



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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Brush Management Cost Comparison Analysis

INTRODUCTION

Municipal Code Section 142.0412 requires brush management on publicly or privately-owned premises that are within 100 feet of a structure and contain native or naturalized vegetation. Of the more than 26,000 acres of open space managed by the Parks and Recreation Department, approximately 904 acres are located within 100 feet of structures. The Parks and Recreation Department's current brush management plan is to thin the entire brush management area (904 acres) every 21 months, with the goal of thinning 509 acres annually, using non-profit and for-profit contractors, as well as City forces.

On June 16, 2020, the City Council approved a five-year agreement with Aztec Landscaping, Inc. to serve as the sole, *for-profit* contractor which provides brush management services to the City. At that meeting, Councilmember Moreno requested that our Office work with staff to conduct an analysis comparing the costs of performing brush management as currently conducted using a combination of for-profit, non-profit, and City forces, against the alternative of using only non-profit and City forces.

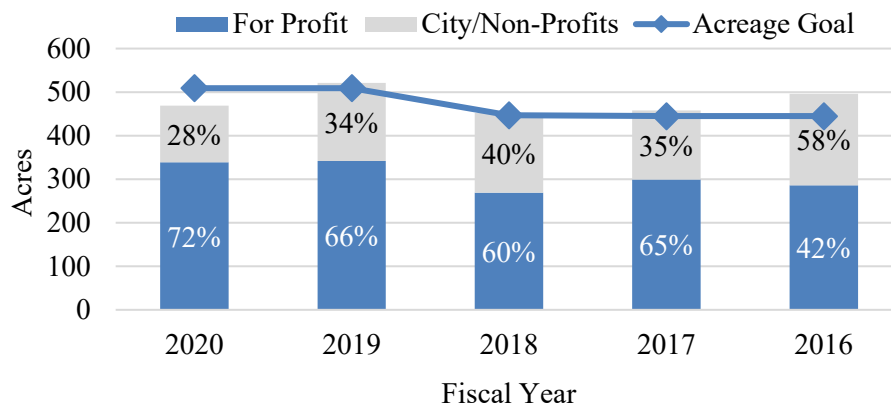
BACKGROUND

The Parks and Recreation Department's FY 2021 budget for open space brush management consists of 21.50 FTEs and \$5.2 million. Of the 21.50 FTEs, 15.00 FTEs actively conduct the physical brush management work in the field (City Field Crew) and the remaining 6.50 FTEs consist of management, administrative staff, and biologists, as detailed below.

Management/Admin./Biologists		City Field Crew	
6.50 FTEs		15.00 FTEs	
0.50	Project Officer II	2.00	Utility Supervisors
1.00	Associate Planner	4.00	Utility Worker 1's
1.00	Intern	9.00	Laborers
3.00	Environmental Biologists		
1.00	Grounds Maintenance Manager		

The City currently uses a combination of non-profit and for-profit contractors, as well as the City Field Crew, to achieve the goal of thinning 509 acres annually. Non-profit and City forces have a goal of thinning approximately one-third of the annual goal (170 acres) and the City contracts with a for-profit company, Aztec Landscaping, Inc. (Aztec), who is assigned the remaining 339 acres to be thinned annually. The City's non-profit contractors include the State's California Conservation Corps (CCC) and the Alpha Project.

Historical Brush Management Activity				
Fiscal Year	Acreage Goal	Acres Completed	For Profit	City & Non-Profits
2020	509	469	326	143
2019	509	521	342	179
2018	447	452	269	183
2017	445	459	299	159
2016	445	496	286	210



Regardless of which group is conducting the work, brush management activities generally consist of the following:

1. Flagging the area to be brush managed;
2. City Environmental Biologist surveys the area and flags resources to be cut and/or avoided;
3. Conducting brush management (i.e., cutting, removing material, and loading onto disposal vehicles); and
4. Disposing of material

Aztec's role is most comprehensive consisting of all of the facets listed above, with the exception of the City Environmental Biologist's surveys. Under the contract with Aztec, the City is currently charged a rate of \$6,760 per acre, subject to Consumer Price Index (CPI) increases at the start of each fiscal year.

Conversely, the non-profits only conduct the brush management work (item 3 above) and the City Field Crew completes the balance (items 1 and 4 above, in addition to also conducting brush management). CCC charges the City \$4,800 per acre while the Alpha Project currently charges an hourly rate of \$31.87 per Alpha Project crew member (increasing to \$34.08/hour on January 1, 2022). It should be noted that while the Department seeks to maximize the usage of its non-profits, availability is generally less than preferred. This is predominantly the case with the CCC given that their primary responsibility is wildfire response. During these fire events, CCC crews are not available for brush management work. There are no other known non-profit providers capable of performing this work at a satisfactory level.

Given the comingled nature of the work conducted by the City Field Crew and non-profits, in addition to non-profit availability constraints, it is difficult to determine the precise acreage workload for each of these groups over the course of a given year. With that said, the Department conducted a cursory review of schedules spanning the past several years and determined a rough estimate of the non-profit providers contribution generally representing one-third of the overall workload for this group. Provided the overall goal of 170 acres per year, it can be assumed that approximately 57 acres may be attributable to the non-profits.

FISCAL/POLICY DISCUSSION

The request from Councilmember Moreno asked for an analysis comparing the costs of performing brush management as currently conducted using a combination of for-profit, non-profit, and City forces, against the alternative of using only non-profit and City forces. Given that the use of non-profit providers is already being maximized as discussed above, our analysis below compares the following two alternatives for thinning the 339 acres not addressed by the current City Field Crew and non-profits: (A) the current costs of utilizing the for-profit contractor Aztec (Status Quo); versus (B) estimated costs associated with staffing additional City Field Crews.

(A) Status Quo

Determining the costs of having Aztec conduct brush management on the assumed 339 acres is relatively straight forward considering that these activities are billed on a per acre basis. Under the current contract, the FY 2021 rate is \$6,760 per acre which amounts to approximately \$2.3 million for 339 acres annually. For future years, the contract allows Aztec to request Consumer Price Index (CPI) adjustments at the beginning of each fiscal year, up to 5% per year. Assuming the maximum CPI adjustment of 5% each year of the contract, the total annual cost for 339 acres would be, at most, approximately \$2.8 million in FY 2025. All vehicles and equipment necessary for Aztec to complete the work, is procured and maintained on their own behalf at no expense to the City.

(B) Additional City Field Crews

The current City Field Crew, together with the two non-profit providers, have a current acreage goal of 170 acres. As discussed above, it is roughly estimated that one-third of this workload, or approximately 57 acres, is attributable to the non-profit providers, with the remaining two-thirds, or 113 acres, representing the capacity of the current City Field Crew consisting of 15.00 FTEs. Thus, it is estimated that three (3) additional City Field Crews (45.00 FTEs total) would be necessary to thin the 339 acres currently assigned to Aztec.

Based on FY 2021 average salary and fringe amounts, total personnel expenses for each additional City Field Crew is estimated to be \$1.1 million, as detailed in the table below.

Personnel Costs per Additional City Field Crew				
Position	FTEs	Salary	Fringe	Total Cost
Utility Supervisors	2.00	\$ 54,788	\$ 69,536	\$ 248,648
Utility Worker 1's	4.00	36,687	31,799	273,944
Laborers	9.00	36,201	29,621	592,398
Totals	15.00			\$ 1,114,990

In addition to personnel costs, various ongoing and one-time non-personnel costs would need to be incurred. Ongoing costs to be incurred annually are estimated to total \$184,000 per additional City Field Crew, primarily including vehicle usage and assignment costs, fuel, and supplies.

One-time/start-up costs, which include various types of vehicles and equipment, are estimated to total up to \$1.2 million per additional City Field Crew. These non-personnel costs (ongoing and one-time) are detailed in in the table below.

Non-Personnel Costs per Additional City Field Crew	
Ongoing Annual Costs	Total Cost
Vehicle Usage & Assignment	\$ 150,000
Fuel	20,000
Supplies	13,700
Total Ongoing Costs	\$ 183,700
One-time Costs	Total Cost
Standard Vehicles (12 Pick-up Trucks and Cars)	\$ 600,000
Packer Truck	350,000
High Side Truck	75,000
Equipment (Small Tools)	175,000
Total One-time Costs	\$ 1,200,000

Taken together, ongoing annual costs are estimated to be \$1.3 million for each City Field Crew, totaling \$3.9 million for all three additional City Field Crews.

Total Ongoing Costs			
Expense	\$ per Crew	# of Crews	Total
Personnel Expenses	\$ 1,114,990	3.00	\$ 3,344,970
Non-Personnel Expenses	183,700	3.00	551,100
Total:	\$ 1,298,690	3.00	\$ 3,896,070

Cost Comparison and Other Considerations

As detailed in the analysis above, the current costs of utilizing the for-profit contractor Aztec amounts to \$2.3 million per year assuming 339 acres of brush management (Status Quo). This produces an estimated annual savings of approximately \$1.6 million compared to the alternative of staffing additional City Field Crews to conduct the same workload, which would cost the City \$3.9 million on an ongoing basis. In addition to ongoing costs, the option of staffing additional Field Crews will require an initial one-time start-up investment of up to \$3.6 million (\$1.2 million per additional City Field Crew) to equip new City Field Crews with vehicles and other necessary equipment.

FY 2021 Ongoing Cost Comparison (339 Acres)	
Alternatives	Estimated Cost
For-Profit Contractor (Aztec)	\$ 2,291,640
Additional City Field Crews*	\$ 3,896,070
Difference:	\$ 1,604,430

*Does not include one-time expenses estimated to be \$3.6 million.

In addition to cost, we note the following operational considerations:

- *Budgetary Flexibility* – The Department’s annual acreage goal for open space brush management is largely driven by funding availability. Utilizing a for-profit contractor allows for increased flexibility to increase or decrease overall acreage capacity based on available budget.
- *Non-Profit Provider Reliability* – There is greater uncertainty associated with non-profit provider availability. In the case of CCC, their crews are typically reassigned from brush management work during wildfire events. In such cases, the for-profit contractor is generally able to increase their workload in order to meet overall acreage goals.
- *Yard Location for Additional City Field Crews* – The current City Field Crew is currently located at the Rose Canyon Operations yard. Given that the brush management facility at this location are near capacity, an alternative yard location suitable for 45.00 additional FTEs would need to be identified, should City forces assume the workload currently performed by the for-profit contractor.

CONCLUSION

Our Office was requested by Councilmember Moreno to conduct an analysis comparing the costs of performing brush management as currently conducted using a combination of for-profit, non-profit, and City forces, against the alternative of using only non-profit and City forces. Given that the use of non-profit providers is already being maximized, our analysis focused on comparing current costs of utilizing a for-profit contractor (Status Quo) against estimated costs associated with staffing additional City Field Crews to perform a similar workload.

As outlined above, it is estimated that ongoing costs associated with staffing additional City Field Crews would amount to an increase of approximately \$1.6 million annually compared to the current approach of utilizing a for-profit contractor to complete 339 acres of brush management.



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