

TRSD Q&A Summary

Version Updated 04/02/2019

Answers By Topic

This document is a collection of topic discussions based on various questions regarding the TRSD Wastewater Collection & Treatment System project. The document will be updated periodically to include any new topics to be addressed.

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Project Alternatives Considered

Complete evaluations of all viable alternatives for this project has been assembled and completed according to the USDA-RD guidelines under the RUS Bulletin 1780-2. See also “Financing Award Timeline” section.

Miami Alternative & Other Agency Involvement

IGA Agreement

Negotiating a potential agreement began with Miami stating they really did not know the cost to operate its water reclamation facility (WRF) therefore, not providing TRSD a cost to estimate the impact of conveying its flows to Miami. Numerous requests were made to Miami to have them provide audited financial statements. These are prudent to understand the financial condition of a future business partner. Eventually, Miami provided three financial statements (2012-2014), however, the statements made a claim that there was insufficient information to make a proper audit. Additionally, one of the agreement terms Miami wanted was that additional cost to TRSD be added to cover existing required repairs to its WRF. TRSD asked for service records to confirm these repairs were required and to ensure that the Miami WRF was being properly maintained. TRSD has never received any such records.

The TRSD Board and staff have worked diligently for over three (3) years through numerous communications and meetings to develop an acceptable agreement, but the TRSD proposed terms have been rejected by Miami. After countless hours working on developing fair terms and submitting a draft agreement to Miami, TRSD received a response letter from Miami stating they did not have time to read the agreement and asked TRSD to start negotiations over in three years. At this time, TRSD needed to move forward with the project.

Cost Comparison

USDA-RD requires an in-depth review of possible alternatives and comparison of 20-year Life Cycle Cost (LCC) within the PER. For purposes of evaluating the Miami alternative, TRSD was only able to obtain estimated costs of operating the Miami WRF from the Town’s Engineer and a proposed cost to buy the capacity needed to be able to treat its flows. With all provided information considered, a review of a 20-year life cycle cost analysis indicates that \$1 million less expensive to construct a new TRSD facility versus sending flows to Miami. A more extensive analysis was performed to review of costs for Phase I and Phase II that estimates a \$2 million savings on direct cost to construct a new TRSD facility versus sending flows to Miami.

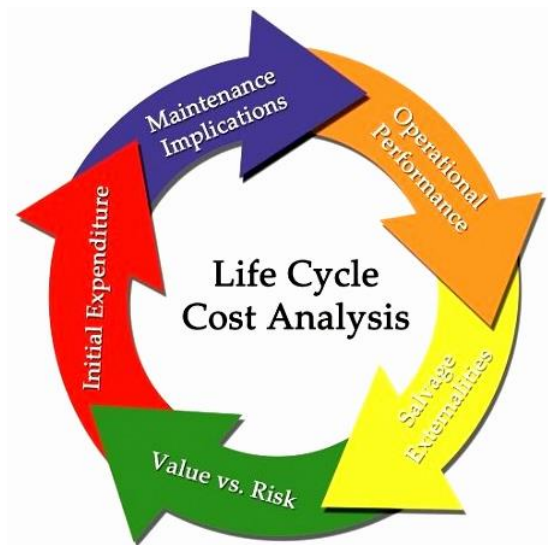
USDA-RD requires using received loan money on a project prior to being able to access the grant money. Even if sending Phase I flows to Miami would be a reduction in capital costs, any savings would not reduce the loan and/or the loan payments; the grant money amount would be reduced. Additionally, based on the Town’s Engineer statements of treatment cost, the overall monthly rate to TRSD customers would be about \$10/month higher, although true cost is still unknown.

There is no cost benefit to the residents and businesses of TRSD to have Miami treat TRSD wastewater flows. Considering the Miami alternative includes no reduction in debt, a likely higher monthly rate to customers, and presents more unknown factors with less TRSD input and control over what its customers are charged, it seems there is little justification for recommending the Miami alternative.

Connections/Involvement with Other Agencies

The TRSD Wastewater Collection & Treatment System is not connected with Arizona Water Company.

The Town of Miami will not be handling the financials nor will they have any authority over the TRSD Wastewater Collection & Treatment System project or the TRSD management of the completed system.



Currently, TRSD holds no formal agreements with any agency or private company in the area. Although, there are ongoing negotiations with 1) BHP for possible land for the WRF location and for the main lift station.

Neither the Town of Miami nor the City of Globe have offered any funds to apply to this project. TRSD has not asked for funding from these agencies (not to be confused with attempting the negotiation of an IGA for a shared regional solution), and it is likely that they would not be permitted to provide funding for a project outside their municipal limits.

Project Schedule

Overall Project Anticipated Schedule

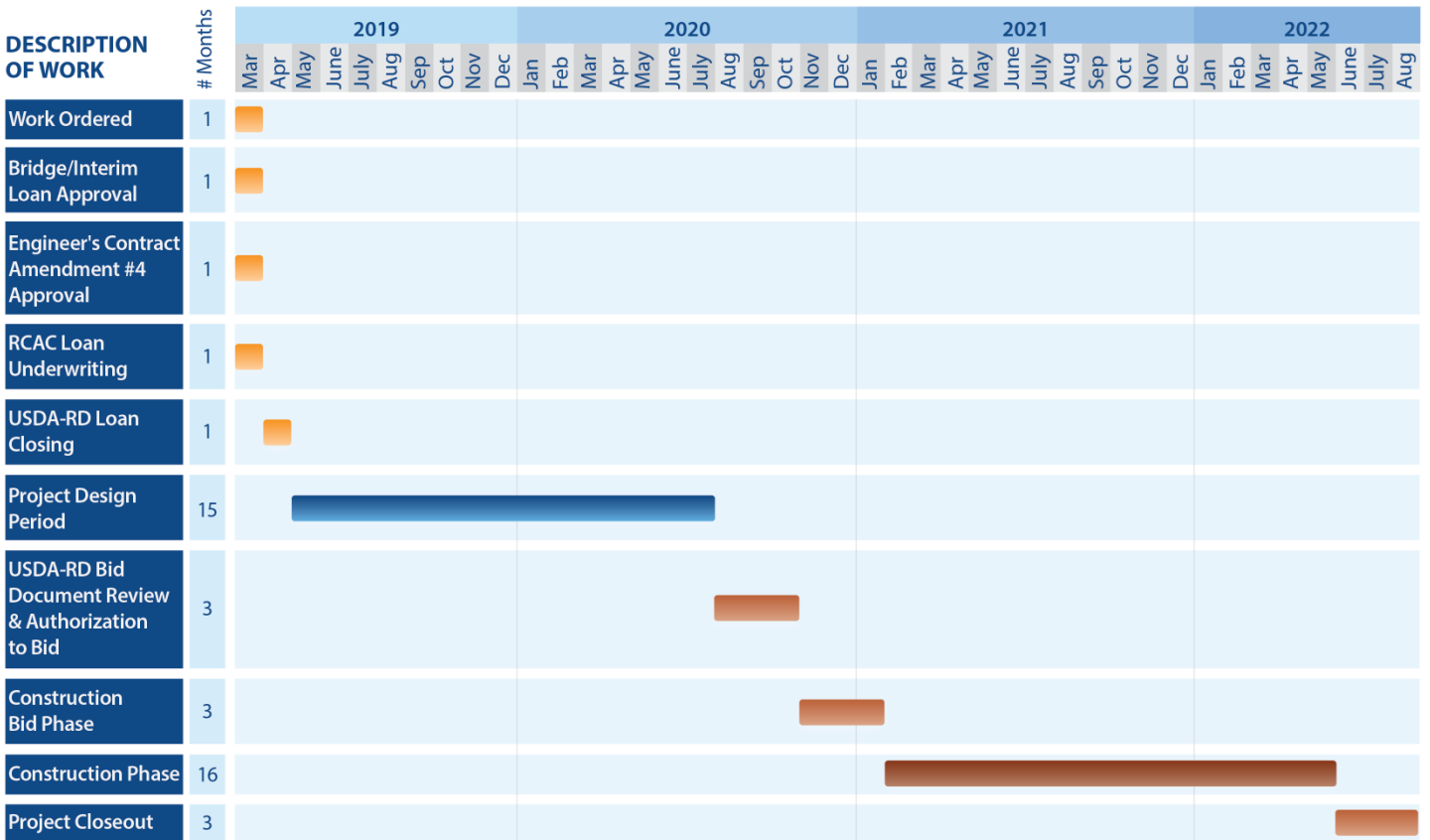
Phase I design is anticipated to begin in 2019 and will take approximately 14 months to complete. Phase I construction is estimated at approximately 16 months to completion. Within the 16 month construction period, the WRF will be constructed, taking about 12 months and will be completed prior to the collection system completion. Each additional phase will follow and have similar design and construction times. It is the intent of TRSD that these phases will overlap, for example, Phase II USDA-RD PER will commence once the protest results are certified to begin pursuing funding for Phase II. Similarly Phase III USDA-RD PER will commence once the Phase II funding has been received. It is anticipated that the completion of full buildout will be around 2026.

Phase	Anticipated Completion
Phase I	2021
Phase II	2023
Phase III	2026

Current Phase I Schedule



PHASE I PROJECT SCHEDULE



Project Cost/Financing/Customer Rates

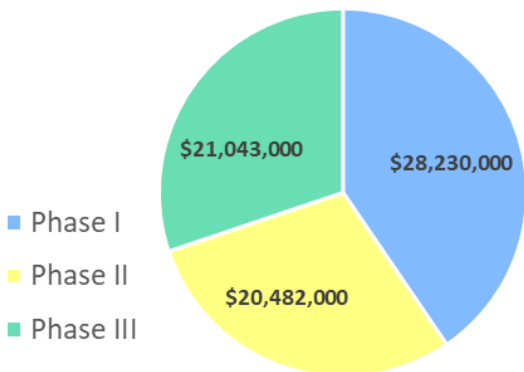
Overall Project Cost Estimate & Financing

The overall project cost estimate for all three phases is \$69.8 Million and the estimated grant/loan breakdown is 57% grant funding (monies that will not be paid back) and 43% loan (debt that TRSD will incur and it will be calculated into the customer rates to be paid back). The loan terms are 40 years at approximately 2.3% interest rate (USDA-RD rates are capped at 5%). To compare, Water Infrastructure Authority of Arizona (WFIA) issued governmental loans with terms of 20 years at 2.15%.

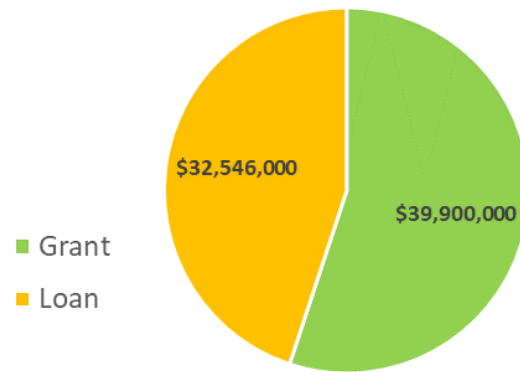
		Phase I	Phase II	Phase III
Total Cost Estimate	\$69,755,000	\$28,230,000	\$20,482,000	\$21,043,000
Total Grant	\$39,900,000	\$16,230,000	\$11,675,000 ¹	\$11,995,000 ¹
Total Loan	\$32,546,000	\$12,000,000	\$9,688,000 ¹	\$10,858,000 ¹

¹Grant to loan ratio is estimated based on Phase I ratio issued by USDA-RD. For the purposes for estimating, USDA-RD said to use the same ratio.

TRSD Wastewater Collection & Treatment System Total Cost Estimate
\$69,755,000



TRSD Wastewater Collection & Treatment System Financing Breakdown



Financing Award Timeline

The project was not simply delayed, but the process has taken longer than expected.

In 2011 when the Pinal & Cobra Districts were merged to TRSD, the District hired AMEC to develop the Preliminary Engineering Report (PER). At some point in that 2011-2012 timeframe, AMEC was also hired by the Town of Miami to develop a PER for the Town's wastewater improvements. When USDA –RD realized AMEC was working for both entities, USDA-RD advised TRSD there was a conflict of interest. The cost the AMEC PER was \$119,000, which is part of the Owner's Contribution.

USDA-RD required TRSD to obtain a new engineer because of the conflict of interest. In 2012, TRSD issued a Request for Qualifications (RFQ) per USDA procurements requirements. PACE was selected from the responding group of firms and contracted to prepare the PER Addendum.

Throughout the PER process, TRSD and PACE constantly collaborated with the USDA-RD to provide what they needed to advocate funding for this project. Initially PACE began, as suggested by USDA-RD, to work with the existing AMEC PER by preparing an addendum to modify the existing report. PACE prepared and submitted several documents.

- USDA-RD PER Amendment Feb 2013 (Amendment to AMEC 2011 PER submitted to USDA-RD)
- USDA-RD PER Amendment Supplement Nov 2013 (Modification of alternatives requested by USDA-RD for evaluation)

- Consolidated PER Feb 2014 (Reporting consolidated to summarize evaluation evolution and update with all current information gathered)

As new information continued to be gathered due to discussions with USDA-RD and other surrounding communities, it was clear that the AMEC PER was outdated. Additionally, USDA-RD released a new PER format and requested a new PER be assembled. The subsequent PER and Environmental Report (ER) changes were as follows:

- New USDA-RD PER format
- Due to the project size and complexity, USDA-RD encouraged project phasing for funding purposes; a PER and Environmental Assessment (EA) were prepared using a three (3) phase approach (AMEC prepared an Environmental Report (ER) and submitted with its PER, but with the updated PACE PER, USDA-RD required an Environmental Assessment (EA) to coincide with the new version and more evaluations not provided by AMEC were necessary); both reports were updated to present the three phases, but focus only on Phase I

USDA-RD requested TRSD to attempt negotiations with the Town of Miami for an Intergovernmental Agreement (IGA) agreement that would enable Miami to treat influent water from TRSD collection system. TRSD spent over three (3) years from July 2013 to September of 2016 discussing an agreement. The Town wanted undefined and open-ended language while TRSD required tangible well-defined language. In the end, TRSD staff spent numerous hours assembling an agreement with acceptable, reasonable terms and the Town rejected it. They actually stated they did not have time to read it but inquired about restarting negotiations. The Board determined enough time was spent on efforts to work with the Town. TRSD met with USDA-RD and relayed this information; USDA-RD agreed the best solution was to move forward.

From late 2016 to late 2017, PACE worked to finalize the Phase I PER and EA final drafts; they were submitted to USDA-RD in December and October of 2017, respectively. USDA-RD review period followed. USDA-RD comments to both documents were received and the final Phase I final PER & EA were submitted in April and March of 2018, respectively. In August 2018, USDA-RD issued the Letter of Conditions (LOC) for funding.

Half of the last six (6) years of the project was spent attempting to negotiate an IGA with the Town of Miami.

Phase I Project Cost Analysis After Final PER & Selected Alternative

Throughout the USDA-RD PER and Assessment District processes, there has always been concerns that the possibility of building a third wastewater treatment facility in the area would cost considerably more than connecting to one of the two existing facilities, the Town of Miami WRF and the City of Globe WWTP.

The USDA-RD PER process requires in-depth consideration of alternatives to determine the most cost efficient solution for the community's needs. This TRSD evaluation followed this process and worked closely with USDA-RD to provide necessary information to make this determination for this project. The two major alternatives considered were:

- Alternative 2 – Convey TRSD Flows to Miami WRF
- Alternative 3 – Convey TRSD Flows to New TRSD WRF

For each alternative, the following was considered and used to compare the 20-Year Life Cycle Costs (LCC):

- Capital cost
- Capacity purchase (where applicable when conveying flows to another entity for treatment)
- Operations & Maintenance (O&M)
- Includes administration the TRSD management, facility operators, facility operations and maintenance, treatment costs (where applicable when conveying flows to another entity for treatment), etc.
- Short-Lived Asset Reserve (SLAR)
- Salvage Value

The 20-year LCC analysis results presented in the final TRSD Phase I PER, dated April 2018, showed the alternatives to be less than 1% of each other, either would work. Therefore, other extenuating circumstances were taken into consideration to determine the best alternative. See PER online at TRSDwastewater.org for addition information.

After the PER submission, adhering to the USDA-RD review process, TRSD had to make some modifications to various costs based on comments received from USDA-RD State Office and then the National Office. Changes were made via various communications (emails, letters, etc.) and TRSD was not required to modify the PER for the USDA-RD and chose not to update.

The USDA-RD National Office comment modifications produced a different 20-year LCC analysis result than that of the final PER referenced above. The new analysis indicated that Alternative 3 would produce a savings over Alternative 2 of nearly \$1.1 million dollars over the 20-year period. This was discussed in the USDA-RD Executive Project Summary Memo dated October 25, 2018. See memo online at TRSDwastewater.org.

The updated USDA-RD PER alternative 20-year LCC results include:

- Capital cost (from final PER)
- Annual O&M cost (as update by USDA National Office)
- SLAR (as updated by USDA National Office)
- Salvage Value

Below is a summary of the resulting 20-year LLC analysis of the two alternatives before and after USDA-RD National Office Modification (See Below).

	Alternative 2	Alternative 3
Final TRSD Phase I PER (April 2018)	\$27,391,683	\$27,564,776
USDA-RD National Office Modifications (May 2018)	\$27,620,000	\$26,548,000

In conclusion, constructing a new TRSD Water Reclamation Facility (WRF) is the most cost effective solution and is in the best interest of TRSD and its customers with a proposed savings of nearly \$1.1 Million over 20 years, or approximately \$4.00/month per EDU.

One additional analysis, the Final Phase I PER was originally submitted to USDA-RD in December 2017, so the WRF estimate within the PER is about 2 years old, and over the last 12 to 18 months we have seen unanticipated electrical and mechanical cost increase within treatment facilities, as a result we reached out to a typical vendor of these types of units for updated pricing. Understand that with this effort a specific vendor is not being selected for this project. USDA strict procurement requirements will be followed in the selection process for this work.

The updated WRF pricing from a manufacturer shows an increase of \$250,500. With contractor fees (taxes, fees, general conditions, markup) applied to all construction cost, the updated WRF price would increase approximately \$320,000. This impact to the capital cost would be absorbed by the contingency, as the overall funding request from USDA-RD will not change. This adjustment does not affect the overall outcome of the 20-year LLC analysis; Alternative 3 Convey TRSD Flows to New TRSD WRF would still demonstrate a savings of \$761,000 (over a 20-year period) compared to sending flows to the Miami WRF.

An O&M impact not included in the 20-year LLC analysis results above does not include any increase in cost to have flows treated at the Miami WRF. PACE understands Miami has raised sewer rates twice since the original treatment cost was provided to TRSD.

Additionally, it is important to understand with the current USDA-RD funding, changing the selection to Alternative 2 Convey TRSD Flows to Miami WRF for treatment will not reduce the loan amount because the loan must be completely utilized prior to use of any grant funding.

Detailed cost estimates and calculations can be reviewed on TRSDWastewater.org – a memorandum has been posted under the Documents section.

Owner Contribution To Date

Regarding the \$400,000 of Owner’s Contribution, this money was not lost. During final report reviews and application period, USDA-RD suggested the application would be better received by Nation Office with TRSD contributions to the project. Owner’s Contributions are funds spent by the Owner not reimbursed with USDA-RD loan or grant dollars. The Board determined the \$313,000 already spent was feasible to allocate as Owner’s Contribution in the PER.

In the final stages of funding and just prior to receiving the LOC, USDA-RD indicated it would be beneficial if TRSD would agree to contribute an additional \$100,000.

These funds were not lost, but a pivotal investment enabling TRSD to bring the project to this stage and to obtain the received funding package.

Rate Structure

The customer rates are not assessed based on valuation of property. Rates are discussed and structured per “Equivalent Dwelling Units (EDU)” instead of “parcel” or “property”. “[USDA-RD uses [EDUs] to identify system capacity and also compare rates to similar systems. An EDU is the level of service in gallons per day for an average residential dwelling. Other users, such as commercial and industrial are assigned values of EDU based on their expected level of service (USDA-RD Executive Project Summary, 2018)”.

The rates are made up of two parts: the loan payments and the cost to operate and maintain the system (known as O&M cost). The estimated monthly rate of \$45 is calculated by estimating the following:

Loan Payment	\$380/year	=	\$32/month
O&M	\$7/month administration \$8/month operations	=	\$15/month
			\$47/month/EDU

So, here are some scenarios and examples of how this would affect different property types:

Scenario	Parcel	Home	Connection/Unit	EDUs	Monthly Cost
Single-Family Home	1	1	1	1	\$47
Mobile Home Park	1	10	1	10	\$470
Commercial Property (1 acre lot)	1	-	1	7.5	\$352.50

Based on discussions with the USDA-RD, regarding mobile home hookups, Colonia grants will cover the cost to install a lateral on the private property to connect home to the collection main.

Rate Implementation

All TRSD current customers will continue receive the est. \$7/month/EDU administration charge consistently throughout the project construction. This charge is to cover the costs for TRSD administrative costs.

No customer will receive a charge for the loan payment or operations fee until they are connected and being served. Just as the project will be completed in phases, so too will the implementation of rates.

Once Phase I is completed and online, Phase I customers will begin receiving the est. \$47 monthly bill. Meanwhile, Phase II and Phase III customers will still only be receiving the est. \$7/month/EDU administration charge.

Once Phase II has been completed and online, Phase II customers will begin receiving the est. \$47 monthly bill. At this point, Phase I and Phase II customers will be sharing the costs of Phase I and Phase II of the project loan(s) and system operations. The addition of Phase III will be similarly implemented.

Taxes

In reference to how much taxes will increase we are providing the quick reference tables below to assist in understanding the approximate tax increase to any given homeowner.

For example: If TRSD needed an additional \$25,000 of revenue in the fiscal year 2019-2020 to cover additional anticipated cost for the administration of the District because of the office, Phase II PER or USDA required owner contribution for Phase II, etc. They would apply to the county for the additional \$25,000 tax revenues, then those that own property within the District would have to pay additional taxes. What would that additional taxes look like?

The first item that a property owner would need to know is the Estimated Gila County property value.

- Example 1: The estimated property value is \$50,000 and the TRSD increase tax revenue requested is \$25,000 the additional tax on an owner’s bill would be approximately \$0.63/month or \$7.56/year.
- Example 2: The estimated property value is \$100,000 and the TRSD increase tax revenue requested is \$50,000 the additional tax on an owner’s bill would be approximately \$2.17/month or \$26.04/year.

County Estimated Property Value	TRSD Tax Increase		TRSD Tax Increase	
	\$25,000		\$50,000	
	Monthly	Yearly	Monthly	Yearly
\$25,000	\$0.40	\$4.74	\$0.79	\$9.48
\$50,000	\$0.63	\$7.50	\$1.25	\$15.00
\$75,000	\$0.86	\$10.26	\$1.71	\$20.52
\$100,000	\$1.09	\$13.02	\$2.17	\$26.04
\$125,000	\$1.32	\$15.78	\$2.63	\$31.56
\$150,000	\$1.55	\$18.54	\$3.09	\$37.08
\$175,000	\$1.78	\$21.30	\$3.55	\$42.60
\$200,000	\$2.01	\$24.12	\$4.01	\$48.12

Low/Fixed Income Concerns

The TRSD Board is sensitive to these situations and believe by working with the County and other involved agencies (USDA-RD, CAG, etc.) that there can be a solution implemented.

Gila County Tax Relief Programs

County has program where customers with low/fixed income can apply for a reduction in taxes (see Melissa Buzan for details). County also has a tax relief program for low-income disabled/windowed.

Opportunities for Assistance

Other opportunities for assistance to be explored by the Board:

1. Gila County may provide tax reduction for married persons.
2. TRSD to seek any available grant assistance with USDA-RD, CAG, etc.
3. TRSD Board will need to make a decision to perhaps give a break to low/fixed income customers
 - a. 100 of the 1139 that are low/fixed income, it would cost approximately \$3.20/month to pick up the slack on debt services
 - b. 100 of the 1244 that are low/fixed income it would cost \$1.50/month to pick up the slack on O&M

Newly Installed Onsite Systems

The TRSD Board is sensitive to these situations. The service connection to your home will not cost anything (being covered by grant program). However, if the line is going in front of your house you will be assessed.

Opportunity for Assistance

An opportunity for assistance to be explored by the Board would be to develop a way to assign value to a new system to implement an ability for credit or deferred payment plan.

Gila County Permit

For any projects built within the TRSD DMA boundary prior to services being available, TRSD will be collaborating with Gila County to revise its building permit to have applicant indicate that it lies within the boundary. Then TRSD and the County will work with the applicant to ensure the owner will have proper onsite treatment until the new collection and treatment system is made available. For any development after the project is completed, will be charged a tap/connection fee and will then be responsible for the cost to run the lateral from the sewer line connection to its structure connection.

Resolution of Intention (ROI) & Protest Details

Pursuant to A.R.S. § 48-2046, on October 25, 2018 the Board of Directors (the "Board of Directors") of the Tri-City Regional Sanitary District of Gila County, Arizona (the "TRSD"), adopted Resolution 18-004 (the "Resolution of Intention"), declaring its intention to construct a wastewater treatment plant, force mains and a wastewater collection system. The full Resolution 18-004 can be reviewed at the Law Offices of William L. Clemmens located at 136 North Miami Avenue, Miami, Arizona 85539-1494.

The Notice of Proposed Improvement signs were erected along the location of the proposed improvement (over 950 signs were installed). The scope of work to produce and post these signs are within the Engineer's (PACE) scope of work. In accordance with the USDA-RD funding application requirements, TRSD used the process described in 7 CFR 1780.39(b), which is based on the requirements of the Qualifications Based Selection Process (QBS) to select PACE. The Engineer has subcontracted FastSigns, AJAX, and Jonovich Companies, Inc. to complete this scope.

Notice of Proposed Improvement letters were mailed out to property owners whose property may be assessed.

The ROI includes detailed information and instructions regarding the protest process. In general, the owner(s) of property to be assessed for the Work may file written protests against the construction of the Work or objections to the extent of any phase of the Work. Protests or objections may be filed within fifteen (15) days after the date of the last publication of the Resolution of Intention or within fifteen (15) days after completion of the posting of this Notice if such last day of posting is later than the last date of publication of the Resolution of Intention.

The state statues require the Engineer to document/verify protest calculations and certify results with a Professional Engineering stamp. These results were made available to the public for review and are currently posted on TRSDWastewater.org.

If you own multiple parcels, you may protest one and not the other.

Collection System

Maps

The maps provided throughout the project development have evolved due to obtaining new information. Currently, the most updated map relating to properties within the district and whether or not they will be connected to the system is provided via an interactive map is available on the project website at TRSDwastewater.org. Additionally, the Resolution of Intention (ROI) that is recorded at Gila County has large format hard copies of the current maps for public review.

Gravity System

See USDA-RD PER (Public Release Copy, Response to questions from USDA-RD National Office)

The collection system throughout the project is a gravity system to a lift station that will pump the flows up to a treatment plant. The analysis, evaluated at least 10 different treatment plant location in an effort to find the ideal location for the plant. Even with a gravity system, a lift station would most likely be required at the plant because the flows are typically deep and it requires lifting to get it to the treatment plant.

Note: If we went to Miami or Globe a lift station would be required because Miami plant is up on a hill, in fact they pump the flows 200 ft up to the tailings (In addition, the existing Miami lift station does not have capacity to pump TRSD flows, so a new TRSD lift station would be required). Globe would also require a lift station, and maybe two because of the ridge between the district and the globe treatment plant. There is an existing Globe lift station at the old Holgate treatment site. A complete evaluation will be performed in the Phase III Preliminary Engineering Report (PER). Even with this, however, the location of the treatment plant is up hill– No matter which alternative is chosen, Force mains and lift stations would be required.

Operations & maintenance (O&M)

TRSD will employ a maintenance plan that will adhere to governing regulations and will include:

- Scheduled video camera inspections

TRSD Water Reclamation Facility

Life of the Plant

The life of a plant is set at 50 years and assumes that the plant is well maintained. There are facilities all over the world that are 50 years old, and perhaps even older. PACE has recently been involved with plant upgrades with older plants:

- Somerton Phase III Expansion – Lagoon system installed in the 1980s – 30+

- Quartzite (9612) – installed 1994 – 25+
- Winslow (9568) – converted to oxidation ditch in 1987 – 32+
- PLSD(A430) – 1977 – 40+

Location

There is currently no definite location set for the TRSD WRF. TRSD is currently in negotiations for potential WRF and lift station locations.

Sight / Smell

If operated and maintained properly, smell from the plant should not be an issue. Typically, the culprit of facility that smells is septage receiving; the TRSD plant will not include a septage receiving facility. Although the new WRF it will not have full odor controls, it will be designed with an open treatment process, process ventilation and some odor, noise and aesthetic controls. The facility will have to meet Arizona Department of Environmental Quality (ADEQ) setback requirements assigned to facilities with “No Noise, Odor, or Aesthetic Controls”. A setback is the minimum distance that the treatment facility must be setback from other properties. With an ultimate build out of 0.65 MGD, the noise, odor and aesthetic setback requirements is 750 ft.

TRSD Management

TRSD Management

Tri-City Regional Sanitary District (TRSD) is not a private or for-profit entity. TRSD is a not-for-profit Arizona Sanitary District, formed by the merger of the Pinal Sanitary District (PSD) and the Cobre Valley Sanitary District (CVSD) in 2011. TRSD is governed under Arizona Revised Statutes (ARS) Title 48 Special Taxing Districts.

New Board members were sworn in on January 15, 2019. The current Board members are as follows:

- President Malissa Buzan
- Secretary Mary Anne Moreno
- Member Bill Tower
- Member John Chism
- Member Stephen Palmer

In accordance with the USDA-RD funding application requirements, TRSD used the process described in 7 CFR 1780.39(b), which is based on the requirements of the Qualifications Based Selection Process (QBS). This process involves public announcement, with the use of a Request for Qualifications or RFQ, of all requirements for engineering services and negotiation of contracts based on demonstrated competence and qualifications for the type of professional services required at a fair and reasonable price. In 2012, based upon the shortlist interviews held June 16, 2012 and the review of the qualifications, TRSD selected PACE and negotiated the Owner/Engineering contract. All actions.

The bid process for anything related to construction of the collection system and/or WRF is prescribed by USDA-RD and the various regulatory agencies involved in wastewater management. TRSD will adhere to these regulations.

TRSD Transparency

TRSD board members have been holding public meeting nearly every month since the merger (2011), all are welcome to come to have questions answered.

All Board meetings schedules, agendas and meeting minutes are posted on TRSD.org.

A project information website has been created, TRSDWastewater.org, to post project information in the efforts to provide answers to community questions.

TRSD Management Location

TRSD does not currently rent any office space. The TRSD Clerk’s office at the office of the General Counsel for TRSD located at 136 North Miami Avenue, Miami, Arizona 85539-1494. Prior to this stage of the project, the TRSD Board decided not to spend funds on maintaining a physical office. TRSD did not believe there was a need and did not want to spend more

money than necessary. By not maintaining an office for the past 6 years, the District saved approximately \$65,000 per year for rent, utilities, cleaning and staffing, etc. The TRSD Board still believes than an office is not necessary now, but feel some are pushing to provide and staff an office; doing so will increase the taxes. Steps are now being taken to acquire a permanent physical office.

TRSD Board Compensation

TRSD Board members are unpaid (with the exception of reimbursements for authorized out-of-pocket expenses).

TRSD Boundary

The boundaries of TRSD have been recorded with the Gila County Recorder, and include Central Heights, Country Club Manor, Little Acres, Midland City, Bechtel Tract, Claypool and Lower Miami.

Project Benefits

Major benefits of the project include:

- Protects the health of you, your family and community from bacteria and diseases that come from wastewater.
- Protects you from future economic hardship in the event of onsite system failure.
- Increases property value and quality of life.
- Eliminates the need for replacement of failing systems and septic pumping costs.
- 57.5% grant funding approved by the USDA-RD is presently available for this project.
- The project includes, at no cost to the residential property owner, connection to the existing plumbing of the residence and decommissioning of existing system.
- Provides flexibility for home refinancing / sales / renovations.
- Promotes restoration of abandoned properties and future development.

No Action Risks

Risk of Disease

Once the surface water and/or groundwater becomes contaminated, residents can expect diarrheal type diseases. There is no estimate of how soon that might happen. There are also possibilities of diseases from gray water but more likely from overflowing septage/cesspools on the ground. The surface water is spread around the community and into homes from people, children and animals just walking through yards, streets where gray water is disposed, rainwater, etc. Gila County has put together extensive information through written documents and presentations addressing these (and other) potential impacts to the environment/community. Some of this information is provided on TRSDWastewater.org under the Documentation and FAQs sections.

Loss of Funding

If the project does not move forward, the funding received will be de-obligated and sent to the pool of funds in the USDA-RD National Office. USDA-RD stated **“To be clear, if the assessments are protested to the point of rejection, then RD has no choice [but to] prompt the TRSD to have another vote or the funding will be de-obligated. For the reasons below the funds cannot be transferred to another entity and as alleged, the funding amounts would not change either.**

The assessments are the only viable mechanism for the TRSD residents to levy the debt repayment. This is applicable whether TRSD or Miami operated the treatment facility. As noted above the treatment facility is a minor element in the overall project cost compared to the collection and elimination of septic/cesspools. So the burden of debt service is based with the residents being served. RD funding must go through the entity who will own the improvements. For another city or town to make improvements outside of their boundaries, there must be a mechanism for to secure and allocate the debt to the ultimate users. A city or town cannot take on a debt burden for non-residents without such a mechanism, and the most practical version is a taxing district and assessments.”

Property Adverse Impacts

Based on information made available from the County, there are between 300-400 vacant/abandoned dwellings/former dwellings. Without the installation of a regional wastewater collection and treatment system, economic hardship will continue. The smaller parcels will progressively be abandoned because these failing systems are not repairable/replaceable resulting in increased vacancy, declining property values, and property owners not being able to sell their properties.