

**Senate File 2165 - Introduced**

SENATE FILE 2165

BY DVORSKY

**A BILL FOR**

1 An Act relating to rural water providers by making changes to  
2 water service requirements.

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

1 Section 1. Section 357A.1, Code 2014, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 6A. "Rural water association" or  
4 "association" means a rural water association organized and  
5 incorporated as a cooperative association under chapter 499 or  
6 as a nonprofit corporation under chapter 504.

7 Sec. 2. Section 357A.2, subsections 3 and 4, Code 2014, are  
8 amended to read as follows:

9 3. Water services, other than water services provided as  
10 of April 1, 1987, shall not be provided within two miles of  
11 the limits of a city by a rural water district incorporated  
12 under this chapter ~~or chapter 504~~ except as provided in this  
13 section. Except as otherwise provided in this section, a rural  
14 water association shall not provide water services within two  
15 miles of a city, other than water services provided as of July  
16 1, 2014.

17 4. a. A rural water district ~~incorporated under this~~  
18 ~~chapter or chapter 504~~ or rural water association may give  
19 notice of intent to provide water service to a new area within  
20 two miles of a city by submitting a water plan to the city.  
21 This subsection shall not apply in the case of a district or  
22 association extending service to new customers or improving  
23 existing facilities within existing district or association  
24 service areas or under existing district or association  
25 agreements. If water service is provided by a city utility  
26 established under chapter 388, the water plan shall be filed  
27 with the governing body of that city utility. The district  
28 or association shall provide written notice pursuant to this  
29 subsection by certified mail.

30 b. The water plan is only required to shall indicate  
31 the area within two miles of the city which the ~~rural water~~  
32 district or association intends to serve within the next three  
33 years. Upon request, the city or city utility shall provide  
34 a district or association with a map of the city limits that  
35 indicates areas that are currently provided water service by

1 a city utility or enterprise.

2 c. If the city fails to respond to the ~~rural-water~~  
3 ~~district's water plan~~ within ninety seventy-five days of  
4 receipt of the plan, the ~~rural-water~~ district or association  
5 may provide service in the area designated in the plan. The  
6 city may inform the ~~rural-water~~ district or association within  
7 ninety seventy-five days of receipt of the plan that the city  
8 requires additional time or information to study the question  
9 of providing water service outside the limits of the city. If  
10 additional time or information is required, the city shall  
11 respond to the ~~rural-water-district's plan~~ by certified mail  
12 within one hundred ~~eighty~~ sixty-five days of receipt of the  
13 plan.

14 d. (1) In responding to the plan, the city may  
15 affirmatively waive its right to provide water service within  
16 the areas designated for water service by the rural water  
17 district, or the city may reserve the right to provide water  
18 service in some or all of the areas which the ~~rural-water~~  
19 district or association intends to serve.

20 (2) (a) If the city reserves the right to provide water  
21 service, the city shall provide the district or association  
22 with a copy of the city's water plan relating to the city's  
23 intent and ability to provide water service to such an area.

24 (b) If the city reserves the right to provide water service  
25 within some or all of the areas which the ~~rural-water~~ district  
26 or association intends to serve, the city shall provide service  
27 within ~~four~~ three years of receipt of the water plan submitted  
28 under paragraph "a". This section does not preclude a city  
29 from providing water service in an area which is annexed by the  
30 city.

31 (c) If the city reserving the right to provide service  
32 fails to provide service within three years, the city waives  
33 its right to provide water service and shall provide notice to  
34 the district or association by certified mail and the district  
35 or association may provide service within the area of the water

1 plan submitted under paragraph "a".

2 (3) If the district or association fails to provide  
3 service within three years after a city waives the right to  
4 provide water service under this paragraph "d", the district or  
5 association shall provide notice to the city by certified mail  
6 and the city may provide service within the area of the water  
7 plan submitted under paragraph "a".

8 (4) For purposes of this paragraph "d", "provide water  
9 service" and "provide service" mean to deliver water in  
10 sufficient quantity and quality to meet customer demand. The  
11 department of natural resources shall determine whether such  
12 service is adequately provided.

13 Sec. 3. Section 357A.2, Code 2014, is amended by adding the  
14 following new subsection:

15 NEW SUBSECTION. 5. This section does not preclude a city  
16 from providing water service in an area which is annexed by the  
17 city pursuant to section 357A.21.

18 Sec. 4. Section 357A.21, Code 2014, is amended to read as  
19 follows:

20 **357A.21 Annexation of land by a city — mediation —**  
21 **arbitration.**

22 1. A water district organized under this chapter, chapter  
23 357, 499, or 504 or association shall be fairly compensated for  
24 losses resulting from annexation. The governing body of a city  
25 or water utility and the board of directors or trustees of the  
26 water district or association may agree to terms which provide  
27 that the facilities owned by the water district or association  
28 and located within the city shall be retained by the water  
29 district or association for the purpose of transporting water  
30 to customers outside the city.

31 2. If an agreement is not reached under subsection 1,  
32 the governing body of the city or water utility or the board  
33 of directors or trustees of the district or association may  
34 request mediation pursuant to chapter 679C. The governing  
35 body or board requesting mediation shall be responsible for

1 the costs of the mediation. A mediation committee shall be  
2 established if a governing body or board requests mediation  
3 pursuant to this subsection. The mediation committee shall  
4 consist of one member of the governing body of the city or the  
5 governing body's designee, one member of the board of directors  
6 or trustees of the district or association, as applicable, and  
7 one disinterested member chosen by the other two members. A  
8 list of qualified mediators may be obtained from the American  
9 arbitration association, the public employment relations board  
10 established pursuant to section 20.5, or a recognized mediation  
11 organization or association.

12 3. If an agreement is not reached within ninety days, the  
13 issues may be submitted to arbitration. If submitted, an  
14 arbitrator shall be selected by a committee which includes  
15 one member of the governing body of the city or its designee,  
16 one member of the ~~water~~ district's or association's board of  
17 directors or trustees or its designee, as applicable, and a  
18 disinterested party selected by the other two members of the  
19 committee. A list of qualified arbitrators may be obtained  
20 from the American arbitration association or other recognized  
21 arbitration organization or association.

22 Sec. 5. NEW SECTION. 388.11 **Liability within two miles.**

23 A city or city utility providing water service within two  
24 miles of the limits of the city shall not be liable for a claim  
25 for failure to provide or maintain fire hydrants, facilities,  
26 or an adequate supply of water or water pressure for fire  
27 protection purposes in the area receiving water service if such  
28 hydrants, facilities, or water supplies are not intended to be  
29 used for fire protection purposes.

30 EXPLANATION

31 The inclusion of this explanation does not constitute agreement with  
32 the explanation's substance by the members of the general assembly.

33 This bill relates to rural water providers by making changes  
34 to water service requirements.

35 The bill defines "rural water association".

1 The bill places certain limitations on the provision of  
2 water services by rural water associations to areas that are  
3 within two miles of a city after July 1, 2014.

4 Current law provides that a rural water district may provide  
5 notice of intent to provide water service to a new area within  
6 two miles of a city by submitting a water service plan to the  
7 city. The bill further requires that if a city's water service  
8 is provided by a city utility, notice shall be provided to the  
9 governing board of the city utility. The bill also provides  
10 that the written notice be provided by certified mail.

11 Current law requires that a water plan submitted by a rural  
12 water district include the new area that the district intends  
13 to serve. The bill requires that a district or association  
14 include in its water plan any area that the district or  
15 association intends to serve within three years.

16 Current law provides that a city may waive its right to  
17 provide water service within the areas designated in a water  
18 plan. The bill lowers the number of days for allowable  
19 responses to a water plan. The bill requires that a city  
20 provide water service to an area within three years if the  
21 city reserves the right to provide such service to the area  
22 and requires that the city provide the district or association  
23 with a copy of the city's water plan relating to the city's  
24 intent and ability to provide such service. The bill requires  
25 that such water service be provided in sufficient quantity and  
26 quality to meet customer demand. The bill provides that if a  
27 city reserves such a right and fails to provide service within  
28 three years, the city waives its right to provide service. If  
29 a city waives the right to provide service, the district or  
30 association is permitted to provide service as described in  
31 the district or association water plan. The bill requires  
32 that such water service be provided in sufficient quantity and  
33 quality to meet customer demand.

34 The bill further provides that if the city or city utility  
35 cannot reach an agreement for the retention of certain rights

1 by a district or association, the issues may be submitted to  
2 mediation.

3 The bill further provides that a city or city utility  
4 providing water service within two miles of the limits of the  
5 city is not liable for failure to provide or maintain fire  
6 hydrants, facilities, or an adequate supply of water or water  
7 pressure for fire protection purposes in the area receiving  
8 water service if such hydrants, facilities, or water supplies  
9 are not intended to be used for fire protection purposes.