



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

February 7, 2024

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

FROM: Ms. Tara Ford, Chair, Tempe

SUBJECT: **MEETING NOTICE AND AGENDA**

**Wednesday, February 14, 2024 – 11:00 a.m.**

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

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

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 8, 2023 Meeting
3. Set Next Meeting Date

The next regularly scheduled meeting will be held on Wednesday, March 13, 2024, 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 2024-25 Operations and Maintenance Budget and Operating Fund Reserve Balance for the 91<sup>st</sup> Avenue WWTP

In emails dated December 20, 2023 and January 17, 2024, the SROG Advisory Committee recommended that the SROG Committee approve the proposed Fiscal Year 2024-25 Operations and Maintenance Budget base request of \$71,515,058 and that the Operating Fund Balance Reserve be increased \$729,776 in order to maintain the required 12.5% of the Fiscal Year 2024-25 budget.

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

B. Recommendation to Approve the Proposed Fiscal Year 2024-25 Multi-City SROG User Charge Rates

In an email dated January 17, 2024, the SROG Advisory Committee recommended that the SROG Committee approve the Fiscal Year 2024-25 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 2024-25 Capital Improvement Projects Cash Flow Estimate for the 91<sup>st</sup> Avenue WWTP

In an email dated November 16, 2023, the SROG Advisory Committee recommended that the SROG Committee approve the Fiscal Year 2024-25 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, 2023, and Year-End Settlement

In an email dated January 17, 2024, the SROG Advisory Committee recommended that the SROG Committee accept the SROG Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2023, and Year-End Settlement, as presented, for the same fiscal year.

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

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

There was no SROG Advisory Committee meeting in January 2024.

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 8, 2023

#### **MEMBERS**

Tara Ford, Chair, Tempe  
Brian Biesemeyer, Scottsdale  
Chris Hassert, Mesa  
Ron Serio, Glendale  
Nazario Prieto, Phoenix

#### **OTHERS**

Michelle Barclay, AMWUA  
Brandy Kelso, Phoenix

#### **1. Call to Order**

Ms. Ford called the meeting to order at 11:09 a.m.

#### **2. Approval of the Minutes from the September 13, 2023 Meeting**

Upon a motion by Mr. Serio, a second by Mr. Biesemeyer, and unanimous approval, the SROG Committee approved the minutes of the September 13, 2023 meeting.

#### **3. Set Next Meeting Date**

The next meeting will be held on Tuesday, December 12, 2023.

#### **4. Consideration of Items for Consent**

Mr. Hassert 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 2024-25**

In an email dated October 16, 2023, the SROG Advisory Committee recommended that the SROG Committee adopt the 91<sup>st</sup> Avenue WWTP influent flow and loading projections for Fiscal Year 2024-25.

**B. Recommendation to Approve an on-call Contract for Local Limits Review**

In an email dated October 16, 2023 the SROG Advisory Committee recommended to the SROG Committee that the City of Phoenix be authorized enter into an on-call engineering services contract with Brown and Caldwell for services related to the Local Limits Review project.

**C. Decommissioning Phoenix Metering Station PH01**

In an email dated October 16, 2023 the SROG Advisory Committee recommended that the SROG Committee authorize the City of Phoenix to decommission metering station PH01 and adopt an average flow, COD and TSS loading values based on historical data to be used for billing purposes.

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**

Ms. Ford adjourned the meeting at 11:11 a.m.



AGENDA ITEM #4A

February 7, 2024

TO: Members of the SROG Committee

FROM: Michelle Barclay, SROG Manager

SUBJECT: RECOMMENDATION TO APPROVE THE PROPOSED FISCAL YEAR 2024-25 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 2024-25. The total proposed O&M Budget base request is \$71,515,058. This represents a 14% 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 2024-25. It also includes a recommended five-year CIP Replacement Fund schedule for Fiscal Years 2024-25 through 2028-29.

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 \$729,776 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 2024.

RECOMMENDATION

In an email dated December 20, 2023, the SROG Advisory Committee recommended that:

the SROG Committee approve the proposed Fiscal Year 2024-25 Operations and Maintenance Budget base request of \$71,515,058, 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 2024-25 through 2028-2029;

In an email dated January 17, 2024, the SROG Advisory Committee recommended that:

the SROG Committee approve an increase to the Operating Fund Balance Reserve by \$729,776, in order to maintain the required 12.5% of the Fiscal Year 2024-25 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 2024.

## Arizona Municipal Water Users Association

**FY 2024-25 OPERATING AND MAINTENANCE PRELIMINARY BUDGET REQUEST**  
**SROG FUND**  
**91ST AVENUE WASTEWATER TREATMENT PLANT**

	2022/2023 Actual	2023/2024 Approved Budget	2023/2024 Estimate	2024/2025 Base Request	% Diff Budget to Base		2025/2026 Projection
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**OPERATIONS AND MAINTENANCE**

<b>Personal Services</b>	<b>\$10,925,242</b>	<b>\$10,975,247</b>	<b>\$12,953,564</b>	<b>\$13,678,109</b>	25%	<b>1</b>	<b>\$14,088,452</b>
Salaries	\$7,790,203	\$7,335,055	\$8,723,842	\$9,039,853	23.24%		\$9,311,049
Fringe Benefits	\$3,135,039	\$3,640,192	\$4,229,722	\$4,638,256	27.42%		\$4,777,404
<b>Sludge Hauling &amp; Environ. Waste Dispt</b>	<b>\$2,345,874</b>	<b>\$2,709,200</b>	<b>\$2,809,200</b>	<b>\$3,237,120</b>	19%	<b>2</b>	<b>\$3,334,234</b>
<b>General</b>	<b>\$12,672,858</b>	<b>\$15,115,087</b>	<b>\$15,067,533</b>	<b>\$15,818,575</b>	5%		<b>\$16,293,132</b>
Professional Services	\$313,009	\$763,470	\$689,670	\$876,050	14.75%	<b>3</b>	\$902,332
Water/Sewer Service	\$1,253,544	\$1,672,848	\$1,362,848	\$1,306,916	-21.87%		\$1,346,123
Facilities & Vehicle Maintenance	\$1,597,161	\$2,095,974	\$1,856,516	\$2,228,487	6.32%		\$2,295,342
Machinery and Equipment	\$597,809	\$750,704	\$750,704	\$856,424	14.08%	<b>4</b>	\$882,117
Other Contractual Services	\$3,419,854	\$4,155,951	\$4,641,883	\$4,873,670	17.27%	<b>5</b>	\$5,019,880
Mtrls to Maint-Bldgs, Mach, & Equip	\$2,100,035	\$2,480,763	\$2,208,663	\$2,646,840	6.69%		\$2,726,245
Other Commodities	\$1,248,312	\$1,620,941	\$1,837,436	\$1,555,500	-4.04%		\$1,602,165
Capital Outlay	\$1,011,797	\$182,000	\$182,000	\$0	-100.00%	<b>6</b>	\$0
Process Control	\$1,131,338	\$1,392,436	\$1,537,813	\$1,474,688	5.91%		\$1,518,929
<b>Chemicals</b>	<b>\$12,203,530</b>	<b>\$9,913,614</b>	<b>\$9,783,614</b>	<b>\$9,817,644</b>	-1%		<b>\$10,112,173</b>
Chemicals	\$11,997,974	\$9,676,691	\$9,546,691	\$9,557,029	-1.24%		\$9,843,740
Laboratory Supplies	\$205,556	\$236,923	\$236,923	\$260,615	10.00%		\$268,433
<b>Water Quality and Compliance</b>	<b>\$1,294,693</b>	<b>\$1,196,889</b>	<b>\$1,155,377</b>	<b>\$1,199,927</b>	0%		<b>\$1,235,925</b>
<b>Electricity</b>	<b>\$7,600,132</b>	<b>\$6,821,345</b>	<b>\$7,461,676</b>	<b>\$7,781,048</b>	14%	<b>7</b>	<b>\$8,014,479</b>
Electricity	\$6,670,482	\$5,691,581	\$6,486,912	\$6,486,912	13.97%		\$6,681,519
Electrical Services	\$336,005	\$485,664	\$305,664	\$559,080	15.12%		\$575,852
Electrical Supplies	\$593,644	\$644,100	\$669,100	\$735,056	14.12%		\$757,108
<b>JEPA Consulting Charges</b>	<b>\$550,000</b>	<b>\$624,000</b>	<b>\$569,243</b>	<b>\$624,000</b>	0%		<b>\$642,720</b>
<b>SAI Odor Control</b>	<b>\$1,499,746</b>	<b>\$1,303,840</b>	<b>\$1,303,840</b>	<b>\$1,303,840</b>	0%		<b>\$1,342,955</b>
<b>Subtotal 91st Ave WWTP Costs</b>	<b>\$49,092,076</b>	<b>\$48,659,222</b>	<b>\$51,104,047</b>	<b>\$53,460,263</b>			<b>\$55,064,071</b>

**GENERAL ADMINISTRATION**

<b>Overhead Allocation</b>	<b>\$5,571,986</b>	<b>\$6,282,570</b>	<b>\$6,623,471</b>	<b>\$6,746,610</b>	7%	<b>8</b>	<b>\$6,949,008</b>
Department Administration	\$2,427,920	\$2,585,622	\$2,819,679	\$2,937,777	14%		\$3,025,910
Treatment Plant Administration	\$3,144,066	\$3,696,948	\$3,803,792	\$3,808,833	3%		\$3,923,098
City Services Administration	\$2,755,776	\$2,341,000	\$2,341,000	\$2,720,000	16%		\$2,786,000
Finance Utilities Accounting	\$112,211	\$175,453	\$175,453	\$175,453	0%		\$180,717
<b>Subtotal General Administration</b>	<b>\$8,439,973</b>	<b>\$8,799,023</b>	<b>\$9,139,924</b>	<b>\$9,642,063</b>			<b>\$9,915,725</b>
Supplementals	\$0	\$218,600	\$0	\$412,732		<b>9</b>	
Replacement Fund	\$5,398,577	\$5,000,000	\$5,500,000	\$8,000,000	60%	<b>10</b>	\$8,000,000
<b>Subtotal Other Charges</b>	<b>\$5,398,577</b>	<b>\$5,218,600</b>	<b>\$5,500,000</b>	<b>\$8,412,732</b>			<b>\$8,000,000</b>
<b>Total Operating</b>	<b>\$62,930,626</b>	<b>\$62,676,845</b>	<b>\$65,743,971</b>	<b>\$71,515,058</b>	14%		<b>\$72,979,796</b>

## 91st Avenue - Footnotes to Summary of Expenditures and Encumbrances FY 24/25

<b>Personal Services</b>	<b>1 Increase reflects implementation of new pay ordinance in August 2023.</b>
Sludge Hauling & Environ. Waste Disposal	2 Increase is due to expectations of increased cost when new contract is executed. Current Sludge Hauling contract expires March 2024.
<b>Professional Services</b>	<b>3 Increase for contract increase for bi-annual PM's on UP Pumps (total of 7 pumps-2 pumps are completed annually)</b>
Machinery and Equipment	4 Increase budgeted for planned repair to process blower fan
<b>Other Contractual Services</b>	<b>5 Increases in cost for property insurance, renewal of hardware for data storage and oracle software, landscape and security services. Also, funds budgeted for replacement of the north security gate.</b>
Capital Outlay	6 FY24/25 Capital Outlay items are reflected in the FY24/25 Supplementals.
<b>Electricity</b>	<b>7 SRP sent notification of a 4.7% increase in it's Fuel &amp; Purchase Power Adjustment Mechanism (FPPAM) fund. Due to this each customer class will pay an extra \$0.0047/kWh. The first increase was executed on November 1, 2022. and a subsequent adjustment for the same amount effective in November 2023.</b> <b>Increase in contract for meter reads and repair.</b>
Overhead Allocation	8 SROG is assessed 10% of WSD Overhead and 77% of WWT Admin. Overall increase reflects implementation of new pay ordinance in August 2023.
<b>Supplementals</b>	<b>9 These are capital outlay supplementals that have not been approved as of Nov. 2023. Expectation is to have these approved during the normal budgeting process in January 2024.</b> <b>Supplementals include: Replacement of (2) XP550 All terrain vehicles (2) P185WJD Tractor Compressor; New Equipment Requests - Water Trailer. Mower w/ Mulcher, Key management System, Pressure washer, (2) VFD's, Spyder Crane, and fuel Trailer.</b> <b>Per request from FY19/20 these were separated out.</b>
Replacement Fund	10 This increase was introduced December 2022. Need to increase replacement fund to match need and overall increase in material and labor costs.



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

**OPERATING FUND RESERVE  
FORECAST FOR THE YEAR ENDING JUNE 30, 2025**

<b>MEMBER</b>	<b>PURCHASED CAPACITY MGD (1)</b>	<b>PERCENTAGE OWNERSHIP</b>	<b>RESERVE WITH INVENTORY</b>	<b>LESS SROG INVENTORY</b>	<b>RESERVE BALANCE AT JUNE 30, 2024</b>	<b>FISCAL YEAR CONTRIBUTION REQUIRED</b>	<b>RESERVE REQUIRED AT JUNE 30, 2025</b>
Glendale	13.20	6.4548%	592,708	\$ 127,342	\$ 465,366	\$ 47,105	\$ 512,471
Mesa	29.22	14.2885%	1,277,277	\$ 247,132	\$ 1,030,145	\$ 104,274	\$ 1,134,419
Phoenix	112.80	55.1589%	5,113,314	\$ 1,136,576	\$ 3,976,739	\$ 402,537	\$ 4,379,276
Scottsdale	20.25	9.9022%	854,388	\$ 140,478	\$ 713,910	\$ 72,263	\$ 786,173
Tempe	29.03	14.1956%	1,226,663	\$ 203,216	\$ 1,023,447	\$ 103,596	\$ 1,127,043
	<u>204.50</u>	<u>100.0000%</u>	<u>\$ 9,064,350</u>	<u>\$ 1,854,744</u>	<u>\$ 7,209,607</u>	<u>\$ 729,776</u>	<u>\$ 7,939,382</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 FY24-25 Operating Budget of \$63,515,058

**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 2024-25 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 2024-25. 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 by an email dated January 17, 2024.

#### RECOMMENDATION

In an email dated January 17, 2024, the SROG Advisory Committee recommended that:

the SROG User Charge Rates for Fiscal Year 2024-25 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, 2025

<u>MEMBER</u>	<u>FLOW IN</u> <u>1,000 GALS</u>	<u>USER</u> <u>RATE</u>	<u>ENVIRONMENTAL</u> <u>RATE</u>	<u>TOTAL</u> <u>RATE</u>	<u>TOTAL</u> <u>CHARGES</u>
Glendale	2,883,500	\$ 1.28881	\$ 0.28662	\$ 1.57543	\$ 4,542,764
Mesa	6,935,000	1.18570	0.26607	1.45177	10,068,052
Phoenix	34,310,000	1.02582	0.25354	1.27936	43,894,850
Scottsdale	3,102,500	1.31037	0.28211	1.59247	4,940,649
Tempe	7,489,800	0.84907	0.22823	1.07730	8,068,742
Totals	<u>54,720,800</u>				<u>\$ 71,515,058</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, 2025**

**OPERATING AND MAINTENANCE**

Personal Services	\$ 13,493,001	
Electricity	7,113,369	
Chemicals	9,751,919	
Sludge Hauling and Environmental Waste Disposal	3,324,240	
Water Quality and Compliance	1,196,889	
General	15,493,831	
SAI Odor Control & JEPA Support	1,927,840	
Tres Rios Wetlands	<u>1,769,001</u>	
Subtotal 91st Avenue WWTP Costs		\$ 54,070,090

**GENERAL ADMINISTRATION**

City Services Administration	\$ 2,720,000	
Department Administration	3,265,439	
Treatment Plant Administration	3,284,076	
Finance Utilities Accounting	<u>175,453</u>	
Subtotal General Administration		<u>\$ 9,444,968</u>
<b>Total Operating and Maintenance Costs</b>		<b>\$ 63,515,058</b>

**EQUIPMENT REPLACEMENT**

91st Avenue Equipment Replacement Costs		<u>8,000,000</u>
<b>Total O &amp; M, General Administration &amp; Equipment Replacement</b>		<b>\$ 71,515,058</b>

**OTHER INCOME**

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

<b>Net Multi-City SROG Revenue Requirements</b>		<b><u><u>\$ 71,515,058</u></u></b>
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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.

**DRAFT**

1/4/2024

**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, 2025**

<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	\$ 13,493,001	1,484,230	5,618,486	4,679,373	1,484,230	226,682	0
Electricity	7,113,369	1,701,645	4,024,588	712,077	246,869	419,414	8,776
Chemicals	9,751,919	872,617	2,606,290	2,606,290	347,605	2,551,305	767,811
Sludge Hauling and Env Waste Disposal	3,324,240	-	1,618,560	1,618,560	-	87,120	-
Water Quality and Compliance	1,196,889	813,885	-	-	383,004	-	-
Tres Rios Wetlands (2)	1,769,001	-	-	-	1,769,001	-	-
General	15,493,831	2,059,892	5,862,934	4,065,478	1,788,615	1,388,595	328,317
<b>Subtotal O &amp; M Costs</b>	<b>\$ 52,142,250</b>	<b>6,932,270</b>	<b>19,730,857</b>	<b>13,681,778</b>	<b>6,019,324</b>	<b>4,673,116</b>	<b>1,104,905</b>
Line A. Subtotal Percentage	100.00%	13.29%	37.84%	26.24%	11.54%	8.96%	2.12%
<b><u>GENERAL ADMINISTRATION</u></b>							
City Services Administration (3)	2,720,000	355,334	1,011,365	701,301	332,668	258,268	61,064
Department Administration (3)	3,265,439	434,137	1,235,657	856,829	376,964	292,657	69,195
Treatment Plant Administration (3)	3,284,076	436,615	1,242,709	861,720	379,115	294,327	69,590
Finance Utilities Accounting (3)	175,453	26,023	74,069	51,361	12,245	9,507	2,248
Replacement Costs (4)	8,000,000	3,430,401	2,660,417	1,909,183			
<b>Total Costs by Parameter</b>	<b>\$ 69,587,218</b>	<b>11,614,781</b>	<b>25,955,073</b>	<b>18,062,171</b>	<b>7,120,317</b>	<b>5,527,874</b>	<b>1,307,002</b>
Sale of Effluent (5)	-	-	-	-			
Miscellaneous Income (3)	-	-	-	-			
<b>Subtotal-Net Costs Before Interest</b>	<b>\$ 69,587,218</b>	<b>11,614,781</b>	<b>25,955,073</b>	<b>18,062,171</b>	<b>7,120,317</b>	<b>5,527,874</b>	<b>1,307,002</b>
Line B. Subtotal Percentage	100.00%	16.69%	37.30%	25.96%	10.23%	7.94%	1.88%
Interest Earnings on Operating Fund (6)	0	0	0	0	0	0	0
<b>Net Costs by Parameter</b>	<b>\$ 69,587,218</b>	<b>11,614,781</b>	<b>25,955,073</b>	<b>18,062,171</b>	<b>7,120,317</b>	<b>5,527,874</b>	<b>1,307,002</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, 2025**

	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	\$ 4,721	239,902	215,271	19,488	125,822	605,203
Allocation percentage (2)	1.29%	-100.00%	58.94%	5.34%	34.43%	0.00%
Credit Mesa's cost	\$ 1,870	(144,928)	85,421	7,739	49,899	0
Allocation percentage (2A)	0.78%	39.64%	35.57%	3.22%	20.79%	100.00%
	\$ 5,449	\$ 276,940	\$ 248,505	\$ 22,496	\$ 145,247	698,637
Allocation percentage (2B)	1.21%	61.52%	-100.00%	5.00%	32.27%	0.00%
Credit Phoenix's cost	\$ 576	29,304	(47,633)	2,382	15,371	0
Net Allocation Percentage	0.97%	30.77%	38.47%	4.00%	25.80%	100.00%
Net Costs to the Members	\$ 12,616	401,218	501,563	52,104	336,338	1,303,840
<b>JEPA CONSULTING CHARGES</b>						
Allocation percentage (3)	20%	20%	20%	20%	20%	100%
Costs to the Members	\$ 124,800	124,800	124,800	124,800	124,800	624,000
<b>Total Costs Allocated by Agreement</b>	<b>\$ 137,416</b>	<b>526,018</b>	<b>626,363</b>	<b>176,904</b>	<b>461,138</b>	<b>1,927,840</b>

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. Calendar Year 2017 Credit given to Phoenix is 25% \* 200 gal/day \* \$1.75 gal/day \* 365 days/year = \$31,938.

(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, 2025**

**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	19.00	6,935,000	880	50,897,352	475	27,473,003
Phoenix	94.00	34,310,000	816	233,600,517	395	113,151,503
Scottsdale	8.50	3,102,500	950	24,581,108	600	15,524,910
Tempe	20.52	7,489,800	700	43,725,452	210	13,117,636
Total 91st Avenue WWTP	149.92	54,720,800	827	377,259,477	399	182,224,564

**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	5.26948%	6.48229%	7.11074%
Mesa	12.67343%	13.49134%	15.07645%
Phoenix	62.70011%	61.92038%	62.09454%
Scottsdale	5.66969%	6.51570%	8.51966%
Tempe	13.68730%	11.59029%	7.19861%
Total 91st Avenue WWTP	100.00000%	100.00000%	100.00000%

Notes:

(1) Flows and Loadings were presented and approved by the SROG Advisory Committee on November 8, 2023.

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, 2025**

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	5.26948%	\$ 612,038	6.48229%	\$ 1,682,483	7.11074%	\$ 1,284,354	\$ 137,416	\$ 3,716,291
Mesa	12.67343%	1,471,991	13.49134%	3,501,687	15.07645%	2,723,135	526,018	8,222,830
Phoenix	62.70011%	7,282,480	61.92038%	16,071,481	62.09454%	11,215,622	626,363	35,195,946
Scottsdale	5.66969%	658,522	6.51570%	1,691,156	8.51966%	1,538,835	176,904	4,065,417
Tempe	13.68730%	1,589,750	11.59029%	3,008,267	7.19861%	1,300,225	461,138	6,359,381
<b>Total Non-Environ Costs (2)</b>		<b>\$ 11,614,781</b>		<b>\$ 25,955,073</b>		<b>\$ 18,062,171</b>	<b>\$ 1,927,840</b>	<b>\$ 57,559,864</b>
<b><u>ENVIRONMENTAL</u></b>								
Glendale		\$ 375,203		\$ 358,333		\$ 92,938		\$ 826,474
Mesa		902,388		745,784		197,050		1,845,222
Phoenix		4,464,446		3,422,881		811,577		8,698,904
Scottsdale		403,700		360,180		111,352		875,232
Tempe		974,579		640,696		94,086		1,709,362
<b>Total Environmental Costs (2)</b>		<b>\$ 7,120,317</b>		<b>\$ 5,527,874</b>		<b>\$ 1,307,002</b>		<b>\$ 13,955,194</b>
<b><u>TOTAL COSTS</u></b>								
Glendale		\$ 987,242		\$ 2,040,816		\$ 1,377,291	\$ 137,416	\$ 4,542,764
Mesa		2,374,379		4,247,471		2,920,184	526,018	10,068,052
Phoenix		11,746,926		19,494,362		12,027,199	626,363	43,894,850
Scottsdale		1,062,222		2,051,335		1,650,187	176,904	4,940,649
Tempe		2,564,329		3,648,964		1,394,311	461,138	8,068,742
<b>Total Costs</b>		<b>\$ 18,735,098</b>		<b>\$ 31,482,947</b>		<b>\$ 19,369,173</b>	<b>\$ 1,927,840</b>	<b>\$ 71,515,058</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 JEP A 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, 2025**

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, 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>FORECAST FOR THE YEAR ENDING JUNE 30, 2024</b>										
Glendale	2,883,500	\$0.29	\$ 833,373	\$0.62	\$ 1,796,945	\$0.41	\$ 1,179,308	\$ 137,033	\$ 3,946,658	\$1.37
Mesa	7,665,000	\$0.29	2,215,294	\$0.56	4,259,324	\$0.38	2,929,674	553,736	9,958,029	\$1.30
Phoenix	33,580,000	\$0.29	9,705,098	\$0.51	17,104,749	\$0.31	10,270,594	610,841	37,691,282	\$1.12
Scottsdale	3,212,000	\$0.29	928,314	\$0.56	1,784,860	\$0.46	1,473,208	175,318	4,361,700	\$1.36
Tempe	7,380,300	\$0.29	2,133,012	\$0.41	3,007,079	\$0.15	1,128,174	450,912	6,719,176	\$0.91
<b>Total Costs</b>	<b>54,720,800</b>	<b>\$0.29</b>	<b>\$ 15,815,090</b>	<b>\$0.51</b>	<b>\$ 27,952,957</b>	<b>\$0.31</b>	<b>\$ 16,980,958</b>	<b>\$ 1,927,840</b>	<b>\$ 62,676,845</b>	<b>\$1.15</b>
<b>FORECAST FOR THE YEAR ENDING JUNE 30, 2023</b>										
Glendale	2,883,500	\$0.31	\$ 884,951	\$0.60	\$ 1,733,712	\$0.41	\$ 1,173,900	\$ 136,992	\$ 3,929,555	\$1.36
Mesa	6,570,000	\$0.31	2,016,345	\$0.52	3,424,534	\$0.36	2,374,654	551,646	8,367,179	\$1.27
Phoenix	32,850,000	\$0.31	10,081,723	\$0.49	16,242,022	\$0.30	9,748,731	608,966	36,681,441	\$1.12
Scottsdale	3,212,000	\$0.31	985,768	\$0.54	1,722,051	\$0.46	1,466,453	175,149	4,349,421	\$1.35
Tempe	7,270,800	\$0.31	2,231,421	\$0.39	2,858,346	\$0.15	1,106,395	449,816	6,645,978	\$0.91
<b>Total Costs</b>	<b>52,786,300</b>	<b>\$0.31</b>	<b>\$ 16,200,208</b>	<b>\$0.49</b>	<b>\$ 25,980,665</b>	<b>\$0.30</b>	<b>\$ 15,870,132</b>	<b>\$ 1,922,569</b>	<b>\$ 59,973,574</b>	<b>\$1.14</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 7, 2024

TO: Members of the SROG Committee

FROM: Michelle Barclay, SROG Manager

SUBJECT: RECOMMENDATION TO APPROVE THE FISCAL YEAR 2024-25 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 2024-25. Total anticipated expenditures for Fiscal Year 2024-25 July-December is \$41,714,000 and January-June is \$42,979,000, for a total not to exceed \$84,693,000 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 16, 2023, the SROG Advisory Committee recommended that:

the SROG Committee approve the SROG CIP Cash Flow Estimate for Fiscal Year 2024-25 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 2024.

SROG CAPITAL IMPROVEMENT PROJECTS CASH FLOW ESTIMATE

PROJECT TOTALS

NOV 2023

WS PROJECT NUMBER	CURRENT PROJECTS  PROJECT DESCRIPTION	ESTIMATED REMAINING BILLINGS	BILLING SCHEDULE	Prior Period Cashflow Estimate For JAN-JUN											FUTURE YEARS
					<u>2023-24</u> JAN-JUN	<u>2024-25</u>		<u>2025-26</u>		<u>2026-27</u>		<u>2027-28</u>		<u>2028-29</u> JUL-DEC	
						JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN		
90100092	Instrumentation and Controls	4,951,000	56	500,000	500,000	500,000	500,000	400,000	400,000	500,000	500,000	400,000	400,000	851,000	
90100093	91st Ave WWTP Pipe/Equipment Coating	1,475,000	56	200,000	250,000	200,000	200,000	200,000	100,000	100,000	100,000	100,000	100,000	125,000	
90100094	91st Ave WWTP Safety & Security	2,792,000	56	400,000	300,000	450,000	450,000	200,000	250,000	200,000	200,000	200,000	250,000	292,000	
90100095	91st Ave WWTP WAM	2,069,000	56	300,000	300,000	300,000	269,000	200,000	200,000	200,000	200,000	200,000	200,000		
90100099	91st Ave WWTP Groundwater Wells Improvements		56												
90100100	91st Ave WWTP Support Facilities Rehabilitation	12,127,000	56	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	877,000	
90100101	Process Piping Rehabilitation	6,914,000	56	600,000	600,000	600,000	600,000	850,000	850,000	600,000	600,000	600,000	600,000	1,014,000	
90100103	91st Ave WWTP Toxicity Identification Evaluation	66,000	56	5,000	5,000	5,000	10,000	5,000	10,000	5,000	10,000	5,000	10,000	1,000	
90100104	Multi-Phase Process Improvements		56												
90100105	91st Ave WWTP Process Control Optimization	5,614,000	56	600,000	550,000	600,000	600,000	500,000	600,000	500,000	600,000	500,000	600,000	564,000	
90100106	Fire Life Safety	4,363,000	56	500,000	500,000	550,000	600,000	550,000	600,000	550,000	600,000	413,000			
90100107	91st Ave WWTP Facility Assessment	1,065,000	56	125,000	125,000	125,000	150,000	100,000	75,000	125,000	100,000	100,000	100,000	65,000	
90100109	91st Ave WWTP Facility Rehabilitation	77,074,000	56	700,000	700,000	700,000	1,800,000	3,000,000	7,000,000	10,000,000	8,000,000	20,100,000	20,000,000	5,774,000	
90100111	91st Ave WWTP Solids Rehab Phase 1	32,489,000	56	8,038,000	8,050,000	8,039,000	7,500,000	6,250,000	2,650,000						
90100112	91st Ave WWTP Plant 2B Rehab	77,485,000	56	9,200,000	9,200,000	14,000,000	15,000,000	12,000,000	12,000,000	11,250,000	4,035,000				
90100115	Master Plan 22/23	1,089,000	41		25,000							500,000	500,000	64,000	
90120037	Local Limits Study	1,030,000	41	400,000	400,000	300,000	200,000	130,000							
90140016	Tres Rios Rehab & Replacement	3,226,000	56	350,000	350,000	350,000	400,000	350,000	300,000	300,000	300,000	300,000	300,000	276,000	
90160084	SROG Interceptor Capacity Improvements	77,707,000	61	2,500,000		10,000,000	10,000,000	6,000,000	7,000,000	8,000,000	9,000,000	10,000,000	16,000,000	1,707,000	
90160094	Scottsdale Princess Metering Station		46B												
90160095	SRO Sanitary Sewer Assessment FY17-18		34												
90160098	GL03 Metering Station	3,291,000	46C	1,115,000	1,000,000	1,115,000	1,100,000	76,000							
90160104	SAI Segments 14&16 MH Rehab		66												
90160106	SRO Condition Assessment	29,607,000	65	550,000	550,000	1,250,000	1,000,000	1,000,000	1,250,000	1,250,000	1,250,000	2,000,000	2,000,000	18,057,000	
90160107	SAI Condition Assessment	22,925,000	64	650,000	650,000	650,000	600,000	600,000	600,000	4,000,000	6,000,000	4,500,000	4,500,000	825,000	
SUBTOTAL - CURRENT PROJECTS:		367,359,000		27,983,000	25,305,000	40,984,000	42,229,000	33,661,000	35,135,000	38,830,000	32,745,000	41,168,000	46,810,000	30,492,000	

PROJECT TOTALS

WS PROJECT NUMBER	PLANNED PROJECTS  PROJECT DESCRIPTION	ESTIMATED BILLINGS	BILLING SCHEDULE	Prior Period Cashflow Estimate For JAN-JUN											FUTURE YEARS
					<u>2023-24</u> JAN-JUN	<u>2024-25</u>		<u>2025-26</u>		<u>2026-27</u>		<u>2027-28</u>		<u>2028-29</u> JUL-DEC	
						JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN		
90160090	F1 SRO/SAI Interceptor Odor Control Implement	10,830,000	TBD	750,000		730,000	750,000	500,000	500,000	1,000,000	3,000,000	2,500,000	1,850,000		
SUBTOTAL PLANNED PROJECTS:		10,830,000		750,000		730,000	750,000	500,000	500,000	1,000,000	3,000,000	2,500,000	1,850,000		
SUBTOTAL ALL PROJECTS		378,189,000		28,733,000	25,305,000	41,714,000	42,979,000	34,161,000	35,635,000	39,830,000	35,745,000	43,668,000	48,660,000	30,492,000	
Prior Period Cash Flow Estimate (May 2023):					28,733,000	43,534,000	43,190,000	35,200,000	38,102,000	40,120,000	40,703,000	48,876,000	58,716,000		
Net Change Increase/(Decrease):					(3,428,000)	(1,820,000)	(211,000)	(1,039,000)	(2,467,000)	(290,000)	(4,958,000)	(5,208,000)	(10,056,000)	30,492,000	
TOTAL ALL PROJECTS:		378,189,000		28,733,000	25,305,000	41,714,000	42,979,000	34,161,000	35,635,000	39,830,000	35,745,000	43,668,000	48,660,000	30,492,000	

Footnotes: F1 WS90160090 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.

SROG CAPITAL IMPROVEMENT PROJECTS CASH FLOW ESTIMATE

CITY OF GLENDALE SHARE

NOV 2023

WS PROJECT NUMBER	CURRENT PROJECTS  PROJECT DESCRIPTION	GLENDALE'S SHARE	ESTIMATED BALANCE	BILLING SCHEDULE	Prior Period Cashflow Estimate For JAN-JUN	2023-24	2024-25		2025-26		2026-27		2027-28		2028-29	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	6.45%	319,340	56	32,250	32,250	32,250	32,250	25,800	25,800	32,250	32,250	25,800	25,800	54,890	
90100093	91st Ave WWTP Pipe/Equipment Coating	6.45%	95,138	56	12,900	16,125	12,900	12,900	12,900	6,450	6,450	6,450	6,450	6,450	8,063	
90100094	91st Ave WWTP Safety & Security	6.45%	180,084	56	25,800	19,350	29,025	29,025	12,900	16,125	12,900	12,900	12,900	16,125	18,834	
90100095	91st Ave WWTP WAM	6.45%	133,451	56	19,350	19,350	19,350	17,351	12,900	12,900	12,900	12,900	12,900	12,900		
90100099	91st Ave WWTP Groundwater Wells Improvements	6.45%		56												
90100100	91st Ave WWTP Support Facilities Rehabilitation	6.45%	782,192	56	80,625	80,625	80,625	80,625	80,625	80,625	80,625	80,625	80,625	80,625	56,567	
90100101	Process Piping Rehabilitation	6.45%	445,953	56	38,700	38,700	38,700	38,700	54,825	54,825	38,700	38,700	38,700	38,700	65,403	
90100103	91st Ave WWTP Toxicity Identification Evaluation	6.45%	4,257	56	323	323	323	645	323	645	323	645	323	645	65	
90100104	Multi-Phase Process Improvements	6.45%		56												
90100105	91st Ave WWTP Process Control Optimization	6.45%	362,103	56	38,700	35,475	38,700	38,700	32,250	38,700	32,250	38,700	32,250	38,700	36,378	
90100106	Fire Life Safety	6.45%	281,414	56	32,250	32,250	35,475	38,700	35,475	38,700	35,475	38,700	26,639			
90100107	91st Ave WWTP Facility Assessment	6.45%	68,693	56	8,063	8,063	8,063	9,675	6,450	4,838	8,063	6,450	6,450	6,450	4,193	
90100109	91st Ave WWTP Facility Rehabilitation	6.45%	4,971,273	56	45,150	45,150	45,150	116,100	193,500	451,500	645,000	516,000	1,296,450	1,290,000	372,423	
90100111	91st Ave WWTP Solids Rehab Phase 1	6.45%	2,095,541	56	518,451	519,225	518,516	483,750	403,125	170,925						
90100112	91st Ave WWTP Plant 2B Rehab	6.45%	4,997,783	56	593,400	593,400	903,000	967,500	774,000	774,000	725,625	260,258				
90100115	Master Plan 22/23	20.00%	217,800	41		5,000							100,000	100,000	12,800	
90120037	Local Limits Study	20.00%	206,000	41	25,800	80,000	60,000	40,000	26,000							
90140016	Tres Rios Rehab & Replacement	6.45%	208,077	56	22,575	22,575	22,575	25,800	22,575	19,350	19,350	19,350	19,350	19,350	17,802	
90160084	SROG Interceptor Capacity Improvements			61												
90160094	Scottsdale Princess Metering Station			46B												
90160095	SRO Sanitary Sewer Assessment FY17-18			34												
90160098	GL03 Metering Station	100.00%	3,291,000	46C	1,115,000	1,000,000	1,115,000	1,100,000	76,000							
90160104	SAI Segments 14&16 MH Rehab			66												
90160106	SRO Condition Assessment			65												
90160107	SAI Condition Assessment	0.78%	178,815	64	5,070	5,070	5,070	4,680	4,680	4,680	31,200	46,800	35,100	35,100	6,435	
SUBTOTAL - CURRENT PROJECTS:			18,838,910		2,614,406	2,552,930	2,964,721	3,036,401	1,774,328	1,700,063	1,681,110	1,110,728	1,693,936	1,670,845	653,851	

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	2023-24	2024-25		2025-26		2026-27		2027-28		2028-29	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			TBD												
SUBTOTAL PLANNED PROJECTS:																
SUBTOTAL ALL PROJECTS			18,838,910		2,614,406	2,552,930	2,964,721	3,036,401	1,774,328	1,700,063	1,681,110	1,110,728	1,693,936	1,670,845	653,851	
Prior Period Cash Flow Estimate (May 2023):						2,614,406	3,010,013	2,006,760	1,485,735	1,356,804	1,382,595	1,549,754	2,200,095	1,864,029		
Net Change Increase/(Decrease):						(61,476)	(45,293)	1,029,641	288,593	343,259	298,515	(439,026)	(506,159)	(193,184)	653,851	
TOTAL ALL PROJECTS:			<u>18,838,910</u>		<u>2,614,406</u>	<u>2,552,930</u>	<u>2,964,721</u>	<u>3,036,401</u>	<u>1,774,328</u>	<u>1,700,063</u>	<u>1,681,110</u>	<u>1,110,728</u>	<u>1,693,936</u>	<u>1,670,845</u>	<u>653,851</u>	

Footnotes: F1 WS90160090 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.

SROG CAPITAL IMPROVEMENT PROJECTS CASH FLOW ESTIMATE

CITY OF MESA SHARE

NOV 2023

WS PROJECT NUMBER	CURRENT PROJECTS  PROJECT DESCRIPTION	MESA'S SHARE	ESTIMATED BALANCE	BILLING SCHEDULE	Prior Period Cashflow Estimate For JAN-JUN	2023-24 JAN-JUN	2024-25		2025-26		2026-27		2027-28		2028-29 JUL-DEC	FUTURE YEARS
							JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN		
90100092	Instrumentation and Controls	14.29%	707,498	56	71,450	71,450	71,450	71,450	57,160	57,160	71,450	71,450	57,160	57,160	121,608	
90100093	91st Ave WWTP Pipe/Equipment Coating	14.29%	210,778	56	28,580	35,725	28,580	28,580	28,580	14,290	14,290	14,290	14,290	14,290	17,863	
90100094	91st Ave WWTP Safety & Security	14.29%	398,977	56	57,160	42,870	64,305	64,305	28,580	35,725	28,580	28,580	28,580	35,725	41,727	
90100095	91st Ave WWTP WAM	14.29%	295,660	56	42,870	42,870	42,870	38,440	28,580	28,580	28,580	28,580	28,580	28,580		
90100099	91st Ave WWTP Groundwater Wells Improvements	14.29%		56												
90100100	91st Ave WWTP Support Facilities Rehabilitation	14.29%	1,732,948	56	178,625	178,625	178,625	178,625	178,625	178,625	178,625	178,625	178,625	178,625	125,323	
90100101	Process Piping Rehabilitation	14.29%	988,011	56	85,740	85,740	85,740	85,740	121,465	121,465	85,740	85,740	85,740	85,740	144,901	
90100103	91st Ave WWTP Toxicity Identification Evaluation	14.29%	9,431	56	715	715	715	1,429	715	1,429	715	1,429	715	1,429	143	
90100104	Multi-Phase Process Improvements	14.29%		56												
90100105	91st Ave WWTP Process Control Optimization	14.29%	802,241	56	85,740	78,595	85,740	85,740	71,450	85,740	71,450	85,740	71,450	85,740	80,596	
90100106	Fire Life Safety	14.29%	623,473	56	71,450	71,450	78,595	85,740	78,595	85,740	78,595	85,740	59,018			
90100107	91st Ave WWTP Facility Assessment	14.29%	152,189	56	17,863	17,863	17,863	21,435	14,290	10,718	17,863	14,290	14,290	14,290	9,289	
90100109	91st Ave WWTP Facility Rehabilitation	14.29%	11,013,875	56	100,030	100,030	100,030	257,220	428,700	1,000,300	1,429,000	1,143,200	2,872,290	2,858,000	825,105	
90100111	91st Ave WWTP Solids Rehab Phase 1	14.29%	4,642,678	56	1,148,630	1,150,345	1,148,773	1,071,750	893,125	378,685						
90100112	91st Ave WWTP Plant 2B Rehab	14.29%	11,072,607	56	1,314,680	1,314,680	2,000,600	2,143,500	1,714,800	1,714,800	1,607,625	576,602				
90100115	Master Plan 22/23	20.00%	217,800	41		5,000							100,000	100,000	12,800	
90120037	Local Limits Study	20.00%	206,000	41	57,160	80,000	60,000	40,000	26,000							
90140016	Tres Rios Rehab & Replacement	14.29%	460,995	56	50,015	50,015	50,015	57,160	50,015	42,870	42,870	42,870	42,870	42,870	39,440	
90160084	SROG Interceptor Capacity Improvements	4.00%	3,108,280	61	100,000		400,000	400,000	240,000	280,000	320,000	360,000	400,000	640,000	68,280	
90160094	Scottsdale Princess Metering Station			46B												
90160095	SRO Sanitary Sewer Assessment FY17-18	18.84%		34												
90160098	GL03 Metering Station			46C												
90160104	SAI Segments 14&16 MH Rehab	29.60%		66												
90160106	SRO Condition Assessment	19.60%	5,802,972	65	107,800	107,800	245,000	196,000	196,000	245,000	245,000	245,000	392,000	392,000	3,539,172	
90160107	SAI Condition Assessment	39.64%	9,087,470	64	257,660	257,660	257,660	237,840	237,840	237,840	1,585,600	2,378,400	1,783,800	1,783,800	327,030	
SUBTOTAL - CURRENT PROJECTS:			51,533,881		3,776,167	3,691,432	4,916,560	5,064,954	4,394,520	4,518,967	5,805,982	5,340,536	6,129,407	6,318,249	5,353,275	

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	2023-24 JAN-JUN	2024-25		2025-26		2026-27		2027-28		2028-29 JUL-DEC	FUTURE YEARS
							JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN		
90160090	F1 SRO/SAI Interceptor Odor Control Implement	18.84%	2,040,372	TBD	141,300		137,532	141,300	94,200	94,200	188,400	565,200	471,000	348,540		
SUBTOTAL PLANNED PROJECTS:			2,040,372		141,300		137,532	141,300	94,200	94,200	188,400	565,200	471,000	348,540		
SUBTOTAL ALL PROJECTS			53,574,253		3,917,467	3,691,432	5,054,092	5,206,254	4,488,720	4,613,167	5,994,382	5,905,736	6,600,407	6,666,789	5,353,275	
Prior Period Cash Flow Estimate (May 2023):						3,917,467	5,311,469	5,369,656	4,253,235	5,600,801	6,388,511	6,053,641	7,294,474	9,417,517		
Net Change Increase/(Decrease):						(226,035)	(257,377)	(163,402)	235,485	(987,634)	(394,129)	(147,905)	(694,067)	(2,750,728)	5,353,275	
TOTAL ALL PROJECTS:			53,574,253		3,917,467	3,691,432	5,054,092	5,206,254	4,488,720	4,613,167	5,994,382	5,905,736	6,600,407	6,666,789	5,353,275	

Footnotes: F1 WS90160090 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.

SROG CAPITAL IMPROVEMENT PROJECTS CASH FLOW ESTIMATE

CITY OF PHOENIX SHARE

NOV 2023

WS PROJECT NUMBER	CURRENT PROJECTS				Prior Period Cashflow Estimate For JAN-JUN	2023-24 JAN-JUN	2024-25		2025-26		2026-27		2027-28		2028-29 JUL-DEC	FUTURE YEARS
	PROJECT DESCRIPTION	PHOENIX SHARE	ESTIMATED BALANCE	BILLING SCHEDULE			JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN		
90100092	Instrumentation and Controls	55.16%	2,730,972	56	275,800	275,800	275,800	275,800	220,640	220,640	275,800	275,800	220,640	220,640	469,412	
90100093	91st Ave WWTP Pipe/Equipment Coating	55.16%	813,610	56	110,320	137,900	110,320	110,320	110,320	55,160	55,160	55,160	55,160	55,160	68,950	
90100094	91st Ave WWTP Safety & Security	55.16%	1,540,067	56	220,640	165,480	248,220	248,220	110,320	137,900	110,320	110,320	110,320	137,900	161,067	
90100095	91st Ave WWTP WAM	55.16%	1,141,260	56	165,480	165,480	165,480	148,380	110,320	110,320	110,320	110,320	110,320	110,320		
90100099	91st Ave WWTP Groundwater Wells Improvements	55.16%		56												
90100100	91st Ave WWTP Support Facilities Rehabilitation	55.16%	6,689,253	56	689,500	689,500	689,500	689,500	689,500	689,500	689,500	689,500	689,500	689,500	483,753	
90100101	Process Piping Rehabilitation	55.16%	3,813,762	56	330,960	330,960	330,960	330,960	468,860	468,860	330,960	330,960	330,960	330,960	559,322	
90100103	91st Ave WWTP Toxicity Identification Evaluation	55.16%	36,406	56	2,758	2,758	2,758	5,516	2,758	5,516	2,758	5,516	2,758	5,516	552	
90100104	Multi-Phase Process Improvements	55.16%		56												
90100105	91st Ave WWTP Process Control Optimization	55.16%	3,096,682	56	330,960	303,380	330,960	330,960	275,800	330,960	275,800	330,960	275,800	330,960	311,102	
90100106	Fire Life Safety	55.16%	2,406,631	56	275,800	275,800	303,380	330,960	303,380	330,960	303,380	330,960	227,811			
90100107	91st Ave WWTP Facility Assessment	55.16%	587,454	56	68,950	68,950	68,950	82,740	55,160	41,370	68,950	55,160	55,160	55,160	35,854	
90100109	91st Ave WWTP Facility Rehabilitation	55.16%	42,514,018	56	386,120	386,120	386,120	992,880	1,654,800	3,861,200	5,516,000	4,412,800	11,087,160	11,032,000	3,184,938	
90100111	91st Ave WWTP Solids Rehab Phase 1	55.16%	17,920,932	56	4,433,761	4,440,380	4,434,312	4,137,000	3,447,500	1,461,740						
90100112	91st Ave WWTP Plant 2B Rehab	55.16%	42,740,726	56	5,074,720	5,074,720	7,722,400	8,274,000	6,619,200	6,619,200	6,205,500	2,225,706				
90100115	Master Plan 22/23	20.00%	217,800	41		5,000							100,000	100,000	12,800	
90120037	Local Limits Study	20.00%	206,000	41	220,640	80,000	60,000	40,000	26,000							
90140016	Tres Rios Rehab & Replacement	55.16%	1,779,462	56	193,060	193,060	193,060	220,640	193,060	165,480	165,480	165,480	165,480	165,480	152,242	
90160084	SROG Interceptor Capacity Improvements	47.00%	36,522,290	61	1,175,000		4,700,000	4,700,000	2,820,000	3,290,000	3,760,000	4,230,000	4,700,000	7,520,000	802,290	
90160094	Scottsdale Princess Metering Station			46B												
90160095	SRO Sanitary Sewer Assessment FY17-18	46.25%		34												
90160098	GL03 Metering Station			46C												
90160104	SAI Segments 14&16 MH Rehab	39.82%		66												
90160106	SRO Condition Assessment	44.14%	13,068,530	65	242,770	242,770	551,750	441,400	441,400	551,750	551,750	551,750	882,800	882,800	7,970,360	
90160107	SAI Condition Assessment	35.58%	8,156,715	64	231,270	231,270	231,270	213,480	213,480	213,480	1,423,200	2,134,800	1,601,100	1,601,100	293,535	
SUBTOTAL - CURRENT PROJECTS:			185,982,571		14,428,509	13,069,328	20,805,240	21,572,756	17,762,498	18,554,036	19,844,878	16,015,192	20,614,969	23,237,496	14,506,177	

CITY OF PHOENIX SHARE

WS PROJECT NUMBER	PLANNED PROJECTS				Prior Period Cashflow Estimate For JAN-JUN	2023-24 JAN-JUN	2024-25		2025-26		2026-27		2027-28		2028-29 JUL-DEC	FUTURE YEARS
	PROJECT DESCRIPTION	PHOENIX SHARE	ESTIMATED COST	BILLING SCHEDULE			JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN		
90160090	F1 SRO/SAI Interceptor Odor Control Implement	46.25%	5,008,875	TBD	346,875		337,625	346,875	231,250	231,250	462,500	1,387,500	1,156,250	855,625		
SUBTOTAL PLANNED PROJECTS:			5,008,875		346,875		337,625	346,875	231,250	231,250	462,500	1,387,500	1,156,250	855,625		
SUBTOTAL ALL PROJECTS			190,991,446		14,775,384	13,069,328	21,142,865	21,919,631	17,993,748	18,785,286	20,307,378	17,402,692	21,771,219	24,093,121	14,506,177	
Prior Period Cash Flow Estimate (May 2023):						14,775,384	22,236,474	22,740,414	18,313,550	19,075,183	19,812,773	20,507,681	25,099,326	29,120,382		
Net Change Increase/(Decrease):						(1,706,056)	(1,093,609)	(820,783)	(319,802)	(289,897)	494,605	(3,104,989)	(3,328,107)	(5,027,261)	14,506,177	
TOTAL ALL PROJECTS:			190,991,446		14,775,384	13,069,328	21,142,865	21,919,631	17,993,748	18,785,286	20,307,378	17,402,692	21,771,219	24,093,121	14,506,177	

Footnotes: F1 WS90160090 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.

SROG CAPITAL IMPROVEMENT PROJECTS CASH FLOW ESTIMATE

CITY OF SCOTTSDALE SHARE

NOV 2023

WS PROJECT NUMBER	CURRENT PROJECTS			BILLING SCHEDULE	Prior Period Cashflow Estimate For		2023-24		2024-25		2025-26		2026-27		2027-28		2028-29		FUTURE YEARS
	PROJECT DESCRIPTION	SCOTTSDALE'S SHARE	ESTIMATED BALANCE		JAN-JUN		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%	490,149	56	49,500		49,500		49,500	49,500	39,600	39,600	49,500	49,500	39,600	39,600		84,249	
90100093	91st Ave WWTP Pipe/Equipment Coating	9.90%	146,025	56	19,800		24,750		19,800	19,800	19,800	9,900	9,900	9,900	9,900	9,900		12,375	
90100094	91st Ave WWTP Safety & Security	9.90%	276,408	56	39,600		29,700		44,550	44,550	19,800	24,750	19,800	19,800	19,800	24,750		28,908	
90100095	91st Ave WWTP WAM	9.90%	204,831	56	29,700		29,700		29,700	26,631	19,800	19,800	19,800	19,800	19,800	19,800			
90100099	91st Ave WWTP Groundwater Wells Improvements	9.90%		56															
90100100	91st Ave WWTP Support Facilities Rehabilitation	9.90%	1,200,573	56	123,750		123,750		123,750	123,750	123,750	123,750	123,750	123,750	123,750	123,750		86,823	
90100101	Process Piping Rehabilitation	9.90%	684,486	56	59,400		59,400		59,400	59,400	84,150	84,150	59,400	59,400	59,400	59,400		100,386	
90100103	91st Ave WWTP Toxicity Identification Evaluation	9.90%	6,534	56	495		495		495	990	495	990	495	990	495	990		99	
90100104	Multi-Phase Process Improvements	9.90%		56															
90100105	91st Ave WWTP Process Control Optimization	9.90%	555,786	56	59,400		54,450		59,400	59,400	49,500	59,400	49,500	59,400	49,500	59,400		55,836	
90100106	Fire Life Safety	9.90%	431,937	56	49,500		49,500		54,450	59,400	54,450	59,400	54,450	59,400	40,887				
90100107	91st Ave WWTP Facility Assessment	9.90%	105,435	56	12,375		12,375		12,375	14,850	9,900	7,425	12,375	9,900	9,900	9,900		6,435	
90100109	91st Ave WWTP Facility Rehabilitation	9.90%	7,630,326	56	69,300		69,300		69,300	178,200	297,000	693,000	990,000	792,000	1,989,900	1,980,000		571,626	
90100111	91st Ave WWTP Solids Rehab Phase 1	9.90%	3,216,411	56	795,762		796,950		795,861	742,500	618,750	262,350							
90100112	91st Ave WWTP Plant 2B Rehab	9.90%	7,671,015	56	910,800		910,800		1,386,000	1,485,000	1,188,000	1,188,000	1,113,750	399,465					
90100115	Master Plan 22/23	20.00%	217,800	41			5,000								100,000	100,000		12,800	
90120037	Local Limits Study	20.00%	206,000	41	39,600		80,000		60,000	40,000	26,000								
90140016	Tres Rios Rehab & Replacement	9.90%	319,374	56	34,650		34,650		34,650	39,600	34,650	29,700	29,700	29,700	29,700	29,700		27,324	
90160084	SROG Interceptor Capacity Improvements	19.00%	14,764,330	61	475,000				1,900,000	1,900,000	1,140,000	1,330,000	1,520,000	1,710,000	1,900,000	3,040,000		324,330	
90160094	Scottsdale Princess Metering Station	100.00%		46B															
90160095	SRO Sanitary Sewer Assessment FY17-18	23.92%		34															
90160098	GL03 Metering Station			46C															
90160104	SAI Segments 14&16 MH Rehab	14.11%		66															
90160106	SRO Condition Assessment	24.79%	7,339,575	65	136,345		136,345		309,875	247,900	247,900	309,875	309,875	309,875	495,800	495,800		4,476,330	
90160107	SAI Condition Assessment	3.22%	738,185	64	20,930		20,930		20,930	19,320	19,320	19,320	128,800	193,200	144,900	144,900		26,565	
SUBTOTAL - CURRENT PROJECTS:			46,205,180		2,925,907		2,487,595		5,030,036	5,110,791	3,992,865	4,261,410	4,491,095	3,846,080	5,033,332	6,137,890		5,814,086	

CITY OF SCOTTSDALE SHARE

WS PROJECT NUMBER	PLANNED PROJECTS			BILLING SCHEDULE	Prior Period Cashflow Estimate For		2023-24		2024-25		2025-26		2026-27		2027-28		2028-29		FUTURE YEARS
	PROJECT DESCRIPTION	SCOTTSDALE'S SHARE	ESTIMATED COST		JAN-JUN		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%	2,589,453	TBD	179,325				174,543	179,325	119,550	119,550	239,100	717,300	597,750	442,335			
SUBTOTAL PLANNED PROJECTS:			2,589,453		179,325				174,543	179,325	119,550	119,550	239,100	717,300	597,750	442,335			
SUBTOTAL ALL PROJECTS			48,794,633		3,105,232		2,487,595		5,204,579	5,290,116	4,112,415	4,380,960	4,730,195	4,563,380	5,631,082	6,580,225		5,814,086	
Prior Period Cash Flow Estimate (May 2023):							3,105,232		5,393,771	5,367,725	4,570,035	4,923,253	4,968,325	5,022,005	5,420,292	9,670,077			
Net Change Increase/(Decrease):							(617,637)		(189,192)	(77,609)	(457,620)	(542,293)	(238,130)	(458,625)	210,790	(3,089,852)		5,814,086	
TOTAL ALL PROJECTS:			48,794,633		3,105,232		2,487,595		5,204,579	5,290,116	4,112,415	4,380,960	4,730,195	4,563,380	5,631,082	6,580,225		5,814,086	

Footnotes: F1 WS90160090 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.



SROG CAPITAL IMPROVEMENT PROJECTS CASH FLOW ESTIMATE

NOV 2023

CITY OF TEMPE SHARE

CURRENT PROJECTS					Prior Period Cashflow Estimate For	2023-24	2024-25		2025-26		2026-27		2027-28		2028-29	FUTURE
WS PROJECT NUMBER	PROJECT DESCRIPTION	TEMPE'S SHARE	ESTIMATED BALANCE	BILLING SCHEDULE	JAN-JUN	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	YEARS
90100092	Instrumentation and Controls	14.20%	703,042	56	71,000	71,000	71,000	71,000	56,800	56,800	71,000	71,000	56,800	56,800	120,842	
90100093	91st Ave WWTP Pipe/Equipment Coating	14.20%	209,450	56	28,400	35,500	28,400	28,400	28,400	14,200	14,200	14,200	14,200	14,200	17,750	
90100094	91st Ave WWTP Safety & Security	14.20%	396,464	56	56,800	42,600	63,900	63,900	28,400	35,500	28,400	28,400	28,400	35,500	41,464	
90100095	91st Ave WWTP WAM	14.20%	293,798	56	42,600	42,600	42,600	38,198	28,400	28,400	28,400	28,400	28,400	28,400		
90100099	91st Ave WWTP Groundwater Wells Improvements	14.20%		56												
90100100	91st Ave WWTP Support Facilities Rehabilitation	14.20%	1,722,034	56	177,500	177,500	177,500	177,500	177,500	177,500	177,500	177,500	177,500	177,500	124,534	
90100101	Process Piping Rehabilitation	14.20%	981,788	56	85,200	85,200	85,200	85,200	120,700	120,700	85,200	85,200	85,200	85,200	143,988	
90100103	91st Ave WWTP Toxicity Identification Evaluation	14.20%	9,372	56	710	710	710	1,420	710	1,420	710	1,420	710	1,420	142	
90100104	Multi-Phase Process Improvements	14.20%		56												
90100105	91st Ave WWTP Process Control Optimization	14.20%	797,188	56	85,200	78,100	85,200	85,200	71,000	85,200	71,000	85,200	71,000	85,200	80,088	
90100106	Fire Life Safety	14.20%	619,546	56	71,000	71,000	78,100	85,200	78,100	85,200	78,100	85,200	58,646			
90100107	91st Ave WWTP Facility Assessment	14.20%	151,230	56	17,750	17,750	17,750	21,300	14,200	10,650	17,750	14,200	14,200	14,200	9,230	
90100109	91st Ave WWTP Facility Rehabilitation	14.20%	10,944,508	56	99,400	99,400	99,400	255,600	426,000	994,000	1,420,000	1,136,000	2,854,200	2,840,000	819,908	
90100111	91st Ave WWTP Solids Rehab Phase 1	14.20%	4,613,438	56	1,141,396	1,143,100	1,141,538	1,065,000	887,500	376,300						
90100112	91st Ave WWTP Plant 2B Rehab	14.20%	11,002,870	56	1,306,400	1,306,400	1,988,000	2,130,000	1,704,000	1,704,000	1,597,500	572,970				
90100115	Master Plan 22/23	20.00%	217,800	41		5,000							100,000	100,000	12,800	
90120037	Local Limits Study	20.00%	206,000	41	56,800	80,000	60,000	40,000	26,000							
90140016	Tres Rios Rehab & Replacement	14.20%	458,092	56	49,700	49,700	49,700	56,800	49,700	42,600	42,600	42,600	42,600	42,600	39,192	
90160084	SROG Interceptor Capacity Improvements	30.00%	23,312,100	61	750,000		3,000,000	3,000,000	1,800,000	2,100,000	2,400,000	2,700,000	3,000,000	4,800,000	512,100	
90160094	Scottsdale Princess Metering Station			46B												
90160095	SRO Sanitary Sewer Assessment FY17-18	11.00%		34												
90160098	GL03 Metering Station			46C												
90160104	SAI Segments 14&16 MH Rehab	16.47%		66												
90160106	SRO Condition Assessment	11.47%	3,395,923	65	63,085	63,085	143,375	114,700	114,700	143,375	143,375	143,375	229,400	229,400	2,071,138	
90160107	SAI Condition Assessment	20.78%	4,763,815	64	135,070	135,070	135,070	124,680	124,680	124,680	831,200	1,246,800	935,100	935,100	171,435	
SUBTOTAL - CURRENT PROJECTS:			64,798,458		4,238,011	3,503,715	7,267,443	7,444,098	5,736,790	6,100,525	7,006,935	6,432,465	7,696,356	9,445,520	4,164,611	

CITY OF TEMPE SHARE

PLANNED PROJECTS					Prior Period Cashflow Estimate For	2023-24	2024-25		2025-26		2026-27		2027-28		2028-29	FUTURE
WS PROJECT NUMBER	PROJECT DESCRIPTION	TEMPE'S SHARE	ESTIMATED COST	BILLING SCHEDULE	JAN-JUN	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	JAN-JUN	JUL-DEC	YEARS
#VALUE!	#VALUE!	11.00%	1,191,300	TBD	82,500		80,300	82,500	55,000	55,000	110,000	330,000	275,000	203,500		
SUBTOTAL PLANNED PROJECTS:			1,191,300		82,500		80,300	82,500	55,000	55,000	110,000	330,000	275,000	203,500		
SUBTOTAL ALL PROJECTS			65,989,758		4,320,511	3,503,715	7,347,743	7,526,598	5,791,790	6,155,525	7,116,935	6,762,465	7,971,356	9,649,020	4,164,611	
Prior Period Cash Flow Estimate (May 2023):						4,320,511	7,582,273	7,705,445	6,577,445	7,145,959	7,567,796	7,569,920	8,861,813	8,643,995		
Net Change Increase/(Decrease):						(816,796)	(234,530)	(178,847)	(785,655)	(990,434)	(450,861)	(807,455)	(890,457)	1,005,025	4,164,611	
TOTAL ALL PROJECTS:			65,989,758		4,320,511	3,503,715	7,347,743	7,526,598	5,791,790	6,155,525	7,116,935	6,762,465	7,971,356	9,649,020	4,164,611	

Footnotes: F1 WS90160090 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.





AGENDA ITEM #4D

February 7, 2024

TO: Members of the SROG Committee

FROM: Michelle Barclay, SROG Manager

SUBJECT: SROG ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2023, 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 2022-23 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

In an email dated January 17, 2024, the SROG Advisory Committee recommended that:

the SROG Committee accept the SROG Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023, 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, 2023 and 2022





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

**Annual Comprehensive Financial Report**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

**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 8, 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, 2023 and 2022. 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.

Heinfeld, Meech & Co. has issued an unmodified ("clean") opinion on the SROG financial statements for the year ended June 30, 2023. 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 through the first half of 2023. Jobs and wages have notably increased from the previous year, but at a slower pace than earlier in the pandemic recovery. Meanwhile, the unemployment rate remained very low, and jobs were essentially back on their pre-pandemic trend. Housing affordability, however, has declined since pre pandemic levels. The Phoenix Metropolitan Statistical Area (MSA) remains a desirable place to live and work. Development of the semiconductor plant TSMC in North-Phoenix will likely contribute to future growth.

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 (49.5%); trade, transportation, and utilities (19.0%); government (10.2%); manufacturing (6.3%); construction (6.9%); information (1.7%); and natural resources and mining (0.1%).

The years immediately following the pandemic were characterized by high levels of population and employment growth in the Phoenix Metropolitan Statistical Area (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 2022 is estimated to be 1.7% and 1.5% in 2023 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 2.3% in 2023. As of August 2022, the unemployment rate for the Phoenix area was 3.8% versus the U.S. rate of 3.6%. Unemployment is expected to remain at similar levels in 2023 at 3.7%. 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 11.3% in 2022, with retail sales cooling in 2023 with an expected growth of 1.2%.

## LOCAL ECONOMY (CONTINUED)

The rate of economic growth during the remaining months of 2022, and then in 2023 and 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 2023. The rate of population growth in the MSA is expected to be 1.7% in 2022, 1.5% in 2023, and 1.2% in 2024. 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 6.5% in 2023 and remain similar in 2024. Growth in personal income leads to increases in retail sales. An increase in retail sales equal to 1.6% in 2023, and 3.1% is anticipated for 2024. Residential permits are expected to average 44,000 units; a forecasted total of 48,288 units in 2023, and then 41,808 units in 2024.

## 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 \$416 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.

### *Instrumentation and Control Inspection*

The Electrical, Instrumentation and Control Systems Testing and Inspection Services program is to attain or support the City of Phoenix Water Services Department standards for electrical, instrumentation and control for all facilities. The selected consultant provides ongoing oversight, on behalf of the City of Phoenix Water Services Department, to ensure proper emphasis in the electrical, instrumentation and controls systems for design and construction projects during upgrades or expansions.

### *91st Ave. 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.



## **MAJOR INITIATIVES (CONTINUED)**

### ***91st Ave. 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 Master Plan***

The 91st Avenue Wastewater Treatment Plant Facility Master Plan Update (2022-2050), will develop a path for the future operation of the 91st Ave WWTP through the planning period to meet both current and future demands. Planning will be based on flow and loading projections for the five SROG cities as well as regulatory trends. Specific recommendations regarding the needs of the plant will be made based on these two variables. The 10-year Prioritized Rehabilitation Plan will then be updated to align with the planning recommendations.

### ***Southern Avenue Interceptor Assessment***

The Southern Avenue Interceptor (SAI), a multi-owner regional interceptor governed by the Subregional Operating Group (SROG) cities of Glendale, Mesa, Phoenix, Scottsdale, and Tempe. The SAI ranges in pipe diameters from 54-inch to 90-inches and is approximately 19 miles in length, extending from 48th Street and Southern Avenue to the 91st Avenue Wastewater Treatment Plant (WWTP). The Southern Avenue Interceptor Assessment project will consist of performing a condition assessment of approximately 98,500 linear feet (18.7 miles) of the Southern Avenue Interceptor including the 51st Avenue siphon and approximately 154 associated manholes and structures on the interceptor.

### ***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. 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.

## **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.

## RELEVANT FINANCIAL POLICIES (CONTINUED)

### ***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, 2022. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

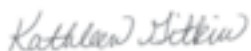
In order to be awarded a Certificate of Achievement, SROG published an easily readable and efficiently organized annual comprehensive financial report. This report satisfied both generally accepted accounting principles and the applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. SROG has received a Certificate of Achievement for the last twenty-six consecutive years (fiscal years ended 1996 through 2022). 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 National Association of Clean Water Agencies presented the Plant with a Silver Peak Performance award during 2022. Silver awards are issued to member agency facilities that have less than five exceedances per calendar year. This award provides recognition to individual agencies for outstanding compliance with the National Pollutant Discharge Elimination System permit discharge limitations.

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

Respectfully submitted,



Kathleen Gitkin  
Chief Financial Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Multi-City Subregional Operating Group  
Arizona**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

**Multi-City Subregional Operating Group (SROG)  
Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2023 and 2022**

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**SROG COMMITTEE**

---

Mr. Brian Biesemeyer, Chair  
Water Resources Executive Director  
City of Scottsdale

Ms. Tara Ford, Vice Chair  
Municipal Utilities Director  
City of Tempe

Mr. Nazario Prieto  
Assistant Director, Wastewater  
City of Phoenix

Mr. Chris Hassert  
Water Resources Director  
City of Mesa

Mr. Ron Serio  
Water Services Director  
City of Glendale

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**SROG ADVISORY COMMITTEE**

---

Mr. Richard Sacks, Chair  
Water Resources Engineer  
City of Scottsdale

Mr. Mark Weber  
Principal Civil Engineer  
City of Tempe

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

Mr. Brian Draper, Chair  
Water Resources Advisor  
City of Mesa

Mr. Mark Roy  
Deputy Director  
City of Glendale

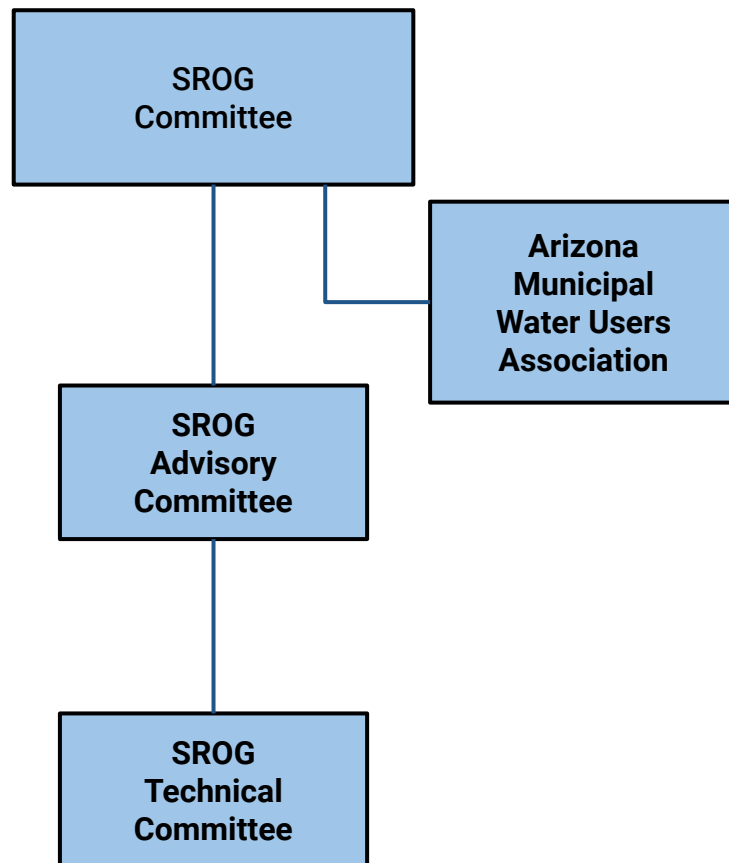
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**CITY OF PHOENIX, FINANCE DEPARTMENT**

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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**

The Multi-City Subregional Operating Group Committee and Management  
Arizona Municipal Water Users Association

### **Report on Audit of Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Multi-City Subregional Operating Group (SROG), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise SROG's financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Multi-City Subregional Operating Group as of June 30, 2023 and 2022, and the changes in its financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Multi-City Subregional Operating Group, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SROG's ability to continue as a going concern for one year 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 generally accepted auditing standards 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 generally accepted auditing standards 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.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as listed in the table of contents, be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary Information*

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

#### *Other Information*

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on other 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 8, 2023, on our consideration of Multi-City Subregional Operating Group'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 the Multi-City Subregional Operating Group'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 Multi-City Subregional Operating Group's internal control over financial reporting and compliance.

*Heinfeld Meech & Co. PC*

Heinfeld, Meech & Co., P.C.  
Scottsdale, Arizona  
December 8, 2023





# **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, 2023 and 2022. 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 \$584,880 at June 30, 2023 and \$596,724 at June 30, 2022. Net position for fiscal year 2023 decreased by \$11,844 as compared to fiscal year 2022. In fiscal year 2022, net position decreased by \$17,605. The decreases in net position for fiscal years 2023 and 2022 are primarily due to operating expenses exceeding operating revenues. Net investment in capital assets was \$561,632 and \$576,925 at June 30, 2023 and June 30, 2022, respectively, a decrease of \$15,293. The decreases are primarily due to an increase in accumulated depreciation.
- Operating revenue was \$81,970 for fiscal year 2023 and \$72,717 for fiscal year 2022. Operating revenues increased by \$9,253 in the current year and increased by \$1,194 in 2022. The increase in 2023 is primarily due to a planned increase in member's charges for construction projects and an increase in other revenue as compared to 2022. The increase in 2022 is primarily due to a planned increase in the sales of by-products. Revenue contributions from SROG members for the construction of capital assets were \$22,515 or 27.5% of total operating revenues in 2023 and \$18,631 or 25.6% of total operating revenues in 2022.
- Total operating expenses increased by \$2,609 to \$95,242 during fiscal year 2023, and increased by \$2,239 to \$92,632 during fiscal year 2022. 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. In 2022, the increase was related to a \$3,771 increase in operation and maintenance expense, \$1,128 decrease in depreciation expense, and \$403 decrease 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 decreased by \$11,844 for the year ended June 30, 2023 as compared to June 30, 2022 and decreased by \$17,604 for the year ended June 30, 2022 as compared to June 30, 2021.

### SROG's Net Position

(in thousands)

	June 30		
	2023	2022	2021
Current Assets	\$ 108,279	\$ 95,314	\$ 74,389
Net Capital Assets	561,632	576,925	597,596
Total Assets	669,911	672,239	671,985
Current Liabilities Payable from Unrestricted Assets	25,542	26,831	21,789
Current Liabilities Payable from Restricted Assets	59,488	48,684	35,867
Total Current Liabilities	85,030	75,515	57,656
Investment in Capital Assets	561,632	576,925	597,596
Unrestricted	23,248	19,799	16,733
Total Net Position	\$ 584,880	\$ 596,724	\$ 614,329

- During fiscal year 2023, current assets increased by \$12,961 compared to a \$20,925 increase in 2022. 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. The increase in 2022 resulted in a \$19,327 increase in pooled investments, an increase of \$619 in inventories, an increase of \$663 in members' receivable and an increase of \$318 in accounts receivable.
- Net capital assets decreased by \$15,292 and \$20,671 during fiscal years 2023 and 2022, respectively. The decrease in 2023 and 2022 resulted from the increase in accumulated depreciation.
- Liabilities payable from unrestricted assets decreased by \$1,289 in 2023 and increased by \$5,042 in 2022. The decrease in 2023 is primarily due to an decrease in accounts payable to members. The increase in 2022 is primarily due to an increase in accounts payable to members. Liabilities payable from restricted assets increased by \$10,802 in 2023 and increased by \$12,817 in 2022. The increase in fiscal years 2023 and 2022 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)

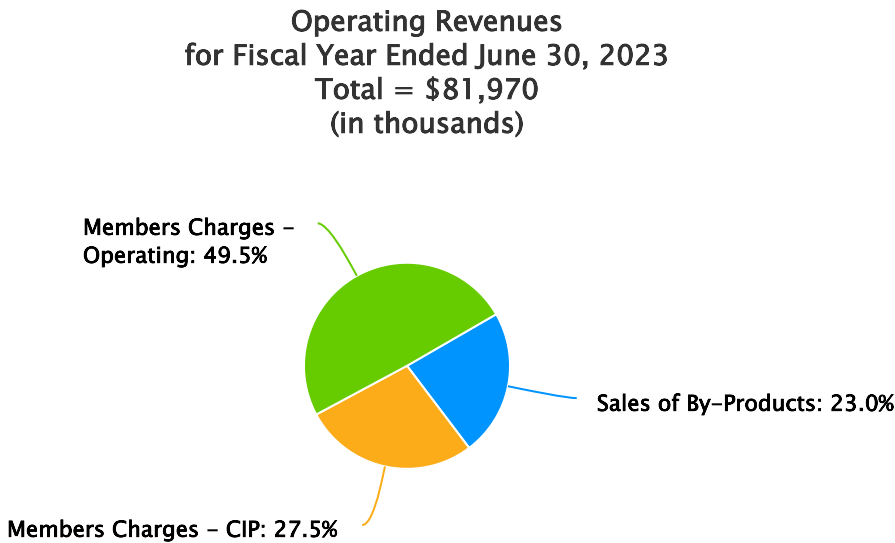
	Years Ended June 30		
	2023	2022	2021
Operating Revenues - Primarily Members' Charges	\$ 81,970	\$ 72,716	\$ 71,523
Non-Operating Revenues, net - Investment Income	3,037	2,619	880
Total Revenues	85,007	75,335	72,403
Operating Expenses			
Administration	7,279	6,338	6,741
Operation and Maintenance	50,868	46,111	42,340
Depreciation	37,095	40,183	41,312
Total Operating Expenses	95,242	92,632	90,393
Non-Operating Expenses, net	1,609	308	643
Total Expenses	96,851	92,940	91,036
Decrease in Net Position	(11,844)	(17,605)	(18,633)
Net Position, July 1	596,724	614,329	632,962
Net Position, June 30	\$ 584,880	\$ 596,724	\$ 614,329

- Operating revenues increased by \$9,252 in 2023 and increased by \$1,193 in 2022. The increase in 2023 and 2022 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 \$2,609 in 2023 and increased \$2,239 in 2022. 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. In 2022, the increase was related to a \$403 decrease in administrative expense, a \$3,771 increase in operating and maintenance expenses, and a \$1,128 decrease in depreciation expense.



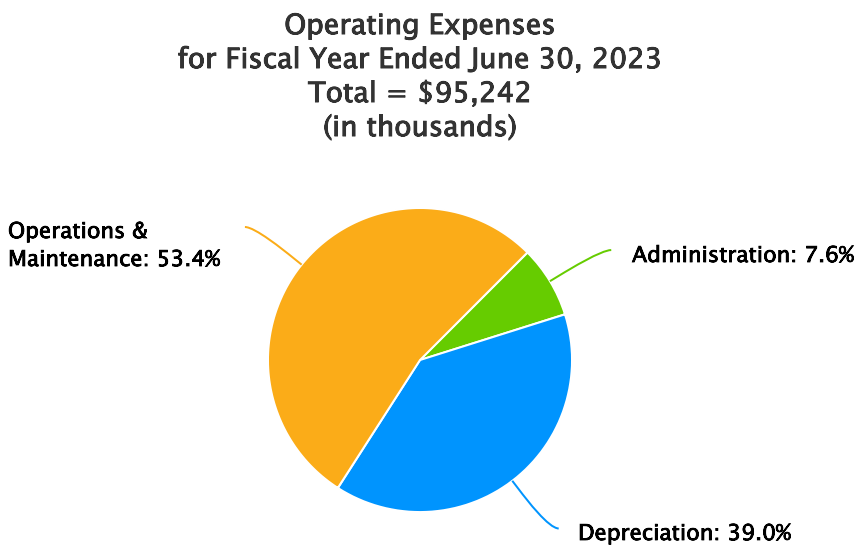
**OPERATING REVENUES**

SROG’s revenue is primarily generated by charges to the joint venture members for construction and operating costs. For fiscal year 2023, of the \$63,083 in revenue from members’ charges, \$22,515 is charges for scheduled construction projects (CIP), with the remaining charges of \$40,568 received for operations. The following chart shows the sources and the percentage of operating revenue by category for the fiscal year ended June 30, 2023.



**OPERATING EXPENSES**

The following chart shows SROG’s operating expenses by category for the year ended June 30, 2023.



## CAPITAL ASSETS

SROG's investment in capital assets as of June 30, 2023, amounts to \$561,632 (net of accumulated depreciation), \$576,925 as of June 30, 2022, and \$597,596 as of June 30, 2021 as shown below. Net capital assets decreased by \$15,293 and \$20,671 during fiscal years 2023 and 2022, respectively.

### SROG's Capital Assets

(in thousands)

	2023	2022	2021
Land	\$ 50,860	\$ 50,860	\$ 50,860
Buildings	140,661	140,661	140,661
Improvements other than Buildings	982,332	974,497	966,154
Equipment	148,501	138,580	133,456
Intangibles	15,615	15,615	15,615
Construction in Progress	44,820	40,790	34,896
Less: Accumulated Depreciation	(821,157)	(784,078)	(744,046)
Net Capital Assets	<u>\$ 561,632</u>	<u>\$ 576,925</u>	<u>\$ 597,596</u>

### Capital Acquisitions and Construction Activities

Members contributed \$22,515 for ongoing construction projects during 2023 compared to \$18,631 during 2022. Provided below is a summary of the major projects and their associated costs for fiscal year 2023 and 2022 (in thousands):

	2023
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
	2022
91st Ave WWTP Solids Rehab Phase 1	\$ 3,168
91st Ave WWTP Facility Rehabilitation	3,021
91st Ave WWTP Plant 2B Rehabilitation	2,399
91st Ave Process Piping Rehabilitation	2,104
SRO Sanitary Sewer Rehab FY 2017/18	1,976

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 increased by 1% in 2023 compared to an increase of 1.1% in 2022 and an increase of .3% in 2021.

In December 2022, a budget presentation was made to the SROG Joint Venture members for fiscal year 2023-24. 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 2023-24 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, 2023 and 2022**  
**(in thousands)**

	ASSETS			
			2023	2022
Current Assets				
Unrestricted Assets				
Pooled Investments		\$	29,919	\$ 28,353
Receivables				
Account Receivable			2,774	2,809
Members' Receivable			8,554	8,677
Inventories			7,662	7,615
Total Unrestricted Assets			<u>48,909</u>	<u>47,454</u>
Restricted Assets				
Pooled Investments			55,964	45,329
Members' Receivable			3,404	2,531
Total Restricted Assets			<u>59,368</u>	<u>47,860</u>
Total Current Assets			<u>108,277</u>	<u>95,314</u>
Noncurrent Assets				
Capital Assets				
Land			50,860	50,860
Buildings			140,661	140,661
Improvements other than Buildings			982,332	974,497
Equipment			148,501	138,580
Intangibles			15,615	15,615
Construction in Progress			44,820	40,790
Less: Accumulated Depreciation			<u>(821,157)</u>	<u>(784,078)</u>
Net Capital Assets			<u>561,632</u>	<u>576,925</u>
Total Assets			<u>669,909</u>	<u>672,239</u>
	DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources			-	-
	LIABILITIES			
Current Liabilities				
Payable from Unrestricted Assets				
Accounts Payable - Vendors			3,984	4,295
Accounts Payable - Members			21,557	22,536
Total Payable from Unrestricted Assets			<u>25,541</u>	<u>26,831</u>
Payable from Restricted Assets				
Capital Projects				
Accounts Payable			4,109	3,831
Members' Payable			54,492	43,833
Other Trust Liabilities			886	1,020
Total Payable from Restricted Assets			<u>59,487</u>	<u>48,684</u>
Total Current Liabilities			<u>85,028</u>	<u>75,515</u>
	DEFERRED INFLOWS OF RESOURCES			
Total Deferred Inflows of Resources			-	-
	NET POSITION			
Investment in Capital Assets			561,632	576,925
Unrestricted			23,248	19,799
Total Net Position		\$	<u>584,880</u>	\$ <u>596,724</u>

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, 2023 and 2022**  
(in thousands)

	2023	2022
Operating Revenues		
Members' Charges	\$ 63,084	\$ 55,607
Sales of By-Products	14,416	13,430
Other	4,470	3,679
Total Operating Revenues	<u>81,970</u>	<u>72,716</u>
Operating Expenses		
Administration	7,279	6,338
Operation and Maintenance	50,868	46,111
Depreciation	37,095	40,183
Total Operating Expenses	<u>95,242</u>	<u>92,632</u>
Operating Loss	<u>(13,272)</u>	<u>(19,916)</u>
Non-Operating Revenues (Expenses)		
Investment Income		
Increase (Decrease) in Fair Value of Investments	1,603	1,802
Interest on Investments	1,425	797
Interest Credited to Members, net	(1,609)	(308)
Gain (Loss) on Disposal of Capital Assets	9	20
Total Non-Operating Revenues (Expenses)	<u>1,428</u>	<u>2,311</u>
Decrease in Net Position	<u>(11,844)</u>	<u>(17,605)</u>
Net Position, July 1	<u>596,724</u>	<u>614,329</u>
Net Position, June 30	<u>\$ 584,880</u>	<u>\$ 596,724</u>

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, 2023 and 2022**  
**(in thousands)**

	2023	2022
Cash Flows from Operating Activities		
Cash Received from Members and Customers	\$ 91,913	\$ 82,468
Cash Paid to Suppliers	(46,285)	(32,745)
Cash Paid to Employees	(10,576)	(9,896)
Payment of Staff and Administrative Expenses	(2,756)	(2,294)
Net Cash Provided by Operating Activities	<u>32,296</u>	<u>37,532</u>
Cash Flows from Noncapital Financing Activities		
Interest Credited to Members	(1,609)	(307)
Net Cash Used in Noncapital Financing Activities	<u>(1,609)</u>	<u>(307)</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition and Construction of Capital Assets	(21,524)	(20,516)
Proceeds from Sales of Capital Assets	9	20
Net Cash Used in Capital and Related Financing Activities	<u>(21,515)</u>	<u>(20,496)</u>
Cash Flows from Investing Activities		
Investment Income	3,028	2,599
Net Activity for Pooled Investments	(12,200)	(19,327)
Net Cash Provided by (Used in) Investing Activities	<u>(9,172)</u>	<u>(16,728)</u>
Net Increase in Cash and Cash Equivalents	-	-
Cash, July 1	-	-
Cash, June 30	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating Loss	\$ (13,272)	\$ (19,916)
Adjustments		
Depreciation	37,095	40,183
Reversal of CIP Items	-	3,212
Increase (Decrease) in Members' Payable	10,658	10,733
(Increase) Decrease in Assets		
Receivables	(715)	(982)
Inventories	(46)	(619)
Increase (Decrease) in Liabilities		
Accounts Payable - Vendors	(311)	(129)
Accounts Payable - Members	(978)	5,172
Other Trust Liabilities	(134)	(122)
Net Cash Provided by Operating Activities	<u>\$ 32,297</u>	<u>\$ 37,532</u>
Noncash Transactions Affecting Financial Position		
Decrease in Fair Value of Investments	\$ 1,411	\$ 1,505
Total Noncash Transactions Affecting Financial Position	<u>\$ 1,411</u>	<u>\$ 1,505</u>

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







**Notes to the  
Financial  
Statements**



## Table of Contents

### Financial Section - Notes to the Financial Statements

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

An index to the notes follows:

Note	Description	Page
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2	Cash and Investments	15
3	Capital Assets	18
4	Risk Management	20
5	Members' Equity	20
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7	Construction and Other Grants	21
8	Commitments and Contingencies	21
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Multi-City Subregional Operating Group (SROG)  
Notes to the Financial Statements  
For the Fiscal Years Ended June 30, 2023 and 2022

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.

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.

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.

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

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, 2023 and 2022 was \$886, and \$1,020, 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.

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 revenues and expenses not meeting this definition are reported as non-operating items. Administration expenses include direct administrative costs to manage the Plant and indirect costs allocated to SROG by the City.

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

Meters measuring sewage flows are calibrated jointly by a SROG meter calibration team on an annual basis. The SROG meter calibration team consists of representatives of the members owning the station,

the City of Phoenix, and a SROG member with no ownership in the station. Sewage strengths are measured monthly. A representative from the SROG city, for which the sample is taken, is present along with City of Phoenix staff on the first day of the sampling process.

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

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, 2023 and June 30, 2022 is as follows (in thousands):

	June 30	
	2023	2022
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



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

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, 2023 and 2022 are summarized below (in thousands):

Fiscal Year Ended	Credit Quality Rating	Fair Value	Weighted Average Maturity (Years)
June 30, 2023	Not Rated	\$ 85,883	1.343
June 30, 2022	Not Rated	73,683	0.98

### **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, 2023 (in thousands):

Investments by Fair Value Level	Fair Value Measurement Using				Fair Value Measurement Using			
	6/30/2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	6/30/2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury securities	\$ 3,116,870	\$ 15,355	\$ 3,101,515	\$ -	\$ 3,124,467	\$ 15,551	\$ 3,108,916	\$ -
U.S. Government agency obligations	1,068,375	-	1,068,375	-	737,430	-	737,430	-
U.S. Government agency MBS/CMO	65,938	-	65,938	-	43,858	-	43,858	-
Municipal bonds	42,686	-	42,686	-	176,571	-	176,571	-
Commercial paper	119,473	-	119,473	-	139,710	-	139,710	-
Investment in land	-	-	-	-	-	-	-	-
Total investments, including those classified as, cash equivalents by fair value level	\$ 4,413,342	\$ 15,355	\$ 4,397,987	\$ -	\$ 4,222,036	\$ 15,551	\$ 4,206,485	\$ -

U.S. Government securities totaling \$15.4 million in fiscal year 2023 are classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets.

U.S. Government securities totaling \$3.1 billion, U.S. Government agency obligations totaling \$1068.4 million, U.S. Government agency MBS/CMO totaling \$65.9 million and municipal bonds totaling \$42.7 million and commercial paper totaling \$119.5 million in fiscal years 2023 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 5 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	\$ 747,282

### 3. **Capital Assets**

Capital asset activity for the fiscal years ended June 30, 2023 and 2022 were as follows (in thousands):

	Balance July 1, 2022	Additions	Deletions	Transfers	Balance 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

## Capital Assets (Continued)

	Balance July 1, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
<b>Non-Depreciable Assets</b>					
Land	\$ 50,860	\$ -	\$ -	\$ -	\$ 50,860
Construction in Progress	34,896	17,019	(3,213)	(7,912)	40,790
Total Non-Depreciable Assets	85,756	17,019	(3,213)	(7,912)	91,650
<b>Depreciable Assets</b>					
Buildings	140,661	-	-	-	140,661
Improvements other than Buildings	966,154	2,671	-	5,672	974,497
Equipment	133,456	3,035	-	2,089	138,580
Intangibles	15,615	-	-	-	15,615
Total Depreciable Assets	1,255,886	5,706	-	7,761	1,269,353
<b>Less Accumulated Depreciation</b>					
Buildings	(58,962)	(3,733)	-	-	(62,695)
Improvements other than Buildings	(577,613)	(30,972)	-	-	(608,585)
Equipment	(94,039)	(4,985)	-	151	(98,873)
Intangibles	(13,432)	(493)	-	-	(13,925)
Total Accumulated Depreciation	(744,046)	(40,183)	-	151	(784,078)
Total Depreciable Assets, net	511,840	(34,477)	-	7,912	485,275
Total Capital Assets, net	\$ 597,596	\$ (17,458)	\$ (3,213)	\$ -	\$ 576,925

#### 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 2023 and 2022, SROG was charged \$902,641 and \$818,846, 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, 2023, 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	
	2023	2022
City of Glendale	\$ 37,979	\$ 37,595
City of Mesa	77,005	77,595
City of Phoenix	305,417	309,135
City of Scottsdale	76,966	79,213
City of Tempe	86,544	88,466
	<u>583,911</u>	<u>592,004</u>
Unallocated unrealized gain related to GASB Statement No. 31 reporting	969	4,720
Total	<u>\$ 584,880</u>	<u>\$ 596,724</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 77% and 76% of the joint venture's revenue in 2023 and 2022, respectively.

b) Members' receivables were as follows:

	June 30	
	2023	2022
Unrestricted Members' Receivables	\$ 8,554	\$ 8,677
Restricted Members' Receivables	3,404	2,531
Total	<u>\$ 11,958</u>	<u>\$ 11,208</u>

c) Members' payables were as follows:

	June 30	
	2023	2022
Unrestricted Members' Payables	\$ 21,557	\$ 22,536
Restricted Members' Payables	54,492	43,833
Total	<u>\$ 76,049</u>	<u>\$ 66,369</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 \$5,302 and \$4,975 for the years ended June 30, 2023 and 2022, respectively.

Staff and administrative costs are City central services costs allocated to SROG. These costs include: building maintenance, custodial services, electrical maintenance, accounting, insurance, payroll, money management, accounts payable, various financial services, real estate, materials management, personnel, safety, fringe benefit administration, labor relations and training, switchboard, internal and external auditing, general management services, and legal services. Staff and administrative costs allocated to SROG were \$2,756 and \$2,295 for the years ended June 30, 2023 and 2022, 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, 2023.

## 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, 2023, SROG had outstanding purchase commitments for capital improvements aggregating approximately \$61.7 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.

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, 2023	\$ 2,119,169	29.56%
June 30, 2022	2,065,580	29.95%
June 30, 2021	2,259,705	61.57%

## Pension Plan (Continued)

### c) **Net Pension Liability**

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

## 10. Other Post-Employment Benefits

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

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

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

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

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

The City's net other post-employment benefit (OPEB) liability was measured as of June 30, 2023, 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 market 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, 2023 and 2022.



11. **Current Economic Events**

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have risen which may negatively affect the financial position, results of operations, and cash flows of the 91st Avenue Wastewater Treatment Plant. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.



## **Supplementary Information**



**Multi-City Subregional Operating Group (SROG)**  
**Net Operating and Maintenance Expenditures**  
**(Non-GAAP JEPA basis)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

	Years Ended June 30	
	2023	2022
Operating & Maintenance Expenditures		
Operating & Maintenance	\$28,459,041	\$28,498,609
Power	7,088,762	6,388,076
Chemicals	10,593,577	6,897,631
Replacement	3,717,672	4,734,173
Water Services Department Administration	5,301,561	4,975,251
City of Phoenix Administration	2,755,776	2,294,830
Operating & Maintenance Expenditures	57,916,389	53,788,570
Less Income:		
Sale of By-Products	18,117,753	16,425,904
Miscellaneous	756,198	397,235
Interest	106,924	32,682
Total Income	18,980,875	16,855,821
Net Operating & Maintenance Expenditures	\$38,935,514	\$36,932,749

### 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, 2023 and 2022**

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	
	2023	2022
City of Glendale	2,908,400	2,709,843
City of Mesa	5,819,990	5,822,628
City of Phoenix	35,830,170	35,217,589
City of Scottsdale	2,769,230	3,474,437
City of Tempe	7,070,750	7,158,803
Total	54,398,540	54,383,300

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

	June Ended June 30	
	2023	2022
Chemical (COD) <sup>(1)</sup>		
City of Glendale	961	970
City of Mesa	880	840
City of Phoenix	771	803
City of Scottsdale	944	937
City of Tempe	760	673

	June Ended June 30	
	2023	2022
Suspended Solids (SS)		
City of Glendale	516	467
City of Mesa	472	447
City of Phoenix	367	409
City of Scottsdale	699	579
City of Tempe	233	198

<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, 2023 and 2022**

Member	2023			
	Amount Billed	Charge (Credit)	Replacement	Net Operating Expenditures (see page 25)
		Per User	Charges Over	
		Charge Settlement <sup>(1)</sup>	(Under) Actual Expenditures <sup>(2)</sup>	
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	(15,493,733)	(824,670)	23,820,583
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
Total	<u>\$ 61,568,827</u>	<u>\$ (21,350,985)</u>	<u>\$ (1,282,328)</u>	<u>\$ 38,935,514</u>
Member	2022			
	Amount Billed	Charge (Credit)	Replacement	Net Operating Expenditures (see page 25)
		Per User	Charges Over	
		Charge Settlement <sup>(1)</sup>	(Under) Actual Expenditures <sup>(2)</sup>	
City of Glendale	\$ 3,548,357	\$ (1,263,015)	\$ (14,667)	\$ 2,270,675
City of Mesa	7,123,581	(2,517,239)	(29,662)	4,576,680
City of Phoenix	37,879,229	(14,212,410)	(172,935)	23,493,884
City of Scottsdale	4,636,160	(1,493,319)	(19,714)	3,123,127
City of Tempe	6,293,161	(2,795,929)	(28,849)	3,468,383
Total	<u>\$ 59,480,488</u>	<u>\$ (22,281,912)</u>	<u>\$ (265,827)</u>	<u>\$ 36,932,749</u>

<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, 2023 and 2022, but incurred \$3,717,672 and \$4,734,173 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, 2023 and 2022**

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

Member	2022				
	Beginning	Contributions	Interest	Expenditures	Ending
	Balance July 2021				Balance June 2022
City of Glendale	\$ 5,658,431	\$ 4,019,547	\$ 43,660	\$ (1,339,162)	\$ 8,382,476
City of Mesa	8,493,710	5,513,754	61,991	(2,643,660)	11,425,795
City of Scottsdale	3,194,989	3,917,709	26,254	(2,059,546)	5,079,407
City of Tempe	15,753,122	5,548,100	107,462	(2,462,711)	18,945,972
Total	<u>\$ 33,100,253</u>	<u>\$ 18,999,110</u>	<u>\$ 239,367</u>	<u>\$ (8,505,079)</u>	<u>\$ 43,833,651</u>

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

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

**Multi-City Subregional Operating Group (SROG)**  
**Operating Deposits Activity**  
**(Non-GAAP JEPA basis)**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

Member	2023			Ending Balance June 2023
	Beginning Balance	Contributions	Withdrawals	
	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	1,056,649	112,988	-	1,169,637
Total	<u>\$ 8,056,102</u>	<u>\$ 635,353</u>	<u>\$ (27,514)</u>	<u>\$ 8,663,941</u>

Member	2022			Ending Balance June 2022
	Beginning Balance	Contributions	Withdrawals	
	July 2021			
City of Glendale	\$ 513,391	\$ 13,676	\$ (12,432)	\$ 514,635
City of Mesa	1,086,081	30,275	(17)	1,116,339
City of Phoenix	4,434,215	162,655		4,596,870
City of Scottsdale	735,557	36,052		771,609
City of Tempe	1,040,294	30,078	(13,723)	1,056,649
Total	<u>\$ 7,809,538</u>	<u>\$ 272,736</u>	<u>\$ (26,172)</u>	<u>\$ 8,056,102</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, 2023 and 2022**

<b>2023</b>					
Member	Beginning Balance July 2022	Contributions	Interest	Expenditures	Ending Balance 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	999,395	577,456	27,399	(429,358)	1,174,892
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>

<b>2022</b>					
Member	Beginning Balance July 2021	Contributions	Interest	Expenditures	Ending Balance June 2022
City of Glendale	\$ 553,243	\$ 275,903	\$ 3,383	\$ (261,236)	\$ 571,293
City of Mesa	1,176,029	557,925	7,214	(528,263)	1,212,905
City of Phoenix	3,555,923	3,252,747	18,757	(3,079,812)	3,747,615
City of Scottsdale	531,190	370,781	3,072	(351,067)	553,976
City of Tempe	964,901	542,644	5,645	(513,795)	999,395
Total	<u>\$ 6,781,286</u>	<u>\$ 5,000,000</u>	<u>\$ 38,071</u>	<u>\$ (4,734,173)</u>	<u>\$ 7,085,184</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)

	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Net Investment in Capital Assets	\$ 561,632	\$ 576,925	\$ 597,597	\$ 616,129	\$ 640,429	\$ 669,024	\$ 680,953	\$ 706,591	\$ 744,444	\$ 782,409
Unrestricted	23,248	19,799	16,732	16,833	15,705	14,802	14,518	15,314	14,499	17,404
Total Net Position	<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>	<u>\$ 799,813</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)

	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Operating Revenues										
Members' Charges	\$ 63,084	\$ 55,607	\$ 56,937	\$ 52,904	\$ 55,166	\$ 63,879	\$ 49,441	\$ 40,352	\$ 37,256	\$ 46,278
Sales of By-Products	14,416	13,430	12,659	10,740	9,842	9,332	8,068	7,355	6,788	5,867
Other	4,470	3,679	1,927	1,319	239	33	20	1	378	203
Total Operating Revenues	<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>	<u>52,348</u>
Operating Expenses										
Administration	7,279	6,338	6,741	6,096	5,972	4,559	5,051	4,473	4,360	4,525
Operation and Maintenance	50,868	46,111	42,340	43,387	48,140	40,053	37,560	38,853	36,393	31,375
Depreciation	37,095	40,183	41,312	39,173	39,533	40,091	41,149	41,587	43,826	45,681
Total Operating Expenses	<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>	<u>81,581</u>
Operating Income (Loss)	<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>	<u>(29,233)</u>
Non-Operating Revenues										
(Expenses)										
Investment Income										
Net Increase (Decrease) in Fair Value of Investments	1,603	1,802	(270)	343	633	(278)	(298)	2	(241)	(441)
Interest on Investments	1,425	797	857	754	639	381	383	492	465	837
Interest Credited to Members	(1,609)	(308)	(373)	(578)	(554)	(310)	(272)	(261)	(190)	(215)
Gain (Loss) on Disposal of Capital Assets	9	20	23	2	(12)	21	(15)	(67)	(867)	(2,565)
Total Non-Operating Revenues	<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>	<u>(2,384)</u>
Net Income (Loss) before Capital Contributions	<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>(40,990)</u>	<u>(31,617)</u>
Capital Contributions	-	-	-	-	-	-	-	-	120	43
Increase (Decrease) in Net Position	<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>	<u>\$ (31,574)</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
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
2013-14	40,718	5,560	46,278

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

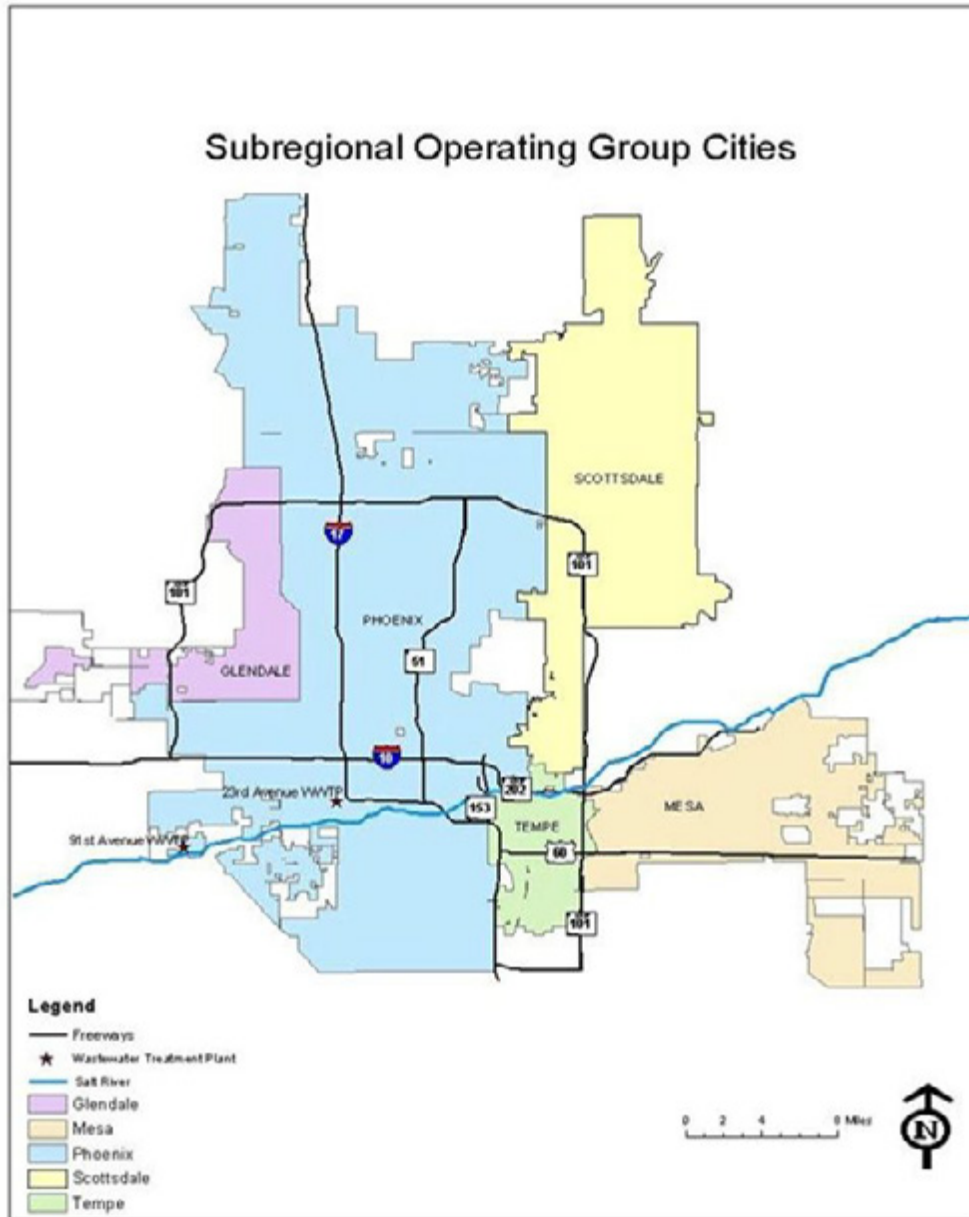
**Member Charges by City**  
**Last Ten Fiscal Years**  
**(in thousands)**

Fiscal Year	Glendale	Mesa	Phoenix	Scottsdale	Tempe	Total
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
2013-14	3,287	6,148	26,701	4,766	5,376	46,278

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



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



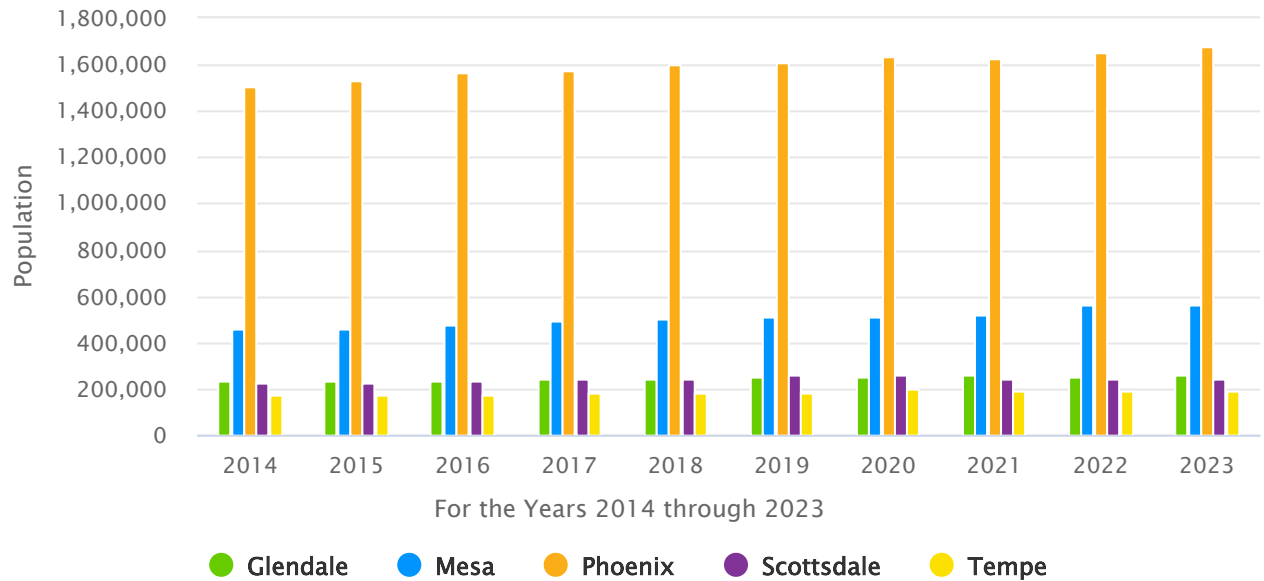
Source: AMWUA  
City of Phoenix Finance Department



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

Year	Glendale	Mesa	Phoenix	Scottsdale	Tempe	Total
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
2014	234,632	454,981	1,505,070	224,800	170,027	2,589,510

**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>
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
2013	4,404,675	168,286,000	38,206	6.7

<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 2020 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**  
**2023 and 2014**

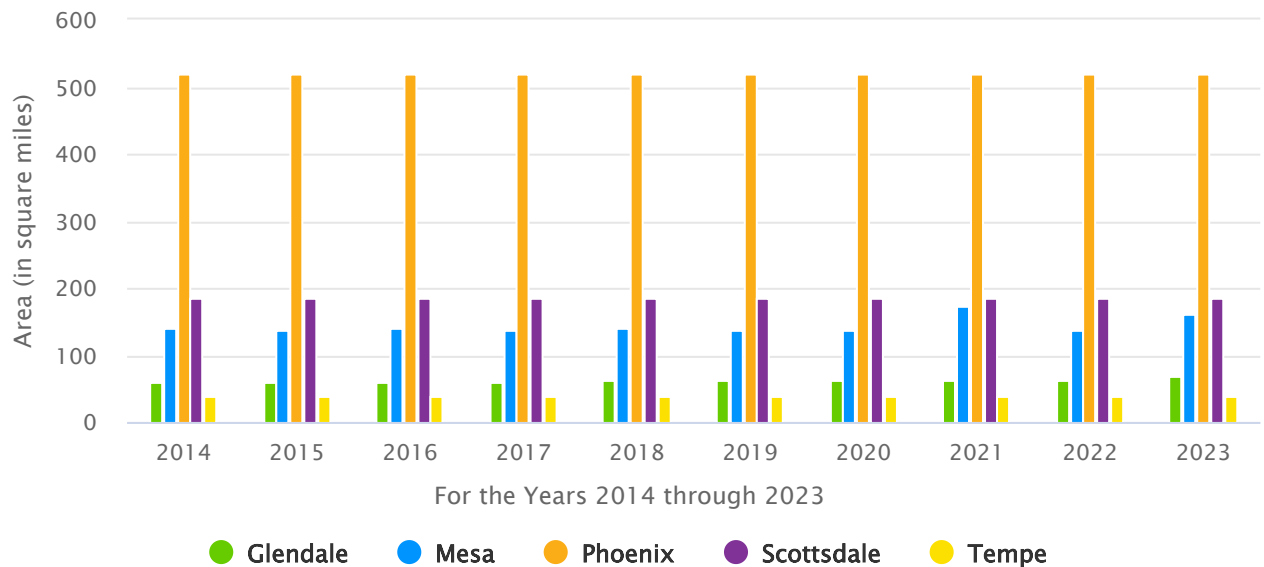
Employer	2023			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Banner Health	43,440	1	1.83%	30,266	3	1.67%
State of Arizona	41,564	2	1.75%	48,910	1	2.70%
Wal-Mart Stores Inc.	36,931	3	1.55%	32,438	2	1.79%
Arizona State University	35,719	4	1.50%	12,229	7	0.68%
Amazon.com Inc.	33,000	5	1.39%			
University of Arizona	22,089	6	0.93%			
Fry's Food Stores	20,000	7	0.84%			
Maricopa County	15,550	8	0.65%	13,341	6	0.74%
City of Phoenix	14,500	9	0.61%	14,875	4	0.82%
Wells Fargo	14,315	10	0.60%	14,126	5	0.78%
Intel Corp.				11,700	8	0.65%
Scottsdale Lincoln Health Network				10,500	9	0.58%
Honeywell International				10,000	10	0.55%

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
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
2014	59.0	141.4	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 Demand (COD/BOD) (thousand pounds) <sup>(1)</sup>	Suspended Solids (SS) (thousand pounds)	Sewage Flows (per thousand gallons)	COD/BOD <sup>(1)</sup> (per thousand pounds)	SS (per thousand pounds)
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
2013-14	50,270,932	327,492	149,856	0.1006	65.05	79.29

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

Fiscal Year	Glendale	Mesa	Phoenix	Scottsdale	Tempe	Total
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
2013-14	3,036,816	5,908,057	30,118,455	4,124,023	7,083,581	50,270,932

<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
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
2013-14	921	811	773	922	649	781

**Suspended Solids (SS)**

Fiscal Year	Glendale	Mesa	Phoenix	Scottsdale	Tempe	Average
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
2013-14	427	407	355	525	197	357

<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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Administration	-	-	-	-	-	-	-	-	-	-
Operation and Maintenance	100	99	105	107	98	89	103	96	95	100
<b>Total</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>	<b>100</b>

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

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
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)	177	209	170.0	189.0	176.0	166.0	167	166.5	275.5	163.0

(1) Millions of gallons per day (MGD)

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







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

**SETTLEMENT OF ESTIMATED AND ACTUAL COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

	GLENDALE	MESA	PHOENIX	SCOTTSDALE	TEMPE	MEMBERS TOTAL
<u>FLOW:</u>						
ESTIMATED FLOW - 1000 GALS.	2,883,500	6,570,000	32,850,000	3,212,000	7,270,800	52,786,300
ACTUAL FLOW - 1000 GALS.	2,908,400	5,819,990	35,830,170	2,769,230	7,070,750	54,398,540
<u>C.O.D.:</u>						
ESTIMATED MG/L	1,009	875	830	900	660	
ACTUAL MG/L	961	880	771	944	760	
<u>SUSPENDED SOLIDS:</u>						
ESTIMATED MG/L	535	475	390	600	200	
ACTUAL MG/L	516	472	367	699	233	
 <u>ACTUAL USER COSTS ALLOCATED TO DESIGN PARAMETERS</u>	 \$ 2,648,133	 \$ 4,785,201	 \$ 23,978,884	 \$ 2,888,957	 \$ 3,932,670	 \$ 38,233,846
<i>Plus exceptions to cost allocation:</i>						
JEPA CONSULTING CHARGES	99,071	99,071	99,071	99,071	99,071	495,356
SAI ODOR CONTROL	14,057	474,473	567,297	58,055	374,758	1,488,640
SUBTOTAL ACTUAL USER COSTS	2,761,262	5,358,745	24,645,252	3,046,083	4,406,499	40,217,842
SROG INVENTORY CHARGE	16,137	22,986	(15,060)	(12,454)	33,040	44,649
TOTAL ACTUAL USER COSTS	2,777,399	5,381,731	24,630,192	3,033,629	4,439,539	40,262,490
 INVOICED ESTIMATED COSTS	 3,804,921	 7,411,984	 40,138,986	 3,749,846	 6,463,090	 61,568,827
 <b>SETTLEMENT BALANCE (CREDIT)</b>	 <b>\$ (1,027,522)</b>	 <b>(2,030,253)</b>	 <b>(15,508,794)</b>	 <b>(716,217)</b>	 <b>(2,023,551)</b>	 <b>(21,306,337)</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, 2023**

	Budget	Actual	Variance Fav (Unfav)
<b><u>OPERATING AND MAINTENANCE COSTS</u></b>			
Personal Services	\$ 11,853,670	\$ 10,831,559	\$ 1,022,111
Chemicals	7,265,341	10,593,577	(3,328,236)
Sludge Hauling & Enviro Waste Disposal	2,397,925	2,203,427	194,498
General	13,697,232	11,188,786	2,508,446
Electricity	5,946,973	7,088,762	(1,141,789)
Water Quality and Compliance	1,206,522	1,294,693	(88,171)
JEPA Consulting Charges	624,000	495,356	128,644
SAI Odor Control	1,298,569	1,488,640	(190,071)
Tres Rios	1,664,904	956,580	708,324
Subtotal 91st Avenue WWTP Costs	\$ 45,955,136	\$ 46,141,380	\$ (186,244)
<b><u>GENERAL ADMINISTRATION</u></b>			
City Services Administration	\$ 2,095,000	\$ 2,755,776	\$ (660,776)
Department Administration	2,590,256	2,427,920	162,336
Treatment Plant Administration	3,586,957	2,761,430	825,527
Finance Utilities Accounting	246,225	112,211	134,014
Subtotal General Administration	8,518,438	8,057,337	461,101
<b>Total Operating and Maintenance Costs</b>	<b>\$ 54,473,574</b>	<b>\$ 54,198,716</b>	<b>\$ 274,858</b>
<b><u>REPLACEMENT COSTS</u></b>			
91st Avenue Replacement Costs	5,500,000	5,000,000	500,000
<b>Total Operating, Maintenance &amp; Replacement Costs</b>	<b>\$ 59,973,574</b>	<b>\$ 59,198,716</b>	<b>\$ 774,858</b>
<b><u>OTHER INCOME</u></b>			
Sale of Effluent	\$ -	\$ (18,117,753)	\$ 18,117,753
Miscellaneous Income	0	(756,198)	756,198
Interest Earnings on Operating Fund	0	(106,924)	106,924
Subtotal Other Income	0	(18,980,875)	18,980,875
<b>NET REVENUE REQUIREMENTS</b>	<b>\$ 59,973,574</b>	<b>\$ 40,217,842</b>	<b>\$ 19,755,732</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, 2023**

	TOTAL (1)	ALLOCATION TO DESIGN PARAMETERS					
		NON-ENVIRONMENTAL			ENVIRONMENTAL		
		FLOW	COD	SS	FLOW	COD	SS
<b>OPERATING &amp; MAINTENANCE COSTS</b>							
Personal Services	\$ 10,831,559	\$ 717,237	\$ 5,271,102	\$ 3,399,177	\$ 717,237	\$ 726,806	\$ -
Chemicals	10,593,577	955,974	3,443,816	3,395,935	32,327	1,882,091	883,434
Solid Waste Disposal	2,202,592	0	1,101,296	1,101,296	0	0	0
General	11,188,786	1,300,308	4,939,471	3,042,267	721,175	885,573	299,991
Electricity	7,088,762	1,281,885	4,738,308	1,067,861	236	236	236
Environmental Waste Removal	834	0	0	0	284	275	275
Compliance Lab Charges	1,294,693	876,360	0	0	418,333	0	0
Tres Rios	956,580	0	0	0	956,580	0	0
<b>Subtotal O &amp; M Costs</b>	<b>\$ 44,157,384</b>	<b>\$ 5,131,764</b>	<b>\$ 19,493,994</b>	<b>\$ 12,006,536</b>	<b>\$ 2,846,171</b>	<b>\$ 3,494,982</b>	<b>\$ 1,183,936</b>
Line A. Subtotal Percentage	100.0000%	11.6215%	44.1466%	27.1903%	6.4455%	7.9148%	2.6812%
<b>GENERAL ADMINISTRATION</b>							
City Services Administration (2)	2,755,776	305,487	1,160,451	714,733	217,519	267,104	90,482
Department Administration (3)	2,427,920	282,161	1,071,845	660,159	156,492	192,166	65,097
Treatment Plant Administration (3)	2,761,430	320,920	1,219,078	750,842	177,988	218,563	74,039
Finance Utilities Accounting (3)	112,211	12,560	47,711	29,386	8,530	10,475	3,548
Replacement Costs (4)	5,000,000	2,144,000	1,662,760	1,193,239	0	0	0
<b>Total Costs by Parameter</b>	<b>\$ 57,214,721</b>	<b>\$ 8,196,894</b>	<b>\$ 24,655,839</b>	<b>\$ 15,354,895</b>	<b>\$ 3,406,701</b>	<b>\$ 4,183,289</b>	<b>\$ 1,417,103</b>
Sale of Effluent (5)	(18,117,753)	(18,117,753)					
Miscellaneous Income (3)	(756,198)	(87,882)	(333,836)	(205,613)	(48,741)	(59,852)	(20,275)
Subtotal-Net Costs Before Interest	\$ 38,340,770	\$ (10,008,741)	\$ 24,322,003	\$ 15,149,282	\$ 3,357,960	\$ 4,123,438	\$ 1,396,828
Line B. Subtotal Percentage	100.0000%	-26.1047%	63.4364%	39.5122%	8.7582%	10.7547%	3.6432%
Interest Earnings -Fund Balance (6)	(106,924)	27,912	(67,829)	(42,248)	(9,365)	(11,499)	(3,895)
<b>Net Costs by Parameter</b>	<b>\$ 38,233,846</b>	<b>\$ (9,980,829)</b>	<b>\$ 24,254,174</b>	<b>\$ 15,107,034</b>	<b>\$ 3,348,595</b>	<b>\$ 4,111,938</b>	<b>\$ 1,392,932</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, 2023**

**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	7.97	2,908,400	961.37	23,319,045	516	12,523,887
Mesa	15.95	5,819,990	879.53	42,691,257	472	22,902,023
Phoenix	98.16	35,830,170	771.22	230,459,573	367	109,685,555
Scottsdale	7.59	2,769,230	944.33	21,809,658	699	16,148,288
Tempe	19.37	7,070,750	760.00	44,817,242	233	13,717,024
Totals	149.04	54,398,540	800	363,096,775	386	174,976,777

**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	5.34647%	6.42227%	7.15746%
Mesa	10.69880%	11.75754%	13.08861%
Phoenix	65.86605%	63.47056%	62.68578%
Scottsdale	5.09063%	6.00657%	9.22882%
Tempe	12.99805%	12.34306%	7.83934%
Total 91st Avenue WWTP	100.00000%	100.00000%	100.00000%

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

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

This schedule may contain differences due to rounding.

**FINAL**

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

**ALLOCATION OF COSTS TO SROG MEMBERS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

MEMBER	FLOW % (1)	ALLOCATED FLOW COSTS	COD % (1)	ALLOCATED COD COSTS	SS % (1)	ALLOCATED SS COSTS	TOTAL COSTS
<b>NON-ENVIRONMENTAL</b>							
Glendale	5.34647%	\$ (533,621)	6.42227%	\$ 1,557,666	7.15746%	\$ 1,081,279	\$ 2,105,324
Mesa	10.69880%	(1,067,827)	11.75754%	2,851,692	13.08861%	1,977,299	3,761,164
Phoenix	65.86605%	(6,573,983)	63.47056%	15,394,270	62.68578%	9,469,965	18,290,253
Scottsdale	5.09063%	(508,087)	6.00657%	1,456,842	9.22882%	1,394,200	2,342,956
Tempe	12.99805%	(1,297,311)	12.34306%	2,993,704	7.83934%	1,184,291	2,880,683
<b>Total Non-Environmental Costs (2)</b>		<u>\$ (9,980,829)</u>		<u>\$ 24,254,174</u>		<u>\$ 15,107,034</u>	<u>\$ 29,380,380</u>
<b>ENVIRONMENTAL</b>							
Glendale		\$ 179,031		\$ 264,079		\$ 99,698	\$ 542,809
Mesa		358,259		483,462		182,315	1,024,037
Phoenix		2,205,589		2,609,872		873,171	5,688,632
Scottsdale		170,464		246,986		128,551	546,002
Tempe		435,252		507,538		109,197	1,051,987
<b>Total Environmental Costs (2)</b>		<u>\$ 3,348,595</u>		<u>\$ 4,111,938</u>		<u>\$ 1,392,932</u>	<u>\$ 8,853,466</u>
<b>TOTAL COSTS</b>							
Glendale		\$ (354,590)		\$ 1,821,746		\$ 1,180,977	\$ 2,648,133
Mesa		(709,568)		3,335,154		2,159,615	4,785,201
Phoenix		(4,368,393)		18,004,142		10,343,136	23,978,884
Scottsdale		(337,622)		1,703,828		1,522,751	2,888,957
Tempe		(862,060)		3,501,242		1,293,488	3,932,670
<b>Total Costs</b>		<u>\$ (6,632,233)</u>		<u>\$ 28,366,113</u>		<u>\$ 16,499,966</u>	<u>\$ 38,233,846</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, 2023**

	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	6,162	313,157	281,004	25,438	164,242	\$ 790,003
<b>Credit to Mesa (2)</b>						
Allocation percentage	1.29%	-100.00%	58.94%	5.34%	34.43%	0.00%
Allocated Credit	1,870	(144,928)	85,420	7,739	49,899	-
<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	\$5,449.37	\$276,939.74	\$248,505.21	\$22,496.11	\$145,246.65	\$698,637
<b>Credit to Phoenix (2B)</b>						
Allocation percentage	1.21%	61.52%	-100.00%	5.00%	32.27%	0.00%
Allocated Credit	\$576	\$29,304	(\$47,633)	\$2,382	\$15,371	-
<b>Net Cost to Cities</b>	14,057	474,473	567,297	58,055	374,758	1,488,640
%	0.94%	31.87%	38.11%	3.90%	25.17%	
<b>JEPA CONSULTING CHARGES (3)</b>						
Allocation percentage	20%	20%	20%	20%	20%	100%
Allocated Cost	99,071	99,071	99,071	99,071	99,071	\$ 495,356

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 2022 Credit given to Mesa is 25% of \$579,711.
- (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) Ferrous chloride cost allocation is based on agreed percentages to the other cities. Calendar Year 2022 Credit given to Phoenix is 25% \* 200 gal/day \* 2.78 \* 365 days/year. Total Credit given to Phoenix is \$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, 2023**

	GLENDALE	MESA	PHOENIX	SCOTTSDALE	TEMPE	GRAND TOTAL
OPERATIONS	(\$848,816)	(\$1,591,179)	(\$13,343,820)	(\$501,754)	(\$1,693,862)	(\$17,979,431)
INVENTORY	16,137	22,986	(15,060)	(12,454)	33,040	44,649
ENVIRONMENTAL	(154,612)	(335,396)	(2,401,497)	(124,177)	(355,869)	(3,371,551)
REPLACEMENT	(40,231)	(126,664)	251,583	(77,832)	(6,860)	(4)
TOTAL SETTLEMENT	(\$1,027,522)	(\$2,030,253)	(\$15,508,794)	(\$716,217)	(\$2,023,551)	(\$21,306,337)

**FINAL**



**Multi-City Subregional Operating Group (SROG)**  
**Comparison of Treated Flow and Loadings and Rates**

	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-2014
<b>Flows (thousand gallons)</b>										
Glendale	2,908,400	2,709,843	3,434,857	2,352,174	2,567,840	2,460,368	2,723,559	2,726,102	2,444,838	3,036,816
Mesa	5,819,990	5,822,628	6,026,155	6,390,752	6,120,480	5,938,435	6,067,638	6,052,357	5,816,892	5,908,057
Phoenix	35,830,170	35,217,589	31,773,034	30,567,018	29,832,840	30,582,706	29,321,418	29,697,238	30,678,347	30,118,455
Scottsdale	2,769,230	3,474,437	3,160,676	3,387,848	3,562,730	3,456,280	3,588,506	4,044,106	4,092,303	4,124,023
Tempe	7,070,750	7,158,803	6,981,429	6,767,753	6,803,970	6,880,136	7,102,900	7,118,501	7,073,710	7,083,581
Total Flows	54,398,540	54,383,300	51,376,151	49,465,545	48,887,860	49,317,925	48,804,021	49,638,304	50,106,090	50,270,932
<b>Chemical Oxygen Demand (thousand pounds) (1)</b>										
Glendale	23,319	21,913	24,423	22,963	23,208	20,647	22,901	25,177	21,652	23,315
Mesa	42,691	40,770	39,980	45,623	42,765	41,577	41,871	41,235	38,854	39,967
Phoenix	230,460	235,964	219,477	211,136	212,179	207,351	197,591	190,627	197,854	194,135
Scottsdale	21,810	27,147	22,719	25,166	25,192	26,912	30,189	31,772	30,248	31,716
Tempe	44,817	40,195	41,170	35,756	37,571	36,787	36,631	37,383	34,149	38,359
Total COD	363,097	365,989	347,769	340,645	340,915	333,273	329,182	326,194	322,757	327,492
<b>Total Suspended Solids (thousand pounds)</b>										
Glendale	12,524	10,549	11,062	11,331	11,830	10,533	11,721	12,206	10,943	10,812
Mesa	22,902	21,724	20,441	24,354	22,102	22,413	22,058	22,322	20,435	20,066
Phoenix	109,686	120,238	105,501	96,654	94,975	94,687	87,082	87,449	94,611	89,287
Scottsdale	16,148	16,765	15,080	16,341	16,106	17,973	18,758	18,047	18,338	18,062
Tempe	13,717	11,807	11,937	9,617	11,627	10,582	11,985	10,960	11,101	11,629
Total TSS	174,977	181,083	164,021	158,297	156,640	156,187	151,605	150,984	155,428	149,856
<b>Treatment Rates and Total Costs (2)</b>										
Flows \$ per thousand gallons	\$ (0.1219)	\$ (0.0982)	\$ (0.0919)	\$ (0.0218)	\$ (0.0017)	\$ 0.0108	\$ 0.0477	\$ 0.0675	\$ 0.0425	\$ 0.1006
COD \$ per thousand pounds	\$ 78.12	\$ 68.29	\$ 71.90	\$ 69.55	\$ 71.59	\$ 68.93	\$ 66.77	\$ 63.01	\$ 61.28	\$ 65.05
TSS \$ per thousand pounds	\$ 94.30	\$ 86.83	\$ 88.37	\$ 87.69	\$ 85.27	\$ 80.63	\$ 80.62	\$ 73.31	\$ 70.41	\$ 79.29
Cost to Treat Flows	\$ (6,632,233)	\$ (5,342,122)	\$ (4,721,793)	\$ (1,079,678)	\$ (80,801)	\$ 533,565	\$ 2,327,298	\$ 3,349,098	\$ 2,129,857	\$ 5,059,162
Cost to Treat COD	\$ 28,366,113	\$ 24,993,466	\$ 25,003,087	\$ 23,690,145	\$ 24,404,655	\$ 22,972,311	\$ 21,980,131	\$ 20,551,950	\$ 19,779,240	\$ 21,302,523
Cost to Treat TSS	\$ 16,499,966	\$ 15,722,553	\$ 14,493,755	\$ 13,881,221	\$ 13,357,369	\$ 12,593,274	\$ 12,221,693	\$ 11,068,208	\$ 10,942,962	\$ 11,882,750
Total Cost	\$ 38,233,846	\$ 35,373,897	\$ 34,775,049	\$ 36,491,688	\$ 37,681,223	\$ 36,099,150	\$ 36,529,122	\$ 34,969,257	\$ 32,852,059	\$ 38,244,436

(1) In FY2004-05 the Oxygen Demand measurement changed from a Biological to Chemical methodology.

(2) Total Costs will differ from Settlement due to rounding.

**Multi-City Subregional Operating Group (SROG)**  
**Comparison of Treated Flows and Sewer Strengths Percentages**

	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
<b><i>Flows (thousand gallons)</i></b>										
Glendale	5.3%	5.0%	6.7%	4.8%	5.0%	5.0%	5.6%	5.5%	4.9%	6.0%
Mesa	10.7%	10.7%	11.7%	12.9%	12.0%	12.0%	12.4%	12.2%	11.6%	11.8%
Phoenix	65.9%	64.8%	61.8%	61.8%	62.0%	62.0%	60.1%	59.8%	61.2%	59.9%
Scottsdale	5.1%	6.4%	6.2%	6.8%	7.0%	7.0%	7.4%	8.1%	8.2%	8.2%
Tempe	13.0%	13.2%	13.6%	13.7%	14.0%	14.0%	14.6%	14.3%	14.1%	14.1%
Total Flows	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

<b><i>Chemical Oxygen Demand (thousand pounds) (1)</i></b>										
Glendale	6.4%	6.0%	7.0%	6.7%	6.2%	6.2%	7.0%	7.7%	6.7%	7.1%
Mesa	11.8%	11.1%	11.5%	13.4%	12.5%	12.5%	12.7%	12.6%	12.0%	12.2%
Phoenix	63.5%	64.5%	63.1%	62.0%	62.2%	62.2%	60.0%	58.4%	61.3%	59.3%
Scottsdale	6.0%	7.4%	6.5%	7.4%	8.1%	8.1%	9.2%	9.7%	9.4%	9.7%
Tempe	12.3%	11.0%	11.8%	10.5%	11.0%	11.0%	11.1%	11.5%	10.6%	11.7%
Total COD	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

<b><i>Total Suspended Solids (thousand pounds)</i></b>										
Glendale	7.2%	5.8%	6.7%	7.2%	6.7%	6.7%	7.7%	8.1%	7.0%	7.2%
Mesa	13.1%	12.0%	12.5%	15.4%	14.3%	14.3%	14.5%	14.8%	13.1%	13.4%
Phoenix	62.7%	66.4%	64.3%	61.1%	60.6%	60.6%	57.4%	57.9%	60.9%	59.6%
Scottsdale	9.2%	9.3%	9.2%	10.3%	11.5%	11.5%	12.4%	12.0%	11.8%	12.1%
Tempe	7.8%	6.5%	7.3%	6.1%	6.8%	6.8%	7.9%	7.3%	7.1%	7.8%
Total TSS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

<b><i>Total Settlement Cost (dollars)</i></b>										
Glendale	2,777,399	2,272,910	2,561,468	2,733,745	2,438,506	2,438,506	2,732,049	2,788,678	2,313,005	2,821,641
Mesa	5,381,731	4,606,325	4,620,928	5,585,317	5,086,187	5,086,187	5,135,064	4,960,459	4,323,139	5,112,629
Phoenix	24,630,192	23,712,599	22,956,979	23,219,759	22,784,893	22,784,893	22,116,193	20,858,089	20,526,594	23,259,548
Scottsdale	3,033,629	3,157,912	2,845,360	3,337,355	3,508,150	3,508,150	3,852,921	3,736,856	3,451,398	4,075,773
Tempe	4,439,539	3,483,509	3,827,960	3,579,982	3,823,928	3,823,928	4,052,601	3,932,073	3,418,684	4,460,785
Total TSS	40,262,490	37,233,255	36,812,695	38,456,158	37,641,663	37,641,663	37,888,828	36,276,155	34,032,819	39,730,375

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2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
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