



Board Agenda Item 31.1

DATE: August 19, 2025

TO: Board of Supervisors

SUBMITTED BY: Peter Wall, Interim County Counsel

SUBJECT: Settlement and Mutual Release Agreement - Klassen Corporation

RECOMMENDED ACTION(S):

Approve and authorize the Chairman to execute a Settlement and Mutual Release Agreement to fully resolve the disputed claims between Klassen Corporation and the County, for a settlement sum of \$737,406.

Approval of the recommended action will execute the Settlement and Mutual Release Agreement ("Agreement"), which will fully resolve the disputed liquidated damages, contract balance and change orders between the County and Klassen Corporation ("Klassen"), Fresno County Superior Court Case No. 24CECG05369. This item is countywide.

ALTERNATIVE ACTION(S):

If your Board does not approve the Recommended Action, the disputed contract amounts between the County and Klassen would remain unresolved and would require the continuation of the ongoing litigation to a judgement.

FISCAL IMPACT:

Under the recommended Agreement, the County would pay \$737,406 to Klassen, the remaining contract balance, and Klassen would dismiss its lawsuit and release all claims against the County pertaining to the construction of the Area 2 Sheriff's Substation.

DISCUSSION:

On July 8, 2020, the Board adopted the plans and specifications related to the construction of the new Area 2 Sheriff's Substation and associated site improvements (the "Project") and approved Agreement No. D-20-447 with Klassen. Klassen was the general contractor on the Project, which experienced serious delays in completion. The County sent a notice of liquidated damages for that delay to Klassen in the amount of \$756,441 on July 11, 2023. Klassen responded with a claim against the County in the amount of \$2,253,065 on January 19, 2024. The County denied the claim and Klassen filed suit against the County. The recommended Agreement fully resolves the litigation (Fresno County Superior Court Case No. 24CECG05369) and releases the County from all claims by Klassen pertaining to the construction of the Area 2 Sheriff's Substation, and requires Klassen to indemnify County from any and all actions by subcontractors or vendors of Klassen on the Project.

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Settlement and Mutual Release Agreement

REFERENCE MATERIAL:

BAI #8, July 7, 2020

CAO ANALYST:

Amy Ryals