

2. AMENDMENTS TO OTTAWA FIRE SERVICES FEES AND CHARGES BY-LAW

**MODIFICATION DU RÈGLEMENT CONCERNANT LES DROITS ASSOCIÉS
AU SERVICE DES INCENDIES D'OTTAWA**

COMMITTEE RECOMMENDATION

That Council approve the repeal of the Fees and Charges for Ottawa Fire Services By-Law 2006-76, as amended, and the re-enactment of the by-law as described in Document 1 and this report, to include the recovery of Ottawa Fire Services Fees and Charges for the use of special equipment and materials in responding to emergencies at residential properties.

RECOMMANDATION DU COMITÉ

Que le Conseil approuve l'abrogation du Règlement n° 2006-76 concernant les droits associés au Service des incendies d'Ottawa, dans sa version modifiée, et sa réadoption suivant le document 1 et le présent rapport, dans le but d'étendre l'application des frais associés au Service des incendies d'Ottawa aux propriétés résidentielles afin de permettre l'imposition de frais pour la location d'équipement spécial et de produits consommables.

DOCUMENTATION/DOCUMENTATION

1. Chief's report, Ottawa Fire Services, dated 9 April 2019 (ACS2019-EPS-GEN-0004).

Rapport du Directeur, Service des incendies d'Ottawa, daté le 9 avril 2019 (ACS2019-EPS-GEN-0004).

2. Extract of draft Minutes, Community and Protective Services Committee, 18 April 2019.

Extrait de l'ébauche du procès-verbal, Comité des services communautaires et de protection, le 18 avril 2019.

**COMMUNITY AND PROTECTIVE
SERVICES COMMITTEE
REPORT 3
24 APRIL 2019**

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**COMITÉ DES SERVICES
COMMUNAUTAIRES ET DE
PROTECTION RAPPORT 3
LE 24 AVRIL 2019**

**Report to
Rapport au:**

**Community and Protective Services Committee
Comité des services communautaires et de protection
18 April 2019 / 18 avril 2019**

**and Council
et au Conseil
24 April 2019 / 24 avril 2019**

**Submitted on April 9, 2019
Soumis le 9 avril 2019**

**Submitted by
Soumis par:
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Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE File Number: ACS2019-EPS-GEN-0004

SUBJECT: Amendments to Ottawa Fire Services Fees and Charges By-law

**OBJET: Modification du règlement concernant les droits associés au Service
des incendies d'Ottawa**

REPORT RECOMMENDATIONS

That the Community and Protective Services Committee recommend that Council approve the repeal of the Fees and Charges for Ottawa Fire Services By-Law 2006-76, as amended, and the re-enactment of the by-law as described in Document 1 and this report, to include the recovery of Ottawa Fire Services Fees and Charges for the use of special equipment and materials in responding to emergencies at residential properties.

RECOMMANDATIONS DU RAPPORT

Que le Comité des services communautaires et de protection recommande au Conseil d'approuver l'abrogation du Règlement n° 2006-76 concernant les droits associés au Service des incendies d'Ottawa, dans sa version modifiée, et sa réadoption suivant le document 1 et le présent rapport, dans le but d'étendre l'application des frais associés au Service des incendies d'Ottawa aux propriétés résidentielles afin de permettre l'imposition de frais pour la location d'équipement spécial et de produits consommables.

EXECUTIVE SUMMARY

Assumption and Analysis

Section 391 of the *Municipal Act, 2001* provides municipalities with various authorities to establish and collect user fees to recover costs associated with providing a specific service. Other legislation also provides authority to recover certain costs in specific circumstances, such as the *Ontario Fire Protective and Prevention Act, 1997*. In the City of Ottawa, user fees are collected to recover costs associated with the delivery of various services and programs. New user fees, as well as changes to existing fees, must be approved by City Council.

User fees generate revenues that are necessary for enhancing or sustaining services provided by the City of Ottawa. The amount of revenues generated from user fees for a service relate to the costs of providing the service.

Ottawa Fire Services (OFS) uses consumables, such as fire fighting foam, to help extinguish difficult to fight fires, particularly those that involve petroleum or other flammable liquids. As well, OFS often attends fires that require the pulling down or demolition of buildings, structures, or agricultural plant materials (hay / straw / crops) when deemed necessary to prevent the spread and extinguishment of fire. This requires OFS to hire a contractor or rent special equipment.

Schedule "A" of By-law 2006-76, as amended, currently does not include fees for special equipment and consumables materials being used to fight particularly difficult fires. OFS is seeking to include these fees for both residential and non-residential properties. The report seeks to add these special costs to this by-law.

Financial Implications

Any incremental expenditures will be entirely offset by additional revenue as a result of the recommendations of this report. Any budget impacts will be identified in the annual Operating Budget for Fire Services, if required.

Public Consultation/Input

Public consultations were not undertaken as this report is administrative in nature.

BACKGROUND

Section 391 of the *Municipal Act, 2001* provides municipalities with the authority to establish and collect user fees to recover costs associated with providing a specific service. In the City of Ottawa, user fees are collected to recover costs associated with the delivery of various services and programs. New user fees, as well as changes to existing fees, must be approved by City Council.

User fees generate revenues that are necessary for enhancing or sustaining services provided by the City of Ottawa. The amount of revenues generated from user fees for a service shall not exceed the full cost of providing the service.

On March 8, 2006, By-law 2006-76, as amended, was enacted and passed. This by-law establishes certain fees and charges for Ottawa Fire Services. Schedule "A" of By-law 2006-76, as amended, sets out the fees and charges for services performed by Ottawa

Fire Services in responding to emergency situations involving a contaminant on non-residential properties.

Ottawa Fire Services (OFS) uses consumables, such as fire fighting foam, to help extinguish difficult to fight fires, particularly those that involve petroleum or other flammable liquids. As well, OFS often attends fires that require the pulling down or demolition of buildings, structures, or agricultural plant materials (hay / straw / crops) when deemed necessary to prevent the spread and extinguishment of fire. This requires OFS to hire a contractor or rent special equipment.

Schedule "A" of By-law 2006-76, as amended, currently does not include fees for consumables or special equipment being used to fight particularly difficult fires. OFS is seeking to include these fees for both residential and non-residential properties.

DISCUSSION

Emergency and Protective Services (EPS) has identified the need for additional user fees within OFS. The user fees described in this report are necessary for recovering costs associated with the delivery of specific OFS programs and services.

The fees for services in this by-law are not covered by property tax and are therefore incurred on top of the base budget. Property taxes pay for fixed costs of OFS such as personnel, facilities, apparatus, and equipment. The additional costs OFS incurs attending a property are eligible to be recovered through property insurance policies by the policy owner.

Consumable Materials Required for Emergency Situations

Often when OFS responds to a fire or other emergency at a property the Fire Chief or his/her delegate may determine that it is necessary to use consumable materials to suppress or extinguish a fire, preserve property, prevent a fire from spreading, protect first responders, or otherwise control and eliminate an emergency.

The two main consumables being purchased and used by OFS are fire suppression foam and hazmat suits, however a number of other consumables could be required and would be subject to the new fees.

The very nature of residential fires is changing thanks to synthetic furniture and housing materials that are extremely flammable. As a result, OFS is increasingly relying on the use of fire suppressant foam to aid in fire cooling and extinguishment. Responding to these types of calls in having significant impacts on resource allocation, leading to increased costs for OFS that are not covered by the tax budget.

FIRE SUPPRESSION FOAM

Fire suppression foam, when properly deployed, is used to cool fires and coat fuel sources, resulting in suppression of the combustion. These foams can quickly cover large areas and allows fires to be extinguished quicker and with far less water than normally required. Fire suppression foams also greatly reduce the amount of time spent performing post-extinguishment clean-up.

Consistent with best practices, OFS uses foams on both Class “A” (ordinary combustibles) and Class “B” (combustible liquids and gasses) fires, accounting for high risk responses, including both residential and commercial fires.

OFS is proposing that a fee of the full replacement cost be charged to responsible persons whenever fire suppression foam is required to extinguish a fire. Property owners can recover suppression foam-related charges through their existing property insurance policies.

HAZMAT SUITS

A hazmat suit (hazardous materials suit) is a piece of personal protective equipment worn by OFS personnel as protection against hazardous materials. Hazmat suits are classified as either Level A, B, C, or D, based upon the degree of protection they provide.

OFS responds to an average of 72 incidents each year that may require the use of Level B hazmat suits, and in rare circumstances, Level A suits.

A Level A suit provides the highest level of protection against vapours, gases, mists and particles. After undergoing decontamination repair and special testing, a Level A suit may be reused. OFS does not use Level A suits very often, however, they are extremely expensive to procure.

Level B suits are used more frequently and provide protection against hazardous chemical spills and splashes. Level B suits cannot be reutilized and must be disposed of after use.

Hazmat suits are sole sourced and difficult to procure. They are only sold out of the United States and the United Kingdom which results in higher material costs and shipping costs to Canada. To offset costs associated with procuring new Hazmat Suits, OFS is proposing that the following fees be charged to property owners whenever Level A or B Hazmat suits are required for response and must be replaced. Charging a fee for decontamination repair and replacement of fire equipment is consistent among other municipalities across Ontario.

Fees for Hazmat Suits Level A would only apply when a suit must be replaced as a result of being damaged during incident response. Fees for Hazmat Suits Level B would apply whenever a Level B suit is used for response, as level B suits cannot be reused.

OFS is proposing that a fee of the full replacement cost be charged to responsible persons whenever Hazmat Suits are required during a response.

OFS has not charged back for hazmat suits in the past several years, however they are vital for operations when the situation requires and are an essential piece of personal protective equipment to ensure fire fighter safety. Based on some of the building types within OFS parameters, hazmat suits are fundamental to the protection of assets and vital city landmarks, such as the airport.

Special Equipment Rentals

Often when OFS responds to a fire or other emergency at a property the Fire Chief or his/her delegate may determine that it is necessary to retain a private contractor or rent special equipment, to pull down or demolish any building, structure, or agricultural plant material (hay, straw, crops) required to prevent the spread of and extinguishment of fire.

By-Law 2009-319, a By-law to establish and regulate Ottawa Fire Services, under sections 17 and 18 gives authority for the following:

- a) the pulling down or demolition of any building or structure when deemed necessary by the Fire Chief to prevent the spread of fire;

- b) any action deemed necessary by the Fire Chief including boarding up or barricading buildings or property to guard against fire or other danger, risk or accident, when unable to contact the property owner; and
- c) the recovery of expenses incurred by such necessary actions in the manner provided in the *Municipal Act, 2001* and the *Fire Protection and Prevention Act, 1997*.

OFS is proposing that a fee of the full replacement cost be charged to responsible persons whenever it is necessary to retain private a contractor or rent special equipment are required during a response.

The addition of this authority and the associated fee to the Fees and Charges By-Law would harmonize these two by-laws.

Fire Services is holding to the principle that user fees should be utilized to finance those EPS services and goods that provide a direct benefit(s) to specific users. User fees should be set to recover full or partial costs associated with providing a service to the extent that there is no conflict with City policy objectives and other legislative requirements.

Fire Services is seeking a full cost recovery for the fee mentioned above. Full cost represents the value of all the resources used or consumed in the provision of a service. The full cost is determined by identifying the direct and indirect costs including operations, maintenance and overhead, of providing the service as well as any capital costs for the replacement of assets utilized to provide the service.

This category does not imply that all costs incurred need to be recovered, however, understanding the full cost of providing a service should be the starting point in determining the appropriate fee even if the full cost is not to be recovered. For this reason, OFS is seeking full cost recovery for the proposed additional fees.

Comparable Municipalities

Prior to making this budget containment proposal, staff reviewed policies for other Canadian municipalities with regard to recovering cost of consumable materials and rental equipment while responding to fires.

This research showed that a number of other municipalities recover costs from residential and non-residential properties. Comparable sized municipalities that currently recover costs for consumables, equipment rentals, or both include Hamilton, Sudbury, Kingston, and London. These municipalities charge full cost recovery plus an administrative or handling fee ranging between 10% and 25%.

Twenty-seven Ontario municipalities, including Thunder Bay, Oshawa, Brockville, Guelph, and North Bay, are recovering costs for any insurable peril using a third-party company called Fire Marque. Fire Marque collects fire department coverages from the insurance companies' policies on behalf of the municipality. This company keeps 30% of the costs paid out, while giving 70% back to the municipality. The City of Ottawa will not be enlisting the services of a third-party company to recover the fees outlined in this report.

Insurance Industry

All fire departments in Ontario charge for extraordinary costs. As such, property insurance policies have Fire Department Service Charge Coverage. This coverage in a property insurance policy for charges imposed by a fire department for their services in fighting a fire. It insures for fire department charges incurred when the fire department is called to save or protect property insured from a fire. Unlike auto insurance, fire department charges are a specified coverage in property policies. However, this coverage will not be paid out by the insurance provider if the authority to charge the fee is not specified in the municipality's by-law; as the insurance policy wording requires the fee be included in the by-law.

It is worth noting that this is not an extra fee for property owners. Property owners have already bought and paid for fire service expense coverage in their existing property insurance policies. By requesting insurance companies pay those expenses, the insurance companies are being asked to honour the contractual agreement of the policy. According to the Insurance Information Institute, 95% of homeowners have home insurance. As coverage for these fees is part of home insurance policies, property owners have been paying premiums but have not been able to claim them.

Impact to Residents

In a typical emergency, there will be no impact to property owners in terms of response. Insured property owners will have to request for their insurance providers to pay out the premium. Property owners will now have the opportunity to leverage this premium that they have been paying into that previously they would not have been able to.

Implementation

By-Law 2017-73 will be repealed and the new by-law incorporating residential properties and the new fees for consumable materials and special equipment rentals will be enacted upon approval by Council. Fees will take effect immediately.

The OFS page on Ottawa.ca will be updated to include information on how residents can recover these fees from their insurance providers.

RURAL IMPLICATIONS

There are no specific rural implications associated with this report.

CONSULTATION

Public consultations were not undertaken as this report is administrative in nature.

COMMENTS BY THE WARD COUNCILLOR(S)

This is a City-wide report.

LEGAL IMPLICATIONS

There are no legal impediments to approving the recommendations in this report. Section 391 of the *Municipal Act, 2001* authorizes a municipality to impose fees or charges for the costs associated with services or activities provided, or done on behalf of the City. Subsection 391(3) provides that the costs included in the fees and charges may include costs related to administration, enforcement and the establishment, acquisition and replacement of capital assets.

RISK MANAGEMENT IMPLICATIONS

There are no risk management impacts associated with the recommendations of this report.

FINANCIAL IMPLICATIONS

Any incremental expenditures will be entirely offset by additional revenue as a result of the recommendations of this report. Any budget impacts will be identified in the annual Operating Budget for Fire Services, if required.

ACCESSIBILITY IMPACTS

There are no accessibility impacts associated with the recommendations of this report.

TERM OF COUNCIL PRIORITIES

The recommendations of this report support the 2015-2018 Term of Council Priority of Financial Sustainability (FS): Practice prudent fiscal management of existing resources and make sound long-term choices that allow City programs and services to be sustainable.

SUPPORTING DOCUMENTATION

Document 1: Proposed Amendments to Ottawa Fire Services Fees and Charges By-Law (*Held on file with the City Clerk*)

DISPOSITION

Fire Services will implement any direction received as a result of this report and will coordinate with Legal Services to finalize and place any by-law required on the agenda of Council for approval. Fire Services will implement the proposed by-law and update the City of Ottawa web site as per the report.