

Item C-2

Receive, Review, and Provide Direction on the
WRF Capital Project Quarterly Update Report

Morro Bay, CA
August 13, 2019

Recommendations



- Receive WRF Capital Project Quarterly Update Report (Q4 Fiscal Year 2018/2019) and review and provide direction, if any, as Council may deem appropriate.



Quarterly Report Overview

Reporting process overview

- Single report for CFAC, WRFCAC, and City Council produced each month
 - Tracking of actual expenditures
- Monthly report expanded every third month (close of each quarter)
 - Budget reconciliation
- Budget is re-baselined annually

Summary of Project status

- Project is on budget
 - New budget inline with original \$126 million budget (2018 Rate Study)
- Several major elements of the Project are behind schedule
- Overall Project is on schedule
 - TSO Compliance – February 28, 2023
 - Substantial Completion – November 30, 2021

Budget history



Project Component	Baseline (Q4 FY 17/18)	Quarterly Reconciliation (Q3 FY 18/19)	Annual Re-Baselined (Q4 FY 18/19)
Water Reclamation Facility	\$62,414,000	\$74,059,000	\$72,891,000
Conveyance Facilities	\$21,087,000	\$27,108,000	\$28,864,000
Recycled Water Facilities	\$8,593,000	\$5,366,000	\$5,250,000
General Program	\$24,403,000	\$11,614,000	\$11,801,000
Construction Contingency(1)	\$9,444,000	\$6,450,000	\$7,132,000
Total	\$125,941,000	\$124,597,000	\$125,938,000

2018 Rate Study

First Budget Review

FY 19/20 Baseline

New baseline budget summary

- Water Reclamation Facility
 - Reduction in soft cost elements (i.e., construction management, etc.)
 - Reallocation of costs into contingency
 - Increase in budget for Tri-W site purchase
- Conveyance Facilities
 - Addition of Willow Camp Creek trenchless crossing
 - Additional potholing effort during design
- Recycled Water Facilities
 - Minimal changes
- General Project
 - Addition of Outfall Management Plan
 - Additional forecasted budget for routine meetings, etc.

Key accomplishments and challenges



Project Component	Key Accomplishments	Critical Challenges	Actions to Overcome Challenges	Likely Outcomes
<u>General Project</u> -	Nearing completion of the Draft Final Environmental Impact Report (FEIR) Addendum for circulation			
	Continued working with California Coastal Commission (CCC) staff to complete the CDP application			
	Added to the fundable list in the adopted IUP for CWSRF			
<u>Water Reclamation Facility</u>	Continued development of the 60 Percent Design Submittal			
	Continued development of the Grading Design Submittal			
		Meeting WIFIA and CWSRF requirements in order to start construction	Expedite the development of necessary materials for consultation with the SHPO	Delivery of documentation to WIFIA and CWSRF in early July 2019 should allow construction to start in September 2019
<u>Conveyance Facilities</u>	Continued development of the 60 Percent Design Submittal			
		Schedule recovery due to issues access Vistra and PG&E property	Work with WWE to expedite the final design schedule (options could include eliminating some intermediate deliverables)	Without expediting the schedule, delayed construction completion could impact the schedule for start-up of the WRF
<u>Recycled Water Facilities</u>		Schedule recovery due to issues access Vistra and PG&E property	Work with GSI to expedite the completion of the Phase 2 hydrogeology work	The completion of the injection wells could be delayed (does not impact compliance with the time schedule order [TSO])

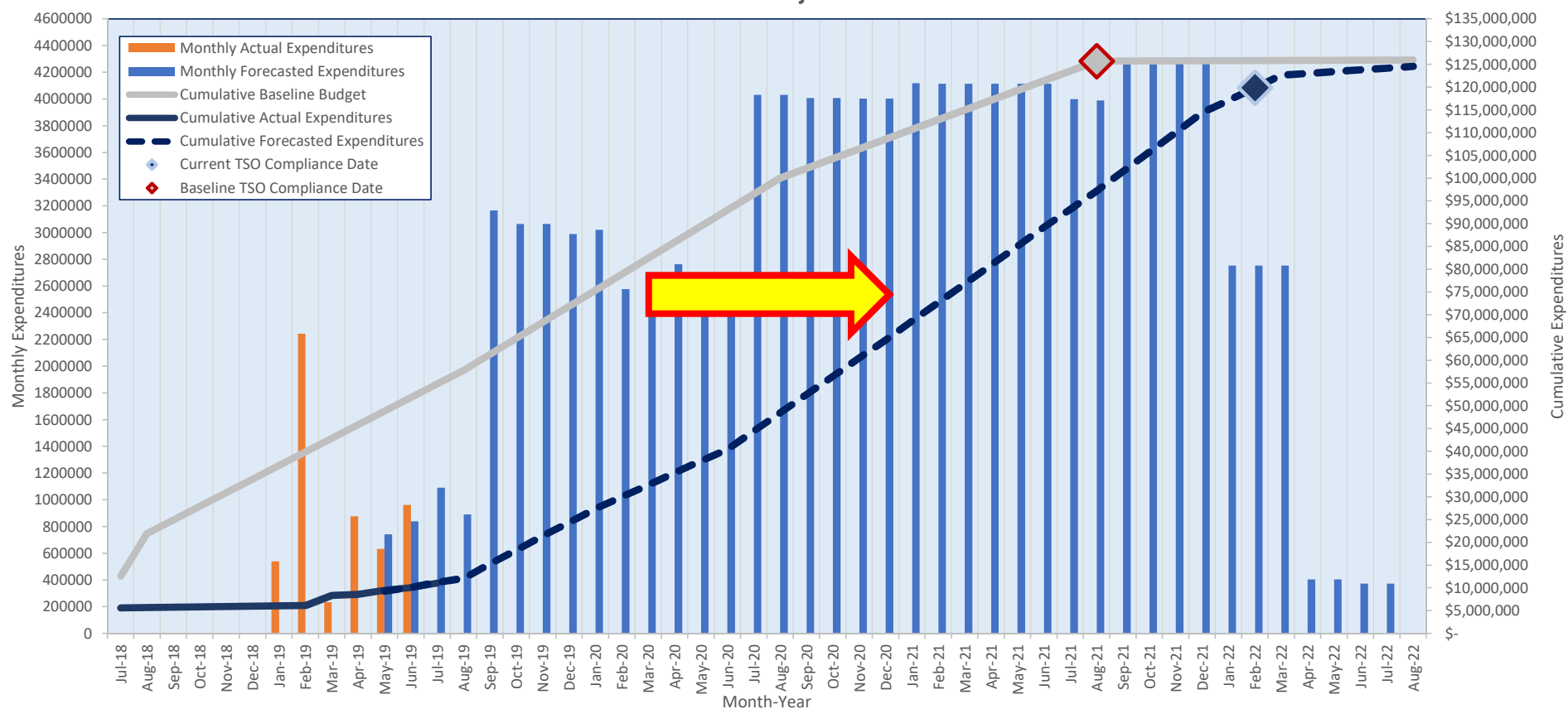
Project dashboard



Performance Measure	Data	Baseline (Q4FY 17/18)	Current (Q4 FY 18/19)	Delta	Status			
1: Total Project Costs	Total Project Projected Cost at Completion versus the Baseline Budget (budget as of 6/30/19)	\$125.9 M	\$125.9 M	0.0%		Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
1.1: WRF Costs	On Site WRF Projected Cost at Completion versus the Baseline Budget (budget as of 6/30/19)	\$77.1 M	\$77.3 M	0.0%		Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
1.2: Conveyance Facilities Costs^{(1), (2)}	Conveyance Facilities Projected Cost at Completion versus the Baseline Budget (budget as of 6/30/19)	\$26.3 M	\$31.3 M	19.0%		Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
1.3: Recycled Water Facilities Costs⁽¹⁾	Off Site Injection Facilities Projected Cost at Completion versus the Baseline Budget (budget as of 6/30/19)	\$12.1 M	\$5.6 M	-116%		Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
1.4: General Project Costs⁽²⁾	General Project Projected Cost at Completion versus the Baseline Budget (budget as of 6/30/19)	\$10.5 M	\$11.8 M	12.4%		Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
2: Program Manager Earned Value	Ratio of Program Manager Earned Value to Actual Invoiced Cost-to-Date (as of 6/30/19)	1.00	1.01	0.01		>= 1.00	0.99 to 0.90	< 0.90
3: Schedule Performance Index⁽³⁾	Ratio of Planned Percent Complete to Actual Percent Complete (as of 6/30/19)	1.00	0.86	-0.14		>=1.00	0.99 to 0.80	<0.80
4: Conveyance Pipeline Installed	Feet of conveyance pipeline installed (thru 6/30/19)	18,500 LF	0.0 LF	0.0%		<= 5%	> 5% and <=7.5%	> 7.5%
5: Compliance Date Countdown	Days Remaining to Compliance Date (as of 6/30/19)	1,339 days	884 days	-455 days		<= 365 days	364 days and 180 days	> 179 days

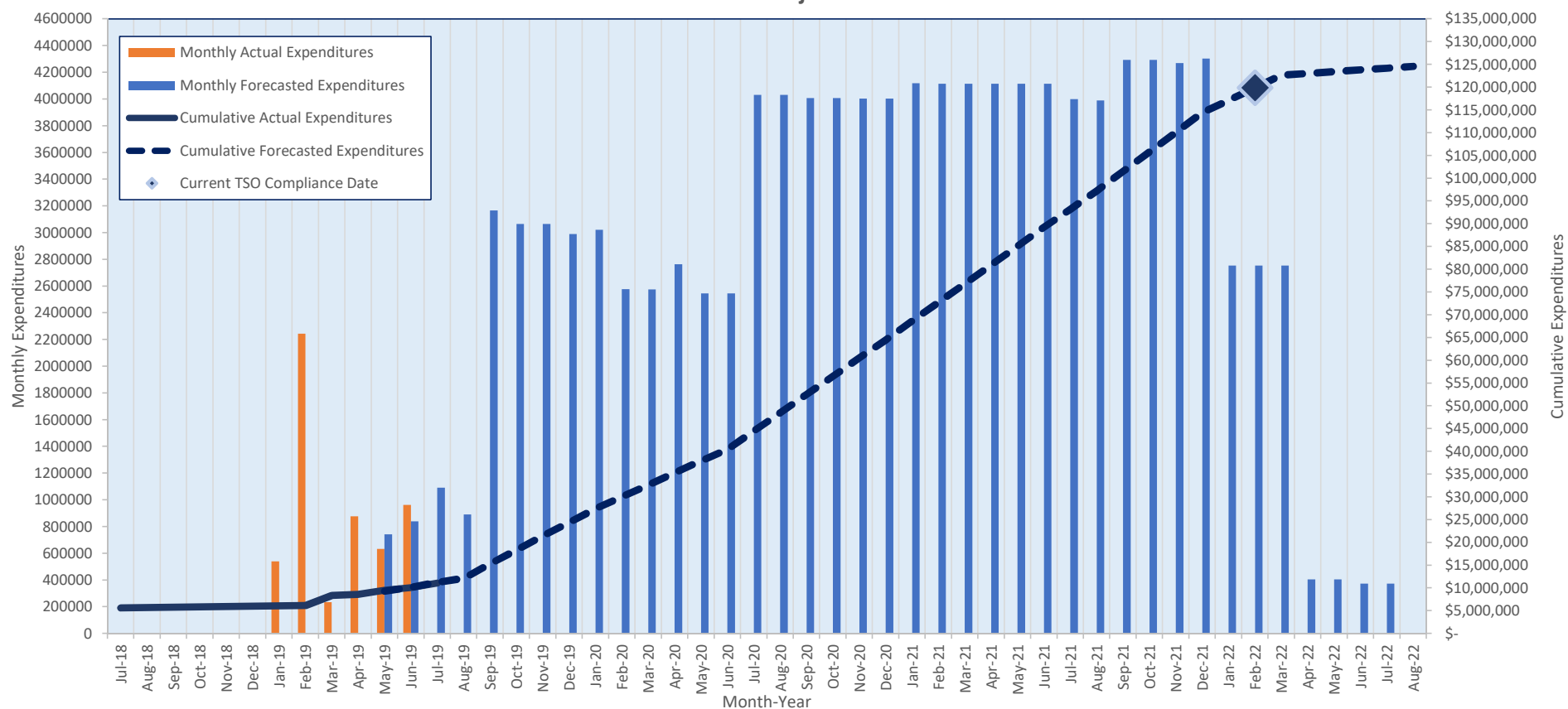
Current vs. planned expenditures

Estimated Cash Flow Projection FY 2013-2023



Current vs. planned expenditures

Estimated Cash Flow Projection FY 2013-2023

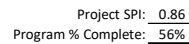


Expenditures to date



Project	Actual Expenditures to Date	Total Contracted Cost	Contract Expended to Date (%)	Total Project Cost (Est.)	Cost Expended to Date (%)
General Project	\$5,274,586	\$6,425,172	82.1%	\$11,800,000	44.7%
WRF	\$3,163,060	\$69,102,470	4.5%	\$77,300,000	4.1%
Conveyance Facilities	\$744,502	\$1,360,564	54.7%	\$31,300,000	2.4%
Recycled Water Facilities	Total Expenditures = \$11,067,630			\$500,000	3.2%
Total	\$9,357,455	\$77,239,207	12.1%	\$125,900,000	7.4%

CITY OF MORRO BAY
WATER RECLAMATION
FACILITY PROJECT



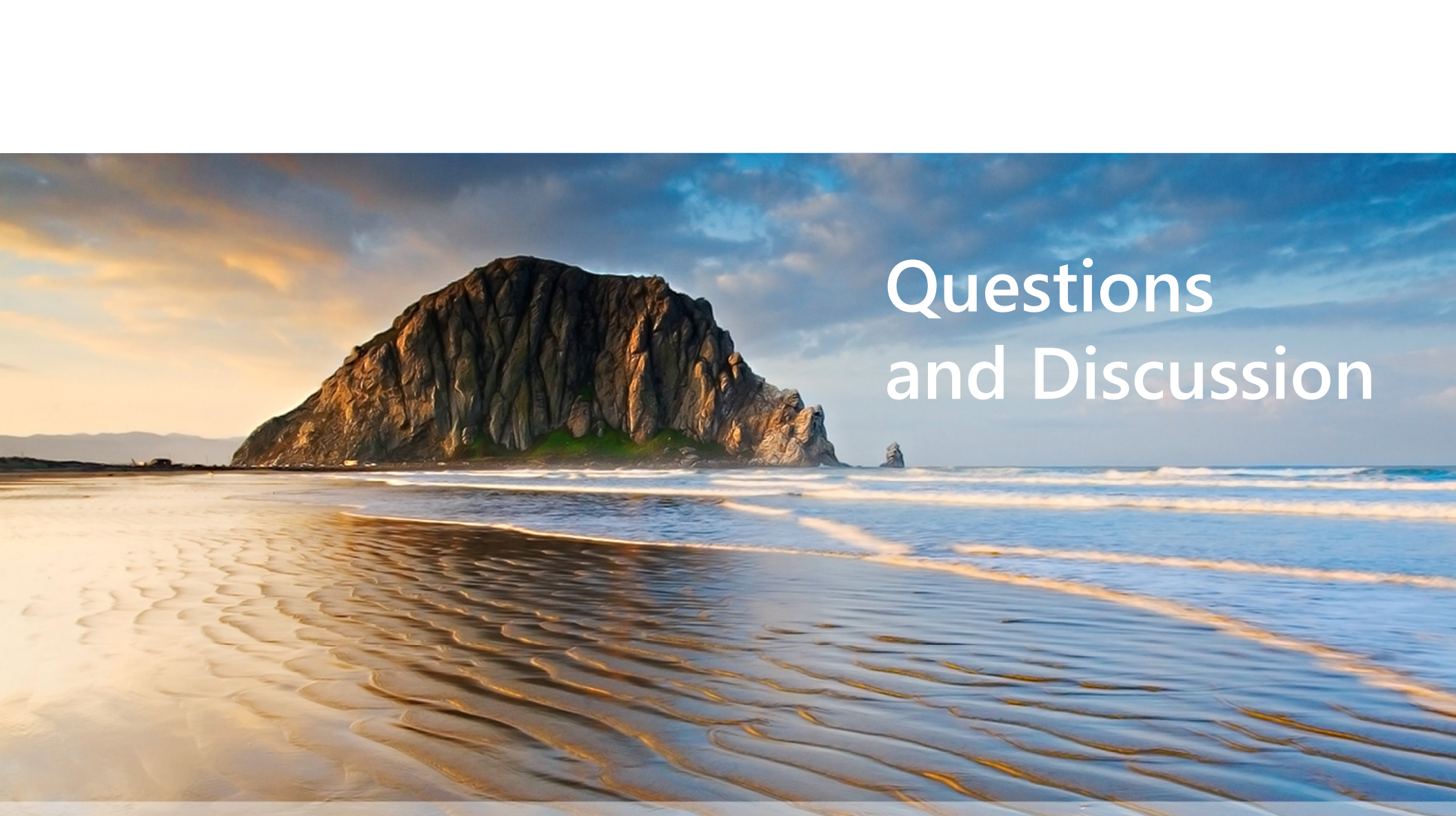
Schedule recovery strategies

- Task 3 – Hydrogeological Support
 - Continue negotiations with Vistra to complete the necessary pump testing to characterize the west injection area
- Task 5 – General Permitting
 - Expedite design of the Conveyance Facilities to complete the CDFW permit application (i.e., Morro Creek)
 - Confirm the need for a Caltrans encroachment permit on Teresa Road
- Task 6 – Potable Reuse Permitting
 - Expedite completion of the Enhanced Source Control Plan
- Task 7 – Funding
 - Expedite signing of the WIFIA loan agreement

Recommendations



- Receive WRF Capital Project Quarterly Update Report (Q4 Fiscal Year 2018/2019) and review and provide direction, if any, as Council may deem appropriate.



Questions and Discussion