



Agenda Report

20-439

Agenda Date: 4/28/2020

REPORT TO COUNCIL

SUBJECT

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]

BACKGROUND

The City of Santa Clara's Electric Department, Silicon Valley Power (SVP), requires regular tree trimming and related services to reduce threats to the integrity of SVP's electric distribution system associated with tree and related vegetation contact with power lines. Regular and emergency tree trimming services are critical to reduce power outages for SVP customers and minimize duration of outage when they occur due to trees. In recognition of this hazard, SVP uses a tree trimming contractor specializing in working near electrical infrastructure to provide these services.

In October of 2017, staff issued a Request for Proposal for tree trimming and two bids were received. By Council action on December 5, 2017 (Attachment 1), Davey Tree Surgery Company (Davey) was selected for a three-year agreement to provide tree trimming services for SVP near electrical infrastructure. SVP has been satisfied with services provided by Davey.

As a result of numerous wildfires and wildfire-related events such as public safety power shutdowns of the past several years, the California Legislature implemented multiple legislative measures to reduce the risk of wildfires. One of the latest, Senate Bill 247 (SB-247), titled "Wildland fire prevention: vegetation management," was signed into law by the Governor on October 1, 2019. While the City of Santa Clara is not in a high wildfire zone, SB-247 affects Santa Clara because it establishes the base prevailing wage for all qualified electrical line clearance tree trimmers performing work in the City of Santa Clara to no less than the prevailing wage for a first period apprentice electrical utility lineman. This resulted in a significant cost increase to the City's current contractor.

DISCUSSION

SB-247 and the new prevailing wage requirement for qualified tree trimmers working near electrical infrastructure significantly increased the cost of labor for electric utilities hiring tree trimming services. In December 2019, Davey notified SVP of its negotiations with the International Brotherhood of Electrical Workers (IBEW) Local 1245, which represents tree trimmers, related to implementation of SB-247. Based on changes in both the law and the newly-negotiated agreement with the IBEW Local, Davey proposed an amended Fee Schedule. This amended Fee Schedule was adopted through Council action on January 14, 2020 (Attachment 2). 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. In addition to extending the term, the proposed amendment includes sufficient additional funding to continue maintenance and unplanned work activities through the extended term. The amended agreement total amount will not exceed \$10,850,000 for the five-year term (see Attachment 3 - Amendment 2 Exhibit B). The original agreement includes language requiring prevailing wage and Amendment 1 reflects recent legislative changes affecting prevailing wage.

In addition to the cost impact of recent legislation, staff has taken a number of proactive actions related to management of trees near power lines such as developing maps of trees near recent outages to further direct work of the contractor. As a result, additional hours have been requested of the contractor to better avoid outages versus responding to outages. Therefore, additional funding has been included in this proposed contract to increase preventative maintenance while reducing overtime hours.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378 (b)(4) in that it is a fiscal activity that does not involve commitment to a specific project which may result in potential significant impact on the environment.

FISCAL IMPACT

The second amendment to the agreement extends the term from three years to five years through December 31, 2022 and increases the maximum compensation from \$3,892,572 to \$10,850,000. The Electric Department's operating budget for FY 2019/20 has available funding to absorb the increase in costs for the remainder of the year. The Transmission and Distribution Program's budget for FY 2020/21 through FY 2022/23 will be adjusted to account for the higher costs up to the amended agreement amount of \$10,850,000, subject to future Council appropriation of funds. .

COORDINATION

This report has been coordinated with the Finance Department and City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

RECOMMENDATION

1. Authorize the City Manager to execute Amendment No. 2 to the Agreement for Performance of Services with Davey Tree Surgery Company; and
2. Authorize the City Manager to add or delete tree trimming services consistent with the scope of the agreement, and allow future rate adjustments subject to request and justification by Davey Tree Surgery Company and approval by the City, subject to the appropriation of funds.

Reviewed by: Manuel Pineda, Chief Electric Utility Officer
Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Original Agreement and Council Report
2. Amendment No.1 - Davey Tree
3. Amendment No.2 - Davey Tree