

OTAY WATER DISTRICT
DESALINATION PROJECT COMMITTEE MEETING
and
SPECIAL MEETING OF THE BOARD OF DIRECTORS

2554 SWEETWATER SPRINGS BOULEVARD
SPRING VALLEY, CALIFORNIA
Board Room

TUESDAY
December 21, 2010
11:30 A.M.

This is a District Committee meeting. This meeting is being posted as a special meeting in order to comply with the Brown Act (Government Code Section §54954.2) in the event that a quorum of the Board is present. Items will be deliberated, however, no formal board actions will be taken at this meeting. The committee makes recommendations to the full board for its consideration and formal action.

AGENDA

1. ROLL CALL
2. PUBLIC PARTICIPATION – OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO SPEAK TO THE BOARD ON ANY SUBJECT MATTER WITHIN THE BOARD'S JURISDICTION BUT NOT AN ITEM ON TODAY'S AGENDA

DISCUSSION ITEMS

3. REPORT ON STATUS OF DESALINATION PROJECT (WATTON)
4. ADJOURNMENT

BOARD MEMBERS ATTENDING:
Jaime Bonilla, Chair
Mark Robak

All items appearing on this agenda, whether or not expressly listed for action, may be deliberated and may be subject to action by the Board.

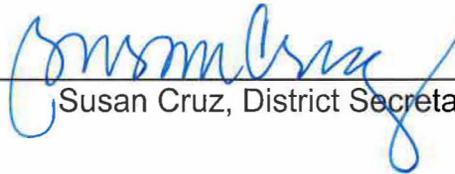
The Agenda, and any attachments containing written information, are available at the District's website at www.otaywater.gov. Written changes to any items to be considered at the open meeting, or to any attachments, will be posted on the District's website. Copies of the Agenda and all attachments are also available through the District Secretary by contacting her at (619) 670-2280.

If you have any disability that would require accommodation in order to enable you to participate in this meeting, please call the District Secretary at 670-2280 at least 24 hours prior to the meeting.

Certification of Posting

I certify that on December 17, 2010 I posted a copy of the foregoing agenda near the regular meeting place of the Board of Directors of Otay Water District, said time being at least 24 hours in advance of the meeting of the Board of Directors (Government Code Section §54954.2).

Executed at Spring Valley, California on December 17, 2010.



Susan Cruz, District Secretary

**STAFF REPORT**

TYPE MEETING: Desalination Project Committee	MEETING DATE: December 21, 2010
SUBMITTED BY: Mark Watton, General Manager	W.O./G.F. NO: DIV. NO.
SUBJECT: Rosarito Desalination Project Update	

GENERAL MANAGER'S RECOMMENDATION:

That the board receive this update report on the Rosarito Desalination Project.

COMMITTEE ACTION: _____

See Attachment A.

PURPOSE:

To provide the board an update on the Rosarito Beach Desalination Project.

ANALYSIS:

This memo will discuss the status and updates for the Rosarito Beach Desalination project. There are a number of studies and reports that describe the project which were the subject of prior detailed board presentations and discussions.

The Rosarito Beach desalination project is a private development of NSC Agua, a Mexican company. NSC Agua will permit, develop and construct a desalination facility that will deliver finished potable water to the State of Baja California and the Otay Water District. Otay Water District contemplates negotiating and entering into a longterm contractual relationship with NSC Agua for the delivery of water at the international border in certain quantities and water quality that will allow introduction of the water to its transmission and distribution system (subject to certain US Federal, state and any local permits and requirements). Otay Water District does not contemplate any investment or operational activity related to the development, construction or operation of the desalination facility.

On November 23, 2010 the general manager met with Mr. Rick McTaggart, the general manager of NSC Agua, to receive an update

on the project's status. NSC Agua is currently working on obtaining permits, acquiring the land for the project site, installation of a pilot plant, and design of the the desalination plant. They are also in the midst of negotiating contracts with the Mexican Federal Power Commission for rights-of-way and ocean water access at the Rosarito Beach power plant. NSC Agua is engaged in the purchase of the land parcels adjacent to the power plant site. Mr. McTaggart represents that they currently have a lease and option to purchase the property and expect to perfect the purchase of the property in the first quarter of 2011. In summary, Mr. McTaggart believes that NSC Agua will have contracts in place with the Mexican Federal Power Commission that will allow the siting of a pilot desalination plant to commence testing of the ocean water source, the access to the ocean cooling water used at the power plant and the ownership of the required land for the desalination plant in the first quarter of 2011.

The Otay Board granted the general manager authority to enter into an agreement with AECOM to commence design studies, pipeline alignments, permit requirements and environmental documentation for receiving the desalinated water at the international border and introducing the water into the District's transmission and distribution system. Pursuant to the representations by the general manager at the November board meeting and approval of the AECOM contract, the commencement of the AECOM work will be delayed 30-90 days to allow NSC Agua to demonstrate progress on their desalination project. Mr. McTaggart has indicated that he will be onsite at the project for most of the month of January 2011 and will be visiting with Otay staff to provide project status and updates. The Otay general manager will assess the progress of the project at that time to determine when to commence the AECOM work, advising the board through the Desalination Project Committee of same.

Mr. McTaggart and the Otay Water District general manager and their respective counsels anticipate commencing contract negotiations for the purchase of desalinated water, subject to the successful progress of the project as noted above, during the first quarter of 2011.

With the establishment of the Otay Board Desalination Project Committee, staff will bring current project developments to the Committee on a timely basis for Committee consideration and any Committee referral to the Board for any required action or direction.

FISCAL IMPACT: _____

None.

STRATEGIC GOAL:

The Desalination Project supports the District's Mission statement, "To provide the best quality of water and wastewater services to the customers of Otay Water District, in a professional, effective, and efficient manner" and the District's Strategic Goal, "To satisfy current and future water needs for potable, recycled, and wastewater services."

LEGAL IMPACT: _____

None.



General Manager