



THE CITY OF SAN DIEGO

REPORT TO THE CITY COUNCIL

DATE ISSUED: March 23, 2012

REPORT NO.: 12-024

ATTENTION: Honorable Council President and City Council

SUBJECT: Landscape Maintenance Contract with Landscapes USA for Carmel Valley Maintenance Assessment District

COUNCIL DISTRICT: 1

CONTACT/PHONE NUMBER: Andrew Field, (619) 685-1307, MS 5D

REQUESTED ACTIONS:

This action would authorize a landscape maintenance contract with Landscapes USA for the purpose of providing landscape maintenance services to the Carmel Valley Maintenance Assessment District in an amount not to exceed \$4,602,292 over a period of five years (one-year initial term plus four one-year options to renew) beginning in Fiscal Year 2012 and ending in Fiscal Year 2017.

STAFF RECOMMENDATION:

Staff recommends the City Council authorize the Mayor, or his designee, to execute, for and on behalf of the City, a landscape maintenance contract with Landscapes USA for landscape maintenance services related to maintenance activities in the Carmel Valley Maintenance Assessment District in an amount not to exceed \$4,602,292.

BACKGROUND:

Program Overview

Maintenance Assessment Districts (MADs) are authorized by law to assess benefiting property owners for landscape and lighting maintenance and other service activities. These activities must provide a special benefit above the standard level of service provided by the City. Maintenance areas may include but are not limited to landscaped and paved medians, landscaped right-of-ways and slopes, open space, parks, ponds, flood control channels, monuments, decorative street

lighting, decorative gates, community signage, and banners. MADs may also provide for cleaning of curbs and gutters, sweeping sidewalks, and security services.

The City of San Diego's Park and Recreation Department currently administers 49 of the 57 MADs located throughout the City. The Economic Development Department administers the remaining eight MADs, mostly in conjunction with existing Business Improvement Districts in commercial areas. MADs are authorized by the State of California and provided for in the Landscape and Lighting Act of 1972 (Part 2 of Division 15 of the California Streets and Highways Code), applicable provisions of Proposition 218 (Article XIIIID of the California Constitution), and provisions of the San Diego Municipal Code §65.0201 et seq.

Under the provisions of these laws, the City may assess properties based on the amount of benefit each property will receive. To form a new district, the City ballots property owners. Each ballot is weighted based on the amount of maximum annual assessment for the parcel. If a majority of the ballots returned are in favor of forming an assessment district, the district may be formed by resolution of the City Council. Each year, the City Council authorizes approval of updated assessment engineer's reports and annual levy of assessments in each district. The most recent action for Fiscal Year 2012 was taken on July 26, 2011, per Resolution R-306955.

District Background

Carmel Valley (North City West) Maintenance Assessment District was formed on May 25, 1982, per Resolution R-256471 to provide landscape and lighting maintenance services. This district was rebalotted and approved for Proposition 218 compliance on July 21, 1998, per Resolution R-290468. Located northeast of the interchange between Interstate 5 and State Route 56 within the Carmel Valley Community Planning Area, the district maintains a variety of parks, greenbelts, parkway landscaping, open space, roadway medians, decorative street lights, and paved trails. The latest Assessment Engineer's Reports for Carmel Valley may be found on the City's webpage at <http://www.sandiego.gov/park-and-recreation/general-info/engreports.shtml>.

Landscape Maintenance Contract

All landscape maintenance activities in the Carmel Valley Maintenance Assessment District are provided by a landscape contractor. Areas of maintenance in each contract may include care and cleaning of street medians, parkway landscaping, greenbelts, undeveloped open space, mini-parks, sidewalk, curb and gutter, and/or landscaped slopes. Regular maintenance tasks include litter removal, sweeping, edging, trimming, mowing, and related functions; these tasks are identified categorically within the contract. Special planting projects and repairs are funded through the extraordinary labor allocation.

This landscape maintenance contract was consolidated to achieve economies of scale in unit pricing. The Carmel Valley Maintenance Assessment District has over 138 acres of manicured and open space maintained areas along El Camino Real, Del Mar Heights Road, Carmel Country Road, and a variety of collector and residential streets within the district boundaries. Staff estimates that maintenance activities require at least 15.6 workers daily, Monday through Friday or approximately 32,434 labor hours annually. As such, the landscape maintenance contract is anticipated to exceed \$1 million over the maximum possible term of five years as shown in

Attachment 1. As a result of the anticipated cost of this maintenance work, this contract is subject to Living Wage Ordinance compliance in accordance with Municipal Code §22.4201 *et seq.*

Bid Process

The City issued a Request for Bids for the Carmel Valley Maintenance Assessment District Landscape Maintenance (Bid Number 10019715-12-W). The bid was posted on the City's website on November 4, 2011, and advertised on November 7, 2011. Staff conducted a pre-bid conference on November 14, 2011. Purchasing & Contracting Department mailed sixty-nine (69) bids and received eight (8) bids by the deadline of November 29, 2011. Staff analyzed bids and interviewed the lowest bid firms in accordance with Municipal Code §22.3001 *et seq.* Following a competitive selection and procurement process, the City selected Landscapes USA as the lowest responsible bidder. Landscapes USA began services on January 2, 2012. A copy of the contract is provided in Attachment 2.

Based on the scope of regular services and extraordinary labor requests, Landscapes USA bid \$773,888.76 annually, with provisions for annual adjustments for Living Wage Ordinance (LWO) compliance, provisions allowing for inflationary increases tied to the San Diego-Urban Consumer Price Index (CPI), and contingencies required as a result of special projects, storms, or unexpected needs. The bid amount includes extraordinary labor, which is a discretionary account used for special projects (such as replanting projects, repairs, irrigation upgrades, storm damage, subcontractor specialized work, and unexpected needs). As Carmel Valley has matured, landscaping projects are necessary to keep the area looking fresh and green; funds are included in this action for that purpose.

City Council Approval Requirement

This landscape maintenance contract will exceed \$1 million in total expenditures over the extent of the total five-year contract period. A memorandum of law (ML 2009-20) issued by the Office of the City Attorney, indicated that these service contracts require City Council approval due to the anticipated expenditures exceeding \$1 million during the contract period in accordance with San Diego Municipal Code §22.3211(d). The Landscapes USA contract would exceed \$1 million during the first option year, which begins on January 2, 2013, during Fiscal Year 2013. As such, Council approval is requested to award the first and ensuing options for the duration of the contract.

Phase Funding

Since the term of each contract begins during a given fiscal year but not necessarily at the beginning of a given fiscal year, each contract is typically divided into six separate phases that will span portions of six fiscal years and cumulatively a period not to exceed five years. This action will authorize the execution of the initial one-year term; authorize the execution of up to four one-year extensions; and authorize the expenditure of funds, contingent upon the City Council authorizing the levy of assessments within the district for each fiscal year of the contract and the City Council adopting the Appropriation Ordinance for each fiscal year of the contract.

This contract is phase funded, with authority granted for each phase contingent upon City Council approval of future appropriation ordinances and assessment levies. The bid amount includes extraordinary labor, which is a discretionary account used for special projects (such as replanting projects, repairs, irrigation upgrades, storm damage, subcontractor specialized work, and unexpected needs). Each contract has provisions for annual adjustments for Living Wage Ordinance compliance and inflationary increases tied to the San Diego-All Urban Consumer Price Index (CPI) at an amount not to exceed 5%.

FISCAL CONSIDERATIONS:

The total five-year cost is projected to be \$4,602,292. See Attachment 1 for a detailed cost spreadsheet. The following chart summarizes the annual cost for the contract:

FY	Amount
FY 2012	\$406,292
FY 2013	\$853,213
FY 2014	\$895,874
FY 2015	\$940,668
FY 2016	\$987,701
FY 2017	\$518,543
TOTAL	\$4,602,292

Funding in the amount of \$406,292 is available from the Carmel Valley Maintenance Assessment District (Fund No. 200033) in Fiscal Year 2012 for the first phase. Additional funds for future phases will be available in future years contingent upon available reserves, approval to levy future annual assessments, and approval of the annual district budget and appropriation ordinance. This contract is solely funded by the Carmel Valley Maintenance Assessment District and does not impact the General Fund. See Attachment 1 for a cost schedule for the contract term.

Cost estimates for future years include a cost indexing factor of a maximum of 5% annually based on changes to the CPI and LWO in accordance with contract specifications. Historically, the actual amount of the allowable cost indexing increase has generally been less than the 5% projection; however, the 5% basis is the most conservative approach and is provided as the maximum indexing amount in the terms of the contract. Additional contingency funds are included in the cost estimate for any unforeseen needs in the district. Any unspent funds will be returned to the district fund balance.

EQUAL OPPORTUNITY CONTRACTING INFORMATION:

This contract is subject to the City’s Equal Opportunity Contracting (San Diego Ordinance No. 18173, Section 22.2701 through 22.2708) and the City’s Non-Discrimination in Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517).

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

Carmel Valley (North City West) Maintenance Assessment District was formed on May 25, 1982, per Resolution R-256471 to provide landscape and lighting maintenance services. This district was rebalotted and approved for Proposition 218 compliance on July 21, 1998, per Resolution R-290468. The City Council authorized approval of updated assessment engineer's reports and annual levy of assessments for each district on July 26, 2011, per Resolution R-306955.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

The City's Purchasing & Contracting Department issued a Request for Bids for Carmel Valley Landscape Maintenance on November 4, 2011, and advertised in the *San Diego Daily Transcript* and on the City's website. City staff met with the Carmel Valley MAD Citizen Advisory Committee (a subcommittee of the Carmel Valley Community Planning Board) to discuss the annual budget and landscape contractor bid process at its meeting on November 1, 2011.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

Key stakeholders in this process are the property owners that are assessed as part of the Maintenance Assessment Districts program. The Carmel Valley MAD Citizens Advisory Committee serves as the citizen advisory committee for the Carmel Valley Maintenance Assessment District in accordance with San Diego Municipal Code §65.0209 and §65.0210. The services identified in the Landscapes USA contract are necessary in order to meet legal requirements and to provide Maintenance Assessment District services.

Respectfully Submitted,



Stacey LoMedico
Park and Recreation Director



Wally Hill
Assistant Chief Operating Officer

Attachments:

1. Cost Estimates for Landscapes USA – Carmel Valley Maintenance Assessment District
2. Copy of Landscapes USA Contract and Pricing Agreement

