



## Innovative Recovery Solutions

### ISSUE

- Clarification of Innovative Recovery Solutions, as described in the Guidelines for the Disaster Financial Assistance Arrangements.

### OBJECTIVE

To amend a portion of Section 3.4 of the Guidelines and replace it with the following text.

#### Definition of Innovative Recovery Solution

Any solution that reduces or prevents damages from recurring up to an equivalent of the cost of repairing or replacing actual damaged infrastructure. It may include any portion of the total 15% mitigation enhancement value of a specific event.

### **KEY PRINCIPLES**

- Does not include repair of damaged property
- Does not relate to homes that were not damaged in the event
- Innovative recovery is designed to prevent recurrence of a similar event

### **3.4. Innovative Recovery Solutions**

3.4.1 Any solution that reduces or prevents recurrence of damages up to an equivalent of the cost of repairing/replacing eligible damaged infrastructure, plus any portion of the total 15% mitigation enhancement value for the event as appropriate, will be considered for eligibility under Innovative Recovery Solutions. Such solutions may include development relocation to less disaster-prone areas, or buy-out and permanent removal of structures on vulnerable properties. Generally, if it is less costly to implement a solution that would address safety concerns and/or prevent reoccurrence of similar damages, such a solution may be eligible. Hence, the maximum dollar amount that would be covered under the DFAA is the equivalent of the cost of repairing/replacing eligible damaged facilities and a portion of the total 15% mitigation.

3.4.2 Details (nature and scope of work, timings, and estimates) will need to be provided to Public Safety Canada and should be recorded for audit verification. Eligibility will be determined during the final audit.

3.4.3. Innovative recovery solutions do not include the repair of damaged infrastructure, however, the cost of demolition will be eligible for cost-sharing under innovative recovery if this cost added to the innovative recovery solution is still under or up to an equivalent of the cost of repairing/replacing eligible damaged facilities plus a portion of the total 15% mitigation enhancement value for the event.

### INTERPRETATION:

Innovative Recovery Solutions are any solutions, including new construction that will reduce or prevent recurrence of damages.

In order to determine the value of the innovative recovery solution that will be cost shared, appropriate assessment of the damage to the infrastructure and estimate of the repair/rebuilding costs to return the infrastructure to pre-disaster condition plus the value of the 15% mitigation must be available for federal audit.

Appropriate documentation to demonstrate that innovative recovery solutions projects were completed must be available for federal audit.

A non-exhaustive list of Innovative Recovery Solutions that are generally acceptable to Public Safety Canada are listed below:

- Development relocation to less disaster-prone areas;
- Buy-out and permanent removal of structures on vulnerable properties that were damaged during the event;
- Relocating a road; and
- Constructing a new bridge in a different location.

**INNOVATIVE RECOVERY SOLUTION EXAMPLES**

In the case of a road that is continuously impacted by disasters, a new solution was devised by engineers to change the placement of the road, removed the risks and would be less costly. The relocation of the road removed the risk of further damage and is less costly than rebuilding the road in its current location.

<b><u>Funding within existing cost of repairing the road</u></b>		
<b><u>Previous Years</u></b>	<b><u>Current cost to rebuild</u></b>	<b><u>Solution – Move the road</u></b>
Impacted in 2011 and 2014	Impacted again in 2015	
Paid \$240,000	\$550,000	\$370,000

Same road impacted in a scenario where event cost \$100M, the infrastructure cost is \$80M with a mitigation funding avail of \$12M

<b><u>Funding using existing cost of repairing the road plus a portion of available 15% mitigation</u></b>		
<b><u>Previous Years</u></b>	<b><u>Current cost to rebuild</u></b>	<b><u>Solution – Move the road</u></b>
Impacted in 2011 and 2014	Impacted again in 2015	
Paid \$240,000	\$550,000	\$560,000 <i>(Using the \$550,000 plus \$10,000, a portion of the 12M avail for mitigation)</i>

## **PROCESS**

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

- Identify an innovative recovery solution
- Ensure cost 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, if not used for mitigation projects.
- Provide supporting documentation to Public Safety Canada with final approval subject to final audit.
- Additional information may be required at the time of the final audit e.g. business case.

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

- Review documentation, if requested by the Province or Territory, and provide response as per Service Standards

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

- Keep all relevant documents on innovative recovery solutions until event has been audited by the federal government.

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

- Review records and determine eligibility during the final audit.
- Complete audit and draft report on results of their audit; and
- Issue final payment and close event file.