

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF FEBRUARY 17, 2015

Item 7, Report No. 4, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on February 17, 2015.

7

2013 ICE STORM STATUS UPDATE

(Referred)

This matter was deferred to the February 9, 2015, Finance, Administration and Audit Committee meeting (see 8. OTHER MATTERS CONSIDERED BY THE COMMITTEE, Item 8.2: 2013 ICE STORM STATUS UPDATE).

2013 ICE STORM STATUS UPDATE

(Referred)

Council, at its meeting of January 20, 2015, adopted the following recommendation (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
 - 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 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.

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>	
2013	\$ 1.0	\$ 0.0	\$ 1.0		
2014	\$ 9.6	\$ 0.2	\$ 9.5		
2015	\$ 1.4	\$ 1.4		\$ 10.4	
2016	\$ 1.4	\$ 1.4			
2017	\$ 1.4	\$ 1.4			
2018	\$ 1.4	\$ 1.4			
2019	\$ 1.4	\$ 1.4			
2020	\$ 0.3	\$ 0.3			
Total	\$ 17.8	\$ 7.3	\$ 10.4	\$ 10.4	Provincial Ice Storm Assistance Program Deadline – December 31st, 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 31st, 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.

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

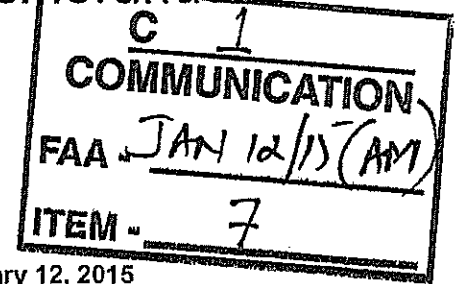
1. Communication C1, from the Director of Financial Planning & Analytics and the Commissioner of Finance & City Treasurer, dated January 9, 2015
2. Communication C4, from the Commissioner of Public Works, dated January 20, 2015

Report prepared by:

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



memorandum



DATE: January 9, 2015
TO: Mayor and Members of Council
FROM: Laura Mirabella-Siddall, Director Financial Planning & Analytics
John Henry, Commissioner of Finance & City Treasurer
RE: Item #7 Finance, Administration and Audit Committee – January 12, 2015
2013 Ice Storm Status Update

Purpose

To provide Council with additional information related to Item #7 on the agenda of Finance, Audit and Administration committee meeting January 12, 2015 9:30AM.

Background

The City of Vaughan sustained significant damages during the ice storm of December 2013. The total cost of the ice storm is estimated at \$17.8M which includes initial emergency response, the clean-up of damage to City property and future tree canopy replacement. There have been a number of reports back to Council detailing the progress of the clean-up, the financial impact to the City and the status of the Ontario Ice Storm Assistance Program rules and guidelines. Previous reports have included a presentation to a Special Council meeting (January 14, 2014), Ice Storm Update items to FAA on June 16, 2014 and January 12, 2015, in addition to financial updates provided with Consolidated Quarterly Reports.

Ontario Ice Storm Assistance Program Application has been submitted:

The application for financial assistance to reimburse a portion of the total cost of the ice storm was submitted to the Ontario Ice Storm, Assistance Program on December 21, 2014. Costs incurred by the province for a natural disaster of this size qualify for federal government assistance under the Disaster Financial Assistance Arrangements program. Ontario will pay eligible claims and then seek federal cost sharing under this program. The total value of the application was \$10.2M. The Province has allowed a 2 year window to review applications and at this time there has been no update on the status other than official acknowledgement that the application was received.

Majority of Ice Storm Spending Through Contracted External Service Providers

Of the total estimated \$17.8M cost of the Ice Storm, \$10.6M has already been incurred, with the remaining \$7.2M related to future tree canopy replacement. The \$10.6M incurred has primarily been through the use of external contracted service providers (\$9.7M), with smaller amounts related to internal labour (\$0.5M) and other expenses, including purchases of materials (\$0.4M).

The use of external suppliers in both the emergency portion of the ice storm clean up and in the subsequent clean up and debris removal phases has been done in accordance with emergency purchases as described within Section 10 of the Procurement Policy. All local available contractors were used to the full extent of their capacities whether or not they have had previous dealings with the City. Due to the limitations in the capacity of local Companies, contractors from a broader region (province wide) were required and the work was distributed based on availability of resources, reasonableness of cost and proof of proper certification. The City was also competing with many other GTA municipalities for the services of

C1.2

suitable Companies. In addition to this, the Province imposed a deadline of June 22, 2014 for the guarantee of inclusion in the Ice Storm Assistance Program which required a larger workforce be contracted over a shorter period of time.

There were 11 contractors whose total billings to the City related to the ice storm clean up were over \$100K each. These contractors are listed in the following table, in order of total expense. These contractors make up a total of \$9.4M or approximately 97% of the total expense. The majority of these expenses were due to the multiple phase emergency clean up and removal of damaged trees as well as emergency road plowing and salting in the immediate aftermath of the storm.

Contractor Name	Ice Storm Related Charges (\$M)
Wilderness Environmental Services	\$ 5.8
Davey Tree Expert Co. of Canada ¹	0.7
Timberlane Tree Service ¹	0.5
Defina & Di Benedetto	0.4
Mirabelli Corporation	0.4
Wes Tree Service	0.4
Armking Contracting Limited ²	0.4
Forest Contractors Ltd. ²	0.3
Cohen & Master	0.2
Gazzola Paving Limited ²	0.2
Maple Hill Tree Services ¹	0.1
Total	\$ 9.4

¹ Vendor of records through current or previous contracts with the City.

² Existing contractors in PW Winter Maintenance

In addition to this, there were 8 contractors who performed work valued in the range \$10K-\$100K. The total expenditure for these contractors was \$0.2M. The remaining \$0.1M of expense was paid to over 25 other suppliers, with no individual supplier invoicing over \$10K. Most of this work was related to emergency response, equipment rental, electrical and mechanical repair and other expenses.


Conclusion

The City of Vaughan has submitted an application to the Ontario Ice Storm Assistance Program in the amount of \$10.2M. The total financial impact to the City due to the ice storm is expected to be \$17.8M of which \$10.6M has been incurred and the remainder will be required for replacement of the damaged tree canopy. The majority of the spending to date has been through contracted external service providers initiated by the department under the emergency provisions of the Procurement Policy.

Respectfully submitted,



Laura Mirabella-Siddall, CPA, CA
Director, Financial Planning & Analytics



John Henry, CMA
Commissioner of Finance & City Treasurer

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Item #	4
Report No.	2 - FAA
Council Jan 20/15	

DATE: JANUARY 20, 2015

TO: HONOURABLE MAYOR BEVILACQUA AND MEMBERS OF COUNCIL

FROM: PAUL JANKOWSKI, COMMISSIONER OF PUBLIC WORKS

RE: COMMUNICATION – COUNCIL – JANUARY 20, 2015
ITEM #7, 2013 ICE STORM STATUS UPDATE

Economic Impact

Economic impact was previously noted in Item #7, Finance, Administration and Audit Committee – January 12, 2015: "2013 Ice Storm Status Update".

Communications Plan

Not applicable.

Purpose

This communication responds to the following request from the January 12, 2015 Finance, Administration and Audit Committee, which recommended:

1. 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.

This report further documents the City's diligent administration of the ice storm recovery work, which ensured the City and its residents maximized value for funds expended for contract services needed for the ice storm response and cleanup.

Background

To assist with the recovery efforts required from the December 2013 ice storm, the Forestry Department hired numerous contractors, including seven companies who provided services exceeding \$400,000 in value. Forestry staff worked closely with our Purchasing Services Department to retain contractors quickly and ensure documentation requirements were met. Local contractors were contacted in addition to those in the surrounding areas. Limitations of local contractors to address the significant damages from the ice storm required staffing and resources from well beyond the impacted zone.

At the peak of the recovery/cleanup, 67 contractor crews and 5 in-house crews were working 60hrs/week with rotating shifts to ensure 7 day coverage for our residents.

An average crew consisted of 2.5 staff of which 2 were qualified climbers with 1 bucket truck and 1 chipper. Crew configuration varied based on site conditions, work performed, tree size and stage of cleanup.

Additional staff were seconded from various departments and brought on to oversee contractor performance in the field to validate quality and quantity of work and to ensure invoice processing, City standards and best value to our residents was achieved.

Table 1 depicts information related to those contractors who provided service exceeding \$400,000 in value involving the first two phases of the City's response.

Table 1

Major Contractors Profile - All Phases

	Charges (\$M)	Total # of Weeks	# Of Crews	Rate per Hour	Equipment Used
	All Phases			Code Yellow	
Wilderness Environmental Services	5.8	25	1 - 40	\$235.25	B, BT, CH, CR, CT, DT, LT, PT
Davey Tree Expert Co. of Canada, Limited	0.7	13	1 - 10	\$224.26	BT, CH, PT, PT
Timberlane Tree Service	0.5	16	2 - 5	\$210.66	B, BT, CH, CR, CT, DT, LT, PT
Defina & Di Benedetto Contracting Limited*	0.4	18	1	\$400.00	B, CH, CT, PT
Mirabelli Corporation	0.4	17	1 - 6	\$255.74	B, BT, CH, CT, DT, LT, PT
Wes Tree Service	0.4	19	1-5	\$192.01	B, BT, CH, CR, CT, E, LT, PT
Armking	0.4	N/A	N/A	N/A	L, DT

B = Bobcat
 BT = Bucket Truck
 CH = Chipper
 CR = Crane
 CT = Chip Truck
 DT = Dump Truck
 E = Mini Excavator
 L = Loader
 LT = Log Truck
 PT = Pick Up Truck

* Defina operated one larger crew for ground work only.

Contractors worked throughout the three phases of the ice storm recovery, to prune approximately 11,485 trees, and to remove an additional 8,171 trees on City boulevards, parks, woodlots and open spaces. This work was completed within six months.

Table 2

City's Ice Storm Tree Damage Response Statistics

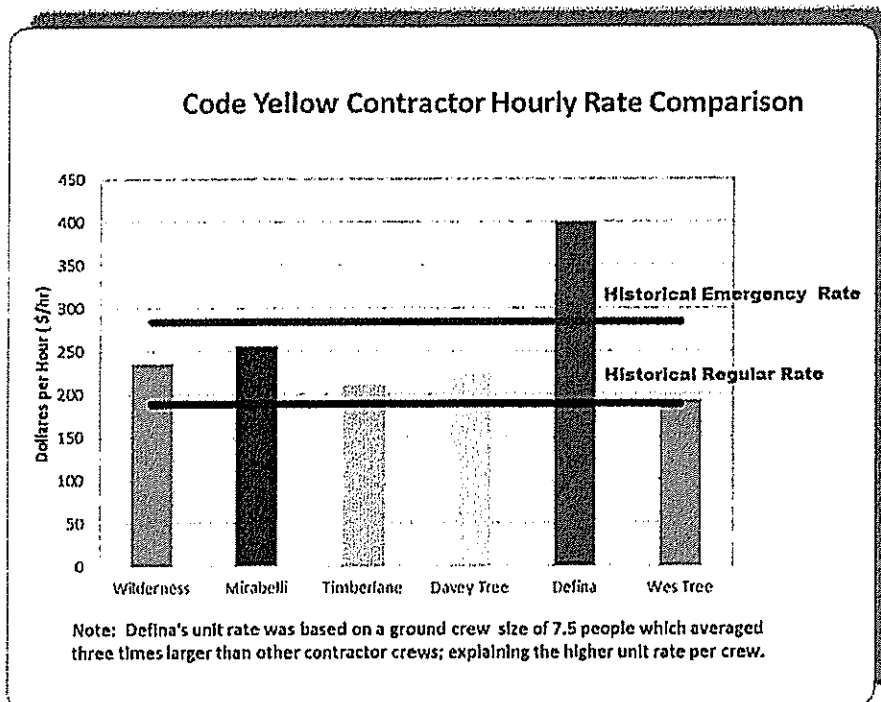
	CODE RED	CODE YELLOW	CODE BLUE- Phase 1	CODE BLUE- Phase 2
Contractor Removals	5,805			
Contractor Prunings	11,485			
In-House Removals	2,366			
Total # of Crews (contractor and in-house)	18	42	65	67
Payment Type	Hourly	Hourly	Per Block	Per Block
Total Cost (per code)	\$9,750.55	\$4,533,565.20	\$3,235,270.00	\$654,294.75
Total External Contractor Cost	\$8,432,880.50			

Due to the widespread damage of the storm, access to qualified contractors was a primary consideration/factor if the department was to achieve its set goals and timelines to meet 2014 operational requirements as well as ODRAP funding.

The initial stages of the cleanup were completed using hourly rates which were reviewed and approved. Hourly rates were compared with the City's historical average contracted crew costs before contractors were hired. In some cases, contractors were asked to revise their rates or were not hired as their rates were too high.

Staff benchmarked negotiated rates against historical public tender rates for both planned and emergency work.

Figure 1



Great diligence was taken to ensure contractors met the city's requirements prior to start-up and throughout their assigned work time. In addition to insurance and WSIB requirements, contractors were required to:

- provide competitive unit rates
- provide records of certifications/training
- provide daily operations reports
- provide adequate supervision on site
- follow work assignments and provide documentation upon completion
- meet performance measures as monitored onsite by city staff

Contractors were monitored throughout by city staff to ensure compliance with these requirements and hours worked. Based on this protocol, it became necessary to terminate some contractors and continue recruiting others.

Moving from emergency to planned activities the City continued to solicit contractors to improve service delivery for our citizens.

As the cleanup operations moved into the final stages it became difficult finding, as well as retaining contractors due to previous work commitments, out-bidding by other municipalities and staff burnout. Sixteen contractors were considered of which 10 were hired.

Table 3

Contractor Selection Strategy - All Phases

	Hired	Bucket Truck	Climbers	Tree Care Company	Rate per Hour	Crew Size	Terminated - Safety/Performance
Wilderness Environmental Services	✓	✓	✓	✓	\$235.25	2.4	
Mirabelli Corporation	✓	✓	✓	✓	\$255.74	2	
Timberlane Tree Service	✓	✓	✓	✓	\$210.66	2.5	
Davey Tree Expert Co. of Canada, Limited	✓	✓	✓	✓	\$224.26	2.2	
Wes Tree Service	✓	✓	✓	✓	\$192.01	2.6	
Maple Hill Tree Services	✓	✓	✓	✓	\$342.00	3	
Cohen & Master Tree and Shrub Services Inc.	✓	✓	✓	✓	\$400.00	3	
Defina & Di Benedetto Contracting Limited*	✓				\$400.00	7.5	
Company A	✓				\$442.00	3	✓
Company B	✓				\$225.00	3	✓
Company C					\$220.00	3	
Company D					\$250.00	3	
Company E					\$320.00	3	
Company F					\$350.00	3	
Company G					\$412.50	3	
Company H					\$830.55	5	

Contractors were paid for workable hours only excluding travel time, breaks and equipment down time. All contractors were paired with a city inspection staff who met with the crews on site daily to ensure proper number of staff & equipment allocation, certifications in place and acceptable performance standards met.

City staff had oversight of contractors throughout the entire ice storm cleanup to ensure diligent review of contractor performance, contract administration, invoice review and processing.

Through careful planning and strategizing, the Forestry Department developed an extensive three phase plan. Phases were characterized by colour code: Red, Yellow and Blue. Within 6 months the city was cleared of essential hazards and debris.

Stages of Cleanup

Stage 1, Code Red: Emergency Response

Date: December 22 – December 28, 2013

Core Objective: Clear all blocked areas for EMS Access

- Contractors were chosen from the quotes provided based on an hourly rate for crews and equipment.

Stage 2, Code Yellow: Emergency/Recovery

Date: December 28, 2013 – April 1, 2014

Core Objective: Residential Safety

- Due to extreme cold, snow pack and lack of thaws, a large amount of debris remained inaccessible during this stage and was subsequently included in the following stage.
- Throughout the operation, contractors were required to submit dailies identifying every location and tree worked on and what type of operations were performed.

Stage 3, Code Blue: Final Recovery

Date: April 1 – May 31, 2014 (Phase 1)

Date: June 1 – June 16, 2014 (Phase 2)

Core Objective: Final Cleanup & Woodlots and Recreational spaces made safe

- Due to the extremely cold winter and late spring, a second cleanup rotation was necessary to remove wood debris previously frozen in and/or inaccessible to crews.
- It was essential for this work to be completed quickly to minimize the operational impacts on the department's regular maintenance programs such as boulevard & park maintenance at the same time, ensuring the parks and open space were ready for summer usage.

Conclusion

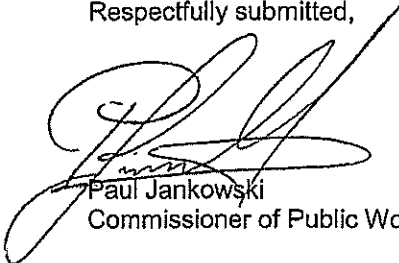
The contracted services required to return our streets, parks, woodlots and open spaces to safe conditions were diligently monitored throughout the ice storm recovery. Staff evaluated unit rates to ensure they represented fair market value and were in line with our historical averages. In addition, staff closely monitored quantity and quality of work to ensure performance measures were met. At all stages of the cleanup, staff focused not only on meeting our deadlines for ODRAP funding, but also ensured they maintained keen oversight and ethical practices in the best financial interest of our citizens.

Report prepared by:

Zoran Postic, Director of Transportation Services and Parks and Forestry Operations, Ext. 6137

Jeffrey Silcox-Childs, Manager of Parks Services, Ext. 6140

Respectfully submitted,



Paul Jankowski
Commissioner of Public Works