

Item 9.

Contract Variation - Tree Maintenance

File No: X007081

Tender No: 1743

Summary

This report provides details for the change in service delivery for southern parks tree maintenance.

The City currently has three service providers maintaining trees located in our parks, streets and City owned/leased properties.

Council appointed Active Tree Services Pty Ltd (Active Trees) and Treescape Australasia Pty Ltd (Treescape) to maintain our street and council owned trees across the entire local government area, and park trees in the northern area under the Tree Maintenance Contract, at its meeting of 19 February 2018, following a public tender.

The City's in-house tree team currently maintain the remaining park trees, which forms approximately 15 per cent of the tree maintenance activities.

A comprehensive review of the service delivery has been undertaken to ensure consistent, efficient and cost-effective operations are being provided. This report recommends the City streamlines service delivery to two providers to make savings and achieve the most efficient service delivery.

Approval is sought to vary the contract to accept the contract variation offer from Active Tree Services Pty Ltd to increase the contract value to include the additional scope of services for park tree maintenance works as described in Confidential Attachment B.

Recommendation

It is resolved that:

- (A) Council approve a variation (lump sum and schedule of rates) to the Tree Maintenance Contract (Contract 1743 - North) to provide for an increase to the overall contract price for Active Tree Services Pty Ltd for the additional scope of services for park tree maintenance as detailed in Confidential Attachment B to the subject report; and
- (B) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the contract variation with Active Tree Services Pty Ltd as detailed in Confidential Attachment B to the subject report.

Attachments

Attachment A. Map Showing North and South Park Tree Service Areas

Attachment B. Financial Implications (Confidential)

Attachment C. Schedule of Rates (Confidential)

Background

1. The City of Sydney manages approximately 48,000 trees throughout the local government area (LGA), with approximately 33,500 trees located in streets, 13,950 located in parks, and 550 located within council owned and managed properties.
2. Trees are much loved by the community, due to an increased acknowledgement and understanding of the numerous social, environmental and economic benefits that they provide. They are one of the City's most important assets, being critical in making Sydney an attractive, healthy and liveable city. They are also an important contributor to the City's urban canopy target of 23 per cent by the year 2030, which was adopted by Council in the Greening Sydney Plan 2012.
3. Trees are large, living structures, located in high use areas, over roads and close to buildings and other infrastructure. As a result, the City correctly places a high value on ensuring the trees are well maintained through an annual maintenance program. The key tree maintenance services provided include:
 - tree inspection and assessment;
 - tree pruning;
 - tree base maintenance;
 - tree removal;
 - tree planting and establishment;
 - tree root inspection and maintenance;
 - tree pest and disease management;
 - emergency response relating to tree incidents; and
 - customer service relating to tree issues.
4. As tree maintenance works are high risk (working at heights, around power lines, over roads, using chainsaws and chippers) it is very important that the services are undertaken by qualified and experienced personnel, with service providers that integrate industry best practises into their daily operations.
5. Currently tree maintenance is split geographically between north and south, with the majority of works (85 per cent) being maintained under contract services.
6. The northern area includes all trees in parks, streets and City owned/leased properties. These trees are managed by Active Tree Services Pty Ltd. The southern area includes all trees in streets and city owned/leased properties. These trees are managed by Treescape Australasia Pty Ltd.
7. Currently the parks trees in the southern area are maintained by in-house staff. The team consists of four positions; three arborists, and one crew member.

8. A review of the service delivery was undertaken to ensure the unit is able to efficiently and effectively manage the additional assets and services resulting from increasing population density and development.
9. The review identified an opportunity to consolidate the tree maintenance service arrangements and make savings by transferring the remaining 15 per cent of tree maintenance in the southern area parks to contract service delivery.

Contract Variation

10. Council resolved to engage Active Trees to deliver the contract services at its meeting on 19 February 2018 following a public tender. The contract started on 3 April 2018 and expires in April 2023. There is an option to extend the contract for one year at the City's discretion subject to satisfactory performance.
11. The contract was developed to provide flexibility and capacity should the City need to amend in-house service delivery in the future. Both contracted service providers were requested to provide a variation cost to perform the parks tree maintenance services. The prices were assessed and are outlined in Confidential Attachment B.
12. The variation is based on a schedule of services for ongoing proactive inspection and maintenance programs requiring fixed annual prices (using CPI for annual increases thereafter) and a schedule of rates for reactive or programmed work of variable quantity (such as tree removal, tree planting etc.).
13. Council approval is required for the proposed variation as it will exceed expenditure above 10 per cent of the contract sum.

Organisational Impact - Staff

14. There will be no loss of staff from the service delivery amendment. The current staff will be reallocated to associated horticultural work maintaining parks and open space and will retain their existing salaries and conditions.
15. Staff and unions have been consulted on the recommended changes.
16. The staff currently have a substantial works program to complete. It is recommended that the contracted service delivery gradually transition from 16 December 2020, delivering reactive and emergency works, with full services to commence on 1 February 2021. All programmed works allocated to the internal team up to this date would remain with them to complete, which is expected by 31 January 2021. The staff will then transfer into the horticultural parks maintenance duties.

Risks

17. There are contract management practices in place to manage any transitional risks, including transition planning, regular contractor meetings, and adequate time for performance management.

Environmental

18. The change in service will ensure the current high standard of park tree maintenance is continued and maximises the environmental benefits provided to the community.

Strategic Alignment

19. Sustainable Sydney 2030 is a vision for the sustainable development of the City to 2030 and beyond. It includes 10 strategic directions to guide the future of the City, as well as 10 targets against which to measure progress. This report is aligned with the following SS2030 strategic directions and objectives:
 - (a) Direction 2 provides a road map for the City to become a Leading Environmental Performer - The City's trees are critical in providing a healthy, attractive and safe city. The trees are a significant component of the overall canopy cover, and provide numerous environmental, social and economic benefits. This request ensures that City continues to fulfil core responsibilities to deliver safe, high quality and well-managed tree assets.
 - (b) Direction 4 - A City for Walking and Cycling – Trees are important in ameliorating the city's streets and open spaces, and by cooling the city, they increase people's thermal comfort, health and wellbeing, with more people able to walk and cycle in the city.
 - (c) Direction 10 - Implementation through Effective Governance and Partnerships - The service delivery review has been carried out with consideration to this directive, including the long-term financial sustainability of the City of Sydney.

Financial Implications

20. This change to tree maintenance services delivers savings to the City which are outlined in Confidential Attachment B. There are funds available in the 2020/21 operational budget and future years for the service.

Relevant Legislation

- 21. Local Government Act 1993.
- 22. Local Government (General) Regulation 2005 .
- 23. Local Government Act 1993 - Section 10A provides that a council may close to the public so much of its meeting as comprises the discussion of information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.
- 24. Attachments B and C contain confidential commercial information which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.
- 25. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

Options

- 26. The City could continue to deliver park tree maintenance under existing arrangements however this would not provide the additional park maintenance resources required or be as efficient and effective.

Critical Dates / Time Frames

- 27. If approved, the contract variation is intended to commence on 16 December 2020 for reactive and emergency works. Full proactive service provision is intended to commence from 1 February 2021.

MARY-ANNE PRIEST

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