

## **Staff Report 2022-0070**

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Meeting Date: March 22, 2022

Subject: Proposed Interest Free Payment Option for Invoices issued by Fire and Emergency Services

Submitted By: Dave Pelayo, Deputy Fire Chief, Fire and Emergency Services  
Hillary Bryers, Deputy Treasurer / Manager, Revenue, Finance

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### **RECOMMENDATION**

That a by-law be enacted to amend the Delegated Authority By-law 2016-106, as amended, to authorize the Treasurer to provide an interest free payment option for invoices issued by Fire & Emergency Services.

### **REPORT HIGHLIGHTS**

- In 2021, Council heard from residents who had been issued an invoice by Fire & Emergency Services as a result of responding to a service call for fires that occurred due to illegal open-air burning.
- Such invoices are issued in accordance with the Town's user fee by-law to recuperate the cost to the Town for this service.
- Staff recommend that the Delegated Authority By-law be further amended to authorize the Treasurer, or designate, the ability to provide residents with an interest free payment option.

### **DISCUSSION**

At the Council meeting held on December 7, 2021, Council directed staff to look into a possible solution to assist clients when invoices for fire response to illegal open-air burning are issued. The purpose of this report is to recommend that staff be delegated the authority to issue an interest free payment option for invoices related to fire response.

In accordance with the Town's user fee by-law, the Town issues invoices where Fire and Emergency Services respond to open air burning, false alarms, gas leaks, hazardous material spill clean-ups, and the use of materials, equipment and vehicles in exceptional circumstances. In addition to the above noted charges set out on the Town's user fee by-law.

#### **Open-Air Burning Response and Invoicing**

When Fire and Emergency Services respond to calls where open-air burning is occurring, they decide if the burning is occurring contrary to the Open Air, Recreational and Agricultural Fires By-law. If they deem the occurrence to be in contravention of the By-law, staff proceed with invoicing for fire services rendered. For 2022, the hourly rate for response to open air burning is \$652.00 per vehicle, per hour.

In 2021, 15 invoices were issued by Fire and Emergency Services in response to open air fires. The invoices range from \$762.51 to \$11,628.34, with most invoices being \$1,000.00 to \$3,000.00. The total amount invoiced in 2021 for these responses was \$37,552. It is important to note that the 'Response to Open Air Burn Fee' is waived for a resident, one time within their Caledon residency, who does not have a burn permit and where responding the Fire Chief determines it was a non-emergency and there were no damages. However, the applicable burn permit fee will be payable.

### **Invoicing Process**

The Town prepares and issues invoices for Fire and Emergency Services service calls in accordance with the Town's user fee by-law. When issued to the resident or the party involved, the client then has 30 days to pay the balance of the invoice (or 60 days in the case of motor vehicle accidents, given the insurance companies' involvement) before interest starts accruing on the invoice. Interest in the accounts receivable system is 1.5% per month, added the first day of each month.

If the client is actively making payments towards an outstanding invoice, the Town can cease further collection activity. Currently, the Treasurer has delegated authority to offer monthly payment plans for outstanding invoices issued by Fire & Emergency Services, however, interest would still accrue.

### **Proposed Delegated Authority**

Staff are recommending that the Delegated Authority By-law be amended to authorize the Treasurer the ability to provide residents with an interest free payment option. Schedule A to this Staff Report captures the proposed changes to the By-law. If a payment is missed for three consecutive months, the interest free payment option would be revoked, and interest be charged on the invoice. Offering an interest free payment plan for a period of up to 24 months may assist residents in fulfilling their obligations in a manner that is easier for them to accommodate rather than a large bill all at once. This proposal is in line with the payment arrangements Council has approved in the past for residents that have delegated regarding fire related invoices.

### **FINANCIAL IMPLICATIONS**

Revenues for Fire and Emergency Services invoices are included in the Town's departmental operating budget to offset the costs associated with the department's services.

Currently, interest on outstanding accounts receivable is 1.5% per month as per the Town's user fee by-law. If interest is waived for invoices issued by Fire & Emergency Services, there would be an impact on the Town's interest revenues. The amount of

interest waived will be reviewed and incorporated as part of the Town's annual budget process.

The proposed interest free payment option is being requested for Fire & Emergency Services related invoices only as these invoices often stem from an unplanned incident. As such, these invoices are often difficult for the Town to collect. Staff are of the opinion that the waiving of interest will act as an incentive for residents to make regular payments towards their outstanding invoice. This does not impact the previous Council direction to allow for a one-time grace if a resident is found to be burning appropriately but without a valid burn permit.

### **COUNCIL WORK PLAN**

Not Applicable

### **ATTACHMENTS**

Schedule A: Proposed Delegated Authority By-law Amendment for Schedule D – Financial Management