CEQA Applicability

• Involves discretionary action

  AND

• Involves a “project”
  – Activity that may cause a direct physical change or a reasonably foreseeable indirect physical change in the environment, and is
    • Directly undertaken by public agency; or
    • Supported by public agency contracts, grants, loans, etc.; or
    • Public agency issuance of lease, permit, or other entitlement
Regional Location
Carlsbad FEIR & Addendum

Figure 1 - Desalination Plant and Pipelines Map

- Pipeline Alignment considered in EIR 03-05 and selected for construction
- Pipeline Alignment considered in EIR 03-05 but not selected
- Additional Alignments proposed and considered in EIR 03-05 addendum (EIR 03-05(A))
- Approximate Location of Flow Control Facility

Proposed Desalination Plant
Proposed Distribution System Changes

FIGURE 2
Vicinity Map
Macario Canyon Realignment
Aqueduct Connection Point Modifications

Second Addendum to the Carlsbad Desalination Plant Project FEIR
Pipeline 3 Reline
Twin Oaks Modifications

EXISTING STORAGE TANK NO. 1
- New Vent, typ.
- New 90° Bend, typ.
- Connect to Existing 72" Pipe, Reduce to 54"
- New Pump Well
- New Chemical Injection and Monitoring Station

EXISTING STORAGE TANK NO. 2

Connect to Existing 84" Pipeline
- Expand Flow Control Facility
- New 42" Pipeline
- Existing 90" Pipeline

To Existing Weir Structure
- 10" Air Relief / Air Vacuum Valve

Connect to Existing 90" Pipeline
- Existing Flow Control Facility
- New 54" Pipeline

75" Existing Pipeline 3

NOT TO SCALE

FIGURE 3
TOVWTP Modifications

Second Addendum to the Carlsbad Desalination Plant Project FEIR
Pipeline 4 Vent Replacement
Resources Analyzed

- Aesthetics
- Air Quality
- Biological Resources
- Cultural Resources
- Geology/Soils
- Hazards/Hazardous Materials
- Hydrology/Water Quality
- Land Use/Planning
- Noise/Vibration
- Transportation/Traffic
- Public Utilities/Service Systems
- Cumulative Impacts
- Growth-Inducing Impacts
Analysis Conclusions

• Proposed changes:
  – do not result in substantial project changes involving new significant or a substantial increase in severity of previously identified significant effects
  – do not reflect a substantial change in the circumstances under which the project is undertaken that would result in new significant or more severe environmental effects than previously identified
  – do not provide new information of substantial importance which was not known at the time of the prior FEIR regarding new or substantially more severe significant effects, previously infeasible mitigation measures that are now feasible but are not adopted, or different mitigation measures from those analyzed in previous EIR that would reduce impacts but are not adopted
CEQA Compliance

• SDCWA is Responsible Agency and will use FEIR/Addendum prepared by Carlsbad
• Evaluation of proposed distribution system changes do not reach the threshold for preparation of a SEIR, therefore an Addendum to Carlsbad FEIR is appropriate document
• A Second Addendum to Carlsbad FEIR has been prepared
Project Related Documents

• 2003 Regional Water Facilities Master Plan PFEIR
• 2005 Twin Oaks Valley Water Treatment Plant FEIR
  – 2005 Addendum
• 2006 Precise Development Plan and Desalination Plant Project FEIR (Carlsbad FEIR)
  – 2009 Addendum
• 2010 Urban Water Management Plan
• 2010 Subregional NCCP/HCP FEIR/FEIS
• 2012 Carlsbad FEIR Addendum 2
Future CEQA Actions

• Consider the following in determining whether or how to proceed with project:
  – 2006 Carlsbad FEIR, 2009 Carlsbad Addendum, and 2010 Subregional NCCP/HCP FEIR/FEIS

• Consider and approve:
  – 2012 Carlsbad FEIR Second Addendum
  – Mitigation Monitoring Reporting Program
Links to Documents

• [http://sdcwa.org/uwmp](http://sdcwa.org/uwmp)
  – 2010 Urban Water Management Plan

  – 2006 Carlsbad FEIR, 2009 Addendum, & Permits
  – 2003 Regional Water Facilities Master Plan FEIR
  – 2005 Twin Oaks Valley Water Treatment Plant FEIR & Addendum
  – 2010 Subregional NCCP/HCP FEIR/FEIS
  – 2012 Carlsbad FEIR Second Addendum (future)
Other Actions Related to Board Consideration of the Carlsbad Desalination Project Water Purchase Agreement

San Diego County Water Authority
Special Board of Directors’ Meeting
November 15, 2012
Project Implementation

- Water Purchase Agreement describes the requirements for implementation of the seawater desalination plant
- Additional related agreements and Board actions will be required to fully implement the entire project
  - CEQA compliance
  - Facility-related Water Authority responsibilities
    - Contract admin, design review, construction oversight of Plant and Product Water Pipeline
    - Pipeline 3 Improvements
    - Twin Oaks Valley WTP Improvements
- Bond Financing Documents
- Member Agency purchase contracts
Board Action: Design-Build Agreement for Product Water Pipeline Improvements

- Covers the conveyance pipeline that will deliver desalinated product water from the Carlsbad plant site to the Second Aqueduct
  - 10 miles of 54-inch diameter welded steel pipeline
  - Connections and vault structures in San Marcos
- Requirements for design, permitting, construction, startup, testing and commissioning
  - Services provided by Poseidon/EPC contractors
- Defines Water Authority role for design reviews and construction oversight
- Water Authority will own, operate and maintain pipeline improvements
Board Action: CIP Budget Adjustments

- Create new or adjust existing project budgets to support Water Authority funded elements
  - Pipeline 3 Improvements ($49.5 million)
    - Reline of approx. 5 miles of Pipeline 3
    - Modifications to existing vent structure
  - TOVWTP Improvements ($18.25 million)
  - WPA/DB Contract Administration, design reviews, and construction oversight ($12.25 million)
Board Action: Initial Contract Amendments

TOVWTP Service Contract:

- Amendment to existing Service Contract with CH2M Hill
- Covers the improvements to convey desalinated product water from Pipeline 3 to the TOVWTP for blending and distribution
  - 1,000 ft of 54-inch diameter welded steel pipeline
  - New/expanded flow meters, connections to clearwell storage
  - Chemical feed systems to meet water quality parameters
- Requirements for design, permitting, construction, startup and testing
  - Services provided by CH2M Hill – plant D-B contractor/operator
  - Includes payment terms
- Defines Water Authority role for design reviews and construction oversight
- Water Authority will own, CH2M Hill will operate and maintain plant improvements
Board Action: Initial Contract Amendments (cont.)

Other Consultant Support Contract Amendments:

- Owner’s Representative services to support implementation of the TOVWTP improvements
  - Contract admin/compliance related to permitting, design, construction and start-up of TOVWTP improvements

- Engineering support services for Product Water Pipeline
  - Technical expertise related to high pressure pipeline design and construction
Board Action: Initial Contract Amendments (cont.)

Other Consultant Support Contract Amendments:

- Continuation of Technical Support through Financial Close and Start of Construction of the Plant
  - WPA implementation and compliance
  - Pre-construction period technical support
  - Initial construction period support
  - Separate procurement planned for full construction period engineering support services
- In-plant Quality Assurance
  - Inspections to assure manufacturing quality for pipe and appurtenances for P3 Improvements and Product Water Pipeline
Board Action: Bond Financing Agreements

- Board will consider appropriate documents to accomplish financing for the Project
Information Item: Member Agency Purchase Contracts

• Staff will report on member agency written notice of intent to purchase Water Authority-owned local supply from the Carlsbad Desalination Project
  • 60-day consideration period ends on November 26
  • Final contracts will be provided to the Board for consideration in early 2013
Carlsbad Desalination Project
Water Purchase Agreement and Related Issues
Board approved Term Sheet with Poseidon July 2010
- Set parameters for major terms and conditions
- WPA is consistent with the July 2010 Term Sheet

29 Months since approval of Term Sheet

Over 30 public meetings regarding the Water Purchase Agreement and the Project
- Public input provided throughout the process

Multiple Board Meetings and Workshops dedicated to Board discussion of WPA terms and conditions prior to and subsequent to release
- August 9th, September 20th, September 27th, October 25th and November 8th.
Topics Addressed

- August 9, 2012 Special Board Meeting
  - Key Terms, conditions and pricing and Poseidon ownership

- September 20, 2012 Special Board Meeting
  - 18 Technical Appendices

- September 27, 2012 Regular Board Meeting
  - Release of Proposed WPA
  - Detailed discussion of terms, conditions and pricing

- October 2 and October 10 Water Planning Committee
  - Evening community meetings
  - Presented WPA and Project; received public comment
Topics Addressed (continued)

- **October 25, 2012 Regular Board Meeting**
  - Responded to questions and comments at community meetings
  - Responded to questions and comments from other stakeholders
  - Provided detailed information on unit price, electricity pricing, uncontrollable circumstances, cap on price adjustments, and operating and maintenance standards

- **November 8, 2012 Special Board Meeting**
  - Revisited July 2012 electricity price projections and sensitivity analysis
  - Comparative analysis of level debt to proposed debt shaping
  - More detailed build up of water unit price
The following member agencies requested and received presentation on the WPA and the Carlsbad Desalination Project

- Helix
- Vallecitos
- Vista Irrigation District
- South Bay Irrigation District
- Valley Center
- Rincon
- Ramona
- Padre Dam
- Santa Fe ID
- San Dieguito

- Carlsbad
- Del Mar (scheduled for Nov. 19th)
Additional Board Member Questions

- October 25, 2012 letter from Directors Croucher and Watton
  - Staff response sent November 15 to Otay Directors and all Board Members

- What makes up the $750K line item for non operator fixed O&M Costs?

- Is desalinated water for new or existing water users?

- What is the rate impact of a level debt service in the early years of project
  - Staff will provide the Board information prior to the November 29, 2012 Board Meeting
COMPOSITION OF THE FIXED OPERATING CHARGE

Fixed Operator Compensation (2012$)  $11,871,000
  • Labor
  • Maintenance
  • Membrane and Filter replacement
  • Operator fees, insurance, bonding

Fixed Non-Operator Costs (2012$)
  • Site Costs $6,426,000
  • Project Administrative Costs $750,000
  • Debt fees $150,000

Total Fixed Operating Costs (2012$)  $19,197,000
## Detail on $750K Project Administrative Costs

<table>
<thead>
<tr>
<th>Role</th>
<th>Cost Description</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poseidon Project Manager</td>
<td>$250,000 (salary + benefits + overhead)</td>
<td>Primary manager responsible for all aspects of contract management</td>
</tr>
<tr>
<td>50% Poseidon Financial/Management Employee</td>
<td>$100,000 (salary + benefits + overhead)</td>
<td>Billing, Collection and Financing Management</td>
</tr>
<tr>
<td>50% Poseidon Engineering/Management Employee</td>
<td>$100,000 (salary + benefits + overhead)</td>
<td>Engineering and Operations Analysis</td>
</tr>
<tr>
<td>25% Poseidon Communications Staff + Communications Consultant +</td>
<td>$150,000 (salary + benefits + overhead + consultant costs)</td>
<td>Public Relations requirements and Administrative Support</td>
</tr>
<tr>
<td>Annual Tax and Accounting Audit by Third Party</td>
<td>$150,000</td>
<td>Disclosure Reports and Annual Reports.</td>
</tr>
</tbody>
</table>
Will Carlsbad Desalination Project Serve Existing Customers or Future Growth?

- Evaluation of planning documents shows that project yield will serve both existing and future customers
- Part of 2010 UWMP supply mix identified to serve both existing and future demands
  - UWMP Act doesn’t require agencies to delineate which supplies serve existing or future demands
- UWMP resource mix shows a drop in purchases on MWD, even with total demands increasing
  - RW Beck 2005 Cost Allocation Study for New Supply Development charge noted service to existing and new users
Next Steps

- **November 29 Regular Board Meeting**
  - Consideration of entering into a Water Purchase Agreement between the Water Authority and Poseidon Resources LLC (Channelside)
  - Consideration of entering into a Design-Build Agreement with Poseidon Resources LLC (Channelside) for construction of the Desalinated Water Conveyance Pipeline
  - Consider additional actions noted in items 4A and 4B of today’s agenda