

STAFF REPORT



ITEM NO. 16
CITY OF OCEANSIDE

DATE: August 15, 2007

TO: Honorable Mayor and City Councilmembers

FROM: Water Utilities Department

SUBJECT: PRESENTATION REGARDING THE POSEIDON DESALINATION PROJECT IN CARLSBAD

SYNOPSIS

Staff recommends that the City Council review a presentation regarding Poseidon Desalination project in Carlsbad; and provide direction to staff regarding Oceanside's participation.

BACKGROUND

The Poseidon Resources Corporation (Poseidon), a company that develops water projects, is developing a seawater desalination project at the Encina Power Plant in Carlsbad. They are proposing to sell the water produced at the desalination facility through long-term water sales agreements. Poseidon has expressed an interest in having the City of Oceanside participate in the project.

ANALYSIS

The City of Oceanside's daily imported water demand is approximately 30 MGD. The Robert A. Weese Filtration Plant treats approximately 25 MGD. A small portion of the Tri-City area of Oceanside receives approximately 5 MGD of treated water from the San Diego County Water Authority. The alternative water source provided by Poseidon would supply the area currently supplied with purchased treated water.

This potential alternate water supply would be a local, drought-resistant source with a guaranteed cost and the potential for savings in the future.

FISCAL IMPACT

The financial impact of the project would be determined during a negotiation process. Staff would compare the cost of the desalinated water to the City's current expenditure for purchased treated water to determine if the project would be cost-effective.

COMMISSION OR COMMITTEE REPORT

The Utilities Commission reviewed the Poseidon presentation during its regularly scheduled meeting on May 15, 2007 and recommend further review.

CITY ATTORNEY'S ANALYSIS

The City Attorney's office will review any proposed written agreement regarding Oceanside's participation in the project.

RECOMMENDATIONS

Staff recommends that the City Council review the Poseidon Desalination project in Carlsbad; and provide direction to staff regarding Oceanside's participation.

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