



Public Hearing Item 5: Costs and Methods for Alternative User Fee Collection

June 27, 2012, Continued Meeting
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Fee Collection Methods

- Options Identified
 - Assessor's Roll
 - Direct Mail
 - Third Party Billing
 - In-House Billing

Assessor's Roll

- Costs \$11,550/year
- Advantages
 - Secure Method
 - 100% Collection Rate
 - No Separate A/R Module
 - No Need to Hire Staff
 - Most Cost-Effective Method
- Disadvantages
 - Cash Flow – Twice per Year

Direct Mail (Third Party)

- Costs \$69,900/year (semi-annual billing)
- Advantages
 - Frequency Option (Bi-Monthly, Semi Annual)
 - Cash Flow (Sooner Based on Option)
 - No Equipment Costs
 - No Stationery/Printing Costs

Direct Mail (Third Party)

- Disadvantages
 - Not Very Secure
 - 60-70% Collection Rate
 - Lien for Uncollectables
 - Separate A/R Module
 - Expensive than Assessor's Roll
 - May Need to Hire Additional Staff

Direct Mail (In-House)

- Costs \$178,600/year (semi-annual billing)
- Advantages
 - Frequency Option (Bi-Monthly, Semi Annual)
 - Cash Flow (Sooner Based on Option)

Direct Mail (In-House)

- Disadvantages
 - Not Very Secure
 - 60-70% Collection Rate
 - Lien for uncollectables
 - Separate A/R Module
 - Most Expensive Method
 - Hire Additional Staff (Fixed Costs)
 - Equipment/Printing Costs

Assessor's Roll Costs



Processing Fee	\$ 9,250
Postage Fee	N/A
Data Preparation	1,650
Receipts/Deposit	N/A
Staff Time - Accounting	250
Staff Time – Cust. Service	400
Equipment Lease	N/A
Stationery	N/A
Printing	<u>N/A</u>
Total	\$ 11,550

Direct Mail (Third Party) Costs

	<u>Bi-Monthly</u>	<u>Semi-Annual</u>
Processing Fee	\$ 33,090	\$ 12,760
Postage Fee	109,620	36,540
Data Preparation	3,720	1,650
Receipts/Deposit	44,400	14,800
Staff Time - Accounting	3,840	1,280
Staff Time – Cust. Svc.	12,960	2,880
Equipment Lease	N/A	N/A
Stationery	N/A	N/A
Printing	<u>N/A</u>	<u>N/A</u>
Total	\$ 207,630	\$ 69,910

Direct Mail (In-House) Costs

	<u>Bi-Monthly</u>	<u>Semi-Annual</u>
Processing Fee*	\$ 99,840	\$ 99,840
Postage Fee	109,620	36,540
Data Preparation	3,708	1,648
Receipts/Deposit	44,370	14,790
Staff Time - Accounting	3,840	1,280
Staff Time – Cust. Svc.	N/A	N/A
Equipment Lease*	12,000	12,000
Stationery	31,320	10,440
Printing	<u>6,264</u>	<u>2,088</u>
Total	\$ 310,962	\$ 178,626

Collection Costs Summary

	<u>Assessor's Office</u>	<u>Direct-Mail Third Party</u>	<u>Direct-Mail In-House</u>
Bi-Monthly	N/A	\$207,600	\$310,900
Semi-Annual	\$11,500	\$69,900	\$178,600
Collection Rate	100%	60-70%	60-70%

Summary

- Action Required - Approve billing method for Annual Water Use Fee

For More Information

- Staff reports and presentation materials can be found on the District's website at:

www.mpwmd.net

- PowerPoint presentations will be posted on the website the day after the meeting.