



City of Saint John
Finance Committee - Open Session
AGENDA

Wednesday, March 31, 2021

4:30 pm

Meeting Conducted by Electronic Participation

	Pages
1. Call to Order	
1.1. Approval of Minutes - February 18, 2021	1 - 4
1.2. Strategic Plan Update	5 - 17
1.3. Performance Management	18 - 27
1.4. Cyberattack – Restoration Costs and Projected Recovery Estimate	28 - 35
1.5. Preliminary 2020 Operating Results	36 - 51



The City of Saint John

MINUTES – OPEN SESSION FINANCE COMMITTEE MEETING
FEBRUARY 18, 2020 AT 5:30 PM
MEETING CONDUCTED BY ELECTRONIC PARTICIPATION

Present: Mayor D. Darling
Councillor D. Merrithew
Councillor G. Norton
Councillor D. Reardon
Councillor G. Sullivan

Absent: Councillor S. Casey

Also

Present: City Manager J. Collin
Commissioner of Finance and Treasurer K. Fudge
Director Growth and Community Planning P. Ouellette
Commissioner Transportation & Environment M. Hugenholtz
Commissioner Saint John Water B. McGovern
Deputy Commissioner Transportation & Environment J. Hussey
Senior Financial Manager C. Lavigne
Senior Financial Manager D. Arbour
Senior Financial Manager T. Fawcett
Director of Strategic Affairs Ian Fogan
Fire Chief K. Clifford
Municipal Engineer M. Baker
Administrative Officer R. Evans
Energy Manager S. Yammine
Administrative Assistant K. Tibbits

1. Meeting Called To Order

Councillor Merrithew called the Finance Committee open session meeting to order.

1.1 Approval of Minutes – November 26, 2020

Moved by Councillor Reardon, seconded by Councillor Sullivan:
RESOLVED that the minutes of November 26, 2020 be approved.

MOTION CARRIED.

1.2 SNB Property Taxes

(L. Dionne, L. Munn, M. Johnson and S. Melanson, Service New Brunswick, joined the meeting electronically)

Mr. Fudge introduced the team from Service New Brunswick who provided a teach-in with respect to Service New Brunswick's various assessment policies and practices.

Members of Service New Brunswick reviewed the submitted presentation “Property Assessment Services”, including a discussion on SNB’s roles and responsibilities, their mandate, and the differences between tax policy and tax assessment. It was noted that their work is driven by the Assessment Act and related policies.

Moved by Councillor Reardon, seconded by Councillor Sullivan:

RESOLVED that the submitted presentation from Service New Brunswick “Property Assessment Services”, be received for information.

MOTION CARRIED.

(L. Dionne, L. Munn, M. Johnson and S. Melanson withdrew from the meeting)

(Councillor Norton withdrew from the meeting)

1.3 Safe Restart Funding

Mr. Fudge stated that the COVID-19 pandemic has tested the resiliency of organizations, including the City, adding that financial risk remains and must be closely monitored. There have been impacts to parking revenues, recreation user fees, transit fares, water and sewer revenue losses and a reduction in the City’s assessment base and property tax revenue in 2020 due to reduced assessments for the restaurant and hotel industry, airlines, and retail industry.

Under the 3rd phase of the Safe Restart program, the City of Saint John received approximately \$3.6M to be utilized to offset the impacts of COVID-19. Over the three phases Saint John has received a transfer of approximately \$7.4M. It is recommended that funds be placed in an operating reserve to offset future revenue losses similar to what was seen in 2020. The recommendation aligns with the use of one-time funds in the Reserve Fund Policy, that is, not using one-time funds for on-going spending.

Moved by Councillor Reardon, seconded by Councillor Sullivan:

RESOLVED that as recommended by the City Manager in the submitted report “Safe Restart Funding Program”, the Finance Committee recommends that Common Council approve the transfer of \$3,668,373.08 Safe Restart Funding to the General Fund Operating Reserve to be utilized to offset potential future revenue losses due to COVID-19.

MOTION CARRIED.

1.4 Property Assessment Gap

Mr. Fudge, referring to the elimination of the property assessment gap (“P-Gap”), noted that in 2013 the provincial government capped 102,000 properties across the province from reflecting true market value. The provincial government recently amended the Assessment Act to eliminate this exemption. Given that municipalities have already received their tax base for 2021, the province is providing a grant for the value of this exemption. The City of Saint John will receive approximately \$1M of additional revenue. This revenue is reoccurring and pursuant to the City’s policies, the funding should be included in the operating budget. The recommendation is that the grant be transferred into a tax rate reduction reserve to support the goals of the long-term financial plan and used to reduce the City’s tax rate in 2022.

Mr. Collin stated that one of the goals under the long-term financial plan, is a tax rate reduction. The strategic plan is currently under development – this plan will determine if the end goal is lowering the tax rate and/or the development of other goals as well. The strategic plan may drive modifications to the long-term financial plan.

Moved by Councillor Sullivan, seconded by Mayor Darling:

RESOLVED that as recommended by the City Manager in the submitted report “Property Gap Assessment (P-Gap)” , the Finance Committee recommends that Common Council approves the allocation of \$1,000,000 to the Tax Rate Reduction Reserve and that this amount be used to reduce the City of Saint John tax rate in the year 2022 by 1.5 cents to \$1.77 as part of the 2022 General Operating Budget.

MOTION CARRIED.

1.5 2022 Budget Guidance for Police and Transit Commissions

Referring to the submitted letters to the Police and Transit Commissions, Mr. Fudge noted that the expectation is that the City’s funding for 2022 budgets will be limited to increases in wages and benefit envelopes subject to the Wage Escalation policy, a freeze on goods and services budgets, and the establishment of a shared service charge for shared services such as Human Resources and Communications.

Moved by Councillor Sullivan, seconded by Councillor Reardon:

RESOLVED that the letters “2022 Budget Guidance for Police and Transit Commissions” be received for information.

MOTION CARRIED.

1.6 Capital Budget Adjustment

Mr. McGovern commented on the general and utility fund revised 2021 capital programs. The primary reasons for the revisions to the capital program are re-allocations of funding associated with the revised bi-lateral funding program, and the addition of projects to advance one of the city’s catalytic projects, the Fundy Quay development.

Moved by Mayor Darling, seconded by Councillor Sullivan:

RESOLVED that as recommended by the City Manager in the submitted report “Utility and General Fund – Revised 2021 Capital Programs”, the Finance Committee recommends endorsement to Common Council of the following revised 2021 Capital Budgets as follows:

- The revised 2021 Water and Sewerage Utility Fund Capital Budget in the amount of \$12,086,000 (gross) with contributions from other sources of \$5,840,000 yielding a net capital budget in the amount of \$6,246,000 to be funded by pay as you go (net) as set in Appendix A;
- The revised 2021 General Fund Capital Budget in the amount of \$44,960,683 (gross) with contributions from other sources of \$29,093,083, yielding a new Capital budget in the amount of \$15,867,600 to be funded by debt issue (net) as set in Appendix B; and,
- The revised 2021 Water and Sewerage Utility Fund Capital Budget be presented to Council at its next meeting for consideration and approval.

MOTION CARRIED.

1.7 Government of Canada Healthy Communities Initiative

Mr. Fogan stated that the Federal Government has announced a \$31M Healthy Communities Initiative fund for projects between \$5K and \$250K in value towards the creation of safe and vibrant public spaces, improved mobility options and creation of digital solutions. The deadline to apply is March 9th. Given the short turn-around time, staff is working to identify projects and coordinate applications, and are seeking authorization to apply for funding of up to 100%. If the funding request is approved, staff will return with a business case and possible changes to the capital budget.

Moved by Councillor Reardon, seconded by Councillor Sullivan:

RESOLVED that as recommended by the City Manager in the submitted report “Government of Canada Healthy Communities Initiative”, the Finance Committee directs staff to apply to the Canada’s Healthy Communities Initiative.

MOTION CARRIED.

Adjournment

Moved by Councillor Reardon, seconded by Councillor Sullivan:
RESOLVED that the Finance Committee meeting be adjourned.

MOTION CARRIED.

The Finance Committee open session meeting held on February 18, 2021 was adjourned at 7:00 p.m.



City of Saint John – 10-Year Strategic Plan

March 2021 Update to Growth and Finance Committees



SAINT JOHN

Direction from Common Council

May 4, 2020 – RESOLVED that as recommended by the City Manager in the submitted presentation entitled Sustainability Plan Recommendations for Action Common Council adopt the following:

- (5.) Direct City Manager to **develop a 10-year vision and strategy document** that will be used to guide all further decision-making and subordinate policy development for the City of Saint John.
- (6.) Direct City Manager to maintain and update all policy documents on an as required basis.
- (7.) Direct City Manager to prepare for the development of the next Council's Four-Year Priorities.

What is the Strategic Plan?

This is our process of defining a strategy and direction to make decisions and allocate resources that align with the Community's **VISION**.

*****The Plan defines the VISION*****

- What does success look like?
- What do we want this community to be in a decade?
- The plan provide the “roadmap” to follow to reach that **VISION**



Why is it important to the organization?

- Guide and implements other existing plans (e.g., Plan SJ, Play SJ, Move SJ), while also guiding development of any new plans.
- Supports adherence to the City's Long-Term Financial Plan.
- Guides existing City policies and assists in the creation of new policies.
- Ensures alignment with Council Priorities.



Committee Work

Committee has given input on:

- Project Plan Timeline
- Components of the Plan
- Growth as a priority
- The Guiding Principles
- Vision
- Mission
- Goals
- Communication Plan

Committee is now hearing:

- Expert advice from selected Consultants

Why a focus on Growth? – Enables the Plan

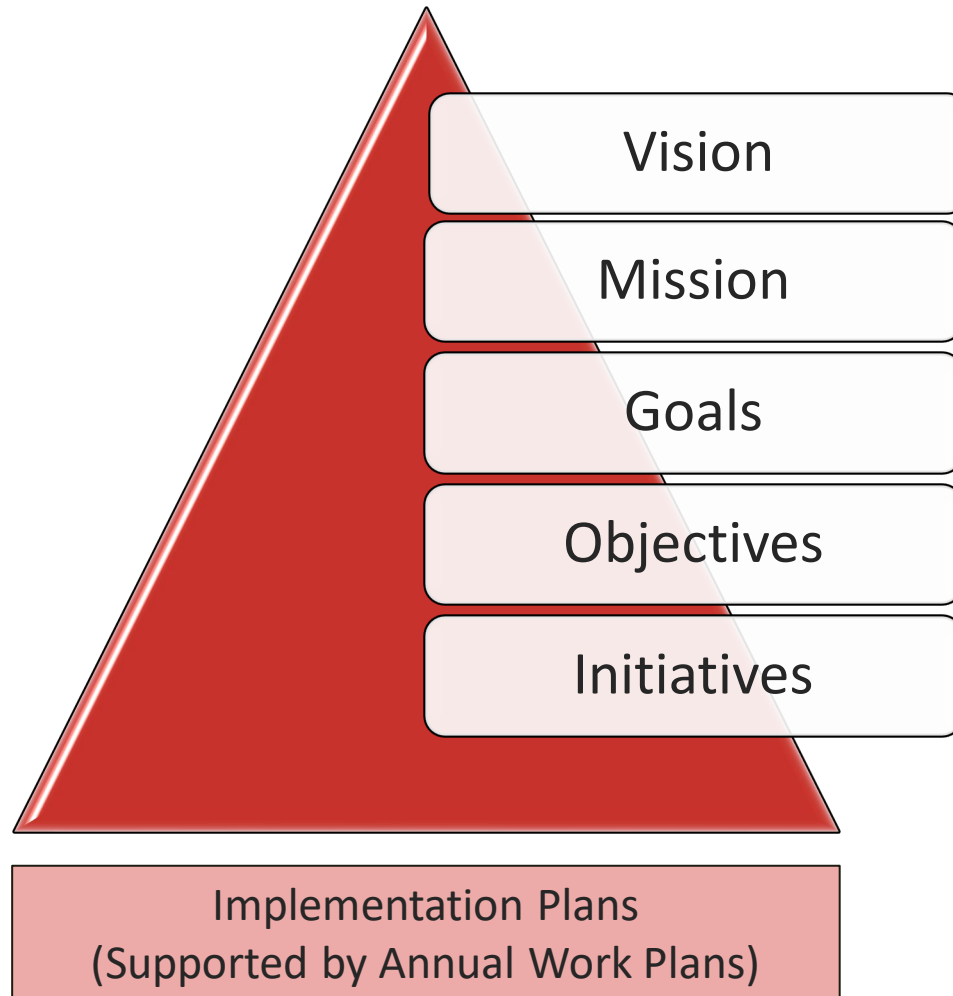


Supporting Requirements for Growth

Our ability to grow is dependent on achieving successful outcomes in the following:

- Tax reform
- Regional cost sharing and collaboration
- Culture/reputation
- Governance and performance management
- Population Growth through immigration (and retention)

The Planning Framework



Sections of Strategic Plan Document

Vision – evolving throughout planning process...

We will experience an **ever-improving quality of life**. Saint John will become the most **vibrant** and welcoming community in Atlantic Canada. Our people will have opportunities to **prosper**, our neighbourhoods will **flourish**, our environment will be **protected** and our community will experience quality municipal services that continually enhance **value for investment**.

Mission

Grow the City. Serve the City.
Be the Community of Choice.

Sections of Strategic Plan Document

Goals

Vibrant Saint John

Our city pulsates with life through arts, culture, recreation, education, employment, diversity, and population growth.

Prosperous Saint John

Our people, neighbourhoods, natural spaces and businesses thrive.

Accountable Saint John

The City of Saint John agencies, boards, commissions, and partners, demonstrate transparency in finances, reporting, and performance, so **our taxpayers and funders** see value in their investments.

Serving Saint John

A professional public service and an engaged, informed community **work together** to ensure that a growing Saint John will benefit all.

Summary – The Plan At A Glance



VISION

We will experience an **ever-improving quality of life** in Saint John and become the most **vibrant** and **welcoming** community in Atlantic Canada. Our people will have opportunities to **prosper**, our neighbourhoods will **flourish**, our environment will be **protected** and **quality municipal services** will reflect value for investment.



MISSION

Grow the City. Serve the City. Become the **Community of Choice**.



GUIDING PRINCIPLES

Growth benefits our people and environment

SMART (Specific, Measurable, Achievable, Realistic, Timely) initiatives

Data driven & accountable decision making

Effectiveness, efficiency and continuous improvement in service delivery

Value and accountability for investment in tax dollars

Consistent clear, communication on plan progress



GOALS

Accountable Saint John • Vibrant Saint John • Prosperous Saint John • Serving Saint John

COUNCIL PRIORITIES

Growth and Prosperity



Vibrant Safe City



Valued Service Delivery



Fiscally Responsible

Where are we now?

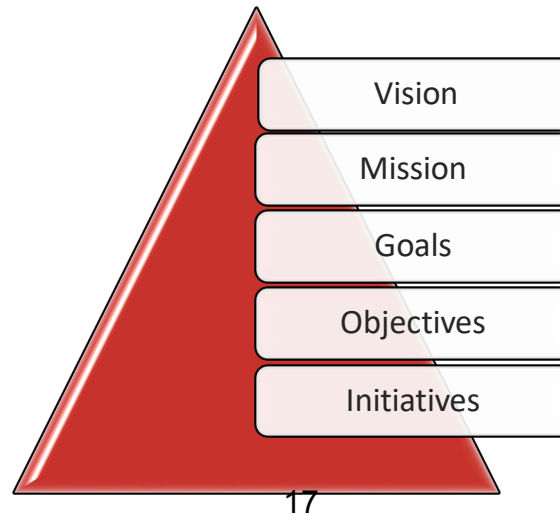
- **Workshops** – Service Areas are attending workshops in March
 - Participants will review existing draft Objectives and Initiatives in order to provide input regarding viability, to ensure they are SMART, brainstorm on additions and review alignment with existing long-term plans and identify gaps.
- **Refinement** – Committee will review draft Objectives/Initiatives and work through a process of refinement with staff as the financial and service implications of the Objectives/Initiatives are defined.

* For illustrative purposes only*

Goal	Objective	Initiative	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Prosperous	We will have a growing economy while ensuring City organization's 2015 Carbon Footprint is reduced by 20% by 2025.	Continue integration of Community Energy Plan (CEP)	x	x	x	x	x	x	x	x	x	x
		Continue integration of Corporate Greenhouse Gas Reduction Plan	x	x	x	x						
		Convert City/Transit fleet to electric where viable		x	x	x	x	x	x	x	x	x
		Complete governance model for CEP	x	x								

Next Update

- Integrating advice from consultants and working through the financial and service implications of 10 year objectives, initiatives along their supporting implementation will take some time.
- Draft Plan containing all components for Growth/Finance committees or Council likely in June.





Performance Management - Managing for Results

Finance Committee Meeting, March 31, 2021

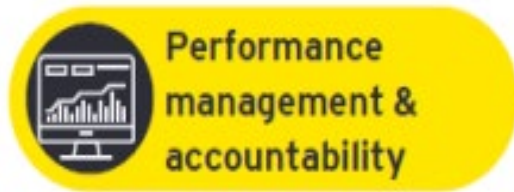


SAINT JOHN

Ernst & Young Operational Review: City of Saint John Implementation Plan

November 17, 2020 – Recommendations to Finance Committee

Sustainability Enablers



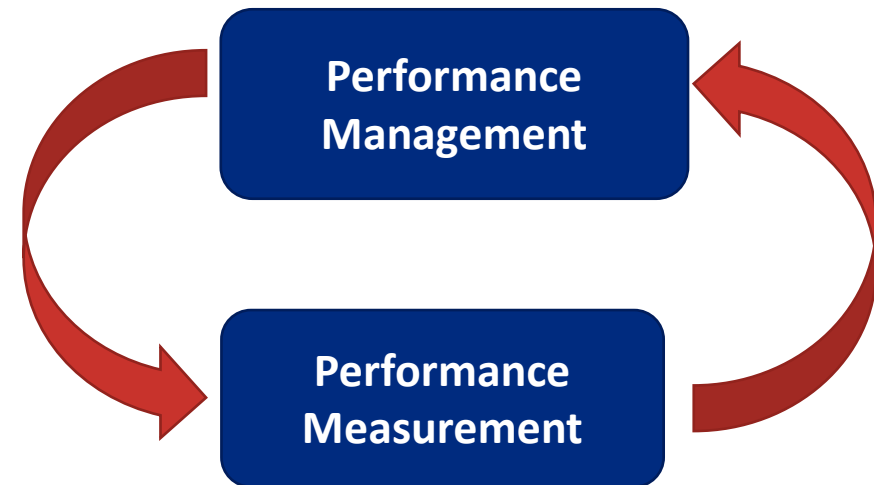
Work Plan Priority for 2020-2021:

Enhance the City's current corporate performance management framework (holistic view) and implementation with a focus on continuous improvement.

Performance Management and Performance Measurement

Performance management is a forward-looking process used to set goals and regularly check progress toward achieving those goals. In practice, an organization sets goals, looks at the actual data for its performance measures, and acts on results to improve the performance toward its goals.

Performance measurement is a process by which an organization monitors important aspects of its programs, systems, and processes, including the operational processes used to collect data necessary for the performance measures.



Organizational Performance Frameworks



Strategic Plan outlines an organization's mission, vision, and values, as well as long-term goals and the action plans used to reach them.

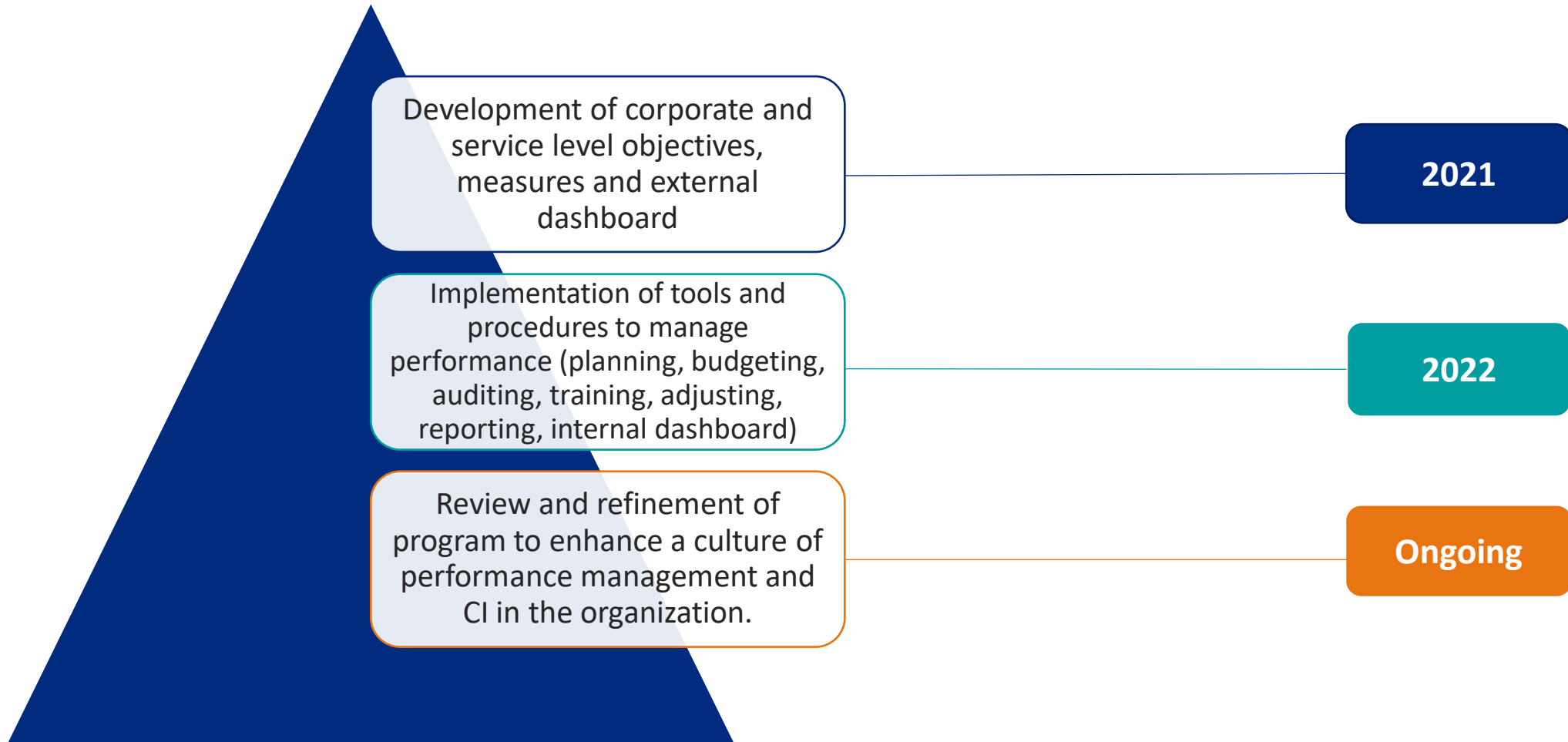


Performance Management is an organization's ability to achieve its goals and objectives measurably, reliably, and sustainably through intentional actions.



Personnel Evaluation - is the process of evaluating how effectively employees are fulfilling their job responsibilities and contributing to the accomplishment of organizational goals.

Phased Approach



Managing for Results Framework (MFR)

- Focuses on the results that are most important to accomplish and supports the creation of critical objectives, targets and measures which are based on clear SMART goals.
- Allows the delivery of services and behaviours to be adjusted based on the changing conditions reflected.
- Budgets based on strategies for achieving desired results
- Aligns with a number of evaluation tools (balance scorecard) and supports sharing of key information.

Managing for Results Framework (MFR) cont'd

- Gives employees the big picture and communicates how their involvement will impact the organization's goals.
- Focuses on regular updates and evaluation of performance measurement and management to improve over time.
- Determines better methods to improve communication of results to ensure accountability and transparency.

MFR Components and Cycle

Components

Internal/External Assessment	Baseline assessment of the organization.
Mission and Guiding Principles	What the organization does and who for; the core values that guide how organization conducts itself.
Vision	Compelling image of desired future state.
Goals and Objectives	Long term desired results/measurable targets.
Strategies and Action Plans	Detailed work plans, leads to resource allocation.
Performance Measures	Measure performance, results, CI linked performance targets.
Monitoring, Tracking and Reporting	Systems to monitor progress, compiles mgmt. info, resource mgmt.

Cycle



MFR Philosophy & Example

Get policy makers, program officials and front-line workers thinking about results as the reason for providing services.

Dangerous and Vacant Building Program



- Increase success rate of late-stage development proposals
- Link vacant building owners with developers

Deliverables

2021

- Develop Corporate & Service Level Goals and Objectives
- Develop Corporate & Service Level Measures
- Develop tools and procedures to support performance management
- Develop External Dashboard

2022

- Roll out of tools and procedures to support performance management
- Develop Internal Dashboard For Management Analysis Q1 2022
- Audit Program

FINANCE COMMITTEE REPORT

Report Date	March 24, 2021
Meeting Date	March 31, 2021
Service Area	Strategic Services

Chairman Councillor Merrithew and Members of Finance Committee

SUBJECT: Cyberattack – Restoration Costs and Projected Recovery Estimate

OPEN OR CLOSED SESSION

This matter is to be discussed in Finance Committee Open Session.

AUTHORIZATION

Primary Author	Commissioner/Dept. Head	City Manager
Stephanie Rackley-Roach	Kevin Fudge	John Collin

RECOMMENDATION

The City Manager recommends the Finance Committee:

- a) Acknowledge Information Technology (“IT”) infrastructure and services procured for response and rebuild of the IT network due to the cyberattack is authorized under the emergency clauses in the Saint John Procurement Act; and
- b) Receive and file this report.

EXECUTIVE SUMMARY

On November 13, 2020, the City of Saint John experienced a cyberattack. The scope of the attack was wide-reaching with significant damage caused to the City’s IT infrastructure. The need to shut down the network and preserve the compromised environment for forensic investigation impacted business continuity with no ability to reuse the existing information technology equipment. Therefore, consulting and hardware requirements for event management and recovery were acquired under the emergency provisions in the City’s Procurement Policy and other related legislation.

The main consulting vendors were engaged through External Counsel approved by the City’s Insurer. All major components for the network rebuild were purchased under the emergency provisions. The total projected cost for consulting services, network hardware, licenses and support, vendor and hardware for application restorations, and other costs related to the recovery effort is \$2,950,409 plus HST. While the new network is almost complete, there is considerable work remaining for the restoration of all the applications used to deliver efficient public service. Some costs are estimated and will be finalized as more work is completed.

The City has both a property and cyber insurance policy. It is estimated by staff that at least 85% of the recovery costs will be submitted to the Insurer under these two policies.

The amount recoverable will be determined by the Insurer upon receipt of the City's claim. The City is still within the timeframe to finalize the claim and will monitor requirements closely to ensure timelines are met to recover costs. Costs not covered by insurance will be covered by the operating budget or the appropriate reserve fund. Renewal and enhancements of information technology requirements are funded out of the IT reserve, with projects planned and presented within the capital budget annually.

PREVIOUS RESOLUTION

N/A

STRATEGIC ALIGNMENT

Providing an update on the financial and service impacts of the cyberattack recovery efforts supports Common Council's priority of being fiscally responsible. It ensures accountability and transparency to the taxpayers.

REPORT

On November 13, 2020, the City of Saint John experienced a significant ransomware cyberattack. While City staff supported by a third-party vendor worked diligently to shut down the network immediately to mitigate risk, the City's network infrastructure and information systems sustained significant damage. Significant emergency investments were required to recover from the cyberattack.

The City has cyber insurance through AIG for these types of malicious attacks. The City was advised by the Insurer to retain External Counsel. Through External Counsel, Blake, Cassels & Graydon LLP (Blakes) and later Norton Rose Fulbright (Norton Rose) several third-party consultants were engaged to support the City in containment, forensic, and recovery efforts. In the interest of time under the emergency provisions in the Procurement Act, these engagements were approved through the Insurer and signed-off by the City Manager. Formal engagements through External Counsel included the following, with initial cost estimates outlined in Table 1. Agreements with Blakes/Norton Rose for external counsel and Redbrick Communications for public relations support were also executed. The statements of work outlined for these engagements did not include a total estimate. However, as services were required, the estimated costs are outlined in the financial section of the report.

Table 1: Consultants engaged and retained under External Counsel

Consultant	Role	Statement of Work
FireEye Mandiant (Mandiant)	Forensic Investigation	\$162,000 USD + Report TBD + applicable tax
Bulletproof Solutions ULC (Bulletproof)	Containment and Recovery	\$489,250 CAD + HST
CYPFER	Ransomware Recovery & Payment Facilitation	\$10,250 + applicable tax

The scope of the cyberattack to the City's network, including both the City and Police domains, was wide reaching. It involved encryption to most Windows-based servers and many system endpoints (i.e., laptops and computers). Given the damage to the City's information technology infrastructure, recovery needed to start immediately to ensure continuity in the delivery of critical public services.

The creation of a temporary network required the City to look at building with new hardware for several reasons:

- Requirement to preserve the environment for the forensic investigation.
- Requirement to preserve the environment for the criminal investigation.
- Risk in restoring the City's compromised hardware with the potential that remnants of the malware may continue to reside in the compromised environment and lead to potential reinfection.

With existing hardware not available for immediate rebuild of the network, the City worked through Bulletproof to procure the necessary components. This was based on understanding City and Police infrastructure requirements and designing a system that would meet these needs in the short term. The replacement of network hardware has been right-sized and is scalable for future growth if needed.

The Enterprise Agreement approved by Common Council on April 6, 2020 for Microsoft Office 365 and the estimated percentage of recoverable data from the City's backup systems allowed for the immediate start of the restoration of the City's network.

Costs associated with Bulletproof consulting fees and hardware purchases for the network and backup systems are outlined in the financial section of this report. This includes an estimate of the requirement to procure additional security for the City's network that will be incorporated into the City's Microsoft Enterprise Agreement in the second year of renewal April 1, 2021.

As the City works to restore applications used to deliver services to the public, several additional costs have been projected. While it is critical to get these applications operational as soon as possible, the acquisition of goods and services required for restoration are no longer considered an emergency. For the most part, supply and service agreements have and will be used to ensure timely restoration.

Procurement Policy and Agreements

In order to restore critical public services and facilitate the network rebuild there have been several purchases made under specific provisions in several procurement policies and agreements.

The cyberattack, for the purposes of procurement will be considered as one event and all costs associated with getting a new network in operation will be associated with this event. Under section 5.12 Special Circumstances (Emergency) Purchases, of the City of Saint John Procurement Policy, permits the City to follow a non-competitive bid process to remedy an urgent situation. According to section 5.12(e), the relevant details shall be included in a report submitted to Council at the earliest possible opportunity following the special circumstances.

Section 153.1(e) of the General Procurement Act of New Brunswick also allows the direct purchase of “goods and services that are strictly necessary and, for reasons of urgency brought about by an event unforeseeable by the following entities, cannot be obtained in a timely manner through an open competitive bidding process.”

Similarly, Article 19.12(d) of the Comprehensive Economic and Trade Agreement of Canada (CETA) and Article 513(d) of the Canadian Free Trade Agreement (CFTA) allows for limited tendering “if strictly necessary, and for reasons of urgency brought about by events unforeseeable by the procuring entity, the goods and services could not be obtained in time using opening tendering.” Limited tendering “means a procurement method whereby the procuring entity contacts a supplier or suppliers of its choice.” Furthermore, Article 513.1(i) states that limited tendering is also allowed “if goods or consulting services regarding matters of a confidential or privileged nature are to be purchased and the disclosure of those matters through an open tendering process could reasonably be expected to compromise government confidentiality, result in the waiver of privilege, cause economic disruption, or otherwise be contrary to the public interest.” In this case, releasing any information by way of public tender would not be in the best interest of the City or the public given the unlawful nature of the event at hand.

Insurance

The City has two separate insurance policies that give rise to coverage for events such as the cyberattack: property policy and cyber policy.

Cyber Policy

The City’s cyber policy is with AIG, one of the world’s leading insurance companies for cyber insurance. There are five (5) sub-limits, two (2) are for third-party liability coverage (protection from liability from damages to others) and three (3) are first-party sub-limits (coverage for our own expenses and damages). There is one deductible (\$50,000) that applies to an occurrence regardless of which sub-limits are used, and there is one overall limit (\$2,000,000) that applies as well.

The two (2) third party sub-limits are for Security and Privacy Liability and Regulatory Action Liability. The three (3) relevant first party sections are:

- **Cyber Extortion** – Monies paid by an Insured, with the Insurer’s consent to end a security or privacy threat that would otherwise cause harm to an Insured and the cost to investigate such a threat.
- **Event Management** – Reasonable and necessary expenses incurred within one year of a security or privacy event to conduct investigations (including forensic), crisis management, notification and education services, insurer services, and/or data restoration.
- **Network interruption** – Cost from the time of interruption until the 120th day after the interruption that would not have been incurred but for the interruption.

Property Policy

Within the City's property policy with AIG there is coverage for damage to our computer systems. This includes replacement of hardware and the cost to restore the data with a limit of \$6 Million. The deductible is \$1,000. No exclusions apply.

The policies have separate coverages; however, the Cyber policy can "stack" upon the property policy. In this case, the property coverage would respond first to the property damage (hardware) and data recovery. The cyber policy would cover any excess over this property policy, also bringing in those other coverages such as the cost of extortion, event management, and service interruption.

The determination as to what the Insurer deems as recoverable will not be confirmed or finalized until the City submits the final claim. The City is still within the timeframe to submit the Proof of Loss and will monitor requirements to ensure timelines are met to recover costs.

SERVICE AND FINANCIAL OUTCOMES

Since the cyberattack on November 13, 2020, the City with the support third party vendors has made tremendous progress. The most significant work was the rebuild of the network and backup requirements. Bulletproof led the design and build with support of the City's IT team. With the urgency to implement a secure network, Bulletproof leveraged supply agreements from several municipalities and governments to procure the components required. Procurement of these requirements were done under emergency and necessary clauses outlined in the City's Procurement Policy, General Procurement Act of New Brunswick, Comprehensive Economic and Trade Agreement of Canada (CETA), and the Canadian Free Trade Agreement (CFTA).

Actual and projected consulting and material costs related to Bulletproof are outlined in Tables 2 and 3. Costs are presented without tax.

Table 2: Bulletproof Solutions ULC consulting costs

Bulletproof Solutions ULC Consulting	Original SOW	Actual Cost as of Feb 28	Estimated Remaining	Total Projected	Funding to be submitted
Recovery Activities	\$444,250	\$629,273	\$257,133	\$886,406	Insurance
Forensic Investigation Activities	\$45,000	\$72,000	\$0	\$72,000	Insurance
Projected Total	\$489,250	\$701,273	\$257,133	\$958,406	

Table 3: Bulletproof Solutions ULC material costs

Bulletproof Solutions ULC Hardware, Licenses, Support	Actual Costs as of Feb 28	Projected Costs	Total Costs	Funding to be Submitted
Network Hardware Equipment	\$325,516	\$0	\$325,516	Insurance
Server Storage Hardware Equipment	\$148,206	\$0	\$148,206	Insurance
Backup Hardware Equipment	\$323,282	\$0	\$323,282	Insurance
Support / License - Network	\$87,532	\$0	\$87,532	Operating Reserve
Support / License - Server / Storage	\$2,938	\$0	\$2,938	Operating Reserve
Support / License - Backup	\$228,725	\$0	\$228,725	Operating Reserve
Additional Fire Walls / Switches	0	\$69,199	\$69,199	IT Reserve
Totals	\$1,116,199	\$69,199	\$1,185,398	

Mandiant with support from Bulletproof completed a forensic investigation of the City's compromised network in February 2021. Costs related to Mandiant include both consulting and technology fees related to remote access to the compromised network. The necessary technology was implemented by Bulletproof. The investigation involved a review of all the logs from the Bulletproof security operations center generated from the City's SIEM (Security Information and Event Management) solution. Actual costs are noted in Table 4.

Table 4: FireEye Mandiant goods and services costs

FireEye Mandiant	Original SOW	Actual Costs as of Feb 28	Projected Cost	Total Projected Costs	Funding to be Submitted
Incident response activities	\$100,000	\$139,200	\$0	\$139,200	Insurance
Incident remediation planning and support	\$40,000	\$0	\$0	\$0	Insurance
Reporting	TBD	\$24,000	\$0	\$24,000	Insurance
Endpoint Incident Response Technology	\$9,000	\$9,000	\$0	\$9,000	Insurance
Network Incident Response Technology	\$12,000	\$0	\$0	\$0	N/A
Other	\$1,000	\$0	\$0	\$0	N/A
Totals USD	\$162,000	\$172,200	\$0	\$172,200	
Estimated CAD	\$210,600	\$223,860	\$0	\$223,860	

Remaining consulting and material costs related to network recovery and event management are outlined in Table 5.

Table 5: Consulting/Vendor goods and services costs

Consultant / Vendor	Service	Actual Costs as of Feb 28	Projected Cost	Total Projected Costs	Funding to be Submitted
Anisoft	Backup Recovery	\$16,278		\$16,277	Insurance
Ivan's Audio and Visual	Council Chamber Support	\$1,806		\$1,806	Insurance
Blakes / Norton Rose	External Counsel		\$24,000	\$24,000	Insurance
CYPFER	Ransomware Recovery / Cyber Advisory Services	\$10,250		\$10,250	Insurance
Total Projected		\$28,334	\$24,000	\$52,334	

With the backup in place, the City's IT Team is moving on to application restores. Several financial and public safety applications have already been restored. Microsoft Office 365 has been implemented providing users with email, administrative applications, and collaboration tools. Applications have been prioritized for restoration based on service impact, vendor availability, and the City's IT Team resource capacity. Estimates for the recovery are being developed as application restoration facilitators work through a seven-step process that includes defining requirements, designing, and planning steps. Estimated vendor and hardware costs related to application restores is \$458,290 plus HST. Agreements and equipment purchases will be brought forward to Common Council for approval as required by the City's Procurement Policy.

Table 6 outlines miscellaneous costs related to support the recovery and ensure business continuity in the delivery of public services.

Table 6: Incident response actual and projected costs

Incident Response Costs	Actual Costs as of Feb 28	Projected Cost	Total Projected Costs	Funding to be Submitted
Business Continuity - Service Interruption	\$6,543		\$6,543	Insurance
Service Interruption – HVAC 120 days	\$7,691		\$7,691	Insurance
Communications	\$171		\$171	Insurance
Forensics	\$94		\$94	Insurance
Recovery	\$3,743		\$3,743	Insurance
Response	\$10,681		\$10,681	Insurance
City Overtime - Recovery	\$33,198	\$10,000	\$43,198	Insurance
Total Costs	\$62,121	\$10,000	\$72,121	

Overall actual and total projected costs are presented in Table 7. While a significant portion of the network rebuild has been completed, significant costs remain for the application restores. The estimate provided for application restores should consider a contingency of plus or minus twenty percent (+/- 20%).

Of the total projected costs in the amount of \$2.95 Million, the City's response team estimates that at least 85% (\$2.5 Million) of total costs should be recoverable through the City's two insurance policies. Actual costs incurred and whether they will be covered under the cyber policy cannot be confirmed until the insurer provides their written position following the City's submission of Proof of Loss. The remaining costs that could range between \$400,000 and \$500,000 will either be absorbed into IT operating budget or applicable reserves. Renewal and enhancements of information technology requirements are funded out of the IT reserve, with projects planned and presented within the capital budget annually.

Table 7: Overall projected recovery and event management costs related to the cyberattack.

Response Component	Actuals	Projected	Total Projected
Bulletproof Consulting	\$701,273	\$257,133	\$958,406
Bulletproof Hardware/Licenses/Support	\$1,116,199	\$69,199	\$1,185,398
FireEye Mandiant	\$223,860	\$0	\$223,860
Anisoft	\$16,277	\$0	\$16,277
Ivan's Audio and Visual	\$1,806	\$0	\$1,806
Blakes / Norton Rose	\$0	\$24,000	\$24,000
CYPFER	\$10,250	\$0	\$10,250
Vendor Support Application Restores	0	\$458,291	\$458,291
Incident Response Costs	\$62,121	\$10,000	\$72,121
Projected Totals	\$2,131,786	\$818,623	\$2,950,409

A final cost component of the City's network rebuild is Microsoft licensing for security. The Enterprise Agreement approved by Common Council did not include security costs for moving to Office 365 as the initial plan was to implement a hybrid system of a hosted and on-premise solution over the three-year life of the agreement. Security is currently being purchased through Bulletproof and will transition to Microsoft with the year one reconciliation of licensing needs in April of 2021. Security costs are based on a per user basis. The estimated cost of security is \$195,000 plus HST. As with all licenses related to users, these costs are charged back to the respective service areas as an operating cost. These funds are not included in the 2021 budget; however, they will be incorporated into future operating budgets. The installation of Microsoft security features is an industry best practice and significantly improves the City's cyber security risk profile.

INPUT FROM OTHER SERVICE AREAS AND STAKEHOLDERS

This report was prepared in collaboration with the City's Finance Team, Supply Chain Management Team, Risk Management Team, and the Information Technology Team.

ATTACHMENTS

None



Preliminary 2020 Operating Results

Finance Committee – March 31, 2021



SAINT JOHN

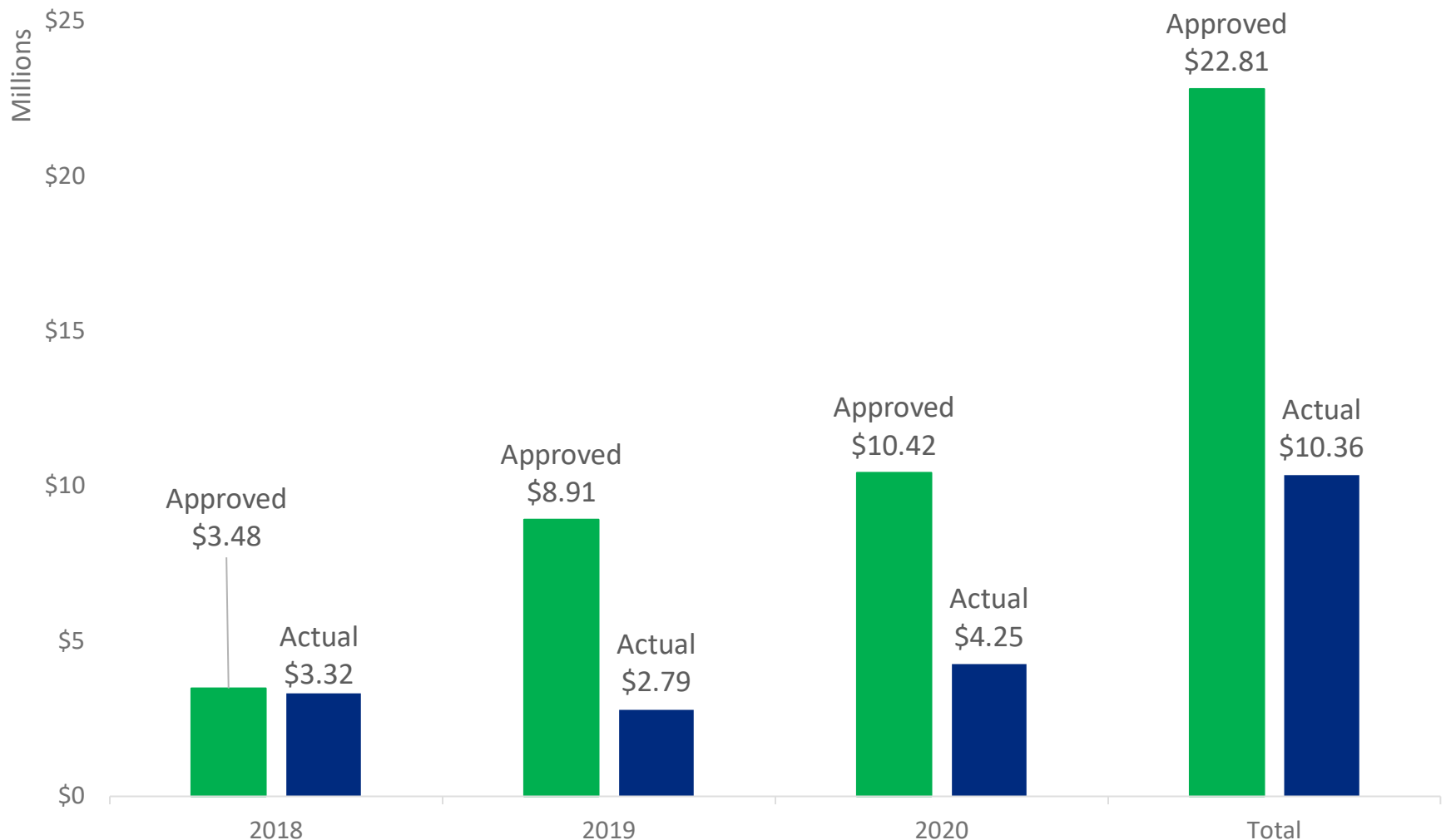
Introduction

- Many unusual factors affected financial results:
 - COVID-19 Pandemic (March – December)
 - Cyber Attack – (November)
 - Large restructuring effort
 - Last year of Provincial Financial Assistance
- Quick reaction to events and circumstances allowed for favorable results
- Results presented are draft and are subject to change

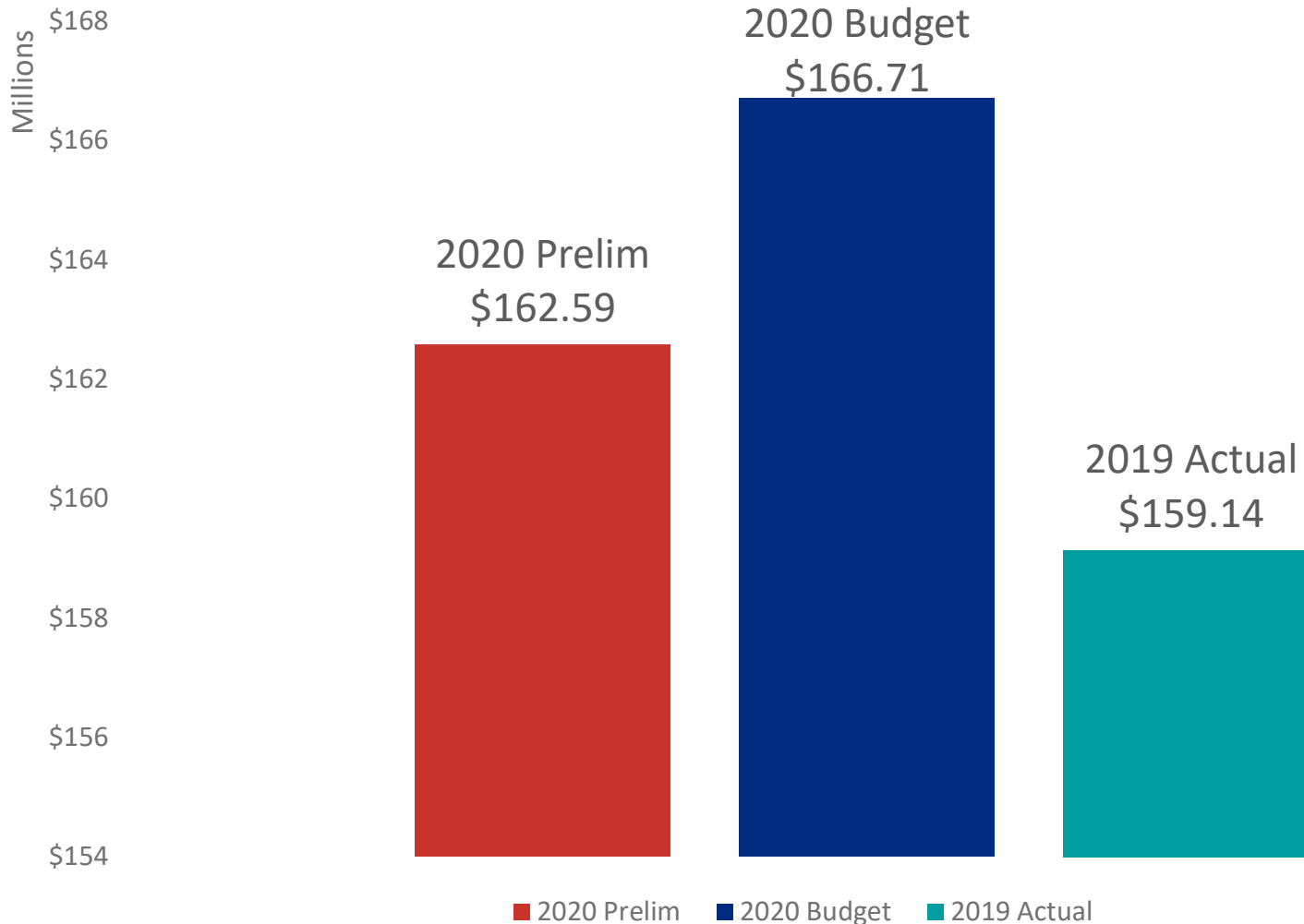
Preliminary 2020 Results

	2020 Actual	2020 Budget	2019 Actual
Property Taxes	127,968,110	125,844,159	125,704,831
Unconditional Grant	16,182,335	17,204,756	16,279,669
Financial Assistance	4,251,728	9,293,235	2,788,061
Own Source Revenue	12,062,640	14,366,274	14,368,532
Safe Restart Funding	2,121,725	-	-
	162,586,538	166,708,424	159,141,093
Salaries & Benefits	91,821,841	92,220,458	89,225,239
Goods & Services	36,322,678	40,032,433	37,616,408
Fiscal Charges	16,145,770	16,650,273	16,729,397
ABCs & Grants	13,592,939	15,255,260	14,554,872
Contributions to Reserves	2,703,310	550,000	500,000
Pay-as-you-Go	2,000,000	2,000,000	730,151
	162,586,538	166,708,424	159,356,067
Deficit	-	-	(214,974)

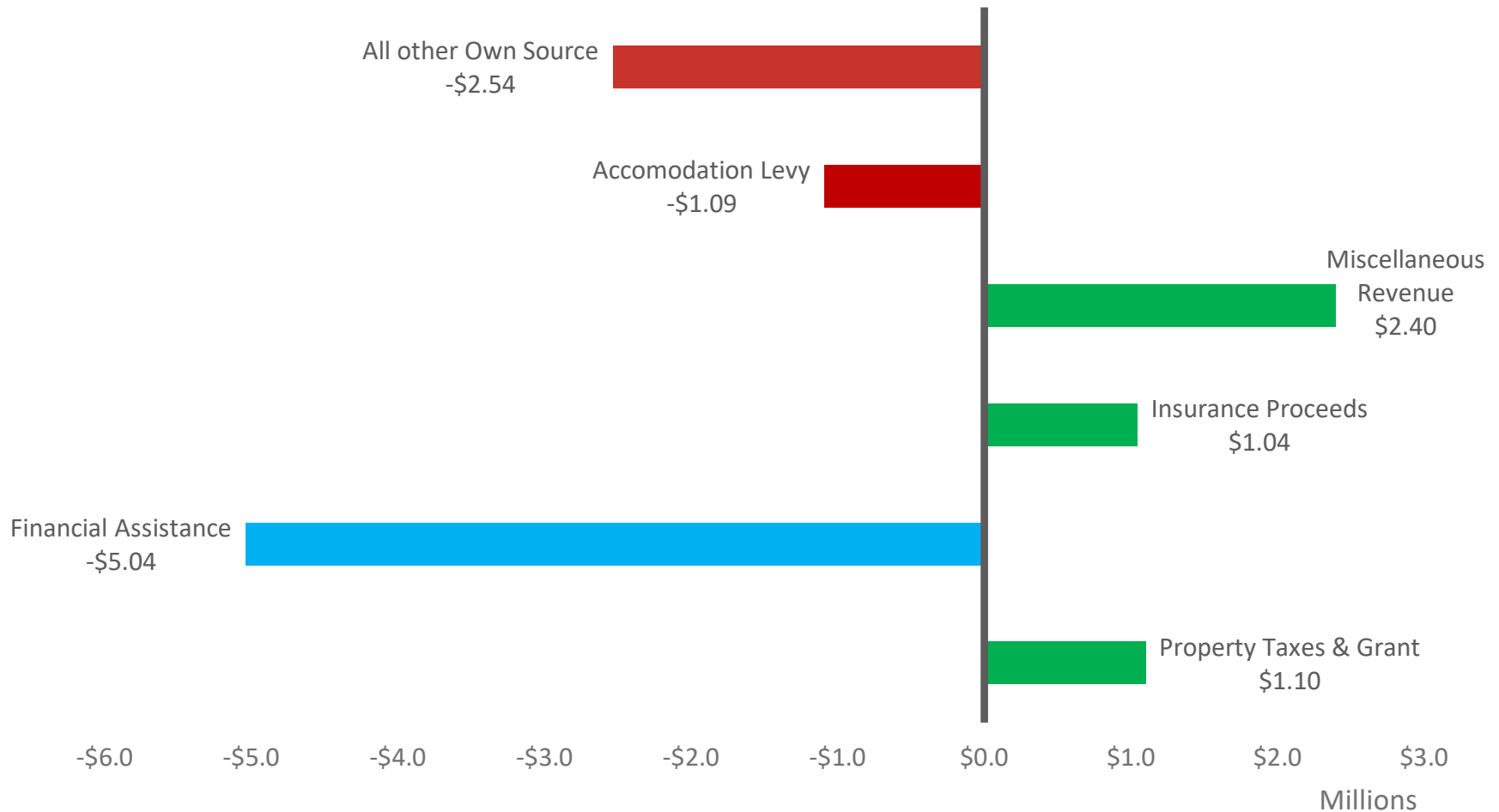
Provincial Short-Term Assistance – Fiscally Responsible with Taxpayer Funds – 45% spent over 3 years



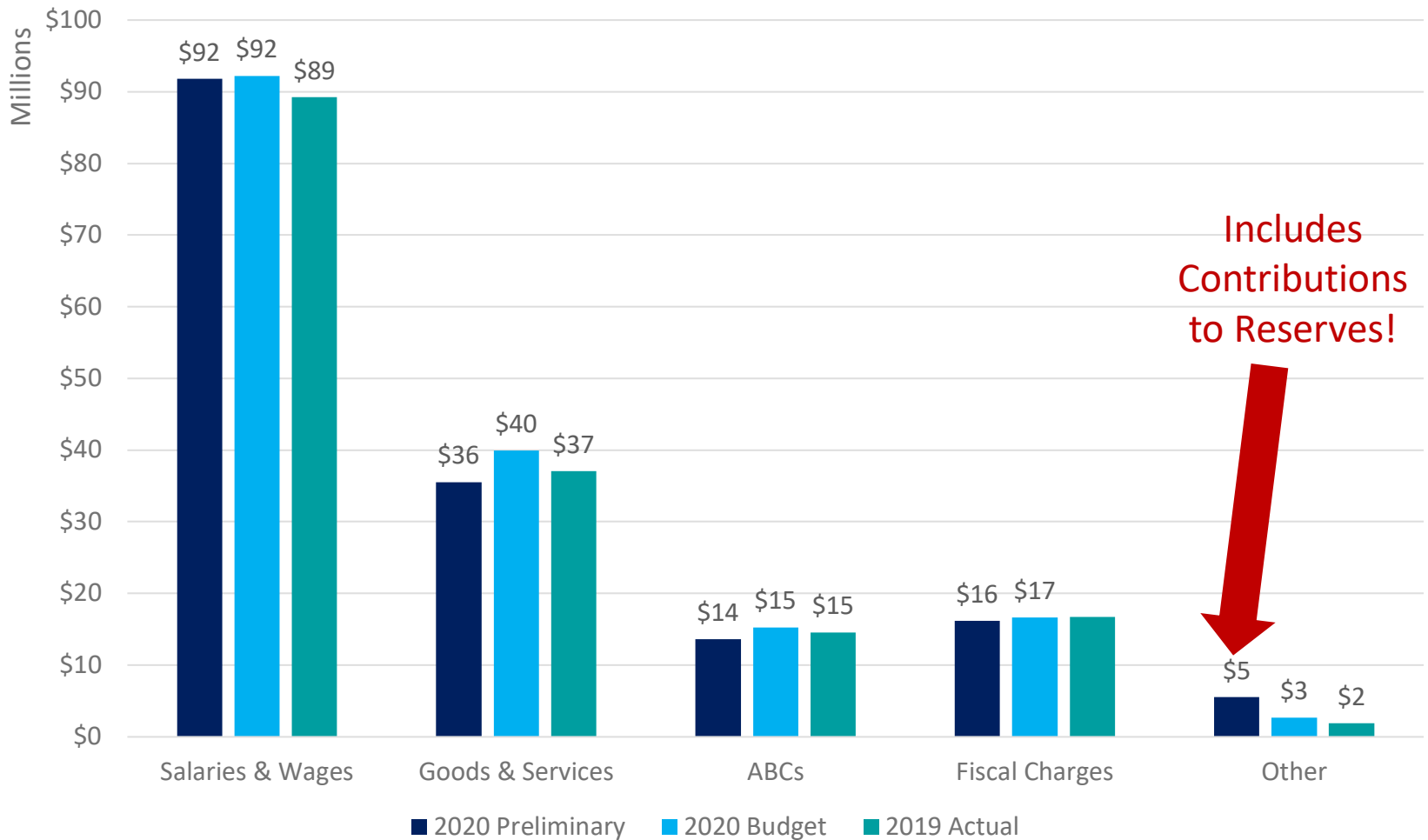
Total Revenue General Fund (Millions)



Revenue Variance to Budget (Millions)

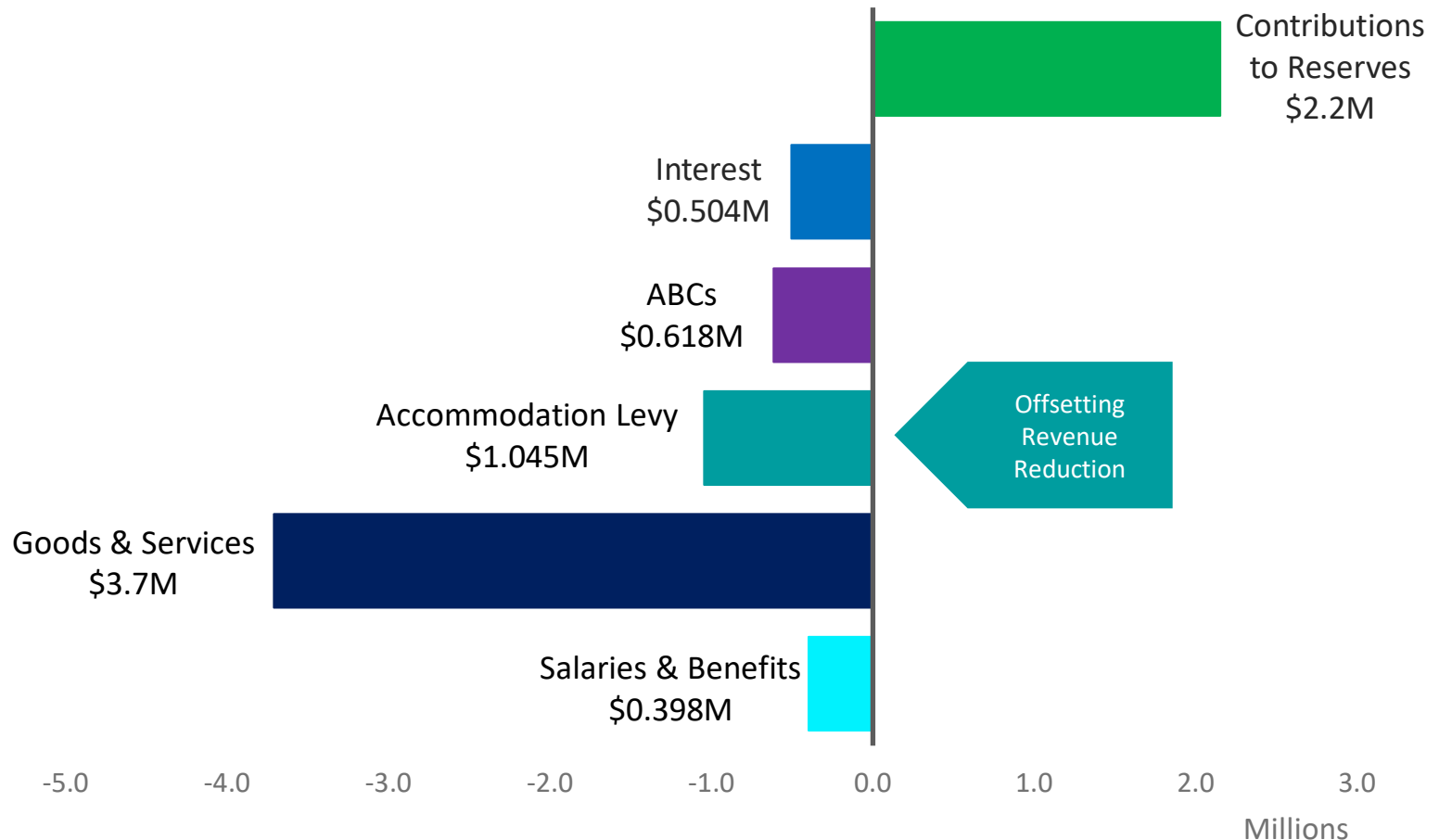


Expenditures (Millions)



Expenditure Variances to Budget (Millions)

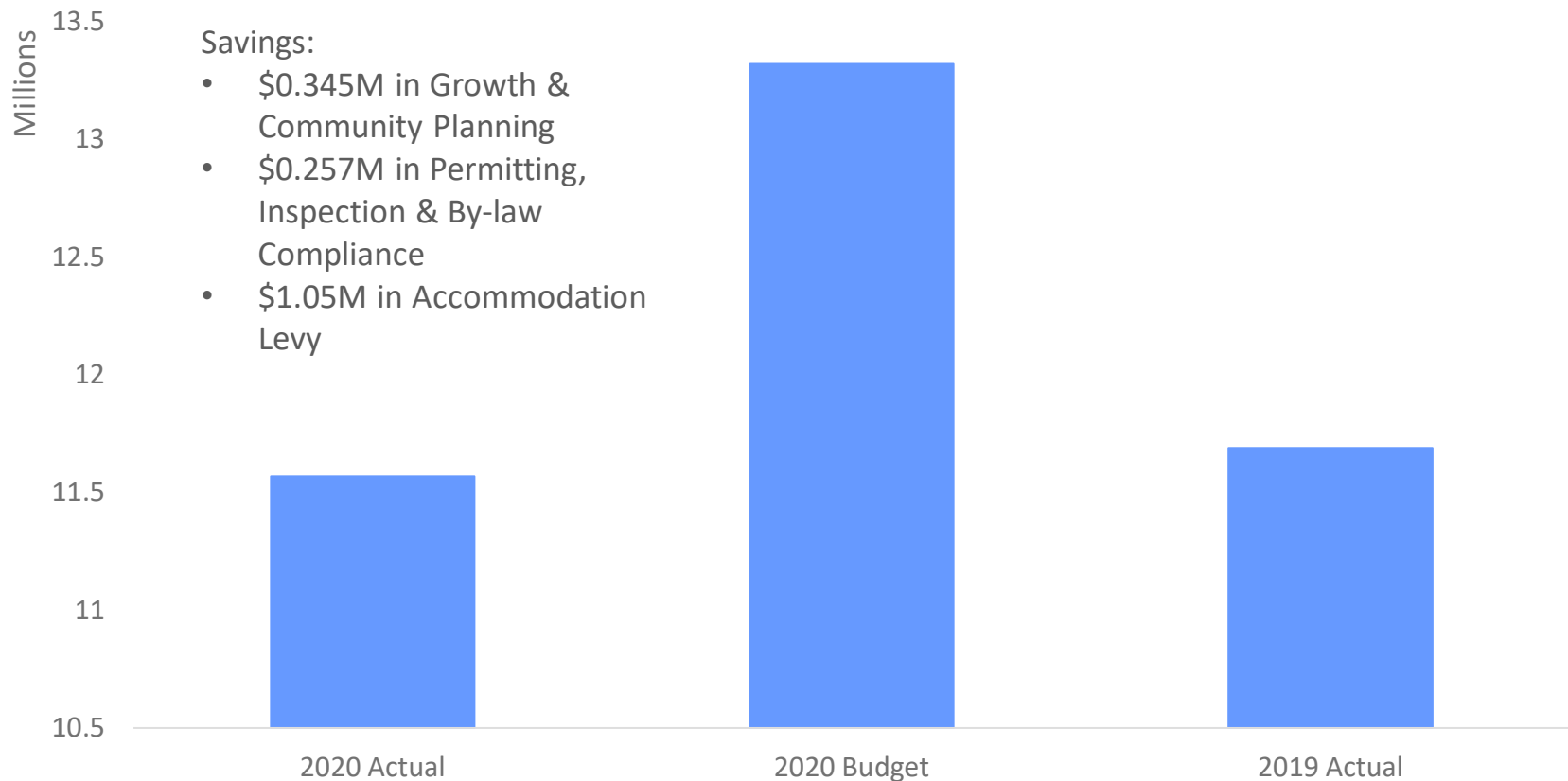
Total Cost Savings for 2020 - \$5.2Million!



+/- 2020 Actual vs. Budget

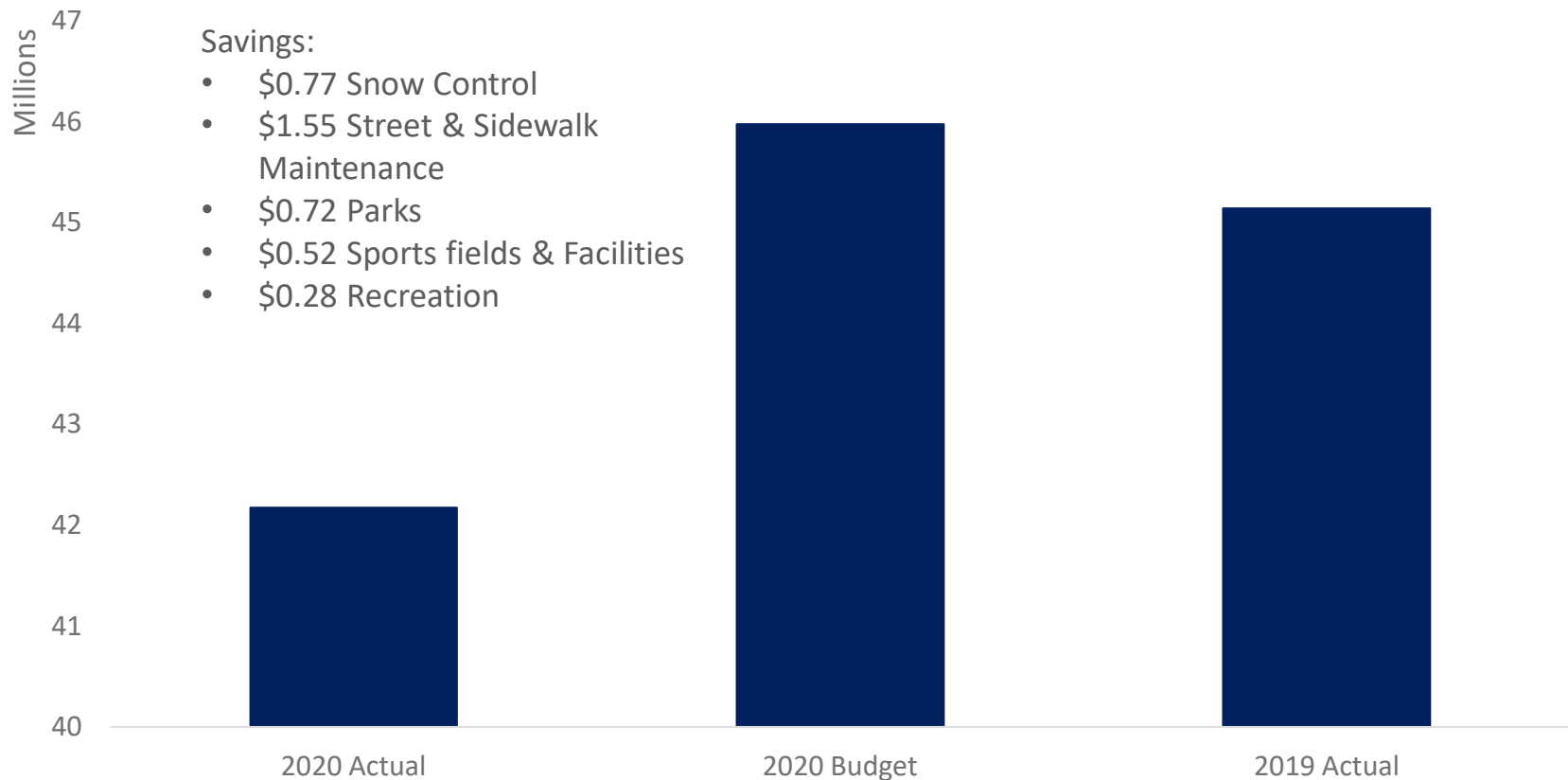
Variances by Service Area (Millions)

Growth & Community Development Services Savings \$1.75M vs. Budget



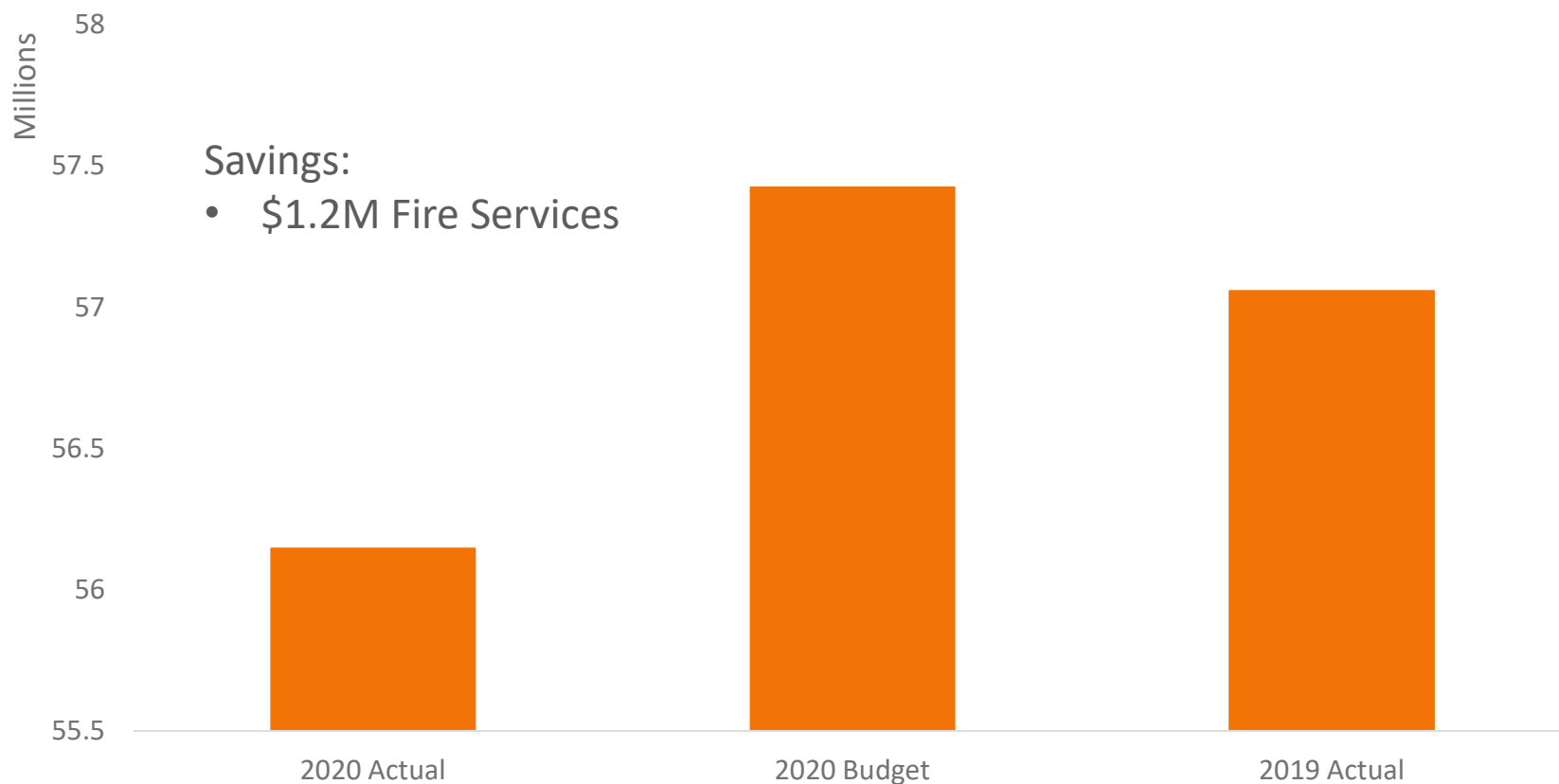
Variances by Service Area (Millions)

Transportation & Environment Services Savings \$3.8M vs. Budget



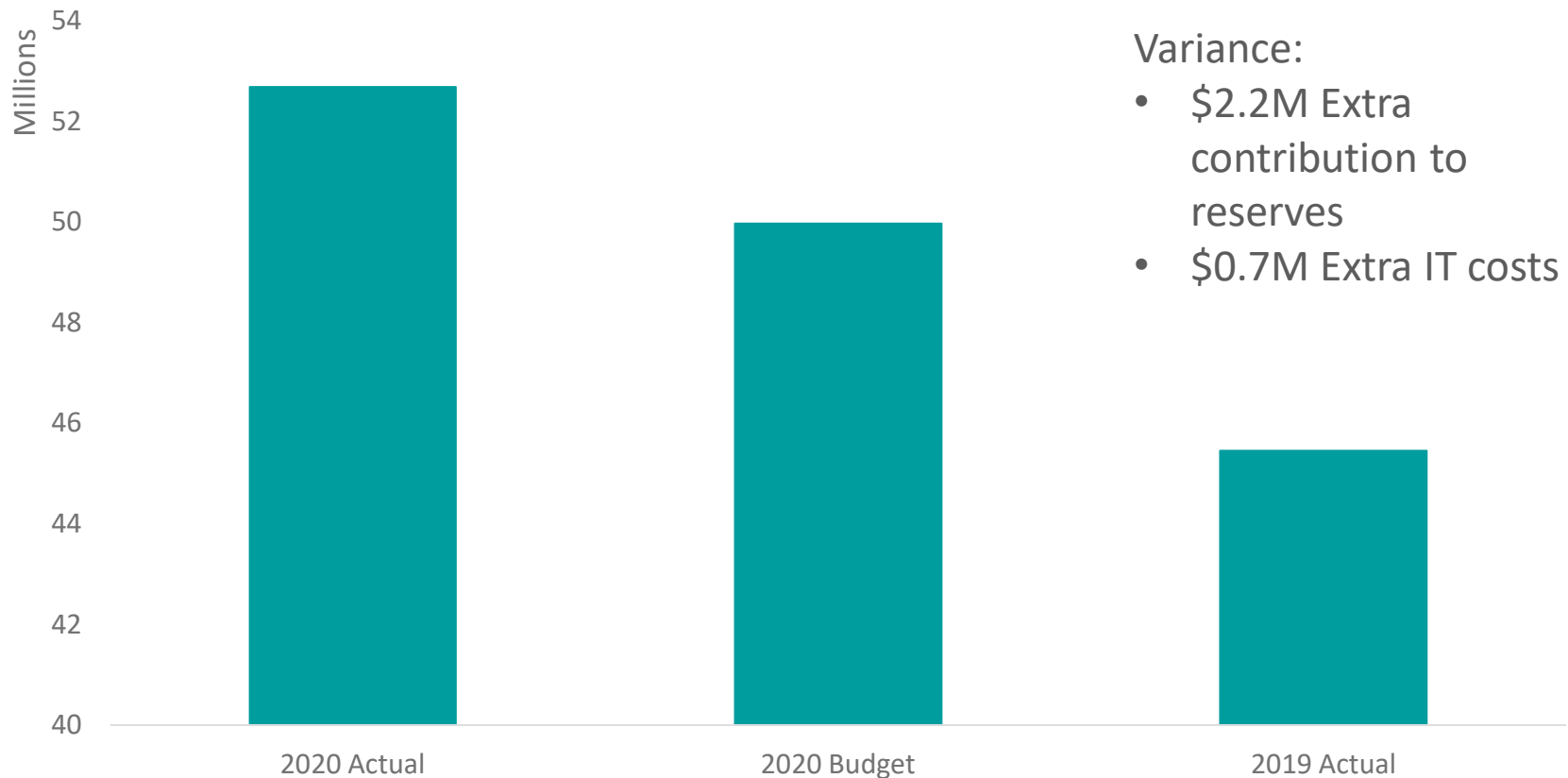
Variances by Service Area (Millions)

Public Safety Services Savings \$1.3M vs. Budget



Variances by Service Area (Millions)

Finance, Admin, Corporate Services & Other Charges \$2.7M more than Budget



Saint John Water – 2020 Preliminary Financial Results

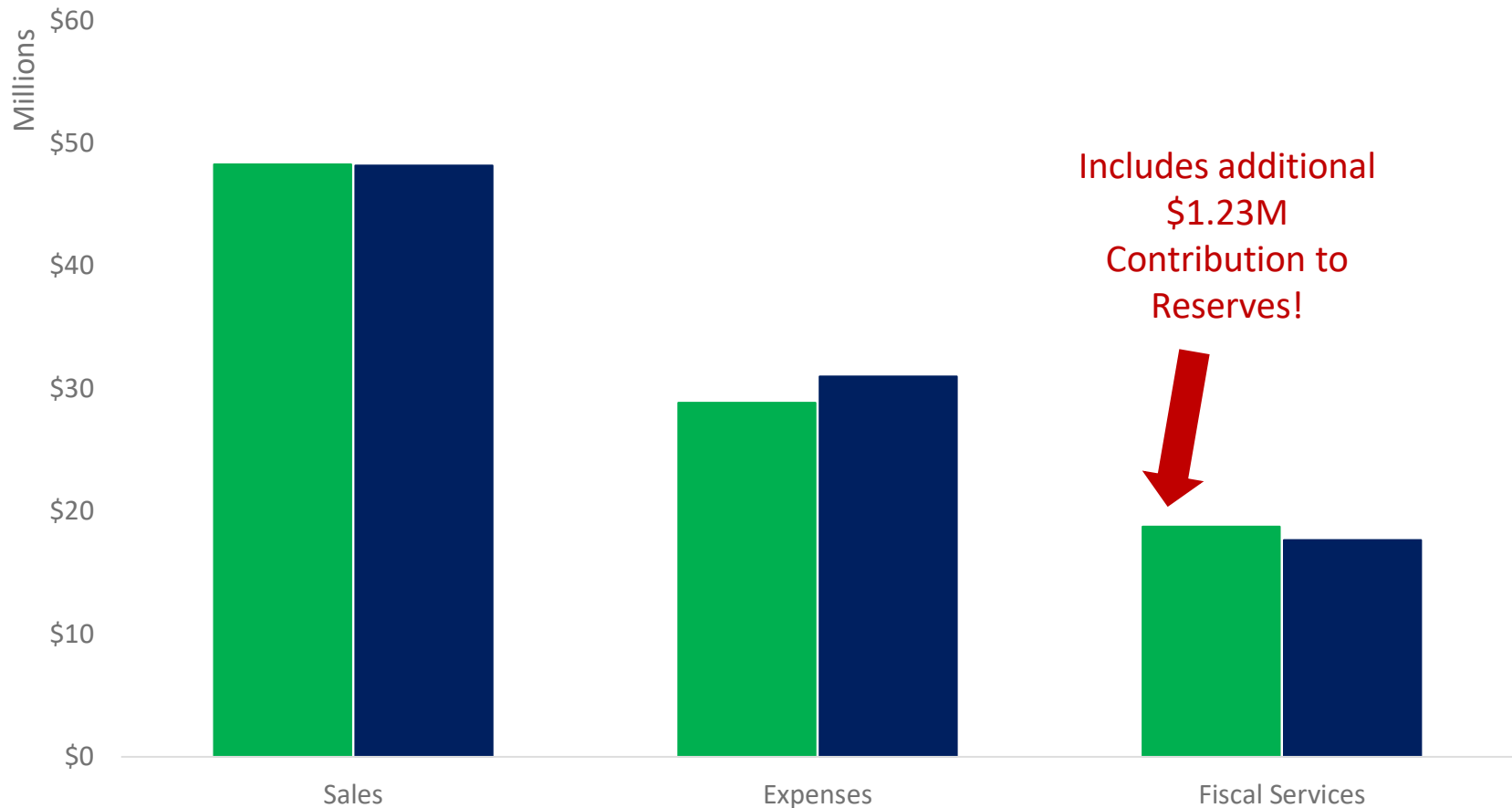
- Anticipating overall surplus of \$1,030,314 (2.14%)
- COVID Impacts
 - Potable revenues – (\$1.489M) variance
 - Expense reduction of \$2.16M to offset unknown impacts. Many projects, planned maintenance were delayed.
 - Received funding of \$1.225M as part of the Federal COVID Safe Restart funding.
 - Safe restart funding transferred to operating reserve to cover potential impacts of COVID in 2021 and beyond.

Saint John Water – 2020 Preliminary Financial Results

	Budget 2020	Actual 2020
	\$	\$
REVENUES		
Charges to Potable customers	38,250,000	36,760,983
Charges to Industrial customers	5,548,000	5,979,780
Charges to General Operating Fund		
Water supply for fire protection	2,500,000	2,509,298
Storm sewer charges	950,000	841,050
Other Revenue	968,000	2,096,046
TOTAL REVENUES	48,216,000	48,187,157
EXPENSES		
Potable Water supply	15,658,000	14,451,507
Industrial Raw water	2,442,001	2,194,135
Sewerage collection and disposal	11,183,000	10,444,748
Billing & collections	910,000	915,881
Engineering	822,000	849,037
TOTAL EXPENSES	31,015,001	28,855,308
TOTAL FISCAL SERVICES	17,686,999	18,787,535
TOTAL EXPENSES AND FISCAL SERVICES	48,702,000	47,642,843
Excess of expenses over revenues	(486,000)	544,314
Previous Year's Surplus	486,000	486,000
SURPLUS FOR THE YEAR	49	1,030,314

Saint John Water – 2020 Preliminary Financial Results

Preliminary Results - \$1.03M Surplus



Conclusion

- Staff recommends a receive and file
- Questions?