

**Presentation to the Audit Committee
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Agenda Item AU13.10**

Review of Urban Forestry – Permit Issuance and Tree Bylaw Enforcement Require Significant Improvement

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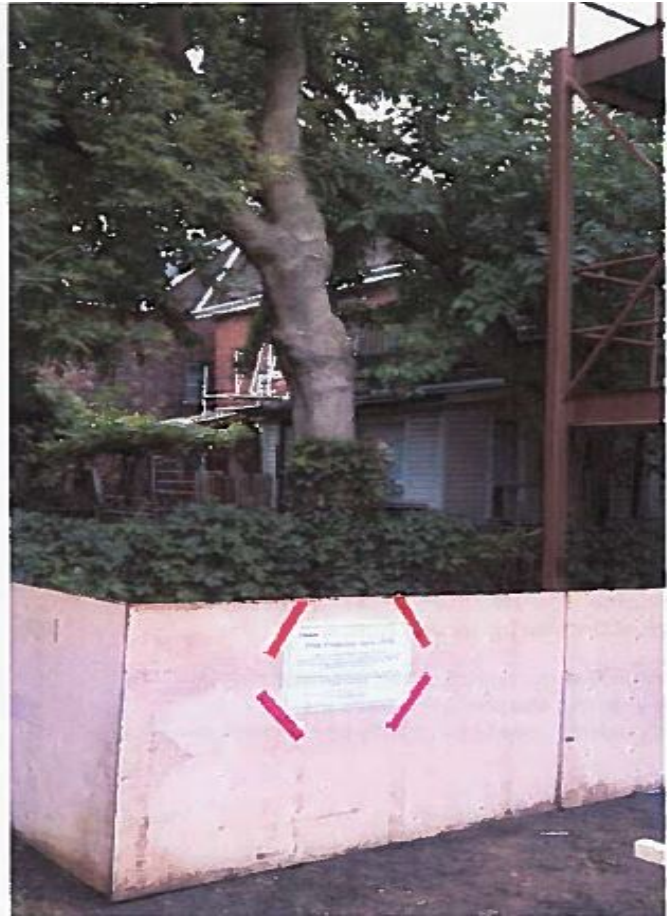
Background

- ▶ The City spent \$64 million and received \$23 million in revenues in 2017 to protect, maintain, and enhance the City's urban forest.
- ▶ Audit report focuses on Urban Forestry's permit issuance and bylaw enforcement functions.
- ▶ Effective administration and enforcement of the City's tree bylaws are key to preventing damage to trees caused by unauthorized tree removal or injury.
- ▶ Four District Offices and a Ravine and Natural Feature Protection group are responsible for issuing tree removal and injury permits, and for approving permit exceptions.
- ▶ In 2017, Urban Forestry received \$3.2 million in application fees for about 10,800 trees; this represents a 58% increase in the number of trees from 2015.

Areas where Urban Forestry Performs Well

- ▶ In 2015 and 2016, Urban Forestry developed a number of procedures to standardize the administration of tree bylaw requirements for its permit issuance and bylaw enforcement functions.
- ▶ A designated enforcement team was established in 2017. This helps to improve complaint response time and frees up staff resources to focus on permit application reviews.

Examples of Tree Protection Measures



Four Key Areas of Concern

1. Weak controls and insufficient management oversight
2. Lack of controls over the issuance of permit exceptions
3. Large amount of old and unclaimed deposits
4. Lack of incentive for compliance

1. Weak Controls and Insufficient Management Oversight

- ▶ No adequate information system to support its permit functions and management oversight:
 - ❑ Staff print permits from Excel spreadsheet
 - ❑ Much of the expected basic permit data are not properly tracked to allow for proper oversight and performance review
- ▶ No process to have routine supervisory review on permit files to ensure they are properly administered. Review of sampled files found:
 - ❑ Missed collection and incorrect calculation of permit-related payments (e.g. appraised tree value for City tree removal, cash-in-lieu of replanting)
 - ❑ Lack of inspection or other efforts to verify compliance with permit conditions (e.g., proper tree protection measures, tree planting)
 - ❑ Inconsistent practices among district offices

2. Lack of Controls Over the Issuance of Permit Exceptions

- ▶ No separate tracking of exceptions requested and approved.

- ▶ Current procedures are not clear on the level of documentation required to support staff's decision to approve or deny a permit exception.

- ▶ Our sample review found:
 - ❑ Some files contain detailed descriptions while other files contain no details on why staff approved the exception

 - ❑ 3 samples where trees appeared to be in poor condition but did not appear to present imminent danger were approved for exception

Photo of a Tree Approved for Permit Exception which Did Not Appear to Present Imminent Danger



3. Large Amount of Old and Unclaimed Deposits

- ▶ Applicants are required to pay certain deposits (Tree Planting Security or Tree Protection Guarantee) for City tree removal or injury permits.

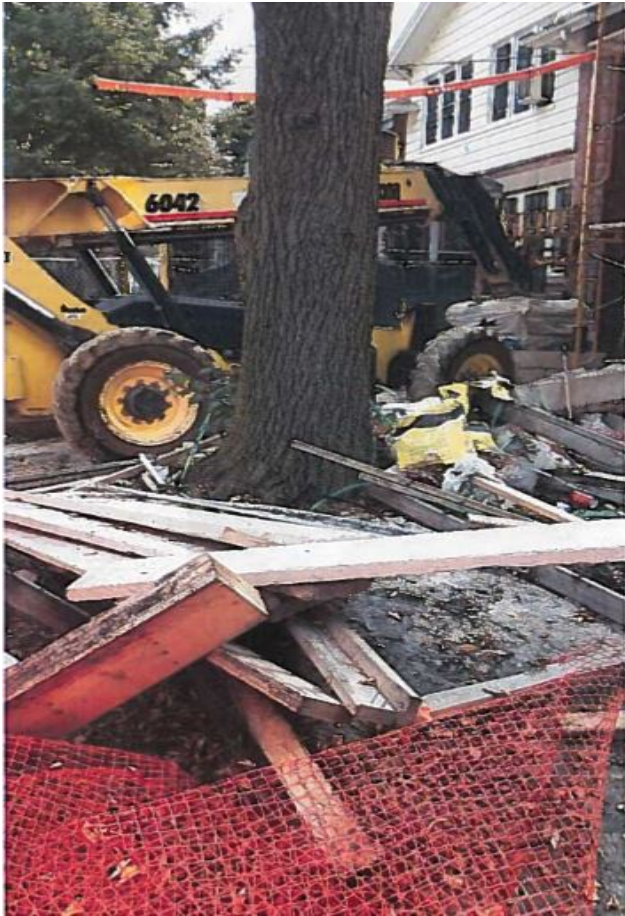
- ▶ As of February 2018, Urban Forestry had a balance of \$29.3 million in refundable deposits collected between 1994 and 2017. Approximately \$19.5 million was collected prior to 2016.

- ▶ Urban Forestry does not have a policy to address old unclaimed deposits:
 - ❑ No criteria to define “aged” deposits; no specific follow-up process
 - ❑ Relies on district staff to conduct follow-up on unclaimed deposits when resources allow
 - ❑ Instances of deposits not refunded due to a lack of follow-up actions by staff
 - ❑ No clear guideline or criteria to determine whether a deposit should be considered forfeited by an applicant. This may result in multiple inspections by staff

An Example of A Case with Repeated Inspections by Staff to Determine the Status of the Replanted Trees and Deposits

When	What happened
2005	➤ The applicant paid \$2,940 planting security deposit for planting 5 trees at a cost of \$588 per tree.
November 2006	➤ Urban Forestry staff inspected the site and noted the five trees were planted as required.
October 2007	➤ The applicant asked for a refund and was told to call back in October 2008 at which time Urban Forestry staff would inspect the trees.
May 2009	➤ Urban Forestry staff inspected the trees and noted deficiencies and advised the applicant of the corrective actions.
September 2010	<ul style="list-style-type: none"> ➤ Urban Forestry staff re-inspected the trees and noted one tree had a fair condition but the rest had a fair to poor condition. ➤ Noted to re-inspect in 2011.
June 2011	➤ Urban Forestry staff re-inspected the trees and noted all 5 trees were in poor condition. Staff notified the applicant of the noted deficiencies in January 2012.
August 2012	➤ Urban Forestry staff re-inspected the trees and noted the 5 trees were in fair to poor condition and notified the applicant.
June 2013	➤ Urban Forestry staff re-inspected the trees and noted 4 trees were in poor condition and 1 tree was in very poor condition and almost dead. It was noted that trees needed either maintenance or to be replaced.
July 2016	➤ Urban Forestry staff re-inspected the trees and noted 3 trees and 1 new tree were in fair condition. No note on TMMS about the one missing tree.
As of February 2018	➤ Deposit of \$2,940 received in 2005 remained on hold.

Examples of Tree Bylaw Contraventions



4. Lack of Incentive for Compliance

	Urban Forestry has the legal authority to require applicants to pay when applying for a permit	Urban Forestry has the legal authority to require individuals to pay when found non-compliant with the tree bylaws
Application fee (per tree) - construction-related: \$334.06 - non-construction related: \$111.67	Yes	N/A
Contravention inspection fee (per tree) - Construction-related: \$699.31 - non-construction related: \$233.1	N/A	Yes
Appraised tree value (e.g., \$3,400 for a 40 cm dbh Sugar Maple with a fair condition and location rating)	Yes	No
Tree Protection Guarantee (e.g., \$4,700 for a 40 cm dbh Sugar Maple with a fair condition and location rating)	Yes	No
Tree Planting Security Deposit (\$583 per tree)	Yes	No
Cash-in-lieu of replanting (when replanting cannot be done by applicants - \$583 per tree)	Yes	No

Conclusion

12 recommendations to:

- ▶ help strengthen controls over permit issuance
- ▶ ensure correct collection of the required permit payments and deposits
- ▶ Ensure adequate actions are taken to address old unclaimed deposits
- ▶ improve compliance with permit requirements
- ▶ improve effectiveness and efficiency of permit and enforcement functions

Questions?