



CITY COUNCIL AGENDA REPORT

MEETING DATE: NOVEMBER 1, 2005

ITEM NUMBER:

SUBJECT: PROPOSED HUNTINGTON BEACH SEAWATER DESALINATION PLANT

DATE: OCTOBER 19, 2005

FROM: PUBLIC SERVICES DEPARTMENT - TRANSPORTATION SERVICES DIVISION

PRESENTATION BY: PETER NAGHAVI, TRANSPORTATION SERVICES MANAGER

FOR FURTHER INFORMATION CONTACT: PETER NAGHAVI, TRANSPORTATION SERVICES MANAGER, 714-754-5182

RECOMMENDATION:

Provide direction to staff on future steps on the Huntington Beach Seawater Desalination Plant project.

BACKGROUND:

Poseidon Resources Corporation is proposing to construct a Seawater Desalination Project in the City of Huntington Beach adjacent to the Applied Energy Services Corporation (AES) Huntington Beach Generating Station (HBGS). The site is located on Newland Street just east of Pacific Coast Highway. The proposed plant is expected to generate approximately 50 million gallons per day (MGD) of potable drinking water using the discharge from HBGS as source water. This potable water is then conveyed by 42 to 48-inch diameter pipelines for approximately 10 miles, to an existing Orange County Water District pipeline located at Del Mar Avenue and Elden Avenue in the City of Costa Mesa. A majority of the pipeline is proposed to go through the City of Costa Mesa within the right-of-way of several arterial streets such as Adams Avenue, Harbor Boulevard, Fair Drive and Del Mar Avenue, with some sections located within Fairview Park, Fairview Developmental Center and the Orange County Fairgrounds. A map of the entire length of the project within Costa Mesa is included in Attachment 1.

ANALYSIS:

A Draft Environmental Impact Report (DEIR) was released for public review during April and May 2005. City staff met with the project applicant as well as with the Huntington Beach staff on May 24, 2005, to discuss several issues concerning the project's impact to the City. Following the meeting, formal comments on the DEIR were provided to the City of Huntington Beach on May 26, 2005. A copy of City's comments and responses are included in Attachment 2. The concerns of the City due to the Seawater Desalination Project DEIR included the following:

- Pipeline alignment:

The preferred pipeline alignment is proposed along Adams Avenue, Placentia Avenue, Harbor Boulevard and Fair Drive. These are major arterials in the City and are also adjacent to residential areas. The response to comments stated that impacts to major arterials would need to be minimized by limiting hours of construction to exclude rush hour periods, and limiting the length of pipeline/roadway to be constructed at any one time.

- Construction Impacts:

Staff expressed concern for impacts due to lane closures, proximity to residential areas, truck traffic, and noise. The response to comments stated that all issues would be addressed during the construction phase of the project through the permit approval process. Additional mitigation measures were included in response to the City's comments about the need for approvals from Costa Mesa for construction of pipeline.

- Impacts to Fairview Park and Costa Mesa Country Club:

The pipeline construction is expected to result in significant impacts to Fairview Park and operations at Costa Mesa Country Club, such as removal of vegetation/landscaping, cultural resources impacts and closure of certain areas. In response to City's comments on the alignment of pipeline through Fairview Park and Costa Mesa Country Club, the DEIR noted the need to obtain approvals from the City for the alignment through City-owned areas.

- Alignment through other properties such as Fairview Developmental Center and Orange County Fairgrounds:

The response to comments states that the project applicant would obtain approval from Fairview Developmental Center and Orange County Fairgrounds prior to construction on their property.

- Approvals from City for construction:

In response to City comments, the project mitigation measures included the need for obtaining City approvals for construction of the pipeline in public right-of-way and city-owned properties.

A detailed presentation of impacts will be provided during the November 1, 2005, City Council meeting.

A follow-up letter was sent to the City of Huntington Beach on September 6, 2005, mentioning that the project is subject to review and approval by the City Council, Planning Commission and Parks & Recreation Commission. A copy of this letter is included in Attachment 2.

On September 6, 2005, the recirculated Draft Environmental Impact Report (DEIR) was presented to the Huntington Beach City Council for certification. In addition, a separate report for consideration of a Conditional Use Permit (CUP) for the project was also

submitted. The Huntington Beach City Council approved the certification of the recirculated DEIR on September 6, 2005, by a 4-3 vote. However, on a 6-1 vote, the Huntington Beach City Council, while continuing the CUP approval to October 17, 2005, directed staff to provide a report on economic and other benefits to the City as well as impacts with pipeline construction.

The minutes of September 6, 2005, Huntington Beach City Council meeting pertaining to the Seawater Desalination Plant project is included as Attachment 3.

At the October 17, 2005, Huntington Beach City Council meeting, the benefits of the Desalination project were presented within the report for approval of the CUP (Attachment 4). The benefits included guaranteed water supply, emergency water supply, franchise payment for use of City of Huntington Beach right-of-way, and public right-of-way enhancements. However, the Huntington Beach City Council, on a 5-2 vote, continued the item to November 21, 2005, meeting. The primary concern of the Huntington Beach City Council was that the benefits to their City needed additional review. The minutes of the October 17, 2005, meeting are not available at this time.

Costa Mesa staff has researched the Project applicant's authority for the placement of pipeline in the public right-of-way within our City. Based on discussions with the City of Huntington Beach planner for the project, the applicant, Poseidon Resources Corporation, is a private entity and is not considered a utility and therefore would not be governed by the Public Utilities Commission (PUC). The DEIR states that the applicant would "enter into institutional agreements with Mesa Consolidated Water District, MWD, the Municipal Water District of Orange County and other local water agencies that own or operate those portions of the regional water distribution that would be utilized for delivery of water produced by the project." With regard to the pipeline placement and construction, the applicant plans to obtain easements from affected jurisdictions. The City of Huntington Beach is considering a Franchise Agreement for the use of City right-of-way for Project's delivery pipeline and connection to the Orange County Water District line in Costa Mesa.

Assuming that Poseidon Resources Corporation is not a public utility, the City of Costa Mesa could either deny the permit if the denial is supported by proper findings or charge a fee for use of public right-of-way for the installation of the pipelines.

ALTERNATIVES CONSIDERED:

The City Council could decide to take a position on the entire proposed Seawater Desalination Plant project, or just the pipeline portion of the project which is within the City of Costa Mesa. The City Council could also direct staff to deny any requests for use of public right-of-way, or City-owned property, to construct and operate a water pipeline. A third alternative is to direct staff to negotiate a franchise agreement for construction of a pipeline within the City of Costa Mesa city limits, if the Seawater Desalination Plant project is ultimately approved by the City of Huntington Beach.

FISCAL REVIEW:

There is no fiscal impact to the City with this item. All streets will be required to be repaired to their original condition.

LEGAL REVIEW:

The City Attorney has reviewed this item and has determined that if Poseidon Resources Corporation is not a public utility, the City could deny a permit for private use of the public right-of-way and use of City property for construction of a pipeline upon adoption of proper findings. The City Attorney has also confirmed that the City could require a franchise agreement for the construction and maintenance of this pipeline in the City right-of-way and on City property. This type of agreement would allow the City to charge a “franchise fee” in exchange for usage of the public right-of-way. Currently, the City has franchise agreements with several private utility companies.

CONCLUSION:

Poseidon Resources Corporation is proposing to construct a 50 million gallon per day (MGD) Seawater Desalination Plant project adjacent to the AES Generating Station in the City of Huntington Beach. An EIR for the project was prepared and circulated during April and May 2005. The City of Costa Mesa provided several comments, primarily the impacts due to construction of a pipeline within the City limits. The Huntington Beach City Council approved certification of the EIR on September 6, 2005, and continued the approval of CUP to October 17, 2005, and then again to November 21, 2005. The primary reason for continuation of the CUP approval was to obtain further details on the benefits of the plant to the City of Huntington Beach. If approval of the project is obtained from the City of Huntington Beach, the project applicant will be required to obtain permits from the City of Costa Mesa prior to proceeding with any pipeline construction within the City limits. Staff requests City Council direction on any future action from staff on this project.

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WILLIAM J. MORRIS

Director of Public Services

DISTRIBUTION: City Manager
City Attorney
Deputy City Clerk
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File

ATTACHMENTS: 1 [Proposed Pipeline Alignment](#)
2 [City Comments on Seawater Desalination Plan Project](#)
3 [Excerpt from Meeting Minutes of September 6, 2005
Huntington Beach City Council Meeting](#)
4 [Staff Report for CUP Approval Presented to Huntington
Beach City Council on October 17, 2005](#)