



COUNCIL REPORT

DATE: June 23, 2026

CATEGORY: Consent

DEPT.: Public Works

TITLE: **San Antonio Area Sewer Main Improvements, Project 19-45– Construction Contract and Professional Services Agreement Amendments**

RECOMMENDATION

1. Authorize the City Manager or designee to amend the construction contract with Basset Engineering for San Antonio Area Sewer Main Improvements, Phase 1, Project 19-45, to add \$503,000 to the contingency budget for a total a not-to-exceed contract amount of \$3,064,362.
2. Authorize the City Manager or designee to amend the professional services agreement with Tanner Pacific, Inc., a California corporation (Entity No. 3876190), for an additional amount of \$150,000 to provide additional construction management and inspection services for San Antonio Area Sewer Main Improvements, Phase 1, Project 19-45, for a total not-to-exceed amount of \$382,740.

BACKGROUND

The San Antonio Area Sewer Main Improvements, Phase 1, Project 19-45 (Project), includes upsizing the existing sewer main along Showers Drive from San Antonio Circle to Pacchetti Way and installing a new sewer main from Pacchetti Way to California Street. On [April 22, 2025](#), the City Council approved the plans and specifications for the Project and authorized staff to advertise the project for bids.

The construction contract was awarded to Basset Engineering on September 15, 2025, in the amount of \$2,561,362, which includes a \$309,000 contingency. Project construction is progressing with the majority of the pipeline installation completed. Remaining construction activities include finishing pipeline installation near the San Antonio Road and California Street intersection, pipeline inspection and testing, abandoning the existing sewer from California Street to Sondgroth Way, and restoring the project site.

ANALYSIS

During project construction, two unforeseen conditions were encountered that are increasing costs and extending the project schedule beyond the original contract scope. One is the identification of hardened slurry backfill along the existing sewer trench on Showers Drive, and the other is an abandoned pedestrian undercrossing at Showers Drive and Sondgroth Way.

Unforeseen Condition #1: Slurry Backfill Trench along Showers Drive

During pipeline installation along Showers Drive near the San Antonio Road overpass, the contractor found that the trench of the existing sewer main, constructed 30 years ago, had been backfilled with slurry (a hardened mixture of water, cement, and sand) rather than the typical compacted soil required by City standards (See Figure 1).

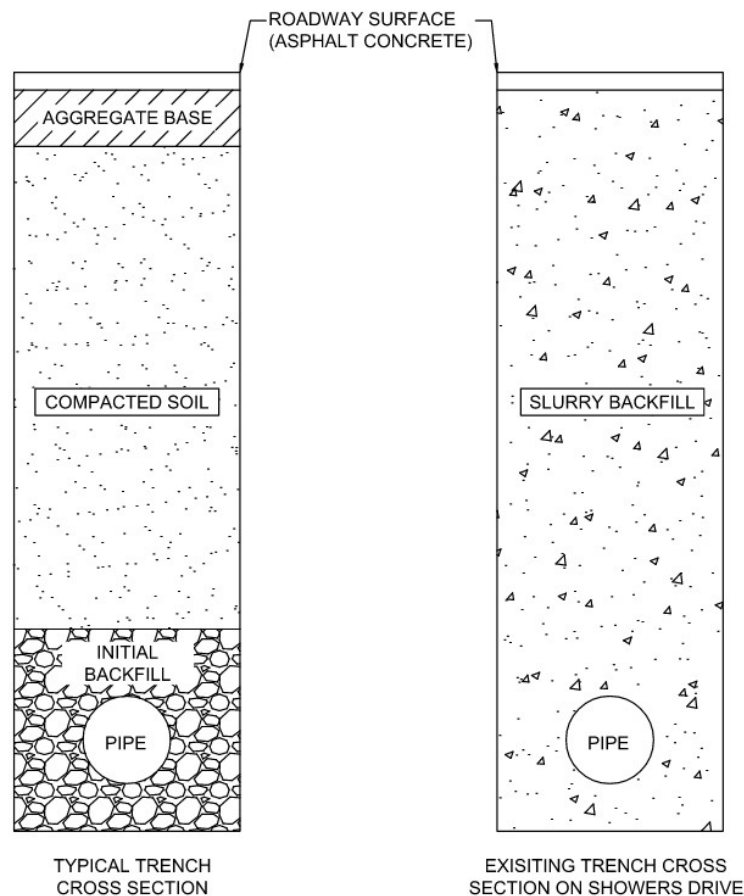


Figure 1: Typical Trench Cross Section vs Existing Trench Cross Section on Showers Drive

The City standard utilizes compacted soil to backfill trenches so that utilities can be accessed, repaired, or replaced more easily in the future. The slurry, which was not shown in any available

City records for Showers Drive, encased the existing sewer main and manholes, and ranged from 6 to 13 feet deep.

Because slurry is significantly harder to excavate than compacted soil, this unforeseen condition has reduced the contractor's production rate by approximately 75 percent compared to the earlier portion of the work where standard compacted soil was present. Unlike conventional excavation, the contractor has been required to repeatedly alternate between jackhammers for breaking up the cement slurry and the excavator for removing the loosened material. This process has been continued for the full trench depth across several hundred feet of trench. This labor and equipment-intensive process has directly increased excavation costs beyond the original contract scope and warrants additional working days to the contract to allow the contractor sufficient time to complete the affected trench section.

Unforeseen Condition #2: Abandoned Pedestrian Undercrossing at Showers Drive and Sondgroth Way

During construction, the contractor also encountered an abandoned pedestrian undercrossing (tunnel) just south of the intersection of Showers Drive and Sondgroth Way. This pedestrian undercrossing was built in the 1970s and abandoned in the 1990s following the construction of the nearby Crossings development. This undercrossing was not shown on past project plans and was discovered when the contractor began trenching for the new sewer main. The project design consultant recommended against disturbing the abandoned structure as it may provide support to the Showers Drive roadway. The contractor will instead use a trenchless installation method such as bore and jack or horizontal directional drilling to install the sewer main under the undercrossing. This trenchless installation was not included in the original contract document and will require utilizing a specialized subcontractor which will increase cost and time to complete.

Recommended Construction Contract Amendments

The two unforeseen conditions described above require amendments to both the construction contract with Basset Engineering and the construction management agreement with Tanner Pacific, Inc. (TPI).

Construction Contract — Basset Engineering

The existing construction contract with Basset Engineering has a not-to-exceed amount of \$2,561,362, which includes a \$309,000 contingency. To date, approximately \$52,000 (or 17%) of the contingency has been expended to date, leaving a remaining balance of \$257,000. This balance is not sufficient to cover the estimated \$730,000 in additional costs associated with the two unforeseen conditions.

Table 1: Unforeseen Construction Cost Estimate

Slurry Backfill Excavation	\$ 330,000
Trenchless Sewer Main Installation	400,000
Additional Contingency	<u>30,000</u>
Subtotal	\$ 760,000
Less: Remaining Contingency	<u>257,000</u>
Additional Contract Needs	\$ 503,000

Therefore, staff recommends amending the construction contract to add \$503,000 to the project contingency. If approved, the amendment would increase Basset Engineering’s total not-to-exceed contract amount to \$3,064,362.

Construction Management Agreement Amendment – TPI

The Public Works Department utilizes consultants to support staff and provide construction engineering and inspection services as necessary to ensure the timely delivery of the City’s construction projects and for projects requiring specialized construction expertise. TPI has been providing the City with construction support services on various construction project, including this project.

The existing agreement with TPI is for both phases (Phases 1 and 2) of the San Antonio Area Sewer Main Improvements project, where Phase 2 was completed in June 2025. Due to the two unforeseen conditions encountered, construction of the Phase 1 improvements will take longer than anticipated and require additional resources, requiring an amendment to the TPI agreement.

The fee for the additional construction management and inspection services for the remaining sewer main work is \$150,000. This includes a contingency allowance for extended services if necessary to address other potential challenges or delays. Staff recommends amending the existing professional services agreement with TPI to add \$150,000 in additional services and contingency for a total not-to-exceed amount of \$382,740.

FISCAL IMPACT

San Antonio Area Sewer Main Improvements, Project 19-45, has a total project budget of \$6,753,000 and is funded with \$6,223,000 from the Wastewater Capacity Fees and \$530,000 from the Wastewater Fund.

The construction contract with Basset Engineering is currently authorized for a not-to-exceed amount of \$2,561,362. The recommended amendment would increase the contingency budget by \$503,000, resulting in a revised not-to-exceed amount of \$3,064,362.

The professional services agreement with TPI is currently authorized for \$232,740. The recommended amendment would increase compensation by \$150,000, resulting in a total agreement amount of \$382,740, including a \$20,000 contingency.

Sufficient funding is available within the existing project budget for the recommended amendments. No additional appropriations are requested at this time.

LEVINE ACT

California Government Code Section 84308 (also known as the Levine Act) prohibits city officials from participating in any proceeding involving a “license, permit, or other entitlement for use” if the official has received a campaign contribution exceeding \$500 from a party, participant, or agent of a party or participant within the last 12 months. The Levine Act is intended to prevent financial influence on decisions that affect specific, identifiable persons or participants. For more information see the Fair Political Practices Commission website: www.fppc.ca.gov/learn/pay-to-play-limits-and-prohibitions.html

Please see below for information about whether the recommended action for this agenda item is subject to or exempt from the Levine Act.

EXEMPT FROM THE LEVINE ACT

Competitively bid contract

ALTERNATIVES

1. Increase the construction contract contingency by only \$73,000, which combined with the \$257,000 remaining contingency balance, would cover the known \$330,000 change order associated with the slurry backfill excavation. Direct staff to not construct the segment of sewer main identified under Unforeseen Condition #2 above and consider other alternatives.
2. Do not authorize the City Manager or designee to amend the professional services agreement with TPI and direct staff to negotiate a new fee amount.
3. Provide other direction.

PUBLIC NOTICING - Agenda posting.

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