



City of Palo Alto

City Council Staff Report

(ID # 10337)

Report Type: Consent Calendar

Meeting Date: 6/24/2019

Summary Title: Tree Pruning and Removal Services Contract Extension

Title: Approval of Amendment Number 1 to Contract Number C17162020 With West Coast Arborists Inc. for Tree Pruning and Removal Services, to Extend the Term by Two Years (Through June 30, 2021) and add \$2,657,084, for a new Total Not-to-Exceed Amount of \$7,359,534; and Approval of a Fiscal Year 2020 Budget Amendment in the General Fund

From: City Manager

Lead Department: Public Works

Recommendation

Staff recommends that Council:

1. Approve and authorize the City Manager or his designee to execute the attached Amendment No. 1 (Attachment A) to Contract No. 17162020 in the amount of \$2,657,084 to extend the contract term by two years, through June 30, 2021 (\$1,308,798 for the Fiscal Year 2020, \$1,348,287 for the Fiscal Year 2021), with West Coast Arborists for tree pruning and removal services for a new not-to-exceed total contract compensation amount of \$7,359,534; and
2. Amend the Fiscal Year 2020 Budget Appropriation for the General Fund by:
 - a. Decreasing the Public Works Department Public Services Division by \$175,000 to align with contract amount;
 - b. Increasing the budget stabilization reserve by \$175,000.

Background

The Department of Public Works Urban Forestry Section is responsible for maintaining the health of 36,545 street trees and trees in various city-owned public places. Tree pruning is a key maintenance task in keeping the population healthy. The purposes of tree pruning are to improve tree structure, enhance vigor, and maintain safe conditions for all motorists and pedestrians as they move through the street corridor. This maintenance is achieved through pruning all City-owned trees on a cyclical basis and involves removing trees when necessary. Within the urban forestry profession, documented studies have shown that a five- to seven-year pruning cycle is optimal for maintaining tree condition and value, managing risks, and being cost-effective for a community. The City has used contract services for tree pruning and removal of City trees along streets and other public property since 2000, providing a proactive

cycle of basic tree maintenance.

In 2016, the City received two bids under the solicitation for the Tree Pruning and Removal Services contract, with bid amounts of \$4,702,450 from West Coast Arborists Inc. (WCA) and \$13,462,985 from Professional Tree Care Co. The contract was awarded to WCA to perform pruning, removal, stump grinding, and other maintenance of trees located along street corridors and on City property ([CMR #7056](#)). (Please note that although CMR #7056 recommended a tree trimming cycle of ten years, Council increased the WCA contract amount to support a seven year cycle target.) Increased production from West Coast Arborists Inc. during the past three fiscal years has lowered the average pruning cycle to the target of seven years established by Council. 5,220 trees need to be pruned annually in order to maintain the current pruning cycle frequency from this point forward.

The current contract, which is scheduled to expire on June 30, 2019, has a 3-year term with funding authority not to exceed \$4,702,450. As the end of the contract term approached and staff began to prepare for a new solicitation, WCA approached staff with an offer to reduce its FY 2020 rates by five percent from the FY 2019 rates if the City amends the contract for an additional two years.

Discussion

Staff is recommending approval of Amendment No. 1 to the contract with WCA to add funding and extend the contract by two years, allowing WCA during the extended term to prune approximately 10,440 trees and remove up to 186 trees at their proposed updated fee schedule (included in Attachment A).

Contractual tree pruning and removal services were analyzed to determine whether to solicit bids for a new contract or extend the current one. Staff's recommendation to extend the current contract is based on the following:

Comparison with Other Agencies

Staff contacted or attempted to contact approximately 30 other public agencies to request pricing schedules of active tree pruning contracts. Pricing information was received for 14 separate contracts from 12 different agencies. Although it is difficult to make direct pricing comparisons given differences in bid items, tree inventory size, and use of hourly pricing in some contracts, staff determined that WCA's proposed fee schedule is competitive with other contracts. Compared to the six most relevant contracts examined, the proposed contract extension with WCA has lower unit costs for 54% of the comparable bid items, and the projected overall costs are estimated to be less.

State of the Tree Care Industry

With multiple wildfire events in recent years the demand for tree workers in the utility line clearance segment of the tree care industry has grown tremendously in a short period of time. This has created a shortage of experienced, qualified workers for the remainder of the industry.

It is likely this shortage of experienced labor will affect future tree company pricing for municipal services.

Palo Alto-Specific Contract Details

The details of the contract scope and specifications ensure that the work performed by the street tree pruning contractor follows industry best management practices and meets or exceeds industry standards. Contracts that were examined and compared to the City's current contract all adhere to best management practices and tree care industry standards as part of their scopes of work, however there are many items in the City's scope of work that exceed minimum standards and that, under the other contracts examined, could have resulted in higher overall costs.

Staffing Resource Considerations

The contract extension is expected to continue a predictable amount of staff oversight, whereas a new contract is likely to require additional oversight at the onset and possibly beyond. Interpretation of contract specifications is understood with the current contractor thus reducing staff time required to address issues such as notifications, traffic control, and customer expectations.

Contractor Performance

The current contractor, WCA, has demonstrated over the term of the contract that it shares the goals of the City to protect our urban forest by providing high quality, professional tree care services. WCA has been responsive to the City's needs and understands the challenges of working in Palo Alto. WCA has repeatedly demonstrated its ability to meet or exceed expectations, with consistent, documented, positive feedback from the residents of Palo Alto throughout the term of the contract.

Amendment to FY2020 Budget Appropriation

Staff recommends designating \$35,000 to fund ongoing wood debris hauling services required for the continuous need to remove wood chips and plant material from tree pruning and tree removal sites. Materials generated by such work (when not utilized or re-purposed within the City) are transported monthly to Woodland Bio-Mass in Woodland, CA to be used as an alternative fuel source for a co-generation plant to produce electricity. As part of the expense alignment performed for the tree trimming contract extension, staff is recommending to designate ongoing funds for this service.

A decrease of \$175,000 in the Fiscal Year 2020 budget appropriation is recommended to align with the actual amended contract amount for the tree pruning and removal services with WCA that is lower than originally appropriated. This is due to a cost reduction by five percent offered by WCA. The budget will be returned to the General Fund, with a resulting increase to the budget stabilization reserve of \$175,000.

Resource Impact

Funding for this amendment will be available in the Public Works Department FY 2020 budget upon Council approval of the annual budget appropriation.

Policy Implications

This recommendation does not represent any change to existing City policies.

Environmental Review

The recommended action is CEQA-exempt under the California Environmental Quality Act pursuant to CEQA Guidelines Section 15301(h) (maintenance of existing landscape).

Attachments:

- Attachment A: Amendment No. One C17162020_CAO.v3_clean.doc

**AMENDMENT NO. 1 TO CONTRACT NO. C17162020
BETWEEN THE CITY OF PALO ALTO AND
WEST COAST ARBORIST, INC.**

This Amendment No. 1 to Contract No. C17162020 (“Contract” as defined below) is entered into as of June 24th, 2019, by and between the CITY OF PALO ALTO, a California chartered municipal corporation (“CITY”), and WEST COAST ARBORIST, INC., a California corporation located at 2200 E. Via Burton, Anaheim, CA, 92806, Telephone Number (714) 991-1900 (“CONTRACTOR”).

RECITALS

A. The Contract was entered into by and between the parties for the provision of Tree Maintenance, as detailed therein.

B. The parties wish to amend the Contract by extending the term for two years from its original expiration date June 30, 2019 through June 30, 2021, and to increase the not-to-exceed maximum compensation by Two Million Six Hundred Fifty Seven Thousand Eighty Four Dollars (\$2,657,084) to a new total not-to-exceed amount of Seven Million Three Hundred Fifty Nine Thousand Five Hundred Thirty Four Dollars (\$7,359,534).

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the parties agree:

SECTION 1. Definitions. The following definitions shall apply to this Amendment:

- a. **Contract.** The term “Contract” shall mean Contract No. C17162020 between CONSULTANT and CITY, dated June 27, 2016.
- b. **Other Terms.** Capitalized terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Contract.

SECTION 2. Section 2, “EXHIBITS,” of the Contract is hereby amended to read as follows:

“The following exhibits are attached to and made part of this Agreement:

- “A” Scope of Services
- “A-1” Area Map
- “B” Schedule of Performance
- “C” Schedule of Fees
- “C-1” Schedule of Fees, Amendment No.1
- “D” Insurance Requirements

CONTRACT IS NOT COMPLETE UNLESS ALL INDICATED EXHIBITS ARE ATTACHED.”

SECTION 3. Section 3, "TERM", of the Contract is hereby amended to read as follows:

"The term of this Agreement is from July 1, 2016 through June 30, 2021 inclusive, subject to the provisions of Sections R and W of the General Terms and Conditions."

SECTION 4. Section 5, "COMPENSATION FOR ORIGINAL TERM," of the Contract is hereby amended to read as follows:

"CITY shall pay and CONTRACTOR agrees to accept as not-to-exceed compensation for the full performance of the Services and reimbursable expenses, if any:

The total maximum lump sum compensation of _____ dollars (\$ _____);
OR

The sum of _____ dollars (\$ _____) per hour, not to exceed a total maximum compensation amount of _____ dollars (\$ _____); **OR**

A sum calculated in accordance with the fee schedule set forth at Exhibit "C" and/or Exhibit "C-1," as applicable depending on the date on which the Services are provided, not to exceed a total maximum compensation amount of Seven Million Three Hundred Fifty Nine Thousand Five Hundred Thirty Four (\$7,359,534).

CONTRACTOR agrees that it can perform the Services for an amount not to exceed the total maximum compensation set forth above. Any hours worked or services performed by CONTRACTOR for which payment would result in a total exceeding the maximum amount of compensation set forth above for performance of the Services shall be at no cost to CITY.

CITY has set aside the sum of _____ dollars (\$ _____) for Additional Services. CONTRACTOR shall provide Additional Services only by advanced, written authorization from the City Manager or designee. CONTRACTOR, at the CITY's request, shall submit a detailed written proposal including a description of the scope of services, schedule, level of effort, and CONTRACTOR's proposed maximum compensation, including reimbursable expense, for such services. Compensation shall be based on the hourly rates set forth above or in Exhibit C (whichever is applicable), or if such rates are not applicable, a negotiated lump sum. CITY shall not authorize and CONTRACTOR shall not perform any Additional Services for which payment would exceed the amount set forth above for Additional Services. Payment for Additional Services is subject to all requirements and restrictions in this Agreement."

SECTION 5. The following exhibits to the Contract are hereby added or amended, as indicated below, to read as set forth in the attachment(s) to this Amendment, which are hereby incorporated in full into this Amendment and into the Contract by this reference:

- a. Exhibit "B" entitled "SCHEDULE OF PERFORMANCE" (AMENDED – REPLACES PREVIOUS)
- b. Exhibit "C-1" entitled "SCHEDULE OF FEES, AMENDMENT NO.1" (ADDED)

SECTION 6. Legal Effect. Except as herein modified by this Amendment, all other provisions of the Contract, including any exhibits thereto, shall remain in full force and effect.

SECTION 7. Incorporation of Recitals. The recitals set forth above are terms of this Amendment and are fully incorporated herein by this reference.

(SIGNATURE BLOCK FOLLOWS ON THE NEXT PAGE.)

IN WITNESS WHEREOF, the parties hereto have by their duly authorized representatives executed this Amendment on the date first above written.

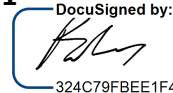
CITY OF PALO ALTO

WEST COAST ARBORIST, INC

City Manager or Designee

Officer 1

By:

DocuSigned by:


Name:

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Patrick Mahoney

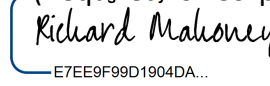
Title:

President

APPROVED AS TO FORM:

Officer 2 (Required for Corp. or LLC)

By:

DocuSigned by:


Name:

E7EE9F99D1904DA...
Richard Mahoney

Title:

VP/Secretary

City Attorney or designee
(Contract over \$25k)

Attachments:

- EXHIBIT "B": SCHEDULE OF PERFORMANCE
- EXHIBIT "C-1": SCHEDULE OF FEES, AMENDMENT NO.1

EXHIBIT B
SCHEDULE OF PERFORMANCE
(AMENDED-REPLACES PREVIOUS)

CONTRACTOR shall perform the Services according to the following schedule:

1. Ongoing tree pruning and removal services throughout the term of the Agreement.

**EXHIBIT C-1
SCHEDULE OF FEES, AMENDMENT NO. 1
(ADDED)**

This Exhibit C-1 (“Schedule of Fees, Amendment No.1”), shall be in effect as of July 1, 2019. CITY shall pay CONTRACTOR according to the following rate schedule. The maximum amount of compensation to be paid to CONTRACTOR, including both payment for services and reimbursable expenses, shall not exceed the amounts set forth in Sections 5 and 6 of the Agreement. Any services provided or hours worked for which payment would result in a total exceeding the maximum amount of compensation set forth therein shall be at no cost to CITY.

1. HOURLY RATES FOR BASIC SERVICES									
TASK	FOURTH YEAR OF CONTRACT				FIFTH YEAR OF CONTRACT				
	HOURLY RATE				HOURLY RATE				
3-PERSON CREW AND BUCKET, DURING REGULAR WORK HOURS (SEE NOTE 1, BELOW)	\$236.55				\$243.00				
3-PERSON CREW AND BUCKET, DURING EMERGENCIES AND AFTER REGULAR WORK HOURS	\$327.00				\$337.00				
90 FT BUCKET DURING REGULAR WORK HOURS	\$133.00				\$137.00				
90 FT BUCKET DURING EMERGENCIES AND AFTER REGULAR WORK HOURS	\$218.50				\$225.00				
CRANE SERVICES DURING REGULAR WORK HOURS	\$133.00				\$137.00				
CRANE SERVICES DURING EMERGENCIES AND AFTER REGULAR WORK HOURS	\$218.50				\$225.00				
ADDITIONAL ROOT GRINDING	\$171.00				\$176.00				

2. UNIT PRICES FOR PROGRAM PRUNING									
SIZE CLASS	FOURTH YEAR OF CONTRACT				FIFTH YEAR OF CONTRACT				
	UNIT PRICE				UNIT PRICE				
3 to 6" d.b.h.	\$123.50				\$127.00				
7 – 12" d.b.h.	\$146.00				\$150.50				
13 – 24" d.b.h.	\$146.00				\$150.50				
25 – 36" d.b.h.	\$146.00				\$150.50				
37 - 48" d.b.h.	\$146.00				\$150.50				
49" + d.b.h.	\$146.00				\$150.50				

3. UNIT PRICES FOR PALM PRUNING									
SIZE CLASS	FOURTH YEAR OF CONTRACT				FIFTH YEAR OF CONTRACT				
	UNIT PRICE				UNIT PRICE				
DATE PALM SPECIES UNDER 55' WORKING HEIGHT	\$280.00				\$288.50				
DATE PALM SPECIES OVER 55' WORKING HEIGHT	\$375.00				\$386.50				
WASHINGTONIA PALM SPECIES UNDER 55' WORKING HEIGHT	\$147.00				\$151.50				
WASHINGTONIA PALM SPECIES OVER 55' WORKING HEIGHT	\$185.00				\$190.75				

4. UNIT PRICES FOR DEMAND PRUNING
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SIZE CLASS	FOURTH YEAR OF CONTRACT				FIFTH YEAR OF CONTRACT			
	UNIT PRICE				UNIT PRICE			
3 to 6" d.b.h.	\$71.00				\$73.50			
7 – 12" d.b.h.	\$137.75				\$141.75			
13 – 24" d.b.h.	\$232.75				\$239.75			
25 – 36" d.b.h.	\$327.75				\$337.50			
37 - 48" d.b.h.	\$498.75				\$513.50			
49" + d.b.h.	\$546.00				\$562.50			

5. UNIT PRICES FOR TREE REMOVAL (TO 6 INCHES ABOVE SOIL LINE)								
SIZE CLASS	FOURTH YEAR OF CONTRACT				FIFTH YEAR OF CONTRACT			
	UNIT PRICE				UNIT PRICE			
Up to 6" d.b.h.	\$180.50				\$186.00			
7 – 12" d.b.h.	\$351.50				\$362.00			
13 – 24" d.b.h.	\$736.00				\$758.00			
25 – 36" d.b.h.	\$2,042.50				\$2,104.00			
37 - 48" d.b.h.	\$2,517.50				\$2,593.00			
49" + d.b.h.	\$3,467.50				\$3,571.00			

6. UNIT PRICES FOR STUMP GRINDING								
SIZE CLASS	FOURTH YEAR OF CONTRACT				FIFTH YEAR OF CONTRACT			
	UNIT PRICE				UNIT PRICE			
Less than 13" diameter	\$185.00				\$191.00			
13 - 30" diameter	356.00				\$367.00			
Greater than 30" diameter	\$470.00				\$484.00			