



**Contra  
Costa  
County**

To: Board of Supervisors  
From: Monica Nino, County Administrator  
Date: March 29, 2022

Subject: AMENDMENT TO MEMORANDUM OF UNDERSTANDING WITH SUPERIOR COURT  
GOVERNING THE ENHANCED COURT COLLECTIONS PROGRAM

### **RECOMMENDATION(S):**

APPROVE and AUTHORIZE the County Administrator, or designee, to execute an amended Memorandum of Understanding (MOU) with the Contra Costa County Superior Court to make technical adjustments to the County's Enhanced Court Collections Program.

### **FISCAL IMPACT:**

Under a qualifying Trial Court Funding Act enhanced collections program, costs may be deducted from collections of delinquent court-ordered fees, fines, forfeitures, penalties, and assessments before revenues are distributed to another government entity. However, AB 177 repealed, effective January 1, 2022, the County's authority to collect certain criminal justice administrative fees related to the collection of fines, restitution fines, and restitution orders, specifically \$30 accounts receivable fee and additional \$20 installment fees on payment plans. These fees are no longer available to offset the cost of the payment plan collections program.

The Court and County have agreed to continue referring non-delinquent accounts to the

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **03/29/2022** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

#### **VOTE OF SUPERVISORS**

AYE: John Gioia, District I Supervisor  
Candace Andersen, District II Supervisor  
Diane Burgis, District III Supervisor  
Karen Mitchoff, District IV Supervisor  
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: March 29, 2022

Monica Nino, County Administrator and Clerk of the Board of Supervisors

By: June McHuen, Deputy

Contact: JULIE ENEA (925)  
655-2056

cc:

Court's third-party collections agency, Linebarger, to set up, monitor and collect on payment plans. In exchange for this agreement, the Court will bill the County for only Linebarger's commission costs and will cease billing the County for the Court's direct and indirect costs for administering the collections program, historically valued at approximately \$150,000 annually. This agreement will partially mitigate the impact to the County of AB 177, which is anticipated to increase the County's cost of collections going forward. The value of the receivable and installment fees that were repealed by AB 177 has ranged from \$385,000 to \$550,000 annually.

**BACKGROUND:**

Since 1992, when the County established the Superior Court Collections Unit (CCU), the Superior Court has provided court collections services on behalf of the County. When the Superior Court was transferred to the State in 1997 under the Trial Court Funding Act, the CCU continued to provide court collection services on behalf of the County and the County has paid the Court annually for these services, as required by the Act.

## BACKGROUND: (CONT'D)

Penal Code section 1463.007 provides that counties which implement a comprehensive or “enhanced” collections program may recover their costs from the collection of delinquent court-ordered fees, fines, forfeitures, penalties, and assessments before revenues are distributed to another government entity. A comprehensive collection program must meet the following requirements:

- Be a separate and distinct revenue collection activity that identifies total collections received from qualifying accounts and their related operating costs;
- Identify qualifying accounts as accounts receivable, which must be distinguished from forthwith payments;
- Satisfy at least 10 of the 17 collection activity components identified in Penal Code section 1463.007; and
- File a report of its activities once each year with the Judicial Council.

The 17 potential collection activity components identified in the Penal Code are:

1. Monthly bill or account statements to all debtors.
2. Telephone contact with delinquent debtors to apprise them of their failure to meet payment obligations.
3. Issuance of warning letters to advise delinquent debtors of an outstanding obligation.
4. Requests for credit reports to assist in locating delinquent debtors.
5. Access to Employment Development Department employment and wage information.
6. The generation of monthly delinquent reports.
7. Participation in the Franchise Tax Board's Interagency Intercept Collections Program.
8. The use of Department of Motor Vehicle information to locate delinquent debtors.
9. The use of wage and bank account garnishments.
10. The imposition of liens on real property and proceeds from the sale of real

property held by a title company.

11. The filing of a claim or the filing of objections to the inclusion of outstanding fines and forfeitures in bankruptcy proceedings.

12. Coordination with the probation department to locate debtors who may be on formal or informal probation.

13. The initiation of drivers' license suspension actions where appropriate.

14. The capability to accept credit card payments.

15. Participation in the Franchise Tax Board's Court-Ordered Debt Collections Program.

16. Contracting with one or more private debt collectors.

17. The use of local, regional, state, or national skip tracing or locator resources or services to locate delinquent debtors.

A court or county that implements a comprehensive collection program must operate that program as a separate and distinct revenue collection activity. Penal Code section 1463.010 mandates that each superior court and county develop a cooperative plan to implement a collection program pursuant to Judicial Council guidelines. The Board of Supervisors approved the original collections MOU in November 2008. The original MOU was amended in 2011, and a new MOU was executed in 2017. The technical adjustments recommended today will limit the charges by the Court to the County to only third-party collection costs. These costs are expected to increase significantly due to the enactment of AB 177, which repealed many administrative fees that supported the collection function. The impact is described more fully, above, under Fiscal Impact.

#### CONSEQUENCE OF NEGATIVE ACTION:

If the County does not execute the amendment to the MOU, then the Court will be obligated to establish payment plan processing in-house at greater cost than by out-sourcing to Linebarger. The additional costs would be billed to and borne by the County, pursuant to the Trial Court Funding Act.

#### ATTACHMENTS

Amendment No. 1 to County/Court MOU on Enhanced Collection Services

County/Court MOU on Enhanced Collection Services

Court Agreement with Alliance One

Contract Amendment with Alliance One

Court Agreement with Franchise Tax Board