

CITY OF MINNEAPOLIS

**MINNEAPOLIS ASSESSOR'S OFFICE
2007-2011 BUSINESS PLAN**

SEPTEMBER 2006

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WHO ARE WE?

MISSION

The Minneapolis Assessor's Office serves the taxpayers of the City by valuing and classifying real estate property in an accurate, ethical, equitable and defensible manner as prescribed by state law. We also provide information and analysis to internal and external partners such as Elected Officials, City Departments, Minneapolis School District, Hennepin County Attorneys and Hennepin County Taxpayer Services, Minnesota Department of Revenue, taxpayers, neighborhood groups and the media

VALUES

Customer Service - provide prompt, courteous and understandable information.
Equalization - provide fair, accurate and defensible valuations and classifications.

Knowledge - be a source of high-quality Minneapolis real estate and assessment information.

Professionalism - employ educated, qualified, experienced and ethical staff who efficiently and effectively provide departmental services.

BUSINESS LINE DESCRIPTIONS

To fulfill its mission, the Minneapolis Assessor's Office has the following primary business lines and associated service activities:

1. **Maintain Data Integrity of the City's Tax Base –**
 - a. Collect, verify and maintain property records for the City of Minneapolis
 - i. Per Minnesota statute 20% of the properties must be inspected each year
 - ii. Evaluate new exempt applications and verify existing exempt organizations
 - iii. Administer and enforce all property tax programs and laws
 - iv. Inspect and update property records for all new construction and significant remodeling, modifications or demolition
 - v. Process existing and new property divisions and combinations
 - b. Provide property information to Hennepin County
 - c. Dispose of property records and private data according to data privacy laws and City ordinances.

2. **Real Estate Property Assessment –** Perform the assessment function for all real estate and appropriate personal property
 - a. *Valuation* – The annual estimation of value for all taxable and non-taxable real property per state law.

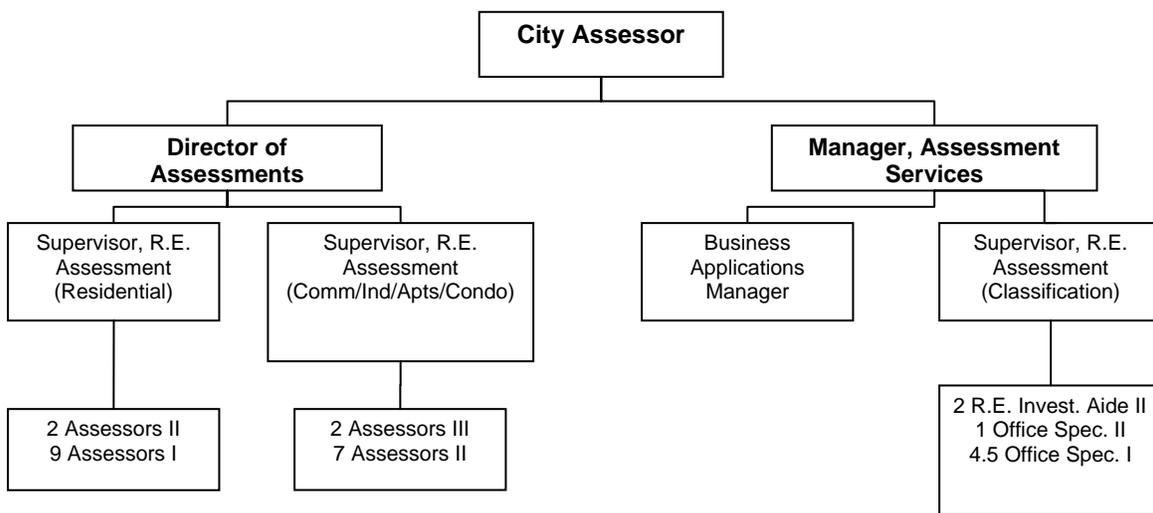
- b. *Classification* – The annual classification and recording of parcels by property use and property type.
- c. *Appeals and Reviews* – Respond to all informal and formal owner/taxpayer appeals and requests for property reviews. Defend assessment values and classifications at the City and County Boards of Appeal and Equalization.
- d. *Defend Tax Court Cases* - Defend assessment values and classifications in Minnesota Tax Court.

3. Provide Information and Data Analysis To –

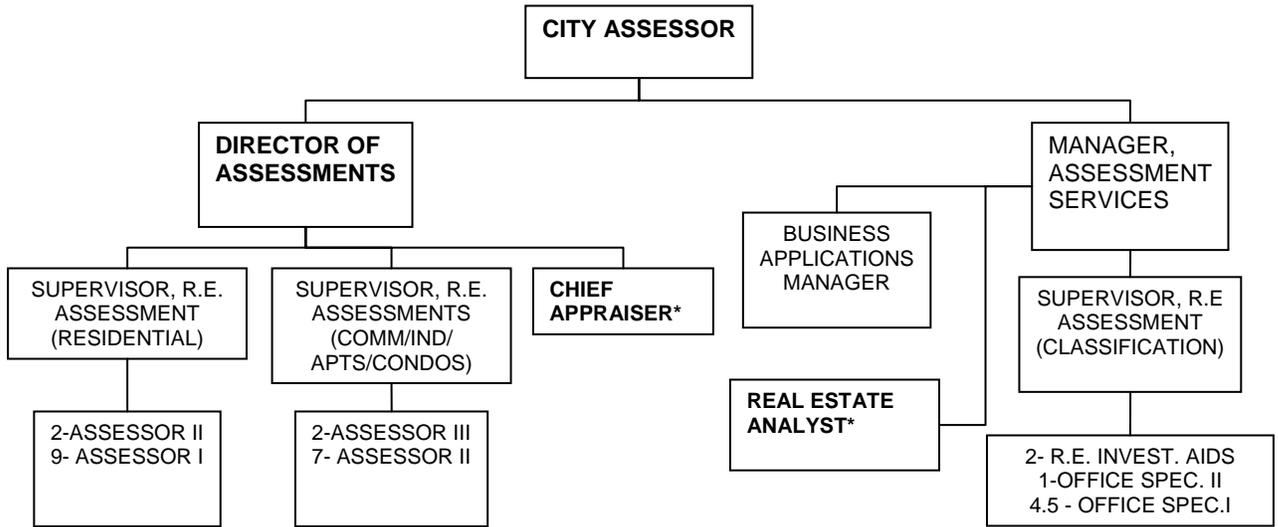
- a. Taxpayers
- b. Elected Officials, City departments, primarily CPED, Regulatory Services, GIS, Finance, Public Works and IGR.
- c. Hennepin County Attorneys, Hennepin County Taxpayer Services
- d. Minnesota Department of Revenue
- e. Minneapolis School District, neighborhood groups and the media

ORGANIZATION CHART

As of June 1, 2006



Proposed Organization Chart per Mayor's Recommended Budget



* Contingent upon department resource availability in 2007 and a department budget adjustment thereafter.

WHAT DO WE WANT TO ACHIEVE?

VISION

The Minneapolis Assessor's Office is a customer service-driven department with a professional and responsive staff who work together to deliver accurate, impartial and understandable valuations and classifications to taxpayers and elected officials. The Minneapolis Assessor's Office works to be acknowledged as an authority on assessment practices and a credible partner in providing information to support the financial decision making of the City.

DEPARTMENT GOALS, OBJECTIVES AND MEASURES (ALIGNED WITH CITY GOALS)

CITY GOAL (1-6)	CITY STRATEGIC DIRECTION (A-Z)	DEPARTMENT GOAL	OBJECTIVE	MEASURE
		PROVIDE VALUE-ADDED SERVICES TO TAXPAYERS	IMPROVE ACCESS TO INFORMATION FOR CUSTOMERS	INCREASE WEB PAGE TRAFFIC & FORM DOWNLOADS

CITY GOAL (1-6)	CITY STRATEGIC DIRECTION (A-Z)	DEPARTMENT GOAL	OBJECTIVE	MEASURE
<p>Property taxes provide approximately 16% of the City's revenue. Accuracy in the assessment and a strong defense of market value provides the funding to maintain the City's physical infrastructure, invest in long term capital improvements, maintain the natural and historic environment and insure a clean and sustainable Minneapolis. The nature of the Assessor's Office work does not lend itself to a distinctive one-to-one correlation between the City goals and strategic direction. There is a supporting relationship between the Assessor's Office work</p>				% OF 311 ASSESSOR RELATED CALLS COMPLETED BY 311 OPERATORS
			BE PROACTIVE IN TAXPAYER EDUCATION	INCREASE THE # OF TAX RELATED PRESENTATIONS GIVEN EACH YEAR BY DEPARTMENT
		IMPROVE THE EFFICIENCY AND EFFECTIVENESS OF BUSINESS PROCESSES	MAINTAIN 98.0% OF TAX LEVY COLLECTION	% OF LEVY COLLECTED EACH YEAR
			MEET MN STATUTE FOR SALES RATIO	9 MONTH SALES RATIO PER MN STATUTE BOTH MEDIAN RESIDENTIAL MEDIAN COMMERCIAL VALUES
			STREAMLINE THE PROCESS TO IDENTIFY WHICH PROPERTIES WITH BUILDING PERMITS RESULT IN A MEASURABLE CHANGE IN VALUE, CONDITION OR CLASSIFICATION	# OF PERMITS INSPECTED VS. # EXTRACTED FROM KIVA
				\$ ADDED TO TAX BASE BASED ON BUILDING PERMIT DATA
			STREAMLINE APPRAISAL PROCESS OF ALL PROPERTY TYPES: RESIDENTIAL, CONDOS, APARTMENTS, COMMERCIAL & INDUSTRIAL	# OF CAMA MODELS IN USE
			SUPPORT OTHER CITY DEPARTMENTS IN THEIR USE OF THE ASSESSOR'S PROPERTY MANAGEMENT SYSTEM DATA	# OF HOURS EXTRACTING DATA FOR CITY USERS; OTHER GOVERNMENTAL USERS; MEDIA, PRIVATE USERS* (*FEE FOR SERVICE)
		MAINTAIN A COMPETENT, POSITIVE AND FULLY STAFFED WORKFORCE	MAINTAIN THE DEPARTMENT'S INSTITUTIONAL KNOWLEDGE THROUGH TRAINING, MENTORING AND COACHING	% OF EMPLOYEES WITH ANNUAL EMPLOYEE DEVELOPMENT PLAN

CITY GOAL (1-6)	CITY STRATEGIC DIRECTION (A-Z)	DEPARTMENT GOAL	OBJECTIVE	MEASURE
				% OF INSTITUTIONAL KNOWLEDGE / SUCCESSION MANAGEMENT PLAN IMPLEMENTED

HOW ARE WE GOING TO GET THERE?

TACTICS AND DEPARTMENT INITIATIVES (ALIGNED WITH DEPARTMENT GOALS AND OBJECTIVES)

Department Goal	Objective
1. Provide value added services to taxpayers	1.1 Improve access to information for customers
	1.2 Be proactive in taxpayer education
2. Improve the efficiency and effectiveness of business processes	2.1 Maintain 98.0% of tax levy collection
	2.2 Meet MN statute for sales ratio
	2.3 Streamline the process to identify which properties with building permits result in a measurable change in value, condition or classification
	2.4 Streamline appraisal process of all property types: residential, Condos, apartments, commercial & industrial
	2.5 Support other City departments in their use of the Assessor's property management system data
	2.6 Seek external funding sources to pay for the purchase, development, implementation and staff training for mobile (Wi-Fi) field data collectors.
3. Maintain a competent, positive and fully staffed workforce	3.1 Maintain the department's intuitional knowledge through training, mentoring and coaching

KEY ENTERPRISE INITIATIVES (COMMUNITY ENGAGEMENT, SUSTAINABILITY PLAN, LIMITED ENGLISH PROFICIENCY & ENTERPRISE INFORMATION MANAGEMENT)

COMMUNITY ENGAGEMENT

DEPARTMENT REPRESENTATIVE: DENISE LINGWALL

The leadership team reviewed the department's processes to determine if there were any opportunities to better engage the community, ranging from information sharing to active participation in decision making. We were able to identify four processes where we will be able to review/apply Level One methods and one process where we will be able to review/ apply Level Two methods. The rest of the department processes are defined by Minnesota statutory requirements and not open to modification.

DEPARTMENT ACTIONS					
AREA	2006	2007	2008	2009	STATUS (June '07 - '11)
APPLICATION OF THE CE PROCESS MODEL	Completed inventory of the six CE activities performed by the department	Apply the CE Model to Department Initiated Neighborhood Meeting process	Apply the CE Model to Land Advisory Board meeting process	Apply the CE Model to General Information Requests: Lobby Traffic, telephone calls, self service terminals, web site	TBD
	Designate department's CE representative: Denise Lingwall	Apply the CE Model to the development of the Outreach Meetings for Language Specific Communities	Apply the CE Model to Meetings when Department is invited by Business Owners		TBD
			Apply the CE Model to Meetings when Department is Invited By Residents and/or Property Owners		TBD
TRAINING	Send department's staff to CE training session (train the trainer style)				TBD
	Request customized CE training for the department as needed				TBD
	Participate in future interdepartmental work groups and projects as needed				TBD
EVALUATION Evaluate the impact of CE activities	No evaluation needed in 2006	Annual review of CE projects.	Annual review of CE projects	Annual review of CE projects	TBD
		Participate in the Annual CE best practices showcase event	TBD	TBD	TBD
CE WEB SYSTEM Internal communication and public participation tool)	Under consideration	Participate on the development of the Web System as needed	Send staff to training session on the use of the Web System. Departments start using the web system	Use the web system in our CE projects	TBD

SUSTAINABILITY PLAN

DEPARTMENT REPRESENTATIVE: DANA BEASLEY

The Minneapolis Assessor's leadership team reviewed the Sustainability Initiative 2005 Annual Report and additional information about targets and best practices to create a more sustainable, healthy and environmentally-friendly City. There are only a few indicators where we can develop strategies that, in a small way, influence the achievement of the targets. We have included two activities that we hope will help raise staff awareness, interest and commitment to this endeavor.

INDICATOR	NEW OR IMPROVED ACTIVITY/RESOURCE IMPLICATIONS	IMPLEMENTATION TIMELINE	MEASUREMENT
Sustainability Initiatives in general, some potential to effect any or all indicators	Raise Employee Awareness of Sustainability Initiative and encourage employees to change what they can outside of their work. We will invite a speaker to present the what, why and how of this enterprise initiative.	2007	Self-reporting of staff through an annual survey of activity
General livability	Participate in City Sponsored events, e.g. Graffiti Clean-up	2007-2011	% of staff participating in these events
Air Quality, Carbon Dioxide Emissions	Develop policies for responding to Air Quality Alert days that curtail emissions due to field work	2007	% of staff able to change their schedules on designated days
Renewable Energy	Provide information to property owners at public forums and via the web site about state tax credits and other incentives or special programs such as renewable power, Lead abatement, etc.	2007 and with next web update	% of meetings where information was made available
Asthma Morbidity, Air Quality, Carbon Dioxide Continued from previous page.	Encourage use of rechargeable batteries in electronic devices such as cameras, flashlights, laser measures, etc. Continued from previous page.	2007-2011 Continued from previous page.	% of employees using rechargeable batteries, self-reporting of staff through an annual survey of activity.
Air Quality, Carbon Dioxide Emissions	Reduce energy consumption: turn off lights, computers and electronics when not needed, etc.	2007-2011	Self-reporting of staff through an annual survey of activity.
Air Quality	Maintain Green purchasing including cleaning supplies and office supplies	2007-2011	Initial discussion and yearly review
Asthma Morbidity, Carbon Dioxide	Encourage more recycling in the workplace	2007-2011	Self-reporting of staff through an

INDICATOR	NEW OR IMPROVED ACTIVITY/RESOURCE IMPLICATIONS	IMPLEMENTATION TIMELINE	MEASUREMENT
Emissions			annual survey of activity
Air Quality, Asthma Morbidity, Carbon Dioxide Emissions	Explore options such as use of Hour Car, City Vehicles, hybrid vehicles, E85 vehicles, etc. to determine challenges and feasibility	2009	Complete cost benefits analysis and feasibility study

LIMITED ENGLISH PROFICIENCY

DEPARTMENT REPRESENTATIVES: VALERIE THOMPSON AND DENISE LINGWALL

The Minneapolis Assessor's Office has been implementing the 2006 LEP plan. As a department we are fortunate to have staff with multilingual capabilities, therefore we can provide some of the translation services to our customers. As part of the project to add information to our website, we worked with Minneapolis Multicultural Services to determine which documents to translate for inclusion as part of the web site update. As we are cycling through our annual assessment process, we will continue to identify opportunities and take action to ensure meaningful access and compliance with State and Federal mandates.

One project we are committed to for 2007 and subsequent years, is to meet with one language specific community group each year to answer questions and share information about the taxes, classification and valuation of Minneapolis real estate properties. We will utilize the Community Engagement model in the development of this project.

STRATEGIES 	OBJECTIVES 	ENTERPRISE ACTIVITIES 	DEPARTMENT STATUS REPORT (2006-2007)
Integrate practices of language access into operations of every City department	Build awareness about legal mandates of language access services in each department	<ul style="list-style-type: none"> ▪ Designate LEP liaisons in department ▪ Define liaison responsibilities ▪ Establish and support on-going departmental LEP workgroup 	<ul style="list-style-type: none"> ▪ <i>Representatives are Valerie Thompson and Denise Lingwall</i> ▪ <i>The leadership team acts as the LEP workgroup</i>
Define protocols and service activities for language access compliance in each department	Provide notice to limited English speakers of their right to free language services	<ul style="list-style-type: none"> ▪ Utilize multiple communication channels (signage, language blocks, website, bulletins, etc.) to disseminate information about how to obtain and use language services 	<ul style="list-style-type: none"> ▪ <i>We added language access signage in our lobby, and adding language block to literature such as: homestead applications, door hang tags and entry letters</i> ▪ <i>We are requesting all appraisers carry language notice/access cards to provide better communication with LEP individuals</i>

<p>Identify the LEP persons living in Minneapolis and the City services they use</p>	<ul style="list-style-type: none"> ▪ Assess level (low/medium/high) of frequency and intensity of LEP interaction in department to determine service gaps ▪ Develop mechanisms to track services provided to LEP individuals 	<ul style="list-style-type: none"> ▪ <i>We are tracking the number LEP interactions. We will review the information at the end of the year to see if any additional activities are needed</i>
<p>Offer free, timely spoken language interpretation services for LEP individuals</p>	<ul style="list-style-type: none"> ▪ Establish decision tree for determining whether to use internal or external interpreters ▪ Set up telephonic interpreting account ▪ Use work tools and guides for working with interpreters 	<ul style="list-style-type: none"> ▪ <i>The Assessor's office has staff that speak Spanish, we utilize them as appropriate</i> ▪ <i>By year end all staff will be trained in use of the Language Line</i>
<p>Provide free written language translations of vital documents</p>	<ul style="list-style-type: none"> ▪ Select which documents are vital and will be translated ▪ Use checklists for preparing documents for translation 	<ul style="list-style-type: none"> ▪ <i>We translated key documents for inclusion in our web site update. We are continuing to identify additional documents for translation</i>
<p>Hiring to meet multilingual needs</p>	<ul style="list-style-type: none"> ▪ Work with HR to have multilingual capability a consideration or qualification in job announcements 	<ul style="list-style-type: none"> ▪ <i>We know the value of the multilingual capability in our current staff. (Four languages). As positions become open, we will add multilingual capability as a consideration</i>
<p>Train to ensure that City staff is familiar with legal mandates and best practices for serving LEP individuals</p>	<ul style="list-style-type: none"> ▪ Identify and utilize training opportunities to promote an increased understanding and awareness of improved communications through language access (e.g. new employee orientation, videos, departmental presentations website and discussions) 	<ul style="list-style-type: none"> ▪ <i>By year end all sections of the department will have attended presentations on language access</i>

ENTERPRISE INFORMATION MANAGEMENT

DEPARTMENT REPRESENTATIVES: VALERIE THOMPSON AND JIM SWENSON

DEPARTMENT ACTIONS			STATUS JUNE '07 - '11
ACTION AREA	2006 - 2007	2008 - 2011	
GOVERNANCE, STRUCTURE AND STAFFING	<ul style="list-style-type: none"> Designated EIM Representatives are Valerie Thompson and Jim Swenson who will serve as subject matter experts and participate in EIM standards development workgroups As EIM requirements are formalized, the department will develop strategies to meet those requirements 	<ul style="list-style-type: none"> Support decisions of EIM Policy Board Fund and implement business process and staffing-model changes associated with coming into EIM compliance 	
BUSINESS PLANNING	As future technology projects are identified, they will be added to the EIM Project Inventory and an analysis will be completed to determine actions needed to ensure EIM compliance.		
PROJECT PLANNING	<p>The EIM Project inventory includes:</p> <ul style="list-style-type: none"> Assessor on-line Homestead application: EIM requirements will be incorporated into the solution development process. We will participate as a stakeholder in these project with EIM implications: Enterprise Content Management (Document Imaging), Blue Print Scanning, OCE large-format scanner acquisition and install, Parcel Address Fixer (Master Address database), Property Data Warehouse , Land Management System Consolidation Analysis and other projects as identified 		
TRAINING	<ul style="list-style-type: none"> Department EIM representatives will determine which staff should attend any or all offered training sessions We will fund training as needed for staff as appropriate and staff assigned to explicit EIM roles and responsibilities in the department as part of compliance integration phase. 		
COMPLIANCE (ASSESSMENT, INTEGRATION, EVALUATION)	<ul style="list-style-type: none"> We will assign staff to participate in information audits, readiness assessments, cataloging of information assets, etc., as scheduled. 	<ul style="list-style-type: none"> Complete Department Risk Assessment/Gap Analysis Develop plan for EIM Compliance Complete annual EIM progress reports Complete periodic audits 	

WHAT RESOURCES ARE WE GOING TO USE? (FINANCE PLAN, WORKFORCE PLAN, TECHNOLOGY PLAN AND EQUIPMENT & SPACE PLAN)

FINANCE PLAN

INTRODUCTION

DEPARTMENT FUNDING SOURCES

One hundred percent of the Minneapolis Assessor's Department budget is in the General Fund. The department budget is approximately 78% wages and benefits. No additional budget cuts are identified in the five year finance projection.

The department receives \$66,000 annually in revenue from Payment in Lieu of Taxes (PILOT) program which are generated from nursing homes in Minneapolis. The amount of revenue contribution in 2007 is expected to be down -50.7% because of the reduction in operating nursing homes in the city.

BUSINESS LINES

The Minneapolis City Assessor's Office has three business lines.

- We serve the taxpayers of the city by valuing and classifying real estate property as prescribed by state law.
- We collect, verify and maintain property records for the City of Minneapolis and provide this property information to Hennepin County.
- We provide information and analysis to internal and external partners such as Elected Officials, City Departments, Minneapolis School District, Hennepin County Attorneys and Hennepin County Taxpayer Services, Minnesota Department of Revenue, taxpayers, neighborhood groups and the media.

MAJOR TRENDS AND CHALLENGES*

There are several significant trends and challenges the department is monitoring, including taking action to mitigate the adverse challenges from an ever increasing workload.

- High volume of court cases
- Residential real estate market shift to a buyer's market
- Limited Market Value program phase out
- Increasing number of requests for information and data analysis
- Condominium boom
- New Twins Stadium
- New University of Minnesota stadium

To insure the Assessor's office continues to meet statutory requirements and maintain accurate records to properly assess the City of Minneapolis' tax base, the department utilized overtime and hired interns to offset the increased workload. While these efforts have enabled the department to meet 2006 increases in workload demands, overtime pay and interns are not a viable long-term solution as it was funded from savings due to staff turnover.

*Details about each of these trends and challenges are included in the appendix.

STRATEGY TABLE

FINANCIAL STRATEGIES	WHICH PERFORMANCE MEASURES WILL CHANGE AND HOW?	SHORT-TERM ACTIONS (ONE YEAR)	LONG-TERM ACTIONS (TWO TO FIVE YEARS)
Financial strategies coming from lessons learned from historical financial data and prior financial plans			
Maximize resources & plan for re-appropriation requests.	Percent of budget spent stable and not over 100%.	Continue to align expenditures and budgets to better track resources and plan for the future.	Build the 2008 budget based upon these changes; re-adjust in 2009-11 as needed.
Financial strategies produced from creative reallocation exercise			
Reduce the number of tax levy dollars at risk due to tax court appeals.	Decrease hours required to write narrative appraisals for tax court. (A major tax court case can take several hundred hours to research, write and defend in court.)	Document, standardize and improve Tax Court processes.	Continue to improve and monitor the tax court process as improvements are implemented to ensure achievement of desired results.
Financial strategies to meet the financial direction			
Ensure efficient and effective work processes.	Continue to meet state statutory requirements and provide the information and analysis requested by internal and external customers.	Develop one new Computer Assisted Mass Appraisal model per year.	Continue to invest in and dedicate time to review, improve and monitor work processes.
Financial strategies related to loss prevention			
Protect City personnel and property; ensure continuity of services following an emergency.	Maintain minimal claim status.	List perils & identify process to respond to emergency situations. Conduct periodic drills	Review emergency procedures each year to ensure relevancy.
Accident and Data Analysis	Maintain minimal claim status.	Identify loss exposures based upon claims history.	Conduct periodic reviews of loss data to identify trends and potential loss exposures.

FINANCE PLAN TABLE

City of Minneapolis
Assessor
Financial Plan (in thousands of dollars)

	2004 Actual	2005 Actual	2006 Budget	2006 Projected	2007 Budget	% Chg from 2006 Budget	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast
Revenues:										
Payments in Lieu of Taxes (PILOT)	114	65	133	133	65	-51%	65	65	65	65
Miscellaneous Revenues	1	1	1	1	1	0%	1	1	1	1
Revenues to meet the financial forecast:			-		-		-	-	-	-
Total	115	66	134	134	66	-50.7%	66	66	66	66
General Fund Expenditures:										
Salaries/Wages	1,686	1,675	1,926	1,926	2,054	6.6%	2,121	2,200	2,288	2,385
Benefits	442	489	604	604	699	15.7%	722	749	779	812
Contractual Services	233	617	484	484	632	30.6%	653	677	704	734
Operating Costs	161	185	161	161	188	16.8%	194	201	209	218
Equipment	3	2	2	2	2	n/a	2	2	2	2
Expenditure changes to meet the financial forecast: No reduction in department funding is budgeted at this time.										
Total	2,525	2,968	3,177	3,177	3,575	12.5%	3,692	3,829	3,982	4,151
Difference	(2,410)	(2,902)	(3,043)	(3,043)	(3,509)	-63.3%	(3,626)	(3,763)	(3,916)	(4,085)

WHAT HAVE YOU LEARNED ABOUT YOUR BUSINESS AS A RESULT OF PRIOR FINANCE PLANS?

This is a small department whose budget has limited monies for any discretionary projects. The department's 2006 expenditures break down as follows:

- 78% wages and benefits
- 16% charges for services provided by other departments (BIS, rent, liability, benefits administration)
- 4% for contractual services (postage, training, other services)
- 2% for operating costs (transportation, supplies)

Note this included the "one time" allocation of \$50,000 for additional training and development

It is imperative that we closely monitor and manage our expenses to ensure we can sufficiently fund activities and processes to meet statutory requirements and provide analysis and interpretation of data for various entities to enable better decision making when the City's tax base is a factor.

In the future, to implement significant efficiency or effectiveness improvements in our business processes or technology we will need to seek one time or on-going funding through the budget process.

In order to assure a 98% levy collection and preserve fairness in the tax system we needed to increase our employees' skill sets. The Minnesota Department of Revenue requires the Assessor's office to adhere to high appraisal and valuation standards for accuracy and fairness. Customer service in dealing with every property owner's concerns and ensuring value accuracy are essential first steps in creating trust in the City's property tax system and appraisal staff.

- *We used the 2006, one time, money to create a succession plan. That plan includes updated job descriptions, defined career paths for each job classification, documentation of each employee's current development level, and a professional career development discussion with each employee and identifies the best way to support individual professional skill development. We are building a more competent staff and greater effectiveness throughout the organization.*
- *Due to a growing inverse relationship between number of appraisers and real estate growth and development, the department is struggling to meet the Minnesota statutory requirements and provide timely services to internal and external customers. The department has paid staff overtime and hired interns to offset the increased workload. While these efforts have enabled the department to meet workload demands, overtime pay and interns are not a viable long-term solution.*

We are concentrating on a high number of attorney represented court cases challenging property assessments. This is due in part to the over supply of office buildings and a weak industrial market during the 2002-2004 time frame. This trend is fueled by a growing "industry" of attorneys specializing in or focusing their practices in the field of property tax appeals. A major court case requiring a narrative appraisal can take *several hundred hours* to research, write and defend in court. At times the turnover of staff necessitates some duplication of preparation time as tax court cases can easily span 3 - 6 years before they are settled. The work involved and the levy dollars at risk can be very significant and could result in an adverse impact on City's budget and funding if not aggressively and strategically defended.

CONTINGENCY PLANS

<p>Scenario A – 25% reduction in revenue</p>	<p>The vast majority of the Department's work is regulated by MN state statutes and therefore not discretionary. The main challenge facing the City Assessor's Office is having the required number of competent staff to continue to meet the statutory requirements and deadlines. A 25% reduction would essentially place the City in jeopardy of not being able to meet statutory requirements</p>
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Scenario A – 25% reduction in revenue (cont.)	resulting in the Department of Revenue intervening and subcontracting the reassessment of Minneapolis, then billing the city for costs incurred.
Scenario C – CDBG Elimination	The Minneapolis Assessor’s Office does not depend on CDBG funding.
Scenario D - Enterprise fund reductions	The Minneapolis Assessor’s Office does not use any Enterprise funds.
Scenario E – Your own worst nightmare! What isn’t even on the table and should be!	The worst nightmare would be Scenario A, a 25% reduction.
Scenario F – Internal service fund choices	Due to the fact that the department is small, there are not many opportunities for savings in this area.

WORKFORCE PLAN

NARRATIVE RESPONSE

1. Describe the most critical projected gaps in work, workforce, and work environment that, if closed, will more greatly enable the achievement of your business plan objectives.

The department workload increases exponentially as the number of parcels increase and as the real estate market changes. Due to a growing inverse relationship between number of appraisers and real estate growth and development; the department is struggling to meet the Minnesota statutory requirements and provide timely services to internal and external customers. Although the department has never failed to meet its deadlines, we have had to rely on overtime to complete assessment projects. Without additional FTE’s for the department, the outcome from the high workloads will result in more staff turnover, low staff moral which may contribute to a lower quality of work and puts our department at risk in meeting statutory requirements.

The Minneapolis Assessor’s Office currently has 34.5 FTES. Over half of the Department’s staff has been hired within the last 5 years. In the next 5 years, 4 people could potentially retire.

Current demographics indicate the ethnic diversity at 18%, women at 44%, with women and people of color occupying management and leadership positions. From a staffing perspective, the department has struggled to find applicants with strong fundamental real estate and appraisal skills and struggled even more to find ethnically diverse applicants.

2. Describe the strategies your department will take over the next three to five years to address work, workforce, and work environment gaps.

We are focusing on increasing the technical competency of the 60% of our staff who have less than five years of experience. Minnesota has one of the most complex property tax systems in the United States and staff needs to be fully knowledgeable to do their work efficiently and respond to taxpayers questions adequately.

We used the 2006 one time, money to:

- a. Create a succession and knowledge transfer plan*
- b. Update all job descriptions*
- c. Identify departmental and position competencies*
- d. Define career paths for each job classification*
- e. Document each employee's current development level*
- f. Complete skill and ability gap analysis for each employee*
- g. Complete individual professional career development discussions and create individual development plans for every employee to support professional skill development*

These actions will lead to a more competent staff and greater efficiencies and effectiveness throughout the department.

In 2007 and into the next five years we will:

- a. Initiate process improvements in our tax court litigation practices*
- b. Monitor and modify the individual development plans*
- c. Continue the salary review process based on updated job descriptions*
- d. Customize and improve our hiring and performance review process based on updated job descriptions and identified position competencies*
- e. Continue to assess the work environment and proactively address any issues that contribute to work load stresses*
- f. Continue to improve the efficiency and effectiveness of the department*

3. Develop a diversity strategy to attract, develop and retain employees who have the talent and competencies needed to meet the department's future goals.

The Minneapolis Assessor's Office will work with Human Resources to conduct an analysis of our approach to attracting qualified candidates, ensure clear job descriptions in ads and identify best advertising options for candidates.

The Assessor's Office will reach out to foster relationships with the undergraduate and graduate programs of area colleges and universities to promote internship, externship, and employment opportunities within the Department. We know that diversity has many dimensions that need to be considered. We want the Assessor's Office to not only reflect, but to better understand the communities it serves and provide better taxpayer services.

4. Describe the key workforce strategies your department will implement based on the challenges identified in the most recent employee survey.

In the 2004 Employee Survey the Minneapolis Assessor's office had a 77% response rate, the highest in the City. The department's staff was very positive in their perspectives about working for the Assessor's department and the City.

<u>% S/S Agree</u>	<u># of Questions</u>
80-92%	26
60-79%	21
40-59%	1
20-39%	3

Because the ratings were so high, we wanted to confirm the findings and gather employee input as to actions the leadership could take to improve or maintain their perspective. We worked with the employees and identified issues and potential solutions. The areas the staff identified for continued improvements included: recognition, training, workload, communication, safety, interdepartmental cooperation and office updates. To date improvements have been made in each of these areas, but these issues and their related action items will continue to be topics at leadership meetings.

WORKFORCE ACTION TABLE

Key Workforce Objective:	Measurement:	Short-Term Actions:	Status: To be completed, June 07-11	Long-Term Actions:
Performance Management, including professional development plans	% of individual development plans reviewed annually	Continue the salary review process based on updated job descriptions	June 2007	Continue to assess the work environment and proactively address any issues that contribute to the improved efficiency and effectiveness of the workforce
	% of individual performance reviews completed annually	Customize and improve our hiring and performance review process based on updated job descriptions and identified position competencies	June 2007	
Employee Survey Response	# of recognition activities held per quarter/per department	Continue to identify ways to and provide recognition to staff	On-going	Identify opportunities and initiate process improvement activities to improve inter-departmental cooperation
	# of full department meetings per/year	Hold two full department meetings (or more as appropriate) each year (topics to include safety, business plan update, process improvement updates, etc.)	On-going	

Key Workforce Objective:	Measurement:	Short-Term Actions:	Status: To be completed, June 07-11	Long-Term Actions:
Diversity Strategy	% of department workforce diversity initiatives completed	<p>Department and HR complete an analysis of the hiring process</p> <p>Out reach meetings to language specific communities to share information and answer questions, but also raise awareness of this career choice</p> <p>Foster relationships with the undergraduate and graduate programs of area colleges and universities to promote internship, externship, and employment opportunities within the Department</p>	<p>June 2007</p> <p>One per year starting 2007 completed June 2011</p> <p>Starting in 2007 continuing through 2011</p>	Continue to evaluate our efforts and assess our environment and then proactively initiate actions to reflect and better understand the communities it serves.
Periodic reviews of current workflows and analysis to determine if the nature of the work has changed and if there are other skill demands that need to be considered when recruiting or training for incumbent staff.	Annual review process completed	<p>Customize and improve our hiring and performance review process based on updated job descriptions and identified position competencies</p> <p>Complete a salary review process based on updated job descriptions</p>	<p>June 2007</p> <p>June 2007</p>	<p>Yearly review and adjustments if needed to hiring and performance review processes</p> <p>Identify a best practices for periodic salary review process</p>

TECHNOLOGY PLAN

NARRATIVE RESPONSE

The department has been using the Govern software program since 2001 for most of the assessment functions. The department also uses the ESRI GIS products, the MS Office suite with many templates developed in-house and some other small specialty software packages. The department has read-only access to the KIVA system of Inspections and Enquesta from Public Works – Utility Billing department.

1. Which department business applications will be improved, upgraded to new versions, or replaced over the next five years? What new business applications will be needed? What are the anticipated implementation and annual support costs (licenses, maintenance fees and support staff)?
 - *In November 2006 we will be upgrading the Govern software to version 9.0. This version upgrade is covered as part of the annual maintenance fee.*

- *In December 2006 we will improve appraiser access to GIS information with the addition of GovView, which will enable appraisers to prepare reports more efficiently.*
 - *In December 2006 we will complete a conversion to Apex Sketch tool which will upgrade our system to an industry standard drawing tool.*
 - *Wireless remote PDA or tablets would improve assessor productivity. They would be able to enter the property information at the property location during the inspection vs. taking notes in the field then entering the information into the computer when they return to the office. In addition, assessors would have real time access to information in the field and be better able to Check /Note/Discover new construction while in at the site (1 trip vs. 2 trips).*
2. What improvements/changes to enterprise business applications does your department need?
- *It would be helpful to be able to access property blueprints electronically.*
 - *The existence of disparate technologies among property-related City departments (e.g. CPED, Regulatory Services, Public Works and GIS) constrains the ability of these departments to share data and conduct cross-departmental analysis. Need for continuing support for Govern and adequate server capacity as the use of digital photographs and geographic and tabular data increases by us and other City departments.*
3. Are there needs for customer and employee access to information or transactions? How will your department address these needs?
- *More public information on the department web site including applications for appeals and homestead, statistics, market info by neighborhood and descriptions of state-mandated requirements.*
4. What enterprise and/or business application training do your employees, customers, or other users need?
- *None at this time*
5. What are the key department data and reporting improvements that will be addressed over the next five years? What key enterprise data and reporting needs will be addressed by your department?
- *We will be continuing to develop more Computer-Assisted Mass Appraisal (CAMA) models to streamline the valuing of the more numerous subsets of commercial and industrial parcels.*
 - *As limited market value is phased out, our residential CAMA models will be subjected to even higher levels of scrutiny. Continued improvement in this area is imperative.*
6. What major technology equipment does your department plan to acquire?
- *Researching hand-held PDA's for in-field data collection.*

TECHNOLOGY ACTION PLAN TABLE

Business Technology Need	Desired outcome/result	When	One-time costs	Ongoing Costs	Source of Funding
Upgrade to Govern 9.0	Maintain latest version of software with new enhancements	2006	Included in Annual Maintenance Fees	Maintenance contract \$20,000.00 per year	Operating Budget
GovView	Improved appraiser access to GIS information Prepare appraisal reports faster	2006	\$25,000.00	Included in annual maintenance contract	Operating Budget
Sketch Tool Conversion	Upgrade to industry standard drawing tool: APEX	2006	\$40,000.00	Included in annual maintenance contract	Operating Budget
Wireless Remote PDA or Tablets	Reduction of data entry completed during inspection (1 time vs. 2 times) Have real time access to information in the field Check /Note/Discover new construction while in current location (1 trip vs. 2 trips)	2009	TBD	TBD	We will seek a funding source. (CLIC or Grants)

SPACE AND EQUIPMENT PLAN

Strategic Space and Facilities Plan
<p>General Notes: In general, the Minneapolis Assessor's Office is accessible to its external and primary internal customers, including Inspections, CPED and Finance. Projected changes in population demographics (primarily age and cultural) may require the department to consider alternatives sites to accommodate improved access and communication demands.</p>
<p>Changes and Improvements to Existing Spaces In 2006, an office work space resulted in two upgrades. The lobby and reception counter were upgraded to provide adequate safety and protection for employees in the event of an altercation in the area. The carpeting throughout the department was updated as it was in severe disrepair and posed a high risk factor for an accident. At the time of the remodeling, there was a modest workspace redesign to better utilize the vacated work space as a result of workforce reductions. In 2009, we will explore options for satellite or additional locations to better serve the taxpayers and reduce staff travel time. There are no currently planned improvements to existing spaces from 2007 to 2011.</p>
<p>Ergonomics/Furniture Changes Last cube update was 1992; we need to upgrade cubes and furniture to better meet the ergonomic needs of employees: Request Property Services and Risk Management to evaluate current workspaces to determine ergonomic repair and replacement needs and provide cost estimates. Due to financial constraints we do not expect to be able to do the upgrade until 2008 or later depending on cost and budget decisions.</p>

FOUNDATION DOCUMENT

- TRENDS AND CHALLENGES

TRENDS AND CHALLENGES

What key trends and challenges does your department face and how will they be addressed?

The main challenge facing the City Assessor's Office is having the required number of competent staff to continue to meet the statutory requirements and deadlines while addressing current and anticipated real estate trends.

Appraisers need to spend 50 % of their time in the neighborhoods inspecting properties, which is a process that can not be automated or skipped. The increased workload challenge of 11,359 new parcels since 2000 has been addressed to date though increasing each appraiser's workload, technology improvements, process re-engineering paid staff overtime and hired interns to help with the increased workload. While these efforts have enabled the department to meet workload demands, overtime pay and interns are not a viable long-term solution.

- Increasing our staff by two positions is necessary to insure the Assessor's office continues to meet statutory requirements and maintain accurate records to properly assess the City of Minneapolis' tax base.
- Increasing the technical competency of the 60% of our staff with less than five years of experience will take additional funding. Minnesota has one of the most complex property tax systems in the United States, and staff needs to be fully knowledgeable to do their work efficiently and respond to taxpayers questions adequately.

The following challenges and trends provide the rationale for two additional positions and additional funding for staff core competency development.

Challenge: High Volume of Court Cases

We are concentrating on a high number of attorney represented court cases challenging property assessments. This is due in part to the over supply of office buildings and a weak industrial market during the 2002-2004 time frame. This trend is fueled by a growing "industry" of attorneys specializing in or focusing their practices in the field of property tax appeals. A major court case requiring a narrative appraisal can take *several hundred hours* to research, write and defend in court. At times the turnover of staff necessitate some duplication of preparation time as tax court cases can easily span 3 - 6 years before they are settled. The work involved and the levy dollars at risk is very significant and could have an adverse impact on City budget and funding if not aggressively and strategically defended.

CURRENT TAX COURT CASES							TOTALS
TAX YEAR COURT CASE WAS INITIATED	2001	2002	2003	2004	2005	2006	
# OF CASES PETITIONED BY YEAR	230	303	425	360	363	347	2,028
# OF OPEN CASES REMAINING	1	1	4	35	130	347	518
# OF PARCELS UNDER PETITION	1	1	4	88	269	825	1,188
VALUE OF OUTSTANDING PARCELS UNDER PETITION	\$3,944,000	\$4,400,000	\$129,337,000	\$272,560,200	\$635,432,100	\$2,074,944,750	\$3.21 Billion

Impact on the Department:

- As illustrated in the above chart, the work involved and the levy dollars at risk is very significant and could have an overall adverse impact on City budget and funding if not aggressively and strategically defended.
- A major court case requiring a narrative appraisal can take *several hundred hours* to research, write and defend in court. Because the tax court petition cycle spans 3-6 years, some duplication in court case preparation occurs as a result of staff turnover.

Department Actions:

- With 60% of our staff having less than five years of experience, we need to further train and coach our staff in the skills to research, write and defend cases in court.
- In an effort to be customer focused and improve our processes, in 2006, we mailed out the Value Notices 30 days earlier than the previous year. This gave property owners more time to discuss their value concerns with staff before initiating action with the City Board of Equalization, the County Board of Equalization or file in the State Tax Court. In 2006, we were able to address the concerns of many commercial and residential property owners prior to their decision to file an appeal with the Local Board of Equalization and Appeal; thereby avoiding more costly ways of addressing their concerns. However this still required significant staff time to review the parcel valuations with taxpayers. Overall, this provided significant improvement in the process from our customer's perspective and we will continue to send out the Valuation Notices in February.

Challenge: Provide Information and Data Analysis

- As property taxes have increased, so has the taxpayer's request for market data, property value reviews, and petitions.
- There is an increasing demand for property information, analysis and decision support from the City Council, other City departments, businesses, community groups, Legislators, Met Council and the media.
- The property information collected and maintained by the Assessor's department has become a critical data source for departments like GIS, CPED, IGR, Public Works and Regulatory Services.
- Additionally, policy makers, businesses, community groups, and the media have all come to rely on the Assessor's department to provide data for neighborhood analysis, real estate trending, forecasting, and allocation of community development resource and program success.

Impact on the Department:

- The increasing number of requests for real estate data and information from internal and external customers is requiring large blocks of time and resources to produce. While the Assessing department is amenable to providing the information and analysis, the frequency and complexity of the requests is straining the department's resources.
- The number of requests has tripled in the past four years since Govern was brought on-line. We currently can only commit the time of a .5 FTE to provide the information and analysis, but we could fill more requests if we had more staff.

Department Actions:

- Although other City departments have access to the Govern database, they lack the knowledge to complete the analysis of the data needed for their work, so they rely on our department for the information and analysis. We will explore training people in the other departments to do their own data gathering and analysis.
- The continuation of data mining and analysis services will require additional staffing and training resources. We will explore charging internal departments fees for researching and producing these reports in order to have staff time available to perform this service.

Challenge: The Condominium Boom Continues

- In 2006 there are an estimated 10,000 new condominiums under construction or in the approval process. In the past three years 4,381 new condominium parcels were added to the Minneapolis tax base.

YEAR ADDED TO TAX BASE	NEW CONDO UNITS
1999	191
2000	143
2001	159
2002	499
2003	383
2004	1439
2005	2559

- As condominiums (and other new construction) are being developed, adding assessed value throughout the process and upon completion is not only statutorily required, but a responsibility the City has on behalf of the taxpayers of Minneapolis.

Impact on the Department:

- Every new condominium needs to be individually appraised, often more than once during the condominium construction process. Each of the new 2559 condominium appraisals takes an average of 1 hour to complete. In 2005, an additional 2559 hours of work due to new condominiums or 1.2 FTE equivalents were absorbed by the current staff. The sheer volume of work expected of each staff is now outside the reasonable range. (In the past three years, a total of 4,381 hours or 2.2 FTE of work due to new condominiums has already been absorbed by the appraisal staff. This does not include the on-going work required after the parcel is added to the tax base.)

Department Actions:

- The City Assessor's Office needs to hire a minimum of two additional appraisers. The department has paid staff overtime and hired interns to offset the increased workload. While these efforts have enabled the department to meet workload demands, overtime pay and interns are not a viable long-term solution.

Trend: Residential Real Estate Market Shifted to a Buyer's Market

- For the first time in 10 years, Minneapolis is considered a *buyer's market* which means the available housing inventory for-sale is far greater than the number of available buyers in the market. If this trend continues, housing values in many neighborhoods in Minneapolis will begin to adjust downward.
- Definition of a buyer's market: Most real estate practitioners consider a typical market to be one in which homes take an average of six months to sell. Realtors keep track of the market by tracking the number of *days on the market* of every home listed and sold. If the number of days on the market rises above six months

inventory on hand, then the market is shifting into a *buyer's market*. If it falls below, it is becoming a *seller's market*.

- Historically, as interest rates increase property values begin to flatten or decline and mortgage foreclosures increase. We will know more in 2007 how interest rates trends will affect the residential real estate market and the department's workload.

Impact on the Department:

- Taxpayers expect that as property values decrease, so will their assessed value. If a buyer's market is sustained, this trend could initiate a *deluge of appeal requests* by owners/taxpayers to lower their taxable market value.
- Currently there are 107,125 residential parcels in Minneapolis. Residential property is the largest class of properties in Minneapolis. If even 1% of the residents request an appraisal review, it could easily add a total of 1,071.25 hours or .5 FTE to the current staff workload to address these requests.

Department Actions:

- More staff time will be needed to track this trend necessitating spending more time on the verification of sales data, proactive analysis of residential property sales and an increased number of sold property inspections.

Future Challenges & Trends: Assessor's Office Must Track & Prepare For:

Challenge: Limited Market Value Phase-Out

- The phase-out of limited market value and other state law changes is shifting property tax burdens from commercial/industrial property to residential property. Although the property tax shift affects all residential property owners, it tends to have a disproportionate effect on the low and moderate valued properties.
- The Limited Market Value (LMV) Minnesota Statute was designed to protect property owners from large jumps in property taxes from year to year that are a result of rapid valuation increases due to a particularly healthy real estate market. LMV includes agricultural, residential, timberland, or noncommercial seasonal recreational residential (cabins). LMV program is scheduled to sunset with the 2009 assessment payable in 2010.

Impacts on the Department:

- With the phase-out of LMV, residential property owners will be more attentive and critical of their property's value which will result in more residential taxpayer appeals. These appeals will increase the workload of the residential staff. We anticipate the majority of assessment review requests and challenges will occur beginning 2008 and continue through 2009 when value notices are sent to the property owners, but some of the more astute taxpayers are starting to request reviews now.

- Currently there are 107,125 residential parcels in Minneapolis. Residential property is the largest class of properties in Minneapolis. If even 1% of the residents request an appraisal review, it could easily add a total of 1,071 hours or .5 FTE to the current staff workload to address these requests.

Department Actions:

Will track progress of the initiative and will make departmental adjustments as needed.

Challenge: New Twins Baseball Stadium

The new Twin's stadium is a tremendous opportunity for the City of Minneapolis. In addition to the \$535 million dollar ballpark, the stadium will be a catalyst for \$300 to \$400 million in new infrastructure, new commercial, retail and housing construction, and redevelopment of existing buildings in the north loop and the warehouse district.

Impacts on the Department:

The new Twin's stadium development is the largest redevelopment effort since 1990 when the Target Center was built. The impact on the Assessor's Office will be substantial for the following reasons:

- Increased permit work due to demolition, new construction and remodeling associate with the project
- Increased workload to combine and divide of parcels throughout assemblage and creation of new ballpark site and adjacent parcels
- Increased workload in appraising/valuating the new stadium, commercial, retail, housing, and redeveloped buildings.

Department Actions:

Will track progress of the initiative and will make departmental adjustments as needed.

Challenge: New University of Minnesota Football Stadium

Like the new Twins stadium, the new \$248 million dollar University of Minnesota football stadium requires extensive redesign and redevelopment of the Oak Street and University Avenue commercial area. Similarly, the new football stadium will be a catalyst for new infrastructure, new real estate development and redevelopment.

Impacts on the Department:

The impact of the new University of Minnesota football stadium on the Assessor's Office will be substantial for the following reasons:

- Increased permit work due to demolition, new construction and remodeling associate with the project
- Increased workload to combine and divide of parcels throughout assemblage and creation of new stadium site and adjacent parcels
- Increased workload in appraising/valuating the new stadium, commercial, retail, housing, and redeveloped buildings.

Department Actions:

To properly manage the demolition and construction of two major public stadiums simultaneously it may be necessary to seek additional City funds to hire temporary employees to assist in the data collection, data entry and analysis during the construction phase of these projects. We will track progress of the initiative and will make departmental adjustments or requests as needed.