

WRF Program Update City Council

Morro Bay, CA
June 13, 2018



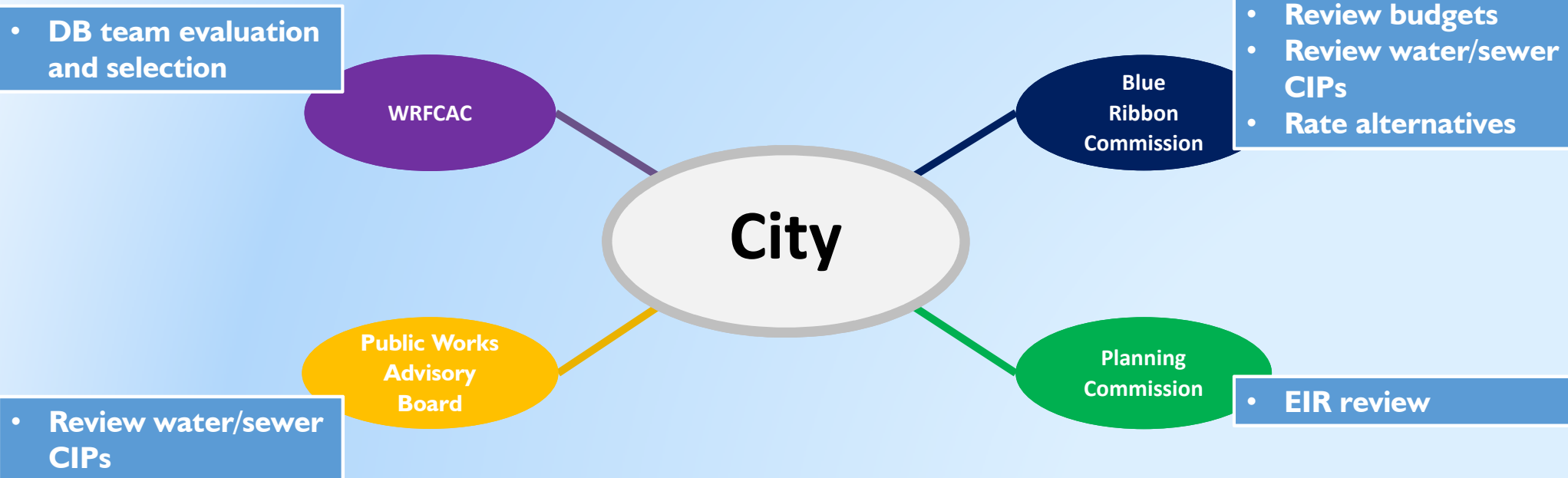
Recommendations

- Consider the status report of the WRF Program
- **Take Action:** Selection of Filanc/Black & Veatch as the preferred proposer
- **Provide Direction:** Water/Wastewater Operations Center at WRF site
- **Take Action:** Resolution 42-18 (Utility Discount Program)
- **Provide Direction:** Establishing Annual Rate Review Policy
- **Take Action:** Resolution 43-18 (Debt Management Policy)
- Provide any other appropriate direction



WRF Program Management and Budget Update

How is the City engaging the community?



Why does the facility need to be upgraded?

- Aging infrastructure
- Not designed to meet new secondary treatment standards
 - Existing:
 - BOD = 120 mg/L
 - TSS = 70 mg/L
 - New:
 - BOD = 30 mg/L
 - TSS = 30 mg/L
- Regulatory influence
- Hydraulic capacity limitations



Why does the facility need to be upgraded?



STATE OF CALIFORNIA
CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD
CENTRAL COAST REGION
895 Aerovista Place, Suite 101
San Luis Obispo, CA 93401

DRAFT TIME SCHEDULE ORDER NO. R3-2018-0019

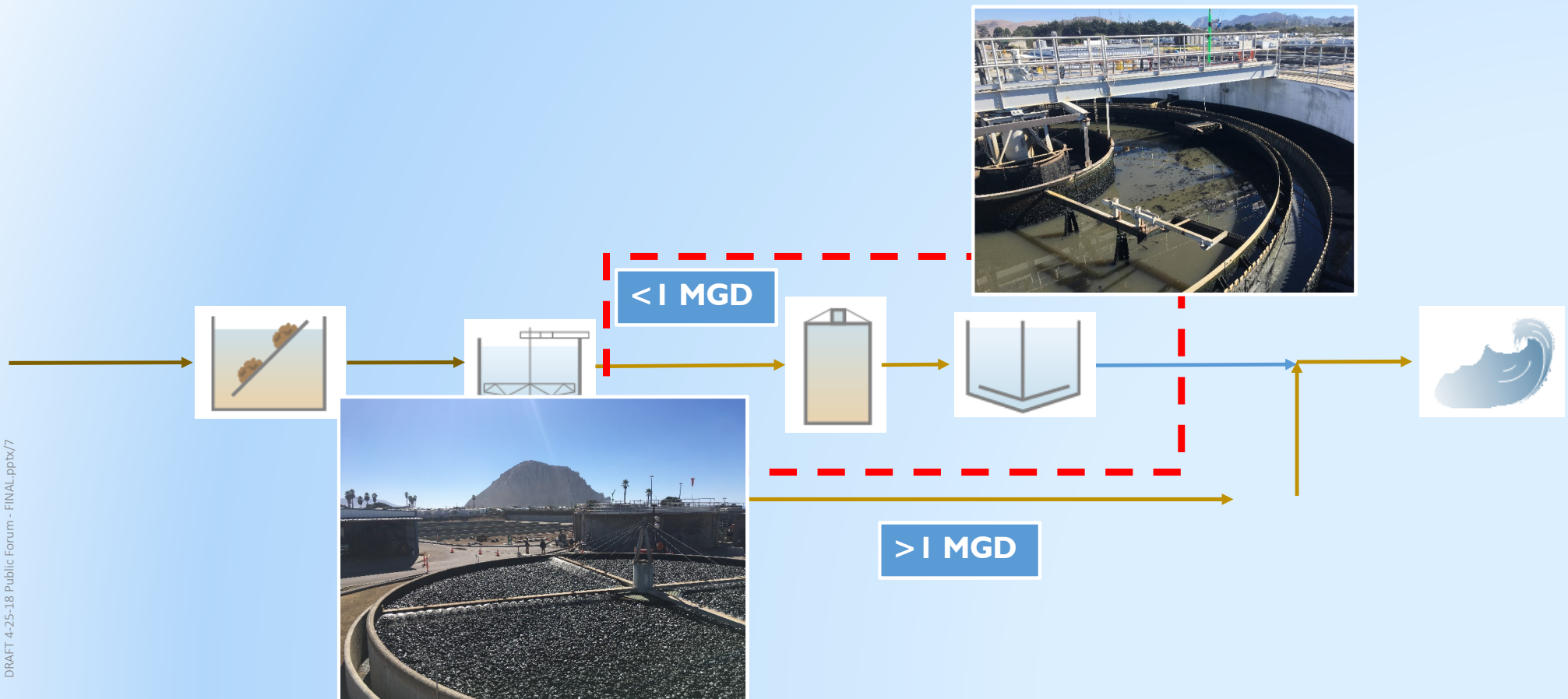
REQUIRING THE
CITY OF MORRO BAY AND CAYUCOS SANITARY DISTRICT
TO COMPLY WITH REQUIREMENTS PRESCRIBED IN
NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
PERMIT NO. CA0047881, ORDER NO. R3-2017-0050,
AS RENEWED OR REVISED

The California Regional Water Quality Control Board, Central Coast Region (Central Coast Water Board) finds:

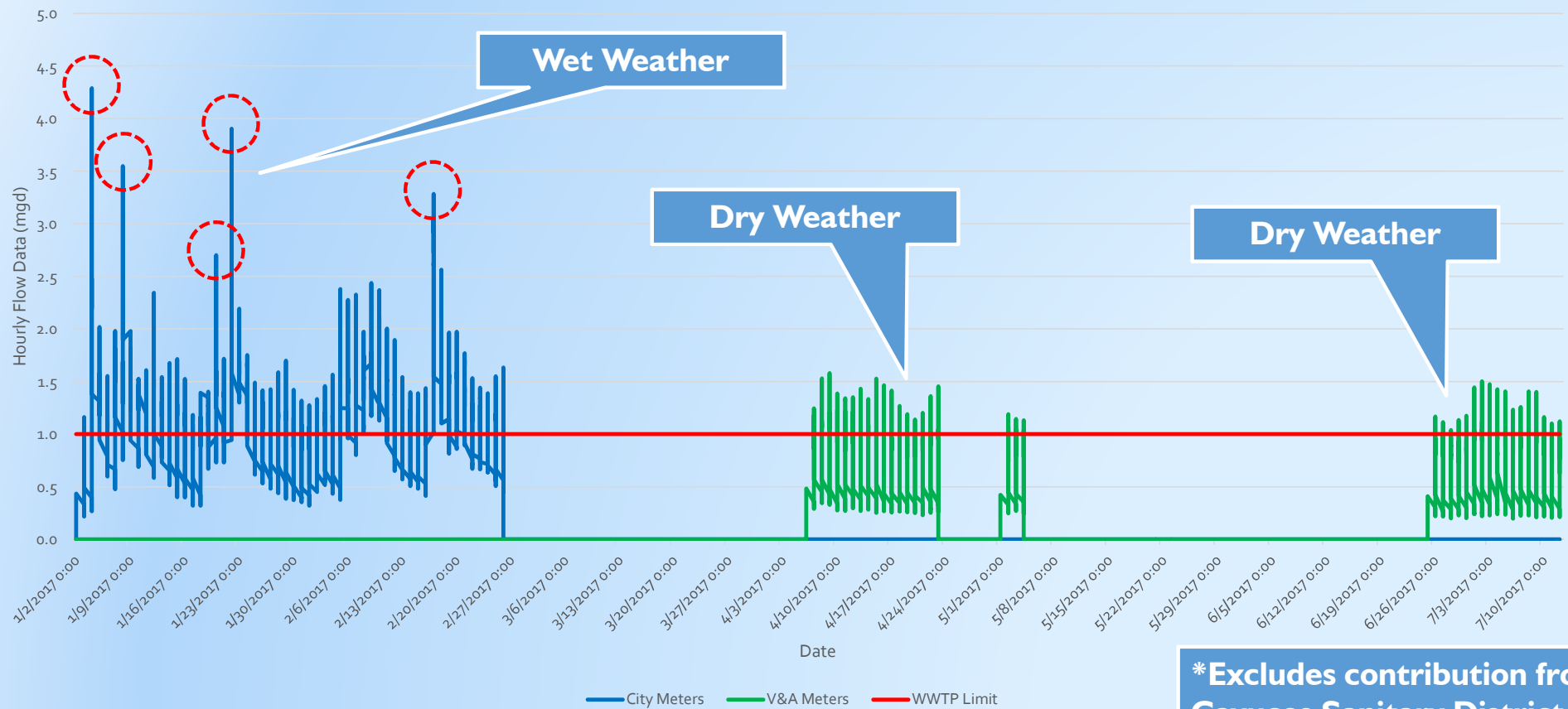
1. The City of Morro Bay and Cayucos Sanitary District (hereafter Discharger) own and operate wastewater collection, treatment, and disposal facilities to provide sewerage service to their respective communities.
2. The Central Coast Water Board adopted waste discharge requirements regulating the discharge of secondary-treated effluent from the Discharger's wastewater treatment plant (WWTP) to the Pacific Ocean. Under their previous permit, when flows exceed 1 million gallons per day (MGD), secondary-treated effluent could be blended with primary treated effluent, and the blend was chlorinated and dechlorinated before discharge. The Discharger plans to discontinue this blending process as part of the planned WWTP upgrades, and all flows will meet at least full

“...the existing treatment plant infrastructure cannot achieve full secondary treatment for the loading rates that the community experiences periodically over 1 MGD.”

Why does the facility need to be upgraded?

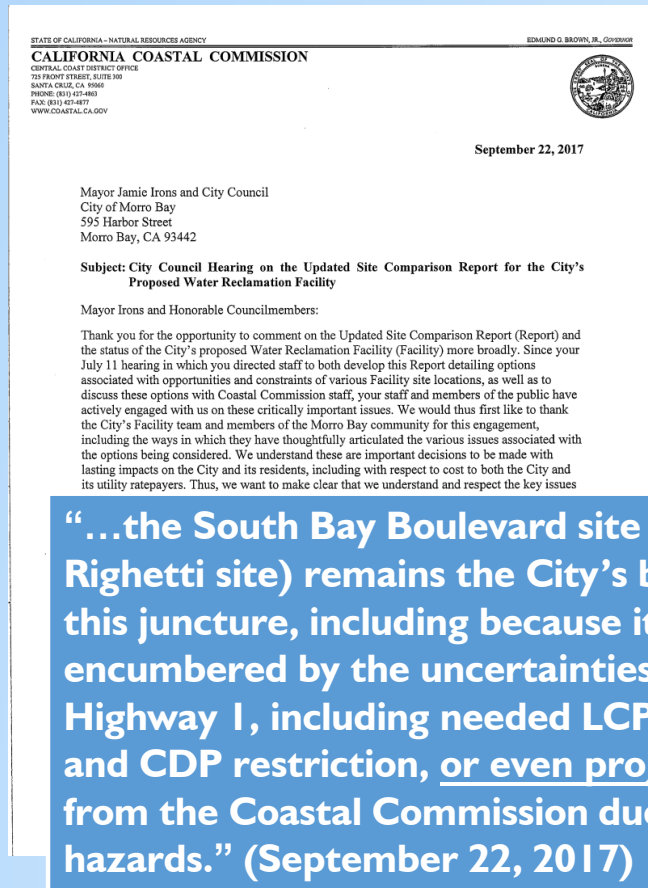


Why does the facility need to be upgraded?



***Excludes contribution from
Cayucos Sanitary District**

Why does the facility need to be relocated?



Opportunity to provide value to the community



- Council goals updated in October 2017
 - Produce tertiary, disinfected wastewater
 - Design to produce reclaimed wastewater to augment the City's water supply
- Master Reclamation Plan identified potable reuse as preferred option
 - Greatest water supply benefit
- Offset 80% of City's current water demand
- Water security
- Low-interest financing availability (SRF/WIFIA)

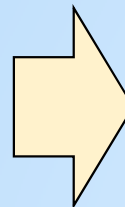




Council Questions?

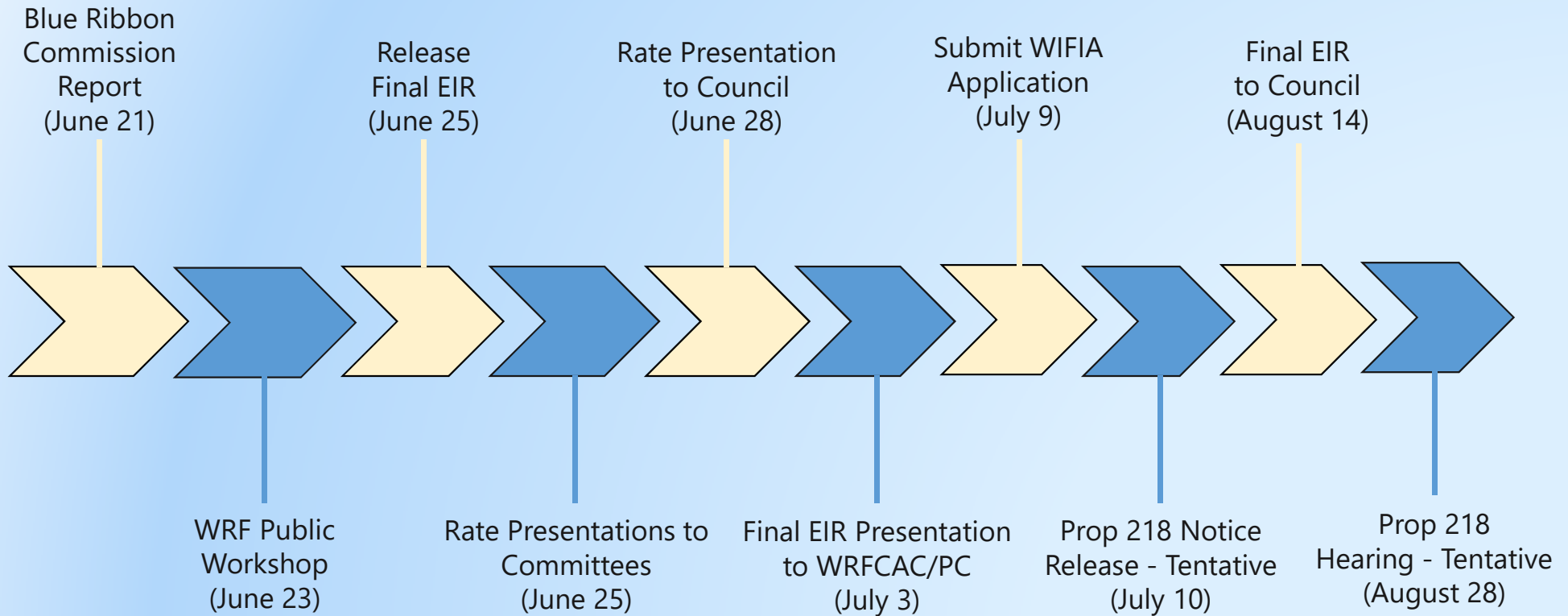
Budget status

Water Reclamation Facility Project Expenditures		
Fund/Code	Accounts Object Name	Total Project Expenditures - March 2013 through June 6, 2018
321-8312	Contractual Services	
6105	Past Siting Studies (Completed - no further encumbrance)	\$ 448,057
6105	Current Consulting Contracts	\$ 2,670,627
6105	Water Rights Legal Support	\$ 7,880
6105	Rate Study - Preliminary Analysis Costs	\$ 1,457
6101	Legal Services	\$ 2,583
6104	Engineering Services	\$ 80,817
6196	Program Management & DB Procurement	\$ 677,166
6197	Grant Support	\$ 49,445
6198	Government Relations	\$ 56,922
6140	Economic Outreach	\$ 18,017
	Subtotal	\$ 4,012,971
321-8312	Labor (Fully Benefited)	
4910, 4999	Labor and Benefits	\$ 371,305
	Subtotal	\$ 371,305
321-8312	Other Costs	
6105, 6162	Laboratory/Sampling	\$ 35,483
7103	WRF On-Site Improv Design/Bld	
7104	Design Phase - Lift Station & Force Main	\$ 210,880
7105	Planning & Permitting	\$ 234,092
5199, 5305,		
6106, 6105,		
6710, 6220	Printing and Advertising/Postage	\$ 59,801
5199	Software License and Fees	\$ 42,206
5199, 7101	Property Acquisition	\$ 30,500
5199, 6106,		
6750	Program Office Equipment	\$ 8,962
5199, 6514,		
6510	Travel Expense	\$ 12,101
6640	Maintenance Contracts	\$ 44,776
5110	Fuel & Oil Lubricants	\$ 75
	Subtotal	\$ 678,875
	Totals	\$ 5,063,150



Category	Cost
Facility Master Plan	\$850,000
Program Management	\$1.1M
EIR	\$110,000
Flow Monitoring, Geotech, and Surveying	\$275,000
Site Selection	\$375,000
Hydrogeology	\$265,000
Software	\$45,000
Total	~\$3M

Upcoming items on the critical path





Council Questions?



Current Work Efforts

Summary of current work efforts



- WRF Onsite Improvements DB procurement
- Evaluating alternatives for WRF Facilities Building
- 2015 water and sewer rate increase background
- Modifications to the Utility Discount Program;
- Establishing a City Rate Review Process
- Pursuing state and federal funding (low-interest loans and grants)

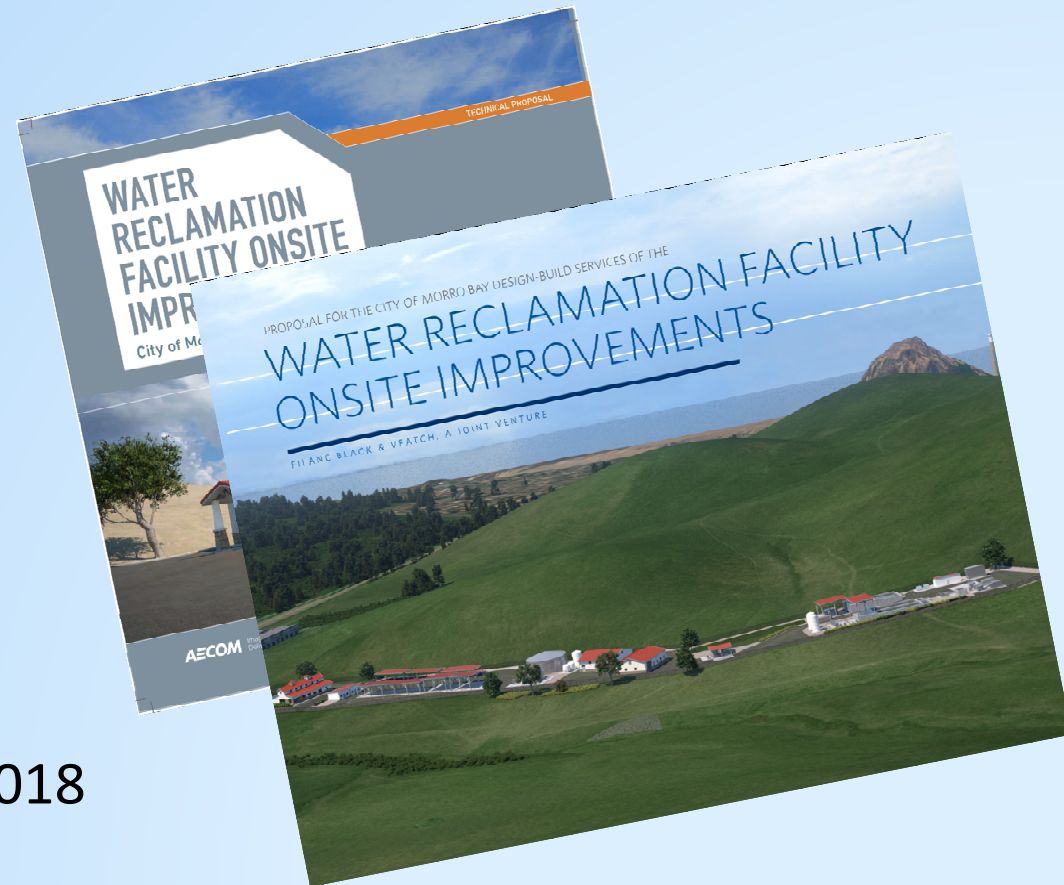
Design-Build procurement



- Two-stage selection process
- Request for Qualifications
 - Issued October 27, 2017
 - Mandatory pre-SOQ meeting
 - Four (4) statements of qualification received on December 7, 2017
 - AECOM/W.M. Lyles
 - Filanc/Black & Veatch
 - Sundt/Parsons
 - Kiewit/Tetra Tech
- All firms short-listed

Design-Build procurement

- Request for Proposals
 - Content
 - Background technical information
 - Project scope of work
 - Project technical requirements
 - Proposal submittal requirements
 - Proposal evaluation criteria and selection process
- Issued January 24, 2018
- Voluntary proprietary meetings (maximum of two [2])
- Two (2) proposals received May 8, 2018



Design-Build procurement



Evaluation Criterion	Weighting
Technical Approach	40
Management Approach	3
Quality Assurance / Quality Control	3
Schedule and Cost Control	4
Team/City Collaboration and Integration	3
Design Development and Management	3
Project Sequencing and Scheduling	4
Proposed Design / Performance Guarantees	20
Price Proposal and Life-Cycle Cost	60
Total Score	100

Design-Build procurement

- Proposal evaluation process
 - In accordance with RFP
 - Preparation of a single evaluation form for the team
 - 1.5-hour interviews with each team
 - Points for cost allocated based on ratio
 - Working session to discuss proposals and interviews
- Evaluation team
 - WRFCAC WRF Subcommittee
 - City staff
 - Program Manager technical staff



Design-Build procurement

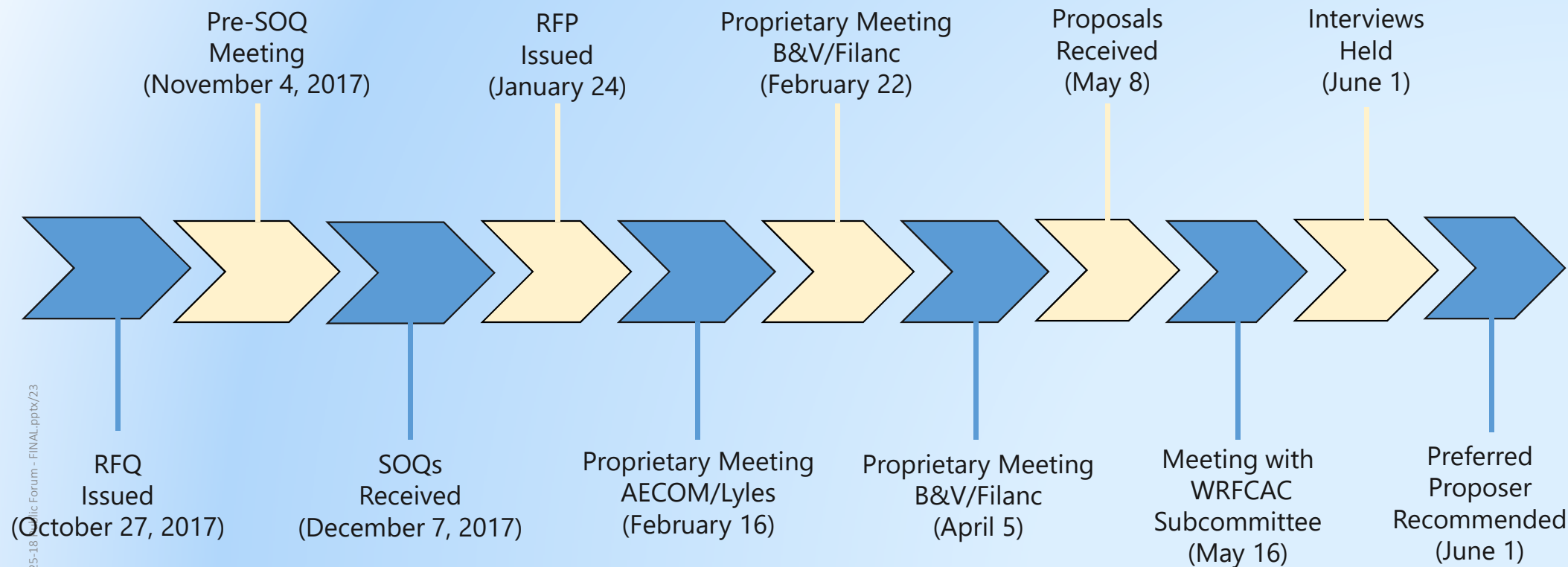


Evaluation Criterion	Black & Veatch/ Filanc	AECOM/ WM Lyles
Management Approach	3	1
Quality Assurance / Quality Control	1	1
Schedule and Cost Control	4	2
Team/City Collaboration and Integration	3	1
Design Development and Management	3	1
Project Sequencing and Scheduling	4	2
Proposed Design / Performance Guarantees	15	14
Price Proposal and Life-Cycle Cost	60	57
Total Score	93	79

Design-Build procurement

- Key differentiators of the selected team:
 - Cohesive and balanced team among design and construction
 - Early project completion (approximately 6 months)
 - Thoughtful, effective approach to project sequencing
 - Conducted thorough due diligence for cost certainty
 - Focused on co-location of design-build team in City
 - Incorporated City's ideas from one-on-one meetings
 - High level of design detail provided
 - Better process design for operations
 - Better design for short- and long-term flexibility
 - Innovative design solution for peak flows

Design-Build procurement



Design-Build procurement

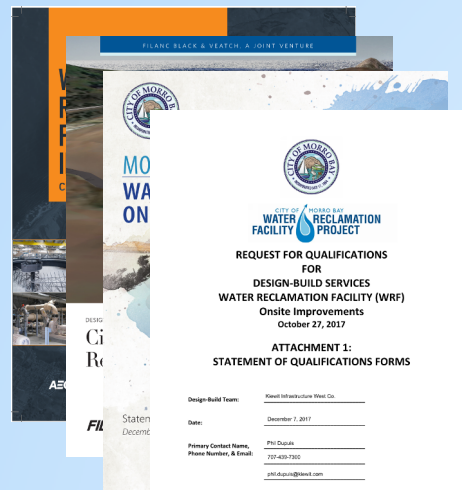


Expression of Interest/ Pre-SOQ Meeting



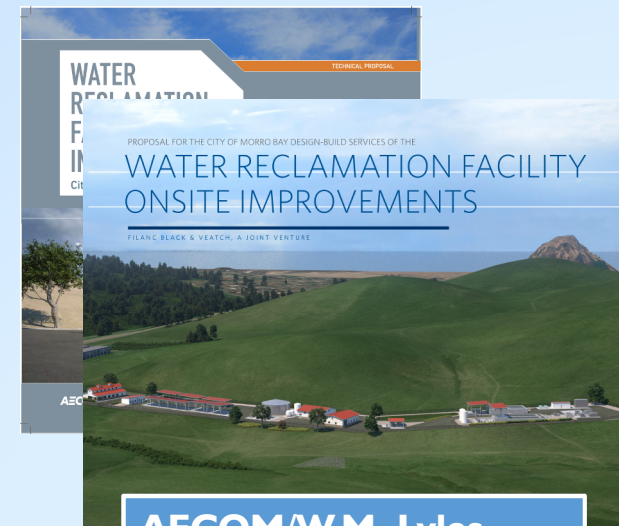
**AECOM/W.M. Lyles
CDM Smith/CDM Constructors
Walsh
Flatiron/Stantec
Kiewit/Tetra Tech
Filanc/Black & Veatch**

Statements of Qualification



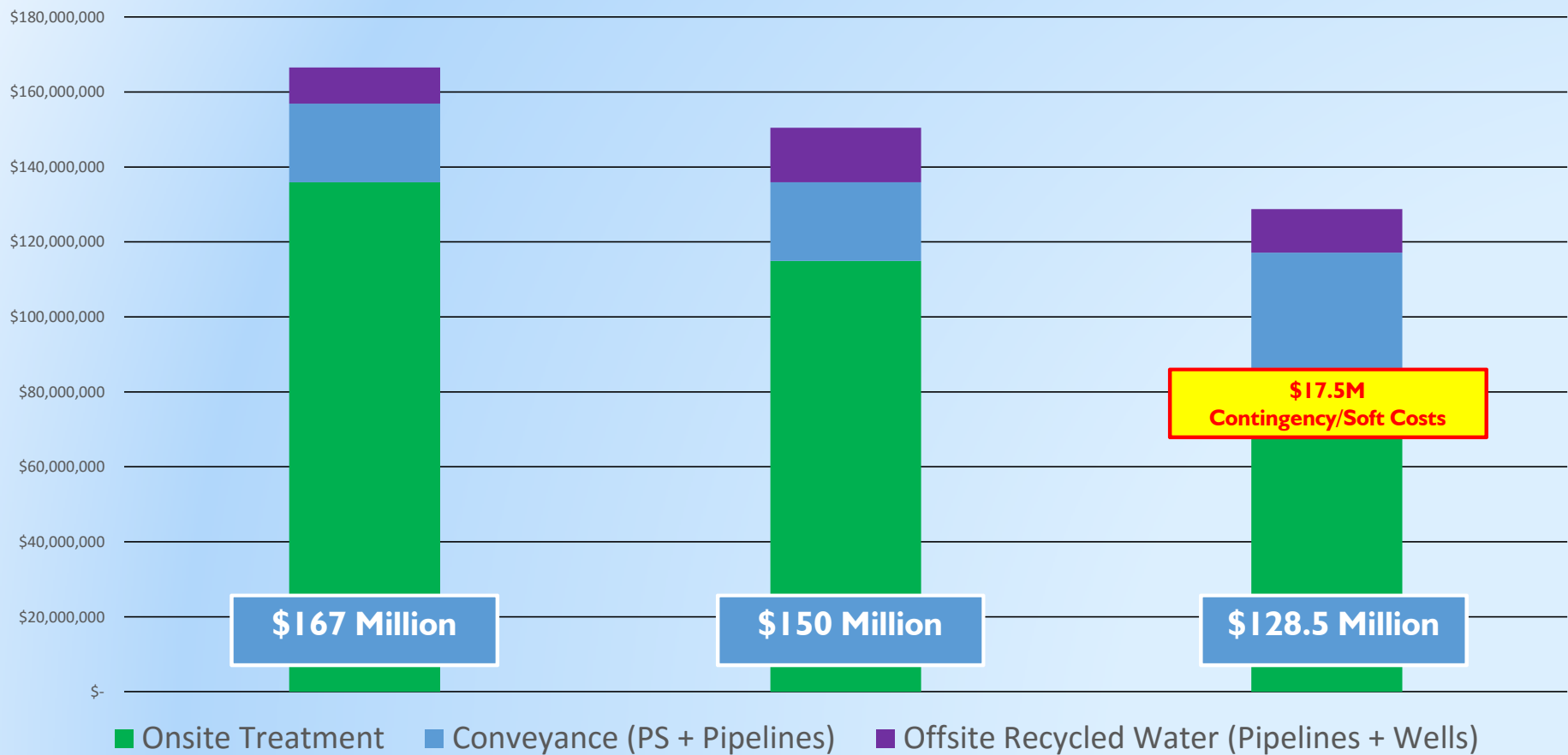
**AECOM/W.M. Lyles
Filanc/Black & Veatch
Parsons/Sundt
Kiewit/Tetra Tech**

Proposals



**AECOM/W.M. Lyles
Filanc/Black & Veatch**

Design-Build procurement





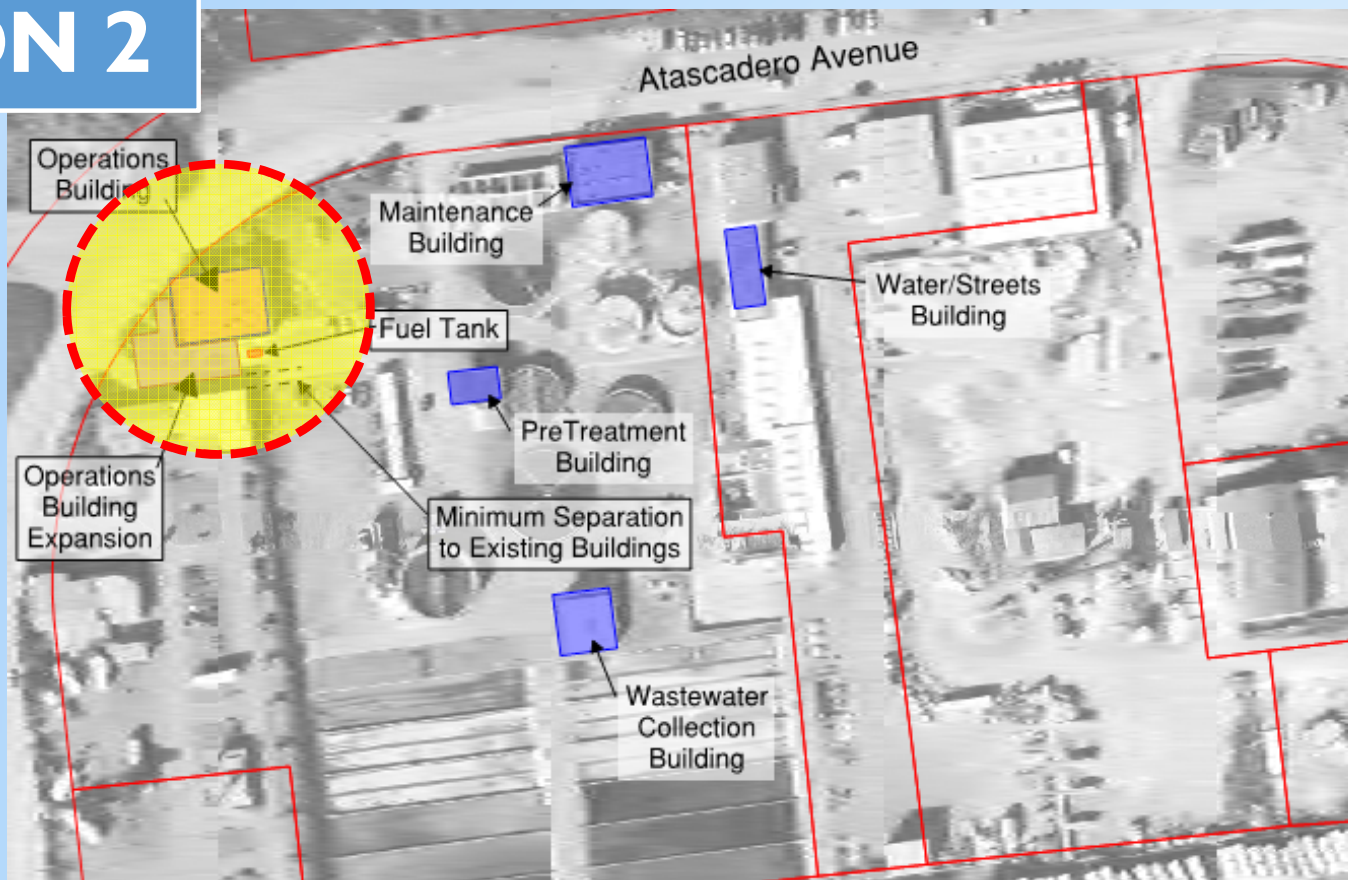
Council Questions?

Operations Building alternatives

- Programming determined a need for 7,000 sf for operations based on existing use
- Several options identified to meet functional needs
 - Option 1 - All new facilities at the South Bay Boulevard site
 - Option 2 - Reuse of existing facilities
 - Remodel of operations building
 - Minimal facilities at the new WRF site
 - Option 3 – Maintenance building only
 - Minimal facilities at the new WRF site

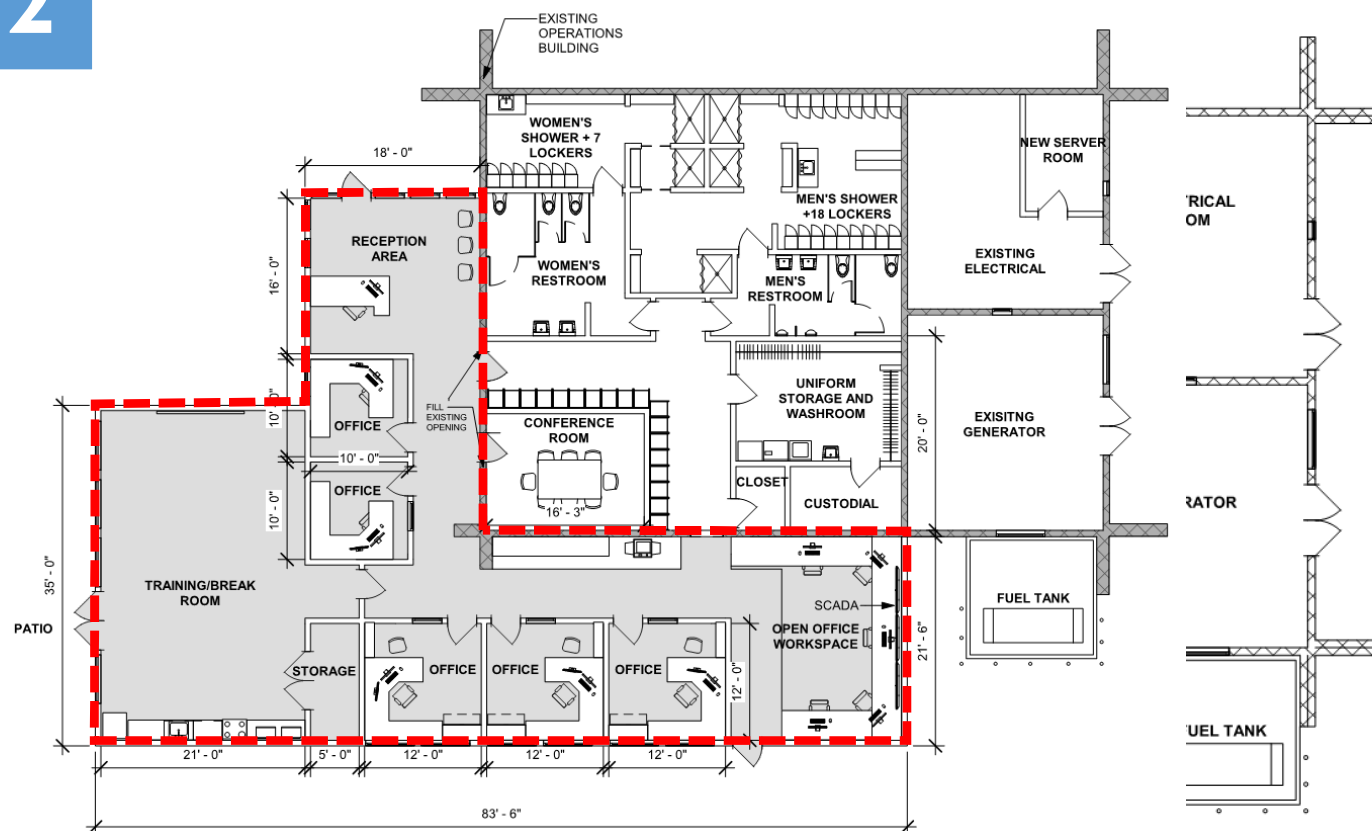
Operations Building alternatives

OPTION 2



Operations Building alternatives

OPTION 2



Operations Building alternatives

OPTION 3



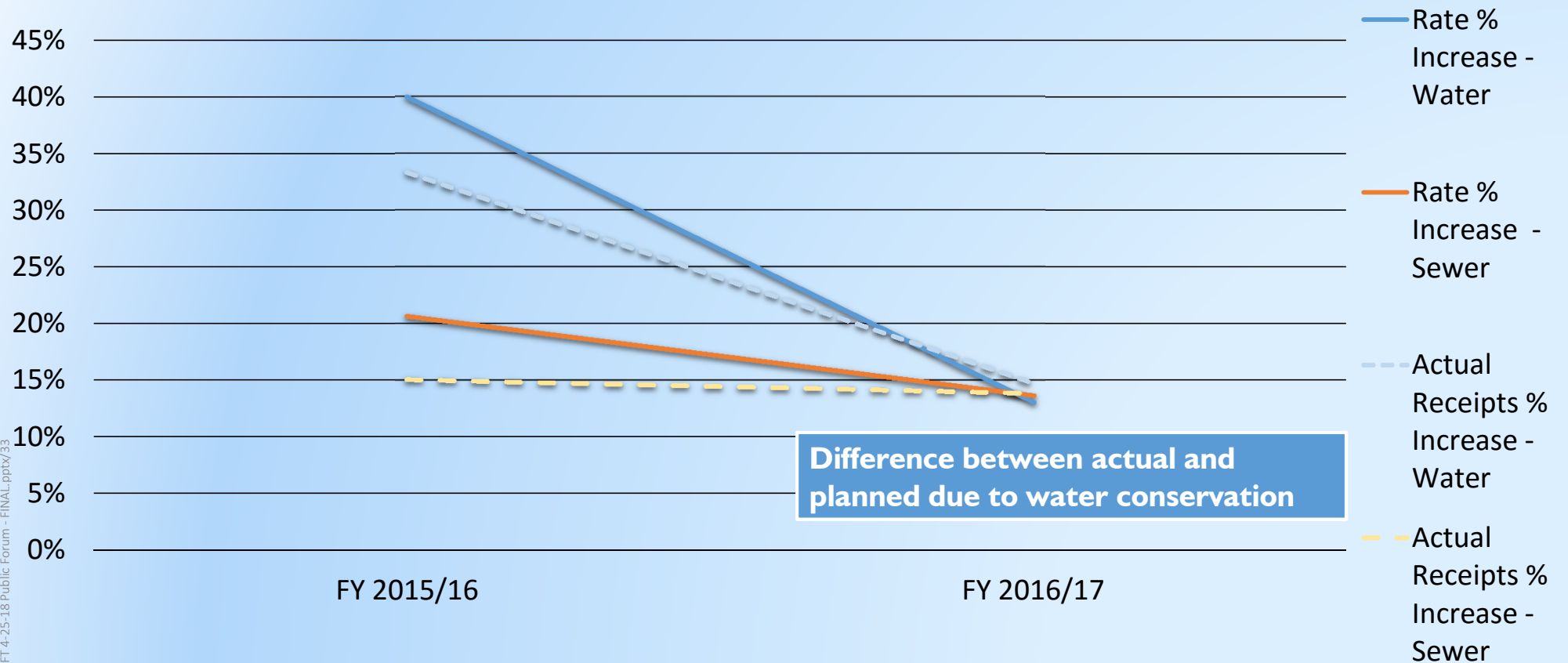
Operations Building alternatives

	Option 1	Option 2	Option 3
Cost savings	\$0	\$640,000 - \$1.4M	\$2M - \$4M
Operational efficiency	+	-	- -
Impacts on future site use	+	-	- -
Future rate mitigation (staff, financing, etc.)	+	-	- -
Permit compliance	+	-	-

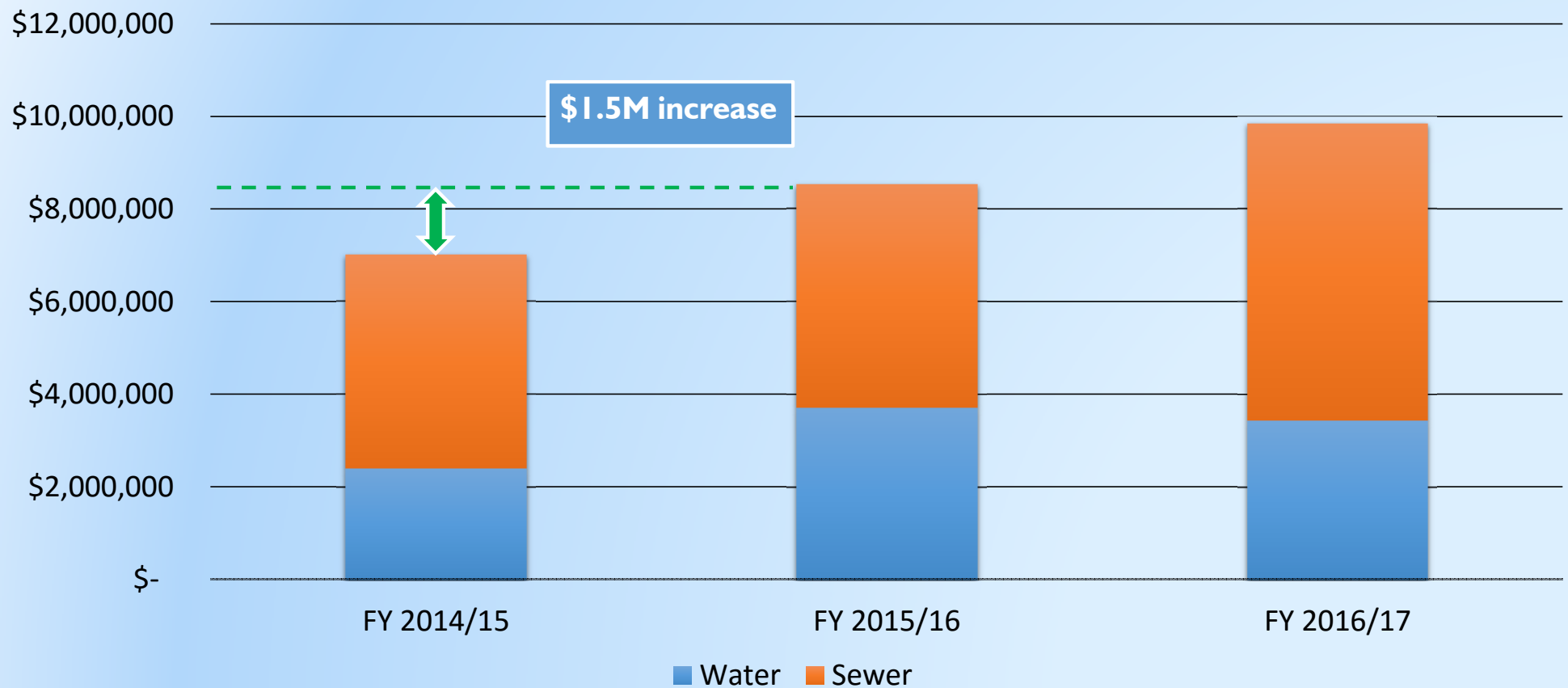


Council Questions?

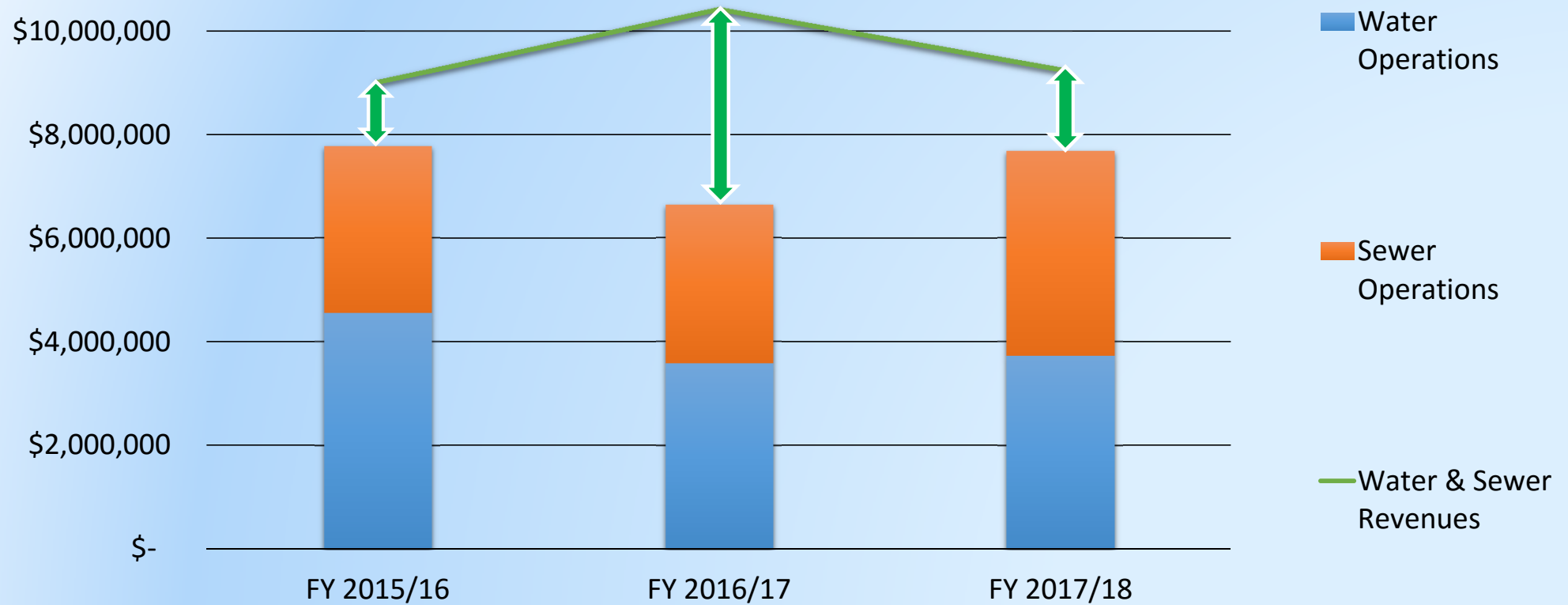
2015 rate increase details



2015 rate increase details



2015 rate increase details



Utility discount program

- Established in July 2015
- Applies to those who qualify for PG&E CARE Program
- Up to 10 percent savings
- Participation
 - UDP = 128 residents
 - CARE = 967 residents (as of 2015)
- Open enrollment: July 1 to 31, 2018
- Proposed changes
 - Establish minimum and maximum discounts
 - Remove fee related revenue from the program
 - Allow additional sources of revenue for funding

CITY OF MORRO BAY
UTILITY DISCOUNT PROGRAM
CUSTOMER APPLICATION

Date: _____ Program Year: _____

PLEASE PRINT:

Customer name: _____

Service address: _____

Telephone number: _____

ATTACH COPY OF CURRENT PG&E BILL

PLEASE INITIAL:

____ I understand this application is effective for the _____ program year. My application expires on July 31, 20____.

____ I understand I must re-submit and re-qualify, every July, for program participation, by filling out an application, and attaching **current proof** of participation in the PG&E Customer Care Program.

____ I understand I am not guaranteed to receive the utility discount every program year. I understand the discount amount will change every program year.

____ I have received a copy of the Utility Discount Program.

Customer Signature _____

Approval signature _____

Date: _____

STAFF USE ONLY

City rate review process

- Periodic rate studies discussed by Council in May 2015
- Determine the need for implementing Prop 218 approved increases
 - Revenues vs. expenditures
 - Cost of money
- Would not require a new Prop 218 process every year



City debt management policy

- Required by SB 1029 (January 1, 2017)
- Addresses
 - Debt limits
 - Debt structuring
 - Debt issuance practices
 - Debt management practices
- Required by fund agencies (CWSRF and WIFIA)



Reserves policy



- Required for WIFIA loan application
 - Maintain the short-term and long-term financial health of the Water and Sewer Enterprise Funds
 - Maintain stable rates for customers and help ensure manageable rate increases
 - Fund unanticipated expenditure contingencies
 - Ensure funds exist for system improvements
 - Ensure cash exists for the timely payment of bills
 - Act as a significant positive credit factor in bond ratings



Council Questions?

Recommendations

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Questions and Discussion