

Department of Toxic Substances Control Fiscal Overview

November 16, 2016

Andrew Collada, Deputy Director
Office of Administrative Services



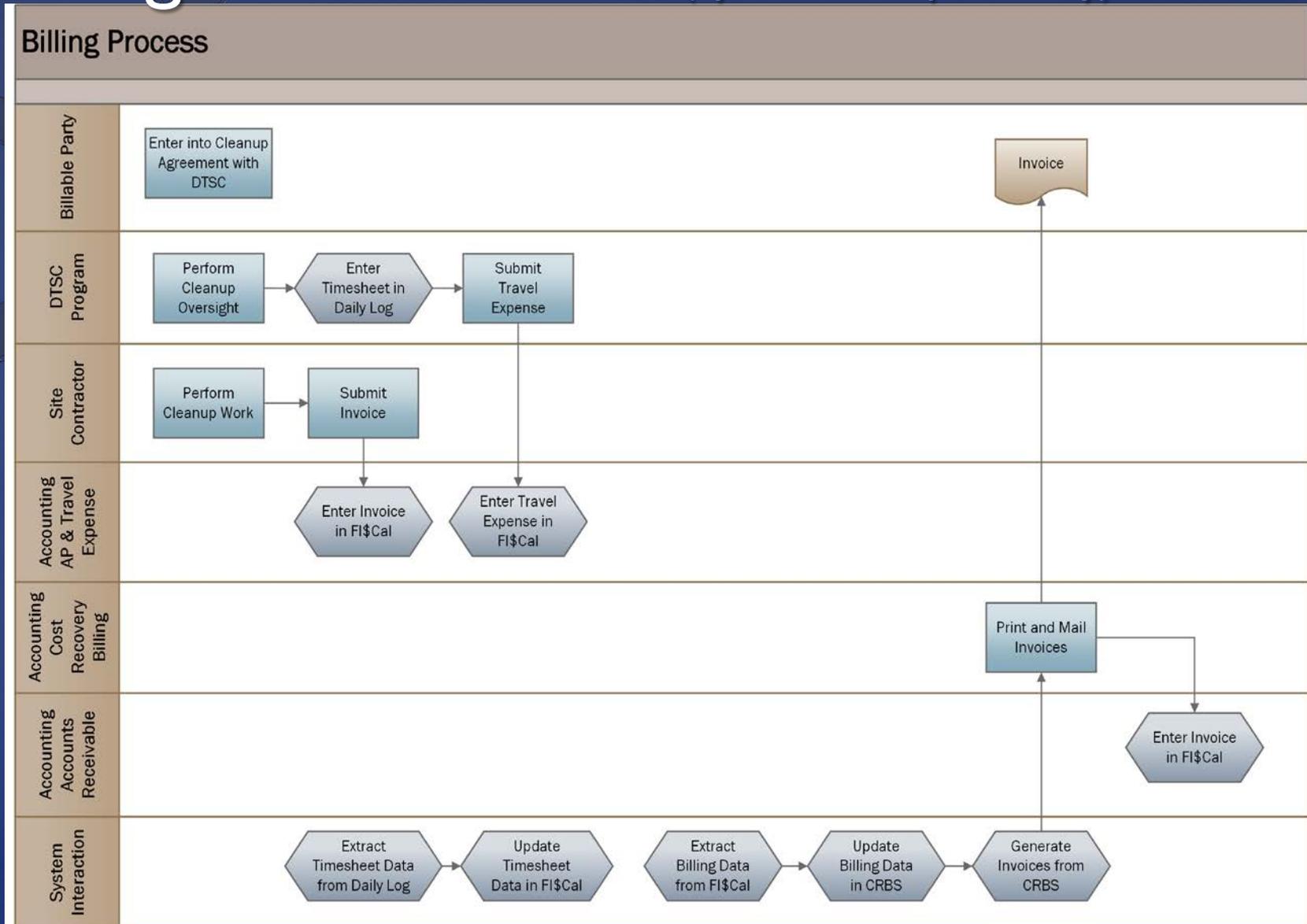
Department of Toxic Substances Control



The background features a large, abstract graphic composed of several thick, dark blue brushstrokes. These strokes are layered and overlap, creating a sense of movement and depth. The strokes include a prominent zigzag shape that frames the text, and several curved, sweeping lines that extend across the top and bottom of the page. The overall effect is a dynamic and artistic composition.

Billing Process

Billing Process Flow (by area of responsibility)

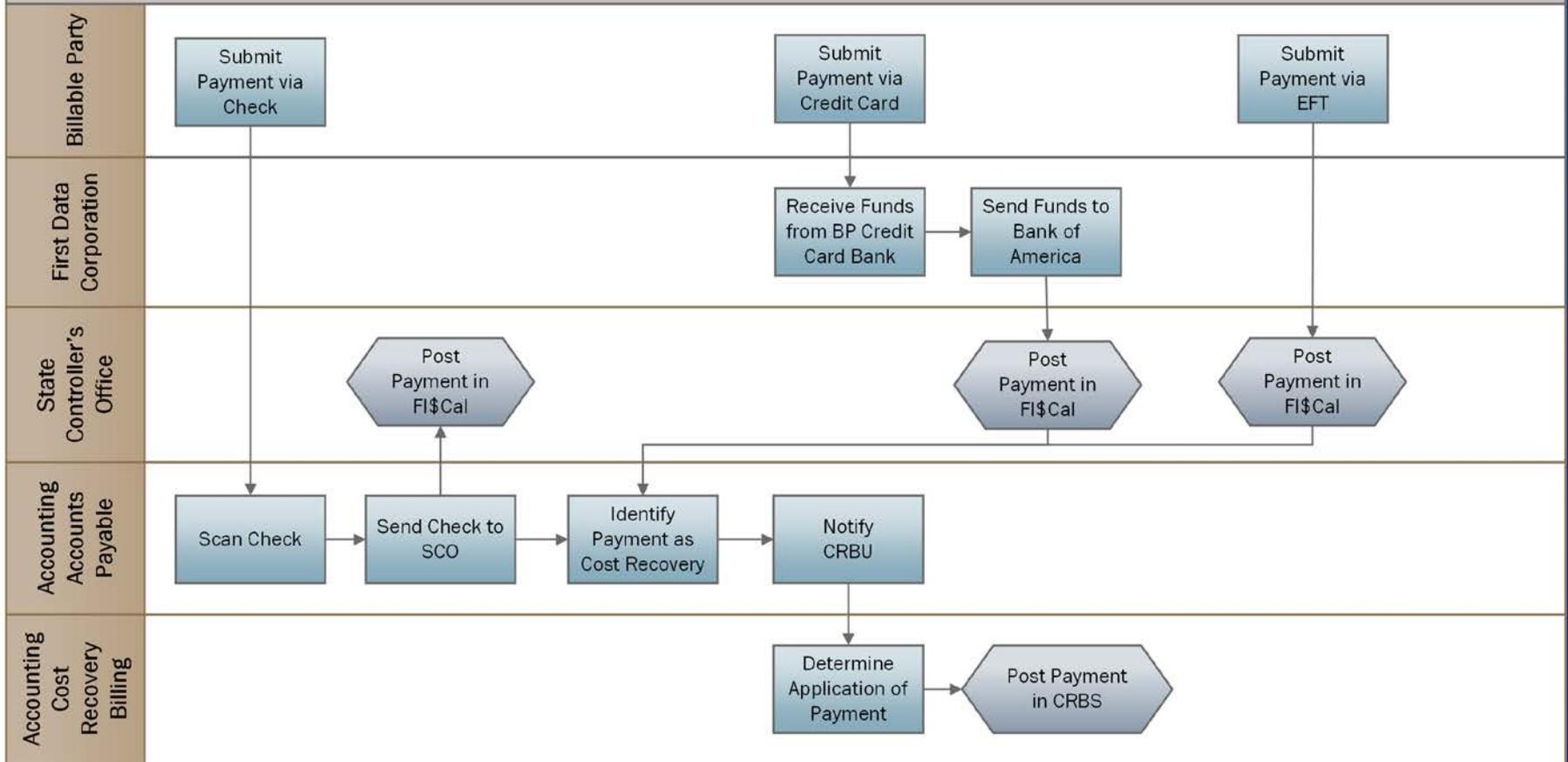


Billing Process

- Cleanup staff logs time and travel expenses
- Select sites require contractors to perform Cleanup activities
- Invoices, travel expenses and timesheet data are entered into FI\$Cal
- Billing data is extracted from FI\$Cal on a monthly basis and loaded into the Cost Recovery Billing System (CRBS)
- Cost Recovery Billing Unit generates invoices in CRBS to the billable parties
- DTSC issues billing packages to billable parties every quarter
- Billing package contains:
 - Letter addressed to billable party
 - Return Remittance
 - Invoice
 - Statement of Account
 - Summary of Activity (detail documentation is available upon request)
 - Cost Recovery Policy
 - ❖ Billing schedule
 - ❖ Formal Invoice dispute process

Payment Process Flow (by area of responsibility)

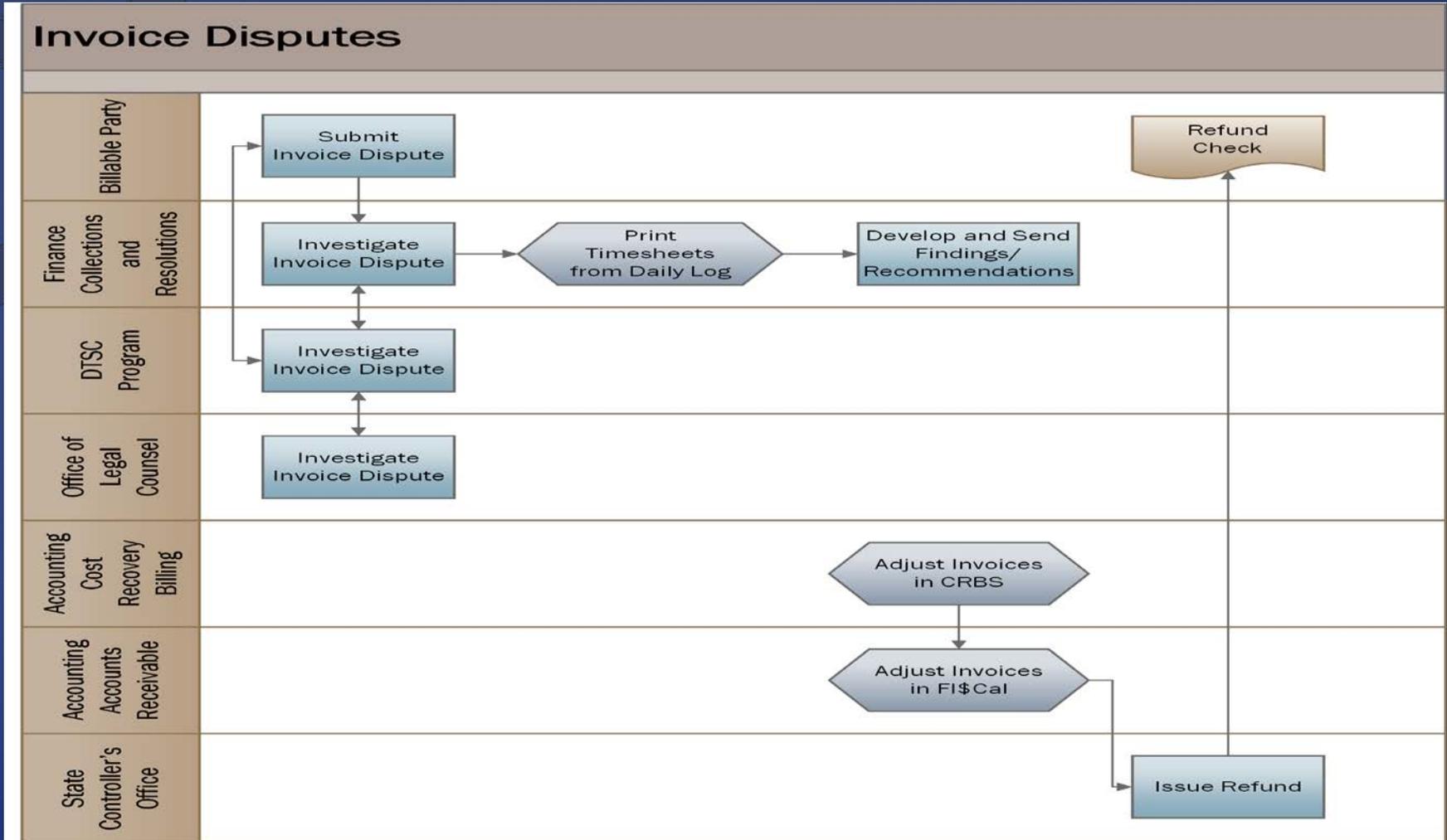
Payment Process



Payment Process

- Billable parties are provided instructions with each invoice on how to remit payments
- There are three methods for submitting payments
 - Checks
 - Credit Card
 - Electronic Funds Transfer (EFT)

Invoice Dispute Flow (by area of responsibility)



Invoice Dispute Process

- Disputes are handled by the Collections and Resolution Unit
 - Investigate disputes
 - Develop findings and provide recommendations
 - If dispute comes in the form of an email, DTSC responds within 24 hours
 - If dispute comes in the form of a letter, DTSC responds via email (if provided) or after we review and address the dispute
 - DTSC does not charge billable parties for time incurred in billing disputes
- Cleanup Program staff is available for questions, clarification or to provide supporting documentation (Daily logs, etc.)
- Interest is accumulated but will be waived if dispute is found valid

Invoice Dispute Process (continued)

- Approximately 4,000 invoices mailed annually for 1,300 sites
- 28 disputes (represents .01%) in calendar year 2015
 - ❖ 12 related to amount charged
 - ❖ 6 related to legal issues
 - ❖ 5 billing issues (daily log, etc.)
 - ❖ 5 interest charge disputes

Invoice Dispute Process (continued)

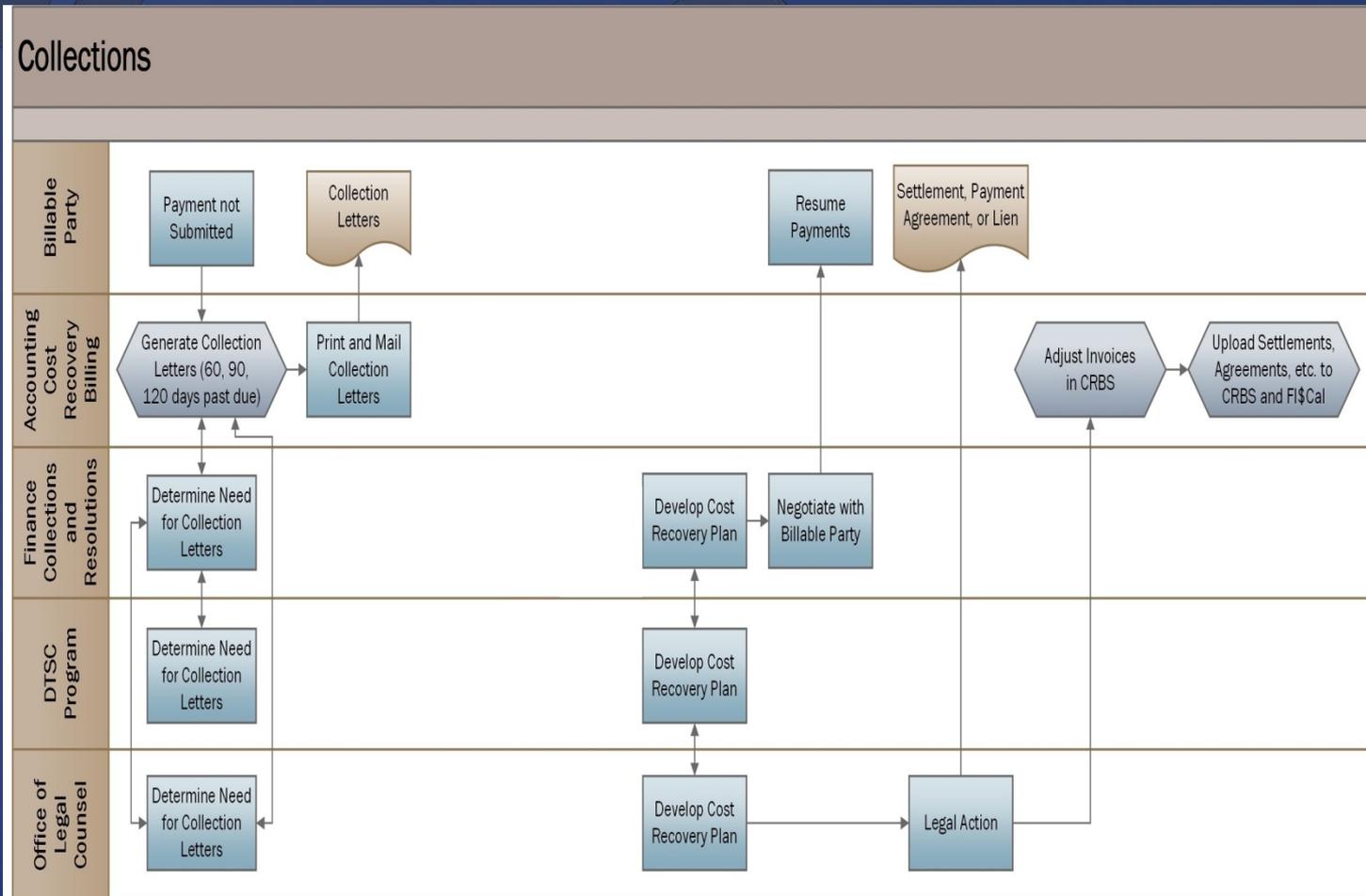
- Summary of disposition of disputes
 - Total amount of disputed costs \$221,000
 - Total amount of cost recovered \$156,000
 - Net difference \$65,000

Invoice Dispute Process (continued)

➤ Detail of 28 disputes

- 6 write-offs (\$937)
- 11 settled (Collected \$63,869, write-off \$21,063, timesheet adjustment \$13,610)
- 9 invoice disputes rejected (\$112,833)
- 2 open (\$9,892)

Collection Process Flow (by area of responsibility)



Collection Process

- Pursuant to State Administrative Manual Section 8776.6, departments must send a sequence of three collection letters at a minimum of 30 day intervals
- Collection Resolution process outlined in Departmental Procedure Memorandum (DPM)
- Collection letters for unpaid invoices sent at 60, 90, and 120 day intervals
- 60 days after the invoice is issued, Collections and Resolution may be contacting billable party
- Collection letters held during invoice disputes

Collection Strategies

- Confirm receipt of the invoice and/or collection letter
- Negotiating Informally to resume payment
- Establishing a plan with smaller payments
- Entering into settlement negotiations for smaller payments
- Recording a lien against a property

Collection Process (continued)

- 1,953 collection letters sent in Fiscal Year 2015-16
- \$1,474,000 collected by the Collection Resolution Unit in Fiscal Year 2015-16
- Payments may cross fiscal years



Direct and Indirect Costs

Direct and Indirect Costs

- Direct costs are those identified and accounted for a specific site
- Indirect costs are cost that support DTSC's overall mission but cannot be traced back to a specific site
- Cost Centers – Non-program Salaries, Benefits, Operating Expenses
- Allocated State General Administrative Cost (Prorata)

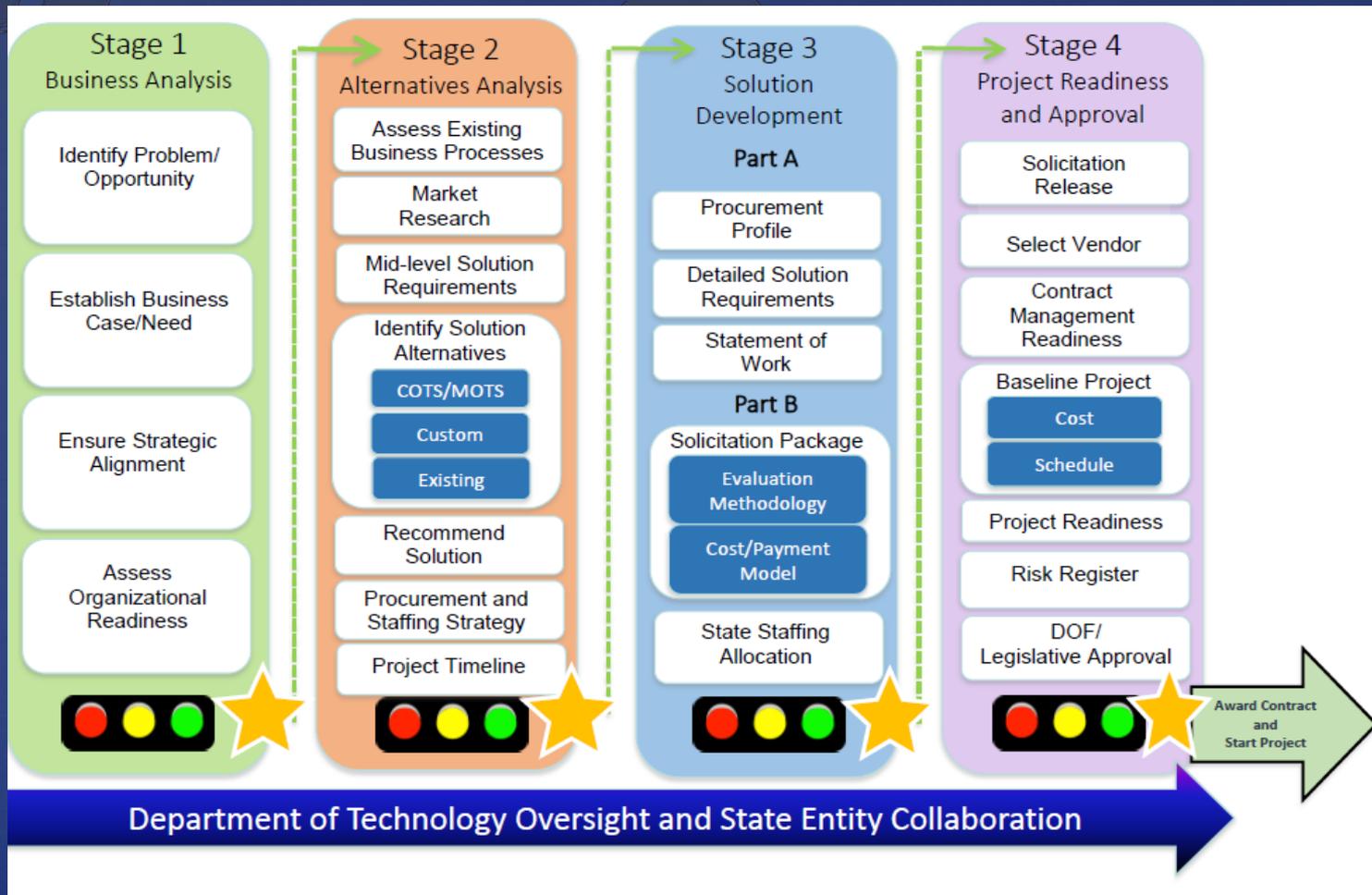
Indirect Cost Rate Proposal (ICRP) Methodology

- The ICRP is prepared annually in accordance with the Office of Management and Budget (OMB) Uniform Administrative Requirements, 2 CFR Chapter I and Charter II, Part 200.
- Health and Safety Code Section 25269.4 requires DTSC to prepare ICRP for each program and to prepare ICRP at least every six months using the last 12 months of expenditure data.
- Department of Finance (DOF) approves the ICRP.
- DTSC uses data extracts from the FI\$CAL from the prior 12 months to allocate the direct and indirect cost by program based on the Activity ID used.
- ICRP rate is the indirect costs divided by direct salaries/benefits by Program.

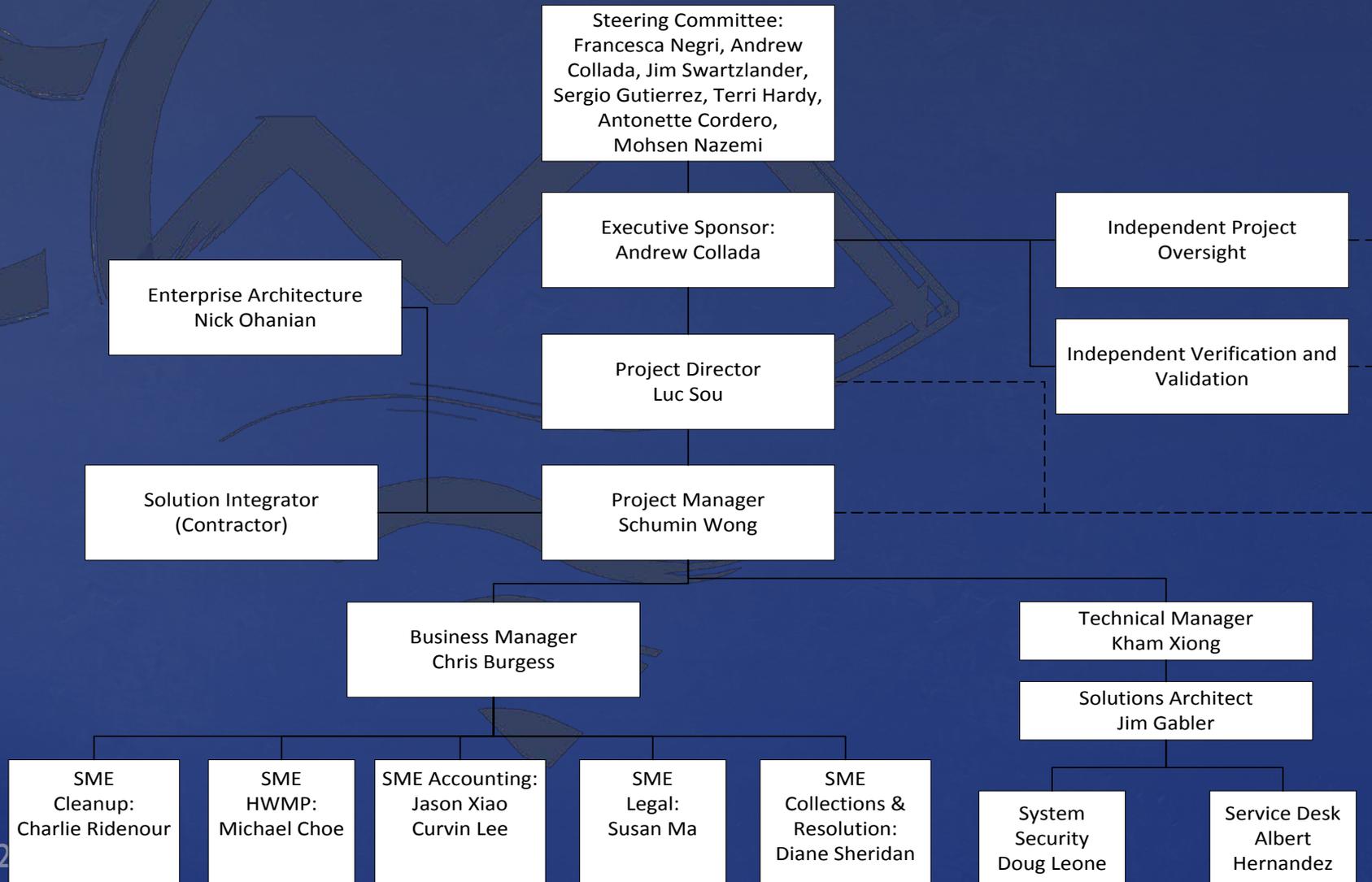
The background features a dark blue color with abstract, light blue brushstroke-like patterns. A prominent zigzag line runs across the upper middle section, and several curved, sweeping strokes are scattered throughout the frame.

Cost Recovery Billing System

Cost Recovery Billing System (CRBS)



Project Organizational Chart



Cost Recovery Billing System

Summary of Major Objectives and Functional Requirements

- Reduce time required to generate collection letters
- Improve the ability to track and reconcile settlement agreements and judgment payments
- Reduce the time required to address requests from billable parties and project managers
- Ensure 100 percent security level compliance
- Reduce time spent researching, reconciling, or adjusting costs
- Provide better detail on time charges to support invoice creation
- Improve cost recovery monitoring

CRBS Improvements

User Enhancements Objectives

- Accessibility
- Transparency
- Security
- Additional payment options
- Ease of use

An abstract graphic composed of several thick, dark blue brushstrokes. One prominent stroke is a jagged, zig-zag line that forms a large, irregular shape. Other strokes are curved and scattered around it, creating a dynamic, hand-drawn feel. The background is a solid, medium-dark blue.

Budget Overview

DTSC Budget Summary

PROGRAM	FY 2015-16 Budget	FY 2016-17 Budget
Site Mitigation & Brownfield Reuse (Cleanup)	\$ 131,622,000	\$ 135,670,000
Hazardous Waste Management	\$ 80,599,000	\$ 84,101,000
Safer Consumer Products	\$ 14,960,000	\$ 15,638,000
SCUPA	\$ 2,876,000	\$ 2,874,000
Exide Technologies Residential Cleanup	\$ 4,790,000	\$ 42,081,000
TOTAL	\$ 234,847,000	\$ 280,364,000

Summary of Major Adjustments FY 2016-17

- Enhanced Permitting Capacity and Support BCP - \$1,167,000
- SB 162 Treated Wood Waste BCP - \$370,000
- Biomonitoring California BCP - \$350,000
- AB 276 Ability to Pay: Cost Recovery BCP - \$200,000
- Attorney General Independent Review Panel Costs BCP - \$50,000
- Argonaut Mine Tailings Site Dam Repair/Retrofit SFL - \$14,325,000
- Enhanced Permitting Capacity & Support SFL - \$2,403,000
- Replacement of Laboratory & Investigatory Equipment SFL - \$2,000,000
- Office of Environmental Justice & Tribal Affairs SFL - \$881,000
- Strategic Program Development SFL - \$747,000
- Safer Consumer Products - Lead Acid Batteries MRL - \$255,000
- Biomonitoring Augmentation (via CDPH) - \$150,000
- Lease Revenue Bond Debt Service - \$3,409,000
- Employee Compensation & Benefit Adjustment - \$273,000
- Exide Technologies Residential Cleanup - \$37,290,000
- Central Admin Pro Rata & SWCAP Adjustment - \$870,000
- Statutory COLA - \$124,000

DTSC Funding Sources

Fund Source	2015-16 Budget	2016-17 Budget
General Fund	\$ 27,379,000	\$ 43,819,000
Special Funds	\$ 161,894,000	\$ 190,556,000**
Federal Funds	\$ 32,499,000	\$ 32,914,000
Reimbursements	\$ 13,075,000	\$ 13,075,000
Total:All Funds	\$ 234,847,000	\$ 280,364,000

**Includes Exide Technologies residential cleanup