



**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND**

**AB 6904
April 21, 2026
Consent Agenda**

AGENDA BILL INFORMATION

TITLE:	AB 6904: Water Supply Pipeline Project Update	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Authorize the 10-inch water main improvement as part of the Water Supply Pipeline project (90.40.0032), to be constructed by Kar-Vel Construction as a subcontractor to Scarsella Brothers Inc., for a construction cost in the amount of \$1,152,337.19, and authorize the City Manager to execute any necessary related documents.	

DEPARTMENT:	Public Works
STAFF:	Jason Kintner, Chief of Operations Clint Morris, Interim Public Works Director Kellye Hilde, Deputy Public Works Director
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Overview of SPU Supply map 2. Project Location Map
CITY COUNCIL PRIORITY:	3. Make once-in-a-generation investments to update and modernize aging infrastructure, capital facilities, and parks.

AMOUNT OF EXPENDITURE	\$ 1,152,337.19
AMOUNT BUDGETED	\$ 5,748,380
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

The purpose of this agenda item is to update the City Council on the status of the Water Supply Pipeline project (90.40.0032) and to award a contract for construction of a new 10-inch water main (Phase 1) ahead of the 24-inch Pipeline’s construction (Phase 2). This project will improve the resiliency of the City’s water distribution system by replacing over 3,500 feet of aging Seattle Public Utilities (SPU) supply pipeline with earthquake resistant ductile iron pipe in a new alignment, as shown in Exhibits 1 and 2.

- In April 2024, a leak was discovered on the Seattle Public Utilities’ 24-inch diameter water supply pipeline on Mercer Island. That leak severely limited the Island’s water supply until repairs to SPU’s pipeline were completed in August 2024.
- In response to the water supply emergency, the City initiated an evaluation of alternatives to replace the aging SPU pipeline with a more resilient, earthquake-resistant water supply pipeline, in a new alignment.

- In October 2024, the City Council authorized staff to include design and construction of a new water supply pipeline in the 2025-2030 Capital Improvement Plan ([AB 6530](#)).
- The scope of the project includes water infrastructure improvements, roadway improvements, and pedestrian enhancements along SE 36th Street, Gallagher Hill Road, and a portion of SE 40th Street.
- In May 2025, the City Council approved Scarsella Brothers, Inc. (“Scarsella”), as the Heavy Civil General Contractor/Construction Manager for the project ([AB 6690](#)).
- On October 21, 2025, staff provided a project update summarizing completed design work and next steps, including continued design development and evaluation of construction sequencing (e.g., phased road closures, detours, and potential night work) to minimize traffic impacts ([AB 6795](#)).
- On January 20, 2026, the City Council approved a professional services contract with RH2 Engineering, Inc. to develop Phase 2 design and permitting documents for the project ([AB 6837](#)).
- This project will construct over 5,000 feet of new 24-inch earthquake resistant ductile iron pipe in a new alignment owned and operated by the City, and that work will be performed in Phase 2.
- An existing asbestos cement water main will be replaced in Phase 1 to create space within the Gallagher Hill Road public right-of-way for the new water supply pipeline.
- Project design is currently at the 90% stage for both phases. Design and permitting is anticipated to be completed in April 2026, with construction planned to begin in June 2026 and be substantially completed by the end of 2027.
- The preliminary construction cost estimate for both phases of the water improvements is \$12.5 to \$13.5 million. This cost estimate is not final and is being refined at the 90% design stage.
- Bids have been received for the Phase 1 10-inch water main on Gallagher Hill Road, and staff are prepared to award a construction contract.

BACKGROUND

SPU is the sole provider of potable water to Mercer Island (Exhibit 1). The SPU 24-inch water supply pipeline was constructed in 1956. A portion of the pipeline is located in the SE 40th Street public right-of-way and has required several leak repairs over the decades. In April 2023 ([AB 6281](#)) and April 2024, the City was notified of major system failures on the SPU water supply pipeline. Although circumstances for each event were different, both events resulted in major water emergencies impacting the community.

The City and Shorewood Apartments are the two wholesale customers served by SPU’s water supply pipeline. The City is responsible for 97.2% of the total costs associated with operating and replacing this water pipeline; the balance is the responsibility of Shorewood Apartments, as a direct customer of SPU. Given the overwhelming cost responsibility held by the City and the importance of this water supply pipeline, the City began exploring options to replace this segment of the SPU pipeline with a more resilient, earthquake resistant supply pipeline in an alternative alignment away from the steep slope along SE 40th Street.

April 2024 Event

On April 3, 2024, the City learned that the SPU 24-inch water supply pipeline to Mercer Island was leaking in the steep sloped area in the SE 40th Street public right-of-way, just north of where Mercerwood Drive meets SE 40th Street. Consequently, SPU crews significantly reduced and then shut off flow to the pipeline, eliminating its use as the primary water supply pipeline. Mercer Island received water through a smaller backup pipeline beginning April 4, 2024, and implemented emergency conservation actions due to the constrained water supply.

SPU and their specialty contractor, in coordination and collaboration with the City, completed repairs and testing, restoring flow through the SPU water supply pipeline on August 1, 2024. The repaired section was slip-lined with approximately 1,300 feet of structural liner, reducing its diameter from 24-inches to 17.4-inches.

In October 2024, the City Council authorized staff to include design and construction of the new water supply pipeline in the 2025-2030 Capital Improvement Plan ([AB 6530](#)). Although the primary driver for construction includes the installation of a new water supply pipeline, the project scope also includes roadway and pedestrian improvements which were already included within the City's Six Year Transportation Improvement Program (TIP).

Shorewood Apartment Connection

Shorewood Apartments is currently a direct customer of SPU and is served through a connection along SE 40th Street. However, with the construction of a new water supply pipeline, the existing SPU supply pipeline will be decommissioned, and Shorewood Apartments will require a new water connection. The new water supply pipeline will include the installation of two connections and master meters, fed from SE 36th Street at 88th and 90th Avenues SE to provide water service to Shorewood Apartments. Following the completion of these connections, Shorewood Apartments will become a wholesale customer of the City of Mercer Island.

Seattle Public Utilities and City staff have notified Shorewood Apartments about the changes in service and will be meeting with Shorewood later this month.

Community Engagement

City staff are actively engaging the community through the Let's Talk platform and a comprehensive communications plan was launched in March 2026. Outreach efforts include direct mail notifications to impacted neighborhoods, press releases to the Mercer Island Reporter, coordination with the Mercer Island School District regarding potential bus route impacts, and targeted communications with the French American School, the Jewish Community Center, and other stakeholders along the project corridor to address anticipated impacts and detour planning. In parallel, the City's Customer Service Team is being briefed and will support the Public Works Team by responding to public inquiries during construction.

ISSUE/DISCUSSION

The City retained RH2 Engineering as the design firm for the project in January 2025. In May 2025, Scarsella Brothers Inc. (Scarsella) was retained as the General Contractor for the project ([AB 6690](#)). Staff brought a project update to the City Council on October 21, 2025 when the design work was nearing the 60% stage ([AB 6795](#)). Staff returned to the City Council again on January 20, 2026 for approval of a second design contract with RH2 Engineering ([AB 6837](#)).

Since the October update to the City Council, the project team has continued design work and recently reached the 90% design milestone. All major project features have been identified and construction quantities calculated, including:

- Installation of a new water supply pipeline
- Replacement of an existing asbestos cement water main
- Construction of new curbs, gutters, and sidewalks on Gallagher Hill Road and SE 40th Street (to 93rd Avenue)

- Roadway storm drainage improvements
- Installation of new roadway lighting on Gallagher Hill Road and SE 40th Street
- Construction of ADA-compliant curb ramps throughout the project area
- Repaving of SE 36th Street, Gallagher Hill Road, and SE 40th Street

Final cost estimates are underway. While some design details remain to be refined, the project is progressing toward construction, anticipated to begin in June 2026.

This project has two primary types of improvements: water and roadway. The underground water distribution infrastructure work will be constructed first, starting in June 2026 and is anticipated to last 10 to 12 months. Roadway improvements will follow, beginning in early spring 2027 and are estimated to take approximately 8 months to construct. Substantial completion of the project is expected by the end of 2027.

New Water Supply Pipeline

The project includes the construction of an earthquake-resistant 24-inch diameter water supply pipeline along a new alignment (Exhibit 2). This pipe will replace a significant segment of the existing SPU 24-inch diameter concrete cylinder water pipeline, which is not seismically resilient.

The planned alignment for the new 24-inch water supply pipeline starts at the SPU water supply pipeline near the Mercer Island Boat Launch area, then continues north on East Mercer Way, west on SE 36th Street, southwest along SE Gallagher Hill Road to SE 40th Street, and east on SE 40th to 92nd Avenue SE.

The SPU owned master water meter, which measures the entire volume of water being transmitted to the City, will be relocated to the Boat Launch roadway vicinity. In addition, a short section of 12-inch pipe near another existing SPU meter behind the reservoir at 89th Avenue and SE 43rd Street will be upsized to 24-inch pipe to improve overall flow.

Roadway Improvements

Roadway improvements will be constructed, following the water supply pipeline's installation, testing, and startup. The scope of these improvements include:

- **SE 36th Street (Gallagher Hill Road to East Mercer Way)** – Restore roadway and sidewalks removed for pipeline construction, upgrade all sidewalk ramps to meet current ADA standards, grind and repave the roadway with a full width hot mix asphalt (HMA) overlay, raise utilities to grade, and install new pavement markings.
- **Gallagher Hill Road (SE 40th Street to SE 36th Street)** – Construct new curb and sidewalk along the east side (downhill lane), provide a paved shoulder suitable for bicycle use on the west side (uphill lane), install a full-width HMA overlay, raise utilities to grade, and install new pavement markings. The design also includes installing new street lighting to accompany the new sidewalk.
- **SE 40th Street (Gallagher Hill Road to 93rd Avenue)** – Construct new curbs, sidewalks and bike lanes on both sides of the road, install a full-width HMA overlay, raise utilities to grade, install new pavement markings, and upgrade the existing street lighting.

Together, these improvements will repave approximately one mile of arterial roadways. The HMA paving is funded through the Water Supply Pipeline project to restore roadways trenched for water mains, while the pedestrian-related improvements, including sidewalks, ADA curb ramps, and street lighting, are identified in the City's six-year Transportation Improvement Program (TIP) for construction in 2027.

The City’s consultant submitted the 90% design plans to staff in early March 2026. The project team has reviewed those plans, and the consultant is now working on final design plans and specifications. The preliminary construction cost estimate for the water improvements is \$12.5 to \$13.5 million. This construction cost estimate is not final and will change as the project moves through the final stage of design review.

AC Watermain Replacement

Replacement of an existing asbestos-cement (AC) water main within the Gallagher Hill roadway is included in this project (Exhibit 2). In recent years, the City has prioritized removal of AC pipe from the water system, with a goal of having all AC water mains replaced by 2030. AC pipe was widely used from the 1940’s through early 1980’s; however, as this material reaches its later stages of useful life, it becomes increasingly prone to failure. There are approximately four miles of AC pipe remaining in the City’s water distribution system. This project will replace 1,500 feet of existing AC pipe with a new 10-inch ductile iron water main, along with a Pressure Reducing Valve (PRV) at the bottom of SE Gallagher Hill Road.

Because the existing AC water main conflicts with a substantial portion of the new 24-inch supply pipeline alignment, the 10-inch water main installation will be constructed first (Phase 1). Once the new 10-inch main is completed and the AC main is taken out of service, work on installing the 24-inch supply pipeline will begin (Phase 2). To accelerate the start of construction, the consultant separated the 10-inch water main work from the larger supply pipeline and roadway improvements. This 10-inch water main package was advertised for construction bids on March 9, 2026. Five bids were received and opened on March 24, 2026. The lowest responsive bid was received from Kar Vel Construction in the amount of \$1,152,337.19. The following table shows the bid results.

COMPANY NAME	TOTAL BID AMOUNT INCLUDING 10.3% WSST
Kar-Vel Construction	\$1,152,337.19
Laser Underground & Earthworks	\$1,372,584.23
RW Scott Construction Company	\$1,597,547.70
R. L. Alia Company	\$1,720,680.00
Scarsella Bros., Inc.	\$1,778,722.07

Under the Heavy Civil General Contractor/Construction Manager project delivery process, the general contractor may self-perform up to 50% of the project’s construction value at a negotiated price with the contracting agency. That same general contractor may self-perform an additional 20% of the project’s construction, but only through a competitive bidding process.

For this project, Scarsella will be constructing all of the 24-inch supply pipeline and associated connections as the majority of their 50% self-performed work. As shown in the bid results table, Scarsella was a competitive bidder on the 10-inch water main work but was not the lowest bidder and will therefore not be constructing that element of the project. Scarsella will instead enter into a contract with Kar Vel Construction. As a subcontractor to Scarsella, Kar-Vel will construct the Phase 1 10-inch water main improvement for a construction cost of \$1,152,337.19. Kar Vel Construction is a contractor in good standing, and they have completed three other water main projects for the City of Mercer Island in 2023, 2024, and 2025.

NEXT STEPS

Over the next two months, the project team will complete the final design work and cost estimates, while Scarsella advances procurement of subcontractors for other work elements on the project. City staff will also negotiate with Scarsella for the guaranteed maximum price for the project. Work on the 10-inch water main is anticipated to begin in June 2026 and be completed by the end of August 2026.

Following completion of the Phase 1 10-inch water main, installation of the Phase 2 24-inch supply pipeline is planned to begin in August 2026 and should be completed, tested, and put into service in spring of 2027. As the water work is nearing completion, work on the roadway improvements will begin. The entire project is anticipated to be substantially complete by the end of 2027.

The project team is currently evaluating options for construction sequencing and timing of the various elements of the project to determine the best path forward. Among the scenarios under review is the partial closures of Gallagher Hill Road, with detours routed along Mercerwood Drive, first in July and August of 2026 for installation of the water mains and subsequently in July and August of 2027 for roadway reconstruction and paving. This concept would keep traffic moving and reduce delays and traffic queuing. Other advantages are fewer working days and lower construction costs.

The project team is also exploring the possibility of some limited night work along SE 36th Street, away from residential properties. Work in 2025 on the East Channel Bridge showed how critical the SE 36th Street and East Mercer Way intersection is for moving traffic on and off the Island, and night work may be a way to minimize impacts to the traveling public during morning and evening commutes.

Other considerations include the pipeline's connection and activation. This includes timing and impacts to the City's system regarding demands, as well as coordination with other regional and local projects. It is anticipated that the switch over from the SPU pipeline to the new City pipeline will occur in February/March 2027, when water demand is at its lowest.

Coordination is currently underway with Washington State Department of Transportation (WSDOT), as some of the water improvements will occur within the State's right-of-way, as well as SPU and the Washington State Department of Health regarding switching the Shorewood Apartments to be served by the City.

In addition, staff are evaluating the demolition of the permanently closed City Hall building in coordination with the pipeline project, with the intent of using the site for staging contractor materials and equipment during construction of the 24-inch supply pipeline. Staff will bring additional information on this concept to Council in the near future.

RECOMMENDED ACTION

Authorize the 10-inch water main improvement as part of the Water Supply Pipeline project (90.40.0032), to be constructed by Kar-Vel Construction as a subcontractor to Scarsella Brothers Inc., for a construction cost in the amount of \$1,152,337.19, and authorize the City Manager to execute any necessary related documents.