

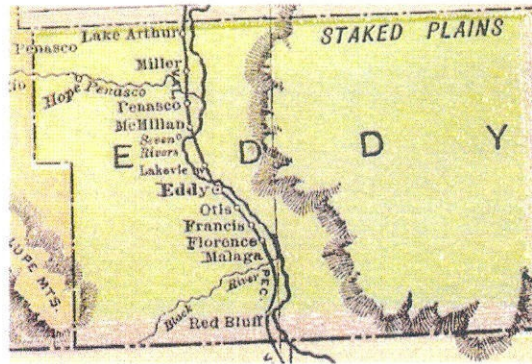
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2.1 CARLSBAD'S HISTORY

From the arrival of Europeans in New Mexico until the second half of the nineteenth century, southeastern New Mexico was largely the land of the Comanche and Mescalero Apache. During the Spanish Colonial, Mexican, and Territorial periods trade routes that would make Albuquerque and Santa Fe prosper largely bypassed the Middle Pecos Valley at the northern edge of the great Chihuahuan Dessert.

Following the Civil War and the advent of a US military presence in the southwest, Texas cattlemen attempted to graze cattle in the area. In 1866 Charles Goodnight and Oliver Loving established a route up the Pecos from Texas to Wyoming, the Goodnight-Loving Trail, and by 1867 John Chisum had driven herds into the area that today is Eddy County.

In 1884, New Yorkers Charles B. and John Eddy formed a livestock company with Amos Bissell to operate in southeastern New Mexico. One of their first ventures was the Halagueno Ranch, which covered the area from Seven Rivers to La Huerta, NM. In 1887, Charles B. Eddy built the Halagueno diversion ditch on the Pecos River, three miles above the later site of Avalon Dam and incorporated the venture as the Pecos Valley Land and Ditch Company. He sought funds from a Swiss bank to attract European settlers to the clean air and sunny climate. By late 1888 Eddy teamed with Pat Garrett, of Billy the Kid fame. Grandiose plans to irrigate half a million acres through water projects (including a system dams and a flume to transport water over the Pecos) were seen by Eddy as vital to attracting settlers to the treeless dessert. Charles Greene joined with Eddy to create a system of canals and flumes for diversion of water to their properties. Greene secured potential investors from the east, including Robert W. Tansill, manufacturer of the Punch five-cent cigar. Eddy and his partners laid out plans for a new town on the south bank of the Pecos River, which was incorporated as the town of Eddy on September 15, 1888.



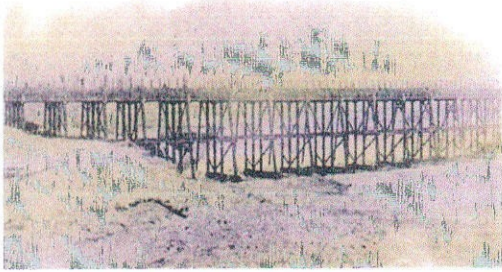
An early map of Eddy County, showing "Eddy" (now Carlsbad) and other settlements along the Pecos River.

In 1889, the first school in Eddy opened on South Main with 35 pupils. In 1890, the Witt brothers completed construction of a wooden flume near Eddy for irrigation, and the county seat moved from Seven Rivers to Eddy. In the same year, the bridge over the Pecos River at Greene Street was completed, and Avalon Dam and its attendant canal system were constructed. On January 10, 1891, the first railroad train arrived in Eddy on the newly completed line from Pecos, Texas.

By a vote of 83-43, the city residents voted to rename their community Carlsbad, after the famous European health resort, Karlsbad, Bohemia (now the Czech Republic) in 1899. The general content and related healing properties of the water in the two cities, continents apart, were virtually identical.

The Pecos Flume, one of the most impressive structures in Carlsbad, was rebuilt with concrete following the 1902 flood. The concrete aqueduct is Carlsbad's own "Believe It Or Not" entry -- the river that crosses itself. Originally built of wood, the flume, at the time of re-construction, was the largest concrete structure in the world. It is still in use, carrying Pecos River water from Lake Avalon across the river.

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The Pecos Flume, a key element of Carlsbad's irrigation infrastructure, before it was rebuilt of concrete in 1902.

Despite the setbacks caused largely by flooding (the Pecos would flood more than twelve times between 1888 and 1907 and disastrously in 1893 and 1904), city leaders convinced the US Department of the Interior's new Bureau of Reclamation to initiate the nation's second reclamation project in Carlsbad. In 1907 the Bureau rebuilt a system of dams and canals that irrigated 25,000 acres of previously unfarmed land, a far cry from Eddy's plan's to irrigate half a million acres, but enough to sustain the young community. A year later a road to El Paso was built and an airport followed in 1926. During World War II, the airport would be improved as Carlsbad Army Air Field, a site for Army Air Corps bombardier training.

Carlsbad Caverns, an outstanding profusion of diverse mineral formations that occur in a network of more than 80 limestone caves, began capturing local residents imaginations in the early 1900s, and the geological formations quickly began to draw visitors. President Calvin Coolidge named the Caverns a national park in 1930, preserving its beautiful formations. The park contains 83 separate caves within a Permian-age fossil reef, including the nation's deepest - 1,597 feet - and third longest. At fourteen acres, with a ceiling up to 250 feet high, the Big Room is one of the largest cave chambers in the world.

Additional recreational sites and natural environments in the area have been preserved

through federal and state action. Living Desert Zoo and Gardens State Park was established in 1971 and the Guadalupe Mountains National Park in 1972.

Brantley Dam, north of Carlsbad, was finished in 1988 at a cost of \$250 million. The dam harnesses the Pecos to reduce the incidence of flooding. Brantley State Park became one of New Mexico's newest recreation areas shortly after, providing a place to fish and enjoy other water sports. The visitor center includes historical exhibits about the "wild west" town of Seven Rivers.

Recent Carlsbad history has been dominated in part by WIPP, the Waste Isolation Pilot Plant. The WIPP project stems from America's Post-World War II effort to develop nuclear weapons. Solutions for disposing of the resulting waste products began as early as 1955 with US Atomic Energy Commission studies. In 1970 scientists selected a salt mine near Lyons, Kansas, tested it, and in 1972 decided it couldn't do the job. In 1975 a test bore was drilled in Carlsbad, largely as the result of lobbying by Joe Gant, a Carlsbad state senator. WIPP is the nation's first facility to permanently dispose of transuranic waste in deep underground vaults. The project has created new jobs in Carlsbad and has attracted a new generation of educated residents to the area. Congress authorized WIPP in 1980 and excavation began in 1981. By 1988, 7 rooms of a vast 2,150 ft deep subterranean network had been dug. The first barrels of waste arrived in 1998.



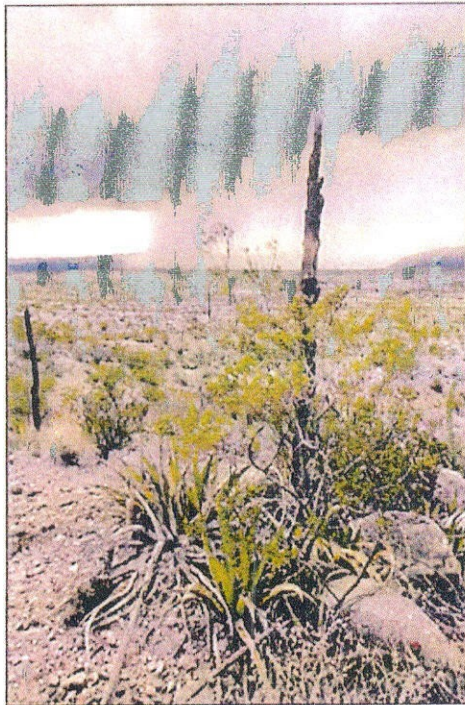
WIPP facilities outside Carlsbad.

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2.2 GEOGRAPHY

The City of Carlsbad, the seat of Eddy County and its largest community, is located in southeastern New Mexico in the Pecos River Valley about 25 miles north of the Texas border. The community is east of the foothills of the Guadalupe Mountains (at the southernmost part of the Rocky Mountain chain), and at the northern and eastern edge of the Chihuahuan Desert.

Most of the Chihuahuan Desert -- the largest desert in North America, covering more than 200,000 square miles -- lies south of the international border. In the U.S. it extends into parts of New Mexico, Texas and sections of southeastern Arizona. Its minimum elevation is above 1,000 feet, but the vast majority of this desert lies at elevations between 3,500 and 5,000 feet. Carlsbad is at an elevation of 3,100 feet.



Summer rain in the Chihuahuan Desert.

Winter temperatures are cool, and summer temperatures are extremely hot. Most of the area receives less than 10 inches of rainfall yearly. Carlsbad receives somewhat more; getting over 13 inches average rainfall. While some winter rain falls, most precipitation occurs during the summer months in the form of monsoons. This desert covers such a large area that it is difficult to characterize its geology, but limestone and calcareous soils are common.

Like the Great Basin Desert, this is a shrub desert, but the biological diversity of perennial plant life is relatively low. Yuccas and agaves, growing with grasses and often Creosote Bushes, give this desert its characteristic appearance. Prickly pears and Mormon Tea are also prevalent. Tarbush is sometimes a dominant shrub. Honey Mesquite grows along washes and playas. Whitethorn Acacia, Allthorn and Ocotillo are other large, conspicuous plants of the Chihuahuan Desert.

Carlsbad is relatively isolated. The nearest incorporated communities, Loving and Artesia are approximately 10 and 36 miles away respectively. The nearest metropolitan area, El Paso/Juarez, on the Texas-Mexico border, is 166 miles to the southwest. The Midland/Odessa, Texas metropolitan area is 184 miles to the southeast. Las Cruces, New Mexico is 210 miles to the west, and Albuquerque, New Mexico's major metropolitan area is 277 miles to the northwest. The state capital, Santa Fe, is 270 miles due north. Carlsbad's vicinity is shown in Map 1.0 at the end of this section.

	Distance from Carlsbad (miles)
Roswell	76
Hobbs	70
Santa Fe	270
Albuquerque	277
El Paso	166
Midland	184
Dallas/Ft. Worth	474
Lubbock	175

Table 2.1 Distance of Carlsbad From Other Cities

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2.3 LOCAL GOVERNMENT

The City of Carlsbad

The City of Carlsbad is an incorporated City within the State of New Mexico. Carlsbad uses a mayor/council form of government in which the Mayor is a member of the governing body, the city council. The City Administration, who is appointed by the Mayor with the approval of the governing body, is responsible for the day-to-day operations of local government. The Mayor is the chief executive officer of the city and is elected in non-partisan local elections. The Mayor presides over meetings of the governing body, but can only vote in the event of a tie. The Mayor appoints the members of the city's board and commissions, again with the approval of the Governing Body. In addition to the Mayor, the Governing Body consists of eight city councilors.

The Governing Body enacts by ordinance the administrative structure of the City, which includes city departments and their respective functions. The City Administration, subject to the approval of the governing body, appoints department directors, and all staff direction from the Mayor and the Governing Body is conducted through him or her.

Among the City Administration principal duties are the preparation of the City's annual budget and its five-year infrastructure Capital Improvements Plan (ICIP), which he submits to the Governing Body for approval. All municipal budgets must be submitted to the state's Department of Finance Administration (DFA) for approval prior to the beginning of each fiscal year. The ICIP plan must also be submitted to DFA.

In addition to the City Administrator, other important non-elected officials include the City Attorney, the City Clerk, the Chief of Police and the Fire Chief. The City Planning Commission, appointed by the Mayor, makes recommendations to the Governing Body regarding land use, zoning, and subdivisions, and other topics.

Eddy County

Eddy County is a political subdivision of the State of New Mexico. New Mexico law does not enable home-rule county governments. The powers of county government are, therefore, limited to those described either in the State's constitution or elsewhere in state law. Like many New Mexico counties, Eddy County uses a combined manager/commissioner form of government. The County Manager is appointed by the County Commission and is responsible for the day-to-day operations of County Government. All county residents, including those who live in incorporated cities, villages, and towns, elect County Commissioners in non-partisan elections. There are five county commissioners, all but one of who represents a district that includes a portion of the City of Carlsbad. The County Commission appoints members of Eddy County's boards and commissions, including its planning commission.

The County Commission enacts by ordinance the administrative structure of the county. The County Manager, subject to the approval of the County Commission, appoints department directors, and all staff direction from the Commission is conducted through him or her.

The County Manager prepares the County's Budget and its capital improvements plan, which, like the City's, are subject to DFA's oversight.

The County Planning Commission makes recommendations to the County Commission regarding the subdivision of land in the county.

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2.4 THE GREATER CARLSBAD ECONOMY

Greater Carlsbad's economy is based in extractive industries (the mining of potash, and drilling for oil and gas) and agriculture. These industries generate substantial indirect employment through the demand they create for goods and services. While local natural resources have a finite life, and are subject to cyclical economies, it is likely that they will continue to provide good paying jobs for at least several decades. The total number of the jobs, however, is projected to decline over time, necessitating local economic diversification.

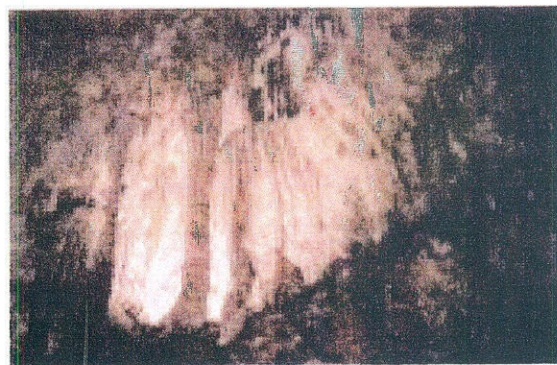
In the agricultural sector, alfalfa production and ranching are supplemented by cotton and pecan cultivation. In the last decade, Eddy County has experienced increases in dairy operations. Milk and cheese production have grown significantly. Water resources, high quality feed, a mild climate, and low cost land have each contributed to this growth.

Waste management, exemplified by the WIPP, has resulted in direct and indirect benefits for the region. Local environmental and geologic conditions make Greater Carlsbad an ideal location for waste storage, processing, reprocessing and recycling. The nation continues to have a significant hazardous and non-hazardous waste disposal problem. The renewed interest of the nuclear energy industry will aggravate issues around the disposal of hazardous wastes. Continued public debate about the issue, however, will extend the time it takes to bring adequate facilities on-line.

Concerns around national energy security may also result in efforts to renew the search for advanced alternative energy technologies, including wind power. Some "windfarms" already exist in the Guadalupe Mountains and have spun-off a small sector in the manufacture and servicing of wind turbines. Depending on the direction of the national energy agenda, the Department of Energy may increase its support for wind-power research.

Tourism, centered on the Carlsbad Caverns National Parks, continues to play an important role in the local economy. Although visitation to the Caverns has been declining since 1989, the Park continues to attract 500,000 visitors annually. (Visitation to the park peaked in 1976 at 876,000 visitors). The number of visitors appears to experience a number of peaks and valleys over time, and the events of September 11, 2001, combined with increasingly inconvenient air travel and very low automobile fuel prices, could reverse the current trend towards decline. Tourism remains one of the fastest growing industries nationally. Carlsbad's climate and its economic base in tourism position it to take advantage of this trend.

Logistics and communication problems hold back the Greater Carlsbad region from succeeding in the necessary work of economic diversification. Geographically isolated, without direct access to the interstate highway system, with air travel limited to non-jet connections to non-hub airports, and without passenger rail service, the region will have to attract significant investments in transportation and telecommunications infrastructure in the near future if it is to compete economically. Even industries that require isolated settings to operate, like WIPP, require significant transportation infrastructure.



The Carlsbad Caverns National Park is at the center of the area's local tourism economy.

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2.5 SOCIO-ECONOMIC CHARACTERISTICS

Over the past 20 years, the population in the City of Carlsbad has not experienced substantial increase or decrease. Since 1980, the population of the city has remained at about 25,000. This represents a recovery to 1960 levels, after which a period of decline was experienced due to contractions in potash mining activities and the closing of U.S. Borax. The most recent census population figure for Carlsbad was 25,625. This trend is in contrast to the state of New Mexico as a whole, which experienced a 20% increase in population over the last census period (1990-2000). It is estimated that the greater Carlsbad area, including unincorporated areas include 8,000 to 10,000 additional residents. Eddy County, although growing at a slower rate than the state, has experienced a population increase of 12% during the same period. The trend towards faster growth in unincorporated areas of the county parallels city-county population trends in other areas of the state, where cities have been slow to annex faster growing areas. Carlsbad remains the largest incorporated area within Eddy County.

Carlsbad's population, like many rural communities found throughout the country, can be described as one that is "aging in place." This is observed by an increasing median age and a decline in residents ages 25-29 and 30-34. Between 1990 and 2000, Carlsbad and Eddy County experienced decreasing populations among both groups (-22.8% and -13.6 percent respectively), indicating that younger residents were leaving the community. Elderly resident and retirees remained in the community. Carlsbad has the largest percentage of residents 55 and older in the region and has a significantly higher percentage of those residents than does the state as a whole (25% compared to 19%)/ According to the U.S. Census Bureau, the median age in Carlsbad was 37.7 in 2000, which is higher than in both the state and county. Seventeen percent of Carlsbad's population was 65 and over in the year 2000. An increase in the over 65 population is expected nationally, with the majority of Baby Boomers reaching

Comparisons of Median Age

	1990	2000
Carlsbad	35.1	37.7
Eddy County	33.4	36.4
New Mexico	31.2	34.6

Table 2.2 Median Age 1990-2000

retirement over the next 10-15 years, and is likely to be reflected in local demographics.

The population in Carlsbad and the surrounding area has experienced an increase in racial diversity over the last several census periods (U.S. Census 1980-2000). Chart 2.1 shows a breakdown of Carlsbad's population by race in 2000. The largest percentage of the population was Caucasian (58.9%) followed by Hispanic or Latino (36.8%).

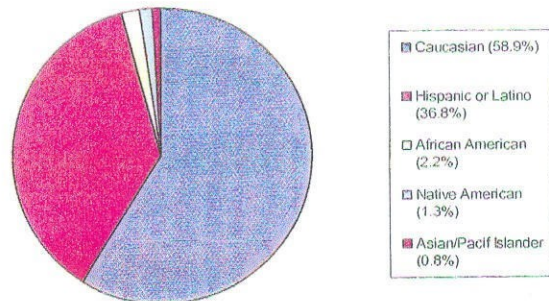


Chart 2.1 Carlsbad Population by Race, 2000

According to population projections, Carlsbad's population is expected to grow slowly over the next thirty years. Chart 2.2 shows historic population trends for the City of Carlsbad, as well as, high and low population projections for the next thirty years. For further information on population forecasting methods see Appendix 1B. As mentioned earlier, the rise and decline of population seen in Chart 2.2 is a result of the historic boom and bust nature of the potash extraction industry.

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Carlsbad's slow projected population growth is a result of stagnant economic activity and a projected decline in mining and other extractive based industries. These projections do not take into account anticipated growth in nearby areas of unincorporated Eddy County, however. Because of the geography of census blocks in the area, it is difficult to determine the location of that population increase.

Extractive industries, such as oil, gas, potash, and other mining have traditionally been the main source of economic activity for Carlsbad and surrounding Eddy County. As these industries continue to decline, the service sector makes up a larger percentage of the County's employment.

A large percentage of the Eddy County's commercial and retail service businesses are located in the City of Carlsbad. This lends overall stability and economic strength to the City's economy. According to the most recent economic data for Eddy County, the industries

with the greatest number of jobs were services, wholesale and retail trade, government, and mining.

Other socio-economic indicators of the region's health illustrate the traditional rural lag behind urban areas. Unemployment and poverty rates tend to be somewhat higher in rural areas. Eddy County's average unemployment rate was 6.6% in 2000 (NM DOL 2001). The average unemployment rate for the state of New Mexico was 4.9% in 2000. Per capita income also tends to be lower than the state and national averages. The per capita income for Eddy County in 1999 was \$19,843 as compared to \$21,836 for the State of New Mexico (UNM BEBR 2000). This represents a change from 1990 when the County experienced lower unemployment than the state as a whole.

In summary, the analysis of socio-economic conditions within the Greater Carlsbad Planning Area highlights the need to consider a different

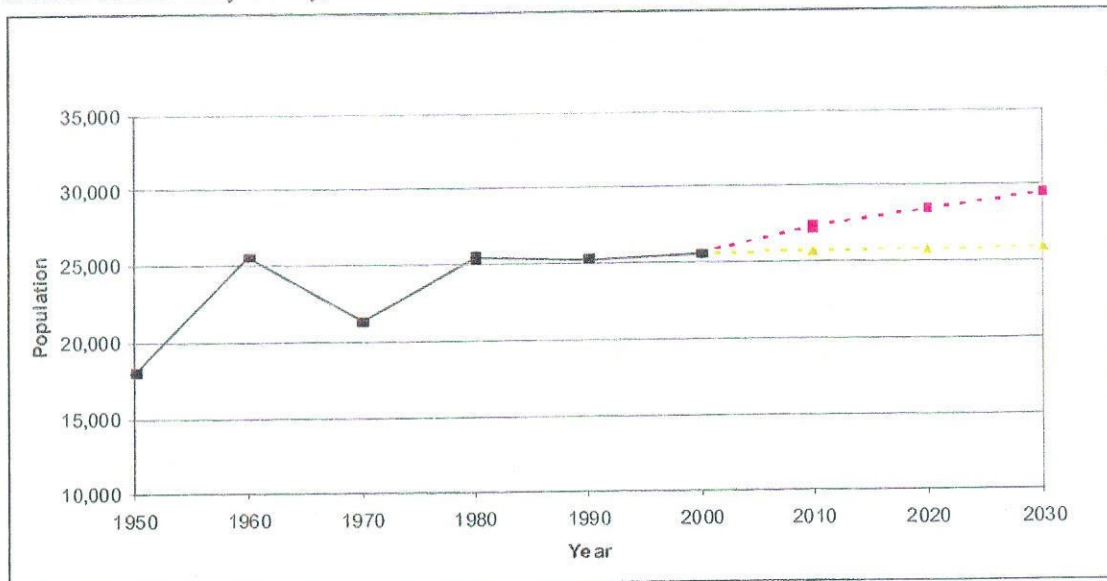


Chart 2.2 Carlsbad Population Projections to 2030 . The magenta rate shows a high rate of growth of 5.3% over 10 years. The green line shows a more moderate rate of growth of about 1% per year.

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set of planning tools and techniques than those used in other rapidly urbanizing areas of the state.

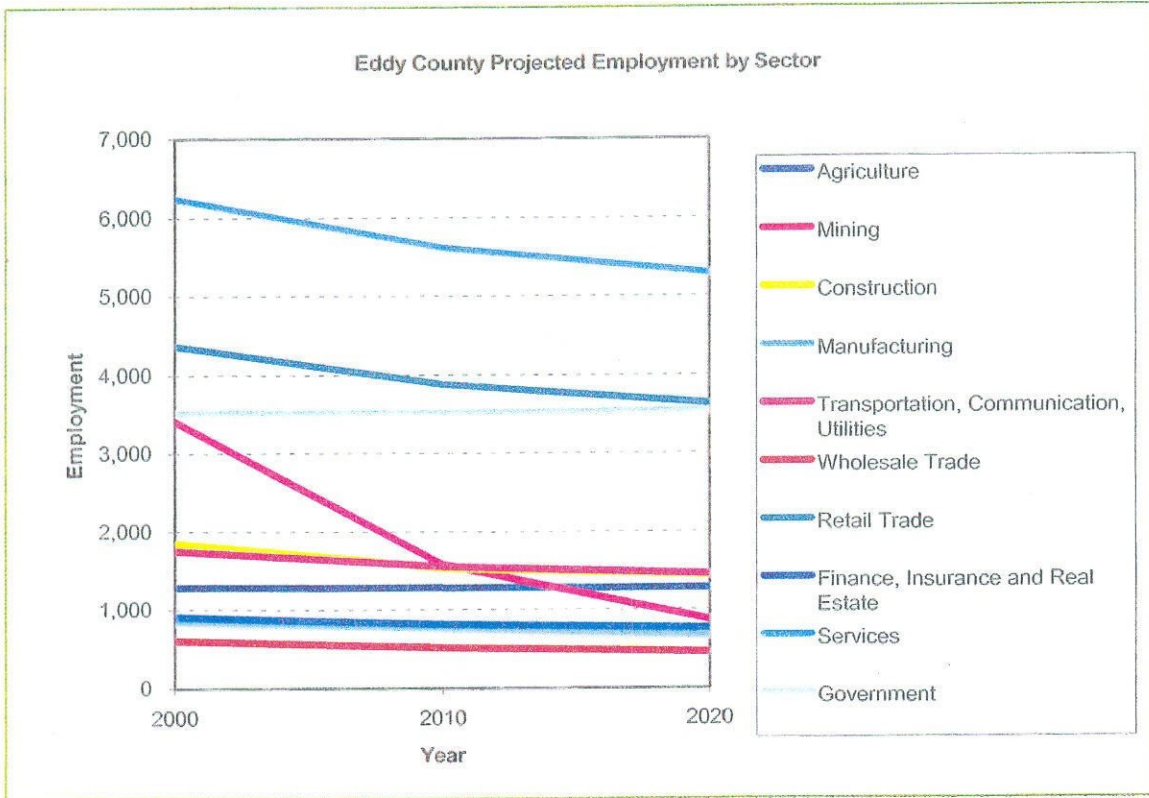
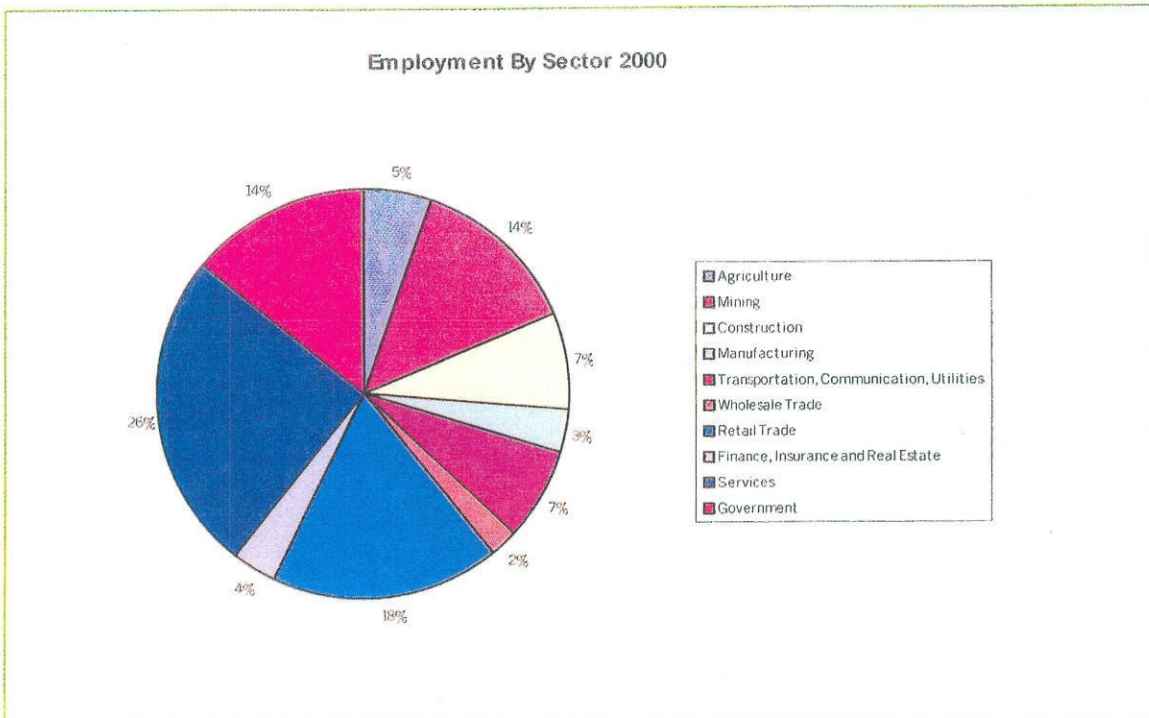


Chart 2.3 Shows a decline in mining employments and its affects on other sectors.



Draft Greater Carlsbad Comprehensive Plan: Strategy 2020
Chart 2.4 Shows the composition of Eddy County Employment in 2000