



City of Morro Bay  
Water Reclamation Facility Program



## QUARTERLY REPORT

### JULY 1, 2024 THROUGH SEPTEMBER 30, 2024

## 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 \$145.29 million has been spent to date.

## RECYCLED WATER PROJECT STATUS

The RWF project of the WRF program is currently in the design phase. The City recently completed archeological and hydrogeological testing for potential injection well locations and is beginning design of the recycled water injection wells and pipelines. The following activities were completed during this quarter:

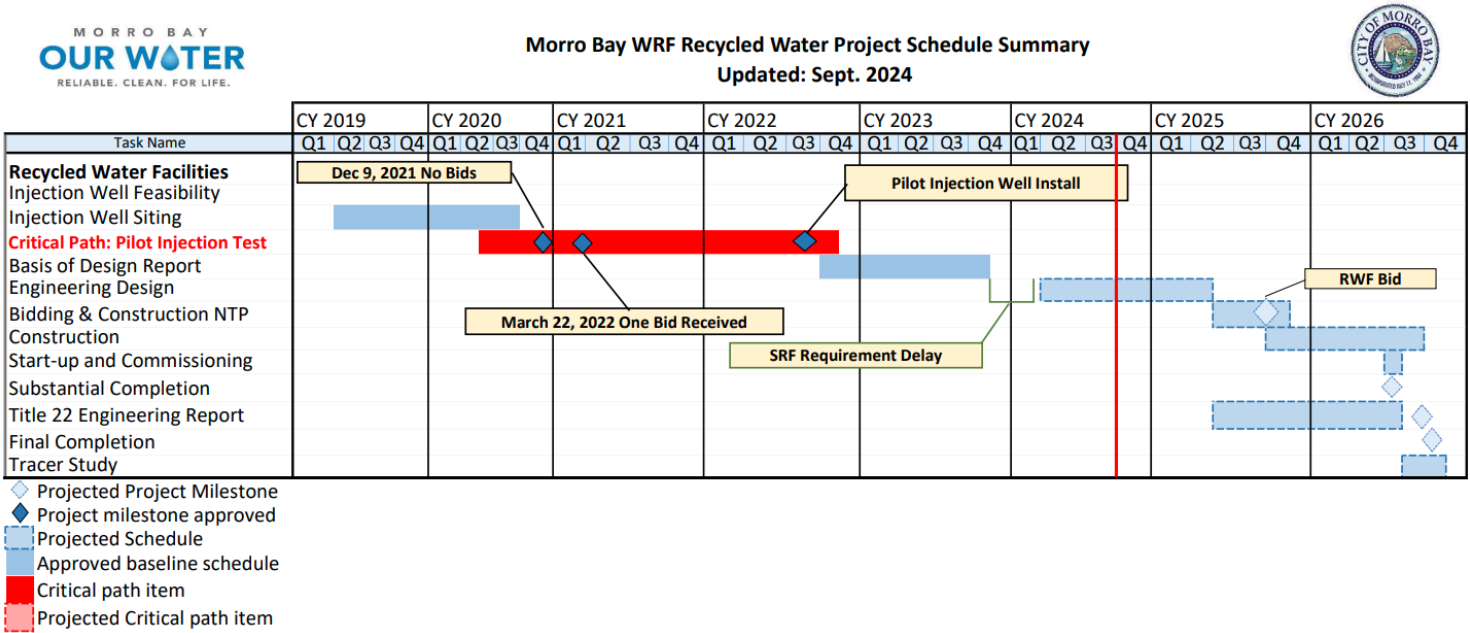
### Recycled Water Project Status Update (July 1, 2024 – September 30, 2024)

- **Environmental/Permitting**
  - Activities completed
    - In August 2024, the 5-year programmatic agreement extension was circulated to the Environmental Protection Agency (EPA) and State Historic Preservation Office (SHPO) for signature.
    - In August 2024, all archaeological lab testing was completed, and results of the survey were determined to be negative by the project archeologist.
  - Ongoing activities and upcoming timelines
    - During this quarter, the project biologist continued preparing the Biological Resources Information Report required for the California Environmental Quality Act (CEQA) Environmental Impacts Report (EIR) Addendum #2.
    - During this quarter, the City continued preparing the draft CEQA EIR Addendum #2.
    - The City continued preparing the National Environmental Policy Act (NEPA) Environmental Assessment (EA).
- **Recycled Water Permitting**
  - Activities completed
    - The City continued to prepare the Draft Title 22 Engineering Report and Operations and Optimization Plan (OOP).
  - Ongoing activities and upcoming timelines

- City staff and the Recycled Water Program Team are continuing to prepare the Report of Waste Discharge (ROWD) Application.
- **Engineering Design**
  - Ongoing activities and upcoming timelines
    - During this quarter, the project design engineer continued to prepare the recycled water pipeline and injection well equipping design.
    - During this quarter, the project design engineer continued to investigate the abandoned desal feedline pipeline for potential reuse for the IPR pipeline.
    - During this quarter, the project design engineer began to prepare a formal test plan for flow and pressure testing the existing IPR conveyance pipeline
- **Hydrogeologic Analysis and Design**
  - Activities completed
    - In July 2024, DDW renewed the City’s Aquifer Storage and Recovery (ASR) permit in preparation for the City’s interim tracer study.
    - In August 2024, the City installed a groundwater bypass and online nitrate analyzer at the Brackish Water Reverse Osmosis (BWRO) Facility to use chemically treated groundwater for blending, in preparation for the interim tracer study.
    - On August 13th, 2024, the City Council selected GSI Water Solutions for hydrogeologic support services for injection well design and construction support.
    - On September 18th, 2024 City staff and the Recycled Water Program Team toured the Orange County Water District’s Alamitos and Talbert Barrier Injection Wells.
    - During this quarter, the project hydrogeologist completed sieve analysis and evaluated the boring data collected during the previous quarter’s archeological/hydrogeological testing.
  - Ongoing activities and upcoming timelines
    - The project hydrogeologist is continuing to evaluate which injection well locations are most favorable from a hydrogeological perspective and prepare the design of the downhole components of the injection wells.
- **Funding/Financing**
  - Activities completed
    - During this quarter, the City prepared and submitted the Water Infrastructure Finance and Innovation Act (WIFIA) Funding and Financing Quarterly Report.
  - Ongoing activities and upcoming timelines
    - During this quarter, City Staff and the Recycled Water Program Team continued coordinating with the funding and financing agencies to provide quarterly reports, environmental evaluation updates, and other required documentation.
    - During this quarter, City staff and the Recycled Water Program Team coordinated 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	July-Sept 2024 Expenditures <sup>(1)</sup>	Total Expenditures To Date	FY 24/25 Budget <sup>(2)</sup>	Percent Budget Expended
RWF	\$2,072,295	\$74,920	\$2,147,215	\$9,424,174	23%
General Project	\$24,333,721	\$25,268	\$24,358,989	\$30,968,609	79%
WRC Plant	\$77,895,236	\$0	\$77,895,236	\$79,123,216	98%
Conveyance	\$40,891,202	\$0	\$40,891,202	\$40,324,350	101%
<b>Total</b>	<b>\$145,192,454</b>	<b>\$100,189</b>	<b>\$145,292,642</b>	<b>\$159,840,349</b>	<b>91%</b>

(1) July-Sept 2024 total expenditures as tallied on the Accounts Payable Report run on March 4, 2025, including all invoices accrued through Sept 30, 2024.

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

## 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	\$15,441,178	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	\$23,747,636	\$23,747,636	\$0	Subject to loan reimbursement
<b>Executed Funding Sources Total</b>		<b>\$183,599,610</b>	<b>\$145,292,642</b>	<b>\$38,306,967</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>\$194,109,705</b>	<b>\$145,292,642</b>	<b>\$48,817,062</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/>.