



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

February 4, 2025

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

FROM: Mr. Nazario Prieto, Chair, Phoenix

SUBJECT: **MEETING NOTICE AND AGENDA**

**Wednesday, February 12, 2025 – 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 11, 2024 Meeting
3. Set Next Meeting Date

The next regularly scheduled meeting will be held on Wednesday, March 12, 2025, 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.

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**Arizona Municipal Water Users Association**

A. Recommendation to Approve the Proposed Fiscal Year 2025-26 Operations and Maintenance Budget and Operating Fund Reserve Balance for the 91<sup>st</sup> Avenue WWTP

In an email dated December 17, 2024 and in a motion at their January 23, 2025 meeting, the SROG Advisory Committee recommended that the SROG Committee approve the proposed Fiscal Year 2025-26 Operations and Maintenance Budget base request of \$83,121,908 and that the Operating Fund Balance Reserve be increased \$1,450,857 in order to maintain the required 12.5% of the Fiscal Year 2025-26 budget.

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

B. Recommendation to Approve the Proposed Fiscal Year 2025-26 Multi-City SROG User Charge Rates

At their January 23, 2025 meeting, the SROG Advisory Committee recommended that the SROG Committee approve the Fiscal Year 2025-26 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 2025-26 Capital Improvement Projects Cash Flow Estimate for the 91<sup>st</sup> Avenue WWTP

In an email dated November 14, 2024, the SROG Advisory Committee recommended that the SROG Committee approve the Fiscal Year 2025-26 Capital Improvement Projects Cash Flow Estimate for the 91<sup>st</sup> Avenue WWTP as presented.

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

D. SROG Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2024, and Year-End Settlement

At their January 23, 2025 meeting, the SROG Advisory Committee recommended that the SROG Committee accept the SROG Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2024, and Year-End Settlement, as presented, for the same fiscal year.

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

E. GL02 Request for Construction and CA&I Services

At their January 23, 2025 meeting, the SROG Advisory Committee recommended that the SROG Committee authorize Phoenix, on behalf of Glendale, to utilize a JOC contract with Felix for Construction, and to amend a contract with Wilson for CA&I Services for the GL02 Metering Station Relocation.

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

At their January 23, 2025 meeting, the SROG Advisory Committee recommended that the SROG Committee authorize the City of Phoenix to utilize an annual services contract with Arcadis to conduct a facility condition assessment update at 91<sup>st</sup> Ave.

G. Local Limits

At their January 23, 2025 meeting, the SROG Advisory Committee recommended that the SROG Committee accept the Local Limits Review Report prepared per the requirements of the 91st Avenue WWTP NPDES permit, as presented by the City of Phoenix.

5. Meeting of the SROG Advisory Committee

Please find the attached draft minutes of the SROG Advisory Committee meeting of January 23, 2025 .

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](http://www.amwua.org/what-we-do/public-meetings), or by request.

## SUB-REGIONAL OPERATING GROUP COMMITTEE

### *MEETING MINUTES*

November 13, 2024

#### MEMBERS

Nazario Prieto, Chair, Phoenix  
Criag Caggiano for Tara Ford, Tempe  
Chris Hassert, Mesa  
Kevin Rose, Scottsdale  
Ron Serio, Glendale

#### OTHERS

Michelle Barclay, AMWUA  
Tara Gonzales, Phoenix

#### 1. Call to Order

Mr. Prieto called the meeting to order at 11:30 a.m.

#### 2. Approval of the Minutes from the September 11, 2024 Meeting

Upon a motion by Mr. Caggiano, a second by Mr. Serio, and unanimous approval, the SROG Committee approved the minutes of the September 11, 2024 meeting.

#### 3. Set Next Meeting Date

The next meeting will be held on Wednesday, December 11, 2024.

#### 4. Consideration of Items for Consent

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

##### A. SROG Annual Calibration and Sampling Audit Report for Fiscal Year 2023-24

Accepted the Metering Station and Sampling Audit process for FY 23-24 as presented by Wilson Engineers.

##### B. Authorization Flow and Load Projections for Fiscal Year 2025-26

Adopted the Flow and Loading Projections for Fiscal Year 2025-26 as presented by Wilson Engineers.

C. Process Control Improvement WS90100113

Accepted new project number WS90100113 - 91st Avenue WWTP Process Control Improvements under Billing Schedule 56.

Authorized the City of Phoenix to utilize on-call engineering services for design and CA&I services and utilize on-call construction contracts in combination with job order contracts in an amount not to exceed \$36,000,000 for services related 91st Avenue WWTP Process Control Improvements. Funds for these services will be budgeted in new project number WS90100113 under Billing Schedule 56.

D. BIC Fourth Option Renewal

Authorized the City of Phoenix to exercise the fourth option of the 1994 agreement with the Buckeye Irrigation Company to provide 20,000 acre-feet of SROG effluent from the 91st Avenue WWTP to the BIC, according to the terms of the agreement for the years 2026 through 2030.

Mr. Hassert 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**

There was no discussion on this item.

**7. Adjournment**

Mr. Prieto adjourned the meeting at 11:31 a.m.



February 4, 2025

TO: Members of the SROG Committee

FROM: Michelle Barclay, SROG Manager

SUBJECT: RECOMMENDATION TO APPROVE THE PROPOSED FISCAL YEAR 2025-26 OPERATIONS AND MAINTENANCE BUDGET AND OPERATING FUND RESERVE BALANCE FOR THE 91<sup>ST</sup> 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 91<sup>st</sup> Avenue WWTP for Fiscal Year 2025-26. The total proposed O&M Budget base request is \$83,121,908. This represents a 16% increase from the prior year's budget request.

This proposed budget includes \$8,000,000 to be added to the replacement fund with anticipated expenditures of \$8,000,000 for Fiscal Year 2025-26. It also includes a recommended five-year CIP Replacement Fund schedule for Fiscal Years 2025-26 through 2029-30.

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 \$1,450,857 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 2025.

#### RECOMMENDATION

In an email dated December 12, 2024, the SROG Advisory Committee recommended that:

the SROG Committee approve the proposed Fiscal Year 2025-26 Operations and Maintenance Budget base request of \$83,121,908, which includes a contribution of \$8,000,000 to the replacement fund and estimated expenditures of \$8,000,000 from that fund; to include the adoption of the recommended five-year CIP Replacement Fund schedule for Fiscal Years 2025-26 through 2029-30;

At their January 23, 2025 meeting, the SROG Advisory Committee recommended that:

the SROG Committee approve an increase to the Operating Fund Balance Reserve by \$1,450,857, in order to maintain the required 12.5% of the Fiscal Year 2025-26 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 2025.

**FY 2025-26 OPERATING AND MAINTENANCE PRELIMINARY BUDGET REQUEST  
SROG FUND  
91ST AVENUE WASTEWATER TREATMENT PLANT**

	2023/2024 Actual	2024/2025 Approved Budget	2024/2025 Estimate	2025/2026 Base Request	% Diff Budget to Base	2026/2027 Projection	
<b><u>OPERATIONS AND MAINTENANCE</u></b>							
<b>Personal Services</b>	<b>\$12,807,405</b>	<b>\$13,678,109</b>	<b>\$13,760,463</b>	<b>\$14,163,640</b>	4%	\$14,588,549	
Salaries	\$9,236,122	\$9,039,853	\$9,508,701	\$9,545,626	5.59%	\$9,831,995	
Fringe Benefits	\$3,571,283	\$4,638,256	\$4,251,762	\$4,618,014	-0.44%	\$4,756,554	
<b>Sludge Hauling &amp; Environ. Waste Disposal</b>	<b>\$3,160,951</b>	<b>\$3,237,120</b>	<b>\$3,072,000</b>	<b>\$3,151,500</b>	-3%	\$3,246,045	
<b>General</b>	<b>\$14,923,027</b>	<b>\$15,948,575</b>	<b>\$16,211,555</b>	<b>\$16,854,337</b>	6%	\$17,359,967	
Professional Services	\$733,362	\$876,050	\$622,130	\$838,830	-4.25%	\$863,995	1
Water/Sewer Service	\$1,466,604	\$1,306,916	\$1,366,820	\$1,386,566	6.09%	\$1,428,163	2
Facilities & Vehicle Maintenance	\$2,029,608	\$2,228,487	\$2,368,038	\$2,678,160	20.18%	\$2,758,505	3
Machinery and Equipment	\$1,266,803	\$856,424	\$923,164	\$1,124,036	31.25%	\$1,157,757	4
Other Contractual Services	\$4,178,677	\$4,873,670	\$4,590,100	\$4,378,012	-10.17%	\$4,509,352	5
Mtrls to Maint-Bldgs, Mach, & Equip	\$2,118,485	\$2,646,840	\$2,187,040	\$2,624,056	-0.86%	\$2,702,778	
Other Commodities	\$1,478,778	\$1,555,500	\$2,078,268	\$1,785,954	14.82%	\$1,839,533	6
Capital Outlay	\$346,948	\$130,000	\$530,000	\$380,000	192.31%	\$391,400	7
Process Control	\$1,303,761	\$1,474,688	\$1,545,995	\$1,658,723	12.48%	\$1,708,485	8
<b>Chemicals</b>	<b>\$13,928,506</b>	<b>\$9,817,644</b>	<b>\$12,408,401</b>	<b>\$15,764,127</b>	61%	\$16,237,051	
Chemicals	\$13,731,833	\$9,557,029	\$12,147,786	\$15,490,512	62.09%	\$15,955,227	9
Laboratory Supplies	\$196,673	\$260,615	\$260,615	\$273,615	4.99%	\$281,823	
<b>Water Quality and Compliance</b>	<b>\$1,459,695</b>	<b>\$1,199,927</b>	<b>\$1,255,668</b>	<b>\$1,391,235</b>	16%	\$1,432,972	10
<b>Electricity</b>	<b>\$8,451,053</b>	<b>\$7,781,048</b>	<b>\$9,904,810</b>	<b>\$10,273,194</b>	32%	\$10,581,390	
Electricity	\$7,613,187	\$6,486,912	\$8,584,174	\$8,584,174	32.33%	\$8,841,699	11
Electrical Services	\$271,522	\$559,080	\$551,100	\$754,000	34.86%	\$776,620	12
Electrical Supplies	\$566,344	\$735,056	\$769,536	\$935,020	27.20%	\$963,071	13
<b>JEPA Consulting Charges</b>	<b>\$550,000</b>	<b>\$624,000</b>	<b>\$824,000</b>	<b>\$850,000</b>	36%	\$875,500	14
<b>SAI Odor Control</b>	<b>\$2,109,174</b>	<b>\$1,303,840</b>	<b>\$1,303,840</b>	<b>\$1,303,955</b>	0%	\$1,343,074	
<b>Subtotal 91st Ave WWTP Costs</b>	<b>\$57,389,811</b>	<b>\$53,590,263</b>	<b>\$58,740,737</b>	<b>\$63,751,988</b>		<b>\$65,664,548</b>	
<b><u>GENERAL ADMINISTRATION</u></b>							
<b>Overhead Allocation</b>	<b>\$6,211,311</b>	<b>\$6,746,610</b>	<b>\$7,145,996</b>	<b>\$7,263,988</b>	8%	\$7,481,908	15
Department Administration	\$2,699,148	\$2,937,777	\$2,961,260	\$3,003,459	2%	\$3,093,563	
Treatment Plant Administration	\$3,512,162	\$3,808,833	\$4,184,736	\$4,260,529	12%	\$4,388,345	
City Services Administration	\$3,133,154	\$2,720,000	\$2,720,000	\$3,212,000	18%	\$3,289,000	16
Finance Utilities Accounting	\$119,415	\$175,453	\$175,453	\$171,415	-2%	\$176,557	17
<b>Subtotal General Administration</b>	<b>\$9,463,880</b>	<b>\$9,642,063</b>	<b>\$10,041,449</b>	<b>\$10,647,403</b>		<b>\$10,947,465</b>	
Supplementals	\$0	\$282,732	\$0	\$722,517			18
Replacement Fund	\$4,976,085	\$8,000,000	\$8,000,000	\$8,000,000	0%	\$8,000,000	
<b>Subtotal Other Charges</b>	<b>\$4,976,085</b>	<b>\$8,282,732</b>	<b>\$8,000,000</b>	<b>\$8,722,517</b>		<b>\$8,000,000</b>	
<b>Total Operating</b>	<b>\$71,829,776</b>	<b>\$71,515,058</b>	<b>\$76,782,186</b>	<b>\$83,121,908</b>	16%	<b>\$84,612,012</b>	

<b>Professional Services</b>	<b>1 Slight reduction in budget for well and digester annual cleanings</b>
Water/Sewer Service	2 Increase is due to approved rate increases, these rate increases were approved in June 2023 and effective October 2023, March 2024, and March 2025.
<b>Facilities &amp; Vehicle Maintenance</b>	<b>3 Increase due to PWD Activity Allocation for equipment management costs as well as anticipating increase in Pipeline Inspection/Vactor Services contract due to contract expiring during FY 25/26. Additional funds budgeted for additional rock box cleaning, flooring upgrades, generator maintenance, and Radwin Radios replacement</b>
Machinery and Equipment	4 Increase for the following planned repairs UP Tres Rios Motor, UP Tres Rios Pump Sulzer, Boiler 2 & Boiler 4 retube/repair, UP RAS Pump Goulds (2 ), UP RAS Pump Motors (2)
<b>Other Contractual Services</b>	<b>5 Decrease in budget is due to completion of Tres Rios dock rehab, reduction in EVC carts maintenance contract, and lower property insurance cost</b>
Other Commodities	6 Increase due to additional funds budgeted for HVAC maintenance plan and contract increase for small tools such as motors, ratchets, hand tools, tool boxes, hydraulic cylinders, welding tools, grinders, tachometers, alignment tool sets, potable compressors, etc.
<b>Capital Outlay</b>	<b>7 FY25/26 Capital Outlay items not yet approved are reflected in Supplementals below. The budgeted costs of \$380 reflects pump purchases. Digester Mixing Pumps (3), Headworks Grit Pumps 3x3 (2), Headworks Grit Pumps 4x4 (2).</b>
Process Control	8 Increase due to overall higher costs assessed from Process Control.PCTS services. 91st Ave is assessed at 18% for PCTS services based on location size determined by Budget &Fiscal.
<b>Chemicals</b>	<b>9 Increase in budget is due to anticipating contract increases on 7 of the 12 chemical contracts. In FY24/25 two chemical contracts are set to expire and in FY25/26 five chemical contracts are set to expire. Historically, when a new contract is procured there is an increase in contract cost</b>
Water Quality and Compliance	10 Increase in budget based on the Compliance Lab plan which includes all costs related to the sampling process.
<b>Electricity</b>	<b>11 Increasing budget based on the Central Review budget process which involves reviewing city-wide activities and related general accounts such as utilities and interdepartmental costs. The review process resulted in increases for usage and rate increases by SRP impacting FY23/24 and FY24/25.</b>
Electrical Services	12 Increase is for new SRP Substation contract for SRP Substation routine maintenance and reactive maintenance on all other equipment onsite as well as new contract for metering services.
<b>Electrical Supplies</b>	<b>13 Increase is for new contracts needed for laser flow meters, level meters and VFD supplies</b>
JEPA Consultant Charges	14 FY24/25 New contract 5-year for support services. Contract increased from 650k to 850k annual
<b>Overhead Allocation</b>	<b>15 SROG is assessed 10% of WSD Overhead and 73% of WWT Administration</b>
City Services Administration	16 Budgeted by Finance, costs refer to shared administrative and operational expenses that support multiple departments and functions. Several factors can lead to sustained increases in central service costs, such as, increased demand in services, staffing and wage increases, technology upgrades, human resources, inflation, legal and compliance.
<b>Finance Utilities Accounting</b>	<b>17 Assessment budgeted by Finance.</b>
Supplementals	18 These are capital outlay supplemental that have not been approved as of Nov. 2024. Expectation is to have these approved during the normal budgeting process in January 2025. Supplemental requests include; CHEVROLET COLORADO TRK,P/U COMPACT STND BED (\$50,000 ), E-Z-GO TXT E-4 CART,ELECTRIC (7x\$35,000 ), JOHN DEERE GATOR 4X2 CART,GAS (3x\$35,000 ), YALE GLP060ZG TRK, FORKLIFT UNDER 3999 LBS (\$61,000 ),TRES RIOS replace Polaris XP550 All Terrain (2x\$35,000), LINCOLN ELECTRIC TORCHMATE 4400- A 4X4 CNC PLASMA CUTTING TABLE (\$30,000), HOTSY PRESSURE WASHER (\$17,000), MERIDIAN 520 FUEL TRAILER (\$14,000), TOYOTA LIFT (\$47,117), SPYDERCRANE PC094 (\$64,900), GRAPPLE BOBCAT ATTACHMENT (\$3,500), FLATEBED EQUIPMENT TRAILER (\$15,000).





## City of Phoenix

To: Tara Gonzales  
SROG Program Manager

Date: 12/2/2024

From: John J. Masche, P.E.  
CE III\* Team Leader

Subject: **91<sup>st</sup> Avenue Multi-Cities WWTP**  
**FY 2024/25 - CIP Replacement Fund Mid-Year Adjustment**

Copies: Patty Kennedy, Leandro Garcia, Kyle Kraft, Cindy Smith  
Martin Gomez, David Martinez, Michael Lay, Dale Ballejos

FY 2024-25	Digester Dome Replacement	\$ 840,000
	Digester Repairs	\$ 500,000
	Solids Thickening	\$ 1,200,000
	Electrical, Instrumentation & Control	\$ 500,000
	Aeration Basins	\$ 250,000
	Valves & Actuators	\$ 250,000
	Primary Basins	\$ 750,000
	Pumps	\$ 200,000
	RAS Screw Replacement	\$ 275,000
	Chemical Feed, Handling & Storage	\$ 825,000
	Compliance Samplers	\$ 300,000
	Odor Control	\$ 300,000
	Emergency Repairs	\$ 250,000
	City Staff Charges (EAS, DSD, WSD)	\$ 235,000
	Professional Consultant Engineering Services	\$ 1,325,000
		<b>\$ 8,000,000</b>
FY 2025-26	Solids Thickening	\$750,000
	Solids Dewatering	\$350,000
	Digester Repairs	\$750,000
	Electrical, Instrumentation & Control	\$750,000
	Aeration Basins	\$500,000
	Valves & Actuators	\$250,000
	Secondary Basins	\$250,000
	Primary Basins	\$750,000
	Pumps	\$250,000
	RAS Screw Replacement	\$300,000
	Chemical Feed, Handling & Storage	\$750,000
	Drying Bed Rehabilitation	\$750,000
	Compliance Samplers	\$300,000

Process Air Blower System	\$500,000
Emergency Repairs	\$550,000
City Staff Charges (EAS, DSD, WSD)	\$250,000
Professional Consultant Engineering Services	\$0
	<b><u>\$8,000,000</u></b>

FY 2026-27 Solids Thickening	\$250,000
Solids Dewatering	\$250,000
Digester Repairs	\$500,000
Electrical, Instrumentation & Control	\$1,000,000
Aeration Basins	\$500,000
Valves & Actuators	\$500,000
Secondary Basins	\$300,000
Primary Basins	\$250,000
Pumps	\$300,000
RAS Screw Replacement	\$500,000
Chemical Feed, Handling & Storage	\$750,000
Odor Control Systems	\$200,000
Drying Bed Rehabilitation	\$750,000
Compliance Samplers	\$300,000
Paving	\$500,000
Process Air Blower Systems	\$750,000
Emergency Repairs	\$750,000
City Staff Charges (EAS, DSD, WSD)	\$250,000
Professional Consultant Engineering Services	\$1,400,000
	<b><u>\$10,000,000</u></b>

FY 2027-28 Solids Thickening	\$250,000
Solids Dewatering	\$250,000
Digester Repairs	\$500,000
Electrical, Instrumentation & Control	\$1,000,000
Headworks	\$600,000
Primary Basins	\$600,000
Aeration Basins	\$600,000
Valves & Actuators	\$500,000
Secondary Basins	\$300,000
Pumps	\$500,000
RAS Screw Replacement	\$550,000
Chemical Feed, Handling & Storage	\$750,000
Drying Bed Rehabilitation	\$750,000
Compliance Samplers	\$350,000
Process Air Blower Systems	\$750,000
Paving	\$750,000
Emergency Repairs	\$750,000
City Staff Charges (EAS, DSD, WSD)	\$250,000
Professional Consultant Engineering Services	\$0
	<b><u>\$10,000,000</u></b>

FY 2028-29	Solids Thickening	\$250,000
	Solids Dewatering	\$250,000
	Electrical, Instrumentation & Control	\$1,000,000
	Headworks	\$750,000
	Primary Basins	\$600,000
	Aeration Basins	\$600,000
	Valves & Actuators	\$500,000
	Secondary Basins	\$400,000
	Pumps	\$500,000
	RAS Screw Replacement	\$300,000
	Chemical Feed, Handling & Storage	\$750,000
	Gas Flare Rehabilitation	\$500,000
	Drying Bed Rehabilitation	\$750,000
	Compliance Samplers	\$350,000
	Process Air Blower Systems	\$750,000
	Paving	\$750,000
	Emergency Repairs	\$750,000
	City Staff Charges (EAS, DSD, WSD)	\$250,000
	Professional Consultant Engineering Services	\$0
		<b><u>\$10,000,000</u></b>

FY 2029-30	Solids Thickening	\$250,000
	Solids Dewatering	\$250,000
	Electrical, Instrumentation & Control	\$750,000
	Headworks	\$750,000
	Primary Basins	\$600,000
	Aeration Basins	\$600,000
	Valves & Actuators	\$500,000
	Secondary Basins	\$300,000
	Pumps	\$500,000
	RAS Screw Replacement	\$400,000
	Chemical Feed, Handling & Storage	\$500,000
	Gas Flare Rehabilitation	\$500,000
	Drying Bed Rehabilitation	\$500,000
	Compliance Samplers	\$350,000
	Process Air Blower Systems	\$500,000
	Paving	\$500,000
	Emergency Repairs	\$800,000
	City Staff Charges (EAS, DSD, WSD)	\$250,000
	Professional Consultant Engineering Services	\$1,200,000
		<b><u>\$10,000,000</u></b>

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

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

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

Notes:

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

DRAFT



AGENDA ITEM #4B

February 7, 2024

TO: Members of the SROG Committee

FROM: Michelle Barclay, SROG Manager

SUBJECT: RECOMMENDATION TO APPROVE THE PROPOSED FISCAL YEAR 2025-26 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 2025-26. 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 23, 2025 meeting.

#### RECOMMENDATION

At their January 23, 2025 meeting, the SROG Advisory Committee recommended that:

the SROG User Charge Rates for Fiscal Year 2025-26 be approved as presented by the City of Phoenix.

# DRAFT

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

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

<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	\$ 1.44660	\$ 0.36457	\$ 1.81117	\$ 5,222,514
Mesa	7,300,000	1.30733	0.33553	1.64286	11,992,904
Phoenix	33,945,000	1.15530	0.31955	1.47484	50,063,605
Scottsdale	2,737,500	1.78041	0.41241	2.19282	6,002,841
Tempe	7,654,050	0.99840	0.28720	1.28560	9,840,043
Totals	<u>54,520,050</u>				<u>\$ 83,121,908</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, 2026**

**OPERATING AND MAINTENANCE**

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

**GENERAL ADMINISTRATION**

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

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

**EQUIPMENT REPLACEMENT**

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

**OTHER INCOME**

Sale of Effluent	-	
Miscellaneous Income	-	
Interest Earnings on Operating Fund	-	
Subtotal Other Income		-

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

Notes:

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

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

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

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

Notes:

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

This schedule may contain differences due to rounding.

**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, 2026**

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

Notes:

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

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

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

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

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

**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, 2026**

**SEWAGE TREATED (1)**

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

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

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

Notes:

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

This schedule may contain differences due to rounding.

**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, 2026**

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

Notes:

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

This schedule may contain differences due to rounding.

**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, 2026**

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

Notes:

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

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

**DRAFT**



AGENDA ITEM #4C

February 4, 2025

TO: Members of the SROG Committee

FROM: Michelle Barclay, SROG Manager

SUBJECT: RECOMMENDATION TO APPROVE THE FISCAL YEAR 2025-26 CAPITAL IMPROVEMENT PROJECTS CASH FLOW ESTIMATE FOR THE 91<sup>ST</sup> 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 2025-26. Total anticipated expenditures for Fiscal Year 2025-26 July-December are \$47,859,000 and January-June is \$53,549,000, for a total not to exceed \$101,408,000 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

In an email dated November 14, 2024, the SROG Advisory Committee recommended that:

the SROG Committee approve the SROG CIP Cash Flow Estimate for Fiscal Year 2025-26 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 2026.

**SROG CAPITAL IMPROVEMENT PROJECTS CASH FLOW ESTIMATE**

**PROJECT TOTALS**

Nov 2024

WS PROJECT NUMBER	CURRENT PROJECTS PROJECT DESCRIPTION	ESTIMATED REMAINING BILLINGS	BILLING SCHEDULE	Prior Period Cashflow Estimate For JAN-JUN	2024-25										FUTURE YEARS
					2024-25 JAN-JUN	2025-26		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	JUL-DEC	
90100092	Instrumentation and Controls	4,189,000	56	400,000	400,000	500,000	500,000	500,000	500,000	400,000	400,000	400,000	400,000	189,000	
90100093	91st Ave WWTP Pipe/Equipment Coating	807,000	56	200,000	200,000	100,000	75,000	100,000	75,000	50,000	50,000	50,000	50,000	57,000	
90100094	91st Ave WWTP Safety & Security	4,297,000	56	600,000	450,000	450,000	450,000	450,000	450,000	450,000	400,000	400,000	400,000	397,000	
90100095	91st Ave WWTP WAM	2,130,000	56	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,230,000	
90100099	91st Ave WWTP Groundwater Wells Improvements		56												
90100100	91st Ave WWTP Support Facilities Rehabilitation	13,546,000	56	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,200,000	1,200,000	1,100,000	1,046,000	
90100101	Process Piping Rehabilitation	8,504,000	56	600,000	600,000	800,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	804,000	
90100103	91st Ave WWTP Toxicity Identification Evaluation	168,000	56	10,000	10,000	10,000	5,000	10,000	5,000	10,000	5,000	10,000	5,000	98,000	
90100104	Multi-Phase Process Improvements		56												
90100105	91st Ave WWTP Process Control Optimization	6,081,000	56	600,000	600,000	500,000	600,000	650,000	650,000	600,000	600,000	600,000	600,000	681,000	
90100106	Fire Life Safety	3,876,000	56	600,000	600,000	1,000,000	1,000,000	1,276,000							
90100107	91st Ave WWTP Facility Assessment	1,517,000	56	150,000	150,000	150,000	125,000	150,000	125,000	150,000	125,000	150,000	125,000	267,000	
90100109	91st Ave WWTP Facility Rehabilitation	52,378,000	56	1,800,000	700,000	6,000,000	5,000,000	5,000,000	5,000,000	5,000,000	4,500,000	7,000,000	7,000,000	7,178,000	
90100111	91st Ave WWTP Solids Rehab Phase 1	24,059,000	56	4,000,000	4,000,000	8,000,000	8,059,000	2,500,000	1,500,000						
90100112	91st Ave WWTP Plant 2B Rehab	25,877,000	56	12,000,000	12,000,000	7,000,000	6,877,000								
90100113	91st Ave Process Control Improvements	30,510,000	56	3,000,000	500,000	3,000,000	4,000,000	4,000,000	4,000,000	3,000,000	3,500,000	4,000,000	4,000,000	510,000	
90100114	91st Ave WWTP Plant 1A Rehab	59,125,000	56	4,000,000	4,000,000	5,000,000	5,000,000	6,000,000	8,000,000	7,000,000	7,000,000	4,300,000	7,000,000	5,825,000	
90100115	Master Plan 22/23	1,010,000	41							505,000	505,000				
90100117	91st Ave Solids Rehab Phase 2	48,400,000	56	5,000,000	1,500,000	4,000,000	6,000,000	3,000,000	5,000,000	7,000,000	7,000,000	7,000,000	7,900,000		
90120037	91st Ave WWTP Local Limits Study	1,365,000	41	200,000	200,000	225,000	202,000					350,000	388,000		
90140016	Tres Rios Rehab & Replacement	4,874,000	56	1,000,000	1,000,000	750,000	750,000	750,000	750,000	500,000	374,000				
90160084	SROG Interceptor Capacity Improvements		61	9,000,000											
90160098	GL03 & GL02 Metering Stations	400,000	46C		256,000	144,000									
90160106	SRO Condition Assessment	26,181,000	65	1,000,000	1,000,000	1,000,000	1,250,000	1,250,000	1,250,000	4,000,000	4,000,000	9,000,000	1,250,000	2,181,000	
90160107	SAI Condition Assessment	21,639,000	64	600,000	600,000	750,000	606,000	5,000,000	2,000,000	4,250,000	4,000,000	1,500,000	1,500,000	1,433,000	
90160113	F2 SROG Interceptor Capacity Improvements	82,320,000	67		8,000,000	4,150,000	3,000,000	11,000,000	11,000,000	10,000,000	10,000,000	7,000,000	7,000,000	11,170,000	
<b>SUBTOTAL - CURRENT PROJECTS:</b>		423,253,000		46,360,000	38,366,000	45,129,000	45,999,000	44,136,000	42,805,000	45,415,000	44,659,000	43,960,000	39,718,000	33,066,000	

**PROJECT TOTALS**

WS PROJECT NUMBER	PLANNED PROJECTS PROJECT DESCRIPTION	ESTIMATED BILLINGS	BILLING SCHEDULE	Prior Period Cashflow Estimate For JAN-JUN	2024-25										FUTURE YEARS	
					2024-25 JAN-JUN	2025-26		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	JUL-DEC		
90160090	F1 SRO/SAI Interceptor Odor Control Implement	11,020,000	34	730,000		730,000	550,000	1,000,000	2,000,000	1,000,000	2,000,000	2,000,000	1,000,000	740,000		
90100118	91st Ave WWTP Plant 1B Rehab	62,615,000	56					65,000	4,000,000	10,000,000	10,000,000	10,000,000	15,000,000	13,550,000		
90100119	91st Ave WWTP Solids Handling Facility	163,550,000	56			1,000,000	2,000,000	2,550,000	8,000,000	25,000,000	15,000,000	25,000,000	25,000,000	60,000,000		
90100120	91st Ave Aeration Rehab	44,275,000	56			1,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	6,000,000	7,275,000		
<b>SUBTOTAL PLANNED PROJECTS:</b>		281,460,000		730,000		2,730,000	7,550,000	8,615,000	19,000,000	41,000,000	32,000,000	42,000,000	47,000,000	81,565,000		
<b>SUBTOTAL ALL PROJECTS</b>		704,713,000		47,090,000	38,366,000	47,859,000	53,549,000	52,751,000	61,805,000	86,415,000	76,659,000	85,960,000	86,718,000	114,631,000		
<i>Prior Period Cash Flow Estimate (May 2024):</i>					47,090,000	43,224,000	41,375,000	48,755,000	44,475,000	52,405,000	101,310,000	110,325,000	121,213,000			
<i>Net Change Increase/(Decrease):</i>					(8,724,000)	4,635,000	12,174,000	3,996,000	17,330,000	34,010,000	(24,651,000)	(24,365,000)	(34,495,000)	114,631,000		
<b>TOTAL ALL PROJECTS:</b>		<u>704,713,000</u>		<u>47,090,000</u>	<u>38,366,000</u>	<u>47,859,000</u>	<u>53,549,000</u>	<u>52,751,000</u>	<u>61,805,000</u>	<u>86,415,000</u>	<u>76,659,000</u>	<u>85,960,000</u>	<u>86,718,000</u>	<u>114,631,000</u>		

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 GLENDALE SHARE**

Nov 2024

WS PROJECT NUMBER	CURRENT PROJECTS PROJECT DESCRIPTION	GLENDALE'S SHARE	ESTIMATED BALANCE	BILLING SCHEDULE	Prior Period Cashflow Estimate For JAN-JUN	2024-25										FUTURE YEARS
						2024-25 JAN-JUN	2025-26 JUL-DEC	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	
90100092	Instrumentation and Controls	6.45%	270,191	56	25,800	25,800	32,250	32,250	32,250	32,250	25,800	25,800	25,800	25,800	12,191	
90100093	91st Ave WWTP Pipe/Equipment Coating	6.45%	52,052	56	12,900	12,900	6,450	4,838	6,450	4,838	3,225	3,225	3,225	3,225	3,677	
90100094	91st Ave WWTP Safety & Security	6.45%	277,157	56	38,700	29,025	29,025	29,025	29,025	29,025	29,025	25,800	25,800	25,800	25,607	
90100095	91st Ave WWTP WAM	6.45%	137,385	56	6,450	6,450	6,450	6,450	6,450	6,450	6,450	6,450	6,450	6,450	79,335	
90100099	91st Ave WWTP Groundwater Wells Improvements	6.45%		56												
90100100	91st Ave WWTP Support Facilities Rehabilitation	6.45%	873,717	56	96,750	96,750	96,750	96,750	96,750	96,750	96,750	77,400	77,400	70,950	67,467	
90100101	Process Piping Rehabilitation	6.45%	548,508	56	38,700	38,700	51,600	58,050	58,050	58,050	58,050	58,050	58,050	58,050	51,858	
90100103	91st Ave WWTP Toxicity Identification Evaluation	6.45%	10,836	56	645	645	645	323	645	323	645	323	645	323	6,321	
90100104	Multi-Phase Process Improvements	6.45%		56												
90100105	91st Ave WWTP Process Control Optimization	6.45%	392,225	56	38,700	38,700	32,250	38,700	41,925	41,925	38,700	38,700	38,700	38,700	43,925	
90100106	Fire Life Safety	6.45%	250,002	56	38,700	38,700	64,500	64,500	82,302	82,302	9,675	8,063	9,675	8,063	17,222	
90100107	91st Ave WWTP Facility Assessment	6.45%	97,847	56	9,675	9,675	9,675	8,063	9,675	8,063	9,675	8,063	9,675	8,063	17,222	
90100109	91st Ave WWTP Facility Rehabilitation	6.45%	3,378,381	56	116,100	45,150	387,000	322,500	322,500	322,500	322,500	290,250	451,500	451,500	462,981	
90100111	91st Ave WWTP Solids Rehab Phase 1	6.45%	1,551,806	56	258,000	258,000	516,000	519,806	161,250	96,750						
90100112	91st Ave WWTP Plant 2B Rehab	6.45%	1,669,067	56	774,000	774,000	451,500	443,567								
90100113	91st Ave Process Control Improvements	6.45%	1,967,895	56	193,500	32,250	193,500	258,000	258,000	258,000	193,500	225,750	258,000	258,000	32,895	
90100114	91st Ave WWTP Plant 1A Rehab	6.45%	3,813,563	56	258,000	258,000	322,500	322,500	387,000	516,000	451,500	451,500	277,350	451,500	375,713	
90100115	Master Plan 22/23	20.00%	202,000	41							101,000	101,000				
90100117	91st Ave Solids Rehab Phase 2	6.45%	3,121,800	56	322,500	96,750	258,000	387,000	193,500	322,500	451,500	451,500	451,500	509,550		
90120037	91st Ave WWTP Local Limits Study	20.00%	273,000	41	40,000	40,000	45,000	40,400					70,000	77,600		
90140016	Tres Rios Rehab & Replacement	6.45%	314,373	56	64,500	64,500	48,375	48,375	48,375	48,375	32,250	24,123				
90160084	SROG Interceptor Capacity Improvements			61												
90160098	GL03 & GL02 Metering Stations	100.00%	400,000	46C		256,000	144,000									
90160106	SRO Condition Assessment			65												
90160107	SAI Condition Assessment	0.78%	168,784	64	4,680	4,680	5,850	4,727	39,000	15,600	33,150	31,200	11,700	11,700	11,177	
90160113	F2 SROG Interceptor Capacity Improvements			67												
<b>SUBTOTAL - CURRENT PROJECTS:</b>			19,770,585		2,338,300	2,126,675	2,701,320	2,685,821	1,773,147	1,857,398	1,853,720	1,819,133	1,765,795	1,997,210	1,190,366	

**CITY OF GLENDALE SHARE**

WS PROJECT NUMBER	PLANNED PROJECTS PROJECT DESCRIPTION	GLENDALE'S SHARE	ESTIMATED COST	BILLING SCHEDULE	Prior Period Cashflow Estimate For JAN-JUN	2024-25										FUTURE YEARS
						2024-25 JAN-JUN	2025-26 JUL-DEC	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	
90160090	F1 SRO/SAI Interceptor Odor Control Implement			34												
90100118	91st Ave WWTP Plant 1B Rehab	6.45%	4,038,668	56					4,193	258,000	645,000	645,000	645,000	967,500	873,975	
90100119	91st Ave WWTP Solids Handling Facility	6.45%	10,548,975	56			64,500	129,000	164,475	516,000	1,612,500	967,500	1,612,500	1,612,500	3,870,000	
90100120	91st Ave Aeration Rehab	6.45%	2,855,738	56			64,500	322,500	322,500	322,500	322,500	322,500	322,500	387,000	469,238	
<b>SUBTOTAL PLANNED PROJECTS:</b>			17,443,380				129,000	451,500	491,168	1,096,500	2,580,000	1,935,000	2,580,000	2,967,000	5,213,213	
<b>SUBTOTAL ALL PROJECTS</b>			37,213,965		2,338,300	2,126,675	2,830,320	3,137,321	2,264,315	2,953,898	4,433,720	3,754,133	4,345,795	4,964,210	6,403,579	
<i>Prior Period Cash Flow Estimate (May 2024):</i>						2,338,300	2,247,506	2,062,298	2,135,573	1,730,513	2,174,898	5,006,770	5,763,856	7,556,848		
<i>Net Change Increase/(Decrease):</i>						(211,625)	582,815	1,075,024	128,742	1,223,385	2,258,823	(1,252,637)	(1,418,061)	(2,592,638)	6,403,579	
<b>TOTAL ALL PROJECTS:</b>			<u>37,213,965</u>		<u>2,338,300</u>	<u>2,126,675</u>	<u>2,830,320</u>	<u>3,137,321</u>	<u>2,264,315</u>	<u>2,953,898</u>	<u>4,433,720</u>	<u>3,754,133</u>	<u>4,345,795</u>	<u>4,964,210</u>	<u>6,403,579</u>	

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 2024

WS PROJECT NUMBER	CURRENT PROJECTS PROJECT DESCRIPTION	MESA'S SHARE	ESTIMATED BALANCE	BILLING SCHEDULE	Prior Period Cashflow Estimate For JAN-JUN	2024-25										FUTURE YEARS
						JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	
90100092	Instrumentation and Controls	14.29%	598,608	56	57,160	57,160	71,450	71,450	71,450	71,450	57,160	57,160	57,160	57,160	27,008	
90100093	91st Ave WWTP Pipe/Equipment Coating	14.29%	115,320	56	28,580	28,580	14,290	10,718	14,290	10,718	7,145	7,145	7,145	7,145	8,145	
90100094	91st Ave WWTP Safety & Security	14.29%	614,041	56	85,740	64,305	64,305	64,305	64,305	64,305	64,305	57,160	57,160	57,160	56,731	
90100095	91st Ave WWTP WAM	14.29%	304,377	56	14,290	14,290	14,290	14,290	14,290	14,290	14,290	14,290	14,290	14,290	175,767	
90100099	91st Ave WWTP Groundwater Wells Improvements	14.29%		56												
90100100	91st Ave WWTP Support Facilities Rehabilitation	14.29%	1,935,723	56	214,350	214,350	214,350	214,350	214,350	214,350	171,480	171,480	157,190	149,473		
90100101	Process Piping Rehabilitation	14.29%	1,215,222	56	85,740	85,740	114,320	128,610	128,610	128,610	128,610	128,610	128,610	114,892		
90100103	91st Ave WWTP Toxicity Identification Evaluation	14.29%	24,007	56	1,429	1,429	1,429	715	1,429	715	1,429	715	1,429	715	14,004	
90100104	Multi-Phase Process Improvements	14.29%		56												
90100105	91st Ave WWTP Process Control Optimization	14.29%	868,975	56	85,740	85,740	71,450	85,740	92,885	92,885	85,740	85,740	85,740	85,740	97,315	
90100106	Fire Life Safety	14.29%	553,880	56	85,740	85,740	142,900	142,900	182,340	182,340						
90100107	91st Ave WWTP Facility Assessment	14.29%	216,779	56	21,435	21,435	21,435	17,863	21,435	17,863	21,435	17,863	21,435	17,863	38,154	
90100109	91st Ave WWTP Facility Rehabilitation	14.29%	7,484,816	56	257,220	100,030	857,400	714,500	714,500	714,500	714,500	643,050	1,000,300	1,000,300	1,025,736	
90100111	91st Ave WWTP Solids Rehab Phase 1	14.29%	3,438,031	56	571,600	571,600	1,143,200	1,151,631	357,250	214,350						
90100112	91st Ave WWTP Plant 2B Rehab	14.29%	3,697,823	56	1,714,800	1,714,800	1,000,300	982,723								
90100113	91st Ave Process Control Improvements	14.29%	4,359,879	56	428,700	71,450	428,700	571,600	571,600	428,700	500,150	571,600	571,600	72,879		
90100114	91st Ave WWTP Plant 1A Rehab	14.29%	8,448,963	56	571,600	571,600	714,500	714,500	857,400	1,143,200	1,000,300	1,000,300	614,470	1,000,300	832,393	
90100115	Master Plan 22/23	20.00%	202,000	41							101,000	101,000				
90100117	91st Ave Solids Rehab Phase 2	14.29%	6,916,360	56	714,500	214,350	571,600	857,400	428,700	714,500	1,000,300	1,000,300	1,000,300	1,128,910		
90120037	91st Ave WWTP Local Limits Study	20.00%	273,000	41	40,000	40,000	45,000	40,400					70,000	77,600		
90140016	Tres Rios Rehab & Replacement	14.29%	696,495	56	142,900	142,900	107,175	107,175	107,175	107,175	71,450	53,445				
90160084	SROG Interceptor Capacity Improvements	4.00%		61	360,000											
90160098	GL03 & GL02 Metering Stations			46C												
90160106	SRO Condition Assessment	19.60%	5,131,476	65	196,000	196,000	196,000	245,000	245,000	245,000	784,000	784,000	1,764,000	245,000	427,476	
90160107	SAI Condition Assessment	39.64%	8,577,700	64	237,840	237,840	297,300	240,218	1,982,000	792,800	1,684,700	1,585,600	594,600	594,600	568,041	
90160113	F2 SROG Interceptor Capacity Improvements	5.80%	4,774,560	67		464,000	240,700	174,000	638,000	638,000	580,000	580,000	406,000	406,000	647,860	
<b>SUBTOTAL - CURRENT PROJECTS:</b>			60,448,036		5,915,364	4,983,339	6,332,094	6,550,087	6,707,009	5,756,310	6,959,414	6,788,007	6,565,719	5,550,182	4,255,875	

CITY OF MESA SHARE

WS PROJECT NUMBER	PLANNED PROJECTS PROJECT DESCRIPTION	MESA'S SHARE	ESTIMATED COST	BILLING SCHEDULE	Prior Period Cashflow Estimate For JAN-JUN	2024-25										FUTURE YEARS
						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	18.84%	2,076,168	34	137,532		137,532	103,620	188,400	376,800	188,400	376,800	376,800	188,400	139,416	
90100118	91st Ave WWTP Plant 1B Rehab	14.29%	8,947,684	56					9,289	571,600	1,429,000	1,429,000	1,429,000	2,143,500	1,936,295	
90100119	91st Ave WWTP Solids Handling Facility	14.29%	23,371,295	56			142,900	285,800	364,395	1,143,200	3,572,500	2,143,500	3,572,500	3,572,500	8,574,000	
90100120	91st Ave Aeration Rehab	14.29%	6,326,898	56			142,900	714,500	714,500	714,500	714,500	714,500	714,500	857,400	1,039,598	
<b>SUBTOTAL PLANNED PROJECTS:</b>			40,722,044		137,532		423,332	1,103,920	1,276,584	2,806,100	5,904,400	4,663,800	6,092,800	6,761,800	11,689,309	
<b>SUBTOTAL ALL PROJECTS</b>			101,170,080		6,052,896	4,983,339	6,755,426	7,654,007	7,983,593	8,562,410	12,863,814	11,451,807	12,658,519	12,311,982	15,945,184	
<i>Prior Period Cash Flow Estimate (May 2024):</i>						6,052,896	5,646,507	5,469,156	7,420,365	6,899,753	7,557,000	14,008,764	16,352,114	16,867,596		
<i>Net Change Increase/(Decrease):</i>						(1,069,557)	1,108,919	2,184,851	563,228	1,662,657	5,306,815	(2,556,957)	(3,693,595)	(4,555,614)	15,945,184	
<b>TOTAL ALL PROJECTS:</b>			<u>101,170,080</u>		<u>6,052,896</u>	<u>4,983,339</u>	<u>6,755,426</u>	<u>7,654,007</u>	<u>7,983,593</u>	<u>8,562,410</u>	<u>12,863,814</u>	<u>11,451,807</u>	<u>12,658,519</u>	<u>12,311,982</u>	<u>15,945,184</u>	

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 PHOENIX SHARE

Nov 2024

WS PROJECT NUMBER	CURRENT PROJECTS PROJECT DESCRIPTION	PHOENIX SHARE	ESTIMATED BALANCE	BILLING SCHEDULE	Prior Period Cashflow Estimate For JAN-JUN	2024-25	2025-26		2026-27		2027-28		2028-29		2029-30	FUTURE YEARS
						JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	
90100092	Instrumentation and Controls	55.16%	2,310,652	56	220,640	220,640	275,800	275,800	275,800	275,800	220,640	220,640	220,640	220,640	104,252	
90100093	91st Ave WWTP Pipe/Equipment Coating	55.16%	445,141	56	110,320	110,320	55,160	41,370	55,160	41,370	27,580	27,580	27,580	27,580	31,441	
90100094	91st Ave WWTP Safety & Security	55.16%	2,370,225	56	330,960	248,220	248,220	248,220	248,220	248,220	248,220	220,640	220,640	220,640	218,985	
90100095	91st Ave WWTP WAM	55.16%	1,174,908	56	55,160	55,160	55,160	55,160	55,160	55,160	55,160	55,160	55,160	55,160	678,468	
90100099	91st Ave WWTP Groundwater Wells Improvements	55.16%		56												
90100100	91st Ave WWTP Support Facilities Rehabilitation	55.16%	7,471,974	56	827,400	827,400	827,400	827,400	827,400	827,400	827,400	661,920	661,920	606,760	576,974	
90100101	Process Piping Rehabilitation	55.16%	4,690,806	56	330,960	330,960	441,280	496,440	496,440	496,440	496,440	496,440	496,440	496,440	443,486	
90100103	91st Ave WWTP Toxicity Identification Evaluation	55.16%	92,669	56	5,516	5,516	5,516	2,758	5,516	2,758	5,516	2,758	5,516	2,758	54,057	
90100104	Multi-Phase Process Improvements	55.16%		56												
90100105	91st Ave WWTP Process Control Optimization	55.16%	3,354,280	56	330,960	330,960	275,800	330,960	358,540	358,540	330,960	330,960	330,960	330,960	375,640	
90100106	Fire Life Safety	55.16%	2,138,002	56	330,960	330,960	551,600	551,600	703,842	703,842						
90100107	91st Ave WWTP Facility Assessment	55.16%	836,777	56	82,740	82,740	82,740	68,950	82,740	68,950	82,740	68,950	82,740	68,950	147,277	
90100109	91st Ave WWTP Facility Rehabilitation	55.16%	28,891,705	56	992,880	386,120	3,309,600	2,758,000	2,758,000	2,758,000	2,758,000	2,482,200	3,861,200	3,861,200	3,959,385	
90100111	91st Ave WWTP Solids Rehab Phase 1	55.16%	13,270,944	56	2,206,400	2,206,400	4,412,800	4,445,344	1,379,000	827,400						
90100112	91st Ave WWTP Plant 2B Rehab	55.16%	14,273,753	56	6,619,200	6,619,200	3,861,200	3,793,353								
90100113	91st Ave Process Control Improvements	55.16%	16,829,316	56	1,654,800	275,800	1,654,800	2,206,400	2,206,400	1,654,800	1,930,600	2,206,400	2,206,400	2,206,400	281,316	
90100114	91st Ave WWTP Plant 1A Rehab	55.16%	32,613,350	56	2,206,400	2,206,400	2,758,000	2,758,000	3,309,600	4,412,800	3,861,200	3,861,200	2,371,880	3,861,200	3,213,070	
90100115	Master Plan 22/23	20.00%	202,000	41							101,000	101,000				
90100117	91st Ave Solids Rehab Phase 2	55.16%	26,697,440	56	2,758,000	827,400	2,206,400	3,309,600	1,654,800	2,758,000	3,861,200	3,861,200	3,861,200	4,357,640		
90120037	91st Ave WWTP Local Limits Study	20.00%	273,000	41	40,000	40,000	45,000	40,400					70,000	77,600		
90140016	Tres Rios Rehab & Replacement	55.16%	2,688,498	56	551,600	551,600	413,700	413,700	413,700	413,700	275,800	206,298				
90160084	SROG Interceptor Capacity Improvements	47.00%		61	4,230,000											
90160098	GL03 & GL02 Metering Stations			46C												
90160106	SRO Condition Assessment	44.14%	11,556,293	65	441,400	441,400	441,400	551,750	551,750	551,750	1,765,600	1,765,600	3,972,600	551,750	962,693	
90160107	SAI Condition Assessment	35.58%	7,699,156	64	213,480	213,480	266,850	215,615	1,779,000	711,600	1,512,150	1,423,200	533,700	533,700	509,861	
90160113	F2 SROG Interceptor Capacity Improvements	57.80%	47,580,960	67		4,624,000	2,398,700	1,734,000	6,358,000	6,358,000	5,780,000	5,780,000	4,046,000	4,046,000	6,456,260	
<b>SUBTOTAL - CURRENT PROJECTS:</b>			227,461,850		24,539,776	20,934,676	24,587,126	25,124,820	23,519,068	23,372,288	23,864,406	23,496,346	23,024,576	21,525,378	18,013,166	

CITY OF PHOENIX SHARE

WS PROJECT NUMBER	PLANNED PROJECTS PROJECT DESCRIPTION	PHOENIX SHARE	ESTIMATED COST	BILLING SCHEDULE	Prior Period Cashflow Estimate For JAN-JUN	2024-25	2025-26		2026-27		2027-28		2028-29		2029-30	FUTURE YEARS		
						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	46.25%	5,096,750	34	337,625		337,625	254,375	462,500	925,000	462,500	925,000	925,000	462,500	342,250			
90100118	91st Ave WWTP Plant 1B Rehab	55.16%	34,538,434	56					35,854	2,206,400	5,516,000	5,516,000	5,516,000	8,274,000	7,474,180			
90100119	91st Ave WWTP Solids Handling Facility	55.16%	90,214,180	56					551,600	1,103,200	1,406,580	4,412,800	13,790,000	8,274,000	13,790,000	33,096,000		
90100120	91st Ave Aeration Rehab	155.16%	24,422,090	56					551,600	2,758,000	2,758,000	2,758,000	2,758,000	2,758,000	3,309,600	4,012,890		
<b>SUBTOTAL PLANNED PROJECTS:</b>			154,271,454		337,625		1,440,825	4,115,575	4,662,934	10,302,200	22,526,500	17,473,000	22,989,000	25,836,100	44,925,320			
<b>SUBTOTAL ALL PROJECTS</b>			381,733,304		24,877,401	20,934,676	26,027,951	29,240,395	28,182,002	33,674,488	46,390,906	40,969,346	46,013,576	47,361,478	62,938,486			
<i>Prior Period Cash Flow Estimate (May 2024):</i>						<u>24,877,401</u>	<u>22,958,978</u>	<u>21,923,862</u>	<u>24,953,008</u>	<u>22,413,960</u>	<u>26,520,848</u>	<u>53,089,971</u>	<u>58,312,133</u>	<u>66,146,076</u>				
<i>Net Change Increase/(Decrease):</i>						<u>(3,942,725)</u>	<u>3,068,973</u>	<u>7,316,533</u>	<u>3,228,994</u>	<u>11,260,528</u>	<u>19,870,058</u>	<u>(12,120,625)</u>	<u>(12,298,557)</u>	<u>(18,784,598)</u>	<u>62,938,486</u>			
<b>TOTAL ALL PROJECTS:</b>			<u>381,733,304</u>		<u>24,877,401</u>	<u>20,934,676</u>	<u>26,027,951</u>	<u>29,240,395</u>	<u>28,182,002</u>	<u>33,674,488</u>	<u>46,390,906</u>	<u>40,969,346</u>	<u>46,013,576</u>	<u>47,361,478</u>	<u>62,938,486</u>			

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 SCOTTSDALE SHARE**

Nov 2024

WS PROJECT NUMBER	CURRENT PROJECTS PROJECT DESCRIPTION	SCOTTSDALE'S SHARE	ESTIMATED BALANCE	BILLING SCHEDULE	Prior Period Cashflow Estimate For JAN-JUN	2024-25										FUTURE YEARS
						2024-25 JAN-JUN	2025-26		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	JUL-DEC	
90100092	Instrumentation and Controls	9.90%	414,711	56	39,600	39,600	49,500	49,500	49,500	49,500	39,600	39,600	39,600	39,600	18,711	
90100093	91st Ave WWTP Pipe/Equipment Coating	9.90%	79,893	56	19,800	19,800	9,900	7,425	9,900	7,425	4,950	4,950	4,950	4,950	5,643	
90100094	91st Ave WWTP Safety & Security	9.90%	425,403	56	59,400	44,550	44,550	44,550	44,550	44,550	44,550	39,600	39,600	39,600	39,303	
90100095	91st Ave WWTP WAM	9.90%	210,870	56	9,900	9,900	9,900	9,900	9,900	9,900	9,900	9,900	9,900	9,900	121,770	
90100099	91st Ave WWTP Groundwater Wells Improvements	9.90%		56												
90100100	91st Ave WWTP Support Facilities Rehabilitation	9.90%	1,341,054	56	148,500	148,500	148,500	148,500	148,500	148,500	148,500	118,800	118,800	108,900	103,554	
90100101	Process Piping Rehabilitation	9.90%	841,896	56	59,400	59,400	79,200	89,100	89,100	89,100	89,100	89,100	89,100	89,100	79,596	
90100103	91st Ave WWTP Toxicity Identification Evaluation	9.90%	16,632	56	990	990	990	495	990	495	990	495	990	495	9,702	
90100104	Multi-Phase Process Improvements	9.90%		56												
90100105	91st Ave WWTP Process Control Optimization	9.90%	602,019	56	59,400	59,400	49,500	59,400	64,350	64,350	59,400	59,400	59,400	59,400	67,419	
90100106	Fire Life Safety	9.90%	383,724	56	59,400	59,400	99,000	99,000	126,324							
90100107	91st Ave WWTP Facility Assessment	9.90%	150,183	56	14,850	14,850	14,850	14,850	12,375	14,850	12,375	14,850	12,375	14,850	12,375	26,433
90100109	91st Ave WWTP Facility Rehabilitation	9.90%	5,185,422	56	178,200	69,300	594,000	495,000	495,000	495,000	495,000	445,500	693,000	693,000	710,622	
90100111	91st Ave WWTP Solids Rehab Phase 1	9.90%	2,381,841	56	396,000	396,000	792,000	797,841	247,500	148,500						
90100112	91st Ave WWTP Plant 2B Rehab	9.90%	2,561,823	56	1,188,000	1,188,000	693,000	680,823								
90100113	91st Ave Process Control Improvements	9.90%	3,020,490	56	297,000	49,500	297,000	396,000	396,000	297,000	346,500	396,000	396,000	396,000	50,490	
90100114	91st Ave WWTP Plant 1A Rehab	9.90%	5,853,375	56	396,000	396,000	495,000	495,000	594,000	792,000	693,000	693,000	425,700	693,000	576,675	
90100115	Master Plan 22/23	20.00%	202,000	41							101,000	101,000				
90100117	91st Ave Solids Rehab Phase 2	9.90%	4,791,600	56	495,000	148,500	396,000	594,000	297,000	495,000	693,000	693,000	693,000	782,100		
90120037	91st Ave WWTP Local Limits Study	20.00%	273,000	41	40,000	40,000	45,000	40,400					70,000	77,600		
90140016	Tres Rios Rehab & Replacement	9.90%	482,526	56	99,000	99,000	74,250	74,250	74,250	74,250	49,500	37,026				
90160084	SROG Interceptor Capacity Improvements	19.00%		61	1,710,000											
90160098	GL03 & GL02 Metering Stations			46C												
90160106	SRO Condition Assessment	24.79%	6,490,270	65	247,900	247,900	247,900	309,875	309,875	309,875	991,600	991,600	2,231,100	309,875	540,670	
90160107	SAI Condition Assessment	3.22%	696,776	64	19,320	19,320	24,150	19,513	161,000	64,400	136,850	128,800	48,300	48,300	46,143	
90160113	F2 SROG Interceptor Capacity Improvements	5.80%	4,774,560	67		464,000	240,700	174,000	638,000	638,000	580,000	580,000	406,000	406,000	647,860	
<b>SUBTOTAL - CURRENT PROJECTS:</b>			41,180,068		5,537,660	3,573,910	4,404,890	4,596,947	3,770,589	3,839,220	4,448,790	4,390,646	5,340,290	3,770,195	3,044,591	

**CITY OF SCOTTSDALE SHARE**

WS PROJECT NUMBER	PLANNED PROJECTS PROJECT DESCRIPTION	SCOTTSDALE'S SHARE	ESTIMATED COST	BILLING SCHEDULE	Prior Period Cashflow Estimate For JAN-JUN	2024-25										FUTURE YEARS	
						2024-25 JAN-JUN	2025-26		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	JUL-DEC		
90160090	F1 SRO/SAI Interceptor Odor Control Implement	23.91%	2,634,882	34	174,543		174,543	131,505	239,100	478,200	239,100	478,200	478,200	239,100	176,934		
90100118	91st Ave WWTP Plant 1B Rehab	9.90%	6,198,885	56					6,435	396,000	990,000	990,000	990,000	1,485,000	1,341,450		
90100119	91st Ave WWTP Solids Handling Facility	9.90%	16,191,450	56				99,000	198,000	252,450	792,000	2,475,000	1,485,000	2,475,000	5,940,000		
90100120	91st Ave Aeration Rehab	9.90%	4,383,225	56				99,000	495,000	495,000	495,000	495,000	495,000	594,000	720,225		
<b>SUBTOTAL PLANNED PROJECTS:</b>			29,408,442		174,543		372,543	824,505	992,985	2,161,200	4,199,100	3,448,200	4,438,200	4,793,100	8,178,609		
<b>SUBTOTAL ALL PROJECTS</b>			<u>70,588,510</u>		5,712,203	3,573,910	4,777,433	5,421,452	4,763,574	6,000,420	8,647,890	7,838,846	9,778,490	8,563,295	11,223,200		
<i>Prior Period Cash Flow Estimate (May 2024):</i>						5,712,203	5,131,131	4,939,801	5,637,970	5,494,450	6,624,695	11,913,925	13,809,115	12,538,181			
<i>Net Change Increase/(Decrease):</i>						(2,138,293)	(353,698)	481,651	(874,396)	505,970	2,023,195	(4,075,079)	(4,030,625)	(3,974,886)	11,223,200		
<b>TOTAL ALL PROJECTS:</b>			<u>70,588,510</u>		<u>5,712,203</u>	<u>3,573,910</u>	<u>4,777,433</u>	<u>5,421,452</u>	<u>4,763,574</u>	<u>6,000,420</u>	<u>8,647,890</u>	<u>7,838,846</u>	<u>9,778,490</u>	<u>8,563,295</u>	<u>11,223,200</u>		

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**

Nov 2024

**CITY OF TEMPE SHARE**

WS PROJECT NUMBER	CURRENT PROJECTS PROJECT DESCRIPTION	TEMPE'S SHARE	ESTIMATED BALANCE	BILLING SCHEDULE	Prior Period Cashflow Estimate For JAN-JUN	FUTURE YEARS										
						2024-25 JAN-JUN	2025-26 JUL-DEC	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	FUTURE YEARS
90100092	Instrumentation and Controls	14.20%	594,838	56	56,800	56,800	71,000	71,000	71,000	71,000	56,800	56,800	56,800	56,800	26,838	
90100093	91st Ave WWTP Pipe/Equipment Coating	14.20%	114,594	56	28,400	28,400	14,200	10,650	14,200	10,650	7,100	7,100	7,100	7,100	8,094	
90100094	91st Ave WWTP Safety & Security	14.20%	610,174	56	85,200	63,900	63,900	63,900	63,900	63,900	63,900	56,800	56,800	56,800	56,374	
90100095	91st Ave WWTP WAM	14.20%	302,460	56	14,200	14,200	14,200	14,200	14,200	14,200	14,200	14,200	14,200	14,200	174,660	
90100099	91st Ave WWTP Groundwater Wells Improvements	14.20%		56												
90100100	91st Ave WWTP Support Facilities Rehabilitation	14.20%	1,923,532	56	213,000	213,000	213,000	213,000	213,000	213,000	213,000	170,400	170,400	156,200	148,532	
90100101	Process Piping Rehabilitation	14.20%	1,207,568	56	85,200	85,200	113,600	127,800	127,800	127,800	127,800	127,800	127,800	127,800	114,168	
90100103	91st Ave WWTP Toxicity Identification Evaluation	14.20%	23,856	56	1,420	1,420	1,420	710	1,420	710	1,420	710	1,420	710	13,916	
90100104	Multi-Phase Process Improvements	14.20%		56												
90100105	91st Ave WWTP Process Control Optimization	14.20%	863,502	56	85,200	85,200	71,000	85,200	92,300	92,300	85,200	85,200	85,200	85,200	96,702	
90100106	Fire Life Safety	14.20%	550,392	56	85,200	85,200	142,000	142,000	181,192	181,192						
90100107	91st Ave WWTP Facility Assessment	14.20%	215,414	56	21,300	21,300	21,300	21,300	17,750	21,300	17,750	21,300	17,750	21,300	37,914	
90100109	91st Ave WWTP Facility Rehabilitation	14.20%	7,437,676	56	255,600	99,400	852,000	710,000	710,000	710,000	710,000	639,000	994,000	994,000	1,019,276	
90100111	91st Ave WWTP Solids Rehab Phase 1	14.20%	3,416,378	56	568,000	568,000	1,136,000	1,144,378	355,000	213,000						
90100112	91st Ave WWTP Plant 2B Rehab	14.20%	3,674,534	56	1,704,000	1,704,000	994,000	976,534								
90100113	91st Ave Process Control Improvements	14.20%	4,332,420	56	426,000	71,000	426,000	568,000	568,000	426,000	497,000	568,000	568,000	568,000	72,420	
90100114	91st Ave WWTP Plant 1A Rehab	14.20%	8,395,750	56	568,000	568,000	710,000	710,000	852,000	1,136,000	994,000	994,000	610,600	994,000	827,150	
90100115	Master Plan 22/23	20.00%	202,000	41							101,000	101,000				
90100117	91st Ave Solids Rehab Phase 2	14.20%	6,872,800	56	710,000	213,000	568,000	852,000	426,000	710,000	994,000	994,000	994,000	1,121,800		
90120037	91st Ave WWTP Local Limits Study	20.00%	273,000	41	40,000	40,000	45,000	40,400					70,000	77,600		
90140016	Tres Rios Rehab & Replacement	14.20%	692,108	56	142,000	142,000	106,500	106,500	106,500	106,500	71,000	53,108				
90160084	SROG Interceptor Capacity Improvements	30.00%		61	2,700,000											
90160098	GL03 & GL02 Metering Stations			46C												
90160106	SRO Condition Assessment	11.47%	3,002,961	65	114,700	114,700	114,700	143,375	143,375	143,375	458,800	458,800	1,032,300	143,375	250,161	
90160107	SAI Condition Assessment	20.78%	4,496,584	64	124,680	124,680	155,850	125,927	1,039,000	415,600	883,150	831,200	311,700	311,700	297,777	
90160113	F2 SROG Interceptor Capacity Improvements	30.60%	25,189,920	67		2,448,000	1,269,900	918,000	3,366,000	3,366,000	3,060,000	3,060,000	2,142,000	2,142,000	3,418,020	
<b>SUBTOTAL - CURRENT PROJECTS:</b>			74,392,461		8,028,900	6,747,400	7,103,570	7,041,324	8,366,187	7,979,785	8,288,670	8,164,868	7,263,620	6,875,035	6,562,002	

**CITY OF TEMPE SHARE**

WS PROJECT NUMBER	PLANNED PROJECTS PROJECT DESCRIPTION	TEMPE'S SHARE	ESTIMATED COST	BILLING SCHEDULE	Prior Period Cashflow Estimate For JAN-JUN	FUTURE YEARS										
						2024-25 JAN-JUN	2025-26 JUL-DEC	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	FUTURE YEARS
90160090	F1 SRO/SAI Interceptor Odor Control Implement	11.00%	1,212,200	34	80,300		80,300	60,500	110,000	220,000	110,000	220,000	220,000	110,000	81,400	
90100118	91st Ave WWTP Plant 1B Rehab	14.20%	8,891,330	56					9,230	568,000	1,420,000	1,420,000	1,420,000	2,130,000	1,924,100	
90100119	91st Ave WWTP Solids Handling Facility	14.20%	23,224,100	56			142,000	284,000	362,100	1,136,000	3,550,000	2,130,000	3,550,000	3,550,000	8,520,000	
90100120	91st Ave Aeration Rehab	14.20%	6,287,050	56			142,000	710,000	710,000	710,000	710,000	710,000	710,000	852,000	1,033,050	
<b>SUBTOTAL PLANNED PROJECTS:</b>			39,614,680		80,300		364,300	1,054,500	1,191,330	2,634,000	5,790,000	4,480,000	5,900,000	6,642,000	11,558,550	
<b>SUBTOTAL ALL PROJECTS</b>			114,007,141		8,109,200	6,747,400	7,467,870	8,095,824	9,557,517	10,613,785	14,078,670	12,644,868	13,163,620	13,517,035	18,120,552	
<i>Prior Period Cash Flow Estimate (May 2024):</i>						8,109,200	7,239,878	6,979,883	8,608,085	7,936,325	9,527,560	17,290,570	16,087,783	18,104,300		
<i>Net Change Increase/(Decrease):</i>						(1,361,800)	227,992	1,115,941	949,432	2,677,460	4,551,110	(4,645,702)	(2,924,163)	(4,587,265)	18,120,552	
<b>TOTAL ALL PROJECTS:</b>			<u>114,007,141</u>		<u>8,109,200</u>	<u>6,747,400</u>	<u>7,467,870</u>	<u>8,095,824</u>	<u>9,557,517</u>	<u>10,613,785</u>	<u>14,078,670</u>	<u>12,644,868</u>	<u>13,163,620</u>	<u>13,517,035</u>	<u>18,120,552</u>	

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



AGENDA ITEM #4D

February 4, 2025

TO: Members of the SROG Committee

FROM: Michelle Barclay, SROG Manager

SUBJECT: SROG ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024, 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 2023-24 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 23, 2025 meeting, the SROG Advisory Committee recommended that:

the SROG Committee accept the SROG Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024, and Year-End Settlement, as presented for the same fiscal year.

# Multi-City Subregional Operating Group (SROG)

An Arizona Joint Venture

## Annual Comprehensive Financial Report

For Fiscal Year Ended  
June 30, 2024 and 2023







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

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

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





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

**December 17, 2023**

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

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

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

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

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

### **LOCAL ECONOMY**

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

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

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

## LOCAL ECONOMY (CONTINUED)

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

## LONG-TERM FINANCIAL PLANNING

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

## MAJOR INITIATIVES

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

### *Local Limits Review*

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

### *Toxicity Identification Evaluation*

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

## **MAJOR INITIATIVES (CONTINUED)**

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

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

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

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

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

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

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

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

## RELEVANT FINANCIAL POLICIES

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

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

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

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

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

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

## AWARDS AND ACKNOWLEDGEMENTS

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

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

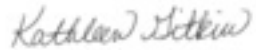
A Certificate of Achievement is valid for a period of one year only. SROG has received a Certificate of Achievement for the last twenty-seven consecutive years (fiscal years ended 1996 through 2023). We believe that our current annual comprehensive financial report continues to meet the Certificate of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

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

**AWARDS AND ACKNOWLEDGEMENTS (CONTINUED)**

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

Respectfully submitted,

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

Kathleen Gitkin  
Chief Financial Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Multi-City Subregional Operating Group  
Arizona**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morill*

Executive Director/CEO

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

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**SROG COMMITTEE**

---

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

Mr. Ron Serio  
Water Services Director  
City of Glendale

Mr. Nazario Prieto  
Assistant Director, Wastewater  
City of Phoenix

Mr. Chris Hassert  
Water Resources Director  
City of Mesa

Mr. Brian Biesemeyer  
Water Resources Executive Director  
City of Scottsdale

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**SROG ADVISORY COMMITTEE**

---

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

Mr. Mark Roy  
Deputy Director  
City of Glendale

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

Mr. Brian Draper  
Water Resources Advisor  
City of Mesa

Mr. Kevin Rose  
Water Resources Engineer  
City of Scottsdale

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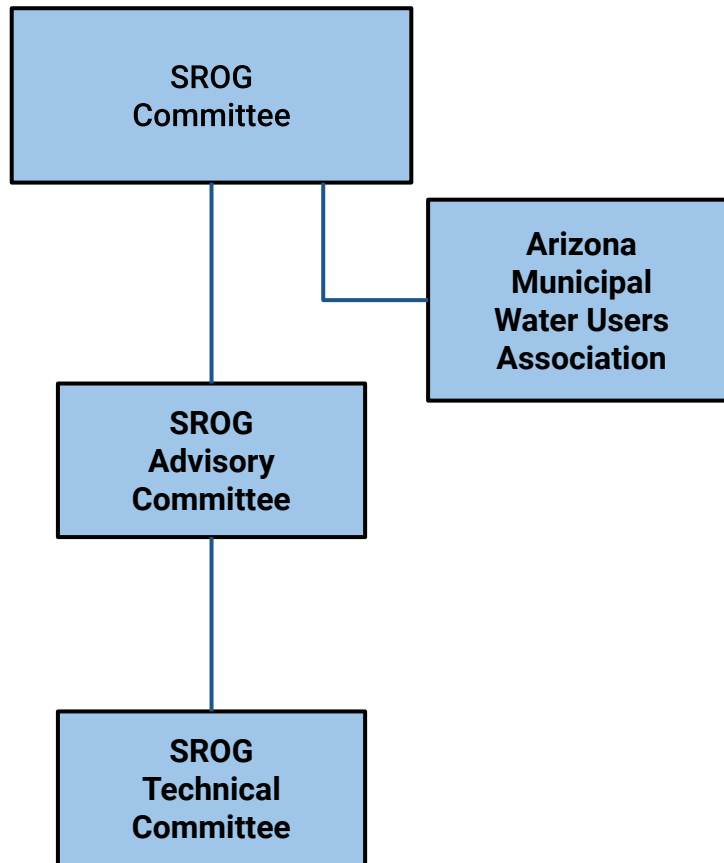
**CITY OF PHOENIX, FINANCE DEPARTMENT**

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Ms. Kathleen Gitkin  
Chief Financial Officer  
City of Phoenix



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



\*See Note 1 (k) on page 15



**Financial**  
section



## Independent Auditor's Report

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

### Report on the Audit of the Financial Statements

#### **Opinion**

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

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

#### **Basis for Opinion**

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

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

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

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

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

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

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

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

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

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

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

***Required Supplementary Information***

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

**Supplementary Information**

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

**Other Information**

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

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

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

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

**Forvis Mazars, LLP**

**Dallas, Texas  
December 17, 2024**







**Management's  
Discussion and  
Analysis**





## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

### FINANCIAL AND OPERATIONAL HIGHLIGHTS (in thousands)

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

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

## SROG'S FINANCIAL ANALYSIS

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

### SROG's Net Position

(in thousands)

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

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

**SROG's Changes in Net Position**  
(in thousands)

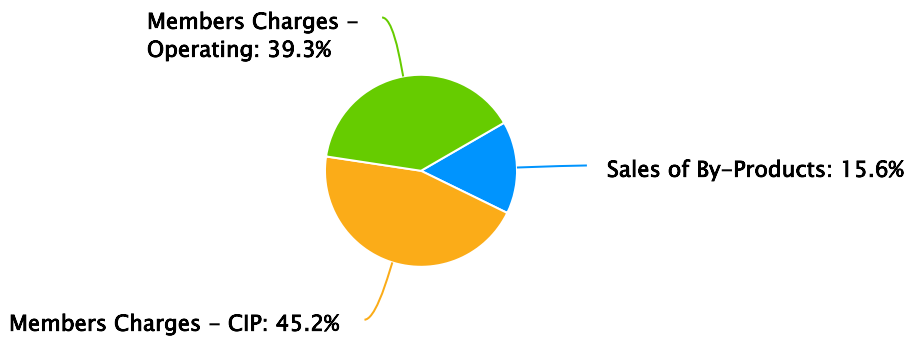
	Years Ended June 30		
	2024	2023	2022
Operating Revenues - Primarily Members' Charges	\$ 127,329	\$ 81,970	\$ 72,716
Non-Operating Revenues, net - Investment Income	6	3,037	2,619
Total Revenues	<u>127,335</u>	<u>85,007</u>	<u>75,335</u>
Operating Expenses			
Administration	8,303	7,279	6,338
Operation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

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

## OPERATING REVENUES

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

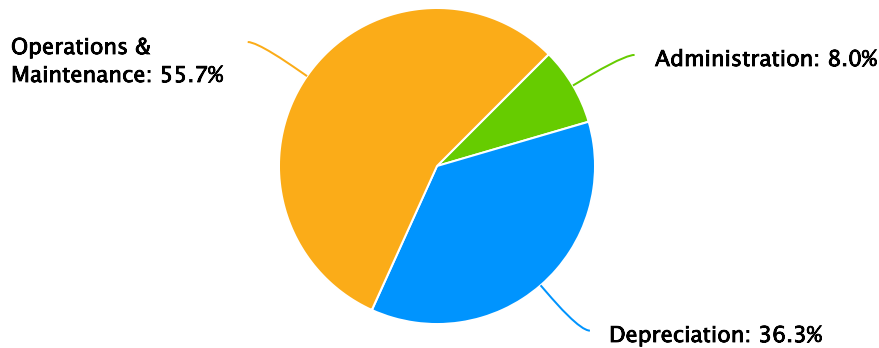
**Operating Revenues  
for Fiscal Year Ended June 30, 2024**  
Total = \$127,329  
(in thousands)



## OPERATING EXPENSES

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

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



## CAPITAL ASSETS

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

### SROG's Capital Assets

(in thousands)

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

### Capital Acquisitions and Construction Activities

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

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

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


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

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

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

## **REQUESTS FOR FINANCIAL INFORMATION**

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



# **Basic Financial Statements**





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

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

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

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

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

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

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

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

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





**Notes to the  
Financial  
Statements**



## Table of Contents

### Financial Section - Notes to the Financial Statements

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

An index to the notes follows:

Note	Description	Page
1	Organization and Summary of Significant Accounting Policies	14
2	Cash and Investments	17
3	Capital Assets	19
4	Risk Management	21
5	Members' Equity	21
6	Related Party Transactions	22
7	Construction and Other Grants	22
8	Commitments and Contingencies	23
9	Pension Plan	23
10	Other Post-Employment Benefits	24





Multi-City Subregional Operating Group (SROG)  
Notes to the Financial Statements  
For the Fiscal Years Ended June 30, 2024 and 2023

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

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

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

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

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

a) **Reporting Entity**

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

b) **Basis of Accounting**

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

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

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

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

c) **Cash and Pooled Investments**

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

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

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

**d) Receivables**

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

**e) Inventories**

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

**f) Capital Assets**

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

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

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

**g) Other Trust Liabilities**

**Neighborhood Committee Trust**

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

**h) Operating Revenues**

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

**i) Operating Expenses**

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

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

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

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

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

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

#### **j) Budget**

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

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

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

#### **l) Estimates**

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

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

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

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

2. **Cash and Investments**

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

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

**Pooled Investments**

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

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

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

**Fair Value Hierarchy**

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

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

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

### **Cash and Investments (continued)**

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

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

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

#### **Interest Rate Risk**

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

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

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

#### **Credit Risk**

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

#### **Concentration of Credit Risk**

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

Issuer	Fair Value
FHLB	\$ 716,376

### 3. **Capital Assets**

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

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

**Capital Assets (Continued)**

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



4. **Risk Management**

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

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

5. **Members’ Equity**

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

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

6. **Related Party Transactions**

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

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

b) Members' receivables were as follows:

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

c) Members' payables were as follows:

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

d) Administration Costs

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

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

7. **Construction and Other Grants**

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

8. **Commitments and Contingencies**

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

9. **Pension Plan**

a) **Plan Description**

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

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

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

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

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

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

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

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

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

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

**Pension Plan (Continued)**

**b) Funding Policy**

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

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

**c) Net Pension Liability**

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

**10. Other Post-Employment Benefits**

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

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

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

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

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

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

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

**Post-Employment Health Plan**

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

**Actuarial Valuations**

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

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

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



**Supplementary  
Information**



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

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

**Non-GAAP JEPA Basis**

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

**Sale of By-Products**

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

**Interest Income**

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

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



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

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	
	2024	2023
City of Glendale	2,838,633	2,908,400
City of Mesa	6,959,332	5,819,990
City of Phoenix	36,706,239	35,830,170
City of Scottsdale	2,478,947	2,769,230
City of Tempe	6,947,071	7,070,750
<b>Total</b>	<b>55,930,222</b>	<b>54,398,540</b>

**Sewage Strengths (Milligrams Per Liter):**

	June Ended June 30	
	2024	2023
<b>Chemical (COD)<sup>(1)</sup></b>		
City of Glendale	1,142	961
City of Mesa	873	880
City of Phoenix	695	771
City of Scottsdale	1,144	944
City of Tempe	764	760
<b>Suspended Solids (SS)</b>		
City of Glendale	523	516
City of Mesa	433	472
City of Phoenix	317	367
City of Scottsdale	776	699
City of Tempe	228	233

<sup>(1)</sup> 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, 2024 and 2023**

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

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

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

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

Member	2024				
	Beginning Balance				Ending Balance
	July 2023	Contributions	Interest	Expenditures	June 2024
City of Glendale	\$ 9,086,217	\$ 3,988,266	\$ 401,130	\$ (3,437,600)	\$ 10,038,014
City of Mesa	15,020,123	817,778	517,547	(7,753,153)	8,602,295
City of Scottsdale	7,361,410	3,081,359	262,786	(5,205,117)	5,500,438
City of Tempe	23,024,308	5,928,368	998,504	(7,547,709)	22,403,471
<b>Total</b>	<b>\$ 54,492,059</b>	<b>\$ 13,815,771</b>	<b>\$ 2,179,967</b>	<b>\$ (23,943,579)</b>	<b>\$ 46,544,218</b>

Member	2023				
	Beginning Balance				Ending Balance
	July 2022	Contributions	Interest	Expenditures	June 2023
City of Glendale	\$ 8,382,476	\$ 3,388,562	\$ 217,531	\$ (2,902,352)	\$ 9,086,217
City of Mesa	11,425,795	6,060,769	354,107	(2,820,548)	15,020,123
City of Scottsdale	5,079,407	4,063,620	167,478	(1,949,094)	7,361,410
City of Tempe	18,945,972	6,320,603	542,014	(2,784,281)	23,024,308
<b>Total</b>	<b>\$ 43,833,651</b>	<b>\$ 19,833,554</b>	<b>\$ 1,281,130</b>	<b>\$ (10,456,276)</b>	<b>\$ 54,492,059</b>

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

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

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

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

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

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

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

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

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

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

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



**Statistical**  
section





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**Multi-City Subregional Operating Group (SROG)**  
**Statements of Net Position**  
**Last Ten Fiscal Years**  
**(in thousands)**

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

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

**Statements of Revenues and Expenses and Changes in Net Position**  
**Last Ten Fiscal Years**  
**(in thousands)**

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

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

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

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

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

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

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

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

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

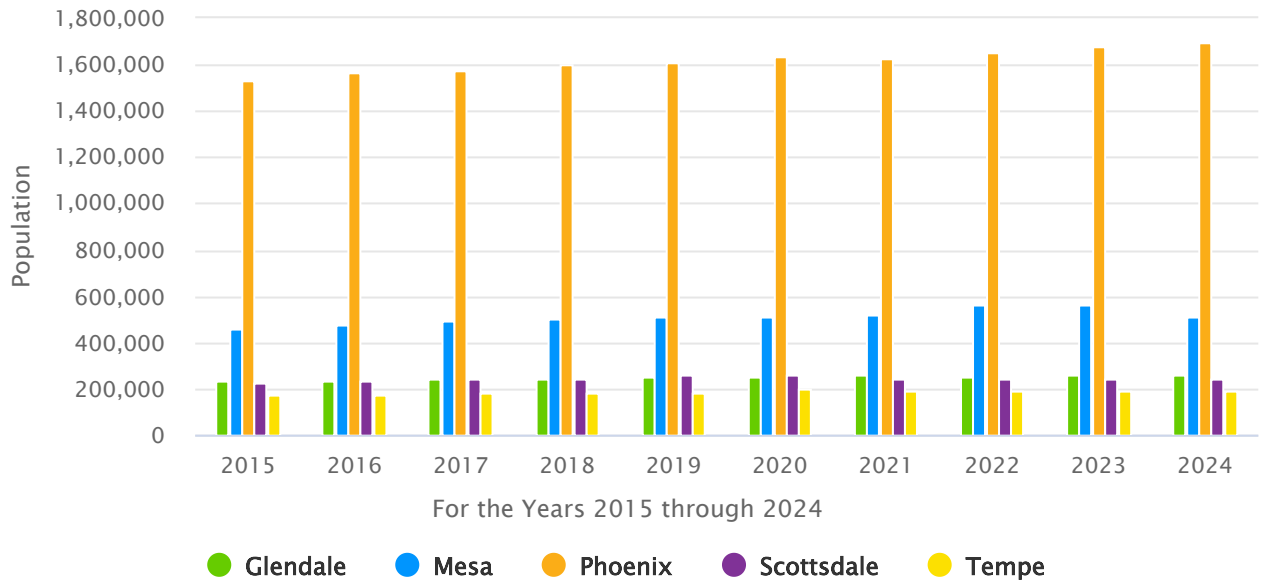


Source: AMWUA  
City of Phoenix Finance Department

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

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

### SROG Member Cities' Population Growth



Source: AMWUA  
City of Phoenix Finance Department

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

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

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

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

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

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

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

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

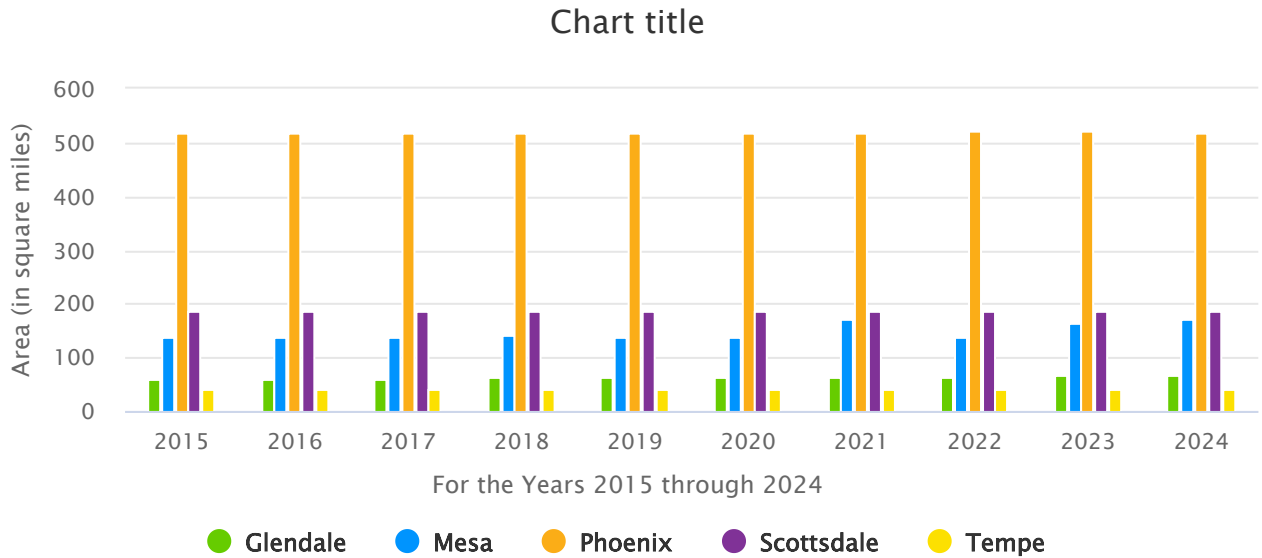
Employer	2024			2015		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Banner Health	46,602	1	1.90%	35,406	2	1.91%
State of Arizona	41,531	2	1.69%	50,816	1	2.74%
Amazon.com Inc.	40,000	3	1.63%			
Walmart Inc.	37,648	4	1.54%	32,373	3	1.75%
Arizona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

Source: Phoenix Business Journal Book of Lists

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

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

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



Source: AMWUA  
 City of Phoenix Finance Department



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

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

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

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

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

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

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

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

**Suspended Solids (SS)**

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

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

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

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

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

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

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

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

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





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

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

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

This schedule may contain differences due to rounding.

FINAL

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

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

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

**FINAL**

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

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

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

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

This schedule may contain differences due to rounding.

**FINAL**



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

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

**SEWAGE TREATED**

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

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

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

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

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

This schedule may contain differences due to rounding.

**FINAL**

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

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

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

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

This schedule may contain differences due to rounding.

**FINAL**

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

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

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

Notes:

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

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

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

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

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

**FINAL**

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

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

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

**FINAL**



AGENDA ITEM #4E

February 4, 2025

TO: Members of the SROG Committee

FROM: Michelle Barclay, SROG Manager

SUBJECT: GL02 METERING STATION RELOCATION

The City of Phoenix is requesting, on behalf of The City of Glendale, SROG authorization to amend the contract with Wilson Engineers for Construction Administration and Inspection services for the GL02 Metering Station Relocation. The amendment is not to exceed \$400,000.

The City of Phoenix is also requesting, on behalf of The City of Glendale, SROG authorization to enter into a Job Order Contract with Felix Construction for construction services related to the GL02 Metering Station for an amount not to exceed \$2,500,000.

The expected construction duration is 13 months, and funds for these services are budgeted in the SROG CIP Cash Flow beginning in FY 2024-25, and will be billed per Billing Schedule 46C which is 100% Glendale.

#### RECOMMENDATION

At their January 23, 2025 meeting, the SROG Advisory Committee recommended that:

Phoenix be authorized to amend the contract with Wilson Engineers, on behalf of the City of Glendale, for CA&I services related to the GL02 Metering Station for an amount not to exceed \$400,000 and enter into Job Order Contract with Felix Construction, on behalf of the City of Glendale, for construction services related to the GL02 Metering Station for an amount not to exceed \$2,500,000. Funds for these services are available in the SROG CIP Cash Flow beginning in Fiscal Years 2024-25. The Project Number is WS90160098 and will be billed per Billing Schedule 46C (100% Glendale)



AGENDA ITEM #4F

February 4, 2025

TO: Members of the SROG Committee

FROM: Michelle Barclay, SROG Manager

SUBJECT: 91<sup>st</sup> AVE WWTP FACILITY ASSESSMENT

The City of Phoenix is requesting approval to utilize an annual services contract with Arcadis, and negotiate a scope of work and fee for professional consultant services to:

- Conduct an assessment update of the facilities at the 91st Avenue WWTP to determine the remaining useful life of the facilities.
- Verify and update the type, scope, cost and timing of rehabilitation and/or improvement projects necessary to extend the useful life of the facilities.
- Recommend an updated 10-year plan for the long-term management of the facilities.

This assessment is going to evaluate assets that have not been assessed since 2017. Additionally, there is going to be particular effort assessing the chlorine facility, building 40, and the systems that are in that building as well as the piping and chlorinating equipment that are outside of the building. The 10 year prioritized plan is refreshed every couple of years based on the needs and changing conditions at the facility. The scope includes verifying the types, scope, cost, timing of rehab improvement projects, and recommending an updated 10-year plan for the long-term management of the facilities.

#### RECOMMENDATION

At their January 23, 2025 meeting, the SROG Advisory Committee recommended that:

Phoenix be authorized to utilize an annual services contract with Arcadis for an amount not to exceed \$700,000 to provide professional services related to the 91st Avenue Facility Condition Assessment. Funds for these services are available in the SROG CIP Cash Flow in Fiscal Years 2024-25. The Project Number is WS90100107 and will be billed per Billing Schedule 56 (6.45% Glendale, 14.29% Mesa, 55.16% Phoenix, and 9.9% Scottsdale, and 14.20% Tempe)

Arizona Municipal Water Users Association



AGENDA ITEM #4G

February 4, 2025

TO: Members of the SROG Committee  
FROM: Michelle Barclay, SROG Manager  
SUBJECT: 91<sup>st</sup> AVE WWTP LOCAL LIMITS REVIEW

The project scope involved developing a desktop headworks analysis using readily available data from the city, including current influent and effluent data, and biosolids data from 2019 to 2023. The study also included the use of literature inhibition rates established by the EPA and the development of an industrial allocation table for current SROG industrial users. The goal was to determine if the SROG partners need to conduct a full evaluation of local limits in combination with the 91st Avenue Treatment Plant permit and the 23rd Avenue permit.

The findings included a recommendation that SROG proceed with a full local limit study due to changes in water quality standards and the need for updated data. The study found significant differences between the 2004 and 2024 allowable and industrial loads for certain pollutants. Permitting monitoring requirements have expanded in the past 20 years, and there were over 60 pollutants exceeding the screening criteria. There were 56 pollutants that showed a negative allowable industrial load in the headworks analysis. The majority are in the effluent expanded testing requirements table.

This has been presented to the SROG TAC committee, the SROG SPEC committee, and the SROG Advisory Committee, all of which are recommending acceptance of this report.

#### RECOMMENDATION

At their January 23, 2025 meeting, the SROG Advisory Committee recommended that:

the SROG Committee accept the Local Limits Review Report prepared per the requirements of the 91st Avenue WWTP NPDES permit, as presented by the City of Phoenix.

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Arizona Municipal Water Users Association

**SROG ADVISORY COMMITTEE**  
**MEETING MINUTES**  
**January 23, 2025**

**MEMBERS**

Patty Kennedy, Chair, Phoenix  
Brian Draper, Mesa  
Bryan Cassens for Kevin Rose, Scottsdale  
Jeremy Mikus, Tempe  
Mark Roye, Glendale

**OTHERS**

Michelle Barclay, AMWUA  
Tara Gonzales, Phoenix

**A. Call to Order**

Ms. Kennedy called the meeting to order at 1:03 p.m.

**B. General Business – Items for Discussion and Possible Action****1. Approval of the Minutes from the October 17, 2024 Meeting**

Upon a motion by Mr. Draper, a second by Mr. Roye, and unanimous approval, the minutes of the October 17, 2024 meeting were approved.

**2. The next SROG Advisory Committee meeting was scheduled for Thursday, February 20, 2024, 1:00 p.m.****3. Information Items**

There were no comments on the information items.

**4. SROG User Charge Rates for Fiscal Year 2025-26**

Ms. Canez of the City of Phoenix provided the Committee with a presentation on the Fiscal Year 2025-26 SROG User Rates and Charges. The exhibits were previously distributed to the cities and were also discussed at the SROG Finance Committee meeting on January 16, 2025.



Ms. Canez stated that the net revenue requirements for fiscal year 2025-26 is \$83,121,908. She also reviewed the total forecast for flow, the user rates and total charges allocated by city for fiscal year 2025-26. Ms. Canez noted that there is a projected to be a slight decrease in flow, but overall increases in COD and suspended solids.

Upon a motion by Ms. Kennedy, a second by Mr. Roye and unanimous approval, the SROG Advisory Committee recommended to the SROG Committee that the SROG User Charge Rates for Fiscal Year 2025-26 be approved as presented by the City of Phoenix.

5. Operating Fund Balance Reserve

Ms. Canez presented the Operating Fund Reserve Adjustment Forecast for the Year Ending June 30, 2026. She said this topic was also discussed at the Finance Committee meeting on January 16, 2025. She reported that the JEPA requires the Operating Fund Balance Reserve to be maintained at 12.5% of the approved operating budget and does not include replacement costs.

Ms. Canez stated that the contributions will increase \$1,450,857 this coming fiscal year in order to meet the 12.5% requirement.

Upon a motion by Ms. Kennedy, a second by Mr. Draper and unanimous approval, the SROG Advisory Committee recommended to the SROG Committee that the Operating Fund Balance for Fiscal Year 2025-26 be approved as presented by the City of Phoenix.

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

Ms. Canez presented the fiscal year 2023-24 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. Additionally, for fiscal year 2022-23 the ACFR did earn the GFOA certificate of achievement for excellence in reporting, and the City of Phoenix has also submitted the fiscal year 2023-24 report for consideration.

Upon a motion by Ms. Kennedy, a second by Mr. Roye and unanimous approval, the SROG Advisory Committee recommended to the SROG Committee the Year-End Settlement for Fiscal Year 2023-24 be accepted, as presented by the City of Phoenix and that the SROG Advisory Committee advise the SROG Committee that the SROG Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2024, was received as presented by the City of Phoenix.

## 7. Local Limits

Ms. Smith of the City of Phoenix introduces Mary Sadler from Hazen and Sawyer to present the local limits review. Ms. Sadler explained the project scope, stating that Hazen conducted a desktop headworks analysis with data that was readily available to plant so there wasn't any site specific sampling. This was done with current data, including influent effluent data and biosolids data. They also used the current permits, which include the NPDES permit and the Aquifer Protection Permit.

The primary goal of the headworks analysis is to set local limits to protect infrastructure while being reasonable for current and future industry. Ms. Sadler discussed the types of issues considered in a headworks analysis, such as damage to the collection system, treatment injury, and interference with treatment facilities. Ms. Sadler explained the concept of the maximum allowable headworks load (MAHL) and how it is calculated. The summary of findings includes recommendations for a full local limit study due to negative allowable industrial loads, overallocation, and positive detections in effluent.

Mr. Roye raised concerns about future industries and the alignment of local limits with AWP, as AWP is likely to have partners that are not members of SROG. Mr. Roye asked how local limits will be handled if there are local limits set for SROG partners that are not the same as for non-SROG AWP partners. Mr. Roye pointed out that AWP needs to be factored in so that we don't set local limits then come back in a few years with a new set.

Ms. Kennedy clarifies that the approval today is for the acceptance of the local limits review report, not for moving forward with a full local limits reevaluation yet. She agreed that there are some questions that need to be figured out.

Upon a motion by Ms. Kennedy, a second by Mr. Draper, and unanimous approval, the SROG Advisory Committee recommended that the SROG Committee accept of the Local Limits Review Report prepared per the requirements of the 91st Avenue WWTP NPDES permit, as presented by the City of Phoenix.

## 8. GL02 Request for Construction and CA&I Services

Mr. Roye stated that Glendale is requesting authorization to amend the Wilson engineering contract for CA&I services for the GL02 metering station relocation in the amount of \$379,635.30. The expected duration is a little over a year.

Mr. Roye said Glendale is also requesting authorization to enter to a construction contract for NTE \$2.5 million, and the funding is available beginning in fiscal year 2024-25 under project number WS90160098, this is 100% Glendale expense.

Upon a motion by Ms. Kennedy, a second by Mr. Draper, and unanimous approval, the SROG Advisory Committee recommended that the SROG Committee authorize the City of

Phoenix to amend the contract with Wilson Engineers, on behalf of the City of Glendale, for CA&I services related to the GL02 Metering Station for an amount not to exceed \$400,000 and enter into Job Order Contract with Felix Construction, on behalf of the City of Glendale, for construction services related to the GL02 Metering Station for an amount not to exceed \$2,500,000. Funds for these services are available in the SROG CIP Cash Flow beginning in Fiscal Years 2024-25. The Project Number is WS90160098 and will be billed per Billing Schedule 46C (100% Glendale)

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

Mr. Masche stated that the City of Phoenix is requesting approval to utilize the annual services contract with Arcadis and negotiate a scope of work and fee for professional services to conduct an assessment update of the of the facilities at the 91sts Ave WWTP. The goal is to determine remaining useful life of the facilities, verify and update the scope, type, cost and timing of rehabilitation and or improvement projects necessary to extend the useful life of the facilities, and recommend an updated 10 year plan for the long term management of the facilities.

Mr. Masche explained that this is our biannual update to our condition assessment, this time with a more comprehensive data set. Mr. Masche stated that we are not looking at areas already in progress such as solids, and that the chlorine facilities are in need of a good comprehensive assessment. Mr. Roye asked if this is going to include the maintenance shop area, and Mr. Masche responded that there is a plan to address those areas though we have not looked specifically at the maintenance shop, tool room, oil storage, or anything like that.

Upon a motion by Ms. Kennedy, a second by Mr. Draper, and unanimous approval, the SROG Advisory Committee recommended that the SROG Committee authorize the City of Phoenix to utilize an annual services contract with Arcadis for an amount not to exceed \$700,000 to provide professional services related to the 91st Avenue Facility Condition Assessment. Funds for these services are available in the SROG CIP Cash Flow in Fiscal Years 2024-25. The Project Number is WS90100107 and will be billed per Billing Schedule 56 (6.45% Glendale, 14.29% Mesa, 55.16% Phoenix, and 9.9% Scottsdale, and 14.20% Tempe)

**C. Future Agenda Items**

There was no discussion of this item.

**D. Adjournment**

Upon a motion by Ms. Kennedy a second by Mr. Draper and unanimous approval, the meeting adjourned at 1:51 p.m.