

July 29, 2020

Katie DiSimone
California Regional Water Quality Control Board - Central Coast Region
895 Aerovista Place, Suite 101
San Luis Obispo, CA 93401

Subject: Time Schedule Order No. R3-2018-0019 2020 Second Quarter Progress Report

Dear Ms. DiSimone:

In accordance with Table 3 (Compliance Schedule) of Time Schedule Order No. R3-2018-0019 dated June 27, 2018, the City of Morro Bay (City) is submitting the 2020 Second Quarter Progress Report. Per Table 3, the progress report shall include the following:

"The quarterly progress reports shall detail the Discharger's actions implemented towards achieving compliance with Order No. R3-2017-0050, including but not limited to studies, installation/construction progress, evaluation of measures implemented, recommendations for additional measures as necessary to achieve full compliance by the final date of this TSO, completion of any required actions, failures to comply with any action required and related corrective actions. Quarterly progress reports shall also include as attachments any documentation demonstrating compliance, such as RFPs, EIRs, rate studies, contract awards, or hearing agendas. Where such materials are publicly available via the Discharger's website, the Discharger's quarterly report may instead provide web links if approved by Central Coast Water Board staff."

Background

The City currently jointly owns and operates a wastewater treatment plant (WWTP) with the Cayucos Sanitary District (CSD). The WWTP was built in 1954 and blends primary-treated effluent with secondary-treated effluent when flows exceed 1 million gallons per day (mgd). The City is currently operating under Waste Discharge Requirements Order No. R3-2017-0050 (Order No. R3-2017-0050), which requires the City to discontinue the blending process as part of the planned new water reclamation facility (WRF) project (Project), and all flows will meet at least full secondary treatment standards.

Since 2013, the City has been developing a WRF project through the completion of several key planning milestones including completion of the Draft Water Reclamation Facility Master Plan and Draft Master Water Reclamation Plan. These planning documents along with City Council-adopted goals for the project have outlined a project that includes the following major components:

- Onsite tertiary treatment facility with a capacity of approximately 1 mgd;
- Onsite full advanced treatment facilities capable of meeting the Division of Drinking Water's requirements for potable reuse via groundwater augmentation;
- Offsite recycled potable reuse facilities including pipelines and injection wells necessary for groundwater augmentation in the Morro groundwater basin; and
- Offsite raw wastewater conveyance facilities including pipelines and pump station(s) to convey raw wastewater, tertiary-treated wastewater, and brine between the existing WWTP site and the City's preferred site located at Highway 1 and South Bay Boulevard.

Summary of Recent Activities

Since delivery of the last quarterly update on April 30, 2020, the City has continued to make major strides in moving the WRF project towards achieving full compliance with Order No. R3-2017-0050 by February 28, 2023. These milestones include progression of both the WRF design-build (BD) and the Conveyance Facilities (i.e., pipelines and pump stations) components of the Project. A summary of major milestones, dates of their completion, and critical supporting documentation is also identified in the table below. Additional discussion is also provided following the table.

Activity	Completion Date	Supporting Documentation	Links to WRF Website or Attached
WRF Onsite Design-Build Request for Proposals	January 24, 2018	RFP	https://morrobayca.sharepoint.com/:b:/g/WRF/Eblv5jMqlcFLue0cGCFYAX8BnwbAEWFplwju3VA2cwXuIA?e=aJeiTf
Release of Public Draft Environmental Impact Report (EIR)	March 30, 2018	Draft EIR	http://www.morrobayca.gov/DocumentCenter/View/11684/WRF-Draft-EIR---All-Chapters-Combined
City Council Selection of the Preferred WRF Onsite Design-Build Team	June 13, 2018	Agenda	http://www.morrobayca.us/ArchiveCenter/View/Item/4648
Final EIR	July 03, 2018	Final EIR	http://www.morrobayca.gov/DocumentCenter/View/11985/WRF-Final-EIR
Recommendation to Certify Final EIR by Planning Commission/WRFCAC	July 03, 2018	Agenda	http://www.morrobayca.us/ArchiveCenter/View/Item/4682
Draft Financial Plan and Rate Analysis	July 05, 2018	Draft Report	https://morrobayca.sharepoint.com/:b:/g/WRF/EV2GNySCPnhGgS5ww_20LqlBpuAwPc4fW51vl4Mk9ipDJA?e=XbQMt2%22
City Council Approval of Proposition 218 Notice	July 10, 2018	Agenda	http://www.morrobayca.us/ArchiveCenter/View/Item/4685
Submission of the EPA Water Infrastructure and Innovation Act (WIFIA) Program Application	July 13, 2018	Application	https://morrobayca.sharepoint.com/:b:/g/WRF/Ee3Pfk_a1Y9HiK-KYsmpluwBWZwQMq3J2OPqwAuZI4zLZw?e=Bi6I9P
City Council Certification of the Final EIR	August 14, 2018	Resolution	Included as part of Third Quarter Progress Report (October 25, 2018)

Activity	Completion Date	Supporting Documentation	Links to WRF Website or Attached
Adoption of New Rates to Support the WRF Program	September 11, 2018	Resolution	Included as part of Third Quarter Progress Report (October 25, 2018)
Award Contract for the Next Phase of the Hydrogeological Work	September 25, 2018	Staff Report	Included as part of Third Quarter Progress Report (October 25, 2018)
Award of the WRF Onsite Improvements Design-Build Contract	October 23, 2018	Staff Report	Included as part of Third Quarter Progress Report (October 25, 2018)
Progress Update Meeting with the Regional Water Quality Control Board	November 01, 2018	Presentation	Included as part of Fourth Quarter Progress Report (January 30, 2019)
Submit the Notice to Proceed to Filanc/Black & Veatch to begin design of the WRF onsite improvements	November 28, 2018	Kick-Off Meeting Agenda	Included as part of Fourth Quarter Progress Report (January 30, 2019)
Submit the Notice to Proceed to GSI to initiate the next phase of hydrogeological work to finalize injection quantity, well location, and well design criteria	December 05, 2018	Kick-Off Meeting Agenda	Included as part of Fourth Quarter Progress Report (January 30, 2019)
Submit the Final Clean Water State Revolving Fund Program Application	January 17, 2019	Final Scoring Sheet/Score Confirmation Email	Included as part of Fourth Quarter Progress Report (January 30, 2019)
Presentation from the Status Update Meeting with H. Packard and P. Hammer from the RWQCB	April 16, 2019	Presentation	Included as part of First Quarter Progress Report (April 29, 2019)
Draft Phase 1 Hydrogeological Study (GSI)	April 19, 2019	Draft Report	Included as part of First Quarter Progress Report (April 29, 2019)
Clean Water State Revolving Fund Draft Intended Use Plan	June 18, 2019	Draft Plan Adopted by the State Water Board on June 19, 2019	Included as part of Second Quarter Progress Report (July 31, 2019)
California Coastal Commission Coastal Development Permit Application Staff Report	July 18, 2019	Staff Report Presented to the California Coastal Commission	Included as part of Second Quarter Progress Report (July 31, 2019)

Activity	Completion Date	Supporting Documentation	Links to WRF Website or Attached
Water Reclamation Facility 60-Percent Design Plans	July 30, 2019	Design Deliverable	https://morrobayca.sharepoint.com/:b:/g/WRF/ETOHw7iLnpxHtEltWecw-G0B4l_Z0V3cNXIITiY2NKxt_w?e=1u0G7y
Water Reclamation Facility 60-Percent Design Specifications	July 30, 2019	Design Deliverable	https://morrobayca.sharepoint.com/:b:/g/WRF/Eelsh1llxt5FuhCIEVotnM8BQWug3N4QgJ_0kEGf-yicRA?e=oy2ZIZ
Conveyance Facilities 60-Percent Design Plans	September 11, 2019	Design Deliverable	https://morrobayca.sharepoint.com/:b:/g/WRF/ESMFLi70NORCtxyiQ6-gC4oB2-zLvKqmqHh353MET4wxnA?e=k3jYYu
Water Reclamation Facility Final Grading Plans	October 04, 2019	Design Deliverable	http://morrobaywrf.com/wp-content/uploads/Water-Reclamation-Facility-Final-Grading-Plans-October-2019.pdf
Receipt of the executed Coastal Development Permit (CDP)	November 08, 2019	Final CDP	https://morrobayca.sharepoint.com/:b:/g/WRF/ESS-NnpnK0FJia1OLK_EudlB8DMaXXLcNUuv8SAi2lZqlA?e=MatiOI
CDP Special Condition No. 1 (WRF)	November 2019	Special Condition Report	https://morrobayca.sharepoint.com/:b:/g/WRF/EXdoEWM24atLvRn2UhNyS1IBrUIFvm306rD9QgDR6d1qzA?e=AmgOgn
CDP Special Condition No. 2 (WRF)	November 2019	Special Condition Report	https://morrobayca.sharepoint.com/:b:/g/WRF/Ec0SIQbZZnBBigtUXXXXSWEBjA-P3M4lvWmv5LOZ0WK_Lg?e=yEqUIK
CDP Special Condition No. 6 (WRF)	November 2019	Special Condition Report	https://morrobayca.sharepoint.com/:b:/g/WRF/ES4mA6d1OnFKpY335fHZrwbBdCZWAHlrv_oabN982lnMVVQ?e=cr5HCo
Receipt of the executed Programmatic Agreement (PA) with the State Historic Preservation Officer (SHPO)	December 13, 2019	Transmittal for Executed PA	https://morrobayca.sharepoint.com/:b:/g/WRF/EQdVM77oKBVCsYXP_OB8Bb4B1ch_HYSE_DvQdDA589QmpYg?e=86jrfC
Water Reclamation Facility 90-Percent Yard Piping Design Plans	December 2019	Design Deliverable	https://morrobayca.sharepoint.com/:b:/g/WRF/EVStx4rmfq5AsREjEPKNJZ0BjGi7zMU1M04wCtB_wJkkQ?e=arS3A2

Activity	Completion Date	Supporting Documentation	Links to WRF Website or Attached
Water Reclamation Facility 90-Percent Yard Piping Design Specifications	December 2019	Design Deliverable	https://morrobayca.sharepoint.com/:b/g/WRF/Ef2N2dzSeghKgH9h2_MxqcMBrip9VadE9JDeEQiuuB9Uag?e=ppaaGZ
Draft USBR Title XVI Feasibility Study	February 2020	Draft Report	https://morrobayca.sharepoint.com/:b/g/WRF/EVf_aAaGS_RHuJcJ33rxWsBhpc4KDSkUIBs dNZVF62WiA?e=CyeWbJ%22
Conveyance Facilities 90-Percent Design Plans	February 2020	Design Deliverable	https://morrobayca.sharepoint.com/:b/g/WRF/ERNbLqxCqBZEuHnZvm4ZIEUBc-qWxjM2WyCKGUZfZnCVPg?e=4YrKiC
Conveyance Facilities 90-Percent Design Specifications	February 2020	Design Deliverable	https://morrobayca.sharepoint.com/:b/g/WRF/EdnEZhZubblidaAg36_sEwBcEadjsMLpa6Kx AkgptoyuQ?e=isXUxy
CDP Special Condition No. 13 (WRF)	March 2020	Special Condition Report	https://morrobayca.sharepoint.com/:b/g/WRF/EQdlupW2d9RMk5Gad04YzAEBqKc_weQREuYpJrcUFZ3p5Q?e=VupuAZ
Water Reclamation Facility 90-Percent Design Plans	March 2020	Design Deliverable	https://morrobayca.sharepoint.com/:b/g/WRF/ERyvns5nkN5Lv7w4sk3V1jgBNe6EUhBpy1Kkl_9tUt7PdA?e=O5fP4G
Water Reclamation Facility 90-Percent Design Specifications	March 2020	Design Deliverable	https://morrobayca.sharepoint.com/:b/g/WRF/EfNuqEfgfddHo9xbEm5kWYkBWIDrCf7Da5Pp2nAWswBgYg?e=3FLxkX
Water Reclamation Facility IFC Design Plans (Part 1)	May 2020	Design Deliverable	http://morrobaywrf.com/wp-content/uploads/1a_Morro-Bay-WRF-IFC-Drawings-5-22-2020.pdf
Water Reclamation Facility IFC Design Plans (Part 2)	May 2020	Design Deliverable	http://morrobaywrf.com/wp-content/uploads/1b_Morro-Bay-WRF-IFC-Drawings-5-22-2020.pdf
Water Reclamation Facility IFC Design Plans (Part 3)	May 2020	Design Deliverable	http://morrobaywrf.com/wp-content/uploads/1c_Morro-Bay-WRF-IFC-Drawings-5-22-2020.pdf
Water Reclamation Facility IFC Design Plans (Part 4)	May 2020	Design Deliverable	http://morrobaywrf.com/wp-content/uploads/1d_Morro-Bay-WRF-IFC-Drawings-5-22-2020.pdf

Activity	Completion Date	Supporting Documentation	Links to WRF Website or Attached
Water Reclamation Facility IFC Design Specifications	May 2020	Design Deliverable	http://morrobaywrf.com/wp-content/uploads/2_Morro-Bay-WRF-IFC-Specifications-5-22-2020.pdf
Groundwater Characterization and Selection of Project Area	June 2020	Final Report	http://morrobaywrf.com/wp-content/uploads/Characterization-and-Selection-of-Project-Area.pdf
Conveyance Facilities Bid Design Plans (Part 1)	June 2020	Design Deliverable	http://morrobaywrf.com/wp-content/uploads/3a_Vol3.Drawings22x34.pdf
Conveyance Facilities Bid Design Plans (Part 2)	June 2020	Design Deliverable	http://morrobaywrf.com/wp-content/uploads/3b_Vol3.Drawings22x34.pdf
Conveyance Facilities Bid Design Specifications	June 2020	Design Deliverable	http://morrobaywrf.com/wp-content/uploads/5_2020_0041-Final_SAA.pdf

Design Status

Water Reclamation Facility

During the previous quarter, the Filanc/Black & Veatch DB team (DB team) advanced the design and delivered the following key design deliverables to the City:

- Issued for Construction (IFC) Design Drawings
- Issued for Construction (IFC) Design Specifications

The IFC package was submitted to the City in May 2020.

Conveyance Facilities

During the previous quarter, the Water Works Engineers (WWE) design team advanced the design and delivered the following key deliverables to the City:

- 100-Percent Design Drawings
- 100-Percent Design Specifications

The final bid documents were submitted in June 2020.

Construction Status

Water Reclamation Facility

On March 20, 2020, the City issued the construction Notice to Proceed (NTP) to the DB team for the WRF. Since that time, the DB team has continued mass earthwork activities on the site.

Conveyance Facilities

The City advertised the Conveyance Facilities component of the Project for bidding on June 15, 2020 and plans to open bids on August 12, 2020. The City plans to bring a recommendation for award to the City Council in late September 2020 with construction beginning in October 2020.

Funding Status

Water Infrastructure Finance and Innovation Act Loan

On March 12, 2020, the City signed a loan agreement with WIFIA for \$61.7 million. Since this time, the City has submitted several disbursement requests to WIFIA.

Clean Water State Revolving Fund Construction Loan

The City has been working with the State Water Resources Control Board (SWRCB) Division of Financial Assistance (DFA) staff since June 2019 to facilitate the review of the City's Clean Water State Revolving Fund (CWSRF) construction loan application. At this time, the environmental review for construction loan application has been completed. The DFA staff is currently completing the technical, financial, and legal review of the application. The City will continue to support DFA staff's review and anticipates receiving a signed CWSRF construction loan agreement by the end of 2020.

Clean Water State Revolving Fund Planning Loan

In 2017, the City received a \$10.3 million planning loan from the SWRCB. At this time, the City has submitted three disbursement requests that should exhaust the entire planning loan amount. The City has received payment for the first disbursement request. The DFA staff has also approved the second disbursement request. The third disbursement request is currently pending approval until the City is reimbursed for the \$75,000 recycled water planning grant from the SWRCB.

United States Bureau of Reclamation Title XVI Grant

The City has been working with the United States Bureau of Reclamation (USBR) for several years with the hopes of receiving grant funds through their Title XVI program. The Title XVI program requires an approved Feasibility Study in order to be considered for funding. The City delivered the Draft Feasibility Study in early February 2020 and received word in July that it has been approved by USBR staff. The City is awaiting receipt of the fully-executed letter from USBR staff signifying approval.

Permitting Status

Streambed Alteration Agreements

The City has always anticipated the need for a SAA for the Conveyance Facilities component of the Project. However, the City has been coordinating with the CDFW since summer 2019 on the WRF site. The City has maintained that an erosional feature on the site is not a water of the state and a SAA for the site would not be needed. In February 2020, CDFW requested the City to submit a formal notification on the WRF site. As a result of their review of the notification, CDFW determined that a SAA for the site was needed. The City received the Final SAA on July 14, 2020.

The City will be submitting the notification for the SAA for the Conveyance Facilities component of the Project in late July 2020.

Caltrans Encroachment Permit

The City has been working with Caltrans since the beginning of 2020 to obtain an encroachment permit for construction of the pipelines for the Conveyance Facilities component of the Project. The City anticipates receipt of an encroachment permit for this component of the Project prior to the award of the contract in late September 2020.

Coastal Development Permit

On July 18, 2019, the CCC unanimously voted to support staff's recommendation and approve the City's application for a CDP for the WRF. The Notice of Intent (NOI) provided to the City following the hearing outlines four conditions that need to be met before the City can receive the final CDP. These include:

- Special Condition No. 1 – Final Plans and Specifications
- Special Condition No. 2 – Construction Plans
- Special Condition No. 6 – Recycled Water Management Plan
- Special Condition No. 13 – Other Authorizations

Due to the nature of the Project, the CCC agreed to a phased approval process for construction. While these four conditions were approved for the WRF and the CCC approved the start of construction, the City is currently preparing these four conditions for the Conveyance Facilities component of the Project. These items will be submitted and approved by the CCC prior to the anticipated start of construction in October 2020.

Summary of Planned, Near-Term Activities

In addition to continuing to progress the construction of the WRF onsite improvements, the City is planning to complete the following major activities before the end of the third quarter of 2020:

Planned Activity	Proposed Date
Begin the next phase of hydrogeological work to support design of the injection wells	August 2020
Complete the Draft Enhanced Source Control Program (ESCP)	August 2020
Submit the Draft Title 22 Engineering Report to the Division of Drinking Water (DDW)	August 2020
Award the Conveyance Facilities Project	September 2020

Conformance with the Compliance Schedule

Table 3 in the TSO identifies the final and intermediate required actions that must be satisfied to demonstrate full compliance with the TSO. The table below lists the required actions, compliance due dates, actual completion dates for those actions already completed, and planned completion dates for those not yet completed.

Required Actions	Compliance Due Dates	Actual Completion Date	Planned Completion Date
Release of Public Draft EIR	March 30, 2018	March 30, 2018	NA
Release of Updated Rate Study	June 30, 2018	July 05, 2018	NA
Proposition 218 Hearing	August 30, 2018	September 11, 2018	NA
Certification of Final EIR	June 30, 2018	August 14, 2018	NA
Award of Contract for WRF Onsite Improvements	September 30, 2018	October 23, 2018	NA
Develop, Implement, and Submit Pollution Prevention Plan	December 01, 2018	TBD (See additional discussion below)	December 01, 2018
Award of Contract for Construction of Lift Station and Offsite Pipelines	November 30, 2019	TBD	September 22, 2020
Completion of WRF Improvements with Completion Report	December 30, 2022	TBD	September 02, 2022
Full Compliance with Final Effluent Limits	February 28, 2023	TBD	September 02, 2022
Quarterly Progress Reports on TSO Compliance	1st Quarter: May 01, 2018	NA	NA
	2nd Quarter: August 01, 2018	August 01, 2018	August 01, 2018
	3rd Quarter: November 01, 2018	November 01, 2018	November 01, 2018
	4th Quarter: February 01, 2019	February 01, 2018	February 01, 2018
	1st Quarter: May 01, 2019	April 30, 2019	April 30, 2019
	2nd Quarter: August 01, 2019	July 31, 2019	July 31, 2019
	3rd Quarter: November 01, 2019	November 01, 2019	November 01, 2019
	4th Quarter: February 01, 2020	February 05, 2020	February 05, 2020
	1st Quarter: May 01, 2020	May 01, 2020	May 01, 2020
2nd Quarter: August 01, 2020	August 01, 2020	August 01, 2020	

Pollution Prevention Plan

The TSO stipulates that the City was to complete a Pollution Prevention Plan (PPP) pursuant to California Water Code Section 13263.3 for biochemical oxygen demand (BOD) and total suspended solids (TSS) by December 01, 2018. Since the WRF project includes the production of purified water for indirect potable reuse (IPR) for Groundwater Replenishment Reuse Projects (GRRPs), the regulations are clearly defined in the June 2014 revised Title 22 regulations. The Title 22 regulations include the requirement for an Engineering Report, which will go through extensive regulatory and public review. As part of the Title 22 Engineering Report, the City will be preparing a mandatory ESCP. The City is requesting that that the ESCP be considered acceptable in lieu of the PPP identified in the TSO. The ESCP will address BOD and TSS as

well as a number of other constituents aimed at protecting the quality of the purified water produced by the WRF. The City anticipates that the ESCP will be completed by the end of the third quarter of 2020.

Award of Contract for Construction of Lift Station and Offsite Pipelines

On June 15, 2020, the City advertised the lift stations and pipelines (i.e., Conveyance Facilities) for bidding and anticipates starting construction in October 2020. While the TSO establishes an intermediate milestone for award of a construction contract by November 30, 2019, the delay for this specific portion of the project does not impact the City's ability to achieve full secondary treatment compliance by February 28, 2023.

The City will continue to work diligently to come into compliance with Order No. R3-2017-0050 by February 28, 2023 and meet the intermediate actions in Table 3. If you have questions about this progress report or need assistance accessing any of the supporting documentation, please do not hesitate call or email at your earliest convenience.

Sincerely,

CAROLLO ENGINEERS, INC.

A handwritten signature in black ink, appearing to read "E. Casares", written over a light blue horizontal line.

Eric Casares, P.E.
WRF Program Manager

ETC:dlt