

# 2009 Business Plan

Orange County Assessor Department

April 2009 - FINAL



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*Orange County Assessor*

*Serving the citizens of Orange County by valuing all legally assessable property with uniformity and impartiality*

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## EXECUTIVE SUMMARY

The County Assessor is the elected official mandated by the California Constitution to value all taxable property located in the county and produce an annual assessment roll of value. The annual “Roll” is the official listing of the taxable value, location and ownership of all locally assessed property.

The Assessor’s fiduciary responsibilities include all elements of managing the production of annual and supplemental assessment rolls.

It is the responsibility of the Assessor to annually discover and assess all property within the county as required by law. The Assessor must carry out the rules and regulations imposed by property tax law.

construction in the county, identifying and defining possessory interests in government owned property, and reviewing oil and gas producing property, mines and quarries, pipeline easements and water companies.

The Assessor also holds the responsibility to value all assessable personal property. This encompasses all business personal property (reported and valued annually), and all boats and airplanes.

The California State Board of Equalization (SBE) periodically reviews the operating and resulting Roll products of all County Assessors in California. The SBE prescribes standard forms and interpretations of new laws. The SBE reviews values that are on the Assessment Rolls and reviews Assessor Department operations to test for legal compliance and product quality in all areas. The Orange County Assessor Department continues to excel in all areas of compliance.



The Orange County Assessor serves the third largest county in the state in terms of the number of properties assessed and total assessed value. The workload continues to grow in volume, complexity and diversity as the county matures.

The Assessor is responsible for valuing all assessable real property (land, buildings, structures, other improvements, business trade fixtures, etc.). The valuation of real property includes the analysis of title documents to determine reassessability, review and monitoring of all new

## I – DEPARTMENT OVERVIEW

### MISSION STATEMENT

Our mission is to:

- 1) Serve the citizens of Orange County by valuing all legally assessable property with uniformity and impartiality,
- 2) Produce assessment rolls in accordance with the laws of the State of California,
- 3) Help property owners understand their property valuations.

Taxable value is the basis for property tax assessments that provide funding for schools, police and fire services, libraries, parks, infrastructure and other essential operations. Services and facilities provided by public agencies play a key role in making Orange County a desirable location for residents, businesses and visitors.

The Department strives to equalize the assessment process by providing consistent consideration to all property owners and applying the same valuation rules and principles to all properties.

The California Constitution governs the assessment process. The Constitution defines taxable property, specifies conditions under which property should be reassessed, limits increases in taxable value and identifies property tax exemptions.

The property tax assessment process can be confusing to property owners. This is because the laws concerning properties are

complicated and continuously changing. The State Legislature continues to create new laws or modify existing laws; the State Board of Equalization interprets the laws and promulgates new rules, and the Courts also establish case laws.

Many owners are not fully aware of the property tax laws or changes in the existing laws, or that there are exemption programs and filing requirements that can reduce their assessment. Providing public service and assessment information is one of the primary functions of the Assessor Department operations.

### 1.1 ORGANIZATIONAL STRUCTURE

The Assessor Department's organizational structure consists of seven operational projects. Project teams work together to value property, produce assessment rolls, process exemptions and provide assessment information.

#### ***BUSINESS PROPERTY***

Audits, appraises, assesses and maintains records on all business personal property, trade fixtures, leased equipment, boats and aircraft located in Orange County.

#### ***REAL PROPERTY***

Appraises real property, new construction and reassessable changes in ownership, and maintains and updates records on all parcels including residential, commercial, rural, industrial and special use properties.

#### ***ROLL SUPPORT***

Reviews and maintains recorded documents evidencing a change in ownership of real property, prepares Assessor parcel maps and processes Homeowner, Veteran and Institutional Exemptions.

***QUALITY ASSURANCE***

Provides appraisal methodologies, procedures, training and quality control for roll production, audit/appraisal and paraprofessional staff.

***COMPUTER SYSTEMS***

Provides programming and data processing services, system security and technical services to support the development of the assessment rolls of value.

***MANAGEMENT SERVICES***

Provides fiscal management, process integration, contract administration, procurement and personnel services, general department administration and public service support to the public and other government agencies.

***SPECIAL PROJECTS***

Focuses on specific projects including Assessment Tax System (ATS) Re-Engineering and other system support and development projects. The source of funding is a combination of the State-County Property Tax Administration Grant (AB 589) and the County General Fund.

**1.2 IMPACT OF ECONOMIC FORCES AND REAL ESTATE MARKET TRENDS**

New development and resale activity typically increases when property values increase. Positive market conditions generally increase the number of:

- New parcels that are created
- Properties that change ownership
- Residential, commercial and industrial properties that are developed



Declining market conditions tend to stifle new development and sales activity, but trigger increases in the number of:

- Applications for assessment appeal
- Annual reviews required for Proposition 8 temporary value reductions
- Property rehabilitations and room additions

***1990's Real Estate Market Decline***

Property values reached a peak in the late 1980's. In the early 1990's prices began to level off or decline slightly in some areas. The Assessor reviewed assessed and market values and made Prop. 8 adjustments for properties that experienced a decline in taxable value.

*The market slump caused the number of assessment appeals to jump over 400% from approximately 7,800 appeals in 1990 to over 40,000 appeals in 1994 and 1995. When the market is up we have more work, and when the market is down we have a lot more work.*

These same conditions are already evident in today's market and the Assessor's work load.

### ***Recent Economic and Market Conditions***

Orange County's recent period of sustained market growth, which started in 1996 has officially ended. Home prices that soared to all-time highs in many regions and sectors of the market peaking in October, 2006 have now dropped considerably in value.

In June 2001, Orange County became one of the first Southern California counties to reach a median home price of over \$300,000. Four years later, in October 2006, the median price was \$625,000. Currently Orange County is experiencing a decline in median home prices as is the majority of California. Orange County is the only Southern California county with a median of over \$400,000 and has the fifth-highest median in the state.

The County's *median home price* decreased from a high in October 2006 of \$625,000 to \$420,000 in November 2008. This trend is consistent with the overall real estate market in this region and the State.



The county property mix is changing with the introduction of high-rise residential development. A number of high-rise residential projects are in various stages of planning or development within the county. .

Projects are clustered around the Anaheim "Platinum Triangle", Santa Ana/Costa Mesa South Coast Metro, and Irvine/Airport/University areas. More vertical and in-fill development is anticipated as the county continues to develop and mature.

However, with the recent market slowdown, many of these high-rise residential developments have been considerably scaled down or are on hold until the market rebounds.



### **1.3 CORE SERVICES THAT ACHIEVE DEPARTMENT MISSION AND STRATEGIC OBJECTIVES**

The Assessor Department has two primary core services.

- 1) Discover, identify and properly value all taxable property in Orange County
- 2) Aid in the public's understanding and access to property valuation information while properly safeguarding the property owners' private information

***CORE SERVICE #1 - Identify and properly value all taxable property in Orange County***

Our workload is defined by external marketplace dynamics.

Land development, new construction and the sale of business or real property all create work for the Assessor Department. The County of Orange is heterogeneous in that the direction and magnitude of property value changes (increasing, remain stable or decreasing) depends on the property location and may vary significantly. For properties that have decreased in value, we experienced a significant increase in requests for property tax reviews.

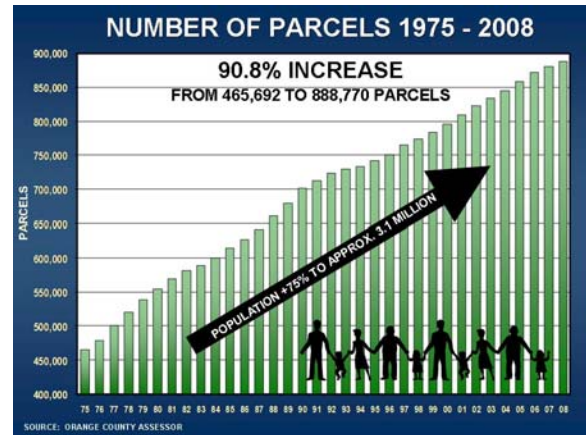
Orange is the third-largest county in the state, with a population of approximately 3,100,000 residents, 1,058,161 roll units and more than \$424.0 billion in total assessed value. Median *family income* remains among the highest in the state, at approximately \$78,700 in 2007.

Distressed home sales (bank foreclosures and short sales) continued to be on the rise over the past year. Many economists project that while foreclosures may slow down, the economy will remain tight for at least another year and most likely for a longer period of time.



Economic forces, changes in the law and the public's participation in taxable property markets can have sudden and dramatic impacts on the Assessor workload.

The number of real estate parcels has grown almost 91% since 1975, from 465,692 parcels to 888,770 parcels in 2008. During the same period, the Assessor's staffing level has only increased 15.8%, from 291 authorized positions to 337.



**TOTAL NET ASSESSED VALUE**

The total net assessed value increased last year by \$15.3 billion, from \$ 408.7 billion in 2007 to \$424.0 billion in 2008.

There has been a significant change in the year over year percent of value increase across the county.

The overall value increase reflects this change in 2008 when compared with prior years. The 2008 increase is 3.7% as compared with increases of 8.3% in 2007, 11.2% in 2006 and 9.9% in 2005.

## **BUSINESS PERSONAL PROPERTY**

Business personal property, leased equipment, marine vessels and aircraft are valued on the unsecured assessment roll. The number of unsecured property assessments decreased slightly, from 176,584 assessments in 2007 to 169,621 assessments in 2008. The total year to year value of unsecured property assessments increased from \$19.9 billion to \$20.5 billion.

## **PROPERTY TAX LAWS**

County Assessors are required to produce assessment rolls in accordance with all property tax laws. Property tax laws are changing every year.

The State legislature creates new laws or modifies existing laws. California courts and the State Board of Equalization continuously interpret the law. Voters periodically initiate and adopt ballot propositions that impact property tax laws.

## **LAND PARCEL BASE**

Orange County's land parcel base grows steadily as real estate parcels are divided through the development process. More than 7,500 new parcels were created in 2008. Continued lower parcel growth is anticipated during 2009.

## **PRODUCTIVITY**

Strategic investments in technology and a strong commitment to staff development have significantly increased department productivity by allowing staff to work more effectively.

Staff productivity, as measured by the number of assessed parcels per authorized position, has increased over 60% since 1975,

from approximately 1,550 parcels per position to roughly 2,660 parcels per position in 2008.

If the department had not realized these productivity gains, approximately 236 additional positions would have been needed to keep pace with the workload. This translated to a significant cost savings each year. The estimated savings in FY 2008-09 is just over \$19 million.

***CORE SERVICE #2 – Aid in the public's understanding and access to property valuation information while continually safeguarding the property owners' private information***

Our goal is to help residents, businesses and organizations understand their property tax valuations by providing accurate information in a timely and courteous manner.





The Department will continue to strive to meet the informational needs of our clients while safeguarding private, privileged and confidential data. The assessment roll includes certain information that is, by law, public information. Other property-specific information is protected by law, and is only available to the property's legal owner or an authorized representative.

### **ASSESSMENT ROLL INFORMATION**

In 2004, a new assessment roll research system was implemented in the Department's Public Service Center. Customers can search, view and print public roll information, assessor parcel maps and mailing labels. The system incorporates touchscreen technology to make navigation more intuitive and user-friendly. We continue to look at our systems and are evaluating different options for storage and ease of use for our clients.

### **ASSESSOR DEPARTMENT WEBSITE**

The Assessor's website provides general assessment information, forms, a list of important dates, answers to frequently asked questions and information on tax saving programs. The site had over 6.6 million hits in FY 2007-08, with an average of 18,250 hits per day.

The current website was launched in February 2001. A plan to transition to a new website look and content is underway.

### ***Public Officials Personal Information***

AB 2005 was adopted in 2006, which further limits the release of certain roll information to protect the privacy of elected officials and public safety personnel. The Assessor continues to be in compliance with all aspects of this law. This new law became effective on January 1, 2007.

The existing law prohibits a person, business or association from publicly posting, soliciting, trading or selling on the internet the home address or telephone number of an elected or appointed official, if notified by a qualified official.

On September 26, 2006, the Governor signed into law AB 2005 (Stats. 2006, Ch. 472). This law adds to the definition of "Public Safety Official" the following groups:

1. U.S. Attorney and the Federal Public Defender
2. State and federal judges and court commissioners
3. Certain employees of Attorney General, district attorney, or public defender
4. Certain employees of the California Department of Justice
5. Certain probation officers
6. Certain employees of a police or sheriff's office who testify as expert witness

To protect the privacy of property owners, and to comply with California law, no information on individual properties will be posted on the website.

In addition to property tax laws passed by the voters, the Assessor is responsible for interpreting and implementing other property tax laws. The table below summarizes propositions adopted by California voters that impact property tax assessments:

<b>Description of Proposition</b>	<b>Proposition #</b>	<b>Year</b>
Contaminated property that is uninhabitable or unusable <i>[Transfer of base year value]</i>	1	1998
Economic adjustment based on decline in market value <i>[Temporary reduction in taxable value]</i>	8	1978
Property substantially damaged or destroyed by a declared disaster <i>[Transfer of base year value]</i>	50	1986
Parent-Child transfer <i>[Transfer of base year value]</i>	58	1986
Intra-County transfer for owners age 55 or older <i>[Transfer of base year value]</i>	60	1986
Property taken by government action (eminent domain) <i>[Transfer of base year value]</i>	3	1982
Inter-county transfer for owners age 55 or older <i>[Transfer of base year value]</i>	90	1988
Transfer for severely and permanently disabled owners <i>[Transfer of base year value]</i>	110	1990
Calamities with property damage of \$5,000 or more <i>[Temporary reduction in taxable value]</i>	12	1964
Grandparent-Grandchild transfer if both parents are deceased <i>[Transfer of base year value]</i>	193	1996

## II – OPERATIONAL PLAN

Operational plans are designed and implemented to address roll production, public service demands, technology enhancements, and staff development requirements.

The Department will meet challenges in 2009 by continuing to be prepared, diligent, alert, flexible and responsive. Specific strategies will be developed to address changing conditions.

The Department is known to be proactive and broadly consistent in valuation, and in providing services and inquiry support to the public. Each service element presents challenges the Department will face in 2009.

Department operations focus on our primary goal of producing local assessment rolls in accordance with California property tax laws. Enhanced technology, staff development, a relatively flat project management structure and empowered project work teams have provided the flexibility needed to accomplish this goal every year.

Specific operational plans are developed and modified as needed. Changes in market conditions and property tax laws can present new and unanticipated challenges. The Department is proactive and *must* look ahead.

### 2.1 ENVIRONMENT

The Department promotes a collaborative and cooperative solution-oriented work environment that encourages participation at every level of the organization.



Our expectation is that our environment will not remain the same. We anticipate an increase in the volume and a change in the mix of work as we respond to the current economic conditions of real estate in the county.

The Department's workload mix is impacted by external sources including economic forces, real estate market trends, propositions passed by the people and laws enacted by the state legislature. Market conditions and property tax laws can change significantly from year to year.

The Department develops and implements strategies collaboratively to adapt to these changes and to produce annual assessment rolls.

Our current and future operating environment will remain stable in terms of achieving our core services.

### DIFFERENT SEGMENTS OF THE MARKET

Orange County is diverse in its land-use, geographic and socio-economic mixes. There is no "typical" piece of property, property owner or geographic location.



The Assessor is responsible for determining the value of each unique piece of taxable property in the county. From new estates overlooking the ocean to apartment buildings in the inner-cities, from regional shopping and entertainment centers to agricultural land, from boats and aircraft to manufacturing equipment and assembly lines, the Assessor must locate, identify and value it all.

Different types of property may not react the same way to prevailing market conditions. While all property may experience the same downward or upward trend, the impact on market value may vary by property type and location.



Development *is not* homogeneous throughout the county. Local planning authorities determine the mix of residential,

commercial or industrial development within that jurisdiction. Variances in average parcel value are primarily attributable to location and property type.



### **PROPOSITION 13 PASSED BY CALIFORNIA VOTERS**

Proposition 13 was adopted by California voters in 1978. It established base year values for all real property located in the state, and provided for annual increases of no more than two percent (2%) to adjust for inflation. Increases in assessed value are not limited to two percent (2%) if property has transferred, undergone new construction or has received a temporary reduction in assessed value in prior year(s).

### **CLIENTS**

We have several different clients with various needs.

The clients served include:

- All property owners, business owners, cities, school districts and special assessment districts in Orange County.

- Other County Departments – We interface heavily with the Auditor-Controller, Clerk of the Board of Supervisors, Clerk-Recorder, County Counsel and Treasurer-Tax Collector while participating in property tax administration operations for the county.
- Grand Jury – We respond to their inquiries on an as-needed basis.

Every property owner, business owner, city, school district and special assessment district in Orange County are our clients. Owners of approximately 888,700 real estate parcels and 169,600 business operations depend on the Assessor to value their property with uniformity and impartiality, in accordance with the laws of the State of California.

## **PROPERTY OWNERS**

Property owners are as diverse as the county itself. There is no "typical" property owner or business owner in Orange County. Buyers, sellers, property owners, businesses, non-profit organizations, developers, Veterans and other client groups often have unique needs.

## **PUBLIC AGENCIES**

Public agencies depend on the Assessor to locate and value all taxable property located within their jurisdiction. Property taxes are a major source of revenue for state and local government agencies. Schools, police and fire protection, and other essential services are funded largely by property taxes.

## **OTHER COUNTY DEPARTMENTS**

The Assessor, Auditor-Controller, Clerk of the Board of Supervisors, Clerk-Recorder, County Counsel and Treasurer-Tax

Collector participate in property tax administration operations for the county. Assessment information is gathered, processed and transmitted as appropriate from one department to another.

Interfacing with other county agencies and departments that would like access to information from the Assessment Tax System is an ongoing effort.

## **CHALLENGES**

The Department will continue to meet challenges by continuing to be prepared, diligent, alert, flexible and responsive. Strategies will be developed to address changing conditions.

Market conditions and variables that will shape the short-term outlook for Orange County property values include:

- Consumer confidence and changes in retail and tourism spending
- Employment and income levels
- Mortgage interest rates
- New development and housing affordability
- Changes in and challenges to property tax law

The housing market has continued to slow in sales and in value by location. Some people think it is near the bottom. With the decline in property values that are evident in Orange County, we anticipate that there will be a significant increase in the number of requests for the reassessment of property. These requests take time as our staff explains the basis for a reassessment and then provides the necessary information and forms.

Another significant challenge is that laws impacting property tax can and do change. This results in additional effort and staff to assess the property values factoring in the changed laws.

Staffing, while our largest resource, is also a challenge as we hire and train new professional and para-professional staff. This challenge is ongoing and is explained in the resource section immediately below.

## RESOURCES

### STAFFING

The Assessor Department experienced 63 retirements over the last three fiscal years. This resulted in a loss of over 1385 years of institutional knowledge and experience leaving our department.

The Assessor Department is challenged with recruiting and training new professional staff, as well as preparing our existing staff to handle greater responsibilities.

With the significant number of new people added to our projects (over 12% in the last two years), training the new professional staff is paramount in order to have them fully functioning as appraisers and auditor appraisers.

The Assessor Department has experienced difficulties in recruiting qualified computer systems analyst and programming staff to support our ATS Re-Engineering work. The Assessor Department is currently working with the CEO/CIO Office to address these challenges.

## FUNDING

The Assessor Department is a General Fund department. The Assessor could not fulfill the constitutionally mandated requirements of the office if Department funding is reduced. The Department staff level (337) has not changed in the last 6 years and the workload continues to grow.

## SOURCES OF FUNDS

The Assessor Department determines the taxable value of property in Orange County that serves as the basis for property tax assessments. The 1% basic property tax levy will provide almost \$5 billion for schools, police and fire services, libraries, parks, infrastructure and various other essential county and local government services in FY 2008-09.

As provided by law, the county withholds a portion of annual property tax revenue apportionments from other jurisdictions as reimbursement for property tax administrative costs<sup>1</sup>. In addition, the county also anticipates approximately \$7 million in reimbursements for supplemental roll costs in FY 2008-09. Overall, the Assessor Department is funded by the General Fund.

## USES OF FUNDS

In FY 2008-09, approximately \$29.5 million or 85% of the Assessor's budget funds the staffing level required to produce assessment rolls. Personnel salaries and benefits are negotiated and contracted on a countywide basis.

Approximately \$1.8 million, or 5.0% funds the data center hardware and support

<sup>1</sup> Revenue & Taxation Code, Sections 75.60 & 95.3

services costs needed to support the Assessment Tax System (ATS) and other assessment production systems. This is higher than usual due to the development costs of ATS. The remaining portion of the budget funds other operating costs, including printing, postage, telephones, equipment and supplies.

Starting in FY 2006-07, the Assessor Department initiated a critical project to upgrade the Assessor portion of the ATS systems. This part of the ATS is 22 years old and in need of a timely upgrade. This re-engineering project has been approved by the Board of Supervisors as a County Strategic Initiative with an initial allocation to the project of \$9.5 million dollars. As of December 2007, the project is estimated to cost 19 million. The Assessor Department is executing this multi-year and multi-phase project using a design-build iterative approach with IT staff available through the County IT support contractor.

The Assessor's ATS Re-Engineering project to-date is progressing with solid accomplishments in database redesign, user interface development, and other infrastructure foundations. The coding of the Unsecured Roll Systems is ongoing through FY 2008-09, and the work for the Secured Roll Systems is also being initiated in FY 2008-09. It is anticipated that this project will be completed in FY 2010-11. As this design-build project moves through specifications phases, the projected cost-to-complete each phase is also being updated. The pace of development for this project and related expenditures increased in FY 2007-08 and will continue to increase through FY 2008-09.

## 2.2 STRATEGIC GOALS

Vigilant observation and analysis of economic indicators are essential to recognizing the early warning signals of imminent market shifts. The timing, degree and extent of market-influencing conditions can trigger different reactions in the market.

These variables and unknowns limit our ability to anticipate market trends in 2008. Broad-based contingency planning is an ongoing process, and is an important function in our business and organization.

Overly specific operational plans to address all the variables we may face in 2008 cannot be formulated without considerable speculation. So, planning is done within a historical framework based on factors already known.

Assessor Department project operations are structured to respond decisively and appropriately to changes and challenges as they occur.

### STRATEGIES AND GOALS TO ACCOMPLISH OUR MISSION AND CORE SERVICES ARE:

1. Meet all requirements mandated by the State of California for the Assessor Department
2. Publish the secured and unsecured rolls every July
3. Maintain staff licensing and training requirements
4. Make property valuation information more accessible and easier to understand
5. Enhance efficiency and productivity by implementing new technology, policy and procedures
6. Encourage employee development by providing access to relevant training opportunities

Our primary goal is to identify and properly value all taxable property in Orange County. To accomplish this goal, we determine the description, taxable value and legal owner of every land parcel and all taxable business personal property physically located in the county on the “January 1” lien date.

Assessors are mandated by the State constitution to identify and determine the taxable value of property located with their respective counties. The Revenue and Taxation Code, Article VI, Section 616 requires Assessors to complete the local Assessment Roll and certify every year that they have:

- Made diligent inquiry and examination to ascertain all the property within the county
- Affirmed that property assessed on the roll has been valued under the provisions of California property tax law, according to the Assessor's best judgment, information and belief
- Faithfully complied with all the duties imposed on the Assessor under the revenue laws
- Not imposed an unjust or double assessment through malice, ill will, or otherwise
- Not allowed anyone to escape a just and equal assessment through favor, reward or otherwise

### **REAL PROPERTY FIELD CANVASS**

Proposition 13 was adopted in 1978, and redefined the basis for the reassessment of real property.

Prior to Proposition 13, the taxable value of property was the market value on lien date.

The Assessor canvassed the county regularly to determine the market value or “ad valorem” value of real property.

Under Proposition 13, value increases are limited to an annual increase of up to two-percent (2%) to adjust for inflation, unless the property experienced:

- New construction
- A change in ownership
- Value restoration due to temporary value reduction(s) in prior year(s)

Since Proposition 13 was adopted, County Deputy Appraisers physically inspect and appraise property only in response to a building permit or other triggering events.

As a result, a real property field review has not been performed in Orange County for over 25 years. The county has undergone significant development during this period of time, and a physical review is necessary to verify, update and correct property records as needed.

The Assessor is using a portion of the State-County Property Tax Administration Grant (AB-589) to perform a real property field review of the county.

The State discontinued providing new funding for this grant program in FY 2005-06. However, grant reserves from prior years are providing sufficient funding to carry the project through FY 2008-09 with partial funding. We anticipate that approximately 300,000 parcels in the county can be reviewed before these funds are exhausted.

The overall scope and schedule of this project may be impacted by the availability of county and additional grant funds from the State of California. At this time, the



California Assessors Association is working with the State legislature to develop a new grant program similar to the AB 589 Grant.

Objectives of the field review are to:

- Discover improvements on residential parcels that have escaped assessment
- Determine if property is impacted by a nuisance and update property record for market comparison purposes
- Determine if property has a positive attribute (e.g. a nice view) and update property records for market comparison purposes
- Update cluster tract parameters for market comparison purposes
- Obtain digital photos to be added to the property record for market comparison purposes



Assessor Department staff provided public service support for almost 89,000 telephone inquiries and almost 24,000 walk-in customers in FY 2007-08.

In addition to receiving help in person at the Public Service Counter, people can log onto our website and access forms in addition to all other types of information.

The Assessor Department is determined that all information on our website will be:

- Easy to find
- Easy to understand
- Accurate, current and relevant

To protect the privacy of property owners, and to comply with California law, no information on individual properties will be posted on the website.

## **PUBLIC SERVICE COUNTER**

Our Public Service Counter is staffed with knowledgeable individuals who have been trained not only in the use of the available tools but also in how to assist with the public.

### 2.3 KEY PERFORMANCE MEASURES & REPORTING

The Assessor Department's Performance Measures will quantify our success in meeting our Strategic Goals

Performance Measure	FY 2007-08 Results	FY 2008-09 Plan	FY 2008-09 Anticipated Results	FY 2009-10 Plan	How are we doing?
<b>VALUE ALL TAXABLE PROPERTY IN ORANGE COUNTY</b> <b>What:</b> Fulfills the Assessor's Constitutional mandate <b>Why:</b> Implements the provisions of Proposition 13 and other property tax laws.	Valued 888,770 real property parcels and 170,000 business and personal property accounts.	Value an estimated 890,000 real property parcels and 165,000 business and personal property accounts.	Value an estimated 890,000 real property parcels and 165,000 business and personal property accounts.	Value an estimated 893,000 real property parcels and 165,000 business and personal property accounts.	We are continuing to respond to market dynamics and shifts in the workload.

Performance Measure	FY 2007-08 Results	FY 2008-09 Plan	FY 2008-09 Anticipated Results	FY 2009-10 Plan	How are we doing?
<b>CONTINUE TO PRODUCE LOCAL ASSESSMENT ROLLS THAT MEET LEGAL QUALITY STANDARDS ESTABLISHED BY GOVT. CODE SECT. 15640 &amp; 15642</b> <b>What:</b> The State Board of Equalization conducts periodic Assessment Practices Surveys to determine if local assessment rolls meet statewide legal quality standards. <b>Why:</b> Allows the County to recover the administrative cost of processing supplemental assessments	In the most recent survey, Orange County's assessment roll exceeds legal quality standards: <i>Minimum legal quality rating: 95.0%</i> <i>Orange County quality rating: 99.9%</i> Orange County will continue to recover our costs.	Continue to produce assessment rolls in accordance with property tax laws, and exceed the minimum legal quality rating of 95.0%.	Continue to produce assessment rolls in accordance with property tax laws, and exceed the minimum legal quality rating of 95.0%.  <i>Orange County quality rating: 99.9%</i>  Orange County will continue to recover our costs.	Continue to produce assessment rolls in accordance with property tax laws, and exceed the minimum legal quality rating of 95.0%.	The Orange County Assessor and staff continually monitor the status of property tax laws and state rules.  Property assessment practice is modified to implement changes in the law.

<b>Performance Measure</b>	<b>FY 2007-08 Results</b>	<b>FY 2008-09 Plan</b>	<b>FY 2008-09 Anticipated Results</b>	<b>FY 2009-10 Plan</b>	<b>How are we doing?</b>
<p><b>IMPLEMENT HOMEOWNER, VETERAN &amp; INSTITUTIONAL EXEMPTIONS FOR ELIGIBLE INDIVIDUALS AND ORGANIZATIONS</b></p> <p><b>What:</b> Limits or reduces taxable value, as mandated by the State Constitution</p> <p><b>Why:</b> Qualifying individuals and organizations receive the tax-saving benefits of these exemptions.</p>	Approximately <b>500,000</b> Homeowner, Veteran and Institutional exemptions were enrolled.	Implement exemptions in accordance with property tax laws.	Implement exemptions in accordance with property tax laws.	Continue to implement exemptions in accordance with property tax laws.	We process claims and application forms on a continuous basis.

<b>Performance Measure</b>	<b>FY 2007-08 Results</b>	<b>FY 2008-09 Plan</b>	<b>FY 2008-09 Anticipated Results</b>	<b>FY 2009-10 Plan</b>	<b>How are we doing?</b>
<p><b>APPLY TAXABLE VALUE RESTRICTIONS ADOPTED BY CALIFORNIA VOTERS</b></p> <p><b>What:</b> Restricts taxable value based on qualifying events</p> <p><b>Why:</b> Implements Prop. 13 and other constitutional limitations on the taxable value of property.</p>	The taxable value of eligible parcels is restricted by Prop. 13, Prop. 8 and other constitutional value restrictions that provide temporary reductions.	Apply taxable value restrictions to all eligible properties in accordance with property tax laws.	Apply taxable value restrictions to all eligible properties in accordance with property tax laws	Continue to apply taxable value restrictions to all eligible properties in accordance with property tax laws.	We evaluate Prop. 8 parcels annually, and process claims and application forms on a continuous basis.

<b>Performance Measure</b>	<b>FY 2007-08 Results</b>	<b>FY 2008-09 Plan</b>	<b>FY 2008-09 Anticipated Results</b>	<b>FY 2009-10 Plan</b>	<b>How are we doing?</b>
<p><b>PUBLISH THE SECURED AND UNSECURED ASSESSMENT ROLLS OF VALUE EVERY JULY</b>  <b>What:</b> Fulfills the Assessor's Constitutional mandate  <b>Why:</b> Establishes the basis for property tax assessments that fund schools and local government services.</p>	Published the secured and unsecured assessment rolls in July 2008.	Continue to publish the secured and unsecured assessment rolls in July of every year.	Publish the secured and unsecured assessment rolls in July 2009.	Continue to publish the secured and unsecured assessment rolls in July of every year.	We are in the process of valuing all taxable property in the County for the FY 09-10 assessment rolls of value.

<b>Performance Measure</b>	<b>FY 2007-08 Results</b>	<b>FY 2008-09 Plan</b>	<b>FY 2008-09 Anticipated Results</b>	<b>FY 2009-10 Plan</b>	<b>How are we doing?</b>
<p><b>MAINTAIN LICENSING AND TRAINING REQUIREMENTS</b>  <b>What:</b> Allows staff to be trained to correctly value real and business property in Orange County  <b>Why:</b> Meet State Board of Equalization Certification requirements for the State of California</p>	All department appraisers met state Board of Equalization Certification and Continued Education requirements	Ensure all department appraisers meet state Board of Equalization Certification and Continued Education requirements	All department appraisers meet state Board of Equalization Certification and Continued Education requirements	Ensure all department appraisers meet state Board of Equalization Certification and Continued Education requirements	We plan department training programs and track all training hours while working closely with the State Board of Equalization to schedule and report training classes

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## **2.4 ENHANCE EFFICIENCY AND PRODUCTIVITY BY IMPLEMENTING NEW TECHNOLOGY, POLICY AND PROCEDURES**

The Assessor Department's processing systems were developed and implemented in the late 1980's. While the programming and technology were state-of-the-art at the time, the programming language and technology have become outdated.

Information is maintained on several stand-alone systems that have limited interface capabilities. Gathering information from various systems slows some production because data elements needed to determine assessed value reside in different systems.

### **ASSESSMENT TAX SYSTEM RE-ENGINEERING**

The Assessment Tax System (ATS) is the central program used by the Orange County Assessor and other property tax administration departments to prepare, deliver and support property tax assessments. ATS is operating on outdated hardware and software systems that must be replaced within the next two years. A complete reengineering is required to prevent imminent operational and functional obsolescence.

ATS is a multi-phase mainframe application implemented by the Assessor Department in 1987, 22 years ago. ATS has more than 1,500 programs and 1,400,000 lines of programming code used to compile, process and produce property tax assessment rolls. The system contains more than 92,000,000 database records, and averages over 100,000 on-line transactions every day.

ATS was developed using the IDEAL program language for mainframe application. IDEAL has become obsolete, and the availability of system support and experienced programmers is extremely limited.

A modern and well-supported ATS is essential to the Assessor Department's daily operations. The ATS Re-engineering work is underway and it is a phased multi-year project, involving both program coding and hardware and software procurement.

The ATS Re-engineering will be implemented with a new database structure that will provide appraisers with an integrated source of information. Parcel maps, aerial photos, digital photos of improvements, deeds and comparable sale information, relevant laws and rules will all be accessible through a new user interface.

The ATS Re-Engineering will also integrate assessment information, workflow components, add functionality, and will increase processing speed. A geo-based parcel record will integrate assessor parcel information with other property elements, such as the building record.

*The extent of system enhancements is subject to funding availability.*

ATS should also be migrated to a new hardware platform to address critical operational, performance, data security, costs, and public interface requirements. Conversion and implementation of an ATS upgrade is essential to the county's property tax assessment and collection process.

As discussed in Section 2.1, funding of this project is critical through FY 2010-2011.

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## GEO-BASED PARCEL RECORDS

Every real estate parcel in the county has a unique parcel number and is defined on an assessor parcel map. Parcel maps are created electronically from recorded documents using computer-aided drafting (CAD) system software. Maps are created, viewed, archived and printed on the CAD system, but cannot currently be integrated with other applications.

Geo-based parcel records will integrate assessor parcel maps with property and building data to provide comprehensive property information.

The State Board of Equalization is considering mandating California Assessors to establish a geo-based identifier as the parcel number within the next two to five years. The Assessor is reviewing the use of geo-based parcel records in other counties.

Evaluation and analysis have been ongoing.

## STANDARD DATA RECORD (SDR AND e-SDR)

The Standard Data Record electronic filing system is a cooperative effort initiated and coordinated through the California Assessors Association (CAA). The SDR system was first designed for mid-size to large businesses that may have operations in more than one county, and for tax representatives that file property statements on behalf of clients.



The SDR system provides efficiency gains to larger and more complex business filers that file in many counties. Development of this system has been a collaborative effort, with the public and private sectors.

In 2007, an e-SDR component was added to the SDR system to provide statewide electronic BPS filing capability for small businesses and individual filers. This replaces Orange County's e-Filing system for BPS's initially implemented in 2001. The e-SDR is built upon the Orange County BPS e-Filing system with some enhancements. The system is interactive and is well suited to small and mid-sized businesses that operate within one county.

Businesses that operate in California are required by law to report business personal property holdings to the County Assessor in which the property is located. Property is reported annually on standard Business Property Statement (BPS) forms approved by the State Board of Equalization.

In 2008 over 25,000 of Orange County's BPS were submitted using the e-SDR system. That is, out of almost 79,000 Business Statements mailed out in 2008, roughly 32% were filed through the system. Electronic filing has substantially improved

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the BPS handling process, and provided business efficiencies for handling this annual workload. Electronic filing eliminates most aspects of handling paper documents. Valuation and processing time for electronic statements is reduced by approximately 30%, our workflow process removes most data entry and enhances workflow functions through automation.

The Orange County Assessor was appointed the SDR Coordinating Assessor by the California Assessors' Association, and has taken the lead role in developing this system. Currently 40 of the 58 counties in California are participating in the SDR project. These counties receive approximately 95% of all the BPS's filed throughout the State. For the e-SDR component, 21 counties are currently participating.

This project has broad interest and support from the State Board of Equalization, business owners, and industry tax representatives throughout the State. In addition, this statewide electronic filing approach is now being reviewed by some other jurisdictions for consideration and application.

## **2.5 ENCOURAGE EMPLOYEE DEVELOPMENT BY PROVIDING ACCESS TO RELEVANT TRAINING OPPORTUNITIES**

The Assessor's work is complex, detailed and technical in nature. Staff is required to participate in training opportunities to meet legal mandates, gain the skills needed to achieve job proficiency and acquire new skills to enhance productivity.

The Department maintains a central training database that tracks training hours for each staff member. Appraisers and Auditor-

Appraisers must be certified by the State Board of Equalization to value property for property tax purposes in the State of California. To be certified, staff is required to pass a qualifying examination *and* complete appraisal-related training each year.

The State Board of Equalization issues appraisal certificates and monitors compliance with continuing educational requirements. For fiscal year ending June 30, 2008, our training records indicate that all Appraisers and Auditor-Appraisers met continuing education requirements.

In the last three years, the Assessor Department has also conducted a series of operational and project management training classes for our mid and senior level staff. This training is critical to the department's commitment to quality management.

The Department encourages participation in the County's expanded educational professional development, and leadership programs. Many staff members have identified Performance Incentive Program (PIP) goals that incorporate training objectives and have taken advantage of the tuition reimbursement program.

The Assessor Department anticipates and will require a higher than normal internal and external training focus in the next two to three years. We will continue to develop and conduct in-house technical and operational training classes. In addition, we plan to hire outside consultants to conduct training courses in operations and project management, as well as other important job skills such as business writing.

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### III - CONCLUSION

The Department will meet challenges in 2008-2009 by continuing to be prepared, diligent, alert, flexible and responsive. The Assessor will utilize the website to keep the public informed of upcoming roll events and property valuation issues. Strategies will be developed to address changing market conditions.

The Assessor will complete the Secured and Unsecured Property Assessment Rolls in July of 2009, and Supplemental Rolls periodically throughout the year.

The completion and certification of the local assessment rolls are openly reported in three ways:

- The Assessor notifies each property owner by mail of the value of their real and personal property
- The Assessor transmits local rolls of value to the Auditor-Controller
- The Assessor provides various notices and reports to the State of California and local jurisdictions.

The Assessor will continue to meet Constitutional mandates to uniformly apply property tax laws and rules in the assessment and valuation of property, and to provide services to the citizens of Orange County.

Property taxes are a stable and major source of funding for schools, police and fire services, libraries, parks, infrastructure and other essential operations.

The Assessor is working to replace and train a large number of professional staff. This challenge is ongoing as the department adapts to changes underway in the 2008-2009 marketplace.

The Assessor will continue to work diligently to ensure that assessment rolls are prepared in accordance with the laws of the State of California, and that all legally assessable property is valued with uniformity and impartiality.



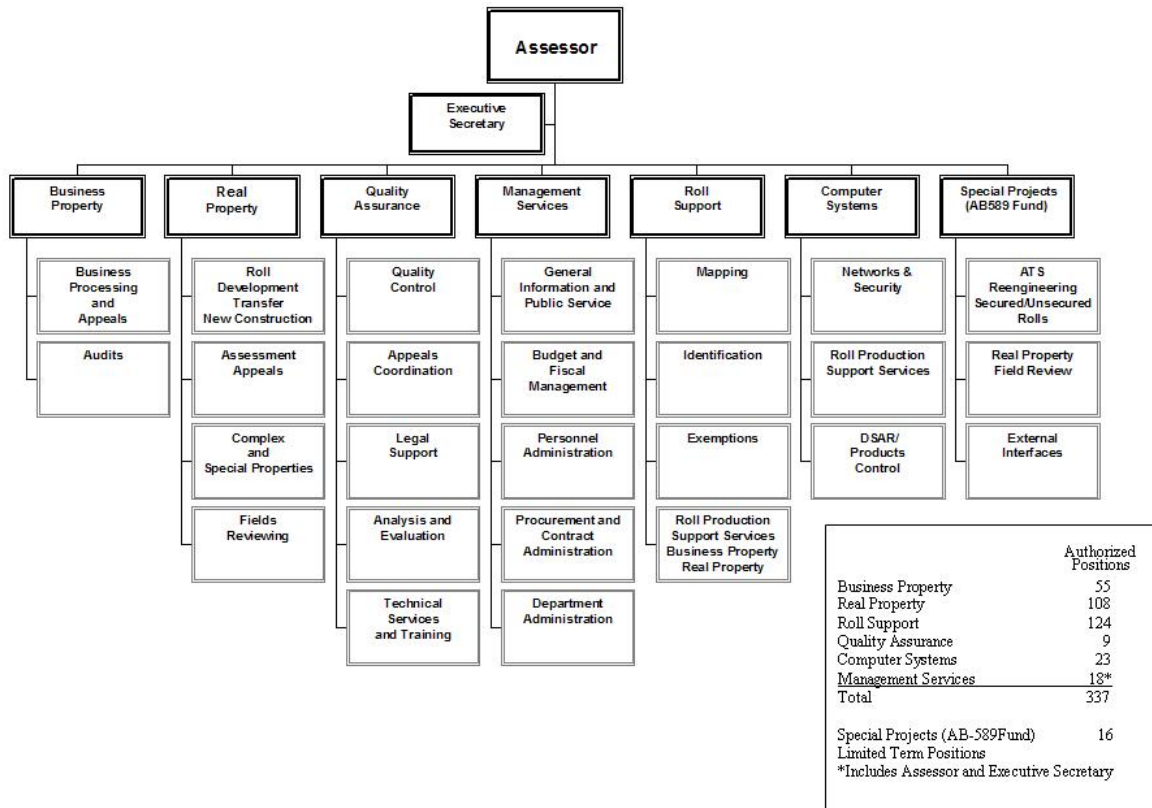
# APPENDIX A

## ORGANIZATIONAL CHART

ORANGE COUNTY ASSESSOR DEPARTMENT

December 2008

Organization Chart



### MANAGEMENT TEAM

The Assessor Department Management Team includes Webster J. Guillory, Orange County Assessor, and twelve administrative management and support positions.

### LABOR MANAGEMENT COMMITTEE (LMC)

The Assessor Department Labor Management Committee meets periodically to identify and resolve workplace issues as needed.


### BUSINESS PLAN TEAM

Members of the Assessor Department Management Team prepare the Annual Business Plan.


## APPENDIX B

### 2008 - KEY ANNUAL ASSESSMENT ENROLLMENT


# ORANGE COUNTY ECONOMY




DEVELOPMENT



SALES



CONSTRUCTION



BUSINESS

## 2008-09 LOCAL ASSESSMENT ROLL

- ◆ 888,770 PARCELS OF REAL ESTATE
- ◆ 169,621 UNSECURED ASSESSMENTS
- ◆ \$424.0 BILLION TOTAL ASSESSED VALUE
- ◆ 48,000 REASSESSABLE TRANSFERS
- ◆ 27,800 NEW CONSTRUCTION EVENTS

- ◆ 147,000 TEMPORARY VALUE REDUCTIONS  
*(Includes "Value Holds" & Timeshares)*
- ◆ 7,537 NEW PARCELS CREATED & MAPPED
- ◆ 489,714 EXEMPTIONS ENROLLED
- ◆ 16,519 PARCELS ARE WHOLLY-EXEMPT  
*(Govt. Owned - Schools, City, State & Federal)*
- ◆ 24,300 BUSINESS PROPERTY STATEMENTS  
FILED ELECTRONICALLY (SDR & e-SDR)

SOURCE: ORANGE COUNTY ASSESSOR