



County of San Mateo

Inter-Departmental Correspondence

Department: PUBLIC WORKS

File #: 16-807

Board Meeting Date: 12/5/2017

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: James C. Porter, Director of Public Works
Subject: **Measure K:** Transfer Agreement between the County and Fidelity and Deposit Company of Maryland ("Surety") for the Serenity House Project

RECOMMENDATION:

Measure K: Adopt a resolution authorizing the Director of Public Works to:

- A) Execute a Transfer Agreement between the County of San Mateo and Fidelity and Deposit Company of Maryland ("Surety") for the completion of the Serenity House project (Project No. PC023) such that Fidelity will assume all contractual responsibilities and shall be entitled to payment for work performed under the terms and conditions set forth in the agreement with Federal Solutions Group, Inc.; and
- B) Authorize payments to Fidelity and Deposit Company of Maryland, as the Surety, in an amount up to \$1,684,789.99 for the payment of outstanding financial obligations for work already performed by and unpaid to Federal Solutions Group, Inc., and for work performed under the Transfer Agreement; and
- C) Execute subsequent amendments, change/revision orders, and financial and administrative actions necessary to facilitate the transfer and completion of the project by Fidelity and Deposit Company of Maryland such that the total fiscal obligation for this project does not exceed \$2,835,000; and
- D) Extend the term of the agreement with Fidelity and Deposit Company of Maryland from March 30, 2018 through September 30, 2018.

BACKGROUND:

On December 13, 2016, your Board adopted Resolution 074956 authorizing the execution of a construction contract with Federal Solutions Group, Inc., with a not-to-exceed amount of \$2,585,000, for the Serenity House project. The Serenity House project is a facility renovation that will convert a

former dependent children's home into a behavioral mental health crisis residential facility.

On August 8, 2017, your Board adopted Resolution 075397, authorizing an amendment to the agreement with Federal Solutions Group, Inc. increasing the contract authorized amount by \$250,000, to a new, not-to-exceed amount of \$2,835,000, and extending the term through March 30, 2018 due to unforeseen site conditions during construction.

The total amount approved by your Board for this contract is \$2,835,000, of which \$1,150,210.01 has already been paid to Federal Solutions Group, Inc., leaving a balance of \$1,684,789.99. Your approval of this resolution would allow the Director of Public Works to execute a Transfer Agreement and approve payments to the Surety, Fidelity and Deposit Company of Maryland, for an amount up to the unpaid balance of the approved contract.

DISCUSSION:

On November 16, 2017, the County was notified that Federal Solutions Group, Inc. is financially unable to complete the performance of work or comply with its contractual obligations provided under this agreement. The County, in exercising its rights under the Performance and Payment Bonds, needs to execute a Transfer Agreement to the Surety provider, Fidelity and Deposit Company of Maryland, to complete the project under the terms and conditions set forth in the contract with Federal Solutions Group, Inc. and to pay any outstanding financial obligations incurred but not paid to Federal Solutions Group, Inc.

The Department of Public Works recommends extending the term of this agreement from March 30, 2018 to September 30, 2018 to allow sufficient time to execute a new agreement with Fidelity and Deposit Company of Maryland, resolve any financial obligation for service incurred under the agreement with Federal Solutions Group, Inc., and transfer the project to a new contractor.

County Counsel has reviewed and approved the resolution as to form.

Approval of this resolution contributes to the Shared Vision 2025 outcome of a Healthy Community by providing alternatives to hospitalization or incarceration for adults with mental illnesses and/or substance abuse issues.

FISCAL IMPACT:

The total contract budget is \$2,835,000, which includes a \$235,000 contingency amount. The term of this agreement has been extended from March 30, 2018 to September 30, 2018. Funding is included in the Fiscal Year 2017-18 Adopted Capital Projects budget.

There is no additional impact to the General Fund.