



## **15% Mitigation Enhancements**

### **ISSUE**

- Clarification of Mitigation Enhancements as described in the Guidelines for the Disaster Financial Assistance Arrangements (DFAA).

### **OBJECTIVE**

To rescind and archive interpretation bulletins 1 and 3 and replace with the following text as bulletin 7.

#### **Definition of Mitigation**

“Disaster mitigation measures are those that eliminate or reduce the impacts and risks of hazards through proactive measures taken before an emergency or disaster occurs.”

### **3.3 Disaster recovery mitigation measures**

3.3.1 Mitigation enhancements undertaken within specific repair or reconstruction projects of damaged infrastructure to reduce vulnerability to future emergencies will be considered for eligibility by Public Safety Canada (PS).

3.3.2 The total amount eligible for cost-sharing of mitigation enhancements is limited to 15% of the total roll-up of eligible recovery costs (not including administration and engineering costs) associated with repair and/or reconstruction of damaged public and private infrastructure. It can be applied to one or more projects involving mitigation enhancements. The maximum value of the 15% roll-up is confirmed at the time of the final federal audit. Only actual eligible costs associated with repair and/or reconstruction of damaged public and private infrastructure will be considered for federal cost-sharing (see examples on pg. 3).

3.3.3 New construction, non-structural mitigation projects (e.g. engineering studies, flood plain mapping) and public awareness initiatives are not eligible. Mitigation enhancements that are mainly designed to increase operational capacity (e.g. traffic volume, productive output), functionality, floor space, or life-cycle duration are not eligible expenses.

3.3.4 The province or territory (P/T) will inform (PS) of the proposed mitigation enhancement project(s) during the semi-annual accounting exercise. PS will provide a template to P/Ts to document this information and the completed template should be available to federal auditors for audit verification. Eligibility of project expenditures will be determined during the final audit. Public Safety program officials are available, as required, for consultation on eligibility.

3.3.5 P/Ts have the flexibility to apply the total amount of mitigative enhancement expenditures eligible for cost sharing under the DFAA to selected repair or reconstruction projects rather than applying the cost sharing on a site by site basis.

3.3.6 P/Ts may use the 15% mitigation enhancement provision, in full or in part, to top up an Innovative Recovery Solution, if the amount has not already been used under mitigation enhancements.

3.3.7 Appropriate documentation to demonstrate that mitigation enhancements projects were completed must be available for federal audit before any DFAA payment is provided for such projects.

### **INTERPRETATION:**

- For mitigative enhancements to public or private infrastructure, the affected province or territory may have large numbers of similar projects, such as raising electrical panels above the flood level. In such cases the province may recommend a category or categories of mitigative enhancements that are acceptable under the provincial program.
- In order to determine the value of the mitigative enhancements that will be cost shared, an appropriate assessment of the damage to the private infrastructure and estimate of the repair/reconstruction costs to return the infrastructure to pre-disaster condition must be available for federal audit.
- The template detailing costs for each mitigation project should be kept up to date and provided to the PSRO with the submission request for final payment.
- To date, the list of mitigative enhancements to public and private infrastructure that are generally acceptable to PS are:
  - elevating structures
  - relocating furnaces above flood level
  - relocating hot water heaters above flood level
  - relocating electrical boxes above flood level
  - replacing furnaces with baseboard heaters
  - installing weeping tiles on either the interior or exterior of the structure
  - installing sump pumps on either the interior or exterior of the structure
  - switching of petroleum heating systems to eliminate fuel tanks
  - securing of propane tanks
  - using water-resistant building materials instead of drywall
  - changing to exterior basement insulation
  - making structural changes to buildings to increase flood-proofing
  - performing seismic retrofitting such as installing foundation bolts, cripple wall bracing and shear walls
  - disconnecting downspouts and foundation drains from sewers
  - reinforcing buildings to be more resistant to wind and ice damage
  - installing protective plumbing such as backflow prevention valves

### **SIMPLIFIED GUIDE TO HELP CALCULATE INFRASTRUCTURE COSTS**

The 15% mitigation enhancement value is based on the total infrastructure costs associated with the DFAA event.

Infrastructure repair costs for a DFAA event include the following:

- Damage to infrastructure that meets DFAA guidelines;
- Cost to return the structure and permanently attached chattels to pre-disaster condition and current code;

- For roads and other municipal or provincial infrastructure, use cost incurred to return to pre-disaster condition and to meet current building codes.

Infrastructure repair costs for a DFAA event do **not** include:

- Administration costs
- Engineering costs except those included in a construction contract; and
- Repair to cottages or other infrastructure that would not be eligible under DFAA.

**HOW TO CALCULATE FEDERAL COST-SHARING UNDER THE 15% MITIGATION PROVISION:**

<b><u>STEPS</u></b>		<b><u>\$ AMOUNT</u></b>
1	P/T estimate of costs associated with response and recovery:	\$100,000,000
2	P/T estimate of costs associated with repair and/or reconstruction of damaged public and private infrastructure:	\$80,000,000
3	<b>15% MITIGATION</b> (maximum amount that will be considered for federal cost-sharing at the time of the final federal audit): \$80,000,000 X 15% = \$12,000,000	\$12,000,000
	<p>Cost-shared amount as per the funding formula: (Assumption: all costs submitted by P/Ts are eligible)</p> <p><b>Scenario 1:</b></p> <ul style="list-style-type: none"> <li>• \$100M are 100% eligible response and recovery costs</li> <li>• P/T spent \$6M on mitigation measures</li> <li>• Amount eligible for federal cost-sharing is \$106M</li> </ul> <p><b>Scenario 2:</b></p> <ul style="list-style-type: none"> <li>• \$100M are 100% eligible response and recovery costs</li> <li>• P/T spent \$12M on mitigation measures</li> <li>• Amount eligible for federal cost-sharing is \$112M</li> </ul> <p><b>Scenario 3:</b></p> <p>\$100M are 100% eligible response and recovery costs</p> <ul style="list-style-type: none"> <li>• P/T spent \$20M (or more) on mitigation measures</li> <li>• Amount eligible for federal cost-sharing is \$112M</li> </ul> <p>In Scenario 1: \$106M would be entered into the funding calculator to determine the final payment.</p> <p>In Scenario 2 and 3: \$112M would be entered into the funding calculator to determine the final payment.</p>	<p><b>Up to \$ 106,000,000</b> will be cost-shared</p> <p><b>Up to \$112,000,000</b> will be cost-shared</p> <p><b>Up to \$112,000,000</b> will be cost-shared</p>

## **PROCESS**

### **Province or Territory will:**

- Estimate 15% mitigation cost;
- Ensure that the cost is under or up to an equivalent of the cost of repairing/replacing eligible damaged facilities plus any portion of the total 15% mitigation enhancement value for the event;
- Plan mitigation projects in affected areas; and
- Fill out the template detailing the mitigation projects and provide a copy to the PSRO, as part of the semi-annual accounting exercise.

### **Public Safety Canada will:**

- Provide a template to record current information about projects for audit purposes;
- Record and retain all documentation on mitigation projects for final approval subject to final audit;
- Retain copy of all documentation for our records and financial planning purposes;
- Review records submitted with the request for final payment and determine eligibility during the final audit;
- Complete audit, and draft report on results of audit;
- Issue an appropriate payment; and
- Provide advice on proposed projects at any time during the process.