



**OFFICE OF THE ASSESSOR
COUNTY OF LOS ANGELES**

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SANTOS H. KREIMANN
CHIEF DEPUTY ASSESSOR

October 4, 2012

Mr. William T Fujioka
Chief Executive Officer
County of Los Angeles
Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Mr. Fujioka:

REPORT ON ASSESSOR OPERATIONS

I INTRODUCTION

On June 19, 2012, the Board of Supervisors nominated me for appointment as Chief Deputy Assessor. On that same day, Assessor John Noguez accepted the Board's nomination and formally appointed me as Chief Deputy Assessor, to take effect immediately. Under the terms of my appointment by the Assessor, I was given complete autonomy and authority over all aspects of the department, including deciding on all personnel and operational matters. These terms would continue during the course of Assessor Noguez' leave of absence.

Upon assuming management responsibilities, it was clear that the stabilization of the department from both an operational and personnel perspective was the highest priority. Morale was low and employees were uncertain about the health and stability of the department. Given the uncertain nature of the interim management of the department, a number of short-term, high-priority objectives were identified.

The following is a description of the actions taken by the Assessor's Executive Management Team to initially stabilize and provide guidance on the future direction of the Office.

II STABILIZATION

In identifying those critical tasks requiring immediate attention, priority was given to those areas that contributed to the recent controversy, including implementing operational safeguards to prevent manipulation of the valuation enrollment system. More specifically, a change in handling public records

act (PRA) requests, reassigning personnel, modifying existing policies and procedures and implementing operational changes aided in refocusing and stabilizing the department. Additional checks and balances were also established including more rigorous reporting and documentation requirements. Higher levels of management review and approvals on valuation adjustments were instituted as well.

More specifically, the following immediate actions were taken in the interest of stabilizing the office:

Personnel Changes

- A number of senior managers were placed on administrative leave until a thorough internal investigation is completed.
- New Assessor Representatives (ARs) have been assigned to represent the department before the Assessment Appeals Board to eliminate any public perception of inequitable practices or treatment.
- The authority of the new AR's to make and initiate value recommendations has been more closely regulated and subjected to new policy limitations that require graduated management approval based on percentage valuation reductions rather than hard dollar thresholds (*Exhibit 1 – Guidelines for Assessment Appeals*).

Internal Policies

Three internal policies required immediate attention and various modifications have now been completed:

- *Policy & Operating Practice Manual, Policy #4080-01-5: Assessor's Representatives and Testifying Appraisers at Assessment Appeals Board Proceedings (Exhibit 2 – 4080 Policy)*.
The 4080 policy change provides clarification for both ARs and appraisers during interactions at the Assessment Appeals Board. The ARs and appraisal staff are required to have proper management signature authorizations for all value recommendations.
- *Policy and Operating Practice Manual #1500-04-01: Change in Ownership Reappraisal – District Guidelines (Exhibit 3 – District Guidelines)*.
This is a new policy that provides guidelines for managing the Paperless Transfer System workflow in the district offices for unvalued transfers. It establishes procedures to ensure that transfers are assessed in a timely manner and with appropriate oversight and accountability. More specifically, the policy now imposes a 120-day deadline to enroll a property transfer. Any exception will require higher level management approvals to extend the deadline.

- *Policy and Operating Practice Manual # 5210-03-2: Accepting Sale Price in Transfer Reappraisal (Exhibit 4 - SBE Rule 2).*
This policy has been amended to clarify our process which will now require documentation if there is substantial and convincing evidence that a property's reported sales price is not an indication of market value.

Quality Assurance

- The revelations of misconduct by former appraiser Scott Schenter compelled the department to focus on internal controls and oversight. The Quality Assurance (QA) Unit was created to review existing policies and identify best practices to prevent future unilateral modification of property values.
- The department is reviewing all past cases managed by Mr. Schenter to identify any problematic values. Any questionable cases are immediately reported to the District Attorney's Office.
- A forensic internal audit of existing internal controls is also being conducted, giving specific attention to those manual processes that Mr. Schenter exploited to improperly adjust property values.
- New internal controls specifically responding to Mr. Schenter's actions have been implemented, including new and improved forms, confirmation by clerical staff that proper signature requirements are satisfied, and the preparation of management and value exception reports that highlight large property valuation changes are to be reviewed by audit staff.
- Compliance audits on new business practices are also being conducted to ensure the updated forms are used, the proper business procedures are followed and appropriate sign-offs for enrolling new values are obtained.
- Supplemental funding for five new positions for the QA Unit has been requested in the supplemental budget. This will ensure sufficient staffing and resources are dedicated to enhance the integrity of the tax system.

Public Records Act Requests

A more efficient and appropriate process was established for managing the voluminous Public Records Act (PRA) requests made by the media, District Attorney, and members of the public by routing them to County Counsel. This process change enabled for better tracking, review and responsiveness to PRA requests thus allowing the Office to focus on its core mission of preparing and closing the tax roll.

III STRATEGIC PLANNING

The prior department organizational and management structure tended toward a “silo” model, where each core function operated autonomously and with little interdepartmental planning and coordination. Moreover, the department lacked a strategic plan and shared goals.

To assess the immediate and long-term needs of the department, a series of meetings were organized with all department employees, both in the Hall of Administration and in the district offices. Lines of communications were opened and input was solicited from employees, providing them with many avenues to express their concerns and aspirations for the department. Several strategic-planning sessions were held with a cross-section of executives, division managers, and employees beginning in August.

After further consulting with senior staff and many employees, our new motto, vision, mission, and values, outlined next, were established. The role of the Office of the Assessor as a part of the “County family” has also been further emphasized. The following is a further discussion about them.

Our Motto

Valuing People and Property

Our Vision

To be the premier property assessment agency in the nation.

Our Mission

We value people and property by creating an accurate and timely assessment roll while delivering exceptional and professional public service with integrity.

Our Values

We aspire to be the best – the premier property assessment agency in the nation.

Accountability

Service excellence

Professionalism

Integrity

Respect

Equity

Our Strategic Plan defines what we will do. The successful implementation of our Strategic Plan will require every employee to understand and focus on achieving our organization's motto, vision, mission, and values.

Our Motto. To build employee morale and pride in the department, we are developing a “branding” strategy, featuring the new motto of ***“Valuing People and Property.”*** Among the changes associated with this effort, a department-themed desktop background for all computers will highlight the new motto and logo, as well as departmental or County photos or images.

Our Vision. Our vision states what we aspire to become – ***the premier assessment agency in the nation.*** We have achieved that stature in the past and know we can do so again.

Our Mission. Our mission builds on our motto to value people and property. The mission statement also defines what we do – ***creating an accurate and timely assessment roll*** – and reinforces the importance of exceptional and professional public service with the all-important value of integrity.

Our Values. Our values define how we will act in achieving our vision and mission. We will act consistent with our values and uphold the highest ethical standards. We support all of the County values and emphasize the importance of specific County values: Accountability, Professional, Integrity, and Respect. Given the nature of the Office of the Assessor, we have added Service and Equity. Our ***A.S.P.I.R.E.*** values link to our vision to aspire and ***become the premier property assessment agency in the nation.***

The strategic-planning process has also emphasized the demand for the unquestioned integrity of our personnel and the manner in which we do our jobs. Management and staff will recommend and implement strategies that can be taken to avoid the appearance of misconduct, mitigate potential fraudulent acts and behavior in the future, and ingrain our newly adopted values into our work culture.

IV INITIAL STRATEGIC PRIORITIES

Strategic Priority 1. Building a New Forecasting Model

An improved estimation model and process for the annual assessment roll forecast is being developed in cooperation with your office and technical staff from the Internal Services Department (ISD). The forecast assumptions will now be the primary responsibility of the Assessor’s Executive Management Team rather than simply relying on our technical support staff and appraisers.

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Each component of the assessment forecast methodology is being broken down into its constituent parts, analyzed for consistency and accuracy, and then reassembled and integrated back into the forecast. Executive summaries of these forecast components and the underlying assumptions will be prepared, allowing the Executive Management Team to reach a consensus in guiding the development of the forecast.

The department is now in the process of procuring additional outside resources to be included in the forecast analysis, including subject matter experts in real estate market and macro-economic analysis.

With the help of your staff, we have secured funding to acquire the necessary Cognos reporting software that will facilitate a detailed sensitivity analysis of the factors contributing to change in the assessment roll.

While we're hopeful that the new model will largely be in place in time to prepare the 2013 roll forecast, we are anticipating at a minimum preparing the roll forecast using a hybrid approach that includes the existing forecast methodology along with components of the newly developed model.

We will present the preliminary forecast no later than early February 2013 and as a range of values, as opposed to a fixed percentage estimate, to allow CEO budget staff to select the most appropriate percentage change for budgetary purposes.

Strategic Priority 2. Management Audits

The department has moved expeditiously to address the issues raised in previous audits, including the IT Audit released in April 2012. The recommendations of the April IT Audit have all been implemented. All surplus equipment has been distributed and in the future, the department will only purchase equipment on an as-needed basis.

Department staff has fully cooperated with the Auditor-Controller in the comprehensive management audit. Assessor personnel have participated in extensive interviews and provided necessary briefings and materials to ensure accuracy and completeness of the information being audited.

The findings of the Auditor-Controller's comprehensive management audit are anticipated to be released in November 2012. We welcome the audit and look forward to implementing the proposed recommendations we deem appropriate for the office that will improve and safeguard department operations.

Strategic Priority 3. Information Technology Initiatives

The department has initiated a three to five year strategic plan for information technology. The IT team is researching software systems and identifying existing issues based on manager and staff feedback that will enhance efficiency, accountability, and greater accessibility.

The following are initiatives which have been determined to be essential toward positioning the department to be able to engage in the establishment of an enterprise solution for the replacement of both Secured and Unsecured Systems. These initiatives will address the replacement of existing systems which no longer provide the required functionality and reliability, while assuring that an integrated solution of critical components are incorporated:

- Replacement of the Unsecured System – The Unsecured System has become vulnerable and unreliable. By the end of the current fiscal year a Request for Proposal (RFP) will be prepared to acquire a new product.
- Acquire an Enterprise Architect – Sierra Systems recently completed a study recommending that the department acquire an Enterprise Architect. Working with ISD, an Enterprise Architect will be retained to develop a two to three year “roadmap.”
- Enterprise SharePoint Implementation - An integrated system with robust functionality is required for staff to collaborate efficiently and increase productivity. The Assessor’s Office intends to develop a modern collaborative system using Microsoft SharePoint Enterprise 2010. The initial phase will target the building of this infrastructure and the conversion of all existing standalone sites to a single interactive solution. Subsequent phases will continue to expand the functionality to become one of the key collaboration tools for the Department.
- Implement Project Portfolio Management (PPM) (DAPTIV software) - To implement metrics for the newly established Program Office and to better manage resources, a Project Portfolio Management (PPM) software program has been launched. This project will be focused on establishing basic functionality for managing all ITD projects and resources to support all future strategic-planning efforts.
- Business Intelligence (BI) Cognos (Forecasting) –The department is working with ISD with the focus on compiling and analyzing transfer processing data. Subsequent phases over the coming years will be developed for the other components that go into forecasting.
- Implement Narrative 1 for Commercial Property – Appraisal units have relied on paper-based reports, spreadsheets and shared folders for use in their appraisals. The Department has acquired a product which can serve as an interim technology-based solution until a permanent solution can be established.

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- Mobile Device Evaluation - IT will evaluate selected devices, software and services, and how new technology devices can improve the mobility of staff as a replacement to laptops.
- Personal Property Imaging System (PPIP) - ITD is in the process of correcting problems identified with the 571L PPIP. The PPIP's EMC Document Management System Solution has been established as the standard for future imaging developments. Meetings with vendor EZ Access will be scheduled to address the poor service support they have been providing and to get a commitment for the expected support in the future.

Other IT Accomplishments

- A rewrite of the Property Activity Information System public website was developed and is currently in final acceptance testing.
- Developed a new web application for Assessor staff to submit employee suggestions.
- ITD has prepared responses to numerous employee suggestions recommended through the Employee Suggestion Box.
- A draft proposal for a new prioritization process for all ITD projects was completed. The Project Portfolio Management software that is being developed will incorporate these procedures.

Strategic Priority 4. Technical and Professional Development Training

The department has dedicated substantial new resources for supervisory, leadership, professional development, and other types of training. These additional resources were sought and secured through the CEO and SEIU Local 721. Efforts are being implemented to train executives and senior managers for succession planning purposes.

The department historically has not provided adequate management, supervisory and other personnel training. Additional broad-based training for planning, management and leadership skills, and career development is needed. Department managers have been directed to identify savings that can be shifted to augment the department's training budget. A leadership training session for the department's senior management was conducted by a leadership training expert who has successfully worked with County departments in the past.

V OTHER POLICY/ORGANIZATIONAL INITIATIVES

Keeping employees informed and engaged in a dialogue about the department has been a high priority. Employees have been encouraged to contact me directly via email, and I answered all of their messages personally. New communications tools have been implemented, and existing communications vehicles have been greatly enhanced.

Weekly All-Staff Messages

For the first time in the department's history, a weekly message to all employees is issued from the department head in which I share our progress on important issues, identify key objectives and goals, and attempt to provide a sense of affirmation and pride in the department and to value the public service that Assessor employees provide the County.

Employee Intranet Suggestion Box

An employee suggestion box was added to the Assessor Intranet site. All suggestions are read and responded to, assigned for analysis, and when meritorious, for implementation. To help restore employee confidence, special emphasis has been placed in implementing their good suggestions in an expeditious manner. Additionally, all suggestions, with their status and disposition, can be viewed on the Intranet by all employees

Employee Newsletter

The employee newsletter, the "Valuator," has been expanded from a report on retirements, promotions, and special events to one that includes diverse news about the department and our shared objectives. It also includes County news in an effort to enhance the department's relationship with the County organization as a whole.

"Leadership by Walking Around"

Senior managers have been directed to have regular meetings with staff at all works sites, both scheduled and unannounced to enhance morale, accessibility, accountability, and productivity by ensuring regular communications and dialogue with personnel.

Organization/Personnel

A number of changes have been made organizationally, including the requirement of Mid-Year Work-plans for senior managers to improve budget estimates and the forecast, and to facilitate the development of goals and planning strategies necessary to better enhance efficiencies.

New organization structure

A new organization structure has been enacted for the leadership of the department. With an emphasis on organizational excellence and efficiency, a second Assistant Assessor was deemed essential to spread the many significant management responsibilities more evenly, with one Assistant Assessor responsible

for administrative matters and the other on operations and valuations (See Exhibit 5 – Organization Chart).

4/40 schedule modification

In order to enhance operational efficiency by creating a more consistent work schedule standard, all executive and senior managers have been required to adjust their work schedule to either a 5/40 or 9/80 schedule, with Friday as the only option for their day off. Those employees wishing to advance into supervisory roles will be required to work the standardized 5/40 or 9/80 schedule in order to enhance public service and ensure proper supervision of staff.

Training

Appraiser Training Class 71 is scheduled to graduate on October 17, 2012 with 27 new Deputy Assessor appraisers prepared to assume their new assignments. Appraiser Training Class 72 will be hired and will begin their training by the end of October 2012.

Other Policies/Programs

Automated Information Request

In July, the department unveiled the Automated Information Request (AIR), a new program that notifies taxpayers electronically when their appeal is calendared with the Assessment Appeals Board. This automated system will enable Assessor personnel to request documentation in advance of the hearing, providing adequate time to assess the merits of the appealed valuation and avoiding the need to engage in the “cafeteria” negotiations that were previously common practice.

Expanded Multiple Listing Service Access

Upon hearing from our staff in our West District Office that there was insufficient access to the Multiple Listing Service (MLS), a tool vital to the work of appraisers, purchases of 60 additional access licenses was authorized and are now in place. This greater access to the MLS will increase the accuracy of appraisals, and will also reduce the number of assessment appeals cases in the future. As an added bonus, it has also been a boost to employee morale.

Annual Assessment Roll Release

The Office of the Assessor successfully completed its primary function: the compilation of the Annual Assessment Roll. We are pleased to report that the 2012 Assessment Roll reflected a 2.24 percent increase in value that represents the second straight year of growth. This year’s assessment roll is

\$1,130,560,769,770 gross total, \$24.8 billion greater than last year. The Annual Report that explains the role of the department was made available to the public on the Internet during the first week of September.

VI NEXT STEPS

We will now turn our attention to a number of other structural reforms necessary for the long-term organizational health of the department.

Next Phase of Strategic Planning – Development of Action Plans

The next phase of the strategic-planning effort will build on the work in this 100-Day Report and the new Strategic Plan's vision, mission, and values. We will form Action Planning Teams (APTs), representing a cross-section of the office, to prepare Action Plans for addressing the next series of changes. The Action Plans will involve identification of the action steps needed during the next two years. Different members of the Executive Management Team have championed each of the Action Plans. These series of changes are defined as Strategic Priorities/Goals and entail:

- **Action Plan 1 – Fiscal:** Document the action steps, already identified, to be implemented to enhance our capabilities in forecasting property values for the Board of Supervisors
- **Action Plan 2 – Policy and Process Improvements:** Building on our first 100-day efforts to improve policies and procedures, develop an Action Plan for continuous process improvement while addressing specific policies already identified for change. (Refer to the specific policy and process improvements identified to be addressed next on page 11.)
- **Action Plan 3 – Technology:** Develop an Action Plan that establishes: a) a framework for identifying and setting IT priorities, b) action steps for short-term initiatives ("low-hanging fruit") and c) action steps needed to finalize a three- to five-year Information Technology (IT) Plan.
- **Action Plan 4 – Accountability/Performance Measurements:** Design and implement meaningful measures for monitoring operations and measuring success, including exception reporting. The Department will place a greater emphasis on linking strategy to a performance monitoring system and identifying initial performance measurements to track efforts being made at the executive or sub-department levels.
- **Action Plan 5 – Integrity/Avoidance of Fraud:** Identify actions that can be taken to avoid and mitigate potential fraudulent acts and behavior in the future; develop a Code of Conduct.

- **Action Plan 6 – Succession Planning:** Working with the Executive Team, design an ongoing succession-planning process to ensure seamless transition of responsibilities following retirements, promotions, or other staffing changes.
- **Action Plan 7 – Cultural Change:** Develop strategies and tactics for rebuilding the work culture to reflect our newly developed values, improve morale, enhance accountability and service delivery, and improve communication and collaboration.

The development of the Action Plans will be completed in the next 100 days. In addition to the Action Plans, the following initiatives will also take place.

Information Technology

The Department will also embark on some short-term initiatives, including:

- IT will develop a digital “dashboard” for managers that will provide decision-making information to help maintain established performance metrics.
- An “electronic signature” system will be developed to create a paperless system that will enhance operational efficiency. Moreover, the ability to track and verify documentation approval will prevent future unilateral modification of property values.

Human Resources (HR)

HR will focus on the appraisals of promotability (APs) process that is employed when evaluating personnel for promotion to ensure greater objectivity, transparency and fairness.

Training

With the additional resources provided by the CEO to augment the department’s training budget, we will coordinate an aggressive program to provide necessary training to Department personnel.

Training will be implemented department-wide, including continuation education for appraisers, supervisory orientation training for first- and second-line clerical supervisors, and general supervisory/management training for all classifications.

The department is implementing a new training program for entry-level document examiners (document coding). The one-year program will be modeled on the highly-successful appraiser training program. The Ownership Services Division has not hired new personnel since 2009, which has severely

compromised their ability to manage and process the large number of documents transmitted from the Registrar-Recorder.

Process improvements - Internal Controls

Additional internal policies and practices will be reassessed and amended to ensure greater accountability and internal controls to avoid any appearance of, or actual impropriety. This objective will build on the process improvements addressed in the first 100 days and incorporated into the Phase 2 Action Plans:

- New guidelines for Assessment Appeals, articulated in *Special Value Change Approval*, Policy No. 1502-1-8 (Policy and Operating Practice Manual), have been established for large assessment roll decreases, mandating high level review and approval.
- As previously referenced, the Department's Real Property Handbook, Policy 5209, relative to Assessment Appeals Procedures and Case Preparation is being updated to reflect modifications to Policy 4080.
- The traditional relationships and interaction between tax agents, appraisers and other Department personnel will be assessed to ensure that both in terms of policy and appearance, such interaction is professional, objective, and beyond reproach. We will develop a Code of Conduct for tax agents, as well as other new guidelines and mandates pertaining to tax agents.
- As a result of attrition, new personal property appraisers will need to be hired with an emphasis on those who can specialize in audits.
- A careful review of practices related to promotions and job assignments has been initiated, and the annual personnel rotation, which is necessary to cross train personnel in the various sections of the department, will be implemented.

New Gift Policy

A new Administrative Memorandum addressing the Office of the Assessor's gift policy is being drafted prohibiting employees from accepting any gifts, meals, or transportation from taxpayers or their agents. This new department policy will exceed existing FPPC and County restrictions.

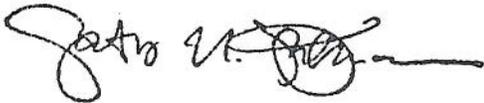
VI CONCLUSION

Considerable substantive work has been completed over the past 100 days. The department has substantially stabilized itself in the wake of the controversy: a number changes have been implemented to address those issues, and to improve departmental operations.

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The men and women of the Office of the Assessor are extremely bright, talented and dedicated public service professionals who never cease to impress me with their knowledge and work ethic. I applaud them for their ability to complete the voluminous and complex work of the Annual Assessment Roll, despite the challenges facing the department.

Sincerely,

A handwritten signature in black ink, appearing to read 'Santos H. Kreimann', with a long horizontal flourish extending to the right.

SANTOS H. KREIMANN
Chief Deputy Assessor

SHK:JP:tt

Attachments (5)

c: Honorable Members of the Board of Supervisors
Wendy L. Watanabe, Auditor-Controller
John F. Krattli, County Counsel
Lisa M. Garrett, Director, Department of Human Resources
Dean C. Logan, Registrar-Recorder/County Clerk
Mark J. Saladino, Treasurer and Tax Collector



SANTOS H. KREIMANN
CHIEF DEPUTY ASSESSOR

August 2, 2012

TO: Assessor Representatives

FROM: Santos H. Kreimann 

SUBJECT: **GUIDELINES FOR ASSESSMENT APPEALS**

I would like to welcome our newest Assessor Representatives (ARs) to the Assessment Appeals Section. I appreciate your willingness to accept the responsibility of representing the Department at the Assessment Appeals Board (AAB). As we continue to advance our goals, I would like to establish some guidelines that will support your efforts to promote our motto of "Valuing People and Property" while working collaboratively to establish fair and equitable assessments.

- Any recommendation made at the AAB shall include a written explanation, supporting documentation, and the signatures of both the AR and the Testifying Appraiser.
- Assessor Representatives (ARs), in collaboration with Testifying Appraisers, will have the authority to approve recommendations made at the AAB up to 20 percent below the original value approved by the regional or area supervisor and/or manager(s) assuming the applicant has provided new and compelling evidence not previously considered.
- The Chief of the Assessment Services Division will have the authority to approve recommendations at the AAB up to 30 percent below the original value approved by the regional or area supervisor and/or manager(s) based on new and compelling justification.
- All original AAB appraisals shall have a Supervisor's signature; any reductions over \$500,000, District Real Property, and \$1,000,000, Major Real Property, shall require the signature of a Principal Appraiser.
- AAB appraisals that do not have the appropriate signatures will be returned to their applicable units for proper approval.
- Notwithstanding the above, all recommendations on large assessment roll decreases must conform to the approval requirements set forth in our Special Value Change Approval Policy (See Attached).

These guidelines are effective immediately. I appreciate your assistance as we continue to move forward to ensure that the Los Angeles County Assessor's Office will be the premier assessment agency in the nation.

c: Board of Supervisors
Executive Office, Board of Supervisors
Chief Executive Office
Assessment Appeals Board Members
Directors of Operations
District Chiefs
All Appraisal Staff

	POLICY AND OPERATING PRACTICE MANUAL	NO. 4080-01-5
		EFFECTIVE 10-1-2012
		PAGE 1 OF 10
		DISTR. CODE 70
		FILE 4080-01-5OP.doc
		PUBLISHED 9-27-2012

ASSESSOR'S REPRESENTATIVES AND TESTIFYING APPRAISERS AT ASSESSMENT APPEALS BOARD PROCEEDINGS

The Revenue and Taxation Code section 1610.2 states: "The assessor in person or through a deputy shall attend all hearings of the county board and may make any statement or produce evidence on matters before the county board." The duty of the Assessor, or designated professional staff, is to establish "fair market value" and make every effort to ensure equalization.

At all hearings conducted before the Assessment Appeals Board (AAB) and before individual Hearing Officers (HO), a member of the Office of the Assessor will attend and act as the Assessor's Representative (AR). However, the testifying appraiser and the AR constitute the team that represents the Assessor. As such, both are valuable members with distinct responsibilities.

1. ORGANIZATION

- 1.1 There are two classifications of Assessor's Representatives:
 - A. Assessor Representatives (AR's) are appointed to the Assessment Appeals Section and assigned those responsibilities full-time.
 - B. Part time Assessor Representatives are assigned AR responsibilities on an occasional basis and primarily appear before individual Hearing Officers.
- 1.2 The Assessment Appeals Section in the Assessment Services Division functions as the Assessor's liaison with the Assessment Appeals Board.
- 1.3 Real Property appeals:
 - A. Assessment Appeals Board assignments – The AR's will be assigned by, and responsible to, the Assessment Appeals Section. Prior to any specific hearing, the Division Chief responsible for the case through the proper chain-of-command may request a designated AR through the Chief of the Assessment Services Division.
 - B. Hearing Officer assignments – The part-time AR's will be assigned by the respective District or Division Chief. For ownership issues, a part-time AR will be assigned by the Legal Services Section. The Appraisals sub-departments will assign only Supervising Appraisers and above to part-time AR duties for hearing officer proceedings at the Hall of Administration.
 - C. The District Chiefs may assign appraisers under the supervision of a Supervising or Principal Appraiser to act as part-time AR's at satellite locations in which Hearing Officer cases are being heard.

1.4 Personal Property appeals:

- A. Assessment Appeals Board assignments – The AR's will be assigned by, and responsible to, the Assessment Appeals Section. Prior to any specific hearing, the Division Chief responsible for the case through the proper chain of command may request a designated AR through the Chief of the Assessment Services Division.
- B. Hearing Officer assignments – The part-time AR's for District Office appeals will be assigned by the respective District Chief or Area Principal Appraiser. Part-time AR's for Major Personal Property appeals will be assigned by the Chief of Major Personal Property (MPP) or the Area 9 Principal Appraiser.

2. AR RESPONSIBILITIES AND DUTIES AT THE APPEALS BOARD

All Assessor personnel who participate in the hearing come under the direction of the assigned AR's, as they are responsible for managing the Assessor's case presentation. The AR's responsibility is to facilitate the presentation of the department's case and to assist the appraiser in interactions with the Board and the applicant or taxpayer. The AR's speak for the department in regard to assessments, legal issues, and policy.

The AR's determine how the presentation will be made. For instance, the AR will decide whether the presentation will be delivered in narrative form by the appraiser or in the form of question and answer. The AR may:

- A. Cross-examine.
- B. Pose formal objections and make formal motions.
- C. Argue the Assessor's case.
- D. Communicate their evaluation and analysis of the Assessor's case to the Board.
- E. Determine the extent of the testimony, and may limit the data presented.

3. TESTIFYING APPRAISERS RESPONSIBILITIES AND DUTIES AT THE BOARD

- 3.1 The primary role of the appraiser in assessment appeals cases is to serve as a witness to the facts of the case and give expert testimony.
- 3.2 On the morning of the hearing, testifying appraisers should check-in with the Assessment Appeals Section with completed and approved cases .
 - A. All original AAB appraisals require the supervisor's approval and signature.

- B. Any District Real Property reductions over \$500,000, and any Major Real Property reductions over \$1,000,000, require the Principal Appraiser's approval and signature.
 - C. District Appraisals assessment reduction recommendations in excess of \$5,000,000, and Major Appraisals assessment reduction recommendations in excess of \$10,000,000, must conform to the approval requirements as set forth in the *Policy and Operating Practices Manual – Memo 1502-1-8, Special Value Change Approval*.
- 3.3 If new information is presented on the day of the hearing, the testifying appraiser should review it and determine whether a thorough analysis can be completed the day of the hearing.
- A. Relevant and verifiable information pertaining to the valuation should be considered.
 - B. If additional time is needed for an analysis of the new information, the testifying appraiser should discuss with the AR the necessity to continue the case.
- 3.4 The testifying appraiser must sign and print their name on all cases on which they appear.
- 3.5 After the hearings, the testifying appraiser must check-out with the assessment appeals clerk at the front counter in the Assessment Appeals Section of Assessment Services.

4. JOINT RESPONSIBILITIES

- 4.1 Prior to the day of the hearing, the AR or regional staff may initiate pre-hearing communications to discuss upcoming cases. This allows the Assessor's team to discuss pertinent issues related to the case in advance and prepare our appeal presentation. Complex cases, i.e. cases with high value changes and/or extenuating circumstance that affect the valuation, should be discussed by the assigned AR and preparing appraiser in advance of the hearing date whenever possible.
- 4.2 On the day of the hearing, the Assessor's Representative and the testifying appraiser will work together as a team to ensure that the Assessor is represented in a professional manner and that a fair and equitable value conclusion is presented to the Board.
- 4.3 The AR and testifying appraiser must ensure that *AABs Case Activity Reports (CAR)* (see Exhibit III) are completed for all Board cases that are granted a continuance or adjusted recommendation. The testifying appraiser prepares the report and gives a copy to the AR prior to check-out. The original CAR form must remain in the parcel jacket with the AAB-3 or narrative appraisal.

- 4.4 A Case Activity Report Summary will be prepared by the Chief Appraiser of Assessment Services and included in the Assessment Services Bi-Weekly Report.

5. AR'S AUTHORITY TO APPROVE RECOMMENDATIONS

At the hearing, the AR has the authority to approve recommendations to increase or decrease the assessed value, and to approve recommendations regarding ownership status/reassessability when either verifiable new evidence is presented or it can be ascertained that material errors or omissions were made in the preparation of the Assessor's case. Otherwise, a continuance of the hearing may be requested to provide more time to consider any new evidence or verify contested facts or omissions.

Any recommendation made at the AAB must include a written explanation, supporting documentation, and the signatures of both the AR and the testifying appraiser.

- A. Assessor's Representatives (AR's), in collaboration with testifying appraisers, will have the authority to approve recommendations made at the AAB up to 20 percent below the original value approved by the regional or area supervisor and/or manager(s), not to exceed \$5,000,000, District Real Property, and \$10,000,000, Major Real Property, assuming the applicant has provided new and compelling evidence not previously considered.
- B. The Chief of the Assessment Services Division will have the authority to approve recommendations at the AAB up to 30 percent below the original value approved by the regional or area supervisor and/or manager(s), not to exceed \$15,000,000, District Real Property, and \$20,000,000, Major Real Property, based on new and compelling justification.
- C. If on the day of the hearing and prior to case presentation before the Board, new evidence is submitted that could result in a recommendation in excess of the limits stated above, a continuance should be requested to allow further review and approval by the responsible District or Major Appraisals management, and the Assistant Assessor if required.

6. AR'S AUTHORITY TO INITIATE RECOMMENDATIONS

On the date of the hearing, the AR may hold a conference with the applicant or agent to clarify the contested issues. In those instances, the AR will include the Assessor's appraiser. This is necessary so that the original position taken by the office and the facts upon which it is based can be made known to the AR, and any concerns as to the potential value changes can be appropriately discussed. At this conference the AR may conclude that it is appropriate to recommend a value change.

- 6.1 If the AR exercises the authority to make an AR initiated recommendation, the AR will meet privately with the appraiser/witness to explain the AR's reasoning and to provide the appraiser/witness the opportunity to express a contrary opinion prior to the resumption of the hearing. If the appraiser does not agree, he/she will not be asked to testify.
- 6.2 AR initiated recommendations require the approval and signature of the Chief Appraiser of Assessment Services and the completion of a written report that includes factual, theoretical, or judgmental issues considered by the AR in the value recommendation (see Exhibit I). If the AR is recommending a change to an Ownership Division position, a written report (see Exhibit II) will be required.
- 6.3 The written reports will be submitted to the responsible Chief Appraiser, Chief of Assessment Services, Director of Roll Services (for all properties), Director of District Appraisals (for District properties), Director of Major Appraisals (for Major properties) and the Assistant Assessor of Operations within five business days of the hearing and will be promptly reviewed by the responsible Chief. Any concerns he or she has must be expressed within ten business days of the receipt of this report
- 6.4 If the appraiser/witness has questions or concerns regarding an AR initiated value recommendation, the appraiser should discuss the details with the AR. If additional clarification is necessary, the appraiser should bring the matter to the attention of his or her Supervising Appraiser or Principal Appraiser as soon as feasible following the hearing. The supervisor or manager should then contact the AR or the Chief of the Assessment Services Division to discuss the matter.
- 6.5 If the AR has questions or concerns regarding the quality of the regional or area case preparation and/or testimony, he/she may discuss the matter with the responsible Supervising Appraiser or manager(s).

7. HEARING OFFICERS

The part-time AR's appearing before the Hearing Officer are assigned on an occasional basis in the capacity of both an Assessor's Representative and testifying appraiser. They present to the Hearing Officer, from the Assessor's records, whatever testimony they determine is proper and sufficient. Their authority and responsibility before the Hearing Officer are the same as that of the AR before the Appeals Board.

- 7.1 When an adjusted recommendation or continuance is granted, the reason should be entered on the AAB-3.
- 7.2 The part-time AR should sign and date all cases on which they appear.
- 7.3 If the part-time AR has any questions regarding the quality of the regional or area case preparation and/or testimony, he or she should discuss the matter with the lead Supervising Appraiser or manager as necessary.



George Renkei
Assistant Assessor

EXHIBIT I: ASSESSOR'S REPRESENTATIVE INITIATED RECOMMENDATION ON A CASE HEARD AT THE BOARD

OFFICE OF THE ASSESSOR

July 31, 2006

TO: Max Black, Chief
Assessment Services Division

FROM: Mike Green, Assessor's Representative
Assessment Appeals Section

SUBJECT: **ASSESSOR'S REPRESENTATIVE INITIATED RECOMMENDATION ON A CASE HEARD AT THE BOARD (APPLICATION #05-012345)**

<u>AIN</u>	<u>Region</u>	<u>Property Use</u>	<u>Board</u>	<u>Date Heard</u>	<u>Issue</u>
5094 – 023 – 010	23	Office	3	7/27/06	Prop 8

Applicant /Agent: ABCD Corporation / Susan Doe

Assessor's Representative: Mike Green

Preparing Appraiser: John Jones

Reviewing Appraiser: Mary Brown

Testifying Appraiser: John Jones

Year(s):	2005
Roll Value(s):	\$51,000,000
Original Rec:	None
AR's Rec:	\$40,000,000

Property Description: 15 story office building at Wilshire and Normandie, Los Angeles.

Reason for Recommendation: Asbestos removal cost to cure (not previously taken into account but documented just prior to the hearing with contractors' written estimates).

c: Assistant Assessor, Operations
Director, Roll Services
Director, Major Appraisals
Chief Appraiser, Major Real Property

**EXHIBIT II: ASSESSOR'S REPRESENTATIVE INITIATED RECOMMENDATION ON
AN OWNERSHIP ISSUE HEARD AT THE BOARD**

OFFICE OF THE ASSESSOR

July 31, 2006

**TO: Max Black, Chief
Assessment Services Division**

**FROM: Mike Green, Assessor's Representative
Assessment Appeals Section**

**SUBJECT: ASSESSOR'S REPRESENTATIVE INITIATED RECOMMENDATION
ON AN OWNERSHIP ISSUE HEARD AT THE BOARD
(Application #05-012345)**

AIN: 5094-023-011
Applicant/Agent: ABCD Corporation / Susan Doe
Hearing Date: 7/27/06
Board: 3
Assessor's Witness: Charles Johnson

Reason for Recommendation:

The facts of the case are ...

Ownership Division takes the position that ...

It is the Assessor's Representative's position that ...

**c: Assistant Assessor, Operations
Director, Roll Services
Chief, Ownership Division
Principal Appraiser, Legal Services**

EXHIBIT III: AABS CASE ACTIVITY REPORT

CASE # _____ AIN _____		OFFICE OF THE ASSESSOR AABS CASE ACTIVITY REPORT					
	Hearing Date: _____						
	Application Number: _____						
	Company Name: _____						
	Issue: _____						
	TESTIFYING APPRAISER: _____						
	ASSESSOR REPRESENTATIVE: _____						
	Property Description: _____	REGION: _____					
	<input type="checkbox"/> AMENDED RECOMMENDATION						
	<table border="1" style="width: 100%;"><tr><td style="width: 50%; text-align: center;">ORIGINAL RECOMMENDATION</td><td style="width: 10%; text-align: center;">➔</td><td style="width: 40%; text-align: center;">AMMENDED RECOMMENDATION</td></tr><tr><td style="text-align: center;">Total \$ _____</td><td></td><td style="text-align: center;">Total \$ _____</td></tr></table> <p>Comments/Justification</p> _____ _____ _____		ORIGINAL RECOMMENDATION	➔	AMMENDED RECOMMENDATION	Total \$ _____	
ORIGINAL RECOMMENDATION	➔	AMMENDED RECOMMENDATION					
Total \$ _____		Total \$ _____					
<input type="checkbox"/> CONTINUED / REBUTTED <input type="checkbox"/> Taxpayer Req. <input type="checkbox"/> Assessor Req.							
Comments: _____ _____ _____							
Testifying Appraiser (Sign): _____ Assessor's Representative (Sign): _____							
<input type="checkbox"/> FOLLOW UP ACTIVITY							
FIELD CHECK <input type="checkbox"/>	CONTACT T.P./ AGENT <input type="checkbox"/> ANALYZE NEW INFORMATION <input type="checkbox"/>						

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 <p>ASSESSOR</p>	<p>POLICY AND OPERATING PRACTICE MANUAL</p>	NO. 1500-04-01
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		DISTR. CODE 71
		FILE 1500-04-01.doc
		PUBLISHED 9-27-2012

CHANGE IN OWNERSHIP REAPPRAISAL - DISTRICT GUIDELINES

This memo provides guidelines for managing the Paperless Transfer System (PTS) work flow in the district offices.

1. PROCESSING GUIDELINES

- 1.1 The Assessor attempts to complete the valuation of all identified change in ownership transactions by the conclusion of each work year. In addition, the goal of the department is to reappraise all transfers within 120 days from the date Ownership Services receives the deeds from the Registrar-Recorder/County Clerk.
- 1.2 In most cases, the Ownership Services Division completes the deed processing within 60 days. The transfer is then entered on PTS and the Valuations Division reappraises and enrolls the new values within 60 days, thus meeting the 120 day goal.
- 1.3 When deeds are processed by Ownership Services with fewer than 120 days remaining in the work year, the departmental goal is to have those transfer valuations completed and posted to the Property Data Base (PDB) by the last PDB update prior to roll closure.

2. NOTIFICATION AND APPROVAL REQUIREMENTS

- 2.1 Transfers that exceed the 120 day period will be tracked through PTS to ensure proper notification and approval. The PTS On-Line Performance Audit Report has been developed for this purpose.
- 2.2 The following notification triggers have been established. From the date the transfer enters the PTS appraisal queue:
 - A. The Supervising Appraiser will approve transfers up to 120 days.
 - B. The Principal Appraiser must approve unvalued transfers exceeding 120 days.
 - C. The District Chief must approve unvalued transfers exceeding 180 days.
 - D. The PTS On-Line Performance Audit Report that identifies transfers in excess of 120 days and 180 days will be compiled bi-weekly by Special Projects, accessed from PTS, approved by appropriate managers, and retained by the District Chief.
 - E. Transfers which remain in the PTS appraisal queue in excess of 1 year must be itemized in the District production report narratives with a brief

explanation as to the cause. The minimum reporting criteria will include AIN, Cluster and Recording Date, in addition to the reason for the delay.



George Renkei
Assistant Assessor

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			PUBLISHED	9-27-2012

ACCEPTING SALE PRICE IN TRANSFER REAPPRAISAL (SBE RULE 2)

According to SBE Rule 2, and in conformance with the Revenue and Taxation Code Section 110, the words "full cash value" and "fair market value" mean the price at which a property would transfer for cash or its equivalent under prevailing market conditions and with the following provisions:

- 1) The property is exposed for sale in the open market for a reasonable time for the seller to find a purchaser and,
- 2) The buyer and seller have full knowledge of the uses to which the property may be put, both seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.

Effective September 25, 1991, the State Board of Equalization amended Rule 2 to provide that value means the price at which the "unencumbered or unrestricted fee simple interest in the real property (subject to any legally enforceable governmental restrictions) would transfer for cash or its equivalent..."

The State Board of Equalization also amended Rule 2 to reflect that when a reappraisable change in ownership occurs, the presumption that the sales price is the full cash value may be rebutted by evidence that the market value of the property is significantly more or less than the price paid for it. (A significant deviation is one of more than 5%.) The burden of proving value lies with the party seeking to overcome the presumption.

The presumption that the sales price is the full cash value does not apply to:

- 1) The transfer of any taxable possessory interest.
- 2) The transfer of real property when the consideration is in whole, or in part, in the form of ownership interests in a legal entity or the change in ownership occurs as a result of the acquisition of ownership interests in a legal entity.
- 3) The transfer of real property when the information prescribed in the change in ownership statement is not timely provided.

Rule 2 continues to provide that "if a single transaction results in a change in ownership of more than one parcel of real property, the purchase price shall be allocated among those parcels and other assets, if any, transferred based on the relative fair market value of each."

The amendment to Rule 2 is substantially in accord with our existing policy that the sale price be enrolled unless there is substantial and convincing evidence that the price is not an indication of market value. Departmental policy requires that appraisers provide written justification for not accepting the purchase price and references to supporting documentation. This information must be included in the comments section of the Paperless Transfer System (PTS).

The written justification should address the following questions:

- 1) Was this an arms-length, open-market transaction?
- 2) Was there favorable financing?
- 3) Was there any duress?
- 4) What was the listing price and how long was it on the market?
- 5) Is the contract rent at market? (if applicable)

The supporting documentation should include the following:

- 1) Aerial photographs of the subject and comparable properties.
- 2) Interior photographs of the subject and comparable properties, if available.
- 3) Property description and broker comments from MLS, Redfin, or other sources.
- 4) Subject lease information and market rent comparables. (if applicable)

The justification and documentation must be reviewed by the Supervising Appraiser prior to PTS approval.



George Renkei
Assistant Assessor



OFFICE OF THE ASSESSOR ORGANIZATION CHART

