

Item B-2 Citizens Financing Advisory Committee

Water Reclamation Facility Quarterly Update Report

July 21, 2020

MORRO BAY
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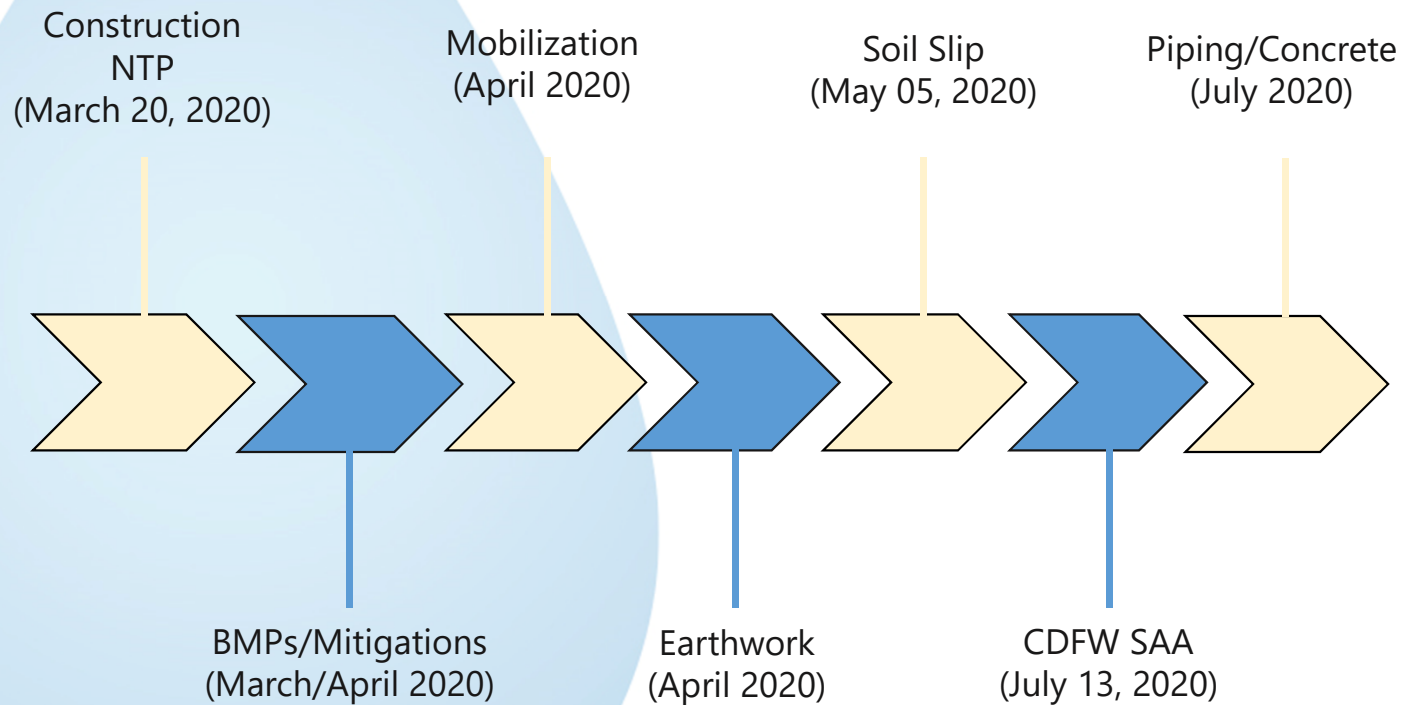


Recommendations

- Receive WRF quarterly update report

General Project Status

WRF construction timeline



<p>COA CDP</p> <p>Coastal develop- ment Commission owned 396-acre 0.97-million-gal reclamation fac- ilities; consti- tutional modifi- cations to the system, includ- ing decommission- ing and restoration of undeveloped property unincor- porated into exist- ing City of Morro Bay. The intersection of the intersection of Highway 1; un- der Morro Bay at 160 Atascadero new pump station corridors in both Highway 1; un- der Morro Bay maintenance in to Morro Rock.</p> <p>As of November can now be issued Commission:</p> <p>Please note that this returned to the CalP</p>	<p>BETWEEN THE UN THE CAL REGARDING THE</p> <p>WHEREAS, the City Project Undertaking Obispo County east resistant and sustain Commission Required</p> <p>WHEREAS, the Unit Undertaking pursuant (33 United States Co America's Surface T Improvements for the</p> <p>WHEREAS, the EP Section 106 of the N Part 800; and</p> <p>WHEREAS, the City (CWSRF) to finance t party, administers the 106 of the National H</p> <p>WHEREAS, the Cali the consultation since owned and administe will be issuing a Nat the California Coast Undertaking; and the Alteration Permit for</p> <p>WHEREAS, the Un Reclamation Facility components (H) statu recycled water from and decommissioning and the City, in consu Undertaking's Area o</p> <p>WHEREAS, a record to or within the proje most others contain eligible. Two of these resources, confirming</p> <p><i>Programmatic Agreement Facility Project, San Luis</i></p>	<p>STORM</p> <p>IN REPLY REFER TO: 06VEN00-0020-F-000</p> <p>Alaina McCut U.S. Environ William Jeffe 1301 Constitu Room # 62104 Washington, D</p> <p>Subject:</p> <p>This document on our review Water Reclam Threatened Ca section 7 of th received your</p> <p>We have base consultation, I 2017), the Big Reclamation I Environmenta throughout the 2019, Decem consultation, I</p> <p>The Service p the definition became effect the changes in</p> <p>You have also adversely affe federally end response to yo</p>	<p>DocuSign Envelope ID: F1308029-AA8C-4FAA-8B2F-5A8AA68BECFF</p> <p>CALIFORNIA FISH AND WILDLIFE</p> <p>State of California – Natural Resources Agency DEPARTMENT OF FISH AND WILDLIFE Central Region 1234 East Shaw Avenue Fresno, California 93710 (559) 243-4593 www.wildlife.ca.gov</p> <p>GAVIN NEWSOM, Governor CHARLTON H. BONHAM, Director</p> <p>July 14, 2020</p> <p>Rob Livick City of Morro Bay 595 Harbor Street Morro Bay, California 93442 rlivick@morrobayca.gov</p> <p>Subject: Final Lake or Streambed Alteration Agreement Notification No. 1600-2020-0041-R4 Unnamed Stream – San Luis Obispo County</p> <p>Dear Mr. Livick:</p> <p>Enclosed is the Final Streambed Alteration Agreement (Agreement) for the Morro Bay Water Reclamation Facility (Project). Before the California Department of Fish and Wildlife (Department) may issue an Agreement, it must comply with the California Environmental Quality Act (CEQA). In this case, the Department, acting as a responsible agency, filed a notice of determination (NOD) within five working days of signing the Agreement. The NOD was based on information contained in the Environmental Impact Report that the lead agency prepared for the Project.</p> <p>Pursuant to CEQA Guidelines sections 15075(g) and 15094(g), filing of a NOD starts a 30-day statute of limitations during which a party may challenge the filing agency's approval of the Project. You may begin your project before the 30-day period expires if you have obtained all necessary local, state, and federal permits or other authorizations. However, if you elect to do so, it will be at your own risk.</p> <p>If you have any questions regarding this matter, please contact Linda Connolly, Senior Environmental Scientist Supervisor, at (559) 243-4014 extension 242 or Linda.Connolly@wildlife.ca.gov.</p> <p>Sincerely,</p> <p><i>DocuSigned by Julie Vance Regional Manager</i></p> <p>Enclosure</p>	<p>STORM</p> <p>IN REPLY REFER TO: 06VEN00-0020-F-000</p> <p>Alaina McCut U.S. Environ William Jeffe 1301 Constitu Room # 62104 Washington, D</p> <p>Subject:</p> <p>This document on our review Water Reclam Threatened Ca section 7 of th received your</p> <p>We have base consultation, I 2017), the Big Reclamation I Environmenta throughout the 2019, Decem consultation, I</p> <p>The Service p the definition became effect the changes in</p> <p>You have also adversely affe federally end response to yo</p>
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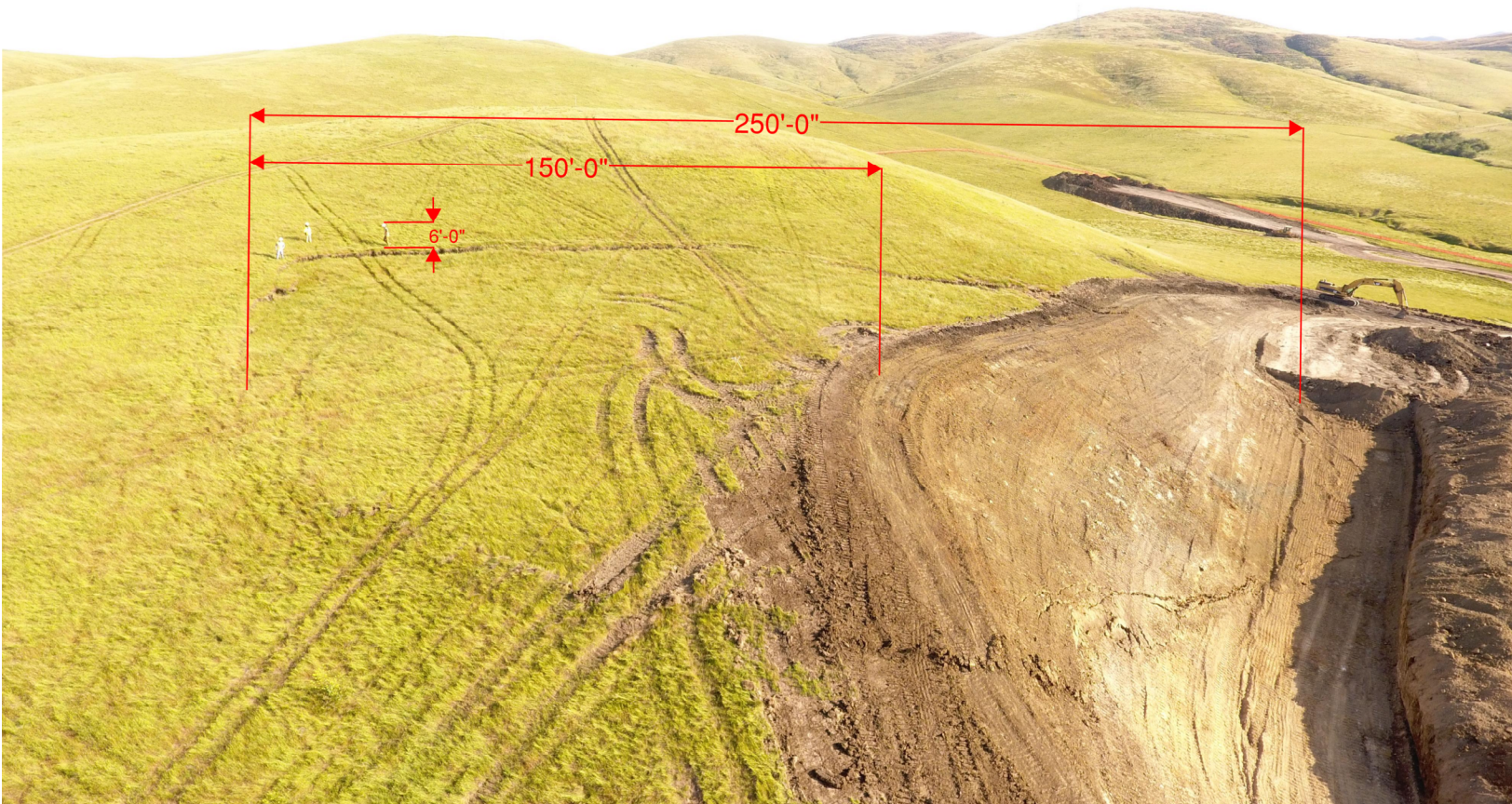
Please note that this
returned to the Calif

*Programmatic Agreement
Facility Project, San Luis*

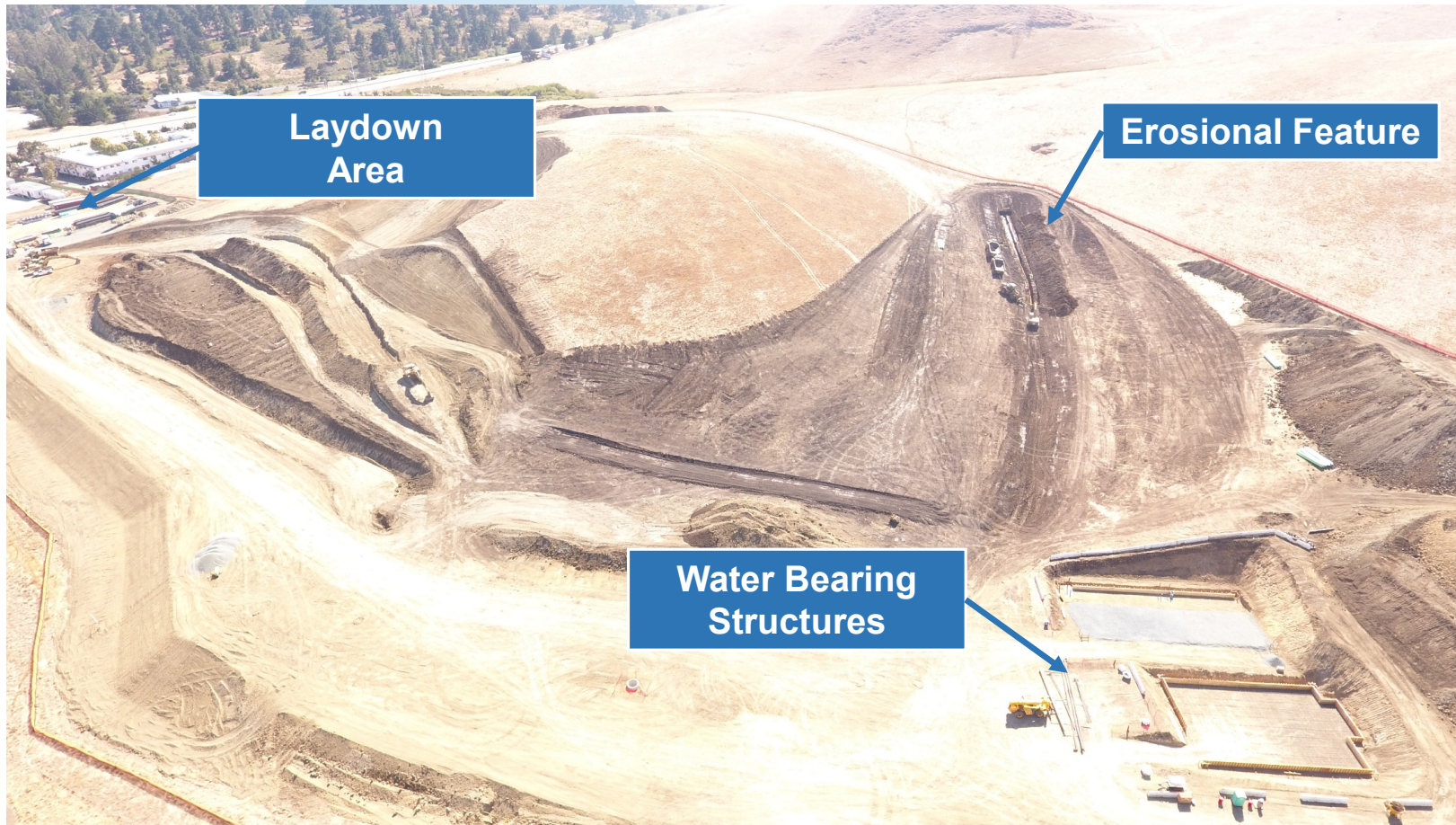


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Soil slip



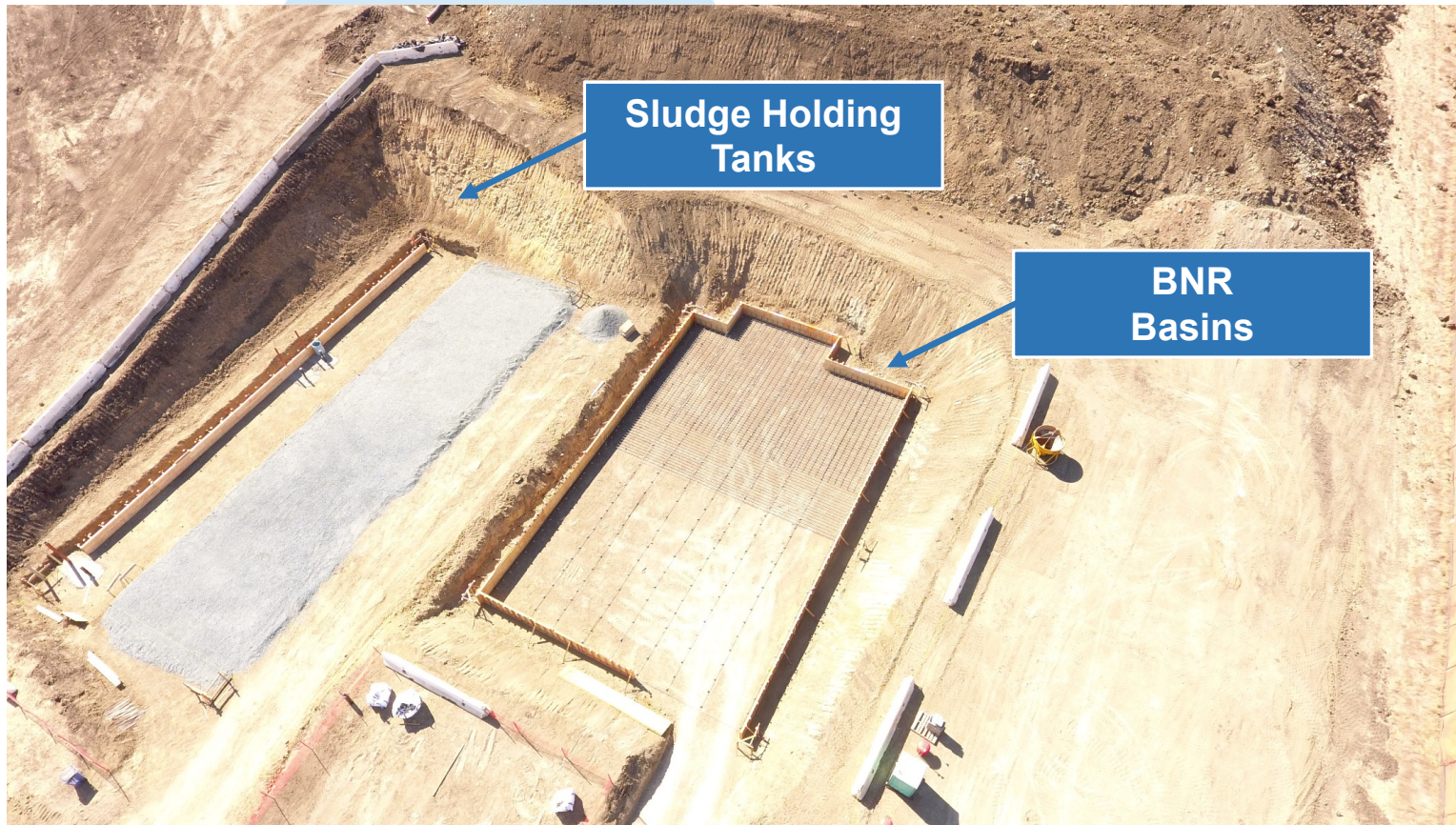
WRF site project progress



Agreement obtained for the erosional feature



Rebar and forming work has begun



Quarterly Report Overview

Reporting process overview

- Single report for CFAC and City Council produced each month
 - Tracking of actual expenditures
- Monthly report expanded every third month (close of each quarter)
 - Budget reconciliation
- Budget and schedule are re-baselined annually
 - Last baseline July 01, 2020

Summary of project status

- Project budget re-baselined at \$130.6 million
- Schedule re-baselined
 - TSO Compliance Deadline – February 28, 2023
 - WRF Substantial Completion – September 02, 2022
 - Previous WRF Substantial Completion (Q3 FY 19/20) – June 15, 2022
 - Baseline WRF Substantial Completion – November 11, 2021

Budget history

Project Component	Baseline (Q4 FY 7/18)	Quarterly (Q3 FY 18/19)	Annual (Q4 FY 18/19)	Quarterly (Q1 FY 19/20)	Quarterly (Q2 FY 19/20)	Quarterly (Q3 FY 19/20)	Annual (Q4 FY 19/20)
Water Reclamation Facility	\$62,414,000	\$74,059,000	\$72,891,000	\$72,598,000	\$72,231,000	\$71,856,000	\$77,828,000
Conveyance Facilities	\$21,087,000	\$27,108,000	\$28,864,000	\$28,524,000	\$29,224,000	\$29,989,000	\$29,840,000
Recycled Water Facilities	\$8,593,000	\$5,366,000	\$5,250,000	\$5,212,000	\$5,353,000	\$5,526,000	\$5,526,000
General Program	\$24,403,000	\$11,614,000	\$11,801,000	\$11,625,000	\$11,701,000	\$12,964,000	\$13,260,000
Construction Contingency	\$9,444,000	\$6,450,000	\$7,132,000	\$7,131,000	\$7,364,000	\$10,264,000	\$4,207,000
Total	\$125,941,000	\$124,597,000	\$125,938,000	\$125,090,000	\$125,873,000	\$130,599,000	\$130,661,000

New baseline budget summary

- Water Reclamation Facility
 - Contingency has been shifted to cover twenty six (26) PCOs approved in May 2020
 - Reduction in cost of new electrical service (PG&E)
- Conveyance Facilities
 - Minimal changes
- Recycled Water Facilities
 - No changes
- General Project
 - Conveyance Facilities construction management
 - Additional permitting support
 - Property acquisition (Shepherd property)

Impacts of revised budget on total cost

Scenario	2018 Rate Study	2019 Financial Plan Update	2020 Debt Service Projections
Project Budget	\$126,000,000	\$125,882,000	\$130,596,000
Debt Proceeds	\$95,175,000	\$97,000,000	\$101,714,000
Total Debt Service Cost	\$179,945,000	\$132,660,000	\$128,138,000
Present Value of Total Debt Service Payments⁽¹⁾	\$107,738,000	\$81,698,000	\$74,622,000
Maximum Annual Debt Service Payment	\$5,293,000	\$4,422,000	\$3,993,000













Notes:

(1) Present value is shown in current dollars and assumes a 3-percent discount rate.

Key accomplishments and challenges

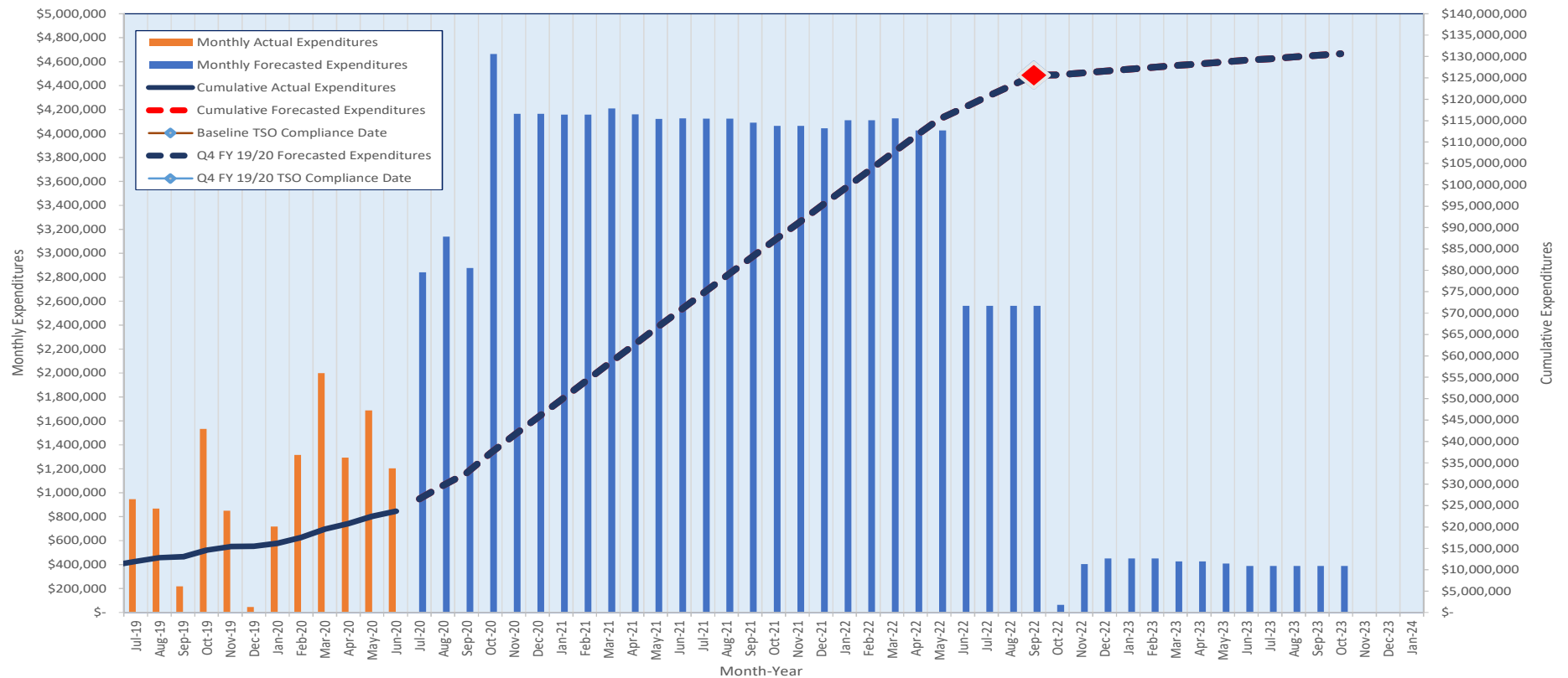
Project Component	Key Accomplishments	Critical Challenges	Actions to Overcome Challenges	Likely Outcomes
General Project	Continued to support the review of the City's construction loan application by the Clean Water State Revolving Fund (CWSRF) staff.			
Water Reclamation Facility	Continued advancing construction on the South Bay Boulevard site.			
		A soil slip on the site occurred with a volume of approximately 15,000 cubic yards that has resulted in additional work for the design-build team	Negotiate with the design-build team to determine responsibility and minimize the financial impacts from dealing with the soil slip.	Pending the result of the negotiations with the design-build team, the soil slip could result in a future PCO.
Conveyance Facilities	Held the pre-bid meeting on July 07, 2020.			
		Receipt of easements necessary to construct the pipelines in the City's existing bike path.	Work closely with Vistra (Vistra Energy), PG&E, and California Public Utilities Commission (CPUC) to obtain the easements.	Delayed receipt of the easements could complicate or delay construction of the Conveyance Facilities.
Recycled Water Facilities	Received the Final TM (Characterization) from GSI confirming selection of the West injection area.			
		Receipt of property necessary to construct the injection wells.	Work with Vistra to obtain the property for the injection wells.	Without expediting the schedule, the completion of the injection wells will be delayed (does not impact compliance with the Time Schedule Order (TSO)).

Project dashboard

Performance Measure	Data	Baseline (Q4FY 19/20)	Current (Q4 FY 19/20)	Delta	Status			
1: Total Project Costs	Total Project Projected Cost at Completion versus the Baseline Budget (budget as of 06/30/20)	\$130.7 M	\$130.7 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 06/30/20)	\$79.3 M	\$79.3 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	Conveyance Facilities Projected Cost at Completion versus the Baseline Budget (budget as of 06/30/20)	\$32.3 M	\$32.3 M	0.0%		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	Off Site Injection Facilities Projected Cost at Completion versus the Baseline Budget (budget as of 06/30/20)	\$5.8 M	\$5.8 M	0.0%		Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
1.4: General Project Costs	General Project Projected Cost at Completion versus the Baseline Budget (budget as of 06/30/20)	\$13.3 M	\$13.3 M	0.0%		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 06/30/20)	1.00	0.99	-0.01		>= 1.00	0.99 to 0.90	< 0.90
3: Schedule Performance Index ⁽¹⁾	Ratio of Planned Percent Complete to Actual Percent Complete (as of 06/30/20)	1.00	1.15	0.15		>=1.00	0.99 to 0.80	<0.80
4: Conveyance Pipeline Installed	Feet of conveyance pipeline installed (thru 06/30/20)	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 06/30/20)	973 days	794 days	180 days		<= 365 days	364 days and 180 days	> 179 days

Current vs. planned expenditures

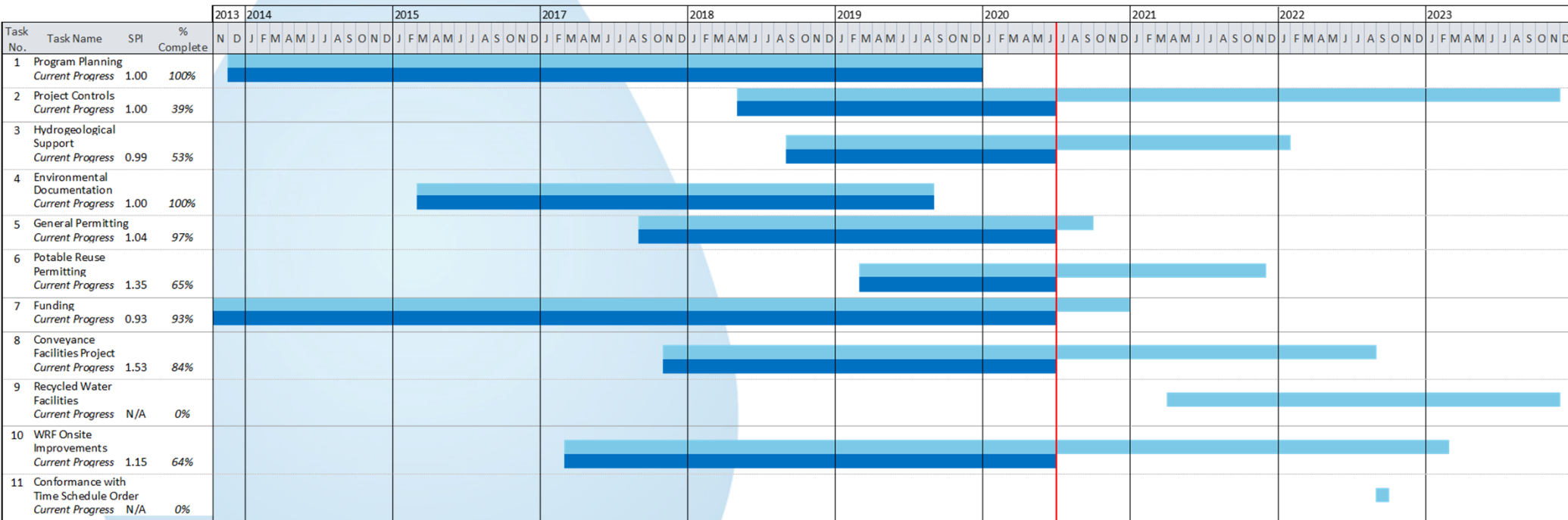
Estimated Cash Flow Projection FY 2013-2024




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	\$6,986,000	\$10,849,000	64.4	\$13,260,000	52.7
WRF	Total Expenditures = \$23,696,000			,278,000	14.2
Conveyance Facilities	\$1,807,000	\$2,052,000	88.1	\$32,298,000	5.6
Recycled Water Facilities	\$601,000	\$621,000	96.8	\$5,825,000	10.3
Total	20,649,000	\$88,449,000	23.3	\$130,661,000	15.8

Schedule overview



Project SPI:	1.15
Program % Complete:	76%

 Baseline Schedule
 Actual Progress-To-Date

New milestone schedule overview

Milestone	Baseline Schedule due Date	Planned Completion Date
<u>General Project</u>		
Compliance with the TSO	November 11, 2021	September 02, 2022
<u>Water Reclamation Facility</u>		
Begin Construction	August 08, 2019	March 20, 2020 (Actual)
Deliver 90 Percent Design	October 24, 2019	March 31, 2020 (Actual)
Substantial Completion	November 11, 2021	September 02, 2022
Final Completion	June 09, 2022	October 31, 2022
<u>Conveyance Facilities</u>		
Deliver 90 Percent Design	October 15, 2019	February 10, 2020 (Actual)
Deliver 100 Percent Design	December 17, 2019	June 15, 2020 (Actual)
Bid Advertisement	February 21, 2020	June 16, 2020 (Actual)
Award Construction Contract	May 08, 2020	September 22, 2020
Substantial Completion	September 17, 2021	March 30, 2022
Final Completion	November 19, 2021	June 01, 2022
<u>Recycled Water Facilities</u>		
Select Preferred Injection Area	May 28, 2019	June 17, 2020 (Actual)
Deliver 30 Percent Design	August 04, 2020	December 01, 2021
Deliver 60 Percent Design	November 10, 2020	March 09, 2022
Deliver 90 Percent Design	February 16, 2021	June 15, 2022
Deliver 100 Percent Design	April 27, 2021	August 24, 2022
Award Construction Contract	July 21, 2021	November 16, 2022
Substantial Completion	April 21, 2022	September 20, 2023
Final Completion	June 21, 2022	November 15, 2023

Schedule adjustments

- Task 9 – Recycled Water Facilities
 - Re-baseline schedule addresses delays due to Vistra property access and hydrogeological work
- Task 10 – WRF Onsite Improvements
 - Earthwork delayed due to need for SAA

Recommendations

- Receive WRF quarterly update report

Questions and Discussion



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