

October 30, 2023

Mayor and Council,

The Town Council formed a Public Works Advisory Board on June 6, 2023 to review and make recommendations on behalf of Gilbert residents to the Town Council regarding the planning, strategy, approach, and funding of initiatives and large-scale infrastructure projects across all divisions of the Public Works Department to meet the needs of Gilbert. Of particular importance, the Public Works Advisory Board is not just tasked with ensuring any recommendations meet Gilbert's immediate infrastructure needs within the next five years. The Board also bears the responsibility of formulating recommendations that address the long-term needs of Gilbert for the next several decades. The work of the Public Works Advisory Board is intended to safeguard Gilbert's future for all residents and businesses.

The Public Works Advisory Board recognizes that the Town of Gilbert is dedicated to providing quality water services and infrastructure today and in the future, and that solid waste and recycling services are vital for public health and safety.

The Public Works Advisory Board has met multiple times since its inception, with the goal of understanding the numerous lines of service and resource needs related to both the water and solid waste and recycling services. We have invested significant time evaluating the 5 Year Capital Improvement Plan for Water and found the projects contained within it to be of critical need for the sustained, efficient operation of water service. We also recognize that the unprecedented market volatility and cost escalation of the past few years has deeply impacted local governments such as Gilbert. The cost pressures associated with the operation, maintenance and repair of the water system have caused the need for additional revenue to maintain the existing level of service for the Town. In particular, we recognize the community and cost impacts associated with the increasing frequency of infrastructure failures as the system ages, illustrated by these recent events: the roadway sinkhole created by a water leak at Higley and Frye, and water line failures at Gilbert and Warner, and Cooper and Elliot. Additionally, the cost impacts from landfill service and increasing maintenance costs for an aging Solid Waste fleet have also created the need for additional revenue to maintain the existing level of service.

In keeping with its current approach of evaluating two of Gilbert's four utilities every other year, the Town Council authorized a rate study of Gilbert's Water fund and its Solid Waste/Recycling fund on March 2, 2023. Town Council financial policies emphasize prudent financial planning regarding the funding of ongoing and future maintenance and operations and capital improvements. A key fundamental to this careful financial planning is maintaining a minimum fund balance and a healthy Repair and Replacement fund. These policies dictate that additional investment is needed in both the Water and Solid Waste and Recycling funds. After several months of extensive evaluation, the current rate study presents three options for balancing the five year costs with additional revenue for the Water Fund, and one option for each of the Solid Waste and Recycling Funds (Residential and Commercial).


Based on the Public Works Advisory Boards understanding of the financial needs of the water and Solid Waste and Recycling funds, the Gilbert Public Works Advisory Board recommends that the Gilbert Town Council approve a Notice of Intent to Increase Rates and Fees at its November 28, 2023 Council Meeting and set a Public Hearing date of February 6, 2024.

We further recommend that the Town Council consider the “Cash/Bond Gradual Option” for increasing revenues in the Water Fund, based on providing for the short and long term financial needs of the water system operations and water resource resiliency needs as well as giving residents time to plan and adjust to these rate increases. Considering that these rates will be reviewed in two years as part of the regular rate cycle, we appreciate that the Cash/Bond Gradual Option also provides flexibility for adjustments and predictability of future rate increases.

The Public Works Advisory Board recognizes that the selected option may have a significant financial impact on residents in Gilbert. As part of the recommendation to adopt these water and solid waste rates, we also recommend that the Council direct staff to research additional ways that the Town may be able to provide or connect residents in need to financial assistance or utility bill relief should they need assistance with absorbing the initial impact once the new rates are in place.

Respectfully,

Fariya Sharif  
PWAB Chair

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Sam Elliott  
PWAB Vice Chair