

## To keep Gallup flush, sewer rates must rise

Written by By Holly J. Wagner Sun Correspondent  
Friday, 30 July 2021 03:15

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Without the sewer service rate hike that's hitting Gallup utility bills this month, the city could be in financial trouble.

"We have infrastructure that is failing," Executive Director of Water and Sanitation Dennis Romero said. "By not taking care of that capital need, your operational costs go up because we can't just let sewage run down the street."

The increase amounts to about \$5 a month for those in modest circumstances, and more like \$12 a month for a family in a single family home, Gallup CFO Patty Holland told the *Sun*. That averages out to about 25 percent a month for customers, beginning July 1.

"Unfortunately the need has been increasing because we've been using our cash," Holland said. "Right now...we're showing about \$1 million cash usage in the new year without a rate increase."

Even with future increases, Holland said "it's going to take us three to four years to build up to what we consider to be acceptable cash on hand."

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While City Council members expressed dismay at having to raise rates, they approved the hike unanimously May 25 after learning the situation has gotten so dire that the city is spending more to keep up with patching the sewer system than it would to update systems that may date back to WWII or before.

The oldest line in the city is a four-inch cast iron pipe under the alley between Coal and Aztec Avenues, laid in 1929. It's a common infrastructure problem in older cities nationwide.

"The replacement curve never really took hold ... We have aging infrastructure that has now aged out, materials that are older or are falling apart," Romero said. " There are still brick manhole covers and sewer collection networks in town.

"Eventually those bricks fall in and create clogs, or we have a cavern underneath the ground where we have sewage going to the next section of pipe and it's just a "National Geographic" - Carlsbad Cavern kind of thing — We have that on Maloney [Avenue] right now," he explained.

In addition, design errors from when the system was built mean the treatment plant is at a higher elevation than the inflow, which causes foul-smelling backups when sewage flows in the wrong direction.

"That thing is about five feet to seven feet higher than it should be," Romero said. "During high flows the sewage actually backs up into that interceptor line right along Route 66. We have a potential for backups there," he said.

A previous administration addressed odor problems with a chemical-based system called Evoqua which uses calcium nitrate to treat the sewage. Romero said it's "very pricey" and treating the effluent more effectively along its journey will let the city decommission that system in a couple of years, saving \$500,000 a year that can then be diverted to paying off loans for system improvements.

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The last bump to wastewater rates was nine percent about three and a half years ago, also following consultation with RBC Capital Markets, the city's financial advisers, Romero said.

"I remember the look on [Dist. 3] councilman [Yogash] Kumar's face when the RBC consultant wanted 40 percent," he added. "I'm very aware of how this will affect people."

With the country just starting to emerge from the pandemic, and recognizing how much of the community lives on a shoestring, council members lamented having to hike rates.

"It's unfortunate for residents, especially [those] who are having a hard time paying their bills, especially with COVID and everybody's just coming back," Councilwoman Linda Garcia, Dist. 1, said. "Everybody is trying to pay for their rent and their cars and their food and then we are putting the burden of this increase on them."

"I hate that we're doing this right now ... I hate to do it, but we gotta do it," she said.

Councilwoman Fran Palochak, Dist. 4, whose district includes the treatment plant, was concerned about keeping the stink down as well.

"We have residents out there that are very close to that plant in both directions, and they should not have to suffer with that odor," Palochak said. "I don't want the Evoqua taken offline unless we are sure that it is going to be sustainable."

"I realize that you all struggle with this, I struggle with it for our citizens," Palochak continued. "But there is a point where we have to say we can't go any further without a rate increase, and I think we have reached that point."

Romero has promised to return to the council within nine months with a plan to offer discounts for financial hardship cases.

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The rate hikes follow an April evaluation of the Wastewater Enterprise Fund, produced by RBC. Through a combination of measures including the rate increase, equipment repairs, purchases, and reducing costs, the department can turn its money-losing situation around in a few years, the advisers said.

The department is also getting new software that will let them bring the cost monitoring in-house, which will eliminate the expense of consultants for water and sewer matters.

This year's rates include a monthly service charge based on water meter size (\$6.38 for most homes) and a variable volume charge based on monthly water consumption in either gallons (\$0.006004 per gallon) or cubic feet (\$0.044916 per cubic foot). The maximum volume charge per month is \$120.08.

The biggest increase is to wastewater connection ("tap") fees, which are now \$50 for all connections, up from \$3. That's in line with comparable cities in New Mexico, and far lower than the \$1,000 fee in metro areas like Albuquerque, Romero said.

For nonresidential properties, rates vary based on water meter size. Fees go up from there, and are based on a number of different conditions. Residents who don't use city water service are billed the service charge plus a fee charged at 2,000 gallons per month.

Outside the city limits, the residential rates are double those inside the city. Commercial rates are based on the previous year's average water consumption among the city's commercial customers.

The charge for multiple residential or nonresidential/commercial customers that do not receive city water service, but have a master-metered water source, is set at applicable residential or nonresidential rates.

Future rate hikes will be tied to the federal Consumer Price Index, and may happen

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automatically every July 1, depending on that metric.

“It seems like bad news all around, but we have a plan in place,” Holland said. “We’re working to make improvements.

“We’re working to make this a smoother process and we’re working to provide this for the community and make sure they are receiving the quality they need.”

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