

Orange County Water District Seawater Desalination Chronology

Mid 1970's - The District constructed a pipeline from the ocean to its Fountain Valley campus along with a small ocean desalination plant to consider the cost and feasibility of constructing a large scale plant.

2003-04 - The District solicited cost estimates for the development of an ocean desalination plant.

March 17, 2010 - As part of a working group made up of cities and water districts in Orange County, the District entered into a Memorandum of Understanding (MOU) with Poseidon Resources for the consideration of the purchase of desalinated water from the Huntington Beach Desalination Project.

April 7, 2010 – As part of a working group made up of cities and water districts in Orange County, the District executed a Confidentiality Agreement to receive information from Poseidon Resources in consideration of the purchase of desalinated water from the Huntington Beach Desalination Project.

October 3, 2011 – The District submits letter to Santa Ana Regional Water Quality Control Board in support of Project's NPDS permit and advising Regional Board that the District would “*oppose any subsurface intake system that could potentially impact the efficacy of Talbert Aquifer Seawater Intrusion Barrier.*”

January 2013 - The District Board of Directors votes to adopt a policy to establish and maintain a 75% Basin Pumping Percentage (“BPP”). This policy goal can only be achieved through the development of new supplies that are locally controlled by the District to ensure that the higher BPP is sustainable over time.

May 15, 2013 - The District's Board of Directors unanimously resolved that it is the policy of the District to consider and develop a variety of local water resources – including seawater desalination - to ensure sufficient water supplies are always available to the residents and businesses in the service territory.

June 24, 2013 – The District's Board of Directors approved executing an amendment to the 2010 Confidentiality Agreement, giving the District access to additional information to study the economic feasibility of the project and consideration of a water purchase agreement for the entire production capacity of the plant.

July 24, 2013 - The District's Board of Directors directed its staff to conduct financial evaluation of purchasing up to the full capacity of the drinking water that will be produced by Poseidon Resource's proposed 50-million-gallon-per-day Huntington Beach Desalination Project.

October 15, 2013 – The District submits letter to the California Coastal Commission in support of the Huntington Beach Desalination Project stating, “*The District believes the Project is important to enhancing regional water supply reliability by diversifying Orange County's portfolio with a new local drought-proof source ... In addition to offsetting imported demand, water from Project could provide flexibility in how the District manages the groundwater basin, specifically the desalinated water could be used to augment supplies we inject into our Talbert Seawater Barrier to help prevent seawater intrusion into the groundwater basin.*”

January, 2014 - The District's staff released a comprehensive financial analysis entitled “*Poseidon Resources Huntington Beach Ocean Desalination Project Information and Update.*” The report summarizes that the District's purchase of the desalination project's project 56,000 acre feet / year capacity would have a one-time 7% retail rate impact and that it is likely water from the project would be less expensive than imported water during the first 15 years of plant operation.

February 19, 2014 – The District submits letter to Governor Brown urging regulatory relief for seawater desalination projects and stating that *“it is imperative that any drought relief legislation encourages and supports the creation and development of desalination for new water supply.”*

April 2, 2014 – The District’s Board of Directors approved issuing a Request for Proposals (RFP) to hire outside financial counsel to assist the District in evaluating financial issues associated with a public private partnership with Poseidon for the purchase of water from the Huntington Beach Desalination Project.

June 4, 2014 - The District’s Board of Director’s authorizes a contract with financial advisors Clean Energy Capital to evaluate financial issues associated with a public private partnership with Poseidon for the purchase of water from the Huntington Beach Desalination Project.

September 2014 - The Board of District’s approves the District’s 2014 Long-Term Facilities Plan (“LTFP”) Update. The LTFP evaluates the Huntington Beach Desalination Project and compares it to other water supply alternatives. The Plan identifies the Huntington Beach Desalination Project as a priority project and identifies the Huntington Beach Project’s 56,000 acre feet per year capacity is the single largest source of new, local drinking water supply available to the region.

October 1, 2014 – Clean Energy Capital presents final draft financial analysis report to Board of Directors. The report’s statistical probability analysis verified with a high level of confidence that the Poseidon project’s estimated costs are accurate and that our offer on terms and conditions is consistent with the successful approach used in Carlsbad; Metropolitan Water District of Southern California (“MWD”) Local Resource Program Subsidy is increasing to \$340-\$475 /AF from \$250/AF, helping reduce the gap in water pricing from MWD treated water price; Under a “Carlsbad like” approach, water from the desalination project can be produced and delivered for a net cost of \$1,396 including the MWD LRP incentive program.

January 7th, 2015 – Orange County Water District Board votes 9-1 to enter into negotiations with Poseidon Resources for the purchase of the Huntington Beach Desalination project’s full 50 MGD (56,000 acre feet per year) capacity. Board agrees to establish a Citizens Advisory Committee to review issues related to OCWD’s purchase of desalinated water.

May 15, 2015 - Orange County Water District Board votes 7-3 to approve Water Reliability Agreement Term Sheet with Poseidon for the purchase of up to 56,000 acre feet of water from the Huntington Beach Desalination Project.

February 3, 2016 – Orange County Water District staff presents eight (8) seawater desalination distribution options to the Board including options to deliver desalinated water directly to retailers inside and outside the District and the integration into the seawater basin. Board votes 9-0 to eliminate three options and further analyze five options including direct delivery to retailers and groundwater basin replenishment.