

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

### **I. DEPARTMENT MISSION OR MANDATE**

Pursuant to State mandates, the Treasurer-Tax Collector is responsible for the collection of property taxes for county agencies, special districts, school districts and all the cities within Contra Costa County. In performing this function, the department seeks to serve the taxpaying public by utilizing the most efficient means of billing, collection, and dissemination of information. Government Code sections mandate the Department's responsibility for the safekeeping of all County funds, those of the County's 18 school districts, Office of Education, and the Community College District. The Treasury acts as their money manager and investment entity, investing surplus funds in accordance with Government Code Section 53601 and the Treasurer's Investment Policy. The Treasury also manages and invests funds for the 21 Special Districts that are voluntary pool participants. The Treasury manages the County's cash flow and short-term borrowings and is an active participant in nearly all long and short-term borrowings for county agencies, school districts, and the Community College District.

### **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: \$ 1,499,227

FTE: 8.35

**B. TAX COLLECTOR:**

Collects property taxes for all cities, school districts, special districts, and County government within Contra Costa County. The Treasurer-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 Treasurer-Tax Collector’s office uses technical expertise, employing modern, innovative, cost-effective, and flexible methodologies.

BUDGET: \$ 3,847,282  
FTE: 19.84

**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: \$ 165,356  
FTE: 1.31

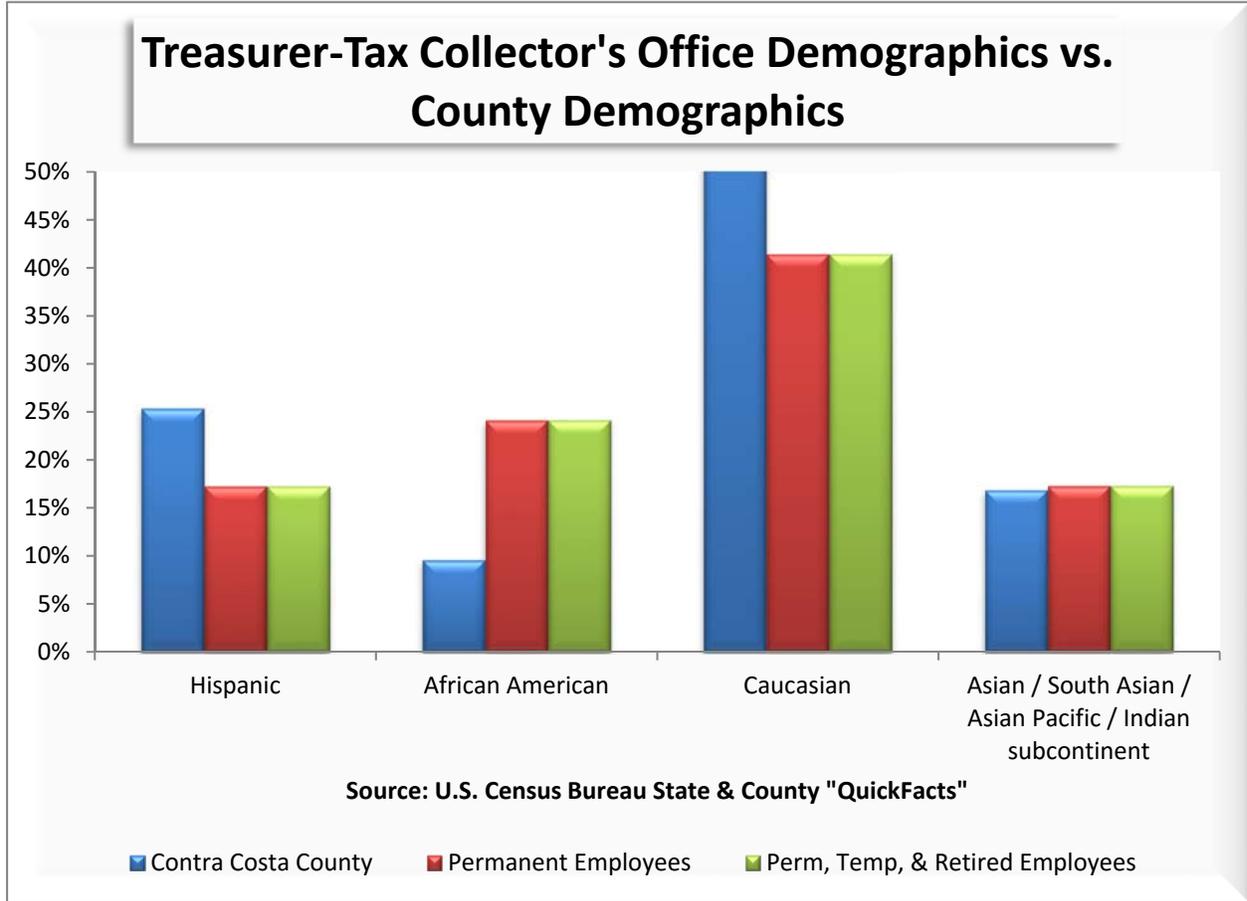
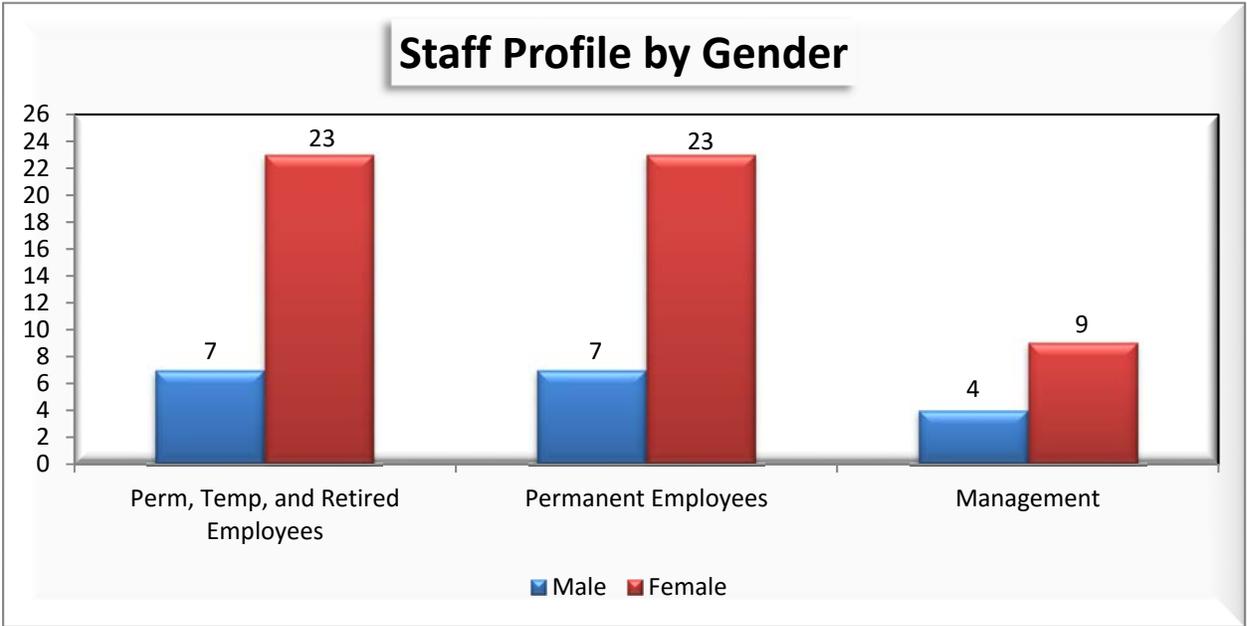
**D. TOTAL DEPARTMENT DATA:**

BUDGET: \$ 5,511,865  
FTE: 28.50

**DEPARTMENT STAFF PROFILE:**

<b>EMPLOYEE POSITIONS</b>			
<u>Management (13)</u>		<u>Non-Management (17)</u>	
Department Head	1	Account Clerk-Advanced	1
Chief Deputy Treasurer-Tax Collector	1	Account Clerk-Experienced	4
Executive Secretary	1	Account Clerk-Beginning	1
Assistant Treasurer	1	Accounting Technician	2
Assistant County Tax Collector	1	Clerk-Experienced	2
Accountant I	1	Clerk-Experienced (Part Time)	2
Accountant II	1	Clerk-Specialist Level	1
Accountant III	1	Tax Compliance Officer	2
Account Clerk Supervisor	1	Tax Compliance Officer-Advanced	1
Collection Enforcement Supervisor	1	Tax Default Real Property Technician	1
Investment Officer	1		
Investment Operations Analyst	1		
Tax Operations Supervisor	1		
<b>TOTAL PERMANENT EMPLOYEE POSITIONS</b>			<b>30</b>
<b>TOTAL FULL TIME EQUIVALENT EMPLOYEES</b>			<b>29.50</b>

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



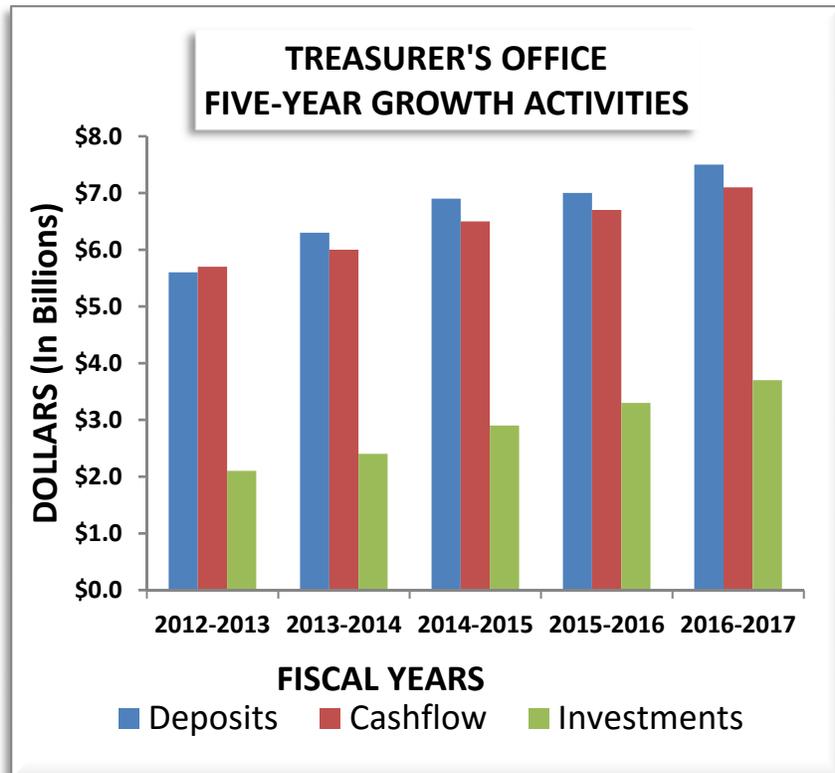
### III. DEPARTMENT ACCOMPLISHMENTS

#### A. TREASURER

1. As of December 31, 2017, the market value of the Treasurer's investment pool reached the historical high of \$3.76 billion. At the end of the second quarter of FY 2017-2018, the total investment earnings for distribution was \$20.2 million, an increase of \$9.3 million compared to the same period of last fiscal year.
2. In compliance with the department's vision to facilitate better government ordinance, the Treasurer's Office conducted annual review of the Treasurer's Investment Policy and Treasury Oversight Committee Bylaws. Although the annual reviews yielded minor changes to the Policy and Bylaws, they addressed specific items that required 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 2016, 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 was one minor audit recommendation, which was corrected immediately without any negative impact.
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 with 12 School Districts issuing new bonds and refunding many outstanding bonds.
5. As a result of the revised rating criteria made by Standard and Pool Global (S&P Rating), the Treasurer's Office worked with S&P Rating agency closely to respond all their questions and to provide all supporting documents. At the end of the extensive evaluation and assessment of the Contra Costa County Investment Pool, S&P Rating agency affirmed the Contra Costa County Investment Pool's AAf/S1+ rating , signifying the highest credit rating with the lowest volatility since November 2007.

6. Banking transactions totaled \$53.5 billion for fiscal year 2016-2017.
7. The Treasurer’s office processed nearly 26,000 deposit permits, totaling \$7,479.9 million in fiscal year 2016-2017.

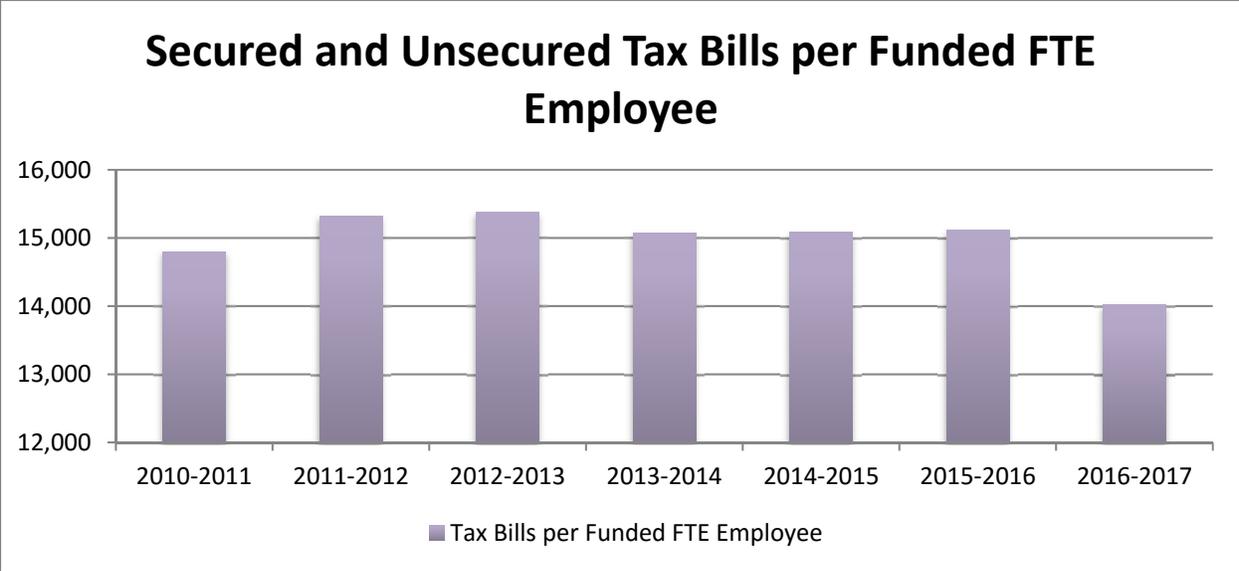
While the total number of deposit permits for fiscal year 2016-2017 was about the same as that of the fiscal year 2015-2016, the amount of deposits processed was \$447.0 million more than the previous fiscal year.



8. Treasury operations funded more than \$7.11 billion in warrants issued by the Auditor-Controller in fiscal year 2016-2017, an increase of 11.6% (or approximately \$740.5 million) over the prior fiscal year.
9. The investment portfolio as of June 30, 2017 totaled \$3.7 billion, an increase of 10.9% representing about \$360.7 million over the prior fiscal year.

**B. TAX COLLECTOR**

1. The Tax Collector continues to outsource the collection of both personal and real property tax payments received by mail throughout the year with successful results. 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 easily accessible and by multiple users simultaneously. Hundreds of millions of dollars in tax payments are being processed and deposited much more quickly, while images of the tax bills and corresponding payments are archived in an easily accessible “digital library.”

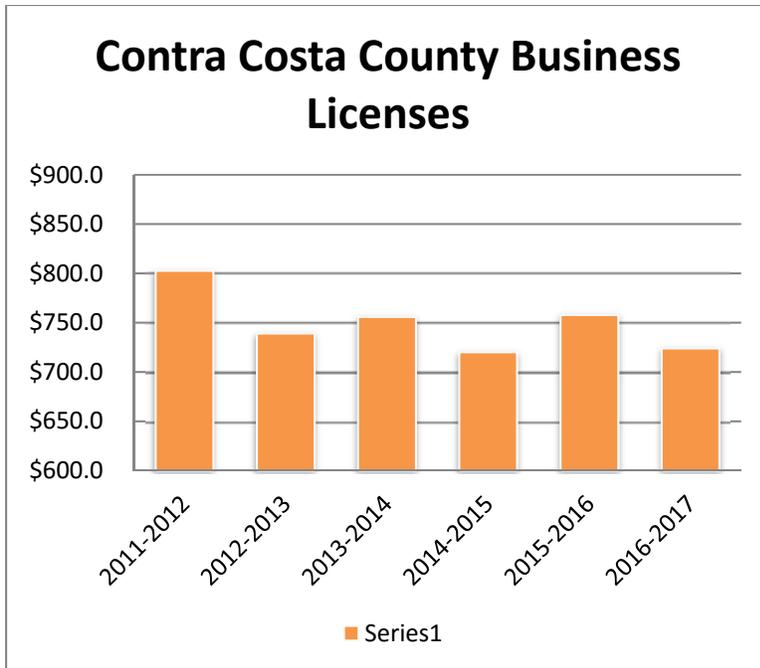


2. The Departments cashiering system that processes tax payments delivered to the office in person by taxpayers has been enhanced to accept Credit and Debit Card payments. The cashiers processed 26,098 walk-in transactions during Fiscal Year 2016-2017, totaling more than \$65 million of which 1,627 of those transactions were by Credit Cards totaling \$1,842,300. This 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
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
2014-2015	27.50	414,793	15,083
2015-2016	27.50	415,566	15,111
2016-2017	29.50	413,552	14,019

**C. BUSINESS LICENSE**

Business license collections, while varied, have remained at a relatively consistent level since the significant decline following FY 2011-2012. We attribute these results to the aftereffects from the recession of 2008 which led to the closure of many businesses resulting in the decline of annual businesses license renewals.



Contra Costa County Business License Collection	
Year	\$ Collection (in 1000s)
2011-2012	\$ 802.6
2012-2013	\$ 739.1
2013-2014	\$ 755.8
2014-2015	\$ 720.0
2015-2016	\$ 757.7
2016-2017	\$ 723.9

#### 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. Although the rising interest rate environment brought higher investment income than the prior fiscal year, the Treasury Pool, the relatively new federal governmental administration and volatile bond market present an uncertainty for the Treasurer’s Office in achieving its goals – Safety, Liquidity, and Yield.
2. All aspects of treasury investments and operations continue to prosper even though the staffing in the Treasury unit was reduced by one full-time position in 2010 and has experienced some turnover. 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 constant staff turnover at the county departments/districts level, providing continuous education on investments, banking services, and treasury operations including computer

systems presents a big challenge for the treasury staff who always strive for the best customer service possible.

4. Despite the fact that short-term interest rates are rising, long-term rates are still considered low. 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 proactive in all of the district’s debt issuance from the review of legal and offering documents to the investment of bond proceeds.
5. 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 and receipting for credit card programs. However, the unique methodology of accounting for these receipts increasingly demands additional staff time.

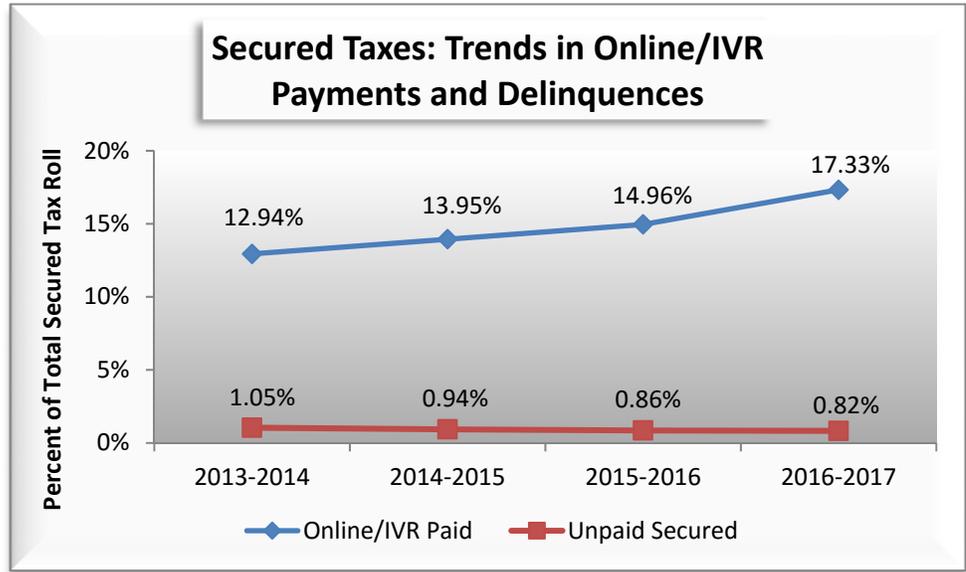
**B. TAX COLLECTOR**

**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 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
2013-2014	\$ 262,052,880	\$ 1,741,920,885	\$ 21,204,637	\$ 2,025,178,402
2014-2015	\$ 307,630,502	\$ 1,877,332,583	\$ 20,632,859	\$ 2,205,595,944
2015-2016	\$ 348,767,387	\$ 1,962,076,236	\$ 20,020,240	\$ 2,330,863,863
2016-2017	\$ 424,835,847	\$ 2,006,393,952	\$ 20,210,550	\$ 2,451,440,349

2. Another objective is to give taxpayers the ability to pay their taxes “online”. We currently have a “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. 17 percent of the County’s secured tax roll was paid by utilizing these non-traditional payment options during Fiscal Year 2016-2017.

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 available in both 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.

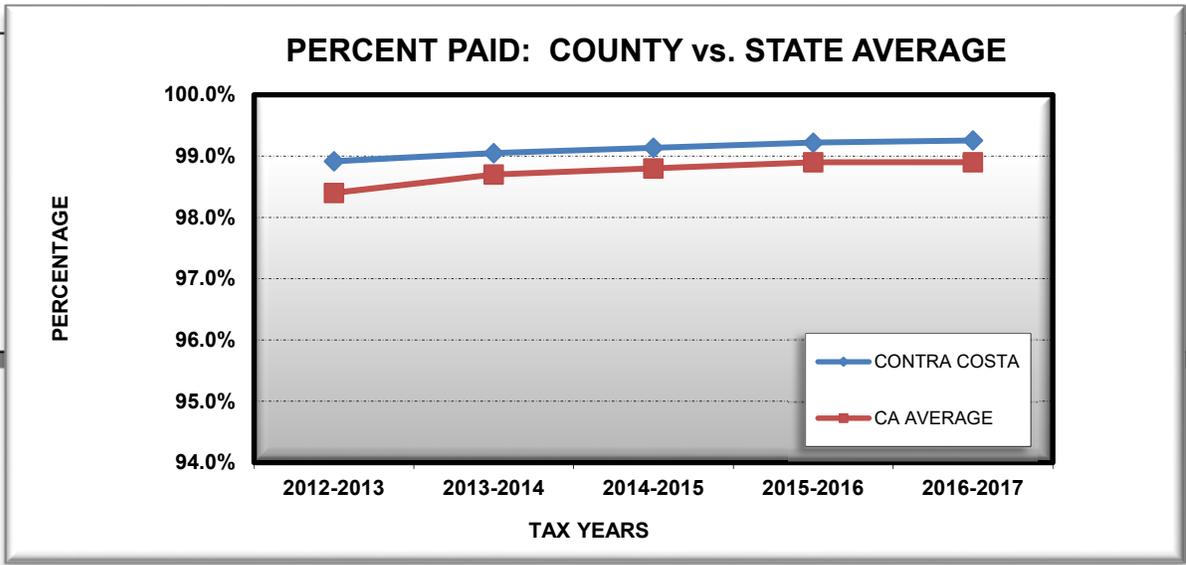
The Department has been conducting quarterly Treasury Oversight Committee meeting for over 20 years. Changes are continuously made in the quarterly Treasury Oversight Committee reports to enhance, update, and consolidate information.

The Department has repeatedly maintained a status of no adverse findings as evidenced in the quarterly committee reviews or in the annual audits, 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 \$26.1 million investment income which was allocated to all eligible participants quarterly.

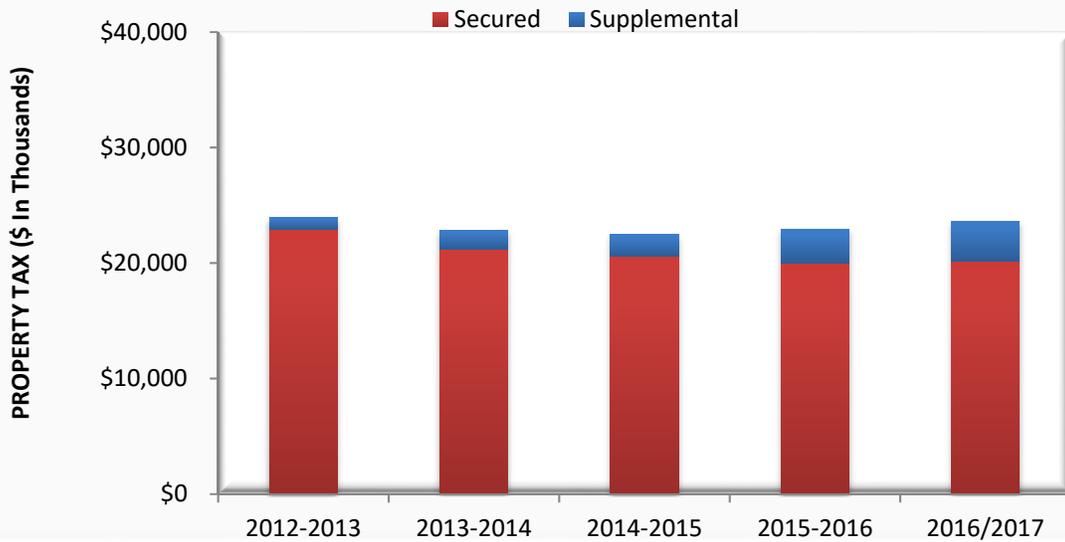
## **B. TAX COLLECTOR**

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



PERCENT PROPERTY TAX PAID: COUNTY COMPARED TO STATE AVERAGE					
	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
CONTRA COSTA COUNTY	98.9%	99.0%	99.1%	99.2%	99.3%
CALIFORNIA AVERAGE	98.4%	98.7%	98.8%	98.9%	98.9%

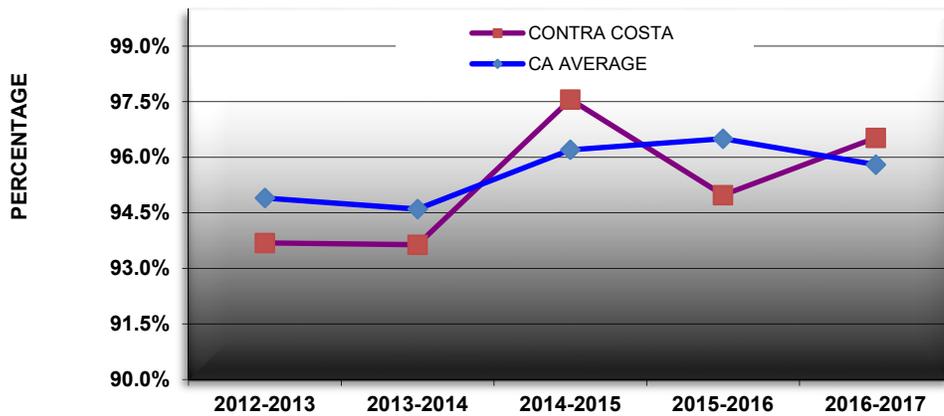
### DEFAULTED SECURED & SUPPLEMENTAL PROPERTY TAXES



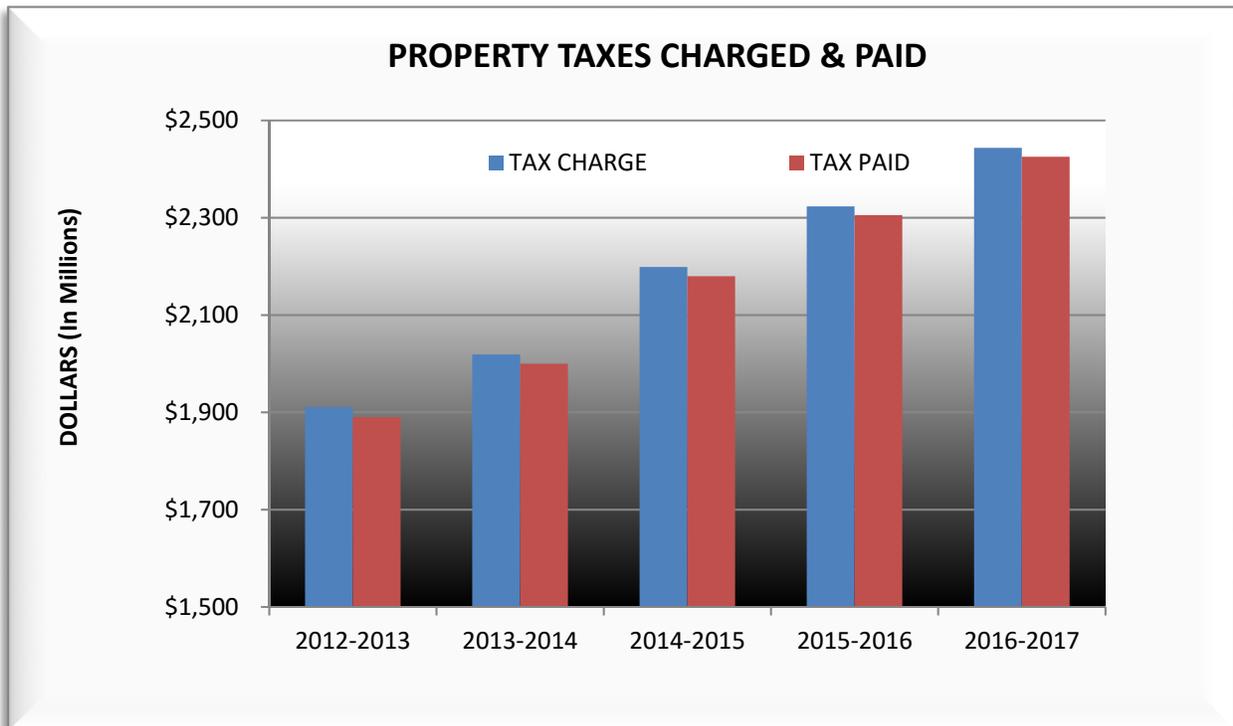
### DEFAULTED SECURED AND SUPPLEMENTAL PROPERTY TAXES IN DOLLARS

(\$ In Thousands)	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
<b>Secured</b>	22,933	21,204	20,633	20,020	20,211
<b>Supplemental</b>	200	1,632	1,820	2,915	3,420
<b>Total</b>	23,133	22,836	22,453	22,935	23,631

### 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)	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
<b>TAX CHARGE</b>	1,910.7	2,018.9	2,198.7	2,323.3	2,443.5

<b>TAX PAID</b>	1,890.0	1,999.7	2,179.7	2,305.2	2,425.2
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**Indicator:** During Fiscal Year 2016-2017, employees of the Treasurer-Tax Collector’s Office processed in excess of \$2.5 billion in taxes related to 413,552 parcels and accounts. This represents an average of \$86.9 million in collections for each funded full-time employee. The average number of accounts serviced by each employee is approximately 14,019.