



Contra
Costa
County

To: Board of Supervisors
From: David Twa, County Administrator
Date: August 6, 2019

Subject: Settlement and Release Agreement among Skyhawk Electric, Argonaut Insurance Co, and the County

RECOMMENDATION(S):

APPROVE and AUTHORIZE the Public Works Director, or his designee, to execute a Settlement and Release Agreement among James Krause d/b/a Skyhawk Electric, Argonaut Insurance Company, and the County, in the amount of \$58,854 to settle subcontractor Skyhawk's payment claims.

FISCAL IMPACT:

100% General Fund

BACKGROUND:

The County entered into a job order contract with Federal Solutions Group (FSG) on April 18, 2017, for one year for FSG to perform construction services on various County projects. James Krause d/b/a Skyhawk Electric (Skyhawk) performed subcontractor work for FSG. FSG failed to pay Skyhawk in the amount of \$58,854. FSG is under criminal indictment for money laundering and its principal has fled the country.

Skyhawk filed a lawsuit against FSG, surety insurer Argonaut Insurance company, and the

<input checked="" type="checkbox"/> APPROVE	<input type="checkbox"/> OTHER
<input checked="" type="checkbox"/> RECOMMENDATION OF CNTY ADMINISTRATOR	<input type="checkbox"/> RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **08/06/2019** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor
Candace Andersen, District II Supervisor
Diane Burgis, District III Supervisor
Karen Mitchoff, District IV Supervisor
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 6, 2019

David Twa, County Administrator and Clerk of the Board of Supervisors

By: Stacey M. Boyd, Deputy

Contact: Laura Strobel (925)
335-1091

cc:

County to recover the amount due for its subcontractor services. Because of the criminal allegations against FSG and the absence of its principal, FSG

BACKGROUND: (CONT'D)

cannot or will not pay Skyhawk. Skyhawk is entitled to be paid for its work performed on County projects for make ready work at the new Emergency Operations Center Site/Project. In exchange for the County's payment of \$58,854 to Skyhawk, Skyhawk will dismiss the lawsuit against the County.

CONSEQUENCE OF NEGATIVE ACTION:

The County will spend resources litigating the subcontractor payment claims.