

COUNTY OF LAKE  
Department of Public Services  
333 Second Street  
Lakeport, CA 95453

CHANGE ORDER NO: 1

DATE: June 6, 2017

PROJECT: Valley Fire Hazard Tree Mitigation Phase II

CONTRACTOR: Warner Enterprises, Inc.  
1577 Beltline Road  
Redding, CA 96003

Note: These changes in no way relieve the Contractor of completing work in accordance with standards established by the Standard Specifications and Special Provisions.

ITEM NO.	DESCRIPTION	TIME EXTENSION	VALUE
1	Unanticipated project delays resulted in increased contract costs for each bid item. See attached schedule and explanation of costs	0	\$194,540.00
		0	\$194,540.00

REQUESTED BY: Contractor

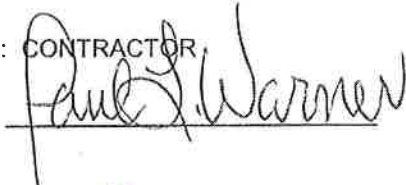
REASONS: 1. Resource Conservation District crew is no longer available for traffic control and debris removal  
2. Timber merchantability has decreased resulting in increased timber disposal costs  
3. Road improvements now require the use of rubber tire equipment instead of tracked equipment  
4. Increase in fuel, liability insurance, and workers compensation prices

ORIGINAL CONTRACT WORKING DAYS:	45	Days
TIME EXTENSION ON PREVIOUS CHANGE ORDER(S):	0	Days
TIME EXTENSION FOR THIS CHANGE ORDER:	0	Days
REVISED CONTRACT WORKING DAYS:	45	Days

ORIGINAL CONTRACT AMOUNT:	\$437,958.00
AMOUNT PREVIOUS CHANGE ORDERS: (Additions)	0.00
AMOUNT PREVIOUS CHANGE ORDERS: (Deletions)	0.00
AMOUNT THIS CHANGE ORDER:	194,540.00
REVISED CONTRACT AMOUNT:	\$632,498.00

ACCEPTED: CONTRACTOR

By:



PAUL L. WARNER - PRESIDENT  
Name and Title

5/30/17  
Date

RECOMMENDED:

By:

  
Department of Public Services

Lars Ewing, Director  
Name and Title

5/30/17  
Date

APPROVED: OWNER

By:

Board of Supervisors

Jeff Smith, Chair  
Name and Title

Date

VALLEY FIRE HAZARD TREE MITIGATION PHASE II  
SCHEDULE OF ITEMS / COST PROPOSAL FORM

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED VALUE	UNIT PRICE	TOTAL
<b>1</b>	HAZARD TREE FALLING (RIGHT OF WAY) TREE FALLING 6" - <24"	<b>EACH</b>	86	\$230.00	\$19,780.00
<b>2</b>	TREE FALLING 24" - ,48"	<b>EACH</b>	12	\$374.00	\$4,488.00
<b>3</b>	TREE FALLING 48" OR GREATER	<b>EACH</b>	1	\$836.00	\$836.00
	HAZARD TREE FALLING (PRIVATE PROPERTY)				
<b>4</b>	TREE FALLING 6" - <24"	<b>EACH</b>	826	\$230.00	\$189,980.00
<b>5</b>	TREE FALLING 24" - <48"	<b>EACH</b>	126	\$374.00	\$47,124.00
<b>6</b>	Tree fallling 48" or greater	<b>EACH</b>	3	\$547.00	\$1,641.00
<b>7</b>	Hazard TREE REMOVAL & DISPOSAL 6" - <24"	<b>EACH</b>	86	\$288.00	\$24,768.00
<b>8</b>	HAZARD TREE REMOVAL & DISPOSAL 24" - <48"	<b>EACH</b>	12	\$518.00	\$6,216.00
<b>9</b>	HAZARD TREE REMOVAL & DISPOSAL 48" OR GREATER	<b>EACH</b>	1	\$748.00	\$748.00
	HAZARD TREE REMOVAL & DISPOSAL (PRIVATE PROPERTY)				
<b>10</b>	HAZARD TREE REMOVAL & DISPOSAL 6" - <24"	<b>EACH</b>	685	\$316.00	\$216,460.00
<b>11</b>	HAZARD TREE REMOVAL & DISPOSAL 24" - <48"	<b>EACH</b>	105	\$487.00	\$51,135.00
<b>12</b>	HAZARD TREE REMOVAL & DISPOSAL 48" OR GREATER	<b>EACH</b>	2	\$661.00	\$1,322.00
	VEGETATIVE DEBRIS REMOVAL & DISPOSAL				
<b>13</b>	VEGETATIVE DEBRIS REMOVAL & DISPOSAL	<b>CUBIC YARD</b>	2000	\$34.00	\$68,000.00
<b>TOTAL</b>					\$632,498.00

*submitted by Paul Warner  
President, Warner Enterprises, Inc.*

# **WARNER ENTERPRISES INC.**

1577 BELTLINE ROAD  
REDDING, CA 96003  
PHONE (530) 241-4000 ▪ FAX (530) 241-4020  
EMAIL: [WarnerEnterInc@sbcglobal.net](mailto:WarnerEnterInc@sbcglobal.net)

May 17, 2017

## **Valley Fire Hazard Tree Mitigation Phase II**

Lars Ewing  
Lake County  
Public Services Department  
333 Second Street  
Lakeport, CA 95453

Lars Ewing,

As per your email request, Warner Enterprises, Inc. (WEI) can provide the following information relating to our request for contract modification to the proposed Valley Fire Hazard Tree Mitigation Phase II.

WEI has discussed on numerous occasions how this now eight month delay has negatively impacted our company. Our letter of February 23, 2017 (copy attached) detailed several impacts. Price adjustments by item number were included as an attachment to this letter.

We will now do the best job we can to support how these adjustments were calculated:

In our initial response to the RFP, WEI was 53% lower than one respondent and 60% lower than the second respondent. We felt these dramatic differences were largely due to our knowledge of timber markets and logging expertise. The eight-month delay has had a dramatic impact on these advantages. The marketability of the logs has now disappeared due to wood decay and wood borer activity. Falling danger has increased due to bark slippage and wood rot. Combining these factors with those outlined in our letter of February 23, 2017 makes this modification necessary. It should be noted that with the modification our price is still 30% lower than one respondent and 41% lower than the second.

Items 1 – 6 are all related to timber falling. The combined adjustment for these six falling items is \$54,100.00 which is a 20.48% increase over our estimate submitted in our initial RFP. A major cost increase involves replacing company fallers who are committed to other

projects with contract fallers. Necessary traffic control will result in significant cost increases to WEI as outlined in our February 23, 2017 letter.

**Items 1 – 6 Hazard Tree Falling**

1. Liability insurance	\$ 4,340.00
2. Workers' Compensation	\$ 2,150.00
3. Fuel price increase	\$ 3,150.00
4. Traffic control	\$ 5,460.00
5. Road clean-up & restoration	\$ 6,200.00
6. Contract fallers replace WEI fallers	\$24,300.00
7. Increased falling cost of decaying trees	\$ 8,500.00

Items 7 – 12 all relate to tree removal and disposal.

The combined adjustment for these six items is \$118,440.00, which is a 39.41% increase over our estimate submitted in our initial RFP. WEI's initial RFP was based on a window of opportunity occurring in the Fall of 2016. WEI is a small company and we planned to use all our company equipment and manpower to complete this project. When we were notified that we were selected to do this project we put all other work on hold or rescheduled timber projects to 2017. At first the problems with FEMA appeared that it would create a short delay but now that short delay is approaching eight months. The uncertainty of the outcome has forced WEI to commence work on other projects. As of this date the majority of our manpower and equipment are working on other timber operations. This will require WEI either by rental or purchase to replace the equipment that we had available in the Fall of 2016.

Combine the equipment replacement issue with the loss of the opportunity to market any sawlogs has greatly impacted our costs for removal and disposal. The impact of the loss of log merchantability is discussed in our letter of February 23, 2017.

In addition to those two major cost increase factors, fuel cost, liability and workers' compensation insurance, traffic control, road protection and restoration and increased handling cost of decaying trees and slash have all contributed to the necessary modification increases.

**Items 7 – 12 Tree removal and disposal**

1. Revenue loss of saw logs becoming unmerchantable	\$45,000.
2. Grinding cost of sawlogs becoming unmerchantable	\$35000.
3. Transportation cost of biomass to Shasta Wheelabrator Anderson, California	\$12,000.
4. Liability insurance	\$ 4,340.
5. Workers' Compensation insurance	\$ 2,100.

- |                        |           |
|------------------------|-----------|
| 6. Fuel price increase | \$ 5,500. |
| 7. Road protection     | \$ 4,000. |
| 8. Traffic control     | \$10,500. |

Item #13 estimates that 2000 cu. yards are present on the project. Our repeated inspections indicate this figure is grossly over estimated. Small amounts are widely scattered over the project area. It is likely the amount charged to this item will be a small fraction of estimated cost.

Item #13 Vegetative Debris Removal & Disposal

1. Liability insurance. \$4,340.00.
2. Worker's Compensation \$2,100.00.
3. Fuel cost increase \$5,000.00.
4. Traffic control \$10,560.00.

Total increase for item #13 \$22,000.00.

I hope the provided information will answer any questions regarding the need for this modification. Again, we stand available to make a verbal presentation if necessary.

Sincerely,

*Paul Warner*

Paul Warner  
President,  
Warner Enterprises, Inc.

# WARNER ENTERPRISES INC.

1577 BELTLINE ROAD  
REDDING, CA 96003  
PHONE (530) 241-4000 ▪ FAX (530) 241-4020  
EMAIL: [WarnerEnterInc@sbcglobal.net](mailto:WarnerEnterInc@sbcglobal.net)

February 23, 2017

## Valley Fire Hazard Tree Mitigation Phase II

Lars Ewing  
Lake County  
Public Services Department  
333 Second Street  
Lakeport, CA 95453

Lars Ewing,

The purpose of this letter is to request a contract modification of the proposed Valley Fire Tree Hazard Mitigation Phase II contract. Warner Enterprises, Inc., as evidenced by our aggressive contract proposal, spent a large amount of time determining at what price point we could accomplish the contract requirements. We felt our association with AshBritt during their P G & E work, Phase I of the county contract and our timber harvesting on private ownerships including Boggs State Forest gave us a unique guide to propose on phase II.

Once our proposal was accepted, Warner Enterprises, Inc. (WEI) fully expected to begin work mid-September, as outlined in the RFP. Mobilization and work scheduling were designed to meet the county goal of completing the project in the fall of 2016. WEI, is a small company that usually concentrates on one project at a time. The majority of our resources were mobilized to begin work on phase II and the county delay based on FEMA funding was certainly unexpected. Initially the delay was expected to be short term but in reality will probably last close to 5 months. WEI has remained patient throughout this period because this project fits our capabilities and the fact that we invested the research to make an aggressive proposal. It now appears that ultimate FEMA approval may soon be forthcoming. The FEMA initiated delay has had adverse economic consequences on WEI. Our proposed contract modifications are a result of this delay and reflect real job cost increases related to manpower and market changes.

WEI intended to use Lake County Resource Conservation District crew for traffic control and removal of the roadside material cover in item 13 of the RFP. Because of the delay LCRCDD is now unable to commit the necessary manpower to accomplish this function. WEI must now prepare to mobilize a crew at a significantly higher cost to perform these functions. This increase in cost will be reflected in every bid item as traffic control is necessary in every item of the RFP.

WEI has harvested more than 14 million board feet of timber generated from the Valley Fire during timber harvest operations in 2015 and 2016. That knowledge of markets and timber merchantability guided us to make an aggressive approach to timber disposal on phase II. Timber merchantability in the late summer of 2016 was falling off rapidly as blue stain and wood borers were attacking standing fire killed trees. With this in mind, WEI determined that it could still market a majority of the trees over 12" dbh to those markets we were utilizing for private timber in the Valley Fire. Being able to market this timber would significantly help offset the cost of disposal. Now, nearly all Ponderosa Pine has passed the point of merchantability. Some Douglas Fir may still be merchantable but this can only be determined after felling.

This loss of a market return will increase disposal costs dramatically. We will now have to chip or grind trees that once had value but now become a cost. This cost increase will be reflected in our disposal cost in the RFP.

Rise in fuel prices as well as an increase in our liability and worker's compensation insurance for this year are expected.

Lastly, Lake County has made improvements on several roads within the Valley Fire. In October 2016 WEI expected to be working on roads that were so damaged that our use would not add to that damage. Repaving and other improvements will require extreme caution to avoid damage that would be the responsibility of WEI. Rubber tire equipment instead of track equipment may be necessary to insure protection of county infrastructure.

Cost adjustments to reflect project delays are reflected in the RFP cost breakout attached. WEI is still fully committed to this project and feel these adjustments are justified.

Thank you for your consideration of this request and WEI would be available to make a verbal presentation if necessary.

Sincerely,  
*Paul L. Warner*

Paul L. Warner  
President,  
Warner Enterprises, Inc.