



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 7005
October 6, 2026
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 7005: 2025 Asbestos Cement Water Main Replacement Project Bid Award	☐ Discussion Only ☒ Action Needed: ☒ Motion ☐ Ordinance ☐ Resolution
RECOMMENDED ACTION:	Award the 2025 Asbestos Cement Water Main Replacement construction contract to Kar-Vel Construction; authorize the City Manager to execute contract with Kar-Vel Construction in an amount not to exceed \$3,246,075; and set the total project budget to \$4,850,215.	

DEPARTMENT:	Public Works
STAFF:	Jason Kintner, Chief of Operations Kellye Hilde, Public Works Deputy Director Chris Marks, Interim Assistant City Engineer Lauren Kumle, Utilities Engineer
COUNCIL LIAISON:	n/a
EXHIBITS:	1. 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	\$ 4,753,322
AMOUNT BUDGETED	\$ 5,700,495
APPROPRIATION REQUIRED	\$ 0

EXECUTIVE SUMMARY

The purpose of this agenda item is to award a public works construction contract to Kar-Vel Construction to replace asbestos cement (AC) water main pipe between SE 40th Street and Shorewood Drive in the Mercerwood neighborhood (Exhibit 1).

- The City's water system currently contains approximately four miles of AC water main, a pipe material type that becomes fragile as it ages and is prone to sudden failure.
- In 2024 the City launched a dedicated AC main replacement program within the Capital Improvement Program (CIP) to remove all known AC pipe from the water system by 2030.
- The 2025 AC Water Main Replacement Project (90.40.0013) replaces approximately 5,700 feet of AC water main pipe with new ductile iron water main pipe and includes improvements to water services, fire hydrants, a pressure reducing valve station, and other critical water distribution system components.

- The project was advertised on August 20, 2026, and five contractor bids were received. Kar-Vel Construction submitted the lowest responsive and responsible bid in the amount of \$3,246,075.
- Funds for this construction contract are included in the 2025-2026 Capital Budget in the Water Fund (410). No additional appropriation is required.
- Construction is anticipated to begin in November 2026 and is anticipated to be completed in Q4 2027.

BACKGROUND

One of the City's top priorities is to provide safe and reliable drinking water to the community. A major component of achieving that goal is ongoing, planned replacement of portions of the water system that have reached the end of their service life.

The City owns and maintains approximately 115 miles of water mains, ranging in size from 4 inches to 30 inches in diameter, including approximately five miles of AC pipe. This material was widely used from the 1940's to the early 1980's for both water and sewer systems; however, as this material reaches its middle and late stages of useful life, it becomes increasingly fragile and is prone to sudden failure. For pressurized pipes such as water mains, these failures can be catastrophic in nature, where several feet of the pipe can burst or split open. For this reason, the City has prioritized removing all AC pipe from the water system.

Over the past decade, the City has replaced small sections of AC water main through various CIP projects. In 2024, the City began a dedicated AC water main replacement effort and replaced 5,100 feet of pipe, reducing the amount of active AC pipe in the water system from approximately five miles to four miles. Staff plan to replace all known remaining AC water mains by 2030.

Design work for the 2025 AC Water Main Replacement project (90.40.0013) began in September 2024 and was completed in early August 2026. The extended timeline reflected additional coordination and scoping adjustments needed during the design phase. At that time, the engineer's construction cost estimate was \$4,425,000. The City advertised for bids on August 20, 2026.

ISSUE/DISCUSSION

PROJECT DESCRIPTION

The 2025 AC Water Main Replacement project consists of installing approximately 5,700 feet of 8-inch and 6-inch ductile iron water main, 11 fire hydrants, 90 water services, and 8 connections to existing water mains between SE 40th Street and Shorewood Drive in the Mercerwood neighborhood (Exhibit 1). The project will remove approximately one mile of aging AC main from the water system.

This project also includes minor stormwater and roadway improvements. Two existing catch basins will be rebuilt, and four catch basins will be replaced. Following completion of the water main work, Mercerwood Drive, from 96th Avenue SE to Shoreclub Drive, will receive full-width paving and restoration of pavement markings.

The 2025 AC Water Main Replacement project consists of work at the following locations (Exhibit 1):

- Mercerwood Drive from 96th Avenue SE to Shoreclub Drive
- 96th Avenue SE from SE 40th Street to Shoreclub Drive
- 97th Avenue SE from SE 40th Street to Mercerwood Drive
- 95th Avenue SE from Mercerwood Drive to Shoreclub Drive

- Shoreclub Drive from 95th Avenue SE to Mercerwood Drive

BID RESULTS

Five construction bids were received and opened on September 17, 2026. The lowest bid was from Kar-Vel Construction, a Washington-based corporation, for \$3,246,075. Table 1 below shows the bid results.

Table 1. 2025 AC Water Main Replacement Project Construction Bid Results	
Company Name	Total Bid Amount
Kar-Vel Construction	\$3,246,075
Fury Site Works Inc.	\$3,606,570
Laser Underground & Earthworks Inc.	\$4,495,068
Jansen Inc.	\$4,547,787
James W. Fowler Co.	\$4,937,738
Engineer's Estimate	\$4,425,000

Note: All bids include Washington state's 10.3% sales tax

Kar-Vel Construction has worked on several recent City projects, including the 2023 Water System Improvements, 2024 Water System Improvements, and 2024 AC Water Main Replacement projects. Kar-Vel Construction is also a subcontractor on the Water Supply Pipeline project. This work has given Kar-Vel Construction experience with the City's water infrastructure, construction requirements, and review processes.

A review of the Washington State Department of Labor & Industries website confirmed that Kar-Vel Construction is a contractor in good standing. Based on review of Kar-Vel Construction's bid, reference checks, and performance on prior City projects, staff determined that Kar-Vel Construction is the lowest responsive and responsible bidder and recommends awarding the 2025 AC Water Main Replacement project to Kar-Vel Construction.

PROJECT BUDGET

The total estimated project cost for the 2025 AC Water Main Replacement project is \$4,753,322. This includes the construction contract and other costs necessary to complete the project, including construction contingency, design, construction inspection, and project management. The estimated project costs are summarized in Table 2.

Table 2. 2025 AC Water Main Replacement Project Budget	
Description	Total
Construction Contract	\$3,246,075
Construction Contingency @ 20%	\$649,215
Consultant Project Design and Construction Support	\$427,032
Staff Project Management and Inspection	\$431,000
Total Project Costs	\$4,753,322
2025–2026 Project Budget Resources (90.40.0013)	\$5,700,495
Remaining Project Funds	\$947,173

Remaining or unspent project funds will return to the Water Fund (410) for future use on the City's water distribution system.

NEXT STEPS

Following City Council award of the 2025 AC Water Main Replacement project to Kar-Vel Construction, staff will finalize the construction contract and issue a notice to proceed. Construction is scheduled to begin in November 2026.

The entire construction contract is anticipated to be completed by the end of Q4 2027. Staff will proactively notify affected businesses and residents before construction begins and post construction updates on the project's [Let's Talk](#) webpage. Work will be scheduled to minimize disruptions and to avoid federal holidays and local events.

RECOMMENDED ACTION

Award the 2025 AC Water Main Replacement project to Kar-Vel Construction; authorize the City Manager to execute a contract with Kar-Vel Construction in an amount not to exceed \$3,246,075; and set the total project budget to \$4,753,322.