



THE CITY OF SAN DIEGO

REPORT TO THE CITY COUNCIL

DATE ISSUED: December 26, 2012

REPORT NO.: 13-006

ATTENTION: Honorable Council President and City Council

SUBJECT: Landscape Maintenance Contract with Shoreline Land Care, Inc. for the Torrey Highlands 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 Shoreline Land Care, Inc. for the purpose of providing landscape maintenance services to the Torrey Highlands Maintenance Assessment District (MAD) in an amount not to exceed \$1,761,512 over a period of five years (one-year initial term plus four one-year options to renew) beginning in Fiscal Year 2013 and ending in Fiscal Year 2018.

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 Shoreline Land Care, Inc. for landscape maintenance services related to maintenance activities in the Torrey Highlands MAD in an amount not to exceed \$1,761,512.

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 and

fences, community signage, and banners. MADs may also provide for cleaning curbs and gutters and sweeping sidewalks.

The City of San Diego's Park and Recreation Department, Open Space Division currently administers 49 of the 56 MADs located throughout the City. The Development Services Department, 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 XIID 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 2013 was taken on August 10, 2012, per Resolution R-307663. The Assessment Engineer's Report may be accessed on the City's webpage at <http://www.sandiego.gov/park-and-recreation/general-info/engreports.shtml>.

District Background

The Torrey Highlands Maintenance Assessment District was established on August 2, 2004, per Resolution R-299532 to provide maintenance of landscaped and hardscaped medians, landscaped rights-of-way and parkways, adjacent slopes, sidewalks, gutters, and brow ditches. These improvements are located primarily along the primary and major roadway corridors, including Camino Del Sur, Carmel Valley Road, Torrey Meadows Drive, and Torrey Santa Fe Road.

Landscape Maintenance Contract

All landscape maintenance activities in the Torrey Highlands MAD are provided by a landscape contractor. Areas of maintenance in each contract may include care and cleaning of street medians, parkway landscaping, greenbelts, 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 five workers daily, Monday through Friday or approximately 10,531 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 Ocean View Hills, Remington Hills, and Robinhood Ridge MADs Landscape Maintenance (Bid Number 10022632-12-W). The bid was posted on the City's website (DemandStar) on March 5, 2012, and published in the in the *San Diego Daily Transcript* on March 8, 2012. Staff conducted a pre-bid conference on March 20, 2012. Approximately 173 vendors viewed the bids on DemandStar, and Purchasing & Contracting Department received 13 bids by the deadline of March 29, 2012. Two addenda were issued during the bidding process to clarify questions associated with total labor hours required, provide location of work/maps, document questions and answers from the pre-bid conference, and address related matters of clarification.

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 Shoreline Land Care, Inc. as the lowest responsible bidder. An intent-to-award letter was issued on April 18, 2012, and Shoreline Land Care, Inc. began services on August 1, 2012. A copy of the contract and outline agreement is provided in Attachment 2.

Based on the scope of regular services and extraordinary labor requests, Shoreline Land Care, Inc. bid \$302,349 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, future maintenance areas not yet on-line, 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 15% 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 \$1,761,512 contract would exceed \$1 million during the second option year, which begins on August 1, 2014, and occurs during Fiscal Year 2015. 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 \$1,761,512 over the maximum five-year term of the landscape maintenance contract. See Attachment 1 for a detailed cost spreadsheet of the maximum five-year term. The following chart summarizes the annual cost for the contract as divided by district:

| Fiscal Year | Torrey Highlands MAD Amount |
|--------------------|--|
| FY 2013 | \$291,010.91 |
| FY 2014 | \$333,339.77 |
| FY 2015 | \$350,006.76 |
| FY 2016 | \$367,507.10 |
| FY 2017 | \$385,882.45 |
| FY 2018 | \$33,764.71 |
| TOTAL | \$1,761,511.71 |

Funding in the amount of \$291,011 is available from the Torrey Highlands MAD (Fund No. 200074) in Fiscal Year 2013 for the first phase of the contract. 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 Torrey Highlands MAD, which receives funding primarily from property assessments for the special benefits provided by this district. The Gas Tax Fund provides a financial contribution for the districts to maintain medians, and the Environmental Growth Fund provides a financial contribution for the districts to maintain open space lands.

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 Torrey Highlands Maintenance Assessment District was established on August 2, 2004, per Resolution R-299532. The City Council last authorized approval of updated assessment engineer’s reports and annual levy of assessments for each district on August 10, 2012, per Resolution R-307663. This item will be heard by the Public Safety & Neighborhood Services Committee.

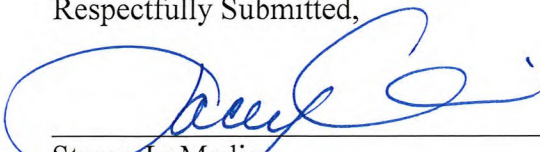
COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

The City’s Purchasing & Contracting Department issued a Request for Bids for Torrey Highlands Landscape Maintenance on March 5, 2012, and advertised in the *San Diego Daily Transcript* and on the City’s website (DemandStar). The service levels were presented in the context of the Fiscal Year 2013 budget to the Torrey Highlands MAD Advisory Committee on December 16, 2011, and to the Rancho Peñasquitos Planning Board on January 4, 2012. These meetings were conducted as noticed public meetings in accordance with Municipal Code §65.0209 and 65.0210 to discuss the budget and contract levels of service.


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 services identified in the Shoreline Land Care, Inc. contract are necessary in order to meet legal requirements and to provide Maintenance Assessment District services. If this action is not approved by the City Council, services would cease prior to any expenditure over \$1 million (projected to occur during the second option year), and staff would initiate a new competitive bid process at that time.

Respectfully Submitted,



Stacey LoMedico
Park and Recreation Director



Jay M. Goldstone
Chief Operating Officer

Attachments:

1. Cost Estimates for Shoreline Land Care, Inc. – Torrey Highlands MAD
2. Copy of Shoreline Land Care, Inc. Contract and Pricing Agreement