“The Great Recession” is how Santa Clara County Assessor Larry Stone described the current economic crisis when it arrived more than a year ago. In California and throughout the nation, revenue from sales and income taxes has fallen dramatically. In May, the Legislative Analyst’s Office of California projected that revenue from taxes would decline by more than $12 billion over the prior year, while state expenses would continue to climb. Even property taxes, which because of California’s famed Proposition 13 typically increase by at least two percent, have not been immune to the dramatic downturn in the residential and commercial real estate market. With an assessed value of all real and business personal property totaling $303 billion, Silicon Valley, the fourth-largest assessment jurisdiction in California, experienced meager growth, less than two-tenths of one percent, this year, the lowest since 1978. Other counties representing the top ten largest assessment jurisdictions in California, including the nation’s largest, Los Angeles, saw real dollar declines in assessment growth and property taxes. In Riverside County, for example, assessed values declined slightly more than 10 percent.

What does this mean for assessors? The San Diego County Assessor’s Office announced in June that it was closing two offices. In Santa Clara County, staffing in the assessor’s office is at 1994 levels, even though the property assessment roll tripled from 1994 to 2009. San Bernardino County incurred staff cuts of 25 percent. Nevertheless, workloads are increasing as assessors struggle with reducing assessments to reflect the dramatic decline in real estate values. It is estimated that assessed values of more than 1.5 million properties in California have been reduced. Contrary to previous real estate downturns, residential changes in ownership have increased due to a record number of foreclosures, while short sales and assessment appeals have skyrocketed.

The question is, do the declining market and reduced staff automatically mean diminished customer service and reduced accuracy of property valuations? The answer is, no. In 2003, the Los Angeles County Office of the Assessor was recognized by IAAO for outstanding public service. Santa Clara County has continued to serve as a role model for exceptional customer service despite budget cuts and staff reductions. In fact, the assessor discovered that a department-wide focus on customer service has saved time and money, freeing staff to focus on more complex property tax issues. But it was not always that way.

**A Change in Approach**

For good reason, most assessors concentrate their efforts, almost exclusively, on the accuracy of the assessment roll. Getting it right has been the bedrock foundation of every successful as-
the professional staff was extremely competent, very professional, and the principal products produced in the office, audits and appraisals, were unsurpassed in quality when compared to any assessor’s office in the State of California.

He was right. For years the California State Board of Equalization, the body responsible for oversight of all county assessors, acknowledged the department’s professionalism and exceptional performance in its comprehensive audits of the office.

In his next breath, however, the assessor implored the staff to become the best-managed, most customer-friendly department in county government. He stated:

This is not about me. There is no short-term political gain to rock the boat. Without question, it would be far easier to do nothing and let this great office gradually deteriorate. I cannot and I will not do that.

The old ways no longer work. Ask your neighbor[s] whether they are pleased with governmental services. The public is up in arms and in many parts of the country the public’s answer is to get rid of government entirely. In Florida, the City of Miami is filing for bankruptcy. I suspect poor fiscal mismanagement has led to an erosion of public confidence in the city’s ability to deliver quality public services.

In Santa Clara County, we are blessed with a relatively strong economy. Yet, every year since the late 1980s, the county has faced millions of dollars in cuts as the demand for quality service increased.

At some point the two will collide. Demand for and cost of services will exceed and then overwhelm revenue. The public will then sit in judgment as they demand that public officials account for every penny spent and every hour accrued. We must prepare for this new dynamic by altering the way we do business. Our entire approach must change.

And change it has.

During the past few years, the Santa Clara County Assessor’s Office has been undergoing a steady, gradual transformation in providing services to the public. Accomplishing the objective means more than just hiring public relations staff or glitzing up the Web site. Rather, it is about creating a department-wide attitude and culture that demand exceptional public service, allow for mistakes, and provide the professional staff with the necessary tools to excel.

Of course, it takes more than a few inspirational statements. To achieve the high level of performance and customer service provided today, the office had to make a number of critical infrastructural changes.

Early on, Stone recognized the importance of securing staff buy-in. During one meeting, he told a story about a reporter who visited NASA one evening during the height of the space race. The reporter, on his tour around the facility, observed a janitor performing his duties. He went up to the gentleman, introduced himself, and asked what he did at NASA. The janitor in his work clothes and holding the tools of the trade responded, “I am putting a man on the moon.” He had a sense of belonging to a team. His was a mission greater than anything a single person could achieve.

Stone asked his staff rhetorically, “How would most line staff in an assessor’s office answer that question?” He said he hoped staff members would rethink what they do and offered a possible answer, as follows:

We deliver an assessment roll, timely and accurately. Our assessment roll is the foundation for funding the infrastructure that makes our county function. We don’t teach future generations; we make possible the foundation that funds our public schools. We don’t put out fires; we make possible the foundation that funds our fire departments. We don’t build flood channels; we make possible the foundation that funds public services. That foundation, our assessment roll, makes possible the public services citizens depend on and have come to expect and enjoy. The annual assessment roll is certainly not as glamorous as putting a man on the moon, but the revenue the roll generates is extremely important to local agencies, public schools, and the services taxpayers expect local government to deliver. We need that same sense of mission as the janitor at NASA. It takes all of us to create that type of environment. Not just a few.

Of course, it takes more than a few inspirational statements. To achieve the high level of performance and customer service provided today, the office had to make a number of critical infrastructural changes.

Technological Capacity

In 1995, in the heart of Silicon Valley, the technological capacity of the assessor’s office had been virtually stagnant for decades. While AOL, Microsoft, and Netscape were located just down the road, antiquated technology and an outdated working environment in the assessor’s office had become a barrier to improving performance. There were no PCs or voice mail. The 250 employees relied on an overhead intercom and loudspeaker system to announce calls. Staff waited in line to use dummy computer terminals and then waited in another line to retrieve a printed document. There were no electronic word processing or spreadsheet applications, e-mail, or Internet.

Most documents were processed by paper, from payroll and supply orders, to deeds and permits. A large percentage of staff was dedicated to managing the tremendous volume of paper. Appraisers and auditors submitted memos to clerical staff confirming an assessment. The clerical staff then manually keyed the data into the outdated mainframe computer. Maps were drawn with pen and ink on linen. Map copies were made using the old blue-line ammonia-mapping machine, a major health hazard. There
were no timely or sophisticated ways to measure or report workloads or assessment data critical for senior managers and essential for local jurisdictions for planning and budgeting.

In 1995, Santa Clara County had 16,000 unworked assessments, which translated into tens of millions of dollars of deferred revenue for public schools, the state, and local governments. By 1999, significant changes had been made, including the complete renovation of all three floors of the office. The physical improvements were paid for by a state loan program that the California Assessors’ Association helped to create. In exchange for eliminating a backlog of unworked assessments, the legislature agreed to provide funds to enable assessors to become more productive.

The changes included a first-class work environment for every employee with modern workstations; a new phone system with direct line access; voice mail; a PC equipped with the latest software, e-mail, Internet, and laser printers; an upgraded HP mini-mainframe; a dedicated computer training room; and ergonomically built furniture. The enhanced technology platform and modern work environment led to increased productivity and improved customer service.

The assessor’s office was transformed from a paper-intensive office to an image- and digital-based office. More than 20 million documents were digitally scanned, eliminating the need to manually match documents and establishing a more efficient and productive workflow system. The benefits were immediate and overwhelming. Prior to the imaging project, it took an average of 65 working days to process a deed. Today the staff performs the same function in eight working days. The time between the recordation of the deed and the completion and enrollment of the assessment declined dramatically, resulting in fewer inquiries from taxpayers about the status of their property taxes.

An ancillary, but important, benefit resulting from the document-imaging process was an increase in valuable floor space available for more productive purposes.

**Online Interaction**

In Silicon Valley, where most taxpayers are “plugged in,” the assessor’s office pushed to increase online interactions between the office and taxpayers. Starting with a bare-bones Web site in 1999, the office progressed from no presence on the Internet to more than four million “hits” on its Web site last year, making it the third most accessed site in Santa Clara County government. The Web site (www.sccassessor.org), now in its fourth generation, offers a wide variety of online forms and publications, in addition to being a powerful tool that enables property owners to look up their assessed values, maps, and other information on a 24/7 basis. Increasingly, the Web site is the first place customers are directed to, saving both staff and taxpayer time. In fact, the department’s public service counter has experienced a double-digit percentage decrease in phone and counter calls, directly a cost-saving benefit directly attributed to the Web site’s popularity.

An important component of California’s property tax system is the assessment of business personal property (machinery and equipment). Businesses self-report the cost of their equipment annually and are subject to audit every four years. In Silicon Valley, it is not surprising that the assessor has experienced an increase in the complexity and quantity of audits. The number of filings nearly doubled in a dozen years. Despite this increase in workload, there has not been a commensurate increase in auditors.

Building upon the new technology platform, more than 20 percent of all business filings, approximately 12,000, are received via the online filing system. This e-filing system is an example of the assessor’s new approach to technology and change. Rather than developing the system in-house or searching for a solution from the private sector, the assessor purchased an e-filing system from the Orange County Assessor Department. Acquiring an in-house software solution from another county had never been done before. The system was up and running in four months, at a fraction of the budgeted cost.

Since then, Orange County has enhanced the model, and 40 other counties
have acquired a similar version of the e-filing system. By focusing on its core business, the assessor has been able to not only free up staff resources to work on additional projects, but also provide taxpayers with a faster, more convenient system for filing business property statements.

**Notification of Assessed Value**

Another example of exceptional customer service is the assessor’s approach to notifying taxpayers of their assessed values prior to the close of the assessment roll. In California, the assessor delivers the assessment roll for extension into tax bills, which are then mailed by the Tax Collector, based upon a January 1 lien (valuation) date. The Tax Collector mails the unsecured tax bills no later than August 1, and the secured tax bills by November 1. In 49 of California’s 58 counties, the secured tax bill is the first notification to the taxpayer of the property’s assessed value. As a result, there is limited opportunity to have the value changed before December 10, the payment deadline for the first installment.

Only ten counties, including Santa Clara provide advanced notification to all property owners. This year, the Santa Clara County Assessor’s Office notified more than 470,000 taxpayers in advance of receipt of their tax bill, allowing property owners the opportunity to review their taxable value before it was formally enrolled on July 1. Advance notification increases the accuracy of the assessment roll—an important component of the department’s mission. Correcting an assessment or managing a formal assessment appeal is more expensive and time-consuming than correcting it prior to the mailing of the property tax bill. All interested parties, property owners, and public agencies that rely on predictable property tax revenue are better served.

Perhaps the best example of the positive impact of the new approach to customer service is the response to the economic crisis and the dramatic decline in real estate values.

State law requires assessors to reduce the assessed value when the market value drops below the Proposition 13 value (typically the acquisition price increases by no more than two percent per year). During the major market downturn in the 1990s, deep staff reductions limited assessors’ ability to proactively reduce assessments in response to the declining real estate market. As a result, hundreds of thousands of property owners filed formal assessment appeals, overwhelming county assessors. Because Santa Clara County’s advance notification system allows proactive adjustments of a property’s assessed value prior to the tax bill, Santa Clara County experienced one of the lowest rates of assessment appeals. This year, the assessor proactively reduced the assessed value of 90,000 residential properties, providing an average reduction of $170,000 per property, for a total reduction of $17.4 billion.

**Dialogue with Other Agencies**

For cities, schools, and other agencies that rely upon revenue from property...
taxes, the deep reductions in property tax revenue have been painful. Rather than being a source of acrimony, the Santa Clara County Assessor’s Office has gained the trust of local jurisdictions in the accuracy of the assessment roll. That trust was built from years of dialogue with finance directors, school superintendents, city managers, mayors, and council members. Ten years ago, for example, the assessor’s office began publishing a well-received annual report, which provides statistics in an easy-to-understand format. The report, available online at www.sccassessor.org, is not a slick marketing publication, but rather a useful informational resource.

The assessor also meets quarterly with key county finance officials to apprise them of the status of the assessment roll. With the exponential growth of systems, assessment data can be “sliced and diced” by redevelopment agency area, city, and school district. In short, Assessor Stone considers public agencies as customers. In turn, they rely upon the assessor’s office for fair, timely, and equitable assessments, even during painful economic times when property values decline.

As a result, Assessor Stone has become a speaker in demand. He addresses more than 60 civic and business groups annually. These speeches, combined with simple informative brochures and e-mails about the department’s major functions and activities, have helped taxpayers better understand the assessor’s responsibilities and challenges. His comments have been of particular interest during the current downturn when taxpayers are especially concerned about how the market affects the value of their most valuable asset, their home.

**Dealing with Taxpayer Concerns**

While proactively reducing assessed values has become the norm in California, and elsewhere, there are limits to an assessor’s ability to manage tens of thousands of declines in value. Invariably, the computer-assisted mass appraisal programs are not perfect. Moreover, many taxpayers do not understand Proposition 13. As a result, in a steeply declining market, taxpayers want relief from property taxes and are not shy about demanding lower assessed values.

During a prior major downturn in the 1990s, the assessor set up several conference rooms, lined with appraisers and phones, to handle the dramatic increase in phone and counter calls. For weeks, the professional staff was redirected. Rather than enrolling new values due to changes in ownership and new construction, appraisers were assigned solely to public service. Many calls did not result in a reduction, but in a lengthy explanation of how the property tax system in California is applied.

In 2009, the department’s response to the worst financial crisis since the Great Depression was dramatically different. Gone are the phone banks, long waits on hold, and the need to personally visit the assessor’s office, a long drive for some taxpayers. In its place is a customer service mindset that connects users to the Web site. The annual notification card to taxpayers, media releases, and even phone system messages direct callers to the Web site. The Web site offers a straightforward PowerPoint presentation that explains how to request a reduction and, more importantly, the circumstances that must be present to warrant an adjustment. During the first six months of 2009, more than 60,000 taxpayers visited the Web site. A simple online form allows taxpayers to request a reduction. In less than five minutes, a taxpayer can submit a request from the comfort of his or her home, business, or local library. What is truly remarkable is that nearly 30 percent of the property owners visiting the Web site are doing so after hours and on weekends.

The real benefit of the new online form is on the back end. The form is electronically transferred, with minimal staff coordination, to the appropriate appraiser. Moreover, an automatic letter confirming the request is mailed to each taxpayer. More than 34,000 taxpayers have requested a reduction for the 2009–2010 assessment roll.

At the same time that demands on public service increased, the number of employees dedicated to public service actually declined. Until a few years ago, the department consisted of customer service counters on each of three floors. Service to taxpayers was silo-based, with each floor administering different assessment functions. Taxpayers were often directed from floor to floor to handle a single problem. The following comment from a taxpayer was not uncommon.

*Staff member Matt Moore demonstrates how to provide top-notch customer service.*

*Staff was professional, but I was constantly sent from one [floor] department...*
to another and eventually back to where I started.

In concert with significant security upgrades, the Assessor consolidated all public service to a single area offering a one-stop approach. Modern technology shattered antiquated department silos. Public service staff, representing all areas of appraisal expertise, now work on terminals that mirror personal desktops, thereby allowing them to assist with counter calls and continue to complete regular work assessments without having to return to their permanent workstation.

Several years ago, the assessor developed customer satisfaction surveys consisting of eight questions, each tailored to the unique services of a different division. Customers were asked to rate division services in the categories of courtesy, professionalism, helpfulness, promptness, clarity of information, and overall service. In 2008, 479 customers responded to various divisional customer satisfaction questionnaires. Overall, the assessor’s office received a customer service grade of 92 percent.

Most telling were the taxpayers’ comments. While not all the comments were positive or even constructive, most were enlightening. The following are a few samples:

• “Great phone and over-the-counter service! I love the Assessor’s Office!”
• “Your Web site is the most underutilized item by the real estate community. Your Realtor section is awesome, and I tell all of my clients that they should use it.”
• “Consider me the Assessor’s Office’s number one fan.”
• “This is the best experience I have ever had calling a government office. Keep up the great work.”

Crisis Tests Mettle
A single unexpected crisis best exemplifies how the department’s approach to customer service has changed. Just weeks before the close of the 2008 roll, the Assessor discovered that approximately 80,000 assessed-value-notification cards out of almost 500,000 produced by an outside vendor and mailed to taxpayers contained serious errors.

This episode could have quickly evolved beyond a routine mistake to a public and political disaster that would have set the organization back far more than just a week. However, nimble use of the phone system, a close working relationship across divisions, and the trust of the media averted a potential disaster.

It may not be going to the moon and it is certainly not rocket science, but customer service has made a giant leap forward for a government institution.

On the Monday morning following the weekend postal delivery of the notification cards, the public service center started to receive hundreds of distressed calls from property owners. A deluge of calls following the mailing of the notice cards is typical, but the staff collectively recognized the need to track these distressed calls separately from regular office calls. Within hours, the information services division created a quick modification to the electronic call-tracking system so these specific calls could be identified.

By the end of the day, the problem was narrowed to 12 ZIP codes, a critical piece of information that enabled the office to avoid resending over 465,000 notifications, which would have only exacerbated taxpayer confusion. In addition, as many staff members as needed could easily be added to answer the phones. At one point the entire Real Property Division plus the Public Service Unit and Ownership Identification Unit, almost 100 employees in all, assisted with the calls. With a flick of a switch, the office was able to redirect the increased call volume to employees’ desks. A phone bank response was unnecessary.

If the office had not had the ability to adjust on the fly, the problem would have been seriously compounded. While the office managed more than 1,700 incoming calls, a close working relationship with the media resulted in a major newspaper story the following day, which helped to educate the public, allay concerns, and substantially reduce the number of complaints. Consistent with the focus on maintaining transparency, it was decided from the onset to keep the media informed through constant communication. In less than five days, three separate media releases were issued. Concurrently, major changes were made to the Web site in order to alert the public.

In addition, the Administration Division worked closely with the vendor to identify the error and quickly arrive at a solution. At no cost to the county, the vendor resent 80,000 notification cards less than six days after the problem was discovered, an astounding turnaround.

The Santa Clara County Assessor’s Office serves as a model for how to manage a crisis resulting from a vendor mistake. In all, four divisions worked seamlessly to address a serious problem. Breaking down the walls between divisions has been occurring on an accelerated basis for several years, and the results are impressive.

It may not be going to the moon and it is certainly not rocket science, but customer service has made a giant leap forward for a government institution.

California assessors are in the early stages of applying advanced technology and automation, implementing performance-based budgeting and management, and offering modern customer service practices. As these tools and management practices become fully integrated, the opportunities for continuous improvements are truly boundless. Going forward, the best is yet to come.

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