

Staff Report

Report To: Corporate Services Committee
Report From: Doug Barfoot, Fire Chief
Meeting Date: July 22, 2021
Report Code: CR-21-077
Subject: Fire Department Specific Cost Recovery Response Fees

Recommendations:

THAT in consideration of Staff Report CR-21-077 respecting Fire Department Specific Cost Recovery Response Fees, the Corporate Services Committee recommends that City Council:

1. Direct staff to bring forward a by-law to authorize the Cost Recovery Fee;
2. Direct staff to provide notice of the City' intention to amend the Fees and Charges By-law to include a Cost Recovery Fee; and
3. Direct staff to amend the Fees and Charges By-law to include the Cost Recovery Fee.

Highlights:

- Fire Department Operations are almost exclusively funded through taxation
- The revenue of the cost recovery from insurance companies is estimated at between \$29,000 and \$34,000 per year (based on 2020 fire suppression incidents)

Strategic Plan Alignment:

[Strategic Plan](#) Priority: This report supports the delivery of Core Service

Background:

At the July 19, 2021 meeting, Council approved the execution of an agreement with Fire Marque for a two year trial for fire service cost recovery to retrieve eligible billable costs associated with fire suppression activities from insurance companies when property owners have submitted an insurance claim related to a fire incident.

Over the past seven years since insurance cost recovery has been in place in Ontario, there have been cases where insurance companies have paid the property owner instead of remitting the cost recovery to the municipality. In one instance, when the policy holder refused to remit payment to the municipality, the municipality challenged the non-payment in the Ontario Court system which found that although the insurance company had an obligation to pay the fees charged, the payment could be made directly to the policy holder and it was up to the policy holder to decide if they wanted to pay the municipality. The courts stated that the municipality was required to have a by-law ordering the policy holder to pay the fees collected from their insurance company for fire department charges.

Analysis:

Based on this recent litigation, the City is required to have a by-law ordering the policy holder to pay the fees collected from their insurance company to the City for fire department charges.

The proposed by-law will enhance protection of the City in cost recovery efforts of fire services provided to the public. More specifically, it is proposed that, in the event that an insurance company pays the fees directly to a policy holder and they do not remit the fees to the municipality, the amount may be added to the tax roll of the subject property.

Financial Implications:

There are no budget implications from the approval of the proposed by-law.

Communication Strategy:

Notice will be provided in accordance with Notice By-law No. 2018-022.

Consultation:

The Deputy City Clerk and City Clerk were consulted in the development of the proposed by-law.

Attachments:

None.

Recommended and Reviewed by:

Doug Barfoot, Fire Chief

Submission approved by:

Tim Simmonds, City Manager

For more information on this report, please contact Doug Barfoot, Fire Chief at dbarfoot@owensound.ca or 519-376-2512.