

## AGENDA REPORT

TO: Mayor & City Commissioners  
FROM: Jeremy Howard, City Manager  
DATE: June 12, 2025

RE: Proposed Ordinance Amendment – Chapter 2 (Administration), Public Safety Response Cost Recovery (Ordinance 2025-002)

For the Agenda of June 16, 2025

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**Background.** The City's public safety entities (particularly fire) are regularly dispatched to respond to accidents or incidents involving individuals or entities. Currently, city staff bill for and attempt to collect/recoup our costs for the services provided for all non-resident emergency responses or dispatches that are outside the Fire Jurisdiction boundaries. Even with the current Public Safety Response Cost Recovery Ordinance in place, on more than one occasion we have been challenged by invoiced parties and insurance companies regarding our right or authority to assess these charges leaving the city to bear the full expense of the use of equipment and labor involved. While we do utilize a collection agency to collect unpaid invoices, we have had limited success in collecting from most individuals/entities, and then, the city recovers only a portion of the funds collected due to the fees assessed by the agency.

As outlined in the Fire Chief's report (*attached*) the cost of operating the fire department continues to rise due to increased training requirements, equipment costs, labor expenses, and uncollected fees, and the financial impact becomes harder to manage. Most insurance policies have a set payout amount for responding fire departments built into their policies. Consequently, the Fire Council discussed these concerns at their meeting in December, 2024 and determined that a more effective cost recovery program is needed.

The Fire Department is now looking to partner with Cost Recovery USA to collect funds from the insurance companies when a response from the Fire Department for the insured policyholder, both resident and non-resident, is required. The billing services rate schedule, tailored to the City, was adopted at the June 2, 2025, meeting. Cost Recovery USA will retain 21% of the fees collected and the City will receive the remaining 79% monthly, for the prior month's fire department responses. The City reserves the right to stop the program with Cost Recovery USA at any time.

To implement the services of Cost Recovery USA, the City is required to adopt an amendment to our current Cost Recovery Ordinance. As such, we discussed the matter with our City Attorney who has prepared a proposed ordinance amendment (*copy att'd*).

The City Commission is asked to review and consider the proposed ordinance amendment; hold a public hearing (*copy of public notice att'd*) to receive comment related to the amendment; and consider approving a first reading of the ordinance revision.

**Issues & Questions Specified.** Should the City Commission hold the required public hearing to allow the recommended ordinance amendment to move forward to a Second Reading and potential adoption?

**Alternatives.**

1. Hold the public hearing and allow the matter to move forward to a Second Reading.
2. Hold the hearing but direct that the ordinance amendment change process to not proceed to a Second Reading.
3. Defer/delay decision of this matter to a subsequently scheduled City Commission meeting.

**Financial Impact.** Adoption of the proposed ordinance amendment allows the City to recoup costs incurred in responding to certain emergency or public safety responses.

**Recommendation.** I recommend that the City Commission, by appropriate motion hold the required public hearing and allow a First Reading of the proposed Ordinance 2025-002 which will allow the proposed ordinance to proceed to a second reading and potential adoption.

**Attachments.**

1. Memo from Fire Chief.
2. Proposed Ordinance 2025-002.
3. Public Hearing Notice.



**To: Clare City Commission**  
**From: Clare Fire Dept.**  
**RE: Cost Recovery Resolution**

With the ever-changing world of firefighter training and responses comes financial impacts that become harder to manage. Currently the Clare Fire Department has managed to weather the storm, but future impacts are going to continue to add challenges that require us to adapt.

Past history has caused the department to only bill nonresidents for fire responses. Unknown to many, insurance policies have traditionally had built into their policies a payout for fire department response. In December of 2024 we met with the Fire Council from the townships and determined that a Cost Recovery program was needed. With their support we proceeded with making that a reality.

The Clare Fire Department is now looking for your approval to partner with Cost Recovery USA, a leader in response billing, to seek to collect those funds from the insurance companies when a response is needed, resident or nonresidents. Their program requires us to adopt a resolution to approve their billing services and rate schedule, which is comparable to our current one and tailored to our department. Their program works with our current software Fire Programs, and uses information from the reports which we already collect on scene, which is a huge time saver. Their process will see the insurance companies billed directly, for funds that were already built into the policies, which otherwise are traditionally returned to the insurance company and go unused. Insurance rates will not go up as a claim would already be made for the incident, we are simply collecting those funds that are already built in for our services. Monthly we will receive the collections from the previous month's responses. Cost Recovery will retain 21 percent of that for their services, which still leaves us with substantially more than we collect now, and less legwork. At any time, we will also be able to stop the program, free of charge.

With this new resolution we hope to launch starting in July, pending your approval. We feel that the partnership with Cost Recovery USA will help recoup some of the costs that are ever increasing by accessing those funds already there for our response, and ask for your support in moving forward. We appreciate your continued support!

Thank You,

Sam Eberhart  
Chief  
Clare Fire Dept.  
CCFFTC-CTC

ORDINANCE NO. 2025-002

AN ORDINANCE TO AMEND THE CODE OF THE CITY OF CLARE BY amending the City Code, Chapter 2.

**WHEREAS**, the emergency and non-emergency services response activity to incidents continues to increase each year; Environmental Protection requirements involving equipment and training, and Homeland Security regulations involving equipment and training, creating additional demands on all operational aspects of the fire department services; and

**WHEREAS**, the fire department has investigated different methods to maintain a high level of quality of emergency and non-emergency service capability throughout times of constantly increasing service demands, where maintaining an effective response by the fire department decreases the costs of incidents to insurance carriers, businesses, and individuals through timely and effective management of emergency situations, saving lives and reducing property and environmental damage; and

**WHEREAS**, raising real property tax to meet the increase in service demands would not be fair when the responsible party(s) should be held accountable for their actions; and

**WHEREAS**, the City Commission desires to implement a fair and equitable procedure by which to collect said mitigation rates and shall establish a billing system in accordance with applicable laws, regulations and guidelines; Now, Therefore

**Chapter 2-Administration, Article V-Finance, Division 2-Recovery of Expenses, of the Clare City Code is hereby amended and restated as follows:**

**Subdivision I. - In General**

**Subdivision II. - Single Lot Assessments**

Sec. 2-161. - Generally.

- (a) When any expense shall have been incurred by the city upon or in respect to any single premises, which expense is chargeable against the premises and the owner thereof under the provisions of this Code or [section 11.3](#) of the Charter, and which is not of that class required to be pro rated among the several lots and parcels of land in a special assessment district, an account of the labor,

material and service for which such expense was incurred, with a description of the premises upon or in respect to which the expense was incurred, and the name of the owner, if known, shall be reported to the clerk, who shall immediately charge and bill the owner, if known.

- (b) The clerk, at the end of each quarter, shall report to the city commission all sums so owing to the city and which have not been paid within 30 days after the mailing of the bill for such amounts.
- (c) The city commission shall, at such times as it may deem advisable, direct the assessor to prepare a special assessment roll covering all such charges reported to the city commission, together with a penalty of ten percent. Such roll shall be filed with the clerk, who shall advise the city commission of the filing thereof, and the city commission shall thereupon set a date for the hearing of objections to such assessment roll. The assessment roll shall be open to public inspection for a period of seven days before the city commission shall meet to review the roll and hear complaints. The city clerk shall give notice in advance, by publication, of the opening of the roll to public inspection and of the meeting of the city commission to hear complaints and shall also give like notice to the owners of the property affected, by first class mail at their addresses as shown on the current general assessment roll of the city, at least ten days prior to the date of such hearing.
- (d) Such special assessments and all interest and charges thereon shall, from the date of confirmation of the roll, be and remain a lien upon the property assessed, of the same character and effect as a lien created by general law for state and county taxes, until paid.
- (e) The same penalty and interest shall be paid on such assessments, when delinquent from such date after confirmation as shall be fixed by the city commission, as are provided by the city charter to be paid on delinquent general city taxes, and such assessments, with penalties and interest, shall be added by the treasurer to the next general city tax roll or general county and school tax roll, as shall be convenient, and shall thereafter be collected and returned in the same manner as general city taxes.

**Subdivision III. – Emergency and Non-Emergency Services**

**Sec. 2-181. - Purpose.**

In order to protect the city from incurring extraordinary expenses resulting from the utilization of city resources to respond to emergencies and non-emergencies, the city commission authorizes city departments to impose charges to recover reasonable and actual costs incurred by the city in responding to calls for assistance in connection with an emergency and non-emergency service response.

**Sec. 2-182. - Definitions.**

The following words, terms and phrases, when used in this subdivision, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

*Costs of the emergency response* shall mean the costs incurred in responding to an emergency event, except as may be limited by a policy adopted by the governing body. Costs include, labor, equipment usage, and materials associated with services provided and attorney fees.

*Emergency response* shall mean any response by the City of Clare Police Department or City of Clare Fire Department or an entity operating at the request of the City of Clare Fire Department or Police Department or any other responder as set forth in the National Incident Management System (Homeland Security Presidential Directive 5), to any call, including medical emergencies, for assistance from any person, property owner, government agency, emergency service provider, or other entity.

*Hazardous materials* includes, but is not limited to, a chemical that is a combustible liquid, a flammable gas, explosive, flammable, an organic peroxide, an oxidizer, pyrophoric, unstable reactive or water reactive.

*Hazardous materials response* shall mean any response to an event involving any chemical, substance, compound, mixture, or other materials defined as designated as, listed as, or having the same characteristics as any substance, compound, mixture or materials listed as hazardous under federal or state law or regulation.

*Release* means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, leaching, dumping or disposing into the environment.

*Responsible party* shall be defined as:

- (1) Any owner, lessor, lessee, or operator of any property who is responsible for, or contributes to an emergency response shall be liable for the expense of the emergency response.

(2) Any registered owner, lessor, lessee, or operator of any motor vehicle, that is the subject of an emergency response, shall be liable for the expense of the emergency response, without regard to fault or having caused an accident or other mishap.

(3) Any public or private utility whose activities or facilities necessitated an emergency response shall be liable for the expense of the emergency response.

(4) Any person owning, maintaining or operating a railroad shall be liable for the expense of the emergency response.

(5) When an emergency response directly benefits more than one person or property, each person and/or property benefited may be held jointly and severally liable for the payment of the expense of the emergency response. For purposes of an emergency response involving a motor vehicle, occupants other than the operator and the registered owner shall not be liable for the expense of the emergency response.

(6) Cost recovery for any hazardous materials response may be pursued in a civil action, pursuant to the Natural Resource Environmental Protection Act (MCL 324.20135(1)(b)).

**Sec 2-183. – Charges.**

The Clare City Commission shall initiate mitigation rates for the delivery of emergency and non-emergency services by the fire department for personnel, supplies and equipment to the scene of emergency and non-emergency incidents as set by resolution from time to time. The mitigation rates shall be based on actual costs of the services and that which is usual, customary and reasonable (UCR) which may include any services, personnel, supplies, and equipment and with baselines established by addendum to this document. The Mitigation Rates will increase annually based on the annual percentage increase in the Consumer Price Index (CPI), as developed by the Bureau of Labor Statistics of the U.S. Department of Labor. Rate adjustments will occur on the anniversary date of this ordinance to keep the fire department's cost recovery program in conformity with increasing operating expenses.

**Sec. 2-184. – Collection and billing of emergency response costs.**

The police chief or fire chief, or his or her designee, shall prepare and deliver an invoice for charges imposed to the responsible party or parties for payment through their insurance carrier. In some

circumstances, the responsible party(s) will be billed directly. The responsible party, or their insurance carrier, shall reimburse the city as directed by the invoice, for the charges set forth in the invoice within 30 days. The responsible party shall be liable for any costs associated with the collection of the unpaid balance that remains after the expiration of 30 days. All payments under this subdivision shall be made directly to the City of Clare.

Collection recovery costs incurred by the City of Clare, including billing and collection costs, court costs, and attorney fees, shall be assessed to a responsible party who fails to remit reimbursement for the costs of the provided emergency services in accordance with the billing procedures of this subdivision.

**Sec. 2-185. – Other remedies.**

The city may pursue any other remedy, or may institute any appropriate action or proceeding, in a court of competent jurisdiction to collect charges imposed under this subdivision. The recovery of charges imposed under this subdivision does not limit liability of responsible parties under local ordinance or state or federal law, rule or regulation.

Passed by the City Commission of the CITY OF CLARE on \_\_\_\_\_, 2025, at its regular meeting with \_\_\_\_\_ commissioners in attendance, \_\_\_\_\_ voting aye, \_\_\_\_\_ nay.  
Adopted by the City Commission of the City of Clare this \_\_\_\_\_ day of \_\_\_\_\_ 2025.

\_\_\_\_\_  
Patrick Humphrey, Mayor

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I hereby certify that the foregoing was duly adopted by the CITY COMMISSION of CITY OF CLARE, Michigan, at its regular meeting on the \_\_\_\_\_ of \_\_\_\_\_, 2025, that of \_\_\_\_\_ members of the City Commission, \_\_\_\_\_ were in attendance and \_\_\_\_\_ voted for the adoption of the Ordinance. I further certify that the above and foregoing ordinance is recorded in Ordinances for the CITY OF CLARE.

Effective Date: \_\_\_\_\_

This Ordinance shall take effect thirty (30) days following date of publication as required by law. All Ordinances or part Ordinances in conflict with any of the provisions of this Ordinance are hereby repealed.

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Diane M. Lyon, Clerk



## CITY OF CLARE

202 West Fifth Street | Clare, Michigan 48617-1490

Office 989.386.7541 | Fax 989.386.4508

[www.cityofclare.org](http://www.cityofclare.org)

### PROPOSED ORDINANCE AMENDMENT 2025-002

#### CITY HALL

Ph 989.386.7541

Fx 989.386.4508

[www.cityofclare.org](http://www.cityofclare.org)

Manager x102

Assessor x103

Clerk x106

Treasurer x107

#### DEPARTMENT OF PUBLIC WORKS

Ph 989.386.2182 or

989.386.7541 x202

Fx 989.386.4508

#### UTILITY BILLING

Ph 989.386.7541 x201

#### W/WWT PLANT

Ph 989.386.2321

Fx 989.386.2387

#### POLICE DEPT. NON-EMERGENCY

Ph 989.386.2121

Fx 989.386.0440

#### FIRE DEPT. NON-EMERGENCY

Ph 989.386.2151

Fx 989.386.3020

#### PARKS & RECREATION

Ph 989.386.7541 x213

Fx 989.386.4508

#### AIRPORT

Ph 989.386.0445

Fx 989.386.4508

### CITY OF CLARE NOTICE OF PUBLIC HEARING

The Clare Commission will hold a public hearing on Monday, June 16, 2025, at 6:00 p.m., at Clare City Hall, 202 W. Fifth Street, Clare MI to receive public comments pertaining to an Ordinance amendment to Chapter 2 Article V-Finance, Division 2-Recovery of Expenses, Subdivision I-In General; Subdivision II-Single Lot Assessments; Subdivision III-Emergency and Non-Emergency Services, Sections 2-181 through 2-185. A copy of the proposed Ordinance amendment is available for review by contacting the City Clerk at [dlyon@cityofclare.gov](mailto:dlyon@cityofclare.gov) or calling 989-424-4068. The Clare City Commission will accept comments during the hearing or in writing if the written comments are delivered to the City Clerk's office not later than 4 p.m. on the date of the hearing. The City of Clare is an equal-opportunity employer and provider.

Diane M. Lyon  
Clare City Clerk

