

TRSD PROJECT QUESTIONS FROM THE PUBLIC

- **Why has this project taken 14.5 years?**

Major, complex projects such as the Tri-City Regional Sanitary District (TRSD) Project have a very lengthy gestation period. This is especially so for significant infrastructure altering projects. Consequently, the timing of the TRSD Project is not out of the ordinary.

When complete, this project will serve a 5.3 square-mile, unincorporated area in Gila County. The area is densely populated and the topography is complex.

The Project has overcome many obstacles. The Project's first engineering firm, AMEC, was terminated because of a conflict of interest (AMEC was found to be providing the same preliminary engineering services on similar projects to both the Town of Miami (TOM) and TRSD). TRSD retained PACE as its Project Engineer in June 2012. PACE updated or prepared several Preliminary Engineering Reports (PER) over an extended time to conform to RD's changed 3-Phase-Project requirements. Ultimately, the Project was divided into three phases because of the significant capital cost of the Project.

Also, negotiations with the TOM, spanning July 2013 through September 2016, were unsuccessful and were terminated by the Board, after concurrence by RD, when the TOM rejected an Intergovernmental Agreement submitted by the TRSD Board. Consequently, the Board, again with RD's concurrence, directed PACE to examine the possibility of TRSD building its own Water Reclamation Facility (WRF). PACE analyzed alternative Project solutions and completed a PER which compared those solutions. Peer reviews of the PER by RD's State and National offices concurred with PACE's recommendation, that the Project should build its own WRF. The plans for that facility have been ordered

In 2018, the Board approved a Resolution required for the District's residents to approve the Project. The Board began an "Assessment Process" wherein the District property owners were given the opportunity to approve or reject the project. The District's property owners overwhelmingly approved the Project (95.4% Approved/4.6% Rejected) and in August 2018, RD issued the Letter of Conditions (LOC) for Phase 1 of the Project, thereby obligating \$28.5 million for completion of that Phase.

The Phase 1 detailed engineering process, which began in the 3rd quarter 2021, has been complicated by several external issues. Securing a location for the WRF has been difficult given the limited number of potentially viable sites available. Four sites were considered. The first three sites were rejected because of factors beyond the Project's control. The evaluation of and negotiations for the fourth site, property owned by BHP, was initiated in July, 2022 and finally completed in late 2023. Additionally, because of the delay in the acquisition of the WRF site, securing easements with local utilities, Gila County, Arizona Eastern Railroad, and the multi-national mining firms, FMMI and BHP, was delayed, but is now nearly complete.

Other matters have had critical impacts on the Project's schedule. The most serious issue was the onset of the COVID Crisis in 2019 with its attendant shutdowns, supply-chain upsets, continued inflationary impacts and staff shortages and altered work environments. The shortage of staff at all levels due to retirements and changed employment has had a significant impact on the Project's engineering schedule.

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Despite the above challenges, Phase 1 is moving forward. The District has recently received awards of grant funds totaling \$5.068 million. Project's Bond Counsel and Finance Director have secured Interim Financing for Phase 1 construction, effective July 1, 2024. TRSD expects to begin construction of the Phase 1 WRF in late 3rd Quarter 2024 and the Phase 1 Collection System in the early 4th Quarter 2024.

- **What happened to the funds already collected?**

Each Fiscal Year, in accordance with the requirements of Arizona Revised Statutes (ARS) Section 48-2026 (Tax Levy for Current Expenses), Subsection A, the TRSD Board has estimated its administrative expenses (the Budget) anticipated for the upcoming Fiscal Year. The incurred expenses are paid by the Ad Valorem Taxes that are levied for the upcoming Fiscal Year. Received taxes which are not expended in that fiscal year are retained in a "Cash-on-Hand" reserve fund intended either to cover unanticipated expenses in following Fiscal Years or to assist residents of each Phase of the Project as it is brought on line. The amount of funds in the District's account held by Gila County is announced at each TRSD Regular Board Meeting.

- **How does TRSD know what the total cost will be?**

PACE, the Project's Engineering Team, has a broad history, in the State of Arizona, of preparing cost estimates for similar projects. Those estimates are typically based on published cost-estimating tables, interviews with material-supply vendors and conversations with contractors who would be expected to bid on the project. PACE developed a detailed estimate-of-cost for Phase 1 of the Project and submitted that estimate to both the State and National Offices of USDA-RD for review and comment. PACE followed the same procedure in 2022 for Phases 2 and 3 of the Project. The Phase 1 cost estimate then was adjusted based on the more current information developed for Phase 2 and 3. Please see additional information in the follow-on question, "**How much has the cost increased since covid?**"

- **What does "Median Income Survey" mean in the census?**

The Median Household Income (MHI) is developed to determine whether an as-yet unfunded phase of the Project will be eligible for grant-funding. The overall MHI for the unfunded phase of the project is compared to the Arizona "Statewide MHI" to determine whether the unfunded phase is eligible for grant funding. Note that it does not determine the level of grant funding; rather, it merely determines whether that phase of the Project is eligible for grant funding.

- **How can the community afford this?**

The relevant question is what will happen to 90% of the District residents who are on banned cesspools or inadequate septic tanks if this project is not completed. According to Gila County records, an estimated 300 - 400 homes have been abandoned, with the majority abandoned because those homes had onsite wastewater treatment systems which were banned (cesspools) or inadequate (septic tanks). Further, these homes either had insufficient land available to install a permitted system or the cost of such a system was prohibitive. The current on-site wastewater treatment systems present significant health hazards for the public and have a serious impact on environmental conditions for the

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region. Without the TRSD Project, in the longterm, more systems would continue to fail and more residents would be forced to abandon their homes.

The District firmly believes that the residents will be able to afford their share of this badly needed project. The District projects that the combined annual assessment and monthly service billings will be in line with those changed by the other local municipalities. Also, the Board is committed to working with residents who may require financial assistance.

- **Access to information (It is presumed that “information” refers to the District’s Public Records); where can residents find it?**

The Project’s records were moved from the Gila County Community Services Center on Apache Avenue when the Board Member who was office at the Center retired. The records were moved to the offices of the TRSD Board Attorney, Michael L. Harper in Payson for recordation and security purposes.

- **Does Payson have them and can we get them here in Globe so we can have access? (It is unclear what “them” is in reference to. The response assumes that “them” refers to TRSD Public Records.**

As noted in the previous question, the records are maintained in the TRSD Board Attorney’s Payson office for recordation and security purposes. Review of these records is governed by TRSD’s Public Records Policy, which is posted on the TRSD website. The public is also referred to the Public Records Request Form available on the TRSD website, TRSDWastewater.org, for guidance on requesting public records for review.

- **How much can TRSD increase our property taxes?**

Please see the response in the follow-on question, “**How much can TRSD increase tax levy annually?**”

- **How much has the cost increased since covid?**

The cost of the project has increased from an approximate \$70million in 2018 to a current estimate of \$112 million. The increase in project cost can be related to the impacts of COVID and COVID factors such as lockdowns, infusion of government money into the economy, labor shortages, supply chain interruptions, and altered working conditions. These inflationary impacts have been observed across the entire economic spectrum. Despite the overall increase in the Project’s cost, it is important to remember that **the residents of the District are protected from these increased costs. They are responsible only for repaying the project wide, fixed loan of \$32.5 million.** The balance of the Project’s cost will be repaid by secured grants.

- **Are the grants approved already? If so, where is the documentation?**

The USDA-RD (Rural Development) is obligated to provide TRSD with a \$16 million grant for Phase 1 of the Project. That obligation is documented in the Phase 1 Letter of Conditions dated 08.20.2018. Additionally, TRSD has received an Emerging Contaminants Grant, which is an EPA grant managed by WIFA (Water Infrastructure Finance Authority - Arizona), in the amount of \$2.068 million. Further, TRSD has received a WIFA Water Conservation Grant Funding - Grant (WCGF-G), in the amount of \$3 million. TRSD is considering how it will provide “documentation” for those grants to the public. The volume of paperwork is quite large. The Board will advise when it has addressed this matter.

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- **Where is the current preliminary engineering report?**
The Preliminary Engineering Reports (PERs) for Project Phases (Phase 1, 2 and 3) are posted on the TRSD web site, TRSDWastewater.org.
- **What map do you have that shows the proposed site for the new sewage plant?**
The Water Reclamation Facility parcel map as recorded with Gila County is posted on the TRSD web site, TRSDWastewater.org.
- **Is it in a flood zone?**
Gila County and the United States Department of Agriculture - Rural Development (USDA-RD) require that critical elements of the Water Reclamation Facility (WRF) be outside to the 500-year floodplain. The design of the WRF meets those criteria. The USA Flood Hazards Areas, Gila County Parcels Map is published on the TRSD web site, TRSDWastewater.org.
- **How has the person who was running the meetings for CAG now been hired as the planner for the City of Globe?**
Respectfully, TRSD has no input on Globe staff hiring. Please direct that question to the Globe City Manager, Mr. Paul Jepson.
- **If Globe and Miami (Pinal and Cobre Valley Sanitary Districts) merged years ago, where did those funds go?**
Just to be clear, Globe and Miami did not merge years ago. Pinal and Cobre Valley Sanitary Districts merged in 2011, after an act by the Arizona State Legislature, to form the TRSD. The funds that had been held by the Pinal and Cobre Valley Sanitary Districts were available after the merger and used during the initial planning of the Project as “Owner Contributions”. The details of these contributions are provided in Table 5, TRSD Current Owner Contributions, on page 2-5 of the Phase 1 Preliminary Engineering Report posted on the TRSD web site, TRSDWastewater.org.
- **How much can TRSD increase tax levy annually?**
There is no set tax-levy increase (or decrease) “tax levy” each Fiscal Year. Each Fiscal Year, in accordance with the requirements of Arizona Revised Statutes (ARS) Section 48-2026 (Tax Levy for Current Expenses), Subsection A, the TRSD Board estimates the administrative expenses (the Budget) anticipated for the following Fiscal Year. In accordance with the ARS, Title 48.252, Sub-Sections A and B, the tax levy is based on that budget.
- **Constituents in Supervisor Humphrey’s district are concerned about the cost of the loans that we will be required to pay back and what will happen to their property if for some reason they cannot afford to pay the higher taxes that will be required?**
Please refer to the response to the question, “**How can the community afford this?**”.
- **How is this project beneficial to those of us already connected to sewer service?**
The only residents now connected to “sewer service” are those in “Bechtel Tract”. For further information see the next question.

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- **Why are residents in “Bechtel Tract” that are already hooked up to the Miami sewer system going to be “required” to help pay back a loan for something that we already have?**

Residents of Bechtel Tract (BT) are in the TRSD District and Designated Management Area boundary. They are in Phase 2 of the Project and will ultimately receive permanent wastewater treatment services from TRSD. Then they will pay a yearly assessment and monthly operations/maintenance fees as will all other residents of the District

In the past, the residents in BT received their wastewater treatment service from BHP. BHP ceased to offer that service because of the reclamation work required on the Solitude Tailings Dam. Because TRSD was not ready to provide that service to BT residents, TRSD and the Town of Miami entered into an Intergovernmental Agreement allowing the TOM to provide temporary wastewater treatment services until Phase 2 of the TRSD Project was ready to serve BT residents. At that time the TOM will cease to provide wastewater treatment services to BT and TRSD will permanently provide those services.

Finally, it is TRSD’s understanding that BHP is paying the TOM to treat BT wastewater for the first 3 years of that service. At the end of that period, the residents of BT will begin to pay the TOM for that service, until TRSD is ready to permanently provide that service.