



**COUNTY OF SAN LUIS OBISPO  
BOARD OF SUPERVISORS  
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Public Works		(2) MEETING DATE 3/21/2017		(3) CONTACT/PHONE John Waddell, Construction Division Manager (805) 788-2713	
(4) SUBJECT Request to 1) approve an Agreement for Termination of Construction Contract with Daleo, Inc. for the SLO County ITD - Extend Nacimiento Fiber to County Operations Center Project; and 2) approve a payment of \$7,126, to the contractor for compensation. Districts 1, 2, 3 and 5.					
(5) RECOMMENDED ACTION It is recommended that the Board: <ol style="list-style-type: none"> <li>1. Approve and execute an Agreement for Termination of Construction Contract with Daleo Inc. for the SLO County ITD - Extend Nacimiento Fiber to County Operations Center Project (Contract No. 320037); and</li> <li>2. Approve a payment of \$7,126 as compensation to the contractor.</li> </ol>					
(6) FUNDING SOURCE(S) Fund Center 230 Facilities Capital Projects		(7) CURRENT YEAR FINANCIAL IMPACT \$7,126.00		(8) ANNUAL FINANCIAL IMPACT N/A	
(9) BUDGETED? Yes					
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Board Business (Time Est. _____)					
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A					
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A				(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP Attached		(15) BUSINESS IMPACT STATEMENT? No		(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date 5/5/2015, #6	
(17) ADMINISTRATIVE OFFICE REVIEW David E. Grim					
(18) SUPERVISOR DISTRICT(S) District 1, District 2, District 3, and District 5					

17MAR21-C-7



## COUNTY OF SAN LUIS OBISPO

TO: Board of Supervisors

FROM: Public Works  
John Waddell, Construction Division Manager

VIA: Dave Flynn, Deputy Director of Public Works

DATE: 3/21/2017

SUBJECT: Request to 1) approve an Agreement for Termination of Construction Contract with Daleo, Inc. for SLO County ITD - Extend Nacimiento Fiber Project to County Operations Center; and 2) approve a payment of \$7,126, to the contractor for compensation. Districts 1, 2, 3 and 5.

### **RECOMMENDATION**

It is recommended that the Board:

1. Approve and execute an Agreement for Termination of Construction Contract with Daleo, Inc. for the SLO County ITD - Extend Nacimiento Fiber to County Operations Center Project (Contract No. 320037); and
1. Approve a payment of \$7,126 as compensation to the contractor.

### **DISCUSSION**

On May 5, 2015, the Board awarded a contract to Daleo, Inc. for the construction of the project titled "General Services IT - SLO - Extend Nacimiento Fiber to County Operations Center," Contract No. 320037, in the amount of \$356,287. The project was developed to utilize excess capacity in fiber optic communications lines installed for the Nacimiento Water Project. The fiber extension would connect northern San Luis Obispo County with the County Operations Center and the downtown County Government Center.

After award of the contract, staff became aware of several issues related to permitting which would impose considerable risk to the timely completion of the project within the established budget. The issues include the need for extensive utility locating and coordination; encroachment permitting from the City of San Luis Obispo and Caltrans; and the need for a permit from the California Public Utilities Commission. The resolution of these issues was assigned to the Contractor under the awarded contract. Subsequent work by staff to facilitate or avoid these issues have proven futile.

Because of the risks identified, the County never issued a Notice to Proceed to the contractor and the contractor did not incur significant construction expenses. The contractor has now agreed to terminate the contract, provided the County reimburse \$7,126 for their actual costs of bond premiums for the performance bond and payment bond that the County required when the contract was awarded. The agreement resolves all claims, costs, or liabilities related to the contract.

Moving forward, Public Works staff will work with the Information Technology Department to develop a revised project which meets their objectives while obtaining all the proper project clearances.

### **OTHER AGENCY INVOLVEMENT/IMPACT**

The Information Technology Department is involved in the programming and design of the project. County Counsel has reviewed the Termination Agreement for legal form and effect.

The construction documents require the contractor to obtain all necessary encroachment permits required for the project. Work along State Route Highway 1 to mount the 4 miles of overhead fiber on existing utility poles requires an encroachment permit from Caltrans. Because this portion of Highway 1 is deemed a "Scenic Highway," a hearing before the California Public Utilities Commission is required, adding considerable risk, time, and expense to the project.

### **FINANCIAL CONSIDERATIONS**

This multi-year project was funded in Fiscal Year 2010-11 in FC 230 – Capital Projects at \$490,300 – WBS 320037. On May 5, 2015, the Board awarded a construction contract to Daleo, Inc. for \$356,287. Board approval to terminate this contract, and provide \$7,126 in compensation to the contractor, will result in releasing \$349,161 back into the project budget.

As Public Works and the Information Technology Department move forward with this project, staff will return to the Board with a budget adjustment, if necessary.

Please see Exhibit "A" for the current estimated cost breakdown of the project.

### **RESULTS**

Approval of the recommended action will terminate the contract with Daleo for construction of the project, allowing the Public Works and Information Technology Departments to re- advertise the project. The successful completion of this project will provide increased connectivity for the County communications network, resulting in a safer, more livable community.

### **ATTACHMENTS**

1. Vicinity Maps
2. Exhibit A - Project Cost Estimates
3. Agreement for Termination of Construction Contract

c: County of SLO Infrastructure IT Manager - Paul Porter

File: Contract No. 300563

Reference: 17MAR21-C-7 L:\Construction\2017\March\BOS\Termination w Daleo\Naci Fiber Termination brd ltr.docx\JW.mj