



## AGENDA REPORT

**DATE:** December 21, 2021

**TO:** Mayor and City Council

**FROM:** David Gassaway, Acting City Manager

**SUBJECT:** Resolution 2021-314 of the City Council of the City of Fairfield Approving a Contractor Service Agreement with New Image Landscape Company, Inc. for Landscape Maintenance Services in Landscaping and Lighting Maintenance District No. 7 – Rolling Hills; and

Resolution 2021-315 of the City Council of the City of Fairfield Approving a Contractor Service Agreement with New Image Landscape Company, Inc. for Landscape Maintenance Services in Landscaping and Lighting Maintenance District No. 11 – Paradise Valley North; and

Resolution 2021-316 of the City Council of the City of Fairfield Approving a Contractor Service Agreement with New Image Landscape Company, Inc. for Landscape Maintenance Services in Landscaping and Lighting Maintenance District No. 13 – North Cordelia; and

Resolution 2021-317 of the City Council of the City of Fairfield Approving a Contractor Service Agreement with Dominguez Landscape Services, Inc. for Landscape Maintenance Services in Landscaping and Lighting Maintenance Districts No. 3 – Waterman Highlands, No. 6 – Peppertree, and No. 8 – Kolob

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### **RECOMMENDED ACTION**

Adopt resolutions.

### **STATEMENT OF ISSUE**

Projected budget shortfalls in three Landscaping and Lighting Maintenance Districts (LLMDs); LLMD No. 7 – Rolling Hills (Rolling Hills), No. 11 – Paradise Valley North (Paradise Valley), and No. 13 – North Cordelia (North Cordelia), necessitate a reduction in maintenance services to avoid future deficits. The resolutions attached authorize the city manager to enter into three individual contractor service agreements with New Image Landscape Company (New Image) for reduced scopes of work beginning January 1, 2022, and ending December 31, 2023. Contract amounts will be \$162,624 for Rolling Hills, \$179,904 for Paradise Valley, and \$627,608 for North Cordelia.

Additionally, the current contracts for LLMD No. 3 – Waterman Highlands (Waterman), No. 6 – Peppertree (Peppertree), and No. 8 – Kolob (Kolob) are on combined district maintenance contracts

with Dominguez Landscape Services, Inc. (Dominguez) that will either be terminated due to the changes above or will expire on December 31, 2021. The resolution attached authorizes the city manager to enter into one service agreement with Dominguez for combined landscape maintenance services for Waterman, Peppertree, and Kolob beginning January 1, 2022, and ending December 31, 2023. The total contract amount will be \$150,516.

## **DISCUSSION**

During the July 7, 2021, public hearing to approve the annual fiscal year (FY) 2021-2022 assessment rates and budgets for all LLMDs, staff reported to City Council that a reduction in services for Rolling Hills, Paradise Valley, and North Cordelia was required due to projected budget deficits if the districts continued to provide landscape services at the existing level.

Currently, to maximize economies of scale, services for Rolling Hills, Kolob, and Waterman are on one combined contract, which expires on December 31, 2021. Similarly, Peppertree and Paradise Valley are under one combined contract expiring on December 31, 2022. Services for North Cordelia are provided on an individual contract expiring December 31, 2021. Dominguez provides all services.

In July 2021, staff initiated discussions with Dominguez to reduce the scopes of work for the Rolling Hills, Paradise Valley, and North Cordelia contracts through the end of the contract term and to exercise the option to renew the combined Rolling Hills/Kolob/Waterman and North Cordelia contracts for an additional term. Negotiations were unsuccessful. Staff informed Dominguez of the City's intent not to renew the Rolling Hills/Kolob/Waterman and North Cordelia contracts upon their expiration on December 31, 2021, to terminate the Paradise Valley/Peppertree contract, and to request proposals for services for all districts under new agreements.

On October 19, 2021, staff solicited proposals for three separate contracts with reduced scopes of work for Rolling Hills, Paradise Valley, and North Cordelia individually and for a combined contract for Waterman, Peppertree, and Kolob with no substantial changes to the scope of work. The service reductions for Rolling Hills, Paradise Valley, and North Cordelia were determined based on three priority levels. Priority level 1 was defined as essential work to safeguard public safety, such as clearing walkways, lines-of-sight, and potential fire hazards. Priority level 2 is characterized as work intended to preserve the health and quality of the existing landscape to minimize any potential costs to restore the landscape in future years. Finally, priority level 3 encompasses all other work and non-essential services. Due to the required budget reductions, the proposed scopes of work are limited primarily to priority level 1 and 2 services.

Below is a brief description of the budget and proposed scope of work for each district (see Attachment No. 1 for a detailed listing of service reductions):

### **Rolling Hills**

The maximum assessment rates for the Rolling Hills district are \$250 for the Serpas Ranch development and \$300 for the Rolling Hills development. These rates have remained unchanged since the 1990s and do not include an automatic inflator. The district currently receives approximately \$330,000 in assessment revenue and General Fund contributions per year. In FY 2020-2021, the district's expenses were over \$580,000, causing a \$250,000 cash deficit covered by the district's fund balance. The majority of these expenses were for landscape maintenance and water services/consumption at \$330,000 and \$130,000, respectively. For the district to maintain a balanced budget, avoid any future deficits, and begin establishing a reserve for unexpected repairs, the annual budget for landscape maintenance and water services/consumption must be reduced to below \$90,000 and \$120,000, respectively.

The proposed scope of work for Rolling Hills includes basic lawn mowing, annual shrub and ground cover pruning, high weed mowing, v-ditch and drain cleaning, and leaf, litter, and trash removal. The total yearly cost for these services is \$81,312 for the initial term beginning January

1, 2022, and ending on December 31, 2023. Irrigation maintenance and repair may be provided for an additional cost. New Image was selected as the most qualified provider for this agreement.

#### Paradise Valley

The maximum assessment rate for the Paradise Valley district is \$195 per parcel. This rate has remained unchanged since 1995 and does not include an automatic inflator. The district currently receives approximately \$270,000 in assessment revenue and General Fund contributions per year. In FY 2020-2021, the district's expenses exceeded revenues by approximately \$18,000. The majority of these expenses were for landscaping maintenance and water services/consumption at \$155,000 and \$65,000, respectively. For the district to maintain a balanced budget, avoid any future deficits, and begin establishing a reserve for unexpected repairs, the annual landscape maintenance budget must be reduced to approximately \$90,000.

The proposed scope of work for Paradise Valley includes basic lawn mowing and edging, annual shrub and ground cover pruning and mowing, basic irrigation sprinkler emitter repairs, high weed mowing, v-ditch, and drain cleaning, and leaf, litter, and trash removal. New Image was selected as the most qualified provider for this agreement. The total annual cost for these services is \$89,952 for the initial term beginning January 1, 2022, and ending on December 31, 2023.

#### North Cordelia

The maximum assessment rates for the North Cordelia district were established for each new development between 1996 and 2015 and range from \$170 to \$850 per parcel. The Hidden Meadows, Village Oaks, and Jayo subdivisions are the only developments that include an automatic inflator. The district currently receives approximately \$630,000 in assessment revenue and General Fund contributions per year. In FY 2020-2021, the district's expenses exceeded revenues by approximately \$42,000. The majority of these expenses were for landscaping maintenance, water services/consumption, and utilities at \$340,000, \$101,000, and \$43,000, respectively. For the district to maintain a balanced budget, avoid any future deficits, and begin establishing a reserve for unexpected repairs, the annual landscape maintenance budget must be reduced to approximately \$315,000.

The proposed scope of work for North Cordelia includes lawn mowing, edging, and weed control, annual shrub and ground cover pruning, mowing, and pest/disease control, basic irrigation sprinkler emitter repairs, high weed mowing, v-ditch and drain cleaning, leaf, litter, and trash removal, and pond maintenance. New Image was selected as the most qualified provider for this agreement. The total annual cost for these services is \$313,804 for the initial term beginning January 1, 2022, and ending on December 31, 2023.

#### Waterman, Peppertree, and Kolob

No significant changes were made to the scope of work for the Waterman, Peppertree, and Kolob districts. Dominguez was selected as the most qualified provider for this agreement. The total annual cost for these services is \$75,258 for the initial term beginning January 1, 2022, and ending on December 31, 2023.

Dominguez and New Image have been long-standing landscape service providers for the City and have demonstrated competence and professional qualifications to perform the services required. In accordance with Chapter 28.31 of the Fairfield Municipal Code for the procurement of landscape maintenance services, the staff is recommending approval for three individual service agreements with New Image for landscape maintenance services in Rolling Hills, Paradise Valley, and North Cordelia, and one service agreement with Dominguez for combined landscape maintenance services in Waterman, Peppertree, and Kolob. Each agreement will have the option to extend for up to two additional terms of up to 24 months, each term including a negotiated compensation adjustment not-to-exceed the June San Francisco-Oakland-Hayward Consumer Price Index for Urban Wage Earners and Clerical Workers (not seasonally adjusted for all items) upon mutual written agreement of both parties.

Upon approval of the Paradise Valley service agreement and combined Waterman/Peppertree/Kolob service agreement, a formal notice of termination will be sent to Dominguez, which will terminate the Paradise Valley/Peppertree agreement effective December 31, 2021.

### **FINANCIAL IMPACT**

Total authorization for the Rolling Hills service agreement is \$162,624 for an initial 24-month term (not-to-exceed \$81,312 per year) and is budgeted in the LLMD No. 7 – Rolling Hills Fund (Fund 077, Division 68, Responsibility Code 001).

Total authorization for the Paradise Valley service agreement is \$179,904 for an initial 24-month term (not-to-exceed \$89,952 per year) and is budgeted in the LLMD No. 11 – Paradise Valley Fund (Fund 081, Division 68, Responsibility Code 001).

Total authorization for the North Cordelia service agreement is \$627,608 for the initial 24-month term (not-to-exceed \$313,804 per year) and is budgeted in the LLMD No. 13 – North Cordelia Fund (Fund 085, Division 68, Responsibility Code 001).

Total authorization for the Waterman, Peppertree, and Kolob service agreement is \$150,516 for the initial 24-month term (not-to-exceed \$75,258 per year) and is budgeted in the LLMD No. 3 – Waterman Fund (Fund 073, Division 68, Responsibility Code 001), the LLMD No. 6 – Peppertree Fund (Fund 076, Division 68, Responsibility Code 001), and the LLMD No. 8 – Kolob Fund (Fund 078, Division 68, Responsibility Code 001).

### **PUBLIC CONTACT/ADVISORY BODY RECOMMENDATION**

A notice was sent to the residents within LLMD #7, #11, and #13 the week of December 12, 2021, to advise them of the upcoming service reductions. The City has contracted with NBS Government Finance Group (NBS) to assist with future public engagement efforts related to the district.

### **ALTERNATIVE ACTION**

If the council has any questions concerning the service agreements, this item may be rescheduled until the next council meeting to allow staff to provide the necessary backup.

### **STAFF CONTACT**

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### **COORDINATED WITH**

City Attorney's Office

### **ATTACHMENTS:**

- Attachment 1: Proposed Service Reduction Listing by District**
- Attachment 2: Proposed Resolution - LLMD No. 7 - Rolling Hills**
- Attachment 3: Proposed Agreement - LLMD No. 7**
- Attachment 4: Proposed Resolution - LLMD No. 11 - Paradise Valley**
- Attachment 5: Proposed Agreement - LLMD No. 11**
- Attachment 6: Proposed Resolution - LLMD No. 13 - North Cordelia**
- Attachment 7: Proposed Agreement - LLMD No. 13**

**Attachment 8: Proposed Resolution - LLMD No. 3 - Waterman Highlands, No. 6 - Peppertree & No. 8 - Kolob**

**Attachment 9: Proposed Agreement - LLMD No. 3, No. 6 & No, 8**

**REVIEWERS:**

<b>Reviewer</b>	<b>Action</b>	<b>Date</b>
Kaushal, Paul	Approved	12/14/2021 - 11:29 AM
Alexander, Amber	Approved	12/14/2021 - 11:39 AM
Alexander, Amber	Approved	12/14/2021 - 11:42 AM