Part 10
Water Conservancy District Act

17B-2a-1001 Title.

This part is known as the "Water Conservancy District Act."

Enacted by Chapter 329, 2007 General Session

17B-2a-1002 Purpose of water conservancy districts.

(1) It is the policy of the state to:
(a) provide for the conservation and development of the water and land resources of the state;
(b) provide for the greatest beneficial use of water within the state;
(c) control and make use of all unappropriated waters in the state and to apply those waters to direct and supplemental beneficial uses including domestic, manufacturing, irrigation, and power;
(d) obtain from water in the state the highest duty for domestic uses and irrigation of lands in the state within the terms of applicable interstate compacts and other law;
(e) cooperate with the United States and its agencies under federal reclamation or other laws and to construct, finance, operate, and maintain works in the state; and
(f) promote the greater prosperity and general welfare of the people of the state by encouraging the organization of water conservancy districts.
(2) The creation and operation of water conservancy districts are a public use to help accomplish the policy stated in Subsection (1) and will:
(a) be essentially for the benefit and advantage of the people of the state;
(b) indirectly benefit all industries of the state;
(c) indirectly benefit the state by increasing the value of taxable property in the state;
(d) directly benefit municipalities by providing adequate supplies of water for domestic use;
(e) directly benefit lands to be irrigated or drained;
(f) directly benefit lands now under irrigation by stabilizing the flow of water in streams and by increasing flow and return flow of water to those streams; and
(g) promote the comfort, safety, and welfare of the people of the state.

Amended by Chapter 261, 2025 General Session

17B-2a-1003 Provisions applicable to water conservancy districts.

(1) Each water conservancy district is governed by and has the powers stated in:
(a) this part; and
(b) Chapter 1, Provisions Applicable to All Special Districts.
(2) This part applies only to water conservancy districts.
(3) A water conservancy district is not subject to the provisions of any other part of this chapter.
(4) If there is a conflict between a provision in Chapter 1, Provisions Applicable to All Special Districts, and a provision in this part, the provision in this part governs.

Amended by Chapter 277, 2025 General Session

17B-2a-1004 Additional water conservancy district powers -- Limitations on water conservancy districts.

(1) In addition to the powers conferred on a water conservancy district under Section 17B-1-103, a water conservancy district may:
(a) issue bonds as provided in and subject to Chapter 1, Part 11, Special District Bonds, to carry out the purposes of the district;
(b) acquire or lease any real or personal property or acquire any interest in real or personal property, as provided in Subsections 17B-1-103(2)(a) and (b), whether inside or outside the district;
(c) acquire or construct works, facilities, or improvements, as provided in Subsection 17B-1-103(2)(d), whether inside or outside the district;
(d) acquire water, works, water rights, and sources of water necessary or convenient to the full exercise of the district's powers, whether the water, works, water rights, or sources of water are inside or outside the district, and encumber, sell, lease, transfer an interest in, or dispose of water, works, water rights, and sources of water;
(e) fix rates and terms for the sale, lease, or other disposal of water;
(f) acquire rights to the use of water from works constructed or operated by the district or constructed or operated pursuant to a contract to which the district is a party, and sell rights to the use of water from those works;
(g) levy assessments against lands within the district to which water is allotted on the basis of:
(i) a uniform district-wide value per acre foot of irrigation water; or
(ii) a uniform unit-wide value per acre foot of irrigation water, if the board divides the district into units and fixes a different value per acre foot of water in the respective units;
(h) fix rates for the sale, lease, or other disposal of water, other than irrigation water, at rates that are equitable, though not necessarily equal or uniform, for like classes of service;
(i) adopt and modify plans and specifications for the works for which the district was organized;
(j) investigate and promote water conservation and development;
(k) appropriate and otherwise acquire water and water rights inside or outside the state;
(l) develop, store, treat, and transport water;
(m) acquire stock in canal companies, water companies, and water users associations;
(n) acquire, construct, operate, or maintain works for the irrigation of land;
(o) subject to Subsection (2), sell water and water services to individual customers and charge sufficient rates for the water and water services supplied;
(p) own property for district purposes within the boundaries of a municipality; and
(q) coordinate water resource planning among public entities.
(2)
(a) A water conservancy district and another political subdivision of the state may contract with each other, and a water conservancy district may contract with one or more public entities and private persons, for:
(i) the joint operation or use of works owned by any party to the contract; or
(ii) the sale, purchase, lease, exchange, or loan of water, water rights, works, or related services.
(b) An agreement under Subsection (2)(a) may provide for the joint use of works owned by one of the contracting parties if the agreement provides for reasonable compensation.
(c) A statutory requirement that a district supply water to its own residents on a priority basis does not apply to a contract under Subsection (2)(a).
(d) An agreement under Subsection (2)(a) may include terms that the parties determine, including:
(i) a term of years specified by the contract;

(ii) a requirement that the purchasing party make specified payments, without regard to actual taking or use;

(iii) a requirement that the purchasing party pay user charges, charges for the availability of water or water facilities, or other charges for capital costs, debt service, operating and maintenance costs, and the maintenance of reasonable reserves, whether or not the related water, water rights, or facilities are acquired, completed, operable, or operating, and notwithstanding the suspension, interruption, interference, reduction, or curtailment of water or services for any reason;

(iv) provisions for one or more parties to acquire an undivided ownership interest in, or a contractual right to the capacity, output, or services of, joint water facilities, and establishing:

(A) the methods for financing the costs of acquisition, construction, and operation of the joint facilities;

(B) the method for allocating the costs of acquisition, construction, and operation of the facilities among the parties consistent with their respective interests in or rights to the facilities;

(C) a management committee comprised of representatives of the parties, which may be responsible for the acquisition, construction, and operation of the facilities as the parties determine; and

(D) the remedies upon a default by any party in the performance of its obligations under the contract, which may include a provision obligating or enabling the other parties to succeed to all or a portion of the ownership interest or contractual rights and obligations of the defaulting party; and

(v) provisions that a purchasing party make payments from:

(A) general or other funds of the purchasing party;

(B) the proceeds of assessments levied under this part;

(C) the proceeds of impact fees imposed by any party under Title 11, Chapter 36a, Impact Fees Act;

(D) revenues from the operation of the water system of a party receiving water or services under the contract;

(E) proceeds of any revenue-sharing arrangement between the parties, including amounts payable as a percentage of revenues or net revenues of the water system of a party receiving water or services under the contract; and

(F) any combination of the sources of payment listed in Subsections (2)(d)(v)(A) through (E).

(3)

(a) A water conservancy district may enter into a contract with another state or a political subdivision of another state for the joint construction, operation, or ownership of a water facility.

(b) Water from any source in the state may be appropriated and used for beneficial purposes within another state only as provided in Title 73, Chapter 3a, Water Exports.

(4)

(a) Except as provided in Subsection (4)(b), a water conservancy district may not sell water to a customer located within a municipality for domestic or culinary use without the consent of the municipality.

(b) Subsection (4)(a) does not apply if:

(i) the property of a customer to whom a water conservancy district sells water was, at the time the district began selling water to the customer, within an unincorporated area of a county; and

(ii) after the district begins selling water to the customer, the property becomes part of a municipality through municipal incorporation or annexation.

(5) A water conservancy district may not carry or transport water in transmountain diversion if title to the water was acquired by a municipality by eminent domain.

(6) A water conservancy district may not be required to obtain a franchise for the acquisition, ownership, operation, or maintenance of property.

(7) A water conservancy district may not acquire by eminent domain title to or beneficial use of vested water rights for transmountain diversion.

Amended by Chapter 15, 2023 General Session

17B-2a-1005 Water conservancy district board of trustees -- Selection of members -- Number -- Qualifications -- Terms -- Vacancies -- Crime insurance -- Authority.

(1) Members of the board of trustees for a water conservancy district shall be:

(a) elected in accordance with:

(i) the petition or resolution that initiated the process of creating the water conservancy district; and

(ii) Section 17B-1-306;

(b) appointed in accordance with Subsection (2); or

(c) elected under Subsection (4)(a).

(2)

(a) If the members of the board of trustees are appointed, within 45 days after the day on which a water conservancy district is created as provided in Section 17B-1-215, the board of trustees shall be appointed as provided in this Subsection (2).

(b) For a district located entirely within the boundaries of a single county, the county legislative body of that county shall appoint each trustee.

(c)

(i) For a district located in more than a single county, the governor, with the advice and consent of the Senate, shall appoint each trustee from nominees submitted as provided in this Subsection (2)(c).

(ii)

(A) Except as provided in Subsection (2)(c)(ii)(B), in a division composed solely of municipalities, the legislative body of each municipality within the division shall submit two nominees per trustee.

(B) The legislative body of a municipality may submit fewer than two nominees per trustee if the legislative body certifies in writing to the governor that the legislative body is unable, after reasonably diligent effort, to identify two nominees who are willing and qualified to serve as trustee.

(iii)

(A) Except as provided in Subsection (2)(c)(iii)(B), in all other divisions, the county legislative body of the county in which the division is located shall submit three nominees per trustee.

(B) The county legislative body may submit fewer than three nominees per trustee if the county legislative body certifies in writing to the governor that the county legislative body is unable, after reasonably diligent effort, to identify three nominees who are willing and qualified to serve as trustee.

(iv) If a trustee represents a division located in more than one county, the county legislative bodies of those counties shall collectively compile the list of three nominees.

(v) For purposes of this Subsection (2)(c), a municipality that is located in more than one county shall be considered to be located in only the county in which more of the municipal area is located than in any other county.

(d) In districts where substantial water is allocated for irrigated agriculture, one trustee appointed in that district shall be a person who owns irrigation rights and uses those rights as part of that person's livelihood.

(3)

(a) The board shall give written notice of the upcoming vacancy in an appointed trustee's term and the date when the trustee's term expires to the county legislative body in single county districts and to the nominating entities and the governor in all other districts:

(i) if the upcoming vacancy is in a single county district, at least 90 days before the expiration of the trustee's term; and

(ii) for all other districts, on or before October 1 before the expiration of the appointed trustee's term.

(b)

(i) Upon receipt of the notice of the expiration of an appointed trustee's term or notice of a vacancy in the office of an appointed trustee, the county or municipal legislative body, as the case may be, shall nominate candidates to fill the unexpired term of office pursuant to Subsection (2).

(ii) If a trustee is to be appointed by the governor and the entity charged with nominating candidates has not submitted the list of nominees within 90 days after service of the notice, the governor shall, with the advice and consent of the Senate, make the appointment from qualified candidates without consultation with the county or municipal legislative body.

(iii) If the governor fails to appoint, the incumbent shall continue to serve until a successor is appointed and qualified.

(iv) Appointment by the governor vests in the appointee, upon qualification, the authority to discharge the duties of trustee, subject only to the advice and consent of the Senate.

(c) Each trustee shall hold office during the term for which appointed and until a successor is duly appointed and has qualified.

(4)

(a) Members of the board of trustees of a water conservancy district shall be elected, if, subject to Subsection (4)(b):

(i) two-thirds of all members of the board of trustees of the water conservancy district vote in favor of changing to an elected board; and

(ii) the legislative body of each municipality or county that appoints a member to the board of trustees adopts a resolution approving the change to an elected board.

(b) A change to an elected board of trustees under Subsection (4)(a) may not shorten the term of any member of the board of trustees serving at the time of the change.

(5) The board of trustees of a water conservancy district shall consist of:

(a) except as provided in Subsection (5)(b), not more than 11 persons who are residents of the district; or

(b) if the district consists of five or more counties, not more than 21 persons who are residents of the district.

(6) If an elected trustee's office is vacated, the vacated office shall be filled in accordance with Section 17B-1-303.

(7) Each trustee shall obtain crime insurance at the expense of the district, conditioned for the faithful performance of duties as a trustee.

(8)

(a) The board of trustees of a water conservancy district may:
(i) make and enforce all reasonable rules and regulations for the management, control, delivery, use, and distribution of water;
(ii) withhold the delivery of water with respect to which there is a default or delinquency of payment;
(iii) provide for and declare a forfeiture of the right to the use of water upon the default or failure to comply with an order, contract, or agreement for the purchase, lease, or use of water, and resell, lease, or otherwise dispose of water with respect to which a forfeiture has been declared;
(iv) allocate and reallocate the use of water to lands within the district;
(v) provide for and grant the right, upon terms, to transfer water from lands to which water has been allocated to other lands within the district;
(vi) create a lien, as provided in this part, upon land to which the use of water is transferred;
(vii) discharge a lien from land to which a lien has attached; and
(viii) subject to Subsection (8)(b), enter into a written contract for the sale, lease, or other disposition of the use of water.
(b)
(i) A contract under Subsection (8)(a)(viii) may provide for the use of water perpetually or for a specified term.
(ii)
(A) If a contract under Subsection (8)(a)(viii) makes water available to the purchasing party without regard to actual taking or use, the board may require that the purchasing party give security for the payment to be made under the contract, unless the contract requires the purchasing party to pay for certain specified annual minimums.
(B) The security requirement under Subsection (8)(b)(ii)(A) in a contract with a public entity may be met by including in the contract a provision for the public entity's levy of a special assessment to make annual payments to the district.

Amended by Chapter 76, 2025 General Session

17B-2a-1006 Limits on water conservancy district property tax levy -- Additional levy.
(1) Except as provided in Subsection (2), and subject to Subsection (3) and Section 17B-2a-1009, the property tax levy of a water conservancy district for all purposes may not exceed:
(a) .0001 per dollar of taxable value of taxable property in the district, before the earliest of:
(i) the planning or design of works;
(ii) the acquisition of the site or right-of-way on which the works will be constructed; or
(iii) the commencement of construction of the works; and
(b) .0002 per dollar of taxable value of taxable property in the district, after the earliest of the events listed in Subsection (1)(a).
(2) Subject to Subsection (3) and Section 17B-2a-1009:
(a) in a district that contains land located within the Lower Colorado River Basin, the levy after the earliest of the events listed in Subsection (1)(a) may be increased to a maximum of .001 per dollar of taxable value of taxable property in the district; and
(b) in a district to be served under a contract, water appropriation, water allotment, or otherwise by water apportioned by the Colorado River Compact to the Upper Basin, the levy after the earliest of the events listed in Subsection (1)(a) may be increased to a maximum of .0004 per dollar of taxable value of taxable property.

(3) A water conservancy district may impose an additional property tax levy, not to exceed .0001 per dollar of taxable value of taxable property in the district, if the additional levy is necessary to provide adequate funds to pay maturing bonds or other debts of the district.

Amended by Chapter 159, 2010 General Session

17B-2a-1007 Contract assessments -- Notice.

(1) As used in this section:

(a) "Assessed land" means:

(i) for a contract assessment under a water contract with a private water user, the land owned by the private water user that receives the beneficial use of water under the water contract; or

(ii) for a contract assessment under a water contract with a public water user, the land within the boundaries of the public water user that is within the boundaries of the water conservancy district and that receives the beneficial use of water under the water contract.

(b) "Contract assessment" means an assessment levied as provided in this section by a water conservancy district on assessed land.

(c) "Governing body" means:

(i) for a county, city, or town, the legislative body of the county, city, or town;

(ii) for a special district, the board of trustees of the special district;

(iii) for a special service district:

(A) the legislative body of the county, city, or town that established the special service district, if no administrative control board has been appointed under Section 17D-1-301; or

(B) the administrative control board of the special service district, if an administrative control board has been appointed under Section 17D-1-301; and

(iv) for any other political subdivision of the state, the person or body with authority to govern the affairs of the political subdivision.

(d) "Petitioner" means a private petitioner or a public petitioner.

(e) "Private petitioner" means an owner of land within a water conservancy district who submits a petition to a water conservancy district under Subsection (3) to enter into a water contract with the district.

(f) "Private water user" means an owner of land within a water conservancy district who enters into a water contract with the district.

(g) "Public petitioner" means a political subdivision of the state:

(i) whose territory is partly or entirely within the boundaries of a water conservancy district; and

(ii) that submits a petition to a water conservancy district under Subsection (3) to enter into a water contract with the district.

(h) "Public water user" means a political subdivision of the state:

(i) whose territory is partly or entirely within the boundaries of a water conservancy district; and

(ii) that enters into a water contract with the district.

(i) "Water contract" means a contract between a water conservancy district and a private water user or a public water user under which the water user purchases, leases, or otherwise acquires the beneficial use of water from the water conservancy district for the benefit of:

(i) land owned by the private water user; or

(ii) land within the public water user's boundaries that is also within the boundaries of the water conservancy district.

(j) "Water user" means a private water user or a public water user.

(2) A water conservancy district may levy a contract assessment as provided in this section.

(3)
(a) The governing body of a public petitioner may authorize its chief executive officer to submit a written petition on behalf of the public petitioner to a water conservancy district requesting to enter into a water contract.
(b) A private petitioner may submit a written petition to a water conservancy district requesting to enter into a water contract.
(c) Each petition under this Subsection (3) shall include:
(i) the petitioner's name;
(ii) the quantity of water the petitioner desires to purchase or otherwise acquire;
(iii) a description of the land upon which the water will be used;
(iv) the price to be paid for the water;
(v) the amount of any service, turnout, connection, distribution system, or other charge to be paid;
(vi) whether payment will be made in cash or annual installments;
(vii) a provision requiring the contract assessment to become a lien on the land for which the water is petitioned and is to be allotted; and
(viii) an agreement that the petitioner is bound by the provisions of this part and the rules and regulations of the water conservancy district board of trustees.
(4)
(a) If the board of a water conservancy district desires to consider a petition submitted by a petitioner under Subsection (3), the board shall:
(i) provide notice of the petition and of the hearing required under Subsection (4)(a)(ii) for the water conservancy district, as a class A notice under Section 63G-30-102, for at least two successive weeks immediately before the date of the hearing; and
(ii) hold a public hearing on the petition.
(b) Each notice under Subsection (4)(a)(i) shall:
(i) state that a petition has been filed and that the district is considering levying a contract assessment; and
(ii) give the date, time, and place of the hearing required under Subsection (4)(a)(ii).
(c)
(i) At each hearing required under Subsection (4)(a)(ii), the board of trustees of the water conservancy district shall:
(A) allow any interested person to appear and explain why the petition should not be granted; and
(B) consider each written objection to the granting of the petition that the board receives before or at the hearing.
(ii) The board of trustees may adjourn and reconvene the hearing as the board considers appropriate.
(d)
(i) Any interested person may file with the board of the water conservancy district, at or before the hearing under Subsection (4)(a)(ii), a written objection to the district's granting a petition.
(ii) Each person who fails to submit a written objection within the time provided under Subsection (4)(d)(i) is considered to have consented to the district's granting the petition and levying a contract assessment.
(5) After holding a public hearing as required under Subsection (4)(a)(ii), the board of trustees of a water conservancy district may:
(a) deny the petition; or

(b) grant the petition, if the board considers granting the petition to be in the best interests of the district.

(6) The board of a water conservancy district that grants a petition under this section may:

(a) make an allotment of water for the benefit of assessed land;

(b) authorize any necessary construction to provide for the use of water upon the terms and conditions stated in the water contract;

(c) divide the district into units and fix a different rate for water purchased or otherwise acquired and for other charges within each unit, if the rates and charges are equitable, although not equal and uniform, for similar classes of services throughout the district; and

(d) levy a contract assessment on assessed land.

(7)

(a) The board of trustees of each water conservancy district that levies a contract assessment under this section shall:

(i) cause a certified copy of the resolution, ordinance, or order levying the assessment to be recorded in the office of the recorder of each county in which assessed land is located; and

(ii) on or before July 1 of each year after levying the contract assessment, certify to the auditor of each county in which assessed land is located the amount of the contract assessment.

(b) Upon the recording of the resolution, ordinance, or order, in accordance with Subsection (7)(a)(i):

(i) the contract assessment associated with allotting water to the assessed land under the water contract becomes a political subdivision lien, as that term is defined in Section 11-60-102, on the assessed land, in accordance with Title 11, Chapter 60, Political Subdivision Lien Authority, as of the effective date of the resolution, ordinance, or order; and

(ii)

(A) the board of trustees of the water conservancy district shall certify the amount of the assessment to the county treasurer; and

(B) the county treasurer shall include the certified amount on the property tax notice required by Section 59-2-1317 for that year.

(c)

(i) Each county in which assessed land is located shall collect the contract assessment in the same manner as taxes levied by the county.

(ii) If the amount of a contract assessment levied under this section is not paid in full in a given year:

(A) by September 15, the governing body of the water conservancy district that levies the contract assessment shall certify any unpaid amount to the treasurer of the county in which the property is located; and

(B) the county treasurer shall include the certified amount on the property tax notice required by Section 59-2-1317 for that year.

(8)

(a) The board of trustees of each water conservancy district that levies a contract assessment under this section shall:

(i) hold a public hearing, before August 8 of each year in which a contract assessment is levied, to hear and consider objections filed under Subsection (8)(b); and

(ii) publish a notice:

(A) for the water conservancy district, as a class A notice under Section 63G-30-102, for at least the two consecutive weeks before the day of the public hearing; and

(B) that contains a general description of the assessed land, the amount of the contract assessment, and the time and place of the public hearing under Subsection (8)(a)(i).

(b) An owner of assessed land within the water conservancy district who believes that the contract assessment on the owner's land is excessive, erroneous, or illegal may, before the hearing under Subsection (8)(a)(i), file with the board of trustees a verified, written objection to the assessment, stating the grounds for the objection.

(c)

(i) At each hearing under Subsection (8)(a)(i), the board of trustees shall hear and consider the evidence and arguments supporting each objection.

(ii) After hearing and considering the evidence and arguments supporting an objection, the board of trustees:

(A) shall enter a written order, stating its decision; and

(B) may modify the assessment.

(d)

(i) An owner of assessed land may file a petition in district court seeking review of a board of trustees' order under Subsection (8)(c)(ii)(A).

(ii) Each petition under Subsection (8)(d)(i) shall:

(A) be filed within 30 days after the board enters its written order;

(B) state specifically the part of the board's order for which review is sought; and

(C) be accompanied by a bond with good and sufficient security in an amount not exceeding $200, as determined by the court clerk.

(iii) If more than one owner of assessed land seeks review, the court may, upon a showing that the reviews may be consolidated without injury to anyone's interests, consolidate the reviews and hear them together.

(iv) The court shall act as quickly as possible after a petition is filed.

(v) A court may not disturb a board of trustees' order unless the court finds that the contract assessment on the petitioner's assessed land is manifestly disproportionate to assessments imposed upon other land in the district.

(e) If no petition under Subsection (8)(d) is timely filed, the contract assessment is conclusively considered to have been made in proportion to the benefits conferred on the land in the district.

(9) Each resolution, ordinance, or order under which a water conservancy district levied a Class B, Class C, or Class D assessment before April 30, 2007, under the law in effect at the time of the levy is validated, ratified, and confirmed, and a water conservancy district may continue to levy the assessment according to the terms of the resolution, ordinance, or order.

(10) A contract assessment is not a levy of an ad valorem property tax and is not subject to the limits stated in Section 17B-2a-1006.

Amended by Chapter 15, 2023 General Session
Amended by Chapter 435, 2023 General Session

17B-2a-1008 Subdistricts to become water conservancy districts.

Each water conservancy subdistrict, created and operating under the law in effect before April 30, 2007 and existing on April 30, 2007, shall, on that date, become a water conservancy district.

Enacted by Chapter 329, 2007 General Session

17B-2a-1009 Limit on property tax authority -- Exceptions.

(1) As used in this section:

(a) "Appointed board of trustees" means a board of trustees of a water conservancy district that includes a member who is appointed to the board of trustees in accordance with this part.
(b) "Elected board of trustees" means a board of trustees of a water conservancy district that consists entirely of members who are elected to the board of trustees in accordance with this part.
(2)
(a) For a taxable year beginning on or after January 1, 2018, a water conservancy district may not collect property tax revenue that would exceed the certified tax rate under Section 59-2-924 unless the proposed tax levy has been previously approved by:
(i) an elected board of trustees;
(ii) subject to Subsection (2)(b), an appointed board of trustees;
(iii) a majority of the water conservancy district voters who vote in an election held for that purpose on a date specified in Section 20A-1-204; or
(iv) for a district described in Subsection 17B-2a-1005(2)(b), the appointing authority.
(b) For a water conservancy district with an appointed board of trustees, each appointed member of the board of trustees shall comply with the trustee reporting requirements described in Section 17B-1-1003 before the water conservancy district may impose a property tax levy that exceeds the certified tax rate.

Amended by Chapter 112, 2017 General Session
Amended by Chapter 418, 2017 General Session

17B-2a-1010 Capital asset assessment, maintenance, and replacement policy.
(1) As used in this section:
(a) "Capital asset" means one of the following that is:
(i) a significant investment or an essential component necessary to provide a service, including:
(A) a facility;
(B) infrastructure, whether above or below ground level;
(C) equipment; or
(D) a communications network; and
(ii) owned by a qualified water conservancy district.
(b) "Policy" means the capital asset assessment, maintenance, and replacement policy required under Subsection (2).
(c) "Qualified capital asset" means a capital asset that is:
(i) identified in a policy in accordance with Subsection (2)(b); and
(ii) inventoried, assessed, funded, or otherwise subject to a qualified water conservancy's policy in accordance with this section.
(d) "Qualified water conservancy district" means a water conservancy district with an annual operating budget greater than $5,000,000.
(2)
(a) Each qualified water conservancy district shall adopt a policy for the assessment, maintenance, and replacement of capital assets that are qualified capital assets.
(b) The policy shall adopt language that defines in general or specific terms which capital assets are qualified capital assets.
(3) The policy shall require the qualified water conservancy district to:
(a) complete an inventory of each qualified capital asset, including for each qualified capital asset:
(i) an engineering description;

(ii) location;
(iii) physical dimensions and condition;
(iv) documentation of the qualified capital asset's standard features;
(v) warranties;
(vi) maintenance history;
(vii) replacement costs;
(viii) market value;
(ix) original useful life; and
(x) remaining useful life; and

(b) assess the physical condition of the qualified capital asset in accordance with a method established under Subsection (4)(a)(i) at least every five years.

(4)

(a) The policy shall establish:
(i) a method to assess the physical condition of each qualified capital asset;
(ii) performance and condition standards for each qualified capital asset;
(iii) a program for monitoring and reporting the qualified water conservancy district's application of and compliance with the policy, including a comparison of each qualified capital asset's current status and targeted standards for that qualified capital asset as set forth in the policy;
(iv) a process for the qualified water conservancy district to evaluate existing qualified capital assets for efficiency and expected service delivery; and
(v) objective criteria for the qualified water conservancy district to prioritize maintenance or replacement of qualified capital assets.

(b) A performance and condition standard described in Subsection (4)(a)(ii) may be:
(i) a mandated safety standard;
(ii) a standard condition of receiving federal, state, or local funding; or
(iii) an applicable engineering or other professional standard.

(5) As part of the policy, the qualified water conservancy district shall adopt financial guidelines to dedicate revenue to a priority qualified capital asset identified under Subsection (4)(a)(v) in accordance with a multiyear qualified capital plan described in Subsection (6)(a).

(6)

(a) Each qualified water conservancy district shall adopt a multiyear qualified capital asset plan.

(b) Each qualified water conservancy district shall:
(i) include criteria and guidelines in the policy for allocating sufficient funds in a multiyear qualified capital asset plan and in the qualified water conservancy district's annual operating budget for assessing, maintaining, repairing, and replacing qualified capital assets;
(ii) establish an ongoing source of funds in the multiyear qualified capital asset plan and each annual operating budget for repair and replacement costs of qualified capital assets in accordance with the policy; and
(iii) establish a repair and replacement reserve for capital projects in its capital projects fund and allocate from the repair and replacement reserve subject to Subsection 17B-1-612(5).

(c) The board of trustees of a qualified water conservancy district shall adopt an annual operating budget that includes ongoing funding described in Subsection (6)(b)(ii).

(7)

(a) A qualified water conservancy district shall submit a report of the qualified water conservancy district's qualified capital asset facilities to the director of the Division of Water Resources, established in Section 73-10-18, no later than December 31, 2017, and no less than every five years thereafter.

(b) The qualified capital asset facilities report required under Subsection (7)(a) shall:
(i) describe the proposed replacement time frame for each qualified capital asset;
(ii) account for each funding source for the qualified capital asset and include any restrictions a funding source may impose on the use or disposal of qualified capital assets;
(iii) account for any change in a qualified capital asset's value since the last qualified capital asset facilities report submitted by the qualified water conservancy district; and
(iv) provide a statement of actual expenditures and performance data for each qualified capital asset compared to budgeted expenditures.

Enacted by Chapter 471, 2013 General Session