



COUNTY OF HUMBOLDT

For the meeting of: April 10, 2018

Date: February 9, 2018
 To: Board of Supervisors
 From: Amy S. Nilsen, County Administrative Officer *AN*
 Subject: Receive a Report from George Hills Regarding Fire Subrogation

RECOMMENDATION(S):

That the Board of Supervisors receive a report from George Hills regarding fire subrogation and provide direction as necessary.

SOURCE OF FUNDING:

General Fund

DISCUSSION:

On Dec. 8, 2015, your Board received a report regarding efforts to support sustainable local fire and rescue services throughout the county. Outlined in the report was the need to find solutions to the practice of fire related districts responding on a "good-will" basis to areas outside of their jurisdictional boundaries. In addition the report addressed the associated need to identify organizational changes and additional revenue sources to support the continuation of fire and rescue services to those areas. Of particular concern is the area known as the Mad River-Redwood Creek Study Area, hereinafter referred to as Service Gap Area (SGA). This area spans approximately 260,000 acres (over 400 square miles of taxable parcels) and falls to

Prepared by Elishia Hayes, Senior Administrative Analyst CAO Approval *[Signature]*

REVIEW: Auditor _____ County Counsel _____ Human Resources _____ Other _____

TYPE OF ITEM:
 Consent
 Departmental
 Public Hearing
 Other _____

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT
 Upon motion of Supervisor Seconded by Supervisor
 Ayes
 Nays
 Abstain
 Absent

SEE ACTION SUMMARY

PREVIOUS ACTION/REFERRAL:
 Board Order No. G-3, I-1
 Meeting of: 12/8/15, 1/10/17

and carried by those members present, the Board hereby approves the recommended action contained in this Board report.

Dated: _____
 By: _____
Kathy Hayes, Clerk of the Board

the west of the Willow Creek Fire Protection District (FPD), the east of the Blue Lake FPD and the northeast of the Kneeland FPD. Also included in this area is a large portion of the State Highway 299. Representatives from these districts have stated to the Board of Supervisors that responding to the aforementioned areas, which are outside of their district boundaries, has a severe impact on financial and operational resources.

The county has no legal mandate to provide fire protection services pursuant to the laws of the State of California. Throughout a number of California counties, fire protection services are performed through special districts. In Humboldt County, a total of \$1,619,473 has been allocated for fire related services in Fiscal Year (FY) 2017-18 and in FY 2016-17 \$2,208,527 was expended on fire related services. These are expenses of the General Fund in order to address the service needs of those areas that fall outside of any jurisdictional boundaries. These figures do not include the county's support of fire districts through the county's worker compensation program.

At the time of the Dec. 8, 2015 report, your Board directed the Fire Services Subcommittee to work with staff to research solutions to the issues described above, including consideration of those areas that might be appropriate for inclusion in a County Service Area (CSA), to develop a proposal for interim financial support, and to report back.

On Jan. 10, 2017, your Board heard a report on sustainable community fire and emergency services for areas currently outside of local jurisdictions. That report outlined a number of potential revenue generating sources that could provide the funding necessary to address the SGA. These options ranged from the formation of a CSA to utilizing local tax measure revenue to assessing a fee for service, also known as fire subrogation. As a result of this report, your Board directed staff to return with a report further explaining the process of subrogation. In addition, your Board chose to continue utilizing Measure Z funding to support the Fire Protection Districts (FPDs) that are responding to the SGA and to continue to support planning efforts taking place to address out-of-district service needs.

Fees for service, from the receiving party, provide the potential to recover the cost of certain emergency responses through the subrogation process, which allows an outside agency the authority to file claims on behalf of the county. While the full potential of this revenue source is unknown, it does have merit for further exploration.

Initial analysis of the revenue potential to be generated through the collection of fees for services has been completed using CAL FIRE call logs based on 2013-2015 emergency response data; claims can go back three years. Staff estimates that three years of claims could generate approximately \$574,000 for all potential claims occurring outside of a district boundary throughout the county between 2013 and 2015, or an average of approximately \$191,300 per year. When analyzing the revenue potential to be generated specifically through claims in the SGA, staff estimates a total of \$52,800 during the same three year timeframe, or an average of \$17,600 per year. This does assume an ability to collect on all responses to calls for emergency service.

George Hills, a company who performs fire subrogation services, will provide your Board with a comprehensive report on the process involved in collecting fees for service. In addition, staff requests direction from your Board as necessary in proceeding forward in the pursuit of contracting for subrogation services.

FINANCIAL IMPACT:

Staff time associated with the research and development of possible solutions to addressing sustainable fire service needs has been included in the FY 2017-18 budget. Recovering the cost of emergency response services through the subrogation process will take additional county staff time and cooperation with the FPDs. Engaging in subrogation services is estimated to cost \$35,000 a year, plus staff time and a commission based on a percentage of the claims collected. Identifying a staff member who has not only the knowledge of this industry but also the time available to commit to this project without jeopardizing other necessary job functions will be challenging. Staff will need to coordinate with 27 fire districts and 10 volunteer companies to facilitate agreements with the fire districts and the collection of claims. Should your Board choose to proceed with contracting for subrogation services, an additional staff position will be necessary to complete the work at an expense of up to \$108,250 to the General Fund on an annual basis.

Addressing the need for sustainable community fire and emergency services for the areas currently outside of local jurisdiction is consistent with your Board's Strategic Framework by creating opportunities for improved safety and health.

OTHER AGENCY INVOLVEMENT:

N/A

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Board discretion.

ATTACHMENTS:

N/A