

**SOUTH DURANGO SANITATION DISTRICT
RESOLUTION NO. 2014-3**

A RESOLUTION ESTABLISHING PLANT INVESTMENT FEES (TAP FEES) FOR THE SOUTH DURANGO SANITATION DISTRICT.

WHEREAS, 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.*; and

WHEREAS, the District provides sewer collection and treatment service to residents and businesses located within the boundaries of the District; and

WHEREAS, the District recently completed an expansion and improvement of the District's wastewater treatment plant ("WWTP") which will provide additional capacity for new customers; and

WHEREAS, the District has adopted a rate structure intended to allocate the operating and capital costs among customers based on sound cost of service principles; and

WHEREAS, the Board has reviewed its current rate structure to determine if the charges for Plant Investment Fees (PIFs or tap fees) are appropriate based on the capital costs for expansion and improvement, available capacity and historical and projected flows; and

WHEREAS, the District rate structure is based on an estimated 250 gallons of sewage flow per day from the Equivalent Residential Tap (gpd/ERT); and

WHEREAS, an analysis of actual flow records of the WWTP for the last 5 years has indicated that average maximum month flows are 137.6 gpd/ERT; and

WHEREAS, the Colorado Department of Public Health and Environment (CDPHE) recently adopted new Design Criteria for Domestic Wastewater Treatment Works which requires utilizing projected flows of not less than 180 gpd/ERT for single family residential and 165 gpd/ERT for multi-family residential where historical data is unavailable; and

WHEREAS, the Board has determined that the standard flows for each ERT should be adjusted to conform with the recommended CDPHE design criteria; and

WHEREAS, the current rate of \$8,000 per ERT was adopted following a comprehensive rate analysis and recommendation provided by Integrated Utilities Group (IUG) in 2001; and

WHEREAS, the IUG rate analysis and recommendation utilized 250 gpd/ERT in determining available capacity and the allocation of costs; and

WHEREAS, the application of the lower standard flow rate to the IUG rate analysis will result in a lower tap fee rate per ERT; and

WHEREAS, the additional capacity this is available in the expanded WWTP will allow for the sale of more taps than previously projected at a lower rate resulting in revenue that will meet the capital requirements of the District; and

WHEREAS, the reduction of tap fees may encourage more development within the District resulting in greater revenue from the sale of taps which could create interest savings by allowing for early repayment of the District's revenue bonds and which will allow operating revenue to be used for replacement of aging equipment; and

WHEREAS, the Board has determined that the changes to the District's rate structure set forth below are necessary and reasonable, will allow the District to continue to maintain a sound financial position and are fair and equitable for all customers.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SOUTH DURANGO SANITATION DISTRICT:

1. The District hereby establishes the following definition of one Equivalent Residential Tap (ERT): The typical sewage flow originating from any single family home, mobile home, condominium, townhouse, dwelling unit, or other unit based on 180 gallons per day flow, a five day average BOD₅ of 250 ppm and 250 ppm total suspended solids.

2. Effective May 1, 2014, Plant Investment Fees (tap fees) for the South Durango Sanitation District shall be as follows:

a. Single family residential including townhomes, condominiums and mobile homes: \$5,500/ERT;

b. Multi-family residential (apartments) and single family residential of 700 square feet or less: \$5,000/ERT;

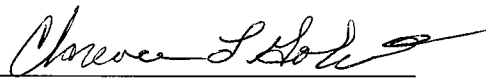
c. Commercial uses: \$5,500/ERT based on current commercial ERT schedule or projected flows based on engineering analysis or historical data utilizing the standards for ERTs establishes herein.

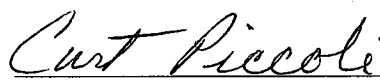
3. All prior resolutions of the District establishing fees different from those established herein are hereby repealed to the extent necessary to conform with this resolution.

4. The Board of Directors of the District hereby finds and declares that based on the foregoing the fees established herein are fair and equitable for the residents and customers of the District and will ensure its continued financial stability.

Adopted this 24th day of April, 2014.

SOUTH DURANGO SANITATION DISTRICT

By 
President


Secretary