NCACC TASK FORCE REPORT

For the

RUTHERFORD COUNTY
BOARD OF COMMISSIONERS

Julius Owens, Chairman
William "Bill" Eckler, Vice-Chairman
Eddie Holland, Greg Lovelace, and Roger "Bo" Richard, Members

Carl Classen, County Manager

Submitted: February 15, 2013

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INTRODUCTION

At the request of the Rutherford County Board of Commissioners and county manager, Carl Classen, Lisa Nolen, Outreach Coordinator with the North Carolina Association of County Commissioners, convened a task force of the following members:

- Stan C. Duncan, Henderson County Assessor & Tax Collector
- Steve Pelfrey, Property Valuation Specialist with the NC Department of Revenue, Local Government Division, Property Tax Section
- John Petoskey, Union County Assessor & Tax Collector
- David Reid, Transylvania County Tax Administrator
- David Ward, Wayne County Tax Administrator

Together, the task force members reflect a total of 170+ years associated with the property tax program in North Carolina (for complete details, refer to the individual resume summaries in the addendum).

On 6 December 2012, Lisa Nolen and members of the task force met with Chairman Owens, Commissioner Richard, and county manager Carl Classen to receive the charge from the county for the report. From that discussion, the following concerns were identified:

I. Customer Service
II. Tax Department Organization; Personnel and Physical Layout
III. Status of Current Technology
IV. General Overview of Tax Department Functions

The task force met with various staff members for two days (Thursday and Friday, December 6th and 7th), followed by a meeting on Monday, December 9, with Rhonda Owens (Director, Information Technology department), and a telephone conference call on Tuesday, December 10, with Paula Roach (Finance Director). A subsequent meeting in late January 2013 between chairman Owens, county manager Classen, and task force member Stan Duncan was instrumental in refining the range, but not the content, of the findings set forth herein.

This report is prepared mindful of the desire on the part of the county to have a document in its possession as quickly as possible. However, the nature of this assignment obligated the task force to look beyond conventional practices and other general, time-tested recommendations. For that reason, we have focused our attention on the four concerns (preceding page) voiced by the county, and the most obvious observations witnessed during our brief visit. It is in the latter instance that the task force is compelled to identify and discuss issues—some of which may be unsettling—beyond the original scope of the review.

Bearing in mind our limited time spent on-site, we respectfully submit our findings in the hope they will be beneficial to all parties involved: the governing body; Tax Department staff; other related and associated county departments; the municipalities within the county dependent upon the functions of the Tax Department; and last but certainly not least, the general public who avail themselves, whether in a professional or personal instance, of the data collected and maintained, and the services rendered by the Tax Department.

FIRST, THE GOOD NEWS

It is not often a task force report can lead with this statement: the Rutherford County Tax Department is in overall good shape. Processes and systems are working. While they could benefit from some technical refinements, some of which will be addressed within this report, the processes and systems are not broken; consequently, there is no need for radical change(s). In our collective view, in consideration of all the concerns expressed to us at the beginning of the visit, we are pleased to state that the county Tax Department is in better condition than might have otherwise been expected, especially in recognition of the relatively long period without a department head.

By most accounts, and although originally scheduled for 2011, the 2012 general reappraisal was successful. Generally speaking, counties that have deferred their scheduled reappraisals have not fared as well as Rutherford County. The number of appeals resulting from the reappraisal was lower than what is typically expected, and there appeared to be acceptance of the results by the general public, some of which could be attributed to conservative estimates of value. This is not to suggest that the results are without need for additional review; the best practice to adopt upon completion of the most recent reappraisal is to undertake a penetrating or critical investigation of those results for consideration in planning for the next reappraisal.

A high level of staff morale and desire to perform at the highest level was evidenced across all sections of the Tax Department. While differences were expressed, the staff takes pride in their work and many of their suggestions uniformly focused on pursuing improvements and providing the best service possible. They welcomed our visits and were eager to participate towards a greater good. They were not consumed by the difficulty of current or likely future obstacles, and did not offer excuses in our questioning. Instead, they were emphatically optimistic in their determination to make the best of whatever changes might—or might not—come their way.

The Land Records section of the Tax Department stood out as a particular highlight of our visit. The section is in good order, well-staffed, enjoys a good relationship with real estate professionals and the general public, and appears to have excellent leadership. The inclusion of the mapping

function in the Tax Department, and by similar measure, the inclusion of property addressing as a part of land records, should be maintained within the overall organizational structure.

SUMMARY OF SALIENT POINTS AND RECOMMENDATIONS

The most important action currently required of the governing body is to immediately begin the process to recruit and hire an individual to serve in the position of central authority over the combined functions of assessment and tax collections within the Rutherford County Tax Department.

Under the leadership and guidance of the individual appointed to the position of central authority, the following recommendations should be pursued, and can be achieved:

1. The individual so appointed should, with the full support of the manager and board of commissioners, undertake to develop an inclusive program of customer service—what we believe should be considered as a *culture* of customer service. This is no easy task; customer service is not an isolated department. To be successful, it is necessary to create a culture within the department whereby all staff adopt an attitude of service.

2. In order to achieve the culture of customer service within the department, it will be necessary for the position of central authority to conduct a thorough review of the current organization plan and the positions within the Tax Department, with an emphasis on customer service, and improved efficiencies that can be realized through cross-training.

3. The Task Force recommends the county confront, with a critical eye, the physical space occupied by the department, and subsequently consult with an architect to either (1) renovate the current work space with the goal of improving the customer service experience for the general public, or (2) seek another location with available parking for housing the Tax Department. Either option would likewise benefit the employees in the performance of their duties and services that ultimately serve county administration and public alike.

4. The county should undertake a thorough review of available property tax software, bearing in mind the interrelationship and dependency of other county functions and responsibilities (in particular the Finance Department), and budget for its subsequent implementation in the near future.

I. TAX DEPARTMENT ORGANIZATION

A. Personnel

1. Establish a position of central authority as head of the Tax Department.

The most important action currently required of the governing body is to immediately begin the process to recruit and hire an individual to serve as the position of central authority over the combined functions of assessment and tax collections within the Rutherford County Tax Department.

The Tax Department, along with the Finance Department, is not only vital to the budget process for the county manager and governing board, but also a critical component in the ability of the county administration (via the budget) to meet the level of service expected by county citizens. Inherent with most prolonged vacancies at the department head level is the gap which develops in the chain of command between the governing board, the county manager, and department staff. Over time, the gap can even contribute to a similar, spreading separation among other county departments. Perhaps the most detrimental outcome stems from the likelihood that the general public will eventually perceive this situation as a growing disconnect between the citizenry, and the county departgovernment as a whole. Ultimately, both the governing board and the public are better served when all county departments have an individual at the helm assuming the leadership and responsibility for the functions of the department.

Conversations with office staff confirmed the symptoms we would expect to find in a situation where a leadership vacuum exists. To varying degrees, staff and others expressed the following:

- concerns regarding a lack of leadership—that no one person was in charge and responsible for administrative direction; and
- a belief that all staff, the department as a whole, and ultimately the county, would benefit from having a department head in place.

Based on observations during our visit, and in consideration of the evolving trends we see across the State, we recommend that there be one person serving as the department head for all the functions and services currently under the auspices of the Tax Department: land records (including

GIS/tax mapping and property addressing); tax listing and assessment; and tax billing and collections.

North Carolina statutes provide for an "alternative to separate office" for both the assessor and tax collector, thereby allowing for one individual to be appointed to each office separately. From the two statutory options available, the county is free to determine which approach best meets its needs from an organizational perspective:

1. Appoint one individual as county assessor per the directions set forth in G.S. 105-294(a), and separately appoint that same individual as the tax collector per G.S. 105-349(a); or
2. Appoint one individual into a county-created position of central authority, most commonly referred to as a tax administrator. The position of a tax administrator is essentially a "term of art," as it is not mentioned *per se* by statute. Consequently, if this option is chosen, the oaths of office must still be administered separately for the position of county assessor and tax collector.

Regardless of the organizational option chosen, the position of central authority must adhere to the following general parameters: by statute, the separate positions of county assessor and tax collector are positions to be appointed by the board of county commissioners. Whereas the county manager has direct authority for the hiring and firing of the vast majority of county department heads, in the instance of the Tax Department, the statutes are clear that such authority resides solely with the board of county commissioners.

While the board has the statutory responsibility to hire and fire the individual appointed to the positions of assessor and tax collector, this <u>should not</u> be taken to imply that these positions can perform outside the full scope and responsibility of the county manger. N.C.G.S. 153A-82(5) clearly directs, as part of the powers and duties of the county manager, the responsibility to "prepare and submit the annual budget and capital program to the board of commissioners." Therefore, it is imperative the manager be an integral part of the organizational link between the position and the governing board. The responsibilities of the Tax Department work in concert with the responsibilities of the county manager, especially in conjunction with the budget process (determination of the tax base), and the year-end audit process (settlement of taxes collected). As a side comment along these lines, we also note that regular and planned meetings between the

county department head (including the Tax Department) and the County Manager will help all departments function more as a cohesive governmental unit.

Among the advantages of having one individual assume the responsibilities of central authority are:

- Counties typically find an improved level of communication, and customer service is improved, through establishing a link between the separate assessment and collection functions within the department.
- Having only one individual named to each position alleviates the chance of one position working in opposition to the other (assessor vs. collector).

The task force cautions against advertising and filling the position in the conventional and customary manner. In the instance before us, the new department head must be made aware of, recognize, and accept the challenges presented elsewhere in this report to create a culture of customer service. We recommend the board and manager work with the HR Director in the recruitment process and development of the job description.

In times past, seeking someone to lead the tax department with the goal of improving reappraisal results or increasing tax collection percentages would have sufficed. It is clear to the members of the task force that those typical and enviable goals, as well as those more specifically addressed within this report, are attainable as an outcome from creating and maintaining this culture of customer service. However, there will be increased expenses associated with this endeavor.

2. Develop a Comprehensive Customer Service Program

As identified by the task force, the following is the number one recommendation to be pursued after the appointment of an individual to head the Tax Department:

Upon appointment to the position of central authority, the individual so appointed should, with the full support of the manager and board of commissioners, undertake to develop an inclusive program of customer service. This is no easy task; customer service is not a department. To be successful, it is necessary to create a culture within the department whereby all staff adopt an attitude of service.

This report places an emphasis on customer service. While the first action required of the board of commissioners is to hire a position of central authority, all other recommendations for improvement flow from that individual creating the aforementioned culture of customer service.

This culture of customer service is structured on two premises:

- The creation and staffing of a front-line, full-service, customer service counter.
- Charging all employees with the idea that every interaction with a citizen or taxpayer is an opportunity for education and builds a foundation for better community relations.

Historically, even in the private sector, customer service has been generally thought of as a department or a specialized section within a greater department. In the world of county and municipal government and its departmental organizations, it has been virtually non-existent.

However, a conceptual change is taking place, in both the private and public sector, whereby customer service forms the core of how products are delivered and how all personal interactions are designed. In the case of the tax department, the products for delivery include reappraisals and tax bills, and personal interactions include appeals and tax collection payments. It is simply not enough to produce accurate and timely valuations, to improve tax collection numbers, or to transmit to the finance department an accurate accounting of the monies collected.

While the tax department should never lose sight of the need for data accuracy in all phases of their work, it is becoming increasingly important to be able to better explain the story behind the data. No longer will the phrases, "That's the value that came out of our computer program", or

"That's what our schedules produced", or "That's what the law says", suffice. Staff needs to be able to explain *what* was taken into consideration in determining the valuation, or *why* the law is structured in the manner that compelled the county to form the decision rendered. Staff must be able to explain the underlying logic and reasoning.

In the worst case examples, most often the customer service staff are the last hired employees tasked with answering and routing incoming telephone calls, or making copies of property record cards or maps for visitors to the office. This is not the customer service we are recommending, nor do we believe it is remotely close to what the commissioners and county manager should be interested in developing.

What we are recommending is a fundamental change in how citizen interactions are handled with the local tax department. We envision a row of customer service workstations that will form the first visual impression to those visiting the tax department. Employees staffing the customer service workstations will be trained to handle the vast majority of requests and reasons for visiting the tax department: everything from printing maps and property record cards, copies of duplicates of reappraisal notices, taking tax payments, and answering general questions about various correspondences sent from the department (assessment and/or collections). For these reasons, these employees will interact with the general public the most, and will need the benefit of educational opportunities and experiences that encompass the full range of programs and services in the tax department, including but not limited to the following:

- Fundamentals of Tax Listing and Assessing (School of Government)
- Fundamentals of Tax Collections (School of Government)
- Personal Property School (NC DOR)
- Fundamentals of Real Property Appraisal (IAAO)
- At least 40 hours with a real property appraiser and a delinquent tax collector, and at least 20 hours with a business-personal appraiser and a land records mapper.

Please be mindful that the front-line customer service staff members are not intended or expected to be specialists in every aspect of the tax department—an individual might be a specialist in one or two areas, but it is not necessary that each be the ultimate expert in all areas. For the most part, creating a front-line customer service counter, staffed as described herein, frees the remaining staff to meet the greater obligations of assessment and tax collections. More importantly, it allows for

citizens to have immediate access to a knowledgeable individual and get answers to their questions, or have filings and payments processed, without wasting time being hustled from one office to another. Of course, there will be occasions when an issue cannot be resolved by the customer service staff at the customer service counter, times when it will be necessary to refer the citizen to someone else on staff better able and equipped to address the issues. **It is at this level that the remaining staff must buy into the idea of a culture of customer service.**

Unfortunately, we observed several instances where some assessment and collections staff exhibited a lack of attention to the citizens. The month of December (the time of our on-site visit), is often a busy time for the tax department, especially in tax collections. Perhaps the behavior can be partially attributed to the existing vacancy at the department head level. Nonetheless, going forward, future encounters, between the tax department staff and citizens or taxpayers, must yield to the culture of customer service.

We do not wish to imply creating this culture of customer service will result in the taxpayer necessarily getting their way or the answer they desire. The statutes must be adhered to, and not only the law, but also common sense, demands that equity be maintained. However, even when following the law precludes granting what the citizen or taxpayer desires, there remains an opportunity for education and explanation, and it is in this opportunity that the culture of customer service is capable of rendering the greatest benefit. In many instances, success will be attained when the taxpayer says, "Well, I still don't like it, but I understand it better than I did."

Citizens, taxpayers, and property owners alike can discern when a free and open exchange or discussion is happening. They can tell when officials are being defensive and/or hiding information. It doesn't matter if the scene is being played out in a restaurant, a retail store, or a county tax department. No one appreciates being treated without respect. Creating a culture of customer service is intended to make sure mutual respect is restored at every opportunity.

We do not make specific recommendations regarding organization charts or physical layout. We leave those details to the governing body and the department head once in place. To the degree necessary, our thoughts along those lines are included elsewhere in this report.

3. Conduct a Thorough Organizational Review

In order to achieve the culture of customer service within the department, it will be necessary for the position of central authority to conduct a thorough review of the current organization plan and the positions within the Tax Department, with an emphasis on customer service, and improved efficiencies that can be realized through cross-training.

Proper Structure and Utilization of Assistant Assessor(s) and Deputy Tax Collector(s)

Currently, the Tax Department has been functioning under the guise of "co-administrators", a term repeated by several staff as well as the two individuals saddled with that title. To the credit of Rheba Ward (Tax Collections Manager) and Claire Hubbard (Real Estate Division Manager), and their respective staff, they have performed their duties well and are to be credited with the overall good-standing in which we find the department, much of which can be attributed to their continuing focus on their primary job responsibilities, rather than on their personal gain.

Nonetheless, we find the current organizational structure unwieldy at best, and worse, without any support under North Carolina law. Were it not for the personal integrity with which the co-administrators undertook their tasks, the county might have found itself facing several fiscal obstacles. We have already addressed the issue of recruiting and filling a position of central authority, an action which would eliminate any need for co-administrators, and we cannot emphasize enough the need for the county to move forward in that direction.

However, North Carolina law provides for the administrative positions of assistant assessors [G.S. 105-297), and deputy tax collectors (G.S. 105-349(f)], as follows:

> The board of county commissioners may, <u>upon the recommendation of the assessor</u>, appoint one or more assistant assessors. The board may delegate to assistant assessors appointed under this section responsibility for the appraisal of real property, the listing and appraisal of business property, or such other duties as the board deems advisable. Pursuant to Article VI, Sec. 9. of the North Carolina Constitution, the office of assistant assessor is hereby declared to be an office that may be held concurrently with any other appointive office. [G.S. 105-297; emphasis added]

Deputy Tax Collectors. – The governing body of a county or municipality is authorized to appoint one or more deputy tax collectors and to establish their terms of office, compensation, and bonding requirements. A deputy tax collector shall have authority to perform, under the direction of the tax collector, any act that the tax collector may perform unless the governing body appointing the deputy specifically limits the scope of the deputy's authority. [G.S. 105-349(f)]

Delegation of the responsibilities permitted by each of the above statutes typically falls among the general departmental functions, including but not limited to the following:

- Individual Personal Property Listing and Appraisal
- Business Personal Property Listing and Appraisal
- Real Property Listing and Appraisal
- Tax Relief Assessment (all tax exclusion/exemption programs, including the Elderly/Disabled, Disabled Veterans, Present-Use Value, and all other tax deferment programs)
- Land Records/GIS Mapping
- Delinquent Tax Collections

One caveat to the naming of individuals to positions of assistant assessor or deputy tax collector is that such appointments should be created based on job function and the ability of the individual to meet the demands of the position and never as a reward for years served.

In the expectation the county will proceed with the concept of creating a culture of customer service, we see the need for someone to have as their principal duty and responsibility the supervisory role over such a program, and would certainly advocate that position be accorded the designation as an assistant assessor in order to give emphasis to the program. We also believe there are candidates for this role already on staff.

4. Other Tax Department organizational details

Upon appointment to the position of central authority, the individual so appointed should undertake a comprehensive review of the current organization plan and the positions within the Tax Department, with an emphasis on customer service and efficiencies that can be realized through cross-training.

Recognizing that the position of central authority should be separately appointed to the positions of county assessor and tax collector, and recognizing the concept of creating a culture of customer service, and acknowledging the broad allowance permitted by the statutes to distribute the various functions of either office to more than one individual, we recommend that the review of the current Tax Department organization chart, and associated position titles, be a point of emphasis for the next assessor/tax collector.

Currently the employee roster reveals:

- no assistant assessor positions *per se* (however, the Real Estate Division Manager has been assigned the duties normally associated with an assistant assessor);
- three (3) deputy tax collector positions (one I, one II, and a Senior Deputy Tax Collector, but devoid of any indication of the governing body having limited the scope of authority of the deputy positions, as contemplated in the statute;
- many of the position titles belie the actual job responsibilities assigned and expected of the employee (examples; Real Estate Division Manager, Personal Property Manager, Tax Collections Manager);
- six (6) employees with "Temp" or "Temporary" in the position title, with the worst example being defined only as "Temporary Employee;"
    - the TEMP DATA ENTRY OPERATOR; hired 12 January 2006
    - five (5) others identified as "Temporary employee" with hire dates ranging from 5 March 2007 to 30 April 2012. At some point, at least some of these five positions need to be reconsidered as permanent, full-time employees.
    - all employees with a reference to being a temp or temporary employee need to have a function attached to their job title.

- the individuals currently referenced as co-administrators, Claire Hubbard and Rheba Ward, have essentially been serving as assistant assessor and deputy tax collector, respectively.

There is a tendency among counties to craft the titles of Tax Department personnel without first consulting the statutes. Regardless of how the position of central authority is structured, the avenue for distribution of function and responsibility is available via the titles of assistant assessor(s) and deputy tax collector(s).

We note that the position of Real Property Appraiser is one of the few with clarity and specificity to a necessary function within the Tax Department.

Creating the culture of customer service will require changes to the job titles and job descriptions of many of the current, front-line staff. Creating the positions of Customer Service Representative requires the creation of a new job title and description. Cross-training of some of the existing staff to meet this increased set of duties and responsibilities will necessitate changes in the pay scale within the department. A comprehensive review of the entire department's organization chart should follow.

We offer one caveat: we envision creating the culture of customer service to be so encompassing, so broad, and so extensive that conventional job descriptions, conventional chains of command, and conventional pay relationships are judged to be inadequate. There is a premium to be associated with the ability of the front-line, customer service staff to render the greatest possible benefit to the citizens and taxpayers frequenting the department. The expectation is for any customer service representative to be equally adept at accurately processing a tax collection payment, answering a tax listing question, printing a property record card or map, or answering and explaining the statutory fundamentals that underlie the local property tax program.

It is a formidable endeavor; however, it will yield tremendous benefits to citizens and department alike.

B. Physical Layout

The Task Force recommends that the county consult with an architect to renovate the current work space with the goal of improving the customer service experience, both for the general public when visiting the Tax Department, and for the employees in performing the customer service(s) that benefit the general public and county administration alike.

Our overall impression is that the general layout of the work areas is best stated as dysfunctional and adverse to providing good customer service. The current arrangement of work stations hinders the ability of staff to work with one another in the performance of their individual and collective responsibilities, and in some instances poses an obvious security risk. Accessibility for those with disabilities is also a potential issue, as we observed no automatic door opener on the premises; a comprehensive evaluation for other such considerations would be appropriate during renovation planning.

Upon entering the Tax Department offices from the West 3rd Street entrance on the north side of the building, visitors are confronted with three doorway options: one to the left leading east to the main courthouse; one directly in front leading to the real property section; and one to the right leading to two separate customer service counters—one for tax listing and one for tax collections. This entry layout is particularly confusing to first-time visitors.

Even visitors familiar with the office layout are likely to wonder why certain staff continue to work at their workstations instead of assisting the public. Ultimately, of course, all staff should be able to assist the public, but the staff member designated as the primary public contact for the land records/assessing area of the office is situated so far from the entrance to this section that there is no intuitive reason for a visitor to realize that she is, indeed, the receptionist. Instead, visitors often simply gravitate toward the nearest person. The current arrangement not only interrupts this individual's work, but also prevents the actual receptionist from greeting visitors effectively, and, worst of all, presents yet another, unnecessary, step for the visitor to take in order to get the information desired.

The combined collections/listing foyer is poorly heated and cooled, undersized, often congested (especially during overlapping tax payment/tax listing times), and precludes any pretense of

privacy for taxpayers who wish to discuss confidential or sensitive issues. At least one payment window has been closed and converted to an office, thereby making it unavailable for those who wish to pay their taxes. The entire collections area of the Tax Department is overcrowded for staff, as well. The net result of these layout issues is that the collecting and listing functions—arguably the two most critical elements of the property tax revenue stream—are given the appearance of being cluttered, unprofessional, and uninviting to the taxpaying public.

Security, both for staff and for money, is an additional area of concern made aggravated by the layout of the office. In addition to the concerns raised earlier regarding the various points of entry for the public to the collections staff work area, there is no physical separation between the staff-only teller function and the work areas of the other collections staff, whose duties would likely involve substantial personal interaction with the general public. Similarly, there is no significantly separate area for counting money and preparing deposits, apart from the closed-off teller window previously mentioned. Security cameras are in place, but are few in number, and retain imagery for only three days. Video images are not indexed or backed up, and cannot be downloaded for police review in the event that an investigation becomes necessary.

It is difficult to present all observations concerning the layout of the office in a well-flowing narrative form, but suffice to say that neither the public nor the staff benefit from the current layout. The following is a list of other, more general layout observations:

- Signage directing the walk-in public is confusing and poorly located. For first-time visitors to the department, it is not clear where one should go when entering the offices to conduct their business: real property versus personal property; personal property versus tax collections; land records/mapping versus real property.
- There is no convenient waiting area for taxpayers who have appointments to meet with staff.
- Access by the public to the offices of the delinquent collections staff, for the express purpose of conducting personal and private discussions, is awkward and not conducive to providing necessary privacy.
- Foot traffic flow within the office is equally awkward for the public and staff.
- The customer service desk for real property is located off to the side of the entry, which often results in visitors making a longer than necessary walk to the land records/mapping customer service desk.

- The customer service area for land records/mapping is located too far from the public entrance to the work area.
- A large amount of the available floor space is consumed by aisles and hallways.
- There is no logical reason to combine the listing and collecting functions, either in terms of physical layout or for management purposes; in fact, these functions at times have conflicting goals, and are best separated to avoid such conflicts.
- The walk-in public is able to directly enter the real property work area, and thereby to access the collections area through the "back door" of the listing section.
- A more sophisticated phone system could improve efficiency and lower overall costs.

C. Overview of Current Staffing

As of the date of the on-site visit, there appeared to be sufficient staff to handle the workload expected from a county the size of Rutherford. It was noted that some areas, particularly the listing section, had only recently filled some vacancies which had been held open for some time. Maintaining sufficient staff levels is a vital part of providing consistent customer service, and of an overall efficient operation.

Each of the major assessing functions (listing and appraising) has an intermediate supervisor, as does the land records/mapping function. The Collections section could possibly benefit from having one or more intermediate supervisory positions, as it appears that there are currently 7-8 employees with a variety of functions (e.g., cashier, deposit processing, enforced collections) who report directly to a single collections supervisor. It may be more efficient to aggregate these functions under intermediate supervisors, who then, in turn, report to the division supervisor.

As indicated previously, the oversight of the listing function by the Collections Supervisor is awkward and impractical, both from organizational and from customer-service perspectives. Because listing decisions can affect the overall collections rate, these functions should normally be separated, at least under separate supervisors, in order to avoid the appearance that listing decisions are (or could be) affected by the desire to improve the collections rate.

Apart from the uncertainty and concern associated with the leadership void, staff morale appeared to be generally good. Each staff member was given the opportunity to speak with one or more members of the task force, and most or all availed themselves of the opportunity. Although some responses seemed prepared and similar, it was noted that the tax office had been previously subjected to review by a committee created by the Board of County Commissioners, and that review was followed by the departure of the Tax Administrator. Each individual interviewed demonstrated professional integrity and pride in their work. Furthermore, each appeared to have good working knowledge of his or her specialty, and each seemed to have a good understanding of how his or her function fit into the overall operation of the department.

Nearly all county staff members have received some level of formal education in their area of expertise. Some have received training through courses offered by the UNC School of Government, the NC Department of Revenue, or both; others have received training offered by

professional associations and software venders and still others have sought further training from local community colleges and other institutes of higher learning.

Each supervisor interviewed indicated that they had never experienced a budgetary or other issue which prevented them or their staff from obtaining adequate professional training. Even so, our review of the existing budget history indicated no provision for a program of professional development beyond the minimum threshold required by the North Carolina Department of Revenue for maintaining current certifications. There is little benefit accorded to staff or the public they serve to merely repeat courses offered in Chapel Hill or elsewhere in the State. Professional development must include an element of personal growth, and we find that lacking currently. We recommend key administrative personnel (department head, certain assistant assessors and deputy collectors, and key appraisal and collections staff), be encouraged to attend and participate in State-wide conferences and the annual International Association of Assessing Officers Conference. These venues offer networking opportunities and the chance to learn how other jurisdictions meet the growing number of challenges in today's market. The better informed the staff, the better able to grow the culture of customer service in serving the citizens of Rutherford County.

Overall, we found the current staffing levels to be sufficient for a county the size of Rutherford. For purposes of comparison, the following table indicates the relative staffing levels for Rutherford and similar-sized counties.

(Please note the data requested by the task force from the comparative counties has not been received as of the date of this submission. It will be forwarded to the county manger upon completion under separate cover, for inclusion in the addendum.)

II. Customer Service

The Customer Service Attitude

On Dec 2012, the Wall Street Journal published an article titled *The Underworked Public Employee* (attached in the addenda), denouncing the public workforce at the local and state level not working to the same level as their counterparts at the federal level, and especially lagging behind the private workforce. However untrue we may find the article to be as it relates to local government employment in North Carolina, it underscores the general public perception regarding government employees, and it underscores the need for all public sector employees to deliver superior service in the performance of their individual duties and responsibilities, no matter where or when, or under whatever difficulty may be present.

Working in the Tax Department at the county level places all employees on the front line in the effort to change the publicly-held perception of the public workforce. It is not an easy task. The word tax has become a four-letter word in the lexicon of our collective political dialogue at all levels of government.

With regard to customer service in the Tax Department (or, really, any other county department), the bottom line is that citizens deserve to feel that there is an open door in seeking and finding answers to their questions and concerns. This does not mean that they are entitled to always getting what they want, but it does mean that they should feel welcomed when visiting this office. It also means that they should depart the office, not necessarily happy with the end result, but at least with a fuller understanding of why the decision and/or explanation rendered was made. For the governing board, it is important to acknowledge that practically every decision rendered by the tax office staff has the potential to become an appeal; most certainly, this potential is not lost on the staff of the Tax Department.

It is within the above context that we offer the observations which follow.

From all indications, there is a clear distinction in the public view of the assessing and collecting sides of the Tax Department. From our initial conference with the County Manager and Commissioners, to the interviews with staff, to our observations of the ways in which staff interacted with members of the public, it became apparent that the assessing function of the Department is generally viewed as helpful and attentive, while the collections function is more

likely to be characterized as uncaring, dismissive, and even aggravating. Part of this distinction has to do with the inefficient, crowded layout, which is especially an issue on the collections side. Another significant reason for the distinction is the nature of each section's normal interaction with the public: taxpayers come to the assessing side, generally in search of information; however, almost everyone comes to the collections side to turn their money over to the county.

A more troubling factor which we observed on our visit is that, perhaps due to some of the reasons mentioned above, the staff of the collections section appears to view itself as simply a conduit for tax payments—a mechanical means for collecting money owed the county, without need for reciprocating to the taxpayers with empathy, friendliness, or, at times, simple courtesy.

We observed that, while ample staff appeared available to collect money, there was a time during our visit in which staff members were seated at the collections windows, but a sign directed the growing line of taxpayers to a single open window. This situation was most noticeable during the office lunch period, but this time is also generally more convenient for taxpayers to visit the office to make payment. We were concerned to further note that there was no attempt made to alleviate the waiting time for taxpayers. As a final example, we noted several times that there seemed to be an inordinate delay in answering ringing telephones.

There is an obvious disconnect between the collections staff and the taxpaying public, at least so far as the front-line personnel and their management are concerned. We do not believe that these are personal failings of the individuals involved, but rather an insidious effect which stems from the inherent conflict in the process of separating taxpayers from their money. In this office, however, that effect has been permitted to continue, and to grow, unchecked.

The cumulative importance of taxpayers' individual financial contributions to the county cannot be overstated. From the taxpayers' perspective, the experience of handing one's personal money over to an indifferent, non-serving county department is frustrating and aggravating, and it should be appalling to all involved. The attitude and practice of assisting taxpayers at the convenience of staff should be promptly addressed, with policies established to avoid their return.

III. Status of Current Technology

Considerations for Change

RECOMMENDATION: The county should undertake a thorough review of available property tax software, bearing in mind the interrelationship and dependency of other county functions and responsibilities (in particular the Finance Department), and budget for its subsequent implementation in the near future.

While the current computer system continues to do the job for which it was designed, and while many staff and personnel appear content with the status quo, the software is not up to the standards and functionalities currently available across the State.

Bottom line, the existing software is antiquated and limits the tax department staff in the performance of their duties and responsibilities. All too often, and one of the more unfortunate aspects of our society's collective reliance on computer technology, software dictates practices that inadvertently influence outcomes. While listing can be and should be uniform in adherence to the North Carolina Machinery Act, appraisal must not only conform to the same statutory authority, but must conform to the Uniform Standards of Professional Appraisal Practice (USPAP), specifically Standard 6 for mass appraisal, and be capable of considering any and all factors that influence market value. No longer is it sufficient to rely solely on the adopted Schedules of Values, Standards, and Rules. Counties must broaden their scope in considering the direct sales comparison and income approaches to value.

All tax departments are dependent on computer software to create and maintain their listing, appraisal, assessment, billing, and collection functions. Likewise, finance departments and county managers also depend on data produced and maintained through tax department software. Consequently, it behooves the county to undertake a serious review of the available software, bearing in mind the needs of the Tax Department, the Finance Department, the County Manager, and ultimately, the Board of Commissioners. We strongly recommend the involvement of the county IT department, but with the caveat that the final decision rest on the needs and

responsibilities of the aforementioned departments whose duties are dependent on the functionality provided by the software.

From a support perspective, the diligent efforts of the county's IT staff and a private contractor (Mike Peters, programmer and owner of Good Pickin'), have ensured the existing software continues to perform at an acceptable level. This will not continue into the future indefinitely, no matter how reluctant some county personnel might be to consider a change.

Like other software providers, the original developer and provider of the county's current software (Keystone), has kept pace with changes in the regulatory statutes and professional practices, and has newer software available. Other providers have developed software with somewhat different interfaces, functionalities, and strengths. A full list of current software providers is included in the addendum to this report.

We offer the following considerations as the county conducts its software review:

1. First and foremost, adherence to and compliance with North Carolina Statutes.
2. Modern software language and computer platform.
3. A full and complete range of programming specific to the separate components of:
    a. personal property (individual and business-personal),
    b. land records (property mapping),
    c. real property (cost, sales comparison, and income approaches to value),
    d. pursuit of omitted taxes (discovery and immaterial irregularities),
    e. tax relief programs (elderly/disabled, veterans, present-use value, etc.),
    f. tax billing,
    g. collection of annually-billed taxes, and
    h. collection of delinquent taxes from prior years.
    i. billing and collection of other local revenue sources (EMS, etc.,)
4. Accurate reporting of collections to county finance.
5. An overall record of stability, reliability, and accuracy.
6. A strong support system, both through the publisher/vendor and user groups.

Rutherford County is fortunate to have made it to this point with their current software system. As stated earlier, the success to date is in part due to the IT Department and private contractor in

providing the necessary technological support. Just as importantly, it is a credit to the tax department staff (with a specific nod to the real property appraisal staff), that results, acceptable to a minimum standard, have even been possible.

IV. General Overview of Tax Department Functions

A. Land Records

Land Records is most readily appreciated for the maps produced from the data created and maintained from the public record of recorded deeds and plats. However, from our perspective, Land Records is critically important to the proper functioning of the tax office, as it forms the inventory record for all real property parcels.

We applaud the county for having a local resolution in place that requires county taxes to be paid prior to recording a deed. However, currently the deeds go to collections to insure the taxes are paid, however collections staff does not have adequate training to read the deed, locate the property, and identify taxes have been paid. This process could be handled more efficiently if, at the very least, it is initiated in the land records section.

B. Real Property Appraisal and Assessment

The real property section appears to be sufficiently trained, experienced, and staffed to meet the needs of the county. As with the rest of the office, employees were generally enthusiastic about their work and responsive to questions. Again, the issue of leadership came up in interviews with some employees, who felt they could assume additional responsibilities, but felt constrained by the lack of permanent leadership. In this section, we will focus mainly on the reappraisal process and the implications of the recently completed 2012 reappraisal.

The critical importance of the real property component to the tax base, as created through the general reappraisal process, cannot be overstated. Real property forms the largest contribution to the overall tax base on which the county, its municipalities, and other taxing jurisdictions (fire, etc.,) rely. Adjustments to real property in the years following the reappraisal (new construction, renovations, remodeling, demolitions, land splits and deed combinations), are controlled through the Schedules of Values, Standards, and Rules adopted for the most recent (2012) general reappraisal. It is only when the assessor prepares the schedules, standards, and rules for the next scheduled reappraisal, that the lessons learned from 2012 can be developed, refined, and applied.

Please bear in mind, the reappraisal process is not easy. As an example, given a choice between appraising a 100-acre parcel of vacant land in Rutherford County versus a 50-story office tower in Charlotte, most appraisers will opt for the easier of the two—the 50-story office tower. In addition, independent fee appraisers focus primarily on properties on the market and determine a value based on recent sales of comparable property. The tax department is not so fortunate, as it must appraise all properties, regardless of marketability or comparability.

Further complicating the matter, the mass appraiser must look at value based on two dates: January 1 of the most recent reappraisal year and likewise, January 1 of the next scheduled reappraisal. A new home built and completed in 2013 will be appraised by county staff at what it would have been worth had it existed new as of 1 January 2012. Meanwhile, real estate sales occurring during calendar year 2013 will be studied for possible incorporation into the creation of the Schedules of Values, Standards, and Rules to be prepared for the next reappraisal.

The aforementioned schedules adopted by the board must provide the means of appraising every parcel in the county, from the most valuable to the least, at market value. As noted by county attorney, Elizabeth T. Miller in her Memo to the board, N.C.G.S 105-317(b)(1) requires that these schedules be "prepared and are sufficiently detailed to enable those making appraisals to adhere to them in appraising real property."

A wide range of properties comprise and characterize the parcels in Rutherford County, and the current data (sales, cost, and income) available from the market is currently less than it was five to six years ago. Nonetheless, it is because of the reduced data availability that county staff must endeavor to diligently observe the market trends and analyze each sale or lease as it becomes known to staff. Real estate sales eventually become a part of the public record when deeds are recorded. However, details of the transaction are rarely included in the public record, and it is left to the real property appraisal staff to ferret out those details and, in the process, form a conclusion as to whether or not the sale is reliable in representing the market for that particular property type in that particular location, under those particular economic circumstances, going forward to the effective date of the next reappraisal.

Lease terms (rental information) are even more challenging. They are most often private agreements between the lessor and lessee. We recommend survey letters be mailed on a regular

basis (annually, if possible), requesting the lease (rental) information. Please be reminded, any information regarding income is NOT considered public information and must be kept under lock and key.

Noting the concerns of the commissioners regarding the reappraisal and the real property component to the overall tax base, we submit the following taken from the NC DOR annual publication of Sales Assessment Ratio Studies:

Tax Year	Median Assmnt. Level	COD (Rutherford County)	
2012*	**98.66**	**42.80**	
	12 Counties reappraised for 1-1-12: average median 98.37; average COD 19.25		
	NOTE: Rutherford has the highest COD of the 12 counties reappraising for 2012		
2011	100.43	43.91	
2010	100.48	56.22	
2009	93.29	36.20	
2008	91.27	28.52	
2007*	**93.24**	**21.06**	
	21 Counties reappraised for 1-1-07: average median 98.74; average COD 16.39		
2006	93.64	29.08	
2005	82.45	23.44	
2004	88.61	27.29	
2003	87.46	32.04	
2002*	**89.62**	**34.25**	
2001	96.90	25.13	(7th year of an 8-yr. cycle)

*** denotes a general, county-wide reappraisal year of all real property**

Definitions:

MEDIAN: The median is a statistical measure of central tendency representing the point about which most activity in the market occurs, with a median closer to 100.00 without being greater than 100.00 being preferred. The median is generally thought to represent the point in the market relationship between arms-length sales prices and their corresponding assessments where the greatest activity occurs. The median is preferred over other measures of central tendency, such as the mean (average), because it is less affected by outliers such as extremely high or low sales which only occur rarely.

COD: The Coefficient of Dispersion (COD) is used to measure uniformity in a sales ratio study, with a lower COD being better. A high COD indicates a large variance between the highest ratios and the lowest ratios when compared to the median, whereas a low COD represents better uniformity in assessed values across the sales included in the study. In a reappraisal year, the COD tends to be lower than in a non-reappraisal year.

The results of the above ratio studies are worrisome, at best. Ideally, counties similar to Rutherford (taking into account the diversity of property types and the various economic forces at work in the local real estate market), should have a county-wide COD of less than 20. Even more puzzling is the fact that, while the 2012 reappraisal resulted in the reduction of the overall tax base by some $700 million (presumably due to the effect of a decrease in market prices for vacation properties, including a couple of major subdivisions), the COD remained nearly as high as it was prior to the 2012 reappraisal. The current COD, in the range of 43 when considering sales from 2011 and 2012, is unacceptable, and indicates a high degree of inequity. No stratification reports were available; consequently, source problems are hard to pin down.

We posed the question of the high COD to several of the real property appraisers. None was able to adequately explain the results. Nonetheless, sales data included in the study should be studied to determine if a particular area or neighborhood is contributing to the inequity or if the inequity is being generated almost equally from all observations in the study. In addition, monthly sales data should be studied with an emphasis on arms-length sales versus non-arms-length sales (foreclosures, short sales, etc.,); property location (subdivision development versus rural); resort properties versus starter homes; new homes versus older homes, etc. All counties are best served

to begin planning and working towards the next reappraisal immediately after the adjournment and conclusion of the hearing of appeals resulting from their most recent reappraisal (2012 in the case of Rutherford County).

As indicated previously, the 2012 reappraisal appears to have been an overall success, notwithstanding the COD issue. Although the reappraisal resulted in some individual valuation appeals, there have not been an abnormally high number of appeals, which is an indication of general initial taxpayer acceptance of the 2012 values. It is unclear whether this result was planned, or simply the product of fortune. Either way, our recommendation is generally that it is in the best interests of both the Tax Department and the county to make every effort to inform the public well in advance of the reappraisal process and its planned stages, including the appeals process.

In preparation for the next reappraisal, we strongly recommend the real property appraisal staff to develop a series of presentations for local civic and community clubs outlining the current market trends and how that information is useful in preparing for the next reappraisal. From what we could gather, there was no defined public relations plan dispersing accurate information on the 2012 reappraisal; no speaking engagements arranged at services clubs, farm bureau, or other appropriate gatherings to explain the reappraisal process or its findings. The chance of success for any reappraisal effort is as dependent on the public perception of and trust in the individuals conducting the reappraisal, as it is on the accuracy of the final valuations.

C. Personal Property Appraisal and Assessment

In general, the personal property section appears to be functioning smoothly although we understand that it has only recently been fully staffed. This section includes the listing function of the Tax Department and, as noted previously, would be better placed organizationally as a part the assessing division, rather than as a part of the collections division. In addition to listing personal property, this section also needs to be able to communicate effectively with real property staff in order to ensure that newly listed property gets categorized and appraised appropriately.

This section also assumes responsibility for handling the treatment of discovered property, which is generally property which has gone unlisted, but can also include property which has received an

exemption or other tax benefit for which it was not entitled. In short, there are multiple ongoing functions which are the responsibility of this section, and it can ill afford to be understaffed, even for the short term. This section is one for which a more thorough organizational and staffing review might disclose the need for additional staff.

D. Tax Collections

The issues previously raised concerning the collections section need not be revisited here, but it is worth noting that Rutherford County's collection rate, currently at approximately 93%, is below the state average of about 97% for all counties in the same size category. While a difference of four percentage points doesn't seem like a lot, there is not a tremendous variation in the collection rates among these counties—most really do collect around 97% of their taxes.

Like the sales ratio information provides a guide as to the performance of the real property assessment function, the collection rate represents one measure of the effectiveness of the collections function. The figure corresponds to the percentage of taxes which were billed and collected; therefore, these figures indicate that Rutherford County only collects about 93 cents of every dollar billed, while other counties of similar size collect about 97 cents of every dollar billed, on average. The impact on the county tax rate is that, of the county's 53.25-cent tax rate, about 3.62 cents could be eliminated if all taxes billed were collected, and over half of that figure could be eliminated if Rutherford County's collection rate met the state average.

The explanation offered by the collections supervisor was that a couple of large, relatively expensive subdivisions had failed since their assessment at 2007 market values, and that there was little hope of collecting from the owners of these failed subdivision lots. While no report was available to corroborate this claim, it is plausible that the inability to collect on a substantial number of previously-valuable parcels could have a measurable impact on the collection rate. As recently as 2007 and 2008, the county collection rate was very close to the state average, and only began to fall in 2009, which seems to provide some evidence that this is a recent phenomenon for the county. Even so, there have been other counties affected by similar mid-reappraisal-cycle changes in the real estate market, yet the state collections average has remained more or less constant, so there may still be some unexplained factor involved here.

Like most counties, collection on motor vehicle bills is more difficult than for real property bills, and that difficulty typically lowers the overall collection rate. It is expected that the new North Carolina Tag and Tax Together program, slated to take effect in July of 2013, will significantly improve motor vehicle tax collections for all counties. In addition, it was noted that Rutherford County has a well-trained delinquent collections staff, and has initiated active foreclosure and other collections efforts since the collection rate began to drop three to four years ago. Finally, the 2012 reappraisal addressed at least some of the valuations which might have created collectability issue. With these factors in mind, therefore, it is our recommendation that the collection rate be monitored closely for 2012 and 2013, with the expectation that some increase would be noted over the previous years.

V. Final Commentary Directed to the Board of Commissioners

We would be remiss were we to conclude this report without addressing the lingering effects that have likely done more harm to the long-term improvement of the local property tax program in Rutherford County than the cumulative total of all the points raised herein thus far.

We speak of the history by the board in creating ad hoc citizen committees, specifically charged on matters directly affecting the tax department, since the mid-1980's. This practice is disruptive, unprofessional, and should be immediately discontinued. It has encouraged what can only be described as active micro-management by the citizens committee, the results of which have ultimately been more damaging than beneficial to the property owners in Rutherford County.

The first such instance of which we are aware began with the general reappraisal scheduled for 1984. Prior to the adoption of the Schedule of Values, Standards, and Rules, the board created an ad hoc committee to review and make recommendations regarding the schedules as presented. The committee proposed a significant reduction to the rates for land valuation rates and the square foot rates for replacement cost new, both of which were adopted by the board. As a result, there were very few appeals from the owners of real property. However, the owners of some of the largest business-personal property accounts (appraised at market value annually by county staff), and the public service companies (whose values are certified at market value by the NC Department of Revenue), challenged the county on the grounds of equity. In order to avert a legal challenge that the county had little hope in defending, the only recourse available to the county was to conduct another general reappraisal. Bringing the real property valuations to market value (and at a par with personal property and the certified valuations of public service companies), was certainly the right thing to do, but it brought about more appeals to the North Carolina Property Tax Commission than all other reappraisals before or afterwards.

More recently, in early 2011 the board created an Ad Hoc Committee for Review of Policies & Procedures Relating to Real Property Tax Appraisal and Assessment in Rutherford County. We are struck by two points from the report of this committee:

- Sections 3-5 of the document directed the tax administrator, the county manager, and the county attorney to "cooperate with the committee in all subjects of inquiry relating to appraisal and assessment of real property in the County." Such a charge gives the

impression that the committee's charge somehow superseded the statutory duties granted by the North Carolina General Assembly to each individual office, and further intrudes into the administrative relationship existing statutorily between those offices and the governing body.

- The authorizing Resolution provided for an insufficient period of time for a comprehensive review as contemplated by the committee's title, or as specified in Section 1(b); to make "a written report to the Board of Commissioners with its findings and recommendations, giving specific attention to matters relating to uniformity of assessment, uniformity of appraisal standards, methodology of appraisal, and determination of true value"; a truly auspicious Adopted on the 7th of February, the committee was directed to meet no later than the 14th (Section 3), and submit a final report no later than the 24th for the board's regular meeting on 7 March 2011 (Section 7).

Overall, the exercise taken in the creation of any such committee is unnecessary. There is no statutory authority for the governing board to abbreviate or reassign elsewhere the duties and responsibilities conferred by statute upon the office of the assessor or tax collector.

The North Carolina general statutes address the specific duties and responsibilities of the governing body, the assessor/collector, manager, and attorney. In addition, the statutes provide for an orderly redress of any grievances held by any taxpayer in the county. In fact, it is this latter provision that is one of the hallmarks of the local property tax program. While the county, through the actions and decisions of the assessor, has the authority and responsibility to render decisions on the listing, appraisal, and assessment of property, ultimately it is the taxpayer that has the power to bring forward their concerns in the form of an appeal. And it is in the form of appeals, that concerns and issues affecting the appellant taxpayer can be adjudicated within our State-wide judicial system in keeping with the specific laws enacted by the General Assembly and the broader North Carolina Constitution.

There already exists an avenue within the statutes addressing the powers and duties of the Board of Equalization & Review. The overwhelming majority of the board of equalization and review's work is focused on the hearing of timely-filed appeals regarding the listing and appraisal of individual property. However, though rarely acted on, N.C.G.S. 105-322(g)(1) provides for the board to "review the tax lists of the county of the county for the current year to the end that all

taxable property shall be listed on the abstracts and tax records of the county and appraised according to the standard required by G.S. 105-283, and the board shall correct the abstracts and tax records to conform to the provisions of this Subchapter." This provision is a hold-over from practices decades ago whereby list-takers held sway on the taxes "turned in" by property owners in their respective communities, and the Board of Equalization and Review was tasked with equalizing those disparate listings and valuations.

We will not go into detail regarding each of the recommendations from the ad hoc committee. However, after reading responses from several county employees to questions posed by the committee, we find the written response from county attorney Elizabeth T. Miller to be the most objective and most readily supportable.

In her 28 April 2011, Memorandum to the Board of County Commissioners, regarding the Tax Committee Final Report dated 28 March 2011, Ms. Miller stated:

> "While the County can certainly consider adopting policies and procedures for use by the Tax Department, the County must be careful to stay within the guidelines imposed by the Machinery Act. Local governments cannot stray from the uniform statewide guidelines imposed by the North Carolina General Assembly without the possibility of violating the North Carolina Constitution."

Her observation is in line with the general observation that as a Dillon's Rule state (not a Home Rule state), the powers of local government (counties and municipalities) derives from the preeminence of the State, and the NC Constitution's "Uniform Clause". Regarding the property tax, this has been more clearly stated by the North Carolina appellate courts in the case of *Amp*: "The North Carolina General Assembly, and no one else, determines how property in this State should be valued for purposes of ad valorem taxation." *In re Amp, Inc.*, 287 N.C. 547, 215 S.E.2d 752 (1975)

Adhering to the statutory construction, especially regarding the appellate avenues for redress of any issues or concerns, is the best course of action for any county.

ADDENDA

Note: Not all supplemental information was available at the time this report was completed. In the interest of providing Rutherford County with the salient points of the report without undue delay, we have opted to submit this document without some of the attachments listed below. We will make every effort to supply the omitted information, marked below as "pending," as quickly as it becomes available.

1. Resume's of the Task Force Members
    a. Stan C. Duncan; Henderson County Assessor & Tax Collector
    b. Stephen Pelfrey; NCDOR Property Tax Valuation Specialist
    c. John Petoskey; Union County Tax Administrator
    d. David Reid; Transylvania County Tax Administrator (pending)
    e. David Ward; Wayne County Tax Administrator
2. Wall Street Journal Opinion published Wednesday, 5 December 2012; *The Underworked Public Employee*.
3. List of software providers in North Carolina (pending)
4. David Baker (NCDOR) letter to Ed Wooters (NCACC)
5. Relative staffing: Rutherford compared to counties of similar size (pending)

Stan C. Duncan

Permanent Address: 551 Tracy Grove Rd.
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Education: 1969 - East Henderson High School

1971 - Randolph Technical Inst., Associate of Applied Science (Photography)

1976 - Appalachian State University, Bachelor of Technology - (Admin., Sup., & Higher Ed)

Employment & Experience: August 4, 2003 to Present - Henderson County Assessor
January 2009 to Present - Henderson County Tax Collector (joint appointment)

November 1982 to August 1, 2003 - Valuation Specialist II with the NC Department of Revenue, Property Tax Division. All phases property tax administration (Mapping & Land Records Management, Real & Personal Property, Public Service Companies, and Tax Collections & Enforcement). Delegate to SEATA (Southeastern Association of Tax Administrators) Conference, Property Tax Section Chair, 2001 & 2002. Coordinated Task Force efforts with NC Association of County Commissioners (editing/co-authoring 11 reports from 1986-2003). Led comprehensive, internal development of two administrative manuals (Present-Use Value and Board of Equalization & Review). Regular speaker at conferences, seminars and workshops on all phases of property tax administration.

1972 to November 1982 (cumulative total, 7 years) - Associated Surveys Company. All phases mass appraisal in nine NC counties and two Tennessee counties; property mapping in two NC counties; and conversion from manual to CAMA systems in two NC counties.

Professional Involvement: Currently, past-President of the NC Association of Assessing Officers, and Treasurer of the NC Tax Collectors Association. Represents the NCAAO on NC Use-Value Advisory Board (UVAB) 2004-present. Co-Chair, Legislative Comm., 2006-13. Chair, Combined PUV & Exemptions Comm., 2004-09.

Past President of the WNC Tax Association

NC Association of County Commissioners: 2004-06, Chair, Steering Committee on NCPTS software project. Named Henderson County Representative to the Steering Committee 2004-present.

Community Involvement: **Carolina Village Board of Directors**, 2011-present (a local retirement & health care community). **Habitat for Humanity Advisory Board,** 2009-present. **Kiwanis** Club & Scholarship Comm., 2008-present. **Community Foundation of Henderson County, Inc.,** 2002-2008. Board Secretary 2005, Scholarship Comm., Chair 2002-04, and Governance Comm., Chair 2005-07. Past member of Finance, and current member of the Communications and Scholarship Committees, 2004-06; **Mill Center Board of Directors**, 2004-06. **Hendersonville High School Alumni Association,** 1998-2006, founding member and officer (Sec., VP, & President).

Personal: Wife - Teresa, married 5 October 1980; two sons, Adam born 4 July 1982, and Ian born 6 April 1989.

Stephen W. Pelfrey
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Education

George Mason University School of Law, Arlington, Virginia (1991-1994):

- Juris Doctor degree
- Managing Editor, *The Docket* Student Newspaper

Mary Washington College, Fredericksburg, Virginia (1986-1991):

- Bachelor of Science degree in Business Administration
- Student Senate Representative

Professional Certifications and Training:

- certifiable as a North Carolina County Assessor
- completed education requirements for North Carolina Tax Collector certification
- certified North Carolina County Real Property Appraiser
- certified North Carolina County Personal Property Appraiser

Professional

Property Valuation Specialist, North Carolina Department of Revenue (2010-present):

- Provide advice and guidance to all 100 NC counties regarding the interpretation and implementation of property tax laws
- Extensive interaction with taxpayers and other property owners to assist in resolving property tax disputes
- Draft advisory memos stating agency position on new and/or complex property tax issues
- Completed major revision to most recent edition of Board of Equalization & Review handbook, and continue to draft annual updates
- Primary author of "Tax Administration in North Carolina," a week-long assessor certification course currently in development by NCDOR
- Instructor for NCDOR-sponsored seminars in Present-Use Value and Exemptions & Exclusions
- Working closely with Land Records Management Section (NC Secretary of State) to develop "Best Practices" procedures and manual for county mappers and land records specialists
- Regular speaker/lecturer for NC Property Mappers Association and NC Agricultural Fair Association
- Respond on behalf of Division and Director to letters written by taxpayers to NC officials (e.g., Governor, Attorney General, General Assembly members, etc)
- Respond to complex questions regarding application of unusual points of property tax law (e.g., brownfields, solar-powered equipment, unusual Present-Use Value and exemption/exclusion situations)

Warren County Tax Appraiser (2007-2010):

- Coordinated and reviewed work of contractor for successful completion of 2009 revaluation
- Developed data tables and explanatory text for 2009 Schedule of Values
- Streamlined informal appeals process to help reduce total appeal volume by more than 90%
- Organized and conducted meetings of the Board of Equalization and Review, including county's first paperless sessions
- Provided orientation and training for new employees
- Supervised and directed activities of data entry staff
- As county's only certified personal property appraiser, provided appraisal guidance to staff in listing and valuing taxable personal property
- Served as contact for local media and citizen groups for information relating to revaluation and general property tax procedures
- Analyzed appraisal data using GIS and software-based statistical tools
- Developed procedures for improving efficiency in use of appraisal and collections software
- Responsible for maintenance of computer hardware and software for appraisal and collections

Proprietor, Pelfrey Law Offices (1994-2007):

- Organized and managed high-volume, multi-office law practice, with initial emphasis on real property transactions, and later transition to District Court-oriented practice
- Organized and directed the activities of multiple paralegals, contract staff, and other high-performing support personnel in successfully completing annual transactions totaling more than $100 million
- Court-appointed Civil Arbitrator
- Conducted Home Ownership workshops in conjunction with Franklin-Vance-Warren Opportunity, Inc
- Represented the Town of Norlina (Warren County) in the administration of Community Development Block Grant

Activities

- Trained volunteer Scoutmaster, Troop 672, Warrenton, NC, Boy Scouts of America (2002-2008)
- Volunteer, Sylvan Heights Waterfowl Park and Eco-Center, Scotland Neck, NC (2006-2008)
- Chair, Board of Trustees, Wesley Memorial United Methodist Church, Warrenton, NC (2007-2010)

John C. Petoskey

Professional Experience

Tax Administrator, Union County, North Carolina 2003- present
Responsible for the over-all administration of every aspect of property tax mapping, real property assessment, personal property auditing, and ad valorem tax and other revenue collection in Union County, North Carolina.

Tax Administrator and Director of Land Records Management,
Mecklenburg County, North Carolina 1988 – 2003
Directed a complex, multi-divisional department in the largest county in the State of North Carolina.

Real Estate Assessor, City of Suffolk, Suffolk, Va. (1986-1988)
Lead assessment administration staff in conducting valuation procedures and implemented an in-house automated Tax Management System.

City Assessor, City of Grand Haven, Mi. (1976-1986)
Supervised appraisal staff and assessment administration operations and launched a Tax Increment Financing District for a marina/water front expansion.

EDUCATION

Certified County Assessor	State of North Carolina
Bachelor of Science Urban Planning	Michigan State University
Level III Certified Assessor	State of Michigan.

PROFESSIONAL ACTIVITIES

2012	Vice President, North Carolina Tax Collectors Association
2010	Assessor of the Year, North Carolina Association of Assessing Officers
2002-03	President, North Carolina Association of Assessing Officers
1995-96	President, Large Metropolitan Jurisdiction Council
1991-93	Executive Board Member, International Association of Assessing Officers
1986	President Michigan Assessor's Association

David Ward

224 E. Walnut Street
Goldsboro, NC 27530
919-731-1461

EMPLOYMENT

- **Wayne County Tax Administrator**, 2003 – present
  Responsible for administration of all aspects of real property assessment, business and personal property listing, property tax mapping. Also responsible for ad valorem tax and other revenue collections.

- **Wayne County Tax Assessor**, 1989 – 2003
  Oversee appraisal and assessment of all real property in the county in accordance with the provisions of law to achieve accurate and fair assessments.

- **Wayne County Mapper/Mapping Supervisor**, 1974 – 1989
  Maintain ownership and mapping information for all real property records.

EDUCATION

- Certified County Assessor, North Carolina Department of Revenue

PROFESSIONAL ACTIVITIES & RECOGNITIONS

- Assessor of the Year, North Carolina Association of Assessing Officers (2007)
- President, North Carolina Association of Assessing Officers (2003 – 2004)
- President, Coastal Plains Association (1992 – 1993)
- Chair, Steering Committee for NCPTS software project (2006 – 2007)
- Wayne County representative to NCPTS Steering Committee (2004-present)
- Served various committees for North Carolina Association of Assessing Officers
- Served various committees for North Carolina Tax Collectors Association
- Member of International Association of Assessing Officers
- Member of the North Carolina Mappers' Association

Biggs and Richwine: The Underworked Public Employee

The cliché is true: Government workers do tend to take it easier than their private counterparts.

ANDREW G. BIGGS
AND JASON RICHWINE

With state and local governments struggling to balance budgets in a still sluggish economy, government employment has fallen by 562,000 jobs since September 2008, a decline of 2.6%. In response, the Obama administration has called for more federal aid—on top of the $250 billion doled out in the 2009 Recovery Act—to help keep state and local government payrolls near prerecession levels.

But supporters of more federal aid implicitly assume that the size of the public sector was optimal before the recession. On the contrary, overstaffing is a serious problem in government, and the best evidence is a simple empirical fact: Government employees don't work as much as private employees. If public-sector employees just worked as many hours as their private counterparts, governments at all levels could save more than $100 billion in annual labor costs.

How do we know that? Are we just dredging up well-worn stereotypes of government employees enjoying shorter work days, prolonged sick leave and extended vacation breaks? In fact, new evidence from a comprehensive and objective data set confirms that the "underworked" government employee is more than a stereotype.

In the past, researchers have measured work time with what are called "contract hours," meaning the time that employers require their employees to work. But many people routinely take work home with them, or skip lunch breaks, or pass up vacation days, or go to the office on weekends. Others may regularly come to the office late and duck out early. Little of this variation is captured by contract hours.

Alternatively, researchers have used surveys that ask individuals how many hours they usually work each week. But answers are susceptible to exaggeration and subjectivity regarding what each respondent defines as "work."

To address these problems, we turned to the American Time Use Survey, which the Bureau of Labor Statistics administers to a large and representative sample of American households each

year. Interviewers construct a comprehensive "time diary" for each respondent that describes activities that occurred during the entire 24-hour day before the interview. Survey administrators then place each respondent's raw answers into a detailed set of activity categories, one of which is work for a primary job.

The time-use survey's data on work time are far more comprehensive and objective than any other available data source. The survey doesn't undercount working at home versus working at an office, or working evenings rather than working regular business hours. If, for example, an individual was working at 2 a.m. on the weekend, the American Time Use Survey will account for it.

The data allow us to analyze both the number of hours individuals work during a typical workweek and the total number of hours they work during the year. Thus, we can capture differences in both weekly work hours and the amount of time off that employees enjoy throughout the year.

What we found was that during a typical workweek, private-sector employees work about 41.4 hours. Federal workers, by contrast, put in 38.7 hours, and state and local government employees work 38.1 hours. In a calendar year, private-sector employees work the equivalent of 3.8 more 40-hour workweeks than federal employees and 4.7 more weeks than state and local government workers. Put another way, private employees spend around an extra month working each year compared with public employees. If the public sector worked that additional month, governments could theoretically save around $130 billion in annual labor costs without reducing services.

We've excluded teachers from the full-year comparison because of their naturally shorter work year. But could public-private differences in work time be due to other occupational differences between the sectors? Large differences in work hours actually persist even when comparing workers with similar jobs and similar skills in each sector.

Based on the most detailed and objective data set available, the private sector really does work more than the public sector. This fact may hold different lessons for different people, but our own take is simple: Before we ask private-sector employees to work more to support government, government itself should work as much as the private sector.

Mr. Biggs is a resident scholar at the American Enterprise Institute. Mr. Richwine is a senior policy analyst at the Heritage Foundation.

North Carolina Department of Revenue

Michael F. Easley
Governor

E. Norris Tolson
Secretary

May 31, 2006

Mr. Ed Wooters
Director of Members Services
N.C. Association of County Commissioners
P.O. Box 1488
Raleigh, NC 27602-1488

Dear Ed,

This letter is in response to the request by your office for the Property Tax Division to complete a task force study of the Moore County Tax Department.

The Property Tax Division has always been willing to provide aid to the county tax offices of North Carolina. Our office is willing to participate and perform a task force study of the Moore County Tax Office and provide a report of our findings. However, our office has made some changes in the way we will procedure with future task force studies. These task force studies play an integral role in improving the local administration of the property tax system.

In the future when request are made of our office for a task force study by the N.C. Association of County Commissioners, our office will deliver a task force report as we have in the past. As an additional requirement, our office will also revisit the county one year from the date of the report. This follow-up report will outline and discuss all actions taken by the county that have occurred within the last year specifically relating to the items outlined in the task force study. Counties requesting task force reports in the future must agree to this new procedure before a team is assembled and a report started.

Our concern, after completing these studies, is that the counties are not implementing the recommendations and suggestions, for whatever reason, outlined by these studies. As a result of this, we feel that it is necessary to implement a follow-up report one year from the date of the report. Our office feels that this is necessary to insure that these task force studies are serving to improve the administration of the local property tax system.

We look forward to working with you on this and other task force studies. Please feel free to contact me should you have any questions at (919) 733-7711.

Sincerely,

PROPERTY TAX DIVISION
David B. Baker, Director

Michael D. Brown
Real Property Valuation Specialist II

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