



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: A 22-465, **Version:** 1

Approve and authorize Credit Consulting Services, Inc., to initiate legal action procedures on behalf of the Health Department Environmental Health Bureau, on uncollected debt accounts as part of its debt collections service agreement.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Approve and authorize Credit Consulting Services, Inc., to initiate legal action procedures on behalf of the Health Department Environmental Health Bureau, on uncollected debt accounts as part of its debt collections service agreement.

SUMMARY/DISCUSSION:

The Health Department Environmental Health Bureau entered into a debt collection service agreement with Credit Consulting Services, Inc. (CCS) for CCS to initiate collection of delinquent accounts that are over ninety days past due on behalf of the County. Amounts due to the County include unpaid annual permit fees and services rendered by staff with no payment received after 120 days. Said Agreement between the County and CCS was entered into on July 1, 2019, for a maximum not to exceed amount of \$49,000. Said Agreement was amended on August 30, 2019 to add the "Monterey County Fiscal Policy" as Exhibit B; May 4, 2020 to increase the funds to \$69,000 and extend the term to June 30, 2021; November 19, 2020 to replace Exhibit A with exhibit A-1 and revise Section 9.03 Insurance Coverage Requirements with Automobile Liability Insurance Requirements; June 25, 2021 to extend the term of the Agreement to June 30, 2022; May 10, 2022 to extend the term of the Agreement to June 30, 2023. Once these delinquent accounts are transferred to CCS for collection, they become the responsibility of CCS and all payments collected are handled exclusively between the account holder and CCS. A percentage of any collected payments are then disbursed back to the Environmental Health Bureau per the payment provisions outlined in the Agreement and subsequent Amendments.

CCS makes every attempt to contact the account holder to arrange for payment and if unsuccessful after sixty days, the unpaid account is reported to the customer's consumer credit history to agencies such as Experian, Equifax and Transunion by CCS. In addition to this reporting to these agencies, legal action to seek payment is requested. Section B.2 of Exhibit A-1 states:

"B.2 CONTRACTOR shall remit seventy-five percent (75%) of the collected accounts to COUNTY *once accounts are paid in full* and CONTRACTOR shall be assigned and retain twenty-five percent (25%) as a CONTRACTOR fee.

CONTRACTOR shall designate which Account Receivable (AR)/Invoice they have received payment for *when there are multiple accounts for one (1) facility*. On accounts requiring legal action CONTRACTOR shall remit sixty-five percent (65%) to COUNTY and shall be assigned and retain thirty-five percent (35%) as a CONTRACTOR fee."

CCS has requested approval to initiate collections litigation actions on behalf of the County. If approved by the Board, CCS will initiate collections litigation actions on accounts for which debtors have not been responsive to CCS' collection efforts. The threshold for the Agreement is less than \$100,000 and therefore has not been presented to the Board of Supervisors for approval previously. Board authorization is required for CCS to

initiate collections litigation actions on behalf of the County. Authorization for CCS to initiate legal action on behalf of the Health Department Environmental Health Bureau on bad debt accounts is requested.

While this work is not directly in support of a Health Department strategic goal, it is in support of one or more of the ten essential public health services, specifically: 6. Enforce laws and regulations that protect health and ensure safety.

OTHER AGENCY INVOLVEMENT:

Board authorization is required for CCS to initiate collections litigation actions on behalf of the County. Therefore, the Office of the County Counsel concurs with this recommendation.

FINANCING:

There is no impact to the General Fund from this Board action. The costs and revenue associated with this Agreement are included in the Health Department's FY 2022-23 Adopted Budget (001-4000-8117-HEA005).

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Check the related Board of Supervisors Strategic Initiatives:

☐Economic Development:

- Through collaboration, strengthen economic development to ensure a diversified and healthy economy.

☐Administration:

- Promote an organization that practices efficient and effective resource management and is recognized for responsiveness, strong customer orientation, accountability and transparency.

☐Health & Human Services:

- Improve health and quality of life through County supported policies, programs, and services; promoting access to equitable opportunities for healthy choices and healthy environments in collaboration with communities.

☒Infrastructure:

- Plan and develop a sustainable, physical infrastructure that improves the quality of life for County residents and supports economic development results.

☐Public Safety:

- Create a safe environment for people to achieve their potential, leading businesses and communities to thrive and grow by reducing violent crimes as well as crimes in general.

Prepared by: Robin Kimball, MA II, 796-1297

Approved by:

Date: _____

Elsa Mendoza Jimenez, Director of Health, 755-4526

Attachments:

Amendment No. 5

Amendment No. 4

Amendment No. 3

Amendment No. 2
Amendment No. 1
Agreement