

**MINUTES OF THE GILBERT PUBLIC WORKS ADVISORY BOARD, IN REGULAR MEETING OF MONDAY, SEPTEMBER 29, 2025, AT 3:00 PM, MUNICIPAL BUILDING I, HERITAGE ROOM 300, GILBERT, ARIZONA**

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**MEMBERS PRESENT:** Chair Sam Elliott; Vice Chair David Barazoto; Members Matt Carpenter, Greg Froehlich, Karen Goldwasser, Mark Horn, Eric McLeskey, Jason Robinson and Seth Templeton

**MEMBERS ABSENT:**

**STAFF PRESENT:** Assistant Town Manager Leah Rhineheimer; Public Works Director Jessica Marlow; Assistant Public Works Directors Giao Pham and Ken Snow; Solid Waste & Recycle Manager Isaias Romero; Water Resources Manager Lauren Hixson; Water Conservation Coordinator Jeremiah Churchill; Water & Energy Resource Plan Advisor Stefan Walston; Management & Budget Director Kelly Pfof; Administrative Assistant Tonya Holmes

**GUESTS PRESENT:** Councilmember Yung Koprowski

**ADMINISTRATIVE ITEMS**

**1. Call to Order**

Chair Elliott called the meeting to order at 3:01 PM.

**2. Roll Call**

Administrative Assistant Tonya Holmes called roll and declared a quorum present.

**AGENDA ITEMS**

**3. Approve September 8, 2025 minutes**

A MOTION was made by Chair Elliot, seconded by Member Carpenter to approve the September 8, 2025, meeting minutes. Motion passed unanimously.

#### **4. Water and Solid Waste Conservation Programs & Outreach**

Water Conservation Coordinator Churchill shared a presentation on Water Conservation. Relaying information on Water Efficiency Checkups, Water Wise Gilbert, Rebates, Leak Notifications, Municipal Grass Removal, Outreach & Messaging, and Helpful Tools. Gilbert conducted 673 water efficiency check-ups in 2024, providing customized recommendations for irrigation watering schedules, teaching residents how to read their meters, and helping identify and isolate leaks.

He advised that Water Wise Gilbert is a landscape water budget program. This program started in 2015 and focuses on Homeowners Associations (HOA), commercial sites, and public sites. To be recognized as a “Water Wise Gilbert Member”, entities must have a landscape water budget goal that is within 120% of their water budget. In 2024, 131 sites earned this prestigious distinction, resulting in the conservation of 226 million gallons of water. Additionally, the Continuous Consumption Notification program launched in January 2023 and assists both residential and non-residential customers in identifying potential leaks. In 2023, 1,298 contacts were made, with 51 site inspections completed, resulting in the conservation of over 43 million gallons of water. This program was paused in June 2024 for the implementation of the new Utility Billing software and AMI meter installations and will resume in 2026. He advised that residents could log in to their utility account and view any changes (before waiting for them to be reflected in their next bill).

Coordinator Churchill then provided information on Gilbert’s Municipal Grass Removal program. The Town received a \$3M grant for this program, and we were able to identify 560,000 square feet of non-functional grass. Five sites are currently in progress and are expected to be completed by spring 2026. He also provided information on the Residential Grass Removal Rebate program. This program has increased incentives and offers a desert plant bonus, with a plant canopy requirement of 30%. A similar non-residential grass removal rebate program is also available, with a requirement of 60% desert plants and 40% plant canopy coverage.

The presentation continued with information on the Smart Irrigation Controller rebate program, which was launched in 2022 following a Salt River Project (SRP) pilot program that demonstrated an average of 12% water savings per year from properly programmed smart irrigation controllers. Smart irrigation controllers automatically adjust watering schedules based on weather conditions, helping to reduce outdoor water waste and lower monthly water bills. Residential customers can receive a

rebate of up to \$250 per household. Chair Elliot asked if the Town's water conservation staff offers assistance with programming of the smart irrigation controllers. Coordinator Churchill advised that residents could request a water efficiency checkup, which can include assistance with programming. In addition to water efficiency checkups, the conservation team's education efforts include youth education with in-class presentations for 4<sup>th</sup> graders through high school students, as well as participating in the Arizona Project WET – Water Festival. In 2024, this festival was the largest water festival in the state with 1,663 students, 67 teachers, and 126 volunteers from 20 different schools. The Town also offers adult education workshops; residents can register for these workshops and find additional conservation resources on Gilbert's website.

Coordinator Churchill concluded the presentation with information on Gilbert's 2024 water conservation scorecard, which showed that Gilbert had saved 331 million gallons of water.

## **5. Water and Solid Waste & Recycle Rate Discussions**

Assistant Director Snow began the presentation with a criteria validation activity, reviewing the 2023 rate options, which included the cash/bond option recommended by this Board. Additionally, the 2023 Solid Waste & Recycling rate recommendations were provided, along with an options comparison and a review of previous Board input to identify key priorities. The Board previously listed categories of importance as short-term customer impact, operating fund capacity, repair & replacement funding capacity, total cost of ownership, and long-term customer impact. Director Snow asked if these categories were still a priority for the Board, if the Board was aligned on what the categories mean when applied to the options, and if any categories should be added or removed.

Member Goldwasser requested a more in-depth review of the previously identified areas of importance. Member Templeton clarified that "short-term customer impact" refers to a customer's water bill now, versus "long-term customer impact" referring to a customer's water bill in five years. Member Robinson clarified that this would be the last 25% of the previously reviewed Water rate increase and a potential increase for Solid Waste & Recycle. Director Marlow explained each of the other categories of importance from the Board's work in 2023. She relayed that the Operating Fund Capacity refers to the amount of ongoing money the Town has in the Operating Fund, which pays for the operation of the water treatment plants, staff, purchasing water and chemicals, as well as future water quality improvements to meet new regulations that may be implemented. Repair and Replacement Funding refers to the amount of money we set aside to repair or replace items before they break, when they break, or as they reach the end of their life. Total Cost of

Ownership refers to the cost of the debt that we are incurring. The cost of ownership is higher when you take on more debt rather than using cash funding.

Member Elliott shared information from the original press release in 2023, when Council approved an initial 50% increase, a second 25% increase in the 2<sup>nd</sup> year, and a third 25% increase in the 3<sup>rd</sup> year, indicating that the average water bill would increase \$17 in 2024, \$13 in 2025, and \$16 in 2026. Director Marlow stated that the Council approved but did not initially adopt the 3<sup>rd</sup> 25% increase because of uncertainties regarding rising construction costs. Staff estimated it as potentially needing to be 25% but would need to re-evaluate at the 2-year cycle rate review, which is where we are now.

Director Snow continued to review the Board's view of the importance of each decision category and had them assign a weight to each category. The weighted results showed category importance, in order from highest to lowest, as follows: Repair & Replacement Funding Capacity, Short-term Customer Impact, Total Cost of Ownership, Operating Fund Capacity, and Long-term Customer Impact.

The presentation resumed with Manager Romero sharing that the staff's request of the Board is to understand the options presented and to be prepared to apply decision-making criteria to today's options during our meeting on October 13.

Office of Management & Budget Director, Kelly Pfof, provided an overview of Policy Statement #11, Fees and Charges. User fees and charges are payments for services that are purchased or publicly provided and benefit specific individuals. Gilbert relies on user fees and charges to supplement other revenue sources in order to provide public services. These services can include User Fees, Tax Dollars, and Cost of Service. Director Pfof also provided details on the differences between Impact fees (System Development Fees) and Rates (User Fees). Impact Fees are assessed when new development occurs, growth-related additions to the Water Treatment Plants, and the Water Distribution system. Impact fees are not used for operating the system or non-growth-related needs, such as the repair or replacement of the system. Rates are assessed monthly based on use or level of service, are calculated using a Cost-of-Service Model and Rate Study report that can be found on Gilbert's website and are not used to expand the system to accommodate new users or support any general government services.

Director Pfof also provided information on Policy Statement #17, Minimum Fund Balance. Gilbert must maintain a minimum of 90 days of working capital of the current fiscal year plus one year of debt service. The fund balance is a crucial indicator of Gilbert's financial position, and adequate fund balances are maintained to enable Gilbert to continue providing critical services in the event of

unexpected emergencies. Adherence to our financial policies impacts our Bond rating.

Manager Romero continued by sharing a percentage breakdown of a typical bill between the four enterprise funds: Water (25% base, 13% usage), Sewer (40%), Solid Waste & Recycling (18%), and Environmental Compliance (4%). He advised that each fund operates as a self-sustaining, separate business entity within the Town, and revenue for each service is only used to fund that service. He reminded Board Members that we are only looking at the Water and Solid Waste & Recycling Funds. His presentation also shared a slide with the rate adjustment history for each service.

Manager Romero continued with the residential Solid Waste & Recycling Operating Fund Cash Flow slide, with the model projecting a 2% increase in 2026 and no increase in 2027–2030. The model shows the inflow catching up with the outflow and the ending balance being above the minimum fund balance in Fiscal Year 2030. Director Marlow stated that the projection indicates that the pressures of cost escalations can all be corrected within the 5-year term with just a 2% increase in 2026. She also stated that a 2% increase would be approximately \$0.54 per household. Manager Romero shared a graph and noted that the 2% increase includes additional contributions to the Replacement Fund, positioning Gilbert to replace all overdue equipment by 2030. Member Barazoto inquired about the timeframe for ordering and receiving new (replacement) vehicles, to which Manager Romero replied that it was approximately 10 months.

Board Members and Staff had some conversation regarding the 5-day per week usage of both trash and recycling trucks. Director Marlow stated that there have been recent changes at the County level regarding the number of service times for recycling, and at this time, Gilbert is not looking into changing the current level of service.

Manager Romero then presented on the Solid Waste & Recycling commercial Operating Fund, which assumes a 20% average rate increase for those users in 2026 with no increase in 2027 - 2030.

Director Snow resumed with the water fund's biggest cost pressures, noting that increases in chemical and electrical costs are very difficult to control or predict. He shared some cost pressures associated with the North Water Treatment Plant, the Well Program, and the Asbestos Cement (AC) Pipe Replacement project WA1597. Director Snow also shared that the water department has exhausted every measure to cut costs without compromising service, providing a list of cost mitigation items initiated by the department, including \$151 million in projects deferred outside of the 5-year plan.

Director Pfof shared information on types of bonds, with the two most common types being General Obligation (GO) bonds and Municipal Property Corporation (MPC) bonds. GO bonds are approved by voters on a ballot and by the Council and are typically repaid with secondary property taxes. GO bonds can be used for any type of infrastructure with a useful life longer than the bonds. MPC bonds are approved by a citizen board and the Council and are typically repaid with existing Town revenues, such as sales tax, utility fees, and system development fees. She also shared information on Gilbert's current water bonds, the 2016 Water and Wastewater Infrastructure (WRMPC) bond, and the 2022 WRMPC bond. Director Pfof stated that Gilbert is one of the less than 50 municipalities to hold AAA GO ratings from all three major rating agencies, allowing Gilbert to obtain the best interest rates and the lowest cost of borrowing when it needs to bond.

Director Snow shared three options to fund the Water Operating Fund Cash Flow.

The Option A model assumes a 25% rate increase in 2026, no increase in 2027, and a 5% increase in 2028, 2029, and 2030, along with a \$33 M debt increase with an additional \$13.4 M in new interest, leaving \$27.4 M ongoing funding for the operating fund. With this option, projections show a fund balance below the minimum in Fiscal Year 2029.

The Option B model assumes a 20% increase in 2026, no increase in 2027, and a 5% increase in 2028, 2029 and 2030, and also projects a fund balance below minimum in Fiscal Year 2029, along with a \$63 M debt increase with an additional \$25.7 M in new interest, leaving \$18.1 M ongoing funding for the operating fund. With this option, projections also show a fund balance below minimum in Fiscal Year 2029.

The Option C model assumes a 12% increase in 2026, no increase in 2027, and a 5% increase in 2028, 2029, and 2030, along with a \$127 M debt increase with an additional \$51.7 M in new interest, leaving only \$2 M ongoing funding for the operating fund. This option projects the minimum fund balance increases starting in Fiscal Year 2028 due to the new \$127 M bond. Director Marlow explained that this option would only provide the bare minimum and does not offer strong sustainability.

Director Pfof advised that the Replacement Fund Cash Flow yielded the same results for all three options, increasing contributions to the Repair & Replacement fund and putting Gilbert in a strong position to fund projects in Fiscal Year 2031 and beyond.

Member Goldwasser expressed interest in seeing a model that shows a 12.5% increase for 2026 and 2027. Other Board Members agreed they would like to see what that option would look like. Staff will prepare data for that option and present it at the next meeting, allowing them to review all options before making a recommendation.

**COMMUNICATIONS**

**6. Report from Staff**

No report from Staff

**7. Report from Board Members**

No report from Board Members

**8. Report from Council Liaison**

Councilmember Koprowski thanked the Board Members for all of their hard work.

**9. Report from Chair**

No report from Chair

**10. Future Agenda Items**

- Continue Water and Solid Waste & Recycling Rate Discussion with recommendation.

**CONCLUSION**

**11. ADJOURN**

Meeting adjourned at 5:21 PM.

**ATTEST:**

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Sam Elliott, Chair

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Giao Pham, Staff Liaison