



August 2017 Update: Recent WRF Program Activities and City Council Direction

Background

On April 25, 2017, the City Council directed staff to investigate potential ways to reduce costs for the Water Reclamation Facility (WRF) project. They also directed staff to convene an expert panel of local public works officials, and have them critically review cost assumptions and methodologies contained in the City's Draft Facility Master Plan (FMP) and Draft Master Water Reclamation Plan (MWRP). The Peer Review Panel, which consisted of four senior-level staff members from nearby agencies with direct experience in managing similar projects, met on June 7th with the WRF Program Management team and the Facility Master Plan team.

Current Direction

A report on results of the Peer Review Panel was presented at the July 11th City Council meeting. One of the Panel's major recommendations was to investigate the feasibility of constructing a WRF at or near the existing Morro Bay-Cayucos Sanitary District (MBCSD) WWTP site in order to reduce program costs. The Panel also recommended minor refinements to the cost estimating approach, but agreed with the general approach taken for the Draft FMP and Draft MWRP, stating that the resulting costs appeared appropriately derived considering the goals of the project. At the same time, they also suggested that the total project cost seemed expensive for such a small community to fund. Based on the Peer Review Panel's recommendations, City Council provided the following direction to staff at their July 11th meeting:

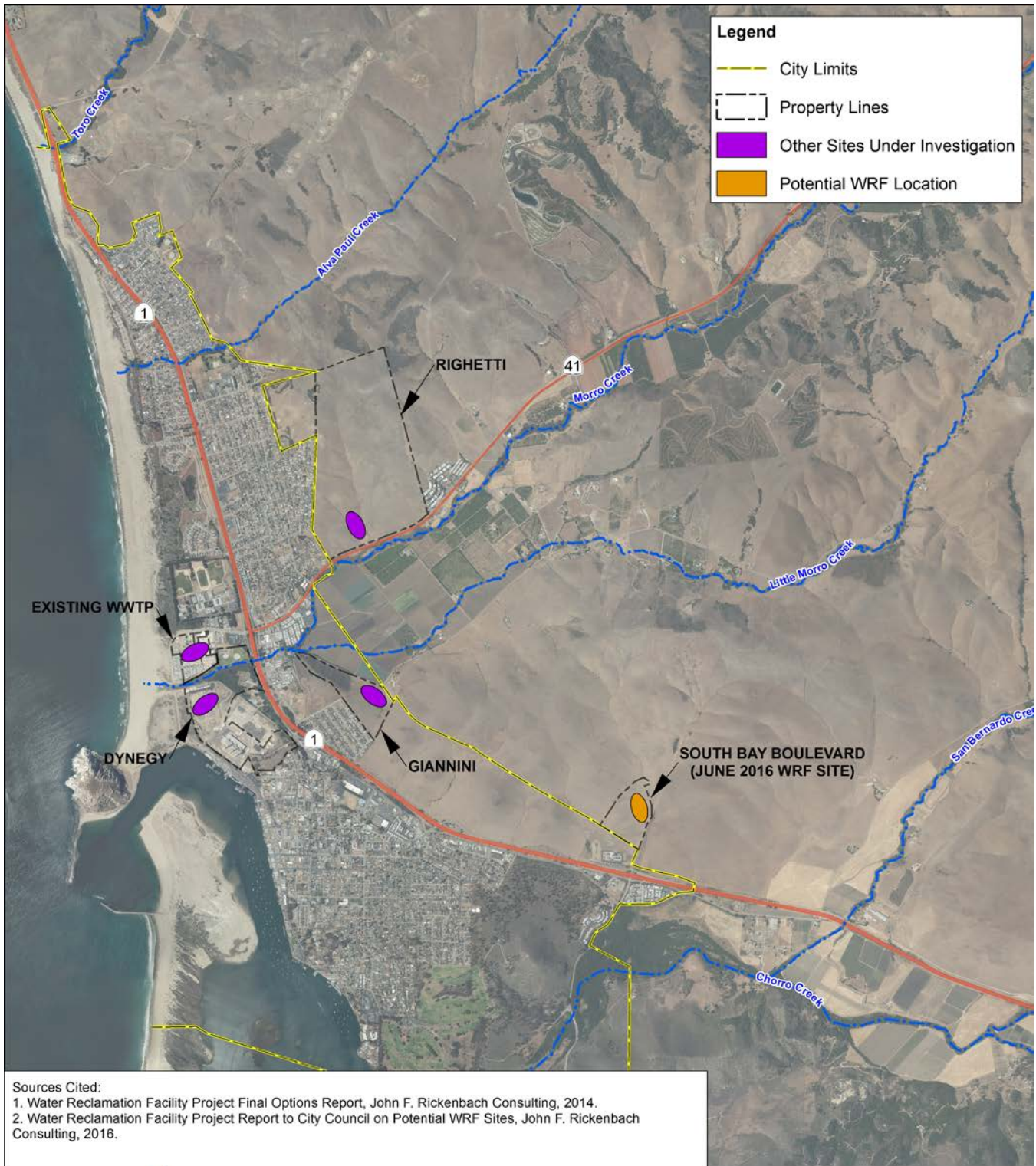
- 1) Immediately begin discussions with the California Coastal Commission (CCC) and the Regional Water Quality Control Board (RWQCB) to determine the feasibility of constructing a WWTP and WRF west of the highway, at or near the existing WWTP site.
- 2) Begin evaluating costs and feasibility of constructing a WRF including recycling at the Giannini site, the Righetti site, and a site west of Highway 1 at or near the existing WWTP site and bring back the information and costs to City Council within 60 days, for the purpose of comparing these costs to those at the current South bay Boulevard site. The result of this effort is intended to help the Council determine whether to continue moving forward with the project at the South Bay Boulevard site, or instead pursue another site based on cost considerations.
- 3) Provide a report describing the Request for Proposals (RFP) process for a Design-Build project.
- 4) Evaluate all outreach options and prepare for further discussion with the community on the results of the City Council requested items. Return to City Council with a recommended process.

Next Steps

Staff is moving forward with the City Council's direction and is preparing a siting report summarizing the costs, key opportunities, and potential constraints for a WRF at the following sites: Giannini, Righetti, and locations West of Highway 1 that could potentially meet minimum size requirements while addressing floodplain issues (one near the existing WWTP, and one on the nearby Dynegy). These will be compared to the South Bay Boulevard (SBB) site, which City Council selected in June 2016 as the basis for preparing a Facility Master Plan. The focus of the analysis is to compare costs and feasibility of construction at each of the sites, considering economic value, potential regulatory challenges, practicality of construction and implementation, and other key issues.

Simultaneously, the Program Management Team is coordinating with relevant agencies such as CCC, RWQCB, and other project stakeholders to discuss feasibility of different project sites; and preparing reports on current and planned outreach efforts and the Design-Build RFP process.

Based on the results of these efforts, the City Council will determine whether to continue moving forward with the project at the SBB site, or instead pursue another site based on cost considerations and input from key regulatory agencies.



WRF Siting Review

