



The Woodlands Township

The Woodlands, TX

EXECUTIVE SUMMARY

MEETING DATE: August 19, 2010

SUBJECT MATTER: Award of Bid – Park and Pathway Maintenance Services
Supplemental Information

BUDGET IMPACT: \$1,861,715 is proposed in the FY 2011 Budget for contracted services for park and pathway maintenance. The FY 2010 budget amount is \$1,771,000. All bid submittals are within the FY 2011 Proposed Budget.

FACTS/HISTORY: The Bid Tabulation indicates the following:

Category	Grotech	BIO	Brickman	TruGreen
Park Maintenance	\$ 1,199,229	\$ 999,013.40	\$ 1,106,965	\$ 1,195,175.73
Pathway Maint.	\$ 124,000	\$ 22,894.00	\$ 122,000	\$ 163,662.47
Jumbo Cul de Sac	\$ 66,552	\$ 52,921.00	\$ 41,000	\$ 72,447.58
Annual Total	\$ 1,389,781	\$ 1,074,828.40	\$ 1,269,965	\$ 1,435,285.78
Three Year Total	\$ 4,169,343	\$ 3,224,485.20	\$ 3,809,895	\$ 4,305,857.34

Bid Conditioning - Three Lowest Bidders

BIO Landscape and Maintenance, Inc:

BIO submitted the lowest bid at an annual cost of \$1,074,828.40 and \$3,224,485.20 for 36 months - a 28% decrease from the current 2010 contract value and a 24% decrease from their bid submittal in the 2007 Invitation to Bid for park and pathway maintenance services which was \$1,336,203. This is noteworthy as the number of parks and pathways has grown significantly since 2007.

BIO has many large contracts in the Houston area specializing in right-of-way mowing, detail landscape work, irrigation and construction projects. Company representatives indicated that they purposely reduced their cost /profit margin to be the low bidder with the justification that providing services in The Woodlands would boost their reputation and increase client base. They currently have 500 employees. BIO is a Yellowstone Landscape Company which was ranked #12 in the top 150 Lawn & Landscape companies in 2009 by Lawn & Landscape Magazine. Their headquarters are in Plano, TX. They indicate they will be opening a north-side branch in 4 – 8 weeks due to the amount of work performed in the area (Humble ISD, Spring ISD and several contracts in Conroe). If awarded the contract, they would hire additional staff to handle the increased work. They have a 24-hour, 365 days per year On-Call program, a dedicated “floating crew” for this contract and an Emergency Operations Plan to deal with hurricanes and other natural disasters.

As their pathway maintenance amount is extremely low compared to the other companies' prices, they were asked to confirm and validate the price. Representatives indicated the number was correct, that they had inspected the entire system and included the price for pathway segments that are not in parks and only the areas that need to be mowed.

In the conditioning meeting, they provided examples of reports, and a 30-60-90 day transition plan that would begin in September. They plan to dedicate five crews to the contract and a Project Superintendent for a total of 20-26 employees. BIO indicated they have a number of green initiatives such as BIO Compost, a custom-blend organic BIOLife fertilizer (similar to Microlife) and propane powered mowers.

Staff has concerns with the low price submitted by BIO, particularly with the pathway maintenance price and considering the 2007 bid amounts and comparisons to Houston Grotech the current contractor and Brickman. However, reference checks of the company have proven to be average to positive and they were up front about the justification for the low price. If BIO is selected as the contractor, it is recommended to provide additional Township staff resources / personnel or contract services to ensure BIO adheres to the specifications and quality performance expected.

The Brickman Group:

The Brickman Group submitted the second lowest bid at an annual cost of \$1,269,965 and \$3,809,895 for 36 months - a 15% decrease from the current 2010 contract value and a 1.4% decrease from their bid submittal in the 2007 Invitation to Bid for park and pathway maintenance services which was \$1,288,762.

In the bid conditioning meeting, Brickman submitted reasons for selecting them as the contractor: they are already established in the community; professionalism; appearance; safety procedures; responsiveness; reduced risk due to the size of the company; chemical action plan; and they provided a detailed transition plan which would include hiring additional staff for this contract. They have a detailed Natural Disaster Plan and have implemented green initiatives such as use of Prius cars for management, propane mowers, recycling programs and mulch kits.

Brickman's bid includes an in-kind annual donation valued at \$20,000 to be used for community events or upgrading older areas of the system - \$60,000 total over the three year term of the contract.

The Brickman Group was ranked #3 in the top 150 Lawn & Landscape companies in 2009 by Lawn & Landscape Magazine. Company headquarters are in Gathersburg, MD with 10,000 total employees. They have a branch office in The Woodlands and in addition to their Township park maintenance contracts for Town Green Park, Riva Row Park and Olmstead Park, they service Hewitt, Carlton Woods Association, and John Cooper School to name a few. Brickman is also the sub-contractor to The Woodlands Land Development Company for the Streetscape Maintenance Contract. They explained their low bid prices as their ability to gain efficiencies in combining work effort by performing streetscape neighborhood entry maintenance with adjacent neighborhood park maintenance and jumbo cul-de-sac island maintenance.

Staff has no concerns with The Brickman Groups' bid or ability to perform and execute the specifications of the contract.

Houston Grotech Services, Inc:

Houston Grotech submitted the third lowest bid at an annual cost of \$1,389,781 and \$4,169,343 for 36 months - a 7% decrease from their current contract value and a 26% increase from their bid submittal in the 2007 Invitation to Bid for park and pathway maintenance services which was \$1,101,134. Grotech representatives explained their bid as a result of the improved bid specifications, expansion to a seven day operation, standards and reports requirements. They indicate they would add additional staff including two Assistant Supervisors and new equipment.

Grotech is the current park and pathway maintenance contractor and has been for almost 15 years. They are a DBA of SERIL, Inc. with headquarters in Houston and a branch office in The Woodlands and have a total of 104 employees. In addition to providing services to the Township, Grotech has contracts with the cities of Sugarland and Bellarie, UT Health Science Center and Metropolitan Transit Authority.

Staff has no concerns with Grotech's bid submission.

Attached are pros and cons of each of the bid submittals based on staff review.

Three Year Model Analysis

As there is concern with low base bids but higher unit costs for additional specific tasks, a three year model was created to understand the financial impact of adding new park and pathways whose contract addition prices would be based on the submitted unit costs. Using the five year park & pathway plan projections provided by The Woodlands Land Development Company for the FY2011 Proposed Budget, the cumulative impact is as follows:

Cost	Grotech	BIO	Brickman	TruGreen
Base Bid (36 months)	\$ 4,169,343.00	\$ 3,224,485.20	\$ 3,809,895.00	\$4,305,857.34
Contract additions over 3 yrs.	\$ 288,645.85	\$ 150,963.57	\$ 173,511.19	\$ 207,240.62
AB Sports Park (*2.5 years)	\$ 160,083.00	\$ 114,345.00	\$ 49,320.81	\$ 166,181.40
SUB - TOTAL	\$ 4,618,071.85	\$3,489,793.77	\$ 4,032,727.00	\$4,679,279.36
Additional Value - donation			\$ 60,000.00	
TOTAL	\$ 4,618,071.85	\$3,489,793.77	\$ 3,972,727.00	\$4,679,279.36

The three year model forecasts BIO to still be lower than Brickman (2nd lowest bidder) by \$482,934 at the end of the three year contract period.

Time / Cost Analysis - Pathway Maintenance:

Due to the large variance on Pathway Maintenance, a time /cost analysis was conducted for this task. The task consists of four sub tasks: Blowing = 34 times per year; Mowing = 12 times per year; Trash Removal = 12 times per year; and Pruning = 4 times per year. The labor rate was calculated to be \$10 per hour and equipment costs were factored at \$5 per hour. Assumptions for speed of equipment and time to complete tasks are founded in industry standards and professional experience. From this analysis, a probable cost to perform this task is \$125,000 a year - which is consistent with the Brickman and GroTech bids, but not the \$22,894 submitted by BIO. Again, BIO stated they estimated the number of miles included in this price as only those miles of pathway not within a park, that they inspected every mile of pathway and determined areas that do not have areas to mow, and used this line item as their “lost leader” to get the contract.

Pathway Maintenance Analysis								
Task	Per year	Miles	Sides*	Variance**	Pathway "Miles"	Average Speed of Equipment	Miles/Speed=	Est Hours
Blowing	34	185	1		1	6290	5	1258
Mowing	12	185	2	0.5		2220	4	555
Trash Removal	12	185	2	1		4440	3	1480
Pruning	4	185	2	0.5		740	0.25	2960
Total Pathway Miles Per Year						12950	Total Hours P/Y	6253
							Estimated Labor Cost P/H	\$10
							Estimated Equip Cost P/H	\$5
							Average Crew Size	1.5
							Estimated Cost	\$125,060
Pruning- The number of occurrences per year is not specified; however from historical understanding this occurs approx four times per year								
Average Speed of Equipment- This number is in Miles Per Hour								
Sides- Two is placed in this column if the task needs to be performed on both sides of the pathway								
Variance- This is an attempt to account for the lack of mowing/pruning in some parts of the system due to forest growth and/or lack of forest								

Overall the bids received were well developed and the contractors understood the complexity of the specifications and the system. As this is the third time since 2006 this contract has been bid, the Township has good knowledge and experience with the process and issues to consider. In addition, valuable insight to these types of bid processes was gained from a third party professional, Dr. Todd Watson, of Texas A&M, who was retained in 2007 to analyze the similarly complex Streetscape Maintenance bids. Dr. Watson advised the following at that time:

- *As a general rule, quality contractors will tend to submit bid prices “to create the effect intended by the Owner/Managing Agent” as specified in the specifications. Other contractors tend to compete on price alone requiring the specifications to be enforced on a frequent basis. Low-bid contractors typically create additional work for the managing agent because they fail to provide the “other services” (e.g. meetings, reports, timely response, etc) not specifically outlined in the specs. I have consulted on properties where the property owner/manager was allured by a low bid price (against my recommendation) assuming that all contractors were bidding “apples to apples”. The quality of maintenance suffered on these properties, and the property managers had to expend additional resources to police the contractors and to re-solicit bids and hire new contractors that bid the properties as specified.*
- *When bidding on specifications, the current contractor always has the best understanding of the scope of work and associated costs. If there are huge inconsistencies between the bids*

of competing contractors and the current contractor, as is the case for The Woodlands, then this indicates that the new bidders probably do not fully comprehend the amount or intensity of services that will be required.

- *Contractors sometimes bid landscape maintenance jobs below the fair market price with the intention of up-selling to profit on future work that is not part of the contracted bid price. This includes plant installation, irrigation repair, and other extra services. Unfortunately, this is common in the industry because bidders can cancel most landscape contracts with few penalties if anticipated profits fail to materialize.*

RECOMMENDED BOARD ACTION: Award the bid for park and pathway maintenance services to BIO Landscape & Maintenance, Inc. and authorize the President /General Manager to execute a contract for the services to include an initial three year term and two options to extend the contract for one year periods; authorize up to seven percent of the annual contract amount for additional staff resources or contracted services to supervise and manage the performance of the contractor.

BIO Landscape & Maintenance

PROS	CONS
1. Large company with high profile contracts.	1. Several references indicated a good contractor, though questioned their ability to completed detailed work without oversight.
2. A branch would be located in The Woodlands area.	2. The Woodlands Township has no experience with Bio Landscaping
3. Experience in Parks and Pathways maintenance in the Houston area.	3. Unfamiliar with the intricacies of the park system and contract
4. Large equipment and employee base.	4. Bio's pathway costs are not consistent with market or a time analysis
5. Professional Appearance and Equipment.	5. Potential to be too large of a company thus not able to provide "one-on-one" services.
6. Low Bid	
7. Size allows for increase services and labor during emergency situations and special projects.	
8. Equipment for contract already available	

The Brickman Group

PROS	CONS
1. Professional Appearance and Equipment.	1. Price is higher than BIO Landscaping.
2. Increased efficiency due to streetscape maintenance contract.	2. All Streetscape and Park/Pathway maintenance performed by one contractor.
3. Acceptable level of service on current park contracts: Olmstead, Town Green Park, Waterway Square, and Riva Row Boat House.	3. Unfamiliar with the intricacies of the park system and contract
4. Size allows for increase services and labor during emergency situations and special projects.	4. Potential to be too large of a company thus not able to provide "one-on-one" services.
5. Community based office.	5. The challenge of being able to perform both the streetscape and parks and pathways contracts.
6. Due to location (Shadowbend Drive), able to respond to requests and issues in a timely response.	
7. Involved already in the community and events.	
8. Several of Brickman's management and account staff live in The Woodlands increasing oversight of the contract.	
9. Equipment for contract already available	
10. Third largest landscape maintenance company in the United States.	

Houston Grotech Services

PROS	CONS
1. Knowledge and understanding of the intricacies of the park and pathway system.	1. Price is higher than BIO Landscaping.
2. Keeping the same contractor (12 yrs +)	2. Crews/Fleet not always marked or in uniform; they indicated they would be creating a new image for work completed in The Woodlands including upgrading fleet and uniforms.
3. Reduced transition period.	3. Small number of staff dedicated to this contract. (currently 18 staff)
4. Equipment for contract already available.	4. Increased supervision required to assure quality of work; indicated they would be hiring two assistant supervisors to help with this aspect.