

**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