



STAFF REPORT

CITY of YORBA LINDA

PUBLIC WORKS DEPARTMENT

DATE: SEPTEMBER 20, 2022

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: JAMIE LAI, P.E., DIRECTOR OF PUBLIC WORKS/CITY ENGINEER
PREPARED BY: AUSTIN POSTOVOIT, SENIOR MANAGEMENT ANALYST

SUBJECT: APPROVE AN AMENDMENT WITH MERCHANTS LANDSCAPE SERVICES, INC., FOR LANDSCAPE MAINTENANCE WITHIN LANDSCAPE MAINTENANCE ASSESSMENT DISTRICT PACKAGE D – SAN ANTONIO

RECOMMENDATION

It is recommended that the City Council:

1. Approve Amendment No. 3 to the Maintenance Service Agreement (No. 21220063) with Merchants Landscaping Services, Inc., for the Landscape Maintenance Within Landscape Maintenance Assessment District Package D – San Antonio Package D), in an amount of \$486,415; and
2. Authorize the City Manager to sign and approve a future contract renewal for FY2023/2024 including authorized annual Consumer Price Index increases, provided for within the original agreements; and
3. Authorize the City Manager's change order approval authority to execute contract modifications and increases in an aggregate amount not to exceed 15% of the Fiscal Year 2022/2023 amount (\$96,767), for a total potential annual agreement amount not-to-exceed \$741,879; and
4. Approve an appropriation of \$96,767 from the LMAD Fund with a corresponding increase to the LMAD Miscellaneous Maintenance Services Operating Budget under account (2010350-432950).

BACKGROUND

All publicly maintained landscaping and equestrian trails within Maintenance Package D are to be maintained by the Landscape Maintenance Assessment District (LMAD), per the approved Fiscal Year 2022/23 Engineer's Report. In 2019, LMAD staff conducted a procurement effort whereby an invitation for bids was posted for performance of landscape maintenance services within the Package D. The competitive bidding process resulted in an award of a three-year maintenance contract to Merchants Landscape Services, Inc. (Merchants), with the option for the City to approve up to two (2) one-year contract extension

renewals. Any exercised renewal option was contractually eligible for a cost adjustment based upon the prior year's CPI.

As completion of the final year of the agreement's initial term approached, the City's LMAD group began coordinating and negotiating terms for a renewal with Merchants. During the course of negotiations, it became apparent that a CPI based increase may not be a tenable option for Merchants, and an extension in turn may not be a viable action. As such, the City advertised for bids to secure a new contract for Package D maintenance at the end of the term. A one-month extension was also approved at that time, to allow for continuity of services while the bidding process was conducted.

The City received bids from two (2) landscape maintenance contractors, with the amounts for both exceeding the previous contract amount by at least 15% using base monthly maintenance work as the basis of comparison. As a means of cost efficacy, staff rejected both bids and continued negotiations with the existing contractor. Merchants indicated a willingness to agree to an extension of the current agreement based on a yearly CPI increase of approximately 6.8%. The City Council approved an interim two-month contract extension with Merchants while City staff negotiated an amendment for a longer-term extension of the current agreement with Merchants.

DISCUSSION

The current agreement with Merchants has provisions allowing for two additional years of extensions beyond the initial agreement. Since the City has optioned three months of the first additional extension term, it was determined that a nine-month successive term was appropriate. This additional term will allow for Merchants to continue to provide maintenance services through the end of the City's 2022/2023 Fiscal Year, which ends on June 30, 2023. If approved by Council, the proposed amendment would also enable the City Manager to administratively request and execute an additional one-year contract renewal extension for the City's FY 2023/2024 with Merchants.

Therefore, staff recommends that the City Council approve a nine-month term extension renewal with Merchants in an amount of \$486,415 for landscape maintenance services. A tabulation of the entire agreement, inclusive of the present proposed Amendment No. 3, is provided below for reference:

<u>Description</u>	<u>Term Duration</u>	<u>Amount</u>
Original Agreement	July 1 st , 2019 – June 30 th , 2022 (3-Years)	\$1,821,783
Amendment NO. 1	July 1 st , 2022 – July 31 st , 2022 (1-Month)	\$50,605
Amendment NO. 2	August 1 st , 2022 - September 30 th , 2022 (2-Months)	\$108,092
Amendment NO. 3	October 1st, 2022 - June 30th, 2023 (9-Months)	<u>\$486,415</u>
FY2022/2023 Agreement Total (Amendments 1, 2,3) =		\$645,112
Total Aggregate Contract Not-to-Exceed Amount =		\$2,466,895

It should be noted that staff is also requesting Council preemptive authorization for the City manager to authorize contract change orders/amendments in an aggregate amount of up to \$96,767 (15% of the FY 2022/2023 proposed contract amount of \$645,112). This authorization would allow for administrative change orders to accommodate extraordinary work that may occur in addition to regular scheduled maintenance. Although this amount is not guaranteed or obligated, if the entirety of the contingency were authorized via contract amendment the Fiscal Year contract amount would increase to \$741,879.

FISCAL IMPACT

The Landscape Maintenance Assessment District Maintenance and Operations budget accounts for a variety of miscellaneous services, including regular contractual landscape maintenance. Sufficient funding for the contractual services anticipated for FY 2022/2023 were included as a part of the two-year budget; however, potential unanticipated services are not currently included as a budget line item. Therefore, staff recommends that Council approve an appropriation in an amount of \$96,767 from the LMAD Fund (207) with a corresponding increase to the LMAD Miscellaneous Maintenance Account (2010350-432950).

ALTERNATIVES

Council may direct staff to proceed with a replacement solicitation effort via an Invitation for Bids for Landscape Maintenance in Package D instead of approving the proposed renewal. In the case that a renewal is not approved, an additional two-month interim contract extension would be required in order to provide service while the procurement is conducted. This is not recommended as the City will incur substantially higher expenses.

ATTACHMENTS

Attachment 1 – Merchants Landscape Services, Inc. (Amendment No. 3) Package D