

Agenda Report

TO: CITY COUNCIL DATE: JANUARY 25, 1999
FROM: CITY MANAGER
SUBJECT: **Extension of Contract with Davey Tree Surgery**

RECOMMENDATION:

It is recommended that the City Council authorize the City Manager to extend Contract Number 16,386 with Davey Tree Surgery Company, for a period of one year or until an amount not to exceed \$350,000 is expended, whichever occurs first.

BACKGROUND:

Trimming trees located in close proximity to overhead power distribution lines is necessary to avoid plant growth causing service outages and creating safety hazards.

In July 1997, the City entered into Contract Number 16,386 with Davey Tree Surgery for these services. The term of the contract was for one year with two optional one-year extensions. The base term expired on July 22, 1998.

At the conclusion of the base term, staff requested authorization to extend the contract for six months rather than exercise the first one-year extension. This request was made with the expectation that the Living Wage Ordinance would be adopted soon thereafter and keeping with the spirit and intent of that Ordinance, staff did not want to wait an entire year before incorporating the policy into the contract.

On September 17, 1998, the Living Wage Ordinance went into effect. Since that time, staff has been working with Davey Tree to determine the additional costs associated with applying the Living Wage Ordinance to the subject contract, as well as to negotiate a mutually agreeable arrangement for sharing these costs.

Cynthia J. Kurtz
Davey Tree Surgery Company
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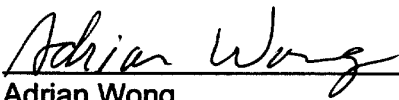
The annual number of hours billed against this contract is relatively stable. Using these figures as a guide, it is expected that application of the Living Wage Ordinance will result in additional costs of approximately \$28,800 per year. Under the proposed contract extension, Davey Tree will absorb \$15,700, or roughly 55% of the total and the City will incur the remaining \$13,100, roughly 45%. It should be noted that the precise additional costs will be based on actual number of hours billed during the contract term, however, regardless of the number, the split between Davey Tree and Pasadena will remain 55%-45% respectively.

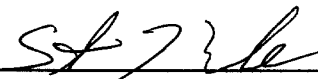
Davey Tree has performed well under the base contract term, as well as the recent six-month extension. The proposed manner of addressing the impact of the Living Wage Ordinance is generally favorable. Therefore, staff recommends extending the contract for an additional one-year period. Amending the contracts to increase the billing rates by a fixed and directed amount is within the City's rights without requiring a new bidding procedure.

FISCAL IMPACT:

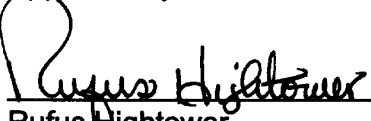
Funds for this contract are available in the Power Fund's operating budget (Account Number 0593, Maintenance of Overhead Lines - Distribution), and additional funds will be recommended for this project in fiscal year 1999/2000 operating budget.

Prepared by:


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Approved by:


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Water and Power Department

Respectfully submitted,


Cynthia J. Kurtz
City Manager

AW:jv