

Item Title: Contract for Appraisal Services to Support the 2024 County-Wide Revaluation Project

Specific Action Requested:

That the Board of Commissioners authorizes the County Manager to enter into a multi-year contract with Vincent Valuations to provide talent acquisition, training and development, and mass appraisal services to support the 2024 revaluation subject to terms and conditions acceptable to the County Attorney.

Item Summary:

Purpose: Multi-year service agreements require the Board of Commissioners' approval.

Background: In March 2016, the Board of Commissioners adopted a resolution to change how frequently the County reappraises real property. Revaluations previously occurred every eight years. The 2020 revaluation was the County's first on a four-year cycle, effective as of January 1, 2020. This meant that almost 400,000 parcels, totaling \$165 billion, were fairly valued and assessed in half the time. The next revaluation will be effective January 1, 2024.

The Department has historically used a combination of staff and contract appraisers to augment and replace permanent appraisal staff in listing and appraising all newly created parcels and new construction and to assist with valuation review and informal hearings while staff appraisers work on revaluation activities. With the move to a four-year revaluation cycle, the Department increased some staffing, but continued to rely on contract appraisal staff to supplement existing staff for the 2020 revaluation.

While the department intends to rely on a reduced level of contract appraisal staff as a result of permanent positions requested through the FY 2023 budget process, contract appraisal staff are still required to ensure the Department is able to adequately appraise new parcels and new construction while conducting the 2024 revaluation. The combination of permanent FTEs requested as part of the FY 23 budget process and the appraisal services to be contracted will allow the Department to be better prepared for the 2024 revaluation.

Board Goal: This action supports Great Government Goal 4: Improve resident and customer experiences through efficient, high-quality service delivery and continuous innovation.

Fiscal Impact: The total cost of the contract is approximately \$1.35 million or \$667,500 a year. The FY 22 cost is budgeted in the existing revaluation appropriation. Future costs will be paid through the Tax Administration revaluation budget and included in the annual budget process.

Additional Information:

Tax Administration is responsible for appraising, assessing, and listing all real estate and personal property within Wake County, its 15 municipalities and related service districts. For a revaluation, real estate must be appraised at fair market value, which is the most probable price a property would bring in a competitive and open market. Property values for a revaluation are determined by comparing what similar properties are selling for, what it would cost to replace a property, the potential income or highest and best use of property, and many other factors.

Wake County currently has approximately 412,000 parcels, up almost 20,000 parcels from January 2020. It is anticipated that the number of parcels will continue to grow significantly as a result of County and municipal growth. The number of parcels per staff appraiser is over 16,000; this is 170 percent more parcels per appraiser than the Big 10 median of approximately 9,500.

Lessons learned from the 2020 revaluation include more field visits need to be conducted, specific neighborhoods need more detailed final reviews, and land pricing needs revised, especially to establish market appreciation for areas with limited sales. The number of appeals is anticipated to remain high due to the increasing values in the County, especially with the rapid residential resale market and changes in the commercial market. Permanent FTEs, partially offset by a reduced level of contractor support, were requested as part of the FY 23 budget process to address the lessons learned from the first four year revaluation and significant county and municipal growth.

While the department intends to rely on a reduced level of contract appraisal staff with the addition of permanent FTEs, contract services are still required. In January of this year, the Department began in earnest activities to support the 2024 revaluation. Tax Administration sought proposals to provide talent acquisition, training and development, and mass appraisal services. Two firms submitted responses: Pearson Appraisal Services and Vincent Valuations.

The estimated cost per vendor, for an anticipated 26 months of work, based on the daily proposal cost and Tax Administration's estimate of contract appraisal staffing needs, was:

Vincent Valuations:	\$1,353,600
Pearson Appraisal Services:	\$1,927,000

A review team in the Department reviewed the proposals and selected Vincent Valuations based on an evaluation of and references provided for the company, the credentials and experience of available staff proposed, results of prior project work performed for the County and other North Carolina counties, and cost.

In the 2020 revaluation, Vincent Valuations provided supplemental appraisal staff to the County when the original vendor was unable to provide sufficient contract staff on a consistent basis.

Attachments:

None.