
Establishment of an Urban Forest and Pest Management Capital Reserve

Recommendation

That the Standing Policy Committee on Environment, Utilities and Corporate Services recommend to City Council at the time of the 2019 Business Plan and Budget deliberations:

1. That the establishment of an Urban Forest and Pest Management Capital Reserve, as identified in this report, be approved;
2. That the Pest Control Reserve be eliminated and the balance transferred to the newly established Urban Forest and Pest Management Capital Reserve;
3. That a phased-in approach towards increasing the Urban Forest and Pest Management Capital Reserve to a base funding level of \$1.0M annually be considered as part of the 2019 and future year Business Plan prioritization process; and
4. That the City Solicitor be requested to amend Capital Reserve Bylaw No. 6774 to include an Urban Forest and Pest Management Capital Reserve.

Topic and Purpose

The purpose of this report is to establish an Urban Forest and Pest Management Capital Reserve (Reserve) through an amendment to the Capital Reserve Bylaw 6774 (Bylaw).

Report Highlights

1. Invasive insects and diseases, such as the cottony ash psyllid (CAP), Dutch elm disease (DED), and emerald ash borer (EAB) continue to threaten the City's urban forest.
2. Further CAP response is required in 2019. Capital project 1669 Psyllid Impacted Tree Removal will require additional funding to support further tree removal, stump removal, and replacement planting requirements.
3. High costs associated with insect and disease response will continue to have a budgetary impact.
4. The Administration has outlined the purpose of the Reserve, proposed funding, and conditions that must be met before the funds are disbursed.

Strategic Goal(s)

This report supports the City of Saskatoon's Strategic Goals of Environmental Leadership and Asset and Financial Sustainability by recommending the establishment of a Reserve so that current and future urban forestry pest and disease threats can be addressed in a proactive manner. This report also supports Quality of Life by ensuring

that the benefits associated with the City's urban forest is enjoyed by current and future generations.

Background

At the 2016 Business Plan and Budget Review meeting held on November 30 and December 1, 2015 City Council approved the Dutch Elm Disease Response Plan. This included Capital Project 1662 to support updated inventory of public and private elm trees. Additionally, \$25,000 in operating budget increases were approved for awareness campaigns and emergency responses to prevent the spread of DED.

City Council, at the 2018 Business Plan and Budget Review meeting held on November 27 and 28, 2017 approved the Cottony Ash Psyllid Response Plan. The plan included Capital Project 1669 Psyllid Impacted Tree Removal, which supported the removal of 1,000 trees and the replacement of 385 already removed trees.

An update regarding urban forest insect and disease pressures was provided to City Council during its meeting on July 23, 2018. The presentation identified that additional dedicated funding to support ongoing insect and disease response was required, and that implementation of a new reserve would be brought forward for consideration in the 2019 budget process to support this requirement.

Report

Impacts of Insect and Disease Pests

The Parks Division is currently responding to an infestation of CAP that has resulted in the loss of more than 4,500 trees to date. In addition, DED was found in Saskatoon in 2015. Also EAB, which has been responsible for the loss of millions of ash trees in North America, has been identified in Winnipeg, and is rapidly moving toward Saskatchewan. These pests and diseases could be the cause of substantial loss of City trees during the next several decades. Ash and elm trees are some of the largest and most valuable trees in the city, making up more than 50% of the entire street and park tree inventory.

Ongoing Cottony Ash Psyllid Response

The Cottony Ash Psyllid Response Plan - 2019 report identifies that an additional 2,900 trees have declined due to CAP activity and now meet criteria for removal. Funds from an Urban Forest and Pest Management Capital Reserve could be used to help support the large number of removal and replanting requirements associated with the CAP insect over the coming years.

Costs Associated with Insect and Disease Response

Based on data from canopy assessments, the Urban Forestry CAP Response Plan (2018-2023) identifies approximately \$4M of response costs associated with CAP to date.

Emerald ash borer represents one of the most significant threats to the City's Urban Forest. It has devastated ash trees throughout Ontario, Quebec, New Brunswick, 35 American states, and has now been identified in Winnipeg, Manitoba. Given the close proximity, the amount of travel that occurs between Winnipeg and Saskatoon, and the

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rate that the insect pest has been moving west, there is a high probability that the City will be infested with this insect in the next 10 years; at least \$20M will be required to respond to this threat over several decades.

Dutch elm disease continues to be a threat to the City's urban forest. A proactive approach to managing this threat has proven to be effective in Winnipeg where they have had one of the most successful DED integrated management programs in North America. They have spent approximately \$69M managing the disease over the last 37 years at an average annual cost of approximately \$1.9M. They have successfully extended the loss of elm trees over a greater period of time and avoided an estimated \$130.8M full removal/disposal cost that would have been expected by 2002 if rapid removal and other proactive measures had not been implemented. When considering that Saskatoon's urban forest is approximately 25% of the size of Winnipeg's, the City could expect savings associated with a proactive management program to be in the range of at least \$15M throughout the effort of response.

Another significant benefit associated with proactive approach to disease and insect management is reduced risk associated with a dead trees standing for shorter periods of time.

Urban Forest and Pest Management Capital Reserve

Implementing a new reserve to address current and future large scale tree threats will be an important first step towards mitigating the impacts associated with these invasive insects and disease. A phase-in approach to grow the reserve will be required to support both current and future response efforts. Over time, disease and insect activity may change and influence future contributions which will require annual approval by City Council.

In addition, Corporate Finance is promoting the review and consolidation of existing reserves to control the amount of funding required from the operating budget for reserves and to also provide flexibility to program managers to address changing priorities. Therefore, it is being recommended that the existing Pest Control Reserve be eliminated and the balance transferred to the new Urban Forest and Pest Management Capital Reserve. The Pest Control Reserve is used to fund pest management programs in the event of severe infestations of either cankerworms, ground squirrels, and mosquitos. The cap on this reserve is \$67,500 and is limited in its use. Expanding the scope of the new reserve to tackle infestations of these pests as well, provides flexibility to address these plus any other pests with additional funding flexibility.

The purpose of the new Urban Forest and Pest Management Capital reserve, source of funds, and application of funds, is as follows:

- Purpose
The purpose of this Reserve is to finance the cost of responding to insect and disease infestations that threaten the City's urban forest and to control pests affecting the quality of life of citizens of Saskatoon.

- **Source of Funds**
This Reserve shall be funded annually from an authorized provision in the City's Operating Budget.
- **Application of Funds**
The funds in the Reserve shall be used for capital expenditures required to respond to insect and disease infestations that threaten the City's urban forest and for program improvements to control pests.

Options to the Recommendation

City Council may choose not to create this Reserve, however, this would limit the City's ability to respond to current and future insect and disease threats. This would result in increased risks associated with dead/dying trees including:

- tree and branch failure;
- Increased habitat for insects or vectors spreading disease; and
- reduced health, social, economic, and environmental benefits associated with a healthy urban forest.

City Council may choose to increase the contribution level to any desired amount.

Policy Implications

Capital Reserve Bylaw No. 6774 will require amendments as recommended in this report.

Financial Implications

The required Reserve contribution set by City Council would be added to the Urban Forestry operating budget through a mill rate increase. The targeted annual funding for this Reserve is \$1.0M per year. A phase-in approach to reach this funding level is being recommended. The 2019 Business Plan Prioritization Process included an initial year one contribution of \$250,000 for City Council's consideration. The sufficiency of this reserve to meet program requirements will be monitored annually to determine the ongoing operating funding and reserve cap.

Environmental Implications

The implementation of an Urban Forest and Pest Management Capital Reserve will provide a funding source to address insect and disease threats so that benefits received from a healthy urban forest can be maintained for current and future generations.

Other Considerations/Implications

There are no privacy, CPTED implications or considerations; a communication plan is not required at this time.

Due Date for Follow-up and/or Project Completion

A follow up report is not required.

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Public Notice

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

Report Approval

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Approved by: Randy Grauer, General Manager, Community Services Department

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