

**SAMA Annual Meeting  
June 7, 2006 - TCU Place, Saskatoon**

**Murray Cooney, Chief Executive Officer  
Progress Report:  
The Year in Review &  
A Look Ahead to 2009**

**INTRODUCTION**

Good morning everyone. I am pleased to provide you today with a report on SAMA's progress over the last year. I will also discuss the future of assessment in this province, as we move to 2009 – the next revaluation year.

**Revaluation 2005**

Every four years, SAMA must co-ordinate a full revaluation of all properties in the province to coincide with a new base date. SAMA's major commitment for 2005 was the province-wide revaluation of all property to update assessment values to a June 30, 2002 base date.

The Assessment Services division provided new assessment values to municipal assessors in January 2005 and continued to provide support services to municipalities throughout the year. Approximately 752,000 properties were valued in 804 municipalities. Approximately 160,000 sales were reviewed to arrive at the rates and Market Adjustment Factors applied to the revalued properties.

Throughout the year, appraisers attended several open houses and met often with municipal assessors, councils and property owners to explain property assessments and resolve local assessment issues, and attended Boards of Revision and Appeal Board hearings to explain and defend the assessment valuations provided by SAMA.

A total of 3,691 property assessment appeals were filed with local Boards of Revision.

This appeal rate is a substantial improvement over the 7,400 property assessment appeals that were filed as a result of the 2001 revaluation. Based on 752,000 properties in 2005, the appeal rate was 0.5%.

### **Saskatchewan Property Assessment Network**

The Saskatchewan Property Assessment Network (SPAN) is an integrated computer assessment information system that replaces the former Computer-Assisted Mass Appraisal (CAMA) system, designed in the 1970s.

The SPAN project has been fully funded by the provincial government. In 2002, the Province of Saskatchewan allotted \$990,000 in special funding to begin Phase I development of the four-phase SPAN project. The annual \$990,000 SPAN funding allotment from the Province will continue for 2006 and 2007, and was essential for the completion of the SPAN project on April 15, 2005.

The new SPAN system:

- improves SAMA's ability to retrieve and exchange information with assessment stakeholders and client municipalities;
- includes the functionality necessary to implement the market value assessment system; and
- integrates with Geographic Information Systems (GIS) applications.

The SPAN project has moved from the special capital project phase to the ongoing operational development, support and maintenance environment. SAMA anticipates that the SPAN system operational environment will continue to improve significantly to better serve the Agency's needs and those of our clients and stakeholders.

SAMA's successful development and implementation of the SPAN project provides the agency and its client municipalities with the benefits of an up-to-date, industry standard computer system.

## **City of Moose Jaw Contract**

In the Fall of 2005, the City of Moose Jaw approached SAMA to see if it would be interested in taking over the City's property assessment function. SAMA agreed to work with Moose Jaw and commenced negotiating a contract.

The agreement between the two parties was officially announced at the January 30, 2006 Moose Jaw City Council meeting and through a news release to the media on January 31<sup>st</sup>. The contract was officially ratified by Moose Jaw City Council on April 17, 2006. This contract will be fully funded by the City of Moose Jaw and will run until December 31, 2015.

Why did Moose Jaw engage SAMA as its service provider? The City has faced many challenges respecting the recruitment and retention of professional assessment appraisers. This became an even more critical matter with changing technology and valuation methodology. To meet these challenges, Moose Jaw decided to retain the services of SAMA with its significant resources.

Under its contract with Moose Jaw, six staff members (two SAMA staff and four former Moose Jaw assessment staff) work within the space provided at City Hall. These assessment professionals provide the City with the same assessment services and on the same basis as SAMA does to its other client municipalities.

Services include property assessment valuation, maintenance, re-inspections and managing assessment appeals. The citizens of Moose Jaw have not experienced any change, as a result of its SAMA contract, respecting property assessment office location, or the appeal processes, including the Board of Revision.

SAMA welcomes the unique opportunity to work with the City of Moose Jaw. Gaining experience in a larger urban centre such as Moose Jaw will be beneficial to the Agency.

We appreciate that our contract with Moose Jaw will be of benefit to the City as well. We look forward to working together as we meet future challenges and demands. We especially look forward to celebrating our future successes.

## **Human Resources**

Similar to the City of Moose Jaw, SAMA has faced challenges recruiting and retaining professional assessment appraisers. Despite a regional and national shortage of these appraisers, SAMA made some moderate gains in filling some of its vacant appraiser positions this past year.

The Agency was able to attract several experienced assessment appraisers into previously vacant positions. A professional workforce of 90 property assessment appraisers (including managers) and five data entry personnel worked to meet program commitments. An additional three appraiser positions remained vacant throughout the year.

SAMA remains committed to working with Lakeland Community College in Vermilion, Alberta to recruit new personnel.

Anticipating a scarcity of assessment appraisers, the Agency continues its:

- \$5,000 sponsorship program for a limited number of second-year students at Lakeland Community College;
- \$500 annual bursary, awarded to a first-year student with the highest grade point average in assessment appraisal studies

The Agency has also developed a comprehensive Training and Accreditation Program to develop future urban appraisers. Upon completion of this five-year program, the successful candidate will be a fully qualified and accredited assessment appraiser with a remaining three-year service commitment to the Agency.

Work continues on a succession and retention plan to assist the Agency in efficiently filling future vacancies.

### **CEO Transition**

One future vacancy to be filled on January 1, 2007 is my own: that of Chief Executive Officer for SAMA. Irwin Blank, currently Managing Director of Technical Standards and Policy, will be the new CEO.

The SAMA Board underwent a process to select a CEO well in advance of my retirement in order to ensure an orderly process. I believe that Irwin is the right choice and that he is most respectful of SAMA's personnel and mindful of the organization's needs in moving forward. The Board's plan is to have a CEO transition period beginning July 1, 2006 through to the end of the year.

Irwin and I will be working together in order to facilitate the needs of the Agency, in general, and the significant process in moving toward market value, in particular. Irwin enjoys a very fine reputation both within and outside the organization and is recognized for his tireless efforts to make SAMA a better organization.

### **MOVE TO MARKET VALUE ASSESSMENT SYSTEM - 2009**

- Three valuation approaches
  
- In 2009, three approaches to value will be available to assessment appraisers, namely:
  1. The cost approach;
  2. The sales comparison approach; and
  3. The income approach

In 2009, all residential, multi-residential, commercial and industrial properties in Saskatchewan will be affected by market value assessment:

(Not on Market Value)

- ▶ Agricultural
- ▶ Regulated industrial – oil/gas
- ▶ Linear

SAMA's move to market value for residential and commercial properties in 2009 will align this province's assessment system with other assessment jurisdictions throughout Canada. It will take a significant amount of work to meet the demands of the 2009 reassessment, with its substantive changes in methodology.

### **Income Approach**

Since 2002, the province has provided \$330,000 per annum towards SAMA's Income Approach project. The Income Approach is a commercial property assessment methodology integral to SAMA's future implementation of a market value assessment system.

Income Approach methodology is based on the assumption that commercial property value is directly related to the rental income it can generate over its economic lifetime. Where applicable, the income approach will provide the appraiser with an additional, important valuation tool to reflect property valuation accuracy.

Only income and operating expenses related to a property's operation are used for the income approach. Income or expenses associated with the operation of a business conducted on the property are not relevant or used in the property's valuation.

Over the last two years, income research pilot projects have been undertaken in a number of SAMA jurisdictions, including the City of Yorkton, and more recently, the City of Humboldt. Separate pilot income research projects were also undertaken on hotels, motels and apartments across SAMA jurisdiction municipalities. Findings from these pilot projects will guide market value assessment implementation across the province. SAMA collected physical data, owners' names and mailing addresses, and took digital photographs for commercial properties located in the Cities of Humboldt, Melville and Weyburn.

The income team investigated other commercial properties in specific jurisdictions to determine if the rental income approach could be used in the larger commercialized rural municipalities in the province. SAMA will continue to work actively on the income approach project so that the necessary processes, systems, training and all required new data is in place for implementation in 2009.

### **Agricultural Land Review Committee**

In May 2004, SAMA established an Agricultural Land Review Committee to review all aspects of arable and non-arable agricultural land property valuation models. The committee is currently analysing these models, and recommending improvements for the 2009 revaluation.

SAMA has established the following vision for the 2009 agricultural land model:

“To build public trust in the arable and non-arable agricultural land assessments by providing a mass appraisal valuation system that:

- is consistent with SAMA's Mission;
- is based on the potential productivity of the land;
- is defensible and stable; and
- uses objective and verifiable data.”

In December 2005, the Agricultural Land Review Committee extended its mandate to July 1, 2006 so it can continue reviewing practices used to value agricultural land for property tax purposes in other jurisdictions across North America, with particular emphasis on methods for converting productivity indexes to a value per acre.

For the future, SAMA's Agricultural Land Review Committee will provide recommendations to the SAMA Board and rural stakeholders as represented on SAMA's Rural Advisory Committee, for approval and implementation in 2009.

### **TECHNICAL DEVELOPMENT COMMITTEE ~ CITY ASSESSORS/SAMA COMMITTEE**

SAMA's Board of Directors established the Technical Development Committee in March 2004 to advise on how best to move to market value in 2009.

With the participation of assessors from all independent jurisdictions, this committee advised on the basic policy direction for Saskatchewan's move to market value until its mandate was completed on January 1, 2006.

The Technical Development Committee was comprised of highly qualified professionals in the assessment industry representing large and small cities, the Appraisal Institute of Canada, the Saskatchewan Assessment Appraisers' Association, and SAMA itself.

Based on the Committee's recommendations, the SAMA Board developed the following vision for the 2009 Revaluation:

“To build public trust by providing fair, transparent, understandable and defensible property valuations in a results based, mass appraisal, market value assessment system, used for the distribution of taxation.

*The principles for the 2009 revaluation are to implement a market value system that:*

- 1. Permits the use of the cost, sales comparison, and income approach where appropriate in all jurisdictions;*
- 2. Uses regulation for properties such as agricultural land, oil and gas well production equipment, linear property and heavy industrial property; and*
- 3. Sets the stage for a shorter revaluation cycle.”*

The 2009 vision calls for a change from our current highly regulated and restricted property assessment system to a more flexible, results-focused market value assessment system. The proposed MVA system is not new to Canada as all Canadian provinces are on this system for property assessment purposes.

SAMA is working toward a future assessment system in which market value will be the standard by which values are created and measured for all residential and commercial properties. The Technical Development Committee was disestablished on December 31, 2005 upon completion of its mandate.

The City Assessors/SAMA Committee was established in January 2006 to continue the practical implementation of the 2009 Vision.

## **CONCLUSION**

For this year and up until 2009, SAMA and other assessment jurisdictions have a great deal of work to do.

All assessment jurisdictions are working towards a future assessment system in which market value will be the standard by which values are created and measured for all residential and commercial property owners: a system that is aligned better with public expectations and commercial property investors.

The agency must maintain the integrity of the property assessment system. Equity. Reinforce – that is what we're here to do. We are actively engaged in the future of assessment for the Province.

With our experienced staff, our infrastructure and our technology, SAMA is committed to providing property owners of Saskatchewan with high-quality, accurate property assessment.

This is our continued action.

SAMA looks forward to continuing our positive, co-operative relationship with municipalities and with all our stakeholders.