



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
First Regular Session

House: NREW DP 6-3-1-0

HB 2561: city water provider; requirements; service

Sponsor: Representative Kolodin, LD 3

House Engrossed

Overview

An emergency measure that directs a municipality to provide water service through a standpipe until 2026 to up to 750 households that lack access to sufficient water if those households had previously received water service from the municipality, the municipality is reimbursed for providing water service and providing this water does not reduce water available to the municipality or the households.

History

In response to a declared shortage on the Colorado River, the City of Scottsdale ceased providing water for hauling to Rio Verde Foothills in 2023. This unincorporated community borders the City of Scottsdale and contains about 2,000 households. Most residents use wells for a domestic water source, but approximately 500-700 households depend on the delivery of hauled water. One source of hauled water was a filling station operated by the City of Scottsdale, which provided about 117 acre-feet of water to Rio Verde Foothills annually.

In August 2021, the Bureau of Reclamation declared a Tier 1 shortage on the Colorado River. The City of Scottsdale's [Drought Management Plan](#) required that when a Tier 1 shortage occurred, any water hauling operations would cease unless the customer could prove the hauled water was being directly supplied to a resident or business within the city's limits. In August 2022, the City of Scottsdale notified all water hauling customers that water service would cease on January 1, 2023 unless the customer could prove the hauled water was used within the city's limits. The City of Scottsdale terminated water service on January 1, 2023.

Provisions

Standpipe District

1. Directs a municipality that provides water service to provide this service through an intergovernmental agreement with a standpipe district for no more than three years using a standpipe for water hauling to those who reside outside the municipality's water service area and who do not have access to sufficient water if all the following criteria apply:
 - a) less than 750 households will be served in an unincorporated community within the standpipe district that is adjacent to the municipality;
 - b) the municipality previously provided water service to those who do not have access to sufficient water;
 - c) there is no other adequate source of water within 10 miles of the affected households;
 - d) the municipality will be reimbursed for the full reasonable costs of providing and delivering the water;
 - e) the impacted area is in a county with a population of more than 750,000 persons; and
 - f) providing the water at the standpipe does not, without the municipality's consent, reduce the amount of water available to residences and businesses within the municipality's water

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- service area or to residences and businesses outside the service area with whom the municipality has directly contracted to provide water through means other than water hauling. (Sec. 1)
2. Instructs the standpipe district to enter into an intergovernmental agreement with the municipality. (Sec. 1)
 3. Specifies that the intergovernmental agreements must provide that the standpipe district agrees to be responsible for:
 - a) delivering water to water haulers serving the members of the standpipe district and allowing self hauling of water;
 - b) paying the municipality for the full costs of providing the water to those eligible to receive water services;
 - c) billing residences for the cost of water being received;
 - d) providing an annual amount of water to residences that may exceed the annual amount of water previously received if the excess amount does not, without the municipality's consent, reduce the amount of water available to residences and businesses within the municipality or to any areas that the municipality is contracted to provide water to via means other than water hauling;
 - e) implementing necessary water conservation measures if the annual water limit is exceeded, suspended or reduced; and
 - f) working to identify long-term solutions for the area's water needs (Sec. 1)
 4. Specifies that the standpipe district may pay for, bill and provide water services either directly or through one or more third parties. (Sec. 1)
 5. Requires the intergovernmental agreement to indemnify the municipality with respect to any actions taken or occurrences after the water is provided at the standpipe. (Sec. 1)
 6. States that the provision of water and intergovernmental agreement are contingent on the standpipe district obtaining a water source from a third party absent a municipality's consent to use the municipality's own source of water. (Sec. 1)
 7. Limits the receivable water from any standpipe district to not more than 750 residences. (Sec. 1)
 8. Authorizes a municipality to reduce or suspend the amount of water provided if water becomes unavailable from a third party. (Sec. 1)
 9. States that a municipality is not liable to any person or entity for providing or failing to provide water. (Sec. 1)
 10. Stipulates the standpipe district provisions do not:
 - a) preclude execution or implementation of a voluntary agreement before the effective date; and
 - b) apply if such a voluntary agreement results in adequate water being supplied to the residences that would otherwise be served. (Sec. 1)
 11. States property owners in the impacted area may join, or not join, the standpipe district. (Sec. 1)
 12. Asserts the standpipe district provides water only to the members of the standpipe district. (Sec. 1)
 13. Requires the standpipe district to be governed by a five-person Board of Directors that are members of the standpipe district on or before taking office. (Sec. 1)

14. States appointments to the standpipe district's Board of Directors must be made within 14 days of the occurrence of the conditions outlined or if such conditions already exist, within 14 days after the effective date. (Sec. 1)
15. Specifies that the standpipe district Board be composed of:
 - a) one member appointed by the Speaker of the House of Representatives;
 - b) one member appointed by the Senate President;
 - c) one member appointed by the Governor;
 - d) one member appointed by the Commissioner of the State Real Estate Department; and
 - e) one member appointed by the Director of the Department of Water Resources. (Sec. 1)
16. Limits the standpipe district's powers to only those expressly contemplated. (Sec. 1)
17. Stipulates the standpipe district can levy a reasonable and minimal surcharge on the price of water to reimburse the standpipe district for costs of billing, administration and other reasonable expenses. (Sec. 1)
18. States the surcharge must not exceed 10% of a customer's bill without the unanimous approval of the standpipe district Board. (Sec. 1)
19. Asserts a standpipe district is not subject to eminent domain. (Sec. 1)
20. Specifies that a standpipe district in the impacted area, which conditions set forth apply, begins to exist when a majority of Board members are appointed. (Sec. 1)
21. Repeals the standpipe district provisions on January 1, 2026. (Sec. 2)

Miscellaneous

22. Clarifies that it is unlawful for a person or group of persons to pursue a common plan or design to divide, sell or lease a parcel of land into six or more lots by using a series of owners or conveyances. (Sec. 3)
23. Outlines a common plan or design pursued by a person or group of persons to avoid compliance with the subdivision laws of Arizona as:
 - a) allowing one or more persons to develop six or more lots within a 10-year period; or
 - b) allowing entities with common ownership or control to develop six or more lots within a 10-year period. (Sec. 3)
24. Exempts non-contiguous separate parcels that are not being divided by a group of persons acting as part of a common promotional plan from being considered an unlawful common plan or design. (Sec. 3)
25. Makes technical and conforming changes. (Sec. 1, 3)
26. Contains an emergency clause. (Sec. 4)