

Performance Audit of the Engineering Services Division

Presented To:	Audit Committee
Meeting Date:	September 10, 2024
Type:	Managers' Reports
Prepared by:	Ron Foster Auditor General
Recommended by:	Auditor General

Report Summary

This report provides a recommendation regarding the performance audit of the Engineering Services Division.

Resolution

THAT the City of Greater Sudbury approves the recommendations outlined in the report entitled “Performance Audit of the Engineering Services Division” from the Auditor General, presented at the Audit Committee meeting on September 10, 2024.

Relationship to the Strategic Plan, Health Impact Assessment and Community Energy & Emissions Plan (CEEP)

This report supports the strategic goal of asset management and service excellence in planning for sustainable infrastructure that demonstrates a willingness to plan, implement and innovate in accordance with short and long-term priorities.

Financial Implications

No financial implications.

Resources Cited

Ensuring Quality During Construction on Linear Infrastructure Capital Projects [Ensuring Quality During Construction on Linear Infrastructure Capital Projects \(escribemeetings.com\)](https://www.escribemeetings.com/ensuring-quality-during-construction-on-linear-infrastructure-capital-projects)

Overview of Nighttime Construction in Greater Sudbury [Overview of Nighttime Construction in Greater Sudbury \(escribemeetings.com\)](https://www.escribemeetings.com/overview-of-nighttime-construction-in-greater-sudbury)

Maley Drive Extension Project Update [eSCRIBE Agenda Package \(escribemeetings.com\)](https://www.escribemeetings.com/maley-drive-extension-project-update)

OBJECTIVE

To assess the extent of regard for value-for-money within the Engineering Services Division.

BACKGROUND

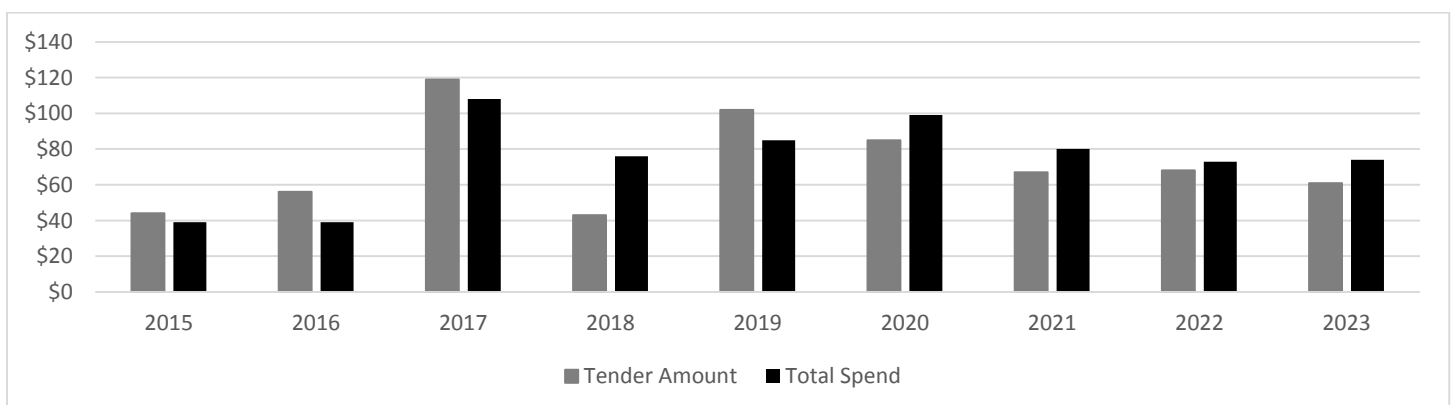
The Engineering Services Division is responsible for the delivery of projects that maintain, rehabilitate, renew and expand the City's infrastructure including roads, storm-water collection, water distribution, sanitary collection, water treatment plants, wastewater treatment plants and storm-water management facilities. The Division also provides engineering expertise to other divisions in the form of surveying, design, drafting, project management and delivery, construction monitoring and quality assurance testing. The financial results for the Division which has 47 full-time staff and several part-time staff that provided approximately 5,900 hours in 2023 are shown below in Table 1. Capital spending for the Division over the last 9 years is shown below in Table 2.

Table 1 - Summary of Operating Budget (000s)

Revenues and Expenses \$(000s)	2019		2020		2021		2022		2023		2024
	B	A	B	A	B	A	B	A	B	A	B
Grants	-	-	-	-	-	24	-	25	-	-	-
User & Other Fees	50	59	50	40	52	51	53	30	80	206	83
Capital Contributions	359	399	574	202	808	-	250	67	182	0	590
Total Revenues	409	458	624	242	860	75	303	122	262	206	673
Salaries & Benefits	5,683	5,912	6,270	5,974	6,603	6,079	6,225	5,655	6,281	6,100	6,554
Materials & Energy	258	363	261	171	297	253	297	217	318	390	307
Financial & Capital	108	109	96	162	96	85	98	88	95	26	97
Internal Recoveries	(5,640)	(5,550)	(6,003)	(5,956)	(6,151)	(6,072)	(6,316)	(6,181)	(6,432)	(6,400)	(6,285)
Total Expenses	409	834	624	350	845	345	303	(220)	262	116	673
Net Expenses	0	376	-	108	(15)	270	-	(342)	-	(90)	-

B = Budget and A = Actual

Table 2 – Capital Spending Summary (\$ millions)



Note – Both the tender and spend figures were higher than average in 2017 and 2018 as a result of the Maley Drive project.

METHODOLOGY & SCOPE

This audit included staff interviews, site visits, analysis of policies, processes, projects, contracts, reports and data as well as tests of controls for the period January 1, 2015 to June 30, 2024.

EXECUTIVE SUMMARY

This audit identified a number of significant accomplishments within the Engineering Services Division. It also identified opportunities to improve procurement and management practices to provide greater regard for economy and efficiency.

AUDIT STANDARDS

We conducted our audit in accordance with Generally Accepted Government Auditing Standards which require that we adequately plan audits; properly supervise staff; obtain sufficient, appropriate evidence to provide a reasonable basis for audit findings and conclusions; and document audits. For further information regarding this report, please contact Ron Foster at the City of Greater Sudbury at 705-674-4455 extension 4402 or via email at ron.foster@greatersudbury.ca

OBSERVATIONS AND ACTION PLANS

A. Issue of Tenders

The five-year analysis of tender prices shown below indicates that approximately 2.5 times the value of work and number of tenders was issued within Q1 and Q2 than within Q3 and Q4. Suppliers bid more aggressively on the lower volumes of tenders that were issued within Q3 and Q4 resulting in more economical prices on these projects than those issued in Q1 and Q2.

When projects are tendered in Q4, bidders have more time to mobilize resources to deliver projects that must be completed in the subsequent year. Projects that are bid in late Q2 are inherently more risky than those that are bid in Q4 or Q1 as suppliers have less time to complete these projects during the construction season. For example, ENG22-16 for the Webbwood Storm Sewer from Lorne Street to Junction Creek which was advertised on June 23, 2022 was relatively complex and was anticipated to cost approximately \$4.2 million. For this tender, the successful bid was \$5.7 million, but the other two bids were for \$7.4 million and \$8.2 million.

The analyses in Tables 3 and 4 indicate that there is a financial incentive for the City to shift the release dates of some tenders from Q1 and Q2 to Q3 and Q4 to recognize the additional capacity of bidders to respond to tenders. This change should be achievable with the new multi-year budget.

Table 3 – Five-Year Analysis of Tender Prices for Engineering Services Projects

Timing of Tender Issue	Q1	Q2	Q3	Q4	Five-Year Totals
Cumulative Award Price (Millions)	\$99.6 M	\$153.1 M	\$46.7 M	\$22.2 M	\$321.6M
Cumulative Price Estimate (Millions)	\$91.3 M	\$148.3 M	\$51.6 M	\$23.1 M	\$314.3M
Number of Tenders Issued	37	52	23	12	124
% of Total Tenders Issued Per Quarter	30%	42%	18%	10%	100%
Tenders Below Price Estimate	21	28	18	9	76
Tenders Above Price Estimate	16	24	5	3	48
% Tenders Above Price Estimate	43%	46%	22%	25%	39%

Table 4 – Five-Year Analysis of Tenders

	Avg Value of 31 Estimates	Avg Value of 31 Awards	Avg Days Advertised	Avg Days to Complete	% of Bids Advertised in Q1 and Q2
25% of Most Expensive Tenders where Bids > Estimates	\$2.0 M	\$2.6 M	24.0	194.0	84%
25% of Most Affordable Tenders where Estimates > Bids	\$1.8 M	\$1.2 M	23.5	194.1	58%

**25 percent of 124 bids = 31 bids*

Recommendations:

1. Coordinate with Purchasing staff to analyze the supply chain for engineering services projects to identify limitations in the supply chain that should be considered when planning and issuing tenders.
 2. Examine the potential benefits associated with delaying the release of some tenders from Q1 and Q2 each
- Performance Audit of the Engineering Services Division

year to take into account the additional capacity that bidders have to respond to opportunities that are posted during Q3 and Q4.

Management Response and Action Plan

Agreed.

1. Staff will coordinate with Purchasing staff for information on the supply chain, such as the volume and timing of similar work being tendered.
2. Council recently adopted a four-year capital budget. This provides the approval to tender projects in Q3/Q4 the year prior to the approved cash flow. It is the intent to match the tendering schedule to the anticipated cash flow approved in the capital budget.

Currently, limited staff capacity and unforeseen design issues have caused some projects to be delayed until Q3 and Q4 as noted in the table above. Staff plan an annual tender schedule to ensure that similar projects do not conflict with internal and known external tenders. This practice will continue and will utilize any additional information provided by Purchasing.

B. Bid Review Process

For the five-year analysis of engineering contract shown below, this audit indicated that the reasons for price variances are not always adequately documented in contract award authorization forms (CAAFs) which require explanations for differences of 10% or more between contract award amounts and pre-tender estimates. Projects with higher than anticipated bid prices are seldom delayed, however, because approximately 80% of these projects are time sensitive; construction costs increase from one year to the next; and retendering a project can present legal risks to the corporation. While the Capital Budget Policy provides the flexibility of awarding contracts with the approval of management or Council when project costs exceed approved budgets, proceeding with expensive projects that are not time sensitive may suggest to suppliers that they can pass on cost increases significantly above the construction cost index to the City.

Table 5 – Five Year Analysis of Contracts with Award Amounts > 120% of Pre-Tender Estimates

Project	Project Name	Pre-Tender Estimate	Award Amount	Tender Issue Date	Tender Award Date	Documented Reason for Variance
ENG22-50	Walter St Bridge Replacement	\$.9M	\$1.6M	Mar 04, 2022	May 02, 2022	Bad estimate from new consultant
ENG22-53	Paris Street Bridge Rehabilitation	\$4.7M	\$7.9M	Mar 03, 2022	Jul 28, 2022	Site challenges. Council approval of revised budget provided post-tender.
ENG22-51	Kalmo Road Bridge Replacement Tender	\$1.8M	\$2.8M	May 19, 2022	Jul 12, 2022	Inflation
ENG22-5	Curb Box Repairs Various Locations	\$.5M	\$.8M	Mar 09, 2022	May 15, 2022	COVID plus not recent
ENG23-52	Lansing Ave CPS Culvert Rehab Tender	\$.9M	\$1.3M	Mar 21, 2023	Jul 03, 2023	Price increases
ENG22-13	Tender for Larch St Reconstruction	\$2.5M	\$3.5M	Apr 22, 2022	Jun 07, 2022	COVID
ENG21-01	Coniston Watermain Upgrades Tender	\$2.3M	\$3.2M	Mar 30, 2021	Aug 03, 2021	Council approval of revised budget provided post-tender.
ENG19-35	Paquette-Whitson Drain Stormwater Pond Tender	\$6.5M	\$9.0M	Apr 30, 2019	Aug 19, 2019	Fuel increases. Council approval of revised budget provided post-tender.

ENG22-14	Ins Water Service Replace Tender	\$.2M	\$.3M	Jul 20, 2022	Aug 25, 2022	Price increases and no recent projects
ENG22-16	Webbwood Storm Sewer Junction Creek Tender	\$4.2M	\$5.7M	Jun 23, 2022	Aug 18, 2022	COVID and complexity
ENG23-54	Nelson Street Pedestrian Overpass	\$2.0M	\$2.7M	Nov 24, 2023	Jan 1, 2024	Labour and material cost increase for construction
ENG23-10	Lively Infrastructure Upgrades	\$7.7M	\$9.9M	Apr 13, 2023	Jun 21, 2023	Unit prices in bids were higher than estimated
ENG21-50	Beatty and Dufferin Bridge Replacement	\$2.2M	\$2.8M	Apr 28, 2021	Jun 29, 2021	Higher prices for dewatering, waterway control and sheet piling
ENG23-17	Wanapitei Trunk Watermain Rehab	\$1.9M	\$2.4M	May 4, 2023	Jul 20, 2023	Supply/demand increase
ENG19-81	Walford East Lift Station Upgrades	\$1.0M	\$1.3M	Apr 26, 2019	Jun 25, 2019	None provided
ENG20-55	Ironside Lake Road Bridge Replacement	\$1.8M	\$2.2M	Apr 30, 2020	Jun 28, 2020	None provided
ENG20-80	Val Caron Booster Pumping Station and Valve House	\$2.3M	\$2.8M	Feb 20, 2020	Jun 28, 2020	None provided

Note - Tenders that were published in Q1 and Q2 are shown above in gray scale.

Recommendations:

1. Ensure the contract authorization award form (CAAF) is completed to document the reasons for awarding an engineering contract when the lowest bid exceeds the contract estimate by more than 15 percent.
2. Consider deferring a project when there are few competitive bids received and those bids all exceed contract estimates by more than 25 percent unless:
 - a detailed review indicates the pre-tender estimate was unreliable, or
 - there are health, safety or economic reasons for proceeding with the project; or
 - there is limited ability to repackage and rebid the work without incurring significant legal risks.
3. Review the reliability of pre-tender estimates prior to awarding contracts.

Management Response and Action Plan

Agreed. The reasons for awards where estimates exceed pre-tender estimates by 15 percent will be documented within CAAFs. If a project is to be deferred, a separate form will be utilized to document the rationale for deferral. In addition, a RACI Matrix will be created so that everyone that signs the CAAF understands their responsibility. The reliability of pre-tender estimates will also be reviewed as part of the construction quality control process.

C. Bidding Period for Tenders

Our analysis of the largest tenders issued by Engineering Services over the last five years indicates that most tenders were open for bidding less than 21 days. Better practice guidelines for procurement indicate that the number of bidders that respond to bidding opportunities is directly related to the length of the bidding period as well as other factors such as the size and complexity of the work as well as the number of firms that provide the goods and services desired. Shortening the bidding period tends to reduce the number of bidders, as does the number and value of similar bidding opportunities that are issued at the same time by other buyers. At the end of 2018, Engineering Services adopted the minimum timelines for advertising tenders that are required to meet new legislation. For procurements that is subject to one or more international trade agreements, in general, the minimum solicitation period is 25 calendar days.

This audit identified the following tenders where the bidding periods were relatively short considering the size and complexity of the projects. The bid prices for these tenders indicate that bidders may have benefitted from additional time to bid on these projects and the City might have achieved better pricing as a result.

ENG23-10 for Lively Infrastructure Upgrades in Walden was only advertised for 21 days, despite the fact that the project was somewhat complex and was anticipated to cost approximately \$7 million. The successful bid was \$9.9 million, and the other two bids were for \$11.5 million and \$12.7 million.

ENG19-35 for the Paquette-Whitson Drain Stormwater Pond was only advertised for 23 days, despite the fact that the project was somewhat complex and was anticipated to cost \$6.5 million. The successful bid was \$9.0 million, and the other two bids were for \$12.0 million and \$12.9 million.

Recommendation

Projects that are expected to cost more than \$5 million should be bid for at least 20 days to provide bidders sufficient time to prepare and submit bids and to encourage greater competition and more economical pricing of projects. Complex projects that are expected to cost more than the Comprehensive Economic and Trade Agreement (CETA) limit of \$8.8 million (which is adjusted periodically for inflation) should be bid for at least 30 days.

Management Response and Action Plan

Agreed. Engineering Services will extend the tender period for complex projects as noted above.

D. Warranty Management Process

The warranty management process is not documented efficiently to demonstrate that all quality concerns that have been identified within the warranty period have been adequately addressed to ensure contractors have fulfilled their contractual obligations. As a result, it is sometimes challenging to gather all relevant documents to demonstrate that quality concerns have been addressed.

Recommendation

Warranty management processes should be documented within a project closure form that includes sign-offs for the project manager, contractor, and quality assurance manager to readily demonstrate that all quality concerns have been addressed.

Management Response and Action Plan

Agreed. A new project closure form has been created.

E. Zero-Based Review Outcomes

Our review of the budgets for 2025 for the Design Services and Project Services Sections did not identify any cost savings opportunities which would not adversely affect the delivery or control of capital projects. However, opportunities exist to improve the efficiency of the Construction Services and Administrative Services Sections.

Engineering Services currently encourages staff from the Design Services Section to bid into job opportunities in the Construction Services Section during the construction season to gain additional field experience. However, a similar movement of staff from the Construction Services Section to the Design Services Section is not seen during the winter months when a large portion of the design work is undertaken.

Table 6 – Engineering Services Division Budget for 2025 (\$000s)

	Administration Services	Construction Services	Design Services	Project Services	Divisional Budget
User fees	(42)	(40)	(3)	-	(85)
Capital & Other	-	-	-	(615)	(615)
Total Revenues	(42)	(40)	(3)	(615)	(700)
Salaries & Benefits	721	2558	2059	1508	6846
Materials & Energy	33	124	128	23	308
Financial & Capital	-	77	8	14	99
Internal Recoveries	(712)	(2719)	(2192)	(930)	(6553)
Total Expenses	42	40	3	615	700
Net Expenses	-	-	-	-	-

The Construction Services Section, which has 14 full-time staff, several seasonal staff, two coordinators and one manager, has excess capacity between December 1 and March 31 when there is minimal construction activity. During the winter, section staff take time off using banked overtime. However, as the average amount of banked overtime that staff accumulate during each construction season is only 6 weeks, staff have the capacity to assist with tasks in the Design Services Section during the winter.

The Administrative Services Section has 5 full-time staff including 3 administrative staff, one project engineer and the Director of Engineering Services. It also has 2 seasonal student positions.

The Engineering Services Division also usually hires 2 Design Engineering and 6 Construction students in the summer to assist with program delivery.

Recommendations

In the short term, work with Human Resources staff to identify opportunities for Construction Services staff to assist with other work within Engineering Services and the Growth & Infrastructure Department during the winter months. Over the medium term, work with Human Resources staff to develop opportunities for Construction Services staff to transfer to the Design Services Section or other areas in the Growth & Infrastructure Department during the winter. Consult with Human Resources staff to discuss the merits of creating a co-op engineering program for the City which has experienced significant turnover of engineering staff in recent years.

Management Response and Action Plan

Agreed. The current practice of having Design Services staff work in Construction Services has been successful, as it has provided significant professional development opportunities for staff to take a project from the design stage through construction.

Staff will work with Human Resources to provide additional opportunities for Construction Services staff and to examine the merits of creating a co-op engineering program for the City.

F. Significant Accomplishments

1. The Division has delivered projects with an average annual construction value of \$80 million in last 5 years.
2. The Division completed Maley on time and under-budget.
3. The Division has designed sophisticated projects such as the intersection at Notre Dame and LaSalle Blvd.
4. The Division uses competitively awarded standing offers to engage engineering/architectural consultants.
5. The Division prequalifies vendors for large projects.
6. Change orders are properly authorized in accordance with spending limits for staff.
7. The Division actively reviews and challenges over-priced change order requests from contractors.
8. The Division has a sound rationale to justify nighttime construction activities.
9. The Division documents the substantial completion and holdback release processes effectively.
10. Project controls staff produce valuable data and report from Power BI for managing projects.
11. Communication processes with contractors are effective.
12. The Division provides the public with significant information about construction projects through the website.
13. The Division has integrated GIS into construction plans and as-built plans.
14. The Division has adopted electronic documentation for inspectors.
15. The Division has adopted certified third party testing for QA in accordance with industry standards.
16. The Division has introduced measures to ensure quality during the design and construction of linear infrastructure projects to reduce the number of change orders and to ensure projects are delivered in accordance with the City's specifications.
17. The Division has implemented standard processes for managing projects.
18. The Division did not expand staffing following the adoption of prompt payment legislation in 2019.
19. There was no lost time from injuries to Divisional staff from 2019 to 2023 inclusive.
20. Overtime hours worked by staff in 2023 were 4,571 but overtime hours paid were approximately 1,900 hours lower as many staff banked their overtime and took additional time off during the winter months in accordance with the collective agreement.

Table 7 – Summary of Significant Risks

Risk	Total No. of Risks	Risks (Before Controls)			Residual Risks (After Controls)		
		High (15 to 25)	Med (9 to 14.99)	Low (1 to 8.99)	High (15 to 25)	Med (9 to 14.99)	Low (1 to 8.99)
Reputation (R)	1	1	0	0	0	0	1
Operational (O)	7	7	0	0	0	2	5
Financial (F)	7	7	0	0	0	2	5
Legal (L)	1	1	0	0	0	0	1
TOTAL	16	16	0	0	0	4	12

Table 8 – Significant Risks

Type of Risk	Description of Risk	Risk Before Controls	Residual Risk*
F1/O1	Engineering services may not align with the vision and goals of the City's strategic plan.	25	8
F2/O2	Engineering services may not align with long-range master plans for transportation, water and wastewater.	25	8
F3/O3	Engineering services may not align with the Enterprise Asset Management program.	25	8
F4/O4	Engineering services may not align with the Enterprise Risk Management program.	25	8
F5/O6	Engineering services may not be delivered with due regard for effectiveness including quality.	25	8
F7/O7	Engineering services may not be delivered with due regard for efficiency.	20	10
F8/O8	Engineering services may not be delivered with due regard for economy.	20	12
L1/R1	Legal and regulatory obligations may not be managed effectively.	20	8

**Note that it is not cost-effective to eliminate all residual risks.*

Impact	Services	Technology	People	Strategic	Legal/Reputational	Financial
Very Minor (1)	<ul style="list-style-type: none"> • Less than 90% of service objectives achieved. 	<ul style="list-style-type: none"> • Minor disruptions of secondary systems or data loss or corruption 	<ul style="list-style-type: none"> • Minor reportable employee injury • Increase in number of union grievances 	<ul style="list-style-type: none"> • Minor instances of actions that are at odds with strategic priorities 	<ul style="list-style-type: none"> • Small amount of negative media coverage or complaints to City • Non-lasting damage or no reputational damage • Theft or Fraud under \$1,000 	<ul style="list-style-type: none"> • Uninsured loss, cost overruns or fines < \$10K • Insured loss < \$100K • Loss of replaceable asset
Minor (2)	<ul style="list-style-type: none"> • Less than 75% of service objectives achieved • Unable to perform non-essential service 	<ul style="list-style-type: none"> • Disruptions of systems or data loss or corruption • Disclosure of non-confidential but embarrassing information 	<ul style="list-style-type: none"> • Reportable employee injury • Loss of key staff but able to recruit competent replacements • Significant increase (>10%) in number of union grievances. 	<ul style="list-style-type: none"> • Instances of actions at odds with strategic priorities 	<ul style="list-style-type: none"> • Complaints elevated to the Director level. • Short-term repairable damage to City's reputation • Public outcry for discipline of employee. • Moderate amount of negative media coverage • Theft or Fraud of \$1,000 to \$10,000 	<ul style="list-style-type: none"> • Uninsured loss, cost overruns or fines of \$10K to \$100K • Insured loss < \$100K - \$1M • Inefficient processes • City's actions result in reduced economic development
Moderate (3)	<ul style="list-style-type: none"> • Less than 60% of service objectives achieved • Unable to perform essential service but alternatives exist 	<ul style="list-style-type: none"> • Disruptions of significant systems or data loss or corruption • Recoverable loss from important system 	<ul style="list-style-type: none"> • Multiple employee injuries or long-term disability from one incident. • Inability to retain or attract competent staff. • Increase in stress leave, sick leave or WCB claims. • Work-to-rule union disagreement or short-term strike 	<ul style="list-style-type: none"> • Numerous actions are at odds with strategic priorities. 	<ul style="list-style-type: none"> • Public/media outcry for removal of management • Long-term damage to City's reputation • Citizen satisfaction survey indicates unacceptable performance. • Complaints elevated to Council level. • Results inconsistent with commitments made to citizens • Theft or Fraud under \$100,000 	<ul style="list-style-type: none"> • Uninsured loss, cost overruns or fines of >\$100K to \$1M • Insured loss >\$1M to \$10M • Having to delay payments to contractors/suppliers • City's actions results in lost revenue for significant number of City businesses

Impact	Services	Technology	People	Strategic	Legal/Reputational	Financial
Major (4)	<ul style="list-style-type: none"> • Less than 45% of service objectives achieved. • Unable to perform an essential service where no alternative exists. 	<ul style="list-style-type: none"> • Unrecoverable loss or corruption of data from important system • External exposure of important information • Unavailability of significant systems 	<ul style="list-style-type: none"> • Serious injury of one or more employees • Legal judgment against the City in workplace matter. • Turnover of key employees • Sustained strike of staff. 	<ul style="list-style-type: none"> • Numerous actions are significantly at odds with the strategic priorities. 	<ul style="list-style-type: none"> • Public/media outcry for change in CAO or Council • Public or senior officials charged or convicted • Legal judgment against the City in a workplace matter • Integrity breach resulting in decreased trust in City Council or Administration. • Theft or Fraud >\$100,000 	<ul style="list-style-type: none"> • Uninsured loss, cost overruns or fines of >\$1M - \$10M • Insured loss of >\$10M - \$100M • Unable to pay employees and contractors on time. • City's actions impair local economic conditions.
Extreme (5)	<ul style="list-style-type: none"> • Less than 30% of service objectives achieved. • Unable to perform several essential services where no alternatives exist. 	<ul style="list-style-type: none"> • Unrecoverable loss or corruption of data from critical system • External exposure of confidential information • Unavailability of critical systems 	<ul style="list-style-type: none"> • Death of an employee • Major legal judgment against the City in workplace matter • Significant turnover of key employees with ELT • Sustained strike of staff supporting key services 	<ul style="list-style-type: none"> • Many actions are significantly at odds with the strategic priorities 	<ul style="list-style-type: none"> • Public/media outcry for change in CAO or Council • Senior officials criminally charged or convicted • Severe legal judgment against the City in a workplace matter • Major integrity breach resulting in complete loss of trust in City Council or Administration • Theft/Fraud >\$1,000,000 	<ul style="list-style-type: none"> • Uninsured loss, cost overruns or fines >\$10M • Insured loss > \$100M • File for bankruptcy • Failure to maintain financial capacity to support current demands. • City's actions significantly impair local economic conditions.
Likelihood	Unlikely (1)	Possible (2)	Probable (3)	Likely (4)	Very Likely (5)	
	Less than 20%	>20% but < 40%	>40% but < 60%	>60% but < 80%	80% or more	
	Less frequent than every 10 years	May occur in the next 2 years	Will occur this year or next year at least once	May occur regularly this year	Will occur within months or may reoccur often	