1	courtdocs@dickinsonwright.com Scot L. Claus (#014999) sclaus@dickinsonwright.com Vail C. Cloar (#032011) vcloar@dickinsonwright.com Holly M. Zoe (#033333) hzoe@dickinsonwright.com Alexandra Crandall (#034828)	
2		
3		
4		
5	Alexandra Crandall (#034838) acrandall@dickinsongwright.com	
6	DICKINSON WRIGHT PLLC 1850 North Central Avenue, Suite 1400	
7	Phoenix, Arizona 85004	
8	Phone: (602) 285-5000 Attorneys for Defendants	
9		
10	SUPERIOR COURT OF ARIZONA	
11	COUNTY OF MARICOPA	
12	WENDY H. WALKER et al.,	
13	Plaintiffs,	No. CV2023-000545
14	V.	RESPONSE IN OPPOSITION TO
15	CITY OF SCOTTSDALE, an Arizona	APPLICATION FOR
16	municipal corporation	TEMPORARY INTERLOCUTORY STAY
17	Defendants.	
18		(Assigned to the Hon. Joan Sinclair)
19		
20	Plaintiffs have propounded something that they have styled as a "temporary	
21	interlocutory stay," seeking the Court to enter an emergency, mandatory injunction	
22	requiring the City of Scottsdale (the "City") to provide water from a particular standpipe	
23	to the Plaintiffs. Because Plaintiffs have sought both a temporary restraining order as well	
24	as a preliminary injunction, this response is intended to be limited to the requested	
25	temporary restraining order.	
26	1 It is unclear why Plaintiffs have styled this	case as a special action as apposed to
27	It is unclear why Plaintiffs have styled this case as a special action, as opposed to initiating an ordinary civil case. Regardless, the requested relief is, in form and substance,	
28	an application for temporary restraining order under Rule 65 of the Arizona Rules of Civil Procedure.	

Plaintiffs claim that their ability to access water from a commercial standpipe inside the City, haul it outside the City, and consume it outside the City constitutes a "utility service" under A.R.S. § 9-516(C). Plaintiffs are wrong. In any event, Plaintiffs have demonstrated no likelihood of irreparable harm or that public policy favors the grant of a mandatory injunction that would actually *change* the status quo. This Response is supported by the accompanying Memorandum of Points and Authorities.

MEMORANDUM OF POINTS AND AUTHORITIES

I. Introduction and Factual Background

This is a case about the allocation of dwindling municipal water, and the demands of Plaintiffs who want the benefits of organized government with none of the burdens. Because Plaintiffs have sought an extraordinary remedy of a mandatory injunction against the City, they bear a nearly insurmountable burden. A cursory review of the facts demonstrates their inability to carry their burden.

A. Unprecedented times and unprecedented measures

Arizona is facing an unprecedented water shortage after years of drought conditions. Indeed, the Colorado River Basin is in a Tier 2a shortage for 2023, reducing Arizona's water supply by more than a third. Central Arizona Project, *Colorado River Shortage*, http://www.cap-az.com/water/water-supply/adapting-to-shortage/colorado-river-shortage/. To be ready for more cuts, the Legislature has required that all municipal water systems develop a drought preparedness plan. A.R.S. § 45-342(A)(2). The drought preparedness plan must include "emergency response stages providing for the implementation of measures in response to reduction in available water supply" as well as "[s]pecific water supply or water demand management measures for each stage of drought or water shortage conditions." *Id.* at (I)(2), (3)(c). The proposed plan must be submitted to the Director of the Arizona Department of Water Resources. *Id.* at (B).

In accordance with this legislative directive, the City drafted, considered, and enacted a comprehensive drought management plan, attached as "Exhibit A" (the "Drought Plan"). The current Drought Plan was approved by the City Council on April 6,

2021 via a resolution and ordinance. The Drought Plan has five water shortage stages, triggered by the Bureau of Reclamation's Colorado River Drought Contingency Plan Tiers. Ex. A at 11. When a Tier 1 Shortage is declared by the Secretary of the Interior, Stage 1 of the Drought Plan goes into effect. Ex. A at 13. In the event of a Stage 1 Shortage, "[a]ny water hauling operations will cease, unless the water hauling customer . . . can prove indisputably that the hauled water is being supplied directly to a City of Scottsdale resident or business." Ex. A at 15. That prohibition is motivated by, in part, the City's recycling of water that enters the City's sewer system, which the City can use to recharge aquifers or for other purposes. https://www.scottsdaleaz.gov/water/recycled-water. Water carried out of the City is lost to its system.

In response to the Bureau of Reclamation declaring the first-ever Tier 1 Shortage in the Colorado River Basin, the City activated Stage 1 of the Drought Plan on August 17, 2021.

B. Rio Verde Foothills

Rio Verde Foothills ("RVF") is an unincorporated area of Maricopa County to the east of the City, bordering the Tonto National Forest. [Compl. ¶ 8.] There is no water service to RVF, and the City has installed no water infrastructure in RVF. [Id. ¶ 9.] Plaintiffs claim to be residents of RVF who rely on hauled water obtained from the City. [Id. ¶ 11.]

The City has previously permitted the hauling of excess water it did not need for its residents, but has long warned that water-hauling arrangement was not a permanent solution for RVF. [City Manager Memorandum dated Dec. 19, 2022, Application Ex. B at 2.] The residents of RVF were told "the City cannot guarantee service in the future and has advised the area residents to obtain a separate water source." [*Id.*] That communication was repeated in 2019, 2020, and 2021 to RVF and Maricopa County. [*Id.*]

RVF is uniquely challenging because its growth is unfettered. In the absence of municipal government to regulate growth, the land is regulated only by Maricopa County. Under the County's regulations, subdivisions of fewer than five lots are not required to

- 3 -

demonstrate the presence of an assured 100-year water supply. Many developers in RVF have exploited these regulations to build so-called "wildcat" subdivisions without planning for water source or infrastructure. [*Id.* at 5.] By comparison, the City has used the taxes and fees paid by its citizens to ensure an adequate 100-year assured water supply for the entire City at full build-out, certified by the Arizona Department of Water Resources. [*Id.* at 2.] Because it is outside its boundaries and control, the City has not (and could not) factor development in RVF into its plans for an assured water supply. [*Id.*]

C. Plaintiffs and alternative water solutions

Virtually none of the Plaintiffs even had a direct interaction with the City in connection with their taking of excess municipal water. Only *one* of the Plaintiffs—Patrick Kruse—had an account with the City and paid directly with the City for water; apparently, every other Plaintiff relied on commercial water haulers. [Jackman Decl. ¶¶ 7–8.] There is no allegation that any Plaintiff has paid any tax, hookup fee, sewer fee, or any other typical utility fee to the City. And it is undisputable as a matter of common sense that the water hauled to RVF will not enter the City's sewer system, where it could be reclaimed and put to productive use.

Consistent with its years of warnings, in August 2022, the City sent notices to those people who had direct accounts with the City, explaining that the City would be closing their accounts effective January 1, 2023 unless they could prove residency. [Kruse Decl. Ex. B.] The City limited access to its water-hauling station to all out-of-City uses and users on January 1.

Plaintiffs not only feign surprise at that decision, but disregard the various other options they have to receive water. The residents of RVF could have formed a domestic water improvement district, a political entity with governmental powers designed for exactly this type of situation, to obtain water. But even setting aside their opposition to the formation of such a district, Plaintiffs have myriad other immediate solutions available to them. By way of example only, the Apache Junction Water District has potable water available to anyone who wants to haul it from its standpipe for \$7.96 per thousand gallons.

Junction Water District, Apache https://www.ajwaterdistrict.org/upload/rates/potable rates 22-23 final.pdf. And private water haulers continue accept orders to deliver water to RVF. https://www.rioverdewater.com/order-water-rv. The City is not the only source from which Plaintiffs can obtain water—they would simply *prefer* to piggyback off of the City's system.

II. Argument

1

2

3

4

5

6

7

8

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

Plaintiffs are not entitled to any relief, much less the extraordinary relief of a mandatory temporary restraining order, for at least two reasons. First, Plaintiffs fail to satisfy the traditional test for emergency injunctive relief. Second, Plaintiffs' request is procedurally defective in numerous respects.

A. Plaintiffs have failed to satisfy the standard for temporary injunctive relief.

Plaintiffs' application for relief is shockingly cursory—it spans only five pages with declarations from only two of the more than 60 Plaintiffs. It scarcely argues, much less establishes, the presence of the factors required for entry of emergency relief.

As federal courts have explained in interpreting the federal analog to Rule 65, "[t]he analysis for granting a TRO is substantially identical to that for a preliminary injunction." *Recovery Hous. Acad. LLC v. Candelario*, 562 F. Supp. 3d 333, 339 (D. Ariz. 2022) (internal quotation marks omitted). The Court is directed to consider four factors in determining whether to enter emergency temporary injunctive relief: (1) whether the movant has shown a strong likelihood of success on the merits; (2) the possibility of irreparable injury; (3) the balance of hardships in the moving party's favor; and (4) whether public policy favors the requested relief. *Powell-Cerkoney v. TCR-Montana Ranch Joint Venture, II*, 176 Ariz. 275, 280 (App. 1993) (citing *Shoen v. Shoen*, 167 Ariz. 58, 63 (App. 1990)). The scale is not absolute, but sliding, and "the moving party may establish either: (1) probable success on the merits and the possibility of irreparable injury; or (2) the presence of serious questions and the balance of hardships tip sharply in [the party's] favor." *Shoen*, 167 Ariz. at 63 (internal quotation marks omitted).

1. Plaintiffs have not demonstrated any likelihood of success on the merits.

a. Water hauling is not a "utility service."

Arizona law has been clear for eighty years that a municipality not only can, but **must**, provide water preferentially to its own citizens in times of shortage. *City of Phoenix v. Kasun*, 54 Ariz. 470, 474 (1939). Indeed, the provision of water outside its boundaries is "subject to the prior rights of its inhabitants in case or shortage." *Long v. Town of Thatcher*, 62 Ariz. 55, 65–66 (1944) (quoting *City of Phoenix v. Kasun*, 54 Ariz. 470, 475 (1939)). "[A]bsent either a statutory or contractual obligation, a municipality has no duty to provide service to nonresidents." *TDB Tucson Group, L.L.C. v. City of Tucson*, 228 Ariz. 120, 125 ¶ 17 (App. 2011).

Against this backdrop, Plaintiffs' argument is reducible to a single, flawed premise—that the City's permitting an individual and commercial water haulers to purchase excess water within the municipal boundaries constituted a "utility service" under A.R.S. § 9-516 outside the municipal boundaries that must eternally endure. But that legal premise is fundamentally incorrect. "The distinguishing characteristic of a public utility is the devotion of private property by the owner to such a use that the public generally . . . has the right to demand that such service, so long as it is continued, shall be conducted with reasonable efficiency and under proper charges." Kasun, 54 Ariz. at 475.

No one could reasonably view RVF as receiving a "utility service" from the City.² There are no hallmarks of a water utility system in RVF: there are no pipes, force mains, City-owned storage tanks, water meters, or anything else. There is no "private property" dedicated to a broader public water use anywhere in RVF: there are no easements or public dedications for publicly owned infrastructure. Rather than share the common burdens of a public utility—paying taxes to purchase and maintain infrastructure or dedicating land

² By definition, Scottsdale does not provide domestic water service to any resident of RVF. Under the City Code, "domestic water" service is defined as "water supplied through the pipes of the water system of the City." Scottsdale City Code § 49-16.

for the construction of infrastructure for common good—Plaintiffs simply want a free ride.³

Plaintiffs' assertions that permitting water haulers to fill their tanks from a municipal source is a "utility service" would create absurd results, which is a universally disfavored interpretation. *In re Estate of Zaritsky*, 198 Ariz. 599, 603 ¶ 11 (App. 2000). The City has no relationship with virtually any of the Plaintiffs; its only relationships are with the commercial water haulers that were filling their tanks with the City's water. In that paradigm, the City has absolutely no control over where the water tankers would take its water. In Plaintiffs' view, any person who received water from water haulers would be—without the City's knowledge—receiving utility service from the City. Even a home water delivery service (like Sparkletts), or a commercial water-filling station (like Watermill Express) would constitute a utility service. Such an interpretation makes no sense.

Further, even if permitting water haulers to accept excess water from a municipal standpipe constitutes "utility service," that service is completed entirely within the City's limits. A.R.S. § 9-516(C) has nothing to say regarding the discontinuation of particular types of service within City limits, and the statute simply does not apply.

b. A.R.S. § 49-342 permits the City to restrict certain water uses.

Even if the provision of water to water haulers is a utility service (and it is not) the City is authorized as a matter of statutory construction to limit that service. "[W]hen a general and a specific statute conflict, we treat the specific statute as an exception to the general, and the specific statute controls." *Mercy Healthcare Arizona, Inc. v. Arizona Health Care Cost Containment Sys.*, 181 Ariz. 95, 100 (App. 1994).

As explained above, A.R.S. § 49-342 *requires* the City to enact a drought management plan that contemplates the emergency response to a shortage of water. That

³ The fees paid by the City's citizens to maintain the water system are not insubstantial. Indeed, a one-time fee for connecting to the City's system for a single-family home is more than \$1,600. Scottsdale City Code § 49-21.

statute recognizes an intractable reality that Plaintiffs do not—there is simply not enough water to go around. Thus, even if A.R.S. § 9-516(C) applies—and it does not—at most it *generally* prohibits a municipality from turning off utility service for outsiders. In times of shortage, however, the City is going to have to cut something and its resident taxpayers have first dibs to its water supply. *Kasun*, 54 Ariz. 470.

c. Plaintiffs cannot obtain any relief under the anti-injunction act.

Finally, Plaintiffs cannot obtain any of the relief requested in their Complaint under A.R.S. § 12-1802. Pursuant to that statute, the Court is precluded from granting an injunction to, *inter alia*, "prevent enforcement of a public statute by officers of the law for the public benefit," or to "prevent a legislative act by a municipal corporation." A.R.S. § 12-1802(4), (7). Plaintiffs are, in sum and substance, seeking to enjoin enforcement of the Drought Plan, as well as A.R.S. § 45-342 requiring the City to maintain the Drought Plan. Such an injunction is not permissible.

2. Plaintiffs cannot demonstrate harm, much less irreparable harm.

Plaintiffs must demonstrate that, absent an injunction, *each* is faced with the possibility of an immediate, irreparable injury not remediable by damages. *IB Prop Holdings, LLC v Rancho Del Mar Apartments Ltd. P'ship*, 228 Ariz. 61, 64 ¶ 9 (2011). Plaintiffs cannot do so for four reasons. First, Plaintiffs have no immediate, irreparable injury because Plaintiffs have access to water. Second, to the extent it is an "injury" to use a new water source, that injury is remediable by damages, which are easily quantifiable. Third, there is no evidence before the Court of any harm for all but two of the Plaintiffs. Finally, Plaintiffs' delay in bringing this case militates against a finding of harm.

Plaintiffs have access to water. This fact is singularly dispositive of Plaintiffs' request for extraordinary injunctive relief. In the short term, as noted above, Plaintiffs are able to haul water from other sources. In the long term, Plaintiffs have a number of alternatives available to them that do not involve the City, such as forming a domestic water improvement district.

Thus, rather than the doomsday scenario Plaintiffs have contrived, the only conceivable harm Plaintiffs could articulate is simple and reducible to money damages: the delta between the cost of the water Plaintiffs would have acquired from the City and the cost of the water Plaintiffs did acquire from another source. This is precisely the type of injury for which a preliminary injunction is wholly inappropriate. *Cracchiolo v. State*, 135 Ariz. 243, 247; 660 P.2d 494 (1983) (holding no irreparable harm and vacating the entry of an injunction where money damages constituted an adequate remedy).

More fundamentally, this Court cannot find the existence of immediate, irreparable injury because, for the vast majority of the Plaintiffs, there is simply no evidence before the Court of any harm at all; and with respect to the remaining three—Wendy Walker, Patrick Kruse, and Larry Wolff—the evidence is plainly insufficient. It should go without saying that to make a showing of immediate, irreparable injury, Plaintiffs must adduce evidence supporting their claims. With respect to the two plaintiffs that filed affidavits, those affidavits are plainly insufficient to establish the immediacy of irreparable harm because they do not assert they have no other source of water. They do not because they cannot.

Finally, the fact that Plaintiffs delayed bringing this case militates against a finding of harm. *Oakland Tribune, Inc. v. Chronicle Pub. Co., Inc.*, 762 F.2d 1374 (9th Cir. 1985) ("Plaintiff's long delay before seeking a preliminary injunction implies a lack of urgency and irreparable harm."). The City informed Plaintiffs of their planned action many months ago, and effectuated that plan weeks ago, but Plaintiffs inexplicably delayed in seeking any judicial intervention.

3. Plaintiffs cannot show that the equities or public policy favors emergency relief.

Plaintiffs must also show that the balance of hardships favors Plaintiffs and that public policy favors the injunction. *IB Prop Holdings*, 228 Ariz. at 64 ¶ 9. In cases where the government is a party, it is appropriate to consider these two factors together. See *Nken v. Holder*, 556 U.S. 418 (2009). These factors overwhelmingly favor the City, which,

following the declaration of a drought and Tier 1 Shortage, is carrying out its Drought Plan as contemplated by both state law and City ordinance.

There is no question that the Drought Plan is a legitimate exercise of the City's police powers. Plaintiffs would have this Court order the City to disregard the Drought Plan simply because they don't want to pay more money to access water. There is no equity in enjoining the City from exercising its powers to protect its citizenry from drought to save a selected handful of non-residents from the economic realities of their choice to live without a regulated water supply. Public policy does not favor burdening the many with the questionable decisions of a few.

The hyperbolic assertions of lacking a "daily domestic water supply" [App. at 5] is insufficient to tip the equities. As noted repeatedly, Plaintiffs do not allege—because they cannot consistent with Rule 11—that they have no other options for water. They have water; they would just prefer the City's. By contrast, Plaintiffs are demanding *thousands* of gallons of water from the City, regardless of its impact on the City's assured water supply, in a manner neither contemplated nor considered in the City's long term water planning. The hardship suffered by the City's residents if outsiders are permitted to veto their considered and reasoned Drought Plan is self-evident.

- B. A host of procedural deficiencies prevent entry of any form of preliminary injunctive relief.
 - 1. The Plaintiffs' failure to specify the parameters of any injunction is problematic.

In entering a temporary restraining order or preliminary injunction, Rule 65 requires that "every order granting an injunction and every restraining order . . . state [the injunction or restraining order's] terms specifically" and "describe in reasonable detail the acts or acts restrained or required." Ariz. R. Civ. P. 65(d). As explained by the Supreme Court analyzing the federal analog to Rule 65, "[t]he specificity provisions of Rule 65(d) are no mere technical requirements. The Rule was designed to prevent uncertainty and confusion on the part of those faced with injunctive orders, and to avoid the possible

founding of a contempt citation on [an order] too vague to be understood." *Schmidt v. Lessard*, 414 U.S. 473, 476 (1974).

Plaintiffs have failed to provide the Court with a proposed form of order, leaving the City (and the Court) to guess at the possible scope of the requested injunction. The closest the Plaintiffs come to requesting a specific form of relief is in the Application for Temporary Interlocutory Stay, where the Plaintiffs suggest that their injunction would enjoin the City from preventing "Plaintiffs and the Rio Verde Foothills residences and their agents" the ability to purchase water from the City. The basic questions of "who, what, when, where, and why" of their suggested motion are not outlined by any proposed form of order. This glaring omission prevents the Court from entering any injunction with the requisite specificity under Rule 65 of the Arizona Rules of Civil Procedure.

a. Plaintiffs have provided no meaningful geographic limitation or quantifiable understanding of the proposed injunction.

Plaintiffs' failure to present a workable (or any) proposed form of preliminary injunction means that there is no way for the City or the Court to understand precisely who such an injunction would permit to purchase water from the City. The Application seeks to permit not only Plaintiffs, but also "Rio Verde Foothills residences [sic] and their agents" to access City water [App. at 1.] "Rio Verde Foothills" is not a defined term anywhere in the Plaintiffs' filings and does not refer to any particular or defined geographic area in the state of Arizona. Indeed, as development continues RVF, there is essentially no limit to the number of individuals who would fall under Plaintiffs' proposed injunction, *including individuals who have never purchased water from the City*, or who have yet to purchase property in the undefined geographic area.

b. Plaintiffs have proposed no time limitation to requiring the City to provide water outside of its water system boundaries.

In addition to providing absolutely no meaningful geographic boundary or limitation, Plaintiffs' proposal has no time limitation. The Complaint and its attachments admit that the Plaintiffs are seeking a long-term solution elsewhere and that Plaintiffs do

not intend to permanently rely on the City's limited water resources. Despite appearing to demand a temporary solution, Plaintiffs seek an indefinite water pass. The Court cannot enforce such an indefinite injunction.

c. Plaintiffs have provided absolutely no evidence supporting entry of an injunction.

As explained above, there is no evidence to support an injunction for any Plaintiff, much less all of them, the vast majority of whom have submitted nothing to support their request for relief. Arizona Rules of Civil Procedure 65(d) and 52(a)(2) require this Court to state all reasons for issuing a preliminary injunction or temporary restraining order. The Court simply cannot do so with the limited record before it. *Miller v. Board of Sup'rs of Pinal County*, 175 Ariz. 296, 299 (1993); *Miller v. McAlister*, 151 Ariz. 435, 437 (App. 1986) (holding that the trial court must make findings of fact if the remedy sought is a preliminary injunction).

2. Plaintiffs have failed to address the bond requirement.

This court is only empowered to issue a preliminary injunction or a temporary restraining order "if the movant gives security in such amount as the court considers proper to pay the costs and damages sustained by any party found to have been wrongfully enjoined or restrained." Ariz. R. Civ. P. 65(c)(1). The court should give "significant consideration" and set a "reasonable" bond before entering any preliminary injunction or temporary restraining order. *Matter of Wilcox Revocable Tr.*, 192 Ariz. 337, 341 (App. 1998).

The Plaintiffs did not even attempt to address the bond requirement in their motion seeking to enjoin the City from complying with its state-approved Drought Management Plan. While the scope of the Plaintiffs' wanted injunction is not clear,⁴ Scottsdale's water

⁴ Indeed, neither the City, nor this court, can truly conceive the amount of water the Plaintiffs believe they are entitled to because nothing in the Plaintiffs' pleadings quantifies their water usage, present or proposed.

supply is finite, measurable, and only replaceable at an ever-increasing cost due to drought 1 2 conditions. III. Conclusion 3 Based on the foregoing, the Court should deny the requested emergency temporary 4 restraining order. Because the Complaint is subject to dismissal for myriad reasons 5 intertwined with the reasons that preliminary injunctive relief is inappropriate, the City 6 asks that the Court set a briefing schedule on the requested injunctive relief that coincides 7 with the time for the filing of a Rule 12 motion—taking into account the requirement for 8 good faith conferral before the filing of such a motion—so that the City's response and motion are considered together. 10 RESPECTFULLY SUBMITTED January 20, 2023. 11 12 DICKINSON WRIGHT PLLC 13 By: /s/ Scot L. Claus 14 Scot L. Claus Vail C. Cloar 15 Holly M. Zoe 16 Alexandra Crandall Attorneys for Defendant City of 17 Scottsdale 18 The foregoing was e-filed with the Clerk of the Superior Court on January 20, 2023, 19 and a copy e-served on: 20 Francis J. Slavin 21 Daniel J. Slavin FRANCIS J. SLAVIN, P.C. 22 2918 E. Camelback Road, Suite 285 Phoenix, Arizona 85016 23

2627

24

25

/s/ Vail C. Cloar

b.slavin@fjslegal.com

<u>f.slavin@fjslegal.com</u> service@fjslegal.com

Attorneys for Plaintiffs

28 | 4834-3952-4796 v1 [53536-138]