

**PINEWOOD SPRINGS WATER DISTRICT**

RESOLUTION NO. 2026-20

To Remain Posted Until December 31, 2026

A RESOLUTION AMENDING THE RULES AND REGULATIONS TO ESTABLISH PROCEDURES FOR DECLARING A WATER EMERGENCY AND PRESCRIBING EMERGENCY CONSERVATION AND HAULING RATES

WHEREAS, the Pinewood Springs Water District (the "District") is a quasi-municipal corporation and political subdivision of the State of Colorado duly organized and existing pursuant to Title 32, C.R.S., and is authorized pursuant to §32-1-1001(1)(j), C.R.S., to fix and from time to time increase or decrease rates, fees, tolls, penalties, or charges for services furnished by the District; and

WHEREAS, the District's Rules and Regulations (the "R&R"), as most recently revised January 22, 2025, prescribe rates for water usage under normal conditions and provide a structure for billing hauled water costs, but do not establish a defined procedure by which the Board of Directors may declare a water emergency, invoke pre-authorized emergency rates, or declare the emergency ended; and

WHEREAS, the absence of a defined emergency procedure has required the Board to convene special meetings under time pressure, set rates reactively without adequate data review or community consultation, and subject the District's membership to uncertainty and repeated revision of announced rates — an experience that has undermined community confidence in the Board's governance; and

WHEREAS, the Board finds that the District's members and the Board itself are best served by having emergency conservation rates and hauling cost allocation procedures established in advance, in the R&R, so that they may be invoked immediately and automatically upon declaration of a water emergency without requiring further Board deliberation on rate structure at the time of the emergency; and

WHEREAS, the Board further finds that community participation in the rate-setting process, conducted in advance of any emergency, produces rates that are more equitable, better understood by the membership, and less subject to dispute when invoked; and

WHEREAS, the Board has reviewed usage profile data for the District's approximately 302 to 336 active taps, has consulted with the Operations and Finance Committees, and has considered input from the community in establishing the emergency rates set forth herein; and

WHEREAS, the Board finds that the emergency conservation rates and hauling cost allocation procedures set forth in this Resolution are just, reasonable, and necessary to protect the health, safety, and welfare of the District's members during periods of water scarcity; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE PINEWOOD SPRINGS WATER DISTRICT:

Section 1. Amendment to Rules and Regulations. The Rules and Regulations of the Pinewood Springs Water District are hereby amended by adding a new Section 7.7, titled 'Water Emergency Declaration and Emergency Rates,' to read as set forth in Sections 2 through 8 of this Resolution. This amendment shall be incorporated into the Master Document of the R&R by the District Custodian within thirty (30) days of adoption, and the Action Date table on the cover page of the R&R shall be updated accordingly.

Section 2. Declaration of Water Emergency. The Board of Directors may declare a Water Emergency by majority vote at any regular or special meeting of the Board, or, between meetings, by written unanimous consent of the President and at least two (2) additional Directors, when any one or more of the following conditions exist: (a) the District's combined reservoir storage falls below thirty percent (30%) of total capacity; (b) the District's Operations Committee reports that available water for diversion to the reservoir is insufficient to meet projected demand; (c) the District's water system has suffered a loss of supply due to infrastructure failure, contamination, or other cause that cannot be remediated within seventy-two (72) hours; or (d) the Operations Committee or Special Advisor reports conditions that in their professional judgment create a material risk of service interruption within thirty (30) days. Upon declaration, the District Clerk shall notify all members by the most expedient means available, including the District's website and email distribution list, and shall state the effective date of the emergency rates.

Section 3. Emergency Conservation Rates. Upon declaration of a Water Emergency pursuant to Section 2, emergency conservation rates shall automatically supersede the usage rates set forth in Appendix A, Section 6(B) of the R&R, effective as of the first day of the billing period in which the declaration is made, unless the Board specifies a different effective date in the declaration. The specific emergency conservation rates — including the usage tier thresholds and the per-100-gallon charges for each tier — shall be those adopted by the Board by separate Resolution on or about June 3, 2026, following review and recommendation by the Community Rate Review Committee established in Section 6 of this Resolution. Until that separate Resolution is adopted, this Section 3 shall serve as the procedural framework only, and no emergency conservation rates shall be invoked under this Section without a specific Board Resolution setting the applicable rates. Upon adoption of the rates Resolution, the District Clerk shall incorporate the approved rate schedule into Appendix A, Section 6(B) of the R&R as a subsection titled 'Emergency Conservation Rates,' and this Resolution shall be cross-referenced therein. All revenue collected at emergency rates above the standard Tier 1 rate shall be sequestered in a designated Emergency Water Supply Reserve account and applied to the costs of securing additional water resources, emergency repairs, and hauling as authorized by the Board.

Section 4. Emergency Hauling Rates and Cost Allocation. In the event the Board authorizes emergency water hauling during a Water Emergency, hauling costs shall be allocated and billed as follows, superseding the hauling rate structure in Appendix A, Section 6(C): (a) The District shall determine the total volume of water hauled in each billing period and the total verified cost of hauling. (b) A base hauling assessment shall be calculated by dividing sixty percent (60%) of the total hauling cost equally among all active taps, excluding taps with zero verified usage for the billing period. (c) The remaining forty percent (40%) of the total hauling cost shall be allocated in proportion to each tap's usage above 2,000 gallons for the billing period. Taps with usage at or below 2,000 gallons shall bear no share of this proportional allocation. (d) The base assessment and proportional allocation for each tap shall be added to that tap's normal billing for the period and identified as a separate line item on the bill. (e) No construction use of water shall be permitted while water hauling is in effect, consistent with Appendix A, Section 6(C)(4). This allocation structure is intended to share the fixed costs of hauling broadly across the membership while preserving a meaningful conservation incentive for high users.

Section 5. Advance Notice to Members. Not less than fourteen (14) days before any Water Emergency declaration that the Board anticipates based on conditions known in advance (as distinguished from emergency declarations required by sudden infrastructure failure), the District shall notify members of the potential declaration and the rates that would take effect, so that members may adjust their usage in advance. Where a fourteen-day advance notice is not practicable, the District shall provide the maximum notice possible under the circumstances and shall explain the reason for the shorter notice period.

Section 6. Community Rate Review Committee. Prior to any revision of the emergency rates set forth in Section 3 or the hauling allocation formula set forth in Section 4, the Board shall convene a temporary Community Rate

Review Committee consisting of: (a) two voting members of the Board, preferentially (but not as a requirement) one from Finance and one from Operations; (b) the District Clerk; (c) one or more community members selected by the Board from among those who express interest in participating. The Committee shall review available usage data (with customer names and addresses removed) and shall present a recommendation to the Board. The Board shall consider the Committee's recommendation before adopting any revision to the emergency rates. The Committee shall dissolve upon the Board's adoption or rejection of the recommendation.

Section 7. Termination of Water Emergency. A Water Emergency shall be terminated by majority vote of the Board of Directors at any regular or special meeting, upon a report from the Operations Committee that the conditions giving rise to the declaration have been remediated and that reservoir storage and supply are sufficient to meet projected demand without conservation measures. Upon termination, standard rates under Appendix A shall be automatically reinstated as of the first day of the following billing period. The District Clerk shall notify all members of the termination by the same means used for the declaration. Funds remaining in the Emergency Water Supply Reserve account following termination shall be retained in that account for application to future water emergencies unless the Board votes to transfer them to the general operating fund.

Section 8. Review and Adjustment of Emergency Rates. The Board shall review the emergency conservation rates and the hauling allocation formula set forth in Section 4 no less frequently than once every two (2) years at a regular Board meeting, or following any Water Emergency in which they were invoked, and shall update them as necessary to reflect current costs, usage patterns, and community conditions. The initial emergency rate schedule, to be adopted by separate Resolution on or about June 3, 2026, shall be considered the baseline for purposes of this review cycle. Any subsequent revision to these rates shall be adopted by Resolution and incorporated into the R&R in accordance with the amendment procedure established in Resolution 2026-19.

ADOPTED AND APPROVED this 27th day of May, 2026.

PINEWOOD SPRINGS WATER DISTRICT

ATTEST:

Jim Easter
President

Patty Peritz
Secretary

Martijn Bolster
Treasurer

[DISTRICT SEAL]