



**SOUTH COAST
WATER DISTRICT**
Partnering With The Community



**DOHENY OCEAN
DESALINATION
PROJECT**
Local Water, Local Control.
Sponsored by South Coast Water District

Doheny Ocean Desalination Project Update

Presentation to:



Rick Shintaku, General Manager

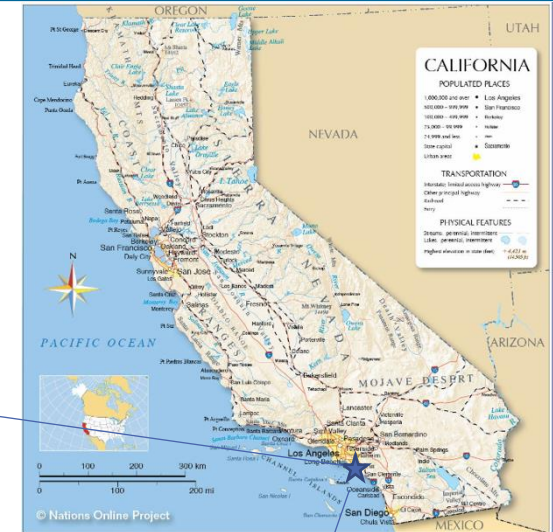
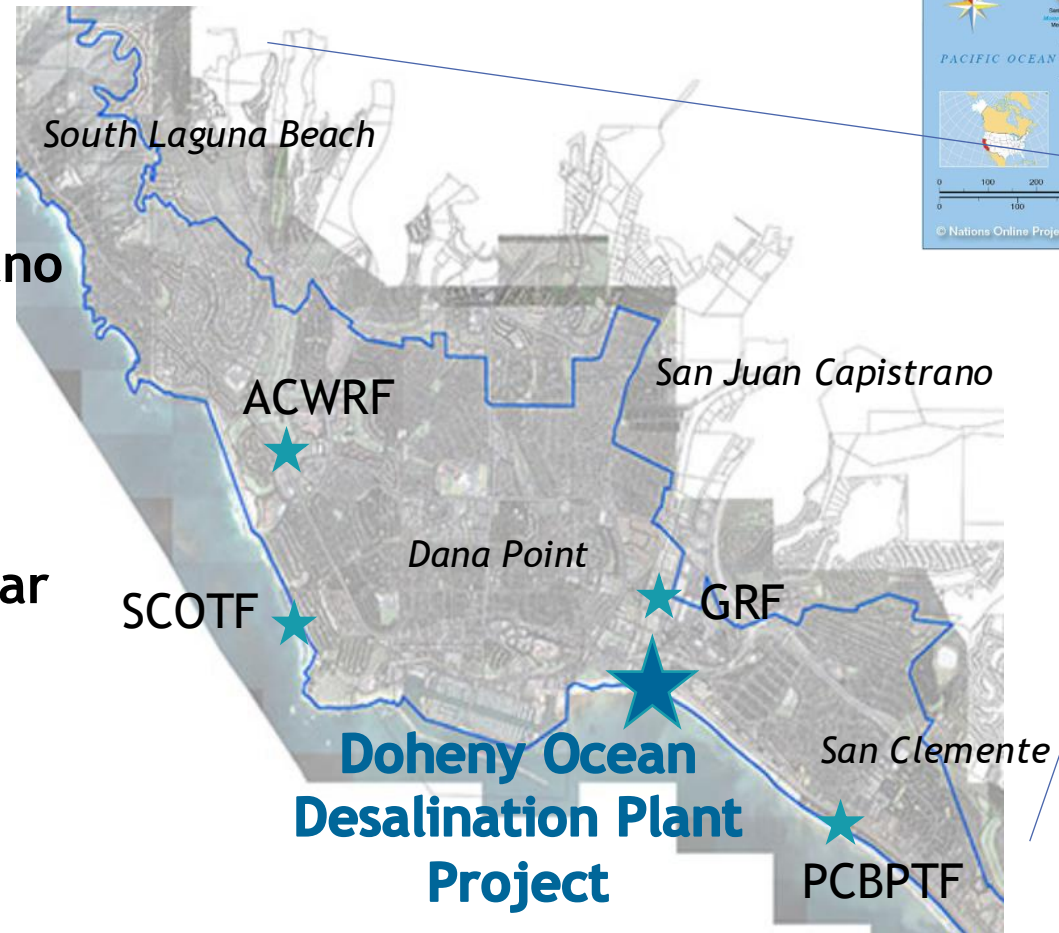
February 4, 2026

SOUTH COAST WATER DISTRICT (SCWD)

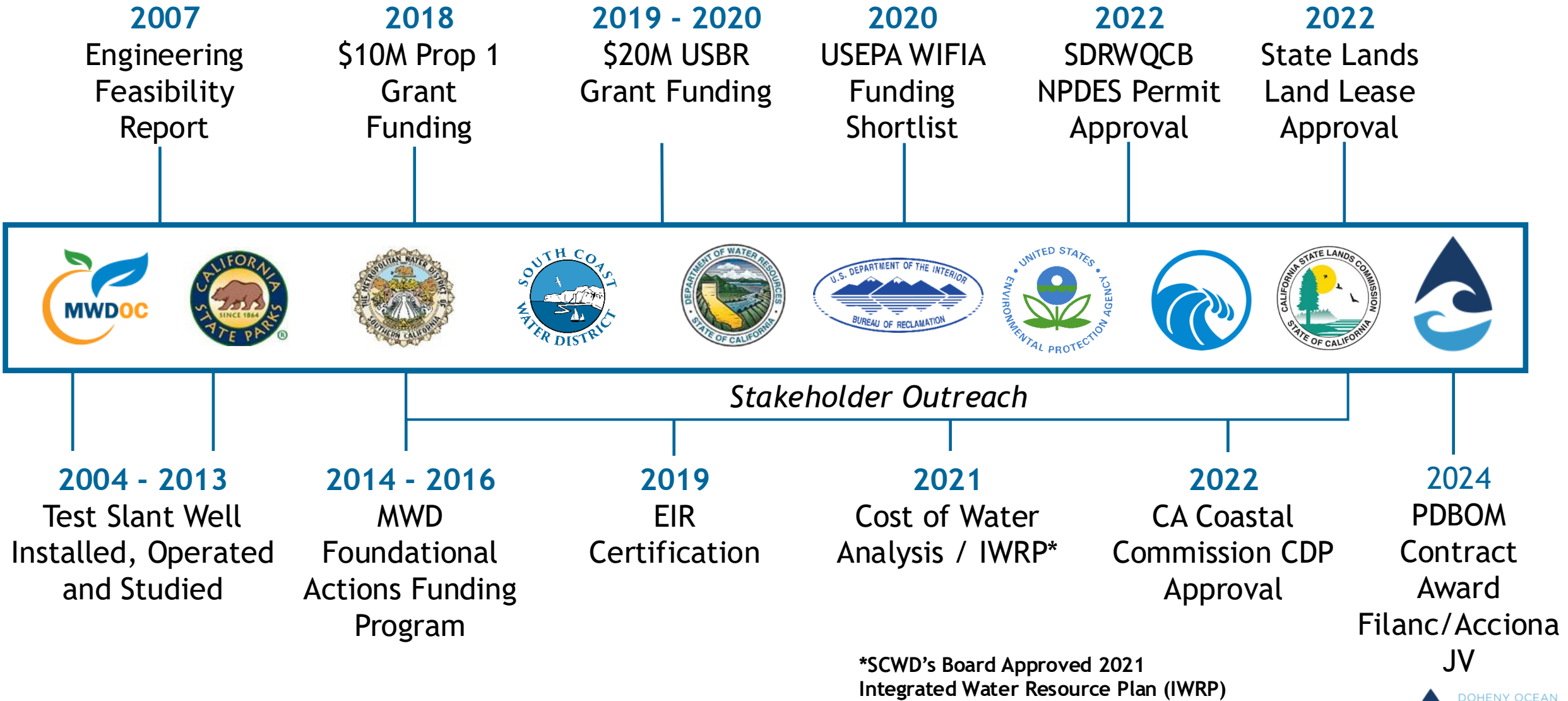
Potable (Drinking) Water, Recycled Water, and Wastewater Public Agency serving:

- South Laguna Beach
- Dana Point
- Portions of San Clemente
- Portions of San Juan Capistrano

- 💧 ~40,000 Residents
- 💧 1,000 Businesses
- 💧 Over 2 Million visitors per year



DOHENY OCEAN DESALINATION PROJECT HISTORY





DOHENY OCEAN DESALINATION

P R O J E C T

Local Water, Local Control.

Sponsored by South Coast Water District



- New local reliable supply for the region at a reasonable cost
- Phase 1 Capacity at 5 million gallons per day (MGD)
 - Future up to 15 MGD
- All Major Permits Approved
- Progressive Design-Build-Operate-Maintain (PDBOM) delivery
- \$200M+ Capital Project Cost / \$40M Grants
 - Local Resource Program (LRP) Funding / WIFIA + SRF + CP + Tax Exempt Bonds

DOHENY PROJECT: ORIGINAL PROJECT COMPONENTS



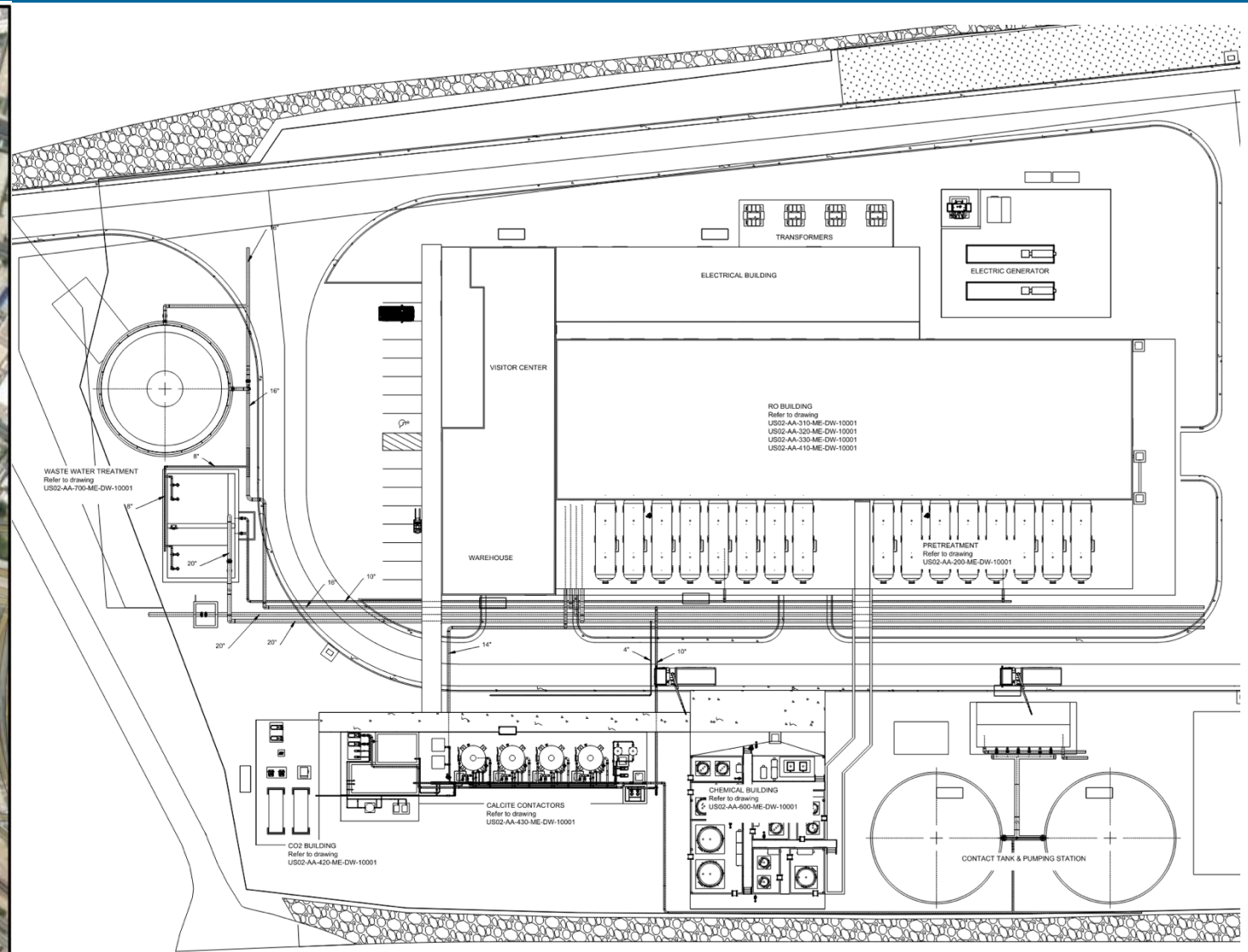
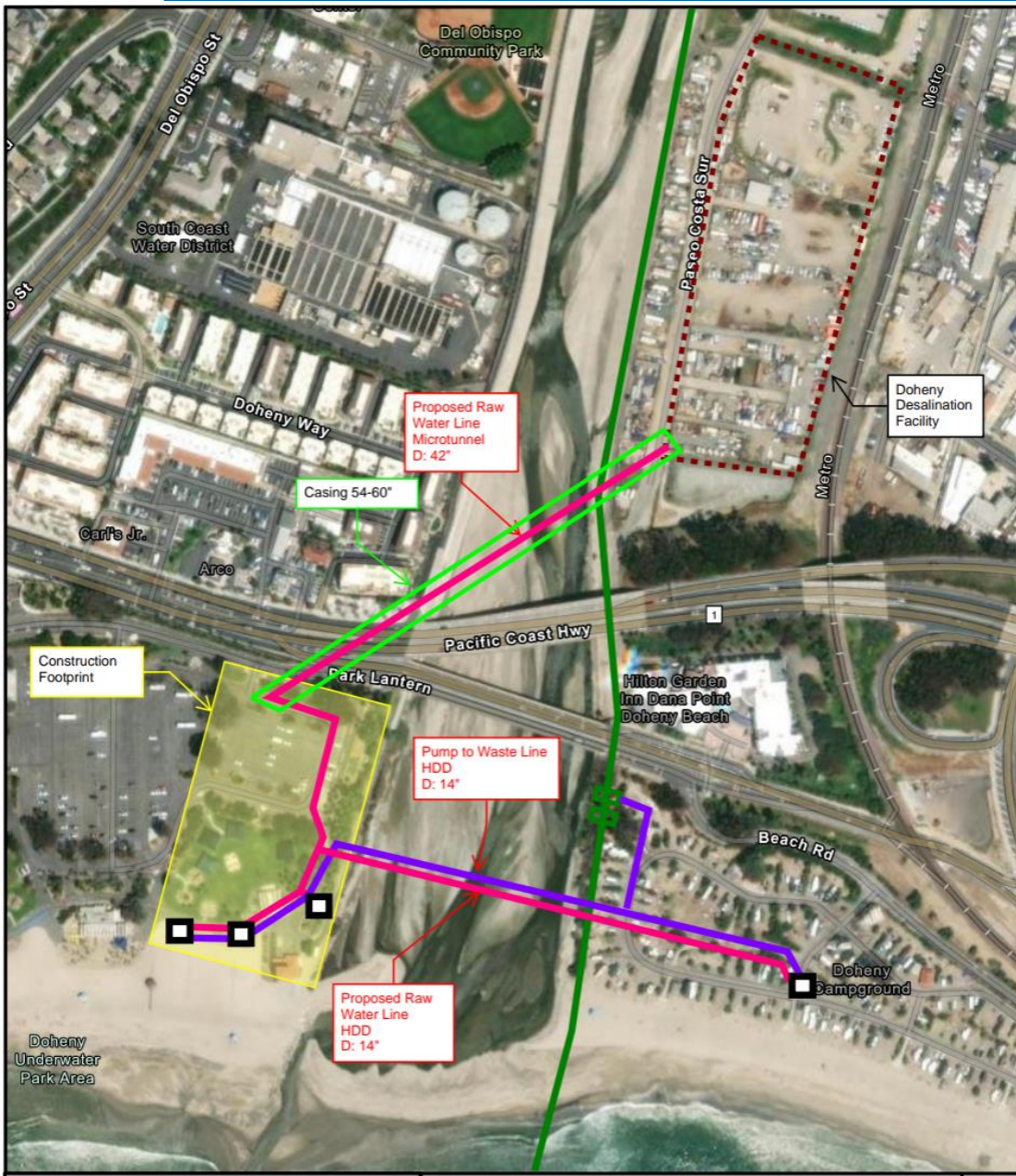
DOHENY PROJECT: UPDATED LAYOUT



PROPOSED PROJECT LOCATION & ASSOCIATED FACILITIES



DOHENY PROJECT: SWRO PLANT & SLANT WELL CONVEYANCE



CUSTOMER SURVEY FINDINGS

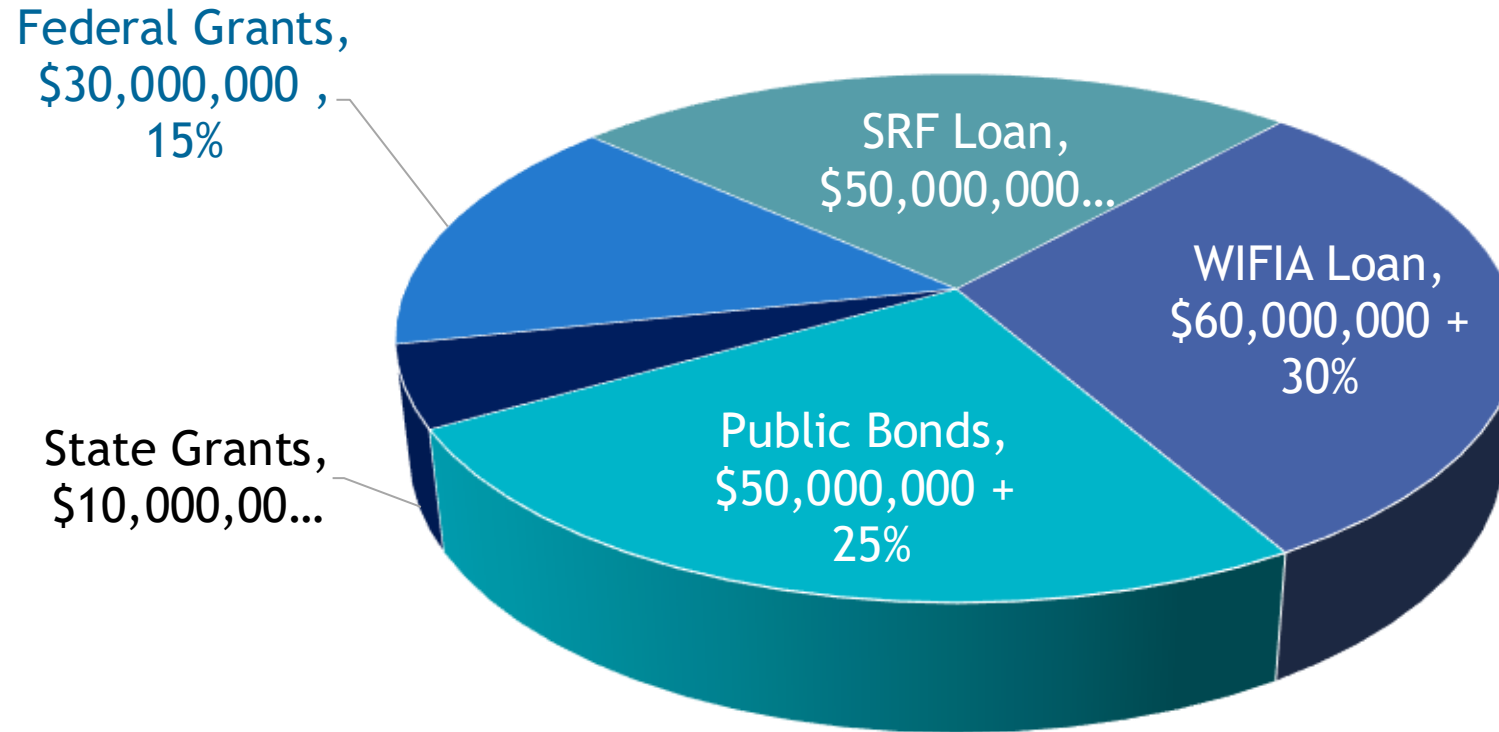


OPINION
RESEARCH
& STRATEGY

- SCWD contracted FM3 to conduct surveys of SCWD, LBCWD, and City of SC customers
- In all cases *at least 78%* of respondents were willing to pay up to \$5 more per month
- Anticipated customer impact ~\$5 more per month

	SCWD (Jun. 2020)	LBCWD (Dec. 2022)	City of SC (May 2025)
Favorability after Project Description	74%	80%	77%
Favorability after Project Education	80%	81%	86%
Favorability after Project Critical Statements	72%	78%	67%
Willingness to pay \$5 more per month	78%	87%	78%

CURRENT SUMMARY OF PROJECT FUNDING SOURCES



Grants reflect actual awards received by SCWD to date
Pursuing Additional Grants

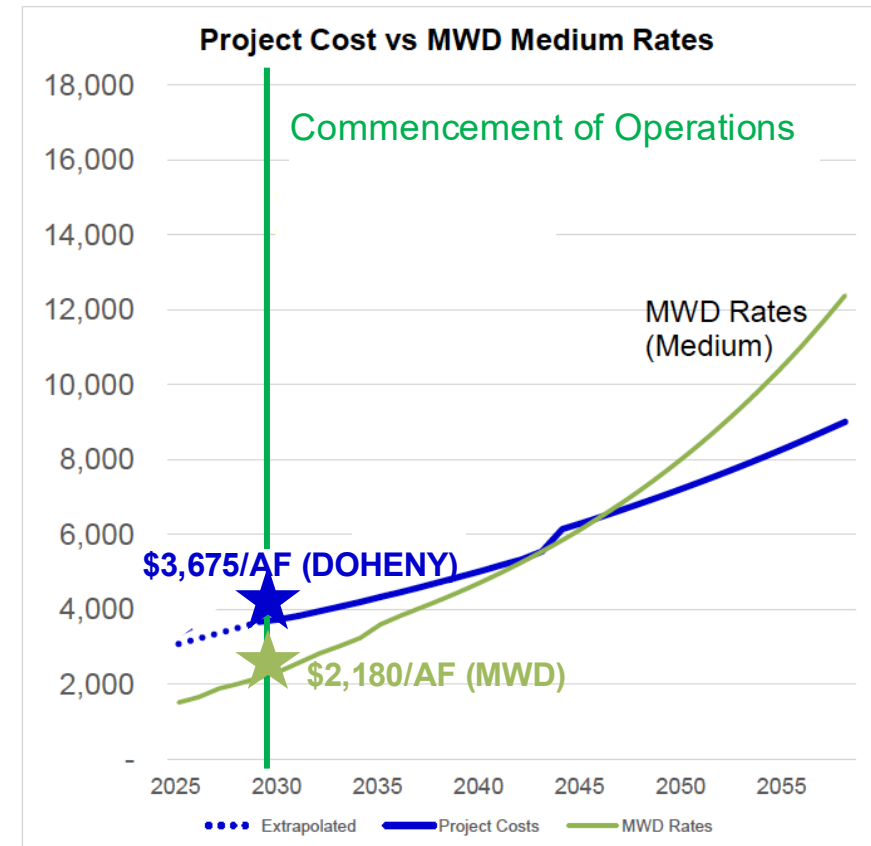
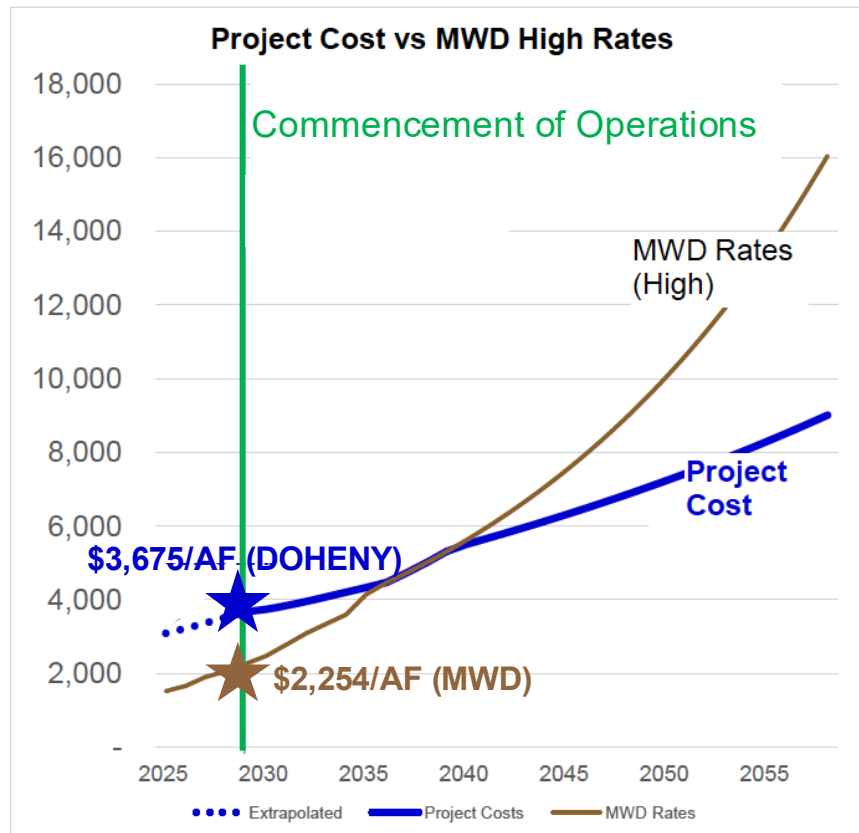
SRF Loan reflects proposed maximum authorized amount* from DWSRF of \$50 million
WIFIA Loan proceeds cannot exceed 49% of Project costs
Federal funds cannot exceed 80% of Project costs

* SRF Funding is still contingent on successful negotiations, approval, etc.

PROJECT COST VERSUS MWD RATES - TWO SCENARIOS

Cost Projection

- Updated to reflect new cost estimates from 30% Design estimates from the PDBOM team
- Energy supply strategy with capital investment
- Costs are projected and compared to updated MWD rates under two scenarios:



COMPARISON TO JULY 2025 COST PROJECTION

					<u>2025\$</u>		<u>2029\$</u>	
					Unit Cost	Δ	Unit Cost	Δ
July 3, 2025 Cost Projection					2,612 /AF		3,112 /AF	
Change 1	Increase Capital & O&M Costs							
	<u>Old Value</u>	<u>New Value</u>	<u>Increase</u>					
	\$204,196,680	\$237,574,188	\$33,377,508	16%				
	Resulting increase in Unit Cost					207 /AF		247 /AF
Change 2	Add Energy Capital Investment							
	<u>Old Value</u>	<u>New Value</u>	<u>Increase</u>					
	\$237,574,188	\$265,021,013	\$27,446,825	12%				
	Resulting increase in Unit Cost					187 /AF		223 /AF
Change 3	Revise Cost for Purchased Energy cents/kWh							
	<u>Old Value</u>	<u>New Value</u>	<u>Increase</u>					
	17.66 ¢/kWh	19.60 ¢/kWh	1.94 ¢/kWh	11%				
	Resulting increase in Unit Cost					91 /AF		108 /AF
Change 4	Decrease in Environmental Mitigation Cost							
	<u>Old Value</u>	<u>New Value</u>	<u>Increase</u>					
	\$2,000,000	\$100,000	-\$1,900,000	-95%				
	Resulting increase in Unit Cost					-13 /AF		-15 /AF
Current Cost Projection (October 2025)					3,084 /AF	472 /AF	3,675 /AF	563 /AF

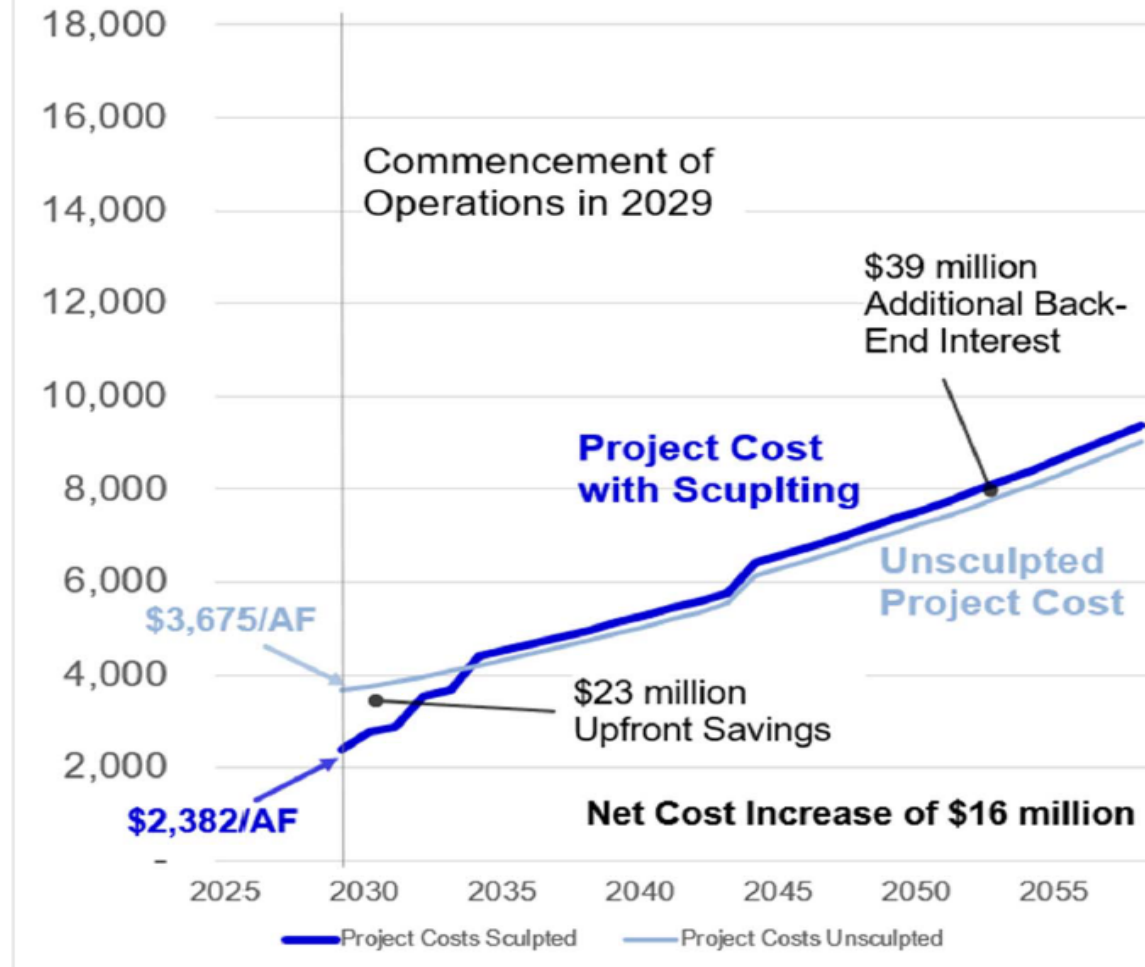
Interest Deferral

- The WIFIA program offers up to 5 years of deferral
- Revenue bond interest may be capitalized beyond construction
- Deferral reduces front-end Project cost while increasing cost in later years

Debt Sculpting Example

- In this example:
 - Revenue Bond interest is deferred for **6 months**
 - WIFIA interest deferred for **3 years** for half of loan and **5 years** for remainder
- Example is illustrative and subject to finalization of terms

Illustrative Debt Sculpting Example



PROJECT CHALLENGES

- Pretreatment
 - Iron and manganese
- Work Planning
 - Multiple parallel efforts
 - Seasonal restrictions
 - Slant Well drilling coordination
- Energy Program
 - Cost of power
 - Carbon neutral
 - Reliability
- Cost of Water
 - Capital and O&M tradeoffs
 - BABA and AIS
 - Imported water cost and reliability



MWDOC Test Slant Well, 2006

REGIONAL WATER SUPPLY EXCHANGE OPPORTUNITY

Local Partners - SCWD & LBCWD (*CSC & SMWD under consideration*)

Inland Partners - Eastern Municipal Water District (EMWD)

- **Working with EMWD, MWDOC, and MWD on Water Exchange Policy - (LSEF) Local Supply Exchange Framework**
- Provide MWD policy opportunity to facilitate investments and exchanges of new local water supplies to increase water supply reliability in MWD's service area



NEXT STEPS

- 60% Design Review Updates
- 60% Design Cost Estimate - Feb 2026
- GMP Negotiations - Mar/Apr 2026
- Agreement Finalization/Execution:
 - Partner Agency Joint Powers Agreements
 - MWD LRP Agreement - SCWD
 - LSEF Agreement - Eastern MWD
 - State Parks Lease Agreement / ROE Permits
- Financial Closing - July 2026
- Phase 2 NTP - July/Aug 2026



CURRENT PROJECT SCHEDULE



Agency Participants Cost Share Agreement Development for First Phase Design

Project Delivery:

Contract Development & Award

Phase 1 Services Contract

Design and GMP

Phase 2 Amended Contract

Final Design, Construction, Commission, Operation

Phase 1 Funding / Finance Plan

CP / WIFIA / SRF / Bonds / Grants / LRP and Water Purchase Agency Agreements

INNOVATION AND RELIABILITY TAKES A VILLAGE!





**SOUTH COAST
WATER DISTRICT**

Partnering With The Community

Thank You!

SCWD.ORG/DohenyDesal



@SouthCoastWater



SCWD'S TRANSMISSION & TREATMENT OPERATIONS

SCWD contract-operated facilities

Joint Regional Water Supply System (JRWSS)

- Joint Transmission Main serving 6 Member Agencies and 3 customers in northern San Diego County
- 38 miles - 60" to 6" pipes from Irvine to San Onofre
- Bradt Reservoir, Palisades Dam, & Schlegel Reservoir

Salt Creek Ozone Treatment Facility

- Pathogen Removal from Salt Creek waters
- Anthracite filtration and Ozonation disinfection treatment

Poche Clean Beach Project Treatment Facility

- Pathogen Removal from Poche Creek waters
- Sand-filtration and UV disinfection treatment

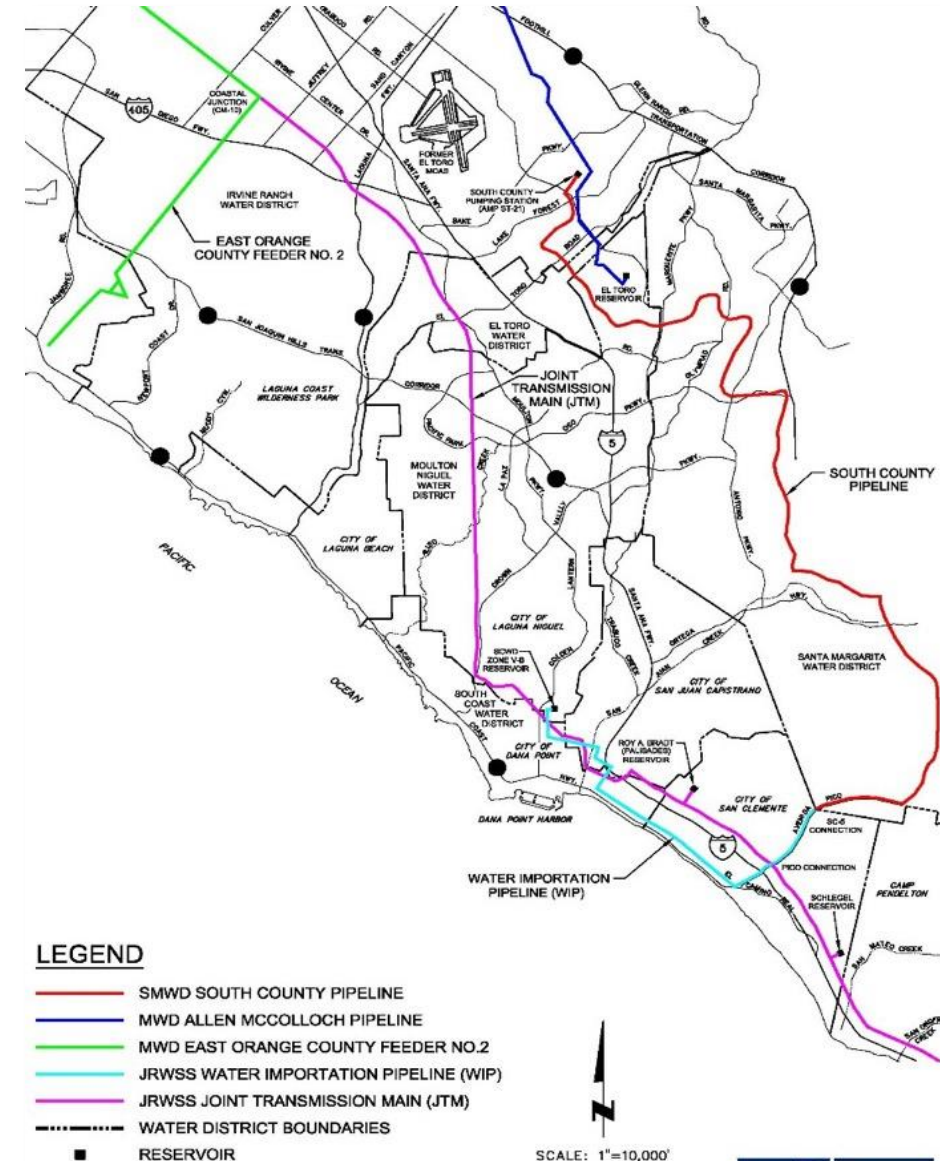
SCWD owned & operated facilities

Groundwater Recovery Facility (GRF)

- 700-900 AFY Brackish Well Water
- RO and Fe/Mn Treatment

Aliso Creek Water Reclamation Facility

- Recycled Water Augmentation - UF / RO Treatment
- Aliso Creek waters extraction and treatment



JOINT REGIONAL WATER SUPPLY SYSTEM (JRWSS)

PARTNERING APPROACH

Local: SCWD & LBCWD; City of San Clemente (under consideration)

Inland: Eastern Municipal Water District (EMWD) - *paper transfer*

Cost Share Agreements - Executed

Phase I: Shared Cost Based on Committed Capacity per MGD through Guaranteed Maximum Price

- Progressive Design-Build-Operate-Maintain contract
 - Filanc & Acciona JV, with Hazen
 - Team received NTP Dec 2024
- Project Technical Advisory Committee (PTAC) for Project Management and Direction



Phase II: Water Purchase Agreement for Implementation and Capacity Share of Produced Water at 5 MGD