

**Minutes of the Board of Assessors
Meeting of March 7, 2019**

A meeting of the Board of Assessors was held on Thursday, March 7, 2019 in Room 208, 2nd floor of City Hall. The meeting was called to order at 8:15 AM by Chair Dominic D'Antoni.

Members Present:

Dominic D'Antoni

Daniel Hansberry

Robert Earley

Assessing Staff Present:

Douglas Dame
Greg Turgiss

Louise Brown
Michael Mandile

Gary Turgiss
Cheryl Walley

Other City of Nashua Staff Present:

Chief of Staff Kimberly Kleiner, Corporation Counsel Steven Bolton, Chief Financial Officer John Griffin

Minutes of the Meeting:

Regarding the minutes of the previous meeting, the following motion was made:

MOTION BY Daniel Hansberry to waive the reading of the minutes of February 21, 2019 and accept and place them on file.

SECONDED BY Robert Earley

MOTION PASSED

Abatement Requests Presented:

A complete list is available in the Assessor's Office.

Appointments:

Appointment: Chief of Staff Kimberly Kleiner and Chief Financial Officer John Griffin regarding the 3/1/2019 Management Audit Report for the Assessing Department

Ms. Kleiner announced that the Mayor is tied up and she is not sure he will be able to make it. She will let Mr. Griffin start. Mr. Griffin began by thanking the Board of

Assessors and said several months ago he and Ms. Kleiner had direction from the Mayor to conduct a management audit of the Assessing Department which has been completed but we have a lot of work to do. It is very important to come up with effective stuff. It was a tight timeline. He said he thinks all of the members of the Assessing Department have done well. Kim tried to layout the functions of nine individuals within the structure and the legal department with Attorney Bolton helped us as well. Prior to Mayor Lozeau taking office, the Administrative Services Director handled more if not all of the administrative services in the City. Ms. Maureen Lemieux most recently held that position and when Mayor Lozeau came in she wanted to reconfigure that. Mayor Lozeau placed a high importance on statistical analysis so she created Citistat and did away with the position of Administrative Services Director. He and Ms. Kleiner think the position of Administrative Services Director would be a very good thing for the City and with that they know they have a lot of work to do with the Assessing group.

He said they recommended the elimination of the Chief Assessor position. He and Ms. Kleiner believe it is necessary to have help with software, procedures, and training to integrate internal programs to reduce reliance on Admins. Admins runs on the VAX which is from Digital Equipment Corporation, which should give an idea of how long that has been around. The City purchased Munis. December bills are on Munis so they need a direct link from Assesspro into Munis. Mr. Griffin said when he got here in 2010 they talked about how long it was since we did a full measure and list which is essentially a full undertaking, where we retain staff to go in the home, if they can, and try to fairly assess everyone. The cost of this is \$1.2M and \$1.5M. You really have to get in the house to get this done in order to document both permitted and unpermitted work.

Mr. Daniel Hansberry noted when Mr. Tozier from KRT addressed the board members he said on average a municipality only gains access to 1/5th of the properties so maybe we should consider if it is worth it to spend all that money and miss 80% of the homes. Mr. Griffin replied in New Hampshire law you don't need to let the assessor come in the home. Attorney Bolton said that sometimes there are indications that improvements have been made without a permit and in that case the City can obtain an administrative search warrant for assessing purposes as well as building safety purposes, and gave as an example if people are installing gas lines without a permit that would be a safety issue. The statute actually talks about assessing purposes as one of the reasons to obtain an administrative search warrant, so if a neighbor says the guy next door has a finished basement then he said he would be willing to try and get it. Mr. Hansberry asked if the Legal Department would need additional staff to undertake such a task and Attorney Bolton said not necessarily because he would not be filing for all the properties at one time. He would perhaps order a thousand one week and another thousand another week. The applicant has the burden of proof so if you think the taxpayer has proven the case without getting into the home, you can abate but if he doesn't prove his case then you should not abate. Attorney Bolton said by the time it gets to Superior Court or to the Board of Tax and Land Appeals he is convinced he can convince those tribunals

A member of the public mentioned that an assessor came out about 25 years ago to his home and said he wanted to look inside my house. The assessor said you have all these improvements and you have to prove it. He said I feel that is reasonable so people do not make stuff up.

Mr. D'Antoni said he would agree. Mr. Griffin said other communities in NH do a full measure and list more frequently because they are then at least attempting but realize they cannot get in every property. He said he believes Manchester had one last in 2006. The DRA does not require a full measure and list because they would be required to do something with the laws. It's a conundrum. That is why based on the list that Ms. Walley passed out you do not see a revaluation done in recent years (prior to the start of the meeting, Department Coordinator Cheryl Walley handed to all in attendance a listing of tax rates and median equalization ratios going back to 1989). What is happening now is we are updating our property record cards and contemplating a cyclical update of data, culminating with the reval.

At this time Mr. D'Antoni said it would be appreciated if members of the public could please hold off on asking questions until the end of the meeting.

Ms. Kleiner said this was very intensive and we have to thank the staff for their time. They spent a considerable amount of time meeting both with myself and Mr. Griffin. Where do we go from here? Normally when private industry does anything like this it also involves a customer part. This issue has been very public. The Telegraph was involved but we have not had a large amount of public input. We have had some, but maybe a type of survey asking what have our residents have seen and what their experience has been. Maybe have a box on the counter in assessing for feedback and also continue to get input from the staff. It is quite amazing what they do when you look at the staff's workload but maybe have them jot down suggestions as they come up. The Mayor has asked that Mr. Griffin and I work together to consider how to make improvements and then come to the board so we can discuss that with you. Right now the board has a full agenda so she asked how we are going to have that conversation with the board. Ms. Kleiner said we can get feedback on what we have seen up until now and if there is one overwhelming issue we can take that one on first. We have hired a consultant, Mr. Jayson Brennen from CDM Smith. He has been looking at GIS, Assessing and DPW and how the systems integrate and if it is working to its full capacity. We expect Mr. Brennen's report the end of March maybe early April. That will give us more feedback. We have had discussions with the Director of IT and he is looking at his staff.

Mr. D'Antoni asked if the survey would be sent in the mail to everyone. Ms. Kleiner said no, quite often when we do these we put it on the website but the Mayor will be having public ward meetings coming up in May and he will let the people know of the survey. Getting feedback from our customers will be part of the process.

Mr. Hansberry said he thinks it is important to have someone from the office representing Nashua at the State of NH meetings. Some of us are concerned about benign neglect and on a conceptual level maybe legislation should be introduced. We

do not know if communities deal with that directly but he said he does think it is important for Nashua, as one of the largest cities in the State, to have a representative at that meeting.

Mr. Hansberry then asked about mileage reimbursement as that was an issue that had been mentioned previously. Mr. Griffin said we have a fair amount of individuals who use personal vehicles for business. We are going to have a link between the work product and mileage. The IRS requires it. We are going to have a form that the supervisor can sign knowing the work order with the mileage and that will pass IRS muster. Ms. Kleiner said this is not just an issue with Assessing, so the Mayor formed a policy committee. We found that all the departments that are recording mileage are recording it differently. Some are using the form and some are not so we wanted to make sure we are all recording the mileage the same way. That is a policy that is pretty much done. We have another meeting tomorrow and then we will submit our recommendations to the Mayor for his approval.

Mr. D'Antoni said when he was in Merrimack the Assessors would use old police vehicles for their work and maybe that is something we might want to think about. Mr. Griffin said we have reviewed that extensively both in the prior and current administration and there is a downside to having a fleet of vehicles; old police vehicles in particular because they typically last no more than two years and commonly have transmission issues. Mr. Griffin said maybe we can share vehicles within a department like the Health Dept or DPW but it is obvious on the vehicles where the striping has been taken off. He said we can look at that and we may do that again. Mr. Griffin advised KRT is going to be submitting to the DRA a 4 1/2", 700 page report Friday which is required but there is a 4-6 week review period to give the DRA time to review it and to suggest changes to be fully compliant. The City will get this report after the DRA's review. Mr. Griffin suggested they have a workshop so we can discuss things that are a bit of a mystery like cost curves. We can get a practical and sensible look at how the update was done. We have not done anything this comprehensive since the late 90's. We can share this with you folks so you can see how the update was done with the CAMA system tied to sales.

Mr. Earley said the Administrative Services Director position is going to take some time to implement. He asked if things can get started prior to the position being implemented. Mr. Griffin answered that the Mayor has asked that he and Ms. Kleiner work together and he does not want any lapse in the process especially on any improvements.

Mr. Hansberry said he has a question on the 6th question down on page 27 of the audit report. 'Has the amount of complaints changed over time?' He asked what the feedback was on that question from staff. Ms. Kleiner said it was clear to her that the staff as a whole did not see more complaints now than they had seen in the prior year. One of the reasons for this she believes is that customer service is strong at the counter but she does not have any data and would like to get feedback on this. The most senior employee goes back over a long time. Mr. Griffin concurred and said at least twenty years so we have a twenty year history.

Mr. D'Antoni asked how we know if people were satisfied or just keeping quiet. He said having been in the field a number of years it would always be fairly quiet and only a few were outspoken. Ms. Kleiner said without a survey and without reaching out for feedback she would not make any assumptions. This was not a part of the audit. With other issues the Mayor's Office deals with, that is not always the case and getting that feedback is not always easy. Attorney Bolton said when people dislike something they are more likely to let their feelings known. Mr. Griffin said in 2009 the City lost \$1B of value due to the recession and that was a combination of residential and commercial loss and he said to keep that in mind. He then mentioned the ratio and said it is not a surprise that the next couple of years there was an increase in the number of abatements. The City lost about 1/2 billion dollars in assessed value and all on the residential side. There was no reduction in the commercial values overall relative to residential and then 2014, 2015 and 2016 culminating in 2017 the market values are going up. The assessed values were not increased during that time, other than regrowth, and there was no assessment update for these five years. This year there are 191 residential abatements and 185 commercial abatements, 22 of which are PSNH properties, so there is an equal distribution. There are a lot more abatements filed on residential properties this year because those values went up and also the dispersion of the increase went up. In 2005 there were 1533 abatements and it got to be a situation where the staff could not even handle the number of abatements. If you recall in 2005 things started getting better from an economy perspective. This year we have a reasonable amount of abatements and we have to do our best to get them done. Right now the staff is trying to capture permits so that is what Ms. Kleiner meant when she said it is a very busy office now.

Mr. D'Antoni then opened up the meeting for questions.

A member of the public said he has read reports that the last reval was 1992. Doesn't the State of NH require it to be done every five years? Mr. Griffin replied that a full measure and list is not required every five years. He said there was a landmark case where it was required that an update of values be done at least once every five years. Attorney Bolton said we have never not been in compliance. Most years there is no attempt to look at every property and bring them up to 100%. We try to bring it up as close as we can and that is allowed to be done without a full measure and list. A member of the public said his suggestion is if you want to go into someone's house the City should write them a letter. Attorney Bolton said the methodology is the first request a letter is sent to them and if we get over 20% responding then we are doing well.

A member of the public said the discussion over doing a public survey is fine, however whether the public is being treated respectfully and whether they are welcome, may not address the quality of the assessments. Most do not have the time or the expertise to determine that their assessment is fair. At the end of the day the issues are really focused on that issue and assuring that there is a methodology and equitability would make a person feel confident that the result of the work production is not driven by undocumented procedures which gives flexibility to the assessors, so the member of the public cautioned that the City should not get too comfortable if there are not a lot of

responses to this survey.

Ms. Laurie Ortolano said she would like to comment about the benign neglect issue brought up by Mr. Hansberry previously in this meeting. She thinks they need to put that aside. The fact that people own a property which gets into disrepair she thinks is a very small % and he is basing his decision on financial and frankly mental health issues. She said there are other important issues happening here in this City that are the bigger fish to fry...sales chasing, MLS review, these are big. Mr. Hansberry said it is something he wants to have explored. He wants to see what other communities are doing because it detracts from other property values. A member of the public said there are some people positively impacted and some negatively impacted. I have dealt with data analysis and I can tell you, you can have that sort of effect just being arbitrary so the fact that you would use that can be insensitive.

A member of the public asked with this current change in the Chief Assessor being eliminated, if a private citizen has a company, to whom they would go in the Assessing Department if they wanted help to understand their assessment or how things are done. She was told she can begin with an administrative staff member and then, if necessary, the administrative staff member will direct the person to a commercial or residential assessor depending on the property.

Ms. Ortolano said she is not comfortable, based on this report and the lack of training, promoting from within. As a matter of fact one of the commercial assessors and one of the residential assessors are new to their job. Management has been lacking and everyone knows the issues have been going on for a long time, so to think our poorly trained assessing staff is now going to be promoted from within and not have a Chief Assessor, she does not think the office can operate like that on a daily basis. She asked 'Does anyone see that as an issue and how are we addressing that?' Ms. Kleiner said she understands the concerns. The Assessing Department currently reports to the CFO, Mr. John Griffin. He has been down there much more than she has and the Mayor has asked she put some time in there also. In fact she is moving some of her duties so she can assist Mr. Griffin. She said she can tell Ms. Ortolano that there is no immediate desire or idea to promote from within. There is so much more that needs to be done and revisited that she totally agrees that would not be appropriate at this moment.

A member of the public asked how many people are going to go on the website to fill out a survey. She said she believes putting it in the mail gives much more satisfaction, so the City should think about putting it in the mail just like you put the tax bills in the mail.

Another member of the public said he has two more quick comments – regarding setting our assessment based on people not keeping their property updated, he would not want to be assessed as if he have all new systems if he do not. He believes market value should be used to set assessments and said that is how it works.

Mr. Hansberry said this is a person who has deliberately asked for an abatement and should that person be rewarded by having their taxes reduced. A member of the public said he is not being rewarded. He is a pest and no one may like him in his neighborhood, but he is not being rewarded. Another comment he said he has is it is not that easy to get some of this data. I have come to assessing and had it explained and it is better than a lot of other towns but it takes a long time to do it. For example on the graphical data to compare his house to other houses in the area can be difficult. For a technical person it is pretty easy to do but not for most.

Regarding property owners being rewarded for deferred maintenance, Mr. D'Antoni commented when a person is losing tens of thousands of dollars in value to merely get a \$300-\$400 reduction in taxes he does not feel it means the person is being rewarded.

Mr. D'Antoni thanked Mr. Griffin and Ms. Kleiner for the report and said that is just about as good of a report as he has ever seen.

Appointment: Ms. Laurie Ortolano regarding her communications to Board of Assessors dated 1/9/2019 and 1/29/2019

Ms. Ortolano began by stating a lot has changed since she got on the agenda for this meeting two weeks ago. She had sent letters concerning the equalization ratio and a lot has to do with the practices within the office. To start off she is not certain the Assessing Office understands their mission and she is not sure the Mayor's Office understands equitable and fair. She did not think things were right when the Mayor's Office said there is no issue if your taxes have gone down. There is an issue. It is about the assessments. That is the fact that the public does not understand. Regarding the last measure and list in 1991 she asked what percentage of homes the company that was hired got in. Mr. D'Antoni said he was project manager for that update and we got in 95% of homes. Ms. Ortolano said times have changed. Today we have a lot of households with two working people. Mr. D'Antoni said usually the wife was home back with the last reval. Ms. Ortolano said that has changed now. Mr. Hansberry noted since 9/11 there has been a dramatic shift and frequently the wife will say her husband is not home and she does not want to let the assessor onto her property. Ms. Ortolano agreed that is an issue.

She mentioned assessing models which put more weight on land valuation maybe should be looked at because it takes away problems involved with entering the properties and assessing permits or sales data. She said Henry George Institute in Maine is doing a lot of work on land valuation and a UNH professor is doing a lot of work on land valuation and she thinks we should look at that. I think the land is significantly undervalued in Nashua. She gave an example of her land being valued at \$159,100 and her neighbor's \$163,000 for a double lot. She says there are lots four

times the size of her lot with a value difference of only \$6,000. That is not right. So she doesn't know why this has not been looked at in a long time. Another problem she sees is that sales data is the only data allowed for abatements. You sort of flush away the measure and list and the State has flushed it away as well. At some point you have got to allow neighborhoods to look at other neighbor's assessments. 'So here's my neighbor's house - I am off \$100,000 someone tell me why.' She said she has helped seven people do abatements and wishes she could have helped 200. Everyone she has helped with their abatement she has used sales data but also has used neighborhood data. She said she does not see why it is fair to say we met our mission. She would like to build some public awareness in this to look at the neighborhood data. The concept of qualifying sales has to be looked at because sometimes you don't have the typical buyer. When you have one buyer in 2 ½ years of the property being on the market, that is not a flood of people. She continued saying at the time they bought that property, sales were so light for this type of property her appraiser had to go into Manchester for a comparable sale and she came back and told me we overpaid and she is a very good and very well-known appraiser. Mr. Hansberry noted the further away you go the less reliable the sale data. Ms. Ortolano replied that the model would have never produced the assessment they gave me. The assessors worked very hard to take it right up to the sale price. There are a lot of instances where the assessment seems to be driven by the sale. Mr. Earley said the reasons for the issues were discussed in the audit, including lack of training and lack of policies. He said he read Ms. Ortolano's documents and his thought is we let the results of the audit take place. Ms. Ortolano told Mr. Earley this is a policy board. When she came in December, Mr. Duhamel said there is no policy about grading, condition, etc. and there is no peer review. In December there was no policy and there still is no policy, 4 ½ months later. She said she is patient but there is a point where we should get working on this and get this done. She said she thinks this is just poor management. She asked if they received an email she had sent and the members said they did not. She said she wished this board had a real time way of getting emails but you do not. The Mayor said accountability and transparency that is what we are doing but there is not much we can do. The City should have planned, this being an update year, for the 376 number of abatements so that we could handle that many.

She said she would like to make YouTube videos on how to abate. A big issue is the properties that the public is picking to use in their abatements are not the ones that should be used. They need the property record card to look at more details and be able to more fully understand. She said she would like people to understand how to abate and we do not help them. If the abate process is up to the taxpayers and they have all the data she can get 200-300 properties, lay it out for the assessor and do the work to get these properties fairly assessed.

She said she looked at 19 Monadnock Street. It sold the end of 2016 for \$260,000. It is assessed for \$147,000 and the assessors go in and give it \$155,000 but they don't adjust the EYB when the property has been changed a lot. It is a pretty heavily upgraded property that sold for \$260,000 and the assessors put it at \$155. KRT's assessment is \$212,000 so that is 81% of value. So KRT model is saying that house was over bought. 9 Monadnock sold in 11/2017 for \$355,000 and KRT puts it at \$269,700 so that is at 76%. 17 Monadnock sold for \$232,000 3/23/2018 and it is low balled at \$200,900 and 15 Monadnock sells for \$230,000 on 8/29/2018 and its assessment is \$182,300. Attorney Bolton pointed out to Ms. Ortolano if these came out at 100% you would be using these as sales chasing examples. Ms. Ortolano replied KRT is used this sales data to create their model and that is legal during a citywide re-assessment but once the update is completed and closed we can no longer use sales to drive assessments. There are 5 houses on a street that are very undervalued. I just want you to think about that.

Mr. D'Antoni said we are in the process of looking into this. Hopefully with the Administrative Services Director coming aboard those questions will be answered.

Appointment: Mr. Michael O'Connor regarding 'assessing-related' issues

Mr. Michael O'Connor of 42 Berkeley St - Mr. O'Connor said he has a recommendation for the board's consideration. He would like to suggest that this Board consider recommending to the Mayor and/or the Board of Alderman that Mrs. Ortolano be recognized by the City for her diligent work since early last fall. Her thorough and persistent efforts brought to light many issues with the City's Assessing Department, some of which have been documented in the management audit report. Mrs. Ortolano has performed a great service for Nashua property owners. Her actions have been in keeping with the highest traditions of unofficial community-minded citizens who are dedicated enough and willing to step forward to hold government to account.

Second thing he would like to ask is if we know that with responsibility comes accountability. The two major findings are ineffective management and lack of internal policies within the department. He asked who is accountable? He said Section 42 of the City's Charter talks about this board's responsibilities. Mr. D'Antoni told him in 1985 the statute was changed and the DRA Commissioner is in charge of all the assessors in all the communities in the State of NH. Mr. O'Connor asked 'so the DRA would be in charge of the Administrative Services Director?' Mr. D'Antoni said yes. Mr. O'Connor continued, so someone else is accountable for overseeing the person responsible for this mess. It begs disbelief that we do not have anyone overseeing this department, a core part of the City. Mr. Hansberry said within the administrative organization of the

City when the position did exist he reported to the CFO. Mr. O'Connor said so the CFO is who is responsible for oversight and he is now the person who is going to fix this? Attorney Bolton said this board cannot comment on internal personnel issues. He said he is advising the members to not comment. Mr. O'Connor said there can be no trust unless there is a perceived accountability for what has been reported as a complete and utter mess. Mr. O'Connor said it seems that the taxpayer should have a sense of the chain of accountability. We need to know the chain of accountability. He thanked the board for their time.

Attorney Bolton said the direct supervisor of the Chief Assessor was the Chief Financial Officer, Mr. John Griffin. It is the question of what should be done about that Attorney Bolton said he advised the board not to answer but the position was identified as the position responsible.

Staff Items:

Mr. D'Antoni asked Commercial Assessor Doug Dame about the vast difference between the recent sale price and the current assessment of the property located at 104 Canal Street. He said he had asked Mr. Duhamel about this when he was with us and Mr. Duhamel told him it was because the sale involved another lot, so he wanted to ask Mr. Dame to check on this.

Mr. Dame said he had anticipated being asked about this property so he came prepared and brought with him some information. Mr. Dame explained the history of the property to the board and went over the recent improvements. He noted the dormers on the building that make it appear to have a second floor are strictly ornamental.

Mr. D'Antoni asked if the sale included another lot as indicated by Mr. Duhamel and Mr. Dame said it did not.

MOTION BY Robert Earley to adjourn at 10:21 AM.

SECONDED BY Daniel Hansberry.

MOTION PASSED

*Transcribed by:
Cheryl Walley
Department Coordinator*