

**Saskatchewan Assessment Management Agency
Rural/Urban Advisory Committee
Meeting Minutes for March 20, 2014
Sandman Inn - Great Room
1800 Victoria Avenue East, Regina, SK**

Minutes of the Combined Information and Business Meeting

Urban Advisory Committee

Members Present:

Al Heron, Committee Chair, SAMA Board Member,
Urban Sector
Neal Hardy (ex officio), SAMA Board Chair
Wade Murray, SAMA Board Member, City Sector
Myron Knafelc, SAMA Board Member
Barry Elderkin, Town of Maple Creek
Sheryl Spence, City of Warman
Allan Earle, Town of Dalmany
John Quinn, Resort Village of Candle Lake
Barry Gunther, Resort Village of Sun Valley
Malcolm Eaton, Saskatchewan Urban Municipalities
Association
Gerry Krismer, Saskatchewan Assessment Appraisers'
Association

Members Absent

Walter Streelasky, City of Melville
Lois Smandych, Saskatchewan School Boards
Association
Vern Noble, Provincial Association of Resort
Communities of Saskatchewan

Rural Advisory Committee

Members Present:

John Wagner, Committee Chair, SAMA Board Member
Neal Hardy (ex officio), SAMA Board Chairman
Jim Angus, SAMA Board Member
Morgan Powell, SAMA Board Member, Rural Sector
Doug Oleksyn, R.M. of Shellbrook, No. 493
Gordon Meyer, R.M. of Progress, No. 351
Jeannie DeRochers, R.M. of South QuAppelle No. 157
Garry Dixon, Provincial Association of Resort
Communities of Saskatchewan
Roger Frey, Saskatchewan Assessment Appraisers'
Association

Members Absent:

David Popowich, R.M. of Good Lake, No. 274
Brent Evans, R.M. of Moose Jaw, No. 261
John Chavtur, R.M. of Frontier, No. 19
Rod Wiens, Saskatchewan Association of Rural
Municipalities
Audrey Trombley, Saskatchewan School Boards
Association

Observers:

Kelly Munce, Ministry of Government
Relations
Curt Van Parys, Saskatchewan School Boards
Association
Rodney Audette, Urban Municipal
Administrators Association of Saskatchewan
Irwin Blank, CEO, SAMA

SAMA Administration:

Kevin Groat, Committee Secretary
Shaun Cooney, SAMA administration

Observers Absent:

Laurent Mougeot, Saskatchewan Urban
Municipalities Association, Executive
Director

Observers:

Kim Gartner, Saskatchewan School Boards
Association (voting for A. Trombley)
Brian Sych, Ministry of Government
Relations
Irwin Blank, CEO, SAMA

SAMA Administration:

Steve Suchan, Committee Secretary
Gord Senz, SAMA Administration

Guests:

Kim McIvor, RM of Edenwold No. 158

Observers Absent:

Lori McDonald, Rural Municipal
Administrators' Association of Saskatchewan
Dale Harvey, Executive, Director,
Saskatchewan Association of Rural
Municipalities

Agenda Item:

Decision/Resolution:

1. Call to order
Co-Chairs John Wagner (Chair, Rural Advisory Committee) and Al Heron (Chair, Urban Advisory Committee) called the meeting to order at 10:00 AM.

2. Opening remarks
Opening remarks by Neal Hardy. Would like to simplify the meeting process by having the informational session and business meetings held as one meeting. The previously separate committee business meetings will be combined with the information session into one overall meeting. Motions and resolutions from each committee may be made as required following individual agenda items. Any feedback on this new format would be appreciated at the close of the meeting.

The Provincial Budget came down yesterday, with the requested operational funding provided. However the requested technology related funding was not received. SAMA should be able to work around this shortfall and will proceed as planned with the 2014-17 Business and Financial plan.

3. Introductions
Introductions by all individuals present.

4. Approval of meeting agenda
Agenda amended to add item 8d "2011 Manual amendment and related proposed consequential amendment to municipal Acts".

MOTION by Wade Murray that the committees to approve the Agenda as amended.

Carried

5. Minutes of the previous meeting held November 13
MOTION by Gord Meyer that the minutes of the November 13, 2013 Rural Advisory Committee business meeting be adopted as circulated.

Carried

MOTION by Barry Gunther that the minutes of the November 13, 2013 Urban Advisory Committee business meeting be adopted as circulated.

Carried

6. Business arising from the Minutes
Rural Advisory Committee: No business arising from the minutes.

Urban Advisory Committee: No business arising from the minutes.

Item 7: SAMA Update

Item 7a: CEO Report

Irwin Blank provided a Power Point presentation on four agenda items including his report, the Assessment Services Division (ASD) report (item 7b), an update on amendments to *The Assessment Management Agency Act* (AMA Act) (item 8a), Agency funding/2014-17 Strategic Directions (item 9a) and TIP (item 9b).

Highlights of the CEO report

- Ten municipalities have transferred over to SAMA assessment services from CD Consulting starting January 1, 2014.
- Lean tools are used in SAMA for business process improvement. SAMA brought in trainers initially, then had staff trained on the processes. SAMA uses the lean tools in a pragmatic fashion. The ultimate goal is improved service to our customer.
- SAMA's operational funding in place for 2014, however "a hiccup" with regards to the technology funding request. Goal will be to continue with the 2014-17 Business and Financial Plan.
- With implementation of new technology, need to ensure staff connect with the change, this is critical otherwise full benefits will not be achieved. Will use ADKAR method to aid in engaging staff.
- Employee turnover rate is very high at 8% in the last few years. The goal is to reduce this to 4%. A recent employee engagement survey indicates low staff engagement.

Highlights of the ASD report

- SAMA strives to deal with property appeals in terms of "support of value". This is a non-antagonistic approach to dealing with appeals with a goal to ensure we have reasonable results and to correct errors when found.
- Was recently discovered an item with shut-in wells as it relates to oil and gas well properties. This will be discussed with agenda item 8d. Will result in a delay in getting out 2014 oil and gas well maintenance.
- To improve the workflow of maintenance, SAMA is working with municipalities to build service charters. This aids SAMA in understanding the needs of the municipality and when the municipality would like to receive their maintenance.
 - Clarification that service charters are being used in both rural and urban municipalities.
 - SAMA would appreciate maintenance lists by September so they can be completed by December.
- Were positive results from a recent administrator survey (109 municipalities surveyed), with SAMA receiving an overall satisfaction rating of 99%.

Committee Comments

Rural Advisory Committee Co-chair: With regards to the appeal process and agreements to adjust, all agreements are reviewed by QAD to ensure they are reasonable.

Urban municipality representative: With regards to appeals; what is the nature of the appeals and how are they turning out?

SAMA CEO: Most agreements to adjust relate to physical data errors. With regards to agricultural land, most relate to flooding issues. In effect we have a number of appeals due to properties that have not been inspected for many years. For those that do proceed to a Board of Revision (BoR), it is a result of a disagreement in the valuation. On the commercial side, there are professional appellants involved; and most commercial appeals that go to the Saskatchewan Municipal Board (SMB) are done so by professional appellants. For those appeals going to the SMB, there is potential risk that if an assessment is reduced, it could result on a model change that impacts a number of other properties.

Highlights Regarding The Assessment Management Agency Act Amendments

- No issues to report, things are proceeding with third reading and royal assent expected to occur in the spring of 2014.

Budget, Strategies, Technology portion of presentation

Urban municipality representative: What is the billing frequency for proposed maintenance fee?

SAMA CEO: Once a year in February with annual requisition starting in 2015. Will include 2015 maintenance work performed in 2014 and will include any 2014 supplemental maintenance work performed after May 1, 2014.

PARCS representative: With regards to getting inside a residential or commercial building, how hard is it?

SAMA CEO: Access is usually not too big of an issue with commercial buildings. With residential buildings, is not as critical to have an interior inspection. Usually we can get access. Other information such as blueprints can also be used. With more female field staff, employee safety issue when working alone and in remote areas is an increasingly important consideration. Staff are directed not to enter a property if they do not feel comfortable doing so.

SUMA representative: With regards to the 2014 Provincial Budget and SAMA not receiving technology funding support, could SAMA look at other options such as increasing the annual maintenance fee to \$25?

SAMA Board Chair: The Agency will work with resources currently at their disposal, we are not planning to change revenue model as specified in the 2014-17 Business and Financial Plan. The agency will get through 2014. Hopefully the agency will receive requested funding for 2015 from provincial government.

Rural Advisory Committee co-chair: Are there any comments from the Ministry representatives?

Government Relations representative: The ministry and provincial government like and support SAMA's business plan, but provincial budget restraint considerations prevented their ability to contribute.

Rural Advisory Committee co-chair: At this time would like to inform committee members that Kevin Groat (urban advisory committee secretary) is now the Assistant Managing Director for SAMA's Assessment Services Division (ASD). Todd Treslan is now the Managing Director of the ASD, replacing Brad Korbo.

MOTION by Doug Oleksyn that the committees receive the CEO presentation, ASD presentation, item 8a (*The Assessment Management Agency Act*), item 9a (Agency Funding and strategic directions) and item 9b (Technology Infrastructure Program).

Carried

Item 7b: Assessment Services
Division Report

Refer to the CEO report.

Item 8: Current Developments

Item 8a: Update on
amendments to *The Assessment
Management Agency Act*

Refer to the CEO report.

Item 8b: Update on
Amendments to the Municipal
Acts

Verbal report by S. Suchan. Simply notification that the municipal Acts are being amended with third reading and royal ascent expected to occur this spring. One amendment of interest includes clarification of the application of the farm residence exemption (section 293 of *The Municipalities Act*), in that taxable assessments are to be used in the calculations. SAMA has no issues with these amendments.

Item 8c: Update on *The
Assessment Appraisers'
Regulations*

Verbal report by S. Suchan. Simply notification that amendments are being made to improve alignment to NWPTA and AIT. Education requirements for SAAA designations remain the same.

Item 8d: 2011 Manual
Amendment and related
proposed consequential
amendment to municipal Acts

Power point presentation by S. Cooney.

No discussion was raised by the committees.

MOTION by Barry Gunther that the committees approve the recommended changes to the 2011 Manual regarding oil and gas well company reporting dates being revised from "September 1" to "July 1" as contained in the report. These are consequential amendments to ensure the 2011 Manual is in alignment with current legislation.

Carried

MOTION by Barry Gunther that the committees recommend to the Ministry of Government Relations that section 199(4) of *The Municipalities Act* (MAct) be amended to revise the shut-in well date from "September 1" to "July 1". This is a consequential amendment as a result of previously made changes to reporting dates in the MAct.

Carried

Item 9: Future Developments

Item 9a: Update to Agency Funding and 2014-17 strategic directions

Refer to the CEO report.

Item 9b: Technology Infrastructure Program (TIP) Update

Refer to the CEO report.

Item 9c: 2017 Revaluation Preparations – Board Orders

Shaun Cooney provided a verbal to the report sent out. The Orders were gazetted by the Ministry of Government Relations on February 14, 2014. The Orders will be posted to SAMA's website in the near future.

Item 9d: 2017 Revaluation Preparations - publications and policy considerations

Shaun Cooney provided a PowerPoint presentation about the 2017 Revaluation publications and emerging policy considerations. Also included in the presentation were materials relating to commercial cost simplification as per item 9e.

Assessment policy remains stable for the 2017 revaluation except for a number of refinements as discussed in the report. Items discussed include:

- Simplification of the exterior wall costs for commercial buildings with regards to the cost approach to value.
- Review of the age-life expectancies of selected commercial buildings where the depreciation rate appears to be much faster than what is actually experienced in Saskatchewan. Was clarified that in these cases, such as smaller municipalities where only one commercial MAF is applied, affected commercial properties will likely increase more than the average for the 2017 Revaluation. These properties typically had lower than expected assessments due to over-depreciation of the existing age-life expectancies.
- Development of secondary containment rates for oil and gas well tanks.
- Review of the production adjustment factor (PAF) for low production oil wells and gas wells.
- Review of selected oil and gas well related equipment rates. This work is being done in consultation with the oil and gas well industry.
- Responded to comments from a Board of Revision regarding "no access" to farmland. As an interim measure, a bulletin has been prepared to deal with these situations. This issue will be monitored to determine if a future Manual amendment is warranted.

MOTION by Allan Earle that the committees receive the report.

Carried

Break for lunch at 12:00 noon. Resume at 12:50 pm

Item 9e: 2017 Revaluation - residential and commercial cost simplification

Shaun Cooney provided comments on commercial cost simplification in item 9d. Gord Larson provided a summary on residential cost simplification.

Committee Discussion

Rural municipality representative: Is there consideration for the market value the property in different locations, such as between Regina and other areas?

SAMA Administration: The goal is still market value. We will take sale prices into account to adjust the cost approach by the use of the market adjustment factor (MAF), and the use of direct sales comparison techniques to value the land.

Rural municipality representative: What if there are no sales for a specific situation, such as a large house?

SAMA Administration: This can be a tougher appraisal question, market analysis involves needing to find what is most comparable market data and using this information to prepare the assessment(s).

SAMA CEO: In the case of more unusual situations, such as very large houses, the assessment appraiser would also look for sale evidence in the area and comparable areas to determine if perhaps an additional adjustment for market depreciation would be needed.

MOTION by Barry Gunther that the committees receive the report.

Carried

Item 9f: 2017 Revaluation - market property trends

Gord Larson provided a PowerPoint presentation about the market trends. Trends reported as a sale to assessment ratio (SAR) with respect to the January 1, 2011 base date. General provincial trends are as follow:

- Arable agricultural land tax class up 100%.
- Pasture land tax class up about 80%.
- Residential class up 15%.
- Seasonal tax classes up 10%.
- Residential condos up 10%.
- Commercial up 30%.
- Multi-family tax class up about 35%.

SAMA Board Member: Is possible to get for clarification on "blips" in the res graph (2012-2013 date range).

SAMA CEO: Clarification that these are only small incremental jumps, can't be explained at this point in time. Need to keep in mind the trends are province-wide, results will vary by location.

SAMA Administration: SAMA will continue to monitor trends going forward as the new January 1, 2015 base date is reached.

PARCs representative: The Minister of Government Relations had asked him about his views towards a two year revaluation cycle; initial

thoughts were maybe for a two year cycle if there was significant market changes/growth.

Rural Advisory Committee Co-chair: Rural municipalities support the current four year cycle, larger urban municipalities would like to go to a shorter cycle.

SUMA representative: SUMA's position to examine, study, consider a shorter revaluation cycle. Growing municipalities would prefer a shorter revaluation cycle, but can appreciate the rural sector's thoughts.

SAMA Board Member: Most rural municipalities and small urban municipalities are generally not interested in a shorter cycle as it bumps up administration costs with no appreciable benefit.

SAMA CEO: SAMA costs would need to increase by 15% if there was a movement to a shorter cycle.

SUMA representative: Even for a community like Humboldt, there is a business case for a two year cycle. Limited benefit if market is static.

SAMA Board Member: Need to consider that the market could "cool down", or even experience a decrease in values.

SAMA Board Chair: If there was limited economic growth, say 2% per year, the four year revaluation cycle is likely reasonable. Can appreciate that SUMA has raised this item on various occasions.

Rural Advisory Committee Co-chair: Another consideration is being able to keep up with assessment appeals, particularly those that go to the Saskatchewan Municipal Board as they are currently behind. As well, if there was a shorter revaluation cycle, would be consideration to have all property classes at the same percentage of value.

MOTION by John Quinn that the committees receive the report.

Carried

Item 10: Other Business

Item 10a: SAMA 2014 Annual Meeting – resolutions and notice of meeting date

Presentation by S. Suchan regarding resolution 2014-1. This item is more tax policy related, but has been accepted by the resolutions committee. If approved at the Annual Meeting, it will be forward to the Ministry of Government Relations for their consideration.

I. Blank noted that there may be an emergent resolution relating to the assessment of oil and gas well casing. Currently legislation deems casing to be exempt from assessment.

I. Blank reminded everyone that the 2014 SAMA Annual Meeting is April 16, 2013 in Saskatoon at the Travelodge Hotel. All members of the Advisory Committees are welcome to attend. There will be a registration fee for committee members.

MOTION by Jeanne DeRochers that the committees receive the

report.

Carried

Item 10b: Next scheduled urban/rural advisory committee meeting

The next meeting is scheduled for November 19, 2014 at the Sandman Inn, Regina.

Debrief on the new meeting format

Co-chair John Wagner asked the each committee member to comment on the new format.

PARCs representative: New format is a positive step, allows open discussion. Can better understand where each committee is coming from.

Urban municipality representative: Agrees with the PARCS representative that this is an improved format that creates more transparency and allows for more dialogue between committee members to better understand each other's views on various assessment matters.

Rural municipality representative: Like format, by may need to have separate votes on controversial issues if they arise.

Rural Advisory Committee co-chair: Confirmed that when needed, each committee can vote independently.

In general no issues were raised by committee members.

SAMA Board Member: Is good to be in the same room and discuss policy items such as revaluation cycle.

SAMA administration: Will generally be easier to administer the committees, particularly committee minutes.

Based upon this feedback, the meeting format will be retained for future meetings.

MOTION by Allan Earle that the meeting be adjourned.

Carried

Meeting adjourned at 1:35 pm.

Steve Suchan,
Rural Advisory Committee Secretary

Kevin Groat,
Urban Advisory Committee Secretary