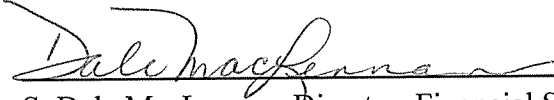




Halifax Regional Council
November 18, 2003

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: 
S. Dale MacLennan, Director, Financial Services

DATE: November 14, 2003

SUBJECT: Preliminary Financial Impact - Hurricane Juan

INFORMATION REPORT

ORIGIN

Financial Services has committed to provide a report on ongoing basis to keep council informed of the financial impact on HRM as a result of Hurricane Juan as further information becomes available.

BACKGROUND

On September 28, 2003, Hurricane Juan struck HRM causing severe damage to the municipality's infrastructure. In addition to the infrastructure damage the city was faced with significant clean-up in order to re-establish public safety. With over one thousand sites to be assessed, there is still a great deal of work that has not begun, and it is anticipated the work caused by Hurricane Juan will continue for the next 18 months.

To date, a substantial part of the clean-up has been completed, and the infrastructure repairs have begun. In addition, the Disaster Financial Assistance Claim Team (D-FACT) has been created in order to process all financial assistance claims. D-FACT has completed the majority of planning necessary for the project and anticipates the first financial claims to be submitted within the next couple of weeks.

Cost incurred as a result of disaster of this magnitude are quite significant. Funding for the costs associated with Hurricane Juan will come from one of four sources: insurance claims, the federal Disaster Financial Assistance (DFA) program, public donations, and the HRM budget.

DISCUSSION

To date approximately \$5.4 million has been spent as a result of Hurricane Juan, with anticipated future costs of \$19 million, for a total cost of \$24.4 million of incremental costs to HRM .

Not included in the above figure are regular time wages of HRM staff who have worked exclusively on the Hurricane Juan recovery. These cost exceed \$1 million and, while they do not represent incremental costs to HRM they do represent an opportunity cost. Further details of this figure will be included in a future report.

It is anticipated that \$1.8 million of the above costs will be recovered through insurance, leaving a figure of \$22.6 million. D-FACT is fairly confident in its interpretation of the DFA program and believe a substantial portion of these costs will be funded through DFA. Final rulings by provincial and federal officials will not be made until HRM's claims are audited well into 2004.

Money raised through donations and the Infrastructure Renewal Committee has not been included in the attachments to this report, neither has the capacity the Business Units are working to create. To date approximately \$1 million has been raised through public donations.

It should also be noted that, as of this date, approximately 800 of a total 1200 HRM properties have been assessed and, therefore, these preliminary estimates are subject to change.

BUDGET IMPLICATIONS

Any cost not recovered through insurance claims, FA claims, or Public donations will impact the HRM budget.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve Budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves as well as any relevant legislation.

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Hugh Avery, CA, Team Leader of Financial Reporting Team Manager D-FACT 490-4767

ATTACHMENT A

Business Unit	Actual Cost to Date	Projected Future Cost	Total Cost
Environment Management Services	49,000	111,000	160,000
Fire and Emergency Services	13,000	22,000	35,000
Human Resources Services	15,000	0	15,000
Financial Services	0	25,000	25,000
Recreation, Tourism and Culture	8,000	0	8,000
Regional Police	54,000	0	54,000
Emergency 911 Communications	6,000	0	6,000
Shared Services	29,000	13,000	42,000
Other Business Units	3,000	0	3,000
Real Property and Asset Management	388,400	16,262,000	16,650,000
Public Works and Transportation	4,800,000	1,068,000	5,868,000
Claims Development	0	500,000	500,000
Estimate For Areas Not Assessed	0	1,000,000	1,000,000
Total HRM Cost	5,365,000	19,001,000	24,366,000

ATTACHMENT B

Business Unit	Total Cost	Insurance	DFA
Environment Management Services	160,000	0	160,000
Fire and Emergency Services	35,000	0	35,000
Human Resources Services	15,000	0	15,000
Financial Services	25,000	0	25,000
Recreation, Tourism and Culture	8,000	0	8,000
Regional Police	54,000	12,000	42,000
Emergency 911 Communications	6,000	0	6,000
Shared Services	42,000	0	42,000
Other Business Units	3,000	0	3,000
Real Property and Asset Management	16,650,000	1,750,000	14,900,000
Public Works and Transportation	5,868,000	0	5,868,000
Claims Development	500,000	0	500,000
Estimate For Areas Not Assessed	1,000,000	0	1,000,000
Total	24,366,000	1,762,000	22,604,000