

TO: James L. App, City Manager
FROM: Doug Monn, Interim Public Works Director
SUBJECT: Landscape and Lighting District:
Landscape Maintenance & Related Matters
DATE: July 5, 2005

NEEDS: For the City Council to consider awarding a contract for landscape maintenance services for the Landscape and Lighting District (LLD) and provide direction regarding deficit sub-areas.

FACTS:

1. The City first established a Landscape and Lighting District in 1989 as a means to assure new development pay their own way.
2. New developments since 1989 have voted to join the LLD for common area maintenance and thereby contractually obligate themselves to pay the costs thereof.
3. The self-imposed participation in a Landscape & Lighting District became a prerequisite to development, in other words, the development would not have been built but for the commitment to construct, and continuously fund maintenance of, common area improvements
4. The District is segregated by development phases (sub areas) that share the benefit of certain common area landscape improvements and street lighting. There are currently 113 assigned sub areas.
5. The City's current services contract for the maintenance of the Landscape & Lighting District expires June 30, 2005.
5. Bids were solicited for landscape maintenance services for all existing LLD sub-areas and those anticipated for acceptance into the district in the next fiscal year.
6. Specifications were provided to all requesting individuals and a Notice Inviting Bids was published twice in a local publication as required by the Public Contract Code.
7. While several large companies took out bid packets and attended the pre-bid tour, only one submitted a bid. The bid, submitted by Martinelli Landscaping Inc. is \$675,552 per year and would provide LLD maintenance service at the same level and frequency as currently provided.
8. The low bid by Martinelli is \$127,000 higher than the current contract which expires June 30, 2005.
9. The bid has been reviewed and deemed responsive.
10. The new contract term is July 1, 2005 to end June 30, 2006, with the option of four single year extensions (upon City approval). Extensions may include adjustment for

inflation (to be no greater than the percentage increase change in the US Consumer Price index) with City approval.

11. Of the district's 113 sub areas, 46 are operating in deficit, i.e., the cost to maintain exceeds the revenue provided.
12. Another 22 sub-areas have no annual inflationary adjustment component and/or benefit from common improvements shared by one or more of the sub-areas requiring re-balloting.
13. The Council ad hoc committee (J. Heggarty and D. Picanco) recommend 46 deficit and 22 other sub-areas be balloted to increase their assessment levy (to cover the cost of maintenance). Should the sub-areas fail to increase their levy, maintenance will be reduced to a level that can be sustained with current levies

ANALYSIS &

CONCLUSION: The City currently oversees the maintenance of over 113 sub areas that make up the LLD. The largest single district cost is landscape maintenance. Maintenance needs range from simple litter pickup to mowing, planting and weed abatement. The size of the district has prompted the need to retain a company capable of delivering diverse and recurring maintenance over a geographically dispersed area.

The new landscape maintenance contract portion of the LLD will be approximately \$675,000 annually, \$127,000 more than the current contract. The \$127,000 increase cannot be recouped unless a successful re-balloting to increase assessments takes place. Additionally, the current deficit of \$9,200 will continue increasing the deficit total to \$136,200. The General Fund will temporarily advance \$136,200 to cover the deficit for FY06.

If re-balloting to increase assessments in deficit areas fails, the landscape contract allows for adjustment based on frequency of service. This facilitates a reduction of maintenance frequency (and associated costs) as necessary to balance costs against available funding. Maintenance reductions can also be implemented as a means of repaying temporary General Fund advances, water and electric costs, and establish a plantings replacement fund of 5%.

Of the 68 sub-areas that are suggested for reballoting, 46 are in deficit and 22 are either in need of an annual inflation adjustment clause or may benefit from being combined with other "like" sub-areas. Combining "like" sub-areas (example 2A, 2B, 2C, 2D & 2E) aligns cost/benefit for common amenities. If the "like" sub-areas are combined and reballoted as one new sub-area, the assessment levied on properties would be equalized amongst all the residents who enjoy the improvements in common.

The amount of the annual maintenance deficit for fiscal year 2006 (the sum of maintenance, utilities, and replacement fund replenishment needs) is projected at \$176,000 (see "Fiscal Impact" section for details). Successful balloting, including authority to make future annual inflation adjustments, would begin to bring the district back to fiscal self sufficiency. If reballoting is unsuccessful, adjustments to service levels is the only viable option.

POLICY

REFERENCE: Public Contract Code

Purchasing and Payment Procedures Manual
Resolution 89-89 forming the Landscape and Lighting District

**FISCAL
IMPACT:**

Unless the deficit sub-areas are re-balloted with successful results, the General Fund will temporarily advance the \$136,200 for landscape maintenance. There are other costs that add to the deficits including water and electrical consumption. To bring the District to fiscal self sufficiency, the following deficit sub-area assessment increases are required:

1. Revenue necessary to meet increase in landscape maintenance and utilities costs.

Landscape Maintenance	\$136,200
Water and electrical costs	\$ 18,000
5% replacement fund.	\$ 22,000

Total Re-balloting Request \$176,000

Should the re-balloting prove unsuccessful, maintenance services to the deficit sub-areas will be reduced. Attached is list of potential service reductions in the order of preference.

- OPTIONS:**
- a.
 - (1) Approve Resolution No. 05-xx awarding a \$675,552 per year Landscape and Lighting District Landscape Maintenance contract to Martinelli Landscaping Inc.; and
 - (2) Authorize staff to re-ballot deficit sub-areas, re-ballot sub-areas with shared improvements, and re-ballot with annual inflation adjustment and 5% replacement fund; and
 - (3) Authorize staff to reduce maintenance service levels commensurate with funding level should re-balloting fail.
 - b. Amend, modify or reject the above option.

Attachments (2)

- 1) Resolution
- 2) Service Options
- 3) Potential Balloting and Budget Summary

General Service Level Reduction List

In any given fiscal year, if the assessment revenue will not allow for full maintenance service in a particular Sub Area, City staff will determine the scope of work for each Sub Area as assessment revenues allow, and any necessary reductions in the scope of work will likely include, but not be limited to, the reduction or elimination of the long-term renovation and rehabilitation programs and some or all of the following:

Turf Areas

- Reduced frequency of mowing and edging turf areas. Full scope includes mowing and edging turf areas weekly.
- No fertilization. Full scope includes fertilization several times per year.
- Limited/elimination of weed control.
- Limited/elimination of aeration.

Ground cover/shrub areas

- Limited/elimination of emergent weed control
- No fertilization.
- Limited/no removal of perennial flower stalks and dead leaves.
- Limited/elimination of vine trimming.

General Landscaping

- Limited/elimination of removal of tree stakes and ties.
- Limited/elimination of trash pick-up in landscaping areas.
- Limited/elimination of weed and litter control for gutters, curbs, parking lots and walks adjacent to contract areas.
- Limited/elimination of irrigation

Vertebrate Pest control (gopher, squirrels)

- Limited/elimination of pest control program (mechanical and/or chemical)

Lighting

- Limited/elimination of street lighting

**Paso Robles Budget Summary
Potential Balloting in Fiscal Year 2006/2007**

There are currently 113 Sub Areas in the District of which 14 were not assessed in FY05/06 including:

Sub Area 60	Tract 2071
Sub Area 69C	Tract 2369-3
Sub Area 73	PR 02-001
Sub Area 74	Tract 2350 *
Sub Area 83	PR 97-226 *
Sub Area 85	PD 02-018 *
Sub Area 86	PD 98-016 *
Sub Area 87	PR 01-102 *
Sub Area 88	Tract 2422 *
Sub Area 89	Tract 2391 *
Sub Area 91	Tract 2571 *

* Newly established Sub Areas for fiscal year 2005/2006

Of the 113 established Sub Areas, 32 have no assessment inflator including:

Sub Area 1;
Sub Areas 2A; 2B;
Sub Areas 4 through 16;
Sub Areas 18 through 21;
Sub Area 23;
Sub Area 25;
Sub Areas 27 through 35; and
Sub Area 40

In reviewing the budget and assessments for fiscal year 2005/2006 we have identified a total of sixty-eight (68) Sub Areas that may be involved in assessment ballot proceedings. Several of these Sub Areas (approximately 22) do not require an increased assessment at this time, but they either currently have no inflationary adjustment or they are part of a larger (combined) area in which one or more of the individual Sub-Areas require an increased assessment. An example of the latter is Sub Area 2, in which Sub Areas 2A, 2B & 2C need to be balloted, while Sub Areas 2D, 2E & 2F do not. However, all six Sub Areas could be balloted together for a balanced assessment rate. The idea here is that 2D, 2E & 2F would be receiving a reduced maximum assessment that they would likely support and their weighted ballots would be enough to out-weigh the no votes from 2A, 2B & 2C. However, this approach will require careful analysis and discussion before the City utilizes this approach. The negative to not balloting them as a group, is that most of the improvements in Sub Area 2 are shared improvements and if only 2A, 2B & 2C are balloted and the assessment increase is not approved, then it would be difficult to reduce the level of service without impacting the other three sub areas.

In reviewing the District for balloting needs, we looked at each Sub Area based on three budget criteria: 1.) Revenues need to just meet current expenditures; 2.) Revenues need to meet current expenditures plus gradually building an Operational Fund Balance to support annual operating expenses throughout the year as well as set-aside funds for unforeseen expenses (5% each year); and 3.) Revenues need to meet current expenditures and building an Operational Fund Balance plus an additional 5% for Capital Improvements (Long-term Rehabilitation & Repairs). We would not recommend option one, but it is presented here as a reference point.

Option	Sub Areas to Ballot	Amount to be balloted (deficit)
Option 1:	42	(\$153,961.61)
Option 2:	43	(\$176,156.30)
Option 3:	46	(\$201,127.20)

The following pages provide the budget for fiscal year 2005/2006 and a summary of the ballot requirements for each Sub-Area.

BUDGET SUMMARY
For Potential Balloting in fiscal year 2006/2007

BUDGET ITEMS	SUB AREA 1 Tract 1581-1, 2 Riverglen	SUB AREA 2A Tract 1632-1-4 Meadowlark Farms	SUB AREA 2B Tract 1632-5 Meadowlark Farms	SUB AREA 2C Tract 1632-6-7 Meadowlark Farms	SUB AREA 2D Tract 1632-8 Meadowlark Farms	SUB AREA 2E Tract 1632-9 Meadowlark Farms	SUB AREA 2F Tract 1632-10 Meadowlark Farms	SUB AREA 3 Tract 1457	SUB AREA 4 Tract 1619 Union
DIRECT COSTS									
Greenbelt/ Open Space/ Common Area Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Parkway & Median Landscape Maintenance	12,787	17,975	3,484	18,074	4,472	8,221	8,500	4,658	9,908
Landscape Maintenance	12,787	17,975	3,484	18,074	4,472	8,221	8,500	4,658	9,908
Landscape Water	1,909	1,875	363	1,921	475	858	887	527	405
Electricity (Street Lighting)	1,288	3,331	646	2,505	620	1,524	1,575	1,850	1,750
Electricity (Landscaping)	431	96	19	98	24	44	45	88	334
Electricity	1,719	3,427	664	2,602	644	1,567	1,620	1,938	2,084
Repairs	410	582	113	565	140	266	275	178	310
Direct Costs (Subtotal)	16,825	23,859	4,624	23,162	5,731	10,912	11,282	7,301	12,707
ADMINISTRATION COSTS									
District Administration ⁽¹³⁾	2,145	3,042	590	2,953	731	1,391	1,439	931	1,620
County Administration Fee	97	193	37	145	36	88	91	132	88
Admin. Costs (Subtotal)	2,243	3,235	627	3,099	767	1,480	1,530	1,063	1,709
Total Direct and Admin. Costs	19,067	27,094	5,251	26,261	6,497	12,392	12,812	8,364	14,416
LEVY ADJUSTMENTS									
Operational Fund Collections / (Contributions)	0	(769)	(448)	939	232	620	641	(1,290)	0
Contributions from General Fund	(8,728)	(13,211)	(1,053)	0	0	0	0	(136)	(4,019)
Levy Adjustments (Subtotal)	(8,728)	(13,980)	(1,501)	939	232	620	641	(1,426)	(4,019)
Balance to Levy	\$10,339	\$13,114	\$3,750	\$27,200	\$6,730	\$13,011	\$13,453	\$6,938	\$10,397
DISTRICT STATISTICS									
Total Parcels	65	129	25	97	24	59	62	88	59
Total Assessable Parcels	65	129	25	97	24	59	61	88	59
Total Parcels to be Levied (FY 2005/06)	65	129	25	97	24	59	61	88	59
Total Acreage	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Benefit Units	65.00	129.00	25.00	97.00	24.00	59.00	61.00	88.00	59.00
Levy per Unit/Acreage	\$159.06	\$101.66	\$150.00	\$280.41	\$280.38	\$220.52	\$220.52	\$78.84	\$176.22
Prior Year Maximum Assessment Rate	\$159.06	\$101.66	\$150.00	\$276.10	\$700.80	\$400.00	\$400.00	\$77.63	\$176.22
New Adjusted Maximum Assessment	\$159.06	\$101.66	\$150.00	\$280.41	\$711.73	\$406.24	\$406.24	\$78.84	\$176.22
Actual Maximum Rate (Not Rounded)	\$159.06	\$101.66	\$150.00	\$280.41	\$711.73	\$406.24	\$406.24	\$78.84	\$176.22

	SUB AREA 1 ⁽¹⁾	SUB AREA 2A	SUB AREA 2B	SUB AREA 2C	SUB AREA 2D	SUB AREA 2E	SUB AREA 2F	SUB AREA 3	SUB AREA 4
Current Maximum Assessment Rate	65.00	129.00	25.00	97.00	24.00	59.00	61.00	88.00	59.00
Maximum Assessment Rate	\$159.06	\$101.66	\$150.00	\$280.41	\$711.73	\$406.24	\$406.24	\$78.84	\$176.22
Maximum Assessment Revenue	\$10,338.90	\$13,114.14	\$3,750.00	\$27,199.49	\$17,081.58	\$23,968.16	\$24,780.64	\$6,938.01	\$10,396.98
Total Revenue Needed for Costs Only	\$19,067.22	\$27,094.26	\$5,250.81	\$26,260.53	\$6,497.47	\$12,391.93	\$12,812.01	\$8,363.82	\$14,415.63
Revenue Shortfall	(\$8,728.32) 1	(\$13,980.12) 1	(\$1,500.81) 1	\$0.00 0	\$0.00 0	\$0.00 0	\$0.00 0	(\$1,425.81) 1	(\$4,018.65) 1
Max Rate Needed Just for Costs	\$293.34 1	\$210.03 1	\$210.03 1	\$270.73 0	\$270.73 0	\$210.03 0	\$210.03 0	\$95.04 1	\$244.33 1
Rate Variance	\$134.28	\$108.37	\$60.03	(\$9.68)	(\$441.00)	(\$196.21)	(\$196.21)	\$16.20	\$68.11
Rate Increase Percentage	84.42%	106.60%	40.02%					20.55%	38.65%
Total Revenue Needed for Costs + Operational Fund Balance	\$20,020.58	\$28,448.97	\$5,513.35	\$27,573.56	\$6,822.34	\$13,011.53	\$13,452.61	\$8,782.01	\$15,136.41
Revenue Shortfall	(\$9,681.68) 1	(\$15,334.83) 1	(\$1,763.35) 1	(\$374.06) 1	\$0.00 0	\$0.00 0	\$0.00 0	(\$1,844.00) 1	(\$4,739.43) 1
Max Rate Needed for Costs + Operational Fund Balance	\$308.01 1	\$220.53 1	\$220.53 1	\$284.26 1	\$284.26 0	\$220.53 0	\$220.53 0	\$99.80 1	\$256.55 1
Rate Variance	\$148.95	\$118.87	\$70.53	\$3.86	(\$427.47)	(\$185.71)	(\$185.71)	\$20.95	\$80.33
Rate Increase Percentage	93.64%	116.93%	47.02%	1.38%				26.58%	45.58%
Total Revenue Needed for Costs + Operational Funds + Rehab/Repairs	\$21,021.61	\$29,871.42	\$5,789.02	\$28,952.23	\$7,163.46	\$13,662.10	\$14,125.24	\$9,221.11	\$15,893.23
Revenue Shortfall	(\$10,682.71) 1	(\$16,757.28) 1	(\$2,039.02) 1	(\$1,752.74) 1	\$0.00 0	\$0.00 0	\$0.00 0	(\$2,283.10) 1	(\$5,496.25) 1
Max Rate Needed for Costs + Operational Funds + Rehab/Repairs	\$323.41 1	\$231.56 1	\$231.56 1	\$298.48 1	\$298.48 0	\$231.56 0	\$231.56 0	\$104.79 1	\$269.38 1
Variance	\$164.35	\$129.90	\$81.56	\$18.07	(\$413.25)	(\$174.68)	(\$174.68)	\$25.94	\$93.16
Variance Percentage	103.33%	127.78%	54.37%	6.44%				32.91%	52.86%
Check of Inflationary Adjustment-->	No Inflatior 0	No Inflatior 0	No Inflatior 0	INFLATOR 1	INFLATOR 1	INFLATOR 1	INFLATOR 1	INFLATOR 1	No Inflatior 0
Balloting Required for Costs-->	Yes 1	Yes 1	Yes 1	No 0	No 0	No 0	No 0	Yes 1	Yes 1
Balloting Required for Costs + Operational Fund Balance-->	Yes 1	Yes 1	Yes 1	Yes 1	No 0	No 0	No 0	Yes 1	Yes 1
Balloting Required for Costs + Operational Funds + Rehab/Repairs-->	Yes 1	Yes 1	Yes 1	Yes 1	No 0	No 0	No 0	Yes 1	Yes 1
Balloting Need-->	YES 1	YES 1	YES 1	YES 1	No 0	No 0	No 0	YES 1	YES 1
Number of Sub Areas-->	1	1	1	1	1	1	1	1	1
Balloting Suggested-->	1	1	1	1	1	1	1	1	1

RESOLUTION NO. 05-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
AWARDING A CONTRACT FOR LANDSCAPE MAINTENANCES SERVICES FOR THE LANDSCAPE
AND LIGHTING DISTRICT (LLD) TO MARTINELLI LANDSCAPING, INC. AND
PROVIDING DIRECTION ON THE BALLOTING OF DEFICIT SUB-AREAS

WHEREAS, the City's current landscape maintenance services contract expires June 30, 2005; and

WHEREAS, a notice inviting bids was published as required by the Public Contract Code and specifications were provided to all requesting individuals; and

WHEREAS, bids were solicited for all existing Landscape and Lighting District (LLD) sub-areas and the anticipated areas to be accepted into the district in the next fiscal year; and

WHEREAS, Martinelli Landscaping, Inc. was the only company to submit a bid which has been reviewed and deemed responsive; and

WHEREAS, the low bid submitted by Martinelli is \$675,552 per year, which is \$127,000 higher than the current contract; and

WHEREAS, with City approval the new contract term will begin July 1, 2005, and end June 30, 2006, with the option of four single year extensions; and

WHEREAS, the LLD consist of 113 sub-areas and 68 of the sub-areas are suggested for re-balloting; 46 of the sub-areas are operating in deficit and must be balloted to increase their assessment levy; and another 22 are recommended for balloting to include an inflationary adjustment clause; and

WHEREAS, unless the deficit sub-areas are re-balloted with successful results, the General Fund will temporarily advance \$136,200 for landscape maintenance; and

WHEREAS, successful balloting, including authority to make future annual inflation adjustments, would begin to bring the LLD back to fiscal self-sufficiency; and

WHEREAS, should the re-balloting prove unsuccessful, maintenance services to the deficit sub-areas will be reduced to balance costs against available funding, which the landscape contract allows for adjustment based on frequency of service.

NOW, THEREFORE, BE IT FOUND, DETERMINED AND RESOLVED by the City Council of the City of El Paso de Robles to award the Landscape and Lighting District Contract to Martinelli Landscaping, Inc. for approximately \$675,000 per year and provide direction relative to the balloting of the deficit sub-areas.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 5th day of July 2005 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Frank R. Mecham, Mayor

ATTEST:

Sharilyn M. Ryan, Deputy City Clerk