

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: August 12, 2013

TO: Councilmember Felipe Fuentes, Chair
Energy and Environment Committee

FROM: *Gene Greene*
Gene Greene, Landscape Architect
Director, The Japanese Garden

Date: 6/18/14

Submitted in E&E Committee

Council File No: 12-1408

Item No.: 3

Deputy: Adam R. Lid

SUBJECT: Documentation Requested by Councilmember Bob Blumenfield

The following documentation is provided in response to a request made by Councilmember Blumenfield at the Energy and Environment Committee meeting of August 7, 2013, for Item number 5.

The Councilmember asked to be provided documentation to support why there is a 15% increase from the previous Japanese Garden contract which ended in 2008. I stated, at the meeting, it was mainly due to the annual City required 2% Living Wage Rate and materials increases.

The CAO's office (Wilson Poon) provided a report to the Mayor's Office covering the spectrum of services and an in depth cost analysis for the proposed new Garden five year contract. Their report was forwarded to this committee by the City Clerk

The original Garden Contract ended in June 2008. An RFP was released and two proposers responded and failed their Good Faith Effort. The RFP was updated to include additional City requirements and re-released. Four proposers responded. Two failed their Good Faith Efforts and the remaining two were interviewed, Conejo Crest landscape was selected. An updated 1022 was prepared, at the request of the CAO.

Several factors contributed to the projected 15% cost increases and the primary ones are:

- 1) The City's' mandatory Living Wage Rates (LWR) – In 2008 the mandatory LWR was \$10.96 per hour. In 2013 the mandatory LWR is \$12.16 per hour. Projecting to the end of the proposed five year contract in 2018 (at 2% per year) the LWR will be \$13.15 per hour. These rates do not include the overhead and profit of the contractor. The total increase from **2008 to 2018** is projected to be **20%**. (See the attached current and past actual Living Wage Rates from 1997 to 2014).
- 2) The previous Contract, which ended in 2008, had mark ups for materials at 5% and sub-contracted work at 10%. The pending new Contract mark ups are 15% for materials and 15% for sub-contracted work. The percentages are fixed for the life of the contract. (See the attached sheet from the contract covering mark-ups).

- 3) Three summary sheets from the CAO's report are attached showing the projected costs for the new five year contract ending in 2018. The estimated savings to the City over the five year period of the contract is \$3,582,048.
- 4) The attached "Japanese Garden Specialized Work and Expenditures" sheet indicates the diversity of services required for the proposed new Japanese Garden contract.

City of Los Angeles
CALIFORNIA



CURRENT AND PRIOR LIVING WAGE RATES

EFFECTIVE DATES	CASH WAGE + HEALTH BENEFITS (HB)	FULL CASH WAGE
July 1, 2013 - June 30, 2014	\$10.91 + \$1.25 per hour in HB	\$12.16 per hour
July 1, 2012 - June 30, 2013	\$10.70 + \$1.25 per hour in HB	\$11.95 per hour
July 1, 2011 - June 30, 2012	\$10.42 + \$1.25 per hour in HB	\$11.67 per hour
July 1, 2010 - June 30, 2011	No Increase*	
July 1, 2009 - June 30, 2010	\$10.30 + \$1.25 per hour in HB	\$11.55 per hour
July 1, 2008 - June 30, 2009	\$10.00 + \$1.25 per hour in HB	\$11.25 per hour
July 1, 2007 - June 30, 2008	\$9.71 + \$1.25 per hour in HB	\$10.96 per hour
July 1, 2006 - June 30, 2007	\$9.39 + \$1.25 per hour in HB	\$10.64 per hour
July 1, 2005 - June 30, 2006	\$9.08 + \$1.25 per hour in HB	\$10.33 per hour
July 1, 2004 - June 30, 2005	\$8.78 + \$1.25 per hour in HB	\$10.03 per hour
July 1, 2003 - June 30, 2004	\$8.53 + \$1.25 per hour in HB	\$9.78 per hour
July 1, 2002 - June 30, 2003	\$8.27 + \$1.25 per hour in HB	\$9.52 per hour
July 1, 2001 - June 30, 2002	\$7.99 + \$1.25 per hour in HB	\$9.24 per hour
July 1, 2000 - June 30, 2001	\$7.72 + \$1.25 per hour in HB	\$8.97 per hour
July 1, 1999 - June 30, 2000	\$7.51 + \$1.25 per hour in HB	\$8.76 per hour
July 1, 1998 - June 30, 1999	\$7.39 + \$1.25 per hour in HB	\$8.64 per hour
July 1, 1997 - June 30, 1998	\$7.25 + \$1.25 per hour in HB	\$8.50 per hour

* The CPI applicable to the COLA for the July 2010 annual adjustment is -0.8% thereby resulting in a 0% adjustment to the Living Wage rate. Consequently, the rate remains unchanged.

For additional information or assistance, call:

City of Los Angeles
Department of Public Works
Bureau of Contract Administration
Office of Contract Compliance
1149 S. Broadway Street, Suite 300
Los Angeles, CA 90015
Phone: (213) 847-2625 – Fax: (213) 847-2777

1, Labor, Material Procurement and Subcontracting

1.1 Labor

<u>POSITION</u>	<u>RATE (\$/HR.)</u>
Landscape Maintenance Foreman	\$27.50
Landscape Maintenance Laborer	\$19.50
Nurseryman	\$23.50
Superintendent	\$75.00
Irrigation Technician	\$65.00
Irrigation Apprentice	\$35.00
Tree Trimmer	\$48.00
Tree Groundsman	\$30.00

1.2 Material Procurement and Subcontracting

Material Procurement	15% mark up
Subcontracting	15% mark up

2. Invoicing and Payment

- 2.1 Once each month, Contractor shall submit to City an original and three (3) copies of an invoice in a format acceptable to the City which shall include all costs for services provided during the preceding month.
- 2.2 Billing breakdown shall be: Labor, Materials and Subcontracting.
 - 2.2.1 Labor related billing documents shall be submitted on the first of the month (include weekly timesheets)
 - 2.2.2 Materials related billing documents shall be submitted on the first of the month (include original invoice documentation).
 - 2.2.3 Subcontract work related billing documents shall be submitted upon completion and acceptance by the City Site Manager or designee (Include invoices and related documentation). The Contractor shall provide written confirmation that the subcontractors were paid for all approved work within thirty (30) days of receipt of invoice by the Contractor.
- 2.3 Invoices shall be prepared in such form and supported by such copies of invoices, payrolls, time sheets, and other documents of proof as may be reasonably required by CITY to establish the amount of such invoices as allowable expenses.

Report From
OFFICE OF THE CITY ADMINISTRATIVE OFFICER
Charter Section 1022 Determination

TO: (Department/Bureau and Division) Public Works/Sanitation	Contact: Gene Greene	Phone: (818) 756-8000	Date: 05-21-13
Activity/Service to be Contracted: To provide landscape and site services to the Japanese Gardens at the Donald C. Tillman Water Reclamation Plant.		Type of Contract: (Check one) <input checked="" type="checkbox"/> NEW <input type="checkbox"/> AMEND Term: Five years (Three years with two one-year options)	
Personnel Department Finding: CITY EMPLOYEES <u>HAVE</u> THE EXPERTISE TO PERFORM THE WORK. (Attach Personnel Department Contract Review Report).			

A. FEASIBILITY FINDINGS

This Office finds that, in accordance with Charter Section 1022, the work proposed to be contracted can be performed more feasibly by a contractor than by City employees for the following reason(s):	
<input type="checkbox"/>	There is insufficient existing City staff to perform the work proposed to be contracted and additional staff cannot be employed and trained in a timely manner to meet the department's needs.
<input type="checkbox"/>	The work is of limited scope or intermittent nature and it is unlikely that the City would be able to continue the employment of persons hired for this project.
<input type="checkbox"/>	Independent review is needed and/or the contractor has proprietary knowledge the City needs.
<input type="checkbox"/>	Council has declared an emergency pursuant to Charter Section 371 (e) (5) or (6), and neither existing nor additional staff is available in a timely manner to perform the work.
<input type="checkbox"/>	Other – see Comments Section below.

B. ECONOMIC FINDINGS

<input checked="" type="checkbox"/>	This Office finds that, in accordance with Charter Section 1022, the work proposed to be contracted can be performed more economically by a contractor than by City employees as summarized below. (Attach Contract Cost Analysis Form (CAO/ERD-2) completed by requesting department).				
	ESTIMATED COST OF CITY FORCES	TOTAL		PROPOSED CONTRACT COSTS	TOTAL
1	Cost of Civilian Positions	\$4,069,306	1	Proposed Contract Labor Costs	\$3,500,000
2	Cost of Sworn Positions		2	Other Pertinent Contract Costs (if provided)	
3	Other Pertinent Costs (if applicable)	3,160,900	3	Civilian Department Contract Administration Costs	148,158
			4	Sworn Department Contract Administration Costs	
	TOTALS	\$7,230,206		TOTALS	\$3,648,158

C. CONTRACTING IS NOT WARRANTED

<input type="checkbox"/>	This Office finds that, in accordance with Charter Section 1022, City employees have the expertise to perform the work proposed to be contracted, and it is not more feasible or economical to contract.
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D. COMMENTS

On October 7, 2008, this Office determined, in accordance with Charter Section 1022, that the proposed work can be performed more economically by contractor than City employees. On February 11, 2013, the Board of Public Works, on behalf of the Bureau of Sanitation, requested authority to execute a contract with Conejo Crest Landscape, Inc. to provide landscaping and site services for the Japanese Garden at the Donald C. Tillman Water Reclamation Plant. The term of the contract is three years with two one-year renewal options and the total contract ceiling over the five-year period is \$3.5 million. Since the 2008 findings were based on economic savings and given the significant economic changes over the last five years, this Office advised the Bureau to update these findings. As such, this Office continues to find that the work proposed to be contracted can be performed more economically by contractor than City employees. Over the five-year term, contractors can perform the work at a cost \$3.58 million less than the cost for City employees to perform the work. In the 2008 findings, this Office determined that contractors can perform the work at a cost \$2.0 million less than the cost to employ City workers. The \$1.58 million cost difference between the 2008 and 2013 findings is attributed to a \$2.6 million reduction in the contractor's cost, from \$6.3 million in 2008 to \$3.7 million in 2013. In addition, there is a \$100,000 increase in the Bureau's contract administration costs, from \$44,372 in 2008 to \$148,158 in 2013. The 2008 findings were based on one full-time employee spending one day per month on this task while the 2013 findings is based on four full-time employees.

At this time, it is unclear how the proposed contractor, Conejo, will provide this service at such a low cost of \$3.5 million over five years. The previous contractor provided this service at an annual cost of about \$1.1 million, which is \$400,000 more than Conejo. However, the previous contractor also employed two more gardeners than Conejo is proposing. In general, it is more cost and operationally effective to perform this work using contractors for the following reasons:

- City workers are annually entitled to 12 paid holidays, an average of 16 vacation days, 96 hours of sick time, and boot and uniform allowances. The contractors receive five unpaid holidays and when employees are sick or on vacation, the contractor must provide replacement employees.
- On average, there are approximately 15 rain days in the calendar year. The contractors do not work and are not paid on these days while City workers would continue to receive pay.
- New employees require approximately 10 days of training. The contractor is responsible for training employees on non-billing hours.
- As a result of the physical nature of the job, injuries occur in the field and the contractor would be able to replace injured employees to prevent disruption to services.
- City overhead rates are eight times more than the proposed overhead rates for the contractor.

0150-08498-0001 06130099 Work Assignment Number	 Analyst	 Chief	 Assistant CAO
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**5-Year Contract Cost Analyst Summary
Landscape and Site Care Services for the DCT Japanese Garden**

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>TOTAL</u>
Cost for Contractor to perform work	\$ 727,906	\$ 728,743	\$ 729,606	\$ 730,494	\$ 731,409	\$ 3,648,158
Cost for City Staff to perform work	<u>1,398,652</u>	<u>1,421,647</u>	<u>1,445,331</u>	<u>1,469,725</u>	<u>1,494,851</u>	<u>\$ 7,230,206</u>
	<u>\$ (670,746)</u>	<u>\$ (692,903)</u>	<u>\$ (715,725)</u>	<u>\$ (739,231)</u>	<u>\$ (763,443)</u>	<u>\$ (3,582,048)</u>

* Assumes 3% salary increases for City positions from 2014-18

Japanese Garden Specialized Work and Expenditures

Japanese Garden annual site elements and structural replacement/rehabilitation and improvement projects (CSRP) - \$200,000

DCT levee flood protection area – weeding, irrigation maintenance, rodent control, replanting (City mitigation mandated by the Corps of Engineers) - \$42,000

All work related equipment purchasing, repair and maintenance, plant material purchasing, irrigation equipment purchasing, chemical purchases, other incidental purchasing required for repairs or projects, emergency purchases - \$85,000

Additional seasonal labor, special and planned projects labor, event support - \$90,000

Sub Contracting of work tasks beyond the expertise or scope of the contractor or their ability to perform the work - \$60,000

Unforeseen emergencies - \$30,000

Sub Total: \$507,000

Women Business Enterprise (WBE) – Sub Contractor - Site Care (Garden and administration building) - \$53,000

Large scale Garden Black Pine structure stylizing and pruning - \$54,000

Dish bonsai and nursery stock black pine structure stylizing and pruning - \$9,000

GRAND TOTAL: \$623,000

**PROPOSED JAPANESE GARDEN FEE CHANGES
(Revised)**

Name of Facility	Entry Fees	Wedding Only	Luncheon	Filming
The Japanese Garden*	\$3 (general/current)			
	\$5 (proposed)	\$750 (current)	\$800 (current)	\$2000 (proposed)
	\$2 (senior/current)	\$1,200 (proposed)	\$1200 (proposed)	revised to \$500
	\$3 (proposed)			

Local Rental Comparison Matrix

Orcutt Ranch*	\$0.00	\$1,994	\$1,994	\$560 + \$80/hr.
Sherman Gardens	\$3 (gen), \$1 (sen)	\$2,000	\$2,000	N/A
Natural History/Page Museum	\$12 (gen), \$5 (sen)	\$8,500	\$8,500	\$9,000
Arboretum of L.A. County	\$8 (gen), \$6 (sen)	\$1,000	\$26/person	N/A
Descanso Gardens	\$8 (gen), \$6 (sen)	\$3,600	\$4,100	\$6,000
Puddingstone Resort	\$10	\$900	\$1,800	N/A
Earl Miller Japanese Garden	\$0	\$2,400	\$150/hr + \$190	N/A
Friendship Auditorium*	\$0	\$1,925	\$1,925	\$1,925
Grace E Simons Lodge*	\$0	\$1,615	\$1,615	\$640

Notes:

1. Sites marked with * are City of Los Angeles owned facilities
2. Student Filming Activities are free.

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PROPOSED JAPANESE GARDEN FEES
(Revised 5/15/2014)

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