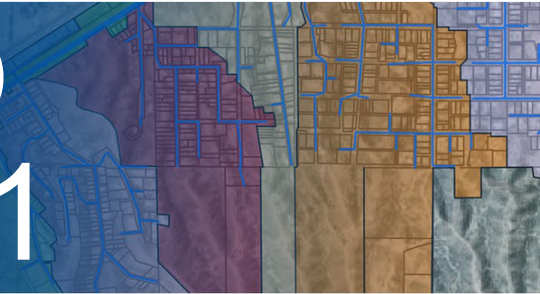


WELCOME TO WORKSHOP #1



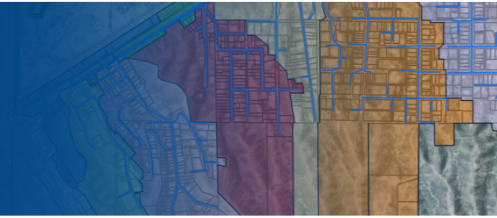
TRI-CITY REGIONAL SANITARY DISTRICT



This workshop presentations and future presentations with questions/answers will be videoed and placed on the Tri-City Regional Sanitary District Website and YouTube.

- **Please sign in on the sign-in sheet to help facilitate the question-and-answer session at the end of this workshop.**
- **Please silence your cell phone in order not to distract our presenters or attendees.**
- **Please respect the presenters and attendees by not having side conversations or comments during the presentation.**
- **The workshop is being recorded in its entirety to have a complete, accurate record of the proceedings.**
- **Please hold all questions or comments until the end of both presentations.**
- **TRSD facilitators and presenters will not field questions, before or after this workshop to ensure a complete, accurate record of the proceedings.**
- **Please keep your questions pertaining to the topics presented during this workshop. Questions will be answered during the designated question and answer session. 7pm Q & A session.**
- **Future workshop presentations will address some other questions related to other subjects.**
- **Today, we will provide notecards and pencils for you to keep track of YOUR questions or comments during the presentations**
- **There will be a minute time limit for each person to ask their respective questions.**

Current Conditions & Need for Project



1905 - 1975

Cesspools As Primary Means Of Disposal



1976

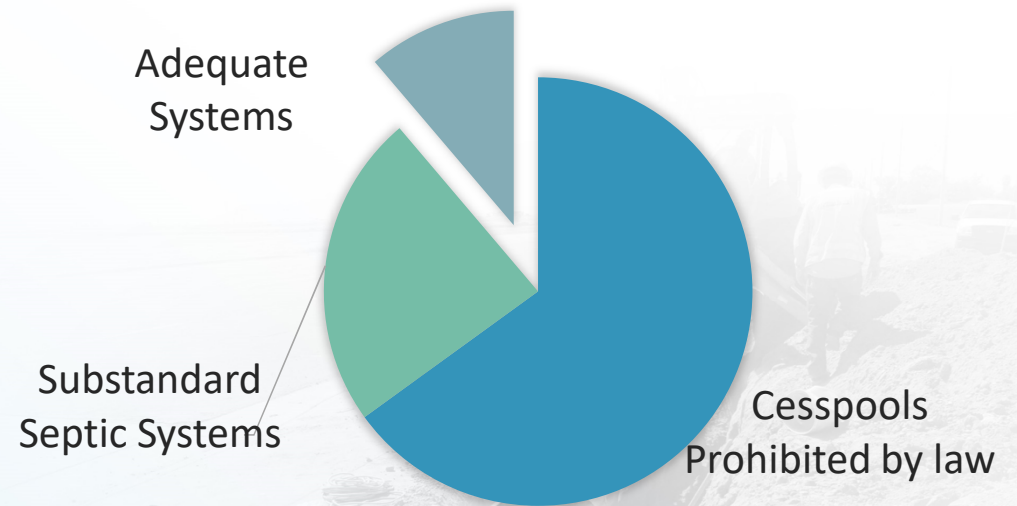
Use Of Cesspools Prohibited AZ law



2007 – PRESENT

75+ Parcels With Failed Onsite Systems

25+ Notices Of Violation (NOV)



89% Of TRSD Existing Onsite Systems In Violation

Current Conditions & Need for Project (cont.)

Conditions in Yards of Houses Where Children and Pets Play



Current Conditions & Need for Project (cont.)

Conditions in Wooded Areas Where Wildlife Roam



Current Conditions & Need for Project (cont.)

Conditions Unknown Under Homes and Underground That Threatens Groundwater For The Future Water Usage



Current Conditions & Need for Project (cont.)

Current Conditions Impacting our Community

- Health and sanitary risks
- Residents or businesses with failed systems cannot occupy the property
- Homes with failing/failed systems unable to make improvements or sell home
- Estimated 300-400 of the 1,900 in TRSD are abandoned (per Gila County)
- Lower property values
- Areas with failed systems and cesspools will remain undeveloped or underdeveloped



Project Benefits



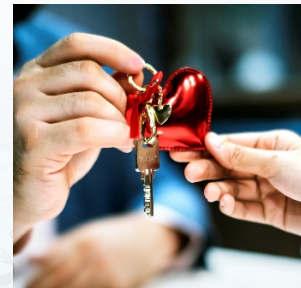
Improves Overall Public Health And Groundwater / Environmental Quality



Protects From Future Economic Hardship In The Event Of Onsite System Failure



Increases Overall Property Values



Provides Flexibility For Home Refinancing / Sales / Renovations

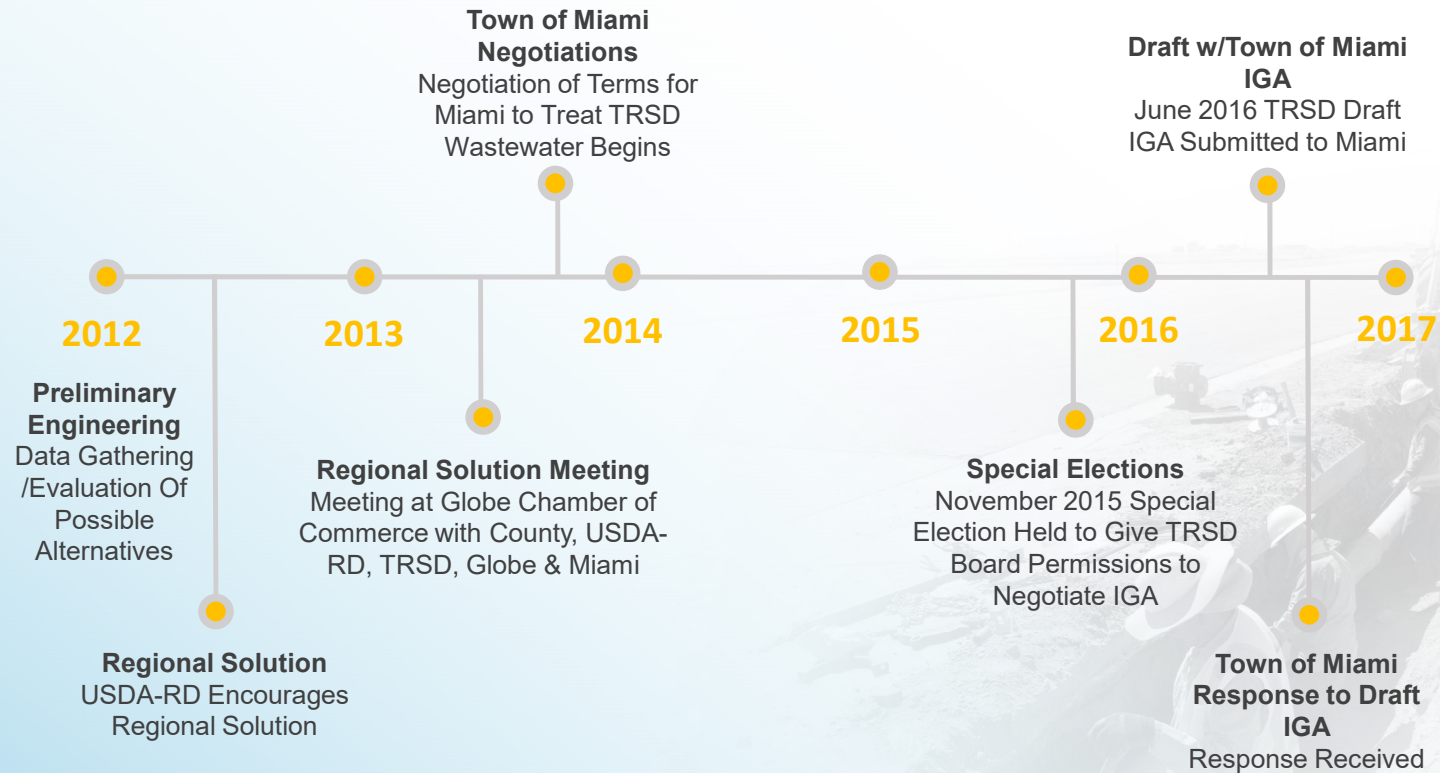


Promotes Restoration Of Abandoned Properties And Future Development
USDA Program for Homeowners



Furnishes Complete House Connection At **No Out-of-pocket, Up-front Costs** To Residents

Project Timeline 2013 - 2016



¹TRSD: TRI-CITY REGIONAL SANITARY DISTRICT

²USDA-RD: UNITED STATES DEPARTMENT OF AGRICULTURE – RURAL DEVELOPMENT

³IGA: INTER-GOVERNMENTAL AGREEMENT

Quest for Regionalization

TRSD Explores Regionalization

- USDA-RD encouraged TRSD to approach Town of Miami and City of Globe in regionalization strategy
- First meeting was at the Globe Chamber of Commerce with July 11, 2013 (included USDA-RD, Gila County, Globe, Miami, TRSD)
- TRSD proposed a regional approach that would utilize the two existing WWTP for treatment in the region. A new board would be created that represented all three (3) agencies based on population. The new Board would collectively manage the O&M of both facilities.
- Both Globe and Miami refused idea (No Clear Reason Given)
- There was a 2nd meeting held August 8, 2013, to further explore and discuss other options and TRSD was the only entity in attendance.
- Regionalization became a non- option, TRSD informed USDA-RD with that;

Town of Miami Negotiations for Waste Treatment

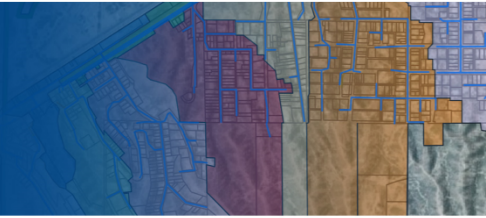
Negotiation with the Town of Miami for Waste Treatment

- USDA-RD encouraged negotiations with Town of Miami for waste treatment, TRSD reached out to establish a meeting(s) to begin the conversation
- TRSD's Attorneys, with consultant support, met with the Town of Miami for about 3.0 years, 60+ meetings.
- Negotiations began in 2013 after the Regional Approach concept wasn't possible

Purpose of Negotiations

- Determine potential terms that could be agreed upon
- USDA-RD required this alternative to be analyzed, therefore TRSD needed to obtain cost information to identify upfront capital costs, cost for annual operations for treatment and long-term cost and/or impacts to TRSD residents.

Preliminary Engineering Report Process



TREATMENT SOLUTION ALTERNATES

NO ACTION

FLOWS TO MIAMI WWTP

FLOWS TO GLOBE WWTP (NOT VIABLE FOR PHASE1)

TRSD WRF



TRSD WRF

SITE LOCATIONS / LAYOUT CONFIGURATIONS

TREATMENT PROCESS (COST / SIZE / FLOOD PLAIN)



COLLECTION SYSTEM

LAYOUTS (GEOGRAPHIC ELEVATIONS /

ENVIRONMENTAL AVOIDANCE AREAS)

GRAVITY VS. STEP SYSTEM



LIFT STATION

SITE LOCATIONS / LAYOUT CONFIGURATIONS

FLOOD PLAIN

Appropriate Evaluation Requires Life Cycle Analysis

- Standard Financial Alternative Evaluation Requires, as does USDA-RD, 20-Year Life Cycle Cost (LCC) analysis that takes into account all costs to determine Present Value (PV).

Capital Cost PV

Operational & Maintenance Cost - PV 20 Years

Short lived Assets Reserve Cost PV of 20 Years

Salvage Value PV

Revenue from Effluent Sale PV of 20 Years

- It would be inappropriate and inaccurate to only consider Capital Cost to base decision

Town of Miami Negotiations for Wastewater Treatment

Town of Miami's Proposed Cost/Terms

- Purchase of Capacity, \$5/gal or \$1.2 million (USDA-RD imposed this price limit to Town of Miami)
- Operation & Maintenance (O&M) Cost was needed from the Town of Miami for the Phase 1 Preliminary Engineering Report (PER), TRSD requested financial cost details to analyze, Records were not Available and Town of Miami became non-committal
- TRSD received ESTIMATE of O&M cost from a Town of Miami engineering consultant for PER preparation, but no actual cost information was made available for comparison to ESTIMATE
- Town of Miami added a 30% administration fee on top of the O&M Cost
- TRSD Owners/Residents would not see any benefit from the sale of effluent from TRSD

Election for Possible Town of Miami to Treat TRSD Wastewater

- TRSD held Special Election in November 2015 as required by ARS Title 48
- The vote, if approved, give the TRSD Board, authority to connect to Town of Miami for the treatment of wastewater, IF the Board determined it was in the best interest of TRSD Owners/Residents and Businesses.
- The vote was passed but ultimately the Board determined that it was not in the best interest of the TRSD Owners/Residents or Business for a number of reasons.

After the Town of Miami Negotiations

Breakdown of Town of Miami Negotiations

- TRSD consulted with USDA-RD after the breakdown in negotiations with the Town of Miami. After 3.0 years with Town of Miami, USDA-RD suggested to send a draft IGA with agreeable terms
- June 2016 TRSD Draft IGA Submitted to the Town of Miami
- The Town of Miami rejected the TRSD IGA, as stated in a letter that that they did not have the time or resources to review the TRSD proposed IGA. Negotiations would need to restart from the beginning losing 3 years of time.
- TRSD again consulted with USDA-RD, USDA-RD suggested moving on from the Town of Miami Negotiations
- TRSD Board Members voted to move on from the Town of Miami and build its own treatment facility

Benefits of TRSD Building a Wastewater Reclamation Facility (WRF)

TRSD WRF was Selected Alternative

- Preliminary Engineering Report analysis determined the best option was for TRSD to build its own WRF, USDA-RD AZ State and National Offices agreed

Factors

- TRSD controls facility and all costs associated with the Facility (Remember, residents of TRSD do not vote in Town of Miami elections, thus TRSD has no recourse of treatment cost increases to TRSD)
- Actual cost for Town of Miami to treat could not be confirmed, no financial information of operational costs was available for confirmation
- Town of Miami could opt to discontinue treatment of TRSD wastewater at any time
- TRSD benefits from controlling effluent revenues and re-investing back to the Owners/Residents

Workshop #2 Preview

End of Miami Negotiations to Approval of Assessment 2016 – 2018

- Recapitulate Session #1
- PER/Alternative Analysis
 - No action
 - Town of Miami
 - TRSD
- Letter of Conditions Received
- RD Obligates Funding for Phase 1
- ARS Requirements of the Assessment District Process
- Owners not renters approve/disapprove Debt

THANK YOU FOR COMING!

Footage from this Workshop will be uploaded to our Youtube page within one week:



@TRSDWastewater

• • • • •
Check our Facebook page for information and updates on our next Workshop:
JULY 16, 2024



@Tri-City Regional Sanitary District