

AGENDA ITEM REPORT FOR MEETING OF: October 6, 2026

Agenda Item Number 7
Budget Committee Meeting Packet of September 9, 2026
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supply the Zone 2 area. Due to the length and strategic location of this connection, a failure or disruption could affect water supply continuity and system pressure for a significant portion of the service area.

The City has also experienced failures on Lynch Road in the past. During previous water main breaks and maintenance activities, approximately 75 percent of the City's water network has been without supply. These events demonstrate the importance of improving redundancy and reliability in this portion of the system. The proposed Pleasant Hill Loop would provide a second route for water to reach the Zone 2 area. This additional connection would reduce the potential impact of a failure on one portion of the system and provide greater flexibility for future maintenance and emergency repairs. The adopted CIP includes the Pleasant Hill Road Water System Connection Loop as Project 0827-26.07. The project currently has \$122,710 programmed for design and pre-construction activities in FY 2027-28 and \$858,950 for construction, for a total project budget of \$981,660.

DISCUSSION:

The City's 2026 Water Master Plan Update identified fourteen recommended improvements to the City's water distribution system and ranked the projects based on their importance to system reliability and water security. The Pleasant Hill Road Water System Connection Loop was identified as the second-highest priority water distribution project, with a recommended start year of 2027. The project consists of approximately 1,052 feet of new 16-inch water main connecting the Pleasant Hill tanks at Lynch Road to Pleasant Hill Road at Mitchell Court. The connection would provide a second route for supplying the Zone 2 service area and improve system reliability in the event of a failure, leak, or shutdown of the existing water main. The City has experienced previous failures on Lynch Road that have significantly affected the City's ability to supply the water system, demonstrating the importance of improving redundancy in this area.

The adopted Capital Improvement Program currently includes \$122,710 for design and pre-construction activities for the Pleasant Hill Loop in FY 2027-28, with construction funding to follow. Staff recommends moving \$76,690 currently programmed in FY 2026-27 for the Automated Flow Meter at the Corporation Yard Water Tower to the Pleasant Hill Loop project. This would allow staff to initiate design during the current fiscal year and advance the project to approximately 50 percent design. The \$122,710 already programmed in FY 2027-28 would remain available to complete the design, permitting, bid documents, and other pre-construction activities necessary to position the project for construction.

This approach allows the City to begin work on a high-priority water system reliability project now rather than waiting until the next fiscal year to initiate design. Advancing the project over two fiscal years will allow staff to develop the project scope and cost estimate, identify permitting and environmental requirements, and ultimately have a shovel-ready project that can move efficiently into construction when funding becomes available. The proposed transfer does not increase the overall Water Capital Fund budget; it simply reallocates existing funding to advance a higher-priority project identified in the City's recently completed Water Master Plan. The Corporation Yard Automated Flow Meter project would be deferred and can be reconsidered as part of a future CIP or budget cycle.

STAFF ANALYSIS:

Staff recommends reallocating the \$76,690 currently programmed for the Automated Flow Meter at the Corporation Yard Water Tower to begin design of the Pleasant Hill Road Water System Connection Loop. This recommendation is based on the City's recently completed Water Master Plan, which identified the Pleasant Hill Loop as the second-highest priority water distribution improvement and recommended beginning the project in 2027. The Pleasant Hill Loop addresses a significant water system reliability and redundancy need. The existing configuration leaves the Zone 2 service area dependent on a single primary connection, and previous failures on Lynch Road have demonstrated the potential for substantial impacts to the City's water service. Constructing the proposed loop would provide an additional connection between the Pleasant Hill tanks and the distribution system, allowing water to reach the area through an alternate route when the existing main is out of service.

The adopted CIP currently schedules design of the Pleasant Hill Loop for FY 2027-28. Staff believes there is value in initiating the design during FY 2026-27 rather than waiting until the next fiscal year. The proposed transfer would



provide sufficient funding to begin the design process and advance the project to approximately 50 percent design. The \$122,710 already programmed for the project in FY 2027-28 would remain in place and be used to complete the design and pre-construction work. Advancing the project in this manner will allow the City to develop a complete project scope, refine the construction cost estimate, identify permitting and environmental requirements, and prepare the project for future bidding and construction. Having a shovel-ready project will also allow the City to move more quickly when construction funding is identified. The Corporation Yard Automated Flow Meter remains a beneficial project for improving water use monitoring at the Corporation Yard. However, the project can be deferred and reconsidered through a future CIP or budget process. Based on the priorities established in the Water Master Plan, staff recommends using the available FY 2026-27 funding to advance the Pleasant Hill Loop first.

This approach does not increase the City's overall Water Capital Fund expenditures. Instead, it allows the City to better align current-year spending with the priorities identified in the Water Master Plan while positioning a critical water system reliability project for construction in the future.

CITY COUNCIL GOALS/PRIORITIES/GENERAL PLAN CONSISTENCY:

This item represents the City Council goals/priorities as follows:

- Goal 1 – Community Vitality: Enhance Sebastopol as a great place to live that values community health and wellbeing; preserve unique character.
- Goal 3 – Infrastructure: Maintain high-quality facilities and services, including repairing/replacing outdated city facilities.
- Goal 4 – High Performance Organization: Restore public trust; improve public communications.
- Goal 5 – Economic Development

PUBLIC COMMENT:

As of preparation, no written public comments received. Any comments received after distribution of the report will be provided as supplemental materials. Public comment will also be accepted during the meeting.

COMMUNITY OUTREACH:

This item has been noticed in accordance with the Ralph M. Brown Act and was available for public viewing and review at least 72 hours prior to the scheduled meeting date.

FISCAL IMPACT:

The proposed CIP amendment has no net fiscal impact on the Water Capital Fund. Staff is proposing to reallocate the \$76,690 currently budgeted in FY 2026-27 for the Automated Flow Meter at the Corporation Yard Water Tower to the Pleasant Hill Road Water System Connection Loop to initiate design. The \$122,710 already programmed for the Pleasant Hill Loop in FY 2027-28 would remain unchanged and would be used to complete the design and pre-construction activities following the initial design phase.



The proposed funding allocation would be:

Project	FY 2026-27 Current	Proposed Change	FY 2026-27 Revised
Automated Flow Meter – Corporation Yard Water Tower	\$76,690	(\$76,690)	\$0
Pleasant Hill Road Water System Connection Loop – Design	\$0	\$76,690	\$76,690

RESTATED RECOMMENDATION:

Approve an amendment to the FY 2026-27 Capital Improvement Program to transfer \$76,690 from the Automated Flow Meter at the Corporation Yard Water Tower project to the Pleasant Hill Road Water System Connection Loop project;

CITY COUNCIL OPTION(S):

Option 1 – Approve the Recommended CIP Amendment: Approve the transfer of \$76,690 from the Automated Flow Meter at the Corporation Yard Water Tower project to the Pleasant Hill Road Water System Connection Loop project and authorize staff to initiate design.

Option 2 – Approve the CIP Amendment with Alternative Direction: Approve the transfer of funding but provide alternative direction regarding the scope or timing of the Pleasant Hill Loop design.

Option 3 – Maintain the Existing CIP: Do not approve the proposed funding transfer and retain the \$76,690 for the Automated Flow Meter at the Corporation Yard Water Tower project. Under this option, design of the Pleasant Hill Loop would begin as currently scheduled in FY 2027-28.

ATTACHMENTS:

1 – Revised CIP Program

APPROVALS:

Department Head Responsible for Agenda Item:

Approval Date: 09/03/2026

CEQA Determination (Community Development/Planning):

Approval Date: NA

The proposed action is Exempt from CEQA pursuant to §15306.

Administrative Services (Financial):

Approval Date:

Costs authorized in City Approved Budget: ☐ Yes ☐ No ☒ N/A

City Attorney Approval:

Approval Date:

City Manager Approval:

Approval Date: