



Legislative Council Staff
Nonpartisan Services for Colorado's Legislature

Memorandum

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REQUEST FOR PROPOSALS

August 6, 2018

TO: Interested Persons
FROM: Legislative Council Staff, (303) 866-3521
SUBJECT: Request for Proposals to Conduct the 2019 Colorado Property Assessment Study

This Request For Proposals ("RFP") requests qualified individuals or firms to submit 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. Respondents will find it advantageous to review the enclosed information, including the study objective, scope of work, standards, and various requirements pertaining to the study. This RFP is also available online at <http://www.leg.colorado.gov/legislative-resources-requirements>.

PROCEDURAL SUMMARY

Issuing Office - Submission of Proposals - Schedule

All proposals must be submitted by 3:00 p.m., Friday September 7, 2018, to:

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

Respondents must submit 10 copies of their proposal in a 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 submission deadline. Late, electronic, or FAX proposals will not be accepted. Questions regarding this RFP may be sent to marc.carey@state.co.us.

The tentative overall schedule is as follows:

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|------------------------------------|-----------------------------------|
| 1. RFP Release | Monday, August 6, 2018 |
| 2. Proposals Due | Friday, September 7, 2018 |
| 3. Interviews | September 10 - September 18, 2018 |
| 4. Successful Respondent Announced | September 21, 2018 |

Revisions or Clarifications. If 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. Respondents must address all RFP requirements specified in addenda in their submissions.

Ownership of Proposals Received. All material submitted in response to this RFP, other than proprietary material, is the property of the State of Colorado. Respondents must clearly identify any material in their proposals considered proprietary and must clearly state any restrictions on the use of such material. The Director of Research shall make the final determination in advance of approving a contract as to what material contained in the proposal or to be developed in the course of study is proprietary.

Respondent's Costs. The State of Colorado is not liable for any costs incurred by respondents as a result of submission of a proposal pursuant to this RFP.

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

Insurance. Respondents must list separately costs for insurance to cover errors and omissions. The contractor will be required to submit certificates showing minimum coverages prior to the start of work.

1. OVERVIEW

- a. Each year, the State of Colorado contracts for a property assessment study designed to help ensure that property in Colorado is valued correctly for tax purposes. Various provisions of the Colorado Constitution and Colorado Revised Statutes govern the study and should be examined by the respondent 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, 2019.
- b. The study has three major objectives:
 - i. To determine whether each county assessor is applying correctly the constitutional and statutory provisions, compliance requirements of the State Board of Equalization, and manuals published by the state Property Tax Administrator to arrive at the actual value of each class of property.

- ii. 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.
 - iii. 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.
- c. State law requires that the person conducting the study sample, in a statistically valid manner, the aggregate of at least one percent of each class of property in each county of the state. The sample is to reflect various areas, uses, ages of buildings, and economic conditions. Notwithstanding the statutory requirement for a one percent sample, it should be noted that the current practice is to collect and analyze all data, not just a sample.
- d. The study requires an analysis covering valuations for assessment for all locally assessed property in Colorado; it does not cover state-assessed property identified in Title 39 Article 4, Colorado Revised Statutes.

2. SCOPE OF WORK

Respondents should identify, in as much detail as possible, the costs associated with each task required of the contractor.

- a. **Data compilation.** The contractor shall assemble appropriate data necessary for the analysis of property assessments for all counties in the state. The contractor shall create a sales file base from these data for the purpose of analyzing sales ratios for each county using applicable subdivisions, neighborhoods, economic areas, or communities.
- i. The contractor is responsible for the quality of the sales sample utilized in the analysis and shall ensure that the minimum sample size requirements of current law are met.
 - ii. The contractor shall request data from county assessors in an electronic format, to the extent possible, given the constraints of each county's individual county computer systems, and in the format that the county currently uses. The contractor will bear any subsequent cost of converting data to the format used by the contractor.
 - iii. The contractor shall request that counties provide all necessary data by June 15th of the study year. By July 1st of the study year, the contractor shall report to the State Board of Equalization a list of any counties that did not submit accurate and complete data by the June 15 deadline.
 - iv. The analysis for each county shall be performed using only data from that county. However, the contractor may compare certain data across counties for purposes of identifying inconsistencies among counties in the process of valuing similar properties or qualifying sales of similar types of properties.

- b. **Sampling.** The contractor shall analyze a sample of data comprising at least one percent of all properties in each property class in each county of the state, and at least one percent of the properties in any subclass that constitutes at least 20 percent of the property in numbers of properties or total value. Samples should reflect various areas, uses, ages of buildings, and economic conditions. It should be noted that, in order to fully review and analyze the assessment practices employed in each county, the current practice is to collect and analyze all data, not just a sample.
- i. The statistical study of sales data shall be conducted in conformance with the standards adopted by the Colorado State Board of Equalization using classes and subclasses of property as 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 fewer than 30 parcels or for any subclass contain fewer than 10 parcels. The contractor shall 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 class of property within the county or the assessor has verified as coded typical sales representing at least 5 percent of all properties in the class of property within the county, whichever amount of sales is greater.
 - ii. In developing a sample for the study of valuations for assessment, the contractor shall be guided by the one percent sampling criterion previously discussed, but with the ultimate objective of analyzing the assessment practices employed in each county to accurately value property.
 - iii. 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.
- c. **Sales verification.** The contractor shall determine whether each county has developed and is using a process to verify all sales that qualify as arms-length transactions. The contractor shall review the process and the techniques employed by each county and shall determine whether the process and techniques are effective. For each county, the contractor shall set forth the manner in which sales have been classified as qualified or unqualified, including a listing of each step in the sales verification process, any adjustment procedures, and the role of appraisers versus other staff in the process. In any county in which the assessor has not developed or utilized a sales verification process, the contractor shall verify each sale utilized in any analysis of a class of property.

For sales with consideration over \$100,000, the contractor shall calculate and report the ratio of qualified sales to total sales by class for residential, commercial, and vacant land. If fewer than 50 percent of sales in a class are qualified, the contractor shall conduct further analysis by subclass. In any subclass that constitutes at least 20 percent of the total number of properties, or at least 20 percent of the total value in a class, the contractor shall analyze the reasons for disqualification of sales. The contractor shall review with the assessor any analysis indicating that sales data are inadequate, fail to reflect typical properties, or have been disqualified for insufficient cause. Inappropriately disqualified sales should be added to the qualified sales list and used by the contractor when calculating the aggregate sales ratio, mean sales ratio, median sales ratio, and coefficient of dispersion.

- d. *Analysis of sales ratios and dispersion.* For each class and appropriate subclass of property, the contractor shall statistically analyze all sales qualified as arms-length transactions. All such 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. Sales ratio statistics shall be calculated and reported in the same manner for all property classes or subclasses.
- i. If qualified sales represent less than one percent of property in a particular class or subclass in the county, the contractor shall conduct representative appraisals 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.
 - ii. Once the verified sales and necessary appraisals have been compiled, the contractor shall calculate an aggregate sales ratio, a mean sales ratio, a median sales ratio, and a coefficient of dispersion for each class or appropriate subclass of property. Where statistically valid, this information will also be calculated for each subdivision, neighborhood, or economic area. Where relevant, this analysis should also be conducted for areas where there are less than 30 qualified sales. The contractor shall compute the aggregate sales ratio by dividing the total of actual values (calculated from assessed value) in the sample by the total of sales prices 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.
 - iii. If the median sales ratio for a class, appropriate subclass, economic area, neighborhood, or subdivision is within the limits established by the State Board of Equalization, 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 shall report this finding, take steps to establish the reason for any aberration, and investigate any problems in appraisal methodology utilized by the assessor. For areas where the median sales ratio is outside the established limit, the contractor will require the assessor to explain and justify the reasons for this variance.
 - iv. The contractor shall calculate the coefficient of dispersion 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, the contractor shall report this finding and identify any apparent problems with the assessor's appraisal methodology.
 - v. The contractor shall use a statistical methodology that is generally accepted in the appraisal industry. If the median sales ratio or the coefficient of dispersion are 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.

vi. The contractor shall employ other statistical techniques including histograms, scatter diagrams, schematic plots, and measures of reliability to help evaluate the assessment practices employed in each county. Specifically, the contractor shall:

- (1) identify whether bias exists in a county's appraisal process;
- (2) determine whether the assessor needs to improve inventory procedures;
- (3) ensure that the sample of sales is representative of the class of property;
- (4) provide a base of information for further investigation of appraisal practices; and
- (5) provide evidence to support the contractor's findings.

e. **Appraisals.** 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 sample size requirement is met for each class and appropriate subclass of property.

The contractor shall supplement market information with selected appraisals 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 or whenever sales data are 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. The appraisals shall be sufficient in number to adequately resolve a proper level of assessment. For example, a minimum of 30 appraisals would be appropriate for each county, but under unusual circumstances a smaller number of appraisals may be authorized by the Director of Research.

f. **Review of economic areas.** The contractor shall determine whether each assessor is giving adequate consideration to the establishment of reasonable neighborhoods, communities, or economic areas. If the contractor determines that an assessor has established an adequate basis for neighborhoods, communities, or similar economic areas, the contractor shall use these comparisons 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. The contractor shall confirm that sales data reflect typical properties in an economic area.

i. For each county having a population over 100,000, the contractor shall study comparative assessments of properties within similar market areas for residential property and between comparable residential market areas in each county. The contractor shall review any work done by the assessor to consider assessments within 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.

- ii. 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.
- g. *Assessment records check (Sold/Unsold Analysis).* 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 contractor shall identify whether the level of assessment for unsold properties has been adjusted in the same manner as for those properties for which sales data were available. Where relevant, this analysis will be performed at the subclass, economic area, neighborhood, and subdivision level. The contractor will require the assessor to explain and justify all significant differences.
- h. *Procedural review.* For each property class, the contractor shall examine the procedures employed by the assessor to value property in the class and determine whether each assessor has complied with state law and the manuals published by the Property Tax Administrator.
 - i. *Residential.* 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), 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 economic area. The report must identify differentiations in values of similar properties based on age and location.
 - ii. *Commercial and industrial.* For commercial and industrial property, the actual value is determined by appropriate consideration of cost, market, and income approaches to appraisal. Using the classification codes listed by the Property Tax Administrator, such as merchandising, lodging, office, warehouse, contracting, manufacturing and refining, etc., 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 the county.
 - iii. *Vacant land.* For each county that has more than 1,200 total vacant land parcels, the contractor shall analyze at least one percent of all such parcels sold. In such counties, the contractor shall also analyze one percent of the vacant land parcels 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.

- iv. *Agricultural*. 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. The contractor shall review the assessor's records for major land categories, including irrigated farm, dry farm, meadow hay, grazing, and other lands. The contractor shall examine the records in each assessor's office and, in conjunction with independent appraisals, document for one percent of all agricultural property that the assessor has complied with the constitution, statutes, and manuals published by the Property Tax Administrator.
- (1) The contractor shall identify and inventory whether the assessor has taken the following actions in accordance with standards published by the Property Tax Administrator:
 - (a) soil conservation service guidelines have been used to identify the classes of lands based on productivity ratios;
 - (b) crop rotations have been documented;
 - (c) expenses have been documented for a ten-year average and verified as typical landlord expenses;
 - (d) commodity prices provided by the property tax administrator have been utilized;
 - (e) crop yields by classification have been documented;
 - (f) grazing land has been classified according to carrying capacity;
 - (g) the assessor has properly classified orchard land as such and not as irrigated land, but has assigned a high irrigated land value to it;
 - (h) the number of acres in each class and subclass have been properly totaled; and
 - (i) the capitalization rate has been properly applied.
 - (2) The contractor shall 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 shall identify and give the average value for each class or subclass of land.
 - (3) The contractor shall review each county's procedures on valuing rural agricultural outbuildings for compliance with the recommendations of the Division of Property Taxation.
 - (4) The contractor shall determine whether residential land determined to be not integral to the agricultural operation has been valued in conformance with the guidelines of the Property Tax Administrator.
 - (5) The contractor shall report any evidence of the inability of assessors to obtain the information necessary to properly assess agricultural property.
- v. *Natural resources*. The contractor shall examine the procedures employed by the assessor to value natural resources lands and determine whether each assessor has complied with the statutes and the manuals published by the Property Tax Administrator. 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.

- (1) For producing mines, the contractor shall determine whether the 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 basis for estimating gross value and the costs of extraction, treatment, reduction, transportation, and sale of the product.
 - (2) 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 39-7-101, C.R.S. The contractor shall 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 pursuant to Section 39-7-102, C.R.S. The contractor shall also 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.
 - (3) 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 shall document steps taken by each assessor to value nonproducing natural resource property.
- vi. *Possessory interests.* The contractor shall review and report on the procedures and guidelines used by each county when assessing and valuing possessory interest properties. In conjunction with this review, 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 in the tax rolls.
- vii. *Personal property.* For the counties having a population over 100,000, the contractor shall analyze a sample of 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. The contractor shall report on any county that has not implemented a plan for auditing personal property schedules. 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.
- i. *Review 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 county shall provide and contractor shall report on the reasons for the delay.

- j. ***In-depth examinations.*** The contractor shall conduct a limited number of more detailed examinations, as determined by the Director of Research, to supplement the rest of the audit. The in-depth examinations are a separate work product from the rest of the audit and delivered to the Director of Research on a date determined by the director and the contractor. Up to 10 counties per year will be identified for in-depth examination of one or more of the following:
 - i. ***Valuing property.*** The contractor shall evaluate in detail the methods employed by the assessor to value a particular type of property in the county, where the type is defined as something no broader than a subclass of property as identified by the State Board of Equalization. The evaluation shall include the appraisal techniques used in the county and whether those techniques are applied consistently throughout the county. The contractor shall also review the professional development standards employed by the assessor and the training required of new appraisers employed by the assessor.
 - ii. ***New construction.*** The contractor shall evaluate the process employed by the county assessor to discover, list, and value all real and personal property within the county. Specifically, the contractor shall determine whether the assessor is employing all available methods to discover newly constructed improvements and new personal property, and whether those improvements and personal property are valued and added to the assessment roll as soon as possible according to their status on the current assessment date.
 - iii. ***Updated values to reflect market fluctuations.*** For residential, commercial, and vacant land properties, the contractor shall compare values from previous appraisal cycles to values set for the current cycle by class, subclass, economic area, neighborhood, or subdivision, as appropriate. If the contractor questions whether the reported value change is in conformance with the market, the assessor will be asked to explain and justify the change.
 - iv. ***Transactions.*** The contractor shall obtain from the Clerk and Recorder a sample of at least 30 randomly selected deeds for sales transactions occurring between January 1, 2017, and June 30, 2018, on which a documentary fee has been paid to the county, and at least 10 randomly selected deeds occurring between those dates in which the grantor is the United States or any agency or instrumentality thereof. The contractor shall verify that all sales in the sample are included as either qualified or disqualified sales in the county assessor's database, and whether the documentation for either designation is appropriate.
- k. ***Report findings.*** The contractor shall summarize all relevant findings and recommendations in a 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 with the report. Where applicable, property class data shall be stratified to reflect subclasses.
- l. ***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.

- m. *Statewide sales database.* The contractor shall compile a statewide database of all sold properties to be made available to all county assessors.
- n. *State housing study.* The contractor shall provide residential housing value information to the Director of Research pursuant to the school district cost-of-living study required by Section 22-54-104, C.R.S. By December 1, 2019, the contractor shall provide the change in median price per square foot for single family homes over the prior reassessment cycle for each school district. The contractor may use the same sales period as the county assessor to determine the change in value.

3. EVALUATION FACTORS

- a. 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:
 - i. the quality of the proposal submitted;
 - ii. experience in mass appraisal techniques and sales ratio analysis;
 - iii. the itemized cost of various parts of the study;
 - iv. availability of staff skilled in the appraisal of various classes of property;
 - v. access and capability for computerization and analysis of market data;
 - vi. the plan for communicating with assessors; and
 - vii. other enhancements.
- b. 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.
- c. The personal resumes submitted shall list references as well as past employers.

- d. The respondent must also identify the firm through which the respondent has access to cost service estimates essential for proper appraisals of property and identification of replacement costs.
- e. As a part of any contract negotiated with a successful respondent, 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 as required by the contract.

4. PROJECT PLAN AND SCHEDULE

- a. Each respondent shall submit a detailed project plan and schedule that ensures that a final report is submitted to the General Assembly and the State Board of Equalization by September 15, 2019.
- b. The contractor must gather sales data from counties by June 15, 2019 and report by July 1, 2019 to the State Board of Equalization the name of any county that did not provide accurate and complete data by June 15. In most cases, county assessors should be able to provide sales data to the contractor soon after Notices of Valuation (NOVs) are mailed. As soon as reasonably possible, the contractor shall provide in return to the assessors the converted sales database used for analysis by the contractor in the same kind of medium supplied by the assessor.
- c. The contractor shall deliver a preliminary report to the office of each county assessor no later than noon on August 15, 2019. Preliminary reports should be given to each county assessor when the respective county is complete. For classes of property where NOVs are mailed on May 1, 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. The report shall consist of the following two parts:
 - i. recommended orders for reappraisals of any class or subclass of property that does not comply with state law or standards of the State Board of Equalization; and
 - ii. audit exceptions or recommendations for change citing specific problem areas that did not rise to the level of requiring the contractor to recommend an order for reappraisal. The contractor shall cite whether or not the problem areas may adversely affect the accuracy of the assessment of one or more classes of property in the county.
- d. The contractor shall recheck county data if changes were made by the assessor subsequent to the preliminary reports.
- e. 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 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 assessors, the commissioners, the contractor, and the Legislative Council. The exit interview 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 interview. At the meeting, the contractor 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 or her objections to the contractor no later than noon on September 5, 2019. For counties in which an exit interview 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 interview. For counties in which an exit interview is not held, the contractor shall send a copy of the certified letter to the assessor and to the Director of Research.

- f. The successful respondent may begin the 2019 assessment study upon formal completion of a contract with the State of Colorado.
- g. The respondent's plan for the assessment study should incorporate the following in the order presented below:
 - i. a daily billing rate for personnel conducting the study and the expected travel costs per day;
 - ii. 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;
 - iii. a summary of estimated total costs for personal services, travel, and computer services;
 - iv. an organizational chart showing personnel included in the study;
 - v. a schedule for evaluation of appropriate sales data from each county;
 - vi. an approximate schedule for review of records in each county assessor's office;
 - vii. a rough estimate of the number of appraisals of various classes of property expected in each county;
 - viii. 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;
 - ix. a system for establishing economic regions to enhance the analysis of assessment practices;

- x. a proposed time sequence chart of accomplishing the study; and
- xi. other information required to be submitted for this RFP.

5. NOTIFICATION TO EACH ASSESSOR

- a. In the conduct of the assessment study, the contractor shall notify each assessor of the schedule for review of the assessor's record, of the time in which the contractor will be conducting appraisals in the county, and of 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 to inform them of audit statistical techniques and procedures that will be used in the course of the study.
- b. 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 an exit interview.
- c. There are two periods of time when the contractor should avoid interfering with the assessor and his or her staff: 1) the period when NOVs 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.
- d. A supplemental report shall be submitted by the contractor prior to September 15, 2019, 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.
- e. The contractor shall secure copies of each of the orders of the State Board of Equalization from 2018 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 this determination, the contractor shall select appropriate samples of parcels from each class or subclass of property subject to each order. The contractor shall separately, for each county, report its findings regarding the level of compliance with each order of the State Board of Equalization.

6. DOCUMENTS AND REPORTS

- a. *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 1/2" 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.

- b. All information such as sales ratio documents, appraisals, and other information collected by the contractor is the property of the State of Colorado. The reports prepared by the contractor, and any other materials or analysis pertaining to this study are also 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.

7. SCHEDULE OF PAYMENTS

The contractor shall submit progress reports on or about December 15, 2018; January 15, 2019; March 15, 2019; May 15, 2019; and July 15, 2019. 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 will be made in October of 2019 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, 2019, that the final report for a county has not been filed with the State Board of Equalization.