



Legislation Details (With Text)

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Title: Treasurer-Tax Collector Department recommending the Board approve and authorize the Chair to sign Agreement 4265 with HdL Software LLC for business license, transient occupancy tax, and cannabis licensing and tax collection software.

FUNDING: General Fund.

Sponsors:

Indexes:

Code sections:

Attachments: 1. A - Agreement #4265, 2. B - Counsel Approval, 3. C - Counsel Approval

Date	Ver.	Action By	Action	Result
9/17/2019	1	Board of Supervisors	Approved	Pass

Treasurer-Tax Collector Department recommending the Board approve and authorize the Chair to sign Agreement 4265 with HdL Software LLC for business license, transient occupancy tax, and cannabis licensing and tax collection software.

FUNDING: General Fund.

DISCUSSION / BACKGROUND

The California State Revenue and Taxation Code assigns the Treasurer-Tax Collector with the collection of taxes, issuance of business licenses and collection of business license fees. With the upcoming implementation of the El Dorado County Cannabis Ordinance, the Treasurer-Tax Collector's duties will expand to include issuing business licenses and collecting taxes for cannabis-related businesses.

The software currently in use for tracking these functions was developed in-house by County staff. Although the software functioned adequately for many years, system needs have changed in response to upgrades in County systems and changes in the way individuals and businesses make payments. Today, the capacity to accept online and credit card payments is essential; the current system cannot accommodate these functions. This is especially relevant to our Transient Occupancy Tax ("TOT") customers as many property management companies have requested the ability to process and pay multiple accounts online.

Further limitations with the current systems include the need for data to be manually input into three different databases in order to process payments, print licenses, provide certificates to customers and generate basic reports. Additionally, the current systems require manual cashiering of over 11,000 business licenses and 4,000 TOT transactions annually, representing over \$5.5 million in revenue. Detailed reports cannot be generated within the Department but must be requested through the Information Technologies Department ("IT"). Still other reports require a data transfer request to IT followed by labor-intensive data sorting and manipulation within the Treasurer Tax Collector

Department.

Clearly, the time has come to investigate software systems. Before initiating a search, the Treasurer-Tax Collector Department staff listed the limitations of the in-house system, as well as the needs of a cannabis licensing and tax collection system, and developed the system requirements. Additionally, staff queried Treasurer-Tax Collector Departments in other California counties. Three companies were identified by other counties. Software from these three companies was evaluated, with significant emphasis based on ratings from the other counties. The result of this analysis and review is the selection of HdL Software LLC.

HdL Software has been serving public agencies since 1983 and today partners with over 500 government agencies in 11 states. The following California counties currently use HdL Business License, TOT, and/or cannabis software: Alameda, Contra Costa, Marin, Merced, Monterey, Placer, San Luis Obispo, Santa Barbara, and Santa Cruz.

Implementation of the HdL Business License program includes the ability to process TOT and Cannabis taxes and will result in several improvements:

Operational Integrity - state-of-the-art technology with upgrades; on-going tracking of compliance issues or changes; assistance with evaluating current policies and procedures in order to enhance operational efficiency.

Accuracy - audit trail; reports generated by staff for reconciliation and balancing; ability to analyze data and download data.

Operational Efficiencies - connectivity to State entities - automatically searches State database for valid license\certification) - State Contractors State License Board, California Massage Therapy Council (CAMTC); electronic approvals as applicable from other departments (Sheriff, Building, Planning); ability to initiate and track the approval process; link Airbnb returns for audit purposes; upload monthly report from Department of Tax and Fee Administration (CDTFA) into database to filter against County database to find new or closed State licenses; automatic updates for State or Federal statute updates or modifications; ability to upload pictures and forms, and write notes to database through phone or laptop; ability to access & write notes; email blasts: informational, renewals, payment reminders.

Customer Service - online payments; ability to pay several accounts at one time; integration with ACI card processor (which has lowest service fees in the County); expedited website updates.

Document Management - archive records - restrict final document storage access per Code; ability to mark documents as disclosable or non-disclosable.

ALTERNATIVES

Continue to use the outdated databases that will require frequent fixes and updates, with no guarantee of accurate data or reports.

PRIOR BOARD ACTION

N/A

OTHER DEPARTMENT / AGENCY INVOLVEMENT

Information Technology

CAO RECOMMENDATION / COMMENTS

It is recommended that the Board approve this item.

FINANCIAL IMPACT

The fiscal year 2019-20 costs of \$64,900 will be offset by Departmental savings, broken down as follows: Existing contracts for cashiering and check imaging licenses will be reduced as they will no longer be necessary under the new system, resulting in a savings of \$19,000 in the first year. IT intrafund charges for support of the current systems and the cashiering/check imaging system (which have been extensive especially since conversion to Megabyte and VDI) will no longer be necessary, resulting in estimated savings of \$45,900 (conservatively). There is no budget amendment needed at this time. Costs in future fiscal years will be included in the department budget request.

Charges for the remaining two years of the contract are \$25,179 (estimated) in software use fees and \$6,380 in hosting services. Savings from the elimination of the cashiering and check scanning stations, which were used for business licenses and TOT and will be replaced by the HdL system, will total \$62,000 over the same period. This will result in an estimated net reduction in County cost of \$30,461.

CLERK OF THE BOARD FOLLOW UP ACTIONS

1. Obtain the Board Chair's signature on two (2) original contracts
2. Two (2) signed original contracts to be delivered to the Treasurer-Tax Collector's Department, attention Ginnie Hibert (x5811).

STRATEGIC PLAN COMPONENT

Infrastructure, Good Governance

CONTACT

Karen Coleman, Treasurer-Tax Collector