

## **Tree Maintenance Review Update**

**Date:** May 13, 2024

**To:** Infrastructure and Environment Committee

**From:** General Manager, Parks, Forestry and Recreation

**Wards:** All

### **SUMMARY**

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Since 2021, Parks, Forestry and Recreation (PFR) committed to key improvements in contract management, crew oversight and operational efficiencies as guided by Auditor General recommendations in their report entitled "Getting to the Root of the Issues: A Follow Up to the 2019 Tree Maintenance Services Audit" and City Council direction.

To date, the service improvements have been focused on strengthening processes and improving productivity and service quality, through the implementation of recommendations that drive a more effective and efficient tree maintenance operation. Improvements to date include: improved contract management practices with better contract language, increased oversight of crews to ensure time is efficiently used, and daily work activities completed, and complaints responded to in a timely manner. PFR is now turning focus to the quality of tree maintenance services provided to the public and strives for service excellence.

The purpose of this report is to respond to the outstanding directions from City Council to review options to continuously improve tree maintenance services, the feasibility of the City providing the services directly as well as a summary of the organizational improvements PFR has implemented over the last two years. The City engaged two consultants to review organizational changes and services that should continue to be outsourced all of which were intended to deliver better service outcomes.

This report includes the consultant's recommendations and findings including data analysis and jurisdictional scan to benchmark Toronto's services against other peer cities and an assessment of the feasibility of better-quality tree maintenance services. PFR is in the process of implementing these recommendations.

## RECOMMENDATIONS

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

1. Infrastructure and Environment Committee receive this report for information.

## FINANCIAL IMPACT

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There are no financial impacts arising from this report. Parks, Forestry and Recreation will identify and include any necessary changes to its future-years' operating and capital budgets as part of its 2026 and 2027 budget submissions.

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

## DECISION HISTORY

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At the March 29, 2023 City Council meeting, the General Manager, Parks Forestry & Recreation (PFR) was directed to report to the Infrastructure and Environment Committee in the fourth quarter of 2023 on options to improve tree maintenance services, including the feasibility of the City providing the service.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.AU1.7>

At the February 13, 2023 Audit Committee meeting, PFR presented its February 2023 Performance Update on Urban Forestry Contractors and City Crews, as directed by the Audit Committee. PFR asked to discontinue reporting to every Audit Committee Meeting as previously directed by City Council in 2021.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.AU1.7>

At the June 6, 2022, Audit Committee meeting, PFR presented its June 2022 performance update report, as directed by the Audit Committee.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.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. A recommendation was given to the City Manager's Office (CMO) to review the delivery of insourced and outsourced environmental services, including and organizational review, for overall opportunities for improvements.

<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>

## COMMENTS

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The Parks, Forestry and Recreation division (PFR) is the steward of Toronto's urban forest consisting of 11.5 million trees (6.1 million on private property; 3.5 million in parks and ravines; and 640,000 along streets.) in the City's parks, along with tree-lined streets, trails, forests, and other green spaces.

### Background

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.

Following the adoption of this report, PFR committed to key improvements in contract management, crew oversight and operational efficiencies as guided by Auditor General recommendations and City Council direction. PFR has reported to the Audit Committee nine times since 2021, summarizing the continuous improvement as demonstrated through the regular tracking and monitoring of key performance metrics.

Some of these metrics include: physical observation of crews, GPS review and quality control inspections, efficient use of time, daily work activity review, invoice verification, complaints review and contractor compliance reporting. These key performance indicators are used to analyze trends to make informed decisions on performance, productivity, and value for money.

PFR is now turning focus to the quality of tree maintenance services provided to the public and strives for service excellence.

City Council directed the City Manager to undertake a review of the delivery of PFR's insourced and outsourced environmental services, including an organizational review, for overall opportunities for improvements.

### **Organizational Review**

PFR in partnership with the City Manager's Office retained the external consulting firm, MNP, to conduct a review of the delivery of insourced and outsourced environmental services. This review was completed in 2023.

The findings of MNP's assessment informed the development of three areas of opportunity for improvements as described below:

- Organizational effectiveness - enhance capacity and focus on service and contract management systems through the establishment of centralized work-teams in Urban Forestry and Parks Branches
- Focus on quality assurance, accountability and oversight through the establishment of branch-based quality assurance and accountability oversight teams.
- Enhance centralized support including procurement, financial services, workforce management and stakeholder relations.

To achieve objectives and recommendations presented by MNP, PFR has undertaken the following action plan:

#### **Organizational Effectiveness:**

- The tree maintenance operation has been formalized as its own branch within PFR. The Forestry Operations branch is dedicated to tree maintenance, contractor management and work quality assurance. This has enabled dedicated focus on this work including enhanced service quality and monitoring and reporting on service performance.
- With the dedicated focus of the Forestry Operations group on tree maintenance, PFR can enhance its critical role in climate resilience and environmental sustainability as the lead division in the planning, growth and restoration of forests and ecosystems. PFR can collaborate and communicate corporately on the critical ecosystem services provided by its assets.
- As new parkland and assets are acquired there is a need to review management span of control to ensure effective oversight over parks maintenance work. A span of control review and revision is underway within the Parks branch, which will allow more effective oversight over the quality of work, enhance staff supervision and provide an improved response.
- In addition, work is underway to enhance coordination between Parks technical services teams, including the centralization of some functions.

#### **Quality Assurance, Accountability and Oversight:**

- PFR has implemented enhanced and consistent contract management oversight measures across its service areas. There are dedicated staff who oversee contracts and contract management activities, including work order completion, quality assessment of work, invoice and payment accuracy, and reporting on key performance indicators.
- Operating branches are establishing quality assurance teams responsible for the overall performance accountability guided by divisional and corporate policies, procedures and best practices. These teams also conduct contract delivery inspections and ensure compliance with the terms of PFRs contracts.
- PFR also continues to leverage site inspections and surveillance to assess contractor compliance, and that non-compliance issues including service quality issues, poor work practices and ineffective use of time are addressed and remedied immediately.

#### Enhanced Centralized Support Systems:

- Enhanced centralized supports for administrative functions such as procurement, financial services and workforce management processes are being made in PFR.
- PFR is also enhancing its stakeholder, council and constituent relations capacity through a dedicated unit within its General Manager's office.
- Through consultations with operational branches PFR continues to adjust and enhance these support activities to achieve better administrative, operational, and customer service outcomes.

### **Urban Forestry Tree Maintenance Services Review**

In 2023, City Council directed staff to conduct a review with a focus on service quality enhancements and ability to perform more tree maintenance work in-house. Ernst & Young, an external consultant, undertook a fulsome qualitative and quantitative analysis, taking a two-pronged approach of data analysis and jurisdictional scan to benchmark Toronto's services against other peer cities and assess the feasibility of whether there are additional improvements that can be made to the City's tree maintenance services. This review specifically looked at tree maintenance activities such as pruning, storm clean-up, large and small tree removals, stumping and planting to assess where better quality tree maintenance services could be provided. Currently in Toronto, approximately 80 per cent of the overall tree maintenance services, by volume, are performed by contractors ("outsourced"), while the remaining approximately 20 per cent of activities are performed by City staff ("insourced").

The review was completed in November 2023, and determined there are opportunities to improve the quality of services under three categories: service quality, cost effectiveness, and operational synergies. The consultant is recommending that pruning and small tree removals would be the best candidates services to insource with the potential to provide improved quality services. To confirm this assumption, the consultant further recommends that PFR conduct a quality service pilot leveraging existing resources. Following the pilot, an analysis of the results including financial implications will be completed and further changes to the service delivery model will be incorporated. PFR aims to implement final recommendations for the onset of the next arboricultural services contracts in 2027.

## *Jurisdictional Scan Results*

The consultant's report and findings included a jurisdictional scan and opportunities for improvement in the areas of service quality, cost effectiveness and operational synergies.

The consultant scanned cities similar in population, weather, tree canopy coverage, land area, population density and average annual snowfall. The following cities were surveyed to gather operational insights related to tree maintenance: Ottawa, Montreal, Chicago, Boston, New York, Philadelphia and Oslo, Norway. The survey was designed to gather information on the size and scale of operations, level of insourcing for each tree maintenance service and the advantages and disadvantages of the current service delivery model.

The results of the survey revealed that most cities maintain a mix of insourced and outsourced services, and all planting activities are outsourced, similar to Toronto. Key factors to increasing insourcing levels by cities was determined to be service quality, operational control planning flexibility and cost. This aligns with the City of Toronto's objective for this review.

The results do also show that on average, the City of Toronto has a lower level of insourcing than cities surveyed. Of particular note, emergency and storm event response are insourced in most peer cities and is feasible to be insourced at the City of Toronto.

To further validate the research, a peer organization sharing session was conducted the City of Chicago to compare existing service models. Chicago was identified as the City with the highest level of insourcing. Through this session, the City of Chicago indicated that their service model provides a higher level of control over service quality standards and that deficiencies are not considered an issue within their operations. This supports the consultant's extrapolated analysis that there are fewer complaints and deficiencies for insourced crews. The jurisdictional scan data will inform additional financial analysis as described below.

### *Service Quality*

The City of Toronto strives to complete tree work in an efficient and timely manner within the current resources and funding available. The consultant undertook a qualitative analysis of service quality based on reported complaints related to outsourced crews in comparison to insourced crews during the period from June through August 2023. To create a comparative analysis, insourced crews were increased to match the number of outsourced crews, and then the sample size was extrapolated to achieve an annual number of complaints. The number deficiencies when compared with the same crew numbers showed 312 annualized deficiencies/complaints for outsourced crews and 78 annualized deficiencies/complaints for insourced crews.

This analysis showed that, the annual complaints against insourced crews were approximately 75 per cent lower than those of the outsourced crews. The consultant

has recommended conducting a pilot to further validate this experience. Beginning in June 2024 staff will be monitoring a static number of insourced and outsourced crews to validate that this experience continues to be true.

### *Benefits of Insourcing*

Recently, the cost of contracted tree maintenance services has increased significantly, upwards of 30 per cent in contract procurement in 2023. With continuous market pressures on fuel, labour and inflation, it is expected that service delivery costs will continue to increase in future procurement cycles. These were main cost drivers in the market sounding in the last tree maintenance services contracts. The next tree maintenance contract renewal is anticipated for 2027.

Increasing insourced work by the City could ensure existing funding is spent more effectively to manage cost escalation, which the City has little control over when contracted out and produce better quality tree maintenance services by managing the staff responsible for the service delivery.

According to the consultant, the benefits of insourcing pruning and small removal services may include:

- Operational flexibility to complete multiple services by the same crew,
- Simplified planning scheduling and coordination of activities,
- Reduction in mobilization costs
- Improved service quality

It should be noted that the City will still be subject to the same cost drivers for fuel, labour, and inflation; however, there may be better quality service outcomes if the City delivers more of the services. A basic analysis was considered as part of the consultant's work indicating that an increase in the investment by the City could provide better quality services. A full financial analysis needs to be completed on this work inclusive of labour equipment and administration costs. This fulsome cost benefit analysis will be conducted after the quality service pilot is completed.

### **Implementation Timeline and Next Steps**

PFR has initiated the pilot which is expected to conclude December 2024. Determining what the longer-term plan is with respect to in/outsourcing of services will inform future procurement, staffing and budget plans and submissions, as applicable.

#### *Implementation Strategy and Timelines*

2024 - Quality Service Pilot commences

- Comparative analysis of insourced and outsourced crews under the following criteria: type of work, quality, completion and complaint frequency.

2025 - Evidence based decision making on key initiatives:

- Analysis of quality service pilot for quality and service efficiencies.
- Conduct financial analysis on further in-house service delivery.

- Third-party review of tree maintenance practices including input from key industry stakeholders and public engagement.

2026 - Recommendations inform procurement strategy and Budget Submissions

2027 - Onset of new arboricultural services contracts and any further in-house service delivery

### **Ongoing Service Excellence Improvements**

In parallel to the above noted ongoing work, PFR is continuing to focus on continuous improvement since the onset of the Auditor General's recommendations. As part of continuous improvement efforts, PFR has made improvements to 38 internal business processes categorized under the following categories: contract oversight, communications, complaint procedures, pruning, and stumping services. This has made significant improvements to the operations and will directly impact services.

PFR is also conducting key work with People and Equity to attract and retain talent. PFR has streamlined competition assessments and expanded marketing and social media strategies to target this industry. Results of this work has reduced the vacancy rate by 4 per cent in the last six months.

In 2023, 109,607 inspections of trees in parks and streets, city wide were completed. A sample of 7,735 trees were proactively inspected to determine the urgency of work required to the tree canopy. An analysis of the results of these inspections confirmed the following information:

- 0.4 per cent requires immediate work
- 60.2 per cent general maintenance
- 39.4 per cent did not require any work.

These findings will inform a third-party review of the existing proactive and reactive tree maintenance program which will include engagement with key industry stakeholders and public engagement. As part of this process there will be a jurisdictional scan of best practices for both proactive and reactive programs on streets and in parks and an engagement plan with the public. This information will be consolidated into recommendations for modifications to existing programs taking into consideration economic pressures and a cost analysis.

### **Conclusion**

PFR is committed to delivering high quality park and tree maintenance services to the residents of Toronto. Significant efforts have been underway since 2021 to provide service improvements, process efficiencies, and clear accountability and oversight of operational branches. The completion of a quality service pilot and further analysis of findings will provide PFR with the information to make evidenced based decisions on delivering quality tree maintenance services.

## **CONTACT**

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## **SIGNATURE**

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