



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Probation
Department No.: 022
For Agenda Of: December 6, 2016
Placement: Administrative
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Guadalupe Rabago, Chief Probation Officer (805) 882-3652
Director(s)
Contact Info: Damon Fletcher, Administrative Deputy Director (805) 882-3654

SUBJECT: **Franchise Tax Board Agreement C1600087 for Court Ordered Debt Collection Services**

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- A. Approve and authorize the Chief Probation Officer to execute the attached Agreement Number C1600087 with the State of California Franchise Tax Board for the collection of unpaid delinquent court ordered restitution, fines, fees, penalties, forfeitures or other amounts imposed by the Court, for the period December 1, 2016 through November 30, 2019. The cost of the services provided to the County shall not exceed 15% of the amount collected by the Franchise Tax Board, pursuant to Revenue and Taxation Code Section 19282.

- B. Determine that the recommended action is a government fiscal activity which will not result in a potentially significant physical impact on the environment, and is thus exempt from the California Environmental Quality Act (CEQA) review pursuant to section 15378 (b)(4) of the CEQA Guidelines.

Summary Text:

The Probation Department has been referring unpaid delinquent accounts to the Franchise Tax Board (FTB) since 2003-04. The FTB charges up to 15% of the amount collected as fees. The current agreement between the County and the FTB included collection services between December 2013 and November 2016. During this period the FTB collected approximately \$3,000,000 from Probation clients at a cost of approximately \$300,000. Execution of the attached agreement will allow the Department to

continue to participate in this successful program which is currently providing approximately \$1,100,000 in annual collections.

Background: On January 21, 2003, the Board of Supervisors approved the first agreement with the Franchise Tax Board and authorized the Chief Probation Officer to be the Contract Administrator for the agreement. The current agreement was approved by your Board on November 12, 2013 and expires November 30, 2016. Last year the FTB collected over \$1,100,000 which is in addition to the \$2,200,000 collected by Probation locally. The FTB facilitates payment by sending demand for payment letters, setting up installment agreements, levying on: lottery winnings, unclaimed funds in the State Treasury and bank accounts, and obtaining wage garnishments.

The Probation Department considers the services provided by the FTB to be an effective collection tool for clients who fail to respond to local collection efforts, and for clients whose whereabouts are unknown. The FTB currently collects unpaid delinquent debt for 75 entities: Courts, Counties, the Department of Corrections and Rehabilitation, and the Victim Compensation Government Claims Board. The FTB has access to more than 220 million income records and wage information on all California employees, and uses that information to collect from Probation clients. An unintended positive consequence of unpaid Probation warrant account referrals is client contact and resolution of both legal and financial matters. Failure to continue to participate in FTB Court Ordered Debt program will result in a loss of approximately \$1,100,000 in annual revenues.

Performance Measure:

Collect \$3,500,000 in victim restitution, fines and fees from adult and juvenile clients.

The collection services provided by the FTB account for approximately \$1,100,000 in collections associated with this performance measure.

Contract Renewals and Performance Outcomes:

Since 2003-04, the FTB has collected over \$4,800,000 on behalf of Santa Barbara County. FTB withholds fees based upon successful collection efforts. There is no cost to the County unless the FTB collects from the client. The use of FTB has assisted the Department in increasing the amount of collections since the inception of the first agreement. There have been no performance concerns since the Department began utilizing the FTB for collections.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
General Fund	\$ 120,000.00	\$ 120,000.00	
State			
Federal			
Fees			
Other:			
Total	\$ 120,000.00	\$ 120,000.00	\$ -

Narrative: Revenues from the anticipated continuation of collection services by the Franchise Tax Board (FTB) are included in the Department’s FY 2016-17 adopted budget. The FTB charges up to 15% of the amount collected in collection fees. FY 2016-17 collection fees estimated to be \$120,000 are included in the Probation Department’s FY 2016-17 adopted budget. Failure to execute the agreement and continue to participate in the FTB collection program will result in a loss of approximately \$1,100,000 per year in Probation Department revenues. Execution of the agreement and continued participation in the program will not result in an increase in the Probation Department General Fund contribution.

Key Contract Risks: The risk assessment was completed and key risks were not identified. In addition, Probation has previous experience with the FTB and its performance on previous agreements.

Staffing Impacts:

Legal Positions:
0

FTEs:
0

Special Instructions:

Please return two (2) Certified Minute Orders to Patti Ball, Project Manager Probation Department, 117 E Carrillo St, Santa Barbara CA 93101. Patti will return a fully executed original to the Clerk of the Board when it is received back from the State.

Attachments:

Attachment A: State of California Standard Agreement number C1600087

Attachment B: CEQA Notice of Exemption

Authored by:

Patti Ball Project Manager

cc: