

Massachusetts Department of Revenue *Division of Local Services*
Alan LeBovidge, Commissioner *Gerard D. Perry, Deputy Commissioner*



City of Easthampton

Review of Assessing Office

Municipal Data Management and Technical Assistance Bureau
May 2005

INTRODUCTION

At the request of Easthampton's Mayor and City Council, the Department of Revenue's Division of Local Services (DLS) has completed a review of the City of Easthampton's Assessing Department.

We have based our findings and recommendations on site visits by a technical assistance team consisting of staff members from the Division's Municipal Data Management & Technical Assistance Bureau (MDM/TAB), Bureau of Local Assessment (BLA), and consultations with the Bureau of Accounts (BOA). During these visits, the team interviewed the mayor, city council members, the board of assessors and office clerk, city auditor, tax collector, director of personnel, MIS director, and the city's appraisal consultant. We also reviewed office procedures and examined a full range of the assessing office's records and documents.

The city's request was prompted by a breakdown of communication in the assessing office, staff turnover, and a recent organizational change in the office. Therefore, the purpose of this review is to provide insight to city officials on the future operating priorities of the city's assessing office. We have focused on the office organization, procedures and records as well as compliance with statutory and DLS requirements. Our report provides an overview of department responsibilities and presents our observations, conclusions and recommendations relative to the general efficiency and effectiveness of office operations. We encourage the Easthampton Mayor and City Council, when formulating overall strategies for improving the city's assessing operation, to consider the observations, analyses and recommendations contained in this report.

EXECUTIVE SUMMARY

The city of Easthampton is located in western Massachusetts, just north of Springfield and to the west of the steep slopes of Mount Tom State Park. Historically, the community began as an agricultural village with approximately 13.6 square miles of land along the banks of the Manhan River. By the mid-1800s, the power of the river attracted manufacturing companies to the town, which have been a major influence on the local economy and the population growth over the last century. In 1996, the community voted to change its traditional selectmen-town meeting form of government to a mayor-town council structure. The town council was later changed to a city council in 1999 by special act of the legislature.

The community has industry and a central downtown commercial district in contrast to some bordering communities that have become bedroom communities with commercial strip development. However, because of the amount of buildable space, Easthampton has experienced a significant amount of residential development over the last couple decades. Single-family residential parcels have grown from 3,313 (1986) to 3,891 (2005), an increase of 578 parcels or about 30 per year. In addition, condominium development more than doubled during this same time period, increasing from 69 to 148 units.

In the midst of this development boom is the city's assessing office. In compliance with state laws and Department of Revenue (DOR) guidelines, the board of assessors is required annually to determine the full and fair cash value of all property in the community. The Easthampton assessing office is responsible for maintaining assessment data on approximately 5,730 real estate parcels, 620 personal property accounts, and 18,000 motor vehicle excise accounts. In addition, the office is currently processing approximately 35 abatements (non-revaluation year), 325 exemptions, 800 building permits and 560 deed changes annually. An assessing office inspects parcels when a building permit is issued for new construction and other improvements, listing, measuring and valuing the changes that add new growth to the community's tax levy. The office also analyzes sale prices, property condition and location, area construction costs, market conditions, and other economic factors that are used to determine fair and equitable assessments.

Every three years, the assessing office is required to submit its values to DOR for review and eventual certification. Prior to FY05, like many communities, Easthampton adjusted its values only for recertification purposes. Consequently, Easthampton's real property values remained relatively stable for a couple years and then jumped up in the recertification years. For example, the city's total property values were \$651,476,934 in FY00 and increased to \$734,850,290 in FY01 (revaluation year), or an increase of over \$83.4 million of which about \$19.7 million was due to new construction or other physical improvements. The other \$63.7 million increase was due to market appreciation indicated by recorded property sales. Based on these sale prices, the assessors made adjustments to the city's property assessments, raising the average single-family value from \$110,511 (2000) to \$124,178 (2001) or 12.4 percent. However, the Easthampton taxpayers did not agree with these property value increases, so many filed abatement applications.

Because of the flood of abatement applications, the assessors conducted a review of the FY01 assessed values and discovered the assistant assessor made changes in the city's land value tables without their knowledge. The assistant assessor removed an excess front footage factor and valued all land beyond the primary site as excess acreage at a value of about \$10,000 per acre. Based on a review of all land value increases greater than 10 percent, the assessors reduced the excess land assessment down to about \$3,000 per acre and granted almost 300 abatements, which cost the city over \$162,600 in reduced FY01 tax revenues.

Because not all taxpayers filed abatements within the 30-day time limit, property owners petitioned the city council to extend the abatement period, which it could not do because this period is established by state law. The council did, however, announce it would review the property valuation system and a private auditor was hired to perform a special engagement. The private auditor determined that the assistant assessor had changed values beyond what the consultant had prepared and without the board's knowledge. He further found a problem when the data from the assessors' computer assisted mass appraisal (CAMA) system was transferred to the collector's billing system. Reportedly, some parcel values changed in the transfer that would have been discovered had the information from the two systems been compared properly. The council also expressed concerns about the problems in the office, citing a lack of experience on the board due to a complete change in the membership in 2000. Additionally, the council was concerned about the lack of communication between the board and assistant as well as the failure to make interim year adjustments in values given the rising prices.

As a result of this controversy, the Bureau of Local Assessment (BLA) conducted a review of the city's certified FY01 values to determine whether they had been compromised as a result of the abatement activity. BLA concluded that the new assessed values represented full and fair cash valuation within and among the various classes of property. However, the assessing office had changed its methodology in valuing land, which would have to be applied to all similar properties in the community prior to setting its FY02 tax rate. The assessing office identified the parcels impacted, made the necessary adjustments in compliance with BLA's directives, and set the FY02 tax rate timely.

A controversy over the assessment of excess land surfaced again during the FY04 revaluation. The city's appraisal consultant prepared an analysis of property sales and determined that the value of land beyond the primary site had increased to about \$5,500 per acre, however the board would not agree and debated the value at length. After the consultant re-ran the sales figures more than once, the board finally concurred and raised the excess land values.

Needless to say, the controversies in this office have impacted the staffing. The original assistant assessor left in FY02. The principal clerk, who was promoted from within the office, replaced her. This assistant assessor had a clerical background and reportedly performed limited field inspections, lasting only about two years in the job. Due to the turnover in staff and a vacancy on the board of assessors, the mayor and council enacted an administrative reorganization of the assessing office in April 2004. The three-member, part-time board was replaced with a similar board, but one of the members also would serve in a full-time administrative position as the working or principal assessor, replacing the assistant assessor's position. Under this new organizational structure, the principal clerk was again promoted to serve as the first principal assessor. Unfortunately, she had no appraisal

background and served only four months. In the wake of her departure, the office was left with a new principal clerk with no assessing office experience and limited training and two part-time board members.

Because FY05 was not a revaluation year, the city had to set its tax rate and issue its tax bills by January 1 otherwise the bills would not be due until May 1, potentially causing cash flow problems. In the absence of a professional staff person, the city contracted out work that needed to be completed prior to setting its FY05 tax rate. Easthampton contracted out the collection of some building permits (for new growth) and the work required to perform interim year value adjustments, complying with BLA guidelines. Fortunately, everything was completed and the bills issued timely, however the principal assessor's position remained vacant.

The council finally appointed a new principal assessor in February 2005. She comes from another community and possesses significant experience in assessing practices and performing in-house appraisal and revaluation work. During her short tenure, she has reviewed most of the office records and procedures, advising the board of any past practice problems and making changes as necessary. She is overseeing the daily activities of the office, interacting with the public, and providing the principal clerk with administrative training. She is also planning for the city's FY07 revaluation. As part of her job, the principal assessor also monitors the progress and results of the full re-inspection project being performed by the city's appraisal consultant. While comparing the new data to the old property record cards, she discovered some parcels had improvements, but there was no record of a building permit inspection. She consulted the office's files and found a serious problem—the assessing office had a substantial backlog of building permits that spanned over several years.

Reportedly, the building inspector issues about 800 permits annually, which need to be inspected and entered into the CAMA system so that the condition of all parcels is accurately reflected. This is a vital operation in the assessing office because the property improvements (e.g., new construction, renovations, and subdivisions) are captured and translated into new growth, increasing the community's levy limit and resulting in additional taxing capacity to support services. Because these inspections were not performed, it resulted in a two-fold problem for Easthampton. First, improved properties were not being properly assessed, resulting in some under assessments. Second, because the inspections were not captured timely, the city lost tax dollars in prior years, which has contributed to the city's current tight financial position. Fortunately, the assessing office may inspect these properties and capture them in FY05 revised/omitted tax bills or include them in its FY06 new growth submission in the fall. According to the principal assessor, she estimates that roughly 1,800 permits have not been inspected and she is focusing her attention on them.

Also during the principal assessor's brief tenure, she and the other board members reportedly have had some disagreements over office operations and the city's land schedules. The city council believes the principal assessor is responsible for the daily operations and performing appraisal and analysis work without interference from the other board members, while the assessors believe they are responsible for the supervision of the department. In response to this situation, the city council did not reappoint one of the assessors and the other subsequently resigned. The council has since made one appointment and has advertised for applicants for the second position.

Shortly after the city adopted its reorganization of the board, the mayor and city council contacted DOR about conducting a management review of the assessing office. Given the conflict in the assessing office and the turnover in staffing, it was their hope that the review would assist the city in evaluating the office's operations and help restore taxpayers' confidence in this office.

During this review, we met with local officials and discussed the past conflicts and their impact on the assessing office as well as the city as a whole. We also reviewed city documents and observed operations in the assessing office. Overall, the assessing office has had a number of problems that have resulted in rapid staff turnover, a backlog of work, lost tax revenues, and public perception issues. We believe the city is fortunate to have hired an experienced professional assessor, who has demonstrated skills and a willingness to help put this office back on track. However, the recovery and future success of the assessing office hinges on addressing a series of issues, two of which are major obstacles.

The first obstacle is that the city's charter and the principal assessor's job description are in conflict, resulting in two different administrative reporting models. The charter identifies the chairman of the board as the party responsible for supervising the assessing department staff while the principal assessor's job description has her reporting to the city council, who considers her the department head. It is our opinion that having a full-time, professional position reporting to a part-time board—the assessors or the city council—and having no reporting relationship with the community's administrative/executive officer is not a desirable management model under any circumstances. Increasingly, communities are adopting charters that provide for the appointment of all department heads by the chief administrator (e.g., mayor subject to confirmation by council vote) in order to establish a more accountable management structure. We also believe that having the principal assessor serve in a dual role, as both a policymaker and in a technical/administrative role, can lead to conflicts. This is especially true given the disputes over the management of the office mentioned above.

The second obstacle is the current salary of the principal assessor's position. The principal assessor comes to the city with demonstrated experience, having conducted in-house revaluations. Given her skills, city officials have expressed their desire to have more value-related work performed in-house, thereby increasing local control and reducing consulting costs. It is also their hope that the principal assessor will bring stability to the office and that taxpayer confidence will be restored. Unfortunately, the current salary reflects the historical performance of the assistant assessor's position, which was clerical and relied heavily upon outside consultants. In order to keep or attract qualified candidates, the city will have to increase the principal assessor's salary; otherwise the city will continue to face turnover in the position and be unable to retain professionally skilled staff.

In the report that follows, we provide recommendations for these two major problems. We also address the backlog of permit inspections and the need to prioritize them, resulting in additional revenues for the city. We recommend that the clerk receive computer training and that the city fund a part-time data collection position, both of which will provide significant support to the principal assessor as she resolves the office backlog of work and moves forward on assuming more value-related work in-house. Finally, we recommend best practices for managing the data and

administrative practices in the office, which are intended to improve tax policy and ensure public confidence in the overall process.

SUMMARY OF REPORT FINDINGS AND RECOMMENDATIONS

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1. Maintain Full board membership (page 6)
2. Review the assessing office organization (page 6)
3. Conduct a salary survey for the principal assessor's position (page 7)
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DATA AND ADMINISTRATIVE ISSUES

5. Perform inspections timely (page 9)
6. Prepare a market analysis on excess acreage (page 11)
7. Perform a full field review (page 11)
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9. Maintain office records (page 14)

LONG-TERM RECOMMENDATIONS

10. Maintain current values (page 15)
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BOARD AND PERSONNEL

FINDING 1: MAINTAIN FULL BOARD MEMBERSHIP

Between April 2004-February 2005, there were vacancies on the board. During this time, twice (totaling a period of over seven months) there were two-member boards and for a brief 2-week period there was only one member. Currently, the board again has only two members. According to MGL Chapter 41 § 24, a city assessing board must be an odd number of members between one and nine.

RECOMMENDATION 1: MAINTAIN FULL BOARD MEMBERSHIP

We recommend that the city make every effort to fill the board of assessors' vacancies. In addition to being in conflict with state law, the city could be faced with a decision-making problem. Without a quorum of the board of assessors or consensus, it may not be able to act on abatements and exemptions, set the tax rate, or sign warrants, potentially resulting in a cash flow problem for the city.

FINDING 2: REVIEW THE ASSESSING OFFICE ORGANIZATION

A charter is a legal instrument that defines the structure of government under which a community operates. The charter may create specific offices; distribute powers, duties and responsibilities; and establish procedures. However, more often than not, the specific responsibilities and duties of various offices/departments are found in the ordinances or bylaws of the community. These should not conflict with statute or the charter and may be adopted or modified by council or town meeting vote.

According to Easthampton's charter, the council appoints the assessors and the mayor designates the chairman, who presides over the meetings, regulates and supervises the administration of the department, and is the official representative. As a result of an administrative code change, one of the assessors also now serves as the principal assessor. According to the principal assessor's job description, the principal assessor is responsible for the day-to-day operations of the department, conducts inspections, computes values, and advises the Board. It also states that the principal assessor works under the administrative direction of the city council.

According to city officials, having the principal assessor report to the council was done specifically to ensure accountability of the *de facto* department head and avoid any further conflicts in the office. Unfortunately, a job description identifies the administrative duties of a position by which one's performance is measured. A job description may not supersede the charter, which identifies the chairman as the individual who "regulates and supervises" the office. As the city solicitor pointed out in a March 1, 2004 correspondence, "[I]n my opinion...appointing one member of the Board to serve...as a Principal Assessor...[still] would be supervised by the Board itself." At the present time, the principal assessor has also been appointed as chairman. However, there reportedly were disagreements over the roles and management responsibilities of the board and the principal assessor, which in part lead to the recent turnover in the board's part-time members.

RECOMMENDATION 2: REVIEW THE ASSESSING OFFICE ORGANIZATION

We recommend that the city eliminate the dual role of principal assessor/board member and return to the three-member, part-time, board of assessors and full-time professional assessor. Historically in

Massachusetts, the working assessor position has been a part-time board member, who performed additional duties of the office (e.g., inspections, property information/values and administrative tasks) for a stipend or hourly wage. Given the increasing complexity and demands of assessing administration, this model has become less popular. Instead, most communities are hiring a professional assessor with demonstrated knowledge and skills that serves as the department head. The professional assessor performs inspections, determines values, and presents data and analyses to three impartial people, who review, ask questions, critique and then make decisions such as approving final values annually, acting on abatements and exemptions, and determining general value-related policy. Separating the analytical/professional position from a policy role will clarify the areas of responsibility and avoid the conflicts that could arise between the board members.

We also recommend that the city consider establishing a reporting relationship between the assessing office and the city's chief administrative/executive officer, the mayor. As the *de facto* department head, the principal assessor is responsible for administering the tax levy, the largest single revenue source, yet the post has no reporting relationship with the mayor. Increasingly, communities are changing their organizational structure so that all department heads, staff and boards operate under the management of the chief administrative officer. By centralizing the community's reporting structure, it allows the city to improve accountability, funneling its business through the mayor who is responsible for coordinating services and financial operations. This improved coordination eliminates duplication of effort or boards working at cross-purposes and provides a more effective management model.

FINDING 3: CONDUCT A SALARY SURVEY FOR THE PRINCIPAL ASSESSOR'S POSITION

Historically, the assistant assessor's position has been an administrative office manager, who relied on appraisal consultants to recollect data, determine values, and update CAMA system tables in revaluation years. With the recent restructuring of the board and appointment of the principal assessor with significant appraisal experience, it is the city's expectation that the assessing office will become more self-sufficient (see Finding 11), thereby reducing its reliance on contractors and consulting costs.

Currently, the principal assessor is a grade 12 with a budgeted salary of \$37,128 (effective January 1, 2005). According to the salary information provided by the city, this is the lowest budgeted grade for a full-time department head position. It is also a grade below all the financial office department heads (e.g., auditor, collector, treasurer, and city clerk) and one or more grades below other professional positions (e.g., council on aging director, building inspector, planner and parks & recreation director). Given the professional knowledge and appraisal experience generally needed to fulfill the job expectations of the principal assessor's position and the potential competition from other communities looking to lure a skilled individual away, finding and retaining a professional given the current budgeted salary may be difficult.

RECOMMENDATION 3: CONDUCT A SALARY SURVEY FOR THE PRINCIPAL ASSESSOR'S POSITION

We recommend that the city conduct a survey of assessing professionals who perform in-house value-related work with limited assistance from outside consultants. While the current grade reflects

the historical office manager responsibilities of the position, it does not take into account the skills and experience that will be required of the position if the city pursues its future plans. Conducting a survey of comparable communities based on the number of parcels and scope of appraisal responsibilities, the city may find it will have to increase this position's salary between \$8,000-\$15,000. With the higher salary, the city may be able to retain/attract qualified candidates who perform in-house value related work, benefiting from less reliance on contractors, saving money, encouraging stability in the office, and increasing taxpayer confidence in the process.

FINDING 4: PROVIDE TRAINING FOR THE CLERK

The assessing clerk was hired in July 2004. Because the clerk has a banking background, she requires training on all aspects of the assessing office. At the beginning of the clerk's employment, the prior principal assessor instructed her to review and process abatement and exemption applications, to prepare abutters' lists, to prepare a vendors' bill payment, and to handle public inquiries. The clerk also attended and passed DOR's Course 101, an introductory class on assessment administration law, procedures and valuation. After the principal assessor resigned, the clerk received limited assistance from a neighboring community's assessing clerk on office tasks and assistance from the CAMA vendor and MIS director when preparing tax commitments, however, she did not receive any formal training.

According to the clerk's job description, she is responsible for data entering information into the CAMA system, updating the assessors' maps, managing the excise system, performing occasional field visits/data collection, and assisting in the preparation of data analysis. With the hiring of the principal assessor, the clerk has been receiving additional training on assessing office procedures, records, and computerized systems. Due to the backlog of inspection and administrative work, the principal assessor only has so much time available to teach the clerk all the duties of her job, the largest of which is the CAMA system. To assist in this, there are the assessing clerks' association and training programs provided by the CAMA vendor, but there is limited funding in the office's training budget at the present time.

RECOMMENDATION 4: PROVIDE TRAINING FOR THE CLERK

We recommend that the city increase the assessing office's training and/or travel budget. Having the clerk attend the vendor's CAMA training will enable the principal assessor to focus on her work while ensuring that the clerk learns the operating system. The vendor's training includes entering information and doing sketches, preparing analysis and management reports, and helping the principal assessor manage the database. While there would be a one-time cost for all the clerk's initial training, the office budget should include recurring funding for staff training on CAMA system changes and/or improvements. If it is the city's goal to increase local control in this office, having a well-trained staff will be necessary.

We also recommend that the clerk participate in the CAMA system's users group and attend the clerks' association meetings. Regular contact with these groups will enable the clerk to meet and establish working contacts in other communities, a valuable resource as new issues or problems occur.

DATA AND ADMINISTRATIVE ISSUES

FINDING 5: PERFORM INSPECTIONS TIMELY

As a part of the daily administrative activities of the assessing office, it is the professional assessor's responsibility to perform building permit inspections. In the absence of the building permit inspection, a property may be under assessed, causing a disproportionate distribution of the property tax among taxpayers. It also hinders the growth of the property tax levy that is essential to fund the city's general operations and services. Reportedly, the city issues about 800 building permits each year. The building inspector reports permits to the assessors' office weekly. At the present time, the building inspector does not have an automated record keeping system, so manual reports are turned over, however, with grant funding secured by the board of health office, the city is exploring automated inspectional services data systems.

Because of the vacancy in the professional position during FY05, the city contracted with its appraisal consultant to do building permit inspections. At a cost of about \$5,000, the city hired the consultant to measure and list new construction, additions, and other major improvements and to data enter them into the CAMA system. The assessors worked with the building inspector to identify what permits were issued and selected which ones would be outsourced given the available funding. While the contracted work was done and the city set its FY05 tax rate timely, it appears there are permit inspections that have not been performed. Of the total estimated permits issued in a year, the consultant reports inspecting about 200 and there are no records that the remaining 600 permitted properties were visited. While some of these may include smaller improvements, like fences and porches that may not be substantial new growth dollars, the inspections need to be performed and the property records updated.

We also found that the city adopted a local option statute (MGL Chapter 59 §2A(a)) that allows a community to value and assess new growth (e.g., new construction or other physical additions to real property) occurring by June 30 for the fiscal year beginning July 1, referred to as accelerated new growth, beginning in FY05. This allows the community to assess improved parcels, which ensures the property owner is paying his fair share of the cost of government operations for the fiscal year beginning July 1 rather than a year later. Because the consultant only collected calendar 2003 permits per the contract, the city lost potential new growth occurring between January 1-June 30, 2004 in FY05. Fortunately, the city may still collect the qualifying new growth, issue the omitted or revised tax bills and notify DLS of the omitted assessments and the amended growth (Form LA-13A) by the end of this fiscal year.

Adding to this backlog of activity, it appears that the office has not inspected all parcels with permits issued in prior years either. Upon taking office, the new principal assessor began reviewing the contractor's full reinspection results thus far, comparing the new property record cards against the old. It was discovered that some parcels had improvements, but had not been captured in the city's new growth calculations because there was no record of an inspection. The principal assessor consulted the office's files and determined that numerous permits have never been inspected.

A community also may make pro rata assessments on the value of improvements that are greater than 50 percent of the billed value when an occupancy permit is issued after January 1 (MGL Chapter 59 §2D), referred to as the supplemental tax assessment on new construction. This provision allows a community to issue a bill (back to the date of occupancy between January 1-June 30) for the current fiscal year on qualifying property improvements, resulting in additional general revenue. These improvements would be included in the subsequent year's new growth calculation. Since 1998, this law was optional, however, as a result of Chapter 46 of the Acts of 2003, this is now mandatory unless rejected by the council. In August 2003, the council voted to delay the adoption of this provision until FY05. As of this writing, the assessing office has not issued the supplemental bills, but the principal assessor is planning on conducting the inspections necessary to issue the warrant for these bills before the end of the fiscal year.

And lastly, we found the city has not inspected all sale properties. Since recent sales represent the most current data regarding the local real estate market, it is crucial that the assessing office have first hand knowledge of the characteristics and condition of sale properties.

RECOMMENDATION 5: PERFORM INSPECTIONS TIMELY

We recommend that the principal assessor make the outstanding building permit inspections a priority of the office. In the absence of the building permit inspection, a property may be under assessed, causing a disproportionate distribution of the property tax among the owners. It also hinders the growth of the property tax levy that is essential to support city operations and services. Given an estimated 1,800 inspections that need to be performed and the regular workload of the office, the principal assessor should prioritize the collection of new construction and/or major structural improvements that may be completed between now and June. Once inspected, the assessors should issue omitted or revised bills (MGL Chapter 59 §75), reporting the assessments to DLS along with the amended new growth report (Form LA-13A) by the end of June. The balance of the outstanding inspections should be completed in FY06.

The principal assessor should work with the building inspector to identify the occupancy dates of new construction in order that the office may issue the supplemental tax bills in FY05. Once new construction that received occupancy permits since January 1, 2004 has been identified and permit inspections conducted, the principal assessor should make every effort to issue these bills by June 30.

We recommend that the city provide an annual budget appropriation for a data collector's position. The city previously had such a position, which was cut due to fiscal problems. In order for the principal assessor to perform the backlog of inspections without interrupting her current office responsibilities, it will be necessary that a part-time data collector or fee appraiser be hired. Once hired, this position would be responsible for a majority of the permit and cyclical inspections, enabling the principal assessor to focus her attention on data quality, review and analysis as well as performing most of the valuation-related work in-house. It is estimated the city should budget about \$10,000 annually for this position.

We recommend that the principal assessor regularly inspect the interior and exterior of all sale properties. Often, a sale property may have been upgraded without a permit or allowed to deteriorate to an extent that the assessors' files are not accurate regarding the characteristics or condition of the property. Not being aware of the exact condition of sale properties negatively affects the assessors' ability to value other properties accurately.

As the city contemplates purchasing an inspection software system, we recommend that the city require that the application be able to electronically transfer permit data to the assessors' office. The assessors' CAMA system has the ability to accept electronic data that once reviewed by the principal assessor may be uploaded and posted to the appropriate property file. Not only would this free up valuable staff from manually entering this information into the CAMA system, it systematically would post information into the database that may be queried for inspection planning purposes, ensuring all property improvement inspections are done timely.

FINDING 6: PREPARE A MARKET VALUE ANALYSIS ON EXCESS ACREAGE

Prior to 2001, the city used a land valuation system commonly practiced in most communities that factors in road frontage beyond the standard 150-foot zoning, recognizing the added value of developable secondary sites. For example, a four-acre developable parcel with 750-foot frontage, which easily could be subdivided into five prime sites, has greater value than a similar parcel with only 150-foot frontage that would probably require a special permit and significant investment to subdivide. If a parcel has land remaining beyond the primary/secondary sites, it is considered "excess acreage", a generally lower value per acre.

Since FY01, Easthampton's land is valued with a primary site if developed or potentially developable, with the remaining being attributed solely to excess acreage. While this assessment methodology complies with BLA's *Guidelines for Development of a Minimum Reassessment Program*, it does not fairly distinguish between potentially developable land with ample frontage and not as easily developable backland, which is reflected in the community's land sales.

RECOMMENDATION 6: PREPARE A MARKET VALUE ANALYSIS ON EXCESS ACREAGE

We recommend that the city analyze its database and available sales information in order to determine the market value of secondary sites and/or excess road frontage. As a growing community where land is being subdivided for development purposes routinely and between 20-30 new homes are constructed each year, the re-implementation of the excess road frontage factor will result in land assessments that reflect the secondary site(s) beyond the primary lot.

FINDING 7: PERFORM A FULL FIELD REVIEW

Since 2001, several people (three assistant/principal assessors and an appraisal contractor) have collected and/or managed the property data on the CAMA system. We reviewed certain documents, analyses and land schedules of the community to ensure that the level of assessments in each property class complied with state statute and BLA minimum standards. We also reviewed a sample of property record cards to ensure consistency and uniformity. As a result of this review, we have concerns in the following areas.

1. **UNIFORM APPLICATION.** Annually, the assessors grant abatements to property owners who receive a reduction in that year's assessment and sometimes in future years as well. Often, the reason for an abatement may affect additional parcels. Therefore, it is the duty of the assessors, when developing the subsequent year's property values, to review similar properties in the community that may be affected by the same circumstances, as the city was instructed to do in FY01. In reviewing some current property record cards, it appears the assessors granted abatements due to topography and/or wetness of parcels, but they have not yet done the analysis to ensure uniformity among similar properties in subsequent years.
2. **CODING AND CONDITION FACTORS.** We reviewed land value data from the city's CAMA system, including changes since the FY04 certification. While the site indices, land tables, and value calculations were applied correctly, there are potential areas of concern regarding the coding and factoring of vacant land. For example, according to the board's written land adjustment policies, buildable parcels located on paper streets should be factored down to 30 percent, however, some were at full value. In another example, some residential parcels had various factors applied without explanation, some reduced to a little as 10 percent of value, which could be inferred as unbuildable though the parcel continues to be coded as 130 or buildable.
3. **ADMINISTRATIVE ACTIVITIES.** As stated earlier, Easthampton is a growing community. Easthampton has had large subdivisions planned with some still under construction. Development also has occurred on a parcel-by-parcel basis, when a smaller piece of land is divided off from a larger parcel for the construction of a custom-built home. For each new parcel, it is assigned a new map & lot identification, is entered/sketched into the CAMA system, and is reflected on the assessors' maps. During our review, we found a couple instances where administrative procedures were not performed properly and resulted in data and/or assessment errors. For example, we discovered that some new subdivided parcels and/or condo conversions were data entered into the CAMA system, but were not valued correctly or assigned a value of \$0, resulting in erroneous or no tax bills. In another example, small residential parcels were removed from a larger track of land, which was correctly recorded on the assessors' maps. In the CAMA system, however, the new parcels were created and assessed, but the original parcel had not been reduced to reflect the new acreage. Furthermore, we found that the original parcel's revised assessment contained no land value, when over three acres remained, and included structures that no longer existed.
4. **CHAPTER LAND FILES.** Easthampton has 49 parcels classified as agricultural/horticultural or recreational, which makes them exempt from taxation under MGL Chapter 59, but subject to annual land taxes under Chapters 61A and 61B, respectively. In reviewing the files, we found the applications approved by the assessors and copies of the recorded liens. We did not locate crop maps in the Chapter 61A files, which are necessary to properly calculate a rollback tax if any portion of the parcel were to be removed from chapter land status. Also missing from the Chapter 61A files were the per acre range of values recommended by the Farm Land Valuation Advisory Commission (FVAC) (www.dls.ma.us/bla/bla_farmval.htm).

As errors are identified, the principal assessor is correcting the files, updating the CAMA database, and working on issuing revised and omitted bills if necessary. The city is having a full recollection of property data being done by its appraisal consultant. In the first year of the contract, the consultant entered changes into the CAMA system without highlighting changes that should have been collected for new growth purposes. Recognizing the importance of catching these changes, the principal assessor is comparing new data against existing records and having the recollected information entered in-house.

As of this writing, there is no plan to conduct a full field review. This is an exterior visual inspection, which is done by driving by all town properties once the valuation tables are set. This process is essential to make sure grading, depreciation and various adjustments listed on the property record card are consistent and uniform. During this process, the principal assessor may discover data errors, such as incorrect grading or measurements that result in incorrect base values, or she may discover inconsistencies, such as different factors or neighborhood codes for a similar cluster of houses. To ensure uniformity in the application of the appraisal methodology, the assessors should make the necessary changes that render the appropriate values.

RECOMMENDATION 7: PERFORM FULL FIELD REVIEW

We recommend that the principal assessor conduct a full field review as a part of the FY07 revaluation. Given the staff turnover since FY01 and the current recollection project, a full field review will enable the principal assessor to visually review property record cards against properties. This will help Easthampton ensure that property record information is correct, all properties are coded and valued consistently, and all new growth/property improvements are properly captured in the city's tax levy.

FINDING 8: CREATE AND MAINTAIN OVERLAY ACCOUNT RECORDS

Annually, the assessors grant abatements and exemptions. As each is granted, the clerk enters the approved amount into the CAMA system. Weekly, the abatement and exemptions granted are extracted electronically and forwarded to the tax collector's billing and collection system, which are then posted to the individual taxpayers' accounts. To cover the loss of these taxes, the assessors raise an amount that is placed into an overlay account (by fiscal year). As each application is granted, the assessors should deduct the taxable amount from the available balance and periodically reconcile the balances with the auditor. In Easthampton, the assessing office is not maintaining a spreadsheet of the running overlay balances and is not reconciling with the auditor until after the close of the fiscal year.

RECOMMENDATION 8: CREATE AND MAINTAIN OVERLAY ACCOUNT RECORDS

We recommend the principal assessor create an Excel spreadsheet to monitor overlay activity and balances. The assessing office should maintain a simple spreadsheet that tracks the balance of each overlay account, including the amount raised on the tax recapitulation sheet, all adjustments by date and purpose (i.e., exemption, abatement, ATB judgment, or transfer to surplus), and displaying the current available overlay balance as they occur during the year. This will establish a control record, which should be used to reconcile with the auditor's records at least quarterly during the year.

FINDING 9: MAINTAIN OFFICE RECORDS

During our evaluation of the assessing office, we reviewed the files, records, and reports contained in the office. We found property record cards (1978-present), all deeds, and other ownership records organized in the cabinets. We found a couple of years of files on income & expense statements submitted by businesses as well as form of list responses for valuation of personal property. We found a set of assessors tax maps available on the counter, however the 2004 updates/changes were not included though they are scheduled to be done by a mapping firm. We found alphabetical owner and street address reports on the counter for public viewing, as well as sales reports.

As for the city's abatement and exemption files, we found sets of files for each. The exemption files included a folder for each recipient granted an exemption, filed alphabetically. Some contained applications while others contained a piece of paper that indicated the date the individual annually made their exemption request. In the abatement files, it appeared that only the last couple of years' approved applications are on file. The denied files were not available and the amounts and reasons for abatements granted have not been transferred consistently to the history or note sections of the property record cards. As an abatement/exemption for real estate and personal property is granted, information is recorded in a log and a letter and certificate is issued. For any motor vehicle abatements and exemptions granted, there were no files available for inspection and no log had been kept. The inconsistent record keeping practices, including missing and/or legally required files and logs, are being addressed by the principal assessor.

As the assessors committed taxes and excise, both the collector and auditor were notified and whatever necessary data was transferred from the assessors' CAMA system or Registry of Motor Vehicles tape to the collector's billing system to print the bills. Reportedly, a prior assistant assessor did not feel the need to have commitment books (tax/excise committed by parcel/vehicle) so they have not been printed. The commitment book is a permanent record that must be produced and kept by the office, which the principal assessor is requiring before the warrant to the collector is signed.

RECOMMENDATION 9: MAINTAIN OFFICE RECORDS

We recommend that the assessing office review its record keeping procedures to make sure they comply with statute and the Secretary of State's regulations. Many records and files within the office are permanent records that the office must produce and keep. Other records may be destroyed after a disposal request to the Supervisor of Public Records at the Secretary of State's office is granted. The disposal schedule for the assessors' office can be found on their website at www.state.ma.us/sec. The assessing office should use this schedule as a guide for keeping and disposing of future records.

LONG-TERM RECOMMENDATIONS

FINDING 10: MAINTAIN CURRENT VALUES

According to the Bureau of Local Assessment's (BLA) *Guidelines for Development of a Minimum Reassessment Program*, the collection and maintenance of current and accurate property inventory data is a critical element in the development of uniform, fair market values. Furthermore, BLA's guidelines require that all communities re-inspect all town properties, including tax-exempt parcels, at least once every nine years. Because the last full measure and list of all Easthampton properties was performed in FY1990, the city is required to complete a reinspection program by FY07. The city hired its appraisal consultant to perform an extensive program over a brief period of time at a sizable price, an estimated \$184,000 (spread over four years or \$46,000/year).

In order to avoid this sizable expense, many communities conduct a cyclical reinspection program. A cyclical re-inspection program involves completing an interior and exterior inspection of all property over a multi-year period, not exceeding nine years. From these inspections, any changes in the properties are entered into the CAMA system, which updates the parcel data and may result in additional new growth. This program would allow the community to maintain the most current property database, making sure all taxpayers are assessed fairly and minimizing the number of abatements granted. A cyclical program also is advantageous since it allows a community to spread a substantial workload and cost over a multi-year period.

RECOMMENDATION 10: MAINTAIN CURRENT VALUES

Following the completion of the full re-inspection program in FY07, we recommend that the city adopt a formal cyclical re-inspection program. In addition to conducting sale and improved parcel inspections and abatement requests, the assessing office should be performing cyclical re-inspections of properties. The principal assessor should make sure all properties are inspected, providing the assessors with valuable information for maintaining the most current and accurate data as well as performing interim year adjustments in values.

FINDING 11: INCREASE SELF-SUFFICIENCY

Historically, Easthampton has used the services of appraisal consultants to perform the triennial revaluations, full measure and listings of all town property, and interim update of values. For the next revaluation in FY07, the board of assessors has decided to continue to use the outside contractor at an estimated cost of \$79,600 (\$4,600 for personal property recollection/valuation and \$75,000 for the revaluation of all real estate). In total, it is estimated that Easthampton will have spent over \$460,000 on consulting services over the last nine years (FY99-FY07) to maintain and update its property values.

The new principal assessor is a professional staff member with considerable experience, having performed in-house residential revaluations and interim year adjustments. The city also has a CAMA system on which values may be produced with or without the assistance of contractors. Given these resources and because Easthampton's finances are very tight, it is a goal of the city to have the

assessing office perform more of its value-related work in-house and become less reliant on consultants.

RECOMMENDATION 11: INCREASE SELF-SUFFICIENCY

In order to increase self-sufficiency and local control, DOR recommends that the city assume most of its valuation-related work in-house. Given proper planning, training and support, the assessing office could implement in-house assessment administration with less contractual assistance in the next few years. Currently, the principal assessor is busy dealing with the day-to-day activities of the office, monitoring the full measure and listing of all property, training the clerk, addressing the backlog of permit work and planning to perform a full field review. As such, it may be premature to expect her to perform the FY07 revaluation in-house. However, after FY07, she should be able to perform interim year adjustments and residential revaluations with assistance of a part-time data collector and some contractual assistance for commercial, industrial and personal properties. For interim year property adjustments, she would review sales data to gauge the local market, review recollected data, review commercial/industrial income and expense data and update personal property accounts. The principal assessor may then use this valuation data to update the land, cost, and depreciation tables that drive the mass appraisal system. For the next recertification in FY10, she would prepare residential values in-house and hire a consultant for the other values.

We recommend that the clerk be responsible for all CAMA data entry. With ample training, the clerk should be able to perform all data entry/sketches into the CAMA system. She also should be able to extract standard reports (e.g., sales, inspections, and new growth), which would be reviewed by the principal assessor.

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Gerard D. Perry, Deputy Commissioner

The project staff included:

Frederick E. Kingsley, Bureau Chief
Municipal Data Management and
Technical Assistance Bureau (MDM/TAB)

Melinda J. Ordway, Project Manager & Senior Analyst
Technical Assistance, MDM/TAB

Christopher Keefe, Field Appraiser
Bureau of Local Assessment

H. Terry Williams, Field Advisor
Bureau of Accounts

In preparing this review, DLS interviewed or had contact with the following persons:

Michael Tautznik, Mayor
Daniel Rist, City Councilor
Robert Harrison, City Councilor
David Chernak, Board of Assessors (former)
Carol Laurin, Board of Assessors (former)
Cynthia Cosgrove, Principal Assessor
Laurie Reynolds, Assessing Principal Clerk
Elizabeth Gendron, Collector
Barbara LaBombard, City Clerk
Richard Oleksak, Building Commissioner
Raisa Riggott, Personnel Director
Joanne Santaniello, Auditor
Barry Small, MIS Director
David Arnold, Vision Appraisal Technology
Thomas Scanlon, CPA