



City of Oceanside

300 North Coast Highway,
Oceanside, California 92054

Staff Report

File #: 25-1097

Agenda Date: 12/17/2025

Agenda #: 22.

DATE: December 17, 2025

TO: Honorable Mayor and City Councilmembers

FROM: Water Utilities Department

TITLE: AMENDMENT 2 TO THE PROFESSIONAL SERVICES AGREEMENT WITH JOINT VENTURE OF ORION CONSTRUCTION CORP. AND TC CONSTRUCTION COMPANY, 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 FOR SAME

RECOMMENDATION

Staff recommends that the City Council approve Amendment 2 to the Professional Services Agreement with Joint Venture of Orion Construction Corp. and TC Construction Company, Inc., in the amount of \$28,354,848 to procure materials for the conveyance pipelines and lift station for a total contract amount not to exceed \$38,801,129 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); appropriate funds as indicated; and authorize the City Manager, or his designee, to execute the amendment.

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 in the coastal 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 the new OMG LS flows, which will then convey flow through the OMG FM to the SLRWRF.

Additionally, 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 Orion Construction Corp. and TC Construction Company, Inc., a Joint Venture (Orion/TC), with GHD Inc. as the design subconsultant. Council approved the initial Phase 1 Design for \$7,520,114. The next phase of work, Phase 2 Construction, will be submitted by the Orion/TC as a Guaranteed Maximum Price (GMP), 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 GMP is formalized through contract amendments approved by City Council. Once the design is sufficiently complete, the GMP provides the City with a reliable construction cost to move forward to final design and construction.

Early Work Package No. 1 (Approved)

On December 6, 2023, the City Council approved Amendment 1 in the amount of \$3,926,166 which accelerated construction of the segment within the Cypress Point residential development. The City's mains were included in the developer's Environmental Impact Report (EIR) as a condition of approval. As a result, the City was able to maintain eligibility for the U.S. Environmental Protection Agency Water Infrastructure Finance and Innovation Act (EPA WIFIA) Sewer Loan in addition to mitigating potential construction conflicts with the development, reduce schedule risks, and reduce costs.

Early Work Package No. 2

Staff now recommends Amendment 2 to allow early procurement of piping, valves, and fittings for the OMG LS, OMG FM, Mission Ave FM, and Land Outfall. Procuring materials early will:

- Secure competitive vendor pricing ahead of expected cost increases;
- Prevent schedule delays due to long lead times; and
- Maintain momentum while the City completes the Program EIR and overall Project GMP review.

The proposed GMP for Early Procurement Package No. 2 was reviewed by City staff and NV5, who confirmed it reflects fair market pricing through competitive vendor quotes.

A future Amendment 3 (Early Work Package No. 3) is anticipated in Spring 2026 and will include construction of the OMG LS and installation of all conveyance pipelines and balance of materials following completion of the Program EIR.

FISCAL IMPACT

Amendment 2 Early Work Package No. 2 with Orion/TC is in the amount not to exceed \$28,354,848. To cover this expenditure, staff recommends that council appropriate funds as indicated in Table 1 below. Sewer funds will be appropriated from the Sewer Fixed Asset Replacement unrestricted fund balance (722.3100.0002), which has an available balance of \$134.5M for the sewer projects and the Water Fixed Asset Replacement unrestricted fund balance (712.3100.0002), which has an available balance of \$83.8M; therefore, sufficient funds exist for this Project.

Table 1.

Progressive Design-Build Project Funding Summary - (5703.10600)						
Project Component	Project Acct	Current Available Balance	Proposed Amendmt 2 Early Work Pkge No. 2	Additional Budget Allocation	Funding Source	Remaining Balance
Oceanside Mesa Garrison Force Main	909157319722	\$343,406	\$12,740,423	\$12,500,000	722.3100.0002	\$102,983
Mission Ave Force Main Replacement	909164020722	2,025,376	4,595,148	2,600,000	722.3100.0002	30,228
Land Outfall Replacement	909548800722	1,529,027	8,378,816	6,950,000	722.3100.0002	100,211
Oceanside Mesa Garrison Lift Station	909163920722	480,179	1,920,036	1,500,000	722.3100.0002	60,143
Buccaneer Force Main	909137500722	213,599	164,710	0	n/a	48,889
12" Water Main	908163620712	506,732	555,715	100,000	712.3100.0002	51,017
Total		\$5,098,319	\$28,354,848	\$23,650,000		\$393,471

Amendment 2 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. Completion of the required federal environmental and cultural reviews was temporarily delayed due to the federal government shutdown, as EPA staff administering the loan were furloughed. The loan, which Council approved in May 2022, is anticipated to close in 2026 and will provide funding for future contract amendments with Orion/TC and other sewer projects.

COMMISSION OR COMMITTEE REPORT

The Utilities Commission approved staff's recommendation at its regularly scheduled meeting on November 18, 2025.

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. Staff Report
2. Amendment 2 to PSA