



REPORT

LEGISLATIVE REFERENCE BUREAU

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8.

Assessor's Office, 2015

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8. Assessor's Office

\$4,417,671

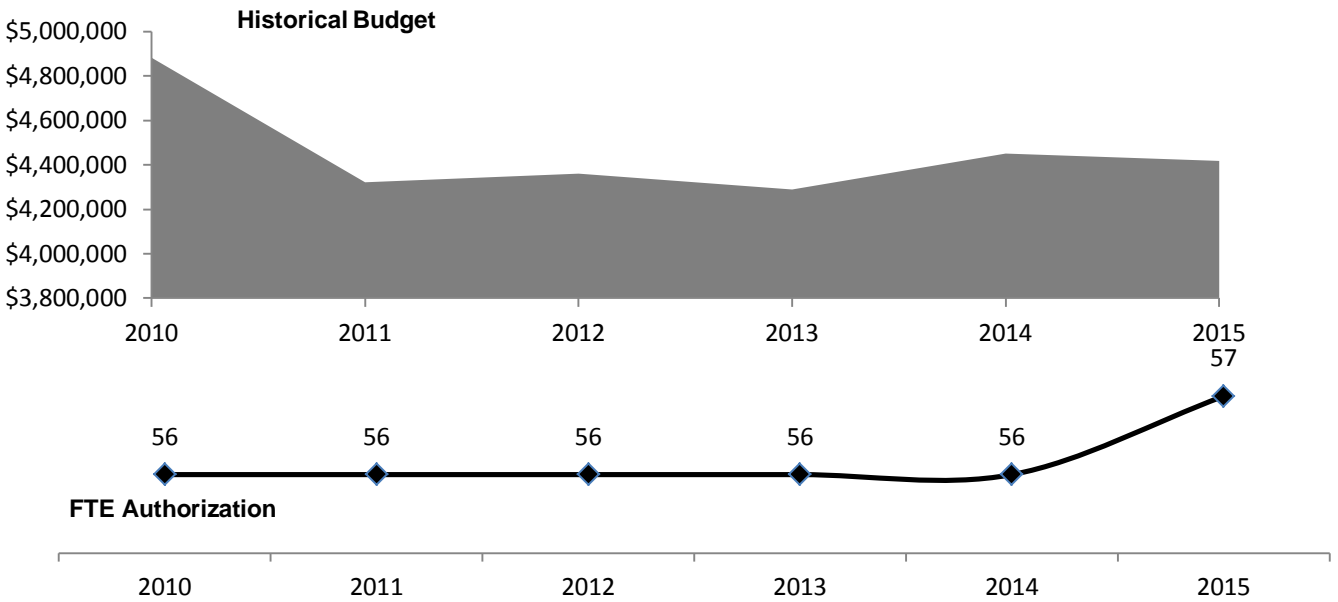
Proposed Department Budget

-\$33,129

Nominal Change in Proposed Department Budget

-0.74%

Percent Change in Proposed Department Budget

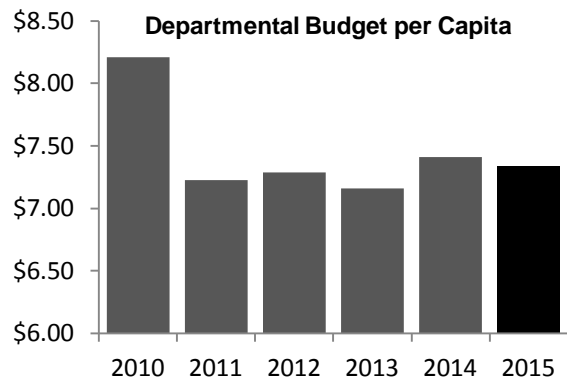
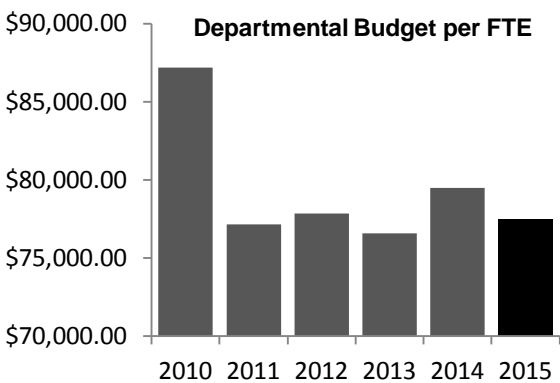


1.8%
Percent Change in FTE 2014 to 2015 Proposed

1
Nominal Change in FTE 2014 to 2015 Proposed

4
Vacant Positions

53%
% Eligible for Retirement within 10 years



4

Number of pending litigation cases that are scheduled for hearings or potential settlements.

Oil Terminals ~Valvoline ~ Metropolitan~ Airport Parking

57%

The amount of total assessed value of the city represented by residential properties.

16.7%

Increase in estimated revenues derived from charges, up \$100,000 from 2014.

426

Number of assessment appeal cases heard in 2013 by Board of Review, down from an average of 586 (2008-2012).

19.2%

Amount of decrease in special funds for the 2015 Budget, a decrease of \$30,000 from the 2014 Budget.

138,000

Number of residential properties assessed each year.

23.9%

The percent of assessment appeal cases for which the Board of Review lowered property valuation (102 out of 426 cases).

\$555,000

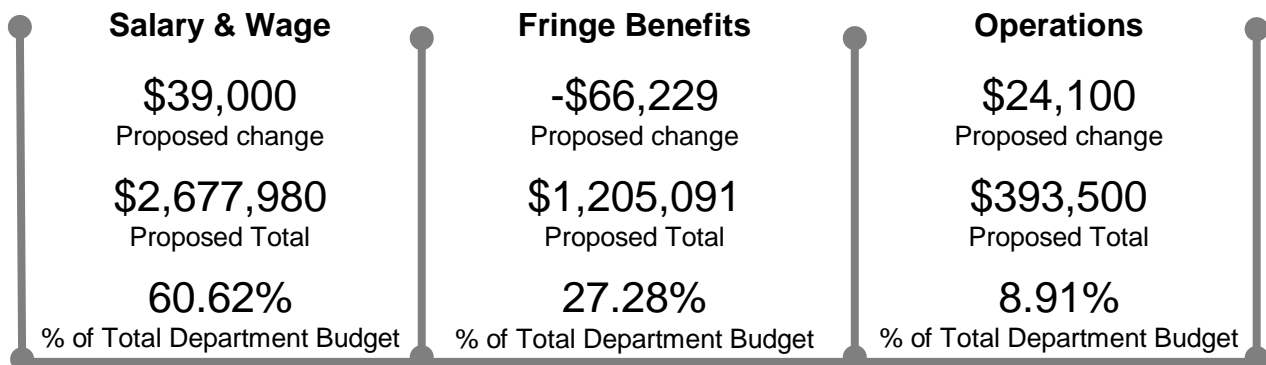
Amount proposed in 2015 for a \$1.7 million, 3-year project to replace property assessment software system.

36.7%

The amount of total assessed value of the city represented by commercial properties.

\$23 billion

The assessed value of residential and commercial properties.



I. INITIATIVES AND PROGRAMS.

1. Department Overview

The City Assessor's Office is responsible for estimating the market value of all locally assessable property in the city of Milwaukee and producing an annual assessment roll listing all taxable property as of January 1st of each year. The assessment roll describes the property, states the assessed value as of January 1st and lists the owner's name and address. Property tax statements are computed in December using values on the assessment roll.

2. Revaluation.

The purpose of a revaluation is to keep values current as of each January 1st assessment date. This ensures that the property tax burden is fairly distributed. All the factors that affect value are considered by the appraisal staff and reflected in the assessment for a given year. The Assessor's Office uses 130 residential assessment districts in its revaluation process. Typically, each assessment district has several sales for each property class each year, allowing the computation of a near-market rate assessment.

In 2014, although some neighborhoods did show increases or decreases in value, the residential market was stable overall. The condominium segment of the market exhibited some strength for 2014 valuation, and it is expected to continue. The commercial activity continues to improve by showing an increase in value, particularly in the multi-family and central business district markets. The Assessor's Office continues to monitor and analyze the data from 2014. With improvements in the residential markets, it is anticipated that increases will translate into higher values in Milwaukee for 2015.

Currently, the real estate market reveals fewer sales than the early 2000's, but the trend is that sales values are increasing. There are still some problems that remain as a result of the recession, mostly due to tighter lending practices. The foreclosure problem continues to impact certain areas in the city. The Assessor's Office will continue to monitor this area during the 2015 revaluation.

2. Litigation.

Litigation has become a significant part of the business activities that is expected to continue in the Assessor's Office. There are cases pending throughout the state that will hopefully provide direction to the valuation of triple net leased properties for assessors.

Effective 2015, s. 70.47 (8m), Wis. Stats., allows taxpayers, upon approval by the Board of Review, to waive the hearing of an objection and to have their assessments reviewed directly by the court. This new law requires the Assessor's Office to send notices out a week early in order to meet the new 30-day notice requirement. Currently the Office sends out notices 25 days before the last day to file an objection. It has not been determined how this may affect the City at this time.

The Assessor's Office biggest lawsuit that will take place in 2015 is the oil terminals case. In 2003-04, the Assessor's Office began to review its assessment of oil companies, after one company filed for an appeal. The outcome of the review revealed that oil terminals were undervalued. Although the City lost the litigation with the oil company that appealed, the Office was

able to collect data that assisted in providing a more accurate adjustment of the value of other oil terminals. As a result, the assessments increased from about \$3/barrel of oil storage to \$15-\$30/barrel. Currently, the 2009-2013 litigation cases are pending at the Board of Review and circuit court. It is anticipated that the Board of Review hearing will be held in 2015, and the circuit court hearing is scheduled for the summer of 2016.

3. Assessment Objections & Appeals.

The Board of Assessors and the Board of Review hear assessment appeals, affording property owners the opportunity to voice concerns or contest assessments. In recent years, efforts have focused on improving assessment accuracy, providing public information and education, and increasing access to assessment and sales data to reduce the number of appeals. Since the housing crisis began in 2008, the annual number of Board of Review requests has increased. From 2008 to 2012, the Board of Review heard an average of 586.2 requests, while in the 5 years prior to the crisis (2003-2007), 323.8 cases were heard per year, on average. This represents an increase of 81%. In 2012, the Board of Review heard 420 matters and has lowered the property valuation in 75 of those cases. In 2013, the Board of Review heard 426 matters and has lowered the property valuation in 102 of those cases, 23.9%.

Overall, the Assessor's Office has found that moving to more frequent revaluations has helped to lower the number of assessment objections. Since yearly revaluations began in 2002, assessment objections have ranged from 2,000 to 3,000 per year, down from a high of 12,000 in 1988.

II. EXPENDITURES.

Table 8.1. Changes in Expenditure Amounts by Account.

Expenditure Account	2013 Actual	2014 Adopted Budget	% Chng.	2015 Proposed Budget	% Chng.
Salaries and Wages	\$2,624,822	\$2,638,980	0.5%	\$2,677,980	1.5%
Fringe Benefits	\$1,182,202	\$1,271,320	7.5%	\$1,205,091	-5.2%
Operating Expenditures	\$344,833	\$369,500	7.2%	\$393,500	6.5%
Equipment Purchases	\$0	\$15,100	--	\$15,100	--
Special Funds	\$137,234	\$156,000	13.7%	\$126,000	-19.2%
Total Operating Budget	\$4,289,091	\$4,450,800	3.8%	\$4,417,671	-0.7%

1. Budget Summary.

The total 2015 Proposed Budget is \$4,417,671, a decrease of \$33,129 (-0.7%) from the 2014 Adopted Budget amount of \$4,450,800.

2. Personnel Costs.

Personnel costs in the 2015 Proposed Budget are \$3,883,071, a decrease of \$27,229 (-0.74%). Salaries and wages increase \$39,000 (1.48%). Fringe benefits decrease \$66,229 (-5.21%). The decrease in fringe benefits reflects a recalculation of a number of positions to which eligibility of fringe benefits did not apply. Additionally, there was a cost adjustment as are result of a vacant position.

3. Operating Expenditures.

Operating expenditures in the 2015 Proposed Budget are \$393,500, an increase of \$24,100 (6.5%) over the 2014 Adopted Budget amount of \$369,500. The increase in operating expenditures is due to an increase in general office expenses and to account for Board of Review attorney costs and additional anticipated litigation costs for other Board of Review matters.

4. Equipment Purchases.

Equipment purchases in the 2015 Proposed Budget are \$15,100. There is no change for equipment purchases from the 2014 Adopted Budget.

5. Special Funds.

The 2015 Proposed Budget provides \$126,000 in special funds, a \$30,000 (-19.2), a decrease from the 2014 Adopted Budget of \$156,000.

- **Valuation System Maintenance.** Funding for Valuation System Maintenance is budgeted at \$40,000 for 2015. This funds the maintenance of the department's Computer Assisted Mass Appraisal (CAMA) software system. This system assists the assessor to produce more accurate and equitable valuations.
- **State Manufacturing Assessment Payment.** Funding of \$86,000 is proposed for the State Manufacturing Assessment Payment for 2015. The City reimburses the Wisconsin Department of Revenue for manufacturing assessment activities. Provisions in 2003 Wisconsin Act 33 authorized DOR to annually impose a special charge on each municipality containing manufacturing property, sufficient to pay for 50% of DOR's budgeted costs associated with the assessment of manufacturing property.

III. PERSONNEL.

Table 8.2. Changes in Full-Time Equivalent (FTE) and Authorized Positions.

Position Category	2013 Actual	2014 Adopted Budget	Change	2015 Proposed Budget	Change
O&M FTEs	42.55	40.55	2.0	40.39	0.16
Non-O&M FTEs	0	0	0	0	0
Total Authorized Positions	56	56	0	57	1

1. Personnel Changes.

The total number of authorized positions in the department under the 2014 Proposed Budget is 57, a slight increase from the 2014 Adopted Budget. The 2015 Proposed Budget includes a new Assessment Operations Manager position.

2. Vacancies.

There are currently 4 vacant positions in the department.

- 2 Property Appraiser positions—these positions are anticipated to be filled by November of 2014.
- Office Assistant III—this position is filled, and the anticipated start date is in October 2014.
- Assessment Division Manager—this position was approved by the Finance and Personnel Committee, however it is being studied by DER relative to its pay and classification. The position is expected to be filled in early 2015.

IV. SPECIAL PURPOSE ACCOUNTS (SPA).

SPAs are budgeted outside of departmental operating accounts, and control over SPAs is provided to departments by resolution. The 2015 Proposed Budget includes funding for the SPAs identified in table 8.3.

Table 8.3. Changes in Special Purpose Accounts by Account.

Expenditure Category	2013 Actual	2014 Adopted Budget	% Change	2015 Proposed Budget	% Change
Remission of Taxes Fund	\$1,855,159	\$1,600,000	-13.7%	\$1,600,000	0%

Remission of Taxes Fund, \$1,600,000.

The appropriation in 2015 Proposed Budget for the Remission of Taxes Fund is \$1,600,000, the same as in the 2014 Adopted Budget.

V. REVENUES.

The 2015 Proposed Budget estimates that \$700,500 will be generated in revenues by the department, an increase of \$100,000 (16.7%) from the 2014 Adopted Budget estimate. Revenues are derived from charges for appraisals.

Table 8.4. Changes in Revenue by Category.

Revenue Account	2013 Actual	2014 Adopted Budget	% Change	2015 Proposed Budget	% Change
Charges for Services	\$647,332	\$600,500	-7.2%	\$700,500	16.7%

VI. CAPITAL PROJECTS.

The 2015 Proposed Budget includes \$555,000 funding for one capital project.

1. Currently-Funded Projects.

Property Assessment Software, \$555,000.

The 2015 Proposed Budget includes \$555,000 to begin a 3-year project that will replace the City's property assessment software system. The total estimated project cost is \$1.7 million. The Assessor currently uses an in-house computer system that was designed in the 1980s. Like the system used by the Treasurer, maintenance requires a skillset that is increasingly difficult to find. A new system will provide efficiencies in the Assessor's Office, increase functionality and provide greater accessibility to other City departments, including the Treasurer, the Department of Public Works, and the Department of Neighborhood Services. The department intends to purchase a software package. The positions associated with this request will support the conversion of property data to the new system. Three of the positions supported by this project are in DOA-ITMD and 3 are in the Assessor's Office.

2. Unfunded Capital Requests.

There are no unfunded capital requests for 2015.

3. Project Updates.

There are no recent capital projects.

4. Future Capital Requests.

The only out-year request for the Assessor's Office is funding for the second year of the Property Assessment Software upgrade (\$1.1 million).

VII. ISSUES TO CONSIDER.

1. Pending litigation. Pending litigation will continue to be a challenge to the department. Updates on litigation cases are as follows:

- Oil Companies – Board of Review Hearing in 2015 and court hearing in 2016.
- Valvoline – May be settled in 2015.
- Metropolitan – Properties are likely to go to trial at Circuit Court in 2015.
- Airport parking – Possible Circuit Court hearing in 2015, no scheduled date.

2. Technology. The City's reliance on IT systems for critical business functions has increased. There is also an increasing trend of cross departmental activities. It is essential that new IT systems be evaluated and implemented in a City-wide context. To ensure consistency and compatibility among the various IT systems that are used by the departments, the City began consolidating IT services in the Department of Administration – ITMD in 2013.

3. Capital Improvement. The 2015 budget includes an appropriation for a new computerized assessment mass appraisal system. The current system was written over 20 years ago and will no longer be supportable in the near future. The proposed project will be implemented over 3 years. The new system will be able to integrate data with data needed from outside sources which will create an efficient environment for staff and other departments. This will allow the Assessor's Office to be proactive with sharing data between city departments and build new avenues to save time and resources citywide.

The Treasurer's Office is also seeking funds (through DOA-ITMD) for the replacement of its tax collection system. There may be an opportunity to combine the property assessment system with a system that will support the City Treasurer functions. The 2015 Proposed Budget includes \$1.2 million for the first year of a 2-year project to replace the tax collection software. If 2 separate systems are purchased, the systems will have to be configured to work together.

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