



October 13, 2017

The Honorable Gavin Newsom
Chairman, California State Lands Commission
100 Howe Avenue, Suite 100 South
Sacramento, CA 95825

Re: **Written Comments on Agenda Item 97** – AES Huntington Beach LLC and Poseidon Resources (Surfside) LLC (Co-Lessees): *Certification of the SEIR and Consideration of Lease Amendment*

Dear Chairman Newsom:

The Irvine Ranch Water District (IRWD) is a progressive urban water agency that provides high-quality drinking water, reliable wastewater management, groundbreaking recycled water programs, and environmentally-sound urban runoff treatment to more than 390,000 residents and a daytime population of 530,000 in Central Orange County. As the largest retail water agency in Orange County, the District has a vested interest and is a key stakeholder in the State Lands Commission's decision related to the certification of the Supplemental Environmental Impact Report (SEIR) and proposed lease modification for the proposed Seawater Desalination Project at Huntington Beach (Deal Project).

In July 2017, IRWD's legal counsel, Nossaman, LLP, submitted a comment letter explaining IRWD's concerns with portions of the environmental analysis in the SEIR. Please know that IRWD is not categorically opposed to seawater desalination, but is concerned about the potential environmental impacts of the Desal Project—particularly, those impacts related to changes in the project over the last seven years since it was fully evaluated in the City of Huntington Beach's Final Subsequent Environmental Impact Report, State Clearinghouse No. 2001051092 (2010) (FSEIR).

We offer the following comments to assist the Commission in deciding the matters before it:

- 1) IRWD has an interest in high quality and reliable water supplies for Orange County, but the proposed Desal Project could harm the quality of Orange County's water supplies. This potential environmental impact should be evaluated in a comprehensive environmental review of the project.**

Water from the Desal Project would replace better quality supplies that are currently being used by IRWD. This could result in significant environmental impacts and impair IRWD's ability to deliver high-quality water to its customers. New information on water quality impacts to IRWD's water supplies is now available. These impacts were not evaluated in the FSEIR or the SEIR. A comprehensive environmental review of these impacts should be conducted, taking into consideration a range of distribution options for the water produced from the project.

- 2) Current concepts for distributing water from the Desal Project show that it would result in the replacement of existing low-cost and reliable water supplies, and result in the discharge of more stormwater to the ocean that could otherwise have been recharged to the groundwater basin.**

The FSEIR evaluated distribution options for the Desal Project water that would have displaced low-cost and reliable imported supplies. The options for distributing the project water have changed since the

FSEIR was certified. The most current and publicly disclosed concepts for the distribution of the water by the Orange County Water District (OCWD) show that the desalinated seawater would replace other existing low-cost and reliable water supplies. This replacement of existing supplies would result in hundreds of thousands of acre-feet of free stormwater that could have been recharged to the aquifer being sent to the ocean over the life of the Desal Project. This should be considered in a comprehensive environmental review of the project prior to the lease amendment being approved.

3) As proposed, the Desal Project is a solution in search of a problem.

No water agency has committed to purchase and distribute the continuous water supply from the Desal Project because existing supplies and lower-cost alternatives are available in Orange County. Investments in existing water supply reliability projects, such as water banking projects, brackish groundwater desalination projects and recycled water systems are providing and will continue to provide reliable water supplies at a fraction of the cost of the proposed project.

4) Common sense alternatives to the Desal Project have not been considered or evaluated in the SEIR.

Projects, such as OCWD's final expansion of its Groundwater Replenishment System, are already proceeding and will continue to improve water supply reliability in Orange County. Additionally, other lower-cost regional and local supply projects have already been identified that would ensure water supply reliability in Orange County. Improvements in water supply reliability could also occur through improved management of existing supplies and optimizing the use of storage in the Orange County Groundwater Basin. These projects and management strategies should be evaluated in a comprehensive environmental review of the Desal Project to ensure that the project is being compared against an appropriate and reasonable set of alternatives.

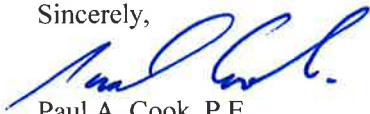
IRWD's Request of the Commission:

Based on the concerns described above and the detailed comments provided by IRWD's legal counsel, the District requests that:

"The State Lands Commission defer consideration of the lease amendment until after a comprehensive environmental review of the changed project has been completed that includes a full evaluation of alternatives, an evaluation of current and foreseeable distribution options, and considers all newly available information."

Conducting such a review would give the Commission the appropriate information it needs to consider the lease amendment. Thank you in advance for taking our comments into consideration. Please do not hesitate to contact me at (949) 453-5590 if we can be of assistance to you or your staff, or if you would like more information about our concerns.

Sincerely,



Paul A. Cook, P.E.
General Manager

cc: Jennifer Lucchesi, Executive Director, State Lands Commission