City of Newport Beach
Coastal/Bay Water Quality Citizens Advisory Committee Minutes

Date: October 11, 2012
Time: 3:00 p.m.
Location: Fire Conference Room

1. **Welcome/Self Introductions**
   Committee Members present:
   Chairwoman/Mayor Nancy Gardner
   Randy Seton
   Dennis Baker
   George Robertson

   Guests present:
   Nancy and Jack Skinner, SPON
   Kevin Hunt, MWDOC
   Darrell Ferguson
   Dan Purcell, resident
   Ray Hiemstra, OC Coastkeeper
   Jim Mosher, resident
   Philip Bettencourt

   Staff present:
   John Kappeler, Water Quality Manager
   Shari Rooks, Public Works Specialist
   George Murdoch, Utilities General Manager

2. **Approval of Previous Meeting's Minutes**
   The minutes from the September 13, 2012 meeting were approved.

3. **Old Business**
   (a) **Bay and Ocean Bacteriological Test Results**
   John Kappeler reviewed recent water quality test results within Newport Bay and along the ocean shoreline.

4. **New Business**
   (a) **George Murdoch,** gave a presentation on what the City has done with regard to discussions and monitoring of the **Poseidon Desalination Project**. (See attached PowerPoint Presentation.)
   - Kevin Hunt, General Manager of MWDOC, is overseeing the multi-agency working group investigating the Poseidon Desalination Project in Huntington Beach.
   - There are three desalination projects in Southern California: Carlsbad, the proposed South Orange Coastal project in Dana Point and the proposed 50 MGD plant on the site of the AES plant in Huntington Beach.
   - Facility will be privately built at no cost to taxpayers.
   - Poseidon's website states they hope to get a Coastal Commission hearing in the first half of 2013 – although that may not be accurate.
   - Working group is in the early stages of drafting a "term sheet" to determine how much participating agencies are going to pay. A model of the Carlsbad term sheet has been given to the group for review. It currently states that Poseidon intends to own, design, finance and construct the plant. Once the water leaves that plant all the other agencies will own and operate the new pipeline and delivery system.
   - Group is looking at how water will be delivered to agencies that wish to participate and what the price will be. Although Poseidon has agreed to pay for the delivery

infrastructure, the agencies need to decide how water will be moved through various cities.

- Brady Consulting is the firm doing the hydraulic analysis and has been meeting with all the agencies and working on a draft distribution plan showing how they want to move water around in Orange County.
- The San Diego Water Authority has agreed to purchase water from the Carlsbad facility.
- City gets 68% of their water from the groundwater wells in Fountain Valley. All of our import sources come into a retaining reservoir on the east side of town.
- Initial thoughts were that since we have our import sources on the right and our well sites on the left we could do a direct connection and perhaps avoid some of the costs of constructing a large main. Also, the more people who use the water locally could be served by smaller lines and we could save construction costs there as well.
- City's next steps: Continue to participate in the Working Group meetings
  Review hydraulic analysis of City's distribution system
  Discuss the possibility of conveying water to LBCWD
  City review/approve a Term Sheet
  City review/approve Water Pricing Agreement
- **Dennis Baker** asked about how water would be delivered through the City to Laguna Beach and **George Murdoch** told him that we already have the infrastructure. There is a 30" Coast Supply line that was constructed in the 50's -60's that hydraulically would be capable of delivering the water along the coast. We might have to make major improvements to our pump station at the 16th Street reservoir or install a backup generator so that we would be able to pump water in the event that we had a power failure.
- **Ray Heimstra** of Coastkeeper stated that his organization considers the Poseidon Project a "dirty" desalination project because it uses a destructive 1960's intake technology that is not advisable for a 21st century project. They feel there are more practical and cost effective alternatives. He said SD County just got their water purchase agreement and it was $2400 per acre foot.
- **Dennis Baker** asked how Poseidon would be able to predict the costs if we enter into a 30-year agreement to buy desalinated water. **Kevin Hunt** told the committee that he has had an opportunity to review the Carlsbad final purchase agreement (500 + pages) and one risk is energy costs. Poseidon puts the risk of energy costs on the buyers. He did say that something that has happened in the industry over the last 15 years is that it used to take 5000 KWh per acre foot to move water and it is now down to approximately 3800 KWh per acre foot.
- **Randy Seton** asked if there was a state standard pricing for desalinated water. **Kevin Hunt** said no, but the least expensive price he's seen is $1300 per acre foot and the most expensive was $4000 per acre foot. He said Carlsbad's cost were not a good example because they had to pump water up 1300 feet and other costs related to distribution, so their cost are $2400 per acre foot. He estimates the City's cost would be somewhere near $1600-1800 per acre foot. However, MWDOC water currently costs the City about $1000 per acre foot.
- **Jack Skinner** asked what we currently pay for our groundwater and was told approximately $400 per acre foot. He also asked if we could use MET water in an emergency and George Murdoch said yes we do. Our cost for imported water is $1000 per acre foot now.
- **Kevin Hunt** said his firm will do the ultimate financial modeling so that the City can make informed decisions when the time comes. Some scenarios show the project as a lucrative investment and some show it as a money sump.
- **Mayor Gardner** asked why we couldn't use slant drilling similar to Dana Point and Kevin told her the hydrogeology here is not the same according to a study that Poseidon paid to have done. She also asked about Poseidon asking for public funding. However, Poseidon

has set the 50MGD number as their business model and although that volume cannot be achieved with sub surface drilling in Huntington Beach, a lower MGD goal would be feasible.

- Poseidon was depending on MET subsidies and now Carlsbad is using something called "private activity bonds," and is seeking tax exempt state bonds to go ahead and build the project. They actually got MET a subsidy, but San Diego sued MET and there was a clause in the contract that said if you sue Metropolitan we will not give you subsidies, so they lost their subsidy.
- Metropolitan is looking conceptually at making the operator of the plant a public agency and also a provision to buy it out within 10 years so theoretically in that length of time we could be done with Poseidon.

(b) **George Robertson**, gave an update on the **OCSD Outfall Maintenance Project**.

- The project was completed almost on time. The goal was 21 days and it was complete in 22 days.
- When the diversion started there was a boil at the "Y" structure outside and the plume was visible. It was tracked using various methods and instruments. The primary direction was down and offshore. The farthest the plume was seen was the Balboa Pier
- Public health and beaches were protected from bacteria and it took about 2.5 weeks before evidence of an increased level of chlorophyll was detected.
- The diversion ended on October 2, 2012, and by October 3, the chlorophyll was gone because the system is so dynamic.
- Now the researchers will start crunching the numbers and soon we will have data to provide to the committee. (Monterey Bay Aquarium Research Institute, NOA, Scripps).
- **Dennis Baker** asked if George could do a presentation in May to at the H_2O conference.
- **John Kappeler** said he could update the committee on the Army Corps of Engineers dredging. He believes 1/3 of the material will be pumped out 800-1200 feet out off of 56th Street and about half will be loaded on a barge 1000 feet off the Santa Ana River and the rest will be trucked out.

5. Public Comments on Non-Agenda Items

- Saturday at 9:00 AM at China Cove – "Paddle with the Mayor"
- **Mayor Gardner** expressed concern about the lack of a quorum again and referred to the Council Policy whereby committee members who miss more than three meetings are removed, and she would like to suggest that the CBWQ committee start enforcing that policy.
- **John Kappeler** announced Linda Candelaria is moving forward drafting a copper TMDL and an implementation plan. There is a vacancy on the Board – VOTE FOR NANCY!

6. Topics for Future Agendas

(a) Bacteriological Dry-Weather Runoff Gutter Study (Phase III)
(b) Prop 84 ASBS Grant Program
(c) Big Canyon Project
(d) Rhine Channel Project Wrap Up
(e) Runoff Reduction Program – ET Controller Project Update
(f) Senate Bill – SB 1447
(g) IRWD report on NTS Systems

Set Next Meeting Date

The next meeting date was set for November 8, at 3 PM in the Fire Conference Room.

7. Adjournment

The meeting was adjourned at 4:20 pm.

Chairwoman / Nancy Gardner