



# CITY OF MORRO BAY

## Citizens Oversight Committee

### Acting as Citizens Finance Advisory Committee

## AGENDA

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#### *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.*

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**Tuesday, August 17, 2021 - 3:00 PM**  
**Held Via Teleconference**

John Martin    Chair

Barbara Spagnola    Vice-Chair  
Homer Alexander    Member  
Bart Beckman        Member

Lois Johnson        Member  
Steven Peck         Member  
Tina Wener            Member

ESTABLISH QUORUM AND CALL TO ORDER

COMMITTEE MEMBER ANNOUNCEMENTS & PRESENTATIONS

#### PUBLIC COMMENT PERIOD

*Pursuant to Executive Order N-08-21, issued by Governor Newsom on June 11, 2021, 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-08-21, 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](mailto: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=aWZpTzcwTHlRTk9xaTlmWVNWRWFUQT09>

*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” (star-9) to raise your hand for Public Comment*

#### A. CONSENT CALENDAR

1. APPROVAL OF MINUTES FOR THE APRIL 20, 2021 CITIZENS’ OVERSIGHT/FINANCE ADVISORY COMMITTEE MEETING

**Recommendation: Approve as submitted.**

2. APPROVAL OF MINUTES FOR THE MAY 18, 2021 CITIZENS’ OVERSIGHT/FINANCE ADVISORY COMMITTEE MEETING

**Recommendation: Approve as submitted.**

#### B. BUSINESS ITEMS

1. BRIEF ASSISTANT CITY MANAGER/ADMIN SERVICES DIRECTOR UPDATE

**RECOMMENDATION: Staff recommends the Citizens’ Oversight / Finance Advisory Committee (CFAC) receive and file a brief update from the Assistant City Manager/Admin Services Director, which will be provided verbally at the meeting.**

2. CITY COUNCIL GOALS AND OBJECTIVES UPDATE, AND RECEIPT OF CFAC INPUT FOR THE UPCOMING GOALS AND OBJECTIVES SETTING PROCESS

**RECOMMENDATION: Staff recommends the Citizens’ Oversight/Finance Advisory Committee (CFAC) receive the staff update on the City Goals progress and provide input regarding goals and actions items to share with City Council ahead of their review of the City Goals for 2021 and 2022.**

3. FOURTH QUARTER INVESTMENT REPORT (PERIOD ENDING JUNE 30, 2021) FOR FISCAL YEAR (FY) 2020/21

**RECOMMENDATION: Receive the Fourth Quarter Investment Report (period ending June 30, 2021) for FY 2020/21**

4. REVIEW WATER RECLAMATION FACILITY (“WRF”) QUARTERLY UPDATE REPORT

**RECOMMENDATION: Receive the Q4 2021 WRF Quarterly Update Report and provide input.**

C. FUTURE AGENDA ITEMS

D. SCHEDULE NEXT MEETING

NOVEMBER 16, 2021

E. ADJOURNMENT

THIS AGENDA IS SUBJECT TO AMENDMENT UP TO 72 HOURS PRIOR TO THE DATE AND TIME SET FOR THE MEETING. PLEASE CALL CITY HALL AT 805-772-6201 FOR FURTHER INFORMATION.

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 (805) 772-6205. NOTIFICATION 24 HOURS PRIOR TO THE MEETING WILL ENABLE THE CITY TO MAKE REASONABLE ARRANGEMENTS TO ENSURE ACCESSIBILITY TO THE MEETING.

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MINUTES – CITIZENS OVERSIGHT/ FINANCE  
ADVISORY COMMITTEE  
REGULAR MEETING – APRIL 20, 2021  
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
	Steven Peck	Member

ABSENT None

STAFF PRESENT:	Katie Lichtig	Interim Finance Director
	Sandy Martin	Budget/Accounting Manager
	Doug Harbottle	Interim Budget Manager
	Scott Collins	City Manager
	Dana Swanson	City Clerk
	Jody Cox	Police Chief
	Kirk Carmichael	Recreation Manager
	Lori Stilts	Harbor Business Coordinator
	Charlee Lowe	Account Clerk III
	Valerie Webb	Senior Accounting Technician

ESTABLISH A QUORUM AND CALL TO ORDER

[https://youtu.be/8HftF\\_KlwDs?t=50](https://youtu.be/8HftF_KlwDs?t=50)

Chair Martin called the meeting to order at 3:01 p.m., with all but Member Johnson present. Member Johnson joined the meeting at 3:23 p.m.

COMMITTEE MEMBERS ANNOUNCEMENTS & PRESENTATIONS

[https://youtu.be/8HftF\\_KlwDs?t=127](https://youtu.be/8HftF_KlwDs?t=127)

STAFF ANNOUNCEMENTS

None

PUBLIC COMMENT PERIOD-None

A. CONSENT CALENDAR

1. APPROVAL OF MINUTES FOR THE FEBRUARY 18, 2021 CITIZENS OVERSIGHT/FINANCE ADVISORY COMMITTEE MEETING.

[https://youtu.be/8HftF\\_KlwDs?t=223](https://youtu.be/8HftF_KlwDs?t=223)

MOTION: Vice Chair Spagnola moved approval for item A-1, as submitted. The motion was seconded by Member Alexander and carried 6-0-1 (with Member Johnson absent).

B. BUSINESS ITEMS

1. BREIF FINANCE DIRECTOR UPDATE (INTERIM FINANCE DIRECTOR)  
<https://youtu.be/8HftFKlwDs?t=272>

Interim Finance Director Lichtig thanked Budget/Accounting Manager Martin for all her hard work for the City, as she is retiring May 13, 2021. Director Lichtig welcomed Interim Budget Manager Harbottle to aid in the transition while we find a permanent Budget/Accounting Manager.

City Manager Scott Collins announced that we selected a new Public Work Director Greg Kwolek starting May 10, 2021. He continued that Eric Casaress will be leaving the Corollo Firm, Kyle Roar will be taking over that position. Finally, Mr. Collins announced that we began recruitment for the Administrative Services Director and are hopeful to have some overlap with Interim Finance Director Lichtig.

Public Comment

Council Member Jeff Heller expressed his appreciation to the committee and finds these meeting very interesting.

Chair Martin closed public comment.

No formal action taken.

2. DISCUSSION AND INPUT OF THE MEASURES Q AND E FISCAL YEAR (FY) 2021/22 DRAFT PROPOSED BUDGET (INTERIM FINANCE DIRECTOR)  
<https://youtu.be/8HftFKlwDs?t=715>

The Interim Finance Director Lichtig presented the proposed budget or Measure Q and E. Staff responded to Committee questions and comments.

MOTION: Member Alexander moved the engineering tech be replaced with police officer and engineering programs manager be replaced with fire captain and \$37,000 difference be reduced from allocation for storm drain capital repairs. Anticipate seeing detail for storm drain projects. Motion seconded by Member Johnson for discussion.

Interim Finance Director Lichtig clarified difference is more than \$37K for the exchange of those positions.

Member Beckman is fine with Member Alexander submitting written summary of committee's comments. Cannot support any line-item discussions at this time.

Member Alexander clarified – if \$37K is not accurate then whatever the difference is, that's the amount to be reduced from storm drain maintenance.

Public comment – none.

Chair Martin closed public comment.

Following discussion, the motion carried 6-1 with Member Beckman opposed.

3. UPDATE FROM CITY MANAGER AND INTERIM FINANCE DIRECTOR ON GOAL SETTING PROCESS AND REQUEST FROM ADVISORY BODIES FOR WORK PLAN ITEMS

[https://youtu.be/8HftF\\_KlwDs?t=7772](https://youtu.be/8HftF_KlwDs?t=7772)

City Manager presented after speaking with council that the goal setting process would be delayed to later this year. At this time, staff would request work plan items from the advisory bodies. Staff would be seeking that input in late summer.

Member Alexander proposed subcommittees to aid in delegating workload.

City Manager Collins responded that the committee members should send any individual comments to him.

Public Comment  
None

Chair Martin closed public comment.

No formal action taken.

4. REVIEW OF 10 YEAR FORECAST PRESENTED TO CITY COUNCIL ON FEBRUARY 23, 2021 (FINANCE)

[https://youtu.be/8HftF\\_KlwDs?t=8587](https://youtu.be/8HftF_KlwDs?t=8587)

Interim Finance Director Lichtig presented a brief report and responded to questions. Furthermore, Ms. Lichtig continued that the 3<sup>rd</sup> quarter update will not be presented in May.

Chair Martin inquired about updating the 10-year forecast, but will likely not be available in May.

Member Alexander suggested the 10-year forecast model be dropped and the City go out for RFP before next year.

Member Johnson commented that without the forecast it would be difficult to plan for any infrastructure projects.

Public Comment  
None

Chair Martin closed public comment.

No formal action was taken.

C. FUTURE AGENDA ITEMS

[https://youtu.be/8HftF\\_KlwDs?t=9217](https://youtu.be/8HftF_KlwDs?t=9217)

Quarterly WRF Report  
Quarterly Investment Report  
Final Draft Budget on Measure Q & E  
Draft General Plan Budget

D. SCHEDULE NEXT MEETING

The next CFAC meeting will be held on **Tuesday, May 18, 2021** at 3:00 p.m. via teleconference.

E. ADJOURNMENT

The meeting adjourned at 5:36 pm

Recorded by:  
Charlee Lowe

MINUTES – MORRO BAY CITIZENS  
OVERSIGHT/FINANCE COMMITTEE  
REGULAR MEETING – May 18, 2021  
TELECONFERENCE – 3:00 p.m.

*CFAC conducted this meeting in accordance with Section 3 of California Governor Newsom’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  
                                 Homer Alexander            Member  
                                 Stephen Peck                 Member

ABSENT:                     Tina Wener                    Member

STAFF PRESENT:         Katie Lichtig                 Interim Finance Director  
                                 Scott Collins                 City Manager  
                                 Rob Livick                    City Engineer  
                                 Kyle Rhorer                 WRF Project Manager

ESTABLISH QUORUM AND CALL TO ORDER

<https://youtu.be/GP7Zs7IXjQ0?t=28>

Chair John Martin called the meeting to order at 3:00 p.m. with all but Committee Member Wener present.

COMMITTEE MEMBERS ANNOUNCEMENTS & PRESENTATIONS - None

A.     CONSENT CALENDAR - None

B.     BUSINESS ITEMS

1. BRIEF FINANCE DIRECTOR UPDATE

<https://youtu.be/GP7Zs7IXjQ0?t=128>

Interim Finance Director Lichtig gave a brief update regarding the budget.

City Manager Scott Collins gave a brief update regarding the recruitment for the Administrative Services Director/Assistant City Manager.

No formal action taken.

2. DISCUSSION AND INPUT ON THE MEASURES Q AND E FISCAL YEAR(FY) 2021-22 DRAFT PROPOSED BUDGET

<https://youtu.be/GP7Zs7IXjQ0?t=363>

Interim Finance Director Lichtig gave a brief presentation and answered questions from the committee.

Public Comment

Carole Truesdale, Morro Bay, inquired why more funds are distributed to the Fire Department vs the Police Department.

Chair Martin closed public comment.

Staff responded to issues raised during public comment.

Motion: Committee Member Beckman motioned to post pone the \$600k expenditure for the engineering work on the Hwy 1/Hwy 41 round about until a full source of funding has been identified. Committee Member Alexander seconded the motion.

Following discussion, the motion carried 6-0-1 (with Member Wener Absent).

Public comment

None

Chair Martin closed public comment.

3. DISCUSSION AND INPUT ON THE DRAFT PROPOSED (FY) 2021/22 OPERATING BUDGET

<https://youtu.be/GP7Zs7lXjQ0?t=3710>

Interim Finance Director Katie Lichtig gave a brief presentation and answered questions from the committee.

Public comment

Donald Headland, Morro Bay, commented on the WRF project; inquired if there will be another delay as the project waits for the waiver from DDW; inquired if the streambed alteration agreement from California Department of Fish & Wildlife was obtained April 2021; asked if the contractor has done any work within the CDFW's jurisdiction; lastly inquired if there have been any delays from the owner's behalf.

Chair Martin explained these items would be address in the next business item.

Chair Martin closed public comment.

No formal action was taken.

4. REVIEW WATER RECLAMATION FACILITY ("WRF") QUARTERLY UPDATE REPORT

<https://youtu.be/GP7Zs7lXjQ0?t=5957>

City Manager Collins introduced Kyle Rhorer from Carollo Engineering as the new lead WRF Program Engineer; gave a brief presentation, answered the question from

Citizen Donald Headland during public comment held in Item B-3, and answered questions from the committee.

#### Public Comment

Carol Truesdale, Morro Bay, spoke on the trees that were in the plans to be removed; expressed concern about the trees that had been inadvertently removed by the tree removal company; inquired if there would be any consequences for having done this; inquired how many more trees will be removed due to the project.

Larry Truesdale, Morro Bay, inquired if WRF Project Manager Rhorer was a licensed civil engineer in California and asked if a licensed engineer was responsible managing him; asked who at the city oversees Carollo Engineers.

John Weiss, Morro Bay, commented on the hours of the planned lane road closures from Feb 2021-Mid-May 2021; expressed concerns the with accuracy of the projections and inaccuracies in the report; noted that the PR firm was to update Google maps to reflect the road closures, and this has yet to be done.

Kristin Headland, Morro Bay, spoke on the recent water line break on April 7<sup>th</sup>; inquired if the contractor has been in communication with the city as to why it happened; asked if the city could keep residents informed of the incident and asked to keep this information on the sewers project's website; inquired where the sewage is redirected and the increased costs of the project.

Linda Donnelly, Morro Bay, commented on the reimbursement requests and how they differ from what is approved, and what funds cover the unapproved amounts; inquired if the amount left in the contingency fund will cover the future 9 contract change orders to come.

Gayla Newman, Morro Bay, commented on the large storm that passed late January and the soil slippage; inquired if reports have been filed with CDFW (California Department of Fish and Wildlife) and the Central Coast Regional Water Quality Control Board, if so where is this report held. Asked if the cultural resource boundary research was required and asked if there will be another contract change order.

Staff responded to issues raised during public comment.

Chair Martin closed public comment.

The report was received and filed.

5. THIRD QUARTER INVESTMENT REPORT (PERIOD ENDING MARCH 31, 2021) FOR FISCAL YEAR (FY) 2020/21  
<https://youtu.be/GP7Zs7IXjQ0?t=9466>

The report was received and filed.

- C. FUTURE AGENDA ITEMS  
<https://youtu.be/GP7Zs7IXjQ0?t=9516>

WFR Quarterly Report  
Quarterly Investment Report  
Work Plan Development

D. SCHEDULE NEXT MEETING

The next CFAC meeting will be held on **Tuesday, August 17, 2021**, at 3:00 p.m. via teleconference.

E. ADJOURNMENT

Meeting adjourned at 5:40 p.m.

Recorded by:

Charlee Lowe  
Account Clerk III



AGENDA NO: B-1

MEETING DATE: August 17, 2021

## Staff Report

**TO:** Citizens' Advisory/Finance Oversight Committee (CFAC)  
**DATE:** August 12, 2021  
**FROM:** Sarah Johnson-Rios, Assistant City Manager/Admin Services Director  
**SUBJECT:** Brief Assistant City Manager/Admin Services Director Update

### **RECOMMENDATION**

Staff recommends the Citizens' Oversight/Finance Advisory Committee (CFAC) receive and file a brief update from the Assistant City Manager/Admin Services Director, which will be provided verbally at the meeting.

Prepared By:    SJR   

Dept Review:       

City Manager Review:       

City Attorney Review:

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AGENDA NO: B-2

MEETING DATE: August 17, 2021

## Staff Report

**TO:** Citizens' Oversight/Finance Advisory Committee (CFAC)

**DATE:** August 10, 2021

**FROM:** Scott Collins, City Manager  
Sarah Johnson-Rios, Asst City Manager/Admin Services Director

**SUBJECT:** City Council Goals and Objectives Update, and Receipt of CFAC Input for the Upcoming Goals and Objectives Setting Process

### **RECOMMENDATION**

Staff recommends the Citizens' Oversight/Finance Advisory Committee (CFAC) receive the staff update on the City Goals progress and provide input regarding goals and actions items to share with City Council ahead of their review of the City Goals for 2021 and 2022.

### **ALTERNATIVES**

None.

### **FISCAL IMPACT**

There will be no immediate fiscal impact related to the recommendation.

### **BACKGROUND**

#### **City of Morro Bay Strategic Framework Policy and Community Outreach**

In 2018, City Council revised the Strategic Framework Policy, which sets out the process for how the City adopts its strategic goals and objectives. According to the Policy, every two years, following a general election, City Council is to review (and amend if appropriate) its high-level City goals. The goals are intended to set the direction for the City for the next several years.

In order to ensure City goals relate back to the community's needs and desires, the Policy further dictates the City conduct outreach to the public to seek input in a variety of methods. Those methods include online survey(s), emails to City Council, community forums and City advisory boards/commissions. In previous years, the City has used an online engagement tool (Polco) whereby members of the community can complete simple surveys about how they feel the City is doing and what it should focus on in the upcoming years. In addition, the City hosted community forums to collect public input.

Following the Community Forum, City Council typically works with staff to create a focused set of goals for the next two years and select action items for the City to pursue during that period and

Prepared By: SC/SJR

Dept Review: \_\_\_\_\_

City Manager Review: SC

City Attorney Review: \_\_\_\_\_

inform budget decisions.

## **Progress on Current City Council Goals and Objectives**

### Current City Council Goals

The City goals and related action items for calendar years 2019 and 2020 were formally adopted by City Council in May 2019. The City adopted four major goals that reflect the concerns and desires of the community. In early 2021, Council also added a temporary goal related to the COVID-19 pandemic. The goals are as follows:

- 1) Achieve Economic and Fiscal Sustainability
- 2) Improve Infrastructure and Public Spaces
- 3) Complete Updates to the City's Significant Land Use Plans and Address Affordable Housing Issues
- 4) Improve Communication and Engagement with the Community
- 5) Temporary goal for the COVID-19 pandemic public health response and response to the economic impact of the pandemic.

Each of the goals have several corresponding action items which, if implemented, would help bring the Council goals into reality. In establishing the 2019 and 2020 Goals, City Council was particularly interested in establishing an achievable work plan and stated the Council Members' desire to receive regular updates as to the status of the action items. The spreadsheet provided as Attachment 2 serves as a template to review progress toward each of the action items. For each action item, there are columns for proposed return dates to Council for further consideration/action and status updates. Council approved a total of 26 action items for 2019 and 2020. City Council Members also expressed support for a commitment to not adding new goals/action items after the goals have been adopted, without first removing or delaying an already approved goal/action item (policy adopted through recent revisions to the City Council policy handbook).

### Progress on Current Goals and Action Items

City progress on completing action items has slowed as a result of the organization shifting focus to addressing the public health and economic impacts related to the COVID-19 pandemic. The City continues to monitor and respond to the pandemic and has taken comprehensive actions to assist community members and local businesses, while sustaining the process of stabilizing the City's financial recovery. Despite that, City staff has made progress on action items, and remains committed to doing so. The attached spreadsheet demonstrates completed action items (highlighted in green), items with significant progress completed (yellow highlighted items), and other items that require more work and will be addressed in 2020 or beyond (no highlight).

The following 2019 - 2020 action items have been completed:

- *"Bring forward a comprehensive set of revenue enhancement options for City Council consideration."* Council reviewed multiple revenue options in 2019, conducted community engagement throughout 2020 and placed a sales tax measure on the November 2020 ballot (Measure E). Measure E was approved by the voters and goes into effect in April 2021. Council has also asked staff for more information Harbor specific revenue enhancement options.
- *"In support of achieving economic development goals and limiting City costs in that pursuit, contract with an outside agency to fulfill economic development Ombudsmen duties on behalf of the City."* City Council approved a contract with the Chamber of Commerce to provide these services to the City in FY 2020/21 through the annual budget process.

- *“Review opportunity to include vacation rentals and recreational vehicle parks into Tourism Business Improvement District (TBID).”* City Council reviewed options in August 2019 and directed staff to move forward with bringing vacation rentals into the TBID by early 2020.
- *“Revise the partnership policy, and related policies, in conjunction with the fee study update.”* City Council approved a revised partnership policy in late 2019.
- *“Review option to revise cannabis ordinance to allow for adult-use (recreational) cannabis retailing in Morro Bay.”* City Council approved allowing adult-use cannabis on June 9, 2020, and requested staff review of other cannabis opportunities.
- *“Complete a detailed review of the CalPERS pension liability, other post-employment benefits and health liability and determine specific actions to minimize financial impact to the City.”* City Council provided direction to staff for a refined analysis on PERS liability paydown for certain tiers. Council then approved actions to pay down liabilities for tier-two employees in early 2020.
- *“Include local labor on major City capital improvement projects (CIP), with the WRF being the initial project.”* City Council directed staff to include local hire provisions into the conveyance and injection wells systems construction contracts. In May 2020, Council approved language for bid documents related to local labor for those project components.
- *“Revise the short-term vacation rental policy.”* City Council approved the Vacation Rental Ordinance in October 2020. Staff submitted Coastal Development Permit application to Coastal Commission in December 2020 and anticipate Coastal review in fall 2021.
- *“Complete the General Plan/Local Coastal Plan rewrite.”* City Council approved the environmental review and adopted "Plan Morro Bay" the City's update to its GP/LCP in May 2021. Staff sent the approved documents to the California Coastal Commission for review. Anticipate Coastal review in late summer/early fall 2021. The City's Housing Element has also been adopted and staff is working on implementation.

Significant progress has been made on the following 2019 - 2020 action items:

- *“Complete and implement the fee study and cost allocation plan.”* City Council approved the new fee structure and the cost allocation plan in late 2019, with a few remaining fees that require their review (development impact fees). Those remaining fees will be brought forward to Council in fall 2021.
- *“Establish Waterfront Lease Site policies and implementation plan.”* City Council approved the final policy and provided direction to staff on June 23, 2020. Staff is working on a plan to evaluate contracting options for lease management services.
- *“WRF Implementation, which includes completing design of the facility, pipeline conveyance and injection system, permitting the project, securing financing for entire project and beginning construction.”* WIFIA line of credit for \$61 million was approved by the City, construction is underway on WRF facility site and the pipeline components of project. In late June 2021, the City received approval from the State for a \$61 million loan and \$5 million grant from the State Revolving Fund (SRF) funding. Studies also continue on injection wells.
- *“Implement approved Capital Improvement Projects, including OneWater Projects.”* City Council approved contracts for design work on three OneWater projects in early 2020. Design work has been initiated.
- *“Complete the zoning code update.”* Staff will bring this back to the Planning Commission in fall 2021. Following Planning Commission review, City Council will review.

- *“Work with San Luis Obispo County and cities therein on a regional partnership and solutions to housing issues.”* The City joined the Regional Compact with the County and other cities in the County. City staff will present updates on housing related issues to City Council throughout the year. The City completed the Housing Element prior to the end of calendar year 2020 and is coordinating implementation activities regionally.
- *“Review and make improvements, where feasible, to the planning permit process.”* Chamber completed a survey of key stakeholders in fall of 2020. Staff presented the survey results and related recommendations to Council on a process to review the planning and building function in November 2020. Planning Commission has formed a sub committee to assist with this endeavor and staff in the process of implementing improvements to the City Project tracking software (Cityworks) to facilitate online submittals and electronic plan checks to reduce turnaround times. Council approved the recommendations to continue this effort.
- *“Complete and bring to Council a Parking Management Plan to address parking issues in the downtown and waterfront areas.”* City Council/advisory boards to review parking data analysis and parking management options (as developed by the City’s parking consultant) and provide initial direction in summer/fall 2021.

The remaining action items have had some work completed and staff continues to work diligently on completion of them. The following is a quick snapshot of those items:

- Market Street Plaza redevelopment.
- Continued work with federal agencies and elected representatives on offshore wind development.
- Outreach on opportunity sites in Morro Bay.
- Assist in development of a business incubator/co-working space in Morro Bay.
- Pursue grants for Boatyard feasibility study.
- Bring hi-speed internet to Morro Bay.
- Pursue grant funding for an emergency warming shelter in Morro Bay.
- Coordination with non-profits and community groups to provide services to the community.

## **DISCUSSION**

The original plan was to initiate the community outreach process for reviewing the City Goals in early 2021 in accordance with the City policy. Staff typically initiates outreach to the community and advisory boards in January and February, and then host a community forum(s) in March. From there, City Council would meet to determine the City goals and action items for 2021 and 2022, at the outset of the FY 2021/2022 Budget process to help inform budget decisions. In a typical year, that approach would be advisable and certainly achievable for the organization. With the City’s existing resources diverted to the pandemic effort, budget constraints and in the position of rebuilding reserves, and advisory boards not properly positioned to provide comprehensive input related to goals, Council approved delaying the goal setting process be delayed until closer to midyear 2021.

## **Goal Process Timing**

Staff will be seeking input from the community from June through August 2021. Staff will use the same methods of outreach as in the past to garner community input, including surveying and gathering input from City advisory boards and commissions. Staff will summarize that input into a report for City Council in advance of the community forum to be held later this year, likely in

September. The forum is another opportunity for the public to engage in the process and also an opportunity for the Council to deliberate as a body about the public input and formulate together their goals for the next 18 months (through the end of 2022). This timing will allow these goals to inform next year's budget development for FY 2022-23. As in years past, staff recommends the forum be facilitated by a professional third party to allow full Council and staff participation in the process.

Following the community input period and forum, City Council will then formalize the City goals and action items for 2021 – 2022. The key considerations for the City Council in developing goals and action items are to:

- 1) Ensure they reflect the current needs and desires of the community
- 2) Are achievable given existing City resources (staff and revenues)

The new Council goals and action items will help inform the work plans for the City's advisory boards and commissions for the remainder of 2021 and all of 2022.

### **CFAC/Administrative Services Department Specific "Action Items"**

The CFAC and Administrative Services/Finance staff have provided input to the City Council in years past, which helped Council in forming and approving the existing goals and related action items. The currently active action items that have bearing on the Administrative Services Department and/or CFAC are as follows:

- Update development impact fees (working with Community Development)

Updating or expanding other efforts that Council has expressed as priorities previously and that are germane to Administrative Services and/or CFAC include:

- Complete an updated cost allocation plan
- Develop a multi-year Capital Improvement Budget and financing strategy (with Public Works and other departments and advisory bodies)
- Evaluate additional opportunities to address the City's CalPERS and OPEB unfunded liabilities

The four items above also capture or touch upon the majority of items on CFAC's potential work plan list reviewed in April 2021, listed here for reference:

- A long-term plan for Measures Q and E revenues.
- A review of Harbor Dept. fiscal sustainability and capital improvements.
- Infrastructure planning.
- Impact fee updates.
- Paid parking feasibility.
- A 10- to 20-year plan for funding of capital projects.
- Research potential small revenue enhancements and expense reductions that the City Staff currently does not have time or resources to pursue.
- A plan to reduce liabilities for Other Post-Employment Benefits (OPEB).
- A plan to reduce liabilities for pensions (CalPERS).

### **Questions for CFAC**

- 1) Do the current City goals (identified in the beginning of this report) address the needs and

priorities of the community, particular in relation to Administrative Services/CFAC areas of responsibility?

- i. If not, are there other goals that the City should consider adding and/or current goals that should be removed or refined?

2) Do the five current action items related to the Administrative Services Department reflect priority needs?

- i. If not, are there other action items the City should consider adding and/or current action items that should be removed or refined?

In answering these questions, CFAC members should keep in mind the available staffing resources. It is important to develop a list of priority action items for Council consideration that can be achieved within the context of all the other City goals and action items. Narrow focus will ensure that the priorities are more likely to be achieved.

### **CONCLUSION**

Updating the City Council goals is an important process to ensure that City goals link back to the current needs and desires of the community. Given the special circumstances related to the COVID-19 pandemic, the goal setting process was delayed several months to allow the organization to stabilize the budget and focus staff resources on the pandemic response. Now is the appropriate time to receive input from the community, including the City's advisory boards and commissions. Input from the community and boards and commissions will help bring the various points of public input together as Council begins its process of identifying priority goals and works with City staff to develop a work plan to systematically achieve them through allocation of budget and staff resources.

### **ATTACHMENTS**

1. 2019 – 2020 Goals and Action Items Spreadsheet

# City Council Goals and Action Items for 2019 and 2020

These are the City Council Goals and priority action items for 2019 and 2020, constituting the main work plan for the City.

Goal #1: Achieve Financial Sustainability and Economic Sustainability					
Item #	Action Items	Departments Involved	Lead Department	Anticipated Council Date/Completion	Current Status
1)	Complete and implement the fee study and cost allocation plan.	All	Finance	City Council approved the new fee schedule in late 2019, with the Development Impact Fees left for Council review in Summer/Fall 2021.	Rate increases for majority of fees have gone into effect, as of January 1, 2020. Other fees being phased in over several years. Staff completing development impact fees review, and will seek input from Chamber/Government Affairs Committee.
2)	Review option to revise cannabis ordinance to allow for adult-use (recreational) cannabis retailing in Morro Bay.	City Manager, Police, Fire and Finance	Planning, City Attorney	City Council approved allowing adult-use cannabis on June 9, 2020, and requested staff review of other cannabis opportunities.	One retailer opened business in October 2020, and second retailer currently has building under construction, with goal to open in Spring 2021.
3)	Redevelop the Market Street Plaza lot for visitor serving accommodations, with significant community benefit to include public improvements to the Centennial Plaza.	City Attorney, Finance	Planning, City Manager	City Council will review proposals if they are submitted.	Some interest in developing the property, but no progress to report at this time.
4)	Review and make improvements, where feasible, to the planning permit process.	City Manager, Public Works, Fire, Harbor	Chamber, Planning	City Council to review a resolution in Fall 2021 (which includes goals and metrics for the planning process) and receive regular updates on progress.	Chamber completed a survey of key stakeholders in fall of 2020. Staff presented recommendations on a process to review the planning and building function in November 2020.
5)	Bring forward a comprehensive set of revenue enhancement options for City Council consideration.	All	City Manager, Finance	Measure E will go into effect April 2021. Staff will present information to Council in June 2021 regarding Harbor specific revenues.	City Council placed Measure E (1 cent sales tax measure) on the November 2020 Ballot. Community approved Measure E. Council requested information regarding other revenue sources in response to the pandemic's impact on City finances. Council requested staff review of Harbor specific revenues in April 2021.
6)	Conduct outreach on the current opportunity sites within Morro Bay, including, but not limited to the decommissioned power plant.	Planning, City Manager, Harbor, Tourism	Chamber	Staff will provide updates to City Council.	On-going effort by the City and Chamber.
7)	In support of achieving economic development goals and limiting City costs in that pursuit, contract with an outside agency to fulfill economic development Ombudsmen duties on behalf of the City.	Planning, Tourism, Harbor	City Manager	City Council to receive quarterly updates from the Chamber.	City Council approved contract with Chamber to provide this service to the City.
8)	Continue to pursue locating a new aquarium in the water front area, in partnership with Cal Poly and Central Coast Aquarium.	City Manager, Planning, Tourism	Harbor	No updates planned at this time.	Project is on hold indefinitely as Central Coast Aquarium restructures following closure of their Avila Beach Aquarium due to the COVID-19 pandemic.
9)	Establish Waterfront Lease site policies and implementation plan.	Harbor, Planning, City Manager, Finance	Harbor	City Council approved final policy and provided direction to staff on June 23, 2020. Staff will report out on contracting options in late 2021/early 2022.	Staff in process of reviewing contracting out options for lease management services.
10)	Continue to pursue offshore windfarm development, with a short-term focus on ensuring the Federal Government approves a windfarm lease site near Morro Bay.	City Manager, Planning, City Attorney	Harbor	Staff will provide updates to City Council.	City Council approved Community Benefits Agreement with Castle Wind in 2018. Staff and Council sub-committee working with State and Federal representatives. Biden Administration announced agreement to move forward Offshore Wind in May 2021.

## City Council Goals and Action Items for 2019 and 2020

11)	Review opportunity to include vacation rentals and recreational vehicle parks into Tourism Business Improvement District (TBID).	City Manager	Tourism	No further Council action required.	Council approved bringing VRs into the TBID. Goes into effect in mid-January 2020.
12)	Facilitate coordination and development of a business incubator/co-working space in Morro Bay.	City Manager, Planning	Ombudsmen	Staff will provide updates to City Council.	Chamber and staff will review opportunities in 2020 for business incubation/co-worker space.
13)	Complete a detailed review of the CalPERS pension liability, other post employment benefits and health liability and determine specific actions to minimize financial impact to the City.	Finance	City Manager	City Council approved actions in early 2020. Staff will present information to Council regarding potential increases in Summer/Fall 2021.	Council reviewed detailed report in August 2019 and directed staff to bring back refined analysis for liability paydown options. Council reviewed and approved actions in early 2020.

### Goal #2: Improve Public Infrastructure

Item #	Action Items	Departments Involved	Lead Department	Anticipated Council date/Completion	Current Status
1)	WRF Implementation, which includes completing design of the facility, pipeline conveyance and injection system, permitting the project, securing financing for entire project and beginning construction.	Public Works, Planning, City Attorney	WRF Program Manager, City Manager	Review project progress.	WIFIA line of credit approved, construction underway on WRF facility site and conveyance/pipeline components of project, and SRF Loan/Grant approved by the State. Studies continue on injection wells.
2)	Include local labor on major City capital improvement projects (CIP), with the WRF being the initial project.	City Attorney, Public Works, Finance	WRF Program Manager, City Manager	City Council approved language to add to bidding documents at their May 26, 2020 meeting.	City Council directed staff to include local hire provisions in contracts for conveyance and injection well system components of the WRF project.
3)	Complete and bring to Council a Parking Management Plan to address parking issues in the downtown and water front areas.	City Manager, Finance, Harbor, Planning, Public Works	City Manager	City Council to review parking data analysis and parking management options and provide initial direction in Fall 2021.	City contracted with firm to conduct initial parking study. Parking counts completed, and contractor completed analysis. Outreach to community will begin in Summer 2021.
4)	Harbor Advisory Board to pursue grants for an RFP for marine services facility (boatyard) feasibility study and bring forward information to City Council for next steps.	City Manager	Harbor	City Council to review options sometime in 2020/2021.	Staff reviewing options for feasibility study (no responses to RFP in 2018), and looking at funding opportunities.
5)	Pursue a public-private partnership to increase business and residential access to hi-speed internet in Morro Bay.	All	City Manager	City Council to review options in 2021.	Staff reviewing options.
6)	Implement approved Capital Improvement Projects, including OneWater Projects.	Public Works, City Manager	Harbor	City Council to review construction bids in 2021/2022, following completion of design work.	City Council approved contracts for design work on 3 OneWater projects in early 2020. Design work initiated.

### Goal #3: Improve Communication and Community Engagement

Item #	Action Items	Departments Involved	Lead Department	Anticipated Council date/Completion	Current Status
1)	Work to develop stronger coordination, and processes, with community groups in support of advancing mutually beneficial initiatives and goals.	All	City Manager	Staff to provide updates to City Council. Will bring new partnership agreements for Council review in 2021.	Will be an on-going effort. Next step includes outreach to volunteer groups in Morro Bay.

## City Council Goals and Action Items for 2019 and 2020

2)	Revise the partnership policy, and related policies, in conjunction with the fee study update.	Finance	City Manager, Recreation, Tourism	Staff will bring new partnership agreements to Council for review in Summer 2021.	Council approved a revised Partnership Policy in late 2019.
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Goal #4: Complete Updates to the City Major Land Use Plans and Address Affordable Housing Issues					
Item #	Action Items	Departments Involved	Lead Department	Anticipated Council date/Completion	Current Status
1)	Complete the General Plan/Local Coastal Plan rewrite.	City Manager	Planning	City Council approved this in May 2021.	Shipped off to Coastal Commission for review. Coastal to review late Summer 2021.
2)	Complete the Zoning Code update.	City Manager, Public Works	Planning	Staff likely to bring draft plans to City Council in Fall/Winter 2021, following Planning Commission review.	Planning Commission will begin review of Zoning Code in Fall 2021.
3)	Revise the vacation rental policy.	City Manager, Finance, Public Works, City Attorney	Planning	Staff will provide regular updates to City Council on the progress of the Coastal Development Permit and implementation of the new ordinance.	City Council approved the Vacation Rental Ordinance in October 2021. Staff submitted Coastal Development Permit application to Coastal Commission in December 2020, and anticipate Coastal review in Spring/Summer 2021.
4)	Work with San Luis Obispo County and cities therein on a regional partnership and solutions to housing issues.	Planning, Public Works, Finance	City Manager	Council approved Regional Housing Compact. Staff will provide updates to City Council in 2021.	Staff coordinating with County of SLO staff on housing and infrastructure planning. The City completed the Housing Element, and is coordinating implementation regionally.
5)	Pursue grant funding to develop an emergency warming shelter in Morro Bay.	Public Works, Recreation, Finance	City Manager	Staff will provide an update to City Council on the new funding opportunity once information is made available by the County.	City did not receive State funding (HEAP Grant). Coordinating with County on a new funding opportunity.



AGENDA NO: B-3

MEETING DATE: August 17, 2021

# Staff Report

**TO:** Chairman and Committee Members **DATE:** August 10, 2021

**FROM:** Valerie Webb, Senior Accounting Technician  
Sarah Johnson-Rios, Asst City Manager/Admin Services Director

**SUBJECT:** Fourth Quarter Investment Report (period ending June 30, 2021) for Fiscal Year (FY) 2020/21

## RECOMMENDATION

Receive the attached Fourth Quarter Investment Report (period ending June 30, 2021) for FY 2020/21.

## FISCAL IMPACT

There is no fiscal impact associated with this recommendation.

## DISCUSSION

Attached for your consideration is the Fourth Quarter Investment Report for FY 2020/21.

As of June 30, 2021, the City's weighted portfolio yield of 0.373% was slightly above the Local Agency Investment Fund (LAIF) yield of 0.30%.

Staff continues to keep significant cash in the City's LAIF account to ensure cash flow for the ongoing Water Reclamation Facility (WRF) project. Reimbursement has been received from the State Revolving Fund (SRF) planning loan (appx \$5.5 million to date) and from the WIFIA loan (appx \$31.7 million to date). Additional liquidity is still required due to the significant projected expenditures on the WRF project in the new fiscal year (\$88.5 million is budgeted for FY 2021/22). The majority of those expenditures will need to be financed through the recently approved SRF construction loan. The SRF construction loan requires a detailed, lengthy, and relatively unpredictable reimbursement process to receive funds from the State of California after the City has incurred expenses. In late July, a representative of SRF program with the State reported to staff that their baseline time for reimbursement is three months for each disbursement request, but that this process may take longer due to COVID-19. Staff is currently analyzing cash flow projections to determine whether interim financing will be needed due to the lengthy reimbursement process and sizable construction costs relative to the City's available cash balance.

Staff recommends that no immediate investment actions be taken at this time. When the WRF project is complete or nearing completion, staff will focus on renewed assessment of cash flow needs and research the most prudent ways to balance Council adopted investment goals of safety, liquidity, and yield as well as social responsibility in accordance with resolution no. 50-21.

Prepared By:    VW/SJR    Dept Review:   SJR    
City Manager Review:     City Attorney Review:

During this fiscal year, yields have been low, reflecting the uncertainty of the economic climate. As of June 30, 2021, the City has recorded \$171,115.63 in interest earnings for the fiscal year.

**CONCLUSION**

Staff recommends that the Committee receive the Fourth Quarter Investment Report (period ending June 30, 2021) for Fiscal Year 2020/21.

**ATTACHMENT**

Fourth Quarter Investment Report for FY 2020/21 (period ending June 30, 2021)

Prepared By:   VW/SJR                      Dept Review:   SJR    
City Manager Review:                   City Attorney Review:

**CITY OF MORRO BAY  
 QUARTERLY PORTFOLIO PERFORMANCE  
 6/30/2021**

<b>INVESTMENT OR CUSIP NUMBER</b>	<b>INSTITUTION</b>	<b>PURCHASE PRICE</b>	<b>INTEREST RATE</b>	<b>PURCHASE DATE</b>	<b>MATURITY DATE</b>	<b>DAYS TO MATURITY</b>
LAIF	LOCAL AGENCY INVESTMENT FUND	\$ 36,745,948	0.300%	DAILY	DAILY	1
<b>MONEY MARKET ACCOUNT:</b>						
MM	MECHANICS BANK - MONEY MARKET	1,945,481	0.04%	DAILY	DAILY	1
SWEEP	MECHANICS BANK - SWEEP	3,750,009	0.01%	DAILY	DAILY	1
<b>CERTIFICATES OF DEPOSIT:</b>						
38148PGK7	ZION BANK - Goldman Sachs	250,003	1.550%	8/3/2016	8/3/2021	34
02007GHD8	ZION BANK - Ally Bank UT	246,000	2.900%	1/24/2019	1/24/2022	208
949763XU5	ZION BANK - Wells Fargo	249,000	2.800%	2/27/2019	2/28/2022	243
1404202A7	ZION BANK - Capital One	250,005	2.400%	4/12/2017	4/12/2022	286
61760AUU1	ZION BANK - Morgan Stanley	246,000	3.000%	1/24/2019	1/24/2023	573
61690UDL1	ZION BANK - Morgan Stanley	246,000	3.100%	1/24/2019	1/24/2024	938
1731202F5	ZION BANK - Citibank	246,000	3.200%	1/25/2019	1/25/2024	939
3090683803	STATE FARM BANK	250,435	3.050%	10/21/2013	10/24/2023	846
		<u>\$ 44,424,881</u>				
			<b>RECORDED INTEREST AS OF 6/30/2021</b>	<b>% OF LIQUID PORTFOLIO HOLDINGS</b>	<b>WEIGHTED AVERAGE RATE OF EARNINGS</b>	<b>WEIGHTED AVERAGE MATURITY</b>
			<u>\$ 171,115.63</u>	<u>95.535%</u>	<u>0.373%</u>	<u>24</u>

**Portfolio holdings as of the quarter ended June 30, 2021, are in compliance with the current Investment Policy. With 95.535% 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.**



AGENDA NO: B-4

MEETING DATE: August 17, 2021

## Staff Report

**TO:** Citizens' Oversight/Finance Advisory Committee (CFAC)

**DATE:** August 12, 2021

**FROM:** Kyle Rhorer – WRF Program Manager, Carollo Engineers  
Rob Livick, PE/PLS – City Engineer

**SUBJECT:** Review Water Reclamation Facility (WRF) Quarterly Update Report

### RECOMMENDATION

Receive the Q4 2021 WRF Quarterly Update Report and provide input.

### FISCAL IMPACT

There is no fiscal impact associated with this recommendation.

### DISCUSSION

Provided as Attachment 1 is the Quarterly Water Reclamation Facility Project Report. This report is scheduled to be presented to the City Council on August 24, 2021 and, as such, is being presented to the CFAC for review in advance.

The Q4 2021 Quarterly Water Reclamation Facility Project Report provides a summary of WRF program activities and financial metrics for the period of April 1, 2021 through June 30, 2021.

During the May 18, 2021 CFAC meeting's discussion of the Q3 2021 Quarterly Update Report, preliminary information regarding the anticipated Q4 2021 budget reconciliation was presented. The final Q4 budget reconciliation differed only slightly as shown in the table below.

<i>Project Component</i>	<i>Preliminary Quarterly Reconciliation* Q4 FY 20/21</i>	<i>Final Quarterly Reconciliation Q4 FY 20/21</i>
Water Reclamation Facility	\$77,687,023	\$77,687,023
Conveyance Facilities	\$37,982,000	\$37,982,000
Recycled Water Facilities	\$6,668,000	\$6,668,000
General Project	\$15,445,000	\$15,445,000
Construction Contingency	\$6,943,977	\$6,892,854
<b>TOTAL</b>	<b>\$144,726,000</b>	<b>\$144,674,877</b>

\*Presented to CFAC May 18, 2021

In addition, City staff is currently exploring options to secure bridge financing that may become necessary depending on the reimbursement procedures and schedules for SRF loan disbursements. The City secured a loan agreement with the State on July 2, 2021. The processing of the loan

Prepared By: KR

Dept Review: SJR

City Manager Review: SC

City Attorney Review: JWP

agreement was delayed by over a year due to COVID-19 impacts on SRF staff. While WIFIA disbursements have been timely to date (appx \$31.7 million has been disbursed to date), SRF reimbursements are anticipated to be slow, based on the experience of other agencies that secured SRF funding. In late July, a representative of the SRF program with the State reported to City staff that their baseline time for reimbursement is three months for each disbursement request, but that this process may take longer due to COVID-19.

The budgeted \$88.5M in FY 21/22 expenditures will be the largest fiscal year expenditure of the WRF project. Depending on the duration between the City's reimbursement requests and the disbursement of funds, the City may face cash flow deficiencies in the short term. To address this, the City is currently analyzing options for interim financing. Staff is also preparing a financing strategy regarding eligible expenses and cash flow considerations regarding what to charge to the WIFIA loan vs. the SRF loan in order to maximize cash flow flexibility to the greatest extent possible while remaining in compliance with each set of loan agreement provisions. If staff determines that bridge financing will be required, staff will seek City Council direction on financing options prior to the November CFAC meeting in order to avoid any potential project suspension or delay, which would also have cost implications.

#### **ATTACHMENTS**

1. City of Morro Bay Water Reclamation Facility Quarterly Report
2. August 17, 2021 CFAC presentation slides (Draft)



City of Morro Bay  
Water Reclamation Facility Project

QUARTERLY REPORT  
ENDING JUNE 2021

DRAFT | August 2021





City of Morro Bay  
Water Reclamation Facility Project

QUARTERLY REPORT ENDING JUNE 2021

DRAFT | August 2021

This document is released for the purpose of information exchange review and planning only under the authority of Paul B. Amico, July 2021, State of California, PE 64648.

## Contents

Section 1	1
Project Overview	1
1.1 General Project Status Update	1
1.1.1 Water Reclamation Facility	1
1.1.2 Conveyance Facilities	1
1.1.3 Recycled Water Facilities	2
1.2 Quarterly Budget Revision	5
Section 2	11
Key Performance Measures	11
2.1 Performance Measures	11
Section 3	15
Project Costs	15
3.1 Project Budget	15
3.2 Quarterly Expenditures by Budget Code	15
3.3 Project Cash Flow	19
3.4 Project Cost Summary	20
3.5 Detailed Project Costs	23
3.6 Change Orders	24
3.7 Reimbursement from Funding Agencies	26
Section 4	29
Project Schedule	29
4.1 Project Milestones	29
Section 5	35
Design and Procurement	35
5.1 Design Status	35
5.2 Procurement	35
Section 6	37
Construction Status	37
6.1 Construction Summary	37

6.2 Upcoming Traffic Control	37
6.2.1 Planned Impacted Areas	37
6.2.2 Hours of Planned Lane/Road Closures	37
6.3 Construction Safety	38
Section 7	39
Other Program Activities	39
7.1 Public Outreach	39
7.2 Permitting Activities	39
7.3 Funding Status	40
7.4 City Operations Activity	41
Section 8	43
Project Details	43
8.1 Water Reclamation Facility	43
8.1.1 Design/Build	43
8.1.2 Project Scope	43
8.1.3 Current Progress	43
8.1.4 Project Challenges	45
8.2 Conveyance Facilities	46
8.2.1 Designer	46
8.2.2 Contractor	46
8.2.3 Project Scope	47
8.2.4 Current Progress	47
8.2.5 Upcoming Activities	48
8.2.6 Project Challenges	48
8.3 Recycled Water Facilities	50
8.3.1 Designer	50
8.3.2 Contractor	50
8.3.3 Project Scope	50
8.3.4 Current Progress	50
8.3.5 Upcoming Activities	50
8.3.6 Project Challenges	50

## Tables

Table 1	Project Accomplishments and Challenges	3
Table 2	Budget Revision Summary	7
Table 3	Estimates at Completion	9
Table 4	WRF Project Performance Measures (through June 2021)	13
Table 5	WRF Project Overall Budget Status (through June 2021)	15
Table 6	Quarterly Expenditures by Budget Code	17
Table 7	Quarterly Expenditures by Project Component	19
Table 8	WRF Project Cost Fiscal Year Budget Projections	21
Table 9	WRF Project Cost Summary (through June 2021)	22
Table 10	General Project Activities Cost Summary (through June 2021)	23
Table 11	WRF Cost Summary (through June 2021)	23
Table 12	Conveyance Facilities Cost Summary (through June 2021)	23
Table 13	Recycled Water Facilities Cost Summary (through June 2021)	24
Table 14	Summary of Approved Change Orders (Amendment No. 1)	24
Table 15	Summary of Approved Change Orders (Amendment No. 2)	25
Table 16	Summary of Approved Change Orders (Amendment No. 3)	25
Table 17	Summary of Approved Change Orders (Amendment No. 4)	26
Table 18	Summary of Approved Change Orders (Amendment No. 5)	26
Table 19	Summary of Reimbursement Requests	27
Table 20	Time Schedule Order Milestone Summary	29
Table 21	Expanded Milestone Schedule	33
Table 22	Design Status (through June 2021)	35
Table 23	Procurement Status (through June 2021)	35
Table 24	Project Construction Costs	37
Table 25	WRF Performance Measures	45
Table 26	WRF Construction Summary	46
Table 27	Conveyance Facilities Performance Measures	49
Table 28	Conveyance Facilities Summary	49
Table 29	Recycled Water Facilities Performance Measures	51
Table 30	Recycled Water Facilities Summary	51

## Figures

Figure 1	Project Cash Flow Projections and Actual Expenditures	19
Figure 2	Project Summary Schedule	31

## Abbreviations

BMP	Best Management Practices
BNR	Biological Nutrient Removal
BOD	Biochemical Oxygen Demand
CA	California
Carollo	Carollo Engineers, Inc.
CDFW	California Department of Fish and Wildlife
CFAC	Citizens Finance Advisory Committee
CWSRF	Clean Water State Revolving Fund
DDW	Division of Drinking Water
EHSP	Enhanced Source Control Program
EIR	Environmental Impact Report
EPA	Environmental Protection Agency
FIW	Filter Inlet Water
FRP	Fiber-Reinforced Plastic
FWB	Filter Backwash
GAMA	Groundwater Ambient Monitoring and Assessment Program
GMP	Guaranteed Maximum Price
GSI	GSI Water Solutions
IFC	Issued for Construction
IPR	Indirect Potable Reuse
KPI	Key Performance Indicator
If	Linear Feet
MBR	Membrane Bioreactor
NPDES	National Pollution Discharge Elimination System
NTP	Notice to Proceed
PA	Programmatic Agreement
PCO	Potential Change Order
PG&E	Pacific Gas and Electric
PPP	Pollution Prevention Plan
Project	Water Reclamation Facility Project
PRW	Plant Recycled Water
PWAB	Public Works Advisory Board
Q4	Quarter No. 4
RFI	Request for Information
RO	Reverse Osmosis
ROWD	Report of Waste Discharge
RWQCB	Regional Water Quality Control Board

SAA	Stream Bed Alteration Agreement
SHPO	State Historic Preservation Office
SHT	Sludge Holding Tank
SLO	San Luis Obispo
SPI	Schedule Performance Index
SRF	State Revolving Fund
SWRCB	State Water Resources Control Board
TSO	Time Schedule Order
TSS	Total Suspended Solids
USBR	United States Bureau of Reclamation
UVAOP	Ultraviolet Advanced Oxidation Process
Vistra	Vistra Energy
WIFIA	Water Infrastructure Finance and Innovation Act
WRF	Water Reclamation Facility
WWE	Water Works Engineers
WWR	Wastewater Raw
WWS	Wastewater Screened

## Section 1

# PROJECT OVERVIEW

### 1.1 General Project Status Update

All components of the Water Reclamation Facility Project (Project) are currently in progress. The general progress update and schedule information presented in this report represents Quarter No. 4 (Q4) of Fiscal Year 2020-2021, from March 1, 2021 to June 30, 2021.

#### 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 on March 20, 2020. Activities to date include the following major activities which are discussed in detail in Section 8:

- Completion of nearly all major earthwork
- Installation of a portion of the major yard piping systems:
- Installation of various electrical infrastructure components.
- Construction progress in the following process areas:
  - Headworks
  - Biological Nutrient Removal (BNR)/Membrane Bioreactor (MBR) treatment
  - Reverse Osmosis (RO)/Ultra Violet (UV)-Advanced Oxidation Process (AOP)
  - Product water facilities
  - Residuals sludge processing
  - Electrical and Instrumentation/Controls
  - Chemical storage and feed
  - Operations building
  - Maintenance building
- City yard facilities

#### 1.1.2 Conveyance Facilities

##### 1.1.2.1 Design

Water Works Engineers (WWE) submitted the bid set plans and specifications in May 2020 and the City advertised this component of the Project on June 15, 2020.

### 1.1.2.2 Construction

The City opened bids for the Conveyance Facilities component of the Project on August 14, 2020. The City received a total of five bids. Anvil Builders, Inc. (Anvil) was awarded the contract for construction of the Conveyance Facilities on November 10, 2020 and issued notice to proceed (NTP) on December 14, 2020. The following activities were completed between April 1, 2021 and June 30, 2021:

The contractor continued to maintain general and administrative tasks such as project SWPPP, archeological mitigation and monitoring, and public outreach efforts. Additionally, five separate construction crews worked at the following locations, and a detailed description of the work within these areas is included in Section 8:

- Pump Station A
- Pump Station B
- Pipeline construction occurring from La Loma Avenue to South Bay Boulevard.
- Pipeline construction near the intersection of Main St. and Quintana to the roundabout at the intersection of Quintana Road and Morro Bay Boulevard.
- Installed the preparations for trenchless construction activities beneath the City's roundabout.

### 1.1.3 Recycled Water Facilities

#### 1.1.3.1 Design

The City, Program Manager, and the Hydrogeologist consultant, GSI Water Solutions (GSI), have continued to make progress on the installation of the pilot injection well. In Q4, the pilot injection well was planned to be advertised for bidding; however, the site needed to be cleared by State Historic Preservation Office (SHPO) to perform any ground disturbing activities. In late May, the City's cultural resources consultant, Far Western, conducted a cultural resources direct impact investigation of the pilot injection well site, monitoring well site, and the proposed indirect potable reuse (IPR) supply line alignment within the City easement on Morro Bay Power Company (Vistra) property. The results of the investigation were largely negative and the City received clearance from SHPO to perform construction on June 11, 2021. The Program Management team executed an agreement with Guida Surveying, inc. on June 18th to perform topographic surveying, easement delineation, and existing utility locations for the easement area from Willow Camp Creek to the bike path that is parallel to Highway 1 (approximately 1.2 acres). It is anticipated that this work will be completed mid-July. GSI has continued with permitting efforts including preparing the Aquifer Storage and Recovery general order documentation and has submitted to the Central Coast Regional Water Quality Control Board in April. Additionally, GSI and Carollo permitting staff met with the State Water Resources Control Board (SWRCB) Groundwater Ambient Monitoring and Assessment Program (GAMA) to discuss the future injection wells groundwater modeling methodology and development. They continued to coordinate with SWRCB staff throughout Q4.

Table 1 summarizes some of the key accomplishments and critical challenges identified for the Project through June 30, 2021.

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 (anticipated signed loan agreement in April 2021)			
	Presented revised project budget to Public Works Advisory Board (PWAB) and City Council to incorporate into FY21/22 City Budget.			
	Title XVI Grant Application Submitted to United States Bureau of Reclamation (USBR) on April 23, 2021.			
Water Reclamation Facility	Continued advancing construction on the South Bay Boulevard site (construction 52.3 percent complete as of June 30, 2021).			
	Completed all major earthwork operations  Completed soil slip physical investigation		The City and Program Manager are working with the design-build team to determine an approach for remediation of the second soil slip.	Responsibility for the cost of the investigation and remediation has not yet been determined and could result in a change order resulting in an increase to the guaranteed maximum price (GMP) and the overall Project budget.
Conveyance Facilities	Far Western, Project Archeologist, completed their investigation of the LS-2 Alignment (within Phase 2B of Project PA), to delineate cultural resources site California (CA)-San Luis Obispo (SLO)-239.	EPA is not willing to split LS-2 from segment 27+00 to 37+00 from Phase 2B in Programmatic Agreement (PA) between EPA, City, and SHPO. Must wait on further investigation	Far Western to conduct investigation cultural resources boundary required and delineate CA-SLO-16.	If investigation confirms impact to CA-SLO-16, Far Western will develop construction mitigation and monitoring plans.
	Continued to develop redesign section of force mains within Caltrans right of way (ROW) between Atascadero Road and Morro Creek to reduce impact to CA-SLO-16 cultural resources site.	Obtaining a revised encroachment permit from Caltrans for the design change and the extension of the Caltrans Encroachment expiration date.	Caltrans to approve encroachment permit revision.	If Caltrans approves design revision, this will significantly reduce the cost and time impact of the force main construction through CA-SLO-16 cultural resources site.
	Implemented traffic control plans along Quintana Boulevard and near the roundabout.			
Recycled Water Facilities	Clearance of Pilot Injection Well Site and IPR pipeline alignment from bike path to Pilot well with SHPO.			
	Continued development of pilot injection well bid package for expected bid opening in late August/early September.	Delineation of 100-foot-wide permanent easement in field, existing utilities, proposed pilot injection well site, and monitoring well site.	Survey the easement, utilities, and well locations from bike path to Willow Camp Creek prior to bid advertisement to include in bid package. Geographically located wells included in bid package.	Schedule may extend due to contractor award/evaluation and notice to proceed timeline.
	Submittal of the Aquifer Storage and Recovery General Order document to the Central Coast Water Board and continued coordination of their review throughout Q4.			
	Met with the Department of Drinking Water to review injection well model scenarios and components.	The results of the pilot injection testing could potentially require some wells to be located outside of the currently proposed project area including moving to portions of the property that may have additional site constraints.	Additional well modeling is underway to further support the well location analysis. City-owned sites could be prioritized if a new project area is required, in order to minimize the need for additional property acquisition.	Completion of the Recycled Water Facilities component of the Project could be delayed if the wells need to be moved outside of the currently proposed project area.

## 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 to facilitate comparison to both the current fiscal year and baseline budgets. For Q4, the reconciled budget projection is provided to the City for their upcoming fiscal year budget development process.

A summary of the baseline, reconciled quarterly, and fiscal year budgets is provided in Table 2.

In May of 2021 the Project budget was increased from \$138,591,000 to \$144,674,877. The components of this increase consisted of:

- Amendments to the Water Reclamation Facility contract for change orders (\$600K)
- Additional costs associated with archeological investigations for the Conveyance (\$500K)
- Increased program management costs due to increased Conveyance construction oversight, technical and permitting support, funding compliance support, and pre-treatment program development and implementation (\$1M)
- Additional hydrogeological, permitting, and design work for the Recycled Water Facilities (\$700K)
- Additional construction contingency for all Project elements (\$3.3M)

A more detailed explanation of the May 2021 budget increase was provided to Citizens Finance Advisory Committee (CFAC) and City Council on May 18, 2021 and May 25, 2021 respectively.

Table 2 Budget Revision Summary

Project Component	Baseline (Q4 FY 17/18)	Quarterly Reconciliation (Q3 FY 18/19)	Fiscal Year 19/20 (Q4 FY 18/19)	Quarterly Reconciliation (Q1 FY 19/20)	Quarterly Reconciliation (Q2 FY 19/20)	Quarterly Reconciliation (Q3 FY 19/20)	Fiscal Year 20/21 (Q4 FY 19/20) <sup>(4)</sup>	Quarterly Reconciliation (Q1 FY 20/21)	Quarterly Reconciliation (Q2 FY 20/21) <sup>(1)</sup>	Quarterly Reconciliation (Q3 FY 20/21) <sup>(1)(2)</sup>	Fiscal Year 21/22 (Q4 FY 20/21) <sup>(1)(3)</sup>
Water Reclamation Facility	\$62,414,000	\$74,059,000	\$72,891,000	\$72,598,000	\$72,231,000	\$71,856,000	\$77,828,000	\$77,082,000	\$77,281,977	\$77,087,023	\$77,687,023
Conveyance Facilities	\$21,087,000	\$27,108,000	\$28,864,000	\$28,524,000	\$29,224,000	\$29,989,000	\$29,840,000	\$37,355,000	\$37,482,000	\$37,482,000	\$37,982,000
Recycled Water Facilities	\$8,593,000	\$5,366,000	\$5,250,000	\$5,212,000	\$5,353,000	\$5,526,000	\$5,526,000	\$5,740,000	\$5,968,000	\$5,968,000	\$6,668,000
General Project <sup>(5)</sup>	\$24,403,000	\$11,614,000	\$11,801,000	\$11,625,000	\$11,701,000	\$12,964,000	\$13,260,000	\$14,255,000	\$14,445,000	\$14,445,000	\$15,445,000
Construction Contingency	\$9,444,000	\$6,450,000	\$7,132,000	\$7,131,000	\$7,364,000	\$10,264,000	\$4,207,000	\$4,250,000	\$3,414,023	\$3,608,977	\$6,892,854
<b>Total</b>	<b>\$125,941,000</b>	<b>124,597,000</b>	<b>\$125,938,000</b>	<b>\$125,090,000</b>	<b>\$125,873,000</b>	<b>\$130,599,000</b>	<b>\$130,661,000</b>	<b>\$138,682,000</b>	<b>\$138,591,000</b>	<b>\$138,591,000</b>	<b>\$144,674,877</b>

Notes:

- (1) The Project budget is estimated on a quarterly basis (i.e. September 30<sup>th</sup>, December 31<sup>st</sup>, and March 31<sup>st</sup>) and compared to the adopted fiscal year budget by June 30<sup>th</sup>. Costs shown through Q2 FY 20/21 include the design-build agreement with Filanc/Black & Veatch (Overland), Carollo's Program Management Contract (including subcontracting consultants), and other City consultants. Beginning Q3 FY20/21 this table will reflect updated contract amendments and new adopted budgets.
- (2) Breakdown of the Q3 FY 20/21 contingency of \$3,608,977 is as follows: WRF = \$808,977; Conveyance Facilities = \$2,500,000; and Recycled Water Facilities = \$300,000.
- (3) As presented to City Council on May 25, 2021. Breakdown of the Q4 FY 20/21 contingency of \$6,892,854 is as follows: WRF = \$2,392,854; Conveyance Facilities = \$3,700,000; and Recycled Water Facilities = \$800,000.
- (4) The FY 20/21 budget adopted by City Council was \$130,596,361. The numbers shown in this column, and all columns prior to Q3 FY 20/21, are preserved from prior year quarterly reports.
- (5) Starting in Q4 FY 20/21, General Project includes construction management of the Water Reclamation Facility and the Conveyance Facilities as part of the Program Management costs.

Table 3 Estimates at Completion

Project Component	Original Estimate	Initial Contract Value	Current Contract Value	Expenditures to Date	Estimate at Completion <sup>(1)</sup>
<b>Design/Build WRF</b>	<b>\$62,414,000</b>	<b>\$67,234,512</b>	<b>\$75,565,877</b>	<b>\$32,009,951</b>	<b>\$73,565,000</b>
Design/Build (FBV/Overland)	--	\$67,234,512	\$75,565,877	\$32,009,951	\$73,565,000
<b>Conveyance Facilities</b>	<b>\$21,087,000</b>	<b>\$32,854,240</b>	<b>\$33,539,070</b>	<b>\$7,715,217</b>	<b>\$34,214,311</b>
Design (Water Works Engineers)	--	\$1,360,565	\$2,045,395	\$2,031,835	\$2,214,311
Construction (Anvil Builders)	--	\$31,493,675	\$31,493,675	\$5,683,382	\$32,000,000
<b>Recycled Water Facilities<sup>(5)</sup></b>	<b>\$8,593,000</b>	<b>\$351,000</b>	<b>\$933,650</b>	<b>\$489,157</b>	<b>\$6,668,000</b>
Design (GSI)	--	\$351,000	\$933,650	\$489,157	\$933,650
Construction	--	--	--	--	\$5,734,350
<b>General Project</b>	<b>\$24,403,000</b>	<b>\$293,000</b>	<b>\$7,766,621</b>	<b>\$15,195,101</b>	<b>\$25,589,712</b>
City Costs <sup>(2)</sup>	--	--	--	\$9,197,297	\$11,889,712
Program Management (Carollo) <sup>(3)</sup>	--	\$293,000	\$6,354,050	\$4,978,034	\$12,200,000
City Contracts <sup>(4)</sup>	--		\$1,412,571	\$1,019,770	\$1,500,000
<b>Contingency</b>	<b>\$9,444,000</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>\$4,637,854</b>
Water Reclamation Facility	--	--	--	--	\$1,437,854
Conveyance Facilities	--	--	--	--	\$2,700,000
Recycled Water Facilities	--	--	--	--	\$500,000
<b>Total</b>	<b>\$125,941,000</b>		<b>\$117,805,218</b>	<b>\$55,409,426</b>	<b>\$144,674,877</b>

Notes:

- (1) Beginning with the Q4 Fiscal Year 2020/2021 report, the EAC reflects the adopted City budget for Fiscal Year 2021/2022.
- (2) City costs include staff salaries and benefits, legal services, land acquisition, supplies, and equipment, etc.
- (3) Program management costs include permitting, public outreach, funding support, and construction oversight/management.
- (4) Costs shown for City contracts include previous consultants (such as MKN, Black & Veatch, ESA, and Kestrel) and current consultants including Far Western, GSI, Bartle Wells Associates, Kevin Merk & Associates, etc.
- (5) Recycled Water Facilities Expenditures to Date costs include injection well planning and permitting by Kevin Merk & Associates, Far Western, and Guida, as well as hydrogeologic modeling by GSI.

## 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.

Table 4 WRF Project Performance Measures (through June 2021)

Performance Measure	Data	Baseline (Q4FY 19/20)	Current (Q4 FY 20/21)	Delta	Status	Ⓞ	Ⓢ	Ⓡ
1: Total Project Costs	Total Project Projected Cost at Completion versus the Baseline Budget	\$130.7 M	\$144.7M	\$14.0M	Ⓡ	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	\$77.8 M	\$73.6 M	\$(4.2)M	Ⓞ	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	\$29.8 M	\$34.2 M	\$4.4 M	Ⓡ	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	\$5.5 M	\$6.7M	\$1.2 M	Ⓡ	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	\$13.3 M	\$25.6	\$12.3M	Ⓡ	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	1.00	1.00	0.0	Ⓞ	>= 1.00	0.99 to 0.90	< 0.90
3: Schedule Performance Index	Ratio of Planned Percent Complete to Actual Percent Complete	1.00	1.02	0.02	Ⓞ	>=1.00	0.99 to 0.80	<0.80
4: TSO Compliance Date Countdown	Days Remaining to TSO Compliance Date of February 28, 2023	789	608	181	Ⓞ	<= 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. Table 5 provides a summary of total estimated Project costs, including original and current estimated costs for the entire Project.

Table 5 WRF Project Overall Budget Status (through June 2021)

Summary of Total WRF Project Cost	
Original Baseline WRF Project Budget <sup>(1)</sup>	\$125,941,000
Adopted FY 20/21 WRF Project Budget <sup>(2)</sup>	\$130,596,361
Adopted FY 21/22 WRF Project Budget <sup>(2)</sup>	\$144,674,877
Adopted Budget Percent Change (FY 20/21 to FY 21/22)	10.8%
Total Expenditures for FY 20/21 Q4 (4/01/21 to 6/30/21)	\$13,289,559
Total Expenditures to Date (thru 6/30/21 invoices)	\$55,409,426
Percent of FY 20/21 WRF Project Budget Expended to Date	42.4%
Percent of FY 21/22 WRF Project Budget Expended to Date	38.3%

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 near the end of each fiscal year (May) and is used as the basis of performance for the Project for the upcoming fiscal year.

### 3.2 Quarterly Expenditures by Budget Code

The current quarterly expenditures as reported by the City’s corresponding budget performance report and according to adopted City budget code designations are summarized below in Table 6, and further summarized by project component in Table 7.

Table 6 Quarterly Expenditures by Budget Code

City Budget Code <sup>(1)</sup>	Fund Name	Total Q4 FY20/21 Expenditures	Vendor Name	Project Component
4120	Overtime Pay			
4310	Part-Time Pay			
4910	Employer Paid Benefits		Summarized below	
4911	Pension Normal Cost			
4999	Labor Costs Applied			
<b>Total Personnel Services</b>		<b>13,443.02</b>	City of Morro Bay	General Project
5114	Laboratory Testing Supplies			
5115	Water Distribution System Supplies		Summarized below	
5199	Miscellaneous Operating Supplies			
<b>Total Supplies</b>		<b>729.84</b>	Various	Water Reclamation Facility
6101	Legal Services – General	31,717.21	Aleshire & Wynder	General Project
6103	Financial Audits	3,860.00	The Pun Group	General Project
6107	Advertising	-	-	-
5307	Blueprint/Copy Charges	-	-	-
6220	Postage (Included in 6710)	-	-	-
6301	Electricity	4,384.76	PG&E	Water Reclamation Facility
6303	Water	996.50	City of Morro Bay	Water Reclamation Facility
6510	Meetings & Conferences	-	-	-
6513	Meals & Lodging	-	-	-
6514	Travel Expense	-	-	-
6640	Maintenance Contracts	-	-	-
6710	Notices & Publications	-	-	-
<b>Total Services</b>		<b>40,958.47</b>	<b>Various</b>	<b>Various</b>
6104	Engineering Services	79,677.90	GSI Water Solutions	Recycled Water Facilities
6105	Consultation Services	95,531.45	Bartle Wells, Ferguson Group, Cogstone, KMA	General Project
6152	Outside Lab Testing	16,194.00	Various	General Project
6161	Licenses & Permits	2,848.00	State Water Resources Control Board	Water Reclamation Facility
6195	Rate Study	-	-	-
6196	Program Management & DB Procurement	879,128.40	Carollo Engineers and Subconsultants <sup>(2)</sup>	General Project
6197	Grant Support	-	-	-
6198	Government Relations	71.38	Ferguson Group	General Project
6640	Maintenance Contracts	-	-	-
7101	Land Acquisition	12,650.00	STMJ	Conveyance Facilities
<b>Total Project Soft Costs</b>		<b>1,086,101.13</b>	<b>Various</b>	<b>Various</b>
6106	Contractual Services	5,114,250.41	Anvil Builders; JSP Automation	Conveyance Facilities
7103	Design/Build-On-Site Improvement Design Phase	-	-	-
7104	Design-Lift Station/Force Main	85,615.33	Water Works Engineers	Conveyance Facilities
7105	Planning & Permitting	9,617.64	Far Western	Conveyance Facilities
7106	Design-Injection Wells & Recycled Water Pipeline	-	-	-
7107	Design/Build-On-Site Improvement Build Phase	6,938,843.27	FBV Overland	Water Reclamation Facility
7108	Injection Well Construction	-	-	-
7109	Lift Station/FM Construction Phase	-	-	-
7110	Pilot Well Construction	-	-	-
<b>Total Construction Costs</b>		<b>\$12,148,326.65</b>	<b>Various</b>	<b>Various</b>
<b>Total Quarterly Expenditures</b>		<b>\$13,289,559.11</b>		

Notes:

- (1) Budget codes correspond to the City’s adopted budget for current fiscal year and paid invoices correspond with the City’s budget performance report for those codes. Opportunities to reallocate invoice codes or consolidate codes will be considered in future quarters.
- (2) Carollo Engineers’ active subconsultants include the following: CM Solutions/Quest (Conveyance Facilities schedule review), Earth Systems (Conveyance Facilities materials testing and special inspection), Guida (surveying), Katz & Associates (public outreach), KMA (biological resources services), Underwater Resources, Inc. (outfall analysis), Mimiaga Engineering Group (WRF Construction Management), Penny Carlo Engineering (industrial users permitting) and Yeh and Associates (geotechnical engineer).
- (3) Total expenditures for this quarter are derived from budget performance reports provided by the City approximately one week after end of quarter.

Table 7 Quarterly Expenditures by Project Component

Project Component	Expenditures (Q4 FY 20/21)
Water Reclamation Facility	\$6,947,802
Conveyance Facilities	\$5,222,133
Recycled Water Facilities	\$79,678
General Project	\$1,039,946
<b>Total</b>	<b>\$13,289,559</b>

### 3.3 Project Cash Flow

Figure 1 presents the projected and actual expenditures for the Project through June 2021 compared to the Fiscal Year 2021/2022 budget developed at the end of Q4 Fiscal Year 2020/2021. 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. The cumulative actual and cumulative forecasted expenditures show anticipated project costs over the project duration. The milestone markers correspond to the final completion deadline of the WRF and Conveyance elements of the project by February 2023, which coincides with the City being in compliance with the Time Schedule Order (TSO) issued by the Regional Water Quality Control Board (RWQCB) in June 2018.

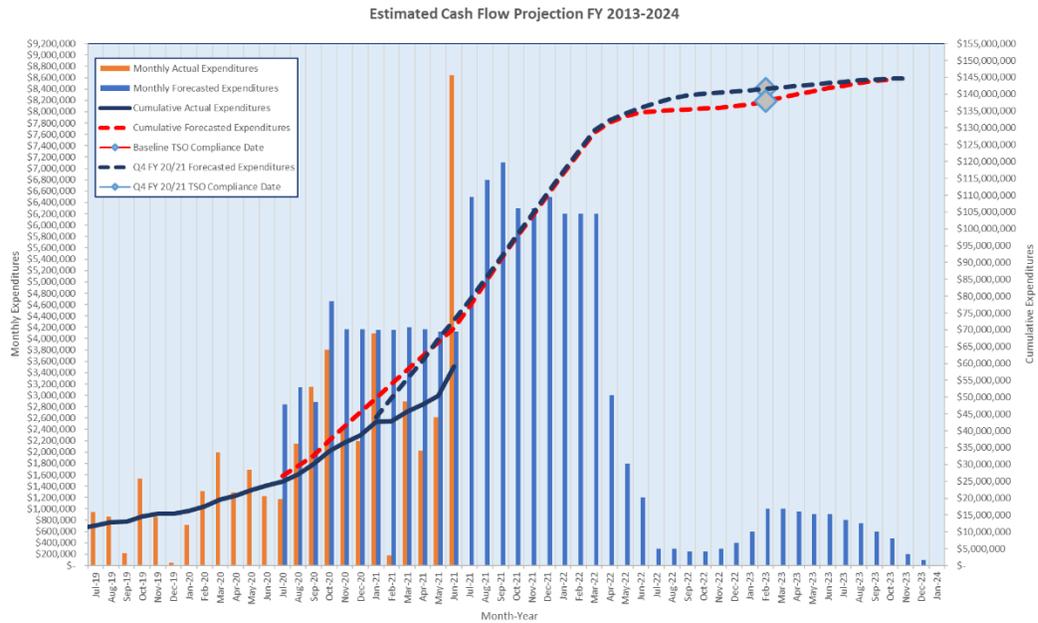


Figure 1 Project Cash Flow Projections and Actual Expenditures

A breakdown of the current Q4 Fiscal Year 2020/2021 budget by fiscal year is included in Table 8.

### **3.4 Project Cost Summary**

Table 9 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 8 WRF Project Cost Fiscal Year Budget Projections

Project Component	Total Project Expenditures to Date as of Q3 <sup>(8)</sup>	Total Project Expenditures to Date as of Q4 <sup>(1)</sup>	FY 20/21	FY 21/22 <sup>(2)</sup>	FY 22/23 <sup>(2)</sup>	FY 23/24 <sup>(2)</sup>	Q4 FY 20/21 Total Project Budget <sup>(2)</sup>
WRF	\$30,136,218	\$37,084,020	\$16,042,813	\$33,609,031	\$700,000	\$-	\$73,677,796 <sup>(3)</sup>
Conveyance Facilities	\$2,622,801	\$7,844,934	\$15,139,745	\$22,289,569	\$-	\$-	\$38,802,964 <sup>(4)</sup>
Recycled Water Facilities	\$512,915	\$592,593	\$1,052,168	\$2,025,000	\$3,000,000	\$3,000,000	\$8,280,570 <sup>(5)</sup>
General Project	\$8,847,933	\$9,887,879	\$672,268	\$7,748,516	\$1,181,402	\$283,750	\$23,913,546 <sup>(6)</sup>
<b>Subtotal</b>	<b>\$42,119,867</b>	<b>\$55,409,426</b>	<b>\$32,906,994</b>	<b>\$65,672,116</b>	<b>\$4,881,402</b>	<b>\$3,283,750</b>	<b>\$144,674,877</b>
Contingency <sup>(9)</sup>	\$-	\$-	\$1,255,636	\$-	Note <sup>(7)</sup>	Note <sup>(7)</sup>	Note <sup>(7)</sup>
<b>Total</b>	<b>\$42,119,867</b>	<b>\$55,409,426</b>	<b>\$34,162,629</b>	<b>\$65,672,116</b>	<b>\$4,881,902</b>	<b>\$3,283,750</b>	<b>\$144,674,877</b>

Notes:

- (1) This table reflects activity through June 30, 2021 using the quarterly expenditures by project component allocations shown in Table 6.
- (2) This quarterly report (ending June 2021) Total Project Budget projection reflects the new FY 21/22 WRF Project budget as adopted by City Council as well as future fiscal year City budget projections.
- (3) Breakdown of the Water Reclamation Facility budget beginning Q4 FY20/21 by codes from the newly adopted FY21/22 budget: 7103 (Design/Build WRF Onsite Imprv) = \$59,686,921 and 7107 (Design/Build – On-site Imprv Build Phase) = \$13,990,875. Budget reallocation from another code will be needed during FY 21/22.
- (4) Breakdown of the Conveyance Facilities budget beginning Q4 FY20/21 by codes from the newly adopted FY21/22 budget codes: 7104 (Design-Lift Station/Force Main) = \$2,396,412 and 7109 (Liftstation Pipeline Construction) = \$36,406,552.
- (5) Breakdown of the Recycled Water Facilities budget beginning Q4 FY20/21 by codes from the newly adopted FY21/22 budget: 7106 (Design-Inj Wells & Recycled Water Pipeline) = \$1,695,570; 7108 (Injection Well Construction) = \$6,285,000 and 7110 (Pilot Well Construction) = \$300,000.
- (6) Breakdown of the General Project budget beginning Q4 FY20/21 includes the remaining codes from the newly adopted FY21/22 budget not specified in (4), (5), or (6) above. Starting in Q4 FY 20/21, General Project includes construction management of the Water Reclamation Facility and the Conveyance Facilities as part of code 6196 (Prog Mgmt & DB Procure).
- (7) Beginning Q4 FY 20/21 the contingency budget is not broken out within the latest adopted City budget but is accounted for in each project component.
- (8) Q3 Actual Expenditures to Date for General Project, Subtotal, and Total shown has been reduced by \$3,663,000 of uncontracted costs including City costs (i.e., labor, expenses, etc.) as indicated in Table 7, Note 2 of the December 2020 Quarterly Report. This is an update to the Q2 and Q3 actual expenditures to date as shown in Table 7 of the March 2021 Quarterly Report.
- (9) Contingency shown is from the December 2020 Quarterly Report, Table 6.

Table 9 WRF Project Cost Summary (through June 2021)

Project Component	Q4 Actual Expenditures to Date	Contracted Amount to Date	Contracted Amount Expended to Date (%)	Anticipated Total Project Cost <sup>(2)</sup>	Anticipated Total Project Cost Expended to Date (%)
WRF	\$37,084,020	\$75,565,877	49.1	\$75,002,854	49.4
Conveyance Facilities	\$7,844,934	\$33,539,070	23.4	\$36,914,311	21.3
Recycled Water Facilities	\$592,593	\$933,650	63.5	\$7,168,000	8.3
General Project	\$9,887,879 <sup>(1)</sup>	\$7,766,621 <sup>(1)</sup>	22.8 <sup>(3)</sup>	\$25,589,712	38.6
<b>Total</b>	<b>\$55,409,426</b>	<b>\$117,805,218</b>	<b>47.0</b>	<b>\$144,674,877</b>	<b>38.3</b>

## Notes:

- (1) General Project actual expenditures to date include prior contracts from previous program consultants that are no longer active. General Project contracted amount to date shows active contracts.
- (2) Contingencies included in each project component.
- (3) General Project contracted amount expended to date as a percent assumes that actual expenditures to date of active contracts are accrued after the baseline Q2 FY 20/21 amount of \$8,115,000.

### 3.5 Detailed Project Costs

The following tables (10 to 13) show the detailed costs to date for active contracts for each element of the Project.

Table 10 General Project Activities Cost Summary (through June 2021)

Consultant / Contractor	Actual Expenditures to Date <sup>(1)</sup>	Total Contracted Cost	Contract Expended to Date (%)
ESA	\$412,080	\$412,320	99.9
Far Western	\$285,562	\$397,079	71.9
Bartle Wells Associates	\$72,567	\$100,800	72.0
JoAnn Head Land Surveying	\$97,693	\$102,644	95.2
JSP Automation	\$43,450	\$63,500	68.4
Cogstone	\$97,548	\$264,918	36.8
Kevin Merk & Associates	\$10,870	\$71,310	15.2
Carollo Engineers, Inc. <sup>(2)</sup>	\$4,978,034	\$6,354,050	78.3
<b>Total</b>	<b>\$5,997,804</b>	<b>\$7,766,621</b>	<b>77.2</b>

Notes:

- (1) Actual expenditures to date as indicated on City budget performance report and total contracted cost only includes contracts that are currently active.
- (2) Includes all Carollo subcontractors under Program Management Contract.

Table 11 WRF Cost Summary (through June 2021)

Consultant / Contractor	Actual Expenditures to Date	Total Contracted Cost <sup>(1)</sup>	Contract Expended to Date (%)
Overland Contracting	\$32,009,951	\$75,565,877	42.4
<b>Total</b>	<b>\$32,009,951</b>	<b>\$75,565,877</b>	<b>42.4</b>

Notes:

- (1) Total Contracted Cost includes final value for Amendment No. 1 through No. 5 of \$1,636,060, \$63,937, \$5,992,218, \$835,097 and \$(195,946) respectively and the original contract value of \$67,234,512.

Table 12 Conveyance Facilities Cost Summary (through June 2021)

Consultant / Contractor	Actual Expenditures to Date	Total Contracted Cost	Contract Expended to Date (%)
WWE	\$2,031,835	\$2,045,395	99.9
Anvil Builders	\$5,683,382	\$31,493,675	18.0
<b>Total</b>	<b>\$7,715,217</b>	<b>\$33,539,070</b>	<b>23.0</b>

Table 13 Recycled Water Facilities Cost Summary (through June 2021)

Consultant / Contractor	Actual Expenditures to Date	Total Contracted Cost	Contract Expended to Date (%)
GSI	\$489,157	\$933,650	52.4
<b>Total</b>	<b>\$489,157</b>	<b>\$933,650</b>	<b>52.4</b>

### 3.6 Change Orders

The following Amendments have been approved by City Council and have been incorporated into the design-built team's contract and resulted in a revision of the guaranteed maximum price (GMP). Tables 14 through 18 lists the change orders associated with each Amendment.

- Amendment No. 1 – May 2019
- Amendment No. 2 – March 2020
- Amendment No. 3 – May 2020
- Amendment No. 4 – November 2020
- Amendment No. 5 – March 2021

Table 14 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)
<b>Total</b>			<b>\$1,636,060</b>

Table 15 Summary of Approved Change Orders (Amendment No. 2)

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

Table 16 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	Potential Change Order (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
<b>Total</b>			<b>\$5,992,218</b>

Table 17 Summary of Approved Change Orders (Amendment No. 4)

Contract	Change Order No.	Description	Value
WRF	30	Match Sludge Blowers to MBR Scour Blowers	\$17,426
WRF	71	California Department of Fish and Wildlife (CDFW) Site Access Restrictions	\$254,443
WRF	72	Owner Trailer Utility Hook Ups	\$19,593
WRF	73	Man Gates in Perimeter Fence	\$27,031
WRF	74	Parking Canopy Electrical Receptacles	\$42,346
WRF	75	Security Window at Admin Building	\$11,079
WRF	76	Additional Sodium Bisulfite Pump	\$58,243
WRF	78	Changed Condition - Soil Slip	\$280,013
WRF	79	Modify Water and Collection System Supply Shed	\$10,847
WRF	82	SCADA Uniformity	\$108,887
WRF	86	Water Shut Off Valve in Theresa Road	\$5,189
<b>Total</b>			<b>\$835,097</b>

Table 18 Summary of Approved Change Orders (Amendment No. 5)

Contract	Change Order No.	Description	Value
WRF	84	Alternate Red Legged Frog Barrier (Ref. PCO 58)	\$(468,768)
WRF	87	Modify Alternate Conduit Design Scope (Ref. PCO 62).	\$272,822
<b>Total</b>			<b>\$(195,946)</b>

### 3.7 Reimbursement from Funding Agencies

In 2017, the City was awarded a \$10.3 million planning loan from the CWSRF program. To date, the City has made three reimbursement requests for the planning loan. The City is preparing to submit the fourth and final reimbursement request, which is anticipated to maximize the remaining loan budget. 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 13 WIFIA reimbursement requests have been made. A summary of these requests is presented in Table 19.

Table 19 Summary of Reimbursement Requests

Agency	Description	Number	Date Submitted	Requested Amount	Approved Amount	Received?
SWRCB	CWSRF Planning Loan	01	Dec 2018	\$289,595	\$217,441	Yes
SWRCB	CWSRF Planning Loan	02	Nov 2019	\$6,431,295	\$5,312,748	Yes
SWRCB	CWSRF Planning Loan	03	Oct 2020 <sup>(1)</sup>	\$4,783,797	\$2,415,669	No
EPA	WIFIA Loan	01	May 2020	\$1,100,944	\$1,100,944	Yes
EPA	WIFIA Loan	02	Jun 2020	\$61,014	\$50,486	Yes
EPA	WIFIA Loan	03	Jul 2020	\$3,489,409	\$3,489,409	Yes
EPA	WIFIA Loan	04	Jul 2020	\$2,461,121	\$2,461,121	Yes
EPA	WIFIA Loan	05	Aug 2020	\$142,864	\$142,864	Yes
EPA	WIFIA Loan	06	Oct 2020	\$1,635,106	\$1,635,106	Yes
EPA	WIFIA Loan	07	Dec 2020	\$3,008,573	\$3,008,573	Yes
EPA	WIFIA Loan	08	Dec 2020	\$3,671,499	\$3,671,499	Yes
EPA	WIFIA Loan	09	Jan 2021	\$5,553,852	\$5,553,852	Yes
EPA	WIFIA Loan	10	Mar 2021	\$2,440,399	\$2,440,399	Yes
EPA	WIFIA Loan	11	Apr 2021	\$1,621,783	\$1,621,783	Yes
EPA	WIFIA Loan	12	May 2021	\$2,988,342	\$2,988,342	Yes
EPA	WIFIA Loan	13	Jun 2021	\$3,544,987	\$3,544,987	Yes
<b>Total</b>				<b>\$43,224,580</b>	<b>\$39,655,223</b>	

## Notes:

- (1) Reimbursement No. 3 for the CWSRF Planning Loan was originally submitted in December 2019 and was resubmitted in October 2020.
- (2) The majority of the remaining balance of the CWSRF Planning Loan after Reimbursement No. 3 will be requested as Reimbursement No. 4. Construction costs included in the Reimbursement No. 3 request and disallowed will be requested from the CWSRF Construction Loan.

## 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 March 2021. 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 20 are the milestones in the TSO.

Table 20 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 <sup>(1)</sup>	-
Award of Contract for Construction of Conveyance Facilities	November 30, 2019	-	November 10, 2020
Completion of WRF Improvements with Completion Report	December 30, 2022	July 05, 2022	-
Full TSO compliance with final effluent limitations	February 28, 2023	July 05, 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 (EHSP) 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.



Morro Bay WRF Project  
Roll-Up Schedule Summary

Printed Date: 7/28/2021  
Status Date: 6/28/2021

Task No.	Task Name	SPI	% Complete	2013		2014				2015				2017				2018				2019				2020				2021				2022				2023											
				N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A
1	Program Planning	1.00	100%	[Actual Progress-To-Date bar]																																													
2	Project Controls	1.00	57%	[Actual Progress-To-Date bar]																																													
3	Hydrogeological Support	0.79	66%	[Actual Progress-To-Date bar]																																													
4	Environmental Documentation	1.00	100%	[Actual Progress-To-Date bar]																																													
5	General Permitting	1.00	100%	[Actual Progress-To-Date bar]																																													
6	Potable Reuse Permitting	0.90	70%	[Actual Progress-To-Date bar]																																													
7	Funding	1.00	100%	[Actual Progress-To-Date bar]																																													
8	Conveyance Facilities Project	1.15	76%	[Actual Progress-To-Date bar]																																													
9	Recycled Water Facilities	N/A	0%	[Actual Progress-To-Date bar]																																													
10	WRF Onsite Improvements	1.05	83%	[Actual Progress-To-Date bar]																																													
11	Conformance with Time Schedule Order	N/A	0%	[Actual Progress-To-Date bar]																																													

Project SPI: 1.02  
Program % Complete: 78%

Baseline Schedule  
Actual Progress-To-Date

Figure 2 Project Summary Schedule

Table 21 lists an expanded milestone schedule. It has also been developed for outstanding Project activities.

Table 21 Expanded Milestone Schedule

Milestone	Baseline Schedule due Date	Planned Completion Date
<b><u>General Project</u></b>		
Compliance with the TSO <sup>(1)</sup>	November 11, 2021	July 05, 2022
<b><u>Water Reclamation Facility</u></b>		
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	July 05, 2022
Final Completion	June 09, 2022	August 30, 2022
<b><u>Conveyance Facilities</u></b>		
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	November 10, 2020 (Actual)
Substantial Completion	September 17, 2021	March 11, 2022
Final Completion	November 19, 2021	April 25, 2022
<b><u>Recycled Water Facilities</u></b>		
Select Preferred Injection Area	May 28, 2019	June 17, 2020 (Actual)
Deliver 30 Percent Design	August 04, 2020	December 22, 2021
Deliver 60 Percent Design	November 10, 2020	March 30, 2022
Deliver 90 Percent Design	February 16, 2021	June 15, 2022
Deliver 100 Percent Design	April 27, 2021	September 14, 2022
Award Construction Contract	July 21, 2021	December 07, 2022
Substantial Completion	April 21, 2022	November 11, 2023
Final Completion	June 21, 2022	December 06, 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 2020/2021. A summary of the existing design contracts is included in Table 22 below.

Table 22 Design Status (through June 2021)

Project Element	Current Contract Amount	Amount Expended	Percent				Final
			30	60	90	100	
WRF (Design-Build)	\$76,565,877	\$32,009,951	✓	✓	✓	✓	NA
Conveyance Facilities	\$2,045,395	\$2,031,835	✓	✓	✓	✓	✓
Recycled Water Facilities	\$933,650	\$489,157	-	-	-	-	-

### 5.2 Procurement

No design or design-build contract procurements were performed in Q4 FY 2020/2021. Table 23 presents a summary of the procurement activity for the Project.

Table 23 Procurement Status (through June 2021)

Project Element	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 1, 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	GSI is currently completing permitting and planning activities. Design Engineer to be Selected in FY 2021/22				

## Section 6

# CONSTRUCTION STATUS

### 6.1 Construction Summary

During Q4 Fiscal Year 2020/2021, construction continued for the WRF and commenced for the Conveyance Facilities. Table 24 presents a summary of project construction progress and costs through June 30, 2021.

Table 24 Project Construction Costs

Project Name	Amount Expended	Initial Contract Amount	Current Contract Amount	% Change in Contract Amount
WRF	\$32,009,951	\$67,234,512	\$75,565,877	12.4
Conveyance Facilities	\$5,683,382	\$31,493,675	\$31,493,675	0.0
Recycled Water Facilities	\$-	\$-	\$-	0.0
<b>Construction Total</b>	<b>\$37,693,333</b>	<b>\$98,728,187</b>	<b>\$107,059,552</b>	<b>8.4</b>

### 6.2 Upcoming Traffic Control

#### 6.2.1 Planned Impacted Areas

Construction activities for the Conveyance Facilities continued in several work zones. The following work area are affected, throughout the duration of Q4 Fiscal Year 2020/2021:

- Pump Station A near the Existing WWTP on Atascadero Road.
- Pump Station B at the intersection of Quintana and Main Street.
- Pipeline installation along Quintana Road between Main Street and Kennedy Way.
- Pipeline installation along Quintana Road between La Loma and South Bay Boulevard.
- Trenchless installation preparations at Morro Bay Roundabout.

#### 6.2.2 Hours of Planned Lane/Road Closures

The City approved traffic control plans for the 21 designated traffic areas that are outlined in the Project Plans. Throughout Q4, the necessary traffic control plans were set in place to provide a safe work area for the Contractor as well as provide a safe detour or means of through traffic for Morro Bay commuters. Anvil continues to have all of Quintana Road between South Bay Boulevard and La Loma completely closed except for protected access to the Benedict-Retty Mortuary and Crematorium and the Rock Harbor Christian Fellowship Church. Within the City proper, Anvil has closed parts of Quintana Road at Kennedy Way completely to perform work that would require full lane closures. Typically, areas within the City that require full lane closures will have specific construction activities occur at night. As Anvil progresses south along Quintana Road to the roundabout, the traffic control changes based on the location of the trench and pipeline configuration.

The community is encouraged to obtain additional information on current road closures/conditions from the WRF website ([www.morrobaywrf.com](http://www.morrobaywrf.com)) or by calling the Project hotline at 877-MORROBAYH2O.

### **6.3 Construction Safety**

The Project safety goal is zero reportable incidents. Every weekly progress meeting includes a brief safety moment between the program team and both FBV and Anvil to discuss safety topics encountered in the field. There has been a total of zero reported incidents through June 30, 2021.

## Section 7

# OTHER PROGRAM ACTIVITIES

### 7.1 Public Outreach

As part of the construction of the Conveyance Facilities component of the Project, the Program Manager has been engaged in a number of public outreach activities including the following:

- Updated the WRF website with regular construction information on homepage and Construction Information page
- Coordinated with contractor for distribution of bilingual doorhangers on immediately impacted residences and businesses in several work areas from Main Street to South Bay Boulevard
- Continued to build stakeholder database email list for regular email correspondence
- Developed bi-weekly e-blasts to highlight construction schedule look-ahead information and promote virtual community outreach meetings
- Prepared for and conducted three monthly virtual community outreach meetings via Zoom
- Responded to regular community inquiries from project phone line and email address, and coordinated with team members when necessary
- Conducted multiple rounds of business visits to communicate about construction in specific areas
- Worked with construction team on traffic control configuration planning, and traffic control and circulation concerns from the community.

Additional near-term public outreach activities include:

- Developing bi-weekly e-blasts and as-needed construction notices to convey construction look-ahead information to stakeholders and the public
- Obtaining media coverage about milestone construction activities
- Working with contractor to distribute doorhangers to properties with 24-hour and seven-day lead times
- Visiting businesses before work in new areas
- Responding to inquiries received from community members

### 7.2 Permitting Activities

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

- Regional Water Quality Control Board
  - In order to obtain a National Pollution Discharge Elimination System (NPDES), the City must submit a Report of Waste Discharge (ROWD) to the RWQCB. The Program Manager submitted the Draft ROWD to the RWQCB in March, which is currently under review.

- Division of Drinking Water:
  - The Title 22 Engineering Report is required by Division of Drinking Water (DDW) before the City can receive a potable reuse permit. 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, was submitted to DDW in July 2020. During Q3 Fiscal Year 2020/2021, the City and Program Manager have received comments from DDW and has had several meetings to review their comments.
  - The City is working with DDW to obtain a variance from their typical pipeline separation requirements due to the width of the trench for the Conveyance Facilities pipelines and the limited ROW for much of the alignment. The City has been coordinating with DDW on this issue since early 2019 and submitted a formal application to DDW in August 2020. Since that time, the City has had a meeting to review the information provided and has provided supplemental information to aid DDW's review. As of March 2021, The City has addressed the majority of DDW's comments and is expected to complete their response to DDW in July 2021.
- Caltrans:
  - The City obtained the encroachment permit from Caltrans for construction of the Conveyance Facilities pipelines in August 2020. In June the Program manager approached Caltrans to revise their encroachment permit for the conveyance facilities project to extend the permit expiration date and to revise the design at the Atascadero Road and Highway 1 on-ramp. The City is expecting to receive a response from Caltrans in late July 2021.
- California Department of Fish and Wildlife:
  - The City must have a Stream Bed Alteration Agreement (SAA) (as required) from the CDFW before work can begin along certain segments on the bike path for the Conveyance Facilities component of the Project. The City submitted the revised notification in January 2020 and received notification from CDFW on May 4 that their SAA had been approved and they are cleared for construction.
- State Historic Preservation Office:
  - The PA negotiated with the SHPO requires that a mitigation and monitoring plan be developed for each element of the project (i.e., WRF, pipelines, and injection wells). The City submitted the mitigation and monitoring plan to EPA for distribution to SHPO in October 2020. The City has received notification from the EPA regarding SHPO's response on March 15, 2021. The response stated that the City may proceed with construction by implementing the appropriate cultural resources monitoring and mitigation measures for areas along Main St., Quintana road and both lift stations. Far Western has performed the archeological clearance testing for the LS-2 alignment and the pilot injection well in late May 2021 and found the findings largely negative and is expected to submit a monitoring and mitigation for LS-2 alignment and the bike path alignment of the conveyance facilities in late July 2021.

### 7.3 Funding Status

- Continued to support CWSRF's technical, legal, and financial reviews. The City executed the CWSRF Construction Loan on June 30, 2021, however disbursements from both the

CWSRF construction loan and planning loan are on hold until the City's 2020 Urban Water Management Plan is complete.

- The United States Department of the Interior Bureau of Reclamation released its WaterSmart Title XVI WIIN Notice of Funding Opportunity in mid-March 2021. The City prepared an application and submitted to USBR on April 22, 2021.

#### **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 an MBR and have the ability to exceed the anticipated discharge requirements for the City's new NPDES permit. The advanced treatment facilities include RO and UV-AOP. 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 has continued to progress the construction of the WRF and is on track to reach substantial completion in July 2022. The construction has completed the following items:

On March 20, 2020, the City issued the construction NTP to the DB team for the WRF. For fiscal year Q4, the following activities were completed between April 1, 2021 and June 30, 2021:

##### *Sitework*

- The Contractor has completed nearly all major earthwork operations including filling, compacting, and rough grading entire site, including the north portion of site. (The only remaining major earthwork is the pending West Cut-Slope Landslide remediation).
- Contractor has installed / is currently installing the following yard piping (buried) and above grade piping systems:
  - 30-inch Wastewater Screened (WWS) line from SAFE Box to SAFE Settle Tank.
  - 20-inch Filter Inlet Water (FIW) line from SAFE Settle Tank to SAFE filter slab.
  - 18-inch and 14-inch Wastewater Raw (WWR) lines at Headworks area (on-going).
  - Chemical vaults and chemical system double containment duct banks (on-going).
  - IPR/Outfall Pump Station above grade suction/discharge piping (begin assembly).
  - Plant Recycled Water (PRW) distribution piping throughout north site area.
  - Filter Backwash (FBW) piping from SAFE System back to Sludge Holding Tanks (SHTs).
  - Storm Drainage piping and level spreader basin for Stormwater Pond No. 1.
  - Sanitary Sewer collection lines, laterals, and manholes throughout north site area.

- Electrical Subcontractor has completed construction of the following conduits, vaults, installations, etc.:
  - Conduit Duct Banks, including vaults and handholes, in the north site area for the Pacific Gas and Electric (PG&E) Transformer Pad, Electrical Building, Emergency Generator Facility, MBR Facility, Headworks, SAFE System, and Dewatering Facility, etc.
  - In-slab conduits for the Electrical Building, Emergency Generator Facility, MBR Facility, Headworks, SAFE System.
  - Conduits and light stanchion foundations for north site area lighting.
  - Continued PG&E facilities, nearly completing 4-inch conduit, vaults, Transformer Pad.
  - PG&E remaining work includes conduit run along WRF Access Road to Teresa Rd.
  - Electrical Subcontractor is also currently relocating a PG&E vault and segment of duct bank near Stormwater Pond No. 2 where it was determined that PG&E crew access for power conductor pulling was unacceptable.

#### *Headworks*

- Completed upper and lower Headworks Facility slabs, including concrete placements.
- Installed course Screens and Grit Tank equipment skids (Kusters) set in place at Headworks slab.
- Currently forming and placing rebar for SAFE Diversion Box (high flow diversion box at Headworks) and for the SAFE equipment slab (Cloth Disk Filter equipment slab south of Area 70). Also received delivery of the Aqua-Disk Cloth Media Filtration equipment.

#### *BNR/MBR Treatment*

- Completed MBR facility underslab and in-slab mechanical piping and electrical.
- Completed forming, rebar, and concrete for MBR slab and MBR cassette tank walls.
- Placed 2 each RO Feed Tanks (fiber-reinforced plastic [FRP] tanks) located at south end of MBR slab.

#### *RO/UV-AOP*

- Placed RO skids and ancillary equipment skids and tanks.
- Completed pre-engineered building steel framing erection for RO/UV Building.
- Completed CMU wainscot wall at building exterior perimeter.

#### *Product Water Facilities*

- Completed erecting the prefabricated Product Water Storage Tank.
- Placed the Calcite Contactor Backwash Tank and Balancing Tank (FRP tanks).
- Placed the 3 each IPR pumps, and 2 each of the 4 total Outfall pumps

#### *Residuals/Sludge Processing*

- Completed subgrade preparation for the sludge dewatering facility slab-on-grade.
- Currently completing dewatering facility underslab mechanical piping and electrical.

*Electrical and Controls*

- Completed subgrade preparation for Electrical Building and Generator Facility slabs.
- Completed underslab and in-slab conduits for building and generator slabs.
- Completed forming, rebar and concrete placement for building and generator slabs.

*Chemical Storage and Feed*

- Completed underslab and in-slab conduits for Chemical Facility slab-on-grade.
- Completed forming, rebar and concrete for Chemical Facility slab & containment areas.
- Completed equipment pads, CMU separator walls, and set FRP chemical storage tanks.

*Operations Building*

- Completed erection and assembly of the pre-engineered metal building components.
- Building interior work is on-going, including metal stud wall framing, concealed electrical conduits, HVAC equipment and ducting, fire protection systems, windows, etc.

*Maintenance Building*

- Partially completed erection and assembly of pre-engineered metal building.
- Continued building interior work is on-going, including metal stud wall framing, concealed electrical conduits, HVAC equipment and ducting, fire protection systems, etc.

*City Yard Facilities*

- Completed pre-engineered building steel framing erection for WRF Parking Canopy.
- Completed pre-engineered building steel framing erection for Water/Collections Shed.
- Completed pre-engineered building steel framing erection for Water/Collections Vehicles Equipment Storage Canopy.

**8.1.4 Project Challenges**

In late January 2021, following heavy rains (January 27 and 28, 2021), the previously mitigated soil slip reactivated and continues to move. The DB Team has provided field data for City review, but the geotechnical engineer has not yet provided its recommendation for the landslide remediation and it is expected in early July 2021.

Amendment No. 6 as outlined in Table 18 has not been approved by City Council and is pending review.

Table 25 WRF Performance Measures

Performance Measures	Target	Current
Construction Cost <sup>(1)</sup>	\$67.2M	\$75.6M
Construction Contingency <sup>(2)</sup>	\$9.1M	\$2.3M

Notes:

(1) The GMP includes costs for both design and construction of the WRF.

(2) For Q4, the total contingency for all elements is approximately \$6.9M. Approximately \$2.3M is allocated to the WRF.

Table 26 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	August 23, 2021	
Original Duration (Non-Working Days)	886	
Days Changed by Change Order	8	
Actual Final Completion Date (including Non-Working Days)	August 31, 2022	
Schedule Percent Complete	52.2% (467 days / 894 days)	
Budget		
Engineer's Estimate (Construction Cost + 10% Construction Contingency)	\$73,475,845	
Award Amount (including Design Cost)	\$67,234,512	
Change Order Total	\$8,331,365	
Current Contract Value	\$75,565,877	
Percent Change	12.4%	
Work Completed		
Actual Cost -to-Date	\$32,009,951	
Percent Complete (Percent Expended)	42.4%	
Construction Oversight Statistics		
	PCOs	COs
Total Received	99	N/A
Total Approved	N/A	58 <sup>(1)</sup>
Total Pending	11	0
Average Turnaround (calendar days)	N/A	N/A

Acronym List:

PCO – Proposed Change Order; CO – Change Order

(1) 57 PCOs have been approved and are reflected in Amendment No. 1, 2, 3, 4 and 5 to the Design-Build Agreement.

## 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

The City awarded a contract to Anvil for construction of the Conveyance Facilities component of the Project on November 10, 2020. A construction NTP was issued on December 14, 2020 and Anvil began construction in January of 2021.

### 8.2.3 Project Scope

The Conveyance Facilities include the design of approximately 3.5 miles of pipelines and two (2) lift stations. The pipelines include two raw wastewater force mains, a wet weather/brine discharge force main, and a potable reuse pipeline to the west injection area.

### 8.2.4 Current Progress

#### *General and Administrative*

- Contractor continued to maintain SWPPP Best Management Practices (BMP).
- Contractor continued to adhere to pertinent Mitigation Measures stipulations.
- Contractor continued equipment submittals and procurement activities.
  - Submittal processing is on-going - 194 items submitted and/or approved to date.
  - Request for Information (RFI) Processing is on-going - 61 items submitted and/or resolved to date.
- The City and Contractor continued to review and analyze impacts from the 35-day ground disturbance moratorium imposed by SHPO (discussed elsewhere herein).
- The City continued its public relations/outreach effort including:
  - Monthly virtual meetings with stakeholders and affected business owners.
  - Multiple and periodic press preleases.
  - Interactive City website with project information, digital library of project documents, and other features including a portal for public inquiries, comments, and complaints. All public contacts are promptly responded to and logged.
  - Placement of informational door hangers 7 days, then again 24 hours, in advance of work commencement in a particular area.

#### *Pump Station A*

- Contractor completed installation of sheet pile shoring and dewatering systems for the deep wet well excavation; started excavation, but stopped above groundwater level.
- The City determined that groundwater from the excavation could not be discharged to sewer due to quantity and potential salinity. As such, Contractor was delayed while City staff obtained the necessary NPDES Dewatering Permit. As of the writing of the report, the City had obtained permit and the dewatering systems had been commissioned.
- Groundwater draw-down is in progress and continues into July.

#### *Pump Station B*

- Contractor completed installation of sheet pile shoring and dewatering systems for deep wet well excavation; contractor completed excavation and prepared structure subgrade.
- Completed forming, rebar and concrete placement for deep wet well slab and walls.
- Contractor leak tested wet well, backfilled structure, and removed sheet pile shoring.

#### *Pipeline*

The contractor is currently working at three different locations within the City for the pipeline installation of the Conveyance facilities. One crew is working from La Loma Avenue to the South Bay Boulevard, a second crew has been working near the intersection of Main St. and Quintana to the roundabout at the intersection of Quintana Road and Morro Bay Boulevard and a third crew continued to install the preparations for the trenchless construction activities beneath the City's roundabout.

The following items were completed in Q4 between La Loma Avenue to South Bay Boulevard:

- Contractor continued closure of this entire road segment during reporting period.
- Contractor maintained temporary above-grade sewer by-pass pipe along Quintana Rd.
- Continued potholing existing utilities as needed.
- Completed Joint Trench installation, backfill, paving from Sta 122 to Sta 145 (approx).
- Completed 10-inch IPR line installation, backfill, paving from Sta 122 to Sta 143 (approx).
- Completed 10-inch Waterline relocation, backfill, paving from Sta 122 to Sta 143 (approx).
- Continued Joint Trench work from Sta. 145, easterly toward South Bay Blvd.

The following items were completed in Q2 between Main Street to the roundabout:

- Completed Joint Trench installation, backfill, paving from Sta 64+28 to Sta 71 (approx). NOTE: "Joint Trench" refers to FM1 & FM2 (wastewater force mains), BR (brine/outfall line), FO (fiber optic conduit), in some locations IPR in casing.
- Completed 12-inch Waterline Relocation (except paving) from Sta 71+00 to Sta 82+05.
- Continued Joint Trench work from Sta. 71, easterly toward Morro Bay Blvd.

The following items were completed in Q2 in preparation for trenchless construction at the roundabout:

- Contractor has installed sheet-pile shoring systems for the microtunnel launching and receiving pits (one pit in old U-Haul parking lot and other pit at Butte and Las Tunas).
- Contractor is currently excavating launch and receiving pits and preparing for microtunnel subcontractor mobilization in early July.
- The microtunnel machine launch is currently scheduled for second or third week of July.
- Contractor maintaining temporary above-grade sewer by-pass pipe along Quintana Rd.

### 8.2.5 Upcoming Activities

Anvil is scheduled to complete the following activities during Q4 FY 20/21:

- Installation of pipelines in Quintana Avenue between La Loma Avenue and South Bay Boulevard.
- Installation of pipelines in Main Street to Quintana Road.
- Shoring installation for Pump Station A and B excavation.
- Begin construction of Pump Station A.
- Begin construction of Pump Station B.

### 8.2.6 Project Challenges

The conveyance facilities project must undergo consultation by government agencies associated with the impacted project resources. The City was cleared by SHPO to proceed with construction in areas outside of the bike path, however the City and Program Team are still coordinating with the EPA, SHPO, and Far Western to proceed with developing a cultural resource monitoring and mitigation plan for the remaining components of the conveyance facilities project.

The City and Program Manager are focused on keeping the community informed of construction activities and will continue to use print media and the WRF website to present the most up to date information. To maintain the accelerated construction schedule, Anvil and the Program

team continue to provide adequate notice of traffic control detours, road closures, and access restrictions to minimize any delays in construction.

Active construction issues have included relocation of existing utilities that differed from what was indicated on the plans as well as inconsistent geologic conditions that have resulted in collapsed trench walls along the pipeline construction areas and extensive groundwater dewatering efforts at pump station A.

Table 27 Conveyance Facilities Performance Measures

Performance Measures	Target	Current
Construction Cost	\$24.2M	\$31.5M
Construction Contingency <sup>(1)</sup>	\$2.5M	\$1.7M
Number of Feet of Pipelines Constructed	18,500 lf	7,050 lf
Number of Days of Full Road Closures	N/A	10 Days
Number of Hours of Night Work	N/A	15 Hours

Notes:

(1) For Q4, the total contingency for all elements is approximately \$6.9M. Approximately \$1.7M is allocated to the Conveyance Facilities.

Table 28 Conveyance Facilities Summary

Schedule				
Request for Bid / Bid Advertisement	June 15, 2020			
Bid Opening Date	August 14, 2020			
Contract Award / Council Award Date	November 10, 2020			
Notice to Proceed for Construction	December 14, 2020			
Original Final Completion Date	February 22, 2022			
Original Duration (Calendar Days)	435			
Days Changed by Change Order	Pending			
Actual Final Completion Date	April 22 <sup>nd</sup> , 2022			
Schedule Percent Complete	40.1%			
Budget				
Engineer's Estimate (Construction Cost + 10% Construction Contingency)	\$26,657,000			
Award Amount	\$31,493,675			
Change Order Total	\$0			
Current Contract Value	\$31,493,675			
Percent Change	0%			
Work Completed				
Actual Cost -to-Date	\$5,683,382			
Percent Complete (Percent Expended)	18.0%			
Length of Pipe Installed (Actual to Date / Planned Total)	7,050 lf / 18,500 lf			
Construction Management Statistics				
	RFIs	Submittals	PCOs	COs
Total Received	59	203	9	0
Total Responded To	48	199	0	0
Total Pending	11	4	0	0

## 8.3 Recycled Water Facilities

### 8.3.1 Designer

Procurement activities for the final design of the Recycled Water Facilities have not yet begun. The Program Manager also anticipates beginning preliminary design in early 2021 along with the pilot injection testing. Phase 1 and Phase 2 of the hydrogeological work has been completed by GSI and work on Phase 3 (i.e., pilot injection testing) will be completed in June 2021.

### 8.3.2 Contractor

This element of the Project is being delivered via a conventional design-bid-build procurement process. The Recycled Water Facilities will begin construction in late 2022/early 2023.

### 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 the west injection site.

### 8.3.4 Current Progress

GSI has completed Phase 1 and is currently working on Phase 2 of the hydrogeological work, which has culminated in the selection of the west injection area and preliminary siting of the injection wells. In Q4, GSI has continued to progress on the approval of the Aquifer Storage and Recovery Permit with the State Water Resources Control Board. It is expected this permit will be approved by SWRCB in early July 2021 (Q1 FY/21/22). There has been no additional progress on the pilot injection well study in Q4.

### 8.3.5 Upcoming Activities

The next phase of hydrogeological work is pilot injection testing, which consists of the following elements:

- Design of the pilot injection well (Completed February 2021).
- Clearance of the pilot injection well by SHPO (Completed June 2021).
- Permitting for installation of the pilot injection well through San Luis Obispo County general well drillers permit (August 2021 ongoing).
- Construction of the pilot injection well (October 2021).
- Conducting pilot testing (Anticipated November 2021 to January 2022).

### 8.3.6 Project Challenges

The west side injection site resides within a 100-foot-wide permanent easement acquired by the City from Vistra Energy. The injection wells and all supporting infrastructure must be within this easement. To ensure that all construction activity and permanent infrastructure is within this easement, the site is to be topographically surveyed and the 100-foot-wide easement staked in the field. As part of the pilot injection well study, a temporary monitoring well is anticipated to be installed in August 2021.

Table 29 Recycled Water Facilities Performance Measures

Performance Measures	Target	Current
Construction Cost	TBD	\$0.0M
Construction Contingency	\$0.3M	\$1.2M

Notes:

(1) For Q4, the total contingency for all elements is approximately \$6.9M. Approximately \$1.2M is allocated to the Recycled Water Facilities.

Table 30 Recycled Water Facilities Summary

Schedule				
Selection of the Injection Site	N/A			
Request for Bid / Bid Advertisement	N/A			
Bid Opening Date	N/A			
Contract Award / Council Award Date	N/A			
Notice to Proceed for Construction	N/A			
Original Final Completion Date	N/A			
Original Duration (Calendar Days)	N/A			
Days Changed by Change Order	0			
Actual Final Completion Date	N/A			
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
Total Received	0	0	0	0
Total Responded to	0	0	0	0
Total Pending	0	0	0	0
Average Turnaround (calendar days)	NA	NA	N/A	N/A

# Citizen's Finance Advisory Committee

Water Reclamation Facility

WRF Quarterly Report – Q4 2021

August 17, 2021

MORRO BAY

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# Recommendation

- Receive the WRF Quarterly Update Report for Q4 2021 and provide input.

# Quarterly Report Overview – Q4 2021

# Summary of WRF Project Status

## Budget

- Current project estimate exceeds the baseline budget
  - \$144,674,877 vs. \$125,941,000
  - Recap of Q4 budget information presented at Q3 CFAC presentation:
    - Q3 project estimate = \$138,591,000
    - Q4 budget increase due to:
      - WRF (treatment plant) amendments due to change orders
      - Additional archeological investigation costs for conveyance
      - Additional program management costs for CM, permitting, funding, and pre-treatment support
      - Additional hydrogeological, permitting, and design costs for Recycled Water Facilities
      - Additional construction contingency for all project elements

# Summary of WRF Project Status

## *Schedule*

- Overall WRF Project is on schedule
  - TSO Compliance – February 28, 2023
  - Substantial Completion – July 5, 2022 (238 days prior to deadline)

# Q4 Budget Revision Summary

Project Component	Baseline (Q4 FY 17/18)	Quarterly Reconciliation (Q3 FY 18/19)	Fiscal Year 19/20 (Q4 FY 18/19)	Quarterly Reconciliation (Q1 FY 19/20)	Quarterly Reconciliation (Q2 FY 19/20)	Quarterly Reconciliation (Q3 FY 19/20)	Fiscal Year 20/21 (Q4 FY 19/20)	Quarterly Reconciliation (Q1 FY 20/21)	Quarterly Reconciliation (Q2 FY 20/21)	Quarterly Reconciliation (Q3 FY 20/21)	Fiscal Year 21/22 (Q4 FY 20/21)
Water Reclamation Facility	\$62,414,000	\$74,059,000	\$72,891,000	\$72,598,000	\$72,231,000	\$71,856,000	\$77,828,000	\$77,082,000	\$77,281,977	\$77,087,023	\$77,687,023
Conveyance Facilities	\$21,087,000	\$27,108,000	\$28,864,000	\$28,524,000	\$29,224,000	\$29,989,000	\$29,840,000	\$37,355,000	\$37,482,000	\$37,482,000	\$37,982,000
Recycled Water Facilities	\$8,593,000	\$5,366,000	\$5,250,000	\$5,212,000	\$5,353,000	\$5,526,000	\$5,526,000	\$5,740,000	\$5,968,000	\$5,968,000	\$6,668,000
General Project	\$24,403,000	\$11,614,000	\$11,801,000	\$11,625,000	\$11,701,000	\$12,964,000	\$13,260,000	\$14,255,000	\$14,445,000	\$14,445,000	\$15,445,000
Construction Contingency	\$9,444,000	\$6,450,000	\$7,132,000	\$7,131,000	\$7,364,000	\$10,264,000	\$4,207,000	\$4,250,000	\$3,414,023	\$3,608,977	\$6,892,854
<b>Total</b>	<b>\$125,941,000</b>	<b>124,597,000</b>	<b>\$125,938,000</b>	<b>\$125,090,000</b>	<b>\$125,873,000</b>	<b>\$130,599,000</b>	<b>\$130,661,000</b>	<b>\$138,682,000</b>	<b>\$138,591,000</b>	<b>\$138,591,000</b>	<b>\$144,674,877</b>

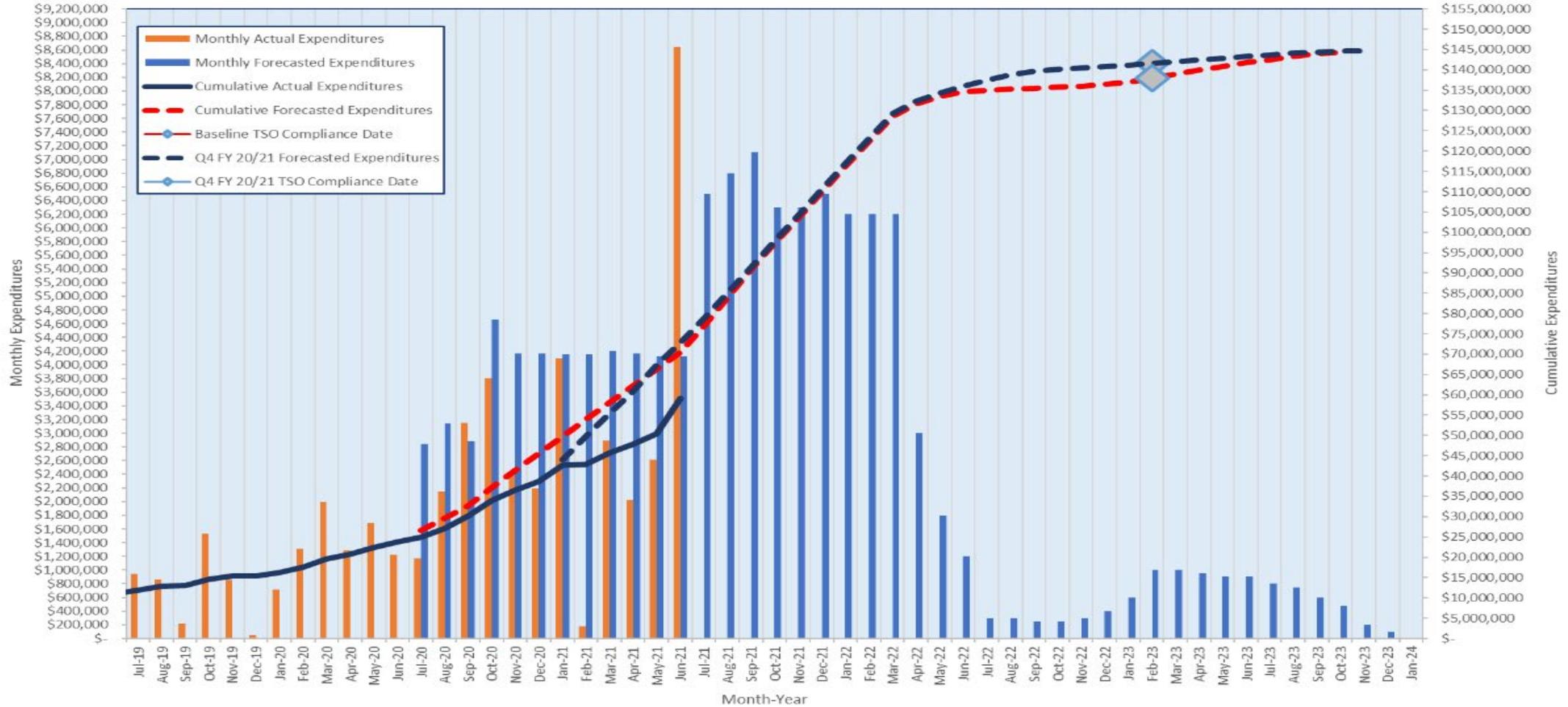
# Program Expenditures To Date

Project Component	Total Project Expenditures to Date as of Q3	Total Project Expenditures to Date as of Q4
WRF	\$30,136,218	\$37,084,020
Conveyance Facilities	\$2,622,801	\$7,844,934
Recycled Water Facilities	\$512,915	\$592,593
General Project	\$8,847,933	\$9,887,879
<b>Subtotal</b>	<b>\$42,119,867</b>	<b>\$55,409,426</b>
Contingency	\$-	\$-
<b>Total</b>	<b>\$42,119,867</b>	<b>\$55,409,426</b>

Project Component	Expenditures (Q4 FY 20/21)
Water Reclamation Facility	\$6,947,802
Conveyance Facilities	\$5,222,133
Recycled Water Facilities	\$79,678
General Project	\$1,039,946
<b>Total</b>	<b>\$13,289,559</b>

# Current vs. Planned Expenditures

Estimated Cash Flow Projection FY 2013-2024



# Milestone Schedule

Milestone	Baseline Schedule due Date	Planned Completion Date
<b><u>General Project</u></b>		
Compliance with the TSO <sup>(1)</sup>	November 11, 2021	July 05, 2022
<b><u>Water Reclamation Facility</u></b>		
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	July 05, 2022
Final Completion	June 09, 2022	August 30, 2022
<b><u>Conveyance Facilities</u></b>		
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	November 10, 2020 (Actual)
Substantial Completion	September 17, 2021	March 11, 2022 ←
Final Completion	November 19, 2021	April 25, 2022 ←
<b><u>Recycled Water Facilities</u></b>		
Select Preferred Injection Area	May 28, 2019	June 17, 2020 (Actual)
Deliver 30 Percent Design	August 04, 2020	December 22, 2021
Deliver 60 Percent Design	November 10, 2020	March 30, 2022
Deliver 90 Percent Design	February 16, 2021	June 15, 2022
Deliver 100 Percent Design	April 27, 2021	September 14, 2022
Award Construction Contract	July 21, 2021	December 07, 2022
Substantial Completion	April 21, 2022	November 11, 2023
Final Completion	June 21, 2022	December 06, 2023

# Potential Bridge Financing Needs

- State delays in processing State Revolving Fund loan agreement, and reimbursement schedule may impact City cash flow in short term (reimbursement sched. estimated 90 days or more lag time)

# Potential Bridge Financing Needs

- City staff and Carollo are currently analyzing timing and magnitude of potential shortfalls
  - Reviewing and revising monthly outlay projections based on the most current construction schedules for all project elements
  - Working closely with funding agencies to develop the optimal cost reimbursement strategy based on the various nuances of each funding program (WIFIA and SRF)
- The results of this analysis will determine the scheduled borrowing needs which the City's financial advisor will use to select the optimal financing instrument(s)

# Potential Bridge Financing Needs

- State delays in processing State Revolving Fund loan agreement, and reimbursement schedule may impact City cash flow in short term (reimbursement sched. estimated 90 days or more lag time)

# Questions and Discussion

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