

# DISASTER FINANCIAL ASSISTANCE *Facts*

*Answering your questions about the DFA program*

## 5.0 Purchasing Equipment and Capital Goods for Response and Recovery

(for local authorities)

- ⇒ Local authorities may need to purchase equipment to aid in the response or repair of damages. Not all equipment purchases are eligible for Disaster Financial Assistance (DFA). Equipment is eligible if:
  - √ The equipment is not reusable and cannot be added to the local authority's inventory after the disaster event (items like road signs, barricades, safety vests, shovels and jerry/gas cans are therefore ineligible).
  - √ Proper records are maintained outlining the dates when the equipment was used, period of time in-use, and details on any expenses associated with the use of the equipment.
- ⇒ A local authority may encounter a situation when they have to purchase equipment that is essential to recovery and it could not be rented. In this case, assistance is available for the difference between the original purchase price and the item's residual market value immediately after the disaster event. A local authority can also claim the costs of operating the equipment during the disaster period.

### **Example: Determining residual market value**

A generator is purchased for \$1500 during a disaster because there is a shortage of generators available to rent. It is used for 60 days following the disaster. A certified dealer determines that the generator now has a residual value of \$1200. The local authority would receive \$300 in DFA plus the costs to operate the generator.

- ⇒ If a local authority rents equipment from another local authority, the **rental costs are ineligible** for DFA; however, the incremental expenses for operating this equipment, such as fuel, are eligible.
- ⇒ If the local authority chooses to opt into the [Mitigation and Preparedness Program](#), equipment purchases that will help to mitigate against future disasters are considered an eligible expense under the MPP. Examples of equipment include: flood protection equipment, culvert steamers, pumps, generators for critical infrastructure, equipment for emergency operations centres, and steam gauges.