



**CITY OF WILDOMAR
CITY COUNCIL REGULAR MEETING
CONSENT CALENDAR
Agenda Staff Report # 1.18
Meeting Date: May 13, 2026**

SUBJECT: Bundy Canyon Road Rehab Project and Slurry Seal Project
(CIP 057-3, 058-3) Contract Items

SUBMITTED BY: Jason Farag, Public Works Director/City Engineer

PREPARED BY: Cameron Luna, Associate Engineer

ACTION:

1. Authorize the City Manager to execute a Memorandum of Understanding (MOU) with the City of Menifee for resurfacing Scott Road/Bundy Canyon Road as part of the City of Wildomar's Bundy Canyon Road Rehab Project (CIP 057-3).
2. Authorize the Public Works Director to execute a three-party Escrow Agreement with Citizens Business Bank and Project Contractor All American Asphalt, as allowed under Public Contract Code Section 22300.
3. Approve a supplemental appropriation of \$100,000 in expenditures and increase in revenue budget for Fund 507 to allocate available grant funds to CIP 057-3.

SUMMARY:

Approve a Memorandum of Understanding (MOU) with the City of Menifee as part of the City of Wildomar's Bundy Canyon Road Rehab Project and Slurry Seal Project (CIP 057-3/058-3), authorize the Public Works Director to execute a three-party Escrow Agreement, and approve a budget update for CIP 057-3.

BACKGROUND:

The City of Wildomar administers a Road Rehabilitation and Maintenance Program and a Slurry Seal Program. These programs are implemented as annual projects in the City's approved Five-Year Capital Improvement Program as CIP 057 and CIP 058. On February 10, 2026, the City awarded a construction contract to All American Asphalt for the current fiscal year's road rehab and slurry seal projects (CIP 057-3 and CIP 058-3).

DISCUSSION:

Item 1 – Memorandum of Understanding with the City of Menifee

In January 2026, the City of Menifee (Menifee) contacted the City of Wildomar (Wildomar) regarding a cooperative effort for possible inclusion of the rehabilitation their portion of Scott Road/Bundy Canyon Road, from Sunset Avenue to Murrieta Road, under Wildomar's CIP 057-3/058-3 Contract. The Wildomar Project Area and the Menifee Project Area together form a continuous pavement rehabilitation corridor along Scott Road and Bundy Canyon Road serving both jurisdictions. To allow for the Wildomar CIP Project to resurface the Menifee portion of Scott Road/Bundy Canyon Road, a Memorandum of Understanding (MOU) between the Cities has been proposed to identify roles and responsibilities. A copy of the proposed

MOU is included as Attachment A. As outlined in the MOU, Menifee will agree to pay for their portion of street resurfacing within its jurisdictional boundary upon completion of the improvements. After completion of the Scott Road/Bundy Canyon Road resurfacing improvements, each agency will be responsible to maintain their respective portions of the public street. Staff recommends that the City Council authorize the City Manager to execute the MOU with the City of Menifee. Upon execution, Menifee Staff has communicated with Wildomar their plan to take the MOU to their May 20th City Council meeting for final approval.

Item 2 - Escrow Agreement

When processing progress payments to a construction contractor, the City withholds 5% from each progress payment as a Retention, consistent with the Standard Specifications for Public Works Construction. The retention acts as a security to address any claims made by any subcontractor working on a project. After acceptance of a project, if no claims or liens are filed by a subcontractor within 30 days of acceptance, the City releases the accumulated retention to the contractor. At the expense of the Contractor (AAA), Section 22300 of the Public Contract Code provides that the contractor may request and the owner (City) shall make payment of retentions earned directly to the escrow agent (Citizens Business Bank). At the expense of the contractor, the contractor may direct the investment of the payments into securities and the contractor shall receive the interest earned on the investments upon the same terms provided for in that code section for securities deposited by the contractor. Upon satisfactory completion of the construction contract, the contractor shall receive from the escrow agent all securities, interest, and payments received by the escrow agent from the owner, pursuant to the terms of that code section. AAA has exercised their right to have retention paid to an escrow account and has submitted a three-party Escrow Agreement to facilitate these payments. The agreement is included as Attachment B. Staff recommends that the City Council authorize the Public Works Director to sign the Escrow Agreement on behalf of the City.

Item 3 – Budget Adjustment

In December 2025, the City was notified it would be awarded \$375,000 in grant funding under the CalRecycle Rubberized Pavement Grant Program for utilizing Asphalt Rubberized Hot Mix (ARHM) on CIP Projects. At the February 10, 2026, City Council Meeting, the original Project budget at the time of contract award was approved without these grant funds included. On March 6, 2026, Staff received a Notice to Proceed from CalRecycle that it could now incur reimbursable costs in accordance with the grant guidelines. Thus, Staff is now requesting the City Council approve the allocation of the CalRecycle grant funds into the project budget, in the amount of \$100,000 from Fund No. 507. City Staff estimates around 6,500 Tons of ARHM will be placed as part of CIP 057-3. By participating in the grant program, the City is eligible to receive a credit of \$15/ton for an estimated total of \$97,500 from CalRecycle for using ARHM. The updated budget detail sheet for CIP 057-3 is included as Attachment C.

ACCOUNT CODE:

Project: CIP 057-3

Phase: Construction

Budget Amendments:

- CalRecycle (Fund 507)
Revenues (507-3540) = \$100,000
Expenditures (507-4500-52115) = \$100,000

FISCAL IMPACT:

Staff requests that the City Council approve a supplemental appropriation of \$100,000 in

revenue and expenditures for Fund 507 for CIP 057-3.

There is no fiscal impact to the City's General Fund.

ATTACHMENTS:

[A - Memorandum of Understanding](#)

[B - Escrow Agreement](#)

[C - Updated Project Budget Detail Sheet](#)