

CHAPTER 357A

RURAL WATER SERVICE PROVIDERS

Referred to in [§26.2](#), [306.46](#), [331.382](#), [331.441](#), [331.502](#), [331.555](#), [384.21](#), [423.3](#), [476.1](#), [476.27](#), [499.5](#), [499.5A](#), [716.6B](#), [905.6](#)

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357A.1 Definitions.

As used in [this chapter](#), unless the context otherwise requires:

1. “Auditor” means the county auditor of a county in which a district has been incorporated and organized or is proposed to be incorporated and organized.
2. “Board” means the board of directors of a district, and “director” means a member of such board of directors.
3. “Department” means the department of natural resources.
4. “District” means a rural water district incorporated and organized pursuant to the provisions of [this chapter](#).
5. “Member” means an owner of real property which is located within a district, the tenant of the real property, or another person acting for the owner with the owner’s written consent.
6. “Participating member” means a member who has subscribed to and paid the established fee for at least one benefit unit in a district, in the manner provided by [this chapter](#).
7. “Rural water association” or “association” means a rural water association organized and incorporated as a cooperative association under [chapter 499](#) or as a nonprofit corporation under [chapter 504](#).
8. “Supervisors” means the board of supervisors of a county, or the board of supervisors of an adjacent county, in which a district has been incorporated and organized or is proposed to be incorporated and organized.

[C71, 73, 75, 77, 79, 81, §357A.1; 82 Acts, ch 1199, §62, 96]

91 Acts, ch 134, §1; 2014 Acts, ch 1086, §1

357A.2 Petition — deposit — limitation.

1. a. A petition may at any time be filed with the auditor requesting the supervisors to incorporate and organize a district encompassing an area, not then included in any other district, in a county or in two or more adjacent counties for the purpose of providing an adequate supply of water for residents of the area who are not served by the water mains of any city water system.

b. There shall be filed with the petition a bond with sureties approved by the auditor, or a certified check, credit union certified share draft or cash in an amount sufficient for the payment of all costs and expenses incurred in the proceedings if the district is not finally established.

2. The petition shall be signed by the owners of at least thirty percent of all real property

lying within the outside perimeter of the area designated for inclusion in the proposed district, and shall state:

a. The location of the area, describing such area to be served or specifying the area by an attached map.

b. The reasons a district is needed.

c. A new water service plan describing the cost feasibility and estimated construction schedules.

3. Water services, other than water services provided as of April 1, 1987, shall not be provided within two miles of the limits of a city by a rural water district incorporated under [this chapter](#) except as provided in [this section](#). Except as otherwise provided in [this chapter](#), a rural water association shall not provide water services within two miles of a city, other than water services provided as of July 1, 2014.

4. a. A rural water district or rural water association may give notice of intent to provide water service to a new area within two miles of a city by submitting a water plan to the city. [This subsection](#) shall not apply in the case of a district or association extending service to new customers or improving existing facilities within existing district or association service areas or existing district or association agreements. If water service is provided by a city utility established under [chapter 388](#), the water plan shall be filed with the governing body of that city utility. The district or association shall provide written notice pursuant to [this subsection](#) by certified mail.

b. The water plan shall indicate the area within two miles of the city which the district or association intends to serve within the next three years. Upon request, the city or city utility shall provide a district or association with a map of the city limits that indicates areas that are currently provided water service by a city utility or enterprise.

c. If the city fails to respond to the water plan within seventy-five days of receipt of the plan, the district or association may provide service in the area designated in the plan. The city may inform the district or association within seventy-five days of receipt of the plan that the city requires additional time or information to study the question of providing water service outside the limits of the city. If additional time or information is required, the city shall respond to the plan by certified mail within one hundred sixty-five days of receipt of the plan.

d. (1) In responding to the plan, the city may affirmatively waive its right to provide water service within the areas designated for water service by the rural water district, or the city may reserve the right to provide water service in some or all of the areas which the district or association intends to serve.

(2) (a) If the city reserves the right to provide water service, the city shall provide the district or association with a copy of the city's water plan relating to the city's intent and ability to provide water service to such an area.

(b) If the city reserves the right to provide water service within some or all of the areas which the district or association intends to serve, the city shall provide service within three years of receipt of the water plan submitted under paragraph "a".

(c) If the city reserving the right to provide service fails to provide service within three years of receipt of the water plan submitted under paragraph "a", the city waives its right to provide water service and shall provide notice to the district or association by certified mail and the district or association may provide service within the area of the water plan submitted under paragraph "a". If the city fails to provide notice to the district or association, the district or association may provide service in accordance with this paragraph "d", regardless of whether the district or association has received such notice.

(3) If the district or association fails to provide service within three years after a city waives the right to provide water service under this paragraph "d", the district or association shall provide notice to the city by certified mail and the city may provide service within the area of the water plan submitted under paragraph "a". If the district or association fails to provide notice to the city, the city may provide service in accordance with this paragraph "d", regardless of whether the city has received such notice.

(4) For purposes of this paragraph "d", "provide water service" and "provide service" mean to deliver water in sufficient quantity and quality to meet customer demand. The

department of natural resources shall determine whether such service meets customer demand, as provided under [section 455B.174](#).

5. [This section](#) does not preclude a city from providing water service in an area which is annexed by the city pursuant to [section 357A.21](#).

[C71, 73, 75, 77, 79, 81, §357A.2]

[84 Acts, ch 1055, §7](#); [85 Acts, ch 67, §42](#); [87 Acts, ch 109, §2](#); [91 Acts, ch 134, §2, 3](#); [92 Acts, ch 1015, §3, 4](#); [95 Acts, ch 77, §2](#); [2004 Acts, ch 1049, §191](#); [2004 Acts, ch 1175, §393](#); [2010 Acts, ch 1061, §180](#); [2014 Acts, ch 1086, §2, 3](#); [2016 Acts, ch 1011, §56, 57](#)

Referred to in [§331.382, 357A.20, 499.5](#)

357A.3 Hearing after filing with auditor.

When a petition for incorporation and organization of a district is filed with the auditor, the auditor shall so inform the supervisors who shall fix a time for a hearing thereon, not less than fifteen nor more than thirty days after the filing of the petition. The auditor shall prepare a notice as hereinafter required, which shall at least seven days before the date fixed for the hearing on the petition:

1. Be published in a newspaper of general circulation in the area to be incorporated.
2. Be transmitted, together with a copy of the original petition, to the supervisors.

[C71, 73, 75, 77, 79, 81, §357A.3]

[91 Acts, ch 134, §4](#)

Referred to in [§357A.4, 357A.14, 357A.24](#)

357A.4 Notice.

The notice prepared by the auditor pursuant to [section 357A.3](#) shall set forth:

1. The location of the area designated by the petitioners for incorporation in the proposed district, as described or shown by the original petition.
2. The time and place fixed by the supervisors for the hearing on the petition.
3. That all owners or tenants of real property within the boundaries described may appear and be heard.
4. That the proposed district, if incorporated, shall have no power or authority to levy any taxes whatsoever.

[C71, 73, 75, 77, 79, 81, §357A.4]

[91 Acts, ch 134, §5](#)

Referred to in [§357A.14](#)

357A.5 Appearances.

At the hearing on the petition, any owner or tenant of real property within the boundaries of the area described in the petition may appear, in person or by a designated representative, and any representative of the department, a city, or an interested person may also appear, in favor of or in opposition to the incorporation and organization of the proposed district. The appearances may also be filed in writing prior to the time set for the hearing.

[C71, 73, 75, 77, 79, 81, §357A.5; [82 Acts, ch 1199, §63, 96](#)]

[91 Acts, ch 134, §6](#)

Referred to in [§357A.14](#)

357A.6 Findings — order.

After the hearing, the supervisors may strike off any part of the territory that testimony shows will not be benefited by the creation of the district. If the supervisors do not find that the district is reasonably necessary, they shall dismiss the petition.

If the supervisors find that required notice of the hearing has been given and that the proposed district is reasonably necessary for the public health, convenience, and comfort of the residents, or may be of benefit in providing fire protection, they shall make an order establishing the district as a political subdivision, designating its boundary, and identifying it by name or number. The order shall be published in the same newspaper which published

the notice of hearing. The supervisors shall prepare and preserve a complete record of the hearing on the petition and their findings and action.

[C71, 73, 75, 77, 79, 81, §357A.6]

[91 Acts, ch 134, §7](#)

Referred to in [§357A.14](#)

357A.7 Meeting of members.

As a part of the order incorporating the district, the supervisors shall fix the time and place at which the members shall meet to select from their number a board of directors. Selection of the initial board shall be not later than thirty days after the hearing. The number of directors on the board, not to exceed nine, shall be determined by a majority vote of those members present. Any member elected a director who fails to become a participating member, within thirty days after entry in the minutes of the board of a declaration of availability of benefit units for subscription, shall forfeit the office of director.

[C71, 73, 75, 77, 79, 81, §357A.7]

Referred to in [§357A.20](#)

357A.8 Bylaws submitted at special meeting.

Within thirty days after election of the original board, proposed bylaws shall be submitted for adoption at a special meeting of members of the district, written notice of which shall be mailed to each member. Members present at the special meeting may adopt or amend any of the proposed bylaws, and may propose and adopt alternative or additional bylaws. The bylaws may subsequently be amended at any annual or special meeting of the participating members of the district. However, the bylaws of each district shall provide:

1. For an annual meeting of participating members by July 31 of each year following the year of incorporation of the district, and for the mailing of written notice of the time and place of each annual meeting to each participating member and publication of the notice in a newspaper of general circulation in the district not less than ten nor more than thirty days prior to each meeting.

2. That each participating member of the district shall be entitled to a single vote at all annual and special meetings of the district, regardless of the number of benefit units to which the member has subscribed.

[C71, 73, 75, 77, 79, 81, §357A.8]

[95 Acts, ch 77, §3; 2012 Acts, ch 1016, §1](#)

Referred to in [§357A.20](#)

357A.9 Members divided into classes.

The initial board of each district shall divide its members by lot into three classes of as nearly equal size as possible. The terms of the directors in the first, second, and third classes shall expire on the dates of the annual meetings in the first, second, and third years, respectively, following the year in which the district is incorporated, or as soon thereafter as their respective successors are elected and have qualified. At the annual meeting in each year after the year in which the district is incorporated, a director shall be elected to succeed each director whose term of office expires on that date, and each director so elected shall hold office for a term of three years and until a successor is elected and has qualified. Vacancies shall be filled by appointment by the remaining directors, for the unexpired term.

[C71, 73, 75, 77, 79, 81, §357A.9]

Referred to in [§357A.20](#)

357A.10 Board meetings.

The board shall meet annually on the same day as, and immediately following, the annual meeting of participating members, and may meet at such other times as it may determine, or upon the call of the chairperson or any two directors. At the first meeting of the initial board following its election, and at each succeeding annual board meeting, the board shall elect a chairperson, vice chairperson, secretary, and treasurer for the ensuing year.

[C71, 73, 75, 77, 79, 81, §357A.10]

Referred to in [§357A.20](#)

357A.11 Board's powers and duties.

The board shall be the governing body of the district, and shall:

1. Adopt rules, regulations, and rate schedules in conformity with the provisions of [this chapter](#) and the bylaws of the district as necessary for the conduct of the business of the district.

2. Maintain at its office a record of the district's proceedings, rules and regulations, and any decisions and orders made pursuant to the provisions of [this chapter](#), and furnish copies thereof to the supervisors or the council upon request.

3. Employ, appoint, or retain attorneys, engineers, other professional and technical employees, and other personnel as necessary, and require and approve bonds of district employees. The board may enter into agreements pursuant to [chapter 28E](#) to provide professional or technical services under [this subsection](#) to other water districts, nonprofit corporations, or related associations.

4. Prior to each annual meeting of participating members:

a. Prepare an estimated budget for the coming year, and adjust water rates if necessary in order to produce the revenue required to fund the estimated budget, and make a report thereon at the annual meeting.

b. Have an audit made of the district's records and accounts, and make copies of the audit report available to all participating members attending the annual meeting and to any other participating member who so requests.

5. Have authority to acquire by gift, lease, purchase, or grant any property, real or personal, in fee or a lesser interest needed to achieve the purposes for which the district was incorporated, to acquire easements for water lines and reservoirs by condemnation proceedings, and to sell and convey property owned, but no longer needed, by the district. Condemnation proceedings shall not apply to existing wells, ponds or reservoirs.

6. Have authority to construct, operate, maintain, repair, and when necessary to enlarge or extend, such ponds, reservoirs, pipelines, wells, check dams, pumping installations, or other facilities for the storage, transportation, or utilization of water, and such appurtenant structures and equipment, as may be necessary or convenient to carry out the purposes for which the district was incorporated. A district may purchase its water supply from any source.

7. Have power to borrow from, cooperate with and enter into agreements as deemed necessary with any agency of the federal government, this state, or a county of this state, and to accept financial or other aid from any agency of the federal government. To evidence any indebtedness the obligations may be one or more bonds or notes and the obligations may be sold at private sale.

8. Have power to finance all or part of the cost of the construction or purchase of any project necessary to carry out the purposes for which the district is incorporated, or to refinance all or part of the original cost of any such project, and to evidence that financing by issuance of revenue bonds or notes which shall mature in a period not to exceed forty years from date of issuance, shall bear interest, or combined interest and insurance charges, at a rate not to exceed that permitted by [chapter 74A](#), shall be payable only from revenue derived from sale of water by the district, and shall never become or be construed to be a debt against the state of Iowa or any of its political subdivisions other than the district issuing the bonds.

9. Finance all or part of the cost of the construction or purchase of a project necessary to carry out the purposes for which the district is incorporated or to refinance all or part of the original cost of that project, including, but not limited to, obligations originated by the district as a nonprofit corporation under [chapter 504](#) and assumed by the district reorganized under [this chapter](#). Financing or refinancing carried out under [this subsection](#) shall be in accordance with the terms and procedures set forth in the applicable provisions of [sections 384.24A, 384.83 through 384.88, 384.92, and 384.93](#). References in these sections to a city shall be applicable to a rural water district operating under [this chapter](#), and references in [division V of chapter 384](#) to a city council shall be applicable to the board of directors of a rural water district. [This subsection](#) shall not create a lien against the property of a person who is not a rural water subscriber.

10. Have power to join the Iowa association of rural water districts, and pay out of funds available to the board, reasonable dues to the association. The financial condition and

transactions of the Iowa association of rural water districts must be audited in the same manner as rural water districts.

11. Have authority to execute an agreement with a governmental entity, including a county, city, sanitary district, or another district, for purposes of managing or administering the works, facilities, or waterways which are useful for the collection, disposal, or treatment of wastewater or sewage and which are located within the jurisdiction of the governmental entity or the district. The board may do what is necessary to carry out the agreement, including but not limited to any of the following:

a. Owning or acquiring by gift, lease, purchase, or grant any interest in real or personal property.

b. Constructing, operating, maintaining, repairing, improving, or equipping any of the works, facilities, or waterways.

c. Financing all or part of the cost of acquiring, constructing, maintaining, repairing, improving, or equipping any works, facilities, or waterways, or refinancing all or part of the cost. The financing or refinancing shall be accomplished in accordance with the terms and procedures set forth in the applicable provisions of [sections 384.24A, 384.83 through 384.88, 384.92, and 384.93](#). References in those sections to a city shall be applicable to a district and references in those sections to a governing body or a city council shall be applicable to the district's board.

12. Place all funds in investments to the extent practicable and may invest the funds jointly with one or more counties, judicial district departments of correctional services, cities, or city utilities pursuant to a joint investment agreement. All investments of funds shall be subject to [sections 12B.10 and 12B.10A](#) and other applicable law.

13. In addition to all other powers granted to the board, the board may sell, convey, merge, or otherwise dispose of all or any portion of the real property or personal property of the district and all or any portion of the district's right to provide water or wastewater service to an area in order that another service provider permitted by the department of natural resources pursuant to [chapter 455B](#) may assume any or all of the district's duties and obligations or that the district may be dissolved.

a. If the district is to be dissolved, the board shall file a notice of dissolution with the auditor of the county or counties in which the district is located.

b. Prior to such sale, conveyance, merger, or disposition by the board that includes the relinquishment of the district's right to provide service to an area, the board shall publish notice of a public hearing not less than four nor more than twenty days before the date fixed for the hearing in a newspaper of general circulation in the area for which the board seeks to relinquish service. The board shall mail notice of a public hearing to the district's members in the area for which the board seeks to relinquish service not less than fourteen days prior to such public hearing. A public hearing is not required when the board relinquishes the district's right to service an area within the corporate limits of a city if the city will provide service in compliance with the city's annexation plan.

c. After hearing or if none is required, the board may adopt a resolution approving the sale, conveyance, merger, or disposition; however, the board shall provide for the continuation of water or wastewater service to the area by another service provider immediately following such sale, conveyance, merger, or disposition.

[C71, 73, 75, 77, 79, 81, §357A.11]

[90 Acts, ch 1255, §19, 20; 91 Acts, ch 134, §8 – 10; 93 Acts, ch 84, §1; 95 Acts, ch 77, §4; 98 Acts, ch 1167, §1; 2000 Acts, ch 1078, §1; 2001 Acts, ch 24, §47; 2004 Acts, ch 1049, §191; 2004 Acts, ch 1175, §393; 2005 Acts, ch 85, §1; 2007 Acts, ch 126, §57; 2008 Acts, ch 1031, §47; 2013 Acts, ch 90, §95](#)

357A.11A Customer records.

Notwithstanding [section 22.2, subsection 1](#), public records of a district, which shall not be examined or copied as of right, include private customer information. Except as required pursuant to [chapter 476](#), "private customer information" includes information identifying a

specific customer and any record of a customer account, including internet-based customer account information.

[2012 Acts, ch 1010, §1](#)

357A.12 Plans, specifications, and procedures.

As soon as reasonably possible after incorporation of a district, the board shall file with the supervisors and the department copies of the plans and specifications for, and estimates of the cost of, any improvements authorized by [this chapter](#) which the board proposes to construct or acquire. The board shall determine a reasonable fee which each member shall pay for the privilege of utilizing the district's facilities, and which shall be known as a benefit unit. Benefit units may be classified. The board, by publication in a newspaper of general circulation in the district, shall generally describe the planned improvements, the area to be served and the fee members will be required to pay for each service connected to the water system.

The procedures for competitive bidding specified in [chapter 26](#) and for emergency repairs as specified in [section 384.103, subsection 2](#), shall apply to construction carried out pursuant to [this chapter](#).

[C71, 73, 75, 77, 79, 81, §357A.12; [82 Acts, ch 1199, §64, 96](#)]

[91 Acts, ch 134, §11](#); [2006 Acts, ch 1017, §34, 42, 43](#)

357A.13 Selling water.

If the capacity of the district's facilities permits, the district may sell water by contract to any city, other district, or other person, public or private, not within the boundaries of a district.

[C71, 73, 75, 77, 79, 81, §357A.13]

357A.14 Attaching to district — inclusion of city — merger.

1. An owner of real property outside a district which can be economically served by the facilities of the district, or thirty percent of the owners of all real property lying within the outside perimeter of a proposed addition, may petition to be attached to the district. The petition shall be filed with the auditor, and the auditor and supervisors shall notify the district that a petition has been received and proceed in a manner set forth in [sections 357A.3 through 357A.6](#).

2. All or any part of an incorporated city may be included in the boundaries of any existing water district or water district being newly organized, provided the governing body of such city by resolution or ordinance gives, or has given, its consent.

3. Boards of any two or more districts may by concurrent action and by approval of the supervisors merge their districts into one. In case of merger the members of the boards of the merged districts may serve out the terms for which they were elected. The resulting district shall take over all the assets and legal liabilities of the water districts joining in the merger. Obligations of any district secured by the revenue of the systems operated by the district shall continue to be retired, or a sinking fund for such purpose created from revenue from the system operated over the same area by the resulting district in accordance with the laws under which the obligations were issued, until all obligations of the old district have been retired.

4. If there is a conflict between two or more districts concerning which district will serve an area, the supervisors of the county in which the disputed area is located shall, after a public hearing, determine which district can more adequately and economically provide service within the area.

[C71, 73, 75, 77, 79, 81, §357A.14]

[91 Acts, ch 134, §12, 13](#); [93 Acts, ch 84, §2](#); [94 Acts, ch 1023, §109](#); [96 Acts, ch 1031, §1](#)

357A.15 Taxing prohibited — refunds.

A district shall not have power to levy any taxes. The facilities constructed or otherwise acquired by a district, including but not limited to ponds, reservoirs, pipelines, wells, check dams, and pumping installations, the revenues obtained by the district from the sale of water,

and the revenue bonds or notes, or interest from the revenue bonds or notes, issued by a district shall not be taxable in any manner by the state or any of its political subdivisions.

A rural water district organized under [chapter 504](#) shall receive a refund of sales or use taxes upon submitting an application to the department of revenue for the refund of taxes imposed upon the sales price of all sales of building materials, supplies, or equipment sold to a contractor or used in the fulfillment of a written contract for the construction of facilities for the rural water district to the same extent as a rural water district organized under [this chapter](#) may obtain a refund under [section 423.4, subsection 1](#).

[C71, 73, 75, 77, 79, 81, §357A.15]

[98 Acts, ch 1161, §1](#); [2000 Acts, ch 1078, §2](#); [2003 Acts, ch 145, §286](#); [2003 Acts, 1st Ex, ch 2, §176, 205](#); [2004 Acts, ch 1049, §191](#); [2004 Acts, ch 1175, §394](#)

Referred to in [§422.7](#)

357A.16 Detaching real property from district.

If it becomes apparent that any real property included within a district cannot economically or adequately be served by the facilities of the district, the owners of the real property may file with the auditor a petition to the supervisors requesting that the real property be detached from the district. The petition shall:

1. Describe by section, or fraction thereof, and by township and range, the real property which it is proposed to detach from the district.

2. State that the real property cannot economically or adequately be served by the facilities of the district, and that it is not feasible for the district to enlarge or extend its facilities so as to economically and adequately serve the real property.

3. Be signed by the owners of all the real property which it is desired to detach from the district.

[C71, 73, 75, 77, 79, 81, §357A.16]

[91 Acts, ch 134, §14](#)

Referred to in [§357A.18](#), [357A.24](#)

357A.17 Inactive district dissolved.

A petition may be filed with the auditor requesting the supervisors to dissolve an inactive district. The petition shall:

1. State that the district owns no property of any kind exclusive of records, maps, plans, and files, and that all of its debts and obligations have been fully paid.

2. State that the board has not held a meeting for more than one year prior to the date of filing of the petition, that the district is not functioning, and will probably continue to be inoperative.

3. Be signed by three-fourths of the members of the district.

[C71, 73, 75, 77, 79, 81, §357A.17]

Referred to in [§357A.18](#)

357A.18 Hearing.

1. Upon the filing with the auditor of a petition under either [section 357A.16](#) or [section 357A.17](#), the auditor shall so inform the supervisors who shall fix a time for consideration of the petition. The supervisors may, but shall not be required to, hold a hearing thereon. After consideration of the petition, and after the hearing if one is held, the supervisors shall ascertain whether:

a. The petition meets all of the requirements prescribed by [section 357A.16](#) or [section 357A.17](#) for either such petition.

b. It appears from all information available to the supervisors that each allegation included in the petition is factual.

2. If the supervisors' finding on each of the foregoing points is positive, it shall declare the real property described in the petition detached from the district, or declare the district dissolved, as the case may be. The supervisors shall notify the secretary of the district of its action, and the secretary shall amend the records of the district to show that the real property

described in the petition has been detached from the district, or shall within thirty days deliver to the auditor all records, maps, plans, and files of the district dissolved.

[C71, 73, 75, 77, 79, 81, §357A.18]

91 Acts, ch 134, §15, 16; 2010 Acts, ch 1061, §180

357A.19 Not exempt from other requirements.

This chapter does not exempt any district from the requirements of any other statute, whether enacted prior to or subsequent to July 1, 1970, under which the district is required to obtain the permission or approval of, or to notify, the department, the utilities division of the department of commerce, or any other agency of this state or of any of its political subdivisions prior to proceeding with construction, acquisition, operation, enlargement, extension, or alteration of any works or facilities which the district is authorized to undertake pursuant to this chapter.

[C71, 73, 75, 77, 79, 81, §357A.19; 82 Acts, ch 1199, §65, 96]

357A.20 Alternate operation by nonprofit corporation.

1. A nonprofit corporation incorporated under chapter 504 for the specific purpose of operating a rural water system may petition the supervisors for incorporation of a district, in the manner provided by section 357A.2. The signatures of the corporation's officers on the petition and a resolution adopted by the corporation's board of directors approving the petition shall suffice in lieu of signatures of owners of thirty percent of the real property in the proposed district, if the corporation presents evidence satisfactory to the supervisors that a sufficient number of members of the proposed district will subscribe to benefit units to make its operation feasible. The procedure for hearing and determination of disposition of the petition shall be as provided by this chapter.

2. In any district incorporated upon the petition of a nonprofit corporation, the following procedures shall apply:

a. After final approval of the petition by a board of supervisors, the secretary of the corporation shall file a notice with the secretary of state dissolving the nonprofit corporation in accordance with chapter 504.

b. Upon filing of the notice, the nonprofit corporation shall cease to exist as a chapter 504 entity and all assets and liabilities of the nonprofit corporation become the assets and liabilities of the newly organized district without a need for any further meetings, voting, notice to creditors, or other actions by the members or board.

c. The officers and board of directors of the corporation shall be the officers and board of the district.

d. The applicable laws of the state and the articles of incorporation and bylaws of the corporation shall control the initial size and initial term of office of such officers and board, in lieu of sections 357A.7, 357A.9, and 357A.10.

e. The district shall bring its operation and structure in compliance with sections 357A.7 to 357A.10 at the first annual meeting of the participating members and board of directors.

[C71, 73, 75, 77, 79, 81, §357A.20]

91 Acts, ch 134, §17; 95 Acts, ch 77, §5; 2004 Acts, ch 1049, §191; 2004 Acts, ch 1175, §393; 2010 Acts, ch 1061, §180

357A.21 Annexation of land by a city — mediation — arbitration.

1. A district or association shall be fairly compensated for losses resulting from annexation. The governing body of a city or water utility and the board of directors or trustees of the district or association may agree to terms which provide that the facilities owned by the district or association and located within the city shall be retained by the district or association for the purpose of transporting water to customers outside the city.

2. If an agreement is not reached under subsection 1, the governing body of the city or water utility or the board of directors or trustees of the district or association may request mediation pursuant to chapter 679C. The governing body or board requesting mediation shall be responsible for the costs of the mediation. A mediation committee shall be established if a governing body or board requests mediation pursuant to this subsection. The mediation

committee shall consist of one member of the governing body of the city or the governing body's designee, one member of the board of directors or trustees of the district or association, as applicable, and one disinterested member chosen by the other two members. A list of qualified mediators may be obtained from the American arbitration association, the public employment relations board established pursuant to [section 20.5](#), or a recognized mediation organization or association.

3. If an agreement is not reached within ninety days, the issues may be submitted to arbitration. If submitted, an arbitrator shall be selected by a committee which includes one member of the governing body of the city or its designee, one member of the district's or association's board of directors or trustees or its designee, as applicable, and a disinterested party selected by the other two members of the committee. A list of qualified arbitrators may be obtained from the American arbitration association or other recognized arbitration organization or association.

[87 Acts, ch 109, §3](#); [88 Acts, ch 1172, §1](#); [92 Acts, ch 1015, §5](#); [2004 Acts, ch 1049, §191](#); [2004 Acts, ch 1175, §393](#); [2014 Acts, ch 1086, §4](#)

Referred to in [§357A.2, 384.84](#)

357A.22 Personal liability.

Except as otherwise provided in [this chapter](#), a director, officer, employee, or other personnel of the board are not liable on the district's debts or obligations and a director, officer, employee, or volunteer of the board is not personally liable in that capacity, for a claim based upon an act or omission of the person performed in the discharge of the person's duties, except for any of the following:

1. A breach of the duty of loyalty to the district.
2. Acts or omissions not in good faith or which involve intentional misconduct or knowing violation of the law.
3. A transaction from which the person derives an improper personal benefit.

[88 Acts, ch 1170, §2](#)

357A.22A Rural fire protection program — liability.

A rural water district or rural water association incorporated under [this chapter](#) or [chapter 504](#) shall establish a rural fire protection program which shall include, but is not limited to, providing access to designated soft-hose fill stations, providing annually or more often if necessary updated maps of soft-hose fill stations to all fire departments within the rural water service area, and sponsoring informational meetings for all fire departments and interested parties within the rural water service area for the purpose of reviewing locations of facilities, operational procedures, communication procedures and facilities, and procedures designed to coordinate efforts to enhance rural fire protection.

A rural water district or rural water association incorporated under [this chapter](#) or [chapter 504](#) which provides water service to cities, benefited fire districts, or townships shall not be liable for a claim against the district or association for failure to provide or maintain fire hydrants, facilities, or an adequate supply of water or water pressure for fire protection purposes if the purpose of the hydrants, facilities, or water used is not for fire protection.

[2001 Acts, ch 54, §1](#); [2004 Acts, ch 1049, §191](#); [2004 Acts, ch 1175, §393](#); [2007 Acts, ch 126, §58](#)

357A.23 City sewer and water franchise authorized.

Notwithstanding [section 364.2, subsection 4](#), paragraph "a", for the purposes of obtaining or qualifying for federal funding, a city may grant a franchise to a rural water district incorporated under [this chapter](#) or [chapter 504](#), for a term of not more than forty years. In addition to the franchises listed in [section 364.2, subsection 4](#), paragraph "a", a city may grant a franchise to a rural water district incorporated under [this chapter](#) or [chapter 504](#), to erect, maintain, and operate plants and systems for sewer services. All provisions of [section 364.2](#) shall otherwise apply to a franchise granted to a rural water district.

[94 Acts, ch 1137, §1](#); [2004 Acts, ch 1049, §191](#); [2004 Acts, ch 1175, §393](#)

Referred to in [§364.2](#)

357A.24 Detachment and attachment of areas between districts.

1. The boards of two or more districts, or the boards of any district and a rural water system organized under [chapter 504](#), may by concurrent action or agreement join in a petition to detach an area which is not being served by the facilities of one district or system for purposes of being attached to the other district or system. The concurrent action or agreement may include conditions placed on the effectiveness of the concurrent action or agreement as deemed appropriate by the boards of the districts.

2. The petition shall be filed with the auditor of the county in which the area to be detached is located. The petition shall include all of the following regarding the area which is the subject of the petition:

a. A description by section, or fraction thereof, and by township and range of the area, in the same manner as provided in [section 357A.16](#).

b. A verification that the area is not being served by the facilities of any district.

c. A statement asserting that the area can be adequately and economically served by the facilities of the district proposing to attach the area.

3. Upon filing the petition, the auditor shall prepare for a hearing on the petition by following the same procedures as provided in [section 357A.3](#). The notice of the hearing shall include all of the following:

a. The location of the area subject to the petition.

b. The time and place of the hearing as established by the supervisors for the county in which the area to be detached is located.

c. That all owners or tenants of real property within the boundaries of the area may appear and be heard.

4. a. After the hearing the supervisors shall order that the area subject to the petition be detached from one district and attached to the other district if the supervisors determine that all of the following have been satisfied:

(1) The petition meets the requirements of [this section](#).

(2) The information included in the petition is accurate.

(3) Notice required in [this section](#) has been provided.

(4) The detachment and attachment is in the best interest of the residents of the area subject to the petition.

b. The order shall be published in the same newspaper which published the notice of the hearing.

5. [This section](#) does not preclude any procedure for detaching an area from or attaching an area to a district as otherwise provided by law, including [this chapter](#).

[98 Acts, ch 1167, §2; 99 Acts, ch 114, §23; 2004 Acts, ch 1049, §191; 2004 Acts, ch 1175, §393; 2010 Acts, ch 1061, §180](#)

357A.25 Property not security for debt.

[This chapter](#) and [chapter 384](#), as it applies to rural water districts, shall not be construed to mean that the real property of any rural water subscriber shall be used as security for any debts of a rural water district. However, the failure to pay water rates or charges by a subscriber may result in a lien being attached against the premises served upon certification to the county treasurer that the rate or charges are due.

[2008 Acts, ch 1031, §48](#)