



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

February 3, 2022

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

FROM: Mr. Chris Hassert, Chair, Mesa

SUBJECT: **MEETING NOTICE AND AGENDA**

**Wednesday, February 9, 2022 – 11:00 a.m.**

**This meeting will be held via AMWUA Zoom**

**Access this [Link](#) to join.**

**(Option to join by phone: 1-346-248-7799, Meeting ID: 882 2937 4185)**

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 10, 2021 Meeting
3. Set Next Meeting Date

The next regularly scheduled meeting will be held on Wednesday, March 9, 2022, 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 2022-23 Operations and Maintenance Budget and Operating Fund Reserve Balance for the 91<sup>st</sup> Avenue WWTP

In an email dated December 10, 2021, the SROG Advisory Committee recommended that the SROG Committee approve the proposed Fiscal Year 2022-23 Operations and Maintenance Budget base request of \$59,973,574 and that the Operating Fund Balance Reserve be increased \$563,190 in order to maintain the required 12.5% of the Fiscal Year 2022-23 budget.

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

B. Recommendation to Approve the Proposed Fiscal Year 2022-23 Multi-City SROG User Charge Rates

At their January 20, 2022 meeting, the SROG Advisory Committee recommended that the SROG Committee approve the Fiscal Year 2022-23 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 2022-23 Capital Improvement Projects Cash Flow Estimate for the 91<sup>st</sup> Avenue WWTP

In an email dated November 15, 2021, the SROG Advisory Committee recommended that the SROG Committee approve the Fiscal Year 2022-23 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 Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2021, and Year-End Settlement

At their January 20, 2022 meeting, the SROG Advisory Committee recommended that the SROG Committee accept the SROG Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2021, and Year-End Settlement, as presented, for the same fiscal year.

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

E. JOC ELECTRICAL ENGINEERING SUPPORT SERVICES

At their January 20, 2022 meeting, the SROG Advisory Committee recommended that the SROG Committee authorize the City of Phoenix to enter into a contract with EIC to provide professional services related to evaluation, design, and construction administration and

inspection services in support of multiple electrical rehabilitation, repair and replacement projects at the 91<sup>st</sup> Avenue WWTP.

Please refer to Agenda Item #4E.

F. JOC ENGINEERING SUPPORT SERVICES

At their January 20, 2022 meeting, the SROG Advisory Committee recommended that the SROG Committee authorize the City of Phoenix to enter into a contract with Waterworks to provide professional services related to evaluation, design, and construction administration and inspection services in support of multiple rehabilitation, repair and replacement projects at the WWTP.

Please refer to Agenda Item #4F.

5. Joint Exercise of Power Agreement (JEPA) Negotiations

This is a standing item on the agenda in the event the Committee would like to discuss the JEPA negotiations.

6. Meeting of the SROG Advisory Committee

Please refer to the agenda and minutes from the January 20, 2022 SROG Advisory Committee meeting.

7. Future Agenda Items

8. 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 10, 2021

#### MEMBERS

Chris Hassert, Chair, Mesa  
Brian Biesemeyer, Scottsdale  
Craig Johnson, Glendale  
Terry Piekarz, Tempe  
Nazario Prieto, Phoenix

#### OTHERS

Michelle Barclay, AMWUA  
Tara Gonzales, Phoenix

#### 1. Call to Order

Mr. Hassert called the meeting to order at 11:25 a.m.

#### 2. Approval of the Minutes from the September 8, 2021 Meeting

Upon a motion by Mr. Johnson, a second by Mr. Piekarz, and unanimous approval, the SROG Committee approved the minutes of the September 8, 2021 meeting.

#### 3. Set Next Meeting Date

The next meeting will be held on Wednesday, December 8, 2021.

#### 4. Consideration of Items for Consent

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

##### A. Recommendation to Adopt the 91<sup>st</sup> Avenue WWTP Influent Flow and Loading Projections for Fiscal Year 2022-23

The SROG Committee adopted the 91<sup>st</sup> Avenue WWTP influent flow and loading projections for Fiscal Year 2022-23.

##### B. Peoria IGA

The SROG Committee accepted the City of Phoenix and the City of Glendale entering into an Intergovernmental Agreement with the City of Peoria. The purpose of this IGA is for Glendale and

Phoenix respectively to provide transportation and treatment of wastewater flows released by the Peoria Butler Drive Water Reclamation Facility for emergency or short-term planned events. Furthermore, Peoria will be responsible for all costs and expenses associated with the wastewater flows discharged into the 99<sup>th</sup> Avenue Interceptor and treatment at the 91<sup>st</sup> Avenue WWTP.

C. 25-Year Master Plan

The SROG Committee accepted new project number WS90100115 and authorized the City of Phoenix to advertise, select and negotiate scope of work and fee, to provide professional consultant services to develop a 91st Avenue WWTP 25-year Master Plan Report for an amount not to exceed \$1,000,000. Funds for these services are available in the SROG CIP Cash Flow for Fiscal Year 2022-23. The project number is WS90100115 using billing schedule 41 with the following percentages: Glendale 20%, Mesa 20%, Phoenix 20%, Scottsdale 20%, and Tempe 20%.

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

**5. Joint Exercise of Power Agreement (JEPA) Negotiations**

There was no discussion on this item.

**6. Meeting of the SROG Advisory Committee**

There was no discussion on this item.

**7. Future Agenda Items/Comments**

There was no discussion on this item.

**8. Adjournment**

Mr. Hassert adjourned the meeting at 11:27 a.m.



AGENDA ITEM #4A

February 3, 2022

TO: Members of the SROG Committee

FROM: Michelle Barclay, SROG Manager

SUBJECT: RECOMMENDATION TO APPROVE THE PROPOSED FISCAL YEAR 2022-23 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 2022-23. The total proposed O&M Budget base request is \$59,973,574. This represents an 8% increase from the prior year's budget request.

This proposed budget includes \$5,500,000 to be added to the replacement fund with anticipated expenditures of \$5,500,000 for Fiscal Year 2022-23. It also includes a recommended five-year CIP Replacement Fund schedule for Fiscal Years 2022-23 through 2026-27.

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 \$563,190 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 2022.

#### RECOMMENDATION

In an email dated December 10, 2021, and at their meeting on January 20, 2022, the SROG Advisory Committee recommended that:

the SROG Committee approve the proposed Fiscal Year 2022-23 Operations and Maintenance Budget base request of \$59,973,574, which includes a contribution of \$5,500,000 to the replacement fund and estimated expenditures of \$5,500,000 from that fund; to include the adoption of the recommended five-year CIP Replacement Fund schedule for Fiscal Years 2022-23 through 2026-2027; and that the Operating Fund Balance Reserve be increased by \$563,190, in order to maintain the required 12.5% of the Fiscal Year 2022-23 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 2022.

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## Arizona Municipal Water Users Association

**FY 2022-23 OPERATING AND MAINTENANCE PRELIMINARY BUDGET REQUEST  
SROG FUND  
91ST AVENUE WASTEWATER TREATMENT PLANT**

	2020/2021 Actual	2021/2022 Approved Budget	2021/2022 Estimate	2022/2023 Base Request	% Diff Budget to Base	2023/2024 Projection	
<b><u>OPERATIONS AND MAINTENANCE</u></b>							
<b>Personal Services</b>	<b>\$10,412,565</b>	<b>\$11,257,126</b>	<b>\$10,803,108</b>	<b>\$12,071,419</b>	7%	\$12,312,847	1
Salaries	\$7,214,936	\$7,360,645	\$7,323,637	\$7,866,059	6.87%	\$8,023,380	
Fringe Benefits	\$3,197,629	\$3,896,481	\$3,479,471	\$4,205,360	7.93%	\$4,289,467	
<b>Sludge Hauling &amp; Environ. Waste Disposal</b>	<b>\$2,514,716</b>	<b>\$2,282,432</b>	<b>\$2,052,319</b>	<b>\$2,547,925</b>	12%	\$2,598,884	2
<b>General</b>	<b>\$13,141,088</b>	<b>\$12,310,307</b>	<b>\$12,723,189</b>	<b>\$14,033,586</b>	14%	\$14,314,258	
Professional Services	\$376,048	\$654,306	\$639,634	\$913,214	39.57%	\$931,478	3
Water/Sewer Service	\$1,388,577	\$1,109,503	\$1,423,152	\$1,663,400	49.92%	\$1,696,668	4
Facilities & Vehicle Maintenance	\$1,878,504	\$1,442,081	\$2,050,339	\$1,856,471	28.74%	\$1,893,601	5
Machinery and Equipment	\$725,231	\$655,900	\$629,664	\$867,560	32.27%	\$884,911	6
Other Contractual Services	\$2,886,365	\$3,639,375	\$3,679,113	\$3,847,938	5.73%	\$3,924,897	
Mtrls to Maint-Bldgs, Mach, & Equip	\$2,056,430	\$1,426,347	\$1,135,793	\$2,071,294	45.22%	\$2,112,720	7
Other Commodities	\$1,022,629	\$1,113,675	\$1,075,924	\$1,137,961	2.18%	\$1,160,720	
Capital Outlay	\$1,630,095	\$1,067,000	\$796,000	\$342,800	-67.87%	\$349,656	
Process Control	\$1,177,210	\$1,202,120	\$1,293,570	\$1,332,948	10.88%	\$1,359,607	
<b>Chemicals</b>	<b>\$6,645,206</b>	<b>\$6,993,800</b>	<b>\$6,210,413</b>	<b>\$7,315,693</b>	5%	\$7,462,007	8
<b>Water Quality and Compliance</b>	<b>\$1,072,961</b>	<b>\$1,012,107</b>	<b>\$1,113,681</b>	<b>\$1,120,681</b>	11%	\$1,143,095	
<b>Electricity</b>	<b>\$6,577,472</b>	<b>\$6,361,528</b>	<b>\$6,185,021</b>	<b>\$6,344,310</b>	0%	\$6,471,196	
<b>JEPA Consulting Charges</b>	<b>\$655,014</b>	<b>\$650,000</b>	<b>\$650,500</b>	<b>\$624,000</b>	-4%	\$636,480	
<b>SAI Odor Control</b>	<b>\$1,251,116</b>	<b>\$1,261,843</b>	<b>\$798,569</b>	<b>\$1,298,569</b>	3%	\$1,324,540	9
<b>Subtotal 91st Ave WWTP Costs</b>	<b>\$42,270,136</b>	<b>\$42,129,143</b>	<b>\$40,536,800</b>	<b>\$45,356,183</b>		<b>\$46,263,307</b>	
<b><u>GENERAL ADMINISTRATION</u></b>							
<b>Overhead Allocation</b>	<b>\$4,954,543</b>	<b>\$5,516,443</b>	<b>\$5,824,805</b>	<b>\$6,270,666</b>	14%	\$6,396,079	10
Department Administration	\$2,207,208	\$2,486,802	\$2,399,828	\$2,625,420	6%	\$2,677,928	
Treatment Plant Administration	\$2,747,335	\$3,029,641	\$3,424,977	\$3,645,246	20%	\$3,718,151	
City Services Administration	\$2,089,429	\$1,922,000	\$1,859,000	\$2,095,000	9%	\$2,145,000	
Finance Utilities Accounting	\$134,050	\$226,832	\$226,832	\$246,225	9%	\$229,034	
<b>Subtotal General Administration</b>	<b>\$7,178,022</b>	<b>\$7,665,275</b>	<b>\$7,910,637</b>	<b>\$8,611,891</b>		<b>\$8,770,113</b>	
Supplementals	\$0	\$173,649	\$173,649	\$505,500			11
Replacement Fund	\$5,504,251	\$5,500,000	\$5,500,000	\$5,500,000	0%	\$5,500,000	
<b>Subtotal Other Charges</b>	<b>\$5,504,251</b>	<b>\$5,673,649</b>	<b>\$5,500,000</b>	<b>\$6,005,500</b>		<b>\$5,500,000</b>	
<b>Total Operating</b>	<b>\$54,952,409</b>	<b>\$55,468,067</b>	<b>\$53,947,437</b>	<b>\$59,973,574</b>	<b>8%</b>	<b>\$60,533,420</b>	

**91st Avenue - Footnotes to Summary of Expenditures and Encumbrances FY 22/23**

- Personal Services**    **1 Increase due to hiring efforts to fill vacant positions that were on hold prior years. Hiring was delayed in previous years due to COVID related impacts on the economy.**
- Sludge Hauling & Environ. Waste Disposal    2 Hauling weight continues to increase cost. Roll-off bins are scheduled for TR vegetation removal. Large scale clean-up is scheduled on an as needed basis.
- Professional Services**    **3 Increase in Digester Tank Cleaning contract as of November 2021. Contract price for both small and large digester cleaning had significant increase. Additional funds of budgeted for repairs identified in the City of Phoenix facilities management assessment Road maintenance scheduled for TR to comply with permits and regulations**
- Water/Sewer Service    4 Areas responsible for fluctuations in water use/cost: Potable water used in Centrifuges & Odor Scrubbers because reuse water is too harsh. Potable water used during repairs to Blower Buildings when reuse lines break & when SHF well pump out of service. Continuing regular flushing for legionella
- Facilities & Vehicle Maintenance**    **5 Funds budgeted for facility repairs. Additional funds for telemetry building optimization (measurements at remote points automatic transmission to receiving equipment) Custodial Services continue to be used for COVID sanitation services**
- Machinery and Equipment    6 Increase in cost of materials and anticipating increase in contract price for FY 22/23.
- Mtrls to Maint-Bldgs, Mach, & Equip**    **7 This category includes pumps, valves, material to maintain infrastructure. Increased budget to match rising cost in materials needed for scheduled and reactive PM's. Additional repairs scheduled include digester mixing pump repair**
- Chemicals    8 The FY21/22 budget was adjusted is to reflect the most accurate cost estimate based historical spend. FY22/23 Increase is due to contract price increases for Chlorine Contract for Polymer will expire in Feb 2022. Anticipating an increase in cost with new contract
- SAI Odor Control**    **9 Reimbursement determined by Finance at settlement for chemical additions. The estimate determined based on a five-year use average and applying the current fiscal year chemical cost. FY 21/22 was the first year the reimbursement costs appear in the budget**
- Overhead Allocation    10 SROG is assessed 10% of WSD Overhead and 73% of WWT Admin. Overall increase due higher department costs and filling administration positions at 91st Ave. WWTP
- Supplementals**    **11 These are capital outlay supplementals that have not been approved as of Nov. 2021. Expectation is to have these approved during the normal budgeting process in January 2022. Per request from FY19/20 these were separated out.**





## City of Phoenix

To: Tara Gonzales  
SROG Program Manager

Date: 12/1/2021

From: John J. Masche, P.E.  
CE III Project Manager

Subject: **91<sup>st</sup> Avenue Multi-Cities WWTP  
FY 2022/23 - FY 2026/27 CIP Replacement Fund**

Copies: Patty Kennedy, Stuart Dalbey, Blaine Akine, John Soliz  
Martin Gomez, Michael Lay, Michael Bregar, Kyle Kraft

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FY 2022-23 Digester Dome Replacement	\$2,250,000
Solids Thickening	\$300,000
Solids Dewatering	\$300,000
Electrical, Instrumentation & Control	\$750,000
Aeration Basins	\$250,000
Valves & Actuators	\$250,000
Secondary Basins	\$250,000
Pumps	\$250,000
Chemical Feed, Handling & Storage	\$200,000
Compliance Samplers	\$200,000
Emergency Repairs	\$350,000
City Staff Charges (EAS, DSD, WSD)	\$150,000
Professional Consultant Engineering Services	\$0
	<u><b>\$5,500,000</b></u>
FY 2023-24 Digester Dome Replacement	\$2,200,000
Solids Thickening	\$250,000
Solids Dewatering	\$250,000
Electrical, Instrumentation & Control	\$250,000
Aeration Basins	\$250,000
Valves & Actuators	\$200,000
Secondary Basins	\$150,000
Pumps	\$100,000
Compliance Samplers	\$100,000
Emergency Repairs	\$275,000
City Staff Charges (EAS, DSD, WSD)	\$150,000
Professional Consultant Engineering Services	\$1,325,000
	<u><b>\$5,500,000</b></u>

FY 2024-25 Digester Dome Replacement	\$1,250,000
Solids Thickening	\$300,000
Solids Dewatering	\$300,000
Electrical, Instrumentation & Control	\$750,000
Aeration Basins	\$300,000
Valves & Actuators	\$300,000
Secondary Basins	\$300,000
Pumps	\$300,000
Chemical Feed, Handling & Storage	\$500,000
Drying Bed Rehabilitation	\$750,000
Compliance Samplers	\$200,000
Blowers	\$750,000
Emergency Repairs	\$600,000
City Staff Charges (EAS, DSD, WSD)	\$150,000
Professional Consultant Engineering Services	\$0
	<b><u>\$5,500,000</u></b>

FY 2025-26 Solids Thickening	\$300,000
Solids Dewatering	\$300,000
Electrical, Instrumentation & Control	\$750,000
Aeration Basins	\$200,000
Valves & Actuators	\$200,000
Secondary Basins	\$200,000
Pumps	\$200,000
Chemical Feed, Handling & Storage	\$500,000
Drying Bed Rehabilitation	\$750,000
Compliance Samplers	\$100,000
Emergency Repairs	\$500,000
City Staff Charges (EAS, DSD, WSD)	\$150,000
Professional Consultant Engineering Services	\$1,350,000
	<b><u>\$5,500,000</u></b>

FY 2026-27 Solids Thickening	\$300,000
Solids Dewatering	\$300,000
Electrical, Instrumentation & Control	\$750,000
Aeration Basins	\$250,000
Valves & Actuators	\$250,000
Secondary Basins	\$250,000
Pumps	\$300,000
Chemical Feed, Handling & Storage	\$500,000
Drying Bed Rehabilitation	\$500,000
Compliance Samplers	\$200,000
Blowers	\$750,000
Emergency Repairs	\$500,000
City Staff Charges (EAS, DSD, WSD)	\$150,000
Professional Consultant Engineering Services	\$0
	<b><u>\$5,000,000</u></b>

**FISCAL YEAR 2022/23**  
**SROG CIP REPLACEMENT FUND**

Ending Balance, FY 19/20	\$6,873,520
Outstanding Encumbrances, FY 19/20	<u>(\$5,477,009)</u>
Beginning Balance, FY 20/21	\$1,396,511
FY 20/21 Contributions	<u>\$5,000,000</u>
Funds Available	\$6,396,511
Planned Expenditures, FY 20/21	<u>(\$5,500,000)</u>
Ending Balance, FY 20/21	\$896,511
FY 21/22 Contributions	<u>\$5,000,000</u>
Funds Available	\$5,896,511
Estimated Expenditures, FY 21/22	<u>(\$5,500,000)</u>
Projected Ending Balance, FY 21/22	<u><u>\$396,511</u></u>

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

**OPERATING FUND RESERVE  
FORECAST FOR THE YEAR ENDING JUNE 30, 2023**

<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, 2022</u>	<u>FISCAL YEAR CONTRIBUTION REQUIRED</u>	<u>RESERVE REQUIRED AT JUNE 30, 2023</u>
Glendale	13.20	6.4548%	526,804	\$ 123,637	\$ 403,167	\$ 36,353	\$ 439,520
Mesa	29.22	14.2885%	1,116,624	\$ 224,163	\$ 892,461	\$ 80,471	\$ 972,932
Phoenix	112.80	55.1589%	4,551,085	\$ 1,105,856	\$ 3,445,229	\$ 310,649	\$ 3,755,878
Scottsdale	20.25	9.9022%	756,353	\$ 137,861	\$ 618,492	\$ 55,768	\$ 674,260
Tempe	29.03	14.1956%	1,070,557	\$ 183,899	\$ 886,658	\$ 79,948	\$ 966,606
	<u>204.50</u>	<u>100.0000%</u>	<u>\$ 8,021,423</u>	<u>\$ 1,775,416</u>	<u>\$ 6,246,007</u>	<u>\$ 563,190</u>	<u>\$ 6,809,197</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 FY22-23 Operating Budget of \$54,473,574

**DRAFT**



AGENDA ITEM #4B

February 3, 2022

TO: Members of the SROG Committee

FROM: Michelle Barclay, SROG Manager

SUBJECT: RECOMMENDATION TO APPROVE THE PROPOSED FISCAL YEAR 2022-23 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 2022-23. 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 meeting on January 20, 2022.

#### RECOMMENDATION

At their January 20, 2022 meeting, the SROG Advisory Committee recommended that:

the SROG User Charge Rates for Fiscal Year 2022-23 be approved as presented by the City of Phoenix.