



City Assessor

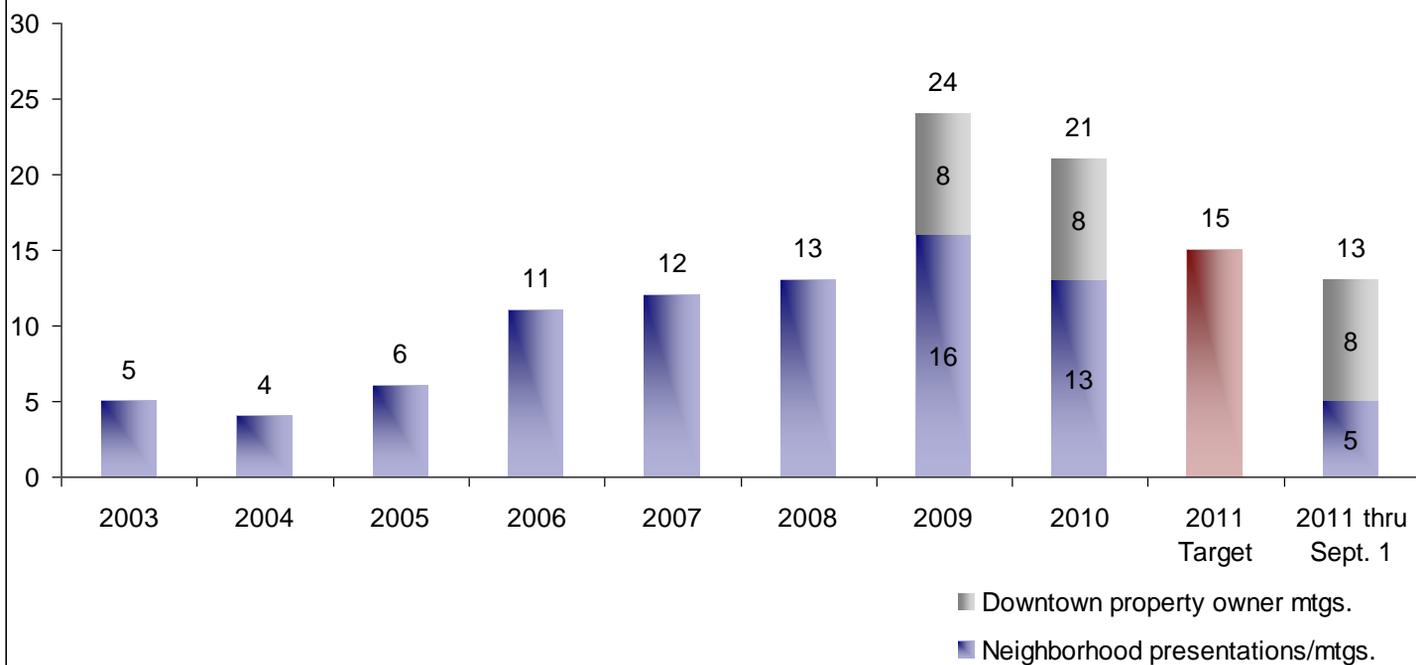
October 4, 2011

Table of Contents

City Assessor

Performance Measure	Page
1. Tax-related presentations given to community	3
2. Sales ratio	4
3. Tax court cases and outcomes	5
4. Number, value, and average refund of parcels petitioned per appraiser	8
5. Average refund per petition 	9
Appendix	Page
Estimated Market Value	11

Number of tax related presentations given to community



Why is this measure important?

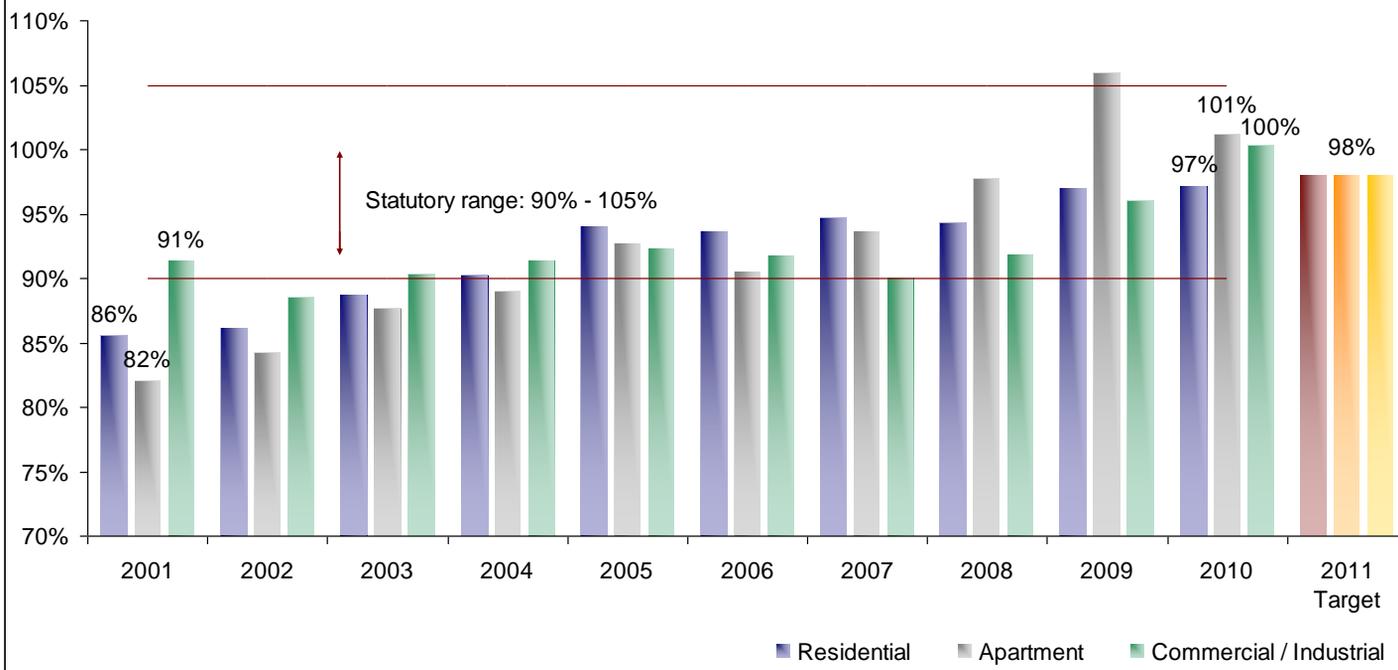
These community presentations help support the achievement of the City's goal "A City That Works". The community dialogue supports "Shared democracy empowers residents as valued partners" and "21st century government: collaborative, efficient and reform minded." Making presentations to community groups provides a forum for the Assessor and staff to engage and dialogue with residents and taxpayers. These meetings also provide opportunities to inform, educate, answer questions and distribute property tax literature. These outreach activities help to mitigate the City's exposure in future tax court appeals. Meeting with the downtown Class "A" property owners and managers is proving to be beneficial; their property tax revenue presents possibilities of major losses.

What will it take to achieve the targets?

To engage & dialogue with taxpayers, provide information and answer their questions:

- Be strategic in the number of meetings we initiate due to time and staffing constraints
- Accept invitations and present at various community meetings
- Partner with other city departments like Finance and CPED at neighborhood meetings
- Staff public meetings such as City and Hennepin County Truth-in-Taxation meetings
- Continue to provide information about the special tax programs for populations such as blind and disabled, veterans, and senior citizens at community meetings
- Continue to meet with and build working relationships with downtown Class "A" owners or managers to discuss their current year's assessment in greater detail and gain real-time data from property owners and managers

Sales ratio for residential, apartment and commercial / industrial property



Why is this measure important?

Minnesota statutes and the Department of Revenue (DOR) require that the real estate sales ratio fall in the range 90 percent to 105 percent. The DOR annually audits Minneapolis's sales ratio to ensure compliance and a fair and equitable distribution of the tax burden. If the ratio moves outside the 15 percent range the DOR could require Minneapolis to revalue all property within the non-compliant ratio category.

The sales ratio calculation is based on the difference between the property's assessed value and the actual sale price of the property. The sales ratio is a measure of the quality and accuracy of the assessment. As the sales ratio trends closer to the 105 percent range, the amount of tax court litigation work for the office also increases.

What will it take to achieve the targets?

To ensure and improve the accuracy of our assessments we need to:

- Implement WIFI Data Collection tools in quarter four of 2011
- Reduce appraisal staff time dedicated to petitions (counter productive given the current tax court trend) and increase staff time inspecting properties, working with brokers and verifying sales data
- Continue working with the DOR to review and analyze sales monthly
- Continue creating and refining Computer Assisted Mass Appraisal (CAMA) models
- Collect market data from external sources to track neighborhood changes and trends as factors impacting valuations and healthy housing
- Produce narrative appraisals better, faster and cheaper

Tax court cases and outcomes

Tax year court case was initiated	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Number of cases petitioned by year	230	305	426	380	363	349	326	341	535	636	547
Number of open cases remaining	-	-	-	-	-	-	2	3	75	196	362
Number of parcels petitioned	505	621	833	745	968	823	902	1433	2253	2301	1875
Number of parcels dismissed	263	204	374	328	306	384	382	413	594	419	205
Number of parcels still under petition	-	-	-	-	-	-	2	50	370	933	1252
Value of outstanding parcels under petition	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$2.00	\$55	\$1,232	\$1,905	\$2,100

Why is this measure important?

It is important to defend values in order to ensure everyone pays a fair and equitable amount of tax the tax burden. The levy dollars at risk is significant and has potential for an adverse impact on the City's budget and funding if appeals are not aggressively and strategically defended.

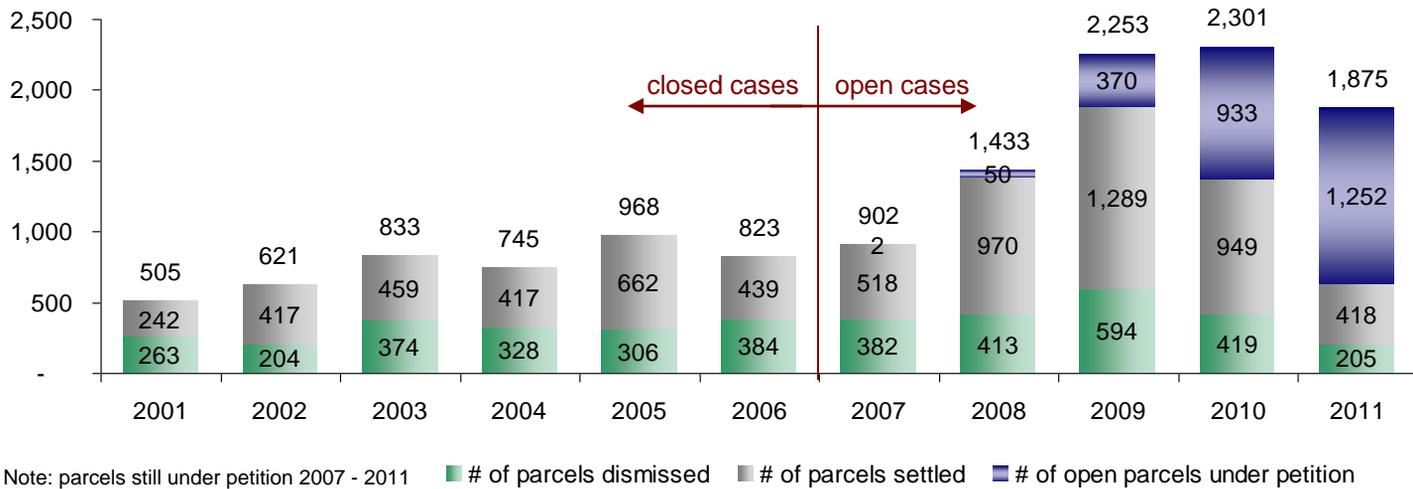
The department is planning for and aligning resources to handle the significant spike in 2009 and 2010 tax court petitions. The real estate market, the economy, State and local financial challenges and the elimination of the homestead credit continue to trend property taxes upward which is one of the driving forces behind the historically high number of Informal Review Requests, Local Board and County Board cases as well as tax court petitions.

What will it take to achieve the targets?.

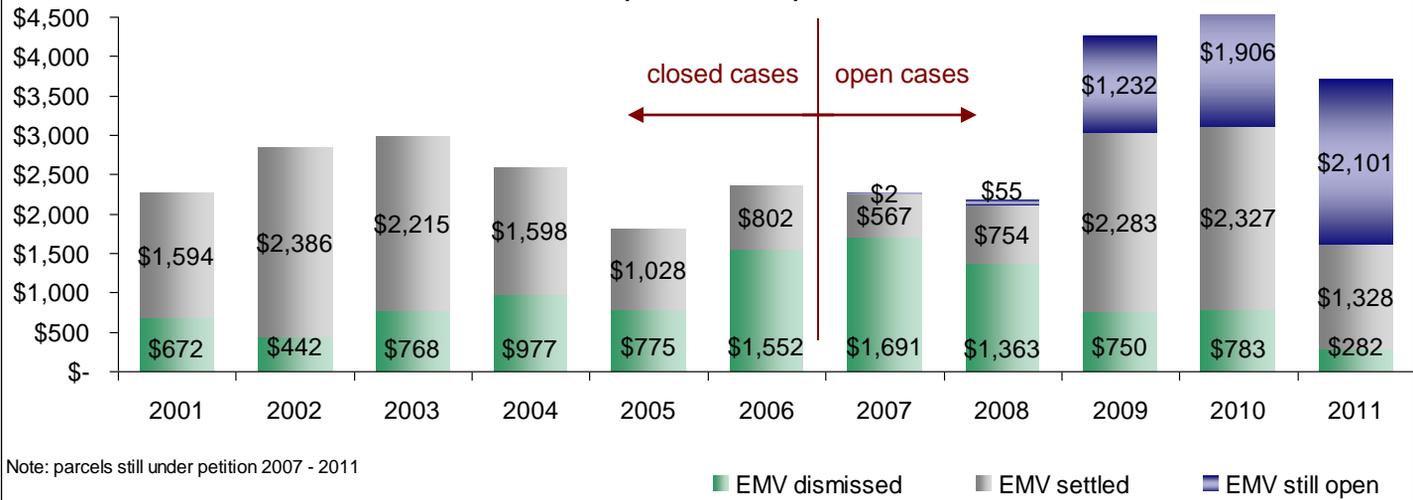
Defend the assessment to ensure property taxes are based on fair and equitable market values:

- Continue to be results driven by monitoring capacity, productivity and quality of assessment cycle processes and adjust FTE assignments as warranted
- Improve our data collection processes via technology and increased number of property inspections
- Continue to refine and improve the tax court workflow and appraisal software that assist in the writing and standardization of the narrative appraisals to make it easier and more efficient to produce the court documents
- Negotiate and settle petitions before they are levied against thus eliminating property tax refunds

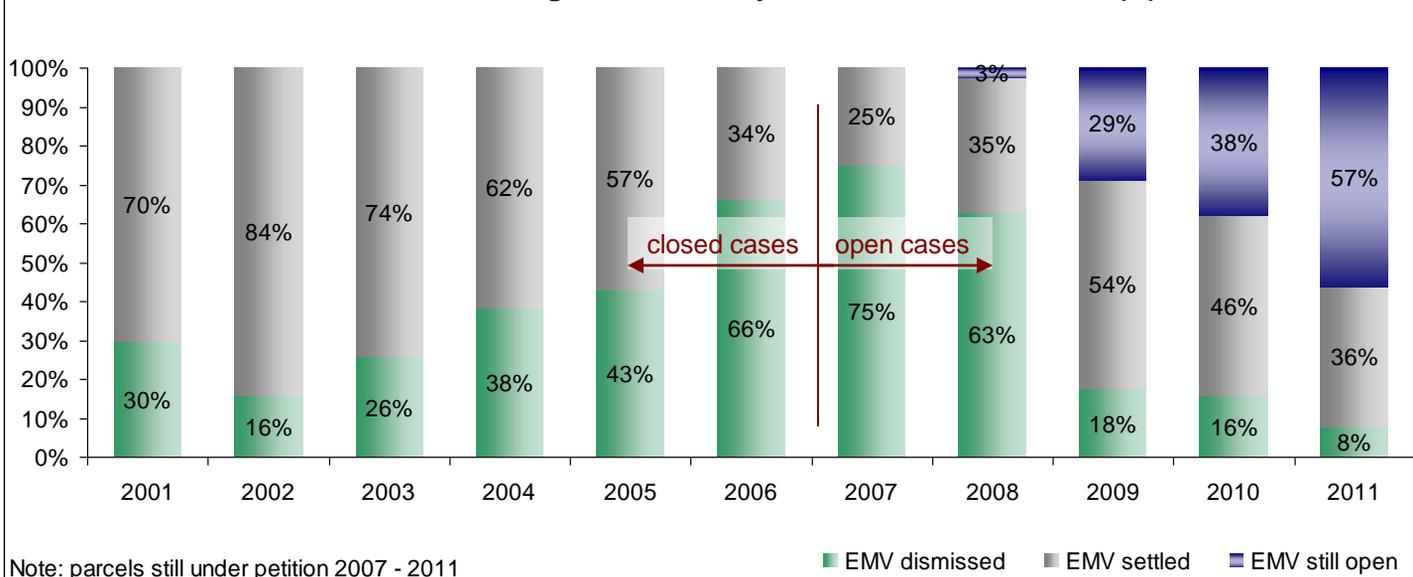
Tax court processes (by parcels)



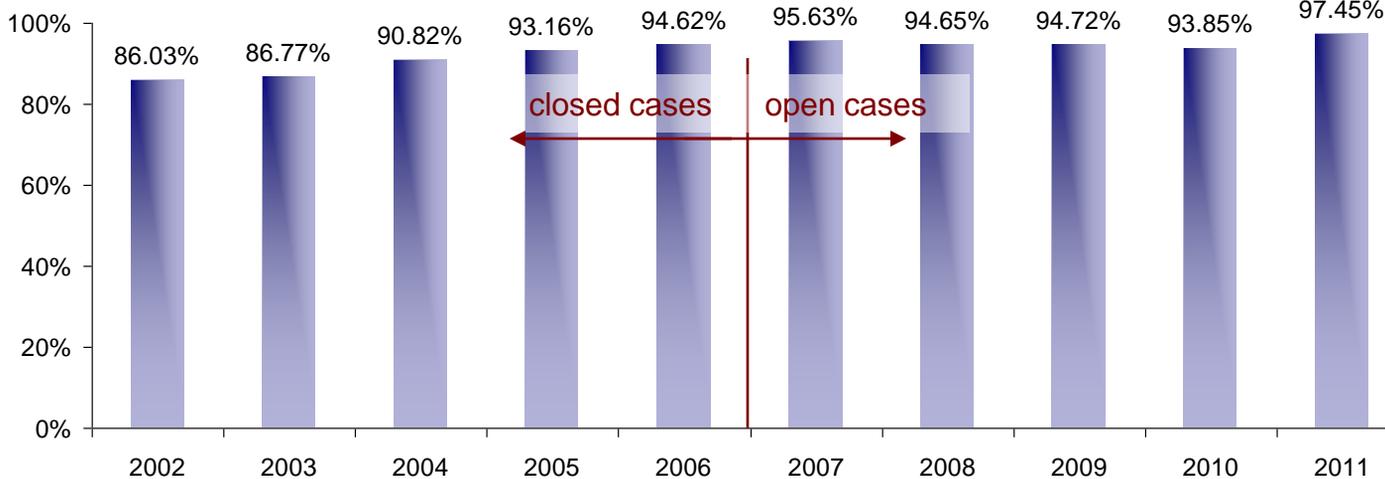
Success in achieving dismissals, by estimated market value (in millions \$)



Success in achieving dismissals, by estimated market value (%)

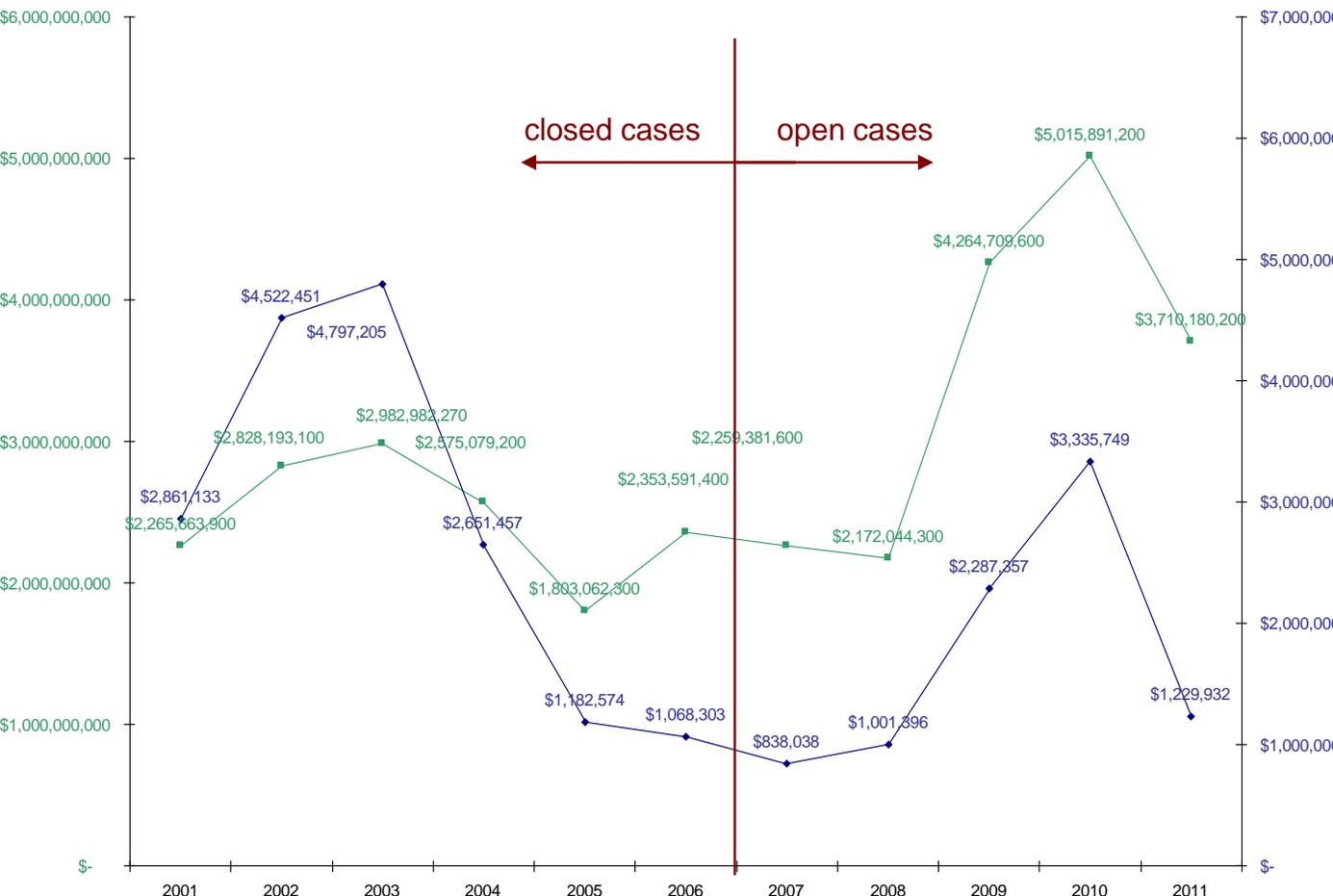


Percent of EMV retained following petitions



Note: parcels still under petition 2007 - 2010

Total EMV petitioned and City tax lost to date*



Notes:

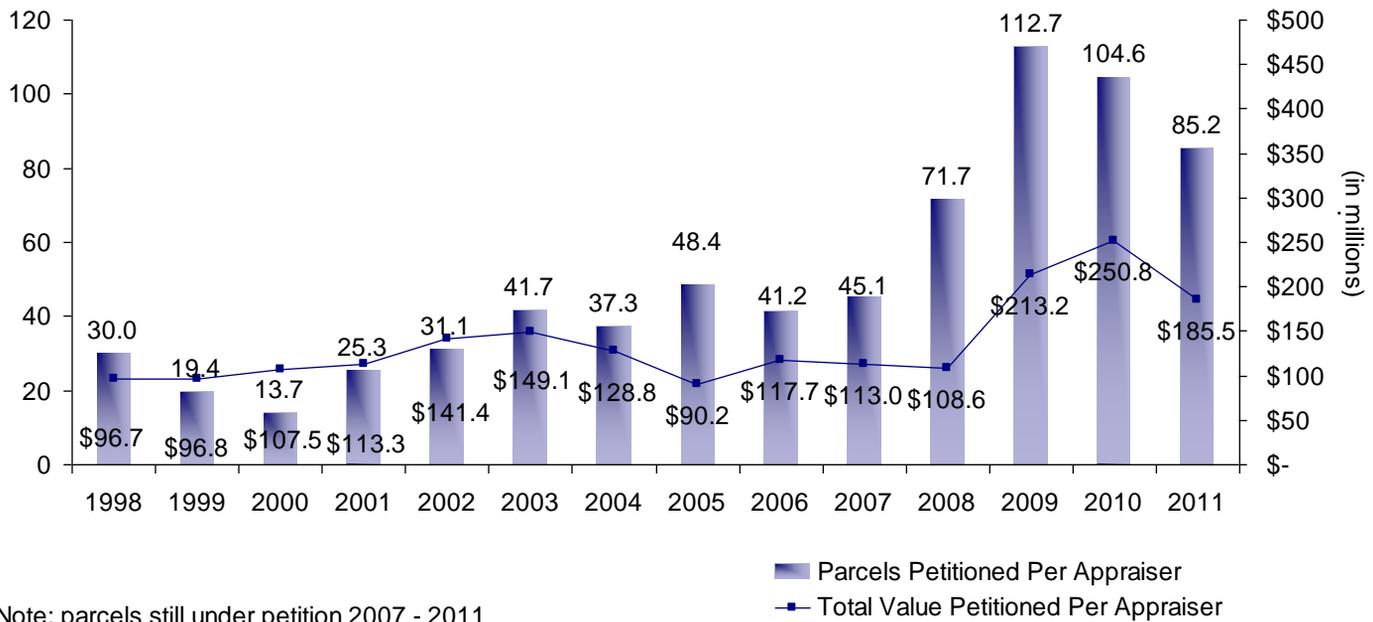
Parcels still under petition 2007 - 2011

* more than one parcel can be listed on a tax court

In 2011 Hennepin County implemented a new tax court tracking system with the entire county which provided more accurate numbers. For this reason some of the tax court case numbers are significantly different than reported in the last Results report

■ Total EMV petitioned
◆ City tax lost year to date*

Number and value of parcels petitioned per appraiser



Why is this measure important?

Tracking this measure is important for the department and enterprise business plan and strategic direction. This measure is an early indicator of department work demands. They help define operational and program challenges and exposure to levy loss. Collecting the data annually paired with trend projections will drive business planning and resource allocation to maintain the successes and outcomes achieved since 2005.

The goal for this measures is to reduce parcels managed per appraiser and maintain a consistent and predictable average refund per stipulation per appraiser.

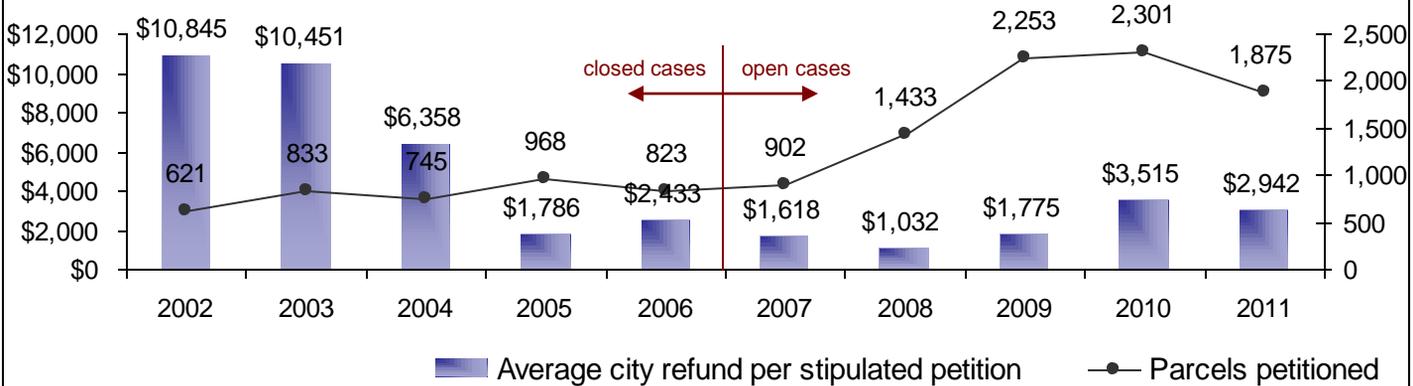
What will it take to achieve the targets?

- Continue to evolve the methods we use to monitor the business processes of each assessment cycle
- Provide consistent and frequent feedback to staff on their performance
- Continue to make business process improvements and leverage technology to improve efficiency and effectiveness

Goal: Minimize the City refund per stipulated petition



Average City refund per stipulated petition and volume of petitions



Note: A stipulated petition results in a changed assessed value
Parcels still under petition 2007 - 2011

Why is this a priority?

Tax court appeals have increased 270% while department staff levels (FTE's) have remained constant requiring the department to find efficiencies and new appraisal tools to manage the increased workload. Failure to successfully manage the increased workload would result in multi-million dollar losses in the general fund.

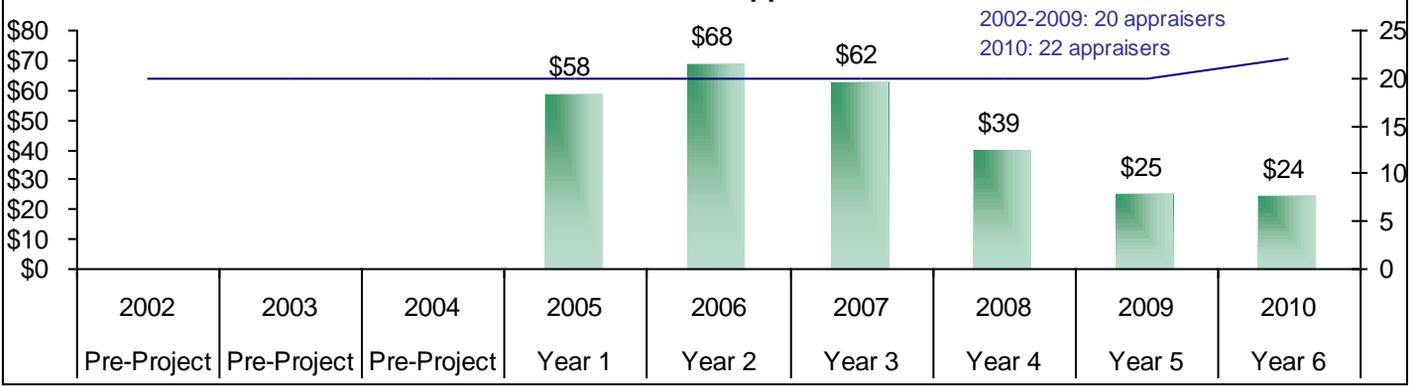
What strategies are you using to achieve this goal?

Our business strategy is to continuously reduce staff time to produce a narrative appraisal from 25 days to 10 days via staff training, appraisal technology and workflow analysis. Faster turn-around time in appraisal development will enable the department to handle the increase in workload with the same number of staff with similar or better petition outcomes.

What resources are needed to carry out your strategy?

Ongoing collaboration (i.e. project funding) between BIS and the Assessor's office to further integrate software and technology solutions into the Govern system. Continued funding of the software maintenance agreement.

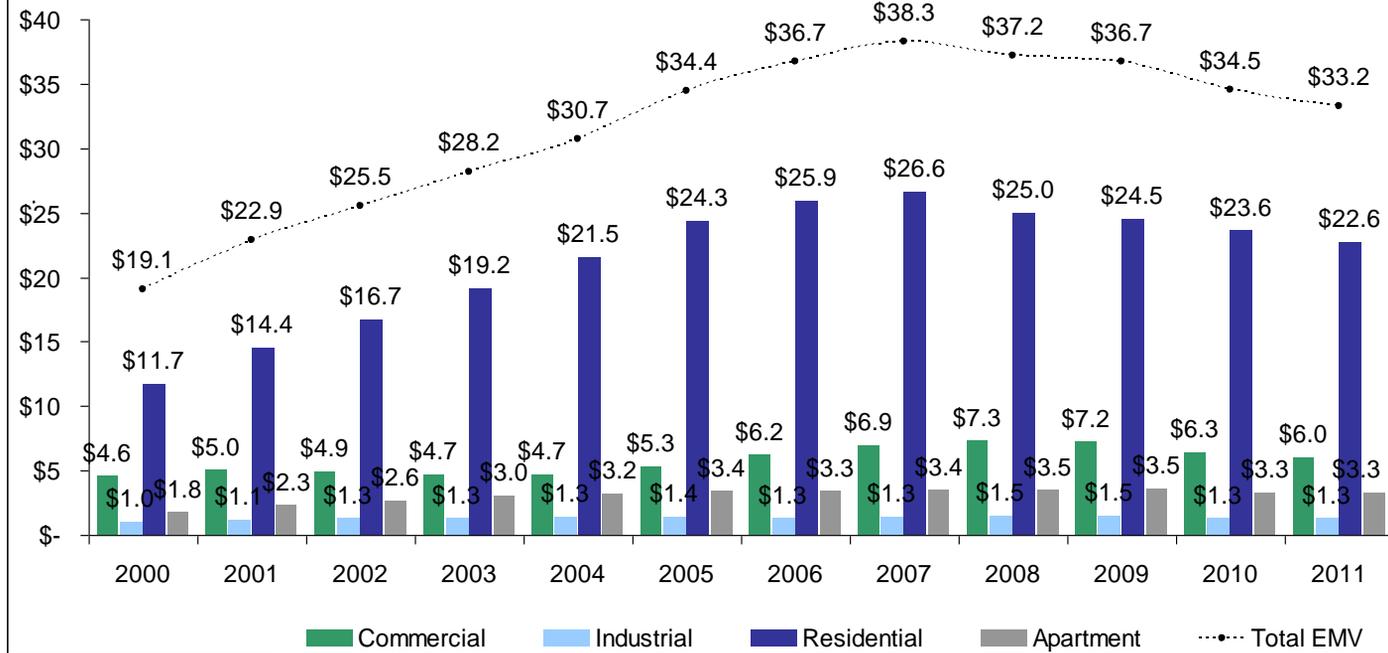
Average cost of appraisal template project, per parcel and number of appraisers



Appendix

Estimated market value

Minneapolis Total Estimated Market Value (EMV) by Property Type



Assessment Year	Commercial	Industrial	Residential	Apartment
1995	3,051,394,025	740,249,500	7,735,457,585	1,136,819,200
1996	3,391,777,675	748,952,800	7,963,277,855	1,166,660,500
1997	3,622,374,525	772,009,200	8,576,608,875	1,215,820,200
1998	3,976,454,860	804,894,465	9,215,680,020	1,323,041,124
1999	4,201,118,365	902,210,885	10,093,078,895	1,495,183,320
2000	4,578,719,140	1,030,648,550	11,702,958,070	1,774,766,310
2001	5,011,061,700	1,147,733,000	14,445,648,200	2,262,704,320
2002	4,913,152,000	1,314,199,500	16,664,347,900	2,633,849,100
2003	4,688,903,700	1,302,065,200	19,172,856,300	3,005,653,500
2004	4,665,147,100	1,347,262,100	21,504,338,600	3,199,757,300
2005	5,304,274,900	1,392,094,300	24,309,841,700	3,393,675,300
2006	6,164,161,600	1,305,857,500	25,883,768,200	3,341,167,200
2007	6,892,689,600	1,341,775,300	26,571,450,500	3,448,334,200
2008	7,324,379,000	1,458,507,400	24,963,455,300	3,472,506,900
2009	7,240,226,700	1,461,942,400	24,475,219,830	3,509,116,200
2010	6,347,326,400	1,307,373,300	23,578,044,100	3,312,499,000
2011	\$6,019,139,000	\$1,291,643,500	\$22,645,544,100	\$3,271,667,600