

**CALENDAR ITEM
C42**

A 73
S 35

08/22/08
WP 8651.9
S. Young

AMENDMENT OF LEASE

LESSEE:

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

AREA, LAND TYPE, AND LOCATION:

0.495 acres, more or less, of sovereign lands 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.

LEASE TERM:

Five years, beginning December 8, 2005.

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:

Extend the term of the lease to May 31, 2012, and amend the description of the Lease Premises to include an adjacent 0.03 acres of sovereign land; and authorize the installation of a buried discharge pipeline, outfall diffuser and temporary installation of a submersible pump in the existing test slant well, in connection with Phase 3 of the Extended Pumping and Pilot Plant of the Dana Point Ocean Desalination Project Subsurface Intake System Feasibility Investigation.

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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 uplands adjoining the lease premises.
2. On December 8, 2005, the Commission authorized the issuance of a five-year General Lease – Public Agency Use, Lease No. PRC 8651.9, to the Municipal Water District of Orange County (District) 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 for the Dana Point Ocean Desalination Project. The lease authorized the installation of a 16-inch diameter slant well at a 23-degree angle from horizontal and extending approximately 370 feet under the ocean to a vertical depth of 156 feet. The original duration of this pilot project work (Phase 2) was through December 7, 2010. The Phase 2 testing was recently completed and the well was capped for subsequent use in Phase 3.
3. The District is now applying for an amendment to the existing Lease to allow for the expansion of the current Lease Premises to include an additional 0.03 acres of sovereign lands for installation of a discharge pipeline and diffuser and the temporary installation of a submersible pump in the existing test slant well; and to extend the lease term to May 31, 2012, as part of Phase 3 Extended Pumping and Pilot Plant Testing of the Desalination Project.

The project includes the temporary installation of a 2,000 gallon per minute (gpm) submersible pump in the existing test slant well. Water pumped from the slant well will be discharged through the new buried pipeline and outfall diffuser into the surf zone adjacent to an existing concrete groin. An approximate 15 gpm sidestream will be supplied from the wellhead to a mobile test facility on the uplands where approximately 120 gpm will be used for a pump and eductor (a tool used to remove sediment) and approximately 30 gpm will be used for the Reverse Osmosis process testing and online instrument monitoring. The air/water mixture from the pump, eductor and the online instruments, will then be returned to the test slant well discharge or may be pumped through a pipeline, which discharges to a nearby sanitary sewer.

The outfall diffuser will consist of an approximate 20 foot length of perforated stainless steel pipe and will function as an energy dissipater and flow diffuser for the pump discharge. To minimize the footprint, the

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diffuser may be constructed in square or rectangular sections to minimize scouring. The additional facilities will be constructed in the winter to minimize public use impacts and will be buried below ground to avoid permanent impacts to uses. The planned start date for wellhead construction is January 5, 2009.

4. A Mitigated Negative Declaration (SCH #2008051050) was prepared and adopted for this project by the Municipal Water District of Orange County on June 18, 2008. The California State Lands Commission's staff has reviewed such document.
5. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq. 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:

U.S. Bureau of Reclamation

FURTHER APPROVALS REQUIRED:

California Coastal Commission
U.S. Army Corps of Engineers
Santa Ana Regional Water Quality Control Board
California Department of Parks and Recreation

EXHIBITS:

- A. Site and Location Map
- B. Land Description

PERMIT STREAMLINING ACT DEADLINE:

December 28, 2008

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

FIND THAT A MITIGATED NEGATIVE DECLARATION (SCH #2008051050) WAS PREPARED AND ADOPTED FOR THIS PROJECT BY THE MUNICIPAL WATER DISTRICT OF ORANGE COUNTY ON JUNE 18, 2008, AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN.

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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 SECTIONS 6370, ET SEQ.

AUTHORIZATION:

AUTHORIZE THE AMENDMENT OF LEASE NO. PRC 8651.9, A GENERAL LEASE - PUBLIC AGENCY USE, OF LANDS SHOWN ON EXHIBIT A (FOR REFERAL PURPOSE ONLY) AND AS DESCRIBED ON EXHIBIT B ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF, EFFECTIVE AUGUST 22, 2008, TO 1) AMEND AND EXTEND THE LEASE TERM TO MAY 31, 2012, 2) AMEND THE DESCRIPTION OF THE LEASE PREMISES TO INCLUDE AN ADDITIONAL 0.03 ACRES OF SOVEREIGN LAND, AND 3) AMEND THE AUTHORIZED USE TO INCLUDE INSTALLATION OF A BURIED DISHCHARGE PIPELINE, OUTFALL DIFFUSER AND TEMPORARY INSTALLATION OF A SUBMERSIBLE PUMP IN THE EXISTING TEST SLANT WELL IN CONNECTION WITH PHASE THREE OF THE DANA POINT OCEAN DESALINATION PROJECT; ALL OTHER TERMS AND CONDITIONS OF THE LEASE WILL REMAIN IN EFFECT WITHOUT AMENDMENT.