



AGENDA NO: A-5

MEETING DATE: May 18, 2022

**AGENDA CORRESPONDENCE RECEIVED BY
THE PUBLIC WORKS ADVISORY BOARD FOR
PUBLIC REVIEW PRIOR TO THE MEETING**

From: [Dana Swanson](#)
To: [Heather Goodwin](#)
Subject: FW: PWAB-Agenda item A-5, Morro Bay - Our Water, Quarterly Report - Ending March 31, 2022
Date: Wednesday, May 18, 2022 9:00:47 AM

From: Greg Kwolek <gkwolek@morrobayca.gov>
Sent: Wednesday, May 18, 2022 8:42 AM
To: Kristen Headland [REDACTED]
Cc: Dana Swanson <dswanson@morrobayca.gov>; PWAB <PWAB@morrobayca.gov>
Subject: RE: PWAB-Agenda item A-5, Morro Bay - Our Water, Quarterly Report - Ending March 31, 2022

Thank you for your questions, Kristen. My answers are in [blue](#).

Members of the PWAB: to avoid a potential Brown Act violation, please do not “reply all” to this email. If you have questions you can contact me directly.

From: Kristen Headland [REDACTED]
Sent: Tuesday, May 17, 2022 8:05 AM
To: PWAB <PWAB@morrobayca.gov>; dswanson@morro-bay.ca.us
Cc: Dana Swanson <dswanson@morrobayca.gov>
Subject: PWAB-Agenda item A-5, Morro Bay - Our Water, Quarterly Report - Ending March 31, 2022

CAUTION: This is an external email. Please take care when clicking links or opening attachments.

Hello Advisory Board Members and Staff,

Regarding Agenda item A-5, page 54, of the Morro Bay - Our Water, Quarterly Report - Ending March 31, 2022, it notes WRF Project - Estimated Cost - \$160,000,000.

In this document it notes \$160,000,000 as the new price for the new Water and Sewer Plant. It is a rounded up estimate based on the new WRF estimate at completion (EAC), which can be found at the end of the staff report for Agenda Item A5. If you add up the totals you get \$\$159,840,348- that's the new EAC.

Can you clarify what this dollar amount represents? This dollar amount represents a rounded up estimate of the EAC for the entire WRF Program (the facility, the conveyance project, and recycled water). The EAC includes all current contracts under the program, as well as new project contingencies, potential delay claims, increased costs due to regulatory compliance, increased costs for project management, and increased City costs.

Where are the additional funds going to come from? The Sewer and Water Funds, at least initially. The City also has submitted grant applications which could offset some of these costs if we are awarded. We have other financing options as well.

Will there be another Prop 218 to raise our Water and Sewer bill to meet this new dollar amount for the Water and Sewer Plant? I don't expect we will need to do that in the immediate future. However, at some point we will be evaluating our model for rate increases. Most Cities/water jurisdictions increase rates regularly in smaller increments to keep up with inflation, which is a best practice. Morro Bay doesn't do that, which puts us in a clumsy financial position whether we are talking about the WRF project, OneWater projects, or our utility operations, all of which are paid from the Water and Sewer Funds. It also means that when we do ask for increases, they tend to have a greater impact on everyone's purse and that is not ideal.

Also, what is the projected completion date for the new Water and Sewer Plant?

The new WRF plant is expected to be brought online in late fall of this calendar year. Recycled Water is expected to be completed by spring 2025.

As a Water and Sewer ratepayer, we are concerned about an increase in our monthly bill. I completely understand that. As I mentioned, we have no plans to increase rates at this time. I will be more interested in looking at and evaluating the model of rate increases longer term as it relates to cost increases, inflation, and escalating costs of construction.

We look forward to your response.
Let me know if you have any other questions.

Thank you for your time.
You're welcome.

Respectfully,
Donald and Kristen Headland

Sent from my iPhone

Morro Bay Active Capital Projects List

May 12, 2022

Eric Riddiough, P.E., City Engineer

Project Number	Project	Estimated Cost	Funding Source	Justification and/or Deadlines	Current Status	Next Steps
Sewer						
922-8312	WRF Project	\$ 160,000,000	Sewer/Water Fund	Order by RWQCB - Deadline in 2022	In progress	Operation scheduled for late 2022
922-9928	Wastewater Collections System Improvements – Main Street and Atascadero Road	\$ 4,000,000	Sewer Fund	Identified in OneWater Plan as priority project Near capacity with risk of surcharge during peak flow periods	In design, 50% complete	Design on hold until WRF lines in place (Summer 2022) in order to design Atascadero Road section of new main line
922-9929	Wastewater Collections System Improvements - Beachcomber Main Replacement and Backyard Sewer Main Improvements	\$ 4,000,000	Sewer Fund	Identified in OneWater Plan as priority project Main line is aged and needs replacement Address inflow and infiltration issues during heavy rain events	In design, Beachcomber main line design 100% complete Backyard mains will be made into separate project with alternatives analysis	Advertise for bid Beachcomber Main replacement in Summer/Fall 2022. Start alternatives analysis for Beach Tract homes main line replacements or relining
Harbor						
923-8175	Beach Street Slips (North & South)	\$ 662,000	Harbor/CWBAF/J CFLC	25+ year old boat slips in need of replacement.	Some design complete	Develop plans and Specs, find additional funding
923-8351	South T-Pier Renovations	\$ 55,000	Harbor	Deteriorating sections of pier	Structural Analyses	Design, find funding
923-9921	Boat Launching Facility Conceptual Design	\$ 60,000	Harbor	Launch ramp severely deteriorated	Deferred - lack of funding	Find Funding
Transit						
920-9947	City Park Transit Hub Improvements	\$ 480,000	Rural Transit/LTF	Need for more user friendly, ADA accessible transit hub with modern shelters	90% design in progress	Complete design, advertise for bid in July 2022, construction scheduled for September