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CITY OF LONG BEACH, CALIFORNIA

Proposition L Review
Grounds and Landscape Maintenance Services

April 26, 2004

Audit Team

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GARY L. BURROUGHS, CPA
City Auditor

April 26, 2004

Robert S. Torrez
Director of Financial Management

At your request, we have applied certain agreed-upon procedures to records relating to the City's cost of providing grounds and landscape maintenance services at selected City sites as detailed in Bid Specifications PA-00304. The City currently contracts for such services in specific areas under two separate Bid Specifications, PA-00700 and PA-02200. These services are currently performed by Azteca Landscape and Midori Gardens, Inc. Contract number 27095, with Midori Gardens, Inc. and number 27055, with Azteca Landscape, both expired on October 31, 2003, but the contracts had the option to extend the term for one more year until October 31, 2004. The City has another contract with Azteca Landscape, contract number 27177, which expired on February 14, 2004. This contract also had a one-year period renewal option remaining in the contract. The City, however, opted not to exercise its right to renew the above contracts, but instead extended the term to April 30, 2004 and again to June 30, 2004, with City Council's approval, in order to prepare new specifications for grounds and landscape maintenance services and to continue service until new contracts can be awarded.

The specifications consolidate all the existing contracted areas and additional employee-serviced areas into one bid process in order for the City to benefit from economies of scale. The new sites that have been added to the specifications are El Dorado park landscape maintenance, street medians landscape maintenance, Tidelands turf and landscape maintenance, and parks refuse and green waste removal for all sites. The specifications also incorporate the recent organizational changes of transferring responsibility for street median maintenance from Public Works Department to Parks, Recreation and Marine (PR&M) to enable PR&M to be the primary contract administrator.

The purpose of applying the agreed-upon procedures was to:

- Verify the City's estimated cost of providing the service;
- Obtain an understanding of the assumptions used in preparing the service delivery alternatives proposed by the Employee Review Process Project (ERPP) group; and

- Compare the City's cost to the cost of having a private contractor perform the work in accordance with City Charter Section 1806 – Contracts for Work Usually Performed By City Employees. We also performed a three-way comparison between the City's cost, the ERPP's proposal and the contractors' cost for select areas for which the ERPP group has submitted proposals.

Section 1806 requires a finding that the work or the contracted services can be performed by a private contractor at an estimated lower cost to the City than if said work or services were performed by City employees.

We performed the following agreed-upon procedures:

- Reviewed bid specifications for grounds and landscape maintenance services;
- Obtained and analyzed the City's cost estimates for providing grounds and landscape maintenance services;
- Determined and evaluated the basis of estimated City costs through discussion with PR&M staff;
- Traced and agreed City's costs to source budget reports and documents;
- Obtained and analyzed the ERPP's cost estimates for providing grounds and landscape maintenance services;
- Determined and evaluated the basis of estimated costs in ERPP's proposal through discussion with ERPP team; and
- Adjusted the City's cost estimates and the ERPP's cost estimates to eliminate unavoidable costs.

There were several assumptions underlying the estimated cost of the ERPP's proposed alternative service delivery method, such as cost saving measures from combining landscape and turf crews, sharing vehicles and equipment between the two crews, and the use of Community Service Workers to perform certain tasks. We obtained the assistance of Agonia and Associates, a consultant who is an expert in the industry, to assist us in determining the operational viability of the ERPP's proposal. The consultant conducted a review of the ERPP's proposal, interviewed the employee group and prepared a separate report providing his opinion on the operational viability of the proposal. The consultant concluded that four additional staff would be needed in order for the ERPP group's proposal to meet the specifications. However, we did not

make any adjustments to the ERPP's proposal estimates as a result of the consultant's report. The consultant's report is in Attachment III.

As stated previously, the ERPP group did not propose on all areas. Therefore, we have divided our comparative analysis into two sections: 1) areas the ERPP group included in their proposal; and 2) areas that the ERPP group did not submit a proposal.

For the areas that ERPP submitted a proposal, the following is a comparison of the City's estimated cost of providing the service, the ERPP's proposal and the cost of private contractors based on the lowest bids received. These are summarized as follows:

AREAS INCLUDED IN ERPP'S PROPOSAL

Bid Item	City's Cost	ERPP's Proposal	Contractors' Cost
Northeast Streets ¹	\$ 524,285	\$ 391,668	\$ 214,560
Southeast Streets ¹	332,573	283,742	113,515
Tidelands Streets	135,762	109,586	31,932
Total Streets	\$ 992,620	\$ 784,996	\$ 360,007
El Dorado and Vicinity Parks	\$ 1,285,560	\$ 858,686	\$ 595,500
Tidelands Parks	529,886	371,482	173,766
Total Parks	\$ 1,815,446	\$ 1,230,168	\$ 769,266
Total	\$ 2,808,066	\$ 2,015,164	\$ 1,129,273

¹ The City's cost and ERPP's proposal for Northeast Streets and Southeast Streets include additional areas that were not included in the base bid specifications. For equitable comparison, we have included the additional areas in the contractor's cost for Northeast Streets and Southeast Streets.

AREAS INCLUDED IN ERPP'S PROPOSAL

Bid Item	Summary of Contractors' Savings			
	Compared to City's Costs		Compared to ERPP's Proposal	
Northeast Streets	\$ 309,725	59.1%	\$ 177,108	45.2%
Southeast Streets	219,058	65.9%	170,227	60.0%
Tidelands Streets	103,830	76.5%	77,654	70.9%
Total Streets	\$ 632,613	63.7%	\$ 424,989	54.1%
El Dorado and Vicinity Parks	\$ 690,060	53.7%	\$ 263,186	30.6%
Tidelands Parks	356,120	67.2%	197,716	53.2%
Total Parks	\$ 1,046,180	57.6%	\$ 460,902	37.5%
Total	\$ 1,678,793	59.8%	\$ 885,891	44.0%

For the areas that ERPP did not submit a proposal, the following is a comparison of the City's estimated cost of providing the service and the cost of private contractors based on the lowest bids received. These are summarized as follows:

AREAS NOT BID ON BY ERPP GROUP

Bid Item	City's Cost	Contractors' Cost	Contractors' Savings Compared to City's Cost	
Northwest Streets	\$ 346,683	\$ 73,752	\$ 272,931	78.7%
Southwest Streets	538,703	135,090	403,613	74.9%
Total Streets	\$ 885,386	\$ 208,842	\$ 676,544	76.4%
Northwest Parks	\$ 825,550	\$ 309,422	\$ 516,128	62.5%
Northeast Parks	722,871	348,000	374,871	51.9%
Southwest Parks	1,385,572	439,512	946,060	68.3%
Southeast Parks	1,177,579	380,438	797,141	67.7%
Total Parks	\$ 4,111,572	\$ 1,477,372	\$ 2,634,200	64.1%
Total	\$ 4,996,958	\$ 1,686,214	\$ 3,310,744	66.3%
Total of All Areas	\$7,805,024	\$ 2,815,487	\$ 4,989,537	63.9%

Details on the City's cost and ERPP's proposal are included as Attachments I and II, respectively.

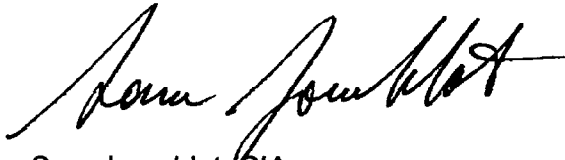
Robert S. Torrez, Director of Financial Management
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The term of the new contracts will be for one year with an option to extend by mutual agreement for up to three additional periods of one year each. The contracts also provide for a rate increase, which is not to exceed the change in the Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County Metropolitan Area (All Urban Consumers) published by the Bureau of Labor Statistics of the U.S. Department of Labor. Should the City exercise its right to extend the contracts, the cost differentials between the City's cost and the contractors' cost during the renewal terms are expected to remain unchanged since both costs will approximately be increased by the CPI increases allowed for in the contracts.

Sincerely,

GARY L. BURROUGHS, CPA
City Auditor

By



Sam Joumblat, CIA
Deputy City Auditor

- c: Phil Hester, Director of Parks, Recreation and Marine
Desiree Gooch, Contracts Officer, City Manager's Office
David Gonzalez, Administrative Services Manager, Financial Management
Thomas Shippey, Manager of Maintenance Operations Bureau, Parks,
Recreation and Marine
Geoffrey Hall, Special Projects Officer, Parks, Recreation and Marine

CITY'S DIRECT ANNUAL COST FOR
GROUNDS AND LANDSCAPE MAINTENANCE SERVICE
NORTHEAST STREETS

PERSONAL SERVICES	Average Annual Salary Per Employee (1)			Total	Total Salary (FTE X Total)
	FTE	Salary	Benefits & Insurance		
Auto Sprinkler Control Tech	0.22	\$43,524	\$23,109	\$66,633	\$14,659
Equipment Operator II	1.12	39,139	21,570	60,709	67,994
Equipment Operator III	0.28	42,044	22,589	64,633	18,097
Gardener I	0.28	35,719	20,370	56,089	15,705
Gardener I - NC	0.25	29,345	3,580	32,925	8,231
Gardener II	1.68	37,848	21,118	58,966	99,063
Maintenance Assistant II - NC	2.30	27,246	3,324	30,570	70,311
Maintenance Assistant III	1.17	34,917	20,089	55,006	64,357
Plumber	0.28	51,130	25,778	76,908	21,534
Power Equip Repair Mech II	0.28	45,819	23,914	69,733	19,525
Total Personal	7.86				399,476
NON-PERSONAL COSTS					
Fleet Services (2)				\$73,856	
Materials and Supplies (3)				35,542	
Interdepartmental Charges (5)				7,918	
Refuse/Dump Fees (6)				7,493	
Total Non-Personal Costs					124,809
TOTAL AVOIDABLE COSTS					\$524,285

Refer to page 6 of Attachment II for Note (1) and page 7 of Attachment II for Notes (2), (3), (5) and (6).

CITY'S DIRECT ANNUAL COST FOR
 GROUNDS AND LANDSCAPE MAINTENANCE SERVICE
 SOUTHEAST STREETS

PERSONAL SERVICES	Average Annual Salary Per Employee (1)			Total Total Salary (FTE X Total)
	FTE	Salary	Benefits & Insurance	
Auto Sprinkler Control Tech	0.09	\$43,524	\$23,109	\$66,633
Equipment Operator II	0.76	39,139	21,570	60,709
Equipment Operator III	0.19	42,044	22,589	64,633
Gardener I	0.19	35,719	20,370	56,089
Gardener I - NC	0.17	29,345	3,580	32,925
Gardener II	1.04	37,848	21,118	58,966
Maintenance Assistant II - NC	1.56	27,246	3,324	30,570
Maintenance Assistant III	0.65	34,917	20,089	55,006
Plumber	0.19	51,130	25,778	76,908
Power Equip Repair Mech II	0.19	45,819	23,914	69,733
Total Personal	5.03			253,300
NON-PERSONAL COSTS				
Fleet Services (2)				\$46,286
Materials and Supplies (3)				22,529
Interdepartmental Charges (5)				5,373
Refuse/Dump Fees (6)				5,085
Total Non-Personal				79,273
TOTAL AVOIDABLE COSTS				\$332,573

Refer to page 6 of Attachment II for Note (1) and page 7 of Attachment II for Notes (2), (3), (5) and (6).

CITY'S DIRECT ANNUAL COST FOR
 GROUNDS AND LANDSCAPE MAINTENANCE SERVICE
 TIDELANDS STREETS

PERSONAL SERVICES	FTE	Average Annual Salary Per Employee (1)		Total	Total Salary (FTE X Total)
		Salary	Benefits & Insurance		
Auto Sprinkler Control Tech	0.07	\$43,524	\$23,109	\$66,633	\$4,664
Equipment Operator II	0.28	39,139	21,570	60,709	16,999
Equipment Operator III	0.07	42,044	22,589	64,633	4,524
Gardener I	0.07	35,719	20,370	56,089	3,926
Gardener I - NC	0.06	29,345	3,580	32,925	1,975
Gardener II	0.42	37,848	21,118	58,966	24,766
Maintenance Assistant II - NC	0.57	27,246	3,324	30,570	17,425
Maintenance Assistant III	0.35	34,917	20,089	55,006	19,252
Plumber	0.07	51,130	25,778	76,908	5,384
Power Equip Repair Mech II	0.07	45,819	23,914	69,733	4,881
Total Personal	2.03				103,796
NON-PERSONAL COSTS					
Fleet Services (2)				\$19,003	
Materials and Supplies (3)				9,111	
Interdepartmental Charges (5)				1,980	
Refuse/Dump Fees (6)				1,872	
Total Non-Personal					31,966
TOTAL AVOIDABLE COSTS					\$135,762

Refer to page 6 of Attachment II for Note (1) and page 7 of Attachment II for Notes (2), (3), (5) and (6).

CITY'S DIRECT ANNUAL COST FOR
 GROUNDS AND LANDSCAPE MAINTENANCE SERVICE
 EL DORADO AND VICINITY PARKS

PERSONAL SERVICES	FTE	Average Annual Salary Per Employee (1)		Total	Total Salary (FTE X Total)
		Salary	Benefits & Insurance		
Auto Sprinkler Control Tech	0.05	\$43,524	\$23,109	\$66,633	\$3,332
Equipment Operator I	2.00	36,672	20,704	57,376	114,752
Equipment Operator II	2.16	39,139	21,570	60,709	131,131
Equipment Operator III	2.75	42,044	22,589	64,633	177,741
Gardener II	5.00	37,848	21,118	58,966	294,830
Maintenance Assistant II	1.82	32,231	19,146	51,377	93,506
Maintenance Assistant II - NC	2.75	27,246	3,324	30,570	84,068
Maintenance Assistant III	2.50	34,917	20,089	55,006	137,515
Power Equip. Repair Mech. II	0.07	45,819	23,914	69,733	4,881
Total Personal Services	19.10				1,041,756
NON-PERSONAL COSTS					
Fleet Services (2)				\$147,459	
Materials and Supplies (3)				88,687	
Interdepartmental Charges (5)				4,813	
Refuse/Dump Fees (6)				2,845	
Total Non-Personal Costs					243,804
TOTAL AVOIDABLE COSTS					\$1,285,560

Refer to page 6 of Attachment II for Note (1) and page 7 of Attachment II for Notes (2), (3), (5) and (6).

**CITY'S DIRECT ANNUAL COST FOR
GROUNDS AND LANDSCAPE MAINTENANCE SERVICE
TIDELANDS PARKS**

PERSONAL SERVICES	FTE	Average Annual Salary Per Employee (1)		Total	Total Salary (FTE X Total)
		Salary	Benefits & Insurance		
Auto Sprinkler Control Tech	1.00	\$43,524	\$23,109	\$66,633	\$66,633
Equipment Operator I	1.00	36,672	20,704	57,376	57,376
Gardener II	2.00	37,848	21,118	58,966	117,932
Maintenance Assistant II	2.00	32,231	19,146	51,377	102,754
Maintenance Assistant II - NC	1.00	27,246	3,324	30,570	30,570
Maintenance Assistant III	1.00	34,917	20,089	55,006	55,006
Total Personal Services	8.00				430,271
NON-PERSONAL COSTS					
Fleet Services (2)				\$45,837	
Materials and Supplies (3)				44,556	
Interdepartmental Charges (5)				9,222	
Total Non-Personal Costs					99,615
TOTAL AVOIDABLE COSTS					\$529,886

Refer to page 6 of Attachment II for Note (1) and page 7 of Attachment II for Notes (2), (3) and (5).

CITY'S DIRECT ANNUAL COST FOR
 GROUNDS AND LANDSCAPE MAINTENANCE SERVICE
 NORTHWEST STREETS

PERSONAL SERVICES	FTE	Average Annual Salary Per Employee (1)		Total	Total Salary (FTE X Total)
		Salary	Benefits & Insurance		
Auto Sprinkler Control Tech	0.17	\$43,524	\$23,109	\$66,633	\$11,328
Equipment Operator II	0.72	39,139	21,570	60,709	43,710
Equipment Operator III	0.18	42,044	22,589	64,633	11,634
Gardener I	0.18	35,719	20,370	56,089	10,096
Gardener I - NC	0.16	29,345	3,580	32,925	5,268
Gardener II	1.08	37,848	21,118	58,966	63,683
Maintenance Assistant II - NC	1.48	27,246	3,324	30,570	45,244
Maintenance Assistant III	0.87	34,917	20,089	55,006	47,855
Plumber	0.18	51,130	25,778	76,908	13,843
Power Equip Repair Mech II	0.18	45,819	23,914	69,733	12,552
Total Personal Services	5.20				265,213
NON-PERSONAL COSTS					
Fleet Services (2)				\$48,338	
Materials and Supplies (3)				23,227	
Interdepartmental Charges (5)				5,090	
Refuse/Dump Fees (6)				4,815	
Total Non-Personal Costs					81,470
TOTAL AVOIDABLE COSTS					\$346,683

Refer to page 6 of Attachment II for Note (1) and page 7 of Attachment II for Notes (2), (3), (5) and (6).

**CITY'S DIRECT ANNUAL COST FOR
GROUNDS AND LANDSCAPE MAINTENANCE SERVICE
SOUTHWEST STREETS**

PERSONAL SERVICES	Average Annual Salary Per Employee (1)			Total	Total Salary (FTE X Total)
	FTE	Salary	Benefits & Insurance		
Auto Sprinkler Control Tech	0.26	\$43,524	\$23,109	\$66,633	\$17,325
Equipment Operator II	1.12	39,139	21,570	60,709	67,994
Equipment Operator III	0.28	42,044	22,589	64,633	18,097
Gardener I	0.28	35,719	20,370	56,089	15,705
Gardener I - NC	0.25	29,345	3,580	32,925	8,231
Gardener II	1.68	37,848	21,118	58,966	99,063
Maintenance Assistant II - NC	2.30	27,246	3,324	30,570	70,311
Maintenance Assistant III	1.35	34,917	20,089	55,006	74,258
Plumber	0.28	51,130	25,778	76,908	21,534
Power Equip Repair Mech II	0.28	45,819	23,914	69,733	19,525
Total Personal	8.08				412,043
NON-PERSONAL COSTS					
Fleet Services (2)				\$75,107	
Materials and Supplies (3)				36,142	
Interdepartmental Charges (5)				7,918	
Refuse/Dump Fees (6)				7,493	
Total Non-Personal					126,660
TOTAL AVOIDABLE COSTS					\$538,703

Refer to page 6 of Attachment II for Note (1) and page 7 of Attachment II for Notes (2), (3), (5) and (6).

CITY'S DIRECT ANNUAL COST FOR
 GROUNDS AND LANDSCAPE MAINTENANCE SERVICE
 NORTHWEST PARKS

PERSONAL SERVICES	FTE	Average Annual Salary Per Employee (1)		Total	Total Salary (FTE X Total)
		Salary	Benefits & Insurance		
Auto Sprinkler Control Tech	0.01	\$43,524	\$23,109	\$66,633	\$666
Equipment Operator I	1.00	36,672	20,704	57,376	57,376
Equipment Operator II	1.31	39,139	21,570	60,709	79,529
Gardener I	2.00	35,719	20,370	56,089	112,178
Gardener II	1.25	37,848	21,118	58,966	73,708
Maintenance Assistant II	6.42	32,231	19,146	51,377	329,840
Maintenance Assistant II - NC	1.33	27,246	3,324	30,570	40,658
Maintenance Assistant III	0.04	34,917	20,089	55,005	2,200
Total Personal Services	13.36				696,155
NON-PERSONAL COSTS					
Fleet Services (2)				\$61,831	
Materials and Supplies (3)				50,150	
Public Service Charges/Graffiti Removal (4)				14,264	
Refuse/Dump Fees (6)				2,664	
Interdepartmental Charges (5)				486	
Total Non-Personal Costs					129,395
TOTAL AVOIDABLE COSTS					\$825,550

Refer to page 6 of Attachment II for Note (1) and page 7 of Attachment II for Notes (2) through (6).

**CITY'S DIRECT ANNUAL COST FOR
GROUNDS AND LANDSCAPE MAINTENANCE SERVICE
NORTHEAST PARKS**

PERSONAL SERVICES	FTE	Average Annual Salary Per Employee (1)		Total	Total Salary (FTE X Total)
		Salary	Benefits & Insurance		
Auto Sprinkler Control Tech	0.01	\$43,524	\$23,109	\$66,633	\$666
Equipment Operator I	1.15	36,672	20,704	57,376	65,982
Equipment Operator II	1.16	39,139	21,570	60,709	70,422
Equipment Operator III	0.76	42,044	22,589	64,633	49,121
Gardener II	1.25	37,848	21,118	58,966	73,708
Maintenance Assistant II	4.96	32,231	19,146	51,377	254,830
Maintenance Assistant II - NC	1.68	27,246	3,324	30,570	51,358
Maintenance Assistant III	0.18	34,917	20,089	55,006	9,901
Total Personal Services	11.15				575,988
NON-PERSONAL COSTS					
Fleet Services (2)				\$93,441	
Materials and Supplies (3)				44,462	
Public Service Charges/Graffiti Removal (4)				4,339	
Refuse/Dump Fees (6)				3,440	
Interdepartmental Charges (5)				1,201	
Total Non-Personal Costs					146,883
TOTAL AVOIDABLE COSTS					\$722,871

Refer to page 6 of Attachment II for Note (1) and page 7 of Attachment II for Notes (2) through (6).

CITY'S DIRECT ANNUAL COST FOR
 GROUNDS AND LANDSCAPE MAINTENANCE SERVICE
 SOUTHWEST PARKS

PERSONAL SERVICES	FTE	Average Annual Salary Per Employee (1)		Total	Total Salary (FTE X Total)
		Salary	Benefits & Insurance		
Auto Sprinkler Control Tech	0.06	\$43,524	\$23,109	\$66,633	\$3,998
Equipment Operator I	1.07	36,672	20,704	57,376	61,392
Equipment Operator II	1.26	39,139	21,570	60,709	76,493
Gardener I	1.00	35,719	20,370	56,089	56,089
Gardener II	2.86	37,848	21,118	58,966	168,643
Maintenance Assistant II	9.08	32,231	19,146	51,377	466,503
Maintenance Assistant II - NC	5.27	27,246	3,324	30,570	161,104
Maintenance Assistant III	0.98	34,917	20,089	55,006	53,906
Plumber	0.12	51,130	25,778	76,908	9,229
Total Personal Services	21.70				1,057,357
NON-PERSONAL COSTS					
Contractor Payment (7)				\$158,448	
Materials and Supplies (3)				79,519	
Fleet Services (2)				70,332	
Refuse/Dump Fees (6)				11,151	
Public Service Charges/Graffiti Removal (4)				8,279	
Interdepartmental Charges (5)				486	
Total Non-Personal Costs					328,215
TOTAL AVOIDABLE COSTS					\$1,385,572

Refer to page 6 of Attachment II for Note (1) and page 7 of Attachment II for Notes (2) through (7).

**CITY'S DIRECT ANNUAL COST FOR
GROUNDS AND LANDSCAPE MAINTENANCE SERVICE
SOUTHEAST PARKS**

PERSONAL SERVICES	FTE	Average Annual Salary Per Employee (1)		Total	Total Salary (FTE X Total)
		Salary	Benefits & Insurance		
Auto Sprinkler Control Tech	0.10	\$43,524	\$23,109	\$66,633	\$6,663
Equipment Operator I	1.18	36,672	20,704	57,376	67,704
Equipment Operator II	1.46	39,139	21,570	60,709	88,635
Equipment Operator III	0.63	42,044	22,589	64,633	40,719
Gardener I	2.00	35,719	20,370	56,089	112,178
Gardener II	1.84	37,848	21,118	58,966	108,497
Maintenance Assistant II	9.78	32,231	19,146	51,377	502,467
Maintenance Assistant II - NC	1.94	27,246	3,324	30,570	59,306
Maintenance Assistant III	0.37	34,917	20,089	55,006	20,352
Total Personal Services	19.30				1,006,521
NON-PERSONAL COSTS					
Fleet Services (2)				\$94,502	
Materials and Supplies (3)				55,913	
Refuse/Dump Fees (6)				11,151	
Public Service Charges/Graffiti Removal (4)				8,291	
Interdepartmental Charges (5)				1,201	
Total Non-Personal Costs					171,058
TOTAL AVOIDABLE COSTS					\$1,177,579

Refer to page 6 of Attachment II for Note (1) and page 7 of Attachment II for Notes (2) through (6).

ERPP'S DIRECT ANNUAL COSTS FOR
 GROUNDS AND LANDSCAPE MAINTENANCE SERVICE
 NORTHEAST STREETS

PERSONAL SERVICES	Average Annual Salary Per Employee (1)			Total	Total Salary FTE X Total
	FTE	Salary	Benefits & Insurance		
Auto Sprinkler Contol Tech	0.50	\$43,524	\$23,109	\$66,633	\$33,317
Equipment Operator II	0.99	39,139	21,570	60,709	60,102
Gardener I	0.50	35,719	20,370	56,089	28,045
Gardener II	0.99	37,848	21,118	58,966	58,376
Maintenance Assistant II - NC	2.48	27,246	3,324	30,570	75,814
Power Equip Repair Mech II	0.50	45,819	23,914	69,733	34,867
Total Personal	5.96				290,521
NON-PERSONAL COSTS					
Fleet Services (2)				\$61,618	
Materials and Supplies (3)				26,542	
Public Service Charges/Graffiti Removal (4)				7,918	
Refuse/Dump Fees (6)				5,069	
Total Non-Personal Cost					101,147
TOTAL AVOIDABLE COSTS					\$391,668

Refer to page 6 of Attachment II for Note (1) and page 7 of Attachment II for Notes (2), (3), (4) and (6).

ERPP'S DIRECT ANNUAL COSTS FOR
 GROUNDS AND LANDSCAPE MAINTENANCE SERVICE
 SOUTHEAST STREETS

PERSONAL SERVICES	Average Annual Salary Per Employee (1)			Total	Total Salary FTE X Total
	FTE	Salary	Benefits & Insurance		
Auto Sprinkler Control Tech	0.36	\$43,524	\$23,109	\$66,633	\$23,988
Equipment Operator II	0.73	39,139	21,570	60,709	44,318
Gardener I	0.36	35,719	20,370	56,089	20,192
Gardener II	0.73	37,848	21,118	58,966	43,045
Maintenance Assistant II - NC	1.82	27,246	3,324	30,570	55,637
Power Equip. Repair Mech. II	0.36	45,819	23,914	69,733	25,104
Total Personal Services	4.36				212,284
NON-PERSONAL COSTS					
Fleet Services (2)				\$45,177	
Materials and Supplies (3)				17,529	
Interdepartmental Charges (5)				5,373	
Refuse/Dump Fees (6)				3,379	
Total Non-Personal Costs					71,458
TOTAL AVOIDABLE COSTS					\$283,742

Refer to page 6 of Attachment II for Note (1) and page 7 of Attachment II for Notes (2), (3), (5) and (6).

ERPP'S DIRECT ANNUAL COSTS FOR
 GROUNDS AND LANDSCAPE MAINTENANCE SERVICE
 TIDELANDS STREETS

PERSONAL SERVICES	Average Annual Salary Per Employee (1)			Total	Total Salary FTE X Total
	FTE	Salary	Benefits & Insurance		
Auto Sprinkler Control Tech	0.14	\$43,524	\$23,109	\$66,633	\$9,329
Equipment Operator II	0.28	39,139	21,570	60,709	16,999
Gardener I	0.14	35,719	20,370	56,089	7,852
Gardener II	0.28	37,848	21,118	58,966	16,510
Maintenance Assistant II - NC	0.70	27,246	3,324	30,570	21,399
Power Equip. Repair Mech. II	0.14	45,819	23,914	69,733	9,763
Total Personal Services	1.68				81,852
NON-PERSONAL COSTS					
Fleet Services (2)				\$17,393	
Materials and Supplies (3)				7,111	
Interdepartmental Charges (5)				1,980	
Refuse/Dump Fees (6)				1,250	
Total Non-Personal Costs					27,734
TOTAL AVOIDABLE COSTS					\$109,586

Refer to page 6 of Attachment II for Note (1) and page 7 of Attachment II for Notes (2), (3), (5) and (6).

ERPP'S DIRECT ANNUAL COSTS FOR
 GROUNDS AND LANDSCAPE MAINTENANCE SERVICE
 EL DORADO AND VICINITY PARKS

PERSONAL SERVICES	Average Annual Salary Per Employee (1)			Total	Total Salary FTE X Total
	FTE	Salary	Benefits & Insurance		
Equipment Operator I	2.00	\$36,672	\$20,704	\$57,376	\$114,752
Equipment Operator II	2.00	39,139	21,570	60,709	121,418
Gardener II	3.00	37,848	21,118	58,966	176,898
Maintenance Assistant II	2.00	32,231	19,146	51,377	102,754
Maintenance Assistant II - NC	5.00	27,246	3,324	30,570	152,850
Total Personal Services	14.00				668,672
NON-PERSONAL COSTS					
Fleet Services (2)				\$98,795	
Materials and Supplies (3)				67,624	
Refuse/Dump Fees (6)				12,845	
Capital Start-up Cost (8)				10,000	
Interdepartmental Charges (5)				750	
Total Non-Personal Costs					190,014
TOTAL AVOIDABLE COSTS					\$858,686

Refer to page 6 of Attachment II for Note (1) and page 7 of Attachment II for Notes (2), (3), (5), (6) and (8).

ERPP'S DIRECT ANNUAL COSTS FOR
 GROUNDS AND LANDSCAPE MAINTENANCE SERVICE
 TIDELANDS PARKS

PERSONAL SERVICES	Average Annual Salary Per Employee (1)			Total	Total Salary FTE X Total
	FTE	Salary	Benefits & Insurance		
Auto Sprinkler Control Tech	1.00	\$43,524	\$23,109	\$66,633	\$66,633
Equipment Operator I	1.00	36,672	20,704	57,376	57,376
Gardener II	2.00	37,848	21,118	58,966	117,932
Maintenance Assistant II	1.00	32,231	19,146	51,377	51,377
Maintenance Assistant II - NC	0.80	27,246	3,324	30,570	24,456
Total Personal	5.80				317,774
NON-PERSONAL COSTS					
Fleet Services (2)				\$32,381	
Materials and Supplies (3)				16,327	
Interdepartmental Charges (5)				5,000	
Total Non-Personal Cost					53,708
TOTAL AVOIDABLE COSTS					\$371,482

Refer to page 6 of Attachment II for Note (1) and page 7 of Attachment II for Notes (2), (3) and (5).

**NOTES - GROUNDS AND LANDSCAPE MAINTENANCE SERVICE
PERSONAL SERVICES DETAIL**

NOTES:

(1) Personnel costs are based on annual budgeted salary and benefits by employee classification for fiscal year 2004.

	Annual Salary(a)	Fringe Benefits & Insurance			Total Salary & Adjusted Benefits
		Fringe Benefits & Insurance(c)	Less Unavoidable Costs(b)	Adjusted Benefits & Insurance	
Auto Sprinkler Control Tech	\$43,524	\$24,799	(1,690)	\$23,109	\$66,633
Equipment Operator I	36,672	22,128	(1,424)	20,704	57,376
Equipment Operator II	39,139	23,089	(1,519)	21,570	60,709
Equipment Operator III	42,044	24,221	(1,632)	22,589	64,633
Gardener I	35,719	21,757	(1,387)	20,370	56,089
Gardener I - NC	29,345	4,719	(1,139)	3,580	32,925
Gardener II	37,848	22,587	(1,469)	21,118	58,966
Maintenance Assistant II	32,231	20,397	(1,251)	19,146	51,377
Maintenance Assistant II-NC	27,246	4,382	(1,058)	3,324	30,570
Maintenance Assistant III	34,917	21,444	(1,355)	20,089	55,006
Plumber	51,130	27,763	(1,985)	25,778	76,908
Power Equipment Repair Mechanic II	45,819	25,693	(1,779)	23,914	69,733

(a) Annual Salary is based on an average of the classification service rates.

(b) Unavoidable costs are City indirect costs associated with human resources administration and employee benefits. These costs are allocated to City Departments as a percentage of employee direct salaries and are included in employee fringe benefits. These costs are considered unavoidable as the City would continue to incur these costs whether the subject service was contracted out or performed by City Staff. Unavoidable costs are excluded from City costs for purpose of estimating any potential savings from contracting out City services.

<u>Unavoidable Fringe Benefits</u>	<u>Allocation Percentage</u>
Employee Benefits Fund	1.529%
Retired Employee Health Benefits	2.353%
Total Percentage of Direct Salary	3.882%

(c) CalPERS (retirement system) notified the City that effective fiscal year 2000, all of its retirement plans were overfunded. It is anticipated that the City's retirement plans will remain overfunded until fiscal year 2005. Therefore, the City is not currently required to make cash outlays for employee or employer contributions to CalPERS for any of its plans. Plan assets are being reduced by ongoing contribution requirements until the plans are no longer overfunded. As such, we have included CalPERS contributions in fringe benefits to reflect these retirement costs.

NOTES - GROUNDS AND LANDSCAPE MAINTENANCE SERVICE

NOTES:

- (2) Fleet Services costs represent fuel, repair and maintenance, and capital recovery charges for the eventual replacement of vehicles once they have reached their useful life. Fleet Services Bureau supplied vehicle operating costs based on Parks Department's average cost by type of vehicle.
- (3) Materials, supplies and equipment costs include the estimated cost of small tools and equipment, uniforms, safety gear, materials, and supplies required in providing grounds and landscape maintenance.
- (4) Public Services/graffiti removal charges represent costs for restroom graffiti removal.
- (5) Interdepartmental charges represent various charges from Technology Services such as cellphone, pager, voicemail, etc.
- (6) Refuse fees are based on tons of refuse produced annually at \$33.79 per ton.
- (7) Contractor payment for the cost of maintenance services provided by the Conservation Corporation for Caesar Chavez Park. Caesar Chavez Park has been maintained by Conservation Corporation since its development.
- (8) Capital start-up cost represents the cost the City would incur to purchase vehicles and equipment, amortized on a straight-line basis over a ten-year period, if the City were to begin performing those services currently being performed by a contractor.

aaa
AGONIA
AND
ASSOCIATES

• environmental planning
• governmental relations

1127 Eleventh Street Ste. 820
Sacramento, CA 95814
Telephone: (916) 446-2098
FAX: (916) 446-6095
email: hragonias@aol.com

March 31, 2004

Sam A. Joublat
Deputy City Auditor
City of Long Beach
333 W Ocean Blvd
Long Beach, CA 90802

Dear Mr. Joublat:

Agonia and Associates have been retained to assist the audit team effort to review the bid proposal from the Employee Review Process Project Group (ERPP Group) to Bid Specifications #PA-00304 Ground Maintenance (Specification).

The ERPP Group should be complimented for their efforts as the proposal was developed with much thought and consideration. The ERPP Group bid proposal assumes that the required maintenance could be provided through the implementation of an alternative maintenance service delivery program. This maintenance program presents cost savings using the following assumptions:

- Maintenance of sites within a specific geographically confined area
- Combining the work efforts of the street and park crews
- Joint use of vehicles and equipment
- Reduction in supervisory staff
- Employment of non-career employees versus permanent City staff
- Utilization of a significant number of community service workers (CSW's)

The alternative work effort of the ERPP maintenance program, as noted above, though creative, will to some extent reduce the staffing level requirements to perform the maintenance services of the Specification, however, not to the degree of staffing levels identified in the ERPP Group bid proposal. The most important bid element to ensure the maintenance services required of the Specification is the staffing level and the makeup of

staff positions. The ERPP Group proposal is in my opinion, inadequate in both of these areas.

Staffing Level, Maintenance Service Delivery

Efficient, effective and sufficient staffing of personnel is of most importance in providing the maintenance services required of the Specification. The ERPP Group so as to reduce the cost of personnel, as well as vehicle and equipment usage and supervision, places considerable emphasis on the combining, restructuring and alternative scheduling of work crews. The amount of cost reductions in the ERPP proposal cannot be justified by what are obviously limited changes in current maintenance practices. (The landscape and street crews' maintenance assignment is the only significant operational changes from those presently performed).

The proposed alternative scheduling of the above work assignments may also require personnel to work in classifications other than those currently assigned. It should also be noted that as a result of City process with regard to staff reduction, many of the individual personnel considered by the ERPP Group to perform the maintenance services might not be the actual personnel associated with the final work effort.

The utilization of CSW's to perform the daily-required task of playground maintenance as well as their availability in sufficient numbers to perform the daily litter removal is very questionable.

The increased use of pesticides, including the use of plant growth regulators, even if applied frequently and properly will not significantly reduce workload, plant material waste removal requirements, or costs.

The development and implementation of a Maintenance Management System for both Street Tree Islands and Park Facilities, in most cases, provide maintenance quality enhancements, but not significant cost reductions. The cost to establish such system as well as the personnel cost to daily input the data and monitor the maintenance performance is significant.

Summary

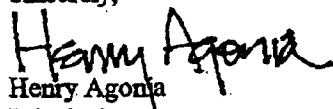
In my opinion the ERPP Group bid proposal will not provide the maintenance required of the Specification without an overall increase in the staffing level of four (4) positions as follows:

- ❖ Bid Section 2S & 5S (North East Streets)... Add one (1) Gardener I Position and one (1) Maintenance III Position
 - ❖ Bid Section 6 P (Tidelands Parks) ... Add one (1) Gardener I Position and one (1) Maintenance III Position
-

The ERPP Group bid proposal as presented including the introduction of the maintenance program alternatives and clarified during the March 19, 2004 meeting will require additional staff as illustrated and significant work effort by each member of the staff, an effort that is much more productive than current performance.

Again, thank you for the opportunity to be of service. If you have any questions regarding our bid proposal review, please feel free to contact me at (916) 446-2098.

Sincerely,


Henry Agonia
Principal

Robert E. Shannon
City Attorney of Long Beach
333 West Ocean Boulevard
Long Beach, California 90802-4664
Telephone (562) 570-2200

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ORDINANCE NO. C-

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LONG BEACH MAKING FINDINGS AND DETERMINATIONS REGARDING CONTRACTING FOR WORK USUALLY PERFORMED BY CITY EMPLOYEES AND AUTHORIZING THE CITY MANAGER TO ENTER CONTRACTS WITH AZTECA LANDSCAPE, MIDORI GARDENS AND WM. VANDERGEEST LANDSCAPE CARE, INC. FOR LANDSCAPE MAINTENANCE SERVICES

WHEREAS, the City of Long Beach has many sites located throughout the City which require landscape maintenance services; and

WHEREAS, to achieve cost savings, the City desires to contract for those landscape maintenance services, if those services can be performed by a private contractor as efficiently, effectively and at an estimated lower cost to the City than if the services were performed by employees of the City; and

WHEREAS, at its meeting of November 4, 2003, the City Council authorized the City Manager to advertise for bids pursuant to Specifications PA-00304 and requested the City Attorney to prepare this ordinance if the lowest responsible bids were less than the annual cost of providing those services with City forces; and

WHEREAS, bids were received and the lowest responsible bidders for those services were determined; and

WHEREAS, the City Auditor and the Department of Financial Management have calculated the annual cost to the City if the landscape maintenance services were performed by City employees, the annual cost if performed by the lowest responsible bidders, and the resultant cost savings, based upon the frequency of service required in the Specifications; and

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City Attorney of Long Beach
333 West Ocean Boulevard
Long Beach, California 90802-4664
Telephone (562) 570-2200

1 WHEREAS, based on these calculations, the City Council desires to make
2 the findings and determinations required by the City Charter and to authorize contracts for
3 landscape maintenance services;

4
5 The City Council of the City of Long Beach ordains as follows:

6
7 Section 1. Based on the calculations of the City Auditor and the Department
8 of Financial Management, the annual cost of landscape maintenance services if performed
9 by City employees, the cost of these services if performed by the lowest responsible
10 bidders Azteca Landscape, Midori Gardens, and WM. Vandergeest Landscape Care, Inc.,
11 and the resultant savings are as follows:

12	City Cost	\$7,805,024.00
13	Contract or Cost	\$2,815,487.00
14	Annual Savings	\$5,068,819.00

15
16 Sec. 2. The City Council finds and determines that landscape maintenance
17 services can be performed by private contractors as efficiently, effectively and at a lower
18 cost to the City than if the services were performed by employees of the City.

19
20 Sec. 3. The City Council has considered all other relevant factors and finds
21 and determines that the performance of custodial services by private contractors will not
22 be detrimental or adverse to the best interests of the citizens of the City.

23
24 Sec. 4. The City Manager is authorized to execute a contract with Azteca
25 Landscape in an annual amount not to exceed \$2,207,434.00 which amount is 15% above
26 the base bid of \$1,898,638.00 to allow for "as-needed" or emergency work and includes
27 \$24,000.00 for suggested work, and a contract with WM. Vandergeest Landscape in an
28 annual amount not to exceed \$678,176.00 which amount is 15% above the base bid of

1 \$568,849.00 to allow for "as-needed" or emergency work and includes \$24,000.00 for
2 supplemental work, and a contract with Midori Gardens in an annual amount not to exceed
3 \$400,200.00 which amount is 15% above the base bid of \$348,000.00 to allow for "as-
4 added" or emergency work, all in accordance with Specifications PA-00304. Each contract
5 shall be for a period of one year. Each contract may be amended to add the services from
6 another contract if one or more parts of that other contract are cancelled and, accordingly,
7 the "not to exceed" amount will be increased to pay for the additional services provided
8 that, for any amendment, the City Auditor and the Department of Financial Management
9 determine that the services can still be performed at a lower cost to the City than if the
10 work were performed by City employees. The contract may, at City's sole option and with
11 each contractor's agreement, be renewed for three (3) separate, consecutive periods of
12 one (1) year each provided that, for each renewal period, the City Auditor and the
13 Department of Financial Management determine that the services continue to be
14 performed at a lower cost to the City than if the work were performed by City employees
15 and that the services have been satisfactorily performed. No subsequent resolutions,
16 ordinances or findings shall be required and the contract may be amended to extend the
17 term based on said determination.

18

19 Sec. 5. The City Clerk shall certify to the passage of this ordinance by the
20 City Council and cause it to be posted in three conspicuous places in the City of Long
21 Beach, and it shall take effect on the thirty-first day after it is approved by the Mayor.

22

23 I certify that this ordinance was adopted by the City Council of the City of

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28 //

Robert E. Shannon
City Attorney of Long Beach
333 West Ocean Boulevard
Long Beach, California 90802-4664
Telephone (562) 570-2200

1 Long Beach at its meeting on _____, 2004, by the following vote:

2 Ayes: Councilmembers: _____

3 _____

4 _____

5 _____

6 Noes: Councilmembers: _____

7 _____

8 Absent: Councilmembers: _____

9 _____

10 _____
11 City Clerk

12 Approved: _____
13 (Date)

14 _____
15 Mayor