



County Executive Office

Memorandum

May 2, 2024

To: Clerk of the Board of Supervisors

From: Frank Kim, County Executive Officer

Subject: Exception to Rule 21

Digitally signed by Frank Kim
 DN: cn=Frank Kim, o=County of Orange, ou=CEO, email=frank.kim@ocgov.com, c=US
 Date: 2024.05.02 10:38:02 -0700

CLERK OF THE BOARD
 COUNTY OF ORANGE
 BOARD OF SUPERVISORS

2024 MAY -2 PM 2:44

RECEIVED

S34B

The County Executive Office is requesting a Supplemental Agenda Staff Report for the May 7, 2024, Board Hearing.

Department: Treasurer-Tax Collector
Subject: Retroactive Contract with City of Westminster for Water Billing and Payment Processing Services
Districts: 1

Reason Item is Supplemental: The Treasurer-Tax Collector (TTC) staff discovered the contract had expired, and contract negotiations quickly followed. As a result of the length of time required for negotiations, the ASR and attachments were finalized after the filing deadline to the Clerk of the Board.

Justification: Having this contract on the May 7, 2024 Board Hearing will allow for quicker collection of outstanding invoices for services rendered, as the TTC staff have continued to provide services since the previous contract's expiration, and the City of Westminster is not able to pay the outstanding invoices until the new contract is approved.


Concur:

 Donald P. Wagner, Chairman of the Board of Supervisors

cc: Board of Supervisors
 County Executive Office
 County Counsel



**SUPPLEMENTAL AGENDA ITEM
 AGENDA STAFF REPORT**

MEETING DATE: 05/07/24
LEGAL ENTITY TAKING ACTION: Board of Supervisors
BOARD OF SUPERVISORS DISTRICT(S): 1
SUBMITTING AGENCY/DEPARTMENT: Treasurer-Tax Collector
DEPARTMENT HEAD REVIEW: 
Department Head Signature
DEPARTMENT CONTACT PERSON(S): Shari L. Freidenrich (714) 834-7625
 Dana Schultz (714) 834-2288

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 COUNTY OF ORANGE
 BOARD OF SUPERVISORS
 2024 MAY -2 PM 2:14

SUBJECT: Retroactive Contract with City of Westminster for Water Billing and Payment Processing Services

<p>CEO CONCUR</p>  <small>Digitally signed by Frank Kim DN: cn=Frank Kim, o=County of Orange, ou=CEO, email=frank.kim@ocgov.com, c=US Date: 2024.05.02 10:37:37 -0700</small> <p><i>CEO Signature</i></p>	<p>COUNTY COUNSEL REVIEW</p> <p>Approved agreement to form</p> <p><small>DocuSign Envelope ID: [redacted]</small></p>  <p><i>County Counsel Signature</i></p>	<p>CLERK OF THE BOARD</p> <p>Discussion</p> <p>3 Votes Board Majority</p>
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Budgeted: Yes **Current Year Cost:** N/A **Annual Cost:** N/A

Staffing Impact: No **# of Positions:** N/A **Sole Source:** N/A

Current Fiscal Year Revenue: \$90,000

Funding Source: GF: 100% **County Audit in last 3 years:** No

Levine Act Review Completed: N/A

Prior Board Action: 4/24/2018 #4, 2/26/2013 #13

RECOMMENDED ACTION(S)

Authorize the Treasurer-Tax Collector or authorized delegate to execute a retroactive contract with City of Westminster to provide billing and payment processing services effective May 1, 2023, through April 30, 2028.

SUMMARY:

Approval of this contract will allow the Treasurer-Tax Collector to use existing excess capacity in the Remittance unit to lower overall costs to taxpayers and the County by providing cost-efficient billing and payment processing services for the City of Westminster's water bills at cost as allowed by law.

BACKGROUND INFORMATION:

Under Government Code Section 23008, the County is authorized to contract with any city or municipal corporation within the county to provide services or perform work whenever it is economical and satisfactory to do so. In addition, under section 51350, a County which provides services through its departments to any city shall charge the city costs incurred in providing such services.

In 2013, the Treasurer-Tax Collector (Treasurer) determined that it was economical and satisfactory to provide billing and payment processing services to the City of Westminster (City). On February 26, 2013, the Board approved the initial five-year contract with the City of Westminster for billing and payment processing services. On April 24, 2018, the Board approved an additional five-year contract with the City of Westminster for billing and payment processing services.

The last contract expired on April 30, 2023, and the Treasurer has continued to provide services as it was not identified that the contract had expired, and a new contract needed to be signed. Therefore, the Treasurer needs to enter into a new contract in order to receive payment for these past and future services. The Treasurer believes that entering into a longer contract is in the best interest of the County since it is a cost-based contract with a 90-day cancellation by either party. The City of Westminster currently issues approximately 50,000 water bills per year, and the County has processed approximately 268,000 water bills for the last five years and the mailed payments are processed through the Treasurer’s high-speed remittance processing equipment, which was recently purchased and provides significant cost savings as it provides for single pass processing versus two pass processing. This contract remains satisfactory and economical for both parties involved in the process and aligns with the Treasurer’s core competency of providing billing and payment processing services. The Treasurer and Assistant Treasurer-Tax Collector have taken steps to establish the procurement team’s contract tracking processes to prevent future lapses, and to avoid continuing work without an active contract.

Contract services to the City include sorting and opening the mail, processing the payments through the remittance processing equipment and sending a deposit file electronically to the City’s designated bank account. The services also provide data file and associated reports containing the payment information to the City along with images of the payment coupons and checks. Finally, the County’s current vendor for printing and mailing is also used to process, print and mail the water bills. The City is billed for the actual costs of processing, printing and mailing services as well as a per transaction processing fee to cover TTC processing costs at existing rates. The costs for the processing, printing and mailing from the third-party vendor are billed monthly to the City. Below is a summary of the contract and service details:

Fiscal Year	Contract Amount	Total Items Processed	Costs Recovered
2018-19	\$74,000	61,314	\$ 73,502
2019-20	\$75,000	56,161	\$ 72,900
2020-21	\$76,000	55,145	\$ 72,851
2021-22	\$79,000	49,695	\$ 73,982
2022-23	\$86,604*	45,377	\$ 76,605*
2023-24 (YTD)	14,904 (YTD)*	14,904 (YTD)	\$ 28,489*

*Total Invoices from May 2023 to November 2023 have not been paid since contract expired on April 30, 2023.

As noted above, the contract has expired, and the Treasurer is requesting that the Board approve the retroactive contract for a five-year term. The City is expected to approve the item at their City Council meeting on May 8, 2024.

Prior Board Action:

FINANCIAL IMPACT:

The cost of this contract is fully reimbursed from the City of Westminster. Appropriations and revenue for this contract are included in Budget Control 074 FY 2023-24 Budget and will be included in the budgeting process for future years. The Treasurer or City can terminate the agreement without cause with 90 days written notice.

STAFFING IMPACT:

N/A

ATTACHMENT(S):

Attachment A - Contract with City of Westminster

Attachment B - California Government Code 23008 and 51350