



# Santa Clara Valley Water District

File No.: 24-0990

Agenda Date: 1/14/2025

Item No.: 8.1.

## BOARD AGENDA MEMORANDUM

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

### SUBJECT:

Approve a Budget Adjustment in the Amount of \$409,018.18, Accept the Work as Complete and Direct the Clerk to File the Notice of Completion of Contract and Acceptance of Work for the Cross Valley Pipeline Extension Project, as Part of the Anderson Dam Federal Energy Regulatory Commission Order Compliance Project, Garney Pacific Construction, Inc., Contractor, Project No. 91864010, Contract No. C0676 (Morgan Hill, District 1).

### RECOMMENDATION:

- A. Approve a Fiscal Year 2025 budget adjustment in the amount of \$409,018.18;
- B. Accept the work on the Cross Valley Pipeline Extension Project, as part of the Anderson Dam Federal Energy Regulatory Commission Order Compliance Project, Project No. 91864010, Contract No. C0676 as complete; and
- C. Direct the Clerk of the Board to sign the Notice of Completion of Contract and Acceptance of Work and submit for recording to the Santa Clara County Clerk-Recorder

### SUMMARY:

The construction contractor, Garney Pacific Construction, Inc. (Contractor), has completed the Cross Valley Pipeline Extension Project (Project), as part of the Anderson Dam Federal Energy Regulatory Commission Order Compliance Project.

### *Project Background*

Santa Clara Valley Water District (Valley Water) is undertaking the Anderson Dam Federal Energy Regulatory Commission Order Compliance Project (FOCP) as a result of the February 20, 2020, directive from the Federal Energy Regulatory Commission (FERC) to implement interim risk reduction measures at Anderson Dam. One of those measures is the Cross Valley Pipeline Extension Project (Project).

This Project entailed constructing a new pipeline to convey imported water from the Cross Valley Pipeline to Coyote Creek to supplement flows downstream of Ogier Ponds during construction of FOCP. The Project scope included constructing an outfall, which included an energy dissipator, and

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creek bank improvements.

The completed improvements consist of a 36-inch diameter, approximately 7,100-foot-long pipeline, which releases average flows of 30 cubic feet per second (CFS) during the dry season to ensure the continued recharge of the groundwater. The outfall includes an energy dissipation structure to reduce flow velocities and convey water onto a rock slope protection apron (cascade). The cascade encourages flow-spreading and further reduces water velocity while also stabilizing the banks and inhibiting fish from entering the energy dissipation structure. Lastly, the outfall also includes a bank rehabilitation zone downstream of the cascade.

During construction of this Project, the following work was completed: installed a 7,100 feet of 36" diameter mortar lined and coated steel pipe in northern Morgan Hill to an outfall at Coyote Creek; installed in concrete vaults, a rectifier with deep well anodes for cathodic protection along the pipeline; installed three new butterfly valves (BFV's); in new a concrete vault, installed a plunger valve, magnetic flowmeter, and gate valve; at the creek outfall, installed a concrete dissipation structure with a rock slope protection apron; and completed bank rehabilitation work, which included willow plantings and tree log structures.

Throughout Project construction, a range of challenges contributed to significant delays. Heavy rainfall not only interrupted the work schedule but also led to multiple trench failures along the pipeline alignment. These failures necessitated the costly and time-consuming task of repaving, as the original trenchwork could not withstand the conditions. Furthermore, the Project faced additional setbacks due to the late arrival of crucial construction materials, which disrupted the workflow and brought progress on the site to a complete standstill.

### ***Relevant Prior Board Actions***

On June 9, 2020, the Board adopted Resolution No. 20-57 setting the time and place of the public hearing on the Engineer's Report and CEQA exemption determination for the Anderson Dam Federal Energy Regulatory Commission Compliance Order Project.

On June 23, 2020, the Board approved the CEQA emergency exemption determination for the FOCP; adopted Resolution No. 20-59 approving the Engineer's Report for the FOCP; and approved the Project.

On December 8, 2020, the Board approved a budget adjustment in the amount of \$21 million from the Capital Warranty Services Project No. 95074001 to the Anderson Dam Seismic Retrofit Project No. 91864005.

On July 13, 2021, the Board adopted the plans and specifications and authorized advertisement for bids for the construction of the Project per the Notice to Bidders; and authorized the Designated Engineer to issue addenda, as necessary, during bidding.

On November 9, 2021, the Board ratified Addenda No. 1, 2, 3, 4 and 5 to the Contract Documents for the Project; awarded the Contract to Garney Pacific Construction, Inc in the sum of \$12,867,059; and approved a contingency sum of \$1,930,059 and authorized the Chief Executive Officer or designee to

approve individual change orders up to the designated amount.

***Contract Change Orders***

Ten (10) contract change orders totaling a net increase of \$1,176,399.18 were executed for this contract to address various issues, including unforeseen site conditions, conditions regarding utilities, Valley Water requested changes, post-design clarifications, and credits back to the contract for adjustments to bid items based on the final quantity measurements.

These changes included:

- A. \$96,106.25 in additional work required to address unforeseen site conditions such as additional potholing needed within the Union Pacific Railroad Right of Way, a modified dewatering effort required to compensate for the use of ineffective construction materials, and an unforeseen sink hole that needed repair.
- B. \$11,050.36 for additional work required to address utility conflicts. This includes encountering unmarked PG&E gas and electrical service lines while trenching that needed repair.
- C. \$234,063.92 for additional Valley Water requested changes. This extra work was requested by Valley Water Operations and Maintenance staff in order to restore the Santa Clara conduit appurtenances to their previous conditions and improve access and safety to the new CVPE finished product.
- D. \$181,216.42 for additional work required to address post-design clarifications. This work included changing Valley Water furnished parts to those more readily available and addressing Valley Water Operations and Maintenance staff requests.
- E. <\$546,037.77>credit back to the contract associated with the unused portion of Supplemental Bid Items for additional pavement restoration, filter fabric, and gravel subgrade as well as the remainder of the Allowable bid items for Completion of County and City permits and support for internal pipe work.
- F. \$1,200,000 trench remediation work.

The final total contract amount is \$14,043,458.18.

Table 1 presents a summary of the construction contract and contingency amounts.

**TABLE 1  
SUMMARY OF CONSTRUCTION CONTRACT  
AND CONTINGENCY AMOUNTS**

	<b>Contract Amount</b>	<b>Contingency Amount</b>
<b>Original Contract</b>	\$12,867,059.00	\$1,930,059.00
Change Order No. 1 (Staff approved)	\$0.00	\$1,930,059.00
Change Order No. 2 (Staff approved)	\$68,519.46	\$1,861,539.54
Change Order No. 3 (Staff approved)	\$17,145.53	\$1,844,394.01
Change Order No. 4 (Staff approved)	\$0.00	\$1,844,394.01
Change Order No. 5 (Staff approved)	\$48,599.53	\$1,795,794.48
Change Order No. 6 (Staff approved)	\$66,190.91	\$1,729,603.57
Change Order No. 7 (DOO approved)	\$108,594.30	\$1,621,009.27
Change Order No. 8 (DOO approved)	\$84,209.08	\$1,536,800.19
Change Order No. 9 (DOO approved)	\$129,178.14	\$1,407,622.05
Change Order No. 10 (CEO approved)	\$653,962.23	\$753,659.82

Final Change Order Amount	\$1,176,399.18	\$753,659.82
<b>Final Contract Amount and Remaining Contingency Amount</b>	<b>\$14,043,458.18</b>	<b>\$753,659.82</b>

***Budget Adjustment Recommendation***

Delays during the Project extended the schedule, necessitating additional funds for labor, and services and supplies. To cover the payment for trench remediation work, staff recommends a budget adjustment, which is detailed in the Financial Impact section below.

***Acceptance of the Work and Recording Notice of Completion of Contract***

The California Civil Code allows an owner or agent to execute a Notice of Completion of Contract after acceptance of the work by the Board. The Notice of Completion of Contract and Acceptance of Work is included in Attachment 1. The Designated Engineer has determined that the work has been completed, to the best of his knowledge, in accordance with the plans and specifications, and recommends acceptance. The Designated Engineer’s Representative’s recommendation of construction acceptance is included in Attachment 2. The Project Completion Letter is included as Attachment 3. Photos of the completed Project are included in Attachment 4. The Project Delivery

Process Chart is included in Attachment 5.

### ***Construction Contract Retention***

California law requires Valley Water to release contract retention in accordance with certain time frames, which will commence once the Notice of Completion is recorded. Interest payment on retention due to the contractor may be avoided by meeting the requisite deadlines.

Valley Water is currently withholding retention funds totaling approximately 5 percent (5%) of the contract items (\$724,672.91) in accordance with the Public Contract Code. Per the construction Contract Documents, Valley Water is required to release retention funds associated with the contract 35 days after recording the Notice of Completion of Contract and Acceptance of Work, subject to any withholds required by law or the contract.

Recording a Notice of Completion is recommended. Retention withheld will be released as a result of the Board's acceptance and the Notice of Completion is recorded.

### ***Total Project Expenditures***

As indicated in the Summary of Construction Contract and Contingency Amounts (Table 1), the original contract amount of \$12,867,059.00 has been increased by \$1,176,399.18 to \$14,043,458.18 an increase of approximately 9.1 percent (9.1%).

### **ENVIRONMENTAL JUSTICE AND EQUITY IMPACT:**

There are no environmental justice impacts associated with this item. This action is unlikely to or will not result in adverse impacts and is not associated with an equity opportunity.

### **FINANCIAL IMPACT:**

The Cross Valley Pipeline Extension Project, as part of the Anderson Dam Federal Energy Regulatory Commission Order Compliance Project, Project No. 91864010, is included in the Capital Improvement Program (CIP) FY 2025-29 Five-Year Plan and in the FY 2024-25 Adopted budget.

Approval of Recommendation A would increase the Total Project Cost (TPC) reflected in the CIP's FY 2025-29 Five-Year Plan by approximately \$409,018.18. An FY 2024-25 Budget Adjustment of \$409,018.18 is recommended to transfer funds from the Operation and Capital Reserve (\$409,018.18) to pay for increased to FY25 planned expenditures and restore funds allocated for the construction contract contingency that were spent in prior years on Valley Water labor and services and supplies. These updates will be incorporated into the CIP's Draft FY 2026-30 Five-Year Plan. The Project is funded by the Water Utility Enterprise Fund (Fund 61) with 81.37% of the costs allocated to North County Zone W-2, 7.85% to South County Zone W-5, and 10.78% to South County Zone W-7.

### ***Remaining Balances***

The original contract amount of \$12,867,059.00, combined with the Board approved contingency encumbrance of \$1,930,059.00, totals \$14,797,118.00, which sum was allocated to pay for construction of the Project. The original contract amount (\$12,867,059.00), plus the total amount of change orders \$1,176,399.18 resulted in the final contract amount of \$14,043,458.18 and a remaining contingency amount of \$753,659.82.

**CEQA:**

The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

**ATTACHMENTS:**

- Attachment 1: Notice of Completion and Acceptance of Work
- Attachment 2: Construction Contract Acceptance
- Attachment 3: Project Completion Letter
- Attachment 4: Construction Summary
- Attachment 5: Project Delivery Process Chart

**UNCLASSIFIED MANAGER:**

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