

**OFFICE OF PROPERTY ASSESSMENT
FISCAL YEAR 2023 BUDGET TESTIMONY
MAY 9, 2022**

INTRODUCTION

Good morning, President Clarke and Members of City Council. I am James Aros Jr., Chief Assessment Officer. Joining me today are Monica Williams, Deputy Chief Assessment Officer, and Maria Holmes, Administrative Services Director. I am pleased to provide testimony on the Office of Property Assessment's Fiscal Year 2023 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, through ongoing assessments, is 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 2023: For Tax Year 2023, OPA has completed a reassessment of the entire city with the goal of continuing to improve, through regular reassessments, the level of accuracy and uniformity of Philadelphia's real property assessments. This was the first comprehensive reassessment since Tax Year 2020 and the first reassessment in which the OPA utilized the new CAMA (Computer Assisted Mass Appraisal) system. Since the last reassessment, OPA has implemented key process and procedure changes that were suggested by industry expert Robert Gloudemans, as well as recommendations made by an external audit commissioned by City Council. These implementations included creating and staffing a dedicated, professional sales validation unit that is responsible for the timely screening and validation of all real estate transfers in the City, hiring additional data analysts, and contracting with an outside vendor to assist in the review and data collection of all classifications of residential and non-residential properties, construction grades, and condition codes. With this reassessment, most parcels have seen some change in either the value, land to building allocation, or taxable status and owners should expect that their assessment will be more accurate and will reflect the changes that have occurred in the real estate market over the past several years. OPA expects to spend much of FY23 reviewing and responding to First Level Review applications and market value appeals filed as a result of the reassessment, while simultaneously preparing for the next reassessment.

During FY22, OPA contracted with the International Association of Assessing Officers (IAAO) to conduct an audit of the department. The goal of the audit is to ensure that OPA is meeting certain industry standards and to provide recommendations on additional improvements the department can make. This audit is expected to be completed in May. OPA will begin implementing the recommendations of the IAAO audit in FY23. OPA expects the audit to assist in planning future data quality initiatives and to recommend optimal business processes and staffing levels. Additionally, OPA intends to increase the number of training and professional development opportunities for employees with the IAAO and other professional organizations to ensure that the department can develop future leaders in the industry. Both the audit and the commitment to professional development are the first steps in the OPA's goal of achieving the IAAO's Certificate of Excellence in Assessment Administration (CEAA). The CEAA is awarded to jurisdictions that successfully integrate the best assessment practices in the workplace.

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In FY23, OPA will begin working on several additional data quality projects. OPA was awarded funding from the Operations Transformation Fund to work with an outside vendor to collect and verify building square footage data, as well as create sketches that can be used in the CAMA system. These initiatives will improve OPA's data, which will improve the quality of assessments and ensure that OPA is using the CAMA system to its full capability. OPA is also collaborating with several other large jurisdictions across the United States in requesting that the Biden Administration grant access to data contained in the Uniform Appraisal Database. This database contains information on millions of U.S. homes that were appraised for mortgages. Access to this data would allow the OPA to verify existing data and potentially add additional data elements that OPA was unable to collect previously.

OPA will continue to work to maintain a staffing complement in accordance with industry recommendations and fill vacancies for evaluators and clerical staff with qualified applicants at both the entry and experienced levels as needed. OPA will work with OHR to develop a strategy to increase the size of the candidate pool for the Evaluator 1 title in addition to using the Management Trainee title to find qualified candidates and ensure diversity in OPA's candidate pool. Communities of color are underrepresented in some jobs in the private real estate sector that provide the experience needed to qualify for OPA's evaluator positions. Utilizing the Management Trainee job title will give OPA an opportunity to ensure diversity by offering an additional pathway into the evaluator positions.

BUDGET SUMMARY & OTHER BUDGET DRIVERS

Please refer to attached FY23 Budget Hearing Summary Charts in section 1: Staff Demographics Summary, section 2: Employment Levels, section 3: Financial Summary by Class, section 6: Participation Rate and Goal.

PROPOSED BUDGET OVERVIEW

Proposed Funding Request:

The proposed Fiscal Year 2023 General Fund budget totals \$17,813,401, an increase of \$589,706 over Fiscal Year 2022 estimated obligation levels. This increase is primarily due to an increase in Class 100 funding to support the achievement of the full staffing level of 225.

The proposed budget includes:

- \$15,524,781 in Class 100, a \$689,706 increase from FY22. This funding will support the achievement of the full staffing level of 225, as well as the addition of the Management Trainee title, which will allow OPA to increase the pool of diverse, qualified candidates and provide a pathway into OPA's evaluator positions.
- \$1,926,020 in Class 200, a \$100,000 decrease from FY22. This funding will primarily cover expenditures for consulting work related to reassessments and the third-party call center.
- \$362,600 in Class 300/400, which is the same funding level as FY22. This funding will primarily cover expenditures associated with printing and mailing notices to taxpayers, as well as the cost to maintain and replace current office equipment and furniture.

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STAFFING LEVELS

The department is requesting 225 budgeted positions for FY23, an increase of two positions from FY22.

A decrease of one position is attributed to the elimination of the Departmental Procurement Specialist job title in the Administrative Program, and an increase of three positions is attributed to the three new Management Trainee positions, resulting in an overall increase of two positions.

NEW HIRES

Please refer to attached FY23 Budget Hearing Summary Charts in section 8: New Hires Information.

PERFORMANCE, CHALLENGES, AND INITIATIVES

EVALUATION

Performance Measure	FY21 Year-End	FY22 Target	FY23 Target
Coefficient of Dispersion ¹	0.199	≤ 0.15	≤ 0.15
Overall single-family price-related differential ²	0.977	> .98 & < 1.03	> .98 & < 1.03

¹The 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 is considered to be very good 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.

²This 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 .98 and 1.03 is considered ideal.

Program FY23 Strategic Goals

- Begin to implement recommendations from the IAAO audit.
- Commence roadmap planning on future process optimization and data quality initiatives.
- Maintain an acceptable variance for mass appraisals as identified in OPA’s performance measures.

ADMINISTRATION

Performance Measure	FY21 Year-End	FY22 Target	FY23 Target
Percent of budgeted positions that are filled	87.0%	85.0%	85.0%

Program FY23 Strategic Goals

- Continue to fill vacancies in the evaluation and clerical classes.
- Increase the number of virtual in-house training classes given to staff.
- Offer additional opportunities for professional development outside of the office.

OTHER BUDGETARY IMPACTS

Federal and State (Where Applicable)

OPA is collaborating with several other large jurisdictions across the United States in requesting that the Biden Administration grant access to data contained in the Uniform Appraisal Database. This database contains information on millions of U.S. homes that were appraised for mortgages. Access to this data would allow the OPA to verify existing data and potentially add additional data elements that OPA was unable to collect previously.

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CONTRACTING EXPERIENCE

Please refer to attached FY23 Budget Hearing Summary Charts in section 4: Contracts Summary.

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EMPLOYEE DATA

Please refer to attached FY23 Budget Hearing Summary Charts in section 7: Staff Demographics.

LANGUAGE ACCESS

- 1. Provide the name of your language access coordinator, the date of your last department training, and a link to the posting of your language access plan.**

OPA’s Language Access Coordinator is Salima Cunningham.

The last department training was held on May 2nd, 2018.

The department’s language access plan is available here: <https://www.phila.gov/documents/language-access-plans>

- 2. Breakdown new hires and existing staff by race and language. Breakdown how many front-line personnel are trained to provide language access services.**

All frontline staff have been trained or are in the process of being trained on how to provide language access services.

Please refer to FY23 Budget Hearing Summary Charts Section 7: Staff Demographics and Section 8: New Hire Information/Language Access

- 3. How many requests for language access services did your department receive in the past year? How many language access services were delivered by staff? Breakdown language access services provided, by language, including but not limited to the language line, translation of public notices and documents, website language services, and advertisement/publication services.**

OPA’s third-party call center received 118 calls in 2021 that required language access services. Those requests were:

Language	# of Calls
Spanish	67
Mandarin	39
Korean	1
Burmese	3
Vietnamese	1
Haitian Creole	1
Italian	1
Bengali	1
Russian	2

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Japanese	1
Cantonese	1

On the OPA website, constituents can request to view the site in over 30 languages.

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

OPA will have all staff members complete online language access training by the end of May. OPA will schedule the normal language access training once those classes resume.

CLIMATE CHANGE

1. How has climate change affected your department’s provision of services?

Climate change has not yet affected the OPA’s provision of services.

2. How might worsening climate change increase costs and demands for your department?

Climate change that causes extreme weather conditions would limit the OPA’s ability to have employees work in the field, which could impede the OPA’s ability to collect the most recent data on properties throughout the city. Severe weather events that cause extensive property damage in the city could increase the need for in-person property inspections and the number of Catastrophic Loss applications submitted to the OPA.

3. How does your department intend to mitigate and adapt to climate change?

As technology has improved, OPA has increased the frequency of desktop inspections utilizing aerial and street- level photography. These images are updated yearly and exceed the minimum resolution required by industry standards. This could minimize the need for field work in the future and mitigate the risk of losing time in the field due to weather. OPA will continue to monitor the real estate market to see if climate change is affecting the demand or price of certain types of housing or features, such as those with solar panels.

1. Staff Demographics Summary

Staff Demographics Summary (as of December 2021)				
	Total	Minority	White	Female
Number of Full-Time Staff	182	100	82	103
Number of Exempt Staff	12	7	5	7
Number of Executive Staff (deputy level and above)	7	4	3	3
Average Salary, Full-Time Staff	\$70,738	\$66,927	\$75,331	\$67,370
Average Salary, Exempt Staff	\$99,767	\$95,525	\$105,705	\$88,472
Average Salary, Executive Staff	\$121,280	\$117,219	\$126,705	\$113,372
Median Salary, Full-Time Staff	\$70,959	\$70,959	\$71,359	\$70,595
Median Salary, Exempt Staff	\$113,279	\$113,558	\$113,558	\$113,558
Median Salary, Executive Staff	\$113,558	\$113,558	\$113,558	\$113,558

2. Employment Levels

Employment Levels (as of December 2021)		
	Budgeted	Filled
Number of Full-Time Positions	223	182
Number of Part-Time Positions	0	0
Number of Exempt Positions	14	12
Number of Executive Positions (deputy level and above)	9	7
Average Salary of All Full-Time Positions	\$62,441	\$70,738
Median Salary of All Full-Time Positions	\$60,993	\$70,959

3. Financial Summary by Class

Some departments may also want to provide financial summary tables for other funds, such as the Grants Fund. Departments should delete any budget lines that have \$0 in every year (i.e. if a department has no Class 500 appropriations, actuals, or proposed appropriations, the Class 500 row should be deleted).

General Fund Financial Summary by Class						
	FY21 Original Appropriations	FY21 Actual Obligations	FY22 Original Appropriations	FY22 Estimated Obligations	FY23 Proposed Appropriations	Difference: FY23-FY22
Class 100 - Employee Compensation	\$13,428,399	\$13,393,546	\$14,395,213	\$14,835,075	\$15,524,781	\$689,706
Class 200 - Purchase of Services	\$2,310,294	\$1,675,580	\$2,026,020	\$2,026,020	\$1,926,020	(\$100,000)
Class 300/400 - Materials, Supplies & Equipment	\$362,600	\$144,516	\$362,600	\$362,600	\$362,600	\$0
	\$16,101,293	\$15,213,642	\$16,783,833	\$17,223,695	\$17,813,401	\$589,706

FY23 Budget Hearing Summary Charts - Office of Property Assessment

4. Contracts Summary

This table focuses on large professional services contracts with for-profit vendors.

"Large" is defined as meaning that an RFP was required.

Departments should focus on contracts that have been conformed to date.

Any departments that have large contracts with non-profit providers are encouraged to provide board makeup information in the optional "Non-Profit Vendor Demographics" table below.

M/W/DSBE Participation on Large Professional Services Contracts

Top Five Largest Contracts, FY22

Vendor Name	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	Local Business (principal place of business located within City limits) [yes / no]	Waiver for Living Wage Compliance ? [yes / no]
Linebarger Goggan Blair & Simpson	Reassament Customer Service	\$440,000	5/24/2016	7/1/2021	MBE: 10-15%	100%	\$440,000	100%	\$440,000	Y	N
					WBE: 5-10%	0%	\$0				
					DSBE: 0%	0%	\$0				
Vanguard Direct Inc.	Mailing for Property Assesment	\$200,000	11/29/2021	1/3/2022	MBE: 20-25%	0%	\$0	5%	\$10,000	Y	N
					WBE: 20-25%	5%	\$10,000				
					DSBE: 0%	0%	\$0				
Penn Center Advisors LLC	Commercial Appraisal Consultants	\$126,900	10/11/2021	11/1/2021	MBE: 0%	0%	\$0	0%	\$0	Y	N
					WBE: 0%	0%	\$0				
					DSBE: 0%	0%	\$0				
Vista Real Estate Solutions LLC	Commercial Appraisal Consultants	\$126,900	10/12/2021	11/1/2021	MBE: 20-25%	100%	\$126,900	100%	\$126,900	Y	N
					WBE: 20-25%	0%	\$0				
					DSBE: 0%	0%	\$0				
Professional Consulting Services of IAAO	General Consultant Services	\$100,000	11/3/2021	12/10/2021	MBE: 15-20%	0%	\$0	0%	\$0	N	N
					WBE: 15-20%	0%	\$0				
					DSBE: 0%	0%	\$0				

Non-Profit Vendor Demographics: N/A

5. Performance Measures Table

Please refer to the narrative of the FY23 Budget testimony.

FY23 Budget Hearing Summary Charts - Office of Property Assessment

6. Participation Rate and Goal

The Contracts Summary table is for **professional services contracts only**.
 The Contract Participation Goal table is for **all contracts** (Public Works, SS&E, and Professional Services, combined).

Contracts Summary (Professional Services only)						
	FY19	FY20	FY21	FY22	FY23	FY22 YTD (Q1 & Q2)
Total amount of contracts	\$756,000	\$1,949,500	\$569,500	\$1,686,020	\$1,456,020	\$540,000
Total amount to M/W/DSBE	\$0	\$99,000	\$160,450	\$576,900	\$576,900	\$239,000
Participation Rate	0%	5%	28%	34%	40%	44%

*OPA has a contract with Linebarger which, in prior years, had a minority stakeholder. That minority stakeholder retired from Linebarger in FY18, causing a drop in the M/W/DSBE participation rate. This contract once again qualified for 100% participation in FY21 when Linebarger added a minority stakeholder.

Total M/W/DSBE Contract Participation Goal (Public Works; Services, Supplies & Equipment; and Professional Services combined)			
	FY21	FY22	FY23
M/W/DSBE Contract Participation Goal	28%	20%	35%

FY23 Budget Hearing Summary Charts - Office of Property Assessment

7. Staff Demographics

Totals in this table should tie out to numbers in tables 1 and 2 above.
 Biracial employees should be included under "Other."
 The number of employees who identify as non-binary (i.e. employees who do not identify as either female or male) should be included in the text box below the table, along with salary detail.

Staff Demographics (as of December 2021)					
Full-Time Staff			Executive Staff		
	Male	Female		Male	Female
	African-American	African-American		African-American	African-American
<i>Total</i>	28	53	<i>Total</i>	1	3
<i>% of Total</i>	15%	29%	<i>% of Total</i>	14%	43%
<i>Average Salary</i>	\$70,125	\$65,606	<i>Average Salary</i>	\$128,726	\$113,372
<i>Median Salary</i>	\$70,959	\$70,959	<i>Median Salary</i>	\$128,726	\$113,558
	White	White		White	White
<i>Total</i>	42	40	<i>Total</i>	3	0
<i>% of Total</i>	23%	22%	<i>% of Total</i>	43%	0%
<i>Average Salary</i>	\$79,279	\$70,228	<i>Average Salary</i>	\$126,705	\$0
<i>Median Salary</i>	\$78,958	\$71,059	<i>Median Salary</i>	\$113,558	\$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>	\$71,159	\$78,236	<i>Average Salary</i>	\$0	\$0
<i>Median Salary</i>	\$71,159	\$75,059	<i>Median Salary</i>	\$0	\$0
	Asian	Asian		Asian	Asian
<i>Total</i>	3	3	<i>Total</i>	0	0
<i>% of Total</i>	2%	2%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	\$78,369	\$70,819	<i>Average Salary</i>	\$0	\$0
<i>Median Salary</i>	\$78,958	\$67,056	<i>Median Salary</i>	\$0	\$0
	Other	Other		Other	Other
<i>Total</i>	5	3	<i>Total</i>	0	0
<i>% of Total</i>	3%	2%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	\$58,599	\$42,490	<i>Average Salary</i>	\$0	\$0
<i>Median Salary</i>	\$42,933	\$42,933	<i>Median Salary</i>	\$0	\$0
	Bilingual	Bilingual		Bilingual	Bilingual
<i>Total</i>	4	8	<i>Total</i>	0	0
<i>% of Total</i>	2%	4%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	\$76,556	\$74,453	<i>Average Salary</i>	\$0	\$0
<i>Median Salary</i>	\$78,958	\$71,059	<i>Median Salary</i>	\$0	\$0
	Male	Female		Male	Female
<i>Total</i>	79	103	<i>Total</i>	4	3
<i>% of Total</i>	43%	57%	<i>% of Total</i>	57%	43%
<i>Average Salary</i>	\$75,076	\$67,370	<i>Average Salary</i>	\$124,368	\$113,409
<i>Median Salary</i>	\$71,159	\$70,595	<i>Median Salary</i>	\$121,142	\$113,558

Detail for non-binary employees, if applicable: N/A

8. New Hire Information

Date range is 7/1/21 to December 2021 increment run. Detail for any hires since then can be added in the text box below the table.

New Hires (from 7/1/2021 to December 2021)		
	Total Number of New Hires	Languages Spoken Other Than English
Black or African American	1	0
Asian		
Hispanic or Latino		
White		
Other	1	0
Total	2	0

Detail for new hires since December 2021, if applicable: N/A