



CITY COUNCIL AGENDA REPORT

MEETING DATE: Tuesday, April 14, 2026
TO: CITY COUNCIL
WRITTEN BY: Sr. Civil Engineer Schneider
RECOMMENDED BY: INTERIM PUBLIC WORKS & UTILITIES DIRECTOR GREEN
APPROVED BY: TAMARA VIDES, CITY MANAGER

SUBJECT: APPROVE CHANGE ORDER NO. 2 WITH KJ WOODS CONSTRUCTION INC. FOR THE WATER LINE REPLACEMENT PROJECT – BEACH ST., UNION ST., LINCOLN ST. ADDING \$388,000 TO THE COMPENSATION AND AUTHORIZE A \$210,000 BUDGET APPROPRIATION FROM THE WATER ENTERPRISE FUND (0720)

RECOMMENDATION:

Adopt a resolution approving Change Order No. 2 to the Contract with K.J. Woods Construction, Inc. for the Water Line Replacement – Beach St., Union St., Lincoln St. Project, No. WA-25-14834, in the amount of \$388,000, and authorizing a budget appropriation of \$210,000 from the Water Enterprise Fund [0720] to budget account 0720-913-7831-14834; and authorizing and directing City Manager to execute same.

BACKGROUND:

On July 8, 2025, the City Council adopted Resolution No. 186-25 (CM) and awarded contract to K.J. Woods Construction, Inc., for the Water Line Replacement Beach St., Union St., and Lincoln St. Project, No. WA-25-14834, in the amount of \$4,938,000.

On March 30, 2026, the City executed Contract Change Order No. 1 to account for minor adjustments to the waterline vertical alignment due to unforeseen conflicts with existing utilities. The change order is in the amount of \$40,726.75, therefore increasing the contract amount to \$4,978,726.75.

The City has an ongoing goal of replacing approximately 2.5 miles of existing water main per year. The City's in-house Water Services crew replaces approximately 1.5 miles per year, requiring additional main replacements supported by contractors to stay on top of replacing the most critically aging pipelines

throughout the water distribution area. Staff is recommending additional scope to the Beach St., Union St., Lincoln St. project to add an additional section of water main replacement, requiring Council action.

DISCUSSION:

K.J. Woods Construction, Inc. is nearing completion of the Water Line Replacement–Beach St., Union St., Lincoln St. project. The County will be performing a road replacement project on nearby Lee Road in the summer of 2026, for which the City’s water services crew will be performing the replacement and continuing on with the main line replacement on Lee Road. However, a section of Lee Road requiring replacement has a railroad crossing which will require specialty construction unable to be performed by the City’s crew. In order to allow this water main replacement work to proceed expediently, staff requested a quote from K.J. Woods to install this section of casing and piping under the railway so it will be ready ahead of the planned City water services crew work. Adding this scope of work will result in a cost savings to the City compared to bidding this work separately at a later date because the contractor is already mobilized in Watsonville and possesses the necessary skill and equipment to perform this relatively small amount of work in quick order. The contractor provided a detailed lump sum cost proposal for this added scope of work, which staff reviewed and found reasonable.

Therefore, staff recommends Council approve this Change Order No 2 with K.J. Woods in the amount of \$388,000 for the added steel casing and piping installation under the railway crossing on Lee Road.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) DETERMINATION:

This project and the recommended additional scope of work is exempt from the California Environmental Quality Act (“CEQA”) pursuant to Section 15302 Class 2(c), because it involves the replacement of an existing public water utility pipeline with negligible or no expansion of capacity. Further, none of the exceptions to the CEQA exemption in Section 15300.2 apply. This is because the project will have no impact on environmental resources of hazardous or critical concern and will not result in or contribute to cumulative impacts. There are no unusual circumstances associated with the project that would result in a significant effect on the environment, nor would the project impact on scenic resources. The project is not situated on a hazardous waste site and would not impact on any historic resource. Therefore, the project is exempt from CEQA.

STRATEGIC PLAN:

This project is consistent with the following Strategic Plan Goal(s):

Infrastructure & Environment

FINANCIAL IMPACT:

The total negotiated contract change order amount is \$388,000. The original based bid amount of \$4,938,000 combined with change orders no. 1 & no. 2, for a revised total contract amount of \$5,366,726.75. The cumulative change order percentage increase is 8.68%.

There is not sufficient budget available in Water Enterprise Fund Budget account 072-913-7831-14834 to cover the full cost of Change Order No. 2. Therefore, a budget appropriation in the amount of \$210,000 from the Water Fund [0720] to budget account 0720-913-7831-14834 is requested.

ALTERNATIVE ACTION:

The Council could elect not to approve this change order and instead bid the added scope at a later date which would likely result in added costs due to material cost escalation, mobilization for a separate project, and additional design costs to develop a detailed bid package.

ATTACHMENTS AND/OR REFERENCES (IF ANY):

None.