



**STAFF REPORT
HOLLISTER FIRE PROTECTION
ADVISORY COMMITTEE
MEETING DATE: August
7, 2025
REPORT # Fire-2025-16**

AGENDA ITEM: FIRE COST RECOVERY INTRODUCTION

STAFF CONTACT: Jonathan Goulding, Fire Chief

RECOMMENDED ACTION: Receive a presentation and discuss making a recommendation to the appointing public agency bodies to pursue a cost recovery program for certain fire service responses, including vehicle accidents, structure fires, helicopter landing zones, hazardous materials incidents, and other high-cost emergency calls

DISCUSSION: Hollister Fire Department responds to a wide range of emergencies that go beyond fire suppression, including vehicle accidents, technical rescues, and hazardous materials spills. Many of these incidents require significant personnel time, specialized equipment, and consumable resources.

Currently, the costs associated with these responses are fully absorbed by the budget, regardless of whether the incident involved residents, visitors, or parties at fault (such as out-of-town drivers or commercial operators). Many jurisdictions have implemented cost recovery programs that allow them to recuperate expenses from responsible parties or their insurers.

Implementing a cost recovery program would allow the city to recover a portion of the costs associated with high-demand, non-routine incidents. Eligible incidents may include:

- Vehicle collisions (especially those requiring extrication, fire suppression, or fluid cleanup)
- Landing Zones
- Structure fires
- Hazardous Conditions
- Special Rescues

A cost recovery program typically involves working with a third-party billing vendor that specializes in identifying eligible incidents, submitting claims to insurance providers, and managing invoicing. These programs are generally structured to recover costs from insurance policies, not individuals directly, minimizing community resistance.

Benefits of a cost recovery program include:

- Revenue Generation: Offsets increasing costs of emergency response by billing responsible parties for the response.

- Budget Relief: Provides an opportunity to create an enterprise fund that can assist in increasing funding to the fire department commensurate with the increasing burden of call volume.
- Alignment with Best Practices: Brings the City in line with regional and national practices.

It is important to note that implementation would require the adoption of a formal cost recovery ordinance among all three jurisdictions and potentially an update to the fee schedules.

Hollister Fire requested proposals from three cost recovery companies; Fire Recovery USA, Fire Rescue Billing, and EF Recovery. EF Recovery was unresponsive to the request. Fire Rescue Billing was also unresponsive to the request initially; however, after a second request, they provided a partial proposal.

Ultimately, Fire Recovery USA provided the most responsive proposal. Both Fire Recovery USA and Fire Rescue Billing operate in similar fashion. After Hollister Fire runs an eligible call, the information from the call would be submitted to the cost recovery agency. Each agency would then seek reimbursement from the responsible party and upon collection, remit payment (minus their fees) back to the city. Fire Rescue Billing collects fifteen percent (15%) for their fees. The information is submitted to them utilizing their website but can also be submitted via mail or through their designated software program. Fire Rescue Billing would utilize the City of Hollister's current fee schedule for recovery rates.

Fire Recovery USA collects twenty-two percent (22%) for their fees. However, the information can be collected directly from the records management system that Hollister Fire has recently converted to. This would streamline and allow for a decreased chance of missing a submission. Fire Recovery USA utilizes standardized rates that the insurance industry considers Usual, Customary and Reasonable (UCR). They also provide a customer portal to track recoveries, submitted a responsive proposal, and have the highest collection rate in the industry.

FISCAL IMPACT: Potential increase of up to \$160,000 per year in revenue, after a buildup period of one to two years.

PREVIOUS COUNCIL OR COMMISSION ACTION: N/A

CEQA: N/A

ATTACHMENTS:

1. Emergency Response Program
2. Emergency Incident Proposal