

## **RESOLUTION NO. 2015 - 3**

### **A RESOLUTION ESTABLISHING A REDUCED RATE PER ERT FOR USER FEES FOR THE SOUTH DURANGO SANITATION DISTRICT.**

WHEREAS, the South Durango Sanitation District (the "District") is a quasi-municipal corporation and political subdivision of the State of Colorado organized pursuant to the Colorado Special District Act, C.R.S. §32-1-101, *et seq.* (the "Act"); and

WHEREAS, the Board of Directors (the "Board") of the District has previously adopted resolutions establishing rules, regulations and fees for the District; and

WHEREAS, the Act authorizes the Board to change rates, fees and charges periodically; and

WHEREAS, the Board has adopted fiscal policies which require all existing and new customers to pay their fair and equitable share of the District's operating and non-operating costs; and

WHEREAS, the Board attempts to utilize user fees from existing customers to pay operating costs and develop reasonable reserves for replacement; and

WHEREAS, tap fees from new customers are intended to pay a prorata share of the capital cost of the system; and

WHEREAS, tap fee revenue is intended to be used to pay debt service for bonds and loans which are used to provide funds for the construction and expansion of the system; and

WHEREAS, the Board increased the rate per equivalent residential tap (ERT) for user fees to \$35/ERT in 2009 and to \$40/ERT in order to provide revenue to pay debt service on the District's outstanding bonds; and

WHEREAS, the increases were necessary because the District was not receiving any tap fee revenue which had previously been used for debt service as a result of the economic recession beginning in 2008; and

WHEREAS, when substantial growth in Three Springs occurred in the last few years all taps required for the new development had previously been purchased by GRVP, LLC as part of its bond guaranty to the District creating a surplus of prepaid taps; and

WHEREAS, all prepaid taps owned by GRVP, LLC have now been used and the District has received substantial revenue from tap fees in the current calendar year and anticipates receiving continued tap fee revenue from Three Springs and other areas in the District in the coming years; and

WHEREAS, the increased user fee rate and the addition of 175 new users since 2011 has resulted in user fee revenue which is substantially more than is required to pay operating expenses

SOUTH DURANGO SANITATION DISTRICT

By Prosa Hanesy  
✓ President

Carl Picoli  
Secretary