

December 23, 2015

To: Alicia Dunkin
Legislative Affairs Liaison, OCWD

From: Jose Solorio
Senior Policy Advisor, Nossaman

Subject: Monthly Report

Our state lobbying contract began effective September 23, 2015. As we discussed, now that we have completed various work projects, we wanted to begin providing monthly reports to you. Under the direction of the OCWD staff, below are key items that Nossaman worked on since the contract start.

Review of Scope of Work

During this reporting period, we reviewed the Scope of Work with OCWD staff to better understand expectations and upcoming projects. The Scope of Work is targeted:

- Providing state lobbying services in support of OCWD's legislative and regulatory interest in increasing the maximum grant amount, from \$5 million to \$15 million, for desalination construction projects under Proposition 1. The maximum construction grant amount being allowed for water recycling projects under Proposition 1 is \$15 million. Since desalination projects also fall under the same water supply category as recycling projects, they should be provided the same amount.
- Researching and exploring other grant and funding opportunities to support OCWD projects related to desalination.

Legislative and Outreach Meetings

During the reporting period, we worked with OCWD staff to prepare materials and strategies for meetings on November 12th with the Governor's Office, Assembly Speaker Designee Rendon's Office and Assembly Water Parks & Wildlife Chair Levine's Office. The meetings were positive and productive. We provided background to them regarding the OCWD and GWRS, as well as the term sheet agreement with Poseidon Resources for a desal project in Huntington Beach. Given the public agency involvement, we reviewed grant funding programs we may seek in the future.

In addition to these meetings, I met with State Senate Pro Tem Kevin de Leon, and representatives of the Metropolitan Water District, San Diego County Water Authority and CalDesal and updated them on our desal project interests.

Assembly Select Committee on Water Consumption and Alternative Sources

Chaired by Assemblyman Rich Gordon, the Assembly Select Committee on Water Consumption and Alternative Sources held a hearing in Los Angeles on December 11th focused on ocean desalination projects. The hearing was entitled “Possibilities and Pitfalls for Desalination in California.” Scott Maloni, representing Poseidon Resources, spoke on one of the panels and gave updates on their projects in Carlsbad and Huntington Beach. OCWD Board President Cathy Green also offered comments during the hearing to describe the District’s role and interest with respect to the Huntington Beach desal project.

Carlsbad Desal Plant Grand Opening

One December 14th, the Carlsbad Desal Plant was officially opened. Over 500 people attended the event, including many state and local elected officials and water professionals. Current state legislators attending the event included Assembly Speaker Toni Atkins, Assembly Members Rocky Chavez and Matthew Harper, and Senator Patricia Pates. Being at the event provided me and other OCWD representatives with excellent opportunities to update others on the Huntington Beach desal project and our interests.

Review and Discussion of Funding Opportunities

In addition to continuing to explore funding opportunities for “desal” grants and resources for the OCWD Huntington Beach desal project, as well as identify allies to support our request(s), we have discovered that our project may also be eligible for receiving grants and resources as a “water conveyance and water distribution facility.”

While many are eager to have the California Coastal Commission conduct a hearing in early 2016 regarding the Huntington Beach desal project, we will continue to work with OCWD on finding the best possible programs to help with its funding needs.

We should consider scheduling another day in Sacramento in January or February to meet with the State Water Board staff as suggested by Speaker Designee Rendon’s office to discuss the cap issue, and meet with interested Senate legislators and staff as well.

As always, if you should have questions, or need additional information, please do not hesitate to contact me at (949) 426-6504.