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| **BUREAU OF FISCAL SERVICES**  **Procurement Unit** |  |  |

**Request for Information (RFI) 24-600**

**Real Property Appraisal Services Project Scope**

The New York State Department of Taxation and Finance (the “Department” or “DTF”) is requesting qualified vendors to supply the Department with information pertaining to the availability of real property appraisal services specific to special franchise properties.

**New York State Department of Taxation and Finance Background:**

The Department of Taxation and Finance (DTF) collects tax revenue and provides associated services in support of certain New York State government operations. In fulfilling its responsibilities, the Department collects and accounts for $108.6 billion in State taxes and about $47.9 billion in local taxes; administers 34 State and 15 local taxes, including New York City and City of Yonkers income taxes, as well as the Metropolitan Commuter Transportation Mobility Tax; and processes about 27 million returns. The Department also manages the State Treasury, which provides investment and cash management services to various State agencies and public benefit corporations, and acts on the Tax Commissioner's behalf as joint custodian of the State's General Checking Account. On June 6, 2010, the Department statutorily merged with the former Office of Real Property Services (ORPS) in order to realize significant savings and efficiencies, as well as enhance the State's oversight of local property tax administration.

**Objective:**

Article 6 of the Real Property Tax Law (“RPTL”) requires the New York State Department of Taxation and Finance (“the Department”) to determine the assessed value of special franchise property throughout New York State and defend the valuation of that property when challenged in administrative and judicial proceedings. Special franchise property is valued using the Reproduction Cost New Less Depreciation (“RCNLD”) method of valuation. Although it is the Department that determines the assessed value of that property, it is the local assessing unit that enters the final assessment on the local assessment roll and levies real property tax based upon the assessment. The judicial review of real property valuation, including special franchise property, requires litigants to submit appraisal reports prepared by certified licensed appraisers. RPTL § 742 provides that counsel designated to represent the Department may employ experts, and the compensation of such experts and their necessary expenses incurred shall be a charge upon the assessing unit upon whose roll the assessment appears.

The expert appraiser will need to review and analyze the original cost data for the 2019, 2020, 2021, 2022, 2023 and 2024 assessment rolls for the relevant property (see “Special Franchise Property by Company and Location” below) (herein referred to as “Special Franchise Property”) owned by Liberty Utilities Corporation (“the Litigant”), review and analyze any other relevant materials obtained through discovery, perform a site inspection of the relevant property, prepare a draft appraisal report of separate full market values, by municipality, for the Litigant’s Special Franchise Property, prepare a final appraisal report after consulting with the Department and our counsel at the Office of the Attorney General (“OAG”) regarding the draft appraisal report, review and analyze the appraisal report prepared by or on behalf of the Litigant, and, if necessary, prepare for and present testimony in support of the final appraisal report at trial. If the matter is not resolved before trial, the expert appraiser may also be needed to consult with the Department and OAG regarding our post-trial submissions.

**Project Scope/Deliverables:**

The project scope/Deliverables can be summarized as six project tasks:

1. Review and analyze the original cost data provided by the Department, as well as any additional relevant data obtained through discovery or by other means. Special franchise companies are required to annually file the original cost data of their real property with the Department. Original cost data forms the basis of valuing property using RCNLD. After physical depreciation, functional obsolescence, economic obsolescence, and salvage values are applied to original cost, RCNLD is achieved.
2. Perform site inspection. It is customary in real property appraisals to perform a site inspection. Site inspections can help the appraiser get a better sense of the physical depreciation that actually applies to the property, and are necessary to prevent damning testimony during cross examination, i.e. without a site inspection, an appraiser would have to admit during cross examination that he or she has never even seen the property that he or she valued and is claiming to offer an expert opinion about.
3. Prepare a draft appraisal report and final appraisal report. The review and analysis of the original cost data and other relevant materials, and the site inspection, culminates in the preparation of the appraisal report that is submitted to the court. The appraisal report explains the appraiser’s analysis and conclusion regarding the value the property and forms the basis of the appraiser’s testimony at trial. It is customary for the appraiser to prepare a draft appraisal report that is revised and finalized after consultation with the Department and OAG. The appraisal report will explain the original cost data filed by the company, will apply an index (such as the Handy-Whitman index) to trend the original cost values to present day values, will explain the extent of physical depreciation and how that depreciation impacts the property’s value, will explain, what if any obsolescence (functional and economic) apply and to what extent they reduce the value of the property, and will apply salvage values to further increase or decrease the value of the property if appropriate. The report will conclude with an expert opinion of the final value of the property for each of the years at issue using RCNLD, and will compare that value to the value assessed by the Department.

The final appraisal report must meet the requirements of the Uniform Standards of Appraisal Practice (USPAP) and the New York State Uniform Rules for Trial Courts (22 NYCRR 202.59). The appraiser must prepare a complete USPAP compliant appraisal using the Cost Approach (reproduction cost) to valuation. Additional approaches to value may be utilized as support for the Cost Approach, if data is available.

1. Review and analysis of the Litigant’s appraisal report. The relevant rules of courtroom procedure require both the Department and Litigant to simultaneously file their appraisal reports with both the court and the opposing party. The Department and OAG will need the appraiser’s expert opinion regarding review and analysis of the Litigant’s appraisal report to determine how to appropriately respond to that report during trial and in post-trial submissions.
2. Expert testimony. If the case is not resolved prior to trial, the appraiser will need to offer his or her expert testimony in support of the conclusions reached in the appraisal report at trial. The lead appraiser who prepares the appraisal report is expected to provide expert individual testimony in court.
3. Post-trial assistance. If the case is not resolved prior to trial, the appraiser will be expected to assist the Department and OAG by providing their expert opinion and consultation to assist in drafting post-trial submissions.

**Contractor Roles and Responsibilities:**

1. The Contractor agrees to prepare an appraisal report (trial ready) for the Litigant’s Special Franchise Property and will testify in court at trial, if necessary.

2. The Contractor agrees to prepare separate full market values, by municipality, for the Litigant’s Special Franchise Property.

3. The Contractor agrees that both tangible and intangible portions of the Special Franchise Property are to be valued.

4. The Contractor agrees that in addition to the appraisal, they shall also be available to the Department, as necessary and as requested, for pre-trial preparation work and other litigation support, as well as the preparation of testimony and appearance in any court proceedings.

5. The Contractor agrees that the final appraisal must meet the requirements of the Uniform Standards of Appraisal Practice and the New York State Uniform Rules for Trial Courts (22 NYCRR 202.59).

6. The Contractor agrees that all data and analysis must be fully documented and included in the appraisal report or appendices.

7. The Contractor agrees that formulas for calculations and any computer software must be identified.

8. The Contractor will comply with the Department’s Secrecy requirements.

9. The Contractor must not disclose any data or other information/materials provided by the Department to any other individual or entity except as expressly provided by law.

10. The Contractor shall pay, at its sole expense, all applicable permits, licenses, tariffs, tolls and fees and give all notices and comply with all federal, state and local laws, ordinances, rules and regulations of any governmental entity in conjunction with the performance of obligations under the contract.

11. Performance of any additional services shall be completed upon review and approval of the Department.

**Special Franchise Property by Company and Location:**

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| **Liberty Utilities Corporation (Parent Company)** | | |
| **Company Name** | **County** | **Municipality** |
| Wild Oaks Water Company | Westchester | T/ Lewisboro |
| Waccabuc Water Company | Westchester | T/ Lewisboro |
| Sea Cliff Water Company | Nassau | C/ Glen Cove |
| Cambridge Water Company | Washington | T/V Cambridge |
| Cambridge Water Company | Washington | T/ Jackson |
| Cambridge Water Company | Washington | T/ White Creek |
| Kingsvale Water Company | Orange | T/ Middletown |
| Kingsvale Water Company | Orange | T/ Mount Hope |
| Kingsvale Water Company | Orange | T/ New Windsor |
| Kingsvale Water Company | Putnam | T/ Carmel |
| Kingsvale Water Company | Sullivan | T/ Mamatking (V/ Wurtsboro) |
| Kingsvale Water Company | Ulster | T/ Ulster |
| Dykeer Water Works | Westchester | T/ Somers |
| Mt. Ebo Sewer Waste Water | Putnam | T/ Southeast |
| Mt. Ebo Water Company | Putnam | T/Southeast (V/ Brewster) |
| Long Island Water Company | Nassau | T/Hempstead (V/ Lawrence) |
| Long Island Water Company | Nassau | T/Hempstead (V/ Lynbrook) |
| Cambridge Water Works | Washington | T/V Cambridge |
| Cambridge Water Works | Washington | T/ White Creek (V/ Cambridge) |
| Sea Cliff Water Company | Nassau | T/ Oyster Bay (V/ Sea Cliff) |
| Sea Cliff Water Company | Nassau | T/ North Hempstead (V/ Roslyn Estates) |
| Sea Cliff Water Company | Nassau | T/ Oyster Bay (V/ Old Brookville) |
| Sea Cliff Water Company | Nassau | T/ Oyster Bay (V/ Roslyn Harbor) |
| Sea Cliff Water Company | Nassau | T/ Oyster Bay (V/ Old Brookville) |
| Sea Cliff Water Company | Nassau | T/ Oyster Bay |
| Kingsvale Water Company | Nassau | T/ Oyster Bay (V/ Mill Neck) |
| Long Island Water Company | Nassau | T/ Hempstead (V/ Cedarhurst) |
| Long Island Water Company | Nassau | T/ Hempstead (V/ East Rockaway) |
| Long Island Water Company | Nassau | T/ Hempstead (V/ Hewlett Bay Park) |
| Long Island Water Company | Nassau | T/ Hempstead (V/ Hewlett Bay Harbor) |
| Long Island Water Company | Nassau | T/ Hempstead (V/ Hewlett Neck) |
| Long Island Water Company | Nassau | T/ Hempstead (V/ Island Park) |
| Long Island Water Company | Nassau | T/ Hempstead (V/ Malverne) |
| Long Island Water Company | Nassau | T/ Hempstead (V/ Valley Stream) |
| Long Island Water Company | Nassau | T/ Hempstead (V/ Woodsburgh) |
| Long Island Water Company | Nassau | T/ Hempstead (V/ Atlantic Beach) |
| Long Island Water Company | Nassau | T/ Hempstead |
| New York Water Service | Nassau | T/ Hempstead |
| New York Water Service | Nassau | T/ Oyster Bay (V/ Massapequa Park) |
| New York Water Service | Nassau | T/ Oyster Bay |
| Kingsvale Water Company | Sullivan | T/ Forestburgh |