



# City of Sunnyvale

## Agenda Item-No Attachments (PDF)

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### **REPORT TO COUNCIL**

#### **SUBJECT**

Authorize the Issuance of a Purchase Order for Street Tree Maintenance Services (F16-90) and Finding a CEQA Categorical Exemption

#### **REPORT IN BRIEF**

Council approval is requested to authorize the issuance of a Purchase Order for Street Tree Maintenance Services in an amount not-to-exceed \$1,498,460 to West Coast Arborists Inc. of Anaheim for a two-year period, with an option to renew for three additional one-year periods.

#### **EXISTING POLICY**

Pursuant to Chapter 2.08 of the Municipal Code, Council approval is required to approve bids greater than \$100,000.

#### **ENVIRONMENTAL REVIEW**

The action being considered is categorically exempt from the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15301(h) 6 for the maintenance of existing landscape.

#### **BACKGROUND AND DISCUSSION**

The City has approximately 37,000 street trees. The street trees are pruned on an average seven-year cycle, established in FY 2012/13. Following a competitive bid process, Council awarded a 30-month contract in the amount of \$1,221,175 to West Coast Arborists (WCA) in January 2013 for street tree pruning and for the as-needed work at City parks and golf courses (RTC No. 13-011). The WCA contract was increased to \$1,695,175 in January 2015 to allow for accelerated preventative maintenance pruning of over 12,000 street trees (RTC No. 14-1136).

As the June 30, 2015 end date of the 2013 contract approached, a new bid was issued which clarified specifications for park and golf course work and added pest control. An Invitation for Bids (IFB) was issued on August 25, 2015, with two bids received from WCA and The Professional Tree Care Company (PTC). The bid from WCA, in the amount of \$2,031,910, was deemed to be non-responsive because the contractor did not acknowledge an addendum which changed the bid quantities and consequently submitted their bid pricing based on incorrect amounts. The bid received from PTC, in the amount of \$6,340,520, was significantly more than the budgeted funding available. Therefore, based on staff's recommendation Council rejected the bid received from PTC (RTC No. 15-0967).

A subsequent IFB was issued on March 31, 2016, with a due date of April 27. This IFB did not include specifications to remove the pest control requirement and tree work at parks and golf courses and focused on only providing street tree pruning. Six bids were received. The lowest bidder and

the third lowest bidder, Bright View Tree Care and Professional Tree Care Company, submitted non-responsive bids in the amounts of \$1,360,000 and \$1,954,000, respectively. The Bright View bid was non-responsive because the firm did not identify the appropriate number of references with work of similar size and scope. The PTC bid was non-responsive because they did not acknowledge an addendum which clarified the percentage of medium, large and very large trees scheduled for structural pruning, potentially impacting bid pricing.

The second low bid received from WCA, is responsive, but at \$1,820,960 is substantially higher than the available two-year budget. The higher pricing is a combination of two factors. First, the proposed unit pricing for block grid pruning is much more than anticipated (double the unit pricing from 2013). This is likely due to the current economic climate and the impact of prevailing wages. The FY 2016/17 budget did not account for such a large increase in pricing. Second, staff inadvertently overestimated the number of trees to be pruned on the block grid cycle; a quantity of 12,500 was used, which was the previous number used for a 2 ½ year contract. The current bid should have used an estimate of 10,000 units, or 5,000 trees per year, which corresponds to the current service level.

WCA has agreed to hold their pricing for the lower number of units, which reduces the not-to-exceed value of the contract from \$1,820,960 to \$1,498,460 for two years or approximately \$750,000 per contract year. It should be noted that the quantities used in the bid are estimates only and the City does not guarantee that the actual work will correspond exactly to the specifications (the quantities can be increased or decreased based on need). Staff recommends awarding the contract because rejecting the bids and rebidding the project will delay tree work for several months and may not produce a more favorable result.

### **FISCAL IMPACT**

The Street Tree Maintenance Program has a total budget of \$2,016,784, of which \$557,333 is for contract tree pruning services. This amount should be sufficient for Fiscal Year 2016/17. As part of the Fiscal Year 2017/18 budget process, staff will evaluate funding needs. It should be noted that WCA submitted price increases of 4% per year for the three annual (optional) renewal periods following the initial contract. Should market conditions change that could be favorable to the City, staff may elect not to renew the contract beyond the second year in order to re-bid the services.

#### **Funding Source**

Tree maintenance work is funded by the General Fund.

### **PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

### **RECOMMENDATION**

1) Make a finding of a CEQA categorical exemption pursuant to CEQA Guidelines Section 15301 (h) 6 for the maintenance of existing landscape; 2) Authorize the issuance of a two-year Purchase Order in the amount not-to-exceed \$1,498,460 to West Coast Arborists, Inc. in substantially the same form as Attachment 2 of the report; and 3) Delegate authority to the City Manager to renew the Purchase Order for three additional one-year periods, providing pricing and service remain acceptable to the City.

Prepared by: Pete Gonda, Purchasing Officer  
Reviewed by: Timothy J. Kirby, Director of Finance  
Reviewed by: Manuel Pineda, Director, Public Works  
Reviewed by: Walter C. Rossmann, Assistant City Manager  
Approved by: Deanna J. Santana, City Manager

**ATTACHMENTS**

1. Bid Summary
2. Draft Purchase Order