

Getting to the Root of the Issues – June 2022 Performance Update of Urban Forestry Contractors and City Crews

Date: May 20, 2022

To: Audit Committee

From: General Manager, Parks, Forestry and Recreation

Wards: All

SUMMARY

On February 9, 2021, the Auditor General released a report entitled "Getting to the Root of the Issues: A Follow-Up to the 2019 Tree Maintenance Services Audit", which was tabled at the Audit Committee meeting on February 16, 2021.

Council provided direction to Parks, Forestry and Recreation (PFR) to report to each meeting of the Audit Committee on experiences and data collected on the performance of Urban Forestry Contractors and City crews.

The purpose of this report is to provide the third performance update of Urban Forestry Contractors and City crews. This report highlights the continual improvement in productivity and operational efficiency being exhibited by the crews as a result of the implementation of the Auditor General's recommendations and PFR's increased oversight and enhanced contract management. When issues of unproductive time are found, PFR has tools to take immediate action to hold Contractors and City crews accountable in accordance with contract terms and the collective agreement. The performance update data presented in this report reflects the current arboricultural services contracts which came into effect on July 1, 2021.

RECOMMENDATIONS

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

1. The Audit Committee receive this report for information.

FINANCIAL IMPACT

There are no financial impacts as a result of the recommendation in this report. Resources to implement the Auditor General's recommendations as outlined in this report are included in the Parks, Forestry and Recreation's 2022 Council Approved Operating Budget. The continued implementation of these recommendations has resulted in improved productivity and operational efficiencies within existing resources.

Any incremental costs and/or cost savings as a result of implementing recommendations associated with the Tree Maintenance Services Audit, if necessary, will be included in future budget submissions for Parks, Forestry and Recreation through the annual budget processes.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the information as presented in the Financial Impact section.

DECISION HISTORY

At the April 6 and 7, 2022 City Council meeting, the City Solicitor and Chief Procurement Officer, Purchasing and Materials Management presented a supplementary report related to the January 2022 performance update, as directed by the Audit Committee.

<https://www.toronto.ca/legdocs/mmis/2022/cc/bgrd/backgroundfile-223683.pdf>

At the February 18, 2022 Audit Committee meeting, PFR presented its January 2022 performance update report, as directed by the Audit Committee.

<https://www.toronto.ca/legdocs/mmis/2022/au/bgrd/backgroundfile-175910.pdf>

At the July 7, 2021 Audit Committee meeting, PFR presented its 90-day action update and first performance update report, as directed by the Audit Committee.

<https://www.toronto.ca/legdocs/mmis/2021/au/bgrd/backgroundfile-167068.pdf>

At the May 5 and 6, 2021 City Council meeting, PFR presented its 60-day action update report, as directed by the Audit Committee.

<https://www.toronto.ca/legdocs/mmis/2021/cc/bgrd/backgroundfile-166196.pdf>

At the May 5 and 6, 2021 City Council meeting, City Council adopted "Award of Negotiated Request for Proposal Ariba Document 2305234907 to Various Suppliers for the Provision of Arboricultural Services at various City of Toronto locations".

<http://www.toronto.ca/legdocs/mmis/2021/cc/bgrd/backgroundfile-166407.pdf>

At the April 7 and 8, 2021 City Council meeting, PFR presented its 30-day action update report, as directed by the Audit Committee.

<https://www.toronto.ca/legdocs/mmis/2021/cc/bgrd/backgroundfile-165385.pdf>

At the February 16, 2021 Audit Committee meeting, the Auditor General tabled the report "Getting to the Root of the Issues: A Follow-Up to the 2019 Tree Maintenance Services Audit".

<http://www.toronto.ca/legdocs/mmis/2021/au/bgrd/backgroundfile-163322.pdf>

On July 9, 2020, the City Solicitor and the General Manager, Parks, Forestry and Recreation reported to the Infrastructure and Environment Committee on PFR's review of work performed by tree maintenance Contractors and provided related legal advice. A supplementary report was presented when the matter was considered by City Council on July 28 and 29, 2020.

<http://www.toronto.ca/legdocs/mmis/2020/cc/bgrd/backgroundfile-153676.pdf>

On October 25, 2019, the Audit Committee considered a report from the General Manager, Parks, Forestry and Recreation outlining the division's progress in responding to the May 2019 Council direction.

<http://www.toronto.ca/legdocs/mmis/2019/au/bgrd/backgroundfile-138849.pdf>

On May 14 and 15, 2019, City Council considered the Auditor General's audit, "Review of Urban Forestry - Ensuring Value for Money for Tree Maintenance Services", focused on tree planting and maintenance services.

<http://www.toronto.ca/legdocs/mmis/2019/au/bgrd/backgroundfile-132434.pdf>

COMMENTS

In response to and concurrent with the Auditor General's report, PFR has taken significant steps to improve oversight of the operational and contract management aspects of tree maintenance.

The implementation of the robust crew oversight and contract management framework, developed following the Auditor General's report, has resulted in continual improvement of tree maintenance contract and City crews with respect to accountability, productivity and operational efficiency.

The performance of tree maintenance crews is showing incremental improvement in productivity and efficiency across all measures including discreet physical observation, increased daily work activity reports (DWAR) and global positioning system (GPS) reviews and unannounced on-site inspections, as well as strengthened resolution of all noted issues and discrepancies. Specific findings are presented below.

The implementation of the Auditor General's recommendations have given PFR the tools to effectively manage the tree maintenance contracts, taking action in real time to address issues of unproductive time. Increased oversight of both contractor and City crews has resulted in quantifiable improvements with respect to productivity and operational efficiency and continuous improvements in the time crews are spending working on trees.

Performance of Urban Forestry Contractors and City crews

1. Physical Observation

Discreet physical observation of Urban Forestry hourly rate tree maintenance contractors began April 1, 2021, as recommended by the Auditor General through the 2021 audit. It is being conducted by an external surveillance firm with the goal of ascertaining the accuracy and reliability of reported work completed and paid for based on an hourly rate. Current arboricultural services contracts came into effect on July 1, 2021 and are a mix of hourly and unit rate contracts.

The undertaking of physical observation is providing PFR the opportunity to actively monitor and rectify instances of inefficient or unproductive work practices. PFR meets regularly with the contractors to review the physical observation findings and requests that immediate action be taken related to instances of unproductive time, such as crew discipline, invoice reconciliation and credit requests.

Findings:

The City recovered 22.8 hours through credits during the December 2021 to April 15, 2022 period. The findings of the physical observations in this monitoring period are showing overall continuous improvement in crew performance and a trend toward issues that are minor in nature. In the last week of the monitoring period reviewed, there was only one instance of unproductive time found.

PFR will continue to engage with the external surveillance firm to achieve improved accuracy and reliability of the work reported through the daily work activity logs.

Table: 1 Physical Observation

Physical Observation	July-November 2021	December 2021-April 15, 2022
Hours of observation	360	302*
Time recovered through credits (hours)	19.0	22.8
Recovered time as a percentage of physical observation hours	5.3 per cent	7.5 per cent

* the number of hours of physical observation is less than previous time period as a result of seasonal holidays and extreme snow event in January 2022.

2. GPS discrepancies

GPS discrepancies are reviewed through the Forestry Performance Inspection program and the number of reviews has doubled as a result of the recommendations from the Auditor General's 2019 and 2021 reports. The reviews are carried out on a weekly basis and consist of cross referencing the daily logs with the GPS report and map to verify

times and locations for accuracy for both City and Contractor crews. GPS reviews became a requirement for quality control inspections for Contractors on May 2, 2019 and for City crews on August 31, 2020.

Findings:

The most recent review period, December 2021 to March 2022 found a GPS to Daily Log accuracy rate of 98 per cent, a four per cent improvement from the previous review period.

Table: 2 Global Positioning Review

GPS Log to Daily Log Accuracy Rate	2021 July-November	December 2021-March 2022
Daily Logs	5636	3738*
Daily Logs Reviewed	766	568
Accurate Daily Logs	722	557
Percent Accurate	94 per cent	98 per cent
Daily Logs with Discrepancies	44	11
Non-billable time recovered through credits (hours)	3.28	0.83

* The number of daily logs is less for this time period due to seasonal holidays, an extreme weather event in January 2022 and it is a four month period as compared to the previous five month period

3. *Efficient use of time*

Efficient use of time is reviewed through the Forestry Performance Inspection program, for both City and Contractor crews. This measure is assessed by performing unannounced on-site inspections and quality control inspections combined with a review of daily logs and work order requirements, complaints received and any other supporting documentation, if applicable, such as a parked car log or GPS report. The size, condition and access to the trees being maintained is taken into consideration when evaluating the tree maintenance required.

Findings:

The most recent review period, December 2021 to March 2022 found an efficiency rate of 99 per cent, a one per cent improvement from the previous review period.

Table 3: Efficient Use of Time Review

Efficient Use of Time	2021 July-November	December 2021-March 2022
Daily Logs	5636	3738*
Daily Logs Reviewed	1960	1361
Daily Logs with no Discrepancies	1915	1346
Efficiency Rate	98 per cent	99 per cent
Number of Inefficiencies	45	15
Non-billable time recovered through credits (hours)	9.17	12.33

* The number of daily logs is less for this time period due to seasonal holidays, an extreme weather event in January 2022 and it is a four month period as compared to the previous five month period

4. Daily Work Activity Report Review

Batch samples of daily activity logs are manually reviewed in extensive detail to record and analyze the various activities of Contractor and City crews.

PFR has reviewed all daily logs for one operational location, in downtown Toronto, where the majority of productivity issues exist, to confirm an improvement in accuracy of documentation, productivity and operational efficiency. This operational location is a densely populated area with unique logistical challenges for tree maintenance crews including, a high percentage of street parking, narrow streets and conflicts with energized wires requiring coordination with Toronto Hydro. Urban Forestry has focused on the amount of time spent doing tree work as our key performance measurement. The results of this review are included in Table 4.

Findings:

The average amount of time spent on trees in March 2022 (based on central tendency of the data) showed improvement from the previous two reviews to four hours 45 minutes (mean). 80 per cent of the daily logs reviewed in March 2022 showed crews working on trees for more than four hours. In comparison, in February 2021, the Auditor General reported tree maintenance crews working on trees for three hours 31 minutes (mean).

Table 4: Daily Work Activity Report Review

Daily Work Activity Report Review	July 2021	October 2021	March 2022
Daily Logs Reviewed	92	126	103
Average (mean) hours spent doing tree work	four hours 24 minutes	four hours 44 minutes	four hours 45 minutes
Per cent of daily logs with greater than 4 hours spent working on trees	70 per cent	76 per cent	80 per cent

*results are based on paper review only, not on physical observation.

5. Invoice Verification

All invoices are verified before payment by Urban Forestry and invoice discrepancies are documented in the Forestry Performance Inspection database. PFR's Management Services Branch conducts a second level of invoice verification by reviewing a sample of invoices and supporting documentation, including daily logs, GPS reports and Forestry Performance inspection reports.

Findings:

From December through March 2022, 99 per cent of invoices did not require any adjustments due to deficiencies. The secondary review during this time period consisted of a sample of 110 invoices and found a 100 per cent compliance rate and no monetary discrepancies. These findings are consistent with the previous review which also found 99 per cent of invoices not requiring any adjustments and a 100 per cent compliance rate through the secondary review.

Table 5: Invoice Verification

Invoice Verification	2021 July-November	December 2021-March 2022
Invoices	793*	625**
Invoices with no adjustment required	783*	620
Invoices requiring adjustment	10	5

Invoice Verification	2021 July-November	December 2021-March 2022
Unbillable hours due to deficiencies	31.25	14.75
Locations crews revisited to complete work at their cost	71	91
Accuracy of Invoices	99 per cent	99 per cent

*In the preparation of this report an error in the data presented in the January report was identified and has been corrected here

** The number of invoices is less for this time period due to seasonal holidays, an extreme weather event in January 2022 and it is a four month period as compared to the previous five month period

6. Forestry Operations Complaints

All complaints are logged into the Forestry Performance Inspection program, where they are reviewed by staff and the Acting Director, Urban Forestry on a monthly basis and followed up on, as required. In September 2021, Forestry began reporting all complaints on the Auditor General's online fraud and waste hotline form.

Findings:

This performance update report provides a summary of complaints for the first three months of 2022 and compares the data to the findings of the last six months of 2021.

Out of 2,836 Contractor and City tree maintenance crew days, from January through March 2022, 24 complaints were received relating to crew performance. 14 of these required follow-up action. This reflects a 0.49 per cent rate to crew days requiring follow-up action as a result of a complaint. Urban Forestry's review of the 14 complaints identified a total of 18 deficiencies identified in Table 6 below.

Actions taken to resolve complaints from January to March 2022:

- Five complaints were resolved by the Contractors returning to the work location, at no cost to the City of Toronto, to take corrective action and complete the assigned tree maintenance activity.
- Seven complaints were referred to the City's Claims Process.
- Two complaints are currently under investigation and resolution.

Table 6: Complaint Deficiencies

Deficiencies identified through complaints	2021 July-December 34* complaints	2022 January-March 14 complaints
Arboricultural Services Complaint	14*	5
Site Clean-up Complaint	5*	3
Crew Conduct Complaint	6	0
Damage Complaint	13	8
Efficient use of Time Complaint	1	2
Other Complaint	4	0
TOTAL Deficiencies	43	18

**In the preparation of this report an error in the data presented in the January report was identified and has been corrected here*

7. Contractor Compliance Reports

In August 2021, PFR began conducting regular Contractor compliance meetings and issuing compliance reports to the Contractors under the new contracts which commenced July 1, 2021. The meetings and compliance reports are part of PFRs ongoing contract management tools to review and evaluate performance, compliance and adherence to contract terms and are used to inform appropriate follow up actions.

Contractors are held to terms of the contract using the following tools:

- Meetings with Contractors to review the compliance reports, capturing required actions through minutes and following up with action items to ensure completed.
- Issuance of letters to file, where warranted, to advise required action by Contractor.
- Utilizing additional tools available in the contract, such as fines, where required action is not taken by Contractor to correct compliance issues.

Conclusions

Since the release of the Auditor General's report in February 2021, PFR has taken a number of actions to increase oversight of City and Contractor tree maintenance crew which includes:

- Meeting with and issuing letters of expectation to each tree maintenance Contractor to advise that Contractors will be held accountable for compliance with all terms of the contract.
- Discreet physical observation of Contractor crews by an external surveillance firm.
- Doubling the number of GPS reviews for City and Contractor crews, cross referencing GPS reports with daily logs.

- Doubling the number of efficient use of time reviews for both City and Contractor crews, which include unannounced on-site inspections combined with a review of supporting documentation including daily logs, work order requirements, parked car logs and photos and GPS reports.
- Implementing an integrative approach to provide improvements related to the issues of parked vehicles and hydro hold-offs including pre-booking Parking Enforcement Officers and hydro hold-offs when feasible.
- Eliminating the payment of breaks for the Contractor crews in accordance with contract terms.
- Centralizing the complaints process including reporting all Forestry Operations complaints on the Auditor General's online fraud and waste hotline form.
- Implementing a second level of invoice verification with PFR's Management Services Branch.
- Conducting monthly contract compliance meetings with Contractors in relation to the new contracts which came into effect in July 2021.
- Including, in the current arboricultural services hourly rate contracts, service level agreements with fee adjustments to address operation and service delivery deficiencies, when the supplier is not able to fulfill the required crew complements, provide satisfactory services and submit correct invoices within the time frame.
- Accessing live GPS, enhanced reporting and oversight requirements under the current arboricultural services hourly rate contracts.

PFR will continue the implementation of the Auditor General's recommendations in order to enhance Urban Forestry's tree maintenance crew oversight, contract management, productivity and operational efficiency and will report back to the next meeting of the Audit Committee on the experiences and data collected on the performance of Urban Forestry Contractors and City crews.

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SIGNATURE

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