



CITY COUNCIL AGENDA REPORT

MEETING DATE: AUGUST 21, 2012

ITEM NUMBER:

SUBJECT: PARKS AND LANDSCAPE MAINTENANCE SERVICES

DATE: AUGUST 9, 2012

FROM: PUBLIC SERVICES DEPARTMENT

PRESENTATION BY: ERNESTO MUNOZ, PUBLIC SERVICES DIRECTOR
BOBBY YOUNG, FINANCE/IT DIRECTOR
KIMBERLY HALL BARLOW, SPECIAL COUNSEL

FOR FURTHER INFORMATION CONTACT: ERNESTO MUNOZ, PUBLIC SERVICES
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RECOMMENDATION:

Staff recommends that the City Council:

1. Approve the attached contract (Attachment 1) for Parks and Landscape Maintenance Services with Merchants Landscape Services, Inc. pending the resolution of the City's outsourcing constraints;
2. Authorize the Chief Executive Officer to execute the attached contract only after the resolution of the City's outsourcing constraints;
3. Authorize staff to rescind layoff notices for six (6) positions to be retained in the Parks and Landscape Maintenance Section of the Maintenance Services Division; and
4. Once the contract is executed, authorize the Chief Executive Officer to administratively implement a transition plan for impacted employees.

BACKGROUND:

In accordance with Council Policy 100-6, a Parks and Landscape Maintenance Services Contracting Committee was formed to evaluate the potential for contracting of on-going City services. On October 3, 2011, the Committee met to discuss the duties and responsibilities of the Parks and Landscape Maintenance Services Program and to determine "available alternatives for service delivery." The alternatives included:

- Maintaining current service level and current costs
- Restoring previous level of service at an increased cost
- Contracting all services with a private entity(s)
- Contracting a greater portion of the service to a private entity

Based on a detailed review of all alternatives, the Committee concluded that the most viable alternative is to retain the existing service level, but at a lower cost through reorganization, or contracting with either a public entity or a private company. In order to

evaluate Parks and Landscape Maintenance options, staff prepared a draft Request for Proposals (RFP), which was reviewed and finalized by the Contracting Committee. On October 13, 2011, the Committee met to further discuss and clarify the draft RFP and the analysis of the alternatives/options, and on October 24, 2011, the Committee met to finalize and approve the draft RFP.

At the regular City Council meeting on November 15, 2011, the various alternatives for Parks and Landscape Maintenance services were presented to the City Council. The Council directed staff to release the RFP (Attachment 1) based on staff and community input.

The RFP for Parks and Landscape Maintenance Services was released with the following schedule:

- Release of RFP December 16, 2011
- Deadline for Written Questions January 4, 2012
- Responses to Questions Posted on Web January 11, 2012
- Proposals Due January 19, 2012

ANALYSIS:

In response to the City's RFP, proposals were received from the following seven (7) vendors:

- Marina Landscapes, Inc.
- Mariposa Landscape, Inc.
- Master Landscape Services, Inc.
- Merchants Landscape Services, Inc.
- Pinnacle Landscape Co.
- Terra Care Associates
- Valley Crest Landscape Maintenance

Proposals were independently reviewed by an Evaluation Committee consisting of City staff as well as an outside agency staff member (Attachment 2). The proposals were reviewed using the following criteria:

- Qualifications of the entity and key personnel
- Approach to providing the requested services
- Price proposal
- Innovative and/or creative approaches.

In the analysis of the proposals to the RFP for Parks and Landscape Maintenance Services, City management considered the information from the Public Services Department which provided greater depth of knowledge about Parks and Landscape Maintenance operations.

The Evaluation Committee met on March 5, 2012, to review all proposals. References were checked to verify the quality of services provided to agencies serviced by respective vendors. Based on the review of each committee member's ranking as well

as references and financial information, four (4) vendors were selected for further consideration and the interview process.

Interviews were held on April 5, 2012, with the four (4) short-listed vendors, to obtain further clarification on their proposals and to determine how they would serve the City of Costa Mesa. A list of questions that were addressed by the vendors during the interviews is included in Attachment 2. Following the completion of the interview process, the Evaluation Committee reviewed the rankings of the four finalists and determined that two (2) firms, Valley Crest Landscape Maintenance and Merchants Landscape Services, Inc., were rated as highly qualified and met all the requirements to provide quality Parks and Landscape Maintenance Services to the City of Costa Mesa.

Following the extensive initial selection process, staff conducted an additional evaluation of the two firms; contacted additional references; and performed a fiscal analysis of both proposals. On July 10, 2012, the Evaluation Committee met with both vendors to gain additional insight into their proposed services and associated costs. Following the completion of the evaluation of the two finalists, the Committee determined that the proposal submitted by Merchants Landscape Services, Inc. (Merchants) represented the best value to the City.

On August 3, 2012, the Parks and Recreation Commission Chairman, the City's CEO, the Public Services Director, and the Maintenance Services Manager visited facilities currently maintained by Merchants in the cities of Irvine and Newport Beach. During these site visits, staff and Chairman Pederson also met with staff from both cities to discuss their ongoing contracts with Merchants. From these field visits and discussions with various staff members, it was determined that Merchants is capable of providing a high level of Landscape Maintenance support; is currently meeting their contract obligations; and is also providing added value services to both cities beyond the scope of their contracts.

Merchants services Southern California through five (5) regional offices, and if retained by the City, would provide the contracted services from their Santa Ana corporate office. Merchants is a full-service landscape contractor with 95% of their revenue generated from municipal contracts. They currently service 18 municipalities in southern California including the cities of Irvine, Newport Beach, Anaheim, Orange, Aliso Viejo, and San Juan Capistrano.

Merchants' cost to provide full landscape services to the City in accordance with the requirements for the RFP is \$959,820 and is the lowest among the responders. Further review of the costs is provided in the Fiscal Review section.

According to a survey of Orange County cities, 29 indicated they are providing parks and landscape services to their communities via either contracted services, or through a "blended approach," or combination of in-house staff and contracted services. These cities are listed on Attachment 3.

Review of Proposed Services

Staff currently provides park and landscape services to the City through a combination of City staff and contracted services. The service is provided by 19 full-time and three (3) part-time staff. The City currently contracts with private vendors to provide park

maintenance; parkway, median, and facility maintenance; lake maintenance; herbicide/rodent control; and tree maintenance. The contract with Merchants will include the majority of these services and will allow the City to terminate two (2) landscape maintenance contracts, a lake maintenance contract, and reduce the herbicide/rodent control contract. The City would maintain the tree maintenance contract with West Coast Arborists and would also continue to use the Orange County Juvenile Court Work Program to maintain a number of City drainage easements, and provide debris removal in City non-landscaped right-of-way.

When fully staffed, the City's Park and Landscape Maintenance program employed a staff of thirty-one (31) employees. Service was at a high level, and there were no significant issues with the quality of service. However, during the past few years, there have been reductions in staffing which have led to some challenges in adequately meeting the City's needs. In the RFP, the vendors were provided with all the City's expectations for full landscape service to 11 City facilities, 50 medians and parkways, 29 parks, lakes, and six (6) sports fields, to return the City to high service levels. Merchants will provide the City with extensive schedules to allow staff to monitor and ensure that adequate and timely maintenance is provided.

Additional Services

Merchants states that it is committed to providing the City with value added services beyond the contract specifications to maintain the high level of service provided by City staff. Currently, City staff provides a high level of customer service and addresses complaints promptly and efficiently. This same level of commitment will be expected from a private contractor. Merchants provides a 24-hour dispatch desk that will allow the City to communicate with Merchants anytime to address emergencies, provide extra support, and address resident concerns. Their staff will be throughout the City on a daily basis and will communicate with City staff regarding suspicious behavior, criminal activity, vandalism, and graffiti. Merchants also proposes to invest in all new equipment to support the City.

Staff Transition Plan

Currently, the Parks and Landscape Maintenance operations are conducted by a combination of contracted services and 19 full-time staff and three (3) part-time staff. The contract with Merchants will result in the layoff of 13 full-time City staff and three (3) part-time staff. Merchants has expressed a desire to retain those affected City employees who meet their hiring requirements. The City will retain a total of six (6) full-time employees. This minimal staffing consists of one (1) Senior Maintenance Supervisor, two (2) Maintenance Supervisors, and three (3) Lead Maintenance Workers/Landscape Coordinators. Management evaluated the remaining responsibilities, outside of the scope of work of Merchants' contract, and the staffing requirements associated with overseeing Merchants' contract compliance, and determined this minimum level of staffing will be needed to continue to provide a high level of service in all areas of parks and landscape maintenance, and to ensure a high level of performance from Merchants.

The six (6) City staff members will address a number of responsibilities which include inspection and administration of a wide variety of services to be provided by Merchants; implementation of the parks facility improvements included annually with the City's

Capital Improvement Program; management of water usage; administration of Pest Control, West Coast Arborists' tree trimming contract, and the County's Youth Referral Program; and insuring compliance with applicable State and Federal regulations as they relate to pesticide use and tot-lot safety. A more detailed list is provided in Attachment 4.

Merchants' representatives state that they work with City staff to ensure a seamless transition of responsibilities through frequent meetings and coordination of extensive work schedules.

FISCAL REVIEW:

The City's adopted budget for 2012-2013 for Parks and Landscape Maintenance Services is \$4,512,822. This budgeted amount includes water and electric use; West Coast Arborists' tree maintenance contract; emergency services; the County's Youth Referral Program cost; shared costs with Newport Beach for maintenance of the Irvine Avenue medians; repair and replacement of furnishings; enhanced levels of fertilization; repair of all facilities and equipment in parks; irrigation repair; sports field lighting repair; lake infrastructure repair; and all staffing costs associated with the program. Some of these costs will need to be retained to continue to fund all Parks and Landscape Maintenance services at the level desired by the City Council. Staff has analyzed the costs associated with service delivery in this area and determined that \$2,182,629 must be retained in the budget in addition to the Merchants' contract costs to meet all costs associated with this function. Merchants' cost to provide Parks and Landscape Maintenance services to the City in accordance with the requirements for the RFP is \$959,820. The total outsourced cost to the City, including Merchants' contract and the cost to fund the above-mentioned items is \$3,142,449. **This results in an annual savings to the City of \$1370373.** This equals a savings of approximately 30%. Over a five-year period, the savings is estimated to be \$6,851,865. The \$6,851,865 calculation excludes potential cost-of-living increases for Merchants, West Coast Arborists, and other contracts and excludes potential increases in costs related to PERS or other City-employee cost increases.

The anticipated savings may be allocated toward parks and sports fields enhancements such as installation of security lighting, field lighting, hardscape improvements, increased plant material for medians and facilities, and median construction.

In addition to the above-mentioned savings for outsourcing the Parks and Landscape Maintenance services, the City will realize a one-time revenue from the sale of the majority of equipment currently used for this operation. This revenue will further reduce the first year's costs associated with outsourcing the Parks and Landscape Maintenance services.

Merchants may request to lease available space for storage of their vehicles during off hours which may also offset the cost of the contracted services with Merchants thereby further reducing costs to the City. A lease of available space would be negotiated separately from this contract with Merchants.

ALTERNATIVES CONSIDERED:

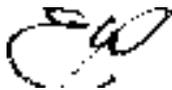
The City Council may select another consultant to provide the required services. This will require the staff to return to City Council following review of the cost proposal and services provided. Another alternative for the City Council is to maintain the Parks and Landscape Maintenance services provided by City staff. If this alternative is selected, City staff will continue to provide services with a recommendation to review the current staffing level and make the necessary adjustments to adequately provide the Parks and Landscape Maintenance service expected from the Community.

LEGAL REVIEW:

The City is under a preliminary injunction, which prevents the City from contracting out services currently being performed by members of the Costa Mesa City Employees' Association. Because a contract with Merchants Landscape Services, Inc. may fall within the scope of this injunction, the City, in an abundance of caution, should withhold formal authorization to execute such a contract at the present time. The Council may approve the contract and authorize the Chief Executive Officer to execute the contract in the future, however when and if the injunction against the City is lifted or determined not to apply.

CONCLUSION:

The City of Costa Mesa City Council directed staff to evaluate various options providing Parks and Landscape Maintenance services, including contracting with private vendors. Following established procedures for procuring vendor proposals, including formation of a contracting committee and development of a detailed scope of services, a total of seven (7) vendors submitted proposals for Parks and Landscape Maintenance services. Based on a thorough evaluation of all proposals, it was determined that the proposal submitted by Merchants Landscape Services, Inc. represents the best value to the City. The overall cost for services as proposed by Merchants Landscape Services, Inc. is \$959,820, which represents a savings of approximately 30% per year when compared to maintaining the services in-house. Staff requests approval of the attached contract for Parks and Landscape Maintenance services pending resolution of outsourcing issues.



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- ATTACHMENTS: 1 [Professional Services Agreement](#)
2 [Parks & Landscape Maintenance RFP Determination Book](#)
3 [Cities Survey](#)
4 [City Staff Responsibilities](#)

DISTRIBUTION: Chief Executive Officer
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