



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Susana Alcala Wood,
City Attorney

SUBJECT: SETTLEMENT OF LAWSUIT
FILED BY GRADETECH

DATE: April 24, 2026

RECOMMENDATION

Approve the settlement of a lawsuit brought by Plaintiff Gradetech Inc. in the total amount of \$675,000 and authorize the City Attorney to execute a settlement agreement.

OUTCOME

Settlement of the breach of contract lawsuit brought by Plaintiff Gradetech in the amount of \$675,000. Each side will bear its own costs and attorney fees.

BACKGROUND

This lawsuit arises from a contract between the City of San Jose and Gradetech for the construction of the Lake Cunningham Bike Park in 2017. Following completion of the bike park, Gradetech filed suit alleging that the City owed Gradetech for cost overruns and delays, plus attorney's fees and interest. The matter has been the subject of ongoing litigation since 2017. The settlement will resolve all of Plaintiff's claims for damages, including any future damages.

ANALYSIS

This is a negotiated settlement between the parties to avoid the risks inherent in litigation. The City will pay plaintiff the total sum of \$675,000 in full satisfaction and settlement of all claims, and plaintiff will dismiss its entire lawsuit with prejudice. The proposed agreement will conclude the litigation without further cost, expense, or risk of loss to the City and City employees. The parties will bear their own respective attorneys' fees and litigation costs.

PUBLIC OUTREACH/INTEREST

This memorandum and the Settlement Agreement have been posted on the City's website for the April 28, 2026, agenda.

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COST SUMMARY/IMPLICATIONS

The settlement will be paid from the City's claims reserve fund and funds previously appropriated under the original contract which were withheld.

CEQA

Not applicable. Not a project File No. PP17-003 Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

By 
Susana Alcala Wood (Apr 24, 2026 12:51:12 PDT)

SUSANA ALCALA WOOD
City Attorney

cc: Jennifer Maguire, City Manager

For questions, please contact SUSANA ALCALA WOOD, City Attorney, at (408) 535-1900