

CITY CLERK MEMORANDUM
10-69

DATE: October 8, 2010

TO: Honorable Mayor and Members of City Council

FROM: Jacquelyn J. Bernard, City Clerk

SUBJECT: ADDITIONS TO THE 10/11/10 CITY COUNCIL MEETING AGENDA

Attached are two items that are proposed for addition to the agenda for the October 11, 2010 City Council meeting. They are:

1. For addition under Proclamations and Courtesy Resolutions:

A resolution in tribute to Congressman Zach Wamp who will be completing his term in the U. S. Congress at the end of this year. Congressman Wamp and members of his staff – Helen Hardin, Rick Tucker and Gina McMahan – will be present at Monday night's Council meeting. It is planned to present him with this resolution, along with a gift, in appreciation for his service to the Third Congressional District which includes the City of Oak Ridge.

2. For addition under Special Reports:

Former Councilman Leonard Abbatiello has submitted to the Council his report on the activities of the Anderson County Board of Equalization. As you know, Councilman Abbatiello is our representative on this Board. In addition to his presentation of the equalization report, Councilman Abbatiello will give an overview of the Anderson County Property Tax Freeze Program. The third attachment to this memo relates to that program.

The staff recommends that these items be added to the agenda as indicated.

Copies of this memo and attachments have also been placed in your mailboxes in the Municipal Building.


City Clerk

Attachments

CITY OF OAK RIDGE, TENNESSEE

RESOLUTION NUMBER 10-95-10

WHEREAS, Congressman Zach Wamp has served the Third Congressional District of Tennessee, which includes the City of Oak Ridge, for 16 years; and

WHEREAS, he was first elected to Congress in 1994, began his service in January 1995 and will complete his term in office in January 2011; and

WHEREAS, he has shown leadership in critical areas such as sustainable energy, transportation, national security, education reform and technology development; and

WHEREAS, of particular note is his leadership in the formation of the Tennessee Technology Corridor, a project which he undertook to bring the region together around our shared science, technology, business and education assets; and

WHEREAS, what started in 1995 as a regional economic summit has grown into a national award-winning economic development organization focused on high-tech research, development, manufacturing and investment in the Tennessee Valley Corridor. Its success is paying major dividends in the way of thousands of new, quality jobs for Tennesseans; and

WHEREAS, Zach's accomplishments in office are too numerous to mention; suffice it to say that his record is one of working diligently with his fellow members of Congress and his constituents throughout the Third District to address complex challenges at both the local and national levels; and

WHEREAS, he exercised his political leadership wisely and in so doing has earned the respect and gratitude of those who worked with him throughout the Third Congressional District. His outstanding representation of this District, including the City of Oak Ridge, will be long remembered; and

WHEREAS, Congressman Wamp's strong support and visionary leadership has helped position Oak Ridge's world-class facilities for the future.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF OAK RIDGE, TENNESSEE:

That in recognition of his distinguished service to this community, this region, this state, and to our great nation, the Oak Ridge City Council pays tribute to Congressman Zach Wamp and accords him an honored place in the history of this city.

BE IT FURTHER RESOLVED that this resolution shall be affixed with the Great Seal of the City of Oak Ridge, Tennessee, and presented to Congressman Wamp as a token of this Council's esteem and on behalf of all citizens of the City of Oak Ridge.

This the 11th day of October 2010.

APPROVED AS TO FORM AND LEGALITY:



City Attorney

Mayor

City Clerk

Anderson County Board of Equalization

110 Dover Lane,
Oak Ridge, TN 37830

September 15, 2010

Honorable Mayor and Members of City Council
City of Oak Ridge
P.O. Box 1
Oak Ridge, TN 37831-0001

RECEIVED
2010 SEP 17 AM 9:55
OFFICE OF THE CITY CLERK

Subject: Anderson County Board of Equalization Report - 2010

Dear Mayor and Members of City Council:

As you are aware, I currently serve as the Oak Ridge representative on the Anderson County Board of Equalization. I was appointed in late May 2010.

The purpose of this Board is to provide a due process for oversight, review and adjustment of property appraisals for everyone. The Board holds detailed hearings, assembles case histories, makes adjustments as indicated, and provides a conduit to the TN State Administrative Judge who can further review individual cases.

Attached is a brief report of this Board's primary activities for this year. This year we experienced a property reappraisal in Anderson County. The previous one occurred in 2005. Board activities are becoming much more demanding as the appraisal target aims for 100 % of the current sales value, while many believe that property values are either flat or, in some cases, decreasing.

Oak Ridge constitutes about 38% of the value of Anderson County. Anderson County has 31,542 residential properties and 2,330 business properties. This year the Board held 814 hearings and it was a very positive experience. Not all hearings resulted in reductions; some properties received large increases. Fair equalization was the objective of every hearing.

The City of Oak Ridge has not yet adopted the "State Tax Freeze Program"; therefore, this program is not available to deserving Oak Ridge citizens. The Oak Ridge City Council needs to immediately adopt the TN Tax Freeze Program which can be very beneficial to some of our elderly citizens.

I must say that this Equalization Board is the most professional, knowledgeable, and concerned board that I have ever served on. It is composed of five diverse, intelligent, and concerned Anderson County residents who know this City and County.

I trust that you will find this report informative and that you will take action soon to adopt the TN State Tax Freeze Program, thereby making it available to our Oak Ridge taxpayers.

If you have any further questions about the equalization process, or the existing tax assistance programs, please call.

Sincerely,

A handwritten signature in black ink that reads "Leonard A. Abbatiello". The signature is written in a cursive style with a large initial 'L'.

Leonard A. Abbatiello
Oak Ridge Equalization Board Representative

Attachments: Anderson County Board of Equalization Results 2010, L. A. Abbatiello
Anderson County Board of Equalization Final Report, Summary pgs. 19 & 21

Cc: Vernon Long, Anderson County Assessor of Property
and members of the Board of Equalization.
Mark S. Watson, City Manager, City of Oak Ridge
Steven W. Jenkins, Deputy City Manager
Janice McGinnis, Finance Director

Anderson County Board of Equalization Results– 2010

L. A. Abbatiello
September 15, 2010

They say that the only things certain in life are death and taxes! This year, Anderson County experienced an event that periodically takes place and impacts everyone in some way because it links both life and money. But the linkage between their property reappraisal and the property tax they pay is mysterious to most people. They just know that reappraisal probably means they will have to shell out more dollars to support their local government.

Local governments derive a significant portion of the funds needed to provide services such as police, fire, roads and schools from local property taxes, which are assessed on all property within the jurisdiction. The value of this property is used as the mechanism to determine what our individual share of these expenses will be. Typically, every 4 or 5 years, all of the property is reappraised by the State, the sum is determined and then taxes are assessed based upon a series of complex, law-based equations considering actual recent sales. Everyone gets appraised at 100 % of expected current sales value based upon TN State studies and a common state-supported, computer-based appraisal system. This system considers the many physical characteristics of each individual property, including any structures. Features which are evaluated include age, size, type of construction, condition, location, its surroundings, and both current and future earnings potential if it is a commercial property. These characteristics are then matched with recent actual sales to determine the property value. Equalization is the process by which every property is compared based on these features and a value determined. This results in essentially a zero-based appraisal every 4 or 5 years.

The State requires the County to maintain a board of resident experts which annually evaluates the State's reappraisal process and the performance of the Property Assessor's Office. It also reviews every property appraisal for which a hearing has been requested. It has the power to evaluate any other property, or groups of properties, including complete neighborhoods that appear to be improperly appraised. Appraisals which appear out of line (either high or low) are subject to review. The Board's job is equalization! That is, to see that each property is treated equitably and fairly within the context of the law and the State's appraisal process. The Board of Equalization takes this job very seriously and responds professionally to all requests for investigations.

The Anderson County Board of Equalization began meeting on June 1, 2010 and met daily all day long until August 9. The Board held a total of 814 hearings which resulted in all possible outcomes, including appraisal increases, appraisal decreases and appraisals which were not changed. Of the 814 cases the Equalization Board heard, there were 662 residential properties and 151 commercial properties reviewed. This constitutes 2.12 % of the 31,542 taxpaying Anderson County residential properties, while the commercial properties constituted about 5.2 % of our 2,330 Anderson County commercial properties.

Most people requesting an Equalization Board hearing do so simply because they feel that their evaluation is high. During the hearing, all owners are asked to provide the factual, sales-based information that supports their position or claim. The Board then reviews detailed information about the property such as its construction, the land's characteristics, and the characteristics of the surrounding property. It also reviews recent 3-D aerial photographs of the property and compares the visual images of the actual buildings with those listed on the computer documents, including their size and condition. Then the board investigates a listing of the documented property sales base that was used by the State in determining the value base for that area and type of construction. The Board "pairs" the hearing property with comparable recently sold real estate, considering both the value of the land and the building structures separately. At the end of this review process, the Board takes action to correct the descriptors which are in error and, finally, it computes a new computer-based specific property appraisal value using all of the adjusted factors combined with professional judgment. It is indeed a professional, rigorous, specific property focused, comparison-based equalization process.

In addition to reviewing / adjusting property values, the Board ensures that every person is informed about other government programs which might be of value to them in further reducing tax payments. These included: (1) The "Greenbelt Program," (2) The State of Tennessee Property Tax Relief Program (\$26,830 limit) for elderly and disabled homeowners, and (3) The TN Tax Freeze Program if they appeared eligible. The Tax Freeze Program of Anderson County (\$35,800 limit) was explained in enough depth to determine if the person was eligible and then they were given information on how to apply. Most folks found this to be extremely helpful. Clearly, Oak Ridge needs to adopt the "Tennessee Tax Freeze Program" as there are many retirees that make less than the \$35,800 criteria and who could benefit from it today, and it is not now available to Oak Ridge taxpayers.

This complex process was able to identify both individual properties and complete neighborhoods which required additional reappraisal work before finally establishing their fair and equitable equalization values. Generally, there are various sectors of the community which experience changes and which differ greatly from what is normally reported in the popular press as the "norm" of the area. These local micro-environments may increase much more than the "norm" or much less; both are driven by the actual "sales" data base.

Anderson County experienced a median 21% increase from the previous 2005-2009 base. That is, the total value changed from \$4,605,226,000 to approximately \$5,572,323,000. This includes all business changes, new construction, and renovations. It includes any old construction removals, destruction by fire, or other major changes. This median change does not infer that your house should have changed 21%; your individual property could have experienced much more, or much less change.

There were several local micro-environments that experienced very different changes in value. Lakefront property increased as much as 400-600%. Large residential lots, those between 1 and 15 acres, typically experienced increases in the 60-80% range. The impact

of this change in value of “baby farm” residential lots may make it burdensome for some taxpayers in the future. Some City neighborhoods experienced 20-30% decreases for a number of identifiable reasons. Oak Ridge was the slowest growing region in Anderson County while Norris / upper NE Anderson County experienced the highest growth of 30%.

A total of 662 residential properties were evaluated, with 30 (~5%) increasing in value, 164 (~ 25%) remaining unchanged, and 468 (~70%) experiencing reductions from the State assigned 2010 value. None were reduced below the 2005-2009 level. There were two neighborhoods which received blanket revaluations due to major State reassessment errors and both were revised downward. The average residential property coming before this board is currently valued at \$160,000, having increased from its previous 2005 value of \$132,000 by 21.2%. The pre-review increase was 36%. The State sales data reflects an increase in the selling price of land along with a flattening of the selling price of residential homes. Higher-priced homes are being impacted most by the current recession, but in general there has been no general decrease in home sales prices in Anderson County. But future increases are likely to be very small as evidenced by the last 2 years’ sales prices.

A total of 151 commercial properties were evaluated. There was 1 (~0.6%) increase, 78 (~52%) remained unchanged, and 72 (~48%) experienced reductions from the State assigned 2010 value. Many commercial properties are experiencing a very difficult economic period, and nearly all are appealing their appraisals based on today’s lower income potential. In general, the valuation of a business is not reduced below the current comparative selling price. Many of the unchanged business properties are expected to further appeal their appraisals to the TN Administrative Judge level.

Considering the 814 cases appealing their new 2010 reappraisals, nearly 3 of 4 received some beneficial change and nearly everyone felt that their hearing was a positive experience, leaving them much better informed for their efforts. Hearing a total of 814 cases was a long, tiring process, but one which paid real dividends for everyone concerned. This constituted hearing appeals on approximately 2% of all Anderson County properties. Also, one must remember that about 98% of all property appraisals remained unchanged. This is truly a testament to the accuracy and diligence of both the State Appraisal System and the Anderson County property appraisal staff. They are to be commended.

I personally received a number of telephone calls thanking me for the Board’s informative and professional approach to this difficult and intimidating problem. I actually enjoyed meeting the diverse residents and various business owners from across our County while working with Vernon Long and his very capable staff. It has been my pleasure to serve as we work toward fair property equalization.

ANDERSON COUNTY BOARD OF EQUALIZATION - 2010

SUMMARY STATISTICS

9/14/2010

Summary Residential Property, Decreased

Equiz. Bd. Case No.	Property Number	2009 Prev. Totl Appr. \$	Land Appr. \$	2010 Assessor Total Appr. \$	Land Appr. \$	Assessor Assessment	Norm. \$/Acres	Adj. Imp.	Adj. Land	CEB New Totl Appr. \$	Adjusted to % Over 2009	Changed ?	Notes
	Residential Sum, Decreased:	\$83,665,817	\$63,796,100	\$114,346,330	\$28,416,000	24.86%		\$54,174,726	\$63,784,876	\$101,085,900	21.0%	488	164
	Residential Average Value, \$:	\$132,225		\$180,928		36.8%					21.0%	632	
								And. Co. Board Increase over 2009 Appr. \$, %:					
								And. Co. Board Ave. Value / Reald., \$:		\$169,946			
								Difference:					

Summary Residential Property, Increased

Equiz. Bd. Case No.	Property Number	2009 Prev. Totl Appr. \$	Land Appr. \$	2010 Assessor Total Appr. \$	Land Appr. \$	Assessor Assessment	Norm. \$/Acres	Adj. Imp.	Adj. Land	CEB New Totl Appr. \$	Adjusted to % Over 2009	Changed ?	Notes
	Residential Sum, Increased:	\$3,841,709	\$3,180,000	\$4,814,610	\$1,203,150	24.99%		\$3,808,700	\$3,186,600	\$5,899,000	53.6%	30	30
	Residential Average Value, \$:	\$128,057		\$150,487		26.3%					53.6%	30	
								And. Co. Board Increase over 2009 Appr. \$, %:					
								And. Co. Board Ave. Value / Reald., \$:		\$186,600			
								Difference:					

Summary Commercial Property, Decreased

Equiz. Bd. Case No.	Property Number	2009 Prev. Totl Appr. \$	Land Appr. \$	2010 Assessor Total Appr. \$	Land Appr. \$	Assessor Assessment	Norm. \$/Acres	Adj. Imp.	Adj. Land	CEB New Totl Appr. \$	Adjusted to % Over 2009	Changed ?	Notes
	Commercial Property Decreased:	\$136,134,927	\$71,779,800	\$172,736,330	\$89,092,120	40.00%		\$126,146,800	\$36,172,700	\$161,319,200	18.6%	72	78
	Commercial Average Value, \$:	\$128,057		\$150,487		26.9%					18.6%	150	
								And. Co. Board Increase over 2009 Appr. \$, %:					
								And. Co. Board Ave. Value / Reald., \$:		\$4,564,440			
								Difference:					

Summary Commercial Property, Increased

Equiz. Bd. Case No.	Property Number	2009 Prev. Totl Appr. \$	Land Appr. \$	2010 Assessor Total Appr. \$	Land Appr. \$	Assessor Assessment	Norm. \$/Acres	Adj. Imp.	Adj. Land	CEB New Totl Appr. \$	Adjusted to % Over 2009	Changed ?	Notes
	Commercial Property Increased:	\$153,000	\$153,000	\$153,000	\$153,000	40.00%		\$436,400	\$172,900	\$609,300	216.4%	1	1
	Commercial Average Value, \$:	\$153,000		\$153,000		26.9%					216.4%	1	
								And. Co. Board Increase over 2009 Appr. \$, %:					
								And. Co. Board Ave. Value / Reald., \$:		\$509,300			
								Difference:					

Summary Personal Property, Decreased

Equiz. Bd. Case No.	Property Number	2009 Prev. Totl Appr. \$	Land Appr. \$	2010 Assessor Total Appr. \$	Land Appr. \$	Assessor Assessment	Norm. \$/Acres	Adj. Imp.	Adj. Land	CEB New Totl Appr. \$	Adjusted to % Over 2009	Changed ?	Notes
	Personal Property Decreased:	\$0	\$0	\$0	\$0	40.00%		\$49,228	\$0	\$49,228	0.0%	1	1
	Personal Average Value, \$:	\$0		\$0		0.0%					0.0%	1	
								And. Co. Board Increase over 2009 Appr. \$, %:					
								And. Co. Board Ave. Value / Reald., \$:		\$0			
								Difference:					

Summary Personal Property, Increased

Equiz. Bd. Case No.	Property Number	2009 Prev. Totl Appr. \$	Land Appr. \$	2010 Assessor Total Appr. \$	Land Appr. \$	Assessor Assessment	Norm. \$/Acres	Adj. Imp.	Adj. Land	CEB New Totl Appr. \$	Adjusted to % Over 2009	Changed ?	Notes
	Personal Property Increased:	\$0	\$0	\$0	\$0	40.00%		\$49,228	\$0	\$49,228	0.0%	1	1
	Personal Average Value, \$:	\$0		\$0		0.0%					0.0%	1	
								And. Co. Board Increase over 2009 Appr. \$, %:					
								And. Co. Board Ave. Value / Reald., \$:		\$0			
								Difference:					

CEB Assessment \$25,166,900
24.90%
Decreased Total: 632

CEB Assessment \$3,260,100
26.28%
Increased Total: 30
TOTAL RESIDENTIAL: 662

CEB Assessment \$64,927,680
40.00%
Decreased Total: 150

CEB Assessment \$4,564,440
40.00%
Increased Total: 1

CEB Assessment \$14,758
0.0%
Total: 1

CEB Assessment \$14,758
0.0%
Total: 1

CEB Assessment \$166,680
40.00%
Increased Total: 1

CEB Assessment \$166,680
40.00%
Increased Total: 1

TOTAL CASES, ALL: 814

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Note Codes: GB = Greensbelt, designated; LK = Lakefront

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Field check requested

Field check requested

Field check requested

Field check requested

Inc = Income approach

Inc = Income approach

Inc = Income approach

Inc = Income approach

Comb = Combined

Comb = Combined

Comb = Combined

Comb = Combined

Gas = Personal Prop. Gas.

Vermon Long, Assessor of Property

Don Butler, Chairman of Equalization Board

Signed: 8/20/10

Signed: 8/20/10

Signed: 8/20/10

Signed: 8/20/10

ANDERSON COUNTY BOARD OF EQUALIZATION - 2010

SUMMARY of ASSESSMENTS STATE REPORT

Report of the Assessor of Property
of Anderson County, Tennessee
Taxing Entity of Anderson County for the year 2010

In compliance with Section 67-5-1413 and 64-5-304
of Tennessee Code Annotated.

Page 1 of 1 Pages.

Property Classification

Assessment by
County Assessor

Total Increase in Assessment
By County Board

Total Decrease in Assessment
By County Board

Total Assessment
Approved by County Board

Real Property:
Ind. & Commercial \$459,149,640
Residential \$914,370,800
Farm \$286,940
Public Utility \$40,386,750
Total Real Property \$395,065
\$1,414,302,255

\$166,680
\$286,940
\$0
\$0
\$453,620

\$4,564,440
\$3,250,100
\$0
\$0
\$7,814,540

\$454,751,880
\$911,407,640
\$40,386,750
\$395,065
\$1,406,941,335

Personal Property:

Tangible
Ind. Commercial \$126,867,243
Res., Farm, all Other \$0
Intangible \$0
Total Personal Property \$126,867,243

\$0
\$0
\$0
\$0

\$126,867,243
\$0
\$0
\$0
\$126,867,243

Total Real and Personal Property \$1,541,169,498

\$453,620

\$1,533,806,578

Grand Total of all Taxing Entities \$1,541,169,498

\$453,620

\$1,533,806,578

Signed: 8/20/10

Vernon Long, Assessor of Property

Signed: 8/20/10

Don Butler, Chairman of Equalization Board

AND. CO. PROPERTY TAX FREEZE PROGRAM SUMMARY

L.A. Abbatiello

October 7, 2010

Overview:

The State of Tennessee Property Tax Freeze was enacted in 2007 which authorizes any county or municipal legislative body to adopt the property tax freeze program.

General Requirements:

- Be 65 or older at year end.
- Own their residence, (mortgages OK).
- Income from all sources must be below the annual limit.
- Must apply annually at the Trustees Office.

The Trustees Office will provide all administrative support for both the County and every participating municipality.

The State Comptroller computes the income limit annually for each county.

Anderson County 2009:

Income below: TAX Relief: \$26,830 TAX Freeze: \$37,620

The dollar value of ones property taxes paid are then frozen at the level of the initial year application dollar level, or lower, for as long as the owner qualifies.

Facts:

The tax freeze is currently in place in both Anderson County and Clinton. It is estimated that there are approximately 4,000 Anderson County residents that meet the ownership, age, and income qualifications. Within this group, there are about 1000 are Oak Ridge residents.

Actual participants: Anderson County: 991 Clinton: 142

**Oak Ridge residents currently on the Anderson County Program: 186
(They therefore would qualify for an Oak Ridge Freeze.)**

Projections:

Approximately 800 Oak Ridge Retirees appear to qualify for this Freeze Program. Interestingly, it appears that every widow of a DOE Contractor Retiree, with an income which is derived solely from Social Security and a local pension will qualify. Once qualified, a retiree widow will most likely remain qualified for her lifetime.

Adopting the program would slightly reduce Oak Ridge City Revenues. Adoption will reduce the City revenues by about \$4,000 the second year after adoption, and this perceived future loss could be expected to grow annually to about \$35,000 in 11 years. This potential loss would then stabilize at approximately that level.