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Law and Legislative Services Report to
Priorities & Finance Committee
2017 December 05

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Corporate Security Capital Request – Implementation Plan

EXECUTIVE SUMMARY

The Corporate Security Capital Program enhances the physical and cyber security of City of Calgary infrastructure, employees, assets, and the public. This capital investment contributes to the safety of the public, employees, members of Council, and City information, sites and assets, while mitigating risk to the Corporation.

In Q1 2017, Corporate Security's capital program was reviewed and re-prioritized due to new and emerging security threats and industry standards. As a result, additional capital funding is necessary to enable Corporate Security to invest in the appropriate measures to mitigate risks to The City, purchase additional software licenses due to growth in IT users, and increases in software costs due to the fluctuations in the Canada-US exchange rate. There are no additional operating budget impacts for the proposed increase in capital for 2018.

These capital projects will support an ongoing and fiscally responsible measured protection of assets, a thoughtful consideration of risk and mitigation strategies, and increased resiliency of City services and programs. Attachment 1 (Implementation Plan) outlines the capital projects that Corporate Security will deliver; Attachment 2 (Financing Strategies) provides a financial breakdown of each project; and Attachment 3 (Risk Assessment) provides a risk assessment.

ADMINISTRATION RECOMMENDATIONS:

Administration recommends that Council:

1. Receive for information the Corporate Security Capital Request Implementation Plan in Attachment 1;
2. Approve capital budget as per Attachment 2, to be funded by corporate capacity identified by Infrastructure Calgary;
3. Direct that Attachment 2 remain confidential pursuant to section 23(1) and 24(1) of the Freedom of Information and Protection of Privacy (FOIP) Act until this report has been approved by Council and the contracts for the projects considered in this report are awarded, unless it is determined by the Directors of Corporate Security and Supply to be appropriate to release budget information in advance of contracts being awarded; and
4. Direct that Attachment 3 remain confidential pursuant to section 23(1) and 24(1) of the Freedom of Information and Protection of Privacy (FOIP) Act.

PREVIOUS COUNCIL DIRECTION / POLICY

Corporate Security's capital budget was approved by Council in the 2015-2018 Action Plan. For the reasons outlined in the "Investigation" section of this report, increased funding for the projects identified in Attachment 1 is necessary to complete the deliverables approved by Council.

At its 2017 March 06 strategic meeting, Council adopted the recommendations in report C2017-0214 titled "C2017-0214 Infrastructure Calgary: Q1 2017 Status Update" which included the following direction: "Direct Administration to return with implementation plans, including refined capital estimates, public consultation plans and financing strategies, to the Priorities and Finance

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Committee or the appropriate Standing Policy Committee as soon as possible for final approval by Council."

Prior to receiving the direction above, as part of the Action Plan Mid Cycle Adjustments report to Council on 21 November 2016, Council approved the Capital Investment Plan and authorized the Deputy City Manager to continue to identify capital funding sources, including allocations and efficiencies from existing capital budgets, and to transfer funds to the Budget Savings Account. The Deputy City Manager was directed to return to Council no later than Q2 2017 with recommendations for new, or currently unfunded investment projects.

As a result, Infrastructure Calgary recommended twenty-one programs/projects to Council and received approval in principle. Corporate Security's Capital Request and Implementation plan aligns with Council's direction and approval in principle by Council.

BACKGROUND

Corporate Security's mandate is to protect the public, employees, members of Council, and City information, sites, and assets. Threats to the security of City assets are becoming more prevalent and mitigation efforts require regular re-evaluation. Corporate Security has expanded the service it provides to business units to help mitigate risks that continue to emerge. Those risks have potentially severe ramifications for the public, employees, services, and infrastructure.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The Corporate Security Implementation Plan in Attachment 1 relates to the physical and cyber security of City of Calgary assets. Additional capital investment will contribute to the safety and security of the public, employees, members of Council, and City information, sites and assets, while mitigating risk to the Corporation. A security incident could result in The City facing legal, financial, and/or reputational consequences.

Corporate Security's capital program is constantly reviewed and re-prioritized due to new and emerging security threats and industry standards. Additional capital funding is necessary to enable Corporate Security to invest in the appropriate measures to mitigate risks to The City. Corporate Security has re-prioritized its capital projects based on the following criteria:

- Those with the highest impact to service delivery; and
- Those that best align with current risk mitigation strategies.

Following this evaluation, projects' scopes and goals have been adjusted.

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Further funding is also necessary to address increased costs incurred during the execution of some projects identified in the Action Plan resulting from:

- A need to purchase additional licenses: The number of licensed City users has increased significantly since original project costs were estimated and there is increased usage of technology for efficient and effective business operations; and
- Fluctuations in the Canada-US exchange rate: The Canadian dollar declined significantly relative to the US dollar between the original cost estimates and the procurement of security software. As a result, implementation costs increased for US products.

Stakeholder Engagement, Research and Communication

Corporate Security's management team consulted with representatives of affected business units on potential projects, evaluation methodology, and process.

Strategic Alignment

Prudent and timely capital investment in the projects outlined in Attachment 1 will contribute to realizing Council priorities, specifically A Well-Run City. Corporate Security aims to enhance the efficiency and effectiveness of its program and is committed to maintaining its quality of services.

Social, Environmental, Economic (External)

Corporate Security helps facilitate other business units' service delivery. For example, in response to an increase in security incidents, Corporate Security has partnered with Transportation Infrastructure's Centre City team to implement security measures through the Public Safety Network CCTV Expansion & Redundancy project. This project delivers increased security to protect City investments such as the Riverwalk, CPR underpasses, and St Patrick's Island. As a result of this project, The City has observed an increase in usage of these public spaces.

Corporate Security is an enabling service that the public and City business units rely upon for resiliency. Corporate Security's environmental benefits are realized through the protection of infrastructure, such as that of Waste & Recycling Services and Water Resources and Water Services, to enable business continuity.

The investment in Corporate Security's program will enhance security and reduce negative economic impacts that could result from breaches in data security, sabotage, and/or human error. Increased security measures throughout The City and public spaces reduce risk of theft and vandalism of City property that result in insurance claims and increase costs to business units.

Financial Capacity

Current and Future Operating Budget:

There are no additional operating budget impacts associated with these projects.

Current and Future Capital Budget:

A capital budget approval is requested for the Corporate Security Capital Program outlined in Attachment 1. This budget request is to be funded by existing corporate capacity identified in

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report C2017-0214, which includes the capital budget savings account, corporate reserves, off-site levies and grant funding, and will have no net impact on the tax rate. The projects identified in Attachment 2 are anticipated to be funded from the Lifecycle Maintenance and Upgrade Reserve (LMUR). As implementation plans are brought forward, funding allocations are reviewed to optimize the use of the most restricted sources of funding as long as the project is eligible for that funding type.

Risk Assessment

Corporate Security is an enabling service, providing security to City business units and ensuring that appropriate security measures are in place to mitigate risks to protect the public, employees, members of Council and City information, sites and assets. From an Integrated Risk Management perspective, Corporate Security has identified inherent and residual risks to The Corporation. These are outlined in Attachment 3.

REASON FOR RECOMMENDATIONS:

The proposed Corporate Security Capital Request Implementation Plan is recommended to:
- Address The City's emerging risks that expose The City to significant vulnerabilities to public and staff safety, information, City service lines;
- To implement critical security measures; and
- Avoid failure of crucial City systems through increased resiliency measures.

ATTACHMENTS
1. Infrastructure Calgary Implementation Plan – Corporate Security
2. Financing Strategies – Infrastructure Calgary Implementation Plan – Corporate Security (Confidential)
3. Risk Assessment (Confidential)

Approval(s): Cole, Glenda concurs with this report. Author: Nichols, Cailen