

## Council mulls water rate options

Written by By Holly J. Wagner Sun Correspondent  
Friday, 12 August 2022 05:36

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Gallupians can still expect a water rate increase soon, but instead of the previously reported 22.5%, it's looking as if it will be more in the range of 10 to 15% each year. City staff reworked the numbers after Councilor Sarah Piano, Dist. 3, balked at the steep increase originally proposed in May.

Under that plan, customers would have faced a 22.5% increase this year and next year. The new proposal would raise rates 10% in each of the next four years and 5% for each of the two years after that.

“The base data has not changed. All of our projections are still the same,” Chief Financial Officer Patty Holland told the city council at an Aug. 2 work session. “Instead of trying to be more aggressive and do more capital projects, we’ve pared this down to a 10% increase over the next few years.”

That would mean shrinking overall water-related capital investment over the next six years by almost 39%, from \$31.7 million to \$19.4 million. It would bring the water department to the desired 180 days cash on hand in fiscal year 2026, but will curtail bonding ability until then. Reducing the rate increase will reduce funds for capital projects this year from \$8.2 million to \$2.7 million.

“The main thing it does is reduce our ability to do loans or bonding by half,” Holland said. “So we would do bonds in \$5 million increments instead of \$10 million.”

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The city is trying to balance replacing and repairing lines that are past their life expectancy – causing dozens of breaks around the city every year – with making the rate increase palatable to residents and business owners.

“Whether you are for or against the water rate increase depends on whether the line broke in front of your house,” Gallup-McKinley County Chamber of Commerce CEO Bill Lee, who fielded a three-question member survey on the issue, said.

Recent rain storms haven’t made the situation any easier. Acting Water/Wastewater Director Adrian Marrufo said last week’s storms wreaked havoc on Apache Circle, where crews had recently dug in to check a line and found it was fine.

“We re-compacted it and this last storm washed everything back out,” Marrufo explained. “With the last storm on Friday night, we had a sewer blow out on Second Street as well.” That repair is expected to soak up about \$600,000 from the sewer fund.

Operating costs went up 30% from fiscal year 2021 to 2022, Holland said, and remain something of a wild card with unpredictable inflation.

The original proposal – which still has proponents – would add about \$5.50 to \$6 a month for lower-consumption residential customers, and \$12 to \$15 for residents who use more. A breakout for the newly proposed rates wasn’t immediately available, but staff will present that information in another work session, probably later this month.

Holland’s presentation was built around a 10% increase, but City Manager Maryann Ustick said the next presentation could include a 15% hike option, after Lee reported survey results that suggest the community could manage that amount.

While sympathetic to ratepayers, Mayor Louie Bonaguidi and Councilor Fran Palochak, Dist. 4, seemed to lean toward sticking with the original proposal to keep water projects on track, not

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least because some lines will have to be replaced to accommodate the Navajo-Gallup Water Supply Project when it reaches buildout in a few years.

“In 2020 we had 76 water breaks,” Palochak said. That’s an average of one break every four and a half days. “In 2022 we have 30 water breaks. It concerns me that we are reactive, constantly trying to plug these holes. [...] We have got to start replacing these pipes when they get to the end of their life expectancy, rather than waiting 100 years ‘til they all start blowing up.”

Councilor Linda Garcia, Dist. 1, asked for the sanitation department to do more to promote the city’s water saver rebate program, and possibly to find a way to help low-income residents make repairs to leaks that drive up their consumption and bills. A running toilet, for example, can waste up to a gallon of water per hour, depending on capacity and water pressure.

Although it won’t help in the short term, several people agreed another measure the city must consider is using “gray water” – water reclaimed and treated from effluent lines. Gray water systems must be kept separate from drinking water supplies, but can be used for some irrigation and industrial purposes.

Resident JoAnn Benenati asked the council to make sure residents have plenty of notice before getting hit with any increase, especially with inflation biting into consumers’ wallets. “Every time I go grocery shopping, I shake my head and wonder what families are doing,” she said.

Resident Pat Sheely asked the Council to appoint a task force to do comprehensive planning for the region’s water future beyond the NGWSP.

“While a rate hike is necessary and I support it, it’s not enough. Our aquifers do not have enough water. They take years to recharge,” she said. “We have staked our future on the pipeline. But how long will the San Juan River provide?”

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