

# ASSESSOR

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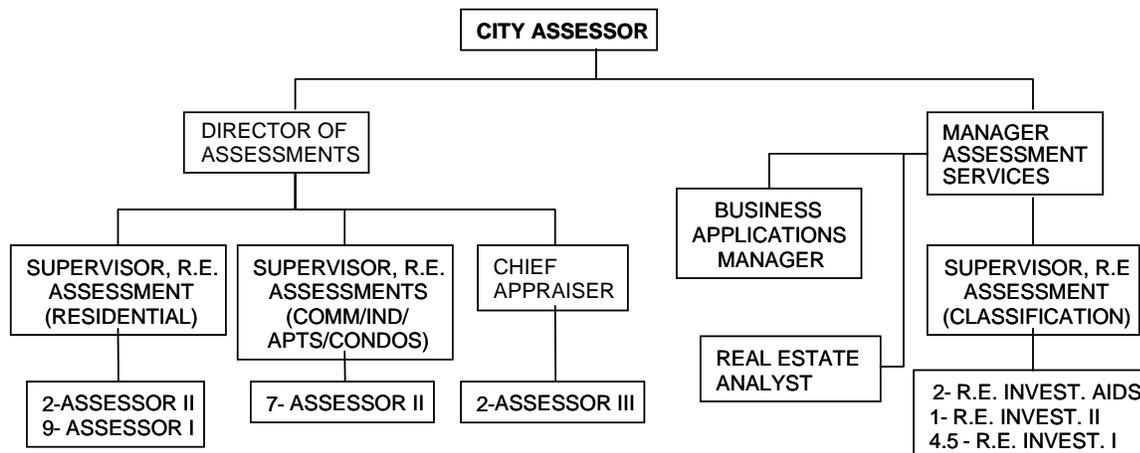
## MISSION

Serve 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. 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 LINES

- **Maintain Data Integrity of the City’s Tax Base –**
  - Collect, verify and maintain property records for the City
  - Provide property information to Hennepin County
  - Dispose of property records and private data according to data privacy laws and City ordinances
  
- **Real Estate Property Assessment –** Perform the assessment function for all real estate and appropriate personal property
  - Valuation* – The annual estimation of value for all taxable and non-taxable real property per state law
  - Classification* – The annual classification and recording of parcels by property use and property type
  - 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
  - Defend Tax Court Cases* - Defend assessment values and classifications in Minnesota Tax Court
  
- **Provide Information and Data Analysis To:** Taxpayers, Elected Officials, City departments, primarily CPED, Regulatory Services, GIS, Finance, Public Works, IGR, Hennepin County Attorneys, Hennepin County Taxpayer Services, Minnesota Department of Revenue, Commerce Department, Minneapolis School District, neighborhood groups and the media

## ORGANIZATION CHART



<b>FIVE –YEAR DEPARTMENTAL GOALS AND OBJECTIVES</b>	
<b>Department Goal</b>	<b>Objective</b>
Property taxes provide approximately 17% of the City 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.	
Provide value added services to taxpayers	Improve access to information for customers Be proactive in taxpayer education
Improve the efficiency and effectiveness of business processes	Maintain 98.0% of tax levy collection
	Meet MN statute for sales ratio
	Streamline appraisal process to identify which properties with building permits result in a measurable change in value, condition or classification
	Streamline appraisal process for all property types: residential, condos, apartments, commercial & industrial
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Maintain a competent, positive and fully staffed workforce.	Maintain the department's institutional knowledge through training, mentoring and coaching

<b>RESULT MINNEAPOLIS MEASURES, DATA AND TARGETS TABLE</b>						
<b>MEASURE NAME</b>	<b>2005 DATA</b>	<b>2006 DATA</b>	<b>2007 DATA</b>	<b>2008 DATA YTD</b>	<b>2008 TARGET</b>	<b>2012 TARGET</b>
Tax related presentations given each year	6	11	12	4	12	15
Percent of levy collection maintained	99.1%	98.8%	98.6%	N/A	98.5%	98%
Sales ratio for:						
Residential	94%	93.6%	94.7%			
Apartment	92.7%	90.5%	93.6%	N/A	90% to 105%	90% to 105%
Commercial/Industrial	92.3%	91.7%	90%			
\$ Added to tax base based on building permit data:						
Residential	\$469M	\$369M	\$534.8M	\$164.1M	\$164.1M	\$700M for all property types
Apartment	\$35M	\$37.4M	\$28.8M	\$40.6M	\$40.6M	
Commercial/Industrial	\$55.9M	\$86.8M	\$78M	\$82.2M	\$82.2M	
% of employees with annual development plans	0%	0%	54%	N/A	100%	100%

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

**Continuing to meet the statutory requirements and preserve the City's tax base while addressing the volatile market conditions within current resources.**

In the past eight years the addition of new condominiums, apartments and townhouses units has grown from 9,814 to 17,833. Inspecting, appraising, and responding to owner's concerns on each of these new units has added to the department's workload. Annually, twenty percent of all of the Minneapolis parcels need to be equalized to meet the Minnesota statute requirement of viewing properties at a minimum of once every five years.

Year Added to Tax Base	New Condo/Apt./Townhouse Units	Total Condo/Apt./Townhouse Units in Minneapolis	FTE Hours Needed to Meet Minimum Required Work (new units and on-going)
1999	-	9,814	
2000	467	10,158	2,430 hours
2001	333	10,492	2,431 hours
2002	591	10,809	2,753 hours
2003	127	10,803	2,288 hours
2004	1,413	12,026	3,818 hours
2005	3,503	15,175	6,538 hours
2006	3,666	16,677	7,001 hours
2007	1,721	17,833*	5,287 hours

Swings in the economy, increasing property taxes and decreasing property values have significantly increased property reviews, local and County appeals and tax court cases in 2008. Defending property values in a rapidly changing market requires even greater time and resources which translates into an increased workload for the appraisers.

Tax Year Court Case Was Initiated	2003	2004	2005	2006	2007	2008	Totals
# Of Cases Petitioned by year	425	360	363	347	324	337	2,156
# of parcels petitioned	833	745	968	822	901	1,120	5,389
# of parcels dismissed	374	326	286	303	213	0	1,502
# Of Open Cases Remaining	1	2	6	53	145	337	544
# Of Parcels Still Under Petition	1	8	30	129	498	1,120	1,786
Value of Outstanding Parcels Under Petition (In billions)	.0011	.0026	.0632	.556	1.3	Waiting for data from Henn Cty	Waiting for data from Henn Cty

\*Data as of June 2008

In the current Minneapolis real estate market there are many changes and challenges occurring simultaneously that are affecting the department's workload. Sub-Prime lending practices,

foreclosures, vacant and boarded buildings, vandalism (copper stripping), etc. all require multiple site visits to document changes in property condition.

### ***Data Collection and Data Dissemination***

The department requested one-time money for the purchase and implementation of the wireless mobile data collection technology. Staff productivity would be improved if they were able to have real-time wireless access to property data while assessors are in the neighborhood. This improvement in efficiency and data quality requires an investment in software and hardware.

With the implementation of Govern, the department is building a database that links a property photograph with its corresponding building record on every Minneapolis property. In light of the increased number of taxpayer calls, board cases and petitions this year, property photographs are becoming a valuable tool when working with taxpayers and property owners. At this time, less than 10% of all property is photographed.

## **FINANCIAL ANALYSIS**

### **EXPENDITURE**

The Assessor's 2009 budget of \$3.9 million is in line with the five-year financial direction. The budget will increase 3.9% over the 2008 adopted budget. There are 36.5 positions in the department. Personnel are 79% of the total department budget. The department's contractual expenses are approximately 17% of its budget. The largest contractual expense is BIS Services.

### **REVENUE**

Revenue in 2009 is projected to be \$66,000. The revenues come 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.

### **FUND ALLOCATION**

The Assessor's department entire budget comes from the general fund.

### **ORIGINAL BUDGET**

The Mayor recommended and Council approved \$25,000 in additional one-time funding for database improvements as well as a \$20,000 reduction to meet the Five-Year Financial Direction.

### **MAYOR'S REVISED BUDGET**

The Mayor recommended no reduction.

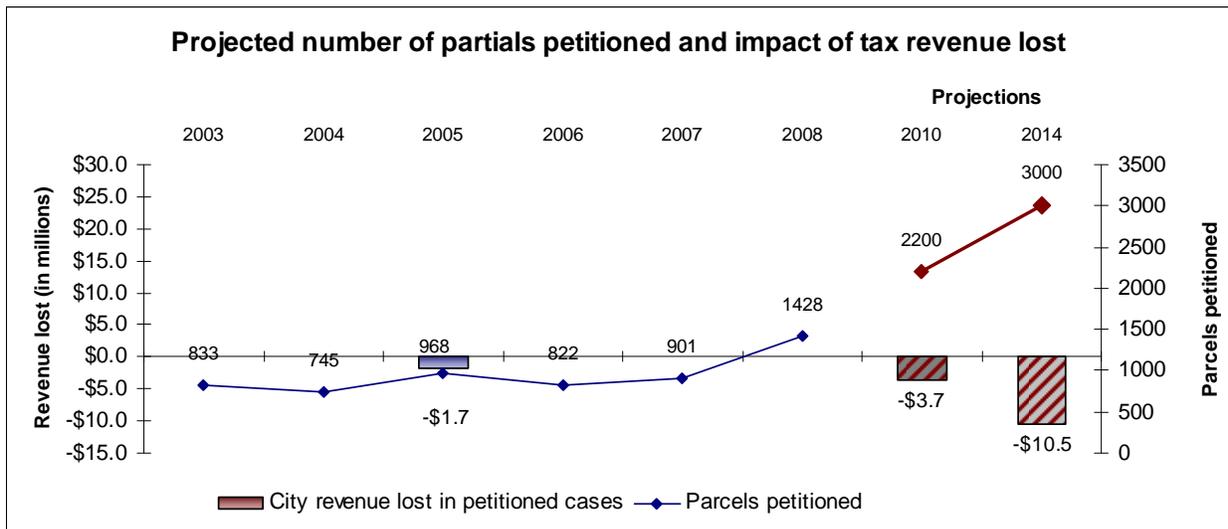
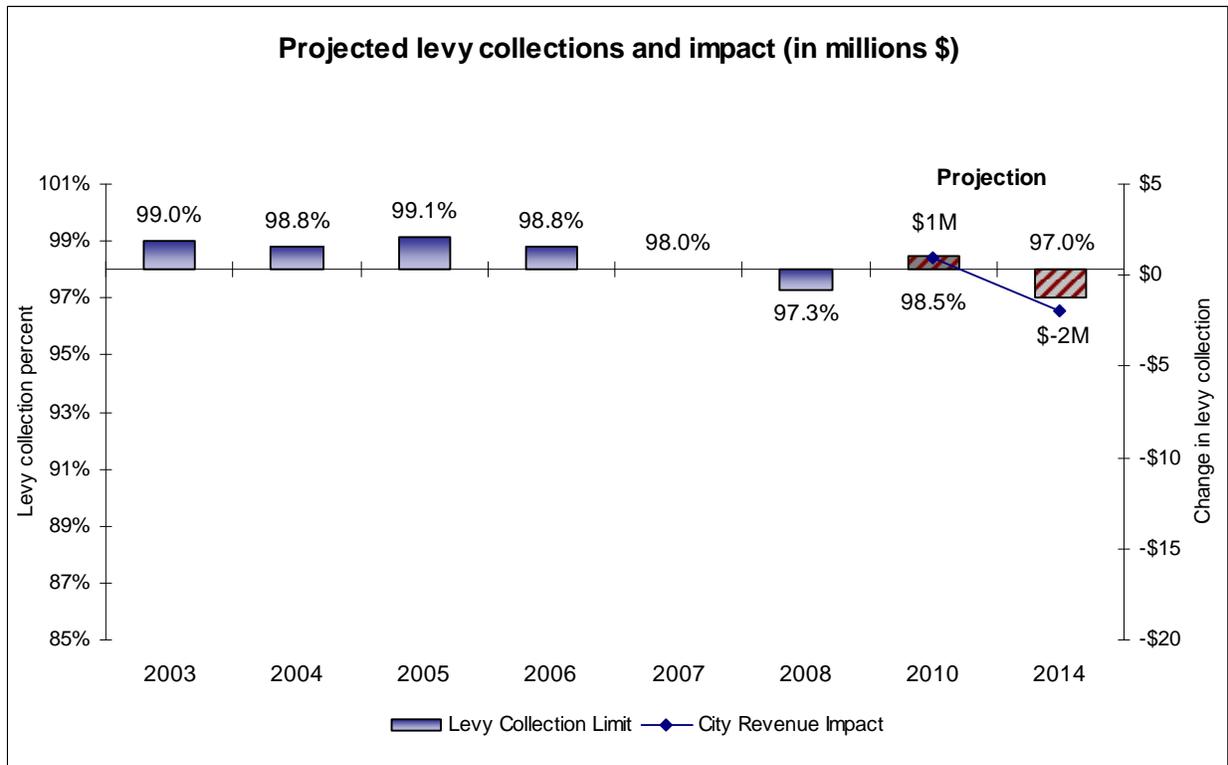
### **COUNCIL REVISED BUDGET**

The Council concurs with the Mayor's recommendation.

The budget for this department includes a reduction of BIS charges of \$12,000 due to the Council's actions to reduce the BIS budget by \$725,000. This reduction in BIS charges will subsequently reduce the department's appropriation by the same amount. Backing out this reduction in charges, the 2009 supplemental budget for Assessor is \$3.9 million, a 3.6% increase over the 2008 Adopted budget.

## RESULTS IMPLICATIONS

The following charts show the projected impacts to the department's *Results Minneapolis* measures due to the Council's revised budget.

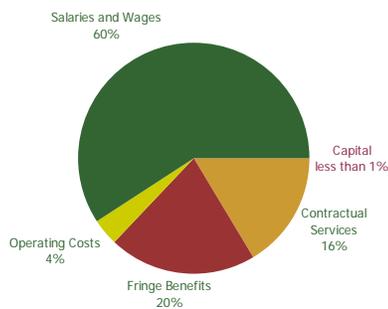


## ASSESSOR EXPENSE AND REVENUE INFORMATION

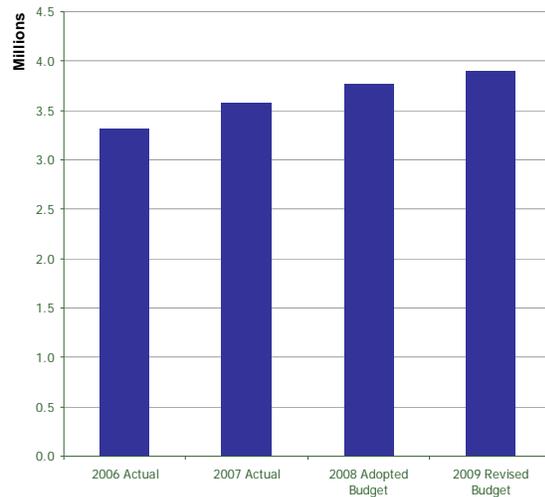
EXPENSE	2006 Actual	2007 Actual	2008 Adopted Budget	2009 Revised Budget	Percent Change	Change
<b>GENERAL</b>						
Salaries and Wages	1,876,345	2,052,989	2,289,600	2,309,958	0.9%	20,358
Fringe Benefits	569,829	602,295	718,917	798,074	11.0%	79,157
Contractual Services	687,201	776,718	586,674	637,073	8.6%	50,399
Operating Costs	182,905	144,978	169,116	154,361	-8.7%	(14,755)
Capital	0	0	1,693	1,740	2.8%	47
<b>TOTAL GENERAL</b>	<b>3,316,280</b>	<b>3,576,980</b>	<b>3,766,000</b>	<b>3,901,207</b>	<b>3.6%</b>	<b>135,207</b>
<b>TOTAL EXPENSE</b>	<b>3,316,280</b>	<b>3,576,980</b>	<b>3,766,000</b>	<b>3,901,207</b>	<b>3.6%</b>	<b>135,207</b>

REVENUE	2006 Actual	2007 Actual	2008 Adopted Budget	2009 Revised Budget	Percent Change	Change
<b>GENERAL</b>						
Property Taxes	67,080	62,138	65,000	65,000	0.0%	0
Charges for Service	18	105	1,000	1,000	0.0%	0
Charges for Sales	296	414	0	0	0.0%	0
<b>TOTAL GENERAL</b>	<b>67,394</b>	<b>62,656</b>	<b>66,000</b>	<b>66,000</b>	<b>0.0%</b>	<b>0</b>
<b>TOTAL REVENUE</b>	<b>67,394</b>	<b>62,656</b>	<b>66,000</b>	<b>66,000</b>	<b>0.0%</b>	<b>0</b>

Expense by Category, 2009 Council Revised



Expense 2006 - 2009



## ASSESSOR Staffing Information

Expense	2006 Actual	2007 Actual	2008 Adopted	2009 Revised	% Change	Change
ASSESSOR OPERATIONS	35	37	37	37	0.0%	0
<b>TOTAL</b>	<b>35</b>	<b>37</b>	<b>37</b>	<b>37</b>	<b>0.0%</b>	<b>0</b>

**Positions 2006-2009**

