Santa Clara Valley Water District
Board of Directors

HQ. Bldg. Boardroom, 5700 Almaden Expressway, San Jose, California
Join Zoom Meeting: https://valleywater.zoom.us/j/84454515597

SPECIAL CLOSED SESSION AND SPECIAL BOARD MEETING
AGENDA

Friday, July 24, 2026
11:00 AM

District Mission: Provide Silicon Valley safe, clean water for a healthy life, environment and economy.

DISTRICT BOARD OF DIRECTORS
Tony Estremera, Chair-District 6
Richard P. Santos, Vice Chair-District 3
John L. Varela-District 1
Shiloh Ballard-District 2
Jim Beall-District 4
Nai Hsueh-District 5
Rebecca Eisenberg-District 7

All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body, will be available to the public through the legislative body agenda web page at the same time that the public records are distributed or made available to the legislative body. Santa Clara Valley Water District will make reasonable efforts to accommodate persons with disabilities wishing to participate in the legislative body's meeting. Please advise the Clerk of the Board Office of any special needs by calling (408) 630-2277.

MELANIE RICHARDSON
Interim Chief Executive Officer

CANDICE KWOK-SMITH
Clerk, Board of the Directors
(408) 630-3193
www.valleywater.org

Note: The finalized Board Agenda, exception items and supplemental items will be posted prior to the meeting in accordance with the Brown Act.

Santa Clara Valley Water District
Board of Directors

SPECIAL CLOSED SESSION AND SPECIAL BOARD MEETING AGENDA

Friday, July 24, 2026 **11:00 AM** **HQ. Bldg. Boardroom, 5700 Almaden Expressway, San Jose, California**
Join Zoom Meeting:
https://valleywater.zoom.us/j/84454515597

IMPORTANT NOTICES AND PARTICIPATION INSTRUCTIONS

Santa Clara Valley Water District (Valley Water) Board of Directors/Board Committee meetings are held as hybrid meetings, conducted in-person as well as by telecommunication, and are compliant with the provisions of the Ralph M. Brown Act.

To maximize public safety while maintaining transparency and public access, members of the public have the option to participate via teleconference/video conference or attend in person. To participate in the meeting via teleconference/video conference, please refer to the meeting link located at the top of the agenda. If attending in-person, you are required to comply with Ordinance 22-03 - AN ORDINANCE OF THE SANTA CLARA VALLEY WATER DISTRICT SPECIFYING RULES OF DECORUM FOR PARTICIPATION IN BOARD AND COMMITTEE MEETINGS located at https://s3.us-west-2.amazonaws.com/valleywater.org.if-us-west-2/f2-live/s3fs-public/Ord.pdf

In accordance with the requirements of Gov. Code Section 54954.3(a), members of the public wishing to address the Board/Committee during public comment or on any item listed on the agenda, may do so by filling out a Speaker Card and submitting it to the Clerk or using the “Raise Hand” tool located in the Zoom meeting application to identify yourself in order to speak, at the time the item is called. Speakers will be acknowledged by the Board/Committee Chair in the order that requests are received and granted speaking access to address the Board. Written comments on any item on the agenda may be submitted to clerkoftheboard@valleywater.org or board@valleywater.org.

- Members of the Public may test their connection to Zoom Meetings at: https://zoom.us/test
- Members of the Public are encouraged to review our overview on joining Valley Water Board Meetings at: https://www.youtube.com/watch?v=TojJpYCxXm0

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This agenda has been prepared as required by the applicable laws of the State of California, including but not limited to, Government Code Sections 54950 et. seq., and has not been prepared with a view to informing an investment decision in any of Valley Water's bonds, notes, or other obligations. Any projections, plans, or other forward-looking statements included in the information on this agenda are subject to a variety of uncertainties that could cause any actual plans or results to differ materially from any such statement. The information herein is not intended to be used by investors or potential investors in considering the purchase or sale of Valley Water's bonds, notes or other obligations and investors and potential investors should rely only on information filed by Valley Water on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures and Valley Water's Investor Relations website, maintained on the World Wide Web at https://emma.msrb.org/ and https://www.valleywater.org/how-we-operate/financebudget/investor-relations, respectively.

Under the Brown Act, members of the public are not required to provide identifying information in order to attend public meetings. Through the link below, the Zoom webinar program requests entry of a name and email address, and Valley Water is unable to modify this requirement. Members of the public not wishing to provide such identifying information are encouraged to enter "Anonymous" or some other reference under name and to enter a fictional email address (e.g., attendee@valleywater.org) in lieu of their actual address. Inputting such values will not impact your ability to access the meeting through Zoom.

Join Zoom Meeting:
https://valleywater.zoom.us/j/84454515597
Meeting ID: 844 5451 5597
Join by Phone:
1 (669) 900-9128, 84454515597#

1. CALL TO ORDER/ROLL CALL:

1.1. Roll Call.

2. 11:00 AM - CLOSED SESSION:
Notice to the Public: The Board of Directors meets in Closed Session in accordance with the Ralph M. Brown Act. Following the conclusion of Closed Session discussion, the Board will return for the remaining items on the regular meeting agenda.

2.1. CLOSED SESSION 26-0637
CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION
Significant Exposure to litigation
Pursuant to Government Code section 54956.9(d)(2):
One Potential Case

2.2. District Counsel Report on Closed Session.

3. 1:00 PM - TIME CERTAIN:

3.1. Receive Report of Bids, Ratify Addenda, Waive Minor Irregularity, Approve the Contingency Fund, and Award the Construction Contract to Shimmick Construction Company, Inc., for the Coyote Creek Flood Protection Project, Project No. 26174043, Contract No. C0724 in the Sum of $124,378,309 (San Jose, Districts 2, 3, and 6). 26-0530

Recommendation:

A. Ratify Addenda Nos. 1 through 7 to the Contract Documents for the Coyote Creek Flood Protection Project;
B. Waive Minor Irregularities in Shimmick Construction Company, Inc., Bid;
C. Award the Construction Contract to Shimmick Construction Company, Inc., located in Suisun City, California, in the sum of $124,378,309; and
D. Approve a contingency sum of $18,656,746 and authorize the Chief Executive Officer or designee to approve individual change orders up to the designated amount.

Manager: Bhavani Yerrapotu, 408-630-2735

Attachments:
Attachment 1: Addenda Nos. 1, 2, 3, 4, 5, 6, and 7
Attachment 2: Project Delivery Process Chart
Attachment 3: Location Map
Attachment 4: Gordon N. Ball Bid Protest
Attachment 5: Shimmick Response to Gordon N. Ball Bid Protest
Attachment 6: Final Decision by Designated Engineer

Est. Staff Time: 5 Minutes

3.2. Receive Report of Bids, Ratify Addenda, Waive Minor Irregularities, Approve the Contingency Fund, and Award the Construction Contract to Flatiron Dragados Sukut ADSRP Joint Venture for the Anderson Dam Seismic Retrofit Project, Project No. 91864005, Contract No. C0702 in the Sum of $1,883,542,190 (Morgan Hill, District 1). 26-0636

Recommendation:

A. Ratify Addenda Nos. 1 through 20 to the Contract Documents for the Anderson Dam Seismic Retrofit Project;
B. Waive minor irregularities in Flatiron Dragados Sukut ADSRP Joint Venture and Barnard Construction Company, Inc. bids;
C. Award the Construction Contract to Flatiron Dragados Sukut ADSRP Joint Venture, located in Concord, CA, in the sum of $1,883,542,190; and
D. Approve a contingency sum of $50,000,000 and authorize the Chief Executive Officer or designee to approve individual change orders up to the designated

amount.

Manager: Ryan McCarter, 408-630-2983

Attachments: Attachment 1: Map
Attachment 2: Project Delivery Process Chart
Attachment 3: Powerpoint

Est. Staff Time: 10 Minutes

4. CLERK REVIEW AND CLARIFICATION OF BOARD REQUESTS:

5. ADJOURN:

5.1. The Board will convene its next Special Closed Session Board meeting at 10:00 a.m. on Monday, July 27, 2026, in the Boardroom of the Santa Clara Valley Water District Headquarters Building, 5700 Almaden Expressway, San Jose, California, and via Zoom teleconference.

Santa Clara Valley Water District

File No.: 26-0637

Agenda Date: 7/24/2026
Item No.: 2.1.

NON-EXHIBIT/CLOSED SESSION ITEM

SUBJECT:
CLOSED SESSION
CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION
Significant Exposure to litigation
Pursuant to Government Code section 54956.9(d)(2):
One Potential Case

File No.: 26-0530

Agenda Date: 7/24/2026
Item No.: 3.1.

BOARD AGENDA MEMORANDUM

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:
Receive Report of Bids, Ratify Addenda, Waive Minor Irregularity, Approve the Contingency Fund, and Award the Construction Contract to Shimmick Construction Company, Inc., for the Coyote Creek Flood Protection Project, Project No. 26174043, Contract No. C0724 in the Sum of $124,378,309 (San Jose, Districts 2, 3, and 6).

RECOMMENDATION:
A. Ratify Addenda Nos. 1 through 7 to the Contract Documents for the Coyote Creek Flood Protection Project;
B. Waive Minor Irregularities in Shimmick Construction Company, Inc., Bid;
C. Award the Construction Contract to Shimmick Construction Company, Inc., located in Suisun City, California, in the sum of $124,378,309; and
D. Approve a contingency sum of $18,656,746 and authorize the Chief Executive Officer or designee to approve individual change orders up to the designated amount.

SUMMARY:
The Santa Clara Valley Water District (Valley Water) is undertaking the Coyote Creek Flood Protection Project (CCFPP or Project) to provide flood risk reduction measures against a flood event equivalent to the February 2017 flood event or approximately a 20-year flood event. The CCFPP is approximately nine (9) miles long and located within the city of San Jose. The Project is part of the Safe, Clean Water Program that voters renewed in November 2020.

Project Background

The CCFPP's primary objective is to provide protection from floods up to the level that occurred on February 21, 2017, equivalent to a flood level with a 5% risk of occurring in any given year (also referred to as a 20-year event), along Coyote Creek, between Montague Expressway and Tully Road, in San Jose. The CCFPP involves construction of multiple floodwalls, passive barriers and earthen berms along a nine (9) mile stretch of Coyote Creek.

Following a February 2020 order from the Federal Energy Regulatory Commission (FERC) regarding Anderson Dam, the original Coyote Creek Flood Protection Project was split into two projects to

accommodate construction of a new outlet tunnel at Anderson Dam. As a result, Valley Water accelerated the design and construction of an initial project, the Coyote Creek Flood Management Measures Project (CCFMMP), representing 40% of the original Coyote Creek Flood Protection Project, so the creek can handle the potential release of higher flows from the larger outlet tunnel from the Anderson Dam Tunnel Project. The Board awarded the CCFMMP construction contract in May 2023 and accepted the work as completed in June 2025.

The remaining components of the original CCFPP are scheduled for completion before the Anderson Dam Seismic Retrofit Project Stage 2 Diversion becomes operational, which is estimated to be in 2028. In total, the Project includes constructing approximately 17,000 feet of improvements along the 9-mile stretch of Coyote Creek from Montague Expressway to Tully Road. The Project will result in flood risk reduction benefits to homes, businesses, schools, and transportation infrastructure, including disadvantaged communities along Coyote Creek.

Addenda Ratification

Seven (7) addenda (Attachment 1) were issued during the bid period to clarify the Project Contract Documents and answer bidders' questions. To formally incorporate the addenda into the Project Contract Documents, staff recommends that the Board ratify the addenda.

Bid Protest

On June 29, 2026, Gordon N. Ball, Inc., (GNB), the second-lowest bidder, submitted a bid protest objecting to award of the construction contract to Shimmick Construction Company, Inc. (Shimmick). GNB's bid protest is included as Attachment 4. Shimmick submitted a written response to the bid protest on July 2, 2026, which is included as Attachment 5.

GNB's protest contends that Shimmick's bid must be rejected on the following four grounds: (1) Shimmick is not a responsible bidder; (2) Shimmick's bid is materially unbalanced; (3) Shimmick's improperly listed subcontractors; and (4) the deficiencies in Shimmick's bid cannot be cured.

Per Article 20. Bid Protest, of the Instructions to Bidders, Valley Water's CCFPP Designated Engineer (Deputy Operating Officer, Bhavani Yerrapotu) reviewed GNB's bid protest, Shimmick's response, the Bid Documents, the prequalification record, and the procurement requirements applicable to the Project. As set forth in the Final Decisions by Designed Engineer, dated July 9, 2026, (Attachment 6), the Designated Engineer determined the protest was without merit and denied the protest..

Waiver of Minor Irregularity

Bidders must identify subcontractors who will perform work for an amount in excess of one-half (1/2) of one percent (1%) of the prime contractor's total bid or ten thousand dollars ($10,000), whichever is greater. The lowest bidder, Shimmick, made an erroneous reference to fencing subcontractor Oliveira Fencing as a rebar subcontractor, even though they had already identified the rebar subcontractor, C&N Reinforcing Inc., in their bid.

Staff is recommending that the Board of Directors waive this error as a minor irregularity since it does not affect bid responsiveness, provide Shimmick with a competitive advantage, or impair the integrity of the competitive bidding process.

Contract Award

A report of bid proposals received at the bid opening for the Project on June 24, 2026, is summarized in Table 1.

The lowest responsible bid was submitted by Shimmick. The bid submitted by Shimmick Construction Company, Inc., is approximately 18% lower than the Engineer's estimate of $151,729,776. The three lowest bids were all within 6% range, indicating tight competition and reflecting local market prices. Staff reviewed the bid proposals and recommends the Board award the construction contract to Shimmick Construction Company, Inc., as the responsible bidder submitting the lowest responsive bid.

Table 1 - Bid Summary

Company, Location	**Bid Price**	**Award Amount**
Shimmick Construction Company, Inc., Suisun City, CA	$124,378,308.89	**$124,378,309**
Gordon N. Ball, Inc., Alamo, CA	$125,649,597.00	
Granite Rock Company, Watsonville, CA	$132,399,350.75	
Granite Construction Company, Santa Clara, CA	Non-Responsive	
Mountain Cascade, Inc., Livermore, CA	$151,885,000.00	
Engineer's Estimate: $ 151,729,776		

Contingency Funds

The Contract award sum for the Project is $124,378,309. To allow staff to quickly address unforeseen or changed site conditions and other unanticipated occurrences, without causing unnecessary delays or consequential costs to the Project, staff recommends the Board approve encumbering a contingency amount of $18,656,746 (15% of the contract amount) for the subject Project.

The above-contingency amount was estimated due to known and unknown risks, such as:

1. Unforeseen or differing site conditions, field conditions that may be different from the baseline and as-built information used in the preparation of the Project Contract Documents;

2. Unanticipated variances in quantities and cost of various lump sum items estimated in the Bid Proposal;

3. Coordination issues related to right-of-way acquisitions and any changes needed as a result; and

4. Risks associated with weather conditions.

Approval of individual change orders for the Project will be subject to approval at the following designated amounts:

Engineering Unit Manager:	$250,000
Deputy Operating Officer:	$500,000
Chief Operating Officer:	$750,000
Assistant Chief Executive Officer:	$1,000,000
Chief Executive Officer:	Up to $5,000,000

Relevant Prior Board Actions

On March 11, 2025, the Board adopted a resolution certifying the Final Environmental Impact Report (EIR) for the Project, adopted the California Environmental Quality Act (CEQA) Findings of Fact, Statement of Overriding Considerations, and Mitigation Monitoring and Reporting Program for the Project, and approved the Project.

On April 14, 2026, the Board adopted the Project plans and specifications, authorized the advertisement for construction bids, and authorized the Designated Engineer to issue addenda during the bidding process. The Board also considered the First Addendum to the Final EIR for the CCFPP.

Contractor Pre-Qualification Process & Outreach to Bidders

Because of the size and complexity of the CCFPP, staff prequalified contractors wishing to bid on this Project. The prequalification questionnaire required contractors to demonstrate they have successfully completed projects of a similar size and scope to the Project.

Prior to the pre-qualification process, Valley Water did extensive industry outreach through PlanetBids to ensure broad awareness and participation, with the Request for Prequalification Application (RFPA) outreach going out to local and regional firms that have the appropriate license for this type of work, and the Santa Clara and San Benito Counties Building and Construction Trades Council, which maintains contacts with at least 100 union representatives, for distribution to their members.

The RFPA notice was published on Valley Water's vendor portal at PlanetBids on July 22, 2025, and

an optional prequalification conference for contractors was held via Zoom on August 12, 2025. Six (6) contractors submitted the prequalification application by the October 8, 2025, deadline.

Prequalification applications were reviewed by staff, and a list of final prequalified contractors was posted on Valley Water's website on November 26, 2025. The following six (6) contractors met the prequalification requirements and were the only contractors eligible to bid on the Project.

- Anvil Builders, Inc.
- Gordon N. Ball, Inc.
- Granite Construction Company
- Granite Rock Company
- Mountain Cascade, Inc.
- Shimmick Construction Company, Inc.

As part of Valley Water's customary outreach, the Notice to Bidders was sent to certified Small Business Contractors, Chambers of Commerce, Plan Rooms/Builder Exchanges, the Building Construction & Trade Council, and Valley Water's Master Contractor Database. Valley Water also placed an ad in the San Jose Post Record and utilized Valley Water's PlanetBids vendor portal to solicit interest in the Project.

Small Business Program

This Project was advertised, incorporating the Small Business Enterprise (SBE) Outreach Program that establishes a small business subcontracting participation goal of at least 30 percent for non-SBE Bidders. The apparent low Bidder, Shimmick Construction Company, Inc., is not a small business. However, its Bid subcontracts out the project scope in the amount of $6,582,458 to the Department of General Services Certified Small Businesses, which is equivalent to 5 percent of the total Bid amount.

Rights-Of-Way

A. **Phased Notices to Proceed.** Right-of-way transactions are still pending, which will impact the contractor's access to certain geographic areas of the Project. Consequently, to commence Project construction with minimal delay, staff will utilize phased Notice to Proceed (NTP) approvals to authorize the contractor to proceed with building the Project in a certain sequence, as real property rights are secured. The planned phased NTP dates and required construction milestone dates are stated in the Contract Documents.

B. **Right-of-Way Status.** CCFPP will be built in five reaches of Coyote Creek, Reaches 4, 5, 6, 7, and 8. The first phase of NTP approval (first phase) is to authorize the Contractor to proceed with construction in portions of Reaches 4, 6, 7, and 8, which consist of approximately two-thirds of the proposed CCFPP improvements. All rights-of-way necessary for issuing approval to proceed with construction of the first phase have been secured or will be secured prior to the issuance of the applicable NTP.

Through the phasing of the NTP dates staff has additional time to acquire the necessary rights of way. Where the necessary rights of way have not successfully been granted or voluntarily obtained, Valley Water has initiated litigation and that litigation remains in progress. Should continued efforts to legally obtain the necessary rights of way be obstructed, Project schedule may be delayed. Staff will seek input and direction from the Board in such cases, as needed.

Regulatory Permits and Jurisdictional Approvals

All necessary regulatory permits have been obtained for the Project's construction. The Project requires approval of the plans by the City of San Jose (City) for improvement in the City's public right-of-way, and staff continues to work with City staff to complete the review and approval of the plans and expects that routing to be completed in the next few weeks. The Project also requires approval of Division of State Architect (DSA) for improvements within the school property. Staff has already met with DSA staff and expects these reviews and approvals to be secured prior to construction of these elements. Staff intends to give an administrative NTP to the Contractor as soon as Valley Water secures the property rights, so that the Contractor has sufficient time to procure the passive barriers that have a long lead time. Should DSA review need modifications to the design, staff will evaluate those modifications and impact to the Project and update the Board, as needed.

Public Outreach

Valley Water will use a variety of outreach strategies to keep the community informed of the Project's progress and important milestones. During the Project's design phase, numerous public meetings were held, both virtual and in-person, within the adjacent neighborhoods. Valley Water also utilized physical mailers and Nextdoor social media posts to inform the community.

During construction, public outreach will be targeted to the surrounding neighborhoods and include pre-construction and construction update public meetings. In addition to the outreach tactics used during the design phase, construction phase outreach will include regular email updates and construction site signage.

Next Steps

If the Board approves the recommendations, staff will proceed with administering construction of the Project, which is anticipated to begin in August 2026 and be completed by October 2028, followed by a three (3) year plant establishment period, in compliance with the regulatory permits.

ENVIRONMENTAL JUSTICE IMPACT:
This action is unlikely to or will not result in disproportionate impacts on any specific community(ies) relative to the general population from the implementation of this project. However, CCFPP will have beneficial Environmental Justice impacts. The intent of the CCFPP is to protect the public, including disadvantaged communities from dangers associated with flooding similar to the flooding event that occurred in February 2017. Construction of the Project does not disproportionately impact

undeserved or disadvantaged communities.

FINANCIAL IMPACT:
The CCFPP is included in the Capital Improvement Program (CIP) Fiscal Year (FY) 2027-31 Five-Year Plan and in the FY 2026-27 Adopted Budget. The total cost for the recommended construction contract, including the change order contingency sum of $18,656,746 is $143,035,055, which does not change the overall total Project cost reflected in the CIP FY 2027-31 Five-Year Plan.

Based upon current estimates, there are adequate funds in the Project's Board -adopted FY 2026-27 budget to encumber the planned expenditures for construction to be incurred during this fiscal year. Funds to cover the remaining anticipated construction costs will be included in the biennial budget process and recommended by staff during the annual fiscal year budget process or through budget adjustment(s), if needed.

The Project is funded through the Safe, Clean Water Program Fund (Fund 26).

The Department of Water Resources (DWR) has awarded Valley Water $3.8 million in Integrated Regional Water Management Program (IRWMP) grant funding for a portion of CCFPP construction work.

On February 14, 2023, Valley Water and the U.S. Environmental Protection Agency (EPA) entered into a master loan agreement pursuant to EPA's Water Infrastructure Finance and Innovation Act (WIFIA) loan program to fund CCFFP and the Sunnyvale East and West Channels flood control project. The agreement provides for the execution of loans totaling $146.6 million to partially fund the projects. An initial loan for $41.3 million, which provides funding for CCFPP design and planning costs, was entered into on February 14, 2023. Staff is working on executing a second loan for $105.3 million, with $93.7 million identified for CCFPP construction costs.

CEQA:
Valley Water is the lead agency under the CEQA for the implementation of the Project. On March 11, 2025, the Board adopted a Resolution (Resolution No. 2025-16) certifying the Final Environmental Impact Report (EIR), adopting the Mitigation Monitoring and Reporting Program and approved the CCFPP.

On April 14, 2026, the Board Considered the First Addendum to the Final EIR.

ATTACHMENTS:
Attachment 1: Addenda Nos. 1, 2, 3, 4, 5, 6, and 7
Attachment 2: Project Delivery Process Chart
Attachment 3: Location Map
Attachment 4: Gordon N. Ball Bid Protest
Attachment 5: Shimmick Response Letter to Gordon N. Ball Bid Protest

Attachment 6: Final Decision by Designated Engineer

UNCLASSIFIED MANAGER:
Bhavani Yerrapotu, 408-630-2735

Attachment 1

Addenda Nos. 1, 2, 3, 4, 5, 6, and 7

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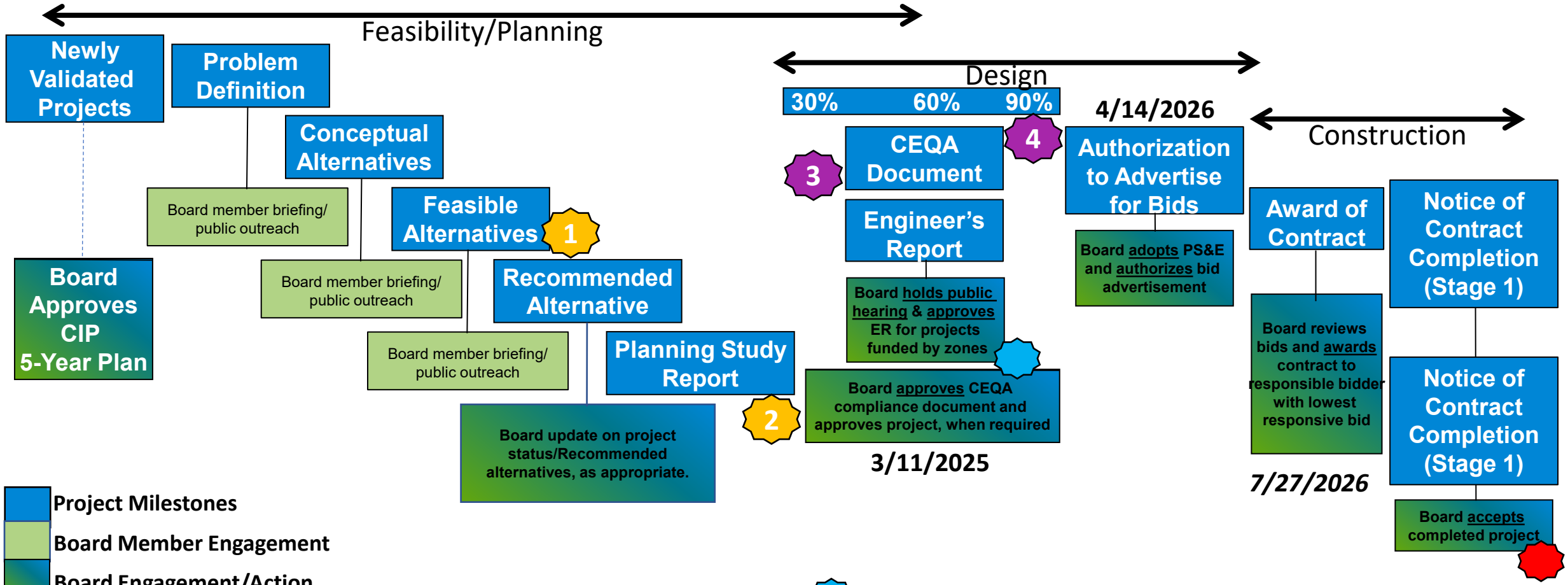
Coyote Creek Flood Protection Project
Project No. 26174043
BOARD ACTION & ENGAGEMENT: CAPITAL PROJECT DELIVERY PROCESS



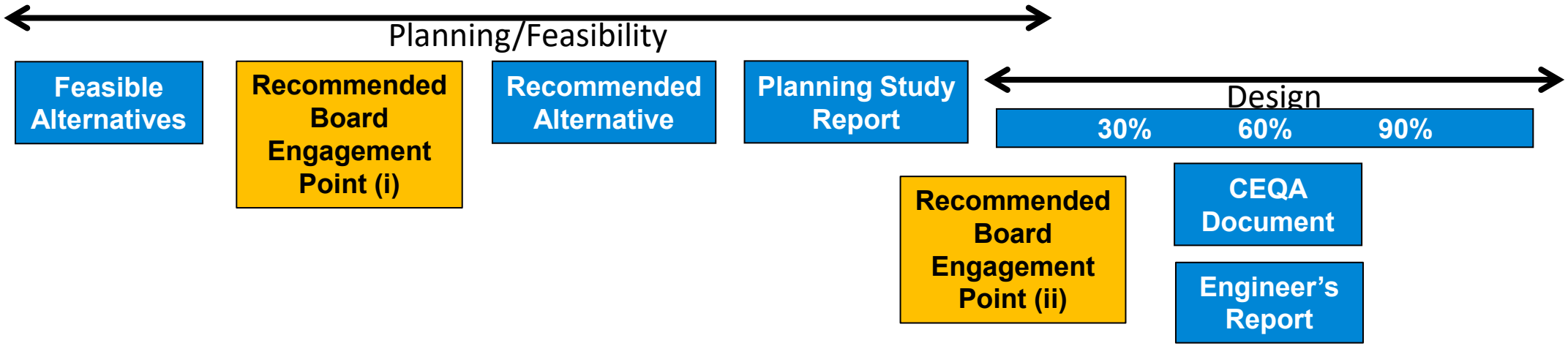
- Project Milestones
- Board Member Engagement
- Board Engagement/Action
- Additional Board Engagement Points for Complex Projects
- Additional Board Engagement Points for Operations & Maintenance Impacts
- Board Action: Approval/Adoption of Environmental = Approval of Project
- Staff: Reassess Risk for Remaining Contingency

Capital Improvement Program (CIP)

Project Delivery Process*

Board Engagement/Actions

Additional Recommended Points for Board Engagement



For capital projects with unusually complex fiscal, jurisdictional, environmental, or community considerations:

i. During the Planning/Feasibility Phase, after identifying the Feasible Alternatives but before selecting the Recommended Alternative, present the Feasible Alternatives and staff's initially proposed Recommended Alternative to the Capital Improvement Program (CIP) Committee. If recommended by the CIP Committee, present them to the Board for feedback to inform the selection of the Recommended Alternative; and

ii. For the projects for which the Board provided feedback regarding the Recommended Alternative, should changes to the project occur during the Planning and initial Design Phases that result in a significant deviation from the Recommended Alternative, staff will return to both the CIP Committee and the Board to provide information and receive feedback, as necessary, prior to the public review of the California Environmental Quality Act (CEQA) document.

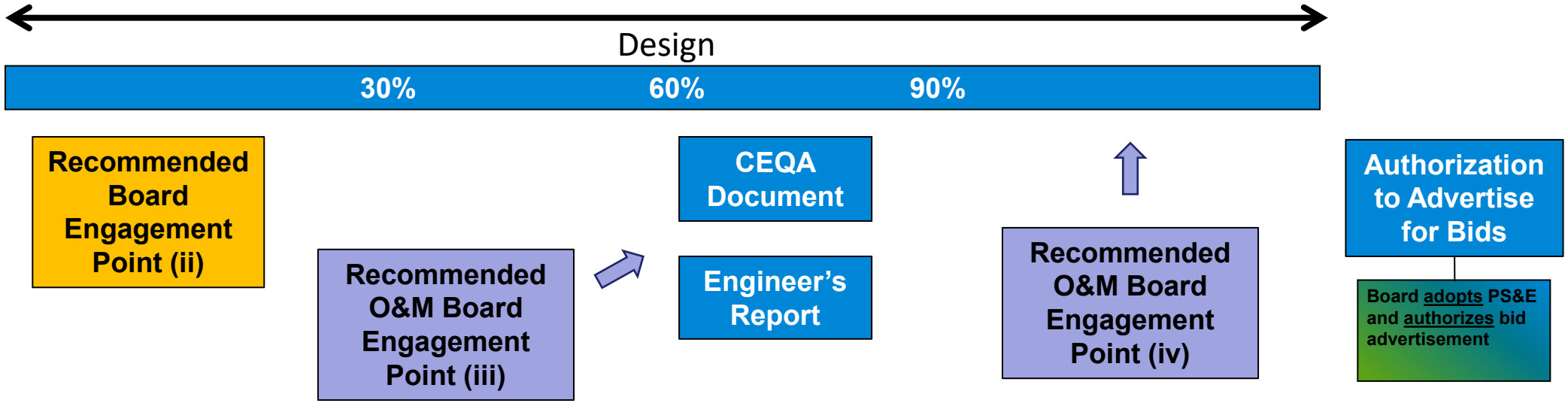
Valley Water

* For discussion purposes only. This is an example of the Project Delivery Process that may be followed and may not apply to all capital projects.

Capital Improvement Program (CIP)

Project Delivery Process*

Additional Recommended Points for O&M Engagement



For all capital projects:

iii. As part of the Board memo on either the Engineer's Report or CEQA document, include an O&M cost and impact assessment

iv. If significant changes occur after the Engineer's Report or CEQA document is approved by the Board, present an updated O&M cost and impact assessment to the Capital Improvement Program (CIP) Committee

Valley Water

* This is an example of the Project Delivery Process that may be followed and may not apply to all capital projects.

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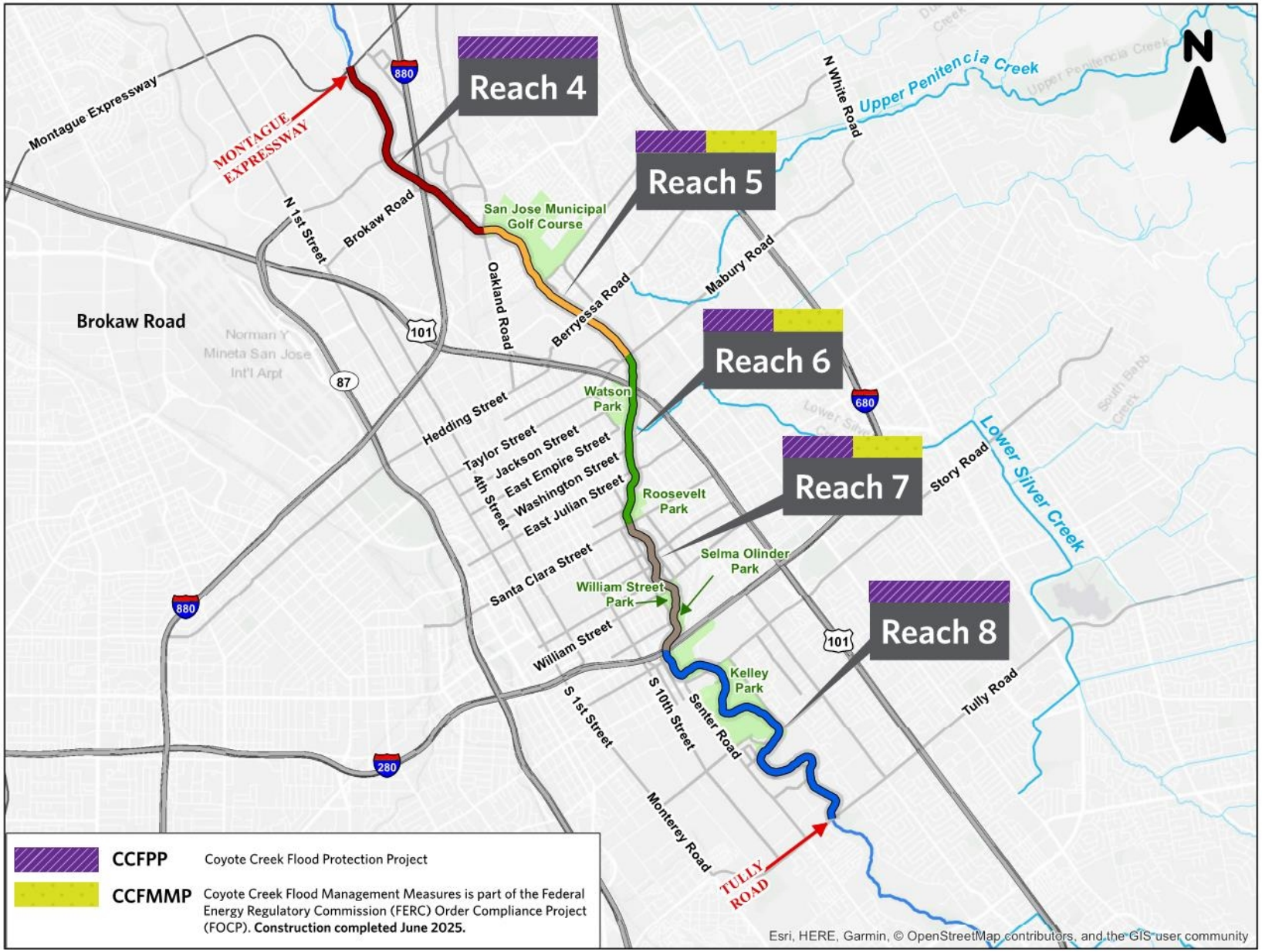
Coyote Creek Flood Protection Project
Location Map



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Gordon N. Ball, Inc.

General Engineering Contractors

Tel 925.838.5675

Fax 925.838.5915

1777 Oakland Blvd, Ste 300

Walnut Creek, CA 94596

June 29th, 2026 – Sent Via Hand Delivery and Email
byerrapotu@valleywater.org

Bhavani Yerrapotu, P.E.
Deputy Operating Officer
Watersheds Design and Construction Division
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118-3686

Re: Coyote Creek Flood Protection Project Phase 2
Valley Water Project No. 26174043; Contract No. C0724
Bid Date: June 24, 2026
Protest of Bid Submitted by Shimmick Construction Co., Inc.

Dear Ms. Yerrapotu:

This letter is a protest by Gordon N. Ball, Inc. ("GNB") of the bid submitted by Shimmick Construction Co., Inc. ("Shimmick"). For the reasons stated below, Shimmick's bid must be rejected because Shimmick is not a responsible bidder, and Shimmick's bid is materially nonresponsive.

Protesting Party Information

Hal Stober
President
Gordon N. Ball, Inc.
1777 Oakland Blvd., Suite 300
300
Walnut Creek, CA 94596
Telephone: (925) 838-5675
Email: hstober@ballconco.com

David Mitchell
Vice President
Gordon N. Ball, Inc.
1777 Oakland Blvd., Suite

Walnut Creek, CA 94596
Telephone: (925) 838-5675
Email:
dmitchell@ballconco.com

Applicable Protest Provisions

Section 20 of the Instructions to Bidders provides:

A. Any Bid protest relating to the form or content of the Bid Documents must be submitted in writing to the Engineer as identified in the Special Provisions, Engineer, Article 14.01. The protest must be received before 5 p.m. three (3) business days in advance of the Bid opening. Any Bidder who fails to submit a protest before the Bid opening deadline will be deemed to have waived any protest to the form or content of the Bid Documents.

B. Any Bid protest unrelated to Paragraph A. must be submitted in writing to the Engineer identified in the Special Provisions, Engineer, Article 14.01. The protest must be received before 5 p.m. on the third business day following the Bid opening. If during the Bid evaluation, a Bidder whose Bids are considered to be non-responsive or non-responsible, the particular Bidder will be provided another Bid protest period from the date the letter of non-compliance was issued.

C. The protest document must contain a complete statement of the basis for the protest. The protest must refer to the specific portion(s) of the Bid Documents that form the basis for the protest. The protest must include the name, address, and telephone number of the person representing the protesting party.

D. The Engineer's final decision on a protest will be issued in writing no later than ten (10) calendar days following receipt of the protest.

Grounds for Protest

1. Shimmick Is Not A Responsible Bidder

Public Contract Code Section 21161 provides, "all contracts shall be let to the lowest responsible bidder or bidders. Consistent with Section 21161, Section 21(a) of the Instructions to Bidders states, "the Contract, if awarded, will be to a responsible Bidder, submitting the lowest responsive Bid." A bidder is responsible only if it has demonstrated the "fitness, capacity, and experience to satisfactorily perform" a public works contract in accordance with its plans and specifications. Pub. Contract Code § 1103; *City of Inglewood-LA County Civic Center v. Superior Court*, 7 Cal. 3d 861, 867 (1972). A contract awarded in violation of this requirement is illegal and void. Administrative Code § 6.7; *Valley Crest Landscape, Inc. v. Davis*, 41 Cal. App. 4th 1432 (1996); *Miller v. McKinnon*, 20 Cal. 2d 83 (1942).

Shimmick was recently terminated for default on a large project for the Army Corps of Engineers, the Chickamaugau Lock Chamber contract. As reported by the Army on its official website on May 8, 2026, the Army terminated its contract with Shimmick for default to hold "the contractor accountable for failure to prosecute the work with diligence, maintain project schedule, progress critical work, correct quality deficiencies, and manage project controls … the contractor's inability to meet contractual obligations resulted in the government's loss of confidence in their ability to perform the work required by the contract."[1] The original contract, awarded on

[1] https://www.army.mil/article/292316/usace_terminates_chickamauga_lock_chamber_contract

September 28, 2017, had a value of $309 million.[2]

A default termination of such a large contract constitutes an existential crisis for any contractor, and even more so for a company that is already facing near certain financial collapse.

Shimmick is not a responsible bidder because it is on the verge of bankruptcy and lacks the financial resources to complete the Project. That risk is amplified by Shimmick having frontloaded its bid to force District to make an interest-free loan of more than $14 million.

Shimmick has a **negative $56.6 million** in shareholder's equity, meaning its liabilities exceed its assets.[3] By definition, Shimmick is insolvent.

Shimmick has suffered losses of more than $155 million in the past two and half years. In 2024, Shimmick suffered a $125 million loss and a $26 million loss for 2025.[4] In the first quarter of 2026, Shimmick suffered a loss of approximately $4.5 million and is on track to losing at least $18 million this year if current losses continue at the same rate.[5]

Shimmick has burned through its cash and cash equivalents, and currently has only $20 million in cash and equivalents, which is completely inadequate to support the more than $400 million in work a year it performs.[6] The decline in cash and equivalents is long-term, structural issue. In 2025 and 2024, Shimmick's available cash and equivalents declined by $28.1 million and $13.9 million, respectively.[7] In the first quarter of 2026 alone, liquidity declined by another $5.2 million.[8]

Shimmick has attempted to delay its financial collapse by obtaining additional financing and drawing on credit facilities, increasing its total debt to approximately $57.5 million by late 2025. These borrowings were accompanied by restrictive covenants, including liquidity minimums and leverage requirements, further limiting the company's operational flexibility.

One of those loans, from an affiliate of Ansley Park Capital, carries an astounding 12.5% interest rate, double the prime rate, demonstrating that even non-bank vulture lenders are not

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[2] https://www.lrd.usace.army.mil/Missions/Projects/Article/3812399/chickamauga-lock-replacement-project/.

[3] Shimmick Form 10 K Consolidated Statements of Stockholders' (Deficit) Equity, p. 64, filed Mar 13, 2026 (https://investors.shimmick.com/static-files/b23c35e0-f86d-4da3-9361-9aaed072cdf8)

[4] Shimmick Form 10 K Consolidated Statement of Operations, p. 63, filed Mar 13, 2026 (https://investors.shimmick.com/static-files/b23c35e0-f86d-4da3-9361-9aaed072cdf8)

[5] Shimmick Form 10 Q Condensed Consolidated Statements of Operations, p. 6, filed May 15, 2026 (https://investors.shimmick.com/node/8641/html#item_1_financial_statements_unaudited)

[6] Shimmick Form 10 Q Condensed Consolidated Statements of Cash Flows, p. 8, filed May 15, 2026 (https://investors.shimmick.com/node/8641/html#item_1_financial_statements_unaudited)

[7] Shimmick Form 10K Consolidated Statements of Cash Flows, p. 65, filed Mar 13, 2026 (https://investors.shimmick.com/static-files/b23c35e0-f86d-4da3-9361-9aaed072cdf8)

[8] Shimmick Form 10 Q Condensed Consolidated Statements of Cash Flows, p. 8, filed May 15, 2026 (https://investors.shimmick.com/node/8641/html#item_1_financial_statements_unaudited)

willing to provide funds to Shimmick without receiving an oversize return.[9]

Shimmick is running out of time and money. In an effort to raise additional funds through a public offering, it engaged in a campaign to increase its backlog to create an illusion that it had solved the intractable structural problems that renders its business unviable. Shimmick in the first quarter of 2026 bid and obtained work at far below market prices.

For example, on the Vista Grande Drainage Improvements project, Shimmick submitted a bid of $179,850,000, which is $54,451,364.42 less than the next lowest bid of $234,301,364.42. Similarly, on the Napa Flood Protection Project, Shimmick bid $32,812,575, which is13.8% below the next lowest bidder at $38,063,017, and which is $10.83 million, or 24.8%, below the $43,641,565 average of all other bidders.[10]

With continuing losses, negative equity, and persistent operating cash burn, Shimmick cannot recoup its depleted cash and cash equivalents through operations. In an effort to raise additional funds, Shimmick turned to the public markets, conducting a May 2026 public offering that generated only approximately $14 million in net proceeds.[11] That amount is minimal relative to Shimmick's ongoing losses and liquidity needs and will largely be consumed by working capital demands and existing obligations, including payments on the sizeable loans it has taken on unfavorable terms.

Taking work at a loss or for unfavorable margins cannot solve Shimmick's fundamental business problems. Indeed, although Shimmick reported increase in its backlog, there is no evidence that this backlog is profitable, and Shimmick's extended history of executing projects at a loss suggests the opposite.

Given the near certainty of Shimmick's financial collapse before the Project can be completed, Shimmick is not a responsible bidder. The District and its ratepayers should not be forced to be unwilling partners in Shimmick's financial engineering and games-playing.

Shimmick's bid therefore must be rejected because Shimmick is not a responsible bidder.

2. Shimmick's Bid Is Materially Unbalanced And Nonresponsive Because Shimmick Frontloaded The Mobilization Bid Item By More Than $14 Million

"A bid is nonresponsive when it is mathematically and materially unbalanced; such a bid must be rejected." *McKnight Constr. Co. v. Department of Defense*, 85 F.3d 565 (11th Cir. 1996). " A bid is mathematically unbalanced if the bid is structured on the basis of nominal prices for some work and inflated prices for other work; that is, each element of the bid must carry its

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[9] Shimmick Form 10 K, p. 53 , filed Mar. 13, 2026 (https://investors.shimmick.com/static-files/b23c35e0-f86d-4da3-9361-9aaed072cdf8)

[10] See screenshots of bid results, attached.

[11] https://investors.shimmick.com/news-releases/news-release-details/shimmick-corporation-announces-closing-underwritten-public

proportionate share of the total cost of the work plus profits." *Howell Constr., Inc.*, 66 Comp. Gen. 413, B-225766 (Comp. Gen. Apr. 30, 1987).

A bid may be regarded unbalanced on its face when it is front-loaded and different from the pricing pattern evident in other bids. *See Matter of McConico Inv. Mgmt. Corp.*, B-251895, 93-1 CPD ¶ 346 (Comp. Gen. 1993). "A bid will be questioned if ... it is neither internally consistent nor comparable to the other bids received." *Inventory Accounting Service*, B-245906, 92-1 Comp. Gen. Proc. Dec. ¶ 116, 1992 WL 18530 (Comp. Gen. Jan. 27, 1992).

Shimmick's unbalanced bid threatens the basic integrity of the bidding process. First, it gives Shimmick an advance payment – an interest free loan of millions of dollars. Shimmick's grossly inflated mobilization amount of $24,440,000 is $14,357,000 greater than the average of the mobilization amounts for all of the other bidders.

Frontloading effectively allows Shimmick to use more than $14 million of the government's money without providing anything in return. *See Inventory Accounting Service*, B-245906, 92-1 Comp. Gen. Proc. Dec. ¶ 116, 1992 WL 18530 (Comp. Gen. Jan. 27, 1992) (frontloaded bid; "we cannot ignore the fact that a bid such as Inventory Accounting's enables it to use, during a base contract period, government funds").

A frontloaded mobilization item is "tantamount to allowing an advance payment." *Matter of ACC Constr. Co., Inc.*, B-250688, 93-1 CPD ¶ 142 (Comp. Gen. Feb. 16, 1993); *Barnard-Slurry Walls, J.V.*, B-274973, B-274973.2, 97-1 CPD ¶ 23 (Comp. Gen. Jan. 15, 1997).

[W]here during performance the bidder will receive payments based on inflated prices for bid items for which it will receive payment early in the performance of the contract, there is a legitimate concern that the bidder has received an improper competitive advantage. By accepting such a grossly unbalanced bid, the agency affords that bidder an advantage not enjoyed by its competitors for the award--the use of interest-free money." *Barnard-Slurry Walls, J.V.*, B-274973, B-274973.2, 97-1 CPD ¶ 23 (Comp. Gen. Jan. 15, 1997).

Second, "by receiving early payments which exceed the value of work performed, the contractor will have a reduced incentive to properly complete the work." *Matter of ACC Constr. Co., Inc.*, B-250688, 93-1 CPD ¶ 142 (Comp. Gen. Feb. 16, 1993); *Barnard-Slurry Walls, J.V.*, B-274973, B-274973.2, 97-1 CPD ¶ 23 (Comp. Gen. Jan. 15, 1997).

Third, significant front-loading such as the type that Shimmick has engaged in creates "reasonable doubt that the acceptance of [the contractor's] bid would actually provide the lowest ultimate cost to the government." *Tech. Servs. Int'l, Inc.*, B-278050, 97-2 CPD ¶ 152 (Comp. Gen. Nov. 25, 1997). Where "future requirements could change, such that the options no longer reflect the government's actual requirements, or that termination for default may be necessary", a front-loaded contract price may not provide the lowest ultimate cost to the government." *Matter of Eastex Mar., Inc.*, B-256164, 94-1 CPD ¶ 340 (Comp. Gen. May 19, 1994).

Fourth, allowing Shimmick to game the system by frontloading its bid by over $14 million

eliminates any common standard for evaluating bids. The other bidders, who bid realistic amounts for mobilization, are not receiving an interest-free advance of millions of dollars of taxpayer money. An unbalanced bid proposal therefore violates the requirement of competitive bidding that bid proposals must " provide a basis for full and competitive bidding upon a common standard." *Baldwin Lima Hamilton Corp. v. Superior Court*, 208 Cal. App. 2d 803, 810 (1962); *Ertle v. Leary*, 114 Cal. 238 (1896).

In *Solon Automated Servs., Inc. v. United States*, 658 F. Supp. 28, 33 (D.D.C. 1987), the District Court ruled that "acceptance of the materially unbalanced, unresponsive bid tainted the entire procurement process." The Court found that a "front-loaded bid was materially unbalanced such that the award to Commercial raises a reasonable doubt as to whether its contract cost will be the lowest ultimate cost to the government ... the agency should have rejected Commercial's materially unbalanced bid before evaluating the remaining offers." *See Dement Constr. Co.; Universal Constr. Co.*, B-192794, 78-2 CPD ¶ 399 (Comp. Gen. 1978).

On its face, Shimmick's bid is materially unbalanced and must be rejected as nonresponsive. *McKnight Constr. Co. v. Department of Defense*, 85 F.3d 565 (11th Cir. 1996).

3. Shimmick's Bid Must Be Rejected Because Shimmick Made A Material Error In The Bid It Submitted

a. Public Contract Code Section 4104(b) Requires Bidders To List The Portion Of The Work Each Subcontractor Will Perform And Prohibits Listing More Than One Subcontractor For The Same Portion Of The Work

Public Contract Code Section 4104(b) provides that for each subcontractor that will be performing more than ½ of 1% of the total bid price, a general contractor must identify in its subcontractor list:

> (b) **The portion of the work** that will be done by each subcontractor under this act. **The prime contractor shall list only one subcontractor for each portion** as is defined by the prime contractor in his or her bid.

(Emphasis supplied).

The Court of Appeal has explained that the Subletting and Subcontracting Fair Practices Act:

> is to prevent the practices of bid shopping and bid peddling in connection with public works projects. Bid shopping is the use of the lowest bid already received by the general or prime contractor to pressure other subcontractors into submitting even lower bids; bid shopping is prohibited by the statute after the award of the prime contract. To foster this purpose, the act requires any prime contractor bidding on public works **to designate what portion of the work will be done** by each subcontractor, **and to "list only one subcontractor for each such portion** as is

defined by the prime contractor in his bid." (§ 4104, subd. (b).)

(Emphasis supplied).

In *R.J. Land & Associates Construction Co. v. Kiewit-Shea*, 69 Cal. App. 4th 416, 428 (1999), the Court explained why a general contractor cannot list two subcontractors for the same work:

> a prime contractor could list two subcontractors for the same item of work and then invite them to bid against each other to get the work, and neither subcontractor could complain. This would frustrate the policy of the act and the *Southern Cal. Acoustics* enforcement mechanism.

Thus, both the Public Contract Code and precedent prohibit listing more than one company for the same portion of work.

b. Shimmick Violated Public Contract Code Section 4104(b) By Improperly Listing Two Subcontractors For The Same Portion Of Work

In violation of Public Contract Code Section 4104(b), Shimmick listed two companies for rebar work. *See R.J. Land & Associates Construction Co*, 69 Cal. App. 4th at 428. The following is a screenshot of Shimmick's subcontractor listing:

Subcontractors

Showing 4 Subcontractors

Name & Address	Desc	License Num	CADIR	Amount	Type
C&N Reinforcing Inc. 39 Treasure Island Road Suite 16C San Francisco, California 94130	Rebar	1052018	1000365489	$3,933,391.00	DBE, MBE
Marina Landscape Inc. 3707 W Garden Grove Blvd Orange, California 92868	Landscape	492862	1000000079	$5,626,500.00	CADIR
Oliveira Fence, Inc. 293 Brokaw Rd Santa Clara, California 95050	Rebar	404243	1000003214	$1,289,452.00	WBE, Local

i. Listing Multiple Subcontractors For The Same Portion Of Work Constitutes A Bid Mistake That Renders Shimmick's Bid Nonresponsive

Given that Shimmick listed two subcontractors for rebar work, it clearly did not intend to self-perform this portion of the work. From the face of its bid, it is evident that Shimmick made a mistake that renders its bid materially different than it intended.

Shimmick's mistake provides Shimmick with an unearned competitive advantage because Shimmick can assert it made a mistake in listing one or more subcontractors and that it did not

intend to self-perform the rebar work for which it listed C&N Reinforcing and Oliveira Fence. From the face of Shimmick's bid, there is a mistake that would allow it to withdraw its bid. Pub. Contract Code §§ 5100 & 5103. Shimmick's bid therefore must be rejected as materially non-responsive. *Valley Crest Landscape, Inc. v. Davis*, 41 Cal. App. 4th 1432 (1996).

c. Shimmick's Bid Is Nonresponsive Because Shimmick Listed Olveira Fencing, Which Lacks A Contractor's License To Perform The Work For Which It Was Listed

Shimmick's bid is nonresponsive because Shimmick violated Section 9 of the Notice to Bidders by listing a subcontractor, Oliveira Fence, Inc., which does not have a license to perform the work for which it was listed.

Section 9 of the Notice to Bidders provides in relevant part:

> Regardless of whether a subcontractor must be identified at the time of Bid, each subcontractor must also be properly licensed to perform its scope of Work. However, listed subcontractors must be licensed at the time of Award.

(Emphasis added).

Oliveira Fence possesses only a C-13 Fencing specialty license. A C-13 license does not authorize fabrication and installation of rebar. Rebar work either requires a Class A general engineering license or a C-50 reinforcing steel specialty license. Bus. & Prof. Code §§ 7055 & 7056; 16 Cal. Code Regs. §§ 832.13 & 832.50.

Except when performing minor incidental work, a contractor "licensed in one classification shall be prohibited from contracting in the field of any other classification unless they are also licensed in that classification". Cal. Code Regs., tit. 16, § 830(b); *Ahdout v. Hekmatjah*, 213 Cal. App. 4th 21, 31 (2013). A licensee classified as a class C specialty contractor "shall not act in the capacity of a contractor in any classification other than one in which he/she is classified except on work incidental or supplemental to the performance of a contract in a classification in which any contractor is licensed by the Board." Cal. Code Regs., tit. 16, § 834.

Shimmick listed Oliveira Fence as performing $1,289,452 in rebar work. It is impossible for rebar work of that magnitude to be "incidental" to fencing.

Shimmick's bid is therefore nonresponsive. "[A] responsive bid must conform to the public agency's specifications for the contract." *DeSilva Gates Construction, LP v. Department of Transportation*, 242 Cal. App. 4th 1409, 1417 (2015). "A basic rule of competitive bidding is that bids must conform to specifications, and that if a bid does not so conform, it may not be accepted." *National Identification Systems, Inc. v. State Bd. Of Ctrl.*, 11 Cal. App. 4th 1446, 1453 (1992).

Shimmick gained a competitive advantage by submitting a nonresponsive bid that listed a subcontractor who is not licensed for the work for which itw was listed. After bids were opened, Shimmick can replace Oliveira Fence with any licensed rebar subcontractor it wishes. Pub. Contract Code §4107(a)(6).

Shimmick's violation of the District's Notice to Bidders therefore gave Shimmick the

ability to shop work among subcontractors, an advantage no other bidder enjoyed. This irregularity in Shimmick's bid therefore cannot be waived. *Valley Crest Landscape, Inc. v. Davis*, 41 Cal. App. 4th 1432 (1996*); Bay Cities Paving & Grading, Inc. v. City of San Leandro*, 223 Cal. App. 4th 1181 (2014).

4. The Deficiencies in Shimmick's Bid Cannot Be Cured

Shimmick cannot cure the deficiencies in its bid documents by modifying or supplementing its bid documents after the District has opened bids. *Valley Crest Landscape, Inc. v. Davis*, 41 Cal. App. 4th 1432 (1996); *see Greer v. Hitchcock*, 271 Cal. App. 2d 334 (1969).

Conclusion

For the reasons set forth above, GNB respectfully requests that its protest be sustained. If for any reason the District does not reject Shimmick's bid, we ask that the District inform us of its decision and provide an opportunity to present legal authorities and evidence at an appropriate hearing on this matter. Please feel free to call if you have any questions or would like to discuss this protest.

Sincerely,

GORDON N. BALL, INC.

David Mitchell

Vice President

An official website of the United States government Here's how you know

USACE terminates Chickamauga Lock Chamber Contract

By Leon Roberts May 8, 2026

NASHVILLE, Tenn. (May 8, 2026) – The U.S. Army Corps of Engineers (USACE) Nashville District terminated the lock chamber contract with Shimmick Construction Company, Inc. (SCCI), at the Chickamauga Lock Replacement Project on the Tennessee River in Chattanooga, Tennessee, effective today. This decisive action is necessary to get the project back on track and protect taxpayer dollars.

The decision to terminate results from USACE holding the contractor accountable for failure to prosecute the work with diligence, maintain project schedule, progress critical work, correct quality deficiencies, and manage project controls. The Nashville District actively collaborated with SCCI to improve efficiency of their execution and overall delivery of contractual obligations. Despite these efforts, the contractor's inability to meet contractual obligations resulted in the government's loss of confidence in their ability to perform the work required by the contract. As a steward of the American taxpayer dollar, USACE terminated SCCI's contract to mitigate cost impacts that do not result in a positive return on American strategic infrastructure investment. This good management decision directly aligns with the Army Civil Works "Building Infrastructure, Not Paperwork" (BINP) initiative, with a commitment to fiscal discipline and a focus on efficiency by terminating inefficient contracts to free up critical funds for investment in our nation's most important infrastructure priorities.

> “We are very proud of our team and the Nashville District for their leadership and professional management of the delivery of one of the nation’s critical infrastructure projects, the Chickamauga Lock Replacement Project. Protecting the taxpayer's investment requires having the right people overseeing our projects every single day," said Great Lakes and Ohio River Division Commander Col. Daniel Herlihy. "Our team recognized the root causes of this contractor's delays and took decisive action. By terminating this contract, our USACE professionals enforced the high standards of accountability and efficiency thenation expects."

USACE is exploring all contracting options to finish remaining lock chamber construction, maintain the overall project timeline, and to cross the goal line with an operational navigation lock in 2028.

The public can obtain news, updates and information from the U.S. Army Corps of Engineers Nashville District on the district’s website at https://www.lrd.usace.army.mil/About/Districts/Nashville-District/ [https://www.lrd.usace.army.mil/About/Districts/Nashville-District/], on Facebook at www.facebook.com/nashvillecorps [http://www.facebook.com/nashvillecorps] and on X (formerly Twitter) at www.x.com/nashvillecorps [http://www.x.com/nashvillecorps]. Follow us on LinkedIn for the latest Nashville District employment and contracting opportunities at https://www.linkedin.com/company/u-s-army-corps-of-engineers-nashville-district [https://www.linkedin.com/company/u-s-army-corps-of-engineers-nashville-district].

An official website of the United States government Here's how you know

Chickamauga Lock Replacement Project

Construction

NASHVILLE DISTRICT

Published June 20, 2024

Skip to main content (Press Enter).

Tennessee River Mile 471 in Chattanooga, Tennessee

PROJECT DESCRIPTION AND BACKGROUND

The replacement lock project consists of a new 110-foot by 600-foot lock to be located riverward of the existing 60-foot by 360-foot lock and downstream of Chickamauga Dam. A new lock is required at Chickamauga Dam because of structural deficiencies of the existing lock resulting from physical expansion of the concrete structure. This phenomenon of concrete growth was observed soon after initial construction in 1940 and is caused by a reaction between the alkali in the cement and the aggregate. Even with significant maintenance efforts, this expansion threatens the structural integrity of the existing lock and limits its life.

Replacement lock construction began in 2004 with highway and utility relocations and continued through 2012 with the completion of the cofferdam structure and prefabricated components (miter gates, culvert valves, culvert bulkheads, and approach wall beams) that are currently being stored at other Tennessee Valley Authority (TVA) facilities until needed. After a temporary suspension of construction activities due to funding constraints with the Inland Waterways Trust Fund (IWTF), funding returned to the project in FY15. Like all locks on the Tennessee River, the existing and proposed locks are owned by the TVA but operated and maintained by the Corps of Engineers.

The new lock is vital to maintain 318 miles of navigable channels upstream of Chickamauga Lock and Dam to support stakeholders including the Department of Energy at Oak Ridge, Tennessee, TVA, and numerous other businesses. The current Chickamauga Lock can pass one “Jumbo” barge at a time and the new lock will allow nine barges to pass at once.

CURRENT STATUS

- Chickamauga Lock’s current risk based total project cost estimate is $954.4 million (FY23 price level); approximately $569 million has been expended through December 2024. Estimated project completion is February 2031.The 2023 TPCE indicates an additional $236.8 million is required for project completion and is under review with expected updates in March 2025.
- The $309 million Lock Chamber contract was awarded Sep. 28, 2017; it is currently 78% complete based on payments and has a required contract completion date of Jan. 27, 2026. Miter Gates have been delivered to site and will be installed through 2025. The contract will result in a completed navigational lock located inside the cofferdam. Projected contractor completion is June 2026.
- The $68M Upstream Approach Wall (USAW) contract was awarded Sept. 9, 2021 and has a projected contractor completion of November 2025. The Upstream Approach Walls allow vessels to safely navigate in to the new lock without being impacted by flows going over the Chickamauga Dam spillway and will feature a tow haulage system that will contribute to the greater efficiency of the new lock.
- The award of the Approach Wall and Decommissioning (AWD) contract is planned for August 2025 with an in-service date of February 2028.
- The project’s total Benefit to Cost Ratio (BCR) at a 7% discount rate is 1.0 and its Remaining Benefit to Remaining Cost Ratio is 2.0 At the FY23 discount rate of 2.75%, these Ratios increase to 1.8 and 3.8, respectively. An updated TPCS is under development.

AUTHORIZATION

Consolidated Appropriations Act of 2003 (P.L. 108-7); reauthorized in America’s Water Infrastructure Act of 2018 (P.L. 115-270)

Contact
Project Manager: Bob Winters
robert.l.winters@usace.army.mil

Chickamauga Chattanooga Tennessee Tennessee River construction Chickamauga Lock Replacement Project navigation navigation lock

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended January 2, 2026

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO**

Commission File Number 001-41867

Shimmick Corporation

(Exact name of registrant as specified in its Charter)

Delaware	**84-3749368**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
530 Technology Drive Suite 300 Irvine, CA	**92618**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (833) 723-2021

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	SHIM	Nasdaq

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☐ NO ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. YES ☐ NO ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). YES ☒ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
Emerging growth company	☒		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

The aggregate market value of the registrant's common stock held by non-affiliates computed by reference to the price at which the common stock was last sold as of the last business day of the registrant's most recently completed second quarter was approximately $13.1 million.

The number of shares of registrant's Common Stock, par value $0.01 per share, outstanding as of March 11, 2026 was 36,091,730.

DOCUMENTS INCORPORATED BY REFERENCE

Certain sections of the registrant's definitive Proxy Statement relating to the registrant's 2026 annual meeting of stockholders, which definitive Proxy Statement will be filed within 120 days of the end of the registrant's fiscal year, are incorporated by reference into Part III of this Annual Report on Form 10-K.

Results of Operations

The following table sets forth selected financial data for the fiscal year ended January 2, 2026 compared to the fiscal year ended January 3, 2025:

	Fiscal Year Ended				% of Revenue	
(In thousands, except percentage data)	January 2, 2026	January 3, 2025	$ Change	% Change	January 2, 2026	January 3, 2025
Revenue	$ 492,844	$ 480,236	$ 12,608	3%	100%	100%
Cost of revenue	459,252	535,885	(76,633)	(14)	93	112
Gross margin	33,592	(55,649)	89,241	(160)	7	(12)
Selling, general and administrative expenses	54,576	63,966	(9,390)	(15)	11	13
ERP pre-implementation asset impairment and associated costs	—	15,708	(15,708)	(100)	—	3
Total operating expenses	54,576	79,674	(25,098)	(32)	11	17
Equity in earnings (loss) of unconsolidated joint ventures	1,508	(4,728)	6,236	(132)	—	(1)
Gain on sale of assets	75	20,725	(20,650)	(100)	—	4
Loss from operations	(19,401)	(119,326)	99,925	(84)	(4)	(25)
Interest expense	6,660	5,426	1,234	23	1	1
Other (income) expense, net	(636)	959	(1,595)	(166)	—	—
Net loss before income tax	(25,425)	(125,711)	100,286	(80)	(5)	(26)
Income tax benefit	—	963	(963)	(100)	—	—
Net loss	$ (25,425)	$ (124,748)	$ 99,323	(80)%	(5)%	(26)%

(1) Consists of transformation-related costs we have incurred including advisory costs in connection with settling outstanding claims in connection with exiting certain Non-Core Projects as part of the Company's growth strategy to address and capitalize on the nation's growing need for water and other critical infrastructure.
(2) Reflects a strategic decision to enhance the Company's current ERP system rather than implementing a new platform which, due to prior capitalized costs and remaining contractual obligations, resulted in a one-time charge of $16 million in the third quarter of fiscal 2024.
(3) Consists of legal fees and other costs incurred in connection with claims relating to Non-Core Projects.
(4) Consists of transaction-related costs and changes in fair value of contingent consideration remaining after the impact of transactions with our prior owner.

Liquidity and Capital Resources

Capital Requirements and Sources of Liquidity

During the fiscal year ended January 2, 2026, our capital expenditures were approximately $6 million compared to $10 million for the fiscal year ended January 3, 2025. Historically, we have had significant cash requirements in order to organically expand our business to undertake new projects. Our cash requirements include costs related to increased expenditures for equipment, facilities and information systems, purchase of materials and production of materials and cash to fund our organic expansion into new markets, including through joint ventures. Our working capital needs are driven by the seasonality and growth of our business, with our cash requirements greater in periods of growth. Additional cash requirements resulting from our growth include the costs of additional personnel, enhancing our information systems, our compliance with laws and rules applicable to being a public company and, in the future, our integration of any acquisitions. Unrestricted cash and cash equivalents at January 2, 2026 totaled $20 million and availability under the Credit Agreement and ACF Credit Agreement totaled $17 million and $7 million, respectively, resulting in total liquidity of $44 million.

We have historically relied upon cash available through operating activities, in addition to credit facilities and existing cash balances, to finance our working capital requirements and to support our growth.

However, we regularly monitor other potential capital sources, including equity and debt financing, in an effort to meet our planned expenditures and liquidity requirements. Our future success will be highly dependent on our ability to access outside sources of capital.

As is customary in our business, we are required to provide surety bonds to secure our performance under our contracts. Our ability to obtain surety bonds primarily depends upon our capitalization, working capital, past performance, management expertise and reputation and certain external factors, including the overall capacity of the surety market. Surety companies consider such factors in relationship to the amount of our backlog and their underwriting standards, which may change from time to time. We have pledged proceeds and other rights under our contracts to our bond surety company. Events that affect the insurance and bonding markets may result in bonding becoming more difficult to obtain in the future, or being available only at a significantly greater cost.

We believe that our operating, investing and financing cash flows are sufficient to fund our operations for at least the next twelve months and thereafter for the foreseeable future. However, future cash flows are subject to a number of variables, and significant additional expenditures will be required to conduct our operations. There can be no assurance that operations and other capital resources will provide cash in sufficient amounts to maintain planned or future levels of expenditures. In the event we make one or more acquisitions and the amount of capital required is greater than the amount we have available for acquisitions at that time, we could be required to reduce the expected level of expenditures and/or seek additional capital. If we seek additional capital, we may do so through joint ventures, asset sales, offerings of debt or equity securities or other means. We cannot guarantee that this additional capital will be available on acceptable terms or at all. If we are unable to obtain the funds we need, we may not be able to complete acquisitions that may be favorable to us or finance the expenditures necessary to conduct our operations.

Total debt outstanding is presented on the consolidated balance sheets as follows:

(In thousands)	January 2, 2026	January 3, 2025
Credit Agreement	$ 46,424	$ 11,503
ACF Credit Agreement	8,194	—
Ansley Loan Agreement	12,971	—
Unamortized debt issuance costs	(3,130)	(2,025)
Total debt, net	64,459	9,478
Less: Current portion of long-term debt, net	4,143	—
Long-term debt, less current portion, net	$ 60,316	$ 9,478

Credit Agreement

On May 20, 2024, the Company, as guarantor, and its wholly-owned subsidiaries as borrowers ("Borrowers"), Alter Domus (US) LLC, as agent, and AECOM and Berkshire Hathaway Specialty Insurance Company ("BHSI") as lenders, entered into a revolving credit facility (the "Credit Agreement"), which was most recently amended on March 9, 2026 to, among other things, waive the specified noncompliance of the Material Project Documents covenant regarding entering into non-bonded contracts. As amended, the Credit Agreement provides borrowing capacity up to $60 million. The obligations under the Credit Agreement bear interest at a per annum rate equal to One Month Term SOFR (as defined in the Credit Agreement), subject to a 1.00% floor, plus 3.50%. Interest on any outstanding amounts drawn under the Credit Agreement will be payable, in kind or in cash at our election, on the last day of each month and upon prepayment. Payment-in-kind interest accrued and capitalized shall not constitute loan outstanding amounts for the purposes of calculating loan availability.

The Credit Agreement matures on May 20, 2029 (the "Maturity Date"), and the Borrowers may borrow, repay and reborrow amounts under the Credit Agreement until the Maturity Date.

Obligations of the Borrowers under the Credit Agreement are guaranteed by the Company and secured by a lien on substantially all assets of the Company and the Borrowers.

The Credit Agreement contains customary affirmative and negative covenants for a transaction of this type, including covenants that limit liens, asset sales and investments, in each case subject to negotiated exceptions and baskets. In addition, the Credit Agreement contains a maximum leverage ratio covenant as tested quarterly commencing with the close of the second quarter of 2027. The Credit Agreement also contains representations and warranties and event of default provisions customary for a transaction of this type. The Company is not aware of any instances of noncompliance with non-financial or financial covenants as of January 2, 2026.

ACF Credit Agreement

On March 12, 2025, we entered into a credit agreement ("ACF Credit Agreement") with ACF FINCO I LP, which provides a total commitment of $15 million and bears interest at an annual rate of adjusted term SOFR (as defined in the ACF Credit Agreement), subject to a 2.0% floor, plus 4.50%. Further, the ACF Credit Agreement is subject to an annual unused line fee of 0.50%. The ACF Credit Agreement includes certain financial operating covenants, including a minimum liquidity requirement of $5 million. The ACF Credit Agreement matures on the earlier of March 12, 2028 or 90 days prior to the maturity date of the Credit Agreement. As of January 2, 2026, we are not aware of any instances of noncompliance with non-financial or financial covenants.

Ansley Loan Agreement

On March 31, 2025, we entered into a loan and security agreement (the "Ansley Loan Agreement") with Ansley Park Capital LLC which provides for a borrowing capacity of $15.0 million as evidenced by two promissory notes (each, a "Promissory Note," and together, the "Promissory Notes").

Each Promissory Note has a maturity date of April 1, 2031, and accrues interest at a rate of 12.50% per annum. Pursuant to the terms of the Ansley Loan Agreement, we granted a security interest in (a) certain items of equipment

(In thousands)	Fiscal Year Ended January 2, 2026	Fiscal Year Ended January 3, 2025
Net cash used in operating activities	$ (65,114)	$ (21,259)
Net cash provided by investing activities	1,124	15,041
Net cash provided by (used in) financing activities	50,054	(21,897)
Net decrease in cash, cash equivalents and restricted cash	(13,936)	(28,115)
Cash, cash equivalents and restricted cash, beginning of period	35,795	63,910
Cash, cash equivalents and restricted cash, end of period	$ 21,859	$ 35,795

Operating Activities

During the fiscal year ended January 2, 2026, net cash used in operating activities was $65 million, compared to net cash used in operating activities of $21 million for the fiscal year ended January 3, 2025. Cash flows used in operating activities were driven by a net loss, adjusted for various non-cash items and changes in accounts receivable, contract assets, contract liabilities, accounts payable and accrued expenses balances, accrued salaries and wages and other assets and liabilities as discussed below.

Operating assets and liabilities — The change in operating assets and liabilities varies due to fluctuations and timing in operating activities and operating assets and liabilities. The changes in the components of operating assets and liabilities during the fiscal years ended January 2, 2026 and January 3, 2025 were as follows:

(In thousands)	Fiscal Year Ended January 2, 2026	Fiscal Year Ended January 3, 2025
Accounts receivable, net	$ 12,809	$ 11,190
Contract assets	(40,156)	104,139
Accounts payable	23,067	(35,114)
Contract liabilities	(48,764)	(13,260)
Accrued expenses	(4,384)	9,940
Other assets and liabilities	(8,892)	6,349
Changes in operating assets and liabilities, net	$ (66,320)	$ 83,244

During the fiscal year ended January 2, 2026, the decrease in operating assets and liabilities was $66 million, which was primarily driven by decreases in contract liabilities and increases in contract assets, partially offset by increases in accounts payable. The Company's operating assets and liabilities fluctuations are impacted by the mix of projects in backlog, seasonality, the timing of new awards and related payments for work performed and the contract billings to the customer as projects are completed. Operating assets and liabilities are also impacted at period end by the timing of accounts receivable collections and accounts payable payments for projects.

Investing Activities

For the fiscal year ended January 2, 2026, net cash provided by investing activities was $1 million, which was primarily driven by proceeds from the sale of assets of $5 million and return of investment in unconsolidated joint ventures of $3 million, partially offset by purchases of property, plant and equipment of $7 million.

For the fiscal year ended January 3, 2025, net cash provided by investing activities was $15 million, which was primarily driven by proceeds from the sale of assets of $32 million, partially offset by purchases of property, plant and equipment of $10 million and contributions to unconsolidated joint ventures of $6 million.

Financing Activities

For the fiscal year ended January 2, 2026, net cash provided by financing activities was $50 million, which primarily consisted of borrowings on credit and loan agreements of $129 million, partially offset by repayments on credit and loan agreements of $75 million, $2 million of debt issuance costs incurred for the ACF Credit Agreement and

The Company recognizes revenue from signed contracts with customers, change orders (approved and unapproved) and claims on those contracts that we conclude to be enforceable under the terms of the signed contracts. Many of the Company's contracts have one clearly identifiable performance obligation. However, some contracts provide the customer an integrated service that includes two or more of services associated with construction, operations and management. The determination of the number of performance obligations in a contract requires significant judgment and could change the timing of the amount of revenue recorded for a given period.

Determination of the contract price is dependent upon a number of factors, including the accuracy of a variety of estimates made at the consolidated balance sheet date, such as estimated costs at completion. Additionally, the Company is required to make estimates for the amount of consideration to be received, including variable compensation such as bonuses, awards, incentive fees, claims, unapproved change orders, unpriced change orders, penalties, and liquidated damages. The Company's estimates of variable consideration and determination of whether to include such amounts in the contract price are based largely on the Company's assessment of legal enforceability, anticipated performance, and any other information (historical and forecasted) that is reasonably available to the Company. Management continuously monitors factors that may affect the quality of its estimates and makes adjustments accordingly.

The Company has numerous contracts that are in various stages of completion which require estimates to determine the forecasted costs at completion. Due to the nature of the work left to be performed on many of the Company's contracts, the estimation of total cost at completion ("EAC") for fixed-price contracts is complex, subject to many variables and requires significant judgment. Estimates of total cost at completion are made each period and changes in these estimates are accounted for prospectively as cumulative adjustments to revenue recognized in the current period. If estimates of costs to complete fixed-price contracts indicate a loss, a provision is made through a contract write-down for the total loss anticipated in the cost of revenue.

Change Orders

Contracts are often modified to account for changes in contract specifications and requirements. Most of the Company's contract modifications are for goods or services that are not distinct from existing contracts due to the significant integration provided in the context of the contract and are accounted for as if they were part of the original contract. The effect of a contract modification on the transaction price and the Company's measure of progress for the performance obligation to which it relates are recognized as an adjustment to revenue (either as an increase or decrease) on a cumulative catch-up basis during the period the modification occurs and throughout the remainder of the contract.

Claims Recognition

Sometimes the Company seeks claims for amounts in excess of the contract price for delays, errors in specifications and designs, contract terminations, change orders in dispute or other causes of additional costs incurred. Costs attributable to claims from customers are treated as costs of contract performance as incurred.

Income Taxes

The Company accounts for income taxes under the asset and liability method prescribed by the Accounting Standards Codification Topic 740 — Income Taxes ("ASC 740"). This method requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this method, the Company determines deferred tax assets and liabilities on the basis of the differences between the consolidated financial statements and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse.

The Company recognizes deferred tax assets to the extent that its management believes these assets are more likely than not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If the Company determines that it would be able to realize its deferred tax assets in the future in excess of their net recorded amount, it will make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended April 3, 2026

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 001-41867

Shimmick Corporation

(Exact Name of Registrant as Specified in its Charter)

Delaware	**84-3749368**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
530 Technology Drive	
Suite 300	
Irvine, CA	**92618**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (833) 723-2021

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	SHIM	NASDAQ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
Emerging growth company	☒		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 12, 2026, the registrant had 36,696,660 shares of Common Stock, par value $0.01 per share, outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Shimmick Corporation
Condensed Consolidated Balance Sheets
(In thousands, except share data)
(unaudited)

	April 3, 2026	January 2, 2026
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 14,959	$ 19,969
Restricted cash	1,650	1,890
Accounts receivable, net	23,940	30,179
Contract assets, current	106,164	110,276
Prepaids and other current assets	12,774	13,067
TOTAL CURRENT ASSETS	159,487	175,381
Property, plant and equipment, net	9,035	10,571
Intangible assets, net	3,447	4,091
Lease right-of-use assets	17,070	16,466
Investment in unconsolidated joint ventures	12,852	11,866
Other assets	375	388
TOTAL ASSETS	$ 202,266	$ 218,763
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable	$ 65,274	$ 69,542
Contract liabilities, current	35,744	53,760
Accrued expenses	39,673	34,172
Current portion of long-term debt, net	2,706	4,143
Other current liabilities	34,387	34,499
TOTAL CURRENT LIABILITIES	177,784	196,116
Long-term debt, less current portion, net	65,972	60,316
Lease liabilities, non-current	11,629	11,913
Contract liabilities, non-current	469	453
Contingent consideration	5,254	5,203
Other liabilities	1,643	1,402
TOTAL LIABILITIES	262,751	275,403
Commitments and Contingencies (Note 11)		
STOCKHOLDERS' DEFICIT		
Common stock, $0.01 par value, 100,000,000 shares authorized as of April 3, 2026 and January 2, 2026; 36,096,072 and 36,035,559 shares issued and outstanding as of April 3, 2026 and January 2, 2026, respectively	361	360
Additional paid-in-capital	47,501	46,795
Retained deficit	(108,347)	(103,795)
Non-controlling interests	—	—
TOTAL STOCKHOLDERS' DEFICIT	(60,485)	(56,640)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 202,266	$ 218,763

See accompanying notes to the unaudited condensed consolidated financial statements.

Shimmick Corporation
Condensed Consolidated Statements of Operations
(In thousands, except per share data)
(unaudited)

	Three Months Ended	
	April 3, 2026	**April 4, 2025**
Revenue	$ 88,033	$ 122,110
Cost of revenue	77,135	117,414
Gross margin	10,898	4,696
Selling, general and administrative expenses	14,253	14,368
Total operating expenses	14,253	14,368
Equity in earnings of unconsolidated joint ventures	1,061	726
(Loss) gain on sale of assets, net	(22)	66
Loss from operations	(2,316)	(8,880)
Interest expense	2,176	1,000
Other income, net	(66)	(110)
Net loss before income tax	(4,426)	(9,770)
Income tax expense	—	—
Net loss	(4,426)	(9,770)
Net income attributable to non-controlling interests	126	—
Net loss attributable to Shimmick Corporation	$ (4,552)	$ (9,770)
Net loss attributable to Shimmick Corporation per common share		
Basic	$ (0.13)	$ (0.28)
Diluted	$ (0.13)	$ (0.28)

See accompanying notes to the unaudited condensed consolidated financial statements.

Shimmick Corporation
Condensed Consolidated Statements of Stockholders' Deficit
(In thousands, except share data)
(unaudited)

	Common Stock		Additional Paid-in-Capital	Retained Deficit	Non-Controlling Interests	Total Stockholders' Deficit
	Shares	Amount				
Balance as of January 2, 2026	36,035,559	$ 360	$ 46,795	$ (103,795)	$ —	$ (56,640)
Net (loss) income	—	—	—	(4,552)	126	(4,426)
Issuance of common stock related to stock-based awards	60,513	1	1	—	—	2
Stock-based compensation	—	—	705	—	—	705
Distributions to non-controlling interests	—	—	—	—	(126)	(126)
Balance as of April 3, 2026	36,096,072	$ 361	$ 47,501	$ (108,347)	$ —	$ (60,485)

	Common Stock		Additional Paid-in-Capital	Retained Deficit	Non-Controlling Interests	Total Stockholders' Deficit
	Shares	Amount				
Balance as of January 3, 2025	34,271,214	$ 343	$ 43,353	$ (78,211)	$ (159)	$ (34,674)
Net loss	—	—	—	(9,770)	—	(9,770)
Issuance of common stock related to stock-based awards	60,300	1	12	—	—	13
Stock-based compensation	—	—	1,790	—	—	1,790
Balance as of April 4, 2025	34,331,514	$ 344	$ 45,155	$ (87,981)	$ (159)	$ (42,641)

See accompanying notes to the unaudited condensed consolidated financial statements.

Shimmick Corporation
Condensed Consolidated Statements of Cash Flows
(In thousands)
(unaudited)

	Three Months Ended	
	April 3, 2026	April 4, 2025
Cash Flows From Operating Activities		
Net loss	$ (4,426)	$ (9,770)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	705	1,790
Depreciation and amortization	2,856	3,460
Equity in earnings of unconsolidated joint ventures	(1,061)	(726)
Return on investment in unconsolidated joint ventures	90	1,137
Loss (gain) on sale of assets	22	(66)
Other, net	1,170	(236)
Changes in operating assets and liabilities:		
Accounts receivable, net	6,239	(3,005)
Contract assets	4,112	(15,863)
Accounts payable	(4,268)	5,806
Contract liabilities	(18,016)	(17,767)
Accrued expenses	5,501	(6,869)
Other assets and liabilities	(457)	3,925
Net cash used in operating activities	(7,533)	(38,184)
Cash Flows From Investing Activities		
Purchases of property, plant and equipment	(599)	(545)
Proceeds from sale of assets	—	107
Net cash used in investing activities	(599)	(438)
Cash Flows From Financing Activities		
Borrowings on credit and loan agreements	10,264	22,745
Repayments on credit and loan agreements	(7,163)	—
Distributions to non-controlling interests	(126)	—
Other, net	(93)	(838)
Net cash provided by financing activities	2,882	21,907
Net decrease in cash, cash equivalents and restricted cash	(5,250)	(16,715)
Cash, cash equivalents and restricted cash, beginning of period	21,859	35,795
Cash, cash equivalents and restricted cash, end of period	$ 16,609	$ 19,080
Reconciliation of cash, cash equivalents and restricted cash to the Condensed Consolidated Balance Sheets		
Cash and cash equivalents	$ 14,959	$ 16,302
Restricted cash	1,650	2,778
Total cash, cash equivalents and restricted cash	$ 16,609	$ 19,080

See accompanying notes to the unaudited condensed consolidated financial statements.

Three Months Ended April 3, 2026 compared to the Three Months Ended April 4, 2025

The following table sets forth selected financial data for the three months ended April 3, 2026 compared to the three months ended April 4, 2025:

	Three Months Ended				% of Revenue	
(In thousands, except percentage data)	**April 3, 2026**	**April 4, 2025**	**$ Change**	**% Change**	**April 3, 2026**	**April 4, 2025**
Revenue	$ 88,033	$ 122,110	$ (34,077)	(28)%	100%	100%
Cost of revenue	77,135	117,414	(40,279)	(34)	88	96
Gross margin	10,898	4,696	6,202	132	12	4
Selling, general and administrative expenses	14,253	14,368	(115)	(1)	16	12
Total operating expenses	14,253	14,368	(115)	(1)	16	12
Equity in earnings of unconsolidated joint ventures	1,061	726	335	46	1	1
(Loss) gain on sale of assets, net	(22)	66	(88)	(133)	—	—
Loss from operations	(2,316)	(8,880)	6,564	(74)	(4)	(7)
Interest expense	2,176	1,000	1,176	118	2	1
Other income, net	(66)	(110)	44	(40)	—	—
Net loss before income tax	(4,426)	(9,770)	5,344	(55)	(6)	(8)
Income tax expense	—	—	—	—	—	—
Net loss	$ (4,426)	$ (9,770)	$ 5,344	(55)%	(6)%	(8)%

Revenue and gross margin

The following table sets forth selected revenue and gross margin data for the three months ended April 3, 2026 compared to the three months ended April 4, 2025:

	Three Months Ended			
(In thousands, except percentage data)	**April 3, 2026**	**April 4, 2025**	**$ Change**	**% Change**
Shimmick Projects				
Revenue	$ 87,793	$ 93,154	$ (5,361)	(6)%
Gross Margin	$ 9,955	$ 5,267	$ 4,688	89%
Gross Margin (%)	11%	6%		
Non-Core Projects				
Revenue	$ 240	$ 28,956	$ (28,716)	(99)%
Gross Margin	$ 943	$ (571)	$ 1,514	(265)%
Gross Margin (%)	393%	(2)%		
Consolidated Total				
Revenue	$ 88,033	$ 122,110	$ (34,077)	(28)%
Gross Margin	$ 10,898	$ 4,696	$ 6,202	132%
Gross Margin (%)	12%	4%		

Shimmick Projects

Projects started after the AECOM Sale Transaction ("Shimmick Projects") have focused on critical infrastructure aligned with our strategy, including water, climate resilience, energy transition and sustainable transportation. Revenue recognized on Shimmick Projects was $88 million and $93 million for the three months ended April 3, 2026 and April 4, 2025, respectively. The $5 million decrease in revenue was primarily the result of $21 million of decreases in revenue from lower activity on existing projects and projects winding down as well as $13 million of revenue from a fire clean-up project which was included in revenue for the three months ended April 4, 2025 but was completed during the second quarter of fiscal year 2025 and did not reoccur for the three months ended April 3, 2026, partially offset by $29 million of revenue from new higher margin projects ramping up.

Gross margin recognized on Shimmick Projects was $10 million and $5 million for the three months ended April 3, 2026 and April 4, 2025, respectively. The $5 million increase in the gross margin was primarily the result of new higher margin projects ramping up.

Non-Core Projects

As part of the AECOM Sale Transaction, we acquired projects and backlog that were started under prior ownership (formerly referred to as "Legacy and Foundations Projects").

Non-Core Projects revenue was $200 thousand and $29 million for the three months ended April 3, 2026 and April 4, 2025, respectively. The $29 million decrease was primarily the result of the notice of termination associated with the Chickamauga Lock Replacement Project as well as a $10 million decrease from the Company working to wind down these Non-Core projects. See Note 12 - Subsequent Events for additional details.

See reconciliations below:

(In thousands)	Three Months Ended April 3, 2026	Three Months Ended April 4, 2025
Net loss attributable to Shimmick Corporation	$ (4,552)	$ (9,770)
Transformation costs [1]	41	715
Stock-based compensation	705	1,790
Legal fees and other costs for Non-Core Projects [2]	1,364	(340)
Other [3]	51	191
Adjusted net loss	$ (2,391)	$ (7,414)

(In thousands)	Three Months Ended April 3, 2026	Three Months Ended April 4, 2025
Net loss attributable to Shimmick Corporation	$ (4,552)	$ (9,770)
Interest expense	2,176	1,000
Income tax expense	—	—
Depreciation and amortization	2,856	3,460
Transformation costs[1]	41	715
Stock-based compensation	705	1,790
Legal fees and other costs for Non-Core Projects[2]	1,364	(340)
Other[3]	51	191
Adjusted EBITDA	$ 2,641	$ (2,954)

(1) Consists of transformation-related costs we have incurred including advisory costs in connection with settling outstanding claims in connection with exiting certain Non-Core Projects as part of the Company's growth strategy to address and capitalize on the nation's growing need for water and other critical infrastructure.
(2) Consists of legal fees and other costs incurred in connection with claims relating to Non-Core Projects.
(3) Consists of transaction-related costs and changes in fair value of contingent consideration remaining after the impact of transactions with our prior owner.

Liquidity and Capital Resources

Capital Requirements and Sources of Liquidity

Our capital expenditures were approximately $1 million for each of the three months ended April 3, 2026 and April 4, 2025. Historically, we have had significant cash requirements in order to organically expand our business to undertake new projects. Our cash requirements include costs related to increased expenditures for equipment, facilities and information systems, purchase of materials and production of materials and cash to fund our organic expansion into new markets, including through joint ventures. Our working capital needs are driven by the seasonality and growth of our business, with our cash requirements greater in periods of growth. Additional cash requirements resulting from our growth include the costs of additional personnel, enhancing our information systems, our compliance with laws and rules applicable to being a public company and, in the future, our integration of any acquisitions. Unrestricted cash and cash equivalents at April 3, 2026 totaled $15 million and availability under the Credit Agreement and ACF Credit Agreement totaled $13 million and $6 million, respectively, resulting in total liquidity of $34 million.

We have historically relied upon cash available through operating activities, in addition to credit facilities and existing cash balances, to finance our working capital requirements and to support our growth.

However, we regularly monitor other potential capital sources, including equity and debt financing, in an effort to meet our planned expenditures and liquidity requirements. Our future success will be highly dependent on our ability to access outside sources of capital.

As is customary in our business, we are required to provide surety bonds to secure our performance under our contracts. Our ability to obtain surety bonds primarily depends upon our capitalization, working capital, past performance, management expertise and reputation and certain external factors, including the overall capacity of the surety market. Surety companies consider such factors in relationship to the amount of our backlog and their underwriting standards, which may change from time to time. We have pledged proceeds and other rights under our contracts to our bond surety company. Events that affect the insurance and bonding markets may result in bonding becoming more difficult to obtain in the future, or being available only at a significantly greater cost.

We believe that our operating, investing and financing cash flows are sufficient to fund our operations for at least the next twelve months and thereafter for the foreseeable future. However, future cash flows are subject to a number of variables, and significant additional expenditures will be required to conduct our operations. There can be no assurance that operations and other capital resources will provide cash in sufficient amounts to maintain planned or future levels of expenditures. In the event we make one or more acquisitions and the amount of capital required is greater than the amount we have available for acquisitions at that time, we could be required to reduce the expected level of expenditures and/or seek additional capital. If we seek additional capital, we may do so through joint ventures, asset sales and sale-leaseback transactions, offerings of debt or equity securities or other means. We cannot guarantee that this additional capital will be available on acceptable terms or at all. If we are unable to obtain the funds we need, we may not be able to complete acquisitions that may be favorable to us or finance the expenditures necessary to conduct our operations.

Total debt outstanding on the condensed consolidated balance sheets is comprised of the following:

(In thousands)	April 3, 2026	January 2, 2026
Credit Agreement	$ 51,279	$ 46,424
ACF Credit Agreement	9,458	8,194
Ansley Loan Agreement	10,808	12,971
Unamortized debt issuance costs	(2,867)	(3,130)
Total debt, net	68,678	64,459
Less: Current portion of long-term debt, net	2,706	4,143
Long-term debt, less current portion, net	$ 65,972	$ 60,316

Credit Agreement

On May 20, 2024, the Company, as guarantor, and its wholly-owned subsidiaries as borrowers ("Borrowers"), Alter Domus (US) LLC, as agent, and AECOM and Berkshire Hathaway Specialty Insurance Company ("BHSI") as lenders, entered into a revolving credit facility (the "Credit Agreement"), which was most recently amended on May 8, 2026 to, among other things, waive the specified noncompliance of the Material Project Documents covenant regarding entering into non-bonded contracts. As amended, the Credit Agreement provides borrowing capacity up to $60 million. The obligations under the Credit Agreement bear interest at a per annum rate equal to One Month Term SOFR (as defined in the Credit Agreement), subject to a 1.00% floor, plus 3.50%. Interest on any outstanding amounts drawn under the Credit Agreement will be payable, in kind or in cash at our election, on the last day of each month and upon prepayment. Payment-in-kind interest accrued and capitalized shall not constitute loan outstanding amounts for the purposes of calculating loan availability.

The Credit Agreement matures on May 20, 2029 (the "Maturity Date"), and the Borrowers may borrow, repay and reborrow amounts under the Credit Agreement until the Maturity Date.

Obligations of the Borrowers under the Credit Agreement are guaranteed by the Company and secured by a lien on substantially all assets of the Company and the Borrowers.

The Credit Agreement contains customary affirmative and negative covenants for a transaction of this type, including covenants that limit liens, asset sales and investments, in each case subject to negotiated exceptions and baskets. In addition, the Credit Agreement contains a maximum leverage ratio covenant as tested quarterly commencing with the close of the second quarter of 2027. The Credit Agreement also contains representations and warranties and event of default provisions customary for a transaction of this type. The Company is not aware of any instances of noncompliance with non-financial or financial covenants as of April 3, 2026.

ACF Credit Agreement

On March 12, 2025, we entered into a credit agreement ("ACF Credit Agreement") with ACF FINCO I LP, which provides a total commitment of $15 million and bears interest at an annual rate of adjusted term SOFR (as defined in the ACF Credit Agreement), subject to a 2.0% floor, plus 4.50%. Further, the ACF Credit Agreement is subject to an annual unused line fee of 0.50%. The ACF Credit Agreement includes certain financial operating covenants, including a minimum liquidity requirement of $5 million. The ACF Credit Agreement matures on the earlier of March 12, 2028 or 90 days prior to the maturity date of the Credit Agreement. As of April 3, 2026, we are not aware of any instances of noncompliance with non-financial or financial covenants.

Ansley Loan Agreement

On March 31, 2025, we entered into a loan and security agreement (the "Ansley Loan Agreement") with Ansley Park Capital LLC which provides for a borrowing capacity of $15.0 million as evidenced by two promissory notes (each, a "Promissory Note," and together, the "Promissory Notes").

Each Promissory Note has a maturity date of April 1, 2031, and accrues interest at a rate of 12.50% per annum. Pursuant to the terms of the Ansley Loan Agreement, we granted a security interest in (a) certain items of equipment described therein, (b) all leases, rental contracts, chattel paper, accounts, security deposits and general intangibles relating thereto and (c) and any and all proceeds thereof as collateral for the payments under the Ansley Loan Agreement. The Ansley Loan Agreement contains customary affirmative and negative covenants for a transaction of this type. In connection with the Ansley Loan Agreement, we entered into a separate guaranty agreement (each, a "Guaranty Agreement," and together, the "Guaranty Agreements") in favor of the Ansley Park Capital LLC unconditionally guaranteeing our liabilities and the liabilities of one of our wholly-owned subsidiaries under the Ansley Loan Agreement. As of April 3, 2026, we are not aware of any instances of noncompliance with non-financial or financial covenants.

During the three months ended April 3, 2026, the Company paid $1 million in cash interest, and accrued $5 million in the aggregate in non-cash payment-in-kind interest as of April 3, 2026.

ATM Agreement

On September 8, 2025, the Company entered into an At The Market Offering Agreement (the "Sales Agreement") with Roth Capital Partners, LLC (the "Sales Agent"). Under the Sales Agreement, the Sales Agent may, at the Company's discretion, sell up to $7.8 million of shares of the Company's common stock, in "at the market offerings" as defined in Rule 415 under the Securities Act of 1933, as amended. The shares will be sold pursuant to the Company's Registration Statement on Form S-3 (File No. 333-288513), declared effective by the SEC on July 10, 2025, and the related prospectus supplement (the "Prospectus Supplement") dated September 8, 2025 filed with the SEC in connection with the offer and sale of the shares.

The Company is not obligated to make any sales of shares under the Sales Agreement, and no assurance can be given that the Company will sell any shares under the Sales Agreement, or, if the Company does, as to the price or amount of shares that the Company will sell, or the dates on which any such sales will take place. The Company or the Sales Agent, under certain circumstances and upon notice to the other, may suspend the offering of the shares under the Sales Agreement. The offering of the Shares pursuant to the Sales Agreement will terminate upon the sale of shares in an aggregate offering amount equal to $7.8 million, or sooner if either the Company or the Sales Agent terminates the Sales Agreement. The Company will pay the Sales Agent a cash commission in an amount up to 3% of the gross proceeds from each sale of Shares sold pursuant to the Sales Agreement and will reimburse the Sales Agent for the documented fees and costs of its legal counsel reasonably incurred in connection with entering into the transactions contemplated by the Sales Agreement in an amount not to exceed $50,000 in the aggregate.

The Company made certain customary representations, warranties and covenants in the Sales Agreement concerning the Company and its subsidiaries and the Registration Statement, Prospectus, Prospectus Supplement and other documents and filings relating to the offering of the shares. In addition, the Company has agreed to indemnify the Sales Agent against certain liabilities, including liabilities under the Securities Act. The shares to be sold under the Sales Agreement, if any, will be issued and sold pursuant to the Company's Registration Statement, and its Prospectus Supplement related thereto.

Cash Flows Analysis

The following table sets forth our cash flows for the periods indicated:

	Three Months Ended	
(In thousands)	**April 3, 2026**	**April 4, 2025**
Net cash used in operating activities	$ (7,533)	$ (38,184)
Net cash used in investing activities	(599)	(438)
Net cash provided by financing activities	2,882	21,907
Net decrease in cash, cash equivalents and restricted cash	(5,250)	(16,715)
Cash, cash equivalents and restricted cash, beginning of period	21,859	35,795
Cash, cash equivalents and restricted cash, end of period	$ 16,609	$ 19,080

Operating Activities

During the three months ended April 3, 2026, net cash used in operating activities was $8 million, compared to net cash used in operating activities of $38 million for the three months ended April 4, 2025. Cash flows used in operating activities were driven by net loss, adjusted for various non-cash items and changes in contract liabilities, contract assets, accounts payable and accrued expenses balances, accounts receivable and other assets and liabilities as discussed below.

Shimmick Corporation Announces Closing of Underwritten Public Offering of Common Stock

May 26, 2026

PDF Version

IRVINE, Calif., May 26, 2026 (GLOBE NEWSWIRE) -- Shimmick Corporation (NASDAQ: SHIM), a leading infrastructure solutions provider specializing in water, electrical, and other critical infrastructure construction services, today announced the successful closing of its previously announced underwritten public offering of 3,730,000 shares of its common stock at a public offering price of $3.50 per share.

In connection with the offering, the underwriter fully exercised its 30-day option to purchase an additional 559,500 shares of common stock to cover overallotments.

As a result, Shimmick sold an aggregate of 4,289,500 shares in the offering and received net proceeds of approximately $14.0 million, after deducting underwriting discounts and estimated offering expenses.

Roth Capital Partners acted as sole manager for the offering.

Shimmick intends to use the net proceeds from the offering for working capital and general corporate purposes.

The shares of common stock were offered by Shimmick pursuant to a “shelf” registration statement on Form S-3 (File No. 333-288513) previously filed with the Securities and Exchange Commission (the “SEC”) and declared effective on July 10, 2025. The offering was made only by means of a prospectus supplement and accompanying prospectus filed with the SEC on May 22, 2026. Copies of the prospectus supplement and accompanying prospectus may be obtained from the SEC’s website at www.sec.gov or from Roth Capital Partners, LLC, 888 San Clemente Drive, Suite 400, Newport Beach, CA 92660, telephone: (800) 678-9147.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy any securities described herein, nor shall there be any sale of these securities in any state or jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

About Shimmick Corporation

Shimmick Corporation ("Shimmick", the "Company") (NASDAQ: SHIM) is an industry leader in delivering turnkey infrastructure solutions that strengthen critical markets across water, energy, climate resiliency, and sustainable transportation. With a track record that spans over a century, Shimmick, headquartered in California, unites deep engineering heritage with entrepreneurial spirit to tackle today's most complex infrastructure challenges. We integrate technical excellence with collaborative project delivery methods to provide innovative, technology-driven infrastructure solutions that accelerate economic growth and empower communities nationwide. For more information, visit www.shimmick.com.

Forward-Looking Statements

This release contains forward-looking statements within the meaning of U.S. federal securities laws. These forward-looking statements are often characterized by the use of words such as “may,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “targets,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of these terms or other similar words. Forward-looking statements are only predictions based on our current expectations and our projections about future events, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances, including, but not limited to, unanticipated events, after the date on which such statement is made, unless otherwise required by law. Forward-looking statements contained in this release include, but are not limited to, statements about our public offering, including the proposed use of proceeds of the public offering. These statements involve risks and uncertainties, and actual results may differ materially from any future results expressed or implied by the forward-looking statements.

We wish to caution readers that, although we believe any forward-looking statements are based on reasonable assumptions, certain important factors may have affected and could in the future affect our actual financial results and could cause our actual financial results for subsequent periods to differ materially from those expressed in any

forward-looking statement made by or on our behalf, including, but not limited to, the following: our ability to accurately estimate risks, requirements or costs when we bid on or negotiate a contract; the impact of our fixed-price contracts; qualifying as an eligible bidder for contracts; the availability of qualified personnel, joint venture partners and subcontractors; inability to attract and retain qualified managers and skilled employees and the impact of loss of key management; higher costs to lease, acquire and maintain equipment necessary for our operations or a decline in the market value of owned equipment; subcontractors failing to satisfy their obligations to us or other parties or any inability to maintain subcontractor relationships; marketplace competition; our inability to obtain bonding; our limited operating history as an independent company following our separation from AECOM, our prior owner our relationship and transactions with our prior owner; our prior owner defaulting on its contractual obligations to us or under agreements in which we are beneficiary; our limited number of customers; any inability to successfully expand our business into new markets or geographies; dependence on subcontractors and suppliers of materials; any inability to secure sufficient aggregates; an inability to complete a merger or acquisition or to integrate an acquired company's business; adjustments in our contract backlog; accounting for our revenue and costs involves significant estimates, as does our use of the input method of revenue recognition based on costs incurred relative to total expected costs; material impairments; any failure to comply with covenants under any current indebtedness, and future indebtedness we may incur; the adequacy of sources of liquidity; the outcome of any legal or regulatory proceedings to which we are, or may become, a party, including our appeal of the USACE's notice of termination related to the Chickamauga Lock project; the effectiveness of our disclosure controls and procedures; cybersecurity attacks against, disruptions, failures or security breaches of, our information technology systems; seasonality of our business; commodity products price fluctuations, inflation (and actions taken by monetary authorities in response to inflation) and/or elevated interest rates; climate change; deterioration of the U.S. economy; changes in state and federal laws, regulations or policies under the current presidential administration, including changes in trade policies and regulations, including increases or changes in duties, current and potentially new tariffs or quotas and other similar measures, as well as the impact of retaliatory tariffs and other actions, changes to tax legislation, including the passage of the One Big Beautiful Bill Act, potential changes to the amounts provided for under the Infrastructure Investment and Jobs Act, changes to immigration laws, as well as other legislation and executive orders or decreases or delays in or uncertainties related to governmental spending, and geopolitical risks, including those related to the war between Russia and Ukraine and the conflict and potential regime change in Iran, as well as other hostilities in the Middle East, and related disruptions to global energy markets; and other risks detailed in our filings with the Securities and Exchange Commission, including the "Risk Factors" section in our Annual Report on Form 10-K for the fiscal year ended January 2, 2026 and those described from time to time in our future reports with the SEC.

Investor Relations: IR@shimmick.com 1-949-704-2350

Media Contact: Lee Ann Ballew LeeAnn.Ballew@shimmick.com

Bid Opening: Friday, February 6, 2026
2:00 P.M.

Summary of Bids

VISTA GRANDE DRAINAGE BASIN IMPROVEMENTS PROJECT

Name:	Total Sum of Bid:
Barnard Construction Corporation, Inc.	$304,708,369.00
Flatiron Dragados-Bessac	$234,301,364.42
Shimmick Construction Company, Inc.	$179,850,000.00

GORDON N. BALL, INC.
Bid Results

2026 Bid Number	**3**	
Bid Date	**1/20/2026**	
Estimate Number	**25G060**	
Description	**Napa Flood Protection Project**	
Contract No	**FC26-01**	
Owner	**County of Napa**	
Estimator	**HS/KJ**	

	Contractor	Bid	% Diff	% off Low
1	Shimmick	$32,812,575		
2	Goodfellows	$38,063,017	16.00%	16.00%
3	Ghilotti Construction	$41,515,116	9.1%	26.5%
4	**GNB**	**$43,573,155**	**5.0%**	**32.8%**
5	Odin	$44,099,564	1.2%	34.4%
6	A&B Construction	$44,737,682	1.4%	36.3%
7	Stacy & Witbeck/Ghilotti Bros JV	$49,860,860	11.5%	52.0%
8				
9				
10				
11				
12				

Engineers Estimate	$34,671,000	
Average Bid	$42,094,567	28.3%
% GNB difference of Average Bid		3.51%

GNB SUBCONTRACTOR LISTING

Listed Firm	Work Type
Evergreen	Tree Removal
Evergreen	Demolition (Partial)
Pacific Steel Group	Rebar
Pro Fence	Fence
Pro Fence	Metal Railing
R & R Maher	Minor Concrete

Rangeline

In-Line Stop

July 2, 2026

Amandeep Saini, P.E.
Construction Manager
Construction Contracts and Support Unit
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, California 95118

Re: Response to Bid Protest by Gordon N. Ball, Inc., dated June 29, 2026
Coyote Creek Flood Protection Project
Project No. 26174043 – Contract No. C0724

Dear Amandeep Saini P.E. ,

Shimmick Construction Company is in receipt of Valley Water's letter of July 1, 2026, enclosing the June 29, 2026, protest of Gordon N Ball, Inc (Protester) to the lowest responsive bid submitted by Shimmick to perform the Santa Clara Valley Water District's Coyote Creek Flood Protection Project.

Shimmick appreciates the vital importance of the Coyote Creek project to Valley Water and its ratepayers in reducing the risk of flooding for homes, schools and businesses in the area. As already demonstrated through the District's robust pre-qualification process for the Coyote Creek project, Shimmick is not only a pre-qualified Responsible Bidder but also an industry leader, experienced in heavy construction and climate resilience projects including flood control, dam rehabilitation, and coastal protection.

Responsibility:

As to Protester's first claim that Shimmick is somehow not "responsible", Protester's desperate claims seem to have been created by feeding Shimmick's 470-page completed "Pre-Qualification Application for General Contractors Seeking to Bid on Coyote Creek Flood Protection Project" and related documents seemingly through an AI program which spit-out, replete with hyperbole, outlandish claims of Shimmick's demise. [1]

As an initial matter, Valley Water has broad discretion and exercised its judgment in finding Shimmick responsible in that it met all of Valley Water's requirements for Prequalification. Valley Water has undertaken a rigorous pre-qualification process for all the bidders,

[1] Some of these comments which might even be considered actionable if it weren't for the forum.

including Shimmick. Shimmick is qualified. Shimmick is Responsible. That should be the end of the issue. Protester, as a disappointed bidder, is now fabricating a story to impugn Shimmick's longstanding strength and reputation.

The sole basis of Protester's argument relating to responsibility is Shimmick's financial strength which Protester attacks. Protester's own supporting documents, Shimmick's public filings, the same documents that Protester relies on, tell the opposite story: a company with narrower losses, greater backlog and revenue that can more than successfully undertake the Project.

In addition, to Valley Water's own pre-qualification process, it has other independent third-party professionals who have also closely analyzed and assessed Shimmick's financial strength and capabilities. For example, Shimmick will be providing Valley Water with a payment performance bond as required by Section 22 of the Instructions to Bidders. That bond provided by Berkshire Hathaway Specialty Insurance Company, an A++ (Superior)-rated surety.[2] As Valley Water is aware, sureties perform full and comprehensive underwriting process. Surety is an expert at assessing a contractor's skill and risk. In addition, the surety requires that their contractor Principal furnish significant security to the Surety before agreeing to issue any bonds. Valley Water has the additional benefit of a top Surety's assessment of Shimmick.

In addition, Shimmick is also a publicly traded company, and subject to rigorous public filing requirements enforced by the Securities Exchange Commission. As part of those regulatory requirements, Shimmick's financial statements are audited by Deloitte & Touche LLP, a Big Four accounting firm and independent auditor. Deloitte issued an unqualified opinion on Shimmick's fiscal 2025 financial statements and did not identify any substantial doubt about the company's ability to continue as a going concern. Likewise, Shimmick's first-quarter 2026 Form 10-Q raised no going-concern concerns. Under applicable auditing standards, auditors must disclose substantial doubt about a company's ability to continue operating for the following year if such doubt exists. Deloitte found none. That independent professional judgment directly contradicts Protester's unsupported claims that Shimmick is "on the verge of bankruptcy". Valley Water also has the added assurance of an

[2] Shimmick is not going to engage in the slinging of Protester but would merely point-out that the Coyote Creek project would seem to be a stretch for a company like Protester's where most of its projects are much smaller and the Coyote Creek's contract value alone would amount to nearly its entire annual revenue. In addition, Protester's surety is not as strong/rated as Shimmick's

independent auditor, which is a better measure, than the self-serving assertions of a disappointed bidder[3].

As to Shimmick's performance on the Chickamauga project in Tennessee performed for the US Army Corps of Engineers, Shimmick does not agree with the government's decision to terminate its contract and that decision is disputed and not final. Shimmick has filed an appeal where it fully expects to prevail. As to the federal government, Shimmick is currently engaged in two major flood control projects for the US Army Corps of Engineers including the Folsom Dam in Northern California and Lewisville Dam Safety Modification – Spillway project in Texas. Both projects with excellent performance reviews from the U.S. Army Corps of Engineers. The most recent interim CPARS for the Folsom Dam project rated Folsom Dam Constructors, "Satisfactory" in every evaluated category and recommended the contractor for similar future work. Shimmick's most recent interim CPARS for the Lewisville Dam Safety Modification – Spillway project rated Shimmick "Very Good" in "Quality", "Small Business Subcontracting", and "Safety", and "Satisfactory" in "Schedule, Management", and "Regulatory Compliance". The assessing official likewise recommended Shimmick for similar future projects.

Valley Water has broad discretion in making determinations regarding contractor responsibility. *M & B Construction v. Yuba County Water Agency* (1999) 68 Cal.App.4th 1353, 1361, footnote 3, "contracting entities are vested with great discretion in determining whether a bidder is responsible." Valley Water has conducted a full Pre-Qualification process and through that process determined that Shimmick is Resposible. End of inquiry.

Given the gravity of an allegation regarding a finding of non-responsibility, the law provides Shimmick with a right to due process, to put on evidence, and be represented by counsel through a hearing process. Should Valley Water even remotely considering Protester's baseless contentions, Shimmick will request the opportunity for a full response as provided under the law[4].

Non-Responsiveness

[3] Valley Water also has the Public Contract Code's retention process as further security

[4] City *of Inglewood-LA County Civic Center Auth. v Superior Court* (1972) 7 Cal 3 861, *Boydston v. Napa Sanitation Dist.* (1990) 222 Cal.App.3d 1362, 1369, public agency must afford a bidder the opportunity to rebut and present evidence before it can be disqualified as not responsible. In the event SCVWD were to find Shimmick's Bid "Unresponsive", it will avail itself to its legal remedies.

Protester's second claim in its Protest, is that Shimmick's bid is "non-responsive" because Protester erroneously claims that Shimmick "front loaded" the Mobilization Bid Item. Shimmick agrees that an "unbalanced" bid as defined by Protester where there are "nominal prices for some work and inflated prices for other work" could form the basis for a finding of "non-responsiveness". However, none of those facts are present here.

All the authorities that the Protester cites are situations where the Government' payment to the contractor exceeded the value of the work being performed and the contractor's pricing was either, 1) distorted from the actual cost allocation or 2) that a bidder received funding unrelated to the project performance- basically that the government did not receive any corresponding benefit for the payment.[5] In the current instance, neither is the situation. Mobilization includes, among other things, procurement/mobilization of materials and supplies.

Shimmick included the supplies raw material cost needs of the passive flood barrier as an element of Mobilization. Valley Water's payment of the Mobilization Item will be utilized for the Project. Valley Water's response to Question 25 provided in Addendum #6 to the Contract Documents specifically addressed the Schedule of Values and Mobilization bid item. The question was whether there was a "cap" as to the amount a Bidder could place in the Mobilization bid item. Valley Water responded, "there is no maximum percentage cap". Evidently at least 1 other bidder (Granite Construction) included a significant amount for Mobilization, perhaps as part the key supplier's mobilization.

There is no basis for Protesters position that there was a "front loading claim". Shimmick's mobilization item is directly tied to Project work, it is in no way a "vehicle", or whatever other nefarious motive that Protesters may be trying to ascribe to it.

Bid Error

Protester's third protest ground incorrectly assumes that Shimmick designated both C&N Reinforcing, Inc. ("C&N") and Oliveira Fence, Inc. ("Oliveira") to perform rebar work. The bid documents, read as a whole, establish otherwise. Shimmick designated C&N for rebar work and Oliveira for fencing work.

[5] As an aside, virtually every authority relied upon by Protester is either a GAO bid protest or federal procurement case. The two California cases cited by Protester npc (*Baldwin Lima* and the 1896 case of *Ertel* are "hallucinations" and have absolutely nothing to do with unbalanced bids)

The Instructions to Bidders define the "Bid" as the completed Proposal and all associated Bid Forms. Shimmick's bid must therefore be evaluated in its entirety, rather than by isolating a single inconsistent description from the remainder of the submission.

Shimmick's signed Bid Form No. 4 expressly identifies:

- C&N for "Rebar" in the amount of $3,933,391; and
- Oliveira for "Fencing" in the amount of $1,289,452.

Bid Form No. 4 also identifies the applicable fencing bid items assigned to Oliveira. The subcontractor names and dollar amounts correspond exactly to the information entered elsewhere in Shimmick's bid. The sole inconsistency is that "Rebar" was inadvertently repeated in the electronic description associated with Oliveira.

That isolated clerical entry does not create a genuine ambiguity concerning the intended allocation of work. C&N Reinforcing was identified for the rebar scope, while Oliveira Fence was identified for the fencing scope. The signed bid materials make that distinction clear.

Valley Water too recognized the apparent clerical error even before Shimmick received Protester's protest and sought confirmation. When Valley Water requested confirmation, Shimmick explained that Oliveira's scope was fencing and that the rebar description had been entered in error. Valley Water responded: "We thought so but needed to see it in writing." That contemporaneous exchange confirms that Shimmick was not attempting to revise or reallocate work after bid opening but was confirming the scope already disclosed in Bid Form No. 4.

Shimmick Did Not List Two Subcontractors for the Same Portion of Work

Public Contract Code section 4104(b) requires the prime contractor to identify the portion of work to be performed by each listed subcontractor and to list only one subcontractor for each defined portion of work. Shimmick complied with that requirement.

The complete bid identifies C&N as the rebar subcontractor and Oliveira as the fencing subcontractor. Shimmick is not selecting between the two firms for the rebar scope, changing either subcontract amount, reallocating work after bid opening, or substituting one firm for another.

Accordingly, the clerical description error created no opportunity for bid shopping, bid peddling, or post-bid manipulation. The subcontractor identities, amounts, and intended scopes were disclosed in the bid itself.

Protester's reliance on *R.J. Land & Associates Construction Co. v. Kiewit-Shea* is misplaced. That case involved subcontractors designated for the same portion of work. Here, the bid materials identify separate scopes for C&N and Oliveira. Protester's argument depends on disregarding the signed Bid Form that expressly states those scopes.

Oliveira Is Properly Licensed for the Work Assigned to It

Protester's licensing argument relies on the same mistaken assumption that Oliveira was designated to perform rebar work. It was not.

Oliveira was identified for fencing work and holds a C-13 Fencing Contractor license appropriate for that scope. C&N—not Oliveira—was identified for the rebar work. Oliveira's lack of an A or C-50 classification is therefore immaterial because Shimmick has not assigned Oliveira any reinforcing-steel work.

Protester's suggestion that Shimmick may now replace Oliveira with an unidentified rebar subcontractor is similarly unfounded. Oliveira was never intended to perform the rebar scope, and Shimmick is not seeking to replace or substitute either listed subcontractor.

The Isolated Description Error Is, at Most, a Minor Waivable Irregularity

Section 21(A) of the Instructions to Bidders expressly reserves to Valley Water the right to waive minor defects or irregularities in submitted Bid Forms.

The erroneous descriptor did not affect Shimmick's total bid price, the identity of either subcontractor, either subcontract amount, the actual allocation of work, or the comparison of competing bids. It also did not provide Shimmick with any competitive advantage.

Shimmick is not seeking to change its bid, withdraw its bid, revise any price, replace a subcontractor, or alter the allocation of work. Shimmick is simply confirming what its signed Bid Form already establishes: C&N was designated for rebar and Oliveira was designated for fencing.

Protester's protest elevates an isolated clerical inconsistency over the substance of Shimmick's complete bid. Because the bid itself clearly identifies the intended subcontractors and their respective scopes, the error does not render Shimmick's bid materially nonresponsive. At most, it is a minor irregularity that Valley Water is expressly authorized to waive.

Protester's third protest ground should therefore be denied.

California's competitive bidding laws were enacted for the benefit of property owners and taxpayers, not to enrich disappointed bidders and they must be strictly construed to accomplish that purpose. Shimmick is the lowest Responsible and Responsive Bidder.

Protester's Bid Protest should be rejected by Valley Water. Shimmick looks forward to successfully delivering this important Project to the Santa Clara Valley Water District.

Should the District have any questions or require additional information, please do not hesitate to contact me.

Sincerely,

SHIMMICK CONSTRUCTION COMPANY, INC.

By: _____

Trace Porter
Vice President, Northwest Division

cc. John Carpenter esq

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July 9, 2026

David Mitchell
Vice President
Gordon N. Ball, Inc.
1777 Oakland Blvd., Suite 300
Walnut Creek, CA 94596

Subject: Bid Protest by Gordon N. Ball, Inc., dated June 29, 2026
Final Decision by Designated Engineer
Coyote Creek Flood Protection Project
Project No. 26174043, Contract No. C0724

Dear Mr. Mitchell,

This correspondence provides the final decision of the Designated Engineer of the Santa Clara Valley Water District (Valley Water) regarding the bid protest, dated June 29, 2026, timely submitted by Gordon N. Ball, Inc. (GNB) to the apparent lowest bid submitted by Shimmick Construction Company, Inc. (Shimmick) for the Coyote Creek Flood Protection Project (Project), Contract No. C0724.

Valley Water provided a copy of GNB's bid protest to Shimmick, via email, by letter dated July 1, 2026, requesting a written response. Shimmick has provided the attached July 2, 2026, written response to the bid protest, which Valley Water considered as part of its independent review.

Valley Water has reviewed GNB's bid protest concerning the bid submitted by Shimmick. After review of the protest, the Bid Documents, the prequalification record, the procurement requirements applicable to this Project, and Shimmick's response, Valley Water denies the protest, as explained below.

1. GNB's Contention that Shimmick is Not a Responsible Bidder

Valley Water completed the formal prequalification process before bidding. The evaluation concluded in November 2025, and the final list of prequalified contractors was posted in December 2025. During that process, Valley Water evaluated financial capacity, organizational performance, comparable project experience, and other responsibility criteria. Shimmick was determined to be prequalified. Valley Water also considered the information raised in the protest and Shimmick's response, including information on financial capacity, bonding, and prior project performance. Based on this record, Valley Water does not find that GNB's protest establishes that Shimmick is presently nonresponsible or incapable of performing the Work.

In addition, Shimmick is required to submit valid Payment and Performance Bonds prior to contract execution in accordance with the Instructions to Bidders.

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2. GNB's Contention that Shimmick's Bid is Materially Unbalanced

Valley Water independently reviewed Shimmick's bid pricing, including the Mobilization item, which represents approximately 20% of Shimmick's total bid. Section 15 of the Instructions to Bidders provides that proposals which, in Valley Water's opinion, are unbalanced may be rejected, thereby reserving discretion to Valley Water. After reviewing Shimmick's response to the protest and the bid as a whole, Valley Water determines that the pricing does not render Shimmick's bid materially imbalanced requiring rejection. Shimmick's inclusion of a higher dollar amount in Mobilization than other bidders does not provide Shimmick with an unfair competitive advantage because Shimmick is still bound by its bid price. In addition, progress payments for Mobilization bid item will be made in accordance with Article 21.01.02 of the Special Provisions.

3. GNB's Contention that Shimmick Improperly Listed Subcontractors

GNB's protest contends that Shimmick listed both C&N Reinforcing Inc. (C&N Reinforcing) and Oliveira Fence, Inc. (Oliveira Fence) for the same rebar work and that Oliveira Fence lacks the license classification required to perform rebar. Valley Water has reviewed Shimmick's bid, including the subcontractor listing and other bid materials Shimmick submitted contemporaneously with the bid. Taken together, the bid materials identify Oliveira Fence as the fencing subcontractor. Valley Water further determines that C&N Reinforcing is the subcontractor listed for the rebar scope. Therefore, Shimmick's bid does not list two subcontractors for the same rebar scope, nor change the identity of the rebar subcontractor, the bid price, or any material obligation under the Bid Documents. Moreover, Shimmick's bid does not list Oliveira Fence to perform work outside its fencing classification.

The erroneous reference to "rebar" next to Oliveira Fence's name does not override all of the other information contained in Shimmick's bid submission. Accordingly, Valley Water determines that the single inclusion of "rebar" next to Oliveira Fence's name constitutes at most a minor irregularity that Valley Water can waive because it does not affect bid responsiveness, provide Shimmick with a competitive advantage, or impair the integrity of the competitive bidding process.

4. GNB's Contention that Shimmick's Claimed Deficiencies Cannot Be Cured

Because Valley Water has determined that none of the bid protest issues constitute material defects rendering Shimmick's bid nonresponsive or Shimmick nonresponsible, Valley Water disagrees that Shimmick's bid must be rejected. Public bidding requirements "…must be viewed in light of the public interest rather than the private interest of a disappointed bidder." Bay Cities Paving & Grading, Inc. v. City of San Leandro, 224 Cal App. 4th 1181 (2014). It is in the public's best interest for Valley Water to proceed with awarding a contract to Shimmick, the responsible bidder, submitting the lowest responsive bid, for the Project. GNB's protest is therefore denied.

Staff will recommend that Valley Water's Board of Directors (Board) award a contract for construction of the Project to Shimmick. The Board is scheduled to take action on this matter at its regular meeting set for Friday, July 24, 2026. The meeting will commence at 1:00 p.m. You are welcome to attend the meeting in the Board chambers at 5700 Almaden Expressway, San Jose, California 95118.

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If you have questions regarding this matter, or if you plan to attend the Board meeting and/or address the Board, kindly advise Valley Water staff by email at scvwdplanroom@valleywater.org.

Sincerely,

DocuSigned by:
Bhavani Yerrapotu
468D6D59FDEC458...

Bhavani Yerrapotu, P.E.
Deputy Operating Officer
Watersheds Design and Construction Division
Designated Engineer

Enclosures: Shimmick's Response to Gordon N. Ball Bid Protest
Gordon N. Ball's Bid Protest

Sent via email: Gordon N. Ball, Inc. (dmitchell@ballconco.com, hstober@ballconco.com)

cc: Shimmick Construction Company, Inc. (tporter@shimmick.com, jmiranda@shimmick.com, taylor.fabillaran@shimmick.com)

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SHIMMICK

July 2, 2026

Amandeep Saini, P.E.
Construction Manager
Construction Contracts and Support Unit
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, California 95118

Re: Response to Bid Protest by Gordon N. Ball, Inc., dated June 29, 2026
Coyote Creek Flood Protection Project
Project No. 26174043 – Contract No. C0724

Dear Amandeep Saini P.E. ,

Shimmick Construction Company is in receipt of Valley Water's letter of July 1, 2026, enclosing the June 29, 2026, protest of Gordon N Ball, Inc (Protester) to the lowest responsive bid submitted by Shimmick to perform the Santa Clara Valley Water District's Coyote Creek Flood Protection Project.

Shimmick appreciates the vital importance of the Coyote Creek project to Valley Water and its ratepayers in reducing the risk of flooding for homes, schools and businesses in the area. As already demonstrated through the District's robust pre-qualification process for the Coyote Creek project, Shimmick is not only a pre-qualified Responsible Bidder but also an industry leader, experienced in heavy construction and climate resilience projects including flood control, dam rehabilitation, and coastal protection.

Responsibility:

As to Protester's first claim that Shimmick is somehow not "responsible", Protester's desperate claims seem to have been created by feeding Shimmick's 470-page completed "Pre-Qualification Application for General Contractors Seeking to Bid on Coyote Creek Flood Protection Project" and related documents seemingly through an AI program which spit-out, replete with hyperbole, outlandish claims of Shimmick's demise. [1]

As an initial matter, Valley Water has broad discretion and exercised its judgment in finding Shimmick responsible in that it met all of Valley Water's requirements for Prequalification. Valley Water has undertaken a rigorous pre-qualification process for all the bidders,

[1] Some of these comments which might even be considered actionable if it weren't for the forum.

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including Shimmick. Shimmick is qualified. Shimmick is Responsible. That should be the end of the issue. Protester, as a disappointed bidder, is now fabricating a story to impugn Shimmick's longstanding strength and reputation.

The sole basis of Protester's argument relating to responsibility is Shimmick's financial strength which Protester attacks. Protester's own supporting documents, Shimmick's public filings, the same documents that Protester relies on, tell the opposite story: a company with narrower losses, greater backlog and revenue that can more than successfully undertake the Project.

In addition, to Valley Water's own pre-qualification process, it has other independent third-party professionals who have also closely analyzed and assessed Shimmick's financial strength and capabilities. For example, Shimmick will be providing Valley Water with a payment performance bond as required by Section 22 of the Instructions to Bidders. That bond provided by Berkshire Hathaway Specialty Insurance Company, an A++ (Superior)-rated surety.[2] As Valley Water is aware, sureties perform full and comprehensive underwriting process. Surety is an expert at assessing a contractor's skill and risk. In addition, the surety requires that their contractor Principal furnish significant security to the Surety before agreeing to issue any bonds. Valley Water has the additional benefit of a top Surety's assessment of Shimmick.

In addition, Shimmick is also a publicly traded company, and subject to rigorous public filing requirements enforced by the Securities Exchange Commission. As part of those regulatory requirements, Shimmick's financial statements are audited by Deloitte & Touche LLP, a Big Four accounting firm and independent auditor. Deloitte issued an unqualified opinion on Shimmick's fiscal 2025 financial statements and did not identify any substantial doubt about the company's ability to continue as a going concern. Likewise, Shimmick's first-quarter 2026 Form 10-Q raised no going-concern concerns. Under applicable auditing standards, auditors must disclose substantial doubt about a company's ability to continue operating for the following year if such doubt exists. Deloitte found none. That independent professional judgment directly contradicts Protester's unsupported claims that Shimmick is "on the verge of bankruptcy". Valley Water also has the added assurance of an

[2] Shimmick is not going to engage in the slinging of Protester but would merely point-out that the Coyote Creek project would seem to be a stretch for a company like Protester's where most of its projects are much smaller and the Coyote Creek's contract value alone would amount to nearly its entire annual revenue. In addition, Protester's surety is not as strong/rated as Shimmick's

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independent auditor, which is a better measure, than the self-serving assertions of a disappointed bidder[3].

As to Shimmick's performance on the Chickamauga project in Tennessee performed for the US Army Corps of Engineers, Shimmick does not agree with the government's decision to terminate its contract and that decision is disputed and not final. Shimmick has filed an appeal where it fully expects to prevail. As to the federal government, Shimmick is currently engaged in two major flood control projects for the US Army Corps of Engineers including the Folsom Dam in Northern California and Lewisville Dam Safety Modification – Spillway project in Texas. Both projects with excellent performance reviews from the U.S. Army Corps of Engineers. The most recent interim CPARS for the Folsom Dam project rated Folsom Dam Constructors, "Satisfactory" in every evaluated category and recommended the contractor for similar future work. Shimmick's most recent interim CPARS for the Lewisville Dam Safety Modification – Spillway project rated Shimmick "Very Good" in "Quality", "Small Business Subcontracting", and "Safety", and "Satisfactory" in "Schedule, Management", and "Regulatory Compliance". The assessing official likewise recommended Shimmick for similar future projects.

Valley Water has broad discretion in making determinations regarding contractor responsibility. *M & B Construction v. Yuba County Water Agency* (1999) 68 Cal.App.4th 1353, 1361, footnote 3, "contracting entities are vested with great discretion in determining whether a bidder is responsible." Valley Water has conducted a full Pre-Qualification process and through that process determined that Shimmick is Resposible. End of inquiry.

Given the gravity of an allegation regarding a finding of non-responsibility, the law provides Shimmick with a right to due process, to put on evidence, and be represented by counsel through a hearing process. Should Valley Water even remotely considering Protester's baseless contentions, Shimmick will request the opportunity for a full response as provided under the law[4].

Non-Responsiveness

[3] Valley Water also has the Public Contract Code's retention process as further security

[4] City *of Inglewood-LA County Civic Center Auth. v Superior Court* (1972) 7 Cal 3 861, *Boydston v. Napa Sanitation Dist.* (1990) 222 Cal.App.3d 1362, 1369, public agency must afford a bidder the opportunity to rebut and present evidence before it can be disqualified as not responsible. In the event SCVWD were to find Shimmick's Bid "Unresponsive", it will avail itself to its legal remedies.

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Protester's second claim in its Protest, is that Shimmick's bid is "non-responsive" because Protester erroneously claims that Shimmick "front loaded" the Mobilization Bid Item. Shimmick agrees that an "unbalanced" bid as defined by Protester where there are "nominal prices for some work and inflated prices for other work" could form the basis for a finding of "non-responsiveness". However, none of those facts are present here.

All the authorities that the Protester cites are situations where the Government' payment to the contractor exceeded the value of the work being performed and the contractor's pricing was either, 1) distorted from the actual cost allocation or 2) that a bidder received funding unrelated to the project performance- basically that the government did not receive any corresponding benefit for the payment.[5] In the current instance, neither is the situation. Mobilization includes, among other things, procurement/mobilization of materials and supplies.

Shimmick included the supplies raw material cost needs of the passive flood barrier as an element of Mobilization. Valley Water's payment of the Mobilization Item will be utilized for the Project. Valley Water's response to Question 25 provided in Addendum #6 to the Contract Documents specifically addressed the Schedule of Values and Mobilization bid item. The question was whether there was a "cap" as to the amount a Bidder could place in the Mobilization bid item. Valley Water responded, "there is no maximum percentage cap". Evidently at least 1 other bidder (Granite Construction) included a significant amount for Mobilization, perhaps as part the key supplier's mobilization.

There is no basis for Protesters position that there was a "front loading claim". Shimmick's mobilization item is directly tied to Project work, it is in no way a "vehicle", or whatever other nefarious motive that Protesters may be trying to ascribe to it.

Bid Error

Protester's third protest ground incorrectly assumes that Shimmick designated both C&N Reinforcing, Inc. ("C&N") and Oliveira Fence, Inc. ("Oliveira") to perform rebar work. The bid documents, read as a whole, establish otherwise. Shimmick designated C&N for rebar work and Oliveira for fencing work.

[5] As an aside, virtually every authority relied upon by Protester is either a GAO bid protest or federal procurement case. The two California cases cited by Protester npc (*Baldwin Lima* and the 1896 case of *Ertel* are "hallucinations" and have absolutely nothing to do with unbalanced bids)

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The Instructions to Bidders define the "Bid" as the completed Proposal and all associated Bid Forms. Shimmick's bid must therefore be evaluated in its entirety, rather than by isolating a single inconsistent description from the remainder of the submission.

Shimmick's signed Bid Form No. 4 expressly identifies:

- C&N for "Rebar" in the amount of $3,933,391; and
- Oliveira for "Fencing" in the amount of $1,289,452.

Bid Form No. 4 also identifies the applicable fencing bid items assigned to Oliveira. The subcontractor names and dollar amounts correspond exactly to the information entered elsewhere in Shimmick's bid. The sole inconsistency is that "Rebar" was inadvertently repeated in the electronic description associated with Oliveira.

That isolated clerical entry does not create a genuine ambiguity concerning the intended allocation of work. C&N Reinforcing was identified for the rebar scope, while Oliveira Fence was identified for the fencing scope. The signed bid materials make that distinction clear.

Valley Water too recognized the apparent clerical error even before Shimmick received Protester's protest and sought confirmation. When Valley Water requested confirmation, Shimmick explained that Oliveira's scope was fencing and that the rebar description had been entered in error. Valley Water responded: "We thought so but needed to see it in writing." That contemporaneous exchange confirms that Shimmick was not attempting to revise or reallocate work after bid opening but was confirming the scope already disclosed in Bid Form No. 4.

Shimmick Did Not List Two Subcontractors for the Same Portion of Work

Public Contract Code section 4104(b) requires the prime contractor to identify the portion of work to be performed by each listed subcontractor and to list only one subcontractor for each defined portion of work. Shimmick complied with that requirement.

The complete bid identifies C&N as the rebar subcontractor and Oliveira as the fencing subcontractor. Shimmick is not selecting between the two firms for the rebar scope, changing either subcontract amount, reallocating work after bid opening, or substituting one firm for another.

Accordingly, the clerical description error created no opportunity for bid shopping, bid peddling, or post-bid manipulation. The subcontractor identities, amounts, and intended scopes were disclosed in the bid itself.

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Oliveira Is Properly Licensed for the Work Assigned to It

Protester's licensing argument relies on the same mistaken assumption that Oliveira was designated to perform rebar work. It was not.

Oliveira was identified for fencing work and holds a C-13 Fencing Contractor license appropriate for that scope. C&N—not Oliveira—was identified for the rebar work. Oliveira's lack of an A or C-50 classification is therefore immaterial because Shimmick has not assigned Oliveira any reinforcing-steel work.

Protester's suggestion that Shimmick may now replace Oliveira with an unidentified rebar subcontractor is similarly unfounded. Oliveira was never intended to perform the rebar scope, and Shimmick is not seeking to replace or substitute either listed subcontractor.

The Isolated Description Error Is, at Most, a Minor Waivable Irregularity

Section 21(A) of the Instructions to Bidders expressly reserves to Valley Water the right to waive minor defects or irregularities in submitted Bid Forms.

The erroneous descriptor did not affect Shimmick's total bid price, the identity of either subcontractor, either subcontract amount, the actual allocation of work, or the comparison of competing bids. It also did not provide Shimmick with any competitive advantage.

Shimmick is not seeking to change its bid, withdraw its bid, revise any price, replace a subcontractor, or alter the allocation of work. Shimmick is simply confirming what its signed Bid Form already establishes: C&N was designated for rebar and Oliveira was designated for fencing.

Protester's protest elevates an isolated clerical inconsistency over the substance of Shimmick's complete bid. Because the bid itself clearly identifies the intended subcontractors and their respective scopes, the error does not render Shimmick's bid materially nonresponsive. At most, it is a minor irregularity that Valley Water is expressly authorized to waive.

Protester's third protest ground should therefore be denied.

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California's competitive bidding laws were enacted for the benefit of property owners and taxpayers, not to enrich disappointed bidders and they must be strictly construed to accomplish that purpose. Shimmick is the lowest Responsible and Responsive Bidder.

Protester's Bid Protest should be rejected by Valley Water. Shimmick looks forward to successfully delivering this important Project to the Santa Clara Valley Water District.

Should the District have any questions or require additional information, please do not hesitate to contact me.

Sincerely,

SHIMMICK CONSTRUCTION COMPANY, INC.

By: _____

Trace Porter
Vice President, Northwest Division

cc. John Carpenter esq

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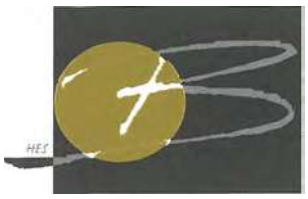

Gordon N. Ball, Inc.

General Engineering Contractors

Tel 925.838.5675

Fax 925.838.5915

1777 Oakland Blvd, Ste 300

Walnut Creek, CA 94596

June 29th, 2026 – Sent Via Hand Delivery and Email
byerrapotu@valleywater.org

Bhavani Yerrapotu, P.E.
Deputy Operating Officer
Watersheds Design and Construction Division
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118-3686

Re: Coyote Creek Flood Protection Project Phase 2
Valley Water Project No. 26174043; Contract No. C0724
Bid Date: June 24, 2026
Protest of Bid Submitted by Shimmick Construction Co., Inc.

Dear Ms. Yerrapotu:

This letter is a protest by Gordon N. Ball, Inc. ("GNB") of the bid submitted by Shimmick Construction Co., Inc. ("Shimmick"). For the reasons stated below, Shimmick's bid must be rejected because Shimmick is not a responsible bidder, and Shimmick's bid is materially nonresponsive.

Protesting Party Information

Hal Stober
President
Gordon N. Ball, Inc.
1777 Oakland Blvd., Suite 300
300
Walnut Creek, CA 94596
Telephone: (925) 838-5675
Email: hstober@ballconco.com

David Mitchell
Vice President
Gordon N. Ball, Inc.
1777 Oakland Blvd., Suite
Walnut Creek, CA 94596
Telephone: (925) 838-5675
Email: dmitchell@ballconco.com

Applicable Protest Provisions

Section 20 of the Instructions to Bidders provides:

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A. Any Bid protest relating to the form or content of the Bid Documents must be submitted in writing to the Engineer as identified in the Special Provisions, Engineer, Article 14.01. The protest must be received before 5 p.m. three (3) business days in advance of the Bid opening. Any Bidder who fails to submit a protest before the Bid opening deadline will be deemed to have waived any protest to the form or content of the Bid Documents.

B. Any Bid protest unrelated to Paragraph A. must be submitted in writing to the Engineer identified in the Special Provisions, Engineer, Article 14.01. The protest must be received before 5 p.m. on the third business day following the Bid opening. If during the Bid evaluation, a Bidder whose Bids are considered to be non-responsive or non-responsible, the particular Bidder will be provided another Bid protest period from the date the letter of non-compliance was issued.

C. The protest document must contain a complete statement of the basis for the protest. The protest must refer to the specific portion(s) of the Bid Documents that form the basis for the protest. The protest must include the name, address, and telephone number of the person representing the protesting party.

D. The Engineer's final decision on a protest will be issued in writing no later than ten (10) calendar days following receipt of the protest.

Grounds for Protest

1. Shimmick Is Not A Responsible Bidder

Public Contract Code Section 21161 provides, "all contracts shall be let to the lowest responsible bidder or bidders. Consistent with Section 21161, Section 21(a) of the Instructions to Bidders states, "the Contract, if awarded, will be to a responsible Bidder, submitting the lowest responsive Bid." A bidder is responsible only if it has demonstrated the "fitness, capacity, and experience to satisfactorily perform" a public works contract in accordance with its plans and specifications. Pub. Contract Code § 1103; *City of Inglewood-LA County Civic Center v. Superior Court*, 7 Cal. 3d 861, 867 (1972). A contract awarded in violation of this requirement is illegal and void. Administrative Code § 6.7; *Valley Crest Landscape, Inc. v. Davis*, 41 Cal. App. 4th 1432 (1996); *Miller v. McKinnon*, 20 Cal. 2d 83 (1942).

Shimmick was recently terminated for default on a large project for the Army Corps of Engineers, the Chickamaugau Lock Chamber contract. As reported by the Army on its official website on May 8, 2026, the Army terminated its contract with Shimmick for default to hold "the contractor accountable for failure to prosecute the work with diligence, maintain project schedule, progress critical work, correct quality deficiencies, and manage project controls … the contractor's inability to meet contractual obligations resulted in the government's loss of confidence in their ability to perform the work required by the contract."[1] The original contract, awarded on

[1] https://www.army.mil/article/292316/usace_terminates_chickamauga_lock_chamber_contract

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September 28, 2017, had a value of $309 million.[2]

A default termination of such a large contract constitutes an existential crisis for any contractor, and even more so for a company that is already facing near certain financial collapse.

Shimmick is not a responsible bidder because it is on the verge of bankruptcy and lacks the financial resources to complete the Project. That risk is amplified by Shimmick having frontloaded its bid to force District to make an interest-free loan of more than $14 million.

Shimmick has a **negative $56.6 million** in shareholder's equity, meaning its liabilities exceed its assets.[3] By definition, Shimmick is insolvent.

Shimmick has suffered losses of more than $155 million in the past two and half years. In 2024, Shimmick suffered a $125 million loss and a $26 million loss for 2025.[4] In the first quarter of 2026, Shimmick suffered a loss of approximately $4.5 million and is on track to losing at least $18 million this year if current losses continue at the same rate.[5]

Shimmick has burned through its cash and cash equivalents, and currently has only $20 million in cash and equivalents, which is completely inadequate to support the more than $400 million in work a year it performs.[6] The decline in cash and equivalents is long-term, structural issue. In 2025 and 2024, Shimmick's available cash and equivalents declined by $28.1 million and $13.9 million, respectively.[7] In the first quarter of 2026 alone, liquidity declined by another $5.2 million.[8]

Shimmick has attempted to delay its financial collapse by obtaining additional financing and drawing on credit facilities, increasing its total debt to approximately $57.5 million by late 2025. These borrowings were accompanied by restrictive covenants, including liquidity minimums and leverage requirements, further limiting the company's operational flexibility.

One of those loans, from an affiliate of Ansley Park Capital, carries an astounding 12.5% interest rate, double the prime rate, demonstrating that even non-bank vulture lenders are not

---

[2] https://www.lrd.usace.army.mil/Missions/Projects/Article/3812399/chickamauga-lock-replacement-project/.

[3] Shimmick Form 10 K Consolidated Statements of Stockholders' (Deficit) Equity, p. 64, filed Mar 13, 2026 (https://investors.shimmick.com/static-files/b23c35e0-f86d-4da3-9361-9aaed072cdf8)

[4] Shimmick Form 10 K Consolidated Statement of Operations, p. 63, filed Mar 13, 2026 (https://investors.shimmick.com/static-files/b23c35e0-f86d-4da3-9361-9aaed072cdf8)

[5] Shimmick Form 10 Q Condensed Consolidated Statements of Operations, p. 6, filed May 15, 2026 (https://investors.shimmick.com/node/8641/html#item_1_financial_statements_unaudited)

[6] Shimmick Form 10 Q Condensed Consolidated Statements of Cash Flows, p. 8, filed May 15, 2026 (https://investors.shimmick.com/node/8641/html#item_1_financial_statements_unaudited)

[7] Shimmick Form 10K Consolidated Statements of Cash Flows, p. 65, filed Mar 13, 2026 (https://investors.shimmick.com/static-files/b23c35e0-f86d-4da3-9361-9aaed072cdf8)

[8] Shimmick Form 10 Q Condensed Consolidated Statements of Cash Flows, p. 8, filed May 15, 2026 (https://investors.shimmick.com/node/8641/html#item_1_financial_statements_unaudited)

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willing to provide funds to Shimmick without receiving an oversize return.[9]

Shimmick is running out of time and money. In an effort to raise additional funds through a public offering, it engaged in a campaign to increase its backlog to create an illusion that it had solved the intractable structural problems that renders its business unviable. Shimmick in the first quarter of 2026 bid and obtained work at far below market prices.

For example, on the Vista Grande Drainage Improvements project, Shimmick submitted a bid of $179,850,000, which is $54,451,364.42 less than the next lowest bid of $234,301,364.42. Similarly, on the Napa Flood Protection Project, Shimmick bid $32,812,575, which is13.8% below the next lowest bidder at $38,063,017, and which is $10.83 million, or 24.8%, below the $43,641,565 average of all other bidders.[10]

With continuing losses, negative equity, and persistent operating cash burn, Shimmick cannot recoup its depleted cash and cash equivalents through operations. In an effort to raise additional funds, Shimmick turned to the public markets, conducting a May 2026 public offering that generated only approximately $14 million in net proceeds.[11] That amount is minimal relative to Shimmick's ongoing losses and liquidity needs and will largely be consumed by working capital demands and existing obligations, including payments on the sizeable loans it has taken on unfavorable terms.

Taking work at a loss or for unfavorable margins cannot solve Shimmick's fundamental business problems. Indeed, although Shimmick reported increase in its backlog, there is no evidence that this backlog is profitable, and Shimmick's extended history of executing projects at a loss suggests the opposite.

Given the near certainty of Shimmick's financial collapse before the Project can be completed, Shimmick is not a responsible bidder. The District and its ratepayers should not be forced to be unwilling partners in Shimmick's financial engineering and games-playing.

Shimmick's bid therefore must be rejected because Shimmick is not a responsible bidder.

2. Shimmick's Bid Is Materially Unbalanced And Nonresponsive Because Shimmick Frontloaded The Mobilization Bid Item By More Than $14 Million

"A bid is nonresponsive when it is mathematically and materially unbalanced; such a bid must be rejected." *McKnight Constr. Co. v. Department of Defense*, 85 F.3d 565 (11th Cir. 1996). " A bid is mathematically unbalanced if the bid is structured on the basis of nominal prices for some work and inflated prices for other work; that is, each element of the bid must carry its

[9] Shimmick Form 10 K, p. 53 , filed Mar. 13, 2026 (https://investors.shimmick.com/static-files/b23c35e0-f86d-4da3-9361-9aaed072cdf8)

[10] See screenshots of bid results, attached.

[11] https://investors.shimmick.com/news-releases/news-release-details/shimmick-corporation-announces-closing-underwritten-public

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proportionate share of the total cost of the work plus profits." *Howell Constr., Inc.*, 66 Comp. Gen. 413, B-225766 (Comp. Gen. Apr. 30, 1987).

A bid may be regarded unbalanced on its face when it is front-loaded and different from the pricing pattern evident in other bids. *See Matter of McConico Inv. Mgmt. Corp.*, B-251895, 93-1 CPD ¶ 346 (Comp. Gen. 1993). "A bid will be questioned if ... it is neither internally consistent nor comparable to the other bids received." *Inventory Accounting Service*, B-245906, 92-1 Comp. Gen. Proc. Dec. ¶ 116, 1992 WL 18530 (Comp. Gen. Jan. 27, 1992).

Shimmick's unbalanced bid threatens the basic integrity of the bidding process. First, it gives Shimmick an advance payment – an interest free loan of millions of dollars. Shimmick's grossly inflated mobilization amount of $24,440,000 is $14,357,000 greater than the average of the mobilization amounts for all of the other bidders.

Frontloading effectively allows Shimmick to use more than $14 million of the government's money without providing anything in return. *See Inventory Accounting Service*, B-245906, 92-1 Comp. Gen. Proc. Dec. ¶ 116, 1992 WL 18530 (Comp. Gen. Jan. 27, 1992) (frontloaded bid; "we cannot ignore the fact that a bid such as Inventory Accounting's enables it to use, during a base contract period, government funds").

A frontloaded mobilization item is "tantamount to allowing an advance payment." *Matter of ACC Constr. Co., Inc.*, B-250688, 93-1 CPD ¶ 142 (Comp. Gen. Feb. 16, 1993); *Barnard-Slurry Walls, J.V.*, B-274973, B-274973.2, 97-1 CPD ¶ 23 (Comp. Gen. Jan. 15, 1997).

[W]here during performance the bidder will receive payments based on inflated prices for bid items for which it will receive payment early in the performance of the contract, there is a legitimate concern that the bidder has received an improper competitive advantage. By accepting such a grossly unbalanced bid, the agency affords that bidder an advantage not enjoyed by its competitors for the award--the use of interest-free money." *Barnard-Slurry Walls, J.V.*, B-274973, B-274973.2, 97-1 CPD ¶ 23 (Comp. Gen. Jan. 15, 1997).

Second, "by receiving early payments which exceed the value of work performed, the contractor will have a reduced incentive to properly complete the work." *Matter of ACC Constr. Co., Inc.*, B-250688, 93-1 CPD ¶ 142 (Comp. Gen. Feb. 16, 1993); *Barnard-Slurry Walls, J.V.*, B-274973, B-274973.2, 97-1 CPD ¶ 23 (Comp. Gen. Jan. 15, 1997).

Third, significant front-loading such as the type that Shimmick has engaged in creates "reasonable doubt that the acceptance of [the contractor's] bid would actually provide the lowest ultimate cost to the government." *Tech. Servs. Int'l, Inc.*, B-278050, 97-2 CPD ¶ 152 (Comp. Gen. Nov. 25, 1997). Where "future requirements could change, such that the options no longer reflect the government's actual requirements, or that termination for default may be necessary", a front-loaded contract price may not provide the lowest ultimate cost to the government." *Matter of Eastex Mar., Inc.*, B-256164, 94-1 CPD ¶ 340 (Comp. Gen. May 19, 1994).

Fourth, allowing Shimmick to game the system by frontloading its bid by over $14 million

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eliminates any common standard for evaluating bids. The other bidders, who bid realistic amounts for mobilization, are not receiving an interest-free advance of millions of dollars of taxpayer money. An unbalanced bid proposal therefore violates the requirement of competitive bidding that bid proposals must " provide a basis for full and competitive bidding upon a common standard." *Baldwin Lima Hamilton Corp. v. Superior Court*, 208 Cal. App. 2d 803, 810 (1962); *Ertle v. Leary*, 114 Cal. 238 (1896).

In *Solon Automated Servs., Inc. v. United States*, 658 F. Supp. 28, 33 (D.D.C. 1987), the District Court ruled that "acceptance of the materially unbalanced, unresponsive bid tainted the entire procurement process." The Court found that a "front-loaded bid was materially unbalanced such that the award to Commercial raises a reasonable doubt as to whether its contract cost will be the lowest ultimate cost to the government ... the agency should have rejected Commercial's materially unbalanced bid before evaluating the remaining offers." *See Dement Constr. Co.; Universal Constr. Co.*, B-192794, 78-2 CPD ¶ 399 (Comp. Gen. 1978).

On its face, Shimmick's bid is materially unbalanced and must be rejected as nonresponsive. *McKnight Constr. Co. v. Department of Defense*, 85 F.3d 565 (11th Cir. 1996).

3. Shimmick's Bid Must Be Rejected Because Shimmick Made A Material Error In The Bid It Submitted

a. Public Contract Code Section 4104(b) Requires Bidders To List The Portion Of The Work Each Subcontractor Will Perform And Prohibits Listing More Than One Subcontractor For The Same Portion Of The Work

Public Contract Code Section 4104(b) provides that for each subcontractor that will be performing more than ½ of 1% of the total bid price, a general contractor must identify in its subcontractor list:

> (b) **The portion of the work** that will be done by each subcontractor under this act. **The prime contractor shall list only one subcontractor for each portion** as is defined by the prime contractor in his or her bid.

(Emphasis supplied).

The Court of Appeal has explained that the Subletting and Subcontracting Fair Practices Act:

> is to prevent the practices of bid shopping and bid peddling in connection with public works projects. Bid shopping is the use of the lowest bid already received by the general or prime contractor to pressure other subcontractors into submitting even lower bids; bid shopping is prohibited by the statute after the award of the prime contract. To foster this purpose, the act requires any prime contractor bidding on public works **to designate what portion of the work will be done** by each subcontractor, **and to "list only one subcontractor for each such portion** as is

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defined by the prime contractor in his bid." (§ 4104, subd. (b).)

(Emphasis supplied).

In *R.J. Land & Associates Construction Co. v. Kiewit-Shea*, 69 Cal. App. 4th 416, 428 (1999), the Court explained why a general contractor cannot list two subcontractors for the same work:

> a prime contractor could list two subcontractors for the same item of work and then invite them to bid against each other to get the work, and neither subcontractor could complain. This would frustrate the policy of the act and the *Southern Cal. Acoustics* enforcement mechanism.

Thus, both the Public Contract Code and precedent prohibit listing more than one company for the same portion of work.

b. Shimmick Violated Public Contract Code Section 4104(b) By Improperly Listing Two Subcontractors For The Same Portion Of Work

In violation of Public Contract Code Section 4104(b), Shimmick listed two companies for rebar work. *See R.J. Land & Associates Construction Co*, 69 Cal. App. 4th at 428. The following is a screenshot of Shimmick's subcontractor listing:

Subcontractors

Showing 4 Subcontractors

Name & Address	Desc	License Num	CADIR	Amount	Type
C&N Reinforcing Inc. 39 Treasure Island Road Suite 16C San Francisco, California 94130	Rebar	1052018	1000365489	$3,933,391.00	DBE, MBE
Marina Landscape Inc. 3707 W Garden Grove Blvd Orange, California 92868	Landscape	492862	1000000079	$5,626,500.00	CADIR
Oliveira Fence, Inc. 293 Brokaw Rd Santa Clara, California 95050	Rebar	404243	1000003214	$1,289,452.00	WBE, Local

i. Listing Multiple Subcontractors For The Same Portion Of Work Constitutes A Bid Mistake That Renders Shimmick's Bid Nonresponsive

Given that Shimmick listed two subcontractors for rebar work, it clearly did not intend to self-perform this portion of the work. From the face of its bid, it is evident that Shimmick made a mistake that renders its bid materially different than it intended.

Shimmick's mistake provides Shimmick with an unearned competitive advantage because Shimmick can assert it made a mistake in listing one or more subcontractors and that it did not

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intend to self-perform the rebar work for which it listed C&N Reinforcing and Oliveira Fence. From the face of Shimmick's bid, there is a mistake that would allow it to withdraw its bid. Pub. Contract Code §§ 5100 & 5103. Shimmick's bid therefore must be rejected as materially non-responsive. *Valley Crest Landscape, Inc. v. Davis*, 41 Cal. App. 4th 1432 (1996).

c. Shimmick's Bid Is Nonresponsive Because Shimmick Listed Olveira Fencing, Which Lacks A Contractor's License To Perform The Work For Which It Was Listed

Shimmick's bid is nonresponsive because Shimmick violated Section 9 of the Notice to Bidders by listing a subcontractor, Oliveira Fence, Inc., which does not have a license to perform the work for which it was listed.

Section 9 of the Notice to Bidders provides in relevant part:

> Regardless of whether a subcontractor must be identified at the time of Bid, each subcontractor must also be properly licensed to perform its scope of Work. However, listed subcontractors must be licensed at the time of Award.

(Emphasis added).

Oliveira Fence possesses only a C-13 Fencing specialty license. A C-13 license does not authorize fabrication and installation of rebar. Rebar work either requires a Class A general engineering license or a C-50 reinforcing steel specialty license. Bus. & Prof. Code §§ 7055 & 7056; 16 Cal. Code Regs. §§ 832.13 & 832.50.

Except when performing minor incidental work, a contractor "licensed in one classification shall be prohibited from contracting in the field of any other classification unless they are also licensed in that classification". Cal. Code Regs., tit. 16, § 830(b); *Ahdout v. Hekmatjah*, 213 Cal. App. 4th 21, 31 (2013). A licensee classified as a class C specialty contractor "shall not act in the capacity of a contractor in any classification other than one in which he/she is classified except on work incidental or supplemental to the performance of a contract in a classification in which any contractor is licensed by the Board." Cal. Code Regs., tit. 16, § 834.

Shimmick listed Oliveira Fence as performing $1,289,452 in rebar work. It is impossible for rebar work of that magnitude to be "incidental" to fencing.

Shimmick's bid is therefore nonresponsive. "[A] responsive bid must conform to the public agency's specifications for the contract." *DeSilva Gates Construction, LP v. Department of Transportation*, 242 Cal. App. 4th 1409, 1417 (2015). "A basic rule of competitive bidding is that bids must conform to specifications, and that if a bid does not so conform, it may not be accepted." *National Identification Systems, Inc. v. State Bd. Of Ctrl.*, 11 Cal. App. 4th 1446, 1453 (1992).

Shimmick gained a competitive advantage by submitting a nonresponsive bid that listed a subcontractor who is not licensed for the work for which itw was listed. After bids were opened, Shimmick can replace Oliveira Fence with any licensed rebar subcontractor it wishes. Pub. Contract Code §4107(a)(6).

Shimmick's violation of the District's Notice to Bidders therefore gave Shimmick the

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ability to shop work among subcontractors, an advantage no other bidder enjoyed. This irregularity in Shimmick's bid therefore cannot be waived. *Valley Crest Landscape, Inc. v. Davis*, 41 Cal. App. 4th 1432 (1996*); Bay Cities Paving & Grading, Inc. v. City of San Leandro*, 223 Cal. App. 4th 1181 (2014).

4. The Deficiencies in Shimmick's Bid Cannot Be Cured

Shimmick cannot cure the deficiencies in its bid documents by modifying or supplementing its bid documents after the District has opened bids. *Valley Crest Landscape, Inc. v. Davis*, 41 Cal. App. 4th 1432 (1996); *see Greer v. Hitchcock*, 271 Cal. App. 2d 334 (1969).

Conclusion

For the reasons set forth above, GNB respectfully requests that its protest be sustained. If for any reason the District does not reject Shimmick's bid, we ask that the District inform us of its decision and provide an opportunity to present legal authorities and evidence at an appropriate hearing on this matter. Please feel free to call if you have any questions or would like to discuss this protest.

Sincerely,

GORDON N. BALL, INC.

David Mitchell

Vice President

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An official website of the United States government Here's how you know

USACE terminates Chickamauga Lock Chamber Contract

By Leon Roberts May 8, 2026

NASHVILLE, Tenn. (May 8, 2026) – The U.S. Army Corps of Engineers (USACE) Nashville District terminated the lock chamber contract with Shimmick Construction Company, Inc. (SCCI), at the Chickamauga Lock Replacement Project on the Tennessee River in Chattanooga, Tennessee, effective today. This decisive action is necessary to get the project back on track and protect taxpayer dollars.

The decision to terminate results from USACE holding the contractor accountable for failure to prosecute the work with diligence, maintain project schedule, progress critical work, correct quality deficiencies, and manage project controls. The Nashville District actively collaborated with SCCI to improve efficiency of their execution and overall delivery of contractual obligations. Despite these efforts, the contractor's inability to meet contractual obligations resulted in the government's loss of confidence in their ability to perform the work required by the contract. As a steward of the American taxpayer dollar, USACE terminated SCCI's contract to mitigate cost impacts that do not result in a positive return on American strategic infrastructure investment. This good management decision directly aligns with the Army Civil Works "Building Infrastructure, Not Paperwork" (BINP) initiative, with a commitment to fiscal discipline and a focus on efficiency by terminating inefficient contracts to free up critical funds for investment in our nation's most important infrastructure priorities.

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> "We are very proud of our team and the Nashville District for their leadership and professional management of the delivery of one of the nation's critical infrastructure projects, the Chickamauga Lock Replacement Project. Protecting the taxpayer's investment requires having the right people overseeing our projects every single day," said Great Lakes and Ohio River Division Commander Col. Daniel Herlihy. "Our team recognized the root causes of this contractor's delays and took decisive action. By terminating this contract, our USACE professionals enforced the high standards of accountability and efficiency thenation expects."

USACE is exploring all contracting options to finish remaining lock chamber construction, maintain the overall project timeline, and to cross the goal line with an operational navigation lock in 2028.

The public can obtain news, updates and information from the U.S. Army Corps of Engineers Nashville District on the district's website at https://www.lrd.usace.army.mil/About/Districts/Nashville-District/ [https://www.lrd.usace.army.mil/About/Districts/Nashville-District/], on Facebook at www.facebook.com/nashvillecorps [http://www.facebook.com/nashvillecorps] and on X (formerly Twitter) at www.x.com/nashvillecorps [http://www.x.com/nashvillecorps]. Follow us on LinkedIn for the latest Nashville District employment and contracting opportunities at https://www.linkedin.com/company/u-s-army-corps-of-engineers-nashville-district [https://www.linkedin.com/company/u-s-army-corps-of-engineers-nashville-district].

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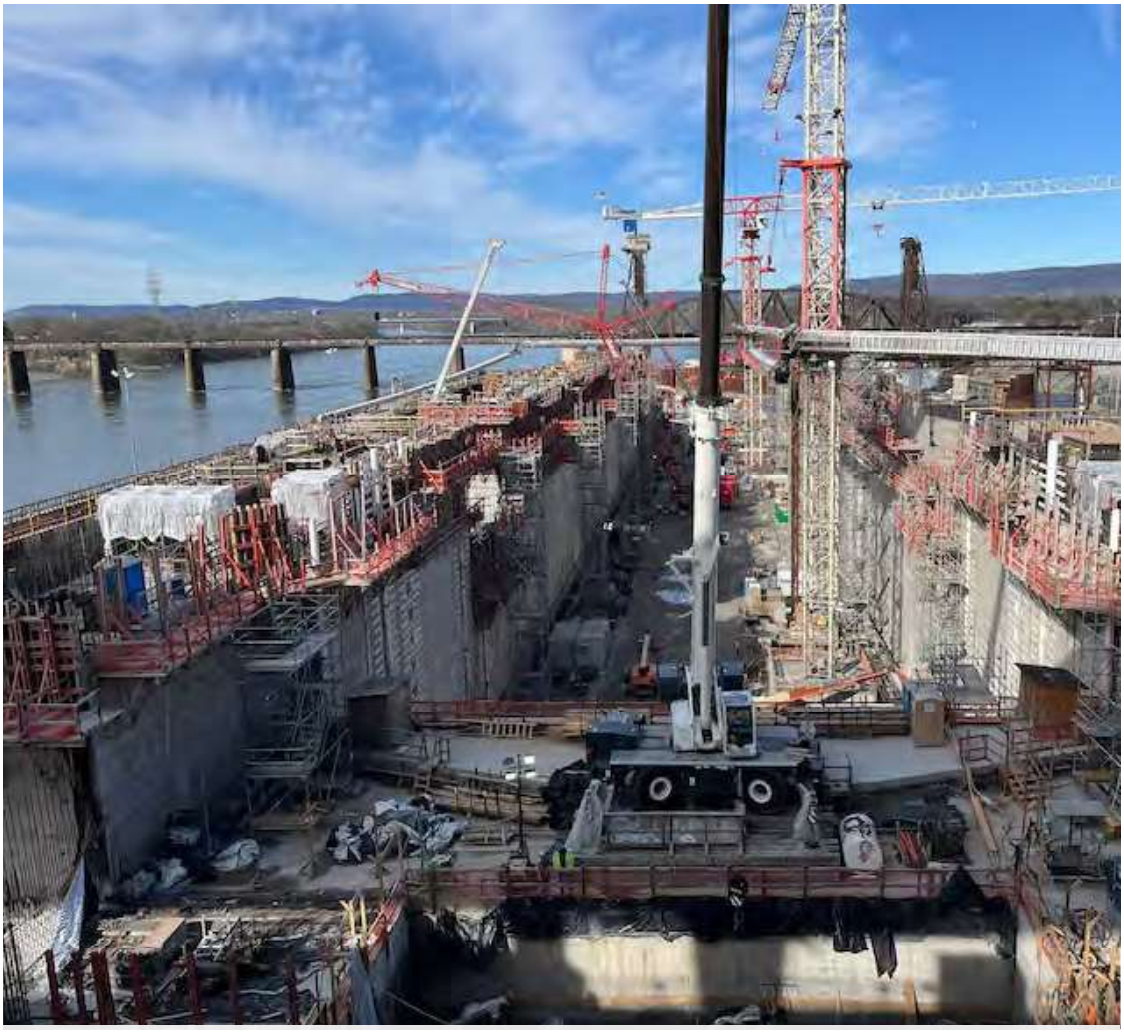
Chickamauga Lock Replacement Project

Construction

NASHVILLE DISTRICT

Published June 20, 2024



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Tennessee River Mile 471 in Chattanooga, Tennessee

PROJECT DESCRIPTION AND BACKGROUND

The replacement lock project consists of a new 110-foot by 600-foot lock to be located riverward of the existing 60-foot by 360-foot lock and downstrean of Chickamauga Dam. A new lock is required at Chickamauga Dam because of structural deficiencies of the existing lock resulting from physical expansion of the concrete structure. This phenomenon of concrete growth was observed soon after initial construction in 1940 and is caused by a reaction between the alkali in the cement and the aggregate. Even with significant maintenance efforts, this expansion threatens the structural integrity of the existing lock and limits its life.

Replacement lock construction began in 2004 with highway and utility relocations and continued through 2012 with the completion of the cofferdam structure and prefabricated components (miter gates, culvert valves, culvert bulkheads, and approach wall beams) that are currently being stored at other Tennessee Valley Authority (TVA) facilities until needed. After a temporary suspension of construction activities due to funding constraints with th Inland Waterways Trust Fund (IWTF), funding returned to the project in FY15. Like all locks on the Tennessee River, the existing and proposed locks are owned by the TVA but operated and maintained by the Corps of Engineers.

The new lock is vital to maintain 318 miles of navigable channels upstream of Chickamauga Lock and Dam to support stakeholders including the Department of Energy at Oak Ridge, Tennessee, TVA, and numerous other businesses. The current Chickamauga Lock can pass one "Jumbo" barge at a time and the new lock will allow nine barges to pass at once.

CURRENT STATUS

- Chickamauga Lock's current risk based total project cost estimate is $954.4 million (FY23 price level); approximately $569 million has been expended through December 2024. Estimated project completion is February 2031.The 2023 TPCE indicates an additional $236.8 million is required for project completion and is under review with expected updates in March 2025.
- The $309 million Lock Chamber contract was awarded Sep. 28, 2017; it is currently 78% complete based on payments and has a required contract completion date of Jan. 27, 2026. Miter Gates have been delivered to site and will be installed through 2025. The contract will result in a completed navigational lock located inside the cofferdam. Projected contractor completion is June 2026.
- The $68M Upstream Approach Wall (USAW) contract was awarded Sept. 9, 2021 and has a projected contractor completion of November 2025. The Upstream Approach Walls allow vessels to safely navigate in to the new lock without being impacted by flows going over the Chickamauga Dam spillway and will feature a tow haulage system that will contribute to the greater efficiency of the new lock.
- The award of the Approach Wall and Decommissioning (AWD) contract is planned for August 2025 with an in-service date of February 2028.
- The project's total Benefit to Cost Ratio (BCR) at a 7% discount rate is 1.0 and its Remaining Benefit to Remaining Cost Ratio is 2.0 At the FY23 discount rate of 2.75%, these Ratios increase to 1.8 and 3.8, respectively. An updated TPCS is under development.

AUTHORIZATION

Consolidated Appropriations Act of 2003 (P.L. 108-7); reauthorized in America's Water Infrastructure Act of 2018 (P.L. 115-270)

Contact
Project Manager: Bob Winters
robert.l.winters@usace.army.mil

Chickamauga Chattanooga Tennessee Tennessee River construction
Chickamauga Lock Replacement Project navigation navigation lock

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended January 2, 2026

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO**

Commission File Number 001-41867

Shimmick Corporation
(Exact name of registrant as specified in its Charter)

Delaware	**84-3749368**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
530 Technology Drive	
Suite 300	
Irvine, CA	**92618**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (833) 723-2021

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	SHIM	Nasdaq

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☐ NO ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. YES ☐ NO ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). YES ☒ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
Emerging growth company	☒		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

The aggregate market value of the registrant's common stock held by non-affiliates computed by reference to the price at which the common stock was last sold as of the last business day of the registrant's most recently completed second quarter was approximately $13.1 million.

The number of shares of registrant's Common Stock, par value $0.01 per share, outstanding as of March 11, 2026 was 36,091,730.

DOCUMENTS INCORPORATED BY REFERENCE

Certain sections of the registrant's definitive Proxy Statement relating to the registrant's 2026 annual meeting of stockholders, which definitive Proxy Statement will be filed within 120 days of the end of the registrant's fiscal year, are incorporated by reference into Part III of this Annual Report on Form 10-K.

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Results of Operations

The following table sets forth selected financial data for the fiscal year ended January 2, 2026 compared to the fiscal year ended January 3, 2025:

	Fiscal Year Ended				% of Revenue	
(In thousands, except percentage data)	January 2, 2026	January 3, 2025	$ Change	% Change	January 2, 2026	January 3, 2025
Revenue	$ 492,844	$ 480,236	$ 12,608	3%	100%	100%
Cost of revenue	459,252	535,885	(76,633)	(14)	93	112
Gross margin	33,592	(55,649)	89,241	(160)	7	(12)
Selling, general and administrative expenses	54,576	63,966	(9,390)	(15)	11	13
ERP pre-implementation asset impairment and associated costs	—	15,708	(15,708)	(100)	—	3
Total operating expenses	54,576	79,674	(25,098)	(32)	11	17
Equity in earnings (loss) of unconsolidated joint ventures	1,508	(4,728)	6,236	(132)	—	(1)
Gain on sale of assets	75	20,725	(20,650)	(100)	—	4
Loss from operations	(19,401)	(119,326)	99,925	(84)	(4)	(25)
Interest expense	6,660	5,426	1,234	23	1	1
Other (income) expense, net	(636)	959	(1,595)	(166)	—	—
Net loss before income tax	(25,425)	(125,711)	100,286	(80)	(5)	(26)
Income tax benefit	—	963	(963)	(100)	—	—
Net loss	$ (25,425)	$ (124,748)	$ 99,323	(80)%	(5)%	(26)%

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(1) Consists of transformation-related costs we have incurred including advisory costs in connection with settling outstanding claims in connection with exiting certain Non-Core Projects as part of the Company's growth strategy to address and capitalize on the nation's growing need for water and other critical infrastructure.
(2) Reflects a strategic decision to enhance the Company's current ERP system rather than implementing a new platform which, due to prior capitalized costs and remaining contractual obligations, resulted in a one-time charge of $16 million in the third quarter of fiscal 2024.
(3) Consists of legal fees and other costs incurred in connection with claims relating to Non-Core Projects.
(4) Consists of transaction-related costs and changes in fair value of contingent consideration remaining after the impact of transactions with our prior owner.

Liquidity and Capital Resources

Capital Requirements and Sources of Liquidity

During the fiscal year ended January 2, 2026, our capital expenditures were approximately $6 million compared to $10 million for the fiscal year ended January 3, 2025. Historically, we have had significant cash requirements in order to organically expand our business to undertake new projects. Our cash requirements include costs related to increased expenditures for equipment, facilities and information systems, purchase of materials and production of materials and cash to fund our organic expansion into new markets, including through joint ventures. Our working capital needs are driven by the seasonality and growth of our business, with our cash requirements greater in periods of growth. Additional cash requirements resulting from our growth include the costs of additional personnel, enhancing our information systems, our compliance with laws and rules applicable to being a public company and, in the future, our integration of any acquisitions. Unrestricted cash and cash equivalents at January 2, 2026 totaled $20 million and availability under the Credit Agreement and ACF Credit Agreement totaled $17 million and $7 million, respectively, resulting in total liquidity of $44 million.

We have historically relied upon cash available through operating activities, in addition to credit facilities and existing cash balances, to finance our working capital requirements and to support our growth.

However, we regularly monitor other potential capital sources, including equity and debt financing, in an effort to meet our planned expenditures and liquidity requirements. Our future success will be highly dependent on our ability to access outside sources of capital.

As is customary in our business, we are required to provide surety bonds to secure our performance under our contracts. Our ability to obtain surety bonds primarily depends upon our capitalization, working capital, past performance, management expertise and reputation and certain external factors, including the overall capacity of the surety market. Surety companies consider such factors in relationship to the amount of our backlog and their underwriting standards, which may change from time to time. We have pledged proceeds and other rights under our contracts to our bond surety company. Events that affect the insurance and bonding markets may result in bonding becoming more difficult to obtain in the future, or being available only at a significantly greater cost.

We believe that our operating, investing and financing cash flows are sufficient to fund our operations for at least the next twelve months and thereafter for the foreseeable future. However, future cash flows are subject to a number of variables, and significant additional expenditures will be required to conduct our operations. There can be no assurance that operations and other capital resources will provide cash in sufficient amounts to maintain planned or future levels of expenditures. In the event we make one or more acquisitions and the amount of capital required is greater than the amount we have available for acquisitions at that time, we could be required to reduce the expected level of expenditures and/or seek additional capital. If we seek additional capital, we may do so through joint ventures, asset sales, offerings of debt or equity securities or other means. We cannot guarantee that this additional capital will be available on acceptable terms or at all. If we are unable to obtain the funds we need, we may not be able to complete acquisitions that may be favorable to us or finance the expenditures necessary to conduct our operations.

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Total debt outstanding is presented on the consolidated balance sheets as follows:

(In thousands)	January 2, 2026	January 3, 2025
Credit Agreement	$ 46,424	$ 11,503
ACF Credit Agreement	8,194	—
Ansley Loan Agreement	12,971	—
Unamortized debt issuance costs	(3,130)	(2,025)
Total debt, net	64,459	9,478
Less: Current portion of long-term debt, net	4,143	—
Long-term debt, less current portion, net	$ 60,316	$ 9,478

Credit Agreement

On May 20, 2024, the Company, as guarantor, and its wholly-owned subsidiaries as borrowers ("Borrowers"), Alter Domus (US) LLC, as agent, and AECOM and Berkshire Hathaway Specialty Insurance Company ("BHSI") as lenders, entered into a revolving credit facility (the "Credit Agreement"), which was most recently amended on March 9, 2026 to, among other things, waive the specified noncompliance of the Material Project Documents covenant regarding entering into non-bonded contracts. As amended, the Credit Agreement provides borrowing capacity up to $60 million. The obligations under the Credit Agreement bear interest at a per annum rate equal to One Month Term SOFR (as defined in the Credit Agreement), subject to a 1.00% floor, plus 3.50%. Interest on any outstanding amounts drawn under the Credit Agreement will be payable, in kind or in cash at our election, on the last day of each month and upon prepayment. Payment-in-kind interest accrued and capitalized shall not constitute loan outstanding amounts for the purposes of calculating loan availability.

The Credit Agreement matures on May 20, 2029 (the "Maturity Date"), and the Borrowers may borrow, repay and reborrow amounts under the Credit Agreement until the Maturity Date.

Obligations of the Borrowers under the Credit Agreement are guaranteed by the Company and secured by a lien on substantially all assets of the Company and the Borrowers.

The Credit Agreement contains customary affirmative and negative covenants for a transaction of this type, including covenants that limit liens, asset sales and investments, in each case subject to negotiated exceptions and baskets. In addition, the Credit Agreement contains a maximum leverage ratio covenant as tested quarterly commencing with the close of the second quarter of 2027. The Credit Agreement also contains representations and warranties and event of default provisions customary for a transaction of this type. The Company is not aware of any instances of noncompliance with non-financial or financial covenants as of January 2, 2026.

ACF Credit Agreement

On March 12, 2025, we entered into a credit agreement ("ACF Credit Agreement") with ACF FINCO I LP, which provides a total commitment of $15 million and bears interest at an annual rate of adjusted term SOFR (as defined in the ACF Credit Agreement), subject to a 2.0% floor, plus 4.50%. Further, the ACF Credit Agreement is subject to an annual unused line fee of 0.50%. The ACF Credit Agreement includes certain financial operating covenants, including a minimum liquidity requirement of $5 million. The ACF Credit Agreement matures on the earlier of March 12, 2028 or 90 days prior to the maturity date of the Credit Agreement. As of January 2, 2026, we are not aware of any instances of noncompliance with non-financial or financial covenants.

Ansley Loan Agreement

On March 31, 2025, we entered into a loan and security agreement (the "Ansley Loan Agreement") with Ansley Park Capital LLC which provides for a borrowing capacity of $15.0 million as evidenced by two promissory notes (each, a "Promissory Note," and together, the "Promissory Notes").

Each Promissory Note has a maturity date of April 1, 2031, and accrues interest at a rate of 12.50% per annum. Pursuant to the terms of the Ansley Loan Agreement, we granted a security interest in (a) certain items of equipment

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(In thousands)	Fiscal Year Ended January 2, 2026	Fiscal Year Ended January 3, 2025
Net cash used in operating activities	$ (65,114)	$ (21,259)
Net cash provided by investing activities	1,124	15,041
Net cash provided by (used in) financing activities	50,054	(21,897)
Net decrease in cash, cash equivalents and restricted cash	(13,936)	(28,115)
Cash, cash equivalents and restricted cash, beginning of period	35,795	63,910
Cash, cash equivalents and restricted cash, end of period	$ 21,859	$ 35,795

Operating Activities

During the fiscal year ended January 2, 2026, net cash used in operating activities was $65 million, compared to net cash used in operating activities of $21 million for the fiscal year ended January 3, 2025. Cash flows used in operating activities were driven by a net loss, adjusted for various non-cash items and changes in accounts receivable, contract assets, contract liabilities, accounts payable and accrued expenses balances, accrued salaries and wages and other assets and liabilities as discussed below.

Operating assets and liabilities — The change in operating assets and liabilities varies due to fluctuations and timing in operating activities and operating assets and liabilities. The changes in the components of operating assets and liabilities during the fiscal years ended January 2, 2026 and January 3, 2025 were as follows:

(In thousands)	Fiscal Year Ended January 2, 2026	Fiscal Year Ended January 3, 2025
Accounts receivable, net	$ 12,809	$ 11,190
Contract assets	(40,156)	104,139
Accounts payable	23,067	(35,114)
Contract liabilities	(48,764)	(13,260)
Accrued expenses	(4,384)	9,940
Other assets and liabilities	(8,892)	6,349
Changes in operating assets and liabilities, net	$ (66,320)	$ 83,244

During the fiscal year ended January 2, 2026, the decrease in operating assets and liabilities was $66 million, which was primarily driven by decreases in contract liabilities and increases in contract assets, partially offset by increases in accounts payable. The Company's operating assets and liabilities fluctuations are impacted by the mix of projects in backlog, seasonality, the timing of new awards and related payments for work performed and the contract billings to the customer as projects are completed. Operating assets and liabilities are also impacted at period end by the timing of accounts receivable collections and accounts payable payments for projects.

Investing Activities

For the fiscal year ended January 2, 2026, net cash provided by investing activities was $1 million, which was primarily driven by proceeds from the sale of assets of $5 million and return of investment in unconsolidated joint ventures of $3 million, partially offset by purchases of property, plant and equipment of $7 million.

For the fiscal year ended January 3, 2025, net cash provided by investing activities was $15 million, which was primarily driven by proceeds from the sale of assets of $32 million, partially offset by purchases of property, plant and equipment of $10 million and contributions to unconsolidated joint ventures of $6 million.

Financing Activities

For the fiscal year ended January 2, 2026, net cash provided by financing activities was $50 million, which primarily consisted of borrowings on credit and loan agreements of $129 million, partially offset by repayments on credit and loan agreements of $75 million, $2 million of debt issuance costs incurred for the ACF Credit Agreement and

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The Company recognizes revenue from signed contracts with customers, change orders (approved and unapproved) and claims on those contracts that we conclude to be enforceable under the terms of the signed contracts. Many of the Company's contracts have one clearly identifiable performance obligation. However, some contracts provide the customer an integrated service that includes two or more of services associated with construction, operations and management. The determination of the number of performance obligations in a contract requires significant judgment and could change the timing of the amount of revenue recorded for a given period.

Determination of the contract price is dependent upon a number of factors, including the accuracy of a variety of estimates made at the consolidated balance sheet date, such as estimated costs at completion. Additionally, the Company is required to make estimates for the amount of consideration to be received, including variable compensation such as bonuses, awards, incentive fees, claims, unapproved change orders, unpriced change orders, penalties, and liquidated damages. The Company's estimates of variable consideration and determination of whether to include such amounts in the contract price are based largely on the Company's assessment of legal enforceability, anticipated performance, and any other information (historical and forecasted) that is reasonably available to the Company. Management continuously monitors factors that may affect the quality of its estimates and makes adjustments accordingly.

The Company has numerous contracts that are in various stages of completion which require estimates to determine the forecasted costs at completion. Due to the nature of the work left to be performed on many of the Company's contracts, the estimation of total cost at completion ("EAC") for fixed-price contracts is complex, subject to many variables and requires significant judgment. Estimates of total cost at completion are made each period and changes in these estimates are accounted for prospectively as cumulative adjustments to revenue recognized in the current period. If estimates of costs to complete fixed-price contracts indicate a loss, a provision is made through a contract write-down for the total loss anticipated in the cost of revenue.

Change Orders

Contracts are often modified to account for changes in contract specifications and requirements. Most of the Company's contract modifications are for goods or services that are not distinct from existing contracts due to the significant integration provided in the context of the contract and are accounted for as if they were part of the original contract. The effect of a contract modification on the transaction price and the Company's measure of progress for the performance obligation to which it relates are recognized as an adjustment to revenue (either as an increase or decrease) on a cumulative catch-up basis during the period the modification occurs and throughout the remainder of the contract.

Claims Recognition

Sometimes the Company seeks claims for amounts in excess of the contract price for delays, errors in specifications and designs, contract terminations, change orders in dispute or other causes of additional costs incurred. Costs attributable to claims from customers are treated as costs of contract performance as incurred.

Income Taxes

The Company accounts for income taxes under the asset and liability method prescribed by the Accounting Standards Codification Topic 740 — Income Taxes ("ASC 740"). This method requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this method, the Company determines deferred tax assets and liabilities on the basis of the differences between the consolidated financial statements and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse.

The Company recognizes deferred tax assets to the extent that its management believes these assets are more likely than not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If the Company determines that it would be able to realize its deferred tax assets in the future in excess of their net recorded amount, it will make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended April 3, 2026

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 001-41867

Shimmick Corporation

(Exact Name of Registrant as Specified in its Charter)

Delaware	**84-3749368**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
530 Technology Drive	
Suite 300	
Irvine, CA	**92618**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (833) 723-2021

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	SHIM	NASDAQ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
Emerging growth company	☒		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 12, 2026, the registrant had 36,696,660 shares of Common Stock, par value $0.01 per share, outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Shimmick Corporation
Condensed Consolidated Balance Sheets
(In thousands, except share data)
(unaudited)

	April 3, 2026	January 2, 2026
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 14,959	$ 19,969
Restricted cash	1,650	1,890
Accounts receivable, net	23,940	30,179
Contract assets, current	106,164	110,276
Prepaids and other current assets	12,774	13,067
TOTAL CURRENT ASSETS	159,487	175,381
Property, plant and equipment, net	9,035	10,571
Intangible assets, net	3,447	4,091
Lease right-of-use assets	17,070	16,466
Investment in unconsolidated joint ventures	12,852	11,866
Other assets	375	388
TOTAL ASSETS	$ 202,266	$ 218,763
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable	$ 65,274	$ 69,542
Contract liabilities, current	35,744	53,760
Accrued expenses	39,673	34,172
Current portion of long-term debt, net	2,706	4,143
Other current liabilities	34,387	34,499
TOTAL CURRENT LIABILITIES	177,784	196,116
Long-term debt, less current portion, net	65,972	60,316
Lease liabilities, non-current	11,629	11,913
Contract liabilities, non-current	469	453
Contingent consideration	5,254	5,203
Other liabilities	1,643	1,402
TOTAL LIABILITIES	262,751	275,403
Commitments and Contingencies (Note 11)		
STOCKHOLDERS' DEFICIT		
Common stock, $0.01 par value, 100,000,000 shares authorized as of April 3, 2026 and January 2, 2026; 36,096,072 and 36,035,559 shares issued and outstanding as of April 3, 2026 and January 2, 2026, respectively	361	360
Additional paid-in-capital	47,501	46,795
Retained deficit	(108,347)	(103,795)
Non-controlling interests	—	—
TOTAL STOCKHOLDERS' DEFICIT	(60,485)	(56,640)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 202,266	$ 218,763

See accompanying notes to the unaudited condensed consolidated financial statements.

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Shimmick Corporation
Condensed Consolidated Statements of Operations
(In thousands, except per share data)
(unaudited)

	Three Months Ended	
	April 3, 2026	**April 4, 2025**
Revenue	$ 88,033	$ 122,110
Cost of revenue	77,135	117,414
Gross margin	10,898	4,696
Selling, general and administrative expenses	14,253	14,368
Total operating expenses	14,253	14,368
Equity in earnings of unconsolidated joint ventures	1,061	726
(Loss) gain on sale of assets, net	(22)	66
Loss from operations	(2,316)	(8,880)
Interest expense	2,176	1,000
Other income, net	(66)	(110)
Net loss before income tax	(4,426)	(9,770)
Income tax expense	—	—
Net loss	(4,426)	(9,770)
Net income attributable to non-controlling interests	126	—
Net loss attributable to Shimmick Corporation	$ (4,552)	$ (9,770)
Net loss attributable to Shimmick Corporation per common share		
Basic	$ (0.13)	$ (0.28)
Diluted	$ (0.13)	$ (0.28)

See accompanying notes to the unaudited condensed consolidated financial statements.

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Shimmick Corporation
Condensed Consolidated Statements of Stockholders' Deficit
(In thousands, except share data)
(unaudited)

	Common Stock		Additional Paid-in-Capital	Retained Deficit	Non-Controlling Interests	Total Stockholders' Deficit
	Shares	Amount				
Balance as of January 2, 2026	36,035,559	$ 360	$ 46,795	$ (103,795)	$ —	$ (56,640)
Net (loss) income	—	—	—	(4,552)	126	(4,426)
Issuance of common stock related to stock-based awards	60,513	1	1	—	—	2
Stock-based compensation	—	—	705	—	—	705
Distributions to non-controlling interests	—	—	—	—	(126)	(126)
Balance as of April 3, 2026	36,096,072	$ 361	$ 47,501	$ (108,347)	$ —	$ (60,485)

	Common Stock		Additional Paid-in-Capital	Retained Deficit	Non-Controlling Interests	Total Stockholders' Deficit
	Shares	Amount				
Balance as of January 3, 2025	34,271,214	$ 343	$ 43,353	$ (78,211)	$ (159)	$ (34,674)
Net loss	—	—	—	(9,770)	—	(9,770)
Issuance of common stock related to stock-based awards	60,300	1	12	—	—	13
Stock-based compensation	—	—	1,790	—	—	1,790
Balance as of April 4, 2025	34,331,514	$ 344	$ 45,155	$ (87,981)	$ (159)	$ (42,641)

See accompanying notes to the unaudited condensed consolidated financial statements.

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Shimmick Corporation
Condensed Consolidated Statements of Cash Flows
(In thousands)
(unaudited)

	Three Months Ended	
	April 3, 2026	April 4, 2025
Cash Flows From Operating Activities		
Net loss	$ (4,426)	$ (9,770)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	705	1,790
Depreciation and amortization	2,856	3,460
Equity in earnings of unconsolidated joint ventures	(1,061)	(726)
Return on investment in unconsolidated joint ventures	90	1,137
Loss (gain) on sale of assets	22	(66)
Other, net	1,170	(236)
Changes in operating assets and liabilities:		
Accounts receivable, net	6,239	(3,005)
Contract assets	4,112	(15,863)
Accounts payable	(4,268)	5,806
Contract liabilities	(18,016)	(17,767)
Accrued expenses	5,501	(6,869)
Other assets and liabilities	(457)	3,925
Net cash used in operating activities	(7,533)	(38,184)
Cash Flows From Investing Activities		
Purchases of property, plant and equipment	(599)	(545)
Proceeds from sale of assets	—	107
Net cash used in investing activities	(599)	(438)
Cash Flows From Financing Activities		
Borrowings on credit and loan agreements	10,264	22,745
Repayments on credit and loan agreements	(7,163)	—
Distributions to non-controlling interests	(126)	—
Other, net	(93)	(838)
Net cash provided by financing activities	2,882	21,907
Net decrease in cash, cash equivalents and restricted cash	(5,250)	(16,715)
Cash, cash equivalents and restricted cash, beginning of period	21,859	35,795
Cash, cash equivalents and restricted cash, end of period	$ 16,609	$ 19,080
Reconciliation of cash, cash equivalents and restricted cash to the Condensed Consolidated Balance Sheets		
Cash and cash equivalents	$ 14,959	$ 16,302
Restricted cash	1,650	2,778
Total cash, cash equivalents and restricted cash	$ 16,609	$ 19,080

See accompanying notes to the unaudited condensed consolidated financial statements.

Docusign Envelope ID: E73138D2-2AC9-8B25-83B1-A4A165E60798

Three Months Ended April 3, 2026 compared to the Three Months Ended April 4, 2025

The following table sets forth selected financial data for the three months ended April 3, 2026 compared to the three months ended April 4, 2025:

	Three Months Ended				% of Revenue	
(In thousands, except percentage data)	**April 3, 2026**	**April 4, 2025**	**$ Change**	**% Change**	**April 3, 2026**	**April 4, 2025**
Revenue	$ 88,033	$ 122,110	$ (34,077)	(28)%	100%	100%
Cost of revenue	77,135	117,414	(40,279)	(34)	88	96
Gross margin	10,898	4,696	6,202	132	12	4
Selling, general and administrative expenses	14,253	14,368	(115)	(1)	16	12
Total operating expenses	14,253	14,368	(115)	(1)	16	12
Equity in earnings of unconsolidated joint ventures	1,061	726	335	46	1	1
(Loss) gain on sale of assets, net	(22)	66	(88)	(133)	—	—
Loss from operations	(2,316)	(8,880)	6,564	(74)	(4)	(7)
Interest expense	2,176	1,000	1,176	118	2	1
Other income, net	(66)	(110)	44	(40)	—	—
Net loss before income tax	(4,426)	(9,770)	5,344	(55)	(6)	(8)
Income tax expense	—	—	—	—	—	—
Net loss	$ (4,426)	$ (9,770)	$ 5,344	(55)%	(6)%	(8)%

Revenue and gross margin

The following table sets forth selected revenue and gross margin data for the three months ended April 3, 2026 compared to the three months ended April 4, 2025:

	Three Months Ended			
(In thousands, except percentage data)	**April 3, 2026**	**April 4, 2025**	**$ Change**	**% Change**
Shimmick Projects				
Revenue	$ 87,793	$ 93,154	$ (5,361)	(6)%
Gross Margin	$ 9,955	$ 5,267	$ 4,688	89%
Gross Margin (%)	11%	6%		
Non-Core Projects				
Revenue	$ 240	$ 28,956	$ (28,716)	(99)%
Gross Margin	$ 943	$ (571)	$ 1,514	(265)%
Gross Margin (%)	393%	(2)%		
Consolidated Total				
Revenue	$ 88,033	$ 122,110	$ (34,077)	(28)%
Gross Margin	$ 10,898	$ 4,696	$ 6,202	132%
Gross Margin (%)	12%	4%		

Shimmick Projects

Projects started after the AECOM Sale Transaction ("Shimmick Projects") have focused on critical infrastructure aligned with our strategy, including water, climate resilience, energy transition and sustainable transportation. Revenue recognized on Shimmick Projects was $88 million and $93 million for the three months ended April 3, 2026 and April 4, 2025, respectively. The $5 million decrease in revenue was primarily the result of $21 million of decreases in revenue from lower activity on existing projects and projects winding down as well as $13 million of revenue from a fire clean-up project which was included in revenue for the three months ended April 4, 2025 but was completed during the second quarter of fiscal year 2025 and did not reoccur for the three months ended April 3, 2026, partially offset by $29 million of revenue from new higher margin projects ramping up.

Gross margin recognized on Shimmick Projects was $10 million and $5 million for the three months ended April 3, 2026 and April 4, 2025, respectively. The $5 million increase in the gross margin was primarily the result of new higher margin projects ramping up.

Non-Core Projects

As part of the AECOM Sale Transaction, we acquired projects and backlog that were started under prior ownership (formerly referred to as "Legacy and Foundations Projects").

Non-Core Projects revenue was $200 thousand and $29 million for the three months ended April 3, 2026 and April 4, 2025, respectively. The $29 million decrease was primarily the result of the notice of termination associated with the Chickamauga Lock Replacement Project as well as a $10 million decrease from the Company working to wind down these Non-Core projects. See Note 12 - Subsequent Events for additional details.

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See reconciliations below:

	Three Months Ended	
(In thousands)	**April 3, 2026**	**April 4, 2025**
Net loss attributable to Shimmick Corporation	$ (4,552)	$ (9,770)
Transformation costs [(1)]	41	715
Stock-based compensation	705	1,790
Legal fees and other costs for Non-Core Projects [(2)]	1,364	(340)
Other [(3)]	51	191
Adjusted net loss	$ (2,391)	$ (7,414)

	Three Months Ended	
(In thousands)	**April 3, 2026**	**April 4, 2025**
Net loss attributable to Shimmick Corporation	$ (4,552)	$ (9,770)
Interest expense	2,176	1,000
Income tax expense	—	—
Depreciation and amortization	2,856	3,460
Transformation costs[(1)]	41	715
Stock-based compensation	705	1,790
Legal fees and other costs for Non-Core Projects[(2)]	1,364	(340)
Other[(3)]	51	191
Adjusted EBITDA	$ 2,641	$ (2,954)

(1) Consists of transformation-related costs we have incurred including advisory costs in connection with settling outstanding claims in connection with exiting certain Non-Core Projects as part of the Company's growth strategy to address and capitalize on the nation's growing need for water and other critical infrastructure.
(2) Consists of legal fees and other costs incurred in connection with claims relating to Non-Core Projects.
(3) Consists of transaction-related costs and changes in fair value of contingent consideration remaining after the impact of transactions with our prior owner.

Liquidity and Capital Resources

Capital Requirements and Sources of Liquidity

Our capital expenditures were approximately $1 million for each of the three months ended April 3, 2026 and April 4, 2025. Historically, we have had significant cash requirements in order to organically expand our business to undertake new projects. Our cash requirements include costs related to increased expenditures for equipment, facilities and information systems, purchase of materials and production of materials and cash to fund our organic expansion into new markets, including through joint ventures. Our working capital needs are driven by the seasonality and growth of our business, with our cash requirements greater in periods of growth. Additional cash requirements resulting from our growth include the costs of additional personnel, enhancing our information systems, our compliance with laws and rules applicable to being a public company and, in the future, our integration of any acquisitions. Unrestricted cash and cash equivalents at April 3, 2026 totaled $15 million and availability under the Credit Agreement and ACF Credit Agreement totaled $13 million and $6 million, respectively, resulting in total liquidity of $34 million.

We have historically relied upon cash available through operating activities, in addition to credit facilities and existing cash balances, to finance our working capital requirements and to support our growth.

However, we regularly monitor other potential capital sources, including equity and debt financing, in an effort to meet our planned expenditures and liquidity requirements. Our future success will be highly dependent on our ability to access outside sources of capital.

As is customary in our business, we are required to provide surety bonds to secure our performance under our contracts. Our ability to obtain surety bonds primarily depends upon our capitalization, working capital, past performance, management expertise and reputation and certain external factors, including the overall capacity of the surety market. Surety companies consider such factors in relationship to the amount of our backlog and their underwriting standards, which may change from time to time. We have pledged proceeds and other rights under our contracts to our bond surety company. Events that affect the insurance and bonding markets may result in bonding becoming more difficult to obtain in the future, or being available only at a significantly greater cost.

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We believe that our operating, investing and financing cash flows are sufficient to fund our operations for at least the next twelve months and thereafter for the foreseeable future. However, future cash flows are subject to a number of variables, and significant additional expenditures will be required to conduct our operations. There can be no assurance that operations and other capital resources will provide cash in sufficient amounts to maintain planned or future levels of expenditures. In the event we make one or more acquisitions and the amount of capital required is greater than the amount we have available for acquisitions at that time, we could be required to reduce the expected level of expenditures and/or seek additional capital. If we seek additional capital, we may do so through joint ventures, asset sales and sale-leaseback transactions, offerings of debt or equity securities or other means. We cannot guarantee that this additional capital will be available on acceptable terms or at all. If we are unable to obtain the funds we need, we may not be able to complete acquisitions that may be favorable to us or finance the expenditures necessary to conduct our operations.

Total debt outstanding on the condensed consolidated balance sheets is comprised of the following:

(In thousands)	April 3, 2026	January 2, 2026
Credit Agreement	$ 51,279	$ 46,424
ACF Credit Agreement	9,458	8,194
Ansley Loan Agreement	10,808	12,971
Unamortized debt issuance costs	(2,867)	(3,130)
Total debt, net	68,678	64,459
Less: Current portion of long-term debt, net	2,706	4,143
Long-term debt, less current portion, net	$ 65,972	$ 60,316

Credit Agreement

On May 20, 2024, the Company, as guarantor, and its wholly-owned subsidiaries as borrowers ("Borrowers"), Alter Domus (US) LLC, as agent, and AECOM and Berkshire Hathaway Specialty Insurance Company ("BHSI") as lenders, entered into a revolving credit facility (the "Credit Agreement"), which was most recently amended on May 8, 2026 to, among other things, waive the specified noncompliance of the Material Project Documents covenant regarding entering into non-bonded contracts. As amended, the Credit Agreement provides borrowing capacity up to $60 million. The obligations under the Credit Agreement bear interest at a per annum rate equal to One Month Term SOFR (as defined in the Credit Agreement), subject to a 1.00% floor, plus 3.50%. Interest on any outstanding amounts drawn under the Credit Agreement will be payable, in kind or in cash at our election, on the last day of each month and upon prepayment. Payment-in-kind interest accrued and capitalized shall not constitute loan outstanding amounts for the purposes of calculating loan availability.

The Credit Agreement matures on May 20, 2029 (the "Maturity Date"), and the Borrowers may borrow, repay and reborrow amounts under the Credit Agreement until the Maturity Date.

Obligations of the Borrowers under the Credit Agreement are guaranteed by the Company and secured by a lien on substantially all assets of the Company and the Borrowers.

The Credit Agreement contains customary affirmative and negative covenants for a transaction of this type, including covenants that limit liens, asset sales and investments, in each case subject to negotiated exceptions and baskets. In addition, the Credit Agreement contains a maximum leverage ratio covenant as tested quarterly commencing with the close of the second quarter of 2027. The Credit Agreement also contains representations and warranties and event of default provisions customary for a transaction of this type. The Company is not aware of any instances of noncompliance with non-financial or financial covenants as of April 3, 2026.

ACF Credit Agreement

On March 12, 2025, we entered into a credit agreement ("ACF Credit Agreement") with ACF FINCO I LP, which provides a total commitment of $15 million and bears interest at an annual rate of adjusted term SOFR (as defined in the ACF Credit Agreement), subject to a 2.0% floor, plus 4.50%. Further, the ACF Credit Agreement is subject to an annual unused line fee of 0.50%. The ACF Credit Agreement includes certain financial operating covenants, including a minimum liquidity requirement of $5 million. The ACF Credit Agreement matures on the earlier of March 12, 2028 or 90 days prior to the maturity date of the Credit Agreement. As of April 3, 2026, we are not aware of any instances of noncompliance with non-financial or financial covenants.

Ansley Loan Agreement

On March 31, 2025, we entered into a loan and security agreement (the "Ansley Loan Agreement") with Ansley Park Capital LLC which provides for a borrowing capacity of $15.0 million as evidenced by two promissory notes (each, a "Promissory Note," and together, the "Promissory Notes").

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Each Promissory Note has a maturity date of April 1, 2031, and accrues interest at a rate of 12.50% per annum. Pursuant to the terms of the Ansley Loan Agreement, we granted a security interest in (a) certain items of equipment described therein, (b) all leases, rental contracts, chattel paper, accounts, security deposits and general intangibles relating thereto and (c) and any and all proceeds thereof as collateral for the payments under the Ansley Loan Agreement. The Ansley Loan Agreement contains customary affirmative and negative covenants for a transaction of this type. In connection with the Ansley Loan Agreement, we entered into a separate guaranty agreement (each, a "Guaranty Agreement," and together, the "Guaranty Agreements") in favor of the Ansley Park Capital LLC unconditionally guaranteeing our liabilities and the liabilities of one of our wholly-owned subsidiaries under the Ansley Loan Agreement. As of April 3, 2026, we are not aware of any instances of noncompliance with non-financial or financial covenants.

During the three months ended April 3, 2026, the Company paid $1 million in cash interest, and accrued $5 million in the aggregate in non-cash payment-in-kind interest as of April 3, 2026.

ATM Agreement

On September 8, 2025, the Company entered into an At The Market Offering Agreement (the "Sales Agreement") with Roth Capital Partners, LLC (the "Sales Agent"). Under the Sales Agreement, the Sales Agent may, at the Company's discretion, sell up to $7.8 million of shares of the Company's common stock, in "at the market offerings" as defined in Rule 415 under the Securities Act of 1933, as amended. The shares will be sold pursuant to the Company's Registration Statement on Form S-3 (File No. 333-288513), declared effective by the SEC on July 10, 2025, and the related prospectus supplement (the "Prospectus Supplement") dated September 8, 2025 filed with the SEC in connection with the offer and sale of the shares.

The Company is not obligated to make any sales of shares under the Sales Agreement, and no assurance can be given that the Company will sell any shares under the Sales Agreement, or, if the Company does, as to the price or amount of shares that the Company will sell, or the dates on which any such sales will take place. The Company or the Sales Agent, under certain circumstances and upon notice to the other, may suspend the offering of the shares under the Sales Agreement. The offering of the Shares pursuant to the Sales Agreement will terminate upon the sale of shares in an aggregate offering amount equal to $7.8 million, or sooner if either the Company or the Sales Agent terminates the Sales Agreement. The Company will pay the Sales Agent a cash commission in an amount up to 3% of the gross proceeds from each sale of Shares sold pursuant to the Sales Agreement and will reimburse the Sales Agent for the documented fees and costs of its legal counsel reasonably incurred in connection with entering into the transactions contemplated by the Sales Agreement in an amount not to exceed $50,000 in the aggregate.

The Company made certain customary representations, warranties and covenants in the Sales Agreement concerning the Company and its subsidiaries and the Registration Statement, Prospectus, Prospectus Supplement and other documents and filings relating to the offering of the shares. In addition, the Company has agreed to indemnify the Sales Agent against certain liabilities, including liabilities under the Securities Act. The shares to be sold under the Sales Agreement, if any, will be issued and sold pursuant to the Company's Registration Statement, and its Prospectus Supplement related thereto.

Cash Flows Analysis

The following table sets forth our cash flows for the periods indicated:

	Three Months Ended	
(In thousands)	**April 3, 2026**	**April 4, 2025**
Net cash used in operating activities	$ (7,533)	$ (38,184)
Net cash used in investing activities	(599)	(438)
Net cash provided by financing activities	2,882	21,907
Net decrease in cash, cash equivalents and restricted cash	(5,250)	(16,715)
Cash, cash equivalents and restricted cash, beginning of period	21,859	35,795
Cash, cash equivalents and restricted cash, end of period	$ 16,609	$ 19,080

Operating Activities

During the three months ended April 3, 2026, net cash used in operating activities was $8 million, compared to net cash used in operating activities of $38 million for the three months ended April 4, 2025. Cash flows used in operating activities were driven by net loss, adjusted for various non-cash items and changes in contract liabilities, contract assets, accounts payable and accrued expenses balances, accounts receivable and other assets and liabilities as discussed below.

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NEWS RELEASES

Shimmick Corporation Announces Closing of Underwritten Public Offering of Common Stock

May 26, 2026

PDF Version

IRVINE, Calif., May 26, 2026 (GLOBE NEWSWIRE) -- Shimmick Corporation (NASDAQ: SHIM), a leading infrastructure solutions provider specializing in water, electrical, and other critical infrastructure construction services, today announced the successful closing of its previously announced underwritten public offering of 3,730,000 shares of its common stock at a public offering price of $3.50 per share.

In connection with the offering, the underwriter fully exercised its 30-day option to purchase an additional 559,500 shares of common stock to cover overallotments.

As a result, Shimmick sold an aggregate of 4,289,500 shares in the offering and received net proceeds of approximately $14.0 million, after deducting underwriting discounts and estimated offering expenses.

Roth Capital Partners acted as sole manager for the offering.

Shimmick intends to use the net proceeds from the offering for working capital and general corporate purposes.

The shares of common stock were offered by Shimmick pursuant to a "shelf" registration statement on Form S-3 (File No. 333-288513) previously filed with the Securities and Exchange Commission (the "SEC") and declared effective on July 10, 2025. The offering was made only by means of a prospectus supplement and accompanying prospectus filed with the SEC on May 22, 2026. Copies of the prospectus supplement and accompanying prospectus may be obtained from the SEC's website at www.sec.gov or from Roth Capital Partners, LLC, 888 San Clemente Drive, Suite 400, Newport Beach, CA 92660, telephone: (800) 678-9147.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy any securities described herein, nor shall there be any sale of these securities in any state or jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

About Shimmick Corporation

Shimmick Corporation ("Shimmick", the "Company") (NASDAQ: SHIM) is an industry leader in delivering turnkey infrastructure solutions that strengthen critical markets across water, energy, climate resiliency, and sustainable transportation. With a track record that spans over a century, Shimmick, headquartered in California, unites deep engineering heritage with entrepreneurial spirit to tackle today's most complex infrastructure challenges. We integrate technical excellence with collaborative project delivery methods to provide innovative, technology-driven infrastructure solutions that accelerate economic growth and empower communities nationwide. For more information, visit www.shimmick.com.

Forward-Looking Statements

This release contains forward-looking statements within the meaning of U.S. federal securities laws. These forward-looking statements are often characterized by the use of words such as "may," "should," "expects," "plans," "anticipates," "could," "intends," "targets," "projects," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other similar words. Forward-looking statements are only predictions based on our current expectations and our projections about future events, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances, including, but not limited to, unanticipated events, after the date on which such statement is made, unless otherwise required by law. Forward-looking statements contained in this release include, but are not limited to, statements about our public offering, including the proposed use of proceeds of the public offering. These statements involve risks and uncertainties, and actual results may differ materially from any future results expressed or implied by the forward-looking statements.

We wish to caution readers that, although we believe any forward-looking statements are based on reasonable assumptions, certain important factors may have affected and could in the future affect our actual financial results and could cause our actual financial results for subsequent periods to differ materially from those expressed in any

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forward-looking statement made by or on our behalf, including, but not limited to, the following: our ability to accurately estimate risks, requirements or costs when we bid on or negotiate a contract; the impact of our fixed-price contracts; qualifying as an eligible bidder for contracts; the availability of qualified personnel, joint venture partners and subcontractors; inability to attract and retain qualified managers and skilled employees and the impact of loss of key management; higher costs to lease, acquire and maintain equipment necessary for our operations or a decline in the market value of owned equipment; subcontractors failing to satisfy their obligations to us or other parties or any inability to maintain subcontractor relationships; marketplace competition; our inability to obtain bonding; our limited operating history as an independent company following our separation from AECOM, our prior owner our relationship and transactions with our prior owner; our prior owner defaulting on its contractual obligations to us or under agreements in which we are beneficiary; our limited number of customers; any inability to successfully expand our business into new markets or geographies; dependence on subcontractors and suppliers of materials; any inability to secure sufficient aggregates; an inability to complete a merger or acquisition or to integrate an acquired company's business; adjustments in our contract backlog; accounting for our revenue and costs involves significant estimates, as does our use of the input method of revenue recognition based on costs incurred relative to total expected costs; material impairments; any failure to comply with covenants under any current indebtedness, and future indebtedness we may incur; the adequacy of sources of liquidity; the outcome of any legal or regulatory proceedings to which we are, or may become, a party, including our appeal of the USACE's notice of termination related to the Chickamauga Lock project; the effectiveness of our disclosure controls and procedures; cybersecurity attacks against, disruptions, failures or security breaches of, our information technology systems; seasonality of our business; commodity products price fluctuations, inflation (and actions taken by monetary authorities in response to inflation) and/or elevated interest rates; climate change; deterioration of the U.S. economy; changes in state and federal laws, regulations or policies under the current presidential administration, including changes in trade policies and regulations, including increases or changes in duties, current and potentially new tariffs or quotas and other similar measures, as well as the impact of retaliatory tariffs and other actions, changes to tax legislation, including the passage of the One Big Beautiful Bill Act, potential changes to the amounts provided for under the Infrastructure Investment and Jobs Act, changes to immigration laws, as well as other legislation and executive orders or decreases or delays in or uncertainties related to governmental spending, and geopolitical risks, including those related to the war between Russia and Ukraine and the conflict and potential regime change in Iran, as well as other hostilities in the Middle East, and related disruptions to global energy markets; and other risks detailed in our filings with the Securities and Exchange Commission, including the "Risk Factors" section in our Annual Report on Form 10-K for the fiscal year ended January 2, 2026 and those described from time to time in our future reports with the SEC.

Investor Relations: IR@shimmick.com 1-949-704-2350

Media Contact: Lee Ann Ballew
LeeAnn.Ballew@shimmick.com

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Bid Opening: Friday, February 6, 2026
2:00 P.M.

Summary of Bids

VISTA GRANDE DRAINAGE BASIN IMPROVEMENTS PROJECT

Name:	Total Sum of Bid:
Barnard Construction Corporation, Inc.	$304,708,369.00
Flatiron Dragados-Bessac	$234,301,364.42
Shimmick Construction Company, Inc.	$179,850,000.00

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GORDON N. BALL, INC.
Bid Results

2026 Bid Number	**3**	
Bid Date	**1/20/2026**	
Estimate Number	**25G060**	
Description	**Napa Flood Protection Project**	
Contract No	**FC26-01**	
Owner	**County of Napa**	
Estimator	**HS/KJ**	

	Contractor	Bid	% Diff	% off Low
1	Shimmick	$32,812,575		
2	Goodfellows	$38,063,017	16.00%	16.00%
3	Ghilotti Construction	$41,515,116	9.1%	26.5%
4	**GNB**	**$43,573,155**	**5.0%**	**32.8%**
5	Odin	$44,099,564	1.2%	34.4%
6	A&B Construction	$44,737,682	1.4%	36.3%
7	Stacy & Witbeck/Ghilotti Bros JV	$49,860,860	11.5%	52.0%
8				
9				
10				
11				
12				

Engineers Estimate	$34,671,000	
Average Bid	$42,094,567	28.3%
% GNB difference of Average Bid		3.51%

GNB SUBCONTRACTOR LISTING

Listed Firm	Work Type
Evergreen	Tree Removal
Evergreen	Demolition (Partial)
Pacific Steel Group	Rebar
Pro Fence	Fence
Pro Fence	Metal Railing
R & R Maher	Minor Concrete

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Rangeline

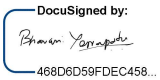
In-Line Stop

Certificate Of Completion

Envelope Id: E73138D2-2AC9-8B25-83B1-A4A165E60798
Status: Completed
Subject: Complete with Docusign: C0724 CCFPP Response to Protest 07.09.2026.pdf take 2
Source Envelope:
Document Pages: 44
Signatures: 1
Envelope Originator:
Certificate Pages: 5
Initials: 0
Lori Gregory
AutoNav: Enabled
5750 Almaden Expressway
EnvelopeId Stamping: Enabled
San Jose, CA 95123
Time Zone: (UTC-08:00) Pacific Time (US & Canada)
LGregory@valleywater.org
IP Address: 64.190.101.22

Record Tracking

Status: Original
7/9/2026 3:40:35 PM
Holder: Lori Gregory
LGregory@valleywater.org
Location: DocuSign
Security Appliance Status: Connected
Pool: StateLocal

Signer Events	Signature	Timestamp
Bhavani Yerrapotu byerrapotu@valleywater.org DOO Valley Water Security Level: Email, Account Authentication (None)	DocuSigned by:  468D6D59FDEC458... Signature Adoption: Drawn on Device Using IP Address: 64.190.101.20	Sent: 7/9/2026 3:44:45 PM Viewed: 7/9/2026 3:46:50 PM Signed: 7/9/2026 3:47:44 PM
Electronic Record and Signature Disclosure: Accepted: 6/6/2024 9:20:22 AM ID: 5f21817c-8159-4a24-8e87-8cbb394885d0		

In Person Signer Events	Signature	Timestamp

Editor Delivery Events	Status	Timestamp

Agent Delivery Events	Status	Timestamp

Intermediary Delivery Events	Status	Timestamp

Certified Delivery Events	Status	Timestamp

Carbon Copy Events	Status	Timestamp
Amandeep Saini asaini@valleywater.org Construction Manager Valley Water Security Level: Email, Account Authentication (None)	COPIED	Sent: 7/9/2026 3:44:45 PM Viewed: 7/9/2026 3:48:18 PM
Electronic Record and Signature Disclosure: Accepted: 8/30/2023 2:36:05 PM ID: 14ecbdd6-c951-4453-b031-181699e57665		
Caitlin Kin-McAlpine cmcalpine@valleywater.org Associate Engineer Santa Clara Valley Water District Security Level: Email, Account Authentication (None)	COPIED	Sent: 7/9/2026 3:44:46 PM Viewed: 7/9/2026 3:45:43 PM
Electronic Record and Signature Disclosure: Not Offered via Docusign		

Carbon Copy Events	Status	Timestamp
Huggen Angeles HAngeles@valleywater.org Security Level: Email, Account Authentication (None) **Electronic Record and Signature Disclosure:** Not Offered via Docusign	COPIED	Sent: 7/9/2026 3:44:47 PM
Madhu Thummaluru mthummaluru@valleywater.org Madhu Thummaluru (acting for Bhavani Yerrapotu) Valley Water Security Level: Email, Account Authentication (None) **Electronic Record and Signature Disclosure:** Accepted: 2/24/2024 6:50:06 AM ID: 4ff3fe28-9843-4626-830d-331617591edc	COPIED	Sent: 7/9/2026 3:44:46 PM Viewed: 7/9/2026 3:54:31 PM
Robert Yamane RYamane@valleywater.org Acting Unit Manager Valley Water Security Level: Email, Account Authentication (None) **Electronic Record and Signature Disclosure:** Not Offered via Docusign	COPIED	Sent: 7/9/2026 3:44:47 PM
Sally Castro scastro@valleywater.org Deputy Operating Officer Security Level: Email, Account Authentication (None) **Electronic Record and Signature Disclosure:** Not Offered via Docusign	COPIED	Sent: 7/9/2026 3:44:47 PM Viewed: 7/9/2026 3:45:24 PM

Witness Events	Signature	Timestamp

Notary Events	Signature	Timestamp

Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	7/9/2026 3:44:48 PM
Certified Delivered	Security Checked	7/9/2026 3:46:50 PM
Signing Complete	Security Checked	7/9/2026 3:47:44 PM
Completed	Security Checked	7/9/2026 3:47:44 PM

Payment Events	Status	Timestamps

Electronic Record and Signature Disclosure

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

From time to time, Santa Clara Valley Water District (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to this Electronic Record and Signature Disclosure (ERSD), please confirm your agreement by selecting the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

Getting paper copies

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after the signing session and, if you elect to create a DocuSign account, you may access the documents for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a $0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact Santa Clara Valley Water District:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:
To contact us by phone call: (408) 630-2360
To contact us by email send messages to: RecordsStaff@valleywater.org
To contact us by paper mail, please send correspondence to:
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95123

To advise Santa Clara Valley Water District of your new email address

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at and in the body of such request you must state: your previous email address, your new email address. Please contact the requesting department or our main Front Desk at (408) 630-2600 to be transferred to the appropriate department.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

To request paper copies from Santa Clara Valley Water District

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to mcook@valleywater.org and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with Santa Clara Valley Water District

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;

ii. send us an email to RecordsStaff@valleywater.org and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. Please contact the requesting department or our main Front Desk at (408) 630-2600 to be transferred to the appropriate department..

Required hardware and software

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: https://support.docusign.com/guides/signer-guide-signing-system-requirements.

Acknowledging your access and consent to receive and sign documents electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

By selecting the check-box next to 'I agree to use electronic records and signatures', you confirm that:

- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify Santa Clara Valley Water District as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by Santa Clara Valley Water District during the course of your relationship with Santa Clara Valley Water District.

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Santa Clara Valley Water District

File No.: 26-0636

Agenda Date: 7/24/2026
Item No.: 3.2.

BOARD AGENDA MEMORANDUM

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:
Receive Report of Bids, Ratify Addenda, Waive Minor Irregularities, Approve the Contingency Fund, and Award the Construction Contract to Flatiron Dragados Sukut ADSRP Joint Venture for the Anderson Dam Seismic Retrofit Project, Project No. 91864005, Contract No. C0702 in the Sum of $1,883,542,190 (Morgan Hill, District 1).

RECOMMENDATION:

A. Ratify Addenda Nos. 1 through 20 to the Contract Documents for the Anderson Dam Seismic Retrofit Project;
B. Waive minor irregularities in Flatiron Dragados Sukut ADSRP Joint Venture and Barnard Construction Company, Inc. bids;
C. Award the Construction Contract to Flatiron Dragados Sukut ADSRP Joint Venture, located in Concord, CA, in the sum of $1,883,542,190; and
D. Approve a contingency sum of $50,000,000 and authorize the Chief Executive Officer or designee to approve individual change orders up to the designated amount.

SUMMARY:
The Anderson Dam Seismic Retrofit Project (ADSRP or Project) is a critical infrastructure project that will address seismic deficiencies at Anderson Dam and bring the facility into compliance with current Federal Energy Regulatory Commission (FERC) and California Department of Water Resources, Division of Safety of Dams (DSOD) dam safety requirements.

The Project will result in a seismically resilient dam, restore Anderson Dam to its full operational storage capacity, improve water supply reliability and groundwater recharge options, and enhance operational flexibility, including minimizing the risk of reservoir spills, providing in-stream environmental flows consistent with regulatory requirements, and restoring recreational opportunities at Anderson Reservoir and along the Coyote Creek corridor.

ADSRP is one of the largest and most complex capital projects undertaken by Santa Clara Valley Water District (Valley Water) with a seven-year construction duration (2027 to 2033), followed by a two-year plant establishment period. Approval of the recommended actions will authorize the award of the construction contract and allow construction of ADSRP.

Project Background

Anderson Reservoir has been operated under restriction, and the ADSRP was initiated based on preliminary findings from a seismic stability evaluation. Planning for the ADSRP commenced in 2012 and was completed in 2013. On August 27, 2013, the Board approved Agreement No. A3676A with URS Corporation for design services for the ADSRP. The Planning Study Report was provided to the Board in a Non-Agenda Memo dated August 29, 2013.

Numerous factors, primarily driven by new geological discoveries, heightened regulatory standards, and environmental requirements, have significantly expanded the ADSRP scope since the Planning Study Report was completed in 2013. Initially, ADSRP aimed for seismic stabilization of Anderson Dam by adding materials to the existing dam embankment. However, during the design phase in 2016, additional geotechnical studies and investigations revealed active faulting directly beneath the dam's foundation. This discovery was significant because it indicated that the existing dam embankment could liquify and potentially fail during a large earthquake. This fundamentally changed staff's understanding of the dam's stability and led to a complete redesign from simply retrofitting the existing dam to fully removing and replacing it with a new dam.

As modified, the ADSRP will remove and replace most of the existing dam with a well-compacted, zoned embankment dam; construct a new low-level outlet and a new high-level outlet to meet DSOD requirements for emergency drawdown of the reservoir; remove, replace, and extend the existing concrete spillway to safely pass the probable maximum flood; and make other improvements to Anderson Dam. Upon completion of the ADSRP, Anderson Reservoir will return to its original storage capacity.

On February 20, 2020, the Federal Energy Regulatory Commission (FERC) directed Valley Water to: (i) immediately maintain Anderson Reservoir below elevation 565 feet; (ii) begin to further lower Anderson Reservoir to dead pool (elevation 490 feet) no later than October 1, 2020, and maintain Anderson Reservoir at dead pool (elevation 490 feet) thereafter; and (iii) design and construct a new low-level outlet as soon as possible. The Anderson Dam Tunnel Project (ADTP) was initiated in 2020, and its design was completed in 2021. Construction for the ADTP is ongoing and is currently scheduled to be completed in November 2026.

Liquidated Damages and Incentive Structure

To promote on-time completion of critical construction milestones and minimize flood risk associated with schedule delays, the Contract Documents include a structured liquidated damages and incentive framework for ADSRP.

Failure to achieve the two critical milestones, Contract Milestone 9 (Completion of the Upstream Diversion Tunnel) and Contract Milestone 12 (Completion of Stage 1B Interim Dam), by the deadlines specified in the Contract Documents will subject the Contractor to liquidated damages of $25 million each. These milestones are highly schedule-sensitive, and failure to meet the deadlines would result

in a one-year delay due to seasonal constraints. The $25 million figure reflects anticipated environmental mitigation and monitoring costs incurred during an additional year of dewatering and site impacts.

The Contract Documents also include a $25 million incentive for early completion of Contract Milestone 13 (Completion of Stage 2B Interim Dam). The purpose of this incentive is to encourage early completion of this critical milestone for public safety and flood risk reduction. The incentive is structured to drive contractor performance and ensure this milestone is prioritized without triggering adversarial claims. If earned, the incentive would be paid out of the contingency fund and issued as a Contract Change Order, which would be presented to the Board for approval, as it exceeds the delegated authority levels described below.

Addenda Ratification

Twenty (20) addenda were issued during the bid advertisement period to clarify the Project Contract Documents and answer bidders' questions. To formally incorporate the addenda into the Project Contract Documents, staff recommend that the Board ratify the addenda.

To protect sensitive information related to the project, all parties interested in accessing the Plans, Specifications, and Addenda were registered as a vendor at the Valley Water Vendor Portal and submitted a completed Non-Disclosure Agreement (NDA) to access the Contract Documents.

The Project's Plans and Specifications were provided to the Board in a separate communication for their review prior to taking the recommended action to adopt the Plans and Specifications for bid advertisement. The addenda were also provided by separate communication to Valley Water's Board of Directors for their review prior to taking the recommended action to ratify.

The Plans and Specifications released at the time of advertisement were at 100 percent, except for the intake tower design, which was at 90 percent design. The intake tower design was finalized and released to the bidders through addenda. FERC and DSOD provided review comments on the Plans and Specifications, which were addressed and released to the bidders through addenda.

Waiver of Minor Irregularities in Bids from Barnard and FDS

Barnard Construction Company, Inc. (Barnard) and Flatiron Dragados Sukut ADSRP Joint Venture (FDS) each submitted timely Technical Submittal Certifications signed by authorized representatives; however, evidence of legal authority for the first signatory was not provided by either firm. On June 6, 2026, Valley Water issued a clarification request for evidence of legal authority. Barnard and FDS provided the requested documentation on June 8, 2026.

Valley Water noted that portions of Attachment 1.2.A (Quality Control Plan) were not included in the original submission package from FDS. Valley Water issued a clarification request on May 22, 2026, seeking confirmation and submission of the missing information. FDS immediately provided the

requested information in response to the clarification request. The omission was the result of an inadvertent failure to upload the existing document. It did not provide a competitive advantage, did not alter the Technical Submittal, and was adequately resolved through the clarification process.

These errors are not material and do not affect the Bidders' ability to fulfill the contract or give the firms an unfair advantage in the competitive bidding process for the Project. The bids substantially complied with the bidding requirements. Staff recommends that the Board waive these minor irregularities.

Best Value Procurement Process

To support a balanced contractor selection process for the ADSRP and given the Project's complexity and public safety significance, the Project was procured using a two-step Best Value procurement process that emphasized technical qualifications, risk management, and price competitiveness.

Prior to issuing an Invitation to Bid, Valley Water completed the first step of the process by prequalifying contractors eligible to compete for the Project. The Request for Prequalification Application was published through PlanetBids, and applications were evaluated on a pass/fail basis for financial capacity and key technical qualifications, including major dam construction, tunnel construction, and management of large public infrastructure projects. Following technical and financial review, reference checks, and internal approvals, Valley Water identified three contractors as Prequalified Bidders, eligible to proceed to the bidding phase.

On September 23, 2025, an Invitation to Bid was published on Valley Water's procurement portal on PlanetBids, formally initiating the competitive procurement process and inviting the Prequalified Bidders to participate.

On October 16, 2025, a pre-bid meeting was held to provide the Prequalified Bidders with information about the project, procurement requirements, and contract expectations. Valley Water also held in-person and hybrid one-on-one meetings with the prequalified bidders beginning November 2025 and continuing throughout the procurement process to provide an opportunity for prequalified bidders to ask questions and better understand the Project.

On May 20, 2026, Valley Water received Technical Submittals from two Prequalified Bidders, for review and evaluation. An evaluation committee of four internal and one external reviewer rated the submittals and ranked the Bidders.

On June 10, 2026, the evaluation committee conducted Bidder interviews as part of the evaluation

process to further assess each Bidder's technical approach, qualifications, and understanding of the Project requirements.

Independent reviews of the technical submittals were also performed by a Technical Review Panel, Responsiveness Committee, and District Legal Counsel to confirm technical quality, verify responsiveness to procurement requirements, ensure consistency with the solicitation and applicable legal requirements, and support a fair, transparent, and defensible evaluation process.

On June 24, 2026, Valley Water received Price Submittals from two Prequalified Bidders.

On June 26, 2026, Valley Water issued Addendum No. 19 requesting Best and Final Offers (BAFOs) from the Prequalified Bidders. The BAFO process provided bidders an opportunity to submit updated final pricing following the technical evaluation and pricing clarification process, helping improve price competitiveness and clarify Bidder assumptions. Addendum No. 19 also established a $2,000,000,000 (Two Billion Dollars) Upset Limit and provided for one-on-one pricing clarification meetings with each Prequalified Bidder.

On July 10, 2026, Valley Water received updated Pricing Submittals from two prequalified bidders as part of the BAFO evaluation process. Valley Water evaluated the updated pricing in accordance with the Instructions to Proposers and determined the recommended award based on the highest-ranked responsive and responsible Bidder whose final bid price did not exceed the established upset limit.

Contract Award

In accordance with the evaluation process and award criteria established in the solicitation documents, including Addendum No. 19, Flatiron Dragados Sukut ADSRP Joint Venture was identified as the highest-ranked responsive and responsible bidder whose final bid price did not exceed the established upset limit.

The bid submitted by Flatiron Dragados Sukut ADSRP Joint Venture is $1,883,542,190, which is 4.5% below the Engineer's Estimate of $1,971,666,135.

Staff reviewed the bid proposals and recommends the Board award the Construction Contract to Flatiron Dragados Sukut ADSRP Joint Venture as the responsible bidder, submitting the highest-scoring responsive Best Value Bid.

Contingency Funds

The Contract award sum for the Project is $1,883,542,190. To allow staff to quickly address

unforeseen or changed site conditions and other unanticipated occurrences, without causing unnecessary delays or consequential costs to the Project, staff recommends that the Board approve encumbering a contingency amount of $50,000,000, which is 2.65% of the contract amount for the subject Project.

Valley Water typically approves a 10% contingency on complex construction contracts. Applying this approach to ADSRP would result in a contingency of $188 million at the time of award. Given the magnitude of the Project, staff recommend a lower initial contingency amount to avoid over-encumbering funds.

The recommended contingency amount is based on an estimate of known and unknown risks, such as:

1. Unanticipated variances in quantities and cost of various lump sum and allowance items estimated in the Bid Submittal;
2. Differing site conditions;
3. Concealed conditions and/or field conditions that may be different from the baseline or as-built information used in the preparation of Project Contract Documents; and
4. Mandatory coordination processes and consultation with regulatory agencies having oversight over the Project.

In addition to the risks mentioned above, construction costs could exceed the contingency amount approved by the Board, based on additional circumstances, including:

1. Design changes required by regulatory agencies (FERC and DSOD);
2. Permit compliance changes from the environmental regulatory agencies;
3. Changes due to unforeseen conditions and impacts during construction requiring resequencing and acceleration of work to maintain the Project schedule;
4. The Contract includes a $25 million incentive if Contract Milestone 13 (Completion of Stage 2B Interim Dam) is achieved early.

Given the scale, construction duration, and regulatory oversight of ADSRP, it may be necessary to add additional contingency in the future. Any additional funding would be brought to the Board for consideration at the appropriate time.

Approval of individual change orders for the Project will be subject to approval at the following designated amounts:

Unit Manager: Up to $500,000
Assistant Operating Officer: Up to $1,000,000
Deputy Operating Officer: Up to $1,500,000
Assistant Chief Executive Officer: Up to $5,000,000
Chief Executive Officer: Up to $10,000,000

The recommended delegated authority levels reflect the scale, schedule sensitivity, complexity, and

regulatory environment of ADSRP and are intended to support timely decision-making. The proposed contingency and delegated authority approach were presented to the Capital Improvement Program Committee on May 18, 2026; responding to Committee discussion of cost-control protocols and reporting, a quarterly report on change order status, including potential future change orders, and on construction contract financials will be presented to the Committee. Additionally, the Board retains control by approving the overall contingency amount, and any additional contingency would require Board approval.

Relevant Prior Board Action(s)

On January 25, 2011, the Board approved a budget adjustment to fund staff labor to begin ADSRP.

On January 24, 2012, the Board approved Agreement No. A3555A with Black & Veatch for Project Management Services.

On August 27, 2013, the Board approved Agreement No. A3676A with URS Corporation for Design Services.

On June 23, 2020, the Board approved the Engineer's Report for the FOCP and ADSRP and declared an emergency for permitting purposes for the project.

On October 8, 2024, the Board approved the use of the Best Value Selection Method to award the ADSRP construction contract.

On February 11, 2025, the Board adopted a resolution setting the time and date for the Public Hearing on the Final EIR and Engineer's Report to take place on February 25, 2025, for the Project.

On February 25, 2025, the Board certified the Final Environmental Impact Report and adopted the Mitigation Monitoring and Reporting Program, Findings of Fact and Statement of Overriding Considerations, approved the Engineer's Report for the ADSRP and approved ADSRP as described in the Final Environmental Impact Report's Fish and Aquatic Habitat Collaborative Effort-plus modified Alternative as the Project for Implementation.

On August 12, 2025, the Board approved Agreement No. A5464A with GEI Consultants, Inc. for Construction Management Services.

On September 23, 2025, the Board of Directors adopted the Plans and Specifications and authorized advertisement for bids for the construction of ADSRP, including authorization for the Designated Engineer to issue addenda during the bidding process. The Board also approved designating the Extreme Performance Erosion Control (EPEC) revetment systems for temporary spillway construction as a sole source product.

On October 28, 2025, the Board approved Agreement No. A5443 with Aon Risk Insurance for Owner Controlled Insurance Program for ADSRP.

Public Outreach

Valley Water will utilize a variety of outreach strategies to keep the community informed of the Project's progress and important milestones. The Project's design phase, outreach strategies included numerous public meetings and mailed notices to collect input, a Project website (*https://www.valleywater.org/project-updates/c1-anderson-dam-seismic-retrofit*), Project fact sheets, Nextdoor posts, social media updates, public tours, and media relations. Valley Water coordinated and engaged with numerous agencies and stakeholders as outlined below:

- Technical Working Group (TWG) which includes federal, state, and local agencies
- Board of Consultants (BOC) Meetings, which include FERC, DSOD, consultants, and subject matter experts
- Meetings with community members
- Meetings with tribal representatives

During construction, outreach will be targeted to the surrounding neighborhoods and include pre-construction and post-construction public meetings. In addition to the outreach tactics used during the design phase, construction phase outreach will include dedicated Valley Water communications staff supporting neighborhood outreach, signage, email, and social media updates.

Outreach to Bidders

On December 2, 2024, the Request for Prequalification Applications (RFPA) was advertised in PlanetBids. Valley Water did extensive industry outreach through PlanetBids to ensure broad awareness and participation, with the RFPA outreach going out to 2,014 entities, including the following:

- 822 small and disadvantaged businesses
- 271 local and regional firms
- 26 plan rooms and chambers of commerce

The RFPA was also distributed to the Santa Clara and San Benito Counties Building and Construction Trades Council, reaching an additional 500 contractors and 70 union representatives. In addition, the RFPA was advertised through publications affiliated with the American Society of Civil Engineers, the American Water Works Association, and the Beavers, an organization managed by heavy engineering construction companies.

Three applications were received on February 19, 2025. Following technical and financial review, reference checks, and internal approvals, Valley Water finalized and published the list of prequalified contractors on May 29, 2025. The applicants meeting the established criteria were the following three

firms, which were invited to participate in the procurement:

- Barnard Construction Company (Bozeman, MT)
- Flatiron West Inc. - Sukut Construction, LLC Joint Venture (Concord, CA)
- Kiewit Infrastructure West Company (Fairfield, CA)

Small Business Program

The Valley Water Small Business Enterprise (SBE) Outreach Program Policy establishes an evaluation preference for DGS-certified small business bidders. The Policy requires non-SBE bidders who have not achieved a 30% subcontracting goal and have submitted one of the three apparent low bids to demonstrate Good Faith Efforts (GFE) made to solicit SBE participation.

FDS and Barnard Construction Company, Inc. both complied with the SBE Outreach Program Policy by submitting GFE documentation. Neither bidder is a DGS-certified small business, and neither achieved the minimum 30% SBE subcontracting threshold.

FDS and Barnard Construction Company, Inc., provided GFE documentation that satisfied the GFE requirement of the SBE Outreach Program Policy.

Rights of Way

Valley Water is still negotiating four property rights on two parcels: two temporary easements, an easement, and a fee acquisition. Rights of Way are not needed until January 2028. The contract may be awarded prior to securing final rights of way.

All other rights-of-way have been secured.

Permits

Valley Water has obtained the following necessary regulatory permits for the construction of ADSRP:

- U.S. Fish and Wildlife Service Final Biological Opinion
- National Marine Fisheries Service Final Biological Opinion
- State Water Resources Control Board 401 Water Quality Certification/Waste Discharge Requirements

- State Water Resources Control Board NPDES General Permit
- California Division of Occupational Safety and Health Underground Classification.
- U.S. Army Corps of Engineers 404 Permit
- Section 106 National Historic Preservation Act Compliance
- California Department of Fish and Wildlife (CDFW) Lake and Streambed Alteration Agreement (LSAA)
- Valley Habitat Plan Certificate of Compliance
- San Francisco Bay Conservation and Development Commission (BCDC) Consistency Certification
- Bay Area Air Quality Management District (BAAQMD) Asbestos Dust Mitigation Plan (ADMP) Permit
- Conditional Approval of Encroachment permits from County of Santa Clara Department of Roads and Airport and City of Morgan Hill

Valley Water submitted the draft petition to FERC for the surrender and decommissioning of the Anderson Hydroelectric Facility Exemption on September 28, 2023, followed by a final petition on February 20, 2024. The Final Surrender Order was issued by FERC on May 5, 2026. Upon completion of the requirements of the Final Surrender Order and decommissioning of the hydroelectric facility, Anderson Dam will no longer be operated under FERC jurisdiction.

FERC and DSOD are reviewing addenda issued during the bidding process. Work authorization will be granted following review of the addenda, prior to construction mobilization on January 1, 2027.

Next Steps

If the Board approves the recommendations, staff will proceed with contract administration managed by Valley Water staff to facilitate construction of the Project.

ENVIRONMENTAL JUSTICE IMPACT:
There are no environmental justice impacts associated with the Anderson Dam Seismic Retrofit Project. Valley Water provides flood preparedness information by mail to properties located within the Federal Emergency Management Agency (FEMA) floodplain. To help ensure information is broadly accessible, these materials are available in multiple languages. In addition, the Valley Water website offers translation into the top 20 languages spoken in Santa Clara County.

FINANCIAL IMPACT:
The Anderson Dam Seismic Retrofit Project (Project No. 91864005) is included in the Capital Improvement Program (CIP) Fiscal Years (FY) 2027-31 Five-Year Plan and in the FY 2026-27 (FY 27) Adopted Budget. Based on estimated construction contract costs, the Project's FY 2026-27 Adopted Budget contains sufficient funds to encumber the construction expenditures planned for this fiscal year. The total cost for the recommended construction contract, including change order contingency of $50,000,000 is $1,933,542,190. The impact of awarding this construction contract would be an increase to the overall Total Project Cost reflected in the CIP's 2027-31 Five-Year Plan by over $700 million. The increase in the Total Project Cost will be incorporated into the CIP FY Draft 2028-32 Five-Year Plan.

The Project may receive up to $54.1 million from the renewed Safe, Clean Water and Natural Flood Protection Program (Fund 26), with the remainder of the total project cost funded by the Water Utility Enterprise Fund (Fund 61), with 81.7% of the costs allocated to North County Zone W-2, 7.5% to South County Zone W-5 and 10.8% to South County Zone W-7.

The Project will be partially financed through Water Infrastructure Finance and Innovation Act (WIFIA) loan agreements with the United States Environmental Protection Agency. Pursuant to a master agreement dated February 14, 2023, Valley Water may enter into loans totaling $580 million to finance the planning, design, and construction of the project. $74 million of the loan commitment has been utilized for planning and design costs, leaving $506 million to fund construction costs. The federal requirements set forth by the WIFIA program were incorporated into the ADSRP Plans and Specifications.

CEQA:
Certification of the EIR
The Board of Directors certified the Final Environmental Impact Report (EIR) for ADSRP on February 25, 2025. The Final EIR can be found on Valley Water's website at www.valleywater.org <http://www.valleywater.org>.

Adoption of the Final EIS
FERC and the USACE San Francisco Regulatory Division adopted and released the Project's Final Environmental Impact Statement (EIS) on February 2, 2026. The Record of Decision was issued on May 5, 2026.

ATTACHMENTS:
Attachment 1: Map
Attachment 2: Project Delivery Process Chart
Attachment 3: PowerPoint

UNCLASSIFIED MANAGER:

Ryan McCarter, 408-630-2983

N
Anderson Lake
Spillway
HLOW Intake
LLOW Intake Tower
North Weir
North Channel
Coyote Creek
South Channel
Live Oak Picnic Area
Cochrane Rd
San Rafael St
St Marks Ave
Via Sebastian
HLOW Outlet
LLOW Outlet
South Weir
AFM
MAP
Dam
Boat Ramp
Upper Level Parking
Coyote Rd
Park Entrance
Cochrane Rd
Barnard Rd
Coyote Pumping Station
AFM Anderson Force Main
MAP Main Avenue Pipeline
HLOW High-Level Outlet Works
LLOW Low-Level Outlet Works

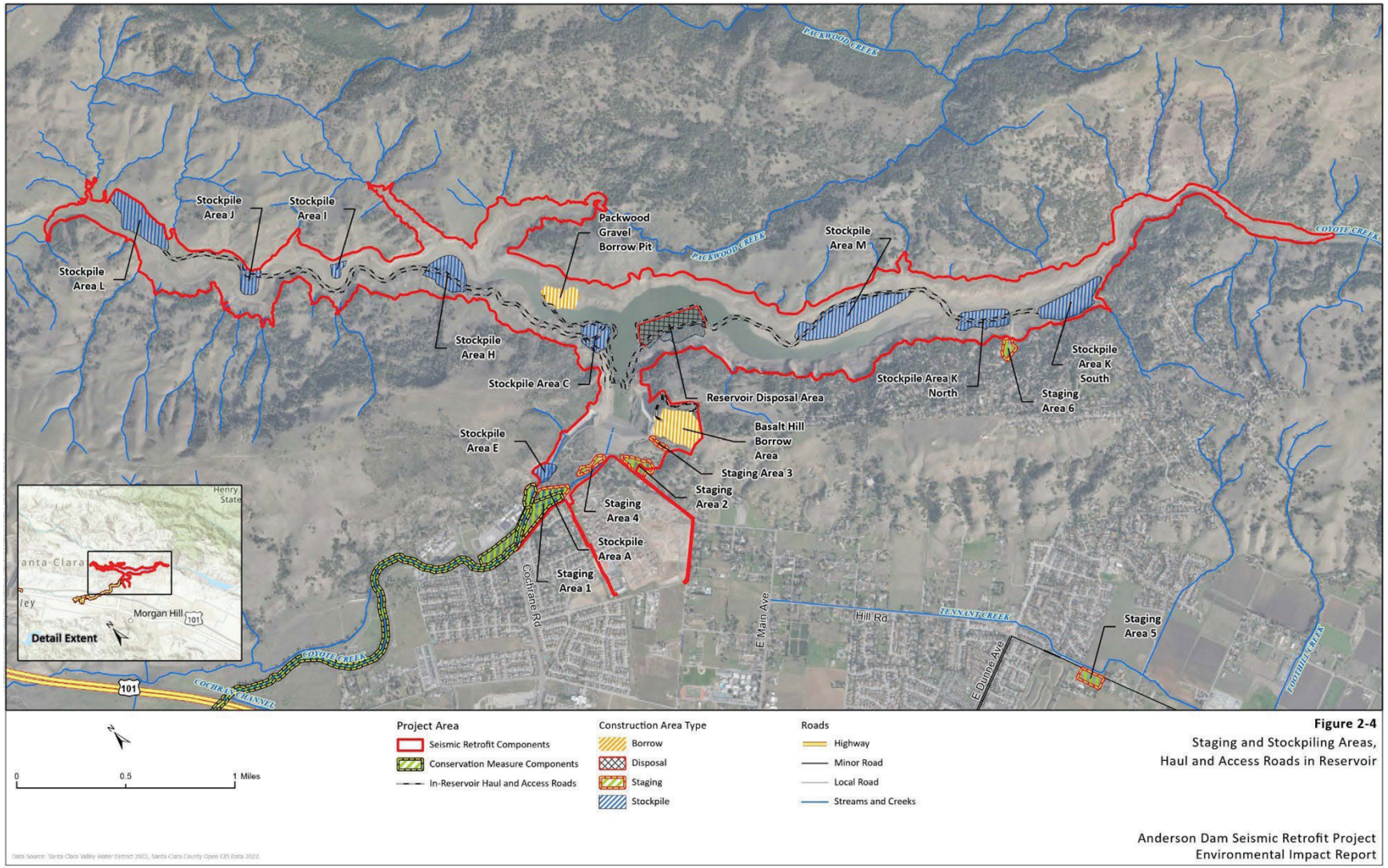


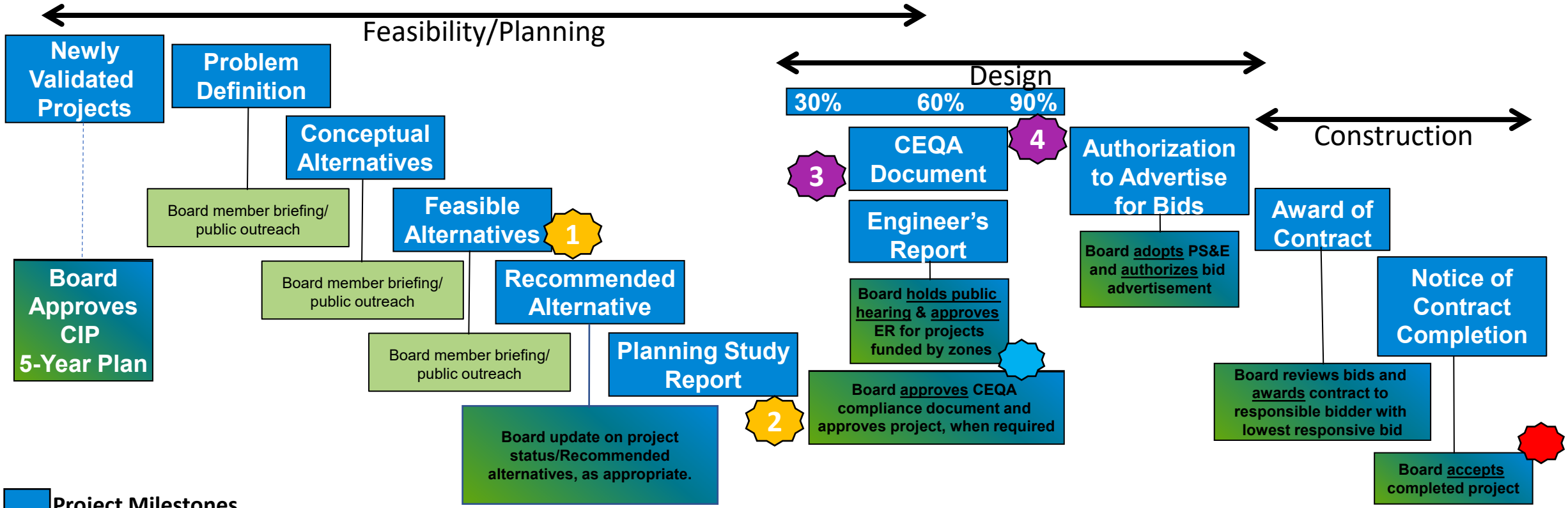
Figure 2-4
Staging and Stockpiling Areas,
Haul and Access Roads in Reservoir

Anderson Dam Seismic Retrofit Project
Environmental Impact Report

CIP Processes Overview

BOARD ACTION & ENGAGEMENT: CAPITAL PROJECT DELIVERY PROCESS*

* This is an example of the Project Delivery Process that may be followed and may not apply to all capital projects.



Project Milestones

Board Member Engagement

Board Engagement/Action

Additional Board Engagement Points for Complex Projects

Additional Board Engagement Points for Operations & Maintenance Impacts

Board Action: Approval/Adoption of Environmental = Approval of Project

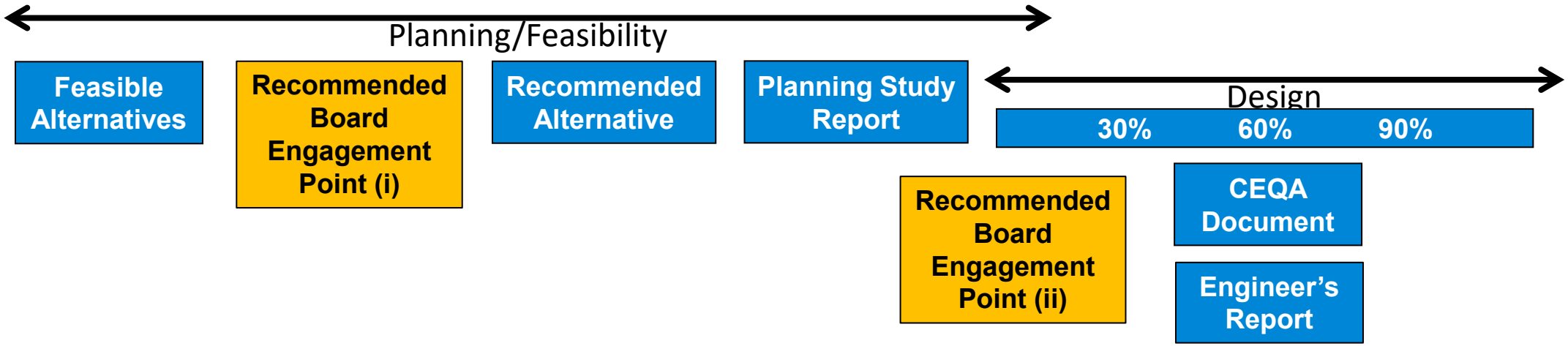
Staff: Reassess Risk for Remaining Contingency

Capital Improvement Program (CIP)

Project Delivery Process*

Board Engagement/Actions

Additional Recommended Points for Board Engagement



For capital projects with unusually complex fiscal, jurisdictional, environmental, or community considerations:

i. During the Planning/Feasibility Phase, after identifying the Feasible Alternatives but before selecting the Recommended Alternative, present the Feasible Alternatives and staff's initially proposed Recommended Alternative to the Capital Improvement Program (CIP) Committee. If recommended by the CIP Committee, present them to the Board for feedback to inform the selection of the Recommended Alternative; and

ii. For the projects for which the Board provided feedback regarding the Recommended Alternative, should changes to the project occur during the Planning and initial Design Phases that result in a significant deviation from the Recommended Alternative, staff will return to both the CIP Committee and the Board to provide information and receive feedback, as necessary, prior to the public review of the California Environmental Quality Act (CEQA) document.

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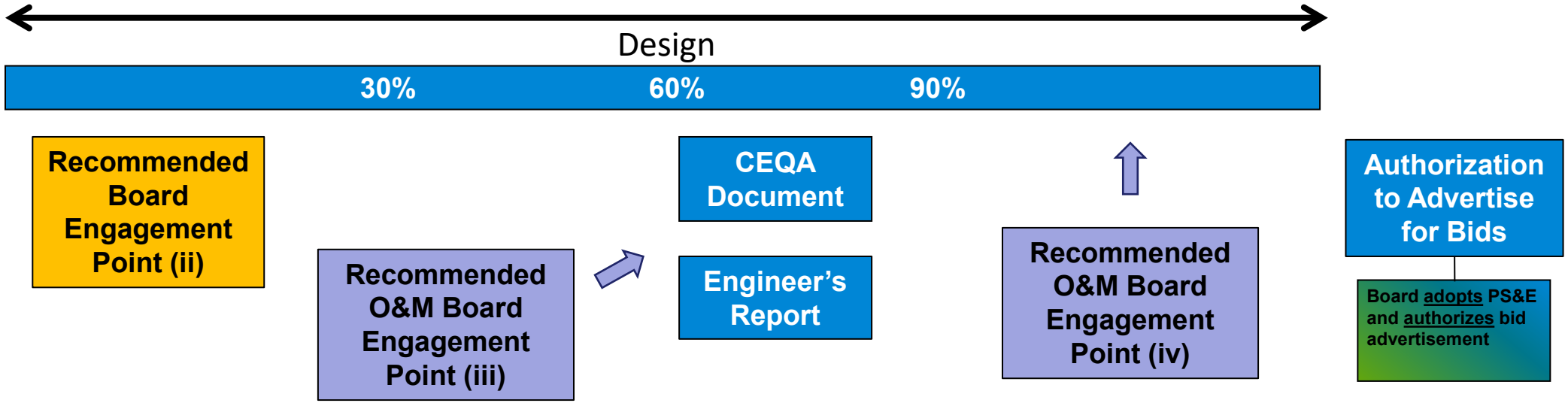
* For discussion purposes only. This is an example of the Project Delivery Process that may be followed and may not apply to all capital projects.

Capital Improvement Program (CIP)

Project Delivery Process*

Additional Recommended Points for O&M Engagement



For all capital projects:

iii. As part of the Board memo on either the Engineer's Report or CEQA document, include an O&M cost and impact assessment

iv. If significant changes occur after the Engineer's Report or CEQA document is approved by the Board, present an updated O&M cost and impact assessment to the Capital Improvement Program (CIP) Committee

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* This is an example of the Project Delivery Process that may be followed and may not apply to all capital projects.

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Anderson Dam Seismic Retrofit Project

Ryan McCarter, Deputy Operating Officer – Dam Safety & Capital Delivery Division

July 24, 2026

Valley Water

ADSRP Objectives

- Protect public safety
- Meet dam safety standards
- Restore Anderson Reservoir storage
- Improve water supply reliability
- Support environmental requirements

Engineer's Estimate (Construction Cost)

Opinion of Probable Cost comparison from 90% to 100% design package (including addenda)

Direct costs due to additional design elements increased $435 million

- Spillway extension and foundation preparation
- Reservoir Disposal Area expansion and erosion protection
- Permanent roads and park restoration
- Maintenance of Live Oak Restoration Reach Project
- Increase in excavation of existing dam north abutment
- Final Permit Provisions
- Minor refinements to the design
- General material and labor cost increases

Indirect costs increased $210 million

- Increased markups on direct costs to match current market conditions

Escalation and estimating contingency increased $96 million

Total Engineer's Estimate increase of $741 million

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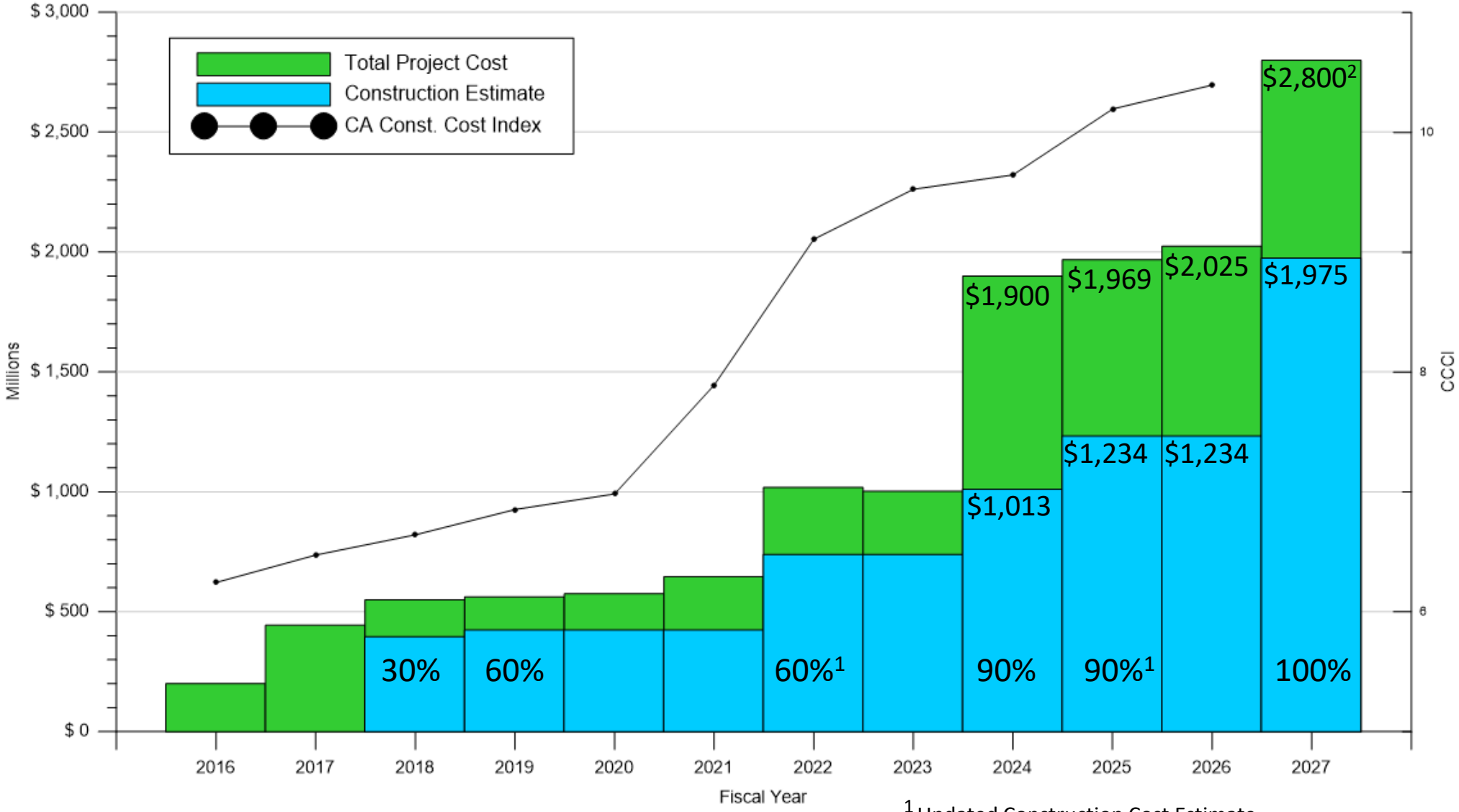
Project Cost History



[1] Updated Construction Cost Estimate
[2] Estimated - dependent on construction contract value

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Questions?

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