

# **SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT**

For the Agenda of: April 27, 2006

To: Board of Directors  
Sacramento Metropolitan Air Quality Management District

From: Larry Greene, Air Pollution Control Officer and Kathrine Pittard, District Counsel

Subject: Contract with the County of Sacramento, Department of Revenue Recovery (DRR) for debt collection services

## **Recommendation**

Staff recommends that the Board:

1. Approve the attached Resolution authorizing the Air Pollution Control Officer to sign a Contract with the County of Sacramento, Department of Revenue Recovery (DRR), in a form similar to the attached, on behalf of the Sacramento Metropolitan Air Quality Management District (SMAQMD).
2. Direct the Clerk of the Board to transmit fully executed documents to concerned parties.

## **Purpose**

The purpose of this Contract is to allow SMAQMD to utilize collection services provided by the County.

## **Discussion**

The District obtains court judgments in a variety of matters. Typically, the judgments are for penalties assessed by the District against businesses and individuals that have violated the District's rules and regulations. Other judgments concern breach of contract actions, including actions brought by the District to enforce the heavy duty vehicle incentive program contracts, or contracts to recoup funds expended under service contracts for which satisfactory service was not rendered.

While the District has generally been successful in obtaining payment, some judgment debtors have refused to make payments. Staff has sent letters requesting payment and, where appropriate, recorded liens against property, but does not have the experience, knowledge or resources to take additional steps necessary to collect on these debts. The County of Sacramento, in contrast, has a division specifically devoted to this task, the Department of Revenue Recovery (DRR).

DRR provides cost effective debt collection services to the County and other local agencies. The DRR staff is experienced in debt collection and has established a very successful track record in obtaining payment. They are also knowledgeable about devices to secure payment by, for example, attaching liens to property and garnishing wages or business income.

### **Selection Process**

The District researched other collection services. DRR was selected because, as a government agency experienced in collections, the District has a high degree of confidence that DRR is knowledgeable in a wide array of debt collection alternatives, that the methods used by DRR will conform to all applicable laws and regulations, and that DRR will be diligent in collecting all debts of any size.

### **Compensation**

DRR will charge the District for the cost of services in accordance with the standard procedures outlined in Exhibit A to the attached sample contract. DRR currently estimates that the costs will not exceed 15-25% of the funds collected, although initial setup costs may exceed 50% of debts collected for the first three months of collection. If, after six months, DRR collections costs exceed 30%, DRR and the District will confer about ways to streamline the process and reduce collection costs.

### **Conclusion**

District staff recommends that the Board approve the attached Resolution authorizing the Air Pollution Control Officer to execute a contract with DRR. DRR provides a cost effective and efficient means to ensure that all debts owed to the district are collected.

Respectfully submitted:

Approved as to Form:

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Larry Greene  
Air Pollution Control Officer

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Kathrine Pittard  
District Counsel