

ORANGE COUNTY TREASURER-TAX COLLECTOR 2010 BUSINESS PLAN



THE ORANGE COUNTY TREASURER'S JOURNAL

Orange County Treasurer-Tax Collector

The Honorable
Treasurer-Tax Collector
CHRIS W. STREET

2010

Business Plan

THURSDAY, JANUARY 14, 2010

"An Inside Look at
TTC's Goals, Challenges
& Accomplishments"

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Treasurer-Tax Collector's Office
11 Civic Center Plaza
Santa Ana, CA 92701

Pay To
The Order of

County of Orange

One Million Seven Hundred Ninety Thousand DOLLARS

\$1,790,000

Underspent Budget for FY 08-09
MEMO

Treasurer-Tax Collector's Office Saves \$1.79 Million in FY08-09
The Orange County Treasurer-Tax Collector's Office looks forward to producing outstanding results in 2010 while continuing to underspend its budget. This is no way will affect the prompt and courteous customer service provided to Orange County's taxpayers.

TTC USES TECHNOLOGY TO COST-EFFECTIVELY IMPROVE COMMUNICATION WITH THE PUBLIC

IDENTIFYING NEW OPPORTUNITIES

SOURCE

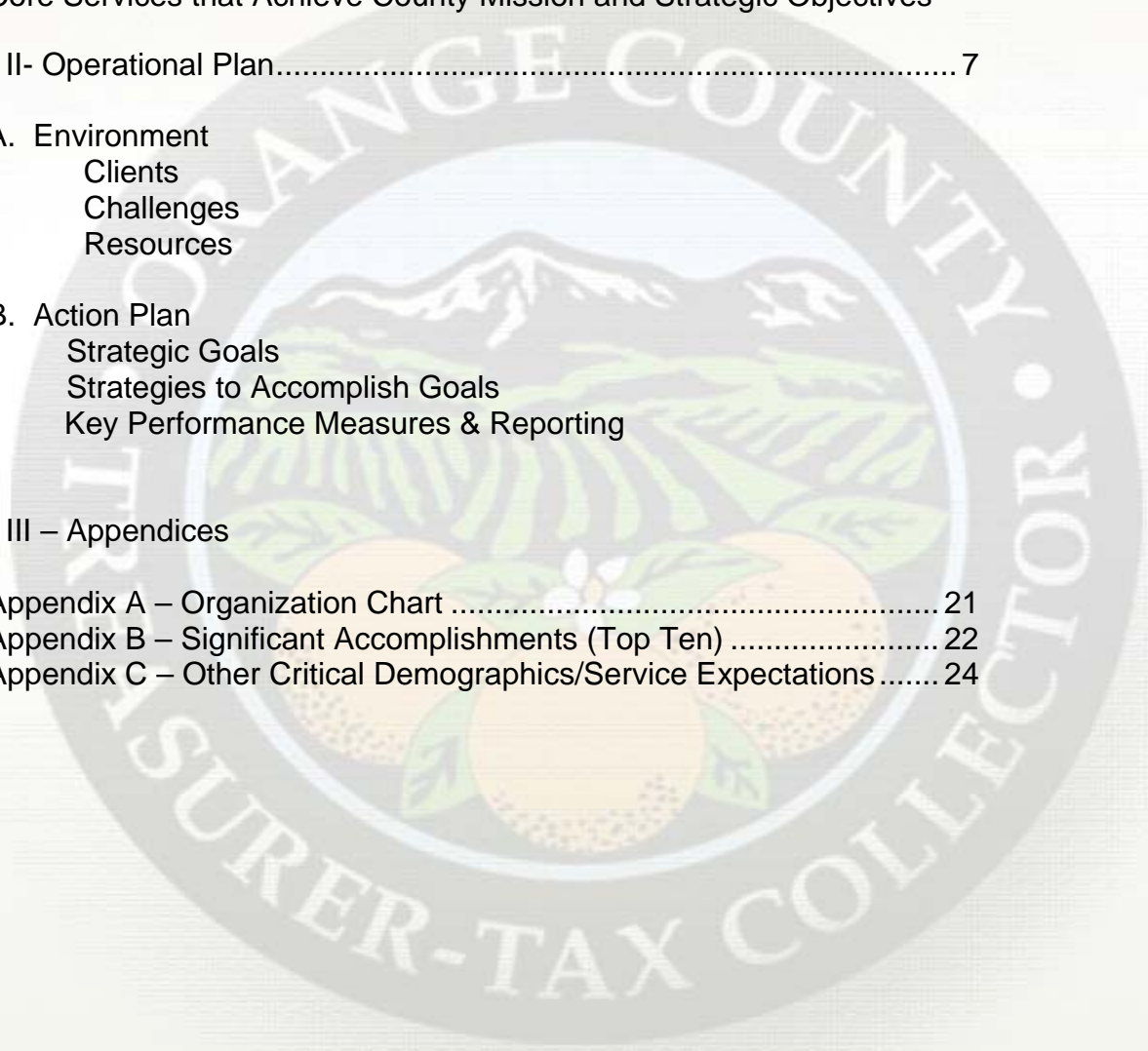
THE OC

Treasurer Helps OC Department of Education Reduce Debt Expense

OWN

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EXECUTIVE SUMMARY

The Treasurer-Tax Collector Department collects property taxes on behalf of various agencies including school districts, cities, community redevelopment agencies, independently governed special districts (not governed by the Board of Supervisors), special districts governed by the County Board of Supervisors, and the County General Fund. The Treasurer-Tax Collector is the elected County official responsible for safekeeping the assets of the County of Orange. Fulfilling the mission and functions of the department requires ongoing investment in technology and constant vigilance in tracking and understanding new standards and legislation as it affects our local government.

In the last year, amidst a still turbulent economic climate, ongoing employment instability and housing market meltdowns, the department continued to improve overall productivity and maintain tax collection rates at high levels. Last year the department collected significantly more than the California county average in secured and unsecured property tax. In fact, the Orange County currently ranks 9th out of the 58 counties in the State of California.

Treasurer-Tax Collector continued to focus on improving worker productivity and on implementing its long-range goal of consolidating County collection efforts. To this end, five (5) staff members from the Auditor Controller Department transferred into the Treasurer-Tax Collector. Five (5) more are expected to transfer in 2010. We can already see that pooling resources in this way will considerably streamline collection efforts, which is favorable to the County as a whole.

In the last year we fully implemented the Balanced Scorecard process, which provides transparency in evaluating how effectively the department is performing a number of critical functions in banking, investment and collection. Balanced Scorecard has been an invaluable tool in identifying areas where the department is functioning at optimal levels, as well as revealing areas where additional streamlining/improvement would be beneficial. The department is planning to expand the use of the Balanced Scorecard approach to further optimize operations at the division and unit level.

The department continues to forge ahead in the replacement of the current Assessment Tax System (ATS) with the Property Tax Management System (PTMS). This new system fundamentally changes and improves the current process of producing property assessments, billing, collecting, allocating property taxes, and managing assessment



appeals. The modern programming language used to code the new system contributes immeasurably to developing a system that is robust, flexible, scalable, and will be considerably easier to maintain. To date, the project team has completed the documentation and requirements elaboration, converted business rules into programs and provided user training for the Tier 1 modules. Implementation of the first module is expected in 2010. The target for completion of all modules is 2011.

It is Treasurer-Tax Collector policy to invest public funds in a manner that maximizes the security of principal invested while conforming to all applicable statutes and resolutions governing investment of public funds, with secondary emphasis on providing adequate liquidity to pool participants and achieving the highest possible yield. The department maintained stable net asset values in the pool while preserving liquidity to meet the cash flow needs of the County. Yields in money market funds have continued to match or exceed benchmark averages (the average yield of approximately 200 Prime Institutional Money Market Funds) as shown within the details of this plan.

On December 1, 2008 Standard and Poor's Rating Services assigned an AAAM Principal Stability Fund Rating to the Orange County Money Market Fund and the Orange County Educational Money Market Fund. Standard and Poor's Rating Services reaffirmed the AAAM ratings for both Money Market Funds on February 8, 2010.

In FY 2008-2009, the department reported actual Net County Cost as negative \$439,073, which represents a significant reduction in burden to the County General Fund. In effect, instead of adding burden to the County's cost of operation, Treasurer-Tax Collector reduced its net operating expense to *less than zero* and returned excess funds to the County. The department worked hard to attain financial self-sufficiency during these difficult times. To identify opportunities for cost reduction, cost-reimbursement and greater operating efficiencies – without sacrificing high quality customer service – Department staff constantly review existing processes, research and identify opportunities for improvement. Two key strategies we employed in the last year were ongoing support for the business optimization unit (staff fully focused on process improvement and cost reduction projects), and implementation of a departmental monthly income statement designed to provide department members with “real-time” financial information to integrate into their day-to-day decision-making.

The department continues to reap the benefits of a talented, dynamic and flexible workforce. Our staff takes their charge very seriously, and each person plays an important role in ensuring the ongoing success of the department. Our staff members individually and collectively have added great value to County services by continuing to research, design, plan and implement advanced technologies and improved business processes, which contribute to ever more efficient payment processing, collections and investing of county resources. In FY 2008-2009 the department employed 84 full time equivalent (FTE) and 13 extra help staff. The Treasurer-Tax Collector did not experience a layoff or furlough days.

In the next year, the Treasurer-Tax Collector will continue to investment safely and prudently, maximize use of available resources and provide exceptional service to members of the public in alignment with its mission within the County of Orange.



SECTION I – AGENCY OVERVIEW

VISION STATEMENT

To be the premier Treasurer-Tax Collector's office throughout California and the nation.

MISSION STATEMENT

The mission of the Orange County Treasurer-Tax Collector's office is to collect, manage and safely invest property tax dollars, preserve the public trust and contribute to the greater good of the community.

CORE SERVICES

The Treasurer-Tax Collector's three core services are (1) Banking (2) Investment, and (3) Collecting Taxes. Each core service is described below:

(1) Banking

- *Cash Management*
To provide efficient, secure, and timely cash management services and products throughout County agencies to maximize use of financial resources and yield the best returns for participants.
- *Accounting and Compliance*
To promote and maintain public trust by maintaining exceptional internal controls and methods of oversight to ensure adherence to the County's Investment Policy Statement.
- *Client Support & Development*
To provide County agencies with tools, training and education to optimize services through reduced costs and more efficient cash management throughout the county.



(2) Investment

- *Safety*
To preserve entrusted funds and foster public trust by adhering to guidelines established in the Investment Policy Statement, and collaborating with various advisers, experts and committee members for guidance and insight.
- *Liquidity*
To maximize the proficiency with which we forecast cash requirements in order to provide adequate liquidity to meet or exceed cash flow needs of pool participants.
- *Yield*
To maximize the net investment yield on the investment pools, without compromising safety and liquidity, in order to ensure adequate resources are available to build for the future of our community.

(3) Collect

- *Billing*
To provide accurate and timely bills to maximize collection of property taxes prior to delinquency.
- *Taxpayer Support*
To take advantage of varied methods of communication to disseminate information to taxpayers, including timing of and methods for payment of property taxes, in order to maximize tax receipts and minimize delinquent taxes.
- *Payment Processing*
To support multiple payment processes to maximize convenience for the taxpayers and capitalize on timely investment of tax-payer dollars.
- *Delinquencies*
To maximize investment returns by focusing efforts on the greatest opportunities for collection of delinquent taxes.



SECTION II – OPERATIONAL PLAN

A. ENVIRONMENT

- **Clients:**

The Treasurer-Tax Collector (TTC) collects taxes on behalf of approximately 280 taxing jurisdictions. These jurisdictions include the County, schools, cities and special districts. Real property owners account for the largest percentage of service recipients, representing 844,000 of our 1.2 million tax bills. The top 20 corporations and companies are projected to pay 4.84 percent of the total \$4.76 billion due on the real property tax roll for the 2009-10 year.

The TTC provides remittance processing, accounting, banking, cash management and investment services to the County, special districts and school districts. Approximately \$6 billion is managed in three separate investment pools. In addition, approximately \$97 million is invested in specific funds for certain departments and special districts. Treasury clientele expect diligent cash flow planning, professional investment management and efficient, timely accounting and reporting services. Pool participants, the public and other interested parties expect to be provided with timely accurate information. A detailed monthly Treasurer's Management Report provides a complete yet concise summary of the holdings and investment activity of the Treasury Division. Current and past reports are available on the web at <http://tax.ocgov.com/treas/monthrep.asp>.

Taxpayers deserve timely dissemination of tax bills, efficient remittance processing, proper cash handling, effective customer service and strong enforcement of delinquent taxes due.

Taxpayers deserve convenient options for paying taxes. The TTC offers service recipients the option to pay both property and unsecured taxes in person, by mail, through mortgage impound accounts (CORTAC), credit card and electronic fund transfers.

Taxpayers deserve to have the ability to deliver their payments in person. These payment services are available at the TTC at Civic Center Plaza in Santa Ana or via the night drop box. The TTC also installed an in-office express payment drop box to eliminate the need for payment-ready customers to wait in line. To further facilitate the receipt of payments, the TTC offers extended office hours on tax payment due dates.



- **Challenges:**

The Economy

The fiscal future within the State of California remains bleak. As the economy continues to suffer the effects of the recession, the State is trying to address its budget shortfall in many ways, including pay cuts, furloughs and layoffs of state and local government employees.

Nonetheless, even given the poor economic climate and growing numbers of defaults and foreclosures, in FY 2008-2009, the TTC still received a consistent flow of tax remittances.

Collection

Maximizing tax collection from all sources is a critical Division goal and challenge. The TTC is continuously working on improving the efficiency and effectiveness of tax collection processes and systems. New strategies are regularly tested to maximize the use of resources.

The TTC is continuously working on improving the efficiency and effectiveness of tax collection processes and systems. Given the current economic climate and growing numbers of bankruptcies and foreclosures, maximizing tax collection from all sources is a critical Division challenge. Overall bankruptcy filings in the United States Bankruptcy Court, Santa Ana Division, have increased 70% in 2008 as compared to the same period in 2007. We expect to see continued increases in bankruptcy filings and are faced with a growing workload to accommodate the increase. However, TTC's collection staff, and thus our efforts related to bankruptcy claims were reduced due to the loss of the State AB 589 grant funds.

We expect that secured real estate tax and unsecured business property tax delinquencies will continue to increase in the County, which may yet result in reduced tax collection. This is because increases in delinquencies create more work for fewer tax collection staff. We see a need to expand permanent staffing levels to accommodate the loss of AB 589 funds and the additional volume of delinquencies.

The TTC has also begun using the Balanced Scorecard to measure collections data and to provide better insight into the efficiency and effectiveness of current operations.



- **Resources:**

Funding

The TTC's budget for FY 2009-10 is \$14.5 million in expenditures and \$12.1 million in revenues. The difference, or Net County Cost, is \$2.4 million*. The components of the revenues are as follows (in millions):

Investment Services Revenue Paid by the Treasury Pool Participants	\$6.3
Banking Services / Merchant Services / Armored Car	2.0
Tax Collector Cost Recovery	<u>3.8</u>
<u>Total Departmental Revenues</u>	<u>\$12.1</u>

* **Note:** In 2009-10, the TTC's budgeted net county cost increased to \$2.4 million. The increase was primarily due to TTC cost recovery related to Supplemental Roll Reimbursement revenues being diverted to the County's General Fund to cover other uses within the CEO's budget.

Net County Cost (NCC)

Fiscal year 2008-09 marked a milestone for the TTC. For the first time in its history, the Treasurer-Tax Collector's Office reported actual Net County Cost as negative \$439,073.

To put this in perspective, this means that last year the TTC collected approximately \$5.1 billion in property taxes *at no cost* to the County, instead the Department returned \$439,073 million to the County General Fund. This was accomplished through continuous focus on maximizing the efficient use of resources, coupled with a department wide commitment to cost recovery.

Each division within the TTC is committed to the common goal of reducing NCC. When legally allowable, operating units look for opportunities to recover operating costs sufficient to offset direct costs from outside vendors, as well as the actual (County) costs associated with infrastructure and overhead resources.

As part of its strategy to effectively manage NCC, the TTC began issuing a monthly income statement in fiscal year 2008-09. The income statement is prepared on the accrual basis of accounting, and is routinely distributed to TTC executive managers. This document provides a monthly comparison of budget-versus-actual amounts for all of the revenue and expense components of the TTC budget; thus, it enables management to make real-time decisions to ensure that TTC meets its NCC reduction goals each fiscal year.



Staffing

The TTC collection of delinquent unsecured taxes generates revenue which consists of unsecured taxes, interest, penalties, and a recovery of the costs of collection. The TTC has instituted a number of efficiency improvements and increased cross-training. However, the TTC is not adequately staffed to maintain historical percentages of unsecured property tax collection. The economic downturn in recent years has resulted in a huge increase in delinquent taxes and bankruptcies. Each stakeholder is negatively impacted by reduced delinquent tax collection. The TTC has currently sent a request to the CEO to fill five positions, which will all be assigned to the Collections Unit. Each of these positions will generate substantial revenue for the TTC, County General, other County agencies, cities, school districts, and special districts within the County.

The five Collection positions requested will have no NCC impact on the TTC because each position is fully (100%) paid for through cost recovery. The TTC recovers the operating cost of collecting delinquent unsecured taxes by recovering the direct and certain indirect costs of collecting through assessment of a “mark on” Cost Recovery (currently \$75 for each bill) to taxpayers paying after the delinquent date. The amount of cost recovery is determined through cost studies. In addition there are other cost reimbursements related to the collection of taxes that are recovered as part of the collection process.

Additionally, in conjunction with the recommendations provided to the Board of Supervisors by PFM Asset Management, the TTC will again be requesting to fill the Treasury Financial Analyst - Administrative Manager I position (R01310). This request was submitted and denied in 2008. The treasury has done without this position by restricting the number of approved issuers in which securities may be purchased thereby decreasing the related credit analysis. This is no longer a feasible strategy as qualified issuers in fixed income capital markets are in a constant state of flux and the available issuances from these issuers and our approved issuers has declined. A significant risk of not filling this position and limiting the availability of approved issuers is a loss in interest earnings and decreased yields.

The TTC has begun implementing a key component of its strategic plan which involves consolidation of the County’s collection function. In 2009 five employees and their entire workload were transferred from the Auditor-Controller to the TTC.

Productivity Enhancement

The TTC is currently at the intermediate stage of Balanced Scorecard (BSC) implementation). At this point, the TTC has defined and identified key processes,



determined what to measure and defined the measurement calculations. Key business processes are defined by end result. The critical functions of TTC were boiled down to three high-level measures, Customer Service, Collections and Treasury. The results of these measures are calculated from 17 separate data elements. Each measurement equation provides valid answers that accurately portray the status of each core process. TTC is currently engaged in applying the Balanced Scorecard process to the next set of important processes, this time at the operating/division level, and is working toward using the Balanced Scorecard reporting process to replace its current monthly operations status report.

Information Technology

Currently, several critical enterprise systems are used to manage tax information processing and fund accounting. The TTC must maintain sufficient technical staff to continue support and maintenance for the mainframe-based Assessment Tax System (ATS).



a) Property Tax Management System (PTMS)

Technical resources are necessary to manage the transition to the Property Tax Management System (PTMS). This system provides for a long-term strategy for producing property assessments, billing, collecting then allocating property taxes, and managing assessment appeals. Utilizing current programming language to code the new system will allow it to be robust, flexible, scalable, and maintainable. The new system's interfaces and navigation will be more intuitive for users, especially new ones. This will enhance productivity by simplifying access to information and enhancing workflow capabilities. Integration with other systems will increase the capability to extract information and maintain the quality of data.

To date, the project team members have completed documentation and requirements elaboration, converting business rules into programs and user training for the Tier 1 modules. The first module is expected to be implemented in 2010. The target for completion of all modules is 2011. A fundamental challenge of this project has been the lack of personnel to meet the demands of an aggressive project schedule while maintaining a full time job in the TTC.

b) Fund Accounting System

As part of the PTMS development project, the replacement of the Treasury Fund Accounting System (FAS) was selected as a pilot development program. The FAS currently operates on the County's mainframe platform. The current system is written in an old and increasingly difficult language



to support.

The Treasury FAS is a critical system used to track the cash balances of pool participants and allocate interest earnings accordingly. In addition to increased operating efficiencies, the system will offer participants access to transaction history and cash balances.

The Information Technology (IT) implementation team has changed a number of times causing significant learning curves and delays resulting in final implementation of this project to be push back. TTC expects to fully implement the system by July 30, 2010.

c) Mainframe Challenges (ATS)

The TTC mainframe is severely outdated and as such it has become increasingly difficult to find sufficient numbers of staff that still possess the skills necessary to keep the system operational.

B. ACTION PLAN

COLLECTION:

Strategic Goal #1: Cost-effectively improve customer services and streamline tax collection processes in order to increase tax collection revenues.

Strategies to meet Goal # 1:

- Expand the number and variety of payment options available to the customer
- Cross-train more staff
- Strategically assign trained staff to high customer need areas during the peak payment periods

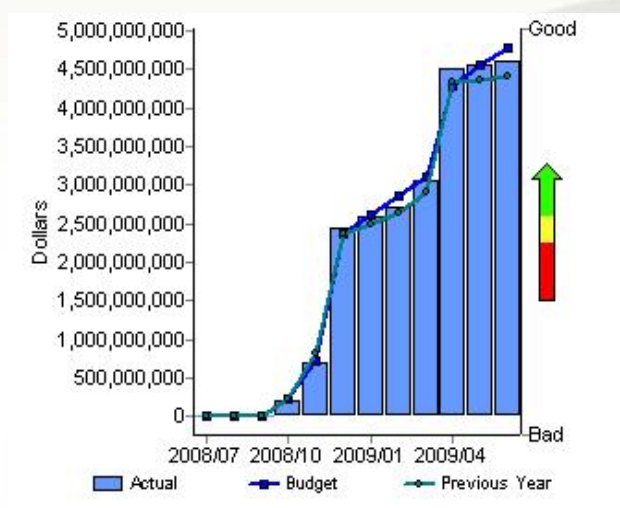
PERFORMANCE MEASURE: Annual Tax Collection rates
WHAT: Percent of property tax collected during the fiscal year.
WHY: Measures the County's Investment levels by identifying the amount of property taxes received.

FY 08-09 Results	FY 09-10 Plan	FY 09-10 Anticipated Results	FY 10-11 Plan	How are we doing?
Increased tax collection rates for secured	To maintain or exceed property tax	Maintain or exceed prior year collection results.	Maximize collections efforts for all	As of 12/2009, have collected 96.3% of secured taxes and

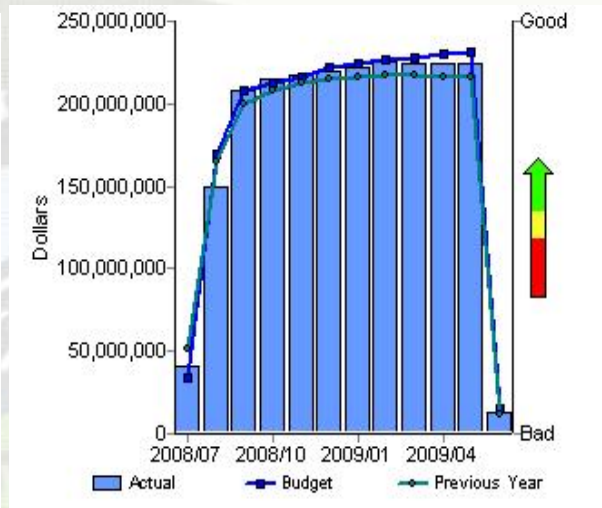


(96.6%) and unsecured taxes (97.1%)	collection rates.		County agencies	96.07% of unsecured taxes– The TTC is on target to maintain or exceed collection rates by 6/2010.
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BSC Results: ↑ Meets or Exceeds Goal; ↑ Close Monitoring; ↑ Below Expectation



\$ Secured Collections (2008-09)



\$ Unsecured Collections (2008-09)

INVESTMENT:

Strategic Goal # 2: Maintain adequate Safety, Liquidity and Yields for the investment portfolios.

Strategies to meet Goal # 2:

Safety

- Purchase high credit quality investments
- Lower credit investments will have shorter maturities
- Purchase investments with high liquidity and short terms maturities (60 day WAM)
- Purchase discounted securities when available

Liquidity

- Use the Weighted Average Maturity (WAM) schedule to identify major outflows
- Maintain purchases of Repo/Money Market Funds/ Sweep for overnight liquidity



- Maintain a 60 day WAM in the Money Market Funds

Yield

- Analyze spreads vs. Treasuries across all asset types
- Perform credit analysis
- Apply diversification by credit, investment type and maturity
- Portfolio Managers encouraged to follow a conservative contrarian strategy

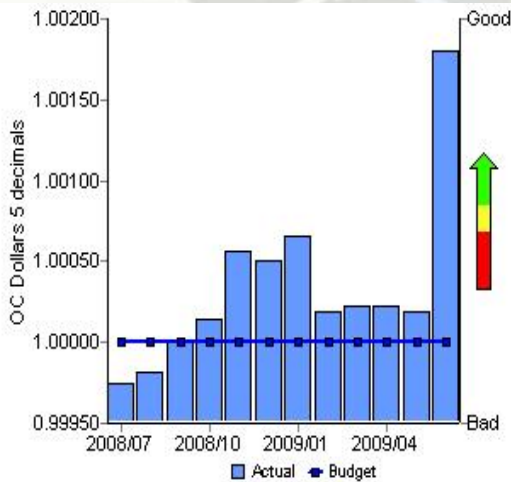
PERFORMANCE MEASURE: Safety – Average Monthly Net Asset Value (NAV) for County and Educational Pools

WHAT: NAV measure which signifies Safety for the OC County and Educational Pools

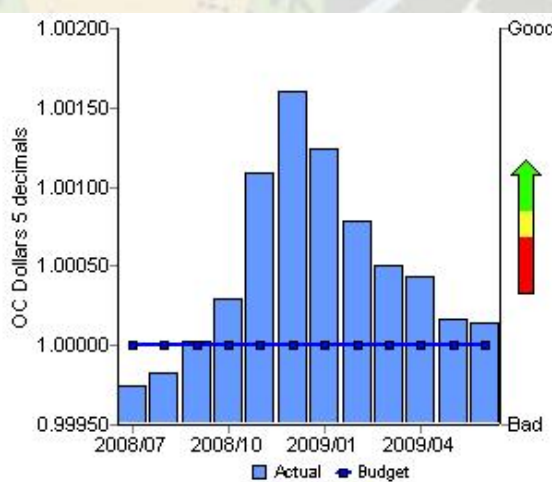
WHY: Measures the NAV levels by identifying funds that fall within the rating agency requirements for money market funds (.995-1.005) signifying reduced safety

FY 08-09 Results	FY 09-10 Plan	FY 09-10 Anticipated Results	FY 10-11 Plan	How are we doing?
Maintained an average NAV of 1.0000	Maintain an average NAV of 1.0000	Maintain an average NAV of 1.0000	Maintain an average NAV of 1.0000	The preliminary FY09-10 results indicate that we are on target to meet and/or exceed the 1.00000 NAV values in both the County and Educational Pools.

BSC Results: ↑ Meets or Exceeds Goal; ↑ Close Monitoring; ↓ Below Expectation



County Average NAV



Educational Average NAV



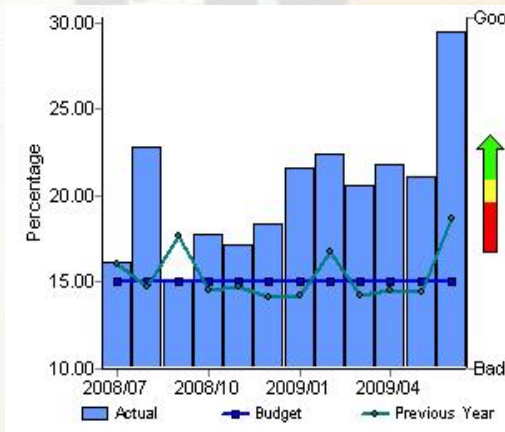
(FY 2008-2009)

(FY 2008-2009)

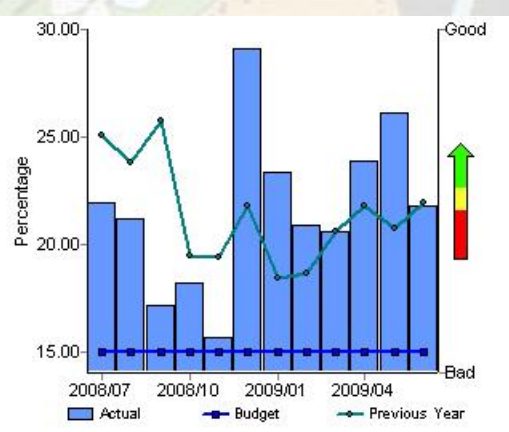
PERFORMANCE MEASURE: Liquidity – Rolling 3-Day Investment Maturities
WHAT: Percentage of Investment Portfolio Maturing within a Rolling 3 Day period.
WHY: Measures the percentage of relative ease by which assets are convertible to cash especially in emergency situations.

FY 08-09 Results	FY 09-10 Plan	FY 09-10 Anticipated Results	FY 10-11 Plan	How are we doing?
An average of 15% of the Portfolio matures within 3 business days	An average of 15% of the Portfolio matures within 3 business days	An average of 15% of the Portfolio matures within 3 business days	An average of 15% of the Portfolio matures within 3 business days	Preliminary results show an average of 15% of the Portfolio continues to mature within 3 business days

BSC Results: ↑ Meets or Exceeds Goal; ↑ Close Monitoring; ↓ Below Expectation



Liquidity OC Educational Money Market Fund (FY 2008-2009)



Liquidity OC Money Market Fund (FY 2008-2009)

PERFORMANCE MEASURE: Yield - Yield on Money Market Funds vs. iMoney.net Yield.



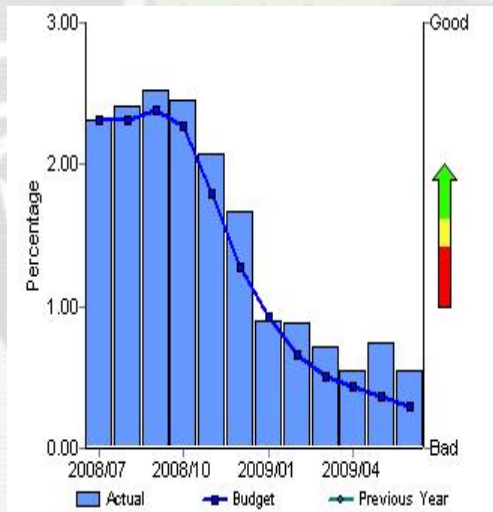
WHAT: Percentage Yield on the OC Money Market Funds

WHY: Compares the yield on the money market funds with the I-Money Net Benchmark Average**

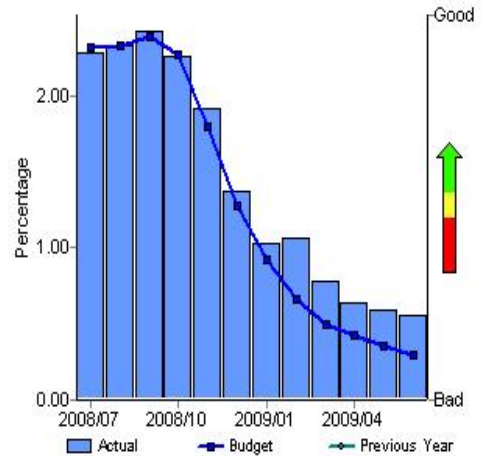
FY 08-09 Results	FY 09-10 Plan	FY 09-10 Anticipated Results	FY 10-11 Plan	How are we doing?
Money Market Funds meet or exceed the I-Money Net Average	Money Market Funds meet or exceed the I-Money Net Average	Money Market Funds meet or exceed the I-Money Net Average	Money Market Funds meet or exceed the I-Money Net Average	Preliminary FY 09-10 results show that OC Money Market Funds are on target to either meet or exceed the I-Money Net Average

**The I-Money Net Benchmark Average measures the average yield of approximately 200 Prime Institutional Money Market Funds

BSC Results: ↑ Meets or Exceeds Goal; ↑ Close Monitoring; ↓ Below Expectation



Yield OC Money Market Fund (FY 2008-2009)



Yield OC Educational Money Market Fund (FY 2008-2009)





BANKING:

Strategic Goal #3:

Develop and monitor sound risk principles using policies, organizational roles, operating procedures and internal controls to identify and mitigate current and possible future financial, operational, compliance and reputational risks.

Strategies to meet Goal #3:

- Ensure that the Investment Pools are in compliance with the current Investment Policy Statement.
- Remain current on all the Bloomberg updates to the Compliance Modules.
- Evaluate each cash management bank doing business with the County on a semi-annual basis for its financial strength and IT integrity.
- Implement a County-wide Payment Card Industry Data Security Standard (PCI DSS) compliance strategy.
- Perform a complete risk assessment of the current internal control systems surrounding TTC critical functions to identify potential weaknesses existing in the structure.

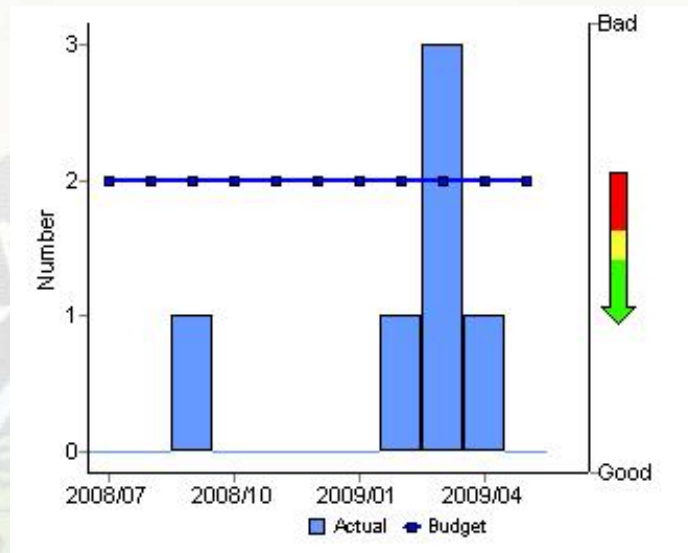
PERFORMANCE MEASURE 1: Number of Compliance Incidents reported within the Investment Pool(s)
WHAT: Number of compliance incidents reported
WHY: Measures how effective the controls around Investment Pool compliance are.

FY 08-09 Results**	FY 09-10 Plan	FY 09-10 Anticipated Results	FY 10-11 Plan	How are we doing?
0-2 non compliance	# of non-Compliance	# of non-Compliance	Keep # of non-Compliance	The preliminary FY 09-10 results show we have



incidents/month.	Incidents-0-2/month	Incidents-0-2/month	Incidents to 0-2/month	accumulated less than 2 non-compliance incidents per each month.
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BSC Results: ↑ Meets or Exceeds Goal; ⬆ Close Monitoring; ↓ Below Expectation



Number of Compliance Incidents (FY 2008-2009)

**Note the sole compliance incidence that occurred in March 2009 was one incident outstanding for 3 days.

RESOURCES:

Strategic Goal #4: Increase revenues and reduce operating costs throughout the TTC.

Strategies to meet Goal #4

- Redesign Bills and Notices and simplify/streamline the production process and reduce over payments and reduce the number of payments received on the wrong properties.
- Maximize cost recovery for Client Services rendered to taxpayers as allowed by the State of California
- Initiate a new Business Process Improvement unit; assign senior staff member to lead effort
- Identify grants
- Research the Revenue and Taxation code to identify opportunities to increasing cost recovery



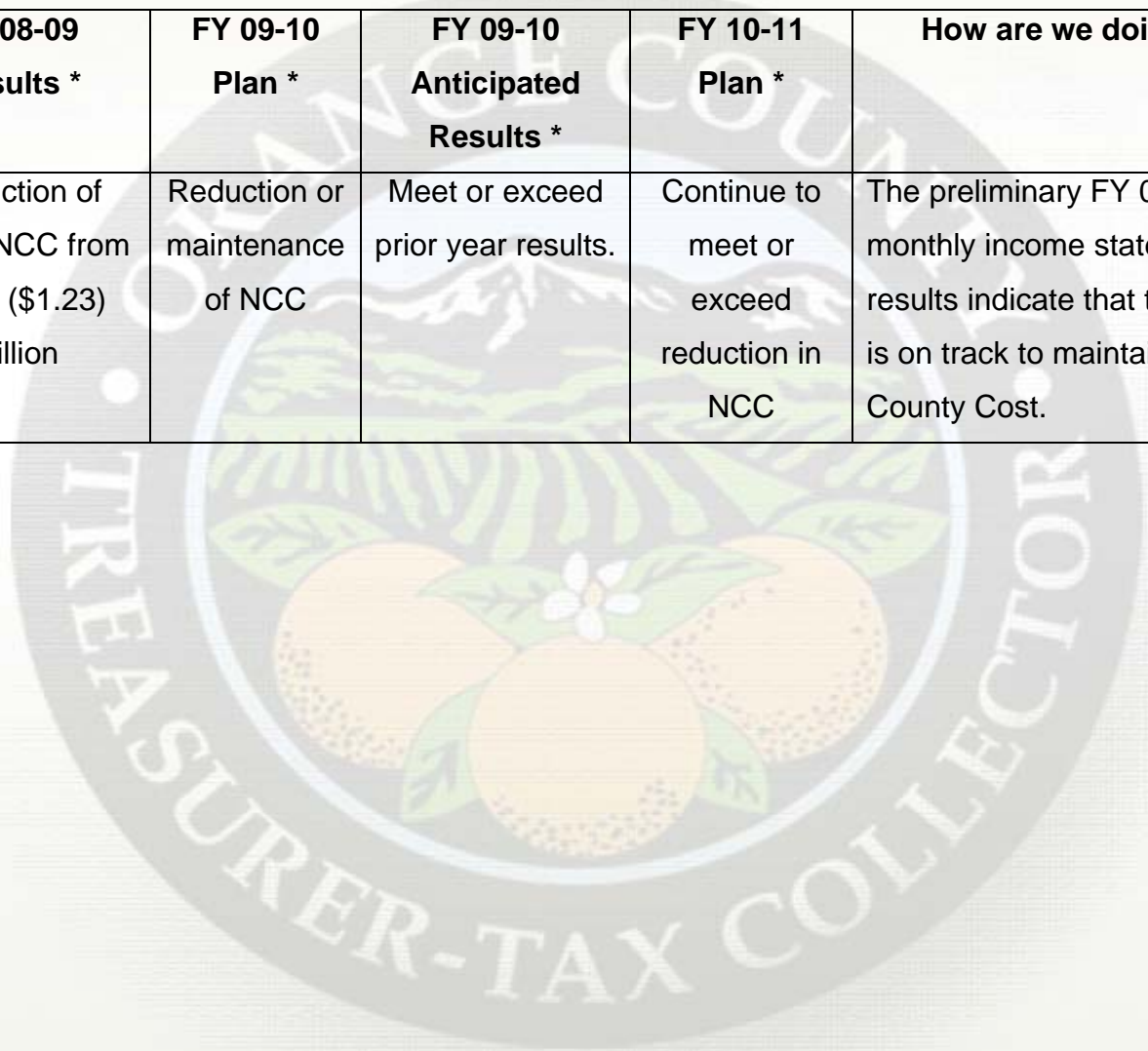
- Conduct studies on other Counties to identify revenue opportunities and cost recovery structures
- Conduct TTC cost analysis and efficiency improvement studies
- Expand the number and type of services for which fixed costs can be shared by bringing in partners

PERFORMANCE MEASURE: Maintenance or Reduction in Actual Net County Cost (NCC)

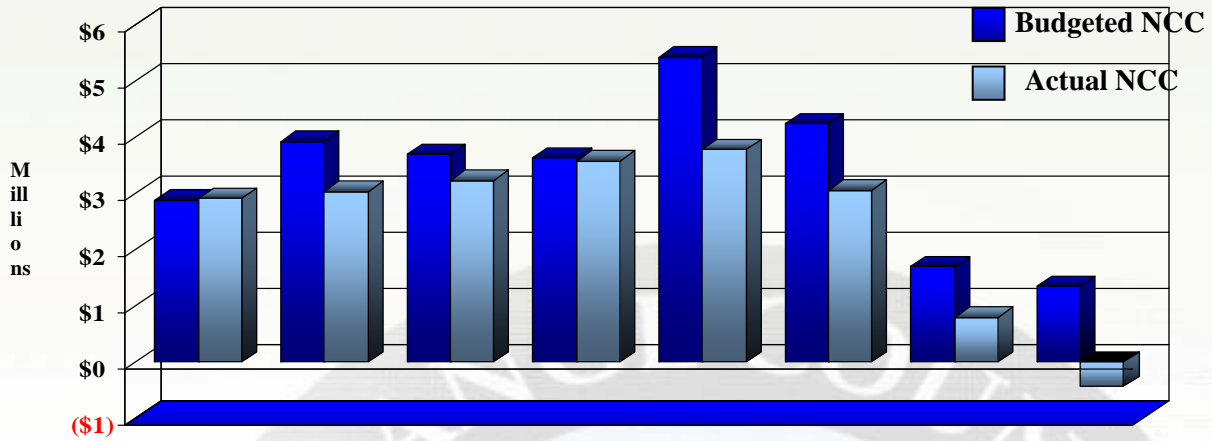
WHAT: Percentage maintenance or reduction in Net County Cost

WHY: Measures the levels at which we can reduce overall Net County Cost to the General Fund

FY 08-09 Results *	FY 09-10 Plan *	FY 09-10 Anticipated Results *	FY 10-11 Plan *	How are we doing?
Reduction of <u>actual</u> NCC from PY of (\$1.23) million	Reduction or maintenance of NCC	Meet or exceed prior year results.	Continue to meet or exceed reduction in NCC	The preliminary FY 09-10 monthly income statement results indicate that the TTC is on track to maintain Net County Cost.



Treasurer-Tax Collector NET COUNTY COST

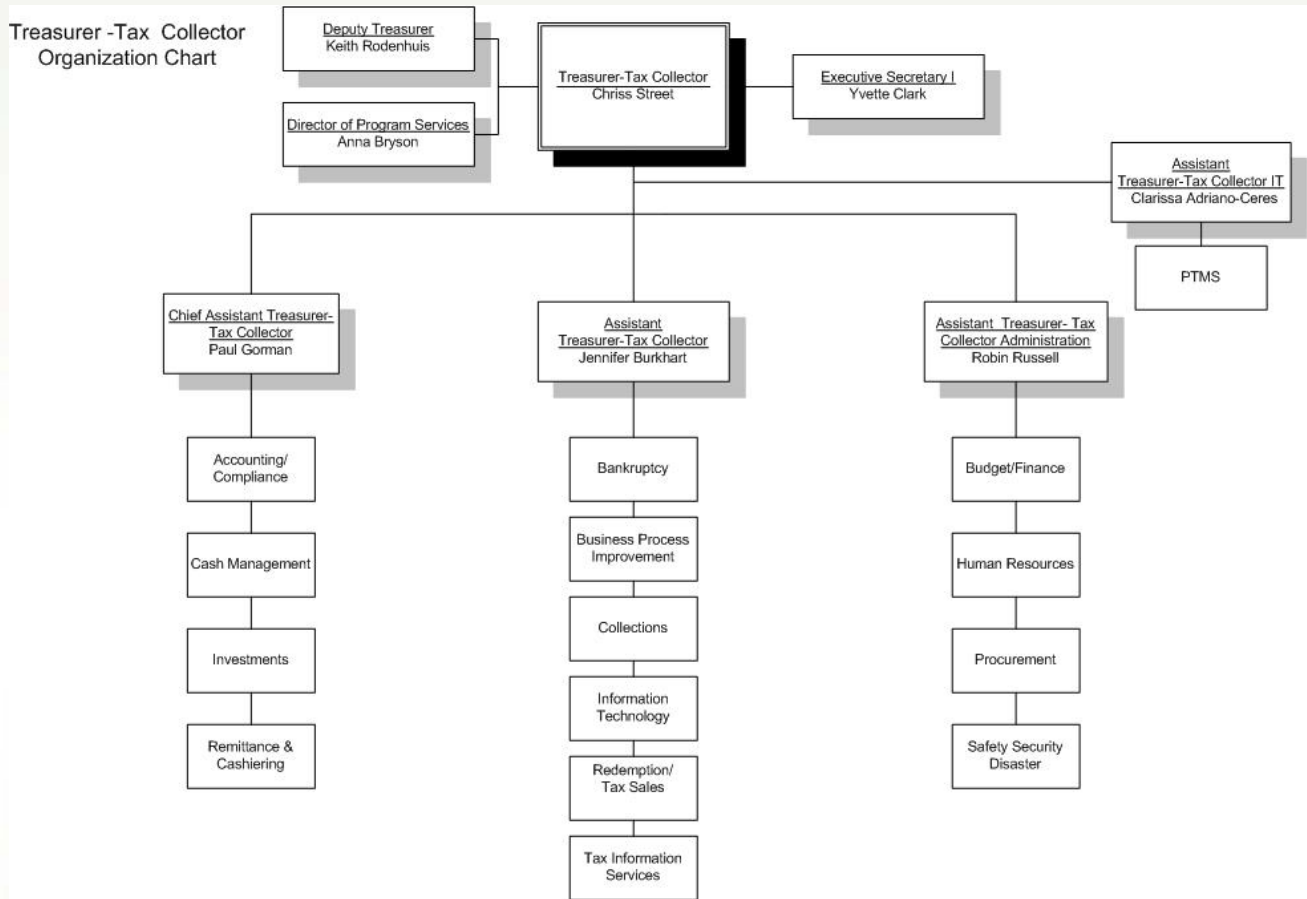


	Fiscal Year 2001-02	Fiscal Year 2002-03	Fiscal Year 2003-04	Fiscal Year 2004-05	Fiscal Year 2005-06	Fiscal Year 2006-07	Fiscal Year 2007-08	Fiscal Year 2008-09
Budgeted NCC	\$2,879,955	\$3,919,910	\$3,696,897	\$3,632,445	\$5,419,562	\$4,232,648	\$1,697,812	\$1,351,074
Actual NCC	2,919,248	3,034,353	3,228,891	3,574,149	3,777,911	3,051,237	791,876	(439,073)



SECTION III - Appendices

APPENDIX A – Organization Chart



APPENDIX B – Significant Accomplishments (Top Ten)

1. Continued Reduction in Net County Cost

The TTC continues to realize a reduction in Net County Costs in FY 2008-09. During this year the office marked a milestone and for the first time in its history, the TTC reported actual Net County Cost as negative \$439,073. This means that the TTC actually returned monies to the General Fund. Effectively the TTC remains self sufficient during that fiscal year with little to no dependence upon County resources.

2. Balanced Scorecard Implementation

TTC implemented BSC. TTC Staff participated in RFP review for selecting the BSC software vendor. TTC implemented collection of Phase I metrics and performance measures and has maintained those measures for an entire year. Initial measures were assessed for validity and adjusted or dropped as appropriate. The critical functions of TTC were boiled down to three measures each in four critical areas, or 12 measures in all. Technical IT connectivity issues involving Actuate slowed implementation of Level II – operational measures in 2008.

3. Business Process Optimization

The TTC established a unit within the department to focus on identifying new opportunities to generate revenue and implement operational changes to reduce costs, conduct cost studies and prepare ASRs for Board actions. They successfully reviewed two areas within the TTC and made many recommendations for improvements in procedures. In addition, this unit was instrumental in transitioning five Collections staff from the Auditor/Controller and continues to work on refining their procedures, adding critical levels of accountability and reducing redundancy.

4. Successful Upgrade of the Treasury Management System

The Treasury Management System successfully underwent a major upgrade. The SunGard Quantum and SunGard Risk programs currently run on one of the most recent versions of the software in the market which has made support easily accessible. The Treasury Management System Upgrade project was very successful based on it being well-planned and well-documented as well as with close collaboration with SunGard professionals. The parallel and cumulative testing performed was substantive which made implementation easier to achieve.

5. Expansion in the number and variety of payment options available to the Public in conjunction with the ongoing staff training.

Payment options were expanded at the public counter to include MasterCard, Visa and American Express payments. In addition, it allows tax payers to use multiple cards to pay a single bill. There is ongoing cross-training between Remittance and Cashiering personnel.



There will be further training between Redemption and Cashiering once the new cashiering system is implemented.

Each installment the staffing requirements are evaluated and addressed. Most recently, with Remittance being fully equipped with the latest technologies those requirements are significantly diminished. However, the public counter continues to need resources during this time due to the manual processes associated with walk-in customer service.

6. Property Tax Management System

The TTC completed the Requirements Elaboration sessions with TATA Consultancy for applicable Tier 1 modules, including Lien Management, Mello Roos, Fee-based Data Sales, Cortac and Power to Sell. This process allows staff to identify vital processes in the County IT infrastructure and eliminate outdated tasks to reduce unnecessary costs. This process built the foundation for the development efforts in the next phase of the project, including User Acceptance Testing and Implementation.

7. On-line Tax Bills

In line with the TTC's goal of using technology to cost-effectively improve communication between the Department and the public it serves, 2008-2009 marked the first time that taxpayers could view and print their Unsecured and Supplemental Tax Bills via the Internet. Although taxpayers still receive a paper copy of these bills via US mail, it eliminates the need for staff to re-print and mail bills to taxpayers, thus reducing unnecessary costs. Providing taxpayers with convenient, ever-available, on-line access to a PDF copy of their tax bill improves customer service. As a result, the TTC has experienced a reduction in taxpayer confusion about their tax debt, and fewer requests for duplicate (paper) copies of tax bills.

8. Property Tax Collection in Relation to Other Counties

The County of Orange has seen an increase in property tax collection as it relates to other counties within the State of California. In fiscal year 2008-09 the County has seen a 96.6% collection rate in secured taxes and a 97.1% collection rate on the unsecured taxes. According to the State Board of Equalization, the County ranks 9th out of the 58 participating counties within the State of California.

9. Monthly Income Statement

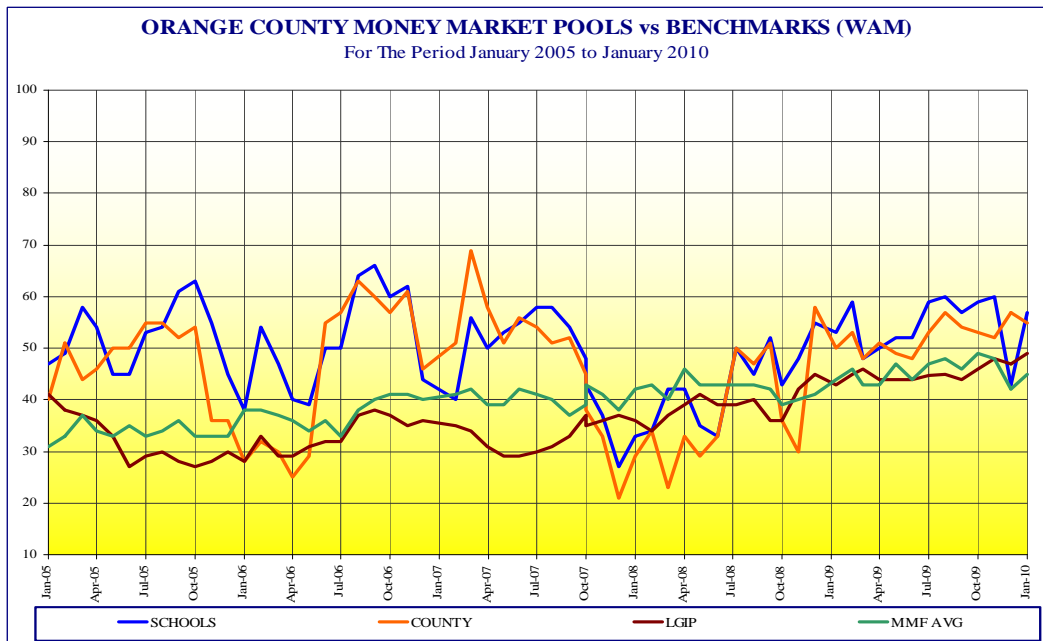
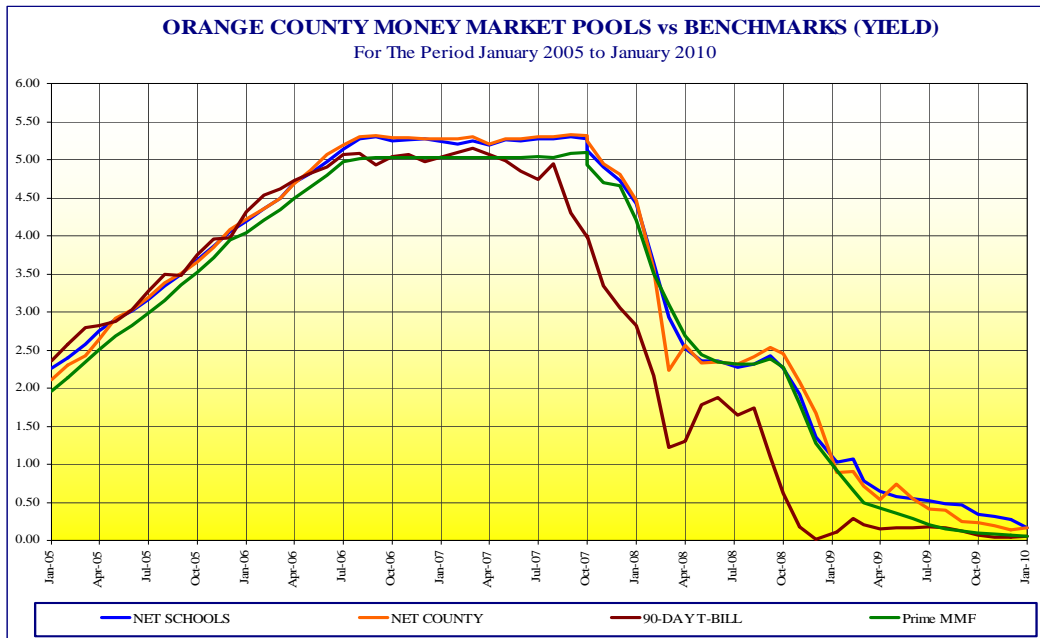
The TTC began issuing a monthly income statement in fiscal year 2008-09. The income statement is prepared on the accrual basis of accounting, and is routinely distributed to TTC executive managers. This document provides a monthly comparison of budget-versus-actual amounts for all of the revenue and expense components of the TTC budget; enabling management to make real-time financial decisions.



APPENDIX C – Other Critical Demographics / Service Expectations

Graph - Orange County Money Market Pools vs. Benchmarks (Yield)

On a monthly basis, the TTC measures how well the OC money market funds are performing in terms of yield and weighted average maturity (WAM) compared to similar investment vehicles. The graph below depicts this comparison.



**Prime/MMF AVG measures the average yield and weighted average maturity (WAM) of approximately 200 Prime Institutional Money Market Funds



The Data below shows how quickly the staff of the TTC is able to respond to taxpayer telephone inquiry given its current resources.

Management Data Report Call Center Overall Performance

What Are We Measuring?

TTC Data Measure - Number of calls answered versus received

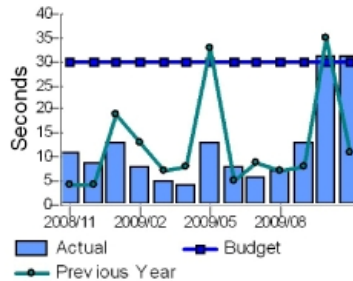
Calls Answered (Treasurer-Tax Collector)
This Year to Date (Last Value)



How Are We Doing? (2009/11)

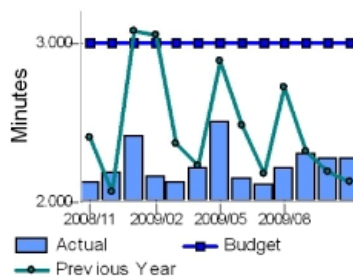
TTC Data Measure - Average taxpayer wait-time in queue

Avg Call Response Time (Treasurer-Tax Collector)
This Year to Date (Last Value)



TTC Data Measure - Average length of call

Avg Call Time (Treasurer-Tax Collector)
This Year to Date (Last Value)



“Knowing how much pressure the County is under today, including reductions of staff, you have truly provided exceptional "customer service" on our behalf.”- Larry Gilbert, SCCA Board

