Evaluation of Financial Management
Task Force Menu of Options
Fire Suppression Cost Recovery

Report to Budget and Fiscal Affairs Committee

March 5, 2013
Agenda

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- Evaluation
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Background

• The Financial Management Task Force, formed by a budget amendment in 2011, issued its Menu of Options for addressing the City’s long-range fiscal issues.

• In June of 2012, the administration responded to a request from Budget and Fiscal Affairs Committee to evaluate the feasibility of a number of items on the Financial Management Task Force’s Menu of Options.
  • A number of these items were underway, already done on a regular basis, or had been completed.
  • Other items, including fire suppression cost recovery, needed further, in-depth analysis.

• In September 2012, the administration was asked to evaluate a subset of the June 2012 request. We have been working on a number of these items and are presenting evaluations of one task force option today.
  • “Utilize a firm such as Fire Recovery USA to collect payments from insurance companies when HFD puts out fires, conducts inspections, and provides EMS.”
Evaluation

• Fire Recovery USA offers the following cost recovery services:
  – Motor Vehicle Accidents
  – EMS Billing
  – Vehicle Fires
  – Structure Fires
  – Water Incidents
  – Hazardous Material Responses
  – Fire False Alarms
  – Gas Pipeline Incidents
  – Special Rescue
  – Mutual Aid
  – Fire Inspections and Fire Permit Inspections
Evaluation Results

• The City of Houston has partial or full cost recovery for:
  – EMS Transports – partial cost recovery
  – Fire Inspections and Fire Permit Inspections – full cost recovery
  – Fire False Alarms – full cost recovery

• The City of Houston does not have cost recovery for:
  – Motor Vehicle Accidents
  – EMS Responses That Do Not Result in a Transport
  – Vehicle Fires
  – Structure Fires
  – Water Incidents
  – Hazardous Material Responses
  – Pipeline Incidents
  – Special Rescue
  – Mutual Aid
Recommendations & Next Steps

• Investigate a cost recovery fee only for:
  – Hazardous Material Responses
  – Pipeline Incidents

• Bring full evaluation on cost recovery for these services to Budget and Fiscal Affairs Committee before the end of the fiscal year.

• Do not pursue cost recovery for Houston Fire Department fire suppression costs.