

## RESPONSE TO COUNCIL QUESTIONS RE: 4/28/20 CITY COUNCIL AGENDA

### Agenda Item #5.I (20-439)

#### Action on Amendment No. 2 to the Agreement for Performance of Services with Davey Tree Surgery Company [Council Pillar: Deliver and Enhance High Quality Efficient Services and Infrastructure]

Council Question: The staff report mentions:

“The hourly rate resulted in an increased regularly hourly rate of nearly 60%. SVP has learned from other local utilities that, in some cases, the rate change for their organization was 100% After learning that similar local agencies experienced greater rate increases for similar services and review of the 2017 RFP which considered a five-year term, staff recommends extending the current agreement for two (2) years (through December 31, 2022) instead of issuing a new RFP.”

Can I please get the relevant data of any contracts which other agencies might have entered into at the same rates at which we are trying to extend this contract at. Would like to have details of specific agencies we are talking about. Even 100% increase in rates does not justify the final ask of \$10,850,000.00 - can I please have the details how we got to this \$ amount number?

Staff Response: Per Council Action on January 14, 2020, the rates for the contract were modified to reflect the changes required by SB 247. SB 247 states the following:

*“All qualified line clearance tree trimmers shall be paid no less than the prevailing wage rate for a first period apprentice electrical utility lineman as determined by the Director of Industrial Relations.”*

This means that the City is now paying the new established prevailing wage for the contract. It is important to note that under any tree contract the City could not pay less than the required prevailing wage. The table below provides the summary of this significant increase:

	Prior to DIR Changes	After DIR Changes	Percent Increase	Notes
Regular	64.98	103.92	60%	
Overtime	77.97	161.07	107%	
Double Time	92.26	161.07	75%	All Overtime now required to be paid at Double Time Rate

This contract amendment does not further modify the fees since we are now in compliance with SB 247. However, the proposed amendment adds two additional years to the contract, adds additional hours, and increases the maximum compensation by \$6.7 million from \$3,892,572 to \$10,850,000.

As part of this amendment staff has taken proactive measures that require increased contract hours. These measures include items such as "hot spot" maps which are designed to avoid customer outages by identifying areas where outages have occurred or are likely to occur and assigning tree trimmers to work in those areas. In summary the increase accounts for:

- The increase in rates per SB247
- Additional two years of work

- A 20% increase in hours worked to increase proactive work in hot spots, minimize outages, and reduce use of emergency work.

Because the modification by SB247 established the new rates, this has affected other utilities as well. Their specific impact and increase were based on their previous contract terms. Prior to the January 14 action staff did speak to other jurisdictions (Ukiah, Redding, Shasta Lake and Palo Alto experienced increases, Ukiah was nearly 130% since beginning 2019) and the new prevailing wage requirements increase their rates significantly. We did not review their contract terms and hourly rates as they do not affect our SB247 requirements.