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Economy & Efficiency Commission Presentation

Editorial Note: Although every effort has been made to insure the accuracy of the material in this presentation, the scope of the material covered and the discussions undertaken lends itself to the possibility of minor transcription misinterpretations.

**PRESENTATIONS BY
Mr. Santos Kreimann
Assessor's Office
Los Angeles County**

July 11, 2013

Chairman Barcelona greeted Mr. Santos Kreimann and welcomed him while turning it over for Mr. Kreimann to speak to the Economy and Efficiency Commission.

“ISSUES FACING THE LOS ANGELES ASSESSOR’S OFFICE

Immediate Challenges

Mr. Kreimann stated that the Assessor’s Office has had some pretty high profile issues and when he was asked to take on the job running the Assessor’s Office, he did not have any background in the field of assessing properties. He stated that he has performed appraisals in his capacity as the Director of Beaches and Harbor to make business recommendations to the Board of Supervisors on real estate transactions

Mr. Kreimann stated that the Assessor’s Office has had some challenges and the immediate challenge was the stabilization of the department because of the controversy surrounding the department was the most distracting. He stated that the department had moral issues, communication problems, and organizational structure problems. He stated that the department needed to reform their operations so that constituents could begin to feel more confident with the tax system. He stated that there were some significant personnel changes that he had to manage through including: staff that were let go, people that went on administrative leave, and individuals who changed assignments.

Mr. Kreimann stated that there were 6 initiatives for the first 100 days that he pitched to the staff. He stated that one of the first things he asked for when he came to the department was to see a Strategic Plan and the department staff stated that they did not have one. He stated that he asked what the department’s short term and long term goals were and the staff responded that they didn’t know. He stated that the first thing he did when finding out there was no strategic plan was took the department through a strategic plan process and very quickly within the 100 days, a strategic plan was put in place, and short term goals and long term goals were also listed.

Mr. Kreimann stated that the department was focused in on their main mission which was the assessment

roll. He stated that the department is very good at doing the assessment roll every year and are very efficient at it. He stated that they are technically the best in the nation but they had some challenges when it came to managing personnel and taking care of other things. He stated that the department has been doing things the same way since 1970's and they have a very high paper-based system.

Mr. Kreimann stated that the people that were previously in charge of forecasting are all retired and there was a huge knowledge drain that left and no one came behind them to be trained on how to handle it. Mr. Kreimann stated that in preparation for the 2013 forecast, all forecasting methodologies were analyzed to ensure the accuracy and availability of data and the efficiency of the quality assurance process. He stated that the adjustments and enhancements were made and additional data was integrated into the forecast process. He also stated that the Assessor's forecast analysis team worked with the Los Angeles County's Internal Services Department (ISD) to develop modernized forecast analytical tools using IBM Software.

Forecasting Model Changes

Mr. Kreimann stated that the forecasting model needed work because the Board of Supervisors was unhappy with the forecast going from 2% to 4% and back down to 1% so the department made significant changes to how the forecast was done. He stated that the forecasting model has been raised from a staff level to a team level and every Executive signs off on the assumptions. He stated that the department does surveys between the divisions and the districts. He also stated that the department collaborates with the CEO and the department also has external and internal experts that look at the assumptions of the system. He stated that the department is also working with the Internal Services Department to help bring in a system that will help promote better reporting. He stated that this year when the forecast was put together there was a low, medium, and high scenario. He also stated that the worst case scenario was based on the assumptions based on about a 4% increase in the assessment roll with the high end at about 4.9%, the middle was about 4.5%, and currently with the roll closing it will be at 4.66% or 4.7% so the department did a very good job at the forecasting for this year's roll.

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Mr. Kreimann stated that the forecast change component categories are now aligned with the office of the Assessor's annual report change categories. He stated that this realignment reflects the actual value allocations published in the annual report as opposed to the estimated and methodology-driven value allocations traditionally published in the forecast. He stated that this allows for improved tracking of forecast estimates going forward and providing greater transparency for the public.

Back to Basics

Mr. Kreimann stated that he realized very early on when it came to the organization that from a technical perspective the department is the best but what the department lacks is management experience, professional development, customer service skills, and team collaboration. He stated that the department has reviewed the internal policies to make sure that the system cannot be manipulated by a single individual. He stated that the department has been inundated with a lot of management audits, IT audit, fiscal audits, unsecured property systems audits, and secured property system audits. He stated that all the audits were initiated by the Auditor & Controller and the Board of Supervisors. He also stated that the department has implemented the large majority of the recommendations from those audits. He stated that all of the Audits are posted online if anyone is interested in looking at them.

Mr. Kreimann stated that the Assessor's Office motto is to value people and property by creating an accurate and timely assessment roll while delivering exceptional and professional public service with integrity.

Questions/Comments:

Commissioner Wolowicz commented that the impact of the shortfalls and the problems of the forecast were incredible to watch because the ripple effect was enormous throughout-impacting county spending and projects being put on hold due to lack of funding. He asked what kind of effort is going out to the public because many of the projects have stopped and that has created a tremendous impact. Mr. Kreimann replied that it has had a lot of impact not only on the County but local jurisdiction and school districts as well. He stated that initially he told his communications team that they are focusing internally and cannot focus externally yet because the department has to fix themselves first. He stated that the department made an effort to make sure that they kept all policies in place change the personnel to try and help the department's credibility with members of the public. He stated that this has been the department's main focus. He also stated that recently he has been doing more presentations to different groups i.e. real estate agencies, county departments, tax consultants, and chambers of commerce about where the Assessor is headed and what they have accomplished.

Commissioners Hinsche-Otto asked Mr. Kreimann if he had found everything that needed fixing or cleaning up. Mr. Kreimann replied that the problems that the department was having was isolated to a few individuals. He stated that the department is generally run very well and he removed the individuals that were holding the department back. He stated that some of the problems the department was having was related to the Assessment Appeals Board. He also stated that he selected six individuals to top management positions that he thought was at the level that meets the department values.

Chairman Barcelona expressed his appreciation to Mr. Kreimann and invited him to come back to speak to the EEC in the near future and the Commissioners applauded.

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