



The Corporation of the Municipality of Arran-Elderslie

Staff Report

Council Meeting Date: December 12, 2022

Subject: SRFIRE.22.10 Fire & Emergency Service – Cost Recovery for Fire Response and Related Fees and Charges By-Law

Report from: Steve Tiernan, Fire Chief

Tracey Neifer, Treasurer

Appendices: Appendix A – 2022 Fees & Charges By-Law – Schedule K
Appendix B – Fire Billings to Date
Appendix C – Fees and Charges – Other Municipalities
Appendix D – Agency Agreement – Fire Marque Inc.

Recommendation

Be It Resolved that Council hereby,

1. Support the recovery of appropriate fire and emergency fees subject to an upset limit of homeowners or tenants' insurance coverage for fire response;
2. Support that should the homeowner or tenant not have insurance coverage no further financial burden will be placed on the homeowner/tenant;
3. Direct staff to enter into an agreement with Fire Marque Inc. to appoint them as Agent for the purposes of filing claims on behalf of the Municipality and to recover any insurance proceeds from the insurers of the affected parties; and
4. Staff bring forward an updated Fees & Charges By-Law that provides for the collection of fire recovery fees to be in accordance with available homeowner/tenant insurance as part of the 2023 Budget process.

Report Summary

To inform Council of the Municipality's current process for invoicing of the Fire Department costs related to fire responses, such as structure fires and motor vehicle

accidents, as a cost recovery for the Department and how it relates to the Municipality's Fees and Charges By-Law.

The report also includes reference to cost recovery services provided by Fire Marque, as being recognized as a cost-effective means to cost recovery for structure fire response.

Background

On an annual basis the Municipality adopts a Fees and Charges By-Law during the budget process which sets out the departmental fees for services provided by the Municipality. Some of the costs, such as those reflected for the Fire Department, are on a cost recovery basis. **Appendix A** is the Fire Department Schedule from the 2022 Fees and Charges By-Law.

In early 2022 a wholesome review was completed resulting in some additional fees being added to the Fire Department fees and charges and approved at the time of Capital and Operating Budget approval.

The changes that were added are as follows.

- Inspection rate increase from \$55.00 to \$65.00
- Response to Structural Fires, Commercial or Residential
- Wildland fires through carelessness
- Rental of Special Equipment to determine origin and cause, suppress or extinguish fires, preserve property, prevent fire spread, make property safe
- Decontamination and cleaning of all PPE after Structure Fire or Hazardous Material Call
- Fire Watch or Stand By for other outside agencies with apparatus
- For extraordinary expenses - When additional resources are required at a fire or emergency incident and no owner or agent is available to authorize, recovery of costs can be invoiced to the property owner (i.e.: Excavator, drone, other agencies for assistance)

When reviewing and updating the 2022 fees and charges by-law, other municipal fees and charges by-laws were reviewed to stay consistent with what other municipalities were using for municipal cost recovery. **Appendix C** is a summary of fees and charges from surrounding municipalities. The data gathered reflects a consistent approach between municipalities in the fee structures adopted, which is comparable to the revisions made by Arran-Elderslie in 2022.

The invoicing process for cost recovery

Invoicing for fire calls within the Municipality is supported by a records management system called FirePro. After a call, the District Chief in charge of the fire station, will enter data into FirePro, including the length of the call, apparatus used, firefighters on scene and any consumables that may have been used during the incident.

The Fire Chief will compile the information and forward to the Finance Department for an invoice to be created for structure fires, motor vehicle accidents (MVC's) and fire inspections. It should be noted that staff do not have the authority to alter an invoice or negotiate for a lesser charge through the adjustment of incident or apparatus hours, or firefighters on scene. Invoices are processed in accordance with the Fees & Charges By-Law.

The current Fees & Charges Bylaw does not have a maximum or cap on the fees charged.

Appendix B provides a summary of invoicing completed by the Municipality as of November 30, 2022, also noting the hours for fire response. An incident on March 27th in Chatsworth which Arran-Elderslie Fire Department responded to reported substantial hours for this incident represents 41.7% of total truck hours and 91.2% of firefighter hours.

Third party cost recovery

Many municipalities use a third party to work on behalf of the municipality in collecting payment from the insurance company, as identified in the homeowner's policy for fire response, and in line with their respective fees and charges by-law. Navigating the insurance company's procedures for payment can be time consuming and costly to a municipality. Staff time is tied up to pursue collection of payment with the property owner and the insurance company. Using a third party removes the additional staff time trying to navigate the insurance providers paperwork needed for payment and adds an efficiency in collections due to their knowledge and experience in this area.

March 27, 2022, Incident

To provide some history on the substantial hours completed to one incident in 2022 was from a structure fire in late March 2022. Chesley Station 90 was paged out at approximately 7:30pm for a structure fire in Chatsworth Township (an area that the Municipality covers with an aid agreement). The incident commander recognizing the snow conditions and freezing temperatures activated station aid from Paisley Station 80, requesting a full response. Tanker support was also requested from Chatsworth and Elmwood stations, as well as the Air Support Unit from the Inter-Township fire department.

Due to the structure having a steel roof on top of an existing roof, and being renovated inside, with many drop-down ceilings and void spaces, it made interior firefighting operations difficult. The final piece of fire apparatus left the scene at 5:00am the next morning. During fire operations there were 9 fire apparatus and 41 firefighters attending the scene.

The current Fees & Charges Bylaw does not address the minimum or maximum (rate of insurance coverage). The cost of the fire charges for this incident were substantial. No fees have been collected to date for the costs incurred.

Analysis

The use of cost recovery in the municipal environment has been used for many years to off-set municipal tax increases. As we move into 2023, the Fire Department, as well as other departments, continue to look at cost recovery measures with the annual review of the Fees & Charges By-Law.

Due to the fact the current By-law does not provide for a maximum cap or respective to insurance that is available by the incurred for this purpose. Staff are recommending the Fees & Charges Bylaw be amended to reflect this change.

The intent of this policy is not to create undue hardship on the public but to recoup expenditures incurred that are covered through appropriate insurance.

Similar to the approach taken by South Bruce Peninsula only properties with insurance policies providing for this type of coverage are involved in cost recovery of fire department expenses. It also should be noted that the Fees and Charges Bylaw would also indicate that fees could be added to the tax account, if the homeowner receives the insurance payment for fire services directly and will not provide the payout intended for that purpose to the municipality.

In addition, it has been determined that many municipalities use, Fire Marque Inc., for cost recovery from the insurance companies. In **Appendix C**, the analysis shows 5 out of 9 municipalities reviewed are currently working with Fire Marque Inc.

Based on a review of Grey and Bruce County municipalities, the following chart summarizes whether or not the municipality has fire services included in their Fees & Charges & By-law, and whether those fees are collected through the services of Fire Marque Inc.

Collection of Fire Charges

| Municipality | Collect | Fire Marque |
|--------------------------|---------|-------------|
| Bruce County | | |
| Arran-Elderslie | N | N |
| Brockton | N | N |
| Huron-Kinloss | Y | Y |
| Kincardine | Y | Y |
| Northern Bruce Peninsula | N | N |
| Saugeen Shores | Y | Y |
| South Bruce | Y | Y |
| South Bruce Peninsula | Y | Y |
| Grey County | | |
| Chatsworth | Y | Y |
| Georgian Bluffs | Y | Y |
| Grey Highlands | Y | N |
| Hanover | Y | Y |
| Meaford | Y | Y |
| Owen Sound | Y | Y |
| Southgate | Y | Y |
| The Blue Mountains | Y | Y |
| West Grey | Y | N |

Staff believe that the use of Fire Marque Inc. would serve the municipality well moving into the future.

Appendix D is an Agency Agreement that the municipality would enter into with Fire Marque, for the purpose of collecting fire structure response fees. The other fees and charges as noted in the Fees and Charges By-Law will continue to be managed through the Finance Department.

The agreement with Fire Marque will be for an initial three-year term, with a fee structure based on 30% of all Emergency Cost Recovery Proceeds.

Link to Strategic/Master Plan

6.1 Protecting Infrastructure, Recreation and Natural Assets

6.6 Modernizing Services

Financial Impacts/Source of Funding/Link to Procurement Policy

Due to the rising costs associated with operating a Municipal Fire Service, municipal staff consistently strive to follow best practices in cost recovery through continual discussions and reviews of other municipalities.

Moving into the future without cost recovery, the possibility of a tax increase would have to be considered to off-set operating and future capital needs of the Fire Department.

Approved by: Sylvia Kirkwood, Chief Administrative Officer