

Reprinted

FILE NO.

SENATE FILE 382  
BY COMMITTEE ON NATURAL  
RESOURCES

(SUCCESSOR TO SSB 193)

Passed Senate, Date 3/25/91 (p. 824) Passed House, Date 4/10/91 (P. 1191)  
Vote: Ayes 30 Nays 18 Vote: Ayes 93 Nays 0

Approved May 8, 1991

Motion to reconsider (p. 824) adopted 4/2  
denied & replaced 4/2/91 (p. 976).  
Ayes 49 Nays 0

A BILL FOR

1 An Act relating to rural water districts.

2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SSB 382

1 Section 1. Section 357A.1, subsections 3, 5, and 6, Code  
2 1991, are amended to read as follows:

3 3. "Member" means ~~any~~ an owner of land real property which  
4 is located within a district, ~~or the occupant thereof~~ tenant  
5 of the real property, or ~~either another~~ person acting for the  
6 owner with the owner's written consent.

7 5. "Supervisors" means the board of supervisors of any a  
8 county, or the ~~joint-boards~~ board of supervisors of any two or  
9 more counties an adjacent county, in which a district has been  
10 incorporated and organized or is proposed to be incorporated  
11 and organized.

12 6. "Auditor" means the county auditor of any a county in  
13 which a district has been incorporated and organized or is  
14 proposed to be incorporated and organized ~~or in the case of a~~  
15 ~~district or proposed district lying in two or more counties,~~  
16 ~~the auditor of the county having the largest district acreage.~~

17 Sec. 2. Section 357A.2, unnumbered paragraph 1, Code 1991,  
18 is amended to read as follows:

19 A petition may at any time be filed with the auditor  
20 requesting the supervisors to incorporate and organize a  
21 district encompassing an area, not then included in any other  
22 district, in any a county or any in two or more adjacent  
23 counties for the purpose of providing an adequate supply of  
24 water for ~~domestic purposes to~~ residents of the area who are  
25 not served by the water mains of any city water system and who  
26 ~~cannot feasibly obtain adequate supplies of water from wells~~  
27 ~~on their own premises.~~

28 Sec. 3. Section 357A.2, unnumbered paragraph 3, Code 1991,  
29 is amended to read as follows:

30 The petition shall be signed by the owners of at least  
31 fifty percent of all land real property lying within the  
32 outside perimeter of the area designated for inclusion in the  
33 proposed district, and shall state:

34 1. The location of the area ~~so designated~~, describing such  
35 ~~area by section, or fraction thereof, and by township and~~

1 range to be served or specifying the area by an attached map.

2 2. The reasons a district is needed.

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

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5 Sec. 4. Section 357A.3, subsection 1, Code 1991, is  
6 amended to read as follows:

7 1. Be published in a newspaper of general circulation in  
8 the area to be incorporated. The notice shall describe the  
9 area and state that an indebtedness incurred by the district  
10 may constitute a lien attached against real property lying  
11 within the district.

12 Sec. 5. Section 357A.3, subsection 2, Code 1991, is  
13 amended to read as follows:

14 2. Be transmitted, together with a copy of the original  
15 petition, to the ~~council~~ supervisors.

16 Sec. 6. Section 357A.4, subsections 1 and 3, Code 1991,  
17 are amended to read as follows:

18 1. The location of the ~~land~~ area designated by the  
19 petitioners for incorporation in the proposed district, as  
20 described or shown by the original petition.

21 3. That all owners or ~~occupants~~ tenants of land real  
22 property within the boundaries described may appear and be  
23 heard.

24 Sec. 7. Section 357A.5, Code 1991, is amended to read as  
25 follows:

26 357A.5 WHO MAY BE HEARD.

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

1 Sec. 8. Section 357A.6, unnumbered paragraph 2, Code 1991,  
2 is amended to read as follows:

3 If the supervisors find that required notice of the hearing  
4 has been given and that ~~such~~ the proposed district is  
5 reasonably necessary for the public health, convenience, fire  
6 ~~protection,~~ and comfort of the residents, or may be of benefit  
7 in providing fire protection, they shall make an order  
8 establishing the district as a ~~body-politic~~ political  
9 subdivision, describing designating its boundary, and  
10 designating identifying it by name or number. The order shall  
11 be published in the same newspaper which published the notice  
12 of hearing. The supervisors shall prepare and preserve a  
13 complete record of the hearing on the petition and their  
14 findings and action thereon.

15 Sec. 9. Section 357A.11, subsection 3, Code 1991, is  
16 amended to read as follows:

17 3. Employ, appoint, or retain attorneys, engineers, other  
18 professional and technical employees, and ~~such~~ other personnel  
19 as necessary, and require and approve bonds of district  
20 employees. The board may enter into agreements pursuant to  
21 chapter 28E to provide professional or technical services  
22 under this subsection to other water districts, nonprofit  
23 corporations, or related associations.

24 Sec. 10. Section 357A.11, Code 1991, is amended by adding  
25 the following new subsections:

26 NEW SUBSECTION. 10. Have power to join the Iowa  
27 association of rural water districts, and pay out of funds  
28 available to the board, reasonable dues to the association.  
29 The financial condition and transactions of the Iowa  
30 association of rural water districts must be audited in the  
31 same manner as rural water districts.

32 NEW SUBSECTION. 11. Only a participating member as  
33 defined in section 357A.1 shall be liable for the payment of  
34 moneys in the form of water rates, or be subject to any  
35 mortgage lien, required or established for the purpose of

1 financing all or part of the cost of any project authorized or  
2 necessary to carry out the purposes for which a district is  
3 established.

4 Sec. 11. Section 357A.12, Code 1991, is amended to read as  
5 follows:

6 357A.12 PLANS, AND SPECIFICATIONS, AND PROCEDURES.

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

20 The procedures for contract letting specified in sections  
21 384.95 through 384.102 and as specified in section 384.103,  
22 subsection 2, shall apply to construction carried out pursuant  
23 to this chapter. References in those sections to a city shall  
24 be applicable to a rural water district operating under this  
25 chapter, and references to a city council shall be applicable  
26 to the board of directors of a rural water district.

27 Sec. 12. Section 357A.14, subsection 1, Code 1991, is  
28 amended to read as follows:

29 1. Owners of ~~land~~ real property outside any district which  
30 can economically be served by the facilities of the district  
31 may petition to be attached to the district. The petition  
32 ~~therefor~~ shall be filed with the auditor, and the auditor and  
33 supervisors shall proceed thereon, in substantially the same  
34 manner as is provided by this chapter for filing of and  
35 proceeding on a petition for incorporation and organization of

1 a district.

2 Sec. 13. Section 357A.14, Code 1991, is amended by adding  
3 the following new subsection:

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

10 Sec. 14. Section 357A.16, Code 1991, is amended to read as  
11 follows:

12 357A.16 DETACHING LAND REAL PROPERTY FROM DISTRICT.

13 If it becomes apparent that ~~certain-lands~~ any real property  
14 included within a district cannot economically or adequately  
15 be served by the facilities of the district, the owners of  
16 ~~such-lands~~ the real property may file with the auditor a  
17 petition to the supervisors requesting that ~~those-lands~~ the  
18 real property be detached from the district. The petition  
19 shall:

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

23 2. State that ~~such-lands~~ the real property cannot  
24 economically or adequately be served by the facilities of the  
25 district, and that it is not feasible for the district to  
26 enlarge or extend its facilities so as to economically and  
27 adequately serve ~~such-lands~~ the real property.

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

30 Sec. 15. Section 357A.18, subsection 1, Code 1991, is  
31 amended to read as follows:

32 1. The petition meets all of the requirements prescribed  
33 by ~~this-Act~~ section 357A.16 or section 357A.17 for either such  
34 petition.

35 Sec. 16. Section 357A.18, unnumbered paragraph 2, Code

1 1991, is amended to read as follows:

2 If the supervisors' finding on each of the foregoing points  
3 is positive, it shall declare the ~~lands~~ real property  
4 described in the petition detached from the district, or  
5 declare the district dissolved, as the case may be. The  
6 supervisors shall notify the secretary of the district of its  
7 action, and the secretary shall amend the records of the  
8 district to show that the ~~land~~ real property described in the  
9 petition has been detached from the district, or shall within  
10 thirty days deliver to the auditor all records, maps, plans,  
11 and files of the district dissolved, ~~as the case may be.~~

12 Sec. 17. Section 357A.20, Code 1991, is amended to read as  
13 follows:

14 357A.20 ALTERNATE OPERATION BY NONPROFIT CORPORATION.

15 A nonprofit corporation incorporated under the laws of the  
16 state of Iowa for the specific purpose of operating a rural  
17 water system may petition the supervisors for incorporation of  
18 a district, in the manner provided by section 357A.2. The  
19 signatures of the corporation's officers on the petition shall  
20 suffice in lieu of signatures of owners of fifty percent of  
21 the ~~land~~ real property in the proposed district, provided if  
22 the corporation presents evidence satisfactory to the  
23 supervisors that a sufficient number of members of the  
24 proposed district will subscribe to benefit units to make its  
25 operation feasible. The procedure for hearing and  
26 determination of disposition of the petition shall be as  
27 provided by this chapter. In any a district incorporated upon  
28 the petition of a nonprofit corporation, the officers and  
29 board of directors of the corporation shall be the officers  
30 and board of the district. The applicable laws of the state  
31 and the articles of incorporation and bylaws of the  
32 corporation shall control the initial size and initial term of  
33 office of such the officers and board, in lieu of sections  
34 357A.7, 357A.9, and 357A.10. At the first annual meeting of  
35 the participating members and board of directors, the district

1 shall bring its operation and structure in compliance with  
2 sections 357A.7 to 357A.10 and shall cease to operate as a  
3 nonprofit corporation upon filing a notice with the secretary  
4 of state.

5 EXPLANATION

6 This bill amends chapter 357A providing for the  
7 establishment, administration, and regulation of rural water  
8 districts. The bill substitutes the term "real property" for  
9 the term "land". The bill also substitutes the term "tenant"  
10 for "occupant". It substitutes the term "political  
11 subdivision" for the term "body politic". The bill eliminates  
12 a reference relating to joint boards of supervisors and  
13 provides for functioning by boards of adjacent counties. It  
14 eliminates provisions relating to administration of duties in  
15 a district by a county auditor outside the auditor's county.

16 The bill eliminates a requirement that establishment of a  
17 proposed rural water district depends upon residents of the  
18 proposed district being unable to feasibly obtain adequate  
19 supplies of water from water wells. The bill eliminates a  
20 requirement for an area proposed to be served by a district to  
21 be described by a legal description and substitutes a require-  
22 ment for a map. It also requires that the petition for  
23 incorporating an area into a district include a plan  
24 describing estimated costs and anticipated construction  
25 schedules. It provides notice requirements to owners of real  
26 property in a proposed district. The bill provides that  
27 representatives from cities or interested persons may testify  
28 during a hearing on a petition proposing rural water service.  
29 The bill provides that fire protection may be used as a  
30 consideration by a county board of supervisors establishing a  
31 district.

32 The bill authorizes a district to enter into chapter 28E  
33 agreements to provide services to other water districts,  
34 nonprofit corporations, or related associations. The bill  
35 provides for membership by districts in the Iowa association

1 of rural water districts, and provides for the payment of  
2 dues. It also requires that the association must be audited  
3 in the same manner as rural water districts.

4 The bill provides that only district members are liable for  
5 financing the costs of projects authorized by the district.

6 The bill establishes procedures for contract letting for  
7 construction carried out pursuant to the chapter, based on the  
8 procedures pertaining to contract letting by cities. The bill  
9 adds a procedure for resolving conflicts between two or more  
10 water districts contesting which will provide service in a  
11 specific area. The bill adds a procedure for a nonprofit  
12 corporation which has elected to become a rural water  
13 district. The corporation must terminate its nonprofit status  
14 by filing a notice with the secretary of state.

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## SENATE FILE 382

S-3240

- 1 Amend Senate File 382 as follows:  
2 1. Page 2, by striking lines 5 through 11.  
3 2. Page 3, by inserting after line 23 the  
4 following:  
5 "Sec. \_\_\_\_ . Section 357A.11, subsection 8, Code  
6 1991, is amended to read as follows:  
7 8. Have power to finance all or part of the cost  
8 of the construction or purchase of any project  
9 necessary to carry out the purposes for which the  
10 district is incorporated, or to refinance all or part  
11 of the original cost of any such project, and to  
12 evidence that financing by issuance of revenue bonds  
13 or notes which shall mature in a period not to exceed  
14 forty years from date of issuance, shall bear  
15 interest, or combined interest and insurance charges,  
16 at a rate not to exceed that permitted by chapter 74A,  
17 shall be payable only from revenue derived from sale  
18 of water by the district, and shall never become or be  
19 construed to be a debt against the state of Iowa or  
20 any of its political subdivisions other than the  
21 district issuing the bonds. ~~A-statutory-mortgage-lien~~  
22 ~~shall-exist-upon-the-water-system-and-appurtenances~~  
23 ~~and-extensions-so-acquired-in-favor-of-the-holders-of~~  
24 ~~the-bonds-and-notes."~~  
25 3. By striking page 3, line 32, through page 4,  
26 line 3, and inserting the following:  
27 "NEW SUBSECTION. 11. This chapter and chapter  
28 384, as it applies to rural water districts, shall not  
29 be construed to mean that the real property of any  
30 rural water subscriber shall be used as security for  
31 any debts of a rural water district. However, the  
32 failure to pay water rates or charges by a subscriber  
33 may result in a lien being attached against the  
34 premises served upon certification to the county  
35 treasurer that the rate or charges are due."  
36 4. By renumbering as necessary.

By JOHN P. KIBBIE  
H. KAY HEDGE  
JOHN A. PETERSON

S-3240 FILED APRIL 1, 1991

*Adopted 4/2 (p. 975)*

SENATE FILE 382  
BY COMMITTEE ON NATURAL  
RESOURCES

(SUCCESSOR TO SSB 193)

(AS AMENDED AND PASSED BY THE SENATE APRIL 2, 1991)

- \_\_\_\_\_ - New Language by the Senate  
\* - Language Stricken by the Senate

*file*  
*2463*  
Passed Senate, Date 4/22/91 (p. 1393) Passed House, Date 4/10/91 (p. 1191)  
Vote: Ayes 48 Nays 0 Vote: Ayes 93 Nays 0  
Approved May 8, 1991 (p. 1718)

A BILL FOR

1 An Act relating to rural water districts.

2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. 382

1 Section 1. Section 357A.1, subsections 3, 5, and 6, Code  
2 1991, are amended to read as follows:

3 3. "Member" means any an owner of land real property which  
4 is located within a district, ~~or the occupant-thereof~~ tenant  
5 of the real property, or ~~other~~ another person acting for the  
6 owner with the owner's written consent.

7 5. "Supervisors" means the board of supervisors of any a  
8 county, or the ~~joint-boards~~ board of supervisors of ~~any-two-or~~  
9 ~~more-counties~~ an adjacent county, in which a district has been  
10 incorporated and organized or is proposed to be incorporated  
11 and organized.

12 6. "Auditor" means the county auditor of any a county in  
13 which a district has been incorporated and organized or is  
14 proposed to be incorporated and organized ~~or-in-the-case-of-a~~  
15 ~~district-or-proposed-district-lying-in-two-or-more-counties,~~  
16 ~~the-auditor-of-the-county-having-the-largest-district-acreage.~~

17 Sec. 2. Section 357A.2, unnumbered paragraph 1, Code 1991,  
18 is amended to read as follows:

19 A petition may at any time be filed with the auditor  
20 requesting the supervisors to incorporate and organize a  
21 district encompassing an area, not then included in any other  
22 district, in any a county or any in two or more adjacent  
23 counties for the purpose of providing an adequate supply of  
24 water for ~~domestic-purposes-to~~ residents of the area who are  
25 not served by the water mains of any city water system ~~and-who~~  
26 ~~cannot-feasibly-obtain-adequate-supplies-of-water-from-wells~~  
27 ~~on-their-own-premises.~~

28 Sec. 3. Section 357A.2, unnumbered paragraph 3, Code 1991,  
29 is amended to read as follows:

30 The petition shall be signed by the owners of at least  
31 fifty percent of all land real property lying within the  
32 outside perimeter of the area designated for inclusion in the  
33 proposed district, and shall state:

34 1. The location of the area ~~so-designated~~, describing such  
35 area ~~by-section,-or-fraction-thereof,-and-by-township-and~~

1 range to be served or specifying the area by an attached map.

2 2. The reasons a district is needed.

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

\* 5 Sec. 4. Section 357A.3, subsection 2, Code 1991, is  
6 amended to read as follows:

7 2. Be transmitted, together with a copy of the original  
8 petition, to the council supervisors.

9 Sec. 5. Section 357A.4, subsections 1 and 3, Code 1991,  
10 are amended to read as follows:

11 1. The location of the land area designated by the  
12 petitioners for incorporation in the proposed district, as  
13 described or shown by the original petition.

14 3. That all owners or occupants tenants of land real  
15 property within the boundaries described may appear and be  
16 heard.

17 Sec. 6. Section 357A.5, Code 1991, is amended to read as  
18 follows:

19 357A.5 WHO MAY BE HEARD.

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

29 Sec. 7. Section 357A.6, unnumbered paragraph 2, Code 1991,  
30 is amended to read as follows:

31 If the supervisors find that required notice of the hearing  
32 has been given and that such the proposed district is  
33 reasonably necessary for the public health, convenience, ~~fire~~  
34 ~~protection,~~ and comfort of the residents, or may be of benefit  
35 in providing fire protection, they shall make an order

1 establishing the district as a body-politic political  
2 subdivision, describing designating its boundary, and  
3 designating identifying it by name or number. The order shall  
4 be published in the same newspaper which published the notice  
5 of hearing. The supervisors shall prepare and preserve a  
6 complete record of the hearing on the petition and their  
7 findings and action thereon.

8 Sec. 8. Section 357A.11, subsection 3, Code 1991, is  
9 amended to read as follows:

10 3. Employ, appoint, or retain attorneys, engineers, other  
11 professional and technical employees, and such other personnel  
12 as necessary, and require and approve bonds of district  
13 employees. The board may enter into agreements pursuant to  
14 chapter 28E to provide professional or technical services  
15 under this subsection to other water districts, nonprofit  
16 corporations, or related associations.

17 Sec. 9. Section 357A.11, subsection 8, Code 1991, is  
18 amended to read as follows:

19 8. Have power to finance all or part of the cost of the  
20 construction or purchase of any project necessary to carry out  
21 the purposes for which the district is incorporated, or to  
22 refinance all or part of the original cost of any such  
23 project, and to evidence that financing by issuance of revenue  
24 bonds or notes which shall mature in a period not to exceed  
25 forty years from date of issuance, shall bear interest, or  
26 combined interest and insurance charges, at a rate not to  
27 exceed that permitted by chapter 74A, shall be payable only  
28 from revenue derived from sale of water by the district, and  
29 shall never become or be construed to be a debt against the  
30 state of Iowa or any of its political subdivisions other than  
31 the district issuing the bonds. A-statutory-mortgage-lien  
32 shall-exist-upon-the-water-system-and-appurtenances-and  
33 extensions-so-acquired-in-favor-of-the-holders-of-the-bonds  
34 and-notes.

35 Sec. 10. Section 357A.11, Code 1991, is amended by adding

1 the following new subsections:

2 NEW SUBSECTION. 10. Have power to join the Iowa  
3 association of rural water districts, and pay out of funds  
4 available to the board, reasonable dues to the association.  
5 The financial condition and transactions of the Iowa  
6 association of rural water districts must be audited in the  
7 same manner as rural water districts.

8 NEW SUBSECTION. 11. This chapter and chapter 384, as it  
9 applies to rural water districts, shall not be construed to  
10 mean that the real property of any rural water subscriber  
11 shall be used as security for any debts of a rural water  
12 district. However, the failure to pay water rates or charges  
13 by a subscriber may result in a lien being attached against  
14 the premises served upon certification to the county treasurer  
15 that the rate or charges are due.

16 Sec. 11. Section 357A.12, Code 1991, is amended to read as  
17 follows:

18 357A.12 PLANS, AND SPECIFICATIONS, AND PROCEDURES.

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

32 The procedures for contract letting specified in sections  
33 384.95 through 384.102 and as specified in section 384.103,  
34 subsection 2, shall apply to construction carried out pursuant  
35 to this chapter. References in those sections to a city shall

1 be applicable to a rural water district operating under this  
2 chapter, and references to a city council shall be applicable  
3 to the board of directors of a rural water district.

4 Sec. 12. Section 357A.14, subsection 1, Code 1991, is  
5 amended to read as follows:

6 1. Owners of ~~land~~ real property outside any district which  
7 can economically be served by the facilities of the district  
8 may petition to be attached to the district. The petition  
9 ~~therefor~~ shall be filed with the auditor, and the auditor and  
10 supervisors shall proceed ~~thereon~~, in substantially the same  
11 manner as is provided by this chapter for filing of and  
12 proceeding on a petition for incorporation and organization of  
13 a district.

14 Sec. 13. Section 357A.14, Code 1991, is amended by adding  
15 the following new subsection:

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

22 Sec. 14. Section 357A.16, Code 1991, is amended to read as  
23 follows:

24 357A.16 DETACHING ~~LAND~~ REAL PROPERTY FROM DISTRICT.

25 If it becomes apparent that ~~certain-lands~~ any real property  
26 included within a district cannot economically or adequately  
27 be served by the facilities of the district, the owners of  
28 ~~such-lands~~ the real property may file with the auditor a  
29 petition to the supervisors requesting that ~~those-lands~~ the  
30 real property be detached from the district. The petition  
31 shall:

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

35 2. State that ~~such-lands~~ the real property cannot

1 economically or adequately be served by the facilities of the  
2 district, and that it is not feasible for the district to  
3 enlarge or extend its facilities so as to economically and  
4 adequately serve ~~such-lands~~ the real property.

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

7 Sec. 15. Section 357A.18, subsection 1, Code 1991, is  
8 amended to read as follows:

9 1. The petition meets all of the requirements prescribed  
10 by ~~this-Act~~ section 357A.16 or section 357A.17 for either such  
11 petition.

12 Sec. 16. Section 357A.18, unnumbered paragraph 2, Code  
13 1991, is amended to read as follows:

14 If the supervisors' finding on each of the foregoing points  
15 is positive, it shall declare the ~~lands~~ real property  
16 described in the petition detached from the district, or  
17 declare the district dissolved, as the case may be. The  
18 supervisors shall notify the secretary of the district of its  
19 action, and the secretary shall amend the records of the  
20 district to show that the ~~land~~ real property described in the  
21 petition has been detached from the district, or shall within  
22 thirty days deliver to the auditor all records, maps, plans,  
23 and files of the district dissolved, ~~as-the-case-may-be~~.

24 Sec. 17. Section 357A.20, Code 1991, is amended to read as  
25 follows:

26 357A.20 ALTERNATE OPERATION BY NONPROFIT CORPORATION.

35527 A nonprofit corporation incorporated under the laws of the  
28 state of Iowa for the specific purpose of operating a rural  
29 water system may petition the supervisors for incorporation of  
30 a district, in the manner provided by section 357A.2. The  
31 signatures of the corporation's officers on the petition shall  
32 suffice in lieu of signatures of owners of fifty percent of  
33 the ~~land~~ real property in the proposed district, provided if  
34 the corporation presents evidence satisfactory to the  
35 supervisors that a sufficient number of members of the

1 proposed district will subscribe to benefit units to make its  
2 operation feasible. The procedure for hearing and  
3 determination of disposition of the petition shall be as  
4 provided by this chapter. In any a district incorporated upon  
5 the petition of a nonprofit corporation, the officers and  
6 board of directors of the corporation shall be the officers  
7 and board of the district. The applicable laws of the state  
8 and the articles of incorporation and bylaws of the  
9 corporation shall control the initial size and initial term of  
10 office of ~~such~~ the officers and board, in lieu of sections  
11 357A.7, 357A.9, and 357A.10. At the first annual meeting of  
12 the participating members and board of directors, the district  
13 shall bring its operation and structure in compliance with  
14 sections 357A.7 to 357A.10 and shall cease to operate as a  
15 nonprofit corporation upon filing a notice with the secretary  
16 of state.

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SENATE FILE 382

H-3552

1 Amend Senate File 382 as amended, passed, and  
2 reprinted by the Senate, as follows:

3 1. By striking page 6, line 27 through page 7,  
4 line 16, and inserting the following:

5 "A nonprofit corporation incorporated under the  
6 ~~laws of the state of Iowa~~ chapter 504A for the  
7 specific purpose of operating a rural water system may  
8 petition the supervisors for incorporation of a  
9 district, in the manner provided by section 357A.2.  
10 The signatures of the corporation's officers on the  
11 petition and a resolution adopted by the corporation's  
12 board of directors approving the petition shall  
13 suffice in lieu of signatures of owners of fifty  
14 percent of the ~~land~~ real property in the proposed  
15 district, provided if the corporation presents  
16 evidence satisfactory to the supervisors that a  
17 sufficient number of members of the proposed district  
18 will subscribe to benefit units to make its operation  
19 feasible. The procedure for hearing and determination  
20 of disposition of the petition shall be as provided by  
21 this chapter.

22 PARAGRAPH DIVIDED. In any district incorporated  
23 upon the petition of a nonprofit corporation, the  
24 following procedures shall apply:

25 1. After final approval of the petition by a board  
26 of supervisors, the secretary of the corporation shall  
27 file a notice with the secretary of state dissolving  
28 the nonprofit corporation in accordance with chapter  
29 504A.

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

37 3. The officers and board of directors of the  
38 corporation shall be the officers and board of the  
39 district.

40 4. The applicable laws of the state and the  
41 articles of incorporation and bylaws of the  
42 corporation shall control the initial size and initial  
43 term of office of such officers and board, in lieu of  
44 sections 357A.7, 357A.9, and 357A.10. At-the-first  
45 annual-meeting-of-the-participating-members-and-board  
46 of-directors, the

47 5. The district shall bring its operation and  
48 structure in compliance with sections 357A.7 to  
49 357A.10 at the first annual meeting of the  
50 participating members and board of directors."

By DVORSKY of Johnson

H-3552 FILED APRIL 9, 1991

*Adopted 4/10/91 (p 1191)*

HOUSE AMENDMENT TO  
SENATE FILE 382

S-3403

1 Amend Senate File 382 as amended, passed, and  
2 reprinted by the Senate, as follows:

3 1. By striking page 6, line 27 through page 7,  
4 line 16, and inserting the following:

5 "A nonprofit corporation incorporated under the  
6 ~~laws of the state of Iowa~~ chapter 504A for the  
7 specific purpose of operating a rural water system may  
8 petition the supervisors for incorporation of a  
9 district, in the manner provided by section 357A.2.  
10 The signatures of the corporation's officers on the  
11 petition and a resolution adopted by the corporation's  
12 board of directors approving the petition shall  
13 suffice in lieu of signatures of owners of fifty  
14 percent of the ~~land~~ real property in the proposed  
15 district, provided if the corporation presents  
16 evidence satisfactory to the supervisors that a  
17 sufficient number of members of the proposed district  
18 will subscribe to benefit units to make its operation  
19 feasible. The procedure for hearing and determination  
20 of disposition of the petition shall be as provided by  
21 this chapter.

22 PARAGRAPH DIVIDED. In any district incorporated  
23 upon the petition of a nonprofit corporation, the  
24 following procedures shall apply:

25 1. After final approval of the petition by a board  
26 of supervisors, the secretary of the corporation shall  
27 file a notice with the secretary of state dissolving  
28 the nonprofit corporation in accordance with chapter  
29 504A.

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

37 3. The officers and board of directors of the  
38 corporation shall be the officers and board of the  
39 district.

40 4. The applicable laws of the state and the  
41 articles of incorporation and bylaws of the  
42 corporation shall control the initial size and initial  
43 term of office of such officers and board, in lieu of  
44 sections 357A.7, 357A.9, and 357A.10. At the first  
45 annual meeting of the participating members and board  
46 of directors, the

47 5. The district shall bring its operation and  
48 structure in compliance with sections 357A.7 to  
49 357A.10 at the first annual meeting of the  
50 participating members and board of directors."

RECEIVED FROM THE HOUSE

S-3403 FILED APRIL 12, 1991  
*Senate concurred 4/22/91 (p.1393)*

RIBBIE, CH.  
DIELEMAN  
HEDGE

SSB 193  
NATURAL RESOURCES

SENATE FILE 382  
BY (PROPOSED COMMITTEE ON  
NATURAL RESOURCES BILL  
BY CHAIRPERSON PALMER)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to rural water districts.  
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 357A.1, subsections 3, 5, and 6, Code  
2 1991, are amended to read as follows:

3 3. "Member" means ~~any~~ an owner of ~~land~~ real property which  
4 is located within a district, or the occupant-~~thereof~~ tenant  
5 of the real property, or other another person acting for the  
6 owner with the owner's written consent.

7 5. "Supervisors" means the board of supervisors of any a  
8 county, or the ~~joint-boards~~ board of supervisors of ~~any-two-or~~  
9 ~~more-counties~~ an adjacent county, in which a district has been  
10 incorporated and organized or is proposed to be incorporated  
11 and organized.

12 6. "Auditor" means the county auditor of any a county in  
13 which a district has been incorporated and organized or is  
14 proposed to be incorporated and organized ~~or,-in-the-case-of-a~~  
15 ~~district-or-proposed-district-lying-in-two-or-more-counties,~~  
16 ~~the-auditor-of-the-county-having-the-largest-district-acreage.~~

17 Sec. 2. Section 357A.2, unnumbered paragraph 1, Code 1991,  
18 is amended to read as follows:

19 A petition may at any time be filed with the auditor  
20 requesting the supervisors to incorporate and organize a  
21 district encompassing an area, not then included in any other  
22 district, in any a county or any in two or more adjacent  
23 counties for the purpose of providing an adequate supply of  
24 water for ~~domestic-purposes-to~~ residents of the area who are  
25 not served by the water mains of any city water system ~~and-who~~  
26 ~~cannot-feasibly-obtain-adequate-supplies-of-water-from-wells~~  
27 ~~on-their-own-premises.~~

28 Sec. 3. Section 357A.2, unnumbered paragraph 3, Code 1991,  
29 is amended to read as follows:

30 The petition shall be signed by the owners of at least  
31 fifty percent of all ~~land~~ real property lying within the  
32 outside perimeter of the area designated for inclusion in the  
33 proposed district, and shall state:

34 1. The location of the area ~~so-designated,-describing-such~~  
35 ~~area-by-section,-or-fraction-thereof,-and-by-township-and~~

1 range to be served as indicated by an attached map.

2 2. The reasons a district is needed.

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

5 Sec. 4. Section 357A.3, subsection 2, Code 1991, is  
6 amended to read as follows:

7 2. Be transmitted, together with a copy of the original  
8 petition, to the ~~council~~ supervisors.

9 Sec. 5. Section 357A.4, subsections 1 and 3, Code 1991,  
10 are amended to read as follows:

11 1. The location of the ~~land~~ area designated by the  
12 petitioners for incorporation in the proposed district, as  
13 described or shown by the original petition.

14 3. That all owners or occupants tenants of land real  
15 property within the boundaries described may appear and be  
16 heard.

17 Sec. 6. Section 357A.5, Code 1991, is amended to read as  
18 follows:

19 357A.5 WHO MAY BE HEARD.

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

29 Sec. 7. Section 357A.6, unnumbered paragraph 2, Code 1991,  
30 is amended to read as follows:

31 If the supervisors find that required notice of the hearing  
32 has been given and that such the proposed district is  
33 reasonably necessary for the public health, convenience, fire  
34 protection, and comfort of the residents, they shall make an  
35 order establishing the district as a body-politic political

1 subdivision, describing designating its boundary, and  
2 designating identifying it by name or number. The order shall  
3 be published in the same newspaper which published the notice  
4 of hearing. The supervisors shall prepare and preserve a  
5 complete record of the hearing on the petition and their  
6 findings and action thereon.

7 Sec. 8. Section 357A.11, subsection 3, Code 1991, is  
8 amended to read as follows:

9 3. Employ, appoint, or retain attorneys, engineers, other  
10 professional and technical employees, and such other personnel  
11 as necessary, and require and approve bonds of district  
12 employees. The board may enter into agreements pursuant to  
13 chapter 28E to provide professional or technical services  
14 under this subsection to other water districts, nonprofit  
15 corporations, or related associations.

16 Sec. 9. Section 357A.11, Code 1991, is amended by adding  
17 the following new subsection:

18 NEW SUBSECTION. 9. Have power to join the Iowa  
19 association of rural water districts, and pay out of funds  
20 available to the board, reasonable dues to the association.  
21 The financial condition and transactions of the Iowa  
22 association of rural water districts must be audited in the  
23 same manner as rural water districts.

24 Sec. 10. Section 357A.12, Code 1991, is amended to read as  
25 follows:

26 357A.12 PLANS, AND SPECIFICATIONS, AND PROCEDURES.

27 As soon as reasonably possible after incorporation of a  
28 district, the board shall file with the supervisors and the  
29 department copies of the plans and specifications for, and  
30 estimates of the cost of, any improvements authorized by this  
31 chapter which the board proposes to construct or acquire. The  
32 board shall determine a reasonable fee which each member shall  
33 pay for the privilege of utilizing the district's facilities,  
34 and which shall be known as a benefit unit. Benefit units may  
35 be classified. The board, by publication in a newspaper of

1 general circulation in the district, shall generally describe  
2 the planned improvements, the area to be served and the fee  
3 members will be required to pay for each service connected to  
4 the water system.

5 The procedures for contract letting specified in sections  
6 384.95 through 384.103 shall apply to construction carried out  
7 pursuant to this chapter. References in those sections to a  
8 city shall be applicable to a rural water district operating  
9 under this chapter, and references to a city council shall be  
10 applicable to the board of directors of a rural water  
11 district.

12 Sec. 11. Section 357A.14, subsection 1, Code 1991, is  
13 amended to read as follows:

14 1. Owners of ~~land~~ real property outside any district which  
15 can economically be served by the facilities of the district  
16 may petition to be attached to the district. The petition  
17 ~~therefor~~ shall be filed with the auditor, and the auditor and  
18 supervisors shall proceed thereon, in substantially the same  
19 manner as is provided by this chapter for filing of and  
20 proceeding on a petition for incorporation and organization of  
21 a district.

22 Sec. 12. Section 357A.14, Code 1991, is amended by adding  
23 the following new subsection:

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

30 Sec. 13. Section 357A.16, Code 1991, is amended to read as  
31 follows:

32 357A.16 DETACHING ~~LAND~~ REAL PROPERTY FROM DISTRICT.

33 If it becomes apparent that ~~certain-lands~~ any real property  
34 included within a district cannot economically or adequately  
35 be served by the facilities of the district, the owners of

1 ~~such-lands~~ the real property may file with the auditor a  
2 petition to the supervisors requesting that ~~those-lands~~ the  
3 real property be detached from the district. The petition  
4 shall:

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

8 2. State that ~~such-lands~~ the real property cannot  
9 economically or adequately be served by the facilities of the  
10 district, and that it is not feasible for the district to  
11 enlarge or extend its facilities so as to economically and  
12 adequately serve ~~such-lands~~ the real property.

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

15 Sec. 14. Section 357A.18, subsection 1, Code 1991, is  
16 amended to read as follows:

17 1. The petition meets all of the requirements prescribed  
18 by ~~this-Act~~ section 357A.16 or section 357A.17 for either such  
19 petition.

20 Sec. 15. Section 357A.18, unnumbered paragraph 2, Code  
21 1991, is amended to read as follows:

22 If the supervisors' finding on each of the foregoing points  
23 is positive, it shall declare the ~~lands~~ real property  
24 described in the petition detached from the district, or  
25 declare the district dissolved, as the case may be. The  
26 supervisors shall notify the secretary of the district of its  
27 action, and the secretary shall amend the records of the  
28 district to show that the ~~land~~ real property described in the  
29 petition has been detached from the district, or shall within  
30 thirty days deliver to the auditor all records, maps, plans,  
31 and files of the district dissolved, ~~as-the-case-may-be~~.

32 Sec. 16. Section 357A.20, Code 1991, is amended to read as  
33 follows:

34 357A.20 ALTERNATE OPERATION BY NONPROFIT CORPORATION.

35 A nonprofit corporation incorporated under the laws of the

1 state of Iowa for the specific purpose of operating a rural  
2 water system may petition the supervisors for incorporation of  
3 a district, in the manner provided by section 357A.2. The  
4 signatures of the corporation's officers on the petition shall  
5 suffice in lieu of signatures of owners of fifty percent of  
6 the ~~land~~ real property in the proposed district, provided if  
7 the corporation presents evidence satisfactory to the  
8 supervisors that a sufficient number of members of the  
9 proposed district will subscribe to benefit units to make its  
10 operation feasible. The procedure for hearing and  
11 determination of disposition of the petition shall be as  
12 provided by this chapter. In any a district incorporated upon  
13 the petition of a nonprofit corporation, the officers and  
14 board of directors of the corporation shall be the officers  
15 and board of the district. The applicable laws of the state  
16 and the articles of incorporation and bylaws of the  
17 corporation shall control the initial size and initial term of  
18 office of ~~such~~ the officers and board, in lieu of sections  
19 357A.7, 357A.9, and 357A.10. At the first annual meeting of  
20 the participating members and board of directors, the district  
21 shall bring its operation and structure in compliance with  
22 sections 357A.7 to 357A.10 and shall cease to operate as a  
23 nonprofit corporation upon filing a notice with the secretary  
24 of state.

25 EXPLANATION

26 This bill amends chapter 357A providing for the  
27 establishment, administration, and regulation of rural water  
28 districts. The bill substitutes the term "real property" for  
29 the term "land". The bill also substitutes the term "tenant"  
30 for "occupant". It substitutes the term "political  
31 subdivision" for the term "body politic". The bill eliminates  
32 a reference relating to joint boards of supervisors and  
33 provides for functioning by boards of adjacent counties. It  
34 eliminates provisions relating to administration of duties in  
35 a district by a county auditor outside the auditor's county.

1 The bill eliminates a requirement that establishment of a  
2 proposed rural water district depends upon residents of the  
3 proposed district being unable to feasibly obtain adequate  
4 supplies of water from water wells. The bill eliminates a  
5 requirement for an area proposed to be served by a district to  
6 be described by a legal description and substitutes a require-  
7 ment for a map. It also requires that the petition for  
8 incorporating an area into a district include a plan  
9 describing estimated costs and anticipated construction  
10 schedules. The bill provides that representatives from cities  
11 may be heard during a hearing on a petition proposing rural  
12 water service. The bill eliminates a reference to providing  
13 fire protection by a district.

14 The bill authorizes a district to enter into chapter 28E  
15 agreements to provide services to other water districts,  
16 nonprofit corporations, or related associations. The bill  
17 provides for membership by districts in the Iowa association  
18 of rural water districts, and provides for the payment of  
19 dues. It also requires that the association must be audited  
20 in the same manner as rural water districts.

21 The bill establishes procedures for contract letting for  
22 construction carried out pursuant to the chapter, based on the  
23 procedures pertaining to contract letting by cities. The bill  
24 adds a procedure for resolving conflicts between two or more  
25 water districts contesting which will provide service in a  
26 specific area. The bill adds a procedure for a nonprofit  
27 corporation which has elected to become a rural water  
28 district. The corporation must terminate its nonprofit status  
29 by filing a notice with the secretary of state.

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SENATE FILE 382

AN ACT  
RELATING TO RURAL WATER DISTRICTS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 357A.1, subsections 3, 5, and 6, Code 1991, are amended to read as follows:

3. "Member" means any an owner of land real property which is located within a district, ~~or the occupant thereof tenant of the real property,~~ or other another person acting for the owner with the owner's written consent.

5. "Supervisors" means the board of supervisors of any a county, or the ~~joint-boards board~~ of supervisors of ~~any-two-or more-counties an adjacent county,~~ in which a district has been incorporated and organized or is proposed to be incorporated and organized.

6. "Auditor" means the county auditor of any a county in which a district has been incorporated and organized or is proposed to be incorporated and organized ~~or; in-the-case-of-a district-or-proposed-district-lying-in-two-or-more-counties; the-auditor-of-the-county-having-the-largest-district-acreage.~~

Sec. 2. Section 357A.2, unnumbered paragraph 1, Code 1991, is amended to read as follows:

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 any a county or any in two or more adjacent counties for the purpose of providing an adequate supply of water for ~~domestic purposes to~~ residents of the area who are

not served by the water mains of any city water system ~~and who cannot feasibly obtain adequate supplies of water from wells on their own premises.~~

Sec. 3. Section 357A.2, unnumbered paragraph 3, Code 1991, is amended to read as follows:

The petition shall be signed by the owners of at least fifty percent of all ~~land real property~~ lying within the outside perimeter of the area designated for inclusion in the proposed district, and shall state:

1. The location of the area ~~so-designated,~~ describing such area ~~by-section; or-fraction-thereof; and-by-township-and range to be served or specifying the area by an attached map.~~

2. The reasons a district is needed.

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

Sec. 4. Section 357A.3, subsection 2, Code 1991, is amended to read as follows:

2. Be transmitted, together with a copy of the original petition, to the ~~council~~ supervisors.

Sec. 5. Section 357A.4, subsections 1 and 3, Code 1991, are amended to read as follows:

1. The location of the ~~land area~~ designated by the petitioners for incorporation in the proposed district, as described or shown by the original petition.

3. That all owners or occupants ~~tenants~~ of land real property within the boundaries described may appear and be heard.

Sec. 6. Section 357A.5, Code 1991, is amended to read as follows:

357A.5 WHO MAY BE HEARD.

At the hearing on the petition, any owner or occupant tenant of land 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.

Sec. 7. Section 357A.6, unnumbered paragraph 2, Code 1991, is amended to read as follows:

If the supervisors find that required notice of the hearing has been given and that such the proposed district is reasonably necessary for the public health, convenience, fire protection, and comfort of the residents, or may be of benefit in providing fire protection, they shall make an order establishing the district as a body-politic political subdivision, describing designating its boundary, and designating 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 thereon.

Sec. 8. Section 357A.11, subsection 3, Code 1991, is amended to read as follows:

3. Employ, appoint, or retain attorneys, engineers, other professional and technical employees, and such 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.

Sec. 9. Section 357A.11, subsection 8, Code 1991, is amended to read as follows:

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. ~~A statutory mortgage lien shall exist upon the water system and appurtenances and extensions so acquired in favor of the holders of the bonds and notes.~~

Sec. 10. Section 357A.11, Code 1991, is amended by adding the following new subsections:

NEW SUBSECTION. 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.

NEW SUBSECTION. 11. 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.

Sec. 11. Section 357A.12, Code 1991, is amended to read as follows:

357A.12 PLANS, AND 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 contract letting specified in sections 384.95 through 384.102 and as specified in section 384.103, subsection 2, shall apply to construction carried out pursuant to this chapter. References in those sections to a city shall be applicable to a rural water district operating under this chapter, and references to a city council shall be applicable to the board of directors of a rural water district.

Sec. 12. Section 357A.14, subsection 1, Code 1991, is amended to read as follows:

1. Owners of land real property outside any district which can economically be served by the facilities of the district may petition to be attached to the district. The petition therefor shall be filed with the auditor, and the auditor and supervisors shall proceed thereon, in substantially the same manner as is provided by this chapter for filing of and proceeding on a petition for incorporation and organization of a district.

Sec. 13. Section 357A.14, Code 1991, is amended by adding the following new subsection:

NEW SUBSECTION. 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.

Sec. 14. Section 357A.16, Code 1991, is amended to read as follows:

357A.16 DETACHING LAND REAL PROPERTY FROM DISTRICT.

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

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

2. State that ~~such lands~~ 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 ~~such lands~~ the real property.

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

Sec. 15. Section 357A.18, subsection 1, Code 1991, is amended to read as follows:

1. The petition meets all of the requirements prescribed by this Act section 357A.16 or section 357A.17 for either such petition.

Sec. 16. Section 357A.18, unnumbered paragraph 2, Code 1991, is amended to read as follows:

If the supervisors' finding on each of the foregoing points is positive, it shall declare the ~~lands~~ 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 land~~ 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, ~~as the case may be.~~

Sec. 17. Section 357A.20, Code 1991, is amended to read as follows:

357A.20 ALTERNATE OPERATION BY NONPROFIT CORPORATION.

A nonprofit corporation incorporated under ~~the laws of the state of Iowa~~ chapter 504A 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 fifty percent of the ~~land real property~~ in the proposed district, provided 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.

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

1. 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 504A.
2. Upon filing of the notice, the nonprofit corporation shall cease to exist as a chapter 504A 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.
3. The officers and board of directors of the corporation shall be the officers and board of the district.
4. 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. ~~At the first annual meeting of the participating members and board of directors, the~~

5. 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.

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JOE J. WEISH  
President of the Senate

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ROBERT C. ARNOULD  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 382, Seventy-fourth General Assembly.

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JOHN F. DWYER  
Secretary of the Senate

Approved *Mayer*, 1991

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TERRY E. SPANSTAD  
Governor