



# The Town of Barnstable

## Comprehensive Financial Advisory Committee (CFAC)

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### CFAC Committee:

#### Chairman:

John Curtis, Chair

#### Members:

Bill Brower  
Laura Cronin  
Ralph Krau  
Tom Michael  
Jim Sproul

#### Staff Liaison:

Mark Milne

#### Councilor Liaison:

Richard Barry

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### CFAC MEETING MINUTES

08.18.08

7:00 PM

Selectman's Conference Room

CFAC Members Present: Bill Brower, Laura Cronin, Jim Sproul, Ralph Krau,

CFAC Members Absent: Tom Michael, John Curtis

Councilors Present: None

Staff Present: Jeff Rudziak, Mark Milne

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1. Upon a quorum duly present, Acting Chairman Borwer called the CFAC meeting to order at 7:05 PM in the Selectman's Conference Room.
  2. Approval of Minutes:  
  
A motion was made and seconded to approve the minutes of 07.21.08.  
Vote: Unanimous
  3. New Business: CFAC's Annual Report  
Mark passed out CFAC's FY06 and FY07 annual reports and asked the committee to submit ideas to John Curtis for the FY08 report. Jim S. said he would review the first six months and prepare a draft report. Laura C. said she will draft a report for the second half of the year.

#### Assessing Methodologies - Presented by Jeff Rudziak, Director of Assessing:

Jeff described to the committee the 3 methods used to value residential and commercial property. Predominantly, residential property is valued using the comparable sales approach or market approach. Commercial and industrial property is valued more often using the cost to construct or the income approach.

Laura C. asked if, out of the 3 methods used, do we always set the property's value at the highest value determined under each of these methods. Jeff responded no. It is set at what is the best representation of market value and all similar properties are valued then by that same method.

Ralph K. commented that the system allows for the business community to get away with murder. He cited that the Sheraton was paying less than \$100,000 in taxes on a valuation of somewhere around \$12 million. They should be paying more in taxes.

Jeff R. commented that the Sheraton sold for \$14 million but he could not value the property at the sales price. This is called "chasing sales" and is illegal. He has to use mass appraisal methodologies. Jeff went on to say that these methodologies are different than a fee appraisal whose sole purpose is to put together evidence to support the need to get that one property valued at a certain amount desired.

Bill B. asked how many income and expense reports do we send out and how many does the assessing office receive annually from commercial properties. Jeff said the town mails about 1600 and gets about 600 back, with only about 300 of those being of any use. Bill B. asked what the assessor does since he does not get all of these back. Jeff R. said he uses other data from industry sources and market research.

Ralph K. asked Jeff how he values commercial property. Jeff said he predominantly uses the cost or income approach. Ralph K. commented that the residential property owners are feeling the pinch having to pay 90% of the tax levy as the commercial valuations appear to be lower than they should be.

Laura C. asked Jeff if the town was looking for other ways to alleviate residential taxes. Is there another approach? Jeff commented that we do have the existing tax shifting options available to us that the council votes on every year, principally, the split tax rate and the residential exemption. Mark M. commented that another approach is to increase the commercial property tax base by expanding it.

Bill B. asked why the residential tax rate goes up for the residential class but not the commercial class when a residential exemption is adopted. Jeff R. explained that with a residential exemption implemented, the town removes the exempted value from the residential property class only. Since it does not change the amount of the tax levy assigned to that class, it drives the tax rate up for that class, as you divide the tax levy by the total property value to arrive at the rate. If only the denominator changes then your quotient, or tax rate, will change.

Laura C. asked what tools we had in the town charter to help shift taxes. Jeff R. said that the tax shifting options are state law and not charter provisions.

Ralph K. asked if someone owned an undeveloped lot and was using it to park cars how does the town assess it? Jeff said that it is assessed according to its zoned use. If it is zoned as residential it would be valued as a residential property and not a business. Assessments are based on allowable current use under local ordinance, not how someone is actually using it. If the property is being used for another purpose other than for what it is zoned then this could perhaps be a zoning violation and is not an assessing issue.

Bill B. asked if the residential exemption amount of \$105,000 was based on state law. Jeff R. said yes. The state law dictates how to calculate it; the council votes what percentage to implement from 0% to 20%.

4. Adjournment

Upon a motion duly made and seconded, it was voted to adjourn at 9:10 PM

VOTE: Unanimous.