

File No. 150600

Committee Item No. 7

Board Item No. 35

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight

Date December 3, 2015

Board of Supervisors Meeting

Date December 15, 2015

Cmte Board

- Motion
- Resolution
- Ordinance
- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract/Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

OTHER (Use back side if additional space is needed)

- Civil Grand Jury (CGJ) Report - 06/08/2015
- Clerk of the Board (COB) Memo - 06/04/2015
- COB Memo - 06/08/2015
- Response Assessor-Recorder
- Response Mayor
- COB Memo - 08/12/2015
- Board of Supervisors Reso No. 324-15
- Response Updated OAR- 11/23/2015
- _____
- _____
- _____
- _____

Completed by: Erica Major Date November 25, 2015

Completed by: JM Date 12/10/2015

1 [Follow-Up Board Response - Civil Grand Jury Report - Office of the Assessor-Recorder:
2 Despite Progress, Still the Lowest Rated in the State]

3 **Motion responding to the Civil Grand Jury's request to provide a status update on the**
4 **Board of Supervisors response to Recommendation No. 2 contained in the 2014-2015**
5 **Civil Grand Jury Report, entitled "Office of the Assessor-Recorder: Despite Progress,**
6 **Still the Lowest Rated in the State"; and urging the Mayor to cause the implementation**
7 **of accepted recommendations through his/her department heads and through the**
8 **development of the annual budget.**

9
10 WHEREAS, The 2014-2015 San Francisco Civil Grand Jury published a report, entitled
11 "Office of the Assessor-Recorder: Despite Progress, Still the Lowest Rated in the State"
12 (Report) on June 8, 2015; and

13 WHEREAS, The Board of Supervisors' Government Audit and Oversight Committee
14 (GAO) conducted a public hearing to hear and respond to the Report on September 3, 2015;
15 and, the Board of Supervisors adopted Resolution No. 324-15 reflecting the GAO responses
16 to the Report on September 8, 2015; a copy of which is on file with the Clerk of the Board of
17 Supervisors in File No. 150601; and

18 WHEREAS, Recommendation No. 2 states: "The Office of Assessor-Recorder (OAR)
19 needs to conduct a staffing analysis and generate an aggressive written long-term plan to
20 maintain a backlog-free OAR before the end of [Calendar Year] CY2015"; and

21 WHEREAS, The Board of Supervisors on September 8, 2015, responded in Resolution
22 No. 324-15 that Recommendation No. 2 "has not yet been implemented, but will be
23 implemented in the future, for reasons as follows: while this recommendation is beyond the
24 authority of the Board of Supervisors, OAR is working on finalizing a complete staffing
25 analysis and expects to be finished by the end of FY2015-2016, and the Board shall report to

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the Civil Grand Jury on the status of this recommendation within six months from the date of issuance or by December 8, 2015;" and

WHEREAS, the GAO conducted an additional hearing on December 3, 2015, to receive an update from the OAR on Recommendation No. 2; now, therefore, be it

MOVED, That Recommendation No. 2 will be implemented, for reasons as follows: the staffing analysis will be complete by the end of FY2015-2016; and, be it

FURTHER MOVED, That the Board of Supervisors urges the Mayor to cause the implementation of the accepted recommendation through his/her department heads and through the development of the annual budget.



OFFICE OF THE ASSESSOR-RECORDER
Staffing Analysis & Caseload Projections
By: *Edward McCaffrey, Assessor-Recorder*

3400

Board of Supervisors
Government Audit & Oversight Committee
December 3, 2015

FILE 150600
SUBMITTED + PRESENTED
GAD 12/3/2015



Staffing Analysis & Caseload Assumptions

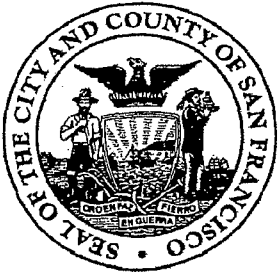
- ❖ Projections assume that the monthly volume of incoming items for Changes in Ownership (CIO) and New Construction (NC) remain on average the same level as the prior two fiscal years (FY 12-13 through November 2015).
- ❖ Projections assume that items worked in FY14-15 are the same types of items that are in the queue currently and that will be in the queue moving forward.
- ❖ Projections assume the same production rate for Changes in Ownership (CIO) and New Construction (NC) items as in FY14-15 and FY15-16 (through November 2015), and assumes that staff work a total of 214 working days per year, which consists of production, training, and special projects. This excludes federal holidays, vacation, and sick days.
- ❖ Projections assume staffing level at our current capacity and filling new analyst and appraiser positions by the end of FY15-16.



Expected Caseload Projections

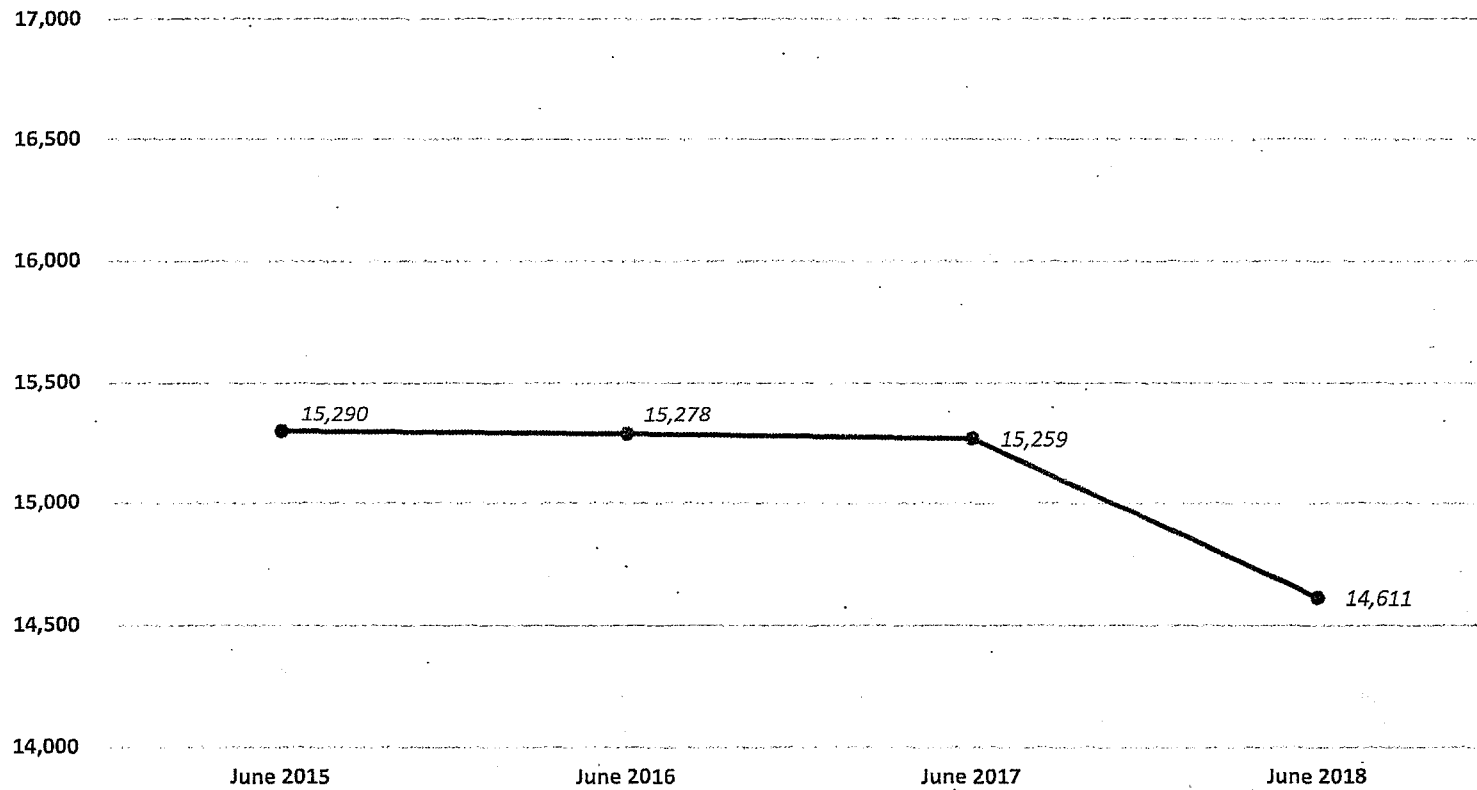
Workload Summary by Fiscal Year

| | <u>FY15-16</u> | <u>FY16-17</u> | <u>FY17-18</u> |
|------------------------|-----------------|-----------------|-----------------|
| Prior Outstanding | 15,290 | 15,278 | 15,259 |
| New | 14,106 | 14,652 | 14,652 |
| Total Caseload | 29,396 | 29,930 | 29,911 |
| <i>Worked</i> | <i>(14,118)</i> | <i>(14,671)</i> | <i>(15,300)</i> |
| Net Outstanding | 15,278 | 15,259 | 14,611 |

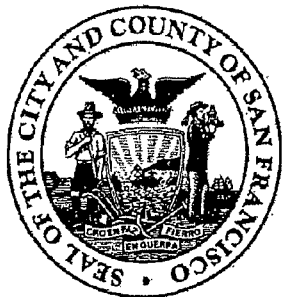


Projected Outstanding Caseload Levels

Projected Change in Ownership and New Construction Outstanding Caseload



3403



Assessment Appeals Board Caseload Totals

| <u>Fiscal Year</u> | <u>Filed</u> | <u>Closed</u> | <u>Open</u> |
|--------------------|--------------|---------------|-------------|
| 2004-05 | 1,703 | 1,683 | 1,588 |
| 2005-06 | 1,090 | 1,523 | 1,191 |
| 2006-07 | 1,365 | 1,611 | 990 |
| 2007-08 | 988 | 1,365 | 623 |
| 2008-09 | 2,476 | 2,050 | 1,052 |
| 2009-10 | 6,620 | 2,526 | 5,103 |
| 2010-11 | 5,649 | 4,270 | 7,068 |
| 2011-12 | 6,399 | 5,563 | 7,729 |
| 2012-13 | 5,500 | 5,993 | 7,421 |
| 2013-14 | 5,051 | 6,092 | 6,279 |
| 2014-15 | 2,694 | 4,995 | 4,126 |

** As of June 30th of every year.*



MAIN OFFICE

**Office of the Assessor-Recorder
1 Dr. Carlton B. Goodlett Place, Room 190
San Francisco, CA 94102**

MAIN OFFICE HOURS

Mon - Fri 8:00am - 5:00pm

RECORDER OF DEEDS OFFICE HOURS (4th Floor)

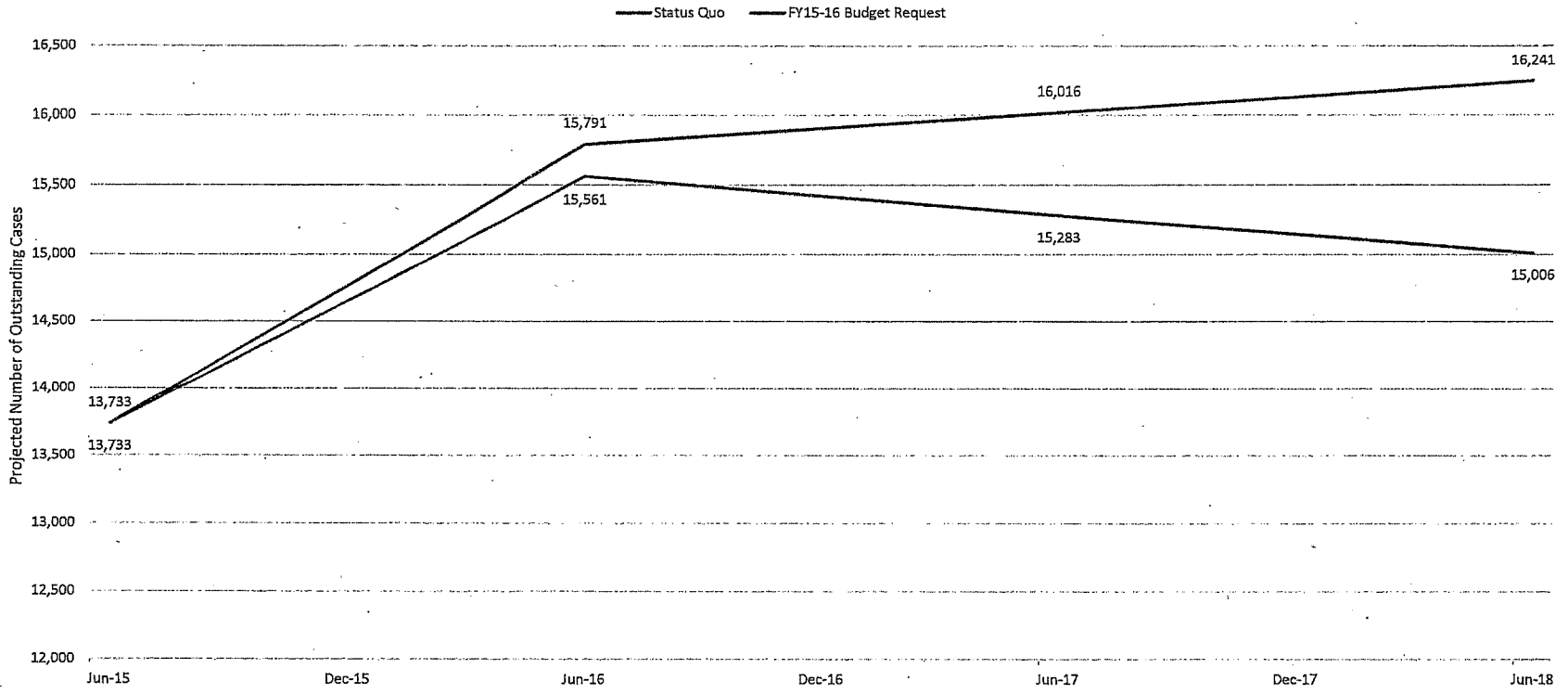
Mon - Fri 8:00am - 4:00pm

Email: assessor@sfgov.org

Phone: (415) 554-5596

3406

Projection of Total Outstanding Change in Ownership and New Construction Cases San Francisco Office of the Assessor-Recorder



FILE 150600/601
SUBMITTED VIA ENRAC
11/23/2015

FILE NOS. 150600
150601

SUBMITTED VIA EMAIL
11/23/2015

| Projection of Total Outstanding Cases | | |
|---------------------------------------|------------|------------------------|
| Month and Year | Status Quo | FY15-16 Budget Request |
| Jun-15 | 13,733 | 13,733 |
| Jun-16 | 15,791 | 15,561 |
| Jun-17 | 16,016 | 15,283 |
| Jun-18 | 16,241 | 15,006 |

**Includes Change in Ownership and New Construction cases only.*

Assumptions:

| | | |
|--|------------|-------------|
| Estimated Annual Number of Incoming New Construction and Change in Ownership Cases | 14,316 | |
| | Commercial | Residential |
| % of Annual Incoming New Construction cases | 40% | 60% |
| % of Annual Incoming Change in Ownership cases | 25% | 75% |

Note: Commerical cases are defined as commerical property and/or multi-unit residential property of 5 units or more.

| | Est. Case Production Per Day | Productive Working Days | Status Quo: Average Staffing Level (assuming retirements/time to backfill) | Budget Request: Average Staffing Level (assuming retirements/time to backfill) |
|--------------------------------------|------------------------------|-------------------------|--|--|
| 4265 Senior Real Property Appraisers | 0.9 | 172.8 | 11 | 12 |
| 4261 Commercial Appraisers | 1.9 | 172.8 | 11 | 11 |
| **4261 Residential Appraisers | 2.9 | 162 | 15 | 17 |
| 4260 Appraiser Trainees | 1 | 172.8 | 0 | 3 |

****accounts for residential appraisers working one month on informal review during May**

Informal review involves redeploying appraiser staff to review taxpayer requests for property assessment reduction

1 [Board Response - Civil Grand Jury - Office of the Assessor-Recorder: Despite Progress, Still
2 the Lowest Rated in the State]

3 **Resolution responding to the Presiding Judge of the Superior Court on the findings**
4 **and recommendations contained in the 2014-2015 Civil Grand Jury Report, entitled**
5 **“Office of the Assessor-Recorder: Despite Progress, Still the Lowest Rated in the**
6 **State;” and urging the Mayor to cause the implementation of accepted findings and**
7 **recommendations through his/her department heads and through the development of**
8 **the annual budget.**

9
10 WHEREAS, Under California Penal Code, Section 933 et seq., the Board of
11 Supervisors must respond, within 90 days of receipt, to the Presiding Judge of the Superior
12 Court on the findings and recommendations contained in Civil Grand Jury Reports; and

13 WHEREAS, In accordance with California Penal Code, Section 933.05(c), if a finding or
14 recommendation of the Civil Grand Jury addresses budgetary or personnel matters of a
15 county agency or a department headed by an elected officer, the agency or department head
16 and the Board of Supervisors shall respond if requested by the Civil Grand Jury, but the
17 response of the Board of Supervisors shall address only budgetary or personnel matters over
18 which it has some decision making authority; and

19 WHEREAS, Under San Francisco Administrative Code, Section 2.10(a), the Board of
20 Supervisors must conduct a public hearing by a committee to consider a final report of the
21 findings and recommendations submitted, and notify the current foreperson and immediate
22 past foreperson of the civil grand jury when such hearing is scheduled; and

23 WHEREAS, In accordance with San Francisco Administrative Code, Section 2.10(b),
24 the Controller must report to the Board of Supervisors on the implementation of

1 recommendations that pertain to fiscal matters that were considered at a public hearing held
2 by a Board of Supervisors Committee; and

3 WHEREAS, The 2014-2015 Civil Grand Jury Report, entitled "Office of the Assessor-
4 Recorder: Despite Progress, Still the Lowest Rated in the State" (Report) is on file with the
5 Clerk of the Board of Supervisors in File No. 150601, which is hereby declared to be a part of
6 this Resolution as if set forth fully herein; and

7 WHEREAS, The Civil Grand Jury has requested that the Board of Supervisors respond
8 to Finding Nos. 3, 4, 5, as well as Recommendation Nos. 2 and 3 contained in the subject
9 Report; and

10 WHEREAS, Finding No. 3 states: "The funding from [the State-County Assessor's
11 Partnership Program] (SCAPP) and the matching monies from the City and County provides
12 an opportunity to eliminate the Office of Assessor-Recorder backlog and raise their [California
13 State Board of Equalization] (BOE) rating;" and

14 WHEREAS, Finding No. 4 states: "The funding from SCAPP is limited in time and does
15 not cover other [Office of Assessor-Recorder] (OAR) personnel needs, including key
16 administrative positions that can keep the backlog reduction momentum going;" and

17 WHEREAS, Finding No. 5 states: "OAR does not have a written staffing analysis and
18 plan to reduce the remaining backlog of unassessed properties;" and

19 WHEREAS, Recommendation No. 2 states: "The Office of Assessor-Recorder needs to
20 conduct a staffing analysis and generate an aggressive written long-term plan to maintain a
21 backlog-free OAR before the end of CY2015;" and

22 WHEREAS, Recommendation No. 3 states: "The City and County needs to provide
23 General Fund money (from the expected increase in revenue from property taxes due to a
24 more productive OAR) in the FY15-16 budget to support new funding for key administrative
25

1 positions and on-going funding for OAR positions after the expiration of the three-year grant;"
2 and

3 WHEREAS, In accordance with California Penal Code, Section 933.05(c), the Board of
4 Supervisors must respond, within 90 days of receipt, to the Presiding Judge of the Superior
5 Court on Finding Nos. 3, 4, 5, as well as Recommendation Nos. 2 and 3 contained in the
6 Report; now, therefore, be it

7 RESOLVED, That the Board of Supervisors reports to the Presiding Judge of the
8 Superior Court that they partially disagree with Finding No. 3 for reasons as follows: the
9 SCAPP grant funding and matching funds are not likely to be sufficient to fully eliminate the
10 backlog; however, the Board of Supervisors approved additional funding and staffing in
11 FY2015-16 and will likely provide continued support in the future to reduce the backlog; and,
12 be it

13 FURTHER RESOLVED, That the Board of Supervisors reports that they agree with
14 Finding No. 4; and, be it

15 FURTHER RESOLVED, That the Board of Supervisors reports that they partially
16 disagree with Finding No. 5 for reasons as follows: the Board of Supervisors concurs with the
17 OAR, which states that "over the last two budget cycles [their] office has successfully
18 advocated for and outlined work plans for the hiring of additional staff through the City's
19 annual appropriation process. In both instances funding requests were made to address a
20 part of the outstanding assessment work load in both assessment appeals as well as new
21 construction and to partially address the resources needed in key administrative positions.
22 Looking forward, the office prioritized transitioning previously project-based limited positions
23 who worked on appeals cases only to permanent positions for the office in order to provide
24 operational flexibility. Operational flexibility is critical as [their] office is impacted by economic
25 cycles - market downturns may drive more appeals cases and market upswings may drive

1 additional new construction work so the ability to assign staff where the need remains
2 important. As administrative resources and data become available in the coming year, the
3 office intends to refine [their] long-term projections and provide trade-offs for policy makers in
4 their funding decisions;" and, be it

5 FURTHER RESOLVED, That the Board of Supervisors reports that Recommendation
6 No. 2 has not yet been implemented, but will be implemented in the future, for reasons as
7 follows: while this recommendation is beyond the authority of the Board of Supervisors, OAR
8 is working on finalizing a complete staffing analysis and expects to be finished by the end of
9 FY2015-16, and the Board shall report to the Civil Grand Jury on the status of this
10 recommendation within six months from the date of issuance or by December 8, 2015; and,
11 be it

12 FURTHER RESOLVED, That the Board of Supervisors reports that Recommendation
13 No. 3 has been implemented for reasons as follows: the Board of Supervisors and the Mayor
14 approved the FY2015-16 budget, which included a \$655,634 increase in General Fund
15 support and 18 new positions for the OAR; and, be it

16 FURTHER RESOLVED, That the Board of Supervisors urges the Mayor to cause the
17 implementation of the accepted findings and recommendations through his/her department
18 heads and through the development of the annual budget.



City and County of San Francisco

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Tails
Resolution

File Number: 150601

Date Passed: September 08, 2015

Resolution responding to the Presiding Judge of the Superior Court on the findings and recommendations contained in the 2014-2015 Civil Grand Jury Report, entitled "Office of the Assessor-Recorder: Despite Progress, Still the Lowest Rated in the State;" and urging the Mayor to cause the implementation of accepted findings and recommendations through his/her department heads and through the development of the annual budget.

September 03, 2015 Government Audit and Oversight Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

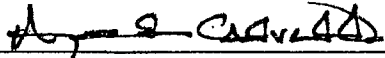
September 03, 2015 Government Audit and Oversight Committee - RECOMMENDED AS AMENDED AS A COMMITTEE REPORT

September 08, 2015 Board of Supervisors - ADOPTED

Ayes: 11 - Avalos, Breed, Campos, Christensen, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

File No. 150601

I hereby certify that the foregoing Resolution was ADOPTED on 9/8/2015 by the Board of Supervisors of the City and County of San Francisco.


Angela Calvillo
Clerk of the Board


Unsigned

9/18/15

Mayor

Date Approved

I hereby certify that the foregoing resolution, not being signed by the Mayor within the time limit as set forth in Section 3.103 of the Charter, or time waived pursuant to Board Rule 2.14.2, became effective without his approval in accordance with the provision of said Section 3.103 of the Charter or Board Rule 2.14.2.



Angela Calvillo
Clerk of the Board

9/18/15

Date

File No.
150601

BOARD of SUPERVISORS



City Hall
Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 544-5227

DATE: August 12, 2015

TO: Members of the Board of Supervisors

FROM: *ACC* Angela Calvillo, Clerk of the Board

SUBJECT: 2014-2015 Civil Grand Jury Report "Office of the Assessor-Recorder: Despite Progress, Still the Lowest in the State"

We are in receipt of the following required responses to the 2014-2015 San Francisco Civil Grand Jury Report released June 8, 2015, entitled: **Office of the Assessor-Recorder: Despite Progress, Still the Lowest in the State** (Report). Pursuant to California Penal Code, Sections 933 and 933.05, City Departments shall respond to the Report within 60 days of receipt, or no later than August 7, 2015.

For each finding, the Department response shall:

- 1) agree with the finding; or
- 2) disagree with it, wholly or partially, and explain why.

For each recommendation, the Department shall report that:

- 1) the recommendation has been implemented, with a summary explanation of how;
- 2) the recommendation has not been implemented, but will be within a set timeframe as provided;
- 3) the recommendation requires further analysis and define what additional study is needed, the Grand Jury expects a progress report within six months from the publication of the Report; or
- 4) the recommendation will not be implemented because it is not warranted or reasonable, with an explanation of why.

The Report required the following City Departments to submit responses (attached):

- Office of the Assessor-Recorder
Received August 5, 2015, for Finding Nos. 1 through 7 and Recommendation Nos. 1 through 5
- Mayor's Office
Received August 6, 2015, for Finding Nos. 1 through 7 and Recommendation Nos. 1 through 5

These departmental responses are being provided for your information, as received, and may not conform to the parameters stated in California Penal Code, Section 933.05, et seq. The Government Audit and Oversight Committee will consider the Report, along with the responses, at an upcoming hearing and will prepare the Board's official response by Resolution for the full Board's consideration.

c: Honorable John K. Stewart, Presiding Judge
Janice Pettey, Foreperson, 2014-2015 San Francisco Civil Grand Jury
Philip Reed, Foreperson Pro Tem, 2014-2015 San Francisco Civil Grand Jury
Carmen Chu, Office of the Assessor-Recorder
Edward McCaffrey, Office of the Assessor-Recorder
Kate Howard, Mayor's Office
Chris Simi, Mayor's Office
Nicole Elliott, Mayor's Office
Ben Rosenfield, Office of the Controller
Asja Steeves, Office of the Controller
Jon Givner, City Attorney's Office
Rick Caldeira, Legislative Deputy
Severin Campbell, Budget and Legislative Analyst
Debra Newman, Budget and Legislative Analyst
Jadie Wasilco, Budget and Legislative Analyst

Major, Erica (BOS)

From: Major, Erica (BOS)
Sent: Wednesday, August 12, 2015 2:27 PM
To: BOS-Supervisors
Cc: BOS-Legislative Aides; janice.sfgj@gmail.com; Philip Reed; Howard, Kate (MYR); Wheaton, Nicole (MYR); Simi, Chris (MYR); Conrad, Theodore (MYR); Rosenfield, Ben (CON); Steeves, Asja (CON); Givner, Jon (CAT); Caldeira, Rick (BOS); Campbell, Severin (BUD); Newman, Debra (BUD); Wasilco, Jadie (BUD); Mainardi, Jesse (ETH); Somera, Alisa (BOS)
Subject: Civil Grand Jury 60-Day Response Receipt - (150602/150603) San Francisco's Whistleblower Protection Ordinance is in Need of Change
Attachments: 60 Day Memo - SF Whistleblower Protection Ordinance.pdf

Supervisors:

Please find the attached 60-day receipt from the Clerk of the Board documenting the required department responses for the Civil Grand Jury Report, "San Francisco's Whistleblower Protection Ordinance is in Need of Change." We will be working with Supervisor Yee's Office on a hearing date to be scheduled in the Government Audit and Oversight Committee. The responding departments for the report is as follows:

- ✓ Ethics Commission
- ✓ Ethics Commission Executive Director
- ✓ Mayor's Office

Best,

Erica Major
Assistant Committee Clerk
Board of Supervisors
1 Dr. Carlton B. Goodlett Place, City Hall, Room 244
San Francisco, CA 94102
Phone: (415) 554-4441 | Fax: (415) 554-5163
Erica.Major@sfgov.org | www.sfbos.org



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Disclosures: Personal information that is provided in communications to the Board of Supervisors is subject to disclosure under the California Public Records Act and the San Francisco Sunshine Ordinance. Personal information provided will not be redacted. Members of the public are not required to provide personal identifying information when they communicate with the Board of Supervisors and its committees. All written or oral communications that members of the public submit to the Clerk's Office regarding pending legislation or hearings will be made available to all members of the public for inspection and copying. The Clerk's Office does not redact any information from these submissions. This means that personal information—including names, phone numbers, addresses and similar information that a member of the public elects to submit to the Board and its committees—may appear on the Board of Supervisors website or in other public documents that members of the public may inspect or copy.

OFFICE OF THE MAYOR
SAN FRANCISCO



RECEIVED EDWIN M. LEE
BOARD OF SUPERVISORS
SAN FRANCISCO

AUG -6 PM 4:17

AK

August 7, 2015

The Honorable John K. Stewart
Presiding Judge
Superior Court of California, County of San Francisco
400 McAllister Street
San Francisco, CA 94102

Dear Judge Stewart:

Pursuant to Penal Code sections 933 and 933.05, the following is in reply to the 2014-2015 Civil Grand Jury continuity report, *Office of the Assessor-Recorder: Despite Progress, Still The Lowest Rated Office in the State*. I would like to thank the members of the Civil Grand Jury for their interest in the operations of the Office.

The Office of the Assessor-Recorder serves a crucial role in the City's operations. It is charged with assessing all taxable property in San Francisco and is committed to providing fair and equitable treatment of taxpayers while delivering outstanding public service.

The Jury found that while the Assessor-Recorder has made significant strides since the Jury's last report, in Fiscal Year 2005-06; this is a success for which the department should be commended. Responses to the Civil Grand Jury's findings and recommendations follow.

Findings:

Finding 1: The Office of Assessor- Recorder has made progress in clearing up the backlog, and as of February 2015, only 39 properties had exceeded the four-year statute of limitations. Nevertheless, a severe backlog problem remains.

Agree.

Finding 2: The lag in issuing assessments delays the receipt of tax revenue, leads to a loss in interest earnings on property tax revenue, and puts a burden on taxpayers who "are entitled to timely notification of assessments." (2013 BOE Survey)

Agree.

Finding 3: The funding from SCAPP and the matching monies from the City and County provides an opportunity to eliminate the Office of Assessor-Recorder backlog and raise their BOE rating.

Agree. While the SCAPP funding is an important resource, it is not sufficient to completely eliminate the Assessor-Recorder's backlog. To that end, the Mayor has made important investments in the department over the past several fiscal years, both in staffing and technology. The department's funded position count has increased from 152 in FY 2013-14 to 190 in the FY 2015-16 budget; this is a 25% increase in department staffing. In addition, the Mayor has included funding for replacement of the department's

property tax assessment database, which was identified as a Major IT Project by the City's Committee on Information Technology (COIT), with a total funding need of \$13.0 million over the next 5 years. Though these investments are expected to reduce the backlog and raise the department's BOE rating, neither outcome is guaranteed at this time.

Finding 4: The funding from SCAPP is limited in time and does not cover other OAR personnel needs, including key administrative positions that can keep the backlog reduction momentum going.

Agree. The funding from SCAPP is limited and does not cover key administrative positions. In recognition of this, the Fiscal Years 2015-16 and 2016-17 budget includes additional administrative positions at the Assessor-Recorder's Office.

Finding 5: OAR does not have a written staffing analysis and plan to reduce the remaining backlog of unassessed properties.

Disagree, Partially. The Assessor-Recorder does produce a staffing analysis each year in order to provide sufficient staff to process workload and reduce the backlog. The department is developing a formal plan to reduce the remaining backlog. This plan is expected to be completed by the end of Fiscal Year 2015-16.

Finding 6: There is still a need to communicate with the Department of Building Inspection about OAR needs in terms of the flow of information between the two departments, which has the potential for greater efficiencies for the OAR.

Agree:

Finding 7: There is a disconnect between the OAR Annual Report and the recommendations that have come from Civil Grand Jury, Controller, and State Board of Equalization reports. The Annual Report fails to clearly address the progress made, or the lack thereof, in its operations that stem from the recommendations that come from these outside agencies.

Agree. While there has been a disconnect in the past, the Mayor looks forward to the forthcoming 2015 Annual Report, which will incorporate recommendations from the Civil Grand Jury, Controller, and State Board of Equalization.

Recommendations:

Recommendation 1: The Office of Assessor-Recorder should raise the bar by meeting the state requirement and clear the backlog by the end of FY16-17.

Requires further analysis. Please see the department's response regarding the feasibility of clearing the backlog by the end of FY 2016-17. The Mayor supports the goal of clearing the backlog and as a result the budget has included funds for significant staffing and IT investments for the Assessor-Recorder's Office over the past several fiscal years.

Recommendation 2: The Office of Assessor-Recorder needs to conduct a staffing analysis and generate an aggressive written long-term plan to maintain a backlog-free OAR before the end of CY2015.

Has not been, but will be, implemented in the future. Please see the department's response for information on its plan to implement this recommendation by the end of Fiscal Year 2015-16. The Mayor encourages the department to generate a long-term plan, which will supplement its practice of producing an annual staffing analysis.

Recommendation 3: The City and County needs to provide General Fund money (from the expected increase in revenue from property taxes due to a more productive OAR) in the FY15-16 budget to support new funding for key administrative positions and on-going funding for OAR positions after the expiration of the three-year grant.

Recommendation has been implemented. The adopted Fiscal Year 2015-16 budget includes a \$655,634 increase in General Fund support for the Assessor-Recorder's Office; 18 new positions are included in that funding increase.

Recommendation 4: The Office of Assessor-Recorder should regularly meet with staff from DBI to transfer data more efficiently between the departments before the end of CY15.

Recommendation has been implemented. As noted in the Assessor-Recorder's response, this recommendation has been implemented.

Recommendation 5: The 2015 and on-going OAR Annual Reports need to be written in a more explicit, consumer-friendly, jargon-free fashion, highlighting and clearly defining any efforts made in reducing the backlog, discussing the financial implications for not doing so, and addressing any progress made, or obstacles encountered, in fulfilling the recommendations for office improvements.

Has not been, but will be, implemented in the future. As noted in the Assessor-Recorder's response, this recommendation will be implemented in the upcoming OAR Annual Report, which is expected to be released in September 2015.

Thank you again for the opportunity to comment on this Civil Grand Jury report.

Sincerely,



Edwin M. Lee
Mayor

CARMEN CHU
ASSESSOR-RECORDER



SAN FRANCISCO
OFFICE OF THE ASSESSOR-RECORDER

August 5, 2015

Attn: Government Audit and Oversight Committee
Clerk of the Board
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2015 AUG -5 AM 11:26

Re: Office of the Assessor-Recorder's response to the May 2015 Civil Grand Jury report

Dear Government Audit and Oversight Committee:

Thank you for your leadership with the San Francisco Superior Courts. Pursuant to Penal Code sections 933 and 933.05, the following is in response to the Civil Grand Jury report issued May 2015. As an office, we want to thank the Civil Grand Jury for commending "the strides [our office has] made toward improving overall office performance and in reducing the backlog." We are mindful of the work we have still to do and look forward to meeting those challenges. We also want to appreciate the work of the citizen volunteers of the Civil Grand Jury for their dedication, for their time, and for recognizing and highlighting the importance of supporting the function of the Office of the Assessor-Recorder.

The Office of the Assessor-Recorder's response to the Civil Grand Jury's findings and recommendations is as follows:

FINDINGS

Response Options:

- 1) *Agree with the finding (if agree is chosen, no explanation is necessary)*
- 2) *Disagree with the finding, Wholly*
- 3) *Disagree with the finding, Partially*

Finding 1: The Office of Assessor-Recorder has made progress in clearing up the backlog, and as of February 2015, only 39 properties had exceeded the four-year statute of limitations. Nevertheless, a severe backlog problem remains.

Response: 1, the office agrees that it has made significant progress in working down assessments and that there is a large number of unworked items remaining in the work queue. It is important to note that the term "backlog" has been used to generically describe the number of outstanding items on our work list at a single point in time and as such is inclusive of all outstanding assessments including those transactions that have recently occurred, duplicates, or cases that are ineligible for reassessment.

Finding 2: The lag in issuing assessments delays the receipt of tax revenue, leads to a loss in interest earnings on property tax revenue, and puts a burden on taxpayers who "are entitled to timely notification of assessments." (2013 BOE Survey)

Response: 1, the Office of the Assessor-Recorder values timely assessments and is currently working to reduce the time needed to work assessment cases. Currently, the Revenue and Taxation Code provides county offices with a four year window to work change in ownership and new construction

items and a two year window to hear assessment appeals cases – scheduling assessment appeals hearing is an independent function of the Board of Supervisor's Assessment Appeals Board.

Finding 3: The funding from SCAPP and the matching monies from the City and County provides an opportunity to eliminate the Office of Assessor-Recorder backlog and raise their BOE rating.

Response: 3, the SCAPP grant and matching monies provides much needed resources for the office, but it is only the start of addressing a larger need to resource the office. The grant funds provide a total of \$300,000 in FY 2014-15, \$460,000 in FY 2015-16, and \$525,000 in FY 2016-17. Long term success at reducing the number of outstanding cases depends on additional resources, operational efficiencies, and market conditions which ultimately drive the number of appeals, changes in ownership, and new construction cases our office receives. Other measures that our office has successfully advocated for in partnership with the Assessment Appeals Board has been resources that allow for more scheduled more hearings.

With respect to the term "BOE rating," and the report's use of the term "least efficient" when comparing San Francisco to other California counties, it is important to distinguish that the number referred to is actually the Board of Equalization's (BOE's) "assessment ratio." The assessment ratio does not measure an organization's efficiency in accomplishing its duties within resource constraints, nor does it speak to the complexities and unique attributes of different counties. In general, the assessment ratio compares our office's enrolled values to the BOE's opinion of value. It is derived based on a random sampling of assessments at a single point in time. An assessment ratio of 100 means the values enrolled are the same as the BOE's opinion of value. An assessment ratio less than 100 means that a county is valuing property at a level that is lower than the BOE's opinion of value and an assessment ratio greater than 100 means that a county is valuing property at a level that is higher than the BOE's opinion of value. Notably, since it is a point in time snapshot, any assessments that have not yet been worked will be counted as "undervaluing" the assessment even if the county is on track to value those assessments within the statute of limitation.

Finding 4: The funding from SCAPP is limited in time and does not cover other OAR personnel needs, including key administrative positions that can keep the backlog reduction momentum going.

Response: 1, in addition to hiring staff to work assessment cases, it is vitally important to have strong staffing in administrative functions to support the work of the organization including staffing in information technology, human resources, contracting, etc.

Finding 5: OAR does not have a written staffing analysis and plan to reduce the remaining backlog of unassessed properties.

Response: 3, over the last two budget cycles our office has successfully advocated for and outlined work plans for the hiring of additional staff through the City's annual appropriation process. In both instances funding requests were made to address a part of the outstanding assessment work load in both assessment appeals as well as new construction and to partially address the resources needed in key administrative positions. Looking forward, the office prioritized transitioning previously project-based limited positions who worked on appeals cases only to permanent positions for the office in order to provide operational flexibility. Operational flexibility is critical as our office is impacted by economic cycles – market downturns may drive more appeals cases and market upswings may drive additional new construction work so the ability to assign staff where the need is remains important. As administrative resources and data become available in the coming year, the office intends to refine our long-term projections and provide trade-offs for policy makers in their funding decisions.

Finding 6: There is still a need to communicate with the Department of Building Inspection about OAR needs in terms of the flow of information between the two departments, which has the potential for greater efficiencies for the OAR.

Response: 1, the Office of the Assessor-Recorder is currently holding regularly scheduled meetings with the Department of Building Inspection (DBI) to improve data flow between both departments. In addition, we will be working through the City Services Auditor Division within the Controller's Office and with DBI to find additional opportunities to improve the flow of information from DBI to our office – this is particularly important as DBI begins planning for the next phase of their technology project.

Finding 7: There is a disconnect between the OAR Annual Report and the recommendations that have come from Civil Grand Jury, Controller, and State Board of Equalization reports. The Annual Report fails to clearly address the progress made, or the lack thereof, in its operations that stem from the recommendations that come from these outside agencies.

Response: 2, Section 1.56 of the San Francisco Administrative Code requires City offices or departments to prepare an annual report describing its activities as part of the annual statement of purpose. The intent of the annual report is to share progress on key initiatives, inform the taxpayers of the general function and direction of the office, in addition to providing data on workload, challenges and achievements. Recommendations from previous Civil Grand Jury/Controller Reports and from previous Board of Equalization Assessment Surveys have also been addressed through the office's official responses – Civil Grand Jury responses are sent to the SF Superior Court, heard at public hearings before the Board of Supervisors and may have follow-up actions from the Civil Grand Jury - the State Board of Equalization also has a process to publicly incorporate the office's response and progress on recommendations and renews their review of San Francisco every five years. We look forward to working in the year ahead to improve our work and our annual report.

RECOMMENDATIONS

Response Options:

- 1) *The recommendation has been implemented*
- 2) *The recommendation has not been, but will be, implemented in the future*
- 3) *The recommendation requires further analysis (explanation of the scope of that analysis and a timeframe)*
- 4) *The recommendation will not be implemented because it is not warranted or reasonable*

Recommendation 1. The Office of Assessor-Recorder should raise the bar by meeting the state requirement and clear the backlog by the end of FY16-17.

Response: 1, 3 & 4, see response to Findings 3, 4 and 5. Although our office has been successful in advocating for and receiving funds from the State and locally, long term success depends on a number of factors, including: success in receiving additional support for operations, identifying operational efficiencies, support in the hiring process to implement the staffing plan, and market conditions. While the office's goal is to clear the outstanding assessment cases, current staffing levels are not adequate to do so by FY16-17. The office, however, is focused on refining our analysis to determine the combination of strategies needed to address work load in the long-term.

Recommendation 2. The Office of Assessor-Recorder needs to conduct a staffing analysis and generate an aggressive written long-term plan to maintain a backlog-free OAR before the end of CY2015.

Response: 1 and 2, see response to Finding 5. The office's goal is to develop a long-term plan in FY 2015-16 and to continue refining that plan as more information is known about market conditions or resource changes.

Recommendation 3. The City and County needs to provide General Fund money (from the expected increase in revenue from property taxes due to a more productive OAR) in the FY15-16 budget to

support new funding for key administrative positions and on-going funding for OAR positions after the expiration of the three-year grant.

Response: 1 & 2, the Board of Supervisors and the Mayor approved a \$22 million General Fund budget for OAR for FY 2015-16, including additional resources for key administrative and operations positions. As the office further refines the long-term outlook, additional resources may be necessary to reduce the number of outstanding assessment cases. In addition, the expiration of a three-year state grant is outside the timeframe of the recently passed two year FY 2015-17 budget. The office will be in conversations with the Board of Supervisors and the Mayor's Office prior to the expiration of grant funding in FY 2017-18.

Recommendation 4. The Office of Assessor-Recorder should regularly meet with staff from DBI to transfer data more efficiently between the departments before the end of CY15.

Response: 1, see response to Finding 6.

Recommendation 5. The 2015 and on-going OAR Annual Reports need to be written in a more explicit, consumer-friendly, jargon-free fashion, highlighting and clearly defining any efforts made in reducing the backlog, discussing the financial implications for not doing so, and addressing any progress made, or obstacles encountered, in fulfilling the recommendations for office improvements.

Response: 1, the Office of the Assessor-Recorder strives to make information on the functions of the office and requirements of the revenue and tax code assessable to taxpayers and looks forward to continuing to improve our communications. Pages 4 & 5 of the 2014 Annual Report highlights key initiatives for the office. Pages 11-21 focuses on the Real Property Division and includes information such as pending assessment appeals cases over the last ten years and descriptions of the property roll. While the report does not include a discussion on the financial implication of unworked assessments (because individual cases have not yet been reviewed), pages 7-9 speaks to how property tax revenues are allocated and programs it supports.

Thank you again for the opportunity to comment on this Civil Grand Jury report.

Sincerely,



Carmen Chu
Assessor-Recorder

Major, Erica (BOS)

From: Major, Erica (BOS)
Sent: Wednesday, July 22, 2015 3:51 PM
To: Chu, Carmen (ASR); Wheaton, Nicole (MYR)
Cc: Mccaffrey, Edward; Simi, Chris (MYR); Kim, Roger (MYR); Somera, Alisa (BOS)
Subject: TENTATIVE HEARING DATE- Civil Grand Jury Report - Office of the Assessor-Recorder: Despite Progress, Still the Lowest Rated in the State
Attachments: REPORT - Office of the Assessor-Recorder.pdf
Importance: High

Greetings All:

I'm following up on the email sent below requesting a copy of your Civil Grand Jury response for "Office of the Assessor-Recorder: Despite Progress, Still the Lowest Rated in the State." To date we haven't received a response for your department to be included with the Board's legislative file. *Please submit your required response by August 7, 2015, via email or hand deliver a copy to the Clerk of the Board (City Hall, Room 244), Attn: Government Audit and Oversight Clerk.*

The anticipated hearing date is tentatively scheduled for Thursday, September 3, 2015, at the Government Audit and Oversight Committee meeting in City Hall, Room 263 at 10:30 a.m. As a reminder, a representative from your department will be required to attend the Committee hearing to present your department's response and answer questions raised. *Please submit the name of the department representative who will be handling this matter and attending the hearing.*

Please feel free to contact me if you have any questions. Thank you.

Erica Major
Assistant Committee Clerk
Board of Supervisors
1 Dr. Carlton B. Goodlett Place, City Hall, Room 244
San Francisco, CA 94102
Phone: (415) 554-4441 | Fax: (415) 554-5163
Erica.Major@sfgov.org | www.sfbos.org

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From: Major, Erica (BOS)
Sent: Monday, June 08, 2015 3:23 PM
To: Wheaton, Nicole (MYR); Chu, Carmen (ASR)
Cc: Mccaffrey, Edward; Rosenfield, Ben (CON); Jon Givner; Caldeira, Rick (BOS); Calvillo, Angela (BOS); Somera, Alisa (BOS); Newman, Debra (BUD); Campbell, Severin (BUD); Steeves, Asja (CON)

Subject: Response Reminder - Civil Grand Jury Report - Office of the Assessor-Recorder: Despite Progress, Still the Lowest Rated in the State

Meetings All,


Within 60 days your department is required to respond to the 2014-2015 Civil Grand Jury Report entitled, "Office of the Assessor-Recorder: Despite Progress, Still the Lowest Rated in the State" (attached). We anticipate a hearing in the Government Audit and Oversight Committee sometime in September. We will update you as the date approaches.

Please make sure to deliver a copy of your response to the Clerk of the Board, Attn: Government Audit and Oversight Committee, no later than August 7, 2015, and confirm the representative who will be handling this matter and attending the hearing.

If you have any questions, please don't hesitate to call or email me. Thank you.

Best,

Erica Major
Assistant Committee Clerk
Board of Supervisors
1 Dr. Carlton B. Goodlett Place, City Hall, Room 244
San Francisco, CA 94102
Phone: (415) 554-4441 | Fax: (415) 554-5163
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BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

MEMORANDUM

Date: June 8, 2015
To: Nicole Elliott, Office of the Mayor
Carmen Chu, Assessor-Recorder, Office of the Assessor-Recorder
From: *ACE* Angela Calvillo, Clerk of the Board
Subject: 2014-2015 CIVIL GRAND JURY REPORT

We are in receipt of the San Francisco Civil Grand Jury (CGJ) report released today, Monday; June 8, 2015, entitled: **Office of the Assessor-Recorder: Despite Progress, Still the Lowest Rated in the State** (attached).

Pursuant to California Penal Code, Sections 933 and 933.05, the responding Departments must:

1. Respond to the report within 60 days of receipt, or no later than August 7, 2015.
2. For each finding the Department shall:
 - agree with the finding; or
 - disagree with the finding, wholly or partially, and explain why.
3. For each recommendation the Department shall report that:
 - the recommendation has been implemented and a summary of how it was implemented;
 - the recommendation has not been, but will be, implemented in the future, with a timeframe for implementation;
 - the recommendation requires further analysis, with an explanation of the scope of the analysis and timeframe of no more than six months from the date of the release; or
 - the recommendation will not be implemented because it is not warranted or reasonable, with an explanation.

Please make sure to deliver a copy of your department's response to the Clerk of the Board, Attn: Government Audit and Oversight Committee Clerk. Your response will be included in the Board of Supervisors legislative file for their consideration at the Government Audit and Oversight Committee hearing on this matter. A representative from your department will be required to attend the Committee hearing to present your department's response and answer questions raised.

If you have any questions, please contact Erica Major at (415) 554-4441.

Attachment

- c: Honorable John K. Stewart, Presiding Judge (w/o attachment)
- Edward McCaffrey, Office of the Assessor-Recorder
- Ben Rosenfield, Controller
- Jon Givner, Deputy City Attorney
- Rick Caldeira, Legislative Deputy Director
- Debra Newman, Office of the Budget and Legislative Analyst
- Severin Campbell, Office of the Budget and Legislative Analyst
- Asja Steeves, Civil Grand Jury Coordinator (w/o attachment)
- Janice Pettey, Foreperson, San Francisco Civil Grand Jury (w/o attachment)

Major, Erica (BOS)

From: Major, Erica (BOS)
Sent: Monday, June 08, 2015 3:23 PM
To: Wheaton, Nicole (MYR); Chu, Carmen (ASR)
Cc: Mccaffrey, Edward; Rosenfield, Ben (CON); Jon Givner; Caldeira, Rick (BOS); Calvillo, Angela (BOS); Somera, Alisa (BOS); Newman, Debra (BUD); Campbell, Severin (BUD); Steeves, Asja (CON)
Subject: Response Reminder - Civil Grand Jury Report - Office of the Assessor-Recorder: Despite Progress, Still the Lowest Rated in the State
Attachments: Public Release Memo - Office of Assessor-Recorder - 06.08.2015.pdf

Greetings All,

Within 60 days your department is required to respond to the 2014-2015 Civil Grand Jury Report entitled, "Office of the Assessor-Recorder: Despite Progress, Still the Lowest Rated in the State" (attached). We anticipate a hearing in the Government Audit and Oversight Committee sometime in September. We will update you as the date approaches.

Please make sure to deliver a copy of your response to the Clerk of the Board, Attn: Government Audit and Oversight Committee, no later than August 7, 2015, and confirm the representative who will be handling this matter and attending the hearing.

If you have any questions, please don't hesitate to call or email me. Thank you.

Best,

Erica Major
Assistant Committee Clerk
Board of Supervisors
1 Dr. Carlton B. Goodlett Place, City Hall, Room 244
San Francisco, CA 94102
Phone: (415) 554-4441 | Fax: (415) 554-5163
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BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

MEMORANDUM

Date: June 4, 2015
To: Honorable Members, Board of Supervisors
From: *for* Angela Calvillo, Clerk of the Board
Subject: 2014-2015 CIVIL GRAND JURY REPORT

We are in receipt of the advanced confidential copy of the San Francisco Civil Grand Jury (CGJ) Report, entitled: **Office of the Assessor-Recorder: Despite Progress, Still the Lowest Rated in the State** (attached). This report is to be kept confidential until the public release date scheduled on Monday, June 8, 2015.

Pursuant to California Penal Code, Sections 933 and 933.05, the Board must:

1. Respond to the report within 90 days of receipt, or no later than September 6, 2015.
2. For each finding the Department response shall:
 - agree with the finding; or
 - disagree with the finding, wholly or partially, and explain why.
3. For each recommendation the Department shall report that:
 - the recommendation has been implemented, with a summary of how it was implemented;
 - the recommendation has not been, but will be, implemented in the future, with a timeframe for implementation;
 - the recommendation requires further analysis, with an explanation of the scope of the analysis and timeframe of no more than six months from the date of release; or
 - the recommendation will not be implemented because it is not warranted or reasonable, with an explanation.

Pursuant to San Francisco Administrative Code, Section 2.10, in coordination with the Committee Chair, the Clerk will schedule a public hearing before the Government Audit and Oversight Committee to allow the Board the necessary time to review and formally respond to the findings and recommendations.

The Budget and Legislative Analyst will prepare a resolution, outlining the findings and recommendations for the Committee's consideration, to be heard at the same time as the hearing on the report.

Attachment

Major, Erica (BOS)

From: Major, Erica (BOS)
Sent: Friday, June 05, 2015 1:26 PM
To: Gosiengfiao, Rachel (BOS)
Cc: Somera, Alisa (BOS)
Subject: Please Distribute - CGJ Reports
Attachments: Assessor-Recorder - COB to BOS MemoReport 06.05.15.pdf; SF Whistle - COB to BOS MemoReport 06.05.15.pdf

Hi Rachel,

Please distribute the attached to all the Board members via email. There are two reports that are to be kept confidential until the public release date of Monday, June 8, 2015, as follows:

1. Office of the Assessor-Recorder: Despite Progress, Still the Lowest Rated in the State
2. San Francisco's Whistleblower Protection Ordinance Is In Need Of Change

Erica Major

Assistant Committee Clerk


Board of Supervisors

1 Dr. Carlton B. Goodlett Place, City Hall, Room 244

San Francisco, CA 94102

Phone: (415) 554-4441 | Fax: (415) 554-5163

Erica.Major@sfgov.org | www.sfbos.org

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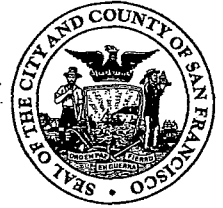
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CITY AND COUNTY OF SAN FRANCISCO
CIVIL GRAND JURY

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

2015 JUN -3 PM 2:52



June 3, 2015

Ms. Angela Calvillo
Clerk of the Board of Supervisors
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Dear Ms. Calvillo,

The 2014-2015 Civil Grand Jury will release a continuity report entitled, "Office of the Assessor-Recorder: Despite Progress, Still the Lowest Rated in the State" to the public on Monday, June 8, 2015. Enclosed is an advance copy of this report to be distributed to the Board immediately. Please note that by order of the Presiding Judge of the Superior Court, Hon. John K. Stewart, this report is to be kept confidential from the public until the date of release (June 8th).

California Penal Code §933 (c) requires a response to be submitted to the Presiding Judge no later than 90 days. California Penal Code §933.5 states that for each finding in the report, the responding person or entity shall indicate one of the following: (1) agree with the finding; or (2) disagree with it, wholly or partially, and explain why.

Further, as to each recommendation, your response must either indicate:

- 1) That the recommendation has been implemented, with a summary of how it was implemented;
- 2) That the recommendation has not been, but will be, implemented in the future, with a timeframe for implementation;
- 3) That the recommendation requires further analysis, with an explanation of the scope of that analysis and a timeframe for discussion, not more than six months from the release of the report; or
- 4) That the recommendation will not be implemented because it is not warranted or reasonable, with an explanation.

Please tell the Board of Supervisors to provide their response to Presiding Judge Stewart at the following address:
400 McAllister Street, Room 008
San Francisco, CA 94102-4512

Respectfully,

A handwritten signature in cursive script, appearing to read "Janice Pettey".

Janice Pettey, Foreperson
2014 - 2015 Civil Grand Jury

City Hall, Room 488
1 Dr Carlton B Goodlett Pl, San Francisco, CA 94102
Phone: 415-554-6630
3432

**Office of the Assessor-Recorder: Despite Progress, Still
The Lowest Rated Office in the State**

A Continuity Report

May 2015



**City and County of San Francisco
Civil Grand Jury, 2014-2015**

Members of the Civil Grand Jury

Janice Pettey, Foreperson

Philip Reed, Foreperson Pro Tem

Anne M. Turner, Recording Secretary

Leonard Brawn

Morris Bobrow

Daniel Chesir

Matthew Cohen

Jerry Dratler

Herbert Felsenfeld

Allegra Fortunati

Mildred Lee

Marion McGovern

Fred A. Rodriguez

Gary Thackeray

Jack Twomey

Ellen Zhou

THE CIVIL GRAND JURY

The Civil Grand Jury is a government oversight panel of volunteers who serve for one year. It makes findings and recommendations resulting from its investigations.

Reports of the Civil Grand Jury do not identify individuals by name.
Disclosure of information about individuals interviewed by the jury is prohibited.
California Penal Code, section 929

STATE LAW REQUIREMENT California Penal Code, section 933.05

Each published report includes a list of those public entities that are required to respond to the Presiding Judge of the Superior Court within 60 to 90 days, as specified.

A copy must be sent to the Board of Supervisors. All responses are made available to the public.

For each finding the response must:

- 1) agree with the finding, or
- 2) disagree with it, wholly or partially, and explain why.

As to each recommendation the responding party must report that:

- 1) the recommendation has been implemented, with a summary explanation; or
- 2) the recommendation has not been implemented but will be within a set timeframe as provided; or
- 3) the recommendation requires further analysis. The officer or agency head must define what additional study is needed. The Grand Jury expects a progress report within six months; or
- 4) the recommendation will not be implemented because it is not warranted or reasonable, with an explanation.

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Executive Summary

In 2006, the San Francisco Civil Grand Jury (CGJ) issued a report, *Office of the Assessor-Recorder: Reducing the 4-Year Backlog*, which contained forty recommendations and sub-recommendations. The 2014-15 CGJ decided to focus on six of them, including: compliance with the 2002 California State Board of Equalization (BOE) recommendations; appraiser performance standards; updated job descriptions; the data transfer from Department of Building Inspection (DBI); the need to fill vacant positions; and reporting of the backlog in the Annual Report. What progress has been made in implementing the 2005-06 CGJ recommendations, and why is the San Francisco's Office of Assessor-Recorder (OAR) still rated the lowest in the state?

The importance of the OAR cannot be exaggerated. Property taxes account for over 30% (\$1.1 billion in 2014) of the General Fund and go to support several local, regional, and state organizations. Since 2005-06, the OAR has been examined: by the 2006-07 Civil Grand Jury in a continuity report; by the Controller's Office in a 2009 audit, *Office of the Assessor-Recorder: The Office Continues to Improve its Operations*; and by the BOE in their surveys of assessment practices. All these reports have noted the improvements made by the OAR over the years, and we wish to join them in commending the Office. The 2002 BOE recommendations have generally been met, partially met, or are outside OAR jurisdiction. Appraiser performance standards have been established and put into effect. Auditor and Appraiser job descriptions have been updated. The data transfer from DBI has greatly improved. Vacant positions have been filled, and at least for a while, backlog reduction was highlighted in the OAR Annual Reports.

Nevertheless, there are continuing problems. The San Francisco OAR is still rated the lowest in efficiency among the top ten counties in California by BOE standards, and indeed is rated the lowest in the entire state. Although there has been a significant reduction in the backlog, it is still one of the major recurring issues in BOE reports. Indeed, the backlog has led to delays in the receipt of General Fund monies, a loss of interest revenue for the County, and is a burden on taxpayers who might have to pay several years of back property tax at once. With the recent award of a State-County Assessors' Partnership Program grant of \$1.285 million, the OAR is positioned to virtually erase the backlog and become an exemplary department, but will need a staffing analysis, backlog reduction plan, and support for key administrative positions not funded under the grant guidelines. There continue to be issues of office efficiency regarding data transfer between DBI and OAR, and the OAR Annual Report fails to address the backlog and recommendations for reforms to office practices and procedures.

The 2014-15 Civil Grand Jury commends the OAR for its efforts in improving office performance and reducing the backlog. However, to ensure entire backlog elimination, the OAR needs to adopt the state requirement for assessing and enrolling property annually by the lien date. The City and County needs to support the OAR in this effort by

fully meeting its staffing needs and encouraging them to work with DBI in a more efficient manner. The OAR Annual Report needs to be more readable, acknowledge the backlog and its financial implications, and address efforts being made by the office in fulfilling recommendations made by outside agencies.

Background

The 2005-06 San Francisco Civil Grand Jury (CGJ) Report, *Office of the Assessor-Recorder: Reducing the 4-Year Backlog*, focused on: the appraisal/assessment and assessment appeals backlogs; the low ranking of the San Francisco office by the California State Board of Equalization (BOE) which reviews the office and its procedures every five years; the lack of written office procedures and standards; staffing and personnel issues; and inadequate computer systems.

The 2005-06 report found that San Francisco's OAR was rated as the "least efficient" of the top ten counties in the state (based on assessable valuation of property) and had a "backlog" of 26,600 parcels, representing 14% of the total of approximately 190,000 parcels of property in San Francisco in 2006. By BOE standards, this is an unusually large backlog of properties. At the time, the Assessor-Recorder estimated that the City and County was losing, conservatively, \$2 million a year because of processing delays running into a four-year statute of limitations.

Other findings included: too many unfilled positions; out-of-date job descriptions for appraisers, auditors, and other staff; a lack of performance standards for appraisal positions; no manual of office procedures and processes; the lack of an adequate computer system linked to DBI to provide permit data and building plans to be transmitted electronically; and an inadequate method for determining the value of new construction. It also found that the OAR annual report, begun in 2005, did not include sufficient information about its backlog.

A year later, the 2006-07 Civil Grand Jury issued a Continuity Report on the 2005-06 OAR report findings and recommendations and concluded that progress had been made in implementing recommendations. It also commended the fact that the Controller's Office would soon conduct an audit of the OAR on its record of assessing new and transferred property and urged some future CGJ "to follow up on the ability of the Assessor-Recorder to expedite placing assessments of new or transferred properties on-line and reducing its backlog..."¹ The 2014-15 Jury wishes to echo that suggestion by urging a future CGJ to fully investigate the OAR before the end of FY16-17.

In the meantime, the Controller's Office tracked the implementation status of the 2005-06 CGJ report recommendations, on a yearly basis, until 2008, cataloging progress along the way or noting the final rejection of recommendations that the OAR ultimately deemed unreasonable. In 2009, the Controller's Office also issued an audit entitled,

Office of the Assessor-Recorder: The Office Continues to Improve its Operations. The purpose of that audit was "to determine whether the Office of the Assessor-Recorder efficiently and effectively performs its change in ownership and new construction assessments."² Many of its findings and recommendations reinforced and reiterated those of the original 2005-2006 CGJ Report.

The most relevant 2009 recommendations from the Controller's Office are:

- Recommendation 1. Comply with state law and enroll new construction-in-progress values at the lien date.³
- Recommendation 3. Hold DBI to its goal of providing electronic access to building plans by June 2009 to further increase the efficiency of providing such plans.⁴
- Recommendation 7. Collaborate with the Department of Human Resources to complete the classification study....⁵
- Recommendation 14. Enhance the department's performance measures by including specific, useful goals....⁶
- Recommendation 15. Ensure that its performance measures accurately measure achievement toward its stated goals.⁷

Significantly, former Assessor-Recorder Phil Ting took issue with Recommendation 1, stating that OAR was not required to meet the lien date suggested by the Controller's auditors. In a rebuttal, the auditors explained, "...California Revenue and Taxation Code Sections 71 and 50 require the assessor to appraise and enroll all construction-in-progress at each lien date. Furthermore, if the construction is not completed for a number of years, the City forgoes potential interest earnings resulting from the increased valuation of completed construction each year."⁸

As a general rule, all property within San Francisco must be appraised and enrolled, and its assessed value determined, by the lien date of January 1st of each year (California Revenue and Taxation Code Section 2192). During the year, the valuation date of completed new construction and changes in ownership is established as they happen. On July 1st of each year, a new final assessment roll is published. The first property tax installment is then due on November 1, and delinquent on December 10; the second installment is due February 1, and delinquent April 10. In the Controller's 2009 report, the Deputy Director of Real Property claimed "that the new construction backlog has since been reduced to approximately two years because of efficient leadership."⁹ In that audit, the backlog was defined as "transactions that occurred during one fiscal year, but are assessed in a subsequent fiscal year,"¹⁰ rather than in the year in which the change in ownership or new construction (whether completed or in-progress) took place.

Beginning in 2013 and continuing until June of 2014, the Implementation Review Committee (IRC) of the San Francisco Chapter of the California Grand Jurors' Association (an association of current and former Grand Jurors) chose to review the 2005-06 report. That body sent a letter, dated September 2, 2014, to this Jury urging issuance of a continuity report on the 2005-06 report. The 2014-15 CGJ Continuity Committee met with the IRC on September 22, 2014. The IRC had selected six out of the forty recommendations and sub-recommendations from the 2005-06 report, dealing with: compliance with BOE recommendations; appraiser performance standards; updated job descriptions; the data transfer from DBI; the need to fill vacant positions; and the reporting of the backlog in the Annual Report. We chose to focus on those recommendations in this Continuity Report.

Methodology

The Jury interviewed staff and managers from the OAR, Assessment Appeals Board (AAB), DBI, and the Department of Technology. We consulted with the BOE. We also reviewed: prior Civil Grand Jury reports; an audit and reports of the Office of the Controller; sections of the California Revenue & Taxation and Government Codes; OAR Annual Reports for the years 2010 through 2014; various documents supplied by OAR staff; the June 2013 report from the BOE and the most current BOE reports of all the other California counties; and Auditor and Appraiser job descriptions from the Department of Human Resources (DHR) website.

Discussion

The Work of the OAR

The importance of the work of the Assessor-Recorder cannot be overemphasized. In 2014, property taxes provided approximately 30% (over \$1.1 billion) of general fund monies and partially funded the SF Unified School District, the Community College District, the Bay Area Air Quality Management District, BART, and the San Francisco Symphony. Many changes have taken place since the 2005-06 CGJ report was issued. Most particularly, San Francisco has a new Assessor-Recorder. Many staff members hope she will prove to be a stable, motivated, and engaged leader in a department that has seen many changes in recent years: in executive staff, in a real estate market where there has been significant fluctuations in housing values, and expansion in real estate development. These changes have ballooned staff workload.

According to the most current (2014) OAR Annual Report, part of the mission of the OAR is to find the taxable value, in a fair, equitable, and efficient way, of all property within San Francisco that is subject to taxation, and list all those properties on the assessment roll. These assessments include those triggered by changes in property ownership (CIO). When property is sold or transferred, it is generally subject to a reassessment under California law. These types of reassessments are generally straight-forward. Each requires that a determination be made that the sale is a fair transaction not made under duress. 98% of the time property sales become part of a direct enrollment program with the sales price used to set the new value. Sometimes, however, there are anomalies or outliers in declared value, such as in foreclosure sales, which are subject to a full appraisal. Some are subject to major delays, due to circumstances outside the control of the OAR. For instance, the settlement process of estates of deceased property owners can delay reporting. CIOs are generally the reassessments in the greatest danger of going beyond the four-year statute of limitations.

The more problematic area of assessment is new construction (NC). When a building construction permit is applied for at DBI, the OAR receives notification. In the simplest scenario, a reappraisal is required if the construction is a renovation, such as a room addition, but not for construction that is done to replace, repair or maintain existing property.¹¹ There is a rule-of-thumb used to determine whether a particular construction project constitutes a "renovation" or "repair." This is called the 80% rule: a need for a reappraisal is triggered when 80% of a pre-existing structure is altered. When construction will take place over a number of years, the state requires that the OAR assess the property for the additional value added to the property each year, with a full appraisal conducted on the completion of the building project. OAR appraisers are not supposed to simply take the permit value as the value of the new construction, a practice that the BOE, in the past, has criticized the office for doing. To assist OAR staff, a cost estimator has been hired to update the cost manual used by staff that details residential construction costs of various types within San Francisco.

The Work of the BOE and San Francisco's Rating

The BOE is required to periodically conduct an Assessment Practices Survey in each county "to determine the adequacy of the procedures and practices employed by the county assessor in the valuation of property for the purposes of taxation and in the performance generally of the duties enjoined upon him or her." (Government Code 15640) These surveys include sampling assessments to ensure that all classes of property are treated equitably. From these surveys, counties are assigned an "average assessment ratio," a rating that will determine whether these counties will be able to recover administrative costs from the state. Each is required to have a rating of 95 or above. 100 is the ideal where BOE assessments match county assessor assessments.

Ratings over 100 indicate that the County is overvaluing property, while a rating below 100 indicates undervaluation.

The 2005-06 Jury found that the City and County of San Francisco was rated as the least “efficient” of the top ten counties in the state. This year’s Jury decided to see if San Francisco is still at that level. Here are the results:¹²

| AV Rank | County | 2014-15 Local Assessment Valuation (in 000s) | Average Assessment Ratio |
|---------|----------------|--|--------------------------|
| 1 | Los Angeles | 1,199,771,991 | 100.03 |
| 2 | Orange | 471,599,807 | 100.10 |
| 3 | San Diego | 419,542,395 | 100.22 |
| 4 | Santa Clara | 357,339,710 | 99.94 |
| 5 | Riverside | 224,081,124 | 100.02 |
| 6 | Alameda | 220,351,333 | 100.41 |
| 7 | San Francisco | 179,736,713 | 97.59 |
| 8 | San Bernardino | 177,873,194 | 99.62 |
| 9 | San Mateo | 165,970,907 | 99.55 |
| 10 | Contra Costa | 159,518,758 | 99.88 |

We decided to research further and see where San Francisco ranks among all counties. All county reports can be found at <http://www.boe.ca.gov/proptaxes/apscont-reports.htm>. Of those 25 counties that currently have a ratio assigned to them (not required for counties not in the top ten), San Francisco is at the bottom of the entire state with the lowest ratio and the greatest deviation from the ideal of 100.

Status of Selected 2005-06 CGJ Recommendations

1. Recommendation No. 1-3a: “Promptly comply with the recommendations from the BOE.”

According to the OAR staff, most of the 56 recommendations proposed in the 2002 BOE Assessment Practices Survey (based on fieldwork conducted in March through June 2001 and January through February 2002) have been implemented. However, based on BOE fieldwork conducted in August 2011, a few of the same problems still remain as reflected in the 34 recommendations and sub-recommendations of the 2013 BOE report, including the need to eliminate the backlog of assessable new construction. (See Appendices A and B.) The Jury looked more closely at all current BOE reports to see if any of the other California counties had significant backlog problems. “Backlog” is mentioned in only three other county reports. Only Trinity County seems to have any backlog problem, in their requests for informal review. Unlike San Francisco, no other county has a backlog severe enough to warrant a recommendation to eliminate it.

Part of the problem in researching this “backlog” was definitional. According to the BOE, there is no legal definition of a backlog. However, the OAR in March of 2006 had a 26,600 parcel backlog, 14% of the total volume of 190,000 parcels. Some of our interviewees have taken issue with this and prefer to call it a “pending workload,” always a moving target and difficult to pin down. By comparison, around February 2015, the “pending workload” was 16,852 (consisting of outstanding assessment appeals cases, changes in ownership, and new construction), 8% of a total of 208,130 parcels, representing a significant workload reduction. 7,588 involve new construction cases. This “workload” figure also includes a list of cases that might include duplicates and new construction ineligible for reassessment.

OAR staff members attribute their backlogs to the rise in appeals filed with the AAB, due to the economic downturn that led many property owners to believe property was overvalued. Dramatic though it is, from a low of 728 appeals in 2001-2002 to a high of 6,620 appeals in 2009-10, the increase cannot be a sufficient cause for the OAR backlog. Despite the relatively low number (728) of appeals filed during the period of the 2002 BOE survey, it was recommended that San Francisco needs to “[e]liminate the backlog of assessable new construction.” Despite the dramatic increase in filings (6,399) during the 2013 BOE survey, again the recommendation was to “[i]mprove the new construction program by: (1) eliminating the backlog of assessable new construction....”

OAR staff views the state requirement (for the assessment and enrollment of all property by January 1st of each year) as an “ideal,” not a necessity. From our interviews, we have concluded that the office standard currently is three or four years to complete an assessment. Of major concern is avoiding the four-year statute of limitations. BOE acknowledges that the requirement is undermined by allowing for “outs,” ways of prolonging the process with no penalty. Backlogs are caused by unstable leadership, an increase in the number of cases that are appealed, economic fluctuations, and a culture that sees no urgency to complete assessments. Not holding staff to the state requirement, even if imperfectly, creates backlogs.

2. Recommendation No. 2-3a: “The OAR’s newly created Standards and Quality Control Group should develop performance standards to measure quality and productivity of individual appraisers.”

Unfortunately, the Standards and Quality Control Group no longer exists. Nevertheless, performance standards, setting daily and weekly targets for individual appraisers, have been established. Periodically, an Appraisers’ Production Report is generated which includes these expectations along with measures of the average number of actual cases completed per day and the percentage of the targets met. From the documents we examined, on the whole, most teams generally exceed expectations, but some individual appraisers do not. The quality review is generally measured by the accuracy of

appraisals and assessments made, based on "anecdotal evidence." Staff performance is evaluated periodically, though OAR did not see much of a problem in terms of accuracy. Since these performance standards have been set, two appraisers have been terminated, and others have been placed on performance improvement plans, reprimanded, and suspended for a period of time.

Beginning this fiscal year, all OAR staff and managers received performance plans with targets for quantity and quality of work, including customer service. These plans are reviewed and evaluated with employees at the beginning of each year (or when an employee is hired) and mid-year, annually.

3. Recommendation No. 2-5: "Bring job descriptions up to date. The OAR management staff should update descriptions internally and present them to the Department of Human Resources for approval...."

Auditor and Appraiser job descriptions were updated on October 25, 2011 and May 31, 2012. Updated position descriptions include Real Property Appraiser (#4261), Senior Real Property Appraiser (#4265), Principal Real Property Appraiser (#4267), Personal Property Auditor (#4220), and Principal Personal Property Auditor (#4224).

4. Recommendation No. 2-7: "The Department of Building Inspection should select a computer system that will transfer all needed data smoothly to the OAR in a timely manner. The Department of Building Inspection's computer system evaluation committee and the OAR's representative on the committee should ensure that selection criteria for a new computer system have the capability to handle such data transfer."

In the past, the OAR received data from DBI through information loaded onto a CD and then downloaded onto an Excel spreadsheet. If they wanted to view any building plans, OAR staff would have to physically go over to DBI and copy them. Many years have been spent trying to improve this process, and significant changes have been made. Currently, every week a file data transfer is made from DBI to the OAR system. It includes information from the building permit management database. In addition, OAR staff has direct access to DBI's database. Building plans are now available to OAR through PaperVision; OAR has ten licenses for this system. At present, according to OAR staff, there is no existing computer system evaluation committee, and OAR has not been involved in serious discussions with DBI since 2007. The focus for DBI has been on the installation of a new permit tracking

database, Accela, linked only to the Planning Department and due to go-live before the end of this fiscal year.

Nevertheless, we have heard of problems with the information that comes from DBI. DBI assigns a unique application number for each permit. If there is a revision or renewal of that permit, new numbers are assigned. OAR spends too much time matching parcels with the different application numbers. Also, DBI differentiates types of new construction by requiring the use of different forms for new construction projects. Forms 1 and 2 are for new buildings; form 6 is for demolition; a single form is used for type 3 (major renovations) and type 8 (an over-the-counter permit) projects. Unfortunately, this conflation of 3 and 8 types of projects causes more work for OAR in sorting.

5. Recommendation No. 4-1c: "As soon as possible, fill seven positions required to reduce backlogs of properties needing appraisal and reassessment."

The original CGJ report found that in the OAR only 112 of the 140 budgeted full-time equivalent (FTE) staff positions were filled. In the past, OAR filled positions for appraisers to reduce the backlog of assessment appeals cases. More recently, it has worked with the Controller, Assessment Appeals Board, and the Treasurer-Tax Collector to create a more streamlined and effective appeals process. These efforts have led to the creation of a third Assessment Appeals Board panel which meets in the evening. The AAB has also received funding for a clerk who works exclusively on residential appeals.

Recently, the OAR received a grant from the State-County Assessor's Partnership Program (SCAPP) for \$1.285 million over a three-year period. This money is to be used exclusively in assessing and enrolling in-progress and completed new construction. For this grant, SCAPP required a dollar-for-dollar match from the County. The Mayor and Board of Supervisors have allocated monies, coming from DBI, for the match. Despite the large allocation of revenue, no long-term staffing analysis or plan has been developed for the grant period. What happens after the three years is unknown. According to OAR staff, the grant money and match do not support much needed key administrative staff.

Currently, OAR has a budgeted staff of 163.8 FTE with current hires of 138.8 FTE, leaving 25 vacancies. Nineteen of those vacancies are now being recruited or hired, with an expectation that by the end of the fiscal year, they will be filled.

6. Recommendation No. 6-2: “Commencing with the 2005 Annual Report, publish a report annually and include backlog data, including the number and location of parcels, value, and length of time in system. Make this report available on the city’s Web site.”

From 2006 through 2010, the OAR Annual Report discussed the problem of the backlog, clearly defining it, and from 2007 included a section on Backlog Reduction. In 2011 and 2012, no mention of a backlog appears in the Annual Reports, except for the Assessor-Recorder mentioning it as an achievement in his biography. In 2013 and 2014, under new leadership, there is no mention of it at all. The public is supposed to read between the lines in a discussion of supplemental and escape assessments. At no time did the backlog data ever include the number and location of parcels, value, or length of time in the system. No one from the public could possibly understand how much money the OAR is still leaving on the table each year, or that the OAR is rated so poorly by the BOE, or that over the years several agencies, including the BOE, the Controller, and the Civil Grand Jury, had recommended changes to OAR operations and improvements in procedures. In short, the Annual Report has become a document of limited value, not addressing significant problems within their own operations and undermining the general call for transparency.

Conclusions

The Office of Assessor-Recorder has generally made good faith efforts to comply with the 2005-06 Civil Grand Jury recommendations. The development of performance measures and updating job descriptions has added clarity to effective work expectations within the OAR. The City and County, generally, and the OAR in particular, should be commended for the strides they have made toward improving overall office performance and in reducing the backlog. Nevertheless, continuing problems exist and need to be aggressively addressed.

Findings

- F1. The Office of Assessor-Recorder has made progress in clearing up the backlog, and as of February 2015, only 39 properties had exceeded the four-year statute of limitations. Nevertheless, a severe backlog problem remains.
- F2. The lag in issuing assessments delays the receipt of tax revenue, leads to a loss in interest earnings on property tax revenue, and puts a burden on taxpayers who “are entitled to timely notification of assessments.” (2013 BOE Survey)

- F3. The funding from SCAPP and the matching monies from the City and County provide an opportunity to eliminate the Office of Assessor-Recorder backlog and raise their BOE rating.
- F4. The funding from SCAPP is limited in time and does not cover other OAR personnel needs, including key administrative positions that can keep the backlog reduction momentum going.
- F5. OAR does not have a written staffing analysis and plan to reduce the remaining backlog of unassessed properties.
- F6. There is still a need to communicate with the Department of Building Inspection about OAR needs in terms of the flow of information between the two departments, which has the potential for greater efficiencies for the OAR.
- F7. There is a disconnect between the OAR Annual Report and the recommendations that have come from Civil Grand Jury, Controller, and State Board of Equalization reports. The Annual Report fails to clearly address the progress made, or the lack thereof, in its operations that stem from the recommendations that come from these outside agencies.

Recommendations

- R1. The Office of Assessor-Recorder should raise the bar by meeting the state requirement and clear the backlog by the end of FY16-17.
- R2. The Office of Assessor-Recorder needs to conduct a written staffing analysis and generate an aggressive long-term plan to maintain a backlog-free OAR before the end of CY2015.
- R3. The City and County needs to provide General Fund money (from the expected increase in revenue from property taxes due to a more productive OAR) in the FY15-16 budget to support new funding for key administrative positions and on-going funding for OAR positions after the expiration of the three-year grant.
- R4. The Office of Assessor-Recorder should regularly meet with staff from DBI to transfer data more efficiently between the departments before the end of CY15.
- R5. The 2015 and on-going OAR Annual Reports need to be written in a more explicit, consumer-friendly, jargon-free fashion, highlighting and clearly defining any efforts made in reducing the backlog, discussing the financial implications for not doing so, and addressing any progress made, or obstacles encountered, in fulfilling the recommendations for office improvements.

Response Matrix

| Findings | Recommendations | Responses Required |
|---|--|---|
| <p>1. The Office of Assessor-Recorder has made progress in clearing up the backlog, and as of February 2015, only 39 properties had exceeded the four-year statute of limitations. Nevertheless, a severe backlog problem remains.</p> <p>2. The lag in issuing assessments delays the receipt of tax revenue, leads to a loss in interest earnings on property tax revenue, and puts a burden on taxpayers who "are entitled to timely notification of assessments." (2013 BOE Survey)</p> | <p>1. The Office of Assessor-Recorder should raise the bar by meeting the state requirement and clear the backlog by the end of FY16-17.</p> | <p>Mayor</p> <p>Assessor-Recorder</p> |
| <p>3. The funding from SCAPP and the matching monies from the City and County provides an opportunity to eliminate the Office of Assessor-Recorder backlog and raise their BOE</p> | <p>2. The Office of Assessor-Recorder needs to conduct a staffing analysis and generate an aggressive written long-term plan to maintain a backlog-free OAR before the</p> | <p>Mayor</p> <p>Assessor-Recorder</p> <p>Board of Supervisors</p> |

| | | |
|--|---|------------------------------------|
| <p>rating.</p> <p>4. The funding from SCAPP is limited in time and does not cover other OAR personnel needs, including key administrative positions that can keep the backlog reduction momentum going.</p> <p>5. OAR does not have a written staffing analysis and plan to reduce the remaining backlog of unassessed properties.</p> | <p>end of CY2015.</p> <p>3. The City and County needs to provide General Fund money (from the expected increase in revenue from property taxes due to a more productive OAR) in the FY15-16 budget to support new funding for key administrative positions and on-going funding for OAR positions after the expiration of the three-year grant.</p> | |
| <p>6. There is still a need to communicate with the Department of Building Inspection about OAR needs in terms of the flow of information between the two departments, which has the potential for greater efficiencies for the OAR.</p> | <p>4. The Office of Assessor-Recorder should regularly meet with staff from DBI to transfer data more efficiently between the departments before the end of CY15.</p> | <p>Mayor Assessor-Recorder</p> |
| <p>7. There is a disconnect between the OAR Annual Report and the recommendations that have come from Civil Grand Jury, Controller, and State Board of</p> | <p>5. The 2015 and on-going OAR Annual Reports need to be written in a more explicit, consumer-friendly, jargon-free fashion, highlighting and clearly defining any</p> | <p>Mayor Assessor-Recorder</p> |

| | | |
|---|---|--|
| <p>Equalization reports. The Annual Report fails to clearly address the progress made, or the lack thereof, in its operations that stem from the recommendations that come from these outside agencies.</p> | <p>efforts made in reducing the backlog, discussing the financial implications for not doing so, and addressing any progress made, or obstacles encountered, in fulfilling the recommendations for office improvements.</p> | |
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Reports issued by the Grand Jury do not identify individuals interviewed. Penal Code section 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Grand Jury.

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Glossary

AAB: Assessment Appeals Board

BOE: State Board of Equalization

CGJ: San Francisco Civil Grand Jury

CIO: Changes in Ownership

DBI: Department of Building Inspection

DHR: Department of Human Resources

FTE: Full-Time Equivalent

NC: New Construction

OAR: Office of the Assessor-Recorder

SCAPP: State-County Assessors' Partnership Program

Appendix A

Status of the Fifty-six Recommendations from the 2002 BOE Report, Document from the OAR:

| Recommendation | Status |
|--|--|
| Fill vacant assessment positions | Implemented |
| Request that the board of supervisors repeal the resolution imposing an assessment appeal filing fee | Not implemented, filing fees are actually collected by a separate department (Board's Assessment Appeal Board) to recover their cost of services; AAB should provide direction for filing fees given direct impact on their budget |
| Request that the board of supervisors revise the disaster | Implemented |

| Recommendation | Status |
|--|--|
| relief ordinance to conform to section 170 | |
| Grant disaster relief to all qualifying personal property | Implemented |
| Bring the mandatory audit program to current status as required by section 469 | Implemented |
| Complete and audit checklist for each audit | Implemented |
| Process separate escape assessments and roll corrections for each year under audit | Implemented |
| Include nonprofit organizations that meet the requirements of section 469 in the mandatory audit program | Not implemented, State BOE provided guidance not to include non-profits in the audit program |
| Audit taxpayers that fail to file property statements for three or more consecutive years | Implemented |
| Screen business property statements with electronically prepared attachments to ensure the statement is complete and fully executed pursuant to section 441.5 | Implemented |
| Accept only appropriately signed property statements as required by rule 172 | Implemented |
| Exclude accounts that have business property at multiple locations from the direct billing program | Implemented |
| Send business property statements to direct billing accounts every fourth year | Implemented |
| Annually review the BOE's listing of equipment leased to state assesses | Implemented |
| Apply the 10 percent penalty for the failure to file or late-filing of BOE-prescribed Vessel Property Statement as required by section 463 | Implemented |
| Annually appraise pleasure boats at market value | Implemented |
| Correctly calculate the assessment of documented vessels as required by section 275.5 when vessel owners submit late-filed affidavits | Implemented |
| Revise the Affidavit for 4 Percent Assessment of Certain Vessels to include the correct filing deadline established by section 225 | Implemented |
| Enroll supplemental assessments for all tenant improvements as required by section 75.11 | In process |
| Refer all reported structural and land improvement costs from the annual business property statement to the commercial property appraiser in the real property division for review | Implemented |
| Develop formal procedures for the discovery and assessment of apartment personal property | Implemented |

| Recommendation | Status |
|---|---|
| Properly assess service station fixture improvements as improvements | Implemented |
| Report information regarding homeowners' exemption claims to the BOE as required by section 218.5 in a timely manner and in the proper format | Implemented |
| Process homeowners' exemptions in a timely manner | Implemented |
| Legibly date-stamp welfare exemption claims when received | Implemented |
| Thoroughly review each welfare exemption claim and supporting documents before granting the exemption | Implemented |
| Apply the welfare exemption to qualified business personal property | Implemented |
| Task the assessment standards section with the responsibilities of standards and quality control | Implemented |
| Develop a comprehensive policies and procedures manual | Implemented |
| Submit BOE-prescribed form checklists | Implemented |
| Implement a system to control access to appraisal records | Implemented |
| Grant disaster relief to property owners only when they submit timely applications pursuant to section 170 | Implemented |
| Revise the Notice of Proposed Escape Assessment to include all of the information required by section 531.8(b) | Implemented |
| Cite the proper Revenue and Taxation Code section when making roll corrections | Implemented |
| Eliminate the backlog of assessable new construction | Implemented, a new construction team was created to address backlog - significant work will continue in this area |
| Develop formal procedures for processing, valuing, and enrolling assessable new construction | Implemented |
| Improve communications with agencies that issue building permits | Implemented |
| Eliminate internal building permit tracking numbers | n/a - DBI process |
| Appraise all construction in progress on the lien date | Implemented |
| Improve documentation pertaining to new construction | Implemented |
| Enroll all supplemental assessments | Implemented |
| Use the BOE-prescribed Notice of Supplemental Assessment as required by section 75.31(g) | Implemented |
| Assess timeshares at the lesser of their factored base year values or the current market values | Implemented |
| Develop written procedures for the valuation of major | Implemented |

| Recommendation | Status |
|--|---------------|
| income-producing properties | |
| Reassess timeshare projects when the cumulative interest and value transferred meets the requirements of section 65.1 | Implemented |
| Improve the program for the discovery of taxable possessory interest | Implemented |
| Use market rents when valuing possessory interest in yacht harbors | Implemented |
| Cease the assessment of possessory interest on property owned by the California School of Mechanical Arts | Implemented |
| Require that all recorded documents conveying title to real property contain the assessor's parcel number pursuant to section 11911.1 | Implemented |
| Cite the notation required by section 533 when enrolling escape assessments | Implemented |
| Maintain a transfer list that meets the requirements of section 408.1 | Implemented |
| Use the date of death as the date of transfer as required by section 63.1 (c)(1) | Implemented |
| Distinguish between the transfer of principal residences and the transfer of property other than principal residences for parent/child and grandparent/grandchild transfers. | Implemented |
| Submit quarterly reports of base year value transfers to the BOE, as required by section 69.5(b)(7) | Implemented |
| Utilize the BOE-prescribed Change in Ownership Statement | Implemented |
| Ensure that all LEOP changes in control receive timely reappraisal | Implemented |

Appendix B

Thirty-Four Recommendations and Sub-Recommendations from the 2013 California State Board of Equalization, *San Francisco City and County Assessment Practices Survey*

RECOMMENDATION 1: Ensure appraisers meet the annual training requirements of section 671.

RECOMMENDATION 2: Improve the assessment appeals program by making consistent representations of sales data to the AAB.

RECOMMENDATION 3: Improve the administration of the church and religious exemptions by: (1) not requiring the claimant to provide a state or federal tax exemption letter in order to qualify for the church exemption, (2) ensuring that only qualifying properties are granted the church exemption, and (3) allowing the church exemption on leased property only if the exempt use occurs on lien date.

RECOMMENDATION 4: Improve the administration of the welfare exemption by: (1) pre-printing the maximum income allowed on low-income housing claim forms, (2) not accepting incomplete and/or improper claim forms filed by claimants, (3) verifying a claimant's continued eligibility for certificates issued by the BOE, (4) properly notifying claimants when a portion of the property is denied the welfare exemption, (5) not granting an exemption on property that is not held in the name of the claimant, and (6) not accepting claim forms filed before the lien date.

RECOMMENDATION 5: Improve the administration of the disabled veterans' exemption by: (1) applying the provisions of section 276 for disabled veterans' exemption claims that are not filed timely, (2) granting the disabled veterans' exemption on a prorated basis in accordance with sections 276.1 and 276.2, (3) granting the full exemption to the extent of the interest owned pursuant to section 205.5(d), and (4) requiring documentation that the claimant has been honorably discharged.

RECOMMENDATION 6: Improve the administration of the exemptions program by (1) properly applying the late-filing provisions of sections 270 and 271 when applicable, and (2) maintaining complete files on all exemption claims.

RECOMMENDATION 7: Improve the LEOP program by timely reassessing all properties owned by a legal entity undergoing a change in control or ownership.

RECOMMENDATION 8: Improve the new construction program by: (1) eliminating the backlog of assessable new construction, (2) expanding appraisal record documentation, (3) enrolling construction in progress at its fair market value for each lien date, and (4) valuing completed new construction at its fair market value.

RECOMMENDATION 9: Develop a comprehensive appraisal program for review of properties that experience a decline in value.

RECOMMENDATION 10: Improve the taxable possessory interest program by: (1) discovering and enrolling all taxable possessory interests, (2) documenting and tracking all taxable possessory interest assessments, (3) periodically reviewing all taxable possessory interests with stated terms of possession for declines in value, (4) reappraising taxable possessory interests in compliance with section 61, (5) assessing only private uses on publicly-owned real property in accordance with Rule 20, and (6) properly issuing supplemental assessments.

RECOMMENDATION 11: Improve the leasehold improvement program by: (1) properly valuing structural improvements reported on the BPS, and (2) issuing supplemental assessments for structural leasehold improvements on the unsecured roll.

RECOMMENDATION 12: Modify the audit production report to better track the pool of largest audit accounts as defined by Rule 192.

RECOMMENDATION 13: Improve the business equipment valuation program by correctly classifying machinery and equipment reported on the BPS.

RECOMMENDATION 14: Annually assess vessels at current market value.

ENDNOTES

¹ Superior Court of California, County of San Francisco, 2006-2007 San Francisco Civil Grand Jury, *Continuity Report: Have City Agencies Done What They Said They Would Do After the Civil Grand Jury of 2005-2006 Issued Its Reports*, p. 10.

² City and County of San Francisco, Office of the Controller – City Services Auditor, *Office of the Assessor-Recorder: The Department Continues to Improve its Operations*, August 26, 2009, unnumbered page.

³ *Ibid.*, p. 11.

⁴ *Ibid.*, p. 12.

⁵ *Ibid.*, p.18.

⁶ *Ibid.*, p. 29.

⁷ *Ibid.*, p. 29.

⁸ *Ibid.*, p. C-1.

⁹ *Ibid.*, p. 8.

¹⁰ *Ibid.*, footnote 7, p. 8.

¹¹ Other types of non-assessable new construction include seismic upgrades, solar panels, and disability access improvements.

¹² Adapted from a table supplied by the BOE. The Jury added the average assessment ratio from the counties' most current BOE reports.

Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion, or Charter Amendment)
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning "Supervisor [] inquires"
- 5. City Attorney request.
- 6. Call File No. [] from Committee.
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File No. []
- 9. Reactivate File No. []
- 10. Question(s) submitted for Mayoral Appearance before the BOS on []

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative Form.

Sponsor(s):

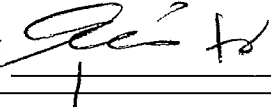
Clerk of the Board

Subject:

Hearing - Civil Grand Jury Report - Office of the Assessor-Recorder: Despite Progress, Still the Lowest Rated in the State

The text is listed below or attached:

Hearing on the recently published 2014-2015 Civil Grand Jury report entitled, "Office of the Assessor-Recorder: Despite Progress, Still the Lowest Rated in the State."

Signature of Sponsoring Supervisor: 

For Clerk's Use Only:

