



THE CITY OF SAN DIEGO

REPORT TO THE CITY COUNCIL

DATE ISSUED: June 7, 2012

REPORT NO.: 12-069

ATTENTION: Honorable Council President and City Council

SUBJECT: Landscape Maintenance Contract with Landscapes USA for Scripps-Miramar Ranch Maintenance Assessment District

COUNCIL DISTRICT: 5

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 Scripps-Miramar Ranch Maintenance Assessment District (MAD) in an amount not to exceed \$2,466,617 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 Scripps-Miramar Ranch MAD in an amount not to exceed \$2,466,617.

BACKGROUND:

**Program Overview**

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 56 MADs located throughout the City. The Economic Development Division administers the remaining seven 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 existing maintenance assessment district. The most recent action for Fiscal Year 2012 was taken on July 26, 2011, per Resolution R-306955.

### **District Background**

The Scripps-Miramar Ranch MAD was formed in August 1969 to provide landscape maintenance services. This district was reballoted and approved for Proposition 218 compliance on August 5, 1997, per Resolution R-289045. It was reballoted again to increase assessments and approved by property owners on July 29, 2002, per Resolution R-296884. Located north of Miramar Marine Corps Air Station and east of Interstate 15 within the Scripps-Miramar Ranch Community Planning Area, the district maintains undeveloped open space in Scripps-Miramar Ranch canyons, including eucalyptus woodlands, ponds, and trails. Several population-based community parks, neighborhood parks, and joint use areas are also maintained by the district through a contribution from the General Fund. The latest Assessment Engineer's Reports for Scripps-Miramar Ranch MAD may be accessed 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 Scripps-Miramar Ranch MAD 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, eucalyptus woodlands, parks, ball fields, joint use areas, ponds, 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.

Staff estimates that maintenance activities require at least nine (9) workers daily, Monday through Friday or approximately 17,686 labor hours annually for routine work. Additional

workers may be needed for extraordinary labor tasks. 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 Scripps-Miramar Ranch MAD Landscape Maintenance (Bid Number 10021272-12-W). The bid was posted on the City's website on December 15, 2011, and advertised on December 16, 2011. Staff conducted a pre-bid conference on January 11, 2012. Purchasing & Contracting Department mailed one hundred five (105) bids and received eight (8) bids by the deadline of January 26, 2012. 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 March 15, 2012. A copy of the contract and pricing agreement is provided in Attachment 2.

Based on the scope of regular services and extraordinary labor requests, Landscapes USA bid \$410,596.60 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. Discount terms for this contract are five percent if vendor is paid by the City within 20 days of the City receiving the monthly invoice.

### **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 second option year, which begins on March 15, 2014, and occurs during Fiscal Year 2014. As such, Council approval is requested to award the second 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 \$2,466,617. These totals are for the maximum term of the contract. See Attachment 1 for a detailed cost spreadsheet. The following chart summarizes the annual cost for the contract:

<b>Fiscal Year</b>	<b>SR MAD</b>
FY 2012	\$125,745
FY 2013	\$452,683
FY 2014	\$475,317
FY 2015	\$499,083
FY 2016	\$524,037
FY 2017	\$389,752
<b>TOTAL</b>	<b>\$2,466,617</b>

Funding in the amount of \$125,745 is available from the Scripps-Miramar Ranch MAD (Fund No. 200028) 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. See Attachment 1 for a cost schedule for the contract term.

This contract is funded by the Scripps-Miramar Ranch MAD, which receives funding primarily from property assessments for the special benefits provided by this district. The General Fund provides a financial contribution for the district to maintain certain population-based parks and joint use areas in Scripps-Miramar Ranch.

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:

The Scripps-Miramar Ranch MAD was formed in August 1969 to provide landscape maintenance services. This district was rebaloted and approved for Proposition 218 compliance on August 5, 1997, per Resolution R-289045. It was rebaloted again to increase assessments and approved by property owners on July 29, 2002, per Resolution R-296884. The City Council last authorized approval of updated assessment engineer's reports and annual levy of assessments for each district on July 26, 2011, per Resolution R-306955.

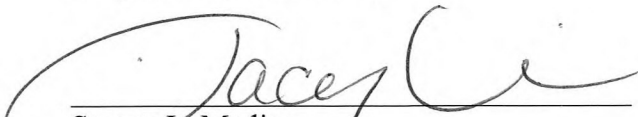
COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:


The City's Purchasing & Contracting Department issued a Request for Bids for Scripps-Miramar Ranch Landscape Maintenance on December 15, 2011, and advertised in the *San Diego Daily Transcript* and on the City's website. City staff met with the Scripps-Miramar Ranch MAD Advisory Committee (a subcommittee of the Scripps-Miramar Ranch Community Planning Group) to discuss the annual budget and landscape contractor bid process at its meeting on October 31, 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 Scripps-Miramar Ranch MAD Advisory Committee (part of the Scripps-Miramar Ranch Planning Group) serves as the citizen advisory committee for the Scripps-Miramar Ranch MAD 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 – Scripps-Miramar Ranch Maintenance Assessment District
2. Copy of Landscapes USA Contract and Pricing Agreement