

AD HOC TAXATION/ASSESSMENT ADVISORY COMMITTEE MEETING

JANUARY 31, 2011, 9:00 A.M., COUNCIL CHAMBERS

Present: Committee Members Robert Manchester (chairman), Robert Dillon, Joel Hellmann, Joop Nagtegaal (secretary) and Donald Nessing

Also present: Peter DeAngelis, Town Manager, Michael Minardi, Tax Assessor

Guest: Bill McGovern, appraiser

Meeting called to order at 9:03 AM by Bob Manchester

The minutes of the meeting of January 25 were approved without changes.

Bill McGovern then joined the meeting, and introduced himself. The Committee had invited Bill to give some general recommendations about what to pay attention to when hiring a consultant to help with the revaluation.

Bill made a number of general recommendations.

- The consultant should be a **designated certified general appraiser**, not just a residential appraiser.
- The consultant should **understand the revaluation process** (which is different from a regular appraisal) and should have **experience with running a revaluation**.
- The consultant should have **street knowledge**, that is be familiar with the real estate in town.

- The consultant should be a **good listener and communicator**; he has to work with the Assessor, the real company, with professionals familiar with the real estate in town, and in this case the ad hoc committee.

Bob Manchester asked which role the consultant plays. Bill answered that this usually sorts itself out; certainly he will need to spend time with the real company and the assessor.

Don asked whether it is a good idea to engage a consultant. Bill said that the right person would be very helpful, and would make sure the real would produce good results, and save a lot of trouble later on. He said this kind of arrangement is quite common.

Joel made the point that appraisal is not an exact science, and that the appraiser's judgment/opinion plays a role. Since we want to avoid another bad situation, we should avoid hiring someone with a preconceived notion. Bill agreed that opinion/judgment plays a role in the appraisal process. Joel said that someone we hire cannot represent both sides: the town on one side and taxpayers appealing against their assessment on the other side.

Joel asked whether pending sales should be taken into consideration. Bill said they should be taken into consideration if there are few comparable sales of the type of the pending sale.

Bob Dillon asked what kind of errors and omissions can occur. Bill said there are numerous sources.

- Selection of inappropriate comparables
- Incorrect (reverse) adjustments
- Improperly verified data

- Lack of street knowledge

Joop asked how much variation there can be in appraisals. Bill answered that there can be a lot of variation: two appraisals within 10% is very good. Bill also pointed out that the market at this moment is very difficult to judge, with wide variations in sale prices. Hence we can expect varying opinions.

Joop asked whether it would be better to hire the consultant on an hourly basis or on a fixed price contract basis. Bill said definitely a fixed price contract – Peter agreed.

Joop asked whether someone who has represented taxpayers before the Assessing Board of Review could act as a consultant. Bill said he didn't think that was a problem since we are talking about different revaluations.

Joel asked whether we should exclude appraisers that have supported BET. Bob

Manchester clarified later that BET did not engage any appraisers, so that is not an issue.

Joel said that he would like a consultant that would look at the situation with a “fresh face” and hasn't been involved in any appeals. Bill pointed out that there is an advantage of having someone that has street knowledge, and a complete fresh face wouldn't have that. Joop asked whether there are any court cases pending related to the 2008 revaluation. Michael said there are several. Janice Black of 3 Colley Court suggested that the requirement of a “fresh face” might disqualify most candidates.

Don Nessing stated that, based on his experience in the mortgage lending business, appraisers and homeowners often have different opinions about home values. Is there a fair middle ground? Michael said that the statute requires that each property is assessed according to its fair market value or a given percentage thereof. Bill said that the reval companies with their mathematical computer models sometimes give the impression that

appraisal is a science, but the reality is different. Bill commented that the law is not specific with respect to standards.

Don asked whether it would be appropriate to ask Bill for his opinion about the people that have applied. All agreed that would be OK. Bill then said that his first choice would be Bill Coyle, since he has all the qualification required: he is a designated certified general appraiser, has been a consultant to at least five revaluations, and has Barrington street knowledge. He said that his second choice would be Allan Booth or Peter Scotti. Allan Booth is the Newport assessor and has obviously a lot of experience with running revals, but he lacks the Barrington street knowledge. Peter Scotti is well qualified as an appraiser and has Barrington street knowledge, but has no hands-on experience running a reval. It was noted that both Bill Coyle and Peter Scotti have represented taxpayers for the Board w.r.t. the 2008 revaluation. Peter Scotti has in particular represented many homeowners of more expensive properties. Joel said that choosing Peter Scotti would at definitely give the appearance of a conflict of interest.

Gary Morse of 2 Westwood Lane asked whether the consultant would help with setting certain standards for some of the more subjective influence factors such as construction grade and depreciation. Bill said that there are too many variables that influence the value of a property to do this in a sensible manner. He mentioned as an example the age of a house: the calendar age is typically useless, since any historic property would be fully depreciated and have zero value. Instead appraisers use the concept of an effective age, and many factors related to maintenance and remodeling determine this age.

Bill McGovern left at 10:03 AM, after being thanked by the committee.

The committee then discussed which candidates should be interviewed. All agreed that the three candidates recommended by Bill McGovern should be interviewed. Joop said that in addition he had also put Appraise RI (Scott Nagy) on his list. It was agreed that Peter would contact Bill McGovern to ask him about his opinion of this candidate and based on that would either invite him or pass on it. Joel repeated that he has a concern about Peter Scotti, since he has represented so many taxpayers before the Board. Michael expressed some concern about Allan Booth, since he has no familiarity with Barrington. Peter DeAngelis requested that two members of the Committee participate in the interviews of the candidates. Bob Manchester and Joel Hellman agreed to attend. Don asked whether we should set a price for the services. Peter said that he had a price in mind, but would first ask each of the candidates how they intend to carry out the job and how much it would cost. Bob Dillon and Joop both agreed that this is the customary approach to a services contract.

Michael distributed the first weekly report from Appraisal resource, which was accepted without further discussion.

Bob Manchester said he had as yet nothing to report about the development of standards.

It was agreed to hold the next meeting on Tuesday, February 8 at 9AM. Peter will determine the exact location.

The meeting was adjourned at 10:29AM.

Respectfully submitted

Joop Nagtegaal, Secretary