GREEN MOUNTAIN WATER AND SANITATION DISTRICT
RESOLUTION NO. 2026-11-1

A RESOLUTION AMENDING THE RULES AND REGULATIONS OF THE DISTRICT TO ADOPT A DROUGHT SUPPLY RESTRICTION ON NEW WATER AND SEWER SERVICE

WHEREAS, Green Mountain Water and Sanitation District (the "District") is a quasi-municipal corporation and political subdivision of the State of Colorado organized under Title 32, Article 1, C.R.S., and provides Water Service and Sewer Service within its Service Area;

WHEREAS, the Board of Directors of the District (the "Board") is authorized by C.R.S. § 32-1-1001(1)(m) to adopt, amend, and enforce rules and regulations not in conflict with the constitution and laws of the State of Colorado, and Section 2.6 of the District's Rules and Regulations provides that the Rules and Regulations may be amended from time to time by the District as it deems appropriate;

WHEREAS, C.R.S. § 32-1-1006(9)(a) provides that the board of a water and sanitation district has a duty to provide water service if the district has the capacity to do so, and that "capacity" includes consideration of the physical, legal, and financial capacity of the district;

WHEREAS, the District purchases all of its potable water from Denver Water under the Master Meter Contract, and under Sections 1.11 and 2.5 of the Rules and Regulations the Denver Rules are incorporated into and binding upon the District and its Customers and govern over any inconsistent provision of the District's Rules and Regulations;

WHEREAS, Section 5.5 of the Rules and Regulations provides that new customers may not be added unless the District has established that there is adequate capacity to handle them;

WHEREAS, Denver Water has declared a Stage 1 drought, which remains in effect, and has imposed mandatory water use restrictions on all users of its water inside and outside the City and County of Denver, including the District's Customers;

WHEREAS, the Board has considered the effect of new and expanded demand on the District's water supply and on existing Customers during periods in which Denver Water has declared a drought or water shortage, and has received the advice of counsel; and

WHEREAS, the Board has considered this Resolution at a regular meeting held on November 10, 2026, notice of which was posted as required by law, and desires to amend the Rules and Regulations as set forth below.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF GREEN MOUNTAIN WATER AND SANITATION DISTRICT AS FOLLOWS:

Section 1. Findings.

The Board finds and determines as follows:

1. The District is a master meter distributor of Denver Water. It owns and operates no water supply source and holds no decreed water rights for potable supply. It purchases all potable water from Denver Water under its Distributor's Contract dated December 20, 1983 (Master Meter No. 234), in which it agreed to supply no water in its service area except that secured from Denver Water (¶ 12; see also Integrated System Agreement ¶ 4).

2. Article X, § 10.1.13 of the Denver Charter authorizes Denver Water to lease water for use outside Denver, but requires that such leases provide for limitations of delivery to whatever extent may be necessary to provide an adequate supply of water to the people of Denver. The Distributor's Contract is made under and conformable to the Charter provisions controlling the Denver Municipal Water System, incorporates them, and recites the delivery-limitation requirement (Recitals A.2 and B). The Integrated System Agreement contains the same incorporation (¶ 15).

3. Under ¶ 10 of the Distributor's Contract, the District has "the full right to make and enforce rules, not inconsistent with Board rules, to govern uses in the Distributor's Service Area." Denver Water's Operating Rules likewise provide that distributors "retain the right to make and enforce their own rules that are not inconsistent with the Rules" (Rule 15.01.1), and Denver Water will not issue a License for service from a distributor's system unless the distributor has authorized the connection in writing (Rule 2.06.2). Under Denver Water's Water Shortage Response Implementation Plan, § 3.2.4, Master Meter districts may adopt more restrictive rules so long as they are not inconsistent with Denver Water's rules.

4. On March 25, 2026, Denver Water declared a Stage 1 drought, effective through April 30, 2027 or until further Board action, finding that a drought response requiring everyone who receives its water, inside and outside Denver, to reduce consumption was necessary to meet its Charter obligation to provide an adequate supply inside Denver, with a system-wide reduction target of 20%.

5. By amendment adopted August 26, 2026, Denver Water prohibited watering of all grass after September 30, 2026, until further action of its Board.

6. As of November 2, 2026, Denver Water reported its reservoirs at 66% full, compared to an average of 89% for that date.

7. The Distributor's Contract provides that "in times of shortage, water use outside Denver will be curtailed" through progressively more severe measures, beginning with restrictions of uses and prohibition of non-essential uses, followed by prohibition of irrigation (Recital C); that Denver Water "is not a guarantor of water supply or water availability" (¶ 9); and that Denver Water may suspend the making of new taps to the District's system "whenever it appears to the Board that such action is necessary to diminish the likelihood of curtailment" (¶ 6). Denver Water's current restrictions, including the prohibition on watering grass, are curtailments of the kind the contract describes.

8. Under the Distributor's Contract, Denver Water's rules are enforceable in the District's service area. The District agreed to assist Denver Water "in every manner reasonably

possible" in enforcing them, and to operate its system so as "not to unreasonably interfere with service to others dependent upon the Denver Water System" (¶¶ 9, 10).

9. While a Drought Declaration is in effect, Denver Water's supply to the District is subject to Charter-based limitation for the protection of Denver's supply, and the District's existing Customers are under mandatory orders to reduce consumption. Committing additional supply to new or expanded demand during that period is inconsistent with the District's supply obligations, increases total demand on a supply its supplier has formally restricted, and reduces the supply available to existing Customers. The District therefore lacks legal capacity, within the meaning of C.R.S. § 32-1-1006(9)(a), to provide new water service during a Drought Declaration.

10. Denver Water bills the District drought charges on wholesale water purchased above the District's average winter consumption. New demand added during a drought period increases the District's drought-priced purchases, the cost of which is borne by the District's existing Customers through rates, surcharges, fees, and penalties.

11. The District's sewer service is functionally dependent on water service, and providing new sewer connections to premises without lawful water service would serve no legitimate utility purpose.

12. Applicants whose complete applications were pending, or who held a valid building permit, as of the Cutoff Date relied on the availability of service, and their demand is limited and identifiable. Protecting them is consistent with the purposes of § 5.1.3.

13. The Board considered relying on drought pricing, conservation requirements, and tap fees alone. Those measures address cost and use, but do not address the limitation on supply that a Drought Declaration imposes, and Denver Water's own primary drought response is to restrict use rather than to price it.

14. Section 5.1.3 regulates only the District's water and sewer service, operates only while a Drought Declaration is in effect, terminates automatically when it ends, and does not regulate land use.

Section 2. Adoption of New Section 5.1.3.

Article 5 of the Rules and Regulations is amended by adding a new Section 5.1.3, to read as follows:

5.1.3 Drought Supply Restriction on New Water and Sewer Service

5.1.3.1 Purpose. The District receives all of its potable water from Denver Water under the Master Meter Contract, which for purposes of this Section 5.1.3 includes the Distributor's Contract dated December 20, 1983 (Master Meter No. 234), as supplemented by the Integrated System Agreement for Master Meter Distributors (Agreement 506400). Under Article X of the Charter of the City and County of Denver (currently § 10.1.13), which is incorporated into the Master Meter Contract, delivery of water for use outside Denver is subject to limitation to whatever extent is necessary to provide an adequate supply of water to the people of Denver. The Master Meter Contract provides that in times of shortage water use outside Denver will be curtailed, that

Denver Water is not a guarantor of supply, and that Denver Water may suspend new taps to the District's system when necessary to diminish the likelihood of curtailment. When Denver Water declares a drought or water shortage requiring users outside Denver to reduce consumption, the District's legal capacity to commit water supply to new or expanded demand is limited, and the District's obligation is to reduce, not increase, demand on its system. This section implements that limitation consistent with C.R.S. § 32-1-1006(9)(a), protects the supply and service available to existing Customers, and avoids imposing on existing Customers the cost of additional drought-period purchases.

5.1.3.2 Definitions. For purposes of this section:

(a) "Drought Declaration" means any declaration, resolution, or order of Denver Water declaring a drought, water shortage, or stage of water shortage response (Stage 1 or higher) that requires users of Denver Water's water outside the City and County of Denver, including the District's Customers, to reduce consumption or to comply with mandatory water use restrictions. A Water Shortage Watch or other advisory or voluntary measure is not a Drought Declaration.

(b) "Restriction Period" means the period beginning on the effective date of a Drought Declaration, or on the effective date of this section if a Drought Declaration is then in effect, and ending as provided in § 5.1.3.6.

(c) "New Service Commitment" means issuance of a new Tap Permit for Water Service or Sewer Service; issuance of a Will Serve Letter or other binding commitment to provide Water Service or Sewer Service; or approval of an increase in Tap size or approved water demand for an existing Connection.

(d) "Denver Water Directive" means a written directive, tap allocation, delivery limitation, or other written action of Denver Water, issued under Article X of the Denver Charter, the Master Meter Contract, or the Denver Rules, that restricts or conditions new connections to the District's Water System, including a suspension of new taps under paragraph 6 of the Distributor's Contract or a tap allocation under the Denver Rules.

(e) "Cutoff Date" means the later of the date on which this section was adopted or the effective date of the Drought Declaration that commences the Restriction Period.

5.1.3.3 Automatic restriction. During any Restriction Period, the District shall not make a New Service Commitment except as provided in §§ 5.1.3.4, 5.1.3.5, and 5.1.3.8. The restriction takes effect automatically upon a Drought Declaration and requires no further action of the Board. Within five business days after a Restriction Period begins, the Manager shall post notice on the District's website and notify applicants with pending applications. The District may continue to receive and review applications for completeness during a Restriction Period, but receipt or review does not establish any priority or right to service.

5.1.3.4 Pending applications and construction in progress. Unless a Denver Water Directive requires otherwise, the restriction in § 5.1.3.3 does not apply to:

(a) an application for a Tap Permit for Water Service or Sewer Service for which the District received a completed Water and/or Sewer Tap Permit Application, all applicable fees, and all other required documentation under § 5.1.1 on or before the Cutoff Date; or

(b) a project for which the applicable governmental authority issued a building permit on or before the Cutoff Date, so long as the permit has not expired or been revoked.

The applicant bears the burden of demonstrating eligibility under this subsection 5.1.3.4. Demand from applications and projects qualifying under this subsection shall be included in the District's system model.

5.1.3.5 Exceptions. Upon written application, the Manager shall authorize a New Service Commitment during a Restriction Period for:

(a) a connection necessary to address an emergency threat to public health or safety;

(b) a dedicated fire service line; or

(c) replacement, reconstruction, or modification of an existing structure that results in no net increase in Tap size or approved water demand.

The Manager may impose conditions reasonably necessary to ensure no net increase in demand, including enforceable demand limits, metering, and periodic verification. The Manager shall issue a written determination stating reasons and evidence supporting such determination within 30 days after receipt of a complete application. An applicant may appeal the Manager's determination as provided in Section 9.3.

5.1.3.6 Automatic termination. A Restriction Period terminates automatically, without further action of the Board, on the date that Denver Water rescinds or terminates the Drought Declaration, or on the date that no Drought Declaration remains in effect that requires users outside Denver to reduce consumption or comply with mandatory water use restrictions. The Manager shall post notice of termination on the District's website within five business days of such occurrence. During any Restriction Period, the Manager shall report to the Board at least every 90 days on the status of the Drought Declaration, pending applications, exception requests, and committed demand.

5.1.3.7 Sewer service. During a Restriction Period, the District shall not issue a Tap Permit for Sewer Service for any premises that does not hold a Tap Permit for Water Service issued by the District in compliance with this section. This subsection does not restrict Sewer Service to premises that receive water service from a lawful source other than the District.

5.1.3.8 Existing rights and commitments. This section itself does not revoke, suspend, or impair any previously issued and valid Tap Permit, any fully paid Tap, or any binding written service commitment of the District, including any development, inclusion, or line-extension agreement. Such permits, Taps, and commitments shall be honored according to their terms, the District's Rules and Regulations, applicable law, and any Denver Water Directive, including any restrictions on use or tap issuance imposed by Denver Water.

5.1.3.9 Scope. This section governs only the District's Water Service and Sewer Service. It does not regulate, prohibit, or condition building permits, subdivision, zoning, or other land-use approvals of any other governmental entity.

5.1.3.10 Administration. The District shall apply this section uniformly to similarly situated applications and shall maintain records of all applications, determinations, notices, and reports under this section.

5.1.3.11 Conflicts. If any provision of this section conflicts with Article X of the Denver Charter, the Master Meter Contract, the Denver Rules, the Special Connectors Agreement, or applicable state law, the controlling Charter provision, contract, rule, or law governs.

5.1.3.12 Severability. If any provision of this section, or its application to any person or circumstance, is held invalid, the remainder of this section and its application to other persons or circumstances shall not be affected.

Section 3. Amendment of Section 5.6.

The introductory paragraph of Section 5.6 of the Rules and Regulations is amended by adding the following sentence at the end: "Applications for new Tap Permits and for new or expanded Water Service or Sewer Service are subject to § 5.1.3 during any drought supply Restriction Period."

Section 4. Amendment of Section 7.3.

Section 7.3 of the Rules and Regulations is amended by adding the following sentence at the end: "New service commitments during a Denver Water drought declaration are governed by § 5.1.3."

Section 5. Effective Date.

This Resolution and the amendments adopted by it take effect immediately upon adoption. Because Denver Water's Stage 1 drought declaration is in effect on the date of adoption, a Restriction Period under § 5.1.3 begins on the date of adoption, and the date of adoption is the Cutoff Date for that Restriction Period.

Section 6. Implementation.

The Manager is authorized and directed to incorporate the amendments adopted by this Resolution into the Rules and Regulations, to post the amended Rules and Regulations on the District's website, to give the notices required by § 5.1.3.3, and to take such other actions as are reasonably necessary to implement this Resolution.

Section 7. Severability.

If any section, paragraph, clause, or provision of this Resolution is held invalid or unenforceable, the invalidity or unenforceability of that provision shall not affect any of the remaining provisions of this Resolution.

Section 8. Prior Inconsistent Actions.

All prior resolutions, policies, or actions of the Board, or parts thereof, inconsistent with this Resolution are superseded to the extent of the inconsistency.

ADOPTED AND APPROVED this 10th day of November 2026.

GREEN MOUNTAIN WATER AND SANITATION DISTRICT

By: _____
President

ATTEST:

_____
Secretary

(SEAL)