

**TOWN OF PAONIA, COLORADO  
RESOLUTION NO. 10-2025**

**A RESOLUTION OF THE BOARD OF TRUSTEES OF THE TOWN  
OF PAONIA, COLORADO CLARIFYING, RECONCILING, AND  
DIRECTING STAFF ON LAWFULLY SERVED UNITS WITH  
STANDBY WATER FEES FOR BOTH IN-TOWN AND OUT-OF-  
TOWN DIRECT BILLED WATER TAPS**

**WHEREAS**, the Board of Trustees (“the Board”) of the Town of Paonia, Colorado, passed a voter-initiated moratorium on the sale of new water taps through an Ordinance that went into effect on January 27, 2020;

**WHEREAS**, the moratorium language includes a provision that allows for water taps that the Town is legally obligated to serve;

**WHEREAS**, direction is necessary to ensure that standards, requirements, and processes are fairly and equitably applied to treatment of water standby users;

**WHEREAS**, a comparison of Ordinance changes concerning the payment of water taps and fees is included as **Exhibit A**;

**WHEREAS**, a memorandum explaining the issues of the payment of water standby fees, properties that the Town is legally obligated to serve, and recommending a process for activating a water tap with an active water standby that ensures all property owners paying a water standby are treated fairly and transparently is included as **Exhibit B**;

**WHEREAS**, a list of all property owners with an active standby fee and that the Town is legally obligated to serve is included as **Exhibit C**;

**NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE TOWN OF PAONIA, COLORADO, COUNTY OF DELTA, STATE OF COLORADO THAT:**

**SECTION 1.** The recitals set forth above and its exhibits are incorporated herein.

**SECTION 2.** The Paonia Board of Trustees hereby directs staff to incorporate the following process for determining which property owners currently paying a water standby fee are eligible for a tap:

- 1) Property owners must be current on the payments of their water standby fees;

- 2) Property owners provide proof of prior payment of the tap fee to the satisfaction of the Administrator or designee and that the right was purchased by deposit and/or standby fee to connect to the town's water distribution system prior to the effective date of Ordinance 2020-01 or January 27<sup>th</sup> of 2020.;
- 3) In the absence of satisfactory proof, the property owner pays the requisite \$6,000/\$15,000 to secure the tap and be provided with the opportunity to make payments in accordance with §13-1-30 (d), as well as be held to all provisions in the subsection.

**SECTION 3.** The Paonia Board of Trustees hereby directs staff to employ the following process to begin reconciling water standby taps:

- 1) Letters sent out to each water standby customer explaining the Town's desire to clarify the taps associated with each property;
- 2) Proof of payment needs to be submitted to the Town, or payment will be required;
- 3) Town staff will use the current Enterprise Resource Planning software and other record keeping software to keep a permanent record of each water standby.

**INTRODUCED, READ, APPROVED AND ADOPTED** by a vote of 6 for and 0 against at a regularly scheduled meeting of the Board of Trustees on March 11, 2025, at 6:30 P.M., at the Paonia Town Hall, 214 Grand Avenue, Paonia, Colorado.

Mayor Pro-Tem Swartz: Aye

Trustee Stelter: Aye

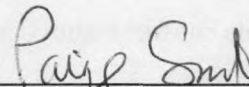
Trustee Czech: Aye

Trustee Valentine: Aye

Trustee Hunter: Aye

Trustee Heck: Aye

**TOWN OF PAONIA, COLORADO**

  
\_\_\_\_\_  
Paige Smith, Mayor

ATTEST:

\_\_\_\_\_  
Samira M. Vetter, Town Clerk

**Exhibit A**

2014 and 2017 Chapter 13 - Water Tap Code Comparison

2014	2017
<b>Sec. 13-1-10. - Definitions.</b>	<b>Sec. 13-1-10. - Definitions.</b>
In-town tap: A water tap within the corporate boundaries of the Town.	<i>In-town tap:</i> A water tap within the corporate boundaries of the Town of Paonia, Colorado.
Out-of-town tap: A water tap outside the corporate boundaries of the Town.	<i>Out-of-town tap:</i> A water tap outside the corporate boundaries of the Town of Paonia, Colorado.
<b>Sec. 13-1-30. Fees for water taps.</b>	<b>Sec. 13-1-30. Fees for water taps.</b>
(a) Every property owner connecting a water service line from their property to any water line constructed or owned by the Town, shall pay a water tap fee prior to being permitted to connect to the main water line. A separate water tap fee is required for each household unit. Any residential accessory building with a kitchen requires a separate water tap fee. A home business shall not require two (2) water taps as both a home and a business.	(a) Each property owner (residential and commercial) connecting a water service line from their property to any water line constructed or owned by the Town, shall pay a water tap fee prior to being permitted to connect to the main water line. The tap, water service line, and meter shall be sized according to either the existing and/or proposed use.
(C)(1) In-Town taps. There is no annual limit on the number of in-town water taps available for public sale. The basic water tap fee in-Town is six thousand dollars (\$6,000.00) for each water tap.	(b) <i>Town taps.</i> There is no annual limit on the number of in-Town water taps available for public sale. The basic residential (¾-inch) water tap fee in-Town is six thousand dollars (\$6,000.00) for each water tap.
(C)(5) In-Town tap requirements. Each in-Town water tap shall meet the following criteria:	(d) <i>Town tap requirements.</i> Each in-Town water tap shall meet the following criteria:
a. An application to purchase the water tap shall identify the legal description of the property to be served.	(d)(1) An application to purchase the water tap shall identify the legal description of the property to be served.
b. A deposit in the amount of <b>five hundred dollars (\$500.00)</b> or full payment shall be received by the Town with the application for the water tap. The balance of the water tap fee shall be paid within one hundred eighty (180) days from the date of application. In the event that the water tap balance is unpaid within one hundred eighty (180) days, the water tap is void and the deposit is forfeited. No water will be delivered until the water tap is paid in full. The Town Council, by a majority vote and at its discretion, may provide a full or partial refund should the application to purchase the water tap be withdrawn within the one hundred eighty (180) days.	(2) A deposit in the amount of <b>three thousand dollars (\$3,000.00)</b> or full payment shall be received by the Town with the application for the water tap. The balance of the water tap fee shall be paid within one hundred and eighty (180) days from the date of application. In the event that the balance is unpaid within one hundred and eighty (180) days the water tap is void and the deposit is forfeited. No water will be delivered until the water tap is paid in full. The Town Board by a majority vote and at its discretion may provide a full or partial refund should the application to purchase the water tap be withdrawn within the one hundred and eighty (180) days.



2014	2017		
<p>(C)(2) Out-of-Town taps. There is hereby established an annual limit of eight (8) out-of-Town water taps available for public sale. The sale of these out-of-Town water taps requires the majority approval of the Town Council. The basic water tap fee out-of-Town is fifteen thousand dollars (\$15,000.00).</p>	<p>(c) <i>Sales of water taps to water companies.</i> There is hereby established a maximum annual limit of five (5) sales of water taps to water companies. The sale of these water taps requires the majority approval of the Town Board upon the recommendation of the Town Administrator. Sales of water taps to water companies will be as follows:</p> <table border="1" data-bbox="857 488 1398 524"> <tr> <td data-bbox="857 488 1125 524">¾ inch</td> <td data-bbox="1125 488 1398 524">\$15,000.00</td> </tr> </table>	¾ inch	\$15,000.00
¾ inch	\$15,000.00		
<p>(C)(6) Out-of-town tap requirements. Each out-of-Town water tap shall meet the following criteria:</p>	<p>(e) <i>Water company (out-of-town) tap requirements.</i> Each water company (out-of-Town) water tap shall meet the following criteria:</p>		
<p>a. An application to purchase the water tap shall identify the legal description of the property to be served.</p>	<p>(1) An application from the water company to purchase the water tap shall identify the legal description of the property to be served.</p>		
<p>b. A deposit in the amount of five hundred dollars (\$500.00) shall be received by the Town with the application for the water tap. In the event the Twon Council denies the water tap, the deposit shall be refunded. The balance of the water tap fee shall be paid within one hundred eighty (180) days from the date of approval. In the event that the water tap is approved by the Town Council and the balance is unpaid within one hundred eighty (180) days, the water tap is void and the deposit is forfeited. No water will be delivered until the water tap is paid in full. The Town Council, by a majority vote and at its discretion, may provide a full or partial refund should the application to purchase the water tap be withdrawn within the one hundred eighty (180) days.</p>	<p>(2) A deposit in the amount of five hundred dollars (\$500.00) shall be received by the Town with the application for the water tap. In the event the Town Board denies the water tap the deposit shall be refunded. The balance of the water tap fee shall be paid within one hundred eighty (180) days from the date of approval. In the event that the water tap is approved by the Town Board and the balance is unpaid within one hundred eighty (180) days the water tap is void and the deposit is forfeited. No water will be delivered until the water tap is paid in full. The Town Board by a majority vote and at its discretion may provide a full or partial refund should the application to purchase the water tap be withdrawn within the one hundred eighty (180) days.</p>		

**EXHIBIT B**  
**Memorandum**

**Consideration of an Approach for Reconciliation of In-Town Water Taps and Out-of-Town Water Taps Direct Billed by the Town**

A voter-initiated moratorium suspending the sale of water taps went into effect on January 27, 2020. The *Moratorium* is defined in Sec. 13-1-131 of the Town of Paonia Code as:

(1) The suspension of the sale of domestic water taps;  
and

(2) The prohibition of the establishment of any new commercial unit or household unit that the Town of Paonia is not legally obligated to serve with municipal water on the effective date of this ordinance; and

(3) The prohibition on the Town's extension of services lines from a Town-owned water main to any private property, excepting the extension of a service line for purposes of furnishing water to a lawfully served unit.

In order to determine properties the Town was "legally obligated to serve," a list of properties was created by staff and provided to the public in late 2022. The basis for the list appeared to be a survey of utility bills and each property included in the list was being billed for a water standby fee. In nearly every case, the fee was initiated prior to January 27, 2020. It's only possible to verify the imposition of the standby fee as far back as January 2019 because the Town's utility billing system only maintains records for the previous five years on a rolling basis.

Current staff have searched for additional records of tap fee payment(s) for each property and have found no records for the majority of the original list of 47 addresses.

However, there are a handful of addresses (4) where the owners were properly instructed by the Town administration in 2019 early 2020 about the town requirement for full or ½ payment of the \$6,000 fee at the time of application as required by Sec. 13-1-30. The Town is currently in possession of the record of tap fee payments for all four properties. All were paid in full prior to the moratorium going into effect.

There are also three properties that were instructed by the administration in late 2019 up to 1/24/2020, that the tap purchaser only needed to submit a \$500 deposit rather than the required first ½ of \$3,000 or full payment of \$6,000 at the time of application. This was a staff misreading of the Water Tap application form (see attached) incorrectly relying on the instructions adopted for the purchase of an out-of-town tap. The

**Sec. 13-1-30. Fees for water taps.**

(a) Each property owner (residential and commercial) connecting a water service line from their property to any water line constructed or owned by the Town, shall pay a water tap fee prior to being permitted to connect to the main water line. The tap, water service line, and meter shall be sized according to either the existing and/or proposed use.

(b) *Town taps.* There is no annual limit on the number of in-Town water taps available for public sale. The basic residential (¾-inch) water tap fee in-Town is six thousand dollars (\$6,000.00) for each water tap.

(d) *Town tap requirements.* Each in-Town water tap shall meet the following criteria:

(1) An application to purchase the water tap shall identify the legal description of the property to be served.

(2) A deposit in the amount of three thousand dollars (\$3,000.00) or full payment shall be received by the Town with the application for the water tap. The balance of the water tap fee shall be paid within one hundred and eighty (180) days from the date of application. In the event that the balance is unpaid within one hundred and eighty (180) days the water tap is void and the deposit is forfeited. No water will be delivered until the water tap is paid in full. The Town Board by a majority vote and at its discretion may provide a full or partial refund should the application to purchase the water tap be withdrawn within the one hundred and eighty (180) days.

**Sec. 13-1-40. - Standby fees.**

(a) There is no reduced standby fee for taps that are not yet installed or not in service. The minimum monthly fee for any tap shall be the appropriate base rate.

Town obtained (in several instances the records have been provided by the applicants) records of each of the initial \$500 deposits and records indicating that all three of these taps have been paid in full.

There are also several addresses on the list in error because dwelling units have been on these properties for several years prior to the moratorium going into effect.

The original list also includes eight properties that are located "outside the corporate boundaries of the Town," but which are direct billed by the Town. These properties are billed a tap fee of \$15,000 based on Town Code in effect since at least 2014.

Although staff have searched but not found proof of tap fee payment for the remainder of the properties, it's acknowledged that some form of application (and potentially full or partial payment) was filed in order to initiate the charges for standby fees.

Applications for water taps conceivably date back several years prior to 2019. All of the applicants (property owners) applied for a water tap in good faith and at a minimum the Town's records show the "acknowledgement" of a water tap in the form of the monthly charge for standby fees. Current staff does not, however, know if the Town code at 13-1-30 in effect since at least 2014, regarding payment for a tap, was followed when property owners applied for a tap.

#### Reconciliation for Consideration

It's recommended that in order to treat all property owners paying the standby fee fairly and transparently, each one be considered eligible for the tap when: 1) they provide proof of prior payment to the satisfaction of the Administrator or his designee, or 2) in the absence of satisfactory proof, the property owner pays the requisite \$6,000/\$15,000 to secure the tap, and be provided with the opportunity to make payments in accordance with 13-1-30(d), as well as be held to all provisions in the subsection.

In order to begin reconciling the water taps, a letter will be sent to each utility standby customer explaining the Town's desire to get clarification on the taps associated with each property and what will be needed for proof of payment or in the alternative, that payment will be required.

Additionally, the Town's current system in use for record keeping is designed to maintain and make easily retrievable a permanent repository of all records and other correspondence created and provided for each property as part of this proposed process.

#### Out of Town Taps

As part of the Town's efforts in 2022 to identify out-of-town taps considered "legally obligated to serve," a list of taps associated with 15 consecutive water systems (water companies) was created. There are no reliable records in Town Hall regarding these taps. Therefore, the Administration would like to work with each individual water company to reconcile the respective records. The results of the collaboration and proposed approach for reconciliation will be brought to the Trustees for consideration.



Town of Paonia  
Water Tap Application

New Account

Fee: In town \$ 6,000.00  
Out of Town \$15,000.00

Application Date: 10/25/2019  
Council Review Date: n/A

Applicant: [Redacted] Owner  Developer  Other

Property Owner:  
Mailing Address:  
City:

Location of Requested Tap

Street Address: TBD - Parcel 11, Standby tap  
Legal Description: See attached

Easements:  
Anticipated Date of Connection: June 2021

Specifics

- |  |  |
|--|--|
| <input type="checkbox"/> Single Family Residence | <input checked="" type="checkbox"/> Commercial                   |
| <input type="checkbox"/> Accessory Building      | <input type="checkbox"/> Multiple businesses in single structure |
| <input type="checkbox"/> Sink(s) _____           | <input type="checkbox"/> Sink(s) _____                           |
| <input type="checkbox"/> Bathroom(s) _____       | <input type="checkbox"/> Bathroom(s) _____                       |
| <input type="checkbox"/> Shower/Tub(s) _____     | <input type="checkbox"/> Shower/Tub(s) _____                     |
| <input type="checkbox"/> Other _____             | <input type="checkbox"/> Other _____                             |

Out of Town Requirements

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Pre-Annexation Agreement   | <input type="checkbox"/> Recorded on _____        |
| <input checked="" type="checkbox"/> \$500.00 Deposit           | <input type="checkbox"/> Balance Paid on _____    |
| <input type="checkbox"/> Water Company                         | <input type="checkbox"/> Letter Authorizing _____ |
| <input type="checkbox"/> Hydrant Required (at Town discretion) |   |

In order to review the application the following MUST be submitted attached to this form:

1. Site plan of the property with the meter location identified.
2. Copy of property deed
3. Signed Pre-Annexation agreement

I/We hereby certify that the above information is correct and understand that the application does not guarantee service until feasibility is determined by the Town. By making this application, I/We understand that I/We are obligated to comply with all water and sewer ordinances, rules and regulation of the Town of Paonia.

Owner(s) Signature(s): [Redacted]

Town Use Only

Service Available  Approved  Disapproved

Conditions and/or Comments: \_\_\_\_\_

Signed: [Signature] Date: 10-29-19

**Exhibit C ---Water taps listed as having been obtained prior to the Water Moratorium going into effect**

	Address	Date of 1st payment & amount	Date of 2nd Payment & amount	Standby Fee Initiated	Record of tap fee Paid
1	7 West 4th	1/7/2020 \$6000	NA	2/29/2020	Tap was purchased prior to 1/27/2020
2	498 Niagara Ave.	7/16/2019 \$6000	NA	7/31/2019	Tap was purchased prior to 1/27/2020
3	594 Grand Ave.	1/24/2020 Applicant incorrectly instructed by staff at the time that only a \$500 deposit was required for a water tap, although this is an In Town lot	Balance of \$5500 paid 12/28/2020 in single payment	2/29/2020	Although applicant improperly instructed by staff, full payment has been made.
4	45 Samuel Wade	10/25/2019 Applicant incorrectly instructed by staff at the time that only a \$500 deposit was required for a water tap, although this is an In Town lot	Applicant incorrectly allowed by staff at the time to began making a \$500 payment per month beginning January 11, 2021. Full balance of \$5500 was paid on 10/5/2021	11/30/2019	Although applicant improperly instructed by staff, full payment has been made.
5	324 1/2 Rio Grande	3/13/2019 Applicant incorrectly instructed by staff at the time that only a \$500 deposit was required for a water tap, although this is an In Town lot	Remaining balance of \$5500 paid on 1/15/2020 in a single payment	3/31/2019	Tap was purchased prior to 1/27/2020
6	1375 Third St.	12/16/2019 \$6000	NA	1/31/2020	Tap was purchased prior to 1/27/2020
7	104 Dorris Ave. (house built on property)	2/21/2024 \$6,000	NA	1/31/2019	Although applicant improperly instructed by staff, full payment has been made.



	Address	Date of 1st payment & amount	Date of 2nd Payment & amount	Standby Fee Initiated	Record of tap fee Paid
8	105 Dorris Ave.	??	??	1/31/2019	No record in Town Hall re: receipt of the tap fee.
9	411 Vista Dr.	Note in the "property file" that water tap was purchased 3/2007, but no actual receipt or proof.	??	8/31/2019	No record in Town Hall re: receipt of the tap fee.
10	220 Meadowbrook	12/31/2019 Applicant incorrectly instructed by staff at the time that only a \$500 deposit was required for a water tap, although this is an In Town lot	3/24/2020 receipt of \$1,000 payment on file. However, no record on file of the remaining \$4500 being paid	11/30/2020	Tap fee was initiated after 1/27/2020. However, submittal of the improperly instructed \$500 deposit does indicate a transaction prior to 1/27/2020. No information in Town Hall as to why the assessment of the standby fee was delayed.
11	311 Second St.	??	??	1/31/2019	_No record in Town Hall re: receipt of the tap fee.
12	50 Pan American	??	??	1/31/2019	No record in Town Hall re: receipt of the tap fee.
13	322 Rio Grande	??	??	1/31/2019	No record in Town Hall re: receipt of water tap fee.
14	1201 3rd St.	??	??	1/31/2019	No record in Town Hall re: receipt of water tap fee.
15	227 Niagara	??	??	1/31/2019	No record in Town Hall re: receipt of water tap fee.

16	220 5th St.	??	??	1/31/2019	No record in Town Hall re: receipt of water tap fee.
	<b>Address</b>	<b>Date of 1st payment &amp; amount</b>	<b>Date of 2nd Payment &amp; amount</b>	<b>Standby Fee Initiated</b>	<b>Record of tap fee Paid</b>
17	350 4th St	??	??	1/31/2019	No record in Town Hall re: receipt of water tap fee.
18	121 Grand Ave.	??	??	1/31/2019	No record in Town Hall re: receipt of water tap fee.
19	117 North Fork Ave. (house built on property)	1/24/2020- Applicant improperly instructed by staff at the time that only a \$500 deposit was needed for a water tap even though this is an In Town lot.	A check dated 6/15/2020 for the remaining amount is in the records at Town Hall.	9/30/2019	Although applicant improperly instructed by staff, full payment has been made.
20	400 Minnesota Ave.	??	??	1/31/2019	No record in Town Hall re: receipt of water tap fee.
21	120 North Fork (house built on property)	??	??	1/31/2019	Record of Tap Payment to be investigated
22	447 Vista Dr.	??	??	1/31/2019	No record in Town Hall re: receipt of water tap fee.
23	472 Vista Dr. (previously TBD Lot 24 High View Ct)	12/30/2019 Applicant improperly instructed by staff at the time that only a \$500 deposit was needed for a water tap even though this is an In Town lot.	Payment of \$5,500 made on 10/28/2020.	1/31/2020	Although applicant improperly instructed by staff, full payment has been made.
24	451 Vista Dr.	??	??	1/31/2019	No record in Town Hall re: receipt of water tap fee.

25	36 Box Elder	??	??	1/31/2019	No record in Town Hall re: receipt of water tap fee.
26	417 Second St.	??	??	1/31/2019	No record in Town Hall re: receipt of water tap fee.
	<b>Address</b>	<b>Date of 1st payment &amp; amount</b>	<b>Date of 2nd Payment &amp; amount</b>	<b>Standby Fee Initiated</b>	<b>Record of tap fee Paid</b>
27	215 North Fork Ave. (house built on property)	Payment for full amount made on 4/29/2024	NA	1/31/2019	Although applicant improperly instructed by staff, full payment has been made.
28	112 Freedom Ave.	??	??	1/31/2019	No record in Town Hall re: receipt of water tap fee.
29	147 Freedom Ave.	??	??	1/31/2019	No record in Town Hall re: receipt of water tap fee.
30	33 Box Elder	??	??	1/31/2019	No record in Town Hall re: receipt of water tap fee.
31	221 Colorado Ave.	??	??	1/31/2019	No record in Town Hall re: receipt of water tap fee.
32	1214 Second St.	??	??	1/31/2019	No record in Town Hall re: receipt of water tap fee.
33	1521 First St.	No Utility Record Exists for this address		N/A	NA
34	208 Grand Ave.	??	??	1/31/2019	No record in Town Hall re: receipt of water tap fee.
35	204 Meadowbrook Blvd.	??	??	1/31/2019	No record in Town Hall re: receipt of water tap fee.



36	TBD Big Sky Ave. Lot 1	??	??	1/31/2019	No record in Town Hall re: receipt of water tap fee.
37	TBD Big Sky Ave. Lot 2	??	??	1/31/2019	No record in Town Hall re: receipt of water tap fee.

**Out of Town Addresses Direct Billed by the Town of Paonia**

	Address	Date of 1st payment & amount	Date of 2nd Payment & amount	Standby Fee Initiated	Record of tap fee Paid
38	41174 Lamborn Mesa Rd.	??	??	1/31/2019	No record in Town Hall re: receipt of water tap fee.
39	11 W. 4th St	??	??	1/31/2019	No record in Town Hall re: receipt of water tap fee.
40	42553 Minnesota Cr. Rd.	??	??	1/31/2019	No record in Town Hall re: receipt of water tap fee.
41	41194 Lamborn Dr.	??	??	1/31/2019	No record in Town Hall re: receipt of water tap fee.
42	1669 Harding Rd.	??	??	1/31/2019	No record in Town Hall re: receipt of water tap fee.
43	14043 Hillcrest Dr.	??	??	1/31/2019	No record in Town Hall re: receipt of water tap fee.
44	40563 O Rd.	??	??	1/31/2019	No record in Town Hall re: receipt of water tap fee.
45	-40565 O Rd.	??	??	1/31/2019	No record in Town Hall re: receipt of water tap fee.