



**TOWN OF PALMER LAKE
BOARD OF TRUSTEES - AGENDA MEMO**

DATE: April 23, 2026	ITEM NO.	SUBJECT: Graywater – Opting Out
Presented by: Charles Roubidoux Water Supervisor/ ORC		

MEMORANDUM

Purpose

The purpose of this memorandum is to outline the reasons why the Town of Palmer Lake should adopt a resolution opting out of Colorado House Bill 24-1362 (HB24-1362). This memo also clarifies that HB24-1362 authorizes graywater treatment works only in new construction by default, and that installations in existing buildings are allowed only if local governments specifically authorize them.

Clarification: HB24-1362 Is Limited to New Construction Unless the Town Expands It

HB24-1362 establishes that graywater systems may be installed exclusively in new construction projects unless a municipality or county adopts an ordinance enabling installation in existing buildings. Because Palmer Lake has minimal new construction, the practical application of the law is extremely limited unless the Town significantly expands eligibility.

Recommendation

Given the narrow applicability of the law, combined with the significant operational, financial, and public health burdens it would introduce, I strongly recommend that the Town Council opt out of HB24-1362. **See attached proposed Ordinance 02-2026**

Key Reasons to Opt Out

1. Significant Increased Workload for Local Government

Implementing HB24-1362 would require the Town to create extensive new regulatory processes, including new ordinances, permitting structures, inspections, enforcement pathways, and increased coordination with CDPHE. These obligations would be ongoing and require staff resources that Palmer Lake does not currently have.

2. New Tracking and Reporting Requirements

HB24-1362 obligates municipalities to maintain updated data on all graywater systems, track locations and system types, report to water utilities, and ensure ongoing compliance. Even a very small number of systems would create substantial administrative burdens.

3. Public Health Considerations and Cross-Connection Risks

Graywater systems pose cross-connection hazards that could allow untreated or partially treated water to enter the potable water supply if improperly installed or maintained. Preventing this requires rigorous inspections, a strong backflow prevention program, and ongoing monitoring—complexities that introduce risk to the Town's small drinking water system.

4. Unfunded Mandates and Costs to the Town

HB24-1362 provides no funding for the significant increase in work it requires. The Town would bear the full cost of ordinance development, staff training, enforcement, public communication, inspection programs, and administrative tracking systems.

5. Limited Benefit Due to Minimal New Construction in Palmer Lake

Since the law applies only to new construction unless the Town expands it, few properties would qualify. The water savings achievable would be negligible compared to the administrative, financial, and public health burden placed on the Town.

6. Water Rights and System Integrity Concerns

Graywater reuse can affect return flows, which are subject to Colorado water rights law. Altered return flows could expose the Town to legal or operational challenges. Additionally, the Town's water system is small and sensitive to operational changes, and increased internal plumbing variability raises complexity and risk.



Conclusion

Opting out of HB24-1362 helps preserve public health protections, avoids unfunded mandates, protects the municipal water system, and prevents unnecessary administrative burden for very limited potential benefit.