

1                   **WATER CONSERVANCY DISTRICT CAPITAL ASSETS**

2                                   2013 GENERAL SESSION

3                                   STATE OF UTAH

4                           **Chief Sponsor: John L. Valentine**

5                                   House Sponsor: Don L. Ipson

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7           **LONG TITLE**

8           **General Description:**

9                   This bill requires certain water conservancy districts to adopt a policy for and prepare  
10 certain reports on the district's qualified capital assets.

11           **Highlighted Provisions:**

12                   This bill:

- 13                   ▶ defines terms;
- 14                   ▶ requires a qualified water conservancy district to adopt a policy for the assessment,  
15 maintenance, and replacement of qualified capital assets;
- 16                   ▶ requires certain provisions and requirements to be adopted in the policy, including:
  - 17                           • assessment methods;
  - 18                           • performance and condition standards; and
  - 19                           • financial guidelines;
- 20                   ▶ requires a qualified water conservancy district to adopt a multiyear qualified capital  
21 asset plan; and
- 22                   ▶ requires a qualified water conservancy district to submit a report of the district's  
23 qualified capital asset facilities to the director of the Division of Water Resources.

24           **Money Appropriated in this Bill:**

25                   None

26           **Other Special Clauses:**

27                   None

28           **Utah Code Sections Affected:**

29           ENACTS:

30 **17B-2a-1010**, Utah Code Annotated 1953



31  
32 *Be it enacted by the Legislature of the state of Utah:*

33 Section 1. Section **17B-2a-1010** is enacted to read:

34 **17B-2a-1010. Capital asset assessment, maintenance, and replacement policy.**

35 (1) As used in this section:

36 (a) "Capital asset" means one of the following that is:

37 (i) a significant investment or an essential component necessary to provide a service,

38 including:

39 (A) a facility;

40 (B) infrastructure, whether above or below ground level;

41 (C) equipment; or

42 (D) a communications network; and

43 (ii) owned by a qualified water conservancy district.

44 (b) "Policy" means the capital asset assessment, maintenance, and replacement policy  
45 required under Subsection (2).

46 (c) "Qualified capital asset" means a capital asset that is:

47 (i) identified in a policy in accordance with Subsection (2)(b); and

48 (ii) inventoried, assessed, funded, or otherwise subject to a qualified water

49 conservancy's policy in accordance with this section.

50 (d) "Qualified water conservancy district" means a water conservancy district with an  
51 annual operating budget greater than \$5,000,000.

52 (2) (a) Each qualified water conservancy district shall adopt a policy for the  
53 assessment, maintenance, and replacement of capital assets that are qualified capital assets.

54 (b) The policy shall adopt language that defines in general or specific terms which  
55 capital assets are qualified capital assets.

56 (3) The policy shall require the qualified water conservancy district to:

57 (a) complete an inventory of each qualified capital asset, including for each qualified

58 capital asset:

59 (i) an engineering description;

60 (ii) location;

61 (iii) physical dimensions and condition;

62 (iv) documentation of the qualified capital asset's standard features;

63 (v) warranties;

64 (vi) maintenance history;

65 (vii) replacement costs;

66 (viii) market value;

67 (ix) original useful life; and

68 (x) remaining useful life; and

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

71 (4) (a) The policy shall establish:

72 (i) a method to assess the physical condition of each qualified capital asset;

73 (ii) performance and condition standards for each qualified capital asset;

74 (iii) a program for monitoring and reporting the qualified water conservancy district's  
75 application of and compliance with the policy, including a comparison of each qualified capital  
76 asset's current status and targeted standards for that qualified capital asset as set forth in the  
77 policy;

78 (iv) a process for the qualified water conservancy district to evaluate existing qualified  
79 capital assets for efficiency and expected service delivery; and

80 (v) objective criteria for the qualified water conservancy district to prioritize  
81 maintenance or replacement of qualified capital assets.

82 (b) A performance and condition standard described in Subsection (4)(a)(ii) may be:

83 (i) a mandated safety standard;

84 (ii) a standard condition of receiving federal, state, or local funding; or

85 (iii) an applicable engineering or other professional standard.

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

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

91 (b) Each qualified water conservancy district shall:

92 (i) include criteria and guidelines in the policy for allocating sufficient funds in a  
93 multiyear qualified capital asset plan and in the qualified water conservancy district's annual  
94 operating budget for assessing, maintaining, repairing, and replacing qualified capital assets;

95 (ii) establish an ongoing source of funds in the multiyear qualified capital asset plan  
96 and each annual operating budget for repair and replacement costs of qualified capital assets in  
97 accordance with the policy; and

98 (iii) establish a repair and replacement reserve for capital projects in its capital projects  
99 fund and allocate from the repair and replacement reserve subject to Subsection 17B-1-612(5).

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

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

106 (b) The qualified capital asset facilities report required under Subsection (7)(a) shall:

107 (i) describe the proposed replacement time frame for each qualified capital asset;

108 (ii) account for each funding source for the qualified capital asset and include any  
109 restrictions a funding source may impose on the use or disposal of qualified capital assets;

110 (iii) account for any change in a qualified capital asset's value since the last qualified  
111 capital asset facilities report submitted by the qualified water conservancy district; and

112 (iv) provide a statement of actual expenditures and performance data for each qualified  
113 capital asset compared to budgeted expenditures.

