



CITY COUNCIL AGENDA REPORT

MEETING DATE: April 14, 2009

ITEM NUMBER:

SUBJECT: COSTA MESA FIRE DEPARTMENT COST RECOVERY PROGRAM

DATE: APRIL 7, 2009

FROM: FIRE DEPARTMENT/FIRE ADMINISTRATION

PRESENTATION BY: MIKE MORGAN, FIRE CHIEF

FOR FURTHER INFORMATION CONTACT: MIKE MORGAN, FIRE CHIEF
(714) 754-51016

RECOMMENDATION:

The Fire Department recommends the implementation of a cost recovery program for motor vehicle incidents.

BACKGROUND:

The Costa Mesa Fire Department responds to an average of (3.5) motor vehicle accidents per day with approximately (2) of those accidents resulting in injuries to drivers and/or occupants. Generally, accidents which result in injuries require significant time and may involve the use of sophisticated and costly rescue and extrication equipment. Additionally, these accidents involve vehicle fluid spills that must be remediated prior to a roadway being re-opened, and cleaned from a firefighter's personal protective clothing and tools prior to reuse. Spilled fuels, oils, chemicals and other emitting agents are health hazards that first responders face everyday and when improperly handled can find their way into waterways and ground water which threaten the environment and contaminate drinking water.

Everyone that owns and operates a motor vehicle in the United States is required, by law, to have at the very least liability coverage insurance. This insurance covers damages caused by the driver in the case of an automobile accident where that party is responsible. The California Vehicle Code Section 17300-17303 supports this requirement and allows fire departments to recover costs associated with personnel, scene remediation, and the replacement or repair of equipment and materials when responding to motor vehicle accidents.

In Costa Mesa, these accidents occur on a daily basis and many involve non-residents either driving through or to our City. Partnering with a cost recovery provider that tracks, bills, and recovers costs associated with motor vehicle accidents will provide a significant cost-offset for the City.

ANALYSIS:

EF Recovery is a cost-recovery provider that tracks, bills and processes reimbursable claims associated with motor vehicle accidents. They also provide the product “AmeriZorb” which initiates fluid spill control/containment, reduces hydrocarbon vapors, and decreases slipping and vehicle traction concerns associated with leaking fluids from motor vehicle accidents.

EF Recovery works with the Fire Department and City representatives to establish a cost recovery schedule. The schedule is developed in accordance with State laws and regulations and customized to City specifications pertinent to vehicle accident cost recovery. Once the schedule is established, Fire Department personnel collect and input vehicle accident information and submit claims to EF Recovery for collection and reimbursement. EF Recovery operates this program as shared revenue. The setup costs are free and EF Recovery provides the spill response material “AmeriZorb” at no up-front cost for 90 days. The spill response material costs are recovered from the first billing(s) and are deducted from the insurance claim(s). A fee of 14% is deducted for billing, processing, and interfacing with insurance companies to collect claims, submitted by the Department, in a timely manner. EF Recovery averages a 98.5% collection rate for insured motorists. If an insurance claim is not received, there are no pending charges from EF Recovery. Reports on pending, received, balance-due, total by year, and running totals are available for easy access by administrators. The access parameters are customized in accordance with Fire Department policy.

ALTERNATIVES CONSIDERED:

No alternatives were considered at this time.

FISCAL REVIEW:

Utilizing a conservative estimate of 2 injury related vehicle accidents per day and a billing schedule of \$261.00 per accident (consistent with State OES one-hour operations cost of fire apparatus and 4-person crew), and deducting the costs for consumables, uninsured motorists, and EF Recovery shared revenue, the net recoverable income to the city would be \$180,279.00. If the estimate is based upon 3.5 accidents per day the net recoverable income would be \$315,666.00. Actual expenses recovered and reimbursed will be determined by the number of accidents that qualify for reimbursement, the established cost recovery schedule/components, and successful program implementation. Lower estimates should be anticipated during program implementation period.

LEGAL REVIEW:

No legal review is required at this time. Should City Council approve the implementation of the proposed Fire department cost recovery program, a fee resolution and contract award to EF Recovery will be submitted as an agenda item at a future City Council meeting.

CONCLUSION:

Staff recommends that City Council approve the implementation of the cost recovery program with EF Recovery.

MIKE MORGAN

Fire Chief

MARC R. PUCKETT

Director of Finance

Distribution: City Manager
Deputy City Clerk
Director of Finance
Fire Chief

ATTACHMENTS: 1 [Cost Recovery Estimate](#)

File: 040709 Fire Department Cost
Recovery Staff Report, and 040309
CostRecoveryEstimate Attachment 1.

Date 4/7/09

Time 2:45 p.m.