

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: PL 05-26

**CITY OF HUNTINGTON BEACH
REQUEST FOR ACTION**

SUBMITTED TO: HONORABLE MAYOR AND CITY COUNCIL MEMBERS

SUBMITTED BY: *Penelope Culbreth Graft*
PENELOPE CULBRETH-GRAFT, City Administrator

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

SUBJECT: APPROVE CONDITIONAL USE PERMIT NO. 02-04/COASTAL DEVELOPMENT PERMIT NO. 02-05 (SEAWATER DESALINATION PROJECT) - FORWARDED BY THE PLANNING COMMISSION

RECEIVED
CITY CLERK
HUNTINGTON BEACH
AUG 11 2005

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

Statement of Issue:

Transmitted for your consideration are Conditional Use Permit No. 02-04 and Coastal Development Permit No. 02-05 which represent a request by Poseidon Resources Corporation to permit a seawater desalination project, which includes construction of 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 to produce 50 million gallons per day (MGD) of potable water. The project also includes the construction of water transmission lines to an existing regional transmission system and perimeter landscaping and fencing along the project's frontage on Newland Street and Edison Avenue. This project was presented to the City Council in 2003 but was not acted upon because the accompanying Environmental Impact Report No. 00-02 was not certified.

The Planning Commission voted to: 1) refer Conditional Use Permit No. 02-04 and Coastal Development Permit No. 02-05 to the City Council with no recommendation; 2) forward the conditions of approval reviewed and approved by straw votes (**Alternative Action 1**); and 3) forward the findings for denial that were considered (**Alternative Action 2**).

Staff recommended approval of the project to the Planning Commission and is recommending the City Council approve the request (**Staff Recommendation**) with modifications which include most of the Planning Commission's recommended changes to the conditions of approval because:

- The project is compatible with surrounding uses and is buffered from residential and other sensitive uses by significant setbacks, perimeter landscaping, and fencing.

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- The project will improve the appearance of the area by demolishing three existing unused 40-foot high fuel storage tanks and replacing them with lower profile, modern, and more attractive structures.
- The proposed structures are in substantial compliance with the Design Guidelines by employing variations in form, building details, colors, and materials that create visual interest. The design is carried through all the structures including the architectural screen for the tanks to achieve a unified theme. This coupled with the 10 foot (Edison) to 20 foot (Newland) perimeter landscape planter and screen wall will enhance the overall appearance of the site compared to the existing condition.
- The project will advance the remediation of any contamination around the unused fuel storage tanks.
- All other impacts pertaining to noise, light/glare, odors, and use of chemicals are addressed to avoid detrimental impacts to the area.
- The project is consistent with the General Plan Land Use designation of P (Public) for the site.
- The project is consistent with General Plan and Coastal Element goals, policies, and objectives.
- The project conforms to the requirements of the Coastal Zone Overlay and will not impede access to the coast or any public recreation opportunities in the area.

The applicant concurs with the staff recommended conditions and believes that the city will receive many benefits from the project (see Benefits and Disadvantages To The City below).

The project's potential environmental impacts are analyzed and discussed in a separate staff report. Prior to any action on Conditional Use Permit No. 02-04 and Coastal Development No. 02-05, it is necessary for the City Council to review and act on Recirculated Environmental Impact Report No. 00-02.

Funding Source: Not applicable.

Recommended Action:

STAFF RECOMMENDATION:

Motion to:

1. "Approve Conditional Use Permit No. 02-04 and Coastal Development Permit No. 02-05 to permit the Seawater Desalination Project with staff recommended findings and conditions of approval (Attachment No. 1)."
2. "Approve CEQA Statement of Findings and Fact with a Statement of Overriding Considerations (Attachment No. 7)."
3. "Approve the Mitigation Monitoring and Reporting Program (Attachment No. 8)."

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Alternative Action(s):

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

1. "Approve Conditional Use Permit No. 02-04 and Coastal Development Permit No. 02-05 to permit the Seawater Desalination Plant with Planning Commission straw vote findings and conditions of approval (Attachment No. 2)."
2. "Deny Conditional Use Permit No. 02-04 and Coastal Development Permit No. 02-05 with findings for denial. (Attachment No. 3)"
3. "Continue Conditional Use Permit No. 02-04 and Coastal Development Permit No. 02-05 and direct staff accordingly."

Planning Commission Actions:

Planning Commission Action on May 27, 2003:

THE MOTION MADE BY RAY, SECONDED BY SHOMAKER, TO CONTINUE CONDITIONAL USE PERMIT NO. 02-04 AND COASTAL DEVELOPMENT PERMIT NO. 02-05 TO JUNE 3, 2003 CARRIED BY THE FOLLOWING VOTE:

AYES: DAVIS, STANTON, KOKAL, SHOMAKER, DINGWALL, RAY
NOES: NONE
ABSENT: NONE
ABSTAIN: NONE

MOTION PASSED

Planning Commission Action on June 3, 2003:

THE MOTION MADE BY DAVIS, SECONDED BY SHOMAKER, TO REOPEN THE PUBLIC HEARING ON ENVIRONMENTAL IMPACT REPORT NO. 00-02 AND COMBINE WITH THE PUBLIC HEARING ON CONDITIONAL USE PERMIT NO. 02-04 AND COASTAL DEVELOPMENT PERMIT NO. 02-05 CARRIED BY THE FOLLOWING VOTE:

AYES: DAVIS, STANTON, KOKAL, SHOMAKER, RAY
NOES: DINGWALL
ABSENT: NONE
ABSTAIN: NONE

MOTION PASSED

THE MOTION MADE BY DINGWALL, SECONDED BY KOKAL, TO CONTINUE CONDITIONAL USE PERMIT NO. 02-04 AND COASTAL DEVELOPMENT PERMIT NO. 02-05 TO JULY 8, 2003 WITH PUBLIC HEARING CLOSED CARRIED BY THE FOLLOWING VOTE:

AYES: STANTON, KOKAL, SHOMAKER, DINGWALL, RAY

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NOES: DAVIS
ABSENT: NONE
ABSTAIN: NONE

MOTION PASSED

Planning Commission Action on July 8, 2003:

THE MOTION MADE BY STANTON, SECONDED BY SHOMAKER, TO CONTINUE CONDITIONAL USE PERMIT NO. 02-04 AND COASTAL DEVELOPMENT PERMIT NO. 02-05 TO JULY 22, 2003 WITH PUBLIC HEARING CLOSED CARRIED BY THE FOLLOWING VOTE:

AYES: DAVIS, SCANDURA, KOKAL, SHOMAKER, DINGWALL, RAY, LIVENGOOD
NOES: NONE
ABSENT: NONE
ABSTAIN: NONE

MOTION PASSED

Planning Commission Action on July 22, 2003:

THE MOTION MADE BY STANTON, SECONDED BY DAVIS, TO CONTINUE CONDITIONAL USE PERMIT NO. 02-04 AND COASTAL DEVELOPMENT PERMIT NO. 02-05 WITH PUBLIC HEARING CLOSED TO TUESDAY, AUGUST 12, 2003, CARRIED BY THE FOLLOWING VOTE:

AYES: DAVIS, SCANDURA, STANTON, KOKAL, SHOMAKER, DINGWALL, RAY
NOES: NONE
ABSENT: NONE
ABSTAIN: NONE

MOTION PASSED

Planning Commission Action on August 12, 2003:

THE MOTION WAS MADE BY STANTON, SECONDED BY SHOMAKER, TO CONTINUE CONDITIONAL USE PERMIT NO. 02-04 AND COASTAL DEVELOPMENT PERMIT NO. 02-05 WITH PUBLIC HEARING CLOSED TO AUGUST 26, 2003, BY THE FOLLOWING VOTE:

AYES: SCANDURA, STANTON, KOKAL, SHOMAKER, DINGWALL
NOES: DAVIS, RAY
ABSENT: NONE
ABSTAIN: NONE

MOTION PASSED

Planning Commission Action on August 26, 2003:

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MOTION MADE BY SHOMAKER, SECONDED BY DINGWALL, TO CONTINUE CONDITIONAL USE PERMIT NO. 02-04 AND COASTAL DEVELOPMENT PERMIT NO. 02-05 TO SEPTEMBER 9, 2003 WITH PUBLIC HEARING CLOSED BY THE FOLLOWING VOTE:

AYES: DAVIS, KOKAL, SHOMAKER, DINGWALL, RAY
NOES: NONE
ABSENT: SCANDURA, STANTON
ABSTAIN: NONE

MOTION PASSED

Planning Commission Action on September 9, 2003:

MOTION MADE BY DAVIS, SECONDED BY KOKAL, TO DENY CONDITIONAL USE PERMIT NO. 02-04 AND COASTAL DEVELOPMENT PERMIT NO. 02-05 WITH FINDINGS:

AYES: DAVIS, KOKAL, DINGWALL
NOES: SCANDURA, SHOMAKER, RAY, LIVENGOOD
ABSENT: NONE
ABSTAIN: NONE

MOTION FAILED

MOTION MADE BY KOKAL, SECONDED BY DINGWALL, TO CONTINUE CONDITIONAL USE PERMIT NO. 02-04 AND COASTAL DEVELOPMENT PERMIT NO. 02-05 TO SEPTEMBER 23, 2003 WITH PUBLIC HEARING CLOSED CARRIED BY THE FOLLOWING VOTE:

AYES: KOKAL, SHOMAKER, DINGWALL, RAY
NOES: DAVIS, SCANDURA, LIVENGOOD
ABSENT: NONE
ABSTAIN: NONE

MOTION PASSED

Planning Commission Action on September 23, 2003:

THE MOTION MADE BY DINGWALL, SECONDED BY RAY, TO DENY CONDITIONAL USE PERMIT NO. 02-04 AND COASTAL DEVELOPMENT PERMIT NO. 02-05 WITH FINDINGS:

AYES: DAVIS, DINGWALL, RAY
NOES: SCANDURA, LIVENGOOD
ABSENT: SHOMAKER
ABSTAIN: NONE

MOTION FAILED

THE MOTION MADE BY DAVIS, SECONDED BY DINGWALL, TO FORWARD CONDITIONAL USE PERMIT NO. 02-04 AND COASTAL DEVELOPMENT PERMIT NO. 02-05 TO THE CITY COUNCIL WITH NO DECISION CARRIED BY THE FOLLOWING VOTE:

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AYES: SCANDURA, DAVIS, DINGWALL, RAY, LIVENGOOD
NOES: NONE
ABSENT: SHOMAKER
ABSTAIN: NONE

MOTION PASSED

THE MOTION MADE BY DAVIS, SECONDED BY DINGWALL, TO FORWARD BY MINUTE ACTION THE STRAW VOTES ON THE RECOMMENDED CONDITIONS OF APPROVAL AND THE FINDINGS FOR DENIAL CONSIDERED FOR CONDITIONAL USE PERMIT NO. 02-04 AND COASTAL DEVELOPMENT PERMIT NO. 02-05 TO THE CITY COUNCIL CARRIED BY THE FOLLOWING VOTE:

AYES: SCANDURA, DAVIS, DINGWALL, RAY, LIVENGOOD
NOES: NONE
ABSENT: SHOMAKER
ABSTAIN: NONE

MOTION PASSED

Analysis:

A. PROJECT PROPOSAL:

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

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

Conditional Use Permit No. 02-04 and Coastal Development Permit No. 02-05 represent a request pursuant to Sections 214.06 and 245.06 and Chapter 221 of the HBZSO to construct the following:

- A. A seawater desalination project that includes construction of a 10,120 square foot administration building, 38,090 square foot reverse osmosis building, 36,305 square foot product water storage tank, and other miscellaneous accessory structures to produce 50 million gallons per day of potable water;
- B. Perimeter landscaping and fencing along the project's frontage along Newland Street and Edison Avenue; and
- C. Up to four miles of underground water transmission lines in the city, one mile of which will be within the Coastal Zone boundary, to connect to an existing regional water distribution system.

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The desalination project proposes to take screened seawater from the Huntington Beach Generating Station (HBGS) discharge pipeline and purify it using reverse osmosis to produce drinking water. Reverse osmosis is the process of pushing seawater through synthetic membranes to remove salt and other solids. The HBGS currently circulates up to 507 MGD of cooling water. The applicant proposes to use approximately 100 MGD of the cooling water after it has passed through the HBGS cooling condensers and produce 50 MGD of drinking water for use in Orange County. The remaining 50 MGD of concentrated seawater will be blended with up to 407 MGD of the HBGS cooling water and discharged via the existing HBGS outfall pipe extending approximately 1,500 feet offshore.

Pipelines will be constructed on the existing HBGS site to connect the proposed desalination project to the existing HBGS ocean discharge pipeline. No changes are proposed to the coastal/marine portion of the existing HBGS intake and outfall. An underground water transmission line will be constructed from the desalination project to the closest regional distribution line located in Costa Mesa (see Attachment No. 4). The segment located within Huntington Beach will be approximately four miles long, one mile of which will be within the Coastal Zone boundary, and will be located entirely within the existing public right-of-way along Newland Street, Hamilton Avenue and potentially Brookhurst Street and Adams Avenue.

Poseidon Resources Corporation proposes to lease two areas totaling 11 acres from the 19-acre HBGS generating station parcel on Newland Street to construct the desalination plant (see Attachment No. 4). The first lease area is approximately seven acres in size and is located along the east end of the property away from the Newland Street frontage. This area is presently developed with two 40-foot high fuel storage tanks and a concrete containment berm. Both tanks as well as the interior portions of the 10 to 12 foot high concrete berm are proposed to be demolished. This area is proposed to contain the administration building, reverse osmosis building, pretreatment filters, solids handling building, various storage tanks, and other accessory structures. Retaining walls will be constructed to provide access openings to these areas where the concrete berm will be demolished. The site will be remediated to address any contamination from the previous use.

The second lease area is approximately four acres in size and is located near the intersection of Newland Street and Edison Avenue. This area is presently developed with another 40-foot high fuel storage tank and concrete containment berm. The tank and the interior portions of the concrete berm in this area are also proposed to be demolished. The applicant proposes to construct a new 30-foot high water storage tank, lime silos, carbon dioxide tanks, a small ammonia tank, a pump station, and a surge tank in this area. The site will be remediated to address any contamination from the previous use.

The facilities will operate 24 hours, seven days a week. It will staff approximately 18 people with the largest shift at five to seven staff during the day. The nighttime and weekend shifts will have two to four staff members on site. In addition to employee vehicular traffic, project operation will require approximately four truck trips per day. The applicant has indicated that the request is necessary to provide a new water supply source into the area that is reliable

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and drought proof (see Attachment No. 5). The proposed plant includes the following structures:

Building Name	Area (sq ft)	Height (ft)	Type of Construction	Notes
RO Building	38,090	25' - 0"	Type II - EFIS	Houses RO Membrane Equipment and Pumps
Pretreatment Filters	38,270	16' - 0"	Cast-in-Place Concrete	Open-air structure that houses gravity media filters similar to a conventional water treatment plant
Administration Building	10,120	18' - 0"	Type II - EFIS	Multi-function building that houses administrative offices, maintenance shop, electrical room, lockers, control room, and a water quality laboratory
Solids Handling Building	7,590	21' - 0"	Type II - EFIS	Houses bell filter presses and chemical feed equipment used to treat solids removed in the pretreatment process
Electrical Building and Sub-Station	1,800	12' - 0"	Type II - EFIS	Houses main plant transformer and switch gear
Chemical Storage	4,368	23' - 0"	Type II - EFIS Canopy	Houses bulk water treatment chemical tanks
Lime Storage Area	4,560	27' - 0"	Welded Steel	Open-air structure for lime silos
Ammonia Tank	28	6' - 0"	High density polyethylene or fiberglass reinforced polyester	1,000 gallon ammonia storage tank
Washwater Tank	1,590	21' - 4"	Welded Steel	Process water storage tank
Flush Tank	491	29' - 0"	Welded Steel	Process water storage tank
Influent Pump Station	1,880	+6'-0"	Cast-In-Place Concrete	Location of the influent pumps and wet well. The pumps, piping, and other mechanical equipment are above grade
Product Water Pump Station	650	+13'-0"	Cast-In-Place Concrete	Location of the product water pumps. The pumps, piping and other mechanical equipment are above grade
Product Water Storage Tank	36,305	30' above grade, 10' below grade	Cast-In-Place Concrete	10-MG water storage tank.
Carbon Dioxide Tank	1,482	10'-0"	Welded Steel	Two tanks proposed
Surge Tank	312	Below Grade	Welded Steel	Distribution system protection tank

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Zoning Compliance:

This project is located in the PS-O-CZ (Public-Semipublic – Oil Production Overlay – Coastal Zone Overlay) zoning district and complies with the requirements of that zone. The following is an updated zoning conformance matrix which compares the proposed project with the development standards of PS zoning district:

SECTION	ISSUE	CODE PROVISION	PROPOSED
214.08	Lot Area	Min. 2 acres	11 acres (Poseidon lease area)
	Lot Width	Min. 100 ft.	930 ft. (Newland Street)
	Setbacks		
	Front (Newland)	Min. 10 ft.	Min. 78 ft.
	Side (South P.L.)	Min. 0	Min. 19 ft.
	Street Side (Edison)	Min. 10 ft.	Min. 86 ft.
	Rear (East P.L.)	Min. 0	Min. 79 ft.
	Building Height	Max. 50 ft.	Max. 30 ft. (from finished floor)
	Floor Area Ratio		
	Zoning	Max. 1.5 (718,000 sq. ft.)	57,540 sq. ft. of building
General Plan	None	NA	
214.08	Site Landscaping	Min. 6 % (28,646 sq. ft.) Lease Area 1 - 6.83 acres (17,851 sq. ft.) Lease Area 2 - 4.13 acres (10,795 sq. ft.)	8.8 % (42,293 sq. ft.) Lease Area 1 (31,498 sq. ft.) Lease Area 2 (10,795 sq. ft.)
	Building Design	Requires building offset along front and street side; Alternative standards may be allowed for unique structures subject to Design Review	Water storage tank and architectural screen design approved by the Design Review Board
231.04.B	Off-Street Parking - Number	No min. – Based upon project	32 spaces (based on maximum seven employees per shift)
	Other	Min. 9 ft. by 19 ft. with 26 ft. aisle	Complies
	Loading Area	Three loading areas min. 20 ft. by 14 ft.	Complies
230.78	Refuse Storage	Required	One 14 ft. x 8 ft. enclosure
230.84	Dedication & Improvements	Dedicate 12 ft. along Edison Ave. frontage	Complies
230.88	Fences & Walls	Screen wall required	8 ft. high wall with 8.5 ft high accent pilasters consistent with approved HBGS wall plan

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Project Phasing

The total demolition, remediation, and construction process for the proposed project is anticipated to last approximately 24 months. This time frame includes time necessary to acquire all required agreements, permits, and approvals. Project phasing for the components affecting Huntington Beach would be divided into two separate categories, composed of the following:

On-Site Desalination Facility Construction: This portion of the proposed project would last approximately 24 months, and would include such activities as on-site demolition, grading/excavation, construction of desalination facilities, landscaping, and facility startup/testing. Import and export of earthen materials would occur primarily during the first six months and last four months of this phase of the project.

Off-Site Product Water Transmission Pipeline Construction: This portion of the project would last approximately 21 months (includes pipeline segment in Costa Mesa), and would start about three months after the beginning of on-site desalination facility construction. This phase would include such activities as pipeline installation, implementation of pipeline under waterways/major roadways, soil remediation, removal of pipeline, and facility startup/testing. Import and export of earthen materials would occur primarily during the middle 12 months of this phase.

Required Approvals

The proposed desalination project not only requires approval from the City but also from many other public agencies prior to construction and operation. These agencies will be reviewing certain aspects of the project for compliance with local, State and Federal standards. The following is an overview of the required permitting processes by agency:

- City of Huntington Beach – EIR certification, CUP, and CDP for the desalination facility and underground water lines; Franchise Agreement for use of City right-of-way/Public Improvement Plans; Building Permits for construction of structures and tanks on-site.
- California Coastal Commission – CDP for utilizing the existing HBGS ocean outfall line for discharging into the ocean.
- Santa Ana Regional Water Quality Control Board – NPDES permit to discharge the concentrated seawater byproduct through the existing HBGS ocean outfall line in the ocean.
- Various Agencies – Encroachment Permits for work in public right-of-way areas
- South Coast Air Quality Management District – Permit to operate.
- State of California Department of Health Services – Drinking water permit to assure quality of potable water.
- California State Lands Commission – Lease agreement
- California Department of Parks and Recreation – Easement
- Various cities, agencies, and regional water purveyors – Institutional agreements

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A background on desalination and context for the proposed Poseidon project, along with a summary of RO plants in California, is provided in Attachment No. 9.

B. PLANNING COMMISSION MEETING AND RECOMMENDATION:

At the May 27, 2003 Planning Commission hearing staff and the applicant presented the project. Twenty-one people spoke regarding the project. The majority were opposed to the project citing concerns primarily about impacts to water quality, marine life, the neighborhood, the city's redevelopment efforts, growth inducement, the adjacent wetland, as well as the lack of benefits to the city and the use of a public resource by a private party for profit. In addition to the applicant's development team, one other person spoke in favor. The applicant's consultants summarized the results of the hydrodynamic modeling and the analysis of the salinity impacts to the marine biology. The Planning Commission focused their discussion on the Environmental Impact Report (EIR) and continued the Conditional Use Permit (CUP) and Coastal Development Permit (CDP) to the June 3, 2003 meeting.

At the June 3, 2003 hearing 12 people spoke, six of whom were opposed repeating the same concerns presented at the previous meeting. The applicant presented the project's benefits and the basis for selecting the project site. In addition to the applicant's development team, one other person spoke in favor. The Planning Commission focused their discussion on the EIR and continued the CUP and CDP to the July 8, 2003 meeting with the public hearing closed.

At the July 8, 2003 meeting the Planning Commission focused their discussion on the EIR and continued the CUP and CDP to the July 22, 2003 meeting with the consensus that the Planning Commission would submit their recommended conditions of approval to staff for response.

At the July 22, 2003 meeting staff responded to the proposed conditions received from some of the Planning Commissioners. A straw vote to accept a proposed condition indemnifying the City from all legal expenses passed unanimously. The Planning Commission began discussion of the proposed conditions then continued the CUP and CDP to the August 12, 2003 meeting.

At the August 12, 2003 meeting staff continued to respond to the proposed conditions received from some of the Planning Commissioners. After focusing most of their time on the reconsideration of the EIR, which they certified that night, the Planning Commission continued to review the conditions and directed staff to incorporate additional changes to be brought back for further review at the next meeting. The Planning Commission continued the CUP and CDP to the August 26, 2003 meeting.

At the August 26, 2003 meeting the Planning Commission continued reviewing the conditions and directed staff to complete additional modifications, incorporate alternative wording, and provide additional information at the September 9, 2003 meeting.

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At the September 9, 2003 meeting the Planning Commission once again reviewed the first nine pages of recommended conditions in detail and took straw votes. They continued the CUP and CDP to the September 23, 2003 meeting.

At the September 23, 2003 meeting the Planning Commission reviewed the rest of the recommended conditions in detail and took straw votes. A motion to deny failed. The Planning Commission, considering the improbability of achieving four affirmative votes, voted to forward the CUP and CDP to the City Council without a recommendation and by minute action forwarded the straw votes on the recommended conditions of approval as well as the findings for denial that were considered.

Attachment No. 2 includes the conditions approved by the Planning Commission with straw votes. These conditions are the same as the staff recommended conditions with the exception of eight items that staff does not believe are necessary or supported by the information presented. The eight items are shown in shaded text in Attachment No. 2 followed by staff's rationale.

C. STAFF ANALYSIS AND RECOMMENDATION:

The proposed project is a permitted use. This analysis reviews the following aspects of the project: land use compatibility, site layout, circulation, street dedication/improvement, water transmission line, other project impacts, aesthetics, and benefits/disadvantages to the city.

Land Use Compatibility

The proposed use is compatible and consistent with the industrially designated properties immediately surrounding the subject site. To the north are a variety of industrial uses extending to Hamilton Avenue, which provide a buffer to the residential area north of Hamilton. To the east is a 145-foot wide flood control channel, which provides adequate separation from potential residential use on the ASCON-NESI landfill. The closest residential uses are the manufactured homes and RV Park across Newland to the west behind a vacant parcel. The next closest residential uses to the east are single-family residences across Magnolia Street located over 1,000 feet from the project. The wetlands to the southeast are separated by the existing concrete berm and a distance of 79 feet to the closest proposed desalination project structure. To the south of the project is the remainder of the HBGS which is compatible with the project.

Site Layout

The proposed layout of the plant will not be detrimental to the area because it is buffered by substantial distance (from approximately 200 to 1,400 feet) from residential and other sensitive uses. The 30-foot high water reservoir tank, which will be the most visible of the structures proposed near the street frontages, is setback approximately 190 feet from the property line along Newland and over 100 feet from the property line along Edison Avenue.

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The rest of the proposed structures are located towards the east end of the property away from any street frontage and are setback a minimum of 79 feet from the east property line. Furthermore, facility operations will not be visible from the perimeter because they are directed towards the interior of the site and will be screened from view by the existing perimeter concrete berm and the proposed landscaping and wall.

Circulation, Street Dedication and Improvement

The applicant is proposing to access the site through the existing HBGS gated driveway off Newland. A 24-foot wide access easement across the HBGS property and leading to the proposed structures is shown on the site plan. A parking lot with 32 spaces is located adjacent to the administration building and will be adequate to accommodate the maximum eight staff members per shift and any guests. The parking layout has proper circulation and the proposed parking spaces and drive aisle widths meet code. The loading area is separated from the main access aisle and the parking lot and is of adequate size to accommodate all truck operations. To improve circulation in the area the applicant will be required to dedicate and improve 12 feet of property along the lease area frontage on Edison Avenue for street widening.

Off-site Water Transmission Lines

The project also includes the construction of a water transmission line from the desalination project to the closest regional distribution line located in Costa Mesa. The segment located within Huntington Beach will be approximately four miles long and will be located entirely within the existing public right-of-way along Newland Street, Hamilton Avenue and potentially Brookhurst Street and Adams Avenue. To minimize any detrimental impacts to the community and to maintain access to the coast and public recreation areas during construction as required by the Coastal Act, the Public Works Department will require the applicant to prepare traffic control plans to mitigate impacts to city streets and facilitate circulation during construction. A franchise agreement will also be required for use of the city's right-of-way.

Other Project Impacts

The EIR notes that the stationary noise sources from the project include various water pumps and air conditioning system components. However, the majority of these noise sources is located indoors or is provided with enclosures to dampen noise. Additionally, intervening structures such as the concrete berm and proposed wall combined with significant setbacks will further reduce noise impacts. A mitigation measure has also been identified which requires the applicant to submit a noise analysis prepared by a qualified acoustical consultant which identifies stationary noise sources from the project and necessary mitigation measures to assure compliance with the city's noise ordinance.

The desalination plant will be using chemicals in its operations both to clean the reverse osmosis membranes and to treat the potable product water. The project will incorporate

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leak and containment measures to minimize any risk to employees and the surroundings. All chemicals will be stored in concrete containment structures with a 110 percent spill containment capacity. The transportation of chemicals to the desalination plant will be conducted by registered haulers and is required to comply with all Caltrans regulations. The plant is also required to develop hazardous waste management and safety plans pursuant to Occupational Health and Safety Association (OSHA) and US Environmental Protection Agency (EPA) requirements. The Fire Department will also require the applicant to submit for their approval a complete chemical inventory and a use, storage, and handling plan prepared by a qualified professional.

The applicant has demonstrated that the project will not create any noticeable odors. The applicant is required to obtain a permit to operate from the Air Quality Management District and will continue to be regulated by the agency to address this issue.

Aesthetics

The project will improve the appearance of the area by demolishing three existing 40-foot high fuel storage tanks and replacing them with lower profile, modern, and more attractive structures. The proposed structures vary in height from a maximum of 30 feet for the water tank to a minimum of six feet high for the ammonia tank. These structures are at minimum 10 feet lower than the existing 40-foot high tanks. Furthermore, the bottom portion of these structures will be hidden behind the existing concrete berm along the perimeter. As noted before, the proposed structures are in substantial compliance with the Design Guidelines by employing variations in form, building details, colors, and materials that create visual interest. The design is carried through all the structures including the architectural screen for the tanks to achieve a unified theme.

The perimeter wall is designed in a manner to create an attractive appearance and will be consistent with the wall design approved for the portion of the HBGS property to the south for a cohesive appearance. A 10 foot and 20 foot planter along the lease area street frontage on Edison and Newland respectively will further improve the appearance of the project. The design, colors, and materials of the project have been reviewed and are recommended for approval by the Design Review Board.

Benefits and Disadvantages To The City

The following (not listed necessarily in order of importance) would be potential benefits to City from the proposed project, with generally-estimated values provided:

1. Additional ocean water quality testing required since water will be a source of the public drinking water supply [value = intrinsic]
2. Improved appearance and remediation of the immediate site by replacement of oil storage tanks and containment berms with an architecturally-enhanced and landscaped facility [value = intrinsic]

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3. Water supply benefits from connecting Poseidon's pipeline to the City's water system downstream of the City's MWD meter may allow the City to avoid MWD surcharges. [value = \$300,000/year based on \$55/acre-foot surcharges and 15 acre-feet/day]
4. Emergency source of dependable, alternative ("drought-proof") potable water supply [value = intrinsic]
5. Diversification of City's water supply portfolio through Poseidon's connection to City's system, making product water potentially available when MWD sources are rationed or curtailed under severe drought or other service discontinuances [value = \$3,000/day of curtailment based on \$205/acre-foot Basin Equity Assessment and 15 acre-feet/day]
6. If a joint-use reservoir were to be negotiated:
 - a. Additional water storage above the City's master planned 10 million gallon capacity to serve primarily the southeast area of the City [value = intrinsic]
 - b. Reduced size of, or elimination of, reservoir booster pump station due to Poseidon's high-pressure discharge to the City's (jointly-owned with Mesa Consolidated Water District) MWD pipeline (OC-44) [value = \$4 million avoided construction costs + \$15,000/year O&M savings + \$25,000/year energy savings]
 - c. Reduced construction cost of master planned water storage reservoir by potentially transferring some or all construction costs to developer [value = \$1 million per million gallons of capacity]
7. Franchise payments for company's use of City's street rights-of-way for company's pipeline and connection to City's (jointly-owned with Mesa Consolidated Water District) MWD pipeline (OC-44) [value = to be negotiated]
8. New City tax revenues without significant new demands on City services [value = \$50,000/year utility tax revenue to City + \$1,100,000/year revenue to RDA + \$60,000/year property tax revenue to City]*

* Source: *Economic and Fiscal Impacts of the Proposed Huntington Beach Desalination Plant*, prepared for Poseidon resources by M.Cubed, June 2003

The project has the following disadvantage to the city:

- It will cause a temporary disruption to city streets during the construction process.

The analysis of the project indicates that the proposed advantages to the city outweigh the disadvantages because the project will result in much needed improvements to the aesthetics of the area. Additionally, the proposed use conforms to the General Plan Land

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Use and zoning designations on the subject site which permits utilities like the desalination plant.

D. SUMMARY

Staff recommends that the City Council approve Conditional Use Permit No. 02-04 and Coastal Development Permit No. 02-05 subject to conditions based on the following:

- The project is compatible with surrounding uses and is buffered from residential and other sensitive uses by significant setbacks, perimeter landscaping, and fencing.
- The project will improve the appearance of the area by demolishing three existing unused 40-foot high fuel storage tanks and replacing them with lower profile, modern, and more attractive structures.
- The proposed structures have been approved by the Design Review Board and are in substantial compliance with the Design Guidelines by employing variations in form, building details, colors, and materials that create visual interest. The design is carried through all the structures including the architectural screen for all the tanks for a unified theme. This coupled with the 10 to 20 foot perimeter landscape planter and screen wall will enhance the overall appearance of the site compared to the existing condition.
- All other impacts pertaining to noise, light/glare, odors, and use of chemicals are addressed to avoid detrimental impacts to the area.
- The project is a permitted use and consistent with the General Plan Land Use designation of P (Public) for the site.
- The project is consistent with General Plan and Coastal Element goals, policies, and objectives.
- The project conforms to the requirements of the Coastal Zone Overlay and will not impede access to the coast or any public recreation opportunities in the area.

Environmental Status:

The project's potential environmental impacts are analyzed and discussed in a separate staff report. Prior to any action on Conditional Use Permit No. 02-04 and Coastal Development Permit No. 02-05, it is necessary for the City Council to review and act on Recirculated Environmental Impact Report No. 00-02. Staff recommends that Recirculated Environmental Impact Report No. 00-02 be certified as adequate and complete with mitigation measures, Findings and Fact, a Statement of Overriding Considerations, and a Mitigation Monitoring and Reporting Program.

Although the project results in an adverse impact to the environment in relation to short-term construction related emissions that cannot be fully mitigated or avoided, the City Council may still approve the project if a Statement of Overriding Considerations is adopted. CEQA requires decision makers to balance the benefits of a 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

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believes the social, economic, and ecosystem/biological resources benefits of the proposed project outweigh the adverse impacts to air quality during the construction process. The project benefits are outlined in the Statement of Overriding Considerations (see Attachment No. 7).

As a point of reference, the unavoidable significant impact in regards to short-term construction related emissions is also found in the Environmental Impact Report for other city approved projects such as the McDonnell Centre Business Park Specific Plan, The Strand (Blocks 104/105), Home Depot, and Walmart.

The Mitigation Monitoring and Reporting Program is the formal documentation required by CEQA to implement and monitor compliance with all mitigation measures. The Mitigation Monitoring and Reporting Program establishes which City departments are responsible for ensuring completion and compliance with all adopted mitigation measures.

Following approval of the conditional use permit and coastal development permit, the City Council must approve CEQA Statement of Findings and Fact with a Statement of Overriding Considerations (Attachment No. 7), and a Mitigation Monitoring and Reporting Program (Attachment No. 8).

Attachment(s):

City Clerk's Page Number	No.	Description
18	1	Findings and Conditions of Approval (Staff Recommendation)
49	2	<ul style="list-style-type: none">Findings and Conditions of Approval (Planning Commission Straw Vote)Issues Forwarded to the City Council By Minute Action
84	3	Findings for Denial Reviewed by the Planning Commission
86	4	Site Plan dated June 1, 2005; Floor Plans and Elevations dated April 7, 2003 and March 21, 2005; Conceptual Landscaping Plan dated April 23, 2003, and Conceptual Pipeline Alignment dated August 2002
109	5	Project Narrative dated March 21, 2005
120	6	Urban Design Guidelines Checklist dated May 20, 2002
140	7	CEQA Statement of Findings and Fact with Statement of Overriding Considerations – REIR No. 00-02
188	8	Mitigation Monitoring and Reporting Program – REIR No. 00-02
259	9	Desalination Background and Summary of Seawater Reverse Osmosis Plants in California Over the past 14 years
263	10	Aerial
265	11	<ul style="list-style-type: none">Planning Commission Staff Report dated May 27, 2003Revised Conditions of Approval dated July 22, 2003Planning Commission Proposed Revisions to the Conditions of Approval dated July 22, 2003

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		<ul style="list-style-type: none">▪ Late Communication dated July 22, 2003▪ Planning Commission Staff Report dated August 12, 2003▪ Planning Commission Staff Report dated August 26, 2003▪ Additional Information dated August 26, 2003▪ Planning Commission Staff Report dated September 9, 2003 with Commissioner Recommended Conditions▪ Planning Commission Staff Report dated September 23, 2003
514	12	Planning Commission Minutes dated May 27, June 3, July 8, July 22, August 12, August 26, and September 9, 2003
568	13	Letters in Opposition and in Support
683	14	PowerPoint Presentation
706	15	Responses to CUP related Questions Raised at August 22, 2005 Study Session

RCA Author: Ramos/Broeren

ATTACHMENTS ARE AVAILABLE
FOR PUBLIC REVIEW IN
THE OFFICE OF THE CITY CLERK

8/30/05
12:11 PM
J. RAMOS
CITY CLERK

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