



# San Bernardino County

## Legislation Text

**File #: 2878, Agenda Item #: 57**

### REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN BERNARDINO AND RECORD OF ACTION

**September 15, 2020**

#### **FROM**

**TERRY W. THOMPSON, Director, Real Estate Services Department - Project Management**

#### **SUBJECT**

Escrow Agreement with McCarthy Building Companies, Inc. for 323 Building Acquisition and Remodel Project

#### **RECOMMENDATION(S)**

Approve Escrow Agreement for Security Deposits in Lieu of Retention with McCarthy Building Companies, Inc. and U.S. Bank, National Association for the 323 Building Acquisition and Remodel Project.

(Presenter: Terry W. Thompson, Director, 387-5252)

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

**Improve County Government Operations.**

**Operate in a Fiscally-Responsible and Business-Like Manner.**

#### **FINANCIAL IMPACT**

Approval of this item does not require additional Discretionary General Funding (Net County Cost) as the escrow agreement does not alter or impact the financial terms of the construction contract. The 323 Building Acquisition and Remodel Project budget of \$37,200,000 is comprised of the following components:

|   |                     |
|---|---------------------|
| Project Acquisition                                 | \$2,302,100         |
| Project Management, Inspection                      | \$2,570,000         |
| Construction  | \$25,700,000        |
| Construction Contingency                            | \$2,600,000         |
| Add Alternate Allowance                             | \$257,100           |
| Honorarium  | \$80,000            |
| Software/ Hardware                                  | \$1,674,800         |
| Furniture, Fixtures and Equipment & Moving Expenses | \$2,016,000         |
| <b>Total Project Budget</b>                         | <b>\$37,200,000</b> |

#### **BACKGROUND INFORMATION**

Approval of the recommendation will authorize the Real Estate Services Department, to complete the escrow agreement with McCarthy Building Companies, Inc. (McCarthy) to deposit retention payments in an escrow

account. Retention payments are a percentage (5 percent) of the amount withheld from each progress payment billed monthly for work completed, until the completion of the project, for the purpose of ensuring the contractor completes the project scope of work properly. The 323 Acquisition and Remodel Project (Project) which started construction on May 27, 2020, will utilize the design-build project delivery method for the demolition of approximately 42,337 square feet of the existing building and construction of a new three-story structure, in San Bernardino, for the Public Defender. The Project will consolidate three divisions of the Public Defender into one central location. The design-build process allows the County to achieve the program mission for the "best value" in a timely and cost-effective manner. For these reasons, this Project meets the County and Chief Executive Officer's Goals and Objectives of Improving County Government Operations and Operating in a Fiscally Responsible Manner.

McCarthy has requested the County deposit retention payments (5 percent of each progress payment) withheld from each progress payment in an escrow account established at U.S. Bank, National Association. McCarthy may direct the investment of the retention payments into securities listed in Government Code Section 16430, bank or savings and loan certificates of deposit, interest bearing demand deposit, a standby letter of credit, or any other security mutually agreed to by McCarthy and the County. This escrow agreement will remain in effect for the duration of the Project and a minimum of 35 days following the acceptance of the Project as 100% complete. This process is authorized by Public Contract Code section 22300 and the County's construction contract with McCarthy.

This Project is consistent with County Administrative Office approved CIP request No. 16-095.

#### **PROCUREMENT**

On February 11, 2020 (Item No. 63), as a result of a competitive process, the Board awarded a construction contract (Contract No. 20-89) to McCarthy in the amount of \$25,957,000 for the Project.

#### **REVIEW BY OTHERS**

This item has been reviewed by This item has been reviewed by County Counsel (Katherine Hardy, Deputy County Counsel, 387-5437) on July 6, 2020; Public Defender (Diana Lovelace, Chief of Administration, 382-3943) on July 6, 2020; Purchasing Department (Bill Brock, Buyer II, 387-2424) on July 7, 2020; Project Management (Don Day, Interim Deputy Director, 387-5000) on July 6, 2020; Real Estate Services (Jennifer Costa, Assistant Director, 387-5000) on July 8, 2020; Finance (Wen Mai, Principal Administrative Analyst, 387-4020) on August 21, 2020; and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on August 28, 2020.

(BR: 771-1168)