



## CYPRESS COUNTY

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March 7, 2023

Hon. Mike Ellis  
Minister of Public Safety and Emergency Services  
130 Legislature Building  
10800 - 97 Avenue  
Edmonton, AB  
T5K 2B6

Email: [PSES.minister@gov.ab.ca](mailto:PSES.minister@gov.ab.ca)

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**RE: Letter of Appeal – DRP Application Rejection (July 18, 2022)**

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Dear Honorable Minister Ellis,

On behalf of Cypress County, we wish to thank you for taking the time to consider our initial application for funding under the Disaster Recovery Program (DRP) regarding the July 18, 2022 tornado event. We were disappointed to receive notification on February 6, 2023 the application for funding had been denied and are formally requesting an appeal of this decision in hopes you will reconsider with further justification provided below.

Firstly, we wish to make it clear that we understand the provincial Disaster Recovery Program is a program of last resort; It is not intended to be treated as an insurance program. We understand and appreciate this. We do not intend to abuse nor take advantage of this program and are appreciative of its existence in assisting Albertan's in their recovery when required. We also understand that under the Disaster Recover Regulation, this is a program "intended to respond to the needs of a large number of people, businesses or municipalities affected by a disaster." This definition is the explanation of the tornado event that occurred on July 18, 2022 as it not only affected Cypress County and the neighboring City of Medicine Hat along with the Town of Redcliff, it destroyed multiple agricultural businesses, personal properties, and overturned the way of life for many citizens in its path. While our application may formally say the municipality of Cypress County, this is truly an application on behalf of our residents standing side-by-side the municipality in an effort to rebuild for tomorrow.

Within the Letter of Rejection dated February 6, 2023 the following criteria were listed as required to receive DRP funding approval:

1. The disaster has threatened the economic viability of a number of people, businesses or municipalities;
2. The cause of which was extraordinary; and
3. The disaster must cause damage or loss for which insurance is not readily and reasonably available.

The letter further explains the overall reason for rejection is that the "application does not meet the required eligibility criteria under the DRP due to insurance being readily and reasonably available" and that "costs incurred do not pose a threat to the economic viability of your municipality." Below we will provide further explanation and justification to establish that each of the 3 above criteria have been satisfied within this event.

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### Economic Viability

Statistics Canada's 2021 census established Cypress County's active population as 7,524. Based on a the DRP Assistance Guideline (Section 1.5.2) measure of \$25/resident, the total cost to satisfy the economic impact assessment would need to be a minimum of \$188,100. Included in our initial application was \$12,572.56 of road repairs under the "Transportation Routes" section. Cypress County was fortunate to recover this cost through partnership with the City of Medicine Hat. After removing this cost, the total incremental expense to the municipality as a result of the July 18, 2022 event was \$43,427.33. This included the cost of debris removal from public roadways, placement of temporary waste removal bins, onsite security, counselling services offered for effected residents, and the evacuation and reception centre operated through the duration of the event. While these costs were vital to the recovery process and to our residents, we understand that on their own, they do not satisfy the financial measures required to trigger a successful DRP application. Local municipalities worked together to manage the response to this event in its entirety. Considering the regional cost to recovery from this event, we understand the total combined municipal costs to have been between \$5-\$10 million and believe this must be considered in the justification for approval of this application.

Cypress County's independent DRP application and appeal are to be focussed on the private sector costs incurred by our residents. Initial estimates from "Property Damage Collection Forms" previously collected and submitted as part of our Phase 2 Application estimated personal uninsurable losses at \$250,000. As our residents have continued to work through their insurance claims and further comprehend the damages suffered, further losses have now been uncovered as uninsurable. Current estimates would now be near \$1 million and may be as high as \$5 million. These costs have proven to be significant, debilitating, and in some cases, detrimental to the success of both economic and agricultural recovery within our community. For this reason, further personal assessment of individual losses within the affected area is required. Our request is that the initial DRP application be approved with final funding to be determined after thorough damage and loss assessments have been completed with affected residents to fully understand the economic effect. To decide this measure has not been satisfied at this time based on initial information is premature, inaccurate, and unrepresentative of the total losses incurred.

### Extraordinary Disaster

Neither the Disaster Recovery regulation nor the Disaster Assistance Guidelines provide a definition to "Extraordinary". Common understanding would assume "Extraordinary" to include those natural disasters that are both unusual and infrequent in nature. Being in southeastern Alberta, Cypress County is no stranger to high winds, powerful storms, and fast changing weather conditions. However, this storm was not like those typically experienced in our region, be it defined as tornado or as a wind event (Environment Canada confirmed this to be an EF-2 tornado with winds exceeding 190 km/h). With swirling winds, damaging rains, and large hail, this storm destroyed multiple homes, buildings, and fences, downed powerlines, turned over vehicles, and resulted in the loss of many agricultural animals. These conditions can only be described as "extraordinary" and in no way could possibly be considered a normal risk or threat to private or agricultural business within the region. As the condition of the event being "Extraordinary" is not cited as a reason for the claim being rejected, it is our understanding that all parties involved and effected agree this criterion has been satisfied.

### Uninsurable Losses

As a result of damages incurred during the July 18, 2022 tornado event, Cypress County submitted a claim through our insurance adjuster (RMA Insurance) in addition to the claim submitted through the Disaster Recovery Program. We received notification on February 28, 2023 the insurance claim relating to public sector costs had been declined on the basis the policy is applicable only to "property that is specifically listed" within the policy. As the County did not incur property specific damages, no such reimbursement is available. We have furthered our conversation with our insurance provider who has advised that currently, there is no

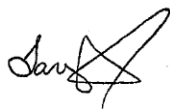
such coverage available which we could add to protect the municipality against the risk of general, non-property specific damages incurred as a result of a natural disaster or "Extraordinary" event. For this reason, Cypress County's position remains that with regard to the municipal costs claimed in the DRP program, no such coverage is readily or reasonably available.

Private residents continue to work through both the damage assessment phase along with the rebuilding process. Throughout this process, we have heard from many effected residents the number of items they are now learning are uninsurable and they will not receive reimbursement for continues to grow. We have been clear with our residents the DRP program will not provide funding in the event an item or loss was uninsured, but insurable (ie: if they chose not to have coverage or insurance on specific property, the DRP program would not be available for those losses). Through further communication, residents have learned of various uninsurable losses including, but not limited to, internal roadways and trails on agricultural establishments, foliage loss which previously provided protection to homes, animals, and personal resources, damage to private dugouts and water systems, and debris clean up which many have been fortunate to benefit from the assistance of local volunteer organizations. In addition, while select property may be insurable, further evaluation in select circumstances has proven that it may not have been reasonably available or fiscally justifiable. As many residents in the affected area are agricultural producers, they understand the risks associated with operating their own business. As the current estimate of uninsurable losses has increased significantly from the estimate included in the initial application, further assessment with these individuals and others in the affected area are likely to uncover even greater losses that will be eligible under the DRP program.

In the event you still believe this application does not satisfy the requirements of the Disaster Recovery Program, we invite you to come to our region and meet with those in the effected area. We invite you to hear their stories of damage, destruction, fear, loss, and survival. We invite you to discuss with them the losses that insurance cannot/will not replace. Exact funding requested remains subject to individual loss assessments, but it is our position that at minimum, this claim has satisfied the initial criteria required and should proceed to the individual damage and evaluation of losses phase to determine actual costs and confirm the financial resources that should be made available.

Thank you for your time and consideration in reviewing our appeal. We look forward to taking the opportunity to discuss this difficult event with you further.

Sincerely,



Tarolyn Aaserud, CLGM  
CAO

Encl.     RMA Insurance – Letter of Rejection  
             Affected Area Map  
             Drone Footage (USB)

Cc:       Drew Barnes                     MLA – Cypress - Medicine Hat  
             Dan Hamilton                 Reeve – Cypress County