

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: Chief Executive Office

BOARD AGENDA # *B-2

Urgent

Routine

AGENDA DATE October 5, 2010

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Approval to Accept the Seventh Update on the Immediate Action Plan to Secure the Men's Honor Farm in Accordance with Public Contract Code Section 22050 for the Abatement, Demolition and Clean-Up of the Destroyed Barracks

STAFF RECOMMENDATIONS:

Accept the seventh update on the status of the Immediate Action Plan to secure the Men's Honor Farm in accordance with Public Contract Code Section 22050 for the abatement, demolition and clean-up of the destroyed barracks.

FISCAL IMPACT:

On June 26, 2010, a fire erupted at the Stanislaus County Sheriff's Honor Farm completely destroying Barracks 1 and 2 with the rated capacity to house 172 inmates. On July 13, 2010, the Board of Supervisors approved a Declaration of Emergency as a first step toward the clean-up of fire debris and the replacement of the lost facility to be covered by the County's insurance. On August 3, 2010, the Board of Supervisors in accordance with Public Contract Code Section 22050, approved the delegation of contracting authority to the Chief Executive Officer or his designee to order an action appropriate to contract for the remaining abatement, demolition and clean-up of the destroyed barracks.

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BOARD ACTION AS FOLLOWS:

No. 2010-616

On motion of Supervisor O'Brien, Seconded by Supervisor Monteith

and approved by the following vote,

Ayes: Supervisors: O'Brien, Chiesa, Monteith, DeMartini, and Chairman Grover

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) Approved as recommended

2) Denied

3) Approved as amended

4) Other:

MOTION:

Christine Ferraro

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

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FISCAL IMPACT: (Continued)

The County contracted with Belfor USA Group, Inc. to complete the emergency abatement, demolition and clean-up of the site at a cost estimated not to exceed \$250,000 completely at the expense of the County's Insurer. The County will authorize the Insurer to pay Belfor USA Group, Inc. directly once the County reviews and approves the final invoice submitted. This is in addition to the \$50,000 previously approved by the Board on July 13, 2010 for professional services and to ensure the site was secured.

Public Contract Code Section 20134 provides that a contractor who provides equipment and materials on an emergency basis shall be paid the actual cost of the use of machinery, tools, material, labor, and of workers' compensation insurance expended by him or her in doing the work, plus not more than 15 percent to cover all profits and administration.

On July 13, 2010, the Board of Supervisors authorized the Chief Executive Office - Risk Management Division to negotiate an advance payment to fund initial project costs to ensure the safety and security of the site and to aid in the demolition, planning, and design services for a replacement facility. Currently, staff is reviewing the initial advance payment analysis and will work directly with the insurer on this activity to ensure that the initial cash advance is appropriate. On September 9, 2010, staff hosted a conference call meeting with the Insurer on this and all matters related to the recovery of this loss.

Once a replacement cost estimate is negotiated, staff will return to the Board for approval to accept recommended replacement cost value with the Insurer for the full replacement value to construct 172 new beds lost as a result of the fire on June 26, 2010.

Expenses incurred as a result of the fire are fully recoverable by the County's insurance after the \$10,000 deductible is met by the County.

Staff will return to the Board and report on the status of the emergency project within 14 days, as required by the Public Contract Code until the action is terminated.

DISCUSSION:

On June 26, 2010, a fire erupted at the Stanislaus County Honor Farm completely destroying Barracks 1 and 2 with the rated capacity to house 172 inmates. County staff have met with the County's insurer, Alliant, to establish the provisions of the insurance policy, including replacement of the lost capacity at the Honor Farm, and to define procedures for achieving successful negotiations with the Insurer; securing the facility;

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and abatement, demolition and removal of the debris and contents of Barracks 1 and 2. The Board of Supervisors approved a Declaration of Emergency on July 13, 2010.

Following is a summary of activities underway:

Emergency Update

On July 13, 2010, the Board of Supervisors approved taking six actions:

1. Declare an emergency as a result of a fire on June 26, 2010, which destroyed Barracks 1 and 2 at the Men's Honor Farm at 8224 W. Grayson Road.
2. Authorize the Sheriff and the Chief Executive Officer to implement an immediate action plan to house inmates displaced as a result of a fire in Barracks 1 and 2 at the Men's Honor Farm.
3. Authorize the Chief Executive Officer to contract with professional services to assist with the negotiation of a settlement with the County's insurance carrier. The cost will be reimbursed by the insurance company.
4. Authorize the Chief Executive Office - Risk Management Division to negotiate an advance payment with the County's Insurance carrier to fund initial project costs to ensure the safety and security of the site and to aid in the demolition, planning, and design services for a replacement facility.
5. Authorize the Chief Executive Officer to negotiate with the insurer for abatement, demolition and removal of debris from the site.
6. Authorize the Sheriff to designate a transition Sergeant to coordinate transition activities upon funding approval from the County's insurance carrier.

On August 3, 2010, the Board approved the following actions:

1. Expand the Emergency Order declared on July 13, 2010, consistent with the provisions of the Public Contract Code Section 22050 by making a 4/5 vote of the following findings:
 - a) The fire on June 26, 2010 destroyed Barrack 1 and 2 leaving a potential hazardous situation;
 - b) The repair: abatement, demolition and clean-up, is necessary to permit continuous essential County Operations; and
 - c) This emergency situation would not allow for a delay which would result if the project were competitively bid, and the action to immediately repair the site on an emergency basis.

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2. Delegate to the Chief Executive Officer or his designee, the authority to order any action appropriate; and to complete the repair; and to take any directly related and immediate action required by that emergency, and to procure the necessary equipment, services, and supplies for those purposes, without giving notice for bids to let a contract.

The following Immediate Action Plan activities underway are consistent with previous actions approved by the Board of Supervisors:

Safety and Security of the Site

The Sheriff's staff has done an outstanding job of providing inmate supervision and maintaining inmate safety in the remaining housing at the Honor Farm while securing the areas that remain operational from the areas destroyed by the fire.

Inmate movement and transportation was uninterrupted during the project abatement, demolition and clean-up. An additional secure barrier was erected outside the project area to allow for a free flow and safe environment for inmates and Sheriff Detention staff.

Site and Debris Clean-up Activities

The County contracted with Belfor USA Group, Inc. of Lodi, California to abate, demolish and clean the damaged areas.

On August 23, 2010, Belfor USA Group, Inc. completed the abatement, demolition, and site clean-up of Honor Farm Barracks 1 and 2, and the temporary fencing erected to secure the immediate site area has been removed. The abatement, demolition and site clean-up were completed on schedule.

The Insurer is in the process of completing an independent audit of the expenditures submitted by Belfor USA Group, Inc. for the work completed. Once the Insurer has completed its independent audit, the County will review the final invoice and authorize the Insurer to pay Belfor USA Group, Inc. directly for the abatement, demolition and site clean-up of the Honor Farm Barracks 1 and 2.

Insurance Coverage

On-going discussions with Alliant and the California Association of Counties – Excess Insurance Authority indicate that the insurance in effect at the time of the fire will cover:

- a) The value of the contents of the destroyed buildings;
- b) Any increased costs associated with continuation of business that are the direct result of the fire for a reasonable period of time; and

- c) Replacement of the lost capacity to meet current regulations and codes.

Scope of Replacement Activities

Staff from the Chief Executive Office, Capital Projects, Sheriff's Detention, and the design firm of Lionakis, Inc. of Sacramento, California continues to meet to discuss and develop a definition of the scope of a replacement facility based on requirements defined in Title 24 of the California Code of Regulations through the assistance of the California Corrections Standards Authority (CSA).

Lee Saylor and Associates will provide an independent cost estimate, both of which will provide a basis for the County to negotiate a settlement with the Insurer.

Once a definition and scope of replacement plan has been completed, staff will return to the Board with a full update and action plan, by Fall 2010.

Today's report contains no significant change since the last report, as the County team continues to work with the Insurer on the Partial Proof of Loss Settlement as well as the replacement plan. Consistent with the Public Contracts Code, Staff are providing an update one week early as there is no regularly scheduled Board meeting October 12, 2010. Staff will return to the Board and report on the status of the emergency project within 14 days, as required by the Public Contract Code until the action is terminated.

POLICY ISSUES:

Approval of this update is consistent with the requirements of the Public Contracts Code and is consistent with the Board of Supervisors' priorities of A Safe Community and Efficient Delivery of Public Services.

STAFFING IMPACT:

Staff from the Chief Executive Office, Capital Projects Division is responsible to manage this effort and coordinate with the Sheriff's Department in the procurement of services and to permit the conduct of essential County operations and services. Staff from the Chief Executive Office, County Counsel, Sheriff's Office, and Risk Management Division are working together on this effort.

CONTACT PERSON:

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