



STAFF REPORT ACTION REQUIRED

Impacts from the July 8, 2013 Storm Event on the City of Toronto

Date:	September 10, 2013
To:	Executive Committee
From:	City Manager
Wards:	All
Reference Number:	

SUMMARY

The City of Toronto experienced an extreme storm during the early evening on July 8, 2013. The storm produced record level rainfall in Toronto resulting in power outages and major disruptions to transportation, sewer and water systems.

The storm event caused significant flooding that resulted in damage to both public and private property, including erosion damage to ravines, parks and roadways, which resulted in disruption and costs for the City, its residents and businesses. Other non-city owned infrastructure such as railways and electrical systems were damaged. The storm event highlighted the need for accelerated investment in infrastructure improvements required to prevent and/or mitigate risks from future storm events.

At its meeting of July 16, 17, 18 and 19, 2013, City Council passed a number of resolutions related to the storm event. Council directed staff to complete a full assessment of damage caused by the storm, seek financial assistance from the provincial and federal governments for damage to property and to report back on options for increased investment in infrastructure for Toronto Water, Toronto Hydro and the Toronto and Region Conservation Authority (TRCA) amongst other recommendations.

The purpose of this report is to:

- provide an initial update on private and public costs related to the storm;
- detail the expedited process for responding to insurance claims;
- update Council on steps taken to request assistance from the provincial and federal governments; and

- detail the schedule of staff activities that will address the balance of the storm related resolutions adopted by Council at its July meeting.

A report responding to Council's request for details on the condition of the sewer systems and storm water storage capabilities within the City and in particular in the west end will be considered at the September 20, 2013 meeting of the Public Works and Infrastructure Committee.

RECOMMENDATIONS

The City Manager recommends that:

1. City Council reiterate its request to the provincial and federal governments for financial assistance to address the damage to property caused by the severe storm event on July 8, 2013,
2. City Council request that the provincial and federal governments develop new programs for future disaster mitigation, including urban flooding (particularly in older cities), that reflect the reality of climate change and include investments for municipal water and sewer infrastructure that can mitigate the risks from future storm events that are anticipated to increase both in frequency and severity,
3. City Council request that the provincial government reinstate the historical municipal/provincial capital cost shared funding arrangement for the Toronto and Region Conservation Authority (TRCA) most urgently required for erosion control and flood management and the related impacts on municipal infrastructure, and
4. the above recommendations be conveyed to the Association of Municipalities of Ontario, the Regional Public Works Commissioners of Ontario, the Regional Planning Commissioners of Ontario, and the TRCA.

Financial Impact

Attachment 1, *City of Toronto (Division, Agencies and Corporations) and TRCA Storm Related Expenditures & Revenue Loss*, outlines the initial cost estimates from the July 8th storm event. Estimated operating costs for City divisions and agencies are \$7.0 million and \$3.1 million respectively (total \$10.1 million) with expected 2013 budget shortfalls in some impacted programs. Capital requirements for City divisions, agencies and the TRCA, \$20.8 million, \$3.4 million, and \$31.3 million respectively (total \$55.5 million), are expected to be funded through reallocation of existing capital and/or future budget requests. The City anticipates cost recoveries for City divisions through insurance of approximately \$4.9 million.

Should City divisions be unable to absorb storm related costs, necessary funding can be drawn from the City's Extreme Weather Reserve Group. The Reserve Group was established in 2009 and was designed to mitigate impacts from extreme weather conditions, such as the July 8th storm event, on the operating and capital budgets of City programs and services by

providing funding at year end to offset deficits resulting from unbudgeted and uninsured weather related costs. The current balance of the fund is approximately \$30 million.

Assessments of damage and costs related to the July 8th storm are on-going. An update on cost estimates and sources of funding for storm related damage will be provided in a report to the October 30, 2013 meeting of Executive Committee.

Also, City staff are continuing to work with staff from the Ministry of Municipal Affairs and Housing (MMAH) to determine potential provincial funding possibilities.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

City Council on July 16, 17, 18 and 19, 2013, adopted the following six Member Motions containing 15 recommendations related to the July 8, 2013 storm event:

- MM37.45 *Investing in Toronto Water Infrastructure*;
- MM37.51 *Basement Flooding Protection Subsidy Program*;
- MM37.53 *"Cause and Effect" of the Water Damage to Properties Particularly in the West End*;
- MM37.58 *Financial Assistance for Damage Caused by the Storm on July 8, 2013*;
- MM37.59 *Combined Sewer Overflows Control in Humber River and Black Creek; Sewersheds and Investigation of Basement Flooding in Study Areas 4 and 5*; and
- MM37.60 *Basement Flooding Protection Program – Project 16-03*.

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getCouncilDecisionDocumentReport&meetingId=6811>

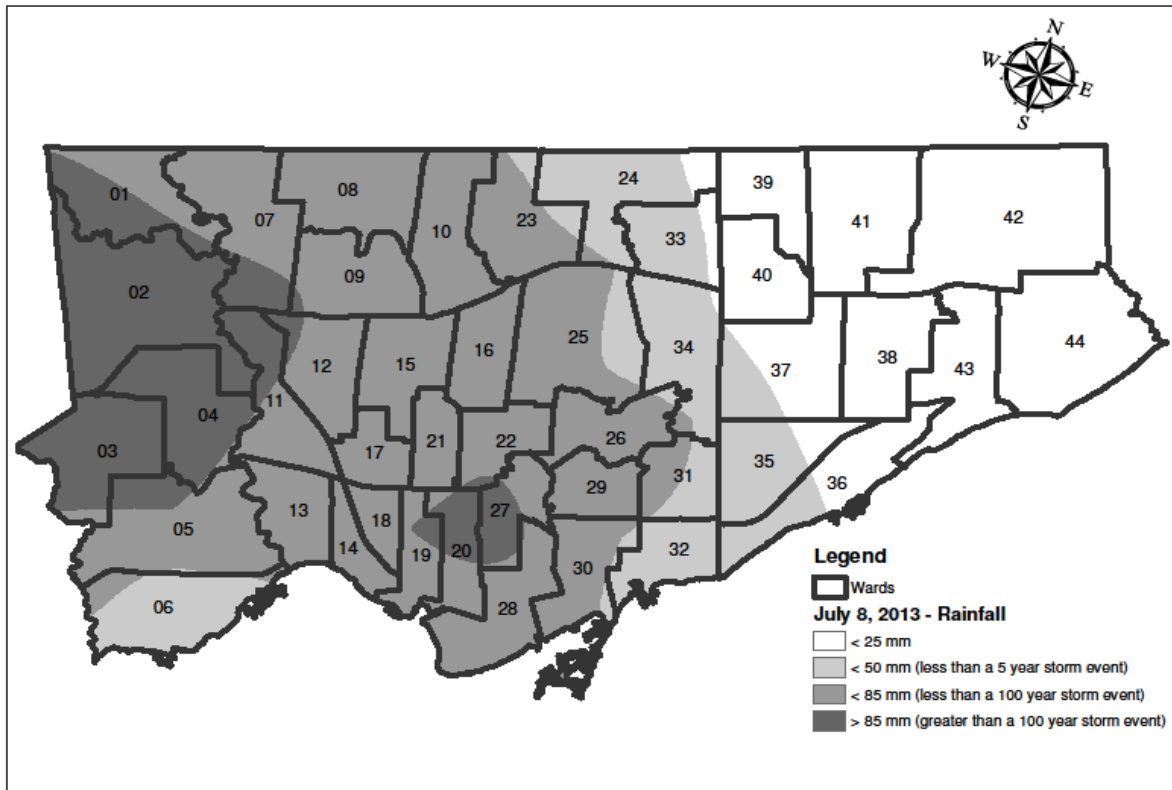
ISSUE BACKGROUND

During the rush hour on July 8, 2013, the City of Toronto experienced a severe storm event that produced record levels of rain fall within a concentrated period of time. The storm event resulted in flooding, power outages, and major disruptions to transportation, sewer and water systems, which caused significant damage to both public and private property.

The City of Toronto's Emergency Operations Centre was activated to manage the incident and was operational until 7:00 a.m. on July 12th. The City, its agencies and corporations responded to the storm event quickly, dispatching additional emergency staff and restoring most services, roadways and public transit prior to the next morning's rush hour commute. Power was restored to most affected residents in the early morning of July 9th, however, a significant number of residents in Etobicoke were without power for approximately two days.

The intensity of the storm was unprecedented. While all areas of the City were impacted, the volume of rain was highest in western portions of the City where close to 140 mm of rain fell in just a few short hours. Figure 1 that follows illustrates the varying intensity of the storm event across the City:

Figure 1: July 8, 2013 Storm Event - Distribution of Rainfall Density



The storm event affected most City residents. The Insurance Bureau of Canada has reported that over \$850 million in insurance claims across the GTA have been received to date. Toronto Water received over 4,700 complaints related to basement flooding alone. A number of reports were also received from residents regarding erosion related damage particularly in areas where properties back onto ravines and valleys.

Significant costs were experienced across City divisions, agencies and corporations and the TRCA. Details on costs are addressed under the Comments section of this report and are also highlighted on Attachment 1: *City of Toronto (Division, Agencies and Corporations) and TRCA Storm Related Expenditures & Revenue Loss*.

Toronto Water and Parks, Forestry and Recreation (PF&R) were the most severely affected City divisions. Toronto Water reports various locations of sink holes, damage to portions of sanitary sewers, storm sewers, outfall pipes, storm inlets and stream erosion as well as damage to various electrical systems at pumping stations. PF&R reports flood related damage to a number of facilities including a works yard and community centre,

artificial turf in stadiums, and damages to bridges along with significant flood related erosion throughout the parks system.

Damage estimates reported to date from TRCA are significant and include costs related to major erosion control mitigation due to the storm. The TRCA monitors erosion and implements stabilization work that protects the City's watersheds, rivers and valley systems. TRCA received reports of flood damage related to asphalt paths, debris blockages, landslides and back yard collapses. TRCA has completed initial inspections, which have identified a number of new and/or exacerbated slope instability hazards related to private property, public lands and municipal infrastructure. High concentrations of damage were particularly noted in Wards 2 and 9.

The TRCA is the largest landowner (15,000 hectares) in the GTA. Until the late 1990's approximately half of its funding was provided by the Province. Currently, TRCA funding is shared amongst GTA municipalities including the City of Toronto, and the regional municipalities of Durham, Peel and York, the Township of Adjala-Tosorontio and the Town of Mono. Damage caused by the July 8th storm exceeds the TRCA's current ability to pay and highlights the need for renewed commitment from the provincial government for on-going and permanent capital funding. Without sufficient funding, the TRCA is unable to address critical remedial work and accelerate necessary maintenance and flood mitigation projects required to reduce the risks associated with future severe rain storm events.

COMMENTS

In response to directions received by City Council at its July meeting, City staff have initiated the requested follow-up to the July 8th storm event. Detailed below is an initial estimate of private and public costs related to the storm, an expedited City process for responding to insurance claims against the City of Toronto, an update on investigations of possible government support to assist with storm damage and a schedule which identifies the subsequent follow-up by City staff to the balance of the storm related resolutions adopted by Council at its July meeting.

Initial Cost Estimates of Storm Related Damage

In response to Council's adoption of Member Motion MM37.58, recommendation 2, City staff have initiated an assessment of damage to public and private property as a result of the storm event and subsequent flooding.

Damage to private property as a result of the July 8th storm event is difficult to quantify. The Insurance Bureau of Canada (IBC) has reported that over \$850 million in insurance claims across the GTA have been received to date making the July 8th storm the most costly severe storm event in Ontario surpassing the August 2005 wind and rain storm that did \$671 million of damage, and the July 2009 storm that did \$228 million of damage. IBC has identified that these are preliminary estimates only and that it is expected that costs will go even higher.

The following table provides a summary of the 'preliminary' cost estimates from City divisions, agencies and corporations, and TRCA. These costs are estimated as at September 1, 2013.

Table 1: City of Toronto Preliminary Storm Related Costs

City Storm Related Costs	Operating (\$)			Capital (\$)	Total (\$)
	Estimated Expenditure	Estimated Revenue Losses Incurred	Total Estimated Operating Impact	Total Estimated Capital Impact	Total Estimated Operating plus Capital
Toronto Water	1,698,474		1,698,474	6,743,100	8,441,574
Parks, Forestry and Recreation	2,062,500	205,000	2,267,500	10,105,000	12,372,500
Other City Divisions	3,054,128		3,054,127	3,993,970	7,048,097
Anticipated Insurance Recovery **					(4,900,000)
SUB-TOTAL CITY DIVISIONS	6,815,102	205,000	7,020,101	20,842,070	22,962,171
Agencies and Corporations	2,172,229	920,157	3,092,386	3,392,613	6,484,999
SUB-TOTAL	8,987,331	1,125,157	10,112,487	24,234,683	29,447,170
Toronto and Region Conservation Authority (TRCA)	3,600		3,600	31,308,600	31,312,200
TOTAL	8,990,930	1,125,157	10,116,087	55,543,283	60,759,370

** Anticipated Insurance Recovery represents cost recovery for City divisions only. Details on insurance recoveries for Agencies, Corporations and TRCA are not known at this time.

A detailed summary of these cost estimates are provided in Attachment 1, *City of Toronto (Division, Agencies and Corporations) and TRCA Storm Related Expenditures & Revenue Loss*.

Full assessments of damage and remedial action continue. It is anticipated that costs are likely to increase. In addition, costs estimates are for remedial action to correct the damage incurred and for the most part do not include costs to improve the capacity of the City infrastructure to mitigate the risks from future storm events.

As directed by City Council, a related staff report will be brought forward to the December 6, 2013 meeting of the Parks and Environment Committee that will update Council on the work of the Resilient City Working Group. The Working Group includes staff from City divisions, agencies and corporations, including TRCA, which was formed to report on impacts of extreme weather, adequacy of infrastructure, adaptation strategies, and capital planning, amongst others. It is anticipated that the report from the Working Group will consider the need for future extreme weather risk assessment and management of City infrastructure and operations as well as non-City owned critical infrastructure such as electrical, rail and telecommunication systems.

The City Manager will report back to the Executive Committee on October 30, 2013 with revised cost estimates for damage caused by the July 8th storm event and identify more specifically how these costs will be financed by the City.

Expedited Process for Storm Related Insurance Claims

As a result of the July 8th storm event, the City of Toronto received a significant number of liability claims from residents and businesses. A breakdown of claims from both uninsured and insured parties received to date is provided in the following table:

Table 2: Insurance Claims Filed Against the City of Toronto

Status of Insurance Claimant	Number of Claims
Uninsured: claims against the City made directly by private property owners	454
Insured: claims against the City made by private insurance companies on behalf of their insured	5,330
TOTAL	5,784

In response to Council's adoption of Member Motion MM37.58, recommendation 2, City staff have initiated an expedited process to respond to the storm and flooding related insurance claims against the City of Toronto. The City's process begins by providing clear, accurate and plain language information the public. The City's web page *Making a Claim Against the City of Toronto* (http://www.toronto.ca/finance/insurance_claims.htm) provides residents with information on what to consider when making a claim, the difference between making a claim through personal insurance and making a claim against the City, information regarding negligence and instructions on how to file a claim against the City. It also identifies for residents that the City is not the insurer of private property.

The expedited process has a service standard of 90 days for the resolution of property damage related claims. Even with the high volume of liability claims follow the July 8th storm, the City insurance adjusters are working with the City's Insurance & Risk Management and Toronto Water staff to gather the information they require to notify public claimants on a decision of coverage or denial within this 90 day standard. They are also making it a priority to respond to and resolve uninsured claims. Should investigations of certain claims take longer than the 90 day standard, public claimants will be notified by the City's insurance adjusters of any time line extension required.

The City itself sustained \$9.9 million in insurable damages to City owned property, their contents and to City owned vehicles. The City's insurance policy will respond to the \$4.9 million in damage that exceeds the City's \$5 million insurance deductible (to be funded by the City's Insurance Reserve Fund).

Potential insurance recoveries from City agencies and corporations and the TRCA are not available at this time but will be provided in the follow-up report to the Executive Committee at their meeting on October 30, 2013 if available.

Request for Assistance from the Provincial and Federal Governments

In response to Council's adoption of Member Motion MM37.53, recommendation 2, and MM37.58, recommendation 3, City staff have contacted both the provincial and federal governments for support and assistance related to the storm event.

On August 6, 2013 the City Manager wrote to the provincial Deputy Minister, Municipal Affairs and Housing (MMAH), about the July 8th storm event and related flooding. The City Manager requested financial assistance for disaster relief and/or mitigation programs to address damage to public and private property as a result of the storm. Subsequent to the letter, City and staff from the Province met to discuss the event and any funding available from the Province to address damage to private and public property. The Deputy Minister, MMAH, responded in writing to the City Manager on September 11, 2013 and identified the requirements for municipalities to receive assistance through the Ontario Disaster Relief Assistance Program (ODRAP) and highlighted potential future discussions with the federal government on a possible National Disaster Mitigation Program. The Deputy Minister highlighted storm management as a key interest for those discussions and committed to engaging with City staff when details on the consultation are released. The Deputy Minister's letter is included as Attachment 2.

The City Manager similarly wrote to the federal Deputy Ministers from Public Safety Canada and Transport (Infrastructure) Canada on August 16, 2013. In addition to requesting assistance for damage caused by the storm event, the letter highlighted the significant investments the City is making to water infrastructure and requested a dialogue with federal representatives on funding for future disaster mitigation including necessary infrastructure investments to manage the risks associated with urban flooding.

The City Manager will report back to the Executive Committee on October 30, 2013 with further details on available support from the provincial or federal governments related to damage caused by the July 8th storm event.

Schedule of Follow-up to Storm Related Council Resolutions

The following schedule details how City staff have or will respond to the July 8th storm event related Council resolutions:

Schedule	Follow-up Details
Sept. 20, 2013 Public Works & Infrastructure Committee	Report from GM Toronto Water responding to MM37.53 (rec. 1): <ul style="list-style-type: none">• Staff Report on condition of sewer systems and storm water storage capabilities, particularly within Etobicoke and York
Sep. 24, 2013 Executive Committee	Report from the City Manager responding to MM37.53 (rec. 2), MM37.58 (rec. 1, 2, 3): <ul style="list-style-type: none">• Provides initial assessment of damage and estimates of costs related to the storm event for both public and private property

Schedule	Follow-up Details
	<ul style="list-style-type: none"> • Details expedited insurance claims process • Identifies steps taken to request additional funding from provincial and federal governments to assist with costs related to the storm
<p>Oct. 30, 2013 Executive Committee</p>	<p>Report from CFO/DCM and GM Toronto Water responding to MM37.45 (rec. 1, 2):</p> <ul style="list-style-type: none"> • Provides financing options for increased investment in Toronto Water Infrastructure including Wet Weather Flow Management Master Plan and Basement Flooding projects <p>Report from the City Manager responding to MM37.53 (rec. 2), MM37.58 (rec. 1, 3, 4, 5, 6):</p> <ul style="list-style-type: none"> • Provides an update on available provincial and federal funding to assist with costs related to the storm • Provides an update on the assessment of damage and estimates of costs related to the storm event for both public and private property • Provides potential budgetary and other requirements to minimize the impact of similar future storm event • Improvements to communications with the public during emergencies and extended power outages including an enhanced communications plan with Toronto Hydro
<p>2014 Budget Process</p>	<p>GM Toronto Water to respond to MM37.51, MM37.60 through the 2014 Capital Budget submission:</p> <ul style="list-style-type: none"> • Toronto Water, as part their 2014 Capital Budget submission, to consider an increase in subsidy levels within the Basement Flooding Protection Subsidy Program • Toronto Water consider separating the underground storm storage tank planned for Anthony Park from Project 16-03 and including it in the 2014 Capital Budget should staff be unable to reduce the total Project 06-03 costs below the \$32,000 per benefitting home threshold
<p>Referred to Staff</p>	<p>MM37.59 referred to GM, Toronto Water:</p> <ul style="list-style-type: none"> • Review the Class Environmental Assessment Study work schedule for Study Areas 4 and 5 and look at opportunities to advance the second public meeting <p>MM37.60 (rec. 1, 2, 3) referred to GM, Toronto Water:</p> <ul style="list-style-type: none"> • Review analysis for Project 16-03 to identify potential cost reduction opportunities to lower the costs per benefitting home below the \$32,000 threshold approved by Council • Subject to achieve costs savings, incorporate these capital works into 2014-2018 update to Basement Flooding Protection Program • If cost reductions cannot be reached, the underground storm storage tank planned for Anthony Park be separated out from Project 16-03 and be considered for inclusion in the 2014 Capital Budget for Toronto Water

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SIGNATURE

Joseph P. Pennachetti
City Manager

ATTACHMENTS

Attachment 1: City of Toronto (Division, Agencies and Corporations) and
TRCA Storm Related Expenditures & Revenue Loss

Attachment 2: Letter from the Deputy Minister, Ministry of Municipal Affairs and Housing to
City Manager, City of Toronto

Attachment 1:

City of Toronto (Division, Agencies and Corporations) and TRCA Estimated Storm Related Expenditures & Revenue Losses

City Storm Related Costs	Operating (\$)			Capital (\$)	Total (\$)
	Expenditure Incurred To-date	Revenue Losses Incurred	Total Operating Impact	Total Capital Impact	Total Operating plus Capital (Incurred + Estimated)
CITIZEN FOCUSED SERVICES A					
CHILDREN'S SERVICES	5,435	-	5,435	77,500	82,935
ECONOMIC DEVELOPMENT, CULTURE	518,975	-	518,975	-	518,975
EMERGENCY MEDICAL SERVICES	49,663	-	49,663	90,000	139,663
LONG TERM CARE HOMES & SERVICES	33,815	-	33,815	-	33,815
PARKS, FORESTRY & RECREATION	2,062,500	205,000	2,267,500	10,105,000	12,372,500
SHELTER, SUPPORT & HOUSING ADMIN.	1,151	-	1,151	-	1,151
EMPLOYMENT & SOCIAL SERVICES	6,100	-	6,100	-	6,100
TORONTO PUBLIC HEALTH	153,540	-	153,540	-	153,540
CITIZEN FOCUSED SERVICES B					
FIRE SERVICES	94,218	-	94,218	-	94,218
MUNICIPAL LICENSING & STANDARDS	81,305	-	81,305	-	81,305
ENGINEERING & CONSTRUCTION SVCS	-	-	-	660,000	660,000
TRANSPORTATION SERVICES	205,445	-	205,445	105,000	310,445
TORONTO WATER	1,698,474	-	1,698,474	6,743,100	8,441,574
OFFICE OF EMERGENCY MANAGEMENT	14,690	-	14,690	-	14,690
SOLID WASTE	1,774,188	-	1,774,188	-	1,774,188
INTERNAL FOCUSED SERVICES					
FACILITIES MNGMT & REAL ESTATE	16,332	-	16,332	1,150,000	1,166,332
FLEET SERVICES	64,785	-	64,785	1,910,002	1,974,787
311 TORONTO	34,300	-	34,300	-	34,300
INFORMATION & TECHNOLOGY	185	-	185	1,470	1,655
TOTAL CITY DIVISIONS	6,815,102	205,000	7,020,101	20,842,070	27,862,171
ANTICIPATED INSURANCE RECOVERY**	-	-	-	-	(4,900,000)
TOTAL CITY DIVISIONS NET OF RECOVERY	6,815,102	205,000	7,020,101	20,842,070	22,962,171
AGENCIES & CORPORATIONS					
TORONTO HYDRO	825,373	200,000	1,025,373	385,403	1,410,776
TORONTO POLICE	25,610	-	25,610	89,000	114,610
TORONTO TRANSIT COMMISSION	616,675	700,000	1,316,675	2,210	1,318,885
TORONTO LIBRARY	248,966	20,157	269,126	2,345,000	2,883,247
TORONTO COMMUNITY HOUSING CORP.	455,605	-	455,605	571,000	1,026,605
TOTAL AGENCIES & CORPORATIONS	2,172,229	920,157	3,092,386	3,392,613	6,484,999
TORONTO REGIONAL CONSERVATION AUTHORITY (TRCA)	3,600		3,600	31,308,600	31,312,200
TOTAL COSTS***	8,990,930	1,125,157	10,116,087	55,543,283	60,759,370

** Anticipated insured losses of \$9.9M. Total Anticipated Insurance Recovery of \$4.9M will be realized after \$5M deductible. Represents cost recovery for City divisions only.

*** Total Costs as at Sept. 1, 2013. Costs likely to increase as further assessments and remedial work are completed.