



Equalization Department

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Friday, October 6, 2017

Cass County Commission
211 9th St S
Fargo, ND 58108

RE: City of Horace

Dear Board Members:

The City of Horace submitted their assessment agreement, which acknowledges Cass County as their City Assessor, on Tuesday, October 3rd. After discussions with the city, they agree that a reappraisal is needed to ensure accurate data, assessments, and a fair distribution of the tax burden. Vanguard Appraisals would be able to turn their focus to the City of Horace but we would have to shelve the previously committed projects in Arthur and Tower City (The project in the City of Buffalo will proceed as planned). Vanguard has submitted an updated contract for the City of Horace, which I have attached to this memo. I feel it is necessary to point out that the contract has a completion date of Feb 1st, 2022. This is because they are committed to numerous projects through 2021. They will not be able to guarantee a full completion of the project in 2018 but I would imagine the majority of the residential, especially the older parts of town with limited records, will be completed.

The estimated cost of \$170,795 would be a substantial increase from the \$60,000 budgeted for completing Arthur and Tower City. I have contacted the City of Horace and am awaiting a notification of their commitment to pay back fifty-percent of the cost over a five-year period, beginning in 2019.

I'm asking the Cass County Commission to enter into a contract with Vanguard Appraisals to perform the reappraisal of the City of Horace.

Suggested Motion: "I move that the Cass County Chairman sign the Vanguard Appraisal contract for the City of Horace."

Sincerely,

A handwritten signature in black ink, appearing to read "P. Fracassi", written over a light blue horizontal line.

Paul D. Fracassi
Cass County Government, Director of Equalization

CONTRACT SUBMISSION

This contract is submitted this 3rd day of October, 2017, by Vanguard Appraisals, Inc., executed by Robert P. Ehler, President.

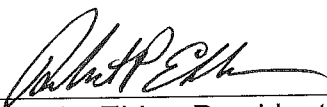
Attached hereto are specifications for the revaluation of certain described property in Horace, North Dakota, all of which are herewith a part of this contract.

All revaluation work shall be completed by February 1, 2022 (See Addendum No. IV) in accordance with the attached specifications for the following prices.

<u>Class</u>	<u>Price</u>
Residential Improved	\$175.00 Per Improved Parcel
Commercial Improved	\$345.00 " " "
Licensed Grain Elevators, Large Commercial & Industrial	\$2,200.00 Per Site
Vacant Land	\$15.00 Per Parcel

The terms of this contract, including all specifications, shall be firm for acceptance prior to November 1, 2017.

VANGUARD APPRAISALS, INC.



Robert P. Ehler, President

CONTRACT

This agreement entered into this _____ day of _____, 20___, by and between Horace, Cass County, North Dakota, executed by the Cass County Board of Commissioners, First Party, and Vanguard Appraisals, Inc., executed by Robert P. Ehler, President, Second Party, as follows:

1. That attached hereto are specifications for the revaluation of certain described property in Horace, North Dakota.
2. That the First Party employs the Second Party, and the Second Party will perform all of the work described in all of the documents referred to in paragraph 1 hereof, in accordance with the terms and conditions set out in said documents.
3. That the First Party will pay the Second Party on a per improved parcel basis as set forth in item III of said specifications referred to in paragraph 1 of this contract, to be paid in accordance with the terms of the documents described in paragraph 1.

VANGUARD APPRAISALS, INC.

CASS COUNTY, NORTH DAKOTA



PRESIDENT

BOARD OF COMMISSIONERS CHAIRPERSON

**REAPPRAISAL OF CERTAIN REAL PROPERTY IN
HORACE, NORTH DAKOTA
SPECIFICATIONS**

I. PURPOSE OF APPRAISAL

This appraisal is made for the purpose of equalizing assessments in Horace, North Dakota in compliance with the State Laws of North Dakota, and the rules and policies laid down by the North Dakota State Tax Department, as such laws, rules and policies shall exist on the date this contract is initiated.

The appraisal of all property shall be divided between land and buildings. Values established shall be the fair and reasonable true and full values as of February 1, 2022 (See Addendum No. IV).

II. TERMINOLOGY

The word "Company" as used in these specifications shall mean Vanguard Appraisals, Inc.

The term "Director" means the Tax Director of Cass County, North Dakota.

"Improved parcel" as used in these specifications shall mean a single tract of legally described land area containing one or more improvements.

"Vacant lot" as used in these specifications shall mean a tract of legally described land area containing no land improvements, paving or structures.

"Site" as used in these specifications shall mean any parcel or group of contiguous parcels that have been combined into one operational unit.

Licensed grain storage facility (defined as a property with a commercial grain license) sites shall consist of any parcel or parcels that operate as a single grain elevator. Large commercial or industrial sites shall consist of any parcel or parcels with a gross building area in excess of 50,000 S.F.

III. PER PARCEL BID

Residential Improved	\$175.00 Per Improved Parcel
Commercial Improved	\$345.00 " " "
Licensed Grain Elevators, Large Commercial & Industrial	\$2,200.00 Per Site
Vacant Land	\$15.00 Per Parcel

IV. APPRAISAL MANUAL

The Company shall use the Vanguard Appraisals, Inc. Real Property Appraisal Manual. All Company personnel shall familiarize themselves with this manual and attain a full and complete working knowledge of its schedules, methods and procedures.

V. COMPUTER GENERATED VALUES

Commercial, residential and agricultural dwelling appraised values shall be generated utilizing computer software designed for use with the Vanguard Appraisals, Inc. Real Property Appraisal Manual. The purchase and service of computer hardware is not a part of this contract. The Company shall furnish all computer hardware necessary during the reappraisal project. All computer software shall be purchased from Vanguard Appraisals, Inc. under separate contract with Cass County.

VI. COMPUTER GENERATED SKETCHES

A perimeter sketch of each major building and residential dwelling shall be generated utilizing computer software compatible with the pricing software. All sketch software shall be licensed from Vanguard Appraisals, Inc. under separate contract with Cass County.

The sketches will not include details such as interior offices, mezzanines, vertical wall diagrams; or yard items such as garages, sheds, paving, or fencing.

VII. DIGITAL PHOTOGRAPHS

Each parcel of property covered under these specifications shall include as part of the property record, a digital color photograph of the principal building situated on the individual parcel.

The Company shall be responsible for:

1. Purchase of digital camera.
2. Taking digital photographs in the field and listing digital photograph order on the organization sheet.
3. Transfer of digital photographs to VCS PhotoVision software.

The County shall license VCS PhotoVision software under separate contract.

VIII. OFFICE SPACE AND EQUIPMENT

The Director shall be responsible for all office space, desks and chairs for personnel of the appraisal Company.

The appraisal Company shall supply all computer hardware necessary for data entry during the term of the project and shall transfer all data files to the County's computer system upon completion of the project.

The Company shall furnish all files and folders necessary to perform their work for the duration of the contract.

IX. RECORDS AND PLATS

The Director shall supply the Company with updated and printed plat maps showing street names, subdivisions, block numbers, lot numbers and with lot dimensions displayed to scale at the beginning of the project for all platted areas within Horace. The Director shall supply one overall map of Horace showing street names in addition to the plat maps.

The County shall be responsible for the cost of all maps. Any omitted properties, discrepancies or new additions platted shall be brought to the attention of the Director and both parties shall strive to correct all irregularities.

The Company shall not be responsible for deed research, drawing in/drafting new platted areas or resolving platting discrepancies.

The Director shall supply the Company with property split/ combination information, building permit information, and/or property transfers each month during the project.

The Director shall provide ownership, legal description, parcel number, classification, land dimensions, and plats for property split/combinations or added properties.

All transfer records and plat books of the Director's office, auditor's office and recorder's office shall be available to the Company. However, plat books or transfer records shall not be removed from any office without permission of the principal of the office. The Company shall be directly responsible for the proper return of all records when removed from its respective location.

IX RECORDS AND PLATS (Cont.)

The Director will provide the Company with clear and readable photocopies of the existing property record cards for each parcel included in the reappraisal project. The Company shall be permitted to input and/or transfer the perimeter sketch, measurements, ages, lot size, individual building construction data, and sales data from the photocopies of the existing property record cards provided by the Director. Parcel number, ownership, property address, legal descriptions and classification shall be transferred from the County computer system. Photocopies shall be of a quality acceptable to the Company.

Said input and/or transfer work shall be performed at the Company's home office. The County shall be responsible for transporting the photocopies of the existing property cards to the Company home office.

If the County is unable to make photocopies the Company shall do so for an additional hourly rate of \$55.00, plus the cost of shipping the records to and from the Company home office.

X. SALES RESEARCH

The Company shall conduct a sales study of each class of property included in the project prior to establishing any final appraisal values.

The Company shall attempt to verify all sales data with the property owners as the project progresses.

Commercial properties shall also be researched from the income approach and correlated to sales prices when applicable. The Director shall be responsible for any mailing of operating statements.

X. SALES RESEARCH (Cont.)

The Director shall make available to the Company all available sales data and supply the Company with copies of all new sales occurring during the course of the project.

XI. INDEX ESTABLISHED (LOCAL MODIFIER)

When sufficient sales and cost data has been acquired, the Company shall correlate current building costs with current selling prices of properties to establish the correct index percentage to the Vanguard Appraisals, Inc. Real Property Appraisal Manual.

XII. LOTS AND LAND VALUATION

The Company shall follow guidelines from the sales research data and shall establish front foot or square foot values for all small tracts and platted lots within the city of Horace. The determined front foot or square foot values shall be entered on the computer and on the plat to be returned to the Director. All lot or tract dimensions shall be entered on the computer. From the frontage of each lot, the total lot value shall be determined. A predominant depth shall be set and tables in the manual shall be followed when applicable. Large tracts and lots shall be valued by the square foot or by the acre. All street, land, or lot frontage characteristics and irregularities shall be recorded and defined on the computer and adjustments applied where applicable.

XIII. RESIDENTIAL VALUATION

A careful inspection shall be made by a qualified field enumerator who will verify the measurements of each structure and list all pertinent data on a field worksheet. Construction data will include items of construction such as foundation, basement area, exterior walls, roof type and roofing material, floors, attic and basement finish, number of rooms, interior finish, heating and air conditioning, fireplaces, and plumbing.

Residential depreciation schedules shall be prepared upon life expectancies of various types of construction. In application of depreciation, careful consideration shall be given to physical, functional and economic obsolescence.

Property owners shall be asked to sign the field worksheet showing that they gave permission to inspect the interior of the structures. On those properties where entrance cannot be gained due to the occupant not being home, not less than three attempts shall be made to gain entrance for inspection of the property. The date and time of each attempt shall be noted on the worksheet. The Company shall strive to gain entrance to all properties but in no instance shall there be more than 30% (70% entry rate) of the improved properties estimated.

XIII. RESIDENTIAL VALUATION (Cont.)

The inspection status shall be indicated on each field worksheet and limited to five (5) categories as follows:

- (1). Inspected (signature required)
- (2). Estimated (date and time of three (3) visits noted)
- (3). Outbuilding only
- (4). Refused inspection (Direct verbal or written refusal)
- (5.) Vacant dwelling

The rate of estimated properties is to be computed by dividing the number of estimated properties by the sum of estimated, inspected and refused inspection properties.

The Company shall maintain records of the current overall estimated rate during the course of the project and submit a report to the Director upon request.

The Director shall be allowed to view any work in progress and to randomly verify, with the assistance of the job manager, with property owners that a complete inspection was performed and that measurements are correct.

At the completion of the field inspection, the field listing data shall be entered on the computer, priced using the Vanguard Appraisals, Inc. Real Property Appraisal Manual, and finally reviewed in the field by a review appraiser. See attached addendum no. II for basic residential bid specifications.

XIV. VALUATION OF COMMERCIAL

The same careful listing of the buildings by their component parts and use of depreciation schedules based upon construction life expectancies shall be adhered to as specified under "Residential Valuations".

The valuations of income producing properties, such as apartment buildings, which are largely dependent upon rental income for their value, shall be checked by the capitalization approach to value when applicable. Such income studies shall be for the purposes of estimating the amount of functional and economic obsolescence. The Director shall be responsible for mailing requests for operating statements. See attached addendum no. III for sketch specifications.

Machinery and equipment is not included as part of this contract.

The Company shall strive to gain entrance to all properties but in no instance shall there be less than 70% entry. Property owners shall be asked to sign the field worksheet showing that they gave permission to inspect the interior of the structures.

The Director shall be allowed, at any time, to randomly verify with property owners that a complete inspection was performed and that measurements are correct.

XV. VALUATION OF INDUSTRIAL PLANTS AND GRAIN ELEVATORS

Plot plans of the properties, showing buildings in proper location and size shall be provided when warranted. The buildings shall be described by their component parts individually, priced at current replacement cost, and depreciated according to age, condition and function.

Records shall be typed, summarized, indexed and bound at the discretion of the appraiser.

Machinery and equipment is not included as part of this contract.

XVI. PERSONNEL

The Company shall provide the services of personnel experienced and competent in the following fields:

Residential Land and Building Appraisals

Commercial Land and Building Appraisals

Industrial Land and Building Appraisals

A list of personnel working on the project shall be submitted to the Director, and this list will be kept current throughout the continuance of the project. The Director shall reserve the right to disapprove of the use of any person assigned and by written request require his/her removal from the project.

XVII. INFORMAL PUBLIC REVIEW

The Company shall hold informal hearings with taxpayers so that each property owner will have an opportunity to view and discuss his property values with well-qualified Company appraisers and make comparisons with that of his neighbor or any like property.

These informal hearings shall be held in an area designated and provided by the Director. The Director shall cooperate by making a public notification of these meetings, in consultation with the Company, and schedule the interviews with taxpayers. After the hearings, the Director shall be responsible for sending official notices of any changes prior to the meeting of the Board of Equalization.

Compensation for all informal hearing services shall be performed at the rate of \$150 per hour (including travel time from the Company home office), expenses included.

XVIII. CHIEF APPRAISER

It is the intent of the County Director's office to provide full cooperation to the Company in its endeavor to complete the revaluation. The Director is responsible for the assessment of all taxable property within Horace. As such, all of the Company's work product and valuations shall be subject to final review and determination by the Director, chief appraiser.

XVIII. CHIEF APPRAISER (Cont.)

If the Company has any procedural or administrative questions, they shall be directed to the Cass County Director of Equalization, or his/her designate.

Data files shall be retained by the Company as documentation of the final revaluation as determined by the Company until final payment is received by the Company.

XIX. DEFENSE OF VALUES

At the request of the Director, the Company shall provide testimony and technical assistance to support appraisals in hearings before the Board of Equalization during regular or extended sessions occurring in the year during which assessment based on the revaluation of property is made. The Company shall further furnish expert testimony when necessary to support any appraisals that have been appealed to the courts and are filed during the first year after adoption of said values even though trials may not be held until after said first year. All defense of values excepting informal hearings, shall be at the rate of \$185.00 per hour (including travel time from the Company home office), expenses included.

The Company shall not be responsible for defense of valuations determined by the Director if significantly different from the valuation determined by the Company personnel.

XX. PUBLIC RELATIONS

Prior to February 1, 2022 (or completion of the revaluation) the Company shall provide competent and experienced public speakers to appear before civic and property owner groups on property appraisals and revaluation techniques upon request at no additional charge to the County. The speaking engagement time and location shall be by mutual agreement and shall be coordinated with the Company representative's schedule while working on the project.

XXI. RESTRICTIONS

The Company shall not sublet this project or any part of it to any other person or firm.

There are no third party beneficiaries to this contract.

XXII. INSURANCE

The Company shall save harmless and indemnify and also provide satisfactory liability and workmen's compensation insurance to save harmless all taxing authorities, the Director, and their offices, from proceedings, suits, and actions of any source or description resulting from the actions of its employees.

XXIII. SEQUENCE AND TIMING

The Company shall begin work any time after the signing of the contract and all appraisals shall be completed no later than February 1, 2022; or 30 days after receipt of the last building permits, new parcels, splits, combinations or sales, whichever is later.

Upon completion of the final field review and prior to informal hearings, the completed computer data files shall be submitted to the Director for his/her approval.

XXIV. COMPLETION PENALTY

Should the Company fail to perform all functions of this agreement by the date specified the County shall retain a portion of this contract as penalty for incurred damages in the amount of \$100.00 per working day beyond completion date.

Time extension shall be granted "only" to compensate for uncontrollable acts of God, civil commotion, riot or etc., or acts of the conference board, or Director, which are contrary to the customary progress of work outlined in these specifications, additional services performed, or changes in the procedures outside the specifications in connection with the reappraisal project.

This penalty for damages shall be withheld from the contract total or may be collected by action against the Company or by any other available legal means.

XXV. RECONCILIATION

The Director shall be responsible for allocating value changes due to new construction, removal and classification changes for the February 1, 2022 assessment date (or the date of turnover).

XXVI. PAYMENT SCHEDULE

The Company shall submit monthly billings showing the amount due for that period. A 10% retainage shall be withheld by the County until all work is completed. Full payment, including the 10% retainage, shall be due at the time all data files are submitted to the Director.

Payment of each monthly billing shall be due no later than thirty (30) days following the date of receipt. Should final payment not be received within the specified time, an interest charge at the commercial bank rate on the outstanding amount shall be applied to the next billing.

The County further agrees that failure by the County to make payments to the Company as contract work is performed will result in the delay of the contract completion date until all delinquent billings are paid in full.

See addendum number I for contract costs.

ADDENDUM NO. I

HORACE, NORTH DAKOTA

PROJECT COST SUMMARY

Reappraisal Project:

Residential Improved	838	Parcels at \$175.00	Per Parcel	= \$146,650.00
Commercial Improved	55	Parcels at 345.00	Per Parcel	= 18,975.00
Licensed Grain Elevators, Large Commercial & Industrial	1	Site at 2,200.00	Per Site	= 2,200.00
Vacant Land	198	Parcels at 15.00	Per Parcel	= <u>2,970.00</u>
Total Project Estimated Cost				\$170,795.00

All costs are based upon parcels counts and information supplied by county officials.
The final cost may vary slightly.

**ADDENDUM NO. II
HORACE, NORTH DAKOTA
BASIC RESIDENTIAL BID SPECIFICATIONS**

These items will Not Be Listed, Sketched or Charged for:

Free Standing Fireplaces
Electric Eye (Auto Gar Opener)
Built-Ins
Stoops
Concrete Slabs
Patios under 60 SF
Decks under 60 SF
Roof/Canopy Less than 5'
Roof Overhang Less than 5'
In ground Sprinkler System
Above Ground Pool and Deck around it
Tennis Court
Basketball Court
Dog Runs
Portable Sheds
Attic with Pull Down Stairs Only
Sheds Under 100 SF
Bay Window that is not part of living area. (Cannot walk into)
Privacy Fences
Driveways

Round Sketches to the nearest whole foot.

Round Basement Finish to nearest 25 SF (Do not exceed square footage of the dwelling and additions).

Plumbing will not be listed by floor.

Use the Standard VAI abbreviations.

Room counts will be listed as above and below ground.

Round Front, Rear and Depth to the nearest whole foot. Round acres to two places past the decimal point. Round land square footage to the nearest whole foot.

Agricultural outbuildings built before 1970 will not be priced with adjustments or additional equipment. Adjustments and equipment adjustments will be applied to free stall barns, egg laying buildings, hog confinements, hoop houses, steel utility buildings and steel grain bins regardless of age.

*Suggested bid specifications only. These specifications shall be edited and approved by the Director or his/her designate.

ADDENDUM NO. III

HORACE, NORTH DAKOTA

COMMERCIAL SKETCH SPECIFICATIONS

Sketches Will Include the Following:

Perimeter Only	Yes
Interior Offices	No
Mezzanines	No
Coolers/Freezers	No
Penthouses	No
Finished vs. Unfinished Area	No
Mini Warehouse Partitions	No
Car Wash Bays	No
Neighborhood Shopping Center Bays	No
Paving	No
Railroad Siding	No
Vaults	No

**ADDENDUM NO. IV
HORACE, NORTH DAKOTA
REAPPRAISAL TIME LINE**

The Company shall complete this revaluation no later than February 1, 2022. The Company shall consult with the Director prior to the February 1 assessment date each year prior to 2022. The Company and the Director shall review the work progress and determine if any portion of the project can be completed and submitted to the Tax Director for the February 1 assessment date of the upcoming year. The Company shall be permitted to complete the revaluation any time prior to February 1, 2022.