



Local Postal Customer

Stamp Here

NEXT STEPS AND GETTING INVOLVED

April 25, 2018 @ 6:30 p.m.

- City to host Study Session for a comprehensive update on the WRF Project at the Veteran's Memorial Hall, 209 Surf Street

May 1, 2018 @ 3:00 p.m.

- City will host a public meeting on the Draft EIR on May 1st, 2018 @ 3:00 p.m., at the Veteran's Memorial Hall, 209 Surf Street

May 18, 2018

- Written public comments will be received up through this date on the Draft Environmental Report (EIR)
- Send written comments to:
Rob Livick, PE/PLS
Public Work Director
City of Morro Bay
955 Shasta Avenue, Morro Bay, CA 93442
rlivick@morrobayca.gov

May 2018

- Design-Build proposals received for the WRF Facility. Project cost estimate will be reviewed and adjusted after the proposals are received

May/June 2018

- City Council to review updated rate study and options

Mid 2018

- Rate increase will be established and letter will be sent to rate payers, initiating the Proposition 218 rate increase review process

Mid 2018

- Rate increase will be considered by City Council, following completion of the Proposition 218 process

PUBLIC WORKS DIRECTOR / CITY ENGINEER

Rob Livick, PE/PLS
phone: (805) 772-6261
email: rlivick@morrobayca.gov

FOR MORE INFORMATION

and to sign up for email updates and meeting notices visit:
www.morrobayca.gov/WRF



WATER RECLAMATION FACILITY



YOUR QUESTIONS ANSWERED

Why is it necessary for the City to build a new wastewater treatment plant inland? And why must it be inland?

THE CURRENT PLANT IS LOCATED IN A FLOOD PLAIN AND A TSUNAMI INUNDATION ZONE



WATER QUALITY CONCERNS

- Existing plant cannot meet state and federal water quality standards; and
- Regional Water Quality Control Board ordered compliance within 5 years.

\$
If the City fails to construct a new plant within the five-year deadline, it could face \$11,000 or more in fines per day, up to the full cost of the proposed Water Reclamation Facility (WRF) project, depleting the City's water and sewer fund and the General Fund.

Why is the City pursuing recycled water with the proposed wastewater plant?

- The City is largely dependent upon imported water at this time from the State Water Project;
- Recycled water would increase the City's local water supply, providing resiliency and helping to reduce impacts of future droughts and potential state water disruptions; and
- Recycled water makes the project eligible and competitive for grants and low-interest loans, which will result in lower monthly payments.



Recycled water provides water security by improving the local supply.



? What efforts have been made to reduce project costs?

\$17M
IN SAVINGS
+ MULTIPLE
FUNDING
PROGRAMS

A 2017 Peer Review effort reduced estimated project costs from \$167M to \$150M. The City continues to work on reducing costs further through planning and design, and loans and grants.

may 2018

Proposals for the new facility will be received in May and the competitive bidding process will keep construction costs as low as possible.

Cost estimates will be reviewed and adjusted in May and June 2018 after the proposals are received and before a potential rate increase is presented to the community.

The City is prioritizing this project to reduce delays, as time is of the essence.

3-4%
increase of construction costs per year on average

=

\$4.5-6 MILLION
annual increase for a \$150 million project

Grants & Loans

The WRF Project is competing for several other loan and grant opportunities.

multiple FUNDING programs

The City has been selected to apply for a Water Infrastructure Financing and Investment Act loan through the EPA, one of only 12 such projects in the nation. The low interest loan program, and others like it, will help reduce the project's borrowing costs by up to 50%.

The City is applying to the Bureau of Reclamation for a grant that can fund 25% of a project, and up to \$20M in construction costs.

UP TO \$20 million IN GRANT FUNDS

? What project alternatives were considered?

Through a public process, City Council considered 17 alternatives in developing the current project proposal. These alternatives were rejected because they either could not be permitted, were more costly than the proposed project or would result in significant project delays if pursued.



? How will this project affect the City's water and sewer rates? What is being done to reduce potential rate increases?

- The City does not know what the rate increases will be for the project yet. The rate increases will be **determined only after the Design-Build proposals are received**;
- The City Council will study rate increases sometime in May or June 2018, and will explore a variety of options to **make the rate increase as minimal as possible**;
- Low-interest loans, which the City qualifies for because it is pursuing a recycled water facility, **will reduce the amount that must be paid back annually**;
- Deferring payback of low-interest loans can also **delay the impact to rate payers** by allowing for a **slower and more moderate increase in rates**. This option is being pursued with funding agencies; and
- The City will explore a "tiered" wastewater rate structure for residential users, which charges more for higher usage and **less for those who conserve**.



The City's Utility Discount Program currently offers a 10% discount on sewer and water rates to qualifying residents. City Council will consider expanding this program in the near future.

CALL (805) 772-6222 for more information on Utility Discount Program

BENEFIT OF STATE AND FEDERAL LOAN PROGRAMS:

Lower interest rates and longer payback periods result in significantly reduced monthly rates.

	LOAN PROGRAMS	CONVENTIONAL BONDS
AVG INTEREST RATE	2-3%	5-6%
PAYBACK PERIOD	30-40 YEARS	20 YEARS