

December 1, 2014

Meeting Called to Order

The public meeting convened at 7:00 PM.

In accordance with the requirements of Section 4(a) of C.231, P.L. 1975, the required 48 hour advance notice of this meeting was given by mailing/faxing a copy of the agenda to the Asbury Park Press and the Two River Times, in addition, to posting on the bulletin board in the Municipal Building on November 24, 2014 by the Municipal Clerk.

Roll Call

Present: Mayor Burden, Councilwoman DerAsadourian, Councilmen DeSalvo, Dodge & Pellegrino
Also Present: Borough Attorney Martin Barger, Borough Administrator Thomas X. Seaman, Clerk Kathleen P. Krueger & Deputy Clerk Bonnie Brookes
Absent: Councilmen DeNofa & Meyer

Salute to Flag

Led by Mayor Burden

Proclamations: Jack Connors & Michael Bell

Mayor Burden thanked everyone for attending the meeting to honor those who served our community. Mayor Burden read both the Proclamations for Jack Connors and Michael Bell in full and presented them to their families. He invited Councilman Pellegrino and New Jersey State First Aid Council (NJFAC) Senior Delegate Paul Roman to present a Resolution from NJFAC to the Connors and Bell families. Councilman Pellegrino said a few words about Mr. Connors and Mr. Bell.

Resolution #2014-73 (Appropriation Transfer #3)

Mr. Seaman explained the need for the appropriation transfer. Councilman Pellegrino motioned to approve Resolution #2014-73, seconded by Councilman Dodge, and approved by the following vote:

AYES: DerAsadourian, DeSalvo, Dodge & Pellegrino
NAYS: None
ABSTAIN: None

Resolution #2014-74 (Authorize Membership in the Houston-Galveston Area Council Cooperative Purchasing System)

Mr. Seaman stated that this was a good program for the Borough to participate in for purchasing first aid equipment. Councilman Pellegrino motioned to approve Resolution #2014-74, seconded by Councilman Dodge, and approved by the following vote:

AYES: DerAsadourian, DeSalvo, Dodge & Pellegrino
NAYS: None
ABSTAIN: None

Discussion of the Assessment Demonstration Program – William Fitzpatrick, Assessor

Mayor Burden introduced the Borough's Assessor, William Fitzpatrick. Mr. Fitzpatrick apologized for how the new assessments were being received by the Council and the residents and for any misunderstandings. He noted that he was under the impression that residents were aware of the new program and how it worked. He explained that Monmouth County was involved in the new pilot program through the state which changes the tax assessment calendar in addition to requiring annual reassessments of the entire municipality. Mr. Fitzpatrick informed the Council that the Borough's ratio, which is an average market value to assessment value comparison, went up to 100% this year after the reassessment.

Mr. Fitzpatrick informed the Council that in the old assessment system municipalities were reevaluated every ten years. He noted that appeals and new construction assessments were handled by the Assessor. He added that in the old system a majority of the properties were not impacted on an annual basis which left them under or overvalued in between reassessments.

Mr. Fitzpatrick explained that the new pilot assessment program makes it the Assessor's responsibility to annually reassess the value of all homes in the municipality depending on the market for each area of the municipality. He pointed out that this pilot program provides a fairer system and will cost municipalities less to administer. Mr. Fitzpatrick reported that the pilot program requires 20% of all homes in the municipality be inspected annually resulting in all homes being inspected at the end of a five year span. He noted that the state is providing education and new technology to the Assessors to assist them in this new process including an online appeal program.

Councilwoman DerAsadourian inquired what the overall increase in assessment value was in Shrewsbury in terms of dollars. Mr. Fitzpatrick stated that the average increase in assessed value was 7% but did not know the dollar amount. Councilwoman DerAsadourian asked how that increase was split between residential and commercial properties. Mr. Fitzpatrick stated he did not know because sales are looked at by sections which could cause a difference in percentage increase from section to section within the municipality. Councilman Dodge inquired as to whose job it is to assess commercial property in the Borough. Mr. Fitzpatrick stated that it is the assessor's responsibility.

Councilwoman DerAsadourian asked what the Borough's assessment ratio was prior to reaching 100% which Mr. Fitzpatrick responded that it was 95.5%. Councilwoman DerAsadourian asked the size of the sample of properties used to decide on this ratio. Mr. Fitzpatrick explained that he uses every useable comparable sale in the area. Councilwoman DerAsadourian expressed her concern regarding how small the Borough is and how outlier sales could impact this ratio. Mr. Fitzpatrick explained that he does not rely on outlier figures. He noted how he identifies which sales fit into this category in the assessment process. Mr. Fitzpatrick stated that commercial property values are also assessed on their income. He added that companies or people hired to conduct revaluations, like the Borough did a few years back, follow the same process.

Councilwoman DerAsadourian questioned how assessments could go up an average of 7% if the Borough was previously at 95.5% and is now at 100%. She stated that this would make the percentage over 100%. Mr. Fitzpatrick explained that the Borough is currently at market value.

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He informed the Council how the ratio is a flawed figure due to it being based on a weighted rolling two year average. He added that this year's reassessments were weighted to the 2014 sales.

Councilwoman DerAsadourian questioned if other municipalities are using more than three comparative properties in their determination of assessed value. She also questioned how outliers are determined and why the inspections would be conducted after the property's value had already been reassessed. Mr. Fitzpatrick stated that he determines if a sale is an outlier by the price, MLS information, and the information on file for the home from the inspection two years previous. Councilman Dodge stated that he felt two years' worth of sales was an inadequate sample size and that the old process with reassessments conducted every ten years better filtered out the outlier sales. Councilwoman DerAsadourian stated that she believes the new program could work in larger municipalities to provide an accurate appraisal but not in smaller ones like Shrewsbury. Mr. Fitzpatrick informed the Council that the Borough's revaluation in 2012 used only comparative sales in the Borough from 2012 which he compared to how he is currently only using sales from 2014.

Councilman Pellegrino stated that the homes are not being inspected like was done during the 2012 revaluation. Mr. Fitzpatrick noted that he has the information and pictures from the inspections in 2012 and added that he didn't believe much changed in two years. Councilwoman DerAsadourian said that the problem is that he is basing his information from a computer program and a realtor will tell him you can't program in what makes people want to buy a home. She again stated that she has concerns with the numbers of comparatives used and the overall lack of statistical significance. Councilman Dodge questioned if someone only paints their home can their taxes be increased. Mr. Fitzpatrick stated that if the value of their area goes up, unfortunately yes, the value of their home can increase.

Councilman Dodge stated that he did not believe it was fair that the tax amount represented on the listing agreement does not represent the actual amount of taxes to be paid if a home was purchased at a price over its assessed value. Mr. Fitzpatrick stated that under the old process it was illegal to change the taxes on a property based on the sales price and with the new system assessors are required to do so.

Councilman Meyer entered the meeting at 7:32pm followed by Councilman DeNofa at 7:33pm.

Councilwoman DerAsadourian questioned how many municipalities in Monmouth County are comparable in size or smaller than Shrewsbury. Mayor Burden noted that at least ten municipalities are smaller than Shrewsbury. Councilwoman DerAsadourian asked if these other municipalities were having issues with a smaller number of comparatives. Mr. Fitzpatrick stated that he was unaware of any municipalities having an issue. Councilman Dodge inquired how many municipalities were in Monmouth County. Mr. Fitzpatrick informed him there are 53. He noted that there are more sales in larger municipalities but there are also more properties which should average the same percentage of comparatives.

Mr. Seaman asked how the Monmouth County Tax Board felt about Mr. Fitzpatrick's assessment values for Shrewsbury Borough. Mr. Fitzpatrick informed the Council that the Board

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believed that his assessments were too low for the market value and he had to explain to them why he felt his assessments represented accurate values. He stated that the County did ultimately accept and approve Shrewsbury's tax books. Councilman Dodge asked if the Monmouth County Tax Board has greater authority than the assessor, to which Mr. Fitzpatrick responded they did.

Mayor Burden inquired if the number of appeals had increased this year. Mr. Fitzpatrick stated, to date, that he has only received two for this year.

Open the Meeting to the Public

Councilwoman DerAsadourian motioned to open the meeting to the public for questions on the Assessment Demonstration Program, seconded by Councilman Dodge and approved by the rest of the Council.

Suzanne Smith, 55 Sickles Place, Shrewsbury, stated that she filed an appeal in 2010 and won. She said that she was told at the time that her property's assessment was \$277,000, of which \$123,000 was for land value and \$154,000 for improvements. She shared with the Council that after this year's reassessment her land has increased in value by \$95,000 and improvement value increased an additional \$17,000. Ms. Smith stated that she could not understand how the value increased so much when the County reduced her assessment by \$80,000 in 2010. She informed the Council that she was very unhappy and upset over this situation. Ms. Smith added that she has not updated her home.

Andrew Rose, 27 Blades Run Drive, Shrewsbury, stated that he was taken by the number of people who are in attendance at this meeting. He noted that there are never more than two or three people in attendance at a regular Council Meeting. He asked for a show of hands of those in attendance of how many people were there concerning their taxes. Mr. Rose stated that everyone was in attendance to talk to the Council about what appears to be an arbitrary jump in property values. He noted that two years ago 'so-called-experts' walked through Borough homes, compared them to comparatives, and made an adjustment based on reality. He commented that this year the Borough seems to be determining value by some arbitrary formula. Mr. Rose stated that his property value increased by \$50,000 and that the only home that sold on his street was a short sale which sold for less than they paid for it a few years prior. He stated that "there is no upward trend of sales in his neighborhood but the Assessor, Mr. Fitzpatrick, is stating that there is a sharp increase in the market that no one knows about".

Mr. Rose stated that the number of people present at this meeting is no indication of how many people are angry about their taxes. He expressed his belief that people should be at the Borough Hall with torches and pitchforks concerning the insanity of what is going on with resident's taxes. Mr. Rose stated that the Council should interpret the large turnout as torches and pitchforks. He stated that everyone present was upset about their taxes but there are many more people that could not make tonight's meeting who are also upset. He informed the Council that he is disgusted that only two years ago the Borough had a reassessment with people walking through their homes and now Mr. Fitzpatrick comes in and says "Well I got this model, we'll fix it".

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Mr. Fitzpatrick asked Mr. Rose if he looked at the comparative sales for the year. Mr. Rose stated that he looks at sales all the time and also watched sales that expire because they cannot sell their house. Mr. Fitzpatrick inquired where Mr. Rose resided which he responded behind the library. Mr. Fitzpatrick asked if at the end of the day, Mr. Rose thought his assessment was out of line for what he could sell his home for. Mr. Rose stated that he could not possibly sell his home for the assessed value. Mr. Fitzpatrick recommended that Mr. Rose file an appeal. Mr. Rose stated that he had filed an appeal in the past at great expense and won. He also stated that the County informed him that the value could not be touched for three years after a successful appeal. Mr. Fitzpatrick informed Mr. Rose that the three years are now void with the new system. Mr. Rose commented that the fact he will have to appeal each year because the assessor will change the property value each year is insanity. Mr. Fitzpatrick stated that if the assessment value is lowered in appeal then next year the home will be reassessed based on the sales for 2015.

Mr. Rose asked if Mr. Fitzpatrick was calling the revaluation people from two years ago idiots who didn't know what they were doing. Mr. Fitzpatrick said that is not what he said and explained that those values were based on sales from 2012 and the market has changed since then. Mr. Rose stated that the market is going down. Mr. Fitzpatrick stated that there are areas in the Borough taxes went down. Mr. Rose said that all the homes that were sold in his neighborhood all sold for less than what they paid so how could his property value go up? Mr. Fitzpatrick stated that he would have to look at the sales in Mr. Rose's neighborhood to answer that question.

Mr. Rose asked if the only way to fix this was to go through the appeal process and spend more money on the filing and attorney fees. Mr. Fitzpatrick stated that he did not have to hire an attorney and could appeal himself. Mr. Rose commented that because of the new computer model, which is not based in reality, he would have to spend another \$100 this year to appeal again only a year after his last appeal. Mr. Fitzpatrick stated that he looked at every sale and feels that Mr. Rose's assessment is fair. Mr. Rose asked how Mr. Fitzpatrick could think it is a fair assessment if he hadn't been in his home. Mr. Fitzpatrick informed him that he had the data from the 2012 revaluation of his home and asked if anything with the home had significantly changed. Mr. Rose confirmed nothing had changed since 2012. Mr. Fitzpatrick explained that if another home sold without any updates in the last two years at a higher value than the assessed value, this tells him that a neighborhood's assessment needs to be changed.

Mr. Rose informed Mr. Fitzpatrick that a home that sold for \$800,000 a few years ago only sold for \$500,000 this year which demonstrates a downward trend, but his property value went up. Mr. Fitzpatrick stated that not much weight is placed on short sales and that he cannot recall off the top of his head the exact sales he compared Mr. Rose's property to when working on his assessment. Mr. Rose stated that there have been two sales in his neighborhood since that happened and they were much lower than the houses were priced at the last time they sold. Mr. Fitzpatrick stated that he would not change an assessment without a reason and there are homes that did decrease in value in the Borough, as well as, ones that increased.

Councilwoman DerAsadourian inquired if the computer model took into account homes that were pulled from the market because they couldn't sell at the requested price. Mr. Fitzpatrick

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stated that he has that information through MLS listings and explained how he does include that information when assessing properties. Councilman Dodge questioned what would happen if there were no comparable sales in a neighborhood. Mr. Fitzpatrick explained that comparatives in other similar neighborhoods within the Borough would be considered. He noted that he would look outside the municipality only if it was a unique property.

Rich Stoeber, 215 Spruce Drive, Shrewsbury, stated that he sees a lot of his neighbors at this meeting. He questioned how Mr. Fitzpatrick came up with the 'magic number' of \$50,000, which he stated is the amount his and many of his neighbors' values increased by. Mr. Stoeber pointed out that even the Council is not convinced with what is going on based on the look on their faces. He asked for a show of hands of those in attendance whose assessment went up \$50,000. He explained that he is trying to understand what he read online and commented that next year he will be paying taxes on \$50,000 more in assessed value. Mr. Stoeber informed the Council that he did a tax appeal when he moved into the Borough thirty years ago in 1982 which he won and that was during a recession. He stated that he bought a house on a short sale and then appealed the value. He asked how he could appeal his assessment. Mr. Fitzpatrick explained the ways he could appeal online or by filing a hard copy. Mr. Stoeber said that he already knew of his neighborhood's comparative properties and noted that many of them were short sales and/or in poor condition. He further explained that Spruce Drive has various types of houses on the street. Mr. Fitzpatrick explained how comparatives work and how Mr. Stoeber would use them to decide a price if he were selling his home. Mr. Stoeber questioned Mr. Fitzpatrick's statement that he would look outside Shrewsbury for comparatives. Mr. Fitzpatrick stated that he would only do that if it was a unique property and noted he did not use any comparatives from outside Shrewsbury in this assessment.

Suzanne Smith, 55 Sickles Place, Shrewsbury, asked how land value is determined. Mr. Fitzpatrick stated that it is based on comparative sales. Mr. Fitzpatrick stated that he believed Shrewsbury was at 75% market value in 2010 and explained that it went up in 2012 and 2014 based on sales. Ms. Smith questioned if her land was not at full value in 2010 which Mr. Fitzpatrick confirmed and gave an example on how appeals, when they are won, do not differentiate between the property and the improvement values in the total assessed value.

Councilwoman DerAsadourian hypothetically asked if someone lived in a neighborhood of twenty homes and fifteen of them add a second floor on a pre-existing ranch, would that impact the land value of someone who did not add a second floor. Mr. Fitzpatrick stated that it could impact the land value and explained how it would impact the assessed value. Councilwoman DerAsadourian again questioned if all of a particular property's neighbors put on an addition if it would impact everyone else's land value. Mr. Fitzpatrick confirmed it would impact their land value by either increasing or decreasing it.

Richard Montgomery, 154 Samara Drive, Shrewsbury, stated that many of the folks at the meeting are his neighbors. He added that everyone he has spoken to about this issue has the same increase of \$50,000 to their assessment. He asked if his taxes from last year were \$12,000 and his assessment increased by \$50,000, what type of increase in taxes should he expect for the following year. Mr. Fitzpatrick stated that the Borough will not know the tax rate for 2015 until July once the County, schools, and Council have completed their budgets. He noted that the

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average adjustment was 7%, which if a property's assessed value only went up 7%, the owner should be paying about the same amount in taxes as last year. He noted that if his assessment increased by 10% his taxes would increase. Mr. Montgomery again asked about an increase in his taxes stating it was simple math, the \$50,000 times the ratable. Mr. Fitzpatrick explained that it was not that simple since the tax rate has not yet been determined.

Judy Martinelly, 39 Corn Lane, Shrewsbury, explained that she is in a unique situation because she has a real estate business and owns both commercial and residential property all in Shrewsbury. She expressed concern about Shrewsbury's reputation in the real estate industry for high taxes. She said that she knows other agents that will not show homes in Shrewsbury because of that. Ms. Martinelly explained that Shrewsbury's reputation really bothers her. She stated that the Borough has great new ratables with the The Ivy and The Enclave, which are selling in the \$800,000's and \$900,000's, so the Borough should be 'home free' for taxes.

Ms. Martinelly informed the Council that the small commercial property she owns on Route 35 had the property value go up \$60,000. She stated that she recently had the property professionally assessed and the value was declared to be \$80,000 less than what the Borough says it is worth. She inquired how the land values are assessed. Mr. Fitzpatrick explained that land value is determined differently based on the section of the Borough. He explained three of the methods that are used include acreage, front value, or site value. He noted that Corn Lane probably uses the acreage method. Ms. Martinelly stated that the assessed land value of her Corn Lane property also increased and asked if she had a second acre would the assessed land value double. Mr. Fitzpatrick explained that the acreage method works on a sliding scale and would only double if the land could be sub divided. Ms. Martinelly inquired how historic homes are assessed. Mr. Fitzpatrick explained that homes are assessed based on the age, condition, and amenities of the home.

Ms. Martinelly questioned when all the new ratables like The Ivy would be on the tax books. Mr. Fitzpatrick stated that The Ivy is currently on the tax books and 50% of The Enclave is on with the other half expected to be on by next year. Ms. Martinelly asked if The Ivy and The Enclave would have their assessed value determined by their sale price. Mr. Fitzpatrick confirmed that they would be at market value. Ms. Martinelly questioned how the land value is assessed at The Ivy and if 'the extras' are included in the market price. Mr. Fitzpatrick explained that he uses the frontage and the site value to make that determination. He also noted that 'the extras' such as granite counters or carpeting that people added to their homes' base price is not reflected in the assessed value. Ms. Martinelly stated that this would be a bonus to Shrewsbury's tax base. The Council pointed out that the state, county, and schools also receive a generous portion of the taxes Shrewsbury collects from these properties.

Close the Meeting to the Public

Councilman DeSalvo motioned to close the meeting to the public, seconded by Councilwoman DerAsadourian and approved by the rest of the Council.

Mayor Burden thanked the residents and Mr. Fitzpatrick for their attendance at the meeting.

Administrator's Report

Mr. Seaman reported on the newsletter deadline. He stated that he has been working closely with the Code Enforcement Officer, Frank Woods, concerning the brush, sign issues, and resident complaints and the Council should receive his log shortly.

Reports of Council

Councilman DeNofa reported that he spoke to Borough Engineer, Dave Cranmer, concerning Patterson Avenue and was informed that some signs have been removed and others will be removed in the future. He noted that he received an e-mail from Chief Ferraro detailing how the police are stepping up enforcement on Patterson Avenue in support of the traffic calming and added that the average speed has been reduced to 34 mph.

Councilwoman DerAsadourian reported that she spoke to the Shrewsbury Borough School Superintendent, Brett MacConnell, and explained that they would like to build a safety vestibule by adding another set of doors into the school's main entrance.

Councilman DeSalvo reported that the Communications Committee met to discuss options for the Borough's website and are working to make it more user friendly.

Councilman Dodge reported that at the next meeting of the Council, the promoted police officers would be sworn in. He also noted that there is a change of leadership in the PBA.

Councilman Meyer had nothing to report.

Councilman Pellegrino reported that departmental budget meetings would start the following week. He added that the Community Garden Committee has revised their Rules and Regulations.

Mayor's Report

Mayor Burden reported that Shrewsbury received the Bronze Award from Sustainable New Jersey. He noted that he attended a Freeholder's meeting where nine local municipalities presented the County Freeholders with resolutions requesting support for the Safe Routes to School Program and bicycle paths. Mayor Burden informed the Council that the Shrewsbury Newsletter received Honorable Mention from Rutgers University.

Correspondence

Municipal Clerk Krueger had nothing additional to report.

Open the Meeting to the Public

Councilman DeSalvo motioned to open the meeting to the public, seconded by Councilwoman DerAsadourian and approved by the rest of the Council.

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Judy Martinelly, 39 Corn Lane, Shrewsbury, thanked Deputy Clerk Bonnie Brookes for the exceptional Shrewsbury Day and stated how great it was for the Borough's residents and businesses.

Ms. Martinelly questioned if the Borough still offers tax abatements for vacant commercial properties. Mr. Seaman stated that he does not know of any and there have not been any for many years. Attorney Barger explained that commercial property is evaluated based on income and if the rents drop so does the assessed value of the property.

Close the Meeting to the Public

Councilman DeNofa motioned to close the meeting to the public, seconded by Councilman Pellegrino and approved by the rest of the Council.

Payment of the Bills

Councilman Pellegrino motioned to approve the bills list in the amount of \$1,122,582.13, seconded by Councilman DeNofa and approved by the following vote:

AYES: DeNofa, DerAsadourian, DeSalvo, Dodge, Meyer & Pellegrino
NAYS: None
ABSTAIN: None

Adjourn to Executive Session

Mayor Burden stated that the Council needed to enter into executive session and that no further action would be taken upon adjournment of the executive session when the public meeting was reconvened. Councilwoman DerAsadourian motioned to enter into executive session, seconded by Councilman Dodge, and approved by all Council Members present. The Council entered into executive session at 8:15 PM.

Public Meeting Reconvened

The public meeting reconvened at 9:17 PM.

Adjourn

Councilman Dodge motioned to adjourn the meeting at 9:17 PM, seconded by Councilman DeSalvo, and approved by the rest of the Council.

Attest: _____
Kathleen P. Krueger, RMC – Municipal Clerk

Approve: _____
Mayor Donald Burden