



## **SUB-REGIONAL OPERATING GROUP (SROG) Advisory Committee**

### **MEETING NOTICE AND TENTATIVE AGENDA**

**Thursday, January 23, 2025 – 1:00 p.m.**

**Arizona Municipal Water Users Association  
Board Room  
3003 North Central Avenue, Suite 1550  
Phoenix, Arizona 85012**

#### **A. Call to Order—Ms. Patty Kennedy, Chair, Phoenix**

#### **B. General Business—Items for Discussion and Possible Action**

1. Approval of the Minutes from the October 17, 2024 Meeting
2. Schedule Next Meeting Date: Thursday, February 20, 2025, at 1:00 p.m.
3. Information Items
  - a. Multi-City Project Analysis of the 91<sup>st</sup> Avenue WWTP
  - b. Aging Report
  - c. Statement of Revenues and Expenses
4. SROG User Charge Rates for Fiscal Year 2025-26

The SROG User Charge Rates will be presented for Fiscal Year 2025-26. The rates are based on the O&M Budget and forecasted sewer flows for the same year.

The SROG User Charge Rates are to be reviewed by this committee and forwarded to the SROG Committee for approval at their February 2025 meeting.

Please refer to Agenda Item #4.

#### 5. Operating Fund Balance Reserve

The Operating Fund Balance Reserve was established at 12.5% of the operating and maintenance costs for the 91<sup>st</sup> Avenue WWTP. The current balance will be reviewed and adjusted, as appropriate, to meet the JEPA requirement for Fiscal Year 2025-26.

**Arizona Municipal Water Users Association**

The Operating Fund Balance Reserve is to be reviewed by this committee and forwarded to the SROG Committee for approval at their February 2025 meeting.

Please refer to Agenda Item #5.

6. SROG Fiscal Year 2023-24 Year-End Settlement and Annual Comprehensive Financial Report (ACFR)

The Fiscal Year 2023-24 Year-End Settlement is provided for your review. The Committee will be requested to recommend acceptance of the settlement and the ACFR to the SROG Committee at their February 2025 meeting.

Please refer to Agenda Item #6.

7. Local Limits

Hazen will present the findings of their Local Limits Review.

8. GL02 Request for Construction and CA&I Services

Glendale is requesting authorization to utilize a JOC contract with Felix for Construction, to amend a contract with Wilson for CA&I Services for the GL02 Metering Station Relocation.

9. 91<sup>st</sup> Ave WWTP Facility Condition Assessment

The City of Phoenix will request approval to utilize an annual services contract with Arcadis to conduct an assessment update at 91<sup>st</sup> Ave.

**C. Future Agenda Items**

**D. Adjournment**

**SROG ADVISORY COMMITTEE**  
**MEETING MINUTES**  
**October 17, 2024**

**MEMBERS**

Patty Kennedy, Chair, Phoenix  
Craig Caggiano, Tempe  
Brian Draper, Mesa  
Julia Campo for Kevin Rose, Scottsdale  
Mark Roye, Glendale

**OTHERS**

Simon Amavisca, Phoenix	Arno Leskinen, Consor
Michelle Barclay, AMWUA	John Masche, Phoenix
Araceli Canez, Phoenix	Nashita Naureen, Stantec
Tara Gonzales, Phoenix	Cindy Smith, Phoenix
Mark Lee, Consor	Peter Torres, Phoenix
	Peter Tymkiw, Arcadis

**A. Call to Order**

Ms. Kennedy called the meeting to order at 1:21 p.m.

**B. General Business – Items for Discussion and Possible Action****1. Approval of the Minutes from the September 19, 2024 Meeting**

Upon a motion by Ms. Kennedy, a second by Mr. Dalton, and unanimous approval, the minutes of the September 19, 2024 meeting were approved.

**2. The next SROG Advisory Committee meeting was scheduled for Thursday, November 21, 2024, 1:00 p.m.****3. Information Items**

There were no comments on the information items.

**4. Calibration Report Fiscal Year 2023-24**

Mr. Todd, of Wilson Engineers, presented the FY 2023-24 Annual Calibration Report. He presented the data showing the dates calibration events occurred at each metering station along with who was present. Where there were issues, Wilson audited historical flow data to fill in gaps to establish flow loading. He noted that the metering at 91<sup>st</sup> Ave has all meters working without issue. Mesa metering stations have had communication issues, but Phoenix has a program in place to address that. SD01 has two new lasers on site. The Tempe sites also have some communication issues being addressed. TP03,04 and 05 are all working well.

Wilson is recommending that Mesa replace the two ADFMs they have. He stated that Tempe is in the process of replacing their ADFM units. Mr. Dalton stated that they have historically had ADFM but they lost the one at TP01, and there are projects to put lasers in anyway.

Upon a motion by Ms. Kennedy, a second by Mr. Dalton, and unanimous approval, the SROG Advisory Committee recommend to the SROG Committee that the Annual Metering Station Calibration for FY 23-24 be accepted as presented by Wilson Engineers.

5. Flow and Load Projections for Fiscal Year 2025-26

Mr. Todd presented the flow and load projections for FY 2025-26, showing historical and projected flows for the cities. The projections indicate no significant changes for the short term. He stated that there will be an expected reduction of flows at 91<sup>st</sup> Ave as planned reclamation plants are put in use.

Upon a motion by Ms. Kennedy, a second by Mr. Dalton, and unanimous approval, the SROG Advisory Committee recommended to the SROG Committee that the Influent Flow and Loading Projections for Fiscal Year 2025-26 be adopted as presented by Wilson Engineers.

6. Process Control Improvement WS90100113

Ms. Smith presented the 91st Avenue Wastewater Treatment Plant (WWTP) Process Control Improvements project (WS90100113), which aims to enhance infrastructure performance, operational resiliency, and cybersecurity by replacing obsolete control systems. This project was included in the Master Plan prepared by Arcadis in November 2023.

The project will replace approximately 50 Programmable Logic Controllers (PLCs) and 90 Opto 22 Optimux controllers across 50 buildings, prioritizing four blower buildings. The project follows the Purdue Model for network isolation and cybersecurity improvements. The budget is \$36 million, with a 7-year timeline for design and construction. Funding for this project is requested to be included in the SROG CIP Cash Flow.

Upon a motion by Ms. Kennedy, a second by Ms. Guerra, and unanimous approval, the SROG Advisory Committee recommended that the SROG Committee accept new project number WS90100113 - 91st Avenue WWTP Process Control Improvements under Billing Schedule 56 with the following percentages: Glendale 6.45% Mesa 14.29%, Phoenix 55.16%, Scottsdale 9.90% and Tempe 14.20%.

Upon a motion by Ms. Kennedy, a second by Mr. Dalton, and unanimous approval, the SROG Advisory Committee recommended to the SROG Committee that the City of Phoenix be authorized to utilize on-call engineering services for design and CA&I services and utilize on-call construction contracts in combination with job order contracts in an amount not to exceed \$36,000,000 for services related 91st Avenue WWTP Process Control Improvements. Funds for these services will be budgeted in a new project number in the SROG CIP Cash Flow. New Project Number WS90100113 under Billing Schedule 56 with the following percentages: Glendale 6.45% Mesa 14.29%, Phoenix 55.16%, Scottsdale 9.90% and Tempe 14.20%. Funds for these services will be available in the SROG CIP Cash Flow starting in Fiscal Year 2024-2025

7. BIC Fourth Option Renewal

Ms. Gonzales presented the options for renewing the Buckeye irrigation contract, with the execution of the fourth and final option recommended for approval. The fourth option covers the period from January 2026 to December 2030, with SROG providing 20,000 AF per year.

Ms. Gonzales reviewed some key aspects of the contract. She stated that the price per acre foot is equal to a percentage of the average price per AF charged by SRP in the calendar year preceding, and that amount is calculated monthly. She noted that BIC does not have to pay for effluent not suitable for use for irrigation on nonedible agricultural crops, and the agreement terminates on December 31, 2030 or upon the expiration of Palo Verde agreement, whichever first occurs. She stated that failure to notify by either party in time is not considered a material breach and does not terminate agreement. Until January 1, 2026 SROG may not contract the sale of Effluent from 91st Ave to any person or organization for agricultural irrigation purposes without giving Buckeye a right of first refusal to purchase at the same terms and conditions as the proposed sale, and that BIC may not sell, transfer or exchange effluent for any use other than agricultural crops.

Upon a motion by Ms. Kennedy, a second by Mr. Dalton, and unanimous approval, the SROG Advisory Committee recommended to the SROG Committee that the City of Phoenix be authorized to exercise the fourth option of the 1994 agreement with the Buckeye Irrigation Company to provide 20,000 acre-feet of SROG effluent from the 91st Avenue WWTP to the BIC, according to the terms of the agreement for the years 2026 through 2030.

**C. Future Agenda Items**

There was no discussion of this item.

**D. Adjournment**

Upon a motion by Ms. Kennedy a second by Mr. Dalton and unanimous approval, the meeting adjourned at 2:02 p.m.

**Multi-City Project Analysis**  
*Detail of Expenditures As of November 30, 2024*

*Table 1*

<i>WBS Element</i>	<i>Project Title</i>	<i>Current Month Expenditures</i>	<i>Project To-Date Cost</i>	<i>Outstanding Contractual Amount</i>	<i>Total Project Cost</i>
WS90100021	Flood Protection - Toxicity TIE/TRE	0.00	169,591.05	0.00	169,591.05
WS90100052	91st Ave-Two Phase Digester Study	0.00	8,395,331.23	0.00	8,395,331.23
WS90100092	91st Ave Instrumntation & Control	71,252.16	7,857,735.11	2,482,328.20	10,340,063.31
WS90100093	91st Ave WWTP Pipe/Equip Coating	1,106.00	5,797,056.07	379,972.05	6,177,028.12
WS90100094	91st Ave WWTP Safety	76,576.32	6,183,320.86	680,649.34	6,863,970.20
WS90100095	91st Ave WWTP Work & Asset Mgt	96,505.86	817,299.72	1,029,464.72	1,846,764.44
WS90100098	91st Ave Solar Drying Beds Imprvmnts	0.00	5,143,596.81	0.00	5,143,596.81
WS90100099	91st Ave Groundwater Wells Imprvmnts	0.00	6,096,648.43	0.00	6,096,648.43
WS90100100	91st Ave Support Facilities Rehab	101,590.00	11,460,834.11	2,245,021.16	13,705,855.27
WS90100101	91st Ave Process Piping Rehab	315,646.40	12,127,979.51	3,303,782.71	15,431,762.22
WS90100103	Toxicity Identification Evaluation	362.00	46,266.51	90,508.00	136,774.51
WS90100104	Multi-Phase Process Improvements	0.00	3,196,866.98	40,000.00	3,236,866.98
WS90100105	91st Ave WWTP Process Control 2016	206,196.86	8,422,571.85	742,860.63	9,165,432.48
WS90100106	91st Ave WWTP Fire Safety	135,827.31	7,725,580.65	3,735,871.41	11,461,452.06
WS90100107	91st Ave WWTP Facility Assessment	0.00	2,074,519.70	20,546.76	2,095,066.46
WS90100109	91st Ave WWTP Facility Rehab	210,325.71	17,653,248.17	4,548,485.58	22,201,733.75
WS90100111	91st Ave WWTP Solids Rehab Phase 1	2,116,357.16	22,338,712.50	52,318,087.41	74,656,799.91
WS90100112	91st Ave WWTP Plant 2B Rehab	5,619,043.28	54,800,310.30	29,791,311.20	84,591,621.50
WS90100113	Process Cntrl Sys Imp-91st Ave WWTP	0.00	0.00	383,298.20	383,298.20
WS90100115	91st Ave WWTP Master Plan	129,867.46	725,623.16	393,030.42	1,118,653.58
WS90120037	91st Ave WWTP Local Limits Study 12-13	42,369.29	46,841.04	156,188.27	203,029.31
WS90140006	Tres Rios Reuse/Recharge Phase II	0.00	62,243,910.72	0.00	62,243,910.72
WS90140016	Tres Rios Rehab and Replacement	28,840.86	2,911,500.65	222,701.08	3,134,201.73
WS90160084	SROG Interceptor Capacity Improvements	0.00	655,074.36	0.00	655,074.36
WS90160098	Glendale GL02 Metering Station	92,161.40	3,222,867.27	268,151.57	3,491,018.84
WS90160100	SAI 51 Ave Siphons Assessment SROG	0.00	1,498,273.30	0.00	1,498,273.30
WS90160106	SRO Condition Assessment	7,139.50	138,090.20	1,449,520.38	1,587,610.58
WS90160107	SAI Condition Assessment	47,699.75	1,503,825.04	518,233.22	2,022,058.26
<b>Total</b>		<b>9,298,867.32</b>	<b>253,253,475.30</b>	<b>104,800,012.31</b>	<b>358,053,487.61</b>

MULTI-CITY PROJECT ANALYSIS  
 DETAIL OF OUTSTANDING CONTRACTS AS OF NOVEMBER 30, 2024  
 TABLE II

PROJECT INDEX	CONTRACT NUMBER	VENDOR	CONTRACT AMOUNT	ORDER AMOUNT	LIQUID ENCUMBR	CONTRACT AMOUNT
<b><u>WS90100092 - 91ST AVE INSTRUMNTATION &amp; CONTROL</u></b>						
	154042	WILSON ENGINEERS LLC	5,000,000.00		2,517,671.80	2,482,328.20
			9,949,990.06	(217,831.46)	7,249,830.40	2,482,328.20
<b><u>WS90100093 - 91st Ave WWTP Pipe/Equip Coatin</u></b>						
	149652	RFI CONSULTANTS LLC	300,000.00		182,186.95	117,813.05
	155549	PCL CONSTRUCTION INC	275,009.00		12,850.00	262,159.00
			6,236,395.26	(592,168.05)	5,264,255.16	379,972.05
<b><u>WS90100094 - 91ST AVE WWTP Saftey</u></b>						
	149651	LUDVIK ELECTRIC COMPANY	21,695.00		0.00	21,695.00
	155549	PCL CONSTRUCTION INC	887,086.00		521,724.00	365,362.00
	155878	WATER WORKS ENGINEERS LLC	200,000.00		31,201.06	168,798.94
	155879	EIC ENGINEERS LLC	150,000.00		25,206.60	124,793.40
			6,670,078.94	(201,729.61)	5,709,979.71	680,649.34
<b><u>WS90100095 - 91ST AVE WWTP WORK &amp; ASSET MGT</u></b>						
	158806	WILSON ENGINEERS LLC	882,000.00		383,480.52	498,519.48
	4400705877	PROCESS SOLUTIONS ASSURANCE	93,150.75		69,649.14	23,501.61
	4401001345	GUIDESOFT INC	68,887.10		29,874.83	39,012.27
	4400849779	TMG UTILITY ADVISORY SERVICES INC	512,908.08		58,719.04	454,189.04
	4401016799	LANCESOFT INC	18,864.00		4,621.68	14,242.32
			1,799,676.09	(170,831.16)	599,380.21	1,029,464.72
<b><u>WS90100100 - 91ST AVE SUPPORT FACILITIES REHAB</u></b>						
	155549	PCL CONSTRUCTION INC	2,578,950.00		823,219.00	1,755,731.00
	155878	WATER WORKS ENGINEERS LLC	300,000.00		934.42	299,065.58
	155879	EIC ENGINEERS LLC	150,000.00		0.00	150,000.00
	4400986516	KING JR, TIMOTHY B	1,600.00		0.00	1,600.00
	4400978084	KING JR, TIMOTHY B	17,552.29		0.00	17,552.29
	4400978083	KING JR, TIMOTHY B	17,552.29		0.00	17,552.29
	4401027528	KING JR, TIMOTHY B	1,920.00		0.00	1,920.00
	4401043388	KING JR, TIMOTHY B	1,600.00		0.00	1,600.00
			13,316,607.64	(177,519.83)	10,894,066.65	2,245,021.16
<b><u>WS90100101 - 91ST AVE PROCESS PIPING REHAB</u></b>						
	147881	BROWN & CALDWELL	2,400,000.00	(400,000.00)	1,198,553.29	801,446.71
	155549	PCL CONSTRUCTION INC	5,940,159.00		3,437,823.00	2,502,336.00
			15,271,690.41	(415,800.00)	11,552,107.70	3,303,782.71



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TABLE II**

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<b><u>WS90100103 - 91AV TOXICITY ID EVALUTN</u></b>						
	144947	HAZEN AND SAWYER P.C.	100,000.00		9,492.00	90,508.00
			100,000.00	0.00	9,492.00	90,508.00
<b><u>WS90100104 - Multi-Phase Process Improvement</u></b>						
	147891	PCL CONSTRUCTION INC	475,000.00		435,000.00	40,000.00
			3,127,388.00	(267.52)	3,087,120.48	40,000.00
<b><u>WS90100105 - 91st Ave WWTP Process Control</u></b>						
	147479	EIC ENGINEERS LLC	400,000.00	(125,000.00)	261,795.37	13,204.63
	155878	WATER WORKS ENGINEERS LLC	400,000.00		0.00	400,000.00
	155549	PCL CONSTRUCTION INC	2,130,563.00		1,905,511.00	225,052.00
	155879	EIC ENGINEERS LLC	150,000.00		45,396.00	104,604.00
			9,278,150.00	(451,216.80)	8,084,072.57	742,860.63
<b><u>WS90100106 - 91st Ave WWTP Fire Safety</u></b>						
	147890	FELIX CONSTRUCTION CO	1,800,000.00		1,710,000.00	90,000.00
	155547	FELIX CONSTRUCTION CO	3,812,295.00		2,146,015.78	1,666,279.22
	161083	FELIX CONSTRUCTION CO	1,979,592.19		0.00	1,979,592.19
			7,591,887.19	0.00	3,856,015.78	3,735,871.41
<b><u>WS90100107 - 91WTP FCLTY ASSMT S-43505</u></b>						
	157194	ARCADIS US INC	227,961.00		207,414.24	20,546.76
			1,911,199.00	(34,672.30)	1,855,979.94	20,546.76
<b><u>WS90100109 - 91st Ave WWTP Facility Rehab</u></b>						
	147891	PCL CONSTRUCTION INC	7,717,737.00	(5,676.00)	7,472,501.00	239,560.00
	149651	LUDVIK ELECTRIC COMPANY	1,895,398.58		1,386,136.87	509,261.71
	155549	PCL CONSTRUCTION INC	7,259,947.00		4,170,954.00	3,088,993.00
	4401028708	GEA MECHANICAL EQUIPMENT US INC	137,368.66		0.00	137,368.66
	4401028711	GEA MECHANICAL EQUIPMENT US INC	573,302.21		0.00	573,302.21
			22,045,362.29	(42,023.38)	17,454,853.33	4,548,485.58
<b><u>WS90100111 - 91st Ave WWTP Solids Rehab Phase 1</u></b>						
	152491	ARCADIS US INC	16,054,932.62	(5,129,022.91)	6,649,932.54	4,275,977.17
	153445	PCL CONSTRUCTION INC	63,836,544.14	(2,000,000.00)	13,794,433.90	48,042,110.24
			81,739,979.76	(7,828,916.03)	21,592,976.32	52,318,087.41
<b><u>WS90100112 - 91st Ave WWTP Plant 2 Rehab</u></b>						
	153379	HAZEN AND SAWYER P.C.	9,821,321.89		6,410,246.51	3,411,075.38
	157028	MCCARTHY BUILDING COMPANIES INC	73,500,000.00		47,119,764.18	26,380,235.82
			83,983,299.63	0.00	54,191,988.43	29,791,311.20
<b><u>WS90100113 - Process Cntrl Sys Imp-91st Ave</u></b>						
	4401046678	SUMMIT ELECTRIC SUPPLY COMPANY INC	113,139.27			113,139.27
	4401046680	SUMMIT ELECTRIC SUPPLY COMPANY INC	80,847.00			80,847.00
	4401046684	SUMMIT ELECTRIC SUPPLY COMPANY INC	189,311.93			189,311.93
			383,298.20	0.00	0.00	383,298.20
<b><u>WS90100115 - 91st Ave WWTP Master Plan</u></b>						
	157696	ARCADIS US INC	1,031,828.08		638,797.66	393,030.42
			1,031,828.08	0.00	638,797.66	393,030.42

MULTI-CITY PROJECT ANALYSIS  
 DETAIL OF OUTSTANDING CONTRACTS AS OF NOVEMBER 30, 2024  
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PROJECT INDEX	CONTRACT NUMBER	VENDOR	CONTRACT AMOUNT	ORDER AMOUNT	LIQUID ENCUMBR	CONTRACT AMOUNT
<u>WS90120037 - 91st Ave WWTP Local Limits Study</u>						
	157217	HAZEN AND SAWYER P.C.	198,557.56		42,369.29	156,188.27
			198,557.56	0.00	42,369.29	156,188.27
<u>WS90140016 - Tres Rios Rehab and Replacement</u>						
	147890	FELIX CONSTRUCTION CO	1,403,189.00		1,333,029.55	70,159.45
	155547	FELIX CONSTRUCTION CO	539,830.00		512,838.50	26,991.50
	161083	FELIX CONSTRUCTION CO	39,771.00		-	39,771.00
	4401023038	ADS LLC	79,368.00		-	79,368.00
	4401017342	BROWN WHOLESALE ELECTRIC CO	8,398.51		1,987.38	6,411.13
			2,910,062.13	(8,895.43)	2,678,465.62	222,701.08
<u>WS90160098 Glendale GL02 Metering Station</u>						
	152493	WILSON ENGINEERS LLC	400,000.00		387,422.65	12,577.35
	159940	WILSON ENGINEERS LLC	400,000.00		343,365.65	56,634.35
	147890	FELIX CONSTRUCTION CO	1,864,658.00		1,665,718.13	198,939.87
			3,442,691.50	(52,665.83)	3,121,874.10	268,151.57
<u>WS90160106 Salt River Outfall (SRO) Condition Assessment</u>						
	160336	CONSOR NORTH AMERICA INC	1,449,520.38	0.00	0.00	1,449,520.38
			1,450,077.38	0.00	557.00	1,449,520.38
<u>WS90160107 Southern Ave Interceptor (SAI)</u>						
	159748	WACO LLC	142,840.76		131,302.95	11,537.81
	157885	PROJECT ENGINEERING CONSULTANTS LTD	1,700,000.00		1,193,304.59	506,695.41
			1,842,840.76	0.00	1,324,607.54	518,233.22
<b>GRAND TOTAL</b>						<b>\$104,800,012.31</b>

***Multi-City Subregional Operating Group (SROG)  
Customer Aging Report as of December 31, 2024***

<i>Customer Number</i>	<i>Fund</i>	<i>City</i>	<i>Description</i>	<i>Invoice Number</i>	<i>Date Mailed</i>	<i>Current Invoice</i>	<i>Current Balance</i>	<i>-----Past Due-----</i>		
								<i>1-30 Days</i>	<i>31-60 Day</i>	<i>61-90 Days</i>
10000007	415	Glendale	Capital Projects	401019848	12/1/2024	354,445.83	0.00	0.00	0.00	0.00
10000001	20	Glendale	Operations & Maintenance	401020316	12/17/2024	372,326.00	372,326.00	0.00	0.00	0.00
10000003	20	Mesa	Operations & Maintenance	401020318	12/17/2024	867,625.00	0.00	0.00	0.00	0.00
10000009	417	Scottsdale	Capital Projects	401019849	12/1/2024	595,651.67	0.00	0.00	0.00	0.00
10000002	20	Scottsdale	Operations & Maintenance	401020317	12/17/2024	435,850.00	435,850.00	0.00	0.00	0.00
10000010	418	Tempe	Capital Projects	401019850	12/1/2024	1,124,566.67	1,000,000.00	0.00	0.00	0.00
10000000	20	Tempe	Operations & Maintenance	401020315	12/17/2024	604,914.00	604,914.00	0.00	0.00	0.00

Source: SAP preview of payments  
Prepared by City of Phoenix Utilities Accounting

**MULTI-CITY SUBREGIONAL OPERATING GROUP (SROG)**  
**STATEMENT OF REVENUES AND EXPENSES (\*)**  
**FOR THE FIFTH MONTH ENDED NOVEMBER 30, 2024**

<b>Revenues:</b>	<b>November 2024</b>	<b>Fiscal Year-To-Date</b>
	<u>                    </u>	<u>                    </u>
Sewer Service Charges:		
Glendale	\$ 372,326	\$ 1,924,277
Mesa	867,625	4,376,958
Phoenix	4,023,773	20,691,679
Scottsdale	435,850	1,860,359
Tempe	604,914	3,103,070
	<u>                    </u>	<u>                    </u>
Total Sewer Service Charges	6,304,488	31,956,343
Sales of Effluent	1,224,094	7,321,873
Interest Earnings (Expense)	71,872	330,317
Other	-	-
	<u>                    </u>	<u>                    </u>
Total Revenues	7,600,454	39,608,533
<b>Expenses:</b>		
Operations and Maintenance	3,138,901	23,400,197
Replacement Capital Outlay	666,667	3,333,335
General Administration	781,044	4,001,587
	<u>                    </u>	<u>                    </u>
Total Expenses	4,586,612	30,735,119
Net Income (Loss)	<u>\$ 3,013,842</u>	<u>\$ 8,873,414</u>

\*Note: This statement is not prepared in conformity with generally accepted accounting principles (GAAP). It is intended to reflect the monthly financial status for compliance with provisions of Intergovernmental Agreement No. 22699 (JEPA).

# DRAFT

## MULTI-CITY SUBREGIONAL OPERATING GROUP (SROG) 91ST AVENUE WASTEWATER TREATMENT PLANT

### FORECASTED FLOWS, RATES AND USER CHARGES FORECAST FOR THE YEAR ENDING JUNE 30, 2026

MEMBER	FLOW IN 1,000 GALS	USER RATE	ENVIRONMENTAL RATE	TOTAL RATE	TOTAL CHARGES
Glendale	2,883,500	\$ 1.44660	\$ 0.36457	\$ 1.81117	\$ 5,222,514
Mesa	7,300,000	1.30733	0.33553	1.64286	11,992,904
Phoenix	33,945,000	1.15530	0.31955	1.47484	50,063,605
Scottsdale	2,737,500	1.78041	0.41241	2.19282	6,002,841
Tempe	7,654,050	0.99840	0.28720	1.28560	9,840,043
Totals	54,520,050				\$ 83,121,908

User rate includes Non-Environmental O&M, Equipment Replacement, SAI Odor Control and JEPA Support costs.

**EXHIBIT 1**  
**MULTI-CITY SUBREGIONAL OPERATING GROUP (SROG)**  
**91ST AVENUE WASTEWATER TREATMENT PLANT**

**SUMMARY OF OPERATING, MAINTENANCE, GENERAL  
ADMINISTRATION & EQUIPMENT REPLACEMENT COSTS  
FORECAST FOR THE YEAR ENDING JUNE 30, 2026**

**OPERATING AND MAINTENANCE**

Personal Services	\$ 13,628,358	
Electricity	9,389,585	
Chemicals	15,669,919	
Sludge Hauling and Environmental Waste Disposal	3,216,500	
Water Quality and Compliance	1,391,235	
General	17,183,866	
SAI Odor Control & JEPA Support	2,153,955	
Tres Rios Wetlands	<u>2,072,649</u>	
Subtotal 91st Avenue WWTP Costs		\$ 64,706,067

**GENERAL ADMINISTRATION**

City Services Administration	\$ 3,212,000	
Department Administration	3,350,639	
Treatment Plant Administration	3,681,787	
Finance Utilities Accounting	<u>171,415</u>	
Subtotal General Administration		\$ 10,415,841

**Total Operating and Maintenance Costs** **\$ 75,121,908**

**EQUIPMENT REPLACEMENT**

91st Avenue Equipment Replacement Costs		<u>8,000,000</u>
<b>Total O &amp; M, General Administration &amp; Equipment Replacement</b>		<b>\$ 83,121,908</b>

**OTHER INCOME**

Sale of Effluent	-	
Miscellaneous Income	-	
Interest Earnings on Operating Fund	<u>-</u>	
Subtotal Other Income		<u>-</u>

**Net Multi-City SROG Revenue Requirements** **\$ 83,121,908**

Notes:

Operating budget is not yet approved by the SROG Advisory Committee  
For rate setting purposes, Other Income is not considered. Actual revenue will off set costs at settlement of costs.

**EXHIBIT 2**  
**MULTI-CITY SUBREGIONAL OPERATING GROUP (SROG)**  
**91ST AVENUE WASTEWATER TREATMENT PLANT**

**SUMMARY OF ALLOCATION OF 91ST AVENUE PLANT COSTS, REPLACEMENT COSTS,  
ADMINISTRATION COSTS AND OTHER INCOME TO DESIGN PARAMETERS  
FORECAST FOR THE YEAR ENDING JUNE 30, 2026**

	<u>ALLOCATION TO DESIGN PARAMETERS</u>						
	<u>TOTAL (1)</u>	<u>NON-ENVIRONMENTAL</u>			<u>ENVIRONMENTAL</u>		
		<u>FLOW</u>	<u>COD</u>	<u>TSS</u>	<u>FLOW</u>	<u>COD</u>	<u>TSS</u>
<b><u>OPERATING &amp; MAINTENANCE</u></b>							
Personal Services	\$ 13,628,358	1,499,119	5,674,848	4,726,315	1,499,119	228,956	0
Electricity	9,389,585	2,246,157	5,312,421	939,936	325,865	553,623	11,584
Chemicals	15,669,919	1,402,169	4,187,930	4,187,930	558,551	4,099,577	1,233,762
Sludge Hauling and Env Waste Disposal	3,216,500	-	1,575,750	1,575,750	-	65,000	-
Water Quality and Compliance	1,391,235	946,040	-	-	445,195	-	-
Tres Rios Wetlands (2)	2,072,649	-	-	-	2,072,649	-	-
General	17,183,866	2,307,994	6,344,659	4,329,248	1,856,467	1,873,805	471,692
<b>Subtotal O &amp; M Costs</b>	<b>\$ 62,552,112</b>	<b>8,401,480</b>	<b>23,095,608</b>	<b>15,759,178</b>	<b>6,757,847</b>	<b>6,820,961</b>	<b>1,717,038</b>
Line A. Subtotal Percentage	100.00%	13.43%	36.92%	25.19%	10.80%	10.90%	2.74%
<b><u>GENERAL ADMINISTRATION</u></b>							
City Services Administration (3)	3,212,000	459,753	1,263,859	862,388	276,573	279,156	70,272
Department Administration (3)	3,350,639	450,030	1,237,129	844,149	361,988	365,369	91,974
Treatment Plant Administration (3)	3,681,787	494,507	1,359,396	927,578	397,764	401,478	101,064
Finance Utilities Accounting (3)	171,415	24,532	67,440	46,017	14,768	14,906	3,752
Replacement Costs (4)	8,000,000	3,421,973	2,661,742	1,916,285	-	-	-
<b>Total Costs by Parameter</b>	<b>\$ 80,967,953</b>	<b>13,252,275</b>	<b>29,685,174</b>	<b>20,355,595</b>	<b>7,808,939</b>	<b>7,881,870</b>	<b>1,984,100</b>
Sale of Effluent (5)	-	-	-	-	-	-	-
Miscellaneous Income (3)	-	-	-	-	-	-	-
<b>Subtotal-Net Costs Before Interest</b>	<b>\$ 80,967,953</b>	<b>13,252,275</b>	<b>29,685,174</b>	<b>20,355,595</b>	<b>7,808,939</b>	<b>7,881,870</b>	<b>1,984,100</b>
Line B. Subtotal Percentage	100.00%	16.37%	36.66%	25.14%	9.64%	9.73%	2.45%
Interest Earnings on Operating Fund (6)	0	0	0	0	0	0	0
<b>Net Costs by Parameter</b>	<b>\$ 80,967,953</b>	<b>13,252,275</b>	<b>29,685,174</b>	<b>20,355,595</b>	<b>7,808,939</b>	<b>7,881,870</b>	<b>1,984,100</b>

Notes:

- (1) Source: Exhibit 1. Does not include costs which are allocated by agreement basis as shown in Exhibit 3.
- (2) Tres Rios includes all O&M and administration costs and are allocated only to Environmental - Flows.
- (3) Allocated based on percentages of Operating & Maintenance costs (Line A).
- (4) Allocated based on distribution of plant assets.
- (5) Allocated based on flows.
- (6) Allocated based on the subtotal percentage of net costs before interest.

This schedule may contain differences due to rounding.

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**EXHIBIT 3**  
**MULTI-CITY SUBREGIONAL OPERATING GROUP (SROG)**  
**91ST AVENUE WASTEWATER TREATMENT PLANT**

**ALLOCATION OF COSTS BY AGREEMENT**  
**FORECAST FOR THE YEAR ENDING JUNE 30, 2026**

	GLENDALE	MESA	PHOENIX	SCOTTSDALE	TEMPE	TOTAL
<b>SAI ODOR CONTROL COSTS</b>						
Allocation percentage (1)	0.78%	39.64%	35.57%	3.22%	20.79%	100.00%
Budget Cost	\$ 1,225	62,273	55,879	5,059	32,660	157,097
Allocation percentage (2)	1.29%	-100.00%	58.94%	5.34%	34.43%	0.00%
Credit Mesa's cost	\$ 2,674	(207,268)	122,164	11,068	71,362	0
Allocation percentage (2A)	0.78%	39.64%	35.57%	3.22%	20.79%	100.00%
	\$ 8,945	\$ 454,615	\$ 407,937	\$ 36,929	\$ 238,432	1,146,858
Allocation percentage (2B)	1.21%	61.52%	-100.00%	5.00%	32.27%	0.00%
Credit Phoenix's cost	\$ 614	31,212	(50,735)	2,537	16,372	0
Net Allocation Percentage	1.03%	26.14%	41.05%	4.26%	27.52%	100.00%
Net Costs to the Members	\$ 13,458	340,832	535,246	55,592	358,827	1,303,955
<b>JEPA CONSULTING CHARGES</b>						
Allocation percentage (3)	20%	20%	20%	20%	20%	100%
Costs to the Members	\$ 170,000	170,000	170,000	170,000	170,000	850,000
<b>Total Costs Allocated by Agreement</b>	\$ 183,458	510,832	705,246	225,592	528,827	2,153,955

Notes:

(1) Per SROG Committee action on January 14, 2009, PRI-SC cost allocation is based on the overall capacity ownership percentage of the entire length of the SAI. Per SROG Committee action on April 11, 2018 PRI-SC cost allocation revised per acceptance of the ownership capacity evaluation dated March 21, 2018. The annual cost is per the SAP actual plus accrual less prior year accrual.

(2) Per SROG Committee action on January 14, 2009, ferric chloride cost allocation is based on agreed percentages to the other cities. Per SROG Committee action on September 12, 2018, ferric chloride cost allocation revised. Actual credit will be determined at settlement of costs.

(2A) Per SROG Committee action on December 13, 2017 Phoenix' Ferrous Chloride cost allocation is based on the overall capacity ownership percentage of the entire length of the SAI (Equivalent of Billing Schedule 64). The annual cost is per the SAP actual plus accrual less prior year accrual.

(2B) Per SROG Committee action on December 13, 2017, Ferrous chloride cost allocation is based on agreed percentages to the other cities.

(3) Per SROG Advisory Committee action on April 19, 2012, cost to be allocation 20% to each SROG cities.

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**EXHIBIT 4**  
**MULTI-CITY SUBREGIONAL OPERATING GROUP (SROG)**  
**91ST AVENUE WASTEWATER TREATMENT PLANT**  
**SEWAGE VOLUMES, STRENGTHS AND PERCENTAGES**  
**ATTRIBUTABLE TO SROG MEMBERS**  
**FORECAST FOR THE YEAR ENDING JUNE 30, 2026**

**SEWAGE TREATED (1)**

<u>MEMBER</u>	<u>FLOW (MGD)</u>	<u>FLOW (1,000 GAL)</u>	<u>COD (MG/L)</u>	<u>COD (POUNDS)</u>	<u>TSS (MG/L)</u>	<u>TSS (POUNDS)</u>
Glendale	7.90	2,883,500	1,017	24,455,048	539	12,957,513
Mesa	20.00	7,300,000	880	53,576,160	475	28,918,950
Phoenix	93.00	33,945,000	825	233,560,389	400	113,242,156
Scottsdale	7.50	2,737,500	1,175	26,826,131	776	17,716,662
Tempe	20.97	7,654,050	711	45,396,740	253	16,168,711
Total 91st Avenue WWTP	<u>149.37</u>	<u>54,520,050</u>	<u>844</u>	<u>383,814,469</u>	<u>416</u>	<u>189,003,992</u>

**ALLOCATION PERCENTAGES**  
**ATTRIBUTABLE TO EACH MEMBER**

<u>MEMBER</u>	<u>FLOW PERCENTAGE OF TOTAL</u>	<u>COD PERCENTAGE OF TOTAL</u>	<u>TSS PERCENTAGE OF TOTAL</u>
Glendale	5.28888%	6.37158%	6.85568%
Mesa	13.38957%	13.95887%	15.30071%
Phoenix	62.26150%	60.85242%	59.91522%
Scottsdale	5.02109%	6.98935%	9.37370%
Tempe	14.03896%	11.82778%	8.55469%
Total 91st Avenue WWTP	<u>100.00000%</u>	<u>100.00000%</u>	<u>100.00000%</u>

Notes:

(1) Flows and Loadings were presented and approved by the SROG Advisory Committee on November 13, 2024.

This schedule may contain differences due to rounding.

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**EXHIBIT 5**  
**MULTI-CITY SUBREGIONAL OPERATING GROUP (SROG)**  
**91ST AVENUE WASTEWATER TREATMENT PLANT**

**ALLOCATION OF COSTS TO SROG MEMBERS**  
**FORECAST FOR THE YEAR ENDING JUNE 30, 2026**

MEMBER	FLOW % (1)	ALLOCATE FLOW COSTS	COD % (1)	ALLOCATE COD COSTS	TSS % (1)	ALLOCATE TSS COSTS	ALLOCATE COSTS BY AGREEMENT (3)	TOTAL COSTS
<b><u>NON-ENVIRONMENTAL</u></b>								
Glendale	5.28888%	\$ 700,897	6.37158%	\$ 1,891,415	6.85568%	\$ 1,395,515	\$ 183,458	\$ 4,171,285
Mesa	13.38957%	1,774,423	13.95887%	4,143,715	15.30071%	3,114,550	510,832	9,543,519
Phoenix	62.26150%	8,251,065	60.85242%	18,064,147	59.91522%	12,196,099	705,246	39,216,557
Scottsdale	5.02109%	665,408	6.98935%	2,074,800	9.37370%	1,908,072	225,592	4,873,873
Tempe	14.03896%	1,860,482	11.82778%	3,511,098	8.55469%	1,741,359	528,827	7,641,765
<b>Total Non-Environ Costs (2)</b>		<b>\$ 13,252,275</b>		<b>\$ 29,685,174</b>		<b>\$ 20,355,595</b>	<b>\$ 2,153,955</b>	<b>\$ 65,447,000</b>
<b><u>ENVIRONMENTAL</u></b>								
Glendale		\$ 413,005		\$ 502,200		\$ 136,024		\$ 1,051,229
Mesa		1,045,583		1,100,220		303,581		2,449,385
Phoenix		4,861,962		4,796,309		1,188,778		10,847,049
Scottsdale		392,094		550,891		185,984		1,128,969
Tempe		1,096,294		932,250		169,734		2,198,278
<b>Total Environmental Costs (2)</b>		<b>\$ 7,808,939</b>		<b>\$ 7,881,870</b>		<b>\$ 1,984,100</b>		<b>\$ 17,674,908</b>
<b><u>TOTAL COSTS</u></b>								
Glendale		\$ 1,113,902		\$ 2,393,615		\$ 1,531,538	\$ 183,458	\$ 5,222,514
Mesa		2,820,006		5,243,935		3,418,132	510,832	11,992,904
Phoenix		13,113,027		22,860,455		13,384,877	705,246	50,063,605
Scottsdale		1,057,502		2,625,692		2,094,055	225,592	6,002,841
Tempe		2,956,776		4,443,348		1,911,092	528,827	9,840,043
<b>Total Costs</b>		<b>\$ 21,061,214</b>		<b>\$ 37,567,044</b>		<b>\$ 22,339,695</b>	<b>\$ 2,153,955</b>	<b>\$ 83,121,908</b>

Notes:

- (1) Allocation percentages attributed to each member from Exhibit 4.
- (2) Net costs allocated to design parameters from Exhibit 2.
- (3) SAI Odor Control and JEPA Support costs are allocated by agreement as shown on Exhibit 3.

This schedule may contain differences due to rounding.

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**EXHIBIT 6**  
**MULTI-CITY SUBREGIONAL OPERATING GROUP (SROG)**  
**91ST AVENUE WASTEWATER TREATMENT PLANT**

**COMPARISON OF COSTS TO SROG MEMBERS BY FISCAL YEAR**  
**FORECAST FOR THE YEAR ENDING JUNE 30, 2026**

MEMBER	FLOW 1,000 GALLONS	FLOW RATE PER 1,000 GAL. (1)	ALLOCATED FLOW COSTS	COD RATE PER 1,000 GAL. (1)	ALLOCATED COD COSTS	TSS RATE PER 1,000 GAL. (1)	ALLOCATED TSS COSTS	ALLOCATED COSTS BY AGREEMENT	TOTAL COSTS	TOTAL RATE PER 1,000 GAL. (1)
<b>FORECAST FOR THE YEAR ENDING JUNE 30, 2026</b>										
Glendale	2,883,500	\$0.39	\$ 1,113,902	\$0.83	\$ 2,393,615	\$0.53	\$ 1,531,538	\$ 183,458	\$ 5,222,514	\$1.81
Mesa	7,300,000	\$0.39	2,820,006	\$0.72	5,243,935	\$0.47	3,418,132	510,832	11,992,904	\$1.64
Phoenix	33,945,000	\$0.39	13,113,027	\$0.67	22,860,455	\$0.39	13,384,877	705,246	50,063,605	\$1.47
Scottsdale	2,737,500	\$0.39	1,057,502	\$0.96	2,625,692	\$0.76	2,094,055	225,592	6,002,841	\$2.19
Tempe	7,654,050	\$0.39	2,956,776	\$0.58	4,443,348	\$0.25	1,911,092	528,827	9,840,043	\$1.29
<b>Total Costs</b>	<b>54,520,050</b>	<b>\$0.39</b>	<b>\$ 21,061,214</b>	<b>\$0.69</b>	<b>\$ 37,567,044</b>	<b>\$0.41</b>	<b>\$ 22,339,695</b>	<b>\$ 2,153,955</b>	<b>\$ 83,121,908</b>	<b>\$1.52</b>
<b>FORECAST FOR THE YEAR ENDING JUNE 30, 2025</b>										
Glendale	2,883,500	\$0.34	\$ 987,242	\$0.71	\$ 2,040,816	\$0.48	\$ 1,377,291	\$ 137,416	\$ 4,542,764	\$1.58
Mesa	6,935,000	\$0.34	2,374,379	\$0.61	4,247,471	\$0.42	2,920,184	526,018	10,068,052	\$1.45
Phoenix	34,310,000	\$0.34	11,746,926	\$0.57	19,494,362	\$0.35	12,027,199	626,363	43,894,850	\$1.28
Scottsdale	3,102,500	\$0.34	1,062,222	\$0.66	2,051,335	\$0.53	1,650,187	176,904	4,940,649	\$1.59
Tempe	7,489,800	\$0.34	2,564,329	\$0.49	3,648,964	\$0.19	1,394,311	461,138	8,068,742	\$1.08
<b>Total Costs</b>	<b>54,720,800</b>	<b>\$0.34</b>	<b>\$ 18,735,098</b>	<b>\$0.58</b>	<b>\$ 31,482,947</b>	<b>\$0.35</b>	<b>\$ 19,369,173</b>	<b>\$ 1,927,840</b>	<b>\$ 71,515,058</b>	<b>\$1.31</b>
<b>ACTUAL FOR THE YEAR ENDING JUNE 30, 2024 (2)</b>										
Glendale	2,838,633	(\$0.10)	\$ (277,455)	\$0.87	\$ 2,467,239	\$0.51	\$ 1,441,327	\$ 188,639	\$ 3,819,750	\$1.35
Mesa	6,959,332	(\$0.10)	(680,223)	\$0.67	4,628,124	\$0.42	2,925,872	815,828	7,689,601	\$1.10
Phoenix	36,706,239	(\$0.10)	(3,587,760)	\$0.53	19,423,156	\$0.31	11,296,484	928,988	28,060,868	\$0.76
Scottsdale	2,478,947	(\$0.10)	(242,299)	\$0.87	2,160,011	\$0.75	1,869,860	242,938	4,030,509	\$1.63
Tempe	6,947,071	(\$0.10)	(679,025)	\$0.58	4,039,995	\$0.22	1,540,978	665,112	5,567,059	\$0.80
<b>Total Costs</b>	<b>55,930,222</b>	<b>(\$0.10)</b>	<b>\$ (5,466,763)</b>	<b>\$0.58</b>	<b>\$ 32,718,525</b>	<b>\$0.34</b>	<b>\$ 19,074,520</b>	<b>\$ 2,841,505</b>	<b>\$ 49,167,787</b>	<b>\$0.88</b>
<b>ACTUAL FOR THE YEAR ENDED JUNE 30, 2023 (2)</b>										
Glendale	2,908,400	(\$0.12)	\$ (354,590)	\$0.63	\$ 1,821,746	\$0.41	\$ 1,180,977	\$ 129,265	\$ 2,777,399	\$0.91
Mesa	5,819,990	(\$0.12)	(709,568)	\$0.57	3,335,154	\$0.37	2,159,615	596,530	5,381,731	\$0.82
Phoenix	35,830,170	(\$0.12)	(4,368,393)	\$0.50	18,004,142	\$0.29	10,343,136	651,307	24,630,192	\$0.67
Scottsdale	2,769,230	(\$0.12)	(337,622)	\$0.62	1,703,828	\$0.55	1,522,751	144,672	3,033,629	\$1.04
Tempe	7,070,750	(\$0.12)	(862,060)	\$0.50	3,501,242	\$0.18	1,293,488	506,869	4,439,539	\$0.56
<b>Total Costs</b>	<b>54,398,540</b>	<b>(\$0.12)</b>	<b>\$ (6,632,233)</b>	<b>\$0.52</b>	<b>\$ 28,366,113</b>	<b>\$0.30</b>	<b>\$ 16,499,966</b>	<b>\$ 2,028,644</b>	<b>\$ 40,262,490</b>	<b>\$0.74</b>

Notes:

(1) Exhibit rates are rounded to the two decimal place for the ease of comparison between years. Rates for the forecasts and settlement are calculated to the fifth decimal place. Therefore, there will be differences due to rounding.

(2) Allocated Flow Costs are off-set by Miscellaneous Revenue. Allocated Cost by Agreement include SAI Odor Control, JEPA support and Inventory charge costs.

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**MULTI-CITY SUBREGIONAL OPERATING GROUP (SROG)  
91ST AVENUE WASTEWATER TREATMENT PLANT**

**OPERATING FUND RESERVE  
FORECAST FOR THE YEAR ENDING JUNE 30, 2026**

<u>MEMBER</u>	<u>PURCHASED CAPACITY MGD (1)</u>	<u>PERCENTAGE OWNERSHIP</u>	<u>RESERVE WITH INVENTORY</u>	<u>LESS SROG INVENTORY</u>	<u>RESERVE BALANCE AT JUNE 30, 2025</u>	<u>FISCAL YEAR CONTRIBUTION REQUIRED</u>	<u>RESERVE REQUIRED AT JUNE 30, 2026</u>
Glendale	13.20	6.4548%	667,623	\$ 155,152	\$ 512,471	\$ 93,650	\$ 606,121
Mesa	29.22	14.2885%	1,446,395	\$ 311,976	\$ 1,134,419	\$ 207,305	\$ 1,341,724
Phoenix	112.80	55.1589%	5,526,965	\$ 1,147,689	\$ 4,379,276	\$ 800,276	\$ 5,179,553
Scottsdale	20.25	9.9022%	950,126	\$ 163,953	\$ 786,173	\$ 143,667	\$ 929,840
Tempe	29.03	14.1956%	1,353,860	\$ 226,817	\$ 1,127,043	\$ 205,958	\$ 1,333,001
	<u>204.50</u>	<u>100.0000%</u>	<u>\$ 9,944,969</u>	<u>\$ 2,005,587</u>	<u>\$ 7,939,382</u>	<u>\$ 1,450,857</u>	<u>\$ 9,390,239</u>

Notes:

- (1) Purchased Capacity reallocated after implementation of UP01 expansion per December 18, 2008 certification.
- (2) The required Operating Fund Reserve is 12.5% of the FY25-26 Operating Budget of \$75,121,908

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# Multi-City Subregional Operating Group (SROG)

An Arizona Joint Venture

## Annual Comprehensive Financial Report

For Fiscal Year Ended  
June 30, 2024 and 2023





**MULTI-CITY SUBREGIONAL OPERATING GROUP (SROG)**  
**(An Arizona Joint Venture)**

**Annual Comprehensive Financial Report**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

**Prepared By:**  
City of Phoenix  
Finance Department  
Financial Accounting and Reporting Division  
Kathleen Gitkin, Chief Financial Officer





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## **TO THE MEMBERS OF THE MULTI-CITY SUBREGIONAL OPERATING GROUP**

**December 17, 2023**

In accordance with the requirements of the Multi-City Subregional Operating Group (SROG), I am pleased to submit the SROG Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024 and 2023. Responsibility for the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the management of SROG. To the best of our knowledge and belief, this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position, results of operations and cash flows of SROG. All disclosures necessary to enable the reader to gain an understanding of SROG's financial position and results of operation have been included.

Forvis Mazars, LLP has issued an unmodified ("clean") opinion on the SROG financial statements for the year ended June 30, 2024. The independent auditor's report is located at the front of the financial section of this report. Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

### **PROFILE OF THE OPERATING GROUP**

This report summarizes the activities of SROG. SROG operates the 91st Avenue Wastewater Treatment Plant (Plant), the Salt River Outfall Sewer (SRO), the Southern Avenue Interceptor (SAI), and related wastewater transportation facilities. SROG was formed in 1979 pursuant to a Joint Exercise of Powers Agreement (JEPA) between the Cities of Glendale, Mesa, Phoenix, Scottsdale, and Tempe, and the Towns of Gilbert and Youngtown (the Cities) to jointly own and operate the Plant and associated transportation facilities. The Town of Gilbert sold its system capacity to the City of Mesa in 1981 and the Town of Youngtown sold its capacity to the City of Phoenix in 1995.

The configuration of the physical treatment system has changed over the years. The Plant was initially a 5 million gallons per day (MGD) cooperative venture between the Cities of Glendale and Phoenix in 1958. The Plant was later abandoned and replaced with a 45 MGD facility. The Plant was expanded in 1969, 1976, 1984, 1987, 1989, 1997, 2002 and 2009. The most recent expansion totaled 25.25 MGD, which brought the liquid treatment capacity at the facility to 204.5 MGD. The Plant consists of seven separate plants hydraulically connected, with the oldest plant sections nearing 50 years.

### **LOCAL ECONOMY**

The Arizona economy maintained steady gains in 2024. Jobs and wage growth were strong throughout the year with a record-low unemployment rate and a surge in the ratio of open jobs to unemployed residents. Income growth remained solid, with over-the-year growth outpacing decelerating inflation. Housing affordability, however, has remained an issue in the Phoenix Metropolitan Statistical Area (MSA). The MSA remains a desirable place to live and work.

The MSA has a mix of industries that is similar to the U.S. The primary employment sectors and their share of total nonfarm employment includes the service sector including financial activities down 0.09% from 2023; trade, transportation, and utilities up 2.78% from 2023; government, up 4.01% from 2023; manufacturing down 0.4% from 2023; construction up 0.89% from 2023; information down 5.57% from 2023; and natural resources and mining up 15% from 2023.

The years immediately following the pandemic were characterized by high levels of population and employment growth in the MSA. Since then, growth has slowed but maintained relatively strong economic, population, and employment growth. During the period of 2010 to 2020, population growth was an estimated 20.4% in the MSA as compared to 6.6% for the U.S. Population. Population growth in 2023 is estimated to be 1.8% and 1.6% in 2024 reflecting that the boost from the pandemic is dissipating. At the same time employment growth in the MSA equaled 3.4% in 2019, -2.8% in 2020, 4.2% in 2022, and 2.6% in 2024. As of August 2024, the unemployment rate for the Phoenix area was 3.4% versus the U.S. rate of 4.3%. Unemployment is expected to remain at similar levels in 2024. Retail sales declined during both 2008 and 2009, and since then retail sales have increased on a year-over-year basis since 2009, and increased to 3.2% in 2023, with retail sales cooling in 2024 with an expected growth of 1.4%.

## LOCAL ECONOMY (CONTINUED)

The rate of economic growth during the remaining months of 2024, both nationally and in the MSA, will be dependent upon the following issues: the impact of both fiscal and monetary policy on the stability of business and household finances, spending, and the resolution of supply chain disruption. Inflation will be the most important consideration going into 2024. The rate of population growth in the MSA is expected to be 1.4% in 2024, 1.2% in 2025. The rate of growth of employment is equal to 4.2% in 2022, 2.3% in 2023, and 2.0% in 2024. The economic growth that will occur facilitates gains in both personal income and retail sales in the MSA. Personal income is expected to grow at an annual rate of 5.5% in 2024 and remain similar in 2025. Growth in personal income leads to increases in retail sales. An increase in retail sales equal to 1.4% in 2024, and 3.6% is anticipated for 2025. Residential permits are expected to average 62,926.9 units in 2024, and then 57,188.9 units in 2025

## LONG-TERM FINANCIAL PLANNING

Flow and Loading projections, future regulatory compliance, and replacement and rehabilitation requirements are used in the development of a five year Construction Improvement Program (CIP). Flow and Loading projections are from SROG engineering master planning reports as well as annually monitoring and updating Flow and Loading projections based on historical data and anticipated growth patterns. The amount of wastewater sent to the SROG facilities by each SROG member varies depending on flow generated in each community. The five year CIP currently consists of 26 projects with an estimated cost of over \$378 million.

## MAJOR INITIATIVES

SROG has a number of significant projects underway or recently completed as described below. These projects will allow SROG to continue to meet demand requirements and to meet Federal, State and County Regulations.

### *Local Limits Review*

Local limits are effluent limitations placed upon discharges to publicly owned treatment works (POTWs) via the sanitary sewer system based on the site-specific conditions. These local limits are established to protect the City's personnel, the environment, and safeguard that the treated effluent and wastewater biosolids may be reused beneficially. The purpose of the Local Limits Review is to investigate the validity of the existing local limits as established in the National Pollutant Discharge Elimination Standards (NPDES) permit for 91st Avenue Wastewater Treatment Plant. The Local Limits review will review the existing local limits and best management practices, recommend new or revised local limits for discharges from non-domestic sources to the sanitary sewer system, and develop a technical report. The outcome of the Local Limits review will produce a recommendation for further or more detailed evaluation of the current local limits.

### *Toxicity Identification Evaluation*

The purpose of the Toxicity Identification Evaluation (TIE) project is to identify the toxicant in the effluent that is toxic or suspected to be toxic to aquatic life or exceeds permit limits. The primary objective is to update Work Plans, in order for the TIE Process to proceed expeditiously if toxicity is confirmed in routine WET testing and accelerated testing. TRE/TIE Work Plans have been previously developed for the 23rd Avenue Wastewater Treatment Plant (23rd Ave), Cave Creek WRP, and the 91st Avenue Wastewater Treatment Plant (91st Ave) and Rio Salado Habitat Restoration. These previously-developed TRE/TIE Work Plans are being updated for each of the facilities to accommodate changed conditions, including changes in facility design or operation, changes in the discharge permit requirements, and changes in personnel involved in the TIE process. The TIE project ensures required compliance with the conditions and requirements of National Pollutant Discharge Elimination System and Arizona Pollutant Discharge Elimination System Permits.

## **MAJOR INITIATIVES (CONTINUED)**

### ***Salt River Outfall Condition Assessment***

The Salt River Outfall (SRO), a multi-owner regional interceptor governed by the Subregional Operating Group (SROG) cities of Glendale, Mesa, Phoenix, Scottsdale and Tempe extends from the confluence of the Indian Bend Wash and Tempe Town Lake and traverses across the southern portion of Phoenix to the 91st Ave WWTP. The SRO was originally constructed in phases from 1964 to 1966. The SRO is approximately 23 miles in length and has pipe that range from 54-inches to 90-inches in diameter. The SRO has approximately 190 manholes and structures. Approximately 16.5 miles of this sewer was originally unlined concrete that has been lined in the last decade with cured-in-place pipe (CIPP) following a 2002 condition assessment.

### ***91st Avenue WWTP Solids Rehabilitation***

The 91st Avenue WWTP Solids Rehabilitation program is to rehabilitate and replace electrical equipment, control systems, pumps, piping, valves, centrifuges, odor control facilities in the Digestion, Thickening and Handling/Dewatering areas of the plant. Working collaboratively with City, Sub Regional Operating Group partners, treatment plant operations staff, City selected CMAR and other stakeholders, the selected consultant will review, evaluate, and prioritize Project work items in order to optimize equipment and systems life cycle costs and rehabilitate the facilities used to treat and process solids at the Plant. The objectives for the project are to improve reliability, redundancy, efficiency, and flexibility of the solids treatment processes thus reducing risks of equipment and process failures. The Project will include but not be limited to digester mixing, centrifuges, pumps, motors, heat exchangers, cake pumps, sludge hoppers, boilers, solids odor control, piping, valves, control instruments, control panels, and electrical equipment including panels, variable frequency drives, transformers, and motor control centers.

### ***91st Avenue WWTP Plant 2B Rehabilitation***

The 91st Avenue WWTP Plant 2B Rehabilitation program is to rehabilitate and replace process and electrical equipment, and make concrete repairs within Plant 2B. Working collaboratively with City, Sub Regional Operating Group partners, treatment plant operations staff, City selected CMAR and other stakeholders, the selected consultant will prepare a life-cycle cost analyses to evaluate and prioritize Project work items in order to optimize equipment and systems life cycle costs and rehabilitate the equipment, facilities and systems identified in the 91st Avenue WWTP Facility Assessment in Plant 2B. This project will include the replacement of equipment throughout Plant 2B, including, but not limited to, primary sedimentation basins and equipment, aeration basins and equipment, secondary sedimentation basins and equipment, pumps, motors, piping, control instruments and panels, and electrical equipment including panels, variable frequency drives, transformers, and motor control centers.

### ***91st Ave. WWTP Replacement Fund***

The 91st Avenue WWTP Replacement Fund is used to replace or rehabilitate assets and/or infrastructure critical to the wastewater treatment process, water quality, regulatory compliance reporting, and facility structural integrity. Replacement funds are typically used for “in-kind” replacements where a new asset exactly replaces an existing asset and for repairs to critical assets. Replacement funds can also be used to upgrade existing assets provided the existing asset is due for replacement or with different equipment with similar functionality. Engineering design and permitting are usually required when equipment is being replaced. A replacement fund for the 91st Avenue WWTP is essential for the successful operation of the facility and allows for system efficiency, reliability, and operation flexibility. The equipment at 91st Avenue WWTP has been evaluated by walking plant sites, discussing equipment maintenance with operations and maintenance staff, and identifying needed upgrades.

## RELEVANT FINANCIAL POLICIES

### ***Budgeting Systems and Controls***

SROG also maintains budgetary controls, which are designed to ensure compliance with appropriate provisions of the annual budget adopted by the SROG members. The SROG budget process provides for input from administrators, management, the SROG committees, and the member cities in developing revenue and expenditure projections and determining the SROG programs and services for the coming year.

After tentative adoption of the budget, the SROG Committee may make changes, in accordance with the applicable JEPA and Arizona State budget law. Transfers between appropriations for areas not exempted by State budget law are permissible as long as the overall budget is not increased. After final adoption, transfers between budget appropriations for areas not exempt may not be made. State law requires SROG to re-budget (re-appropriate) funds for the completion of contracts that were originally budgeted for and encumbered in a previous fiscal year. This law necessitates an additional appropriation approval to re-budget funds for contracts not completed by June 30.

### ***Accounting and Administrative Controls***

Internal controls are procedures that are designed to protect assets from loss, theft or misuse; check the accuracy and reliability of accounting data; promote operational efficiency; and encourage compliance with managerial policies. The management of SROG is responsible for establishing a system of internal controls designed to provide reasonable assurance that these objectives are met. Federal and State financial assistance programs require recipients to comply with many laws and regulations. Administrative controls are procedures designed to ensure compliance with these requirements.

SROG has established a system of administrative controls to ensure compliance with the requirements of the programs under which it receives financial assistance. As with other internal controls, this system is subject to periodic review and evaluation by management. The cost of a control should not exceed the benefits derived from the control. Therefore, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free from any material misstatements. As part of the annual audit process, internal controls are considered in order to determine the nature, timing, and extent of auditing procedures.

## AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting to SROG for its annual comprehensive financial report for the fiscal year ended June 30, 2023. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, SROG published an easily readable and efficiently organized annual comprehensive financial report. This report satisfied both generally accepted accounting principles and the applicable legal requirements.

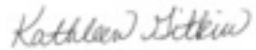
A Certificate of Achievement is valid for a period of one year only. SROG has received a Certificate of Achievement for the last twenty-seven consecutive years (fiscal years ended 1996 through 2023). We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program’s requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The 2023 AZ Water Award of Merit was presented to the City of Phoenix’s 23rd Avenue Wastewater Treatment Plant and 91st Avenue Multi-Cities Wastewater Treatment Plant. This award recognizes facilities for achieving an outstanding safety record in 2022. This award is issued by AZ Water, an independent organization that manages the Arizona section of the American Water Works Association (AWWA) and the Arizona member association of the Water Environment Federation (WEF). These organizations advocate Arizona’s water sustainability through leadership, education, professional connections, and environmental stewardship initiatives.

**AWARDS AND ACKNOWLEDGEMENTS (CONTINUED)**

I want to thank all of the SROG members, Arizona Municipal Water Users Association (AMWUA) staff, City of Phoenix departments for their cooperation and assistance throughout the past year and the Financial Accounting and Reporting Division for their efforts in the preparation of this annual comprehensive financial report. I also appreciate the guidance and support extended by the SROG Committee.

Respectfully submitted,

A handwritten signature in cursive script that reads "Kathleen Gitkin".

Kathleen Gitkin  
Chief Financial Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Multi-City Subregional Operating Group  
Arizona**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morill*

Executive Director/CEO

**Multi-City Subregional Operating Group (SROG)  
Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2024 and 2023**

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**SROG COMMITTEE**

---

Ms. Tara Ford, Chair  
Municipal Utilities Director  
City of Scottsdale

Mr. Ron Serio  
Water Services Director  
City of Glendale

Mr. Nazario Prieto  
Assistant Director, Wastewater  
City of Phoenix

Mr. Chris Hassert  
Water Resources Director  
City of Mesa

Mr. Brian Biesemeyer  
Water Resources Executive Director  
City of Scottsdale

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**SROG ADVISORY COMMITTEE**

---

Mr. Craig Caggiano, Chair  
Deputy Public Works Director  
City of Tempe

Mr. Mark Roy  
Deputy Director  
City of Glendale

Ms. Patty Kennedy  
Deputy Director-Wastewater Engineering  
City of Phoenix

Mr. Brian Draper  
Water Resources Advisor  
City of Mesa

Mr. Kevin Rose  
Water Resources Engineer  
City of Scottsdale

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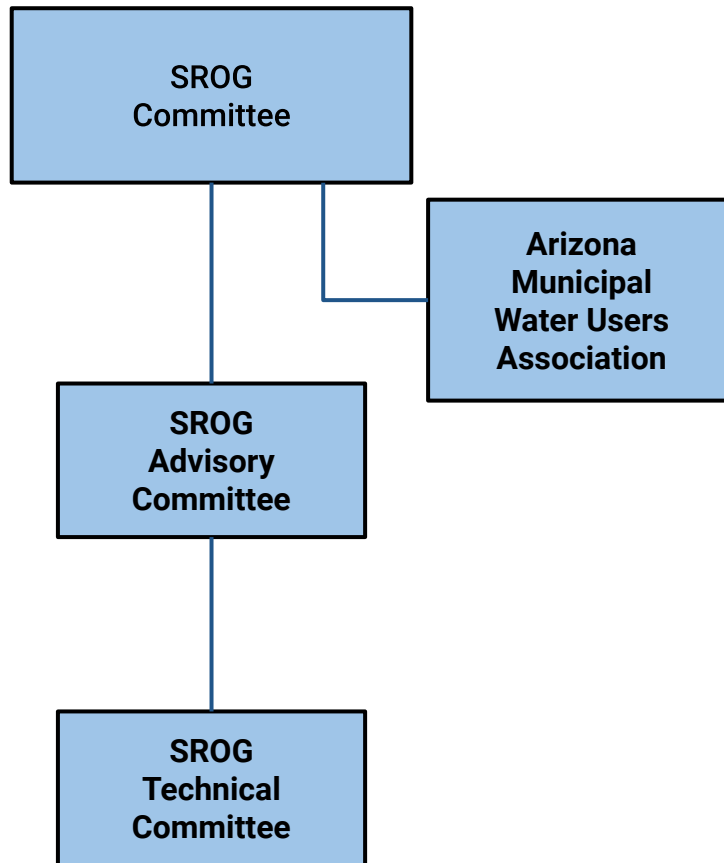
**CITY OF PHOENIX, FINANCE DEPARTMENT**

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Ms. Kathleen Gitkin  
Chief Financial Officer  
City of Phoenix



**Multi-City Subregional Operating Group (SROG)  
Organizational Chart**



\*See Note 1 (k) on page 15



**Financial**  
section



## Independent Auditor's Report

Board of Directors  
Multi-City Subregional Operating Group  
Phoenix, Arizona

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the financial statements of Multi-City Subregional Operating Group (SROG), a joint venture of the City of Phoenix, Arizona, the City of Mesa, Arizona, the City of Glendale, Arizona, the City of Scottsdale, Arizona, and the City of Tempe, Arizona, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the SROG's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the SROG, as of June 30, 2024, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the SROG and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Prior Year Audited by Other Auditors**

The 2023 financial statements were audited by other auditors, and their report thereon, dated December 8, 2023, expressed an unmodified opinion on those financial statements.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the SROG's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SROG's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SROG's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SROG's basic financial statements. The Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2024 on our consideration of SROG's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SROG's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SROG's internal control over financial reporting and compliance.

**Forvis Mazars, LLP**

**Dallas, Texas  
December 17, 2024**





**Management's  
Discussion and  
Analysis**





## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis (MD&A) of the Multi-City Subregional Operating Group's (SROG) activities and financial performance provides an introduction to SROG's financial statements as of and for fiscal years ended June 30, 2024 and 2023. The information contained in this MD&A should be considered in conjunction with the information contained in the Letter of Transmittal included in the Introductory Section of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

### FINANCIAL AND OPERATIONAL HIGHLIGHTS (in thousands)

- Total net position for the SROG joint venture was \$604,012 at June 30, 2024 and \$584,880 at June 30, 2023. Net position for fiscal year 2024 increased by 19,132 as compared to fiscal year 2023. In fiscal year 2023, net position decreased by \$11,844. The decrease in net position for fiscal years 2023 was primarily due to operating expenses exceeding operating revenues. Net investment in capital assets was \$585,712 and \$561,632 at June 30, 2024 and June 30, 2023, respectively, an increase of \$24,080.
- Operating revenue was \$127,329 for fiscal year 2024 and \$81,970 for fiscal year 2023. Operating revenues increased by \$45,359 in the current year and increased by \$9,253 in 2023. The increases are primarily due to a planned increase in member's charges for construction projects and an increase in other revenue as compared to 2023. Revenue contributions from SROG members for the construction of capital assets were \$57,491 or 45.1% of total operating revenues in 2024 and \$22,515 or 27.5% of total operating revenues in 2023.
- Total operating expenses increased by \$8,787 to \$104,029 during fiscal year 2024, and increased by \$2,609 to \$95,242 during fiscal year 2023. In 2024, the increase was related to a \$7,120 increase in operation and maintenance expense, \$1,024 increase in administrative expense and \$641 increase in depreciation expense. In 2023, the increase was related to a \$4,756 increase in operation and maintenance expense, \$3,088 decrease in depreciation expense, and \$940 increase in administrative expense.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to SROG's financial statements. SROG's financial statements include statements of net position; statements of revenues, expenses and changes in fund net position; statements of cash flows; and the notes to the financial statements. SROG's financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles.

#### ***Enterprise Operations***

SROG is structured as a joint venture, which was formed pursuant to the Joint Exercise of Powers Agreement (JEPA) to govern the construction, operation, and maintenance of the jointly utilized sewage treatment and transportation facilities. The City of Phoenix is the lead agency for SROG and is responsible for the planning, budgeting, construction, operation, and maintenance of the 91st Avenue Wastewater Treatment Plant (Plant). The other participants pay for purchased capacity in plant and related transportation facilities based on approved engineering billings. See the notes to the financial statements for a summary of SROG's significant accounting policies.

## SROG'S FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the joint venture's financial position. SROG's net position increased by \$19,132 for the year ended June 30, 2024 as compared to June 30, 2023 and decreased by \$11,844 for the year ended June 30, 2023 as compared to June 30, 2022.

### SROG's Net Position

(in thousands)

	June 30		
	2024	2023	2022
Current Assets	\$ 94,217	\$ 108,279	\$ 95,314
Net Capital Assets	585,712	561,632	576,925
<b>Total Assets</b>	<b>679,929</b>	<b>669,911</b>	<b>672,239</b>
Current Liabilities Payable from Unrestricted Assets	19,922	25,542	26,831
Current Liabilities Payable from Restricted Assets	55,995	59,488	48,684
<b>Total Current Liabilities</b>	<b>75,917</b>	<b>85,030</b>	<b>75,515</b>
Investment in Capital Assets	585,712	561,632	576,925
Unrestricted	18,301	23,248	19,799
<b>Total Net Position</b>	<b>\$ 604,013</b>	<b>\$ 584,880</b>	<b>\$ 596,724</b>

- During fiscal year 2024, current assets decreased by \$14,062 compared to a \$12,961 increase in 2023. The decrease in 2024 resulted in a \$21,875 decrease in pooled investments, a decrease of \$376 in inventories, an increase of \$6,665 in members' receivable and an increase of \$1,524 in accounts receivable. The increase in 2023 resulted in a \$12,200 increase in pooled investments, an increase of \$46 in inventories, an increase of \$749 in members' receivable and a decrease of \$34 in accounts receivable.
- Net capital assets increased by \$24,080 and decreased by \$15,292 in fiscal year 2023. The increase in 2024 resulted from an increase in construction activity at the Plant. The decrease in 2023 resulted from the increase in accumulated depreciation.
- Liabilities payable from unrestricted assets decreased by \$5,620 in 2024 and decreased by \$1,289 in 2023. The decreases in liabilities payable from unrestricted assets is primarily due to a decrease in accounts payable to members. For 2024 and 2023, a significant portion of the decrease is due to a decline in operation and maintenance settlement that is payable to each member city. Liabilities payable from restricted assets decreased by \$3,493 in 2024 and increased by \$10,802 in 2023. The decrease in fiscal year 2024 is related to a decrease in member's payable. The increase in 2023 was primarily related to an increase in member's payable due to construction activity completed at the plant.

## SROG's Changes in Net Position

(in thousands)

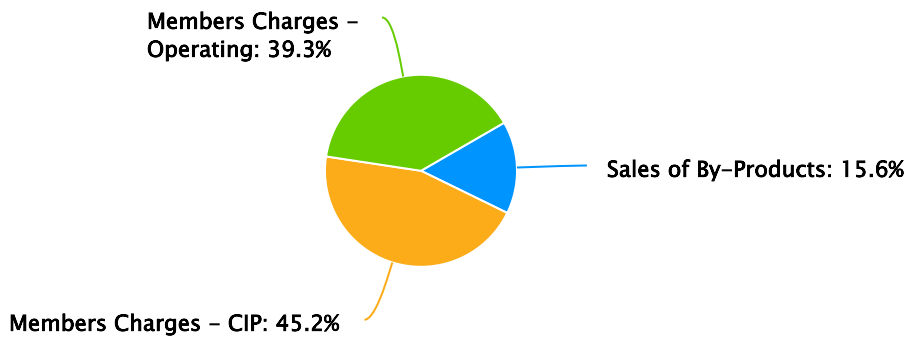
	Years Ended June 30		
	2024	2023	2022
Operating Revenues - Primarily Members' Charges	\$ 127,329	\$ 81,970	\$ 72,716
Non-Operating Revenues, net - Investment Income	6	3,037	2,619
Total Revenues	127,335	85,007	75,335
Operating Expenses			
Administration	8,303	7,279	6,338
Operation and Maintenance	57,989	50,868	46,111
Depreciation	37,737	37,095	40,183
Total Operating Expenses	104,029	95,242	92,632
Non-Operating Expenses, net	4,174	1,609	308
Total Expenses	108,203	96,851	92,940
Decrease in Net Position	19,132	(11,844)	(17,605)
Net Position, July 1	584,880	596,724	614,329
Net Position, June 30	\$ 604,012	\$ 584,880	\$ 596,724

- Operating revenues increased by \$45,359 in 2024 and increased by \$9,252 in 2023. The increase in 2024 and 2023 was primarily due to the increase in members' charges for construction projects and the increases in the sales of by-products and electricity billings.
- Operating expenses increased by \$8,787 in 2024 and increased \$2,609 in 2023. In 2024, the increase was related to a \$1,024 increase in administrative expense, a \$7,120 increase in operating and maintenance expenses, and a \$641 increase in depreciation expense. In 2023, the increase was related to a \$940 increase in administrative expense, a \$4,756 increase in operating and maintenance expenses, and a \$3,088 decrease in depreciation expense.

## OPERATING REVENUES

SROG's revenue is primarily generated by charges to the joint venture members for construction and operating costs. For fiscal year 2024, of the \$107,500 in revenue from members' charges, \$57,491 is charges for scheduled construction projects (CIP), with the remaining charges of \$50,009 received for operations. The following chart shows the sources and the percentage of operating revenue by category for the fiscal year ended June 30, 2024.

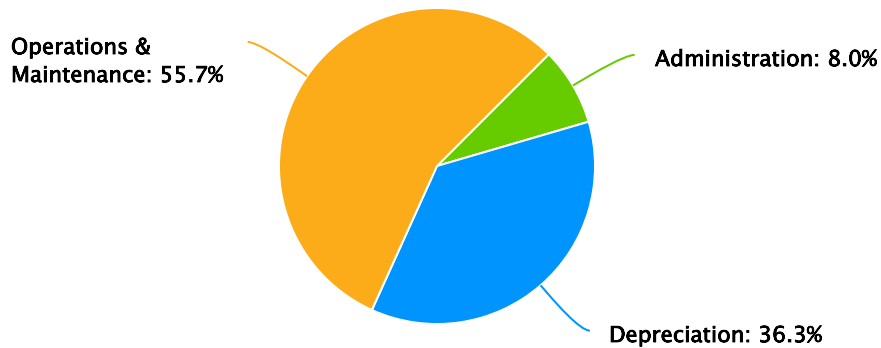
**Operating Revenues  
for Fiscal Year Ended June 30, 2024**  
Total = \$127,329  
(in thousands)



## OPERATING EXPENSES

The following chart shows SROG's operating expenses by category for the year ended June 30, 2024.

**Operating Expenses  
for Fiscal Year Ended June 30, 2024**  
Total = \$104,029  
(in thousands)



## CAPITAL ASSETS

SROG's investment in capital assets as of June 30, 2024, amounts to \$585,712 (net of accumulated depreciation), \$561,632 as of June 30, 2023, and \$576,925 as of June 30, 2022 as shown below. Net capital assets increased by \$24,079 during fiscal year 2024 and decreased \$15,293 during fiscal year 2023.

### SROG's Capital Assets

(in thousands)

	2024	2023	2022
Land	\$ 50,860	\$ 50,860	\$ 50,860
Buildings	140,793	140,661	140,661
Improvements other than Buildings	986,069	982,332	974,497
Equipment	148,376	148,501	138,580
Intangibles	15,615	15,615	15,615
Construction in Progress	102,527	44,820	40,790
Less: Accumulated Depreciation	(858,528)	(821,157)	(784,078)
Net Capital Assets	<u>\$ 585,712</u>	<u>\$ 561,632</u>	<u>\$ 576,925</u>

### Capital Acquisitions and Construction Activities

Members contributed \$57,491 for ongoing construction projects during 2024 compared to \$22,515 during 2023. Provided below is a summary of the major projects and their associated costs for fiscal year 2024 and 2023 (in thousands):

	2024
91st Ave WWTP Plant 2B Rehabilitation	\$ 28,689
91st Ave WWTP Solids Rehab Phase 1	12,934
91st Ave WWTP Facility Rehabilitation	6,243
91st Ave WWTP Fire Safety	1,760
91st Ave Process Piping Rehabilitation	1,214
	<u>2023</u>
91st Ave WWTP Facility Rehabilitation	\$ 3,199
91st Ave WWTP Solids Rehab Phase 1	4,130
91st Ave WWTP Plant 2B Rehabilitation	3,194
91st Ave WWTP Process Control	1,377
91st Ave Process Piping Rehabilitation	3,290

Capital asset acquisitions are recorded at cost and are funded by members' charges for construction projects. Additional information on SROG's capital assets can be found in the notes to the financial statements, Note 1 (f) on page 14 and Note 3 on pages 18-19 of this report.


## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Population for SROG's member cities decreased by 1% in 2024 compared to an increase of 1.2% in 2023 and an increase of 1.1% in 2022.

In December 2023, a budget presentation was made to the SROG Joint Venture members for fiscal year 2024-25. Information provided included changes in costs and the anticipated sewage treatment needs for the member cities. Upon review by the joint venture members, the proposed budget and the forecasted sewage flows for fiscal year 2024-25 were approved.

## **REQUESTS FOR FINANCIAL INFORMATION**

This financial report is designed to provide a general overview of SROG's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, City of Phoenix, Calvin C. Goode Building, Ninth Floor, 251 West Washington Street, Phoenix, Arizona 85003.



# **Basic Financial Statements**





**Multi-City Subregional Operating Group (SROG)**  
**Statements of Net Position**  
**June 30, 2024 and 2023**  
**(in thousands)**

ASSETS		2024	2023
Current Assets			
Unrestricted Assets			
Pooled Investments		\$ 19,719	\$ 29,919
Receivables			
Account Receivable		4,298	2,774
Members' Receivable		9,799	8,554
Inventories		7,286	7,662
Total Unrestricted Assets		41,102	48,909
Restricted Assets			
Pooled Investments		44,289	55,964
Members' Receivable		8,825	3,404
Total Restricted Assets		53,114	59,368
Total Current Assets		94,216	108,277
Noncurrent Assets			
Capital Assets			
Land		50,860	50,860
Buildings		140,793	140,661
Improvements other than Buildings		986,068	982,332
Equipment		148,376	148,501
Intangibles		15,615	15,615
Construction in Progress		102,527	44,820
Less: Accumulated Depreciation		(858,528)	(821,157)
Net Capital Assets		585,711	561,632
Total Assets		679,927	669,909
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources		-	-
LIABILITIES			
Current Liabilities			
Payable from Unrestricted Assets			
Accounts Payable - Vendors		3,612	3,984
Accounts Payable - Members		16,309	21,557
Total Payable from Unrestricted Assets		19,921	25,541
Payable from Restricted Assets			
Capital Projects			
Accounts Payable		8,673	4,109
Members' Payable		46,544	54,492
Other Trust Liabilities		777	886
Total Payable from Restricted Assets		55,994	59,487
Total Current Liabilities		75,915	85,028
DEFERRED INFLOWS OF RESOURCES			
Total Deferred Inflows of Resources		-	-
NET POSITION			
Investment in Capital Assets		585,712	561,632
Unrestricted		18,300	23,248
Total Net Position		\$ 604,012	\$ 584,880

The accompanying notes are an integral part of these financial statements.

**Multi-City Subregional Operating Group (SROG)**  
**Statements of Revenues, Expenses**  
**and Changes in Fund Net Position**  
**For the Fiscal Years Ended June 30, 2024 and 2023**  
(in thousands)

	2024	2023
Operating Revenues		
Members' Charges	\$ 107,500	\$ 63,084
Sales of By-Products	15,987	14,416
Other	3,842	4,470
Total Operating Revenues	127,329	81,970
Operating Expenses		
Administration	8,303	7,279
Operation and Maintenance	57,988	50,868
Depreciation	37,737	37,095
Total Operating Expenses	104,028	95,242
Operating Income (Loss)	23,301	(13,272)
Non-Operating Revenues (Expenses)		
Investment Income (Loss)	(1,609)	3,028
Interest Credited to Members, net	(2,566)	(1,609)
Gain (Loss) on Disposal of Capital Assets	6	9
Total Non-Operating Revenues (Expenses)	(4,169)	1,428
Increase (Decrease) in Net Position	19,132	(11,844)
Net Position, July 1	584,880	596,724
Net Position, June 30	\$ 604,012	\$ 584,880

The accompanying notes are an integral part of these financial statements.

**Multi-City Subregional Operating Group (SROG)**  
**Statements of Cash Flows**  
**For the Fiscal Years Ended June 30, 2024 and 2023**  
**(in thousands)**

	2024	2023
Cash Flows from Operating Activities		
Cash Received from Members and Customers	\$ 111,191	\$ 91,913
Cash Paid to Suppliers	(50,553)	(46,285)
Cash Paid to Employees	(12,807)	(10,576)
Payment of Staff and Administrative Expenses	(3,133)	(2,756)
Net Cash Provided by Operating Activities	44,698	32,296
Cash Flows from Noncapital Financing Activities		
Interest Credited to Members	(2,565)	(1,609)
Net Cash Used in Noncapital Financing Activities	(2,565)	(1,609)
Cash Flows from Capital and Related Financing Activities		
Acquisition and Construction of Capital Assets	(62,404)	(21,524)
Proceeds from Sales of Capital Assets	6	9
Net Cash Used in Capital and Related Financing Activities	(62,398)	(21,515)
Cash Flows from Investing Activities		
Investment Income	(1,609)	3,028
Net Activity for Pooled Investments	21,875	(12,200)
Net Cash Provided by (Used in) Investing Activities	20,266	(9,172)
Net Increase in Cash and Cash Equivalents	-	-
Cash, July 1	-	-
Cash, June 30	\$ -	\$ -
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ 23,300	\$ (13,272)
Adjustments		
Depreciation	37,736	37,095
Reversal of CIP Items	5,151	-
Increase (Decrease) in Members' Payable	(7,947)	10,658
(Increase) Decrease in Assets		
Receivables	(8,189)	(715)
Inventories	375	(46)
Increase (Decrease) in Liabilities		
Accounts Payable - Vendors	(371)	(311)
Accounts Payable - Members	(5,248)	(978)
Other Trust Liabilities	(109)	(134)
Net Cash Provided by Operating Activities	\$ 44,698	\$ 32,297
Noncash Transactions Affecting Financial Position		
Decrease in Fair Value of Investments	\$ 1,112	\$ 1,411
Total Noncash Transactions Affecting Financial Position	\$ 1,112	\$ 1,411

The accompanying notes are an integral part of these financial statements.





**Notes to the  
Financial  
Statements**



## Table of Contents

### Financial Section - Notes to the Financial Statements

The Notes to the Financial Statements include a summary of significant accounting policies and other disclosures necessary for a clear understanding of the accompanying financial statements.

An index to the notes follows:

Note	Description	Page
1	Organization and Summary of Significant Accounting Policies	14
2	Cash and Investments	17
3	Capital Assets	19
4	Risk Management	21
5	Members' Equity	21
6	Related Party Transactions	22
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8	Commitments and Contingencies	23
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Multi-City Subregional Operating Group (SROG)  
Notes to the Financial Statements  
For the Fiscal Years Ended June 30, 2024 and 2023

The Multi-City Subregional Operating Group (SROG) was formed pursuant to the Joint Exercise of Powers Agreement (JEPA) to govern the construction, operation, and maintenance of the jointly utilized sewage treatment and transportation facilities. These jointly utilized sewage and transportation facilities consist of the 91st Avenue Wastewater Treatment Plant (Plant), the Salt River Outfall Sewer (SRO), the Southern Avenue Interceptor (SAI), and various transportation facilities. The Cities of Glendale, Mesa, Phoenix, Scottsdale, and Tempe are the members of SROG. The City of Phoenix, Arizona (City) acts as the lead agency for SROG. As such, it operates and maintains the Plant and transportation facilities; generates the accounting information, including the development of the sewer user charge rate which is utilized in billing the members; supervises the construction of improvements and expansion of the Plant and transportation facilities; and provides other services as necessary.

1. ***Organization and Summary of Significant Accounting Policies***

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

SROG is a special purpose governmental entity, engaged only in business-type activities. It is required to present the financial statements required for enterprise funds, which include a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. It also requires a Management's Discussion and Analysis as required supplementary information.

SROG's significant accounting and financial policies are described below.

a) **Reporting Entity**

SROG is structured and reported as a joint venture between the member Cities. Each member city includes their equity in the joint venture in their respective city-wide basic financial statements. The accompanying financial statements present the financial position of SROG only. SROG does not have any component units.

b) **Basis of Accounting**

SROG is accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets, liabilities, net position, revenues, and expenses are accounted for through an enterprise fund. Revenues are recorded when earned and expenses recorded at the time the liabilities are incurred.

Operating revenues are members' charges, sales of effluent, and other miscellaneous revenues that are received based on the ongoing activities of SROG. Operating expenses are those incurred for Plant operations, maintenance, administration, and depreciation of capital assets. Non-operating revenues and expenses are items that are not a result of the direct operations of the Plant, including interest and gain or loss on disposal of capital assets. All revenues and expenses not meeting this definition are reported as non-operating items.

Revenues collected from members' for ongoing construction projects are maintained in a trust deposit account. Revenue is recognized at the time monies are transferred in sufficient amounts to cover each member's share of approved capital expenditures.

Restricted assets on the Statements of Net Position consist of pooled investments and members' receivable which are restricted for capital improvement projects.

c) **Cash and Pooled Investments**

Cash on the Statements of Net Position and Cash and Cash Equivalents on the Statements of Cash Flows consist only of petty cash. Pooled investments are maintained in the cash and investment pool of the City. The City's cash resources are combined to form a cash and investment pool managed by the City Treasurer. Interest earned by the pool is distributed monthly to SROG based on daily equity in the pool.

**Organization and Summary of Significant Accounting Policies (Continued)**

SROG's pooled investments are stated at fair value, except for repurchase agreements with original maturities of one year or less which are valued at cost that approximates fair value. Fair value is based on quoted market prices as of the valuation date.

**d) Receivables**

Management analyzes receivables periodically to determine whether an allowance for doubtful accounts should be recorded. There is no current provision required for possible bad debts.

**e) Inventories**

Inventories consist of expendable supplies held for consumption. Inventories are stated at cost at average cost and are accounted for on the consumption method.

**f) Capital Assets**

Capital assets are recorded at historical cost. Donated capital assets, donated works of art and similarities, and capital assets received in a service concession arrangement are recorded at acquisition value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Land	Not depreciated
Construction in progress	Not depreciated
Buildings	10-40 years
Improvements other than Buildings	10-50 years
Equipment	5-30 years
Intangible assets	5-50 years

A gain or loss on disposal of capital assets is recognized when assets are retired from service or are otherwise sold or removed. The minimum capitalization policy is \$5,000 or more with an estimated useful life exceeding two years.

**g) Other Trust Liabilities**

**Neighborhood Committee Trust**

SROG maintains a Neighborhood Committee Trust asset and offsetting liability account for the Neighborhood Committee. The monies are expended in accordance with the authorization of the Neighborhood Committee for evaluation and improvement projects related to the Plant. The trust balance at June 30, 2024 and 2023 was \$777, and \$886, respectively, and is included in other trust liabilities.

**h) Operating Revenues**

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. Operating revenues include members' charges, sales of by-products and other revenues. Members' charges are contributions received from the members for costs of operation and maintenance, administration, and the construction of capital assets. All operating revenues are recognized when earned. Members' charges for construction projects and operating costs are earned ratably throughout the year. All revenues not meeting this definition are reported as non-operating items.

**i) Operating Expenses**

Operating expenses for enterprise funds include operation and maintenance expenses, the cost of sales and services, administrative expenses, and depreciation on capital assets. All expenses not meeting this definition are reported as non-operating items. Administration expenses include direct administrative costs to manage the Plant and indirect costs allocated to SROG by the City.

### **Organization and Summary of Significant Accounting Policies (Continued)**

Operating, maintenance, and administration costs are allocated to the members based upon their respective sewage strengths and flows measured in million gallons per day (MGD) at the metering stations prior to entering the Plant for processing, or as estimated by the Plant personnel in the event of a meter breakdown. City of Phoenix flows and strengths are not metered as they are calculated by deducting the other members' metered flows and strengths from the total flows and strengths.

Meters measuring sewage flows are calibrated jointly by a SROG meter calibration team on an annual basis. The SROG meter calibration team consists of representatives of the members owning the station, the City of Phoenix, and a SROG member with no ownership in the station. Sewage strengths are measured monthly. A representative from the SROG city, for which the sample is taken, is present along with City of Phoenix staff on the first day of the sampling process.

The SROG city representative signs a form indicating that he or she was present and that the sampling approach and procedures were satisfactory.

The operating and maintenance costs allocated to the members in the financial statements reflect only the members' portion of SROG costs. Such costs do not reflect all costs incurred by the members in connection with servicing their wastewater customers, since certain costs, such as billings and collections, are incurred independent of SROG operations.

#### **j) Budget**

The SROG Committee reviews and approves the operating and capital budgets submitted by the City for the planning, designing, construction, operation, and maintenance of the jointly used sewage facilities. Each SROG member is responsible to take the appropriate steps in conformity with Arizona State budget law to ensure that the appropriations are sufficient to cover the members' obligations under the JEPA. The budget is prepared in sufficient detail to facilitate its use by management in monitoring operations.

#### **k) Arizona Municipal Water Users Association (AMWUA)**

AMWUA is a nonprofit corporation established and funded by cities in Maricopa County for the development of an urban water policy and represents the cities' interests before the Arizona legislature. In addition, AMWUA contracts with SROG to perform certain accounting, administrative, and support services.

#### **l) Estimates**

The preparation of financial statements in conformity with GAAP requires management to make a number of estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **m) Compensated Absences**

Vacation and compensatory time benefits are accrued as liabilities as employees earn the benefits to the extent that they meet both of the following criteria: 1) the City's obligation is attributable to employees' services already rendered; and 2) it is probable that the City will compensate the employees for the benefits through paid time off or some other means, such as cash payments.

Sick leave benefits are accrued as a liability as the benefits are earned by employees, but only to the extent that it is probable that the City will compensate the employees through cash payments conditioned on the employees' retirement. Unused sick leave hours not eligible for such cash payment is treated as additional service time in the calculation of postemployment benefits. For SROG's financial statements, outstanding compensated absences are recorded as a liability.

2. **Cash and Investments**

Cash consists only of petty cash. Pooled investments are maintained in the cash and investment pool of the City. SROG's cash at June 30, 2024 and June 30, 2023 is as follows (in thousands):

	June 30	
	2024	2023
Cash on Hand	\$ -	\$ -

**Pooled Investments**

SROG investments are included in the City's pooled investments. The City Charter and ordinances authorize the City to invest in obligations of the United States Treasury, its agencies and instrumentalities, repurchase agreements, money market accounts, certificates of deposit, the State Treasurer's investment pool, highly rated obligations issued or guaranteed by any state or political subdivision thereof rated in the highest short-term or second highest long-term category, and investment grade corporate bonds, debentures, notes and other evidences of indebtedness issued or guaranteed by a solvent U.S. corporation which is not in default as to principal or interest.

SROG's pooled investments are carried at fair value, which is the same as the fair value of the City's pool shares. It is the City's policy generally to hold investments until maturity. SROG's pooled investments at June 30, 2024 and 2023 are summarized below (in thousands):

Fiscal Year Ended	Credit Quality Rating	Fair Value	Weighted Average Maturity (Years)
June 30, 2024	Not Rated	\$ 64,009	1.477
June 30, 2023	Not Rated	85,883	1.343

**Fair Value Hierarchy**

SROG investments are included in the City's pooled investments, therefore the fair value hierarchy mirrors that of the City. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2024 and June 30, 2023 (in thousands):

Investments by Fair Value Level	Fair Value Measurement Using				Fair Value Measurement Using			
	6/30/2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	6/30/2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury securities	\$ 1,792,587	\$ 15,743	\$ 1,776,844	\$ -	\$ 3,116,870	\$ 15,355	\$ 3,101,515	\$ -
U.S. Government agency obligations	2,323,295	-	2,323,295	-	1,068,375	-	1,068,375	-
U.S. Government agency MBS/CMO	216,831	-	216,831	-	65,938	-	65,938	-
Municipal bonds	617,766	-	617,766	-	42,686	-	42,686	-
Commercial paper	59,274	-	59,274	-	119,473	-	119,473	-
Investment in land	-	-	-	-	-	-	-	-
<b>Total investments, including those classified as, cash equivalents by fair value level</b>	<b>\$ 5,009,753</b>	<b>\$ 15,743</b>	<b>\$ 4,994,010</b>	<b>\$ -</b>	<b>\$ 4,413,342</b>	<b>\$ 15,355</b>	<b>\$ 4,397,987</b>	<b>\$ -</b>

**Cash and Investments (continued)**

U.S. Government securities totaling \$15.7 million in fiscal year 2024 are classified in Level 1 of the fair value hierarchy and are valued using quoted prices in active markets.

U.S. Government securities totaling \$1.8 billion, U.S. Government agency obligations totaling \$2.3 billion U.S. Government agency MBS/CMO totaling \$216.8 million and municipal bonds totaling \$617.8 million and commercial paper totaling \$59.3 million in fiscal years 2024 are classified in Level 2 of the fair value hierarchy and are valued using matrix pricing techniques maintained by various pricing vendors.

Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. These prices are obtained from a pricing source.

**Interest Rate Risk**

In order to limit interest rate risk, the City's investment policy limits maturities as follows:

U.S. Treasury Securities	5 year final maturity
Securities guaranteed, insured, or backed by the full faith and credit of the U.S. Government	5 year final maturity
U.S. Government Agency Securities	5 year final maturity
Repurchase Agreements	60 days
Municipal Obligations	5 years for long-term issues
Money Market Mutual Funds	90 days
Commercial Paper	270 days

For Mortgage Backed Securities (MBS) and Collateralized Mortgage Obligations (CMO), the maximum weighted average life using current Public Securities Association (PSA) prepayment assumptions shall be twelve years at the time of purchase for MBS and five years at the time of purchase for CMO. For CMBS designated as "green", the final maturity is less than ten years.

**Credit Risk**

The City's investment policy limits its purchase of investments to the top ratings issued by nationally recognized statistical rating organizations such as Standard & Poor's "S&P" and Moody's Investors Service "Moody's". The portfolio is primarily invested in securities issued by the U.S. Treasury or by U.S. Government Agency Securities which are rated Aaa by Moody's and AA+ by S&P. Repurchase agreements are generally collateralized by U.S. Treasuries at 102%. In addition, the portfolio is invested in pre-funded or escrowed to maturity municipal securities for which the payment of interest, and ultimately the repayment of the principal, is backed by U.S. Treasury Securities, U.S. Government Agencies or Cash. Municipal securities must have a short-term minimum rating of A1 by S&P and P1 by Moody's and a long-term uninsured rating of A+ by S&P and A1 by Moody's. Money market mutual funds must have a current minimum money market rating of AAAM by S&P and Aaa-mf by Moody's. For commercial paper, an Issuer's program must have a minimum rating of "A1" by S&P and "P1" by Moody's. The issuing corporation must be organized and operating in the United States and have a minimum long-term debt rating of "A+" by S&P and "A1" by Moody's. Programs rated by only one of the agencies are ineligible. Corporate debt securities must have a long-term minimum rating of AAA by S&P and Aaa by Moody's.

**Concentration of Credit Risk**

Investments in any one issuer, excluding U.S. governments that represent 5% or more of total City investments are as follows (in thousands):

Issuer	Fair Value
FHLB	\$ 716,376

### 3. **Capital Assets**

Capital asset activity for the fiscal years ended June 30, 2024 and 2023 were as follows (in thousands):

	Balance				Balance
	July 1, 2023	Additions	Deletions	Transfers	June 30, 2024
<b>Non-Depreciable Assets</b>					
Land	\$ 50,860	\$ -	\$ -	\$ -	\$ 50,860
Construction in Progress	44,820	59,704	(2,412)	415	102,527
Total Non-Depreciable Assets	95,680	59,704	(2,412)	415	153,387
<b>Depreciable Assets</b>					
Buildings	140,661	63	-	69	140,793
Improvements other than Buildings	982,332	1,953	-	1,784	986,069
Equipment	148,501	2,508	(347)	(2,286)	148,376
Intangibles	15,615	-	-	-	15,615
Total Depreciable Assets	1,287,109	4,524	(347)	(433)	1,290,853
<b>Less Accumulated Depreciation</b>					
Buildings	(66,226)	(3,531)	-	-	(69,757)
Improvements other than Buildings	(636,908)	(28,544)	-	(12)	(665,464)
Equipment	(103,626)	(5,292)	347	30	(108,541)
Intangibles	(14,397)	(369)	-	-	(14,766)
Total Accumulated Depreciation	(821,157)	(37,736)	347	18	(858,528)
Total Depreciable Assets, net	465,952	(33,212)	-	(415)	432,325
Total Capital Assets, net	\$ 561,632	\$ 26,492	\$ (2,412)	\$ -	\$ 585,712

**Capital Assets (Continued)**

	Balance				Balance
	July 1, 2022	Additions	Deletions	Transfers	June 30, 2023
<b>Non-Depreciable Assets</b>					
Land	\$ 50,860	\$ -	\$ -	\$ -	\$ 50,860
Construction in Progress	40,790	26,726	(5,111)	(17,585)	44,820
Total Non-Depreciable Assets	91,650	26,726	(5,111)	(17,585)	95,680
<b>Depreciable Assets</b>					
Buildings	140,661	-	-	-	140,661
Improvements other than Buildings	974,497	-	-	7,835	982,332
Equipment	138,580	187	(16)	9,750	148,501
Intangibles	15,615	-	-	-	15,615
Total Depreciable Assets	1,269,353	187	(16)	17,585	1,287,109
<b>Less Accumulated Depreciation</b>					
Buildings	(62,695)	(3,531)	-	-	(66,226)
Improvements other than Buildings	(608,585)	(28,323)	-	-	(636,908)
Equipment	(98,873)	(4,769)	16	-	(103,626)
Intangibles	(13,925)	(472)	-	-	(14,397)
Total Accumulated Depreciation	(784,078)	(37,095)	16	-	(821,157)
Total Depreciable Assets, net	485,275	(36,908)	-	17,585	465,952
Total Capital Assets, net	\$ 576,925	\$ (10,182)	\$ (5,111)	\$ -	\$ 561,632



4. **Risk Management**

The Plant’s insurance program is administered by the City of Phoenix Risk Management Division of the Finance Department. SROG is charged annually for its share of insurance coverage. For fiscal years 2024 and 2023, SROG was charged \$1,054,165 and \$902,641, respectively, for insurance premiums. The members proportionately share the costs of the insurance program according to the provisions of the intergovernmental agreement. The City of Phoenix maintains a \$7.5 million self-insured retention for third-party liability claims. Losses which exceed the retention levels are covered by commercial insurance purchased through the City. Workers’ compensation, unemployment and long-term disability are self-insured. Employee healthcare benefits are self-insured through the City of Phoenix Health Care Benefits Trust. Self-insured claims are reported as liabilities in the City of Phoenix’s basic financial statements when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. This determination is based on an independent actuarial analysis of reported claims and estimated claims incurred but not reported. For the year ended June 30, 2024, there were no reductions in insurance coverage from the prior year and settled claims have not exceeded insurance coverage for the past three years. In the opinion of management, no provision for claims is required in the accompanying financial statements.

Long-term disability benefits were self-insured through the City of Phoenix Long-term Disability Trust Fiduciary Fund. As a partially funded other post-employment benefit, no liability is reflected. Claims that are expected to be paid with expendable available financial resources are accounted for in the City’s General Fund. All other claims are accounted for in the City’s government-wide statement of net position.

5. **Members’ Equity**

A summary of the joint venture members’ equity follows (in thousands):

	June 30	
	2024	2023
City of Glendale	\$ 37,579	\$ 37,979
City of Mesa	81,752	77,005
City of Phoenix	317,994	305,417
City of Scottsdale	77,942	76,966
City of Tempe	89,249	86,544
	<u>604,516</u>	<u>583,911</u>
Unallocated unrealized gain (loss) related to GASB Statement No. 31 reporting	(504)	969
Total	<u>\$ 604,012</u>	<u>\$ 584,880</u>

6. **Related Party Transactions**

The nature of the relationship of the joint venture's related parties (members) is described in Note 1 on page 13. The following transactions occurred between the joint venture and its members (in thousands):

a) The members contributed 84% and 77% of the joint venture's revenue in 2024 and 2023, respectively.

b) Members' receivables were as follows:

	June 30	
	2024	2023
Unrestricted Members' Receivables	\$ 9,799	\$ 8,554
Restricted Members' Receivables	8,825	3,404
Total	<u>\$ 18,624</u>	<u>\$ 11,958</u>

c) Members' payables were as follows:

	June 30	
	2024	2023
Unrestricted Members' Payables	\$ 16,309	\$ 21,557
Restricted Members' Payables	46,544	54,492
Total	<u>\$ 62,853</u>	<u>\$ 76,049</u>

d) Administration Costs

SROG administration costs on the statements of revenues, expenses and changes in fund net position include direct administrative costs to manage the Plant; indirect costs allocated to SROG from the City of Phoenix Water Services Department; and staff and administrative costs. The indirect costs from the Water Services Department include: administration, personnel, budget, accounting, management support, training, and other overhead costs. Indirect administration costs allocated to SROG were \$6,180 and \$5,302 for the years ended June 30, 2024 and 2023, respectively.

Staff and administrative costs are City central services costs allocated to SROG. These costs include: building maintenance, custodial services, electrical maintenance, accounting, insurance, payroll, money management, accounts payable, various financial services, real estate, materials management, personnel, safety, fringe benefit administration, labor relations and training, switchboard, internal and external auditing, general management services, and legal services. Staff and administrative costs allocated to SROG were \$3,133 and \$2,756 for the years ended June 30, 2024 and 2023, respectively.

7. **Construction and Other Grants**

Grant receipts are disbursed to the SROG members based on their purchased capacity at the Plant. The members recognize grant proceeds as income during the period in which reimbursable costs are expensed and recorded. The amounts are not reflected in SROG's financial statements. SROG did not receive any grant receipts for the fiscal year ended June 30, 2024.

8. **Commitments and Contingencies**

In the normal course of expanding the jointly used wastewater treatment plant and transportation facilities, SROG enters into contractual agreements to purchase material, equipment, and services. At June 30, 2024, SROG had outstanding purchase commitments for capital improvements aggregating approximately \$73.4 million.

9. **Pension Plan**

a) **Plan Description**

SROG's full-time employees are employed by the City and are covered by the City's Employees' Retirement Plan (COPERS). The City of Phoenix Employees' Retirement System is a single-employer defined benefit pension plan established by the Phoenix City Charter. In addition to normal retirement benefits, COPERS also provides for disability and survivor benefits, as well as deferred pensions for former employees. Pension benefits vest after five years for general City employees.

Benefits are calculated on the basis of a given rate, final average compensation and service credit.

Tier 1 Pension Benefits: Employees hired prior to July 1, 2013 are eligible for retirement benefits upon meeting one of the following age and service requirements:

- i) Age 60 years with 10 or more years of credited service.
- ii) Age 62 years with 5 or more years of credit service.
- iii) Any age which added to years of credited service equals 80.

The pension benefit for Tier 1 employees is based on 2% of final average compensation multiplied by the first 32.5 years of service credit, 1% in excess of 32.5 years to 35.5 years, and 0.5% thereafter.

Tier 2 and Tier 3 Pension Benefits: Employees hired on or after July 1, 2013 for Tier 2 and January 1, 2016 for Tier 3 are eligible for retirement benefits upon meeting one of the following age and service requirements:

- i) Age 60 years with 10 or more years of credited service.
- ii) Age 62 years with 5 or more years of credit service.
- iii) Any age which added to years of credited service equals 87.

The pension benefit for Tier 2 employees is based on 2.1% of final average compensation multiplied by years of service credit for those less than 20 years, 2.15% for 20-24.9 years, 2.2% for 25-29.9 years and 2.3% thereafter.

The pension benefit for Tier 3 employees is based on 1.85% of final average compensation multiplied by years of service credit for those less than 10 years, 1.9% for 10-19.9 years, 2% for 20-29.9 years and 2.1% thereafter.

COPERS is authorized by and administered in accordance with Chapter XXIV of the Charter of the City. Authority to make amendments to the plan rests with City voters. It is administered by a nine-member Retirement Board. COPERS has been included as part of the City's reporting entity as a pension trust fund. Copies of the separately issued COPERS financial report, which includes financial statements and required supplementary information, may be obtained from COPERS, 200 West Washington, 10th Floor, Phoenix, Arizona 85003.

**Pension Plan (Continued)**

**b) Funding Policy**

The City contributes an actuarially determined percentage of payroll to COPERS, as required by City Charter, to fully fund benefits for active members and to amortize any unfunded actuarial liability as a level percent of projected member payroll over a closed 19 year period. Tier 1 employees contributed 5% of compensation, and beginning January 1, 2016, Tier 2 and Tier 3 employees contributed 11.0% and the City contributed the remainder. SROG's contributions to COPERS equaled the annual required contributions and were as follows (in actual dollars).

Fiscal Year Ended	City Contributions	Employer Contribution Rates
June 30, 2024	\$ 2,385,376	28.09%
June 30, 2023	2,119,169	29.56%
June 30, 2022	2,065,580	29.95%

**c) Net Pension Liability**

In fiscal year 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The impact of the net pension liability for SROG's employees are included as part of the City of Phoenix's reporting of net pension liability and therefore presented in the City's Annual Comprehensive Financial Report. In the opinion of management, no provision for net pension liability is required in the accompanying Financial Statements.

**10. Other Post-Employment Benefits**

**Post-Employment Healthcare and Long-Term Disability Program**

The City provides certain post-employment health care benefits for its retirees. Retirees meeting certain qualifications are eligible to participate in the City's health insurance program along with the City's active employees. As of August 1, 2007, separate rates have been established for active and retiree health insurance.

**Medical Expense Reimbursement Plan and Long-Term Disability**

Employees eligible to retire in 15 years or less from August 1, 2007, will receive a monthly subsidy from the City's Medical Expense Reimbursement Plan (MERP) when they retire. The MERP is a single-employer, defined benefit plan. Contributions by the City (plus earnings thereon) are the sole source of funding for the MERP.

The City established the City of Phoenix MERP Trust and the City of Phoenix Long-Term Disability (LTD) Trust to fund all or a portion of the City's share of liabilities incurred in providing the benefits as reflected in the Administrative Regulation 2.42 Medical Expense Reimbursement Plan for Retirees and Eligible Surviving Spouses or Qualified Domestic Partners and in Administrative Regulation 2.323 City of Phoenix Long-Term Disability Program. A five-member Board of Trustees has been delegated fiduciary responsibility for oversight of the MERP Trust and LTD Trust, subject to oversight of the City Council. The LTD Trust issues a separate report that can be obtained from the City's Finance Department, through the Financial Accounting and Reporting Division on the 9th Floor of 251 W. Washington Street, Phoenix, Arizona, 85003.

**Other Post-Employment Benefits (Continued)**

The City's net other post-employment benefit (OPEB) liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of the same date. The net OPEB liability is measured as the total OPEB liability, less the amount of the plan's fiduciary net position. In actuarial terms, this is analogous to the accrued liability less the fair value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations based on the Board's adopted assumptions and methods).

**Post-Employment Health Plan**

Employees eligible to retire in more than 15 years from August 1, 2007 who have payroll deductions for City medical insurance coverage are entitled to a \$150 monthly contribution to a Post Employment Health Plan (PEHP) account in lieu of MERP subsidies. PEHP is a 100% employer-paid defined contribution. Funds accumulated in the account can be used upon termination of employment for qualified medical expenses. The current administrator of the plan is Nationwide Retirement Solutions.

**Actuarial Valuations**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

SROG has no assets or liabilities reflected on its statements of net position related to GASB No. 74 and GASB No. 75 as of June 30, 2024 and 2023.



**Supplementary  
Information**



**Multi-City Subregional Operating Group (SROG)**  
**Net Operating and Maintenance Expenditures**  
**(Non-GAAP JEPA basis)**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

	Years Ended June 30	
	2024	2023
Operating & Maintenance Expenditures		
Operating & Maintenance	\$35,064,097	\$28,459,041
Power	8,214,808	7,088,762
Chemicals	11,286,221	10,593,577
Replacement	6,609,990	3,717,672
Water Services Department Administration	6,179,838	5,301,561
City of Phoenix Administration	3,133,154	2,755,776
Operating & Maintenance Expenditures	<u>70,488,108</u>	<u>57,916,389</u>
Less Income:		
Sale of By-Products	18,991,900	18,117,753
Miscellaneous	842,775	756,198
Interest	<u>26,499</u>	<u>106,924</u>
Total Income	<u>19,861,174</u>	<u>18,980,875</u>
Net Operating & Maintenance Expenditures	<u>\$50,626,934</u>	<u>\$38,935,514</u>

**Non-GAAP JEPA Basis**

The supplementary information is prepared based on the Joint Exercise of Power Agreement (JEPA). The JEPA allows for the distribution of operation, maintenance, administration, and replacement costs to the members. The supplementary information does not include certain GAAP expenses such as depreciation, compensated absences, and gains and losses on disposal of capital assets.

**Sale of By-Products**

SROG receives revenue from the sale of effluent to the Arizona Nuclear Power Project (ANPP) for use at Units 1, 2, and 3, the Buckeye Irrigation Company (BIC) for agricultural irrigation, and the sale of biogas to Ninety-First Avenue Renewable Biogas LLC (Biogas Developer). The revenue received is allocated to members based on their respective sewage flows.

**Interest Income**

Interest is earned on the average daily balance in the SROG operating deposits at the rate earned by the City of Phoenix Treasurer's pooled cash account. The interest earned is used to offset the costs of operating and maintaining the Plant and is allocated to the members based on their respective sewage flows and strengths.

Interest is charged to the SROG members for late payments of capital improvement projects, and operating and maintenance. Interest on late payments is used to offset operating and maintenance costs.





**Multi-City Subregional Operating Group (SROG)**  
**Net Operating and Maintenance Expenditures (Continued)**  
**(Non-GAAP JEPA basis)**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

Member	<b>2024</b>			
	Amount Billed	Charge (Credit)	Replacement	Net Operating
		Per User	Charges Over	Net Operating
		Charge Settlement <sup>(1)</sup>	(Under) Actual Expenditures <sup>(2)</sup>	Expenditures (see page 26)
City of Glendale	\$ 3,885,309	\$ (93,369)	\$ 104,487	\$ 3,896,427
City of Mesa	9,041,285	(1,416,528)	220,621	7,845,378
City of Phoenix	41,396,723	(13,346,967)	998,353	29,048,109
City of Scottsdale	3,366,248	640,786	103,689	4,110,723
City of Tempe	6,310,335	(766,877)	182,840	5,726,298
<b>Total</b>	<b>\$ 63,999,900</b>	<b>\$ (14,982,955)</b>	<b>\$ 1,609,990</b>	<b>\$ 50,626,935</b>
Member	<b>2023</b>			
	Amount Billed	Charge (Credit)	Replacement	Net Operating
		Per User	Charges Over	Net Operating
		Charge Settlement <sup>(1)</sup>	(Under) Actual Expenditures <sup>(2)</sup>	Expenditures (see page 26)
City of Glendale	\$ 3,804,921	\$ (1,043,659)	\$ (78,690)	\$ 2,682,572
City of Mesa	7,411,984	(2,053,239)	(149,022)	5,209,723
City of Phoenix	40,138,986	(15,493,734)	(824,670)	23,820,582
City of Scottsdale	3,749,846	(703,763)	(81,848)	2,964,235
City of Tempe	6,463,090	(2,056,591)	(148,098)	4,258,401
<b>Total</b>	<b>\$ 61,568,827</b>	<b>\$ (21,350,986)</b>	<b>\$ (1,282,328)</b>	<b>\$ 38,935,513</b>

<sup>(1)</sup> These amounts represent the settlement of operating and maintenance expenditures.

<sup>(2)</sup> SROG members were billed \$5,000,000 and \$5,000,000 for replacement charges during the years ended June 30, 2024 and 2023, but incurred \$6,609,990 and \$3,717,672 respectively, in actual replacement expenditures.

**Multi-City Subregional Operating Group (SROG)  
Members' CIP Account Activity  
(Non-GAAP JEPA basis)  
For the Fiscal Years Ended June 30, 2024 and 2023**

Member	<b>2024</b>				
	Beginning Balance	Contributions	Interest	Expenditures	Ending Balance
	July 2023				June 2024
City of Glendale	\$ 9,086,217	\$ 3,988,266	\$ 401,130	\$ (3,437,600)	\$ 10,038,014
City of Mesa	15,020,123	817,778	517,547	(7,753,153)	8,602,295
City of Scottsdale	7,361,410	3,081,359	262,786	(5,205,117)	5,500,438
City of Tempe	23,024,308	5,928,368	998,504	(7,547,709)	22,403,471
Total	<u>\$ 54,492,059</u>	<u>\$ 13,815,771</u>	<u>\$ 2,179,967</u>	<u>\$ (23,943,579)</u>	<u>\$ 46,544,218</u>
Member	<b>2023</b>				
	Beginning Balance	Contributions	Interest	Expenditures	Ending Balance
	July 2022				June 2023
City of Glendale	\$ 8,382,476	\$ 3,388,562	\$ 217,531	\$ (2,902,352)	\$ 9,086,217
City of Mesa	11,425,795	6,060,769	354,107	(2,820,548)	15,020,123
City of Scottsdale	5,079,407	4,063,620	167,478	(1,949,094)	7,361,410
City of Tempe	18,945,972	6,320,603	542,014	(2,784,281)	23,024,308
Total	<u>\$ 43,833,651</u>	<u>\$ 19,833,554</u>	<u>\$ 1,281,130</u>	<u>\$ (10,456,276)</u>	<u>\$ 54,492,059</u>

The SROG members, excluding the City of Phoenix, make advance payments to the City of Phoenix for budgeted capital improvement project expenditures based on SROG capital improvement projects cash flow estimate reports prepared by the City of Phoenix and approved by SROG. Based on these approved estimates, SROG members are billed monthly for one-sixth of their share of the six-month estimates (July through December and January through June). In addition, the members maintain a deposit amount equal to one-sixth of the total six-month estimates.

All members' payments are maintained in a trust deposit account, with monies being transferred monthly in sufficient amounts to cover each member's share of approved capital expenditures. Interest is applied to each member's average daily balance at the rate earned by the City of Phoenix Treasurer's pooled cash account.

**Multi-City Subregional Operating Group (SROG)**  
**Operating Deposits Activity**  
**(Non-GAAP JEPA basis)**  
**For the Fiscal Years Ended June 30, 2024 and 2023**

Member	<b>2024</b>			Ending
	Beginning		Withdrawals	Balance
	Balance	Contributions		June 2024
	July 2023			
City of Glendale	\$ 567,125	\$ 53,656	\$ -	\$ 620,781
City of Mesa	1,219,796	122,057	-	1,341,853
City of Phoenix	4,892,460	231,972	-	5,124,432
City of Scottsdale	814,923	63,125	-	878,048
City of Tempe	<u>1,169,637</u>	<u>80,442</u>	-	<u>1,250,079</u>
Total	<u>\$ 8,663,941</u>	<u>\$ 551,252</u>	<u>\$ -</u>	<u>\$ 9,215,193</u>

Member	<b>2023</b>			Ending
	Beginning		Withdrawals	Balance
	Balance	Contributions		June 2023
	July 2022			
City of Glendale	\$ 514,635	\$ 52,490	\$ -	\$ 567,125
City of Mesa	1,116,339	103,457	-	1,219,796
City of Phoenix	4,596,870	310,650	(15,060)	4,892,460
City of Scottsdale	771,609	55,768	(12,454)	814,923
City of Tempe	<u>1,056,649</u>	<u>112,988</u>	-	<u>1,169,637</u>
Total	<u>\$ 8,056,102</u>	<u>\$ 635,353</u>	<u>\$ (27,514)</u>	<u>\$ 8,663,941</u>

SROG members maintain an operating deposit equal to 12.5 percent of the total operating and maintenance budget excluding equipment replacement charges. The operating deposits may be increased or decreased by formal action of the SROG committee. Each member's proportionate share of the deposit is based on their percentage of purchased capacity in the Plant. In 1998, the SROG members increased this deposit by the establishment of an inventory reserve. Each member's proportionate share of the inventory is based on their actual flows and strengths for the year.

The operating deposits were established to: (a) cover actual cash needed for a portion of SROG operations and maintenance, (b) cover decreases in revenue, (c) cover unforeseen increases in expenditures, and (d) meet recommended deposit balances to maintain a good bond rating. This deposit balance includes cash and members' receivables.

**Multi-City Subregional Operating Group (SROG)  
Equipment Replacement Deposits Activity  
(Non-GAAP JEPA basis)  
For the Fiscal Years Ended June 30, 2024 and 2023**

Member	<b>2024</b>				
	Beginning Balance	Contributions	Interest	Expenditures	Ending Balance
	July 2023				June 2024
City of Glendale	\$ 665,988	\$ 324,495	\$ 26,174	\$ (428,982)	\$ 587,675
City of Mesa	1,396,132	685,153	54,410	(905,774)	1,229,921
City of Phoenix	4,675,352	3,100,501	171,977	(4,098,854)	3,848,976
City of Scottsdale	651,887	322,027	26,405	(425,716)	574,603
City of Tempe	<u>1,174,892</u>	<u>567,824</u>	<u>45,669</u>	<u>(750,664)</u>	<u>1,037,721</u>
Total	<u>\$ 8,564,251</u>	<u>\$ 5,000,000</u>	<u>\$ 324,635</u>	<u>\$ (6,609,990)</u>	<u>\$ 7,278,896</u>

Member	<b>2023</b>				
	Beginning Balance	Contributions	Interest	Expenditures	Ending Balance
	July 2022				June 2023
City of Glendale	\$ 571,293	\$ 306,821	\$ 16,005	\$ (228,131)	\$ 665,988
City of Mesa	1,212,905	581,060	34,205	(432,038)	1,396,132
City of Phoenix	3,747,615	3,215,523	103,067	(2,390,853)	4,675,352
City of Scottsdale	553,976	319,140	16,063	(237,292)	651,887
City of Tempe	<u>999,395</u>	<u>577,456</u>	<u>27,399</u>	<u>(429,358)</u>	<u>1,174,892</u>
Total	<u>\$ 7,085,184</u>	<u>\$ 5,000,000</u>	<u>\$ 196,739</u>	<u>\$ (3,717,672)</u>	<u>\$ 8,564,251</u>

An annual user replacement charge is established through the annual budgetary process. This charge is adjusted to the actual replacement cost through the annual user charge settlement. Each member's equity in the equipment replacement deposit is determined by tracking each member's contributions. Actual expenditures and interest are allocated and applied to each member's cash balance. Interest earned on these deposits is credited and compounded monthly based on the earnings rate in the City of Phoenix Treasurer's pooled cash account applied to the average daily cash balance during the month. This deposit balance includes cash and members' receivables.



**Statistical**  
section



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## Statistical Section - Table of Contents

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**Multi-City Subregional Operating Group (SROG)**

**Statements of Net Position**

**Last Ten Fiscal Years**

**(in thousands)**

	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Net Investment in Capital Assets	\$ 585,712	\$ 561,632	\$ 576,925	\$ 597,597	\$ 616,129	\$ 640,429	\$ 669,024	\$ 680,953	\$ 706,591	\$ 744,444
Unrestricted	18,300	23,248	19,799	16,732	16,833	15,705	14,802	14,518	15,314	14,499
Total Net Position	<u>\$ 604,012</u>	<u>\$ 584,880</u>	<u>\$ 596,724</u>	<u>\$ 614,329</u>	<u>\$ 632,962</u>	<u>\$ 656,134</u>	<u>\$ 683,826</u>	<u>\$ 695,471</u>	<u>\$ 721,905</u>	<u>\$ 758,943</u>

Source: The source of this information is the Entity's Fund Financial Statements

**Statements of Revenues and Expenses and Changes in Net Position**

**Last Ten Fiscal Years**

**(in thousands)**

	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
<b>Operating Revenues</b>										
Members' Charges	\$ 107,500	\$ 63,084	\$ 55,607	\$ 56,937	\$ 52,904	\$ 55,166	\$ 63,879	\$ 49,441	\$ 40,352	\$ 37,256
Sales of By-Products	15,987	14,416	13,430	12,659	10,740	9,842	9,332	8,068	7,355	6,788
Other	3,841	4,470	3,679	1,927	1,319	239	33	20	1	378
Total Operating Revenues	<u>127,328</u>	<u>81,970</u>	<u>72,716</u>	<u>71,523</u>	<u>64,963</u>	<u>65,247</u>	<u>73,244</u>	<u>57,529</u>	<u>47,708</u>	<u>44,422</u>
<b>Operating Expenses</b>										
Administration	8,303	7,279	6,338	6,741	6,096	5,972	4,559	5,051	4,473	4,360
Operation and Maintenance	57,988	50,868	46,111	42,340	43,387	48,140	40,053	37,560	38,853	36,393
Depreciation	37,737	37,095	40,183	41,312	39,173	39,533	40,091	41,149	41,587	43,826
Total Operating Expenses	<u>104,028</u>	<u>95,242</u>	<u>92,632</u>	<u>90,393</u>	<u>88,656</u>	<u>93,645</u>	<u>84,703</u>	<u>83,760</u>	<u>84,913</u>	<u>84,579</u>
Operating Income (Loss)	<u>23,300</u>	<u>(13,272)</u>	<u>(19,916)</u>	<u>(18,870)</u>	<u>(23,693)</u>	<u>(28,398)</u>	<u>(11,459)</u>	<u>(26,231)</u>	<u>(37,205)</u>	<u>(40,157)</u>
<b>Non-Operating Revenues (Expenses)</b>										
Investment Income (Loss)	(1,609)	3,028	2,599	587	1,097	1,272	103	85	494	224
Interest Credited to Members	(2,565)	(1,609)	(308)	(373)	(578)	(554)	(310)	(272)	(261)	(190)
Gain (Loss) on Disposal of Capital Assets	6	9	20	23	2	(12)	21	(15)	(67)	(867)
Total Non-Operating Revenues (Expenses)	<u>(4,168)</u>	<u>1,428</u>	<u>2,311</u>	<u>237</u>	<u>521</u>	<u>706</u>	<u>(186)</u>	<u>(202)</u>	<u>166</u>	<u>(833)</u>
Net Income (Loss) before Capital Contributions	19,132	(11,844)	(17,605)	(18,633)	(23,172)	(27,692)	(11,645)	(26,433)	(37,039)	(40,990)
Capital Contributions	-	-	-	-	-	-	-	-	-	120
Increase (Decrease) in Net Position	<u>\$ 19,132</u>	<u>\$ (11,844)</u>	<u>\$ (17,605)</u>	<u>\$ (18,633)</u>	<u>\$ (23,172)</u>	<u>\$ (27,692)</u>	<u>\$ (11,645)</u>	<u>\$ (26,433)</u>	<u>\$ (37,039)</u>	<u>\$ (40,870)</u>

Source: The source of this information is the Entity's Fund Financial Statements

**Multi-City Subregional Operating Group (SROG)  
Member Charges by Type  
Last Ten Fiscal Years  
(in thousands)**

Fiscal Year	Operating	Construction	Total Member Charges
2023-24	\$ 50,008	\$ 57,491	\$ 107,500
2022-23	40,568	22,515	63,084
2021-22	36,975	18,632	55,607
2020-21	37,771	19,166	56,937
2019-20	38,287	14,617	52,904
2018-19	39,380	15,786	55,166
2017-18	37,495	26,384	63,879
2016-17	37,256	12,185	49,441
2015-16	36,996	3,356	40,352
2014-15	33,449	3,806	37,255

Source: The source of this information is the Entity's Fund Financial Statements

**Member Charges by City  
Last Ten Fiscal Years  
(in thousands)**

Fiscal Year	Glendale	Mesa	Phoenix	Scottsdale	Tempe	Total
2023-24	\$ 7,639	\$ 16,280	\$ 59,859	\$ 9,801	\$ 13,921	\$ 107,500
2022-23	5,345	8,518	36,517	5,206	7,498	63,084
2021-22	4,083	7,214	33,204	5,173	5,933	55,607
2020-21	3,891	7,519	33,856	5,101	6,571	56,937
2019-20	3,491	7,845	31,013	4,986	5,569	52,904
2018-19	4,010	7,458	32,497	5,031	6,170	55,166
2017-18	3,572	10,535	33,164	8,932	7,676	63,879
2016-17	3,128	8,594	26,709	4,724	6,286	49,441
2015-16	3,065	5,605	22,939	4,207	4,536	40,352
2014-15	2,429	4,945	21,947	3,994	3,940	37,255

Source: The source of this information is the Entity's Fund Financial Statements

### Multi-City Subregional Operating Group (SROG) Area Map

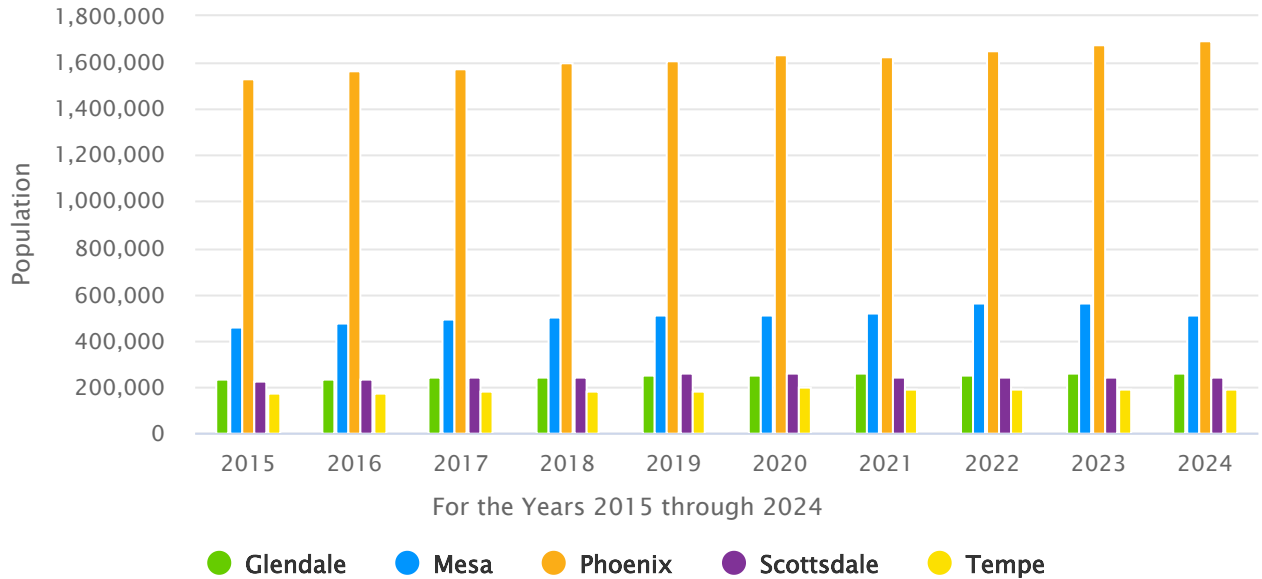


Source: AMWUA  
City of Phoenix Finance Department

## Multi-City Subregional Operating Group (SROG) SROG Cities' Population Growth Last Ten Years

Year	Glendale	Mesa	Phoenix	Scottsdale	Tempe	Total
2024	259,252	511,648	1,692,268	244,394	194,205	2,901,767
2023	258,255	563,219	1,674,652	243,100	192,000	2,931,226
2022	252,126	559,958	1,657,035	242,800	192,000	2,895,141
2021	257,233	519,384	1,630,195	241,361	192,000	2,862,793
2020	254,088	514,144	1,635,879	255,300	195,805	2,855,216
2019	250,702	511,334	1,606,815	255,300	182,802	2,806,953
2018	240,000	501,137	1,598,736	242,500	182,802	2,765,175
2017	238,000	493,089	1,579,253	242,700	182,802	2,735,844
2016	235,000	471,825	1,565,896	231,204	175,826	2,679,751
2015	233,000	462,376	1,528,115	228,300	169,533	2,621,324

### SROG Member Cities' Population Growth



Source: AMWUA  
City of Phoenix Finance Department

Note: Beginning in fiscal year 2010, population numbers were revised based on 2010 U.S. Census

**Multi-City Subregional Operating Group (SROG)**  
**Demographic and Economic Statistics (1)**  
**Last Ten Years**

Year	Population <sup>(2)(3)</sup>	Personal Income (in thousands) <sup>(2)(3)</sup>	Per Capita Income <sup>(2)(3)</sup>	Unemployment Rate <sup>(4)</sup>
2023	5,216,600	\$ 350,949,000	67,275	3.6%
2022	5,127,900	318,600,000	62,131	3.6
2021	4,946,547	284,095,000	57,433	3.7
2020	4,907,152	265,861,000	54,178	6.4
2019	4,823,045	238,458,000	49,441	4.1
2018	4,857,962	224,072,000	46,125	4.1
2017	4,761,694	210,503,000	44,208	4.2
2016	4,675,966	198,541,000	42,460	4.7
2015	4,581,122	190,039,000	41,483	5.2
2014	4,491,423	179,406,000	39,944	5.9

<sup>(1)</sup> The SROG Cities of Glendale, Mesa, Phoenix, Scottsdale and Tempe are part of the Phoenix-Mesa-Scottsdale Metropolitan Statistical Area (MSA). The numbers presented for population, personal income, per capita income, and unemployment rate on this schedule are for the Phoenix-Mesa-Scottsdale MSA. The population for the individual SROG Cities is presented in the SROG Cities' Population Growth schedule on page 35.

<sup>(2)</sup> Amounts for population, personal income and per capita income were obtained from the Eller College of Management, University of Arizona.

<sup>(3)</sup> Amounts for calendar year 2021 for population, personal income and per capita income are estimates and are based on the Estimated Annual Percent Changes for the Phoenix-Mesa-Scottsdale MSA, which was obtained from Eller College of Management, University of Arizona.

<sup>(4)</sup> The unemployment rate was obtained from the Arizona Department of Commerce, Research Administration, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

**Multi-City Subregional Operating Group (SROG)  
Major Employers Metropolitan Phoenix  
2024 and 2015**

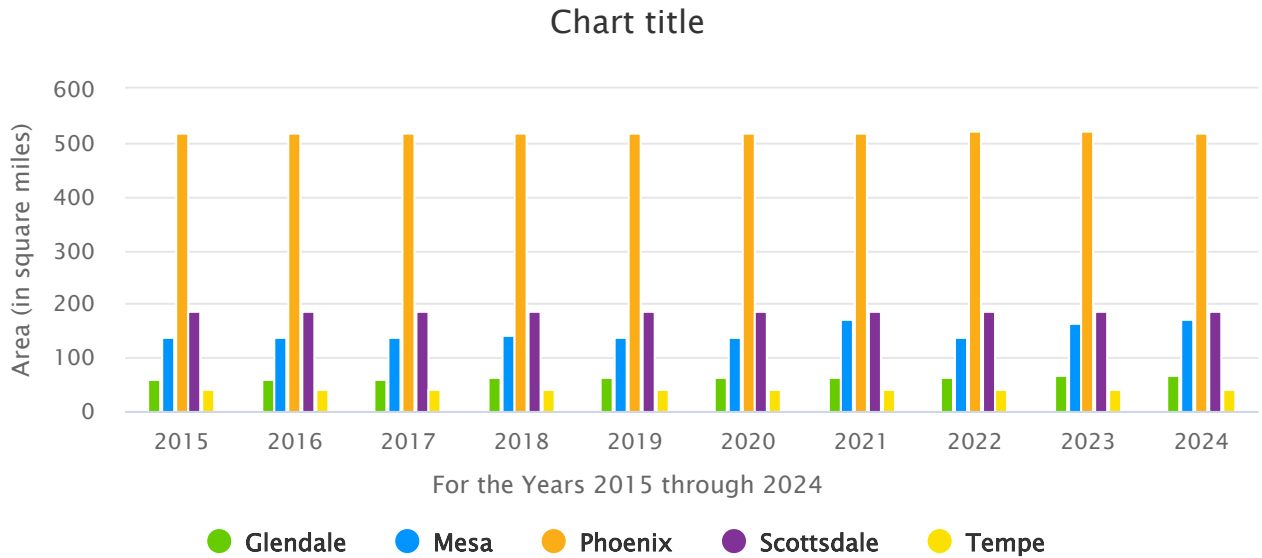
Employer	2024			2015		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Banner Health	46,602	1	1.90%	35,406	2	1.91%
State of Arizona	41,531	2	1.69%	50,816	1	2.74%
Amazon.com Inc.	40,000	3	1.63%			
Walmart Inc.	37,648	4	1.54%	32,373	3	1.75%
Arizona State University	37,402	5	1.53%	12,676	8	0.68%
University of Arizona	23,439	6	0.96%			
Fry's Food Stores	21,000	7	0.86%	17,286	4	0.93%
City of Phoenix	15,018	8	0.61%	14,585	5	0.79%
HonorHealth	14,801	9	0.60%			
Wells Fargo & Co.	13,000	10	0.53%	14,480	6	0.78%
U.S. Postal Service	13,000	10	0.53%			
Maricopa County				13,567	7	0.73%
Dignity Health				12,100	9	0.65%
Intel Corp.				11,760	10	0.63%

Source: Phoenix Business Journal Book of Lists

<sup>(1)</sup> Top employers in the State of Arizona. Employee count is inclusive of all Arizona employees.

**Multi-City Subregional Operating Group (SROG)**  
**SROG Cities' Area Growth (Square Miles)**  
**Last Ten Years**

Year	Glendale	Mesa	Phoenix	Scottsdale	Tempe
2024	68.0	171.1	519.4	184.5	40.2
2023	68.0	162.5	519.9	184.5	40.2
2022	62.0	138.0	519.9	184.5	40.2
2021	61.6	172.0	519.8	184.5	40.2
2020	62.0	138.0	519.8	184.5	40.2
2019	62.0	138.0	519.7	184.5	40.2
2018	62.0	141.0	519.5	184.5	40.2
2017	60.0	138.4	519.5	184.5	40.2
2016	60.0	139.3	519.4	184.5	40.1
2015	59.0	138.2	519.4	184.5	40.1



Source: AMWUA  
 City of Phoenix Finance Department



**Multi-City Subregional Operating Group (SROG)  
Measured Sewage Flows and Strengths and Rates  
Last Ten Fiscal Years**

Fiscal Year	Sewage Flows (thousand gallons)	Chemical/ Biochemical	Suspended Solids (SS) (thousand pounds)	Sewage Flows (per thousand gallons)	COD/BOD <sup>(1)</sup> (per thousand pounds)	SS (per thousand pounds)
		Demand (COD/BOD) (thousand pounds) <sup>(1)</sup>				
2023-24	55,930,222	358,394	163,745	\$ (0.0977)	\$ 91.29	\$ 116.49
2022-23	54,398,540	363,097	174,977	(0.1219)	78.12	94.30
2021-22	54,383,300	365,989	181,083	(0.0982)	68.29	86.83
2020-21	51,376,151	347,769	164,021	(0.0919)	71.90	88.37
2019-20	49,465,545	340,645	158,297	(0.0218)	69.55	87.69
2018-19	48,887,860	340,915	156,640	(0.0017)	71.59	85.27
2017-18	49,317,925	333,273	156,187	0.0108	68.93	80.63
2016-17	48,804,021	329,182	151,605	0.0477	66.77	80.62
2015-16	49,638,304	326,194	150,984	0.0675	63.01	73.31
2014-15	50,106,090	322,757	155,428	0.0425	61.28	70.41

**Measured Sewage Flows by City  
(in thousand gallons)  
Last Ten Fiscal Years**

Fiscal Year	Glendale	Mesa	Phoenix	Scottsdale	Tempe	Total
2023-24	2,838,633	6,959,332	36,706,239	2,478,947	6,947,071	55,930,222
2022-23	2,908,400	5,819,990	35,830,170	2,769,230	7,070,750	54,398,540
2021-22	2,709,843	5,822,628	35,217,589	3,474,437	7,158,803	54,383,300
2020-21	3,434,857	6,026,155	31,773,034	3,160,676	6,981,429	51,376,151
2019-20	2,352,174	6,390,752	30,567,018	3,387,848	6,767,753	49,465,545
2018-19	2,567,840	6,120,480	29,832,840	3,562,730	6,803,970	48,887,860
2017-18	2,460,368	5,938,435	30,582,706	3,456,280	6,880,136	49,317,925
2016-17	2,723,559	6,067,638	29,321,418	3,588,506	7,102,900	48,804,021
2015-16	2,726,102	6,052,357	29,697,238	4,044,106	7,118,501	49,638,304
2014-15	2,444,838	5,816,892	30,678,347	4,092,303	7,073,710	50,106,090

<sup>(1)</sup> Beginning in fiscal year 2004-05, the SROG member Cities agreed to use Chemical Oxygen Demand (COD) rather than Biochemical Oxygen Demand (BOD) as a basis for calculating sewage strengths used to allocate net operating and maintenance expenditures to individual members.

**Multi-City Subregional Operating Group (SROG)**  
**Measured Sewage Strengths**  
**(Milligrams per Liter)**  
**Last Ten Fiscal Years**

**Chemical (COD)/Biochemical Oxygen Demand (BOD) (1)**

Fiscal Year	Glendale	Mesa	Phoenix	Scottsdale	Tempe	Average
2023-24	1,142	873	695	1,144	764	768
2022-23	961	880	771	944	760	800
2021-22	970	840	803	937	673	807
2020-21	853	795	828	862	707	811
2019-20	1,171	856	828	891	633	826
2018-19	1,084	838	853	848	662	836
2017-18	1,006	839	813	934	641	810
2016-17	1,008	827	808	1,009	618	809
2015-16	1,107	817	770	942	630	788
2014-15	1,062	801	773	886	579	772

**Suspended Solids (SS)**

Fiscal Year	Glendale	Mesa	Phoenix	Scottsdale	Tempe	Average
2023-24	523	433	317	776	228	351
2022-23	516	472	367	699	233	386
2021-22	467	447	409	579	198	399
2020-21	386	407	398	572	205	383
2019-20	578	457	379	578	170	384
2018-19	552	433	382	542	205	384
2017-18	513	453	371	624	184	380
2016-17	516	436	356	627	202	372
2015-16	537	442	353	535	185	365
2014-15	537	421	370	537	188	372

<sup>(1)</sup> Beginning in fiscal year 2004-05, the SROG member Cities agreed to use Chemical Oxygen Demand (COD) rather than Biochemical Oxygen Demand (BOD) as a basis for calculating sewage strengths used to allocate net operating and maintenance expenditures to individual members.

**Multi-City Subregional Operating Group (SROG)  
Full-Time Equivalent Employees (1)  
Last Ten Fiscal Years**

	Full-time Equivalent Employees as of June 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Administration	-	-	-	-	-	-	-	-	-	-
Operation and Maintenance	108	100	99	105	107	98	89	103	96	95
<b>Total</b>	<b>108</b>	<b>100</b>	<b>99</b>	<b>105</b>	<b>107</b>	<b>98</b>	<b>89</b>	<b>103</b>	<b>96</b>	<b>95</b>

<sup>(1)</sup> An FTE is a position converted to the decimal equivalent of a full-time position based on 2,080 hours per year.

**Multi-City Subregional Operating Group (SROG)  
Operating and Capital Indicators  
Last Ten Fiscal Years**

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Miles of Sewers	41.9	41.9	41.9	41.9	41.9	41.9	41.9	41.9	41.9	41.9
Treatment Capacity (MGD) <sup>(1)</sup>	204.5	204.5	204.5	204.5	204.5	204.5	204.5	204.5	204.5	204.5
Peak Day Influent Flow (MGD)	192	177	209	170.0	189.0	176.0	166.0	167	166.5	275.5

<sup>(1)</sup> Millions of gallons per day (MGD)

Source: FTE obtained from Human Resources Information Systems, City of Phoenix, Personnel Department.  
Operating and Capital Indicators obtained from City of Phoenix, Wastewater System Benchmarks.





**MULTI-CITY SUBREGIONAL OPERATING GROUP (SROG)  
91ST AVENUE WASTEWATER TREATMENT PLANT**

**SETTLEMENT OF ESTIMATED AND ACTUAL COSTS  
FOR THE YEAR ENDED JUNE 30, 2024**

	GLENDALE	MESA	PHOENIX	SCOTTSDALE	TEMPE	MEMBERS TOTAL
<b>FLOW:</b>						
ESTIMATED FLOW - 1000 GALS.	2,883,500	7,665,000	33,580,000	3,212,000	7,380,300	54,720,800
ACTUAL FLOW - 1000 GALS.	2,838,633	6,959,332	36,706,239	2,478,947	6,947,071	55,930,222
<b>C.O.D.:</b>						
ESTIMATED MG/L	1,009	900	825	900	660	
ACTUAL MG/L	1,142	873	695	1,144	764	
<b>SUSPENDED SOLIDS:</b>						
ESTIMATED MG/L	535	500	400	600	200	
ACTUAL MG/L	523	433	317	776	228	
<b><u>ACTUAL USER COSTS ALLOCATED TO DESIGN PARAMETERS</u></b>						
	\$ 3,631,111	\$ 6,873,773	\$ 27,131,880	\$ 3,787,572	\$ 4,901,947	\$ 46,326,283
<i>Plus exceptions to cost allocation:</i>						
JEPA CONSULTING CHARGES	142,096	142,096	142,096	142,096	142,096	710,480
SAI ODOR CONTROL	18,733	608,888	775,780	77,367	499,415	1,980,183
SUBTOTAL ACTUAL USER COSTS	3,791,940	7,624,757	28,049,756	4,007,034	5,543,458	49,016,945
SROG INVENTORY CHARGE	27,810	64,844	11,112	23,475	23,601	150,842
TOTAL ACTUAL USER COSTS	3,819,750	7,689,601	28,060,868	4,030,509	5,567,059	49,167,787
INVOICED ESTIMATED COSTS	3,885,309	9,041,285	41,396,723	3,366,248	6,310,335	63,999,900
<b>SETTLEMENT BALANCE (CREDIT)</b>	<b>\$ (65,559)</b>	<b>(1,351,684)</b>	<b>(13,335,855)</b>	<b>664,261</b>	<b>(743,276)</b>	<b>(14,832,113)</b>

This schedule may contain differences due to rounding.

FINAL

**EXHIBIT 1**  
**MULTI-CITY SUBREGIONAL OPERATING GROUP (SROG)**  
**91ST AVENUE WASTEWATER TREATMENT PLANT**

**SUMMARY OF OPERATING, MAINTENANCE & REPLACEMENT COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Budget	Actual	Variance Fav (Unfav)
<b><u>OPERATING AND MAINTENANCE COSTS</u></b>			
Personal Services	\$ 10,825,373	\$ 12,266,997	\$ (1,441,624)
Chemicals	9,858,563	11,286,221	(1,427,658)
Sludge Hauling & Enviro Waste Disposal	2,788,400	3,032,229	(243,829)
General	14,754,385	14,140,679	613,706
Electricity	6,243,620	8,214,808	(1,971,188)
Water Quality and Compliance	1,196,889	1,459,695	(262,806)
JEPA Consulting Charges	624,000	710,480	(86,480)
SAI Odor Control	1,303,840	1,980,183	(676,343)
Tres Rios	1,398,473	1,473,834	(75,361)
	<hr/>	<hr/>	<hr/>
Subtotal 91st Avenue WWTP Costs	\$ 48,993,543	\$ 54,565,126	\$ (5,571,583)
<b><u>GENERAL ADMINISTRATION</u></b>			
City Services Administration	\$ 2,341,000	\$ 3,133,154	\$ (792,154)
Department Administration	2,903,115	2,699,148	203,967
Treatment Plant Administration	3,263,734	3,361,275	(97,541)
Finance Utilities Accounting	175,453	119,415	56,038
	<hr/>	<hr/>	<hr/>
Subtotal General Administration	8,683,302	9,312,993	(629,691)
	<hr/>	<hr/>	<hr/>
<b>Total Operating and Maintenance Costs</b>	<b>\$ 57,676,845</b>	<b>\$ 63,878,119</b>	<b>\$ (6,201,274)</b>
<b><u>REPLACEMENT COSTS</u></b>			
91st Avenue Replacement Costs	5,000,000	5,000,000	0
	<hr/>	<hr/>	<hr/>
<b>Total Operating, Maintenance &amp; Replacement Costs</b>	<b>\$ 62,676,845</b>	<b>\$ 68,878,119</b>	<b>\$ (6,201,274)</b>
<b><u>OTHER INCOME</u></b>			
Sale of Effluent	\$ -	\$ (18,991,900)	\$ 18,991,900
Miscellaneous Income	0	(842,775)	842,775
Interest Earnings on Operating Fund	0	(26,499)	26,499
	<hr/>	<hr/>	<hr/>
Subtotal Other Income	0	(19,861,174)	19,861,174
	<hr/>	<hr/>	<hr/>
<b>NET REVENUE REQUIREMENTS</b>	<b>\$ 62,676,845</b>	<b>\$ 49,016,945</b>	<b>\$ 13,659,900</b>

**FINAL**

**EXHIBIT 2**  
**MULTI-CITY SUBREGIONAL OPERATING GROUP (SROG)**  
**91ST AVENUE WASTEWATER TREATMENT PLANT**

**SUMMARY OF ALLOCATION OF 91ST AVENUE PLANT COSTS, REPLACEMENT COSTS,  
ADMINISTRATION COSTS AND OTHER INCOME TO DESIGN PARAMETERS  
FOR THE YEAR ENDED JUNE 30, 2024**

	TOTAL (1)	ALLOCATION TO DESIGN PARAMETERS					
		NON-ENVIRONMENTAL			ENVIRONMENTAL		
		FLOW	COD	SS	FLOW	COD	SS
<b>OPERATING &amp; MAINTENANCE COSTS</b>							
Personal Services	\$ 12,266,997	\$ 812,288	\$ 5,969,647	\$ 3,849,648	\$ 812,288	\$ 823,125	\$ -
Chemicals	11,286,221	959,147	3,610,478	3,563,293	97,694	2,028,418	1,027,189
Solid Waste Disposal	2,983,661	0	1,491,831	1,491,831	0	0	0
General	14,140,679	1,590,805	6,206,938	3,800,798	1,076,372	1,074,720	391,047
Electricity	8,214,808	1,485,511	5,490,986	1,237,490	274	274	274
Environmental Waste Removal	48,568	0	0	0	16,513	16,027	16,027
Compliance Lab Charges	1,459,695	988,048	0	0	471,647	0	0
Tres Rios	1,473,834	0	0	0	1,473,834	0	0
<b>Subtotal O &amp; M Costs</b>	<b>\$ 51,874,463</b>	<b>\$ 5,835,799</b>	<b>\$ 22,769,880</b>	<b>\$ 13,943,060</b>	<b>\$ 3,948,623</b>	<b>\$ 3,942,564</b>	<b>\$ 1,434,537</b>
Line A. Subtotal Percentage	100.0000%	11.2499%	43.8942%	26.8785%	7.6119%	7.6002%	2.7654%
<b>GENERAL ADMINISTRATION</b>							
City Services Administration (2)	3,133,154	351,728	1,372,358	840,359	240,798	240,429	87,482
Department Administration (3)	2,699,148	303,650	1,184,770	725,490	205,456	205,141	74,642
Treatment Plant Administration (3)	3,361,275	378,138	1,475,405	903,459	255,856	255,464	92,953
Finance Utilities Accounting (3)	119,415	13,594	53,041	32,479	8,596	8,582	3,123
Replacement Costs (4)	5,000,000	2,138,733	1,663,589	1,197,678	0	0	0
<b>Total Costs by Parameter</b>	<b>\$ 66,187,456</b>	<b>\$ 9,021,643</b>	<b>\$ 28,519,042</b>	<b>\$ 17,642,525</b>	<b>\$ 4,659,329</b>	<b>\$ 4,652,180</b>	<b>\$ 1,692,737</b>
Sale of Effluent (5)	(18,991,900)	(18,991,900)					
Miscellaneous Income (3)	(842,775)	(94,811)	(369,930)	(226,525)	(64,151)	(64,053)	(23,306)
Subtotal-Net Costs Before Interest	\$ 46,352,781	\$ (10,065,067)	\$ 28,149,112	\$ 17,416,000	\$ 4,595,178	\$ 4,588,127	\$ 1,669,431
Line B. Subtotal Percentage	100.0000%	-21.7141%	60.7280%	37.5727%	9.9135%	9.8983%	3.6016%
Interest Earnings -Fund Balance (6)	(26,499)	5,754	(16,092)	(9,956)	(2,627)	(2,623)	(954)
<b>Net Costs by Parameter</b>	<b>\$ 46,326,283</b>	<b>\$ (10,059,313)</b>	<b>\$ 28,133,020</b>	<b>\$ 17,406,044</b>	<b>\$ 4,592,551</b>	<b>\$ 4,585,504</b>	<b>\$ 1,668,477</b>

- Notes: (1) Source: Exhibit 1.  
(2) Allocated based on the Environmental Model.  
(3) Allocated based on percentages of operating & maintenance costs (Line A).  
(4) Allocated based on distribution of plant assets.  
(5) Allocated based on flows per agreement of multi-city members.  
(6) Allocated based on distribution of net costs before interest (Line B).

This schedule may contain differences due to rounding.

**FINAL**



**EXHIBIT 3**  
**MULTI-CITY SUBREGIONAL OPERATING GROUP (SROG)**  
**91ST AVENUE WASTEWATER TREATMENT PLANT**

**SEWAGE VOLUMES, STRENGTHS AND PERCENTAGES**  
**ATTRIBUTABLE TO SROG MEMBERS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**SEWAGE TREATED**

<u>MEMBER</u>	<u>FLOW (MGD)</u>	<u>FLOW (1) (1000 GALLONS)</u>	<u>COD (MG/L)</u>	<u>COD (2) (POUNDS)</u>	<u>SS (MG/L)</u>	<u>SS (2) (POUNDS)</u>
Glendale	7.78	2,838,633	1,141.57	27,025,756	523	12,373,083
Mesa	19.07	6,959,332	873.45	50,695,762	433	25,117,169
Phoenix	100.57	36,706,239	694.99	212,758,292	317	96,974,822
Scottsdale	6.79	2,478,947	1,144.43	23,660,424	776	16,051,825
Tempe	19.03	6,947,071	763.80	44,253,481	228	13,228,535
Totals	<u>153.24</u>	<u>55,930,222</u>	<u>768</u>	<u>358,393,715</u>	<u>351</u>	<u>163,745,434</u>

**ALLOCATION PERCENTAGES**  
**ATTRIBUTABLE TO EACH MEMBER**

<u>MEMBER</u>	<u>FLOW PERCENTAGE OF TOTAL</u>	<u>COD PERCENTAGE OF TOTAL</u>	<u>SS PERCENTAGE OF TOTAL</u>
Glendale	5.07531%	7.54080%	7.55629%
Mesa	12.44288%	14.14527%	15.33916%
Phoenix	65.62863%	59.36440%	59.22292%
Scottsdale	4.43221%	6.60180%	9.80291%
Tempe	12.42096%	12.34773%	8.07872%
Total 91st Avenue WWTP	<u>100.00000%</u>	<u>100.00000%</u>	<u>100.00000%</u>

Note: (1) Flows are separately metered for each city except Phoenix. Phoenix flow is the net of total flows measured at the 91st Avenue WWTP less the other cities' metered flows.

(2) Other members' pounds of COD and SS are based a robust analysis by Black & Veatch as presented in "Report of COD and TSS Loading Analysis Using the Robust Technique".

This schedule may contain differences due to rounding.

**FINAL**

**EXHIBIT 4**  
**MULTI-CITY SUBREGIONAL OPERATING GROUP (SROG)**  
**91ST AVENUE WASTEWATER TREATMENT PLANT**

**ALLOCATION OF COSTS TO SROG MEMBERS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

MEMBER	FLOW % (1)	ALLOCATED FLOW COSTS	COD % (1)	ALLOCATED COD COSTS	SS % (1)	ALLOCATED SS COSTS	TOTAL COSTS
<b>NON-ENVIRONMENTAL</b>							
Glendale	5.07531%	\$ (510,542)	7.54080%	\$ 2,121,455	7.55629%	\$ 1,315,252	\$ 2,926,165
Mesa	12.44288%	(1,251,670)	14.14527%	3,979,492	15.33916%	2,669,941	5,397,764
Phoenix	65.62863%	(6,601,787)	59.36440%	16,700,999	59.22292%	10,308,364	20,407,576
Scottsdale	4.43221%	(445,851)	6.60180%	1,857,285	9.80291%	1,706,300	3,117,735
Tempe	12.42096%	(1,249,465)	12.34773%	3,473,789	8.07872%	1,406,186	3,630,511
<b>Total Non-Environmental Costs (2)</b>		<u>\$ (10,059,313)</u>		<u>\$ 28,133,020</u>		<u>\$ 17,406,044</u>	<u>\$ 35,479,751</u>
<b>ENVIRONMENTAL</b>							
Glendale		\$ 233,086		\$ 345,784		\$ 126,075	\$ 704,945
Mesa		571,446		648,632		255,930	1,476,009
Phoenix		3,014,027		2,722,157		988,120	6,724,304
Scottsdale		203,552		302,726		163,559	669,837
Tempe		570,439		566,206		134,792	1,271,437
<b>Total Environmental Costs (2)</b>		<u>\$ 4,592,551</u>		<u>\$ 4,585,504</u>		<u>\$ 1,668,477</u>	<u>\$ 10,846,532</u>
<b>TOTAL COSTS</b>							
Glendale		\$ (277,455)		\$ 2,467,239		\$ 1,441,327	\$ 3,631,111
Mesa		(680,223)		4,628,124		2,925,872	6,873,773
Phoenix		(3,587,760)		19,423,156		11,296,484	27,131,880
Scottsdale		(242,299)		2,160,011		1,869,860	3,787,572
Tempe		(679,025)		4,039,995		1,540,978	4,901,947
<b>Total Costs</b>		<u>\$ (5,466,763)</u>		<u>\$ 32,718,525</u>		<u>\$ 19,074,520</u>	<u>\$ 46,326,283</u>

Notes: (1) From Exhibit 3. Allocation percentages attributed to each member.  
(2) From Exhibit 2. Net costs allocated to design parameters.

This schedule may contain differences due to rounding.

**FINAL**

**EXHIBIT 5**  
**MULTI-CITY SUBREGIONAL OPERATING GROUP (SROG)**  
**91ST AVENUE WASTEWATER TREATMENT PLANT**

**ALLOCATION OF ACTUAL COSTS BY AGREEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	GLENDALE	MESA	PHOENIX	SCOTTSDALE	TEMPE	GRAND TOTAL
<b>SAI ODOR CONTROL COSTS (1)</b>						
Allocation percentage	0.78%	39.64%	35.57%	3.22%	20.79%	100.00%
Allocated Cost	6,500	330,330	296,414	26,833	173,248	\$ 833,325
<b>Credit to Mesa (2)</b>						
Allocation percentage	1.29%	-100.00%	58.94%	5.34%	34.43%	0.00%
Allocated Credit	2,674	(207,268)	122,164	11,068	71,363	-
<b>SAI ODOR CONTROL COSTS PHOENIX FERROUS CHLORIDE (2A)</b>						
Allocation percentage	0.78%	39.64%	35.57%	3.22%	20.79%	100.00%
Allocated Cost	\$8,945.49	\$454,614.47	\$407,937.36	\$36,928.82	\$238,431.76	\$1,146,858
<b>Credit to Phoenix (2B)</b>						
Allocation percentage	1.21%	61.52%	-100.00%	5.00%	32.27%	0.00%
Allocated Credit	\$614	\$31,212	(\$50,735)	\$2,537	\$16,372	-
<b>Net Cost to Cities</b>	18,733	608,888	775,780	77,367	499,415	1,980,183
%	0.95%	30.75%	39.18%	3.91%	25.22%	
<b>JEPA CONSULTING CHARGES (3)</b>						
Allocation percentage	20%	20%	20%	20%	20%	100%
Allocated Cost	142,096	142,096	142,096	142,096	142,096	\$ 710,480

Notes:

(1) Per SROG Committee action on January 14, 2009, PRI-SC cost allocation is based on the overall capacity ownership percentage of the entire length of the SAI. Per SROG Committee action on April 11, 2018 PRI-SC cost allocation revised per acceptance of the ownership capacity evaluation dated March 21, 2018. The annual cost is per the SAP actual plus accrual less

(2) Per SROG Committee action on January 14, 2009, ferrous chloride cost allocation is based on agreed percentages to the other cities. Per SROG Committee action on September 12, 2018, ferrous chloride cost allocation revised. Calendar Year 2023 Credit given to Mesa is 25% of 829,073.82.

(2A) Per SROG Committee action on December 13, 2017 Phoenix' Ferrous Chloride cost allocation is based on the overall capacity ownership percentage of the entire length of the SAI (Equivalent of Billing Schedule 64).

(2B) Ferrous chloride cost allocation is based on agreed percentages to the other cities. Calendar Year 2023 Credit given to Phoenix is 25% \* current price gal/day \* 365 days/year = \$50,735.

(3) Per SROG Advisory Committee action on April 19, 2012, cost to be allocation 20% to each SROG cities.

**FINAL**

**EXHIBIT 6**  
**MULTI-CITY SUBREGIONAL OPERATING GROUP (SROG)**  
**91ST AVENUE WASTEWATER TREATMENT PLANT**

**NET SETTLEMENT OF**  
**OPERATIONS, INVENTORY, ENVIRONMENTAL AND REPLACEMENT COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	GLENDALE	MESA	PHOENIX	SCOTTSDALE	TEMPE	GRAND TOTAL
OPERATIONS	(\$15,131)	(\$1,113,153)	(\$11,461,054)	\$686,772	(\$602,651)	(\$12,505,217)
INVENTORY	27,810	64,844	11,112	23,475	23,601	150,842
ENVIRONMENTAL	(55,681)	(280,804)	(2,022,474)	28,959	(147,734)	(2,477,734)
REPLACEMENT	(22,557)	(22,571)	136,561	(74,945)	(16,492)	(4)
TOTAL SETTLEMENT	(\$65,559)	(\$1,351,684)	(\$13,335,855)	\$664,261	(\$743,276)	(\$14,832,113)

**FINAL**