



City of Morro Bay
Water Reclamation Facility Program



QUARTERLY REPORT

OCTOBER 1, 2024 THROUGH DECEMBER 31, 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 \$145.94 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 (October 1, 2024 – December 31, 2024)

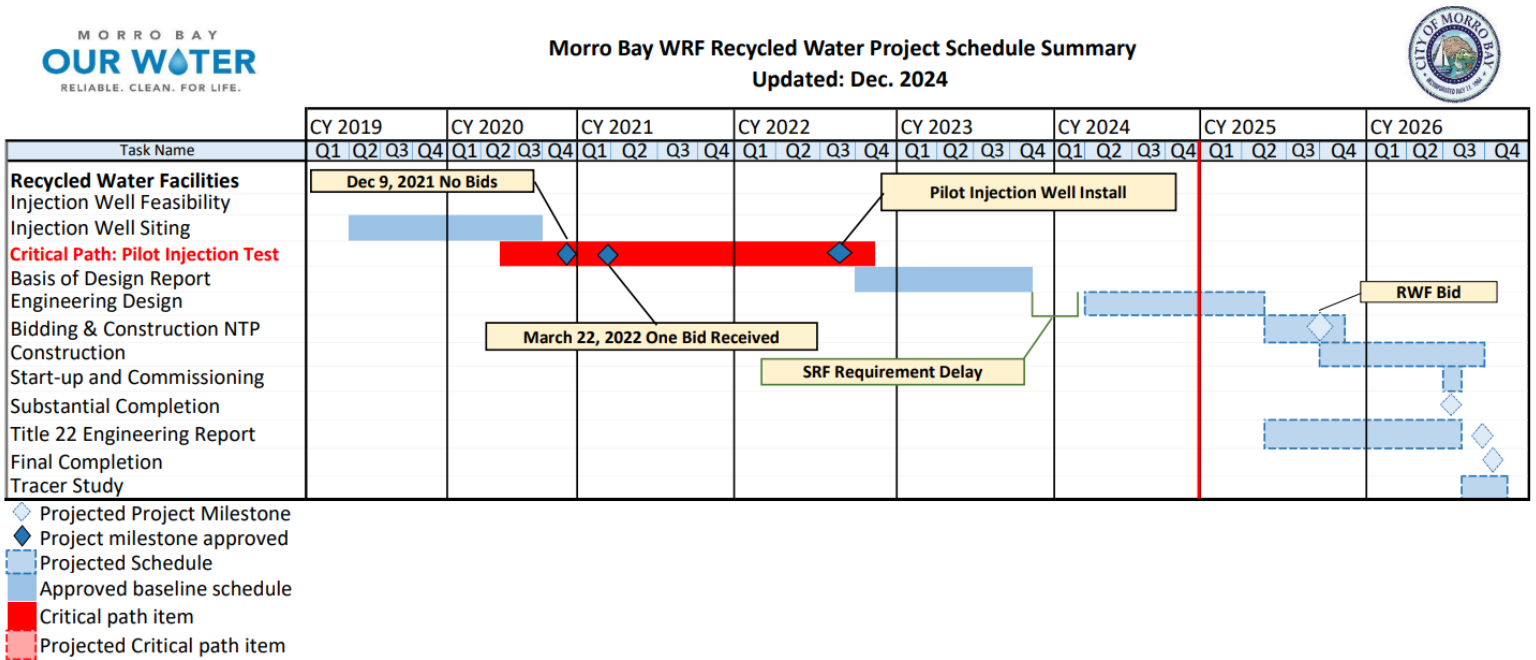
- **Environmental/Permitting**
 - Activities completed
 - On November 5th, 2024, the project archeologist submitted the Phase 3 Archeological Testing Report to the EPA and SHPO for their review and to potentially receive concurrence.
 - During this period, the project biologist finalized the Biological Resources Information Report required for the California Environmental Quality Act (CEQA) Environmental Impacts Report (EIR) Addendum #2.
 - During this period, the City finalized the draft CEQA EIR Addendum #2.
 - Ongoing activities and upcoming timelines
 - The City is in the process of finalizing the National Environmental Policy Act (NEPA) Environmental Assessment (EA) and is anticipating it will be circulated for public review in 2025.
 - The CEQA EIR Addendum #2 is anticipated to be circulated for public review in 2025.
 - The 2024 Yearly Report for the City of Morro Bay Water Reclamation Facility Project Biological Opinion to the US Fish and Wildlife Services (USFWS) will be completed and submitted by the January 31st, 2025, deadline.
- **Recycled Water Permitting**
 - Activities completed

- On October 10th, 2024, the City did a practice run of the required Advanced Treatment System operations for the recycled water permitting and identified minor system and operational improvements.
 - Ongoing activities and upcoming timelines
 - The City is anticipating the Draft Title 22 Engineering Report will be submitted to DDW in early 2025.
 - 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 Report of Waste Discharge (ROWD) Application.
 - **Engineering Design**
 - Activities completed
 - N/A, see ongoing activities below.
 - 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 began to prepare a formal test plan for flow and pressure testing the existing IPR conveyance pipeline
 - The Conceptual Design Report is anticipated to be completed in Q1 2025.
 - **Hydrogeologic Analysis and Design**
 - Activities completed
 - During this quarter, the project hydrogeologist completed sieve analysis and evaluated the boring data collected during the previous quarter's archeological/hydrogeological testing.
 - In November 2024, the City completed the horizontal-to-vertical spectral ratio (HVSr) geophysical investigations.
 - Ongoing activities and upcoming timelines
 - Electrical Resistivity Tomography (ERT) investigations will be completed in 2025.
 - The project hydrogeologist is continuing 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.
 - On November 18th, 2024, the City began an interim tracer study, which is anticipated to last 2 months or longer.
 - **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 has been executed by the City and is in the process of being executed by the other parties.

- The City Staff and the Recycled Water Program Team is coordinating with the funding financing agencies to provide quarterly reports, environmental documentation, and other required documentation.
- City staff and the Recycled Water Program Team is 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	Oct-Dec 2024 Expenditures ⁽¹⁾	Total Expenditures To Date	FY 24/25 Budget ⁽²⁾	Percent Budget Expended
RWF	\$2,147,215	\$618,380	\$2,765,595	\$9,424,174	29%
General Project	\$24,358,989	\$26,560	\$24,385,549	\$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%
Total	\$145,292,642	\$644,941	\$145,937,583	\$159,840,349	91%

(1) Oct-Dec 2024 total expenditures as tallied on the Accounts Payable Report run on March 4, 2025, including all invoices accrued through Dec 31, 2024.

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

PROGRAM FUNDING

Table 2. WRF Program Funding Sources

Funding Agency ⁽¹⁾	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	\$24,392,577	\$24,392,577	\$0	Subject to loan reimbursement
Executed Funding Sources Total		\$184,244,551	\$145,937,583	\$38,306,967	
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
Pending Funding Sources Total		\$10,510,095	\$0	\$10,510,095	
Total		\$194,754,646	\$145,937,583	\$48,817,062	

(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/>.