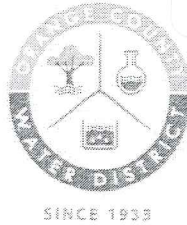


DIRECTORS

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ORANGE COUNTY WATER DISTRICT
ORANGE COUNTY'S GROUNDWATER AUTHORITY

**IN CONNECTION WITH
AGENDA ITEM NO. 9.a.**

CATHY GREEN

First Vice President
DENIS R. BILODEAU, P.E.

Second Vice President
PHILIP L. ANTHONY

General Manager
MICHAEL R. MARKUS, P.E., D.WRE

July 9, 2015

Mayor Nguyen and City Council Members
City of Garden Grove
PO Box 3070
Garden Grove CA, 92842

Re: *Proposed Poseidon Resources Huntington Beach Ocean Desalination Project*

Dear Mayor Nguyen and City Council Members:

I understand you will be discussing the proposed Poseidon Resources Huntington Beach Ocean Desalination Project at the Garden Grove city council meeting on July 14, 2015. The Orange County Water District (OCWD; the District) is interested in the project and is closely evaluating it at this time. Within the next nine months, the District anticipates it will have critical new and updated project information to share with interested stakeholders.

The City of Garden Grove is one of 19 municipalities and retail water districts served by OCWD, who is charged with protecting and finding innovative ways to secure and manage the water supply in north and central Orange County. The District has made significant investments to improve the water supply reliability for the region, including the Groundwater Replenishment System (GWRS), the world's largest advanced water purification facility of its kind. This investment has helped Orange County weather the current four-year drought much better than other communities in California. The District recently completed an initial expansion of the GWRS, bringing the plant's production to 100 million gallons a day. Plans to expand the plant again in the next five years have been initiated.

With population growth, current and future droughts, and potential climate change, the District needs to make decisions that can help ensure the availability and security of water supply for the next 40 to 75 years. OCWD has a long history of investigating, trying new technologies and making sound decisions. We have considered and pursued similar ocean desalination efforts before, and we walked away from those projects as they did not make sense at the time.

Mayor Nguyen and City Council Members

July 9, 2015

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The Poseidon project may or may not be a part of the regions' future water supply portfolio. The District is obligated to evaluate the merits of this project and the potential role it has in helping to contribute to our water security. Over the next nine months the District will be evaluating the project, reviewing its capital cost, updating the estimated cost to the rate payers, determining the projects benefits to the region, and reviewing alternative water supply options. All of this information will eventually be made available and discussed with the public.

Many agencies and citizens are very interested in this possible project. The District expects to have future workshops and robust debate over the next year once it determines the project's basic cost and benefit information. If the District ultimately moves forward with the project, it will do its due diligence to ensure that it provides short and long-term protections for OCWD and the ratepayers, including the citizens of Garden Grove.

I recently met with Mayor Nguyen, the City Manager and the Public Works Director along with OCWD staff to discuss the project. I and OCWD staff would be happy to meet with the remaining council at your convenience to discuss the project.

Please feel free to contact me if you have any additional questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Dina", written in a cursive style.

Dina Nguyen
Orange County Water District Board member