OFFICE OF PROPERTY ASSESSMENT
FISCAL YEAR 2019 BUDGET TESTIMONY
APRIL 4, 2018

INTRODUCTION

Good morning, President Clarke and Members of City Council. I am Michael Piper, Chief Assessment Officer for the City of Philadelphia. Joining me today are James Aros Jr., Deputy Chief Assessment Officer, and Delicsha Wilds, Administrative Services Director. I am pleased to provide testimony on the Office of Property Assessment's Fiscal Year 2019 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 2019: For Tax Year 2019, OPA recently completed a reassessment of the entire city that included all 580,000 parcels with the goal of continuing to improve, through annual reassessments, the level of accuracy and uniformity of Philadelphia's real property assessments. This involved a detailed analysis of improved residential parcels, vacant land, commercial and industrial parcels, and institutional and government owned properties. Since almost all parcels will see some change in either the value, land to building allocation, or taxable status, many of these property owners will likely file formal appeals. OPA expects to spend much of FY19 providing property-specific reports in defense of the proposed revisions at market value appeal hearings. However, due to the extensive research and analysis conducted by OPA's evaluation staff and statistical modeling experts in producing the proposed 2019 assessments, and thanks to the additional outside resources provided to OPA at Council's recommendation, we are confident that the final product will represent a substantial improvement to the accuracy and uniformity of the city's assessment rolls.

OPA will also continue to pursue the goal of better and more reliable assessments for all classifications of property throughout the City of Philadelphia through ongoing and regular assessment efforts. During Fiscal Year 2019, our reassessment project will include a comprehensive review of the entire universe of residential, commercial, and industrial real estate in the city with the immediate goal of improving the reliability of real property assessments, and accurately tracking assessments to the local real estate market. Much of this effort will include a refining of assessments through improved data capturing and property database maintenance. This reassessment, effective for Tax Year 2020, is necessary in order to enhance the relationship between market values and assessments, and prevent a reoccurrence of the lag in up-to-date assessments that contributed to the lack of confidence in assessments during the years prior to the Actual Value Initiative.

Finally, after the completion of a thorough needs assessment and extensive market research, and in conjunction with the Office of Innovation and Technology as well as the Office of Property Data, OPA is well into the initial phases of implementation of the City of Philadelphia's first state-of-the-art Computer Assisted Mass Appraisal (CAMA) system. The software system, known as iasWorld and created by leading

systems software manufacturer Tyler Technologies, will, along with extensive process modifications, lead to increased efficiency for the entire property assessment system. While hard work still lies ahead, we are confident that implementation of this system will prove to be a more than worthwhile investment for the City of Philadelphia. The department anticipates being able to use certain aspects of the software during FY20.

BUDGET SUMMARY & OTHER BUDGET DRIVERS

Staff Demographics Summary (as of December 2017)	Total	Minority	White	Female
Number of Full-Time Staff	195	100	95	110
Number of Exempt Staff	11	5	6	5
Number of Executive Staff (deputy level and above)	9	5	4	3
Average Salary, Full-Time Staff	$59,336	$55,641	$60,137	$55,059
Average Salary, Exempt Staff	$96,805	$103,309	$91,565	$71,879
Average Salary, Executive Staff	$109,754	$110,790	$108,459	$94,107
Median Salary, Full-Time Staff	$57,411	$56,707	$58,424	$54,983
Median Salary, Exempt Staff	$94,418	$94,418	$94,418	$63,803
Median Salary, Executive Staff	$94,418	$94,418	$94,418	$94,418

Employment Levels (as of December 2017)	Budgeted	Filled
Number of Full-Time Positions	223	195
Number of Exempt Positions	11	11
Number of Executive Positions (deputy level and above)	9	9
Average Salary of All Full-Time Positions	$51,495	$59,336
Median Salary of All Full-Time Positions	$57,411	$57,411

General Fund Financial Summary by Class	FY17 Original Appropriations	FY17 Actual Obligations	FY18 Original Appropriations	FY18 Estimated Obligations	FY19 Proposed Appropriations	Difference: FY19-FY18
Class 100 - Employee Compensation	$10,434,139	$11,324,075	$11,313,100	$11,483,381	$11,890,699	$407,318
Class 200 - Purchase of Services	$1,578,126	$1,123,780	$1,828,126	$1,693,126	$1,903,126	$210,000
Class 300/400 - Materials, Supplies & Equipment	$782,600	$246,522	$782,600	$639,123	$822,600	$183,477
	$12,794,865	**$12,694,377**	**$13,923,826**	**$13,815,630**	**$14,616,425**	**$800,795**

Contracts Summary (Professional Services only)	FY13	FY14	FY15	FY16	FY17	FY18 YTD (Q1 & Q2)
Total amount of contracts	$2,485,353	$1,302,345	$919,935	$641,299	$817,878	$759,878
Total amount to M/W/DSBE	$1,779,100	$622,733	$520,000	$288,378	$328,378	$228,378
Participation Rate	72%	48%	57%	45%	40%	30%[1]

Total M/W/DSBE Contract Participation Goal (Public Works; Services, Supplies & Equipment; and Professional Services combined)	FY17	FY18	FY19
M/W/DSBE Contract Participation Goal	65%	65%	65%

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PROPOSED BUDGET OVERVIEW

Proposed Funding Request:

The proposed Fiscal Year 2019 General Fund budget totals $14,616,425, an increase of $800,795 over Fiscal Year 2018 estimated obligation levels. More than half of this increase is due to the anticipation of filling current vacancies.

The proposed budget includes:

- $11,890,699 in Class 100, a $407,318 increase over FY18. This funding will support the filling of vacancies.
- $1,903,126 in Class 200, a $210,000 increase over FY18. This funding will provide the resources to increase the consultant contract to assist with complex valuation issues, defense of market value appeals and training for staff. In addition, we added a contract for return mail and address resolution services.
- $822,600 in Class 300/400, an $183,477 increase over FY18. This funding will provide the resources to upgrade the timekeeping system, replace funds reduced in FY18 that are used to maintain our current office equipment, and subscribe to publications that assist the evaluators.

STAFFING LEVELS

The department is requesting 225 budgeted positions for FY19, an increase of 2 positions over FY18.

The increase is attributed to the addition of 2 proposed administrative/managerial positions in FY19.

NEW HIRES

In January of 2018, the department hired 5 additional Real Property Evaluators. The staff demographics are three White males, 1 Black female and 1 Asian male. In addition, in March of 2018, the department hired a white female in an exempt position as the Real Property Assessment Program Manager.

PERFORMANCE, CHALLENGES, AND INITIATIVES

FY19 Performance Measures				
Measure[1]	FY17 Actual	FY18 YTD (Q1 + Q2)	FY18 Target	FY19 Target
Coefficient of Dispersion[2]	0.13	0.11	≤ 0.15	≤ 0.15
Overall single-family price-related differential[3]	1.06	1.05	> 0.98 & < 1.03	> 0.98 & < 1.03

[1] *FY18 YTD is based on current projections from mass appraisal models. Values are currently under review by OPA Evaluation staff and are subject to revision. Final values will be available for study after certification 3/31/2018. Ratio study compares time adjusted sale prices to 2019 projected values as of December 31, 2017. Transactions used in this study were subject to the following qualifications: Sales from January 1, 2014 to June 30, 2017.*

[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 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.*

[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 is considered acceptable.*

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OTHER BUDGETARY IMPACTS

Federal and State (Where Applicable)

N/A

CONTRACTING EXPERIENCE

M/W/DSBE Participation on Large Professional Services Contracts											
Largest Contracts, FY18											
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	Customer Service Third Party Call Center / Language Assistance	$278,378	5/24/2016	7/1/2017	MBE 10-15%	0	$0	100%	$278,378	yes	no
					WBE: 5-10%	100%	$278,378				
					DSBE: Best Efforts	0	$0				
Vanguard Direct	FLR / Return Mail Service and Address correction	$98,000	9/1/2017	11/30/2017	MBE: Best Efforts	0	$0	0%	$0	yes	no
					WBE: Best Efforts	0	$0				
					DSBE: Best Efforts	0	$0				
RCDH of PA	Commercial Consultant	$500,000	7/27/2016	10/25/2017	MBE: Best Efforts	0	$0	0%	$0	yes	no
					WBE: Best Efforts	0	$0				
					DSBE: Best Efforts	0	$0				
Doyle Real Estate Advisor	Appraisal Consultant	$90,000	5/4/2016	7/1/2017	MBE: Best Efforts	0	$0	0%	$0	yes	no
					WBE: Best Efforts	0	$0				
					DSBE: Best Efforts	0	$0				

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EMPLOYEE DATA

Staff Demographics (as of December 2017)					
Full-Time Staff			**Executive Staff**		
	Male	Female		Male	Female
	African-American	African-American		African-American	African-American
Total	30	54	*Total*	2	3
% of Total	15%	28%	*% of Total*	22%	33%
Average Salary	$57,627	$53,995	*Average Salary*	$135,816	$94,107
Median Salary	$54,983	$54,983	*Median Salary*	$135,816	$94,418
	White	White		White	White
Total	50	49	*Total*	4	0
% of Total	26%	25%	*% of Total*	44%	0%
Average Salary	$68,330	$56,042	*Average Salary*	$103,959	N/A
Median Salary	$61,866	$54,983	*Median Salary*	$94,418	N/A
	Hispanic	Hispanic		Hispanic	Hispanic
Total	1	4	*Total*	0	0
% of Total	1%	2%	*% of Total*	0%	0%
Average Salary	$58,431	$62,817	*Average Salary*	N/A	N/A
Median Salary	$58,431	$61,942	*Median Salary*	N/A	N/A
	Asian	Asian		Asian	Asian
Total	6	2	*Total*	0	0
% of Total	3%	1%	*% of Total*	0%	0%
Average Salary	$59,356	$44,053	*Average Salary*	N/A	N/A
Median Salary	$61,249	$44,053	*Median Salary*	N/A	N/A
	Other	Other		Other	Other
Total	0	0	*Total*	0	0
% of Total	0%	0%	*% of Total*	0%	0%
Average Salary	N/A	N/A	*Average Salary*	N/A	N/A
Median Salary	N/A	N/A	*Median Salary*	N/A	N/A
	Bilingual	Bilingual		Bilingual	Bilingual
Total	9	5	*Total*	0	0
% of Total	5%	3%	*% of Total*	0%	0%
Average Salary	$59,195	$52,549	*Average Salary*	N/A	N/A
Median Salary	$61,249	$54,983	*Median Salary*	N/A	N/A
	Male	Female		Male	Female
Total	87	108	*Total*	6	3
% of Total	44%	56%	*% of Total*	67%	33%
Average Salary	$60,936	$54,226	*Average Salary*	$119,887	$94,107
Median Salary	$59,840	$54,983	*Median Salary*	$115,117	$94,418

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LANGUAGE ACCESS

1) **Has your leadership received language access training?**

   No. Language access training has, however, been scheduled for May 2, 2018.

2) **Do you currently have a language access coordinator?**

   Yes. Salima Cunningham is the Office of Property Assessment's language access coordinator.

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

   Yes: https://beta.phila.gov/documents/language-access-plans/

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

   OPA has scheduled training for its customer service unit and other select employees for May 2, 2018. The majority of our customer service calls go through a contracted call center that is equipped to handle translation services. The department's customer service staff will assist taxpayers who come in the office. They utilize in-house translators for Spanish and for all other languages they use the Language Line Services.