



Charter Amendment Changing the San Mateo County Controller and Treasurer-Tax Collector elected offices to an appointed Chief Financial Officer

[Issue](#) | [Background](#) | [Findings](#) | [Conclusions](#) | [Recommendations](#) | [Responses](#) | [Attachments](#)

Issue

Should the San Mateo County Charter be amended to consolidate the elected offices of the Controller and Treasurer-Tax Collector into an appointed Chief Financial Officer position?

Background

The California Constitution allows counties to establish their own county Charter as a measure of home rule. (Article XI, Section 3.) The Constitution allows San Mateo County to designate in its Charter those positions that shall be elected by the voters in the county. The current San Mateo County Charter provides for elected officers including the five-member Board of Supervisors (Board) and the positions of Sheriff, Coroner, District Attorney, Controller, Assessor-County Clerk-Recorder, and Treasurer-Tax Collector.

Section 801 of the County Charter states:

“The Board of Supervisors shall convene a Charter review committee within eight years of the last complete Charter review. The committee shall review the Charter and, after public hearings, make appropriate recommendations for amendment or revision to the Board.”

On November 10, 2009, the Board convened the 2010 Charter Review Committee and determined the committee shall have 17 members to be selected as follows:

- Each member of the Board shall appoint two residents from his or her Supervisorial District
- One person shall be designated by each of the following seven organizations for appointment to the Committee by the Board: the Council of Cities, County School Boards Association, League of Women Voters, Central Labor Council, San Mateo County Economic Development Association (SAMCEDA), Sustainable San Mateo County, and Youth Commission

The Charter Review Committee is to review the San Mateo County Charter and to submit to the Board, no later than June 30, 2010, its recommendations for amendments to the Charter. Among its specific charges to the Charter Review Committee, the Board directed the Committee to

consider “consolidation and reorganization of departments and other organization improvements requiring a Charter amendment.”¹

Upon receipt of recommendations from the 2010 Charter Review Committee, the Board will consider their recommendations to determine if any proposals to amend the Charter shall be placed on the ballot for consideration by the voters. The last date on which the Board can place a measure to amend the Charter on the November 2, 2010 ballot is August 6, 2010.

The Controller provides a variety of financial information and services to County departments, agencies, special districts, cities, school districts and citizens and contributes to the fiscal stability of the County. These services include oversight of external and internal audits, payroll processing, general accounting and maintenance of a financial reporting system. The Controller’s website describes a fundamental commitment to continuously improve service, reduce taxpayer costs, upgrade the technological infrastructure and enhance the quality, presentation and accessibility of financial information. Elections Code section 201 and Government Code sections 24001, 24002.5, which set forth qualifications for the Controller, are included in Appendix I.

The Treasurer-Tax Collector is charged with managing and protecting the County’s financial assets. The Treasurer-Tax Collector’s office acts as the banker for the County and directs the investment of the County’s funds along with funds from school districts, community colleges and various other special districts and agencies within the county. The Treasurer-Tax Collector is responsible for tax collection, day-to-day financial transactions, bond administration and revenue services/debt collection. Choosing appropriate and safe investments by the Treasurer -Tax Collector is "mission critical" for safeguarding assets of all depositors in the county treasury such as school districts, various special districts and the County.

The Board of Supervisors in February 2010, based on the recommendation of the 2009-2010 San Mateo County Civil Grand Jury, adopted an ordinance enacting Government Code Section 27000.7 which provides for more stringent professional qualifications for Treasurer-Tax Collector, effective with the term beginning in January 2015, and mandatory educational requirements that take effect in 2011. These qualifications and mandated education requirements are set forth in Appendix II.

Until the additional qualifications become effective, the only qualifications for the Treasurer-Tax Collector are that the Treasurer-Tax Collector, consistent with Government Code Section 24001, be a citizen of the United States and a registered voter of the county in which the duties of the office are to be exercised at the time that nomination papers are issued to the person or at the time of the person’s appointment.

For accountability purposes, County departmental goals and objectives for all departments including the Controller’s office and the Treasurer-Tax Collector are derived from and measured against budgetary goals. Appointed department heads can be required to participate in a team environment that promotes synergy. While the Controller and Treasurer-Tax Collector manage

¹See www.co.sanmateo.ca.us for details regarding the Charter Review Committee, including its membership and meeting schedule.

two major county departmental operations that are integral to the County's operation there is no mandate that the elected officials attend meetings of either the management team or the Board of Supervisor's Finance and Operations Committee. Interviews have indicated that participation of some of the elected officials in overall County management is less than that of appointed department heads.

Government Code Section 26980 allows the board of supervisors of any county to establish the office of director of finance (Chief Financial Officer) with the following conditions:

- (a) The board of supervisors shall submit to the electors of the county the question of whether the office of director of finance shall be established. If a majority of the voters voting on the question at that election favor the establishment of the office [of director of finance], the board of supervisors shall, by ordinance, create the office.
- (b) The board of supervisors at that election may also submit to the voters the question of whether the office, if so established, shall be elective, or appointed by the board of supervisors. If a majority of the voters voting on the question favor making the office elective, the board of supervisors shall, in the ordinance creating the office, make it an elective one.
- (c) Any person may be appointed by the board of supervisors, or be a candidate for election, to the office of director of finance, consolidated from other offices pursuant to this chapter, if he or she meets the qualifications set forth in Section 26945 or Section 27000.7.

An analysis of information provided by the California State Association of Counties indicates that, while the majority of Controller and Treasurer-Tax Collector positions in California are directly elected, there is a trend, since 1982, toward appointed Controller/Treasurer positions and/or combined departments with either an elected or appointed department head. Of the 58 counties, 15 have changed their charters or ordinances to reflect a different organizational structure. Of the 15 counties:

- Six counties have transitioned to a combined Controller-Treasurer-Tax Collector department with an appointed Chief Financial Officer or Director of Finance position including urban counties similar to San Mateo County (Marin, Sacramento, and Santa Clara).²
- Six counties have transitioned to a combined Controller-Treasurer-Tax Collector department with an elected Auditor-Controller/Treasurer-Tax Collector position including urban counties similar to San Mateo County (Fresno, Sonoma and San Bernardino).³
- San Francisco City and County and San Diego County have an appointed Controller and elected Treasurer.
- Los Angeles County maintains separate Controller and Treasurer Tax Collector departments with appointed Auditor-Controller and Treasurer-Tax Collector positions.

² The six counties include: Glenn, Kings, Marin, Mono, Sacramento and Santa Clara.

³ The six counties include: Fresno, Nevada, San Bernardino, Sonoma, Tulare and Yolo.

In discussions with staff members from Marin and Santa Clara counties, the Grand Jury learned that both of these counties have consolidated their offices of the Controller and Treasurer and appointed a professional Chief Financial Officer or Finance Director. Representatives of these counties stated that this organizational model has streamlined their operations, provided economies of scale, improved public access and provided the desired management coordination and fiscal accountability. The separation of duties within the combined department has not become a matter of concern to the organization nor the independent auditors. The counties' fiscal policies have become focused through improved accountability, communications and coordination.

Based upon information provided by a member of San Mateo County management staff, the restructuring of the two departments of the Controller and Treasurer-Tax Collector into one department with an appointed department head would result in annual salary savings along with additional savings from eliminating the cost of elections. Further analysis is required to quantify savings that could result from consolidating the staffing and the administrative overhead of operating the two separate departments under one Chief Financial Officer.

A number of opinions were gleaned from interviews conducted by the Grand Jury. Observations regarding an appointed Chief Financial Officer position included:

- Combining departments provides an opportunity to flatten and simplify the governmental organizational structure.
- Appointed positions, directly responsible to the County Manager and Board of Supervisors, provide greater accountability to the public.
- Appointed positions allow for greater professional expertise.
- In addition to initial cost savings better coordination of services and increased efficiency would likely result.
- The electoral process may not result in electing an individual with an appropriate managerial and technical skill set.
- Appointment eliminates election cost and the need to raise funds for an individual running for elected office.
- The County Manager would evaluate performance.

Comments and observations regarding directly elected Controller and Treasurer-Tax Collector positions included:

- Elected positions retain greater independence and direct accountability to the electors.
- Combined departments could create potential conflicts of interest.
- Elected officials may not have the level of qualifications required for the office.
- Requires significant cost to campaign for elected office.
- Allows the elected official to deliver unpopular advice and to challenge potential decisions by the Board of Supervisors.
- The degree of cooperation among departments and officials is based solely on developed relationships and not ensured by organizational structure.

- Performance evaluated by electorate and in the media.
- For the most part the county investment fund is managed independently of county administration.

Investigation

In its investigation the Grand Jury interviewed San Mateo County officials and management staff, officials from other counties and related county professional associations and organizations. A review of the County Charter, media coverage, County website and other California county websites was conducted.

Findings

1. Any change in combining the elected positions of the Controller and Treasurer-Tax Collector and/or making them appointed requires a charter amendment.
2. Since 1982 governmental elections in fifteen California counties authorized the transition from elected Controller and Treasurer-Tax Collector positions to an appointed finance position reporting to the County Manager resulting in improved efficiencies.
3. There are conflicting views regarding a potential charter amendment making the Controller and Treasurer -Tax Collector into an appointed Chief Financial Officer position.
4. Restructuring of the Controller and Treasurer-Tax Collector Departments would likely result in annual cost savings however further analysis is required.
5. Witnesses suggested that appointed positions allow for greater professional, technical and managerial expertise.
6. Witnesses suggested that appointed positions allow for the potential of greater accountability to the Board of Supervisors through the County Manager.
7. While the elected positions are accountable to the public there is no concrete mechanism for the electorate to effectively evaluate the professional, technical and managerial expertise of the elected officials.
8. Detailed professional qualifications are specified in the Government Code for the Controller position.
9. Current qualifications for the office of Treasurer -Tax Collector are minimal. The Board of Supervisors recently adopted the more stringent qualifications set forth in the Government Code, which will be effective for the term commencing in 2015.
10. The current recruiting process for other senior appointed managerial positions in the County includes thorough analysis of the requirements and professional skills needed for the position, a broad search process for the most qualified candidates and a thorough vetting of the candidates' background, experience and suitability for the position.
11. Although the elected Controller and Treasurer-Tax Collector provide annual goals and objectives in the budget that are in concert with the broader goals and objectives of the County, they are not held accountable to the professional performance standards mandated of other department heads.

Conclusions

The 2009-2010 San Mateo County Civil Grand Jury concludes that:

1. The current structure of directly elected Controller and Treasurer-Tax Collector officials does not reflect the trend toward increased integration of financial services and the streamlining of modern county and city organizations, nor does it allow for greater accountability.
2. The twelve California counties that have already implemented the office of Chief Financial Officer reflect current financial best practices.
3. These highly technical jobs do not lend themselves to oversight directly by the public/electorate. Appointment of this highly technical and managerial position creates a mechanism to obtain the most qualified professionals through job specifications and professional standards, thus providing a wider avenue to attract candidates through broad searches.
4. The electoral process is not the most practical way to ensure that the best-qualified person is selected for this complex role requiring a high degree of technical ability.
5. An appointed Chief Financial Officer would result in greater integration with other county functions and improve the overall team approach to county management.
6. While an appointed Chief Financial Officer candidate will undergo a thorough recruitment, selection and vetting process to ensure the most qualified candidate is selected for the position, elected officers do not receive the same level of professional scrutiny and vetting required of an appointed candidate for a Chief Financial Officer position.
7. Complicated economic times require investment strategies and expertise that may not be possessed by candidates running for elected office.
8. Reporting to the Board of Supervisors through the County Manager provides for more professional evaluation of the effectiveness of the Chief Financial Officer position in achieving annual professional and departmental goals and objectives than is currently possible with elected Controller and Treasurer-Tax Collector elected officials.
9. Restructuring of the Controller and Treasurer-Tax Collector Departments into a single department under the direction of an appointed Chief Financial Officer position should provide improved efficiencies and better service to the public and other local agencies. At the same time it will increase the role and responsibilities of the County Manager.
10. In these difficult economic times, streamlining the County's organizational structure through the consolidation of the Controller and Treasurer-Tax Collector departments is financially appropriate.
11. A qualified appointed professional Chief Financial Officer would have appropriate investment expertise and be held accountable by the Board and County management.
12. The Grand Jury believes the residents of San Mateo County would be best served by a single County finance department, led by a Chief Financial Officer who is appointed by the County Manager, with ratification of the appointment by the County Board of Supervisors, and reporting to the County Manager.

While the Grand Jury believes the single appointed CFO model would be most cost effective and operationally efficient for the residents of San Mateo County, we will leave it to the Charter Review Committee to consider other organizational models, such as separately appointed department heads reporting to the County Manager, if they wish.

Recommendation

The 2009-2010 San Mateo County Civil Grand Jury recommends that the Board of Supervisors:

In furtherance of the Board of Supervisors' charge to the Charter Review Committee to consider consolidation and reorganization of County departments and other organization improvements, direct the San Mateo County Charter Review Committee to consider a charter amendment that would (1) establish a Chief Financial Officer appointed by the County Manager, with ratification by the Board of Supervisors, who would report directly to the County Manager, and (2) delete the elected offices of the Controller and Treasurer-Tax Collector.

Appendix 1

Qualifications of the Controller as mandated by California State Government Code Sections 24001, 24002.5, Elections Code Section 201:

A citizen of the United States, a registered voter of the county in which the duties of the office are to be exercised at the time that nomination papers are issued to the person or at the time of the person's appointment. In addition, no person shall be elected or appointed to the office of county auditor of any county unless the person meets at least one of the following criteria:

- 1) The person possesses a valid certificate issued by the California Board of Accountancy under Chapter 1 (commencing with Section 5000) of Division 3 of the Business and Professions Code showing the person to be, and a permit authorizing the person to practice as, a certified public accountant or as a public accountant.
- 2) The person possesses a baccalaureate degree from an accredited university, college, or other four-year institution, with a major in accounting or its equivalent, as described in subdivision (a) of Section 5081.1 of the Business and Professions Code, and has served within the last five years in a senior fiscal management position in a county, city, or other public agency, a private firm, or a nonprofit organization, dealing with similar fiscal responsibilities, for a continuous period of not less than three years.
- 3) The person possesses a certificate issued by the Institute of Internal Auditors showing the person to be a designated professional internal auditor, with a minimum of 16 college semester units, or their equivalent, in accounting, auditing, or finance.
- 4) The person has served as county auditor, chief deputy county auditor, or chief assistant county auditor for a continuous period of not less than three years.
- 5) Any person serving in the capacity of county auditor shall complete at least 40 hours of qualifying continuing education, pursuant to subdivision (b), for each two-year period, beginning January 1, 1998, and completing at least 10 hours in each year of the two-year period. At least 20 of the 40 hours of continuing education shall be obtained in governmental accounting, auditing, or related subjects.
- 6) Qualifying continuing education may be obtained in the areas of accounting, auditing, or related subjects. In addition, qualifying continuing education may be obtained in any other subject, if it can be demonstrated that the specific educational program contributes to professional competence.
- 7) With respect to a county auditor who is a licensee of the California Board of Accountancy, or of the accountancy licensing authority of any other state, or who possesses a certificate issued by the Institute of Internal Auditors, continuing education obtained for purposes of renewal of the license or certificate may be applied to satisfy the requirements of this section.

Appendix II

Qualifications for Treasurer-Tax Collector as set forth in Government Code Section 27000.7 and adopted by ordinance of the San Mateo County Board of Supervisors:

No person shall be eligible for election or appointment to the office of county treasurer, county tax collector, or county Treasurer-Tax collector of any county unless that person meets at least one of the following criteria:

- (1) The person has served in a senior financial management position in a county, city, or other public agency dealing with similar financial responsibilities for a continuous period of not less than three years, including, but not limited to, treasurer, tax collector, auditor, auditor-controller, or the chief deputy or an assistant in those offices.
- (2) The person possesses a valid baccalaureate, masters, or doctoral degree from an accredited college or university in any of the following major fields of study: business administration, public administration, economics, finance, accounting, or a related field, with a minimum of 16 college semester units, or their equivalent, in accounting, auditing, or finance.
- (3) The person possesses a valid certificate issued by the California Board of Accountancy pursuant to Chapter 1 (commencing with Section 5000) of Division 3 of the Business and Professions Code, showing that person to be, and possesses a permit authorizing that person to practice as, a certified public accountant.
- (4) The person possesses a valid charter issued by the Institute of Chartered Financial Analysts showing the person to be designated a Chartered Financial Analyst, with a minimum of 16 college semester units, or their equivalent, in accounting, auditing, or finance.
- (5) The person possesses a valid certificate issued by the Treasury Management Association showing the person to be designated a Certified Cash Manager, with a minimum of 16 college semester units, or their equivalent, in accounting, auditing, or finance.



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
County Manager's Office



APPROVED BY
BOARD OF SUPERVISORS

JUL 13 2010

CLERK OF BOARD

TO: BY *Mani A. Peterson* DEPUTY
Honorable Board of Supervisors

DATE: June 28, 2010

BOARD MEETING DATE: July 13, 2010

SPECIAL NOTICE/HEARING: None

VOTE REQUIRED: Majority

FROM: David S. Boesch, County Manager *[Signature]*

SUBJECT: 2009-10 Grand Jury Response to Report Recommending Creation of
the Appointed Office of Chief Financial Officer

RECOMMENDATION:

Accept the report containing the County's responses to the 2009-2010 Grand Jury report: Charter Amendment Changing the San Mateo County Controller and Treasurer-Tax Collector elected offices to an appointed Chief Financial Officer.

BACKGROUND / DISCUSSION:

The current San Mateo County Charter provides for elected officers including the members of the Board of Supervisors and the positions of Sheriff, Coroner, District Attorney, Controller, Assessor-County Clerk-Recorder, and Treasurer-Tax Collector. Under the California Constitution not all of these positions are required to be elected. The Charter could be amended to change the elected positions of Controller and the Treasurer-Tax Collector to appointed positions.

On April 20, 2010, the 2009-2010 Grand Jury issued a report entitled "Charter Amendment Changing the San Mateo County Controller and Treasurer-Tax Collector Elected Offices to an Appointed Chief Financial Officer." The Grand Jury recommends that the Board of Supervisors direct the San Mateo County Charter Review Committee to consider a charter amendment that would (1) establish a Chief Financial Officer appointed by the County Manager, with ratification by the Board of Supervisors, who would report directly to the County Manager, and (2) delete the elected offices of the Controller and Treasurer-Tax Collector.

The Board of Supervisors is mandated to respond to the Grand Jury within 90 days from the date that reports are filed. A recommended response is attached for the Board's consideration and approval.

Acceptance of the response to the Grand Jury contributes to the Shared Vision 2025 outcome of a Collaborative Community by ensuring that all Grand Jury findings and

recommendations are thoroughly reviewed by the appropriate County departments and that, when appropriate, process improvements are made to improve the quality and efficiency of services provided to the public and other agencies.

FISCAL IMPACT:

There is no Net County Cost associated with approving the responses to the 2009-2010 Grand Jury.

San Mateo County Board of Supervisors' Response to the 2009-2010 Grand Jury Report "Charter Amendment Changing the San Mateo County Controller and Treasurer-Tax Collector Elected Offices to an Appointed Chief Financial Officer"

Findings:

Grand Jury Finding Number 1. Any change in combining the elected positions of the Controller and Treasurer-Tax Collector and/or making them appointed requires a charter amendment.

Agree.

Grand Jury Finding Number 2. Since 1982, governmental elections in fifteen California counties authorized the transition from elected Controller and Treasurer-Tax Collector positions to an appointed finance position reporting to the County Manager, resulting in improved efficiencies.

This finding is a statement of fact and opinion, and is not directed at the County. However, the County is aware that some counties have transitioned from an elected Controller and Treasurer to an appointed finance position, which would be verifiable by reference to records of the particular county. The County has no direct information regarding whether or not the change resulted in improved efficiencies in the case of any particular county.

Grand Jury Finding Number 3. There are conflicting views regarding a potential charter amendment making the Controller and Treasurer-Tax Collector into an appointed Chief Financial Officer position.

This finding is not directed at the County, but the Board does agree that there are conflicting views regarding a potential charter amendment creating an appointed Chief Financial Officer position, which views have been expressed in proceedings before the Charter Review Committee.

Grand Jury Finding Number 4. Restructuring the Controller and Treasurer-Tax Collector Departments would likely result in annual cost savings, however further analysis is required.

This finding is not directed at the County. The Board does acknowledge the information contained in the Grand Jury report, which provides some support for the finding that restructuring the Controller and Treasurer-Tax Collector departments might result in annual costs savings, and agrees that further analysis would be required to reach a conclusion.

Grand Jury Finding Number 5. Witnesses suggested that appointed positions allow for greater professional, technical and managerial expertise.

This finding is not directed at the County. The Board acknowledges that the process of appointment allows an in-depth consideration and evaluation of qualifications that may not be possible in an election scenario, but also notes that an election process might result in election of a candidate with greater professional, technical and management expertise in a given situation.

Grand Jury Finding Number 6. Witnesses suggested that appointed positions allow for the potential of greater accountability to the Board of Supervisors through the County Manager.

This finding is not directed at the County. The Board acknowledges that an officer appointed by the County Manager will be directly accountable to the County Manager while an elected official will not.

Grand Jury Finding Number 7. While the elected positions are accountable to the public there is no concrete mechanism for the electorate to effectively evaluate the professional, technical and managerial expertise of the elected officials.

This finding is not directed at the County. The Board notes that the voters effectively evaluate the qualifications of elected officials, including whether they have the desired professional, technical and managerial experience, when they vote at the polls, but also acknowledges, as noted above, that the process of appointment allows an in-depth consideration and evaluation of qualifications that may not be possible in an election scenario.

Grand Jury Finding Number 8. Detailed professional qualifications are specified in the Government Code for the Controller position.

Agree.

Grand Jury Finding Number 9. Current qualifications for the office of Treasurer-Tax Collector are minimal. The Board of Supervisors recently adopted the more stringent qualifications set forth in the Government code, which will be effective for the term commencing in 2015.

Agree.

Grand Jury Finding Number 10. The current recruiting process for other senior appointed managerial positions in the county includes a thorough analysis of the requirements and professional skills needed for the position, a broad search process for the most qualified candidates and a through vetting of the candidates' background, experience and suitability for the position.

Agree.

Grand Jury Finding Number 11. Although the elected Controller and Treasurer-Tax Collector provide annual goals and objectives in the budget that are in concert

with the broader goals and objectives of the County, they are not held accountable to the professional performance standards mandated of other department heads.

Disagree. All County officials, whether appointed or elected, are subject to the supervision of their official conduct by the Board of Supervisors under provisions of the Government Code, including professional performance standards where related to their official conduct.

Recommendations.

The 2009-10 San Mateo County Civil Grand Jury recommends that the Board of Supervisors:

- 1. In furtherance of the Board of Supervisors' charge to the Charter Review Committee to consider consolidation and reorganization of the County departments and other organization improvements, direct the San Mateo County Charter Review Committee to consider a charter amendment that would (1) establish a Chief Financial Officer appointed by the County Manager, with ratification by the Board of Supervisors, who would report directly to the County Manager, and (2) delete the elected offices of the Controller and Treasurer-Tax Collector.**

Response

This recommendation has already been implemented. The 2010 Charter Review Committee specifically took up the questions of whether the two positions should be folded into a single Chief Financial Officer position and whether the positions should be appointed rather than elected. The Committee received invited testimony on this proposed charter amendment from Tom Huening, Auditor-Controller; Lee Buffington, Treasurer-Tax Collector; John Guthrie, the appointed Chief Financial Officer of Santa Clara County; David Boesch, County Manager; and John Maltbie, former County Manager. The Committee also heard from a number of public speakers on the subject. The Committee then approved a recommendation for a charter amendment that would keep the offices of Auditor-Controller and Treasurer-Tax Collector separate, but would provide that the offices would be appointed offices, appointed by the County Manager, with the change from elected to appointed status becoming effective at the conclusion of the term that ends in January 2015.

