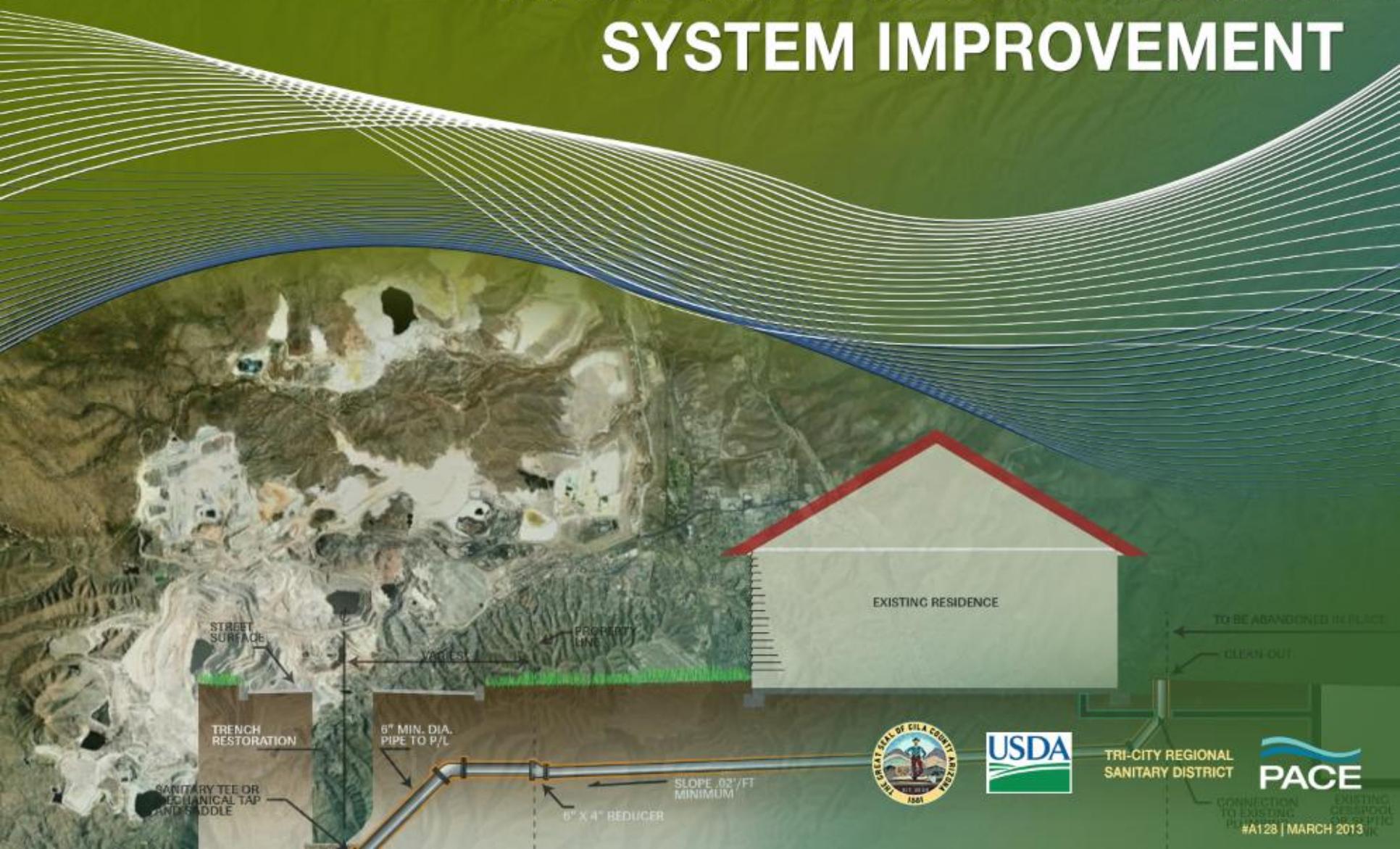


TRI-CITY REGIONAL SANITARY DISTRICT WASTEWATER COLLECTION SYSTEM IMPROVEMENT



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CONNECTION TO EXISTING PIPE
EXISTING RESIDUAL COLLECTION PIPE
#A128 | MARCH 2013

Tri-City Regional Sanitary District (TRSD)

- Tri-City Regional Sanitary District (TRSD) serves unincorporated areas of Gila County between the City of Globe and the Town of Miami
- TRSD's current service area is approximately 5.54 square miles
- Population of 4,022, with about 2000 residential equivalents
- TRSD includes the neighborhoods of Lower Miami, Claypool, Central Heights, Country Club Manor, Midland City, Little Acres, Bechtel Tract, and north on SR 188 just past Bandy Heights
- Majority of TRSD residents remain on individual disposal systems (i.e. cesspools and septic systems)



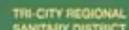
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TRSD Wastewater Collection System Project History

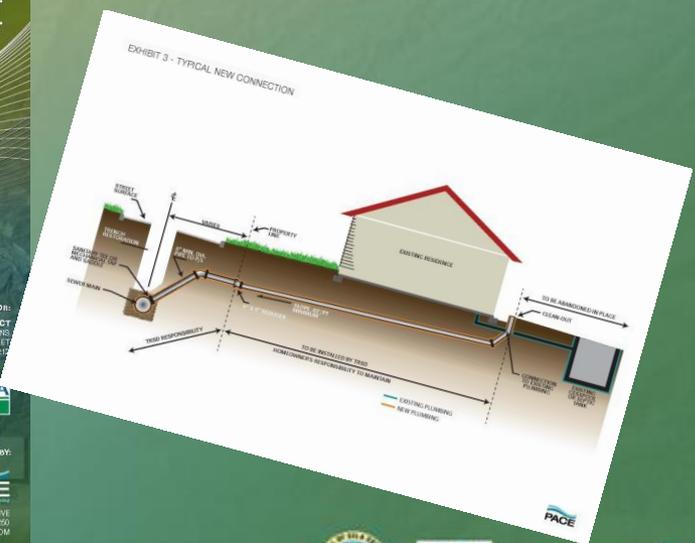
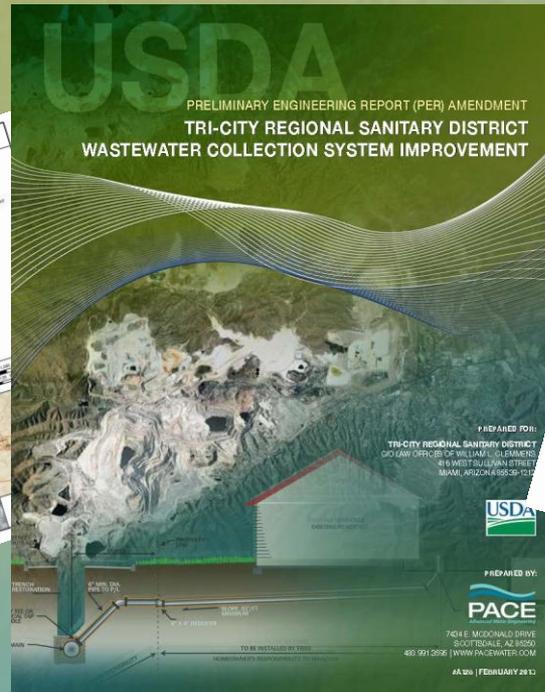
- TRSD proactive attempt to offer a regional wastewater treatment solution is in the making for over 40 years (Started as Cobre Valley Sanitary District and Pinal Sanitary District)

Year	Description of Events
1968	Cobre Valley Sanitary District (CVSD) and Pinal Sanitary District established to manage publically owned wastewater treatment and disposal in unincorporated areas between Globe and Miami
1972	County was to fund the Greater Globe-Miami Wastewater Project, but stalled when contractual issues arose among parties involved
1973	Cities Service Company, a local copper mining company, constructed a wastewater treatment facility, the Holgate Plant
1974	Holgate Plant was turned over to the City of Globe
1980	Globe provided use of the Holgate Plant to CVSD to provide sewage treatment to approximately 109 trailer dwellings
1981	CVSD had an analysis completed to evaluate alternatives to deal with existing wastewater disposal systems and plan for a long term solution, CVSD never implemented any of the alternatives explored
1982	Gila County Board of Supervisors reformed the Pinal Sanitary District (PSD) to manage all remaining wastewater service/systems in the surrounding Globe/Miami area
1984	PSD commissioned the Wastewater Management Facility Plan recommended that PSD construct a centralized sewage collection system, recommendations of the study were never implemented by PSD
2001	Regional Wastewater Study was completed as a result of an agreement between Globe, Miami, PSD, Southern Gila County economic development Corp, Gila County Industrial Development Authority, Gila County – recommendation was to construct a new sewage collection system and new package plant to serve the Wheatfields area
2011	TRSD was formed, merger of CVSD and PSD to facilitate comprehensive planning for management of wastewater flows within combined service areas



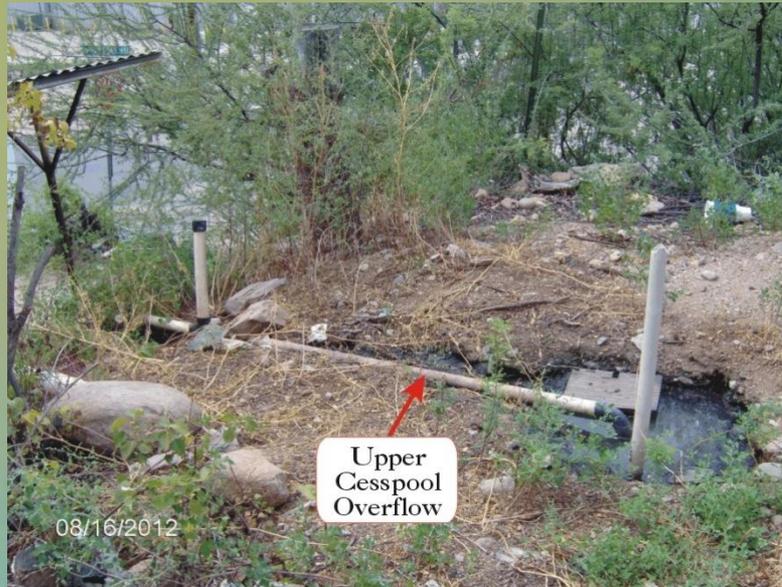
TRSD Actively Pursuing a Regional Wastewater Treatment Solution

- Commissioned AMEC to develop a USDA-RD Preliminary Engineering Report (PER) to explore alternatives and pursue USDA-RD funding to help facilitate a project
- TRSD redirected project focus by hiring PACE to review the USDA-RD PER and develop an amendment to convey the interests of TRSD and its residents
- PACE has refocused the project and determined the best, most cost effective solution to TRSD sanitation issues



Need for the Project

- TRSD residents continue to utilize onsite septic systems and cesspools for wastewater disposal (approx. 1,300 operating cesspools and 300 substandard septic systems)
- EPA in 2000 prohibited the usage of Class 5 Injection Wells (Cesspools > 20 people) set a deadline of 2005 for use of all wells to be discontinued
- The use of cesspools was prohibited by ADEQ in 1976; however, nearly 80% of homes within TRSD use cesspools for sewage disposal
- Many of these remaining systems are in poor or failing condition

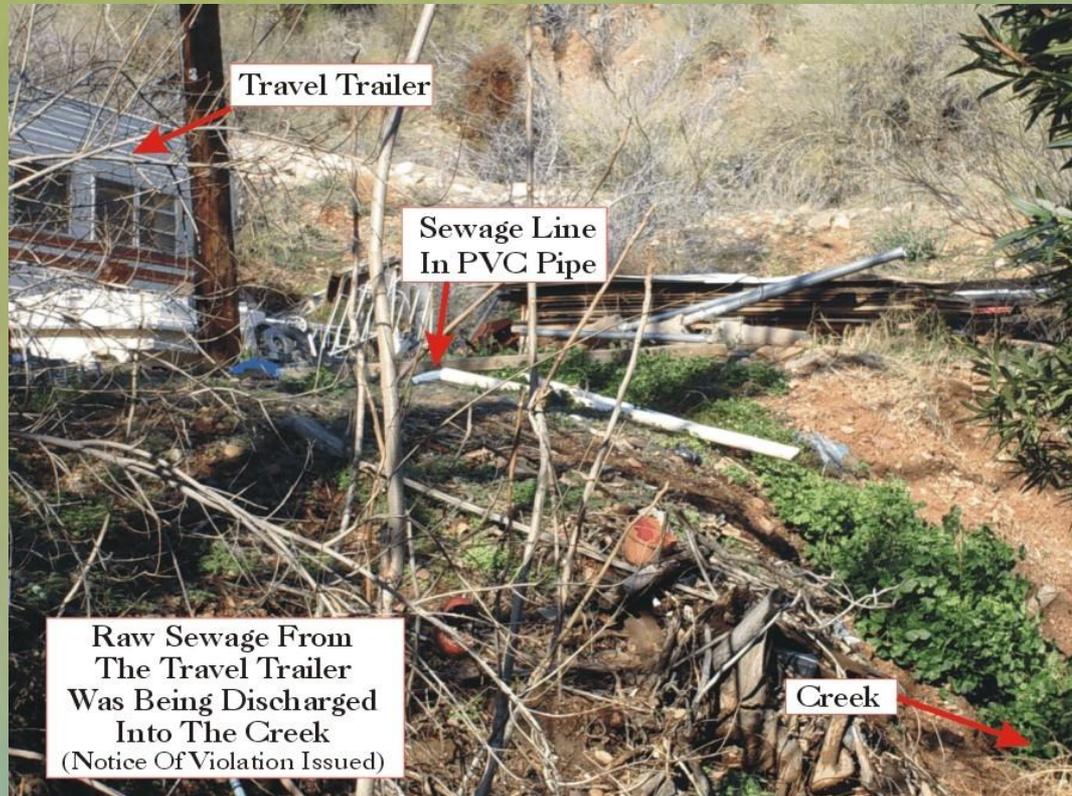


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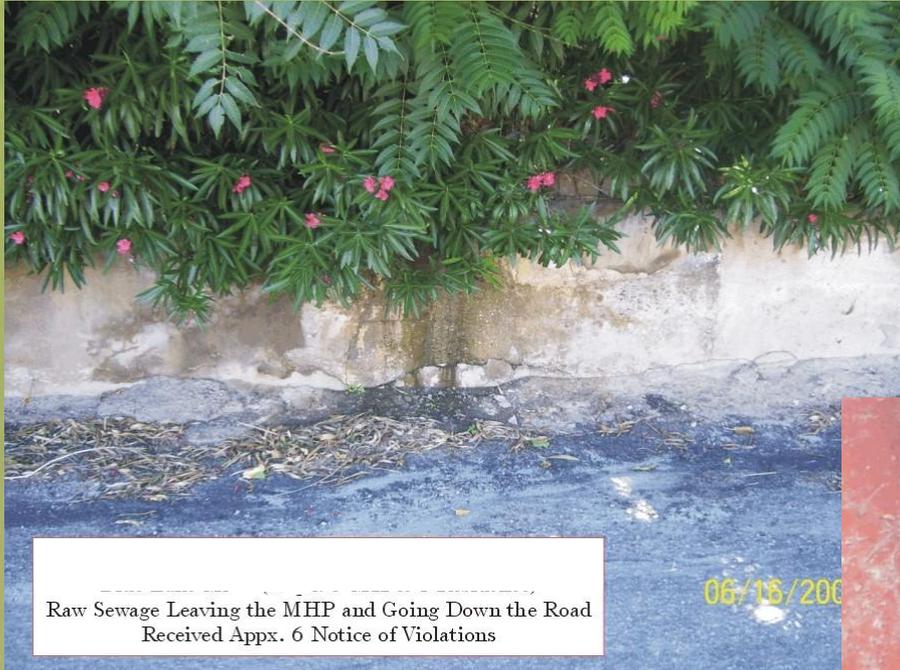


Need for the Project

- 75 parcels with known failed sewage systems since 2007
- More than 25 recorded Notices of Violation (NOV's) for both sewage and gray water
- It is expected that many more violations exist but have not been filed



Need for the Project



Raw Sewage Leaving the MHP and Going Down the Road
Received Appx. 6 Notice of Violations



Raw Sewage Under One Of The Homes
Received Appx. 6 Notice of Violations



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Need for the Project

Shared Wall with Cesspool

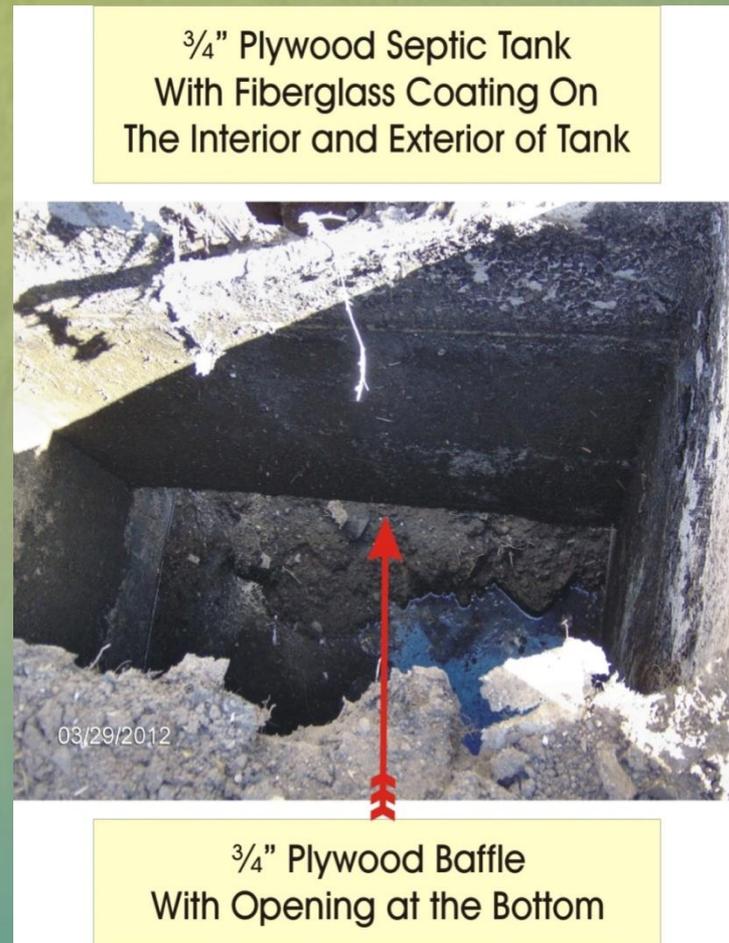


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Existing Condition Impacts

- Public Health Risk
 - Without installation of a municipal wastewater system, unsanitary conditions will progressively worsen
 - Area Residents are at particular risk as they are more likely to come into contact with contaminated areas
 - Cesspool lids are collapsing with 2 incidents of people falling into cesspools in recent years



Financial Impacts

- Economic Concerns
 - Residents or businesses with failed systems cannot occupy the property
 - Residents and Commercial Properties with cesspools
 - May be unable to acquire home or commercial property loans
 - May not be able to sell
 - No building permits issued for improvements or expansions of properties served by a cesspool
 - Areas with failed systems and cesspools will remain undeveloped or underdeveloped
 - Discourages growth throughout areas with high numbers of cesspools and failed systems



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Benefits of a Successful Project

- Improved environmental conditions
- Promotes economic growth and development
- Increases property value
- Provides ability to expand and renovate existing properties
- Makes properties financeable and saleable
- Allows for resident mobility
- Renewed quality of life



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Proposed TRSD System

- Constructing a new Regional Wastewater Treatment Plant (WWTP) is proposed to address the health and sanitary issues within TRSD
- Large project involving a new WWTP and infrastructure throughout the District
- Estimated Capital cost of \$52.9 million
- Other alternatives considered range between \$53-\$54 million



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Alternatives Considered

- Alternative 1 – No Action
- Alternative 2 – Portion of the Service Area Flow Conveyed to the Miami WWTP with the Remaining Service Area Flow Conveyed to the Globe WWTP
 - Estimated Cost \$53.9 million
- Alternative 3 – All Wastewater Flow Conveyed to the Miami WWTP (Existing Globe service to remain with Globe)
 - Estimated Cost \$53.7 million
- Alternative 4 – All Wastewater Flow Conveyed to the Globe WWTP (Existing Miami service to remain with Miami)
 - Determined to be infeasible and has been removed from consideration (Gravity issues/high pumping costs)
- Alternative 5 – Construct a New WWTP for the Tri-City Regional Sanitary District (Includes all flows within TRSD)
 - Estimated Cost \$52.9 million



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Alternatives Considered

	Alternative 1 No Action	Alternative 2 Miami & Globe	Alternative 3 Miami (Globe Retains)	Alternative 4 All flow to Globe	Alternative 5 New WRF
Construction Cost	N/A	\$ 33,709,347	\$ 34,551,449	N/A	\$ 41,996,165
Non-Construction Cost	N/A	\$ 17,722,575	\$ 17,962,075	N/A	\$8,421,344
Financing/Interest	N/A	\$ 2,564,847	\$ 2,585,873	N/A	\$ 2,514,259
Total Project Cost	N/A	\$ 53,996,769	\$ 54,439,435	N/A	\$ 52,931,768

Source: Tri-City Regional Sanitary District Wastewater Collection System PER Amendment by PACE, February 2013



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Alternatives Considered

- Alternatives rating matrix used in alternative evaluation and included priority attributes

Attribute	Weight	Alternative 1 No Action		Alternative 2 Miami & Globe		Alternative 3 To Miami		Alternative 4 To Globe		Alternative 5 New TRSD WRF	
		Score	Wt. x Score	Score	Wt. x Score	Score	Wt. x Score	Score	Wt. x Score	Score	Wt. x Score
Effluent as Potential Revenue	1	1	1	1	1	1	1	-	N/A	5	5
Land Acquisition/ Easements	1	5	5	3	3	3	3	-	N/A	2	2
Constructability	3	5	15	3	9	3	9	-	N/A	1	3
Capital Cost	4	5	20	3	12	3	12	-	N/A	3	12
Operations & Maintenance	2	5	10	4	8	4	8	-	N/A	3	6
Environmental Impacts	4	1	4	5	20	5	20	-	N/A	5	20
Public Health Impacts	4	1	4	5	20	5	20	-	N/A	5	20
Street Impacts	1	5	5	3	3	3	3	-	N/A	2	2
TRSD Oversight	4	1	4	2	4	2	8	-	N/A	5	20
Community Benefit	4	1	4	5	20	5	20	-	N/A	5	20
Schedule	1	5	5	2	2	2	2	-	N/A	2	2
Total Score			77		102		106		N/A		112

Source: Tri-City Regional Sanitary District Wastewater Collection System PER Amendment by PACE, February 2013



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Selected Alternative – Proposed Project

- Construct a New WWTP for the Tri-City Regional Sanitary District (Includes all flows within TRSD)
 - 800,000 GPD WWTP & 191,233 lf of pipe & over 400 manholes
 - One main lift station
 - One small lift station
 - Several neighborhood lift stations
 - Gravity sewer mains ranging between 8-inch and 15-inch in diameter
176,416 lf of pipe
 - Force mains ranging between 6-inch and 18-inch in diameter 14,817 lf of pipe
 - Includes purchase of existing infrastructure from Globe and Miami



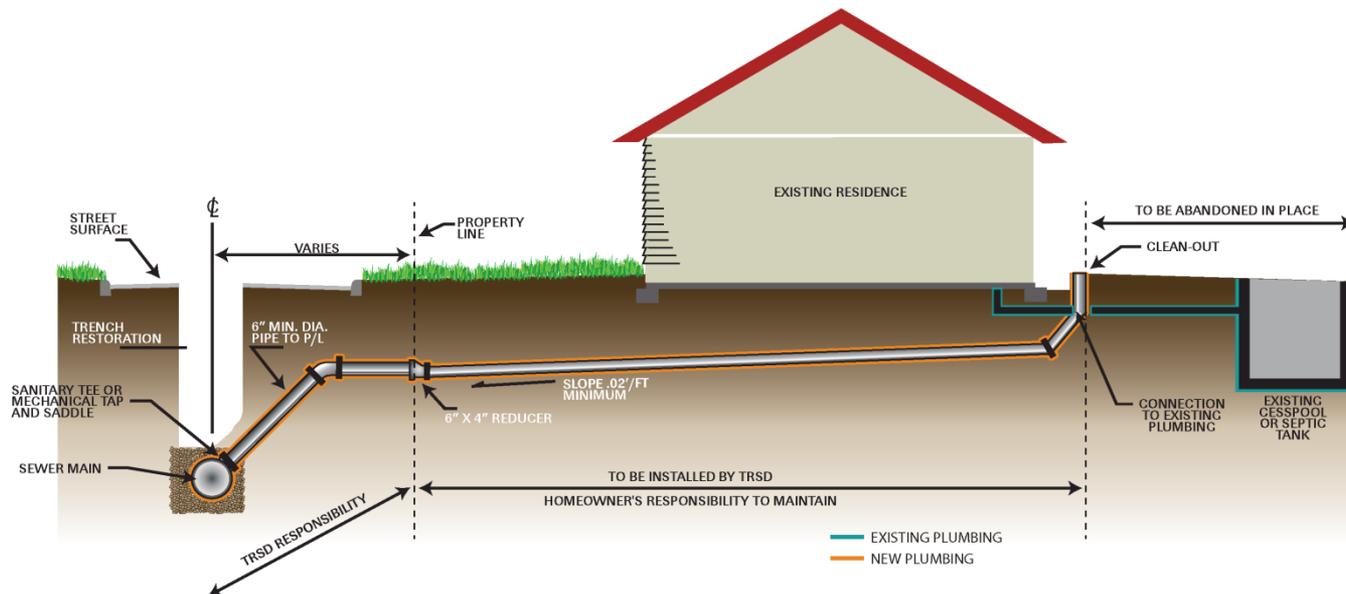
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Property Connections

- Colonia Funding

EXHIBIT 3 - TYPICAL NEW CONNECTION



Financing

- Applications submitted:
 - USDA-RD
 - WIFA
 - RCAC
- Grants/Loans
- Median Household Income Survey Qualified under USDA-RD for up to 75% Grant & 25% Loan (50/50)



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Making it Affordable

- Current AZ State Statute Restricts Loan Term to 25 years for Sanitary Districts
- Legislation has been drafted and submitted to extend payback to 40 years



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Project Summary

- Fills Regional Gap between Globe/Miami and North & South of the Current District
- Allows for regional revitalization/growth
- Provides residents with increased property values and the ability to improve their homes and sell their properties
- Affordable provided TRSD gets your support



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Assistance

- Vocalize your recognition of the need and value of the TRSD Project
 - USDA RD at the State and National levels
 - U. S. Congress Local House and Senate Members
 - Arizona Governor and Legislature (25 yr to 40 yr Statutes)
- Vocalize your support to the residents of TRSD
- Provide assistance in securing funding for the project
- Provide assistance in securing maximum grant funding for the project in order to secure comparable monthly rates



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TRSD Wastewater Collection System

QUESTIONS?



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