

## COUNCIL AGENDA REPORT

**TO:** Mayor and City Council

**FROM:** Brett Fulgoni, Director of Public Works

**DATE:** May 5, 2026

**SUBJECT: Adoption of a Resolution Authorizing and Appropriating Additional Funding for the Pine Street Sewer Upgrades Project, Formal Bid No. 2025-05**

Description:

The City Council will consider adopting a Resolution authorizing the appropriation of additional funding in the amount of \$293,218.98 for the Pine Street Sewer Upgrades Project, Bid No. 2025-05.

Environmental Notice: The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

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**RECOMMENDATION:**

1. Adopt a Resolution authorizing the appropriation of additional funding in the amount of \$293,218.98 for the Pine Street Sewer Upgrades Project, Bid No. 2025-05; and
2. Approve the additional funding for Fiscal Year 2025-26 in the Wastewater Enterprise Fund (SC7445|CC0260|FD640); and
3. Authorize the City Manager, or designee, to execute the agreement and any future amendments or change orders, provided such amendments are within the scope of the project and consistent with the adopted project budget.

**BACKGROUND:**

On October 21, 2025, the City Council awarded the Pine Street Sewer Upgrades Project, Bid No. 2025-05, to J.F. Will Inc. for \$783,720.47, for the construction of a new 460-foot-long, 12-inch diameter gravity sewer in Pine Street between Boone Street and Jones Street. Following construction, the larger sewer main will increase capacity and help to prevent backups and overflows.

**DISCUSSION:**

Most of the underground construction for the Pine Street Sewer Upgrades Project has been completed, and the remaining work (paving, manholes, etc.) is expected to be finished within the 120-day contract period. However, additional funding is necessary to complete the project. The need for these funds is associated with previously authorized

change orders, increased service costs, and corrections to the original project budget, as further detailed below.

Additional Funding Request No. 1 – Estimated Change Orders

Unforeseen utilities encountered during construction and discrepancies in the installed quantities deviating from the project plans have required multiple change orders to complete the work to-date. A summary of approved and estimated change orders follows:

No.	Description	Amount
1	Water Main Re-Route	\$82,070.64
2	Railroad Right of Entry Permit	\$18,206.64
3	New Manhole No. 5	\$61,860.20
4	Manhole Backfill	\$8,500.00
5	Asphalt Concrete Overrun	\$50,000.00
6	Irrigation Line Exposure	\$20,000.00
<b>Change Orders Total:</b>		<b>\$240,637.48</b>

Additional Funding Request No. 2 – Services Overruns

The project is projected to exceed the budget for materials testing, inspection services, and staff time, estimated at \$150,000. This is attributed to higher costs for the services and increased Public Works staff time required to manage the project.

Additional Funding Request No. 3 – Additional Contingency

An additional \$75,000 is requested in project contingency to address remaining unforeseen site conditions and potential cost impacts associated with final construction activities, ensuring the project can be completed without delay.

Additional Funding Request No. 4 – Short Pay Adjustment

Resolution 2025- X authorized a total of \$956,138.97 for the project, including a new funding appropriation of \$556,138.97. During reconciliation of project expenditures in April 2026, staff determined that this amount was short by \$62,697.64 needed to fully fund the project at the time of award. Staff recommends including this “true- up” adjustment as part of the additional funding request.

Description	Amount	Notes
JF Will Contract Award	\$783,720.47	(a)
Contingency (20%)	156,744.09	(b)
Inspection, Testing, Staff Time (10%)	78,372.05	(c)
<b>Approved Project Budget</b>	<b>\$1,018,836.61</b>	<b>10/21/2025</b>
Available Budget FY 25/26	400,000.00	
Additional Budget Appropriation	556,138.97	
<b>Authorized Project Funding</b>	<b>\$956,138.97</b>	<b>10/21/2025</b>

<b>Description</b>	<b>Amount</b>	<b>Notes</b>
Additional Funding Request No. 1	240,637.48	Est. Change Orders
Additional Funding Request No. 2	150,000.00	Services Overruns
Additional Funding Request No. 3	75,000.00	Additional Contingency
Additional Funding Request No. 4	62,697.64	Short Pay Adjustment
Less Contingency & I/T/ST Funding (b+c)	(235,116.14)	
<b>Additional Funding Required</b>	<b>\$293,218.98</b>	<b>5/5/2026</b>
Original Appropriation	956,138.97	Awarded 10/21/2025
Additional Appropriation	293,218.98	Requested 5/5/2026
<b>Revised Project Budget</b>	<b>\$1,249,357.95</b>	<b>SC7445 CC0260 FD640</b>

Alternative(s)

The City Council may choose not to authorize and approve the requested appropriation, in whole or in part. This is not recommended as it would limit the City’s ability to fund the project and could delay timely completion of the project.

Fiscal Considerations

Staff is requesting an additional appropriation of \$293,218.98 to the Wastewater Fund (SC7445|CC0260|FD640). The requested increase will bring the total available project budget to \$1,249,357.95. The requested appropriation will be fully funded through existing sewer rates and there is sufficient fund balance available to cover the cost. No General Fund resources are required, and the action remains consistent with the long-term financial planning for the Sewer Fund.

Impact on the Community

The community will benefit from the installation of the new gravity sewer in Pine Street between Boone Street and Jones Street, which will increase system capacity and reduce the potential for sewer backups and overflows.

ATTACHMENT(S)

- A. Resolution