

ISSUE C FUNDING RURAL WATER RESOURCE DEVELOPMENT:
CONDITIONS ANTECEDENT AND FUNDING PRINCIPLES

Introduction

There is little argument that in rural Arizona the absence of the financial resources to plan for and to acquire the water resources and construct the water and wastewater infrastructure (herein after referred to as water resource development) necessary to meet the needs of the current and future population presents, perhaps, the most significant obstacle to the future economic vitality of rural Arizona. When coupled with the lack of technical assistance, inadequate hydrogeologic data and limited information about the amount and patterns of water use, the problem is only compounded. The dilemma is, and has always been, money. Where will the funds come from to do what is needed in rural Arizona?

Funding options have been identified through the statewide water advisory group. Some of them include:

- Federal assistance
- State appropriations
- Private gifts, grants or donations
- Bonding
- Real estate transfer taxes
- Building permit fees
- Impact fees
- Property taxes
- Surcharges on water use
- Water sales taxes for public and private suppliers
- Depletion charges in and outside of AMAs

This issue paper will not recommend any particular funding source or set of sources for water resource development in rural Arizona. However, rural Arizona must not rely on residents of the Active Management Areas to fund rural water development. Rural residents must assume

responsibility for funding water development in their local communities and identify a means by which to fund water infrastructure and acquisition costs. This issue paper also does not suggest an appropriate administrative structure.

Instead, this issue paper will identify conditions antecedent that must be realized before the member cities and town of the Arizona Municipal Water Users Association will join with the rest of the Arizona water community to consider how to equitably fund the water resource development in rural Arizona that will be necessary to meet the needs of its current and future population. Assuming the conditions antecedent are met, some basic funding principles will also be set forth.

Conditions Antecedent

1. Prohibit the Arizona Department of Real Estate from issuing a public report to allow the sale of subdivided land, including dry-lot subdivisions, unless the Arizona Department of Water Resources has determined that there is an adequate water supply available to support the proposed subdivision.

An “adequate water supply” means:

- a. Sufficient groundwater, surface water or effluent of adequate quality will be legally and continuously available to satisfy the water needs of the proposed, new residential use for at least 100 years; and,
- b. The financial capability has been demonstrated to construct the water facilities necessary to make the supply of water available for the proposed, new residential use, including a delivery system and any storage facilities or treatment works.

Financing growth without an adequate water supply is tantamount to financing a train wreck.

2. DWR must be given the authority to enforce conservation requirements for all water users.

Conservation is a foundation of a water management plan and is one thing that can be accomplished without any hydrogeologic data.

3. All wells must be metered or use a DWR-approved measuring device with the amount of water withdrawn annually reported to DWR.

Efficient and prudent water management and water resources planning is impossible if one does not know how much water is being used and by whom.

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Conditions Antecedent and Funding Principles*

Funding Principles

1. The costs of funding rural water resource development should not be the responsibility of the state or water users or taxpayers that are residents of Maricopa, Pinal, and Pima Counties.

At this point in time, it is simply unrealistic for rural Arizona to expect the state and urban water users and taxpayers to fund its water resource development needs, even though many rural residents think it is the state's fiduciary obligation to do so. Some in rural Arizona believe the State, including rural water users, and rural taxpayers actually financed the CAP for the benefit of urban Arizona. They contend that it is now rural Arizona's turn to receive the same benefit. Apparently, some in rural Arizona do not understand that the CAP is being paid for by its water users and the taxpayers in Maricopa, Pinal, and Pima Counties (the CAP service and taxing area). State funding and rural tax monies are not involved.

2. New growth should pay for itself.

The financial burden of water resource development should be placed on the growth that creates the need for that development. Such can help ensure that existing rural and urban residents' water rates are cushioned from the financial impact of new water resource development costs.

3. The ability of local and county governments to levy impact fees for water resource development must not be impaired.

Assuming for a moment that there may eventually be a state program to assist rural water resource development, the ability to recognize and react to local conditions must not be pre-empted.