

AGENDA ITEM SUMMARY

City Council



STAFF

Jeremy Woolf, Senior Director, Water Operations
Andrew Ginerich, Director, Water Field Operations
Joe Wimmer, Director, Utilities Finance

SUBJECT

First Reading of Ordinance No. 128, 2025, Making Supplemental Appropriations and Appropriating Prior Year Reserves in the Water Utility Fund for the Lemay Water Line Replacement Project and to Supplement the 2025 Water Main Operating Budget and Related Art in Public Places.

EXECUTIVE SUMMARY

The purpose of this item is to request a supplemental appropriation of \$3,400,000 in the Water Utility Fund to fund the Lemay Water Line Replacement Project, and to supplement the 2025 water main operating budget, in addition to an appropriation of \$32,000 for Art in Public Places.

The Lemay Water Line Replacement Project is the result of unanticipated and continuous water leaks occurring since spring 2025. Based on the number and frequency of leaks, approximately \$200,000 has been spent to date on responding to leaks. Considering the condition of the water line and risk to City staff and the public, the water line needs to be replaced. The \$3,432,000 supplemental appropriation serves to: 1) supplement the 2025 water main repairs operating budget by \$200,000 for unanticipated costs incurred to respond to numerous leaks; 2) fund \$3,200,000 for design and construction of a new water line, as well as removal of the existing water line; and 3) contribute \$32,000 for Art in Public Places per Code.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

BACKGROUND / DISCUSSION

The Lemay Water Line Replacement Project arises from the condition of the water line resulting in an unprecedented number of water main leaks since spring 2025. The 20-inch water line along Lemay Avenue, between Harmony Road and Harbor Walk Drive has suffered seven leaks from April through mid-June 2025. Each leak resulted in closure of Lemay Ave for eighteen to twenty-four hours, thereby impacting those living along and/or traveling this arterial roadway. Each leak has required approximately \$25,000 for repairs, greatly impacting the water main repairs operating budget. The 2025 operating budget has incurred approximately \$200,000 in unanticipated costs to pair these leaks.

The water line, constructed in 1977, is a 20" ductile iron pipe. Prior specifications did not require the water line to be wrapped in plastic, with native soil used as backfill on top of the pipe. The 2025 leaks have all been on top of the water line, which is consistent with native backfill material directly in contact with ductile

iron pipe. Continuous leak repair creates isolated system vulnerability. Based on the condition of the water line, the entire 2,800 linear feet of 20" ductile iron pipe along Lemay Ave, from Harbor Walk Drive to Harmony Road, needs to be replaced with new polyvinyl chloride (PVC) pipe. Design and construction of the new PVC water line, including appropriate contingency, is estimated at \$3,200,000.

Staff requests a \$3,432,000 supplemental appropriation from Water Utility Fund reserves, with \$200,000 for the water main repairs 2025 operating budget, \$3,200,000 for the Lemay Water Line Replacement Project, and \$32,000 for Art in Public Places, per code.

CITY FINANCIAL IMPACTS

This ordinance will appropriate:

- \$200,000 for Water Utility Fund lapsing expenses. These lapsing expenses fall under the water main repairs 2025 operating budget and
- \$3,232,000 for Water Utility Fund non-lapsing expenses (\$3,200,000 for design and construction and \$32,000 for Art in Public Places).

The \$32,000 contribution for the Art in Public Places will be as follows: \$24,960 will remain in the Water Utility Fund for Art in Public Places artwork and \$7,040 will be transferred to the Cultural Services and Facilities Fund for operations and maintenance.

Water Utility Fund reserves are available for the above respective appropriations, with the fund projected to end 2025 above the City's fund reserve target.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

Utilities staff presented the Lemay Water Line Replacement Project to the Water Commission at its July 17, 2025, regular meeting. The Water Commission recommended Council approve the supplemental appropriation from the Water Utility Fund to fund the Lemay Water Line Replacement Project.

Utilities staff also presented (Attachment 2) the project and impact to the water main repairs 2025 operating budget to Council Finance Committee at its August 7, 2025, meeting. The Council Finance Committee recommended Council to approve the \$3,432,000 supplemental appropriation.

PUBLIC OUTREACH

None.

ATTACHMENTS

1. Water Commission Minutes, July 17, 2025
2. Council Finance Committee Minutes, August 7, 2025
3. Council Finance Committee Presentation, August 7, 2025
4. Ordinance No. 128, 2025