




INFORMATION REPORT

TO:	Mayor and Members City Council
COMMITTEE DATE:	August 16, 2024
SUBJECT/REPORT NO:	Cybersecurity Incident Costing Update (CM24005) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Kirk Weaver (905) 546-2424 Ext. 2878
SUBMITTED BY:	Mike Zegarac Emergency Operations Centre Director
SIGNATURE:	

COUNCIL DIRECTION

Not Applicable

INFORMATION

At the meeting of the General Issues Committee of June 19th, Report CM24004 provided an overview of the cybersecurity incident, the costs incurred to May 28, 2024, the impact on services and technology and identified next steps. Staff has committed to providing regular updates to Council on the costs incurred in response to the cybersecurity incident. Report CM24005 provides an update on costs incurred to July 24, 2024.

The City's focus has moved from immediate Response to the Recovery, Restore, and Rebuild / Transform Phases. Building back stronger is being done with a focus on the customer and employee experience, enterprise solutions, efficiency and increasing resilience to protect against future incidents.

All goods and / or services acquired during the Emergency Operations Centre (EOC) activation, to date, have followed City policy and procedures, including the Procurement Policy. The financial impacts are being tracked across the four phases: Response, Recovery, Restore, and Rebuild / Transform. It is important to note that some financial impacts may cross more than one of these phases. However, for the purposes of simplifying reporting, financial impacts have been assigned to the most relevant phase.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

Tables 1 and 2 summarize the financial impacts related to this incident that have been invoiced as of July 24, 2024, by phase and cost category. There may be additional invoices still to be received for some items that will be included in future reports. Report CM24004 reported costs of \$5.7M up to May 28, 2024, and represented estimates and commitments known at that time. Refinements to which phase and cost category items belong in have been made as needed.

**Table 1
Cybersecurity Incident Preliminary Financial Impact
By Phase**

Phase	Cost Categories	Estimated
Response	<ul style="list-style-type: none"> • External Experts • Other Related Costs 	\$2,446,413
Recovery	<ul style="list-style-type: none"> • External Experts • Infrastructure • Staffing 	\$1,947,752
Restore	<ul style="list-style-type: none"> • External Experts • Infrastructure 	\$1,418,693
Rebuild / Transform	<ul style="list-style-type: none"> • External Experts • Infrastructure 	\$1,589,764
Total		\$7,402,622

**Table 2
Cybersecurity Incident Preliminary Financial Impact
By Cost Category**

Category	Estimated
External Experts	\$4,875,538
Infrastructure	\$1,151,917
Staffing	\$1,085,685
Other Related Costs	\$289,482
Total	\$7,402,622

Response Phase financial impacts relate to the City’s efforts to protect systems and to provide services with as little disruption as possible in the initial period following the cybersecurity incident. Examples include the purchase of additional storage server capacity and equipment, such as, printers and cell phones to facilitate service continuity during the initial response period.

Financial impacts for the Recovery and Restore Phases include activities related to the testing, restoration and recovery of the various systems impacted. Future financial impacts in this area are anticipated.

The financial impacts of the Rebuild / Transform Phase include rebuilding applications and data, redesigning to meet the needs of business areas and migration to future state infrastructure that is responsive to customer needs and provides improved user experiences. Future financial impacts in this area are anticipated.

The annual operating costs and capital project costs in Tables 1 and 2 will be absorbed in the 2024 budgets and reported to Council in future budget variance reports with applicable funding from existing capital work-in-progress projects or reserves, where available.

APPENDICES AND SCHEDULES ATTACHED

None