

**OFFICE OF PROPERTY ASSESSMENT
FISCAL YEAR 2020 BUDGET TESTIMONY
APRIL 3, 2019**

INTRODUCTION

Good Morning, President Clarke and Members of City Council. I am Michael Piper, Chief Assessment Officer. Joining me today are James Aros Jr., Deputy Chief Assessment Officer and Maria Holmes, Acting Administrative Services Director. I am pleased to provide testimony on the Office of Property Assessment's Fiscal Year 2020 Operating Budget.

DEPARTMENT MISSION & PLANS

Mission: The Office of Property Assessment (OPA) is responsible for determining the value of all real property in Philadelphia and is dedicated to doing so in a fair, accurate, and understandable way. OPA's primary goal is, through ongoing assessments, to improve the accuracy and uniformity of all property values and to instill confidence in Philadelphia taxpayers regarding the fairness of the property tax system, as well as the competency and professionalism of Philadelphia's assessment office.

Plans for Fiscal Year 2020:

In FY20, Administration will work to implement the recommendations from OPA's consultant, Robert Gloudemans, in order to continuously improve the quality of assessments. The leadership team is developing an action plan to quickly implement the feedback it received, add staff and expert consultant capacity, maintain and improve the existing quality of data, and provide more information about the assessment process and assessment performance to the public. OPA has also assembled a new unit dedicated exclusively to sales validation. This unit will be formally put into place this month. While these recommendations are being implemented, OPA will value properties using the ratio trend method – or trending – to keep assessments closely tied to the market in tax year 2020. In early March, OPA published an overview of the trending valuation methodology, the first of several new documents we aim to share on our website.

OPA will also continue to expand the activities and programs provided in FY19. Personal development classes will be added as a lunch and learn option for staff, as well as continuing education training for the evaluation staff and management, leadership training for supervisors, and computer training for clerical staff.

The Computer Assisted Mass Appraisal (CAMA) system is on schedule to go live in January 2020. In preparation for the new CAMA system, training will be provided in change management and time management for all staff. An analysis of job function, present and future state, for support staff will be performed to determine how to best utilize support staff in this new environment. In addition, administration will manage a project to archive, scan or dispose of records no longer needed once the new system is implemented. Finally, partial implementation of the CAMA system will allow OPA to utilize the system for the processing of market value appeals in FY20 (tax year 2020 appeals).

Moreover, OPA works to maintain a staffing complement in accordance with industry recommendations. According to a survey conducted by the International Association of Assessing Officer's (IAAO) Journal of Property Tax Assessment and Administration, the industry standard is 3,000 parcels per agency

OFFICE OF PROPERTY ASSESSMENT

employee. Current filled positions, combined with the budgeted vacant positions that OPA is working to fill, will bring OPA up to this standard. We have begun a targeted recruitment plan to fill vacancies for evaluators and clerical staff with qualified applicants at both the entry and experienced levels. The first phase was the revision of job specs and the reclassification of clerical positions and duties. We are now at the sourcing analysis and hope to announce the exam during the first quarter of FY20.

OFFICE OF PROPERTY ASSESSMENT

BUDGET SUMMARY & OTHER BUDGET DRIVERS

Staff Demographics Summary (as of November 2018)				
	Total	Minority	White	Female
Number of Full-Time Staff	194	97	97	110
Number of Exempt Staff	12	5	7	6
Number of Executive Staff (deputy level and above)	9	5	4	3
Average Salary, Full-Time Staff	\$59,359	\$58,670	\$62,197	\$56,027
Average Salary, Exempt Staff	\$104,344	\$111,109	\$115,990	\$82,129
Average Salary, Executive Staff	\$119,294	\$118,940	\$119,738	\$104,972
Median Salary, Full-Time Staff	\$58,431	\$54,983	\$61,249	\$54,983
Median Salary, Exempt Staff	\$108,150	\$108,150	\$108,150	\$79,178
Median Salary, Executive Staff	\$108,150	\$108,150	\$108,150	\$108,150

Employment Levels (as of November 2018)		
	Budgeted in FY19	Filled as of the Increment Run (11/18)
Number of Full-Time Positions	225	194
Number of Exempt Positions	13	12
Number of Executive Positions (deputy level and above)	10	9
Average Salary of All Full-Time Positions	\$52,848	\$59,359
Median Salary of All Full-Time Positions	\$58,431	\$58,431

General Fund Financial Summary by Class						
	FY18 Original Appropriations	FY18 Actual Obligations	FY19 Original Appropriations	FY19 Estimated Obligations	FY20 Proposed Appropriations	Difference: FY20-FY19
Class 100 - Employee Compensation	\$11,313,100	\$11,852,174	\$11,890,699	\$12,388,764	\$14,127,682	\$1,738,918
Class 200 - Purchase of Services	\$1,828,126	\$1,234,519	\$1,703,126	\$1,703,126	\$2,403,126	\$700,000
Class 300/400 - Materials, Supplies & Equipment	\$782,600	\$348,065	\$622,600	\$622,600	\$787,600	\$165,000
	\$13,923,826	\$13,434,758	\$14,216,425	\$14,714,490	\$17,318,408	\$2,603,918

Contracts Summary (Professional Services only)						
	FY14	FY15	FY16	FY17	FY18	FY19 YTD (Q1 & Q2) ¹
Total amount of contracts	\$1,302,345	\$919,935	\$641,229	\$817,878	\$759,878	\$606,000
Total amount to M/W/DSBE	\$622,733	\$520,000	\$288,378	\$328,378	\$228,378	\$0
Participation Rate	48%	57%	45%	40%	30%	0%

¹ OPA has a contract with Linebarger, which, in prior years, had a minority stakeholder. The minority stakeholder has retired from Linebarger, causing a drop in the M/W/DSBE participation rate.

Total M/W/DSBE Contract Participation Goal (Public Works; Services, Supplies & Equipment; and Professional Services combined)			
	FY18	FY19	FY20
M/W/DSBE Contract Participation Goal	65%	50%	35%

PROPOSED BUDGET OVERVIEW

Proposed Funding Request:

The proposed Fiscal Year 2020 General Fund budget totals \$17,318,408, an increase of \$2,603,918 over Fiscal Year 2019 estimated obligation levels. This increase is primarily due to funding for the implementation of recommendations from the consultant's report to improve the quality of assessments.

The proposed budget includes:

- \$14,127,682 in Class 100, a \$1,738,918 increase over FY19. This funding will support the achievement of the full staffing level of 251 employees.
- \$2,403,126 in Class 200, a \$700,000 increase over FY19. This funding will primarily provide the necessary resources for data collection consultant fees.
- \$787,600 in Class 300/400, a \$165,000 increase over FY19. This funding will primarily cover expenditures associated with printing and mailing notices to taxpayers, as well as the cost of maintaining and replacing current office equipment and furniture.

OFFICE OF PROPERTY ASSESSMENT

STAFFING LEVELS

The department is requesting 251 budgeted positions for FY20, an increase of 26 positions over the 225 positions from FY19.

Additional funding is also proposed for the Office of Property Assessment (OPA) to implement recommendations made by a nationally-recognized consultant and to ensure appropriate staffing levels. These investments, totaling about \$1.9 million annually, will enable OPA to add additional modelling capability, a sales validation unit, and enhance data collection services.

NEW HIRES

OPA had no new hires between July 1, 2018 and November 25, 2018. Since then, OPA hired five individuals who started in January 2019: one African American male, and four African American females.

PERFORMANCE, CHALLENGES, AND INITIATIVES

EVALUATION PROGRAM

FY20 Strategic Goals				
<ul style="list-style-type: none"> • Create and staff a dedicated, professional sales validation unit that is responsible for the timely screening and validation of all real estate transfers in the city. • Complete testing, training, and acceptance of the CAMA system. • Meet industry standards for acceptable variance for mass appraisals. 				
FY20 Performance Measures¹				
Measure	FY18 Actual	FY19 YTD (Q1 + Q2)	FY19 Target	FY20 Target
Coefficient of Dispersion ²	0.098	N/A	≤ 0.15	≤ 0.15
Overall single-family price-related differential ³	1.015	N/A	> .98 & < 1.03	> .98 & < 1.03

¹ FY19 YTD is based on current projections from mass appraisal models. Due to the changes in scope and methodology of the TY 20 reassessment, current projections are not available. Final values will be available for study in Q4 of FY19 after certification on 3/31/2019.

² The Coefficient of Dispersion (COD) is considered the most reliable, and therefore is the most frequently used, measure of assessment uniformity in ratio studies. It is based on an average absolute deviation, but expresses it as a percentage and provides a more objective measure of uniformity that is independent of the level of appraisal. A COD of less than 0.15 meets industry standards for a jurisdiction with the number of parcels and the heterogeneity of housing stock that exists in Philadelphia. In general, low CODs are associated with a more uniform level of assessment.

³ This measures assessment progressivity or regressivity. Assessments are considered progressive if high-value properties are relatively over appraised, and regressive if high-value properties are under-appraised relative to low-value properties. While no differential (a PRD of 1) is considered perfect, PRDs tend to have an upward bias due in part to assessment time lags. A PRD between 0.98 and 1.03 meets industry standards.

ADMINISTRATION PROGRAM

FY20 Strategic Goals				
<ul style="list-style-type: none"> • Actively recruit Deputy Administrator, Real Property Evaluator, and support positions. • Reduce the number of vacancies by 20%. 				
FY20 Performance Measures				
Measure	FY18 Actual	FY19 YTD (Q1 + Q2)	FY19 Target	FY20 Target
Percent of budgeted positions that are filled ¹	86%	87%	91%	96%

¹ OPA, in conjunction with the Office of Human Resources, pulled the Real Property Evaluator 1 Exam to do targeted recruitment to increase OPA's candidate pool with qualified applicants.

OFFICE OF PROPERTY ASSESSMENT

OTHER BUDGETARY IMPACTS

Federal and State (Where Applicable)

N/A

OFFICE OF PROPERTY ASSESSMENT

CONTRACTING EXPERIENCE

M/W/DSBE Participation on Large Professional Services Contracts with For-Profit Vendors											
Top Five Largest Contracts over \$34,000 for FY19											
Vendor Name	Brief Description of Service Provided	Dollar Amount of Contract	RFP Issue Date	Contract Start Date	Ranges in RFP	% of M/W/DSBE Participation Achieved	\$ Value of M/W/DSBE Participation	Total % Participation - All DSBEs	Total \$ Value Participation - All DSBEs	Is This a Local Business? (principal place of business located within City limits) [yes / no]	Does the Vendor Have a Waiver for Living Wage Compliance? [yes / no]
Linebarger	Customer Service Third Party Call Center/ Language Assistance	\$228,378	5/24/2016	6/1/2018	MBE: 10-15%	0%	\$0	0%	\$0	yes	no
					WBE: 5-10%	0%	\$0				
					DSBE: best efforts	0%	\$0				
Vanguard Direct	FLR/Return Mail Service and Address Correction	\$98,000	9/1/2017	11/1/3018	MBE: 0-10%	0%	\$0	0%	\$0	yes	no
					WBE: 0-10%	0%	\$0				
					DSBE: best efforts	0%	\$0				
RCDH of PA	Commercial Consultant	\$350,000	7/22/2016	10/25/2018	MBE: 0-15%	0%	\$0	0%	\$0	yes	no
					WBE: 0-15%	0%	\$0				
					DSBE: 0-15%	0%	\$0				
Doyle Real Estate Advisor	Appraisal Consultant	\$90,000	5/16/2016	7/1/2018	MBE: 0-15%	0%	\$0	0%	\$0	yes	no
					WBE: 0-15%	0%	\$0				
					DSBE: 0-15%	0%	\$0				

OFFICE OF PROPERTY ASSESSMENT

EMPLOYEE DATA

Staff Demographics (as of November 2018)					
Full-Time Staff			Executive Staff		
	Male	Female		Male	Female
	African-American	African-American		African-American	African-American
<i>Total</i>	29	54	<i>Total</i>	2	3
<i>% of Total</i>	15%	28%	<i>% of Total</i>	22%	33%
<i>Average Salary</i>	\$58,365	\$55,218	<i>Average Salary</i>	\$139,891	\$104,972
<i>Median Salary</i>	\$58,431	\$54,983	<i>Median Salary</i>	\$139,891	\$108,150
	White	White		White	White
<i>Total</i>	47	50	<i>Total</i>	4	0
<i>% of Total</i>	24%	26%	<i>% of Total</i>	44%	0%
<i>Average Salary</i>	\$68,548	\$56,772	<i>Average Salary</i>	\$119,738	\$0
<i>Median Salary</i>	\$61,866	\$54,983	<i>Median Salary</i>	\$118,450	\$0
	Hispanic	Hispanic		Hispanic	Hispanic
<i>Total</i>	1	4	<i>Total</i>	0	0
<i>% of Total</i>	1%	2%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	\$58,431	\$62,817	<i>Average Salary</i>	\$0	\$0
<i>Median Salary</i>	\$58,431	\$61,942	<i>Median Salary</i>	\$0	\$0
	Asian	Asian		Asian	Asian
<i>Total</i>	7	2	<i>Total</i>	0	0
<i>% of Total</i>	4%	1%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	\$56,819	\$45,634	<i>Average Salary</i>	\$0	\$0
<i>Median Salary</i>	\$61,249	\$45,634	<i>Median Salary</i>	\$0	\$0
	Other	Other		Other	Other
<i>Total</i>	0	0	<i>Total</i>	0	0
<i>% of Total</i>	0%	0%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	\$0	\$0	<i>Average Salary</i>	\$0	\$0
<i>Median Salary</i>	\$0	\$0	<i>Median Salary</i>	\$0	\$0
	Bilingual	Bilingual		Bilingual	Bilingual
<i>Total</i>	8	6	<i>Total</i>	0	0
<i>% of Total</i>	4%	3%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	\$57,021	\$57,090	<i>Average Salary</i>	\$0	\$0
<i>Median Salary</i>	\$59,840	\$51,549	<i>Median Salary</i>	\$0	\$0
	Male	Female		Male	Female
<i>Total</i>	84	110	<i>Total</i>	6	3
<i>% of Total</i>	43%	57%	<i>% of Total</i>	67%	33%
<i>Average Salary</i>	\$63,723	\$56,027	<i>Average Salary</i>	\$126,455	\$104,972
<i>Median Salary</i>	\$61,866	\$54,983	<i>Median Salary</i>	\$125,673	\$108,150

LANGUAGE ACCESS

1. Has your leadership received language access training?

Yes, on May 2, 2018.

2. Do you currently have a language access coordinator?

Yes, Salima Cunningham.

3. Has your department written a language access plan and is it posted online?

Yes: <https://www.phila.gov/documents/language-access-plans>

4. Explain what your department has done to improve language access services over the past year.

OPA administrators and senior staff have met with representatives of the Mayor's Office of Immigrant Affairs to assist with the procurement of additional interpretation and translation services.