

REFERENCE TITLE: domestic water districts; wastewater; annexation

State of Arizona
Senate
Fifty-fifth Legislature
Second Regular Session
2022

SB 1564

Introduced by
Senator Shope

AN ACT

AMENDING SECTION 48-959, ARIZONA REVISED STATUTES; RELATING TO COUNTY
IMPROVEMENT DISTRICTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 48-959, Arizona Revised Statutes, is amended to
3 read:

4 48-959. Dissolution of county improvement districts; domestic
5 water improvement districts; wastewater

6 A. Any district organized under this article shall be dissolved by
7 its board of directors when all bonds and other obligations of the
8 district are paid or have become barred by the statute of limitations, and
9 the operation and maintenance functions of the district or the major part
10 thereof OF THOSE FUNCTIONS have been taken over by an incorporated city or
11 town, by the county or by a utility.

12 B. NOTWITHSTANDING SECTION 9-514, WHEN ANY PORTION OF A DOMESTIC
13 WATER IMPROVEMENT DISTRICT OR DOMESTIC WASTEWATER IMPROVEMENT DISTRICT IS
14 ANNEXED INTO A CITY OR TOWN OR ENTIRELY INCLUDED WITHIN A NEWLY ORGANIZED
15 CITY OR TOWN, THE FOLLOWING APPLY:

16 1. THE DOMESTIC WATER IMPROVEMENT DISTRICT OR DOMESTIC WASTEWATER
17 IMPROVEMENT DISTRICT MAY CONTINUE TO PROVIDE DOMESTIC WATER OR DOMESTIC
18 WASTEWATER SERVICES OR BOTH, AS APPLICABLE, IN THE AREA ANNEXED BY THE
19 CITY OR TOWN IF THE CITY OR TOWN ELECTS NOT TO PROVIDE THE DOMESTIC WATER
20 OR DOMESTIC WASTEWATER SERVICES OR BOTH, AS APPLICABLE, IN THAT AREA.

21 2. WHEN THE CITY OR TOWN ELECTS TO PROVIDE DOMESTIC WATER OR
22 DOMESTIC WASTEWATER SERVICES OR MANAGEMENT OF WATER OR WASTEWATER SERVICES
23 IN THE NEWLY ANNEXED AREA AND THE DOMESTIC WATER IMPROVEMENT DISTRICT OR
24 DOMESTIC WASTEWATER IMPROVEMENT DISTRICT PROVIDES SERVICES IN AREAS
25 OUTSIDE OF THE BOUNDARIES OF THE NEWLY ANNEXED AREA, THE DOMESTIC WATER
26 IMPROVEMENT DISTRICT OR DOMESTIC WASTEWATER IMPROVEMENT DISTRICT SHALL
27 CONTINUE TO OPERATE OUTSIDE THE BOUNDARIES OF THE NEWLY ANNEXED AREA. THE
28 DISTRICT'S ASSETS, INCLUDING PERSONNEL, AND LIABILITIES, INCLUDING ANY
29 THEN-EXISTING PENSION FUNDS, FROM THE NEWLY ANNEXED AREA BECOME MERGED
30 WITH THE CITY OR TOWN ON THE DATE THAT THE CITY OR TOWN ELECTS TO PROVIDE
31 SERVICES TO THAT AREA. THE DISTRICT AND THE CITY OR TOWN MUST REASONABLY
32 COOPERATE TO ENSURE THAT WATER AND WASTEWATER SERVICES TO THE PORTIONS OF
33 THE IMPROVEMENT DISTRICT THAT WERE NOT ANNEXED ARE NOT DISRUPTED.

34 3. WHEN THE CITY OR TOWN ELECTS TO PROVIDE DOMESTIC WATER OR
35 DOMESTIC WASTEWATER SERVICES OR MANAGEMENT OF DOMESTIC WATER OR DOMESTIC
36 WASTEWATER SERVICES IN THE NEWLY ANNEXED AREA AND THE CITY OR TOWN
37 DETERMINES THAT THE DOMESTIC WATER IMPROVEMENT DISTRICT OR DOMESTIC
38 WASTEWATER IMPROVEMENT DISTRICT DOES NOT HAVE THE CAPACITY TO MAINTAIN
39 PEAK DOMESTIC DEMAND AND FIRE FLOW DEMAND REQUIREMENTS IN THE NEWLY
40 ANNEXED AREA IN ACCORDANCE WITH THE CITY'S OR TOWN'S ADOPTED VERSION OF
41 THE INTERNATIONAL FIRE CODE, APPENDIX B FIRE FLOW REQUIREMENTS FOR
42 BUILDINGS, THE DOMESTIC WATER IMPROVEMENT DISTRICT OR DOMESTIC WASTEWATER
43 IMPROVEMENT DISTRICT IS DISSOLVED, AND THE CITY OR TOWN SHALL PROVIDE
44 DOMESTIC WATER OR DOMESTIC WASTEWATER SERVICES, OR BOTH, AS APPLICABLE, TO
45 THE NEWLY ANNEXED AREA. THE DISSOLUTION OF THE DISTRICT OCCURS ON THE

1 DATE THE CITY OR TOWN ELECTS TO PROVIDE DOMESTIC WATER OR DOMESTIC
2 WASTEWATER SERVICES TO THAT AREA. IN DETERMINING LACK OF CAPACITY, THE
3 CITY OR TOWN MAY CONSIDER INADEQUATE FIRE FLOW STORAGE CAPACITY, NEW
4 DEVELOPMENT MODELING, REDUNDANCY OR EMERGENCY CONTINGENCY PLANNING, AMONG
5 OTHER POSSIBLE FACTORS. ON THE DISSOLUTION OF THE IMPROVEMENT DISTRICT,
6 THE CITY OR TOWN PROVIDING DOMESTIC WATER OR DOMESTIC WASTEWATER SERVICES
7 ASSUMES THE ASSETS, INCLUDING PERSONNEL, AND LIABILITIES, INCLUDING ANY
8 THEN-EXISTING PENSION FUNDS, FROM THE DISSOLVED IMPROVEMENT DISTRICT.

9 C. SUBSECTION B OF THIS SECTION DOES NOT APPLY TO CITY OR TOWN
10 SERVICES THAT ARE PROVIDED OUTSIDE OF THE MUNICIPALITY'S CORPORATE
11 BOUNDARIES.