



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: AUGUST 19, 2025

FROM: FIRE DEPARTMENT WARDS: ALL

SUBJECT: APPROVE A SERVICES AGREEMENT WITH FIRE RECOVERY USA, LLC FOR COST RECOVERY BILLING SERVICES FOR FIRE PREVENTION INSPECTIONS FOR A FIVE-YEAR TERM – SUPPLEMENTAL APPROPRIATION

ISSUE:

Approve a Services Agreement with Fire Recovery USA, LLC for Cost Recovery Billing Services for Fire Prevention Inspections for a five-year term; approve a supplemental appropriation fully offset by revenues.

RECOMMENDATIONS:

That the City Council:

1. Approve a Services Agreement with Fire Recovery USA, LLC for Cost Recovery Billing Services for Fire Prevention Inspections for a five-year term.
2. Authorize the City Manager, or his designee, to execute the Services Agreement with Fire Recovery USA, including making minor and non-substantive changes.
3. With at least five affirmative votes, authorize the Chief Financial Officer, or designee, to record an increase of \$143,600 in revenue and appropriate an equal amount in the General Fund, Fire Prevention revenue and expenditure accounts.

BACKGROUND:

The City of Riverside Fire Department's Fire Prevention Division conducts a wide range of fire prevention inspections annually to ensure compliance with local and state fire codes. These inspections include annual inspections of commercial properties, new construction inspections, permit compliance, wildland defensible space, and follow-up inspections. On average, the Division completes approximately 8,000 inspections per year. However, this number may fluctuate based on variables such as construction activity, inspection outcomes, and the level of compliance from property owners.

To support the City's cost recovery efforts and maintain an effective prevention program, it is critical that the Division has the ability to notify and bill property owners in a timely and accurate manner. Prompt billing not only informs property owners of the services performed but also facilitates the efficient collection of fees that directly support fire prevention operations.

Additionally, now there is added urgency because of the defensible space requirements and the requirement to mitigate identified hazards within a (30) day timeline, which is mandated by the new Riverside Municipal Code (RMC) 6.16 Defensible Space Ordinance.

The Fire Prevention Division currently faces significant operational challenges related to its ability to notify, invoice, and collect fees from property owners in a timely and consistent manner following required fire prevention inspections. These challenges stem primarily from limited staffing capacity and the absence of a dedicated billing system capable of integrating with the Division's inspection and reporting workflows.

Currently, the Fire Prevention Division lacks the dedicated technological infrastructure and administrative resources necessary to meet these billing and notification requirements. As a result, the Division has experienced delays in issuing bills and collecting associated fees, which impacts operational efficiency and limits the department's ability to recover eligible costs.

DISCUSSION:

Contracting with Fire Recovery USA, LLC will address these challenges by providing a complete, turnkey billing solution specifically designed for fire service agencies. Fire Recovery USA offers a secure, cloud-based system that integrates seamlessly with the Department's existing records management system, enabling automated invoicing based on inspection activity. This integration will streamline data entry, reduce administrative burden, and ensure accurate and timely billing to property owners following inspections.

In addition to technology solutions, Fire Recovery USA provides customer support services to assist property owners with billing inquiries and payment processing, improving communication and transparency. Their system also allows for real-time tracking of invoices, payment status, and outstanding balances - giving the Fire Prevention Division critical insight into revenue recovery performance. This insight allows for prompt follow-up and to assist the community and Fire Prevention with the new requirements within RMC 6.16 and the (30) day timeline.

By utilizing Fire Recovery USA, the Fire Prevention Division will be able to:

- Ensure prompt billing following inspections
- Improve fee collection timelines
- Reduce manual administrative workload
- Increase accountability and transparency in the billing process

Purchasing Resolution 24101, Section 702 states that "Competitive Procurement through the Informal Procurement and Formal Procurement process shall not be required in any of the following circumstances: (d) When the Procurement can only be obtained timely from a single source and the Manager is satisfied that the best price, terms and conditions for the Procurement thereof have been negotiated."

The Purchasing Manager concurs that the recommendation is compliant with Purchasing Resolution 24101, Section 702(d).

FISCAL IMPACT:

Implementing the billing services provided by Fire Recovery USA, LLC is anticipated to result in net positive General Fund revenue. This service is anticipated to increase the percentage of

inspections that are being billed and the timeliness of the billing. Between 2021 and 2024, Fire Prevention personnel completed 15,770 billable inspections. However, given operational challenges, only 6,291 (less than 40%) of those inspections were actually billed, leaving \$1,045,723.20 of uncollected revenue.

Fire Recovery USA charges a flat rate of \$17.95 per inspection billed, which is deducted directly from the fees collected. If this fee had been applied to the 6,291 inspections previously billed, the total cost would have been \$112,923.45. If this fee had been applied to all 15,777 billable inspections, the total costs would have been \$283,197.15. Although this charge will decrease the revenue maintained by the city per inspection, overall, the city anticipates generating net positive General Fund revenue as a result of the increased billed inspections by the company. There may also be savings from decreased Fire Prevention staff time that will no longer be required to perform the billing.

Based on an estimated 8,000 inspections conducted annually, the projected annual cost for billing services is approximately \$143,600, contingent on the number of inspections successfully invoiced and paid. Per generally accepted accounting principles, the cost of billing services must be recorded separately from the revenue, as an expenditure. With Council approval, a revenue increase (based on the anticipation of an increased number of billings and successful collections) and a corresponding supplemental appropriation of \$143,600 will be recorded in the following accounts:

Fund	Account/Program	Account	Amount
<i>Revenue</i>			
General Fund	Fire Prevention - Inspection Fees	3505000-341245	\$143,600
<i>Expenditures</i>			
General Fund	Fire Prevention - Professional Services	3505000-421000	\$143,600

Prepared by:	Brian Guzzetta, Deputy Fire Chief
Approved by:	Steve McKinster, Fire Chief
Certified as to availability of funds:	Kristie Thomas, Finance Director/ Assistant Chief Financial Officer
Approved by:	Mike Futrell, City Manager
Approved as to form:	Rebecca McKee-Reimbold, Interim City Attorney

Attachment:

1. Professional Services Agreement