

Exhibit to Agenda Item #1

Board Finance & Audit Committee Meeting and Special SMUD
Board of Directors Meeting

Tuesday, June 18, 2019 scheduled to begin at 5:30 p.m.

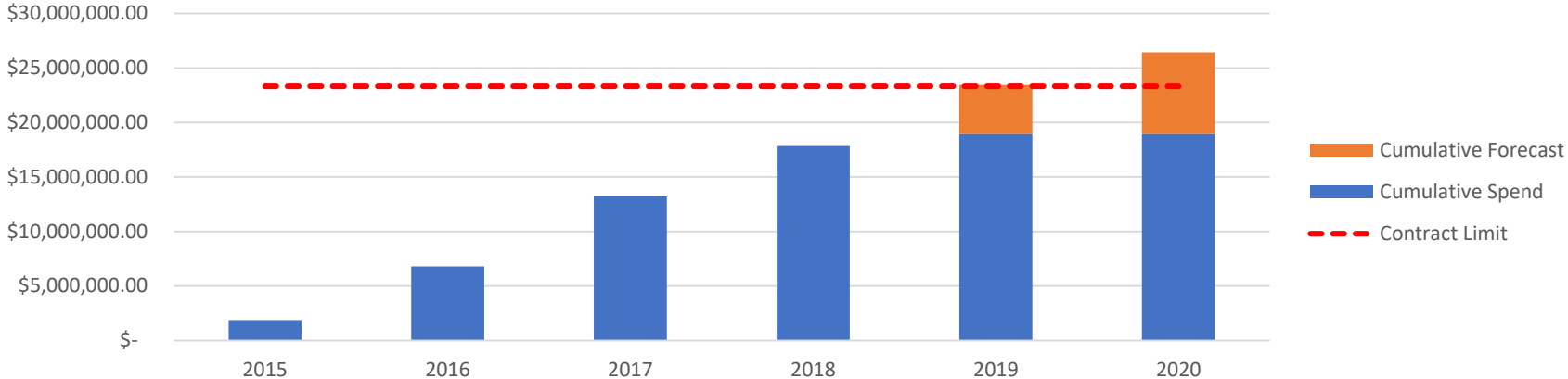
Customer Service Center, Rubicon Room

Requested Action

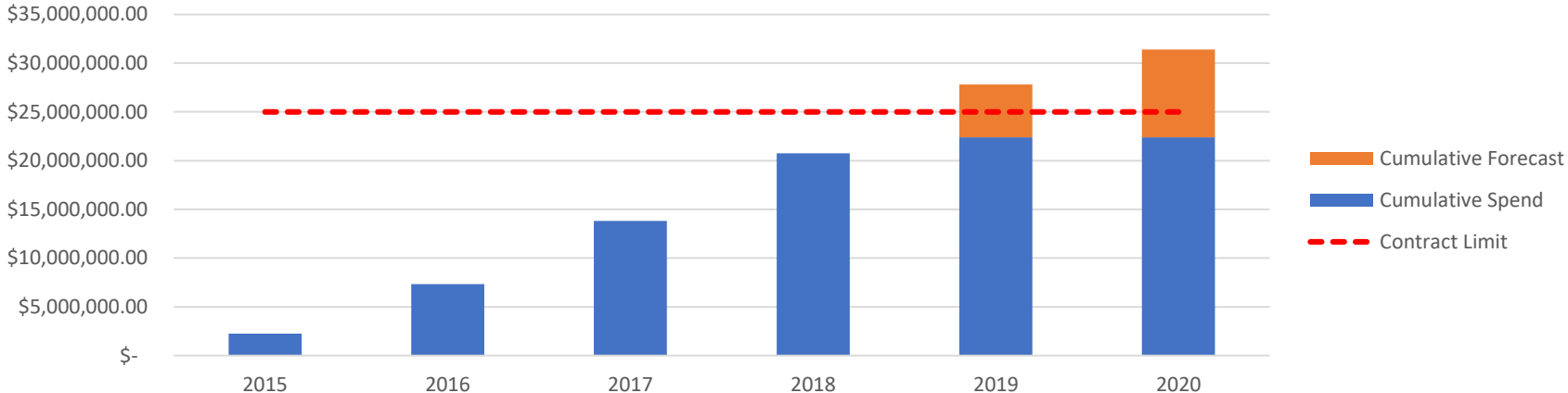
- Authorize the Chief Executive Officer and General Manager to approve Contract Change No. 03 with Mowbray's Tree Service and Contract Change No. 04 with Wright Tree Service to increase the not-to-exceed contract amount by \$3,125,000 with Mowbray's and \$8,700,000 with Wright for an aggregate not-to-exceed amount of \$60,153,216 for continued Vegetation Management Utility Clearance for the north and south area.

Spend – Forecast

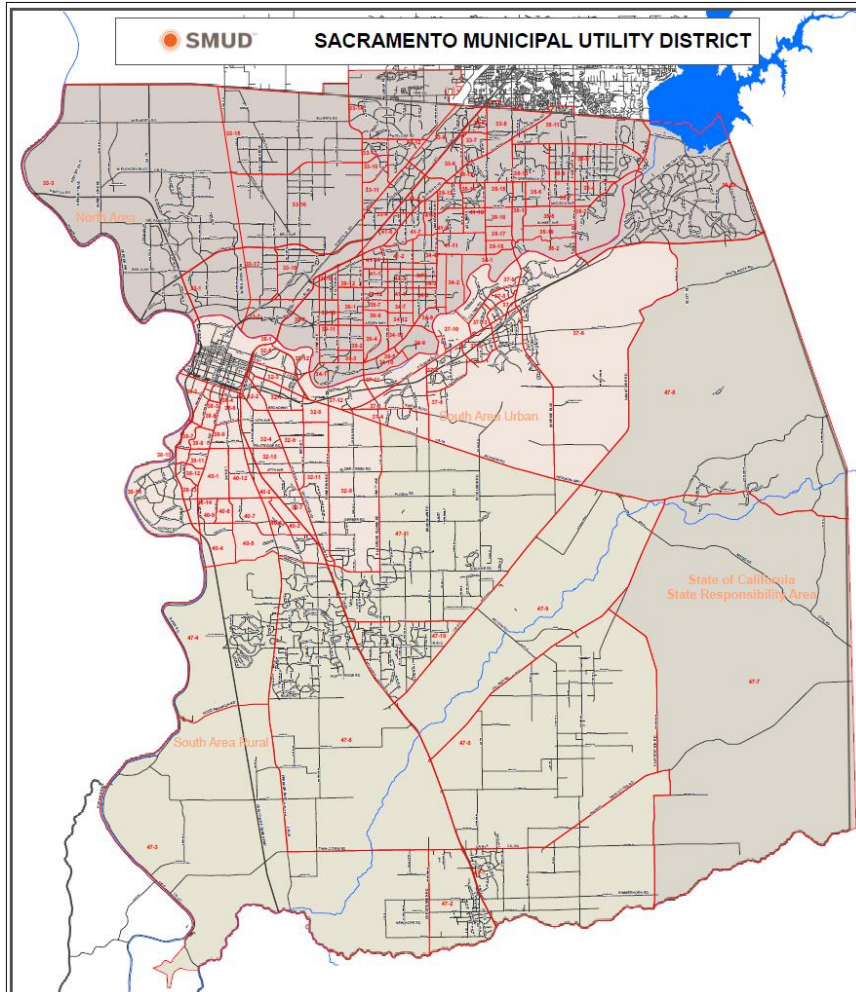
Mowbrays Tree Service



Wright Tree Service



Main cost driver for increased spend rate



- Accelerated production midway through the contract was utilized to improve reliability and increase public safety in each of the 137 vegetation sub-areas.

Increased Production Drivers

- Increase in drought stricken, dead/dying and hazardous trees.
- Utilization of specialized equipment to perform hazard tree and palm tree work. (Cranes, Grapples, back yard lifts)
- Circuit hardening tree work to better align vegetation management with SD-4 objectives.
- Targeted vegetation in local SRA fire threat areas and in CPUC's designated Tier 2 and Tier 3 areas in the UARP.





Before



After



Wright Tree Service Price Escalation

- 1.85% → Year 5 approved escalation
- 1.15% → Year 5 negotiated escalation
- 3% Total Increase
- 0.89% Below PowerAdvocate market data for vegetation management costs

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