CITY OF COOS BAY CITY COUNCIL

Agenda Staff Report

MEETING DATE	AGENDA ITEM NUMBER
April 7, 2026	3.e

TO: Mayor Benetti, Council President DiNovo, and City Councilors

FROM: Jeff Adkins, Fire Chief

THROUGH: Nichole Rutherford, City Manager

ISSUE: Public Hearing to Consider Enactment of the Fire Department Mitigation Rate Ordinance

SUMMARY:

This ordinance authorizes the Fire Department to recover costs for certain emergency and non-emergency responses through insurance billing only, rather than direct billing to individuals in most cases. Fire department cost recovery helps address the growing gap between service demand and General Fund revenue. Expenses tied to staffing, apparatus, training, regulatory compliance, and specialized responses continue to rise faster than tax revenue. This action aligns Coos Bay with many Oregon jurisdictions and neighboring fire departments that utilize insurance-based cost recovery.

The intent is cost recovery, not punishment. City residents will not be billed directly for covered services; instead, the City will bill available insurance and will not pursue individuals for any remaining balance on eligible incidents. The ordinance maintains direct billing only in limited circumstances, such as out-of-district responses, non-covered services, repeat violations, or when a responsible party can be clearly identified outside of routine emergency response.

Staff has reviewed the draft ordinance that was presented at the February 24, 2026 and March 24, 2026 Council Work Session and made changes based on feedback from those sessions.

ACTION REQUESTED:

Review the proposed ordinance establishing and implementing a program to charge mitigation rates for the deployment of emergency and non-emergency services by the fire department for services provided/rendered by/for the Coos Bay Fire Department.

BACKGROUND:

Call volume, service complexity, and regulatory requirements placed on the Fire Department have increased steadily over time. Responses now routinely involve extended incidents, multiple simultaneous calls, and repeated nuisance calls that require dedicated staffing and equipment. At the same time, costs associated with personnel, apparatus operation, training, insurance, and regulatory compliance continue to rise faster than General Fund revenue. The Fire Department has absorbed these impacts through operational efficiencies, but current funding levels no longer fully support the scope and frequency of services being provided.

This ordinance establishes a fire department cost recovery program that relies primarily on insurance billing rather than direct billing to individuals. The City would submit claims to applicable insurance carriers for certain emergency responses, including motor vehicle crashes, vehicle fires, structure fires, rescue operations, and hazardous materials incidents. The intent is to recover a portion of actual costs associated with services that involve higher levels of response, specialized equipment, or extended

operational time.

Certain services are not eligible for insurance billing and would be billed directly to the individual or responsible party. These include illegal burning beginning with a second offense, special events and standby coverage, repeated public assists, and repeated false alarms in commercial occupancies. These categories represent services that fall outside routine emergency response, involve preventable or repeated activity, or are provided at the request or for the benefit of a specific party.

The proposed billing structure is designed to avoid placing additional financial burden on city residents. For most emergency incidents, claims will be submitted to insurance carriers only, and the City will not pursue residents for any unpaid balance, deductibles, or denied claims. Direct billing will be limited to the specific non-insurance eligible categories identified above, out-of-district responses, or situations where services are provided outside the city's customary obligation.

Adopting this ordinance provides a measured approach to addressing the gap between service demand and available funding. While the ordinance does not guarantee revenue, it creates a mechanism to recover costs that are currently absorbed entirely by the General Fund. Recovered funds can help offset overtime, apparatus wear, and specialized response costs, reduce reliance on city taxpayers, and support long-term sustainability without increasing taxes.

The ordinance authorizes the Fire Department to initiate claims directly or through a third-party billing service, with rates based on actual, customary, and reasonable costs. Apparatus rates will follow Oregon Administrative Rules, and personnel costs will reflect fully burdened expenses. Administrative flexibility is maintained to allow updates to rates and billing practices as costs and service demands change.

Adoption of this ordinance aligns the City of Coos Bay with many Oregon jurisdictions and neighboring fire departments that utilize insurance-based cost recovery programs. It supports fiscal responsibility, maintains service levels, and distributes extraordinary or preventable response costs more equitably rather than relying solely on the General Fund.

During the February 24, 2026 and March 24, 2026 Council Work Sessions, feedback was obtained from members present and online. That feedback was used to revise the original ordinance language, including clarifying that the program will rely primarily on insurance billing and limiting direct billing to specific non-insurance eligible services and defined circumstances.

BUDGET IMPLICATIONS:

Possible increase to general fund revenue.

ATTACHMENT(S):

- Ord Fire Department Mitigation Rate.pdf