

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS  
OF BOARD GOVERNED COUNTY SERVICE AREAS  
AND RECORD OF ACTION**

April 21, 2026

**FROM**

**NOEL CASTILLO, Director, Department of Public Works – Special Districts**

**SUBJECT**

Escrow Agreement with Downing Construction for the Arrow Route Sewer Main Project in the Fontana Area

**RECOMMENDATION(S)**

Acting as the governing body of County Service Area 70 Countywide:

1. Approve Escrow Agreement for Security Deposits in Lieu of Retention with Downing Construction, Inc. and Columbia Bank pursuant to Public Contract Code section 22300 for the Arrow Route Sewer Main Project in the Fontana Area, effective upon execution through project completion.
2. Authorize the Director of the Department of Public Works to execute the Escrow Agreement for Security Deposits in Lieu of Retention and provide and receive written notice under the Escrow Agreement for Security Deposits in Lieu of Retention for the Arrow Route Sewer Main Project in the Fontana Area, subject to County Counsel review.
3. Direct the Director of the Department of Public Works to transmit the Escrow Agreement for Security Deposits in Lieu of Retention to the Clerk of the Board of Supervisors within 30 days of execution.

(Presenter: Noel Castillo, Director, 387-7906)

**COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES**

**Promote and Fulfill the Countywide Vision.**

**Provide for the Safety, Health and Social Service Needs of County Residents.**

**FINANCIAL IMPACT**

Approval of this item will not result in the use of additional Discretionary General Funding (Net County Cost). The Escrow Agreement for Security Deposits in Lieu of Retention (Escrow Agreement) does not modify or affect the financial terms of the existing construction contract with Downing Construction, Inc. (Contractor) for the Arrow Route Sewer Main Project in the Fontana Area (Project), which totals \$7,921,118, as approved by the Board of Supervisors (Board) on May 20, 2025 (Item No. 105). This item authorizes the placement of withheld retention into an escrow account, at no cost to County Service Area 70 Countywide (CSA). Sufficient appropriations were included in the CSA – Countywide Capital Improvement Project's 2025-26 budget for this Project.

**BACKGROUND INFORMATION**

Arrow Route is a part of the County Maintained Road System in the unincorporated Fontana Community (Community), which is adjacent to the City of Fontana (City). The surrounding parcels are served by the City's sewer system. However, the existing Community in the

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unincorporated area is currently relying on septic systems due to a lack of City sewer infrastructure. The proposed Project is needed to allow for future tie-ins of approximately 270 parcels in the Community into the City's existing sewer system.

Retention in construction is a percentage of a payment that a project owner holds back from a contractor until the project is completed to the contractual standard. This practice is a financial security measure to ensure the contractor finishes the job, pays its subcontractors, fixes defects, and successfully satisfies the contract's terms. Pursuant to the Project contract and in accordance with California Public Contract Code section 7201, five percent of each monthly progress payment is withheld as retention until the Project is accepted as complete. Public Contract Code section 22300 permits contractors to request that retention amounts be deposited into an escrow account in lieu of direct withholding. The Contractor has elected this option and identified and requested Columbia Bank as its escrow agent. Columbia Bank is an established escrow provider for public works projects. The Escrow Agreement will remain in effect throughout the Project and for at least 35 days following formal acceptance of the completed work.

The Department of Public Works (Department) recommends approval of the Escrow Agreement. Approval is necessary to comply with Public Contract Code section 22300, which allows for securities to be deposited in lieu of retention. Authorizing the Director of the Department to administer the agreement will allow for timely processing of retention payments, including providing and receiving required escrow agreement notices such as notices acknowledging and confirming the agreement, coordinating with the escrow agent and contractor, and ensuring compliance with the Escrow Agreement throughout the project and to avoid delay to this critical infrastructure project. The escrow services are provided at no cost to the CSA, with fees borne by the Contractor.

**PROCUREMENT**

Not applicable.

**REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Sophie Curtis and Aaron Gest, Deputies County Counsel, 387-5455) on April 10, 2026; and County Finance and Administration (Matthew Dalton, Administrative Analyst, 387-5005) on April 1, 2026.

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Record of Action of the Board of Supervisors  
Board Governed County Service Areas

**APPROVED (CONSENT CALENDAR)**

Moved: Joe Baca, Jr. Seconded: Curt Hagman  
Ayes: Col. Paul Cook (Ret.), Jesse Armendarez, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY *Lynna Monell*  
DATED: April 21, 2026



cc: BGCSA - Reyes w/agree for sign  
Contractor - c/o BGCSA w/agree  
File - w/agree  
CCM 04/24/2026