

REVAL COMPANIES
What are they really thinking?

An open discussion about their perspective regarding bid specs, contracts and work

JOHN VALENTE, ASA (413) 387-3428
serene.storm@hotmail.com

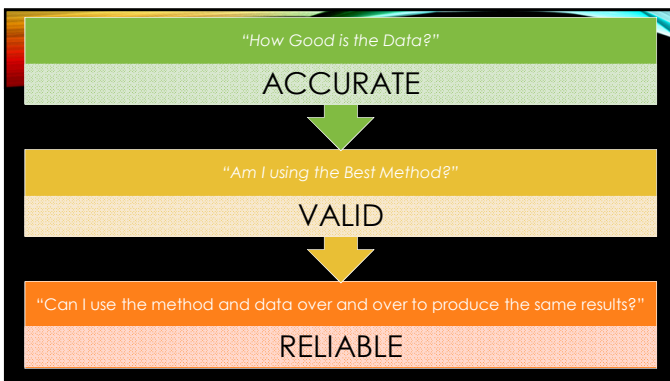
NRAAO Conference
May 22, 2017

REVALUATION FRUSTRATION

"How Brave Are You?"



SUPPORTABLE OPINION OF VALUE ?

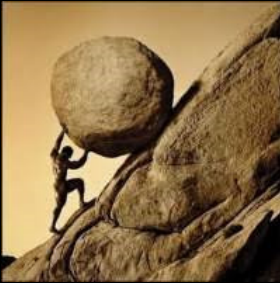


REVALUATION ELATION



IT JUST SOLD FOR WHAT WE HAVE ON IT!

REVALUATION ITERATION



WHAT IS OUR QUEST?




- DEMYSTIFY
- QUESTION
- EMPOWER
- COMMUNICATE

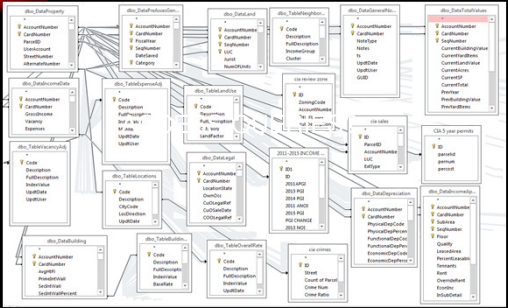
WHAT IS REVAL?

- Predicting large scale behavior with smaller sample data
- Similar to Survey Research

**THE QUEST FOR
REASONABLE PROBABILITY**



WHAT IS REVAL?



WHAT IS REVAL?



WHAT IS REVAL?



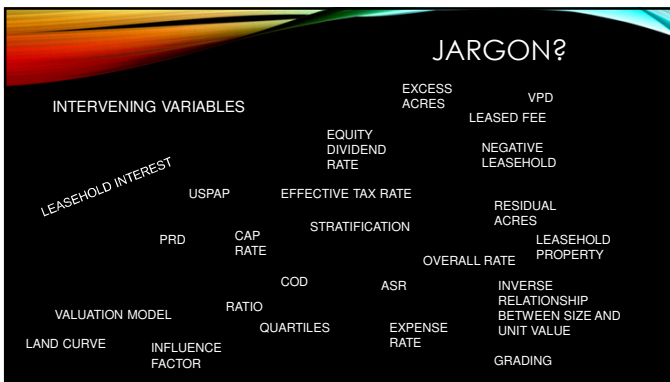
WHAT IS REVAL?



WHAT IS REVAL?









SESSION FORMAT

PART 1

RFP AND CONTRACT, BIDDING, CONTRACTOR SELECTION

PART 2

THE PROJECT

PART 3


CHALLENGES AND SUCCESSES

PART 1

RFP AND CONTRACT ANATOMY

101

TOWN OF GUILFORD, CONNECTICUT 06457



REQUEST FOR PROPOSAL: RFP# 5-1516

FOR THE REAPPRAISAL AND REEVALUATION OF ALL REAL PROPERTY (TAXABLE AND UNEXEMPT) EFFECTIVE FOR THE GRAND LIST OF OCTOBER 1, 2017

ISSUED: April 1, 2016

DEADLINE: April 29, 2016

QUESTIONS GO TO:

PRATT & ASSOCIATES, INC.

1000 W. MAIN STREET

GUILFORD, CT 06457

Phone: 860-336-1100

www.guilford.ct.us

RFP/CONTRACT ANATOMY

1

• Scope of Project

2

• Proposal Format

3

• Bonding and Default

4

• Personnel

RFP/CONTRACT ANATOMY

5

• Public Relations

6

• Records

7

• Appraisal Specifications

RFP/CONTRACT ANATOMY

8

• Timeline

9

• Jurisdiction Responsibilities

10

• Terms and Conditions

1

• Scope of Project


"I THOUGHT YOU WERE GONNA..."



2

• Proposal Format

Expectations of How the Contractor
Should Respond to the RFP



2

• Proposal Format

✓ Name, telephone number, and FAX number, of **person(s) to be contacted** for clarification.

✓ Listing of all municipal **revaluations completed** during the past five (5) years, including client contact, telephone number, size of the municipality, scope of services rendered and date completed.

✓ Listing of all municipal **revaluations now underway** or under contract, including client contact, telephone number, size of the municipality, scope of services to be rendered and date to be completed.

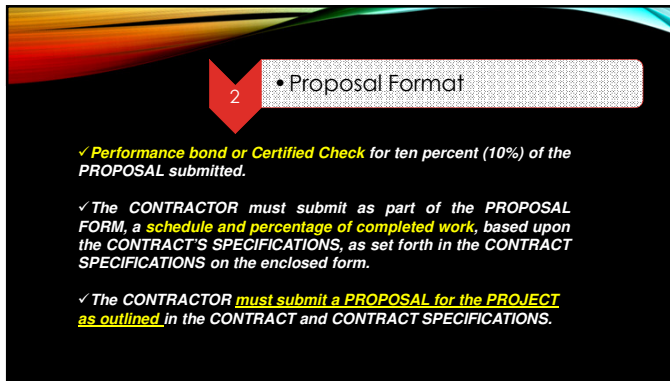
2

• Proposal Format

✓ Listing of **personnel to be assigned** to TOWN'S revaluation, including **years of experience** in current positions and other revaluation positions, municipalities served and their roles in those revaluations.

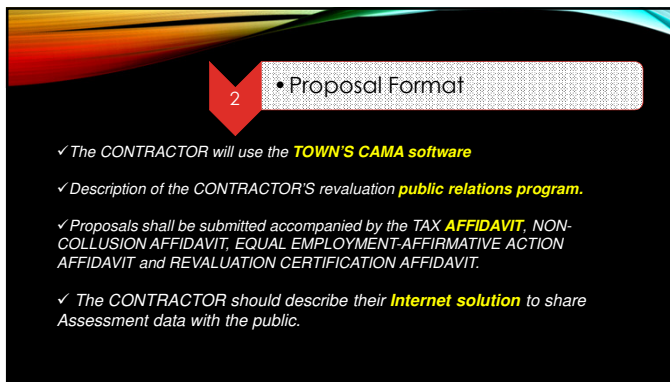
✓ Copy of the firm's current Revaluation **Certification**.

✓ Indication of how many **years the firm has been engaged** as a company, corporation, partnership or individual specializing in municipal revaluation services.



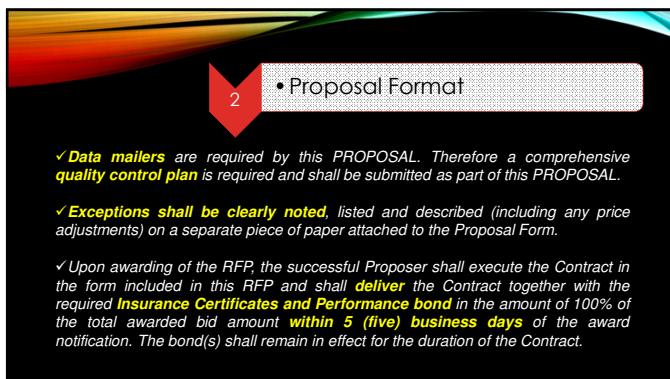
2 • Proposal Format

- ✓ **Performance bond or Certified Check** for ten percent (10%) of the PROPOSAL submitted.
- ✓ The CONTRACTOR must submit as part of the PROPOSAL FORM, a **schedule and percentage of completed work**, based upon the CONTRACT'S SPECIFICATIONS, as set forth in the CONTRACT SPECIFICATIONS on the enclosed form.
- ✓ The CONTRACTOR **must submit a PROPOSAL for the PROJECT** as outlined in the CONTRACT and CONTRACT SPECIFICATIONS.



2 • Proposal Format

- ✓ The CONTRACTOR will use the **TOWN'S CAMA software**
- ✓ Description of the CONTRACTOR'S revaluation **public relations program**.
- ✓ Proposals shall be submitted accompanied by the TAX **AFFIDAVIT**, NON-COLLUSION AFFIDAVIT, EQUAL EMPLOYMENT-AFFIRMATIVE ACTION AFFIDAVIT and REVALUATION CERTIFICATION AFFIDAVIT.
- ✓ The CONTRACTOR should describe their **Internet solution** to share Assessment data with the public.




2 • Proposal Format

- ✓ **Data mailers** are required by this PROPOSAL. Therefore a comprehensive **quality control plan** is required and shall be submitted as part of this PROPOSAL.
- ✓ **Exceptions shall be clearly noted**, listed and described (including any price adjustments) on a separate piece of paper attached to the Proposal Form.
- ✓ Upon awarding of the RFP, the successful Proposer shall execute the Contract in the form included in this RFP and shall **deliver** the Contract together with the required **Insurance Certificates and Performance bond** in the amount of 100% of the total awarded bid amount **within 5 (five) business days** of the award notification. The bond(s) shall remain in effect for the duration of the Contract.

3

• Bonding and Default

- Bonding
- Insurance
- Bankruptcy
- Default Liquidated Damages
- Legal Venue



3

• Bonding and Default

TIME IS OF THE ESSENCE

✓ The contractor recognizes that **time is of the essence** with this PROJECT and that **the TOWN will suffer financial loss if the PROJECT is not completed within the times specified.**

✓ The CONTRACTOR agrees that **all extensions by the TOWN shall be in writing** or shall be deemed ineffective.

3

• Bonding and Default

LIQUIDATED DAMAGES FOR DEFAULT

Failure to Meet Deadlines

✓ the CONTRACTOR agrees that as **liquidated damages for delays** (but not as a penalty) the **CONTRACTOR shall pay the TOWN one thousand dollars (\$1,000.00) for each day that expires after the time specified in this section for substantial completion, until the PROJECT is determined in good faith to be substantially complete by the TOWN.**

3

• Bonding and Default

LIQUIDATED DAMAGES FOR DEFAULT

Failure to Complete

✓ If the CONTRACTOR shall **neglect, refuse or fail to complete** the remaining work within the time specified in the CONTRACT for the completion and readiness... **the CONTRACTOR shall pay the TOWN one thousand dollars (\$1,000.00) for each day that such work is not completed.** These liquidated damages will apply to any termination for cause or convenience, with or without cause and **without prejudice to any other right or remedy of the TOWN**

4

• Personnel

YEARS OF EXPERIENCE AND QUALIFICATIONS

The CONTRACTOR shall provide **experienced and qualified** personnel. All personnel assigned to this PROJECT shall be **subject to approval by the ASSESSOR**

Project Supervisor

provide the ASSESSOR with a copy of the Connecticut **Certificate...Ten (10) years of this experience** shall have been **in the mass appraisal field** and shall have occurred within the past fifteen (15) years. A **listing of the projects** he/she has worked on **over the past five 5 years** and the specific duties of each project shall be provided.

4

• Personnel

Reviewers and Appraisers

Shall be **certified** under the Connecticut Revaluation Certification Program pursuant to Section 12-2c of the Connecticut General Statutes, and such other statutes and regulations that the State of Connecticut may promulgate from time to time, and shall **not have less than three (3) years of practical appraisal experience in the appraisal of the particular type of properties for which they are responsible.** Two (2) years of this experience shall have been in the mass appraisal field and shall have **occurred within the past five (5) years**

4

• Personnel

Data Collectors

No less than six (6) months of experience and training in this phase of a revaluation project. Any field person who does not meet the above qualifications **must work under the direct supervision of an Appraiser, Reviewer or Project Supervisor**. The PROJECT Manager is required to notify the ASSESSOR of the names, starting dates, qualifications, and field assignments of all Measurers and Listers. The **minimum age** for Measurers and Listers shall be **twenty-one (21) years of age**.

5

• Public Relations

The CONTRACTOR must **be prepared to conduct a public information campaign** which includes media releases, oral presentations and an introductory letter of introduction to all taxpayers.

All information and releases must have **prior approval of the ASSESSOR**.

With the **participation and approval of the ASSESSOR**, individual presentations shall be **directed to taxpayers, local officials, business and civic groups** so that they may better understand the scope and objectives of the PROJECT. This campaign shall **continue on a regular basis for the duration of the PROJECT**.

6

• Records

Forms, Data Entry and Conversion

The CONTRACTOR shall **provide all property record cards/street cards, owner cards, supplies, equipment, forms, literature, notices and papers used in this project** at no additional cost to the TOWN. All forms shall be **subject to approval by the ASSESSOR**.

The CONTRACTOR shall use and **be responsible for all necessary data entry...** the CAMA shall contain all matter of data...

Any **file conversion** or conversions are the **sole responsibility of the CONTRACTOR**.

6

• Records

Ownership

The original or a **copy of all records and computations**, including machine readable databases, made by CONTRACTOR in connection with any appraisal of property in the TOWN **shall, at all times, be the property of the TOWN** and, upon completion of the project or termination of this contract by the TOWN, shall be **left in good order** in the custody of the ASSESSOR.

6

• Records

Property Record Cards

The CONTRACTOR shall **complete, print and file by property location, Property Record Cards**...These cards shall be printed on **paper stock of at least 65 lbs.** These cards shall **contain....including but not limited to**, information as to **location of property**, classification as to usage, owner of record, **source of title, size, shape and physical characteristics of land**, **with the breakdown of front feet, square feet or acreage as applicable**, along with the unit of value applicable to each, public utilities available, **public improvements, census tract number, zoning regulations** in effect as of the assessment date.

6

• Records

Property Record Cards

All physical improvements shall be listed giving **all interior and exterior construction details, quality of construction, age, condition, replacement values, percent of physical, functional and economic depreciation, depreciated values, fair market value and assessment value will be shown.** A computer-generated **sketch of all buildings**, with the appropriate scale of such sketch, shall also be shown on these cards. A **digital image and GIS map** with dimensions.

All **PRC design** shall be in **collaboration with and subject to the Assessor's approval.**

6

• Records

Data Mailers

The CONTRACTOR, at its expense, must **send data mailers to all owners** of each residentially improved parcel of property.... The **format** of these mailers and the schedule of mailings are **subject to the approval of the ASSESSOR**.

The data mailers shall **list all fields that affect value, a stamped return-addressed envelope** and a cover letter which explains the purpose and content of the mailer. The format and content of the data mailer, as well as the cover letter, shall be subject to approval by the ASSESSOR.

7

• Appraisal Specifications

Data Collection

The CONTRACTOR will **verify or correct the complete listing of all physical details** for all residential, commercial and industrial buildings and all structural improvements... Listing will **include all interior and exterior construction details, quality of construction, age and condition**.

Where necessary the CONTRACTOR shall make **two (2) call backs**, one of which must be on a **weekday between 5:00 PM and 8:00 PM, or on a Saturday**

7

• Appraisal Specifications

Valuation

Shall **meet or exceed the standards as outlined in the Connecticut Performance Based Revaluation Standards and Certification of Revaluation and USPAP Standard 6**.

Using **CAMA and the mass appraisal procedures developed by the CONTRACTOR**, the CONTRACTOR shall **calculate a value estimate** for each parcel that shall be comprised of 1) land value, 2) building value, 3) other improvement value(s) and 4) total value.

7

• Appraisal Specifications

Sales Approach

Sales analyses of all properties, sold between October 1, 2016 and October 1, 2017 (inclusive), shall be performed as a means of sustaining the values derived.

The sales analyses shall include, at a minimum, sales ratios and coefficients of variance and dispersion. All sales that are part of the sales analyses shall be verified. A sales-assessment analysis with these same factors and measures shall also be done for all sales in a class and in each residential neighborhood.

7

• Appraisal Specifications

Land

Shall be valued on the basis of an analysis of all sales data occurring between October 1, 2016 (inclusive) and October 1, 2017 (inclusive).

The CONTRACTOR shall make necessary adjustments in value to compensate for topographical irregularities...Non-conforming uses and zoning variances shall be considered in establishing values. All such adjustments shall only be made if they are market supported.

The CONTRACTOR shall delineate the land value units on all streets and acreage in the TOWN on a suitable map

7

• Appraisal Specifications

Cost Approach

The CONTRACTOR shall prepare ... building cost schedules. These schedules will reflect the unit-in-place method based upon the square foot or cubic foot area of buildings as applicable. These schedules shall be used in computing the replacement cost in the TOWN for all residential, commercial, industrial, and farm construction. They shall reflect the wage scale for the various trades, labor efficiencies, overhead, profit, engineer and architect fees and all other direct and indirect costs of construction. Before final acceptance they shall be proven by testing against known sales.

7

• Appraisal Specifications

Income Approach

Income and expense data gathered by the TOWN shall be utilized...

The Income approach shall be applied to all income producing properties.

The CONTRACTOR will **establish market rent and market expenses** for income producing properties. The CONTRACTOR shall also **develop capitalization rates** by investigating sales and income data. Capitalization rates shall be established for the various classes of property and **checked by bankers, investors and appraisers to ensure their accuracy.**

7

• Appraisal Specifications

Income Approach

The CONTRACTOR shall **perform the income approach using both contract income and expenses and market income and expenses...**

The CONTRACTOR shall be responsible for entering all income data into the **CAMA system**. The TOWN shall be responsible for the collection of the M-58 (Income and Expense) Reports.

7

• Appraisal Specifications

Quality Control

The CONTRACTOR shall be **required to submit a detailed quality control program**. The quality control must **address both the accuracy and validity** of the data. This program should include some form of **data recollection** to assure the quality of the data being collected.

This program must include a **comprehensive reporting system** and be approved by the ASSESSOR.

8

• Timeline

| TASK | NO LATER THAN DATE |
|--|--------------------|
| REQUEST FOR PROPOSAL IS PUBLISHED | April 1, 2016 |
| PRE-PROPOSAL MEETING | April 15, 2016 |
| ASSESSOR MAILES M-58 FORM | April 15, 2016 |
| REQUEST FOR PROPOSAL DUE BACK | April 29, 2016 |
| M-58 FORMS TO BE RETURNED | June 1, 2016 |
| COMMENCEMENT DATE | June 3, 2016 |
| DATA MAILERS MAILED | July 1, 2016 |
| DATA MAILERS TO BE RETURNED | September 1, 2016 |
| PRELIMINARY LAND STUDY AND VALUES | April 3, 2017 |
| ASSESSOR MAILES M-58 FORMS | April 17, 2017 |
| M-58 FORMS TO BE RETURNED | June 5, 2017 |
| ALL INSPECTIONS NECESSITATED BY THE DATA MAILERS | June 2, 2017 |
| ANALYSIS OF INCOME AND EXPENSE FORMS | July 24, 2017 |

8

• Timeline

| TASK | NO LATER THAN DATE |
|--|---------------------------------|
| COMMERCIAL APPRAISALS DELIVERED | August 25, 2017 |
| SALES VERIFICATION | October 13, 2017 |
| RESIDENTIAL APPRAISALS DELIVERED | October 20, 2017 |
| PRELIMINARY PERFORMANCE STANDARD REPORT SUBMITTED | October 20, 2017 |
| REVIEW COMPLETED BY ASSESSOR | November 3, 2017 |
| ASSESSMENT NOTICES MAILED | November 10, 2017 |
| INFORMAL HEARINGS HELD | November 27 - December 21, 2017 |
| ALL INSPECTIONS NECESSITATED BY THE INFORMAL HEARINGS | December 22, 2017 |
| RESULTS OF THE INFORMAL HEARING DATA ENTERED | December 29, 2017 |
| FINAL AND SIGNED PERFORMANCE STANDARD REPORT SUBMITTED | January 5, 2018 |
| TRANSMITTAL OF ALL DELIVERABLES TO THE ASSESSOR | January 12, 2018 |
| RESULTS OF THE INFORMAL HEARING MAILED | January 31, 2018 |
| ASSESSMENT ROLL SIGNED BY ASSESSOR | January 31, 2018 |

9

• Jurisdiction Responsibilities

The **ASSESSOR, TOWN, and its employees** will cooperate with and render all reasonable assistance to **CONTRACTOR** and its employees.

9

• Jurisdiction Responsibilities

Items Furnished By The Town:

- Assessor Maps
- Land Dimensions
- Zoning regulations and zoning maps
- Existing Property Record Cards
- Property Transfers
- Building Permits
- Signing of Communications
- Mailing Addresses
- Office Space

10

• Terms and Conditions

•Acceptance or Rejection by the Town: The Town reserves the right to accept and/or reject any or all proposals submitted for consideration to serve the best interests of the Town.
•Freedom of Information Act: All responses to this RFP are subject to possible disclosure under the Freedom of Information Act
•Ownership of Subsequent Products: Any product, whether acceptable or unacceptable, developed under a contract awarded as a result of this RFP is to be the sole property of the Town
•Timing and sequence: Timing and sequence of events resulting from this RFP will be ultimately be determined by the Town.
•Oral Agreements: The Town will not be responsible for any alleged oral agreement

10

• Terms and Conditions

•Amending or Cancelling Requests: The Town reserves the right to amend or cancel this RFP prior to the due date and time, if it is in the best interest of the Town to do so.
•Rejection for Default or Misrepresentation: The Town reserves the right to reject the Proposal of any bidder that is in default of any prior contract or for misrepresentation.
•Town's Clerical errors in Awards: The Town reserves the right to correct inaccurate awards resulting from its clerical error.
•Rejection of Proposals: Proposals are subject to rejection in whole or in part if they limit or modify any of the terms and conditions and/or specifications of the RFP.
•Changes to Proposals: No additions or changes to the original Proposal will be allowed after submittal.

10

• Terms and Conditions

- Contract Requirements:** Upon the award of the RFP, the Town and awarded respondent will enter into final negotiation of the Contract.
- Rights Reserved to the Town:** The town reserves the right to award in part, to reject any and all fee proposals in whole or in part.
- Withdrawal of Proposal:** Negligence on the part of the Proposer in preparing the Proposal confers no right of withdrawal after the time fixed for the acceptance of the Proposal.
- Assigning, Transferring of Agreement:** The successful Proposer is prohibited from assigning, transferring, conveying, subletting or otherwise disposing of this agreement.
- Cost of Preparing Proposal:** The Town shall not be responsible for any expenses incurred by the Proposer in preparing and submitting a Proposal.
- Compliance with Laws:** The respondent shall comply with all federal, state and local laws

SESSION FORMAT

PART 1
Bidding




BIDDING FROM CONTRACTOR'S PERSPECTIVE

How are Jobs Selected?

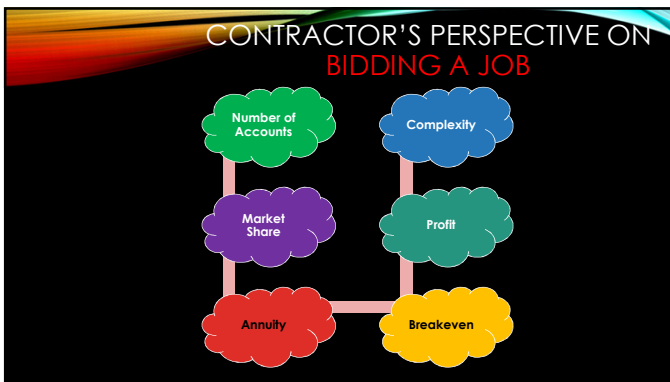
How are Jobs Bid?

How are Proposals Written?

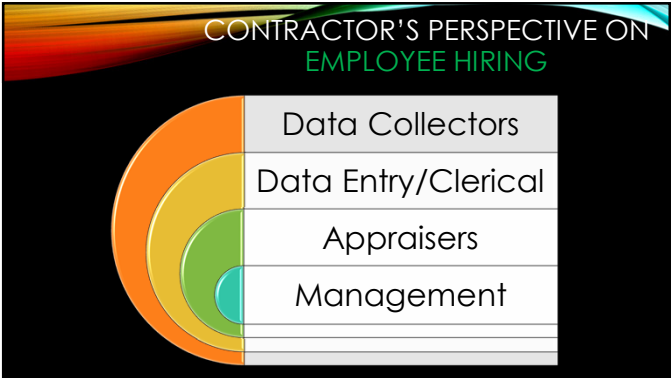
How are Employees Hired?











RFP REVALUATION BIDS 2017 GRAND LIST

| COMPANY | BID | OPTIONS |
|---------|---------------|--|
| A | \$ 33,640.00 | STREET VIEW |
| | \$ 35,640.00 | INCLUDES PRIVATE RDS & REAR LOTS |
| B | \$ 210,000.00 | NO PHOTOS |
| | \$ 244,440.00 | EXCLUDES FAIR-POOR PROP INSP., AND INCL ALL PHOTOS USING |
| C | \$ 333,000.00 | INCLUDES ALL OPTIONS |
| | \$ 257,500.00 | EXCLUDE: THEIR CAMA (USE EXISTING), THEIR OFFICE SPACE COST AND INSP OF FAIR-POOR PROPERTIES |
| D | \$ 290,000.00 | INCLUDES DATA MAILERS; EXCLUDES CAMA & PHOTOS |
| | \$ 314,640.00 | USE EXISTING CAMA, EXCLUDES FAIR-POOR PROP INSP, INCLUDES PHOTOS USING FACET |
| E | \$ 176,600.00 | INCLUDES PHOTOS, NEW CAMA, |
| | \$ 158,600.00 | EXCLUDES NEW CAMA, FAIR-POOR PROP INSP |

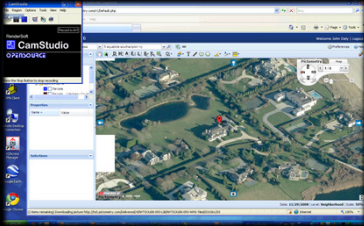
WHAT QUESTIONS DO I ASK?

- Photos
- Inspections
- CAMA Software
- Office Space

| 2017 REVALUATION | A | B |
|---|-------------------------|----------------------------|
| APPROPRIATE BID FORM | YES, VALID TIL 7-1-2016 | YES, VALID UNTIL 6-30-2016 |
| WORK HISTORY: COMPLETED JOBS PAST 3 YEARS | 3 YEARS | YES |
| WORK HISTORY: CURRENT JOBS | YES | YES |
| LISTING OF PERSONNEL TO BE ASSIGNED | YES | NO |
| CT REVALUATION CERTIFICATION | YES | YES |
| YEARS IN BUSINESS | SINCE 2003 | SINCE 2009 |
| PERFORMANCE BOND OR CERTIFIED CHECK | PERFORMANCE BOND | PERFORMANCE BOND |
| STAGES OF COMPLETION FORM AND PERCENTAGES | YES | YES |
| PROPOSAL FOR THE PROJECT | YES | YES |
| USE EXISTING CAMA SOFTWARE | NO | YES |
| DESCRIPTION OF PUBLIC RELATIONS PROGRAM | YES | NO |
| INTERNET INFORMATION | YES | YES |
| DATA MANAGER QUALITY CONTROL PROGRAM | YES | YES |
| EXCEPTIONS ON SEPARATE PAPER | EXCEPTIONS NOT SEPARATE | NO EXCEPTIONS |
| CURRENT NUMBER OF REVAL UNDER CONTRACT | 6 (ALL IN CT) | 9 (IN 3 STATES) |

WHAT QUESTIONS DO I ASK?

- Personnel
- Public Relations
- CAMA Software



SESSION FORMAT

Part 1
Contractor Selection



| COMPANY'S NAME | MUNICIPALITY | REVALUATION | | | | | PERSON RESPONDING |
|-----------------------------|--------------|-------------|------|----------------------|--------|-------|-------------------|
| | | YEAR | TYPE | FINISHED IN PROGRESS | | | |
| | | POOR | FAIR | GOOD | VGGOOD | OTHER | COMMENTS |
| 1. OVER-ALL JOB PERFORMANCE | | | | | | | |
| 2. VALUES: OVER-ALL | | | | | | | |
| RESIDENTIAL | | | | | | | |
| COMMERCIAL/INDUSTRIAL | | | | | | | |
| 3. PERSONNEL: OVER-ALL | | | | | | | |
| RESIDENTIAL | | | | | | | |
| COMMERCIAL/INDUSTRIAL | | | | | | | |
| DATA PROCESSING | | | | | | | |
| 4. LISTING: | | | | | | | |
| RESIDENTIAL | | | | | | | |
| COMMERCIAL/INDUSTRIAL | | | | | | | |
| 5. CO-COOPERATIVENESS | | | | | | | |
| 6. RESPONSIVENESS | | | | | | | |
| 7. SUPERVISOR'S NAME | | | | | | | |
| GENERAL COMMENTS | | | | | | | |

| |
|--|
| 8. WERE PENALTIES THREATENED? IF YES, WHY? |
| 9. WERE PENALTIES IMPOSED? IF YES, FOR WHAT? |
| 10. WHAT WOULD YOU DO DIFFERENT NOW? |
| 11. DESCRIBE ANY PROBLEMS |
| 12. ANY SUGGESTIONS? |

WHAT QUESTIONS DO I ASK?



WHAT QUESTIONS DO I ASK?



WHAT QUESTIONS DO I ASK?

HEARINGS



WHAT QUESTIONS DO I ASK?

CAMA SOFTWARE

What about a standardized "TEST
DRIVE" for all Proposers?


WHAT QUESTIONS DO I ASK?

CAMA "TEST DRIVE"

- Adding Account
- Adding a Deck
- Adding an Addition
- Changing Use Type
- Running State Reports
- Bridging to Admin File

WHAT QUESTIONS DO I ASK?

- STATE TESTING
- DOCUMENTATION
- APPEAL BOARD





CONTRACT NEGOTIATION

Can I negotiate the contract?

The fee?
The terms?



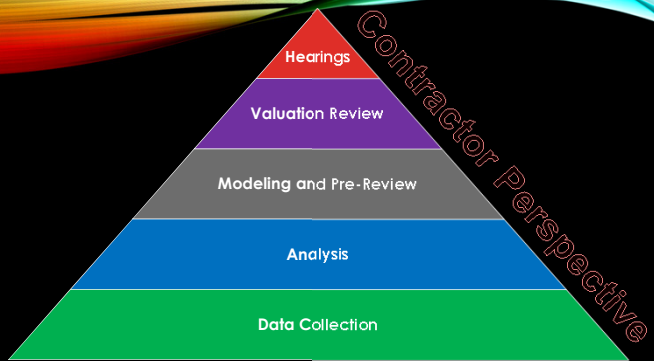
SESSION FORMAT

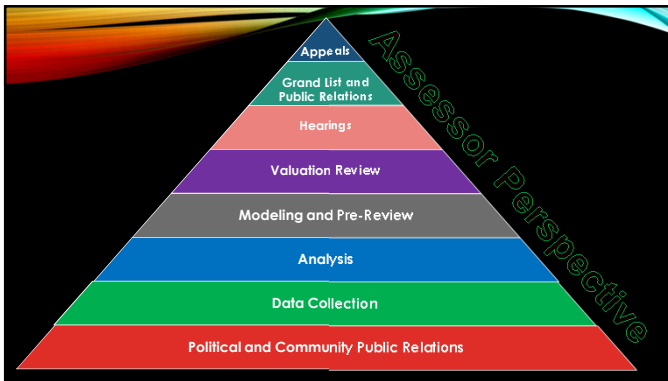
PART 2
THE PROJECT

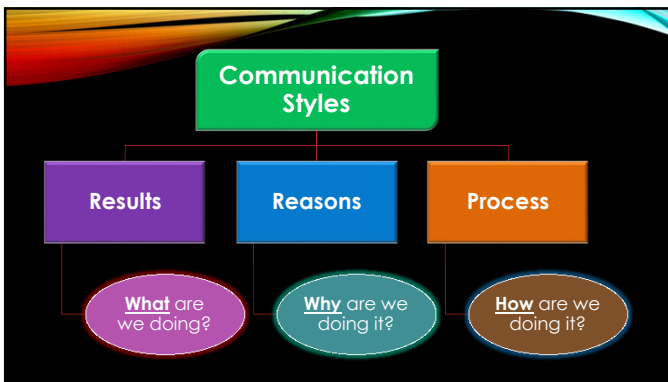


COMMON PERSPECTIVE





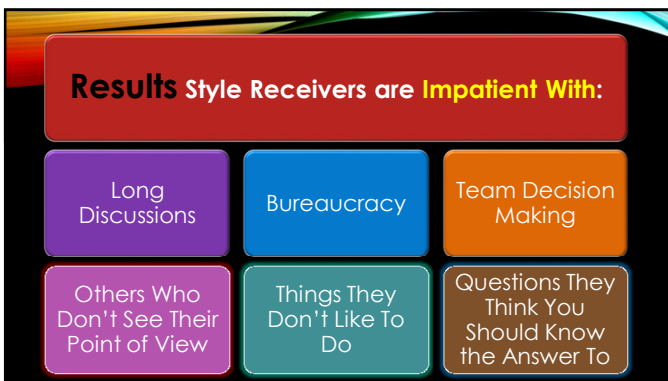


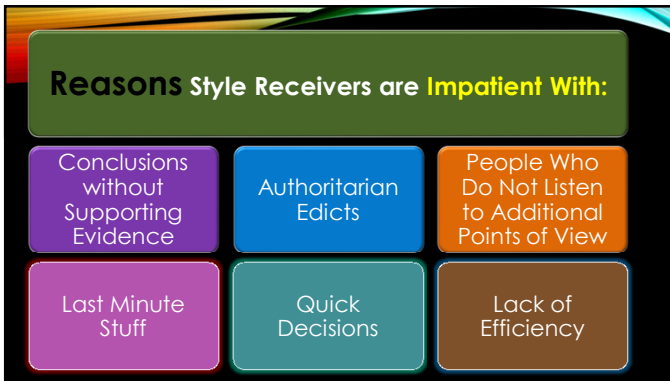




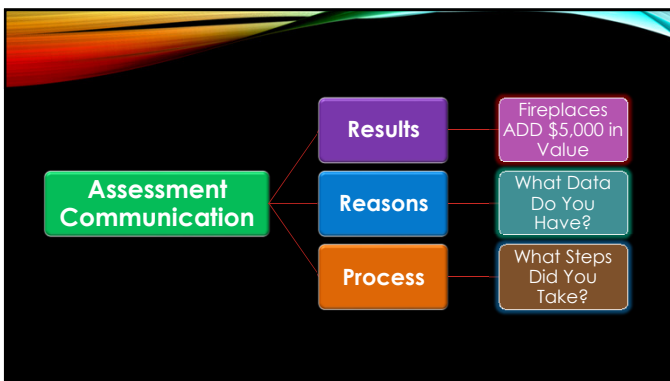


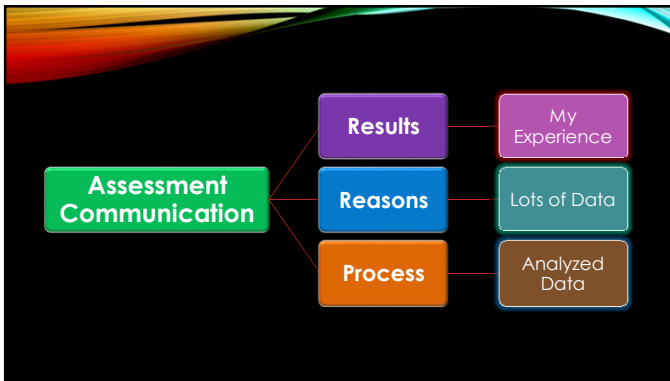


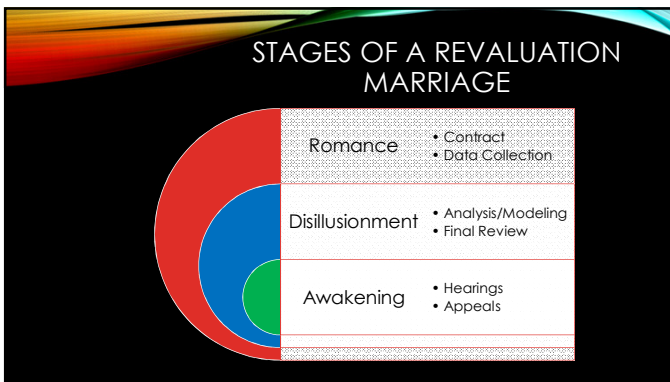




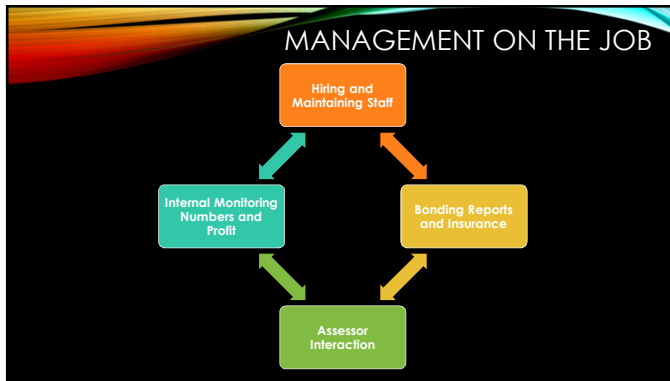


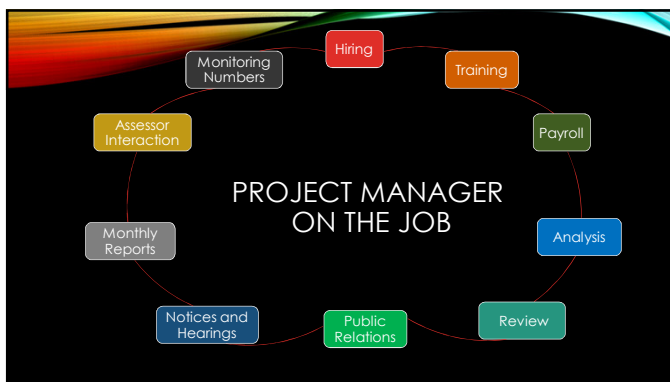


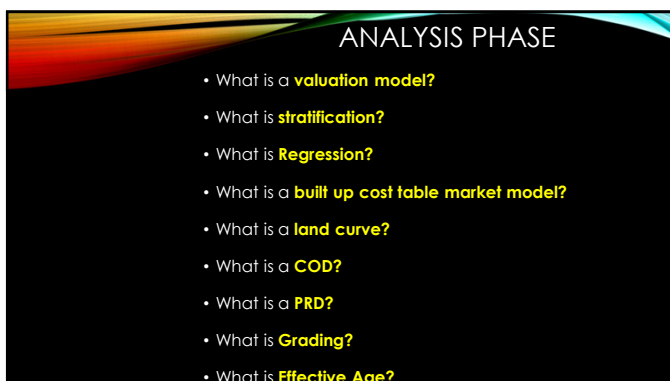












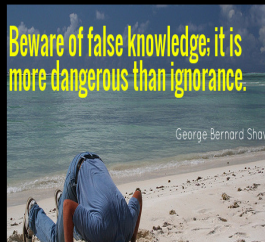
WHAT QUESTIONS DO I ASK?

- Can I see the **Land Tables and Land Curve?**
- Can we review your **Grading Characteristics?**
- Can we review your **Cost Tables?**
- How did you create the **Depreciation Tables?**
- Have you begun to compile **Documentation?**
- Have you reviewed the **sales against the model before** you start **review?**
- Why is the **COD** so low and **less than 5%?**

WHAT IS THE WHOLE POINT OF ASKING QUESTIONS?

I HAVE THE REVAL FORMULAS AND SCHEDULES

- Learn your market
- Communicate to taxpayers
- It would be cool to know this stuff before driving to Court
- The best defense is...knowledge is...



THE PROJECT STAGE: THE "ROMANTIC" IDEAL

Assessor Role

- Protect Interests of Jurisdiction
- Public Relations
- Follow Contract
- Collaborate

Contractor Role

- Protect Interests of Business
- Repeat Business
- Follow Contract
- Collaborate



THE PROJECT STAGE: "DISILLUSIONMENT"

| | |
|--|---|
| <p>Assessor Role</p> <ul style="list-style-type: none"> • Protect Interests of Jurisdiction • Hide and Blame • Find ways to get free services outside of Contract language | <p>Contractor Role</p> <ul style="list-style-type: none"> • Protect Interests of Business • Hide, Hit and Run Business Model • Find ways to skirt contract language |
|--|---|



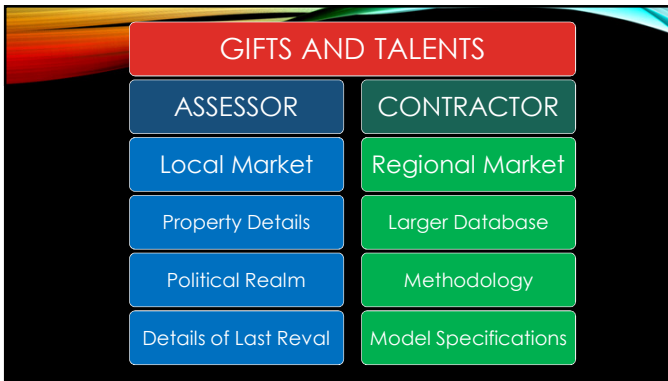
THE PROJECT STAGE: "MISERY"

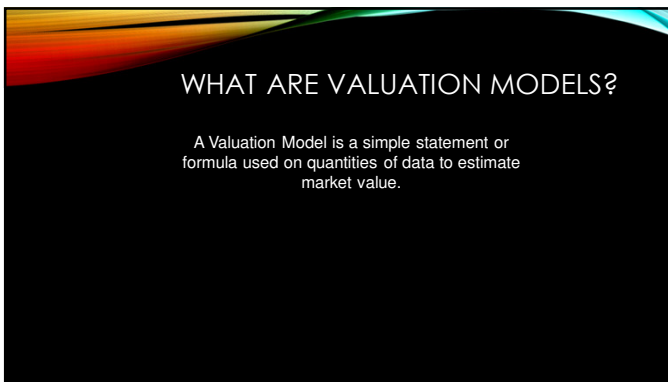
| | |
|--|---|
| <p>Assessor Role</p> <ul style="list-style-type: none"> • Protect Interests of Jurisdiction • Hide, Blame, Hit and Run Government Model • Find ways to get free services outside of Contract language • Miss Deadlines • Incomplete Work | <p>Contractor Role</p> <ul style="list-style-type: none"> • Protect Interests of Business • Hide, Blame, Hit and Run Business Model • Find ways to skirt contract language • Miss Deadlines • Incomplete Work |
|--|---|

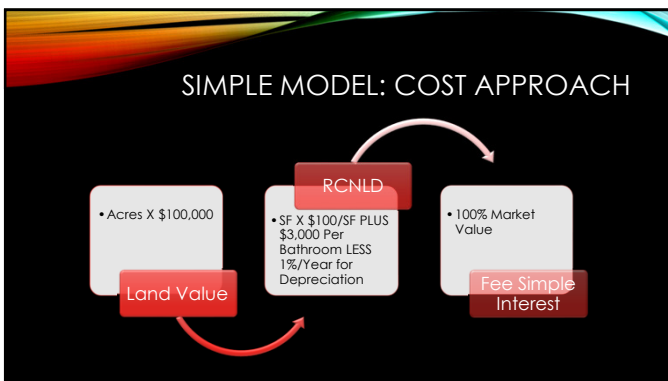


THE PROJECT STAGE: GIFTS AND TALENTS

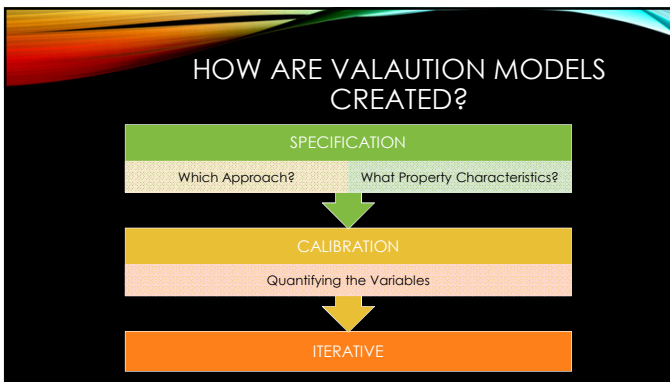
| | |
|---|--|
| <p>Assessor</p> <ul style="list-style-type: none"> • Knows local market • Knows intimate database details • Knows local political realm • Knows about the last Reval | <p>Contractor</p> <ul style="list-style-type: none"> • Knows Regional Market • Knows how to deal with larger database and models • If repeat business – knows model and table specifications |
|---|--|

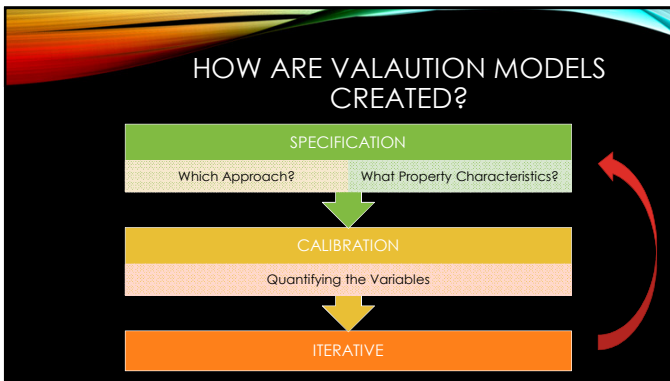






| MRA MODEL EQUATION | |
|--|---------------|
| Constant | -114,551.4550 |
| Land Value | 7,690.0000 |
| Finish Basement | 161.7560 |
| Finish Rec Room | 60.2700 |
| First Story >=3? | -78.1160 |
| First Story (R Basement Type <=2) | -145.9880 |
| Number of Fireplaces | 6,743.4610 |
| Number of Full Baths | 54,882.2690 |
| Number of Half Baths | 30,000.0000 |
| SF Living Area | 387.5840 |
| SF Living Area (Town House) | 91.5440 |
| SF Living Area (Cape) | -37.9940 |
| SF Living Area (Split Level) | -116.3820 |
| SF Living Area (Contemporary/Mansion) | -44.4660 |
| SF Living Area (Row House) | 65.5030 |
| SF Living Area (Conventional/Old Style) | 31.6590 |
| SF Living Area (Grade C) | -131.5630 |
| SF Living Area (Grade B) | -87.0800 |
| SF Living Area (Grade A) | -61.4160 |
| SF Living Area (Grade D) | -100.0000 |
| Overall Condition (Poor) | -85.0000 |
| Overall Condition (Fair) | -25.0000 |
| Overall Condition (Normal) | 0.0000 |
| Overall Condition (Good) | 14.0100 |
| Overall Condition (Excellent) | 85.9100 |
| Attached Garage SF | 367.9220 |
| Detached Garage SF | 313.3250 |
| Square Root of Age | -2,651.2840 |
| Square Root of Air Conditioned Living Area | 765.7070 |





CASE STUDY 1

REVALTOWN MODEL TESTING

CAN YOU PASS STATE/IAAO TESTS AND
HAVE AN
UNDERPERFORMING REVAL ?

SALES TESTING

| LOCATION | SALE PRICE | MARKET VALUE | SALE DATE | TYPE | AREA | SP/SF | GRADE | YEAR BUILT |
|----------------------|------------|--------------|-----------|--------------|------|----------|---------|------------|
| 37 BRIAN DR | \$270,000 | \$248,368 | 7/3/2002 | COLONIAL | 2339 | \$115.43 | AVERAGE | 1961-1980 |
| 92 SCHOOL RD | \$170,000 | \$171,604 | 7/8/2002 | COLONIAL | 1267 | \$134.18 | AVERAGE | 1941-1960 |
| 52 BROOKFIELD RD | \$152,000 | \$152,803 | 7/22/2002 | RANCH | 912 | \$166.67 | FAIR | 1941-1960 |
| 123 BOLTON CENTER RD | \$170,900 | \$160,116 | 7/23/2002 | RANCH | 1352 | \$126.41 | AVERAGE | 1941-1960 |
| 14 NORTH RD | \$115,000 | \$116,879 | 7/26/2002 | RANCH | 902 | \$127.49 | FAIR | 1941-1960 |
| 181 WEST ST | \$130,000 | \$120,932 | 7/31/2002 | RANCH | 1122 | \$115.86 | AVERAGE | 1961-1980 |
| 136 HEBRON RD | \$350,000 | \$328,613 | 8/1/2002 | SPLIT LEVEL | 1896 | \$184.60 | GOOD | 1700-1800 |
| 58 TINKER POND RD | \$219,900 | \$208,297 | 8/16/2002 | COLONIAL | 2010 | \$109.40 | AVERAGE | 1981-2000 |
| 4 BROOKSIDE LANE | \$333,000 | \$319,949 | 8/20/2002 | COLONIAL | 2074 | \$160.56 | AVERAGE | 1961-1980 |
| 7 SHODDY MILL RD | \$363,000 | \$339,521 | 8/23/2002 | COLONIAL | 2706 | \$134.15 | GOOD | 1981-2000 |
| 29 LYMAN RD | \$205,000 | \$223,713 | 8/26/2002 | RAISED RANCH | 1550 | \$132.26 | AVERAGE | 1961-1980 |

SALES TESTING COD, PRD AND MEDIAN

Appraisal Ratio Study

Dataset: C:\Users\Owner\Documents\NRAAO\Work\11REVISED\TEST2.xls
Ratio Formula: Ratio = ESTIMATED_MARKET_VALUE / SALE_PRICE

Ratio Summary Statistics Section

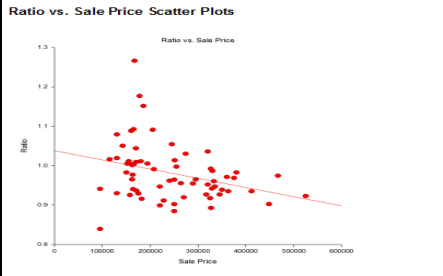
| Break | Count | Median | Mean | Wtd. Mean | IQR | SD | COD | COV | PRD | PRB |
|--------|-------|--------|--------|-----------|--------|--------|-------|--------|--------|---------|
| [None] | 65 | 0.9654 | 0.9813 | 0.9725 | 0.0786 | 0.0721 | 5.361 | 7.3490 | 1.0090 | -0.0258 |

Wtd. Mean: Weighted Mean
IQR: Interquartile Range
COD: Coefficient of Dispersion
COV: Coefficient of Variation
PRD: Price-Related Differential
PRB: Coefficient of Price-Related Bias

SALES TESTING IAAO STANDARDS

| Type of property | Mean and/or median | Coefficient of Dispersion [COD] | Price Related Differential [PRD] |
|------------------|--------------------|---------------------------------|----------------------------------|
| IAAO Standards | 0.90–1.10 | 15.0 or less | 0.98–1.03 |
| REVALTOWN | 97% | 5.3% | 1.009 |
| RESULTS | Passed | Passed | Passed |

SALES TESTING SCATTER PLOT



SALES TESTING DESCRIPTIVE RANGES

| Data | SUMMARY |
|-----------------------|-----------|
| Min of SALE PRICE | \$95,000 |
| Max of SALE PRICE | \$525,000 |
| Average of SALE PRICE | \$244,058 |
| Average of AREA | 1,960 |
| Average of yearbuilt | 1964 |
| Min of SP/SF | \$32.33 |
| Max of SP/SF | \$184.60 |
| Average of SP/SF | \$129.41 |

SALES TESTING DESCRIPTIVE RANGES BY STYLE

| Data | CAPE | COLONIAL | RAISED RANCH | RANCH | SPLIT LEVEL | SUMMARY |
|-----------------------|-----------|-----------|--------------|-----------|-------------|-----------|
| Min of SALE PRICE | \$150,000 | \$95,000 | \$167,000 | \$115,000 | \$155,000 | \$95,000 |
| Max of SALE PRICE | \$345,000 | \$525,000 | \$273,900 | \$325,000 | \$350,000 | \$525,000 |
| Average of SALE PRICE | \$223,333 | \$279,967 | \$209,000 | \$187,150 | \$237,750 | \$244,058 |
| Average of AREA | 2,365 | 2,311 | 1,421 | 1,362 | 1,906 | 1,960 |
| Average of yearbuilt | 1949 | 1978 | 1970 | 1963 | 1888 | 1964 |
| Min of SP/SF | \$85.14 | \$32.33 | \$132.26 | \$113.96 | \$81.51 | \$32.33 |
| Max of SP/SF | \$115.74 | \$177.63 | \$168.69 | \$166.67 | \$184.60 | \$184.60 |
| Average of SP/SF | \$99.62 | \$125.32 | \$148.18 | \$137.67 | \$126.69 | \$129.41 |

SALES TESTING STYLE AS INTERVENING VARIABLE

Appraisal Ratio Study - TYPE

Dataset C:\Users\Owner\Documents\WRAAO\Work\pbt11REVISEDTEST2.xls
Ratio Formula Ratio = ESTIMATED_MARKET_VALUE / SALE_PRICE

Ratio Summary Statistics Section

| TYPE | Count | Median | Mean | Wtd. Mean | IQR | SD | COD | COV | PRD | PRB |
|--------------|-------|--------|--------|-----------|--------|--------|-------|--------|--------|---------|
| CAPE | 3 | 0.9295 | 0.9465 | 0.9402 | 0.0559 | 0.0316 | 2.004 | 3.3368 | 1.0067 | -0.0355 |
| COLONIAL | 34 | 0.9637 | 0.9652 | 0.9601 | 0.0616 | 0.0538 | 4.226 | 5.5739 | 1.0053 | -0.0125 |
| RAISED RANCH | 6 | 1.1215 | 1.1286 | 1.1153 | 0.1508 | 0.0876 | 6.224 | 7.7599 | 1.0120 | -0.3063 |
| RANCH | 16 | 0.9651 | 0.9763 | 0.9695 | 0.0817 | 0.0520 | 4.364 | 5.3249 | 1.0070 | -0.0485 |
| SPLIT LEVEL | 6 | 0.9456 | 0.9561 | 0.9510 | 0.0871 | 0.0438 | 3.564 | 4.5849 | 1.0053 | -0.0332 |
| Combined | 65 | 0.9654 | 0.9813 | 0.9725 | 0.0786 | 0.0539 | 5.351 | 5.4937 | 1.0090 | -0.0258 |

SALES TESTING

STYLE AS INTERVENING VARIABLE

Additional Ratio Summary Statistics Section

| TYPE | Count | Min | Max | Range |
|--------------|-------|--------|--------|--------|
| CAPE | 3 | 0.9271 | 0.9830 | 0.0559 |
| COLONIAL | 34 | 0.8397 | 1.0928 | 0.2531 |
| RAISED RANCH | 6 | 1.0305 | 1.2663 | 0.2358 |
| RANCH | 16 | 0.9118 | 1.0886 | 0.1768 |
| SPLIT LEVEL | 6 | 0.9026 | 1.0115 | 0.1089 |

SALES TESTING

SCATTER

PLOT

(Raised Ranches 1.03-1.27)

SALES TESTING

GRADE AS INTERVENING VARIABLE

Additional Ratio Summary Statistics Section

| GRADE | Count | Min | Max | Range |
|----------|-------|--------|--------|--------|
| AVERAGE | 32 | 0.8993 | 1.2663 | 0.3671 |
| FAIR | 15 | 0.9295 | 1.0928 | 0.1632 |
| GOOD | 18 | 0.8397 | 1.0361 | 0.1964 |
| Combined | 65 | 0.8397 | 1.2663 | 0.4266 |

| SALES TESTING AGE AS INTERVENING VARIABLE | | | | | | | | | | | |
|--|-------|--------|--------|-----------|--------|--------|-------|---------|--------|---------|-----|
| Appraisal Ratio Study - YEAR_BUILT | | | | | | | | | | | |
| Dataset: C:\Users\Owner\Documents\NRAAO\Work\ppt11REVISEDTEST2.xls | | | | | | | | | | | |
| Ratio Formula: Ratio = ESTIMATED_MARKET_VALUE / SALE_PRICE | | | | | | | | | | | |
| Ratio Summary Statistics Section | | | | | | | | | | | |
| YEAR_BUILT | Count | Median | Mean | Std. Dev. | Q1 | Q3 | SD | COD | COV | PRD | PRB |
| 1700-1800 | 2 | 0.9323 | 0.9323 | 0.9348 | 0.0132 | 0.0093 | 0.708 | 1.0008 | 0.9973 | 0.0122 | |
| 1901-1940 | 5 | 0.9114 | 1.0023 | 0.9998 | 0.0934 | 0.0550 | 3.693 | 5.4882 | 1.0025 | -0.0348 | |
| 1941-1960 | 18 | 1.0028 | 0.9931 | 0.9837 | 0.0677 | 0.0536 | 3.928 | 5.4011 | 1.0095 | -0.0679 | |
| 1961-1980 | 15 | 0.9619 | 1.0143 | 1.0047 | 0.1714 | 0.1126 | 8.911 | 11.1010 | 1.0095 | -0.0504 | |
| 1981-2000 | 20 | 0.9514 | 0.9546 | 0.9498 | 0.0561 | 0.0379 | 3.138 | 3.9734 | 1.0050 | -0.0448 | |
| 2001-2005 | 5 | 0.9413 | 0.9454 | 0.9657 | 0.1179 | 0.0714 | 5.009 | 7.5485 | 0.9790 | 0.0422 | |
| Combined | 65 | 0.9654 | 0.9813 | 0.9725 | 0.0786 | 0.0669 | 5.351 | 6.8159 | 1.0090 | -0.0258 | |

SALES TESTING
QUESTION ABOUT DATA AND ANALYSIS


What can we say about this data?

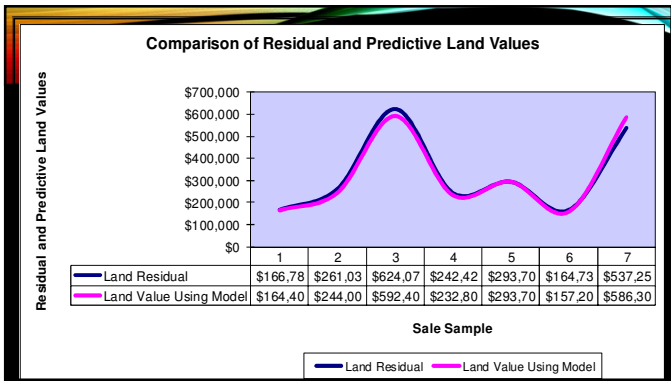
- Passes IAAO Standards
- Raised Ranch Style below Standards
- Older Homes below Standards

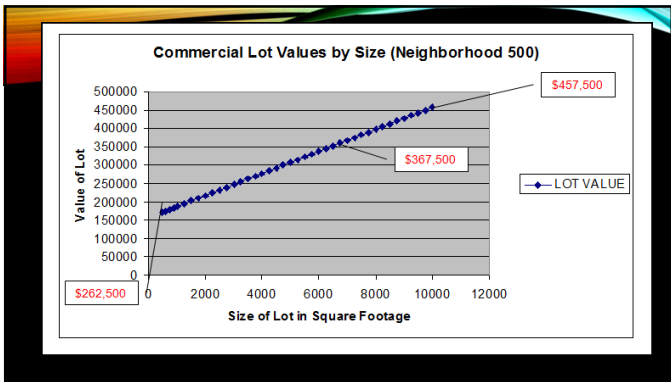
Should the Reval Company do more work?

What else should we do as Assessors?

CASE STUDY 2
REVALTOWN
MODEL BUILDING







**MODEL BUILDING:
THE LAND CURVE**

$$\frac{((\text{subject lot size}) - (\text{base lot size}))}{\text{size}}$$

X (incremental adjustment) if subject lot is larger than the base lot size

OR

X (decremental adjustment) if subject lot is smaller than base lot size

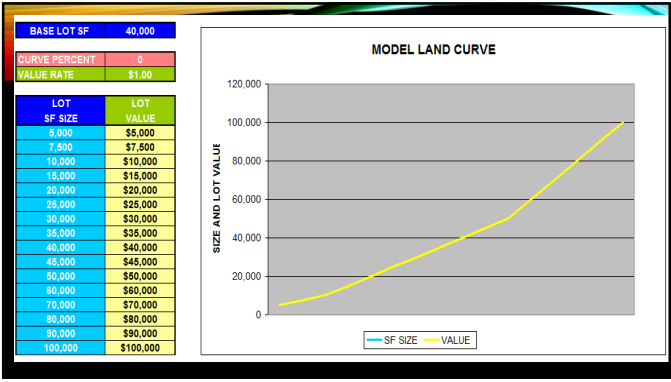
PLUS

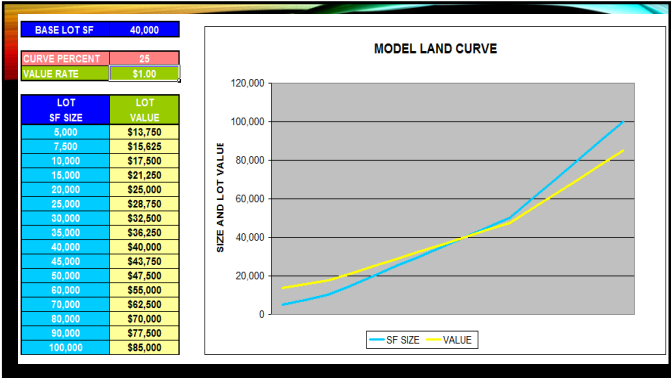
$$(\text{base size} \times \text{base rate})$$

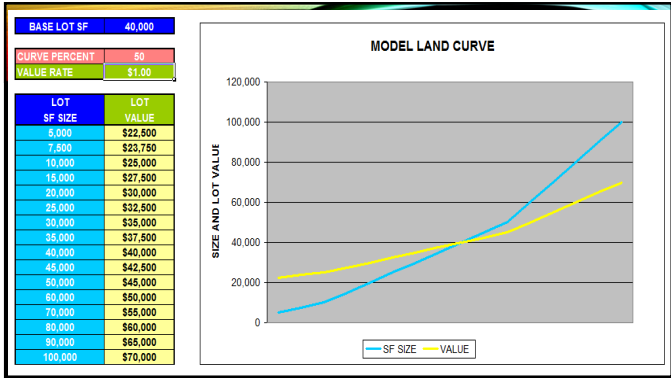
MODEL BUILDING:
THE LAND CURVE

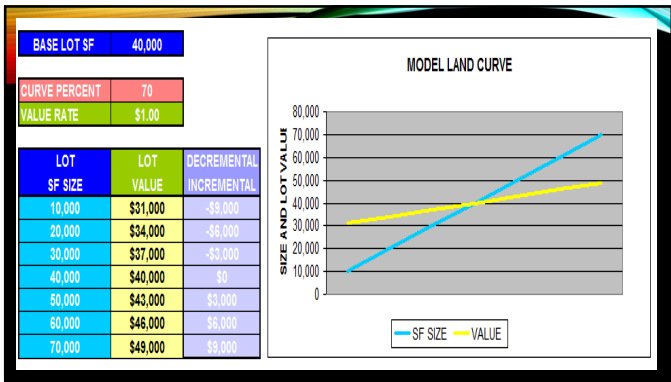
Base size = 5,000 SF
Base rate = \$8.00/SF
Incremental = .092/SF
Decremental = \$4.00/SF

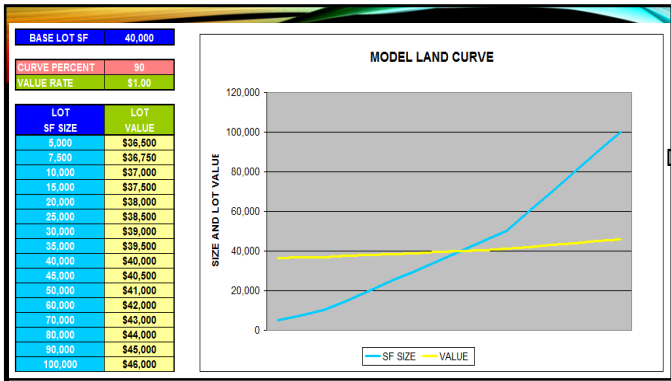
Subject Lot = 3,800 SF
(((3,800-5,000)*4)+(5,000*8)) = **\$35,200**











REVIEW PROCESS

- Does the Assessor have to be in the car with me?
- What happens when we disagreed about grading?
- What about that neighborhood they are always talking about?
 - *"What you call tweaking I call a correction"*

USPAP

- What Does USPAP have to do with Reval?
- Do Assessors have to adhere to USPAP since they are not "appraisers"?
- Do Reval folks have to adhere to USPAP since they are not "appraisers"?

DOCUMENTATION

- Is Documentation required during a reval?
 - Is Documentation helpful?
- Do Reval companies want to write it?
 - Do Assessors ever read it?

SESSION FORMAT

PART 3
CHALLENGES AND SUCCESSES

CASE STUDY 3: THE DEVIL IN THE DETAILS

CASE STUDY 3: THE DEVIL IN THE DETAILS

PREMISE:

- Assessor wants the Reval company to have an adjustment for brick siding in the market and cost model
- The Reval Contractor says "I have never seen any market evidence to support such an adjustment"
- The Assessor says "a builder in Town is charging 10% more for brick houses."

- What should the Reval Contractor do?
- What should the Assessor do?

CASE STUDY 4: AIN'T NOTHING SOFT ABOUT SOFTWARE

CASE STUDY 4: AIN'T NOTHING SOFT ABOUT SOFTWARE

PREMISE:

- Assessor wants a simple report showing residential sales ratios stratified by decade
- The Reval Supervisor says *"We have no report like that and the depreciation chart works by individual year and not by decade – we would have to charge you"*
- The Assessor says *"it's a simple report...that's just stupid"*
 - **What should the Reval Contractor say?**
 - **What should the Assessor do?**

CASE STUDY 5: PROGRESSIVE REGRESSION

CASE STUDY 5: PROGRESSIVE REGRESSION

PREMISE:

- The Reval company shows that MRA produces the best sales ratio results with a 99% ASR, 4% COD and 1.005 PRD
- The Assessor says "How in the world am I going to explain regression across the counter?"
- The Reval Supervisor "but it works...just tell the public that and the ratios prove it"

- **What should the Assessor say?**
- **What should the Reval Contractor do?**

CASE STUDY 6: VACATION TIME

CASE STUDY 6: VACATION TIME

PREMISE:

- The Assessor informs the Reval Supervisor that he is leaving for two weeks the day that notices go out
- The Reval Supervisor says "You are leaving all this on me? Your staff and the public is going to flip out.."
- The Assessor says "aww.. You can handle it...its my 25th Anniversary"

- **What should the Assessor do?**
- **What should the Reval Contractor say?**

CASE STUDY 7: THE STATISTICIAN

CASE STUDY 7: THE STATISTICIAN

PREMISE:

- A taxpayer, who is a statistician, floods the office with data that shows assessment changes did not follow a bell curve and demands a public meeting and wants the reval thrown out.
- The Assessor says to the Reval Supervisor "What are we going to do? The guy is right 70% of the assessments went up and 30% went down slightly..."

- **What should the Assessor do?**
- **What should the Reval Contractor do?**

CASE STUDY 8: THE MAYOR FACTOR

CASE STUDY 8: THE MAYOR FACTOR

PREMISE:

- The mayor demands a meeting with the Reval Supervisor when he finds out the commercials went down and the residential went up.
- The Reval Supervisor asks the Assessor to be present at the meeting and the Assessor says "No way – you can handle this"

- **What should the Assessor do?**
- **What should the Reval Contractor do?**

CASE STUDY 9: WET BEHIND THE EARS

CASE STUDY 9: WET BEHIND THE EARS

PREMISE:

- The Assessor finds out that his Project Supervisor has never done any waterfront valuation.
- When asked, the owner of the Reval Company says "Well, she has done lots of view properties before and besides I will be checking all of her work – no problem"

- **What should the Assessor say?**
- **What should the Reval Contractor do?**

CASE STUDY 10: THE NEGATIVE
PERCENTAGE CHART

CASE STUDY 10: THE NEGATIVE
PERCENTAGE CHART

PREMISE:

- The Assessor notices that the Town has been overbilled for data collection and that there is only \$2,000 left in reval account, and notices have not been even sent yet.

- What should the Assessor do?
- What should the Reval Contractor do?

CASE STUDY 11: THE EFFECTIVE
ATTORNEY

CASE STUDY 11: THE EFFECTIVE ATTORNEY

PREMISE:

- A well respected attorney insists that the Commercial Sales that occurred in the City were sold without knowledge that assessments might double due to the reval and that the tax rate would remain constant.
- A well respected property tax consultant concurs and suggests that the sales need to be adjusted downward to reflect a different ETR.

CASE STUDY 11: THE EFFECTIVE ATTORNEY

PREMISE:

- The reval contractor verified the sales with the buyers and/or sellers and found the sales to be valid and that the ETR used was correct at the time of sale. He also insists that that prospective purchasers and mortgage holders of high rise office towers did their due diligence.
- The Assessor concurs that the sales are valid, and that taxes will double on many high rise office towers.

CASE STUDY 11: THE EFFECTIVE ATTORNEY

PREMISE:

- The attorney wants to litigate the matter
- The mayor is concerned about driving out business

- What should the Assessor do?
- What should the Reval Contractor do?
 - What should the Court do?
 - What should the mayor do?

HOW CAN I HELP YOU?

- Reassessment Monitor
- Contract Design Consulting
- Public Relations Presentations
- Statistical Analysis
- Litigation Analysis and Strategy
- Complex Commercial Appraisal



QUESTION EVERYTHING... LEARN SOMETHING

JOHN VALENTE, ASA (413) 387-3428
Sevone.storm@Hotmail.com

NRAC
MAY 22, 2017

