

**CITY OF SEBASTOPOL CITY COUNCIL****AGENDA ITEM REPORT FOR MEETING OF: December 1, 2026**

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To: Honorable Mayor and City Councilmembers
From: Oriana Hart, Public Works Director
Department: Public Works
Subject: Approve Amendment of FY2026-27 CIP Program with the Addition of the Water System Repairs and Replacement CIP Project

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RECOMMENDATIONS:

That the City Council approve the addition of a citywide Water System Repairs and Replacement Program to the City's Capital Improvement Program (CIP), funded through the Water Capital Fund 501, to provide for the systematic repair and replacement of aging water infrastructure, including water main and service replacements coordinated with planned street reconstruction on Strout St, and targeted repairs to existing water system appurtenances on Eastside Avenue and South Avenue.

PROCESS OF AGENDA ITEM:

- Presentation by staff
- Council questions and discussion
- Public comment
- Council deliberation and action

EXECUTIVE SUMMARY:

The City's water distribution system includes aging infrastructure that requires ongoing maintenance, repair, and replacement. Public Works staff request a Water System Repairs and Replacement Program be included in the City's Capital Improvement Program, consistent with the existing Wastewater System Replacement Program (CIP 016-24.08).

The proposed program would provide a dedicated CIP mechanism to address priority water system deficiencies and coordinate underground utility improvements with the City's multi-year paving program. The initial focus would be replacing the existing water main and associated services on Strout Street in conjunction with planned roadway reconstruction, extending the water main to West Street to create a looped connection, and completing targeted repairs to water system appurtenances on Eastside Avenue and South Avenue before those streets are reconstructed. Coordinating water system improvements with paving will reduce the likelihood of needing to excavate newly reconstructed streets to address water main failures or complete planned utility work. Given the City's limited funding, the program will allow staff to prioritize improvements based on infrastructure condition, system benefits, maintenance needs, and opportunities to coordinate construction activities.

BACKGROUND:

The City maintains a municipal water distribution system that requires ongoing investment to maintain reliable service and address aging infrastructure. The City's Water Master Plan Update, completed by GHD in April 2026, evaluated the existing water system and identified recommended infrastructure improvements to address aging assets, improve system performance, and support continued water service reliability. The Master Plan identifies pipe replacement and other infrastructure improvements as part of the City's longer-term capital improvement needs. The City's adopted FY 2026–27 Capital Improvement Program includes several water system projects identified in the Water Master Plan, including Well 4 replacement, water service replacements, a water system connection loop, and other targeted improvements.

While the water lines included in this proposed project are not identified on the City's priority list, localized water infrastructure needs must be addressed as opportunities arise, particularly when streets are scheduled for



reconstruction. The water lines on Strout Street were installed in 1975 and are aging. The vibration and construction activities associated with a full street reconstruction may increase the risk of failure, potentially requiring the City to excavate the newly paved street to repair a water main. Addressing these water lines in conjunction with the street reconstruction would reduce the risk of future disruptions and avoid the additional costs and damage associated with excavating a newly reconstructed roadway.

The adopted CIP includes a Wastewater System Replacement Program (CIP 0616-24.08), which provides for the ongoing replacement of sewer lines and related appurtenances based on system needs. The program is intended to systematically replace aging infrastructure and reduce leaks, ruptures, and emergency repairs. Establishing a similar program for the water system would provide a mechanism to address water infrastructure repairs and replacements while coordinating improvements with other planned capital projects. The City has initiated a multi-year paving strategy to address streets in poor condition and improve the overall condition of the roadway network. The paving strategy recognizes the importance of coordinating street improvements with underground utility needs to avoid investing in pavement that may subsequently require excavation for infrastructure repairs.

DISCUSSION:

The proposed Water System Repairs and Replacement Program would allow the City to address priority water system needs in coordination with planned roadway improvements. The goal is to complete multiple infrastructure improvements during a single construction effort, reducing future disruption to residents and avoiding unnecessary costs associated with reopening reconstructed streets.

Strout Street Water Main Replacement and Looping

The Strout Street Rehabilitation Project includes reconstruction of the roadway between West Street and Pitt Avenue. The existing water main is identified as a 4-inch line extending from Pitt Avenue to approximately the midpoint of the block. The planned water improvements would replace the existing line and extend a new water main connection between Pitt Avenue and West Street. The replacement main is anticipated to be either 6 or 8 inches in diameter, subject to final design. Associated water services would also be addressed as part of the project. Completing the water improvements in conjunction with paving will allow the City to address the aging water infrastructure before the roadway is reconstructed. This will reduce the risk of a future water main failure requiring excavation of the newly paved street. Extending the water main to West Street will also create a looped connection in the distribution system. This connection is expected to improve water circulation in the area, help address water quality concerns associated with limited circulation, and reduce the need for maintenance associated with the existing configuration. The final configuration and associated system benefits will be confirmed during design.

Coordination with Eastside Avenue and South Avenue Reconstruction

The Eastside Avenue and South Avenue Rehabilitation Project will reconstruct the pavement on Eastside Avenue and South Avenue. The existing water system includes a 6-inch water main installed in the 1970s that extends from Palm Avenue along Eastside Avenue and South Avenue, looping through to Pine Crest Avenue and Western Avenue. While Public Works would prefer to replace this aging water main in conjunction with the pavement project, current revenue limitations within the Water Enterprise Fund do not allow the City to undertake both improvements while maintaining sufficient reserves for the Pleasant Hill Loop Project. The City is building reserves to fund the Pleasant Hill Loop Project, which is anticipated to begin construction in FY 2028-29.

Staff therefore recommends prioritizing full water main replacement on Strout Street. This approach addresses the age and configuration of the existing pipeline, provides an opportunity to establish a looped connection to West Street, and ensures underground improvements are completed before the street is reconstructed.

For Eastside Avenue and South Avenue, staff proposes using a portion of the Water System Repairs and Replacement Program funding to reinforce existing water service saddles and related connections where needed before roadway



reconstruction. These targeted repairs would help reduce the risk of existing connections loosening or failing during construction activities and would allow the City to address known infrastructure needs without committing to full water main replacement on all three streets in the same paving cycle. This approach balances the need to address aging infrastructure with the City's available resources. It also allows the City to coordinate water and sewer improvements with the paving program while prioritizing investments that provide the greatest overall benefit to the water system.

Proposed CIP Funding

Water Enterprise Budget	FY26-27
Water System Replacement Program (CIP# XXX)	\$175,000
FY26/27 Water Enterprise Reserve Level	\$1,703,411
Reserve % Operating Expenses	51%
Reserve Following CIP Addition	\$1,528,411
Reserve % Operating Expenses	46%
Reserve Policy Minimum (25% of Operating Expenses) – no CIP funding	\$833,925
Amount Needed in Reserve to proceed with Pleasant Hill Loop	\$1,833,925

STAFF ANALYSIS:

Staff recommends establishing the Water System Repairs and Replacement Program to support the City's ongoing efforts to maintain and improve existing water infrastructure through coordinated, multi-benefit capital projects. Water Enterprise Fund revenues are currently constrained by the existing rate structure, limiting the City's ability to address all identified infrastructure needs while maintaining sufficient reserves for planned capital improvements. As a result, staff must prioritize projects that provide the greatest overall system benefit and take advantage of opportunities to complete underground improvements in conjunction with roadway reconstruction. Staff recommends moving forward with replacement of the existing water main on Strout Street and extending the line to West Street. Although the water main is not identified on the City's current priority list, the timing of the planned street reconstruction presents an important opportunity to address aging infrastructure before the roadway is repaved. The proposed improvements would also establish a looped connection to West Street, improving system connectivity and reliability. Deferring this work could increase the risk of a water main failure following street reconstruction and require excavation of the newly paved roadway.

Staff recognizes that replacing the water main on Eastside Avenue and South Avenue would also be beneficial given the age of the infrastructure. However, current Water Enterprise Fund revenues do not support completing all of these improvements while maintaining sufficient reserves for the Pleasant Hill Loop Project, which is anticipated to begin construction in FY 2028-29. Staff therefore recommends proceeding with the Strout Street water infrastructure improvements while addressing the Eastside Avenue and South Avenue water system needs through targeted reinforcement of existing water service saddles and related connections as part of the roadway project. This approach allows the City to advance its pavement rehabilitation priorities while reducing the risk of water service connection failures during construction. Establishing a dedicated Water System Repairs and Replacement Program, similar to the existing wastewater program, will provide a consistent framework for addressing future infrastructure needs as funding becomes available. Projects can be prioritized based on infrastructure condition, operational concerns, water quality, system reliability, and opportunities to coordinate underground improvements with the City's capital improvement program.

CITY COUNCIL GOALS/PRIORITIES/AND OR GENERAL PLAN CONSISTENCY:

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

- Goal 3 – Infrastructure: Maintain high-quality infrastructure, facilities, and services.
 - Task 3.4 – Water, Sewer & Stormwater Infrastructure: Complete Well 4 updates and secure funding.



- Task 3.5 – Project Readiness for Grants & Funding: Advance projects to at least 50% design and maintain a portfolio of projects ready for state and federal funding opportunities.
- Task 3.7 – Capital Improvement Program Delivery: Successfully deliver FY 2026–27 Capital Improvement Program projects on schedule and within budget.

PUBLIC COMMENT:

This agenda 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.

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. As of the writing of this staff report, the City has not received any public comment on this item. However, if staff receives public comment from interested parties following the publication and distribution of this staff report, such comments will be provided to the City Council as supplemental materials before or at the meeting. In addition, public comments may be offered during the public comment portion of this item.

FISCAL IMPACT:

The proposed Water System Repairs and Replacement Program requires an appropriation of \$175,000 from the Water Enterprise Fund (Fund 501). This appropriation would reduce the projected reserve balance from \$1,703,411 (51% of operating expenses) to \$1,528,411 (46% of operating expenses). The program will fund priority water system improvements coordinated with planned roadway reconstruction, helping protect the City's investment in pavement, reduce future street excavation, and minimize the risk of emergency water system repairs.

RESTATED RECOMMENDATION:

That the City Council approve the addition of a Water System Repairs and Replacement Program to the City's Capital Improvement Program, funded through the Water Capital Fund 501, to provide for the systematic repair and replacement of aging water infrastructure, including water main and service replacements coordinated with planned street reconstruction, and targeted repairs to existing water system appurtenances on Eastside Avenue and South Avenue.

CITY COUNCIL OPTION(S):

1. Approve the program with modifications. Provide direction regarding the program scope, project priorities, or funding allocation.
2. Approve the program with direction to staff to identify alternative water system replacement projects. Direct staff to return with alternative projects that can be completed without reducing Water Enterprise Fund reserves below the desired level.
3. Defer action. Direct staff to return with additional information regarding project costs, funding availability, reserve levels, and the proposed sequencing of water system improvements.

ATTACHMENT(S):

- 1 – Resolution
- 2 – CIP Sheet

APPROVALS:

Department Head Approval:	Approval Date: 10/28/26
CEQA Determination (Planning):	Approval Date:
Administrative Services (Financial)	Approval Date:
<u>Costs authorized in City Approved Budget:</u>	☒ Yes ☐ No ☐ N/A
Account Code (If applicable)	<u>Funds 501</u>
City Attorney Approval:	Approval Date:



City Manager Approval:

Approval Date:

DRAFT