

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF WATER AND SEWER COMMISSIONERS MARCH 21, 2019, AT 8:30 A.M., IN THE PLANNING ROOM AT THE MUNICIPAL BUILDING, 101 N. HALAGUENO STREET, CARLSBAD, NM**

<b>VOTING MEMBERS PRESENT:</b>	<b>Russell Hardy</b>	<b>Member</b>
	<b>Gary Perkowski</b>	<b>Member</b>
	<b>Larry Henderson</b>	<b>Member</b>
	<b>Fred Beard</b>	<b>Member</b>
<b>VOTING MEMBERS ABSENT:</b>	<b>Craig Stephens</b>	<b>Chairman</b>
<b>EX-OFFICIO MEMBERS PRESENT:</b>	<b>Michael A. Hernandez</b>	<b>Ex-Officio/City Administrator/ Secretary</b>
	<b>Eddie Rodriguez</b>	<b>Ex-Officio/Mayor Pro-Tem/ Member</b>
<b>EX-OFFICIO MEMBERS ABSENT:</b>		
<b>OTHERS PRESENT:</b>	<b>John Lowe</b>	<b>Deputy City Administrator</b>
	<b>Ron Myers</b>	<b>Utilities Director</b>
	<b>Wes Nichols</b>	<b>Utilities Deputy Director</b>
	<b>Wendy Austin</b>	<b>Director of Finance &amp; Investments</b>
	<b>Joe Harvey</b>	<b>WWTP Superintendent</b>
	<b>Richard Aguilar</b>	<b>Environmental Superintendent</b>
	<b>Eileen Riordan</b>	<b>City Attorney</b>
	<b>Olga Ramirez</b>	<b>Assistant to City Administrator</b>
	<b>Scott Goodale</b>	<b>Mosaic</b>
	<b>Kevin Burns</b>	<b>3 Bear Energy</b>
	<b>John Speed</b>	<b>Oryx Delaware Operating</b>
	<b>Johnny Patterson</b>	<b>Oryx Delaware Operating</b>
	<b>Tim Green</b>	<b>Chisholm Energy</b>
	<b>Tyler Lane</b>	<b>Chisholm Energy</b>
	<b>Billy Melton</b>	<b>Oryx Delaware Operating (via telephonically)</b>
	<b>Mike Rhoades</b>	<b>Oryx Delaware Operating (via telephonically)</b>

Time Stamps and headings below correspond to recording of meeting and the recording is hereby made a part of the official record

**0:01:02 1. Roll Call and Determination of Quorum**

G.Perkowski called roll and it was determined that there was a quorum of voting members.

**0:01:17 2. Approval of Agenda**

The motion was made by L. Henderson and seconded by R. Hardy to Approve the Agenda. The vote was as follows, Yes: L. Henderson, G. Perkowski, F. Beard, R. Hardy No: None Absent: C. Stephens The Motion passed.

**0:01:32 3. Approval of Minutes of the Board of Water and Sewer Commissioners Regular Meeting held February 21, 2019**

The motion was made by L. Henderson and seconded by G. Perkowski to Approve the Minutes of the Regular Board of Water and Sewer Commissioners Meeting held on February 21, 2019. The vote was as follows, Yes: L. Henderson, G. Perkowski, R. Hardy, F. Beard No: None Absent: C. Stephens The Motion passed.

**0:02:09 4. Consider Approval of recommendation to increase Septage Rates at the Waste Water Treatment Plant**

J. Harvey stated that currently they have about 37 companies and 54 trucks hauling septage to the plant. He doesn't think they can take any more customers out there, he thinks they need to hold what they have. He said they would like to make a recommendation to raise the rates up to .10¢ a gallon, which is still less than everyone else in the area. He mentioned that Roswell rates are cheaper, but Roswell only accepts waste from the Roswell area. R. Hardy asked out of the 54 trucks what percentage comes from the largest customer. J. Harvey said about four trucks. He said they have seen a huge increase in the amount of sludge they produce; it's gone up about 30% over the last five years and they haven't seen a huge increase in the flow.

G. Perkowski asked how they decided to raise it to .10¢. J. Harvey responded they would try going up .10¢ this year and maybe next year go up to .12¢. R. Myers said they would go up the .02¢ and then evaluate the impact and review it in a year. F. Beard asked if that is what staff wanted to do and if the plant was overwhelmed. R. Myers responded they were reaching their capacity for accepting septage. J. Harvey said the sludge beds are full; he has made a recommendation for next year's budget for a machine that will thin it out before it goes out there, it will save on the capacity but that's a ways off. G. Perkowski asked what the plant was doing with the sludge. J. Harvey said they are composting it, giving it out to customers. He mentioned they use to send it to the Golf Course, but there's been a decrease in usage from the Golf Course, Parks and Sports Complex. The schools have been using it.

G. Perkowski mentioned one issue is when you see things need to be increased, you increase only a little but then you have to come back to the board to increase again. He asked how much revenue they would lose if their biggest customer went to Hobbs. J. Harvey said about 1/3. F. Beard asked if the new customers could pick-up the slack. J. Harvey said probably not. R. Hardy stated to the board it's only a .02¢ increase but percentage wise it's about a 25% increase, going to .12¢ a gallon would be a 50% increase. F. Beard asked if the money collected could be used to purchase the equipment to help with the increase of septage. R. Myers said they have put in for some funding to purchase a machine that would help with the solids and that would help with the capacity. Councilor Rodriguez asked if thickening the sludge would slow down the drying. R. Myers said it would shorten it.

The motion was made by L. Henderson to approve increasing the rate to .10¢ a gallon R. Hardy seconded the motion. The vote was as follows: Yes: L. Henderson, G. Perkowski, F. Beard, R. Hardy No: None, Absent: C. Stephens. The motion passed.

**0:10:18 5. Consider Approval for Oryx Delaware Oil Gathering to install multiple pipelines to transport oil from State Well Pad**

R. Aguilar mentioned to the board that Oryx was part of the Chisholm Well that is being drilled in the Sheep's Draw Wellhead. He said they are bringing a 4 inch oil pipeline; and will be removing the oil from the well. G. Perkowski stated so they are putting in the pipes and moving the oil out and they are aware of the oil restrictions. R. Hardy asked if it would be a surface line or buried. A representative from Oryx responded it would be buried below at 36 inches.

R. Myers stated to the board the ordinance specifics that any pipeline that is in the wellhead protection area be a double wall pipe. He said he wasn't really sure what that language meant. He just wanted to bring that to the boards' attention.

B. Melton stated he and Mike have about 25 to 30 years' experience each in the pipeline industry. He said they are not familiar with a double wall pipe that's available. They discussed it and to them it meant that the wall thickness is twice what is required to meet the pressure of the volume and capacity of the flow. He asked the board to notice in their Barlow calculations form, it shows that it not only meets the minimum pressure requirement it exceeds it. R. Hardy asked what type of line it would be. B. Melton said it would have fusion bonded Epoxy externally and it won't have any coating on the inside and its steel welded.

Councilor Rodriguez asked if the double wall question was an issue from the city's standpoint about the secondary containment. R. Myers responded that was the language in the ordinance.

M. Hernandez stated that Ms. O'Brien was working on the Ordinance; she would be making some of those corrections. L. Henderson said it sounds like it meets the standard. F. Beard stated he was concerned about monitoring the pressures for a leak. Is there one at one end or another so it could be found before it contaminated the water? He asked if there was something in the system that did that. R. Myers stated their application states there is, they have a third party control center that monitors the pipeline 24 hours a day according to their application information.

Councilor Rodriguez asked if there was a particular reason why a 1700 foot jog was put in. B. Melton stated that would probably have to do with BLM. R. Myers said it appears their pipeline would cross the city's waterline in two different locations. They will be required to adhere to the city's standards for crossing the pipeline. G. Perkowski asked how much of the line would be going over the wellhead protection area. R. Myers state about 1700.

The motion was made by L. Henderson and seconded by F. Beard. The vote was as follows, Yes: L. Henderson, G. Perkowski, F. Beard, R. Hardy No: None Absent: C. Stephens The Motion passed.

**0:23:26 6. Consider Approval for 3 Bear Delaware Operating to install multiple pipelines to transport water from State Well Pad**

R. Aguilar stated this was a similar request to the previous one but 3 Bear would be transporting water. Kevin Burns from 3 Bear Delaware said they would be transporting water to their salt water disposal facility which is on the east side of National Parks Highway. R. Hardy asked if the line would be a surface line or buried line. K. Burns stated it's a buried line. It will be a double jacketed line, the external will have a steel jacketed material that increases the maximum pressure of the line and in addition to that it will have a poly layer material that will protect the steel. F. Beard asked how often the pressure tests were done. K. Burns responded they will do the initial recommended pressure tests and then as long they are keeping it below the operating pressure they usually don't mess with it. If they see they are getting close to the maximum of the operating pressure system they will test the system again.

R. Hardy asked how long they expected to use this line. T. Lane stated the longevity of the well is about 20 to 30 years. R. Hardy asked what the life expectancy of the material was. K. Burns stated just as long. G. Perkowski asked what staff thoughts were. R. Aguilar responded that in the past it was done with poly pipe on the ground, they are developing better equipment to try to insure leaks, issues, or corrosion don't happen, of course nothing is 100% guarantee. F. Beard stated that leaks are almost inevitable even if its 20 or 30 years down the line. The key is how quick it's caught to minimize it.

The motion was made by R. Hardy and seconded by L. Henderson to approve. The vote was as follows, Yes: R. Hardy, F. Beard, L. Henderson, G. Perkowski, No: None Absent: C. Stephens The Motion passed.

**0:32:36 7. Consider Approval for Chisholm Energy to install single pipeline to transport gas from State Well Pad**

R. Aguilar stated this was similar to the previous two request expect they are transporting gas and will be transporting it to an existing site. T. Lane said their line will run north and tie into a sell line. They will put a similar pipe to what 3 Bear has. It will be a 4 inch line instead of a 6 inch line. It will have 750 max operating pressure same as 3 Bear; it's a 3/4mile pipeline. There will be one crossing over the City of Carlsbad waterline and they plan on doing a 3 foot depth case line. R. Hardy asked how wet the gas line was. T. Lane responded that is still to be determined. He said since it's deeper it should be more dry gas. R. Hardy asked as part of their maintenance program how often do they pig and inspect the lines. T. Lane said they pig and inspect at the very beginning. They pig as needed when they see a buildup. R. Hardy asked if they run the gas trough filters and check the filters for corrosion. T. Lane stated yes, that's all done on the well site, it's done before it goes in the pipeline. F. Beard stated the pig and the testing is not routine it's based on some data that is collected indicating there is a problem. T. Lane said yes, if there is liquid fallout, if pressure drops and temperature drops you will have some liquids fall out. When the liquids fallout you will see the pressure increase, that's an indication they will need to pig a line and push any fluid out. R. Hardy asked if this line was less risky than a fluid line. T. Lane said yes, it's less risky.

M. Hernandez asked how far apart their signage would be. T. Green stated probably every 200 to 300 feet. M. Hernandez stated in the past the city has had problems locating signs showing who was doing work on pipelines. T. Lane said if the city had a suggestion they would certainly add more

signage. G. Perkowski asked if staff has gone to see what they are doing or where it's going, he suggested if not maybe city staff should go inspect.

The motion was made by R. Hardy and seconded by F. Beard to approve. The vote was as follows, Yes: R. Hardy, F. Beard, L. Henderson, G. Perkowski No: None Absent: C. Stephens. The Motion passed.

**0:40:55      8.      Utilities Department Monthly Reports and Project Updates presented by Ron Myers**

R. Myers stated nothing unusual everything is going well. He reported the septage numbers are good; there was \$130,000 of revenue that came in. R. Hardy said it looks like Well #6 is back up and running. R Myers said Well 6 has been operational, but it did fail last week during the heavy storm. He said all the electrical work on well 9 has been done, they will need to pull the pump and do some work hopefully it will back on-line soon. R. Hardy asked with the power outage if any water production was lost. R. Myers responded yes, they were down about 5 or 6 hours. He said maybe they need to think about getting more generators or another reservoir. R. Hardy said so the expectation is that well 9 will be back up and working before the prime water season hits. M. Hernandez said yes, but that only give us a little capacity. R. Myers said that's why we need more generators.

R. Myers mentioned that the work on Double Eagle Phase III has begun. Right now it's just a lot of site preparation. He reminded the board it was about a 20 month project. F. Beard said they have discussed needing more generators before, could they go ahead and make a recommendation to council to purchase more generators. This is a problem and they are needed. R. Myers said he has requested funds to purchase a generator in next fiscal year's budget. G. Perkowski asked M. Hernandez to get a resolution of support showing the board is in support of purchasing more generators for the budget committee.

F. Beard asked if the city could develop an ordinance for the oilfields that requires them to report annually on pressure testing and the conditions of the pipeline. He said the companies don't do pressure checks or pig until they see a problem. M. Hernandez stated he has a list of things to talk to Ms. O'Brien with and he will include that.

G. Perkowski said he would like staff to know that during the storm there was an incident where the sewer backed up into his neighbors' yard. R. Myers said yes, they are monitoring the sewer line in the area. M. Hernandez said the builders in that area left everything open. He said they are looking at future upgrades in that area, which is going to be costly. G. Perkowski told city staff that the apartments in the area have blocked off the alley.

**0:57:56      9.      Financial Reports for January 2019 presented by Wendy Austin**

W. Austin reported on the Financials. She said the fund is favorable to budget. She brought to the boards' attention that 6 million had been transferred from fund 2. But fund 2 does not support just the Water and Sewer board. That fund is used for roads and other projects. She told the board to also notice the debt service transfer out is about 2 million. The debt service is really 4 million. She mentioned thanks to the former Finance Director who put away funds for that service, so the Water & Sewer fund wouldn't have to pay that. But that fund is gone, so next year it will have to be paid from


the Water & Sewer fund. G. Perkowski asked if that was the reason for looking at increasing the rates. W. Austin stated they need to look at the fund balance and see where they are comfortable at. W. Austin reported revenues are above budget and expenditures are below budget, which is good. She told the board to continue to keep in mind this is all due to the timing of Double Eagle.

G. Perkowski asked if the city was still looking at a company to come in and do a rate study. J. Lowe stated yes, they were supposed to present at this board meeting but they were unable to make it. They will be looking at the overall water rate structure. This company is familiar with other communities that have been impacted by the oil boom. They will be able to show the city what impacts it has on water and how they can adjust rates for different types of consumers. They will look at different models that will help with everything from the capital that needs to be done, the debt service and the ratio that works best for our community. L. Henderson asked what the time frame was. J. Lowe said they are probably looking at months.

R. Hardy told the board this would be his last meeting, he was retiring and would be moving to Roswell. He thanked everyone, and he appreciates working with everyone and good luck to them. He hopes that the decisions that were made today don't negatively affect the water going forward. Comments were made from the board and city staff thanking Mr. Russell Hardy for his service and wished him well.

**1:05:48      10.    Adjourn**

The motion was made by F. Beard and seconded by R. Hardy to Adjourn. The vote was as follows, Yes: L. Henderson, G. Perkowski, R. Hardy, F. Beard No: None, Absent: C. Stephens. The Motion passed.

  
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Chairman