



REPORT TO COUNCIL

City of Sacramento

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21

Staff Report
August 17, 2010

Honorable Mayor and
Members of the City Council

Title: Ordinance: Adding City Code Chapter 8.128 Relating to Fire Cost Recovery and Adopt a Resolution Establishing Fee Schedule For Motor Vehicle Accidents and Vehicle Fires

Location/Council District: Citywide

Recommendation: 1) Adopt an **Ordinance** adding City Code Chapter 8.128 Relating to Fire Cost Recovery; and 2) Adopt a **Resolution** Establishing Fee Schedule for Suppression Services For Motor Vehicle Accidents and Vehicle Fires

Contact: Lloyd Ogan, Operations Deputy Fire Chief, Fire Department, (916) 808-1300
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Presenter: Ray Jones, Fire Chief, Fire Department, (916) 808-1300

Department: Fire Department

Division: Not applicable

Organization No: 12000

Description/Analysis

Issue: A growing number of cities, including the cities of Roseville, Stockton and Oakland, have adopted ordinances authorizing the recovery of costs of providing emergency response services to "at-fault" non-resident drivers involved in motor vehicle accidents. The adoption of City Code Chapter 8.128 will allow the City of Sacramento to recover the cost of providing these services to non-residents that are otherwise paid by Sacramento taxpayers.

Policy Considerations: Like most cities, the City already charges fees for some services provided by the Fire Department (e.g. Advanced Life Support ambulance, hazardous materials calls, high risk rescues, etc.) to recover costs associated with the delivery of service. A growing number of fire departments, including the cities of Roseville, Stockton and Oakland, have adopted ordinances that also allow for the recovery of costs associated with providing emergency response services to "at-fault" non-resident drivers involved in motor vehicle accidents. The Sacramento Metropolitan Fire District is also considering implementing a similar program and

recently concluded a Request for Proposal (RFP) process seeking a third party vendor to process the anticipated volume of claims.

Environmental Considerations: CEQA does not apply because adoption of the proposed ordinance pertains to administrative activities that will not have a significant effect on the environment (CEQA Guidelines Section 15061(b)(3)), and that do not constitute a "project" for purposes of CEQA (CEQA Guidelines Section 15378(b)(2)).

Commission/Committee Action: The proposed ordinance was reviewed by the Law and Legislation Committee on July 20, 2010. The Committee directed staff to forward the proposed Ordinance to Council for consideration and requested staff provide additional detail related to the proposed dispute resolution process and ability to audit the program.

Sustainability Considerations: Not applicable

Rationale for Recommendation: The purpose of this ordinance is to recover costs for emergency response services provided to "at-fault" non-resident drivers that otherwise are paid by Sacramento taxpayers.

Financial Considerations: The City estimates annual recovery of approximately \$1 million in General Fund costs associated with emergency response services provided to "at-fault" non-resident drivers involved in motor vehicle accidents.

Emerging Small Business Development (ESBD): Not applicable

Respectfully Submitted by: 
Lloyd Ogan, Operations Deputy Fire Chief

Reviewed By:

for 
Ray Jones, Fire Chief

Recommendation Approved:


for Gus Vina, City Manager

Table of Contents

	Report	Pg. 1
Attachments		
1	Background	Pg. 4
2	Proposed Ordinance	Pg. 7
3	Proposed Resolution	Pg. 9

Attachment 1

Background

A growing number of fire departments have implemented fees to recover the cost of providing emergency response services to non-residents of their cities. The adoption of City Code Chapter 8.128 will allow the City of Sacramento to recover costs associated with emergency response services provided to “at-fault” non-resident drivers involved in motor vehicle accidents.

The following chart summarizes the emergency response cost recovery efforts of several California public agencies. Fire Department staff has contacted each of the agencies to learn more about their individual programs to help shape the proposed ordinance.

Agency	Residents/Non Residents or Both	Motor Vehicle Accidents/Fires	Structure Fires	Rescues	Hazmat Incidents
Hemet	Both		X	X	X
Loomis Fire Protection District	Non-Residents	X			
Nevada City	Non-Residents	X			
Oakland	Non-Residents	X	X		X
Petaluma	Non-Residents	X			
Pinole	Both	X			
Roseville	Non-Residents	X			
Sacramento	Non-Residents	X (proposed)			X* (already implemented)
Stockton	Non-Residents	X		X	X
Woodland	Both	X	X		X

*Responsible party is billed (applies to residents and non-residents)

Tax dollars currently subsidize emergency response services provided to non-Sacramento resident drivers deemed “at-fault” in motor vehicle accidents.

Proposed Ordinance

The proposed ordinance will authorize the City to seek emergency response services cost recovery related to motor vehicle accidents and vehicle fires involving “at-fault” non-Sacramento residents. The Fire Department responds to approximately 3,600 auto accidents annually in the City limits. A significant number of the vehicle accidents involve drivers that are not residents of the city, a figure that is likely higher than many cities given the state and interstate highways bisecting Sacramento and the fact that the city is the region’s employment center. Adoption of a fire cost recovery ordinance will ensure tax dollars fund basic services required to operate the Fire Department, and not subsidize emergency response services provided to non-Sacramento resident drivers deemed “at-fault” in motor vehicle accidents.

As proposed, the ordinance will exempt City residents from the proposed fire recovery fees due to the significant General Fund related taxes residents pay to support city services. City taxes residents pay include, but are not limited to, the following:

- Utility User Tax (e.g. gas, telephone, electric, telecommunications, water, sewer, garbage)
- Property Tax
- Real property transfer taxes

The above taxes represent approximately \$218 million (more than 75 percent) of the City's estimated \$258 million general fund tax revenue in Fiscal Year 2010/11. As a General Fund expense, Fire related services account for the second largest service provided by the City (second only to Police services).

Staff has prepared a Resolution (see Attachment 3) establishing the fees for Fire Department cost recovery claims. The proposed fees reflect the City's cost of providing services and take into account the cost of personnel, supplies, and equipment. Fees will not exceed the City's actual cost of provided services. Staff estimates the City will recover approximate \$1 million annually via adoption of the ordinance and resolution.

The fire cost recovery program will be managed by the Fire Department’s Operations Deputy Fire Chief.

Cost Recovery and Reimbursement Process

Staff will utilize a third party billing service just as the City does now for claims related to providing Advanced Life Support (ALS) ambulance services. The City utilizes third party billing services for ALS cost recovery because the expertise and advanced billing methods provided by these specialty vendors typically result in much higher claim reimbursement rates. Additionally, the City does not have the staffing to process the volume of ALS reimbursement claims nor the anticipated volume of claims resulting from “at-fault” non-resident drivers involved in motor vehicle accidents. Most cities with similar fire cost recovery ordinances utilize third party billing companies.

Third party billing generally requires the City to pay a percentage of funds recovered.

Because the volume of claims is driven by the number of accidents, the third party billing company only processes the claims and specific charges provided to it by the City. This is the same procedure used by the City for recovery of ALS ambulance fees.

Staff is utilizing a competitive Request for Proposal (RFP) process to seek a qualified vendor with both a competitive rate structure and the necessary experience to assist in processing reimbursement claims. RFP submittals are due August 24, 2010. Upon conclusion of the RFP process, staff will present a recommended vendor agreement to the City Council for approval before implementation of this program.

Dispute Resolution and Customer Service

Two important characteristics of the contractual billing relationship with a third party vendor will be the process of resolving disputes and the delivery of customer service. These are also important characteristics of the City's existing ALS vendor relationship.

The recommended ordinance provides authority to the Fire Chief to adopt written rules and administrative regulations related to billing, collection and dispute resolution. This is an approach that has worked successfully with ALS billing procedures and with other jurisdictions involved in fire cost recovery efforts. Staff will work with the third party vendor to review industry best practices and the City's own experience with the ALS billing process in developing administrative rules and procedures.

Additionally, maintaining high professional standards in all communication with the public on behalf of the City will be an essential characteristic of the successful vendor recommended for this program. As such, staff will require the vendor to provide telephone scripts and correspondence materials/frequency to the City for review and approval before program implementation.

Audit Requirements

At the request of the Law and Legislation Committee, staff also consulted with the City Auditor to discuss an effective means of auditing the fire cost recovery program. The Auditor suggested including language in the RFP and subsequent vendor agreement advising of the City's right and intention to audit the program and vendor documentation/records. Language to this effect has been included in the RFP and will be added to the City's standard professional services agreement when a vendor agreement is prepared.

ORDINANCE NO.

Adopted by the Sacramento City Council

Date Adopted

AN ORDINANCE ADDING CHAPTER 8.128 TO TITLE 8 OF THE SACRAMENTO CITY CODE RELATING TO FIRE COST RECOVERY

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

SECTION 1.

The city council finds and determines that:

- A. The city of Sacramento operates a fire department that provides timely and efficient services to city residents and visitors.
- B. The fire department responds to a high volume of calls for service, including, but not limited to, car fires, motor vehicle accidents, structure fires, and rescues.
- C. The volume of calls for service continues to grow.
- D. The high volume of calls responded to by the fire department causes a significant drain on the finances of the city, and it could jeopardize the city's ability to continue to operate a fire department.
- E. Operating a fire department, with modern equipment and sufficient numbers of trained professional personnel, is essential for the protection of the public health, safety, and welfare of city residents and visitors.
- F. Cost recovery for fire department service calls is essential for the continued operation of the fire department as a modern, professional, and first-class public safety operation, which ultimately reduces the costs to motorists, property owners, members of the general public, and their insurers, by minimizing personal injury and property damage through fast and capable responses to accidents, fires, rescues, and other incidents.
- G. City residents support the provision of fire department services through payment of real property tax, real property transfer taxes, and utility user tax.
- H. In recognition of the foregoing, and to promote the public health, safety, and welfare, this ordinance authorizes the establishment of fees for recovery of costs for fire department services. Since city residents already support the provision of fire department services through payment of taxes, the cost recovery fees shall only apply to persons not residing in the city.

SECTION 2.

Chapter 8.128 is added to Title 8 of the Sacramento City Code to read as follows:

Chapter 8.128

Cost Recovery for Fire Services

8.128.010 Cost Recovery

A. Fees are established to recover the cost of services provided by the Sacramento fire department in responding to the scene of any incident. The amount of a recovery for specified fire services shall be set by resolution of the city council, shall be based on the type and amount of services provided, and shall not exceed the recovery of the actual cost of personnel, supplies, and equipment present or used at the scene. The cost recovery fees may include an administrative charge in an amount set by resolution of the city council. The cost recovery fees shall only apply to persons not residing within the city and who are at fault for the incident.

B. In order to administer and implement the provisions of this chapter, the fire chief is authorized to adopt written rules and regulations that are consistent with the provisions of this section, including those related to billing, collection, and billing dispute resolution.

C. This section shall not apply to response costs covered by California Vehicle Code Section 53150.

SECTION 3.

If any of the provisions of this ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the ordinance, including the application of such part or provisions to persons or circumstances other than those to which it is held invalid, shall not be affected thereby and shall continue in full force and effect. To this end, the provisions of this ordinance are severable.

RESOLUTION NO.

Adopted by the Sacramento City Council

ESTABLISHING FEES FOR SUPPRESSION SERVICES FOR MOTOR VEHICLE ACCIDENTS AND VEHICLE FIRES

BACKGROUND

- A. The City of Sacramento operates a fire department that provides timely and efficient services to city residents and visitors.
- B. The fire department responds to a high volume of calls for service, including, but not limited to, vehicle fires, motor vehicle accidents, structure fires, and rescues.
- C. The volume of calls for service continues to grow.
- D. The high volume of calls responded to by the fire department causes a significant drain on the finances of the city, and it could jeopardize the city's ability to continue to operate a fire department.
- E. Operating a fire department, with modern equipment and sufficient numbers of trained professional personnel, is essential for the protection of the public health, safety, and welfare of city residents and visitors.
- F. Cost recovery for fire department service calls is essential for the continued operation of the fire department as a modern, professional, and first-class public safety operation, which ultimately reduces the costs to motorists, property owners, members of the general public, and their insurers, by minimizing personal injury and property damage through fast and capable responses to accidents, fires, rescues, and other incidents.
- G. City residents support the provision of fire department services through payment of real property tax, real property transfer taxes, and utility user tax.
- H. In recognition of the above, and to promote the public health, safety, and welfare, the city council has adopted an ordinance that authorizes the establishment of fees for recovery of costs for fire department services. Since city residents already support the provision of fire department services through payment of taxes, the cost recovery fees shall only apply to persons not residing in the city.
- I. The establishment of fees for recovery of fire department services provided to "at-fault" non-residents involved in motor vehicle accidents will ensure Sacramento taxpayers do not subsidize the services provided to non-residents.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL
RESOLVES AS FOLLOWS:**

- Section 1. Pursuant to Sacramento City Code Section 8.128.010, the fees set forth in Exhibit A to this Resolution are hereby adopted.
- Section 2. Exhibit A is a part of this Resolution.
- Section 3. This Resolution shall become effective on October 1, 2010.

Exhibit A

Sacramento Fire Department
Suppression Services
For Motor Vehicle Accidents and Vehicle Fires

Description	Proposed Amount
Level 1 – Scene stabilization and hazardous materials assessment ⁽¹⁾	\$435.00
Level 2 – Scene stabilization, hazardous materials assessment, clean up and material used (sorbents) for hazardous fluid clean up and disposal ⁽²⁾	\$495.00
Level 3 (Vehicle Fire) – Scene safety, fire suppression, breathing air, rescue tools, hand tools, hose, tip use, foam, structure protection, and clean up gasoline or other automotive fluid	\$680.00
Level 4 – Scene stabilization, hazardous materials assessment, clean up and material used (sorbents) for hazardous fluid clean up and disposal, and extrication (heavy rescue tools, ropes, airbags, cribbing, etc.) ⁽³⁾	\$1,875.00
Level 5 – Scene stabilization, hazardous materials assessment, clean up and material used (sorbents) for hazardous fluid clean up and disposal, and extrication (heavy rescue tools, ropes, airbags, cribbing etc.) and Air Care (multi-engine company response, mutual aid, helicopter) ⁽⁴⁾	\$2,275.00
<u>Miscellaneous</u>	
Engine Company per hour rate	\$400.00
Truck Company per hour rate	\$500.00
Miscellaneous Equipment per item	\$300.00
Command and Control unit per hour rate	\$75.00

Endnotes

- (1) Billed every time a fire department responds to an accident.
- (2) Billed only if gasoline or other automotive fluids spills need to be cleaned.
- (3) Billed only if equipment is deployed.
- (4) Billed any time a helicopter is utilized to transport the patient(s).