

Parks Maintenance Service Cost Benefit Analysis

File No: X116117

Summary

The City's parks, open spaces and trees are some of the community's most loved assets, with hundreds of thousands of residents and visitors using the City's parks daily. The size of the park and open space network is approximately 217 hectares across the local government area, providing both active and passive recreation spaces for the use and enjoyment of our communities.

The City's parks and open space network has been maintained under a split service delivery model between an in-house park operations team and a contracted service provider since 2003. Each service provider is responsible for a separate service area based on a geographic split of the local government area. These are referred to as the north and south service areas. Both providers deliver services under the parks service level specification.

The contracted parks maintenance services are provided by Skyline Landscape Services Pty Limited under the current 7-year contract which expires on 31 May 2026. Tenders for the new service are planned to be released in September 2025 to provide sufficient time for tendering, Council approval and transition to the new contract.

Council has requested advice on the sourcing of services prior to tenders being called. In response to this the City engaged consultants Morrison-Low Advisory, who specialise in cost benefit analysis and service delivery advice to local government, to review the City parks maintenance service and prepare a cost benefit analysis on bringing the parks maintenance service inhouse.

The cost benefit analysis has been prepared to assist the City to consider options and ensure that the parks maintenance service is appropriate, effective, efficient and affordable.

The cost benefit analysis considered 3 scenarios:

- Scenario 1 - Current split service model (base case) using the City's parks operations team for the south area and a contracted service provider for the north service area
- Scenario 2 - Inhouse contract services in south service area and retain the contracted services model for the north
- Scenario 3 - Bring all currently contracted services inhouse.

The cost benefit analysis has identified Scenario 2 as the lowest cost option with the least risk for implementation. Scenario 2 provides a saving to Council over 11 years of around \$220,000 per annum as per the Net Present Value (NPV) analysis detailed in Confidential Attachment B.

Scenario 3 to bring the contracted services in the north and south service areas inhouse would increase park maintenance costs by around \$24M over 11 years as per the NPV analysis detailed in Confidential Attachment B, and require an additional depot at a cost of \$51-91M depending on whether a site is leased, built on existing property or land is purchased and a depot built.

Recommendation

It is resolved that Council note:

- (A) the Parks Maintenance Cost Benefit Analysis and Service Delivery Report prepared by Morrison-Low Advisory dated July 2025 as shown at Confidential Attachment B to the subject report;
- (B) that retaining the split provider service model using the inhouse parks operations team and a contract service provider (as outlined in Scenario 2) is significantly lower in cost and provides better value for money than bringing the parks maintenance service fully inhouse (Scenario 3);
- (C) the costs for the different options for a new depot within the Local Government Area are significant;
- (D) the implementation of Scenario 3 to bring the parks maintenance service fully inhouse would require a significant review of the Long Term Financial Plan to allocate the operational and capital funding required; and
- (E) the re-tendering of the parks maintenance service for the north service area in September 2025 with the results of the tender evaluation to be reported to Council in early 2026.

Attachments

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| Attachment A. | Parks Maintenance Service Cost Benefit Analysis (Confidential) |
| Attachment B. | Morrison-Low Advisory Cost Benefit Analysis and Service Delivery Report (Confidential) |

Background

1. The City's parks, open spaces and trees are some of the community's most loved assets, with hundreds of thousands of residents and visitors using the City's parks daily. The size of the park and open space network is approximately 217 hectares across the local government area, providing both active and passive recreation spaces for the use and enjoyment of our communities.
2. The City manages and maintains 346 parks and open space areas as well as 9,069 street gardens and verges. These are categorised as:
 - (a) Iconic parks
 - (b) Neighbourhood parks
 - (c) Pockets parks
 - (d) Sports fields
 - (e) Street gardens and traffic treatments
3. They are complex assets to manage with a diverse range of services required to maintain them at their best every day. The services include:
 - (i) Planning, reporting and risk management
 - (ii) General park servicing
 - (iii) Horticultural maintenance
 - (iv) Turf and sports field maintenance
 - (v) Infrastructure maintenance
 - (vi) Cleaning maintenance and waste removal
4. These service areas are extensive and cover over 60 specific services.
5. Since 2003 the City's parks and open space network has been maintained under a split service delivery model between an in-house (park operations team) and contracted service provider. Each service provider is responsible for a separate service area based on a geographic split of the local government area – north and south service areas. Each service area has different quantities of park assets by area and number.
6. The contracted service provider provides all services required under the service levels within the north service area. The south service area is primarily maintained by the in-house parks operations team, however, they are supported by the contracted service provider for select services e.g. pressure cleaning, BBQ cleaning, infrastructure maintenance.
7. Both service providers provide services to meet the Parks Service Level Specification (PSLS). To reach the specifications of the PSLS each provider adopts different operational, resource utilisation and scheduling approaches.

8. The contracted parks maintenance services are provided by Skyline Landscape Services Pty Limited under the current 7-year contract which expires on 31 May 2026. Tenders for the new service are planned to be released in September 2025 to provide sufficient time for tendering, Council approval and transition to the new contract.
9. The re-tendering of this service was the subject of a briefing to Council in May 2025. At this briefing it was advised that a cost benefit analysis of the parks maintenance service would be reported to Council before re-tendering of the service.

Cost Benefit Analysis

10. The City engaged consultants Morrison-Low Advisory (MLA), who specialise in cost benefit analysis and advice to local government, to review the City's parks maintenance service and provide a cost benefit analysis and recommendations on options for the future provision of the service. Specifically, the City wanted to understand the costs, benefits, and risks of bringing all the parks maintenance services into an in-house service delivery model. The option of outsourcing the south parks maintenance service has not been considered.
11. The cost benefit analysis has been prepared to assist the City to consider options for bringing the parks maintenance service in-house and to ensure that the service is:
 - (a) Appropriate – that is, services meet current community needs and wants, and can be adapted to meet future needs and wants
 - (b) Effective – that is, council delivers targeted, better-quality services in new ways
 - (c) Efficient – that is, council improves resource use (people, materials, equipment, infrastructure) and redirect savings to finance new or improved services, and
 - (d) Affordable – that is, the community is able to afford the current and any proposed future service levels
12. Morrison-Low Advisory were asked to prepare a cost benefit analysis for three scenarios:
 - (a) Scenario 1 - Current model (base case): Maintain the current parks maintenance service delivery model, including the current contracting arrangements (fully outsourced to a contractor in the north, specific functions in the south).
 - (b) Scenario 2: In-house south only: Bring the south functions currently undertaken by the contractor in-house and retain the current outsourced model for the north service area as it currently is.
 - (c) Scenario 3: Fully in-house: Bring all parks maintenance contracted services inhouse (both south and north).

Differences in Service Models

13. Morrison-Low Advisory found that the 2 parks maintenance service providers (the in-house parks operations team and the parks contractor) operate very different models to deliver the services.

14. The key comparisons relate to the operating model, on-site hours, staff pay and benefits, staff training requirements and plant and equipment.
15. Neither operating model is better than the other, but it does mean that it is not possible to assume that the same staffing levels, plant and equipment, support systems and processes would be required to provide the same services.
16. The operating model undertaken by the contracted service provider did allow for greater cost containment.

Depot

17. In parallel to this cost benefit analysis, the City commissioned analysis on the potential cost of options to develop or acquire an additional depot. This analysis looked at the development of an Alexandra Canal-style depot in the south of the Local Government Area. The cost to rent or buy land and develop a depot of this size would range from \$51-91M, with a timeframe for development of 3-5 years depending on the option chosen and availability of land. Based on current experience these development timeframes are very ambitious and likely not achievable.
18. Depot location is also a significant issue as the travel times to the City and Glebe/Forest Lodge area will further impact service efficiency and staff numbers. The cost of a depot development closer to the service area conversely would be more expensive.

Park user satisfaction

19. The City has undertaken regular park user surveys since 2010 with an average 82% user satisfaction over the five-year period 2019-2023 across both service areas. The surveys also benchmark with other councils and parks maintenance agencies and the City has consistently rated in the top 2 for park user satisfaction.
20. On this basis there is no evidence to suggest that significantly changing the service model would result in a material increase in service levels or community satisfaction.

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

21. Sustainable Sydney 2030-2050 Continuing the Vision renews the communities' vision for the sustainable development of the city to 2050. 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 strategic directions and objectives:
 - (a) Direction 1 - Responsible governance and stewardship - the parks maintenance service is an essential service providing critical health and wellbeing infrastructure and services to support our community. The cost benefit analysis identifies options to provide quality maintenance services that are appropriate, efficient, effective and affordable.

- (b) Direction 2 - A leading environmental performer - the parks maintenance service levels require the service providers to deliver on carbon, water and waste reductions in the delivery of the services. These services are also important to achieve the City's greening target of 40% to help cool the City's parks and streets.
- (c) Direction 3 - Public places for all - the parks maintenance services provide high quality parks and open spaces, sports facilities, playgrounds, fitness stations, gardens and lawn areas for the use, enjoyment, health and wellbeing of the entire community.
- (d) Direction 5 - A city for walking, cycling and public transport - the parks maintenance services footpaths and cycleways in parks and open spaces as well as street gardens which beautify the City's streets and help to reduce urban heat island impacts.
- (e) Direction 6 - An equitable and inclusive city - the City's parks and open spaces are maintained to be accessible, clean and welcoming for the entire community.
- (f) Direction 8 - A thriving cultural life - the City's parks maintenance service maintains parkland settings for the enjoyment of public art, water features and hosting of sustainable community events.

Organisational Impact

- 22. Scenario 2 involves an estimated increase of 7 FTE and assorted plant and equipment to replace contract costs incurred by the City parks operations team. These staff can be accommodated within existing depots and will have a minimal impact on corporate support services.
- 23. Analysis of the other scenarios is included in Confidential Attachment B.

Risks

- 24. Scenario 2 is within the City's risk appetite which states:
 - (a) The City has a responsibility to ensure that it has resources in the short, medium and long term to provide the levels of service that are affordable and considered appropriate by the community.
 - (b) We maintain a cautious appetite to financial risks, aiming to minimise the likelihood and impact of significant financial losses. We prioritise the protection of our financial resources and our long-term financial sustainability. We strive to ensure our financial decisions are well informed, based on sound financial analysis and aligned with our strategic objectives.

Social / Cultural / Community

- 25. The City's parks operations team and parks maintenance contract both work to increase the diversity and inclusion of their respective workforce. This includes the employment of Aboriginal and Torres Strait Islander people and people living with a disability.

Environmental

26. The parks maintenance service providers support the delivery of the Environmental Strategy 2025-2030 priorities to reduce direct operational emissions and energy use through battery powered equipment and hybrid vehicles. Both providers also actively manage irrigation to achieve potable water reduction targets.
27. These services are critical to achieving the City's greening target of 40% and ensuring the City's parks and street gardens are maintained in good condition to combat the urban heat island effect and cool the City.

Economic

28. The parks maintenance service delivers economic benefits for the local economy through high-quality public parks and open spaces that contribute to property values, health and well-being and social connection. Safe, clean and visually appealing parks and open spaces encourage people to spend greater time outdoors engaging in physical activity and local businesses nearby.
29. Scenario 2 provides Council with a better economic outcome and operational savings which could be allocated for the funding of other community services.

Financial Implications

30. The parks maintenance cost benefit analysis models the financial impacts of the three scenarios. The current model of service provision (Scenario 1) and the planned option (Scenario 2) is funded under the current 2025/26 budget and long-term financial plan.

Relevant Legislation

31. The 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.
32. Attachments A and B 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.
33. 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.

Critical Dates / Time Frames

34. The contract for parks maintenance in the north service area ends on 31 May 2026. Key dates to ensure that a new contract is in place are:
- (a) Tendering of parks maintenance service north service area - September 2025
 - (b) Results of the tender evaluation reported to Council - February 2026
 - (c) Awarding of contract - March 2026
 - (d) Commencement of new contract in north service area - 1 June 2026

VERONICA LEE

Executive Director City Services

Joel Johnson, Manager City Greening and Leisure

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