



Agenda Item

City Council

Item #: 3.15.

11/10/2020

File #: 20-237

TO: Honorable Mayor and Members of the City Council

THRU: Rick Otto, City Manager

FROM: Bonnie Hagan, Assistant City Manager/Community Services Director

1. SUBJECT

Second Amendment to Contract with West Coast Arborists, Inc. for tree maintenance services in parks, City facilities, assessment districts, medians, and rights of ways.

2. SUMMARY

The proposed amendment authorizes an eighteen-month contract extension that includes an increase of 4.5% to adjust for increased cost for insurance and Consumer Price Index, in the amount not to exceed \$572,137.50.

3. RECOMMENDED ACTION

Approve Second Amendment with West Coast Arborists, Inc. in an amount not to exceed \$572,137.50 for tree maintenance services for park, City facilities, assessment districts, medians, and rights of way and authorize the Mayor and City Clerk to execute on behalf of the City.

4. FISCAL IMPACT

The total expenditure for the amendment is \$572,137.50 and will be funded through General Fund 100.

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 3: Enhance and Promote Quality of Life in the Community.

a: Refurbish, maintain, develop and/or expand public use places and spaces.

6. DISCUSSION AND BACKGROUND

The Community Services Department currently has a contract with West Coast Arborists, Inc. (WCA) for tree services in parks, City facilities, assessment districts, medians, and rights of ways for an annual not to exceed amount of \$365,000. The original 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 City Council. Staff is recommending modifying the options of extending the contract to include an initial extension of eighteen months, from January 1, 2021 through June 30, 2022, with a second extension of one-year as had been intended in the original contract. Approval of the first eighteen

month extension would include the 4.5% consumer price index adjustment and insurance cost increase not to exceed \$572,137.50. 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 the 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 contract 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 \$18,250. 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

- Second Amendment to WCA Agreement No. 6294 - Draft