

Urban Forestry Status Update on Ensuring Value for Money for Tree Maintenance Services

Date: October 9, 2019

To: Audit Committee

From: General Manager, Parks, Forestry and Recreation

Wards: All

SUMMARY

The purpose of this report is to respond to City Council's request that the General Manager, Parks, Forestry and Recreation report to the Audit Committee with a status update on the Auditor General's recommendations contained in the staff report dated April 26, 2019.

RECOMMENDATIONS

The General Manager of Parks, Forestry and Recreation recommends that:

1. The Audit Committee receive this report for information.

FINANCIAL IMPACT

There are no financial impacts resulting from the receipt of this report.

DECISION HISTORY

On May 14, 2019 City Council directed the General Manager, Parks, Forestry and Recreation, in consultation with the City Solicitor and the Chief Purchasing Officer, to conduct a review of the tree maintenance contracts referenced in the April 26, 2019 report from the Auditor General, in order to determine if the City can pursue legal action against the vendors to recover any monies, or to consider suspending any of the vendors from future work. The review should include, but is not limited to, a review of the vendor's work logs and associated Global Positioning System records, to review the accuracy of work logs, confirm work completed and identify discrepancies.

On May 14, 2019 City Council directed the General Manager, Parks, Forestry and Recreation to report to the Audit Committee in the fourth quarter of 2019 with a status update, and again in one year to provide a further update on results of the review of City vendor work logs and associated Global Positioning System records.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.AU2.4>

COMMENTS

Overview

The Auditor General (AG) began an audit of the Urban Forestry branch in 2017 and released the first report in 2018, which focused on permit issuance and tree bylaw enforcement. A second report, focusing on tree planting and maintenance, was later released in May 2019. The second report outlined a number of issues related to the management oversight of tree maintenance services and identified serious issues related to the accuracy of Global Positioning System (GPS) reports submitted by vendors under contract to the City of Toronto and insufficient oversight of daily work activity logs. In addition it identified the lack of GPS affixed to the City's own Urban Forestry vehicles.

Parks, Forestry and Recreation (PFR) has vigorously undertaken steps to meet the AG's recommendations, improve management oversight, explore options associated with contractual agreements with vendors and, in collaboration with the City solicitor, pursue legal action if needed to recover any losses.

Parks, Forestry and Recreation established a temporary audit response team, consisting of three staff to manage and oversee completion of the 25 AG and Audit Committee recommendations originating from the two reports. A request for resources needed to respond to the full scope of AG recommendations has been submitted for consideration through the 2020 operating budget process. The following provides an update on progress on implementing recommendations related to the second report.

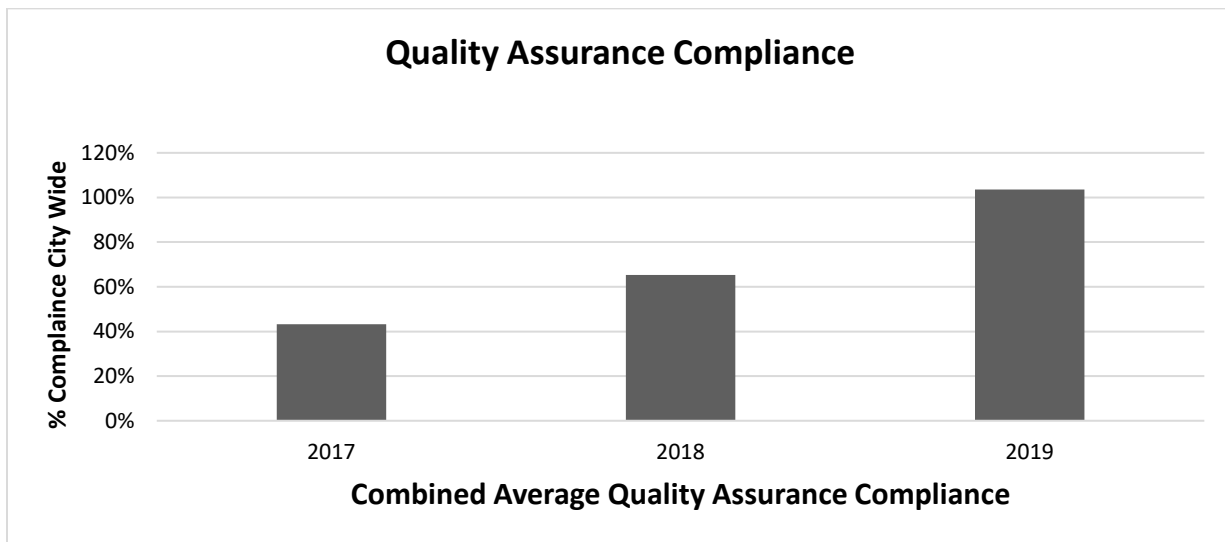
Investigation Activities

Parks, Forestry and Recreation, in consultation with the City's Legal Services and the Internal Audit division, is investigating a large sample of contractor's work records (approximately 200+) and reviewing them against GPS report records. Work is being reviewed based upon performance and alignment with GPS records. The preliminary analysis is expected to be concluded by the end of 2019. The conclusion of this analysis will inform next steps in terms of pursuing potential legal action. Staff will report back to Council in Q3 2020, with a further update on the results of this review, in accordance with Council's previous direction.

Inspection and Compliance Improvements

In response to the AG report, Urban Forestry has improved its compliance rate with respect to quality assurance inspections by 38%. The compliance rate for on-site inspections have increased to 115% and 98% for contractor and City crews respectively. Overall compliance is above 90% in seven of the nine Urban Forestry regions. Urban Forestry supervisors and managers perform internal reviews on samples of all quality assurance work completed by forepersons. Inspection staff also perform unannounced site inspections using both work order tracking and "live" GPS access.

As shown below, the compliance with quality assurance requirements has risen since 2017.



External Review of Contract Management

As a result of the AG review, PFR is pursuing a more extensive review of contract management processes. Through a competitive procurement process and in consultation with the Internal Audit Division, an external consultant has been engaged to conduct a technical review of contract management processes and provide recommendations for improvement.

This review will assess the effectiveness of contract management practices within Urban Forestry, including the identification of any gaps and required process improvements. This includes, but is not limited to:

- Monitoring and oversight of vendor performance
- Adherence to contract terms and conditions
- Accuracy of invoices and amounts paid to vendors
- Determining whether hours of work assigned to tasks are appropriate

This review, which is anticipated to be completed by Q1 2020, will further strengthen contract oversight within Urban Forestry.

Improved Oversight of Tree Maintenance Crews and Contracts

The Auditor General recommended that Urban Forestry improve its oversight of tree maintenance crews through regular reviews of contract related work, as a result of this recommendation, the following crew oversight process improvements have been implemented:

- Standardized sampling of both internal and contractor crews performance inspections; including inspection requirements for management staff to detect anomalies (four reviews per week).
- Mandatory reviews of a sampling of contract crew GPS information.
- Live GPS access to two of three vendors has been granted to Urban Forestry, allowing for real time tracking and greater oversight of contract crews and their locations. The third vendor provides weekly GPS reports to staff for review.
- GPS report review will also be mandatory for internal crews once GPS equipment is installed in City vehicles.

Since May of 2019, tree maintenance vendors have also informed us that they have enhanced their review of GPS reports using their own systems. One vendor has reported increased staffing levels to provide this oversight, another has increased the quantity of their spot checks and the third vendor now reviews each report prior to preparing invoices to the City. Future service contracts will include increased oversight requirements for all vendors.

GPS for City Vehicles

As recommended by the AG, Urban Forestry has begun the installation of GPS in approximately 200 Urban Forestry vehicles. Priority implementation is being placed on large equipment and vehicles such as bucket trucks and aerial cranes, followed by smaller inspection/support units such as pickup trucks and sedans. Installation of GPS is expected to be completed by Q1 2020. Following completion of installation, oversight requirements will be updated to include reviews of internal crews, similar to the review of external crews that are already being performed.

Supporting Activities Associated with Tree Maintenance

Parked Vehicles

The Auditor General recommended undertaking steps to reduce time spent on moving or towing parked vehicles so that tree maintenance work could be completed more efficiently. Urban Forestry is undertaking the following improvements, which will decrease time spent moving cars:

- Obtained Ministry of Transportation access for vehicle ownership and address information.
- Working with Toronto Police Services for additional parking enforcement officers to assist with temporary vehicle relocation.
- Looking at ways to amend the relevant bylaws to allow Urban Forestry authority to legally move parked vehicles.

Wood Chip Compounds

The Auditor General identified a requirement for assessing the feasibility of additional wood chip compounds to reduce crew travel times and increase efficiency. A number of factors require consideration when installing new wood chip locations:

- Distance from fuel stations
- Potential for illegal dumping if the site is not within a yard
- Distance from a residential area to ensure wood grinding operations can occur.

All Urban Forestry yards that have sufficient space to accommodate a wood chip compound already have one in place. Staff has identified a potential site, in the north central part of the City, proposed to open by 2024.

Category Management and Strategic Sourcing: Unit Rate Pricing

Urban Forestry is pursuing approaches through Category Management to leverage best practices to strategically source the services required. Defined unit rate contracts, hourly rate contracts and blended rate contracts, combining both hourly and unit rates, are being explored as potential improvements and efficiency savings. Two unit rate pilots associated with tree stumping and area street tree maintenance are underway in 2019.

A number of strategies such as: increasing competition, reducing administrative costs and simplifying request for proposal requirements will improve tree maintenance services procurement and contract oversight. These options would reduce the number of crews that would need to be directly monitored by a foreperson at the beginning and end of each shift, thereby reducing time spent on supporting activities.

Enterprise Work Order Management System (EWMS)

Parks, Forestry and Recreation, in collaboration with several other divisions, continues to work towards implementation of the new EWMS. This system will significantly modernize the way work is planned, tracked and documented. A number of the AG's recommendations will be implemented through the roll-out of the new system, anticipated to be in late 2020. The following table provides an overview:

Auditor Report Reference Recommendation #	How Work is Done Today	Post-EWMS Implementation
1 - Identification of contractor locations	City and contract crews use manual paper based recording for tracking daily work. Partial "Live" access to GPS information	Use of mobile devices and applications at the worksite record status of assigned work in real time
3 - Supervisor oversight and daily activity review	<p>City and contract crews use manual paper based recording for tracking daily work</p> <p>Paper based & manual distribution of work to crews</p> <p>Manual submission of work status' and completion</p>	<p>Use of mobile devices and applications at the worksite record work completion in real time</p> <p>Electronic allocation of work and real time data entry allows immediate validation, reduced potential for errors and automated status reports of work completion</p> <p>Automated sample generation for performance reviews</p>
4 - Quality assurance compliance	Microsoft Access based recording and manual reporting	Enhanced reporting and simplified access to "dashboard" type information for real time monitoring
5 - Oversight of supporting activities	Limited tracking of operations support activities (eg. parked cars, driving, dumping, etc.)	Real time entry and tracking of operations support activities and recording of contributory work against work orders
7 - Review of outstanding service requests	Limited reporting capabilities within existing work management system	Enhanced reporting and simplified access to "dashboard" type information for real time monitoring
8 & 9 - Tracking planting requests	Tree planting data is Excel based and only some information can be manually entered into the existing work management system	Automatic work order generation for planting requests eliminates the potential for missed tree replacements and improves tracking of planting requests and status.

Work Performed on Trees Under Warranty

The Auditor General recognized that Urban Forestry had implemented a new procedure to ensure maintenance work on trees under warranty was completed by the contractor responsible to do so. Data analysis to confirm the effectiveness of the new procedure will be completed by Q1 2020. The requirement to be able to identify trees that are under warranty has also been identified for the new EWMS.

Tracking of Tree Planting and Maintenance Requests

The Auditor General noted that responses to requests for arterial road and park tree planting were not adequately tracked. To address this, Urban Forestry has updated existing spreadsheets to track requests for proactive tree planting to ensure that service standards are being met. In addition to the existing work management system (TMMS) reporting, this is also followed through a 311 business intelligence reporting tool for all related forestry activities. A procedure is in development for improved service standard related reporting, which will coincide with the implementation of EWMS.

Replacement Tree Planting

The Auditor General found that Urban Forestry did not always plant new replacement trees following removal of existing trees and cases where a replacement tree was not feasible, the rationale for not planting a new tree was not always recorded in TMMS. Urban Forestry has developed a system to generate a list of all tree removals to ensure that a planting request is created when a suitable planting location is available. When a planting location is not suitable, notations are made within the system by Urban Forestry planting staff clearly stating this. This process will remain in place until full implementation of EWMS.

Better Coordination of Tree Planting Activities

The Auditor General instructed Urban Forestry to explore opportunities for coordination and consolidation of tree planting activities and contracts across the City. Urban Forestry continues to coordinate tree planting contracts and tree purchases with other divisions and external partners through a variety of initiatives including the Urban Forestry Working Group. The group's purpose is to create best management practices for tree planting that can be implemented by City divisions and partners to improve survival rates and maximize the tree canopy. Urban Forestry also continues to collaborate on the Category Management and Strategic Sourcing project led by PMMD to develop a strategy to achieve efficiencies and savings by consolidating contracts across divisions for similar work such as tree planting.

Conclusion

Urban Forestry will continue to take action to make additional improvements based on the Auditor General's recommendations and will continue to build upon the progress made. The General Manager of Parks, Forestry and Recreation will provide an update to Audit Committee in 2020.

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ATTACHMENTS

None