



MINUTES  
BOARD OF ASSESSORS  
ASSESSORS OFFICE - CITY HALL  
FEBRUARY 6, 2013

Present: Robert Goddard, Chair of Board of Assessors  
Robert Pelchat, Member of Board of Assessors  
Kem Rozek, Member of Board of Assessors (Entered meeting after its start)  
Susan C. Warren, Assessors Office Coordinator/Deputy City Clerk

Also Present: Patrick MacQueen, Berlin City Manager  
George E Sansoucy, PE, Utility Assessors for City  
Dave Woodward, City Assessor, Avitar

1) **CALL TO ORDER**

The meeting was called to order at approximately 5:30 PM.

2) **DISCUSSION WITH GEORGE SANSOUCY REGARDING 2013 UPDATE**

After reading in the paper that the City was considering an earlier than would be scheduled reval for all of City of Berlin, Mr. Sansoucy immediately asked the City Manager if he could meet with the Board of Assessors (BOA) so he could express his concerns and potential consideration before BOA makes this decision final. Mr. Sansoucy spoke of the pending Board of Tax and Land Appeals (BTLA) case between the City and Great Lakes Hydro. He stated that whatever occurs with Great Lakes will also affect PSNH Smith Hydro. PSNH was under agreement with the City (This was the result of the 2009 BTLA case between PSNH and the City of Berlin). The agreement has expired and PSNH will need to be redone for tax year 2013.

If equalization rate is reduced to 100% it could create problems. By the time Mr. Sansoucy arrives in court for the Great Lakes case, he is operating under the 2011 ratio, as the tentative ratio, and he then has to change to the 2012 ratio when it is finalized. He noted that on the trial sales study the median ratio is dropping to 114—concern is over the COD (31.15) and PRD (1.13).

Mr. Sansoucy asked what would trigger the state in 2011 to take action. The ratio of 122.8 would not trigger anything as long as the COD (14.7) and PRD (1.07) are still in line. The Board informed him that the state did not formally order the City to act. Department of Revenue Appraiser Supervisor, Josephine Belville, merely expressed concern over the 2011 ratio. The BOA was concerned about the results for the multi-family sector. The 2011 median was 135.2. Chair Goddard said that the Board has met with Avitar to discuss the issue. Avitar is formulating a plan to correct the issues. Mr. Sansoucy questioned if the goal was to bring things back to 100%. He was told yes.

This problem has existed in Berlin and Gorham in the past. Mr. Sansoucy questioned if the City was broken up into neighborhoods and wondered where and when the problem started and if it could be isolated. Mr. Woodward informed Mr. Sansoucy that Avitar has a neighborhood code but the City is not broken up into blocks. He explained that the neighborhood code is assigned and used to adjust land value.

Mr. Sansoucy questioned if they had identified where the problem was—if it was spread across the City or if there were specific locations where issues existed. He wondered what was driving the 164 median ratio in the multi-family sector in 2012. Mr. Woodward explained that Avitar does not have an answer at this time. They are in the process of reviewing sales and sending out letters as well.

Mr. Sansoucy pointed out that the multi-family sale prices have dropped more than 50% and the single families are at 110% with no big change. He asked if the ratio could be adjusted to 115% and not to 100% so it won't be classified as a revaluation. His concern is that utilities in Berlin make up approximately 30% of value (110,000,000+-) and at this time there are a series of wars going on state wide—with unit method valuation, current level of court cases—such as the court case with Great Lake and the PSNH reval this year which will trigger something because PSNH is on the war path statewide to reduce everything to unit value. If utilities are successful in beating towns down to unit value through the courts—over 200 appeals of which his office alone has 150—the City stands to lose \$74 million in value. Recently at a BTLA hearing, PNGTS voiced criticism because of the swinging values each year—which indicated to them that the towns couldn't possibly know what they were doing—because of the change in value. He would like to avoid any volatility to utility values if at all possible. If update done, we will lose control of the tax rate because property values will drop and he will have to reduce the utilities. The tax rate will increase to at least \$41.50 which then impacts the CAP rate used to calculate the utilities income approach to value and adds a full point on CAP rate which will reduce value of utilities by 7-8%. If the tax rate goes to \$40 it will likely trigger an appeal from PNGTS. We will then have lower utility values; budgets will get pressured; tax rate will get pressured.

Mr. Sansoucy believes that when the market turns—it is so pent up with cash—that when the market turns the equalization rate will drop to 90% from 115% in one year and he will have to again drop utilities or he will lose appeals. He drops utilities and tax rate goes up again. If utility values make up less than 10% of total value you can deal with it but more than that it becomes more difficult to control tax rate and budgets.

Economy/society is in transition in the Northern part of state.

In Gorham, Mr. Sansoucy said he defied the state. He continued to explain how they created 13 neighborhoods and corrected the worst of the problems over two years' time. One of the worst areas was the trailers and they found the problem by doing a regression analysis. They discovered a difference in 10' wide and 12' wide trailers. He would prefer the City proceed without a revaluation this year. He wanted the City to wait till 2015 to do revaluation as there is no elasticity left in the budget, which makes it more difficult in the appeals.

Chair Goddard stated that based on what Mr. Sansoucy said the Board of Assessors needs to be very careful. The market is volatile and there are areas that are out of whack. The State is waiting and if the City brings them some type of resolution they may be satisfied.

Mr. Woodward said they are looking at Berlin sales now. They are reviewing the preliminary numbers. It is under very good advice that the State will be in to see the City.

Mr. Sansoucy questioned who would say "no" to the State. Chair Goddard responded that the Board would need to do some strategic planning and do what they need to do. Mr. Sansoucy said that Berlin is a study in unique valuation complexity—"You can satisfy the State by barreling through the study taking three to four months and screw it up by going too fast." He added that he would never advocate a stand-off with the State if the utilities made up less than 10% of the value. He went on to say that due to the prison, people hired need to live in certain radius and that limits where they can buy—so they are a specific type of buyer—this is a crazy market in transition. For these reasons, he feels the City should hold off making changes until after court cases are heard. In order to get an order for revaluation, Department of Revenue Administration (DRA) has to go before the BTL and request a hearing. He believes that if the City works diligently to locate-isolate-and solve the problems that should at least carry the City through this year.

Mr. Sansoucy asked if the State was expecting a revaluation. Mr. Woodward responded that the State has a copy of the contract. This is not a full revaluation, only single family and multi-family dwellings are being reviewed. Correcting a neighborhood to comply with the balance of the community—whatever the equalized ratio—you are searching to correct the COD (Coefficient of Dispersion) and PRD (Price Related Differential) not the equalization ratio. If equalization ratio is left alone it is not a revaluation but only a statistical update of a neighborhood. Avitar could isolate where the problems were with single family and multi-families and just correct those. Mr. Woodward stated that at this time, Avitar is not certain where the issues lie. They are studying sales and will know more by April.

Mr. Sansoucy noted that he would work with BOA no matter what decision they make but he wanted them to be aware of his concerns. There is a need to gather all information to make the correct decision. The equalization ratio has to be applied to all properties. He believes that problem will correct itself in a year or two when the market starts to stabilize.

Chair Goddard responded that this is a time for balance—we are juggling uniformity and non-conformity.

Mr. Sansoucy cautioned the Board to be careful. DRA doesn't care how it is done. They just want it to be fixed. One factor that could drive the market is if there was an announcement that the present low interest on loans would be ceasing. Buyers will hurry to buy so they can take advantage of the lower interest rate. It may be their last chance to buy property with a 4% mortgage interest rate—and again equalization rate will drop quickly.

Mr. Sansoucy, Mr. Woodward and City Manager Pat MacQueen departed.

Chair Goddard then provided the Board with a summary explanation of what transpired. Mr. Sansoucy specifically asked Avitar questions. They were as good and pointed questions as they could possibly be. Chair Goddard complimented Mr. Sansoucy for his knowledge of utilities. Chair Goddard felt that if the company (Avitar) had their 'boots on the ground' they would have the answer to Mr. Sansoucy's questions about neighborhoods and why homes sold for what they did—it is important to know the neighborhood. Avitar needs to spend time on the ground. They need to understand what is going on with the market—in the big picture—things could go wrong to a degree that is catastrophic. DRA will be coming. They need to feel the City is doing something in a positive manner. They know that this is a difficult market. The Board wants time to understand why things are happening in certain areas and not in others. The Board needs to proceed slowly to get where we need to be and not put Skip's utility values in a spiral. Avitar needs to understand the problem and get out there to figure it out. No quick fix—it will take time—Board needs to make sure that things are being done with balance.

#### **4) DISCUSSION AND APPROVAL OF LETTER TO CORNERSTONE HOUSING REGARDING 2012 PILT**

The Board reviewed a letter to Cornerstone advising of them of the PILT payment due for tax year 2012. The total rental income was \$99,487 less utilities of \$24,903 results in a net revenue of \$74,584. (Shelter Rent) The PILT is calculated by taking shelter rent times 10%. (\$74,584x10%) or the total valuation times City and County tax, whichever is less. The 10% shelter rent is \$7,458 and the tax is \$12,669 (616,800\*.02054). Therefore, a copy of this letter will be given to the Tax Collector stating that the 2012 PILT request will be \$7,458. The Board concurred.

#### **5) REVIEW, APPROVE & SIGN VETERAN TAX CREDIT APPLICATIONS**

During a review of veteran tax credit applications, it was discovered that the application for Raymond Amero of 544 Hillsboro Street was missing. A new application was sent to him. He completed the form and the Board reviewed and signed the necessary paperwork. An application was also sent to Doris Bugeau of 415 Church Street. She is a widow of a veteran. Upon the death of her husband, she needed to refile for the tax credit in her. The Board reviewed her application and signed the needed paperwork.

**6) NON-PUBLIC SESSION RSA 91-A:3 II (c)**

Chair Goddard called for the meeting to go into non-public session. Member Kem Rozek made a motion to go into non-public session per RSA 91-A:3 II (c) "Matters which, if discussed in public, would likely affect adversely the reputation of any person,..." and Member Robert Pelchat seconded this motion. All concurred. The Board of Assessors went into non-public session.

**10) RESULT OF NON-PUBLIC SESSION**

Board Member Robert Pelchat made a motion to go into regular session and to seal information provided as the information is confidential material and not right to know. Member Kem Rozek seconded the motion. The Board of Assessors went into public session.

An elderly exemption application was approved for Ms. Jeannette Searl of 39 Abenaki Lane. The proper forms were signed and Ms. Searl will be notified of this decision. Her elderly exemption will start tax year 2013.

**11) ADJOURNMENT**

There being no further business, a motion to adjourn was made by Member Rozek and seconded by Member Pelchat. Motion was made and seconded to adjourn. The motion passed. The meeting was adjourned at 7:15 pm. The next meeting of the Board of Assessors is scheduled for Wednesday, February 20, 2013 at 5:30 pm.

Respectfully submitted,

Susan C. Warren

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Assessors' Office Coordinator/Deputy City Clerk