



Agenda Item

300 E. Chapman Avenue
Orange, CA 92866

City Council

Item #: 7.1.

4/13/2021

File #: 21-0032

TO: Honorable Mayor and Members of the City Council

THRU: Rick Otto, City Manager

FROM: Bonnie Hagan, Assistant City Manager/Community Services Director

1. SUBJECT

Agreement with Nieves Landscape, Inc. for landscape maintenance services for the Santiago Hills Landscape Maintenance Assessment District.

2. SUMMARY

A four-year agreement to provide comprehensive landscape maintenance services and repairs for the Santiago Hills Landscape Maintenance Assessment District.

3. RECOMMENDED ACTION

Approve agreement with Nieves Landscape, Inc. in the amount not to exceed \$1,357,554 for landscape maintenance services for Santiago Hills Landscape Maintenance Assessment District; and authorize the Mayor and City Clerk to execute on behalf of the City.

4. FISCAL IMPACT

The total expenditure for this agreement for Fiscal Year 2021-22 is \$329,340 and will be funded through Santiago Hills Landscape Maintenance (291).

5. STRATEGIC PLAN GOALS

Goal 3: Enhance and promote quality of life in the community

a: Refurbish, maintain, develop and/or expand public use places and spaces.

6. DISCUSSION AND BACKGROUND

Landscaping in the common areas in the Santiago Hills Landscape Maintenance Assessment District (District) is managed and maintained by the Community Services Department and paid for by the property owners within the District through two annual assessments on each property, Landscape Maintenance District No. 86-2 (LMD 86-2) and Landscape Maintenance District No. 15-1 (LMD 15-1). LMD 86-2 was established in 1987 to maintain the common area landscape improvements constructed by Assessment District 86-1, which created the residential development.

The District is comprised of single-family, multi-family, and mixed use properties. Each property, or parcel, is assessed based on an established calculation of benefit derived from the common landscape area. LMD 15-1 is an overlay of LMD 86-2. LMD 15-1 was approved by District homeowners in 2015, as the maximum assessment rate of LMD 86-2 was no longer sufficient to maintain the District landscape. A map of the District is included for reference. The District does not

fund Santiago Hills Park. The park is maintained under a separate City park agreement funded through the general fund.

The City utilizes contract services to maintain landscape for the District. The current scope of work includes mowing, edging, trimming, litter removal, irrigation monitoring and implementation of the City's Integrated Pest Management (IPM) program. The existing landscape maintenance agreement will expire June 2021. A request for proposals (RFP 20-21.25) was issued at the end of 2020 for landscape maintenance services for the next four years, with the new contract starting in July 2021. The scope of work for the base bid is consistent with the current scope of work.

At the request of some District homeowners, an alternate bid for maintaining the landscape without the use of synthetic pesticides was included in the request for proposals (RFP). The alternative options were the use of organic pesticides only, and a pesticide free option. The RFP required submittals to include a four-year cost breakdown for all options, a narrative of how the pest management programs would be implemented, company experience with organic pesticides and pesticide free management, as well as effectiveness and expected results for each option. In addition, the RFP required proposers to submit annual costs for hauling away green waste from the District. Currently, the contractor hauls the green waste to the City's Corporate Yard for disposal by the City's trash contractor, CR&R; however, changes to green waste laws could affect how the waste is disposed of in the future, with one option having the contractor being responsible for all disposal. At this time, staff is not recommending any changes or cost increases associated with green waste disposal.

Four proposals were received. Proposals were rated on ability to perform the scope of work described in the RFP, contractor's experience in performing similar work, qualifications of key personnel, demonstrated record of success, and responsiveness to the overall request for information within the RFP. Two proposals, Mariposa Landscape and Greentech Landscape, were deemed non-responsive as they were incomplete. Of the remaining two, Nieves Landscape and Merchants Landscape, Nieves was determined the most responsive, with the highest score of 95 out of 100. The proposal abstract summary is attached for reference.

Nieves received the highest rating based upon submittal of an inclusive proposal, related previous experience with similar municipal contracts, and a comprehensive response to pest management. Their key personnel are well-qualified with college level educations and their on-site supervisors have completed trade educations and/or trainings. Nieves also submitted the lowest cost proposal for both the base bid and the organic pesticide only alternative, contributing to its highly competitive proposal. They are the current District landscape contractor and have provided acceptable service over the course of the existing contract.

Nieves submitted a base bid cost in the amount of \$1,234,140 for four years, which is approximately 14% higher than the four year base bid for the current agreement. The new base bid includes the cost of \$299,400 for the first year, which is approximately 6% higher than year four (the current year) of the existing agreement. This increase is related to cost of living adjustments, higher insurance rates, and increasing labor and materials costs associated with landscape maintenance. At the upcoming annual assessment public hearing planned for June, staff will be recommending implementation of the Consumer Price Index (CPI) assessment increase for Fiscal Year 2022 (FY 22) of 1.5% for LMD 15-1 in order to sustain standard landscape maintenance (utilizing the current IPM) and continue capital improvement projects. An increase to LMD 15-1 has not occurred in the last two years. LMD 86-2 is at its cap and will remain the same. Although the proposed agreement increase exceeds the allowable CPI increase, the proposed base bid is financially sustainable, implementing

the annual CPI, for the four-year term.

Costs for years two through four of the agreement include a 2% increase each year. The agreement includes a 10% contingency each year for unplanned landscape maintenance and repairs. The total not-to-exceed four-year agreement amount is \$1,357,554 and the year one total is \$329,340. Funding for year one of the agreement is included in the FY22 annual budget within Santiago Hills Landscape Maintenance (291). Funding for the remaining years of the contract is dependent upon City Council approval of the annual budget. If funds are not budgeted, the contract can be terminated or reduced to meet that year's allocation. A four year compensation schedule is attached for reference.

Integrated Pest Management (IPM) - Alternate Bids

The City's current IPM focuses on the long-term prevention and/or suppression of pest problems (such as insects, invasive species, rodents, and weeds) through a combination of techniques that includes pest identification, monitoring, prevention, and treatment tactics (i.e. water management, soil fertility management, and proper pruning and trimming). Application of pesticides is utilized as needed to achieve the standard outlined in the scope of work. A licensed, contracted pest control operator holding a Qualified Applicator License (QAL) applies any chemicals for pest control as necessary. Before spraying occurs, the contractor places signage in the areas to be treated. Staff then place additional signage beyond what is required on the product label. The current IPM is regulated and permitted by the Orange County Agricultural Commissioner and utilizes products approved by the Environmental Protection Agency (EPA), which may include synthetic pesticides. City approved pesticide products can have a signal rating of caution or warning. Of note, annual reporting shows that only caution labeled products were used in the District during 2020.

At the request of some District community members, the RFP included an option to replace the current pesticide selection process with the use of organic pesticides only. These products are recommended by the nonprofit organization Organic Materials Review Institute (OMRI). This option would continue to use a variety of techniques to focus on the long-term prevention and/or suppression of pest problems, including the use of increased manual labor. A chart detailing the program comparisons of implementing the current IPM verses an organics only IPM is attached for reference.

Nieves also scored the highest in experience related to alternative pest management, as they have participated in multiple pilot programs, including implementing, managing and testing organic products. Nieves' staff are educated and knowledgeable regarding trends in organic management. Nieves submitted the lowest proposed cost for implementing an organics only IPM at \$450,888 for the base bid for year one. This is 51% higher than the base bid for the current IPM of \$299,400. Given the difference in expenditure between the two IPM options, staff estimated that using an organics only IPM would require an increase to the LMD 15-1 assessment fees of approximately 45%.

As part of the bid alternate, the City did evaluate a pesticide free option; however, due to the labor associated with weeding, the cost to implement this option is not sustainable, regardless of vendor selected. The lowest bid received for this option was by Merchants Landscape, whose broadest experience is with the City of Irvine. Their bid is \$2,188,668 for four years. This is \$330,180 more than the lowest bid for organics only, and \$954,528 more than the lowest bid for the current IPM.

In February 2021, the City solicited input from District homeowners regarding interest in maintaining

the current IPM or evaluating an increase to assessment fees in order to transition to an organics only IPM. A letter, which included the IPM comparison chart, was mailed to 1,475 homeowners. An email regarding the letter was also sent to the 152 individuals signed up for the Landscape Assessment email distribution list. The information was posted on the District's page on the City's website, and notification of the update was sent to residents through NextDoor.

The City received a total of 204 responses. Of these, 85% indicated their support for maintaining the current IPM, 12% stated they would like to evaluate the option to increase assessment fees to transition to an organics only IPM, and 3% either selected both options or did not make a selection, leaving only comments. A letter which provided a summary of the survey results was mailed March 11 to all homeowners who provided a response. It was also posted on the City's website, a message that the website was updated was posted on NextDoor, and an email with the results was sent to those signed up on the Landscape Assessment email distribution list. The complete District survey results summary, including homeowner comments, is attached for reference.

Given the expressed support for maintaining the current IPM, the recommendation is to award the base bid, which is consistent with the current scope of work and follows the City's current IPM.

7. ATTACHMENTS

- District Map
- Proposal Abstract Summary
- Compensation Schedule
- Integrated Pest Management Program Comparison 2021
- District IPM Survey Results Summary
- Maintenance Services Agreement