

**TRI-CITY REGIONAL SANITARY DISTRICT
REGULAR MEETING MINUTES
March 4, 2019**

IPresident Buzan called the meeting to order at 5:16 p.m.

PRESENT: M.Buzan, J.Chism, M.A.Moreno, Stephen Palmer, Legal Counsel, W. Clemmens, Legal Assistant, M.Krebs District Engineer, PACE, F.Rosenfeld, Bond Counsel, L.,Valdez, Financial Advisor, D.Cammack, Gust/Rosenfeld

Public: D.Abbott, AZ Silverbelt, F.Barcon, H.Farester, D.Farester, G.Miller, M.Navarette, B.Dooly, T.Werner M.Mejia,, J.Heatherly, T.Griego A.Gameros, B.Crawford, J.Avalos, J.Mallow, J.Ramirez, J.Mallow

President Buzan noted a typo in the agenda relative to Resolution 18-003 should actually be Resolution 18-004.

- Item # 1 **Minutes of February 11, 2019** were approved as sent by motion of S.Palmer, seconded by J.Chism
- Item # 2 Financial Report – The February report has not been received from the Gila Co. Treasurer. The District will post this document to the TRSD.org website when it is received.
- Item # 3 **Act on a motion to overrule all objections to the Extent of the Designated Areas described in the Resolution of Intention, No. 18-004, adopted on October 25, 2018:** M.A.Moreno moved to overrule all objections to the Extent of the Designated Areas described in the Resolution of Intention, No. 18-004, adopted on October 25, 2018, seconded by J.Chism and carried unanimously
- Item # 4 **Introduce, amend if desired, and act on a Resolution Ordering the Improvement as described in The definition of the “Work” in the Resolution of Intention, No. 18-004.** M.A.Moreno moved to act on a Resolution ordering the Improvement as described in the definition of the ‘work’ in the Resolution of Intention, No.18-004, seconded by J.Chism and carried by a vote of 3 ayes, 1 nay and 1 member absent.
- Item # 5 **Act on a Motion to direct Staff and L.Valdez, TRSD Financial Advisor, to complete and submit the Rural Community Assistance Corporation’s (RCAC) bridge loan application to pay for engineering for Phase I of the Work –** M.A.Moreno moved to direct staff and L. Valdez to complete and submit the bridge loan application to RCAC to pay for the engineering for Phase I of the Work, seconded by S. Palmer and carried,
- Item #5A **TRSD to incur an obligation in the form of bond anticipation notes between TRSD and RCAC –** F.Rosenfeld requested this be tabled until the next meeting – approved by motion of M.A.Moreno, seconded by S.Palmer
- Item # 6 **Act on a motion to approve Amendments 4 & 5 to the PACE Engineering Agreement, as needed for the RCAC application in Agenda Item #5 above –** S.Palmer moved to approve Amendments 4 & 5 to the PACE Engineering Agreement, necessary for the RCAC Application, seconded by M.A.Moreno and carried.
- Item # 7. **Act on a Motion to Approve PACE’s Phase II Contract for Preliminary Engineering Report –** M.A.Moreno moved to approve the contract for PACE to prepare the Preliminary Engineering Report for Phase II of the Project, seconded by J.Chism and carried.
- Item # 8 M.A.Moreno moved to move items 8 & 9 to the end of the meeting, seconded by S.Palmer and carried.
- Item # 9 S.Palmer moved to resume the Open Meeting at 6:48 p.m., seconded by J.Chism.
M.A.Moreno moved to accept the Designated Management Area Map for submission to CAG, seconded by J.Chism and carried unanimously.
- Item # 10 **Act on a motion to direct Staff to submit documentation of the Owner’s Contribution to the USDA-RD as required by the Letter of Conditions –** M.A.Moreno moved to direct Staff to submit Documentation of the TRSD Contribution to the Project as required by the Letter of Conditions, seconded by J.Chism and carried. In addition, by consensus, staff is directed to make this information available on the TRSDWastewater.org website.

**TRI-CITY REGIONAL SANITARY DISTRICT
REGULAR MEETING MINUTES
March 4, 2019**

- Item # 11 Discussion concerning a possible Resolution authorizing the execution, sale and delivery of Bond Anticipation notes to pay for the drafting of the plans and specifications for the construction of Phase I of the Work as described in in the Resolution of Intention, No.18-004 and to pay the costs of issuance of such bond anticipation notes –At F.Rosenfeld’s suggestion, S.Palmer moved to table Item # 11 until the next meeting and to strike item # 5 for the future, seconded by M.A.Moreno and carried.
- Item # 12 **Status re Request from persons owning property within the area of Vertical Heights** requesting that TRSD exempt their properties from taxation – Attorney Clemmens is working with B.Marshall on the process and working on property valuation for the area.
- Item # 13 **Update by TRSD Engineer, Mike Krebs, on the status of negotiations between TRSD, the Town of Miami and the City of Globe concerning the DMAs for the region** – M.Krebs stated that meetings are on-going and more will be addressed in Executive session
- Item # 14 **Work required to improve public relations – update on a TRSD Facebook Page, modifications to The TRSD website. S.Palmer noted that he had only just contacted T.Thayer** Possible direction to staff – None
- Item # 15 **Action on request by TRSD Board Member Stephen Palmer for the Board and Staff to respond to questions he has raised as an Agenda Item. Questions include timeline projection for upcoming project; how much are monthly taxes now; how much will the hook-up cost; how much will the monthly service cost be;**how much will that raise taxes; suggestion that an estimate be prepared on a couple of lots to help predict how taxes will go up; address the issue of finding a CPA firm for audits of the TRSD Financials and to have the certifications going forward in TRSD finances. Possible direction to staff – Taxes cannot be addressed until the budget is developed and M.Krebs suggested either a work session or Executive Session to develop budgeting for the next 2 to 3 years. He has provided the name of a firm that audits the Pinetop and Superstition Springs Districts for CPA services. Efforts to find an office within the boundaries of the District are underway.
- Item # 16 **Payment of Bills:**
T.Thayer submitted a bill in the amount of \$ 62.50 for Website services through February 28, 2019 Approved for payment by motion of S.Palmer, seconded by J.Chism.
Attorney Clemmens submitted a bill for services rendered during the month of February in the amount of \$6,701.00 Approved for payment by motion of S.Palmer, seconded by M.A.Moreno.
Arizona SilverBelt submitted a bill in the amount of \$112.83 for publication of the Notice of Hearing. Approved for payment by motion of S.Palmer, seconded by J.Chism.
CAG submitted a bill in the amount of \$4,000.00 for Initial Review of the 208 Plan Amendment of the total of \$10,000.00 required for the entire process. Approved for payment by motion of M.A.Moreno, seconded by J.Chism.
- Item # 17 **Call to the Public –**
- Question/Comment: B.Crawford – Apache Junction people sued the District and won in that individuals cannot be forced to pay for something they aren’t receiving benefit from - F.Rosenfeld thinks it was an Improvement District in that case rather than a Sanitary District.
- TRSD Board Response:** It was also indicated by Mr. Crawford that the line would need to go through a mountain to serve his property. It was discussed that the individual details of the reality of serving his property due to topographic restrictions will be worked out in the final design but noted that if a property couldn’t be served it would not be assessed for the improvement.
- Question/Comment: G.Miller – Commend new board - At least getting records all together in one place. We will have to wait until next meeting for answers to questions.

**TRI-CITY REGIONAL SANITARY DISTRICT
REGULAR MEETING MINUTES
March 4, 2019**

TRSD Board Response: Actually, the answers will be available when the meeting minutes have been posted on the trsd.org web site.

- The project has been delayed for 6 years and the District has lost over \$400,000.

TRSD Board Response: The project was not delayed, but the process has taken longer than expected. In 2011 when the Pinal & Cobre Valley Sanitary Districts were merged into TRSD, the District hired AMEC to develop the Preliminary Engineering Report (PER) and Environmental Assessment (EA). At some point in that 2010-2012 timeframe, AMEC was also hired by the Town of Miami to develop a PER/EA 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 of the AMEC PER/EA 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 for funding.

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 had been 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 &

**TRI-CITY REGIONAL SANITARY DISTRICT
REGULAR MEETING MINUTES
March 4, 2019**

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.

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 National 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.

- Question/Comment: B.Dooley – did M.Krebs go up to Star View drive, to check on whether they will be served. Are they in Phase I? The answer was yes, that area is in Phase I. It was discussed that the individual details of the reality of serving his property due to topographic restrictions will be worked out in the final design but noted that if a property couldn't be served it would not be assessed for the improvement. How much will taxes go up? The TRSD Board must determine the Budget going forward that includes an office cost of rent, utilities, cleaning, staffing as well as many other items.

TRSD Board Response: TRSD does not currently have an office because it did not believe there was a need and did not want to spend more tax payer's 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 some are pushing to provide an office with staff and all associated cost. In essence, the TRSD Board with the help of staff must make a determination on how the district will be operated and what the appropriate budgets will be going forward.

In reference to how much taxes will increase, a quick reference table has been developed and is shown 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 costs for the administration of the District because of the office, work on the Phase II PER or the USDA required owner contribution for Phase II, etc., they would apply to the county for the additional \$25,000 of tax revenues, then those property owners within the District would have to pay additional taxes. **What would those 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

**TRI-CITY REGIONAL SANITARY DISTRICT
REGULAR MEETING MINUTES
March 4, 2019**

\$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

- Question/Comment: Harley Farester – Need to table actions on bond until November election.

TRSD Board Response: F.Rosenfeld stated there are two types of bonds:

1. General Obligation Bonds – Which requires an election in November
2. Special Assessment District Bond – Which does not require a November election but does require an Assessment District Process

The District is utilizing a Special Assessment District bond. The election Mr. Farester is referencing is not required.

- Question/Comment: T.Werner – questions regarding costs/ fees/ etc.

TRSD Board Response: On the TRSDWastewater.org website and a hard copy of FAQs was provided.

- Question/Comment: M.Krebs explained the bridge/interim/and USDA Loan process as required by USDA-RD. Once the Loan Amount has been approved by the Board and USDA-RD and spent, the Grant funding takes place.

Any member of the public desiring to speak on a matter that IS NOT scheduled on this agenda may do so at this time, to members of the TRSD Board. Comments will be limited to 3 minutes per person and addressed to the entire Board. A “Request to Address the Board” Form should be filled out and submitted prior to the beginning of the Board meeting.

M.A.Moreno moved the Board recess to Executive Session, seconded by S.Palmer at 6:29 pm

S.Palmer moved to resume the Regular meeting, seconded by J.Chism and carried at 6:48 pm.

- Item # 8** See action taken on Item #s 8 and #9 above.
- Item # 18** Update list of addresses for e-mail notices of meetings and agendas – please make sure Roxie has your e-mail address
- Item # 19** **Date, Time and Location of the next meeting – April 1, 2019 at 5:15 at IBEW.**
- Item # 20** Meeting adjourned at 6:53 p.m. by motion of S.Palmer, seconded by J.Chism_