

Agenda Report

January 23, 2023

TO: Honorable Mayor and City Council

FROM: Fire Department

SUBJECT: CONTRACT AWARD TO FIRE RECOVERY USA, LLC FOR FIRE INSPECTION BILLING AND COLLECTION SERVICES

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is not a "project" subject to the California Environmental Quality Act (CEQA) as defined in Section 21065 of CEQA and Sections 15060 (c)(3), and 15378 (b)(5) of the State CEQA Guidelines and, as such, no environmental document pursuant to CEQA is required for the action; and
2. Authorize the City Manager to enter into a contract as a result of a competitive selection process, as specified by Section 4.08.047 of the Pasadena Municipal Code with Fire Recovery USA, LLC for fire inspection billing and collection services for a three-year term with two optional one-year extensions. Competitive bidding is not required pursuant to City Charter section 1002 (F) (contracts for professional or unique services).

BACKGROUND:

There are approximately 6,240 occupancies in the City of Pasadena that require annual or triennial fire inspections, many of which are mandated by the California State Fire Marshal through the California Health and Safety Code. The occupancy types that are inspected range from assemblies, businesses, educational and institutional facilities, factories, high-rises, residential, mercantile, and storage facilities. Fire inspections for these occupancy types are currently performed by both Fire Prevention Bureau and Fire Operations personnel. All billing processes are performed by Fire Prevention and Administration staff, including address confirmation, mail and email distribution of invoices, quality assurance of contacts and billing information, account tracking, account reconciliations, reporting, issuing of late notices, and all components of customer service. The billing process is currently managed by a Senior Staff Assistant, with occasional administrative support from a temporary Front Desk Receptionist. As the

number of occupancies increase in Pasadena along with greater fire inspection activities, effectively processing and collecting fire inspection fees will help to redirect fire department resources to more effectively serve the community. Outsourcing fire inspection billing can also help to improve cost effectiveness across supplies, equipment and staff time, reduce billing errors, improve and streamline customer service, and increase revenue and collections rates.

A formal Request for Proposal (RFP) was issued on December 1, 2021 seeking qualified vendors to provide billing services for Fire Inspection Fees as aligned with the City of Pasadena's General Fee Schedule. The RFP was advertised for over two weeks on Planet Bids through the Purchasing Department. Interested vendors were given opportunities for inquiries and clarifications regarding the RFP. The Proposal Due Date was December 22, 2021 and the Fire Department received one (1) proposal from Fire Recovery USA, LLC. An evaluation panel was assembled consisting of four (4) independent evaluators which included the Fire Marshal, Deputy Fire Marshal, an IT Analyst, and a Senior Office Assistant. Staff from the Finance Department, DoIT and City Manager's Office were also invited to attend a Question & Answer session with the vendor once the proposal was received and reviewed. Evaluations were completed and the vendor's work experiences and references were confirmed. Results of the evaluation are below:

Proposer	Proposed Solution (Out of 140)	Experience (Out of 100)	Cost Proposal (Out of 120)	Local Pasadena Business (Out of 20)	Small/Micro Business (Out of 20)	Total Score (Out of 400)
Fire Recovery USA, LLC	129	100	70	0	0	299

Following the Department's thorough evaluation process, staff recommend a contract award to implement Fire Recovery USA's services for fire inspection billing. Although only one proposal was received, Fire Recovery presented high qualifications for meeting project understanding, system integration capabilities, experience, and value. Additionally, Fire Recovery has multiple existing clients for fire inspection billing that are of similar sizes to the Pasadena Fire Department, across Southern California. Fire Recovery's collections rates are also the highest in the industry, averaging 95%+ for inspection billing.

If approved, Pasadena Fire Department and Fire Recovery USA, LLC will enter into a revenue sharing agreement. Fire Recovery will manage all inspection fee billing, collections, and related activities following the City's annually adopted fee schedule. For FY 2023, the adopted fee for Inspections/Permits (Fire Inspector), Fee #76, is \$133.00. The adopted fee for Inspections/Permits (Firefighter), Fee #75, is \$242.00. A \$18.50 Fire Inspection Billing Fee, Fee #76, has also been incorporated in Pasadena's FY 2023 Fee Schedule, and will be collected by Fire Recovery for processing each paid invoice. The pricing reflects the additional resources the company employs to increase their overall collection rate. Fire Recovery will furnish all personnel, supervision, labor, materials, machinery, tools, appurtenances, equipment, and services, including

licenses, necessary to provide services in accordance with the Fire Department's Request for Proposal.

The projected increase in revenue for the Fire Department in year one would result in a potential increase of \$73,360 to \$128,381. Revenue may progressively increase in following years as billing process and billing contact information become more streamlined and accurate. The estimated additional revenue for the Fire Department for a three-year contract in total will be about \$225,000 to \$380,000. The agreement will be effective for a three-year term from the date of execution, and the City shall have options to extend the agreement for two additional one-year terms.

COUNCIL POLICY CONSIDERATION:

The proposed contract furthers the City Council's strategic planning goals to ensure public safety and to maintain fiscal responsibility and stability.

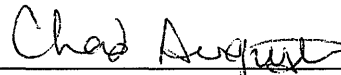
ENVIRONMENTAL ANALYSIS:

The action proposed herein is not a "project" subject to the California Environmental Quality Act (CEQA) in accordance with Section 21065 of CEQA and State CEQA Guidelines Sections 15060 (c)(3) and 15378 (b)(5). The authorization of a contract for fire inspection billing services is an organizational and administrative action that would not result in direct or indirect physical changes in the environment. Since the action is not a "project" subject to CEQA, no environmental document is required.

FISCAL IMPACT:

Fire Recovery USA, LLC is expected to generate a 20-35% improvement in inspection fee collections within the first year of implementation. Average actual annual revenue from fire inspection activity for the past three fiscal years was \$366,803. Implementing Fire Recovery USA's services would result in a potential increase of \$73,360 to \$128,381 in annual collected revenue. The additional revenue will be allocated to Fire Safety and Prevention Revenue Accounts 10131005-663000 and 10131005-667400. There are no anticipated impacts to other operational programs or capital projects as a result of this action.

Respectfully submitted,



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