

**LEFT HAND WATER DISTRICT
DISTRICT POLICIES**

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1. Discretion of the Board

1a. DISCRETION

Nothing in these Policies shall be interpreted as a requirement of the District to construct any lines or facilities or to enter into any agreement with any applicant for the construction of any lines, or to service any particular geographical area within the District. The Board retains complete and full discretion with respect to the upgrading and expansion of the system, the feasibility and practicality of any upgrading or expansion, and the best interests of the District. Any taps granted are done so at the discretion of the Board, based on ability to serve, technical evaluation and current policy at the time of approval. These rules and regulations shall not be interpreted as conferring any benefit or right to any party to receive service except as may be explicitly provided by state statute or by these rules and regulations.

1b. AMENDMENTS

These policies may be amended by the Board of Directors at any regular meeting, or at any special meeting called for that purpose.

1c. OWNERSHIP AND OPERATION OF FACILITIES

The District shall operate, and shall be responsible for the maintenance and repair of, all lines and facilities owned by the District, but shall not be liable or responsible for interruption of service due to blockage, breakage, or leakage occurring on the property owner's service line extending beyond the District's meter.

2. Powers and Authority of Agents and Employees

The District's manager, manager's designee, or other duly authorized employee or agent, bearing proper credentials or identification, shall be permitted to enter upon all properties within the District for the purposes of inspection, maintenance, repair, or replacement of District lines and facilities, and for inspection, observation, measurement, sampling or testing of water and water usage.

3. Tampering/Limitation/Oil and/or Gas

3a. TAMPERING OR INTERFERENCE

It is the District's policy to protect the integrity of its infrastructure, and the safety of those charged with the management of District facilities or employees during normal operation, maintenance or construction activities. Any interference with District personnel, or unauthorized use, tampering with, or manipulation of District property including, but not limited to, water mains, valves, tanks, pump stations or other structures or equipment will not be tolerated. The District will contact appropriate law enforcement organizations for any instance of damaging, altering, adjusting or in any manner interfering with or obstructing the operation of the District's system or maintenance operation on the system. In addition to civil or criminal penalties, customers found to be guilty of such tampering will be fined the then-current Illegal Use of Facilities fees.

3b. LIMITATION ON USE OF WATER

Taps shall be assigned to the specific parcel of property that is identified in the tap application and which has been approved for development by the applicable governmental entity/agency responsible for land use. Service cannot be extended in any manner to provide water service from this tap to any other parcel, including outlots or common spaces. Such use requires the issuance of a separate service tap under District Policies.

3c. LIMITATION ON USE OF WATER USED FOR OIL AND/OR GAS WELL DEVELOPMENT

The District uses its water rights to supply bulk treated water from District facilities for various uses. Bulk water is provided to independent contractors for construction and cistern supplies and for the development of oil and/or gas wells and related activities; at rates to be determined by the Board of Directors at its sole discretion.

It is the Policy of the District that:

- The Left Hand Water District is or may be Supplier, as defined by Northern Water, of water used for the development of oil and/or gas wells and encompassing related activities including, but not limited to, drilling oil and gas wells, and hydraulic fracturing of oil and gas wells.
- The District recognizes that the use of its C-BT Project water cannot and shall not be made for any oil or gas well located outside the boundaries of Northern Water.
- The District will strictly adhere to all rules governing the use of Colorado-Big Thompson Project Water for the development of Oil and Gas Wells, and the associated Water Use Reporting and Accounting Procedures.
- As a Supplier that delivers Well Development Water to a Water Hauler, as defined by Northern Water, the District has the responsibility to assure, to document and to certify to Northern Water, on a monthly basis that the C-BT Project Water is being beneficially used within Northern Water, through proper accounting.
- The District will rely on information supplied by a Water Hauler in providing the required certifications and accounting of water use. Information provided to the District by a Water Hauler will be used to verify the accuracy of the reporting by the District to Northern Water, including submitted accounting and certifications.
- The District will take timely and appropriate corrective action against a Water Hauler that provides incorrect or falsified information regarding the use of Well Development Water.

4. Easements and Rights Of Way

Pursuant to Section 32-1-1006, C.R.S., the District has the right to establish, construct, operate and maintain its water lines across or along any public street or highway and in, upon or over any vacant public lands belonging to the State of Colorado, and across any stream or watercourse. Because many of the public rights of way are utilized by other utilities, it is often necessary to acquire rights of way and easements from private parties. It is the policy of this District that:

4.1 PUBLIC RIGHT OF WAY

Public rights of way should be utilized whenever feasible.

4.2 PRIVATE PARTY EASEMENTS

In the event it is not feasible to utilize the public rights of way, easements may be acquired from private parties utilizing a standard amount of compensation on a per foot basis, said amount to be periodically determined by the District. The amount includes both the value of the easement and any damage to the owner's property (e.g., crop damage or damage to pre-existing structures).

4.3 LANDOWNERS

In the event that a landowner is unwilling or unable to convey an easement for any reason, and further good faith negotiations would be futile, the District shall determine whether it shall utilize its condemnation powers to acquire the necessary easement and shall give the landowner a written notice of its intention to commence the required legal proceedings to acquire the necessary property interests.

4.4 ENCROACHMENT

It is the policy of Left Hand Water District to protect the territorial integrity of its water line easements. Each employee is directed to report discovery of any encroachment to appropriate District staff; and it is the policy of the District to inform landowners of the encroachment. Failure of the landowner to remove the encroachment will result in the landowner being held liable for its removal at the time the need arises, as well as damages that may result in the delay of a repair. Pursuant to this policy, and in order to inventory the easements in question, the District will require the final plat from any subdivision of land within the District prior to or as part of service being made available.

5. Extra-Territorial Service

Pursuant to Sec. 32-1-1001(k), C.R.S., the District is legally authorized to provide service outside of its boundaries at the discretion of the Board. Such service may be authorized by the Board under such terms and conditions as the Board may determine and upon the recommendation of the District's engineer with respect to the District's ability to provide such service. Any such service shall be rendered only by written contract approved by the Board and not extending beyond a period of 25 years.

No such contract, however, or the services rendered pursuant thereto, shall be construed to impose upon the District any obligation to provide any other service outside of its legal boundaries, nor shall the existence of such contract or the services rendered in connection therewith constitute an offer to the public by the District to serve outside of its boundaries generally. All such written service contracts shall be in conformity with and subject to, all of the terms and conditions of any intergovernmental agreements between the District and a municipality if such service will be to properties lying within any planning area of such municipality and shall be provided only with the consent of any applicable service provider if such property to be served lies within the service area of another service provider.

All such contracts shall expressly state that the contractual right to receive water service shall be subordinate to the rights of District residents and customers to receive unimpaired service.

Fees and charges for extraterritorial service, if any such service is provided by the District, shall be at rates and fees as may be determined by the Board in its discretion by establishing an extraterritorial fee schedule. The intent of disparate fees and charges for extraterritorial service, if such disparate rates are established, is to ensure that properties serviced outside of the District's boundaries do not pay a cumulative total of fees and charges which are equal to or less than the cumulative total of fees and charges which are paid by in-District customers thus providing no incentive for the users to include such property into the District.

6. Collection of Charges and Fees; Disconnection and Foreclosure of Lien

6.1 BILLING AND PAYMENT

Statements for all charges due to the District shall be calculated on a monthly basis and mailed to the customer. The statement shall include all charges (monthly service charge, surcharge, delinquency charges, inspection fee, if any, etc.) incurred or assessed during the previous monthly billing period. All statements are due and payable on or before the due date specified on the statement. If any meter fails to register in any billing period, the water user shall be charged according to the average quantity of water used in a similar period as shown by the meter when in order.

6.2 DELINQUENT ACCOUNTS AND DISCONNECTION

Any statement which is not paid in full prior to the designated "Due Date" shall be deemed to be delinquent. In addition to the charges set forth herein, the District may, at its discretion, disconnect the water services and may foreclose its statutory lien as set forth herein. A notice is printed on the regular monthly statement indicating a past due amount and the possibility of disconnection of services. Delinquent accounts are subject to the following procedures:

1. On the day following the due date for the period, a shut-off report is generated which identifies the delinquent accounts meeting the shut-off criteria. The shut-off criteria are as follows:
 - a. An account with a minimum past due balance of \$75.00 and
 - b. This balance has not been paid for two consecutive due dates, the original due date and the due date of the following month.
2. A notice of Shut Off is generated for accounts meeting the criteria.
3. Each Notice of Shut Off:
 - a. Is mailed to the physical service address.
 - b. Advises the customer of the amount owed and the due date which is 10 days after the original due date for the current charges.
 - c. Advises the customer that the services may be disconnected if payment is not made by the due date.
 - d. Advises the customer that all payments must be made at the District's office during its regular business hours or placed in the District drop box prior to 9:00am on the due date.

- e. Advises the customer that if water service is disconnected, and if the delinquency is then paid in full, a reconnection charge shall be assessed according to the most current schedule of miscellaneous fees.
- f. Advises the customer that if circumstances exist as to why the service should not be disconnected, the District office should be notified.

4. A delinquent account which is in excess of \$150 and which is at least six months delinquent may be collected in accordance with Section 32-1-1101 (1) (e), C.R.S., by certification to the county treasurer for collection in the same manner as taxes. Such certification shall be made by the Board of Directors to the Treasurer only after notice has been given to the affected parties as set forth in the statute.

6.3 STATUTORY LIEN

Pursuant to Section 32-1-1001(j), C.R.S., and Sec. 32-1-1006, C.R.S., until paid, all such fees, rates, tolls, penalties, or charges shall constitute a prior and perpetual lien on and against the property served. Such lien may be foreclosed upon as provided by state statutes.

6.4 PARTIAL PAYMENTS

Partial payments shall be accepted by the General Manager or Office Supervisor, at their discretion, upon finding hardship, unusual circumstances, or other good and just cause up to \$1,000.00 and they will notify the Board of this action.

6.5 ADJUSTMENTS

The District's manager is authorized to make adjustments in billings for good and just cause and to resolve disputes. In no event shall service be provided at reduced rates.

7. Disconnection for Violation of Rules, Policies, Procedures

The District reserves the right to disconnect service for any violation of any rule, policy or procedure of the District upon written notice of such intended action to the person listed on the District's records for that property. The notice shall indicate the rule, policy or procedure which has been allegedly violated and shall state the date, time and place of the meeting of the District's Board of Director when the intended action will be considered.

8. Investments

8.1 SCOPE

The purpose of this Investment Policy is to establish the methods, procedures and practices which must be exercised to ensure effective and judicious fiscal and investment management of the District's funds. This Investment Policy shall apply to all funds of the District with the exception of investments held in the District's pension plans, if any. All excess cash may be pooled for investment purposes. The investment income derived from the pooled investment account shall be allocated to the contributing funds based upon the proportion of the respective average balances relative to the total pooled balance. Interest earnings shall be distributed to the individual funds not less than annually.

8.2 OBJECTIVES

The District's funds shall be invested in accordance with all applicable District policies and codes, Colorado statutes, and Federal regulations, and in a manner designed to accomplish the following objectives, which are listed in priority order:

- Preservation of capital and protection of investment principal.
- Maintenance of sufficient liquidity to meet anticipated cash flows.
- Diversification to avoid incurring unreasonable market risks.
- Attainment of a market value rate of return.

8.3 DELEGATION OF AUTHORITY

The ultimate responsibility for the investment of the funds of the District covered by this Investment Policy resides with the District's Board of Directors. The Board of Directors has delegated to the District's General Manager responsibility for implementing District policy regarding the investment and custody of the District's funds.

The General Manager shall develop written administrative procedures and internal controls, consistent with this Investment Policy, for the operation of the District's investment program. Such procedures shall be designed to reduce the risk of loss of public funds arising from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees of the District.

The General Manager may delegate the authority to conduct investment transactions and manage the operation of the investment portfolio to other specifically authorized staff members. The General Manager shall maintain a list of persons authorized to transact securities business for the District. No person may engage in an investment transaction except as expressly provided under the terms of this Investment Policy.

The District may engage the support services of outside professionals in regard to its investment program, so long as it can be clearly demonstrated that these services produce a net financial advantage or necessary financial protection of the District's financial resources.

8.4 PRUDENCE

The standard of prudence, as defined by the Colorado Revised Statutes (CRS), to be used for managing the District's assets is the "prudent investor" standard applicable to a fiduciary, which states that a prudent investor "shall exercise the judgment and care, under circumstances then prevailing, which men of prudence, discretion, and intelligence exercise in the management of the property of another, not in regard to speculation but in regard to the permanent disposition of funds, considering the probable income as well as the probable safety of capital." (CRS 15-1-304, Standard for Investments.)

The District's overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The District recognizes that no investment is totally without risk and that the investment activities of the District are a matter of public record. Accordingly, the District recognizes that occasional measured losses may occur in a diversified portfolio and shall be considered within the context of the overall portfolio's return, provided that adequate diversification has been implemented and that the sale of a security is in the best long-term interest of the District.

The General Manager and authorized investment personnel acting in accordance with this Investment Policy and written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that the deviations from expectations are reported in a timely fashion to the Board of Directors and appropriate action is taken to control adverse developments.

8.5 ETHICS AND CONFLICTS OF INTEREST

Employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair or create the appearance of an impairment of their ability to make impartial investment decisions. Employees shall disclose to the Board of Directors any material financial interests they have in financial institutions that conduct business with the District and they shall subordinate their personal investment transactions to those of the District.

8.6 AUTHORIZED SECURITIES AND TRANSACTIONS

All investments shall be made in accordance with applicable Colorado Revised Statutes, including without limitation: CRS 11-10.5-101, et seq., Public Deposit Protection Act; CRS 24-75-601, et seq., Funds - Legal Investments; CRS 24-75-603, Depositories; CRS 24-75-, 701 et seq., –Investment Funds-Local Government Pooling. Any revisions or extensions of these sections of the statutes will be assumed to be part of this Investment Policy immediately upon being enacted. Only the following types of securities and transactions shall be eligible for use by the District:

For the purposes of this Policy the term “securities” shall have the same meaning as defined in Sec. 24-75-601(3), C.R.S. and specifically excluded are common stock or preferred stock of corporations, real estate, commodity futures, collateralized mortgage obligations except those issued directly by the listed governmental agencies; unit investment trusts, and art/collectibles. Derivative securities that have been created by brokers are not legal investments even if they are backed by federal agency securities.

The following descriptions are summaries only, current as of 2009. Sec. 24-75-601.1, C.R.S., lists legally eligible securities and should be periodically referred to for any amendments. At the date of the adoption of this Policy, the following securities are permissible investments:

Direct obligations of the United States with a maximum maturity of five years from the settlement date, unless the Board specifically authorizes a longer maturity period.

Obligations of U.S. Government Agencies with a maximum maturity of five years from the settlement date, unless the Board specifically authorizes a longer maturity period. Specifically mentioned in the law are securities issued by FNMA “Fannie Mae”; by GNMA (“Ginnie Mae”); by FHLMC (“Freddie Mac”); by the Federal Farm Credit Bank; by the Federal Land Bank; by the Export-Import Bank; by the Tennessee Valley Authority; and by the World Bank.

If a Federal Instrumentality Security carries a rating lower than the highest category by any Nationally Recognized Statistical Rating Organization (NRSRO), the security is

eligible for purchase subject to the following limitations: the final maturity (from the date of trade settlement) may not exceed the statutory limit stated in C.R.S. 24-75-601 and the security must be rated at least AA- or the equivalent by at least two NRSROs, and not less by any. Subordinated debt shall not be purchased. For securities authorized in this paragraph, the District shall limit the combined total of investments to no more than 90 percent of the total portfolio and 30 percent per issuer.

Securities of entities or organizations not listed above, but created by, or authorized to be created by legislation of, the U.S. Congress where the issuing agency is subject to control by the federal government at least as extensive as that which governs the agencies listed above. All of such securities must be rated in the highest category by two or more nationally recognized rating agencies that regularly rate such obligations and no such organizations rate the security lower than its highest rated category. The period from the settlement date to its maturity shall be no longer than five years, unless the Board authorizes a longer maturity period.

General obligations of any state of the United States, the District of Columbia, the territorial possessions of the U.S., or political subdivision, institution, department, agency, instrumentality, or authority of any of such governmental entities. Such securities must be rated in the highest two rating categories by two or more nationally recognized rating agencies. The period from the settlement date to its maturity shall be no longer than three years, unless the Board authorizes a longer maturity period.

Revenue obligations of any state of the United States, the District of Columbia, the territorial possessions of the U.S., or political subdivision, institution, department, agency, instrumentality, or authority of any of such governmental agencies. These securities must be rated in the highest rating category by two or more nationally recognized rating agencies. The period from the settlement date to its maturity shall be no longer than three years.

The District's own securities including certificates of participation and lease obligations.

Any interest in a local government investment pool pursuant to CRS § 24-75-701, et seq.

Repurchase agreements for any of the U.S. Government and agency securities listed in paragraphs one and two above, under certain statutory conditions, including that the securities must be marketable; that the market value of such securities at all times must be at least equal to the funds invested by the investing public entity; and that the title must be transferred and the securities must actually be delivered versus payment. The securities subject to repurchase agreement may have a maturity in excess of five years, however the period from the settlement date of the repurchase agreement to its maturity shall be no longer than five years unless the Board authorizes a longer maturity period.

Reverse repurchase agreements for any of the U.S. Government and agency securities listed in paragraphs one and two above, subject to several statutory conditions, including that necessary transfer documents must be transferred to the investing public entity; cash must be received by the investing public entity in a delivery versus payment settlement; that the market value of such cash received from such reverse repurchase agreement at all times must be at least equal to the funds invested by the investing public entity; that the repurchase agreement is not greater than ninety days in maturity from the date of settlement unless the Board authorizes a longer maturity period; that the counter-party meets the credit conditions of an issuer that would qualify under paragraph thirteen below; that the value of all securities does not exceed eighty percent of the total deposits and investments of the investing public entity; and that no securities are purchased with the proceeds of the reverse repurchase agreement that are greater in maturity than the term of the reverse repurchase agreement.

Securities lending agreement, subject to certain statutory conditions, including that necessary transfer documents must be transferred to the investing public entity; securities must be received by the District in a simultaneous settlement; that the market value of such securities at all times must be at least equal to the securities lent by the investing public entity; that the counter-party meets the credit conditions of an issuer that would qualify under paragraph thirteen below; and that in the case of a local government, the securities lending agreement shall be approved and designated by written resolution adopted by a majority vote of the governing body and recorded in its minutes.

Certain money market funds subject to statutory conditions including: registration of the fund under the federal “Investment Company Act of 1940”; that the fund seeks to maintain a constant share price; the fund charges no sale or load fees unless the governing body of the public entity authorizes such a fee at the time of purchase; the securities have maximum maturity as specified in rule 2a-7 of the federal “Investment Company Act of 1940”; the fund has assets as required by statute, or has the highest current rating from at least one nationally recognized rating agency; and the dollar-weighted average portfolio maturity meets requirements of rule 2a-7 with additional limitations.

Certain guaranteed investment contracts rated in one of the two highest rating categories by two or more nationally recognized securities ratings agencies that regularly issue such ratings; with a maturity not greater than three years; contracts with a maturity of greater than three years shall only be purchased only with debt, certificates of participation, or lease purchase agreement proceeds, but no refunding proceeds.

U.S. dollar denominated corporate or bank security, issued by a corporation or bank organized and operating within the United States; the debt matures within three years; the debt must carry at least two ratings not below “AA- or Aa3” from any nationally recognized rating agencies; if the security is a money market instrument such as commercial paper or bankers’ acceptance, then it must carry at least two credit ratings from any nationally recognized credit rating agencies and must not be rated below “A1,

P1, or F1”; and the book value of the local government's investment in this type of debt shall at no time exceed 50% of the government's investment portfolio, or five percent of the book value of the debt is issued by a single corporation or bank unless the governing body authorizes a greater percent.

Securities held by the District that have been downgraded to a level that is below the minimum ratings described herein may be sold or held at the District's discretion. The portfolio will be brought back into compliance with Investment Policy guidelines as soon as is practical.

8.7 INVESTMENT DIVERSIFICATION

The District shall diversify its investments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities. Nevertheless, the asset allocation in the investment portfolio should be flexible depending upon the outlook for the economy, the securities markets and the District's anticipated cash flow needs.

8.8 PORTFOLIO MATURITIES AND LIQUIDITY

To the extent possible, investments shall be matched with anticipated cash flow requirements and known future liabilities. Unless matched to a specific cash flow requirement, the District will not invest in securities maturing more than five years from the date of trade settlement.

8.9 SELECTION OF BROKER/DEALERS

The General Manager shall maintain a list of authorized broker/dealers approved for investment purposes, and it shall be the policy of the District to purchase securities only from those authorized firms.

To be eligible, a firm must meet at least one of the following criteria:

1. Be recognized as a Primary Dealer by the Federal Reserve Bank of New York, or
2. Report voluntarily to the Federal Reserve Bank of New York, or
3. Qualify under Securities and Exchange Commission (SEC) Rule 15c3-1 (Uniform Net Capital Rule).

Broker/dealers will be selected by the General Manager on the basis of their expertise in public cash management and their ability to provide service to the District's account. Each authorized broker/dealer shall be required to submit and annually update a District approved Broker/Dealer Information Request form which includes the firm's most recent financial statements. The General Manager shall maintain a file of the most recent Broker/Dealer Information forms submitted by each approved firm.

In the event that an external investment advisor is not used in the process of recommending a particular transaction in the District's portfolio, authorized broker/dealers shall attest in writing that they have received a copy of this policy.

The District may purchase commercial paper from direct issuers even though they are not on the approved broker/dealer list as long as they meet the criteria outlined in the Section, "Authorized Securities and Transactions" of this Investment Policy.

8.10 COMPETITIVE TRANSACTIONS

Each investment transaction shall be competitively transacted with broker/dealers authorized by the District. At least three broker/dealers shall be contacted for each transaction and their bid and offering prices shall be recorded.

If the District is offered a security for which there is no other readily available competitive offering, then the General Manager will document quotations for comparable or alternative securities.

When purchasing original issue instrumentality securities, no competitive offerings will be required as all dealers in the selling group offer those securities at the same original issue price.

8.11 SELECTION OF BANKS AS DEPOSITORIES AND AS PROVIDERS OF GENERAL BANKING SERVICES

The General Manager shall maintain a list of authorized banks approved to provide depository and other banking services for the District. To be eligible, a bank must be a member of the Federal Deposit Insurance Corporation, shall qualify as a depository of public funds in Colorado as defined in CRS 24-75-603, and must, in the judgment of the General Manager, offer adequate safety to the District. Banks failing to qualify, or in the judgment of the General Manager no longer offering adequate safety to District, may be removed from the list.

The District shall utilize Highline Banking Data Services to perform a credit analysis on banks seeking authorization. The analysis shall include a composite rating and individual ratings of liquidity, asset quality, profitability and capital adequacy. The General Manager shall maintain a file of the most recent credit rating analysis reports performed for each approved bank. Credit analysis shall be performed at least semi-annually.

8.12 SAFEKEEPING AND CUSTODY

The General Manager shall approve one or more financial institutions to provide safekeeping and custodial services for the District. A District approved Safekeeping Agreement shall be executed with each custodian bank prior to utilizing that bank's safekeeping services. To be eligible for designation as the District's safekeeping and custodian bank, a financial institution shall qualify as a depository of public funds in Colorado as defined in C.R.S. 24-75-603.

The purchase and sale of securities and repurchase agreement transactions shall be settled on a delivery versus payment basis. Ownership of all securities shall be perfected in the name of the District, and sufficient evidence to title shall be consistent with modern investment, banking and commercial practices.

All investment securities shall be delivered by either book entry or physical delivery and will be held in third-party safekeeping by the District approved custodian bank, its correspondent bank or the Depository Trust Company (DTC).

All Fed wireable book entry securities shall be evidenced by a safekeeping receipt or a customer confirmation issued to the District by the custodian bank stating that the securities are held in the Federal Reserve system in a Customer Account for the custodian bank which will name the District as "customer."

All DTC eligible securities shall be held in the custodian bank's Depository Trust Company (DTC) participant account and the custodian bank shall issue a safekeeping receipt evidencing that the securities are held for the District as "customer."

All non-book entry (physical delivery) securities shall be held by the custodian bank or its correspondent and the custodian bank shall issue a safekeeping receipt to the District evidencing that the securities are held for the District as "customer."

The District's custodian will be required to furnish the District monthly reports of holdings of custodied securities as well as a report of monthly safekeeping activity.

8.13 PORTFOLIO PERFORMANCE

The District's investment portfolio shall be designed to attain a market rate of return throughout budgetary and economic cycles, taking into account prevailing market conditions, risk constraints for eligible securities, and cash flow requirements. The performance of the portfolio shall be compared to the average yield on the U.S. Treasury security which most closely corresponds to the portfolio's weighted average effective maturity. When comparing the performance of the District's portfolio, all fees involved with managing the portfolio shall be included in the computation of the portfolio's rate of return net of fees.

8.14 REPORTING

The General Manager shall prepare a monthly investment report listing the investments held by the District and the market value of those investments. The report shall include a summary of investment earnings and performance results during the period.

8.15 POLICY REVISIONS

This Investment Policy shall be reviewed periodically by the General Manager and amended by the Board of Directors as conditions warrant.

8.16 DUAL SIGNATURES REQUIRED

All accounts, investments and deposits, except the General Manager's account, shall require the signature of two individuals as follows:

1. The signature of the General Manager and one of the members of the Board of Directors; or
2. The signature of two members of the Board of Directors as designated by the Board.

The manager may maintain a separate checking account, known as the Manager's Account, for the conduct of routine District business; provided, however, that at no time shall the balance of the account exceed \$10,000, in addition to the cumulative balance of any customer deposits. All expenditures from the account for the preceding month shall be reported by the manager to the Board of Directors at its regular monthly meeting.

8.17 CREDIT/DEBIT CARD PAYMENTS

The District accepts payments for goods, services and monthly billing from customers by credit/debit cards from designated providers, subject to the following policies and limitations:

1. Monthly water bill may be paid by charge/debit, without limit and without additional fees or charges to the customer.
2. For payment of all other goods and services there is a \$3,000.00 limit in total charges, and a convenience fee based on, but not to exceed the actual costs to the District of the use of the credit or debit method of payment will be assessed.

9. Leak Adjustment

The District may grant a credit for usage due to an underground leak. If granted, the credit shall be in the form of a reduced rate to be applied to all usage above the previous year's three month seasonal average for the customer requesting the credit due to a leak. The rate applied shall be based on the current cost of treatment and distribution, as approved by the Board of Directors and outlined in the Schedule of Miscellaneous Fees. In order to receive the credit, a written request must be submitted to the District, and said request must include verifiable demonstration of completed repairs within 30 days of the discovery of the leak. The rate applied for leak credit will be for a period not to exceed 60 days, and a leak credit cannot be granted more than once in a three year period for each metered service tap, with authorization from the General Manager. Leak adjustments or credits other than as outlined above will only be granted at the discretion of the Board of Directors at their monthly Board of Director's meeting.

10. Transfer of Taps; Refunds

10.1 TRANSFER OF ACCOUNT

When property which is serviced by the District is conveyed to a party or entity other than the party listed on the District's records, whether such conveyance is by deed, foreclosure, sheriff's sale, or operation of law, the service account shall be transferred to the new party upon:

- a. Payment in full of all current and delinquent charges and fees, plus any delinquency charges and interest; and
- b. Payment of the District's transfer fee as may be established by the District's Board of Directors.
- c. Providing the District with name and address of new party.

10.2 PROPERTY REMAINS LIABLE

Pursuant to Section 32-1-1001(j), C.R.S., and until paid, the fees, rates, tolls, penalties, delinquencies and charges of the District for services and facilities provided to the property constitute a prior and perpetual lien on the property serviced and for which the services and

facilities are provided. When the property is conveyed to a party or entity other than the party listed on the District's records, the new party's interest in such property shall be subject to the prior and perpetual lien of the District for all such unpaid fees, rates, tolls, penalties, delinquencies and charges. The District shall have no obligation to pursue collection of such unpaid accounts from the transferring party.

10.3 TRANSFER OF SERVICE TAPS- ELIMINATED 3/10/2005

10.4 REFUNDS

Refunds for service taps shall only be granted at the discretion of the Board of Directors. Refund amount shall not exceed 80%* of the original purchase price of the tap, unless otherwise directed by the Board of Directors. Where the water rights required for a tap or taps have been dedicated to the District as a condition of tap purchase, the refund for the water rights portion of the tap fee will be based on the price of the specific water right at the time of dedication, or the current market price, whichever is less.

*For taps purchased under an "Agreement for Service Outside of District:", customer shall be refunded the amount actually paid as cash-in-lieu of raw water, without interest.

11. Disputes Regarding Property Damage

In the event of a dispute between the District and a customer regarding physical damage to the customer's private property in an amount of \$10,000 or less and which damage is alleged to have been caused by the District's acts and/or omissions, such dispute may be submitted to alternative dispute resolution procedures established by state statutes. No such submittal shall be made without the concurrence of the District's Board of Directors and the customer. Once submitted, neither party shall remove the dispute from the alternative dispute resolution forum without the consent of the other party.

12. General Manger

The General Manager is appointed by the District's Board of Directors and serves at its pleasure. The position is salaried and as a supervisory administrative and executive position, it is exempt from the overtime provisions of the Fair Labor Standards Act. The provisions of the Employee Manual are inapplicable to the General Manager except as may be determined by the Board of Directors.

13. Nepotism

13.1 NO PREFERENCE OR FAVORITISM

To avoid the appearance of impropriety, preference or favoritism shall not be given to any prospective employee or current employee who is related by blood or by marriage to any member of the Board or the District's manager.

13.2 MARRIAGE OF EMPLOYEES

The marriage of two employees shall not be the sole cause of termination of the employment relationship of either employee; provided, however, that such marriage may be the cause of termination of employment of one of the employees as being in the best interests of the District if:

- a. one spouse directly or indirectly exercises supervisory, appointment, or dismissal authority or disciplinary functions over the other spouse; or
- b. one spouse would audit, verify, receive or be entrusted with moneys received or handled by the other spouse; or
- c. one spouse has access to the employer's confidential information, including payroll and personnel records; and
- d. neither employee can be transferred or reassigned to another position due to a lack of an opening or lack of training or qualifications as may be determined by the District's manager.

14. Policy Regarding Use of District's Residence

The Left Hand Water District owns a residence adjacent to the District's Spurgeon Water Treatment Plant. Because the District is required to have a certified plant operator available in the event of an emergency, and because of the proximity of the residence to the plant in the event of such an emergency, it is in the best interests of this District that a certified plant operator reside at the plant's residence. The rental rate and terms of the lease for the employee/tenant will be set from time to time by the District Board.

In the event that the employment relationship is terminated for any reason, the employee/tenant will vacate the premises within thirty days of the date the employment relationship is terminated. If the tenant fails to vacate the premises on or before such date, the District will charge a rental fee in the amount of \$50.00 per day provided that such rental shall not preclude the District from seeking a writ of restitution from the Boulder County Court.

No structural remodeling or any other major repairs shall be made without the advance permission of the Board of Directors.

The employee/tenant shall not sublet to allow any person not a member of his immediate family to reside on the premises without the advance permission of the Board of Directors.

15. Policy Regarding Violence in the Workplace

The Left Hand Water District is committed to a safe, healthy, productive workplace for all employees. Our policy is to maintain a work environment which is free from intimidation, harassment, threats, and hostile or violent acts of any kind. To that end, the following conduct is prohibited:

threatening, intimidating, or hostile behavior of any kind directed towards any employee or director;

verbal or physical abuse of any employee or directors, including any form of assault;

vandalism, arson, or any other act against an employee or director and which is detrimental to the safety and welfare of such person or of their personal property, or of District property.

Violation of this policy may result in disciplinary action up to and including termination.

Managers and supervisors have a responsibility to report any instance of inappropriate conduct (as defined above), or any concerns about potential violent behaviors or situations involving specific employees to their direct supervisor. This includes (i) any domestic relations situation which may involve a potential threat to the safety of the employee or others while at work or on duty; and (ii) any situation involving a customer, vendor, property owner, or other person with whom the District may have a business relationship which may involve a potential threat to the safety of employee or directors regardless of whether at work or on duty. In addition, the incident may warrant immediate notification of the appropriate law enforcement agency.

Employees who believe they have been subjected to, have observed, or have knowledge of any violation of this policy or of any potentially violent situation (including threats of violence) have a responsibility to report the behavior or incident immediately to their supervisor.

Any employee who considers himself or herself to be in imminent danger of physical harm from any person should directly contact law enforcement officials immediately and notify their supervisor.

All complaints, notifications, and threats will be taken seriously and investigated promptly. Based on the outcome of the investigation, appropriate disciplinary action, up to and including termination, may be taken. Confidentiality will be maintained as appropriate.

The presence and availability of weapons can increase the risk of workplace violence. Therefore, while at work, on District property, in the treatment plants or offices, or while performing District business off of District premises, District personnel shall not carry or possess any weapons. No weapons shall be transported, carried, or stored in any District owned vehicle at any time. Weapons used for hunting purposes must be left in the person's locked vehicle, preferably the locked trunk, at all times.

If an immediate threat of violence or danger is perceived to be present, the supervisor must contact the applicable law enforcement agency which has jurisdiction. Any District employee who is found in possession of weapons will be subject to disciplinary action, up to and including termination.

For the purposes of this policy the term "weapons" includes all firearms (including pellet guns), fixed blade knives having a blade longer than 3 inches and any object, device, or instrument which is intended to be used to inflict physical injury or death (e.g. martial arts devices, blowguns, cross bows, etc.)

16. Security

No unauthorized personnel shall be allowed within the fenced area of any District water treatment storage tank. All storage tanks shall be fenced and adequately posted with "no trespassing" signs.

No unauthorized personnel shall be allowed access into the District's treatment facilities and buildings, including out-buildings and related facilities, specifically including all reservoirs, chemical storage areas and buildings/structures utilized for the diversion or delivery of water to the District's facilities. All such restricted access facilities should be posted with appropriate signage indicating that access is restricted only to authorized personnel.

The District's General Manager shall designate those portions of the District's offices which should be restricted and not openly accessible to unauthorized personnel.

For the purposed of this rule and regulation, the term "unauthorized personnel" shall include any person who has no legally authorized purpose or District authorized reason for being present on or at the premises, and shall include District personnel who do not require access to the restricted areas for the regular performance of their particular job or duties. The District's General Manager may develop and publish such lists of authorized personnel as may be deemed necessary for each facility.

These specific rules and regulations may be supplemented by additional procedures issued by the District's General Manager.

The District's General Manager and all District managers/supervisors shall be authorized, and are hereby directed to enforce these and other adopted rules, regulations and orders of the District pertaining to health, safety, and security of District owned, operated, or managed, buildings, areas, structures, and facilities.

Pursuant to Sec. 18-9-117, C.R.S., any person violating such rules, regulations, orders or directives shall be guilty of a class 3 misdemeanor, and any District manager or supervisor observing such violation shall immediately report such violations to the Boulder or Weld County Sheriff's Department, or such other law enforcement agency as may be appropriate, pursuant to protocols which may be established between the District and such agency or agencies.

17. HIPAA Privacy Compliance

WHEREAS the Left Hand Water District (District) hereby adopts the following policies and procedures with respect to the Standards for Privacy of Individually Identifiable Health Information; Final Rules as published by the Office of the Secretary, Department of Health and Human Services in the Federal Register on Thursday, December 28, 2000 (Privacy Regulations) and found at 45 C.F.R. Part 160 and Part 164, and any amendments thereto.

PART I EMPLOYEE DENTAL AND HEALTH PLANS

17.1 IN GENERAL

- 1.1** The Employee Dental and Health Plans (Plans) were established and are maintained by the District (Plan Sponsor).
- 1.2** The Plans are a group plans as that term is defined in 45 C.F.R. §160.103.
- 1.3** The Plan Sponsor may use and disclose protected health information (PHI) as that term in defined in 45 C.F.R. §164.501, only as expressly provided under the Privacy Regulations and the terms and conditions of this Plan Document.

17.2 DISCLOSURES BY THE PLANS TO THE PLAN SPONSOR

The Plan Sponsor shall:

- 2.1 Not use or further disclose the information other than as permitted or required by the Plan Documents or as required by law.
- 2.2 Verify that any agents, including subcontractors to whom it provides PHI received from the Plans, agree to the same restrictions and conditions that apply to the Plan Sponsor with respect to such information.
- 2.3 Not use or disclose the information obtained under the Plans for non-Plan employment-related actions and decisions or in connection with any other benefit or employee benefit plan of the Plan Sponsor.
- 2.4 Report to the Plans any use or disclosure of the information that is inconsistent with the uses or disclosures provided for herein of which it becomes aware.
- 2.5 Make available PHI in accordance with 45 C.F.R. §164.524 that provides individuals a right of access to inspect and obtain copies of PHI about the individual contained in a designated record set.
- 2.6 Make available PHI for amendment and incorporate any amendments to PHI in accordance with 45 C.F.R. §164.526.
- 2.7 Make available the information required to provide an accounting of disclosures in accordance with 45 C.F.R. §164.528.
- 2.8 Make its internal practices, books, and records relating to the use and disclosure of PHI received from the Plans available to the Secretary of the Department of Health and Human Services or those acting under the authority or at the direction of the Secretary for purposes of determining compliance by the Plans with the Privacy Regulations.
- 2.9 If feasible, return or destroy all PHI received from the Plans that the Plan Sponsor still maintains in any form and retain no copies of such information when no longer needed for the purpose for which disclosure was made, except that, if such return or destruction is not feasible, the Plan Sponsor will limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible. And,
- 2.10 Ensure that adequate separation required in 45 C.F.R. §164.504(f)(2)(iii) is established.

17.3 DISCLOSURES BY OTHERS TO THE PLAN SPONSOR

The Plan Sponsor shall be entitled to receive PHI from:

- 3.1 The Plans.
- 3.2 Any business associate of the Plans.
- 3.3 Any person or entity that contracts with such business associate.
- 3.4 Any person or entity that contracts with the Plan Sponsor to provide services to or

on behalf of the Plans.

- 3.5 Any health insurer or health insurance issuer or HMO that provides health benefits coverage or services to or on behalf of the Plans.
- 3.6 Any health care clearinghouse that provides services to or on behalf of the Plans or with respect to Plan participants. And,
- 3.7 Any other person or entity that maintains, or has the authority to direct the disclosure of, PHI related to any Plan participant.

17.4 ADEQUATE SEPARATION

- 4.1 Only those persons or classes of persons described below that are under the control of the Plan Sponsor shall be given access to PHI that is disclosed to or otherwise obtained by the Plan Sponsor; provided that any employee or person under the control of the Plan Sponsor who receives PHI relating to payment under, health care operations of, or other matters pertaining to, the Plans in the ordinary course of business shall be included and treated as such a person or as within the class of persons described below:
 - 4.1.1 An officer or employee who serves as a Plan Administrator.
 - 4.1.2 An officer or employee who serves as a Plan fiduciary.
 - 4.1.3 An officer or employee who serves as the Privacy Official. And,
 - 4.1.4 An officer or employee who performs functions related to the Plans, including, but not limited to, human relations, audit, legal, accounting, processing claims, and systems personnel.
- 4.2 The persons and classes of persons described in Paragraph 4.1 above shall be given access to and permitted to use PHI that is disclosed to or otherwise obtained by the Plan Sponsor solely for the purpose of Plan administration functions and payment operations that the Plan Sponsor performs for the Plan.
- 4.3 Any person or class of persons described in Paragraph 4.1 above who obtains access to or uses PHI in a manner that is contrary to the requirements of this section shall be subject to the Plan Sponsor's disciplinary policies and procedures up to and including termination of employment. Regardless of whether a person is disciplined or terminated pursuant to this section, the Plans reserves the right to direct that the Plan Sponsor, and upon receipt of such direction the Plan Sponsor shall, modify or revoke any person's access to or use of PHI.

17.5 PERMITTED AND REQUIRED USE AND DISCLOSURE OF PHI

- 5.1 Permitted Uses and Disclosures.

The Plan Sponsor shall be entitled to use and disclose any PHI obtained pursuant to the authority set forth in this Plan Document, and any other information that may reasonably be deemed to be PHI, regardless of the source of such information, that comes into the possession of the Plan Sponsor, only for the following purposes:

- 5.1.1 To provide and conduct administrative functions related to payment and health care operations for and on behalf of the Plans.
- 5.1.2 To audit payments for claims incurred under the Plans.
- 5.1.3 To provide and conduct payment operations and other necessary functions for the Dental Plan.
- 5.1.4 To request proposals for services to be provided to or on behalf of the Plans And,
- 5.1.5 To investigate fraud or other unlawful acts related to the Plans and committed or reasonably suspected to have been committed by a Plan participant.

5.2 Required Uses and Disclosures.

The Plan Sponsor shall be required to use and/or disclose protected health information for the following:

- 5.2.1 To an individual, when requested under and required by 45 C.F.R. §164.524, in order to provide an individual with access to his or her own PHI.
- 5.2.2 To an individual, when requested under and required by 45 C.F.R. §164.528, in order to provide an individual with an accounting of disclosures of that individual's PHI. The Plan Sponsor shall respond to the accounting request no later than 60 days after the receipt of the request, unless the District exercises an extension of time up to an additional 30 days. And,
- 5.2.3 When required by the Secretary of the Department of Health and Human Services or those acting under the authority or at the direction of the Secretary to investigate or determine the Plan's compliance with the Privacy Regulations.

17.6 PROHIBITED USE AND DISCLOSURE OF PHI

The Plan Sponsor shall not be entitled to use or disclose PHI for any purpose for which use and disclosure is not expressly allowed under this Plan Document, including, but not limited to:

- 6.1 Using or disclosing PHI other than as permitted or required under this document or applicable law, or in a manner inconsistent with the Privacy Regulations. And,
- 6.2 Taking adverse employment action against any plan participant who is an employee of the Plan Sponsor, except with respect to any fraud or unlawful act related to the Plans and committed or reasonably suspected to have been committed by such person.

17.7 MINIMUM NECESSARY

When using or disclosing PHI or when requesting PHI from another party, the Plan Sponsor shall make reasonable efforts to limit PHI to the minimum necessary to accomplish the intended purpose of the use or disclosure, and limit any request for PHI to the minimum necessary to satisfy the purpose of the request.

17.8 NOTICE OF PRIVACY PRACTICES

The District shall make the Notice of Privacy Practices (Notice) as described in 45 C.F.R. §164.520 available on request to any person or to individuals. Revisions of the Notice shall also be made available upon request on or after the effective date of the revision.

PART 2 PRIVACY OFFICER

17.9

The District shall designate a Privacy Officer to be responsible for the development and implementation of the District's privacy policies and procedures regarding the use and disclosure of PHI. Implementation of the District's privacy policies and procedures shall include the training of all employees with respect to PHI as necessary and appropriate for the employees to carry out their functions in the District.

17.10

The District shall designate a Privacy Officer or Office to be responsible for receiving requests for access to PHI, requests for amendments to PHI, and any complaints regarding the District's compliance with the Privacy Regulations.

18. System Connection/Disconnection/Abandonment

18.1 APPLICATION

Any person, firm, corporation or entity desiring to receive water service from the District must submit a formal application for service on such forms as the District shall establish from time to time. Such forms shall indicate the number, classification, size of the taps and the time period such taps shall be placed into service. All applications shall be classified at the time of submission to the District as follows:

- 1.1 Single Family Residential
- 1.2 Multiple Housing
- 1.3 Commercial
- 1.4 Master Meter
- 1.5 Fire System Taps
- 1.6 Dual System – Residential Subdivision

All applications shall be reviewed by the District's staff and/or outside consultants to determine whether service is feasible and not detrimental to the District's system. Applications shall be accompanied by a non-refundable engineering/technical review fee. This fee does not include any line sizing, line layout or other engineering which is required by the policies of the District. Review for multiple taps and/or non-routine circumstances may be subject to additional consulting fees in accordance with District policy.

All taps shall be assigned to a specific parcel of property that has been approved for development by the applicable governmental entity/agency responsible for land use. All applicants for water service to a subdivision, as designated by the District (including residential, commercial and industrial uses) shall be required to execute a subdivision service agreement with the District. The standard form of the Subdivision Service Agreement shall be used, unless, in the opinion of the Board unique circumstances warrant modification of the standard agreement.

18.2 COMMITMENTS

Any taps granted are done so at the discretion of the Board of Directors of the Left Hand Water District, based on ability to serve, technical evaluation and current policy at the time of approval, and subject to all rules, regulations, fees and policies of the District thereafter.

2.1 INDIVIDUAL TAPS

Upon approval of the Board of Directors, the District will issue a commitment to serve, conditioned upon all unique or standard requirements of service outlined in the Tap Review Application, including but not limited to any required system improvements, line extensions, easements for waterline/meter placement from third parties, and payment of line extension fees. Applicants must execute an Individual Tap Purchase Agreement, and complete the payment of all fees within the time period specified under the then-current policies of the District.

2.2 SUBDIVISION SERVICE AGREEMENTS

Upon approval of the Board of Directors, the District will execute a Subdivision/Multiple Tap Purchase Agreement. Applicant must execute the Agreement and complete the payment of all fees within the time period specified under the then-current policies of the District. Such agreement will include at minimum:

- a. A description of the property to be serviced and a provision limiting the agreement to such property
- b. A maximum term of not more than 5 years from date of execution by the Applicant
- c. The total number of taps to which the District conditionally commits to sell to the Applicant for use in the subdivision or phase of development of a subdivision
- d. An initial deposit representing a percentage of the total price (including all fees, charges surcharges but excluding raw water acquisition fees) for the taps to be purchased under the agreement
- e. A minimum annual purchase schedule, to be negotiated with the applicant, which shall provide for the annual purchase of a minimum number of taps

- commencing from the execution of the agreement
- f. A provision for the transfer by the Applicant of the amount and type of water rights required for each tap purchased, according to the schedule of water requirements, based on location, lot size and other factors determined in the review of the application for service, unless such transfer is waived by the District's Board for good cause shown and the Applicant makes a cash payment in lieu of the transfer of raw water, in such an amount as the District may determine to be necessary to obtain raw water in accordance with its then existing policies, rate schedules, rules and regulations
 - g. A default provision which shall provide for the termination of the commitment upon a failure by the applicant to purchase the minimum number of taps on an annual basis, unless such default is waived by the Board upon an affirmative finding that there exists sufficient remaining treatment and storage capacity to renew the commitment
 - h. A provision requiring the applicant to construct all internal transmission and service lines within the subdivision subject to adherence to District specifications and standards.
 - i. A provision requiring the applicant to convey the lines to the District free of liens and encumbrances, free of all defects in workmanship and materials, and at no cost or charge to the District
 - j. A provision requiring the donation of all necessary easements, rights of way, etc. within the subdivision; or the dedication of easements and rights of way to the public for use by the utility.

18.3 DESIGN SPECIFICATIONS

As a condition precedent to service, all necessary transmission lines, connecting lines and appurtenant facilities necessary to provide water service to the Applicant's tap or taps from the facilities of the District as presently engineered and installed, shall be installed at the Applicant's sole cost and expense and shall be in accordance with the current edition of the District's Standards and Specifications. The actual installation and construction shall be subject to the general, as opposed to specific, supervision of and inspection by the District, and all related costs of the District's engineering study, review, approval and inspection including the cost and expenses of obtaining necessary easements if public rights-of-way are not available, or if available not feasible to utilize, shall be at the cost of Applicant. Applicant must give the District adequate notice, prior to commencement of construction, of the date when such construction shall begin.

18.4 DISCONNECTION/TAP ABANDONMENT

Water meters that are not being used are susceptible to damage due to freezing and unreported leakage. Therefore, it will be the policy of the District to temporarily remove the meter and lock the meter pit of any tap where no usage has occurred for a period of two (2) consecutive years. The tap owner will be notified in advance of this action and given the opportunity to request that the meter remain in place, if there is a reasonable expectation that the meter will be used in the near future. Owners of taps where the meter has been temporarily removed may request that the meter be re-installed at any time when usage is expected to begin.

Water taps that have had no usage for a period of 5 years will be considered potentially abandoned. The District will notify the owner of the tap that they are eligible to request the tap

be abandoned and a partial refund may be granted by the District in accordance with current refund policies.

Water taps that have had no usage for a period of 10 years will be considered abandoned. The owner of the tap will be notified by the District in writing by certified mail of its intention to abandon the tap. The owner may request consideration by the Board of Directors for a partial refund; or that the tap be allowed to remain in service if compelling evidence is provided showing that there is a reasonable expectation that the tap will be utilized in the near future. Such requests must be received within 90 days of receipt of certified notification of the District's intent to abandon the tap, whereupon the request will be scheduled for hearing before the Board at its next scheduled monthly meeting. If there is no response to the District's notification of abandonment or if owner does not request a partial refund, or that the tap be allowed to remain in service, the tap will be removed by the District and no refund given.

19. Reimbursement of Consultants' Fees

Applications for water service to large scale developments or to projects which involve non-routine circumstances often require the District to utilize the services of its legal, engineering and other consultants. It is the policy of the Left Hand Water District that these extraordinary costs be borne by the applicant, developer or landowner by the assessment of a development fee to cover these costs to the District.

The Board of Directors authorizes the District's General Manager to review such applications to determine if a portion of the costs and expenses of such consultants should be borne by the District in recognition that some applications, projects and developments may confer a long range benefit to the District in terms of planning, line extension, line upgrade, etc. The General Manager shall make a recommendation to the Board of the amount; if any, of said extraordinary fees to be borne by the District. The decision of the Board shall be final.

A copy of this policy shall be given to all prospective applicants, developers and landowners who inquire of water service potentially involving more than five single family equivalent taps, or which may involve circumstances warranting the services of the of the Districts consultants.

Anyone requesting water service where an engineering study is required, shall be required to pay for that engineering work. All individual tap review requests must be accompanied by a tap review fee, according to the current Schedule of Miscellaneous Fees and Charges adopted by the Board of Directors.

Engineering studies should be made before any letters are sent to the County Planning Board.

20. Raw Water Policy

20.1 TRANSFER OF RAW WATER; CASH-IN-LIEU THEREOF.

Every applicant for water service from the District shall transfer such raw water rights to the District as may be required for the type of service requested by the applicant. The amount of the raw water to be transferred by the applicant shall be that amount which is established by the Board of Directors from time to time. The District may allow or require cash-in-lieu of such raw water to be paid to the District by the applicant, utilizing the cash equivalent amount which is established by the Board of Directors from time to time.

20.2 POLICY REGARDING CASH-IN-LIEU OF WATER DEDICATION DURING DROUGHT OR TAP MORATORIUM

In drought conditions, or cases of moratoriums on tap sales imposed for conditions other than drought, the Board of Directors of the District may temporarily enact the following policy regarding “cash-in-lieu” of dedication of water rights, for new individual taps. Tap sales will be permitted, where all conditions of service are met and approved by the Board of Directors, however, the District will not permit payment of cash in lieu of new water rights dedicated to the District by the tap applicant in sufficient quantity to meet the needs of the new service. All new taps, irrespective of the dedication of water, will be subject to drought water restrictions applicable to all existing water taps, as determined by the Board of Directors.

Exceptions to this policy will be considered on an individual basis by the Board, and will be granted only if the District owns or can obtain sufficient reserves of water rights available for service to the area in which the tap will be located; the granting of such new service will not materially degrade the available water supply to existing customers; and the applicant can demonstrate to the satisfaction of the Board that the following criteria has been met:

- a. The service is for a residence that was completed and a certificate of occupancy issued prior to tap application
- b. Individualized health concerns (as opposed to generalized public health concerns) require connection to a domestic water supply, and no feasible alternative exists for that customer
- c. The property was previously serviced by a well and not by the District if such well is determined by the Boulder County or Weld County Health Departments to be unsafe for human consumption
- d. The service will be for a building or structure which will benefit the community as a whole and serves the general health, safety or welfare of the public, as determined by the Board in its sole discretion
- e. The applicant has made a good faith effort and is unable to obtain and transfer to the District the required type and quantity of water rights required to service the property as outlined in the tap application.

All requests for exception shall be reviewed by the District’s staff which shall provide the Board with such analysis and additional relevant information to enable the Board to make its decision, including without limitation, the availability of water rights in District reserves that are available to provide water supply to the applicant, line capacity and line flows, pressure, and volumes.

If an exception is granted, applicant will be required to pay the cash-in-lieu of water dedication at the then-current rates for the water requirement and water reserve portions of the tap fee.

20.3 RAW WATER RIGHTS

Subject to the provisions of paragraphs 3 and 4, and in satisfaction of the requirements of paragraph 1, applicants shall transfer and the District shall only accept shares, units, rights to usage, title, and allotments in and to the following:

- a. Left Hand Ditch Company;

- b. Colorado Big Thompson Project,
- c. Windy Gap Project
- d. As may be determined by the Board of Directors upon a majority vote approving such water to be transferred.

It shall be the responsibility of the applicant to obtain and execute all necessary forms, instruments, stock certificates, changes in allotments, etc. which may be required or requested for the transfer of the raw water to the District.

20.4 WINDY GAP WATER

An applicant transferring the right to utilize water from the Windy Gap Project shall also be responsible for payment in advance of any and all related expenses, assessments and charges, expressly including pumping charges attributable to the use of water from the Windy Gap Project. Applicant shall deposit in advance such additional funds to the District which shall be held in trust or in escrow for the purposes of payment of such related expenses, assessments and charges.

20.5 LEFT HAND DITCH COMPANY

An applicant for service to property which is located within the area that has been historically irrigated by water from the Left Hand Ditch Company irrigation system shall transfer a share or shares of Left Hand Ditch Company to satisfy the requirements of paragraph 1. If applicant can establish to the satisfaction of the Board of Directors that no water from the Left Hand Ditch Company system is then allocated or has not been allocated for irrigation of that property within the previous five years, the applicant may provide cash-in-lieu or allotments of CBT units.

20.6 EXECUTION OF AFFIDAVITS

Every applicant transferring raw water rights or rights to usage of raw water to the District shall execute an affidavit with respect to the historic usage of the raw water. The District shall provide the form of the affidavit. Every applicant shall agree to assist the District in providing such relevant information as may be required or requested in conjunction with a water court proceeding to change the historic usage of such water.

20.7 DUAL SYSTEM AGREEMENTS

Notwithstanding the raw water requirements set forth herein, the District's Board of Directors, upon good cause shown and at the discretion of the Board, may partially waive the raw water for developments which will install dedicated raw water irrigation systems for landscaping areas within a specific development and which will not utilize the District's treated water for such irrigation purposes. As a condition of such partial waiver, the Board may require the execution of written development agreement, proof of the establishment by the developer of an entity responsible for the perpetual administration of the irrigation system, the installation of such back flow and other pollution control devices as may be recommended by the District's engineer, and such other conditions as may be reasonably determined by the Board to be in the District's best interests.

21. Northern Colorado Water Conservancy District

As a condition precedent to receiving service from the District, the property to be served shall be included into the boundaries of the Northern Colorado Water Conservancy District ("NCWCD") and/or in the Municipal Sub district of NCWCD. If the property to be serviced is included in the Municipal Sub district but not the boundaries of the Northern Colorado Water Conservancy District, the applicant shall be required to transfer Windy Gap Project water, or cash in lieu thereof, pursuant to District policies. Property lying outside of the established boundaries of both NCWCD and the Municipal Sub district shall not be provided water service without the prior express written consent of NCWCD pursuant to its rules and regulations.

22. Line Extensions and Upgrades

22.1 APPLICANT'S COST AND EXPENSE

Unless otherwise allowed or provided by the Board or these Rules and Regulations, any applicant for water service from the District shall pay the full cost of design, construction, installation and inspection of all line extensions, appurtenances, upgrades and connections, including any necessary private easements or rights of way, and permits from any county, state or other governmental entity as may be required to connect the applicant's property or project to the District's water system.

22.2 SUBMISSION OF PLANS TO THE DISTRICT

Prior to the initiation of construction by any applicant proposing to construct lines or line upgrades, the applicant shall submit construction plans and specifications to the District for review and approval. Any cost of such review by the District and its engineer or other consultants shall be borne by the applicant. Such plans shall conform to the design and construction standards as may be established by the District from time to time. No lines shall be accepted by the Board or placed into operation unless they have been inspected and approved by the District's inspector and it has been determined that all such lines and appurtenances meet in all respects the requirements set forth in the design and construction standards established by the District.

22.3 CONSTRUCTION BY APPLICANT OR DISTRICT

If the plans are approved by District, the applicant may proceed with construction and installation of the proposed facilities utilizing a contractor approved by the District. In the alternative, the District may, at its sole discretion, construct the facilities utilizing its own staff or contractor. In such event, the applicant shall deposit a sum of money with District in an amount sufficient to cover the costs and expenses of the District in constructing the facilities. In the event the original deposit is insufficient, the applicant shall deposit the balance of the amount required to complete the work.

22.4 MAIN TRUNK LINES

The Board may identify certain main trunk lines in the District's system which shall be the responsibility of the District to construct and install.

23. Extension of Facilities-Reimbursement

23.1 REIMBURSEMENT WHEN APPLICANT EXTENDS/UPGRADES LINES

Any applicant who extends a water line to service a particular area within the District or who upgrades (replacement or size increase) a particular water line to service a particular area within the District may enter into an agreement with the District which provides for reimbursement of certain costs to applicant from future connectors to that extension. The extent of reimbursement shall be determined by the Board at its sole discretion by its determination of the total additional connections/taps which may be served from the line extension.

23.2 REIMBURSEMENT AGREEMENT

Any such reimbursement agreement shall not obligate the District to reimburse the applicant for a period extending beyond seven years from the date of execution of the agreement, except at the option of the Board of Directors. Execution of the agreement by applicant shall be a condition of final approval and acceptance of the constructed/installed lines and facilities.

23.3 REIMBURSEMENT SOLEY FROM FEES

Reimbursement shall be made solely from the reimbursement fees charged future connectors to the particular line. Reimbursement shall not be made from any other tap fees, assessments, revenues, fees, or charges inuring to the benefit of the District. All reimbursement fees so collected shall be remitted to the applicant prior to the time of connection to the line.

23.4 CALCULATION OF REIMBURSEMENT FEE

The amount to be reimbursed to the applicant shall be that part of the cost of the constructed/installed facilities and lines that is represented by the ratio of the use of other connectors to the total usage, calculated as follows:

$$\frac{\text{other connectors}}{\text{other connectors} + \text{applicant's taps}}$$

24. Reimbursement to District Utilizing Line Fee Surcharge

24.1 SURCHARGE ADDED TO THE TAP FEE

Whenever the District extends or upgrades a water line to serve or to benefit a particular area of the District, it shall be eligible for reimbursement from future connectors to that extension or upgrade. The basis or formula for reimbursement shall be as determined by the Board in its sole discretion prior to the construction or installation of the extension or upgrade. This reimbursement shall be made by future connectors in the form of a surcharge which shall be added to such other regular tap fees charged by the District.

24.2 CALCULATION OF BASE SURCHARGE

The Board shall determine in its sole discretion the percentage (up to and including 100%) of the total cost of the extension or upgrade to be reimbursed to the District. The base surcharge shall be calculated as follows:

total cost of project x _____ % divided by the number of connectors

24.3 ADJUSTMENT OF BASE SURCHARGE

The Board may, at its sole discretion, adjust the base surcharge for future connectors in subsequent years to account for inflation, loss of interest opportunity, repayment of indebtedness, etc.

25. Tap Policies and Classifications

1. General Information on Tap Classifications

2. Schedule of Rates & Policies

- I. Residential Taps
- II. Commercial Taps
- III. Multiple Housing Taps
- IV. Master Meter Taps
- V. Dual Systems- Residential Subdivision

TAP CLASSIFICATION

General Information

All taps shall be assigned to a specific parcel of property that has been approved for development by the applicable governmental entity/agency responsible for land use. In order for the District to benefit from the revenue from the sale of potable water for each tap, taps shall not be purchased in advance of usage/application and held by any party in excess of the number or size of the tap or taps needed for the current or approved land use or activity on such parcel.

There are five (5) Tap Classifications:

Classification	Rate Schedule Number
A. Residential	I
B. Commercial	II
C. Multiple Housing	III
D. Master Meter	IV
E. Dual System – Residential Subdivision	V

Definition of Tap Classification:

- A. Tap fees and other conditions, Rate Schedules, Service Connection Requirements, Policies and Regulations, may be fixed by action of the Board of Directors at Regular Board Meetings when deemed necessary.
- B. The following information applies to all taps.

Classifications:

1. Tap purchase consists of:
 - a. Plant Investment Fee
 - b. Water Requirement Fee
 - c. Meter/Pit/Installation Fee
2. Price of a tap purchase is the current fee at the time of tap purchase.
3. Basic raw water requirements are based on meter size, lot size, as well as anticipated annual use. Minimum requirements will be included in the standard tap fee schedule, but additional water may be required, to be dedicated permanently or on an annual basis, based on review of water needs for each individual tap. In addition, the District may at any time require additional water dedication or surcharges to pay for water use that is in excess of the allocation of water for each account.
4. Each tap has a minimum monthly cost of service charge based on meter size. This charge begins when the meter is set. If the meter is not set within twelve (12) months after purchase of the tap, a monthly cost of service charge will go into effect.
5. There is a uniform service charge schedule for all three classifications when a late payment of monthly charges occurs. Also, any portion of the account, being 60 days delinquent will terminate water service. In addition to the unpaid bill, a reconnection fee must be paid in order to reinstate service.

In case of an account not being paid, charges will be continued until tap/taps are forfeited.
6. When property changes hands, the tap must be transferred. A transfer fee is charged and all water charges must be paid in full. A transfer form is available at the District office and must be accompanied by evidence of ownership.
7. When property is rented, a billing authorization is required if the water bill is to be paid by the tenant. A billing authorization processing fee will be charged to the tenant. If the tenant fails to pay the bill, the OWNER of the tap is responsible for the payment of all charges. All bills must be current at the time of authorization.

C. The Rate Schedules, Service Connection Requirements, Policies and Regulations governing each classification do vary as determined by Board of Directors.

D. All tap purchases are for a specific property location and must remain with original purchase location and are non transferable except as stated in section B (6) above.

Schedule of Policies and Rates

I. Residential Taps

A. Definition

A residence for the purpose of this tap classification is defined to be a structure normally occupied by one family. Water use under this residential classification may also include the following: A business if such business is operated by the occupant of the residence and both the business facility and the residence are situated on the same property, IF the business water use is limited to typical residential type uses, AND the tap size is not greater than ¾". In either case, District Administration reserves the right to determine if such use constitutes a commercial or a residential use subject to commercial tap backflow requirements.

B. Tap Requirements

1. A tap consists of the following:

- a. Plant Investment Fee
- b. Water Requirement Fee

Left Hand Ditch share or Big Thompson unit as determined by property location. The amount of raw water required for individual taps are based on the type of development and size of lot within each development. The water requirements below, in acre foot units or shares, were adopted April 15, 2004:

- **1 a/f unit** is required for individual rural residential lots which are not within a platted subdivision; lots in platted subdivisions which are larger than 7,000 square feet or smaller than 20,000 square feet; or lots in subdivisions which may be larger than 20,000 feet but which have platted restrictions on the amount of landscaped area or dual systems to serve the landscape area for large lots
- **.5 a/f unit** is required to serve a Dual System subdivision lot of less than 20,000 square feet
- **.75 a/f unit** is required to serve a subdivision lot of 7,000 square feet or less
- **1.5 a/f units** are required to serve a subdivision lot 20,000 square feet or larger

2. The tap fee shall be at the current price for each single family equivalent.

3. Single Households/Multiple Living Units:

- a. Each residential tap allows water service for only one household or living unit occupied by one family.
- b. Any additional living units on the same property location, requires a tap fee per each additional living unit receiving water service.

C. Service Connections

Each service connection for a residential tap will be a 5/8" meter service connection to the distribution lines of the District unless a larger connection is granted by action of the Board of Directors and upon such terms and conditions as may be fixed by the Board of Directors, from time to time.

D. Meter Rates

There shall be assessed and charged for the use of water measured through a meter, per month, per tap/tap equivalent from the waterlines of the District at the then current Monthly Service and Volume Charges. In addition, the District may, at its sole discretion, impose surcharges to pay for water use that is in excess of the allocation of water for each tap.

1. Accessory Dwelling

In limited cases, and at the sole discretion of the District's Board, tap service may be provided to two separate dwellings, on the same parcel of property, through upgrade of the existing single residential 5/8" tap, to a residential 3/4" tap. In order to qualify for this upgrade, there may be no more than one additional dwelling, and the secondary dwelling must be under the common ownership of the person holding the primary residential tap, and the property on which the two dwellings lie cannot be divided, nor the dwellings separately sold. Where no 5/8" residential tap is in service, new service to a primary and supplementary dwelling as outlined above will be allowed at the discretion of the District, and will require payment for all components of the then current 3/4" residential tap fee.

2. Tap Fee for 3/4" Upgrade

The tap fee for upgrading from a 5/8" to a 3/4" residential tap will be the total of : (1) the difference between the current costs of all non-water components for a 3/4" tap and a 5/8" tap, plus (2) a raw water requirement equal to the current 3/4" tap raw water requirement for the lot or parcel size in question, less the raw water requirement that was in effect at the time the original tap was purchased.

Schedule of Policies and Rates

II. Commercial Taps

A. Definitions

Commercial for the purpose of this tap classification is defined to include all users whose use is not included in the Residential or Multiple Housing tap classifications. A single Commercial tap

may be granted to cover more than a single enterprise if grouped in a single complex by nature of ownership or construction.

Landscape for the purpose of this tap classification is defined as a tap whose use is solely for the purpose of irrigating the outside areas of a property. Tap requirements are the same as commercial except that the rate is calculated using the commercial rate for the first landscape usage tier and the highest residential tier is used for the second landscape usage tier. Usage is billed at the then current Schedule of Monthly Service and Volume Charges.

B. Tap Requirements

1. A tap consists of the following:

a. Plant Investment Fee

b. Water Requirement Fee (Left Hand Ditch share or Big Thompson unit as determined by property location.)

c. Meter/Pit/Installation Fee

2. Tap equivalents required for motels, shopping centers and other Commercial Taps when service is provided for more than one unit through one meter will be determined by engineer and/or Board of Directors.

3. Each service connection for a Commercial tap shall be of sufficient size, as determined by the engineer and/or Board of Directors to provide an adequate supply for the intended use. Should a larger service connection and meter be requested than is normally provided by the District, the engineer and/or Board of Directors may authorize and direct the installation of such larger service connection and meter upon such additional terms and conditions as the engineer and/or Board of Directors may provide in authorizing such larger connections.

4. Basic raw water requirements are based on meter size, as well as anticipated annual use. Minimum requirements will be included in the standard tap fee schedule, but additional water may be required, to be dedicated permanently or on an annual basis, based on review of water needs for each individual tap. In addition, the District may at any time require additional water dedication or surcharges to pay for water use that is in excess of the allocation of water for each account.

5. The applicant may be required to provide on his property at his own expense; storage tanks and a pressure system, meeting all State Health Standards, sufficient for two (2) days supply of water.

6. Applicant may be required to install meter & backflow devices according to District Standards.

C. Meter Rates

There shall be assessed and charged for the use of water measured through a meter, per month, per tap from the water lines of the District at the then current Schedule of Monthly Service and Volume Charges.

Schedule of Policies and Rates

III. Multiple Housing Taps

A. Definition

Multiple Housing for the purpose of this tap classification is defined to be those structures which contain living facilities for more than one family and include, but not limited to, duplexes, triplexes, quadriplexes, apartment houses, and condominium, cooperative, and townhouse units.

B. Tap Requirements

1. A tap consists of the following:
 - a. Plant Investment Fee
 - b. Water Requirement Fee (Left Hand Ditch share or Big Thompson unit as determined by property location.)
 - c. Meter/Pit/Installation Fee
2. The tap fee shall be at the current price for one single family equivalent
3. The number of taps/tap equivalents required for multiple housing living units when service is provided for more than one living unit through one meter, will be determined by the engineer and/or Board of Directors.

C. Service Connections

Each service connection for a multiple housing tap shall be of sufficient size, as determined by the engineer and/or Board of Directors, to provide an adequate supply for the intended use. Should a larger service connection and meter be requested than is normally provided by the District, the engineer and/or Board of Directors may authorize and direct the installation of such larger service connection and meter upon such additional terms and conditions as the engineer and/or Board of Directors may provide in authorizing such larger connection.

D. Basic Raw Water Requirements

Basic raw water requirements are based on meter size, as well as anticipated annual use. Minimum requirements will be included in the standard tap fee schedule, but additional water may be required, based on review of water needs for each individual tap. In addition, the District may at any time require additional water dedication or surcharges to pay for water use that is in excess of the allocation of water in each account. The minimum requirement per multi-family living unit will be .42 acre feet units of water.

E. Meter Rates

There shall be assessed and charged for the use of water measured through a meter; per month, per living unit or pad from the water lines of the District at the then current Monthly

Service and Volume Charges. In addition, the District may, at its sole discretion, impose surcharges to pay for water use that is in excess of the allocation of water for each tap.

IV. Master Meter Taps

A. Definition

A Master Meter Tap, for the purposes of this tap classification is defined as single tap serving more than three separate residential structures including areas defined by the Colorado Department of Public Health and Environment (CDPHE) as “transient communities” associated with parks and campgrounds, or serving a City, Town, or Special District. In order to be considered for service through a master meter, the property to be served must be under the ownership or jurisdiction of one individual or entity; provided, however, that the Board in its sole discretion, may enter into master meter agreements with a developer or homeowners association for the provision of water to a subdivision.

B. Tap Requirements

1. A Master Meter tap consists of the following:

a. Plant Investment Fee

b. Raw Water Requirement, consisting of Left Hand Ditch shares or Big Thompson water units as determined by property. Basic raw water requirements are based on meter size, tap equivalency, as well as anticipated annual use. Minimum requirements according to the standard tap fee schedule may not apply to the master meter taps.

c. Meter/Vault:

Applicant shall submit plans prepared by a Professional Engineer for review and approval by the District. Design shall be in accordance with the Standards and Specifications of the District. An appropriate backflow prevention device is required. Installation shall be by a District-approved Contractor of Applicant’s choosing and solely at the expense of Applicant.

2. Master Meter service to separate residential structures provided through master meter agreements with a developer or homeowners association:

Master Meters in this classification will be considered “integrated systems” within the District’s general system and provision of water service will be contingent upon compliance with all water quality regulations through an integrated system agreement. Tap equivalency will be determined by the District as its sole discretion, based on estimated usage and peak demand reports prepared by a licensed engineer on behalf of the applicant. Copies of the plans for the water utility system will be provided to the District for review and comment, and final as-built utility plans will be provided to the District upon completion of construction.

3. For Master Meter service to a Town, City, or Special District:

An inter-governmental agreement governing the conditions of service will be required. Master meters in this classification will be considered “consecutive systems”, and the

Town, City or Special District will be responsible for compliance with all applicable state and federal regulations regarding water quality downstream from the master meter. Service will require all applicable tap and water usage fees, plant investment fees, dedication of raw water on a permanent or annual basis, and water volume and service fees in keeping with current District requirements for equivalent commercial or master meter service. Tap equivalency will be determined by the District at its sole discretion, based on estimated usage and peak demand reports prepared by a licensed engineer on behalf of the applicant.

4. Basic Raw Water Requirements:

Basic raw water requirements are based on meter size, as well as anticipated annual use. Minimum requirements will be included in the standard tap fee schedule, but additional water may be required, to be dedicated permanently or on an annual basis, based on review of water needs for each individual tap. In addition, the District may at any time require additional water dedication or surcharges to pay for water use that is in excess of allocation of water for each account.

5. No Person or Entity:

No person or entity, including any user, shall have the right to make a succession of uses of such water provided through the master meter and in no event shall any such water provided through the master meter be used or reused outside of the designated area that is serviced by the master meter.

6. Master Meter Taps Fire Flow:

All flows through Master Meter taps will be metered. Hydrant usage by master meter taps may be measured by means of (1) a separate meter within the master meter vault, regulated by a flow control device feeding into a combined fire/domestic system; or by (2) a metered fire flow system separate from the metered domestic system supplying the development.

In the event that a draw of water on the fire flow meter is recorded, this usage shall be charged at the District's established hydrant water usage fee. Separate accounts for domestic and fire flow meters will be established. Each account will be subject to monthly basic service fees established based on meter size. Usage will be billed on a monthly basis.

V. Dual System – Residential Subdivision

A. Definition:

A Dual System is a residential subdivision only that will install dedicated raw water irrigation systems for landscaping areas and which will not utilize the District's treated water for such irrigation purposes. In a Dual System, the District's Board of Directors, upon good cause shown and at the discretion of the Board, may partially waive the raw water for developments. As a condition of such partial waiver, the Board shall require the execution of a written development agreement, proof of the establishment by the developer of an entity responsible for the perpetual administration of the irrigation system, the installation of such back flow and other pollution control devices as may be recommended by the

District's engineer, and such other conditions as may be reasonably determined by the Board to be in the District's best interests.

B. Tap Requirements:

1. A tap consists of the following:

- a. Plant investment fee
- b. Water requirement fee (Left Hand Ditch share or Big Thompson unit as determined by property location). The amount of raw water required for individual taps are based on the type of development and size of lot within each development. The water requirements below, in acre foot units or shares, were adopted April 15, 2004:
- c. **.5 af unit** per tap is required to serve Dual System Residential Subdivision lots.

C. When the District has approved a dual water system contract, the non-potable irrigation system shall, at a minimum, meet the following design requirements:

1. The design shall be certified by a Registered Professional Engineer.
2. The irrigation system shall be located outside the paved portion of the street.
3. The irrigation system shall be purple, or encased in a purple pipe sleeve.
4. The irrigation pipe shall be laid with a plastic identification ribbon stating "non-potable irrigation water" or words to that effect.
5. Irrigation system valve box covers shall be imprinted with "non-potable irrigation water" or words to that effect.
6. The number of outside hose bibs connected to the potable water system shall be limited to two.
7. There can be no cross connections of potential for unintended cross connections with the potable system.

26. Policy Regarding Residential Fire Sprinkling Systems/Fire Taps

A. HEALTH REQUIREMENTS

All fire sprinkler systems have been identified as being potential pollutants or contaminants to the potable water supply system due to the possibility of backflow. The Colorado Department of Health has established certain requirements relative to fire sprinkling systems and the pertinent aspects of these regulations are provided below:

1. All systems shall require a backflow prevention device or system approved by the Colorado Department of Health and manufactured in accordance with AWWA C510 or C511. For systems with no chemical additives, a double check valve device is acceptable. For systems that will have any type of additive introduced into the piping, a reduced pressure principle device or air gap separation is required.

2. The backflow prevention device must be placed indoors in a location that will protect it from freezing and must be installed in accordance with the Uniform Plumbing Code.
3. In accordance with the State Health Department regulations, the device must be tested annually by a Certified Cross Connection Control Technician. Test results shall be furnished to the District, along with records of any maintenance or repair work done to the device.

B. SIZING AND FLOW REQUIREMENTS OF SYSTEMS

These requirements will be determined by the Applicant or his consultant, and in accordance with the requirements of the governing Fire Authority.

1. The District's main line pressures vary considerably throughout the distribution system and the summertime peak period pressures also vary from the wintertime pressures. An individual designing a fire sprinkling system should contact the District for an estimate of main line pressures in their specific area to ensure that the fire service line is adequately sized to accommodate the sprinkling system.
2. The District's main line pressures vary from 40 to 200 pounds per square inch (PSI) and all sprinkling systems should be designed accordingly. The District will not be liable for any damage caused by high pressures.
3. The District does not assume any liability for an improperly designed sprinkling system. The term improper design may include, but is not limited to, deficiencies either from a flow size or pressure standpoint.

C. COMBINATION FIRE AND DOMESTIC TAPS

It is the District's intent to minimize separate fire sprinkler tap installations for residential service. Combination installations are preferred, and shall normally consist of a pump and tank system with an approved method of backflow prevention.

Since all the flow supplying such a system flows through the consumptive use meter, no separate meter or tap is required. A physical connection to the meter pit assembly for the fire sprinkler system is not allowed.

An engineering review of plans, and inspection of installation will be required for all such systems. In the event that it becomes necessary to serve the property through a dedicated fire sprinkler line and meter, the following specifications shall govern:

D. DEDICATED FIRE SPRINKLER LINE/METER

This system shall consist of a separate fire service line and meter dedicated to the sprinkler system. The consumptive use at the location shall be supplied by the primary tap. For residential customers, the District will provide the meter pit and all equipment up to the meter. The meter pit will remain the property of the District. Residential fire sprinkler taps will not exceed one inch.

E. METERING AND INSTALLATION

The following specifications apply to both types of fire taps:

1. The customer is responsible for all costs incurred from the meter pit to the residence and within the building to be served. The primary service line, fire service line, and internal fire sprinkling system are the property of the owner and must be maintained by the owner. THE DISTRICT'S RESPONSIBILITY FOR MAINTENANCE ENDS AT THE METER PIT.
2. The fire sprinkling system is to be used for emergency fire use only and any other use of the District's water is not authorized. Prior to installing a fire sprinkler system, the customer will sign an acknowledgment that he or she understands that the District reserves the right to take one or more of the following actions if the unauthorized use of water occurs:
 - 2.1 The customer may be subject to the normal penalty fee for unauthorized use of water.
 - 2.2 The District may charge the customer for all water used at the current appropriate residential rate.
 - 2.3 The District may require the customer to pay the normal tap fee associated with the larger sized meter.
 - 2.4 The District may elect to revoke the tap completely and physically disconnect it.
3. A water leak on the system is an authorized use of water and although the District will charge for the water used, the customer would neither be penalized nor be required to pay for a larger tap if the leak were repaired in a timely fashion. By the same token, if a customer connects his lawn sprinkling system to the fire service line, the water usage is unauthorized and the District's corrective action may include one or more of the above actions.

The fees and rates charged for residential sprinkling systems and taps are outlined in the attached Appendix A. Any future changes to these rates and fees will be as promulgated and updated in the District's Fee and Rate Schedule.

27. Policy Regarding Commercial Fire Sprinkling Systems/Fire Taps

A. HEALTH REQUIREMENTS

All fire sprinkler systems have been identified as being potential pollutants or contaminants to the potable water supply system due to the possibility of backflow. The Colorado Department of Health has established certain requirements relative to fire sprinkling systems and the pertinent aspects of these regulations are provided below:

4. All systems shall require a backflow prevention device or system approved by the Colorado Department of Health and manufactured in accordance with AWWA C510 or C511. For fire sprinkler systems with no chemical additives, a double check valve device is acceptable. For systems that will have any type of

additive introduced into the piping, a reduced pressure principle device or air gap separation is required.

5. The backflow prevention device must be placed indoors in a location that will protect it from freezing and must be installed in accordance with the Uniform Plumbing Code.
6. In accordance with the State Health Department regulations, the owner must have the device tested annually by a Certified Cross Connection Control Technician. Test results shall be furnished to the District, along with records of any maintenance or repair work done to the device. For a list of certified technicians, please contact the State Health Department.

B. SIZING AND FLOW REQUIREMENTS OF SYSTEMS

These requirements will be determined by the owner or his consultant, and in accordance with the requirements of the governing Fire Authority.

4. The District's main line pressures vary considerably throughout the distribution system and the summertime peak period pressures also vary from the wintertime pressures. An individual designing a fire sprinkling system should contact the District for an estimate of main line pressures in their specific area to ensure that the fire service line is adequately sized to accommodate the sprinkling system.
5. The District's main line pressures vary from 40 to 200 pounds per square inch (PSI) and all sprinkling systems should be designed accordingly. The District will not be liable for any damage caused by high pressures.
6. The District does not assume any liability for an improperly designed sprinkling system. The term improper design may include, but is not limited to, deficiencies either from a flow, size or pressure standpoint.

C. INSTALLATION

A fire sprinkling system may be supplied by a dedicated line separate from the consumptive use line, or by one service line run into the building then split into separate domestic and fire service systems. The following specifics apply to the installation.

1. Meters are not required on Commercial fire lines.
2. Commercial fire taps and services are to be installed by a District-Approved Contractor of the owner's choosing. Detailed plans showing (1) the proposed tap on the District's main. (2) the service line to the building and (3) the internal plumbing must be submitted to the District for review and approval prior to installation. The installation must be inspected by District personnel and must be in accordance with the Standards and Specifications of the District. 48 hours prior notification must be given prior to the start of construction.
3. The owner is responsible for all costs incurred from the District main up to and

within the building to be served. The fire service line, primary service line, and internal fire sprinkling system are the property of the owner and must be maintained by the owner. THE DISTRICT'S RESPONSIBILITY FOR MAINTENANCE ENDS AT THE TAPPING VALVE ON THE MAIN.

4. The fire sprinkling system is to be used for emergency fire use only and any other use of the District's domestic water is not authorized. Prior to installing a fire tap, the owner will sign an acknowledgment that he or she understands that the District reserves the right to take one or more of the following actions if the unauthorized use of water occurs.
 - 4.1 The owner may be subject to the normal penalty fee for unauthorized use of water.
 - 4.2 The District may charge the owner for all water used at the rates prescribed for the hydrant meter use.
 - 4.3 The District may require the owner to pay the normal tap fee associated with the larger sized meter.
 - 4.4 The District may elect to revoke the tap completely and disconnect service.

The fees and rates charged for commercial fire sprinkling systems and taps are outlined in the attached Schedule A. Any future changes to these rates and fees will be as promulgated and updated in the District's Fee and Rate Schedule.

28. Policy Regarding Water Meters

GENERAL

The District shall have the sole right to determine the rated size, kind, type, make, and component configuration of water meters. Water meter costs, fees, and repair costs shall be determined by the District.

The District reserves the sole responsibility for testing and certifying the accuracy of District water meters. No one shall in any way attempt to test, certify, or calibrate a District owned water meter without District approval.

Modification, alteration, or relocation in metering equipment must be approved by the District.

Access to the meter pit and metering equipment will normally be limited to District personnel. The District may, in certain limited circumstances give permission to the customer for temporary access, and access to the pit by the customer to shut off the water will be allowed as needed. No connections shall be made to the meter yoke within the meter pit. Access to water meters by District personnel for meters installed inside a residence or building will not be unreasonably withheld for maintenance, replacement, inspection or emergency purposes.

OWNERSHIP

Water meters shall be obtained from the District, upon payment of fees and shall remain in the District's ownership.

District ownership of the water meter extends from the main to the meter pit, inclusive of the meter, yoke, meter pit and lid. In the absence of a meter pit (meter located inside the residence), District ownership includes the piping from the main to the curb stop, including the curb stop valve and box, where a curb stop exists, or to the property line, plus the meter itself within the residence.

INSTALLATION

The meter and installation component of the customer's tap fee as itemized in the Schedule of Tap Fees and Rates will be utilized for the costs of the water meter installation. The costs of installation include the tapping of the District's main line, the water line from the main line to the meter pit, and the cost of all material and labor involved in the installation of the meter and meter pit. In the event the costs of the water meter installation require a road crossing, or otherwise exceed the specified installation charges for that size of meter, the District may require the customer to pay the additional costs.

The payment of all tap fees and installation of the meter is required at the time the connection is made from the customer's service line to the meter pit. Monthly metered water charges will begin following installation of the meter.

If the street or ground is not to final grade at the time of installation of the meter or if the grade is changed at any time, the owner is responsible for the cost of raising or lowering the meter pit when final grade is established.

The customer is responsible for the costs and installation, through an approved contractor, of the service line from the water meter to the home or business which will be served, and any necessary extension of main water lines.

LOCATION

Water meter pit locations and installations must be acceptable and meet the approval of the Engineer. Whenever possible, the installation of water meter pits in streets, roadways, driveways or parking lots will not be allowed. Water Meters shall be installed in pits or vaults outside the residence as close to the street as practical, yet still inside the private property line, for all new single family residences. Meters for residences shall be placed in a pit (for 5/8" or 3/4" services) outside the structure located one (1) foot inside the property line and in a location easily accessible to the District personnel at all times.

In some limited cases, where water meters have previously been installed inside residences, inside meter installations may be allowed by the District. Such inside meter installations shall be easily accessible to maintenance workers. There shall be no permanent obstructions placed or built within six inches of the meter. All inside installations shall include a remote readout which should be placed on or as close to the front of the building as possible.

In the event that a meter installed in a residential building must be replaced or repaired, the District, at its sole discretion and expense may install the new meter in a pit or vault outside the residence in keeping with then- current District rules and regulations regarding meter location.

In the event that the District determines that a meter will be relocated, the District will provide the customer with written notice of the proposed location of the meter. If the customer prefers a different location, the customer may, within ten days after the date of notice of location, object in writing to the new location and provide the District with information supporting a different

location. The District shall consider the information provided by the customer and, within ten days after receipt of the objection, provide final written notice of the location of the meter. The District's decision shall be based on impact to the customer's property, the financial and operational impact on the District and accessibility to the meter for reading and replacement purposes. The decision of the District shall be final.

MAINTENANCE

In the case of water meters that are currently installed inside a residence or other building, the District shall maintain the water service line from the main line to the curb stop, including the curb stop valve and box, where a curb stop exists. In instances where no curb stop or outside meter exists, the District will maintain the service line from the main to the right-of-way line. In instances where an outside meter exists, the District will maintain the service line from the main to the meter. All remaining portions of the service line are to be maintained by the property owners.

Meters and yokes shall be maintained by the District except in the event of neglect by or willful abuse of the user. The cost of any repair required because of neglect or willful abuse shall be billed to the consumer.

The meter location shall be readily accessible to the District at all times. It is the customer's responsibility to plan and maintain landscaping so that plantings or ground cover materials will not interfere with either the maintenance or meter reading for the individual meter. In the event the customer fails to keep the meter accessible, the District has the right to remove and/or trim all restrictions within a three foot radius of the meter pit. The customer is responsible for maintaining the customer's property in a reasonably safe condition for access by the meter reader.

ILLEGAL USE OF FACILITIES

Customers are not permitted to make any alterations or connections to the District's water distribution system or individual water meter which would result in the unmetered or illegal use of water. Any connection or alteration to the District's system allowing such use will be handled in the following manner:

1. The illegal connection or alteration will be corrected as soon as possible by the District.
2. The customer will be notified and water service will be discontinued immediately. Customers will be charged for three months average monthly water usage, as well as for the costs associated with making the necessary repairs and a penalty for illegal use as outlined in the Schedule of Miscellaneous Fees.
3. Restoration of water service will require full payment of all outstanding charges, fines and reconnect fees as outlined in the Schedule of Miscellaneous Fees.
4. Illegal connection to the District system and use of water by parties, not customers, to the District will result in immediate notification of the appropriate law enforcement agencies as well as the imposition of fines as outlined above.

5. Subsequent illegal connections at the same location and/or by the same parties will result in disconnection, additional fines, payment for unmetered water and possible criminal prosecution.

29. Line Pressure and Flow

The District shall be responsible only to make available to tap holders such water at such pressure as may be available at the point of delivery as a result of the District's normal operation of its water distribution system. The District may temporarily discontinue the flow of water in the main at the point of delivery in order to repair, maintain, improve, or replace the main or other portions of the District's water distribution and supply system. Tap holders shall not assert any claim against the District for loss or damage which may result from fluctuations in pressure or flow, or the inadequacy or non-availability of water.

Even though every reasonable effort has been and is being made to maintain a constant flow of water, from time to time, water pressures will fluctuate within different parts of the District's system.

The District recommends that all water users should install an adequate pressure regulating device within their own plumbing system. However, such installation, its location, expense, and maintenance shall be the responsibility of the customer in whose name the tap is registered.

As a courtesy to our customers, pressure regulators that have been installed in meter pits within the District prior to 1992 will be allowed to remain in the meter pit. Any adjustment or replacement of the regulator will require that the property owner sign a release of liability for any damages caused by the use or malfunction of the pressure regulator. Once a regulator has been removed it will not be reinstalled.

No pressure regulators will be installed in meter pits on any new service taps, except that in certain extreme circumstances and at the sole discretion of the District, a regulator may be allowed to be installed in the pit. The customer will be responsible for all installation and maintenance costs associated with the regulator and must sign a release of liability for any damage caused by the use or malfunction of the regulator.

30. Water Pressure Tests

It is the policy of the Left Hand Water District that, a service call fee will be charged for requested service calls to determine water pressure to assist members in designing/installing exterior sprinkler systems.

The District's General Manager shall adopt and implement procedures consistent with this policy to inform customers that:

1. Sprinkler and lawn irrigation systems should be designed and installed to take into consideration the fluctuations of water pressure which are caused by outdoor watering during the summer months; and
2. State law requires a backflow device on all sprinkler systems;

3. The District cannot guarantee a minimum pressure at any one point in its system;
and
4. The use by all customers of adequate pressure regulating devices is recommended and encouraged.

31. Limitation on the Use of Private Booster Pump Systems

All residential taps shall be serviced with a direct flow line without the aid of private reservoir system, water tank, cistern or pump, unless specifically approved in writing by the District. Private booster pump systems may be allowed in certain limited cases when the main size is 6" or larger, and the property in question is determined by the District to be at an elevation above the range normally served by the pressure zone in which it is located.

If approved, such private booster pump systems shall consist of a closed pressurized tank system, located in the residence, and fed directly by main line pressure. The pump shall draw from the pressurized tank and not directly from the main line. A reduced-pressure principle backflow prevention device is required upstream of the tank and pump. Annual testing will be required according to the District backflow policy. Additionally, a "low-suction shut-down" control shall be included in the design to protect the customer's pump in the event of an interruption of service on the District main.

Installation, operation, and maintenance of any private booster pump system shall be the responsibility of the customer. A schematic drawing of the proposed system shall be submitted to the District for review and approval prior to installation. The system shall be inspected and approved by the District prior to placing in service.

32. Backflow and Cross-Connections

There exists the possibility of contamination and pollution of the District's potable water system due to the acts and/or omissions of its users or other parties who may cause back-siphonage and cross-connections to occur. In the case of any premises where there is a well or other auxiliary water supply, there must be a complete approved separation of the auxiliary and domestic systems at all times. Any person, entity, association, or corporation which makes, installs, maintains or allows any such cross-connection which may cause back-siphonage and which may degrade the acceptable water quality of the District's water system shall be subject to prosecution under section 25-1-114, C.R.S. To reduce the possibility of cross-connection and back-siphonage, the District shall implement the following:

32.1 NOTIFICATION

All new customers shall be presented with information and warnings regarding the possibility of contamination and pollution due to cross-connections and back-siphonage, and the schedule of compliance set forth in paragraph 2.2. All existing customers shall be periodically reminded of the schedule of compliance set forth in paragraph 2.2

32.2 BACKFLOW DEVICES

2.1 Commercial and Industrial- On or before January 1, 1992 all commercial and industrial users shall have installed an approved backflow prevention device of a type and size approved

by the District, and which meets or exceeds the standards established by the Colorado Department of Health standards and specifications and which has been certified by the Foundation for Cross-Connection Control at the University of Southern California. Any unapproved backflow prevention device which is currently installed shall be replaced with an approved device at the time it fails an operational test.

2.2 Residential- On or before January 1, 1994, all residential users shall have installed a backflow prevention device of a type and size approved by the District.

2.3 Installation Regulations- Left Hand Water District shall incorporate into its engineering standards such installation regulations for backflow devices which are promulgated by the Colorado Department of Health and which are consistent with this policy.

2.4 Enforcement of Backflow and Cross-Connection Policies- It is the customer's responsibility to install and maintain their backflow prevention devices and to comply with the District's staff and the District's State certified backflow inspection contractor for annual inspection, testing, repair and/or replacement of any failed backflow prevention devices. The cost of such inspection, testing and/or replacement of backflow prevention devices will be borne by the customer and will be billed to the customer's account.

If evidence of installation of an approved backflow device is not received after customer notification, or if actions are not taken to repair or resolve any problems when notice of unsatisfactory inspection is received by the District following the annual testing of the backflow device, the following actions will be taken:

1. A reminder notice will be sent by the District. The first notice will allow a 60 day period for compliance and note all fines and actions that may result from noncompliance.
2. If no response is received within the 60 day period, a fine of \$150 will be imposed on the 61st day following notification, and a second notice will be sent.
3. The second notice will have a 30 day period for compliance. If no response is received following the second notice, a fine of \$300 will be applied on the 31st day.
4. If no action is taken to bring the backflow status into compliance after the second notice, a third notice with a term of 30 days will be issued, and service to the tap will be discontinued if no action is taken before the end of that period.

33. Policy Regarding Fire Hydrants

33.1 USE OF HYDRANTS

The following personnel, and no others, are authorized to utilize fire hydrants:

- 1.1 District personnel in the performance of their duties.

- 1.2 Authorized fire department personnel under emergency circumstances provided that the governing body of such department has executed an acknowledgment of this Policy.
- 1.3 Authorized fire department personnel under non-emergency circumstances when accompanied by District personnel or expressly authorized in writing by the District.
- 1.4 Authorized persons purchasing water from the District utilizing a fire hydrant meter, in accordance with District policies regarding said hydrant meters.

33.2 MAINTENANCE OF HYDRANTS

- 2.1 Routine maintenance of hydrants will be performed by District personnel in accordance with the American Water Works Association Manual No. M17 (Installation, Field Testing and Maintenance of Fire Hydrants).
- 2.2 Maintenance will be scheduled and performed by the District consistent with its other operations and maintenance requirements. It is imperative that all users and property owners recognize that the District's primary function is to provide potable water for domestic use and not to provide a water supply for fire fighting purposes. Accordingly, the failure of the District to meet maintenance requirements of the manual shall not be construed as an admission by District of its failure to exercise reasonable care and diligence.
- 2.3 The following Fire hydrant clearance requirements have been adopted by Left Hand Water District, are enforceable and for your protection and the protection of your neighbors, should be completed voluntarily. These clearance requirements meet the need of both fire protection and the regular maintenance of the water system.

International Fire codes, Uniform Fire codes, and National Fire protection Agency all have code requirements to insure safety of public and firefighters. The District will enforce the following clearances based on Section 508.5.5 of the 2006 IFC: *"Obstructions: Posts, fences, vehicles, growth, trash, storage, and other materials or objects shall not be placed or kept near fire hydrants, fire department inlet connections, or fire control valves in a manner that would prevent such equipment or fire hydrants from being immediately discernible. The fire department shall not be deterred or hindered from gaining immediate access to fire protection equipment or hydrants."* Also, *"Clear space around hydrants: A 3-foot clear space shall be maintained around the circumference of the fire hydrants except as otherwise required or approved."*

33.3 TESTING OF HYDRANTS

- 3.1 Testing for available fire flow determination may be done at the request of a fire department or an individual.
- 3.2 Hydrant flow testing shall be conducted by the governing fire authority or by a qualified engineer or fire suppression system designer approved by the District. Prior coordination with District staff is required and District personnel must be present at the time of the test.

33.4 FIRE HYDRANT FUND

County rules, ordinances or regulations may require developers, subdividers, contractors or property owners to install fire hydrants in approved developments. The District is not responsible for the installation of the required fire hydrants. In addition to District's other policies, rules and regulations regarding line extensions and upgrades, an inspection/maintenance fee of \$1,500.00 shall be assessed the developer, subdivider, contractor or property owner, as the case may be, for each fire hydrant installed to the District specifications. This fee shall be in addition to all other tap fees, charges, and service fees imposed by the District. The District shall separately account for such assessments in a separate fund account and maintenance and replacement costs shall be paid from such account.

33.5 ABILITY TO PROVIDE SERVICE

5.1 The District's established policy is to provide potable water for service to its customers at a pressure of approximately 45 pounds per square inch, subject to fluctuations caused by usage and other factors beyond the District's control. The District cannot (and does not) guarantee any particular level of flow or pressure at any particular point in its system including at hydrants.

5.2 The District shall be responsible only to make available such water at such pressure as may be available at the point of delivery as a result of the District's normal operation of its water distribution system. The District may temporarily discontinue the flow of water in the main at the point of delivery in order to repair, maintain, improve, or replace the main or other portions of the District's water distribution and supply system. Water users shall not assert any claim against the District for loss or damage which may result from the inadequacy or non-availability of water.

33.6 LEGAL RESPONSIBILITY

Just as a fire department cannot insure or guarantee that it can suppress any fire within an established time, so to the District cannot (and does not) insure or guarantee that a particular fire hydrant will be fully operational or that any particular water flow will be available at that water hydrant in an emergency. Power outages affecting pumping stations, excessive water usage, mechanical valve failures or line breaks can occur at any time regardless of the exercise of reasonable care by the District. Compared to a municipality, the District's lines must extend further distances and water may travel greater distances to service fewer users per mile. Accordingly, property owners should not totally rely on the proximity and availability of hydrants. Fire hydrants are not a substitute for good fire prevention programs or for a particular level of fire protection services. By making its water system available to fight fires, the District is not assuming any greater responsibility to provide any particular level of water service than previously existed and it is simply providing the water free of charge as an accommodation to the community.

33.7 GOVERNMENT IMMUNITY

Nothing in this policy shall be construed as a waiver of any immunity or defenses available to the District pursuant to common law or statute, including the Colorado Government Immunity Act, Section 24-10-101, et seq., C.R.S.

33.8 NOTICE/PUBLIC INFORMATION

District staff should disseminate copies of this Policy to developers, homeowners associations, and county staff, and to each provider of fire protection services within this District. A summation of this policy should be included in the District's newsletter to customers.

34. Fire Hydrant Meter Policy

There will be a deposit required upon acceptance of a hydrant meter. The deposit, as outlined in the current Schedule of Miscellaneous Charges and Fees, will be refundable upon return. A rental fee will also be charged, as outlined in the current Schedule of Miscellaneous Charges and Fees.

A base charge for hydrant water usage will be charged for every 1,000 gallons use, at a rate outlined in the Schedule of Miscellaneous Charges and Fees.

Arrangements are to be made with the Left Hand Water District at the time of the request for the use of a fire hydrant for an employee of the District to be present at the site of the hydrant to be utilized. The employee shall provide a meter to measure all water delivered and shall supervise such delivery.

The Left Hand Water District shall, from time to time, establish a regular hourly rate and an overtime rate for such employee.

Regular hours for drawing water shall be Monday through Friday, 8:00 a.m. to 4:00 p.m., except holidays and all other time shall be overtime.

A minimum charge of two (2) hours shall be made each time an employee is requested to be present at a hydrant.

35. Policy Regarding Hydrant Meter Rental

Designated "short term" hydrant meters will be leased for a minimum of 1 day or maximum of 7 days.

Designated "long term" hydrant meters will be leased for a minimum of 8 days or a maximum of 60 days. After 60 days, the meter will be returned for inspection and upon satisfactory inspection and current billing status, usage may be extended for additional 60 day periods, depending on availability.

Fees to be charged will be the then current fees at the time of rental.

In addition to a base charge for hydrant water usage per 1,000 gallons used, a daily rental fee will be charged for each day the meter is in the users possession.

A deposit must be paid to cover any damages to the hydrant meter, fire hydrant, or road area.

Hydrant meters will be used only at hydrants designated by the District. The initial connection at the designated hydrant must be made by a LHWD employee, and a minimum charge will be paid at the time of rental. Any change in location of the hydrant meter must be approved by the

District, and satisfactory inspection of the meter, fire hydrant and road area of the original location must be completed before a hydrant meter can be relocated. Re-connection at a new location will be done only by LHWD employee with an additional charge to be billed for each new location.

Hydrant meters will not be removed from the District's service area and must be available for meter reading and inspection by District personnel at the designated hydrant location, or returned to the District office.

36. Financial Operating Management Policies

The following District policies establish the framework for the Left Hand Water District's overall fiscal planning and management. The objectives of this policy are to preserve the credit worthiness of the District for borrowing monies at favorable interest rates; provide working capital for the District to meet cash flow needs during the year, and integrate strategic multi-year fiscal planning with the intended objectives of the Strategic Plan.

The Budget Committee will consist of members of the Board of Directors, as outlined in the Bylaws of the District, the General Manager, the managers of each department, and other staff members responsible for planning and integration of the Strategic Plan with the budget. All departments will participate in the responsibility of meeting policy goals and ensuring long-term financial health.

36.1 OPERATING REVENUES

As part of the budget process, operating revenues (water rates) will be examined annually to ensure that they are set at a level that will provide revenues that are adequate to:

- a. Pay for all current year operating and non-operating costs.
- b. Pay the current year's principal due and interest expense related to debt.
- c. Transfer an amount adequate to fund Replacement Fund projects at a level to be determined by the Board based on the current needs and to accumulate funds for future needs for the repair and maintenance of the existing system.
- d. Increase carryover funds to subsequent years in the amount, on average, of 6% when compared to operating revenues.
- e. Comply with all bond covenants including rate maintenance provisions in all borrowings.

36.2 SYSTEM INVESTMENT FEES

System Investment Fees will be reviewed annually and approved by the Board within the budget process, to ensure that such fees recover all direct and indirect costs of the existing system. Such funds will be used to pay for upgrades and maintenance of the current system and to pay, all or in part, the costs of capital expenses attributable to new development as deemed appropriate.

36.3 REPLACEMENT FUND

The District's Strategic Plan includes an extensive study and prioritization of long-range

recommended improvements for the existing system. The District has established a Replacement Fund program to address these needed improvements, with water rates as the source of funds for the program. As a part of the annual budget process, staff will review and update the prioritization list of Replacement Fund projects, and make recommendations for projects for the current year based on the updated plan.

1. High priority projects are those improvements which are needed within a five-year period from the adoption of the Strategic Plan due to significant deficiencies in the existing system or improvements which are critical for the overall system performance, or as needed to address non-hydraulic issues such as frequent line breaks and age of infrastructure
2. Medium priority items are those improvements which are less significant with respect to performance of the system, but have been identified as projects to be completed within a 10-year period from the adoption of the Strategic Plan
3. Low priority projects are those improvements which do not affect overall system performance, but would be expected to be completed within 20 years of the adoption of the Strategic Plan.

36.4 WATER FEES

Water fees are a portion of the total tap fees charged by the District to new tap purchases, based on the current value of the water rights used to serve a given tap or development. Water rights fees are collected with new tap purchases when “cash-in-lieu” of water transfer is allowed or required because sufficient water rights are owned by the District to serve without requiring additional water right purchases. Water rights fees will be designated to acquire or develop new sources of water supply.

36.5 FUND BALANCE

An undesignated general fund balance shall be maintained as of December 31st of each year equal to a minimum of three months of the ensuing year’s budgeted operating expenditures, with a targeted maximum of six months of the ensuing year’s budgeted expenditures.

36.6 FUND BALANCE PROJECTIONS

As part of the annual budget process, the Finance Manager will estimate the surplus or deficits for the current year and prepare a projection of the year-end undesignated general fund balance. Such projection will include an analysis of trends in fund balance levels on an historical and future projection basis.

36.7 FISCAL EMERGENCY

The Board of Directors can declare a fiscal emergency and withdraw any amount of general fund balances for purposes of addressing the fiscal emergency. Any such action must also provide for necessary appropriations to restore the undesignated general fund balance to the minimum balance within a three-year period.

37. Inspection Fees

The District assesses a fee for the inspection of construction or connections to the District system for the following:

- Subdivision Water line Installations
- Line Extensions
- Fire Hydrant Installations
- Commercial Tap Installation
- Fire Tap Installation

A base fee for all inspections will be charged, and an additional per-foot of construction will be assessed, as outlined in the current schedule of miscellaneous fees.