



Colorado  
Legislative  
Council  
Staff

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**MEMORANDUM**

July 20, 2010

TO: Interested Persons

FROM: Legislative Council Staff, (303) 866-3521

SUBJECT: Request for Credentials and Proposals to Conduct the 2011 Colorado Property Assessment Study

This memorandum requests qualified individuals or firms to submit their credentials and proposals for conducting a study of valuations for assessment pursuant to Article X, Section 3 of the Colorado Constitution and Section 39-1-104 of the Colorado Revised Statutes. This memorandum presents the scope, standards, objectives, and various requirements pertaining to the study to assist firms in the preparation of proposals. A copy of this RFP is available at <http://www.leg.state.co.us/>.

**PROCEDURAL SUMMARY**

**Issuing Office — Submission of Proposals — Schedule**

All proposals must be submitted by 10:00 a.m., Monday, August 30, 2010, to:

Director of Research  
Colorado Legislative Council  
029 State Capitol Building  
Denver, CO 80203

Respondents are requested to submit 10 copies of their proposal in a sealed package clearly marked with the respondent's name and the words: "**RFP — PROPERTY ASSESSMENT STUDY.**" Each submission must also contain a cover sheet signed by the respondent. Respondents mailing proposals must allow sufficient time to ensure delivery within the submitted deadline. Late, electronic, or FAX proposals will not be accepted.

The tentative overall schedule is as follows:

- |                                           |                                                  |
|-------------------------------------------|--------------------------------------------------|
| <b>1. RFP Release</b>                     | <b>Tuesday, July 20, 2010</b>                    |
| <b>2. Newspaper Advertisement</b>         | <b>Saturday and Sunday, July 24 and 25, 2010</b> |
| <b>3. Proposals Due</b>                   | <b>10:00 a.m., Monday, August 30, 2010</b>       |
| <b>4. Interviews</b>                      | <b>Morning of Friday, September 3, 2010</b>      |
| <b>5. Successful Respondent Announced</b> | <b>by Tuesday, September 7, 2010</b>             |

Technical questions regarding this RFP may be directed to Chris Ward at (303) 866-3521.

### **Revisions or Clarifications**

In the event that it becomes necessary to revise or clarify any part of this RFP, addenda will be provided to each potential respondent who received the original RFP and any other individual who expresses interest in responding to the RFP. It is essential that respondents acknowledge all issued addenda in their submittal.

### **Ownership of Proposals Received**

All material submitted in response to this request for credentials and proposals shall remain the property of the State of Colorado, except proprietary material. Any restrictions on the use of information contained within a proposal must be clearly stated in the proposal. Any material that a firm submits or plans to submit that it considers to be proprietary material shall be clearly identified as such with a justification included for such designation. The Director of Research shall make the final determination in advance of letting the contract as to whether any information contained in the proposal or to be developed in the course of the study of the contractor selected shall be considered proprietary.

### **Respondent's Costs**

The State of Colorado shall not be liable for any costs incurred by respondents as a result of submission of a proposal pursuant to this request.

### **Award of Contract**

The contract shall be awarded by the Director of Research to the respondent whose proposal is most advantageous to the State of Colorado. Proposals will be reviewed and evaluated in accordance with sections 10.0 through 10.5 of this RFP. An advisory committee will join the director in reviewing proposals and interviewing firms. The committee may advise that a single firm be selected, or that the director negotiate with two or more firms prior to the selection of a firm. A list of committee members will be provided to firms selected to be interviewed.

## **Contract**

The Director of Research reserves the right to incorporate standard state contract provisions into any contract negotiated as a result of a proposal submitted in response to this request.

## **Insurance**

Respondents must list separately costs for insurance to cover errors and omissions.

The contractor will be required to submit certificates showing the following minimum coverages prior to start of work:

**Standard Workers' Compensation and Employer's Liability**, including occupational disease, covering all employees in the amount required by state statutes.

**Comprehensive General Public Liability and Property Damage Insurance**, with a combined single limit of \$1.0 million per occurrence and \$1.0 million in the aggregate. The contractor must purchase additional insurance if claims reduce the annual aggregate below \$1.0 million.

**Comprehensive Auto Liability and Property Damage Insurance**, with a combined single limit for each accident in an amount of at least \$1.0 million.

The above insurance certificates, naming the State of Colorado as additional insured, and in the amounts indicated above, must be furnished by the contractor within 10 working days after receipt of the award. All insurance must include provisions preventing cancellation without 60 days prior notice by certified mail to the Legislative Council's Director of Research.

## 1.0 OVERVIEW

- 1.2 Various provisions of the Colorado Constitution and Colorado Revised Statutes govern the assessment study and should be examined by the contractor in detail. Notably, Section 39-1-104 (16), C.R.S., requires that the study be completed and a final report submitted to the General Assembly and the State Board of Equalization by September 15, 2011.
- 1.1 The assessment study has the following three major objectives:
1. To determine whether each county assessor is applying correctly the constitutional and statutory provisions, compliance requirements of the State Board of Equalization, and the manuals published by the state Property Tax Administrator to arrive at the actual value of each class of property;
  2. To determine if each assessor is applying correctly the provisions of law to the actual values when arriving at valuations for assessment of all locally valued properties subject to the property tax; and
  3. To set forth an aggregate valuation for assessment for each county based on the contractor's finding in regard to the level of assessment in each county. The final report prepared by the contractor shall compare the aggregate valuation determined by the assessor and that estimated by the contractor.
- 1.3 Assessments for 2010 and 2011 are to be based using the level of value from the 18-month period from January 1, 2009, to June 30, 2010. If comparable valuation data is not available from this period to adequately determine the level of value of a class of property, the five-year period of July 1, 2005, through June 30, 2010, shall be used to determine the level of value. Said level of value shall be adjusted to the final day of the data gathering period.
- 1.4 Section 39-1-104 (16) (a), C.R.S., requires that the person conducting the study sample, in a statistically valid manner, the aggregate of at least one percent of all properties in each county of the state. The sample is to reflect various areas, uses, ages of buildings, and economic conditions. Notwithstanding this statutory provision, it should be noted that the current practice is to collect and analyze all data, not just a sample.
- 1.5 The study requires an analysis covering valuations for assessment for all locally-assessed property in Colorado; it does not cover state-assessed property such as public utilities and railroad property.

## 2.0 APPLICATION OF SALES RATIO METHOD

- 2.1 The contractor shall assemble appropriate data necessary for the analysis of sales of residential and commercial property for all counties in the state. The contractor shall review the sales verification techniques employed by each assessor in verifying arms length transactions. The contractor shall create a sales file base from the county assessor's established neighborhoods, communities, or economic areas for the purpose of sales ratio analysis in accordance with paragraph 2.16. The contractor shall be responsible for the quality of the sales sample utilized in the analysis.
- 2.1a Each county assessor will be asked to provide data to the contractor in an electronic format, to the extent possible, given the constraints of the individual county computer systems, and in the format which the county currently uses. Any subsequent cost of converting data to the format used by the contractor will be borne by the contractor.
- 2.2 The analysis for each county shall be performed using only data from that county.
- 2.3 The contractor must confirm that the sales data reflects typical properties in an economic region or neighborhood. For each county, the contractor shall set forth the manner in which sales have been classified or discarded in the sales ratio study. The contractor shall review with the assessor any analysis indicating that sales data is inadequate or fails to reflect typical properties.
- 2.4 The contractor shall obtain from the Clerk and Recorder a sample of at least 10 randomly selected deeds for sales transactions occurring between January 1, 2009, and June 30, 2010, on which a documentary fee has been paid to the county. The contractor shall verify that all sales in the sample are included as either qualified or disqualified sales in the county assessor's database.
- 2.5 ***Sales verification.*** The contractor shall determine whether a sales verification process has been developed and is being utilized in each county. In any county in which the assessor has not developed or utilized a sales verification program, the contractor shall verify each sale utilized in any analysis of a class of property.
- 2.6 The statistical study of sales data shall be conducted in conformance with the standards adopted by the Colorado State Board of Equalization. The statistical study shall include at least one percent of the parcels in each class or appropriate subclass in the county. The classes and subclasses of property are identified in the State Board standards. The State Board standards shall be considered in determining the size and adequacy of samples. In no instance shall the sample number of sales and appraisals for any class of property contain less than 30 parcels or for any subclass contain less than 10 parcels. The contractor should realize that pursuant to Section 39-1-103 (8) (d), C.R.S., the assessor may not employ a sales ratio unless there are at least 30 coded, typical sales of the subclass or class of property within the county.

## **Analysis of Sales Ratios**

- 2.7 For each class and appropriate subclass of property, the verified arms length transactions shall be selected for statistical analysis. All arms length transaction sales will be used in those counties in which there is insufficient information to compile a one percent sample of the class or subclass of property. Samples for sales ratio studies of subclasses need not be developed whenever 80 percent or more of the valuation for assessment of a class of property is in a single subclass. An appropriate subclass of property would include those subclasses in which more than 20 percent of the valuation of the class of property is in a particular subclass.
- 2.8 Additionally, if the number of verified arms length transactions, after completing the above process, equals less than one percent of the property in the particular class or subclass in the county, representative appraisals shall be conducted in sufficient numbers, following the laws of the State of Colorado and manuals published by the Property Tax Administrator, so that when the numbers of bona fide sales and the appraisals are added together they will equal at least one percent of the property for the class or appropriate subclass in the county.
- 2.9 Once the verified sales and necessary appraisals have been compiled, an aggregate, a mean, and a median sales ratio shall be calculated for each class or appropriate subclass of property. The aggregate sales ratio shall be computed by dividing the total of actual values (calculated from assessed value) in the sample by the total of sales prices and appraised values of the sample and expressing the result as a percentage. A sales ratio shall then be established for each individual sale in the sample and the mean and median of these individual ratios shall be computed.
- 2.10 If the median sales ratio for a class or appropriate subclass is within the limits established by the State Board of Equalization (see Appendix), the level of value for the sample would be deemed to be acceptable, provided that the quality of assessment for each property in the class or respective subclass is deemed appropriate. If the median sales ratio is outside the established limit, the contractor must take steps to establish the reason for any aberration and investigate any problems in appraisal methodology utilized by the assessor.
- 2.11 The coefficient of dispersion must be calculated in the manner provided by the State Board of Equalization in order to evaluate the quality of assessments. If the coefficient of dispersion is found to be in excess of the limits established by the State Board of Equalization, identification of problems with the assessor's appraisal methodology is also required.
- 2.11a Statistical methodology utilized by the contractor should be generally accepted in the appraisal industry. If the median sales ratio or the coefficient of dispersion is found to be outside the established limits of the State Board of Equalization, the contractor shall investigate whether the county assessor was correctly applying statistical methodology and techniques as taught by the State Division of Property Taxation, and report those findings to the State Board of Equalization.

- 2.12 The contractor must employ other statistical techniques including histograms, scatter diagrams, schematic plots, and measures of reliability. The purpose is to:
- identify whether bias exists in appraisal processes utilized in establishing assessments;
  - determine whether the assessor needs to improve inventory procedures;
  - ensure that the sample of sales is representative of the class of property;
  - provide a base of information for further investigation of appraisal practices; and
  - provide supporting evidence for the contractor's finding regarding assessment practices in each county.
- 2.13 **Assessment records check.** The contractor shall examine each assessor's records to compare the assessment levels of said properties listed in the market analysis with the valuations of other similar but unsold properties. The contractor shall sample each class of property in a statistically valid manner, and the aggregate of such sampling shall equal at least one percent of all properties in each county of the state. All parcels shall be clearly identified using the assessor's coding system. The results of a statistical analysis of the assessment levels for such properties shall be compiled in a manner that will identify whether the level of assessment for such properties has been adjusted in the same manner as for those properties for which sales data was available in the time period for obtaining the appropriate data (see paragraph 1.2).

## **Appraisals**

- 2.14 In order to identify the appropriateness of assessment levels for those classes or subclasses of property in which there is very little market information, the contractor shall conduct independent appraisals by considering appropriate approaches to value. A sufficient number of appraisals shall be conducted to ensure that the one percent requirement set forth in Section 39-1-104, C.R.S., is met for each class and appropriate subclass of property.
- 2.15 Whenever the sales-ratio study indicates that the valuation for assessment of a particular class or appropriate subclass of property is outside the guidelines established by the State Board of Equalization (see Appendix), the contractor shall supplement market information with selected appraisals sufficient in number to adequately resolve a proper level of assessment. For example, a minimum of 30 appraisals would be appropriate for each county. Under unusual circumstances, a smaller number of appraisals may be authorized by the Director of Research.
- 2.15a The intent of paragraph 2.15 is to supplement sales data with appraisals whenever such data is insufficient in quantity or quality to ensure that the results of the study adequately reflect the level of value of that particular class or subclass of property. Paragraph 2.15 should not be interpreted to mean that the contractor needs to perform a minimum of 30 appraisals in each county where a statistically valid sales data base exists.

## **Neighborhoods, communities, or similar economic areas**

- 2.16 For the counties having a population over 100,000, the contractor shall conduct a study of the comparative assessments of properties within similar market areas for residential property and between comparable residential market areas in each county. The study shall include a review of the type of work that has been done by the assessors to consider assessments within and among similar market areas and what are reasonable approaches toward fair comparisons of properties in and among similar market areas. The following counties should be included in this study: Adams, Arapahoe, Boulder, Denver, Douglas, El Paso, Jefferson, Larimer, Mesa, Pueblo, and Weld.
- 2.17 The contractor shall determine whether the assessor is giving adequate consideration to the establishment of reasonable neighborhoods, communities, or economic areas. If the contractor determines that the assessors have established an adequate basis for neighborhoods, communities, or similar economic areas, these comparisons shall be used in the analysis. If the contractor determines that the neighborhoods, communities, or similar economic areas are not adequate for comparison of properties within the county, the contractor shall not use this information in the analysis and shall report the reasons for which the information was considered inadequate.
- 2.18 ***Possessory interest properties.*** The contractor shall review and report on each county's procedures and guidelines used when assessing and valuing possessory interest properties in accordance with Section 39-1-103 (17) (a), C.R.S., and recommendations of the State Division of Property Taxation. The Property Tax Administrator's Publication ARL Volume 3, Section 7.77, defines possessory interest as a private property interest in an otherwise government-owned property or the right to the occupancy and use of any benefit in a government-owned property that has been granted under lease, permit, license, concession, contract, or other agreement. In conjunction with the review of county procedures, the contractor shall report on each assessor's confidence as to whether the discovery of possessory interest property within their county has been achieved and whether those properties are reflected on the tax rolls. The purpose of this report is to determine the consistency of the procedures utilized in each county.

## **3.0 RESIDENTIAL PROPERTY**

- 3.1 The actual value of residential real property is determined by the market approach to appraisal. Residential property shall be placed in subclasses similar to the property classification codes published by the State Property Tax Administrator, including single family residences, duplexes-triplexes, multi-units (4 to 8), and multi-units (9 and up), condominiums, mobile homes, etc. In addition to the aforementioned subclasses, the final report of the contractor for each county shall contain a stratification of residential property into appropriate age groups, price ranges, and by economic area. The report must identify differentiations in values of similar properties which are based on age and location.

#### **4.0 COMMERCIAL AND INDUSTRIAL**

- 4.1 For commercial and industrial property, the actual value is determined by appropriate consideration of cost, market, and income approaches to appraisal. The contractor shall use the classification codes listed by the Property Tax Administrator, involving merchandising, lodging, office, warehouse, contracting, manufacturing and refining, etc. In addition to the aforementioned subclasses, the contractor shall stratify properties for each county in a manner that will reflect the unique situations of an individual county or economic units within such county.
- 4.2 Similar to residential land, the contractor shall not use sales ratio analysis as a substitute for appraisals to determine the actual value of commercial and industrial vacant land.

#### **5.0 VACANT LAND**

- 5.1 An analysis of sales equal to at least 1 percent of all vacant land parcels shall be drawn from each county that has more than 1,200 total vacant land parcels. The analysis shall include at least 1 percent of the properties in any subclass that constitutes 20 percent or more of the total assessed value of the class. A minimum of 30 sales will be analyzed for the class of vacant land in each county. If insufficient sales exist in any county, the analysis will be supplemented with appraisals and/or land residual values. Land residual values will only be used if the improved property values are determined to be in compliance and the improvement is of recent construction. When applicable, tests will be performed to determine if appraisals and/or land residual values are consistent with available sales data.
- 5.2 The analysis must be comprised of sales from the time period stated in the RFP. Sales ratio statistics must be calculated and reported in the same manner as for other property classes. Ratio study statistics shall be calculated for a 1 percent sample of unsold parcels and reported in the same manner as for other property classes.
- 5.3 In addition, the contractor shall review and document subdivision discounting procedures in each county to determine whether or not the assessor is correctly applying the provisions of law and the manuals and directives of the Property Tax Administrator.
- 5.4 Findings and recommendations shall be summarized in the final report for each individual county. Where the contractor has found inadequacies in the procedures and calculations by the assessor, an estimate of the correct impact must be provided within the report.

## 6.0 AGRICULTURAL REAL PROPERTY

- 6.1 The actual value of agricultural land (exclusive of building improvements) for tax purposes is based on earning or productive capacity capitalized at a rate of 13 percent — see Section 39-1-103 (5) (a), C.R.S. The contractor shall review the assessor's records for major land categories, including irrigated farm, dry farm, meadow hay, grazing, and other lands.
- 6.2 The contractor must examine the records in each assessor's office and, in conjunction with independent appraisals, shall document for one percent of all agricultural property that the assessor has complied with the constitution, statutes, and the manuals published by the Property Tax Administrator.
- 6.2a The contractor shall review each county's procedures on valuing rural agricultural outbuildings. The review of the procedures shall consist of the compliance with the recommendations of the State Division of Property Taxation.
- 6.3 The contractor shall identify and inventory whether the assessor has actually incorporated the following in accordance with standards contained in the Property Tax Administrator's publication ARL Volume 3, Section 5. (See Appendix):
- soil conservation service guidelines have been used to identify the classes of lands based on productivity ratios;
  - crop rotations have been documented;
  - expenses have been documented for a ten-year average and verified as typical landlord expenses;
  - commodity prices and crop yields by classification have been documented;
  - grazing land has been classified according to carrying capacity;
  - the assessor has properly classified orchard land as such and not irrigated land, but has assigned a high irrigated land value to it;
  - the number of acres in each class and subclass have been properly totaled; and
  - the capitalization rate has been properly applied.
- 6.4 The contractor is to identify how these factors were applied by the assessor and whether the assessor made any errors in the application of such factors. All omissions and changes suggested by the contractor must be documented for each parcel of land utilizing the same parcel identification system employed by the assessor. The contractor then shall identify and give the average value for each class or subclass of land.
- 6.5 It is the obligation of the contractor to determine that agricultural improvements have been treated equitably.

- 6.6 The report shall include any evidence of the inability of assessors to obtain the information necessary to properly assess agricultural property, including information outlined in paragraph 6.3, above.

## 7.0 NATURAL RESOURCE PROPERTY

- 7.1 The contractor shall examine the procedures employed by the assessor to value natural resource lands and determine whether each assessor has complied with the statutes and the manuals published by the Property Tax Administrator. The administrator lists three major categories of natural resource lands: 1) producing mines; 2) oil and gas leaseholds and lands; and 3) natural resource property.
- 7.2 For ***producing mines***, the contractor should determine that each assessor maintains a file of documents pursuant to Section 39-6-106, C.R.S. The contractor should determine that the documents provide an adequate base for estimating gross value, cost of extraction, costs of treatment, reduction, transportation, and sale of the product.
- 7.3 ***Oil and gas leaseholds and lands*** include all drilled wells producing or capable of producing oil, gas, sulfur, and other liquid or gaseous hydrocarbons. The oil and gas operator must file production statements pursuant to Section 39-7-102, C.R.S. The contractor must verify that the assessor has calculated the value of such lands and leaseholds in accordance with the applicable production period for the oil or gas well.
- 7.4 ***Nonproducing natural resource property*** includes nonproducing mines, nonproducing severed mineral interests, and nonproducing oil and gas mineral interests. The valuation of such property involves cost, market, and income approaches. The contractor must document steps taken by each assessor to value nonproducing natural resource property.
- 7.5 In developing a sample for the study of valuations for assessment for parcels of natural resource lands, the contractor shall be guided by the one percent sampling criterion previously discussed, but the ultimate objective is an analysis of assessment practices employed in each county. This may include review of procedures for specific major properties. The contractor shall document steps that the assessor should have taken in the valuing of each individual parcel in the sample of the class or subclass of natural resource lands.
- 7.6 The contractor shall determine in each county whether the assessor is using the valuation procedure approved by the Property Tax Administrator as provided for in Section 39-7-103, C.R.S.

## 8.0 PERSONAL PROPERTY

- 8.1 For the counties having a population over 100,000, the contractor shall include in the property assessment study, a selected sample of all personal property schedules to determine whether the assessor is correctly applying the provisions of law and manuals of the Property Tax Administrator in arriving at the assessment levels of such property. This sample shall be selected from the personal property schedules audited by the assessor. In no event shall the sample selected by the contractor be less than 30 schedules. The counties to be included in this study are Adams, Arapahoe, Boulder, Denver, Douglas, El Paso, Jefferson, Larimer, Mesa, Pueblo, and Weld.
- 8.2 Under the provisions of the compliance standards of the State Board of Equalization (see Appendix), each assessor is to perform a detailed audit of personal property schedules. The contractor shall report on the time schedule and adequacy of the plans of each county assessor for the conduct of a detailed audit of personal property over a definite period of time. Assessors may present information to document why there were any deviations from the manual.
- 8.3 The study of personal property will also include a review of the overall audit plan with statements and/or recommendations made as to its accuracy. The State Board of Equalization has determined that the level of value of personal property must be between 90 and 110 percent of the appropriate level of value. This level of value shall be in compliance with the directives of the Property Tax Administrator's publication ARL Volume 5.
- 8.4 A separate personal property report shall summarize findings and recommendations for each county and shall include the sample schedule numbers as recorded by the assessors.

## 9.0 OTHER COMPONENTS

- 9.1 **Detailed abstract study.** The contractor shall provide a detailed abstract report of all counties that are computerized. In support of the report, the contractor shall request from each county a computer readable data file containing one record for each subclass code and account number. In addition, the contractor shall request a list of tax areas or districts and a list of the tax authorities or entities in each of the geographically defined tax areas. The contractor shall convert the data provided by the counties into a standardized format correcting data entry errors when possible. Separate from the assessment study, the detailed abstract report shall be provided in a database format to be specified by the state.
- 9.2 **Statutory and other deadlines.** The contractor shall report on each county assessor's compliance with applicable deadlines in the Colorado Revised Statutes and in the Assessor's Reference Library as directed by the Property Tax Administrator by order of the State Board of Equalization. For any deadline that was not met, the contractor shall report on the reasons for the delay.

## 10.0 **EVALUATION FACTORS**

- 10.1 Proposals will be accepted from qualified respondents enjoying a reputation for integrity and demonstrating ability to conduct an unbiased evaluation of assessment practices in Colorado. Respondents and their respective proposals will be evaluated in accordance with the following criteria in order of importance:
- 1) the quality of the proposal submitted to conduct the study;
  - 2) terms of experience in mass appraisal techniques and sales ratio analysis;
  - 3) the itemized cost of various parts of the study;
  - 4) availability of staff skilled in the appraisal of various classes of property;
  - 5) access and capability for computerization and analysis of market data;
  - 6) the communication plan with assessors; and
  - 7) other enhancements.
- 10.2 A summary of sales ratio studies conducted by the respondent and other indicators of assessment studies will be an important factor in the final evaluation of a firm's qualifications. Specifically, a list of persons that will be involved in the study, including detailed information on qualifications for appraisal of residential, commercial, industrial, agricultural, and natural resource property, must be submitted. The personnel involved in the statistical analysis of sales ratio studies must submit information on previous studies of assessment practices or related statistical studies.
- 10.3 The personal resumes submitted shall list references as well as past employers.
- 10.4 The respondent must also identify the firm to which he has access to cost service estimates essential for proper appraisals of property and identification of replacement costs.
- 10.5 As a part of any contract negotiated with a successful bidder, there shall be an indemnification clause to hold harmless the state against any and all claims, damages, liability, and court awards as a result of any act by the contractor. In addition, insurance to cover errors and omissions must be obtained by the contractor. Additional liability insurance shall also be obtained for personnel conducting the study in accordance with the amounts previously set forth.

## 11.0 PROJECT PLAN AND SCHEDULE

- 11.1 Each respondent shall submit a project plan and schedule, based on the description of appropriate data in paragraph 1.2. The contractor will need to gather the sales data from each county which is available in the list of sales obtained from the county assessor. County assessors will provide sales data to the contractor as soon as possible after Notice of Valuations (NOV's) are mailed. The contractor in return shall provide to the assessors, as soon as reasonably possible, the converted sales data base used for analysis by the contractor, in the same kind of medium supplied by the assessor. Section 39-1-104 (16) (a), C.R.S., requires the contractor to submit a final report to the General Assembly and the State Board of Equalization by September 15, 2011.
- 11.2 In developing a plan and schedule for completion of a report for each county in the state, the respondent should note that a preliminary report must be delivered to the office of each county assessor no later than noon on August 15, 2011. Preliminary reports should be given to each county assessor when the respective county is complete. For classes of property where NOV's are mailed on May 1, 2011, and the assessor provides data to the contractor in the format and file structure as indicated by the contractor, a preliminary report shall be given to the county by June 20, 2011. The report shall consist of the following two parts (for further clarification see paragraph 11.2a below):
- (a) recommended orders for reappraisals of any class or subclass of property;  
and
  - (b) audit exceptions or recommendations for change citing specific problem areas, not including recommended orders for reappraisal.

The contractor shall recheck county data if changes were made by the assessor subsequent to the preliminary reports. An exit interview shall be required for any county for which an order for reappraisal is recommended and a certified letter from the contractor listing exceptions or recommendations, using a format approved by the Director of Research, shall be sufficient for all other counties. If orders for reappraisal are recommended, the county assessor shall be given the report at least seven days before the exit interview and shall subsequently have access to the list of sales and other supporting data and analysis used in the audit. The contractor shall also notify the board of county commissioners of the exit meeting and shall invite their participation in the meeting. The confidentiality of all reports, letters, and documents relating to the exit interview is to be observed by all parties — the county assessors, county commissioners, the contractor, and the Legislative Council (see paragraph 12.2). The exit meeting shall be conducted by a principal member of the contractor's firm who shall be approved by the Director of Research as a person to conduct an exit meeting. At the meeting, the contractor or his representative shall review the assessments for each and every class or subclass of property that the contractor deems is not in compliance with the constitution, statutes, manuals, and guidelines or standards established by the State Board of Equalization. If the assessor has an objection to a part of the report, the assessor may submit his objection in writing to the contractor, and the assessor's objection

will be appended to the report submitted to the State Board of Equalization. The assessor shall deliver 20 copies of his objections to the contractor no later than noon on September 5, 2011. For counties in which an exit meeting is held, the contractor and the assessor shall sign a form letter and mail it to the Director of Research reporting the date, time, place, and matters discussed at the meeting. For counties in which an exit meeting is not held, the contractor shall send a copy of the certified letter to the assessor and to the Director of Research.

11.2a For purposes of implementing paragraph 11.2, the contractor should follow these guidelines:

1. Every county assessor should receive a letter under the provisions of either part (a) or part (b).

2. Under part (b), either of two types of letters may be prepared:

- Where there are problem areas, but not serious enough that an order for reappraisal be recommended, a letter citing the problem and listing the recommendations for change should be written. In these cases, the criterion for sending such a letter should be whether the procedure or practice of the office has the potential of, or actually does at this time, adversely affect the accuracy of the assessment of one or more classes or subclasses of property.

- Where there are no problems found that directly affect the accuracy of the assessment of any of the classes or subclasses of property, a letter to that effect should be written.

11.3 The successful respondent may begin the 2011 assessment study upon formal completion of a contract with the State of Colorado.

11.4 The respondent's plan for the assessment study should incorporate the following in the order presented below:

- a daily billing rate for personnel conducting the study and the expected travel costs per day;

- a financial statement detailing total costs of the study by the following major classes of property: vacant land, residential, commercial, industrial, agricultural, and natural resource;

- a summary of estimated total costs for personal services, travel, and computer services;

- an organizational chart showing personnel included in the study;

- a schedule for evaluation of appropriate sales data from each county;

- an approximate schedule for review of records in each county assessor's office;

- a rough estimate of the number of appraisals of various classes of property expected in each county;
- a format as to how the bidder proposes to document in the report to the State Board of Equalization the level and quality of assessments in each county sample for a class of property with what the contractor believes is the proper assessment and methodology;
- a system for establishing economic regions to enhance the analysis of assessment practices;
- a proposed time sequence chart for accomplishing the study; and
- other information required to be submitted for this Request for Proposals.

## **12.0 NOTIFICATION TO EACH ASSESSOR**

- 12.1 In the conduct of the assessment study, the contractor shall notify each assessor of the schedule for review of the assessor's records, of the time in which the contractor will be conducting appraisals in the county, and at other times when the contractor or his designee is involved in major activity in the county. The contractor shall coordinate and conduct regional meetings with all county assessors for the purpose of informing them of audit statistical techniques and procedures that will be used in the course of the study.
- 12.2 When the contractor completes a preliminary audit for a county, the contractor or his designee shall not release the assessment study of a county prior to consultation with the assessor and county commissioners at the exit meeting provided for under paragraph 11.2.
- 12.3 There are two periods of time when the contractor should avoid interfering with the assessor and his staff: 1) the period when notices of valuations for assessment are being mailed; and 2) the time when the assessor is hearing objections to property valuations. The contractor shall make the necessary inquiries to determine the precise times involved in these two events and make plans to work around these time periods.
- 12.4 A supplemental report shall be submitted by the contractor prior to September 15, 2011, which shall review any changes in the assessments or classes of decisions of the county assessors by the county boards of equalization after the one-percent audit was completed. This report shall comment on the effect of actions of a county board in regard to that county's compliance with the statutory standards for property assessment and the one-percent audit.

- 12.5 The contractor shall secure copies of each of the orders of the State Board of Equalization from 2010 to determine whether each assessor who received an order from the board has complied with the intent, and letter of each order so received. In making his determination, the contractor shall select appropriate samples of parcels from each class or subclass of property subject to each order. The contractor shall separately report his findings of the level of compliance with each order of the State Board of Equalization for each county.

### 13.0 **DOCUMENTS AND REPORTS PROPERTY OF THE LEGISLATIVE COUNCIL**

- 13.1 ***Final reports.*** The contractor shall prepare an individualized final report for each county with the necessary documentation and explanation. The reports shall be provided both electronically and in printed form. Electronic reports shall be formatted to accommodate subsequent publishing on the internet. Printed reports shall be typed single-spaced on 8 ½" x 11" paper and printed on both sides of the paper. Offset reproduction and stapling in book-form is acceptable. The contractor shall deliver one copy of each final report of a county (in each format) to the respective county assessor, one copy to the board of county commissioners of each respective county, one copy to the Property Tax Administrator for the State Board of Equalization, and one copy to the Legislative Council Director of Research.
- 13.2 All information such as sales ratio documents, appraisals, and other information collected by the contractor shall be the property of the Colorado Legislative Council. The reports prepared by the contractor, computer discs, tapes, and any other materials or analysis pertaining to this study shall also be the property of the Legislative Council. The Director of Research reserves the right to reproduce and distribute any and all materials collected or prepared by the contractor pursuant to this study.

### 14.0 **SCHEDULE OF PAYMENTS**

- 14.1 The contractor shall submit progress reports on or about November 19, 2010; January 21, 2011; March 25, 2011; May 20, 2011; and July 22, 2011. It is expected that upon satisfactory performance a partial payment of one-sixth of the contract price will be made within 10 days of the submission and acceptance of each progress report. The final payment would be made in October of 2011 upon acceptance and approval of the final reports by the State Board of Equalization. A penalty of \$1,000 per day may be charged for each day beyond September 15, 2011, that the final report for a county has not been filed with the State Board of Equalization.