

WATER USE AGREEMENT

THIS EMERGENCY POTABLE WATER USE AGREEMENT (the "Agreement") is made and entered into as of the ____ day of _____, 2026, by San Juan Ranch Estates Association, Inc., a Colorado nonprofit corporation (the "Association"), and the Town of Lake City, Colorado ("the Town") for the procurement and delivery of potable water to the Association as part of a coordinated emergency preparedness and resilience effort to ensure that the Association has access to a reliable emergency water supply during periods of system interruption, shortage, or other unforeseen circumstances.

RECITALS

A. The Association is the association named in the 2023 Amended and Restated Declaration of Restrictions, Covenants, Easements, Reservations and Architectural Control, recorded on August 23, 2023 in the real property records of Hinsdale County, Colorado at Reception No. 106078; and

B. The Town owns and operates a municipal potable water supply system; and

C. The Association, from time to time, is unable to produce or maintain a sufficient potable water supply necessary to meet the needs of its community; and

D. The Association, from time to time experiences water shortages and has requested the Town assist in alleviating this issue; and

E. The Town agrees to permit the Association to access and purchase the Town's potable water supply on a periodic basis to supplement the Association's supply during emergency situations so long as such water purchase does not negatively impact the Town or its residents; and

F. The Parties have established the terms and procedures by which the water will be collected, metered, and compensated.

NOW, THEREFORE, in consideration of the foregoing, the covenants and agreements hereinafter set forth, the legal adequacy and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Incorporation by Reference. The Recitals above are incorporated as terms to this Agreement by reference.

2. Estimated Water Demand. The Association shall have access to an estimated 7,500 to 10,000 gallons of potable water per day during emergency use. Exact daily volumes may vary depending on conditions, occupancy, and system needs. The Association shall communicate to the Town anticipated demand in advance whenever possible.

3. Pricing and Billing. The Town may, in its sole discretion, provide potable water to the Association at the current published commercial water sale rate, which at the time of this Agreement is \$10.00 per 1,000 gallons. Billing shall be determined by metered hydrant output or by the documented volumes recorded by the certified hauler and verified by the Town. Invoices shall be issued monthly unless otherwise mutually agreed by parties.

4. Responsibilities and Obligations. The Town shall maintain the hydrant or designated fill connection point in good working condition, provide access during mutually agreed-upon hours, ensure compliance with applicable water quality standards through the point of delivery, and track and document all water use volumes. The Association shall engage a certified potable water hauler to collect water, ensure safe and proper operation at the hydrant, including connection, flow control, and disconnection, and communicate any changes in demand or operational requirements to the Town as necessary. The Town shall ensure that water provided meets all applicable state and federal standards for drinking water.

5. Modification by the Town of Terms. Notwithstanding any provision to the contrary herein, the Town shall reserve the right to deny, modify, limit, cancel, or change any amount of water to the Association for any reason at any time. By way of illustration and not limitation, the amount of water provided to the Association may be reduced, the Association may be required to fill less than full requested amount of water, the Association may be required to be filled in multiple smaller amounts with sufficient breaks to permit wells to replenish, or such requests for water may be unilaterally suspended by the Town upon draught or water restriction or similar circumstance. In no circumstance will the Town be obligated to provide the Association any amount of water if doing so may be detrimental to the Town, the Town's water rights, its residents, or any other harm to the same.

6. Covenants of the Association. The Association shall:

a. The Association will use a certified water hauler to collect and transport potable water from the Town's designated hydrant or connection point; and

b. The Association will coordinate daily water pickups as needed to meet emergency supply requirements; and

c. The Association will ensure that all hauling equipment complies with Colorado Department of Public Health and Environment ("CDPHE") potable water transport regulations; and

7. Activation and Term. This Agreement is intended for emergency preparedness and shall be activated during water system outages; infrastructure failures; wildfire, draught, or natural disaster conditions; or at the request of the Association and with the approval of the Town. The agreement may remain in effect for one year with annual review and renewal, or as mutually agreed.

8. Compliance and Liability. The Parties agree to comply with all applicable local, state, and federal laws and regulations governing the sale, use, distribution, and transport of potable water. The Association shall assume full responsibility for the quality of the water upon its departure from the Town's designated connection point. The Town shall not be liable for any damage arising from or related to the Association's use of the connection point. The Association shall be solely liable for any damage caused by its use or operation of the Town's connection point.

9. Assignment. Neither party shall assign any of its rights or obligations under this Agreement without the written consent of the other party, which consent may be withheld for any reason.

10. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Colorado. Venue shall be proper in Hinsdale County, Colorado.

11. Costs and Attorney Fees. In the event of any dispute arising out of or in any way related to this Agreement, the prevailing party shall be entitled to recover its reasonable attorney fees and costs incurred in each and every dispute, action, suit, or other proceeding, including any and all appeals or petitions.

12. Notices. Any notice required pursuant to the terms of this Agreement shall be considered to have been received when delivered in writing to the other party in person, or three days after placing such notice in the United States Mail, certified mail, return receipt requested, postage prepaid, properly addressed to the president of the Association serving at the time the Notice is provided, or at such other address as any party may furnish to the other party in accordance herewith for the purposes of this notice. Actual receipt shall not be required to effect notice hereunder.

13. Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which taken together shall constitute one and the same instrument.

14. Enforceability. The invalidity or unenforceability of any particular provision of this Agreement shall not in any way affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted.

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

San Juan Ranch Estates Association, Inc.,
a Colorado nonprofit corporation

Town of Lake City, Colorado

By: _____
President

By: _____
Dave Roberts, Mayor

ATTEST
