California Underground Facilities Safe Excavation Board
("Dig Safe Board")

April 15, 2019

Agenda Item No. 3 (Information Item) – Staff Report

Discussion on Fee Implementation

Presenter
Misty Catano, Administrative Analyst

Background
The Dig Safe Act of 2016 ("the Act") authorizes the Board to obtain funding for its operational expenses to carry out its mission from fees charged to members of California's two regional notification centers (Gov't Code §4216.16(b)). To implement the statute, the Board adopted a regulation to require the regional notification ("one-call") centers to collect the fee from their members (Section 4010, Title 19, California Code of Regulations). To comply with the regulation, the state's two one-call centers, USA North 811 and DigAlert, each developed an invoice for the fee. Beginning February 1, 2019 and March 1, 2019, respectively, DigAlert and USA North 811 began invoicing their members, which lead to multiple questions and some confusion.

Discussion
Feepayer Concerns
In the last two months, Dig Safe Board staff has received over 170 phone calls and emails from feepayers with questions regarding the fee. Below is a list of the common questions and concerns staff heard:

- Who is the Dig Safe Board?
- What is the fee for?
- How is the fee calculated?
- Do I still have to pay the regional notification centers if I am paying the Dig Safe Board?
- Can I pay my total fee due for the year all at once, or do I have to pay monthly?
- When were, notifications sent out warning us that this fee was going into effect?
- Who is USA North 811, we pay Underground Service Alert?
- I need a W-9.

Board staff created a Question and Answer (Q&A) document (see **Attachment 1**) to address the questions that are most frequently asked. Staff has been speaking to feepayers and directing them to the Dig Safe Board's website to see the Q&A, the 2019 Cost Report, and fee regulation text, which provide purpose, reference to authority, and written guidance on fee calculation and prediction.

Outreach

Both one-call centers, based on their experience and their difficulties in being provided up-to-date contact information, counseled staff that many members would be surprised by the fee regardless of the effort of outreach. The Board's outreach consisted of a May 22, 2018 webconference to introduce the fee to one-call center members and answer their questions, followed by notification in June of the fee rulemaking, as required by the state's Administrative Procedures Act. Of the approximately 2,100 members of USA North 811 and DigAlert, staff received approximately 400 bounce-backs. It is not clear, however, that out-of-date contact information was a contributing cause to the subsequent feepayer confusion, as approximately 35% of the 2,100 members do not receive at least 200 ticket transmissions a year—the threshold for whether one is assessed a fee (19 CCR § 4010(a)(1)).

Staff also reached out directly to the California Water Association (CWA), the Association of California Water Agencies (ACWA), the California Water and Environment Association, the California State Association of Counties (CSAC), and the League of California Cities (CLC), asking that they inform their members about the upcoming fee. Additionally, the following associations have representatives who receive emails noticing Board meetings and agendas: CWA, ACWA, CSAC, CLC, the California Cable and Telecommunications Association, the California Communications Association, the California Independent Telephone Companies, the Western States Petroleum Association, the California Association of Sanitation Agencies, and the California Municipal Utilities Association.

The one-call centers provided their own outreach. DigAlert, who bills members monthly, provided information on member invoices several months in advance of January 1, 2019 to notify them of the new fee and provided staff contact information. USA North 811, who invoices most of its members annually, provided its members a letter in November informing them of the center's 2019 budget and Board fees.

Invoices Provided

Regulation specifies the required information that must be reflected on the invoices issued from the regional notification centers to feepayers (19 CCR § 4010(a)(1)). The first round of invoices was not consistent with what is required per the regulation (see **Attachments 2 & 3**), lacking one of more of the following pieces of information: total number of locate request transmissions received by the member in the previous calendar year, the statewide total number of locate request transmissions in the previous calendar year, the Board's operational expenses for the current calendar year

Staff has found that a due date and information regarding a 5% late payment penalty—one or more of which being initially absent on the invoices—would be a beneficial addition in assuring that members understand what is considered to be timely payment and the consequences of untimely payment.

By updating the invoices to reflect this information the one-call centers could provide feepayers the ability to see how their fee was calculated and understand what is considered timely payment.

Billing Schedule

The one-call centers invoice their members on different schedules. DigAlert currently sends monthly invoices, while USA North 811 allows feepayers to choose their billing cycle: monthly, annually (calendar year), or annually (fiscal year, July-June). DigAlert sent its first Dig Safe

Board invoice February 1, 2019 to their members. USA North 811 sent the fee invoice for all its members March 1, creating confusion amongst feepayers normally billed on a fiscal year basis in July. The regulation was intended to make payment simple and straightforward to one-call center members, and had initially envisioned—but did not require—that the fee be assessed as a line item on one-call center members' existing invoices. The regulation's Initial Statement of Reasons states that:

"The regional notification centers will apply the fee on bills sent to their members. Using the existing billing system prevents confusing regional notification center members with sending two payments to two different sources. It allows members to pay using their accustomed payment method and billing cycle."

Staff and the one-call centers continue to work together to improve clarity and simplicity for feepayers.

Recommendation

Staff recommends the Board ask staff and one-call center representatives their opinions on the one-call centers doing the following:

- Provide members with contact information on or associated with invoices to answer technical billing questions (to whom to send the check, payment methods & frequencies, etc.), while still clarifying that Dig Safe Board staff will answer questions related to the nature of the fee, including its calculation, what the fee is for, and how one may predict one's fee in future years.
- Consider the extent to which they can standardize the invoice they use.
- Send the fee invoice created for the Dig Safe Board fee concurrent with their invoices for membership fees, one the same billing cycle, so that members see both at the same time.
- Place a due date on the invoice so that members understand what is considered timely payment and Board staff can use that date if it needs to try to collect payment from a member directly, including, if necessary, the 5% late payment penalty.

Attachments: Q & A created by Dig Safe Board Staff
DigAlert Initial Sample Invoice
DigAlert Corrected Sample Invoice
USA North 811 Sample Invoice
DigAlert Sample Credit Balance Invoice

Dig Safe Board Fee Regulation
Frequently Asked Questions

Q. **Who is the Dig Safe Board?**

A. We are a new regulatory and investigatory Board created to improve public and worker safety in California. We were created by the Dig Safe Act of 2016, following two deadly explosions in California's Central Valley in 2015. We are responsible for coordinating the state's education, developing safety standards, investigating dig-in accidents, enforcing violations of the Dig Safe Law, and making enforcement recommendations to the Contractors State License Board, the Public Utilities Commission, and the Office of the State Fire Marshal.

Q. **Why does it say Underground Facilities Safe Excavation Board and Dig Safe Board on my invoice? Are they different agencies?**

A. No. The Underground Facilities Safe Excavation Board is our official name, but we chose to create an informal title, "The Dig Safe Board", in an effort to ensure name recognition and maintain that recognition among our stakeholders and the public.

Q. **What is this fee for?**

A. It's a new state regulatory fee that will be used to fund the Dig Safe Board's daily operations. Government Code 4216.16 (b) authorizes the Board to levy this fee on the members of California's one call centers using the same method the one call centers use to fund their operations. Both USA North 811 and DigAlert charge members a fee based on the number of locate requests those members receive each year.

Q. **How is the fee calculated?**

A. The Dig Safe Board's fee is calculated based on the number of member locate request received, divided by the statewide total of locate requests and multiplied by the Board's operational expenses as depicted in the equation below:

$$Fee = \frac{member\ locate\ request\ transmissions\ (previous\ year)}{statewide\ locate\ request\ transmissions\ (previous\ year)}\ x\ Board\ operational\ expenses\ (current\ year)$$

Q. **Do I still have to pay the one call center if I am paying the Dig Safe Board?**

A. Yes. The Dig Safe Board fee is an additional fee one call center members will have to pay each year moving forward.

Q. **Can I pay my annual Dig Safe Board fee all at once, instead of making monthly payments?**

A. Yes.

Q. **Can I make out one check for the one call center for both my membership fee and the Dig Safe Board fee, or do I need to make two separate checks?**

A. Yes. Both USA North 811 and DigAlert will allow members to make out one check to cover Both the Dig Safe Board fee and USA North/DigAlert's membership fee.

Q. **Does the Dig Safe Board have a Form W-9 it can provide to allow me to add the Board as a vendor for payments?**

A. We do, but you do not need it to pay this fee. Instead you will use the Form W-9 information you have on file from DigAlert and/or USA North 811 to pay the Dig Safe Board fee. The one call centers are collecting the money on the Board's behalf.

Q. **When were notifications sent out warning me that this fee was going into effect?**

A. The Dig Safe Board began notifying one call center members about the fee in May of 2018 using the contact information you provided to the one call centers. If you never received the Board's notification you should call the one call centers and update your contact information using the phone numbers provided. USA North 811: 952-222-6501, DigAlert: 951-808-8100.

For more information about the Dig Safe Board's fee, please refer to the 2019 Cost Report.
If you have any further questions you may contact the Board at (916) 568-3800.

California Underground Facilities
Safe Excavation Board

916-568-3800

2/1/2019
Invoice # 18dsbfee404

Company Name
Address
City, State Zip
Attn:

Member Code

Description	Total Fees for 2018	Monthly
California State Fee for Regulatory Costs*	264,625.47	22,052.12

*Pursuant to Government Code Section 4216.16 and implementing regulations under Division 4 of Title 19 of the California Code of Regulations, each member of a regional notification center is required to pay a fee for regulatory costs to the California Underground Facilities Safe Excavation Board ("Dig Safe Board").

This is the 1st of 12 invoices for the Dig Safe Board fees based on your 2018 billable tickets (new, re-marks & updates).

If you have questions on this invoice, contact the Dig Safe Board at 916-568-3800

Monthly Total Due *$22,052.12*

Detach remittance and return with your check made payable to **Underground Service Alert of Southern California**

REMITTANCE

Member Code: Member Code
Invoice # 18dsbfee404
Date:
Amount Due: $22,052.12
Amount Enclosed:

Dig Safe Board
c/o Underground Service Alert/SC
PO Box 77070
Corona, CA 92877-0102

Dig Safe Board

916-568-3800

4/1/2019
Invoice # 18dsbfee1222

ACS (Vend 00246560)/Conduent
606 S Olive St Ste 2300
Los Angeles, CA 90014
Todd Redmo Burnett

ACS

Description	Billable Tickets **	2018 Total Fees	Monthly
California State Fee for Regulatory Costs* Dig Safe Board Operational Expenses - $7,000,000 Total 2018 Statewide Billable Tickets - 12,183,298	2,121	1,218.64	101.55

Monthly Total Due *$101.55*

** 2018 Total Billable Tickets: New, Re-Marks and Updates**

*Pursuant to Government Code Section 4216.16 and implementing regulations under Division 4 of Title 19 of the California Code of Regulations, each member of a regional notification center is required to pay a fee for regulatory costs to the California Underground Facilities Safe Excavation Board ("Dig Safe Board").

Frequently Asked Questions about the Dig Safe Board Fee Regulations can be found at https://digsafe.fire.ca.gov/media/1947/dig-safe-board-fee-faqs.pdf

Detach remittance and return with your check made payable to **Underground Service Alert of Southern California**

REMITTANCE

Member Code: ACS
Invoice # 18dsbfee1222
Date:
Amount Due: $101.55
Amount Enclosed:

Dig Safe Board
c/o Underground Service Alert/SC
PO Box 77070
Corona, CA 92877-0102

Invoice

State of California
California Underground Facilities Safe Excavation Board
(DIG SAFE BOARD)

C/O USA North 811
4005 port Chicago Hwy, Ste 100
Concord, CA 94520-1122

Date	Invoice #
2/13/2019	1234562019DIG

Bill To

Utility Company
ATTN: JOHN ADAMS
Northern California

Account Number
123467890

Terms
NET 30

Description	No. of Tickets	Amount
California State Fee for Regulatory Costs*	1,562	897.46

*Pursuant to Government Code Section 4216.16 and implementing regulations under Division 4 of Title 19 of the California Code of Regulations. Each member of a regional notification center is required to pay a fee for regulatory costs to the California Underground Facilities Safe Excavation Board ("Dig Safe Board").

Total $897.46

Please make your check payable to:

USA North 811
for the
Benefit of Dig Safe Board

Remit to:
Dig Safe Board
C/O USA North 811
4005 Port Chicago Hwy, Ste 100
Concord, CA 94520-1122

Dig Safe Board Credit Statement

Date
4/1/2019

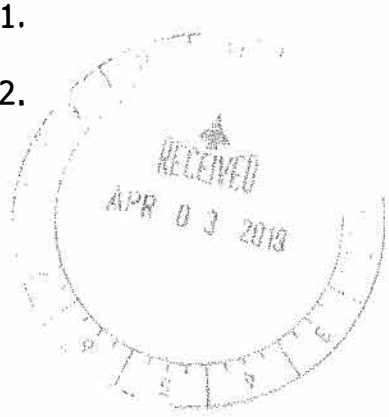
Thank you for your payment of the 2018 Dig Safe Board regulatory fee.

For questions about this statement, contact DigAlert at 951-808-8112.

Utility Company
Southern California

Credit Balance
-$122.37

Date	Transaction	Amount	Balance
02/28/2019	Balance forward		13.60
03/01/2019	INV #18dsbfee1.	13.60	27.20
03/09/2019	PMT #12345.	-163.17	-135.97
04/01/2019	INV #18dsbfee2.	13.60	-122.37



Credit Balance
Do Not Remit

Current	1 - 45 Days	46 - 90 Days	91 - 135 Days	Over 135 Days	Credit Balance
-122.37	0.00	0.00	0.00	0.00	-$122.37