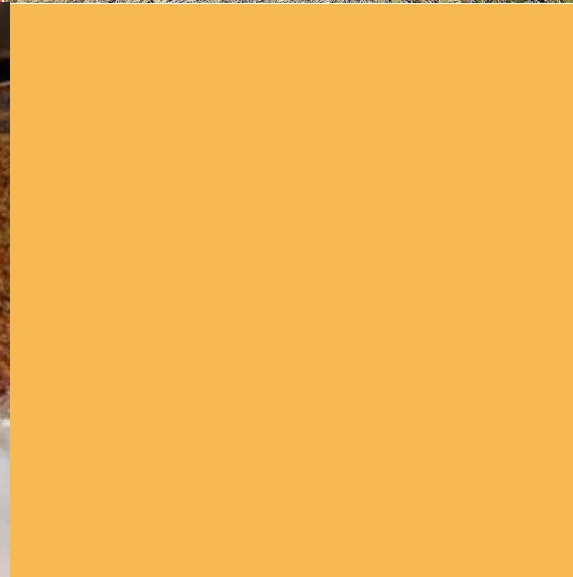




Water Solid Waste & Recycling Rates and 5-Year Plans

Eric Braun, Assistant Public Works Director





97%

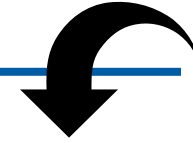
95%

86%

2021 National Community Survey Results

Prudent Financial Policies

- Enterprise Fund financial policies
- Growth pays for its impacts at development, not affecting rates
- Minimum fund balance is critical
- Creditworthiness



11) Fees and Charges

User fees and charges are payments for purchased, publicly provided services that benefit specific individuals. Gilbert relies on user fees and charges to supplement other revenue sources in order to provide public services.

- Indirect cost charges will be assessed to reflect the full cost of identified services.
- Gilbert may establish user fees and charges for certain services provided to users receiving a specific benefit.
- On a regular basis, Gilbert will conduct a cost of service study to identify the full cost of providing a service for which fees are charged. The calculation of full cost will include all reasonable and justifiable direct and indirect cost components.
- User fees shall be reviewed on a regular basis to calculate their full cost recovery levels, to compare them to the current fee structure, and to recommend adjustments where necessary.
- Gilbert shall establish cost allocation models to determine the administrative service charges due to the appropriate operating fund for overhead and staff support provided to another fund.
- User fees in Enterprise Fund and Amulance Transport Fund operations are calculated to recover the entire cost of operations, including indirect costs, debt service, reserve for replacement, and overhead costs (for Enterprise Funds).
- The general policy of the Town regarding fees and charges is based upon the following considerations:
 - Tax dollars should support essential Town services that benefit and are available to everyone in the community (such as parks, police, and fire protection).
 - For most services that largely or solely benefit individuals, Gilbert should recover full or partial costs of service delivery through user fees.

The full cost of providing a service includes the following:

- Direct costs associated with providing the service, including:
 - The cost of the time all employees spend on the service, including fringe benefits.

Perceptual Art



Four Utility Rates:

- Water *(adoption this year)*
- Solid Waste & Recycling *(adoption this year)*
- ~~Wastewater (adopted last year)~~
- ~~Environmental Compliance (stormwater, air pollution) (adopted last year)~~



Solid Waste & Recycling



Residential Services

Outreach & Education

gilbert Solid Waste and Recycling
Community Outreach and Education

Residential

Annual Totals:
 Trash Tons 86,578
 Recycling Tons 18,426
 Black Containers Serviced 4,098,447
 Blue Containers Serviced 2,855,746

Bulk Trash

• Annual Tons – 17,813 • Annual Piles – 246,540

Collection Inspections

Creating a new tomorrow, today.

Household Hazardous Waste

- 9,924 vehicles
- 93,205 lbs. e-waste
- 598,921 lbs. waste

Container Maintenance

- 21,766 repairs/replace
- 1,111 new home container deliveries

Container Maintenance

Commercial Collections



Rolloff

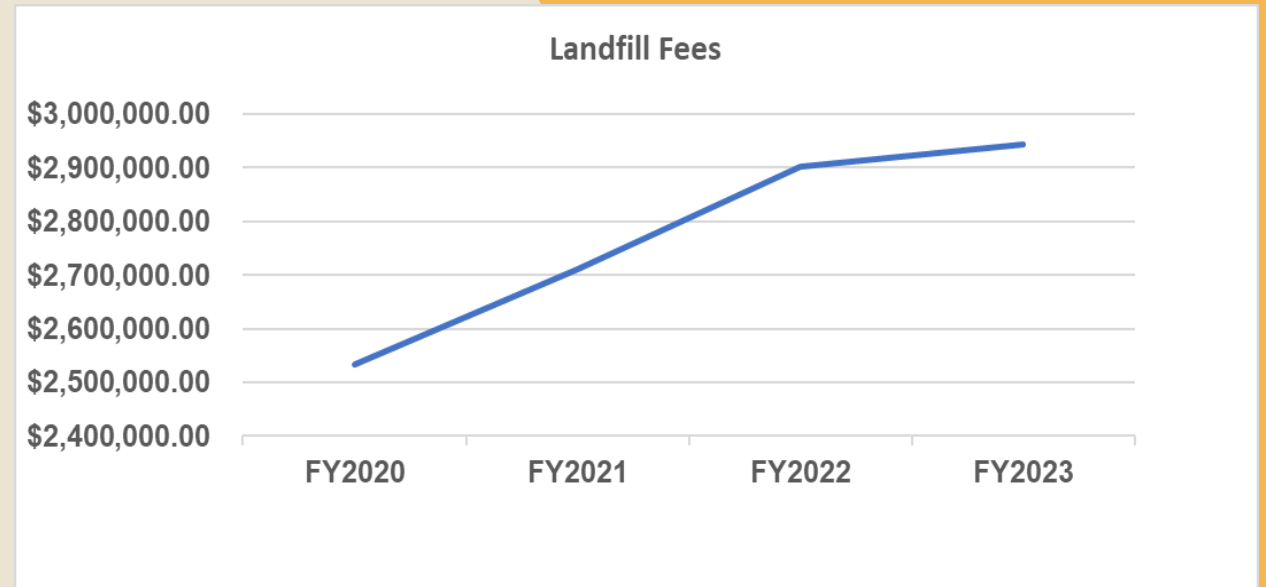
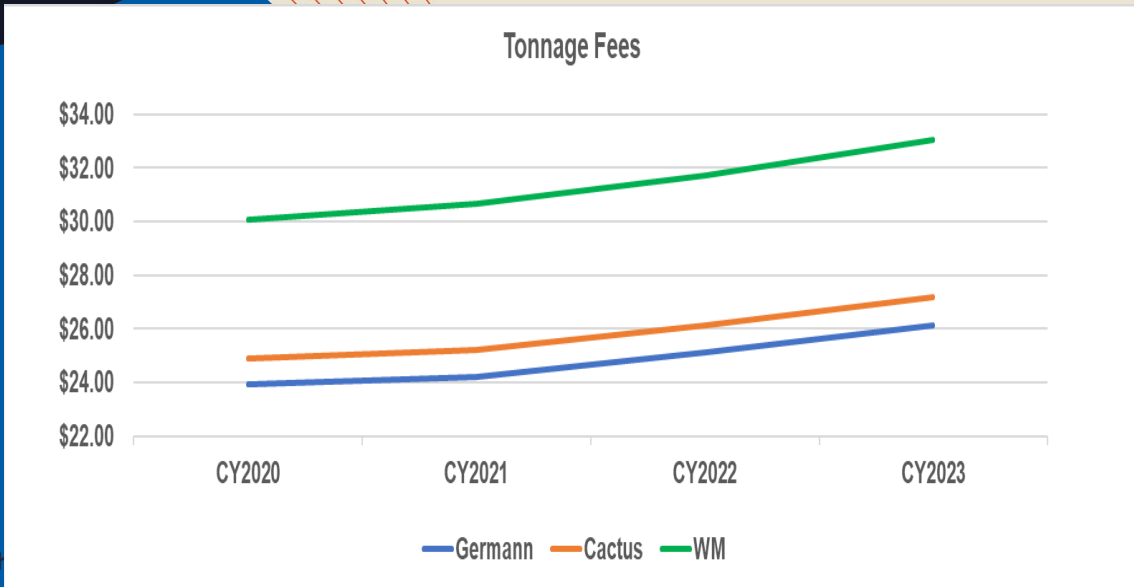
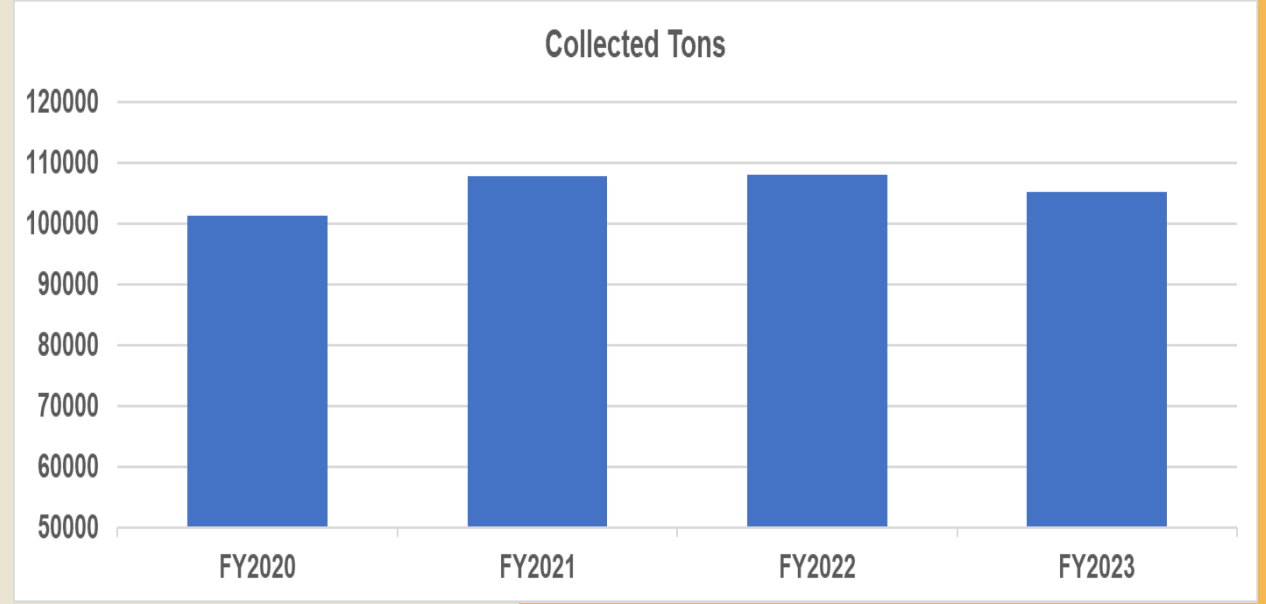


Dumpsters



18,116 Tons

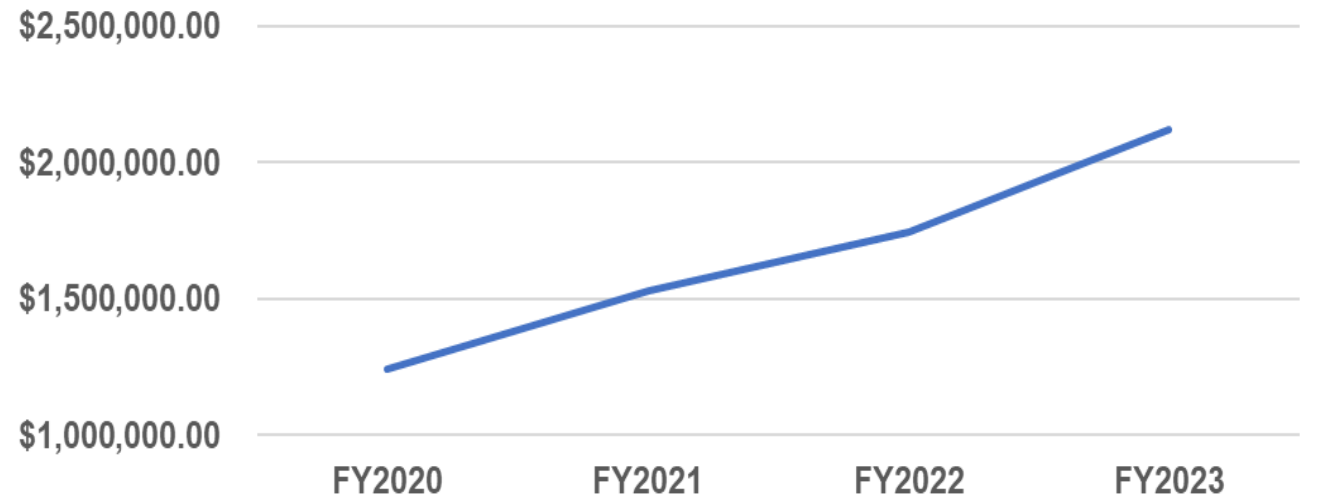
Residential Tonnage and Fees



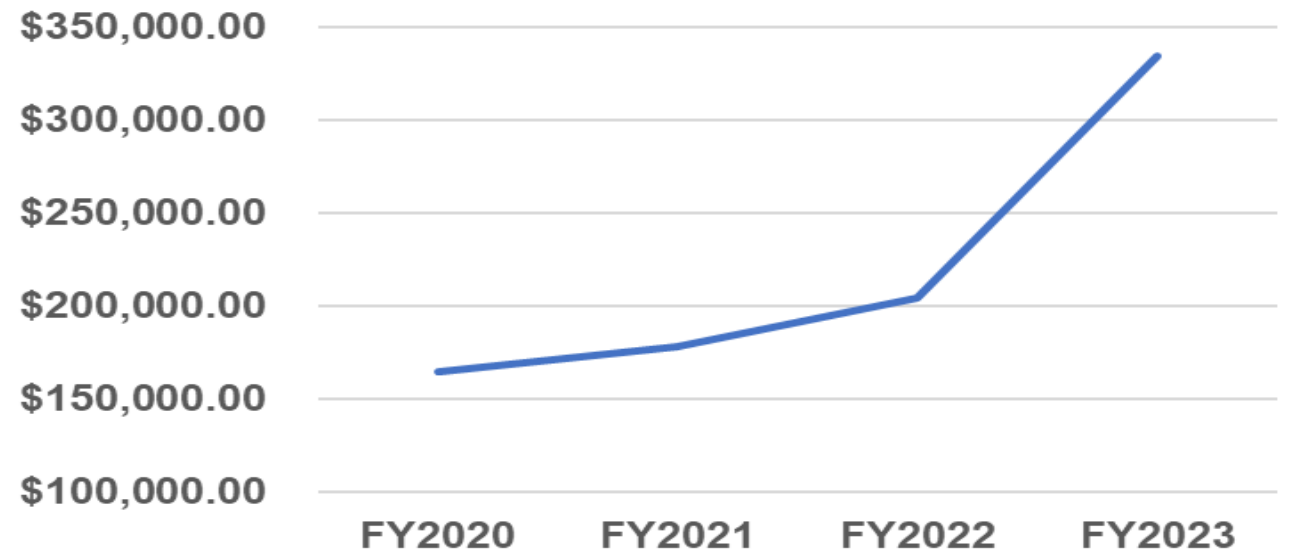


Repair and Maintenance

Residential Collections



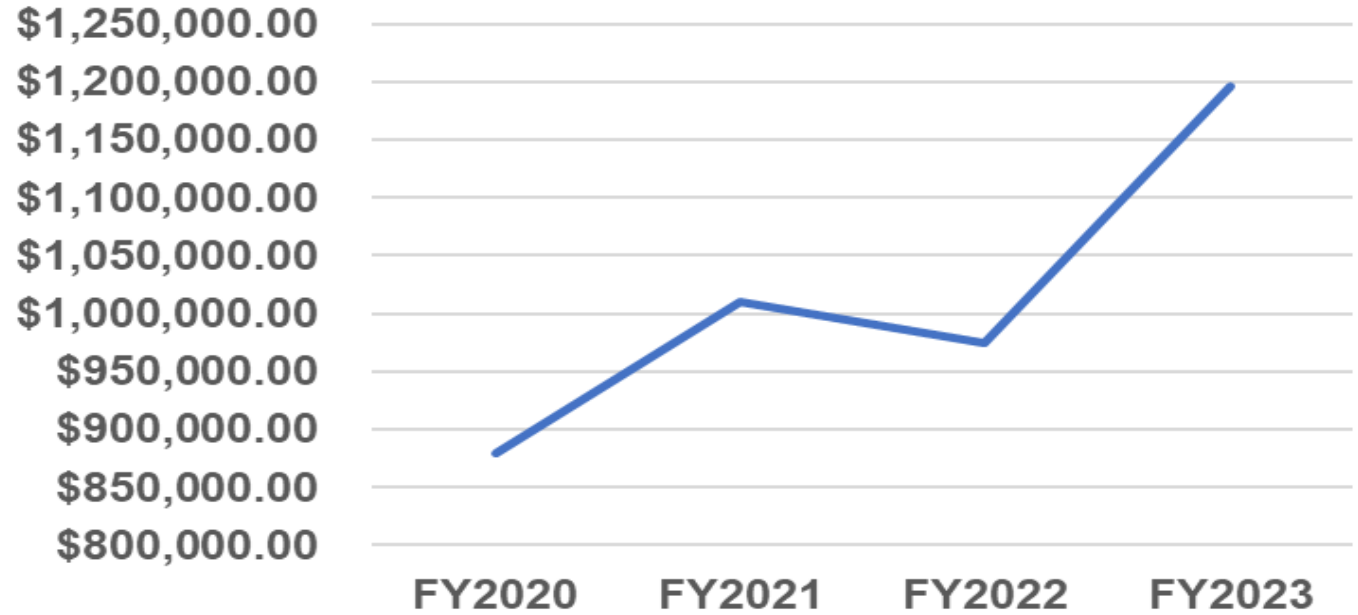
Commercial Collections



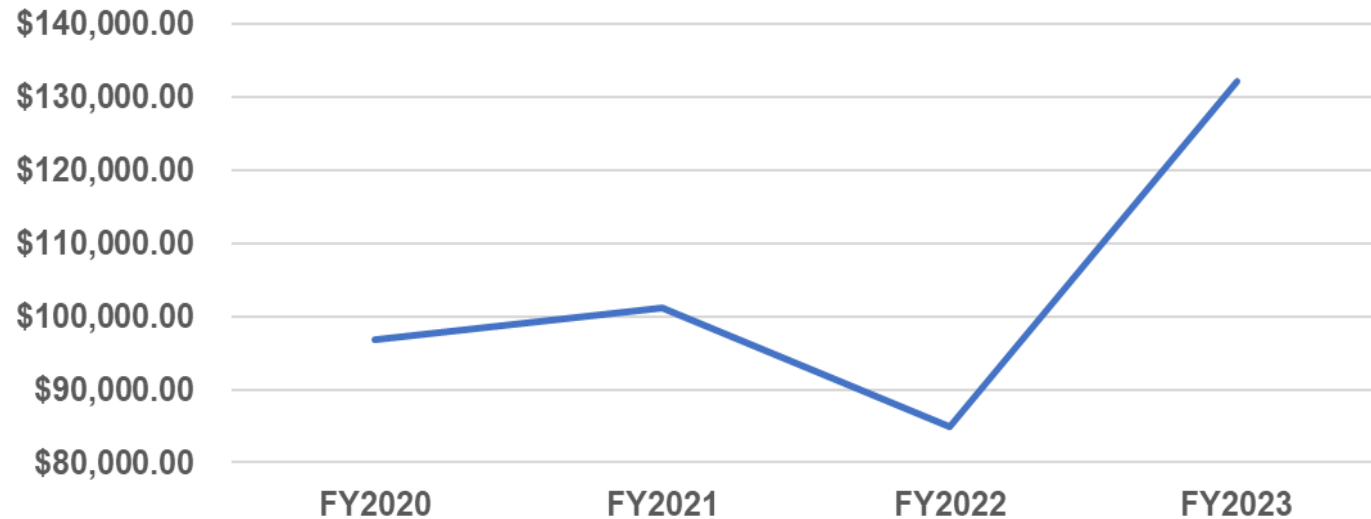


Parts and Supplies

Residential Collections

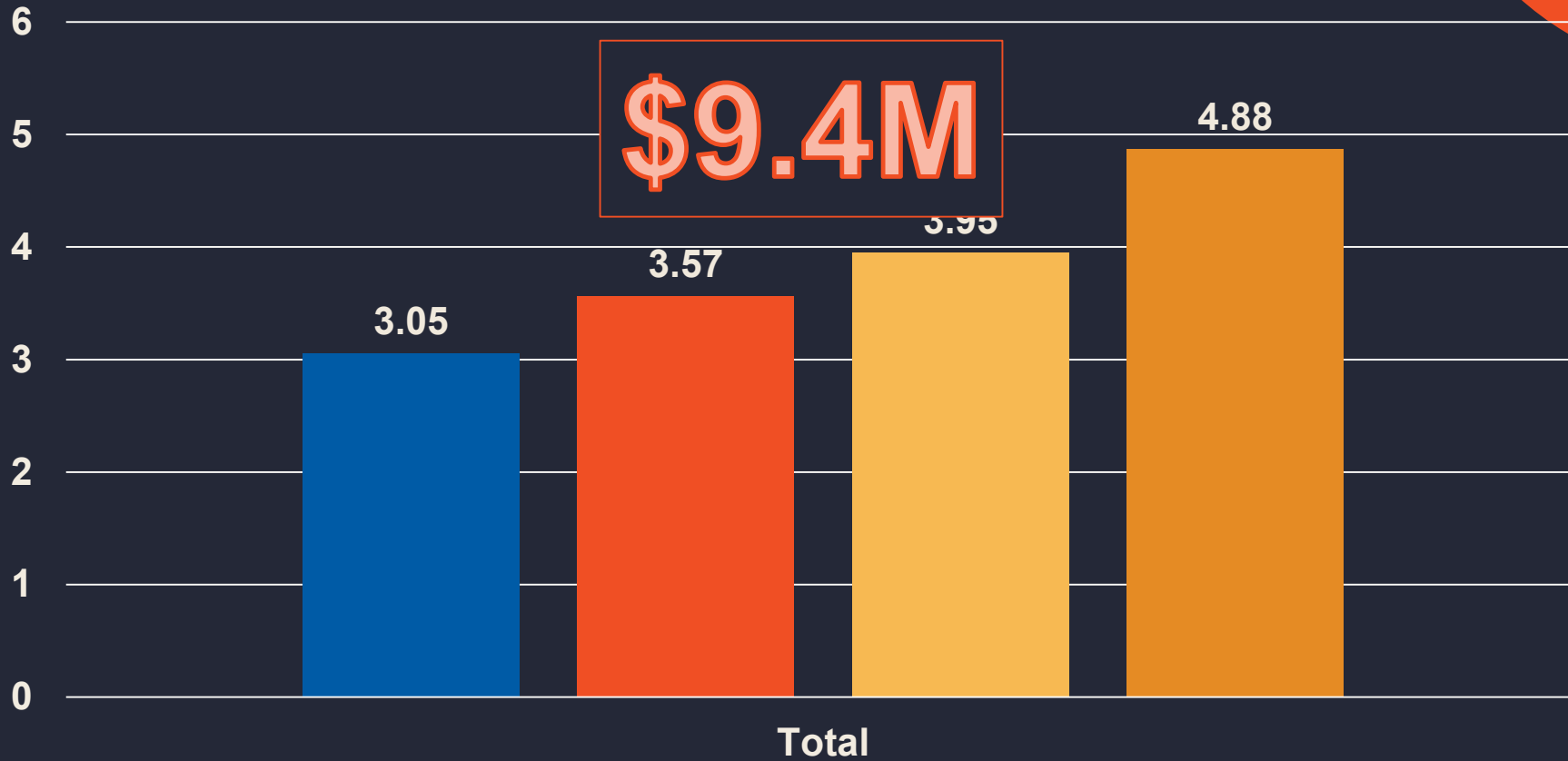


Commercial Collections

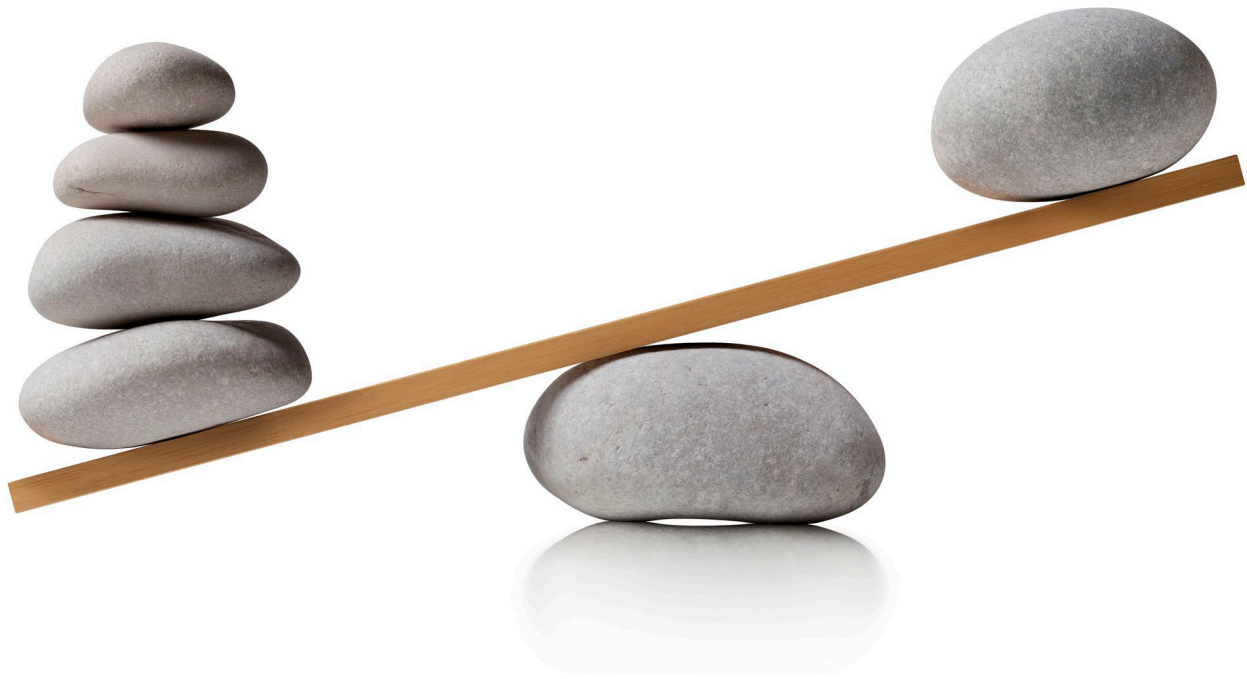


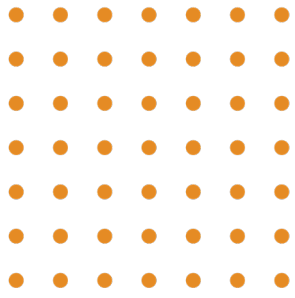
Average Fleet Age by Fiscal Year SW&R: ASL's

FY20 FY21 FY22 FY23



47% of ASL's have met life expectancy

































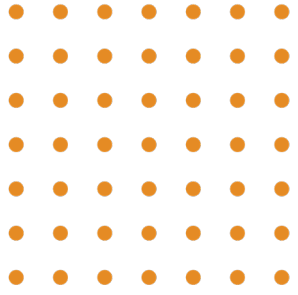


Solid Waste & Recycling Residential

-  Event/Scheduled Dropoff
-  Facility Dropoff
-  One Time Pickup
-  Monthly Pickup
-  Appointment Pickup

Included Services

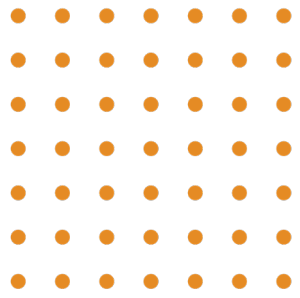
City	HHW	Bulk Method	Annual Bulk Pickups
Gilbert			10
Queen Creek			12
Goodyear			12
Avondale			12
Glendale			12
Scottsdale			12
Tempe			6
Buckeye			4
Phoenix			4
Chandler			2
Peoria			2
Fountain Hills			1
Surprise			20yrds/yr
El Mirage			\$
Mesa			\$



Solid Waste & Recycling

\$8.52





Solid Waste & Recycling Commercial

An optional service for our nonresidential customers



DRAFT Commercial Container Rates

Solid Waste & Recycling – Commercial Container Rates (First Container)							
Size	<u>1x Week</u>	<u>2x Week</u>	<u>3x Week</u>	<u>4x Week</u>	<u>5x Week</u>	<u>6x Week</u>	<u>7x Week</u>
Current							
90 gallon	\$25.23	n/a	n/a	n/a	n/a	n/a	n/a
65 gallon	\$23.19	n/a	n/a	n/a	n/a	n/a	n/a
160 gallon	\$55.09	\$110.18	n/a	n/a	n/a	n/a	n/a
300 gallon	\$85.15	\$170.30	n/a	n/a	n/a	n/a	n/a
3 yd	\$83.20	\$166.40	\$249.60	\$321.44	\$416.00	\$499.20	\$582.40
4 yd	\$87.84	\$175.68	\$263.52	\$351.37	\$439.21	\$527.05	\$614.89
6 yd	\$97.12	\$194.24	\$291.36	\$388.49	\$485.61	\$582.73	\$679.85
8 yd	\$106.40	\$212.81	\$319.21	\$425.61	\$532.02	\$638.42	\$744.82
Proposed							
90 gallon	\$30.59	n/a	n/a	n/a	n/a	n/a	n/a
65 gallon	\$28.11	n/a	n/a	n/a	n/a	n/a	n/a
160 gallon	\$66.79	\$133.57	n/a	n/a	n/a	n/a	n/a
300 gallon	TBD	TBD	n/a	n/a	n/a	n/a	n/a
3 yd	\$100.86	\$201.73	\$302.59	\$389.69	\$504.32	\$605.19	\$706.05
4 yd	\$106.49	\$212.98	\$319.47	\$425.97	\$532.46	\$638.95	\$745.44
6 yd	\$117.74	\$235.48	\$353.22	\$470.97	\$588.71	\$706.45	\$824.20
8 yd	\$128.99	\$257.99	\$386.98	\$515.98	\$644.98	\$773.97	\$902.96

As Inferno Grew, Lahaina's Water System Collapsed

Firefighters who rushed to contain the Maui wildfire found that hydrants were running dry, forcing crews to embark instead on a perilous rescue mission.



America's Vulnerable Water Systems

- **Saltwater Wedge:** A [saltwater wedge](#) is swiftly pushing its way up the drought-drained Mississippi River and is expected to [contaminate most of the New Orleans public drinking water](#) supply on Oct. 28.
- **Lead Pipes:** President Biden promised to remove every lead pipe in the United States by 2031. But a string of unexpected impediments could [delay the administration's timeline on the issue](#).
- **Groundwater:** Unchecked overuse [is draining and damaging aquifers nationwide](#), threatening millions of people and America's status as a food superpower. [Here are five things to know about the situation](#).
- **A Resource Under Threat:** The Colorado River, which supplies drinking water to 40 million Americans [in seven states](#) as well as part of Mexico, is shrinking. [Here is what's using all the water](#).



Fire crews douse monster 5-alarm blaze in Gilbert

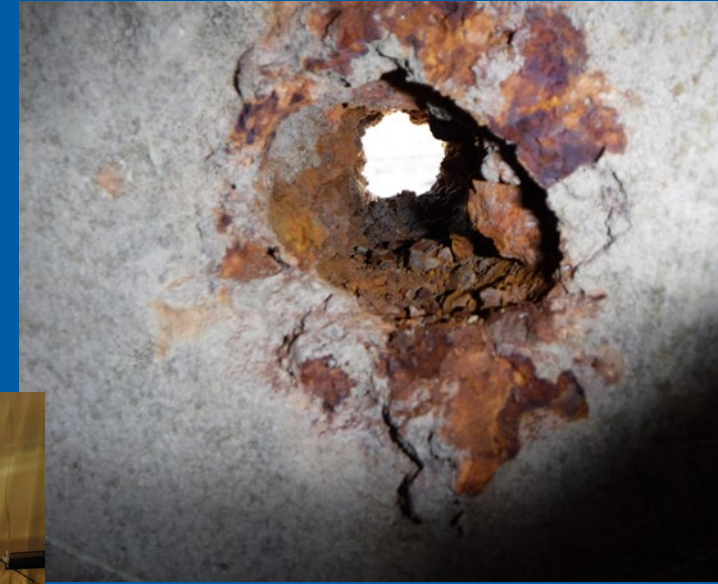
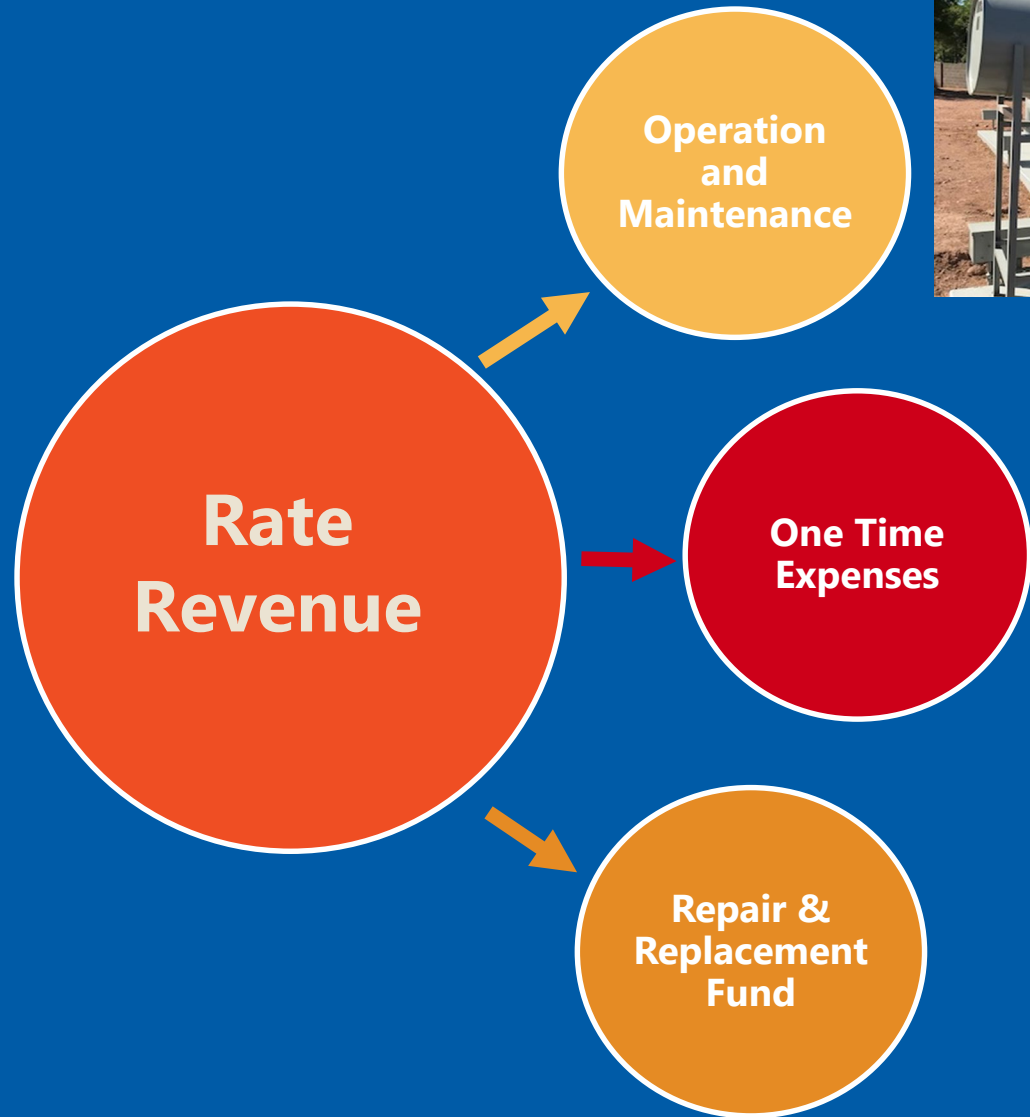
Apr 23, 2016 — **Homes** were evacuated and a major roadway closed for the firefight at an **apartment** complex under construction.







Utility Fund Components



Water Fund Cost Pressures



**Water Resource
Needs**



**Increased Construction Costs for
Capital Improvement Plan**



**New Projects from the
Water Master Plan**



Tap water is cheap, but old pipes, a shrinking Colorado could change that

Alex Hager KUNC // November 10, 2023 // 6 Minute Read



▶ Listen to this article

With infrastructure that is aging and needs replacement, municipal water departments in the Colorado River basin are starting to invest in new systems that will help cities adapt to a future with a smaller water supply. But that means big spending, costs that will get passed along to the millions of people who use that water in sinks, showers and sprinklers.

“There’s literally nothing else you can have 1,000 gallons of delivered to your house at 2 in the morning for a few bucks,” said Mark Marlowe, water director in Castle Rock, Colo.

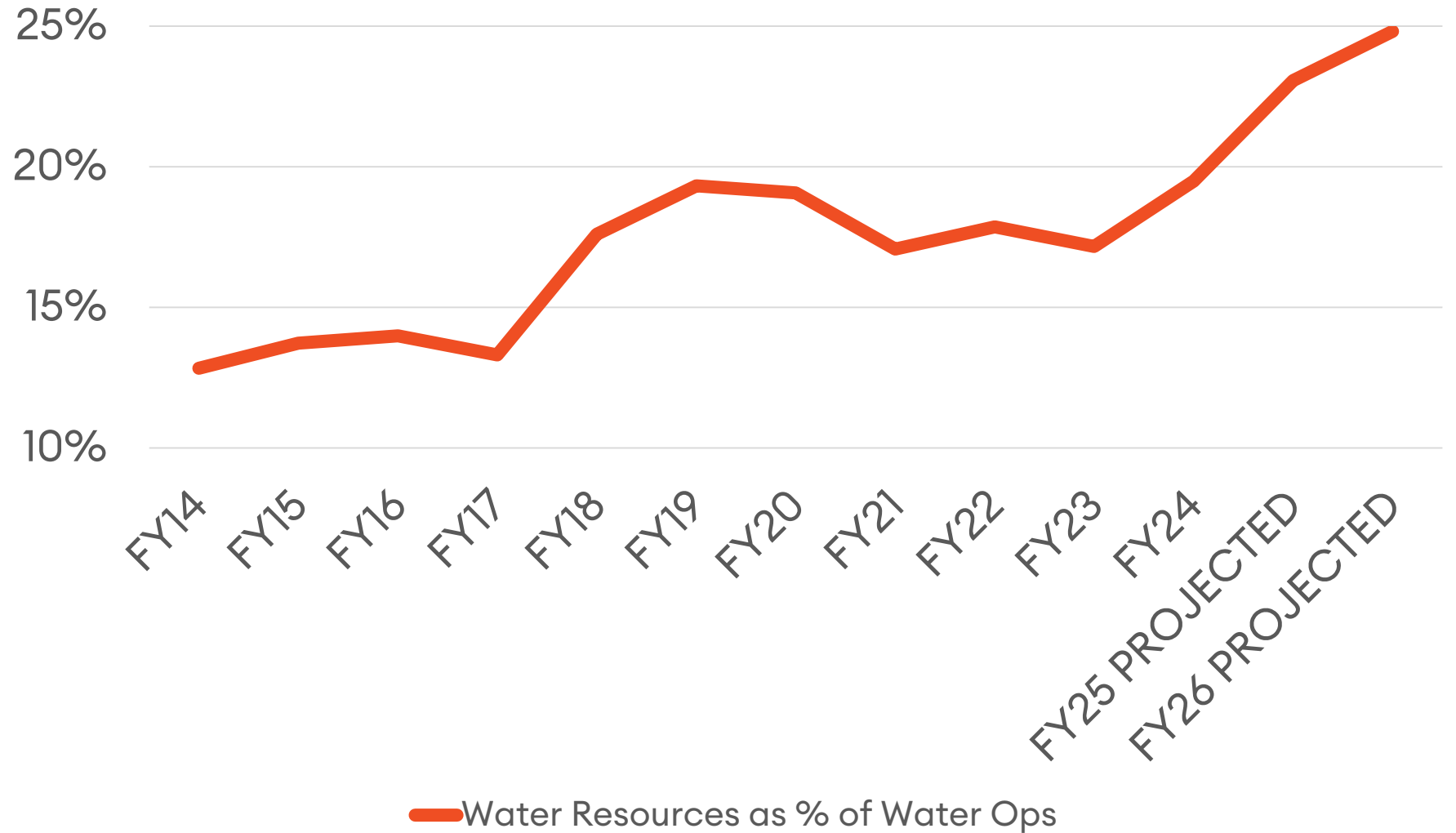
Marlowe and other water experts across the arid West agree, the amount you pay for tap water should probably go up, and likely will over the next few decades — in large part due to aging infrastructure.

Raw Water Cost Increases



**Rapidly rising
cost of raw
water**

Water Resources as % of Water Budget



Colorado River Shortage Strategy

- Operational Resiliency
 - Well prioritization
- Water Conservation & Efficiency
 - Ramping up Programs & Rebates
- Long Term Portfolio Sustainability
 - SRP/CAP Interconnect Facility
 - Bartlett Dam
 - New leases



Route Fifty

Preventing the Next Jackson-Like Water Crisis

COMMENTARY | There's federal funding available to make badly needed water infrastructure upgrades | communities of color harmed by years of...



3 WLBT

'I think there's more to come': Jackson water crisis plays role in closure of popular Fondren restaurant

JACKSON, Miss. (WLBT) - A popular restaurant has closed its doors permanently, citing hiring challenges.



Fondren restaurant has closed its doors permanently, citing hiring challenges.



The Town's efforts are to keep the statement, "Shortage at the river does not mean a..."

P Politico

Jackson water crisis spurs calls to bring the federal hammer down on Mississippi

Advocacy groups that see racial bias as a major cause of the water crisis in Jackson, Miss., are debating new strategies for taking the...



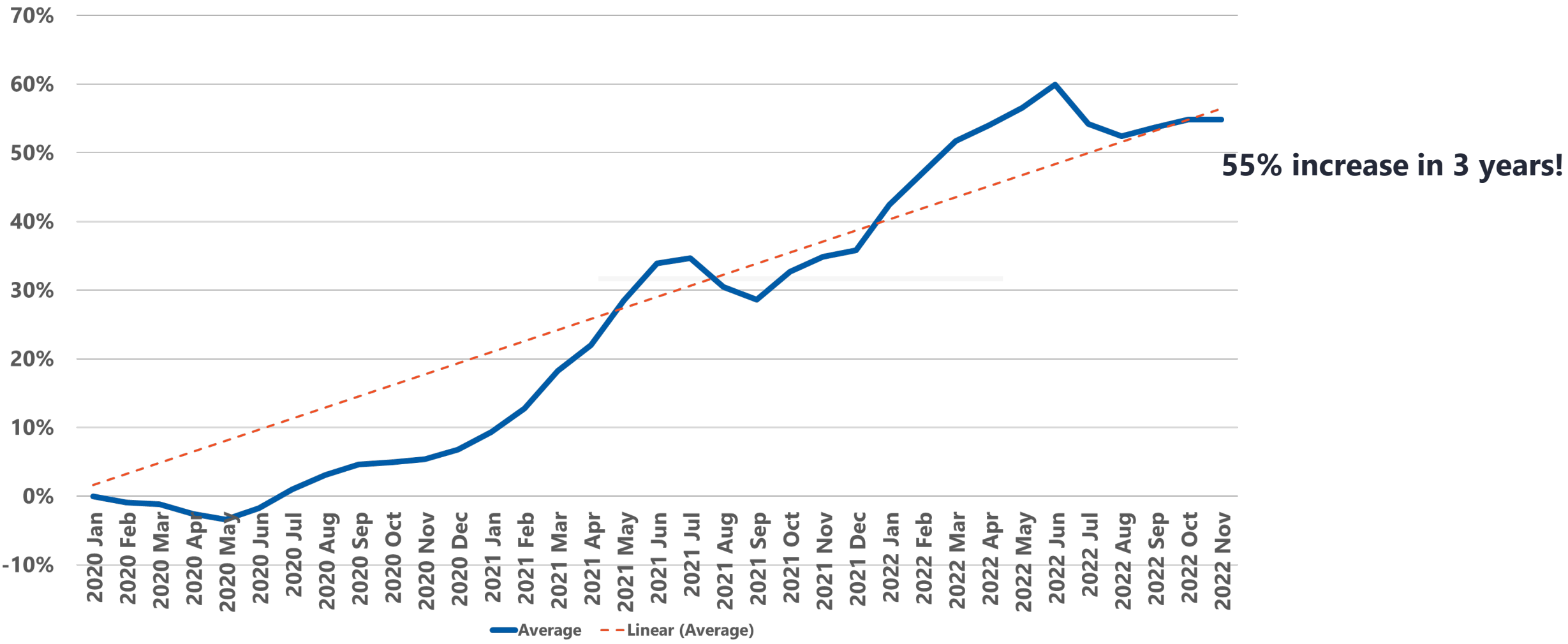
SH Biloxi Sun Herald

Feds take over Jackson water after failures at the local and state level



Construction Market Volatility

Average Construction Inflation January 2020 to November 2022



Source: Bureau of Labor Statistics, Producer Price Index

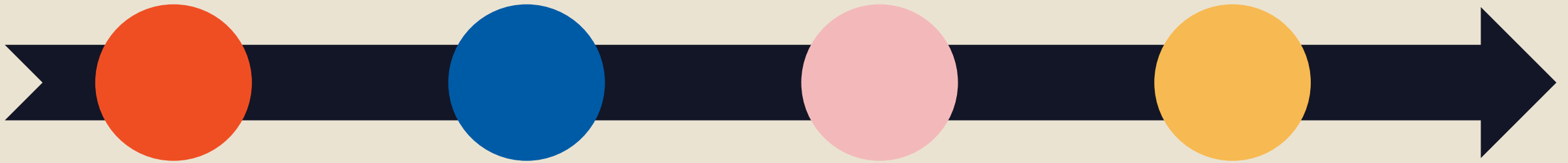
WA 1589 – NWTP Reconstruction

Initial Project Costs
(2/2021):
\$457 Million

GMP 3 60% cost-
model Update
(6/2022):
\$575 Million

Post VE Effort
(9/2022):
\$545 Million

Current Estimate:
\$677 Million



- An exhaustive Value Engineering effort captured 200+ ideas and \$30M in savings.

Water Projects Identified by the IWRMP

Programmed inside of 5-year budget

NWTP Finished Water Pump Station	WA1633
Zone 2 Relief Transmission Main 2	WA1638
Fire Flow Improvements Phase 1	WA1640
Santan Vista Condition Assessment	WA1649
Unidirectional Flushing Program	WA1651

\$23.7
Million Dollars

Deferred outside of 5-year budget

Zone 1 Relief Transmission Main 1	WA1634
Zone 1 Relief Transmission Main 2	WA1635
Site 26 Booster Station Improvements	WA1636
Zone 2 Relief Transmission Main 1	WA1637
Water System Surge Evaluation	WA1639
Fire Flow Improvements Phase 2	WA1641
Fire Flow Im	WA1642
Fire Flow	WA1643
Fire Flow	WA1644
Fire Flow	WA1645
Fire Flow	WA1646
Fire Flow	WA1647
Fire Flow Imp	WA1648

\$64.5
Million Dollars

\$920

Million Dollars
Remained

Budget Prioritization

\$428

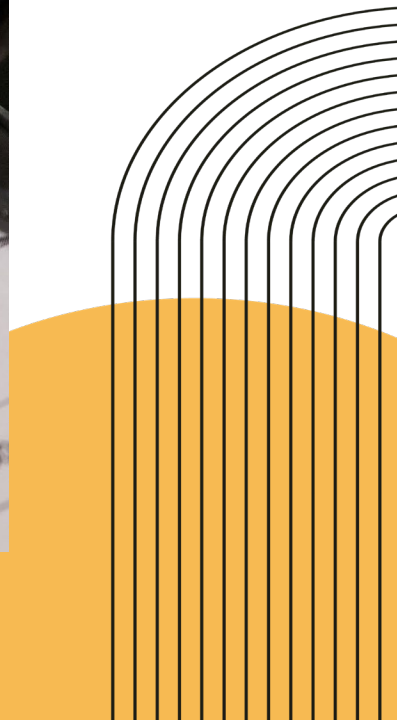
Million Dollars
Deferred

Programmed inside of 5-year budget

- Projects Currently Under Construction
- Replacements associated with streets projects
- Critical Projects from the IWRMP
 - Addressing existing deficiencies in the system
 - Needed to utilize full capacity of the NWTP
- Water rights and resiliency Projects
 - Well drilling projects
- Regulatory Compliance driven projects
- Begin funding pipeline replacements

Deferred outside of 5-year budget

- Large water main replacement projects
 - Tankersly areas
 - The Islands
 - Pony Lane
- Non time-sensitive projects from the IWRMP
- Projects related to optimization and upgrades of equipment and infrastructure



CASH FUNDED OPTION FINANCIAL IMPACT

Collect and pay cash for all CIP within the 5 year plan

Requires an immediate **average residential** water bill increase of \$44

No increases planned in following year

No new debt

Ongoing capacity of \$6M for One-time CIP in Operating fund

Ongoing R&R fund capacity of \$73M in FY29

The average monthly residential water bill is \$34. Under this option it increases to \$78 in April.

CASH/BOND GRADUAL FUNDED OPTION FINANCIAL IMPACT

Bond \$80M of CIP costs within the 5 year plan

- Requires an immediate **average residential** water bill increase of \$17,
- an additional \$13 in 2025,
- and at least another \$16 in 2026

\$80M new debt

\$43M anticipated interest paid over 20 years

Phased increase allows for customers to plan

Ongoing capacity of \$5M for One-time CIP in Operating fund

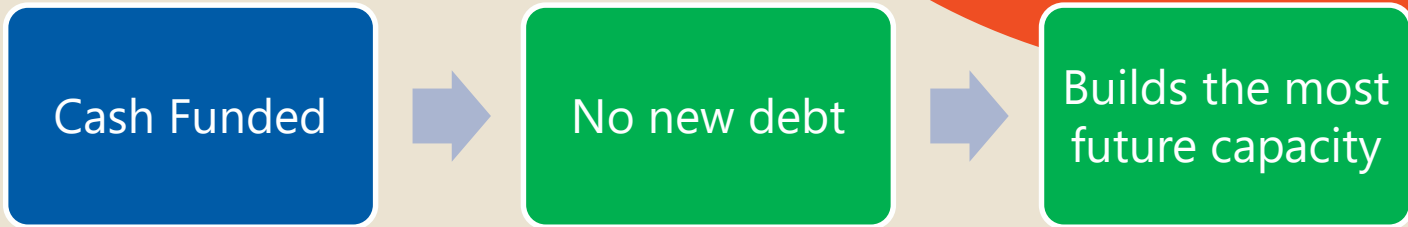
Ongoing R&R fund capacity of \$66M in FY29

The average monthly residential water bill is \$34. Under this option it increases to \$51 in April. Then \$64 in 2025, and \$80 in 2026.

Options Comparison: PWAB Considerations

Short Term Customer Impact
Long Term Customer Impact
Funding Repair & Replacement
Funding Operating Budget
Total Cost of Ownership

Comparison: PWAB Considerations Of Cash Funded Option



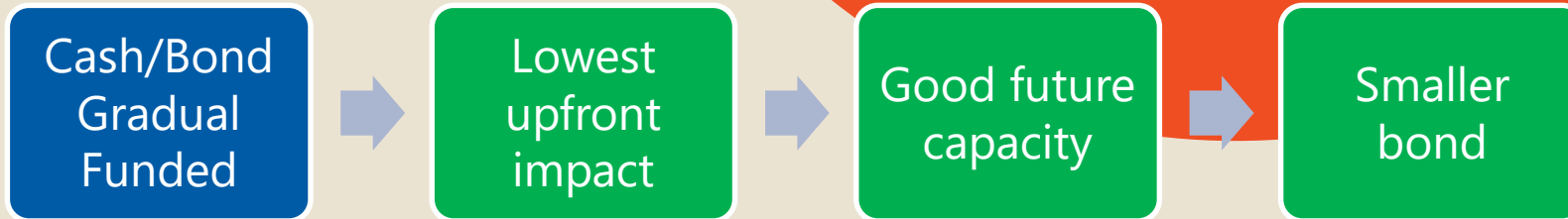
What are the biggest advantages of the Cash Funded Option?
20 responses

No bond, no interest. Largest surplus Annual R&R	No Debt.	Annual R&R project capacity
One -time cost.	Pull the band aid off quick.	No debt
Completely paid for and no debt to the Town and reaches all the Town's goals and objectives	Best future capacity	Can get more funding toward future projects and operating capacity.
no interest paid on bond	Increases funds available for future projects	No debt to the town
one time rate increase over next three years.		

What are the biggest disadvantages of the Cash Funded Option?
10 responses

Customer sticker shock	Sudden, significant, increase to residents.	High increase in monthly bill to the avg resident
Largest initial increase.	Residents might be pretty pissed!	Big upfront increase to bill.
May be public push back to large increase.	Too much increase at once.	Budget stress for lower income households
Immediate large increase in residents monthly bill.		

Comparison: PWAB Considerations Of Gradual Option



What are the biggest advantages of the Gradual Funded Option?
18 responses

Gradual increase to rates	lowest initial rate increase	Lowest initial rate increase.
Lower rate increase at beginning	Lowest upfront cost.	Lowest average bill for duration
Lower Bond amount.	This looks like the best option to the Town. Less increase, less bond, and good reserve left over.	Lower overall interest paid.
Similar R&R and Operating Fund capacity as cash option	Good fund capacity without sudden increase to bill	Good operating and R&R project capacity.
Less sticker shock to residents	Still reaches most of the goals/objectives as cash option	Good amount of future capacity.

Residents are able to plan and budget YOY

What are the biggest disadvantages of the Gradual Funded Option?
15 responses

Adds debt	Town takes on debt.	Not as much R&R \$\$ capacity as cash funded opt
coincide with other potential rate increases	Highest bill increase by 2026.	Has highest overall rate increase
Rate increases year over year.	Highest ending rate increase,	Highest total rate compounded increase
Highest total rate increase.	Highest avg bill at end of term	YOY increase, more difficult to budget
Bond interest payments required.	Unlike cash funded, gradual has a the largest rate increase and still requires \$80M in bond and \$43M interest.	Last year is bigger than the cash funded. option.

Options Comparison: PWAB Considerations

Decision Category	Cash	Gradual
1. Customer Impact (Short Term)	10	24
2. Operating Fund Capacity	24	21
3. Best funds R&R	24	21
4. Total cost of ownership	21	15
5. Customer Impact (Long Term)	19	12
Total Rating	98	93

Rate each option and category with a 1-3 Scale with 3 being the best

PWAB Letter Main Ideas

- Cost pressures mandate additional investment
- The Capital Plan is essential
- The PWAB recommends Council:
 - Adopt the NOI
 - Consider the “Cash/Bond Gradual Option” for Water
 - Adopt the SWR increase as presented
 - Have staff research financial support options for customers who need assistance

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

DocuSigned by:

0043E022007444...
Sam Elliott
PWAB Vice Chair

Options Comparison

	Spring 2024 Average Residential Water Bill	Spring 2025 Average Residential Water Bill	Spring 2026 Average Residential Water Bill	Bond Amount	Interest Paid on Bond	Operating Fund Ongoing Capacity (Starting FY29)	Annual R&R Project Capacity (Starting FY29)
Cash Funded	\$78	\$78	\$78	\$0	\$0	\$6 Million	\$73 Million
Cash/Bond Gradual	\$51	\$64	\$80	\$80 Million	\$43 Million	\$5 million	\$66 Million

Rate Process Steps

March 2, 2023: Council briefing at Financial Retreat

October 16 & 30: Rate presentations/discussions with PWAB – Develop Council Recommendation

November 6: Presentation of options and recommendation to Town Council at Council Retreat

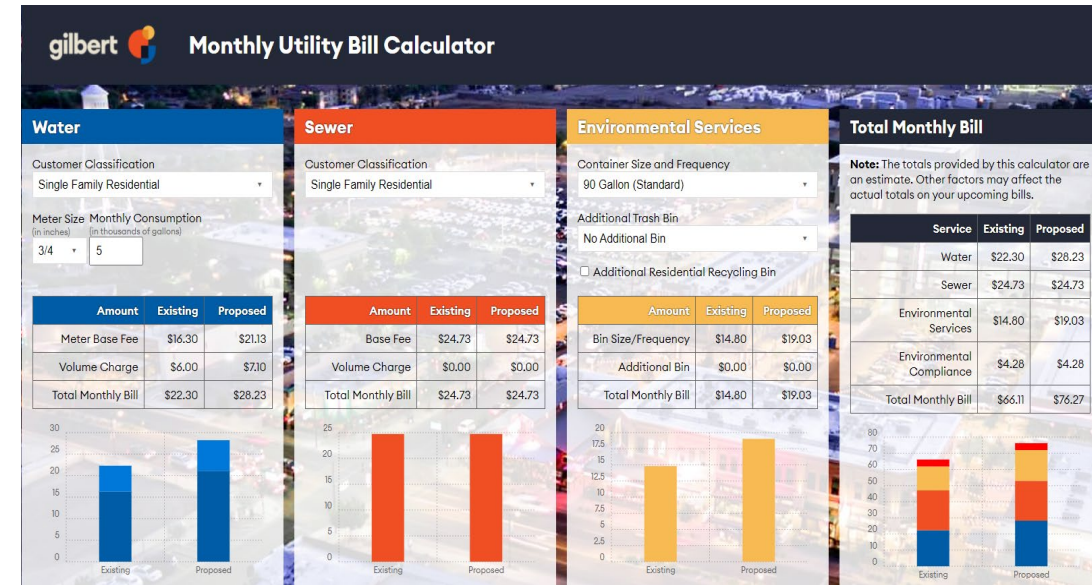
November 28: Notice of Intent at Council Meeting & Publish Final Rate Study

December: Utility bill notifications to Residents & Businesses

January 24: Customer Open House In-Person & Livestreamed

February 6, 2024: Council Consideration of Rates

April 1, 2024: Rates effective



Planned Outreach

Digital Outreach

- Website
 - Dedicated Webpage
 - News Items
 - Latest Updates
- Social Media Posts & Ads
 - Facebook, Instagram, Nextdoor, X (Twitter), LinkedIn
- Videos/Reels
- E-Newsletter
- Lobby TV Slides

Traditional Outreach

- Community Open House
- Community-Wide Mailer
- Local Media Stories
- Paid Printed Ads in Local Media
- Utility Bill Messages & Inserts
- Truck Signs
- Presentations at Community Boards
- Customer Service Hold Messages

Request: Adopt the NOI & Approve Contingency

Which Water Option does Council prefer to select?



Options Comparison

	Spring 2024 Average Residential Water Bill	Spring 2025 Average Residential Water Bill	Spring 2026 Average Residential Water Bill	Bond Amount	Interest Paid on Bond	Operating Fund Ongoing Capacity (Starting FY29)	Annual R&R Project Capacity (Starting FY29)
Cash Funded	\$78	\$78	\$78	\$0	\$0	\$6 Million	\$73 Million
Cash/Bond Gradual	\$51	\$64	\$80	\$80 Million	\$43 Million	\$5 million	\$66 Million