



Agenda Item

City Council

Item #: 3.16.

11/10/2020

File #: 20-239

TO: Honorable Mayor and Members of the City Council

THRU: Rick Otto, City Manager

FROM: Christopher Cash, Public Works Director

1. SUBJECT

Third Amendment to Contract with West Coast Arborists, Inc. for City Street Tree Services.

2. SUMMARY

The proposed Third Amendment authorizes an eighteen-month contract extension with West Coast Arborists, Inc. that includes an increase of 4.5% to adjust for increased insurance cost and Consumer Price Index, in the amount not to exceed \$1,214,813.

3. RECOMMENDED ACTION

1. Approve Third Amendment with West Coast Arborists, Inc. in an amount not to exceed \$1,214,813 for City Street Tree Services and authorize the Mayor and City Clerk to execute on behalf of the City.
2. Authorize the appropriation of \$20,000 from the Sanitation (220) Unreserved Fund Balance to expenditure account number 220.5025.51700.00000 - Tree Services Contractual Services.

4. FISCAL IMPACT

The total expenditure for the agreement is \$1,214,813, and will be funded through Tree Services Fund (220).

5. STRATEGIC PLAN GOALS

Goal 1: Provide for a safe community

- b: Provide and maintain infrastructure necessary to ensure the safety of the public.

Goal 2: Be a fiscally healthy community

- a: Expend fiscal resources responsibly.

Goal 4: Provide outstanding public service

- b: Provide facilities and services to meet customer expectations.

6. DISCUSSION AND BACKGROUND

The Public Works Department currently has a contract for street tree services with West Coast Arborists, Inc. (WCA). The initial term of the contract was for five years ending on December 31, 2020. The existing contract has two, one-year extensions available at the direction of the City Council. Staff is recommending modifying the options of extending the contract to include an initial

extension of 18 months, from January 1, 2021 through June 30, 2022, with a second extension of one-year as had been intended in the original agreement. Approval of the first 18 month extension would include the 4.5% consumer price index adjustment and insurance cost increase not to exceed \$1,214,813. Modifying the initial extension length to 18 months will synchronize the term of the contract with the fiscal year and will allow for better coordination of the contract with the budget process.

The extension of this contract includes increased costs for insurance coverage. The number of lawsuits due to tree failures have escalated over the last few years and have become a significant exposure for cities. The City of Orange participates in the California Insurance Pool Authority (CIPA), a joint powers authority which provides excess liability insurance to Member Cities. CIPA conducted multiple meetings with Member Cities, WCA, and various attorneys to establish recommended insurance requirements and indemnification language for arborist agreements. The recommendations include increasing limits to \$20 million per occurrence and \$25 million in the aggregate. The City's expiring agreement with WCA only requires a \$1 million per occurrence and \$2 million aggregate limit. One Member City recently settled a tree failure claim in excess of \$28 million. WCA has requested a one-time five percent cost increase for the new coverage requirements, which equates to an increase of approximately \$40,000. The City has negotiated with WCA to divide the increased cost over the next two years.

WCA has been providing excellent tree services to the City of Orange since 1993 and has always been very responsive to the City's routine service needs as well as special requests and emergency needs.

7. ATTACHMENTS

- Third Amendment