

**CALENDAR ITEM
C71**

A 73
S 3

06/19/14
PRC 8651.9
D. Simpkin

AMENDMENT OF LEASE

LESSEE:

Municipal Water District of Orange County
P.O.Box 20895
Fountain Valley, CA 92728

AREA, LAND TYPE, AND LOCATION:

0.525 acre, more or less, of sovereign land in the Pacific Ocean, offshore of the city of Dana Point, Orange County.

AUTHORIZED USE:

The construction and installation of a test slant well extending approximately 370 feet from the uplands at Doheny State Beach to an area beneath the Pacific Ocean, near Dana Point, Orange County. The test well is part of a subsurface intake system feasibility investigation in connection with the Dana Point Ocean Desalination Project. Later amended to include the installation of a buried discharge pipeline, outfall diffuser, and installation of a submersible pump in the existing test slant well.

LEASE TERM:

Initial term: Five years, beginning December 8, 2005. Later amended to extend the term to May 31, 2014.

CONSIDERATION:

The public use and benefit, with the State reserving the right at any time to set a monetary rental if the Commission finds such action to be in the State's best interest.

PROPOSED AMENDMENT:

Section 1, Term, would be amended to extend the term of the lease to May 31, 2019.

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Section 1, Land Use or Purpose, would be amended to authorize the continued maintenance of a test slant well, discharge pipeline, outfall diffuser, and submersible pump for public information and educational tours.

Section 2, Special Provisions of the Lease would be amended to include the following:

- a) Lessee shall obtain Lessor's authorization prior to operating the slant test well or removing any portion of the slant test well, discharge pipeline, outfall diffuser or submersible pump.
- b) No later than 180 days prior to the expiration of the Lease, Lessee shall submit a plan for removal of the facilities or evidence that the facilities should be abandoned in place. Should Lessor's staff determine that the facilities should be abandoned in place, Lessee shall submit a Lease Application and Minimum Expense Deposit to enter into a long-term Abandonment Agreement for the long-term maintenance of the facilities.

All other terms and conditions of the lease shall remain in effect without amendment.

OTHER PERTINENT INFORMATION:

1. Lessee has the right to use the upland adjoining the lease premises.
2. On December 8, 2005, the Commission authorized the issuance of Lease No. PRC 8651.9, a General Lease – Public Agency Use, to the Municipal Water District of Orange County (District) for a term of five years for the construction and installation of a test slant well extending offshore from Doheny State Beach. The project is part of an on-going feasibility investigation associated with the Doheny Ocean Desalination Project (Project). The Project is exploring the feasibility of developing an ocean desalination facility to serve South Orange County by drawing up to 30 million gallons a day of ocean water for reverse osmosis treatment. The lease authorized the installation of a 16-inch diameter slant well extending approximately 370 feet under the ocean to a vertical depth of 156 feet.
3. On August 22, 2008, the Commission authorized the first amendment to the lease to extend the lease term to May 31, 2012 and to include installation of a buried discharge pipeline with outfall diffuser and install a submersible pump in the slant test well. Water pumped from the slant well

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was discharged through the discharge pipeline and diffuser under a National Pollutant Discharge Elimination System Permit issued by the Santa Ana Regional Water Quality Control Board. Phase 3 (extended pumping and pilot plant testing) concluded on May 3, 2012 and the facilities have been non-operational since that date.

4. On March 29, 2012, the Commission authorized the second amendment to the lease to extend the lease term to May 31, 2014 to allow for additional testing. The District is now applying for a third amendment to the existing Lease to extend the lease term to May 31, 2019, to maintain the existing facilities for public information and educational purposes. Any future operations of the slant test well or removal of any portion of the slant test well, discharge pipeline, outfall diffuser or submersible pump shall require prior Commission approval.
5. The staff recommends that the Commission find that this activity is exempt from the requirements of the California Environmental Quality Act (CEQA) as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; California Code of Regulations, Title 2, section 2905, subdivision (a)(2).

Authority: Public Resources Code section 21084 and California Code of Regulations, Title 14, section 15300 and California Code of Regulations, Title 2, section 2905.

6. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code section 6370 et seq., but such activity will not affect those significant lands. Based upon the staff's consultation with the persons nominating such lands and through the CEQA review process, it is the staff's opinion that the project, as proposed, is consistent with its use classification.

APPROVALS OBTAINED:

California Department of Parks and Recreation

EXHIBIT:

A. Site and Location Map

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RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

Find that the activity is exempt from the requirements of CEQA pursuant to California Code of Regulations, Title 14, section 15061 as a categorically exempt project, Class 1, Existing Facilities; California Code of Regulations, Title 2, section 2905, subdivision (a)(2).

SIGNIFICANT LANDS INVENTORY FINDING:

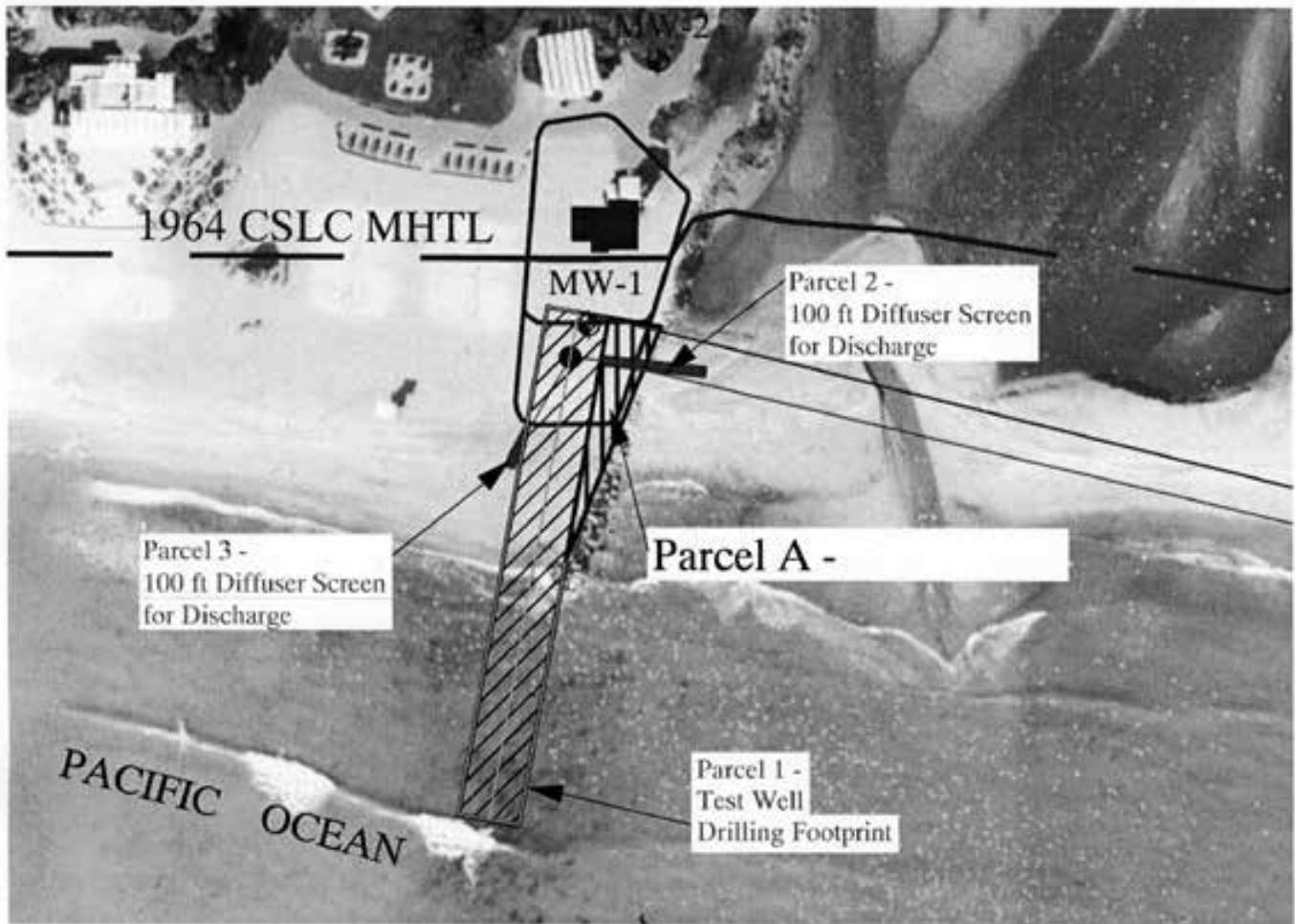
Find that this activity is consistent with the use classification designated by the Commission for the land pursuant to Public Resources Code section 6370 et seq.

AUTHORIZATION:

Authorize the Third Amendment of Lease No. PRC 8651.9, a General Lease – Public Agency Use, to amend Section 1, Term, to extend the term of the lease to May 31, 2019, amend Section 1, Land Use or Purpose, to authorize the continued maintenance of an existing test slant well, discharge pipeline, outfall diffuser, and submersible pump for public information and educational purposes and amend Section 2 Special Provisions, to add provisions pertaining to the operation and abandonment or removal of the test well and its components, as shown on Exhibit A (for reference purposes only), effective June 19, 2014; all other terms and conditions of the lease as previously amended will remain in effect without amendment.

NO SCALE

SITE



DOHENY STATE BEACH,
APN 121-34-84

NO SCALE

LOCATION

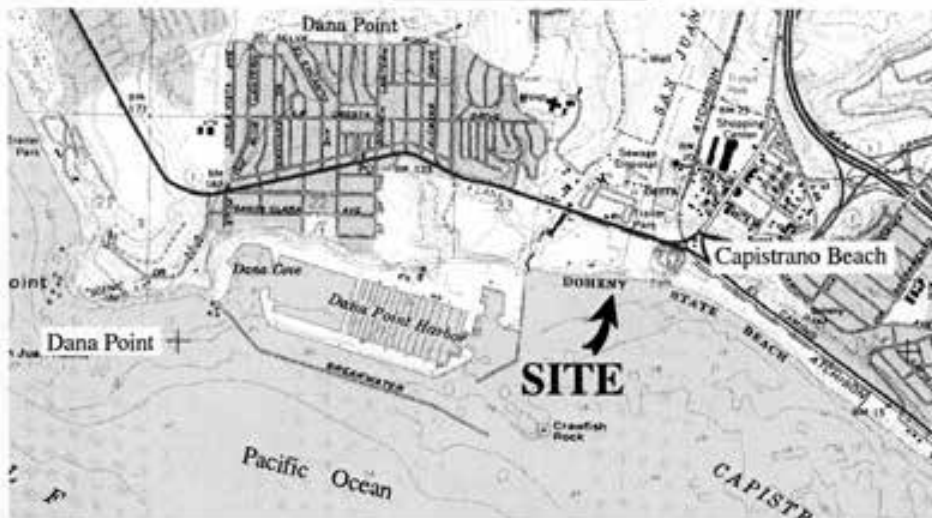


Exhibit A

PRC 8651.9
MUNICIPAL WATER
DISTRICT OF
ORANGE COUNTY
GENERAL LEASE -
PUBLIC AGENCY USE



This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the Lessee or other parties and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.

MAP SOURCE: USGS QUAD

MIF 604/14