

Council/Agency Meeting Held: _____	City Clerk's Signature
Deferred/Continued to: _____	
<input type="checkbox"/> Approved <input type="checkbox"/> Conditionally Approved <input type="checkbox"/> Denied	
Council Meeting Date: September 6, 2005	Department ID Number: PL05-25

**CITY OF HUNTINGTON BEACH
REQUEST FOR ACTION**

SUBMITTED TO: HONORABLE MAYOR AND CITY COUNCIL MEMBERS

SUBMITTED BY: PENELOPE CULBRETH-GRAFT, City Administrator

PREPARED BY: ROSS CRANMER, Acting Director of Planning *Ther Cranmer*

SUBJECT: CERTIFY RECIRCULATED ENVIRONMENTAL IMPACT REPORT NO. 00-02 (SEAWATER DESALINATION PROJECT)

RECEIVED
CITY CLERK
CITY OF
HUNTINGTON BEACH, CA
2005 AUG 25 P 4:18

Statement of Issue, Funding Source, Recommended Action, Alternative Action(s), Analysis, Environmental Status, Attachment(s)

Statement of Issue:

Transmitted for your consideration is Recirculated Environmental Impact Report (REIR) No. 00-02 which is a request by Poseidon Resources Corporation to analyze the potential environmental impacts associated with a request to construct and operate a 50 million gallons per day seawater desalination project on an approximately 11 acre site. The project also includes up to 10 miles of water transmission lines to connect to an existing regional transmission system, and two off-site booster pump stations.

The Planning Commission certified the original EIR No. 00-02 on August 12, 2003. On appeal the City Council denied certification of the original EIR No. 00-02 on December 15, 2003 and directed staff to re-examine the following areas:

1. Impingement and entrainment impacts;
2. Growth inducing impacts; and
3. Compatibility of the desalination facility's product water with existing potable water supplies delivered through the regional water distribution system.

Staff is recommending the City Council certify the REIR because it incorporates changes in the analysis and reports in response to Council direction, adequately analyzes the potential environmental impacts associated with the project, and identifies mitigation measures to lessen the project's impacts consistent with General Plan policies.

Funding Source: Not applicable.

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Recommended Action:

STAFF RECOMMENDATION:

Motion to:

"Certify REIR No. 00-02 as adequate and complete in accordance with CEQA requirements by approving Resolution No. 2005-62 (Attachment No. 1)."

Alternative Action(s):

The City Council may make the following alternative motion(s):

1. "Deny certification of REIR No. 00-02."
2. "Continue certification of REIR No. 00-02 and direct staff accordingly."

Analysis:

A. PROJECT PROPOSAL:

Applicant: Poseidon Resources Corporation, 3760 Kilroy Airport Way, #260, Long Beach, CA 90806

Location: 21730 Newland Street (East side of Newland, south of Edison Ave)

Recirculated Environmental Impact Report (REIR) No. 00-02 represents an analysis of potential environmental impacts associated with the construction and operation of a 50 million gallons per day (MGD) seawater desalination project including a 10,120 square foot administration building, a 38,090 square foot reverse osmosis building, a 36,305 square foot product water storage tank, and miscellaneous accessory structures on an approximately 11 acre site. The project includes up to 10 miles of water transmission lines to an existing regional water distribution system, and two off-site booster pump stations. The project also proposes perimeter landscaping and fencing along the project's frontage on Newland Street and Edison Avenue.

The REIR provides a discussion of impacts by issue area and provides mitigation measures, where appropriate. Specific issue areas discussed in the REIR include: Land Use/Relevant Planning, Geology/Soils/Seismicity, Hydrology/Drainage/Storm Water Runoff, Air Quality, Noise, Public Services and Utilities, Aesthetics/Light and Glare, Hazards and Hazardous Materials, Construction Related Impacts, Ocean Water Quality and Marine Biological Resources, and Product Water Quality. All other issues including Agricultural Resources, Mineral Resources, Population and Housing, Recreation, and Transportation/Traffic were fully evaluated in the Initial Study/Notice of Preparation for the proposed project. An analysis of alternatives to the proposed project and long-term implications resulting from project implementation is also provided.

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An analysis of the proposed development of the property is presented in a companion report that will be considered by the City Council after action on the REIR. The companion report reviews applications for Conditional Use Permit No. 02-04 and Coastal Development Permit No. 02-05.

B. STAFF ANALYSIS AND RECOMMENDATION:

On December 15, 2003 the City Council denied certification of the original EIR and directed staff to re-examine impingement and entrainment impacts, growth inducing impacts, and compatibility of the desalination facility's product water with existing potable water supplies delivered through the regional water distribution system. The REIR includes significant new information in these three areas of concern as well as updated and additional information in other topical areas to clarify and further support the conclusions provided. However, no impact conclusions have changed as part of the REIR. The analysis below focuses on the three issues identified by the City Council as well as highlighting the other additional information in the REIR. The City Council staff report for the original EIR provides a comprehensive overview of all EIR issues and is included as Attachment No. 3 to this report.

Impingement and Entrainment Impacts

The original EIR assumed 100 percent mortality of marine organisms from the existing Huntington Beach Generating Station (HBGS) once through cooling water system and therefore concluded that the desalination project will not result in additional impacts. In response to City Council direction to specifically look at the desalination project's potential impacts on impingement and entrainment, an Intake Effects Assessment was completed and incorporated in the REIR as Appendix T and discussed in Section 5.10, Ocean Water Quality and Marine Biological Resources. The study was designed to investigate the potential for the desalination project feed water intake withdrawn from the HBGS cooling water system to increase the HBGS entrainment mortality and assess the significance of this potential entrainment effect on the source water. The desalination facility's feedwater would be withdrawn from the HBGS discharge and not directly from the open ocean, and its withdrawal does not affect HBGS intake requirements. The proposed project source water intake would not increase the volume or the velocity of the HBGS cooling water intake, nor would it increase the number of organisms entrained or impinged by the HBGS cooling water intake system. The study concludes that the desalination project will not cause any additional impingement losses to the marine organisms impinged by HBGS.

It should be noted the Clean Water Act and US Environmental Protection Agency 316(b) regulations apply to the party responsible for withdrawing water from the ocean, HBGS, and hold HBGS responsible for compliance. Since the desalination project is reusing the waste cooling water and not withdrawing water from the ocean, it is not covered by these regulations.

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The study also determined, based on in-plant testing, that HBGS has an observed entrainment mortality of 94.1 percent. The desalination project is estimated to increase mortality by 1.2 percent (from 94.1 percent to 95.3 percent) at flows of 507 MGD and by 4.6 percent (from 94.1 percent to 98.7 percent) at flows of 127 MGD. Therefore, the estimated larval fish loss attributed to the proposed desalination project would be 0.02 percent of the total population of larvae in the local area surrounding the HBGS intake. In comparison, at the minimum cooling water intake flow of 127 MGD and assuming 100 percent mortality, HBGS has an entrainment loss of 0.33 percent.

The REIR notes that the most frequently entrained species are very abundant in the area of the HBGS intake and the Southern California Bight, and therefore, the actual ecological effects due to any additional entrainment from the desalination project are insignificant. Six taxa (gobies, blennies, croakers, northern anchovy, garibaldi and silversides) and a group of larvae that could not be identified were found to comprise 97 percent of all the fish larvae present in the HBGS cooling water system from which the proposed project would withdraw its source water supply. Species of direct recreational and commercial value constitute a very small fraction of the entrained organisms in the HBGS offshore intake and therefore, the operation of the desalination project does not result in significant ecological impact in CEQA context. Impacts due to the operation of the proposed desalination facility in regards to impingement and entrainment are not anticipated to be significant. Staff believes that the additional analysis and study provided in the REIR adequately respond to the City Council's request for additional information regarding impingement and entrainment impacts.

Potential Growth Inducing Impacts

The original EIR looked at the nominal contribution of the desalination project to the regional water supplies. The project was estimated to add less than eight percent of the existing water supply in Orange County and slightly over one percent in the South Coast Region. In response to City Council direction to further analyze potential growth inducing impacts, a Growth Assessment and General Plan Evaluation was completed and incorporated in the REIR as Appendix P and discussed in Section 6.2, Growth-Inducing Impacts of the Proposed Action.

The study looked at the projected number of dwelling units at build out in the county based both on the Housing Elements of all the jurisdictions within the county and the Orange County Projections adopted by the Orange County Council of Governments. The study also identified 12 planned new residential development projects of 500 dwelling units or more in the county which are required by law to identify and verify the water sources available to serve the project. Seven of the projects have identified water sources independent of the desalination project. The desalination project cannot be ruled out as a water source for one or more of the five planned residential projects that have not yet identified water sources.

The REIR notes that typically, the growth-inducing potential of a project would be considered significant if it fosters growth or a concentration of population in excess of what is assumed in pertinent general plans, or in projections made by regional planning agencies. Even if the

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project were relied upon to serve a new development of 500 dwelling units or more, it would not foster growth in excess of that already assumed and projected in pertinent planning documents.

The REIR acknowledges that since no water supply agreements have been executed with water agencies within Orange County, the precise locations/uses where the desalinated water would be allocated are not known. Therefore, there is a potential for the project to induce growth in unidentified areas. However, all proposed projects and water sources would be subject to environmental analysis prior to approval. The REIR concludes that in consideration of population and housing projections within the County and the recognized need for seawater desalination as a supply source within the water management and other related plans discussed in the REIR, any impacts in regards to growth inducement would be less than significant. Staff believes that the additional analysis and study provided in the REIR adequately respond to the City Council's request for additional information regarding growth-inducing impacts.

Product Water Compatibility

The original EIR included analysis of the compatibility of the facility's product water as part of the EIR section on Public Services and Utilities. In response to City Council direction for more information, the REIR now includes an entire section on product water quality (Section 5.11) that provides an analysis of the quality of potable water produced by the desalination project and its potential impacts on existing potable water quality and the distribution system within Orange County. An analysis of the desalinated product water's compliance with regulatory drinking water standards is provided, in addition to a description of potential impacts to existing water supplies in regards to corrosion, chlorine residual, disinfection byproducts, taste/odor, and hydraulics. To supplement the analysis in the original EIR regarding the compatibility of the facility's product water, a Disinfection Byproduct Formation Study and Distribution System Corrosion Control Study were added to the REIR as Appendices N and O. The additional analysis and studies have resulted in the identification of several new mitigation measures addressing product water quality, reliability, and compatibility with the water distribution system. Staff believes that the additional analysis and studies provided in the REIR adequately respond to the City Council's request for additional information regarding product water compatibility.

Other Updated and Additional Information in the REIR

As noted in Section 2.2 of the REIR, the previously circulated Draft EIR has also been revised as summarized below:

- ❖ The REIR includes a summary description of the areas of controversy and issues raised during the hearings held before the City of Huntington Beach Planning Commission and City Council (see Section 2.4, PUBLIC SCOPING PROCESS).

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- ❖ The REIR includes technical references with new and updated information (see Section 2.7, INCORPORATION BY REFERENCE, Section 10.0, BIBLIOGRAPHY, and Section 11.0, APPENDICES). Of particular note are the Hydrodynamic Modeling Report (Appendix C), the Pressure Surge Analysis (Appendix D) and the Report on Local and Regional Power Requirements and Generation Resources (Appendix Q).
- ❖ Section 3.0, PROJECT DESCRIPTION has been revised to include: 1) more detail concerning the interaction between the project and the Huntington Beach Generating Station (HBGS) operated by Applied Energy Services Corporation (AES); 2) more detail about the project's off-site improvements; and 3) to eliminate discussion of the aboveground product water storage tank as an option to the underground product water storage tank. The project now includes an aboveground product water storage tank.
- ❖ A new Section (Section 4.0, EXISTING CONDITIONS) has been included to provide additional information regarding the existing conditions and environmental setting of the project. This new section provides additional background and baseline information in order to assist decision makers and the public in their analysis of the potential environmental impacts of the project.
- ❖ The discussion of Cumulative Impacts has been updated and revised (see Section 6.3).
- ❖ The discussion of Alternatives to the Proposed Action has been updated and revised (see Section 7.0). The original EIR included the following alternatives:
 1. A no project alternative;
 2. An alternative site;
 3. An above ground product water storage tank alternative that would eliminate the originally proposed underground storage tank;
 4. A reduced output alternative; and
 5. An alternative desalination method alternative

The REIR revises the no project alternative analysis to include a more detail review of how Orange County's water supply needs could be met without the project. The REIR also analyzes more project alternatives by including alternative ownership and several alternative designs involving different methods of desalination, seawater intake collection, and discharge location.

C. SUMMARY

REIR No. 00-02 serves as an informational document with the sole purpose of identifying potential environmental impacts associated with the desalination project, alternatives that minimize those impacts, and appropriate mitigation measures.

Staff recommends that the City Council certify REIR No. 00-02 because:

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- It incorporates changes in the analysis and reports in response to City Council direction;
- The REIR adequately addresses the environmental impacts associated with the proposed project consistent with CEQA requirements;
- Identifies project alternatives and mitigation measures to reduce the project's impacts to a level of insignificance consistent with General Plan policies; and
- No long-term significant impacts have been identified.

Environmental Status:

In accordance with the California Environmental Quality Act, RBF Consulting, a consultant hired by the City, prepared REIR No. 00-02 to analyze the potential environmental impacts of the project. The document must be adopted and certified by the City Council prior to any action on Conditional Use Permit No. 02-04 and Coastal Development No. 02-05.

The REIR is intended to serve as an informational document for decisions to be made by the City and responsible agencies regarding the proposed project. It analyzes the potential environmental impacts associated with the proposed desalination project, accessory structures, water transmission lines, and off-site booster pump stations. REIR No. 00-02 discusses potential adverse impacts in the areas of Land Use/Relevant Planning, Geology/Soils/Seismicity, Hydrology/Drainage/Storm Water Runoff, Air Quality, Noise, Public Services and Utilities, Aesthetics/Light and Glare, Hazards and Hazardous Materials, Construction Related Impacts, Ocean Water Quality and Marine Biological Resources, and Product Water Quality. The direct, indirect and cumulative impacts of the proposal are addressed, as are the impacts of project alternatives.

1. Environmental Procedures – The following table outlines the procedure followed during the preparation of REIR No. 00-02:

DATE	ACTIVITY
Nov. 17 and Dec. 15, 2003	Public hearing before the City Council to certify EIR No. 00-02.
Dec. 7, 2004	An Agency Consultation Meeting was held in the central library to receive agency input on potential impacts of the proposed project.
April 5, 2005	Notice of Completion filed with the State Clearinghouse. Notice of Recirculation mailed to all property owners and tenants within a 2,000 ft radius, all interested parties, all attendees at scoping meetings, and all interested agencies. Draft REIR available for public review and comment for over forty-five days from April 5, 2005 through May 27, 2005. Draft REIR available for review at City Hall, Central Library, Banning Branch Library, and city website.
May 27, 2005	Comments on REIR accepted up to 5:00 PM. A total of 52 comment letters were received.
August 22, 2005	Response to Comments on Draft EIR and Final EIR are made available for public information and sent to Responsible Agencies and commenting parties. (CEQA requires Response to Comments be sent to Responsible Agencies 10 days prior to certification hearing.)

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2. Summary of REIR No. 00-02

In the preparation of an environmental impact report, potential impacts associated with the proposed development are identified and analyzed pursuant to the requirements of CEQA. These impacts are categorized into three levels of significance. They are: less than significant impacts; impacts that can be mitigated to a level less than significant; and unavoidable significant impacts. The level of impacts associated with the proposed project are identified below:

a) Less Than Significant Impacts

The project will result in impacts to some environmental resources or conditions that are concluded not to be significant if the development proposal complies with standard conditions of approval suggested in the entitlement staff report. The following topical areas were determined to result in no environmental impacts or less than significant environmental impacts:

- Agricultural Resources
- Air Quality (long-term)
- Ocean Water Quality and Marine Biological Resources
- Hazards and Hazardous Materials
- Land Use/Relevant Planning
- Mineral Resources
- Population and Housing
- Recreation
- Transportation/Traffic

b) Adverse Impacts That Can Be Mitigated to Less Than Significant

Through the use of appropriate mitigation measures identified in the REIR, the majority of the potentially adverse impacts associated with the project (CUP and CDP) can be mitigated to a level of insignificance. Areas where impacts may occur and a brief description of the key recommended mitigation measures are as follows:

- Aesthetics/Light and Glare
 - Utilize minimum light levels for safety and security and lighting shall be directed to avoid spillage onto adjacent properties
 - Screen exterior mechanical equipment from view
- Construction Related Impacts
 - Limit construction hours to Monday-Saturday, 7 am to 8 pm pursuant to Noise Ordinance
 - Submit erosion and dust control plan
 - Construction shall include Best Management Practices to control pollutants

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- Dewatering plan shall be approved by the Public Works Department, Santa Ana Regional Water Quality Control Board, and Orange County Water District
- Noise reduction by muffling and distance separation
- All structures to be cleaned of hazardous materials prior to off-site transportation
- Prepare and implement Traffic Management Plan for City approval
- Conduct pre-construction nesting survey of savannah sparrows adjacent to desalination plant site
- Conduct pre-construction surveys of California gnatcatcher, Bell's vireo, southwestern pond turtle, raptor nests, and sensitive biological resources at booster pump station site
- Archaeologist to evaluate any historical and archaeological resources discovered during the construction of the booster pump
- **Geology/Soils/Seismicity**
 - Submit geotechnical report to include recommendations regarding grading, foundations, remedial work, overexcavation/recompaction, dewatering, lateral spreading, flood control channel bank stability, liquefaction potential, and ground water constraints and incorporate recommendations into the grading plan
 - Comply with NPDES
 - Complete removal and recompaction of compressible soils or use of piles and grade beams to support on-site structures
 - Perform special studies and subsurface investigation to determine fault rupture potential of South Branch fault which underlies the site
 - Compliance with Uniform Building Code for seismic safety and liquefaction
- **Hydrology/Drainage/Storm Water Runoff**
 - Submit a Water Quality Management Plan for approval by the Public Works Department to control pollutant runoff
 - Perform hydrology and hydraulic analysis to address storm water drainage and flooding
 - Install on-site drainage system to address stormwater
- **Noise**
 - Submit an acoustical analysis to assure that all stationary noise sources comply with the city's Noise Ordinance
- **Product Water Quality/Water Distribution System**
 - Product water quality shall be regulated by the California Department of Health Services
 - Prior to operation install corrosion monitoring system and OC-44 feeder monitoring program
 - Prior to operation perform additional pressure surge impacts modeling
 - Prior to operation coordinate and obtain approval from applicable local water agencies

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- Public Service and Utilities
 - Pay traffic impact, sewer connection, water service connection, and school impact fees
 - Incorporate solid waste reduction and recycling methods for project construction and operation

These impacts can be reduced by mitigation measures suggested in the REIR and summarized in this report. Staff recommends incorporation of these mitigation measures into the conditions of approval for the development project (CUP and CDP).

c) Unavoidable Significant Impacts

There is one adverse environmental impact that cannot be completely eliminated through mitigation measures: short-term construction related emissions of nitrogen oxides from the proposed project.

Environmental impacts associated with implementation of a project may not always be mitigated to a level considered less than significant. In such cases, a Statement of Overriding Considerations must be prepared prior to approval of the project, and in accordance with CEQA Guidelines Sections 15091 and 15093. CEQA requires decision makers to balance the benefits of the proposed project against its unavoidable environmental risks in determining whether to approve the project. If the benefits of a proposed project outweigh the unavoidable adverse environmental effects, the City may consider the adverse environmental effects acceptable. In this particular case, staff believes the social, economic, and ecosystem/biological resources benefits of the proposed project outweigh the adverse impact to air quality during the construction process. A Statement of Overriding Considerations is required to describe the specific reasons for approving the project, based on information contained within the Final REIR, as well as any other information in the public record.

Prior to certification and adoption of the REIR by resolution, the City Council may amend the document. It should be noted, however, that removal of any of the recommended mitigation measures requires findings and justification. Additionally, all mitigation measures that are approved with the REIR must be applied to the approved project.

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Attachment(s):

City Clerk's Page Number	No.	Description
12	1	City Council Resolution No. 2005-62 Certifying Final REIR No. 00-02
17	2	Final REIR No. 00-02, Technical Appendices, Response to Comments, Errata (under separate cover – not attached)
19	3	Request for Council Action dated November 17, 2003
462	4	Letters in opposition and in support received after REIR comment period
575	5	PowerPoint Presentation
587	6	Responses to EIR related Questions Raised at August 22, 2005 Study Session

RCA Author: R. Ramos/M. Broeren

ATTACHMENTS ARE
AVAILABLE FOR PUBLIC
REVIEW IN THE CITY
CLERK'S OFFICE.

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