



# CITY OF MORRO BAY PUBLIC WORKS ADVISORY BOARD AGENDA

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

## REGULAR MEETING Wednesday, September 20, 2023 – 5:30 PM Veterans Memorial Hall 209 Surf Street, Morro Bay, CA

*Pursuant to Assembly Bill 361 (2021-22) and Government Code section 54953 this Meeting will be conducted in a hybrid format with both in-person and virtual public participation. Ways to watch this meeting and submit public comment are provided below.*

### **Public Participation:**

*Public participation is allowed in the following ways:*

- *Community members may attend the meeting in person at the Morro Bay Veterans Hall.*
- *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.*

*Please click the link below to join the webinar:*

- <https://us02web.zoom.us/j/82722747698?pwd=aWZpTzdwTHlRTk9xaTlmVVNWRWFUQT09>

*Password: 135692*

- *Or Telephone Attendee: 1 (408) 638-0968 or 1 (669) 900-6833 or 1 (346) 248-7799; Webinar ID: 827 2274 7698; Password: 135692; Press \*9 to “Raise Hand” for Public Comment*
- *Members of the public may watch the meeting either on cable Channel 20 or as streamed on the City [website](#).*
- *Community members are encouraged to submit agenda correspondence in advance of the meeting via email to the Public Works Advisory Board at [pwab@morrobayca.gov](mailto:pwab@morrobayca.gov) prior to the meeting. Agenda Correspondence received at [pwab@morrobayca.gov](mailto:pwab@morrobayca.gov) by 10 a.m. on the meeting day will be posted on the City website.*

ESTABLISH QUORUM AND CALL TO ORDER  
MOMENT OF SILENCE  
PLEDGE OF ALLEGIANCE  
ANNOUNCEMENTS  
PUBLIC WORKS DIRECTOR ANNOUNCEMENTS

## PUBLIC COMMENT

Members of the audience wishing to address the Board on City business matters not on the agenda may do so at this time. For those desiring to speak on items on the agenda, but unable to stay for the item, may also address the Board at this time.

### A. CONSENT CALENDAR

Unless an item is pulled for separate action by the Public Works Advisory Board, the following actions are approved without discussion. The public will also be provided an opportunity to comment on consent agenda items.

#### A-1 APPROVAL OF MINUTES FOR THE AUGUST 16, 2023, PUBLIC WORKS ADVISORY BOARD REGULAR MEETING

**Recommendation: Approve as submitted.**

### B. BUSINESS ITEMS

#### B-1 SENATE BILL 1 (SB-1) FUNDING PROJECT LIST FOR FY 23/24 PAVEMENT MANAGEMENT PLAN PROJECT

**Recommendation: Recommend to the City Council to adopt Resolution No. XX-23 approving the Fiscal Year 2023/2-24 project list for use of Senate Bill 1 (Road Repair and Accountability Act of 2017) Road Maintenance and Rehabilitation Account (RMRA) Funds.**

#### B-2 CONTRACT AMENDMENTS WITH CANNON CORPORATION AND ADVANTAGE TECHNICAL SERVICES FOR KINGS AND BLANCA TANKS REHABILITATION PROJECT

**Recommendation: Recommend to the City Council to approve in substance amendments to the Professional Services Contracts with Cannon Corporation (Cannon) and Advantage Technical Services, Inc. (ATS) for the completion of the Kings Tanks and Blanca Tanks Rehabilitation Project in the amounts of \$30,373 and \$100,170 respectively and to authorize the City Manager to execute the contract amendments.**

### C. FUTURE AGENDA ITEMS

Local Roadway Safety Plan Workshop  
Water Reclamation Facility Indirect Potable Reuse Program  
Beachcomber Sewer Main & Beach Tract Sewer Mains Replacement Update

### D. ADJOURNMENT

The next Regular Meeting will be held on **Wednesday, October 18, 2023, at 5:30 PM.**

---

THIS AGENDA IS SUBJECT TO AMENDMENT UP TO 72 HOURS PRIOR TO THE DATE AND TIME SET FOR THE MEETING. PLEASE REFER TO THE AGENDA POSTED AT THE PUBLIC WORKS DEPARTMENT, 955 SHASTA AVENUE, FOR ANY REVISIONS OR CALL THE DEPARTMENT AT 805-772-6263 FOR FURTHER INFORMATION.

MATERIALS RELATED TO AN ITEM ON THIS AGENDA SUBMITTED TO THE PUBLIC WORKS ADVISORY BOARD AFTER DISTRIBUTION OF THE AGENDA PACKET ARE AVAILABLE FOR PUBLIC INSPECTION UPON REQUEST BY CALLING THE DEPARTMENT AT 805-772-6263.

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN A CITY MEETING, PLEASE CONTACT THE PUBLIC WORKS DEPARTMENT AT LEAST 24 HOURS PRIOR TO THE MEETING TO ENSURE REASONABLE ARRANGEMENTS CAN BE MADE TO PROVIDE ACCESSIBILITY TO THE MEETING.

*Pursuant to Assembly Bill 361 (2021-22) and Government Code section 54953 this Meeting will be conducted in a hybrid format with both in-person and virtual public participation.*

- |          |                |                                  |
|----------|----------------|----------------------------------|
| PRESENT: | John Erwin     | Vice Chair                       |
|          | Ian Gaffney    | Board Member                     |
|          | Robert Nava    | Board Member                     |
|          | Jan Goldman    | Board Member                     |
|          | Joe Ingrassia  | Board Member                     |
| ABSENT:  | Laurie Beale   | Chair                            |
| STAFF:   | Greg Kwolek    | Public Works Director            |
|          | Eric Riddiough | City Engineer                    |
|          | Paul Amico     | WRF Program Manager              |
|          | Dan Heimel     | Confluence Engineering Solutions |

**ESTABLISH QUORUM, CALL TO ORDER**

The meeting was called to order at 5:30 PM with all Board members in attendance except for Chair Laurie Beale.

**MOMENT OF SILENCE AND PLEDGE OF ALLEGIANCE**

**ANNOUNCEMENTS**

<https://youtu.be/GT3QTonjvNY?si=LEqA8zEq4w9HTNpc&t=115>

Greg Kwolek acknowledged Doug Rogers' work on the PWAB Board and announced his resignation.

Greg Kwolek updated the Board on the Public Works staffing for the Maintenance Superintendent position and the Senior Civil Engineer position. He also gave an update regarding FEMA.

**PUBLIC COMMENT**

[https://youtu.be/GT3QTonjvNY?si=E-vUz-3Y-w\\_fCkHf&t=679](https://youtu.be/GT3QTonjvNY?si=E-vUz-3Y-w_fCkHf&t=679)

The public comment period was opened.

Terry Simons, Morro Bay resident, commented he comments at the Planning Commission and City Council meetings and was in attendance to see how the PWAB Board operates, noting his admiration to Mr. Kwolek for the job he's been doing since coming to the Public Works Department.

Betty Winholtz, Morro Bay resident, voiced her concerns regarding the bicycle path and fencing behind the plant, suggesting the sides of the path have a ditch or gutter to catch the rain, the fence be restored, and the dips in the path be fixed so no rain catches in them.

The public comment period was closed.

**A. CONSENT CALENDAR**

<https://youtu.be/GT3QTonjvNY?si=GYbtBqAr2mMiUs0U&t=900>

The public comment period was opened, and seeing none, the public comment period was closed.

**A-1 APPROVAL OF MINUTES FOR THE MAY 17, 2023, PUBLIC WORKS ADVISORY BOARD REGULAR MEETING**

A-2 APPROVAL OF MINUTES FOR THE JUNE 21, 2023, PUBLIC WORKS ADVISORY BOARD REGULAR MEETING

A-3 APPROVAL OF EXCUSED ABSENCE REQUEST FOR BOARD MEMBER NAVA

MOTION: Jan Goldman moved to approve Items A-1, A-2, A-3, and A-4. The motion was seconded by Ian Gaffney and passed 5-0.

A-4 APPROVAL OF EXCUSED ABSENCE REQUEST FOR BOARD MEMBER GAFFNEY

B. BUSINESS ITEMS

B-1 REVIEW AND COMMENT ON FISCAL YEAR 2023 QUARTER 4 WATER RECLAMATION FACILITY (WRF) QUARTERLY REPORT  
[https://youtu.be/GT3QTonjvNY?si=JmH5x0ekdn8OzJ\\_r&t=983](https://youtu.be/GT3QTonjvNY?si=JmH5x0ekdn8OzJ_r&t=983)

Greg Kwolek introduced the item and Paul Amico presented the WRF Quarterly Report.

Dan Heimel presented updates on the recycled water facilities for the WRF program.

Discussion, comments, and questions amongst Board members and staff.

The public comment period was opened.

Terry Simons voiced his concerns regarding the recycling of water, the costs affiliated with it, and why we can't sell the surplus water to Los Osos that we are sending into the ocean.

Betty Winholtz wanted to know if the re-landscaping of the bike trail was part of the punch list.

The public comment period was closed.

Discussion, comments, and questions amongst the Board members and staff.

B-2 CAPITAL PROJECTS UPDATE  
<https://youtu.be/GT3QTonjvNY?si=VmTEyX5ig9r5akcA&t=4254>

Greg Kwolek notified the Board members the report wasn't included when the revised agenda was updated, noting there were some printed if any Board members wanted to have one.

Greg Kwolek introduced the item and Eric Riddiough gave the presentation.

The public comment period was opened.

Terry Simons spoke of the Chorro Creek bridge issues and how it affected the recent flooding noting he would like the City to find time for preventative maintenance of the area.

Onin Champey, Morro Bay property owner, stated he owns a small parcel on Erroll Street and spoke of the issues with the last storms, noting it was hard to communicate with the City after the storms and would like to have better communication between the City and residents regarding clean up procedures.

The public comment period was closed.

Discussion, comments, and questions amongst the Board members and staff.

C. FUTURE AGENDA ITEMS

<https://youtu.be/GT3QTonjvNY?si=l4rrFrttZVgyKXNJ&t=5987>

SB1 Project List

Beachcomber and Beach Tract Neighborhood Mains

Local Roadway Safety Plan Update

Greg Kwolek noted suggestions from Board member Joe Ingraffia and provided a summary of the items.

D. ADJOURNMENT

The meeting adjourned at 7:16 PM

Recorded by:

Gina Arias  
Administrative Technician



AGENDA NO: B-1  
MEETING DATE: September 20, 2023

# Staff Report

**TO:** Public Works Advisory Board **DATE:** September 12, 2023  
**FROM:** Eric Riddiough, P.E. – City Engineer  
**SUBJECT:** Senate Bill 1 (SB-1) Funding Project List for FY 23/24 Pavement Management Plan Project

### RECOMMENDATION

Staff recommends the Public Works Advisory Board (PWAB) recommend to the City Council to adopt Resolution No. XX-23 approving the Fiscal Year 2023/24 project list for use of Senate Bill 1 (Road Repair and Accountability Act of 2017) Road Maintenance and Rehabilitation Account (RMRA) funds.

### ALTERNATIVE

The alternative would be to not recommend to the City Council to approve use of Senate Bill 1 (SB-1) funding. If a resolution is not approved by City Council before the September 30, 2023 deadline, project funds will not be eligible for use until the next opportunity when a resolution can be accepted by the California Transportation Commission (CTC) which would be in the following calendar year. The City may lose its ability to receive SB-1 funds from the State if projects have not been identified through a resolution passed by City Council.

### FISCAL IMPACT

Funding from multiple sources, including SB-1 funds, for the Annual Pavement Management Project is included in the proposed Budget for Fiscal Year 2023/24 (FY23/24). The City anticipates approximately \$260,799 in revenue from the State due to the continued implementation of SB-1 for the upcoming fiscal year. No local matching funds are required in order to receive this year’s SB-1 funding allocation; however, the City must keep in good standing with its commitment on MOE (Maintenance of Effort) over time to qualify for the continued receipt of SB-1 funds. In addition to SB-1 funds, the City has budgeted \$1,840,000 from Measure Q & E for the FY23/24 pavement project for a total estimated project cost of \$2,100,799.

### BACKGROUND/ DISCUSSION

The Road Repair and Accountability Act of 2017, SB-1, was passed by the State Legislature and signed into law by the Governor in April 2017. The purpose of the bill is to help State and local agencies address transportation funding shortfalls. SB-1 has generated revenue through increases in gas tax, vehicle registration fees, and fees on zero emission vehicles. The tax and fee rate increases were initiated on November 1, 2017, with final implementation of all the rate and fee increases completed in July 2020.

One of the major components of SB-1 is the Road Maintenance and Rehabilitation Account (RMRA),

Prepared By: ER Director Review: GK

which is the revenue stream set aside for the maintenance and rehabilitation of roadways. SB-1 generates over \$5 billion annually at full implementation for the State, \$1.5 billion of which will be distributed to local agencies and counties through the RMRA. The City of Morro Bay is projected to receive \$260,799 in revenue from the RMRA for FY23/24. Revenue has remained steady for the last 2-3 years of between \$250,000-\$300,000 of state funds dedicated to roadway projects.

SB-1 includes accountability and transparency provisions to enable residents to remain aware of the projects proposed to be funded by SB-1 in their local area. As part of these provisions, it is a requirement for local agencies to adopt project lists before the start of every fiscal year. The project list must include all projects proposed to receive funding from the RMRA. The required list includes a description and the location of each proposed project, a proposed schedule for the project's completion, and the estimated useful life of the improvement. Per the requirements of SB-1, the list must be approved by the City Council through resolution and sent to the California Transportation Commission (CTC) no later than September 30, 2023, in order to be eligible for RMRA funding for the current fiscal year.

The primary focus of the RMRA is maintenance of the existing infrastructure within the City's rights-of-way. Other transportation funding sources, such as Measure Q and E, General Fund, Growth Mitigation, and other grant programs are available for capital expenditures through the normal budget process. Project selection is developed by the Public Works Department utilizing the City's pavement management system, StreetSaver, in coordination with recommendations from Public Works staff and engineering/pavement consultants. Streets that are heavily traveled generally will be prioritized because of the high volume of usage by the public. Critical point management, which targets treating roads that are at the bottom of one category of maintenance before they fall into another more costly treatment category, is widely used by many jurisdictions and is what also contributes heavily to street selection. These strategies are standard best practices for pavement management and are incorporated to utilize the limited funds on streets that will have the best possible impact on the pavement condition index (PCI) of the City's collective road network. Additionally, when possible, the City will make efforts to distribute projects equitably geographically in the community.

The FY 22/23 pavement management project has yet to be completed and is slated to be a surface seal project totaling between \$1.5-1.7 million. This project will likely go to construction in the Spring of 2024. The FY 21/22 project was delayed and is near completion with the recent repairs on South Bay Boulevard, Main Street, Harbor Street, and other high-volume roadways.

The City has budgeted \$2.1 million in pavement management in FY 23/24 with \$260,799 coming from SB-1 and the balance from Measure Q&E. The target project for this fiscal year is rehabilitating some of the lowest pavement condition index (PCI) residential roads that are in poor and very poor condition in order to slow down the rapidly declining PCI citywide. The following project list is proposed for use of SB-1 funds in FY23/24 and illustrates the City has sufficient work to justify the SB1 allocation:

**Annual Pavement Management Project (FY 23/24)**

*Description:*

This project consists of rehabilitating and restoring pavement on several residential/local streets in the City of Morro Bay. SB-1 funds will be used during the construction phase of the project.

*Location:*

Various Streets throughout the City, some of which include:  
Panay Street, Panorama Drive, Surf Street, Oahu Street, Dunbar Street, Dogwood Avenue,  
Java Street, Paula Street, and Orcas Way.

*Cost and Funding:*

Preliminary Engineer's Estimate:	\$ 2,100,000
SB-1 Budgeted(FY 23/24):	\$ 260,000*
Measure Q&E	\$ 1,840,000

\*Note: The SB-1 estimated revenue is an updated number from the CTC and the amount is slightly higher than what was budgeted. The additional \$799 that was not budget will remain in the SB-1 fund balance since not reflected in the budget.

<i>Estimated Project Schedule:</i>	Start design (09/23)
	Complete construction (08/24)

<i>Estimated Useful Life:</i>	15-20 years (rehabilitation)
-------------------------------	------------------------------

**CONCLUSION**

In order to meet the SB-1 funding requirements for FY23/24, staff will submit to the California Transportation Commission (CTC) the proposed project and adopted resolution once approved. Submittal of this list to the CTC does not preclude the City from making modifications due to changes in circumstances and scope, such as budget, addition and subtraction of streets from final list, and bidding or Council priorities. The final project details will be reported to the CTC in the project completion expenditure report after the project is complete. The obligation by the City is to spend SB-1 funds appropriately and to not reduce the amount of general fund expenditures due to the Maintenance of Effort requirements.

**ATTACHMENT**

1. Resolution No. XX-23

## RESOLUTION NO. XX-23

**A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA  
APPROVING THE FISCAL YEAR 2023/24 PROJECT LIST FOR SENATE  
BILL 1 (ROAD REPAIR AND ACCOUNTABILITY ACT OF 2017) ROAD  
MAINTENANCE AND REHABILITATION ACCOUNT FUNDING**

**THE CITY COUNCIL  
City of Morro Bay, California**

**WHEREAS**, Senate Bill 1 (SB-1), the Road Repair and Accountability Act of 2017 (Chapter 5, Statutes of 2017) was passed by the Legislature and signed into law by the Governor in April 2017 to address the significant multi-modal transportation funding shortfalls statewide; and

**WHEREAS**, SB1 includes accountability and transparency provisions that will ensure the residents of Morro Bay are aware of the projects proposed for funding in our community and which projects have been completed each fiscal year; and

**WHEREAS**, the City of Morro Bay must adopt by resolution a list of projects proposed to receive fiscal year funding from the Road Maintenance and Rehabilitation Account (RMRA), created by SB-1, which must include a description and the location of each proposed project, a proposed schedule for the project's completion, and the estimated useful life of the improvement; and

**WHEREAS**, the City of Morro Bay will receive an estimated \$260,799 in funding in Fiscal Year 2023/24 from the RMRA of SB-1; and

**WHEREAS**, this is the 7th year in which the City of Morro Bay is receiving RMRA funding which will enable the City to continue essential road maintenance and rehabilitation projects, safety improvements, repairing and replacing aging bridges, and increasing access and mobility options for the traveling public that would not have otherwise been possible without SB-1; and

**WHEREAS**, staff has undergone a robust public process to ensure public input into our community's transportation priorities/the project list including public meetings with the City of Morro Bay's Public Works Advisory Board City Council's and their review of the capital improvement program and Operating and Capital Budget; and

**WHEREAS**, the City of Morro Bay used "StreetSaver," a Pavement Management System tool, along with its Streets and Engineering staff, to develop the SB-1 project list to ensure revenues are being used on high-priority and cost-effective projects that also meet the community's priorities for transportation investment; and

**WHEREAS**, the funding from SB-1 will help the City of Morro Bay maintain and rehabilitate approximately 1.1 centerline miles of roadway segments this fiscal year and additional street segments each year into the future, as SB-1 funds remain available; and

**WHEREAS**, the 2020 California Statewide Local Streets and Roads Needs Assessment found that the City's streets and roads are in an "at-risk" condition, and this revenue both will help us increase the overall quality of our road system, as well as over the next decade, with additional local funds, may help bring our streets and roads into a better condition; and

**WHEREAS**, the SB-1 project list and overall investment in our local streets and roads infrastructure, with a focus on basic maintenance and safety, and investing in complete streets infrastructure, and using cutting-edge technology, materials and practices, will have significant positive co-benefits statewide.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Morro Bay, California,

1. The foregoing recitals are true and correct.
2. The following is the proposed project that will be funded in-part or solely with fiscal year 2023/24 Road Maintenance and Rehabilitation Account revenues:

**Annual Pavement Management Project (FY 23/24)**

*Description:*

This project consists of rehabilitating and restoring pavement on several residential/local streets in the City of Morro Bay. SB-1 funds will be used during the construction phase of the project.

*Location:*

Various Streets throughout the City, some of which include: Panay Street, Panorama Drive, Surf Street, Oahu Street, Dunbar Street, Dogwood Avenue, Java Street, Paula Street, and Orcas Way.

*Cost and Funding:*

Preliminary Engineer's Estimate:	\$ 2,100,000
SB-1 (FY 22/23):	\$ 260,000
Measure Q&E	\$ 1,840,000

*Estimated Project Schedule:* Construction (05/24 - 09/24)

*Estimated Useful Life:* 15-20 years

3. The City Council may approve funding more than the SB-1 allocation for the Project List in the FY 2023/24 budget, as funding is available, in accordance with City Council goals and priorities.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay, California, at a regular meeting held on the 26<sup>th</sup> day of September 2023, by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

\_\_\_\_\_  
CARLA WIXOM, Mayor

ATTEST:

\_\_\_\_\_  
DANA SWANSON, City Clerk



AGENDA NO: B-2

MEETING DATE: September 20, 2023

# Staff Report

**TO:** Public Works Advisory Board

**DATE:** September 12, 2023

**FROM:** Eric Riddiough, P.E. – City Engineer

**SUBJECT:** Contract Amendments with Cannon Corporation and Advantage Technical Services for Kings Tanks and Blanca Tanks Rehabilitation Project

## RECOMMENDATION

Staff recommends the Public Works Advisory Board (PWAB) recommend to the City Council that it approve in substance amendments to the Professional Services Contracts with Cannon Corporation (Cannon) and Advantage Technical Services, Inc. (ATS) for the completion of the Kings Tanks and Blanca Tanks Rehabilitation Project in the amounts of \$30,373 and \$100,170 respectively and to authorize the City Manager to execute the contract amendments.

## ALTERNATIVE

The recommended action is to recommend the City Council approve Amendment No. 1 to the contract with Cannon Corporation and Amendment No. 2 with ATS. Cannon was contracted by the City of Morro Bay (City) to perform construction management and resident engineer services for oversight of the tank rehabilitation construction contract with Superior Tank Solutions (STS) and the tank blasting and coating inspection and quality assurance performed by ATS. STS is the contractor that is performing this \$3 million water tank rehabilitation and maintenance project for the City on six tanks that started in early 2022. Additionally, the City directly contracted with ATS for inspection services and construction quality assurance for the coatings, connections, welding, and overall specification tolerance tracking for this rehabilitation project. The alternative to the staff recommendation is not to move forward with the amendments to the contracts and not have the remainder of the project overseen by professional consultant services. This is not advised since the City does not have the staff and expertise to self-perform construction management and inspection of these tanks because of the specialization of the type of work related to coatings and tank rehabilitation. Since the scope of the tank project has grown from original bid with additional coating, sandblasting and patching work, seismic upgrades to the Blanca Tanks 3 and 4, and other essential added scope, coupled with weather delays and working with the Utilities Department for best timing on taking tanks out of service, there was need to increase professional services and contract time.

## FISCAL IMPACT

The total cost for Amendment No. 1 with Cannon is \$30,373 for a total contract of \$137,081. The total cost for Amendment No. 2 with ATS is \$100,170 for a total contract of \$218,693. The total increase of project costs is \$130,543 with a remaining budget of \$258,060, which covers this increase with \$127,517 that will remain in the budget.

01181.0001/759177.1

Prepared By: ER

Director Review: GK

The value of both amendments to these contracts and other anticipated project costs are estimated to be covered by the approved budget for the Kings/Blanca Tank Rehabilitation Project. The project budget was originally \$2,691,152 with the FY 21/22 budget. An increase of \$600,000 was added to the project and approved through the FY 22/23 budget process to bring the total project budget to \$3,291,152. A summary of currently contracted costs and these additional amendments as part of the contract amendments for the Kings/Blanca Tank Rehab Project are provided in the table below.

**Kings/Blanca Tank Rehab Project Cost Summary - Construction**

<b>FY 21/22 Budgeted Amount</b>	<b>\$2,691,152</b>
<b>FY 22/23 Budget Increase</b>	<b>\$600,000</b>
<b>Total Project Budget</b>	<b>\$3,291,152</b>
<b>Contractor</b>	
<b>Original STS Contract</b>	<b>\$2,039,628</b>
<b>STS Amendment No. 1</b>	<b>\$326,495</b>
<b>STS Amendment No. 2</b>	<b>\$441,738</b>
<b>STS Total Contract Amount (Including Amendments 1 and 2)</b>	<b>\$2,807,861</b>
<b>Construction Support</b>	
<b>Original Cannon Contract (CM/RE Services)</b>	<b>\$106,708</b>
Proposed Cannon Amendment No.1	\$30,373
<b>Original ATS Contract (Inspection and CQA Services)</b>	<b>\$118,523</b>
Proposed ATS Amendment No.1	\$100,170
<b>Total Construction Support</b>	<b>\$355,774</b>
<b>Total Estimated Project Cost At Completion</b>	<b>\$3,163,635</b>
<b>Estimated Remaining Budget at Completion</b>	<b>\$127,517</b>

**DISCUSSION**

On November 9, 2021, the City Council authorized the City Manager to execute a contract with (STS or “Contractor”) for recoating and rehabilitation of the Kings and Blanca Water Storage Tanks. After awarding the contract, it was determined to be beneficial to include additional items into the contract with STS to better protect the City’s water storage tanks and improve the operability of the City’s water system. Those items were added to the contract with Amendment No. 1 and included tank mixers and couplings, additional maintenance scope, washout and spot repair of Elena tanks, factory rehabilitation of Blanca 3 and 4, and project contingency. Amendment No. 1 was approved by City Council at the March 8, 2022, regular meeting.

Upon further consideration of the factory rehabilitation with STS, and since Blanca 3 and 4 are bolted tanks that are being completely disassembled and reassembled with new panels and gaskets, the City elected to have seismic upgrades and other foundation work done to protect the life of the bolted steel tanks and added safety for seismic concerns due to the age of the tanks and foundations. The existing Blanca 3 and 4 tanks were built in the 1960’s, and bolted tanks are by design to be replaced in kind over time with new panels; however, with the opportunity of rehabilitation, the time was right to have seismic and foundation issues addressed as well. The replacement bolted tanks were assembled in the same footprint as the existing Blanca 3 and 4 tanks. Blanca 1 and 2 are welded steel tanks in front of Blanca 3 and 4 and were sandblasted and recoated as planned in the contract. All of this work was covered in Amendment No.2 with STS.

The Kings Tank #1 is the last tank remaining in the contract with STS to be rehabilitated which will begin in September of this year. All of the tanks have required more work than anticipated compared to the original design contract including blasting, coating and patching as well as replacement and reinforcement of Blanca 3 and 4. This additional work along with the modified scope of Blanca 3 and 4 have added significant time to the construction contract. As a result, additional services from Cannon and ATS are needed for construction management and inspections to close out the project successfully in compliance with project specifications. The Kings Tank #1 work is forecasted to take 18-20 weeks with project completion targeted in January 2024.

**CONCLUSION**

The requested amendments will provide necessary professional services to oversee the added repairs and improvements to the City's Water Storage Tanks. These modifications will extend the life of these critical water system facilities, improve operability, and better protect public health and safety by enhancing water quality in the distribution system. Construction oversight is important in order to deliver quality assurance in compliance with project requirements to the City for the work performed by the Contractor.

**ATTACHMENT**

1. Amendment No. 1 to the contract with Cannon Corporation for Professional Services for the Kings Tanks and Blanca Tanks Rehabilitation Project
2. Amendment No. 2 to the contract with Advantage Technical Services, Inc. for Professional Services for the Kings Tanks and Blanca Tanks Rehabilitation Project

## CITY OF MORRO BAY

AMENDMENT NO. 1 TO THE AGREEMENT  
FOR CONSULTANT SERVICES  
BETWEEN THE CITY OF MORRO BAY  
AND CANNON CORPORATION

---

This AMENDMENT NO. 1 TO THE AGREEMENT FOR CONSULTANT SERVICES BETWEEN THE CITY OF MORRO BAY AND CANNON CORPORATION. ("Amendment No. 1") is entered on the 26th day September 2023, by and between the City of Morro Bay, a municipal corporation ("City") and Cannon Corporation, a California corporation ("Consultant").

**RECITALS**

WHEREAS, City and Consultant (collectively, the "Parties") entered into an agreement as of February 22, 2022, for construction management and resident engineering services for the Kings Tanks and Blanca Tanks Rehabilitation Project, (the "Project") which was approved by the City Manager in the amount of \$106,708.00 (the "Agreement"); and

WHEREAS, the Parties agree to amend the Agreement because of the increase in required construction management and engineering services due to the extended project duration incurred between the City and its contractor; and

WHEREAS, City and Consultant now wish to extend the term of the Agreement to March 30, 2024.

NOW THEREFORE, the parties hereto mutually agree as follows:

1. The additional services to be provided by Consultant, pursuant to the Agreement, are hereby amended to include additional professional services as detailed in Additional Service Agreement from Cannon dated September 5, 2023.
2. The Additional Work results in a net increase of THIRTY THOUSAND THREE HUNDRED SEVENTY-THREE DOLLARS EVEN (\$30,373.00) to the original contract for a new contract total of ONE HUNDRED THIRTY-SEVEN THOUSAND EIGHT-ONE DOLLARS EVEN (\$137,081.00) which will be billed on a time and materials basis according to the approved fee schedule as approved the City Engineer.
3. Consultant shall not be compensated for any further services rendered in connection with its performance of the Agreement that are in addition to those set forth in this Amendment No. 1, absent further mutual, written amendment(s) and in compliance with the limitations on signing authority in the City's Purchasing System (Chapter 3.08 of the Morro Bay Municipal Code).
4. Except as expressly set forth herein the terms and conditions of the Agreement and Amendment 1 shall remain in full force and effect.
5. The effective date of this Amendment No. 1 shall be deemed to be September 26, 2023.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their duly authorized representatives.

**CITY OF MORRO BAY**

**CANNON CORPORATION**  
(2 signatures required)

By: \_\_\_\_\_  
*Yvonne Kimball*  
*City Manager*

By: \_\_\_\_\_  
*Michael Cannon*  
*President*

Attest:  
  
\_\_\_\_\_  
*Dana Swanson, City Clerk*

By: \_\_\_\_\_  
*Lawrence P. Kraemer, III*  
*Secretary*

**APPROVED AS TO FORM**

\_\_\_\_\_  
*Chris Neumeyer, City Attorney*



**City of Morro Bay**  
 Construction Management Services  
 Kings and Blanca Tanks Rehabilitation

Cannon  
 1050 Southwood Drive  
 San Luis Obispo, CA 93401  
 805.544.7407

Phase	Role	Name	Rate	2023				2024		Total Est. Hours	Estimated Cost	
				Sep	Oct	Nov	Dec	Jan	Feb			
<b>Construction</b>												
	Principal-in-Charge	Pat Riddell, PE	\$205	2	2	2	2	2		10	\$2,050	
	Resident Engineer	Matt Scholfield, PE	\$183	24	26	24	24	25		123	\$22,509	
	Engineering Assistant II	Marcia Bohac	\$105	4	4	4	4	4		20	\$2,100	
<b>Post-Construction</b>												
	Principal-in-Charge	Pat Riddell, PE	\$205							0	\$0	
	Resident Engineer	Matt Scholfield, PE	\$183					18		18	\$3,294	
	Engineering Assistant II	Marcia Bohac	\$105					4		4	\$420	
	<i>Total Estimated Hours</i>			30	32	30	30	31	0	153		
										<i>Total Estimated Cost of Labor</i>		<b>\$30,373</b>
<b>Other Direct Costs</b>												
<b>Reimbursables</b>												
										<b>Total Estimated Cost of Services</b>		<b>\$30,373</b>

## CITY OF MORRO BAY

AMENDMENT NO. 2 TO THE AGREEMENT  
FOR CONSULTANT SERVICES  
BETWEEN THE CITY OF MORRO BAY  
AND ADVANTAGE TECHNICAL SERVICES, INC.

---

This AMENDMENT NO. 2 TO THE AGREEMENT FOR CONSULTANT SERVICES BETWEEN THE CITY OF MORRO BAY AND ADVANTAGE TECHNICAL SERVICES, INC. (“Amendment No. 2”) is entered on the 26th day September 2023, by and between the City of Morro Bay, a municipal corporation (“City”) and Advantage Technical Services, Inc., a California corporation (“Consultant”).

**RECITALS**

WHEREAS, City and Consultant (collectively, the “Parties”) entered into an agreement as of May 6, 2022, for construction quality assurances services for the Kings Tanks and Blanca Tanks Rehabilitation Project, (the “Project”) which was approved by the City Council in the amount of \$111,594.00 (the “Agreement”); and

WHEREAS, on November 7, 2022, City and Consultant executed Amendment No. 1 to the Agreement which added Additional Scope of Work in the amount of \$6,929.00 to the original contract for a new contract total of \$118,523.00; and

WHEREAS, the Parties agree to amend the Agreement because of the increase in required, specialized sandblasting and coating inspection and quality assurance services and extended project duration incurred between the City and its contractor; and

WHEREAS, City and Consultant now wish to extend the term of the Agreement to March, 2024.

NOW THEREFORE, the parties hereto mutually agree as follows:

1. The additional services to be provided by Consultant, pursuant to the Agreement, are hereby amended to include additional professional services as detailed in letter proposal from ATS dated August 1, 2023.
2. The Additional Work results in a net increase of ONE HUNDRED THOUSAND ONE HUNDRED SEVENTY DOLLARS EVEN (\$100,170.00) to the original contract for a new contract total of TWO HUNDRED EIGHTEEN THOUSAND SIX HUNDRED NINETY-THREE DOLLARS EVEN (\$218,693.00) which will be billed on a time and materials basis as approved the City Engineer.
3. Consultant shall not be compensated for any further services rendered in connection with its performance of the Agreement that are in addition to those set forth in this Amendment No. 1, absent further mutual, written amendment(s) and in compliance with the limitations on signing authority in the City’s Purchasing System (Chapter 3.08 of the Morro Bay Municipal Code).
4. Except as expressly set forth herein the terms and conditions of the Agreement and Amendments 1 and 2 shall remain in full force and effect.
5. The effective date of this Amendment No. 2 shall be deemed to be September 26, 2023.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their duly authorized representatives.

**CITY OF MORRO BAY**

ADVANTAGE TECHNICAL SERVICES, INC.  
(2 signatures required)

By: \_\_\_\_\_  
*Yvonne Kimball*  
*City Manager*

By: \_\_\_\_\_  
*William D. Bellis*  
*President*

Attest:  
  
\_\_\_\_\_  
*Dana Swanson, City Clerk*

By: \_\_\_\_\_  
*Judith Bellis*  
*CFO*

APPROVED AS TO FORM

\_\_\_\_\_  
*Chris Neumeyer, City Attorney*

Basis of 20 week duration:  
 Kings 2 (East) Tank. March 21, 2022 to Sept 12, 2022 -25 Weeks  
 Reduce by 4 wks w/ elimination of coating rafter tops=21 Weeks

<b>Cost Estimate for: City of Morro Bay</b>			<b>Rates:</b>		
<b>Tank Rehabilitation Project Kings St. #1</b>			AWS CWI/NDEIII: <b>155</b> \$/hr.		
Additional budget associated w/ duration change.			Construction Mgr./Inspection Mgr.: <b>280</b> \$/hr.		
Based on Estimated Construction Schedule			Coatings NACE III/AWS CWI: <b>155</b> \$/hr.		
Field Welding and Coating: 21 wk			ATS L1: <b>135</b> \$/hr.		
Work will be on a "time and materials" basis.			Cert. Tank Insp/CWI/NDEIII: <b>155</b> \$/hr.		
			Administration: <b>105</b> \$/hr.		
<b>Pre-Job</b>	<b>Project Days*</b>	<b>% Coverage</b>	<b>Inspection Hours</b>	<b>Estimated Cost</b>	<b>Std Day:</b> 8 hr.
Submittal review	n/a	n/a	8	\$ 2,240	
Document site conditions	n/a	n/a	0	\$ -	
Contract Documents	n/a	n/a			
					Pre-Job Subtotal \$ 2,240
<b>Quality Assurance</b>					
<b>Construction</b>					
<b>Shop Fabrication &amp; Coating</b>					
<b>Tank Erection</b>					
Tank Welding Inspector	<b>20</b>	50%	80	\$ 12,400	(4 weeks), new appurtenances, patches
<b>Tank Coating</b>					
ATS I Coating Inspector	<b>85</b>		0	\$ -	
NACE LIII Coating Insp/CWI	<b>85</b>	70%	476	\$ 73,780	(16 weeks)
Final walk and punch list			8	\$ 1,240	NACE Coating Inspector
					Subtotal: \$ 87,420
<b>Consulting</b>					
Pre-construction meeting			0	\$ -	
Schedule Management			2	\$ 560	
Consult RE: RFI			8	\$ 2,240	
Consult RE: change orders			8	\$ 2,240	
Progress pay estimates			0	\$ -	
					Subtotal: \$ 5,040
<b>Administration</b>					
Internal Project Mgmt./P.E.			16	\$ 4,480	PM/PE
Certified Payroll (internal)			8	\$ 840	Admin. Rate
Document control			4	\$ 420	Admin. Rate
					Subtotal: \$ 5,740
<b>Travel</b>					
	<b>Trips</b>	<b>Rate (\$/mi)</b>	<b>Miles</b>		
Job site	105	1	60	\$ 6,300.00	
Per-diem	0		0	\$ -	N/A Local Project
					Subtotal: \$ 6,300

Scope and Limits of Indemnification. Indemnification shall be limited to Advantage Technical Services scope of services which is part time observation and documentation of the work after 3/14/2022 and specifically excludes project development (including determination of existing conditions) , engineering (including requirements for inspection) , Contractor's means and methods, performance of the work, Contractor's duty to meet the quality standards, access to the work and construction management.

Contingency:	<b>0%</b>	\$ -
Warranty Dive:		N/A
Misc. Materials:	<b>0.30%</b>	\$ 301
Per diem:		\$ -
<b>Total Estimate</b>		<b>\$ 107,041</b>
Contract amount:	\$ 118,523.00	
Expenditure to date:	\$ 111,651.50	
Remaining:	\$ 6,871.50	
Estimated additional to complete:	\$ 100,170	