

# HOW TO COMPETE FOR BUDGET DOLLARS BY PRIVATIZING THE TREE CARE OPERATION

by Robert L. Tate

**Abstract.** Contracting the municipal tree care operation can generally handle specialized tasks more efficiently. It offers greater managerial/technical expertise. Contractors have the ability to manage their workforce more effectively. They can respond to crisis situations more rapidly and can downsize when no longer needed. Contracting only works well when it is functioning under properly trained customer supervision, well written specifications, good contract administration, competition and honesty.

Competing for budget dollars in municipal tree management programs has never been more difficult. However, obtaining funds for tree care is only half of the equation. The other, and probably more difficult half, is keeping them. To gain and retain budget funds requires the urban tree manager to justify, as never before, the existence of the tree resource. Preaching to the choir is not the solution. Municipal arborists can almost always convince other municipal arborists that there are not enough funds to do the job. Other, more hard-hearted folks have to be convinced that the benefits justify the costs of the program. Looking at the *cost of the program in light of, as well as the value of, the tree resource through the eyes of local political decision-makers* is what is important. They are faced with city problems that have no easy fixes. Also, citizens' concerns about their personal health and welfare are increasing, as well as their general distrust of the political system. Therefore, each dollar spent on government services is now examined closely in the light of its ability to make the city a better, more desirable place in which to live.

Complete knowledge of the costs and benefits of each element of the tree management program is the second step in competing for budget dollars. People want to know how much something is worth and how much it costs. In order to gain a fair share of scarce government money, an urban tree manager has to know the dollar value of the tree

resource based on a sample or an inventory of the trees. Knowing that this resource has a dollar value is the first step in capturing the attention of taxpayers and politicians.

After ascertaining the dollar value of the resource, determining what would happen to its value when budget funds are withheld is paramount. Political decision makers need much more information on how and where each dollar is spent and what the impact of not spending it will be. Many vocal interest groups have been successful in telling the politicians what the result of their budget cutting actions will be. Identifying what will happen if the pruning budget is reduced is not saying that fewer trees will be trimmed (that is a given) but being able to say what will happen and how much it will cost over the short and long run to the resource, and how many and to what extent taxpayers will be affected.

Next, the urban tree program has to compare favorably with other city programs. Do the benefits provided by the resource justify the costs spent on it? It is not an easy task to compare benefits and costs of trees to critical city services such as police and fire. But it has been done successfully at the expense of these services. Cost efficiency in relation to benefits provided can make the difference. And finally, just being a good tree technician just does not compete well for budget dollars. A successful urban tree program is most likely directed by a pro-active manager who understands the boundary spanning activities necessary for the program to survive in the political arena.

Successfully competing for budget dollars can take on many forms. Pruning three trees today for the same cost it took to prune two trees yesterday is exactly the same as a 50% increase in the pruning budget. If there are no additional budget funds available, increasing the amount, quality

and effectiveness of the service may be the only answer to providing the necessary care the resource needs.

Realistically, the outlook for massive or even moderate local budget increases is grim. Taxpayers are not in a mood to see their taxes raised. An urban tree manager who relies on large budget increases in the future to provide necessary services is going to be left by the wayside.

### **Why Contracting?**

Contracting is one way to successfully compete for budget dollars. Political decision-makers (and taxpayers) are motivated by efficiency in government. Contracting may be the most efficient way to provide many tree related services. Efficiency may be rewarded by retaining the same level of spending in the budget. In some cases, funds have even been increased because the city gets more for its dollar. Yet, many in city government fear, mistrust and are reluctant to consider contracting.

The proper function of government is to provide services that are not available from the private sector at the same or lower cost with equal quality. In the past, private industry was not able to provide these services for a number of reasons. But today that has changed. Most can now be provided by the private sector. Possibly with the exception of police and fire services, there is a private company available to trim trees, pave roads, mow park grass and read water meters by contract. However, old beliefs die hard and the reluctance to contracting continues even though many success stories are reported in the popular literature about the good works accomplished by it. Several academically-sponsored studies have lent weight to the worth of contracting. Yet time and time again news surfaces about the 600 dollar ashtray or the mob's control of the building contractors in the New York City area. For every good thing that is reported about contracting, there seems to be a horror story about its evils. Why then, is there such an increase in contracting? Why? Because it works.

### **Advantages of Contracting**

Contracting offers advantages to the urban tree

manager. It costs less to provide a unit of service of the same level of quality because contractors don't provide the same level of fringe benefits to their employees. Contractors normally pay more to an employee for doing the same job than would be done by that person in public employment. Government employment has chronically underpaid its employees and supplemented the pay with fringe benefits (vacations, holidays, medical/dental, retirement). Because contractors do not have as many employees off the job at any given time, the job can be accomplished with fewer workers.

Contractors also have the ability to use full time employees on different but related contracts. For example, if a single contractor is working for two governmental agencies in close proximity to each other, full time employees can be shifted back and forth between cities almost as if they were part time.

Since contractors pay well, the retention rate for experienced people is high. A high quality experienced workforce needs less supervision and training. Consequently the worker to supervisor ratio is high for contractors.

Since contracting is a profit making venture employing the most productive workforce and managing it efficiently is the key to success. When a contract is awarded, the people necessary to get the job done are placed on that job. The contract has to be done correctly and finished on time or penalties incur. Unfortunately, in government services, obligations are assigned. For example, city employees may plant thousands of trees but not have the ability to maintain them due to the lack of budget funds allocated for future maintenance.

Because the profit motive is involved, contractors' employees are rewarded for doing good jobs by giving them incentives (bonuses, time off, etc). While increased employee incentives are sought by government, it is going to be difficult, if not impossible, to carry them out at the same level as private industry. City foresters and their crews are simply not given bonuses for doing more for the same budget money this year compared to last year.

Sometimes, for some reason, employees don't

do the job required of them. Contractors, without being arbitrary and capricious, have the ability to direct their workforce more effectively. Put more bluntly, contractors can hire and fire when necessary at a level unheard of in government.

Because contractors operate under the profit motive, their equipment has to be maintained as well as possible. Unreliable or poorly functioning equipment cannot do the job. Consequently, the best equipment that will perform the task is purchased, not necessarily low bid equipment that barely gets the job done.

### **The Disadvantages of Contracting**

If contracting is so good why the 600 dollar ash tray, cost overrides and the inferior quality that is reported in the popular press about the defense industry and the Pentagon? This is an example of a situation completely out of control with strong political overtones. As bad as things are at that level, in general, the process of contracting is not flawed.

Contracting for government services will provide good quality at a highly competitive price if, and only if, the process is understood. Managing the contracting process correctly takes skill and experience. If these are not available internally, get help. Use a consultant that has experience both in tree maintenance and the contracting of it.

The greatest pitfall in government contracting is for the city to withdraw from overseeing the service once it is under contract. Without the committed participation of government managers in the creation of contract specifications and contract monitoring, contracting is probably doomed to problems or failure.

Properly trained contract managers require skills different from direct supervisors. The in-house supervisor spends much time telling employees how to do their work. The contract manager must focus on performance, whether or not the services are being delivered adequately, and what to do if they are not.

In order for the process to work well, an in-depth knowledge about the service and how it functions is required to develop well written specifications. Specifications delineate the scope of the services that the contractor will be required to provide.

They must be written in complete, clear, measurable, and focused terms. In other words, exactly what the unit of government wants for the money it is going to spend.

Competition is another part of the process that must be understood. Without competition, contracting can very quickly become a losing proposition for a local government. Competition forces contractors to be constantly on the lookout for better ways to get the job done, improve quality and reduce costs. Competition is the major way that private contracting brings about lower costs for government. One of the chief fears of contracting is that it will lead to excessive dependence on a single contractor.

Much has been written about corruption, and despite the best intentions of most public officials, bribery, kickbacks, and payoffs have long been associated with government contracting. Yet corrupt officials and contractors have been indicted and given jail terms, so legal remedies exist and are successfully used as a deterrent. The best way to avoid corruption in the contracting process is to understand what city officials can do to reduce it. Since corruption is most likely to be found during the bidding and awarding of contracts, frequent rebidding, the use of short-term contracts, removing exclusionary practices, opening up the contract process, requiring sealed bids, and careful evaluation and monitoring of each contract and contractor can nearly eliminate corruption.

### **Summary and Conclusions**

The competition for municipal budget dollars is intense. Creative solutions have to be sought if municipal tree management programs are to survive at the levels necessary to provide adequate care to the urban tree resource. Tree care budgets are not going to substantially increase until the political decision makers and taxpayers understand the value of urban trees. Tree care managers have to be more than technicians. They have to understand the political system under which they work and be capable of influencing the environments surrounding the tree management program.

Inefficiency is a common complaint leveled at the provision of government services. In order to gain and keep budget funds in a tree care program

the manager must prove that the program is giving the most bang-for-the-buck possible. In many cases, this level of efficiency can only be obtained by outside contracting.

As advantageous as contractors may be in handling specialized tasks, responding to crisis situations more rapidly, and managing their workforce more efficiently, contracting only works well when contract administrators fully understand the pitfalls of poorly written specifications, lack of oversight activities, lack of competition, and untrained contract supervision.

To contract is not to lose control of the program or to lose an empire. It is to get the job done. The urban tree resource is owed as much as it can be given. The best tree program is not based on how many employees an urban tree manager has. It is providing the highest level of quality care to the resource that can be obtained by the best method available.

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**Résumé.** Donner par contrat les travaux d'entretien des arbres en milieu municipal peut généralement permettre de réaliser des tâches spécialisées plus efficacement. Ceci offre une vaste expertise technique et de direction. Les contracteurs ont la capacité de gérer leur équipe de travail plus efficacement. Ils peuvent répondre aux situations de crise plus rapidement et réduire de taille lorsque des besoins ne se font plus sentir sur une longue période. Contracter ne fonctionne bien que lorsque cela s'opère sous une supervision individuelle menée correctement, des spécifications bien définies, une bonne gestion de contrat, de la compétition et de l'honnêteté.

**Zusammenfassung.** Die Vergabe von Baumpflegearbeiten in Kommunen an private Auftragnehmer kann im allgemeinen dazu führen, daß spezialisierte Aufgaben besser und mit größeren Fachkenntnissen erledigt werden können. Private Auftragnehmer können ihre arbeitskräfte gezielter einsetzen. Sie können auf Notsituationen schneller reagieren und bei geringerem Bedarf den Betrieb verkleinern. Die Vergabe funktioniert nur dann gut, wenn eine gut ausgebildete Leitung vorhanden ist, gute Leistungsbeschreibungen, gute Vertragsgestaltung, Wettbewerb und Ehrlichkeit.