

NAVAJO - GALLUP WATER SUPPLY PROJECT

QUARTERLY REPORT: OCTOBER - DECEMBER, 2019

February 4, 2020

Navajo Nation Water Management Branch

I. Background/Purpose/Beneficiaries

- a. Authorized for construction in March 2009 (Public Law 111-11) as part of Navajo Nation – New Mexico San Juan River Basin Water Rights Settlement Agreement.
- b. Purpose is to construct water transmission pipelines to convey treated San Juan River water to the Project area that includes Navajo Nation communities in New Mexico and Window Rock; the southwest area of the Jicarilla Apache reservation, and the City of Gallup for domestic, commercial, municipal and light industrial purposes.

II. Scope

- a. Cutter Lateral – Starts at Cutter Reservoir and will serve eastern Navajo communities and provide a connection to serve the Jicarilla Apache Nation.
- b. San Juan Lateral – Starts at the San Juan River and will extend south, roughly following US Hwy 491 through Gallup, with extensions toward Window Rock, AZ and Crownpoint, NM. Includes turnouts along the way to serve Navajo communities between Shiprock and Gallup, NM.
- c. Two water treatment plants, numerous pumping plants and storage tanks
- d. Designed to serve a 2040 population of approximately 250,000 people.

III. Construction Schedule

- a. Project is divided into reaches and blocks for construction. (see map)
- b. Settlement funded construction began in April 2012 on Reach 12a.
- c. Legislated deadline to complete construction is December 31, 2024.

IV. Construction Sequencing

- a. As part of the planning process, agreements have been developed to:
 - i. Provide for a flexible approach for project design and construction to deliver water to existing or planned future distribution systems.
 - ii. Provide for structured process for making modifications.
 - iii. Maintain costs within the indexed Congressional authorized ceiling.
 - iv. Identify responsibilities of the Project participants.
- b. In order to meet legislated deadline, simultaneous construction will occur in the Project area by various Project Participants including U.S. Bureau of Reclamation, Navajo Nation, City of Gallup and Navajo Area Indian Health Service (IHS). Reclamation is the lead construction agency and has developed Financial Assistance Agreements (FAA) with partners to assist in construction.
- c. Initial facilities will be constructed to convey water to areas that have immediate needs. Demands will be met in short term by existing groundwater wells.

- i. In 2012, Reclamation started construction near Twin Lakes, north of Gallup to eventually deliver short-term groundwater from Twin Lakes to Churchrock and Iyanbito, NM through the City of Gallup. In order to accomplish this, portions of Reaches 12, 13, 14, 27 and the Tohlakai Pumping Plant are being constructed. First groundwater deliveries are expected in spring of 2020.
 - ii. Navajo Nation and Reclamation are working to complete the Cutter Lateral to provide Project water to the communities on the eastern portions of the Navajo Reservation. First surface water deliveries are expected in 2020.
- d. The Project Construction Committee (PCC) has agreed to construct the remaining San Juan Lateral northward from Twin Lakes, NM towards the San Juan River.
- e. In 2015 and 2016, Reclamation provided a total of \$999,983 to the Navajo Nation to develop Preliminary Engineering Reports (PERs) for connections to existing water systems on the San Juan Lateral. In July 2016, the Navajo Nation awarded a contract to Souder-Miller & Associates for this purpose. This work is scheduled for completion in 2019.
- f. In addition, New Mexico, through their Tribal Infrastructure Funds, is assisting with planning and design funds for connection plans to communities east of Huerfano/Nageezi, Crownpoint lateral region and regional wastewater treatments in the Shiprock and Gallup regions.
- g. Project construction website: <https://www.usbr.gov/uc/progact/navajo-gallup/index.html>

V. Design/Construction Status

- a. Reach 1: Design Schedule: On hold pending SJGS investigations; VE Study: June 3, 2019; 60% Design: August 26, 2019. Hogback irrigation diversion structure has undergone water quality testing and has been modeled as the preferred alternative intake for the San Juan Lateral. Water quality testing was performed after the Gold King Mine spill and report was released in June 2016. Intake appraisal study: August 2016, including an intake matrix analysis with alternative water treatment plant site locations. A final draft, *Feature Assessments: Hogback Diversion Dam to Fish Facility* was released by the USBR in August 2017. In September 2018, USBR released *Decision Memorandum – Assessment Recommendations - Hogback Headworks*. In April 2019, a contract was awarded to HDR to do a pilot study on the SJR Intake Plate Settlers and concluded at end of September. All Reach 1: Hogback Intake studies: On hold pending SJGS investigations.

Earlier this year, Public Service Company of New Mexico (PNM) approached Reclamation to see if there was interest in utilizing the river diversion and storage facilities associated with the San Juan Generating Station (SJGS) which they were planning to shut down in 2022. Reclamation, along with staff from NDWR and NTUA, toured the facilities and it was decided to conduct a high-level “fatal flaw” analysis to see if this concept was worthy of further analysis. Reclamation has wrapped up the fatal-flaw analysis, *Preliminary Analysis on the Potential to Incorporate the San Juan Generating Station’s River Diversion / Reservoir Facilities into the NGWSP* and presented their findings to project stake holders in July 2019. Additional analysis is being performed to determine the feasibility of this alternative. This analysis will be completed by the end of 2020, at which point a decision will be made to whether to use the SJGS facilities or stay with the Hogback Intake location. The facilities include the intake as well as the river side pumping plant, 2,700 acre-foot

reservoir, and reservoir pumping plant.

- b. Reaches 2 & 3 (Block 2-3): Design Schedule: 90% Design: August 5, 2019; ReviewC: September 16, 2019; Design, geological drilling and VE studies ongoing. ROW package for Block 2-3 ongoing. On hold pending SJGS investigations.
- c. San Juan Lateral (SJL) Water Treatment Plant (WTP): Design Schedule: 100% Design: August 2019. Design Build Update—Working on the 100% Technical Criteria Package (TCP). San Juan River Bench Test Study and geology studies ongoing. Regulatory Group meetings; draft white paper: 9/11/18, reviewed by Project Participants. Revised white paper(s): 11/30/18 & 03/21/19. Design-Build Contract Pre-Solicitation: Reclamation has made the decision to go with the progressive design-build delivery model, rather than traditional design-build. Procurement strategy being finalized. On hold pending SJGS investigations.
- d. Reach 4A & 4B: Design Schedule: 60% design: June 15, 2020; VE Study: October 1-4, 2019. Topographic drone survey: October 2018; geological field studies: July 2019. ROW (survey plats) in progress. VE Study held 10/1/19 and Final VE study distributed on 12/5/19 for review.
- e. Pumping Plants 2 & 3(Tsé Da’azkání and Tó Afts’íísí): Design Schedule: 60%: March 2020. VE Study: June 24 2019. On August 16, 2018, PIN 041: San Juan Lateral Pumping Plant Names, was finalized. Pumping Plant 2 is now Tsé Da’azkání Pumping Plant and Pumping Plant 3 is now Tó Afts’íísí Pumping Plant. Solicitation is scheduled for January 2021 with award in May 2021. Geological field studies began in September 2019 and ongoing.
- f. Reaches 4C-8 (Blocks 4C-8): Construction ongoing. Construction contract was awarded in September 2019 for \$83.78 million to Oscar Renda Contracting, Inc. Portions of Reach 8 were redesign due to realignment around grazing conflict area. Worked with NMDOT regarding ROW within US-491 ROW and agreement was completed. All of Block 4C-8 is on tribal trust land. RDC approved ROW Legislation no. 0085-19 on April 24, 2019. Pre-Con was held 9/24/19. NTP for issued non site work preliminary field work. Full NTP till January 2020. Anticipated completion date is January 21, 2022.
- g. Reaches 9-11 (Blocks 9-11): Construction ongoing (98%). Construction contract was awarded in September 2017 for \$61,687,875 to Oscar Renda Inc. Contract is for 28-mile section of pipeline. Preconstruction meeting was on 10/18/17. Received Cultural Clearance on 5/17/18. Partial NTPs – 1/29/18, 3/12/18, 3/27/18, 3/28/18. Full NTP for Reaches 10 & 11 provided on 6/1/18. All pipe installation completed in June 2019. Work on appurtenant structures, grouting pipe joints, removing stulls and modifications remaining. Leak testing ongoing. Reseeding schedule for spring 2020. Anticipated completion date is March 30, 2020.
- h. Reach 10.1, 10.2, 10.3 (Beacon-Bisti-N-9 Lateral) & Reach 12.3: Design Schedule: Reach 10.1 - 30% Design: December 9, 2019. Reach 12.3: 30% Design: March 18, 2021. In August 2018, the NNC approved Legislation 0277-18, supporting a Financial Assistance Agreement (FAA) between the NN and USBR for the design and construction of BBN9 Lateral (Reach 10.1, 2, 3, and Reach 12.3). On August 30, 2018 a FAA was awarded to the Navajo Nation for \$40 million dollars. A business unit number was issued by NN OMB. SMA submitted contract MOD under an existing contract to do the work. Preliminary Engineering Reports (PERs) for BBN9 Lateral is complete. Planning, field alignment

- assessment, and ROW has been initiated for Reaches 10.1, 10.1.1, 10.2, 10.2.1, 10.3, 10.3.1, 10.3.2, & 10.3.3. SMA has completed field staking.
- i. Pumping Plants 4 & 7(Tooh Haltsooi and Bahast'ah): Design Schedule: 100% design completed. Revised SpecB: Jan 27, 2020. VE Study: October 2016; Final VE: December 2016. 100% Specification sent to FCCO 9/11/18. On August 16, 2018, PIN 041: San Juan Lateral Pumping Plant Names, was finalized. Pumping Plant 4 is now called Tooh Haltsooi Pumping Plant and Pumping Plant 7 is now called Bahast'ah Pumping Plant. In addition Pumping Plant 1 is now called Tsétaak'áán Pumping Plant. Solicitation is scheduled for May 2020 with award in August 2020.
 - j. Reach 12a: Construction is complete. Consists of 4 miles of 42-inch water supply pipeline from community of Twin Lakes to top of Tohlakai Hill. A project-wide re-vegetation guideline has been finalized to assist re-vegetation the project area and awaiting final signatories. Re-vegetation work for Reach 12A's final stabilization was required by the EPA SWPPP permit. Task order for stabilization awarded August 2016 and Horizon Environmental was selected as the contractor. As of 12/11/2017, all re-seeding was completed for Reach 12a. Monitoring of re-seeding is ongoing. Construction contract is closed pending final as-built drawings and design documentation by contractors.
 - k. Tohlakai Pumping Plant: Construction is complete. Reclamation's contractor, Moltz Constructors, Inc., completed the construction the Tohalakai Pumping Plant after being awarded the \$19.5 million contract in April 2014. The pumping plant is located on the east side of US Hwy 491 between Reaches 12a and 12b. Original completion date was August 2016. Modified completion date was March 16, 2018. USBR will be developing a contract to reseed in March 2020. Final Contract Cost was \$21.6 million. City of Gallup is pursuing separate pump facilities. Reclamation to review impacts to existing system and also providing non project water to NN past COG.
 - l. Reach 12b: Construction is complete. In April, 2016, the construction contract was awarded to Weeminuche Construction Authority for \$3.66 million. Construction began in July, 2016 and original completion date was February 2017. Consist of 1.75 miles of 36-inch water supply pipeline from Tohlakai Pumping Station to junction at Yahtahey, NM. Modified completion date was June 16, 2018. Final walk-thru was 7/10/18. Construction contract is closed pending final as-built drawings and design documentation by contractors. Final Contract Cost was \$3.7 million.
 - m. Project 4: Construction is complete. The City of Gallup, Navajo Tribal Utility Authority (NTUA) and Navajo Nation coordinated the construction of Project 4 near Tohlakai, NM using New Mexico funds. Project 4 is an extension of the Twin Lakes NTUA system that will receive water from the Tohlakai Pumping Plant through a storage tank constructed on the west side of US Hwy 491 at the top of Tohlakai Hill.
 - n. Reach 12.1 and 12.2: (Navajo Code Talkers Lateral) Design Schedule: Revised SpecB Spring 2020; 100% Design: completed, September 2019; Solicitation: June 2020. Reclamation has completed review of 100% SpecD designs and anticipates a awarding a construction contract sometime in later 2020. Reach 12.3 (AZ), has been made a part of the Crownpoint Lateral FAA, which was awarded on 8/30/18.
 - o. Reach 22a (Cutter Lateral side): Construction is complete. Contract awarded in September 2015 to Meridian Contracting Inc. for \$11.8 million. A traditional ceremony occurred on October 30, 2015 to commemorate the initiation of Reclamation construction on the

Cutter Lateral side. Reach is substantially complete as of November 26, 2017. Final Contract Cost was \$12.2 million. Work to transfer 22a & 22b to O&M status is underway and scheduled for summer 2020.

- p. Reach 22b: Construction Ongoing (98%). Construction contract awarded in September 2016 for \$29.31 million to Motz Construction. Modified completion date is December 21, 2019. Pipe installation is complete. Electrical installation is continuing on both pumping plants. Work to transfer 22a & 22b to O&M status is underway and scheduled for summer 2020.
- q. Reach 21 (Cutter Water Treatment Plant): Construction: Ongoing. Design/Build contract was awarded in September 2016 for \$37 million to CH2M-Jacobs. Original completion date was September 9, 2019. The 60% design submittal was delayed until January 2018 to incorporate the VE Proposals. VE Study was held 9/11/17. CH2M-Jacobs re-submitted the 60% cost estimate on 4/12/18. New Mexico Environmental Department (NMED) has asserted the regulatory lead for all Cutter Lateral facilities located on State and Federal lands, including Cutter WTP. 60% design was finalized in July 2018. NTP given on 9/5/18 for mobilizing. The 90% design package submitted 10/2/18. 100% package submitted 2/19/2019. Revised contract value based on 100% design is \$69.2 million. Modified completion date is now December 21, 2020. On October 22, 2018, a Navajo traditional blessing occurred at the WTP site with project participants and leaders. Foundation concrete work for WTP buildings is complete. Concrete walls for buildings is ongoing. Phase 3 tie in in progress. Regulation Tank foundation in progress. Yard piping continues and primary steel ongoing. Mechanical & Electrical starting. Construction at 60%.
- r. All Reclamation construction on the Cutter Lateral is now either completed or underway.
- s. Reach 24.1 & 25: Construction is complete. As a result of a FAA with Reclamation, Navajo Nation awarded a \$9.8 million construction contract to Navajo Engineering Construction Authority (NECA) in September 2014 and the project was completed in the summer of 2017. Final inspection with all stakeholders was on March 16, 2017. Eleven month warranty inspection occurred on 3/14/18.
- t. Reach 24.1 JAN: Construction is substantially complete (99%). Construction contract was awarded to NECA for \$2.4 million. NTP was given in December 2017 and preconstruction meeting was in 4/11/18. NECA started clearing and grubbing in May 2018. NECA installed 8,000 LF of pipe. Final field inspection was on June 27, 2019. Estimated completion date is February 28, 2020.
- u. Reach 24.1 Lybrook: Design Schedule: 30% Design: Ongoing. Alignment field staking on June 27, 2019.
- v. Reach 26.1, 26.2, and 26.3: Construction ongoing for 26.1 and 26.2 (90%). Construction ongoing for Reach 26.3 (31%). Notice of Award given to NECA for \$10.4 million for Reach 26.1/26.2 in July 2018. Pipeline construction is complete. NECA installed 9 miles of fusible PVC pipe. Estimated completion date is February 20, 2020. Reach 26.3: NTP and Notice of Award in April 2019 for \$6.9 million. Construction ongoing. Estimated completion date is 05/07/20.
- w. Reach 13 & 27: Reaches within the City of Gallup. City of Gallup upgrading portions of its system.
- x. Reach 13 (\$5.8 million): Construction is complete. Construction began on in July 2014 consisting of pipe from Yatahey toward Gamerco, NM. Original contractor contract was terminated and remaining contract was awarded to SmithCo in March 2016. Construction

- completed in August 2017.
- y. Reach 27.5 (\$6.85 million): Construction is complete. Construction began in November 2013, consisting of three large storage tanks at north of Gamerco, NM. Reach is complete and operational.
 - z. Reach 27.6 (\$7.67 million): Construction is complete. Awarded June 2016 to TLC Plumbing & Utility. Construction complete as of April 24, 2018.
 - aa. Reach 27.7A (\$3.22 million): Construction is complete. Awarded September 15, 2017 to SmithCo Construction Inc. Construction was substantially complete by end of December 2018. Final completion date was March 10, 2019. Final close out by end of December.
 - bb. Reach 27.13 (\$3.23 million): Construction is complete. Awarded September 15, 2017 to SmithCo Construction Inc. Construction was substantially complete by end of December 2018. Final completion date was March 10, 2019. Final close out by end of December.
 - cc. Reach 27.7B: Cultural work and ROW in progress. Received ROW packages from BIA and BLM and awaiting NN ROW which was approved by NN RDC.
 - dd. Reach 27.9 (\$5.84 million): Construction: Ongoing. Construction began in June 2019. Awarded in April 2019 to Adam Construction, Inc. Construction is 95% complete. Anticipated completion date is January 11, 2020.
 - ee. Reach 27.10/27.11/27.12: Design: 100%-90%-60% Design in progress.
 - ff. Reach 14: Reach 14 consists of connections to chapters surrounding Gallup. Design: Reaches 14.1 and Reach 14.2 (connection to Iyanbito community): Schedule: Design: 100% completed: July 2019; construction to start March 2020. IHS has also started initial investigations/design work on Reaches 14.6a, 14.7a, and 14.8a south of Gallup. Alignment staking completed as of August 2018. Schedule: October 2021 construction start.

VI. Construction Prerequisite Agreements & Documents

- a. Completed Agreements/Contracts and Updates available at:
<http://www.usbr.gov/uc/rm/navajo/nav-gallup/index.html>

VII. Budget/Funding

Project Authorization Ceiling was \$870 million at 2007 price level (subject to adjustments as indicated by engineering cost indices). Current Project Appropriation Ceiling in October 2018 dollars is \$1.160 billion.

- a. U.S. Discretionary (Appropriated) Funding.
 - i. Through FY2017 - \$388 million has been received.
 - ii. FY2018: \$67.679 million received and 100% was obligated by end of FY18.
 - iii. FY 2019 Budget includes \$67.603 million in construction funding and \$2.2 million of non-construction (O&M) funding for a total NGWSP budget of \$69.603 million of discretionary (appropriated) funding.
 - iv. FY 2020: President's Budget Request includes \$63.082 million in construction funding and \$3.05 million of non-construction (O&M) funding for a total NGWSP approved amount of \$66.132 million of discretionary (appropriated) funding.
- b. State of New Mexico Cost Share - \$50 million.
 - i. Anticipate the State applying for a credit of \$36.4 million for pipelines constructed using State funding and \$13.6 million in cash for a total of \$50 million.
 - ii. To date, Reclamation has provided State with a preliminary approval for \$8.824 million in credit for Eastern Navajo Pipeline and final approval for \$ 16.255 million for Gallup Regional System.

- c. Mandatory Funding.
 - i. P.L. 111-291 provides for total of \$180 million in FY 2012 through FY 2014
 - 1. The Project has received the full amount authorized under this authority
 - 2. Mandatory funding is available until expended.
 - ii. P.L. 111-11 provides for funding of up to \$500 million (in addition to appropriated funding) starting in FY 2020.

VIII. Federal Infrastructure Projects Permitting Dashboard and Navajo Nation Priority

- a. NGWSP was one of the 14 original high-priority projects identified by President Obama in 2011 to be expedited through the permitting/review process to create jobs.
 - i. Reclamation is working with other federal agencies (BLM, BIA, IHS), Navajo Nation and other Project Participants to explore ways to streamline the permitting and review processes associated with the Project.
 - ii. The expediting process will not relieve responsibilities to comply with environmental laws and regulations.
- b. The Navajo Nation re-issued an executive order in May 2017 to prioritize and expedite the review and approval of necessary permits to construct the project. A new executive order (draft), dated October 2019, is still awaiting OPVP signatories to re-issue the Navajo Nation executive order.

IX. Operation, Maintenance & Replacement

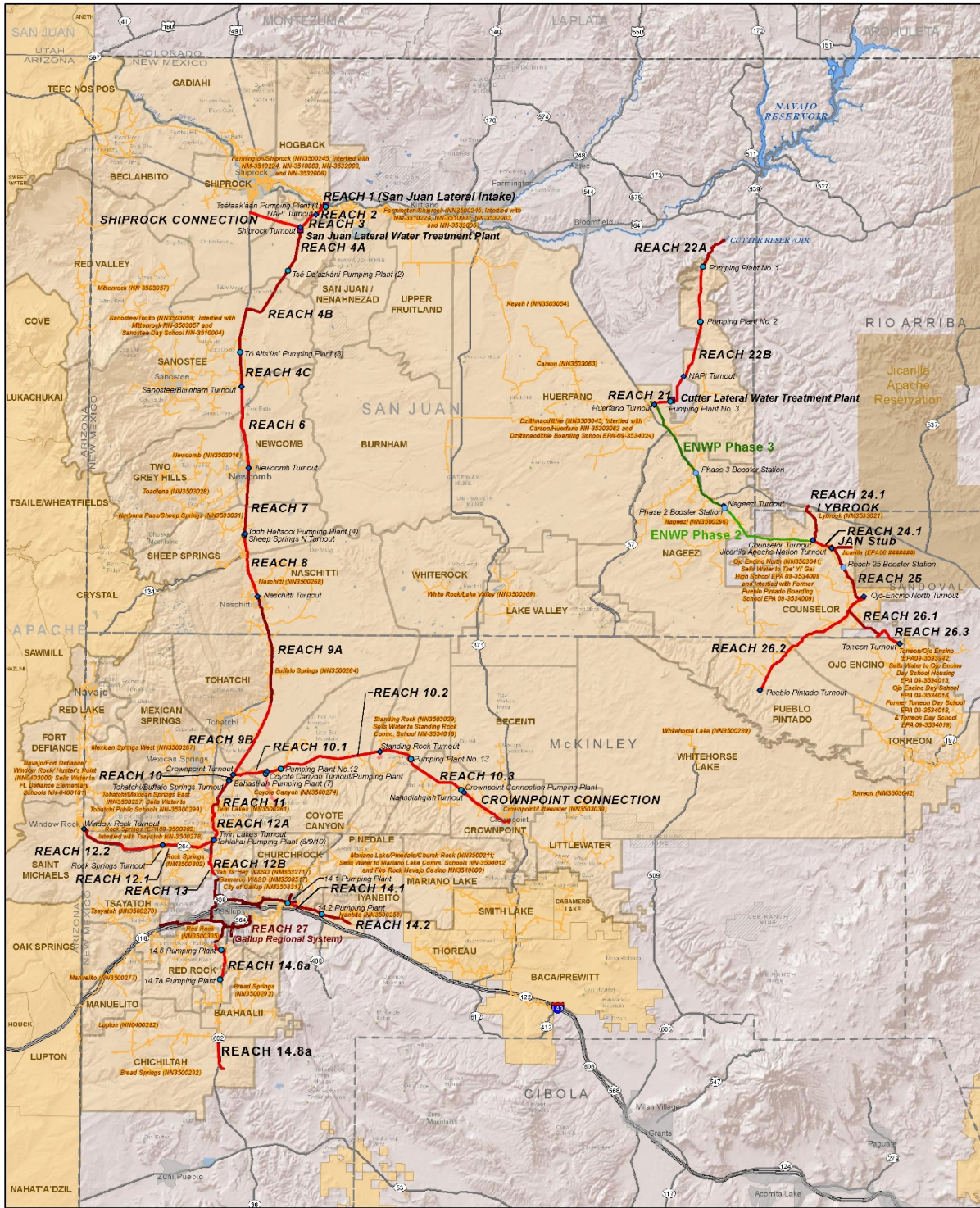
- a. NTUA will operate the Project, as agreed in the Operations MOU of 2012, not including portions the City of Gallup will operate (Reaches 13 and 27).
- b. Through the OM&R Transfer Contract (pending), it is envisioned that the Project will be brought on-line as facilities and reaches are completed. This will allow groundwater to be delivered to certain communities that have immediate need for the water.
- c. Navajo Nation, in coordinating with NTUA establish an emergency reserve and replacement fund that was approved by the Navajo Nation Council in October 2017 (Legislation No. 0136-17).
- d. Reclamation, with input from the Navajo Nation, is currently developing an Ability to Pay Study for O&M costs allocated to the Navajo Nation. The first public negotiation meeting on the OM&R Transfer Contract for the Cutter Lateral between Reclamation, NTUA, and NDWR was held on July 31, 2019, in Shiprock (NECA) NM.

X. NGWSP Project Related Legislation

- a. S.501 & H.R. 1406: "New Mexico Navajo Water Settlement Technical Corrections Bill" The bill makes technical corrections to the NGWSP authorizing legislation, including correcting the percentages allowed for cultural resources and environmental mitigation. Change was from 2% to 4%. President Obama signed into law on September 30, 2015. Public Outreach / Coordination with Project Participants
- b. In addition to the Project Construction Committee (PCC) and Project Operations Committee (POC), Reclamation conducts regular (individual) coordination meetings with the Navajo Nation Division of Natural Resources Departments and programs, the City of Gallup, Bureau of Indian Affairs, and Bureau of Land Management, respectively.
- c. Reclamation, NNDNR, and NTUA also hold monthly stakeholder coordination meetings

occur to address the intake options, storage options, O&M-related issues.

- d. Navajo Nation and Reclamation regularly participate in Navajo chapter outreach meetings to provide information relating to ongoing or planned construction work associated with the Project. USBR has put on numerous NGWSP Industrial Days, participated in McKinley County Water and Energy Day, Newcomb HS STEM program, and updates to the Navajo Nation NNC and RDC. The Navajo Nation and USBR had informational booths at both the Navajo Nation and Northern Navajo Fairs. The Navajo Nation and USBR also provided updates at the DNR Summits and NNEPA's Water Operator Certification & Training conferences. In August 2019, representatives from the Department of the Interior and the Navajo Nation traveled to Sweden to participate in the Stockholm International Water Institute's World Water Week. The Navajo-Gallup Water Supply Project was presented as one of the 277 sessions at the conference.
- e. Reclamation conducts tours of ongoing construction for Project Participants, other interested agencies, and the media.
- f. In October 2018, Reclamation published its first quarterly newsletter, designed to provide timely updates and provide facts and information regarding the project.
- g. Additional information: <http://www.usbr.gov/uc/rm/navajo/nav-gallup/index.html>
- h. Contact information:
 - i. Jason John, Director, Navajo Nation Department of Water Resources, P.O. Box 678, Fort Defiance, AZ 86504, jasonjohn@navajo-nsn.gov, 928-729-4003.
 - ii. Pat Page, P.E., Acting, Construction Engineer, Bureau of Reclamation Four Corners Construction Office, ppage@usbr.gov, (505) 324-5027.

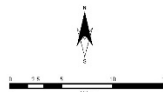


Navajo Gallup Water Supply Project RECLAMATION

Managing Water in the West

LEGEND

- San Juan Lateral
- Cutler Lateral
- Gallup Regional System
- Eastern Navajo Water Pipeline (ENWP) Phase 2
- Eastern Navajo Water Pipeline (ENWP) Phase 3
- Crownpoint (Beacon Blot N9) Lateral Connections
- Pumping Plant
- ◆ Turnout
- Navajo Tribal Utility Authority Distribution System
- Public Water System ID
- Navajo Nation Serviced Chapters
- Navajo Nation Non-Serviced Chapters



Note: Pumping Plant numbers reflect FEIS designations. Some pumping plants in original FEIS design have been combined and/or eliminated as a result of additional analyses and optimization studies.

Disclaimer: Not for construction purposes. Alignment may be refined as designs and field reviews are completed.



1695-529-537
 Last Update: August 14, 2018
 Print Date: 8/14/2018
 File Name: 1695-529-537 11x17