

OTAY WATER DISTRICT
DESALINATION PROJECT COMMITTEE MEETING
and
SPECIAL MEETING OF THE BOARD OF DIRECTORS

2554 SWEETWATER SPRINGS BOULEVARD
SPRING VALLEY, CALIFORNIA
Board Room

MONDAY
February 25, 2013
12:00 P.M.

This is a District Committee meeting. This meeting is being posted as a special meeting in order to comply with the Brown Act (Government Code Section §54954.2) in the event that a quorum of the Board is present. Items will be deliberated, however, no formal board actions will be taken at this meeting. The committee makes recommendations to the full board for its consideration and formal action.

AGENDA

1. ROLL CALL
2. PUBLIC PARTICIPATION – OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO SPEAK TO THE BOARD ON ANY SUBJECT MATTER WITHIN THE BOARD'S JURISDICTION BUT NOT AN ITEM ON TODAY'S AGENDA

DISCUSSION ITEMS

3. DISCUSSION OF THE ROSARITO DESALINATION FACILITY COMMUNICATIONS PLAN (BUELNA)
4. ADJOURNMENT

BOARD MEMBERS ATTENDING:
Jose Lopez, Chair
Mitch Thompson

All items appearing on this agenda, whether or not expressly listed for action, may be deliberated and may be subject to action by the Board.

The Agenda, and any attachments containing written information, are available at the District's website at www.otaywater.gov. Written changes to any items to be considered at the open meeting, or to any attachments, will be posted on the District's website. Copies of the Agenda and all attachments are also available through the District Secretary by contacting her at (619) 670-2280.

If you have any disability that would require accommodation in order to enable you to participate in this meeting, please call the District Secretary at 670-2280 at least 24 hours prior to the meeting.

Certification of Posting

I certify that on February 22, 2013 I posted a copy of the foregoing agenda near the regular meeting place of the Board of Directors of Otay Water District, said time being at least 24 hours in advance of the meeting of the Board of Directors (Government Code Section §54954.2).

Executed at Spring Valley, California on February 22, 2013.

/s/ Susan Cruz, District Secretary



STAFF REPORT

TYPE MEETING:	Desalination Project Committee	MEETING DATE:	February 25, 2013		
SUBMITTED BY:	Mark Watton General Manager	PROJECT:	P2451- 001101	DIV. NO.	2
APPROVED BY:	<input checked="" type="checkbox"/> Mark Watton, General Manager				
SUBJECT:	Rosarito Desalination Facility Communications Plan				

GENERAL MANAGER'S RECOMMENDATION:

That the Desalination Project Committee (Committee) provide direction on the Rosarito Desalination Facility Communications Plan.

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To update the Committee on efforts to increase awareness and foster community and stakeholder support, and promote the announcement of the future purchase of desalinated water from Consolidated Water Ltd.'s proposed Rosarito Desalination Facility in Rosarito Beach, Mexico.

ANALYSIS:

Consolidated Water Ltd. has proposed to develop an ocean water desalination facility in Rosarito Beach, Mexico, with a capacity of up to 100 million gallon per day (MGD).

Once the facility is constructed and a pipeline to the international border is built, the Otay Water District will have the opportunity to purchase up to 25 million gallons per day of high quality water for its service area and customers. Water from the facility could

represent up to 70 percent of the District's average daily demand and would likewise significantly reduce demand for imported water from the troubled California Bay-Delta and the over-allocated Colorado River.

While water from the facility will not be delivered to Otay customers for several years still, this will be the first cross-border water supply project of its kind and requires control of the public messaging to both inform key stakeholders and the public of the significance of the project, and to ensure them of the safety, quality, reliability and affordability of the new water supply.

For the past several years, outreach efforts have been taking place to apprise stakeholders, elected officials, and the public about the progress of the Rosarito Beach Desalination Project. These efforts included one-on-one briefings for elected officials, presentations to local chambers of commerce and community groups, updates to regulatory agencies and officials, development of informational materials, and information shared with the media about the project. As the project moves forward toward the unveiling of a pilot plant and the ground breaking of the facility, these outreach efforts will continue.

Since the project serves constituencies on both side of the border, District staff is mindful that its efforts are not a substitute or be duplicative of the outreach efforts of Consolidated Water. Instead, to the greatest extent possible, staff's efforts are viewed as being complimentary and supportive of Consolidated Water's efforts to facilitate the project.

While staff's work have and will continue to be focused to its customers, Consolidated Water is aware that they have equal outreach obligations with and among potential customers in Baja California. While those efforts will be ongoing, District staff and its consultants will strive to coordinate messages and compliment the work of Consolidated Water to the greatest extent possible.

FISCAL IMPACT:

Joe Beachem, Chief Financial Officer

The total budget for CIP P2451, as approved in the FY 2013 budget, is \$30,000,000. Based on a review of the financial budget, the Project Manager anticipates that the budget is sufficient to support this Project.

Finance has determined that 40% of the funding is available from the New Water Supply Fund and 60% of the funding will be available from the Betterment Fund.

STRATEGIC GOAL:

This Project supports the District's Mission statement, "To provide the best quality of water and wastewater services to the customers of Otay Water District, in a professional, effective, and efficient manner" and the District's Strategic Goal, "To satisfy current and future water needs for potable, recycled, and wastewater services."

LEGAL IMPACT:

None.

AB:sc

Attachments: Attachment A - Committee Action
Attachment B - Rosarito Desalination Outreach Program
Attachment C - Informational Flyer/Fact Sheet
Attachment D - Scripted PowerPoint Presentation
Attachment E - Op-Ed Piece
Attachment F - Press Release
Attachment G - Elevator Speech



ATTACHMENT A

SUBJECT/PROJECT: P2451-001101	Rosarito Desalination Facility Communications Plan
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COMMITTEE ACTION:

NOTE:

The "Committee Action" is written in anticipation of the Committee moving the item forward for board approval. This report will be sent to the Board as a committee approved item, or modified to reflect any discussion or changes as directed from the committee prior to presentation to the full board.

Rosarito Desalination Facility
Communication and Outreach Plan

February 2013

Purpose:

Plans are underway to develop a desalination facility in Rosarito Beach, Baja California, Mexico. The facility will be developed by Consolidated Water Co. Ltd. (CWCO), a publicly traded company that designs, builds, operates and finances desalination plants and water distribution systems. The facility will provide a reliable and high quality water supply for the arid regions of Northern Baja California and San Diego.

The project is the first of its kind as a bi-national water supply solution. The up to 100 million gallons of water produced each day will potentially be distributed to the federal and/or state agencies serving the Rosarito and Tijuana areas, and to Otay Water District.

The water that the District would purchase will take the place of up to 70 percent of the water it currently imports from Northern California and the Colorado River. A 25-mile pipeline will be constructed to move water from the new facility to serve potential customers in Mexico and the U.S. On the U.S. side of the border, an additional 3.2 mile pipeline will be constructed to convey the water to an Otay Water District distribution center in Otay Mesa.

OWD Role:

The Otay Water District is committed to exploring and developing reliable water supplies for customers in its service area. Already a leader in recycled water distribution and use, the District supports ocean water desalination and sees it as a critical component of a regional strategy to diversify water supplies, improve reliability, and lessen dependence on imported water from Northern California and the Colorado River.

After the water needs of Baja California are met, the District plans to purchase up to 25 MGD of the potable water for its service area. All water will be rigorously tested according to state and federal water quality standards set by the California Department of Public Health prior to distribution to the Otay Water District.

The cost of water from the desalination plant is projected to be equivalent to the current rates for water imported from Northern California and the Colorado River.

The current plan is to move the water under the 1944 Mexico/U.S. Colorado River Water Treaty.

Objectives:

- To position the Rosarito Desalination Facility as a world-class desalination project
- To communicate key messages with District ratepayers and the public-at-large

Key Messages:

General

Rosarito Desalination Facility Details

- The Rosarito Desalination Facility will be built to produce up to 100 million gallons per day.

Water Quality

- The water will be rigorously tested in conformance with the California Department of Public Health's drinking water regulations. It will meet, if not exceed, current US water quality standards before entering the District's distribution system.
- Desalinated water tastes like bottled water.
- Desalinated water is softer water than the water we currently import. Ratepayers will notice a positive change in water quality and taste. Household water softeners currently used by some customers may no longer be needed.

Impact on Rates

- The price for desalinated water will be set by the terms of a water purchase agreement, and will be less vulnerable to outside disruptions in price.

Increasing Reliability

- Desalinated water will reduce dependence on imported water supplies from the fragile Bay-Delta and the overstressed Colorado River system.
- Desalinated water's abundant source will ease potential impacts of planned or emergency water supply interruptions.

Rosarito Facility vs. Carlsbad Facility

- Desalinated water from the Rosarito Desalination Facility will be less expensive compared to the water produced by the Carlsbad Desalination Facility. The estimated cost of water from the Carlsbad Desal Facility will be in excess of \$2,000 per acre foot, while the desal water from the Rosarito Desal Facility is projected to be comparable to the prevailing wholesale price of imported water.
- Water from the Rosarito Desalination Facility will be of equal quality and reliability to the water from the Carlsbad Facility. The advanced desalination technology of both facilities is fundamentally the same and each will result in high quality water.
- The Rosarito Facility is a 100 percent private venture by a company with proven expertise in ocean water desalination.
- The litigious environment in which the Carlsbad Facility was approved and is being developed has added to the cost of the water produced by the facility.

Environmental Impacts

- All required environmental impact reports will be completed before development.

Mexico perspective

Desalination

- Desalination has long been used in regions of the world where fresh water is in short supply. Through decades of technological advancement, the process has resulted in a highly reliable, drought-proof water supply.
- There are now over 13,000 desalination facilities operating worldwide producing over 12 billion gallons of water per day.

Desalination for the border region

- Given the proximity of Tijuana, Rosarito Beach and San Diego to one another and to the Pacific Ocean, as well as the region's existing shared infrastructure, a bi-national desalination facility is an ideal project for this metropolitan region.

International partnerships against depleting water supplies

- Water supply crises are not confined by international borders; drought and the depletion of natural resources is a global challenge. It is essential for countries to work together to find innovative technologies to help solve global challenges.
- The Rosarito Desalination Project will set a precedent for cross-border relationships in the global fight against drought.

Economic development in the border region

- The Rosarito Desalination Project will give the border region a reliable source of water that can be made available for new economic and business development.

Communications Materials:



Fact Sheet



Press Releases



FAQs



YouTube Video



PowerPoint Presentation



One-Minute Elevator Speech



Op-Ed Piece

Ongoing Community Outreach:

One-on-one Stakeholder Meetings

Outreach efforts have been taking place to apprise stakeholders, elected officials, and the public about the progress of the Rosarito Beach Desalination Project. These efforts have included one-on-one briefings for elected officials, presentations to local chambers of commerce and community groups, updates to regulatory agencies and officials, and information shared with the media about the status of the project. As the project moves forward toward the unveiling of a pilot plant and the ground breaking of the facility, these outreach efforts will continue.

Breakfast and Briefing

A Breakfast and Briefing meeting is premised on the fact that local elected officials rely heavily on their professional staff to brief them on issues important to their districts. This is true for congressional, senatorial, assembly, supervisorial and members of a local city council. The Breakfast and Briefing is an opportunity to meet with the staff of these local officials and provide them with an in-depth briefing on topics of concern to Otay. The Rosarito Beach project is one such topic. This meeting will be especially useful due to the recent redrawing of District boundaries resulting in several new elected officials now representing sections of Otay's service area.

Invitees to include:

- Jessica Pool, District Director, Office of Congresswoman Susan Davis
- Lee Hernandez, Field Representative, Office of Assemblywoman Shirley Weber
- Vince Hall, Chief of Staff, Office of Mayor Bob Filner
- Timothy Walsh, Chief of Staff, Office of Congressman Juan Vargas
- Caridad Sanchez, District Director, Office of U.S. Senator Barbara Boxer
- Katie Gross, Staff Assistant, Office of U.S. Senator Dianne Feinstein
- Representative from the Office of Congressman Duncan D. Hunter
- George Andrews, District Director, Office of State Senator Joel Anderson
- Representative from the Office of Assemblyman Brian Jones
- Will Rells, Senior District Representative, Office of Assemblyman Ben Hueso
- Michael Dela Rosa, Office of Supervisor Greg Cox
- Robert Spanbauer, Office of Supervisor Dianne Jacob
- Staff Rep. to David Alvarez, San Diego City Councilmember
- Jennifer Quijano, Constituent Services Manager, Office of Mayor Cheryl Cox
- Staff Rep. to Rudy Ramirez, Chula Vista Councilmember
- Staff Rep. to Patricia Aguilar, Chula Vista Councilmember
- Staff Rep. to Pamela Bensoussan, Chula Vista Councilmember
- Staff Rep. to Mary Salas, Chula Vista Councilmember

Media Relations:

- Press conference (press conference planning document)
- Press Releases re: general announcement and milestones
- Editorial/op-ed/commentaries

Rosarito Desalination Project

Quick Facts



About the Project

Plans are underway to develop a desalination facility in Rosarito Beach, Baja California, Mexico. The facility will be developed by Consolidated Water Co. Ltd. (CWCO), a publicly traded company that designs, builds, operates and finances desalination plants and water distribution systems. The facility will provide a reliable and high quality water supply for the arid regions of Northern Baja California and San Diego.

The project is the first of its kind as a bi-national water supply solution. The up to 100 million gallons of water produced each day will potentially be distributed to the federal and/or state agencies serving the Rosarito and Tijuana areas, and to Otay Water District.

The water that the District is purchasing will take the place of up to 70% of the water it currently imports from Northern California and the Colorado River. A 25-mile pipeline will be constructed to move water from the new facility to serve its potential customers in Mexico and the U.S. On the U.S. side of the border, an additional 3.2 mile pipeline will be constructed to convey the water to an Otay Water District distribution center in Otay Mesa.

Owner/Operator

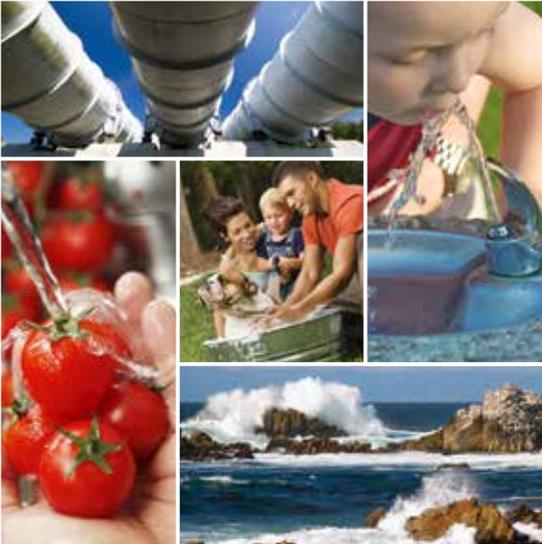
Consolidated Water Co. Ltd., a publicly traded company that designs, builds, operates and finances desalination and water distribution systems, will own and operate the Rosarito Desalination Facility.

Consolidated Water Co. Ltd. develops and operates seawater desalination plants and water distribution systems in areas of the world where naturally occurring supplies of potable water are scarce or nonexistent. The company operates water production and/or distribution facilities in the Cayman Islands, Belize, the British Virgin Islands, The Commonwealth of The Bahamas and Bermuda.

Consolidated Water Co. Ltd. is headquartered in George Town, Grand Cayman, in the Cayman Islands. The company's ordinary (common) stock is traded on the NASDAQ Global Select Market under the symbol "CWCO". Additional information is available at www.cwco.com.



Rosarito Beach, Baja California, Mexico, adjacent to the existing Presidente Juarez Thermoelectric Power Plant



Frequently Asked Questions

About Desalination

Is Desalination a sustainable solution for our potable water needs?

Obtaining fresh water from the sea is arguably more sustainable than removing water from fresh water sources such as ground water aquifers, lakes and rivers, given the relative size of the world's oceans compared to the challenges we face from other fresh water sources.

Who is paying for the desalination plant to be built?

This is a private project. Consolidated Water Co. is working with private investors to fund the endeavor. No public funds will be used to develop the Rosarito Desalination Facility. Otay is not investing any money in the plant and will only buy water if it meets strict U.S. standards and is priced comparably to the wholesale rates we currently pay.

What is Otay Water District's role in the desalination plant development?

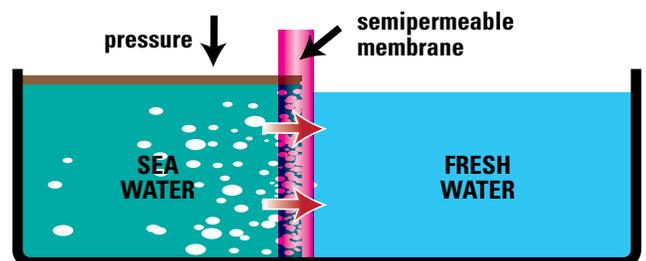
Otay Water District will purchase up to 25 million gallons per day of the water of the water produced by the Rosarito Desalination Plant.

Will the water be safe?

Yes. The water will meet, if not exceed, U.S. water quality standards. The operator and manufacturer of the desalination plant, Consolidated Water Co. Ltd., is a first-class global entity with similar facilities located in the Caribbean basin as well as facilities under development in other areas of the world. Consolidated Water Co. Ltd. is well-educated on standards and processes that ensure high-quality water. The water will not enter the U.S. supply system if it does not meet State and Federal drinking water quality standards.

How will the water get to Otay customers?

A 25-mile pipeline will be constructed to move water from the new facility to serve its potential customers in Mexico and the U.S. The District will build a 3.2-mile pipeline from the border to a treatment facility and pumping distribution center in Otay Mesa.



The Desalination Process



Thank you for the opportunity to come before you today and discuss some very exciting news about a desalination plant planned for northern Baja California.

Efforts are underway to build a large desalination plant in Rosarito Beach, Mexico. A private company called Consolidated Water is leading this effort.

Consolidated Water is a publicly traded company that operates desalination plants in the Caribbean, including on the islands of the Bahamas, Bermuda, Grand Cayman, and the British Virgin Islands. If you've visited any of these islands, you've likely already used their water.

Mexico will be the main customer, and a portion of the excess production water will be available to the Otay Water District.

Who We Are ...



David Gonzales
Division 1



Mitch Thompson
Division 2



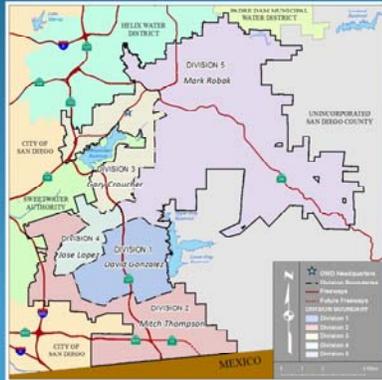
Gary Croucher
Division 3



Jose Lopez
President



Mark Robak
Division 5



- ◆ Established in 1956 as a California Special District
- ◆ Governed by elected five member Board of Directors, serving five divisions
- ◆ Otay is one of 24 member agencies that make up the San Diego County Water Authority
- ◆ Today serving 125.5 square mile service area with 211,000 customers in Spring Valley, Rancho San Diego, Jamul, La Presa, eastern Chula Vista and Otay Mesa

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First, a little background about Otay; who we are and what we do.

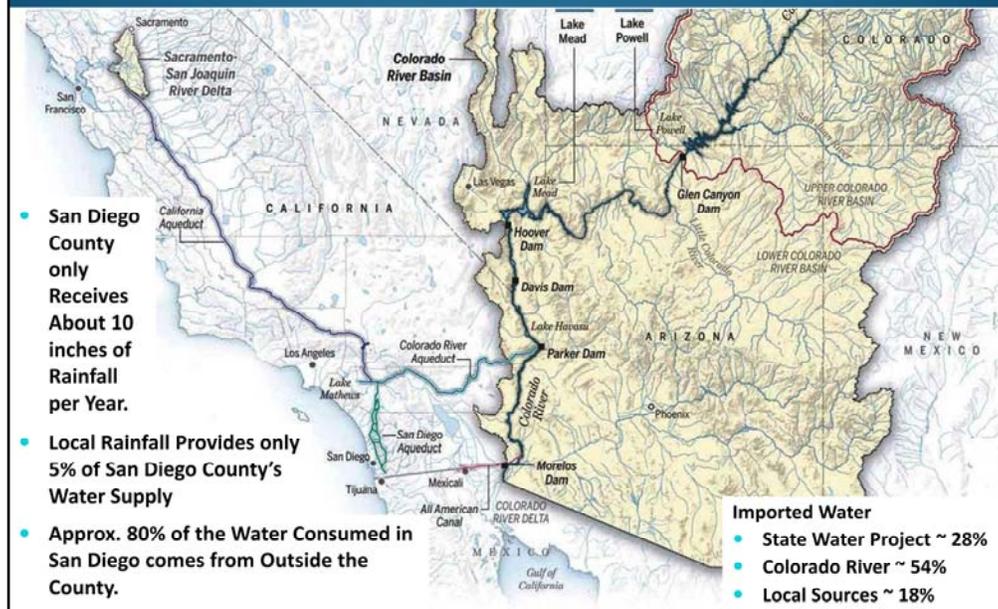
The Otay Water District was established in 1956 as a California Special District. Today, we provide potable water, recycled water and sewer service across much of San Diego County's South Bay and East County.

Otay is a public agency, governed by a five member elected board of directors.

Our service area includes the communities of Spring Valley, Rancho San Diego, Jamul, eastern Chula Vista and Otay Mesa.

Otay is the second largest water district in San Diego County, second only to the city of San Diego. We serve a population of 211,000 people with close to 50,000 individual customer connections to the public water system.

The Reason...

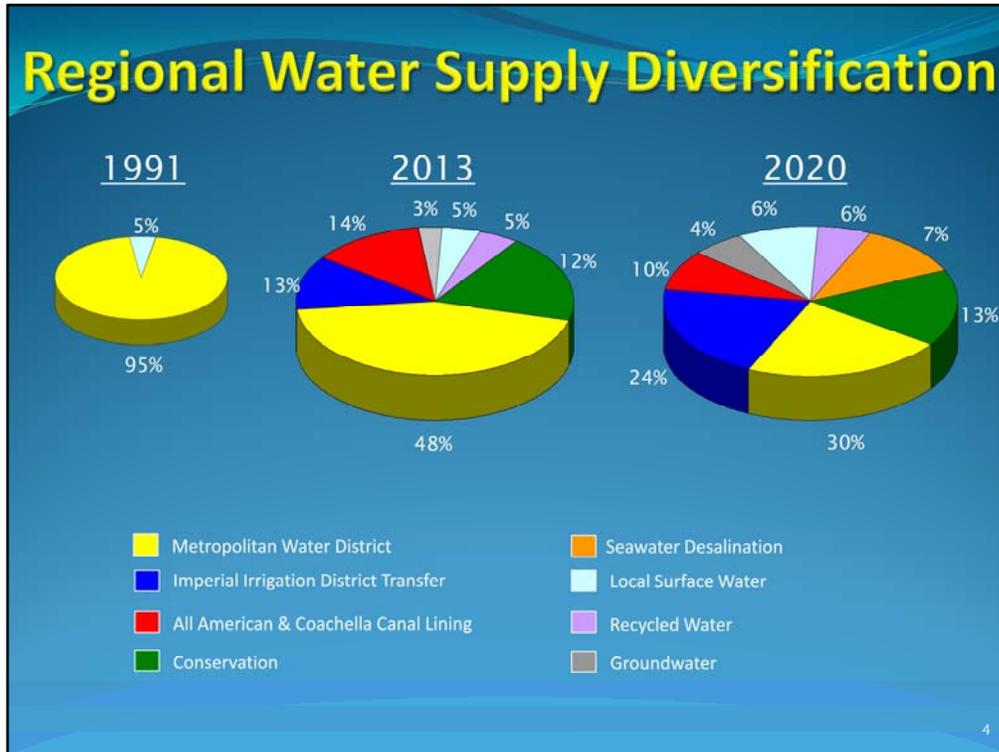


Everyone in San Diego County knows of the importance of water. We can recall the recent drought of 2008, some of us recall earlier droughts. While the situation is not as dire as it was in 2008, we all know that San Diego County is never far removed from another water shortage. The reason for this is most of the water we use is imported. San Diego receives only about 10 inches of rainfall per year. This is less rain than places we might consider dry, places like Tucson, Arizona.

The fact is we get very little water from rainfall. Rainfall only provides about 5 percent of the region's water supply (local sources combined such as precipitation, water recycling, and groundwater make up 18 percent). And that scant amount of rainfall isn't enough to supply our population of 3.1 million people or the region's \$186 billion dollar economy.

Most of our water supply is imported (82 percent). The sources of that water includes Northern California and the Colorado River. The State Water Project makes up approximately 28 percent of our water supply and the Colorado River is about 54 percent.

With population growth occurring in other parts of the state and in the west, with drought, environmental regulations, even climate change, there are serious challenges to the imported supply of water. Being at the very end of a long water supply network, San Diego's residents and our economy is very susceptible to supply disruptions that can occur anywhere upstream.



Water agencies across San Diego County realized the extent of our over-dependence on imported water during a drought that occurred in the late 1980s and early 1990s. Since then, both independently and collectively, they have worked to reduce that dependence on imported water.

In the early 1990s, 95 percent of our water was imported. Since then we have reduced our reliance on imported water through water conservation, increased use of recycled water and groundwater, even water transfers with farmers in the Imperial Valley. Today, we are much more independent, but imported water still makes up a large percent of our water supply.

By the year 2020, with seawater desalination, we can envision a time when we are much less reliant of imported supply; a time when we have water that is secure, high quality, and one hundred percent reliable.

Project Overview

- ◆ 100 MGD Desalination Plant in Rosarito, Baja California, Mexico
- ◆ Tijuana/Rosarito will be the main customers of the facility.
- ◆ To be Built Adjacent to the Existing Power Plant. Use of Existing Ocean Intake and Cooling Ocean Water from the Plant
- ◆ 25-mile Pipeline to Serve Customers. One Interconnection to the “El Florido” Treatment Plant in Tijuana, B.C.
- ◆ Up to 25 MGD available for Otay or Other Agencies
- ◆ Water Quality to Meet International and CDPH’s Standards. Proposed Facilities on the U.S. side Include Monitoring Stations, UV Disinfection, and an Existing Storage Tank (37 MGD).
- ◆ A Pilot Plant is Currently Operational

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The Rosarito Beach project proposed by Consolidated Water is a \$500 million dollar desalination plant to serve northern Baja California. The plant will ultimately produce up to 100 million gallons of water per day.

The cities of Tijuana and Rosarito Beach will be the main customers for that water, but up to 25 million gallons per day will be available to Otay or other customers. What does up to 25 million gallons per day of very high-quality water mean for Otay? That represents more than 2/3rds of our water supply.

The plant will be built adjacent to the existing *Presidente Juarez* Thermoelectric Power Plant in Rosarito Beach, and will use the plant’s existing ocean intake and cooling water systems. A pipeline to the plant will be built by Consolidated Water to serve its customers, both in Mexico and in the U.S.

Water from the plant will meet both international and California Department of Public Health Standards. Proposed facilities on the U.S. side include monitoring stations, UV disinfection, and use an existing 37 million gallon storage tank.

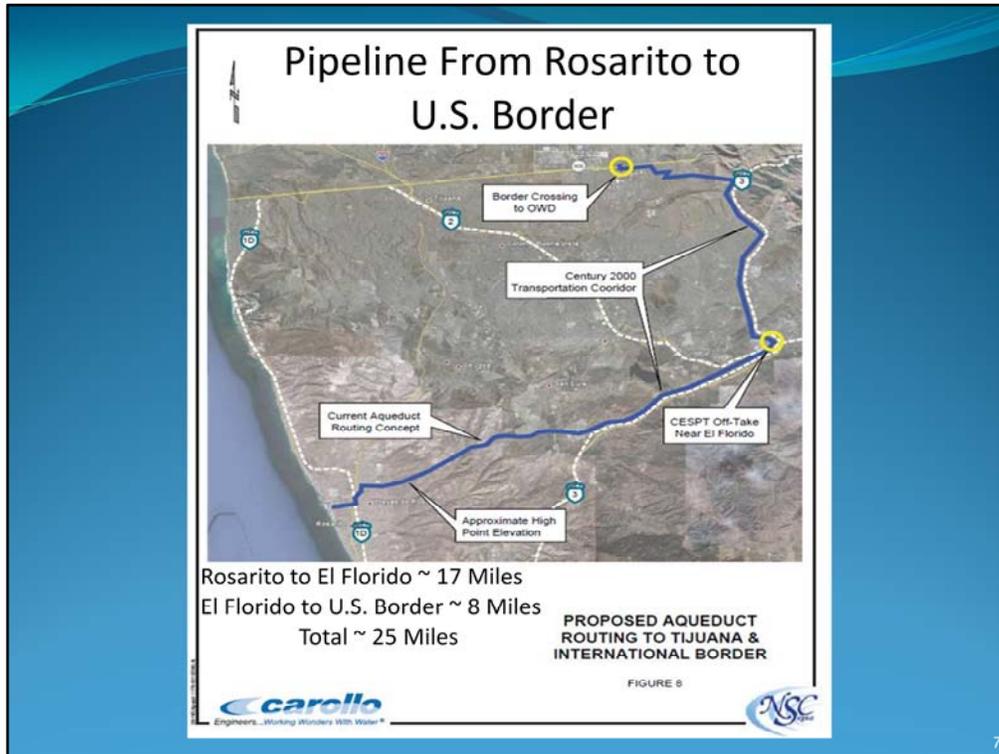
Consolidated Water is currently operating a pilot plant to allow ocean water testing that will facilitate the desalination plant design.

Proposed Project Site



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- Consolidated Water has control of property adjacent to the power plant for their desalination facility
- Pending agreements with Mexican authorities to receive power from the power plant
- Pending agreements with Mexican authorities for the use of the seawater intake and cooling water systems, and
- Facilities in place doing initial tests of the ocean water quality with an operational pilot plant scheduled to come online this year.



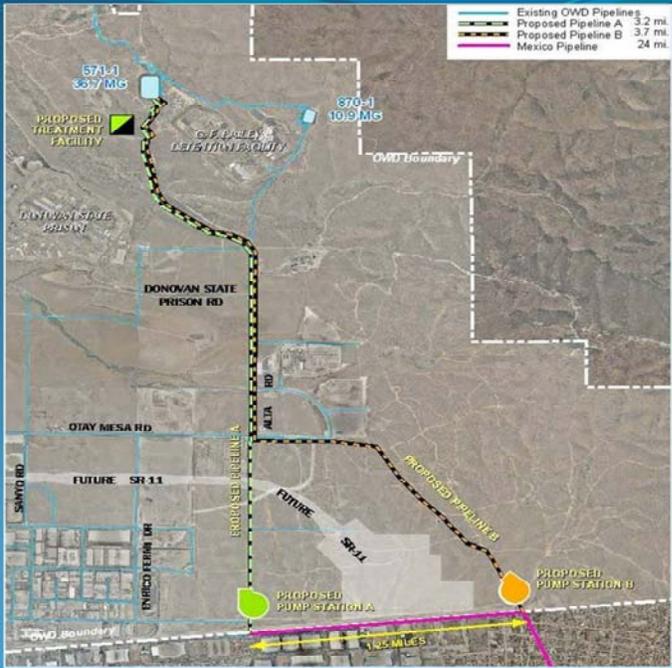
Consolidated Water is proposing to build a pipeline to serve potential customers in Mexico and in the U.S. For instance, a 17-mile pipeline from the plant would travel east to the *El Florido* treatment plant, which is the top of Tijuana's water distribution system.

The easement for the pipeline is proposed to use the existing Century 2000 transportation corridor.

From that point, an 8-mile pipeline would be built north to the border, also following the Century 2000 corridor, to a crossing point close to the proposed third border crossing on Otay Mesa.

Several pipeline alignments were looked at and this seems to be the best option.

Otay Mesa Conveyance and Disinfection Facility



Otay would take the water once it reached the border. To do so, the District would have to build 3.2-mile pipeline from the border north to an existing reservoir system located in east Otay Mesa. This would serve as Otay's distribution center.

Keep in mind that Otay would only buy water if it meets strict U.S. water quality standards and its price is comparable to the wholesale rates we already pay. And we would only build the conveyance infrastructure once we received assurance that water meets specific terms of a water purchase agreement. Otay is not investing any money in Mexico.



OTAY WATER DISTRICT



Questions?

This is the first time this kind of bi-national water supply project has ever been proposed, and Consolidated Water is assembling a world-class team to handle all aspects of the project's financing and construction, and it is finalizing the necessary permits and environmental documentation in Mexico.

It's a great opportunity for Otay, one that will make our district more independent of limited supplies from the Colorado River and Bay Delta, and one that will help our region become more independent and drought resistant. Since water is a commodity, with more options for supply, it is one more way the District is able to control the rising cost of water.

Thank you and I'm available to answer questions.

Desalinating: a technology whose time has come
Consolidated Water announces plans for a system serving Tijuana and the US

Water desalination is closer to becoming a reality for Otay Water District customers, and is a technology whose time has come. Consolidated Water Co. Ltd. (Consolidated), a company that develops and operates seawater desalination plants and water distribution systems in the Cayman Islands, Belize, the British Virgin Islands, and the Bahamas, will soon be announcing plans to construct a 100 million gallon per day desalination plant to serve Tijuana and Rosarito Beach, Mexico, and Otay Water District.

The cities of Tijuana and Rosarito Beach rely on a limited supply of Colorado River water to serve their large and growing populations and economies; just like their neighbors to the north. And just like us, their supplies are under pressure due to drought, climate change, limited supply and increased demand.

This is why Consolidated's plan to construct a joint use facility to serve customers on both sides of the border makes so much sense. It is not just because the San Diego/Tijuana metropolitan area has a large population with a limited water supply; it is the recognition that our economies, infrastructure, manufacturing, electrical generation capacity and natural gas distribution are already interconnected. We even share water distribution facilities since Otay delivers Mexican Colorado River water to the Tijuana system from time-to-time under agreement with the International Boundary and Water Commission. A bi-national desalination plant is one more opportunity for the two regions to benefit from our proximity.

The \$500 million desalination facility will be state-of-the-art and privately developer funded. It will be located next to the existing Presidente Juarez Thermolectric Plant in Rosarito Beach and will utilize the pre-existing water intake and outfall infrastructure – minimizing the impact to the marine environment. The proximity to the power plant also maximizes energy efficiency and cost effectiveness. The project will be built in phases, and at ultimate build-out it will produce up to 100-million gallons per day of high quality water that will surpass the quality of any water we currently have available; even that of many bottled waters. Consolidated will build a 25-mile underground pipeline to the border, and no U.S. dollars are being spent on this project in Mexico. After Mexico's water demands are met, the District will have the opportunity to purchase up to 25 million gallons per day of this water; enough to supply 56,000 homes and businesses.

Desalination is not a new technology. The ships and submarines of the U.S. Navy use this technology to produce drinking water for our military. Moreover, coastal communities around the world, including those in the Middle East, Mediterranean, Caribbean, and Australia, long ago turned to desalination to supply water to their people and economies.

With an experienced company like Consolidated accepting the challenge of supplying high-quality water to our growing region, the unreliable nature of our imported water supply, even higher prices projected in the near future, and the need for more water to sustain our economy, desalinating ocean water is an opportunity whose time has come.



FOR IMMEDIATE RELEASE

Date

Contact: Armando Buelna
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Cell: (619) 665-0674
abuelna@otaywater.gov

Otay Water District to Reduce Dependency on Imported Water by Almost 70%

Plans for Desalination Facility Come to Fruition: Otay Enters Intent-to-Purchase Agreement

Spring Valley, CA- Otay Water District (the District) is confronting Southern California's water supply challenges by diversifying its water supply. Today, a world leader in desalination technology announced the plans to develop a 100 million gallon per day (MGD) ocean water desalination plant in Rosarito, Baja California, Mexico. Otay Water District will be purchasing up to 25 MGD of the water produced by the plant. The facility will be the first cross-border water supply project of its kind.

The District currently imports 100 percent of its potable water from Northern California and from the Colorado River. The 25 MGD of desalinated water the District will receive will take the place of almost 70 percent of the imported water it currently purchases from the fragile Sacramento Bay Delta and the overstressed Colorado River, reducing the demand on these supplies. With current imported water rates incrementally growing each year as a result of limited supply, the desalination process will allow for a more controlled water rate structure that will be cost-competitive with imported water rates.

"We find ourselves at a pivotal point in regards to our region's water supply and Otay Water District has been working diligently to diversify our water sources," said Jose Lopez, Otay Water District Board President. "Bringing a technology that's already in use in many areas of the world into our region, will help us secure a stable, reliable and high-quality water supply for our customers for generations to come."

Oceans water desalination is a proven method that provides a high-quality and reliable water source that is drought proof. Worldwide, there are over 13,000 desalination facilities that produce more than 12 billions of water each day.

The facility will be developed by Consolidated Water Co. Ltd. (CWCO), a publicly-traded company that designs, builds, operates and finances desalination plants and water distribution systems in the arid Caribbean basin. The project is privately funded.



After Environmental Impact Reports (EIR) and other impact studies are completed, and a water purchase agreement with CWCO is executed, construction of the Otay pipeline and facilities would be scheduled to commence in 201_ and be completed in 2017.

Desalinated water will be pumped through a 25-mile transmission pipe to potential customers in Tijuana, then to a proposed distribution facility in Otay Mesa. All desalinated water will be rigorously tested according to State and federal water quality standards by the California Department of Public Health prior to distribution to District customers.

Utilizing a pre-existing water intake and outfall infrastructure in Rosarito, the desalination facility will introduce a negligible change to the state of the surrounding marine environment.

About Otay Water District

The Otay Water District is public agency distributing water to more than 211,000 customers within 125.5 square miles of southeastern San Diego County. Communities served by the Otay Water District include Spring Valley, Jamul, La Presa, Rancho San Diego, the eastern half of the city of Chula Vista and the city of San Diego's Otay Mesa community located along the international border with Mexico.

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One Minute Desal Plant Elevator Pitch

Plans are underway to build a large desalination plant in Rosarito Beach, Mexico. Consolidated Water is leading the effort; the publicly traded company owns and operates desalination plants in the Caribbean and southeast Asia.

The \$500 million dollar plant will produce up to 100 million gallons of water per day. Mexico will be the main customer and up to 25 million gallons a day will be made available to Otay.

Otay is not investing any money in Mexico and will only buy water at the border fence if it meets strict U.S. standards and is priced comparably to the wholesale rates we currently pay.

This is the first bi-national water project of its kind and Consolidated has assembled a world-class team to handle all aspects of financing and construction.

A pilot test facility has been in operation since December with construction of the project to start in 2014. Water could be available to Otay by 2017.

It's an excellent opportunity for the region, one that will make our District more resistant to drought and independent of limited Colorado River and supplies from the fragile Bay Delta.