

**Saskatchewan Assessment Management Agency
City / Commercial Advisory Committee
Meeting Minutes for March 21, 2014
Sandman Inn - Great Room
1800 Victoria Avenue East
Regina, SK**

Minutes of the Combined Information and Business Meeting

Commercial Advisory Committee

Members Present:

Myron Knafelc - Committee Chair, SAMA Board Member
Neal Hardy, SAMA Board Chair
Al Heron (non-voting), SAMA Board Member, Urban Sector
Jim Angus (non-voting), SAMA Board Member
Morgan Powell (non-voting), SAMA Board Member
Rob Lawrence, Association of Saskatchewan Realtors 10:30 am
Marilyn Braun-Pollon, Canadian Federation of Independent Business
Ryan Weir, Building Owners and Managers Association
Reg Hinz, Western Grain Elevator Association Tax Committee
Ken Marsh, Canadian Energy Pipeline Association
Robert Schultze, Saskatchewan Assessment Appraisers' Association
Roger Leachman, Canadian Property Tax Association

Observers:

Norm Magnin, Ministry of Government Relations
Michael Mitchell, Ministry of Economy 11:00 am
Gerry Krismer, City of Regina
Michael Kehler, City of Swift Current
Irwin Blank, SAMA CEO

SAMA Administration:

Darwin Kanius, Committee Secretary

Todd Treslan, Managing Director, Assessment Services Division
Gord Larson, Director, Policy and Liaison, Technical Standards and Policy Division.

Members Absent:

James Camplin, Saskatchewan Chamber of Commerce
 John Hopkins, Regina & District Chamber of Commerce
 Kevin Johnson, Association of Saskatchewan Realtors
 Alan Thomarat, Saskatchewan Home Builders' Association
 Tom Mullin, Saskatchewan Hotel & Hospitality Association
 Vacant, National Golf Course Owners Association, Saskatchewan Chapter
 Shawn Graham, Inland Terminal Association of Canada
 Devin Wegner, Canadian Association of Petroleum Producers
 Randle Green, Saskatchewan Mining Association
 Grace Muzyka, Saskatchewan Association of the Appraisal Institute of Canada
 Jeff Lindgren, Saskatoon Regional Economic Development Authority
 Judith Veresuk, Regina Downtown Business Improvement District
 Kevin Olmstead, Railway Association of Canada
 Denise Stroeder, Tourism Saskatchewan
 Sarah Marchildon, Saskatoon Broadway Business Improvement District

Observers Absent:

Vacant, City of Saskatoon
 Vacant, City of Moose Jaw
 Joe Day, City of Prince Albert
 Vacant, City of North Battleford

Guests Absent:

Sheldon Affleck, Saskatchewan Short-Line Railway Association

City Advisory Committee**Members Present:**

Wade Murray, Committee Chair, SAMA Board Member
 Neal Hardy, SAMA Board Chair
 John Wagner, (non-voting), SAMA Board Member
 Deb Higgins, City of Moose Jaw
 Deborah Bryden, City of Regina
 Les Smith, City of Saskatoon
 Dwain Weeks, Saskatchewan Assessment Appraisers' Association
 Vicky Bonnell, Saskatchewan School Boards' Association

Observers:

Irwin Blank, CEO, SAMA
 Norm Magnin, Ministry of Government Relations

SAMA Administration:

Shaun Cooney, Committee Secretary
 Todd Treslan, Managing Director, Assessment Services Division
 Gord Larson, Director, Policy and Liaison, Technical Standards and Policy Division.

Members Absent:

Terry Hegel (for Joe Day), City of Prince Albert
 Vacant, City of Moose Jaw
 Mark Tweidt, City of Prince Albert
 Vacant, City of Regina
 Marlys Bilanski, City of Saskatoon
 Ann Iwanchuk, City of Saskatoon
 Debra Button, Saskatchewan Urban Municipalities Association

Observers Absent:

Vacant, City of Moose Jaw
 Vacant, City of Prince Albert
 Don Barr, City of Regina
 Kevin Waugh, Saskatchewan School Boards Association
 Laurent Mougeot, Saskatchewan Urban Municipalities Association, Executive
 John Edwards, Ministry of Government Relations

Agenda Item:**Decision/Resolution:**

1. Call to Order of Joint Session
Co Chairs Myron Knafelc (Chair Commercial Advisory Committee) and Wade Murray (Chair City Advisory Committee) called the meeting to order at 10:02 AM.
2. Opening Remarks
The Chair welcomed the attendees and explained the meetings new format. The new format combines the two committees for both the general and business parts of the meeting.

Neil Hardy added remarks regarding the Provincial budget affecting SAMA. The government's portion of the Technology budget was not received. However, SAMA's plan is to move forward with technology for 2014 and continue the request for the government's share of the budget in future requests as planned with the 2014 - 17 Business and Financial plan.
3. Introductions
Introductions by all individuals present.
4. Approval of the Meeting Agenda
A revised Agenda was provided to all participants at the meeting.

The revised Agenda included:
 - The addition of Agenda Item 8(d); "2011 Manual Amendment & Related Proposed Consequential Amendment to Municipal Acts (Oil & Gas Well Reporting Dates)"
 - A revision to Agenda Item 10 (b); correction to "City/Commercial" Advisory Committee.
 - Correct Commercial Advisory Committee chair to "Myron Knafelc".
MOTION by Wade Murray to approve the Agenda as amended.
Carried
5. Approval of the Meeting Minutes November 14, 2013
The Chair was advised by the Commercial Advisory Committee Secretary that an error appeared on the attendees listing on the Commercial Advisory Committee minutes. The minutes should be amended to reflect the attendance of Sarah Marchildon at the November 14th meeting.

On Page 11, Agenda Item 8, of the Commercial Advisory Committee minutes, a comment by the Ministry of Government Relations member regarding "phase in" should be clarified to read that it applies only to Cities. In the current context it is misleading where "phase in" could apply to all municipalities.

MOTION by Rob Schultze that the minutes, as amended, for the November, 2014 Joint City/Commercial Advisory Committee Information Session be adopted.
Carried

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6. Business Arising from the Minutes November 14, 2013

No business arising from the minutes from either the City or Commercial Advisory Committees.

- CEPA Member: Asked why the meeting was rescheduled.
- The Chair responded by explaining it was the late announcement of the date of the Provincial Budget, which conflicted with the dates of the Advisory Committee meetings so the dates were moved.

7. SAMA Update

7a: CEO Report

Irwin Blank provided a PowerPoint Presentation of the CEO report.

Key presentation points include:

- 50% of municipal revenue comes from taxation based on the assessment determined by SAMA and the other assessment providers.
- Discussed the importance of SAMA's Vision and Mission Statements focusing on its core values (Integrity, Professionalism, Dedication, and Solution Focused).
- SAMA now responsible for 766 of the 774 municipalities, an increase of 10 for 2014.
- Successes include:
 - Support of Value handling 4,300 appeals with a net loss 4/10th of 1% of the total assessed value; new policy initiatives, including the simplification of the Residential cost model and wall cost portion of the commercial cost model; and stabilizing the budget.
- Improvements in the business processes include:
 - The evolution of Lean. More in-house training of Lean philosophies, rather than contracting out-side resources and implementing a Change Management Program - ADKAR
- Challenges facing SAMA are:
 - The long term technology funding was not confirmed by the government for 2014; 8% employee turnover. considered high for a specialized profession, the goal is to reduce this to 4%. and employee survey in 2013 indicated record low employee engagement. Follow up in April 2014.

MOTION by Rob Lawrence to receive the CEO presentation.

Carried

7b. Assessment Services Report

PowerPoint presentation by Todd Treslan about SAMA's Assessment Services Division (ASD) activities.

- The report summarized the statistics of numerous activities critical to the success of ASD. The activities included:
 - ✓ 2013 Support of Value:
 - 76 appeals to be heard at the SBM in 2014
 - ✓ 2013 Re-inspections:
 - 4,146 total
 - ✓ 2014 Maintenance
 - 38,000 as of the date of the meeting.
 - ✓ 2015 Maintenance
 - Deliver maintenance by the date requested by the municipality.

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- ✓ Administrator Survey
 - The survey results have shown increased improvement in the satisfaction with SAMA'S services.

City of Regina Update

- 2014 BoR appeals starting now. 194 filed, 20 withdrawn 174 net appeals remaining. Most filed by a single Agent.
- 2014 BoR to be completed by end of April.
- Some 2013 AAC appeals to be heard in May, 2014. 80 appeals filed with the AAC for 2013 which included over 200 properties.
- In Dec 2013 heard 2012 AAC appeals. No decisions yet.
- Commercial sector work program: Working an effective age on commercial to help improve income models.
- 2,500 residential re-inspections targeted, which does not include new construction.
- Moving forward with handheld data collection devices. Not a pilot, but now part of the work program.
- Pictometry: new 3 year fly over agreement and change recognition technology.
- General discussion on the nuances of the technology and who else is using this technology.
- SAMA's CEO indicated that SAMA uses this technology successfully in Moose Jaw.
- Annexation program for 2014; 800 properties needed to be added to Regina's assessment role. To be done by mid April.

City of Swift Current Update

- For 2013 implemented income approach to majority of non residential property; Multi Family was already on the income approach.
- 106 appeals to the BoR; 105 general and 1 supplementary.
- 5 hearings.
- Most dealt with as Agreements to Adjust.
- A stakeholders meeting with the Chamber of Commerce is to be held on April 1st with Steve Suchan attending as SAMA's representative.
- 2014 Assessment Roll opened January 30th and closed March 3rd. Was one appeal filed. The property is a car dealership valued on the cost approach.
- 47% of City's revenues is generated by taxation according to 2014 budget.

City of Saskatoon Update

- 2014 Assessment roll closed Feb. 10th.
- Approximately \$40 billion in assessed value.
- 4.1% increase in assessment over last year.
- 250,000 population by civic estimates late Feb or early March.
- 170 appeals initiated for 2014 at BOR.
- Residential permit value up 16% year to date over the same time last year.
- Number of residential units up 38%.
- Commercial is half of last years' activity to date, but it is early.
- Residential market trends appears to be up by about 10% to 11% using the sales from the first part of 2014.

Agenda Item:**Decision/Resolution:**

- WGEA Member: Wanted to know how many of the 76 appeals to the Assessment Appeal Committee (AAC) from SAMA went directly to the AAC.
- SAMA Administration: Not completely sure, but didn't think any of the appeals were direct to the AAC.
- SAMA CEO: Commented on the SMB administrative changes as significant. There is currently a delay in not hearing SAMA's 2013 appeals well into 2014. There is a continuing risk with these delays.
- SAMA Administration asked the cities of Regina and Saskatoon if they anticipated any 2013 AAC appeals could go to the Court of Appeal regarding a question of law on assessment policy.
- City of Regina: Could possibly be one.
- City of Saskatoon: None to their knowledge at this time.

MOTION by Les Smith to receive the report by SAMA and the verbal reports from the other assessment providers.

Carried

8: Current Developments

8a: Updates on Amendments to *The Assessment Management Agency Act*

Irwin Blank, SAMA CEO provided a verbal update and indicated that the expected 3rd reading will be in about 3 months.

8b: Update on Amendments to The Municipal Acts

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.

8c: Updating on *The Assessment Appraisers' Regulations*

Notification that amendments are being made to improve alignment to NWPTA and AIT. Education requirements for SAAA designation/licensing remain the same.

8d: 2011 Manual Amendment & Related Proposed Consequential Amendment to Municipal Acts (Oil & Gas Well Reporting Dates)

A report was distributed at the meeting and a power point presentation by provided by Shaun Cooney, SAMA Administration

- City of Swift Current: Will future legislative amendments be forthcoming?
- SAMA Administration: SAMA notified Government Relations regarding this consequential amendment. An amendment may be put forward when this legislation is opened which will likely be in two to three years. SAMA will be providing the Ministry with a formal amendment for their consideration.

MOTION by Ken Marsh to receive the report and power point presentation.

Carried

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9: Future Developments

9a: Update to Agency Funding and 2013-17 Strategic Directions

Irwin Blank provided a PowerPoint presentation with an overview of SAMA's New Strategic Directions (2013-17) and Capital Project for New Technology.

MOTION by Roger Leachman to receive the report.

Carried

9b: Technology Infrastructure Program (TIP) update

Refer to the CEO report.

MOTION by Roger Leachman to receive the report.

Carried

9c: 2017 Revaluation Preparations - Board Orders

Shaun Cooney provided verbal comments to the report that was distributed to the committees. 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.

Association of Saskatchewan Realtors representative: Regarding the quality assurance standards, concerned with the adjusted sale price. What does that mean?

SAMA Administration: To calculate the assessed value to sales price ratio, it is standard practice to use the adjusted sale price. The most common adjustments are for time and non realty items. The sales used to compute the median assessment to adjusted sale price ratio for the Quality Assurance Standards must include all of the sales used in the calibration of valuation models. It is a mass appraisal requirement that sale prices be adjusted to the base date.

Association of Saskatchewan Realtors representative: In reference to an Assessment Appeals Committee (AAC) decision from Moose Jaw, 2009-0074, observed large adjustments to the sale price. Large adjustments are not reliable and wanted to point this out to the group. The concern is with the assessment appraisers ability to adjust the sales and referred to the above noted AAC decision to make this point.

Additional discussion of committee members noted the differences between single property appraisal and mass appraisal processes. It was also noted that sale price adjustments are appealable to the Board of Revision and Assessment Appeals Committee.

SAMA CEO: Agreed that this may be a concern and explained the potential issue of sales chasing, but noted that there are governance components to SAMA who provide quality control checks while this work is being done and formal audits for any assessment area identified by our Board as requiring a formal audit review. These checks and balances, combined with the ability for any property owner to appeal their assessment are available to ensure any questionable issues like this are addressed.

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Action Item: SAMA administration to follow up with the Association of Saskatchewan Realtors representative to get more details on this specific issue.

MOTION by Ken Marsh to receive the reports.

Carried

Break for Lunch 12:10 pm, reconvened 12:57 pm

9d: 2017 Revaluation
Preparations –
Publications and Policy
Considerations

Shaun Cooney provided a PowerPoint presentation about the 2017 Revaluation publications and 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 building codes where the depreciation rate appears to be excessive in relation to what is actually experienced in Saskatchewan. Was clarified that in these cases, such as smaller municipalities where only one commercial MAF is applied to all commercial property in a municipality, affected properties will likely increase more than the average for the 2017 Revaluation. This is because these properties are currently over-depreciated as compared to other commercial property in the municipality.
- Development of secondary containment rates for oil and gas well tanks. Recommending assessing for the 2017 revaluation.
- 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 2013 Board of Revision regarding "no access" to farmland. As a result an assessment bulletin has been prepared to deal with these situations. This issue will be monitored to determine if a future Manual amendment is warranted.

CFIB Representative: What is the time line for feedback on the oil and gas 2017 revaluation policy review?

SAMA Administration: SAMA has met with stakeholders on this issue over the past few weeks and has consulted with stakeholder groups since November 2013, which is on-going. The work needs to be completed for the Manual which is required before the end of 2014. Our objective is to have the issues currently under review resolved prior to the November 2014 Advisory Meetings.

MOTION by Les Smith to receive the report.

Carried

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9e: 2017 Revaluation - Residential and Commercial Cost simplification

Gord Larson provided a Report and PowerPoint presentation.

- The residential cost simplification project is designed to increase productivity by reducing the amount of data elements the assessment appraiser is required to verify and enter into the CAMA system.
- For example, the current residential cost structure of a home with a basement, basement rooms, deck and detached garage have as many as 143 data elements that require an assessment appraisers attention and potential data entry on multiple screens.
- The simplified residential cost structure will reduce the data elements to a maximum 50 on a single screen incorporating the building sketch.
- Phase 2 - Implementation and Conversion of the simplified residential cost structure will be completed within our research database sometime in early April 2014, with more broad-based implementation of our new cost models (Phase 3) completed by November 2014 in time for market analysis to commence in early 2015.

Ministry of GR representative: Will you meet the Phase 2 deadline of March 28th?

SAMA Administration: No, there will be some slippage into early April, but that was planned for. This phase includes testing which is critical to the success of the conversion. However, this slippage will not impact the completion of Phase 3 in November.

SAMA CEO: The testing completed to date has been down-played. The amount of testing done to get us to this stage has been extensive with work on many examples to refine the models.

Ministry of GR representative: What is the communication plan regarding this change?

SAMA CEO: There will be brochures prepared which will be made widely available prior to the delivery of the new assessments to our clients and the public for the 2017 Revaluation .

SAMA Board Member: These simplified cost models are heavily integrated with the technology enhancement endorsed by the Board. The objectives we have set only become possible through the combination of these simplification strategies and the new technology working together. The Board is committed to the technology innovation and will continue to support the agency by moving forward with the budget in the long term.

Motion by Ken Marsh to receive the report.

Carried

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 follows:

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- 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%.

MOTION by Les Smith to receive the report.

Carried

10: Other Business

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.

SAMA CEO: 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.

SAMA CEO: 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.

10b: Next Scheduled City/Commercial Advisory Committee Meeting

The next meeting is scheduled for November 20th at the Sandman Inn, Regina.

SAMA CEO: Stakeholders will be receiving updates prior to the November meeting regarding the industrial changes as discussed in Agenda Item 8(d).

SAMA Board Member: Indicated that the representative from the Canadian Association of Petroleum Producers wasn't present at this meeting, so they may have some concerns which we're not aware of.

CEPA Representative: Indicated that Elwood Zolc from SAMA has been in contact with CAPP and they are aware of the issues.

10c: Debrief on the new Meeting format

Debrief on the new meeting format

Co-chair Myron Knafelc asked the each committee member to comment on the new format.

- There was a general consensus from the Committee members that the new format is good. It is more efficient and better administratively.
- The City of Swift Current Representative: Noted that voting on issues may be influenced based on the differences in the number

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of attendees from each of the separate committees. Depending on the issue, a vote from the whole group may not accurately represent the position of one of the individual committees.

- Commercial Committee Chair: A separate vote for each committee would occur in this instance.
- SAMA Board Member: The committees are mandated by legislation so a separate vote could be done.

Was consensus to continue with this new meeting format for the next meeting.

Adjournment

MOTION by Rob Lawrence that the meeting be adjourned.

Carried

Meeting adjourned at 1 :53 PM

Darwin Kanius
Commercial Advisory Committee
Committee Secretary

Shaun Cooney
City Advisory Committee
Committee Secretary