

Franchise Tax Board Intercept Collection Pilot Program

Finance/Administration Committee

March 28, 2017

Write-off Statistics (2011-2016)



- Uncollectible revenue averages approx. \$2,200,000 annually
- Annual write-off percentage ranges from 0.80 to current low of 0.38
- Write-off percentage <1% is good
- Write-offs are referred to 3rd party collection agency with annual average recovery 21%
- Over \$1.7 million average annual uncollected revenue outstanding



Write offs by City (2016)



	Commercial	Residential	Industrial	Public	Total	% of total
Alameda	6,746.93	20,917.18			27,664.11	2.50
Alamo	60.46	4,600.93			4,661.39	0.42
Albany	1,473.20	4,015.65			5,488.85	0.50
Berkeley	6,799.04	32,131.46	319.79		39,250.29	3.55
Castro Valley	3,087.81	18,505.78			21,593.59	1.95
Crockett	346.70	2,733.08			3,079.78	0.28
Danville	1,378.35	6,087.42			7,465.77	0.68
Diablo		709.90			709.90	0.06
El Cerrito	817.03	10,844.16			11,661.19	1.05
El Sobrante	3.22	1,994.22			1,997.44	0.18
Emeryville	17.41	358.92			376.33	0.03
Hayward	(374.44)	29,552.62	(203.54)		28,974.64	2.62
Hercules	(120.03)	15,048.54			14,928.51	1.35
Kensington	1,664.26				1,664.26	0.15
Lafayette	166.06	1,434.43			1,600.49	0.14
Moraga	(239.94)	3,665.48			3,425.54	0.31
Oakland	96,560.30	475,096.28	30,886.30	(39.97)	602,502.91	54.50
Orinda	2.58	6,138.38			6,140.96	0.56
Piedmont		1,811.61			1,811.61	0.16
Pinole	1,826.86	8,851.30			10,678.16	0.97
Pleasant Hill		1,363.41			1,363.41	0.12
Richmond	2,687.98	175,551.96	658.60		178,898.54	16.18
Rodeo	(66.54)	7,774.84			7,708.30	0.70
San Leandro	8,444.01	48,373.33	(144.23)		56,673.11	5.13
San Lorenzo	357.53	15,980.67			16,338.20	1.48
San Pablo	240.26	19,462.27			19,702.53	1.78
San Ramon	884.20	8,061.56			8,945.76	0.81
Walnut Creek	12,360.11	7,810.25			20,170.36	1.82
Totals	145,123.35	928,875.63	31,516.92	(39.97)	1,105,475.93	100.00

Why is debt not collected?



- Customers cannot be identified or located (i.e., relocation, fraud, etc.)
- Customers refuse to pay
- Economic downturn/customer inability to pay
- Bankruptcy filing
- Judgments and liens are impractical

Debt Recovery and Collections



- Uncollectible debt decreases revenue and impacts budget
- Debt mitigation is necessary for overall financial health
- Improved collection activities contributes to the revenue stream
- Pilot program for residential accounts



Revenue Recovery Opportunity



State Interagency Intercept Collection (IIC) program intercepts payments from:

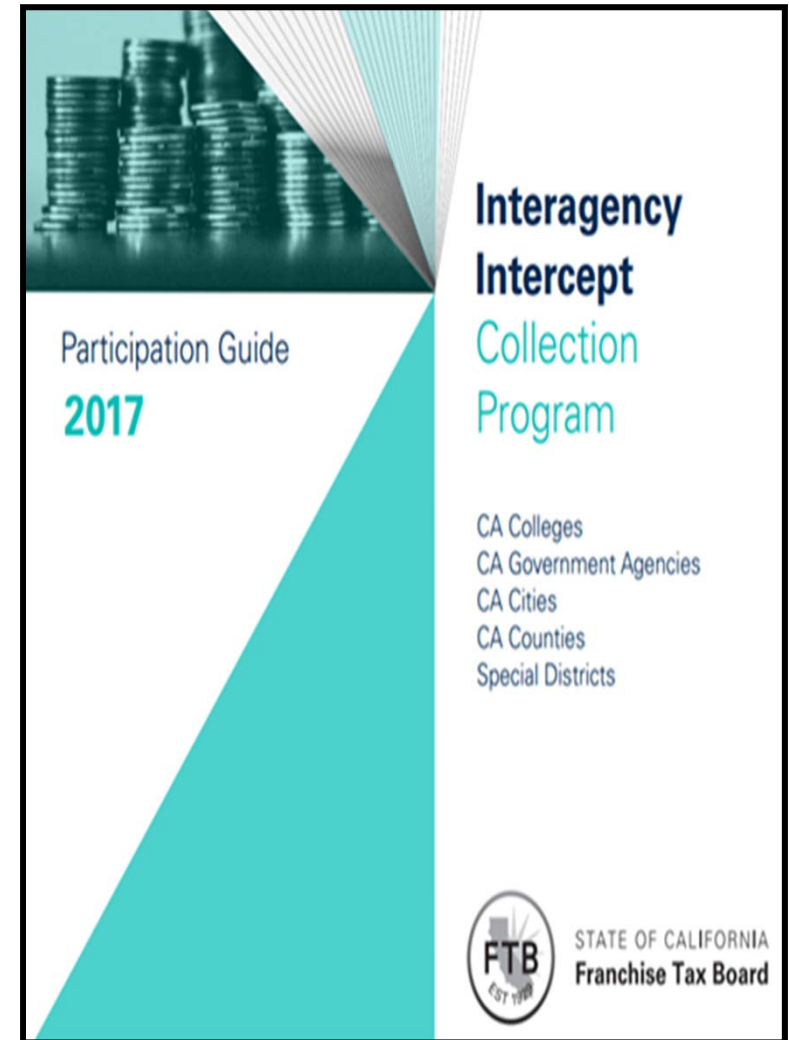
1. State Income Tax Refunds
 2. Unclaimed Property Division
 3. California State Lottery Winnings
- SB184 -Special District participation



State Interagency Intercept Program (IIC)



- The IIC program collects on accounts that CBA is unsuccessful collecting
- The IIC program is only available to state and regional agencies
- \$2.00 flat fee for each *successful* collection



How much can an agency recover?



- The FTB currently collects for 380 agencies statewide
- Majority of money is intercepted via state income tax refunds: 70%* of filers received a refund
- Results vary, but interception rates of 10-20% are not uncommon
- Estimated IIC recovery of an additional \$179,000 to \$359,000 annually

** IRS 2016 data*

Next Steps



Task	Date
State Application Approval	<i>Complete 2016</i>
State Filing of Intent to Participate	<i>Complete 2016</i>
Develop protocols and training for file transmission	July 2017
Customer notification of intent to file	October 2017
Submittal of debt information to State	December 2017
Payment received from State	Jan - May 2018

Questions?

Private Well Water Testing

Finance/Administration Committee

March 28, 2017

Introduction



- Key Question: *Should the District provide analytical services to customers for testing their private wells?*
- Agenda
 - Scope of Services
 - Considerations
 - Recommendations

Scope of Services Analytical



- Assume non-potable use – irrigation only
- Suggested analyses:
 - Metals: calcium, magnesium, manganese, iron, sodium, zinc
 - Conductivity, alkalinity, hardness, nitrate, pH, sulfate, total dissolved solids
- Estimated cost for the suite is \$900
- Customer may choose a subset of these analyses
- Other analyses, including volatile and semi-volatile compounds could be performed upon request, but have high cost and restrictive sampling requirements

Scope of Services Non-Analytical



- Before analysis
 - Customer contact, understanding their need
 - Sampling and sample handling instructions
 - Sampling kit: containers, chain of custody forms, labels, preserving reagents, gloves, blue ice
 - Holding time considerations and shipping
- After analysis
 - Quality control, data approval, lab report
 - Understanding the report and interpreting the results
 - Invoicing and receiving payments

Considerations



- Customers lack experience in sample collection, which could affect reliability of results
- Lab is not set up to accommodate retail customers
- District lab data quality is excellent, but analytical and programmatic costs are higher than commercial labs
- District staff expertise in groundwater is limited

Recommendations



- Long-term: Need addressed through implementation of Sustainable Groundwater Management Act (SGMA)
 - Groundwater Sustainability Plans to be developed by 2022
 - Groundwater quality information will be part of these plans and publicly available
 - Will include San Ramon and area south of District service area in Dublin, Livermore and Pleasanton
- Near-term: Connect customers with UC Davis, which provides consulting on well water testing as well as suitability for irrigation