

Getting to the Root of the Issues – February 2023 Performance Update of Urban Forestry Contractors and City Crews

Date: January 26, 2023

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.

This performance update report highlights the outcomes of the improved and robust contract management and crew oversight framework that PFR has implemented, and covers a full year of experiences and data tracked for Urban Forestry contractors and City crews, from January 1 to December 31, 2022. This report demonstrates the overall 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.

The regular tracking of key performance metrics has created an additional ability for PFR to integrate better reporting into their business practices to analyze trends and make informed decisions on performance with the intent to continually improve operational efficiencies. When issues of unproductive time are found, PFR has and actively uses tools to take immediate action to hold contractors and City crews accountable in accordance with contract terms and the collective agreement.

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 and base funding to continue implementing the Auditor General's recommendations as outlined in this report are included in Parks, Forestry and Recreation's 2023 Tabled 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 June 6, 2022 Audit Committee meeting, PFR presented its June 2022 performance update report, as directed by the Audit Committee.

<https://secure.toronto.ca/council/agenda-item.do?item=2022.AU12.6>

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://secure.toronto.ca/council/agenda-item.do?item=2022.AU11.8>

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

<https://secure.toronto.ca/council/agenda-item.do?item=2022.AU11.8>

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://secure.toronto.ca/council/agenda-item.do?item=2021.AU9.8>

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://secure.toronto.ca/council/agenda-item.do?item=2021.CC32.5>

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".

<https://secure.toronto.ca/council/agenda-item.do?item=2021.CC32.6>

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://secure.toronto.ca/council/agenda-item.do?item=2021.AU8.6>

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".

<https://secure.toronto.ca/council/agenda-item.do?item=2021.AU8.6>

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.

<https://secure.toronto.ca/council/agenda-item.do?item=2020.IE14.8>

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.

<https://secure.toronto.ca/council/agenda-item.do?item=2019.AU4.14>

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.

<https://secure.toronto.ca/council/agenda-item.do?item=2019.AU2.4>

COMMENTS

In response to and concurrent with the Auditor General's report in February 2021, 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.

Building on the incremental improvement in productivity and efficiency demonstrated through the reports before Audit Committee and City Council in 2022, this report presents one full year of data and findings across measures of 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. The key performance measures for the period of January 1 to December 31, 2022 are presented below.

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 report. 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 38.3 hours through credits during the period of January 1 to December 31, 2022. Table 1 below presents the data in a quarterly breakdown. 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 quarter of the monitoring period reviewed, there was only 1.7 hours of credits requested related to unproductive time found.

Since the onset of physical observation, PFR continues to see a decline in instances of inefficient or unproductive work practices. This has resulted in a continual and significant reduction in the credits being requested back from contractors.

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	Jan 1 - Mar 30	Apr 1 - Jun 30	Jul 1 - Sept 30	Oct 1- Dec 31	2022 Total
Hours of Observation	176	152	191	162	681
Time Recovered Through Credits (hours)	17.6	8.2	10.8	1.7	38.3

Physical Observation	Jan 1 - Mar 30	Apr 1 - Jun 30	Jul 1 - Sept 30	Oct 1- Dec 31	2022 Total
Recovered Time as Percentage of Physical Observation Hours	10 per cent	5.4 per cent	5.6 per cent	1.0 per cent	5.6 per cent

2. GPS Discrepancies

GPS discrepancies are reviewed through the Forestry Performance Inspection program and became a requirement as part of quality control inspections for contractors on May 2, 2019 and for City crews on August 31, 2020. PFR continues to integrate robust and efficient GPS reviews as part of quality control inspection into daily business practice. Reviews are conducted on a weekly basis on fifty per cent of the total number of crews, with a key criteria of monitoring all City and contractor crews at a minimum of every two weeks.

PFR also reviews trends analyses on a quarterly basis to ensure the City is obtaining optimal time and value on its tree maintenance work.

Findings:

The annual review period for 2022 found a GPS to Daily Log accuracy rate of 96.5 per cent average over the year. Table 2 provides a quarterly breakdown.

Table 2: Global Positioning Review

GPS Log to Daily Log Accuracy Rate	Jan. 1 - Mar. 30	Apr 1 - Jun 30	Jul 1 - Sept 30	Oct 1- Dec 31	2022 Total
Daily Logs	2386	2801	2659	2491	10,337
GPS Reports Reviewed	559	417	453	511	1,940
Accurate Daily Logs	546	393	442	492	1,873
Percent Accurate	98 per cent	94 per cent	98 per cent	96 per cent	96.5 per cent (avg)
Daily Logs with GPS Discrepancies from GPS Reports Reviewed	13	24	11	19	67

GPS Log to Daily Log Accuracy Rate	Jan. 1 - Mar. 30	Apr 1 - Jun 30	Jul 1 - Sept 30	Oct 1- Dec 31	2022 Total
Non-billable Time Recovered Through Credits (hours)	0.67	1.92	0.33	1.22	4.14

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 logs or GPS reports. The size, condition and access to the trees being maintained is taken into consideration when evaluating the tree maintenance required.

Findings:

The annual review period for 2022 found an average efficiency rate of 98.5 per cent. Table 3 provides a quarterly breakdown.

Table 3: Efficient Use of Time Review

GPS Log to Daily Log Accuracy Rate	Jan 1 - Mar30	Apr 1 - Jun 30	Jul 1 - Sept 30	Oct 1- Dec 31	2022 Total
Daily Logs	2836	2801	2659	2491	10,337
Daily Logs Reviewed for Efficient Use of Time	1189	866	1054	1147	4,256
Daily Logs reviewed with no Discrepancies	1180	853	1050	1141	4,224
Efficiency Rate	97 per cent	98 per cent	100 per cent	99 per cent	98.5 per cent (avg)
Number of Inefficiencies	9	13	4	6	32

GPS Log to Daily Log Accuracy Rate	Jan 1 - Mar30	Apr 1 - Jun 30	Jul 1 - Sept 30	Oct 1- Dec 31	2022 Total
Non-billable time recovered through credits (hours)	11.33	10.25	0.83	2.33	22.74

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.

To determine whether documentation accuracy, productivity and operational efficiency occurred, PFR reviewed all daily logs for one operational area, located in downtown Toronto, where the majority of productivity issues exists. This operational area 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. Through this review, PFR focused on the amount of time spent doing tree work as its key performance measurement. The results of this review are included in Table 4.

This analysis resulted in a more fulsome and authentic reporting of the daily work activities by contractors and city crews. PFR is continuing to review this data on a quarterly basis to ensure operational efficiency is maintained, and where peaks or valleys in the data exist, a deeper analysis is conducted.

Findings:

The average amount of time spent directly on trees over the majority of 2022 remained consistent from previous reporting periods, ranging between 75 and 80 per cent of the daily logs reviewed. Although the average benchmark of crews working on trees for more than four hours is being maintained, there was a decrease in the average amount of time spent on trees in the last quarter of 2022.

The decrease in the last quarter of 2022 is directly related to a short-term increase in the amount of time spent on the removal of parked cars. Through the regular quality control inspections, staff identified that there was an increase in the amount of time being spent on managing parked cars in October 2022. Through immediate action, it was determined that there was a staffing shortage of Toronto Police Service (TPS) Parking Enforcement Officers (PEO), which was impacting the efficient removal of legally parked cars. To address this, a meeting was held in November 2022 between PFR and TPS. This resulted in a renewed agreement to improve daily communication with respect to TPS's ability to send officers on a daily basis. When dedicated PEO's are unavailable, a Platoon Officer will now be assigned. In circumstances where no TPS staff are available, this will be communicated to the contractor and City crew leader on-site, and UF supervisory staff who will direct alternate work assignments to crews.

Following this action, immediate improvement was documented through the quality control inspections in the month of December. PFR continues to monitor this activity to ensure continual improvement is reflected through a positive data trend.

Table 4: Daily Work Activity Report Review

Daily Work Activity Report Review	Jul & Oct 2021, Mar 2022	Apr 1 - Jun 30	Jul 1 - Sept 30	Oct 1- Dec 31
Daily Logs Reviewed	321	240	227	234
Average (mean) hours spent doing tree work	4:38	4:38	4:31	4:20
Per cent of daily logs with greater than 4 hours spent working on trees	77 per cent	78 per cent	74 per cent	59 per cent

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:

The annual review period for 2022 found that an average of 98 per cent of invoices did not require any adjustments due to deficiencies. The secondary review findings are consistent from previous reports at 100 per cent compliance rate.

Over each quarter in 2022, there were fewer adjustments made to invoices and a consistent decline in the number of locations where crews revisited a site to complete work at their own cost. This is based on the Forestry Performance Inspection database and prior to receiving an invoice to the City through Policy Planning and Finance and Administration. There is continual improvement in identifying deficiencies prior to receiving final invoices. This positive trend places the annual accuracy of invoices at 98 per cent. Table 6 provides a quarterly breakdown.

Table 6: Invoice Verification

Invoice Verification	January 1 - March 30	April 1 - June 30	July 1 - September 30	October 1- December 31
Invoices Received	441	403	389	427
Invoices with no adjustment required	423	396	383	424
Invoices Requiring Adjustment (FPIR Database)	18	7	6	3
Unbillable hours due to deficiencies	16.17	23.40	4.67	21.13
Locations crews revisit to complete work at their cost	71	109	42	41
Accuracy of invoices	96 per cent	98 per cent	98 per cent	99 per cent

6. Forestry Operations 2022 Complaints Summary

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

Findings:

This performance update report provides a summary of complaints for the period January 1, 2022 – December 31, 2022, and compares the data to the findings quarterly. Out of 3,440 contractor and City tree maintenance crew days, 79 complaints were received relating to crew performance, of which 39 were substantiated and required follow-up action. This reflects a 1.13 per cent rate to crew days requiring follow-up action as a result of a complaint.

Urban Forestry's review of the 39 complaints identified a total of 47 deficiencies identified in the Table 7.

Actions taken to resolve complaints, where required, from January to December 2022 include:

- Fourteen 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.
- Seventeen complaints were referred to the City's Claims Process.
- Six complaints required a discussion with contractors or City crews on customer service guidelines.
- Two complaints are currently awaiting rework to be performed at no cost to the City of Toronto

Table 7: 2022 Compliant Deficiencies

Deficiencies Identified through Complaints	January 1 - March 30	April 1 - June 30	July 1 - September 30	October 1- December 31
Number of Complaints	14	13	9	3
Arboricultural Services	5	6	4	1
Site Clean Up	3	1	2	0
Crew Conduct	0	2	2	1
Damage	8	4	5	1
Efficient Use of Time	2	0	0	0
Other	0	0	0	0
Total Deficiencies	18	13	13	3

Note: Based on substantiated complaints

7. Contractor Compliance Reports

In August 2021, PFR commenced monthly contractor compliance meetings and have continued this practice since that time as part of PFR's ongoing contract management tools to review and evaluate performance, compliance and adherence to contract terms and are used to inform appropriate follow up actions. These meetings have been effective at identifying common themes and solutions across Urban Forestry contractors.

Where contractors are not in full compliance with contract terms, these areas are documented for immediate action. As a result of these meetings, in Q4 2022, PFR issued one letter of non-compliance and are currently working with that contractor through standard contract management procedures to meet the requirements of their contract and the City's standards and protocols. As required, this practice will continue to gain compliance and correct issues where warranted.

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.

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SIGNATURE

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ATTACHMENTS
