



AGENDA NO: B-2

MEETING DATE: June 7, 2016

Staff Report

DATE: June 1, 2016

TO: Water Reclamation Facility Citizens Advisory Committee

FROM: Mike Nunley, PE – Water Reclamation Facility (WRF) Program Manager

SUBJECT: WRF Program Update

RECOMMENDATION

Staff recommends WRFCAC review the current status and the proposed next steps regarding the development of a WRF program.

ALTERNATIVES

No alternatives are recommended.

FISCAL IMPACT

Attachment 1 is a report that summarizes the status of expenditures relative to budgets and encumbrances (contracts/agreements).

DISCUSSION

Staff provides this report as a monthly update to the progress made to date on the new WRF project. With the denial of the permit for the WWTP project in its current location, the City has embarked on a process for a WRF. This staff report provides the following a review of what has occurred to date. See the list of major milestones or accomplishments since the last update to City Council below.

Accomplishments and Milestones

The City's Program Management team and technical consultants performed the following tasks since the May 3 program update:

- Continued coordination with State Water Resources Control Board for review of the State Revolving Fund loan for planning and design
- Completed siting study for comparison of Morro Valley, Chevron/Toro Creek, and South Bay Boulevard (formerly referred as "Tri-W") properties
- Provided siting study update to City Council on May 10th
- Continued outreach with South Bay Boulevard site neighbors

Prepared By: ___MN_____ Dept Review: _____

City Manager Review: _____

City Attorney Review: _____

- Completed internal draft of Salinity Control Plan
- Continued analyzing groundwater data and water reuse options within the Morro Valley groundwater basin
- Mailed flyer to City residents discussing staff recommendation for Tri-W (South Bay Boulevard) site

Budget and Expenses

MKN and City staff developed a budget and expense report format with input from the WRFCAC Financial Subcommittee. The summary is attached, and includes all City expenses (including staff time with benefits, copies, and other office expenses) in addition to consultant contracts. The second page provides a higher level of detail on budget status of individual consultant contracts. This new report will be provided quarterly to City Council and WRFCAC, but currently represents expenses through April 30, 2016.

In prior meetings, WRFCAC members requested more information on revenue for the new WRF. At this time, the City is funding the project through user rates, the Recycled Water Facilities Planning Grant, and Supplemental Environmental Project (SEP) money from California Department of Corrections and Rehabilitation for California Men's Colony. SEP funds were intended to offset costs for the CMC evaluations completed last year.

User rates fund the City's sewer enterprise, including efforts not related to the new WRF. Incoming revenue is not directed into a specific fund for the WRF. Therefore, the budget table includes the revenue anticipated for the WRF which is 75% of \$75M, or \$56.25M, with 25% of debt service coverage (assumed in the Rate Study) to increase the projected available revenue up to \$70.4. This assumes debt service coverage would be reduced or reallocated by reprioritizing other wastewater capital projects.

The goal of the Facility Master Plan is to develop a more refined Phase I WRF project budget than the estimates from the 2014 Site Options Report (which is the origin of the \$75M budget in the 2015 Rate Study).

Project Schedule

Staff will provide an update on the project schedule and recommended next steps in a brief presentation at the meeting.

Near-Term Schedule

An updated schedule for upcoming meetings and workshops will be prepared after selection of a preferred site by City Council.

ATTACHMENTS

1. Budget Report for WRFCAC and City Council (as of April 30, 2016).

City of Morro Bay

Water Reclamation Facility Advisory Committee (WRFCAC) Quarterly Budget Review Summary 4Q15/16 (thru Apr. 30, 2016)

EXPENDITURES

Key Definitions

		Quarter Projected Budget	Portion of Fiscal Year Budget Management Expects Necessary to Meet Quarter Expenditures	YTD Projected Budget	Sum Of Current Quarter Projected Budget and All Prior Quarter Projected Budgets	Encumbrance Balance	Sum Of All Project Contracts Less Actual Expenditures Against Contracts (See Note 3)
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Accounts		Current Quarter				Fiscal Year To Date (YTD)				Total Project				
Fund/ Code	Object Name	Projected Budget	Expenditures	Percent Expended	Variance	Projected Budget	YTD Expenditures	Percent Expended	Variance	Amended Budget	Expenditures	Encumbrance Balance	Percent Expended	Variance
599-8312	Contractual Services													
6105	Past Siting Studies (Completed - no further encumbrance)	--	--	--	--	--	--	--	--	\$534,418	\$448,057	\$0	83.84%	\$86,361
6105	Current Consultant Contracts (see P. 2)	\$200,000	\$51,117	25.56%	\$148,883	\$2,340,258	\$1,026,304	43.85%	\$1,313,953	\$2,340,258	\$1,026,304	\$1,313,953	43.85%	\$1,313,953
6105	Water Rights Legal Support (See Note 2)	--	\$0	--	--	--	\$0	--	--	--	\$7,880	--	--	--
	Subtotal	\$200,000	\$51,117	25.56%	\$148,883	\$2,340,258	\$1,026,304	43.85%	\$1,313,953	\$2,874,676	\$1,474,361	\$1,313,953	51.29%	\$1,400,314
599-8312	Labor (Fully Burdened)													
4910,4999	Labor and Benefits	\$12,500	\$6,149	49.19%	\$6,351	\$50,000	\$47,750	95.50%	\$2,250	\$400,000	\$152,293	--	38.07%	\$247,707
	Subtotal	\$12,500	\$6,149	49.19%	\$6,351	\$50,000	\$47,750	95.50%	\$2,250	\$400,000	\$152,293	--	38.07%	\$247,707
599-8312	Other Costs													
6105,	Laboratory/Sampling	\$25,000	\$0	0.00%	\$25,000	\$100,000	\$16,841	16.84%	\$83,159	\$200,000	\$16,841	--	--	\$183,159
5199,6106,6105	Printing and Advertising	--	\$0	--	--	--	\$6,228	--	--	--	\$8,181	--	--	--
5199	Software license and fees	\$0	\$0	--	--	\$42,205	\$42,205	100.00%	\$0	\$371,205	\$42,205	\$329,000	11.37%	\$329,000
5199,7101	Property Acquisition	\$31,000	\$0	0.00%	\$31,000	\$31,000	\$25,000	80.65%	\$6,000	--	\$30,500	--	--	--
6106, 6750	Program office equipment	\$0	\$3,276	--	--	\$0	\$3,276	--	--	--	\$3,276	--	--	--
	Subtotal	\$56,000	\$3,276	5.85%	\$52,724	\$173,205	\$90,274	52.12%	\$82,931	\$571,205	\$97,727	\$329,000	17.11%	\$473,478
	TOTALS	\$268,500	\$60,543	22.55%	\$207,957	\$2,563,463	\$1,164,328	45.42%	\$1,399,134	\$3,845,881	\$1,724,381	\$1,642,953	44.84%	\$2,121,499

REVENUE

Key Definitions

		Quarter Projected Budget	Portion of Fiscal Year Budget Management Expects To Be Recognized During Quarter	YTD Projected Budget	Sum of Current Quarter Projected Budget and All Prior Quarter Projected Budgets
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Accounts (See Note 1)		Current Quarter				Fiscal Year To Date (YTD)				Total Project				
Funding Source	Revenue Name	Projected Budget	Recognized Revenue	Percent Recognized	Variance	Projected Budget	YTD Recognized Revenue	Percent Recognized	Variance	Amended Budget	Recognized Revenue		Percent Recognized	Variance
SWRCB	Grants													
	Recycled Water Grant (Pending)	\$0	\$0	0.00%	\$0	\$0	\$0	--	\$0	\$75,000	\$0		0.00%	(\$75,000)
	Subtotal	\$0	\$0	0.00%	\$0	\$0	\$0	--	\$0	\$75,000	\$0		0.00%	(\$75,000)
SWRCB	Supplemental Environmental Project													
	SEP from California Men's Colony	\$0	\$0	0.00%	\$0	\$87,361	\$87,361	100.00%	\$0	\$87,361	\$87,361		100.00%	\$0
	Subtotal	\$0	\$0	0.00%	\$0	\$87,361	\$87,361	100.00%	\$0	\$87,361	\$87,361		100.00%	\$0
User Rates	User Rates													
	User Rates (Allocated for WRF per May 2015 Rate Study)									\$70,312,500				*Cannot be separated from City's sewer revenue
	Subtotal									\$70,312,500				*Cannot be separated from City's sewer revenue
	TOTALS	\$0	\$0	0.00%	\$0	\$87,361	\$87,361	100.00%	\$0	\$70,474,861	\$87,361		0.12%	(\$70,387,500)

Notes:

- 1) Unless shown otherwise, current project expenses are funded by revenue from user rates and fees. There is no separate revenue fund for the WRF.
- 2) Budgets for water rights legal support and property acquisition have not yet been established. Detailed budget development will take place after completing the project descriptions in the Facility Master Plan and Master Reclamation Plan.
- 3) Encumbrance balance is only calculated for projects with contracts.

City of Morro Bay

Water Reclamation Facility Advisory Committee (WRFAC) Quarterly Budget Review Summary 4Q15/16 (Thru April 30, 2016)

Current Consultant Contracts

Number	Title	Status	Total	Approved Change Orders	Total With Approved Change Orders	Draw Requests	Total Payments	Total Remaining	% Paid	Pending Change Orders	Vendor
SC--001	Facility Master Plan	Approved	\$710,123.00	\$0.00	\$710,123.00	\$521,631.55	\$521,631.55	\$188,491.45	73.46%	\$0.00	Black & Veatch
SC--002	CEQA/NEPA Documentation and Consulting	Approved	\$346,538.00	\$0.00	\$346,538.00	\$8,342.04	\$8,130.39	\$338,407.61	2.35%	\$0.00	ESA
SC--003	MacElvaine Property - Fatal Flaw - Cultural Resources	Approved	\$12,000.00	\$0.00	\$12,000.00	\$9,979.00	\$9,979.23	\$2,020.77	83.16%	\$0.00	Far Western
SC--004	Righetti Property - Fatal Flaw - Cultural Resources	Approved	\$6,485.59	\$0.00	\$6,485.59	\$0.00	\$0.00	\$6,485.59	0.00%	\$0.00	Far Western
SC--005	MacElvaine Property - Fatal Flaw - Biological Resources	Approved	\$12,835.00	\$0.00	\$12,835.00	\$11,240.00	\$11,240.00	\$1,595.00	87.57%	\$0.00	Kevin Merk Associates
SC--006	Survey - Righetti Property	Approved	\$15,644.00	\$0.00	\$15,644.00	\$12,502.50	\$6,477.50	\$9,166.50	41.41%	\$0.00	JoAnn Head Land Surveying
SC--007	Survey - Highway 41 and MacElvaine Property	Approved	\$45,050.00	\$0.00	\$45,050.00	\$47,820.50	\$41,342.50	\$3,707.50	91.77%	\$0.00	JoAnn Head Land Surveying
SC--008	Salinity Identification Study	Approved	\$23,640.00	\$37,080.00	\$60,720.00	\$32,469.08	\$23,685.00	\$44,585.00	26.57%	\$0.00	Larry Walker Associates
SC--009	MacElvaine Property (SE) - Fatal Flaw - Geotech and Initial Hydrologic Field Testing	Approved	\$38,600.00	\$47,800.00	\$86,400.00	\$86,364.95	\$77,809.95	\$8,590.05	90.06%	\$0.00	Fugro
SC--010	Grant and Loan Funding - Tracking and SRF Support	Approved	\$65,752.00	\$0.00	\$65,752.00	\$33,823.47	\$33,823.47	\$31,928.53	51.44%	\$0.00	Kestrel
SC--011	2015 Program Management	Approved	\$920,808.00	\$0.00	\$920,808.00	\$361,883.92	\$292,184.54	\$628,623.46	31.73%	\$0.00	MKN & Associates, Inc.
SC--012	Evaluate Alternative Concepts for Disposal of Treated Effluent	Approved	\$22,000.00	\$0.00	\$22,000.00	\$8,671.97	\$0.00	\$22,000.00	0.00%	\$0.00	GSI Water Solutions
SC--013	Geotechnical Services Righetti II Site	Approved	\$35,902.00	\$0.00	\$35,902.00	\$15,307.85	\$0.00	\$35,902.00	0.00%	\$0.00	Yeh and Associates
Total			\$2,255,377.59	\$84,880.00	\$2,340,257.59	\$1,150,036.83	\$1,026,304.13	\$1,321,503.46	44%	\$0.00	