



ALAMEDA COUNTY
TREASURER – TAX COLLECTOR
FISCAL YEAR 2019-2020

Budget Work Session

Henry C. Levy
Treasurer-Tax Collector
April 9, 2019

- 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.



Eliminate
Homelessness

Continue to use the Treasurer's influence in working with local financial institutions to explore ways to provide financial services for housing and small business in Alameda County.

Continue to promote low-income housing development on tax-delinquent properties.

Work with Department Heads from County, City of Oakland, non-profits on continued success of Chapter 8 Program.



Crime Free
County

Continue to work with District Attorney and Social Services on program to reduce financial crimes on elderly.



Thriving &
Resilient
Population

Through promoting financial wellness programs for Alameda County employees and retirees working with the County's Human Resources, Risk Management Departments and ACERA, to educate all employees and retirees about financial, health, and all other forms of wellness.



Prosperous &
Vibrant Economy

Expand the Treasurer-sponsored IMPACT program by building relationships with local banks (currently there are approximately 10), in order to make financial services available to financially challenged Alameda County residents and businesses.

Working with local banking partners and other community financial institutions, to do outreach in areas of financial literacy, financial security/wellness and financial entrepreneurship.



Collaboration

Improve collaboration with other County Agencies and affiliates.

Work with County Board of Education to increase efficiencies of payments to and from schools; work with Assessor's office to build new joint website and ways to access property information.



Fiscal Stewardship

Improve the tax collection of unsecured delinquent accounts.

Improve the process for identifying businesses subject to business licensing in the County's unincorporated areas and carry-out active auditing of business accounts in order to increase business license tax revenues.

Improve the county's Deferred Compensation Plan in terms of costs, transparency, and financial wellness programs.

Develop a request for proposal for deferred compensation plan investment and record-keeping services. Send out the RFP and complete the search in FY 2019-2020.



Fiscal Stewardship

Continue to lead new banking efforts.

Increase investment earnings, with little or no added risk to pool. Achieve this objective with the assistance of the recently hired investment consultant by implementing a solid investment diversification strategy in accordance with the Treasurer's cash-flow forecast. Review asset mix to ensure higher yielding permissible investments are included. If needed, revise the Treasurer's Investment Policy accordingly. Execute the investment plan. Improve reporting to Board of Supervisors and Public.

Bring the Collection Enforcement Unit to full staffing by increasing collection enforcement deputies from 2 to 3, which is needed to enable the prompt collection of newly delinquent unsecured taxes. Secure funding for the additional position. Desire for this to be implemented in this budget cycle.



Fiscal Stewardship

Complete the tactical plan to carry-out the process for identifying businesses that escape business licensing and the auditing of businesses to determine the accuracy of the calculation of their business license obligations. Work on new county ordinance to simplify and modify the current ordinance, as well as to incorporate new cannabis taxation, for 2020 ballot.

Continue to explore ideas for public bank and/or cannabis banking; reach out to other public officials and discuss with banking professionals.

As of 12/31/2018, allocated \$17,485,472 of interest revenue from investments to all schools (K-12) and community college districts. We estimate that a total of \$43,363,970 would be allocated by 6/30/2019.



Innovation

Continue to Modernize the Tax Collector's Tax Collection and Accounting System in tandem with the Auditor's Tax Accounting System.

Solidify the tax system modernization road map, secure funding to proceed, and determine whether to proceed with in-house system development or go with a market available system with an architecture that permits customization to meet the Tax Collector's and Auditor's systemic requirements. If funding is obtained, a new system is possible by end of 2021.

Continue to collaborate with our ITD Department as well as outside software vendors to investigate how technology can assist all County efforts and values.



Innovation

Ensure, through the RFP Process that current providers of services to the Treasurer-Tax Collector are the best to provide the most robust services. If practicable, consider integrating other affiliated and/or associated county departments into our plan.

Accomplishments for FY 2018-2019

- Completed the development of the upgraded “Tax Tools” (now New Tax Tools) which will provide the data hub for all tax payments. Implementation is scheduled on July 1, 2019.
- Implemented the upgrade to the cashiering and tax remittance system, from Item Age Classic to Item Age Express. Implemented February 25, 2019.
- Successfully renegotiated the renewal of the credit card services contract at lower merchant fee rate, eliminating the budgetary subsidy of the excess cost and removal of the \$3.00 fee for on-line payments of property taxes. Implemented the new contract on January 1, 2019.
- Hired an investment consultant who will assist the Treasurer and Chief Investment Officer in:
 - a. developing an investment strategic plan aimed to improve investment portfolio yield;
 - b. Redesigning the monthly investment report to the Board of Supervisors and other stakeholders;

Accomplishments for FY 2018-2019

- c. reviewing and improving the Treasurer's Cash-Flow Forecasting model;
 - d. benchmarking the portfolio yield;
 - e. reviewing asset-mix of investment portfolio, including viability of Asset-Backed Securities as permitted investment in the Treasurer's Investment policy;
 - f. other projects associated with best practice investment portfolio management.
- Continued collaboration with local banks on the IMPACT deposit program which aims to encourage these financial institutions to make financial services available to "hard-to-bank" constituents.
 - Continued coordination with other local governments in monitoring low-income housing construction of properties acquired through the chapter 8 program.

Accomplishments for FY 2018-2019

- Initiated cross-agency meetings with the District Attorney and Social Services Agency to discuss ways to combat elder abuse in the county.
- Completed the simplified TTC website which is now more user-friendly.

TREASURER-TAX COLLECTOR	FY 2018-2019	FY 2019-2020	Change from 2018-2019 Budget	
	Approved Budget	MOE Budget Request	Amount	Percent
Appropriations	12,349,529	12,717,416	367,887	2.98%
Revenue	9,477,089	9,585,089	108,000	1.14%
Net County Cost	2,872,440	3,132,327	259,887	9.05%
FTE - Mgmt	19.33	19.33	0.00	0.00%
FTE - Non Mgmt	35.14	35.14	0.00	0.00%
Total FTE	54.47	54.47	0.00	0.00%

Major Components of Net County Cost Change

Component	NCC Change
Salary and Employee Benefits (1)	\$ 12,014
Discretionary Services and Supplies (2)	\$ 108,000
Non-Discretionary Services and Supplies (3)	\$ 247,873
Revenue Accounts (increase) (4)	\$ 108,000
Total NCC Change	\$ 259,887

1. Increase in S&EB is due to the net effect of salary adjustments from step increases and cost of living adjustments.
2. Increase in DS&S related to Investment Consulting Services fees.
3. Increase in Non-DS&S related to increased ITD costs and other ISF funds.
4. Increase in revenues relates to the increase on Charges for Current Services.

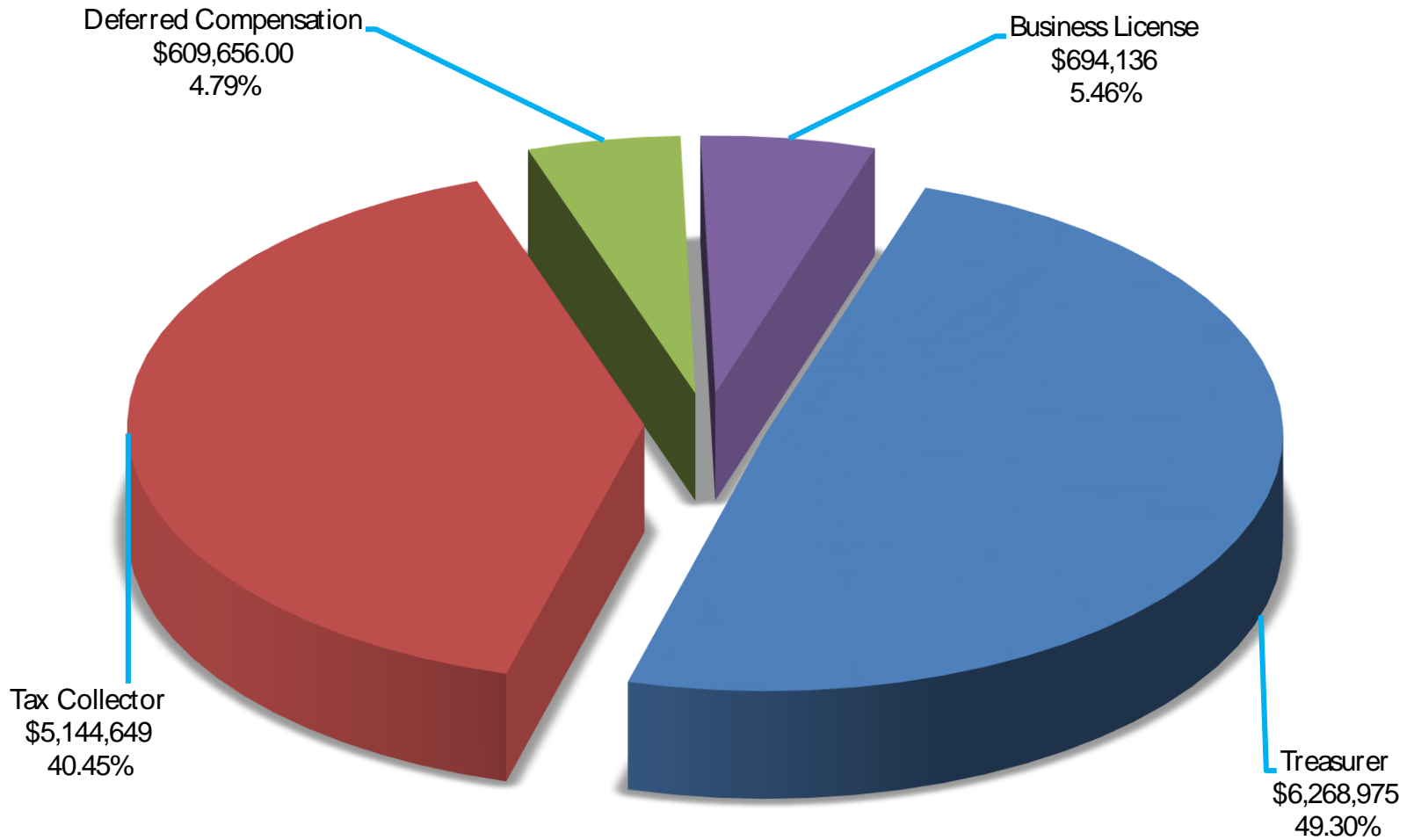
Workload Measures

FY 2019-2020

	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 ESTIMATE	FY 2020 ESTIMATE
Regular Secured & Supplemental Tax Bills	475,480	479,076	480,000	480,000
Delinquent Secured & Supplemental Tax Bills	36,967	37,243	37,500	37,500
Tax Defaulted Properties for Auction	1,072	710	800	800
Regular Unsecured Tax Bills	55,609	55,098	55,000	55,000
Delinquent Unsecured Tax Bills	16,491	13,888	13,000	13,000
Total # of Property Tax Accounts paid	975,221	995,457	962,855	983,729
# of Property Tax Accounts paid by Credit Card	28,359	31,804	29,428	30,310
# of Property Tax Accounts paid by ACH	96,649	131,913	157,904	162,641
# of Property Tax Accounts paid by EFT	216,144	214,078	210,075	208,367
# of Property Tax Accts pd by Cash/Checks (Counter)	278,209	273,698	237,400	244,522
# of Property Tax Accounts paid through Lockbox	355,860	343,964	328,048	337,889
Annual Total Tax Charge - all types	\$ 3,857,408,392	\$ 4,218,359,342	\$ 4,581,219,231	\$ 5,016,601,353
Annual Total Tax Collection - all types	\$3,769,905,924	\$4,128,280,984	\$4,473,341,594	\$4,893,325,920
Annual Uncollected taxes at year-end - all types	\$87,502,468	\$90,078,358	\$107,877,637	\$123,275,433
Telephone Assisted Calls	46,641	50,402	50,000	50,000
Business License Accounts	7,325	7,879	8,000	8,200

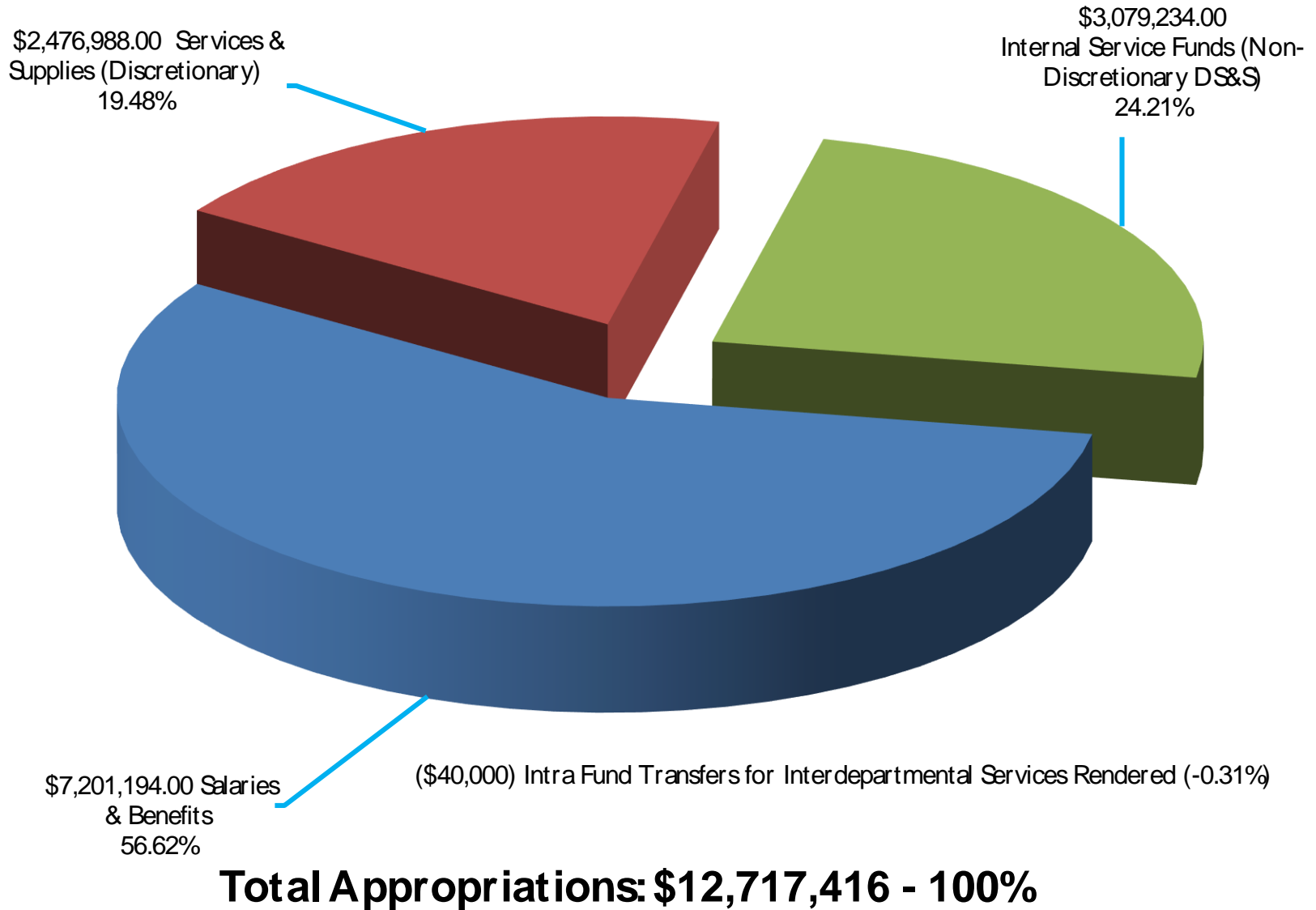
	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 ESTIMATE	FY 2020 ESTIMATE
Deferred Compensation Plan Participants	6939 Total 5185 Active	7297 Total 5388 Active	7588 Total 5603 Active	7891 Total 5827 Active
Deferred Compensation Plan Assets (millions)	\$642	\$719	\$791	\$870
Invested Pooled Funds (billions)	\$5.4	\$5.8	\$6.0	\$6.2
Total Interest Earned (Net of Fees)	\$31,837,859	\$59,726,265	\$87,000,000	\$101,060,000
Effective Rate of Return - Cash	0.77%	1.18%	1.62%	1.80%
Effective Rate of Return - Accrual	1.04%	1.67%	2.25%	2.50%
Warrants Paid/Processed	425,421	384,051	384,100	384,200
Exception Payments - Special Processing	37,392	9,792	8,812	8,812

Appropriation by Departmental Function

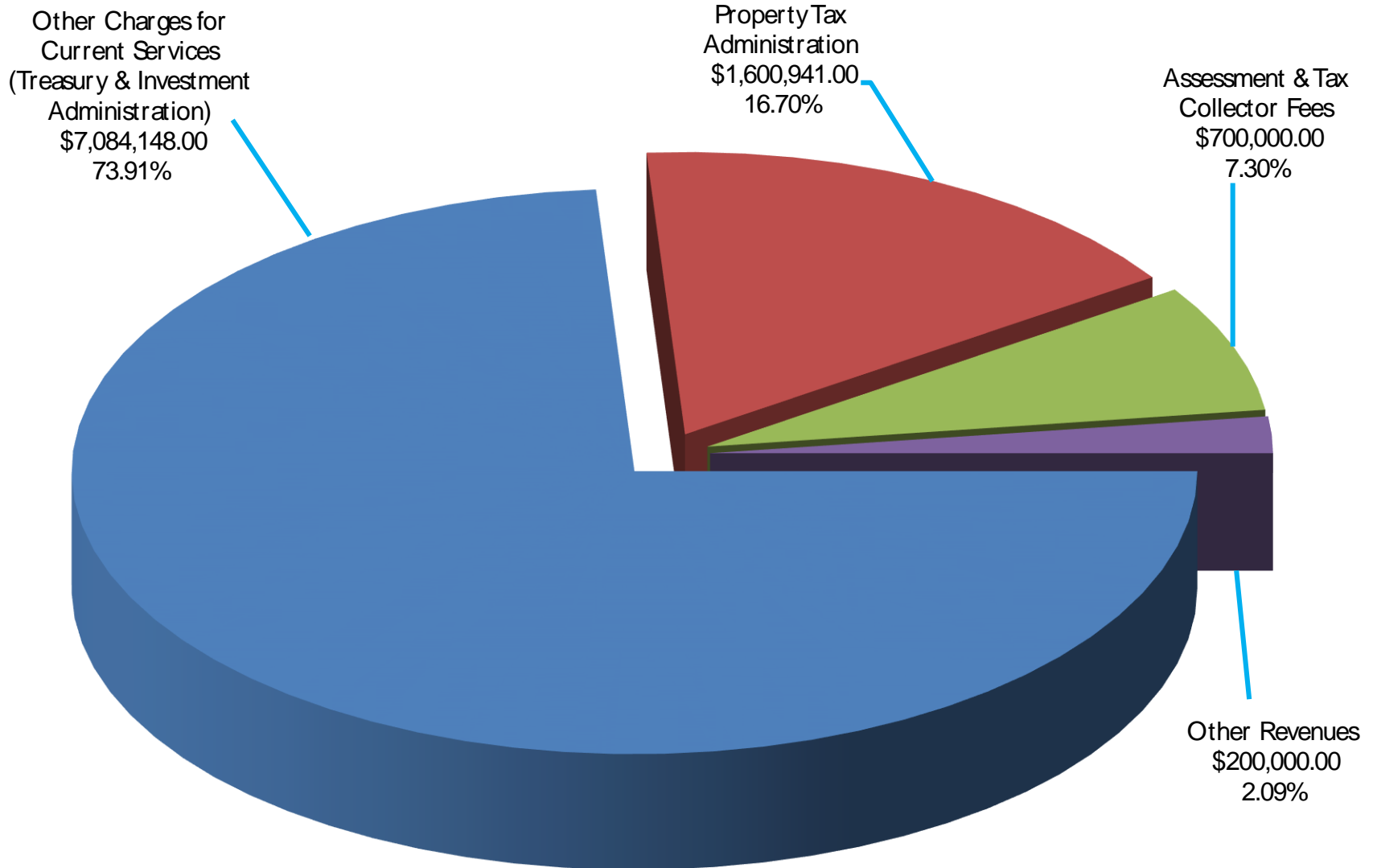


Total Appropriations: \$12,717,416 - 100%

Appropriation by Major Objects



Total Revenue by Source



Total Revenue: \$9,585,089 - 100%

- **Increased Enforcement of Unsecured Accounts:** Each year, between 7,000 and 8,000 unsecured accounts go delinquent. Last year, this represented \$8.3 million uncollected, or on average of about \$1,000 each account. A good collector can work on up to 1,000 accounts. The Tax Collector needs to hire a third collector which requires salary funding. The Tax Collector has pending request to the CAO for this purpose.
- **Increasing the Yield on the Investment Pool:** The pool will probably average about \$6 billion this year. Each basis point of increase yields \$600,000. 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, could incrementally increase by approximately \$16.5 million.

Questions?
