

CITY OF VAUGHAN

**EXTRACT FROM COUNCIL MEETING MINUTES OF FEBRUARY 17, 2015**

Item 6, Report No. 5, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on February 17, 2015.

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**2013 ICE STORM STATUS UPDATE**

(Referred)

**The Finance, Administration and Audit Committee recommends:**

**1) That this matter be received.**

Recommendation of the the Finance, Administration and Audit Committee meeting of February 2, 2015 (Item 7, Report No. 4):

- 1) That consideration of this matter be deferred to the Finance, Administration and Audit Committee meeting of February 9, 2015.

Recommendation of the Council meeting of January 20, 2015 (Item 4, Report No. 2, of the Finance, Administration and Audit Committee):

- 1) That consideration of this matter be deferred to the Finance, Administration and Audit Committee meeting of February 2, 2015; and
- 2) That Communication C4, from the Commissioner of Public Works, dated January 20, 2015, be received.

Recommendation of the Finance, Administration and Audit Committee meeting of January 12, 2015 (Item 4, Report No. 2)

- 1) That the following be approved:

*Whereas*, the City of Vaughan has submitted an application as part of the Ontario Ice Storm Assistance Program to cover \$10.2M of an estimated \$17.8M in total costs; and

*Whereas*, the Provincial guidelines indicated a 6 to 24 month review period for the said Application; and

*Whereas*, the Provincial guidelines deemed tree canopy replacement costs as a non-eligible part of the Ontario Ice Storm Assistant Program:

*It is therefore recommended that:*

- a) staff draft a communication to the Province requesting an expedited review of the Application in order to minimize the financial pressure associated with the disaster; and
- b) the issue of limitation of the availability of disaster relief not providing for financial assistance to support the enormous costs involved in the replacement of the tree canopies in the municipalities impacted by the 2013 Ice Storm be identified in the communication; and
- c) the communication request the Province to commission a study into their response to the Ice Storm disaster with the goal of making changes in the manner in which future disasters are dealt with; and

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- d) particular emphasis in the study include the speed with which financial assistance is made available to municipalities and the extreme magnitude and complexity of the required process resulting in substantial costs imposed on the subject municipalities; and
  - e) staff draft a communication to the Association of Municipalities of Ontario (AMO) and the Federation of Canadian Municipalities (FCM) requesting their assistance in advocating to the Provincial and Federal Governments on the problems related to the municipal disaster relief process.
- 2) That the report of the Commissioner of Finance & City Treasurer and the Director of Financial Planning & Analytics, dated January 12, 2015, be received;
  - 3) That staff bring forward a report to the January 20, 2015, Council meeting, providing a detailed breakdown of the work performed, the length of contract, the cost per hour, labour and equipment for each of the companies where the cleanup cost was in excess of \$400,000;
  - 4) That Communication C1, memorandum from the Director of Financial Planning & Analytics and the Commissioner of Finance & City Treasurer, dated January 9, 2015, from the Finance, Administration and Audit Committee meeting of January 12, 2015 (AM), be received; and
  - 5) That the deputation by Mr. Kevin Hanit, Queensbridge Drive, Concord, be received.

#### Recommendation of the Finance, Administration and Audit Committee meeting of January 12, 2015

The Finance, Administration and Audit Committee, at its meeting of January 12, 2015 (Item 7, Finance, Administration and Audit Committee Report No. 1) recommended the following:

That this matter together with Communication C1, memorandum from the Director of Financial Planning & Analytics and the Commissioner of Finance & City Treasurer, dated January 9, 2015, and the following motion, be referred to the Finance, Administration and Audit Committee meeting of January 12, 2015 at 7:00 p.m. for consideration:

That staff bring forward a report to the January 20, 2015, Council meeting, providing a detailed breakdown of the work performed, the length of contract, the cost per hour, labour and equipment for each of the companies where the cleanup cost was in excess of \$400,000.

#### Report of the Commissioner of Finance & City Treasurer and the Director of Financial Planning & Analytics, dated January 12, 2015

#### **Recommendation**

The Commissioner of Finance & City Treasurer and the Director of Financial Planning & Analytics recommend:

- 1. That the 2013 Ice Storm Status Update report be received.

#### **Contribution to Sustainability**

This report is consistent with the Green Directions Vaughan, Community Sustainability Environmental Master Plan, specifically, Goal 2, Objective 2.2: "To develop Vaughan as a City with maximum green space and an urban form that supports our expected population growth by

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providing strategies for achieving our urban forest targets which include; planning, maintenance, species and planting recommendations.”

#### **Economic Impact**

**The total financial impact of the December 2013 ice storm is now estimated at \$17.8 million**

The estimate of costs relating to the 2013 Ice Storm is \$17.8M. This includes the initial emergency response, the clean-up of damage to City property and future tree canopy replacement. It is estimated that approximately \$10.4M of this amount may be recoverable through the Ontario Ice Storm Assistance Program.

Nearly \$1.0M of Ice Storm related costs were included in the City's 2013 financial results. In order to mitigate the impact on the overall City's financial position, \$0.7M of funding was taken from the City's Winterization reserve in 2013 to cover winter operations related activity.

The 2014 fiscal year has an additional \$9.6M of Ice Storm related costs. In discussions, with the external auditors it is acceptable and reasonable to accrue future grant funding and recognized this revenue in the 2014 fiscal year, as a revenue receivable to match and offset the incurred disaster clean up expenses. This action will reverse the current variance illustrated in the City's quarterly reports. Until Ontario Disaster Relief Assistance funding is received, interim funding through internal financing will be required. This action is possible as result of the City current financial practices. Staff's understanding is the Province has secured funding for 53 municipalities who were invited to apply for funding. However, Council should be aware that if the Province denies the City's request in whole or in part, an alternative funding strategy will be necessary. Staff will report back to Council once more information on the status of the application is available.

Additional spending of \$7.2M is estimated over the next 6 years in order to replace the trees lost in the ice storm. Proposed funding for this amount will be included as part of the Draft 2015 Budget and 2016-18 Financial Plan.

#### **Communications Plan**

**Over the next few years, annual reports will be provided to Council, outlining the progress of the tree replacement plans throughout the City**

Information about the clean-up operation was delivered to the residents throughout the City of Vaughan through the City's website, as well as via Public Works' Spring/Summer Newsletters and mobile signage. In addition, Corporate Communications assisted with social media updates, and PSA's.

The City's website hosts the online tool, which is designed to provide details on past activities, and will provide detailed information with respect to the future replanting plans. It also has the most up to date question and answer section of the website in order to satisfy resident inquiries and concerns.

#### **Purpose**

To provide Council with a financial update report of the impact of the 2013 Ice Storm with a focus on the amount and timing of Provincial funding through the Ontario Ice Storm Assistance Program.

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### Background - Analysis and Options

On December 22, 2013 the City of Vaughan was impacted by one of the worst ice storms documented in Ontario. Staff in many departments, together with contracted crews, went into action immediately, dealing with fallen trees and the related full road blockages, salting and clearing of roads and pathways, staffing of emergency warming centres etc.

**The financial impact associated with the December 2013 ice storm is estimated at \$17.8M**

The total cost associated with the clean-up from the ice storm and the restoration of the City's tree canopy is estimated at \$17.8M. Once the ineligible costs related to replanting the City's tree canopy are removed, the expected expenses eligible for the Provincial Ice Storm Assistance Program are estimated at \$10.4M.

It is estimated that this funding will be received sometime in 2015, though the Province has indicated that the review of the claims may take up to 2 years. In discussions, with the external auditors it is acceptable and reasonable to accrue future grant funding and recognized this revenue in the 2014 fiscal year, as a revenue receivable to match and offset the incurred clean up expenses. This action will reverse the current variance illustrated in the City's quarterly reports. Until Ontario Disaster Relief Assistance funding is received, interim funding through internal financing will be required. This action is possible as result of the City current financial practices. However, Council should be aware that if the Province denies the request or only partially grants the request, an alternative funding strategy will be necessary. Staff will report back to Council once more information on the application status is available. The following table shows the yearly estimates of the costs associated with the Ice Storm as well as the expected timing of the provincial funding.

	<u>Total Cost</u>	<u>Non-Eligible Expenses</u>	<u>Eligible Expenses</u>	<u>Expected Recovery</u>
<b>2013</b>	\$ 1.0	\$ 0.0	\$ 1.0	
<b>2014</b>	\$ 9.6	\$ 0.2	\$ 9.5	
<b>2015</b>	\$ 1.4	\$ 1.4		\$ 10.4
<b>2016</b>	\$ 1.4	\$ 1.4		
<b>2017</b>	\$ 1.4	\$ 1.4		
<b>2018</b>	\$ 1.4	\$ 1.4		
<b>2019</b>	\$ 1.4	\$ 1.4		
<b>2020</b>	\$ 0.3	\$ 0.3		
<b>Total</b>	<b>\$ 17.8</b>	<b>\$ 7.3</b>	<b>\$ 10.4</b>	<b>\$ 10.4</b>

**Provincial Ice Storm Assistance  
Program Deadline – December  
31<sup>st</sup>, 2014**

Note: All amounts are in \$ Millions. Totals may not add due to rounding.

Note: Table shows when expenses appear in financial statements and not necessarily when they were incurred.

The Deadline for Claim Submission as part of the Ontario Ice Storm Assistance Program was December 31<sup>st</sup>, 2014. City staff have worked diligently on the application; it was very intense and detailed process to ensure compliance with eligibility. Staff are very confident in the City's application, but with any application some things might be deemed ineligible. The Province has indicated that the Claim review Period is 2014-2016 and that larger claims (in size and complexity) will take longer to review. Seeing as the City of Vaughan was one of the hardest hit communities, the Claim Submission will likely require a significant review period at the Province.

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#### **Relationship to Vaughan Vision 2020/Strategic Plan**

In consideration of the strategic priorities related to Vaughan Vision 2020, the actions to date provide:

- **STRATEGIC GOAL:**  
Service Excellence – Providing service excellence to citizens.
- **STRATEGIC OBJECTIVES:**  
Pursue Excellence in Service Delivery, Enhance and Ensure Community Safety and Health and Wellness – To deliver high quality services and to promote health and wellness through design and program.

#### **Regional Implications**

The Region is responsible for all trees planted within the Region's road allowance. Costs detailed in this report only relate to City of Vaughan trees.

Other municipalities impacted by the ice storm are also experiencing similar challenges regarding funding and timing of tree replacement.

#### **Conclusion**

The Ontario Ice Storm Assistance Program is expected to provide a reimbursement of \$10.4M of the \$17.8M cost of the clean-up and tree canopy replacement costs related to the December 2013 Ice Storm. Staff have completed and submitted the City's application and will report back to Council once more information on the status of the application is available.

#### **Attachments**

1. Communication C1, from the Director of Financial Planning & Analytics and the Commissioner of Finance & City Treasurer, dated January 9, 2015
2. Communication C4, from the Commissioner of Public Works, dated January 20, 2015

#### **Report prepared by:**

Howard Balter, Manager of Financial Planning and Analysis, Ext. 8338

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)