



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6794
November 4, 2025
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 6794: East Mercer Way Emergency Water Main Repair Appropriation Request	☐ Discussion Only ☒ Action Needed:
RECOMMENDED ACTION:	Appropriate \$245,280 from the available fund balance within the Water Fund to complete emergency water main repairs.	☒ Motion ☐ Ordinance ☐ Resolution

DEPARTMENT:	Public Works
STAFF:	Jason Kintner, Chief of Operations Kellye Hilde, Deputy Director Clint Morris, Capital Division Manager Ian Powell, Street Engineer
COUNCIL LIAISON:	n/a
EXHIBITS:	1. 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	\$ 274,983
AMOUNT BUDGETED	\$ 407,378
APPROPRIATION REQUIRED	\$ 245,280

EXECUTIVE SUMMARY

The purpose of this agenda item is to appropriate \$245,280 from the available balance within the Water Fund to complete emergency water main repairs on East Mercer Way.

- The City's 2025-2026 Capital Improvement Program for the Water Utility included \$407,378 for Emergency Water System Repairs (90.40.0001).
- To date in 2025, the City has responded to an unusually high number of water system emergencies, including 16 water main breaks. As of July 2025, the Emergency Water System Repair Budget only had \$29,703 remaining.
- On August 5, 2025 two water main breaks occurred on East Mercer Way: one in the 7700 block and one in the 8300 block. The break near the 7700 block was extensive, requiring more than 200 linear feet of pipe to be replaced.
- On August 7, 2025 the City Manager issued [Proclamation No. 365](#), allowing emergency powers for the City to enter into contracts without regard to time-consuming bidding and contracting procedures.
- Public works staff contracted with Fury Site Works to repair the two breaks in the 7700 block. That associated water work was completed by the end of August, at a cost of \$152,493.32.

- The break in the 7700 Block caused extensive damage to the East Mercer Way roadway, with repairs estimated to cost \$114,490. This work is currently planned for completion by mid-November (weather dependent).
- The cost to repair the 7700 block main breaks exceeds the available budgeted funds.
- An appropriation of \$245,280 from the Water Fund is needed to cover these additional emergency water construction expenses.

BACKGROUND

Each year, the City's Capital Improvement Program for the Water Utility includes a budget for Emergency Water System Repairs (90.40.0001). For the 2025-2026 Biennium \$407,378 was budgeted. The City has experienced an unusually high number of emergency responses for the water system in 2025. As of July 2025, the Emergency Water System Repair Budget only had \$29,703 remaining.

On August 5, 2025 two water main breaks occurred on East Mercer Way: one in the 7700 block and another in the 8300 block. The following day, Public Works staff discovered the 7700 block location involved two breaks within 200 feet of each other. These main breaks caused extensive damage to the southbound lane and adjacent paved shoulder on East Mercer Way. The broken section of water main was deactivated and several homes were put on temporary water supply lines. Public Works operation staff repaired the break in the 8300 block on August 6, 2025. In the 7700 block, the water main remained deactivated and the roadway was closed to traffic.

On August 7, 2025 the City Manager issued Proclamation No. 365, enacting emergency powers that enabled the City to enter into necessary contracts without the delays associated with formal bidding and contracting processes. The City contracted Fury Site Works, an underground utility contractor that recently completed two large water construction contracts for the City in 2022 and 2024.

Repair work began on August 19, 2025 and the water main was replaced and activated into service on August 29. The roadway was reopened to one lane of traffic on August 26, 2025. Staff chose to replace approximately 220 feet of 8-inch water main in the 7700 block because the two breaks were less than 200 feet apart and a previous repair from 1999 was known to exist within that same 200 feet of pipe. Due to other existing utility lines in the area, the old water main was removed and replaced in the same location, which added costs to the repair. The total construction cost of the 220 feet of replaced water main was \$152,493.32.

The two breaks at the 7700 Block caused extensive damage to the East Mercer Way roadway, and those repairs are estimated to cost \$114,490. This work is currently planned for completion by mid-November.

ISSUE/DISCUSSION

The unforeseen failure of the East Mercer Way water main at two adjacent points necessitated immediate remedial action. Staff developed initial cost estimates and proceeded with hiring a contractor to perform the repairs. The costs of the water and roadway exceed the available repair budget.

An additional \$245,280 is needed to cover the cost of the 7700 East Mercer Way water main repair. This represents a 60% increase to the 2025-2026 Emergency Water Repair project budget, and the funds will be allocated from the available balance within the Water Fund. Updated project costs are shown in Table 1 on the following page.

Table 1

EMERGENCY WATER SYSTEM REPAIRS (90.40.0001)		
PROJECT BUDGET		
PROJECT ELEMENTS	ORIGINAL BUDGET	ADDITIONAL COSTS
2025-2026 Budgeted Amount	\$407,378	
Water Repair Costs Encumbered January to July 2025	\$377,675	
7700 E Mercer Way Main Break Repair (Fury Site Works)		\$152,493
7700 E Mercer Way Roadway Repair (estimated cost)		\$114,490
Project Management/Utility Team (City)		\$8,000
TOTAL PROJECT COST	\$377,675	\$274,983
REMAINING BUDGET AVAILABLE	\$29,703	\$29,703
BUDGET APPROPRIATION NEEDED		\$245,280

At the end of 2024, the Water Fund unassigned fund balance was \$17,911,082. This atypically large amount was due to the sale of limited tax general obligation (LTGO) bonds in October 2024 to finance major capital improvements to the water distribution system. Total revenues generated from the bond sale were \$26.6 million.

As of October 2025, staff estimates the unassigned fund balance in the Water Fund is \$11.7 million. With the \$245,280 proposed appropriation, adequate resources will remain in the Water Fund to complete planned capital reinvestment work.

NEXT STEPS

The roadway repair work in the 7700 block of East Mercer Way is anticipated to be completed by mid-November.

RECOMMENDED ACTION

Appropriate \$245,280 from the available fund balance within the Water Fund to the Emergency Water System Repairs capital project (90.40.0001) to complete emergency water main repairs in the 7700 block of East Mercer Way.