

RESOLUTION 2020-119

RESOLUTION OF THE MAYOR AND BOROUGH COUNCIL OF THE BOROUGH OF MOUNT ARLINGTON, IN THE COUNTY OF MORRIS, NEW JERSEY, GRANTING AUTHORIZATION TO ENTER INTO AN AGREEMENT FOR REVALUATION SERVICES WITH APPRAISAL SYSTEMS IN AN AMOUNT NOT TO EXCEED \$193,575 FOR THE TAX YEAR 2021

WHEREAS, the Morris County Board of Taxation has ordered a Revaluation for the Borough of Mount Arlington to be completed for the year 2021; and

WHEREAS, revaluation services require professional compliance and a license to conduct revaluations in the State of New Jersey; and

WHEREAS, revaluation services may be considered a Professional Service as the services to be provided require revaluation firms to have a professional license in the State of New Jersey; and

WHEREAS, the Local Public Contracts Law provides that Professional Services Agreements may be awarded without public advertising for bids; and

WHEREAS, the Borough of Mount Arlington nonetheless publicly noticed and advertised for a Request for “Proposals for Revaluation Services for the Tax Year 2021”, in accordance with the Fair and Open Process pursuant to N.J.S.A. 19:44A, et al; and

WHEREAS, the Borough, in conducting its Request for Proposals, notified each one of the six Licensed revaluation firms in the State of New Jersey of the Borough’s interest to solicit such request for proposals; and

WHEREAS, a proposal was timely received on the return date of August 13, 2020 for such services by one firm; and

WHEREAS, three firms had requested information regarding the proposal, however one firm submitted a proposal in accordance with the submission date of August 13, 2020; and

WHEREAS, the Township Administrator, Tax Assessor and Special Tax Counsel have reviewed the submission for revaluation services and finds that it is complete from a legal perspective and compliant with the requirements of the proposal set forth by the Borough of Mount Arlington; and

WHEREAS, the Borough Tax Assessor and Special Tax Counsel have reviewed the qualifications of the revaluation firm as well as inquired as to past references or experience of the firm and find that they are in fact qualified to serve as the revaluation firm for the Borough of Mount Arlington; and

WHEREAS, the Chief Financial Officer certifies that funds are available with respect to the award of this contract in the amount of \$193,575.

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and Borough Council of the Borough of Mount Arlington, County of Morris, State of New Jersey, that the Mayor and Borough Administrator are hereby authorized to enter into an agreement for revaluation services with Appraisal System in the amount of not to exceed \$193,575 in accordance with the terms and conditions set forth provided by the Borough of Mount Arlington for revaluation services for the year 2021.

This Resolution shall take effect immediately.

I HEREBY CERTIFY this to be a true and correct Resolution of the Mayor and Borough Council of the Borough of Mount Arlington, and adopted on September 1, 2020.

A handwritten signature in blue ink, appearing to read "L. Dwyer", followed by the date "Sept. 1, 2020". The signature is written over a horizontal line.

L. Dwyer
Acting Borough Clerk

DORSEY & SEMRAU

FRED SEMRAU
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OF COUNSEL:
JOHN H. DORSEY (1937-2018)
JOHN P. JANSEN

MEMORANDUM

TO: Mayor Michael Stanzilis and Members of the Borough Council
Borough of Mount Arlington

FROM: Fred Semrau, Esq.
Special Tax Counsel

RE: Revaluation for 2021 Tax Year

DATED: August 27, 2020

Dear Mayor Stanzilis and Members of the Borough Council:

As you recall, I serve as Special Tax Counsel for the Borough and in that capacity, I am writing you regarding the 2021 Revaluation that was ordered by the Morris County Board of Taxation in 2018.

Since being hired by the Borough in January, our office has worked in conjunction with Jack Marchione, Borough Tax Assessor, and Carolyn Rinaldi, Borough Administrator, along with Beth Dwyer, Acting Clerk, to comply with the Order of Revaluation for the Borough.

HISTORY AND PROCESS

By way of background, the Order of Revaluation requires the Borough to adhere to the following process:

- Enter into a contract for revaluation services
- Work with the revaluation company to understand the neighborhoods within the Borough
- Notify residents of the revaluation process and coordinate communications from the revaluation company to residents
- The revaluation company will need to conduct inspections of properties prior to December 31, 2020
- In November and December 2020, preliminary assessments will be put together with the review of the Borough Assessor, and preliminary notices will be sent to residents with the preliminary assessed value
- In January 2021, residents will have an opportunity to make appointments to meet with the revaluation company and discuss the preliminary assessment, obtain answers to questions and, if necessary, arrange for reinspection or corrections to the proposed assessment

- By the end of January 2021, the assessments will be finalized
- Residents will have an opportunity file an appeal, if they so choose, by May 1, 2021 with hearings conducted through July 31, 2021

AWARD OF THE CONTRACT

We are now at the point of the process where we would like to make a recommendation for the award of a contract for revaluation services. From the beginning of this year, we have essentially begun from scratch. There are a number of ways to proceed with a revaluation contract – some communities enter into negotiations and hire a firm under a Professional Services Contract without any type of bidding process, while other communities go through a proposal process and award the proposal based on the qualifications of the firm and the merits of its proposal.

In our case, the Borough undertook the most transparent process, which was as follows:

- We prepared specifications for prospective proposals
- A notice of the Request for Proposals was posted on the Borough's website for firms to participate and submit proposals
- In light of the fact that the revaluation firm must be licensed, and there are only a few of such firms in New Jersey, we also sent a letter notifying each licensed revaluation firm in the State of the fact that the Borough was soliciting proposals for revaluation services
- The Borough had three companies express interest in the Request for the Proposals, and yet only one firm submitted a response, which was opened by Beth Dwyer on the return date of August 13, 2020
- The firm that submitted the proposal is Appraisal Systems, which is based primarily in Morristown. We did not receive any other proposals, inquiries or follow-ups from the other firms as to why they did not bid or any claims that they did submit a proposal, and ultimately, nothing was provided to the Borough since the time of the deadline for submission

With that in mind, Mr. Marchione and I evaluated Appraisal Systems' proposal. First, the proposal is compliant with what was requested by the Borough, including the appropriate procedures and protocol. We find Appraisal Systems to be qualified to provide such services.

Secondly, the pricing was, as requested, specified, whereby the total contract price proposed for the services is \$193,575. This price comes to \$81.07, on an average, for each property within the Borough. By way of price comparison:

<u>MUNICIPALITY</u>	<u># OF LINE ITEMS</u>	<u>COST PER LINE ITEM</u>
Mount Arlington	2393	\$81.07
Randolph	8226	\$65 ¹
Netcong	1010	\$86.16
Butler	2798	\$81.12

¹ There are a significant amount of line items and that diminishes the cost per line item.

FURTHER DETAILS OF APPRAISAL SYSTEMS' PROPOSAL

The proposal also includes the following:

1. Cost for additional line items: If more properties are placed on the books for 2021, such as an apartment or a commercial property, there would be a price for each line item. According to Mr. Marchione, there should be fewer than five if that were to occur, and the price schedule ranges from \$25 to \$300 for a commercial property. That is a reasonable proposal based on other municipalities and the cost to undertake such work.
2. Photographs: The contract calls for front and rear photos. Some municipalities do not ask for rear photos. Mr. Marchione believe this is important and helpful for a benchmark of these properties for the future and for better record keeping. That will be included.
3. Defense of Appeals: By law, the revaluation company has to defend the Borough's assessments at the County Tax Board. However, in many contracts, defending the assessments at the State Tax Court is not required by law, nor a part of a contract. In this particular case, the Borough will be defended for assessments up to \$2 million at the State Tax Court for the year of the revaluation and the year after.
4. Option to Extend Time: The contract provides that if for any reason the revaluation is extended to 2022, these terms will be binding on Appraisal Systems. **We are in the process of making a request to the County Tax Board for a one-year extension and certainly having a contract awarded with the pricing and option locked-in, should help us make our case before the County Tax Board. Presently, it is also difficult, with COVID-19 restrictions, to access properties and, at the same time, complete our mapping.**

After drafting specifications, soliciting all revaluation companies in the State and conducting an internal review of the merits of the proposal and checking with other communities that have worked with Appraisal Systems, we recommend that the governing body consider adopting a resolution authorizing revaluation services with Appraisal Systems. I have enclosed the resolution for your consideration.

I am grateful for the opportunity to serve as Special Tax Counsel for the Borough, and if you have any questions, please do not hesitate to contact me.

FS:sdj

Enclosure

Cc: Carolyn Rinaldi, Borough Administrator
Jack Marchione, Borough Tax Assessor
Beth Dwyer, Acting Borough Clerk

ARTICLES OF AGREEMENT

THIS AGREEMENT, made and entered into on this 1 day of September, 2020, by and between:

BOROUGH OF MT. ARLINGTON, a Municipal Corporation of the State of New Jersey, with offices at 419 Howard Boulevard, Mt. Arlington, New Jersey, 07856 (hereinafter, "Borough"),

and: Appraisal Systems
264 South Street
Building 2, Suite 1B
Morristown, NJ 07960

(hereinafter, "Firm").

WITNESSETH:

WHEREAS, the Borough is engaged in a project to revalue all the lands, buildings and improvements contained within the boundaries of the Borough and desires to engage the services of the Firm to render necessary advice and assistance in the said project; and

WHEREAS, the Firm has offered to render such services (except defense of appeals) to the Borough and to complete said project by December 31, 2020, for use in assessing properties for the 2021 tax year pursuant to an Order adopted by the Morris County Board of Taxation.

NOW, THEREFORE, each of the parties hereto intending to be legally bound hereby, it is agreed as follows:

ARTICLE 1. CONTRACT CONTINGENT UPON APPROVAL OF THE DIRECTOR OF THE DIVISION OF TAXATION

- A. This Agreement is contingent upon approval of the Director of the Division of Taxation and shall not be executed or effective until such approval is received by the Borough.
- B. The Firm shall not assign or transfer this Agreement or any interest therein without written permission from the Borough, the surety company, the Morris County Board of Taxation and the Director of the Division of Taxation.
- C. No changes will be permitted in this Agreement except upon mutual consent of the parties and written permission of the surety company, the Morris County Board of Taxation and the Director of the Division of Taxation.

ARTICLE 2. AFFIRMATIVE ACTION, EQUAL EMPLOYMENT OPPORTUNITY, AND MINIMUM WAGE LAWS

- A. The provisions of N.J.S.A. 10:2-1, et seq., dealing with discrimination in employment on public contracts and the rules and regulations promulgated pursuant thereto are

incorporated into this Agreement and made binding upon the Firm. The Firm shall also comply with any other of the state or federal laws, rules or regulations relating to discrimination in employment on public contracts or wages to be paid employees, as though the same were specifically set forth herein.

- B. The parties to this Agreement agree to incorporate into this contract the mandatory language of the regulations promulgated by the Treasurer pursuant to P.L. 1975, c. 127, as amended and supplemented from time to time, and the Firm agrees to comply fully with the terms, provisions and obligations of those regulations.

ARTICLE 3. CONFLICT OF INTEREST

- A. No commissioner of the Morris County Board of Taxation shall have any interest whatsoever, directly or indirectly, as an officer, stockholder, employee or in any other capacity in the Firm.
- B. No member, employee, officer or stockholder of the Firm shall represent any property owner or taxpayer filing a tax appeal in the Borough of Mt. Arlington during the term of this Agreement, nor shall he have been so engaged within the last two years.
- C. No member, employee, officer or stockholder of the Firm shall represent any property owner or taxpayer filing a tax appeal with respect to a revaluation completed by the Firm.

ARTICLE 4. QUALIFICATIONS OF PRINCIPALS AND EMPLOYEES OF THE APPRAISAL FIRM

- A. The Firm shall designate one of its principals to act as the Firm's representative in connection with the revaluation program. This representative shall be fully responsible to the Borough Assessor for the completion of all work pursuant to this contract and the manner in which it is performed.
- B. The principals and employees of the Firm engaged in the revaluation program undertaken pursuant to this Agreement shall possess the following minimum qualifications:

1. **Principal Appraisers.** Pursuant to N.J.S.A. 18:12-4.6, the principal appraisers in charge of the mass appraisal work shall have not less than five years of practical experience involving diverse commercial, industrial, apartment and residential properties. This experience shall have been in the mass appraisal field and shall have occurred within the past seven years.

2. **Supervisors.** The supervisor(s) in direct charge of the work in the field shall have had not less than five years of practical appraisal experience involving diverse commercial, industrial, apartment and residential properties. Three years of this experience shall have been in the mass appraisal field and shall have occurred within the past five years.

3. **Field Inspectors.** All field personnel involved in the inspection of properties for prime data to be entered on property record cards shall be over twenty-one

years of age, be graduates of secondary school, and be thoroughly trained in all phases of their work. The personal qualifications and experience of each individual will be provided to the Assessor for approval.

- C. Classification of all properties in the revaluation project and final determination of all land values shall be done by personnel who possess qualifications at least equal to those of supervisors.
- D. Prior to commencement of any work under this Agreement, the Firm shall submit to the Borough Assessor resumes of all personnel and employees who will be performing work on the revaluation project, establishing possession of the required qualifications by all such personnel.
- E. Any requested change in personnel by the Firm during the term of this Agreement and/or the course of the revaluation project shall be submitted in writing to and approved by the Borough Assessor before the change shall be effectuated.
- F. The Borough Assessor may require the Firm to remove any employee or agent of the Firm from work on the revaluation program, if in the sole opinion of the Assessor that person is incompetent or negligent in the performance of his duties, or is guilty of misconduct or improper behavior. Such employee or agent of the Firm shall not perform any further work in connection with the revaluation project without the prior written approval of the Assessor.

ARTICLE 5. CONDITIONS TO BE MET BY THE BOROUGH

The Borough shall facilitate the Firm's performance of the revaluation project by providing the following:

- A. An up-to-date tax map that has been reviewed by the Local Property and Public Utility Branch and deemed suitable for revaluation use. It shall be the duty of the Firm to ascertain from time-to-time during the course of the work whether there have been any new subdivisions or other tax map changes. In the event that any tax map changes should occur, it is then the obligation of the Firm to utilize such information for revaluation use. In the event that such changes are brought to the attention of the Firm at any time prior to the completion of this revaluation on December 31, 2019, it is the Firm's duty and obligation to utilize such information to compute the appropriate assessments at no additional charge.
- B. Use of such deed abstracts and SR1-A forms as are on file in the Assessor's office. The Firm shall not remove such deed abstracts or SR1-A forms from the Assessor's office, but shall have access to said documents during regular Borough business hours. Existing property record cards are not official records of the Borough. Existing property record cards shall only be provided to the Firm upon written presentation of reasons for their use in the revaluation project satisfactory to the Assessor.
- C. Use of such official records as may be on file with various Borough offices and are necessary to assist the Firm with its performance of the revaluation project. Such records

may not be removed from the Borough departments and offices by and in which they are maintained, but shall be accessible to the Firm during regular Borough business hours.

- D. Letters of introduction to property owners to facilitate access by the Firm's representatives to property to be appraised.
- E. The mailing addresses of all owners of property in the Borough to enable the revaluation Firm to maintain a current mailing list.

ARTICLE 6. SCHEDULE OF WORK REQUIRED

- A. **Commencement and Completion Dates.** The Firm shall commence work within two weeks after approval of this Agreement by the Director of the Division of Taxation and execution on behalf of the Borough. All work on the revaluation project shall be completed by the Firm by December 31, 2020, for use in establishing assessments for the 2021 tax year.
- B. **Phases of Work to be Performed According to Schedule.** There shall be a schedule for completion of various aspects of the revaluation project, to be established in accordance with the following provisions:

1. **Written Schedule of Work Required.** Immediately upon execution of this contract on behalf of the Borough, a principal of the Firm shall meet with the Borough Assessor to establish a written Schedule of Work for the performance of the revaluation project. Said Schedule of Work shall be finalized to the satisfaction of the Assessor within two weeks of the execution of this contract on behalf of the Borough. The Schedule of Work shall be annexed hereto and made a part of this Agreement.

2. **Specific Dates to be Established.** The Schedule of Work shall establish commencement and completion dates for all significant aspects and phases of the work. It shall include, but not be limited to, the establishment of the dates by which the following specific aspects of the work shall be commenced and completed:

- i. Mailing of initial explanatory letter and brochure to property owners;
- ii. Public education program;
- iii. Office work;
- iv. Mailing of notices to property owners regarding property inspections;
- v. Field work, including building inspections and measurements;
- vi. Data gathering and analysis for income approach to valuation (where relevant as determined by the Assessor);
- vii. Data gathering and analysis for establishment of land values and market data approach to valuation (where relevant as determined by the Assessor);
- viii. Mailing of notices to property owners regarding informal review sessions;
- ix. Informal review sessions with interested property owners;
- x. Revision of property appraisals after completion of informal review sessions;
- xi. Delivery of revaluation list for computer changes;

- xii. Final delivery of all materials required to be furnished to the Assessor as required by this Agreement.
- C. **Schedule to be Followed.** The Firm shall adhere to the Schedule of Work and the completion dates established for the various phases of the work. In the event that the Firm shall fail to strictly adhere to the Schedule of Work and completion dates established, the Borough shall deem that the Firm is in violation of this Agreement and the default provisions of this Agreement shall apply. Notwithstanding the foregoing, the appraisal Firm shall not be held liable for any damages caused by strike, war, catastrophes or acts of God, which might stop or delay the progress of work. In the event of any such occurrence, the Firm shall be allowed a reasonable amount of additional time to complete the scheduled work so stopped or delayed.
- D. **Assessor to Determine Compliance with Schedule.** The Assessor shall ascertain from time to time that the Schedule of Work is being met. The Assessor shall also determine that the aspects and phases of the work completed in accordance with the Schedule are of good quality and meet the performance standards established by **Article 8** of this Agreement.

**ARTICLE 7.
PROCEDURES REQUIRED TO BE FOLLOWED
BY THE FIRM DURING THE COURSE OF THE
REVALUATION PROJECT**

- A. **Review of Work Progress.** The Firm shall cooperate with the Borough Assessor, who is hereby designated as the Borough's representative for purposes of determining compliance by the Firm with the performance standards established herein.
 - 1. **Inspection of Work by the Assessor.** The Firm shall permit the Assessor to inspect any aspect of the work in progress at all stages of completion, to the end that the objectives of this Agreement may be achieved.
 - 2. **Written Monthly Progress Reports.** The Firm shall submit written monthly reports to the Assessor, and if necessary to the County Board of Taxation, detailing the progress of the work. The monthly progress reports shall indicate the current status of the work and compare that completed work with the established Schedule of Work. An explanation to the Assessor shall be included where the progress of the work does not meet the timetable established by the Schedule of Work.
 - 3. **Requested Information to be Provided by the Firm.** A principal or Supervisor of the Firm shall meet and confer with the Assessor, and provide him with such information in addition to the monthly progress reports that he may request, whenever he deems it necessary to enable him to fully discharge his duties under this Agreement and as the Borough Assessor.
 - 4. **Spot Checks.** During the course of the field inspection phase of the revaluation project, the Assessor and the Firm shall conduct spot checks in the field to verify that required procedures have been followed.

- B. Use of Municipal Records.** An accurate record of all official municipal records reviewed, considered and used by the Firm shall be kept by the Firm and delivered to the Assessor upon completion of the revaluation project.
- C. Public Education Program.** The Firm shall complete all work in such a manner as to maintain the best possible relations with the citizens and property owners of the Borough. In cooperation with the Assessor, the Firm shall plan and conduct a suitable program of public education through the local press and other media, and through meetings with citizens and property owner groups both before and during the revaluation project. Said public education program shall be a means of establishing understanding and support for the revaluation project and sound assessment administration. It shall be established by the Firm and the Assessor as a step-by-step process, with a clear statement of responsibility for the execution of each step. There shall be no publicity releases by the Firm without prior review and approval by the Assessor. At a minimum, the public education program shall inform citizens and property owners of the following:
1. That the appraisal Firm shall direct to each property owner a letter explaining that the municipality has been ordered by the Morris County Board of Taxation to undertake a revaluation of all real property in the district for tax purposes. It shall explain the basic purpose of the revaluation project and how it shall be carried out. Said letter shall be prepared and sent first class mail by the Firm at its own cost and expense.
 2. That the Firm has been authorized by the municipality to make a fair and thorough examination and valuation of every property within the Borough to effect the revaluation.
 3. That every field representative of the Firm will be wearing or carrying identification and that no occupant of any property should hesitate to ask to examine such identification.
 4. That the owners are requested to prepare the occupants of their properties other than themselves for the inspections required to be made.
 5. That in addition to measuring exterior building dimensions, representatives of the Firm shall be making thorough interior inspections of all buildings.
 6. That there will be a time and place established for informal review of revaluation values before final adoption of assessments by the Assessor.
 7. That the object of the Firm and the revaluation project is to value each property as fairly as possible to assure the most equitable distribution of the property tax burden possible.
- D. Field Inspections.** A careful and complete field inspection shall be made of all properties in the Borough, including exempt properties and the interior and exterior of all principal buildings and structures. All buildings and structures in the process of being constructed or altered during the course of the revaluation project shall also be inspected. In such case, the Firm shall determine the percentage of completion and the appraised value of said property as of October 1, 2020. Each required inspection shall be undertaken and completed in compliance with the following:

1. Recording of Data. All information and measurements which are necessary to determine the full and fair value of each property shall be taken and recorded.

2. Photo Identification. Field inspectors shall be provided with photo identification cards by the Firm, which shall be conspicuously displayed at the time of inspection. Field inspectors shall show every courtesy to the occupants of the properties inspected.

3. Inspection Procedure. No less than three attempts shall be made to gain entrance to each property. At the time of the first unsuccessful attempt to gain entry, a card shall be left at the property indicating a date when a second attempt will be made. The card shall include a phone number and address to permit the property owner or occupant to contact the Firm to make other arrangements, if necessary. If the second attempt to gain entry is unsuccessful, a written notice shall be left advising that an assessment will be estimated unless a mutually convenient arrangement is made for a third visit to the property.

4. Time of Inspections. Inspections shall be scheduled during reasonable hours, including evenings and Saturdays. If necessary, the Assessor shall assist the Firm in making special arrangements for an inspection.

5. Inability to Gain Entry to Property. If the property owner or occupant fails to respond to the written notice left after the second unsuccessful inspection attempt, a third attempt to gain entry shall be made. Upon a third unsuccessful attempt to gain entrance to a property, the Firm shall notify the Assessor in writing of the failure to gain entry. If an owner or occupant refuses to grant entry or provide necessary information to the field inspector, the Assessor shall be immediately notified in writing.

6. Written List of Non-Entries. A list of all non-entries and/or refusals and reasons for same shall be provided to the Assessor prior to the establishment of values. In no case shall a value be estimated by the Firm without the prior knowledge and consent of the Assessor.

7. Signature of Owner or Occupant. Upon each inspection, the date of the inspection and the signature of the owner or occupant shall be affixed to the property record card, verifying that the building was measured and the interior thoroughly inspected.

8. Discovery of Omitted Properties. The Firm shall notify the Assessor of any properties discovered during the course of inspections that are not on the 2018 or 2019 tax lists. Such notification shall be provided in sufficient time to permit the Assessor to lawfully place an added/omitted assessment on the property.

9. Further Inspection Attempts may be Required by the Assessor. If the Assessor is not satisfied that field inspectors of the Firm have made reasonable efforts to examine the interiors of buildings or if the Assessor believes that less than 90% of the buildings have received an interior inspection, the Assessor shall have the authority to require the Firm to make further inspections.

E. Final Field Inspection Review. Upon completion of field inspections by the Firm, a final field inspection and review of all land and building computations shall be made by a

Supervisor of the Firm. The final field inspection and review shall be made property-by-property to eliminate any mechanical errors in computations and to insure uniformity in the classification of buildings and structures by the field staff. Depreciation shall be verified for obsolescence, design, lack of utility, local disadvantage and any other peculiar factors affecting market value. Any known or apparent changes in the values or conditions of individual properties from the time of the first inspection shall be noted and accounted for in the final value conclusion. All property record cards shall be checked in the field for accuracy of description, classification of property, depreciation, obsolescence and conversion factors. The cards shall also be checked for accuracy of computations and final appraised values. All field inspection must be completed no later than November 1, 2019, as time is of the essence.

- F. Taxpayer Review.** Upon the completion of preliminary appraisals by the Firm, a written notice approved by the Assessor as to form shall be sent first class mail to each property owner setting forth the valuation and advising how and when informal taxpayer review hearings shall be scheduled and held. Said letter shall be sent by the Firm at its own cost and expense. Such correspondence and notice of assessments must be post marked between November 10, 2020 and November 30, 2020, as time is of the essence.

1. Firm to Schedule Appointments. The scheduling of all appointments for informal taxpayer review hearings shall be handled by the Firm. Each hearing shall be conducted by a knowledgeable and qualified member of the Firm appraisal staff. Appointments shall be scheduled during evening hours and on Saturdays as necessary to permit all interested taxpayers to participate in the review process.

2. Firm to Devote Sufficient Resources. The Firm shall devote sufficient personnel resources to the handling of the informal taxpayer review process so as to enable all interested taxpayers to be heard. The Borough shall provide the location and space for the review hearings without expense to the appraisal Firm. All reviews shall be completed by November 1, 2020, time is of the essence. In addition, the firm will schedule additional interviews when the third quarter 2021 tax bills are issued. The interviews will be completed within 20 days of the request when the third quarter tax bills are issued.

3. Written Record of Review Hearings to be Kept by Firm. A written record of each taxpayer review hearing and the outcome of such hearing shall be provided to the Assessor within ten (10) days of the completion of the hearing in a form approved by him. Such written record shall include any revisions to the appraised value suggested by the Firm as a result of the hearing. In addition, each property owner who attends a hearing shall be notified in writing from the Firm as to the outcome of such hearing. Such notification shall be sent first class mail within fourteen (14) days of the hearing.

4. Notice of Final Valuation to be Provided by Firm. After consultation with the Assessor, the Firm shall notify each taxpayer who participated in the review process of the results of the hearing, including any revisions to their property valuation. Such written notification shall be provided by the Firm within four (4) weeks of the conclusion of all taxpayer review hearings.

ARTICLE 8.
PERFORMANCE STANDARDS FOR THE
VALUATION OF PROPERTY BY THE FIRM

- A. Three Approaches to Value Required.** All real property shall be appraised on the basis of full and fair value, in accordance with N.J.S.A. 54:4-11, et seq. In determining the full and fair value of each property, the Firm shall use the Market Data Approach to valuation, the Reproduction Cost Approach to valuation, and the Income Approach to valuation as may be appropriate. All valuations and the choice of the appropriate valuation approach shall meet with the Assessor's approval.
- B. Qualified Farmland.** The revaluation project shall include the determination of two valuations for farms qualified under the Farmland Assessment Act (Chapter 48, Laws of 1964). The first value shall be as a qualified farm and shall be determined by the Assessor. The second value shall be based on the highest and best use of the property and shall be determined by the Firm.
- C. Exempt Properties.** All exempt properties shall have a property record card prepared containing all the information, which would otherwise be required. The full and fair value shall be determined and shall be indicated on the property record card.
- D.** All commercial property is to be valued via the Income Approach, in addition to the Cost Approach. The Income Approach valuation must be conducted in a computerized program, preferably Microsoft Excel. The final determination of property assessment will be based on the most appropriate approach to value, as determined by the revaluation firm after review with the Assessor.
- E.** Certain key property information data generated on the commercials and exempts is to be transferred into the MicroSystems program, specifically into the #12 utility off the main menu. The specific list of information to be transferred will be determined by both parties at the start of the project, but will include at a minimum the following:
- Computer generated sketch of all primary improvements (this may be supplied via a separate program if agreed by the Assessor prior to commencement of the project).
 - Primary building information such as year built, eff. age, total ground area, ground floor perimeter, total square footage, breakdown of square footage by finish (categories to match NJ Real Property Appraisal Manual, Commercial Adjustments, Section 3), structural shell type and associated square footage for each section of primary structure.
 - Depreciated value of improvements as determined from the Marshall Valuation (to be entered as a "flat add" figure).
 - Extracted (residual) value of improvements based on Income Approach (to be entered as a "flat add" figure).
 - All land values are to be calculated in the #2 utility based on neighborhood & VCS – to correspond to information as input by the firm into the Codes Table. The proper code is to be applied in the #12 utility to indicate whether assessment is to be based on Income Approach or Cost Approach.

- F. The revaluation company will be responsible for the Chapter 91 mailing for all years involved in the revaluation program. The revaluation firm, however, must review all returned Chapter 91 forms and supplement income and expense data and determine economic rent levels for various property types and in various neighborhoods. Any relevant rental and expense information is to be assembled and correlated in a computerized spreadsheet (Microsoft Excel) and comport to the format as depicted in the sample attached to the specifications.
- G. All residential property (Class 1, 2, 3A) valued at over \$1,000,000 will have incorporated into the file a direct market sales comparison approach grid.
- H. **Digital photographs** (front and back) are to be taken of all properties. Photos are preferably to be taken during low foliage conditions. The resolution is to be at least 640x480 pixels. Multiple photos are to be taken on all commercials (typically front & rear, but may include alternate angles on larger buildings that cannot be photographed in a single shot). Also, all supplemental permanent structures situated on commercial property are to be photographed, regardless of size. The same requirements apply to exempt property. With regard to improved farmland, all secondary buildings associated with the farming activity, including garages, sheds, etc., are to be photographed. With regard to residential property, all major secondary structures are to be photographed (generally detached garages, large sheds/barns, cottages, etc.) all photographs to be identified by block and lot in a consistent numbering scheme. All digital photos are to be linked to the corresponding data record in the MicroSystems database and also presented to the Borough on a separate CD. **In addition, the revaluation firm shall provide the Assessor with a new camera of the assessor's choosing, with a minimum of five (5) mega pixels, accompanied with an extra large capacity additional memory stick, which will hold sufficient memory in a format compatible to the revaluation information prepared by the revaluation firm.**
- I. **CAMA System.** The revaluation must be performed utilizing MicroSystems of Northern NJ.com, LLC CAMA system. The most recent software version will be purchased and installed by the firm. Any modifications to the manual's pricing schemes must be requested and justified in writing and approved by the Assessor. Commercial property must be valued using the Marshall-Swift Valuation Service, namely, the "Commercial Estimator 7" program or the State Cost Manual System. The results generated are to be integrated into the Microsystems program in the manner as depicted above. Once data entry commences, information is to be downloaded to the Assessor's computer system for review on a regular basis as agreed upon by the parties.
- J. **Income Approach to Valuation.** The Firm shall consider as "income-producing" all properties of the type typically bought and sold in the marketplace primarily on the basis of the ability to yield net income. The Firm shall submit to each income-producing property a timely "Chapter 91" request in a form approved and signed by the Assessor, pursuant to and in compliance with the requirements of N.J.S.A. 54:4-34. In addition, the Firm shall analyze the local marketplace to derive economic rates, rentals and expenses in order to arrive at a supportable indication of value. Upon receipt and analysis of income and expense information from either source, the income approach to valuation shall be performed on all income-producing properties in accordance with generally accepted standards of practice. The capitalization procedure performed shall be set forth on the property record card. All supporting data relevant to the capitalization procedure shall be

submitted with the property record card. The income approach to valuation shall be reconciled with the other approaches to valuation.

- K. **Reproduction Cost approach to Valuation.** The most recent edition of the Real Property Appraisal Manual for New Jersey Assessors shall be used as the basis for the application of the cost approach to value to residential property. The Marshall-Swift manual shall be used as the basis for the application of the cost approach to value to Class 4 (commercial and industrial) properties. The Firm shall provide a copy of the current Marshall-Swift manual and CD to the Assessor at no charge to the Borough. The use of the Marshall-Swift valuation manual shall be approved by the Director of the Division of Taxation.

- L. **Market Data Approach to Valuation.** The Firm shall collect and analyze local sales that occurred during the previous three (3) years in its application of the market data approach to valuation. The Firm shall prepare a sample format that will be used in the application of this approach to value. The sales analysis shall include, but not be limited to, the following market factors:

- i. Address and neighborhood;
- ii. Zoning;
- iii. Quality classification;
- iv. Living area;
- v. Year built;
- vi. Lot size;
- vii. Number of bathrooms and fixtures therein;
- viii. Number of bedrooms;
- ix. Garage facilities;
- x. Existence and type of heating and air conditioning systems;
- xi. Number of fireplaces;
- xii. Interior and exterior condition;
- xiii. Decks and porches;
- xiv. Location and traffic flow;
- xv. Landscaping; and
- xvi. Unadjusted and adjusted sales price.

- M. **Land Valuation.** The Firm shall determine basic unit values for each neighborhood by a land abstraction method of site valuation and by analysis of vacant land sales. The valuation unit used (per square foot, acre, site, etc.) for each neighborhood and class of property shall be approved by the Assessor.

1. **Land Valuation Formulas to be Provided.** The Firm shall furnish land valuation formulas and tables which meet the particular requirements of the Borough for the computation of the value of regularly and irregularly shaped plots or lots, lots which are of greater or lesser depth and/or width than the standard lot on which unit prices are based, corner lots, and lots which are subject to external influence.

2. **Consultation with the Assessor.** After examining each lot and parcel in the field and after considering all factors affecting value, the appraisal Firm shall consult with the Assessor to aid in the review of land values prior to final determination and establishment of the value. It is understood that the purpose of these consultations is to

review the data gathered by the appraisal Firm and the conclusions of the Firm based upon analysis of this data.

3. Supporting Data to be Supplied. For future reference and use, the detailed data developed and used by the Firm to arrive at the units of land value, and which serve to substantiate these values, shall be supplied to the Assessor.

- N. Land Value and Sales Data Maps.** Following the formulation of land valuations, the Firm shall prepare land value maps for the entire Borough showing unit values for all land. The boundaries of homogenous neighborhoods shall be shown. The required information shall be noted on a map or maps supplied by the Borough, in a manner approved by the Assessor. The appraisal Firm shall deliver one copy of the map or maps to the Assessor upon completion of the revaluation project.

All underlying data used to derive the unit values shown on the maps shall be prepared for and submitted to the Assessor in a manual for his review along with those maps. Adjustments for lot sizes above and below zoning requirements, and for any other reasons, will be made and listed in the manual.

A color-coded sales data map shall be furnished to the Assessor upon completion of the gathering of data by the Firm for use in the market data approach to valuation. This map shall include all sales used in order to arrive at values. The sales data map will become the property of the Assessor upon acceptance of the revaluation.

ARTICLE 9. PROPERTY RECORD CARDS

- A.** The Firm shall include real property identification material on properly labeled individual property record cards similar in form and content to those illustrated in the most recent Real Property Appraisal Manual for New Jersey Assessors. Distinct property record cards for each of the four classifications of real property shall be provided by the Firm. The form of the cards are to be approved by the Assessor.
- B.** Each property record card shall contain, at a minimum, the following information:
- i. A scaled sketch of the exterior building dimensions as actually located on a plot plan of the lot;
 - ii. Notations of significant building components as ascertained from both an interior and exterior inspection;
 - iii. The value of each lot and building;
 - iv. A description of the improvements by component parts (such as foundation, basement area, walls, insulation, roof, floors and floor coverings, ceiling, interior finish, heating and cooling systems, plumbing fixtures, etc.), including the type and quality of construction, interior and exterior conditions, actual and effective age, and indicated depreciation and obsolescence;

- v. Separate valuations of yard improvements and fixed machinery and equipment that is considered to be real property;
 - vi. A listing of all sales and rental data used in the valuation of the property;
 - vii. Identification and quantification of all depreciation factors applied to land values (such as grade, topography, location, wetlands, access, etc.);
 - viii. The name of the individual making the inspection and the date of each inspection;
 - vi. The signature of the owner or occupant present during the inspection.
- C. Folders shall be provided for all property record cards.
- D. Upon the request of the Assessor, two color photographs of each of the main improvements on each lot shall be supplied. One photograph shall depict the front of the property and its improvements and the second shall depict the rear of the property and its improvements and all outbuildings and improvements (ex. Garages, sheds, pools, pool houses, boat houses, gazebos, etc.).

**ARTICLE 10.
FIRM TO ASSIST WITH THE DEFENSE OF TAX
APPEALS FOR THE YEAR OF REVALUATION**

- A. Without additional charge, the Firm shall assist the Borough with the defense of the initial appeal of an assessment filed during the year in which the revaluation is implemented, or the following tax year, brought by petition to the Morris County Board of Taxation. In order to provide that assistance, a knowledgeable and qualified member of the appraisal staff of the Firm shall prepare and act as the Borough's expert witness in hearings before the said County Board of Taxation. The expert witness shall possess qualifications at least equal to those of a supervisor. He/she shall be responsible for assembling the data, serving comparable sales on the Board, and preparing any written submissions needed to adequately defend the challenged assessments. The Firm shall be responsible for the reinspection of properties that are under appeal before appearing before the Morris County Board of Taxation.
- B. The Borough Tax Attorney will appear before the County Board of Taxation on behalf of the Borough at no expense to the Firm, and shall examine witnesses and actively participate in the legal phases of the defense.
- C. During the first two years of the revaluation the Firm shall be prepared to assist the Borough as an expert witness, with necessary reports and testimony in the defense of tax appeals of properties with assessments up to \$2,000,000 brought by Complaint to the Tax Court of New Jersey, either directly or on appeal from the judgment of the Morris County Board of Taxation. Such assistance shall be provided by the Firm at no cost to the Borough. For those appeals of assessments in excess of \$2,000,000 brought by Complaint to the Tax Court of New Jersey, the Borough may utilize the services of the Firm at an hourly rate of \$75.00.

- D. In the event that the Firm determines an assessment must be adjusted for the year 2021, it shall be the sole responsibility of the Firm to prepare, file and serve all Assessor's appeals. If a fee for such filing is imposed by the County Tax Board, said fee shall be the sole responsibility of the Firm.

ARTICLE 11. SURETY AND INSURANCE

- A. **Insurance to be Provided by Firm.** Prior to the Commencement of work under this Agreement, the Firm shall provide assurance that the Borough will be adequately protected and held harmless from any lawsuit, litigation, demand, or claim arising out of or in connection with the revaluation project, including claims, demands and causes of action arising from any act of commission or omission by the Firm, its agents and employees, in the performance of work under the terms of the contract, or with respect to claims relating to labor and materials furnished. At no charge to the Borough, the Firm shall purchase the following insurance coverage:
- i. Worker's Compensation and Liability insurance for all Firm employees in accordance with N.J.S.A. 34:15-1, et seq.;
 - ii. Public liability and automobile liability insurance with limits of not less than \$500,000 for injury to any one person and \$1,000,000 for any one occurrence;
 - iii. Property damage with limits of \$500,000 each claim and \$1,000,000 combined single limit.
- B. **Certificates of Insurance Required.** Prior to the commencement of work under this Agreement, certificates of insurance shall be provided by the Firm evidencing compliance with the aforesaid requirements and that the Borough is an additional named insured on each mandated policy.
- C. **Performance Bond to be Furnished by Firm.** Prior to commencement of work under this Agreement, the Firm shall also provide the Borough with a performance surety bond in the amount of 100% of the contract price. The bond shall be issued by a reputable bonding company authorized to do business in the State of New Jersey. Said bond shall include the requirements of this Agreement that relate to the defense of tax appeals. It shall guarantee the full and faithful performance of the contract and shall assure the payment of all wages to persons who have performed work for or furnished materials to the Firm in connection with the performance of the Agreement. This bond shall continue in force until the responsibilities of the Firm under this Agreement shall have been concluded; provided, however, that the amount of the bond may be reduced to an amount equal to ten percent (10%) of the contract amount when the revaluation has been accepted by the Assessor. The reduced amount of the bond shall remain in effect for the period necessary to cover the defense requirements of this Agreement.
- D. Compliance with the requirements of this Article shall be determined by the Borough Attorney. The form and sufficiency of the performance bond shall also be approved by the Borough Attorney.

- E. If this Contract is awarded by the governing body, subject to the execution of the Contract, all appropriate contractual documentation must be provided, including but limited to:
- Mandatory Equal Opportunity
 - NJ Certificate of Employee Information Report
 - NJ Business Registration Certificate
 - Non-Collusion Affidavit
 - Stockholder Disclosure Certification
 - Proof of Self Indemnification
 - Disclosure of Investment Activities in Iran Certification

ARTICLE 12. CONTRACT PRICE

- A. **Contract Price.** The Firm shall be entitled to receive the total sum of **\$193,575.** for all services performed pursuant to this agreement, which includes each and every line item included in the tax duplicate for the 2020 tax year (see Exhibit A for a summary of the line items), with the exception of the following goods and services for which the Firm shall be separately compensated as more particularly set forth hereinafter: assistance with the defense of Tax Court appeals (as set forth in **Article 10** this Agreement) and the appraisal of line items that were not included in the tax duplicate for the 2020 tax year (see Exhibit A for a summary of the line items), as well as those items not contained in the tax duplicate for the year preceding the implementation of the revaluation (as set forth in **Paragraph C** herein below). Insurance and bond expenses incurred to comply with the requirements of this Agreement shall be borne by the Firm. All other expenses incurred by the Firm incidental to its performance of this Agreement shall also be borne by the Firm.
- B. **Progress Payments to be Made by Borough.** The first payment to the Firm by the Borough shall be in the amount of 10% of the lump sum contract price and shall be due upon approval of this Agreement by the Director of the Division of Taxation and adoption of the 2020 Municipal Budget. Thereafter, the Firm shall be paid for progress completed, upon the submission and approval of vouchers stating the extent and value of work that has been completed as of the date of the preparation of the voucher, less a ten percent (10%) retainage. Each voucher shall be delivered to the Tax Assessor for review, and if approved by him, submitted to the Borough Committee for authorization of payment. The monthly progress reports submitted by the Firm shall assist the Assessor in his review of vouchers and the determination by him of the amount of work completed as of the date of preparation of each voucher. In no event shall the Firm be entitled to receive more than ninety percent (90%) of the total contract price until full performance of the contract and acceptance of the revaluation by the Assessor.
- C. **Additional Line Items.** The Firm shall be compensated for the appraisal of line items not included in the tax duplicate for the year preceding the year of the implementation of the revaluation, in addition to the lump sum contract price set forth above. For the appraisal of each such newly discovered line item, the Firm shall be compensated at the following rates:

Vacant Land	\$	Per Line Item
Homes Up to Four Families	\$	Per Line Item
Farms - Class 3A	\$	Per Line Item

Farms - Class 3B	\$	Per Line Item
Commercial	\$	Per Line Item
Industrial	\$	Per Line Item
Apartments	\$	Per Line Item
Exempt	\$	Per Line Item

- D. Default in Performance by Firm.** In the event that the Firm defaults in the performance of its obligations under this Agreement or fails to meet the Schedule of Work, the Borough shall have the right to obtain the services of another firm to complete the revaluation, seek damages for any and all costs incurred by the Borough as a result of the violation of the terms of this Agreement by the Firm, withhold further progress payments until compliance is effected, and/or any other legal action that the Borough may deem necessary.

ARTICLE 13. FINAL DELIVERY AND SUMMARY

- A.** Upon completion of the revaluation project by the Firm, the following items shall be delivered by the Firm to the Assessor:

1. Property Record Cards. Completed property record cards for all taxable and exempt properties in the Borough, filed in sequence by block and lot number, shall be delivered to the Assessor. This information shall be submitted on a weekly basis to the Assessor as this information is generated. All photographs and supporting data otherwise required to be affixed to the property cards shall be so affixed and delivered together with those property record cards.

2. Land Value Map, Land Value Manual and Sales Data Map. The Land Value Map, Land Value Manual and Sales Data Map required to be provided by the Firm shall be delivered to the Assessor upon their completion. In addition, the supporting data required to be supplied to the Assessor pursuant to **Article 8, Paragraph G, section 3**, shall be delivered to the Assessor upon completion of the Land Value Map, Land Value Manual and Sales Data Map.

3. Revaluation List. A report setting forth the new land, building and total values for each individual block and lot, known as the Revaluation List, shall be furnished to the Assessor. Exempt properties shall be listed separately. The final page of the Revaluation List shall state the total appraised value of all land, improvements and the combined total of both in the Borough, along with a statement signed by an authorized officer of the Firm that every taxable property within the Borough has been appraised and is listed therein. Any properties contained on the Revaluation List which were not on the assessment rolls at the commencement of the revaluation project shall be identified as such.

- B. Magnetic Tape.** A magnetic tape containing the new values shall be provided by the Firm in a format consistent with the New Jersey Property Tax System MOD IV, so that entry of the data can be made directly into the master file of the taxing district (Borough).
- C. Format of Data.** The data collected and utilized in the development of all values shall be delivered to the Assessor in an ASCII format no later than October 20th. In accordance with the Order of the Morris County Board of Taxation, the revaluation values (and any

required supporting data) shall be entered into a Computer Assisted Mass Appraisal (CAMA) computer program. The Firm shall provide the Assessor and any designated staff members with instruction on the use of the appraisal software package (CAMA) chosen by the Assessor. In addition, the revaluation firm shall provide the Assessor with a new camera and memory stick, which will hold sufficient memory in a format compatible to the revaluation information prepared by the revaluation firm.

- D. **Firm to Provide Instruction.** The Firm shall provide qualified personnel for the purpose of giving full explanation and instruction to the Assessor and his staff with regard to all materials submitted in all phases of the revaluation. The Firm shall allot as much time to said instruction as may be considered necessary by the Assessor for this purpose.
- E. **Firm to Provide Assistance.** In addition to the terms of this Agreement, the Firm shall continue to assist the Borough in providing information in response to inquiries of taxpayers up to December 31, 2021.

ARTICLE 14. MISCELLANEOUS PROVISIONS

- A. **Contract Provisions Deemed Controlling.** In the event the provisions of this Agreement differ in any respect from the requirements of N.J.A.C. 18:12-4, then to the extent the provisions of this Agreement exceed those minimum standards, the contract provisions shall control.
- B. **Compliance with State Standards.** These contract documents will meet or exceed the standards of all pertinent statutes and the rules and regulations of the Director of the Division of Taxation.
- C. **Hold Harmless.** The appraisal Firm agrees that it shall defend, indemnify, and hold harmless the Borough and its officers and employees, and each of them, against and from all suits, actions, claims, demands and costs to which the Borough or any of its officers or employees may be put by any person whomsoever, through the negligence of the Firm or any of its officers, employees, agents, or subcontractors, or through any act or omission on the part of the Firm or any of its officers, employees, agents, or subcontractors.
- D. **Waiver of Rights.** Approval of a progress payment by the Assessor and payment of a progress payment by the Borough shall not constitute a waiver by the Borough of its right to insist that all of the work performed by the Firm be of good quality as required by this Agreement. The acceptance of final payment by the Firm shall constitute a waiver of any and all other claims against the Borough by the Firm arising out of the performance of this Agreement.
- E. **Office Space, Facilities, Records and Phone.** The Borough shall supply all office space needed by the Firm to complete the revaluation project.

ARTICLE 15.

This contract supercedes the prior agreement between the parties and is now deemed to be cancelled.

ARTICLE 16.


In the event, for whatever reason, the revaluation is postponed for one additional year, in this case, 2021 to 2022, the terms of this agreement shall apply and be enforceable.

IN WITNESS WHEREOF, the Firm has caused these presents to be signed by its proper corporate officers and caused its proper corporate seal to be hereto affixed, and the Borough has caused these presents to be executed by its Mayor and attested by its Clerk, and its seal affixed hereto, the day and year first above written.

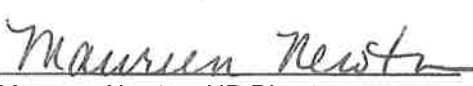
ATTEST:

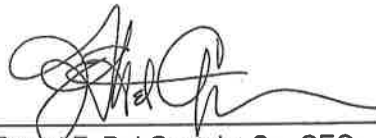
BOROUGH OF MT. ARLINGTON


Beth Dwyer, Acting Borough Clerk


Michael Stanzilis, Mayor

ATTEST:


Maureen Newton, HR Director


Ernest F. Del Guercio, Sr., CEO

THE FOREGOING CONTRACT IS HEREBY CONDITIONALLY APPROVED THIS _____
DAY OF _____, _____, IN ACCORDANCE WITH P.L. 1971, C. 424.

Acting Deputy Director, Division of Taxation

EXHIBIT A

The Appraisal Firm shall appraise all taxable and exempt real property, land and improvements contained within the borders of the municipality:

EXAMPLE – LINE ITEMS

Vacant Land	74	Line Items
Residential	2175	Line Items
Farms (3A Regular)	0	Line Items
Farms (3B Qualified)	0	Line Items
Commercial	43	Line Items
Industrial	1	Line Items
Apartments	7	Line Items
Exempt	93	Line Items

More specifically set forth on the attached Schedule 1.