



Honorable Mayor and Members of the Hermosa Beach City Council

APPROVE THE FIRST AMENDMENT TO THE MAINTENANCE SERVICES AGREEMENT FOR ON-CALL LANDSCAPE MAINTENANCE SERVICES WITH MERCHANTS LANDSCAPE SERVICES, INC.

CEQA: Determine that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15378(b)(5) (administrative activities)
(Public Works Director Joe SanClemente)

Recommended Action:

Staff recommends City Council:

1. Determine that the First Amendment to the Maintenance Services with Merchants Landscape Services, Inc. is exempt from the California Environmental Quality Act pursuant to CEQA Guidelines Section 15378 (b)(5) (administrative activities);
2. Approve the proposed First Amendment to the agreement with Merchants Landscape Services, Inc. for On-call Landscape Maintenance Services, extending the contract term through June 30, 2027, increasing the total base contract amount by \$623,663, and the total contract amount from \$2,173,789 to \$2,797,452 (**Attachment 1**);
3. Authorize the Director of Public Works to increase the annual project contingency from \$65,000 to \$100,000 per year for Fiscal Year (FY) 26-27; and
4. Authorize the City Manager to execute the proposed amendment, approve minor non-substantive modifications if necessary, and execute all related documents, with the City Clerk attesting to the agreement subject to approval by the City Attorney.

Executive Summary:

At its May 24, 2022, meeting, City Council awarded a four-year maintenance services agreement to Merchants Landscape Services, Inc. (Merchants) to provide On-Call Landscape Maintenance Services, with an option to extend for one additional year (**Attachment 2**). The term for this agreement is currently set to expire on June 30, 2026. Staff requests approval of the proposed amendment to exercise the one-year extension option of the agreement to June 30, 2027, and increase the not-to-exceed contract amount by \$623,663, therefore increasing the total contract amount from \$2,173,789 to \$2,797,452. Exercising the one-year extension maintains service continuity, while the City evaluates long-term landscape and tree maintenance needs. Staff also requests an increase in the annual project contingency from \$65,000 to \$100,000 to better address

unforeseen maintenance needs, tree removals, and other as-needed beautification efforts.

Background:

The City relies on a third-party contractor for landscape and tree maintenance services. The scope of work includes, but is not limited to, the landscape maintenance of City parks, facilities, medians, and parkways and the trimming and care of more than 1,800 City-owned trees.

On April 21, 2022, the City conducted a competitive solicitation process for these services and identified Merchants Landscape Services, Inc. (Merchants) as the most qualified vendor. City Council awarded Merchants a contract at its May 24, 2022 meeting for a four-year period, starting on June 1, 2022 and ending June 30, 2026, with an option to extend the contract term by one additional year.

In July 2025 following multiple limb-failure incidents at Valley Park, staff initiated immediate safety inspections that resulted in the emergency removal of dead, diseased, and structurally compromised trees at Valley Park and along the Greenbelt. A total of twenty-six (26) trees were removed to ensure public safety after detailed inspections by certified arborists. On December 9, 2025, Council approved an increase in the annual contract contingency by \$15,000 from \$50,000 to \$65,000 to accommodate the additional cost associated with the unanticipated tree removals, arborist services, and tree replanting, while preserving adequate contingency for other as-needed work. Staff continues proactive inspections, in coordination with Merchants, of high-use park areas, and additional removals, and replanting, may be necessary in the future to mitigate similar public safety risks.

Past Council Actions

Meeting Date	Description
<u>May 24, 2022</u>	City Council awarded the landscape services contract to Merchants Landscape Services, Inc.
<u>December 9, 2025</u>	City Council increased the annual project contingency for the Landscape Maintenance Services contract with Merchants by \$15,000 from \$50,000 to \$65,000.

Discussion:

The current agreement will expire on June 30, 2026, and the contract is approaching its authorized spending limit as the approved contract amount only covered the period from FY 22-23 through FY 25-26. Continued services are necessary to provide ongoing landscape and tree maintenance city-wide.

Staff solicited updated rates from Merchants for the new fiscal year and worked closely with Merchants to negotiate unit price increases for the year as there was concern about

increases in labor rates, cost of materials, and growing need for more arborist services and removals. Merchants is seeking an approximately \$5,158 increase for the annual cost of woodchips due to the increase in cost for the material and an approximately \$16,599 increase for the annual cost of tree services, for the City's approximately 1,800 trees, primarily due to the increased need for arborist support services which is a required service as part of the contract. The City has experienced a number of tree removals in the past two years which has resulted in the increased need for these services to ensure tree maintenance oversight and public safety. All other line items in the contract are proposed to increase by 3%, which is below the Consumer Price Index (CPI).

Staff is actively working to review, update, and separate the landscape and tree maintenance services scopes of work, including the ongoing completion of an inventory of the City's trees, which has not been updated in many years. The separation of these scopes of work are intended to drive competition, seek more specialized care, particularly for tree services, as the licensing requirements for each service are different. Staff anticipates releasing the RFPs in FY 26-27 for services beginning in either in FY 26-27, prior to the end of the proposed contract extension term, or in FY 27-28. Staff recommends Council approve the proposed contract amendment to ensure service continuity and allow staff adequate time to refine the scopes of work and issue new RFPs.

Environmental Analysis:

The proposed action is not a project under the California Environmental Quality Act (CEQA) pursuant to Section 15378(b)(5), as it consists of administrative activities that will not result in a direct or indirect physical change in the environment. The amendment pertains to ongoing landscape maintenance services within the City.

Fiscal Impact:

The proposed first amendment extends the service contract one more year for FY 26-27 at a cost of \$623,663 for the base contract. In addition, staff is seeking Council approval of a \$100,000 contingency to cover as-needed emergency services for a total of \$723,663 for FY 26-27.

Staff will budget the upcoming FY 26-27 extension year service cost as part of the upcoming FY 26-27 budget.

Agreement Modification Request				
Agreement	Current Authorized Amount	Modified Request Amount	FY 2026-27 Budget Dept. Account #	Total Revised Contract Amount
MSA 22-005	\$2,173,789	\$623,563	105-2601-4201	\$2,797,352

Attachments:

1. Proposed First Amendment with Merchants Landscape Services
2. May 2022 executed agreement with Merchants Landscape Services

Respectfully Submitted by: Michael Dell'Amico, Management Analyst

Concur: Joe SanClemente, Public Works Director

Noted for Fiscal Impact: Henry Chao, Finance Manager

Reviewed by: Brandon Walker, Administrative Services Director

Legal Review: Jason Baltimore, Interim City Attorney

Approved: Steve Napolitano, City Manager