

# Navajo Gallup Water Pipeline City of Gallup

N.M. Indian Affairs Committee

Pinedale Chapter

July 17, 2025

## In the Beginning

- Original contract signed with a cost to Gallup of \$57,000,000 and water to be delivered December 2024.
  - Language in the law calls for Gallup to pay 25% to 35% of the total allocated costs based on the City's ability to pay.
  - To date, Gallup has been paid \$58,619,742 not counting a bill due the 4<sup>th</sup> quarter of 2025 in the amount of \$2,915,680

## Redesign & Extension

- 2019 redesign/extension
  - Opposed by Gallup
  - Negotiated and agreed by DOI, State of NM, & Navajo Nation
    - Gallup had no seat at the table
  - With the redesign & extension, the best case scenario, the cost to the city will be \$136,000,000.
  - The project cost to the City could be \$176,000,000.
  - The DOI is estimating payments of \$10 million – 15 million / year.
  - McKinley County is the third highest county in terms of poverty in the United States.

## Extension

- With Gallup not receiving water until 2029/30 (estimated time frame), The extension has caused Gallup to readdress its water needs from supplementing with ground water to relying on ground water.
- Gallup has drilled three new wells and is in the process of drilling two more and has future plans for two additional. Total = Seven Wells
  - The cost for the seven wells is estimated at \$42,000,000
    - Gallup has received funding from Water Trust Board and Water Smart Grants through Reclamation to help offset the cost.
    - Future maintenance and operation of these wells will be fully funded by the City.
- With the cost of new wells, Gallup has had to put off replacing cast iron and aging infrastructure.
  - This is costing Gallup added \$ in reacting to broken pipes vs. replacing pipes.

## Ground vs. Surface Water

- Gallup will be “blending” ground and surface water once NGWSP is on-line.
  - With the blending, Gallup will have to replace cast iron pipe and/or treat the water due to existing cast iron and/or years of scale build up.
    - This future expense is 100% on the cost of Gallup.
    - Gallup is currently behind schedule on replacing water lines due to having to invest in new water wells and pay the City portion of the area reaches that will be used by Gallup.

## Future Unknown Costs & Negotiations Needed

- Not factored in as of today
  - Cost of Water
    - City has not negotiated the purchase of water from the Jicarilla.
  - Operation and Maintenance
    - There has been no negotiations with DOI on future costs of O&M
    - The operation includes paying NTUA for water treatment and delivery from the San Juan to the City of Gallup.
  - Can water from Jicarilla be used for surrounding communities?
    - Gamerco
    - Williams Acres
    - Catalpa Hills
    - Allison
    - Navajo Industrial Park

## Safety Concerns

- Fire suppression outside of the City of Gallup
  - Lateral reaches in the county are being designed without access for fire suppression.
    - McKinley County Fire operates along these reaches. Some fires require transporting water 20-30 miles.
      - Many structures that could be saved with adequate water are lost due to the distance/time.
  - The recent Oak Ridge Fire was hampered due to the need for water.
    - Helicopters were only getting 2-3 drops of water per fuel load vs. 5-6 normally.
    - Getting water from area lakes caused problems due to being shallow and the pumps “sucking” sand and causing problems with their pumps.
    - The fall back was getting water from area “ponds” which ended up being cesspools which required helicopter systems needing to be sanitized.
    - Gallup supplied water for the fire but due to distance it was only feasible to take one tank of water when at the airport getting fuel.
    - The Oak Ridge Fire cost over 9 million dollars not counting lost natural resources.

## Gallup's Future

- OPTIONS
  - Best – Have all debt over the original contracted amount forgiven.
  - Livable – Cost cap of Gallup's share at \$76,000,000.
  - Legal – Pursue legal means for breach of contract.
  - Nuclear – Pull out of the project.
    - Purchase water from NTUA once NGWSP is complete.
    - Continue supplying demand from ground water only.
      - Gallup is mining the water, limited supply which will be exhausted.
  - Unthinkable
    - Allow the project to eliminate all future capital projects for > 10 years in Gallup or
    - Drive the city to bankruptcy.