

# Memorandum to the Council of Corporation of the Municipality of Temagami

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**Subject:** Fire Services Cost Recovery Program Enhancement

**Memo No:** 2025-M-118

**Date:** May 8, 2025

**Attachment:** None

**Prepared By:** Jim Sanderson - Temagami Fire Chief

## Recommendation

BE IT RESOLVED THAT Council receives Memo 2025-M-118 as presented;

AND FURTHER BE IT RESOLVED THAT Council approves the agreement with Fire Marque Inc. for the implementation of the Fire Services Cost Recovery Program, and authorizes the Chief Administrative Officer to execute the agreement;

AND FURTHER BE IT RESOLVED THAT Council adopts the Fire Department Cost Recovery By-law, the amendments to the User Fees and Charges By-law, and the Agreement for Emergency and Fire Response Services Outside the Boundaries of the Municipality of Temagami, as included in the Council package, to support the implementation of this program.

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## 1. Executive Summary

This report recommends that the Municipality of Temagami adopt a cost recovery program for firefighting services through Fire Marque Inc. The program enables the Municipality to recover costs from insurance companies when the Fire Department responds to incidents involving property damage. There is no cost to property owners or to the Municipality unless recovery is successful, and no impact on insurance premiums. Staff seek Council approval to execute the necessary agreements, adopt a by-law authorizing cost recovery, and amend the User Fees and Charges By-law accordingly.

## 2. Background

Economic realities require the Municipality to continually seek cost recovery opportunities to reduce reliance on the tax levy. Most property insurance policies in Canada include coverage for fire department expenses under additional insured perils, with limits typically ranging from \$500 to \$25,000. These funds are already embedded in premiums paid by property owners.

Fire Marque Inc. is a federally incorporated Canadian firm with over 12 years of experience and more than 100 municipal clients across Ontario, including Temiskaming Shores, West Nipissing, Sudbury, and North Bay. The company specializes in administering its Indemnification Technology® Program, which allows municipalities to recover firefighting costs directly from insurers. Fire Marque acts as an agent for the municipality and takes no fee unless a recovery is successfully obtained.

Key features of the program include:

- Recoveries are made through the insurance claim process and do not affect the policyholder's fire coverage limits.
- If a property owner does not file a claim, Fire Marque will not submit one.
- The Fire Department submits Standard Incident Reports (SIRs) already prepared for the Ontario Fire Marshal, and Fire Marque does the rest.

- Recoveries are remitted back to the Fire Department to support training, equipment, and public education.

Fire Marque retains 30% of successful recoveries, with 70% returned to the Municipality. The program requires the following actions:

- Adoption of a Fire Department Cost Recovery By-law.
- Execution of an Agency Agreement with Fire Marque.
- Update to Schedule J of the User Fees and Charges By-law to include eligible fire response costs.
- Revised Emergency Fire Response Form for calls outside the Municipality.

This approach avoids the need for the Municipality to develop in-house insurance recovery capacity, which would require significant resources and specialized expertise.

### **3. Current Considerations**

Staff recommend the Municipality move forward with Fire Marque's program to take advantage of an untapped revenue source. As insurance premiums already include this coverage, it does not burden property owners, and the funds recovered can be directed to support fire operations.

While some larger municipalities manage their own recovery efforts, smaller communities typically lack the resources to do so effectively. Fire Marque provides a turnkey solution that minimizes administrative impact while maximizing potential returns.

Draft by-laws and agreements have been prepared and are included in the Council package for consideration. Council approval is needed to move forward with implementation.

### **4. Financial Impact**

There is no upfront or ongoing cost to the Municipality. Fire Marque retains 30% of the total amount recovered from the insurer, with the remaining 70% provided to the Fire Department.

Costs are invoiced using current MTO rates, which in 2024 are \$559.86 per responding apparatus per hour, plus 50% of equipment damage and 100% of consumables (e.g., foam), up to the total amount recoverable from the insurance company. Fire Marque provides full accounting for all claims and transactions.

Although recovery amounts may fluctuate, initial returns in comparable municipalities have proven successful. Forecasting revenue is difficult in the program's early stages but will become more predictable over time as callout patterns and insurance responses are better understood.

## 5. Conclusion

The proposed cost recovery program through Fire Marque Inc. provides a viable, low-risk method for the Municipality to offset firefighting costs associated with property damage incidents. This program ensures insurance policies are utilized as intended, without financial impact on residents, and supports reinvestment into fire services through training, equipment, and education. To implement the program, staff recommend that Council adopt the supporting Fire Department Cost Recovery By-law, approve and authorize execution of the agency agreement with Fire Marque Inc., amend the User Fees and Charges By-law to include eligible cost recovery rates, and adopt the Agreement for Emergency and Fire Response Services Outside the Boundaries of the Municipality of Temagami.