



City of Morro Bay  
Water Reclamation Facility Program



## QUARTERLY REPORT

### JANUARY 1, 2025 THROUGH MARCH 31, 2025

## INTRODUCTION

The Recycled Water Facilities (RWF) project is a portion of the larger Water Reclamation Facility (WRF) Program. The RWF project is anticipated to be complete by Fall 2026. This quarterly report includes updates on project status, schedule, program funding, and program budget. The current program budget is \$159.84 million and \$146,276,951 million has been spent to date.

## RECYCLED WATER PROJECT STATUS

The RWF project is currently in the design phase and the following activities were completed during this quarter:

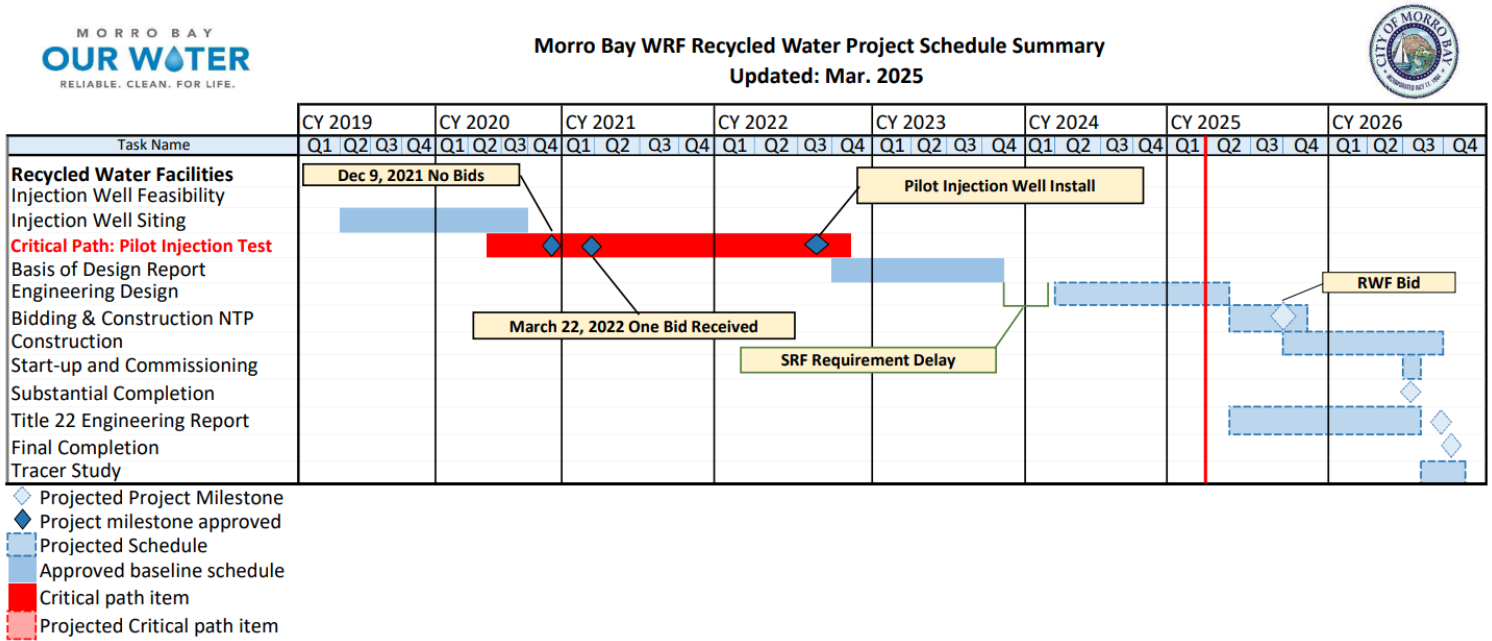
### Recycled Water Project Status Update (January 1, 2025 – March 31, 2025)

- **Environmental/Permitting**
  - Activities completed
    - In January 2025, the City submitted the 2024 Yearly Report for the City of Morro Bay Water Reclamation Facility Project Biological Opinion (Year 2).
    - On March 12, 2024, the City sent the Draft NEPA Environmental Assessment (EA) to the United States Bureau of Reclamation (USBR) for their review and feedback.
  - Ongoing activities and upcoming timelines
    - During this period, the City finalized the draft CEQA EIR Addendum #2. The CEQA EIR Addendum #2 is available on the City website, Our Water Program website, and the State Clearinghouse. The public review period is from April 24, 2025 – May 21, 2025.
    - The City is waiting to receive feedback from USBR on the National Environmental Policy Act (NEPA) Environmental Assessment (EA) and is anticipating it will be circulated for public review in 2025.
- **Recycled Water Permitting**
  - Activities completed
    - In February 2025, the City submitted the Draft Title 22 Engineering Report to the Department of Drinking Water (DDW).
    - On March 6, 2025, the City met with DDW to provide an overview of the Draft Title 22 Engineering Report.
    - In March 2025, the City submitted the Recycled Water Management Plan Phase 1 Progress Report, in compliance with their NPDES permit.
  - Ongoing activities and upcoming timelines

- The Basis of Design Report (BOD), attached to the Draft Title 22 Engineering Report, will continue to be updated as more hydrogeologic data becomes available throughout the project.
  - City staff and the Recycled Water Program Team are continuing to prepare the Draft Report of Waste Discharge (ROWD) Application.
- **Engineering Design**
  - Activities completed
    - In February 2025, the project engineer provided the Recycled Water Project team an admin draft of the Draft Conceptual Design Report.
  - Ongoing activities and upcoming timelines
    - During this period, the project design engineer continued to prepare the recycled water pipeline and injection well equipping design.
    - During this period, the project design engineer continued to investigate the abandoned desal feedline pipeline for potential reuse for the IPR pipeline.
    - During this period, the project design engineer continued to prepare a test plan for flow and pressure testing the existing IPR conveyance pipeline.
    - The Conceptual Design Report is anticipated to be completed in Q2 2025.
- **Hydrogeologic Analysis and Design**
  - Activities completed
    - In January 2025, the City completed the ERT survey as part of the project's geophysical investigations.
    - In February 2025, the City performed a backflush test on Well 1 to help inform the backflush appurtenance design and operational strategy.
    - On March 24, 2025, the City ended the interim tracer study which had been initiated on November 18, 2024.
  - Ongoing activities and upcoming timelines
    - The project hydrogeologist continued to evaluate which injection well locations are most favorable from a hydrogeological perspective and preparing the design of the downhole components of the injection wells.
- **Funding/Financing**
  - Activities completed
    - The City prepared and submitted the Water Infrastructure Finance and Innovation Act (WIFIA) Funding and Financing Quarterly Report.
    - The City prepared and submitted the Integrated Regional Water Management (IRWM) Funding and Financing Quarterly Report.
  - Ongoing activities and upcoming timelines
    - The IRWM grant agreement has been executed by the City and is in the process of being executed by the San Luis Obispo County Flood Control and Water Conservation District.
    - City Staff and the Recycled Water Program Team are coordinating with the funding financing agencies to provide quarterly reports, environmental documentation, and other required documentation.
    - City staff and the Recycled Water Program Team are coordinating with the Bureau of Reclamation to modify grant agreement materials and continue preparation of the Title XVI Grant Agreement.

## RECYCLED WATER PROJECT SCHEDULE

Figure 1. Recycled Water Summary Schedule



## PROGRAM BUDGET

Table 1 lists actual expenditures for each program component and the percent of the budget expended. The WRC and Conveyance Facilities components of the project were closed out in 2024.

Table 1. WRF Program Expenditures

Program Component	Previous Total Expenditures	Jan-Mar 2025 Expenditures <sup>(1)</sup>	Total Expenditures To Date	FY 24/25 Budget <sup>(2)</sup>	Percent Budget Expended
RWF	\$2,741,319 <sup>(3)</sup>	\$63,738	\$2,805,057	\$9,424,174	30%
General Project	\$24,445,647 <sup>(3)(4)</sup>	\$232,275	\$24,677,922	\$30,968,609	80%
WRC Plant	\$77,895,236	\$0	\$77,895,236	\$79,123,216	98%
Conveyance	\$40,891,202 <sup>(5)</sup>	\$7,534	\$40,898,736	\$40,324,350	101%
<b>Total</b>	<b>\$145,973,404</b>	<b>\$303,547</b>	<b>\$146,276,951</b>	<b>\$159,840,349</b>	<b>92%</b>

(1) Jan-Mar 2025 total expenditures as tallied on the Accounts Payable Report run on April 9, 2025, including all invoices accrued through Mar 31, 2025.

(2) [FY 24/25 Budget adopted by Council](#).

(3) A correction was made to adjust the previous expenditures to move \$24,276 from the RWF to General Project for due to an error on the July-Sept 2024 PWAB Quarterly Report.

(4) \$85,366 in program management invoices for Oct-Dec were added to the General Project previous expenditures category.

(5) Although the Conveyance budget has been closed out, an invoice for Phase 2 archeological testing (conveyance) sample processing was received this quarter.

## PROGRAM FUNDING

**Table 2. WRF Program Funding Sources**

Funding Agency <sup>(1)</sup>	Funding Type	Total Funding	Spent to Date	Funding Available	Notes
SRF Construction Loan	Loan	\$66,604,638	\$64,910,849	\$1,693,789	Terms: 0.9%, 30 years
SRF Loan Forgiveness	Loan Forgiveness	N/A	N/A	N/A	\$5M
SRF Construction Loan Amendment	Loan	\$21,172,000	\$0	\$21,172,000	Terms: 0.9%, 30 years
WIFIA	Loan	\$61,700,336	\$46,259,157	\$15,441,179	Terms: 0.83%, 35 years
SRF Planning Loan	Loan	\$10,300,000	\$10,300,000	\$0	Terms: 0.9%, 30 years
Recycled Water Planning Grant	Grant	\$75,000	\$75,000	\$0	Costs reimbursed upon request
City of Morro Bay	Water/Sewer Fund	\$24,731,945	\$24,731,945	\$0	Subject to loan reimbursement
<b>Executed Funding Sources Total</b>		<b>\$184,583,919</b>	<b>\$146,276,951</b>	<b>\$38,306,968</b>	
USBR - Title XVI	Grant (pending)	\$9,310,095	\$0	\$9,310,095	Developing grant agreement
IRWM	Grant (pending)	\$1,200,000	\$0	\$1,200,000	Agreement in execution process
<b>Pending Funding Sources Total</b>		<b>\$10,510,095</b>	<b>\$0</b>	<b>\$10,510,095</b>	
<b>Total</b>		<b>\$195,094,014</b>	<b>\$146,276,951</b>	<b>\$48,817,063</b>	

(1) Abbreviations: SRF – State Revolving Fund; EPA – Environmental Protection Agency; WIFIA – Water Infrastructure Finance & Innovation Act; USBR – United States Bureau of Reclamation; IRWM – Integrated Regional Water Management.

## OTHER PROGRAM UPDATES

N/A

Historical information on the WRF Program and previous quarterly reports are available on the program website: <https://morrobaywrf.com/>.