



**MEETING DATE: August 17, 2021**

**AGENDA CORRESPONDENCE  
RECEIVED BY THE COMMITTEE FOR  
PUBLIC REVIEW PRIOR TO THE MEETING**

## Dana Swanson

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**From:** Sarah Johnson-Rios  
**Sent:** Tuesday, August 17, 2021 12:21 PM  
**To:** Dana Swanson  
**Subject:** FW: Tuesday's CFAC Meeting August 17, 2021

Agenda correspondence.

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**From:** Paul Donnelly [REDACTED]  
**Sent:** Monday, August 16, 2021 4:17 PM  
**To:** CFAC <CFAC@morrobayca.gov>  
**Subject:** Tuesday's CFAC Meeting August 17, 2021

Chairman Martin and CFAC Members,

I have some comments and question regarding your agenda items as follows;

Starting with item B-2 on page 17 of the staff report where it says,

***“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.***

As I understand it, the 2018 rate study indicated that the increased rates would cover the financial obligations to construct the WRF project and for the One Water Plan capital projects as well. The WIFIA and SWRCB financial assistance only covers roughly 127 million dollars of these expenses whereas the WRF project alone is now up to 145 million dollars and counting. The city council just amended its contract with Cannon last Tuesday to design some of the One Water Plan projects and that design cost is \$991,335. The cost of construction for these One Water Plan projects is unknown but construction of just the Nutmeg Avenue water tank has been estimated to be over 3 million dollars. The city's ambitions are way underfunded and sooner or later they will have to raise rates once more when the proverbial camel's back breaks. How else will the city cover all of these expenses? The city doesn't even have enough to pay for the completion of the WRF project.

On page 28 of the staff report for item B-4 it admits, ***“the City may face cash flow deficiencies in the short term”***. How does this happen? We were promised a rate reduction by the mayor in 2018 and that doesn't seem to be at all possible now. Again, how did this happen?

On page 38 of the staff report in the attached Carollo Quarterly Report to item B-4 it says that the pilot injection well bidding has been delayed because the site hasn't been cleared by the State Historic Preservation Officer (SHPO). In Table 1 on page 39 under, Recycled Water Facilities it says; **"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."** When will this be known and what additional cost will be attributable to the delay?

Table 3 in item B-4 on page 42 of the staff report does not include the costs of the pending contract change orders that oddly enough are being reported to the Public Works Advisory Board this week on Wednesday the 18th. According to the PWAB staff report, the Design Build team contract is now at \$76,697,994 whereas Table 3 in your staff report shows the current contract value at \$75,565,877 for the construction of the WRF site. Table 3 also has the pipeline contractor, Anvil Builders, at \$31,493,675 whereas the PWAB staff report indicates as much as an additional \$2,472,138 in pending contract change orders bringing Anvil's total to as much as \$33,965,813. In all, the total project cost is now over 148 million dollars! Not all that is being constructed out there is necessary to treat less than a million gallons a day of sewage and comply with the Regional Board's order for a town population of just over 10,000. Who is in charge of this fiasco? Is something fishy in Morro Bay? Table 5 on page 44 has 4 performance measures indicated in **RED** now!

On page 60 of the staff report under subsection 6.2.2 it says; **"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."** At the May CFAC meeting the public was told that this portion of Quintana Road would be closed between early February 2021 and the middle of May 2021. Why is it still closed?

On page 63 of the staff report for item B-4 it says; **"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 project plans were approved without this variance so what does that mean for the pipeline construction already underway. Will there be another contract change order as a result of the pending variance and what will that cost?

Also on page 63 under the Caltrans bullet it says; **"In June the Program manager approached Caltrans to revise their encroachment permit for the conveyance facilities project to extend the permit expiration date."** Why does the permit need an extension to the expiration date?

Again on page 63 under the California Department of Fish and Wildlife bullet it says; **"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."** At the May CFAC meeting, Kyle Rhorer

said that a Streambed Alteration Agreement was not to be expected from CDFW. What changed? Can that SAA be put on the [morrobaywrf.com](http://morrobaywrf.com) website? A notice has been posted that says the bike path was supposed to be closed as of August 16th. It isn't so, is there another delay and why?

In subsection 8.1.4 Project Challenges on page 67 of the staff report it says; ***"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."*** Contract change order 92, Soil Slip Differing Site Conditions (2021) in the PWAB agenda for Wednesday the 18th shows this to be \$825,300. How is it that this is being charged to the project for reimbursement to the DB team?

In Table 28 on page 71 of the staff report for item B-4 it indicates that only 40.1% of the contract schedule for the pipeline construction has been completed. The notice to the contractor to proceed occurred on December 14, 2020 and as of the date of the CFAC meeting on August 17, 2021, 247 days will have lapsed since the notice was issued by the city which works out to be 56.8% of the time allotted for the work. This leaves only 188 days to complete the lift stations and pipelines and have them operational for the new treatment plant. Based upon the observed production rate, it doesn't look like they will be able to accomplish this. Will this delay the WRF site contractor who will be waiting for sewage to start up? Will there be a claim for remobilizing?

Sincerely,  
Paul F. Donnelly  
Morro Bay, CA