

**COMMENTS REGARDING  
MANAGEMENT PARTNERS REPORT  
February 27, 2018**

These are comments regarding the Assessor's Department Review drafted by Management Partners, as pulled from the Scarsdale website on February 25, 2018. Quoted material from the Review is indented, and comments follow the quoted material. Page numbers are the numbers that appear at the bottoms on the pages, not the pdf pages.

**Letter to Steve**

[T]he scope of our assignment did not include an analysis of the methodology used for the first or second revaluation of properties, or an audit of the results of those two assessments.

**Page 1**

The scope of Management Partners' assignment did not include an evaluation of the methodologies used in the previous revaluations or an assessment of the accuracy of the data resulting from the prior assessments.

Because the report is not informed by an understanding of the methodologies used in the Tyler and Ryan revaluations, and an analysis of the results of those revaluations, the report is drafted without an awareness of many important problems. If the drafters had developed an awareness of these problems, they may not have made the recommendations that they made. They may have excluded or modified some recommendations, and they may have presented additional recommendations.

While it is appropriate to acknowledge the limited scope, the report should provide a more explicit caveat that the recommendations may still be deficient because of this limitation on scope. There should be an explicit caveat that acting on these recommendations will not address many important problems.

**Page 5**

After the Tyler revaluation was completed, the most valuable properties in the Village received the largest increases, indicating a high price related differential (PRD).

This is poorly worded, although it is explained more correctly later on the page. The point is that the PRD was high before the revaluation, so it is not surprising that the most valuable properties received the largest increases.

The amount of these increases, however, seemed excessive to many property owners, causing them to question the fairness of the calculations.

What is seriously misleading about this entire Page 5 Tyler discussion is that it conveys the impression that it is *only* the most valuable properties that had a reason to question the unfairness. Plenty of less valuable properties were also treated unfairly. Furthermore, the drafters should not even make this statement if they have already admitted that they did not audit the results.

## **Page 6**

The methodology of this reappraisal reassessment was to perform a comprehensive parcel-specific valuation of all Village properties to attempt to maintain market values at 100% through a smoothing of data from the Tyler revaluation.

Describing the methodology as “a smoothing of data from the Tyler revaluation” is meaningless. I would even say it is false. Can the drafters explain what is meant by this? The drafters should not even make this statement if they have already admitted that they did not study the methodology.

The valuations were based on the sales comparison approach, using a direct market model method informed by statistical analysis of local property sales and a variety of vendor and assessor defined influence factors to calculate individual property values.

As above, this is a glib and useless explanation of the method. If the report purports to explain what the valuations “were based on,” then it should explain this properly.

## **Page 7**

Because this was not intended to be a full revaluation, but rather to correct specific inaccurate values, informal meetings were not offered.

This is amazingly misleading for such a short sentence. First, it was a “full revaluation.” There is nothing in the history or the results to say that it was “to correct specific inaccurate values.”

In fact, there is video showing that I asked John Ryan if he could explain the specific Tyler problems and how he was going to fix them (or words to this effect), and he replied that this was not his approach and he would base his values on what the sales say (or words to this effect) .

Also, the report should acknowledge that one reason for not offering the informal meetings was that (unlike in 2014) the informal meetings were not legally required.

## Page 11

[Regarding Bronxville, Mamaroneck and Pelham.] Through these frequent parcel valuation reviews, robust community outreach and education, residents have accepted frequent changes to their property assessments, which is reflected in the steady decline in grievance filings.

The information provided in the material preceding this statement does not support this statement. Bronxville performs annual revaluations and has a grievance rate of 12%. Mamaroneck started performing them every four years and most recently has a grievance rate of 9% (772/8975). Pelham last performed a revaluation *twenty years ago* and has a grievance rate of only 3% (120/3692). Pelham, the municipality with by far the lowest grievance rate, is the municipality that does not have frequent revaluations. This says that the way to reduce grievance rate is to not have frequent revaluations.

If acceptance is measured based on grievance rates, the relatively higher grievance rates in Bronxville and Mamaroneck show that their residents have not accepted frequent changes to their property assessments.

As a further point, Scarsdale was down to 4% (234/5941) in 2013, which was 45 years after the last revaluation. Scarsdale admittedly was 8% (458/5941) in 2012, but I think the 2012 situation was an echo of the recession when property values actually did go down. If the goal is to observe and understand the whole relationship between revaluations and grievance rates, the report should show at least a thirty (or so) year history of all four municipalities.

## Page 18

There are many types of customer service training that may be useful for helping employees of the Assessor's Department respond appropriately to a range of customer needs expressed in multiple ways. For example, training might include sessions that focus on helping employees provide sensitive information in a shared space, effective communication skills, critical thinking or dealing with confused or difficult customers.

Recommendation 4. Provide customer service training to develop improved methods when interacting with residents.

Why insult the "confused or difficult customers"? Why not point out that the Assessor and her Department were not able to explain the methodology and logic of the revaluations? What has to be improved is their own understanding of and ability to explain the revaluations.

## Page 21

For several reasons mentioned previously, some residents of the Village and their representatives do not trust the results of the two recent revaluations.

The report should acknowledge that the distrust is also due to many other reasons not previously mentioned.

## **Page 21**

Assessment processes are complicated and technical, making clear and frequent communication with property owners essential. Various forms of communication prior to, during, and after any assessment or related meetings and activities should be part of the planning undertaken by the Assessor's Department.

Effective use of the internet, social media and traditional forms of outreach, including neighborhood meetings and informational mailers should be a part of any public relations program designed and implemented prior to a reassessment. The goal is to clearly articulate the rationale, procedures, methodology, and property owners' rights to ensure that the public understands the process.

Recommendation 7. Develop a communications plan that includes procedures, deadlines, and standard language for Assessor's Department communications.

The problem is not with the public's ability to understand a proper explanation. The problem is that the Assessor and her Department do not themselves understand the methodology and logic of the revaluations to the extent of being able to justify it.

The even deeper problem is that both revaluations had actual flaws that cannot be explained away by the internet, etc. This is an example of where a recommendation is misguided because it is not based on an understanding of the real problems.

## **Page 24**

Because the results of the last two revaluations were generally perceived by property owners to be fundamentally unfair, the next revaluation must be planned carefully, with more public outreach and engagement than what would normally be expected. There should also be tighter controls (i.e., checks and balances) that allow for mid-course corrections when needed, with an emphasis on process and communication to ensure proper management, oversight, and transparency.

It was more than a perception of unfairness. There was also actual unfairness that could be directly attributed to technical approaches. I understand that the drafters did not analyze the results themselves and thus did not see this. But if they had seen this they would have realized that the most important thing is to make sure the next revaluation actually is fair and the fairness can be defended. This is more than communication and process. It requires, for example, development of a robust set of methods to test and demonstrate actual fairness and community agreement on those methods.

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Recommendation 15. Annually conduct ratio studies by neighborhood to determine the appropriate time to conduct neighborhood or Village assessments.

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Recommendation 16. Reassess individual neighborhoods, as needed, and use ratio studies to determine if area-specific adjustments are needed.

These recommendations make the “ratio studies” a magic device. In reality, there are whole sets of issues in terms of which metrics to use, tolerances, tests of statistical significance and the like. Also, there are methods beyond “ratio studies” that can provide guidance. The real challenge is in being confident that the analyses correctly inform the conclusion that a revaluation is necessary.

Also, what is the basis for saying neighborhoods matter at all in Scarsdale? This is not Mamaroneck.

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Recommendation 17. Conduct a Village-wide assessment no less than every five years.

Do not make this recommendation unless everything is in place to guarantee the revaluation will be fair, perceived as fair and defensible. And to guarantee that the Assessor will be able to explain it. Since the drafters have not studied the methodologies and have not audited the results, they are not in a position to state what they think is necessary to guarantee these things.

**Page 26**

For the Scarsdale 2014 reassessment project, the RFP was based on a template from the Office of Real Property Tax Services that has been used by many municipalities in New York State

Our RFP should also ask how they will avoid/prevent the problems we found with the Tyler and Ryan revaluations.

**Page 27**

Recommendation 24. Appoint an RFP Review Committee to work with staff during the consultant selection process for Village-wide revaluation.

This should not preclude several meetings where all interested members of the public have the opportunity to engage prospective consultants in open-ended and professional level discussions where the consultants explain their methodologies and their methods for assuring fairness.

### **Page 31**

Recommendation 34. Ensure that the model and methodology for conducting the valuation estimate calculations is included in the required documentation provided to the Village.

This is too vague regarding timing. The full documentation, including the model and the methodology, should be provided when the preliminary results are released – so the public can refer to it in the informal reviews.

### **Page 35**

During stakeholder interviews and research, Management Partners' team members heard that some interactions between Village staff and the BAR were conducted without knowledge of the affected property owners. While this practice has been reviewed and supported by the Village attorney, it does not support a transparent and open process. All information provided to the BAR should also be made available upon request to property owners in advance of the determination. Doing so will promote the Village's intention of setting and reviewing valuations based on processes and procedures that are fair and equitable.

Recommendation 39. Make all documentation provided to the Board of Assessment Review available to property owners upon request.

This has to be much stronger. The Assessor (and any member of the Assessor's Office) should not appear before the BAR unless the property owner is also notified and invited to appear at the same time. The Assessor should not submit any material to the BAR unless the same material is provided to the property owner at the same time and the property owner is given time (at least ten days) to respond.

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[A] high level of care should be taken during the next reassessment to ensure there is a fully transparent process, ample communications, and clear instructions for property owners regarding each step in the process.

I am repeating myself, but I will say again that it is not just about process. It is also about substance. The best communication will not help if the methodology actually produces unfair results. It is frustrating that the report keeps assuming that the substance will be correct.

## **General**

This report does not come to terms with what it will take to guarantee substantive fairness.

It is not enough to be procedurally fair. It has to be substantively fair. Review of the Tyler and Ryan revaluations shows how flawed technical processes resulted in substantive unfairness.

Since the report does not examine this, the report at least should state very clearly that the recommendations might have been different if this had been examined. I would say further that these recommendations should not be accepted in full or expected to address the public concerns until Scarsdale does examine this.

Michael Levine  
February 27, 2018