

Technical Memorandum

January 08, 2026

To	Jason Morse	Contact No.	+1 707-540-3376
Copy to	file	Email	matt.kennedy@ghd.com
From	Matt Kennedy, PE	Project No.	11136611
Project Name	MUSD Water Supply and Storage Project		
Subject	Project Status Update		

1. Project Status

The project continues moving forward with active construction, but it is behind schedule. Current activities are construction of the control building and excavation of the tank foundation. The most significant delay to the project was caused by the multiple unsuccessful Coastal Development Permit (CDP) appeals, which delayed construction by about 1.5 years and is the primary reason we are in a funding deadline situation. The other series of delays were due to a protracted approval process by the Division of the State Architect (DSA) and California Geological Survey (CGS), however this delay was not as significant as the CDP appeal. The latest delay was in obtaining CGS approval of the Rammed Aggregate Pier (RAP) installation work that was completed in early November. The tank foundation work could not move forward without that CGS approval. The CGS review and approval process took about 7 weeks, which was most of November and December, and we missed the clear weather window to complete the foundation work. Approval was finally obtained on December 26, 2025. The schedule intent was to have the foundation completed by the end of December so the tank construction could begin in early January. This schedule was not met. The tank materials are scheduled to be delivered next week. Based on the latest construction schedule the tank foundation is expected to be completed in the first or second week of February with the tank erection beginning shortly thereafter. The tank erection work is expected to take about 2.5 to 3 months, finishing in early May. The remainder of the project continues to move forward with an overall expected construction completion date of June 25, 2026.

1.1 Funding Challenge

The Department of Water Resources (DWR) Urban Multibenefit Drought Relief (UMBDR) grant program ended December 31, 2026. This was the grant obtained by MCCSD. We obtained an extension until March 31, 2026, with the final reimbursement request due by April 1, 2026. The key challenge is that DWR holds a 10% retention on the total reimbursements until the completion of the project. With the UMBDR grant program sunsetting, any un-disbursed funds go back into the State General fund. The 10% retention on this grant amounts to \$493,200. I have been keeping DWR closely apprised of the numerous unexpected delays the project has experienced. They are sympathetic to the issues we have faced and are seeking a solution. MCCSD is currently in touch with Senator Mike McGuire's office to request their assistance to see if it would be possible for the Senator to include an "extension of liquidation" on the remaining / unused UMBDR grant funds for the project through a trailer bill or budget bill ahead of the end of the year budget so it goes into effect in the spring of 2026 and gets processed with the new budget. This would allow MCCSD to still claim reimbursement of the remaining 10% retention on the grant funds so we can finish paying the Contractor and CM/inspection team. DWR understands that the project will finish construction and is also looking internally to see what options they have to make sure the funding remains available.