

## **TREASURER-TAX COLLECTOR'S OFFICE**

### **I. OFFICE MISSION OR MANDATE**

The mission of the Treasurer-Tax Collector's Office is to provide the highest standards of service to the taxpayers and local governments of Contra Costa County, and to fulfill our responsibilities mandated by the State of California.

The Office is dedicated to serve the public and other units of government by striving to provide timely and accurate services in a manner that is friendly, efficient and effective. To meet our service obligations, we use technical expertise employing modern, innovative, cost-effective and flexible methodologies.

### **II. MAJOR PROGRAM DESCRIPTIONS**

#### **A. TREASURER**

Serves as the County bank receiving and processing treasury deposits from various county departments. Manages cash flow and administers a comprehensive investment program for the County, its school and community college districts, and special districts. The Treasurer maintains an active role in nearly all their short-term borrowings and long-term debt issues.

It is the policy of the Treasurer to invest public funds in a manner which will preserve the safety and liquidity of all investments within the County investment pool while obtaining the maximum return within established conservative investment guidelines. The portfolio is managed in a manner that is responsive to the public trust and consistent with State law. Accordingly, the County Treasurer's Investment Pool will be guided by the following principles, in order of importance:

1. The primary objective of the Treasurer's investment of public funds is to safeguard investment principal.
2. The secondary objective is to maintain sufficient liquidity to insure that funds are available to meet daily cash flow requirements.
3. The third and last consideration is to achieve a reasonable rate of return or yield consistent with these objectives.

BUDGET: \$ 1,303,892

FTE: 6.60

**B. TAX COLLECTOR**

Collects property taxes for all cities, school districts, special districts, and County government within Contra Costa County. The Tax Collector strives to serve its customers by providing timely and accurate services in a manner that is fair, legal, and courteous. To meet service obligations, the Tax Collector uses technical expertise, employing modern, innovative, cost-effective, and flexible methodologies.

BUDGET: \$ 3,468,549  
 FTE: 19.70

**C. BUSINESS LICENSE**

The County’s Business License Ordinance requires the Tax Collector to levy and collect a business license tax from any entity engaged in business related activity in an unincorporated area. A Business License is an annual tax paid each calendar year for doing business within the unincorporated area of the County of Contra Costa.

BUDGET: \$ 129,409  
 FTE: 1.20

**D. TOTAL DEPARTMENT DATA**

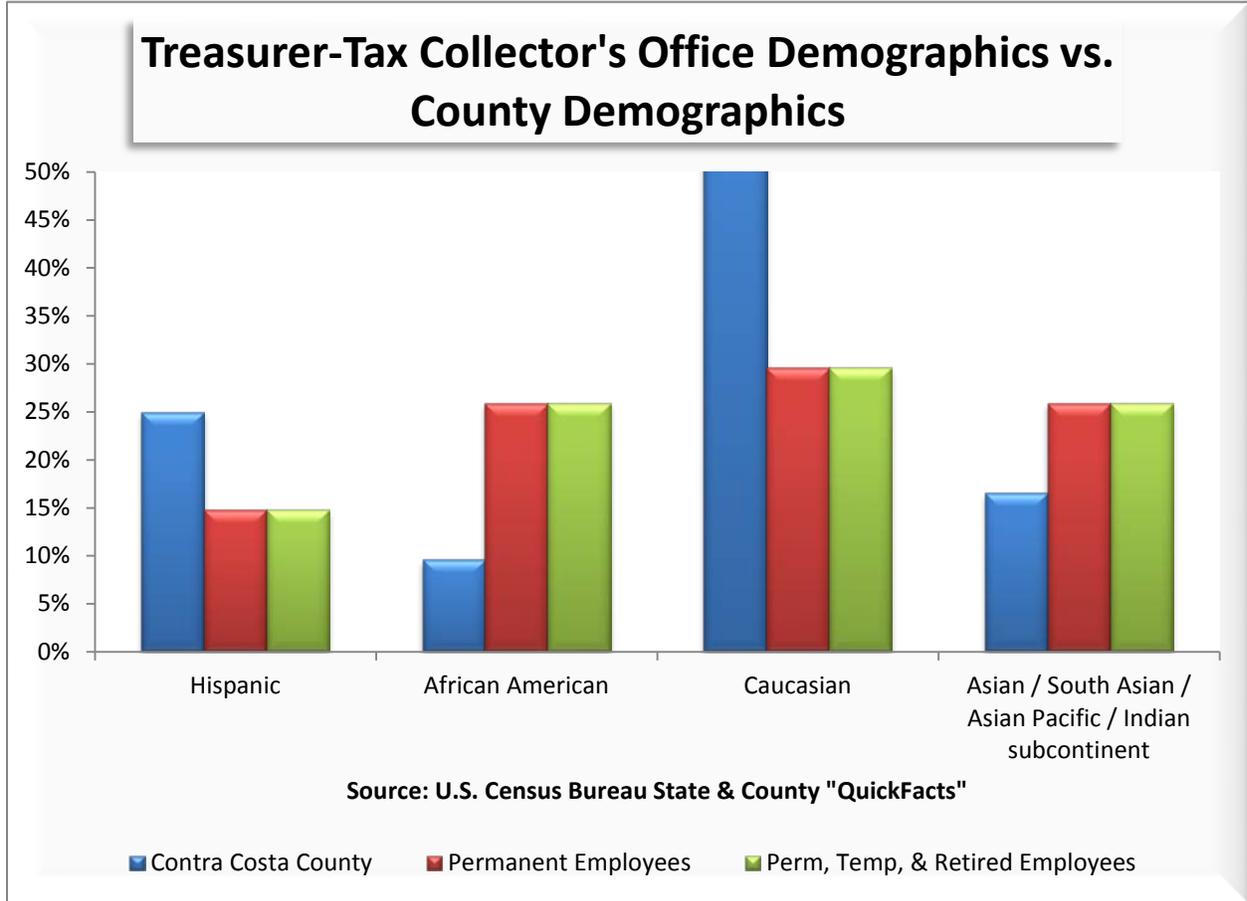
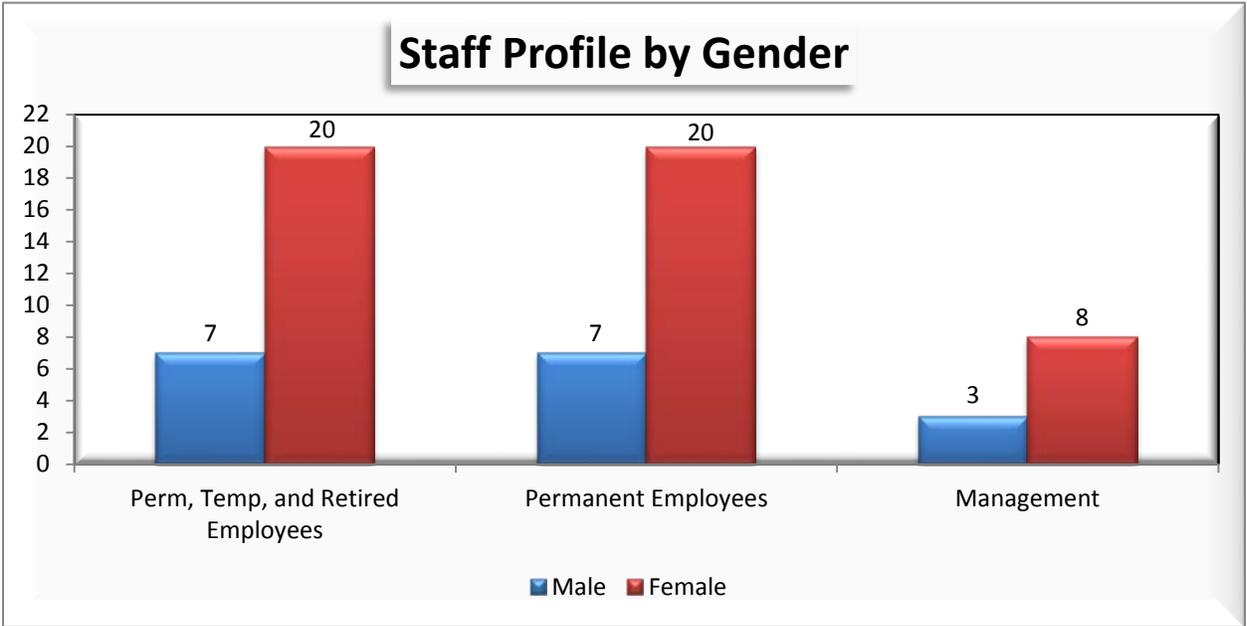
BUDGET: \$ 4,901,850  
 FTE: 27.50

**DEPARTMENT STAFF PROFILE:**

<b>EMPLOYEE POSITIONS</b>			
<u>Management (11)</u>		<u>Non-Management (17)</u>	
Department Head	1	Tax Default Real Property Technician	1
Chief Deputy Treasurer-Tax Collector	1	Tax Compliance Officer-Advanced	1
Assistant Treasurer	1	*(1) Accounting Technician	2
Investment Officer	1	Tax Compliance Officer	2
Tax Operations Supervisor	1	Account Clerk-Advanced	2
Investment Operations Analyst	1	Clerk-Specialist Level	1
Accountant III	1	Clerk-Experienced Level	2
Collection Enforcement Supervisor	1	Account Clerk-Experienced	4
Accountant I	2	Clerk-Experienced Level (Part Time)	2
Account Clerk Supervisor	1		
<b>TOTAL PERMANENT EMPLOYEE POSITIONS</b>			<b>28</b>
<b>TOTAL FULL TIME EQUIVALENT EMPLOYEES</b>			<b>27.50</b>

(\*) Positions currently vacant

**TREASURER – TAX COLLECTOR’S DEPARTMENT  
EMPLOYEE PROFILE**



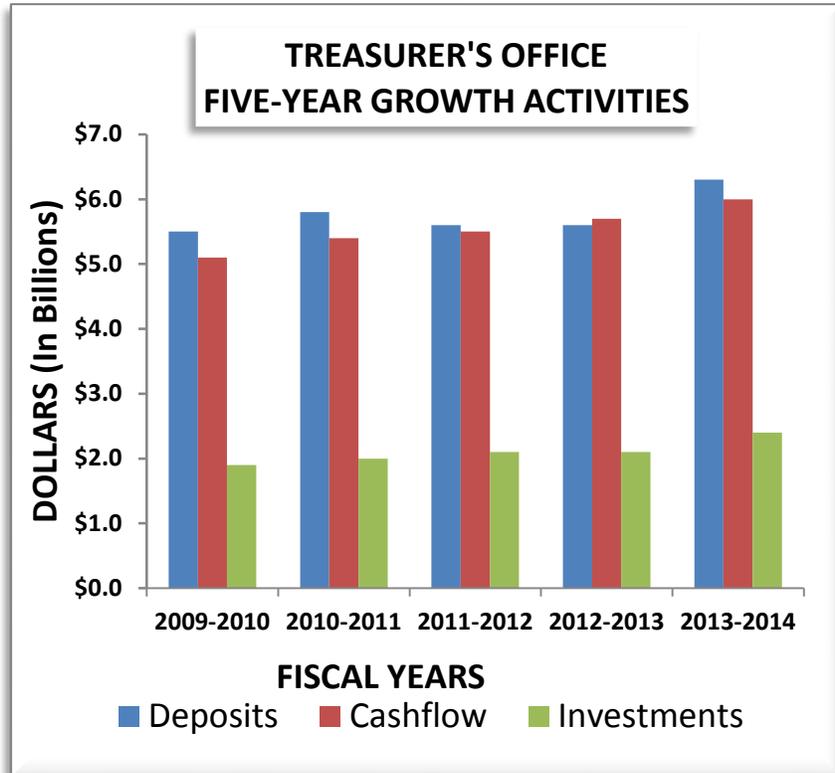
### III. DEPARTMENT ACCOMPLISHMENTS

#### A. TREASURER

1. As part of the fiduciary responsibility, the Treasurer's Office conducted an extensive RFP search for banking service provider(s). After thorough evaluation of all responses, the Treasurer retained the incumbent bank for the County's general banking and lockbox services. A new vendor was chosen for the merchant card processing service. Not only did the Treasurer's Office identify the most qualified firms, it was also able to negotiate much lower service fees. A new contract was successfully negotiated and executed with the incumbent bank in mid-2014. The implementation of the new merchant card processing system was also successfully completed in the latter part of fiscal year 2013-2014.
2. In compliance with the vision of the County's Better Government Ordinance, the Treasurer's Office conducted an annual review of its Investment Policy and the Treasury Oversight Committee Bylaws. Although the annual review yielded minor changes to the Policy and Bylaws, it addressed specific items requiring clarification.
3. In accordance with Government Code Section 27134, the accounts, records, and procedures of the County Treasurer and the records and procedures of the Treasury Oversight Committee are examined by the County Auditor-Controller's Office annually. For the calendar year 2013, after conducting all necessary audit tests and procedures, the Auditor-Controller's Office determined that the Treasurer and the Treasury Oversight Committee are in compliance with applicable laws and regulations within the audit scope. There were no audit recommendations from the 2013 audit.
4. The Treasurer's Office continues to provide assistance and guidance to the School Districts with their bond issuances. The Treasurer has been proactive in reaching out to School Districts by attending their Chief Business Officials meetings and presenting related information. In addition, the Treasurer is involved in each issuance or refunding bond by the School Districts to ensure such activities are in the best interest of tax payers and the School Districts. In the past year, the Treasurer's Office assisted 4 School Districts, including the Community College District, with several new and refunding bonds.
5. Working closely with the vendor, the Treasurer's Office made a smooth migration from SunGard's terminal based financial accounting system to its web based accounting system. The web-based system is more user-friendly, has greater functionality and provides faster access for data input and reporting.

- 6. Banking transactions totaled \$47.5 billion for fiscal year 2013-2014.
- 7. The Treasurer’s office processed over 27,000 deposit permits, totaling about \$6,256.2 million in fiscal year 2013-2014.

While the number of deposit permits for fiscal year 2013-2014 was in line with that of fiscal year 2012-2013, the dollar amount of deposit processed was \$700 million more than the previous fiscal year.



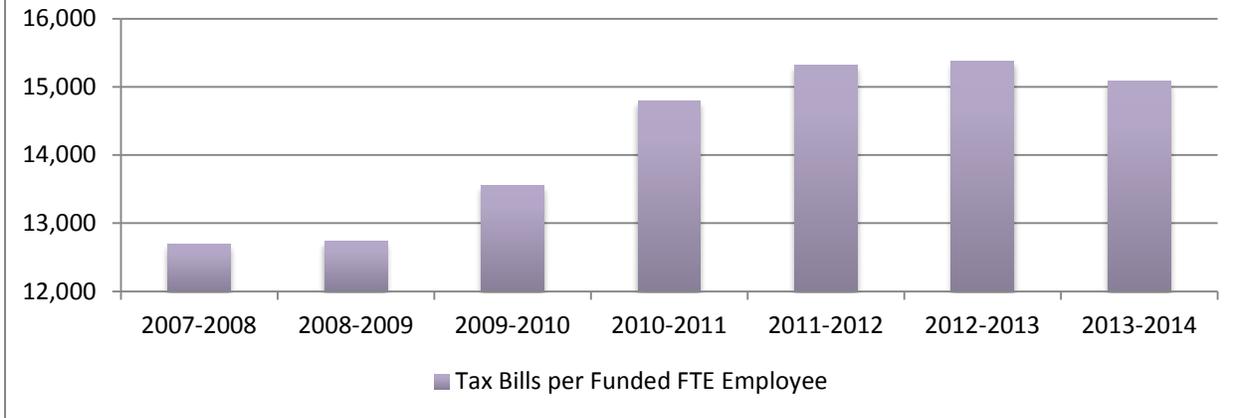
- 8. Treasury operations funded more than \$5,957.0 million in warrants issued by the Auditor-Controller in fiscal year 2013-2014, an increase of 5% (or approximately \$248.0 million) over the prior fiscal year.

- 9. The investment portfolio as of June 30, 2014 totaled \$2.4 billion.

**B. TAX COLLECTOR**

1. The Tax Collector continues to outsource the collection of both personal and real property tax payments received by mail with much success. This system, designed around the concept of a “lockbox,” allows hundreds of thousands of tax documents including tax bills and associated checks to be quickly scanned and processed. This makes the information much more readily accessible by multiple users. Hundreds of millions of dollars in tax payments are being processed and deposited much more efficiently, while images of the tax bills and corresponding payments are archived in a “digital library” for potential research.

## Secured and Unsecured Tax Bills per Funded FTE Employee

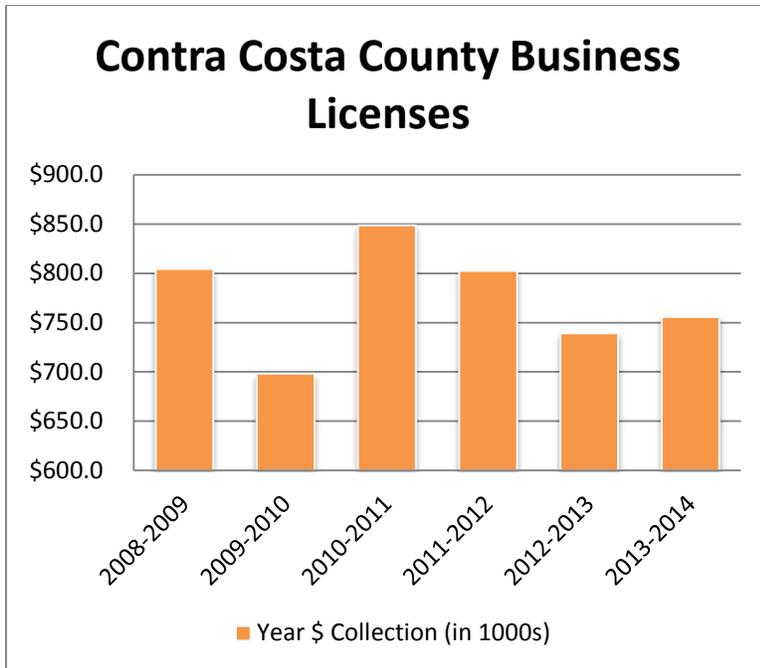


2. The Cashiering division has experienced an 8.4% increase in tax payments delivered to the office in person by taxpayers during the Fiscal Year 2013-2014. The cashiers processed 25,295 walk-in transactions during Fiscal Year 2013-2014, totaling more than \$58.8 million of which 1,148 of those transactions were by Credit or Debit Cards totaling \$1.3 million. The automated system allows our cashiers to quickly process payments and issue receipts while storing digital images of the tax bills and checks on our server for research and archival. The Cashiering System makes the collection, balancing, and reporting of tax payments much quicker and more efficient.

Year	Funded Full-Time Equivalent Employees	Secured and Unsecured Tax Bills	Tax Bills per Funded FTE Employee
2007-2008	32	406,085	12,690
2008-2009	32	407,661	12,739
2009-2010	30	406,714	13,557
2010-2011	28	414,281	14,796
2011-2012	27	413,534	15,316
2012-2013	27	415,023	15,371
2013-2014	27.50	414,675	15,079

### C. BUSINESS LICENSE

Business license collections continue to remain strong. We attribute these results to the excellent effort by our field enforcement staff and a growing small business economy in Contra Costa County.



Contra Costa County Business License Collection	
Year	\$ Collection (in 1000s)
2008-2009	\$ 804.4
2009-2010	\$ 698.1
2010-2011	\$ 848.5
2011-2012	\$ 842.6
2012-2013	\$ 739.1
2013-2014	\$ 755.8

#### D. ADMINISTRATIVE SERVICES

1. The Department has achieved 100% compliance with the Board of Supervisors’ mandate that at least once every three years all non-management County employees receive training in the recognition, prevention and/or remedy of discrimination. Likewise, all its management employees have attended the management program of “Preventing Discrimination and Sexual Harassment in the Workplace.”
2. Provides employee development, personnel, payroll and fiscal administration, department clerical supervision and automated systems services.

#### IV. DEPARTMENT CHALLENGES

##### A. TREASURER

###### Internal to Department

1. The low interest environment and volatile bond market continues to present a great challenge for the Treasurer’s Office in achieving yield on investments while first providing safety and liquidity for investment pool participants.
2. All aspects of treasury operations continue to expand even though staffing has been reduced by one full-time position in 2010. Bank and treasury deposits, cash flow management, investment activities, and debt issuance by pool participants are expected to continually challenge staff and increase their workload.
3. With historically low interest rates, many of the school districts are either refinancing long-term debt or are issuing new debt to repair, update or construct schools. The Treasurer’s office is involved in all issuances from the review of legal and offering documents to the investment of bond proceeds.

4. The acceptance of credit card payments by more departments countywide has expedited the receipt of revenues. The Treasury acts as a liaison between the bank and department to coordinate the implementation and ongoing administration of credit card programs. However, the unique methodology of accounting for related electronic receipts increasingly demands additional staff time.
5. The Department continues to meet the challenges of using and training other department staff to use the Internet and the automation systems to process financial transactions and expedite the transfer of financial and banking information.

## B. TAX COLLECTOR

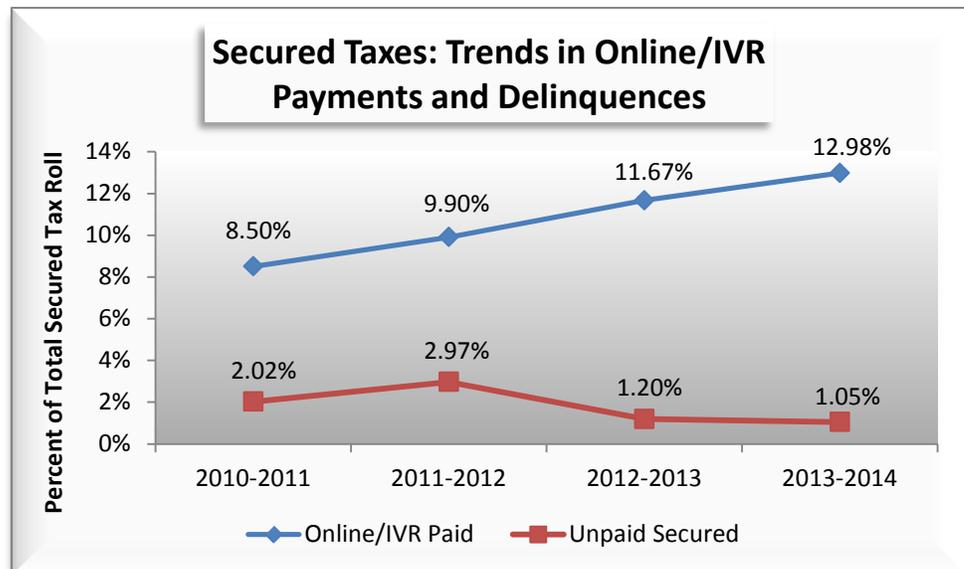
### Internal to Department

1. The Tax Collector continually works with the Department of Information Technology (DOIT), the County Assessor, the Auditor-Controller, and other departments to further automate and streamline processes and procedures. One of the departments most challenging goal is the development, enhancement and maintenance of an integrated relational database, which crosses departmental lines, bringing together all of the functions necessary to identify, assess, and accurately tax all real and personal property located within Contra Costa County.

Year	Online/IVR Paid	Traditional Paid	Unpaid Secured	TOTAL
2010-2011	\$ 159,914,376	\$ 1,683,087,079	\$ 38,034,658	\$ 1,881,036,113
2011-2012	\$ 190,445,200	\$ 1,675,240,825	\$ 57,135,144	\$ 1,922,821,168
2012-2013	\$ 223,824,503	\$ 1,671,565,405	\$ 22,932,794	\$ 1,918,322,702
2013-2014	\$ 263,052,880	\$ 1,741,920,885	\$ 21,204,637	\$ 2,026,178,402

2. Another objective is to give taxpayers the ability to pay their taxes “online”. We currently have an “Interactive Voice Response system” in place, which allows taxpayers automated access to their tax information by phone 24 hours per day, 7 days per week. This capability has been expanded to allow

taxpayers the option to make tax payments over the phone or online, using their credit cards or



Electronic Check. Nearly 13 percent of the County's secured tax roll was paid by utilizing these non-traditional payment options during Fiscal Year 2013-2014.

3. The Department is continually expanding its web presence, providing taxpayers with a variety of information and payment options. Our goal is to accommodate electronic payments and e-mail correspondence via our website to better serve the taxpayers and public more efficiently. As part of our effort to support a cleaner and healthier environment by taking advantage of today's technology, the Tax Collector's Office has implemented a free subscription service delivering Secured Property Tax bills and notifications by e-mail. The service is intended to eliminate the need to mail and/or receive "paper" tax bills and subsequent payments. Instead, taxpayers may receive and/or send tax payments electronically reducing costs while increasing efficiency.

4. The department continues to provide information brochures that explain the answers to frequently asked questions about property taxes and fees the Tax Collector is responsible for collecting. These brochures are available at various locations throughout the county and on the Tax Collector's web site and are available both in English and Spanish.

## **V. PERFORMANCE INDICATORS**

### **A. TREASURER**

1. **Objective:** Maintain the highest standards for County banking and investment services while volume activity continues to increase.

**Indicator:** Providing treasury, financial, and investment services to all county departments, school districts and special districts, facilitating Treasury Oversight Committee meetings, completing audits conducted by the County Auditor-Controller's Office and the external auditors without adverse findings, as well as managing the Treasury Investment Portfolio in accordance with the investment policy and applicable laws.

The Treasury staff processes all deposit permits on the day of receipt, answers all phone calls personally without an automated system nor any waiting time during business hours, resolves majority issues on the spot or within 24 hours. All funds in the County's general bank account not needed to pay warrants were invested in an interest-bearing account on a nightly basis. Cash not immediately deployed for operations were invested with the best rate available in accordance with the instructions received.

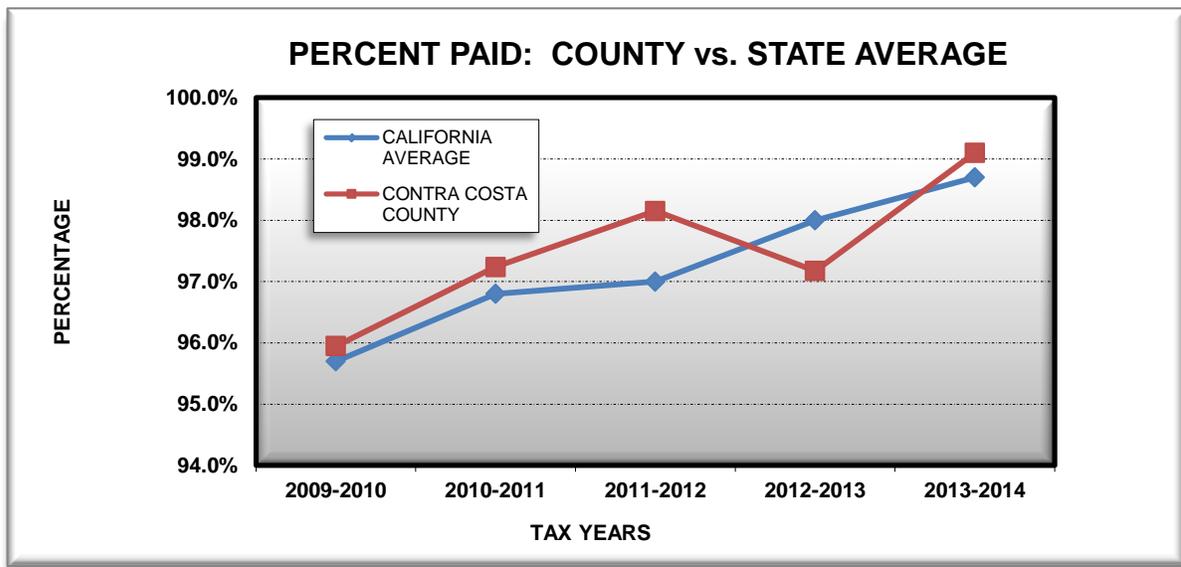
The Department has been conducting quarterly Treasury Oversight Committee meeting for about 20 years. Changes are continuously made in the quarterly Treasury Oversight Committee reports to enhance, update, and consolidate information.

The Department has repeatedly maintained a status of no adverse findings as evidenced in the quarterly committee reviews or in the annual audit for calendar year 2013, issued by the Auditor-Controller's Office.

**The Treasurer’s Investment Portfolio has maintained a AA Af/S1+ by Standard and Poor’s since first rated November 2007.** The ‘AA Af’ rating signifies the pool’s portfolio holdings provide extremely strong protection against losses from credit defaults. The ‘S1+’ volatility rating indicates the pool’s extremely low sensitivity to changing market conditions. The Department has also made all cash available upon request to meet all operating requirements made by the County departments, school districts and special districts. Out of the Treasurer’s Investment account, the Treasurer was able to generate a net of \$4.5 million investment income which was allocated to all eligible participants quarterly.

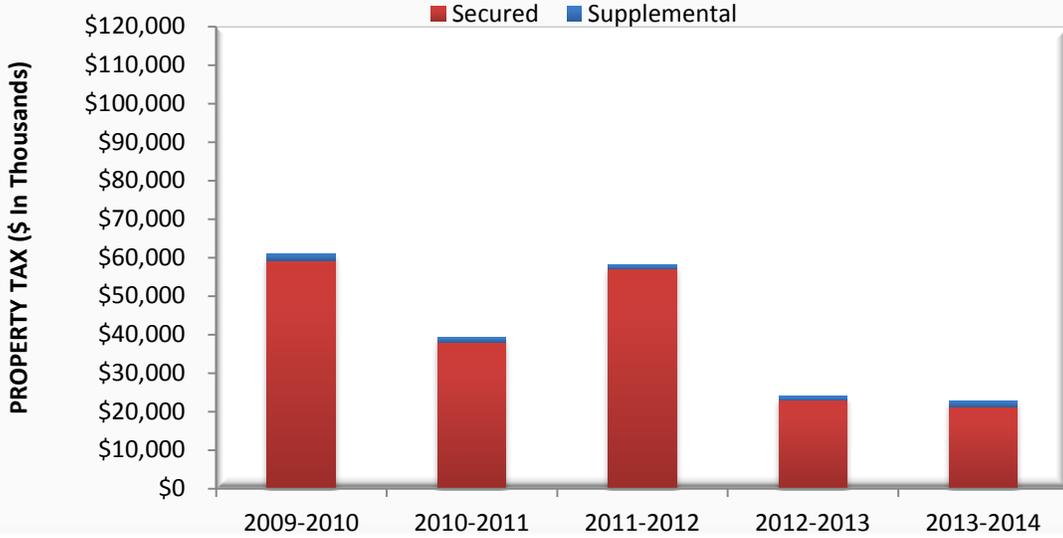
**B. TAX COLLECTOR**

1. **Objective:** Improve tax collections and reduce delinquencies based on State’s median benchmark.



PERCENT PROPERTY TAX PAID: COUNTY COMPARED TO STATE AVERAGE					
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
CONTRA COSTA COUNTY	97.2%	98.2%	97.2%	98.9%	99.1%
CALIFORNIA AVERAGE	96.8%	97.0%	98.0%	98.4%	98.7%
<p><b>NOTE:</b> Collection percentage was affected by an assessment appeals board decision concerning Chevron, which added \$25,491,993.34 to the FY2011-2012 secured tax roll. This amount has since been paid. Contra Costa County's collection percentage would have been <b>98.5%</b> if these funds had been paid prior to the closing of the fiscal year.</p>					

### DEFAULTED SECURED & SUPPLEMENTAL PROPERTY TAXES

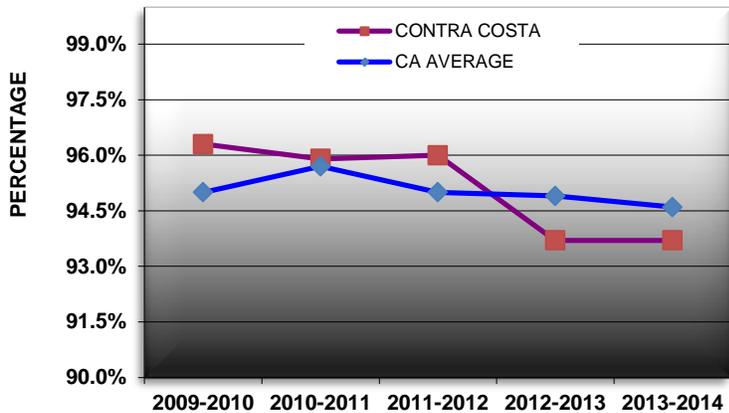


### DEFAULTED SECURED AND SUPPLEMENTAL PROPERTY TAXES IN DOLLARS

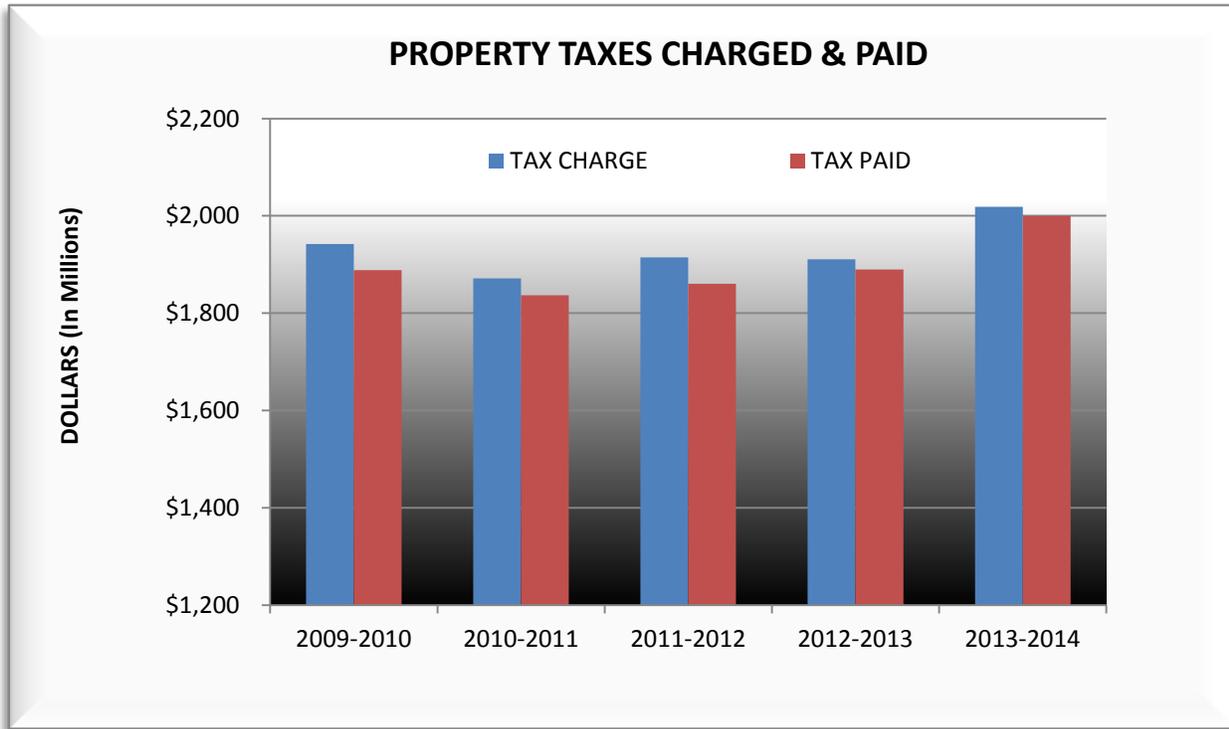
(\$ In Thousands)	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
<b>Secured</b>	59,217	38,035	57,135	22,933	21,204
<b>Supplemental</b>	1,816	1,278	886	2020	1,632
<b>Total</b>	61,033	39,313	58,021	23,953	22,836

**Indicator:** During Fiscal Year 2011-2012, Contra Costa County's secured tax delinquency rate was 2.8%. Although this figure lagged the State for the first time in several years, the subpar performance was entirely a result of an assessment appeals board decision concerning Chevron. The unsecured tax delinquency rate was 4.0%; favorable when compared to the State's rate of 5.0%.

### UNSECURED TAXES PERCENT PAID: COUNTY vs. STATE AVERAGE



2. **Objective:** Increase efficiency and amount of tax dollars collected.



SECURED PROPERTY TAX IN DOLLARS					
(\$ In Millions)	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
<b>TAX CHARGE</b>	1,942.4	1,871.5	1,914.5	1,910.7	2,018.9
<b>TAX PAID</b>	1,888.8	1,836.9	1,860.4	1,890.0	1,999.7

**Indicator:** During Fiscal Year 2013-2014, employees of the Treasurer-Tax Collector’s Office processed in excess of \$2 billion in taxes related to 414,675 parcels and accounts. This represents an average of \$75.2 million in collections for each funded full-time employee. The average number of accounts serviced by each employee is approximately 15,100.