Finding Workable Solutions Workshop

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Facilitated and reported by

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PARTNERS

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The opinions expressed in this document are those of participants in the session as summarized by the facilitator.

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1. Executive Summary

Thirty-two participants from the nursery landscape sector and Ontario municipalities met in Milton on October 22, 2015 for the Finding Workable Solutions Workshop. Using a combination of group work and engagement in full plenary sessions, the workshop participants followed a logical process in which they worked together to:

- Define the issues from both the sellers' and buyers' point of view with the current system for municipal procurement of nursery stock
- Describe the benefits that would be gained by developing a more effective system that better met the needs of all the affected parties
- Brainstorm solutions to the current challenges that would, if implemented, improve the system and result in "win-win" outcomes for sellers and buyers

As a result of this session, there was significant convergence of interests around common goals and mutual recognition of the need for a process that can drive changes to the current way things are done. There was also recognition that there is diversity in the business models used by both sellers and buyers and, accordingly, there is no one single solution that is best for all needs and circumstances.

Participants recognized that externally imposed conditions have led to a less than optimal situation arising between sellers of nursery stock and services and municipal buyers. These conditions stem from demand for trees driven by changes in the natural environment, as a result of tree mortality from invasive pests like the emerald ash borer and from severe storm damage to trees, as well as from changes in the business environment in which municipal budgetary constraints have led to a focus on lowest price procurement and left little time for municipal staff to be engaged in direct relationships with nurseries. The broad outline of the solution to address this state of affairs is to focus on asset value rather than lowest cost and to work on developing effective relationships. Effective relationships, in turn, are characterized by open exchange of information to enable better planning and purchase decisions and ongoing communication.

Participants identified the need for an ongoing process that will be goal-oriented and will build on the initial work done in the first workshop. They offered specific ideas as to what that process could accomplish and how it might be organized. They brainstormed a range of solutions that could be further developed and implemented.

The participants were fully engaged and brought significant goodwill and passion for their work to the table. These characteristics augur well for a successful process ahead that will lead to positive change for mutual benefit of all those engaged in the value chain that supports the urban tree canopy.

2. What Participants Seek as Outcomes

2.1 Outcomes from Engaging in Constructive Dialogue

At the beginning of the workshop, each participant was asked to write down, in five words or less, what would constitute a successful outcome for the workshop from their point of view. Participants approached this assignment from two different perspectives, some identifying specific desired outcomes with respect to enhanced tree success *in the field* and others identifying specific desired outcomes *from the process* of meeting together.

2.1.1 Desired outcomes in the field

- Better trees in cities as a result of better availability of biologically appropriate stock including trees for naturalized areas and awareness of native tree compatibility for city environments
- Achieve better tree planting success as measured by fewer dead trees and a reduction in juvenile tree mortality – tools to achieve this outcome are both (a) better choice of tree type and (b) understanding of and following best planting practices

2.1.2 Desired outcomes from the process

- Understanding* what the main issues are from both buyers' and sellers' points of view
- Developing a long-term working relationship with our partners including making new contacts and learning what the needs of our partners are
- Gaining insight, knowledge, agreement/consensus, and mutual understanding
- Identifying opportunities for improving current challenges, establishing mutual goals and recommendations
- Improving accountability through a streamlined tender process
- Better future planning to enable availability of needed species in the future

*The most commonly used word by participants in their responses was **understanding**.

2.2 Common Goals

At a later point in the workshop, participants were asked to write down their statements of what could serve as a common, unifying goal for the sector to pursue together.

"Work together to grow the right tree in the right spot that reaches maturity"
"Ensure a sustainable, diverse, thriving urban tree canopy"

- More accountability for health/survival of planted trees – *specific suggestions concerned proper mulching practices, proper levels and timing of watering, planting at correct depth, post-planting maintenance practices and follow-up measurement of tree quality and health*
- More emphasis on tree quality and tree value in the tender awarding process and less weight given to price as the criterion – *develop a formal agreement between buyers and sellers to serve as a model for municipal tree buying practices; the agreement could include a list of recommended species and cultivars for specific applications to contribute to better alignment of supply with future demand*
- Ensure a sustainable, diverse, thriving urban tree canopy – *performance measurements include tree survivability, tree longevity, and tree productivity and require tracking particular species in particular settings to confirm suitability*
- Focus on the bigger picture in which we work together to add value to our communities and to Canada as a whole delivering better value for taxpayers we serve – *develop world-class green infrastructure that offers a full range of social and economic benefits to our communities*

"Develop and implement a formal plan for communication and relationship-building between sellers and buyers"

- Vision: Growers and city foresters know each other by name and face, a relationship like it used to be, in which there is a healthy working relationship between nurseries and municipalities
- Develop a plan and establish a vehicle to communicate the sector's knowledge, needs and challenges to achieve better communication between buyer and seller and to ensure common goals are met – *there needs to be a commitment to meeting on a regular basis to work on outcomes after confirming that the people at the table are the best representatives for the sector*
- Work towards the win-win outcome in which the focus is on providing longterm value not the lowest short-term price – *nurseries have access to an important and profitable market for their trees and the municipalities have access to the quality and selection of trees they require that are well-adapted to their environments*
- Focus on solutions that benefit both the growers and the municipality – *the first step is to gain a good understanding of one another's requirements and challenges through direct interaction*

3. Definition of the Issues Needing Resolution

At the session on the 22nd, participants joined one of two groups:

- Those working as *sellers*, in the nursery sector in both production and service, formed one group
- Those working as *buyers* and users for municipalities formed another group.

Each group then met to work on defining the challenges which they respectively face and determining the degree of commonality or, as the case may be, diversity in the nature of the challenges within each group. Each group then reported to the plenary session on their findings.

Sellers' top three concerns		Buyers' top three concerns
Price-driven decision-making through tendering processes in which the trees are treated as a commodity. Specific aspects of the tender process that cause growers difficulty include: • No standardization in the processes across municipalities with different levels of complexity in complying with tender submission requirements • Requirement that sellers provide a one- or two-year survivability guarantee when the sellers have no direct control over the conditions and manner in which the trees are planted, i.e. responsibility without control over the factors affecting the outcome • The practice of 'cherry picking,' i.e. selecting only the lowest priced trees from any particular nursery's bid	**1**	**There is an inadequate direct relationship between the municipality and the grower**: • Some municipalities contract with landscaping firms – this outsourcing further distances the municipality from the grower • Municipalities do not have the staff resources to visit and inspect trees in the nursery before purchase – the practice of 'tagging' trees before shipping is rarely used any longer. Pictures of trees viewed online may be referenced but this method does not offer the same assurance as direct on-site familiarity at the nursery.
Species selection is not always appropriate for the intended urban environment **and the timing of delivery** specified by municipal procurement is not always aligned with the ideal time to dig the trees • The drive to diversify species selection is not always based on evidence of success of new species in our environments • The timing mismatch can result in the trees being dug and held, rather than a 'dig and ship' approach	**2**	**Supply-demand misalignment:** The system of supplying trees from Ontario nurseries has been stressed by significant natural setbacks in recent years (a) serious winter and other storm damage and (b) exotic pests including the emerald ash borer. As a result, the demand for trees has increased and the supply is not always aligned with specified requirements. The planning cycle for growing trees is longer (up to ten years) than the short-term needs of municipal buyers responding to tree losses.
There is **lack of relationship between the**	**3**	There is a lack of staff education and

Sellers' top three concerns		Buyers' top three concerns
nursery supplier and with the end-user on account of the structure of municipal procurement which inhibits joint planning		training among municipalities and there can be interdepartmental barriers. Because of the communication challenges noted in issue # 1, the municipalities are not fully drawing on the expertise and knowledge of the growers. In addition, there is significant public influence towards certain tree varieties that may not be well-informed and which may lead to inappropriate tree selections.

There was recognition that procurement and planting practices among municipalities vary. For example, some municipalities are more 'vertically integrated,' with their own municipal nurseries and/or their own tree-planting and maintenance crews. Other municipalities outsource their tree planting requirements and defer to landscape contractors to source the trees according to the specifications provided. Depending on which business model the municipality is using, the nature and degree of the issues vary from municipality to municipality.

4. Benefits from Working Together

Participants were asked to identify the benefits that would be gained through improved cooperation to find solutions that were mutually advantageous. The benefits that were identified included:

4.1 Direct Benefits

- Increased tree survivability and corresponding longevity of the urban canopy
- Increased public and private asset value both in fact and in public perception
- More efficient use of resources throughout the supply chain

4.2 Indirect Benefits

- Making Canada more attractive as a tourist destination
- Supporting gray infrastructure, lowering energy costs and improving quality of life

The participants passionately expressed their desire for working together on solutions as they see many benefits that can be gained. The benefits were characterized as a "win-win" because the entire supply chain, including growers, landscape contractors and municipalities, will be in a better position and the public interest will be advanced.

5. Workable Solutions

Participants were divided into four teams (Pine, Oak, Beech and Maple) consisting of representatives from each of the nursery and municipal sectors in order to brainstorm a business practices model that would be an improvement on the current practice. Each team was tasked with describing the model, explaining its benefits and advantages over current practice, identifying hurdles that stand in the way of adopting the change in practice, and determining how the hurdles could be addressed. The four teams then reported to the plenary group and from their work, the following solutions were derived as options for consideration.

5.1 Undertake joint research to obtain better data for better decisions

Participants were asked to state what information was most urgently needed in order to enable better decision-making by the sector.

Not reinventing the wheel: The need to avoid undertaking research that has already been done elsewhere with results that would be readily transferable to our zones was stated. In addition to Ontario government databases – the Ontario Ministry of Agriculture, Food and Rural Affairs, the Ministry of the Environment and Climate Change, and the Ministry of Natural Resources – that track information on climate, soil, pests and other growing conditions, Cornell University was specifically cited as an example of an institution that has done significant research on urban tree requirements that has relevance to Ontario. To the extent that research has already been done, the issue for the sector is working together on communicating and transferring the knowledge, as elaborated in 5.2.

Technical and science-based information that is needed by the sector in Ontario includes:

- Survival rate of species correlated to the factors that contribute to or predict tree mortality or sub-optimal performance
- Longevity and expectations of life spans for urban trees
- Factors that predict success
    - Type of container
    - Size of tree at planting
    - Source of tree (for example, trees obtained by contractors from the US versus locally grown) and benefits from using locally grown stock
    - Planting conditions (for example, planting to replace removed trees)
- Maintenance requirements and challenges including cost estimates
- Disease resistance
- Positive correlations for wildlife habitat and biodiversity

Economic and management information that is needed by the sector in Ontario includes:

- Best practices model for purchasing that, among other things, addresses the long-term commitment needed by nurseries to invest in planting seedlings now for marketing in 2025

5.2 Initiate joint education and information dissemination events

Participants were asked to elaborate answers to two questions. The first question was, "Who should be included in these learning exchange sessions?"

- In addition to those participating in the workshop, which included representatives from the nurseries, landscape contractors, municipalities, the respective trade associations, OMAFRA, and Vineland Research and Innovation Centre, participants recommended including representatives from the Ontario Association of Landscape Architects and commercial arborists.
- The possibility of extending the outreach to inform the public was also put forward as well as educators in the public education system and those charged with making decisions at the political level.

The second question was, "What are the priorities that need to be communicated in order to achieve better understanding?"

- Species and cultivar selection relative to the intended planting site
- A complete life cycle approach to asset value – full costs over the life of the tree including the cost of mortality and replanting
- Optimal techniques for planting and for maintenance that are species- orlocation-specific
- Optimal planting times in the context of ideal digging times
- Availability of Ontario-grown material (aggregate nursery inventories)
- Benefits and advantages of using Ontario-grown material

5.3 Commit to a process with specific goals and targets for working together

Participants recognized that in order for progress to occur on solutions outlined in 5.1 and 5.2, there needs to be commitment to a formal process in which they meet together on a regular schedule to advance their work towards identified goals. Participants were asked to state what they saw as the most important next step. Responses included:

- Set up a sector working group with grower, municipality and trade organizations to further the interests and move the process forward to obtain the goals and objectives of the industry
- Need to agree to develop a formal approach to regular meetings to address concerns/issue from both perspectives in the context of a defined process.
- Develop a structure for a working group that has specific tasks for its first year which could include:
    - create an annual tree selection list and estimated aggregate numbers for Ontario cities; share the previous three years' species tender lists
    - document and disseminate best practices for the sector through such means as semi-annual information meetings and an accessible website
    - exchange information about forecasted planting (numbers and locations)
    - identify best species for specific locations
- Develop a plan for municipal representatives to visit nurseries and enable discussion of plant lists and specifications

5.4 Pilot one or more alternative tendering models

Participants recognize that there is not one size that fits all needs and therefore there is no one single tendering model that is best for every seller and every buyer.

Participants expressed their views that it would be possible to improve on current, widely used practices in which municipal procurement officers make decisions based primarily on the lowest price bid, a practice that often leads to 'cherry picking,' in which only the lowest cost items are selected for any particular nursery to supply in the tender rather than taking the bid as a package.

Concern was expressed that current practices do not sufficiently take into consideration the quality and condition of the stock as long as it meets specifications. The new tendering model would define a series of criteria to define value and appropriately weight the selection process. While price would continue to be included as a consideration, it would be less dominant than at present.

Participants recognize that any changes to current tendering practices will require perseverance because current practices are institutionalized and therefore resistant to change. Specific suggestions related to alternative tendering models included:

- Development of standards and best practices in tendering, including processes, specifications and selections, to achieve more uniformity among municipalities
- Consideration of circumstances in which contract growing is appropriate
- Expanding the use of multi-year contracts
- More emphasis on the total value proposition and less on the lowest price
- Better forecasting to enable alignment of supply with demand
- Clarity with respect to when substitution is appropriate to enable more flexibility without opening up the procurement system to abuse – defining criteria and/or specifications for acceptable substitutes
- Accountability: ensuring that the responsibility for warranties is with the party best in a position to influence the outcome of the new planting during the warranty period

5.5 Develop an accreditation system for prequalifying nursery bidders and landscape contractors

This solution was not elaborated or developed in depth. The basic concept behind it is to achieve more consistency in the quality of nursery stock by assuring that all suppliers of nursery stock and services to municipalities adhere to industry-specified standards and best practices. The accreditation would provide that assurance and provide for independent monitoring of compliance.

The accreditation body could provide a dispute settlement mechanism as part of its role.

6. Next Steps

The facilitator's role is to report on what was communicated by participants in the workshop in a matter of fact way without editorializing or bias. In this section, the facilitator offers a combination of observations and recommendations based on his experience in working with groups that have convergent interests.

6.1 Observations

- There is significant goodwill and deep genuine interest on the part of buyers and sellers to cooperate on making improvements to the current procurement practices so that both parties benefit.
- There is mutual recognition that many of the current challenges that have led to a less than optimal relationship between sellers and buyers have come about without conscious intent, as a result of changes in both the natural environment increasing the demand for trees from municipalities and changes in the business environment tightening budgetary resources at the municipal level.
- There is mutual recognition that the workshop on October 22 was a valuable beginning but it needs to be followed up with a deliberate process to ensure continuing engagement. For that process to lead to positive changes, which both buyers and sellers agree in principle are needed and desirable, there need to be specific goals and commitment to participation.
- There are excellent resources available at the trade associations, OMAFRA, and Vineland Research and Innovation Centre, including subject matter experts, that can assist with the process going forward.

6.2 Recommendations

- The sponsoring trade associations, Landscape Ontario and Ontario Parks Association, develop a process plan for the next two years
- The plan will need to determine the extent of representation and participation and indicate the amount of time commitment required by those so engaged
- The plan will need to have specific, prioritized goals and may require dedicated action teams to work on specific goals as part of the larger process

It will be important to demonstrate positive outcomes by the end of the first year to keep momentum in the process but it is not realistic to expect that all the changes identified by participants in the workshop can be developed and implemented in a single year

Appendix 1: Participants

Listed alphabetically by surname

Participants

Emad	Ali	Maple Leaves Forever
Steve	Barnhart	City of Hamilton
Art	Bons	Kobes Nurseries
Gerwin	Bouman	Stam Nurseries
Dave	Braun	Braun Nursery Limited
Dianna	Clarke	City of London
Uyen	Dias	City of Toronto
Tony	Di Giovanni	Landscape Ontario
John	Early	City of Toronto
Rob	Fennell	City of Oshawa
Brian	Geerts	City of Cambridge
Jeff	Greg	Kraus Nurseries
Ben	Kobes	Bowmanville
Jen	Llewellyn	OMAFRA
Carl	Mansfield	Maple Leaves Forever
Shelly	May	Ontario Parks Association (OPA)
Darby	McGrath	Vineland Research and Innovation Centre (VRIC)
Brian	McKelvey	City of Burlington
Martin	Neumann	City of Guelph

Paul	Ronan	Ontario Parks Association (OPA)
Bill	Slute	Consultant
Mike	Tillaart	Dutchmaster Nurseries
Matthew	Tillaart	Dutchmaster Nurseries
Dan	VanderKruk	AVK Nursery Holdings Inc
Case	Vanderkruk	Connon Nurseries/NVK Holdings Inc
David	Vollett	City of Brantford
Steve	Wiersma	City of Oakville
Harry	Worsley	Uxbridge Nurseries
Laura	White	City of Toronto

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Observers

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