



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, February 21, 2024 – 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=aWZpTzcuTHlRTk9xaTlmWVNWRWFUQT09>

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 prior to the meeting. Agenda Correspondence received at 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

ELECTION OF CHAIR AND VICE CHAIR

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 JANUARY 17, 2024, PUBLIC WORKS ADVISORY BOARD REGULAR MEETING

Recommendation: Approve as submitted.

B. BUSINESS ITEMS

B-1 CONTRACT CLOSEOUT AGREEMENT FOR THE WATER RESOURCES CENTER

Recommendation: Staff recommends the Public Works Advisory Board review and recommend to the City Council to approve the contract closeout agreement terms between the City of Morro Bay and design build contractor of the Water Resources Center, Filanc-Black & Veatch (FBV).

C. FUTURE AGENDA ITEMS

Capital Projects Prioritization
Morro Bay High School Stop Sign Request

D. ADJOURNMENT

The next Regular Meeting will be held on **Wednesday, March 20, 2024, 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: | Laurie Beale | Chair |
| | John Erwin | Vice Chair |
| | Ian Gaffney | Board Member |
| | Robert Nava | Board Member |
| | Jan Goldman | Board Member |
| | Joe Ingraffia | Board Member |
| | Doug Hill | Board Member |
| STAFF: | Greg Kwolek | Public Works Director |
| | Eric Riddiough | City Engineer |
| | Ted Schiafone | Harbor Director |
| | Darryl dePencier | Kimley-Horn and Associates, Inc. (LRSP Consultant) |

ESTABLISH QUORUM, CALL TO ORDER

The meeting was called to order at 5:30 PM with all Board members in attendance.

MOMENT OF SILENCE AND PLEDGE OF ALLEGIANCE

ANNOUNCEMENTS

<https://youtu.be/G4t1qc9cO4Y?si=OeoiZ95Hcmd5-k6A&t=108>

Greg Kwolek stated staff requests Item B-3 be placed first for discussion with Item B-1 and B-2 to follow.

Greg Kwolek announced that City Engineer, Eric Riddiough, will no longer be with the City with his last day being February 9th. Greg commended Eric on the accomplishments he has achieved and things he has brought to the City and wished him well.

Eric Riddiough thanked staff, board members, and the public. He spoke of the challenges he faced at the City, what he has learned, and echoed that the City has a great team.

Greg Kwolek was notified there were no parking signs in the downtown area which stated the construction closure would be for three months. Greg stated the length of the sign is incorrect noting it should be done at two-week intervals and that staff is working with the contractor to correct the signage.

PUBLIC COMMENT

<https://youtu.be/G4t1qc9cO4Y?si=hOX29ENBRQOdo1hV&t=399>

The public comment period was opened.

Betty Winholtz, Morro Bay, commented about a recent tree removal notice posted before Christmas and did not feel the ten-day notice was sufficient due to the holiday along with staff being out of the office that week and suggested future tree removal notices occurring near a holiday happen after the holiday.

The public comment period was closed.

A. CONSENT CALENDAR

<https://youtu.be/G4t1qc9cO4Y?si=aP9ac3NCclv2Gu4s&t=510>

A-1 APPROVAL OF MINUTES FOR THE SEPTEMBER 20, 2023, PUBLIC WORKS ADVISORY BOARD REGULAR MEETING

A-2 APPROVAL OF MINUTES FOR THE OCTOBER 18, 2023, PUBLIC WORKS ADVISORY BOARD REGULAR MEETING

A-3 APPROVAL OF MINUTES FOR THE DECEMBER 6, 2023, PUBLIC WORKS ADVISORY BOARD SPECIAL MEETING

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

MOTION: Jan Goldman moved to approve Items A-1, A-2, and A-3. The motion was seconded by Robert Nava and passed unanimously 7-0.

B. BUSINESS ITEMS

There was Board consensus to move Item B-3 as the first item for discussion.

B-3 CONSIDERATION OF PROPOSED CHANGE TO TRAFFIC FLOW OF WEST DRIVE AISLE TO ONE-WAY BETWEEN MORRO BAY LANDING AND HARBOR DEPARTMENT OFFICE

<https://youtu.be/G4t1qc9cO4Y?si=04rOyYKeaEvXqDgY&t=653>

Greg Kwolek introduced the item and Harbor Director Ted Schiafone presented the staff report.

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

The public comment period was opened.

Betty Winholtz, Morro Bay, wanted clarification on why the direction was going south to north, instead of north to south.

The public comment period was closed.

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

MOTION: John Erwin moved to approve the staff recommendation with the addition of adding markings/signage for pedestrians and vehicular delivery. The motion was seconded by Ian Gaffney and passed unanimously 7-0.

B-1 LOCAL ROADWAY SAFETY PLAN – REVIEW AND DISCUSSION OF DRAFT PLAN

<https://youtu.be/G4t1qc9cO4Y?si=ajS6yD0cPGMjQAKL&t=1268>

Eric Riddiough introduced the item and Darryl dePencier presented the LRSP draft plan.

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

The public comment period was opened.

Linda Winters, Morro Bay, asked staff if the roundabout for Main Street/Hwy 41 was included in the plan, and also wanted to know how they would realign Main Street and Radcliffe.

Betty Winholtz stated she sent her comments via email late and wanted to know if it would be included in the document. She commented since the projects were not prescriptive so other projects could be added, would it also mean projects could be removed? She was concerned about the mini roundabout at Yerba Buena and Main Street and also wanted clarification as to at what point would projects be evaluated to be added or removed.

James Spencer, Morro Bay, spoke of issues with speeding on Ironwood Avenue. He mentioned slow down signs were placed in the area while road construction was being done and noted it help tremendously with reducing vehicle speed. He suggested the Police Department rotate the digital speeding sign in this area. James also thanked the staff for clearing the shrubs in the Avalon to Main Street location.

The public comment period was closed.

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

MOTION: Doug Hill moved to accept the Local Roadway Safety Plan (LRSP) Draft Plan and forward it to the City Council. The motion was seconded by Robert Nava.

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

The motion passed unanimously 7-0.

B-2 CONSIDERATION OF INSTALLATION OF A RED CURB TO CREATE A “NO PARKING” ZONE AT 501 SEQUOIA STREET IN FRONT OF THE WEST PARKING LOT AT DEL MAR SCHOOL
<https://youtu.be/G4t1qc9cO4Y?si=c-IETWMRYT98AqSY&t=3914>

Eric Riddiough presented the staff report.

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

The public comment period was opened.

Betty Winholtz, Morro Bay, asked for clarification on the length of the red curb; would it be at both the entrance and exit?

The public comment period was closed.

MOTION: Robert Nava moved to approve staff recommendation. The motion was seconded by Jan Goldman and passed unanimously 7-0.

C. FUTURE AGENDA ITEMS
<https://youtu.be/G4t1qc9cO4Y?si=YCVE3CNrTMQLpBPJ&t=4390>

Joe Ingraffia asked if there were any exceptions for making the stairway at Dunes ADA compliant.

John Erwin would like to have receive an update on FEMA status.

Jan Goldman spoke of lighting issues in the City and wanted to know if it would be a topic that would be included in the LSRP report.

Greg Kwolek notified the board they will need to elect a chairperson in February. If anyone was interested, please contact him.

Greg Kwolek received request for diagonal parking on Marina Street and Pacific Street near the Embarcadero. He would like to bring this to the PWAB for discussion.

Greg Kwolek spoke of realigning the capital project prioritization in the Public Works department due to the workload and the departure of the City Engineer. He will be taking this to the City Council but would like to review this with the PWAB members first.

ADJOURNMENT

The meeting adjourned at 6:50 PM. The next Regular Meeting will be held on **Wednesday, February 21, 2024, at 5:30 PM.**

Recorded by:

Gina Arias
Administrative Technician



AGENDA NO: B-1

MEETING DATE: February 21, 2024

Staff Report

TO: Public Works Advisory Board (PWAB)

DATE: February 21, 2024

**FROM: Greg Kwolek – Public Works Director
Anthony Cemo, PE – Water Reclamation Facility Program - Project Manager**

SUBJECT: Contract Closeout Agreement for the Water Resources Center

RECOMMENDATION

Staff recommends the Public Works Advisory Board review and recommend to the City Council to approve the contract closeout agreement terms between the City of Morro Bay and design build contractor of the Water Resources Center, Filanc-Black & Veatch (FBV).

DISCUSSION

The City and FBV have come to an agreement to close out the construction contract of the Water Resources Center for a total not to exceed contract value of \$79.0M. Amendment No. 9 of the design build contract currently sits at a value of \$78.4M.

The table below identifies the potential change orders and claims submitted by FBV for the final construction contract close out. The total of these PCOs is valued at approximately \$2.4M and if all accepted by the City would result in a final contract value of \$80.8M.

Delay #2 (Beyond Seed Sludge Maint Period)	\$125,103.40
Delay #3 (DDW Issues – UV / AOP Challenge Test Delay)	\$1,328,315.14
V-Ditch Site Security Requirements (FBV Claim)	\$80,089.00
SWPPP and Storm Clean-up Costs (January 2023)	\$181,178.48
V-ditch Failures, Repairs, Redesign (Claim)	\$669,467.37
SRF Billings	\$38,723.07
TOTAL	\$2,422,876.46

Negotiations between the City and FBV have resulted in a final construction contract value approximately \$575k above the current contract value of \$78.4M for a total close amount to FBV of \$79.0M (\$1.8M less than the potential PCOs and change orders submitted by FBV).

Fiscal Impact:

The City's current budget for the construction of the WRC is \$79,123,216. The \$79,000,000 closeout contract value does not exceed the City's budgeted construction amount for the WRC. In general, the WRF Program is funded through a mix of current and pending low interest loans through the Water Infrastructure Finance and Innovation Act (WIFIA) and the State Revolving Fund (SRF) loan as well

Prepared By: AC

Dept Review: GK

City Manager Review: SC

City Attorney Review: JWP

as grants through the United States Bureau of Reclamation (USBR), SRF, and San Luis Obispo County. The table below lists the project components with their respective funding sources:

Project Component	Budget	Funding Source
WRC	\$79,643,216	WIFIA, SRF, USBR
Conveyance	\$39,774,724	WIFIA, SRF, USBR
RWF	\$9,424,174	WIFIA, SRF, USBR, SLO Co.
General Program	\$30,998,235	WIFIA, SRF, USBR
Total	\$159,840,349	

Water Reclamation Facility Program Project Status Update

PWAB Meeting
February 21, 2024

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Project Status

- FBV is in final stages of project close-out activity
 - All PCOs have been submitted
 - Punch list is complete with exception of 1 item, expected to be completed by end of March
- Notice of Substantial Completion issued per City approval January 24, 2024.

Notice of Substantial Completion Triggers Contract Close-out

- Notice of Substantial Completion required City to release of \$212K of remaining retention.
 - . Retention tied to punch-list items to be completed prior to close-out

Project Close-Out Considerations

Outstanding PCOs and Claims

PCO #	Title	Costs
122	Delay #2 (Beyond Seed Sludge Maint Period)	\$125,103.40
123	Delay #3 (DDW Issues - UV / AOP Challenge Test Delay)	\$1,328,315.14
126	V-Ditch Site Security Requirements (FBV Claim)	\$80,089.00
131	SWPPP and Storm Clean-up Costs (January 2023)	\$181,178.48
138	V-ditch Failures, Repairs, Redesign (Claim)	\$669,467.37
139	SRF Billings	\$38,723.07
	TOTAL =	\$2,422,876.46

- PCO 126, 131, 139 have merit for a total value of \$299,990.25.
- PCO 122 has been unresolved for a year; merit of claim TBD.
- Total value of 122, 126, 131, 139 = \$425,093.25
- Carollo has transmitted extensive comments to FBV on PCO 123 and 138.
- Total Value of 123 and 138 = \$1,997,782,.51

Assessment of Merit – PCOs and Claims

- City team has evaluated basis of claim with following conclusions:
 - PCO 122 (seed sludge re-start); PCO 126 (v-ditch security); PCO 131 (SWPP/storm clean-up); PCO 139 SRF billings are valid without exception
 - PCO 126 (DDW delay claim); PCO 138 (v-ditch repair claim) have not been demonstrated to have merit commensurate with claim amount
 - PCO 123 and 138 represent \$2M of \$2.4M total outstanding PCOs/Claims

Status of Discussions: PCO 123 & 138

- City team has provided two rounds of comments and has received responses from FBV
 - Significant gap remains between City position on basis and merit and FBV position and response

Implications of Unresolved Discussions: PCO 123 & 138

- Current GMP stands at \$78.4M
 - PCOs with merit (122, 126, 131, 139) would add +/- \$0.4M (would increase the GMP to \$78.8M)
 - PCO/Claims 123 and 138 could increase GMP up to \$2M in addition to PCOs 122, 126, 131 & 139 (could increase the GMP to \$80.8M)
- Current maximum authorized budget for the WRF is \$79.1M

Implications of Unresolved Discussions: PCO/Claim 123 & 138

- Resolution of PCO/Claim 123 and 138 unlikely without mediation
 - Mediation would require significant investment of time and would be costly
 - Outcome of mediation highly unpredictable

Potential Mediation Outcome Scenarios for PCO/Claim 123 & 138

PCO #	Title	HIGH SCENARIO	MEDIUM SCENARIO	LOW SCENARIO
		Full Costs	Remove V-Ditches	Reduced all by 50%
122	Delay #2 (Beyond Seed Sludge Maint Period)	\$125,103.40	\$125,103.40	\$62,551.70
123	Delay #3 (DDW Issues - UV / AOP Challenge Test Delay)	\$1,328,315.14	\$1,328,315.14	\$664,157.57
126	V-Ditch Site Security Requirements (FBV Claim)	\$80,089.00	\$80,089.00	\$40,044.50
131	SWPPP and Storm Clean-up Costs (January 2023)	\$181,178.48	\$181,178.48	\$90,589.24
138	V-ditch Failures, Repairs, Redesign (Claim)	\$669,467.37	\$0.00	\$334,733.69
139	SRF Billings	\$38,723.07	\$38,723.07	\$9,361.54
TOTAL		\$2,422,876.46	\$1,753,409.09	\$1,211,438.23

Potential Changes to GMP

	PCO Amount	Current GMP	New GMP
High Scenario	\$2.4M	\$78.4M	\$80.8M
Medium Scenario	\$1.8M	\$78.4M	\$80.2M
Low Scenario	\$1.2M	\$78.4M	\$79.6M

Each scenario would result in an increase to GMP (consistent with all previous Amendments)

Assessment of Closeout Scenarios

- **High** – Unlikely; FBV PCOs leave room to challenge/negotiate
- **Med** – Most likely; potential to negotiate FBV PCO numbers down by \$500 to \$700k.
- **Low** – Least likely; FBV will rigorously challenge reduction of PCOs by 50%.

None of the scenarios result in favorable outcome for the City

FBV Offering for Close Out Settlement

- ✓ FBV has confirmed payment of \$79 M is acceptable as final contract close out value
- ✓ Current Authorized Budget for the WRF: \$79.1M

Comparison of Mediated Closeout Scenarios vs. FBV Closeout Settlement Offer

Settlement Scenarios	Revised GMP	Settlement Offer	City Savings
High	\$80.8M	\$79.0M	\$1.8M
Medium	\$80.2M	\$79.0M	\$1.2M
Low	\$79.6M	\$79.0M	\$0.6M

Every scenario results in savings to City at no additional cost or risk

Recommendation

- Accept FBV offer for closeout settlement at \$79.0M.
- Revise Final GMP to contract budget amount of \$79.0M

Fiscal Impact

Current FBV Contract Amount	\$78,424,326
Settlement Amount	\$575,674
Proposed Final FBV Contract Amount	\$79,000,000
WRF Project Budget	\$79,123,216
Current Funding Sources	
SRF Planning Grant	\$4.5M
WIFIA Total to Date.	\$30.2M
SRF Construction Loan & Amendment	\$41.0M With Amendment in Progress
Title XVI Grant (Future)	Approx. \$3-4M (future)
Funding Total	Approx \$79M

- No impact to the current WRF Program Budget

Program Overall Budget

Project Component	Current Contract Value*	FY 23/24 New Contracts	Proposed Contract Value
WRF	\$78,424,326	\$575,674.00	\$79,000,000
Conveyance	\$41,340,641	\$880,000	\$ 42,220,641
Recycled Water Facilities	\$1,584,020	\$642,197.55	\$2,226,218
General Project	\$14,643,120	\$0	\$14,643,120
Total	\$135,992,107	\$2,097,872	\$138,089,979

*From Table 2 FY 22/23 Q4 Quarterly Report

Program Overall Budget

- Per FY22/23 Q4 (Aug. '23) quarterly report, entire program contract values = \$135.9M
- Since August '23 only \$2.1M in new contract.
- Entire Program contract values (including FBV+Anvil closeout) at \$138.1M
- Total City expenditures unknown, will be determined in next quarterly report (expected April '24)
- Expenditures to date, plus the current budget for the Recycled Water Facilities, are anticipated to be below Program Budget of \$159M

Questions and Discussion

wrfinfo@morrobayca.gov

877-MORROBAYH2O (877-667-7622)

morrobaywrf.com

The logo for Morro Bay Water features the words "MORRO BAY" in a smaller, spaced-out font above the words "OUR WATER" in a larger, bold font. The letter "O" in "WATER" is replaced by a blue water droplet icon. The background of the slide shows a coastal scene with a large rock formation (Morro Rock) on the left and two people walking on a beach in the foreground.

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