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

June 8-9, 2020

Agenda Item No. 4 (Information Item) – Staff Report

Update on Fee Implementation and Collection

PRESENTER

Tom Finn, Operations Manager

SUMMARY

In April 2020 Board Staff in concert with CAL FIRE's Departmental Accounting Office began mailing delinquent notices including late fees to those members of the regional notification centers ("one-call centers") USA North 811 and DigAlert who had past-due balances for Dig Safe Board fees. Following these notices, Board staff was contacted by approximately 150 members who had questions about the fee, many of which raised concerns about the billing process. In subsequent conversations with the one-call centers regarding the fee process, additional questions regarding the process of issuing the fees raise concerns that some members may have never received their initial bills and other members may have been issued late notices even though they had paid all their invoices. Board staff has reviewed the fee process and begun refunding late fees as the intent of the late fees was not to penalize those who never received an invoice. The questions raised and information gleaned as a result of this process has led Board staff to review the fee collection process for further consideration by the Board for discussion and potential action.

STRATEGIC PLAN

2020 Strategic Objective: Continue Building a Foundation for Board Operations
Strategic Activity: Review of the Board's Fee Regulation

BACKGROUND

The Dig Safe Act of 2016 (SB 661, Chapter 809, Statutes of 2016) created the Board and authorized it to obtain funding for its operational expenses from fees charged to members of California's two regional notification centers (Gov't Code § 4216.16(b)). It required payments to be apportioned "…in a manner consistent with formulas used by the regional notification centers."

Fee Regulation

To implement this statute, the Board approved on August 20, 2018 a regulation to require the one-call centers to assess the fee through their standard invoicing processes and collect it on the Board's behalf (19 CCR § 4010). At the time the fee regulation was drafted, USA North 811 and DigAlert billed for different types of tickets; USA North 811 billed for new, extension, and remark tickets, while DigAlert billed only for new tickets. Needing to ensure consistency in billing between North and South, the Board chose to bill all one-call center members according to the USA North billable tickets and USA North's cost apportionment model.

The regulation identified the one-call centers as billing entities, as the members were already accustomed to receiving invoices from and paying these entities. Having the one-call centers handle billing of the Board's fee was done to prevent the confusion of one-call center members receiving two separate invoices requiring different payment procedures that would exist if the Board had elected to issue its own invoices. Both one-call centers issued invoices on different periods. DigAlert issues monthly invoices, while USA North 811 issues invoices on either a monthly, annual (Jan-Dec), or annual (Jul-Jun) schedule, depending on its members' preferences. Having one-call centers include Board fees on existing invoices using existing schedules was intended to reduce confusion and work on the part of one-call center members.

Allowing the one-call centers to perform the Board's billing function also prevented one-call center members from having to pay for two billing functions, as the one-call center members indicated that their costs would be minimal. The practice of regulated entities billing their customers to collect a regulator's fees is consistent with common practice, and entities such as the California Public Utilities Commission and the Federal Communications Commission recover their operational expenses through the use of surcharges on the bills service providers issue their customers.

While the regulation required DigAlert and USA North 811 to manage the billing for the Board's fee, responsibility for collecting unremitted fees and the regulatory late fee remained with the Board.

The regulation went into effect on January 1, 2019, and the one-call centers began issuing invoices soon thereafter.

Early Implementation

On April 15, 2019, the Board discussed the more than 170 questions that staff had fielded from one-call center members after the first invoices had been issued. These questions included:

- 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.

In response to these questions, staff had developed a webpage that included a list of Frequently Asked Questions, the 2019 Cost Report, and the fee regulation text to assist one-call center members with questions. The staff report also noted that email delivery of notices may be a challenge, as approximately 400 of the 2,100 messages to email contacts provided by the one-call centers "bounced back" following notification of the fee regulation formal public comment period.

This Staff Report[1] included a list of recommendations, including that one-call centers consider sending the invoices for the Dig Safe Board fee concurrent with their invoices for membership fees, on the same billing cycles, so that members see both at the same time.

DISCUSSION

Fee Outstanding Balance

In April 2019, October 2019, and April 2020, pursuant to regulation[2], the one-call centers transferred the funds they had received on the Board's behalf to the Board.

A breakdown of the fees collected and remaining to be collected for Fee Year 2019 are included in Table 1 below and broken down by month in Figure 1 and by total in Figure 2 on the next page.

The amounts presented in Table 1, Figure 1, and Figure 2 are current as of 5/1/2020. Subsequent payments received by USA North 811, Dig Alert, and CAL FIRE's Departmental Accounting Office are not included in these amounts.

Time Period	One-Call Center		Subtotal	% of total due
	USA North 811	DigAlert		
2019 – April	$ 1,585,630.54	$ 562,821.17	**$ 2,148,451.71**	**30.7%**
2019 – Oct	957,086.14	1,422,716.43	**2,379,802.57**	**34.0%**
2020 - April	37,812.58	1,066,643.68	**1,104,456.26**	**15.8%**
Subtotal	**$ 2,580,529.26**	**$ 3,052,181.28**	**$ 5,632,710.54**	**80.5%**
Remaining	**$ 1,239,573.84**	**$ 127,715.77**	**$ 1,367,289.61**	**19.5%**

Table 1: Breakdown of Fees Collected and Remaining to Be Collected from USA North 811 and DigAlert for Fee Year 2019

[1] April 15, 2019, Agenda Item No. 3, *Discussion on Fee Implementation,* https://digsafe.fire.ca.gov/media/2052/item-3-fee-implementation.pdf
[2] 19 CCR § 4010(b)(2), https://osfm.fire.ca.gov/media/4202/_text-et-digfees_endorsed.pdf

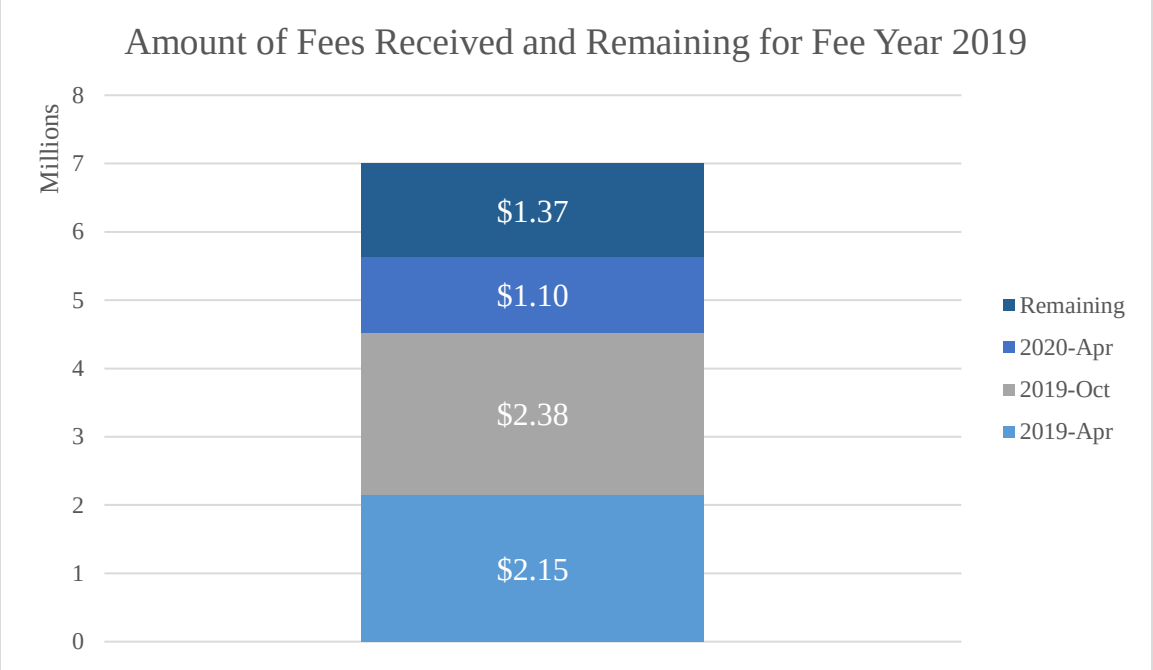


Figure 1: Graph Illustrates Fees Received for Fee Year 2019 from DigAlert and USA North 811 in April 2019 (Blue), October 2019 (Gray), April 2020 (Light Blue) and the fees remaining (Dark Blue) to be collected

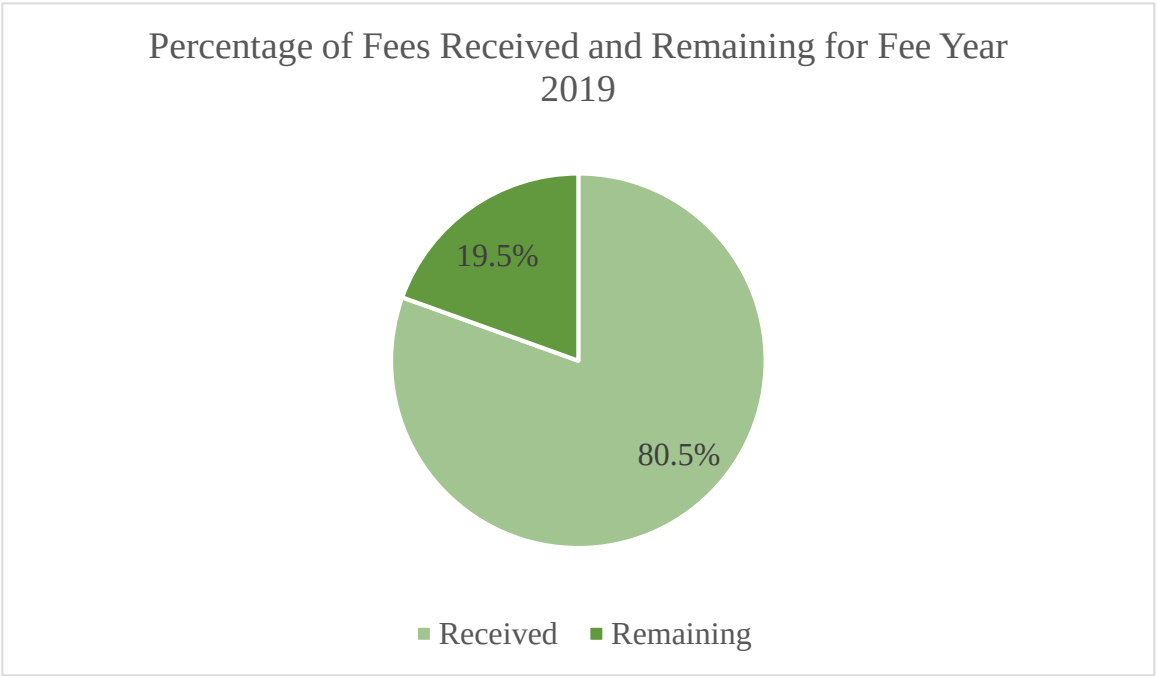


Figure 2: Graph Illustrates Percentage of Fees Received (light green) and Remaining (dark green) for Fee Year 2019

In April 2020 Board staff along with CAL FIRE's Departmental Accounting Office began mailing delinquent notices including late fees as stated in regulation[3] to one-call center members with unpaid balances. CAL FIRE's Departmental Accounting Office as well as the one-call centers have since reported receiving payments, some that included the late fee, and some that did not.

Feepayer Concerns

Since the first delinquent notices were mailed to members in mid-April 2020, Board staff has received approximately 150 calls and emails from members seeking clarification on the fee. Staff has responded to the majority of these contacts by telephone to answer one-call center member questions, understand their concerns, and trace the causes they have identified. Common questions and concerns Board staff heard include:

- Who is the Dig Safe Board?
- What is the fee for?
- We already pay USA North 811/DigAlert.
- We already paid the invoice listed as being late.
- We never received the original invoice.
- Why are we being charged a late fee?
- The contact person/e-mail/address listed on the invoice is incorrect, how do I update it?
- Why did I get a late notice from the Department of Forestry and Fire Protection if I owe the money to the Dig Safe Board?
- This invoice looks fraudulent, is it real?
- Which address do I mail the payment to, the delinquent notice lists two?
- Will you waive the late fee?

DigAlert invoices the Board's fee monthly and, as such, its members appear to have a better understanding of what it is for and that it is required. All but a few of the USA North 811 members are on annual (Jan-Dec) and annual (Jul-Jun) billing cycles, and discussions with them tended to focus around confusion related to what the fee was for, how/why it is separate from the fee they already pay to USA North 811, and that the delinquent notice was the first they had heard they owed a fee to the Board.

Board staff discussed these questions and concerns with the one-call centers to better understand their billing processes and develop solutions. Some of the issues identified applied to both call centers, while others were particular to each center's process.

Billing and Payment Process

Billing Practices

Both USA North and DigAlert invoice Dig Safe Board fees separately from their own membership fees. DigAlert's invoices for the Dig Safe Board fee is mailed out in the same envelope as the invoice for the DigAlert membership fee. USA North 811's Dig Safe Board fee invoices are sent by e-mail to the billing email address on-file, one month after USA North 811 issues the invoices for its membership fees.

The invoices issued by the one-call centers for the Dig Safe Board fee include the Dig Safe

[3] 19 CCR § 4010(c), https://osfm.fire.ca.gov/media/4202/_text-et-digfees_endorsed.pdf

Board's full legal name but do not include a logo or other letterhead, as Board staff directed the one-call centers not to use the Board's logo because of legal concerns.[4] The invoices requested payment be issued directly to the one-call center on the Board's behalf. DigAlert and USA North each created their own versions of a Dig Safe Board invoice.

Delinquent Payment Information

When each one-call center provides the Board the fee revenues in April and October, they also provide information on members who have not paid fees per their invoices. Both one-call centers also provide this information on request.

Delinquent Notices and Late Fees Issued by the Board

Based on the information provided by the one-call centers with their April 2020 fee revenue submittals, Board staff began coordinating with the State Fire Marshal Admin Unit and CAL FIRE Departmental Accounting Office to begin assessing and issuing late fees for outstanding unpaid invoices. These were first issued as "First Delinquent Notices and Late Fee Invoice(s)" beginning in mid-April 2020. These notices were the first mailed correspondence some members had received regarding the Dig Safe Board fee. The Delinquent notices were issued on CAL FIRE letterhead, assessed a late fee of 5% of the outstanding unpaid invoice amount, requested payment be remitted to "The Dig Safe Board Program" at a separate PO Box from that listed on the previous invoices issued by the one-call centers, and in some cases included the original invoice issued by the one-call center as reference. These delinquent notices requested payment be made within 30 days.

In some cases, members were mailed "Second Delinquent Notice and Late Fee Invoice(s)" by CAL FIRE's Departmental Accounting Office. Some of these second notices were mailed before 30 days had passed since the "First Delinquent Notice and Late Fee Invoice" was issued.

Information for who to contact with questions regarding these delinquent notices was provided for CAL FIRE's Departmental Accounting Office, who forwarded messages received to Board staff. As delinquency notices coincided with the onset of COVID-19 related telework, the accounting office's voicemail was often full and some one-call center members attempted contacting several entities before they successfully reached a staff member able to answer their questions.

Problems Identified

Look of Invoices

As the original invoices from the one-call centers did not use the Dig Safe Board logo, appeared simple, and had a remit-to address of the one-call center yet purported to be from the government, many one-call center members believed the invoice was fraudulent. Similarly, one-call center members expressed confusion to Board staff as to what CAL FIRE had to do with the Dig Safe Board or their one-call center as well as to why they received a letter and not an invoice.

Payment Application to Earlier Invoices

[4] Business and Professions Code § 17533.6, https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=17533.6&lawCode=BPC

Some DigAlert members missed one or more monthly payments. Pursuant to a discussion with Board staff, DigAlert applied payment of subsequent invoices earlier periods as to recognize a member's continuing efforts to pay its bill. This practice, however, created communication difficulties when the Board attempted to collect past-due balances. DigAlert invoices for Dig Safe Board fees do not include a balance forward or past due amount. DigAlert explained that they do not notify or follow-up with the member regarding unpaid invoices or when applying a payment specified by a member for a specific invoice, to a different invoice. Some members missed one or two invoices of the twelve that make up the full yearly fee and were confused when receiving the delinquent notice from the Board because the invoice that was listed as late was one that they believed they had paid. Several members explained the problems this causes in their internal accounting and payment systems as the invoices past due are flagged as being duplicates for which payments have already been issued.

Unverified Delivery of Invoices

Several USA North 811 members notified Board staff during calls and e-mails that the individual listed as their billing contact is no longer employed with that organization, and emailed invoices were likely never received by their organization. As all but a few invoices issued by USA North 811 were only e-mailed and not delivered any other way, Board staff could not verify that invoices had been delivered. Some members expressed confusion at how to update their contact information. Many members explained that the mailed delinquent notice was the first notification they received that there were unpaid, outstanding invoices.

Additional factors could be the cause of USA North 811 members believing they had already paid all their outstanding amounts. The invoice numbers for Dig Safe Board fees as well as those for USA North 811's own membership fees are also very similar, with the former being the same as the latter with the addition of the suffix -DIG. The billable ticket types for USA North and the Dig Safe Board for the Calendar Year 2019 fee assessment were also the same. Together the similar invoice numbers, the fact that the Calendar Year 2019 fee ticket totals were the same for USA North 811 and the Dig Safe Board, and that the Dig Safe Board fee was to be paid directly to USA North 811 help to explain some of the confusion members have around believing they had already paid the invoice for Dig Safe Board fees.

Late Fee Rescinded

During previous discussions regarding the late fee process Board members clearly outlined the circumstances under which they believed late fees should apply. Members made clear that the process should be applied fairly and consistently. As staff could not verify that invoices were delivered to all one-call center members, Board staff began working in mid-May 2020 with CAL FIRE's Departmental Accounting Office and the one-call centers to refund the late fees received.

Proposed Solutions

Improving the fee process will require a centralization of processes and of information. The following three structural problems must be addressed in a long-term solution:

1) Too much manual passing of information. As spreadsheets are passed from one entity to another, misunderstandings about the meaning of their contents is inevitable.
2) Distributed messaging to one-call center members about fees. Messaging about the fee should be consistent. It doesn't help one-call center members for the Board to have developed an FAQ and a Cost Report if the primary form of messaging continues to be through invoices as well as DigAlert, USA North, Board staff, and the CAL FIRE Departmental Accounting Office simultaneously fielding calls without a common message compounds confusion. A visible symptom of this problem is that to many one-call center members the invoices looked fraudulent.
3) No centralized repository of fee payment information. A one-call center member with a question about his or her bill should be able to have a single point of contact with access to all the information about the bill, including invoices paid and balance information. This contact should not have to reach out to another party for this information. Similarly, invoices should be produced with all relevant information in them to minimize confusion.

The Board could consider amending the fee regulation to have the Board issue its own invoices and handle its own fee collection. This option would centralize all billing information within a single entity that would be best able to address members' questions. This centralization may have other benefits, such as a direct line to one-call center members to provide educational material and outreach regarding workshops and upcoming regulations.

Board staff has met with the CAL FIRE Departmental Accounting Office and are ready to proceed with implementing this option if directed to by the Board.

Forthcoming Revenue Requirement Increase

The Board's initial fee regulation, approved in 2018, set the Board's revenue requirement at $7.0 million for years 2019, 2020, and 2021 to pay operational expenses, repay its startup loan (and the associated interest), and build a reasonable reserve. For subsequent years, the regulation provided that the revenue requirement would be reduced to $3.8 million, as that was only slightly higher than the Board's projected authorized revenue requirement ($3.563 million) as it had been approved by the Legislature in the 2017-18 Budget.[5]

Subsequent to the Board's approval of the fee regulation, the Legislature has approved cost of living increases and authorized more expenditures by the Board for implementation of AB 1914 (Chapter 708, Statutes of 2018) and the Department of Finance has proposed additional resources to implement AB 1166 (Chapter 453, Statutes of 2019). Furthermore, increased costs of the Board's share of common state resources for CalHR, the Department of General Services, the Department of Technology, and others have led these "Pro Rata"[6]

[5] Budget Change Proposal 3540-240-BCP-2017-GB, https://esd.dof.ca.gov/Documents/bcp/1718/FY1718_ORG3540_BCP1248.pdf

[6] State Administrative Manual, Section 8753 and 8754, https://www.dgsapps.dgs.ca.gov/dgs/sam/DocumentsDetail/DetailByChapter/8700,

costs to be $360,000 for the 2020-21 Budget year. In all, Board and Pro Rata costs are projected at $4.8 million for the 2020-21 Budget year.[7] The Board will need to raise the revenue requirement for 2022 and onward through regulation to account for these increased costs.

Staff hopes this summer to present Board members with draft regulations to update the Board's revenue requirement. The Board may consider making process changes as described above concurrently. Re-opening the fee regulation would also allow the Board to address additional quirks related to fee regulation including aligning the revenue timelines with the state's fiscal year budget timeframes.

Proposed Interim Improvements

As a new regulation would not be in place until January 2022, temporary measures are needed to improve the fee process in the interim. These measures center around improving communication between members, one-call centers, and Board staff.

Proposed improvements on behalf of the one-call centers include:

- Mailing all invoices to members
- Including the Dig Safe Board fee as a line item on their membership invoices
- Including the balance forward amount on subsequent invoices it issues
- Issuing invoices for Dig Safe Board fees at same time they invoice for their own membership fees
- Improving information sharing and data with Board staff, including sharing copies of invoices as they are issued, and not only when they are late
- Including a link about who to contact to update billing or other contact information on the member sections of their websites

Proposed interim improvements on behalf of Board staff include:

- Creating a dedicated section on the Board's website for information about the fee
- Sending members billing reminders before assessing late fees
- Setting-up a dedicated e-mail inbox for fee/invoice questions
- Working with CAL FIRE's Departmental Accounting Office to improve the information contained on the Delinquent Notices with clarification about who the Board is, its authority to assess a fee, and how it is a part of CAL FIRE
- Reaching out to members whose ticket totals make it subject to the fee for the first time to explain the fee invoice they will be receiving in advance of them receiving the first invoices

CONCLUSION

Having the one-call centers bill their members on behalf of the Board was intended to allow for a streamlined process whereby members would have the Board's fee assessed and collected by a group with which they were already familiar with and making payments to as opposed to the Board issuing its own invoices to collect Board fees. As implemented the billing process has involved too many separate entities involved in conflicting and overlapping roles such that it is easy to understand the confusion members have expressed

[7] "Fund Condition Statements, Department of Forestry and Fire Protection," 2020-21 Governor's Budget, http://www.ebudget.ca.gov/2020-21/pdf/GovernorsBudget/3000/3540FCS.pdf, pdf p. 3.

to Board staff.

While some of the members Board staff have communicated with have been understandably upset about not knowing about the fee until receiving a delinquent notice and late fee, this situation presented an opportunity for staff to communicate directly with members and thus better understand how the members themselves operate such that it can learn to better serve them in the future. Further cooperation with one-call center members will be crucial in successfully implementing upcoming policy initiatives involving electronic positive response and updated contact information.

RECOMMENDATION

Direct staff to prepare draft regulation language to provide for the Board to issue and collect its own fee invoices. Direct staff to present this language concurrent with forthcoming regulations to readjust the 2022 and ongoing revenue requirement.

ATTACHMENTS:

A: Invoice issued by DigAlert for Dig Safe Board fee
B: Balance Statement prepared by DigAlert
C: Invoice issued by USA North 811 for Dig Safe Board fee
D: Invoice issued by USA North 811 for its own membership fee
E: First Delinquent Notice sent by CAL FIRE Departmental Accounting Office
F: Second Delinquent Notice sent by CAL FIRE Departmental Accounting Office
G: Staff Report: “Discussion of Fee Implementation,” April 15, 2019

Dig Safe Board

916-568-3800

1/1/2020
Invoice # 18dsbfe9876

City of ABC
123 First Ave
Anywhere, CA 90123
Accounts Payable

ABC01

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	986	566.51	47.21

Monthly Total Due *$47.21*

** Total 2018 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: ABC01
Invoice # 18dsbfe9876
Date Due: **2/15/2020**
Amount Due: $47.21
Amount Enclosed:

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

Dig Safe Board Statement

Date
3/31/2020

City of ABC
123 First Ave
Anywhere, CA 90123
Accounts Payable

ABC01

Amount Due
$140.72

Date	Transaction	Amount	Balance
01/31/2019	Balance forward		0.00
02/01/2019	INV #18dsbfee0676.	47.21	47.21
03/01/2019	INV #18dsbfee0776.	47.21	94.42
03/09/2019	PMT #1.	-47.21	47.21
04/01/2019	INV #18dsbfee0876.	47.21	94.42
04/04/2019	PMT #2.	-47.21	47.21
05/01/2019	INV #18dsbfee1876.	47.21	94.42
06/01/2019	INV #18dsbfee2876.	47.21	141.63
07/01/2019	INV #18dsbfee3876.	47.21	188.84
08/01/2019	INV #18dsbfee4876.	47.21	236.05
08/09/2019	PMT #3.	-47.21	188.84
09/01/2019	INV #18dsbfe5876.	47.21	236.05
09/06/2019	PMT #4.	-94.42	141.63
10/01/2019	INV #18dsbfe6876.	47.21	188.84
10/01/2019	PMT #5.	-47.21	141.63
11/01/2019	INV #18dsbfe7876.	47.21	188.84
11/07/2019	PMT #6.	-47.21	141.63
12/01/2019	INV #18dsbfe8876.	47.21	188.84
12/19/2019	PMT #7.	-47.21	141.63
01/01/2020	INV #18dsbfe9876.	47.21	188.84
01/24/2020	PMT #8.	-47.21	141.63
02/01/2020	INV #dsb20190034.	46.30	187.93
02/25/2020	PMT #9	-47.21	140.72
03/01/2020	INV #dsb20190668.	46.30	187.02
03/10/2020	PMT #10.	-46.30	140.72

Current	1 - 45 Days Past Due	46 - 90 Days Past Due	91 - 135 Days Past Due	Over 135 Days Past Due	Amount Due
0.00	46.30	0.00	47.21	47.21	$140.72

Invoice

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

Bill To

City XYZ
ATTN: Accounts Payable
987 Last Ave
Anywhere, CA 98765

Date	Invoice #
2/13/2019	9876542019DIG

P.O. No.

Customer Number
987654

There will be a 5% late fee for payments not received within 30 days.

Terms
NET 30

Description	No. of Tickets	Amount
California State Fee for Regulatory Costs*	225	129.28

*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 $129.28

Please make your check payable to:
Underground Service Alert of Northern CA & NV for the benefit of the Dig Safe Board
Remit to:
PO Box 5040
San Jose, CA 95150

Dig Safe Board annual budget = $7,000,000
CA tickets for 2018 = 12,183,298

USA NORTH 811
Call 811 Before You Dig

Underground Service Alert of
Northern California & Nevada
4005 Port Chicago Hwy,
Ste. 100 Concord, CA
94520-1122

INVOICE

DATE	INVOICE #
1/31/2019	9876542019

BILL TO

City XYZ
ATTN: ACCOUNTS PAYABLE
987 Last Ave
Anywhere, CA 98765

Customer Number
987654

Service Period
ANNUAL

P.O. NO.

Members are only billed for Unique "NEW" tickets. Please see email for more detailed information.

TERMS
Net 30 days

TICKET TYPES	DESCRIPTION	QTY	AMOUNT
NEW	BRIWTR	225	0.00
TICKET	Total unique billable tickets	225	0.00
CALIF	2020 Membership fee $150 plus NEW unique 2019 billable ticket fee	1	350.85

NEW REMITTANCE ADDRESS:

Underground Service Alert of
Northern California and Nevada
PO Box 5040
San Jose, CA 95150

Total	$350.85
Payments/Credits	$0.00
Balance Due	**$350.85**

DEPARTMENT OF FORESTRY AND FIRE PROTECTION
P.O. Box 944246
SACRAMENTO, CA 94244-2460
(916) 653-7772
Website: www.fire.ca.gov

April 17, 2020

City of ABC
123 First Ave
Anywhere, CA 90123
Accounts Payable

FIRST DELINQUENT NOTICE AND LATE FEE INVOICE

This letter is to request payment of the balance due on your account. Per our records, your account is past due. We require you to resolve this matter immediately. "*Pursuant to Government Code Section 4216.16 and implementing regulations under Division 4 of Title 19 of the California Code of Regulations, if a member fails to pay the fee for regulatory costs to the Dig Safe Board by the due date in their billing statement, the Board shall issue an invoice to seek and obtain the fee directly from the member and charge the member a late fee of 5% of the amount of the fee in addition to the fee due in the billing statement."

BILLING FOR:	INVOICE ID #:	DATE OF INVOICE:	AMOUNT BILLED:
Fee for regulatory costs	**18dsbfe9876**	**1/1/20**	**$ 47.21**
Late Fee Invoice (5%)	**18dsbfe9876-LF**	**4/17/2020**	**$ 2.36**

TOTAL: $49.57
PAYMENT RECEIVED: $0.00
PAST DUE BALANCE: $49.57

"The Department of Forestry and Fire Protection serves and safeguards the people and protects the property and resources of California."

Please remit the payment immediately.

If you have questions about this notice and the late payment fees, please contact Cal-Fire's Departmental Accounting Office (DAO) at (916)894-9705.

Please note: If your records indicate payment has been made and mailed within the last 10 (ten) days, please allow for processing the payment.

To avoid further actions, these invoices must be paid within 30 days of the notice.

Contains confidential information and unauthorized use or disclosure is prohibited by State law.

Please detach and return this portion with your payment.

Please reference the Invoice ID(s) # with your payment. 18dsbfe9876, 18dsbfe9876-late fee

Amount Past Due: $49.57
Amount Paid: _____

Remit to:

The Dig Safe Board Program
P.O. Box 997446
ATTN: Accounts Receivable – Cashier
Sacramento, CA 95899-7466

Member # ABC01

City of ABC
123 First Ave
Anywhere, CA 90123
Accounts Payable

DEPARTMENT OF FORESTRY AND FIRE PROTECTION
P.O. Box 944246
SACRAMENTO, CA 94244-2460
(916) 653-7772
Website: www.fire.ca.gov

May 12, 2020

City of ABC
123 First Ave
Anywhere, CA 90123
Accounts Payable

SECOND DELINQUENT NOTICE AND LATE FEE INVOICE

This letter is to request payment of the balance due on your account. Per our records, your account is past due. We require you to resolve this matter immediately. "*Pursuant to Government Code Section 4216.16 and implementing regulations under Division 4 of Title 19 of the California Code of Regulations, if a member fails to pay the fee for regulatory costs to the Dig Safe Board by the due date in their billing statement, the Board shall issue an invoice to seek and obtain the fee directly from the member and charge the member a late fee of 5% of the amount of the fee in addition to the fee due in the billing statement."

Billing For:	Invoice ID#:	Date of invoice	Amount Billed
Fee for Regulatory costs	18dsbfe9876	1/1/2020	$ 47.21
Late fee Invoice (5%)	18dsbfe9876-LF	4/17/2020	$ 2.36
		TOTAL:	**$ 49.57**

TOTAL: $49.57
PAYMENT RECEIVED: $0.00
PAST DUE BALANCE: $49.57

"The Department of Forestry and Fire Protection serves and safeguards the people and protects the property and resources of California."

Please remit the payment immediately.

If you have questions about this notice and the late payment fees, please contact Cal-Fire's Departmental Accounting Office (DAO) at **CALFIREmxbdaoAR@fire.ca.gov.**

Please note: If your records indicate payment has been made and mailed within the last 10 (ten) days, please allow for processing the payment. Please note that your payments are applied to the latest balance or total amount due on your account and may not be applied solely against the invoice number indicated in this notice.

To avoid further actions, these invoices must be paid within 30 days of the notice.

Contains confidential information and unauthorized use or disclosure is prohibited by State law.

Please detach and return this portion with your payment.

Please reference the Invoice ID(s) # with your payment. 18dsbfe9876, 18dsbfe9876-late fee

Amount Past Due: $49.57
Amount Paid: _____

Remit to:

The Dig Safe Board Program
P.O. Box 997446
ATTN: Accounts Receivable – Cashier
Sacramento, CA
95899-7466

Member # ABC01

City of ABC
123 First Ave
Anywhere, CA 90123
Accounts Payable

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

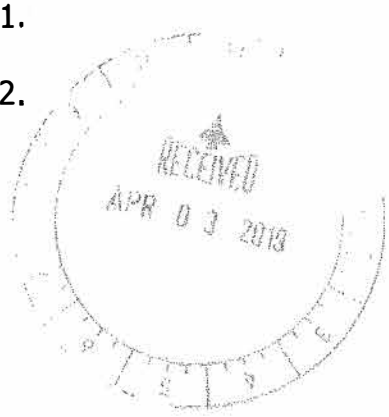
Thank you for your payment of the 2018 Dig Safe Board regulatory fee.

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