



City of Oceanside

300 North Coast Highway,
Oceanside, California 92054

Staff Report

File #: 26-1368

Agenda Date: 4/22/2026

Agenda #: 19.

DATE: April 22, 2026

TO: Honorable Mayor and City Councilmembers

FROM: Water Utilities Department

TITLE: CERTIFICATION OF SEWER IMPROVEMENTS PROGRAM ENVIRONMENTAL IMPACT REPORT; APPROVAL OF AMENDMENT 3 TO THE PROFESSIONAL SERVICES AGREEMENT WITH JOINT VENTURE OF ORION CONSTRUCTION CORP. AND TC CONSTRUCTION CO., INC. FOR THE PROGRESSIVE DESIGN-BUILD OF THE OCEANSIDE MESA GARRISON LIFT STATION AND FORCE MAIN, MISSION AVENUE FORCE MAIN REPLACEMENT, AND LAND OUTFALL REPLACEMENT PROJECT; AND APPROPRIATION OF FUNDS FROM THE SEWER AND WATER FIXED ASSET REPLACEMENT FUNDS

RECOMMENDATION

Staff recommends that the City Council 1) adopt a resolution certifying the Final Program Environmental Impact Report (PEIR) and associated Mitigation, Monitoring and Reporting Program (MMRP) for the Oceanside Sewer Improvements; 2) approve Amendment 3 to the Professional Services Agreement with Joint Venture of Orion Construction Corp. and TC Construction Co., Inc., in the amount of \$90,087,823 to procure materials and labor required for construction of conveyance pipelines and lift station for a total contract amount not to exceed \$129,387,031, for the Progressive Design-Build of the Oceanside Mesa Garrison Lift Station and Force Main, Mission Avenue Force Main Replacement, and Land Outfall Replacement Project (Project); 3) appropriate funds in the amount of \$87,632,993 from the Water and Sewer Fixed Asset Replacement funds unrestricted fund balance; and 4) authorize the City Manager or his designee to execute the amendment upon receipt of all supporting documents.

BACKGROUND AND ANALYSIS

In 2014, the City Council determined that decommissioning the 1948-era La Salina Wastewater Treatment Plant (LSWWTP) was more cost-effective than rehabilitating it. The 2022 LSWWTP Long-Term Facility Upgrade Plan reaffirmed that rerouting wastewater flows to the San Luis Rey Water Reclamation Facility (SLRWRF) was the most sustainable and cost-effective long-term alternative.

To transfer flow from the LSWWTP service area to the SLRWRF and support the City's water reuse goals, four major facilities are required:

- Oceanside Mesa Garrison Lift Station (OMG LS)
- Oceanside Mesa Garrison Force Main (OMG FM)

- Buccaneer Lift Station (separate contract)
- Buccaneer Force Main (separate contract)

The Buccaneer facilities will route sewer flows from the LSWWTP to combine with flows from the new OMG LS, which will then convey wastewater through the OMG FM to the SLRWRF. Two existing pipelines within the same corridor as the OMG FM will also be replaced, along with a portion of the Buccaneer Force Main.

The total estimated cost to construct all facilities for the sewer reroute is approximately \$170 million, with completion anticipated in 2029.

On May 18, 2022, the City Council awarded a Progressive Design-Build contract to Joint Venture of Orion Construction Corp. and TC Construction Co., Inc. (Orion/TC), with GHD Inc. as the design subconsultant. Council approved the initial Phase 1 Design for \$7,520,114. The price for the next phase of work, Phase 2 Construction, was planned to be submitted by Orion/TC as a Guaranteed Price Proposal (GPP), which sets a not-to-exceed cost for a defined portion of the Project, typically when the design is between 60 and 100 percent complete. Each GPP is to be evaluated by staff and formalized through contract amendments approved by the City Council. The purpose of each GPP is to provide the City with a reliable construction cost estimate to proceed to final design and construction.

Early Work Package No. 1 (Approved)

On December 6, 2023, the City Council approved Amendment 1 for \$3,926,166, which accelerated construction of the segment within the Cypress Point residential development. Work was completed under budget at \$3,590,092. The City's mains were included in the developer's Environmental Impact Report (EIR) as a condition of approval and remained eligible for the U.S. Environmental Protection Agency Water Infrastructure Finance and Innovation Act (EPA WIFIA) Sewer Loan. Completion of sewer pipeline ahead of the development mitigated potential construction conflicts, reduced schedule risks, impacts to future residents, and significant cost savings for the City.

Early Work Package No. 2 (Approved)

On December 17, 2025, the City Council approved Amendment 2 in the amount of \$27,852,928 to allow early procurement and lock in prices with vendors for over 70 percent of project materials. This Amendment 2 early procurement allowed City to secure competitive vendor pricing ahead of 2026 cost increases; prevent schedule delays due to long lead times; and maintain momentum while the City finalizes the PEIR and overall Project GPP review.

Work Package No. 3 - a Guaranteed Price Proposal (this Amendment 3)

Amendment 3 incorporates the Guaranteed Price, to be implemented as a Lump Sum, for procurement of remaining materials and labor for the OMG Lift Station, OMG Force Main, Mission Avenue Force Main, and Land Outfall Replacement.

City staff and NV5 reviewed the GPP and confirmed that it reflects fair market pricing based on:

- Competitive vendor quotes
- Validation of labor rates against California Department of Industrial Relations prevailing wages
- Validation of equipment rates against the Caltrans equipment cost data
- Comparison of production rates Early Work Package No.1 (Cypress Point Area)
- Independent third-party cost estimate verification

ENVIRONMENTAL DETERMINATION

The Draft PEIR was circulated for public review beginning January 30, 2026, to comply with the California Environmental Quality Act (CEQA). Due to the State Clearinghouse posting date, the review period remained open through March 18, 2026, ensuring compliance with the required 45-day CEQA review period.

The Draft PEIR consisted of the following sewer improvement components:

1. Oceanside Mesa Garrison Lift Station
2. Oceanside Mesa Garrison Force Main
3. Land Outfall Replacement Project (from SLRWRF to former Garrison Elementary School)
4. Land Outfall Replacement Project (from former Garrison Elementary School to LSWWTP) - not this Project
5. Mission Avenue Lift Station Force Main Replacement
6. Mission Avenue Gravity Sewer Lining and Replacement

Comments were received from Caltrans, Rincon Band of Luiseno Indians, California Department of Fish & Wildlife, and the San Diego County Archaeological Society.

Attached is the Final PEIR which includes all comments received, the City's responses to address those comments, and the MMRP.

FISCAL IMPACT

Amendment 3 (Work Package No. 3) is in the amount of \$90,087,823. Staff recommends appropriating funds shown in Table 1. Sewer components will be funded from the Sewer Fixed Asset Replacement unrestricted fund balance (722.3100.0002), which has an available balance of \$134.5 million for the sewer projects, and the Water Fixed Asset Replacement unrestricted fund balance (712.3100.0002), which has an available balance of \$83.8 million; therefore, sufficient funds exist for this Project.

Table 1 Progressive Design-Build Project Funding Summary

DESCRIPTION	AMOUNT	ACCOUNT NUMBER	AVAILABLE BALANCE	APPROPRIATE	FUNDING SOURCE
Amendment 3	\$23,483,756	909157319722.5703.10600 Sewer OMG FM	\$ (389,878)	\$ 23,873,635	722.3100.0002
	14,194,744	909164020722.5703.10600 Sewer Mission FM	166,191	14,028,553	722.3100.0002
	16,988,741	909548800722.5703.10600 Sewer Land Outfall	1,085,656	15,903,085	722.3100.0002
	31,140,404	909163920722.5703.10600 Sewer OMG LS	3,258,451	27,881,953	722.3100.0002
	1,565,657	909202925722.5703.10600 Sewer Buccaneer FM	-	1,565,659	722.3100.0002
	2,714,518	908163620712.5703.10600 Water 12" Water Main	(1,665,590)	4,380,108	712.3100.0002
Totals:	\$90,087,823		\$ 2,454,830	\$ 87,632,993	

Amendment 3 for this Project is funded from the Sewer Fixed Asset Replacement Fund (722), which is funded from sewer flow rates and service fees.

The 12" Water Main portion of the work is funded from the Water Fixed Asset Replacement Fund (712), which is funded from Water Sales and Water Meter Charges.

The City is in the process of securing a low-interest WIFIA loan from the U.S. EPA to fund up to 49 percent of the total Project cost. The loan, which the Council approved in May 2022, is anticipated to close in 2026 and will help fund the sewer projects in this contract and the PEIR.

COMMISSION OR COMMITTEE REPORT

The Utilities Commission approved staff's recommendation at a special meeting held on April 15, 2026.

CITY ATTORNEY'S ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

PREPARED BY: Mabel Uyeda, Water Engineering Manager

APPROVED BY: Frederick Mayo, Water Utilities Director

SUBMITTED BY: Jonathan Borrego, City Manager

ATTACHMENTS:

1. Resolution
2. Final Program Environmental Impact Report (Hyperlink)
3. Cost Breakdown by Facility

4. Responses to Comments
5. Mitigation, Monitoring, and Reporting Program
6. Amendment 3