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City: Water rate INCREASE needed to replace old pipes

If climate change isn't a good enough reason to conserve water, hang onto your bathing cap: a stiff rate hike is on the way for Gallup water customers.

Estimates on the cost to business customers weren't immediately available but the proposed increase, which will likely take effect on customers' July water bills, will amount to $5.50 to $6 a month for lower-consumption residential customers, and $12 to $15 for residents who use more.

That's on top of the sewer rate increase last year, and another 22.5% water rate hike will follow in another year. In the end, water rates will go up a little more than 50%.

The higher rates are opposite ends of the same problem: the city's underground infrastructure is bordering on ancient – 100 years old in many places – and, while the cost of replacement isn't cheap, repairs just aren't enough any more.

There's not a lot of wiggle room. The city avoided substantial water rate hikes for a long time, even as water pipes burst and failing sewer pipes belched nasty fumes – forcing city crews to work day and night to keep up whenever disaster strikes.

The proposed increase is expected to go before the City Council in May. In an informational presentation to the Council April 26, Chief Financial Officer Patty Holland compared the situation to an old car breaking down.

“If your car is burning oil and you see it coming out, continually putting oil in is not going to fix it,” she said. “We want to move from every time you get gas putting oil in, to break it down and rebuild it so that all we need is the fuel to run it and don’t have to put in oil every time.”

Inflation isn’t helping. It’s hitting every sector of the economy, increasing costs for many city projects. Recent department budget requests have included higher costs for everything from fuel to new vehicles. City consultant Erik Harrigan, of RBC Capital Markets, said the Ukraine war and anticipated Federal Reserve lending rate hikes are adding to the pain.

City Councilors understand that any further postponement could raise the cost of both the improvements and any stopgap measures until projects get done, but were alarmed at the amount of the increase.

“I can only imagine the community is going to flip a lid when we go to tell them that we are raising the water rates by 22.5%. I don’t want my water raised by 22.5%. So I guess the question is, is there a way to get other Dist. 3 Councilor Sarah Piano asked. “There are some people that can afford that, but there are a lot of people on fixed incomes that are not getting an increase for inflation and for cost of living and they are not going to be able to afford this.”

Dist. 2 Councilor Michael Schaaf said he’d prefer smaller, incremental hikes.

“This is going to be a big jump. It would be better to just increase a small percentage yearly- instead of waiting for the big jumps.”

City Manager Maryann Ustick noted that spreading out the rate increase would force the city to postpone capital projects, and could make it harder to get more funding.

Councilors acknowledged that residents will feel the pinch from higher rates, but the alternative is worse.

“Councils before us don’t look at these as pretty projects. They don’t give you glory. It’s not a new building, it’s not anything that you can look at day after day,” said Dist. 4 Councilor Fran Palochak, adding that invisible upgrades can’t wait any longer. “In my district we had a giant break and it destroyed people’s homes. It flooded and flooded and flooded and wasted a lot of water. The fallout from that was horrible.“

Mayor Louie Bonaguidi isn’t looking forward to citizen reactions, but said the Council can’t keep kicking the can down the road.

“We’re going to have to pay the piper one way or the other,” he said “ If we keep it low this year and next year, at some point we’re going to have to raise it and it’s going to be a tremendous raise.”

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