
- b. **Connection** shall mean the connection of Water Service Lines to Water Mains for either a permanent or temporary purpose.
- c. **Constructor** shall mean any person, corporation, partnership, association, public entity or firm desiring to have constructed an extension of or to the Tres Valles West Water System.
- d. **Contractor** shall mean any person, firm or corporation performing work and/or furnishing materials with respect to any part of the Tres Valles West Water System.

- e. **Cost or Costs** shall mean all costs associated with the new construction, reconstruction, enlargement or dedication of any water system, including, but not limited to, all costs associated with planning, engineering, inspection, administration, acquisition of facilities, right-of-ways or water rights, attorney fees and other fees which are necessary to provide new, different or additional service within the Tres Valles West Service Area.
- f. **Customer** shall mean any person, company, corporation or governmental authority or agency authorized to use the Tres Valles West Water System under a Permit issued by the Board.
- g. **Engineer of the System** is that person or firm who qualifies as an engineer under the statutes of the State of Colorado, and has been selected to act in such capacity by the Board. The Engineer shall have no authority to commit the Association to any policy or course of action without express approval of the Board.
- h. **Owner** shall mean the record title holder of property within Tres Valles West subdivision.
- i. **Owners Association or Association** is the non-profit corporate entity created by Art. I, Section 3 of the Amended and Restated Declaration of Covenants, Conditions, and Restrictions of Tres Valles West. The Association is empowered to act by and through the Board of Directors.
- j. **Permit** shall mean written permission of the Board for connection of a Unit to a Water Main through a Water Service Line, given pursuant to these Operating Procedures, Rules and Regulations, subject to specific terms and conditions contained therein.
- k. **Sampling** shall mean the periodic collection of water for testing.
- l. **Service Area** shall mean that area included in the Tres Valles West subdivision as described in Exhibit A with the Amendment to Amend and Restated Declaration of Covenants recorded on January 24,2001.
- m. **Shall** is mandatory; **may** is permissive.
- n. **Tres Valles** shall mean the Tres Valles West subdivision as approved by the Huerfano County, Colorado Board of County Commissioners.
- o. **Unit** shall mean a building or portion thereof used for a single family residence or which is provided with separate service.
- p. **Water Main** shall mean a water pipeline owned by the Association capable of carrying potable water.

- q. **Water Service Line** shall mean any Board approved piping extending from a Water Main to the plumbing of a licensed premises, and shall include the tap on the Water Main, meter pit or vault, meter, corporation cock, curb valve and box.
- r. **Water System Specifications** shall mean those specifications regulating the design and construction of Tres Valles West Water System and as supplemented and revised from time to time by the Board.
- s. **Water Tap Fee** shall mean the charge imposed from time to time by the Board for authorizing a Connection to a Water Main of the Tres Valles West Water System.

ANY OTHER TERM not herein defined, shall be defined as presented in the "Glossary-Water and Sewage Control Engineering", A.P.W.A., A.S.C.E., and W.P.C.F., latest editions.

1.5 Powers and Authority of Tres Valles West Water System. The Manager, and other duly authorized employees of the Association bearing proper credentials and identification, shall be allowed access at all reasonable hours to any building or premises for the purpose of inspection, observation, measurement, sampling, reading meters and testing, in accordance with the provisions of these Operating Procedures, Rules and Regulations.

1.6 Regulations By Other Governmental Entities. Any limitation, restriction or prohibition validly placed upon the Tres Valles West Water System or Association by any governmental entity or by an agreement between the Board and any governmental entity is hereby incorporated into these Operating Procedures, Rules and Regulations by this reference and shall constitute a limitation, restriction, and/or prohibition on each Customer of the Tres Valles West Water System.

1.7 Severability. The invalidity of any section, clause, sentence, or provision of these Operating Procedures, Rules and Regulations shall not affect the validity of any other part of these Operating Procedures, Rules and Regulations which can be given effect without such invalid part or parts, and to this end the provisions of these Operating Procedures, Rules and Regulations are hereby declared to be severable.

SECTION 2. CONDITIONS FOR USE OF WATER SYSTEMS

2.1 Who May Use. Water service can be furnished only to property which has been included within the Service Area, except pursuant to Section 2.2 hereunder.

2.2 Service Outside the Service Area. The Association shall not provide service to parties outside of the Tres Valles West subdivision, except as required by prior agreements with Travis Crawford and Bud Kreutzer.

2.3 Water System. The Tres Valles West Water System is intended to provide potable water for conventional domestic uses, all in accordance with the decree dated April 2, 2001 in Case No. 97CWI08(B), Water Division 2.

2.4 Water Service. No person shall connect to and/or use a Water Main without first applying for water service from the Board, the issuance of a Permit by the Board, and except in compliance with these Operating Procedures, Rules and Regulations as the same may be amended from time to time.

No water service shall be obtained until the Water Tap Fee has been paid.

2.5 Water Restrictions. While it is the purpose of the Board to provide an adequate water supply to meet the requirements of its Customers within the restrictions of the decree dated April 2, 2001 in Case No. 97CWI08(B), Water Division 2, there are many factors which make it uncertain that the supply can always be adequate for all purposes. Therefore in times of extreme shortages or operational difficulties, water service for swimming pools and lawn irrigation shall be curtailed by such restrictions and/or methods as are deemed necessary by the Board.

2.6 Other Permits. No Permit issued by the Board shall be taken as authority for the making of any cut in a public road or street nor in lieu of any permit required by any other regulatory body.

SECTION 3. SERVICE LINES AND CONNECTIONS

3.1 Cost Responsibility. All costs and expenses incident to the installation and connection of Water Service Lines, including the cost of any meters, meter pits or vaults, and remote read-out devices, shall be borne by the Constructor or the Customer. The Constructor or the Customer shall indemnify the Association for any loss or damage that may directly, or indirectly, be occasioned by the installation of any Water Service Line.

3.2 Service Line Maintenance. Each Customer shall be responsible for maintaining that portion of the Water Service Line extending from the property line to the building being served. Should a leak or break occur in a Service Line, the Board shall notify the Customer and shut off the water supply at the curb stop. After satisfactory repair has been completed, and accepted by the Board, the Board will turn on the water supply.

3.3 Water Meter Installation and Maintenance. Installation of the water meter and remote read-out device shall be a cost to the Customer. Meters used within Service Area must conform to the Water System Specifications of the Board and shall be owned by the Customers on whose property they are located and such Customers are responsible for maintenance of such meters and meter pits. The Association will replace any meters requiring replacement because of obsolescence or ordinary wear and tear, with the cost of such replacement to be billed to the Customer. The Customer shall be responsible for any damage to, or loss of, a meter caused by vandalism, malicious mischief, theft, freezing, hot water, tampering, water hammer, or casualty other than ordinary wear and tear. When a meter has been damaged as a result of any such causes, the Customer shall bear the entire expense of removing, repairing, resetting, and replacing the meter. Upon installation, the replacement meter will be deemed the property of the Customer.

3.4 Water Service. Prior to making a tap on a Water Main, a request for Water Service shall be made to the Board.

3.5 Water Tap Fee and Permit. A Water Tap Fee shall be paid prior to connecting to the plumbing of the premises. The Water Tap Fee paid shall be that in effect at time of application for a Permit. The Permit must be activated within 365 days of the date of issuance. Activated is defined as: Water Main tapped and Water Service Line and meter installed. If these conditions are not met, the Permit shall be voided and any new Permit issued shall be at the prevailing rate at the time of a new application. The original Water Tap Fee, for the voided Permit, may be refunded or applied as credit against the new Water Tap Fee. The Board shall charge an administrative fee of \$50.00 for re-issuing Permits. A separate and independent Water Service Line and water meter shall be required for every Customer unless determined otherwise by the Board upon request of the applicant. Water Service to the premises will not be turned on until all fees and costs have been paid; and water meters, remote read-out device, and a Water Service Line have been installed in accordance with all Operating Procedures, Rules and Regulations

3.6 Cross-connection Control. The Association is responsible for the protection of its water system from contamination or pollution due to the backflow of contaminants or pollutants through the water service connections.

3.7 Cross-connection Prohibited. (a) It is a violation of these Operating Procedures, Rules and Regulations for any person to have a connection between a line carrying Tres Valles West Water System water and a line carrying non-Tres Valles West Water System water, including water from a well. (b) It is a violation of these Operating Procedures, Rules and Regulations for any person to make, install, maintain or permit to exist any cross-connection between Tres Valles West Water System, including that portion of Tres Valles West Water System that is contained inside a residence or other building, and any pipe, plumbing fixture, tank, receptacle, equipment or other appurtenance on the Customer's premises that is a source of contaminated or polluted water, unless Tres Valles West Water System is protected with a backflow prevention assembly. (c) No water service connection to any premises shall be installed or maintained unless the water supply is protected as required by these Operating Procedures, Rules and Regulations. (d) The Board shall discontinue water service to any premises if it is found that an unprotected cross-connection exists on the premises or that a back flow prevention assembly required under this section has not been installed and tested or that the required backflow prevention assembly has been removed, bypassed improperly maintained or improperly tested. Service shall not be restored until such conditions or defects are corrected to the satisfaction of the Board.

3.8 Backflow Prevention Assembly. The extent of cross-connection control and the type of backflow prevention assembly to be required shall depend upon the degree of hazard presented by the cross-connection on the premises. When backflow prevention assemblies are required, they shall be installed at the service Connection or location designated by the Engineer. The assembly shall be located so as to be readily accessible for in-line maintenance and testing and no part of the assembly may be submerged.

3.9 Contamination Prohibited. A user of Tres Valles West Water System water is responsible for preventing pollutants and contaminants from entering the Tres Valles West Water System. A user's responsibility starts at the point of delivery of Tres Valles West Water System water to the Water Service Line and includes all of such user's water systems. A user shall install, operate, test and maintain backflow prevention assemblies at the user's expense as directed by the Board, and shall keep accurate records of tests and repairs made to such assemblies in accordance with the provisions of this section and any other applicable laws, rules, regulations, policies and procedures.

3.10 Prevention program. The Engineer is authorized and directed to conduct surveys as to the extent of cross-connection problems and establish a program to control and eliminate cross-connection hazards. The Board may, upon recommendation of the Engineer, adopt such supplemental Operating Procedures, Rules and Regulations as may be necessary to implement and administer the cross-connection control program.

3.11 Design, Construction Specifications, and Contractor Requirements. Water Service Lines shall be installed in accordance with the specifications set forth in these Operating Procedures, Rules and Regulations. All Contractors and subcontractors shall be approved by the Board prior to commencing work. Connection shall be made by bonded, licensed plumbers and pipe layers. The Association assumes no responsibility for work performed by general or subcontractors or their agents.

SECTION 4. RATES AND CHARGES

4.1 Water Tap Fees. The Water Tap Fee shall be in the amount set forth in Exhibit A, as the same shall be amended from time to time by the Board. The Water Tap Fee shall be paid to the Association upon application for water service.

In addition, any applicant for service shall pay, prior to installation, the price of all meters and remote read-out devices installed by the Association.

4.2 Water Meter Requirement. All Connections to the Tres Valles Water System must be connected to a water meter prior to the first point of water use. Water meters must meet the Water System Specifications adopted by the Board. Installation of a water meter is at the Owner's expense. This requirement applies to all Connections, including those Connections to the Water System made prior to the adoption of these Water System Operating Procedures, Rules and Regulations.

4.3 Water Service Charges. Water service charges shall be in the amounts set forth in Exhibit B, as the same shall be amended from time to time by the Board. Water service charges will be charged beginning with the date the water meter is installed.

4.4 Unauthorized Turn On. It shall be a violation of these Operating Procedures, Rules and Regulations for any person other than employees or officials of the Association to turn on Water Service. The Board may institute appropriate civil proceedings in court should such violation occur. In addition, and whether or not it has instituted any such proceedings the Association shall have the right to recover all expenses incurred, by the Association, in connection with such illegal turn on as well as any other remedies available under these Operating Procedures, Rules and Regulations or at law.

4.5 Construction Water. Upon application to the Board, a Constructor or Customer may be granted a Permit to draw water for construction purposes from the system. All water taken for construction purposes must be used for work within the Service Area. Water to be used in the construction of single family residences shall be charged at a flat rate of (see Exhibit B) per unit. Only after a Permit is secured from the Board which is valid for 365 days, may water be taken.

4.6 Protection From Damage. No unauthorized person shall intentionally or negligently break, damage, destroy, open, uncover, deface, operate, tamper, with or remove any structure, appurtenance, or equipment which is part of the water works, including removal of manhole covers or putting any material into a manhole. The Association shall have the right to recover all expenses incurred in connection with any violation of the immediately preceding sentence.

4.7 Billing Period-Payment. Water service charges will be billed bimonthly to each Customer. Payment is due upon receipt and payable within thirty (30) days of reading date.

4.8 Disconnection. If payment of water service charges has not been received within thirty-five (35) calendar days of the reading date, the Board will apply a late fee of fifteen dollars (\$15.00) to the Customer's account. The Board will issue a "disconnection" notice which includes the late fee described above and mail such notice to the Customer. The notice shall provide an additional ten (10) calendar days for payment of all outstanding fees and charges, after which period, if complete payment has not been made, the Board shall disconnect the Customer's water service. If disconnection is accomplished, a disconnection fee of fifty dollars (\$50.00) shall be applied to the Customer's account. If the disconnection of service results in any additional expense to the Association, such expense shall also be applied to the Customer's account. Interest shall be charged on all of the above described fees and charges pursuant to Section 4.10 herein. Water service will not be reconnected until payment of all outstanding fees and charges have been received.

4.9 Change In Customer Final Billing. Prior to making any change in Customer billing, to the property being served, the old or the new Customer shall file an application form with the Board. A charge of \$25.00 will be added to the final billing charges to cover the cost of the special service required.

4.10 Interest on Late Payments. The Board may charge interest on any amounts due to the Association that have not been paid when due at an annual percentage rate of eighteen percent (18%), calculated from the due date for the payment.

4.11 Returned Checks. A fifteen dollar (\$15.00) service charge shall be applied to the Customer's account for any check returned without payment by the Customer's bank.

SECTION 5. PROVISIONS

5.1 Delinquent Payment. Lien on Property Served. No water service will be available until all fees, rates, tolls, penalties and charges have been paid. Until paid, all fees, rates, tolls, penalties, and charges made or imposed by the Board, whether with respect to water facilities or services, shall constitute a perpetual lien on and against the property served and such lien may be foreclosed in the manner provided by law.

5.2 Liability. Any person violating any of the provisions of these Operating Procedures, Rules and Regulations shall be liable to the Association for any expense, loss, or damage to the Association or its property occasioned by reason of such violation, and shall indemnify the Association against, and hold it harmless from and against any expense, loss or damage occasioned by any other person by reason of such violation. The Association shall not be liable for, and no claim shall be made against the Association by reason of damage; to water heaters, boilers, appliances or any other personal or real property of whatever nature or description resulting from any water; or from turning such on or off; from excessive, inadequate or sporadic pressures; or caused by water escaping from open or defective faucets; or caused by burst or leaking service pipes; disruption of service stemming from breaking of any supply line, pipe, cock, or meter by any employee of the Association; or other facilities not owned by the Association. The Owner and the occupant of the premises being served shall be liable for all expense, loss, or damage resulting from failure to repair any leaks or breaks in the Water Service Lines to the premises.

Any of the Association Board member or employee, charged with enforcement of these Operating Procedures, Rules and Regulations, acting in good faith on behalf of the Association, shall not thereby render himself personally liable for any damages which may accrue to persons or property resulting from any act committed in the discharge of such duties.

5.3 Customer Plumbing. Any Owner or occupant, and their respective successors and assigns, who makes any direct or indirect cross-connection to any of the Tres Valles West Water System facilities, such cross-connections being hereby expressly prohibited, shall indemnify the Association against, and hold the Association harmless from and against, any claims arising from such cross-connection.

5.4 Binding Effects of Operating Procedures rules and Relations; Violations. By having accepted water service from Tres Valles ,Water System, every Owner and occupant is deemed to have consented to and accepted these Operating Procedures, Rules and Regulations. Each violation of these Operating Procedures, Rules and Regulations is a separate offense, and each day that any Operating Procedure, Rule or Regulation is violated is a separate offense. In addition to any criminal penalty which may be applicable, and in addition to any other specific

remedy elsewhere provided in these Operating Procedures, Rules and Regulations, the Board may institute appropriate civil proceedings in court to recover all damages suffered and expenses incurred by the Association in connection with enforcement of these Operating Procedures, Rules and Regulations or by reason of such violation. The Board may assess a monetary penalty, in an amount not to exceed \$250.00 for any violation of these Operating Procedures, Rules and Regulations, after providing the alleged violator with notice of its intent to assess a penalty and an opportunity for a hearing with the Board.

5.5 Revisions. These Operating Procedures, Rules and Regulations, including all schedules of service charges and Water Tap Fees, and other rates; fees, tolls, penalties and charges may be altered, amended, repealed, or re-enacted at any regular meeting of the Board, or at any special meeting of the Board. Such alterations, amendments and re-enactments shall apply to all Owners, Constructors, Customers and occupants then or thereafter using the facilities or services of the Tres Valles Wastewater System.

5.6 Adoption. These Operating Procedures, Rules and Regulations are hereby adopted by the Board of Directors of Tres Valles West Owners Association at the regular meeting held on _____, 2001.

EXHIBIT "A"
WATER TAP FEES
(Effective _____)

This schedule of Tap Fees may be changed by the Board at any time, without notice.

(1) RESIDENTIAL:

The following fee schedule shall apply for all water taps for the classes of uses listed:

Single Family Units \$ _____

(2) MISCELLANEOUS PROVISIONS:

_____percent of each water Tap Fee is to be placed into reserve for Debt Retirement and/or System Improvements.

EXHIBIT "B"
WATER SERVICE CHARGES
(Bi-Monthly Billings)
(Effective with bills calculated after _____)

This schedule of charges may be changed by the Board, at any time, pursuant to the Operating Procedures, Rules and Regulations.

RESIDENTIAL:

For the purpose of the following schedules, the words listed below have the meanings set forth opposite each:

Single Family Unit is defined as a free-standing living unit located on a separate - and distinct parcel of ground containing only that Unit.

Water Service Rates for Single-Family units shall be in accordance with the following table:

Water Service Availability fee is \$_____per month for all units. (This includes units not tapped into Water Main.)

Minimum charge \$_____ (includes 12,000 gallons), next 20,000 gallons @ \$_____per thousand gallons, all usage over 32,000 gallons @ \$_____per thousand gallons.