Guidelines to apply for Municipal Disaster Recovery Assistance (MDRA)

Information for municipalities on how to apply for financial help after a natural disaster.

Overview

The Municipal Disaster Recovery Assistance program helps municipalities recover from extraordinary costs after a natural disaster.

Eligible expenses may include:

- capital costs to repair public infrastructure or property
- operating costs that go above regular budgets and are needed to protect public health, safety or access to essential services

Costs are **not** eligible if:

- insurance covers them
- they would have been incurred anyway

Program activation and delivery

The Minister of Municipal Affairs and Housing decides to activate the program based on evidence showing that the event meets the eligibility criteria for Municipal Disaster Recovery Assistance.

The review process considers:

- the cause and extent of damage
- the initial claim submitted by the municipality

If the program is activated, the province and municipality enter into a grant agreement. All payments under the grant agreement are based on eligible costs incurred by the municipality as a result of the natural disaster.

Eligibility requirements

To be eligible for the program, a municipality must have:

- experienced a sudden, unexpected and extraordinary natural disaster
- have costs over and above regular budgets that can be clearly linked to the disaster
- passed a resolution of council
- submitted an initial Municipal Disaster Recovery Assistance claim

Municipalities wishing to apply for Municipal Disaster Recovery Assistance are to **contact their local Municipal Services Office** (https://www.ontario.ca/page/find-your-municipal-services-office) for the claim forms package, which includes:

- these program guidelines

- a Municipal Disaster Recovery Assistance claim form in Excel
- a user guide for detailed instructions on filling out the claim form

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1. Program information

The Ontario government is committed to helping communities hit by natural disasters. The Municipal Disaster Recovery Assistance program provides financial assistance to help Ontario municipalities recover from natural disasters.

Municipal Disaster Recovery Assistance is a claims-based program that, when activated by the province, offers financial assistance to qualifying municipalities that have sustained significant extraordinary costs as a result of a natural disaster, such as a tornado or severe flooding.

The program offers assistance for extraordinary operating and capital costs arising from a natural disaster. Eligible operating costs are those incurred to protect public health, safety and access to essential services. Eligible capital costs are those to repair public infrastructure or property to pre-disaster condition. Costs that are covered by insurance or costs that would have been incurred if the disaster had not taken place (such as regular municipal salary costs) are ineligible under the program.

For the purpose of Municipal Disaster Recovery Assistance, a disaster is defined as a sudden, unexpected, extraordinary, natural event that results in eligible municipal costs at least equal to three per cent of a municipality's own purpose taxation levy. In keeping with the principle of shared responsibility for disaster management, the program is based on a sliding-scale, cost-sharing formula between affected municipalities and the province.

The Ontario government also offers a separate program, Disaster Recovery Assistance for Ontarians (https://www.ontario.ca/page/apply-disaster-recovery-assistance) , to assist homeowners, residential tenants, small owner-operated businesses, farmers and not-for-profit organizations affected by a natural disaster. The Minister of Municipal Affairs and Housing may activate this program in the event of a natural disaster. Disaster Recovery Assistance for Ontarians is administered by the province and, a municipal request is not required to activate the program.

1.1 Intent of this guideline

This guide provides a roadmap for municipalities to determine their eligibility under the program, what documentation and evidence are necessary to support a claim, how to request assistance, and how to submit claims. For step-by-step technical instructions regarding organizing documentation and inputting data into the claim forms, please refer to the accompanying **claim forms user guide.**

It can be challenging in the aftermath of a natural disaster to track costs and maintain financial records. Municipalities are advised to read and follow these guidelines and, the accompanying claim forms user guide carefully to ensure that costs claimed are eligible and documentation is sufficient to support the claim.

1.2 Provincial and municipal roles and responsibilities

Province: The Municipal Disaster Recovery Assistance program is administered by the Ministry of Municipal Affairs and Housing. Municipalities considering an application under the program should contact their regional Municipal Services Office. The Minister of Municipal Affairs and Housing has the authority to activate the program after a natural disaster.

Municipalities: When a municipal council believes that the municipality has experienced a disaster that could be eligible under the program and wishes to apply, the municipality is required to submit a resolution of council and initial claim within 120 calendar days from the date of the onset of the disaster. Following the receipt of the resolution, initial claim and supporting documentation, the Minister of Municipal Affairs and Housing determines whether to activate the program.

Delegated authority: Municipalities pursuing program assistance must ensure that the person submitting and attesting to the accuracy of the costs claimed, normally the municipal treasurer has the necessary delegated authority.

1.3 Insurance and risk management

Although all levels of government have a role to play in disaster management, mitigating risks and preparing for disasters are first and foremost local responsibilities. Municipalities are expected to take reasonable precautions to ensure the health and safety of residents and for managing risks.

Provincial assistance is not a substitute for robust risk management or appropriate insurance coverage and does not provide full cost recovery for eligible expenses. The purpose of disaster recovery assistance is to alleviate financial hardship when costs are so extensive that they exceed the capacity of the affected municipality to manage.

Municipalities are responsible for covering the upfront costs associated with the natural disaster as outlined in section 2.3 of the guidelines. Where applicable, claims must be directed to the municipality's insurance provider before being submitted under the program. Insurance deductibles and losses covered by insurance are not eligible under the program. When a disaster occurs, it is recommended that municipal staff review the municipality's insurance policy with a representative from its insurance provider. Municipalities are required to submit documentation of insurance coverage.

1.4 Practical tips for municipalities after a disaster

The following are some practical first steps a municipality can take at the onset of a natural disaster:

- **collect documentation:** When submitting a claim, municipalities are encouraged to attach as much supporting information as is available. The success of the claim largely rests on the municipality's ability to demonstrate that costs incurred are linked to the natural disaster. Examples may include:
  - reports or assessments, from staff or external experts, on the specific damage to property or infrastructure
  - photos or videos of pre-disaster, post-disaster and post cleanup conditions
  - maps of impacted areas or tables listing impacted sites
  - documentation of costs such as invoices, procurement and employee contracts, equipment logs and purchase requisitions
  - asset management plans and other documentation
- immediately begin to separate incremental operating and capital costs related to the disaster from ordinary municipal expenditures. Establish a **segregated General Ledger account** to track incremental disaster-related expenses easily
- if a municipality has experienced major infrastructure or property damage as a result of a natural disaster, obtain detailed damage reports from a qualified engineer or relevant professional that detail the damage incurred and an appraisal of costs to restore the property or infrastructure to pre-disaster condition
- contact your Municipal Services Office. Your Municipal Services Office can provide information about these guidelines and the claim form submission process, and is the first point of contact for municipalities for the purposes of this program. Refer to **Appendix A** for Municipal Services Office contact information
- read **chapter 2** of the claim forms user guide for step-by-step technical instructions on how to organize and reference documentation
- contact your insurance provider to determine what damage is covered by insurance

Refer to **Appendix B** for the Glossary of key program terms

2. Application process

2.1 Eligibility requirements

The Municipal Disaster Recovery Assistance program provides disaster recovery assistance to Ontario municipalities. This program is not applicable to unorganized territories, First Nations or conservation authorities.

Homeowners, residential tenants, small owner-operated businesses, farmers, and not-for-profit organizations that have incurred costs as a result of a natural disaster should refer to information about the Disaster Recovery Assistance for Ontarians program (https://www.ontario.ca/page/apply-disaster-recovery-assistance) .

Municipalities must meet the following conditions in order to be eligible under the program:

- municipalities must have experienced a sudden, unexpected and extraordinary natural event
- incremental costs must be demonstrably linked to the disaster and eligible costs incurred must be at least equal to three per cent of a municipality's own purpose taxation levy
- a resolution of council, initial claim and required supporting documentation must be submitted within 120 calendar days from the date of the onset of the disaster. Submit all items together in one package

2.2 Eligible natural disaster

For the purpose of Municipal Disaster Recovery Assistance, a disaster is defined as a **sudden, unexpected, extraordinary, natural** event that results in eligible municipal costs at least equal to three per cent of a municipality`s own purpose taxation levy.

As every natural disaster has unique circumstances, the following information is not exhaustive and should be considered only as a general guide to what may constitute a sudden, unexpected, extraordinary, natural event under this program.

Sudden and unexpected: The natural disaster must be sudden and unexpected, occurring with relatively little notice, and must be an event that cannot reasonably be planned for or anticipated. Cyclical weather patterns can indicate if an event is both sudden and unexpected. For example, severe snowstorms in winter may happen suddenly but are not generally considered unexpected, as they occur frequently and are budgeted for by municipalities. Similarly, damage incurred due to seasonal weather conditions, such as frozen pipes in winter, is considered ineligible under the program, as municipalities can anticipate, prepare and budget for seasonal temperature variations.

Extraordinary: Extraordinary refers to an event that is exceptional for the region. For example, a flood with a one per cent chance of occurring in any given year (a "1-in-100 year flood") is extraordinary.

Natural Event: Natural disasters are those that are caused by forces of nature. Examples of natural events that have the potential to cause disasters include but are not limited to floods, tornados, earthquakes, landslides and wildfires affecting populated areas.

2.3 Provincial and municipal cost-sharing formula

In keeping with the principle of shared responsibility for disaster management, the Municipal Disaster Recovery Assistance program is based on a sliding scale cost-sharing formula. The formula is applied when eligible costs are at least equal to three per cent of the municipality's own purpose taxation levy. The own purpose taxation levy refers to the total taxes a municipality is eligible to collect to fund its own budget, less certain adjustments, and is intended as a measure of the municipality's financial capacity.

For the purpose of this program, own purpose taxation levy is based on the latest Financial Information Return submitted by the municipality and recorded under SLC 10 0299 01 (“Taxation-Own Purposes”) of the Financial Information Return.

If eligible municipal costs reach the three per cent threshold and the program is activated, the province will reimburse the municipality at 75 per cent for expenses up to the first three per cent of the municipality’s own purpose taxation levy. The municipality would be responsible for the remaining 25 per cent of these expenses. For eligible expenses incurred beyond three per cent of a municipality’s own purpose taxation levy, the province will reimburse the municipality at 95 per cent, and the municipality would be responsible for the remaining five per cent.

Provincial and municipal cost-sharing

Cost-sharing formula applied if eligible costs meet or exceed three per cent OPT levy and the program is activated	Provincial Contribution	Municipal Contribution
Eligible costs up to 3% of own purpose taxation levy	75%	25%
Eligible costs exceeding 3% of own purpose taxation levy	95%	5%

Example: The following scenario is intended as an illustration of the program’s cost-sharing formula.

A municipality with a $1 million annual own purpose taxation levy experiences an earthquake and incurs $200,000 in costs.

The disaster costs of $200,000 represent 20 per cent of the municipality’s own purpose taxation levy.

$200,000 / $1,000,000 = 20 per cent of the municipality’s own purpose taxation levy.

This is above the three per cent threshold for program activation. The municipality meets the program criteria and the Minister of Municipal Affairs and Housing activates the program. Eligible municipal costs up to the first three per cent of the municipality’s own purpose taxation levy are reimbursed at 75 per cent. Eligible municipal costs above three per cent of the municipality’s own purpose taxation levy are reimbursed at 95 per cent.

Provincial and municipal cost-sharing scenario

Eligible municipal costs	Provincial Funding	Municipal funding
Up to 3% OPT levy: $30,000	$22,500 (75%)	$7,500 (25%)
Exceeding 3% OPT levy: $170,000	$161,500(95%)	$8,500 (5%)

Eligible municipal costs	Provincial Funding	Municipal funding
Total: $200,000	$184,000	$16,000

See **Appendix C** for additional cost-sharing scenarios

2.4 Preparing to apply

Municipalities have 120 calendar days from the date of the onset of the natural disaster to apply for the program. The 120-day period is intended to allow the municipality sufficient time to assess its costs arising from the disaster event. It is recommended that municipalities conduct a self-assessment before submitting a claim to determine whether or not the event meets the eligibility criteria for program activation.

The Minister of Municipal Affairs and Housing makes the decision to activate the program if there is sufficient evidence to support that a natural disaster occurred and that eligible costs are at least equal to three per cent of the municipality's own purpose taxation levy. To apply for the program, a municipality must submit an initial claim, with actual costs paid out and detailed estimates of future eligible costs. If it is unclear whether costs have reached the three per cent threshold, the ministry may ask the municipality to submit additional information.

The strength of a municipality's request for assistance will depend on the completeness of the claim forms and supporting documentation submitted. Municipalities must append supporting documentation to establish that costs are:

- directly linked to the natural disaster for which the municipality is requesting assistance
- incremental to a municipality's standard operating and capital budgets
- not covered by the municipality's insurance policy
- incurred as a result of a natural disaster and to protect public health and safety; secure public access to essential services; or to repair and restore essential property or infrastructure to pre-disaster condition
- reasonable. Claims should represent a fair value of work for money paid. Municipalities should be able to demonstrate that procurement and tendering processes are in compliance with the municipality's by-laws and policies

2.5 How to apply

To apply for Municipal Disaster Recovery Assistance, the municipal council adopts a resolution requesting assistance under the program. Within **120 calendar days** from the date of the onset of the disaster, the municipality is required to submit the council resolution requesting assistance along with an initial claim and supporting documentation.

By this stage, a municipality should have self-assessed its potential eligibility under the program and collected sufficient supporting documentation to demonstrate that costs meet or exceed three per cent of its own purpose taxation levy.

Step one: prepare the Initial claim

Enter incremental operating and capital costs into the Municipal Disaster Recovery Assistance program claim forms. This includes costs already incurred and paid out, and future estimated costs based on damage assessments, cost appraisals and other applicable documentation. The purpose of submitting an initial claim is to demonstrate that costs incurred as a result of the natural disaster have, or certainly will, meet the three per cent threshold for program activation.

Many of the costs incurred and paid out within the first 120 calendar days after the onset of a disaster will be operating costs that address the immediate needs of the community (e.g., setting up warming stations, hazardous debris cleanup). Enter

costs into the appropriate sections of the claim forms, as outlined in the claim forms user guide, and provide proof of payment along with other relevant supporting documentation. If the municipality expects to incur additional operating costs, these should be noted in the “future estimated costs” section of the claim form with an explanation.

If a municipality has incurred and paid out capital costs within the first 120 calendar days, enter costs into the appropriate claim forms and provide proof of payment with all supporting documentation. Estimated capital costs that have not yet been incurred should be entered into the “future estimated costs” section of the claim form with associated documentation, such as damage assessments and cost appraisals.

In summary, an initial claim must contain actual expenditures and, if applicable, detailed estimates of future costs with relevant supporting documentation such as receipts, invoices and estimate reports. The ministry may request additional information during the claim review process. Refer to the **claim forms user guide** for technical instructions regarding inputting data into the claim forms.

Step two: resolution of council

The affected municipality must submit a resolution of council requesting program assistance. The resolution should include the date the natural event occurred; the type of natural disaster for which the municipality is requesting assistance (e.g., tornado); and the name and position of the person who has the delegated authority to verify and attest to the accuracy of the claim, normally the treasurer.

The following is a sample council resolution:

Whereas the municipality of [legal name] recently experienced a [describe type of natural disaster] on [date] and has experienced incremental operating and capital costs, the council of [legal name of the municipality] hereby requests the Minister of Municipal Affairs and Housing to activate the Municipal Disaster Recovery Assistance program.

Further that [name and position of person] is given delegated authority to verify and attest to the accuracy of the attached claim.

Step three: submit resolution of council, initial claim, and supporting documentation

Complete and submit all forms electronically. Send the claim forms as an Excel document. Scan the council resolution, attestation form and all supporting documentation and send as a PDF file. Keep all original documents for your records. Refer to chapter 2 of the **claim forms user guide** for technical instructions regarding organizing supporting documentation.

The request for assistance submission package must include:

- supporting documentation for:
  - Costs incurred and paid out
  - Estimated future costs
- claim forms with a signed attestation from the person who has been delegated authority to submit the claim
- resolution of council requesting assistance under the program

2.6 How the program is activated and delivered

The Minister of Municipal Affairs and Housing makes the decision to activate Municipal Disaster Recovery Assistance based on evidence demonstrating that the event meets this program’s eligibility criteria.

In making a decision, the minister considers both the cause and extent of the damage along with the initial claim and supporting documentation provided by the municipality.

The time required to review the initial claim to determine the municipality's eligibility under the program will depend on the magnitude and complexity of the natural disaster and the clarity and completeness of the claim forms and supporting documentation provided by the municipality. Every effort will be made to provide a decision quickly once an application package has been received.

If the Minister of Municipal Affairs and Housing makes the decision to activate the program, the province and municipality enter into a grant agreement. All payments under the grant agreement will be based on eligible costs actually incurred by the municipality.

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3. Eligible costs

For the purposes of this program, all disaster-related expenditures are divided into two broad categories: **operating costs and capital costs**. All eligible costs resulting from a natural disaster will fall into one of these two categories. For both operating and capital costs, only incremental costs – only costs that would not have been incurred had the disaster not occurred and, if applicable, are above the amount the municipality normally budgets and spends – are eligible under the program.

3.1 Operating costs

Operating costs refer to the delivery of services and response activities during, and the weeks immediately following, a natural disaster. Special measures taken to protect the public's health, safety and access to essential services during this time period would be considered incremental operating costs. Typically, incremental operating costs do not extend beyond the first few months of a disaster. The municipality's early focus is to contain or mitigate the disaster, restore order and re-establish the basic needs of the community.

Examples of **eligible operating costs** resulting from a natural disaster may include but are not limited to:

- providing essential services and ensuring the operability of public infrastructure during and in the immediate aftermath of a disaster
- rescue and transportation for evacuated persons
- incremental costs of immediate actions to ensure safe passage on frequently travelled roads and emergency routes
- regular municipal staff overtime and volunteer expenses incurred to deliver emergency goods and services during the disaster (e.g., staffing emergency shelters, delivering goods to vulnerable persons)
- measures taken to reduce the extent of damage or danger to the community (e.g., removing hazardous debris such as tree limbs, rocks, ice)
- disposal of waste materials related to the natural disaster for which the program has been activated (e.g., landfill tipping fees)
- rental costs for emergency equipment or special facilities (e.g., debris removal vehicles, generators, operating an emergency inquiry line)
- hiring temporary employees for disaster-related activities

Examples of **ineligible operating costs** include but are not limited to:

- normal operating expenses a municipality would have incurred without the occurrence of the natural disaster
- emergency services costs related to routine incident management functions (e.g., responding to a medical emergency)
- regular salaries and benefits of municipal employees, even if the employee has been diverted to disaster-related work

- costs incurred by local electricity distribution companies
- decorative landscaping or corrective pruning
- grinding of tree stumps

There are rare circumstances where eligible operating costs may continue to be incurred for several months post-disaster. For example, due to weather conditions or lack of available equipment, the removal of hazardous debris may be delayed until resources become available or weather conditions change. In the event that incremental operating costs are still being incurred at the time the municipality is submitting the request for assistance and initial claim, the municipality should provide an explanation.

3.2 Capital costs

Capital costs refer to expenditures incurred to restore essential municipal assets such as infrastructure and public facilities. Typically, capital costs are incurred later than operating costs because of the complexity of the projects (e.g., repairing a bridge, road or sidewalk). In other words, costs in this category are often the longer-term actions taken to rebuild a community after a disaster.

Examples of **eligible capital costs** resulting from a natural disaster include but are not limited to:

- purchase of materials and procurement of external service providers for capital projects
- repair or restoration of municipal property and infrastructure (e.g., municipal roads, buildings, sidewalks) to pre-disaster condition
- engineering appraisals and recovery cost estimates for municipal property and infrastructure
- incremental labour costs and incremental costs for the use of the claimant's own equipment for repairing or restoring essential infrastructure and facilities

Examples of **ineligible capital costs** resulting from a natural disaster include but are not limited to:

- tree replacement or tree canopy restoration
- all costs covered by insurance, or any other program, and insurance deductibles
- damage to property or infrastructure not related to the natural disaster for which the program has been activated
- damage to private property
- improvements to property and infrastructure

Municipalities are required to provide supporting documentation demonstrating that eligible costs meet the program's activation threshold. Future costs for eligible capital repairs must be accompanied by detailed damage report estimates. Municipalities will be required to submit documentation of actual expenditures once available.

Typically certified by a professional engineer, a well-rounded damage report should include a detailed assessment of damage incurred as well as estimates for repair costs, including labour, materials and equipment. The damage report estimates should be based on returning property or infrastructure to pre-disaster condition.

In summary, a damage report should include an accurate assessment of damage incurred, and a detailed appraisal of projected costs to restore the capital project to pre-disaster condition.

3.3 Accounting for costs and maintaining records

Municipalities should track disaster-related expenditures and revenues in a segregated general ledger account. This will enable the municipality's claim under the program to be reconciled to the municipality's audited financial statements for the fiscal year or years in which disaster-related expenses were incurred.

When disaster recovery assistance is approved, municipalities are required to maintain original documentation to support costs incurred. This may include receipts, invoices, work contracts, employee contracts and time sheets, damage reports, estimates and any other documentation linked to the disaster. The grant agreement between the province and the municipality will include specific records retention requirements.

The person who has been delegated the authority by the municipal council, typically the municipal treasurer, is required to sign a claim attestation form verifying that the municipality's expenditures are accurately reflected in the claim forms. Once available, municipalities must provide audited financial statements to support their claims.

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4. Municipal claims

4.1 Goods and Services

The goods and services category may include costs for external service providers contracted to undertake work directly related to the disaster and incremental costs of goods needed to respond to, or recover from, the disaster.

Examples of **eligible goods and services costs** resulting from a natural disaster include but are not limited to:

- debris cleanup crews from outside service providers contracted to remove hazardous materials to protect public health, safety and access to essential services
- purchase of materials or procurement of external service providers to repair essential infrastructure or public property
- rental of specialized equipment (e.g., excavators, generators)
- employee expenses directly related to the disaster (e.g., meals, mileage)

Examples of **ineligible goods and services costs** resulting from a natural disaster include but are not limited to:

- purchase of non-consumables that will remain assets of the municipality (e.g., dump trucks, chainsaws, power cords, laptops)
- infrastructure or property repairs when there is no evidence of damage attributable to the natural disaster
- pre-existing contracts for non-disaster related work

Unrecoverable Harmonized Sales Tax (HST)

Provincial and federal rebate programs typically reimburse most of the harmonized sales tax (HST) paid by a municipality. Municipalities are entitled to rebates that allow recovery of 100 per cent of the federal portion and 78 per cent of the provincial portion of the HST, in most cases. An amount equal to approximately 1.76 per cent of the purchase price for goods and services is normally unrecoverable by the municipality. This unrecoverable portion of the HST is an eligible expense under Municipal Disaster Recovery Assistance.

Please refer to sections 4.1 and 4.2 of the claim forms user guide for instructions on documentation requirements and how to enter goods and services, and unrecoverable HST into the claim forms.

4.2 Employee costs

Employee costs refer to costs incurred either for overtime of regular municipal employees tasked with disaster-related work; the costs of temporary employees on contracts for disaster- related work; or for backfill employees responsible for the duties of a regular municipal employee while the regular employee is assigned to disaster- related work.

Regular employee: A permanent staff member who is part of the staff complement of the affected municipality. A regular employee may be full-time, part-time, or seasonal.

Temporary employee: Additional temporary staff hired for disaster-related work. Normally contracts do not extend beyond six months following the event.

Backfill employee: Occurs when the duties of a regular municipal employee are assigned to a temporary employee to allow the regular employee to handle responsibilities specific to the disaster. The duration of a backfill assignment can be no longer than the duration for which the regular employee was deployed to do disaster-related work.

Examples of **eligible employee costs** resulting from a natural disaster include but are not limited to:

- overtime hours of a regular municipal employee as long as it is related to disaster work
- temporary employees hired specifically for work related to the natural disaster
- backfill employees hired to replace regular employees who are assigned to disaster-related work
- benefits incurred by temporary or backfill employees doing eligible disaster-related work

Examples of **ineligible employee costs** include but are not limited to:

- normal wages of regular employees, even if the employees were assigned to natural disaster-related work. This includes regular hours for part-time or seasonal municipal staff
- overtime that is not paid out. If a regular employee is given time off in lieu of being paid overtime wages, the municipality has not incurred an incremental cost that can be claimed under the program.
- backfill positions that extend beyond the duration of time the regular employees were assigned to disaster-related work
- normal benefits for regular employees, including part-time and seasonal regular employees

Employee benefits

Temporary and backfill employees: Eligible benefits for temporary and backfill employees are limited to Canada Pension Plan, Employment Insurance, and Workplace Safety and Insurance Board premiums; vacation pay; and contributions to pension plans that are required under a collective agreement.

Regular employees: Typically, the benefits of regular employees are not eligible under the Municipal Disaster Recovery Assistance program, even when these employees were assigned to disaster- related work. Benefits for regular employees are only eligible if they represent incremental costs resulting from the disaster.

Canada Pension Plan, Employment Insurance and Workplace Safety and Insurance Board premiums paid by the municipality on eligible overtime wages are eligible only if the municipality provides payroll reporting that confirms an employee's gross income did not exceed the Year's Maximum Pensionable Earnings and/or Maximum Insurable Earnings limits, or only reached the maximums as a result of disaster-related overtime hours. Municipalities are requested to review any employee overtime being submitted and claim benefits only for employees who fit the above criteria. Supporting documentation is required.

Incremental vacation pay earned on eligible overtime hours for disaster-related work is eligible under the program.

Ontario Municipal Employees Retirement System contributions are not calculated for overtime hours of regular employees and are not eligible under the program. Extended health care and accidental death and dismemberment benefits are also ineligible under the program because plans are generally based on a flat rate per month and are unaffected by overtime hours worked.

See sections 5.1 and 5.2 of the claim forms user guide for documentation requirements and additional information about entering employee costs and benefits into the claim forms.

4.3 Claimant-owned equipment

Claimant-owned equipment refers to equipment and machinery owned by the municipality. Municipalities are encouraged to use their own equipment as much as possible for disaster-related activities. The cost of equipment purchased and retained by the municipality is not eligible for reimbursement; however, the incremental cost of operating owned equipment is eligible.

The Municipal Disaster Recovery Assistance program is based on an allowance method under which claimant-owned equipment costs may be claimed at 40 per cent of the current rental rate in the province for heavy equipment for all hours of emergency operation. Equipment rental rates are outlined in the Ministry of Transportation Schedule of Rental Rates for Construction Equipment, Including Model and Specification Reference, referred to as the Ontario Provincial Standard Specification 127 rates.

The Ontario Provincial Standard Specification 127 rates cover equipment rental rate compensation for work on a time and material basis. The calculated rate represents the cost of owning and operating the equipment and is made up of direct and indirect costs such as fuel, oil, lubrication, field repairs, overhaul, depreciation, financing, storage, insurance and overhead.

The Ontario Provincial Standard Specification 127 rental rates are hourly unless otherwise stated, and do not include the cost of the operator. Operator costs for claimant-owned equipment should be documented either in the Goods and Services claim form (for contracted services) or the employee cost claim form, as appropriate. Details are outlined in the claim forms user guide.

The rental rates are reviewed annually. It is the municipality's responsibility to apply the latest version of the Ontario Provincial Standard Specification 127 rates for the dates the claimant-owned equipment was used for disaster-related work.

Please note that time sheets for equipment must be carefully recorded to substantiate total hours of use to be considered eligible under the program.

Examples of **eligible claimant-owned equipment or machinery costs** resulting from a natural disaster include but are not limited to:

- equipment owned by the municipality for hours used for disaster-related work
- machinery owned by the municipality for hours used for disaster-related work

Examples of **ineligible claimant-owned equipment or machinery costs** resulting from a natural disaster include but are not limited to:

- purchase of non-consumables, such as equipment parts, for claimant-owned equipment (e.g., grader blades, engine parts)
- routine equipment maintenance
- equipment used in response to incidents unrelated to the natural disaster

If a piece of equipment is not accounted for in the Ontario Provincial Standard Specification 127 rates, the ministry may approve an alternative rate from another source.

Refer to section 6.1 and 6.2 of the claim forms user guide for more details on documentation requirements and instructions on how to enter costs into the claim forms.

4.4 Natural disaster-related revenue

Municipalities must report any revenue received as a result of the natural disaster, such as revenue from the sale of woodchips and lumber. Revenue reported in the Municipal Disaster Recovery Assistance program claim form is deducted from the final claim amount.

Refer to section 7.1 of the claim forms user guide for detailed instructions on how to enter revenue into the claim forms.

4.5 Submitting a claim

Municipalities wishing to apply for Municipal Disaster Recovery Assistance are required to submit an initial claim submission package within 120 calendar days from the date of the onset of the disaster. The claim submission package must include:

- the Municipal Disaster Recovery Assistance claim forms in an active Excel format
- all relevant supporting documentation in a page-numbered, scanned document as outlined in chapter 2 of the claim forms user guide
- council resolution requesting program activation
- signed attestation form located in tab 10 of the claim forms. The form must include a handwritten signature of the person who has been delegated authority to submit the claim. Please scan and save this document as a PDF file

Please submit the complete claim forms package to your local Municipal Services Office. Refer to **Appendix A** for Municipal Services Office contact information.

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5. Funding incentive for climate resilience

Ontario's climate is changing. People and municipalities across our province are feeling the impacts of climate change and paying more for costs associated with those impacts.

Under the Made-in-Ontario Environment Plan (https://www.ontario.ca/page/made-in-ontario-environment-plan) , the government committed to reviewing the Municipal Disaster Recovery Assistance program. As part of this commitment, the Ministry of Municipal Affairs and Housing funded a $1 million pilot project under the program in 2019 for municipalities to make climate resilience improvements. The pilot has since been extended for another two years.

Municipalities may be eligible to receive additional funding of up to 15% above the pre-disaster condition costs to make climate resilience improvements to municipal property or infrastructure damaged by a natural disaster. Damage from a natural disaster that occurs after March 1, 2021 until March 1, 2023 may be eligible for the enhanced funding.

5.1 How the climate resilience incentive works

Under the climate resilience funding incentive, up to 15% of total eligible capital costs is available for cost sharing across all program cost categories to repair or restore municipal property or infrastructure to pre-disaster condition. All labour, materials and equipment costs that would arise from repairs to pre-disaster condition are eligible capital costs that municipalities can count towards calculation of the 15% incentive.

The Municipal Disaster Recovery Assistance program's eligibility threshold of 3% Own Purpose Taxation levy has not changed. It still includes incremental operating costs and capital costs incurred to repair public property or infrastructure to pre-disaster condition only. Municipalities cannot use costs that would be covered under the additional funding incentive for climate resilience improvements ("build back better costs") to reach the 3% Own Purpose Taxation levy threshold. The incentive is only available to municipalities after they qualify for the Municipal Disaster Recovery Assistance program.

A separate claim form is available for municipalities to record details about how they applied the estimated climate resilience incentive amount. Municipalities should submit this form at the same time as the main claim form. The ministry will determine eligibility of pre-disaster condition costs and climate resilience improvement costs during the claim review process. The final overall eligible amount (including any incentive amount) will continue to be subject to the program's cost sharing formula.

Municipalities must complete the climate resilience improvements to be eligible to receive reimbursement. Evidence that the costs have been incurred and paid out will be required to determine the final eligible amount for reimbursement under the program.

Municipalities are encouraged to contact their regional Municipal Services Office (https://www.ontario.ca/page/find-your-municipal-services-office) to discuss the application of the climate resilience incentive to their specific circumstances.

5.2 Project eligibility

Municipalities may use the incentive amount to make climate resilience improvements to one or more capital repair projects associated with the natural disaster. Municipalities are responsible for all costs in excess of the approved incentive amount.

Eligible climate resilience improvements may include:

- improvements undertaken within specific repair or reconstruction projects to reduce vulnerability to future natural disasters, for example:
  - increasing the size of a culvert
  - raising a road bed
  - repairing damaged shoreline infrastructure with a more durable material
- assessments or studies to determine appropriate climate change resilience improvement for property or infrastructure that was damaged in the disaster

The above examples are accepted as eligible projects. For other types of projects, municipalities may be required to submit evidence that the improvements they make to the property or infrastructure damaged in the natural disaster will improve climate resilience.

Examples of **ineligible improvements** resulting from a natural disaster may include, but are not limited to:

- improvements mainly designed to increase operational capacity (for example, road widening to increase traffic volume)
- improvements solely to increase the life-cycle duration of infrastructure or property
- new construction or improvements to infrastructure or property not damaged in the disaster
- non-structural disaster mitigation projects (for example, flood plain mapping, pre-purchasing sand bags not affiliated with a disaster and public awareness initiatives)
- general climate change adaptation or mitigation studies not specific to the damaged property or infrastructure

5.3 Climate resilience incentive calculation scenarios

Assumptions for scenarios below

- Municipality has met the 3% Own Purpose Taxation levy threshold and estimates eligible capital costs to repair infrastructure to pre-disaster condition at **$50,000**.
- The maximum available climate resilience incentive (maximum amount that may be claimed for making climate resilience improvements to one or more projects) is 15% of the eligible capital costs or **$7,500** ($50,000 x 15% = $7,500).

Table of calculation scenarios

Related

Scenario description	Capital amount eligible for cost sharing	Rationale
Municipality spends $7,500 on climate resilience improvements to property or infrastructure damaged in the natural disaster	**$57,500** ($50,000 pre-disaster condition capital cost + $7,500 incentive amount)	The municipality is eligible for the maximum incentive amount because it has incurred this amount for climate resilience improvements
Municipality spends $5,000 on climate resilience improvements to property or infrastructure damaged in the natural disaster	**$55,000** ($50,000 pre-disaster condition capital cost + $5,000 incentive amount)	The municipality is not eligible for the maximum incentive amount because only costs that are incurred and paid are eligible
Municipality spends $10,000 on climate resilience improvements to property or infrastructure damaged in the natural disaster	**$57,500** ($50,000 pre-disaster condition capital cost + $7,500 incentive amount)	Municipality is responsible for any amount spent on improvements that exceeds the maximum eligible incentive amount

5.4 How to apply for the enhanced climate resilience funding

1. Complete the main Municipal Disaster Recovery Assistance application as outlined in the Program Guidelines (refer to section 4.5 Claim Submission).
2. Complete the Climate Resilience Incentive Claim form.
3. Submit the Climate Resilience Incentive Claim Form at the same time as the main Municipal Disaster Recovery Assistance application. The entire application must be submitted within 120 calendar days from the date of the onset of the disaster.

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6. Appendices

Appendix A: Municipal services offices contact information

Central Region
777 Bay Street
13th Floor
Toronto, ON
M7A 2J3
Tel: 416-585-6226 or Toll-free: 1-800-668-0230

East Region
Rockwood House
8 Estate Lane

Kingston, ON
K7M 9A8
Tel: 613-545-2100 or Toll-free: 1-800-267-9438

Northern Region - Sudbury
159 Cedar Street
Suite 401
Sudbury, ON
P3E 6A5
Tel: 705-564-0120 or Toll-free: 1-800-461-1193

Northern Region – Thunder Bay
435 James Street South
Suite 223
Thunder Bay, ON
P7E 6S7
Tel: 807-475-1651 or Toll-free: 1-800-465-5027

West Region
659 Exeter Road
2nd Floor
London, ON
N6E 1L3
Tel: 519-873-4020 or Toll-free: 1-800-265-4736

Appendix B: Glossary of key program terms

Glossary of key program terms

Backfill employee
A temporary employee who assumes the duties of a regular employee assigned to disaster-related responsibilities.

Capital costs
costs typically related to property and infrastructure (e.g., municipal buildings, roads). Eligible capital costs under the program are based on repairing essential property and infrastructure to pre-disaster conditions.

Claimant-owned equipment costs
Costs incurred for the use of a claimant's equipment to address the damage resulting from a natural disaster (e.g., snowplows or asphalt pavers).

Employee costs
costs incurred either for overtime of regular municipal employees as a result of addressing the natural disaster; the costs of temporary staff on contracts for disaster-related work or for backfilling.

Emergency response
Activities that are undertaken during, and immediately following, the natural disaster to secure public health and safety and ensure public access to essential services. These activities may include evacuations, operating emergency centres or procuring essential services, equipment, materials or labour in the immediate aftermath of a disaster.

Goods and services costs
Incremental costs incurred for purchases of goods or services related to the natural disaster. These could include costs of procuring necessary external service providers or for incremental costs of goods (e.g., road salt) to respond or recover from a natural disaster.

Incremental costs
Additional costs directly related to a municipality's operating and capital activities in the aftermath of a natural disaster that are beyond normal operating and capital expenditures. Only costs that would not have been incurred if the disaster did not happen are eligible under the program.

Operating costs
costs related to the delivery of services and response activities during, and in the weeks immediately following, a natural disaster and necessary to protect public health, safety and public access to essential services. (e.g., hazardous debris cleanup, operating emergency centres, sandbagging).

Proof of payment
Must demonstrate that payment related to the disaster was made and accepted. Examples include but are not limited to general ledger reports, financial reports, purchase requisitions, receipts, e-payment transaction confirmations.

Recovery
Activities associated with making public infrastructure and public facilities safe and accessible. They include necessary longer-term actions taken to ensure that essential services and infrastructure are returned to pre-disaster condition following a natural disaster and efforts to secure public health and safety.

Regular employee
A permanent staff member who is part of the staff complement of the affected municipality. A regular employee may be full-time, part-time, or seasonal.

Temporary employee
A temporary employee hired for disaster-related work. Normally contracts do not extend beyond six months following the event.

Appendix C

Provincial and municipal cost-sharing formula scenarios

Scenario 1: A municipality with a $2 million annual own purpose taxation levy experiences a flood and incurs $40,000 in eligible costs.

The disaster costs represent two per cent of the municipality's own purpose taxation levy. This is below the three per cent threshold for program activation.

$40,000 / $2,000,000 = two per cent of the municipality's own purpose taxation levy

The municipality does not qualify for the program. The cost-sharing formula is not applied. The municipality must manage the disaster costs from its own resources.

Scenario 2: A municipality with a $30 million annual own purpose taxation levy experiences a tornado and incurs $1.5 million in eligible costs.

$1,500,000 / $30,000,000 = five per cent of the municipality's own purpose taxation levy

The disaster costs represent five per cent of the municipality's own purpose taxation levy. This is above the three per cent of own purpose taxation threshold for program activation. The Minister of Municipal Affairs and Housing activates the program.

The municipality is eligible for 75 per cent reimbursement of eligible expenditures up to the first three per cent of own purpose taxation. For expenditures above three per cent of own purpose taxation, the municipality is eligible for 95 per cent reimbursement under the program.

The following cost-sharing formula applies only if the eligibility criteria are met and the program is activated.

Provincial and municipal cost-sharing scenario

Eligible municipal costs	Provincial Funding	Municipal funding
Up to 3% OPT levy: $900,000	$675,000 (75%)	$225,000 (25%)
Exceeding 3% OPT levy: $600,000	$570,000 (95%)	$30,000 (5%)
Total: $1,500,000	$1,245,000	$255,000

Disaster Relief Assistance for Ontarians (https://www.ontario.ca/page/apply-disaster-recovery-assistance)

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