

LA PLATA ARCHULETA WATER DISTRICT

POLICY GRANTING A CREDIT AGAINST THE CAPITAL INVESTMENT FEE FOR PROPERTY TAXES PAID TO THE DISTRICT WHILE WATER SERVICE WAS NOT AVAILABLE TO THE PROPERTY

Adopted: July 23, 2009

BACKGROUND INFORMATION

A. Construction of the District's water distribution system is expected to be completed in multiple phases solely dependent upon multiple factors, including the financing and revenues which are available to the District from time to time.

B. The Board of Directors recognizes that some taxpayers of the District may pay property taxes to the District for several years before water service will be available to their property.

C. It is fair and equitable to permit taxpayers of the District to obtain a credit against the capital investment fee, also known as the "tap fee," payable to connect to the District's water distribution system equal to the amount of property taxes paid to the District during the time water service was not available to their property.

POLICIES

NOW, THEREFORE, the following Policies of the La Plata Archuleta Water District ("District") are hereby adopted:

1. Credit shall only be granted for residential property if (a) the owner thereof makes application for service within 12 months of the date water service is available to the property to be served; (b) the property owner pays the balance of the capital investment fee and any other fees and costs then due; and (c) the property owner completes the connection as soon as possible.

2. The property owner must show reasonable proof of payment of his or her property taxes to the La Plata County Treasurer for each year for which a credit is claimed starting with the first Tax Year during which the District levied a property tax. Only that portion of the property taxes levied by the District and paid by the property owner requesting service will qualify for this credit; any property taxes paid by any other party prior to the time the property owner requesting service became the taxpayer for the property to be served shall not qualify for this credit. This credit shall not run with the land.

3. The credit granted by the District shall not exceed the amount of the capital investment fee then in effect at the time application is made for service.

4. The credit granted by the District shall be up to 100% of the general property taxes paid to the District, as provided above, and shall only be used to reduce the amount of the capital investment fee due to connect a residential property to the District's water system. The credit shall not be redeemable in cash or in any other form. The credit shall not be transferable to any other property or to any other person.

5. The burden shall be on the applicant for water service to request any credit due hereunder and to show proof of payment of any property taxes that would qualify the payer of such property taxes to a credit under the terms of this policy.