



Public Notice Pursuant to A.R.S. § 38-431.02

February 4, 2026

TO: Members of the Sub-Regional Operating Group Committee of the Joint Municipal Water Reclamation System

FROM: Mr. Ron Serio, Chair, Glendale

SUBJECT: **MEETING NOTICE AND AGENDA**

Wednesday, February 11, 2026 – 11:00 a.m.

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

The next meeting of the Sub-Regional Operating Group Committee will be held at the above time and place. If you have any questions, please call the AMWUA office.

AGENDA – ITEMS FOR DISCUSSION AND POSSIBLE ACTION

1. Call to Order
2. Approval of Minutes of the November 12, 2025 Meeting
3. Set Next Meeting Date

The next regularly scheduled meeting will be held on Wednesday, March 11, 2026, at 11:00 a.m.

4. Consideration of Items for Consent

The following items listed under the consent agenda will be considered as a group and acted upon by one motion with no separate discussion of said items unless a Committee member so requests. In that event, the item(s) will be removed from the agenda for separate action.

Arizona Municipal Water Users Association

A. Recommendation to Approve the Proposed Fiscal Year 2026-27 Operations and Maintenance Budget and Operating Fund Reserve Balance for the 91st Avenue WWTP

At their January 15, 2026 meeting, the SROG Advisory Committee recommended that the SROG Committee approve the proposed Fiscal Year 2026-27 Operations and Maintenance Budget base request of \$90,655,561 and that the Operating Fund Balance Reserve be increased \$691,705 in order to maintain the required 12.5% of the Fiscal Year 2026-27 budget.

Please refer to Agenda Items #4A, A-1, and A-2.

B. Recommendation to Approve the Proposed Fiscal Year 2026-27 Multi-City SROG User Charge Rates

At their January 15, 2026 meeting, the SROG Advisory Committee recommended that the SROG Committee approve the Fiscal Year 2026-27 Multi-City SROG User Charge Rates based upon the sewage volumes and strengths as presented.

Please refer to Agenda Items #4B and B-1.

C. Recommendation to Approve the Fiscal Year 2026-27 Capital Improvement Projects Cash Flow Estimate for the 91st Avenue WWTP

At their November 20, 2025 meeting, the SROG Advisory Committee recommended that the SROG Committee approve the Fiscal Year 2026-27 Capital Improvement Projects Cash Flow Estimate for the 91st Avenue WWTP as presented.

Please refer to Agenda Items #4C and C-1.

D. SROG Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2025, and Year-End Settlement

At their January 15, 2026 meeting, the SROG Advisory Committee recommended that the SROG Committee accept the SROG Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025, and Year-End Settlement, as presented, for the same fiscal year.

Please refer to Agenda Items #4D, D-1, and D-2.

E. 90160113 – Interceptor Capacity Improvements

At their December 18, 2025 meeting, the SROG Advisory Committee recommended that the SROG Committee authorize the City of Phoenix to enter a contract with Achen Gardner for an amount not to exceed \$596,000 to provide CMAR preconstruction services related to SROG Interceptor Capacity Improvements (segments 11,12, 13) project. They

also recommended to the SROG Committee the City of Phoenix be authorized to enter a contract with Brown and Caldwell for an amount not to exceed \$8,565,000 to provide Design and CA&I services related to the same project.

5. Meeting of the SROG Advisory Committee

Please find the attached draft minutes of the SROG Advisory Committee meeting of January 15, 2026.

6. Future Agenda Items

7. Adjournment

*The order of the agenda may be altered or changed by the SROG Managers Committee. More information about AMWUA and SROG public meetings is available in the AMWUA office, online at www.amwua.org/what-we-do/public-meetings, or by request.

SUB-REGIONAL OPERATING GROUP COMMITTEE

MEETING MINUTES

November 12, 2025

MEMBERS

Ron Serio, Chair, Glendale
Gretchen Baumgardner for Bryan Cassens, Scottsdale
Craig Caggiano for Tara Ford, Tempe
Chris Hassert, Mesa
Nazario Prieto, Phoenix

OTHERS

Michelle Barclay, AMWUA

1. Call to Order

Mr. Serio called the meeting to order at 11:00 a.m.

2. Approval of the Minutes from the September 10, 2025 Meeting

Upon a motion by Ms. Baumgardner, a second by Mr. Caggiano, and unanimous approval, the SROG Committee approved the minutes of the September 12, 2025 meeting.

3. Set Next Meeting Date

The next meeting will be held on Wednesday, December 10, 2025.

4. Consideration of Items for Consent

Mr. Caggiano made a motion to approve the following item for consent:

A. Flow and Load Projections for Fiscal Year 2026-27

The SROG Committee accepted the Influent Flow and Loading Projections for Fiscal Year 2026-27 as presented by Wilson Engineers.

B. Acceptance of Gross Beta Technical Memo

Accepted the 91st Avenue WWTP Gross Beta Technical Memo as prepared by Hazen and Sawyer.

Mr. Prieto seconded the motion, which was unanimously approved.

5. Meeting of the SROG Advisory Committee

There was no discussion on this item.

6. Future Agenda Items/Comments

Ms. Baumgardner mentioned that after the SROG SPEC meeting tomorrow, there will be a discussion regarding flow commitments to 91st Ave which will need to be discussed at some point in the future, and that Scottsdale is interested in that ongoing discussion.

7. Adjournment

Mr. Serio adjourned the meeting at 11:03 a.m.

February 4, 2026

TO: Members of the SROG Committee

FROM: Michelle Barclay, SROG Manager

SUBJECT: RECOMMENDATION TO APPROVE THE PROPOSED FISCAL YEAR 2026-27 OPERATIONS AND MAINTENANCE BUDGET AND OPERATING FUND RESERVE BALANCE FOR THE 91ST AVENUE WWTP

In accordance with Section 11.1 of Intergovernmental Agreement No. 22699, the City of Phoenix has prepared the attached proposed Operations and Maintenance (O&M) Budget base request for the 91st Avenue WWTP for Fiscal Year 2026-27. The total proposed O&M Budget base request is \$90,655,561. This represents a 9% increase from the prior year's budget request.

This proposed budget includes \$10,000,000 to be added to the replacement fund with anticipated expenditures of \$10,000,000 for Fiscal Year 2026-27. It also includes a recommended five-year CIP Replacement Fund schedule for Fiscal Years 2026-27 through 2030-31.

In addition, Addendum No. 6 of the SROG Agreement states that an Operating Fund Balance Reserve will be maintained at 12.5% of the O&M Budget. Since this proposed budget is higher than the previous fiscal year's budget, the Operating Fund Balance will be increased by \$691,705 to equal 12.5% of the O&M Budget. To effect this change, the SROG cities will each receive a charge proportionate to their percentage of ownership. The charge will be included in the SROG cities' O&M billing for the month of July 2026.

RECOMMENDATION

At their December 18, 2025 meeting the SROG Advisory Committee recommended that:

the SROG Committee approve the proposed Fiscal Year 2026-27 Operation and Maintenance Budget base request of \$90,655,561 which includes a contribution of \$10 million to the Replacement Fund and estimated expenditures of \$10 million be adopted as presented by the City of Phoenix, that the Fiscal Year 2025-26 CIP Replacement Fund Balance be adopted as presented by the City of Phoenix, and that the five year CIP Replacement Fund for Fiscal Years 2026-27 through 2030-31 be adopted as presented by the City of Phoenix.

At their January 15, 2026 meeting, the SROG Advisory Committee recommended that:

the SROG Committee approve an increase to the Operating Fund Balance Reserve by \$691,705, in order to maintain the required 12.5% of the Fiscal Year 2026-27 budget. This increase in the Operating Fund Balance Reserve will be billed to the SROG cities on their O&M billing for the month of July 2026.

FY 2026-27 OPERATING AND MAINTENANCE PRELIMINARY BUDGET REQUEST
SROG FUND
91ST AVENUE WASTEWATER TREATMENT PLANT

	2024/2025 Actual	2025/2026 Approved Budget	2025/2026 Estimate	2026/2027 Base Request	% Diff Budget to Base	2027/2028 Projection	
OPERATIONS AND MAINTENANCE							
Personal Services	\$13,745,221	\$14,163,640	\$14,393,090	\$15,428,833	9%	\$15,891,698	1
Salaries	\$9,835,805	\$9,545,626	\$10,060,177	\$10,558,233	10.61%	\$10,874,980	
Fringe Benefits	\$3,909,416	\$4,618,014	\$4,332,913	\$4,870,600	5.47%	\$5,016,718	
Sludge Hauling & Environ. Waste Dispos	\$3,106,117	\$3,151,500	\$3,251,500	\$3,385,000	7%	\$3,486,550	2
General	\$15,409,004	\$17,576,854	\$18,515,455	\$19,018,643	8%	\$19,589,202	
Professional Services	\$357,858	\$838,830	\$710,280	\$745,280	-11.15%	\$767,638	
Water/Sewer Service	\$1,903,622	\$1,386,566	\$2,031,325	\$1,839,325	32.65%	\$1,894,505	3
Facilities & Vehicle Maintenance	\$1,803,855	\$2,678,160	\$2,307,709	\$2,579,048	-3.70%	\$2,656,419	
Machinery and Equipment	\$1,044,101	\$1,124,036	\$1,572,536	\$2,364,600	110.37%	\$2,435,538	4
Other Contractual Services	\$4,178,233	\$4,378,012	\$4,219,423	\$4,243,327	-3.08%	\$4,370,627	
Mtrls to Maint-Bldgs, Mach, & Equip	\$2,415,319	\$2,624,056	\$2,608,056	\$2,825,056	7.66%	\$2,909,808	
Other Commodities	\$1,730,138	\$1,789,454	\$2,158,127	\$2,201,587	23.03%	\$2,267,635	5
Capital Outlay	\$565,295	\$1,099,017	\$1,129,017	\$622,506	-43.36%	\$641,181	6
Process Control	\$1,410,584	\$1,658,723	\$1,778,982	\$1,597,914	-3.67%	\$1,645,851	
Chemicals	\$11,247,012	\$15,764,127	\$14,661,427	\$15,823,615	0%	\$16,298,323	7
Chemicals	\$10,997,964	\$15,490,512	\$14,387,812	\$15,550,000	0.38%	\$16,016,500	
Laboratory Supplies	\$249,048	\$273,615	\$273,615	\$273,615	0.00%	\$281,823	
Water Quality and Compliance	\$1,228,859	\$1,391,235	\$1,282,296	\$1,414,351	2%	\$1,456,782	
Electricity	\$9,445,333	\$10,273,194	\$10,443,386	\$11,123,648	8%	\$11,457,357	8
Electricity	\$8,155,492	\$8,584,174	\$8,743,593	\$9,367,435	9.12%	\$9,648,458	
Electrical Services	\$512,480	\$754,000	\$754,000	\$779,000	3.32%	\$802,370	
Electrical Supplies	\$777,361	\$935,020	\$945,793	\$977,213	4.51%	\$1,006,529	
JEPA Consulting Charges	\$824,349	\$850,000	\$850,000	\$850,000	0%	\$875,500	
SAI Odor Control	\$2,151,768	\$1,303,955	\$2,203,955	\$2,303,955	77%	\$2,373,074	9
Subtotal 91st Ave WWTP Costs	\$57,157,662	\$64,474,505	\$65,601,109	\$69,348,045		\$71,428,486	
GENERAL ADMINISTRATION							
Overhead Allocation	\$6,705,148	\$7,263,988	\$7,305,542	\$7,413,247	2%	\$7,635,644	10
Department Administration	\$2,859,409	\$3,003,459	\$3,212,984	\$3,413,222	14%	\$3,515,619	
Treatment Plant Administration	\$3,845,740	\$4,260,529	\$4,092,558	\$4,000,025	-6%	\$4,120,026	
City Services Administration	\$2,939,753	\$3,212,000	\$3,212,000	\$3,010,000	-6%	\$3,083,000	
Finance Utilities Accounting	\$146,135	\$171,415	\$171,415	\$171,415	0%	\$176,557	
Subtotal General Administration	\$9,791,037	\$10,647,403	\$10,688,957	\$10,594,662		\$10,895,202	
Supplements	\$0	\$0	\$0	\$712,854			11
Replacement Fund	\$8,015,423	\$8,000,000	\$8,000,000	\$10,000,000	25%	\$10,000,000	12
Subtotal Other Charges	\$8,015,423	\$8,000,000	\$8,000,000	\$10,712,854		\$10,000,000	
Total Operating	\$74,964,122	\$83,121,908	\$84,290,066	\$90,655,561	9%	\$92,323,688	

91st Avenue - Footnotes to Summary of Expenditures and Encumbrances FY26/27

Personal Services	1 The increase is due to reduction of salary savings. The expected vacancies will be reduced to under 20 for FY26/27. FY23/24 there were 37 vacancies and FY 24/25 there were 26 vacancies.
Sludge Hauling & Environ. Waste Disposal	2 Increase is due to a price increase of 58% in the solid waste disposal contract. Estimated annual increase of \$115,000. Also a 4% price increase in the sludge hauling and tipping contract. Estimated annual increase of \$120,000
Water/Sewer Service	3 Water budget was increased by \$300,000 based on FY25/26 year to date actuals. Sewer budget is based Jan, Feb, March water bills for FY24/25.
Machinery and Equipment	4 The increase is due to higher costs related to new contract for blower fans and for maintenance/repairs for blowers. Additional funding was added for two motor pump rebuilds planned for FY26/27.
Other Commodities	<p>5 Increase of \$200,000 in the Safety and Environmental Supplies budget for items such as Chlorine B Kit Seals, SCBA Skids, Chemical/Oil spill kit, Fall retrieval winch, Safety boots, electrical gloves, sunglasses/safety glasses, etc. to maintain Personal Protective Equipment (PPE) and other WSD Safety Program requirements.</p> <p>Increase of \$60,000 in Computer Software and Components budget for Cybervision and ISE license renewal and increase of \$100,000 for Telecommunications Equipment at SROG metering sites.</p>
Capital Outlay	<p>6 FY26/27 Capital Outlay items not yet approved are reflected in Supplements below.</p> <p>The budgeted costs of \$622,605 reflects \$341K for the replacement of unsupported end-of-life Field Control Units (FCU) for 91st Ave WWTP (26 @ \$13,106ea) and \$282K for the following planned capital outlay pump purchases. Plant 2 Primary Sludge Pump Pumps (\$46k); Plant 2B WAS Pump (\$35K); Solids Digester Mixing Pump (2 @ \$69k/ea), Solids Digester Heated Sludge Recirculation Pump (\$40k), Solids Digester Hot Water Recirculation Pump (\$23k)</p>
Chemicals	<p>7 The FY25/26 chemical budget includes funding for odor control within the overall chemical line item. However, in the FY26/27 budget, the odor control costs were separated and correctly allocated in the odor control line item. As a result of this correction, the chemical budget for FY26/27 reflects an increase of approximately \$1 million budgeted for contract increases and usage.</p>
Electricity	8 The additional increase in electricity costs is attributed to the SRP approved 2.4% increase, effective November 2025 and budget was based on previous fiscal year actuals.
SAI Odor Control	9 The FY25/26 odor control was budgeted in chemicals- correction to budget was made for FY26/27 to show budget in correct line item
Overhead Allocation	10 SROG is assessed 10% of WSD Overhead and 73% of WWT Administration
Supplements	<p>11 These are capital outlay supplements that have not been approved as of Dec. 2025. Expectation is to have these approved during the normal budgeting process in January 2026. Supplemental requests include; 200 HP Portable Variable Frequency Drive (\$30,000), Toyota Forklift (\$55,000), Spydercrane (\$75,000), Road Rake (\$9,000), Heavy Duty Overtilt Trailer (\$19,000), CAT Amphibious Excavator (\$75,000), CAT Wheel Material Handler w/ Boom (\$228,000), Fuel Trailer (\$19,000) Pressure Washer (\$23,000), Replacement of Trinity- Eagle Bridge Sludge Trailer (\$165,000), Tandem Axle Dump Trailer (\$15,000)</p>
Replacement Fund	12 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. See attached document for assets to be replaced or rehabilitated and the definition of the 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.

How the Replacement Fund Works

1. Annual Replacement Budget:

- Phoenix prepares a Replacement Budget each year, which includes a detailed list of projected replacement needs.
- This budget is submitted to oversight Committees for review and approval.

2. Funding Mechanism:

- Each city contributes to the Replacement Fund through User Rates, calculated based on their usage.
- These contributions are placed into the Replacement Fund and cannot be used for other purposes.

3. Guidelines for the Use of Capital Funds

- To be used for a new facility/equipment that is part of the water or wastewater system
- To be used for new support services buildings or existing buildings needing repair or replacement
- To be used for the replacement of existing facilities/equipment valued at \$5,000 or more to prevent or respond to imminent failure
- To be used to replace stationary facilities/equipment
- May be an upgrade to existing facilities/equipment provided the existing is due for replacement (nearing its useful life or imminent failure)
- May be a repair (valued at \$5,000 or more) to existing facilities/equipment which will extend the life of the facilities/equipment
- May be to modify or upgrade a treatment process which otherwise would be deemed obsolete, ineffective or potentially responsible for a catastrophic equipment or process failure
- May be to replace manual systems with automated systems provided the manual system is due for replacement (nearing its useful life or imminent failure)
- May be to bring existing facilities/equipment into code compliance
- Capital funds should NOT be used for consumable items like chemicals or “small” tools. These items should be purchased from the respective division operating budget

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

OPERATING FUND RESERVE
FORECAST FOR THE YEAR ENDING JUNE 30, 2027

MEMBER	PURCHASED CAPACITY MGD (1)	PERCENTAGE OWNERSHIP	RESERVE WITH INVENTORY	LESS SROG INVENTORY	RESERVE BALANCE AT JUNE 30, 2026	FISCAL YEAR CONTRIBUTION REQUIRED	RESERVE REQUIRED AT JUNE 30, 2027
Glendale	13.20	6.4548%	750,409	\$ 144,288	\$ 606,121	\$ 44,648	\$ 650,769
Mesa	29.22	14.2885%	1,652,044	\$ 310,320	\$ 1,341,724	\$ 98,835	\$ 1,440,559
Phoenix	112.80	55.1589%	6,377,839	\$ 1,198,286	\$ 5,179,553	\$ 381,535	\$ 5,561,090
Scottsdale	20.25	9.9022%	1,126,609	\$ 196,769	\$ 929,840	\$ 68,494	\$ 998,334
Tempe	29.03	14.1956%	1,585,515	\$ 252,514	\$ 1,333,001	\$ 98,192	\$ 1,431,193
	<u>204.50</u>	<u>100.0000%</u>	<u>\$ 11,492,416</u>	<u>\$ 2,102,177</u>	<u>\$ 9,390,239</u>	<u>\$ 691,705</u>	<u>\$ 10,081,945</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 FY26-27 Operating Budget of \$80,655,561

DRAFT



AGENDA ITEM #4B

February 4, 2026

TO: Members of the SROG Committee

FROM: Michelle Barclay, SROG Manager

SUBJECT: RECOMMENDATION TO APPROVE THE PROPOSED FISCAL YEAR 2026-27 MULTI-CITY SROG USER CHARGE RATES

In accordance with Section 12.2 of Intergovernmental Agreement No. 22699, the City of Phoenix has prepared the Multi-City SROG estimated wastewater user charges and billing rates for Fiscal Year 2026-27. The attached rate schedule separately displays the portion of the user charge rates attributable to environmental charges. The sewage flows and strengths estimates were reviewed and found acceptable by the SROG Advisory Committee.

The proposed user charge rates were reviewed by the SROG Advisory Committee and approved at their January 15, 2026 meeting.

RECOMMENDATION

At their January 15, 2026 meeting, the SROG Advisory Committee recommended that:

the SROG User Charge Rates for Fiscal Year 2026-27 be approved as presented by the City of Phoenix.

Arizona Municipal Water Users Association

3003 North Central Avenue, Suite 1550, Phoenix, Arizona 85012 • (602) 248-8482 • amwua.org

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, 2027**

<u>MEMBER</u>	<u>FLOW IN 1,000 GALS</u>	<u>USER RATE</u>	<u>ENVIRONMENTAL RATE</u>	<u>TOTAL RATE</u>	<u>TOTAL CHARGES</u>
Glendale	2,883,500	\$ 1.58650	\$ 0.38744	\$ 1.97394	\$ 5,691,863
Mesa	6,570,000	1.48689	0.35531	1.84220	12,103,281
Phoenix	34,127,500	1.27217	0.33909	1.61126	54,988,379
Scottsdale	2,737,500	2.09428	0.46078	2.55506	6,994,466
Tempe	6,935,000	1.23832	0.33019	1.56850	10,877,572
 Totals	 <u>53,253,500</u>				 <u>\$ 90,655,561</u>

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, 2027**

OPERATING AND MAINTENANCE

Personal Services	\$ 14,764,767
Electricity	10,202,921
Chemicals	15,669,919
Sludge Hauling and Environmental Waste Disposal	3,450,000
Water Quality and Compliance	1,414,351
General	19,047,295
SAI Odor Control & JEPA Support	3,153,955
Tres Rios Wetlands	<u>2,318,170</u>
Subtotal 91st Avenue WWTP Costs	\$ 70,021,378

GENERAL ADMINISTRATION

City Services Administration	\$ 3,010,000
Department Administration	3,714,285
Treatment Plant Administration	3,738,483
Finance Utilities Accounting	<u>171,415</u>
Subtotal General Administration	\$ 10,634,183
Total Operating and Maintenance Costs	\$ 80,655,561

EQUIPMENT REPLACEMENT

91st Avenue Equipment Replacement Costs	<u>10,000,000</u>
Total O & M, General Administration & Equipment Replacement	\$ 90,655,561

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	\$ 90,655,561

Notes:

Operating budget is not yet approved by the SROG Advisory Committee

For rate setting purposes, Other Income is not considered. Actual revenue will offset 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, 2027**

	<u>TOTAL (1)</u>	<u>ALLOCATION TO DESIGN PARAMETERS</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>
<u>OPERATING & MAINTENANCE</u>							
Personal Services	\$ 14,764,767	1,624,124	6,148,049	5,120,421	1,624,124	248,048	0
Electricity	10,202,921	2,440,722	5,772,588	1,021,354	354,092	601,578	12,587
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	3,450,000	-	1,692,500	1,692,500	-	65,000	-
Water Quality and Compliance	1,414,351	961,759	-	-	452,592	-	-
Tres Rios Wetlands (2)	2,318,170	-	-	-	2,318,170	-	-
General	19,047,295	2,560,653	7,090,365	4,788,580	2,114,049	1,997,213	496,435
Subtotal O & M Costs	\$ 66,867,423	8,989,427	24,891,433	16,810,785	7,421,578	7,011,417	1,742,784
Line A. Subtotal Percentage	100.00%	13.44%	37.23%	25.14%	11.10%	10.49%	2.61%
<u>GENERAL ADMINISTRATION</u>							
City Services Administration (3)	3,010,000	433,585	1,200,584	810,831	259,227	244,900	60,873
Department Administration (3)	3,714,285	499,336	1,382,645	933,789	412,246	389,463	96,806
Treatment Plant Administration (3)	3,738,483	502,589	1,391,652	939,872	414,932	392,000	97,437
Finance Utilities Accounting (3)	171,415	24,835	68,768	46,443	14,392	13,597	3,380
Replacement Costs (4)	10,000,000	4,277,466	3,327,178	2,395,356			
Total Costs by Parameter	\$ 87,501,606	14,727,238	32,262,259	21,937,076	8,522,376	8,051,377	2,001,280
Sale of Effluent (5)	-	-	-	-			
Miscellaneous Income (3)	-	-	-	-			
Subtotal-Net Costs Before Interest	\$ 87,501,606	14,727,238	32,262,259	21,937,076	8,522,376	8,051,377	2,001,280
Line B. Subtotal Percentage	100.00%	16.83%	36.87%	25.07%	9.74%	9.20%	2.29%
Interest Earnings on Operating Fund (6)	0	0	0	0	0	0	0
Net Costs by Parameter	\$ 87,501,606	14,727,238	32,262,259	21,937,076	8,522,376	8,051,377	2,001,280

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.

DRAFT

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, 2027

	GLENDALE	MESA	PHOENIX	SCOTTSDALE	TEMPE	TOTAL
SAI ODOR CONTROL COSTS						
Allocation percentage (1)	0.78%	39.64%	35.57%	3.22%	20.79%	100.00%
Budget Cost	\$ 8,007	406,899	365,121	33,053	213,406	1,026,486
Allocation percentage (2)	1.29%	-100.00%	58.94%	5.34%	34.43%	0.00%
Credit Mesa's cost	\$ 2,943	(228,171)	134,484	12,184	78,559	0
Allocation percentage (2A)	0.78%	39.64%	35.57%	3.22%	20.79%	100.00%
	\$ 9,964	\$ 506,389	\$ 454,396	\$ 41,135	\$ 265,586	1,277,469
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	0.93%	31.09%	39.21%	3.86%	24.91%	100.00%
Net Costs to the Members	\$ 21,528	716,329	903,266	88,908	573,924	2,303,955
JEPA CONSULTING CHARGES						
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
Total Costs Allocated by Agreement	\$ 191,528	886,329	1,073,266	258,908	743,924	3,153,955

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.

DRAFT

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, 2027

SEWAGE TREATED (1)

<u>MEMBER</u>	FLOW (MGD)	FLOW (1,000 GAL)	COD (MG/L)	COD (POUNDS)	TSS (MG/L)	TSS (POUNDS)
Glendale	7.90	2,883,500	1,032	24,820,103	539	12,957,513
Mesa	18.00	6,570,000	880	48,218,544	475	26,027,055
Phoenix	93.50	34,127,500	825	234,814,985	400	113,849,294
Scottsdale	7.50	2,737,500	1,300	29,679,975	840	19,177,830
Tempe	<u>19.00</u>	<u>6,935,000</u>	835	<u>48,294,647</u>	280	<u>16,194,612</u>
Total 91st Avenue WWTP	<u>145.90</u>	<u>53,253,500</u>	<u>869</u>	<u>385,828,253</u>	<u>424</u>	<u>188,206,304</u>

ALLOCATION PERCENTAGES
ATTRIBUTABLE TO EACH MEMBER

<u>MEMBER</u>	FLOW PERCENTAGE OF TOTAL	COD PERCENTAGE OF TOTAL	TSS PERCENTAGE OF TOTAL
Glendale	5.41467%	6.43294%	6.88474%
Mesa	12.33722%	12.49741%	13.82900%
Phoenix	64.08499%	60.85998%	60.49175%
Scottsdale	5.14051%	7.69254%	10.18979%
Tempe	<u>13.02262%</u>	<u>12.51714%</u>	<u>8.60471%</u>
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 12, 2025.

This schedule may contain differences due to rounding.

DRAFT

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, 2027

MEMBER	FLOW % (1)	ALLOCATE FLOW COSTS	COD % (1)	ALLOCATE COD COSTS	TSS % (1)	ALLOCATE TSS COSTS	ALLOCATE COSTS BY AGREEMENT (3)	TOTAL COSTS
NON-ENVIRONMENTAL								
Glendale	5.41467%	\$ 797,431	6.43294%	\$ 2,075,412	6.88474%	\$ 1,510,310	\$ 191,528	\$ 4,574,682
Mesa	12.33722%	1,816,931	12.49741%	4,031,947	13.82900%	3,033,679	886,329	9,768,886
Phoenix	64.08499%	9,437,949	60.85998%	19,634,803	60.49175%	13,270,122	1,073,266	43,416,140
Scottsdale	5.14051%	757,055	7.69254%	2,481,786	10.18979%	2,235,342	258,908	5,733,091
Tempe	13.02262%	1,917,872	12.51714%	4,038,311	8.60471%	1,887,622	743,924	8,587,729
Total Non-Environs Costs (2)		\$ 14,727,238		\$ 32,262,259		\$ 21,937,076	\$ 3,153,955	\$ 72,080,528
ENVIRONMENTAL								
Glendale		\$ 461,458		\$ 517,940		\$ 137,783		\$ 1,117,182
Mesa		1,051,424		1,006,214		276,757		2,334,395
Phoenix		5,461,564		4,900,066		1,210,610		11,572,239
Scottsdale		438,093		619,355		203,926		1,261,375
Tempe		1,109,836		1,007,802		172,204		2,289,843
Total Environmental Costs (2)		\$ 8,522,376		\$ 8,051,377		\$ 2,001,280		\$ 18,575,033
TOTAL COSTS								
Glendale		\$ 1,258,889		\$ 2,593,352		\$ 1,648,093	\$ 191,528	\$ 5,691,863
Mesa		2,868,355		5,038,161		3,310,436	886,329	12,103,281
Phoenix		14,899,513		24,534,869		14,480,732	1,073,266	54,988,379
Scottsdale		1,195,148		3,101,141		2,439,269	258,908	6,994,466
Tempe		3,027,708		5,046,113		2,059,827	743,924	10,877,572
Total Costs		\$ 23,249,614		\$ 40,313,636		\$ 23,938,356	\$ 3,153,955	\$ 90,655,561

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.

DRAFT

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, 2027

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)
FORECAST FOR THE YEAR ENDING JUNE 30, 2027										
Glendale	2,883,500	\$0.44	\$ 1,258,889	\$0.90	\$ 2,593,352	\$0.57	\$ 1,648,093	\$ 191,528	\$ 5,691,863	\$1.97
Mesa	6,570,000	\$0.44	2,868,355	\$0.77	5,038,161	\$0.50	3,310,436	886,329	12,103,281	\$1.84
Phoenix	34,127,500	\$0.44	14,899,513	\$0.72	24,534,869	\$0.42	14,480,732	1,073,266	54,988,379	\$1.61
Scottsdale	2,737,500	\$0.44	1,195,148	\$1.13	3,101,141	\$0.89	2,439,269	258,908	6,994,466	\$2.56
Tempe	6,935,000	\$0.44	3,027,708	\$0.73	5,046,113	\$0.30	2,059,827	743,924	10,877,572	\$1.57
Total Costs	53,253,500	\$0.44	\$ 23,249,614	\$0.76	\$ 40,313,636	\$0.45	\$ 23,938,356	\$ 3,153,955	\$ 90,655,561	\$1.70
FORECAST FOR THE YEAR ENDING JUNE 30, 2026										
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
Total Costs	54,520,050	\$0.39	\$ 21,061,214	\$0.69	\$ 37,567,044	\$0.41	\$ 22,339,695	\$ 2,153,955	\$ 83,121,908	\$1.52
ACTUAL FOR THE YEAR ENDING JUNE 30, 2025 (2)										
Glendale	2,584,312	(\$0.08)	\$ (195,838)	\$0.85	\$ 2,195,213	\$0.54	\$ 1,393,376	\$ 174,408	\$ 3,567,160	\$1.38
Mesa	7,361,668	(\$0.08)	(557,864)	\$0.63	4,611,567	\$0.39	2,849,497	790,417	7,693,617	\$1.05
Phoenix	35,874,598	(\$0.08)	(2,718,565)	\$0.56	20,196,177	\$0.31	11,249,061	1,038,826	29,765,499	\$0.83
Scottsdale	2,785,835	(\$0.08)	(211,109)	\$0.96	2,676,548	\$0.78	2,166,886	279,943	4,912,267	\$1.76
Tempe	6,871,411	(\$0.08)	(520,712)	\$0.63	4,297,513	\$0.26	1,792,656	718,051	6,287,508	\$0.92
Total Costs	55,477,824	(\$0.08)	\$ (4,204,088)	\$0.61	\$ 33,977,017	\$0.35	\$ 19,451,475	\$ 3,001,646	\$ 52,226,051	\$0.94
ACTUAL FOR THE YEAR ENDING JUNE 30, 2024 (2)										
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
Total Costs	55,930,222	(\$0.10)	\$ (5,466,763)	\$0.58	\$ 32,718,525	\$0.34	\$ 19,074,520	\$ 2,841,505	\$ 49,167,787	\$0.88

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.

DRAFT



AGENDA ITEM #4C

February 4, 2026

TO: Members of the SROG Committee

FROM: Michelle Barclay, SROG Manager

SUBJECT: RECOMMENDATION TO APPROVE THE FISCAL YEAR 2026-27 CAPITAL IMPROVEMENT PROJECTS CASH FLOW ESTIMATE FOR THE 91ST AVENUE WWTP

In accordance with Section 11.1 of Intergovernmental Agreement No. 22699, the City of Phoenix has prepared a proposed Capital Improvement Projects Cash Flow Estimate. The cash flow estimate displays a five-year projection. The schedule is divided into two sections: 1) current projects, which are being funded by SROG; and 2) planned projects, which have not yet been approved by the SROG Committee.

The main focus of this cash flow is Fiscal Year 2026-27. Total anticipated expenditures for Fiscal Year 2026-27 July-December are \$50,645,000 and January-June is \$57,626,000, for a total not to exceed \$108,271,000 for all current and planned projects. Each SROG city's share of this total is provided on separate schedules in the attached Capital Improvement Projects Cash Flow Estimate.

RECOMMENDATION

At their November 12, 2025 meeting the SROG Advisory Committee recommended that:

the SROG Committee approve the SROG CIP Cash Flow Estimate for Fiscal Year 2026-27 as presented by the City of Phoenix and that it be used as the basis for the advanced monthly CIP billings for the period January through June 2027.

Arizona Municipal Water Users Association

3003 North Central Avenue, Suite 1550, Phoenix, Arizona 85012 • (602) 248-8482 • amwua.org

SROG CAPITAL IMPROVEMENT PROJECTS CASH FLOW ESTIMATE

AGENDA ITEM #4C-1

PROJECT TOTALS

Nov 2025

WS PROJECT NUMBER	PROJECT DESCRIPTION	CURRENT PROJECTS			Prior Period Cashflow												FUTURE YEARS
		ESTIMATED REMAINING BILLINGS	BILLING SCHEDULE	Prior Period Estimate For JAN-JUN	2025-26 JAN-JUN	2026-27 JUL-DEC	2026-27 JAN-JUN	2027-28 JUL-DEC	2027-28 JAN-JUN	2028-29 JUL-DEC	2028-29 JAN-JUN	2029-30 JUL-DEC	2029-30 JAN-JUN	2030-31 JUL-DEC			
90100092	Instrumentation and Controls	3,239,000	56	800,000	500,000	500,000	250,000	200,000	200,000	200,000	200,000	300,000	400,000	489,000			
90100093	91st Ave WWTP Pipe/Equipment Coating	1,067,000	56	50,000	50,000	75,000	100,000	75,000	100,000	75,000	75,000	75,000	100,000	342,000			
90100094	91st Ave WWTP Safety & Security	4,301,000	56	300,000	300,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	801,000			
90100095	91st Ave WWTP WAM	3,404,000	56	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	800,000	800,000	1,104,000			
90100100	91st Ave WWTP Support Facilities Rehabilitation	13,391,000	56	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,500,000	1,500,000	1,991,000			
90100101	Process Piping Rehabilitation	8,152,000	56	900,000	900,000	900,000	900,000	900,000	900,000	500,000	500,000	900,000	900,000	852,000			
90100103	91st Ave WWTP Toxicity Identification Evaluation	162,000	56	5,000	5,000	10,000	5,000	10,000	5,000	10,000	5,000	10,000	50,000	52,000			
90100104	Multi-Phase Process Improvements		56														
90100105	91st Ave WWTP Process Control Optimization	7,659,000	56	500,000	500,000	800,000	1,000,000	500,000	500,000	500,000	500,000	800,000	1,200,000	1,359,000			
90100106	Fire Life Safety	4,811,000	56	271,000	1,000,000	2,000,000	1,811,000										
90100107	91st Ave WWTP Facility Assessment	1,631,000	56	250,000	150,000	150,000	100,000	150,000	125,000	150,000	125,000	200,000	250,000	231,000			
90100109	91st Ave WWTP Facility Rehabilitation	48,637,000	56	5,000,000	4,500,000	7,000,000	5,000,000	4,000,000	3,500,000	4,000,000	4,000,000	8,000,000	8,000,000	637,000			
90100111	91st Ave WWTP Solids Rehab Phase 1	15,500,000	56	8,000,000	8,000,000	4,500,000	3,000,000										
90100112	91st Ave WWTP Plant 2B Rehab	10,000,000	56	6,000,000	6,000,000	4,000,000											
90100113	91st Ave Process Control Improvements	34,728,000	56	4,000,000	4,000,000	3,500,000	3,000,000	3,000,000	4,000,000	4,000,000	4,000,000	3,000,000	3,000,000	3,228,000			
90100114	91st Ave WWTP Plant 1A Rehab	50,744,000	56	5,000,000	5,000,000	7,000,000	7,000,000	8,000,000	9,000,000	7,000,000	7,744,000						
90100115	Master Plan 22/23	1,009,000	41								250,000	400,000	359,000				
90100117	91st Ave Solids Rehab Phase 2	44,200,000	56	6,000,000	4,000,000	4,000,000	5,000,000	7,500,000	7,000,000	7,000,000	8,000,000	950,000	750,000				
90100120	91st Ave Aeration Rehab	49,050,000	56	2,000,000	2,000,000	3,500,000	7,000,000	4,500,000	5,000,000	5,000,000	5,000,000	10,000,000	5,275,000	1,775,000			
90120037	91st Ave WWTP Local Limits Study	1,602,000	41	202,000	215,000	10,000	10,000	10,000	10,000	350,000	350,000	350,000	285,000	12,000			
90140016	Tres Rios Rehab & Replacement	3,799,000	56	900,000	900,000	200,000	300,000	200,000	300,000	200,000	500,000	350,000	500,000	349,000			
90160098	GL03 & GL02 Metering Stations	160,000	46C	250,000	160,000												
90160106	SRO Condition Assessment	46,019,000	65	1,250,000	1,250,000	1,250,000	1,250,000	4,000,000	4,000,000	4,000,000	7,000,000	4,000,000	7,000,000	10,000,000	6,269,000		
90160107	SAI Condition Assessment	41,730,000	64		50,000	50,000	2,000,000	3,000,000	4,500,000	10,000,000	10,000,000	8,000,000	10,000,000	4,130,000			
90160113	F2 SROG Interceptor Capacity Improvements	84,955,000	67	3,000,000	3,000,000	6,000,000	8,000,000	11,000,000	9,000,000	10,000,000	10,000,000	7,000,000	10,000,000	10,955,000			
90160114	SAI Rehab Projects 1-4	36,846,000	68	2,225,000	2,225,000	2,000,000	9,000,000	9,000,000	9,000,000	5,621,000							
SUBTOTAL - CURRENT PROJECTS:		516,796,000		48,203,000	45,955,000	49,645,000	54,976,000	56,745,000	56,340,000	57,806,000	56,949,000	50,035,000	53,769,000	34,576,000			

PROJECT TOTALS

WS PROJECT NUMBER	PROJECT DESCRIPTION	PLANNED PROJECTS			Prior Period Cashflow												FUTURE YEARS
		ESTIMATED BILLINGS	BILLING SCHEDULE	Prior Period Estimate For JAN-JUN	2025-26 JAN-JUN	2026-27 JUL-DEC	2026-27 JAN-JUN	2027-28 JUL-DEC	2027-28 JAN-JUN	2028-29 JUL-DEC	2028-29 JAN-JUN	2029-30 JUL-DEC	2029-30 JAN-JUN	2030-31 JUL-DEC			
90160090	F1 SRO/SAI Interceptor Odor Control Implement	10,895,000	TBD	730,000						500,000	2,000,000	1,000,000	1,000,000	1,000,000	5,395,000		
90100118	91st Ave WWTP Plant 1B Rehab	62,450,000	56			100,000	4,000,000	4,000,000	10,000,000	10,000,000	10,000,000	10,950,000	10,950,000	13,400,000			
90100119	91st Ave WWTP Solids Handling Facility	241,550,000	56	1,000,000		1,000,000	2,550,000	8,000,000	25,000,000	15,000,000	20,000,000	35,000,000	60,000,000	75,000,000			
SUBTOTAL PLANNED PROJECTS:																	

SROG CAPITAL IMPROVEMENT PROJECTS CASH FLOW ESTIMATE

CITY OF GLENDALE SHARE

Nov 2025

WS PROJECT NUMBER	CURRENT PROJECTS			Estimate For JAN-JUN	Prior Period Cashflow										2030-31 JUL-DEC	FUTURE YEARS	
	PROJECT DESCRIPTION	GLENDALE'S SHARE	ESTIMATED BALANCE		2025-26 JAN-JUN	2026-27		2027-28		2028-29		2029-30					
					JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN				
90100092	Instrumentation and Controls	6.45%	208,916	56	51,600	32,250	32,250	16,125	12,900	12,900	12,900	12,900	12,900	19,350	25,800	31,541	
90100093	91st Ave WWTP Pipe/Equipment Coating	6.45%	68,822	56	3,225	3,225	4,838	6,450	4,838	6,450	4,838	4,838	4,838	4,838	6,450	22,059	
90100094	91st Ave WWTP Safety & Security	6.45%	277,415	56	19,350	19,350	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800	51,665	
90100095	91st Ave WWTP WAM	6.45%	219,558	56	6,450	6,450	6,450	6,450	6,450	6,450	6,450	6,450	6,450	51,600	51,600	71,208	
90100100	91st Ave WWTP Support Facilities Rehabilitation	6.45%	863,720	56	77,400	77,400	77,400	77,400	77,400	77,400	77,400	77,400	77,400	96,750	96,750	128,420	
90100101	Process Piping Rehabilitation	6.45%	525,804	56	58,050	58,050	58,050	58,050	58,050	58,050	32,250	32,250	58,050	58,050	58,050	54,954	
90100103	91st Ave WWTP Toxicity Identification Evaluation	6.45%	10,449	56	323	323	645	323	645	323	645	323	645	323	3,225	3,354	
90100104	Multi-Phase Process Improvements	6.45%		56													
90100105	91st Ave WWTP Process Control Optimization	6.45%	494,006	56	32,250	32,250	51,600	64,500	32,250	32,250	32,250	32,250	51,600	77,400	87,656		
90100106	Fire Life Safety	6.45%	310,310	56	17,480	64,500	129,000	116,810									
90100107	91st Ave WWTP Facility Assessment	6.45%	105,200	56	16,125	9,675	9,675	6,450	9,675	8,063	9,675	8,063	12,900	16,125	14,900		
90100109	91st Ave WWTP Facility Rehabilitation	6.45%	3,137,087	56	322,500	290,250	451,500	322,500	258,000	225,750	258,000	258,000	258,000	516,000	516,000	41,087	
90100111	91st Ave WWTP Solids Rehab Phase 1	6.45%	999,750	56	516,000	516,000	290,250	193,500									
90100112	91st Ave WWTP Plant 2B Rehab	6.45%	645,000	56	387,000	387,000	258,000										
90100113	91st Ave Process Control Improvements	6.45%	2,239,956	56	258,000	258,000	258,000	225,750	193,500	193,500	258,000	258,000	193,500	193,500	208,206		
90100114	91st Ave WWTP Plant 1A Rehab	6.45%	3,272,988	56	322,500	322,500	451,500	451,500	516,000	580,500	451,500	451,500	499,488				
90100115	Master Plan 22/23	20.00%	201,800	41									50,000	80,000	71,800		
90100117	91st Ave Solids Rehab Phase 2	6.45%	2,850,900	56	387,000	258,000	258,000	322,500	483,750	451,500	451,500	516,000	516,000	61,275	48,375		
90100120	91st Ave Aeration Rehab	6.45%	3,163,725	56	129,000	129,000	225,750	451,500	290,250	322,500	322,500	322,500	322,500	645,000	340,238	114,488	
90120037	91st Ave WWTP Local Limits Study	20.00%	320,400	41	40,400	43,000	2,000	2,000	2,000	2,000	70,000	70,000	70,000	70,000	57,000	2,400	
90140016	Tres Rios Rehab & Replacement	6.45%	245,036	56	58,050	58,050	12,900	19,350	12,900	19,350	12,900	32,250	22,575	32,250	22,511		
90160098	GL03 & GL02 Metering Stations	100.00%	160,000	46C	250,000	160,000											
90160106	SRO Condition Assessment				65												
90160107	SAI Condition Assessment	0.78%	325,494	64				390	390	15,600	23,400	35,100	78,000	62,400	78,000	32,214	
90160113	SROG Interceptor Capacity Improvements				67												
F2	SAI Rehab Projects 1-4	0.04%	14,738	68	890	890	800	3,600	3,600	3,600	2,248						
90160114																	
SUBTOTAL - CURRENT PROJECTS:					20,661,070		2,953,592	2,726,163	2,604,798	2,370,947	2,003,608	2,049,785	2,063,956	2,284,511	1,972,283	1,698,363	886,659

CITY OF GLENDALE SHARE

WS PROJECT NUMBER	PLANNED PROJECTS			CASHFLOW Estimate For JAN-JUN	2025-26 JAN-JUN	2026-27		2027-28		2028-29		2029-30		2030-31 JUL-DEC	FUTURE YEARS
	PROJECT DESCRIPTION	GLENDALE'S SHARE	ESTIMATED COST			JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN		
90160090	F1 SRO/SAI Interceptor Odor Control Implement			TBD											
90100118	91st Ave WWTP Plant 1B Rehab	6.45%	4,028,025	56				6,450	258,000	258,000	645,000	645,000	706,275	864,300	
90100119	91st Ave WWTP Solids Handling Facility	6.45%	15,579,975	56	64,500		64,500	164,475	516,000	1,612,500	967,500	1,290,000	2,257,500	3,870,000	4,837,500
SUBTOTAL PLANNED PROJECTS:				19,608,000	64,500		64,500	170,925	774,000	1,870,500	1,612,500	1,935,000	2,902,500	4,576,275	5,701,800
SUBTOTAL ALL PROJECTS				40,269,070	3,018,092	2,726,163	2,669,298	2,541,872	2,777,608	3,920,285	3,676,456	4,219,511	4,874,783	6,274,638	6,588,459
<i>Prior Period Cash Flow Estimate (Nov 2024)</i>						3,018,092	2,445,943	2,404,638	2,746,008	4,330,510	3,712,974	4,772,510	5,257,166	6,429,370	
<i>Net Change Increase/(Decrease):</i>						(291,930)	223,355	137,235	31,600	(410,225)	(36,518)	(553,000)	(382,383)	(154,732)	6,588,459
TOTAL ALL PROJECTS:				40,269,070	3,018,092	2,726,163	2,669,298	2,541,872	2,777,608	3,920,285	3,676,456	4,219,511	4,874,783	6,274,638	6,588,459

Footnotes: F1 Billing Schedule has not yet been determined. The cost is allocated Phoenix 46.25%, Mesa 18.84%, Scottsdale 23.91%, and Tempe 11% until a Billing Schedule is approved.
F2 90160113 was formerly 90160084

SROG CAPITAL IMPROVEMENT PROJECTS CASH FLOW ESTIMATE

CITY OF MESA SHARE

Nov 2025

WS PROJECT NUMBER	PROJECT DESCRIPTION	CURRENT PROJECTS				Prior Period Cashflow												FUTURE YEARS
		MESA'S SHARE	ESTIMATED BALANCE	BILLING SCHEDULE	Estimate For JAN-JUN	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31							
						JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN		
90100092	Instrumentation and Controls	14.29%	462,853	56	114,320	71,450	71,450	35,725	28,580	28,580	28,580	28,580	42,870	57,160	57,160	69,878		
90100093	91st Ave WWTP Pipe/Equipment Coating	14.29%	152,474	56	7,145	7,145	10,718	14,290	10,718	14,290	10,718	10,718	10,718	14,290	14,290	14,290	48,872	
90100094	91st Ave WWTP Safety & Security	14.29%	614,613	56	42,870	42,870	57,160	57,160	57,160	57,160	57,160	57,160	57,160	57,160	57,160	57,160	114,463	
90100095	91st Ave WWTP WAM	14.29%	486,432	56	14,290	14,290	14,290	14,290	14,290	14,290	14,290	14,290	114,320	114,320	114,320	157,762		
90100100	91st Ave WWTP Support Facilities Rehabilitation	14.29%	1,913,574	56	171,480	171,480	171,480	171,480	171,480	171,480	171,480	171,480	214,350	214,350	214,350	284,514		
90100101	Process Piping Rehabilitation	14.29%	1,164,921	56	128,610	128,610	128,610	128,610	128,610	128,610	128,610	128,610	128,610	128,610	128,610	128,610	121,751	
90100103	91st Ave WWTP Toxicity Identification Evaluation	14.29%	23,150	56	715	715	1,429	715	1,429	715	1,429	715	1,429	715	1,429	7,145	7,431	
90100104	Multi-Phase Process Improvements	14.29%		56														
90100105	91st Ave WWTP Process Control Optimization	14.29%	1,094,471	56	71,450	71,450	114,320	142,900	71,450	71,450	71,450	71,450	114,320	171,480	171,480	194,201		
90100106	Fire Life Safety	14.29%	687,492	56	38,726	142,900	285,800	258,792										
90100107	91st Ave WWTP Facility Assessment	14.29%	233,070	56	35,725	21,435	21,435	14,290	21,435	17,863	21,435	17,863	28,580	35,725	33,010			
90100109	91st Ave WWTP Facility Rehabilitation	14.29%	6,950,227	56	714,500	643,050	1,000,300	714,500	571,600	500,150	571,600	571,600	1,143,200	1,143,200	1,143,200	91,027		
90100111	91st Ave WWTP Solids Rehab Phase 1	14.29%	2,214,950	56	1,143,200	1,143,200	643,050	428,700										
90100112	91st Ave WWTP Plant 2B Rehab	14.29%	1,429,000	56	857,400	857,400	571,600											
90100113	91st Ave Process Control Improvements	14.29%	4,962,631	56	571,600	571,600	500,150	428,700	428,700	571,600	571,600	428,700	428,700	428,700	461,281			
90100114	91st Ave WWTP Plant 1A Rehab	14.29%	7,251,318	56	714,500	714,500	1,000,300	1,000,300	1,143,200	1,286,100	1,000,300	1,106,618						
90100115	Master Plan 22/23	20.00%	201,800	41								50,000	80,000	71,800				
90100117	91st Ave Solids Rehab Phase 2	14.29%	6,316,180	56	857,400	571,600	571,600	714,500	1,071,750	1,000,300	1,000,300	1,143,200	135,755	107,175				
90100120	91st Ave Aeration Rehab	14.29%	7,009,245	56	285,800	285,800	500,150	1,000,300	643,050	714,500	714,500	714,500	1,429,000	753,798	253,648			
90120037	91st Ave WWTP Local Limits Study	20.00%	320,400	41	40,400	43,000	2,000	2,000	2,000	2,000	70,000	70,000	70,000	57,000	2,400			
90140016	Tres Rios Rehab & Replacement	14.29%	542,877	56	128,610	128,610	28,580	42,870	28,580	42,870	28,580	71,450	50,015	71,450	49,872			
90160098	GL03 & GL02 Metering Stations			46C														
90160106	SRO Condition Assessment	19.60%	9,019,724	65	245,000	245,000	245,000	784,000	784,000	1,372,000	784,000	1,372,000	1,960,000	1,228,724				
90160107	SAI Condition Assessment	39.64%	16,541,772	64			19,820	19,820	792,800	1,189,200	1,783,800	3,964,000	3,171,200	3,964,000	1,637,132			
90160113	F2 SROG Interceptor Capacity Improvements	5.80%	4,927,390	67	174,000	174,000	348,000	464,000	638,000	522,000	580,000	580,000	406,000	580,000	635,390			
90160114	SAI Rehab Projects 1-4	42.16%	15,534,274	68	938,060	938,060	843,200	3,794,400	3,794,400	3,794,400	2,369,814							
SUBTOTAL - CURRENT PROJECTS:			90,054,837		7,295,800	6,988,165	7,221,892	9,764,791	10,403,232	10,768,657	10,510,485	10,070,672	8,998,227	9,937,363	5,391,355			

CITY OF MESA SHARE

WS PROJECT NUMBER	PROJECT DESCRIPTION	PLANNED PROJECTS				Prior Period Cashflow												FUTURE YEARS
		MESA'S SHARE	ESTIMATED COST	BILLING SCHEDULE	Estimate For JAN-JUN	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31							
						JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN		
90160090	F1 SRO/SAI Interceptor Odor Control Implement	18.84%	2,052,618	TBD	137,532				94,200	376,800	188,400	188,400	188,400	1,016,418				
90100118	91st Ave WWTP Plant 1B Rehab	14.29%	8,924,105	56			14,290	571,600	571,600	1,429,000	1,429,000	1,429,000	1,564,755	1,914,860				
90100119	91st Ave WWTP Solids Handling Facility	14.29%	34,517,495	56	142,900		142,900	364,395	1,143,200	3,572,500	2,143,500	2,858,000	5,001,500	8,574,000	10,717,500			
SUBTOTAL PLANNED PROJECTS:																		

SROG CAPITAL IMPROVEMENT PROJECTS CASH FLOW ESTIMATE

CITY OF PHOENIX SHARE

Nov 2025

WS PROJECT NUMBER	PROJECT DESCRIPTION	CURRENT PROJECTS				Prior Period Cashflow												FUTURE YEARS
		PHOENIX SHARE	ESTIMATED BALANCE	BILLING SCHEDULE	Estimate For JAN-JUN	2025-26 JAN-JUN	2026-27 JUL-DEC	2026-27 JAN-JUN	2027-28 JUL-DEC	2027-28 JAN-JUN	2028-29 JUL-DEC	2028-29 JAN-JUN	2029-30 JUL-DEC	2029-30 JAN-JUN	2030-31 JUL-DEC			
90100092	Instrumentation and Controls	55.16%	1,786,632	56	441,280	275,800	275,800	137,900	110,320	110,320	110,320	110,320	165,480	220,640	220,640	269,732		
90100093	91st Ave WWTP Pipe/Equipment Coating	55.16%	588,557	56	27,580	27,580	41,370	55,160	41,370	55,160	41,370	41,370	41,370	55,160	55,160	55,160	188,647	
90100094	91st Ave WWTP Safety & Security	55.16%	2,372,432	56	165,480	165,480	220,640	220,640	220,640	220,640	220,640	220,640	220,640	220,640	220,640	220,640	441,832	
90100095	91st Ave WWTP WAM	55.16%	1,877,646	56	55,160	55,160	55,160	55,160	55,160	55,160	55,160	55,160	441,280	441,280	441,280	608,966		
90100100	91st Ave WWTP Support Facilities Rehabilitation	55.16%	7,386,476	56	661,920	661,920	661,920	661,920	661,920	661,920	661,920	661,920	827,400	827,400	827,400	1,098,236		
90100101	Process Piping Rehabilitation	55.16%	4,496,643	56	496,440	496,440	496,440	496,440	496,440	496,440	496,440	496,440	496,440	496,440	496,440	496,440	469,963	
90100103	91st Ave WWTP Toxicity Identification Evaluation	55.16%	89,359	56	2,758	2,758	5,516	2,758	5,516	2,758	5,516	2,758	5,516	2,758	5,516	27,580	28,683	
90100104	Multi-Phase Process Improvements	55.16%		56														
90100105	91st Ave WWTP Process Control Optimization	55.16%	4,224,704	56	275,800	275,800	441,280	551,600	275,800	275,800	275,800	275,800	441,280	661,920	661,920	749,624		
90100106	Fire Life Safety	55.16%	2,653,748	56	149,484	551,600	1,103,200	998,948										
90100107	91st Ave WWTP Facility Assessment	55.16%	899,660	56	137,900	82,740	82,740	55,160	82,740	68,950	82,740	68,950	110,320	137,900	137,900	127,420		
90100109	91st Ave WWTP Facility Rehabilitation	55.16%	26,828,169	56	2,758,000	2,482,200	3,861,200	2,758,000	2,206,400	1,930,600	2,206,400	2,206,400	4,412,800	4,412,800	4,412,800	351,369		
90100111	91st Ave WWTP Solids Rehab Phase 1	55.16%	8,549,800	56	4,412,800	4,412,800	2,482,200	1,654,800										
90100112	91st Ave WWTP Plant 2B Rehab	55.16%	5,516,000	56	3,309,600	3,309,600	2,206,400											
90100113	91st Ave Process Control Improvements	55.16%	19,155,965	56	2,206,400	2,206,400	1,930,600	1,654,800	1,654,800	2,206,400	2,206,400	1,654,800	1,654,800	1,654,800	1,654,800	1,780,565		
90100114	91st Ave WWTP Plant 1A Rehab	55.16%	27,990,390	56	2,758,000	3,861,200	3,861,200	4,412,800	4,412,800	3,861,200	4,271,590							
90100115	Master Plan 22/23	20.00%	201,800	41									50,000	80,000	71,800			
90100117	91st Ave Solids Rehab Phase 2	55.16%	24,380,720	56	3,309,600	2,206,400	2,206,400	2,758,000	4,137,000	3,861,200	3,861,200	4,412,800	524,020	413,700				
90100120	91st Ave Aeration Rehab	55.16%	27,055,980	56	1,103,200	1,103,200	1,930,600	3,861,200	2,482,200	2,758,000	2,758,000	2,758,000	5,516,000	2,909,690	979,090			
90120037	91st Ave WWTP Local Limits Study	20.00%	320,400	41	40,400	43,000	2,000	2,000	2,000	2,000	70,000	70,000	70,000	57,000	57,000	2,400		
90140016	Tres Rios Rehab & Replacement	55.16%	2,095,528	56	496,440	496,440	110,320	165,480	110,320	165,480	110,320	275,800	193,060	275,800	192,508			
90160098	GL03 & GL02 Metering Stations			46C														
90160106	SRO Condition Assessment	44.14%	20,312,787	65	551,750	551,750	551,750	551,750	1,765,600	1,765,600	3,089,800	1,765,600	3,089,800	4,414,000	4,414,000	2,767,137		
90160107	SAI Condition Assessment	35.58%	14,847,534	64				17,790	17,790	711,600	1,067,400	1,601,100	3,558,000	2,846,400	3,558,000	1,469,454		
90160113	F2 SROG Interceptor Capacity Improvements	57.80%	49,103,990	67	1,734,000	1,734,000	3,468,000	4,624,000	6,358,000	5,202,000	5,780,000	5,780,000	4,046,000	5,780,000	5,780,000	6,331,990		
90160114	SAI Rehab Projects 1-4	31.51%	11,610,175	68	701,098	701,098	630,200	2,835,900	2,835,900	2,835,900	1,771,177							
SUBTOTAL - CURRENT PROJECTS:			264,345,095			25,795,089	24,600,166	26,918,526	28,256,406	28,626,526	28,154,528	29,044,863	29,067,308	25,182,606	26,636,550	17,857,617		
CITY OF PHOENIX SHARE																		
WS PROJECT NUMBER	PROJECT DESCRIPTION	PLANNED PROJECTS				Prior Period Cashflow												FUTURE YEARS
		PHOENIX SHARE	ESTIMATED COST	BILLING SCHEDULE	Estimate For JAN-JUN	2025-26 JAN-JUN	2026-27 JUL-DEC	2026-27 JAN-JUN	2027-28 JUL-DEC	2027-28 JAN-JUN	2028-29 JUL-DEC	2028-29 JAN-JUN	2029-30 JUL-DEC	2029-30 JAN-JUN	2030-31 JUL-DEC			
90160090	F1 SRO/SAI Interceptor Odor Control Implement	46.25%	5,038,938	TBD	337,625						231,250	925,000	462,500	462,500	462,500	2,495,188		
90100118	91st Ave WWTP Plant 1B Rehab	55.16%	34,447,420	56				55,160	2,206,400	5,516,000	5,516,000	5,516,000	6,040,020	7,391,440				
90100119	91st Ave WWTP Solids Handling Facility	55.16%	133,238,980	56	551,600			551,600	1,406,580	4,412,800	13,790,000	8,274,000	11,032,000	19,306,000	33,096,000	41,370,000		
SUBTOTAL PLANNED PROJECTS:			172,725,338		889,225			551,600	1,461,740	6,619,200	16,227,650	14,715,000	17,010,500	25,284,500	39,598,520	51,256,628		
SUBTOTAL ALL PROJECTS			43															

SROG CAPITAL IMPROVEMENT PROJECTS CASH FLOW ESTIMATE

CITY OF SCOTTSDALE SHARE

Nov 2025

WS PROJECT NUMBER	CURRENT PROJECTS				SCOTTSDALE'S SHARE	ESTIMATED BALANCE	BILLING SCHEDULE	Prior Period Cashflow Estimate For JAN-JUN	2025-26		2026-27		2027-28		2028-29		2029-30		2030-31		FUTURE YEARS	
	PROJECT DESCRIPTION	PROJECT DESCRIPTION	PROJECT DESCRIPTION	PROJECT DESCRIPTION					JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC		
90100092	Instrumentation and Controls	9.90%	320,661	56	79,200	49,500	49,500	24,750	19,800	19,800	19,800	19,800	19,800	29,700	39,600	29,700	39,600	48,411				
90100093	91st Ave WWTP Pipe/Equipment Coating	9.90%	105,633	56	4,950	4,950	7,425	9,900	7,425	9,900	7,425	9,900	7,425	7,425	7,425	9,900	9,900	33,858				
90100094	91st Ave WWTP Safety & Security	9.90%	425,799	56	29,700	29,700	39,600	39,600	39,600	39,600	39,600	39,600	39,600	39,600	39,600	39,600	39,600	39,600	39,600	79,299		
90100095	91st Ave WWTP WAM	9.90%	336,996	56	9,900	9,900	9,900	9,900	9,900	9,900	9,900	9,900	9,900	9,900	9,900	9,900	9,900	9,900	9,900	109,296		
90100100	91st Ave WWTP Support Facilities Rehabilitation	9.90%	1,325,709	56	118,800	118,800	118,800	118,800	118,800	118,800	118,800	118,800	118,800	118,800	148,500	148,500	148,500	148,500	148,500	197,109		
90100101	Process Piping Rehabilitation	9.90%	807,048	56	89,100	89,100	89,100	89,100	89,100	89,100	89,100	89,100	89,100	89,100	89,100	89,100	89,100	89,100	89,100	84,348		
90100103	91st Ave WWTP Toxicity Identification Evaluation	9.90%	16,038	56	495	495	990	495	990	495	990	495	990	495	990	495	990	495	990	4,950	5,148	
90100104	Multi-Phase Process Improvements	9.90%		56																		
90100105	91st Ave WWTP Process Control Optimization	9.90%	758,241	56	49,500	49,500	79,200	99,000	49,500	49,500	49,500	49,500	49,500	49,500	79,200	118,800	118,800	134,541				
90100106	Fire Life Safety	9.90%	476,289	56	26,829	26,829	99,000	198,000	179,289													
90100107	91st Ave WWTP Facility Assessment	9.90%	161,469	56	24,750	24,750	14,850	14,850	9,900	14,850	12,375	14,850	12,375	19,800	24,750					22,869		
90100109	91st Ave WWTP Facility Rehabilitation	9.90%	4,815,063	56	495,000	445,500	693,000	495,000	396,000	346,500	396,000	396,000	396,000	792,000	792,000	792,000	792,000	792,000	63,063			
90100111	91st Ave WWTP Solids Rehab Phase 1	9.90%	1,534,500	56	792,000	792,000	445,500	297,000														
90100112	91st Ave WWTP Plant 2B Rehab	9.90%	990,000	56	594,000	594,000	396,000															
90100113	91st Ave Process Control Improvements	9.90%	3,438,072	56	396,000	396,000	396,000	346,500	297,000	297,000	396,000	396,000	396,000	396,000	297,000	297,000	297,000	297,000	319,572			
90100114	91st Ave WWTP Plant 1A Rehab	9.90%	5,023,656	56	495,000	495,000	693,000	693,000	792,000	891,000	693,000	766,656										
90100115	Master Plan 22/23	20.00%	201,800	41											50,000	80,000	71,800					
90100117	91st Ave Solids Rehab Phase 2	9.90%	4,375,800	56	594,000	396,000	396,000	495,000	742,500	693,000	693,000	792,000	94,050	74,250								
90100120	91st Ave Aeration Rehab	9.90%	4,855,950	56	198,000	198,000	346,500	693,000	445,500	495,000	495,000	495,000	990,000	522,225	175,725							
90120037	91st Ave WWTP Local Limits Study	20.00%	320,400	41	40,400	43,000	2,000	2,000	2,000	2,000	70,000	70,000	70,000	57,000	2,400							
90140016	Tres Rios Rehab & Replacement	9.90%	376,101	56	89,100	89,100	19,800	29,700	19,800	29,700	19,800	49,500	34,650	49,500	49,500	34,650	49,500	34,551				
90160098	GL03 & GL02 Metering Stations																					
90160106	SRO Condition Assessment	24.79%	11,408,110	65	309,875	309,875	309,875	991,600	991,600	1,735,300	991,600	1,735,300	2,479,000	2,479,000	1,554,085							
90160107	SAI Condition Assessment	3.22%	1,343,706	64				1,610	1,610	64,400	96,600	144,900	322,000	257,600	322,000	132,986						
90160113	F2 SROG Interceptor Capacity Improvements	5.80%	4,927,390	67	174,000	174,000	348,000	464,000	638,000	522,000	580,000	580,000	406,000	580,000	580,000	635,390						
90160114	SAI Rehab Projects 1-4	4.14%	1,525,424	68	92,115	92,115	82,800	372,600	372,600	232,709												
SUBTOTAL - CURRENT PROJECTS:					49,869,856		4,702,714	4,490,385	4,737,450	4,780,019	5,111,365	5,086,470	5,766,074	5,216,151	5,250,115	5,799,175	3,632,651					
CITY OF SCOTTSDALE SHARE																						
WS PROJECT NUMBER	PLANNED PROJECTS				SCOTTSDALE'S SHARE	ESTIMATED COST	BILLING SCHEDULE	Prior Period Cashflow Estimate For JAN-JUN	2025-26		2026-27		2027-28		2028-29		2029-30		2030-31		FUTURE YEARS	
	PROJECT DESCRIPTION	PROJECT DESCRIPTION	PROJECT DESCRIPTION	PROJECT DESCRIPTION					JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC		
90160090	F1 SRO/SAI Interceptor Odor Control Implement	23.91%	2,604,995	TBD	174,543																1,289,945	
90100118	91st Ave WWTP Plant 1B Rehab	9.90%	6,182,550	56																	1,326,600	
90100119	91st Ave WWTP Solids Handling Facility</td																					

SROG CAPITAL IMPROVEMENT PROJECTS CASH FLOW ESTIMATE

Nov 2025

CITY OF TEMPE SHARE

WS PROJECT NUMBER	CURRENT PROJECTS				Prior Period Cashflow Estimate For JAN-JUN	2025-26		2026-27		2027-28		2028-29		2029-30		2030-31		FUTURE YEARS
	PROJECT DESCRIPTION	TEMPE'S SHARE	ESTIMATED BALANCE	BILLING SCHEDULE		JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN		
90100092	Instrumentation and Controls	14.20%	459,938	56	113,600	71,000	71,000	35,500	28,400	28,400	28,400	28,400	42,600	56,800	56,800	69,438		
90100093	91st Ave WWTP Pipe/Equipment Coating	14.20%	151,514	56	7,100	7,100	10,650	14,200	10,650	14,200	10,650	10,650	10,650	14,200	14,200	14,200	48,564	
90100094	91st Ave WWTP Safety & Security	14.20%	610,742	56	42,600	42,600	56,800	56,800	56,800	56,800	56,800	56,800	56,800	56,800	56,800	56,800	113,742	
90100095	91st Ave WWTP WAM	14.20%	483,368	56	14,200	14,200	14,200	14,200	14,200	14,200	14,200	14,200	113,600	113,600	113,600	156,768		
90100100	91st Ave WWTP Support Facilities Rehabilitation	14.20%	1,901,522	56	170,400	170,400	170,400	170,400	170,400	170,400	170,400	170,400	213,000	213,000	213,000	282,722		
90100101	Process Piping Rehabilitation	14.20%	1,157,584	56	127,800	127,800	127,800	127,800	127,800	127,800	71,000	71,000	127,800	127,800	127,800	120,984		
90100103	91st Ave WWTP Toxicity Identification Evaluation	14.20%	23,004	56	710	710	1,420	710	1,420	710	1,420	710	1,420	710	7,100	7,100	7,384	
90100104	Multi-Phase Process Improvements	14.20%		56														
90100105	91st Ave WWTP Process Control Optimization	14.20%	1,087,578	56	71,000	71,000	113,600	142,000	71,000	71,000	71,000	71,000	113,600	170,400	170,400	192,978		
90100106	Fire Life Safety	14.20%	683,162	56	38,482	142,000	284,000	257,162										
90100107	91st Ave WWTP Facility Assessment	14.20%	231,602	56	35,500	21,300	21,300	14,200	21,300	17,750	21,300	17,750	28,400	35,500	35,500	32,802		
90100109	91st Ave WWTP Facility Rehabilitation	14.20%	6,906,454	56	710,000	639,000	994,000	710,000	568,000	497,000	568,000	568,000	1,136,000	1,136,000	1,136,000	90,454		
90100111	91st Ave WWTP Solids Rehab Phase 1	14.20%	2,201,000	56	1,136,000	1,136,000	639,000	426,000										
90100112	91st Ave WWTP Plant 2B Rehab	14.20%	1,420,000	56	852,000	852,000	568,000											
90100113	91st Ave Process Control Improvements	14.20%	4,931,376	56	568,000	568,000	568,000	497,000	426,000	426,000	568,000	568,000	426,000	426,000	458,376			
90100114	91st Ave WWTP Plant 1A Rehab	14.20%	7,205,648	56	710,000	710,000	994,000	994,000	1,136,000	1,278,000	994,000	1,099,648						
90100115	Master Plan 22/23	20.00%	201,800	41									50,000	80,000	71,800			
90100117	91st Ave Solids Rehab Phase 2	14.20%	6,276,400	56	852,000	568,000	568,000	710,000	1,065,000	994,000	994,000	1,136,000	134,900	106,500				
90100120	91st Ave Aeration Rehab	14.20%	6,965,100	56	284,000	284,000	497,000	994,000	639,000	710,000	710,000	710,000	1,420,000	749,050	252,050			
90120037	91st Ave WWTP Local Limits Study	20.00%	320,400	41	40,400	43,000	2,000	2,000	2,000	2,000	70,000	70,000	70,000	57,000	2,400			
90140016	Tres Rios Rehab & Replacement	14.20%	539,458	56	127,800	127,800	28,400	42,600	28,400	42,600	28,400	71,000	49,700	71,000	49,558			
90160098	GL03 & GL02 Metering Stations			46C														
90160106	SRO Condition Assessment	11.47%	5,278,379	65	143,375	143,375	143,375	458,800	458,800	458,800	802,900	458,800	802,900	1,147,000	719,054			
90160107	SAI Condition Assessment	20.78%	8,671,494	64			10,390	10,390	415,600	623,400	935,100	2,078,000	1,662,400	2,078,000	858,214			
90160113	F2 SROG Interceptor Capacity Improvements	30.60%	25,996,230	67	918,000	918,000	1,836,000	2,448,000	3,366,000	2,754,000	3,060,000	3,060,000	2,142,000	3,060,000	3,060,000	3,352,230		
90160114	SAI Rehab Projects 1-4	22.15%	8,161,389	68	492,838	492,838	443,000	1,993,500	1,993,500	1,993,500	1,993,500	1,245,052						
SUBTOTAL - CURRENT PROJECTS:					91,865,142		7,455,805	7,150,123	8,162,335	9,803,837	10,600,270	10,280,560	10,420,622	10,310,358	8,631,770	9,697,550	6,807,718	
CITY OF TEMPE SHARE																		
WS PROJECT NUMBER	PLANNED PROJECTS				Prior Period Cashflow Estimate For JAN-JUN	2025-26		2026-27		2027-28		2028-29		2029-30		2030-31		FUTURE YEARS
	PROJECT DESCRIPTION	TEMPE'S SHARE	ESTIMATED COST	BILLING SCHEDULE		JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN		
90160090	F1 SRO/SAI Interceptor Odor Control Implement	11.00%	1,198,450	TBD	80,300							55,000	220,000	110,000	110,000	110,000	593,450	
90100118	91st Ave WWTP Plant 1B Rehab	14.20%	8,867,900	56				14,200	568,000	568,000	1,420,000	1,420,000	1,420,000	1,554,900	1,554,900	1,902,800		
90100119	91st Ave WWTP Solids Handling Facility	14.20%	34,300,100	56	142,000			142,000	362,100	1,136,000	3,550,000	2,130,000	2,840,000	4,970,000	8,			



AGENDA ITEM #4D

February 4, 2026

TO: Members of the SROG Committee

FROM: Michelle Barclay, SROG Manager

SUBJECT: SROG ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2025, AND YEAR-END SETTLEMENT

The annual SROG audit is presented for your review, information, and acceptance. The SROG Advisory Committee reviewed the SROG Annual Comprehensive Financial Report. Based on the Finance Committee's review and acceptance, the SROG Advisory Committee is recommending it to this Committee for formal acceptance.

Additionally, attached is an analysis of the Fiscal Year 2024-25 User Charge Settlement. The settlement of estimated and actual charges is detailed on the first page of the attachment. All the SROG cities have recorded overpayments for the year and will receive refunds.

RECOMMENDATION

At their January 15, 2026 meeting, the SROG Advisory Committee recommended that:

the SROG Committee accept the SROG Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025, and Year-End Settlement, as presented for the same fiscal year.

Arizona Municipal Water Users Association

3003 North Central Avenue, Suite 1550, Phoenix, Arizona 85012 • (602) 248-8482 • amwua.org

Multi-City Subregional Operating Group (SROG)

An Arizona Joint Venture

Annual Comprehensive Financial Report

For Fiscal Year Ended
June 30, 2025 and 2024



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

Annual Comprehensive Financial Report
For the Fiscal Years Ended June 30, 2025 and 2024

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

Table of Contents

Letter of Transmittal	II
Committee Members	VIII
Organizational Chart	IX
FINANCIAL SECTION	
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Financial Statements	
Statements of Net Position	10
Statements of Revenues, Expenses and Changes in Net Position	11
Statements of Cash Flows	12
Notes to the Financial Statements	14
Supplementary Information	
Net Operating and Maintenance Expenditures	28
Members' CIP Account Activity	31
Operating Deposits Activity	32
Equipment Replacement Deposits Activity	33
STATISTICAL SECTION	
Statements of Net Position - Last Ten Fiscal Years	35
Statements of Revenues, Expenses and Changes in Net Position - Last Ten Fiscal Years	35
Members' Charges - Last Ten Fiscal Years	36
Area Map	37
SROG Cities' Population Growth - Last Ten Fiscal Years	38
Demographic and Economic Statistics - Last Ten Years	39
Major Employers Metropolitan Phoenix - Current Year and Nine Years Ago	40
SROG Cities' Area Growth - Last Ten Fiscal Years	41
Measured Sewage Flows and Strengths and Rates - Last Ten Fiscal Years	42
Measured Sewage Flows by City - Last Ten Fiscal Years	42
Measured Sewage Strengths - Last Ten Fiscal Years	43
Full-Time Equivalent Employees - Last Ten Fiscal Years	44
Operating and Capital Indicators - Last Ten Fiscal Years	44

TO THE MEMBERS OF THE MULTI-CITY SUBREGIONAL OPERATING GROUP

December 18, 2025

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, 2025 and 2024. 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, 2025. 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 showed slow growth in 2025. Job and wage growth slowed throughout the year with the unemployment rate rising slightly. Housing affordability has remained an issue in the MSA.

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 0.096% from 2024; trade, transportation, and utilities, down 0.47% from 2024; government, up 1.7% from 2024; manufacturing down 1.9% from 2024; construction down 1.2% from 2024; information down 6.63% from 2024; and natural resources and mining up 5.4% from 2024.

The years immediately following the pandemic were characterized by high levels of population and employment growth in the MSA. 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 2025 is estimated to be 1.4% and 1.3% in 2026 reflecting that the boost from the pandemic is dissipating. At the same time employment growth in the MSA equaled 3.2% in 2023, 1.6% in 2024, and 1.4% in 2025. As of June 2025, the unemployment rate for the Phoenix area was 4.0% versus the U.S. rate of 4.2%. Unemployment is expected to rise in 2026 to 4.5%. 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 2.9% in 2025, with retail sales rising in 2026 with an expected growth of 3.9%.

LOCAL ECONOMY (CONTINUED)

The rate of economic growth during the remaining months of 2025, 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 in the remainder of 2025. The rate of population growth in the MSA is expected to be 1.54% in 2025 and 1.51% in 2026. The rate of growth of employment is equal to 1.6% in 2024, 1.4% in 2025, and 2.0% in 2026. 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 5.8% in 2025 and remain similar in 2026. Growth in personal income leads to increases in retail sales. An increase in retail sales equal to 4.0% in 2025, and 3.8% is anticipated for 2026. Residential permits are expected to average 43,755.3 units in 2025, and then 42,323 units in 2026.

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 30 projects with an estimated cost of over \$705 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.

91st Avenue Wastewater Treatment Plant Process Control Improvements

91st Avenue Wastewater Treatment Plant uses a process control system (PCS) to monitor and automate all aspects of wastewater. The PCS supports the treatment and distribution of water which allows WSD to efficiently meet regulatory performance requirements. The PCS is a mature system with components that, while within their useful product lifecycles, are facing security and resiliency requirements that are consistently changing. The Process Control Improvement program outlines a strategy for replacing system components to maintain reliable wastewater service and regulatory performance solids as recommended in the 2018 Process Control Master Plan and updated in 2023. These recommendations include new process control software, new cybersecurity software, and replace process control system hardware (Programmable logic controls (PLCs), and controllers).

91st Avenue Wastewater Treatment Plant Solids Rehabilitation Phase I

The 91st Avenue Wastewater Treatment Plant 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

MAJOR INITIATIVES (CONTINUED)

91st Avenue Wastewater Treatment Plant Solids Rehabilitation Phase II

The 91st Avenue Wastewater Treatment Plant (WWTP) Solids Rehabilitation Phase II will include the rehabilitation of the facilities and equipment used to treat and process solids as identified in the 91st Avenue WWTP 10-Year Prioritized Plan. This project will include the rehabilitation and replacement of equipment associated with solids digestion, including, but not limited to, fixed covers on two digesters, pumps, motors, heat exchangers, piping, valves, control instruments, control panels, and electrical equipment including panels, variable frequency drives, transformers, and motor control centers. Additional scope for the project includes the replacement of the Digester 4 dome, conversion of a swing primary solids thickening centrifuge to WAS thickening and the procurement and installation of a new dedicated primary solids thickening centrifuge.

Southern Avenue Interceptor Condition Assessment

The Southern Avenue Interceptor (SAI), a multi-owner regional interceptor governed by the Subregional Operating Group cities of Glendale, Mesa, Phoenix, Scottsdale and Tempe. The SAI system is approximately 19 miles in length with pipe diameters ranging in size from 48- to 90-inches with 153 associated manholes and structures. The pipe material is polyvinyl chloride (PVC) lined reinforced concrete pipe (RCP), also known as T-Lock lined RCP. The interceptor is located primarily along Southern Avenue between 48th Street and 51st Avenue and Broadway Road from 51st Avenue to the 91st Avenue Wastewater Treatment Plant where flows are conveyed for treatment. The objective of this project is to establish an understanding of the current structural and operational conditions of the SAI system and identify existing or potential concerns that could impact system functionality, environment, and/or public health and safety.

91st Avenue Wastewater Treatment Plant 2B Rehabilitation

The 91st Avenue Wastewater Treatment Plant (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 Avenue Wastewater Treatment Plant Replacement Fund

The 91st Avenue Wastewater Treatment Plant (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 assets are 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, 2024. 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 2024). 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.

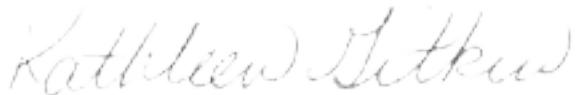
AWARDS AND ACKNOWLEDGEMENTS (CONTINUED)

The City of Phoenix, 23rd Avenue Wastewater Treatment Plant and 91st Avenue Multi-Cities Wastewater Treatment Plants were presented the Award of Merit. This award recognizes and appreciates outstanding safety record in the year 2023. AZ Water is an independent organization, which also 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 for Arizona's water through engaging leadership, connecting professionals, providing education, and inspiring environmental stewardship.

The National Association of Clean Water Agencies recognized the City of Phoenix Water Services Department for continued environmental and operational excellence. The Peak Performance Award is presented to utilities for continuously providing outstanding clean water. Phoenix Water received both Platinum Award and Gold Awards. Platinum Awards recognize 100% compliance with permits over a consecutive five-year period. Gold Awards are presented to facilities with no permit violations for the entire calendar year.

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,



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, 2024

Christopher P. Morrell

Executive Director/CEO

Multi-City Subregional Operating Group (SROG)
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2025 and 2024

SROG COMMITTEE

Mr. Nazario Prieto, Chair
Assistant Director, Wastewater
City of Phoenix

Mr. Ron Serio Water Services Director City of Glendale	Mr. Kevin Rose Water Resources Executive Director City of Scottsdale
Mr. Chris Hassert Water Resources Director City of Mesa	Ms. Tara Ford Municipal Utilities Director City of Tempe

SROG ADVISORY COMMITTEE

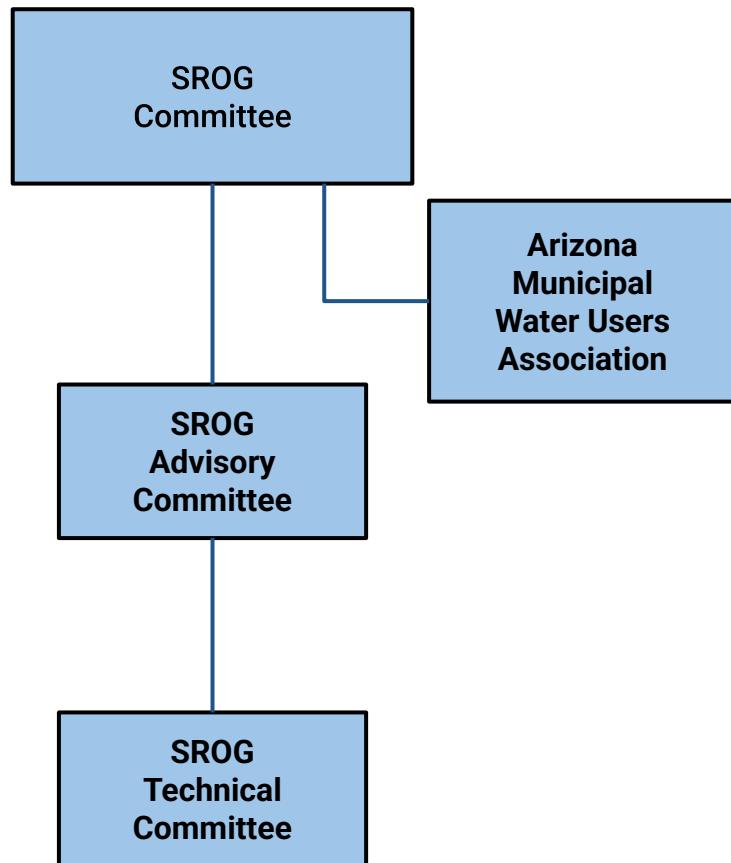
Ms. Patty Kennedy, Chair
Deputy Director-Wastewater Engineering
City of Phoenix

Mr. Mark Roye Deputy Director, Water Services Department City of Glendale	Mr. Bryan Cassens Water Reclamation Services Director City of Scottsdale
Mr. Arif Rahmen Deputy Engineer, Water Resources Department City of Mesa	Mr. Craig Caggiano Deputy Public Works Director City of Tempe

CITY OF PHOENIX, FINANCE DEPARTMENT

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

Forvis Mazars, LLP
14221 Dallas Parkway, Suite 400
Dallas, TX 75254
P 972.702.8262 | F 972.702.0673
forvismazars.us



Independent Auditor's Report

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

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 years ended June 30, 2025 and 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 SROG, as of June 30, 2025 and 2024, and the changes in its financial position and its cash flows for the years 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). 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.

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 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 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.

Board of Directors
Multi-City Subregional Operating Group

In performing an audit in accordance with GAAS, 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 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 GAAS, 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 an opinion 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 opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

Board of Directors
Multi-City Subregional Operating Group

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.

Forvis Mazars, LLP

Dallas, Texas
December 18, 2025



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, 2025 and 2024. 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 \$626,587 at June 30, 2025 and \$604,012 at June 30, 2024. Net position for fiscal year 2025 increased by 22,575 as compared to fiscal year 2024. In fiscal year 2024, net position increased by \$19,132. The increase in net position for fiscal years 2025 and 2024 was primarily due to operating revenues exceeding operating expenses. Net investment in capital assets was \$605,097 and \$585,712 at June 30, 2025 and June 30, 2024, respectively, an increase of \$19,385.
- Operating revenue was \$142,572 for fiscal year 2025 and \$127,329 for fiscal year 2024. Operating revenues increased by \$15,243 in the current year and increased by \$45,359 in 2024. 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 2024. Revenue contributions from SROG members for the construction of capital assets were \$66,454 or 46.6% of total operating revenues in 2025 and \$57,497 or 45.1% of total operating revenues in 2024.
- Total operating expenses increased by \$17,374 to \$121,403 during fiscal year 2025, and increased by \$8,787 to \$104,029 during fiscal year 2024. In 2025, the increase was related to a \$17,459 increase in operation and maintenance expense, \$301 increase in administrative expense and \$386 decrease in depreciation expense. 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.

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 \$22,575 for the year ended June 30, 2025 as compared to June 30, 2024 and increased by \$19,132 for the year ended June 30, 2024 as compared to June 30, 2023.

SROG's Net Position

(in thousands)

	June 30		
	2025	2024	2023
Current Assets	\$ 95,226	\$ 94,217	\$ 108,279
Net Capital Assets	<u>605,097</u>	<u>585,712</u>	<u>561,632</u>
 Total Assets	 <u>700,323</u>	 <u>679,929</u>	 <u>669,911</u>
 Current Liabilities Payable from Unrestricted Assets	 26,911	 19,922	 25,542
Current Liabilities Payable from Restricted Assets	 <u>46,825</u>	 <u>55,995</u>	 <u>59,488</u>
 Total Current Liabilities	 <u>73,736</u>	 <u>75,917</u>	 <u>85,030</u>
 Investment in Capital Assets	 605,097	 585,712	 561,632
Unrestricted	 <u>21,490</u>	 <u>18,301</u>	 <u>23,248</u>
 Total Net Position	 <u>\$ 626,587</u>	 <u>\$ 604,012</u>	 <u>\$ 584,880</u>

- During fiscal year 2025, current assets increased by \$1,010 compared to a \$14,062 decrease in 2024. The increase in 2025 resulted from a \$326 increase in pooled investments, a decrease of \$230 in inventories, an increase of \$426 in members' receivable and an increase of \$488 in accounts receivable. The decrease in 2024 resulted from 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.
- Net capital assets increased by \$19,386 in fiscal year 2025 and increased by \$24,080 in fiscal year 2024. The increases in 2025 and 2024 resulted from an increase in construction activity at the Plant.
- Liabilities payable from unrestricted assets increased by \$6,990 in 2025 and decreased by \$5,620 in 2024. The increase in liabilities payable from unrestricted assets is primarily due to an increase in accounts payable to members. For 2024, the decrease in liabilities payable from unrestricted assets is primarily due to a decrease in accounts payable to members. Liabilities payable from restricted assets decreased by \$9,169 in 2025 and decreased by \$3,493 in 2024. The decreases in 2025 and 2024 are related to decreases in member's payable.

SROG's Changes in Net Position
(in thousands)

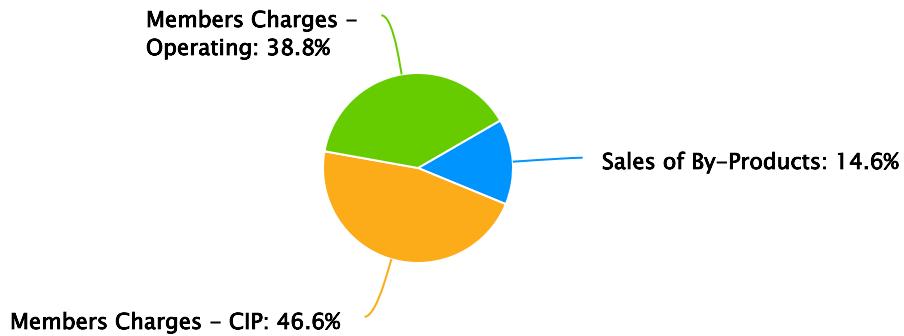
	Years Ended June 30		
	2025	2024	2023
Operating Revenues			
Members' Charges	\$ 121,831	\$ 107,500	\$ 63,084
Sales of By-Products	17,190	15,987	14,416
Other	3,552	3,842	4,470
Total Operating Revenues	142,573	127,329	81,970
Non-Operating Revenues, net - Investment Income	3,729	6	3,037
Total Revenues	146,302	127,335	85,007
Operating Expenses			
Administration	8,604	8,303	7,279
Operation and Maintenance	75,448	57,989	50,868
Depreciation	37,351	37,737	37,095
Total Operating Expenses	121,403	104,029	95,242
Non-Operating Expenses, net	2,324	4,174	1,609
Total Expenses	123,727	108,203	96,851
Increase (Decrease) in Net Position	22,575	19,132	(11,844)
Net Position, July 1	604,012	584,880	596,724
Net Position, June 30	\$ 626,587	\$ 604,012	\$ 584,880

- Operating revenues increased by \$15,244 in 2025 and increased by \$45,359 in 2024. The increases in 2025 and 2024 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 \$17,375 in 2025 and increased \$8,787 in 2024. In 2025, the increase was related to a \$301 increase in administrative expense, a \$17,460 increase in operating and maintenance expenses, and a \$386 decrease in depreciation expense. 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.

OPERATING REVENUES

SROG's revenue is primarily generated by charges to the joint venture members for construction and operating costs. For fiscal year 2025, of the \$121,831 is revenue from members' charges, \$66,454 is charges for scheduled construction projects (CIP), with the remaining charges of \$55,377 received for operations. The following chart shows the sources and the percentage of operating revenue by category for the fiscal year ended June 30, 2025.

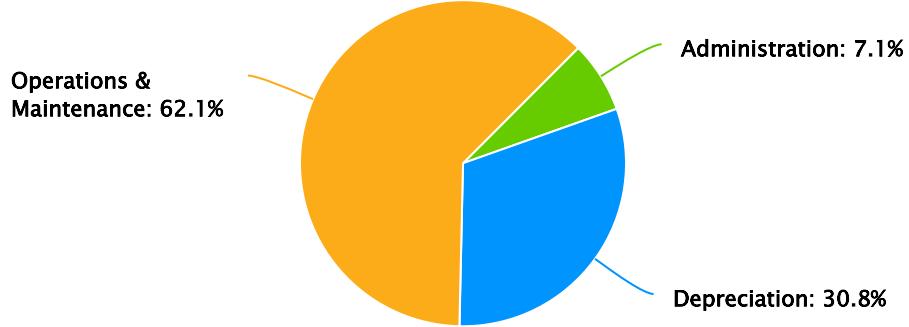
**Operating Revenues
for Fiscal Year Ended June 30, 2025**
Total = \$142,573
(in thousands)



OPERATING EXPENSES

The following chart shows SROG's operating expenses by category for the year ended June 30, 2025.

**Operating Expenses
for Fiscal Year Ended June 30, 2025**
Total = \$121,403
(in thousands)



CAPITAL ASSETS

SROG's investment in capital assets as of June 30, 2025, amounts to \$605,097 (net of accumulated depreciation), \$585,712 as of June 30, 2024, and \$561,632 as of June 30, 2023 as shown below. Net capital assets increased by \$19,386 during fiscal year 2025 and increased \$24,080 during fiscal year 2024.

SROG's Capital Assets

(in thousands)

	2025	2024	2023
Land	\$ 50,860	\$ 50,860	\$ 50,860
Buildings	140,793	140,793	140,661
Improvements other than Buildings	1,066,052	986,069	982,332
Equipment	171,160	148,376	148,501
Intangibles	15,615	15,615	15,615
Construction in Progress	56,439	102,527	44,820
Less: Accumulated Depreciation	(895,822)	(858,528)	(821,157)
Net Capital Assets	\$ 605,097	\$ 585,712	\$ 561,632

Capital Acquisitions and Construction Activities

Members contributed \$66,454 for ongoing construction projects during 2025 compared to \$57,491 during 2024. Provided below is a summary of the major projects and their associated costs for fiscal year 2025 and 2024 (in thousands):

	2025
91st Ave WWTP Plant 2B Rehabilitation	\$ 40,436
91st Ave WWTP Solids Rehab Phase 1	14,240
91st Ave WWTP Facility Rehabilitation	690
91st Ave Support Facilities Rehabilitation	2,321
91st Ave Process Piping Rehabilitation	1,503

	2024
91st Ave WWTP Facility Rehabilitation	\$ 28,689
91st Ave WWTP Solids Rehab Phase 1	12,934
91st Ave WWTP Plant 2B Rehabilitation	6,243
91st Ave WWTP Process Control	1,760
91st Ave Process Piping Rehabilitation	1,214

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 1.0% in 2025 compared to an decrease of 1.0% in 2024 and an increase of 1.2% in 2023.

In December 2024, a budget presentation was made to the SROG Joint Venture members for fiscal year 2025-26. 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 2025-26 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.



The background of the image is a high-angle photograph of a city's urban landscape. In the foreground, a large, modern skyscraper with a glass and steel facade is prominent, its surface reflecting the surrounding city. Behind it, a bridge spans a body of water, with cars visible on the road. Further back, a dense cluster of buildings of various heights and architectural styles stretches across the horizon under a clear blue sky with a few wispy clouds.

Basic Financial Statements

Multi-City Subregional Operating Group (SROG)
Statements of Net Position
June 30, 2025 and 2024
(in thousands)

	ASSETS			
			2025	2024
Current Assets				
Unrestricted Assets				
Pooled Investments	\$	25,838	\$	19,719
Receivables				
Account Receivable		4,786		4,298
Members' Receivable		12,937		9,799
Inventories		7,056		7,286
Total Unrestricted Assets		50,617		41,102
Restricted Assets				
Pooled Investments		38,496		44,289
Members' Receivable		6,113		8,825
Total Restricted Assets		44,609		53,114
Total Current Assets		95,226		94,216
Noncurrent Assets				
Capital Assets				
Land		50,860		50,860
Buildings		140,793		140,793
Improvements other than Buildings		1,066,052		986,068
Equipment		171,160		148,376
Intangibles		15,615		15,615
Construction in Progress		56,439		102,527
Less: Accumulated Depreciation		(895,822)		(858,528)
Net Capital Assets		605,097		585,711
Total Assets		700,323		679,927
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources		-		-
LIABILITIES				
Current Liabilities				
Payable from Unrestricted Assets				
Accounts Payable - Vendors		4,419		3,612
Accounts Payable - Members		22,492		16,309
Total Payable from Unrestricted Assets		26,911		19,921
Payable from Restricted Assets				
Capital Projects		5,990		8,673
Accounts Payable				
Members' Payable		40,154		46,544
Other Trust Liabilities		681		777
Total Payable from Restricted Assets		46,825		55,994
Total Current Liabilities		73,736		75,915
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows of Resources		-		-
NET POSITION				
Investment in Capital Assets		605,097		585,712
Unrestricted		21,490		18,300
Total Net Position	\$	626,587	\$	604,012

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, 2025 and 2024
(in thousands)

	2025	2024
Operating Revenues		
Members' Charges	\$ 121,831	\$ 107,500
Sales of By-Products	17,190	15,987
Other	3,552	3,842
Total Operating Revenues	142,573	127,329
Operating Expenses		
Administration	8,604	8,303
Operation and Maintenance	75,448	57,988
Depreciation	37,351	37,737
Total Operating Expenses	121,403	104,028
Operating Income (Loss)	21,170	23,301
Non-Operating Revenues (Expenses)		
Investment Income (Loss)	3,712	(1,609)
Interest Credited to Members, net	(2,324)	(2,566)
Gain (Loss) on Disposal of Capital Assets	17	6
Total Non-Operating Revenues (Expenses)	1,405	(4,169)
Increase (Decrease) in Net Position	22,575	19,132
Net Position, July 1	604,012	584,880
Net Position, June 30	\$ 626,587	\$ 604,012

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, 2025 and 2024

(in thousands)

	2025	2024
Cash Flows from Operating Activities		
Cash Received from Members and Customers	\$ 135,268	\$ 111,191
Cash Paid to Suppliers	(58,043)	(50,553)
Cash Paid to Employees	(13,745)	(12,807)
Payment of Staff and Administrative Expenses	(2,940)	(3,133)
Net Cash Provided by Operating Activities	<u>60,540</u>	<u>44,698</u>
Cash Flows from Noncapital Financing Activities		
Interest Credited to Members	(2,324)	(2,565)
Net Cash Used in Noncapital Financing Activities	<u>(2,324)</u>	<u>(2,565)</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition and Construction of Capital Assets	(61,620)	(62,404)
Proceeds from Sales of Capital Assets	17	6
Net Cash Used in Capital and Related Financing Activities	<u>(61,603)</u>	<u>(62,398)</u>
Cash Flows from Investing Activities		
Investment Income	3,712	(1,609)
Net Activity for Pooled Investments	<u>(326)</u>	<u>21,875</u>
Net Cash Provided by Investing Activities	<u>3,386</u>	<u>20,266</u>
Net Increase in Cash and Cash Equivalents	-	-
Cash, July 1	-	-
Cash, June 30	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 21,170	\$ 23,300
Adjustments		
Depreciation	37,351	37,736
Reversal of CIP Items	2,200	5,151
Increase (Decrease) in Members' Payable	(6,390)	(7,947)
(Increase) Decrease in Assets		
Receivables	(914)	(8,189)
Inventories	231	375
Increase (Decrease) in Liabilities		
Accounts Payable - Vendors	806	(371)
Accounts Payable - Members	6,182	(5,248)
Other Trust Liabilities	(96)	(109)
Net Cash Provided by Operating Activities	<u>\$ 60,540</u>	<u>\$ 44,698</u>
Noncash Transactions Affecting Financial Position		
Decrease in Fair Value of Investments	\$ 981	\$ 1,112
Total Noncash Transactions Affecting Financial Position	<u>\$ 981</u>	<u>\$ 1,112</u>

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	20
4	Risk Management	22
5	Members' Equity	22
6	Related Party Transactions	23
7	Construction and Other Grants	23
8	Commitments and Contingencies	24
9	Pension Plan	24
10	Other Post-Employment Benefits	25

Multi-City Subregional Operating Group (SROG)

Notes to the Financial Statements

For the Fiscal Years Ended June 30, 2025 and 2024

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.

Organization and Summary of Significant Accounting Policies (Continued)

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.

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, 2025 and 2024 was \$681 and \$777, 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.

Organization and Summary of Significant Accounting Policies (Continued)

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.

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, compensatory time, and sick leave benefits are accrued as liabilities as employees earn the benefits to the extent that they meet all of the following criteria: 1) the City's obligation is attributable to employees' services already rendered; 2) the leave accumulates; and 3) it is more likely than not 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 if it is more likely than not that the employees will use the sick leave for paid time off or the City will compensate the employees through cash payments conditioned on the employees' retirement. Unused sick leave hours not eligible for such cash payment are treated as additional service time in the calculation of postemployment benefits. For SROG's financial statements, outstanding compensated absences are recorded as a liability.

n) **New Accounting Pronouncements**

New Accounting Pronouncements Adopted in 2025:

GASB Statement No. 101, Compensated Absences, supersedes Statement 16, Accounting for Compensated Absences, issued in 1992. This Standard updates the recognition and measurement guidance for compensated absences by aligning the guidance under a unified model. This will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation and can be applied consistently to any type of leave. The City has implemented this Statement in fiscal year 2025.

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, 2025 and June 30, 2024 is as follows (in thousands):

	June 30	
	2025	2024
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, 2025 and 2024 are summarized below (in thousands):

Fiscal Year Ended	Credit Quality Rating	Fair Value	Weighted Average Maturity (Years)
June 30, 2025	Not Rated	64,334	1.540
June 30, 2024	Not Rated	64,009	1.477

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, 2025 and June 30, 2024 (in thousands):

Cash and Investments (continued)

Investments by Fair Value Level	Fair Value Measurement Using				Fair Value Measurement Using			
	6/30/2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	6/30/2024	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	\$ 3,864,411	\$ 15,788	\$ 3,848,623	\$ -	\$ 1,792,587	\$ 15,743	\$ 1,776,844	\$ -
U.S. Government agency obligations	1,109,850	-	1,109,850	-	2,323,295	-	2,323,295	-
U.S. Government agency MBS/CMO	65,395	-	65,395	-	216,831	-	216,831	-
Municipal bonds	22,946	-	22,946	-	617,766	-	617,766	-
Commercial paper	209,128	-	209,128	-	59,274	-	59,274	-
Investment in land	-	-	-	-	-	-	-	-
 Total investments, including those classified as, cash equivalents by fair value level	 \$ 5,271,730	 \$ 15,788	 \$ 5,255,942	 \$ -	 \$ 5,009,753	 \$ 15,743	 \$ 4,994,010	 \$ -

U.S. Government securities totaling \$15.8 million in fiscal year 2025 are classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets.

U.S. Government securities totaling 3.8 billion, U.S. Government agency obligations totaling \$1.1 billion, U.S. Government agency MBS/CMO totaling \$65.4 million and municipal bonds totaling \$22.9 million, and commercial paper totaling \$209.1 million in fiscal year 2025 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.

Cash and Investments (Continued)

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	\$ 591,415

3. **Capital Assets**

Capital asset activity for the fiscal years ended June 30, 2025 and 2024 were as follows (in thousands):

	Balance				Balance June 30, 2025
	July 1, 2024	Additions	Deletions	Transfers	
Non-Depreciable Assets					
Land	\$ 50,860	\$ -	\$ -	\$ -	\$ 50,860
Construction in Progress	\$ 102,527	\$ 73,930	\$ (17,722)	\$ (102,295)	\$ 56,440
Total Non-Depreciable Assets	\$ 153,387	\$ 73,930	\$ (17,722)	\$ (102,295)	\$ 107,300
Depreciable Assets					
Buildings	\$ 140,793	\$ -	\$ -	\$ -	\$ 140,793
Improvements other than Buildings	\$ 986,069	\$ 18	\$ -	\$ 79,965	\$ 1,066,052
Equipment	\$ 148,376	\$ 511	\$ (69)	\$ 22,342	\$ 171,160
Intangibles	\$ 15,615	\$ -	\$ -	\$ -	\$ 15,615
Total Depreciable Assets	\$ 1,290,853	\$ 529	\$ (69)	\$ 102,307	\$ 1,393,620
Less Accumulated Depreciation					
Buildings	\$ (69,757)	\$ (3,504)	\$ -	\$ -	\$ (73,261)
Improvements other than Buildings	\$ (665,464)	\$ (28,404)	\$ -	\$ -	\$ (693,868)
Equipment	\$ (108,541)	\$ (5,238)	\$ 69	\$ (12)	\$ (113,722)
Intangibles	\$ (14,766)	\$ (204)	\$ -	\$ -	\$ (14,970)
Total Accumulated Depreciation	\$ (858,528)	\$ (37,350)	\$ 69	\$ (12)	\$ (895,821)
Total Depreciable Assets, net	\$ 432,325	\$ (36,821)	\$ -	\$ 102,295	\$ 497,799
Total Capital Assets, net	\$ 585,712	\$ 37,109	\$ (17,722)	\$ -	\$ 605,097

Capital Assets (Continued)

	Balance				
	July 1, 2023	Additions	Deletions	Transfers	June 30, 2024
Non-Depreciable Assets					
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
Depreciable Assets					
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
Less Accumulated Depreciation					
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

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 2025 and 2024, SROG was charged \$1,308,848 and \$1,054,165, 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, 2025, 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	
	2025	2024
City of Glendale	\$ 40,318	\$ 37,579
City of Mesa	87,983	81,752
City of Phoenix	338,309	317,994
City of Scottsdale	80,490	77,942
City of Tempe	93,815	89,249
	640,915	604,516
Unallocated unrealized gain (loss) related to GASB Statement No. 31 reporting	(14,328)	(504)
Total	\$ 626,587	\$ 604,012

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 86% and 84% of the joint venture's revenue in 2025 and 2024, respectively.
- b) Members' receivables were as follows:

	June 30	
	2025	2024
Unrestricted Members' Receivables	12,937	\$ 9,799
Restricted Members' Receivables	6,113	8,825
Total	<u><u>\$ 19,050</u></u>	<u><u>\$ 18,624</u></u>

- c) Members' payables were as follows:

	June 30	
	2025	2024
Unrestricted Members' Payables	\$ 22,492	\$ 16,309
Restricted Members' Payables	40,154	46,544
Total	<u><u>\$ 62,646</u></u>	<u><u>\$ 62,853</u></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 \$6,759 and \$6,180 for the years ended June 30, 2025 and 2024, 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 \$2,940 and \$3,133 for the years ended June 30, 2025 and 2024, 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, 2025.

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, 2025, SROG had outstanding purchase commitments for capital improvements aggregating approximately \$85.1 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, 2025	\$ 2,417,229	25.79%
June 30, 2024	2,385,376	28.09%
June 30, 2023	2,119,169	29.56%

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.

The City's net other post-employment benefit (OPEB) liability was measured as of June 30, 2025, 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, 2025 and 2024.



Supplementary Information

Multi-City Subregional Operating Group (SROG)
Net Operating and Maintenance Expenditures
(Non-GAAP JEPA basis)
For the Fiscal Years Ended June 30, 2025 and 2024

	Years Ended June 30	
	2025	2024
Operating & Maintenance Expenditures		
Operating & Maintenance	\$36,719,978	\$35,064,097
Power	8,752,161	8,214,808
Chemicals	11,062,303	11,286,221
Replacement	5,314,983	6,609,990
Water Services Department Administration	6,759,224	6,179,838
City of Phoenix Administration	2,939,753	3,133,154
Operating & Maintenance Expenditures	71,548,402	70,488,108
 Less Income:		
Sale of By-Products	19,836,960	18,991,900
Miscellaneous	921,484	842,775
Interest	95,522	26,499
Total Income	20,853,966	19,861,174
Net Operating & Maintenance Expenditures	\$50,694,436	\$50,626,934

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, 2025 and 2024

Measured sewage flows and strengths used to allocate net operating and maintenance expenditures to individual members were as follows:

Sewage Flows (Thousands Gallons):

Member	June Ended June 30	
	2025	2024
City of Glendale	2,584,312	2,838,633
City of Mesa	7,361,668	6,959,332
City of Phoenix	35,874,598	36,706,239
City of Scottsdale	2,785,835	2,478,947
City of Tempe	6,871,411	6,947,071
Total	55,477,824	55,930,222

Sewage Strengths (Milligrams Per Liter):

	June Ended June 30	
	2025	2024
Chemical (COD) ⁽¹⁾		
City of Glendale	1,135	1,142
City of Mesa	837	873
City of Phoenix	752	695
City of Scottsdale	1,284	1,144
City of Tempe	836	764
 Suspended Solids (SS)	 	
City of Glendale	573	523
City of Mesa	411	433
City of Phoenix	333	317
City of Scottsdale	827	776
City of Tempe	277	228

⁽¹⁾Beginning in fiscal year 2005-06, 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)
Net Operating and Maintenance Expenditures (Continued)
(Non-GAAP JEPA basis)
For the Fiscal Years Ended June 30, 2025 and 2024

Member	2025				Net Operating Expenditures (see page 28)
	Amount	Charge (Credit)		Replacement	
		Billed	Per User	Charges Over (Under) Actual	
City of Glendale	\$ 4,082,662	\$ (504,638)	\$ (84,064)	\$ 3,493,960	
City of Mesa	10,687,448	(2,992,175)	(196,610)	7,498,663	
City of Phoenix	45,863,018	(16,148,119)	(879,526)	28,835,373	
City of Scottsdale	4,436,383	443,068	(106,725)	4,772,726	
City of Tempe	7,423,089	(1,161,278)	(168,097)	6,093,714	
Total	\$ 72,492,600	\$ (20,363,142)	\$ (1,435,022)	\$ 50,694,436	
Member	2024				Net Operating Expenditures (see page 28)
	Amount	Charge (Credit)		Replacement	
		Billed	Per User	Charges Over (Under) Actual	
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	
Total	\$ 63,999,900	\$ (14,982,955)	\$ 1,609,990	\$ 50,626,935	

⁽¹⁾ These amounts represent the settlement of operating and maintenance expenditures.

⁽²⁾ SROG members were billed \$6,750,004 and \$5,000,000 for replacement charges during the years ended June 30, 2025 and 2024, but incurred \$5,324,983 and \$6,609,990 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, 2025 and 2024

Member	2025					Ending Balance June 2025	
	Beginning Balance		Contributions	Interest	Expenditures		
	July 2024	Expenditures					
City of Glendale	\$ 10,038,014	\$ 4,455,169	\$ 420,025	\$ (5,066,632)	\$ 9,846,576		
City of Mesa	8,602,295	5,129,677	301,914	(10,076,401)	3,957,485		
City of Scottsdale	5,500,438	7,264,827	238,930	(6,866,038)	6,138,156		
City of Tempe	<u>22,403,471</u>	<u>6,747,400</u>	<u>876,163</u>	<u>(9,815,074)</u>	<u>20,211,960</u>		
Total	<u>\$ 46,544,218</u>	<u>\$ 23,597,073</u>	<u>\$ 1,837,032</u>	<u>\$ (31,824,145)</u>	<u>\$ 40,154,177</u>		

Member	2024					Ending Balance June 2024	
	Beginning Balance		Contributions	Interest	Expenditures		
	July 2023	Expenditures					
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	<u>7,361,410</u>	<u>3,081,359</u>	<u>262,786</u>	<u>(5,205,117)</u>	<u>5,500,438</u>		
City of Tempe	<u><u>23,024,308</u></u>	<u><u>5,928,368</u></u>	<u><u>998,504</u></u>	<u><u>(7,547,709)</u></u>	<u><u>22,403,471</u></u>		
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>		

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, 2025 and 2024

Member	2025			Ending Balance
	Beginning Balance	Contributions	Withdrawals	
	July 2024	June 2025		
City of Glendale	\$ 620,781	\$ 47,105	\$ (10,864)	\$ 657,022
City of Mesa	1,341,853	104,274	(1,656)	1,444,471
City of Phoenix	5,124,432	453,136	-	5,577,568
City of Scottsdale	878,048	105,079	-	983,127
City of Tempe	1,250,079	129,293	-	1,379,372
Total	<u>\$ 9,215,193</u>	<u>\$ 838,887</u>	<u>\$ (12,520)</u>	<u>\$ 10,041,560</u>

Member	2024			Ending Balance
	Beginning Balance	Contributions	Withdrawals	
	July 2023	June 2024		
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	1,169,637	80,442	-	1,250,079
Total	<u>\$ 8,663,941</u>	<u>\$ 551,252</u>	<u>\$ -</u>	<u>\$ 9,215,193</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.

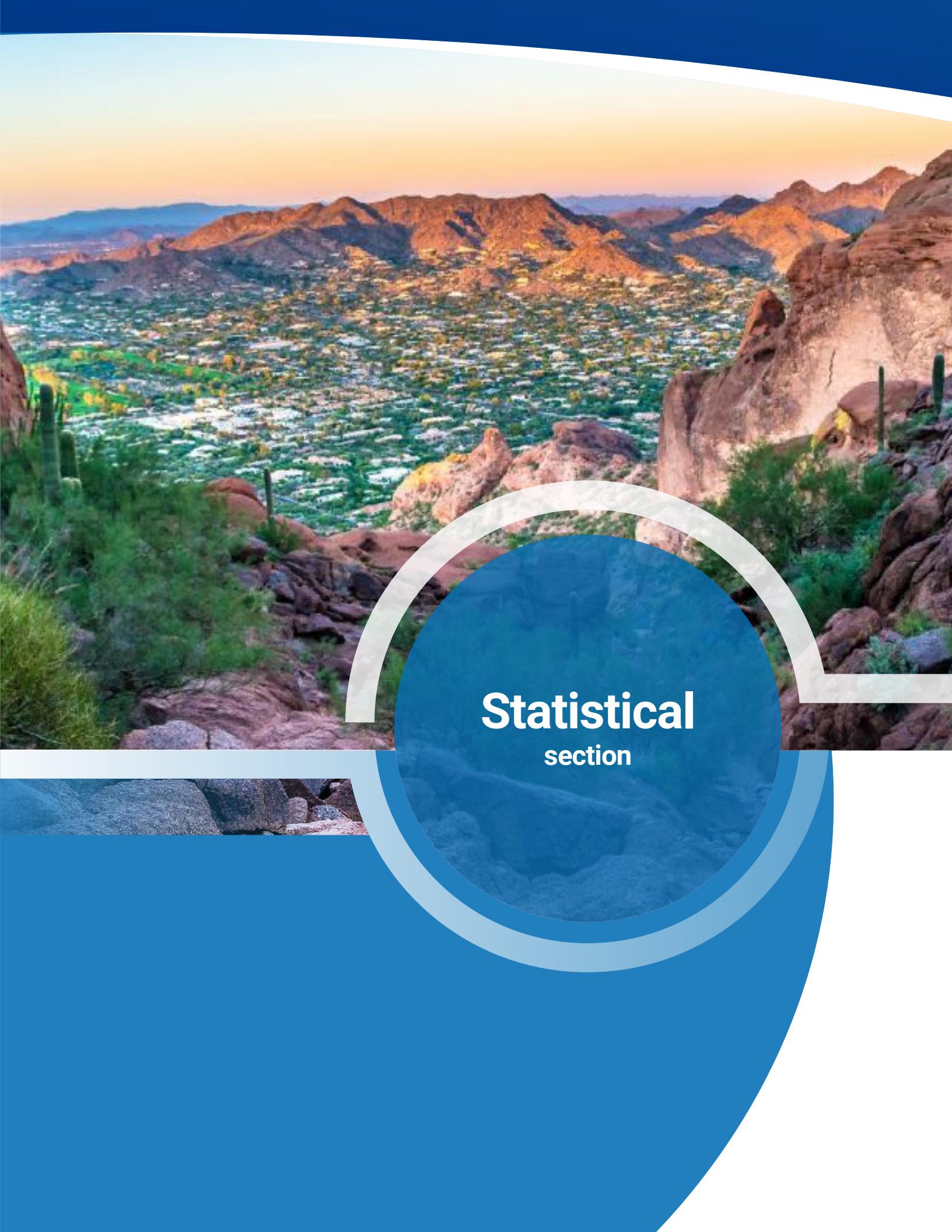
The operating deposits were established to: (a) cover actual cash needed for a portion of SROG operations and maintenance, (b) cover decreases in revenue, (c) cover unforeseen increases in expenditures, and (d) meet recommended deposit balances to maintain a good bond rating. This deposit balance includes 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, 2025 and 2024

Member	2025					Ending Balance June 2025	
	Beginning Balance		Contributions	Interest	Expenditures		
	July 2024						
City of Glendale	\$ 587,675	\$ 395,421	\$ 25,795	\$ (311,357)	\$ 697,534		
City of Mesa	1,229,920	924,810	52,544	(728,200)	1,479,074		
City of Phoenix	3,848,976	4,137,063	161,203	(3,257,537)	4,889,705		
City of Scottsdale	574,603	502,022	24,405	(395,297)	705,733		
City of Tempe	1,037,721	790,689	44,032	(622,592)	1,249,850		
Total	<u>\$ 7,278,896</u>	<u>\$ 6,750,004</u>	<u>\$ 307,979</u>	<u>\$ (5,314,983)</u>	<u>\$ 9,021,896</u>		

Member	2024					Ending Balance June 2024	
	Beginning Balance		Contributions	Interest	Expenditures		
	July 2023						
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)	1,229,920		
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	1,174,892	567,824	45,669	(750,664)	1,037,721		
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>		

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

Table of Contents

Statistical Section - Table of Contents

	Page
<i>Financial Trends</i> - These schedules contain trend information to show how SROG's financial performance and position have changed over time.	
Statements of Net Position	35
Statements of Revenues, Expenses and Changes in Net Position	35
Member Charges by Type	36
Member Charges by City	36
<i>Economic and Demographic Information</i> - These schedules offer economic and demographic indicators to show the environment within which SROG's financial activities take place.	
Area Map	37
SROG Cities' Population Growth	38
Demographic and Economic Statistics	39
Major Employers Metropolitan Phoenix	40
SROG Cities' Area Growth (Square Miles)	41
<i>Operating Information</i> - These schedules contain service and infrastructure data to show how SROG's financial information relates to the services SROG provides and the activity it performs.	
Measured Sewage Flows and Strengths and Rates	42
Measured Sewage Flows by City (in thousand gallons)	42
Measured Sewage Strengths (Milligrams per Liter)	43
Full-Time Equivalent Employees	44
Operating and Capital Indicators	44

Multi-City Subregional Operating Group (SROG)

Statements of Net Position

Last Ten Fiscal Years

(in thousands)

	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Net Investment in Capital Assets	\$ 605,097	\$ 585,712	\$ 585,712	\$ 561,632	\$ 576,925	\$ 597,597	\$ 616,129	\$ 640,429	\$ 669,024	\$ 680,953
Unrestricted Total Net Position	21,490	18,300	18,300	23,248	19,799	16,732	16,833	15,705	14,802	14,518
	<u>\$ 626,587</u>	<u>\$ 604,012</u>	<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>

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)

	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Operating Revenues										
Members' Charges	\$ 121,831	\$ 107,500	\$ 63,084	\$ 55,607	\$ 56,937	\$ 52,904	\$ 55,166	\$ 63,879	\$ 49,441	\$ 40,352
Sales of By-Products	17,190	15,987	14,416	13,430	12,659	10,740	9,842	9,332	8,068	7,355
Other	3,552	3,841	4,470	3,679	1,927	1,319	239	33	20	1
Total Operating Revenues	142,573	127,328	81,970	72,716	71,523	64,963	65,247	73,244	57,529	47,708
Operating Expenses										
Administration	8,604	8,303	7,279	6,338	6,741	6,096	5,972	4,559	5,051	4,473
Operation and Maintenance	75,448	57,988	50,868	46,111	42,340	43,387	48,140	40,053	37,560	38,853
Depreciation	37,351	37,737	37,095	40,183	41,312	39,173	39,533	40,091	41,149	41,587
Total Operating Expenses	121,403	104,028	95,242	92,632	90,393	88,656	93,645	84,703	83,760	84,913
Operating Income (Loss)	21,170	23,300	(13,272)	(19,916)	(18,870)	(23,693)	(28,398)	(11,459)	(26,231)	(37,205)
Non-Operating Revenues (Expenses)										
Investment Income (Loss)	3,712	(1,609)	3,028	2,599	587	1,097	1,272	103	85	494
Interest Credited to Members	(2,324)	(2,565)	(1,609)	(308)	(373)	(578)	(554)	(310)	(272)	(261)
Gain (Loss) on Disposal of Capital Assets	17	6	9	20	23	2	(12)	21	(15)	(67)
Total Non-Operating Revenues (Expenses)	1,405	(4,168)	1,428	2,311	237	521	706	(186)	(202)	166
Net Income (Loss) before Capital Contributions										
Contributions	22,575	19,132	(11,844)	(17,605)	(18,633)	(23,172)	(27,692)	(11,645)	(26,433)	(37,039)
Capital Contributions	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Net Position	\$ 22,575	\$ 19,132	\$ (11,844)	\$ (17,605)	\$ (18,633)	\$ (23,172)	\$ (27,692)	\$ (11,645)	\$ (26,433)	\$ (37,039)

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
2024-25	\$ 55,377	\$ 66,454	\$ 121,831
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

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
2024-25	\$ 8,656	\$ 17,767	\$ 67,588	\$ 11,775	\$ 16,045	\$ 121,831
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	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

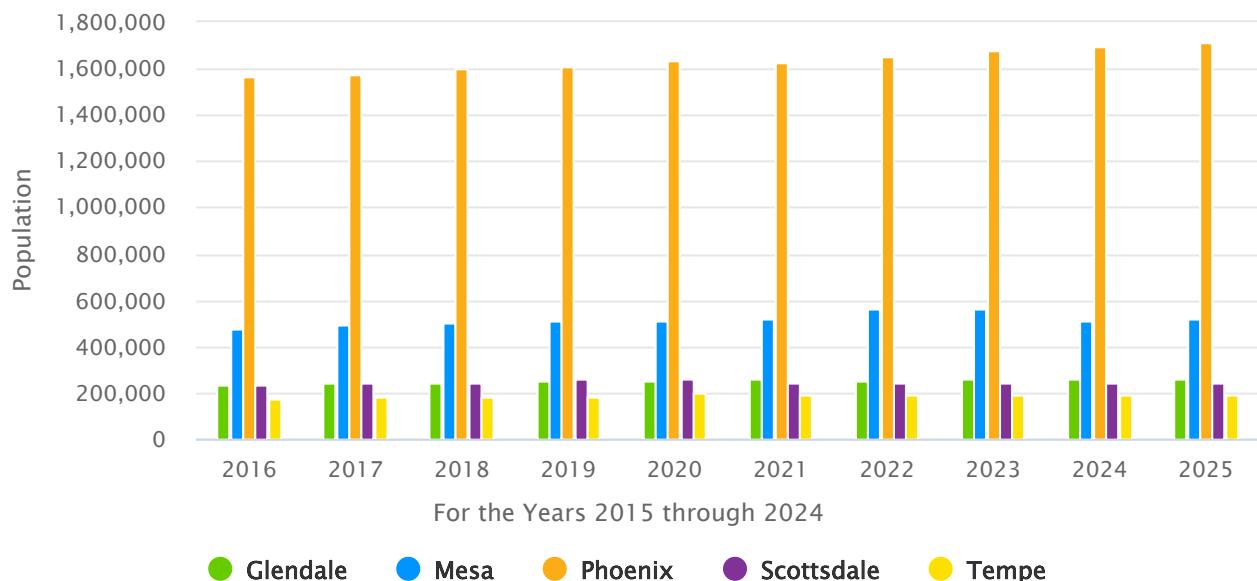
Multi-City Subregional Operating Group (SROG)

SROG Cities' Population Growth

Last Ten Years

Year	Glendale	Mesa	Phoenix	Scottsdale	Tempe	Total
2025	262,182	523,220	1,709,885	246,170	191,314	2,932,771
2024	259,252	511,648	1,697,696	244,394	194,205	2,901,767
2023	258,255	563,219	1,682,053	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

SROG Member Cities' Population Growth



Source:

AMWUA
City of Phoenix Finance Department
Beginning in fiscal year 2010, population numbers were revised based on 2010 U.S. Census

Note:

Multi-City Subregional Operating Group (SROG)

Demographic and Economic Statistics (1)

Last Ten Years

Year	Population ⁽²⁾⁽³⁾	Personal		Per Capita Income ⁽²⁾⁽³⁾	Unemployment Rate ⁽⁴⁾
		Income (in thousands) ⁽²⁾⁽³⁾	Per Capita Income ⁽²⁾⁽³⁾		
2025	1,709,885	\$ 113,476,518	66,365	4.1%	
2024	1,697,696	112,667,595	66,365	3.3	
2023	1,682,053	111,629,447	66,365	3.5	
2022	1,657,035	102,471,044	61,840	3.3	
2021	1,630,195	95,053,410	58,308	6.8	
2020	1,635,879	84,821,962	51,851	10.3	
2019	1,606,815	77,231,563	48,065	4.9	
2018	1,598,736	74,403,575	46,539	4.7	
2017	1,579,253	67,694,680	42,865	5.0	
2016	1,565,896	68,316,911	43,628	5.8	

⁽¹⁾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.

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

⁽³⁾Amounts for calendar year 2023 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.

⁽⁴⁾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
2025 and 2016

Employer	2025			2016		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Banner Health	48,869	1	1.99%	40,226	2	2.10%
Amazon.com Inc.	40,000	2	1.63%			
State of Arizona	39,733	3	1.62%	42,687	1	2.23%
Walmart Inc.	37,979	4	1.55%	34,350	3	1.79%
Arizona State University	35,754	5	1.46%	12,488	8	0.65%
University of Arizona	22,391	6	0.91%			
Fry's Food Stores	20,000	7	0.82%	18,870	4	0.99%
HonorHealth	16,969	8	0.69%			
Dignity Health Arizona	14,676	9	0.60%			
City of Phoenix	14,452	10	0.59%	14,421	6	0.75%
Wells Fargo				14,860	5	0.78%
U.S. Postal Service				13,509	7	0.71%
Intel Corp.				11,000	9	0.57%
Bank of America				9,809	10	0.51%

Source: Phoenix Business Journal Book of Lists

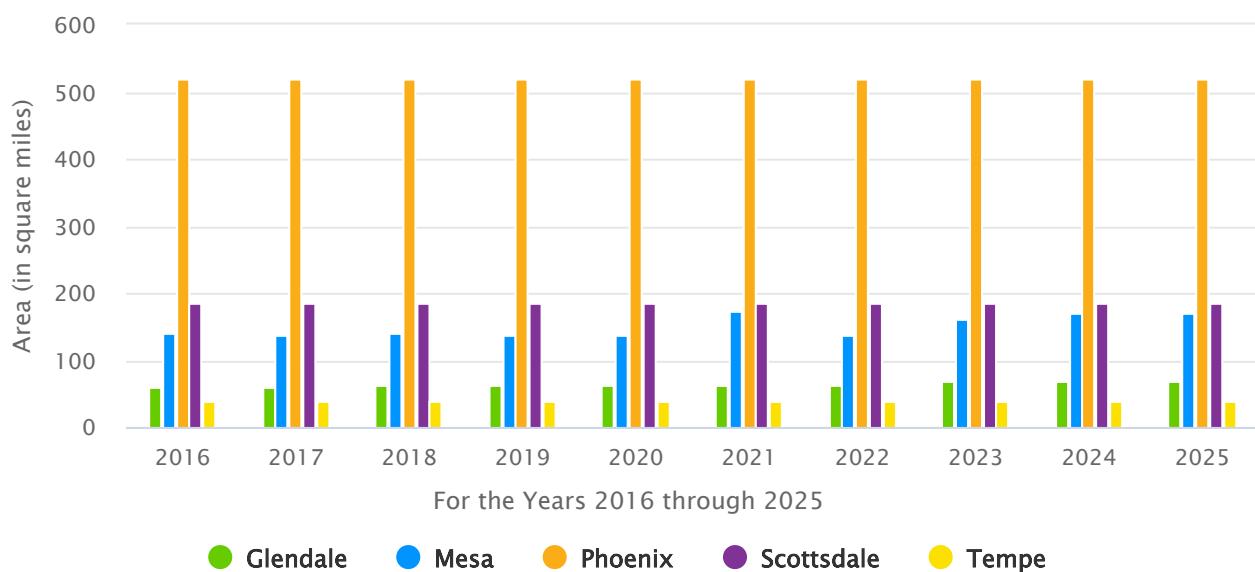
⁽¹⁾ Top employers in the State of Arizona. Employee count is inclusive of all Arizona employees.

Multi-City Subregional Operating Group (SROG)

SROG Cities' Area Growth (Square Miles)

Last Ten Years

Year	Glendale	Mesa	Phoenix	Scottsdale	Tempe
2025	68.0	171.1	519.4	184.5	40.2
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
2018	62.0	138.0	519.7	184.5	40.2
2017	62.0	141.0	519.5	184.5	40.2
2016	60.0	138.4	519.5	184.5	40.2
2015	60.0	139.3	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	Chemical/ Biochemical							
	Sewage	Demand	Suspended	Sewage	COD/BOD ⁽¹⁾	SS (per thousand)		
	Flows (thousand gallons)	(COD/BOD) (thousand pounds) ⁽¹⁾	Solids (SS) (thousand pounds)	Flows (per thousand gallons)				
2024-25	55,477,824	378,657	172,438	\$ (0.0758)	\$ 89.73	\$ 112.80		
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		

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

Fiscal Year	Glendale	Mesa	Phoenix	Scottsdale	Tempe	Total
2024-25	2,584,312	7,361,668	35,874,598	2,785,835	6,871,411	55,477,824
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

⁽¹⁾ 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
2024-25	1,135	837	752	1,284	836	818
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

Suspended Solids (SS)

Fiscal Year	Glendale	Mesa	Phoenix	Scottsdale	Tempe	Average
2024-25	573	411	333	827	277	373
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

⁽¹⁾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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Administration	-	-	-	-	-	-	-	-	-	-
Operation and										
Maintenance	104	108	100	99	105	107	98	89	103	96
Total	104	108	100	99	105	107	98	89	103	96

⁽¹⁾ 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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
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) ⁽¹⁾	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)	170	192	177	209.0	170.0	189.0	176.0	166	167	166.5

⁽¹⁾ 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, 2025**

	GLENDALE	MESA	PHOENIX	SCOTTSDALE	TEMPE	MEMBERS TOTAL
FLOW:						
ESTIMATED FLOW - 1000 GALS.	2,883,500	6,935,000	34,310,000	3,102,500	7,489,800	54,720,800
ACTUAL FLOW - 1000 GALS.	2,584,312	7,361,668	35,874,598	2,785,835	6,871,411	55,477,824
C.O.D.:						
ESTIMATED MG/L	1,017	880	816	950	700	
ACTUAL MG/L	1,135	837	752	1,284	836	
SUSPENDED SOLIDS:						
ESTIMATED MG/L	539	475	395	600	210	
ACTUAL MG/L	573	411	333	827	277	
ACTUAL USER COSTS ALLOCATED TO DESIGN PARAMETERS						
<i>Plus exceptions to cost allocation:</i>	\$ 3,392,751	\$ 6,903,200	\$ 28,726,673	\$ 4,632,324	\$ 5,569,457	\$ 49,224,405
JEPAs CONSULTING CHARGES	165,510	165,510	165,510	165,510	165,510	827,551
SAI ODOR CONTROL	19,762	626,563	822,716	81,617	526,844	2,077,502
SUBTOTAL ACTUAL USER COSTS	3,578,024	7,695,273	29,714,899	4,879,451	6,261,811	52,129,458
SROG INVENTORY CHARGE	(10,864)	(1,656)	50,600	32,816	25,697	96,593
TOTAL ACTUAL USER COSTS	3,567,160	7,693,617	29,765,499	4,912,267	6,287,508	52,226,051
INVOICED ESTIMATED COSTS	4,082,662	10,687,448	45,863,018	4,436,383	7,423,089	72,492,600
SETTLEMENT BALANCE (CREDIT)	\$ (515,502)	(2,993,831)	(16,097,519)	475,884	(1,135,581)	(20,266,549)

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, 2025

	Budget	Actual	Variance Fav (Unfav)
<u>OPERATING AND MAINTENANCE COSTS</u>			
Personal Services	\$ 13,493,001	\$ 13,083,793	\$ 409,208
Chemicals	9,751,919	11,062,303	(1,310,384)
Sludge Hauling & Enviro Waste Disposal	3,324,240	3,084,435	239,805
General	15,493,831	14,466,932	1,026,899
Electricity	7,113,369	8,752,161	(1,638,792)
Water Quality and Compliance	1,196,889	1,228,859	(31,970)
JEPA Consulting Charges	624,000	827,551	(203,551)
SAI Odor Control	1,303,840	2,077,502	(773,662)
Tres Rios	<u>1,769,001</u>	<u>1,950,908</u>	<u>(181,907)</u>
Subtotal 91st Avenue WWTP Costs	\$ 54,070,090	\$ 56,534,443	\$ (2,464,353)
<u>GENERAL ADMINISTRATION</u>			
City Services Administration	\$ 2,720,000	\$ 2,939,753	\$ (219,753)
Department Administration	3,265,439	2,859,409	406,030
Treatment Plant Administration	3,284,076	3,753,680	(469,604)
Finance Utilities Accounting	<u>175,453</u>	<u>146,135</u>	<u>29,318</u>
Subtotal General Administration	<u>9,444,968</u>	<u>9,698,977</u>	<u>(254,009)</u>
Total Operating and Maintenance Costs	\$ 63,515,058	\$ 66,233,420	\$ (2,718,362)
<u>REPLACEMENT COSTS</u>			
91st Avenue Replacement Costs	<u>8,000,000</u>	<u>6,750,004</u>	<u>1,249,996</u>
Total Operating, Maintenance & Replacement Costs	\$ 71,515,058	\$ 72,983,424	\$ (1,468,366)
<u>OTHER INCOME</u>			
Sale of Effluent	\$ -	\$ (19,836,960)	\$ 19,836,960
Miscellaneous Income	0	(921,484)	921,484
Interest Earnings on Operating Fund	<u>0</u>	<u>(95,522)</u>	<u>95,522</u>
	<u>0</u>	<u>(20,853,966)</u>	<u>20,853,966</u>
NET REVENUE REQUIREMENTS	<u>\$ 71,515,058</u>	<u>\$ 52,129,458</u>	<u>\$ 19,385,600</u>

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, 2025**

	TOTAL (1)	ALLOCATION TO DESIGN PARAMETERS					
		NON-ENVIRONMENTAL			ENVIRONMENTAL		
		FLOW	COD	SS	FLOW	COD	SS
OPERATING & MAINTENANCE COSTS							
Personal Services	\$ 13,083,793	\$ 866,374	\$ 6,367,135	\$ 4,105,977	\$ 866,374	\$ 877,933	\$ -
Chemicals	11,062,303	1,423,308	3,105,245	3,068,533	60,962	2,217,718	1,186,537
Solid Waste Disposal	3,033,980	0	1,516,990	1,516,990	0	0	0
General	14,466,932	1,737,756	6,220,662	3,697,752	1,216,369	1,149,817	444,575
Electricity	8,752,161	1,582,682	5,850,166	1,318,437	292	292	292
Environmental Waste Removal	50,455	0	0	0	17,155	16,650	16,650
Compliance Lab Charges	1,228,859	831,798	0	0	397,061	0	0
Tres Rios	1,950,908	0	0	0	1,950,908	0	0
Subtotal O & M Costs	\$ 53,629,390	\$ 6,441,919	\$ 23,060,198	\$ 13,707,690	\$ 4,509,121	\$ 4,262,409	\$ 1,648,053
Line A. Subtotal Percentage	100.0000%	12.0119%	42.9992%	25.5600%	8.4079%	7.9479%	3.0730%
GENERAL ADMINISTRATION							
City Services Administration (2)	2,939,753	356,011	1,274,418	757,553	238,781	225,717	87,273
Department Administration (3)	2,859,409	343,470	1,229,522	730,866	240,417	227,263	87,871
Treatment Plant Administration (3)	3,753,680	450,889	1,614,052	959,442	315,607	298,339	115,352
Finance Utilities Accounting (3)	146,135	17,800	63,717	37,875	11,573	10,940	4,230
Replacement Costs (4)	6,750,004	2,887,291	2,245,846	1,616,866	0	0	0
Total Costs by Parameter	\$ 70,078,371	\$ 10,497,380	\$ 29,487,753	\$ 17,810,292	\$ 5,315,499	\$ 5,024,667	\$ 1,942,779
Sale of Effluent (5)	(19,836,960)	(19,836,960)					
Miscellaneous Income (3)	(921,484)	(110,688)	(396,231)	(235,532)	(77,478)	(73,239)	(28,318)
Subtotal-Net Costs Before Interest	\$ 49,319,927	\$ (9,450,268)	\$ 29,091,523	\$ 17,574,760	\$ 5,238,022	\$ 4,951,428	\$ 1,914,462
Line B. Subtotal Percentage	100.0000%	-19.1612%	58.9853%	35.6342%	10.6205%	10.0394%	3.8817%
Interest Earnings -Fund Balance (6)	(95,522)	18,303	(56,344)	(34,038)	(10,145)	(9,590)	(3,708)
Net Costs by Parameter	\$ 49,224,405	\$ (9,431,965)	\$ 29,035,179	\$ 17,540,722	\$ 5,227,877	\$ 4,941,839	\$ 1,910,754

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, 2025

SEWAGE TREATED

<u>MEMBER</u>	FLOW (MGD)	FLOW (1) (1000 GALLONS)	COD (MG/L)	COD (2) (POUNDS)	SS (MG/L)	SS (2) (POUNDS)
Glendale	7.08	2,584,312	1,135.08	24,464,563	573	12,352,333
Mesa	20.17	7,361,668	837.08	51,393,624	411	25,260,898
Phoenix	98.29	35,874,598	752.27	225,076,183	333	99,723,373
Scottsdale	7.63	2,785,835	1,283.85	29,828,796	827	19,209,526
Tempe	18.83	6,871,411	835.73	47,893,654	277	15,891,962
Totals	152.00	55,477,824	818	378,656,820	373	172,438,092

ALLOCATION PERCENTAGES
ATTRIBUTABLE TO EACH MEMBER

<u>MEMBER</u>	FLOW PERCENTAGE <u>OF TOTAL</u>	COD PERCENTAGE <u>OF TOTAL</u>	SS PERCENTAGE <u>OF TOTAL</u>
Glendale	4.65828%	6.46088%	7.16334%
Mesa	13.26957%	13.57261%	14.64926%
Phoenix	64.66475%	59.44068%	57.83141%
Scottsdale	5.02153%	7.87753%	11.13996%
Tempe	12.38587%	12.64830%	9.21604%
Total 91st Avenue WWTP	100.00000%	100.00000%	100.00000%

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, 2025

MEMBER	FLOW % (1)	ALLOCATED FLOW COSTS	COD % (1)	ALLOCATED COD COSTS	SS % (1)	ALLOCATED SS COSTS	TOTAL COSTS
NON-ENVIRONMENTAL							
Glendale	4.65828%	\$ (439,367)	6.46088%	\$ 1,875,927	7.16334%	\$ 1,256,502	\$ 2,693,063
Mesa	13.26957%	\$ (1,251,579)	13.57261%	\$ 3,940,830	14.64926%	\$ 2,569,586	\$ 5,258,837
Phoenix	64.66475%	\$ (6,099,161)	59.44068%	\$ 17,258,714	57.83141%	\$ 10,144,045	\$ 21,303,597
Scottsdale	5.02153%	\$ (473,628)	7.87753%	\$ 2,287,253	11.13996%	\$ 1,954,029	\$ 3,767,654
Tempe	12.38587%	\$ (1,168,229)	12.64830%	\$ 3,672,455	9.21604%	\$ 1,616,560	\$ 4,120,785
Total Non-Environmental Costs (2)		\$ (9,431,965)		\$ 29,035,179		\$ 17,540,722	\$ 37,143,936
ENVIRONMENTAL							
Glendale		\$ 243,529		\$ 319,286		\$ 136,874	\$ 699,689
(2) Per SROG Committee action on Janua		\$ 693,716		\$ 670,736		\$ 279,911	\$ 1,644,363
(2A) Per SROG Committee action on Dec		3,380,596		2,937,463		1,105,016	7,423,075
(2B) Ferrous chloride cost allocation is ba		262,519		389,295		212,857	864,671
Tempe		\$ 647,517		\$ 625,058		\$ 176,096	\$ 1,448,671
Total Environmental Costs (2)		\$ 5,227,877		\$ 4,941,839		\$ 1,910,754	\$ 12,080,469
TOTAL COSTS							
Glendale		\$ (195,838)		\$ 2,195,213		\$ 1,393,376	\$ 3,392,751
Mesa		\$ (557,864)		\$ 4,611,567		\$ 2,849,497	\$ 6,903,200
Phoenix		\$ (2,718,565)		\$ 20,196,177		\$ 11,249,061	\$ 28,726,673
Scottsdale		\$ (211,109)		\$ 2,676,548		\$ 2,166,886	\$ 4,632,324
Tempe		\$ (520,712)		\$ 4,297,513		\$ 1,792,656	\$ 5,569,457
Total Costs		\$ (4,204,088)		\$ 33,977,017		\$ 19,451,475	\$ 49,224,405

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, 2025

	GLENDALE	MESA	PHOENIX	SCOTTSDALE	TEMPE	GRAND TOTAL
SAI ODOR CONTROL COSTS (1)						
Allocation percentage	0.78%	39.64%	35.57%	3.22%	20.79%	100.00%
Allocated Cost	6,240	317,133	284,572	25,761	166,327	\$ 800,033
Credit to Mesa (2)						
Allocation percentage	1.29%	-100.00%	58.94%	5.34%	34.43%	0.00%
Allocated Credit	2,943	(228,171)	134,484	12,184	78,559	-
SAI ODOR CONTROL COSTS PHOENIX FERROUS CHLORIDE (2A)						
Allocation percentage	0.78%	39.64%	35.57%	3.22%	20.79%	100.00%
Allocated Cost	\$9,964.25	\$506,388.51	\$454,395.55	\$41,134.49	\$265,585.70	\$1,277,469
Credit to Phoenix (2B)						
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	-
Net Cost to Cities	19,762	626,563	822,716	81,617	526,844	2,077,502
%	0.95%	30.16%	39.60%	3.93%	25.36%	
JEPA CONSULTING CHARGES (3)						
Allocation percentage	20%	20%	20%	20%	20%	100%
Allocated Cost	165,510	165,510	165,510	165,510	165,510	\$ 827,551

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 2024 Credit given to Mesa is 25% of 912,683.19.

(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 2024 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, 2025**

	GLENDALE	MESA	PHOENIX	SCOTTSDALE	TEMPE	GRAND TOTAL
OPERATIONS	(\$427,030)	(\$2,676,625)	(\$14,477,759)	\$337,274	(\$1,050,464)	(\$18,294,604)
INVENTORY	(10,864)	(1,656)	50,600	32,816	25,697	96,593
ENVIRONMENTAL	(43,076)	(314,355)	(1,665,929)	78,759	(123,938)	(2,068,539)
REPLACEMENT	(34,532)	(1,195)	(4,431)	27,035	13,124	0
TOTAL SETTLEMENT	<u>(\$515,502)</u>	<u>(\$2,993,831)</u>	<u>(\$16,097,519)</u>	<u>\$475,884</u>	<u>(\$1,135,581)</u>	<u>(\$20,266,549)</u>

FINAL

AGENDA ITEM #4E

February 4, 2026

TO: Members of the SROG Committee

FROM: Michelle Barclay, SROG Manager

SUBJECT: RECOMMENDATION TO ENTER CONTRACTS – 90160113 INTERCEPTOR CAPACITY IMPROVEMENTS

The SRO pipeline is currently operating at capacity. Looking forward City of Phoenix has capacity commitments that will result in the need for the City of Phoenix to utilize all of its current capacity ownership plus acquire additional capacity. There have been discussions of this issue regarding SRO capacity for several years, with topics including flooding, pinch points, and various projected capacity needs within the SROG cities. In 2014 the SROG Interceptor Capacity Evaluation study identified capacity issues in segments 11, 12 and 13. Black & Veatch submitted Technical Memorandum No. 3 in 2017 which identified specific pipe alignments for the preferred route alternatives identified in the first Technical Memo.

SROG approved the request to advertise, select and negotiate a scope of service and fee in June 2024. Both Brown & Caldwell, and Achen Garder were selected through a qualification based process. The scope was reviewed by City of Phoenix, then sent to SROG partners for review.

New Billing Schedule 67 was created for this project.

RECOMMENDATION

At their December 18, 2025 meeting the SROG Advisory Committee recommended that:

the SROG committee authorize the City of Phoenix to enter into a contract with Brown and Caldwell for an amount not to exceed \$8,565,000 to provide Design and CA&I services related to SROG Interceptor Capacity Improvements project, which includes segments 11,12, and 13. Funds for these services are available in the SROG CIP Cash Flow beginning in fiscal year 2025-26 the project number is 90160113, using billing schedule, 67 with the



following percentages, 0% Glendale, 5.8% Mesa, 57.8% Phoenix, 5.8% Scottsdale and 30.6% Tempe. Glendale abstained.

the SROG Committee authorize the City of Phoenix to enter a contract with Achen Gardner for an amount not to exceed \$596,000 to provide CMAR preconstruction services related to the SROG Interceptor Capacity Improvements (segments 11,12, 13) project. Funds for these services are available in the SROG CIP Cash Flow beginning in Fiscal Year 2025-26. The project number is WS90160113 using billing schedule 67 with the following percentages: 0% Glendale, 5.8% Mesa, 57.8% Phoenix, 5.8% Scottsdale, and 30.6% Tempe. Glendale abstained.

DRAFT

SROG ADVISORY COMMITTEE
MEETING MINUTES
January 15, 2026

MEMBERS

Mark Roye, Chair, Glendale
Craig Caggiano, Tempe
Bryan Cassens, Scottsdale
Stacey Kisling, Phoenix
Arif Rahman, Mesa

OTHERS

James Arndt, Phoenix	John Masche, Phoenix
Michelle Barclay, AMWUA	Tiffani Roberts, Phoenix
Araceli Canez, Phoenix	Cindy Smith, Phoenix
Tara Gonzales, Phoenix	Peter Torres, Phoenix

A. Call to Order

Mr. Roye called the meeting to order at 1:00 p.m.

B. General Business – Items for Discussion and Possible Action

1. Approval of the Minutes from the December 18, 2025 Meeting

Upon a motion by Mr. Rahman, a second by Ms. Caggiano and unanimous approval, the minutes of the December 18, 2025 meeting were approved.

2. The next SROG Advisory Committee meeting was scheduled for Thursday, February 19, 2026, 1:00 p.m.

3. Information Items

There were no comments on the information items.

4. SROG User Charge Rates for Fiscal Year 2026-27

Ms. Canez presented the SROG User Charge Rates for Fiscal Year 2026-27. Ms. Canez stated that the net revenue requirement for Fiscal Year 2026-27 is projected to be \$90.6 million. This figure includes an O&M Budget of \$80.6 million and \$10 million allocated to the replacement fund. She presented a year over year comparison and noted that there is a \$7.5 million increase due to flow and loading estimates and rising operational costs.

Upon a motion by Ms. Kisling, a second by Mr. Cassens and unanimous approval, the SROG Advisory Committee recommended to the SROG committee that the SROG User Charge Rates for Fiscal Year 2026-27 be approved as presented by the City of Phoenix.

5. Operating Fund Balance Reserve

Ms. Canez presented the Operating Fund Balance Reserve for Fiscal Year 2026-27. She explained that the required reserve is 12.5% of the \$80.6 million operating budget, approximately \$10.1 million. For fiscal year 2027, member cities will need to contribute approximately \$692,000 to the operating reserve to reach the 12.5%. Ms. Canez pointed out that this is a significant decrease compared to Fiscal Year 2025-26 which required a \$1.4 million contribution.

Upon a motion by Ms. Kisling, a second by Mr. Caggiano and unanimous approval, the SROG Advisory Committee recommended to the SROG Committee that the Operating Fund Balance for Fiscal Year 2026-27 be approved as presented by the City of Phoenix, and that the Operating Fund Balance Reserve be increased by \$691,705 in order to maintain the required 12.5%

6. SROG Fiscal Year 2024-25 Year-End Settlement and Annual Comprehensive Financial Report (ACFR)

Ms. presented the fiscal year 2024-25 SROG audit results. She stated that Forvis conducted the audit and issued an unmodified clean opinion, and this confirms the financial statements are accurate and comply with accounting standards. Ms. Roberts explained the contents of the ACFR and the process involved.

Upon a motion by Ms. Kisling, a second by Mr. Cassens and unanimous approval, the SROG Advisory Committee recommended to the SROG Committee the Year-End Settlement for Fiscal Year 2024-25 be accepted, as presented by the City of Phoenix and that the SROG Advisory Committee advise the SROG Committee that the SROG Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025, was received as presented by the City of Phoenix.

7. JOC Support Services

Mr. Arndt from the City of Phoenix presented the 91st Avenue Wastewater Treatment Plant, JOC Engineering Support Services, which is funded from a combination of four different project numbers 90100001, 90100094, 90100100, and 90100105.

Mr. Arndt stated that the City of Phoenix is requesting SROG approval to advertise, select and negotiate a scope of work and fee for professional consultant services for evaluation, design, and construction administration and inspection services in support of multiple rehabilitation, repair, replacement, and process optimization JOC projects. He explained that currently this is two separate contracts now combined into one scope of work. This covers both civil mechanical process as well as electrical instrumentation and controls. He explained that the contract duration is three years with an option for two additional years. The contract amount is not to exceed \$6.15 million over those five years.

Upon a motion by Ms. Kisling, a second by Mr. Cassens and unanimous approval, the SROG Advisory Committee authorized the City of Phoenix to advertise, select and negotiate a scope and fee for professional consulting services for an amount not to exceed \$6,150,000 over five years, for engineering support services related to the 91st Ave WWTP. Funds for these services are in the SROG CIP cash flow, beginning in Fiscal Year 2026-27. The project numbers are 90100001, 90100094, 90100100, 90100105, these projects will be billed according to billing schedule 56 with the following percentages, 6.45% Glendale, 14.29% Mesa, 55.16% Phoenix, 9.90% Scottsdale, and 14.20% Tempe.

8. Instrumentation and Control

Ms. Smith of the City of Phoenix stated that she is going to be the project manager for this project, which is Electrical Instrumentation and Control systems, inspection and testing which is project number 90100092. She explained that the City of Phoenix is requesting SROG approval to advertise, select and negotiate a scope of work and fee for a five year professional consultant services contract under Project Number 90100092, for an amount not to exceed \$5 million.

The objective of this contract is for the electrical instrumentation and control systems, inspection services. The EIC project is to have an electrical engineering design or electrical engineering qualified inspection consultant to participate in the design and construction, startup and commissioning for all different phases of projects out at the 91st Avenue treatment plant. Ms. Smith explained that they do third party inspections and they review construction plans and specifications. In addition to inspection services, and they also help with flash testing and power studies and assist our ENIC staff with maintenance and support. She stated that this would be under billing schedule 56 which is Glendale 6.45% Mesa, 14.29% Phoenix, 55.16% Scottsdale at 9.90%, and Tempe 14.20% and funds for these services are already budgeted in this SROG CIP cash flow under 90100092, for an amount of \$5 million in starting in Fiscal Year 2026-27.

Upon a motion by Ms. Kisling, a second by Mr. Caggiano and unanimous approval, the SROG Advisory Committee authorized the City of Phoenix to advertise, select and negotiate a scope and fee for professional consultant services related to Electrical Instrumentation and Control systems, inspection and testing at the 91st Avenue wastewater treatment plant, not to exceed \$5 million. Funds for these services are available in the SROG CIP cash flow beginning in Fiscal Year 2026-27 the project number is 9010002, using Billing Schedule 56 with the following percentages, 6.45% Glendale, 14.29% Mesa, 55.16% Phoenix, 9.90% Scottsdale and 14.20% Tempe.

9. ME03 Relocation

Ms. Smith stated that she is the project manager for this project. She explained that the Salt River Pima Maricopa Indian Community is currently discharging into the city of Mesa, Northwest facility. They have assessed their force main going to the facility, and it's in not in very good condition. Therefore, they're going to construct a gravity line that will bypass the northwest plant and discharge a little bit upstream of the SRO. In doing that, we have to relocate the ME03 metering station, which is a SROG billing meter, because the SRPMIC discharge will be downstream of that and we need to capture that flow. Mesa is proposing to relocate the ME03 meter station to accommodate that.

Ms. Smith explained that to get this on the cash flow the City of Phoenix is asking for approval of a new project number, 90160116 using Billing Schedule 46D, which is 100% Mesa.

Upon a motion by Ms. Kisling, a second by Mr. Caggiano and unanimous approval, the SROG Advisory Committee approved a new project under project number 90160116, Mesa Metering ME03 Relocation using Billing Schedule 46D with the percentages 100% Mesa, 0% Glendale, 0% Phoenix, 0% Scottsdale, 0% Tempe.

C. Future Agenda Items

There was no discussion of this item.

D. Adjournment

The meeting adjourned at 1:37 p.m.