



STAFF REPORT – CITY COUNCIL MEETING

August 5, 2026

TO: Honorable Mayor and City Council Members

FROM: Netra Khatri, City Engineer

PREPARER: Mara Grow, Administrative Specialist

DATE: July 27, 2026

TITLE: **Approve a Contract Amendment in the Amount of \$1,500,000 to Wahlund Construction, Inc., for Additional Work on Phase 1 of the Arcata Wastewater Treatment Facilities Upgrade Project; and Authorize the City Manager to Execute all Applicable Documents.**

RECOMMENDATION:

It is recommended that the Council:

- 1) Approve a Contract Amendment in the Amount of up to \$1,500,000 to Wahlund Construction, Inc., for Phase 1 of the Arcata Wastewater Treatment Facilities Upgrade Project; and
- 2) Authorize the City Manager to execute all applicable documents.

INTRODUCTION:

Currently entering its fourth year, the Arcata Wastewater Treatment Facilities Upgrade Project is one of the largest capital improvement projects in the City's history. The total project cost for Phase 1 of the improvements is approximately \$67 million— \$2.4 million funded via the Community Development Block Grant (CDBG) program, a small portion via City's Wastewater Fund, and the remainder funded via the State Water Resources Control Board Clean Water State Revolving Fund (SRF) program.

BACKGROUND:

The Phase 1 improvements project commenced in August 2022 when the City awarded a contract to Wahlund Construction Inc. (WCI) in the amount of \$51,495,000.57, with an additional 6% Change Order Contingency to cover unforeseen conditions and extra work. In May 2025, Council approved an increase for Change Order Contingency in the amount of \$750,000, or about 7.5%. To date, with 99.8% of the contract work completed, that additional ~7.5% has been expended on contingencies.

For the past year, staff have been aware of a surplus of funds in the project budget that could be used to replace several existing pumps, valves, and pipes that are failing sooner than originally anticipated, possibly due to increased usage during Phase 1 construction. Furthermore, there are remaining funds in the SRF budget to construct these improvements. Accordingly, staff sought concurrence from the State Water Board for an extension through June 30, 2027, to allow for design, procurement and installation of the additional work. The cost for the construction of this work is estimated not to exceed \$1,500,000, and requires a term extension through June 30, 2027, to be completed.

Increasing the Wahlund Construction contract amount by \$1,500,000 will bring the total contract price to an amount not to exceed \$56,834,700 and reflect a revised contingency for the contract of ~10%, which is still within the industry standard of between 8-10% of the total construction cost.

Construction Management and Inspection services for this scope of work were previously approved on June 17, 2026. The Engineering Services During Construction contract for this construction, from Carollo Engineers, is subject of a separate staff report at today's Council meeting.

Staff recommend approving the proposed amendment to increase the contract amount with Wahlund Construction in the amount of \$1,500,000, and extend the contract completion date to June 30, 2027, so that the additional work can be completed.

ENVIRONMENTAL REVIEW (CEQA):

City staff completed the required environmental review documents per both State (CEQA) and Federal (NEPA) requirements. The Notice of Determination was filed in December 2020 (State Clearinghouse 2020100483). Additionally, the California Coastal Commission approved a Coastal Development Permit for the project at their September 2022 hearing.

BUDGET/FISCAL IMPACT:

The cost associated with this contract amendment is eligible for reimbursement through SRF. The contract amendment amount is anticipated to be expended in Fiscal Year 26-27 and staff have budgeted this amount in the FY 26-27 Budget for Wastewater Treatment Plant (WWTP) Construction Improvements as follows:

WWTP Construction Improvements	\$1,500,000	Account	662-70-65-57601
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RECOMMENDED COUNCIL ACTION:

1. Receive a staff report.
2. Open public comment.
3. Close public comment.
4. If deemed appropriate by the Council:
 - a. Motion to approve a Contract Amendment in the Amount of \$1,500,000 to Wahlund Construction, Inc., for Additional Work on Phase 1 of the Arcata Wastewater Treatment Facilities Upgrade Project; and Authorize the City Manager to Execute all Applicable Documents.