FY24 Gallup – Drought Resilient - Ground Water Wells

US Bureau of Reclamation WaterSMART Grant:
Drought Response Program: Drought Resiliency Projects

11-7-23
FY 2024
NOFO Number:
R24AS00007

CFDA Number: 15.514
Funding Group III
Domestic Water Supply Projects:
Task D

Gallup FY24 – Drought Resilient - Ground Water Wells

D.2.2.2. Technical Proposal

City of Gallup
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PROJECT SUMMARY

(ONE Paragraph – Location – Brief Description of work, partners, + recent Drought Conditions)

The primary purpose of the proposed project is to provide domestic water supplies to Navajo McKinley County and the City of Gallup communities and households that do not have reliable access to domestic water supplies. This *FY24 Gallup – Drought Resilient – Ground Water Wells* project will Assist States and water users in complying with interstate compacts.
The Omnibus Public Land Management Act of 2009, Title X Part III (Public Law 111-11) signed on March 30, 2009, provided the authorization to construct this important project as a major component of the Navajo Nation San Juan River Basin Water Rights Settlement in New Mexico. This proposal respectfully requests US Bureau of Reclamation funding for two professional well designs, hydrology, engineering, and construction and implementation of a new City of Gallup potable water wells for water supply to offset the 5 to 7 year delay completing the Navajo Gallup Water Supply Project **(NGWSP)**. The City of Gallup's water supply especially during severe drought is compromised and is in jeopardy because of the delay in the delivery of surface water from the NGWSP. The delay was approved by the federal government, state government and Navajo Tribe at the protest of the City of Gallup, with no remedy or provisions for alternative water supply for the City of Gallup and regional partners. The City immediately needs at least 8 wells to survive the delay, and 2 more wells over the next four years to protect our watershed and ecological health. Currently, the estimated cost is about $6 million per well and this amount will go up at least 20% a year. The project will consist of professional fees for Geologist and Engineering, Well Design, Advertising for competitive construction bid, Construction Management and the cost for licensed/ professional Well Contractor to install new Gallup Ground Water Wells within the NMOSE G-22 and G-80 well fields. Length of Time: This project will take approximately 3 years to complete to construct new water production wells for the Navajo Gallup Water Supply Project interim conjunctive water supply. Each new G-80 well will add approximately 2170 acre-feet over ten years of local, high-quality water to the City's and the regions drinking water supply. The additional water will replace rapidly depleting water production from extremely old wells. The project will include professional services design and construction of new water production wells and appurtenances.

The "Gallup/NGWSP Water Commons Drought Contingency Plan" is supported by the City of Gallup's – 2016 Growth Management Master Plan.

The proposed project will involve federal lands. The City of Gallup originally had been planned to receive surface water from the San Juan River via the Navajo-Gallup Water Supply Project by 2029.

Collaborative Planning + Advances an Existing Plan or Strategy

The "Gallup/ NGWSP Water Commons Drought Contingency Plan" was, and still is, a collaborative process developed with input from multiple stakeholders and with a collaborative process. Such as the "*Gallup/ NGWSP Water Commons Drought Contingency Plan"*.

Stakeholder agencies include:

- McKinley County,
- NTUA,
- NWNM Council of Governments,
- Navajo Nation Water Management,
- Jicarilla Apache's,
- NMSU, and
- Interstate Stream Commission (ISC) and the New Mexico Office of the State Engineer (NMOSE) attended Task Force Meetings. Their input and comments are included in the final *Gallup /NGWSP Water Commons Drought Contingency Plan* report.

This project will foster relationships with tribal stakeholder organizations advocating for balanced stewardship and use of public lands.
And is a crucial Bureau of Reclamation Regional Priority.

Map of the City of Gallup proposed wells - supplemental water supply

Project Location

The City of Gallup is a community of about 22,000 people at the center of numerous low-income communities throughout McKinley County, and the Zuni and Navajo Reservations.

The City of Gallup is located 40 miles east of the Arizona border and 140 miles west of Albuquerque in the state of New Mexico. Latitude and Longitude = 35.5281° N, 108.7426° W. It is the county seat of McKinley County. Approximately 120 Miles from Albuquerque and Farmington as the nearest, larger towns.

Relevant Background Information

The Gallup area is heading for an environmental and health related water supply crisis, a trend that became clear to all legislators and guests present at New Mexico legislative hearings held in Gallup, which included reports from the City's contract engineers, from the Navajo Nation, and from the US Bureau of Reclamation. The scope and threat of the crisis have only been intensified by the regional demands resulting from the COVID pandemic and by the continuation of Extreme Drought conditions in the West.

The completion date for the NGWSP - which was once "set in stone" for year 2024; is now projected to take an additional five to seven years, as the result of strategic design changes and the need for additional Federal investment in the project. All of the City's planning and water supply infrastructure investments efforts have been geared toward the original 2024 timeline, when we anticipated that our dependence on our depleting and stressed groundwater sources would be relieved by surface water supply being piped in from the San Juan River.

Given the combination of the above COVID and drought impacts and the projected five to seven year delay in NGWSP project completion, the City's existing groundwater wells will not be able to reliably supply water to both City customers and the surrounding communities. Under the new scenario, our engineers anticipate the need for the construction of eight (8) new water supply wells before 2025 and at least two (2) more wells from 2025 to 2029 in order to meet water demands of Gallup and the surrounding area.

In total, we are seeking a $2 million investment from the State of New Mexico funds and $10 million of Federal Funds from the Bureau of Reclamation to drill new wells to prevent an environmental and ecological water supply crisis in Gallup and the surrounding area. Our engineering team can provide details as your staff may need to evaluate and prioritize this requested allocation.

On the Navajo Nation, existing groundwater supplies are dwindling, have limited capacity, and are of poor quality. More than 40 percent of Navajo households rely on water hauling to meet daily water needs. The City of Gallup is the central economic and social hub for the area,

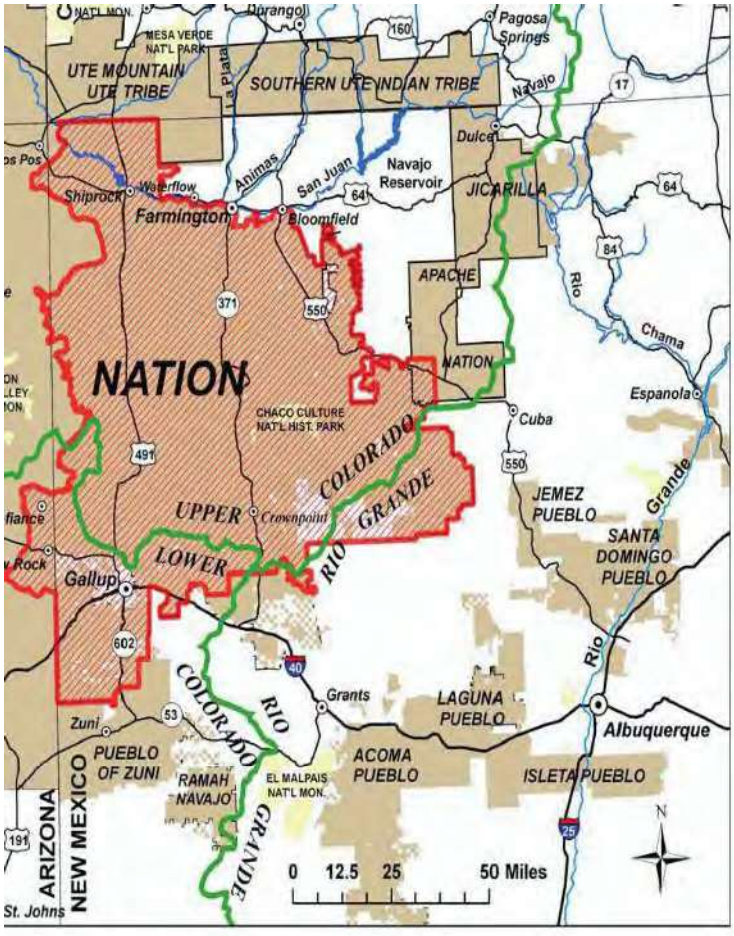
and with a county population that is nearly 80 percent Native American, the city is often called the "Heart of Indian Country." The City of Gallup's population is approximately 22,000 *(including surrounding water users within McKinley County = a population of 72,898 from Census.gov)* are relying upon NGWSP's critical water supply.

The City of Gallup's groundwater levels has dropped approximately 725 feet over the past 40 years, and the supply is not expected to meet current water demands within the immediate term and over the coming 5 to 7 years.

The area that Gallup serves has a history of chronic poverty. Gallup has a soaring 37.8 percent poverty rate of the families in McKinley County that live below the federal poverty level which is close to three times the national average, and nearly a third higher than New Mexico's statewide average, according to data from the U.S. Census Bureau, a child advocacy group and Data USA. The economic picture of the county and reservations shows even less prosperity. In 2022, the poverty threshold for a family with two adults and two children was $27,750.

The low tax base stemming from this historically torpid economy has left the area's infrastructure needs unfulfilled. Therefore, many of these communities on the reservations and in the county don't even have basic water utilities, much less, roads or electricity. It is a common sight around town to see rural residents hauling water in plastic tanks mounted on the back of their pickup trucks.

Based on current projections, severe shortages in the groundwater supply are expected within the next decade, which would have severe social and economic impacts on the city and on neighboring Navajo communities.



NGWSP Stakeholder

This investment this environmental and ecological ground water wells helps project our essential water supply and supports the White House Public/Private Partnership Initiative to modernize U.S. infrastructure to remove impediments to infrastructure development and facilitate private sector efforts to construct infrastructure projects also serving Native American needs. This is accomplished through a collaboration with local and public stakeholders such as the Bureau of Reclamation to prioritize critical water needs.

Therefore, The City of Gallup has a strong commitment to this *FY24 Gallup - Drought Resilient - Ground Water Wells* grant application that involves Navajo-Gallup Water Supply Project (NGWSP) water stakeholders that depend on critical and vulnerable water supplies.

The City's has a long-term reliance on groundwater supply. The Gallup water service area extends past the City of Gallup corporate limits by providing water to surrounding communities in McKinley County such as Gamerco Water Sanitation Area, Manuelito Chapter and people who haul water to their homes for domestic uses. Gallup has not had access to surface water and has had to rely solely on groundwater from extremely deep confined aquifers. Over the past 120 years, the City has constructed or acquired over 45 wells, only 15 wells are in service or operational today. Major drop in water levels, reduced pumping, sedimentation, water quality problems, cascading and increased pumping lifts and associated costs are the reasons that 30 wells are out of service, never to be used again. All other municipal and industrial users in the region also rely on the same limited groundwater source, making it a fast depleting environmental and ecological resource. Gallup is unique among New Mexico municipalities in the depth of its municipal wells and the extremely high cost for construction and operation, maintenance and replacement of those wells.

In 2010, the City of Gallup and McKinley County collaborated by executing a Joint Powers Agreement (JPA) which identifies a mechanism for small water systems in the County to access the NGWSP water. Once the Gallup Regional Water System infrastructure is constructed and operational, the initial water supply would be ground water from the City's existing and proposed wells then switched to surface water when the NGWSP pipeline is in place and operating. The delivery date of surface water was set to be December 31, 2024; however, with the extension of time that was recently approved the delivery date is unknown. Some estimate at least a 5 – 7 year delay. The entire area is dependent on groundwater until the surface water is available. This means that the unincorporated communities currently served and future communities like Williams Acres and Catalpa Hills will connect to the Gallup Regional Water System and will receive groundwater supplied by COG wells, as opposed to imported surface water until the surface water is available.

There are physical limitations of the existing aquifer. Groundwater is mined at a higher rate than it recharges, and climate conditions will slow the recharge rate further. The City's groundwater levels have dropped approximately 200 feet over the past 10 years, and within the decade, the supply is not expected to meet current water demands. The City anticipates a 1-mgd shortage during peak periods as early as this year.

To ensure an adequate water supply to the Gallup Regional Water System through 2030, five (5) new wells are proposed under the G-80 permit and five (5) wells are proposed under the G-22 permit.

The City is struggling financially to ensure that its wells are operating. For example, Junker No. 1 was out of service since July 2019. The repairs were delayed almost 18 months until funds were available even when high summer demands were underway. Relying on the U.S. and the State of New Mexico's assurances, the City has paid the federal government millions of dollars for the Navajo-Gallup Water Supply Project running water; which leaves no funds for new well construction and limited funds for well maintenance; and, the City has not had an online working production well in over 20 years. There is uncertainty in the groundwater production facilities because of lack of active production wells. Without the Bureau of Reclamation's assistance, the City of Gallup cannot afford to pay for the surface water pipeline project and drill 3500' deep wells that cost approximately $6 million each.

BUDGET

City of Gallup Water Production Wells R23AS00089
BUDGET ESTIMATE FY24

BUDGET ITEM DESCRIPTION	COMPUTATION			Reclamation	Recipient	TOTAL COST
	Price/Rate	Unit	Quantity			
Grant Administrator - Environmental Program Coordinator	$30.00	HR	500.00	$ -	$ 15,000	$ 15,000
			Subtotal	$ -	$ 15,000	**$ 15,000**
FRINGE BENEFITS - See proposal in official file for detailed calculations						
Grant Administrator - Environmental Program Coord	$30.00	33.33%		$ -	$ 5,000	$ 5,000
EQUIPMENT - Leased Equipment use rate + hourly wage/salary x est. hours for assisted activity—Describe equipment to be purchased, unit price, # of units for all equipment to be purchased or leased for assisted activity: Do not list contractor supplied equipment here.						
N/A				$ -	$ -	$ -
SUPPLIES/MATERIALS - Describe all major types of supplies/materials, unit price, # of units, etc., to be used on this assisted activity.						
N/A				$ -	$ -	$ -
CONTRACTUAL/ CONSTRUCTION - Explain any contracts or sub-Agreements that will be awarded, why needed. Explain contractor qualifications and how the contractor will be selected.						
DePauli Engineering and Surveying, LLC - Project Engineering and Land Surveyor; John Shomaker Geologist	$1,200,000.00	LS	1	$ 1,200,000	$ -	$ 1,200,000
Water Well Construction, Well House Construction and Well Pump Installation	$10,766,770.00	LS	1	$ 8,786,770	$ 1,980,000	$ 10,766,770
			Subtotal	$ 9,986,770	$ 1,980,000	**$ 11,966,770**
PERMITS -						
Temporary access permits and off site utilities extensions					$ -	$ -
			Subtotal	$ -	$ -	**$** -
OTHER -						
BOR Environmental Costs				$ 13,230		$ 13,230
			Subtotal	$ 13,230	$ -	**$ 13,230**
TOTAL DIRECT COSTS:				$ 10,000,000	$ 2,000,000	$ 12,000,000
INDIRECT COSTS -						
	0.00%	percent				$ -
TOTAL ESTIMATED PROJECT/ACTIVITY COSTS:				$ 10,000,000	$ 2,000,000	**$ 12,000,000**

D.2.2.3. PROJECT BUDGET

Non-Federal & Federal Funding Sources Summary

FUNDING SOURCES	Amount
Non-Federal Entity (City of Gallup)	
1. Project Grant Administrator, Plans, Coordinates "*Gallup Ground Water Well, Professional Services*, Design & Construction" grant for 3 years	$20,000
2. Budgeted City / Recipient and State of New Mexico funds for Design and Construction of Water Well, Well House and Electrical and Well Pump Installation *for 3 years*	$1,980,000
3. Budget for Temporary Access Permits & Off-Site Utilities extension fees *for 3 yrs. Inplace*	$0
Non-Federal Entities SUBTOTAL:	**$2,000,000**
Requested Reclamation Funding:	**$10,000,000**
Total Project Funding:	**$12,000,000**

Total Cost Summary

FUNDING SOURCES	Amount
SOURCE	
Costs to be Reimbursed with the requested Federal Funding	$10,000,000
Costs to be paid by the Applicant / City of Gallup	$20,000
Value of Third-Party StakeHolder Contributions - State of New Mexico fund for Water Well Construction and Well Pump Installation for 3 years	$1,980,000
Requested Reclamation Funding:	**$10,000,000**
Total Project Funding:	**$12,000,000**

Budget Narrative

The City of Gallup is respectfully requesting $10,000,000 of Federal funding for this USBR grant funding opportunity: *FY24 Gallup – Drought Resiliency – Ground Water Wells*. To include USBR Environmental Cost estimated per an October 2023 quote from the Western Colorado Area Office at $13,230 (see next page).
The DePauli Engineering Design Engineering, Hydrology, and Construction Management Cost Estimate is $615,299.58 is for a single well. Two (2) wells are planned for this application. The total is rounded to $1,200,000.00 for this *FY24 Gallup – Drought Resilient – Ground Water Wells* application to include Environmental H2O Resources work. This project is listed as an Implementation Policy in the City of Gallup 2013 Water Conservation Plan and Drought Contingency Plan. The Professional Services local civil engineering firm: DePauli Engineering & Surveying, LLL will provide well engineering design documents, and coordinate the RFP - well construction and oversight bid documents per the City of Gallup procurement requirements which can include Mandatory Emergency Water Conservation Measures, such as installing back-up emergency water loading stations for people who haul potable drinking water. It should be noted, that only a New Mexico licensed and bonded well driller can construct the wells. Selection of the driller will be made by competitive construction advertising and bidding.

The City of Gallup will allocate $2,000,000 as Recipient Funding for this *FY24 Gallup – Drought Resilient – Ground Water Wells* grant as Recipient Cost Share funds. To Include: Grant Administrator with Fringe Benefits fees of $20,000 which will be paid for by the City of Gallup for three years. This Gallup Recipient Cost Share will be more than a minimum of 5% of the total grant project costs, that will come from New Mexico Water Trust Board Loan/s or Grant/s; or, other state funding sources, so that fiscal impacts to the City are minimized.

This FY24 Gallup – Drought Resilient – Ground Water Wells grant and emergency Gallup Water Wells funded by the USBR will serve the City of Gallup and neighboring Native American communities facing future public health crisis's due to a lack potable water.

The City of Gallup Signatory - the City Manager – Jon M DeYoung has sole authority to sign this contract; and No Board approval is necessary.

D.2.2.4. ENVIRONMENTAL & CULTURAL RESOURCES COMPLIANCE

City of Gallup Drought Resiliency Well Compliance Budget

The City of Gallup intends to develop a new well for Municipal & Industrial (M&I) water and is applying for drought resiliency grant through Reclamation to help fund it. The well will be connected into the Navajo Gallup Water Supply Project (NGWSP) distribution system. The City of Gallup with be acquiring the services of an archaeological contractor for a survey of the well development area and any connecting pipelines. The City of Gallup will also handle any CWA permitting requirements. The City of Gallup has requested Reclamation to complete any required environmental surveys, ESA consultation, Section 106 consultation, and NEPA compliance. Below is an estimated budget for Reclamation to complete the work:

Position	Hours	Rate	Total
Project Manager	16	$115.00	$1,840.00
Env. Protection Specialist	92	$102.50	$9,430.00
Archaeologist	16	$85.00	$1,360.00
Direct/Indirect Costs (Mailings, Printing, Admin Time, etc.)			$600.00
		Total Cost	$13,230.00

Assumptions:

- A biological survey of the well and associated pipeline can be accomplished by a biologist in a single day (12 hours) of fieldwork. Cost estimate assumes that no T&E species are located in the project area and the project will have a no effect determination. Presence of T&E species or the requirement of a BO from the FWS will increase the required cost.
- The Class III archaeological survey will be negative, or the proposed undertaking will not adversely affect historic properties in the APE. The Section 106 consultation with the NM SHPO and any associated tribes will not require mitigating adverse effects or the development of a MOA. If there are historic properties located that can not be avoided mitigation will increase the required cost. If construction requires archaeological monitoring it is assumed City of Gallup will provide the permitted monitor.
- A Categorical Exclusion Checklist will need to be prepared for this project. Reclamation will prepare this document following the completion of the biological and cultural surveys of the project area.

The proposed project will not impact the surrounding environment and will not limit access to and ceremonial use of Indian sacred sites or result in other impacts on tribal land.

This *FY24 Gallup - Drought Resilient - Ground Water Wells* project will not contribute to the introduction, continued existence, or spread of noxious weeds or non-native invasive species known to occur in the area.

D.2.2.5. PERMITS

DePauli Engineering & Surveying, LLC has obtained all needed permits for this grant application which is budgeted in this proposal. A NMOSE Groundwater Diversion Permit G-80 and G-22 are in place. Also, a temporary access agreement for well construction is needed from the adjacent property owner. To ensure an adequate water supply to the Gallup Regional Water System through 2030, five (5) new wells are proposed under the G-80 permit and five (5) wells are proposed under G-22 permit. These proposed wells along with water from NTUA's Twin Lakes Well should hold up the City's environmental water supply until the surface water is available.

The *FY24 Gallup - Drought Resilient - Ground Water Wells* grant project will be in compliance with the National Environmental Policy Act (NEPA), ESA, NHPA and all applicable state, federal and local environmental, cultural, resource protection laws and regulations including the Clean Water Act.

All water rights are in place for the project.

D.2.2.6 OVERLAP OF EFFORT STATEMENT

The Navajo Gallup Water Supply Project is a multi-prong project that includes a variety of Phases. Since this project has been delayed for an undisclosed time period, this project's ongoing funding phases help mitigate the USBR – Navajo Gallup Water Supply Project (NGWSP) running wet water conveyance delivery project, delay of a decade or possibly longer.

D.2.2.7 AND D.2.2.9 CONFLICT OF INTEREST DISCLOSURE STATEMENT + LOBBYING STATEMENT

The City of Gallup is will not use funds under this grant or cooperative agreement for lobbying Regarding the required certifications and disclosures:

The City of Gallup has No actual or potential conflict of interest at the time of this grant application submission. See the SF-LLL Form on Page 7 of this document.

D.2.2.8 UNIFORM AUDIT REPORTING STATEMENT

& D.3.2 Entity Identifier (EIN)

The City of Gallup, as a local government, was required to submit a Single Audit Report for 2022, the most recent closed fiscal year, which is available through the Federal Audit Cleaning house. EIN = 856000132

D2.2.12. OFFICIAL RESOLUTION

RESOLUTION OF
THE GALLUP CITY COUNCIL

RESOLUTION No. R2024-____

US Department of the Interior (DOI) Bureau of Reclamation (USBR)
WaterSMART Drought Response Program: Drought Resiliency Project Grant (R24AS00007) grant application Submission; and, upon award, Implementation of FY24 Gallup - Drought Resilient - Ground Water Wells grant funding opportunity

WHEREAS, the Water and Sanitation Department staff will prepare a federal *FY24 Gallup - Drought Resiliency - Ground Water Wells* - WaterSMART Water and Energy Efficiency grant application between the USBR and the City of Gallup to increase the production capacity and reliability of city water supplies in response to the delay in the delivery of surface water to the Gallup Regional Water System;

WHEREAS, the *Gallup FY24 Drought Resiliency - Ground Water Wells* grant will fund the siting, hydrology, design and construction oversite phases costing approximately $12 million for new City of Gallup potable water wells which will provide water supply to the Gallup Region Water System in place of the anticipated surface water supply.

WHEREAS, Staff estimates that the proposed *Gallup FY24 Drought Resiliency - Ground Water Wells* grant project completion time period will be completed within three years of signed contract award. After final construction, these potable water wells performance measure - will be designed to produce approximately 2,170 acre-feet over a 10 year period, helping to provide water supply in lieu of surface water and to protect our residence from COVID 19 and other pandemic diseases especially, during times of drought;

WHEREAS, the *Gallup FY24 Drought Resiliency - Ground Water Wells* grant proposal combined project costs are estimated at $12 million dollars. Each well is estimated to cost six million dollars ($6 million) to be completed in three years. The U.S. DOI - USBR share is calculated at $10,000,000 over a period of three years. The City of Gallup cost share will be a minimum of 5% of the total grant project costs, that will come from a New Mexico Water Trust Board Loan/Grant, or other state funding source;

NOW THEREFORE, BE IT RESOLVED that the Governing Body of the City of Gallup does hereby approve this grant submission; and if awarded, implementation of the *Gallup FY24 Drought Resiliency - Ground Water Wells* USBR grant Funding Opportunity application and partnership between the City of Gallup and the US DOI Bureau of Reclamation that will be completed within a three year time period.

PASSED, ADOPTED AND APPROVED this ___th_ day of November, 2023, in a duly called meeting of the Gallup City Council at which a quorum was present, at Gallup, New Mexico, by a vote of ____ in favor, ____ opposed, and ____ abstaining.

BY: _____
Michael Schaaf, Mayor Pro-Tempore
City of Gallup

ATTEST: _____
Alfred Abeita, City Clerk

D.2.2.13. LETTERS OF FUNDING COMMITMENT

The City of Gallup's Cost-Share funding such as State Grants will be secured and available prior to a USBR grant fund award. See Appendix for Letters of Support.

E.1. EVALUATION CRITERIA

E.1.1. Evaluation Criterion A – PROJECT BENEFITS

(30 points) *Well supported and detailed description of both quantifiable and qualitative benefits*

E.1.1.1. Sub-criterion A1: Available Water Supplies and Water Better Managed

This *FY24 Gallup – Drought Resilient – Ground Water Wells* project will provide significant benefits to drought resiliency and water supply reliability by adding to and upgrading Infrastructure for more efficient potable water deliveries, and water treatment of supplies to ensure continued use.

PROJECT BENEFITs – These New City of Gallup Ground Water Wells benefits Native American Tribes -

The "*FY24 Gallup - Drought Resilient - Ground Water Wells"* grant program benefits the Jicarilla's, Navajo and neighboring tribes who receive water from the City of Gallup.

This Gallup Ground Water Wells design and construction is a Number One (1) - Priority project. The next Priority is to Develop Additional Well Fields to supply potable water during the time period waiting for USBR NGWSP surface water supply. This would include Mandatory Emergency Water Conservation Measures, such as installing back-up emergency water loading stations for supplying drinking water for people who must haul water as Matching Recipient - Drought Resiliency grant funds. Gallup Water Wells funded by the USBR will be used for supplemental supplies during times of environmental emergencies, to serve the City of Gallup and neighboring Native American communities which will be facing a public health crisis due to a lack potable water without this ground water wells award.

This grant award will assist in helping to restore trust with local communities by expanding lines of communication and improving relationships with local stakeholders which has a foundation of collaboration with McKinley County and the Navajo Nation Water Management.

Meetings will be held with the professional engineering firm and contractor as needed to address any concerns.

The current **Stake Holders** are: USBR, the State of New Mexico, Navajo and Jicarilla Nations. All these stake holders support the USBR – NGWSP, and Gallup Ground Water Wells projects.

C.4.4. TASK D— DOMESTIC WATER SUPPLY PROJECTS FOR TRIBES OR DISADVANTAGED COMMUNITIES

The Primary Purpose of this project: *FY24 Gallup – Drought Resilient – Ground Water Wells* is construction of domestic water supply ground water wells to provide domestic water supplies to disadvantaged communities such as the City of Gallup and neighboring Tribes that do not have reliable access to water supplies. Which includes the development of two

new potable ground water wells supplies and associated infrastructure for treatment and delivery. *See SUB CRITERIA A1.a*

A1.a Adds to Available Water Supplies

This *FY24 Gallup – Drought Resilient – Ground Water Wells* project **increases access to water supplies that are not currently available to the City of Gallup by groundwater extraction,** and **adds to Available Water Supplies**. This project is an extension of the USBR - NGWSP conveyance water system to bring new water supplies and associated infrastructure into the City of Gallup, and later in time for delivery to help to connect to outlying Native American population service areas. The Navajo-Gallup Water Supply Project (NGWSP) is designed to provide a long-term sustainable water supply to meet the future (40-year) population needs of approximately 250,000 people in these communities through the annual delivery of 37,764 acre-feet of water from the San Juan Basin. The project's eastern branch will divert approximately 4,645 acre-feet of water annually with no return flow to the San Juan River. The project's western branch will divert the remaining 33,119 acre-feet of water with an anticipated average annual return flow of 1,871 acre-feet.

Using the Using the CEJST's methodology and data information - Federally Recognized Tribes, including Alaska Native Villages, are also considered disadvantaged communities, and McKinley County including Gallup, NM have high Poverty Level Income levels.

Detailed Description of the City of Gallup project will serve:

"FY24 Gallup – Drought Resilient – Ground Water Wells project

The Primary purpose of the *FY24 Gallup – Drought Resilience – Ground Water Wells* project is to provide domestic water supplies to communities and local Native American tribes that do not have reliable access to domestic water supplies.

More than 40 percent of Navajo households rely on water hauling to meet daily water needs. Most of these communities have no businesses, schools, or hospitals, which makes the City the central economic and social hub for the area. Over one-third of homes in the rural Navajo Chapter communities of the "Gallup Water Commons" do not have running water, and the primary method of meeting water needs is collection and hauling of water in various sized containers from identified public water sources.

Between 2019 and 2021, the Gallup experienced a 6.7% increase in COVID related potable water demand. The increases were caused by increases of out-of-town uses. This difference, amounting to about 41 million gallons per year (3.10 million gallons per month), is equivalent to the production of one new well.

This scenario only touches the surface of a deeper set of problems: the City's groundwater supply has been depleting year-by-year with no re-charge, and the City's existing wells are not adequate to meet projected demand in the immediate term and over the coming 5 to 7 years.

All of the above is further complicated by the deepening of the extreme drought conditions plaguing the State, with the Gallup area among the hardest hit regions. Such conditions will only cause additional environmental and regional pressures on Gallup's water supply throughout the region.

To make up this lost water and protect local Drought Resilience, the City of Gallup is applying for funding to design and construct two ground water wells. The estimate construction cost of each well is $6,000,000. The New Mexico Office of the State Engineer groundwater permits, the well sites and utility easement are already in place.

Estimated quantity of additional supply the project will provide = 2,170 ac-ft per a 10-year period for 21 to 40 years, depending upon the average time span of a potable water well, based upon well characteristics of similar wells.

This estimate is **calculated** in acre-feet per year as the average annual benefit for this *FY24 Gallup – Drought Resilient – Ground Water Wells* project over ten years:

Pump schedule of proposed wells: Years 1-5 = 1,085 ac-ft; Years 5 -10 = 1,085 ac-ft; Years 11-20 = 2,170 ac-ft; Years 21 – 40 = 2,600 ac-ft.

We will extract within the State of New Mexico groundwater governance rules; and, these new Gallup Ground Water Wells will offset severe Drought periods.

The Wells will be used as a primary and supplemental supply when there is a lack of surface water supplies.

The City of Gallup does not have an active recharge program.
The Proposed wells will not adversely impact the aquifers, to verify this, please see the Appendix – "John Shomaker report – Drawdown" attached.

Groundwater monitoring will include: The City of Gallup's strategy to monitor the *FY24 Gallup – Drought Resilient - Ground Water Wells* - Professional Services, Design & Construction program's performance will be accomplished by gathering Scada data of water produced in an Excel spreadsheet report from the City's Water & Sanitation Department. Meetings will be held with the well professional engineering firm and contractor as needed to address any concerns.

Sub-criterion A2.c: Other Benefits

This project will Assist States and water users in complying with interstate compacts.
The Omnibus Public Land Management Act of 2009, Title X Part III (Public Law 111-11) signed on March 30, 2009, provided the authorization to construct this important project as a major component of the Navajo Nation San Juan River Basin Water Rights Settlement in New Mexico. The act requires that all project features are completed no later than December 31, 2024, unless the three signatory parties to the Settlement Agreement (the Navajo Nation, the State of New Mexico, and the Department of the Interior) agree to extend the completion date.

This project will benefit multiple sectors and low income, and Native American tribal stakeholders users.

This project will help prevent a water-related crisis or conflict which includes tension and possible future litigation if Tribal Water Rights are unresolved within our water basin.

E.1.1.2.-Sub-criterion A2: Environmental & Other Benefits.
This *FY24 Gallup- Drought Resilient – Ground Water Wells* project has a Water Conservation Plan and management component to serve to protect water supplies and its associated uses.

E.1.2 Evaluation Criterion B – Planning & Preparedness

(20 points)

This *FY24 Gallup- Drought Resilient – Ground Water Wells* project is ready to proceed. We plan to contract an experienced engineering design and construction Engineering firm – DePauli Engineering. The Drawdown Report has already been completed by John Shomaker, as seen in this document's Appendix. All Permits and easements are in place, and we will work with the USBR regarding any needed Environmental or Archeological requirements for this project.

E.1.3. Evaluation Criterion C- Severity of Actual or Potential Drought or Water Scarcity Impacts addressed by the Project

(15 points)

This **City of Gallup** - Water Commons **Drought Contingency Plan (COG-DCP)** is a plan for Severity of Actual or Potential Drought or Water Scarity Impacts, and has been prepared following the outline and requirements of the Bureau of Reclamation's WaterSMART grant process. The COG-DCP includes a drought monitoring framework, a vulnerability assessment, mitigation actions, response actions, operational and administrative frameworks, and a COG-DCP update process. The City is planning to receive surface water from the San Juan River via the Navajo-Gallup Water Supply Project (NGWSP) by 2029. The COG-DCP has been prepared in anticipation of that project, identifying the future monitoring framework and future vulnerabilities. The COG-DCP also includes a drought monitoring tool that uses drought stage indicators such as the U.S. Drought Monitor (Weekly Update), Drought Severity Index (Palmer), and the 6-month Standardized Precipitation Index to determine a site-specific calculated drought stage. Once water is provided under the NGWSP, San Juan River stream flow, snowpack, and Navajo Reservoir water levels will be added to the equation.

Based on the drought stage and duration, response actions will be taken to protect essential and secondary assets like fire protection, healthcare facilities, and indoor use over non-essential outdoor water use. Drought-stage-specific response actions include a public education campaign, voluntary water use restrictions, City-mandated water use restrictions, and emergency water rates for high water users. Drought mitigation actions were identified to reduce the potential drought risks and impacts. Mitigation actions should be implemented during all stages of drought, including Stage 0. These mitigation actions include construction under the NGWSP, construction of additional wells, potable reuse, NGWSP surface water recharge, and many water conservation efforts (meter replacement, leak detection, rebates, rate structure, and new construction standards). The COG-DCP is proposed to be evaluated and updated after moderate, severe, and extreme drought events or at least on an annual basis.

This proposed: *"FY24 Gallup - Drought Resilient - Ground Water Wells"* project is a Number 1 high Ecological and Watershed Health priority project. An absolutely critical Priority for the City of Gallup's *NGWSP Water Commons Drought Contingency Plan* is to develop additional Well Field/s, which is only second to completing the NGWSP which currently is on hold for at least 5 – 7 years. Drilling and developing Additional Well Fields is an essential, top priority.

Existing groundwater wells would become de-stressed and existing and future Droughts can be abated.

E.1.4. Evaluation Criterion D - Presidential and DOI Priorities

(15 points)

*May be awarded based on the extent that the project demonstrates support for the Biden-Harris Administration's priorities, including E.O. 14008: Tackling the Climate Crisis at Home and Abroad, E.O. 13985: **Advancing Racial Equity and Support for Underserved Communities** Through the Federal Government, and the President's memorandum, Tribal Consultation and Strengthening Nation-to Nation Relationships.*

Advancing Racial Equity and Support for Underserved Communities:

We Need to provide water for over one-third of homes in the rural **Navajo Chapter communities** of the "Gallup Water Commons" that do not have potable running water, and the primary method of meeting water needs is collection and hauling of water in various sized containers from identified public water sources. The Navajo Nation and its Utility Authority maintain numerous such water stations, under COVID-19 public health crisis orders, most of these stations were closed for extended periods of time to everyday water-haulers. Many hundreds of households now use public water stations in the City of Gallup.

Between 2019 and 2022, the Gallup Regional Water System experienced a 6.7% increase in COVID related water demand. The increases were disproportionately caused by increases of out-of-town users. The City's engineering team projects that this upward trend will continue in the coming months and years, as existing supply sources struggle to keep up with regional water demands. This difference, amounting to about 41 million gallons per year (3.10 million gallons per month), is equivalent to the production of one new well.

This project will assist States and water users in complying with interstate compacts. The Omnibus Public Land Management Act of 2009, Title X Part III (Public Law 111-11) signed on March 30, 2009, provided the authorization to construct this important project as a major component of the Navajo Nation San Juan River Basin Water Rights Settlement in New Mexico. The act requires that all project features are completed no later than December 31, 2024, unless the three signatory parties to the Settlement Agreement (the Navajo Nation, the State of New Mexico, and the Department of the Interior) agree to extend the completion date.

Gallup's and surrounding communities NGWSP surface water delivery is delayed for an unknown period of time. The entire area is dependent on groundwater until the surface water is available. This means that the unincorporated communities, like Williams Acres and Catalpa Hills will connect to the Gallup Regional Water System and will receive groundwater supplied by COG wells, will have to wait to receive essential wet running water. Interruptions with potable water to these business could possibly result in health risks; for example, during pandemic situation/s, and there could be potential shortages of drinking water supplies. All of the above is further complicated by the deepening of extreme drought conditions plaguing New Mexico state, with the City of Gallup area among the hardest hit regions. Such conditions will only cause additional pressure on existing Gallup water supplies by users throughout the region.

Local or economic losses that occurred in the past, or could occur in the future - Unfortunately, the Navajo Nation, the State of New Mexico and the US Bureau of Reclamation have agreed, without concurrence by the City of Gallup as a co-investor and co-beneficiary of

the project, to modify the design of a critical element of the NGWSP and, as a result, to push out the completion date to around 2029. This re-design, and at least a 5 to 7 year delay in the completion date of the project, have two adverse impacts on the City of Gallup:
1) the project will incur additional costs, for which supplemental federal funding will be needed; and 2) the City will be required to invest in a series of new groundwater wells, costing upwards of $50 million. Given the undefined extension of time to construct and begin operation of the NGWSP, the City of Gallup does not know when the surface water will arrive. Relying on the U.S. government assurances, the city has spent over $32 million on the project. Because of the extended project delay, including inflation costs factored in, may double the cost estimate to over $2 billion to complete the Navajo-Gallup Water Supply Project. Especially since, as mentioned in a 7-13-2021 Albuquerque Journal article: titled: "Navajo-Gallup water project faces $330 million gap" stated: *Patrick Page, manager of the U.S. Bureau of Reclamation's Four Corners construction office, said the: "the Navajo-Gallup Water Supply Project cost is now estimated at $1.7 billion."* There is uncertainty in the existing groundwater production facilities because of lack of active production wells, while the City is paying for NGWSP, which leaves the City of Gallup with no funds for new well construction and limited funds for well maintenance. Without the Bureau of Reclamation's assistance, the City of Gallup cannot afford to pay for the surface water pipeline and drill approximately 3,500 ft. deep wells that cost $6 million each.

There are public health crisis concerns or social concerns include Gallup and surrounding communities water quality concerns include – mitigating drinking water standards violations including COVID-19 and other Health concerns are at a critical level, huge risks of wildfires, shortage of drinking water supplies; especially, during New Mexico state's current - Extreme and Exceptional Drought conditions threats that directly impact local and global health if fresh drinking water may not be available. Without this new ground water wells grant award there could be enormous drinking water supply shortages, including future possible ongoing pandemic situations.

Environmental problems that have occurred, can happen again in New Mexico which can lead to widespread Severe, Extreme, and some Exceptional Drought in the West. Livestock suffer; producers are selling herds; feed costs are high; emergency CRP grazing is authorized; crop yields are low if Fire danger is extreme, Irrigation allotments decrease; vegetation and native trees are dying. Wildfires sparking closures in national forests and hydropower production concerns due to very low water levels.

Ecosystem damage due to drought can result in major fish kills as bodies of water dry up. They can also lead to pest outbreaks, declines in wildlife, and forest diebacks – all of which reduce the viability of key ecosystem services that we depend upon.

We must prepare our communities and vulnerable populations for disasters such as mega-droughts, to deal with alleviating environmental stress of depleting critical groundwater supplies, enabling the City of Gallup to make preparations that boost our environmental resilience to these hazards.

Without this grant funding - ongoing or potential impacts to specific environmental, ecological and watershed impact sectors will continue to include limited water and sanitation access, and affordability issues.

E.1.5. Evaluation Criterion E —Readiness to Proceed & Project Implementation

(10 points)

The proposed project is capable of proceeding upon entering into a financial assistance agreement.

Readiness to Proceed and Project Implementation are described in the Milestones and narrative below:

Milestone / Task / Activity	Approx. Planned Start Date	Approximate Planned Completion Date
1.Environmental & Cultural Compliance	10/31/2024	2/30/2025
2 NMOSE Ground Water Permit	In-place	In-place
3.Aquire temporary access permit from adjacent property owners (private)	10/31/2024	2/31/2025
4. Prepare plans, specifications, and hydrology report, preliminary	2/31/2025	8/30/2025
5. Final contract documents ready for bidding	8/30/2025	10/31/2025
6. Advertise for competitive construction bids	9/31/2025	12/31/2025
7. Award contract	12/31/2025	6/31/2026
8. Well construction, pump test and disinfection	8/30/2026	9/31/2027
9. Well house construction, pump installation	8/30/2026	9/31/2027
10. Begin pumping water to Gallup Regional Water System	5/31/2027	9/30/2027
Grant Completion Date		9/30/2027

1. Environmental and Cultural clearance can be performed while the well drilling permit approval by the NM State Engineers Office is underway if needed. The time frame is usually about 6 months to receive clearance and approval. All property is private, fee simple status.

2. NMOSE groundwater diversion permit for 2,600 ac-feet of water under G-80/SJ1491 is in place. The permit is needed to pump water from the well to the Gallup Regional Water System for municipal, commercial, industrial, irrigation and other uses.

3. Temporary access easement from the adjacent property owner will be required for the construction of the well. Well drilling rig, drill pipe, water tanks, circulation pit and other drilling procedures may require more property for the well construction than the City owns. Temporary easement is single occurrence needed only for the well construction and will be acquired by the well driller if needed.

4. Prepare preliminary construction plans, specification, and contract documents according to the grant agreement requirements for bidding, preference, and schedule.

5. Issue final construction contract documents with labor rates, permits and other necessary terms. Time for preliminary and final plans and specification is 6 months.

6. Advertisement for competitive construction bids bid opening should start approximately - June 2025.

7. Award contract to lowest responsive bidder and execute contract for construction. Time frame for contract negotiation and execution is approximately 2 months.

8. Construct well, conduct pump test and disinfect well, time frame is six (6-12) months.

9. Construct well house and install well pump, schedule is six (6-12) months based on deep well submersible pump delivery time.

10. Begin pumping water to the Gallup Regional water system for municipal, commercial, industrial, irrigation and other uses.

The implementation plan of this *FY24 Gallup – Drought Resilient - Ground Water Wells* project includes an estimated project schedule and cost estimate that shows the stages and duration of the proposed work, including major tasks, milestones, and dates.

This project will commence immediately upon receipt of the grant funding. All permits and easements are in place.

E.1.5. Evaluation Criterion F—Nexus to Reclamation

(5 points)

This *FY24 Gallup – Drought Resilient – Ground Water Wells* proposed project is connected to a Reclamation project/ activity.

The nexus between this proposed project and a Reclamation project or Reclamation Activity is that the City of Gallup does have a water service, repayment, and O&M contract with Reclamation. **The City of Gallup currently has a Right of Capacity,** Cooperative Funding and Repayment contract with the Bureau of Reclamation.

• The City of Gallup has not yet received Reclamation water through a Reclamation contractor, or by any other contractual means. Since the Navajo Gallup Water Supply Project. (NGWSP) is currently in construction phase. This project will provide drinking water to the region while surface water from the NGWSP is delayed.

• The Navajo-Gallup Water Supply Project, once constructed, will be a major infrastructure project, and will convey a reliable municipal and industrial water supply from the San Juan

River to the eastern section of the Navajo Nation, southwestern portion of the Jicarilla Apache Nation, and the City of Gallup, New Mexico via about 280 miles of pipeline, several pumping plants, and two water treatment plants.

• The *FY24 Gallup -Drought Resilient - Ground Water Wells* – Professional Services, Design & Construction grant program benefits the Navajo and neighboring tribes who receive water from the City of Gallup.

E.1.6. Evaluation Criterion G— Stakeholder Support for Proposed Project

(5 points)

The "Gallup/NGWSP Water Commons Drought Contingency Plan" was and still is a collaborative process developed with input from multiple stakeholders and with a collaborative process. Such as the "*Gallup/NGWSP Water Commons Drought Contingency Plan"*.

These stakeholder agencies included:

- McKinley County,
- NTUA,
- NWNM Council of Governments,
- Navajo Nation Water Management,
- Jicarilla Apache's,
- NMSU, and
- ISC-OSE attended Task Force Meetings. Their input and comments are included in the final *Gallup/NGWSP Water Commons Drought Contingency Plan* report.

This project will foster relationships with tribal stakeholder organizations advocating for balanced stewardship and use of public lands. And, is a crucial Bureau of Reclamation Regional Priority.

POINTS OF CONTACT

Project Manager

Elizabeth Barriga
Environmental Program Coordinator
City of Gallup
PO Box 1270
Gallup, NM 87305-1270
505-863-1393
505-726-1278
ebarriga@gallupnm.gov

City Manager

Jon M DeYoung – City Manager
City of Gallup
PO Box 1270
Gallup, NM 87305-1270
505-863-1205
505-726-1278
manager@gallupnm.gov

Bureau of Reclamation Grant CONTACT

Attn: Grants.gov Customer Support
Name: Karen Shubert
By email: kshubert@usbr.gov
By phone: 801-524-3663

D2.2.10. Letters of Support

Included are letters of support:

THE NAVAJO NATION
Department of Water Resources
P.O. Box 678 · Fort Defiance, Arizona 86504 · Phone: (928) 729-4003 · Fax: (928) 729-4029

JONATHAN NEZ
President

MYRON LIZER
Vice-President

October 5, 2021

Ken Isakson.
Regional Drought Coordinator LCB-4412
U.S. Department of the Interior
Bureau of Reclamation, Lower Colorado Region
PO Box 61470
Boulder City, NV 89006-1470

Subject: **City of Gallup's Drought Resiliency Program Request for a Drought Well**

Mr. Isakson,

The Bureau of Reclamation (Reclamation) and the Navajo Nation Department of Water Resources (NNDWR) have discussed our concerns with the delay in the completion of the Navajo Gallup Water Supply Project. Due in part to that delay, the NNDWR supports of the City of Gallup's effort to secure funding for a well from Reclamation's Drought Resiliency Program. The proposed well will support the 2007 Memorandum of Understanding between the Navajo Nation and the City of Gallup concerning water supplies prior to the completion of the Navajo Gallup Water Supply Project. The Navajo Nation, in collaboration with Navajo Tribal Utilities Authority (NTUA), and the City of Gallup have cooperatively explored options to address the continued drinking water supply deficiencies for the City and the surrounding Navajo Communities. This drought well will provide the Navajo communities and the City a greater flexibility to meet the region's urgent water needs prior to the construction of the Navajo Gallup Water Supply Project and will be a supplemental water supply after completion of the project.

Please contact Robert Kirk, Principal Hydrologist, at robertkirk@navajo-nsn.gov or myself at jasonjohn@navajo-nsn.gov if you have any questions or if we need to schedule a meeting with Reclamation for further discussions. Thank you for your prompt attention to this letter.

Sincerely,

Jason John, Director
Department of Water Resources

CITY OF GALLUP

Louie Bonaguidi, Mayor
Linda Garcia, District 1 Councilor
Michael Schaaf, District 2 Councilor
Yogash Kumar, District 3 Councilor
Fran Palochak, District 4 Councilor
Maryann Ustick, City Manager
Curtis G. Hayes, City Attorney

America's Most PATRIOTIC SMALL TOWN
GALLUP NEW MEXICO

September 24, 2021

Ms. Debbie Romero
Cabinet Secretary
Department of Finance & Administration
State of New Mexico
180 Bataan Memorial Building
Santa Fe, NM 87501
Debbie.Romero@state.nm.us

RE: Water Funding for Gallup per 2021 House Bill 2/3

Madam Secretary:

We write this urgent letter in reference to the appropriation included in House Bill 2/3, 2021 Legislative Session, page 185, #31 (dollars re-stated in $0s):

> (31) DEPARTMENT OF FINANCE AND ADMINISTRATION: $2,000,000.00
> For financial assistance to local governments in New Mexico that experience extraordinary costs associated with the coronavirus disease 2019 public health emergency.

The original legislation was introduced in response to the unique circumstances being experienced in the Gallup area under a "perfect storm" of COVID-19, extreme drought, and unexpected changes in the federal timeline for the region's premier water project. We are now deep into that "storm" and would like to access the above-referenced $2.0 million in funding in order to install the essential water infrastructure needed to meet current and projected demand by the residents and businesses of the City of Gallup and of the neighboring rural communities that depend on Gallup's water supply system.

The Governor, the Legislature and the public are aware of the heavy impact of COVID-19 on the Gallup region, which included in May 2020 a total shutdown of interstate and other traffic from access into and out of the City of Gallup. The City's response, in collaboration with its neighbors in McKinley County, the Pueblo of Zuni and the Navajo Nation, has been strongly in-step with the Governor's public health orders, and we now have one of the highest vaccination rates in the nation. However, the immediate, and now longer-term, impacts of COVID-19 on our economy and on our public resources have been significant. Other than the human stresses related to disease, hospitalization and death, as well as to the effects of social isolation and loss of educational opportunity, our most severely stressed resource has been water.

The COVID-19 pandemic triggered a pronounced upward trend in the demands on the City's public water supply, breaking our historical water consumption "ceiling" of 3,200 acre-feet/year. One of Gallup's unique features as a major trading hub bordering the Navajo Nation is that we have public water loading stations that local and neighboring citizens can access to meet their household water needs. Over one-third of homes in the rural Navajo Chapter communities of the "Gallup Water Commons" do not have running water, and the primary method of meeting water needs is collection and hauling of water in various sized containers from identified public water sources. The Navajo Nation and its Utility Authority maintain numerous such water stations, usually located at local Chapter Houses, but under COVID-19 public health orders, most of these stations were closed for extended periods of time to everyday water-haulers. The next best option for many hundreds of households is the public water stations in the City of Gallup.

Between 2019 and 2021, the Gallup Regional Water System experienced a 6.7% increase in COVID-related water demand. The increases were disproportionately caused by increases of out-of-town uses. The City's engineering team projects that this upward trend will continue in the coming months and years, as existing supply sources struggle to keep up with regional water demands. This difference, amounting to about 41 million gallons per year (3.4 million gallons per month), is equivalent to the production of one new well.

This scenario only touches the surface of a deeper set of problems: the City's groundwater supply has been depleting year-by-year with no re-charge, and the City's existing wells are not adequate to meet projected demand in the immediate term and over the coming 5 to 7 years. We have known this for a long time, but through our partnership with the Navajo Nation, the State of New Mexico and the US Government, in the 1990s and 2000s a long-term water supply solution was planned by a consortium of local, tribal, state and federal agencies, and in 2009 it was subsequently federally authorized and funded for over $1 billion: the *Navajo-Gallup Water Supply Project (NGWSP).* The "firm" deadline in that legislation was December 31, 2024, at which time surface water from the San Juan River would become available to the Gallup regional water system, by which both the City and its many rural neighbors would be assured a sustainable water supply. Existing groundwater wells would become de-stressed and take on the secondary function of backup systems when needed due to surface water shortages in the Colorado River Basin and other potential supply interruptions.

Unfortunately, the Navajo Nation, the State of New Mexico and the US Bureau of Reclamation have agreed, without concurrence by the City of Gallup as a co-investor and co-beneficiary of the project, to modify the design of a critical element of the NGWSP and, as a result, to push out the completion date to around 2029. This re-design and at least 5-year delay in the completion date of the project have two adverse impacts on the City of Gallup: the project will incur additional costs, for which supplemental federal funding will be needed – probably with local match requirements that the City of Gallup cannot afford; and the City will be required to invest in a series of new groundwater wells, costing upwards of $16 million, in order to be able to deliver water to City and neighboring customers in the project service area for an additional 5 years in the absence of the anticipated surface water supply from NGWSP.

All of the above is further complicated by the deepening of the extreme drought conditions plaguing the State, with the Gallup area among the hardest hit regions. Such conditions will only cause additional pressure on Gallup water supplies by users throughout the region.

In light of all of these factors, rendered all the more urgent by the multiple impacts of the COVID-19 pandemic, we would like to utilize the $2.0 million House Bill 2 appropriation, in combination with other funding being sought in parallel, to support and accelerate construction of a new groundwater well as part of our plan to meet the water needs of our region's citizens.

We would appreciate your advice and assistance in how we may proceed to access this appropriation and commence the much-needed work at hand. For your initial reference, we are attaching the cost estimates for "Well #1/SJ 1491," as evidence of our readiness to implement the project. We stand ready to provide any and all additional detail that you might need, and to provide our request in whatever form you may require.

Thanks always for your leadership in moving resources to where the need is greatest in our State.

Sincerely,

Maryann Ustick
City Manager

Attachment

cc: Louie Bonaguidi, Mayor, City of Gallup
Gallup City Council Members
Curtis Hayes, City Attorney, City of Gallup
Marc DePauli, DePauli Engineering & Surveying LLC
Mark Fleisher, Lobbyist, City of Gallup

NEW MEXICO INTERSTATE STREAM COMMISSION

BATAAN MEMORIAL BUILDING
ROOM 101
P.O. BOX 25102
SANTA FE, NEW MEXICO 87504-5102
(505) 827-6160
FAX: (505) 827-6188

January 12, 2022

Louie Bonaguidi
City of Gallup, Mayor
110 West Aztec Avenue
Gallup, NM 87301

RE: Letter of Support for City of Gallup's Proposal to Fund New Groundwater Wells

Dear Mayor Bonaguidi:

In late 2021, the City of Gallup ("City" or "Gallup") requested the New Mexico Interstate Stream Commission ("NMISC") staff submit a letter of support on behalf of Gallup's request to secure additional funding for new groundwater wells through the Bureau of Reclamation's ("Reclamation") Drought Resiliency Program. Please accept this letter on behalf of the NMISC in support of Gallup's proposal to Reclamation to secure additional funding.

Gallup's current water supply is groundwater pumped from wells. The City has indicated publicly, and to the NMISC, that a potential extension of the Navajo Gallup Water Supply Project ("NGWSP" or "Project") construction completion deadline beyond the current deadline of 2024 may affect the City's ability to continue to provide water to its service area. The City has also expressed concern related to the short-term viability of the Gallup Regional System.

The NMISC supports all efforts to bridge water supply to the City and adjacent areas between 2024 and the final completion date of the Project, since the ultimate goal of the NGWSP is a long-term, renewable, and sustainable water supply that benefits all Project partners for years to come. Please note that all future wells must be drilled in compliance with any conditions of approval required by the Office of the State Engineer ("OSE"). Also, the NMISC encourages the City to verify the sufficiency of any potential permit application(s) with the OSE District I office in Albuquerque.

In conclusion, the NMISC fully supports the City's request for additional funding from Reclamation and urges its approval by Reclamation. Please contact Christina Noftsker, Water Resource Professional, at christina.noftsker@state.nm.us, should you have any questions.

Sincerely,

Rolf Schmidt-Petersen, Director
New Mexico Interstate Stream Commission

cc: Mike Hamman, Governor's Office
Mark Sanchez, Chairman, NMISC
John Romero, Acting New Mexico State Engineer
Patrick Page, Four Corners Construction Office, Reclamation
Jason John, Navajo Nation Water Management Branch
Ali Effati, NMISC
Christina Noftsker, NMISC
Dominique Work, NMISC Wayne Canon, District I Manager, OSE
Mark DePauli, DePauli Engineering