

City Manager's Report to  
Priorities and Finance Committee  
2014 April 08

CITY OF CALGARY  
**RECEIVED**  
IN COUNCIL CHAMBER

APR 14 2014

ITEM: *Urg. Bus. PFC-0316*

ISC: UNRESTRICTED  
PFC2014-0316  
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**2013 FLOOD RECOVERY TASK FORCE: RESILIENCY RECOMMENDATIONS**

CITY CLERK'S DEPARTMENT

**EXECUTIVE SUMMARY**

At Priorities and Finance Committee 2014 April 01 *PFC2014-0282 2013 Flood Recovery Task Force Update: Resilience Report (Revised)* was referred to Administration to review Attachments 1 and 2 and prepare a list of high priority projects requiring immediate funding. Each business unit reviewed its project lists, recommended required 2014 projects and shared a rationale for their inclusion.

**ADMINISTRATION RECOMMENDATION(S)**

Priorities and Finance Committee recommends that Council:

- 1) As per the Community Resiliency Projects (Attachment 1);
  - a) approve the projects recommended for immediate funding and approve the capital budget of \$9.1 million funded from the Fiscal Stability Reserve;
  - b) approve the one-time 2014 operating budget of \$460 thousand funded from the Fiscal Stability Reserve; and
  - c) direct Administration to bring forward for consideration any continuing operating costs as part of the 2015-2018 Action Plan.
- 2) As per the Infrastructure / Operations: Flood Resiliency Projects (Attachment 2);
  - a) approve the projects recommended for immediate funding and approve the capital budget of up to \$6.6 million funded from the Fiscal Stability Reserve;
  - b) approve the associated one-time operating budget for 2014 of \$650 thousand funded from the Fiscal Stability Reserve; and
  - c) direct Administration to bring forward for consideration any continuing operating costs as part of the 2015-2018 Action Plan.
- 3) Approve a staffing budget request of \$5.9 million, to be funded from the Fiscal Stability Reserve, for the period 2014-2016 with reimbursement of these funds to be applied for under the Province's Municipal Staffing Grant Program.
- 4) Approve the funding of up to an additional \$2 million from the Fiscal Stability Reserve for the hiring of additional recovery staff and consultants in 2014 with recovery costs to be pursued through the Municipal Staffing Grant Program.
- 5) Refer *PFC2014-0136 2013 Flood Recovery Task Force: Resiliency Recommendations* as an item of urgent business to the 2014 April 14 Council Meeting.

**RECOMMENDATION OF THE PRIORITIES AND FINANCE COMMITTEE, DATED 2014  
APRIL 08:**

That Administration Recommendations 1, 2, 3 and 4 contained in Report PFC2014-0316 be approved.



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Excerpt from the Minutes of the Regular Meeting of the Priorities and Finance Committee, dated 2014 April 08:

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"5) Forward PFC2014-0136 2013 Flood Recovery Task Force: Resiliency Recommendations as an item of urgent business to the 2014 April 14 Council Meeting."

#### **PREVIOUS COUNCIL DIRECTION / POLICY**

On 2013 July 02, Priorities and Finance Committee received *PFC2013-0578 Flood Status Update* regarding the 2013 Flood Event.

On 2013 September 03, Priorities and Finance Committee received *PFC2013-0618 2013 Mid Year Report on Business Plans and Budgets* which identified known flood-related budget impacts.

On 2013 September 03, Priorities and Finance Committee received *PFC2013-0634 2013 Capital and Operating Budget Revisions* with a flood expenditure update and master list of flood recovery projects.

On 2013 September 03, Priorities and Finance Committee received *PFC2013-0646 2013 Flood Recovery Task Force Update Report* with attached 2013 Flood Recovery Framework.

On 2013 November 25, Council received *C2013-0668 Proposed Adjustments to the 2014 Business Plans and Budgets* and directed Recommendation 2c. and all associated matters related thereto, be adopted, as follows:

That Council:

2. Approve the recommendations from the Interim and Permanent Financing and Funding Strategy (Attachment 1, pages 97-102), as follows:

c. Approve the Administration utilizing, as required, the Fiscal Stability Reserve to fund the residual tax supported flood-related capital projects funding shortfalls to a maximum of \$100 million (Attachment 1, page 100).

On 2013 November 25, Council received for information *C2013-0742 Flood Recovery Task Force: 2014 Business Plan and Budget Adjustments Companion Report* as a companion to *C2013-0668 Proposed Adjustments to the 2014 Business Plans and Budgets*. Council directed Administration to prepare a report containing a list and cost of the first grouping of resilience flood projects, to return to Council through the Priorities and Finance Committee no later than Q1 2014.

On 2013 December 16, *C2013-0836 City Manager's Office Report to Council Flood Recovery Task Force: Update Report* was received for information. It contained a six month update on the activities of the Flood Recovery Task Force. At this same meeting, Council received for information *C2013-0732 Expert Management Panel on River Flood Mitigation Quarterly Report*.

On 2014 March 31, *C2014-0100 Expert Management Panel on River Flood Mitigation Quarterly Report* was received by Council for information.



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On 2014 April 01, Priorities and Finance Committee approved *PFC2014-0279 Flood Mitigation Project for Calgary Zoo*.

On 2014 April 01, Priorities and Finance Committee received *PFC2014-0282 2013 Flood Recovery Task Force Update: Resilience Report (Revised)*. REFER, Moved by Councillor Farrell, and approved by PFC that Revised Report PFC2014-0282 and the Revised Attachments be referred to the Administration to report to:

1. The April 08 Regular Meeting of the Priorities and Finance Committee with a list of the high priority 2014 projects, as outlined in Revised Attachments 1 and 2, that must commence this season; and
2. The Priorities and Finance Committee, no later than the 2014 May 20, with a prioritized list of projects and revised financial ask.

And further, that the In Camera discussions remain confidential pursuant to Section 24(1)(a) of the *Freedom of Information and Protection of Privacy Act*.

### **BACKGROUND**

In 2013 June, extensive flooding occurred in Calgary which damaged large amounts of infrastructure, disrupted services and left many citizens without power and, in some cases, without accommodation. A Recovery Operations Centre (ROC) Director oversees a core team of staff who work with an inter-departmental Flood Recovery Task Force (the Task Force). The Task Force was established to provide leadership within The City of Calgary and the Calgary community to identify and resource immediate recovery activities and to support the delivery of recovery, mitigation and resilience recommendations for Action Plan 2015-2018. Work is ongoing in the framework key areas of: people, housing and property, services, infrastructure and funding.

At the meeting of Council 2013 November 25, Administration was directed to prepare a report containing a list and cost of the first grouping of the resilience flood projects, and return to Council through the Priorities and Finance Committee no later than Q1 2014. The Recovery Operations Centre (ROC) team and CEMA worked collaboratively to generate resilience recommendations to ensure alignment with the Comprehensive Emergency Management framework and lessons learned from the 2013 flood.

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

Three categories were used to classify the resiliency and mitigation projects identified. They are community, infrastructure and organization, and potential submission to the Provincial Mitigation and Resilience funding program. The community category is for projects that are meant to support citizens' information and communication needs directly and improve the resiliency of services or public spaces to ensure a rapid return to daily living following a future high water event. The infrastructure and organization category refers to flood mitigation improvements to existing or new infrastructure and/or improving organizational resiliency to a disaster. The third category is to identify those projects that meet the criteria of the Provincial Mitigation and



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Resilience funding program. These categories were presented to Priorities and Finance Committee on 2014 April 01.

At the request of 2014 April 01 Priorities and Finance Committee, Administration has undertaken a subsequent review of the Community Resiliency Projects and Infrastructure/Operations Resiliency Projects, to generate a high priority project list for 2014. This list was determined through an assessment of: what is critical for service delivery and must commence in the 2014 construction season to further spring preparedness for 2014; and what is necessary to accommodate business continuity for future emergency events, including the potential of a high water event this year and in future. Attachments 1 and 2 contain the 2014 project recommendations and funding requests and identify for consideration future capital budget requests to complete these projects in the 2015-2018 Action Plan.

*PFC2014-0282 2013 Flood Recovery Task Force Update: Resilience Report (Revised)* also included a third attachment summarizing the list of projects submitted by The City to the Province of Alberta Mitigation and Resilience funding program on 2014 March 31. Further prioritization of the submitted project list will occur as decisions regarding overall water management in Alberta are completed. The City of Calgary and the Government of Alberta are working to determine long range mitigation strategies and to identify the right investments to safeguard public safety, critical infrastructure protection, and environmental preservation.

### **Stakeholder Engagement, Research and Communication**

CEMA and ROC have combined efforts in order to collect information required for respective needs. Staff met directly with business unit Directors to discuss lessons learned from the flood response, review information resulting from the CEMA debrief, and discuss resilience and mitigation. Through this process, business units were provided with the opportunity to bring forward initiatives that would support mitigation efforts and contribute towards resiliency of infrastructure, the organization and the community/citizens. The refinement process was conducted by business unit Directors in order to identify the priority 2014 projects detailed in the attachments.

### **Strategic Alignment**

This report aligns with the Municipal Development Plan (MDP), the Calgary Transportation Plan (CTP), the MEP (Municipal Emergency Plan), the 2020 Sustainability Direction and CEMA's Comprehensive Emergency Management model. Investing in resiliency may assist in reducing insurance premiums and may help ensure coverage may be obtained in future.

### **Social, Environmental, Economic (External)**

The Triple Bottom Line (TBL) is repeatedly referenced in literature regarding disaster recovery and resilience. The Task Force has centered its key result areas within the 2013 Flood Recovery Framework around the TBL sustainable development principles.

The social impacts of the flood event continue to be monitored and supported through ongoing liaison with directly impacted communities, Council Members' offices, calls to 311 and 211, and the strong network of relationships between The City of Calgary and service agencies within Calgary.



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Environmental impacts continue to be identified and assessed. The City of Calgary continues to work with other orders of government to understand the impacts and to identify next steps and responsibilities in repair and mitigation, specifically with respect to overall water management in Alberta.

### **Financial Capacity**

#### **Current and Future Operating Budget:**

Request for Council consideration of operating budgets, for resiliency projects recommended for immediate approval and funding:

- 1) As per Community Resiliency Projects (Attachment 1);
  - a) approve the one-time 2014 operating budget of \$460 thousand from the Fiscal Stability Reserve; and
  - b) direct Administration to bring forward for consideration any continuing operating costs as part of the 2015-2018 Action Plan.
- 2) As per Infrastructure / Operations: Flood Resiliency Projects (Attachment 2);
  - a) approve the associated one-time operating budget for 2014 of \$650 thousand funded from the Fiscal Stability Reserve; and
  - b) direct Administration to bring forward for consideration any continuing operating costs as part of the 2015-2018 Action Plan.

The Government of Alberta has identified a Municipal Staffing Grant program to support municipalities who need additional resources to undertake flood recovery work. The City applied for \$5.9 million and has received \$1 million to date. Council's approval of a staffing budget request for \$5.9 million, to be funded from the Fiscal Stability Reserve, for the period 2014-2016 with reimbursement of these funds to be applied for under the Province's Municipal Staffing Grant Program is requested.

It is anticipated that up to an additional \$2 million in additional staff and consultants may be necessary to complete recovery related work. Council's approval to hire this additional staff and consultants as resources is requested.

#### **Current and Future Capital Budget:**

Request for Council consideration of capital budgets, for resiliency projects recommended for immediate approval and funding:

As per Community Resiliency Projects category (Attachment 1):

- a) approve the projects recommended for immediate funding and approve the capital budget of \$9.1 million funded from the Fiscal Stability Reserve; and

As per Infrastructure / Operations: Flood Resiliency Projects category (Attachment 2):

- a) approve the identified projects, and approve the capital budget of up to \$6.6 million funded from Fiscal Stability Reserve.



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Administration anticipates that the impacts of the flood event will affect both current and future capital budgets. Through the ongoing efforts of ROC working with Finance, Action Plan leaders and other stakeholders, these will be incorporated into existing business planning and budgeting processes to ensure an overarching resilient city theme is maintained and integrated.

### **Risk Assessment**

The cost of The City's property insurance increased substantially from 2013 to 2014. The increase in premium was as a direct result of the flood claim presented to The City's insurers. During initial renewal negotiations with the insurers it was evident that the industry was reluctant to continue underwriting flood risk in Calgary. Many long time insurers on The City's insurance program either opted to not provide any quotes or they opted to reduce their exposure on the risk in the event of a future flood. As a result, The City was not able to achieve the same level of flood insurance at any cost for 2014 and the cost for the insurance that was secured was substantially higher.

If The City does not demonstrate to its insurers that it intends to look for ways to reduce the likelihood of a flood loss or mitigate the amount of damage from a flood, The City may be unable to purchase flood insurance in the future. If The City shows the insurance industry that it is taking positive steps by implementing resiliency projects, the insurers may continue to offer flood coverage and the cost of the coverage will hopefully reduce over time.

There are a number of risks should The City of Calgary not invest in resilience. For example, risk of loss of public confidence and corporate reputation due to failure to address public infrastructure resilience, provide correct and consistent information effectively, and deliver services that citizens have come to expect (both flood related and regular operations).

Finally, The City faces significant risks down the road if it fails to consider resiliency options now. Failure to consider resiliency will increase The City's vulnerability to future weather related events, such as floods and severe winter and summer storms, and hinder its ability to support citizens when disaster strikes. While these risks are recognized and are being managed through the best efforts of Administration, the continued support of Council is needed in order to ensure these risks do not become significant issues.

### **REASON(S) FOR RECOMMENDATION(S):**

At the 2014 November Business Plan and Budget Adjustments meeting of Council, Administration was directed to identify and cost a *first list* of flood resilience projects.

Administration has taken a collaborative approach to recommending projects that will support the development of overall City of Calgary resilience to future high water events. At PFC 2014 April 01, Administration delivered a *first list* of projects and costs organized into categories related to community, infrastructure and operations. Administration was referred to develop a *required* 2014 project list at the 2014 April 01 Priorities and Finance Committee. This refined project list meets the direction of the Committee to include priority projects that must commence this season. Any projects that are outstanding on both the Community and Infrastructure/Operations Resiliency Project Lists may be included within the 2015-2018 Action



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Plan. Further prioritization of flood related resilience and mitigation projects will occur as overall water management issues in Alberta are considered by The City of Calgary and the Government of Alberta.

**ATTACHMENT(S)**

1. Community Resiliency Projects for 2014
2. Infrastructure/Operations Resiliency Projects for 2014
3. 2013 Flood Financials (000's)