



STAFF REPORT

CITY of YORBA LINDA

PUBLIC WORKS DEPARTMENT

DATE: JUNE 21, 2022

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: JAMIE LAI, P.E., DIRECTOR OF PUBLIC WORKS/CITY ENGINEER
PREPARED BY: AUSTIN POSTOVOIT, SENIOR MANAGEMENT ANALYST

SUBJECT: APPROVAL OF AN AMENDMENT TO THE MAINTENANCE SERVICE AGREEMENT WITH WEST COAST ARBORISTS, INC., FOR TREE SERVICES AND ASSOCIATED MAINTENANCE

RECOMMENDATION

It is recommended that the City Council:

1. Approve an additional contract renewal amendment for tree maintenance services to allow for an additional one-year (Fiscal Year 2022/23) term with the option for an additional subsequent extension, with West Coast Arborists (WCA), Inc., in an amount not to exceed \$1,352,370.

BACKGROUND

On June 7, 2016, the City Council awarded a Tree Maintenance Service Contract to West Coast Arborists, Inc., for citywide services rendered for the Local Landscape Maintenance Assessment District, Public Works and Parks and Recreation departments. This contract encompasses all maintenance pruning as well as incidental tree management services such as inventory maintenance and emergency response duties. WCA's award was approved after evaluation of bids for tree maintenance were solicited for servicing more than 25,000 trees which fall within the Landscape Maintenance Assessment District (LMAD). In addition, in an attempt to maximize economies of scale, the production trimming for approximately 4,000 trees managed by the Parks and Recreation Department and 3,500 street trees managed by the Operations and Maintenance Division of Public Works were included in the agreement.

The City has renewed and amended the agreement on multiple occasions to allow utilizing Council approved extensions and provision of expanded unanticipated work. Since 2016, the contractual services have been rendered in a satisfactory manner and WCA has implemented several innovative technologies including City tree inventorying. All

contractually allowable extensions have been exhausted and final expiration was set to occur on My 31st, 2022. In advance of the expiration, staff sought a one-month contract extension while procurement activities were pursued. The one-month contract extension also allowed the contract term to come into alignment with the City's Fiscal Year, which enables staff to more efficiently track expenditures and implement budget measures. The one-month extension term is valid through June 30th, 2022.

DISCUSSION

During the procurement review process staff identified inordinately high Consumer Price Index (CPI) increases, increased labor and materials costs as well as staffing shortage factors contributing to the likelihood of a disproportionate cost increase for a new contract award. As such, staff determined that three potential options were likely for procuring tree trimming services for the upcoming Fiscal Year: conduct a new Invitation for Bids (IFB), conduct a follow-on procurement with WCA (ie. Piggyback) or request an "additional" term renewal period for WCA's existing agreement. Staff evaluated these three options and determined that an additional term extension, beyond the initially awarded 6-year potential contract term, is the most cost-effective option.

Staff explored potentially conducting a new procurement at the present time but found that it would likely yield the highest increase in unit prices and overall contract costs. Given the particularly volatile fluctuation and increases in CPI and labor costs, staff projects that this procurement option would be least favorable to the city at this time. Other local agencies awarding agreements for similar services within the past several months realized average increases of approximately 25% over their prior contract amounts. While each agency has unique agreement scopes and needs – it can be projected that a similar increase can be expected if open bidding takes place at this time.

Staff also considered a follow-on procurement option to procure services as well. A follow-on procurement, also known as "piggy-backing", is a form of procurement wherein an agency utilizes the competitively solicited rates from an awarded agreement of another agency. This option would have seen staff request award of a new contract to acquire the same commodities or services at the same or lower price from another public entity. It essentially allows the City to "use" another agencies' competitively bid award as a basis for its own award. However, this option likely would compel the City to modify the scope of work and fee structure to fit the contract it would piggyback to mirror that of another agency. Proposed fee structures were evaluated and found to be less favorable to Yorba Linda's needs. Further, the only feasible Piggyback options would have been with West Coast Arborist, as most recent bidders for local agencies had rates higher than WCA's. Staff did inquire about "prospective" piggyback agency rates and conducted estimates based on the past 6-years of service levels. The most favorable estimate for piggybacking would likely result in a 21%-27% increase.

Staff also inquired as to whether or not WCA would be amenable to simply extending the agreement for an additional 1-year term at a moderate increase, based largely off of a CPI

level inflation factor. A similar procurement method was recently used by a neighboring City which cancelled bids and extended an agreement with WCA for considerable cost savings. Staff proceeded to negotiate with WCA over the course of several weeks to establish an updated rate schedule which ultimately resulted in an aggregate contract increase of only 8.5%. Further, the majority of individual unit prices would stay below CPI and the average line-item percentage increase was only 7% (as shown in “Attachment 2” of the proposed Amendment). Staff also negotiated a subsequent one-year additional term extension for the Fiscal Year 2023-24, at the City’s sole option, should market volatility still be present at that time. The second potential extension I caps the increase to t 7% for that term. Therefore, staff recommends that Council approve a one-year additional contract renewal in an amount of \$1,352,370 for Fiscal Year 2022/23, and a potential additional renewal for Fiscal Year 2023/24. This additional period will allow for potential cost escalation factors to subside, and for staff to more thoroughly evaluate program needs in an attempt to reduce future year costs.

FISCAL IMPACT

The combined annual budget allocation for tree services within the LMAD, Parks and Recreation, and Public Works budgets for Fiscal Year 2022/23 is sufficient to cover the costs of the proposed amendment. Staff proactively increased budget projections during the annual budget process, in anticipation of inflation and labor increases. The proposed Fiscal Year budget is planned for approval on June 21st, 2022 and incorporates requisite budget increases necessary to cover the proposed contractual costs. The \$1,352,370 annual amendment amount is generally apportioned across the three comprising departments/divisions as noted below:

- LMAD (Account No. 2010350-432300) – 75% of total Contract Amount
- Public Works Maintenance (Account No. 1010330-432300) – 15% of Total Contract Amount
- P&R Parks Maintenance (Account No. 1010460-432300) – 10% of Total Contract Amount

The approximate proportions of planned contract budget may be adjusted during the Fiscal Year based upon actual utilization by each division. Additional requests for a similar amount will be made for future Fiscal Year budgets, should the additional one-year renewal be sought for Fiscal Year 2023/24.

ALTERNATIVES

The City Council may choose not to approve the recommended additional term renewal amendment with West Coast Arborists. Should this alternative be selected, it is recommended that Council alternatively approve an additional two-month term extension to allow staff sufficient time to conduct an alternative procurement process. As noted in the Discussion section of this report, pursuing this alternative is not recommended due to the high likelihood of drastic cost escalations.

ATTACHMENTS

1. Sixth Amendment to the Agreement with West Coast Arborists
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