

# ASSESSOR

**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.

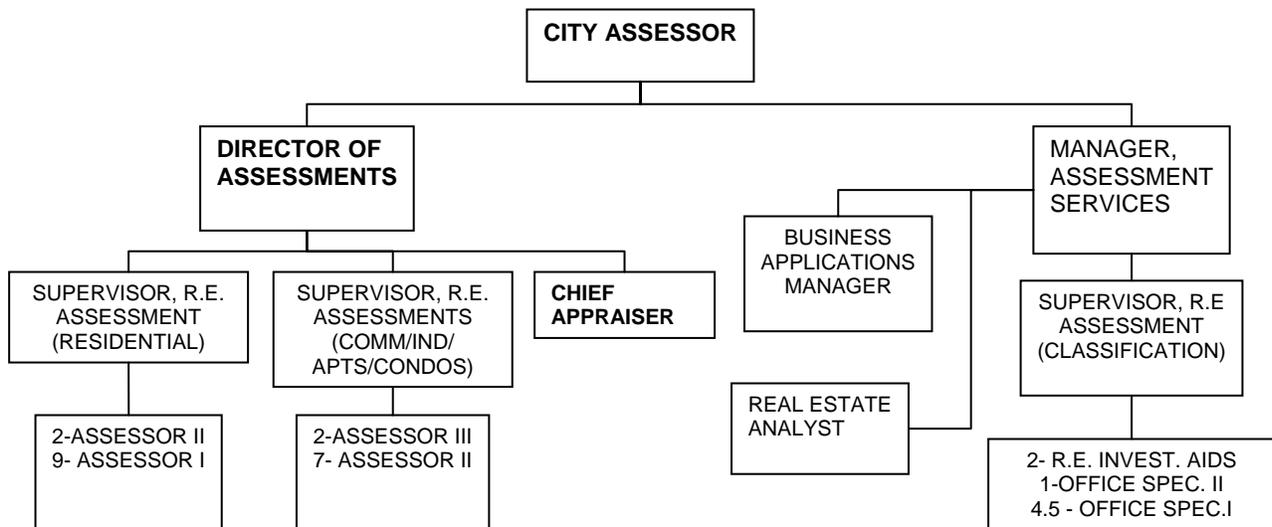
**BUSINESS LINE DESCRIPTIONS**

Maintain Data Integrity of the City's Tax Base

Real Estate Property Assessment

Provide Information and Data Analysis

**ORGANIZATION CHART**



<b>FIVE-YEAR DEPARTMENT GOALS, OBJECTIVES AND MEASURES (ALIGNED WITH CITY GOALS)</b>		
<b>DEPARTMENT GOAL</b>	<b>OBJECTIVE</b>	<b>MEASURE</b>
<i>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</i>		
Provide value-added services to taxpayers	Improve access to information for customers	Increase web page traffic & form downloads
		% of 311 assessor related calls completed by 311 operators

DEPARTMENT GOAL	OBJECTIVE	MEASURE
	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
		% of institutional knowledge / succession management plan implemented

MEASURES, DATA AND TARGETS TABLE						
Measure Name	2003 Data	2004 Data	2005 Data	2006 Data	2007 Target	2011 Target
Increase web page traffic & form downloads	n/a	n/a	n/a	Updating web page and starting tracking	Will establish baseline	To decided based on 2007 experience
# of tax-related presentations given each year by Department staff	5	4	6	10	12	15
% of levy collected	98.5	98.5	98.3	To be decided	98.0%	98.0%

<b>MEASURES, DATA AND TARGETS TABLE</b>						
<b>Measure Name</b>	<b>2003 Data</b>	<b>2004 Data</b>	<b>2005 Data</b>	<b>2006 Data</b>	<b>2007 Target</b>	<b>2011 Target</b>
each year–98% goal						
# of taxable parcels per residential appraisers	9,900	12,700	8,900	Being tracked	8,100	8,100
9 month sales ratio per MN Statutes: -Median residential ratio	88.7	90.2	94.0	>90	>90	>90
-Median commercial ratio	90.3	91.3	92.3	>90	>90	>90
# of permits extracted from KIVA	125,273	70,515	67,572	64,784	To be decided based on KIVA software improvements or replacement	To be decided based on KIVA software improvements or replacement
# of permits inspected	11,965	9,548	10,890	12,061		
% viewed	9.6%	13.5%	16.1%	18.6%		
\$ added to tax base based on building permit data	\$346.4 million	\$356.8 million	\$560.4 million	\$493.6 million	\$500 million	\$700 million
# of CAMA models in use	12	13	14	15	17	24
# of hours extracting data for City users other governmental users media, private users* (*fee for service)	n/a	n/a	n/a	Currently developing plan	tbd	tbd
% of employees with annual employee development plan	n/a	n/a	n/a	Identifying career paths & succession plan	100%	100%
% of institutional knowledge/ succession plan implemented	n/a	n/a	n/a	Currently developing plan	20%	100%

### CONTEXT FOR THE DEPARTMENT'S WORK

**Increased condominium construction:** 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.

**High volume of court cases:** We have been experiencing a high number of attorney represented court cases challenging property assessments. This is due in part to the oversupply of office buildings and a weak industrial market during the 2002-

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

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.

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	\$3.12 Billion

**Providing Information and Data Analysis:** As property taxes have increased, so has the taxpayer’s request for market data, property 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 such as CPED, IGR, Regulatory Services, and GIS.

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.

**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, homes values in most neighborhoods in Minneapolis will begin to adjust downward.

**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 that are a result of valuation increases due to a particularly healthy real estate market. LMV includes agricultural, residential,

timberland, or noncommercial seasonal recreational residential (cabins). The LMV program is scheduled to sunset in 2009/ assessment payable in 2010.

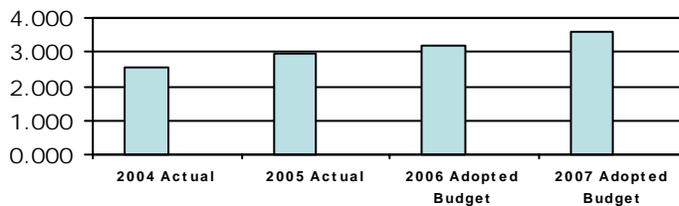
**New Twins Stadium:** The new Twin’s stadium is a tremendous opportunity for the City of Minneapolis. In addition to the \$535 million dollar ballpark, the stadium will be a catalyst for \$300 to \$400 million in new infrastructure, new commercial, retail and housing construction, and redevelopment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

**FINANCIAL ANALYSIS**

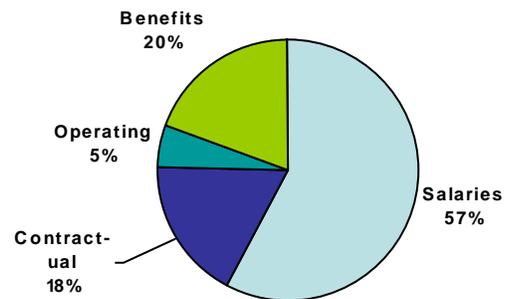
**EXPENDITURE**

The Assessor’s 2007 Adopted Budget is about \$3.6 million, a 12.5% increase over the 2006 Adopted Budget. There are 36.5 positions in the Department.

**Expenditure 2004-2007  
(In millions)**



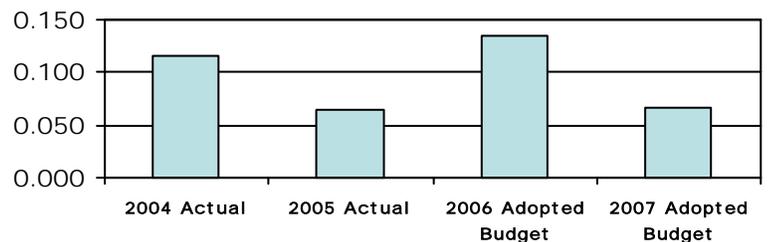
**Expenditure by Type  
\$3.6 million**



**REVENUE**

Revenue in 2007 is projected to be \$66,000. The bulk of these revenues are from payment in lieu of taxes (PILOT) paid by nonprofit nursing homes through agreements in the Community Planning and Economic Development (CPED) Department’s work.

**Revenues 2004-2007  
(in Millions)**



**FUND ALLOCATION**

One hundred percent of the Assessor’s budget comes out of the General Fund.

**MAYOR’S RECOMMENDED BUDGET**

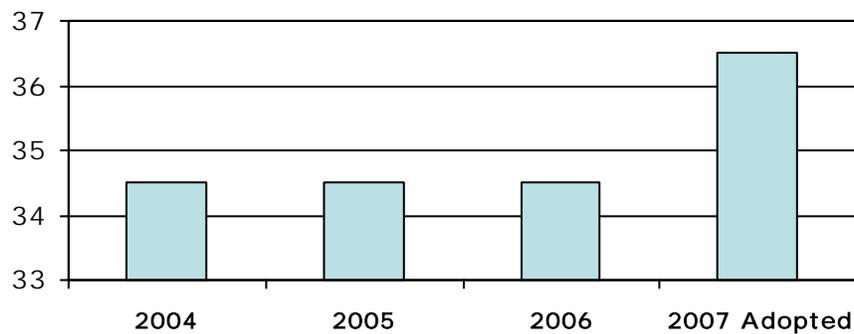
The Mayor’s recommendation added two assessor positions to the Department (\$150,000).

**COUNCIL ADOPTED BUDGET**

The Council adopted the Mayor’s Recommended Budget.

<b>ASSESSOR</b>						
<b>Staffing Information</b>						
	<b>2004 Adopted Budget</b>	<b>2005 Adopted Budget</b>	<b>2006 Adopted Budget</b>	<b>2007 Adopted Budget</b>	<b>% Change</b>	<b>Change</b>
<b>Total FTE's</b>	<b>34.50</b>	<b>34.50</b>	<b>34.50</b>	<b>36.50</b>	<b>5.80%</b>	<b>2.00</b>

**Staffing Summary 2004-2007**



**EXPENDITURE AND REVENUE INFORMATION**

	<b>2004 Actual</b>	<b>2005 Actual</b>	<b>2006 Adopted Budget</b>	<b>2007 Adopted Budget</b>	<b>Percent Change</b>	<b>Change</b>
Salaries and Wages	1,686,378	1,674,773	1,925,984	2,053,533	6.6%	127,549
Contractual Services	232,899	617,095	484,425	632,128	30.5%	147,703
Operating Costs	160,909	184,911	161,152	188,398	16.9%	27,246
Fringe Benefits	442,333	488,766	603,503	698,681	15.8%	95,178
Equipment			1,068	1,105	3.5%	37
Capital Outlay	3,435	1,800	534	553	3.6%	19
<b>Total Expenditure</b>	<b>2,525,954</b>	<b>2,967,344</b>	<b>3,176,666</b>	<b>3,574,398</b>	<b>12.5%</b>	<b>397,732</b>
Property Taxes	114,239	64,137	133,000	65,000	-51.1%	-68,000
Charges for Service	400		1,000	1,000	0.0%	0
Charges for Sales	69	810			0.0%	0
Interest	73	103			0.0%	0
Other Misc Revenues	30				0.0%	0
<b>Total Revenues</b>	<b>114,811</b>	<b>65,050</b>	<b>134,000</b>	<b>66,000</b>	<b>-50.7%</b>	<b>-68,000</b>