



CITY OF MORRO BAY

Citizens Oversight Committee

Acting as Citizens Finance Advisory Committee

AGENDA

Mission Statement

The City of Morro Bay provides essential public services and infrastructure to maintain a safe, clean and healthy place for residents and visitors to live, work and play.

Regular Meeting

Tuesday, July 21, 2020 - 3:00 PM

Held Via Teleconference

ESTABLISH QUORUM AND CALL TO ORDER

COMMITTEE MEMBERS ANNOUNCEMENTS & PRESENTATIONS

PUBLIC COMMENT PERIOD

Pursuant to Section 3 of Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, this Meeting will be conducted telephonically through Zoom and broadcast live on Cable Channel 20 and streamed on the City website (click [here](#) to view). Please be advised that pursuant to the Executive Order, and to ensure the health and safety of the public by limiting human contact that could spread the COVID-19 virus, the Vet's Hall will not be open for the meeting.

Public Participation:

In order to prevent and mitigate the effects of the COVID-19 pandemic, and limit potential spread within the City of Morro Bay, in accordance with Executive Order N-29-20, the City will not make available a physical location from which members of the public may observe the meeting and offer public comment. Remote public participation is allowed in the following ways:

- *Community members are strongly encouraged to submit agenda correspondence in advance of the meeting and watch the meeting live on either cable Channel 20 or as streamed on the City's [website](#). Agenda correspondence may be mailed the CFAC Committee care of the City Clerk at 595 Harbor Street, Morro Bay, CA 93442, or emailed to the City Clerk's office at cityclerk@morrobayca.gov prior to the meeting will be published on the City website with a final update one hour prior to the meeting start time. Agenda correspondence received less than an hour before the meeting start time may not be posted until after the meeting.*
- *Members of the public may watch the meeting either on cable Channel 20 or as streamed on the City [website](#).*
- *Alternatively, members of the public may watch the meeting and speak during general Public Comment or on a specific agenda item by logging in to the Zoom webinar using the information provided below. Please use the "raise hand" feature to indicate your desire to provide public comment. Each speaker will be allowed three minutes to provide input.*

Please click the link below to join the webinar:

- <https://us02web.zoom.us/j/82722747698?pwd=aWZpTzcwTHlRTk9xaTlmWVNWRFUQT09>
Password: 135692

- Or Telephone Attendee: 1(408) 638-0968 or 1 (669) 900 6833 or 1 (346) 248 7799;
Webinar ID: 827 2274 7698; Password: 135692; Press *9 to "Raise Hand" for
Public Comment

A. CONSENT CALENDAR

1. APPROVAL OF MINUTES FOR THE MAY 19, 2020 REGULAR CITIZENS OVERSIGHT/FINANCE ADVISORY COMMITTEE MEETING

RECOMMENDATION: Approve as submitted.

B. BUSINESS ITEMS

1. BRIEF FINANCE DIRECTOR UPDATE (FINANCE DIRECTOR)

RECOMMENDATION: Receive and file.

2. REVIEW WRF QUARTERLY UPDATE REPORT AND DISCUSS CFAC ROLE IN WRF REVIEW WITH ADDITIONAL RESPONSIBILITIES AS DIRECTED BY COUNCIL ON JANUARY 28, 2020; (FINANCE DIRECTOR)

RECOMMENDATION: Receive WRF Quarterly Update Report and Discuss CFAC role in WRF Report Review.

3. REVIEW OF THE FY 2019/20 THIRD QUARTER INVESTMENT REPORT (PERIOD ENDING MARCH 31, 2020); (FINANCE DIRECTOR)

RECOMMENDATION: Staff recommends that the Committee receive the Third Quarter Investment Report (Period Ending March 31, 2020) for Fiscal Year 2019/20 and provide comments and suggestions as appropriate.

C. FUTURE AGENDA ITEMS

D. SCHEDULE NEXT MEETING

The Regular Meetings for **Tuesday, August 18, 2020** and **Tuesday, September 15, 2020** have been canceled per adopted Resolution No. 07-20.

The next Regular Meeting will be held on **Tuesday, October 20, 2020** at 3:00 p.m. via teleconference.

E. ADJOURNMENT

THIS AGENDA IS SUBJECT TO AMENDMENT UP TO 74 HOURS PRIOR TO THE DATE AND TIME SET FOR THE MEETING. PLEASE REFER TO THE AGENDA POSTED AT CITY HALL FOR ANY REVISIONS, OR CALL CITY HALL AT 805-772-6201 FOR FURTHER INFORMATION.

MATERIALS RELATED TO AN ITEM ON THIS AGENDA SUBMITTED TO THE COMMITTEE AFTER DISTRIBUTION OF THE AGENDA PACKET ARE AVAILABLE FOR PUBLIC INSPECTION UPON REQUEST BY CALLING THE CITY HALL AT 805-772-6201.

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN A CITY MEETING, PLEASE CONTACT THE CITY CLERK'S OFFICE AT LEAST 72 HOURS PRIOR TO THE MEETING TO INSURE REASONABLE ARRANGEMENTS CAN BE MADE TO PROVIDE ACCESSIBILITY TO THE MEETING.

**MINUTES – CITIZENS OVERSIGHT/ FINANCE
ADVISORY COMMITTEE
REGULAR MEETING – MAY 19, 2020
TELECONFERENCE – 3:00 P.M.**

CFAC conducted this meeting in accordance with Section 3 of California Governor Newson's Executive Order N-29-20 issued on March 17, 2020 in response to the present State of Emergency in existence due to the threat of COVID-19. This meeting was held via teleconference for all participants.

MEMBERS PRESENT:	John Martin	Chair
	Barbara Spagnola	Vice-Chair
	Bart Beckman	Member
	Lois Johnson	Member
	Tina Wener	Member
	Homer Alexander	Member
	Bill Bowes	Member
STAFF PRESENT:	Jennifer Callaway	Finance Director
	Scott Collins	City Manager
	Eric Casares	Project Manager
	Jody Cox	Police Chief
	Sandra Martin	Budget/Accounting Manager
	Tracy McConnell	Account Clerk III

ESTABLISH A QUORUM AND CALL TO ORDER

<https://youtu.be/CMPmwTHedTA?t=29>

Chair Martin called the meeting to order at 3:00 p.m., with 7 members present.

COMMITTEE MEMBERS ANNOUNCEMENTS & PRESENTATIONS

None

STAFF ANNOUNCEMENTS

None

PUBLIC COMMENT PERIOD

<https://youtu.be/CMPmwTHedTA?t=129>

Carol Truesdale, Morro Bay, raised questions regarding Item B2.

Dan Sedley, Morro Bay, expressed concerns regarding the increase in costs associated with the building of the WRF.

A. CONSENT CALENDAR

1. APPROVAL OF MINUTES FOR THE APRIL 21, 2020 CITIZENS OVERSIGHT/FINANCE ADVISORY COMMITTEE MEETING.

<https://youtu.be/CMPmwTHedTA?t=539>

MOTION: Member Bowes moved to approve A-1. Member Johnson seconded. Motion carried 7-0.

B. BUSINESS ITEMS

1. BRIEF WRF QUARTERLY UPDATE REPORT (FINANCE DIRECTOR)

<https://youtu.be/CMPmwTHedTA?t=4541>

Project Manager Casares gave a presentation and answered committee questions.

Public Comment:

Dan Sedley, Morro Bay, addressed questions to the board regarding the component of the approximate \$6 million increase to Black & Veatch for the delay.

Chair Martin closed public comment.

MOTION: Member Bowes moved to approve the Microsoft project management schedule with updated additional milestones between now and the end of the project and updated frequently and shared with the City. Member Beckman seconded. Motion carried 4-3 by roll call vote with Vice Chair Spagnola, and Members Johnson and Alexander opposed.

2. DISCUSSION AND INPUT ON THE DRAFT PROPOSED FY 2020/21 OPERATING BUDGET; (FINANCE DIRECTOR)

<https://youtu.be/CMPmwTHedTA?t=715>

Director Callaway reported the effects of COVID on the Operating Budget and gave a presentation of the proposed budget with those effects considered. Committee discussion ensued and questions were answered.

Public Comment:

Carole Truesdale, Morro Bay, praised the Finance Director's report and revisited the question about revenue options for the public and council to consider and Transient Occupancy Tax projections. Director Callaway answered Ms. Truesdale's questions.

Chair Martin closed public comment.

MOTION: Member Beckman moved to approve to recommend allocating funds across two fiscal years up to \$15,000 to bring an officer on board to replace someone retiring on July 9, 2020. Member Johnson seconded. Motion carried 7 – 0.

MOTION: Member Alexander moved to approve the proposed preliminary draft of the general fund budget and thanked staff for doing a terrific job putting it together considering the environment. The Finance Committee did not have the opportunity to review the enterprise funds or capital improvement budgets. Member Bowes seconded. Motion carried 7 – 0.

C. FUTURE AGENDA ITEMS

<https://youtu.be/CMPmwTHedTA?t=9559>

The following items were addressed as future agenda items:

1. Water Reclamation Facility (WRF) Quarterly Report
2. 3rd Quarter Investment Report
3. Adopted 2020/21 budget for review
4. Finance Director and Project Manager Casares review process and procedures of reimbursement from Federal Government and State Government to the City
5. Additional CFAC Roles

D. SCHEDULE NEXT MEETING

The next Regular Meeting of the Citizens Finance Advisory Committee is scheduled for July 21, 2020 at 3:00 pm.

E. ADJOURNMENT

The meeting adjourned at 5:46 pm

Recorded by:
Tracy McConnell

This Page Intentionally Left Blank



AGENDA NO: B-2

MEETING DATE: July 21, 2020

Staff Report

TO: Chairman and Committee Members

DATE: July 17, 2020

FROM: Jennifer Callaway, Finance Director

SUBJECT: Review WRF Quarterly Update Report and Discuss CFAC Role in WRF Review with Additional Responsibilities as Directed by Council on January 28, 2020

RECOMMENDATION

Receive WRF Quarterly Update Report and discuss CFAC role in WRF Report review and additional responsibilities.

DISCUSSION

Provided as Attachment 1 is the Quarterly Water Reclamation Facility (WRF) Project Report.

On January 28, 2020, the City Council further discussed CFAC's role in reviewing WRF project reports and data. The four additional responsibilities include the following:

1. Review of global (WRF) project expenditures vs. budget,
2. Review debt service recommendations from staff including use of cash vs. other funding sources, such as WIFIA or SRF, and the impacts on rate payers (appropriate use of funds review),
3. Review cash flow performance to maximize use of funds available vs. the time use of money, and
4. Monitor compliance with drawdown requirements of WIFIA and SRF funding, or other funding sources, as appropriate.

Each of these responsibilities is discussed below for CFAC review and consideration.

Review of Global (WRF) Project Expenditures vs. Budget

Council direction to CFAC has consistently been to review project expenditures compared to budget, at a high level, by reviewing the WRF quarterly reports. In addition, CFAC receives quarterly budget updates from staff prior to submitting to the City Council for review, these updates include data on Measure Q, the City's General Fund and WRF project in more detail than is provided in the WRF quarterly reports. Staff believes the information currently provided is sufficient to meet the intention of this objective and recommends no further action on this item.

Prepared By: JC

Dept Review: _____

City Manager Review: _____

City Attorney Review: _____

Debt Service, Cash Flow and Funding Drawdown

The remaining three objectives assigned to CFAC deal with debt service for financing the WRF project, correlation with utility rates, cash flow and monitoring of reimbursements.

Staff has provided a summary chart of each loan and grant funding source currently committed, i.e. signed agreements in place, for the WRF project. The City has yet to finalize funding agreements with the State Revolving Fund (SRF) for the construction phase of the project. Once these agreements are finalized, they will be added to the summary charts for CFAC review.

A summary of funding sources, disbursements requested and received are provided as Table 1 for review.

Table 1: Summary of Funding Sources and Reimbursements Received

Loan	Amt	Requested	Received	Total outstanding
SRF Planning Loan	\$ 10,300,000.00	\$ 10,524,433.88	\$ 217,441.00	\$ 10,082,559.00
SRF Grant	\$ 75,000.00	\$ -	\$ -	\$ 75,000.00
WIFIA (water portion)	\$ 25,183,810.80	\$ 2,065,032.25	\$ 681,416.73	\$ 24,502,394.07
WIFIA (wastewater portion)	\$ 36,516,525.66	\$ 1,424,376.72	\$ 470,014.10	\$ 36,046,511.56
Total	\$ 72,075,336.46	\$ 14,013,842.85	\$ 1,368,871.83	\$ 70,706,464.63

*As of July 17, 2020

Itemized disbursement requests for the SRF Planning loan and WIFIA are included in tables 2 and 3 below.

Table 2: Summary of SRF Planning Loan Reimbursement Requests and Receipts

City of Morro Bay SRF Planning Loan Schedule of Planning Reimbursements - SRF Planning Loan				
Reimbursement Number	Date	Amount Requested	Amount Received	Notes
1	12/6/2018	\$ 289,595.00	\$ 217,441.00	
2	11/4/2019	\$ 6,431,295.00	\$ -	Approved \$5,530,189, expected receipt anytime
3	12/20/2019	\$ 3,803,544.00	\$ -	
Total		\$ 10,524,434.00	\$ 217,441.00	

*As of July 17, 2020

Staff has been notified that SRF planning loan Reimbursement #2 has been approved in the amount of \$5,530,189 and reimbursement is imminent. The State waterboard is allowing staff to provide additional document to support the reimbursement of the remaining outstanding loan balance. Staff will be gathering this information within the coming weeks to resubmit to the State Waterboard for consideration.

Table 3: Summary of WIFIA Reimbursement Requests and Receipts

City of Morro Bay WIFIA Credit Agreement Schedule of Construction Reimbursements - WRF Project								
Reimbursement Number	Date	Amount Requested	N17150CA		N17108CA		311-2276	321-2276
			Water Portion 59.18%	Wastewater Portion 40.82%	Water portion Not Reimbursed	Wastewater Portion Not Reimbursed	Water Portion Received	Wastewater Portion Received
1	5/29/2020	\$ 1,100,944.32	651,538.85	449,405.47			651,538.90	449,405.47
2	6/1/2020	\$ 61,014.34	36,108.29	24,906.05	(6,230.46)	(4,297.51)	29,877.83	20,608.54
3	6/30/2020	\$ 3,489,408.97	2,065,032.25	1,424,376.72	0.00	0.00	0.00	0.00
Total		\$ 4,651,367.63	\$ 2,752,679.39	\$ 1,898,688.24	\$ (6,230.46)	\$ (4,297.51)	\$ 681,416.73	\$ 470,014.01

Reimbursement expected 8/15/20

*As of July 17, 2020

Reimbursement under the WIFIA loan is fairly simple, with staff completing a Form of Requisition (example provided as Attachment 1 for review) and providing all supporting documentation. Forms submitted by the first of the month are reviewed and amount approved are processed by the 15th of the month. Thus far staff has submitted three reimbursement requests. The third reimbursement request, totaling \$3.5 million, was sent on June 30, 2020 however due to the size of the electronic file was not received by WIFIA. Upon follow-up with WIFIA staff, it has been determined that the best way to proceed is created a shared dropbox which WIFIA can access directly upon notice from the City that reimbursement request is finalized. This has been created and WIFIA staff have successfully received Reimbursement #3 which will be paid out in the august disbursement. Staff will be preparing a 4th disbursement request to submit by the end of July to also be included in the august disbursement.

There are still a number of project unknowns, such as cost of the pipeline and SRF construction loan funding amounts as well as the SRF construction loan reimbursement process and length of time for receipt of those requests. These factors would be important to know in making any determination rate adjustments. Furthermore, staff continues to hold liquid cash available by heavily investing in the City’s LAIF and Opus bank accounts to ensure adequate cash flow for the WRF project and City as a whole given the COVID-19 financial impacts and delayed revenue receipts. However, staff is submitting for WIFIA reimbursements as quickly as possible and plans to fully fund the WRF project with WIFIA and SRF funding this fiscal year to maintain City cash.

CONCLUSION

Staff recommends that the Citizen’s Finance Advisory Committee receive the WRF Quarterly report and discuss the four additional objectives assigned to CFAC with respect to WRF project review.

ATTACHMENTS:

1. City of Morro Bay Water Reclamation Facility Quarterly Report
2. WIFIA Reimbursement Request #1



MORRO BAY
OUR WATER
RELIABLE. CLEAN. FOR LIFE.

City of Morro Bay
Water Reclamation Facility Project

QUARTERLY REPORT JUNE 2020

FINAL | July 2020

The logo for Carollo, featuring a stylized blue wave icon followed by the word "carollo" in a bold, lowercase, sans-serif font, with a registered trademark symbol (®) to the right.



City of Morro Bay
Water Reclamation Facility Project

QUARTERLY REPORT JUNE 2020

FINAL | July 2020

This document is released for the purpose of information exchange review and planning only under the authority of Eric T. Casares, July 2020, State of California, P.E. 73351

Contents

Section 1 - PROJECT OVERVIEW	1
1.1 General Project Status Update	1
1.1.1 Water Reclamation Facility	1
1.1.2 Conveyance Facilities	2
1.1.3 Recycled Water Facilities	2
1.2 Quarterly Budget Revision	5
Section 2 - KEY PERFORMANCE MEASURES	9
2.1 Performance Measures	9
Section 3 - PROJECT COSTS	13
3.1 Project Budget	13
3.2 Project Cash Flow	13
3.3 Project Cost Summary	16
3.4 Detailed Project Costs	16
3.5 Change Orders	17
3.6 Reimbursement from Funding Agencies	19
Section 4 - PROJECT SCHEDULE	21
4.1 Project Milestones	21
Section 5 - DESIGN AND PROCUREMENT	27
5.1 Design Status	27
5.2 Procurement	27
Section 6 - CONSTRUCTION STATUS	29
6.1 Construction Summary	29
6.2 Upcoming Traffic Control	29
6.2.1 Planned Impacted Areas	29
6.2.2 Hours of Planned Lane/Road Closures	29
6.3 Construction Safety	29
Section 7 - OTHER PROGRAM ACTIVITIES	31
7.1 Public Outreach	31
7.2 Permitting Activities	31
7.3 Funding Status	31

7.4 City Operations Activity	31
Section 8 - PROJECT DETAILS	33
8.1 Water Reclamation Facility	33
8.1.1 Design/Build	33
8.1.2 Project Scope	33
8.1.3 Current Progress	33
8.1.4 Project Challenges	33
8.2 Conveyance Facilities	34
8.2.1 Designer	34
8.2.2 Contractor	34
8.2.3 Project Scope	35
8.2.4 Current Progress	35
8.2.5 Upcoming Activities	35
8.2.6 Project Challenges	35
8.3 Recycled Water Facilities	36
8.3.1 Designer	36
8.3.2 Contractor	36
8.3.3 Project Scope	37
8.3.4 Current Progress	37
8.3.5 Upcoming Activities	37
8.3.6 Project Challenges	38

Tables

Table 1	Project Accomplishments and Challenges	3
Table 2	Budget Revision Summary	6
Table 3	Estimates at Completion	7
Table 4	WRF Project Performance Measures	11
Table 5	WRF Project Overall Budget Status (thru June 2020)	13
Table 6	WRF Project Cost Fiscal Year Projections	15
Table 7	WRF Project Cost Summary (through June 2020)	16
Table 8	General Project Activities Cost Summary (through June 2020)	16
Table 9	WRF Cost Summary (through June 2020)	17
Table 10	Conveyance Facilities Cost Summary (through June 2020)	17

Table 11	Recycled Water Facilities Cost Summary (through June 2020)	17
Table 12	Summary of Approved Change Orders (Amendment No. 1)	18
Table 13	Summary of Approved Change Orders (Amendment No. 2)	18
Table 14	Summary of Approved Change Orders (Amendment No. 3)	19
Table 15	Summary of Reimbursement Requests	20
Table 16	Time Schedule Order Milestone Summary	21
Table 17	Expanded Milestone Schedule	25
Table 18	Procurement Status (through June 2020)	27
Table 19	Procurement Status (through June 2020)	27
Table 20	Project Construction Costs	29
Table 21	WRF Performance Measures	33
Table 22	WRF Construction Summary	34
Table 23	Conveyance Facilities Performance Measures	35
Table 24	Conveyance Facilities Summary	36
Table 25	Recycled Water Facilities Performance Measures	38
Table 26	Recycled Water Facilities Summary	38

Figures

Figure 1	Project Cash Flow Projections and Actual Expenditures	14
Figure 2	Project Summary Schedule	23

Abbreviations

BOD	Biochemical Oxygen Demand
CCC	California Coastal Commission
CDFW	California Department of Fish and Wildlife
CPT	Cone Penetration Test
CPUC	California Public Utilities Commission
CSWRF	Clean Water State Revolving Fund
DBEs	disadvantage business enterprises
DDW	Division of Drinking Water
EACs	estimates and completion
EPA	Environmental Protection Agency
ESCP	Enhanced Source Control Program
GFEs	good faith efforts
GMP	Guaranteed Maximum Price
GSI	GSI Water Solutions
IFC	issued for construction
IPR	Indirect Potable Reuse
KPI	Key Performance Indicator
MBMWC	Morro Bay Mutual Water Company
MBR	Membrane Bioreactor
Narrows	Eastern
NPDES	National Pollution Discharge Elimination System
NTP	notice to proceed
PCO	Potential Change Order
PPP	Pollution Prevention Plan
Project	Water Reclamation Facility Project
PWAB	Public Works Advisory Board
RWQCB	Regional Water Quality Control Board
SAA	Stream Bed Alteration Agreement
SPI	Schedule Performance Index
TM	Technical Memorandum
TSO	Time Schedule Order
TSS	Total Suspended Solids
UVAOP	Ultraviolet Advanced Oxidation Process
WIFIA	Water Infrastructure Finance and Innovation Act
WRF	Water Reclamation Facility
WRFCAC	Water Reclamation Facility Citizens Advisory Committee
WWE	Water Works Engineers

Section 1

PROJECT OVERVIEW

1.1 General Project Status Update

All components of the Water Reclamation Facility Project (Project) are currently in progress.

1.1.1 Water Reclamation Facility

1.1.1.1 Design

The design for the Water Reclamation Facility (WRF) was completed with the delivery of the Issued for Construction (IFC) drawings and specifications for the WRF on May 22, 2020.

1.1.1.2 Construction

Construction at the WRF site began shortly after the construction notice to proceed (NTP) was issued on March 20, 2020 by the City. Earthwork on the site continued since that time. The City and Program Manager have also continued to work with the California Department of Fish and Wildlife (CDFW) to obtain a Stream Bed Alteration Agreement (SAA) for an erosional feature on the site. The notification was submitted to CDFW in late March 2020. CDFW delivered the Draft SAA on Monday, July 13, 2020 and the SAA was fully-executed by CDFW and City staff on Tuesday, July 14, 2020. The contractor can now access the erosional feature area and commence with filling this area and advancing mass earthwork without any restrictions. The inability for the contractor to access the erosional feature area was unanticipated and has delayed earthwork and created inefficiencies (i.e., moving material multiple times). These delays and inefficiencies will result in the need for a potential change order (PCO) to extend the schedule and increase the guaranteed maximum price (GMP). Now that the SAA has been finalized, the contractor is preparing the PCO. Once the draft PCO is submitted, the City and Program Manager will review it, and begin negotiations before it is presented to Public Works Advisory Board for recommendations and to City Council for review and actions.

The City reported on the crack or separation on the southern tip of the slope being excavated that occurred on May 05, 2020 in the April 2020 Monthly Report. Since that time, the design-build team has completed the revised grading design. The revised grading design is currently being reviewed by the Program Manager, and once the design is finalized, it will be sent to the California Coastal Commission (CCC). The design-build team is currently developing a cost estimate for the impacts of the soil slip. The construction cost to remove the soil slip material and stockpile it alone has been estimated at \$300,000. The cost for the work done by the design-build team's geotechnical engineer and the re-design costs are currently being estimated by the design-build team. It is anticipated that the overall cost of the soil slip will be in the \$500,000 range. However, who bears the responsibility for the costs (i.e., City vs. design-build team) has not yet been determined. The City maintains that the design-build team is responsible for these costs and is still awaiting a memorandum outlining the design-build team's position.

1.1.2 Conveyance Facilities

1.1.2.1 Design

The design was completed in late May 2020 with the delivery of the final drawings and technical specifications to the City.

1.1.2.2 Construction

The Conveyance Facilities component of the Project was advertised for bidding on June 16, 2020. The pre-bid meeting was held virtually on July 07, 2020. Originally, bids were to be opened on July 28, 2020. However, following the pre-bid meeting, the decision was made to extend the bidding period to ensure all contractors have ample time to complete the good faith efforts (GFEs) for disadvantaged business enterprises (DBEs). This requirement is one of the Federal cross-cutters and failing to meet this requirement could make a bid non-responsive. The City still anticipates awarding this component of the Project on September 22, 2020.

1.1.3 Recycled Water Facilities

1.1.3.1 Design

The Project's hydrogeologist (GSI Water Solutions [GSI]) delivered the Draft Phase 2 (Characterization) Technical Memorandum (TM) in March 2020. The City received the Final TM on June 17, 2020. The City and Program Manager will present the results to PWAB at their regularly-scheduled August meeting.

Following delivery of the Final TM, GSI began developing alternative modeling scenarios focused on reducing the amount of water initially injected and extracted to maximize groundwater travel times and make initial permitting of the Project with the Division of Drinking Water (DDW) easier. GSI should have the results of these additional modeling scenarios for presentation to PWAB in August 2020.

Table 1 summarizes some of the key accomplishments and critical challenges identified for the Project through July 15, 2020.

Table 1 Project Accomplishments and Challenges

Project Component	Key Accomplishments	Critical Challenges	Actions to Overcome Challenges	Likely Outcomes
General Project	Continued to support the review of the City's construction loan application by the Clean Water State Revolving Fund (CWSRF) staff.			
	Continued advancing construction on the South Bay Boulevard site.			
Water Reclamation Facility		A soil slip on the site occurred with a volume of approximately 15,000 cubic yards that has resulted in additional work for the design-build team	Negotiate with the design-build team to determine responsibility and minimize the financial impacts from dealing with the soil slip.	Pending the result of the negotiations with the design-build team, the soil slip could result in a future PCO.
Conveyance Facilities	Held the pre-bid meeting on July 07, 2020.			
		Receipt of easements necessary to construct the pipelines in the City's existing bike path.	Work closely with Vistra (Vistra Energy), PG&E, and California Public Utilities Commission (CPUC) to obtain the easements.	Delayed receipt of the easements could complicate or delay construction of the Conveyance Facilities.
Recycled Water Facilities	Received the Final TM (Characterization) from GSI confirming selection of the West injection area.	Receipt of property necessary to construct the injection wells.	Work with Vistra to obtain the property for the injection wells.	Without expediting the schedule, the completion of the injection wells will be delayed (does not impact compliance with the Time Schedule Order (TSO)).

1.2 Quarterly Budget Revision

The original \$126 million baseline budget was developed in June 2018 (Q4 Fiscal Year 2017/2018). At the beginning of each fiscal year, the budget is updated and used as the measure of performance for the Project during that upcoming fiscal year. The budget is then reviewed and reconciled on a quarterly basis so it can be compared to both the current fiscal year and baseline budgets. The next budget reconciliation will occur at the end of Q1 Fiscal Year 2020/2021 (September 30, 2020). A summary of the baseline, reconciled quarterly, and fiscal year budgets are summarized in Table 2. Subsequent budget reconciliations (quarterly) and fiscal year budgets (annual) will also be presented in this table for reference.

Table 2 Budget Revision Summary

Project Component	Baseline (Q4 FY 17/18)	Quarterly Reconciliation (Q3 FY 18/19)	Past Fiscal Year (Q4 FY 18/19)	Quarterly Reconciliation (Q1 FY 19/20)	Quarterly Reconciliation (Q2 FY 19/20)	Quarterly Reconciliation (Q3 FY 19/20)	Current Fiscal Year (Q4 FY 19/20)
Water Reclamation Facility ⁽¹⁾	\$62,414,000	\$74,059,000	\$72,891,000	\$72,598,000	\$72,231,000	\$71,856,000	\$77,828,000
Conveyance Facilities	\$21,087,000	\$27,108,000	\$28,864,000	\$28,524,000	\$29,224,000	\$29,989,000	\$29,840,000
Recycled Water Facilities	\$8,593,000	\$5,366,000	\$5,250,000	\$5,212,000	\$5,353,000	\$5,526,000	\$5,526,000
General Program	\$24,403,000	\$11,614,000	\$11,801,000	\$11,625,000	\$11,701,000	\$12,964,000	\$13,260,000
Construction Contingency ⁽²⁾	\$9,444,000	\$6,450,000	\$7,132,000	\$7,131,000	\$7,364,000	\$10,264,000	\$4,207,000
Total	\$125,941,000	124,597,000	\$125,938,000	\$125,090,000	\$125,873,000	\$130,599,000	\$130,661,000

Notes:

(1) Costs include the design-build agreement with Filanc/Black & Veatch, Carollo, and other consultants.

(2) Breakdown of the current contingency (\$10,264,000) is as follows: WRF = \$1,449,000; Conveyance Facilities = \$2,458,000; and Recycled Water Facilities = \$300,000

Table 3 summarizes the positions and estimates at completion (EACs) for the major elements of the Project through the end of Q4 FY 19/20 when the last budget reconciliation was completed.

Table 3 Estimates at Completion

Project Component	Original Estimates	Initial Contract Value	Current Contract Value	Expenditures to Date	Estimate at Completion
City and Program Management	\$24,403,000			\$4,775,967	\$13,855,000
City Costs ⁽²⁾				\$1,912,770	\$3,845,000
Program Management ⁽³⁾ (Carollo Engineers)		\$293,000	\$6,360,378	\$2,863,196	\$10,010,000
Design/Build WRF	\$62,414,000			\$11,255,345	\$74,927,000
Design/Build (Filanc/Black & Veatch)		\$67,234,512	\$74,926,725	\$11,255,345	\$74,927,000
Conveyance Facilities	\$21,087,000			\$1,807,054	\$26,386,000
Design (Water Works Engineers)		\$1,360,565	\$2,052,387	\$1,807,054	\$2,152,000
Construction				-	\$24,234,000
Recycled Water Facilities	\$8,593,000			-	\$3,575,000
Design				-	\$450,000
Construction				-	\$3,125,000
Contingency	\$9,444,000				\$4,207,000
Water Reclamation Facility					\$1,449,000
Conveyance Facilities					\$2,458,000
Recycled Water Facilities					\$300,000
Other Contracts⁽⁴⁾				\$5,857,849	\$7,711,000
Total	\$125,941,000			\$23,696,215	\$130,661,000

Notes:

- (1) Total expenditures and EAC are based on the budget reconciliation completed for Q3 FY 19/20.
- (2) City costs include staff salaries and benefits, legal services, land acquisition, supplies and equipment, etc.
- (3) Includes total program management costs including public outreach and construction oversight/management.
- (4) Other Contracts includes previous consultants including MKN and Black & Veatch and current consultants including Far Western, ESA, Kestrel, GSI, Bartle Wells Associates, etc.

Section 2

KEY PERFORMANCE MEASURES

2.1 Performance Measures

A set of five (5) Key Performance Indicators (KPIs) were established to readily measure the progress of the Project. These KPIs represent various success factors associated with the WRF project management and delivery that were established by the Program Manager and City staff and are summarized as Table 4. The Project's performance is also illustrated graphically in Figures 1 and Figure 2.

Table 4 WRF Project Performance Measures

Performance Measure	Data	Baseline (Q4FY 19/20)	Current (Q4 FY 19/20)	Delta	Status	G	Y	R
1: Total Project Costs	Total Project Projected Cost at Completion versus the Baseline Budget (budget as of 06/30/20)	\$130.7 M	\$130.7 M	0.0%	G	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
1.1: WRF Costs	On Site WRF Projected Cost at Completion versus the Baseline Budget (budget as of 06/30/20)	\$79.3 M	\$79.3 M	0.0%	G	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
1.2: Conveyance Facilities Costs	Conveyance Facilities Projected Cost at Completion versus the Baseline Budget (budget as of 06/30/20)	\$32.3 M	\$32.3 M	0.0%	G	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
1.3: Recycled Water Facilities Costs	Off Site Injection Facilities Projected Cost at Completion versus the Baseline Budget (budget as of 06/30/20)	\$5.8 M	\$5.8 M	0.0%	G	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
1.4: General Project Costs	General Project Projected Cost at Completion versus the Baseline Budget (budget as of 06/30/20)	\$13.3 M	\$13.3 M	0.0%	G	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
2: Program Manager Earned Value	Ratio of Program Manager Earned Value to Actual Invoiced Cost-to-Date (as of 06/30/20)	1.00	0.99	-0.01	Y	>= 1.00	0.99 to 0.90	< 0.90
3: Schedule Performance Index ⁽¹⁾	Ratio of Planned Percent Complete to Actual Percent Complete (as of 06/30/20)	1.00	1.15	0.15	G	>=1.00	0.99 to 0.80	<0.80
4: Conveyance Pipeline Installed	Feet of conveyance pipeline installed (thru 06/30/20)	18,500 LF	0.0 LF	0.0%	G	<= 5%	> 5% and <=7.5%	> 7.5%
5: Compliance Date Countdown	Days Remaining to Compliance Date (as of 06/30/20)	973 days	794 days	180 days	Y	<= 365 days	364 days and 180 days	> 179 days

Section 3

PROJECT COSTS

3.1 Project Budget

The overall budget status for the Project is summarized in Table 5. The top half of the table provides a summary of total estimated Project costs, including original and current estimated costs for the entire Project. The bottom half of Table 5 shows the total amount of work currently under contract and provides a summary of total charges.

Table 5 WRF Project Overall Budget Status (thru June 2020)

Summary of Total WRF Project Cost	
Original Baseline WRF Project Budget ⁽¹⁾	\$125,941,000
Current Fiscal Year WRF Project Budget (as of 6/30/20) ⁽²⁾	\$130,661,000
Current WRF Project Budget (as of 06/30/20) ⁽³⁾	\$130,661,000
Budget Percent Change (Current versus Fiscal Year)	0.0%
Total Expenditures for June 2020	\$1,205,000
Total Expenditures to Date (thru 06/30/20 invoices)	\$23,696,000
Percent of Current WRF Project Budget Expended	18.1%
Summary of Contracted Work	
Total Contracted Amount	\$88,448,000
Percent of Current WRF Project Budget Contracted	67.7%
Total Contracted Amount Expended	\$20,649,000
Percent of Contracted Amount Expended	23.3%
Remaining WRF Project Contracted Amount	\$67,799,000

Notes:

- (1) Developed in June 2018 as the basis of the approved rate surcharge that took effect in July 2019.
- (2) The budget for the Project is reviewed on an annual basis at the end of each fiscal year (June 30th) and is used as the basis of performance for the Project for the upcoming fiscal year.
- (3) The Project budget is reconciled on a quarterly basis and compared to the current fiscal year budget (i.e., September 30th, December 31st, and March 31st)

3.2 Project Cash Flow

Figure 1 presents the projected and actual expenditures for the Project through June 2020 compared to the Fiscal Year 2020/2021 budget developed at the end of Q4 Fiscal Year 2019/2020. The line graph shows the cumulative values for the Project and the bars show the discrete monthly values. Actual and budgeted expenditures from 2013 to the end of Fiscal Year 2018/2019 have been combined to improve readability. Milestones have been added to the cumulative fiscal year budget and cumulative forecasted expenditures to show changes in the Project schedule that have occurred between development of the fiscal year budget from June 2019 and the current, reconciled budget developed at the end of June 2020. The milestone corresponds to the substantial completion of the WRF, which coincides with the City being in

compliance with the TSO issued by the Regional Water Quality Control Board (RWQCB) in June 2018. While the compliance with the TSO has been delayed several months due to consultation with the USFWS, completion of construction of the injection wells has been impacted more significantly due to property acquisition.

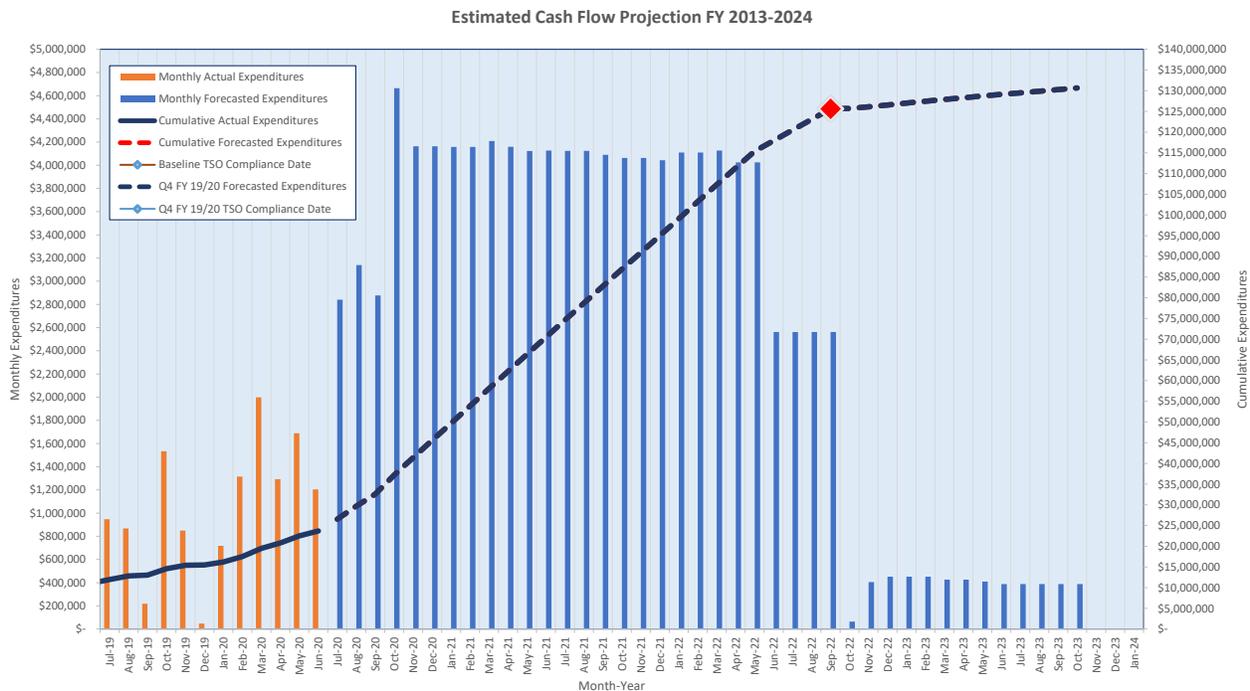


Figure 1 Project Cash Flow Projections and Actual Expenditures

A breakdown of the current Q4 Fiscal Year 2019/2020 budget by fiscal year is included in Table 6.

Table 6 WRF Project Cost Fiscal Year Projections

Project	Actual Expenditures to Date	FY 20/21	FY 21/22	FY 22/23	FY 23/24	Total Project
WRF	\$11,255,000	\$30,074,040	\$29,233,127	\$7,265,107	\$-	\$77,828,000
Conveyance Facilities	\$1,807,000	\$12,881,447	\$15,150,893	\$-	\$-	\$29,840,000
Recycled Water Facilities	\$420,000	\$820,995	\$318,750	\$2,765,625	\$1,200,000	\$5,526,000
General Project	\$10,214,000	\$1,256,338	\$766,874	\$766,874	\$255,625	\$13,260,000
Contingency	\$-	\$1,750,098	\$1,995,885	\$361,013	\$100,000	\$4,207,000
Total	\$23,696,000	\$46,782,918	\$47,465,530	\$11,158,619	\$1,555,625	\$130,661,000

Notes:

(1) Cost includes the total anticipated cost for each element of the Project.

3.3 Project Cost Summary

Table 7 summarizes the cost-to-date and contracted amounts for each of the elements of the Project. This table also provides the current cost estimate for each project. Detailed information on the individual elements of the Project is provided in Section 7 of this Report.

Table 7 WRF Project Cost Summary (through June 2020)

Project	Actual Expenditures to Date	Total Contracted Cost	Contract Expended to Date (%)	Total Project Cost (Est.) ⁽¹⁾	Cost Expended to Date (%)
General PM	\$6,986,000	\$10,849,000	64.4	\$13,260,000	52.7
WRF	\$11,255,000	\$74,927,000	15.0	\$79,278,000	14.2
Conveyance Facilities	\$1,807,000	\$2,052,000	88.1	\$32,298,000	5.6
RW Facilities	\$601,000	\$621,000	96.8	\$5,825,000	10.3
Total	20,649,000	\$88,449,000	23.3	\$130,661,000	15.8

Notes:

- (1) Cost includes the total anticipated cost for each element of the Project.
- (2) Actual total expenditures are equal to \$23,696,000 (Table 6), but includes \$3,047,000 of uncontracted costs including City costs (i.e., labor, expenses, etc.)

3.4 Detailed Project Costs

The following tables show the detailed costs to date for active contracts for each element of the Project.

Table 8 General Project Activities Cost Summary (through June 2020)

Consultant / Contractor	Actual Expenditures to Date	Total Contracted Cost	Contract Expended to Date (%)
ESA	\$412,080	\$412,320	99.9
Far Western	\$214,783	\$282,014	76.2
Bartle Wells Associates	\$65,580	\$100,800	65.1
JoAnn Head Land Surveying	\$97,693	\$102,644	95.2
JSP Automation	\$21,778	\$63,500	34.3
Carollo Engineers, Inc. ⁽¹⁾	\$2,863,196	\$6,360,378	45.0
Total	\$3,675,110	\$7,321,656⁽²⁾	50.2

Notes:

- (1) Total estimate at completion for Program Management/Construction Management is projected at \$10.0 million.
- (2) Table only includes contracts that are currently active. The total contracted amount for General Project is \$10,849,000 and includes consultants including MKN, etc.

Table 9 WRF Cost Summary (through June 2020)

Consultant / Contractor	Actual Expenditures to Date	Total Contracted Cost	Contract Expended to Date (%)
Overland Contracting	\$11,255,345	\$74,926,725 ⁽¹⁾	15.0
Total	\$11,255,345	\$74,926,725	15.0

Notes:

(1) Cost includes final value for Amendment No. 1, Amendment No. 2, and Amendment No. 3 of \$1,636,060, \$63,937, and \$5,992,217, respectively and the original contract value of \$67,234,512.

Table 10 Conveyance Facilities Cost Summary (through June 2020)

Consultant / Contractor	Actual Expenditures to Date	Total Contracted Cost	Contract Expended to Date (%)
Water Works Engineers (WWE)	\$1,807,054	\$2,052,387	88.0
Total	\$1,807,054	\$2,052,387	88.0

Table 11 Recycled Water Facilities Cost Summary (through June 2020)

Consultant / Contractor	Actual Expenditures to Date	Total Contracted Cost	Contract Expended to Date (%)
GSI	\$489,864	\$508,947	96.3
Middle Earth	\$6,570	\$6,810	96.5
Total	\$496,434	\$515,757⁽²⁾	96.3

Notes:

(1) Cost includes final value for Amendment No. 1, Amendment No. 2, and Amendment No. 3 of \$1,636,060, \$63,937, and \$5,992,217, respectively and the original contract value of \$67,234,512.

(2) Table only includes contracts that are currently active. The total contracted amount for General Project is \$621,000 and includes consultants including V&A.

3.5 Change Orders

In May 2019, City staff and the Program Manager presented seventeen (17) PCOs with a total value of \$1.9 million for the WRF to the Water Reclamation Facility Citizens Advisory Committee (WRFCAC) and the City Council. The City Council approved these PCOs and authorized City staff to update the design-build team's contract and associated GMP. Since that time, the City and Program Manager have worked with the design-build team to value engineer Change Order No. 10 and reduce the cost by more than \$200,000. The City therefore amended the value for Amendment No. 1 to \$1,636,060 that was executed by the City in January 2020.

During Q3 FY 2019/2020 the City Manager authorized PCO No. 65, which was required to bring the design-build agreement in compliance with the appropriate prevailing wage rates (i.e., Davis-Bacon) required by the WIFIA and CSWRF programs.

In May 2020, the City staff and Program Manager presented an additional twenty six (26) PCOs to the Public Works Advisory Board (PWAB) and the City Council with a total cost of \$5,992,217.

These PCOs were also approved by City Council. The forty four (44) approved change orders are summarized in Tables 12, 13, and 14.

Table 12 Summary of Approved Change Orders (Amendment No. 1)

Contract	Change Order No.	Description	Value
WRF	01	New Sodium Hypochlorite Feed for Plant Water	\$78,576
WRF	02	Change Architecture of Operations Building	\$(21,623)
WRF	03	Headworks Odor Control	\$18,422
WRF	04	Remove Canopy and Monorail at membrane bioreactor (MBR)	\$(185,434)
WRF	05	Consolidate Chemical Facilities	\$218,978
WRF	06	Modify Chemical Piping	\$(15,856)
WRF	07	Remove Solids Dumpster Lid	\$14,543
WRF	08	Add SAFE Equalization Tank	\$504,116
WRF	09	Instrumentation and Control Changes	\$75,266
WRF	10	Revise Maintenance Building Layout and Size	\$516,583
WRF	11	Influent Piping and Metering	\$411,766
WRF	12	Install Outdoor-Rated Positive Displacement Blowers at BNR Facility	\$(58,210)
WRF	13	Remove Bypass of Coarse Screens	\$(37,137)
WRF	14	SAFE Diversion Box Additions	\$58,304
WRF	15	Size Dewatering as a Building in the Future	\$30,983
WRF	16	Stairs for the Coarse Screens and Grit Basins (total of 4)	\$52,870
WRF	17	Indirect Potable Reuse (IPR) Product Water Tank Bypass	\$(26,087)
Total			\$1,636,060

Table 13 Summary of Approved Change Orders (Amendment No. 2)

Contract	Change Order No.	Description	Value
WRF	65	Davis-Bacon Wage Increases	\$63,937
Total			\$63,937

Table 14 Summary of Approved Change Orders (Amendment No. 3)

Contract	Change Order No.	Description	Value
WRF	16	Modify Outfall Pump Station	\$367,632
WRF	19	Reduce Size of the Product Water Tank	\$(129,681)
WRF	32	Sulfuric Acid System	\$315,652
WRF	37	PLC/SCADA Software Uniformity (MBR, RO, and Headworks Only)	\$201,577
WRF	39	NTP Delay	\$1,220,532
WRF	40	Headworks Valve Automation	\$249,946
WRF	41	Perimeter Barbed Wire Fence	\$79,935
WRF	42	UV/AOP System Modifications	\$(33,481)
WRF	44	Tank Access Improvements	\$210,327
WRF	45	Maintenance Ceiling Revisions and Automated Roll-Up Door	\$21,009
WRF	46	Curbed Washdown Areas	\$76,250
WRF	47	Changes to Furnishings and Residential Equipment	\$85,194
WRF	50	Revisions to Water/Sewer Supply Storage Sheds	\$13,142
WRF	52	Analyzer Relocation and Enclosures	\$76,555
WRF	55	Notice of Dispute - PG&E Temporary Power	\$13,163
WRF	56	Impacts of Water Quality Changes	\$282,420
WRF	57	Soil Lateral Earth Pressure	\$116,329
WRF	58	Permanent Exclusion Fencing	\$855,991
WRF	59	Increased Escalation Costs	\$1,232,677
WRF	61	PCO Design Impacts	\$158,172
WRF	62	Conduit Alternative Design	\$(268,400)
WRF	64	Reduce Performance Period	\$(35,450)
WRF	66	Caltrans Intersection Improvements	\$(21,893)
WRF	67	BNR System Modifications	\$742,405
WRF	68	SAFE Equalization Settle Tank Drain Piping	\$62,215
WRF	69	Third Party Inspection and Testing	\$100,000
Total			\$5,992,217

3.6 Reimbursement from Funding Agencies

In 2017, the City was awarded a \$10.3 million planning loan from the Clean Water State Revolving Fund (CWSRF) program. To date, the City has made three reimbursement requests for the planning loan. An additional reimbursement request is anticipated to fully exhaust the entire loan amount. In February 2020, the City executed a \$61.7 loan with the Environmental Protection Agency's (EPA's) Water Infrastructure and Innovation Act (WIFIA) program. To date, a total of two reimbursement requests have been made. A summary of these requests is presented in Table 15.

Table 15 Summary of Reimbursement Requests

Agency	Description	Type	Number	Date	Requested Amount	Approved Amount
State Water Board	CWSRF Planning Loan	Loan	01	December 2018	\$289,595	\$217,441
State Water Board	CWSRF Planning Loan	Loan	02	November 2019	\$6,431,925	\$5,312,748
State Water Board	CWSRF Planning Loan	Loan	03	December 2019	\$3,803,501	TBD
EPA	WIFIA	Loan	01	May 2020	\$1,100,944	\$1,100,944
EPA	WIFIA	Loan	02	June 2020	\$61,014	\$61,014
Total					\$11,686,979	\$6,692,147

Section 4

PROJECT SCHEDULE

A summary of the Project schedule is presented in Figure 2. The light blue bars for each major task represent the planned progress based on the baseline schedule. The dark blue bars represent the current actual progress through June 2020. For each major line item, the schedule performance index (SPI) has been provided as well as an overall SPI for the entire Project. The SPI is a ratio of the planned percent complete versus the current actual percent complete. A SPI of greater than 1.00 indicates that the Project is on or ahead of schedule and a SPI of less than 1.00 indicates the Project is running behind the planned schedule.

4.1 Project Milestones

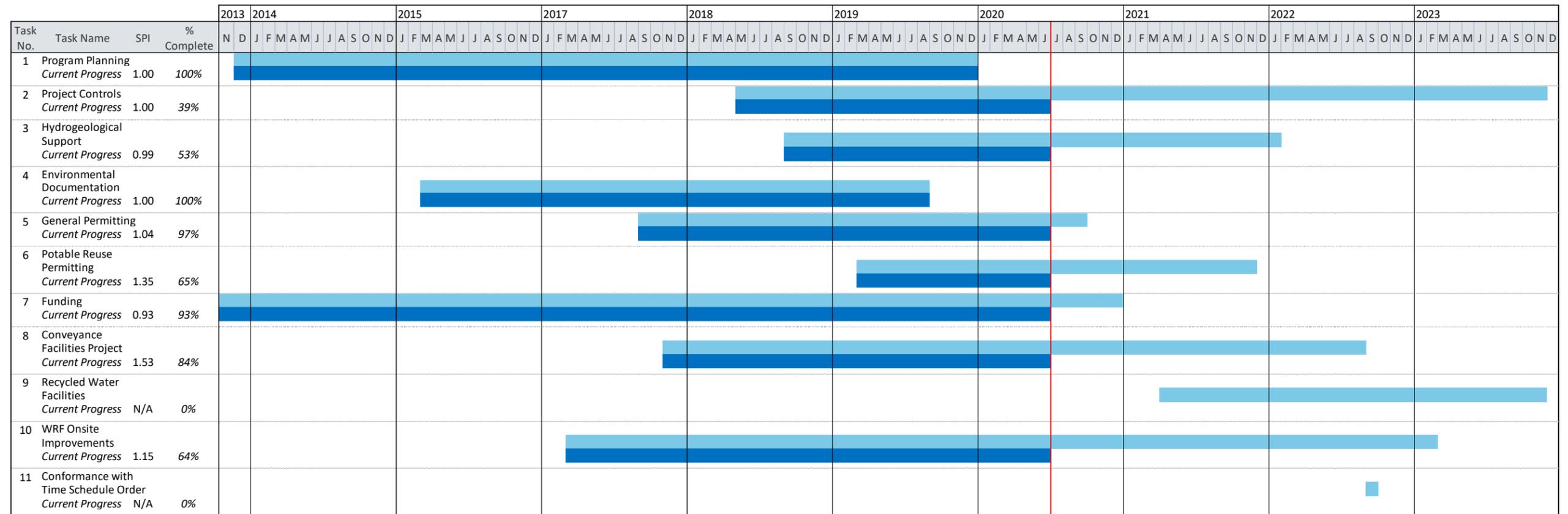
In June 2018, the City received a TSO from the RWQCB. The TSO requires the City to comply with a time schedule that will, within five years of adoption, allow the City to achieve full compliance with biochemical oxygen demand (BOD) and total suspended solids (TSS) final effluent limitations established in Order No. R3-2017-0050. In addition to the final compliance date, a number of intermediate milestones are provided in Table 3 (Compliance Schedule) of the TSO. Presented in Table 16 are the milestones in the TSO.

Table 16 Time Schedule Order Milestone Summary

Required Actions	Compliance Due Date	Planned Compliance Date	Actual Compliance Date
Release of Public Draft EIR	March 30, 2018	-	March 30, 2018
Release of Updated Rate Study	June 30, 2018	-	July 05, 2018
Proposition 218 Hearing	August 30, 2018	-	September 11, 2018
Certification of Final EIR	June 30, 2018	-	August 14, 2018
Award of Contract for WRF	September 30, 2018	-	October 23, 2018
Develop, Implement, and Submit Pollution Prevention Plan (PPP) for BOD and TSS	December 01, 2018	TBD ⁽¹⁾	-
Award of Contract for Construction of Conveyance Facilities	November 30, 2019	September 22, 2020	-
Completion of WRF Improvements with Completion Report	December 30, 2022	September 02, 2022	-
Full compliance with final effluent limitations	February 29, 2023	September 02, 2022	-

Notes:

(1) The City and Program Manager have noted this requirement in the previous quarterly progress reports sent to the RWQCB (as required by the TSO). The City has requested that the Enhanced Source Control Program required as part of the Title 22 Engineer's Report be considered acceptable for this requirement in lieu of the PPP identified in the TSO.



Project SPI: 1.15
 Program % Complete: 76%

Baseline Schedule
 Actual Progress-To-Date

Figure 2 Project Summary Schedule

An expanded milestone schedule has also been developed for outstanding Project activities.

Table 17 Expanded Milestone Schedule

Milestone	Baseline Schedule due Date	Planned Completion Date
General Project		
Compliance with the TSO ⁽¹⁾	November 11, 2021	September 02, 2022
Water Reclamation Facility		
Begin Construction	August 08, 2019	March 20, 2020 (Actual)
Deliver 90 Percent Design	October 24, 2019	March 31, 2020 (Actual)
Substantial Completion	November 11, 2021	September 02, 2022
Final Completion	June 09, 2022	October 31, 2022
Conveyance Facilities		
Deliver 90 Percent Design	October 15, 2019	February 10, 2020 (Actual)
Deliver 100 Percent Design	December 17, 2019	June 15, 2020 (Actual)
Bid Advertisement	February 21, 2020	June 16, 2020 (Actual)
Award Construction Contract	May 08, 2020	September 22, 2020
Substantial Completion	September 17, 2021	March 30, 2022
Final Completion	November 19, 2021	June 01, 2022
Recycled Water Facilities		
Select Preferred Injection Area	May 28, 2019	June 17, 2020 (Actual)
Deliver 30 Percent Design	August 04, 2020	December 01, 2021
Deliver 60 Percent Design	November 10, 2020	March 09, 2022
Deliver 90 Percent Design	February 16, 2021	June 15, 2022
Deliver 100 Percent Design	April 27, 2021	August 24, 2022
Award Construction Contract	July 21, 2021	November 16, 2022
Substantial Completion	April 21, 2022	September 20, 2023
Final Completion	June 21, 2022	November 15, 2023

Notes:

(1) The TSO requires compliance with full secondary treatment by February 28, 2023.

Section 5

DESIGN AND PROCUREMENT

5.1 Design Status

No new design contracts for the Project were executed in Q4 Fiscal Year 2019/2020. A summary of the existing design contracts is included in Table 18 below.

Table 18 Procurement Status (through June 2020)

Project Name	Current Contract Amount	Amount Expended	30%	60%	90%	100%	Final
WRF	\$74,926,725	\$11,255,345	✓	✓	✓	✓	NA
Conveyance Facilities	\$1,869,707 ⁽¹⁾	\$1,807,054	✓	✓	✓	✓	✓
Recycled Water Facilities	\$0	\$0					

Notes:

(1) The total value of the Water Works Engineers is \$2,052,387, but includes \$182,680 for engineering services during construction.

5.2 Procurement

No design or design-build contract procurements were performed in Q4 FY 2019/2020. Table 19 presents a summary of the procurement activity for the Project.

Table 19 Procurement Status (through June 2020)

Project Name	Circulate Request for Proposals	Proposal Opening Date	Council Award Date	Notice to Proceed Date	Consultant
WRF	January 24, 2018	May 8, 2018	October 23, 2018	November 01, 2018	Overland Contracting (Filanc-Black & Veatch)
Conveyance Facilities	January 31, 2017	March 8, 2017	November 14, 2017	November 15, 2017	Water Works Engineers
Recycled Water Facilities	Design Engineer to be Selected in 2020				

Section 6

CONSTRUCTION STATUS

6.1 Construction Summary

During Q4 Fiscal Year 2019/2020, construction began for the WRF. Table 20 presents a summary of project construction progress and costs through June 2020.

Table 20 Project Construction Costs

Project Name	Amount Expended	Initial Contract Amount	Current Contract Amount	% Change in Contract Amount
WRF	\$11,255,345	\$67,234,512	\$74,926,725	11.4
Conveyance Facilities	\$0	\$0	\$0	0
Recycled Water Facilities	\$0	\$0	\$0	0
Construction Total	\$11,255,345	\$67,234,512	\$74,926,725	11.4

6.2 Upcoming Traffic Control

6.2.1 Planned Impacted Areas

As the Conveyance Facilities component of the Project has not yet started construction, no traffic control activities are planned at this time.

6.2.2 Hours of Planned Lane/Road Closures

As the Conveyance Facilities component of the Project has not yet started construction, no lane or road closures are planned at this time.

6.3 Construction Safety

The Project safety goal is zero reportable incidents. There has been a total of zero reported incidents through June 2020.

Section 7

OTHER PROGRAM ACTIVITIES

7.1 Public Outreach

In April 2020, the City launched a new website as the online hub of Project documents, informational materials, and construction information. Since this time, the City and Program Manager have worked to make sure that the information on the website is kept as up to date as possible. The City is also currently developing new content targeted at addressing the safety of potable reuse and the City's new enhanced source control program (ESCP). This new content will be uploaded to the website sometime in Q1 Fiscal Year 2020/2021.

7.2 Permitting Activities

Permit compliance is an important aspect of the Project. The current permitting activities include:

- DDW:
 - The Program Manager delivered an initial Draft of the Title 22 Engineering Report to the City for review in June 2020. The revised draft, including comments from City staff, will be submitted to DDW in July 2020.
- Caltrans:
 - Continued working with Caltrans to obtain the encroachment permit necessary to construct the Conveyance Facilities pipelines.
- CDFW:
 - Obtained the Final SAA from CDFW on July 14, 2020.

7.3 Funding Status

- Continued to support CWSRF's technical, legal, and financial reviews. The City anticipates signing a loan agreement with CWSRF by the end of 2020.

7.4 City Operations Activity

The current City Operations activities include:

- Significant City Operations activities are not anticipated until start-up of the WRF begins in early 2022.

Section 8

PROJECT DETAILS

8.1 Water Reclamation Facility

8.1.1 Design/Build

In October 2018, the City executed a contract with Overland Contracting consisting of a joint venture of Filanc and Black & Veatch (i.e., design-build team) for design and construction of the WRF located at the South Bay Boulevard site. The WRF will be delivered using the design-build process.

8.1.2 Project Scope

The scope of this element of the Project includes a preliminary, secondary, and advanced treatment facilities. The secondary treatment processes will consist of a MBR and have the ability to exceed the anticipated discharge requirements for the City's new National Pollution Discharge Elimination System (NPDES) permit. The advanced treatment facilities include RO and Ultraviolet Advanced Oxidation Process (UVAOP). Purified water from the advanced treatment facilities will be injected into the Lower Morro Groundwater Basin.

8.1.3 Current Progress

The design-build team delivered the IFC drawings and specifications in May 2020 and began construction at the South Bay Boulevard site began in late March 2020.

8.1.4 Project Challenges

The City will be working with the design-build team over the next quarter to negotiate the costs associated with the schedule issues caused by the CDFW SAA process and determining responsibility for the cost of additional work associated with the soil slip.

Table 21 WRF Performance Measures

Performance Measures	Target	Current	Status
Construction Cost ^{(1),(2)}	\$67.2M	\$74.9M	
Construction Contingency ^{(3),(4)}	\$9.2M	\$1.5M	

Notes:

- (1) Project budget and current contract amount (≤5% over target = Green, between 5% and 10% over target = Yellow, >10% over target = Red).
- (2) The GMP includes costs for both design and construction of the WRF.
- (3) Project budget and current amount (≤50% of target = Green, between 0% and 50% of target = Yellow, ≤0% of target = Red).
- (4) The Program Manager initially allocated \$6.2 million for contingency for the WRF component of the project. During Q3 Fiscal Year 2019/2020, and additional \$2.9 million in contingency was added to the budget to cover Amendment No. 3. With execution of Amendment No. 1, 2, and 3, \$7.7 million has been moved from contingency to the GMP leaving \$1.5 million in contingency.

Table 22 WRF Construction Summary

Schedule			
Request for Bid / Bid Advertisement	January 24, 2018		
Bid Opening Date	May 08, 2018		
Contract Award / Council Award Date	October 23, 2018		
Notice to Proceed (Design)	November 05, 2018		
Notice to Proceed (Construction)	March 20, 2020		
Original Final Completion Date	October 01, 2021		
Original Duration (Non-Working Days)	1,061		
Days Changed by Change Order	336		
Actual Final Completion Date (including Non-Working Days)	October 31, 2022		
Schedule Percent Complete	41.4%		
Budget			
Engineer's Estimate (Construction Cost + 10% Construction Contingency)	\$73,475,845		
Award Amount (including Design Cost)	\$67,234,512		
Change Order Total	\$7,692,213		
Current Contract Value	\$74,926,725		
Percent Change	11.4%		
Work Completed			
Actual Cost -to-Date	\$11,255,345		
Percent Complete (Percent Expended)	15.0%		
Construction Oversight Statistics			
	PCOs	COs	NOPCs
Total Received	74	N/A	5
Total Approved	N/A	44 ⁽¹⁾	2 ⁽²⁾
Total Pending	24	N/A	3 ⁽³⁾
Average Turnaround (calendar days)	N/A	N/A	N/A

Acronym List:

PCO – Proposed Change Order; CO – Change Order; NOPC – Notice of Potential Claim

Notes:

- (1) 44 PCOs have been approved and are reflected in Amendment No. 1, 2, and 3 to the design-build agreement.
- (2) Two (2) notice of potential claims are addressed with the PCOs.
- (3) The City has received a letter from the contractor regarding their right to claim for the schedule issues created by CDFW, COVID-19 impacts, and the soil slip that occurred during grading activities.

8.2 Conveyance Facilities

8.2.1 Designer

In November 2017, the City executed a contract with WWE for design and engineering support for the facilities necessary to connect the existing WWTP and the new WRF.

8.2.2 Contractor

This element of the Project is being delivered via a conventional design-bid-build procurement process. The Conveyance Facilities design has been completed and this component of the

Project is currently being advertised for bidding. The City anticipates opening bids on August 12, 2020.

8.2.3 Project Scope

The Conveyance Facilities originally included the design of approximately 3.5 miles of pipelines and a lift station located near the existing WWTP. The pipelines include two raw wastewater force mains and a wet weather/brine discharge force main. Several changes to the Conveyance Facilities have occurred since the contract was executed with WWE including the addition of a second, smaller lift station near the intersection of Main Street and Highway 1 and the addition of the potable reuse transmission main to either the east or west injection site.

8.2.4 Current Progress

In May 2020, WWE delivered the 100 percent design submittal and this component of the Project is currently in the bidding phase.

8.2.5 Upcoming Activities

The City intends to open bids for this component of the Project in August 2020 and award in September 2020.

8.2.6 Project Challenges

The City continues to work with PG&E and Vistra to secure the easements necessary to construct the pipelines in the City’s existing bike path and replace the force main from Lift Station 2. The City is also working closely with CDFW and Caltrans to secure the necessary SAA and encroachment permit, respectively.

Table 23 Conveyance Facilities Performance Measures

Performance Measures	Target	Current	Status
Construction Cost ⁽¹⁾	\$0.0M	\$0.0M	
Construction Contingency ⁽²⁾	\$2.5M	\$0.0M	
Number of Feet of Pipelines Constructed ⁽²⁾	18,500 LF	0 LF	
Number of Days of Full Road Closures ⁽¹⁾	0 Days	0 Days	
Number of Hours of Night Work	0 Hours	0 Hours	

Notes:

- (1) Project budget and current contract amount (≤5% over target = Green, between 5% and 10% over target = Yellow, >10% over target = Red).
- (2) Project budget and current amount (≤50% of target = Green, between 0% and 50% of target = Yellow, ≤0% of target = Red).

Table 24 Conveyance Facilities Summary

Schedule					
Request for Bid / Bid Advertisement	NA				
Bid Opening Date	NA				
Contract Award / Council Award Date	NA				
Notice to Proceed for Construction	NA				
Original Final Completion Date	NA				
Original Duration (Non-Working Days)	NA				
Days Changed by Change Order	0				
Actual Final Completion Date (including Non-Working Days)	NA				
Schedule Percent Complete	0%				
Budget					
Engineer's Estimate (Construction Cost + 10% Construction Contingency)	\$26,657,000				
Award Amount	\$0				
Change Order Total	\$0				
Current Contract Value	\$0				
Percent Change	0%				
Work Completed					
Actual Cost -to-Date	\$0				
Percent Complete (Percent Expended)	0%				
Length of Pipe Installed (actual to date / planned total)	0 LF / 18,500 LF				
Construction Management Statistics					
	RFIs	Submittals	PCOs	COs	NOPCs
Total Received	0	0	0	0	0
Total Responded To	0	0	0	0	0
Total Pending	0	0	0	0	0
Average Turnaround (calendar days)	0	0	N/A	N/A	N/A

Notes:

Acronym List:

RFI – Request for Information; PCO – Proposed Change Order; CO – Change Order; NOPC – Notice of Potential Claim

8.3 Recycled Water Facilities

8.3.1 Designer

Procurement activities for the designer for the Recycled Water Facilities have not yet been started, but it is anticipated that design will begin in 2020 following completion of the Phase 1, Phase 2, and Phase 3 hydrogeological work by GSI.

8.3.2 Contractor

This element of the Project is being delivered via a conventional design-bid-build procurement process. The Recycled Water Facilities are currently under design and will begin construction in the spring of 2020.

8.3.3 Project Scope

Since the potable reuse pipeline from the WRF to the selected injection site was moved into WWE's scope for design of the Conveyance Facilities, this element of the Project consists primarily of full-scale injection wells at either the west or east injection sites.

8.3.4 Current Progress

Since beginning work in November 2018, GSI has completed several of the tasks necessary to inject purified water with a series of injection wells in the Lower Morro Groundwater Basin. To this end, GSI has:

- Installed groundwater monitoring devices in all of the City's active production wells and seawater wells.
- Utilized the numerical groundwater model of the Lower Morro Groundwater Basin for particle tracking and solute transport modeling.
- Characterized the Eastern (Narrows) area of the basin with cone penetration testing (CPT), characterized the hydrogeological characteristics of the Narrows area with installation of a monitoring well and conducting aquifer testing.
- Began coordination with Vistra for the evaluation of the western injection site through use of an injection well.
- Developed a draft report that recommends the Western injection area as the preferred injection location.
- Determined that the Morro Bay Mutual Water Company (MBMWC) well is not sufficient for use as a pilot injection well.

In June 2020, GSI delivered the Final TM summarizing the characterization of the Eastern and Western injection areas and confirming a preferred injection location. GSI's analysis indicates that the Western injection area is preferred for the following reasons:

- Higher transmissivity exists in the Western area compared to the Narrows area.
- Retention times are longer from the Western area than from the Narrows area.
- Injection wells located in the Western project area would provide greater mitigation against seawater intrusion during dry periods.
- Western area is undeveloped, potentially resulting in fewer constructability issues.
- The potable reuse pipeline alignment is immediately adjacent to the Western area.

The City is moving forward with pursuing the Western injection area exclusively.

8.3.5 Upcoming Activities

Following delivery of the Final TM, GSI began modeling a number of alternative scenarios aimed at maximizing the groundwater retention time by varying the volume of purified water injected and later extracted. Groundwater retention time is critical for permitting with DDW. While all the work done by GSI has shown that the total flow to the WRF can be injected into the aquifer (i.e., 825c acre-feet per year [AFY]), the ability to initially show longer retention times to DDW will aid the permitting process.

Following the additional modeling effort, GSI recommends a longer-term pumping test using City wells, pilot injection testing, and geophysical characterization of a bedrock ridge, and careful site-selection of potential injection well.

8.3.6 Project Challenges

The City is currently using the eminent domain process to acquire the land from Vistra necessary to construct the injection wells. The pre-possession hearing will occur on July 3rd, 2020.

Table 25 Recycled Water Facilities Performance Measures

Performance Measures	Target	Current	Status
Construction Cost ⁽¹⁾	\$0.0M	\$0.0M	
Construction Contingency ⁽²⁾	\$0.3M	\$0.0M	

Notes:

- (1) Project budget and current contract amount (≤5% over target = Green, between 5% and 10% over target = Yellow, >10% over target = Red).
- (2) Project budget and current amount (≤50% of target = Green, between 0% and 50% of target = Yellow, ≤0% of target = Red).

Table 26 Recycled Water Facilities Summary

Schedule					
Selection of the Injection Site					NA
Request for Bid / Bid Advertisement					NA
Bid Opening Date					NA
Contract Award / Council Award Date					NA
Notice to Proceed for Construction					NA
Original Final Completion Date					NA
Original Duration (Non-Working Days)					NA
Days Changed by Change Order					0
Actual Final Completion Date (including Non-Working Days)					NA
Schedule Percent Complete					0%
Budget					
Engineer's Estimate (Construction Cost + 10% Construction Contingency)					\$3,300,000
Award Amount					\$0
Change Order Total					\$0
Current Contract Value					\$0
Percent Change					0%
Work Completed					
Actual Cost -to-Date					\$0
Percent Complete (Percent Expended)					0%
Work Completed					
	RFIs	Submittals	PCOs	COs	NOPCs
Total Received	0	0	0	0	0
Total Responded To	0	0	0	0	0
Total Pending	0	0	0	0	0
Average Turnaround (calendar days)	0	0	N/A	N/A	N/A

Acronym List:

RFI – Request for Information; PCO – Proposed Change Order; CO – Change Order; NOPC - Notice of Potential Claim



CITY OF MORRO BAY

CITY HALL

595 Harbor Street
Morro Bay, CA 93442

United States Environmental Protection Agency
1200 Pennsylvania Avenue NW
WJC-W 6201A
Washington, D.C. 20460
Attention: WIFIA Director

FORM OF REQUISITION

May 29, 2020

Re: Morro Bay Water Reclamation Facility Project (WIFIA Ref N17108CA and WIFIA Ref N17150CA)

Ladies and Gentlemen:

Pursuant to Section 4 (*Disbursement Conditions*) of each of the WIFIA Credit Agreement for the Wastewater System Portion of the Morro Bay Water Reclamation Facility and the WIFIA Credit Agreement for the Water System Portion of the Morro Bay Water Reclamation Facility, each dated as of March 9, 2020 (together, the "WIFIA Credit Agreements"), each by and between the CITY OF MORRO BAY (the "City"), the CITY OF MORRO BAY PUBLIC FACILITIES CORPORATION and the UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, acting by and through the Administrator (the "WIFIA Credit Provider"), the City hereby requests disbursement in the amount set forth below in respect of Eligible Project Costs paid or incurred by the City. "WIFIA Credit Facility" collectively refers to the WIFIA Credit Facility described in each WIFIA Credit Agreement. All other capitalized terms used but not defined herein have the meaning set forth in the WIFIA Credit Agreements.

In connection with this Requisition the undersigned, as the City's Authorized Representative, hereby represents and certifies the following:

1.	Project Name	Morro Bay Water Reclamation Facility Project
2.	City Name	City of Morro Bay
3.	WIFIA Reference Number (Wastewater System)	N17108CA
	WIFIA Reference Number (Water System)	N17150CA
4.	Requisition Number	1
5.	² Requested disbursement amount from the WIFIA	\$449,405.47
	Credit Agreement for the Wastewater System	40.82% of requested disbursement
	Portion & percentage of total disbursement	

² With respect to each Requisition, (i) the Eligible Project Costs relating to the Project in its entirety shall be allocated pro rata between the Wastewater System Project and the Water System Project based on the following percentages: 40.82% for the Wastewater System Project and 59.18% for the Water System Project; and (ii) proceeds available under the WIFIA Credit Agreement shall be disbursed hereunder only if there is a concurrent disbursement under the Water System Project Credit Agreement. NOTE: the last disbursement will have to adjusted slightly to account for rounding for a non-standard number.

	Requested disbursement amount from the WIFIA Credit Agreement for the Water System Portion & percentage of total disbursement	\$651,538.85 59.18% of requested disbursement
	TOTAL:	\$1,100,944.32
6.	Requested disbursement date (the "Disbursement Date")	6/15/20
7.	Total amounts previously disbursed under the WIFIA Credit Agreement for the Wastewater System Portion	\$0
	Total amounts previously disbursed under WIFIA Credit Agreement for the Water System Portion	\$0
	TOTAL:	\$0
	Wire instructions	[REDACTED]

9. The amounts hereby requisitioned have been paid or incurred and approved for payment by or on behalf of the City for Eligible Project Costs and have not been paid for or reimbursed by any previous disbursement from WIFIA Credit Facility proceeds. No portion of the amounts requisitioned will be applied to pay for Eligible Project Costs that have been previously paid, or are expected to be paid, with proceeds of debt of the City that is not the WIFIA Credit Facility ("Other Debt").
10. The aggregate amount of all disbursements of the WIFIA Credit Facility (including the amount requested under this Requisition but excluding any interest that is capitalized in accordance with the WIFIA Credit Agreements) does not exceed (a) the amount of the WIFIA Credit Facility, (b) the amount of Eligible Project Costs paid or incurred by the City, and (c) the cumulative disbursements through the end of the current Federal Fiscal Year as set forth in the Anticipated Disbursement Schedule in each WIFIA Credit Agreement.
11. The City has sufficient available funds committed to the Project, which together with funds that remain available and not yet drawn under the WIFIA Credit Facility, will be sufficient to pay the reasonably anticipated remaining Total Project Costs.
12. The total federal assistance provided to the Project, including the maximum principal amount of the WIFIA Credit Facility (excluding any interest that is capitalized in accordance with the terms hereof), does not exceed eighty percent (80%) of Total Project Cost.
13. The City has all Governmental Approvals necessary as of the date hereof and as of the Disbursement Date (immediately after giving effect to the above-requested disbursement of WIFIA Credit Facility proceeds), for the development, construction, operation and maintenance of the Project and each such Governmental Approval has been issued and is in full force and effect (and is not subject to any notice of violation, breach or revocation).

14. Each of the insurance policies obtained by the City in satisfaction of Section 11(a)(xvi) (*Conditions Precedent – Conditions Precedent to Effectiveness*) of the WIFIA Credit Agreements is in full force and effect, and no notice of termination thereof has been issued by the applicable insurance provider.
15. As of the date hereof and on the Disbursement Date (immediately after giving effect to the above-requested disbursement of WIFIA Credit Facility proceeds), (i) no Default or Event of Default and (ii) no event of default under any other Related Document and no event that, with the giving of notice or the passage of time or both, would constitute an event of default under any Related Document, in each case, has occurred and is continuing. No Material Adverse Effect, or any event or condition that could reasonably be expected to have a Material Adverse Effect, has occurred, or arisen since July 12, 2018.
16. The City, and each of its contractors and subcontractors at all tiers with respect to the Project, has complied with all applicable laws, rules, regulations and requirements, including without limitation 40 U.S.C. §§3141-3144, 3146, and 3147 (relating to Davis-Bacon Act requirements) (and regulations relating thereto) and 33 U.S.C. §3914 (relating to American iron and steel products). Supporting documentation, such as certified payroll records and certifications for all iron and steel products used for the Project, are being maintained and are available for review upon request by the WIFIA Credit Provider.
17. The representations and warranties of the City Related Parties set forth in the WIFIA Credit Agreements and in each other Related Document are true and correct as of the date hereof and as of the Disbursement Date, except to the extent such representations and warranties expressly relate to an earlier date (in which case, such representations and warranties shall be true and correct as of such earlier date).
18. Each Financing Document and Principal Project Contract that has been delivered by the City to the WIFIA Credit Provider pursuant to Section 11(b) (*Conditions Precedent – Conditions Precedent to Disbursements*) is complete, fully executed and in full force and effect.
19. The current estimated percentage of physical completion of the Project is 14.9%. The City is in compliance with Section 16(d) (*Reporting Requirements – Construction Report*) and no change has occurred since the date of the most recently delivered quarterly construction progress report that could reasonably be expected to cause a Material Adverse Effect.
20. The City has [repaid][refinanced] all Project-related planning loans from the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund (including the State Loan) [with long-term Clean Water State Revolving Fund or Drinking Water State Revolving Fund construction loans].³

³ For any disbursement occurring after December 31, 2020.

21. All documentation evidencing the Eligible Project Costs to be reimbursed to the City by the above-requested disbursement has been delivered by the City to the WIFIA Credit Provider at the times and in the manner specified by the WIFIA Credit Agreements, including the details set forth [in the attachment hereto, which is in form satisfactory to the WIFIA Credit Provider][below:

WASTEWATER SYSTEM PORTION								WIFIA ONLY	
Vendor or Contractor Name ⁴	Invoice Number ⁵	Invoice Date	Payment Date	Invoice Amount	WIFIA Requested Amount ⁶	Activity Type ⁷	Description of Activity ⁸	Approved Amount	Notes
Filanc-Overland (Black & Veatch)	6810015	10/10/2019	11/26/2019	\$490,793.84	\$200,342.05	Development Phase	Design build on-site improvements: 60% design, QMS, proj mgt, proj memo, 90% design, grading permit, DDW IPR permit, admin support, proj controls, PCO, GMP		
Filanc-Overland (Black & Veatch)	6810017	12/9/2019	2/6/2020	\$390,399.20	\$159,360.95	Development Phase	Design build on-site improvements: 60% design, QMS, travel expenses, proj mgt, 90% design / specs / calcs, grading permit, DDW IPR permit, admin support, proj controls, construction trailer, GMP		

⁴ If seeking reimbursement for internal costs, enter "Internally financed activities."

⁵ Vendor's number indicated on the invoice sent to the Borrower.

⁶ If the amount requested for reimbursement by WIFIA is less than the total amount of the invoice, include an explanation for the difference.

⁷ Specify whether activity is: (a) **Development phase activity**, which includes planning, preliminary engineering, design, environmental review, revenue forecasting and other pre-construction activities; (b) **Construction**, which includes construction, reconstruction, rehabilitation and replacement activities; (c) **Acquisition of real property**, which includes acquiring an interest in real property, environmental mitigation, construction contingencies and acquisition of equipment; (d) **Carrying costs**, including capitalized interest, as necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses and other carrying costs during construction; (e) **WIFIA fees**, including for application and credit processing; or (f) **Other**, with an explanation in column H.

⁸ Provide a brief description of the activities included in the invoice for which WIFIA funds are being requested and any other notes that will aid in the review of the disbursement request.

WASTEWATER SYSTEM PORTION								WIFIA ONLY	
Vendor or Contractor Name ⁴	Invoice Number ⁵	Invoice Date	Payment Date	Invoice Amount	WIFIA Requested Amount ⁶	Activity Type ⁷	Description of Activity ⁸	Approved Amount	Notes
Carollo Engineers	181615	10/25/2019	11/26/2019	\$107,099.98	\$43,718.21	Development Phase	WRF program mgt: routine program update mtgs, program mgt oversight, program controls, funding support, permitting support, public outreach conveyance fac design, onsite design build support		
Carollo Engineers	182425	11/27/2010	2/6/2020	\$112,651.30	\$45,984.26	Development Phase	WRF program mgt: routine program update mtgs, program mgt oversight, program controls, funding support, permitting support, public outreach conveyance fac design, onsite design build support; outfall analysis		

⁴ If seeking reimbursement for internal costs, enter "Internally financed activities."

⁵ Vendor's number indicated on the invoice sent to the Borrower.

⁶ If the amount requested for reimbursement by WIFIA is less than the total amount of the invoice, include an explanation for the difference.

⁷ Specify whether activity is: (a) **Development phase activity**, which includes planning, preliminary engineering, design, environmental review, revenue forecasting and other pre-construction activities; (b) **Construction**, which includes construction, reconstruction, rehabilitation and replacement activities; (c) **Acquisition of real property**, which includes acquiring an interest in real property, environmental mitigation, construction contingencies and acquisition of equipment; (d) **Carrying costs**, including capitalized interest, as necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses and other carrying costs during construction; (e) **WIFIA fees**, including for application and credit processing; or (f) **Other**, with an explanation in column H.

⁸ Provide a brief description of the activities included in the invoice for which WIFIA funds are being requested and any other notes that will aid in the review of the disbursement request.

WATER SYSTEM PORTION								WIFIA ONLY	
Vendor or Contractor Name ⁹	Invoice Number ¹⁰	Invoice Date	Payment Date	Invoice Amount	WIFIA Requested Amount ¹¹	Activity Type ¹²	Description of Activity ¹³	Approved Amount	Notes
Filanc-Overland (Black & Veatch)	6810015	10/10/2019	11/26/2019	\$490,793.84	\$290,451.79	Development Phase	Design build on-site improvements: 60% design, QMS, proj mgt, proj memo, 90% design, grading permit, DDW IPR permit, admin support, proj controls, PCO, GMP		
Filanc-Overland (Black & Veatch)	6810017	12/9/2019	2/6/2020	\$390,399.20	\$231,038.25	Development Phase	Design build on-site improvements: 60% design, QMS, travel expenses, proj mgt, 90% design / specs / calcs, grading permit, DDW IPR permit, admin support, proj controls, construction trailer, GMP		

⁹ If seeking reimbursement for internal costs, enter "Internally financed activities."

¹⁰ Vendor's number indicated on the invoice sent to the Borrower.

¹¹ If the amount requested for reimbursement by WIFIA is less than the total amount of the invoice, include an explanation for the difference.

¹² Specify whether activity is: (a) **Development phase activity**, which includes planning, preliminary engineering, design, environmental review, revenue forecasting and other pre-construction activities; (b) **Construction**, which includes construction, reconstruction, rehabilitation and replacement activities; (c) **Acquisition of real property**, which includes acquiring an interest in real property, environmental mitigation, construction contingencies and acquisition of equipment; (d) **Carrying costs**, including capitalized interest, as necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses and other carrying costs during construction; (e) **WIFIA fees**, including for application and credit processing; or (f) **Other**, with an explanation in column H.

¹³ Provide a brief description of the activities included in the invoice for which WIFIA funds are being requested and any other notes that will aid in the review of the disbursement request.

WATER SYSTEM PORTION								WIFIA ONLY	
Vendor or Contractor Name ⁹	Invoice Number ¹⁰	Invoice Date	Payment Date	Invoice Amount	WIFIA Requested Amount ¹¹	Activity Type ¹²	Description of Activity ¹³	Approved Amount	Notes
Carollo Engineers	181615	10/25/2019	11/26/2019	\$107,099.98	\$63,381.77	Development Phase	WRF program mgt: routine program update mtgs, program mgt oversight, program controls, funding support, permitting support, public outreach conveyance fac design, onsite design build support		
Carollo Engineers	182425	11/27/2010	2/6/2020	\$112,651.30	\$66,667.04	Development Phase	WRF program mgt: routine program update mtgs, program mgt oversight, program controls, funding support, permitting support, public outreach conveyance fac design, onsite design build support; outfall analysis		

⁹ If seeking reimbursement for internal costs, enter "Internally financed activities."

¹⁰ Vendor's number indicated on the invoice sent to the Borrower.

¹¹ If the amount requested for reimbursement by WIFIA is less than the total amount of the invoice, include an explanation for the difference.

¹² Specify whether activity is: (a) **Development phase activity**, which includes planning, preliminary engineering, design, environmental review, revenue forecasting and other pre-construction activities; (b) **Construction**, which includes construction, reconstruction, rehabilitation and replacement activities; (c) **Acquisition of real property**, which includes acquiring an interest in real property, environmental mitigation, construction contingencies and acquisition of equipment; (d) **Carrying costs**, including capitalized interest, as necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses and other carrying costs during construction; (e) **WIFIA fees**, including for application and credit processing; or (f) **Other**, with an explanation in column H.

¹³ Provide a brief description of the activities included in the invoice for which WIFIA funds are being requested and any other notes that will aid in the review of the disbursement request.

22. The undersigned acknowledges that if the City makes a false, fictitious, or fraudulent claim, statement, submission, or certification to the Government in connection with the Project, the Government reserves the right to impose on the City the penalties of 18 U.S.C. § 1001, to the extent the Government deems appropriate.

Dated: 5/29/2020

CITY OF MORRO BAY¹⁴

By:



Scott Collins
City Manager

¹⁴ To be executed by an Authorized Representative

This Page Intentionally Left Blank



AGENDA NO: B-3

MEETING DATE: July 21, 2020

Staff Report

TO: Chairman and Committee Members

DATE: July 13, 2020

FROM: Jennifer Callaway, Finance Director

SUBJECT: Third Quarter Investment Report (period ending March 31, 2020) for Fiscal Year 2019/20

RECOMMENDATION

Receive the attached Third Quarter Investment Report (period ending March 31, 2020) for Fiscal Year 2019/20.

FISCAL IMPACT

There is no fiscal impact associated with this recommendation.

DISCUSSION

Attached for your consideration is the Third Quarter Investment Report for FY 2019/20.

As of March 31, 2020, the City's weighted portfolio yield of 1.96% was below the Local Agency Investment Fund (LAIF) yield of 2.03%.

Staff has consciously decided to keep significant cash in the City's LAIF account in order to ensure cash flow for the pending construction of the Water Reclamation Facility (WRF) project. Once final funding of the project is determined, staff will further analyze cash needs and then determine if longer-term CD purchases should be made. At this point, staff has submitted all reimbursement requests to the State for State Revolving Fund (SRF) planning loan reimbursements. Reimbursements for these requests have not yet been received. Staff has also submitted three reimbursement requests for the WIFIA loan, two requests have been reimbursed thus far

During the quarter, yields have generally been declining, potentially symbolizing a slowing of the economy. As of March 31, 2020, the City recorded \$319,230.74 in interest earnings.

CONCLUSION

Staff recommends that the Committee receive the Third Quarter Investment Report (period ending March 31, 2020) for Fiscal Year 2019/20.

ATTACHMENT:

1. Third Quarter Investment Report for FY 2019/20 (period ending March 31, 2020)

Prepared By: JC

Dept Review: _____

City Manager Review: _____

City Attorney Review: _____

**CITY OF MORRO BAY
 QUARTERLY PORTFOLIO PERFORMANCE
 3/31/2020**

INVESTMENT OR CUSIP NUMBER	INSTITUTION	PURCHASE PRICE	COUPON INTEREST RATE	PURCHASE DATE	MATURITY DATE	DAYS TO MATURITY
LAIF	LOCAL AGENCY INVESTMENT FUND	\$ 17,483,154	\$ 2.03%	DAILY	DAILY	1
MONEY MARKET ACCOUNT:						
MM	MECHANICS BANK - MONEY MARKET	1,517,129	0.20%	DAILY	DAILY	1
SWEEP	MECHANICS BANK - SWEEP	752,394	0.05%	DAILY	DAILY	1
MM	OPUS BANK	5,269,930	2.22%	DAILY	DAILY	1
CERTIFICATES OF DEPOSIT:						
1404202A7	ZION BANK - CAPITAL ONE BANK	250,005	2.400%	4/12/2017	4/12/2022	742
949763XU5	Wells Fargo	249,000	2.800%	2/27/2019	2/28/2022	699
38148PGK7	ZION BANK - GOLDMAN SACHS BANK	250,003	1.550%	8/3/2016	8/3/2021	490
3090683803	STATE FARM BANK	250,435	3.050%	10/21/2013	10/24/2023	1,302
1731202F5	Citibank	246,000	3.200%	1/25/2019	1/25/2024	1,395
61690UDL1	Morgan Stanley N/A	246,000	3.100%	1/24/2019	1/24/2024	1,394
61760AAU1	Morgan Stanley Private Bank	246,000	3.000%	1/24/2019	1/24/2023	1,029
02007GHD8	Ally Bank UT	246,000	2.900%	1/24/2019	1/24/2022	664
		<u>\$ 27,006,049</u>				
			RECORDED INTEREST AS OF 3/31/2020	% OF LIQUID PORTFOLIO HOLDINGS	WEIGHTED AVERAGE RATE OF EARNINGS	WEIGHTED AVERAGE MATURITY
			<u>\$ 319,230.74</u>	<u>92.656%</u>	<u>1.962%</u>	<u>72</u>

Portfolio holdings as of the third quarter ended March 31, 2020, are in compliance with the current Investment Policy. With 92.656% of the portfolio held in liquid instruments, the City's portfolio is well above the 65% to 70% target liquidity rate approved by the City Council in March 2018.