



## CITY COUNCIL STAFF REPORT

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**TO:** City Council

**DATE:** January 12, 2026

**DEPARTMENT:** Public Works

**PREPARED BY:** Chantell O'Neal, Assistant Director; Engineer

**PRESENTER:** Chantell O'Neal, Assistant Director; Engineer

**AGENDA TITLE:** Receive Report and Consider Adoption of Resolution Authorizing Contract Change Order No. 1 with WaterWorks Engineers for the Reservoir Project for Water Storage Resilience, Increasing the Total Contract Amount to \$909,641, and Approving Budget Amendment 2025/26-08 in the Amount of \$200,000

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### RECOMMENDATION

Staff recommends that the City Council:

1. Authorize Contract Change Order No. 1 with WaterWorks Engineers in the amount of \$204,256, increasing the total contract amount from \$705,385 to \$909,641; and
  2. Approve Budget Amendment 2025/26-08 in the amount of \$200,000 to ensure adequate funding for anticipated project costs through FY 2025/26.
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### BACKGROUND

The Reservoir Project for Water Storage Resilience is a major capital initiative to design and construct three new raw-water storage reservoirs and associated infrastructure on City-owned property acquired in 2023. The project is essential to improving long-term water supply reliability and operational resilience.

On **August 12, 2024**, the City Council approved:

- **WaterWorks Engineers – Engineering Design Services**
  - **Original Contract:** \$705,385
  - **Scope:** Preliminary engineering, reservoir and pipeline design, hydraulic modeling, site layout, and coordination with environmental and geotechnical consultants.

AGENDA ITEM NO. 8B

- **Rincon Consultants** – *Environmental Review (CEQA/Permitting)*
  - **Original Contract:** \$540,182.86
  - **Current Contract** (approved amendments): \$579,786.86
  - **Scope:** CEQA analysis, biological studies, permitting support, and environmental coordination.
- **Mendocino Land Trust** – *Community Forest & Conservation Planning*
  - **Original Contract:** \$24,999
  - **Scope:** Preliminary conservation, restoration, and recreational planning for the Community Forest portion of the property.

As the project has advanced, several conditions have changed, requiring additional engineering, environmental, and planning work.

## DISCUSSION AND ANALYSIS

### WaterWorks Engineers – Contract Change Order No. 1

WaterWorks Engineers submitted a revised scope and fee request totaling **\$204,256**, increasing the total contract amount to:

$$705,385 + 204,256 = \boxed{909,641}$$

This represents a 29% increase over the original contract amount. Under Fort Bragg Municipal Code §3.20.060 G, any amendment that increases a contract by more than 10% requires City Council authorization. This amendment exceeds that threshold and must be approved by Council.

### Drivers of the Cost Increase

The revised scope (attachment 2) reflects substantial changes in project assumptions and requirements, including:

- Relocation of reservoir sites farther east toward Highway 20, requiring
  - 10,500 additional linear feet of pipeline design
  - 23 additional plan/profile and hydraulic sheets
- Expanded survey and geotechnical coordination
- Additional electrical and instrumentation design, including solar systems and security cameras

- Culvert hydraulic modeling
- Revisions to the caretaker ADU and storage building layout, including structural design for a pre-engineered steel building
- Additional project management and schedule extensions
- Two additional drafts of the Preliminary Engineering Report

Staff has reviewed the revised scope and finds the additional work necessary to advance the project to 30% design.

### **Additional Consultant Costs Requiring Budget Adjustment**

To avoid returning to Council multiple times this fiscal year, staff recommends consolidating all known and anticipated costs into a single budget amendment.

#### **1. Mendocino Land Trust – Contract Correction**

The Mendocino Land Trust PSA (**\$24,999**) was inadvertently charged to the Raw Water Line project and must be reassigned to the Reservoir Project.

#### **2. Rincon Consultants – Tree Inventory**

WaterWorks Engineers requested a detailed tree inventory to support design. Rincon's proposal totals **\$13,512**.

#### **3. Annexation of the Reservoir Property**

Annexation into City limits is required for long-term management and permitting. Based on Mendocino LAFCO's fee structure and associated BOE/CEQA costs, staff estimates **\$10,000**.

### **FISCAL IMPACT/FUNDING SOURCE**

The current project budget for FY 2025/26 is **\$1,400,000**.

As of December 2025:

- **YTD Encumbrances:** \$1,116,598.99
- **Prior-Year Encumbrances:** \$206,218.75
- **Total Encumbered to Date:** \$1,322,817.74
- **Remaining Budget:** \$77,182.26

### Additional Costs This Fiscal Year

Item	Amount
WaterWorks Engineers – CCO #1	\$204,256
Mendocino Land Trust	\$24,999
Rincon Tree Inventory	\$13,512
LAFCO Annexation	\$10,000
<b>Total Additional Costs</b>	<b>\$252,767</b>

### Budget Shortfall

$$252,767 - 77,182.26 = 175,584.74$$

To ensure adequate funding and provide a modest contingency buffer, staff recommends a **budget amendment of \$200,000**.

Sufficient funds are available in the Water Enterprise Fund.

### ENVIRONMENTAL ANALYSIS:

This action — approval of a contract amendment for engineering design services and a budget amendment — is **exempt from the California Environmental Quality Act (CEQA)** under **CEQA Guidelines §15262 (Feasibility and Planning Studies)**.

The WaterWorks contract amendment and the associated budget adjustment support **planning-level engineering, design refinement, and technical studies only**. These activities do they authorize or approve construction.

Separately, the **full CEQA environmental review for the Reservoir Project is already underway** under the City's existing contract with Rincon Consultants. That environmental analysis will evaluate the potential impacts of the proposed reservoir construction and will be brought forward for Council consideration under a future action.

### STRATEGIC PLAN/COUNCIL PRIORITIES/GENERAL PLAN CONSISTENCY

This project supports:

- **Goal 2:** Implement Resilient Infrastructure and Encourage Environmental Stewardship
- **Goal 4:** Enhance Public Spaces, Promote Recreation, and Cultivate Civic Pride
- **General Plan – Public Facilities Element:** Ensure reliable public services and long-term water supply resilience

**ALTERNATIVES:**

1. Do not approve the WaterWorks contract amendment. This would halt progress on the reservoir design and jeopardize the project schedule.
2. Approve the contract amendment but not the budget amendment. This would result in insufficient funding to complete required work this fiscal year.
3. Provide direction to staff.

**ATTACHMENTS:**

1. Resolution
2. Exhibit A- Budget Amendment
3. Exhibit B - WaterWorks Engineers – Revised Scope and Fee

**NOTIFICATION:**

Waterworks