

Request for Decision

Non-Competitive Purchase (Sole Source) - Fire Marque

Presented To: Finance and
Administration
Committee

Presented: Tuesday, Dec 08, 2020

Report Date Tuesday, Nov 17, 2020

Type: Managers' Reports

Resolution

THAT the City of Greater Sudbury approves the Sole Source of a Revenue Generating Contract for Services from Fire Marque Inc., who, through its intellectual property is able to recover insurance costs on behalf of Fire Services by invoicing insurance companies for costs of fire department attendance with respect to insured perils, as outlined in the report entitled "Non-Competitive Purchase (Sole Source) - Fire Marque", from the General Manager of Community Safety, presented at the Finance and Administration Committee meeting on December 8, 2020;

AND THAT the General Manager of Community Safety be authorized to enter into a service agreement for a five (5) year period.

Relationship to the Strategic Plan / Health Impact Assessment

This report deals with operational matters.

Report Summary

This report seeks Council's approval to Sole Source with Fire Marque Inc., who through its intellectual property, is able to recover insurance costs on behalf of Fire Services by invoicing insurance companies for costs of fire department attendance with respect to insured perils.

Financial Implications

If a new five (5) year service agreement is executed, it is expected that this initiative will result in net annual revenues of approximately \$125,000 beginning in 2021 for a total of approximately \$625,000 in revenue throughout the Contract Term.

Signed By

Report Prepared By

Jesse Oshell
Deputy Fire Chief
Digitally Signed Nov 17, 20

Financial Implications

Steve Facey
Manager of Financial Planning &
Budgeting
Digitally Signed Nov 20, 20

Recommended by the Department

Joseph Nicholls
General Manager of Community Safety
Digitally Signed Nov 17, 20

Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
Digitally Signed Nov 23, 20

BACKGROUND

Since January of 2016, the City of Greater Sudbury has used the Services of Fire Marque Inc. As the current Contract expires on December 31, 2020, staff are seeking Council's approval to enter into a new five (5) year Contract. There are no other agencies in Canada that provide this specific service, and therefore, would be a Sole Source. Fire Marque Inc. provides a specialty Service to recover insurance proceeds which are available from insured property owners when a fire response has occurred. Fire Marque Inc. utilizes a process it calls Indemnification Technology which accounts for data collection, reviewing of insured perils, insurance policy wording interpretation, invoicing, follow-up, and record keeping. It has the knowledge, staff, and infrastructure to perform cost recovery from insurance companies through an agency agreement. The amount of insurance coverage, per policy, can range from \$500 to \$25,000.

Including Greater Sudbury, there are approximately 105 municipalities from across Canada using the services of Fire Marque Inc. Fire Marque Inc. does not charge the municipality for this service as any costs associated with the recovery of funds is recouped through a 30% service charge which is only paid when monies have been collected from the insurance companies.

Since the implementation, this initiative has generated an average annual revenue of approximately \$125,000. This revenue is used in the areas of fire prevention, public education, and training programs for suppression firefighters.

Fire Services has the authority to invoice property owners under By-law 2020-58 Fire Services – Establishing and Regulating By-law and under By-law 2020-26 Miscellaneous User Fees, the latter which was recently updated to support the recovery of these insured perils.

Purchasing By-Law Implications

The operation of the City's Purchasing By-Law requires that a Revenue Generating Contract generating \$100,000 or more be competitively procured. However, through market research and consultation with other Ontario municipalities, it has been determined that Fire Marque Inc. is the only source that meets the requirements of the City. The Purchasing By-law allows the City to Sole Source a non-competitive Revenue Generating Contract with Fire Marque Inc., subject to Council approval.

Note that applicable trade agreements do not apply to Revenue Generating Contracts.

CONCLUSION

As the City of Greater Sudbury has been using the services of Fire Marque Inc. for five (5) years, and Council approved an update to the User Fee By-law required to support the ongoing use of this Service on October 20, 2020, staff are therefore seeking Council's approval to Sole Source to Fire Marque Inc. and authorize the General Manager of Community Safety to enter into a new five (5) year Contract with Fire Marque Inc.