



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Matt Loesch

SUBJECT: See Below

DATE: March 3, 2025

Approved

Date:

3/13/25

COUNCIL DISTRICT: 4

SUBJECT: Action Related to 9128 – River Oaks Regional Stormwater Capture Project

RECOMMENDATION

Approve a \$1,400,000 increase to the construction contingency amount of \$1,099,962 for a revised total contingency amount of \$2,499,962 for the 9128 – River Oaks Regional Stormwater Capture Project.

SUMMARY AND OUTCOME

Approval of the increase in construction contingency will provide the funding necessary to compensate additional work and delays encountered in the last fifteen months of construction of the 9128 – River Oaks Regional Stormwater Capture Project (Project) due to weather and unforeseen groundwater conditions. The increase in contingency will also provide funding needed to compensate the contractor for the additional work required to complete the Project. There are also corresponding increases to the project delivery costs due to the extended construction period.

BACKGROUND

On June 13, 2023¹, City Council awarded a contract for the construction of the 9128 – River Oaks Regional Stormwater Capture Project to Andrew M. Jordan Inc. dba A&B Construction, in the amount of \$10,999,618 with a 10% contingency in the amount of \$1,099,962. The Project captures and treats stormwater at an existing detention basin site prior to discharge to the Guadalupe River.

¹ <https://sanjose.legistar.com/View.ashx?M=F&ID=12057607&GUID=4AC92D78-F880-4402-879C-167D5BB23C28>

HONORABLE MAYOR AND CITY COUNCIL

March 3, 2025

Subject: Action Related to the Construction Contract for 9128 – River Oaks Regional Stormwater Capture Project

Page 2

The City issued a Notice to Proceed to Andrew M. Jordan Inc. dba A&B Construction on September 20, 2023. The contractor experienced issues with the designed dewatering system and had worked collaboratively with the City to address unanticipated changes in site conditions. The Contractor continued to work under the circumstances and added dewatering measures to continue the delivery of the Project. Construction reached beneficial use in February 2025.

ANALYSIS

During construction, it was found that groundwater level was higher than what was found and indicated in the Project's geotechnical reports. The large amounts of groundwater encountered during construction required the installation of additional dewatering wells. This work exceeded the remaining contingency amount left in the contract.

The contingency is recommended to be increased to compensate the additional groundwater dewatering costs and other extra work outside of the original scope of the contract. Additionally, funding is needed for time-related overhead expenses incurred by the contractor for delays in the Project schedule. Staff recommends increasing the approved contingency of \$1.1 million by \$1.4 million, for a new total contingency of \$2.5 million. This will increase the contingency from 10% to 23% of the contract amount. Project delivery costs have also increased by \$721,000, from \$3.2 million to \$4.0 million due to the extended construction period.

EVALUATION AND FOLLOW-UP

No additional follow up action with City Council is expected at this time.

COST SUMMARY/IMPLICATIONS

Increasing the contingency by \$1.4 million and project delivery costs by \$721,000 will bring the total cost for the Project to \$17.4 million, which will be funded by \$3.9 million from the Storm Sewer Capital Fund and \$13.5 million from the Public Safety and Infrastructure Bond Fund – Storm Sewer.

Of the current year project appropriation of \$3.4 million, \$2.7 million remains available in the project appropriation in 2024-2025 as of February for the River Oaks Regional Stormwater Capture Project and other Clean Water projects. The Storm Sewer Capital Improvement Plan for 2025-2029 does include \$4.5 million planned in 2025-2026 for the River Oaks Regional Stormwater Capture Project and other Clean Water projects. As

such, there is sufficient budget for this appropriation to increase the contingency and fund the higher project delivery costs without requiring any additional budget actions.

The increase of \$2.1 million for this Project has minimal to no impact to future planned work for Clean Water projects. Staff is still in the design phase and plans to deliver two new regional stormwater capture projects with the remaining funding and can utilize grant and partnership opportunities to reduce construction costs.

There are no new fiscal impacts to the operations and maintenance currently budgeted and performed by the Department of Transportation and the Parks, Recreation, and Neighborhood Services Department as a result of the Recommendation in this memorandum.

1. TOTAL COST OF PROJECT:

Revised Project Delivery	\$3,936,991
Construction	10,999,618
Revised Contingency (23%)	2,499,962
TOTAL PROJECT COSTS	17,436,571
Prior Year Expenditure to Date	14,725,696
REMAINING PROJECT COST	\$2,710,875

BUDGET REFERENCE

The table below identifies the fund and appropriations for the higher contingency amount specified as part of this memorandum and the higher than anticipated project delivery costs.

Fund #	Appn. #	Appropriation Name	Total Appropriation	Amt. for Increase*	2024-2025 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
498	414V	Measure T – Clean Water Projects	\$3,408,000	\$2,120,700	230	10/22/2024, 31130

*\$1.4 million increase for the contingency and \$720,700 increase for project delivery

COORDINATION

This Project and memorandum were coordinated with the City Attorney’s Office, the City Manager’s Budget Office, and the Environmental Services, Parks, Recreation and Neighborhood Services, and Transportation Departments.

HONORABLE MAYOR AND CITY COUNCIL

March 3, 2025

Subject: Action Related to the Construction Contract for 9128 – River Oaks Regional Stormwater Capture Project

Page 4

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the March 25, 2025 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Mitigated/Negative Declaration for the River Oaks Stormwater Capture Project, File No. ER20-186.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/
MATT LOESCH
Director of Public Works

For questions, please contact Mathew Nguyen, Deputy Director, Public Works Department at (408) 535-8300.