

Carlsbad Brine Well Remediation Authority
Minutes
Special Meeting
September 20, 2019
New Mexico State Capitol, Room 311
Santa Fe, New Mexico

Members present:

Sarah Cottrell Propst, Chair	Energy, Minerals and Natural Resources Department
John Heaton	City of Carlsbad
Dennis McQuillan	New Mexico Environment Department
Andy Morley	Office of State Engineer
Susan Crockett (via phone)	Eddy County Commission
Cholla Khoury (via phone)	Attorney General's Office

Item 1: Call to Order; Roll Call

Chair Cottrell Propst called the meeting to order at 2:10 p.m. Roll call was taken; a quorum was present.

Item 2: Approval of Agenda

John Heaton moved adoption of the agenda, seconded by Dennis McQuillan. Motion passed unanimously by voice vote.

Item 3: Minutes of April 23, 2019 meeting

John Heaton moved adoption of the minutes, seconded by Dennis McQuillan. Motion passed unanimously by voice vote.

Item 4: Status Report

Jim Griswold, EMNRD Special Project Manager, presented an update on the Brine Well remediation project. Mr. Griswold's position at EMNRD changing so he can dedicate more time to the project. Mr. Griswold presented maps and information on recent project activity including regrading the site for stormwater and brine well release control, finalizing access to two remaining properties, and finishing additional upgrades. EMNRD is meeting with Carlsbad and Eddy County emergency management for an emergency response refresher; this is an ongoing relationship.

Mr. Griswold discussed the statutory requirement for the Authority to provide reports to the Legislative Finance Committee and the Radioactive and Hazardous Waste Committee by November 15th. He will attend a meeting of the Radioactive and Hazardous Waste Committee in November.

Dennis McQuillan emphasized that the on-site chief is tied into the emergency management system and John Heaton added that he's pleased the project is getting started.

Item 5: Review of proposed property access agreements

Chair Cottrell Propst thanked Mayor Janway, Mr. Heaton, Commissioner Steve McCutchen and his dad, and Commissioner Crockett for helping EMNRD negotiate these last access agreements.

John Heaton moved going into closed session to discuss the proposed property access agreement, pursuant to NMSA 1978, 10-15-1(H)(8). Dennis McQuillan seconded.

Vote was taken by roll call, and the Authority approved the motion unanimously. The Authority invited EMNRD General Counsel Bill Brancard and Jim Griswold into executive session to discuss the agreements. *Authority moved into closed session at 2:24 pm.*

Chair Cottrell Propst moved to return to open session at 2:35. John Heaton seconded and the motion was approved unanimously. The Chair stated that the Authority took no votes and discussed no additional issues besides what was identified in the motion for the closed session.

John Heaton moved to approve the access agreements, seconded by Dennis McQuillan. Motion passed unanimously.

Item 6: Review of proposed amendment of agreement between agency and design builder

EMNRD General Counsel Bill Brancard presented an overview of the contract and the proposed amendment which includes the final proposed design and proposed budget from Wood Environment and Infrastructure Solutions Inc. The change in the price is approximately an increase in \$3.9 million, from previous estimates and the contingency is reduced to 10% because this is a much more accurate estimate.

Wood replaced the drilling subcontractor after the initial projects in phase 1 were not satisfactory and drilling is key to the project. Wood obtained a new drilling subcontractor to get a company that has the resources and expertise for the specifications of this project. That is a part of the price increase included.

Dan Kwiecinski, Project Manager at Wood, answered questions about pricing, the amount of wells, and the details of securing a new drilling subcontractor for a project of this size and complexity. Chair Cottrell Propst emphasized that the prices are not overruns as the current proposed budget has items that were not budgeted in the original discussions.

John Heaton moved to approve the contract amendment, seconded by Dennis McQuillan. Motion passed unanimously by voice vote.

Item 7: Budget Discussion

Chair Cottrell Propst began a discussion on the current state of the project budget. Jim Griswold described how the project is currently funded with contributions from the City of Carlsbad and Eddy County (\$4 million each phased over 3 years) and appropriations from the DOT Road Fund (\$30 million over 3 years) and the Corrective Action Fund (\$2 million over 2 years) and capital outlay allocations (\$3.5 million). The current budget shortfall is almost \$9 million.

Chair Cottrell Propst reminded the members that during the past legislative session the funding was based on an estimate of costs. The increased amounts are necessary aspects of the project that must be paid. She acknowledged that there is money allocated but there is also a cash flow issue. Dennis

McQuillan added that this project is of the utmost importance in terms of public safety and it needs to be done right. Changes like this are pretty typical of a project of this size.

Matthew Lovato, EMNRD Administrative Services Director, stated that EMNRD has a request in for FY 20 to eliminate that shortfall, and we are working with the Department of Finance and Administration and the Legislative Finance Committee about some budget changes to address these cash flow issues.

Susan Crockett mentioned speaking with Representatives to update them about the project and get their support.

Jim Griswold described project cash flow. The project will spend over \$3 million a month for the next year as grouting is completed. John Heaton and Chair Cottrell Propst emphasized that the bulk of the spending is happening now, leading to the cash flow issue.

Item 8: Public Comment

Chair Cottrell Propst opened the floor for public comment. There was no public comment.

Item 9: Next meeting

Chair Cottrell Propst led a discussion about the availability of the Authority for the next meeting in Carlsbad, then asked if there was any other business before adjournment. John Heaton thanked the agency for keeping the Authority up to speed and emphasized the importance of the project for the City of Carlsbad. Jim Griswold thanked the Office of the State Engineer for expediting necessary permits. Dennis McQuillan added that the plans are very impressive from a technical basis.

Item 10: Adjourn

The meeting was adjourned at 3:06 p.m.

Approved by the Authority on:

Chair