



# CITY COUNCIL AGENDA REPORT

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MEETING DATE: OCTOBER 4, 2016

ITEM NUMBER: CC-7

**SUBJECT: CITYWIDE PARKS MAINTENANCE AND LANDSCAPE CONTRACT**

**DATE: SEPTEMBER 22, 2016**

**FROM: PUBLIC SERVICES DEPARTMENT – MAINTENANCE SERVICES DIVISION**

**PRESENTATION BY: JAMES G. ROSS, INTERIM PUBLIC SERVICES DIRECTOR**

**FOR FURTHER INFORMATION CONTACT: JAMES G. ROSS, INTERIM PUBLIC SERVICES DIRECTOR, (714) 754-5343**

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## RECOMMENDATION

1. City Council approve the Maintenance Services Agreement (Attachment 1) in the annual amount of \$2,099,567 and a 10% contingency, in an annual amount not to exceed \$209,957 for unforeseen cost and approval for Consumer Price Index (CPI) escalation and de-escalation to Marina Landscape Maintenance, Inc. for parks and landscape maintenance services for an initial term expiring on June 30, 2020, and optional two (2) one-year extensions for a total of five years; and
2. City Council authorize the Mayor and City Clerk to execute the agreement; and
3. City Council authorize the Chief Executive Officer and City Clerk to accept and execute future minor amendments and extensions to the agreement.
4. Direct staff to work closely with Park Maintenance employees during this transition by providing necessary training in new service areas.

## BACKGROUND

For the past twenty years, the City has been providing landscape maintenance to parks, medians, parkways, trees and City facilities utilizing a 'hybrid approach', combining the work of in-house staff and private contractors. Over time, the scope of the work by private contractors has been increased, due to the addition of new areas for landscape maintenance as well as expansion of services required to provide consistent levels of maintenance as City staffing declined due to attrition during economic downturns or following retirements.

Currently, the City contracts with one company, Complete Landscape Care, Inc. for approximately 60% of all its park and landscape maintenance needs, with the remaining portion provided by several specialty contractors and City staff. In June 2015, the City and the Costa Mesa City Employees Association (CMCEA), the recognized bargaining group for City employees working in the maintenance areas, entered into an agreement to allow the outsourcing of park and landscape maintenance services as of July 1, 2017. The agreement also required the City to retain six (6) positions in the Parks program to administer the contract and that no CMCEA represented employees affected by the outsourcing be

terminated. Approving this agreement now will allow for a transition period to help ensure a continuity of services and for inclusion of this change into the annual (2017-18) budget process. All current City staff will be retained and provided training in their new service areas.

With the Agreement approved by both parties, the staff of the Maintenance Services Division prepared a Scope of Work that incorporated all the various components of the current parks and landscape maintenance programs into one comprehensive document. The finalized scope of work included current Prevailing Wage requirements and was the basis for a Request for Proposal that was advertised by the City's Purchasing Division. See Attachment 2. Many of the services listed will be provided on a more regular basis resulting in a higher level of service. These enhancements are difficult to quantify and therefore were not included in the savings calculations.

On June 10, 2016 the Request for Proposal (RFP No. 16-39) was listed on the City's website, posted outside of City Hall, advertised in local publications, sent to qualified vendors whose names were on the City's vendor list, and sent to other vendors requesting to be included in the competitive process. See Attachment 2. A mandatory pre-proposal meeting was held June 29, 2016 at City Hall. Eight (8) vendors participated in the meeting. By the submittal deadline of July 13, 2016, the City Clerk had received seven (7) proposals for parks and landscape maintenance services.

The proposals were initially screened by the Purchasing Division to confirm that they met the requirements of the RFP, after which they were evaluated separately by two (2) City staff and two (2) municipal landscape managers from the Cities of Newport Beach and Irvine. On July 18, 2016, the four (4) independent results were compiled by the Purchasing Division, with the three (3) highest rated companies receiving invitations for interviews. On August 4, 2016, the three (3) top-rated firms were interviewed. It was the consensus of the four (4) raters that Marina Landscape Maintenance, Inc. (Marina) was the most qualified company of the three and submitted the highest rated proposal. See Attachment 3. The raters determined that Marina has the resources to provide the high level of service the City is looking for and had the most experience maintaining the types of municipal facilities found in Costa Mesa.

The proposed pricing of the seven proposals ranged from a low of \$1.6 million to a high of \$2.2 million. Marina's proposed price initially was \$2,148,562 but was reduced to \$2,099,567 following negotiations with the City. The City could have saved even more money by choosing a lower cost but lower ranked firm. Instead we are recommending the firm with the highest ranking and references to try and ensure the highest level of service to Costa Mesa residents.

The Purchasing Division contacted multiple references for each proposer as part of the review process and found that all of the references for Marina Landscape Maintenance, Inc. were very positive about all areas involved in the inquiry. The references confirmed that Marina had provided the high quality work required, and that they successfully performed services of a similar scope and magnitude locally to other agencies including Anaheim, Anaheim Resort, and San Juan Capistrano. All required licenses were verified as well, along with a financial and insurance review.

## **ANALYSIS**

The proposed annual contract of \$2,099,567 for complete parks and landscape maintenance should result in an estimated annual program savings to the City of \$466,975 per year. Over the five-year contract period, the savings would be approximately \$2,334,875. From this savings we are requesting a 10% annual contingency of \$209,957 for any unanticipated scope changes or requested increases in services.

The current annual operating budget for the maintenance of all of the City's parks and parkways is \$5,115,511. The proposed budget that would be required after the award of the contract is \$4,857,393 including the 10% contingency.

Included in the retained budget would be the total compensation for the six (6) employees to be retained to administer the contract; funding for parts and materials; funding for repairs and services not related to landscape maintenance; and the costs associated with the maintenance and depreciation of the vehicles for the six retained employees.

The proposed contract for complete parks and landscape maintenance reflects the extra work that is performed by the current contractor; other contracted landscape related services and all of the activities currently performed by City staff that have been included in the Scope of Work. It also includes some elevated service levels for maintenance activities that are currently performed only sporadically such as planter & parking lot maintenance at the Civic Center, sidewalk cleaning on Sunflower Avenue, weed control in natural parks and drainage courses and the labor to install City-provided mulch in planters throughout the approximately 226 acres of City maintained landscape. Attachment 4 includes some examples of the tasks and contracted services that are currently provided as needed by City staff and vendors that will now be provided on a regular basis by Marina under the new contract.

The following are additional long term benefits and cost savings associated with the outsourcing of the parks and landscape maintenance services.

- The City would have the flexibility to negotiate a reduction in service levels with the parks and landscape contractor to obtain the necessary savings, as needed during periods of economic crisis, without having to layoff City employees. This would allow the City to prioritize services, preserving those deemed most critical, while garnering temporary price reductions until economic conditions improved.
- Savings in the capital cost of replacing vehicles and equipment would also be realized with the outsourcing of the parks and landscape operation. This could be \$30,000 to \$90,000 annually, depending on the numbers and types of vehicles to be replaced. Following the award of the contract, auctioning the unneeded vehicles and equipment would yield one-time revenue of approximately \$25,000 to \$30,000.

## **ALTERNATIVES CONSIDERED**

1. The City could continue with the existing 'hybrid' combination of in-house and contracted services. This alternative would not likely produce any significant near term savings and would not achieve the desired long term savings and benefits that outsourcing this service area would likely realize.

2. The City could re-advertise the Request for Proposal. However, staff believes that this alternative would not result in locating a higher rated company with more competitive prices than those received in the initial process.

## **FISCAL REVIEW**

The new contract cost of \$2,099,567, when added to the 'retained costs' necessary to provide the complete program (administration, inspection, utilities, repair and replacement materials, other service contracts) results in an annual savings of \$466,975, not factoring in the long-term savings in salaries and benefits or the cost avoidance of maintaining and replacing the fleet of park maintenance vehicles. In addition, the cost avoidance of replacing the fleet of 27 park maintenance vehicles would result in additional savings of \$30,000 to \$90,000 annually.

## **LEGAL REVIEW**

The City Attorney's Office has reviewed and approved the attached Maintenance Services Agreement as to form.

## **CONCLUSION**

Following the agreement between the City and CMCEA, a Request for Proposal was advertised seeking comprehensive parks and landscape services. At the conclusion of the process, the most qualified company was determined to be Marina Landscape Maintenance, Inc. The proposed contractual agreement will provide the full spectrum of services necessary to insure that residents and visitors have safe, attractive and well-maintained parks and recreational facilities to enjoy and that the City's streetscapes continue to provide aesthetically pleasing enhancements to the arterial roadways in the City. The contract will provide near term and long term cost savings and provide more options to control expenditures in the future. The total estimated annual savings is approximately \$466,975. Over the 5-year contract period, the total estimated savings is approximately \$2,334,875.

It is therefore recommended that the City Council award a contract for a comprehensive park and landscape maintenance services to Marina Landscape Maintenance, Inc.

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JAMES G. ROSS

Interim Public Service Director

- Attachments:
  1. [Maintenance Services Agreement](#)
  2. [Exhibit 'A' - Request for Proposal No. 16-39](#)
  3. [Exhibit 'B' - Proposal from Marina Landscape Maintenance, Inc.](#)
  4. [List of Routine Tasks and Contracted Services](#)

Distribution: Chief Executive Officer  
Assistant Chief Executive Officer  
City Attorney  
Interim Finance Director  
City Clerk