

October 31, 2019

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 2019 Third 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 2019 Third 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, 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 July 31, 2019, 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 selection of the membrane bioreactor (MBR) supplier and completion of the 60-percent design submittal for both the WRF design-build (BD) and the conveyance facilities 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	http://morrobaywrf.com/request-proposals-design-build-services-wrf-onsite-improvements/
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.morrobay.ca.us/ArchiveCenter/ViewFile/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.morrobay.ca.us/ArchiveCenter/ViewFile/Item/4682
Draft Financial Plan and Rate Analysis	July 05, 2018	Draft Report	http://morrobaywrf.com/site/wp-content/uploads/Morro-Bay-WRF-Financing-Plan-Rates-Draft-7-5-18.pdf
City Council Approval of Proposition 218 Notice	July 10, 2018	Agenda	http://www.morrobay.ca.us/ArchiveCenter/ViewFile/Item/4685
Submission of the EPA WIFIA Application	July 13, 2018	Application	http://morrobaywrf.com/site/wp-content/uploads/WIFIA-Loan-Application-main-July-2018.pdf
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 being 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	Included as part of Second Quarter Progress Report (July 31, 2019)

Activity	Completion Date	Supporting Documentation	Links to WRF Website or Attached
Coastal Commission			
Water Reclamation Facility 60-Percent Design Submittal	July 30, 2019	Design Deliverable	Due to size, the drawings can be provided upon request
Conveyance Facilities 60-Percent Design Submittal	September 11, 2019	Design Deliverable	Due to size, the drawings can be provided upon request

WIFIA Status

The City has been working with EPA staff at the Water Infrastructure Finance and Innovation Act (WIFIA) program for over a year to facilitate completion of their review of the City's application and develop a final loan agreement. WIFIA has nearly completed their review of the City's application and anticipates completing the final loan agreement in November 2019. One of the activities that must be completed, since the City will be receiving Federal funding, is consultation with various environmental agencies. This consultation includes Section 7 consultation with United States Fish and Wildlife as defined in the Endangered Species Act. In early October 2019, the EPA received a letter from USFW indicating that they did not agree with the EPA's findings in regards to the California Red-Legged Frog. The letter requested additional information that may allow the City to avoid formal consultation. If formal consultation is required, it could delay the start of construction for the WRF by up to five months. Construction could start as early as November 2019 if formal consultation can be avoided.

Clean Water SRF Status

The City has also been working with the State Water Board staff since June 2019 to facilitate the environmental review for the Clean Water State Revolving Fund (CWSRF) project. The environmental review for CWSRF is being completed in tandem with the environmental review for WIFIA. In order to begin construction, the State Water Board must finalize their environmental checklist. As mentioned previously, finalization of the environmental checklist is dependent on completion of the Section 7 consultation with USFW. This process could be resolved as early as November 2019 or could delay the start of construction by up to five months.

Coastal Development Permitting Process Status

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. This major milestone is the culmination of nearly a year of coordination between City and CCC staff. 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

The City has submitted several drafts of Special Condition No. 1, 2, and 6 and should have these approved by the CCC in November 2019. Special Condition No. 13, which is needed before construction on the WRF can

proceed, is nearly completed. However, the City needs final confirmation from California Department of Fish and Wildlife regarding a drainage feature on the WRRF site before this condition can be completed.

Summary of Planned, Near-Term Activities

In addition to continuing to progress the preliminary design of both the WRF onsite improvements and the offsite lift station(s) and pipelines, the City is planning to complete the following major activities before the end of the third quarter of 2019:

Planned Activity	Proposed Date
Receive the final CDP from the CCC	November 08, 2019
Access the Vistra property to complete the pump testing necessary to characterize the West injection location	November 15, 2019
Issue a construction notice to proceed (NTP) to the WRF design-build team	November 30, 2019

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	July 31, 2020

Required Actions	Compliance Due Dates	Actual Completion Date	Planned Completion Date
Completion of WRF Improvements with Completion Report	December 30, 2022	TBD	December 29, 2021
Full Compliance with Final Effluent Limits	February 28, 2023	TBD	November 30, 2021
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	August 31, 2019

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 Engineer's Report, which will go through extensive regulatory and public review. As part of the Engineer's Report, the City will be preparing a mandatory Enhanced Source Control Program (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 2019.

Award of Contract for Construction of Lift Station and Offsite Pipelines

The City has been working with the design engineer, Water Works Engineers (Water Works), for the lift stations and pipelines (i.e., Conveyance Facilities) since the beginning of 2018. In November 2018, Water Works delivered the Concept Design Report (30-percent design) and the 60-percent design submittal was delivered to the City in August 2019. The final geotechnical borings were also completed in August 2019. The City is making every effort to try and reduce the design schedule and begin construction of this portion of the project as early as possible in 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.

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Sincerely,

CAROLLO ENGINEERS, INC.

A handwritten signature in blue ink, appearing to read "Eric Casares".

Eric Casares, P.E.
WRF Program Manager

ETC:sm