ALAMEDA COUNTY
TREASURER – TAX COLLECTOR
FISCAL YEAR 2018-2019

Budget Work Session

Henry C. Levy
Treasurer-Tax Collector
April 10, 2018
Mission Statement

• Provide Alameda County departments and other depositing agencies with a safe, secure and convenient countywide central banking facility and treasury administration services, including the investment of “idle” funds while awaiting their use for departmental operations;

• Provide timely and accurate real estate and personal property tax billing and collection services;

• Provide efficient business licensing services in Alameda County’s unincorporated areas; and

• Provide comprehensive in-house administration of the County’s deferred compensation programs.
Mandated Services

- Section 2602, et seq. of the California Revenue and Taxation Code requires the Treasurer-Tax Collector to bill, collect and process all real estate and personal property taxes.

- Section 2.58.070, Custody of Funds of the Alameda County Charter, requires the Treasurer to receive and secure revenues from all other sources.

- Chapter 3.04, Section 550 of the Alameda County Charter, requires the Tax Collector to administer the issuance and collection of business licenses in the unincorporated areas of the County.
Non-Mandated Services (Discretionary Services)

- By annual ordinance, the Board of Supervisors delegates its authority to invest "idle" funds in the County treasury to the County Treasurer. Government Code Section 53601, et seq. and the Treasurer's investment policy provides investment guidelines.

- By board resolution, the Board of Supervisors designated the County Treasurer as the Deferred Compensation Plan Officer in charge of the administration of the voluntary employee-contributory tax-deferred savings plans sponsored by the County:
  a. The 457 (b) plan with after tax Roth feature for all county employees; and
  b. The 401 (a) plan for certain qualified employee groups.
Goals FY 2018-2019

- Maximize interest earnings of the Treasurer's Investment Pool.
- Identify and work with local banks that share values of County, and which will reinvest County deposits to housing and small businesses.
- Modernize the Tax Collector's Tax Collection and Accounting System and improve the Tax Cashiering system to expedite in-person tax payments during the tax seasons.
- Improve the collection enforcement for prior year personal property tax delinquencies.
- Implement better procedures that will improve identifying businesses in the unincorporated areas subject to business license taxation, and increase business license collections.
- Provide the highest standard of customer service to Alameda County taxpayers and other local agencies.
- Provide prompt, efficient and accurate services in the administration of the employee deferred compensation plans.
Objectives

FY 2018-2019

- Work with outside professional investment consultants in developing an investment strategy within the framework of the county's cash-flows, legal investment guidelines and carefully managed risk tolerance that aims to improve investment income.
- Improve investment reporting to the Board of Supervisors, participating agencies and the public by providing simple and user-friendly information.
- Use the authority of the Tax Collector to work with County, cities and non-profits to facilitate possible transfer of tax-delinquent properties to be turned into low-income housing.
- Ultimately, replace the old Tax Collector's Tax Collection and Accounting Systems (TSAC, TCUPS, SDS, etc.) with a modernized system to be developed in tandem with the Assessor's and Auditor-Controller's Systems.
Objectives

FY 2018-2019

- Work on developing canvassing procedure to identify and locate businesses that operate in the unincorporated areas of the county without business licenses.
- Work with the Auditor-Controller to include delinquent business license as "special tax roll assessment" in the property tax bill of the year following delinquency.
- Redesign the Treasurer-Tax Collector website to deliver timely reports and better access to information relating to property taxes and county investments.
- Participate with County Cannabis Working Group.
- Continue the process of studying and developing tax policy to present to the Board of Supervisors for cannabis licensees in Alameda County.
- Continue participation in the California Association of Treasurer-Tax Collectors' cannabis committee discussions relating to the banking of cannabis businesses.
Objectives

FY 2018-2019

• Continue to improve knowledge regarding investments and governance to better serve as a trustee on ACERA Board.
• Continue to make available to taxpayers, technology that will make their tax-paying and tax information inquiry experience user-friendly and convenient.
• Continue to work with Prudential Retirement Services, the third party administrator of the Deferred Compensation Programs, in developing education campaigns and providing information material to eligible employees in order to increase plan participation.
• Continue to work with Human Resources and other County departments to promote financial wellness initiatives to all County employees.
Objectives

FY 2018-2019

- Continue to work with ITD in developing additional on-line forms to facilitate the expeditious processing of various deferred compensation transactions via a traditional computer as well as mobile applications for Android and iOS-based hand-held devices.
- Continue efforts to update the Deferred Compensation Plan web page in order to make it more user-friendly and include information videos on various financial wellness topics.
- Review potential impacts of a County Business License Tax Ordinance revision and a potential ballot measure in 2020.
Accomplishments for FY 2017-2018

• Implemented process improvements recommended through the Operational Audit of the Department, which resulted in increased efficiency and effectiveness.
• Completed the assessment of all tax collection, tax accounting and tax cashiering business requirements, the first step in the multi-year (6-8 year plan) modernization project of the Tax Collector's Tax System; worked closely with County IT department.
• Completed the upgrade of the Treasurer's Item Age Cashiering System.
• Successfully completed and uploaded on the website 3 Tax Collector videos to provide taxpayers with timely tax paying information.
• Successful negotiation and submission, as well as approval by the State Controller's Office, of the Chapter 8 sale of 8 pieces of properties between Alameda County and Oakland Community Land Trust.
Accomplishments for FY 2017-2018

- Worked with Supervisor Miley on the Group Living Facility program in order to provide safe and responsible home for tenants.
- Participated in community events to inform them of chapter 8 tax delinquent property process.
- Participated in Senior Fare to publicize exemptions for low income and seniors regarding assessments from special districts.
- Worked successfully with non-profit developers for final push to achieve commencement of construction for housing development in Fruitvale district.
- Worked with the City of Oakland, as well as other cities in the County, on the feasibility study of public banking.
- Inserted in tax bill for first time information regarding county finances.
Accomplishments for FY 2017-2018

- Created a BLT report that identified owners of 2 or more rental properties in unincorporated areas who did not secure business license and did not report rental income.
- Successfully completed revision of BLT ordinance to require business compliance with Zoning Ordinance in order to ensure that business is located properly before a business license is issued.
- Reorganized Ad Hoc Committee for County Deferred Compensation Plan to include the Executive Director of Alameda County Employee Retirement Association (ACERA).
- Successfully joined the County's Deferred Compensation financial advisors with ACERA to provide financial counselling through ACERA seminars.
- Continued efforts to reach new employees at New Employee Orientations to inform them of the benefits of enrolling in the County's Deferred Compensation Plan.
- Participated in the development of a polished, professional-level video that included a message from the Treasurer-Tax Collector encouraging employees to participate in the Deferred Compensation Plan. The video also included testimonials from several satisfied plan participants.
## Financial Summary

### FY 2018-2019

<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Approved Budget</td>
<td>MOE Budget Request</td>
<td>Amount</td>
</tr>
<tr>
<td>Appropriations</td>
<td>11,776,741</td>
<td>12,349,529</td>
<td>572,788</td>
</tr>
<tr>
<td>Revenue</td>
<td>8,909,730</td>
<td>9,477,089</td>
<td>567,359</td>
</tr>
<tr>
<td>Net County Cost</td>
<td>2,867,011</td>
<td>2,872,440</td>
<td>5,429</td>
</tr>
<tr>
<td>FTE - Mgmt</td>
<td>19.33</td>
<td>19.33</td>
<td>0.00</td>
</tr>
<tr>
<td>FTE - Non Mgmt</td>
<td>35.14</td>
<td>35.14</td>
<td>0.00</td>
</tr>
<tr>
<td>Total FTE</td>
<td>54.47</td>
<td>54.47</td>
<td>0.00</td>
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Major Components of Net County Cost Change

<table>
<thead>
<tr>
<th>Component</th>
<th>NCC Change</th>
</tr>
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<tbody>
<tr>
<td>Salary and Employee Benefits (1)</td>
<td>$ 117,084</td>
</tr>
<tr>
<td>Discretionary Services and Supplies (2)</td>
<td>$ (10,872)</td>
</tr>
<tr>
<td>Non-Discretionary Services and Supplies (3)</td>
<td>$ 466,576</td>
</tr>
<tr>
<td>Revenue Accounts (increase) (4)</td>
<td>$ 567,359</td>
</tr>
<tr>
<td><strong>Total NCC Change</strong></td>
<td><strong>$ 5,429</strong></td>
</tr>
</tbody>
</table>

1. Increase in S&EB is due to the net effect of salary adjustments from step increases and cost of living adjustments.

2. Decrease in DS&S related to a budget adjustment from ITD

3. Increase in Non-DS&S related to increased ITD costs.

4. Increase in revenues relates to the increase of Property Tax Admin and Charges for Current Services.
## Workload Measures

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2016 Actual</th>
<th>FY 2017 Actual</th>
<th>FY 2018 Estimate</th>
<th>FY 2019 Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular Secured &amp; Supplemental Tax Bills</td>
<td>470,412</td>
<td>475,480</td>
<td>476,000</td>
<td>476,000</td>
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<tr>
<td>Delinquent Secured &amp; Supplemental Tax Bills</td>
<td>39,906</td>
<td>36,967</td>
<td>40,000</td>
<td>40,000</td>
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<tr>
<td>Tax Defaulted Properties for Auction</td>
<td>1,167</td>
<td>1,072</td>
<td>1,000</td>
<td>1,000</td>
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<td>Regular Unsecured Tax Bills</td>
<td>55,148</td>
<td>55,609</td>
<td>56,000</td>
<td>56,000</td>
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<tr>
<td>Delinquent Unsecured Tax Bills</td>
<td>15,760</td>
<td>16,491</td>
<td>16,500</td>
<td>16,500</td>
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<tr>
<td>Telephone Assisted Calls</td>
<td>49,882</td>
<td>46,641</td>
<td>46,000</td>
<td>46,000</td>
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<tr>
<td>Business License Accounts</td>
<td>7,387</td>
<td>7,325</td>
<td>7,400</td>
<td>7,400</td>
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<tr>
<td>Deferred Compensation Plan Participants</td>
<td>6,500</td>
<td>7,101</td>
<td>7,500</td>
<td>7,900</td>
</tr>
<tr>
<td>Deferred Compensation Plan Assets (millions)</td>
<td>$560</td>
<td>$699</td>
<td>$720</td>
<td>$740</td>
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<tr>
<td>Invested Pooled Funds (billions)</td>
<td>$4.7</td>
<td>$5.4</td>
<td>$6.0</td>
<td>$6.1</td>
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<tr>
<td>Paper Checks Deposited/Processed</td>
<td>21,435</td>
<td>8,543</td>
<td>9,215</td>
<td>9,583</td>
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<tr>
<td>Image Checks Deposited/Processed</td>
<td>268,766</td>
<td>472,878</td>
<td>532,576</td>
<td>553,879</td>
</tr>
<tr>
<td># of Property Taxes paid by Credit Card</td>
<td>26,511</td>
<td>28,359</td>
<td>32,492</td>
<td>33,792</td>
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<tr>
<td># of Property Taxes paid by ACH</td>
<td>83,087</td>
<td>96,649</td>
<td>133,614</td>
<td>138,959</td>
</tr>
<tr>
<td># of Property Taxes paid by EFT</td>
<td>216,856</td>
<td>216,144</td>
<td>180,866</td>
<td>188,101</td>
</tr>
<tr>
<td># of Property Taxes paid by Cash/Checks</td>
<td>275,216</td>
<td>278,209</td>
<td>294,051</td>
<td>305,813</td>
</tr>
<tr>
<td># of Property Taxes paid through Lockbox</td>
<td>372,985</td>
<td>355,860</td>
<td>403,241</td>
<td>419,371</td>
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<tr>
<td>Warrants Paid/Processed</td>
<td>434,427</td>
<td>425,421</td>
<td>429,675</td>
<td>433,972</td>
</tr>
<tr>
<td>Exception Payments - Special Processing</td>
<td>33,458</td>
<td>37,392</td>
<td>40,303</td>
<td>41,915</td>
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</tbody>
</table>
Appropriation by Departmental Function

Deferred Compensation
$649,618.00
5.26%

Tax Collector
$5,021,399
40.66%

Deferred Compensation
$649,618.00
5.26%

Business License
$803,792
6.51%

Total Appropriations: $12,349,529 - 100%

Treasurer
$5,874,720
47.57%

Budget Work Session FY 2018-2019
Appropriation by Major Objects

$7,189,180.00
Salaries & Benefits
58.21%

$2,368,988.00
Services & Supplies
(Discretionary)
19.18%

$2,831,361
Internal Service Funds
(Non-Discretionary DS&S)
22.93%

($40,000) Intra Fund Transfers for Interdepartmental Services Rendered (-0.32%)

Total Appropriations: $12,349,529 - 100%
Total Revenue by Source

- Other Charges for Current Services (Treasury & Investment Administration): $6,849,317.00 (72.27%)
- Property Tax Administration: $1,727,772.00 (18.23%)
- Assessment & Tax Collector Fees: $700,000.00 (7.39%)
- Other Revenues: $200,000.00 (2.11%)

Total Revenue: $9,477,089 - 100%
Four Ways to Increase Revenue

FY 2018-2019

• **Increased Enforcement of Unsecured Accounts**: Each year, between 6,000 and 7,000 unsecured accounts go delinquent. Last year, this represented $7 million uncollected, or about $1,000 each. A good collector can work on up to 350 accounts/year, but would focus on larger ones, so in prior years, one collector was able to collect $2.4 million.

• **Increasing the Yield on the Investment Pool**: The pool will probably average about $5 billion this year. Each basis point of increase yields $500,000. We believe we can improve performance by at least 50 basis points. The share going to the County’s general fund plus other interest-earning funds is about 55% of the pool, so therefore approximately $13.7 million.
Four Ways to Increase Revenue (continued)

• **New Cannabis Tax**: We are projecting that the 15 new licensees may raise in the range of $1 million-$2 million.

• **Increased Business License Tax**: We currently collect approximately $3.5 million each year. Our rates are approximately ¼ the rates of some of the surrounding cities. If we could double our rates, that would raise another $3.5 million.
Questions?