

ASSESSMENT PRIVATIZATION IN
ALLEGHENY COUNTY

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Property Assessment Privatization

by
Dr. Jake Haulk, Ph.D.

INTRODUCTION

Property taxes in Allegheny County have become a critical public policy issue. In the first place, property taxes in the County are very high compared to surrounding counties. This creates a substantial competitive disadvantage for Allegheny County. Second, the property assessment system and the resulting assessments have become increasingly chaotic and unacceptable to the taxpayers in the County. The high level of taxes compounds the public's dissatisfaction with the assessment problems. Obviously, addressing the property tax issue must be of paramount importance for County officials. The new majority Commissioners have acted to reduce the County's millage rate and to freeze assessments. Repairing the seriously flawed assessment system must now be the top priority in the overhaul of the County's tax problems.

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This report examines the shortcomings of the current assessment system and proposes the privatization of the County's property assessment function in order to enhance quality and fairness of the system and to reduce the cost of performing this vital function. The privatization recommendation is based on a survey of firms that do mass appraisals and other assessment related services and a survey of the counties that have employed those firms. That survey is presented in its entirety.

BACKGROUND: THE MOTIVATION FOR PRIVATIZATION

By 1995, the state of property assessment in Allegheny County had become a disaster with widespread skepticism and distrust of the system. The problems and lack of confidence with the system arise from years of inadequate management, the failure to maintain appropriate and complete data, the absence of a countywide reappraisal to serve as a base year, the exclusive reliance on comparable sales for residential properties and the widely held belief that politics have intruded into the process. This situation can only be resolved by extreme measures.

With respect to data deficiencies in the County's data base, a recent study¹ by CMU professor Robert Strauss has found that the computerized data base necessary to perform equitable assessments on residential properties simply does not exist in the County. Professor Strauss found that:

¹ Strauss, Robert P. "The Assessment of Residential Properties in Allegheny County Report #1: Sources and Quality of Data", September 28, 1995.

- a. The County's land records have a total area for assessment that amounts to 122 percent of the Census reports, 892.7 square miles compared to the Census figure of 727.9 square miles.
- b. Only 80.2 percent of residential properties on the County's computerized database have the age of original construction. Moreover, compared to 1990 Census data, County data shows a different age distribution of the housing stock. Only 71.8 percent of residential properties records on the database have information on the number of bedrooms.
- c. There are significant differences between federally published permits data and the information on the County's computerized database.
- d. Only 1.7 percent of residential properties in the County's computerized database have any information on the square footage of living area.
- e. Only 67 percent of residential properties on the computerized database have information on the type of basement, kitchen, and number of bathrooms.
- f. Only 83.4 percent of residential properties on the database have information on the exterior, neighborhood, topography of land and nature of surrounding property.
- g. Finally, there is less information about properties in affluent areas compared to less affluent areas.

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Professor Strauss's findings combined with the fact that about half the houses in Allegheny County were constructed before 1940 and the low rate of market sales in many neighborhoods, strongly implies that total reliance on the comparable sales methodology can lead to undesirable results. This is even more true in light of the fact that information on the interior of homes, including square footage, is not universally collected.

Then too, a system based on sales values must update all parcels every year or so to ensure equity. Allowing properties to go for years and then raising them by 50 to 100 percent, especially when not all homes in the same area or municipality receive like treatment, is the hallmark of an inept system.

The public finance literature makes abundantly clear that taxes must be fair and they must be predictable. The capriciousness of the Allegheny County system violates both dictums. To begin rectifying the problem, there has to be a freeze, followed by a complete and professional countywide reappraisal.

Now that property assessments have been frozen, the Board of Property Assessment and Appeals along with the Board of Commissioners must soon determine how future assessments and other department functions, e.g., deed registry and data entry, will be carried out.

There are two basic sets of activity which must be managed over the next few months. First, there must be a selection process to determine who will perform a countywide appraisal over the next five years. All parcels must be valued on the same base year price structure, 1996 would appear to be the logical choice. The county's existing personnel or some outside vendor are the options to be selected to perform the appraisal.

Second, the ongoing functions of the department of assessment and appeals—other than the statutory role of the Board members— should be put up for competitive bids with current employees given an opportunity to bid along with qualified outside vendors. Ideally, the two bidding processes will be combined so that a single firm can be selected to perform both functions. That is, the group that is selected to do the countywide appraisal would also be chosen to take on the ongoing management responsibilities of the assessment and appeals function.

Ideally, the countywide appraisal will use a methodology such that once it is completed, there will be no need for assessment changes for a number of years. Only changes to existing properties, new construction and appeals would require appraisal activities.

Only 1.7 percent of residential properties in the County's computerized database have any information on the square footage of living area.

SUMMARY OF SURVEY OF APPRAISAL FIRMS AND PRIVATIZATION ISSUES

The Allegheny Institute has conducted an investigation of private firms who perform mass appraisals and provide other assessment services. The survey also included talking to clients about the quality and cost of these services. Details of the survey are presented in the next section.

This section summarizes the principal findings and conclusions of the survey effort.

There are a sizable number of extremely professional and competent firms around the country from whom bids can be solicited to perform the functions of the assessment department including a mass revaluation of county properties. Clients have given very favorable comments on the work of these firms.

Outsourcing or competitive bidding of the countywide reappraisal will have several salutary effects. The research finds that outsourcing has been successfully done, or is underway in many counties and cities including:

Armstrong (PA)	Sullivan (PA)
Berks (PA)	York (PA)
Delaware (PA)	City of Stanford(CT)
Chester (PA)	City of Waterbury (CT)
Lancaster (PA)	Franklin(OH)
Montgomery (PA)	Hamilton (OH)
Northampton (PA)	Lorain (OH)
Somerset (PA)	

The whole process can be adequately managed and monitored by County officials and expert outside assistance.

Significant cost savings can be achieved compared to in-house appraisals. For example, Hamilton County, Ohio, a county with over 300,000 parcels reports saving \$1,000,000 by using a private vendor rather than doing its reappraisal in-house.

Private firms who specialize in mass appraisals have substantial advantages in expertise, technology and qualified personnel, the fixed cost of which can be spread over many projects. Several counties responded that they had considered an in-house mass appraisal but concluded that their lack of expertise and manpower together with time constraints ruled out an in-house mass appraisal. The absence of in-house expertise would require hiring personnel and purchasing expensive equipment for a one time project. It was deemed not economically feasible. Also, the use of an outside vendor avoids having to lay off workers once the project is finished.

Using an outside firm removes any appearance of favoritism or political influence in the determination of appraised property valuations. This is extremely important in avoiding costly appeals.

Mass appraisals offer packages of services that will enhance the accuracy of the process and make the appraisals more resistant to legal challenges in the future. In addition, they can create an easily maintainable system going forward. Thus, longer term, additional cost savings can be realized in day-to-day operations.

While the complete privatization of all functions is more problematic and must deal with a number of legal and organizational issues, there appears to be no insurmountable obstacle to competitively bidding all functions except the statutory Board member responsibilities and formal, legal appeals. Virtually every activity performed by the current

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department has been carried out by a private firm somewhere. There is every reason to believe that competitively contracting the department will result in sizable savings relative to the current situation.

There are specialized consulting firms which help taxing jurisdictions put together the appropriate RFPs and negotiate the best possible contract with the selected vendor.

The process of preparing RFPs and selecting a vendor will take about 4-5 months if done properly and carefully.

Several sample RFPs were obtained from Pennsylvania counties who have undergone a mass appraisal. These will be very instructive in preparing the Allegheny County RFP as well as the procedures for interviewing prospective vendors.

Requests for information issued to interested firms can be a valuable source of input for information needed to redesign the role and organization of the assessment department.

Appraisals can run from \$8 to over \$40 per parcel, depending on the level of services required of the vendor. A conditional estimate for a thorough reappraisal package from a well known firm is placed near \$30 per parcel for Allegheny County. Much will depend on the current state of assessment records and how much work will have to be done to bring them up to date. The methodology used for appraisal will have a bearing on the ultimate cost. Whether, photographs of every property are taken, etc., will significantly alter the price.

Virtually every activity performed by the current department has been carried out by a private firm somewhere.

The following is a list of assessment companies that have expressed an interest in serving Allegheny County:

**Countywide Appraisal & Consulting
Services, Incorporated**
1225 S. Main Street
Wellington Square, Suite 204
Greensburg, PA 15601
Mr. Porterfield
412 832 8680

Vision Appraisal Technology
formerly MMC
19 Alpha Road
Chelmsford, MA 01824
Mr. Comer
800 628 1013

Barry R. Ankney, Inc.
1915 West Market Street
Suite 600
Akron, OH 44313
Mr. Barry Ankney
800 488 7511

Appraisers, Inc.
4801 Munson St., N.W.
Canton, OH 44718
Mr. James Cleminshaw
216 497 0010

KVS Information Systems, Inc.
821 Maple Rd.
Williamsville, NY 14221
Mr. Peter Hronsky
716 626 1976

Sabre Systems & Service
22 Barn Swallow Dr.
Turnbull, CT 06611
Mr. Mel Trumble
800 776 7227

21st Century Appraisals
RR 1
Box 93A
Port Matilda, PA 16870
Dr. Robert Barr
717 985 0200

Cole-Layer-Trumble Co.
135 Commerce Way
Suite 107
Portsmouth, NH 03801
Robert J. Finnegan
603 433 5337

More detailed data on certain companies follows.

Cole-Layer-Trumble Company Background and Service Description

Cole-Layer-Trumble Company was founded in 1938. They have served both state and local governments in 44 states. They have experience with areas as large as Allegheny County using Computer Assisted Mass Appraisal (CAMA) software as well as manual systems in smaller jurisdictions. They have a trained staff of appraisers including those with specialized knowledge of unusual properties such as airports and shopping malls.

CLT has installed software in greater than 300 jurisdictions including New York City which has over 970,000 parcels. The CAMA system functions include:

- * On-line data management
- * On-line sketching of improvements
- * User-maintainable cost tables
- * Sales ratio studies
- * Constrained Regression Analysis
- * Comparable Sales Analysis
- * Computer-printed property record cards
- * Residential model supporting cost valuation and Comparable Sales Analysis using Constrained Regression Analysis
- * Commercial/Industrial model supporting cost, market, and income valuation

CLT offers a menu-driven system called the Integrated Assessment System, capable of running on a large number of platforms, ranging from mainframes to local area networks. The integrated functions include:

- * Delinquent taxes
- * Estate taxes
- * Tax settlement and distribution
- * Tax billing and collection
- * Tax calculations
- * Special assessments
- * Computer-Assisted Mass Appraisal (CAMA)
- * Real estate assessment administration
- * Basic assessment administration
- * Soil management
- * Homestead exemption information

CLT also offers an imaging system called LANDISC which may be configured to accommodate the special needs of a jurisdiction. The system is made to record, store and retrieve property images. The property images may be stored on a PC hard drive, an erasable optical disk, or a laser videodisc. This system is

functional in validating sales, developing land value schedules, reviewing improvements, assisting in the appeals process, and explaining values to property owners. A more advanced imaging system called LANDISC Plus, allows the integration of Computer-Assisted Mass Appraisal system with a Geographical Information System(GIS). This allows for the system to contemporaneously display documents such as property inspection reports and deeds as well as maps, property images, and parcel data.

Mass Appraisal System (MAS), offered by CLT, is a system used for the appraisal of residential, commercial, agricultural, and industrial properties. MAS provides for on-line data management, reporting, and valuation, using the cost, market and income approaches. MAS also has advanced features such as multi-year, multi-jurisdictional operations and on-line parameter maintenance.

Through the combined effort of CLT and American Management Systems, OASIS+ was developed. OASIS+ is an integrated system supporting multiple jurisdictions, multiple tax roll items, and multiple years with a total built-in security system. Optional sub-systems allow for a complete property information, personal property appraisal, tax accounting, CAMA (supporting on-line valuation and reporting), soils and maps, and customized reporting. Product support includes, but is not limited to, software and service, consulting, toll-free hotline support, software customization, training and maintenance and warranty services.

CLT also offers a pen-based data collection system. Pen-based data collection systems eliminate the need to enter data collected in the field into the CAMA system and allows for custom-designed screens. In order to accommodate a pen based data collection system the jurisdiction needs the following:

- * Pen-based data collection system interface
- * A file transfer station
- * Data collection stations
- * Pen-based data collection system software

The following pages are the results of telephone conversations with several of Cole-Layer-Trumble's clients - both current and previous. Information was obtained regarding services provided and contract cost as well as comments on what the contact thought about the service provided by CLT.

ARMSTRONG COUNTY, PA

CONTACT: Mr. Mark Salsgiver PHONE: 548 3498

PRIVATIZED SERVICES UTILIZED: Mass Appraisal, CAMA and hardware, LANDISC		
# PARCELS	CONTRACT PRICE	PRICE PER PARCEL (CONTRACT PRICE/#PARCELS)
40,000	1,400,000	\$35.00
PREVIOUS APPRAISAL APPROACH:		1956 base year cost
NEW APPRAISAL APPROACH:		Cost, Market and Income

COMMENTS: Things have worked out better than expected, so far.

NOTE: Mr. Salsgiver had no figures to calculate cost savings because of the amount of time since the last revaluation. He did comment that he believed that there were significant savings due to the number of additional employees who would have been required to do it in-house and the lack of experience currently in the department.

BERKS COUNTY, PA

CONTACT: Mr. Rashlich PHONE: 610 478 6262

Privatized Services Utilized: Countywide reassessment, Data Processing		
# PARCELS	CONTRACT PRICE	PRICE PER PARCEL (CONTRACT PRICE/#PARCELS)
136,500	4,800,000	\$35.16
RESIDENTIAL APPRAISAL APPROACH: Market		
COMMERCIAL APPRAISAL APPROACH: Income		

COMMENTS: Excellent job considering that it's the 1st assessment since 1800's.
Very acceptable.

BUTLER COUNTY, OHIO

CONTACT: Mr. Fred Bounds, Supervisor PHONE: 513 887 3154

Privatized Services Utilized: Mass Reappraisal (drive-by),CAMA updates, Integrated Appraisal System, Annual maintenance agreement, Informal appeals		
# PARCELS	CONTRACT PRICE	PRICE PER PARCEL
121,596	1,080,000	\$8.88
APPRAISAL APPROACH: Cost, Market and Income		

COMMENTS: They are doing a fantastic job.
Good people employed by CLT.
Recommends CLT highly.

NOTE: Due to circumstances, there is no savings estimate available.

CHESTER COUNTY, PA

Contact: Mr. Mark Sibert-Chief Assessor

Phone: 610 344 6095

Privatized Services Utilized: Mass Appraisal, Landisc (CLT), Integrated software		
# PARCELS	CONTRACT PRICE	PRICE PER PARCEL (CONTRACT PRICE/#PARCELS)
160,000	4,700,000	\$29.38
CURRENT APPRAISAL APPROACH: Base year 1972 Cost		
NEW APPRAISAL APPROACH: Cost, Income and Market using Multiple Regression		

COMMENTS: Project recently began. So far:
Very satisfied with service.
Good price.

DELAWARE COUNTY, PA

CONTACT: Mr. Joe Clinger-Assessment Coordinator PHONE: 610 891 4901

Privatized Services Utilized: Reappraisal, Landisc (CLT), GIS		
# PARCELS	CONTRACT PRICE	PRICE PER PARCEL (CONTRACT PRICE/#PARCELS)
190,000	7,862,000	\$41.38
RESIDENTIAL APPRAISAL APPROACH: Comparison		
COMMERCIAL APPRAISAL APPROACH: Cost & Income		

COMMENTS: Very impressed with service.
Staff knows what they are doing.
Government sensitive.
Full understanding of process.

NOTE: Observation: This county was the only one in this group not consulted by CAMA Industries. They also have the highest per parcel rate.

LANCASTER COUNTY, PA

CONTACT: Leo Grasser PHONE: 717 299 8381

Privatized Services Utilized: Countywide Revaluation (CLT)-Court ordered automation. Geographical Information Systems (AerialData Reduction Co.)		
# PARCELS	CONTRACT PRICE	PRICE PER PARCEL (CONTRACT PRICE/#PARCELS)
165,000	4,500,000	\$27.27
MARKET APPRAISAL APPROACH: Residential		
INCOME APPRAISAL APPROACH: Commercial		
COST APPRAISAL APPROACH: Farms		

COMMENTS: Overall service worked very well.
Most complaints came from farmers because previous base
year was in the 1960's.

MONTGOMERY COUNTY, PA

CONTACT: Tom Brauaner PHONE: 610 278 3770

Privatized Services Utilized: Mass Appraisal		
# PARCELS	CONTRACT PRICE	PRICE PER PARCEL (CONTRACT PRICE/#PARCELS)
265,000	7,700,000	\$29.06
RESIDENTIAL APPRAISAL APPROACH: Market		
COMMERCIAL APPRAISAL APPROACH: Mixed		

COMMENTS: Rapid, Professional, Knowledgeable.
Problems worked out.

NOTE: In a conversation with Laura Piland, staff assistant to the county commissioners and liaison between CAMA Technologies and CLT, she indicated that in-house mass appraisals were considered. She cited that time and cost savings and the fact that the RFP process yielded the best possible contract price were the primary reasons for continuing the use of private appraisal companies.

NORTHAMPTON COUNTY, PA

CONTACT: Mr. Mark Santoro-Chief Assessor PHONE: 610 559 3141

Privatized Services Utilized: Revaluation, Photography (CLT), CAMA Software		
# PARCELS	CONTRACT PRICE	PRICE PER PARCEL (CONTRACT PRICE/#PARCELS)
100,000	2 1/2 - 3 Million	\$27.50
APPRAISAL APPROACH: Not available		

COMMENTS: Software was too complicated and too integrated.
He felt that CLT was setting up future business for themselves.
Revaluation - no experience in PA or measuring buildings.
Buildings OK. (contradiction)
Land was over-assessed.

NOTE: Mr. Santoro was negative stance toward this effort at privatization.

SOMERSET COUNTY, PA

CONTACT: Mr. John Riley-Chief Assessor,-assigned county project supervisor
 PHONE: 814 445 8931

Privatized Services Utilized: Countywide Revaluation (CTL), Landisc System (CLT), GIS and Digitizing maps (Zimmerman, CTL parent company)		
# PARCELS	CONTRACT PRICE	PRICE PER PARCEL (CONTRACT PRICE/#PARCELS)
59,000	-1,798,000 Revaluation -188,000 Landisc -92,400 Property Inventory Mailers-used to identify property items to lower appeal rate	$2,078,400/59,000 =$ \$35.23
PREVIOUS APPRAISAL APPROACH: Until now 21 year old market manual used		
NEW APPRAISAL APPROACH: Market, Income and Sales		

COMMENTS: Project recently began. So far:
 Quality control 1% error rate in 5 or 6 boroughs.
 Very cooperative staff.
 "Keep politics out of assessments system to insure accurate appraisals."

NOTE: Mr. Riley had no comparative data since the last revaluation. He stated that the next revaluation will be done in-house at an estimated 1-2 dollars per parcel.

SULLIVAN COUNTY, PA

CONTACT: Mr. Wesly Graham PHONE: 717 946 5061

Privatized Services Utilized: Data processing-UNIVERS SYSTEM		
# PARCELS	CONTRACT PRICE	PRICE PER PARCEL (CONTRACT PRICE/#PARCELS)
7,300	190,000 (underbid to break into PA) 1,800/40 hr. phone support 3,400/40 hr. phone support and 3 days training	\$26.03
RESIDENTIAL APPRAISAL APPROACH: Market		
COMMERCIAL APPRAISAL APPROACH: Cost and Income		

COMMENTS: Sometimes the service is slow, however, in an emergency, they are there immediately.
CLT has educated and top notch employees.
They have consistent appraisals and a low appeal rate.
Mr. Graham was very satisfied with the service provided.

YORK COUNTY, PA

CONTACT: Carol Wenger-Director

PHONE: 717 771 9220

Privatized Services Utilized:		
Countywide Revaluation, Landisc Mapping, Consulting (CLT), Geographical Information System		
# PARCELS	CONTRACT PRICE	PRICE PER PARCEL (CONTRACT PRICE/#PARCELS)
160,000	2,900,000	\$18.13
APPROACHES: Market - Residential, Multiple Regression, Cost-Farms		

COMMENTS: Landisc quality control is bad. (66-67% accuracy rate)
CLT claimed customization but it did not work out.
Depth of the personnel poor.

NOTE: Ms. Wenger was dissatisfied with privatization.

As indicated by the comments, most of the Cole-Layer-Trumble customers expressed a satisfaction in the services performed, but there were some complaints.

Cole-Layer-Trumble has demonstrated proficiency in their specific area of expertise. The amount of experience in Pennsylvania and the favorable comments from counties interviewed are indicative of this.

The price per parcel information stated on the county profiles give a general view of the overall costs involved in using assessment company services. It should also be noted that Delaware County did not hire a consultant and has the highest per parcel rate of this group.

KVS Information Systems, Inc.
Company Background and Service Description

KVS, founded in 1969, assisted the New York State Board of Equalization and Assessment in developing and defining the first computer-assisted revaluation in New York State in the early 1970's. They have experience of better than 6 million parcels of all classes of property ranging across several states. They also serve as experts, giving testimony, in real estate litigation in the US Supreme court.

KVS services include Mass Reappraisals, Computer Assisted Mass Appraisal systems and software as well as Tax Billing and Collection. They have no experience in Pennsylvania, but have completed over 100 reevaluations.

The following pages are the results of telephone conversations with two of KVS Information Systems, Inc.'s governmental clients. Information was obtained regarding services provided and contract cost as well as comments on what the contact thought about the service provided by the company.

JURISDICTION: City of Stanford, CT

CONTACT: Ms. Kathy Barlo

PHONE: 203 977 5899

Privatized Services Utilized: Revaluation, CAMA Software		
# PARCELS	CONTRACT PRICE	PRICE PER PARCEL (CONTRACT PRICE/#PARCELS)
38,000	2,000,000	\$52.63
APPRAISAL APPROACH: Cost, Market and Income		

COMMENTS: Satisfied with service.
Very satisfied with CAMA system.

JURISDICTION: CITY OF WATERBURY, CT

CONTACT: Mr. Michael Moriarty PHONE: 203 574 6825

Privatized Services Utilized: Revaluation , CAMA		
# PARCELS	CONTRACT PRICE	PRICE PER PARCEL (CONTRACT PRICE/#PARCELS)
35,000	1,800,000	\$51.43
RESIDENTIAL APPRAISAL APPROACH: Market Comparison		
COMMERCIAL APPRAISAL APPROACH: Income		

COMMENTS: Satisfied with service.
Very satisfied with CAMA system software - support very good.

KVS Information Systems, Inc. has experience and recognized expertise in their field. This is evident in the fact that they are used in expert testimony by the US Supreme Court. The references provided gave extremely good recommendations. The fact that they lack Pennsylvania experience, however, should be taken into consideration.

The price per parcel information stated on the jurisdictional profiles give a general view of the overall costs involved in using assessment company services.

Vision Appraisal Technology Company Background and Service Description

Vision Appraisal Technology has been in business for 20 years. The services currently provided include the following:

Appraisal software

- * Field data collection software/hardware
- * Image data base systems
- * Software support services
- * Ad valorem tax appraisal programs, including reevaluations, valuation updates and individual property analysis for court support
- * Fee appraisals for both corporate and municipal clients
- * Large-scale data collection and data conversion projects
- * Project management and consulting

Vision Appraisal Technology developed a CAMA system software package called Appraisal vision. It is portable across many hardware platforms and operating systems. It completely automates the assessing office including the following functions:

- * Real Estate Maintenance
- * Sales Analysis and Valuation
- * Field Data Collection
- * Personal Property Maintenance and Valuation
- * Reports and Query functions
- * Income Capitalization
- * Video Imaging

This software has been installed in over 100 jurisdictions ranging from 1,000 to 30,000 parcels.

The following pages are the results of telephone conversations with two of Vision Appraisal Technology's governmental clients. Information was obtained regarding services provided and contract cost as well as comments on what the contact thought about the service provided by the company.

JURISDICTION: FAIRFIELD, CT

CONTACT: Mr. Brown PHONE: 203 256 3110

Privatized Services Utilized: Revaluation, CAMA software		
# PARCELS	CONTRACT PRICE	PRICE PER PARCEL (CONTRACT PRICE/#PARCELS)
20,000	950,000	\$47.50
APPRAISAL APPROACH: Sales, Cost and Modified Income		

COMMENTS: Software excellent.
 4.5% appeal rate.
 Over all - Fair to Good.

JURISDICTION: EAST LYME, CT

CONTACT: Ms. K. Debrau - Assessor PHONE: 203 739 6931

Privatized Services Utilized: Mass Revaluation		
# PARCELS	CONTRACT PRICE	PRICE PER PARCEL (CONTRACT PRICE/#PARCELS)
8,200	450,000	\$54.88
RESIDENTIAL APPRAISAL APPROACH: Cost and Market		
NEW APPRAISAL APPROACH: Income		

COMMENTS: Did good job.
Low appeal rate.

Vision Appraisal Technology, Inc. appears to be a company that is willing to change with the current needs of its clients. The software development has, by indication of the above interviews, been a success. Vision has no Pennsylvania experience. Although the Appraisal Vision software has apparently achieved a degree of success, it has yet to be tested on a jurisdiction of more than 35,000 parcels.

The price per parcel information stated on the jurisdictional profiles give a general view of the overall costs involved in using assessment company services.

Sabre Systems and Service Company Background and Service Description

Sabre Systems and Service, subsidiary of Manatron, Inc., was founded in 1973. They have appraised over 11,000,000 parcels and performed mass revaluations in 15 states including Pennsylvania. 25% of Sabre's staff is assigned to research and development.

Sabre's services and products include Computer Assisted Mass Appraisal packages integrated with video imaging. They have also developed a pen based data collection system for mass reappraisals. They also offer integrated video and document imaging, GIS mapping systems, and tax administrative systems.

The following pages are the results of telephone conversations with Sabre Systems and Service's governmental clients. Information was obtained regarding services provided and contract cost as well as comments on what the contact thought about the service provided by the company.

HAMILTON COUNTY, OHIO

CONTACT: Mr. Don Johnson PHONE: 513 632 8585

Privatized Services Utilized: Mass revaluation, CAMA services		
# PARCELS	CONTRACT PRICE	PRICE PER PARCEL (CONTRACT PRICE/#PARCELS)
323,095	5,835,000	\$18.06
APPRAISAL APPROACH: Cost, Market and Income		

COMMENTS: Very satisfied with Sabre's service.

NOTE: Mr. Johnson has indicated that one million dollars was cut from the budget as a result of using an outside contractor for the services provided. He indicated that he believed the reason was specifically the software and hardware products that induced the savings. Hamilton runs on a 6 year cycle. Every year funds are set aside out of the budget to handle in-house mass appraisals. After contracting Sabre, there was a 1.2 - 1.3 million dollar surplus where previously there would have been about a 2 - 3 hundred thousand dollar surplus. The excess funds were shifted back to the using units.(schools, police, etc.).

LORAIN COUNTY, OH

CONTACT: Mr. Rulli, Chief Deputy Auditor PHONE: 216 329 5170

Privatized Services Utilized: Mass Revaluation, CAMA		
# PARCELS	CONTRACT PRICE	PRICE PER PARCEL (CONTRACT PRICE/#PARCELS)
133,936	1,249,700	\$9.33
APPRAISAL APPROACH: Cost, Market and Income		

COMMENTS: Appraisals were very good.
Computer services inadequate

NOTE: Mr. Rulli stated that he had no previous in-house cost to compare, however, he stated that he believed that a great deal of money is being saved by using a private firm.

FRANKLIN COUNTY, OH

CONTACT: Tony Frissora - Administrator PHONE: 614 462 6698

Privatized Services Utilized: Mass appraisals, New construction		
# PARCELS	CONTRACT PRICE	PRICE PER PARCEL (CONTRACT PRICE/#PARCELS)
330,090	3,850,000	\$11.66
APPRAISAL APPROACH: Cost, Market and Income		

COMMENTS: Sabre is doing a good job.
Unbiased assessments.
Up to date

NOTE: Mr. Frissora had no previous in-house costs to compare.

Sabre Systems seems to be a company who values customer service and up-to-date technology. With a large research and development budget, they have generated software and additional services, such as the pen based data collection system. They do have some Pennsylvania experience though not as much as other competitors. Their references for the most part were pleased with the exception of some complaints from Mr. Rulli of Lorain, OH who expressed concern about their software support.

The price per parcel information stated on the jurisdictional profiles give a general view of the overall costs involved in using assessment company services.

**County-Wide Appraisal & Consultant Services, Inc.
Company Background and Service Description**

County-Wide Appraisal & Consultant Services, located in Greensburg, PA, was founded in 1978. Their services include Annual Field & Office Assessment Maintenance, Governmental Computer Hardware and Software, Consulting, Reappraisal Programs, and monitoring of assessment/ reassessment projects. Although they have operated in eight states they are currently limited to Pennsylvania.

The following pages are the results of telephone conversations with County-Wide Appraisal & Consultant Services, Inc.'s governmental clients. Information was obtained regarding services provided and contract cost as well as comments on what the contact thought about the service provided by the company.

INDIANA COUNTY, PA

CONTACT: Mr. Medvetz, Chief Assessor PHONE: 412 465 3812

Privatized Services Utilized: New Construction Maintenance		
# PARCELS	CONTRACT PRICE	PRICE PER PARCEL (CONTRACT PRICE/#PARCELS)
Not Applicable	53,000/Year	Not Applicable
APPRAISAL APPROACH: 1969 Market Valuation		

COMMENTS: Adequate

BEDFORD COUNTY, PA

CONTACT: Ms. Whitfield, Chief Assessor PHONE: 814 623 4842

Privatized Services Utilized: New Construction Maintenance		
# PARCELS	CONTRACT PRICE	PRICE PER PARCEL (CONTRACT PRICE/#PARCELS)
Not Applicable	\$66,000	Not Applicable
NEW APPRAISAL APPROACH: Cost		

COMMENTS: Very Good Service.
Error rate very good.

County-Wide Appraisal & Consultant Services, Inc.'s references spoke very highly of their services. They are a Pennsylvania based company. More information should be obtained from County-Wide, however, in order to determine if they can handle the assessment functions of a county as large as Allegheny.

The price per parcel information stated on the jurisdictional profiles give a general view of the overall costs involved in using assessment company services.

The following is a listing showing the basic functions of an assessment department and several sample jurisdictions where these functions have been administered by the private sector.

MAP MAINTENANCE

Stephson County, IL
Schmung, NY
Catawda County, NC

ASSESSMENT ADMINISTRATION/BILLING
(includes: abatements, exemptions, & informal appeals)

Dover, NH²
Whitefish Bay, WI
West Bend, WI

NEW CONSTRUCTION/VALUATION
(includes informal appeals)

Franklin County, OH
Montgomery County, OH
Butler County, OH

DATA PROCESSING

Beaver County, PA
Northampton County, PA
Kent County, DE

MASS APPRAISALS

Montgomery County, PA
Armstrong County, PA
Hamilton County, OH

² Dover has completely privatized assessor functions. Billing and Mapping are still done in-house.

The following is a typical example of a time line involving the process of implementing the privatization of assessment department functions. This is an estimate of the time it normally takes and will change depending upon the differing circumstances of a given jurisdiction.

- DAY 1:** The Request For Proposal (RFP) is mailed by the jurisdiction to eligible assessment firms.
- DAY 21:** A Pre-Proposal Conference is held or correspondence should be received by mail in order to allow assessment companies to ask preliminary questions.
- DAY 28:** Jurisdiction responds to assessment companies inquiries.
- DAY 42:** Proposals are due to jurisdiction. Jurisdiction questions assessment companies and narrows list down to "short list".
- DAY 63:** Assessment companies remaining give presentation to county.
- DAY 77:** Jurisdiction selects a contractor pending successful negotiations.
- DAY 78-106:** Negotiations between assessment company and jurisdiction's general and technical staff.
- DAY 107:** Contract is drafted. (normally by assessment company's lawyer)
- DAY 108-121:** Negotiations on legal aspects of contract with legal council present takes place.
- DAY 102:** Contract is signed by both parties.

REQUEST FOR PROPOSAL
(R.F.P.)

The request for proposal is a document that jurisdictions send to perspective bidders when the desire is to contract work to the private sector. In this case, the assessment functions. The following is a summary of what is generally contained in a Request For Proposal:

- The Statement of Purpose section of the RFP is a general statement of what is to be done and in what time frame. This is a general statement and more details are specified later in the RFP.
- The date the proposal is due to the jurisdiction from the company is specified as well as the time and date of the Pre-Proposal Conference or whatever method of inquiry the company has the option to use in order to have questions answered.
- Terms of any performance bond, if required, is included in the RFP. Also, any required insurance and minimum amounts are stated.
- A Hold Harmless Clause is included in order to release the jurisdiction of any and all liability for events occurring during the process of contract execution.
- A background information section, on the history of previous evaluation specifications, is present. An administration schedule & calendar of the proposal consideration process, deadline dates and a request for a detail scope of the standards to be used are included. Also included is a summary of hearings and court responsibilities of the company required by the jurisdiction.
- A list of company information to be disclosed is in the RFP. Such requirements include background information on the organization, references, experience, a list of personnel requirements, etc.
- The RFP also includes the requirement of disclosing the exact people and processes of the assessment company and the methods of evaluating assessments required by the jurisdiction.
- Finally, a cost proposal form detailing the contract price must be completed by the assessment company.

CONCLUSION

Economic theory tends to suggest that the private sector is more cost efficient, productive, and customer service oriented than any government bureaucracy.

In the particular case of assessment privatization, the argument that privatization would make inequities more acute is not sustainable by these research findings. More county contacts than not claimed declining error rates and decreases in the appeal rates.

The assertion that a question remains as to whether or not a cost savings will result in the privatization of assessment functions has been contradicted in the findings in Hamilton, Ohio, where one-million dollars was saved by the privatization of mass revaluations and computer hardware/software upgrades. Also, many county contacts, who could not provide dollar amounts because of special circumstances, expressed a belief that they could not administer the function less expensively in-house.

The assessments division may be complicated and multifaceted, but the private sector has continually demonstrated proficiency in solving complex problems. For example, the private revaluation of the entire state of West Virginia took several hundred employees. Allegheny County has 70+ staff members. Managing ongoing functions in Allegheny County should not present a problem for the private sector.

As for the argument that it is extremely difficult to service the public, the quality and level of services can be measured according to existing Standards set by the United States Professional Appraisal Practice (USPAP). Also, the RFP is used, not only to inquire about the service levels and measurement specifications of a company, but also to spell out exactly what the jurisdiction expects in those same areas.

Privatization of the revaluation process makes for an equitable assessing system which attracts new industry and commerce, thereby, creating higher incomes. With higher incomes comes more people and businesses investing in capital improvements which in turn brings in more revenue to the county by increasing assessment values.