

Saskatchewan Assessment Management Agency
Rural/Urban Advisory Committee
Meeting Minutes for November 16, 2016
Sandman Inn - Great Room
1800 Victoria Avenue East, Regina, SK

Urban Advisory Committee

Members Present:

Al Heron, Committee Chair, SAMA Board Member,
Urban Sector
Wade Murray, SAMA Board Member, City Sector
Myron Knafele, SAMA Board Member
Mike Strachen, SUMA (Villages)
Bruce Fidler, SUMA (Towns)
Kevin Tooley, SUMA (Cities)
Marla Walton, Saskatchewan School Boards Association

Members Absent

vacant (ex officio), SAMA Board Chair
Rob Muench, SUMA
John Quinn, SUMA (Villages)
Barry Elderkin, SUMA (Towns)
Walter Streelasky, SUMA (Cities)
Brandon Danielson, Saskatchewan Assessment
Appraisers' Association
Vern Noble, Provincial Association of Resort
Communities of Saskatchewan

Observers:

Irwin Blank, CEO, SAMA
Colten Goertz Ministry of Government
Relations

Observers Absent:

Rodney Audette, Urban Municipal
Administrators Association of Saskatchewan
Laurent Mougeot, Saskatchewan Urban
Municipalities Association, Executive
Director
Theresa Wilson, Saskatchewan School Boards
Association

SAMA Administration:

Shaun Cooney, SAMA Administration
Gord Senz, SAMA Administration

Rural Advisory Committee

Members Present:

John Wagner, Committee Chair, SAMA Board Member
Murray Purcell, SAMA Board Member, Rural Sector
Jim Angus, SAMA Board Member
Rod Wiens, SARM
John Chavtur, SARM (Division 3)
Garry Dixon, Provincial Association of Resort
Communities of Saskatchewan
Tim Weinbender, Saskatchewan School Boards
Association
Roger Frey, Saskatchewan Assessment Appraisers'
Association

Observers:

Brian Sych, Ministry of Government
Relations
Garry Dziadyk, Rural Municipal
Administrators' Association of Saskatchewan
Irwin Blank, CEO, SAMA

Observers Absent:

Kim Gartner, Saskatchewan School Boards
Association
Jay Meyer, SARM Executive Director

SAMA Administration:

Steve Suchan, Committee Secretary

Guests:

Jason Penner, Ministry of Sask Ag & Food

Members Absent:

vacant (ex officio), SAMA Board Chairman
Jeannie DeRochers, SARM (Division 1)
Brent Evans, SARM (Division 2)
Roman Charko SARM (Division 4)
Ray Bernhardt, SARM (Division 5)
Gordon Meyer, SARM (Division 6)

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 10:04 AM.
2. Opening remarks
Rural Advisory Committee (RAC) Chair welcomed everyone to the meeting. It was noted that SAMA's Board Chair, Neil Hardy had retired on September 30th. Today's agenda is a full one with presentations on SAMA's new TI Program, assessment appeal developments at the Court of Appeal and an update regarding the 2017 Revaluation. The SAMA Board looks forward to hearing your feedback regarding today's presentations.
3. Introductions
Introductions by individuals present.
4. Approval of meeting agenda
MOTION by Kevin Tooley that the committees approve the Agenda as presented.
Carried
5. Minutes of the previous meeting held November 18, 2016
MOTION by John Chavtur that the minutes of the November 18, 2015 joint Rural and Urban Advisory Committees business meeting be adopted as circulated.
Carried
6. Business arising from the Joint Minutes
SAMA Administration to continue to follow up with the action item on page 7 regarding clarification of assessment method of adjacent parcels of land that are in different rural municipalities.

Note: SAMA administration followed up with Audrey Trombley (previous SSBA rep) regarding this matter. The matter stems from a farmer comment that similar lands in a community pasture located in RMs 5 and 6 seem to have different assessments. Review of the assessments indicates that similar pasture calls have been made and that assessment levels appeal similar with difference only occurring where there are additional residential assessments and one case where a parcel of land is comprised of 223 acres vs the traditional size of 160 acres. This follow up is satisfactory to the SSBA rep with this action item now being considered closed.

Item 7: SAMA Update

Item 7a: CEO Report

Irwin Blank provided a Power Point presentation as his report.

Committee Comments

SSBA Rep: There are wind turbines in the Morse area as well as potential solar power development. Is there a "standard" way of assessing them?

SAMA CEO: We have standardized forms and the like to assess them. One needs to be aware that only the real property is assessed, not the equipment such as the actual turbine and solar panels. As part of SAMA's computer update, we are looking at how owners to report this information via a web portal to aid in assessment process. This process improvement could also apply to residential property.

SUMA Rep: Why do houses built in Provincial Parks not pay education taxes?

SAMA CEO: Provincial Parks are not part of a municipality and therefore do not fall under the property assessment and tax provisions in any of the Municipal Acts. The Provincial Government is currently looking at options to create more fairness in this area.

RAC Chair: There has been delays in SAMA's computer upgrade program. It has ended up being a total rewrite of the program with SAMA being the first client to move to this new system. SAMA's computer application vendor, Govern, is putting their best people on it with good work occurring. However it is taking more time than expected. Plans are in place to migrate to the new system December 5th and use it for implementing the 2017 Revaluation.

SAMA CEO: Work is coming very close to completion, with recalculation of the database constantly occurring as part of testing and debugging.

RAC Chair: Along with the computer upgrade, the SAMA Board is always challenging Administration for systems and assessment practices that reflect simplicity, ease of use and efficiency.

Board Member: Budget concerns have been raised by the provincial government. There could be drastic adjustments in the provincial budget next year; we need to recognize this and give serious thought to SAMA funding. We are ok at the present time but have to think about funding in the future. SAMA had seen an adjustment in 2010, with SAMA responding by running more efficiently. SAMA appreciates the current support from SARM/SUMA and the Province including the funding of the TI Program which needs to be maintained going forward.

MOTION by Garry Dixon that the committees receive the CEO presentation.

Carried

Item 7b: Assessment Services Division Report

Power Point presentation by Todd Treslan, Managing Director of the Assessment Services Division (ASD).

Committee Comments

No committee comments.

MOTION by Bruce Fidler that the committees receive the presentation.

Carried

Item 8: Current Developments

Item 8a. 2017 Revaluation -
SAMA Results &
Implementation

Power point presentation by Shaun Cooney.

Committee Comments

SARM Rep: Is there a difference between arable and pasture/marginal land tax classes?

SAMA Administration: Yes, arable land is currently at 55% and pasture/non-arable land is 40%. The tax classes and percentages of value for the 2017 revaluation have not yet been released by the Provincial Government. The Ministry of Government Relation's website has information regarding stakeholder consultations regarding high level tax policy such as property classes and percentages of value.

Ministry of Government Relations Rep: Provincial government is still reviewing this property tax class percentage of value matter with a decision to be released in due course.

SAMA CEO: If there is a new property class created for the 2017 revaluation, this will take assessment service providers (ASPs) time to implement in their computer systems. If there are just changes to the percentages of value within the current classes, this should be fairly easy for ASPs to implement.

MOTION by Tim Weinbender that the committees receive the report and presentation.

Carried

Item 8b: 2017 Revaluation -
Quality Coordination

Shaun Cooney provided a PowerPoint presentation.

Committee Comments

SAF Rep: In case like the downturn in the oil and gas sector, can anything be done to help them out?

SAMA Administration: Assessments need to reflect the market base date. Communication with municipalities and property owners is important, as well as ensuring the physical information for assessed properties is kept current with regards to equipment being shut down or removed. Municipal tax policy considerations is also important but not within SAMA's mandate.

SAMA CEO: The Province does set the education mill rate with their general past practice being to consider revenue neutrality for each mill rate class (residential, agricultural, commercial-resource, commercial-other).

SSBA Rep: How do you handle shut-in wells and oil & gas companies that have gone bankrupt and left a mess as they have walked away from the property.

SAMA Administration: Shut-in wells have only the well head equipment assessed which results in a nominal equipment assessment. It is recognized that companies walking away from oil and gas well sites can be a real problem for municipalities. SAMA has no role in this area.

SARM Rep: Bankrupt oil companies are a problem for municipalities as taxes are not paid and a mess is left. How is this dealt with?

Ministry of Government Relations Rep: It is recognized that this is a tough situation, but there are some options. Is important to keep tax arrears up to date. Is possible to get an order to take the oil as it is being produced, but this requires support from a lawyer.

RAC Chair: RM need to stay on top of these properties as the onus is on the RM to collect the arrears. It is his understanding that for 2017, RM have one year to ensure an oil company pays the municipal and school taxes, otherwise the RM has to give the school their tax portion (comes out of revenue sharing) even though no taxes are collected by the municipality. One option is to write off the assessment as soon as possible after it is confirmed that the municipality is unable to collect.

PARCs rep: Residential costs for construction may now be decreasing, is this accounted for in the assessment?

SAMA Administration: Items such as residential costs, market transactions, and market depreciation are all factors that are calibrated to the base date. For the 2017 revaluation, this will be January 1, 2015. If there are decreases in residential cost of construction, it will be accounted for in the next revaluation which will have a base date of January 1, 2019 and will be implemented in 2021.

MOTION by Murray Purcell that the committees receive the presentation.

Carried

**Item 8c: 2017 Revaluation -
Update on Oil & Gas Well
Standardization Model**

Shaun Cooney provided a PowerPoint presentation.

Committee Comments

SSBA Rep: Oil companies can start up and shut down wells fast. Now they do a cost analysis to keep them running before doing any maintenance. How do you get a true assessment?

SAMA Administration: A standardized model is used to assess oil and gas well resource production equipment. This work is done annually to ensure to a reasonable extent that assessments keep up with annual changes.

PARCs Rep: Would you do something similar with potash solution mines?

SAMA Administration: Mine resource production equipment is handled a bit differently but there is still an annual review of all equipment that is used to ensure equipment assessment are reasonably up to date.

SSBA Rep: Oil companies always swap out different equipment, how is this addressed?

SAMA Administration: Typical well equipment is considered, with some annual changes picked up via company renditions.

SUMA Rep: How long does a "frac" tank have to be on site before it is assessed?

SAMA Administration: Will follow up on this, it is likely not assessed as it may be considered as part of the drilling operation.

Action Item: SAMA Administration to look into how long frac tanks stay on site as a well is being drilled.

MOTION by Marla Walton that the committees receive the presentation.

Carried

Break for lunch at 11:55 AM. Resume at 12:45 PM

**Item 8d: Updating of Fees
Relating to Third Party
Requests**

Steve Suchan provided a summary of the report provided to the Committees.

Committee Comments

PARCs Rep: Is it customary for municipalities to pass SAMA's annual maintenance fee down to the property owner?

SAMA Administration: SAMA is aware that some municipalities have done something of this nature. When we were introducing the new fee a few years ago we had mentioned the municipalities can choose to incorporate any extra cost associated with the assessment maintenance fee in their permit fees, as an option.

MOTION by John Chavtur that the committees receive the report.

Carried

**Item 8e: Court of Appeal
Update on Property Assessment
Appeals**

Steve Suchan provided a PowerPoint presentation.

Committee Comments

RAC Chair: The Sask Municipal Board does not pay anything with regards to Court of Appeal costs.

SUMA Rep: With regards to the work SAMA is doing with "advocate" training, is it being shared with the other assessment service providers?

SAMA CEO: If there is formal training, such as through Alberta's Foundation of Administrative Justice program, invitations would be sent out to all assessment service providers.

MOTION by Kevin Tooley that the committees receive the presentation.

Carried

**Item 8f: Review of Committee
Terms of Reference**

Steve Suchan provided an overview of the ToR as provided to the Committees. Membership will be updated as per changes due to the recent municipal elections. Members are encouraged to have an alternate if they are unable to attend a meeting.

MOTION by Wade Murray that the committees receive the presentation.

Carried

Item 9: Future Developments

Item 9a: SAMA TI Program Update

This agenda item was covered as part of the CEO report.

Item 9b: 2021 Revaluation – Assessment Policy Discussion

Steve Suchan provided a PowerPoint presentation. Presentation covered a follow up on discussion at the last meeting regarding two topics:

- a. Simplifying the agricultural land productivity models. Was consensus not to proceed as stakeholders are comfortable with the existing models.
- b. Further developments to improve the residential property valuation models. Current thinking is to follow SAMA's strategic direction to use processes and technology to improve valuation administration including examination of greater application of the sales comparison approach.

There has been limited feedback to SAMA administration thus far. Current plans are to review/update the ag land productivity model (but not to simplify them) with more current yield data information, review the pipeline/railway roadway and RPE models.

Committee Comments

SSBA Rep: Some areas have large agricultural land owners such as hutterite colonies. Does this affect agricultural land assessments?

SAMA Administration: There are a large number of sales used to calculate the agricultural land Provincial Factors (PF). Hutterite sales would not impact the PFs. SAMA does review ag land sales at a high level and unusual market transactions, such as land assemblies, are typically removed from the PF analysis.

PARCS Rep: Why is gravel not assessed with regards to the amount being removed or in some other manner?

SAMA Administration: Gravel is considered a chattel as per The Sand and Gravel Act. As such it cannot be assessed. It is also not a mineral and thus any equipment used in extraction cannot be assessed.

SAMA CEO: SAMA Administration and the Board is looking for feedback on any proposed changes to our assessment policies over the long term, the topics being discussed are not cast in stone; would like to know if SAMA is off base on anything.

SSBA Rep: As a comment on the ag land productivity model review, they have seen where recent weather/climate changes have made better (ie. heavy textured soils), less productive and poorer (ie. sandy soils) more productive.

SAMA Administration: This is a good comment. In terms of weather, it is long term climate patterns that would be considered in the productivity review. Typical crop management practices would be a consideration. In cases local weather patterns having flooded out lands, this can be accounted for in SAMA's reinspection and

maintenance programs.

PARCs Rep: How are assessments done on childcare facilities and with consideration for private vs municipal owned. For example in a church.

SAMA Administration: Some aspects of this are tax exemption related. With regards to preparation of an assessment, would consider zoning, location, building construction and the like. In some cases a childcare facility would be in a house, as such the building would be assessed as a house. In some cases the childcare facility would be located in a strip mall, as such the valuation practices used to assess a strip mall would be used (ie. cost approach, income approach).

RMAA Rep: How are country residential yard sites assessments determined?

SAMA Administration: Consideration is given to municipal zoning. The regulated manual provides some direction when there is mix of urban and ag use in that if zoning is loose, to the extent possible land used for agricultural purposes is assessed using the agricultural land rating procedures. It is typically recognized that a yard site would typically be up to three acres. As such this is reflected in the property tax classes and the regulated manual.

RMAA Rep: Assessment of old institutional buildings such as schools. How is the assessment prepared when these properties go from "institutional" to being used for other commercial or a residential use?

SAMA Administration: Each situation tends to be unique, considerations will be made if the use changes, such as the school being converted to a residence.

SAF Rep: A one point the base date was in June, but now it is in January, is there a reason for this?

SAMA CEO: This was done to make the base date closer to the revaluation implementation date. This keeps values more current.

PARCs Rep: Are SAMA staff having trouble finding the right property to assess, particularly in resort areas?

SAMA Administration: It depends upon the situation, information available, knowledge/experience of the assessment appraiser. SAMA does have some new staff and some rural/resort locations can be challenging to identify.

MOTION by Al Heron that the committees receive the presentation.
Carried

Item 10c: Legislated Reporting Dates Relating to Regulated Property

Steve Suchan provided a summary of the report provided to the Committees.

Committee Comments

SAMA CEO: An RM with a coal mine not happy with late maintenance and would like some legislated dates for companies to be forced to report by. Would like feedback from the Committees if

SAMA should proceed in reviewing this matter further.

MOTION by Garry Dziadyk:

" That SAMA Administration to look into a review of legislated reporting dates for heavy industrial property (ie. the resource sector including transmission pipelines), excepting oil and gas properties. A potential reporting date to consider is as of a date of January 1 of each year."

Carried by both Rural and Urban Advisory Committees.

MOTION by Murray Purcell that the committees receive the report.

Carried

9d: Agency Strategic Directions for 2018-21 Irwin Blank provided an overview of the report provided to the committees.

MOTION by Bruce Fidler that the committees receive the report.

Carried

Item 10: Other Business

Item 10a: SAMA 2016 Annual Meeting – response to resolutions

Steve Suchan reviewed a report provided to the committees.

Committee Comments

SAMA CEO: Clarified that response to the first resolution was limited as the Province determines tax classes. SAMA did review the assessment of recreation properties in the area.

SAMA Board Member: Speaking as a RM councillor, RMs should have more tax policy authority in a similar manner as cities, particularly those closest to large cities like Saskatoon. The Corman Park resolution has some good sense to it.

SAMA Administration: With regards to the second resolution, SAMA and RM 67 have moved their meeting to December as requested by the RM. The late harvest is the reason for the delay.

MOTION by Al Heron that the committees receive the report.

Carried

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

SAMA Administration announced that the next meetings are scheduled for March 29, 2017 and November 15, 2017 with these meetings being held at the Sandman Inn, Regina.

MOTION by John Chavtur that the meeting be adjourned.

Carried

Meeting adjourned at 2:55 PM.

Steve Suchan,
Rural Advisory Committee Secretary

Kevin Groat,
Urban Advisory Committee Secretary