

Rio Verde Foothills

Steps to obtain and serve independent water supplies

Background

Currently the Rio Verde Foothills area is primarily served by hauled water. The water is hauled by individual homeowners and by at least two private water hauling companies. Currently water is provided by and hauled from two locations within the City of Scottsdale. Scottsdale plans on shutting down one location after upgrades to the second location are complete to handle the increased customer load. Scottsdale intends to continue serving the water haulers but has notified residents that the City cannot guarantee service in the future and has advised the area residents to obtain a separate water source. Scottsdale has committed to treating and delivering this water through their system.

Legal Entity

In order to obtain the needed water allocations and the ability to enter into water supply agreements a legal entity should be formed that would be recognized by other private parties and governmental agencies. Several options are outlined below:

Domestic Water Improvement District

A Domestic Water Improvement District (DWID) is a County-initiated local district. In most cases the County Board of Supervisors acts as the initial board of directors for the district with elections to be held by local residents. Board would set by-laws, rates etc. See Arizona Revised Statutes (A.R.S.) Title 48, Chapter 6, County Improvement Districts, Article 1 § 48-901 and Article 4 § 48-1011)

Community Facilities District (CFD)

A Community Facilities District (CFD) district is also a County-initiated local district with initial establishment similar to a DWID. The CFD can also be used to manage other infrastructure beyond water systems. (see A.R.S. Chapter 4, Municipal Improvement Districts, Article 1 § 48-701 through 48-725)

Private Utility or Co-Op

A private utility is regulated by the Arizona Corporation Commission (ACC). The ACC would determine the territory the water provider would serve by granting a Certificate of Convenience and Necessity (CC&N). The ACC would also set water rates and other fees. The ACC may also determine that the provider is Not for Public Service (a Co-Op or not for profit company) and grant it a defined territory it serves.

Service Area Establishment

Once a legal entity has been created, the water provider will need to apply to ADWR for a service area right. The service area right will give the legal entity the authority to obtain and distribute water under ADWR's jurisdiction. A single standpipe may in some cases constitute the entire distribution system of the service area. To obtain a service area right, a provider will need to obtain a temporary right to initiate service, and then must serve at least 4 customers. Temporary rights may include a type 2 groundwater right, or a recovery well permit to recover long term storage credits. This would require an agreement with the City of Scottsdale for the temporary use of a well and a "wheeling" agreement to allow Scottsdale to move the new provider's water through the Scottsdale system to standpipe distribution point. An additional point of service may be added at a later date. ADWR's service area right establishment policy and forms may be found at <http://www.azwater.gov/azdwr/Legal/LawsRulesPolicies/documents/GroundwaterAdministration-GW40.pdf>.

Long-term supply agreement

Once the entity is formed, this will also allow the new water provider to negotiate with parties within the Phoenix AMA to obtain a long-term water supply. This supply will most likely be a Central Arizona Project (CAP) supply or a treated effluent (reclaimed water) supply. These supplies would most likely be delivered to Scottsdale by either recovery of long-term storage credits or directly delivered to Scottsdale via the CAP canal. It is unclear if Scottsdale would require direct "wet" deliveries to their treatment plant or would allow recovery of credits within their existing well system. Credits (reclaimed and CAP) may be recovered elsewhere in the Phoenix AMA (near the CAP canal for example) for delivery to Scottsdale. A direct delivery of CAP is also possible. The most likely scenario would be the short-term lease of a portion of a CAP supply, or the sale of long-term storage credits. Sale or direct lease of CAP supplies requires both state (ADWR) and Federal approval. Storage credits may be obtained directly without additional approval.

Other considerations

In addition to the outline above, other regulatory approvals may need to be considered such as water quality system reporting and approvals from ADEQ.