

**Saskatchewan Assessment Management Agency
Rural/Urban Advisory Committee
Meeting Minutes for November 18, 2015
Sandman Inn - Great Room
1800 Victoria Avenue East, Regina, SK**

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
Walter Streelasky, City of Melville

Members Absent

John Enns-Wind, SUMA Town Representative
John Quinn, Resort Village of Candle Lake
Malcolm Eaton, Saskatchewan Urban Municipalities
Association
Brandon Danielson, Saskatchewan Assessment
Appraisers' Association
Kevin Tooley, City of Warman
Barry Gunther, Resort Village of Sun Valley
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
Murray Purcell, SAMA Board Member, Rural Sector
Jeannie DeRochers, R.M. of South QuAppelle No. 157
David Popowich, R.M. of Good Lake, No. 274
Brent Evans, R.M. of Moose Jaw, No. 161
John Chavtur, R.M. of Frontier, No. 19
Gordon Meyer, R.M. of Progress, No. 351
Rod Wiens, Saskatchewan Association of Rural
Municipalities
Garry Dixon, Provincial Association of Resort
Communities of Saskatchewan
Audrey Trombley, Saskatchewan School Boards
Association
Roger Frey, Saskatchewan Assessment Appraisers'
Association

Members Absent:

Jim Angus, SAMA Board Member
Doug Oleksyn, R.M. of Shellbrook, No. 493

Observers:

Irwin Blank, CEO, SAMA
Kelly Munce, Ministry of Government
Relations
Curt Van Parys, Saskatchewan School Boards
Association

Observers Absent:

Rodney Audette, Urban Municipal
Administrators Association of Saskatchewan
Laurent Mougeot, Saskatchewan Urban
Municipalities Association, Executive
Director

SAMA Administration:

Shaun Cooney, SAMA Administration

Guests

Gord Senz, SAMA Administration
Dianne Ford, Sask Municipal Board

Observers:

Brian Sych, Ministry of Government
Relations
Irwin Blank, CEO, SAMA

Observers Absent:

Lori McDonald, Rural Municipal
Administrators' Association of Saskatchewan
Kim Gartner, Saskatchewan School Boards
Association
Jay Meyer, Saskatchewan Association of
Rural Municipalities
Laurel Felton, Administration, Saskatchewan
Association of Rural Municipalities

SAMA Administration:

Steve Suchan, Committee Secretary

Guests:

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.
3. Introductions	<p>Introductions by individuals present.</p> <p>Opening remarks by the Board Chair:</p> <ul style="list-style-type: none"> • Welcome to the meeting. Special welcome to Dianne Ford with the Saskatchewan Municipal Board (SMB) who is attending as a guest. • Provincial Government has indicated to the Board that 2016 budgets will be tight, but SAMA is in good shape and ready for 2016. • SAMA's four year IT program will continue as planned. • The next Rural/Urban Advisory committee meeting tentatively scheduled for March 16, 2016 will be cancelled due to the provincial election scheduled for April 4, 2016.
4. Approval of meeting agenda	<p>Item 10c to the agenda regarding the SARM mid-term convention resolution #7-15M: Industrial Assessment.</p> <p>MOTION by Brent Evans that the committees approve the Agenda as amended.</p> <p style="text-align: right;">Carried</p>
5. Minutes of the previous meeting held March 20, 2015	<p>MOTION by Walter Streelasky that the minutes of the March 20, 2015 joint Rural and Urban Advisory Committees business meeting be adopted as circulated.</p> <p style="text-align: right;">Carried</p>
6. Business arising from the Joint Minutes	<p>SAMA CEO: Would like to provide an update regarding the situation with the Ministry of the Economy (ECON) and reporting of oil and gas well data to SAMA for use with the oil and gas well standardized valuation models. ECON is in the process of revamping how industry reports to the Province and a risk was identified that it could impact oil and gas well valuations. This issue was elevated and with the support of the Ministry of Government Relations, ECON has been very responsive in addressing SAMA's concerns with good progress made in SAMA's ability to confirm how information provided in the new reporting system will integrate with SAMA's valuation models. SAMA is appreciative of the support from the Ministry of the Economy and Ministry of Government Relations.</p>

Item 7: SAMA Update

Item 7a: CEO Report

Irwin Blank provided a Power Point presentation as his report.

Committee Comments

Rural Representative: Could you clarify if you assess short line railway roadway?

SAMA CEO: Short line railway roadway is assessed. Railway rates reflect the net ton miles (NTM) of traffic on the railway roadway with lower traffic lines having a lower assessment.

RMAA Guest: Could you provide an estimate of how much of the commercial base/inspection work is for the income approach?

SAMA CEO: Most of the commercial property inspection work is with regards to the cost approach. Larger jurisdictions better lend themselves to the income approach. A rough estimate is that over 90% of the commercial property is valued by the cost approach; that said, many high value properties valued on the market valuation standard, such as hotels, malls, multi-family, are valued using the income approach.

PARCs Representative: Was on SAMAvue recently and found that assessments were missing. SAMA followed up fairly quickly and resolved the matter. Was this issue due to new technology?

SAMA CEO: Was likely not a new technology item, are regular updates to the information and this was likely a glitch in implementation.

MOTION by John Chavtur that the committees receive the CEO presentation.

Carried

Item 7b: Assessment Services Division Report

Power Point presentation by Irwin Blank on behalf of the Assessment Services Division (ASD).

SAMA CEO: Clarified that with regards to 2015 Board of Revision appeals, about 1,000 were for a specific oil and gas well situation where an error was identified within the application of the standardized well model. Due to the timing of when the error was discovered the issue was dealt with via the appeal/agreement to adjust process.

SSBA Representative: This situation did add work to the municipality but SAMA's ASD staff did a great job in managing the workload with the "agreement to adjust" process working very well.

Rural Committee Chair: SMB appeals - many are commercial. Board is asking Administration to clean this up and have clearer, simpler models. Will be delivering something to Government Relations in the future.

Rural Representative: How far behind is SAMA on assessing flow lines? Are new flow lines are being assessed?

SAMA CEO: It should be not too bad with regards to maintaining existing inventory. New flow lines are initially picked up via the standardized well model system. When tanks are later replaced with flow lines, re-inspections are needed to catch situations where changes have not been reported.

PARCS Representative: How is new potash mine construction assessed?

SAMA CEO: New construction on a potash mine site is normally picked up on an annual basis as found. Once a potash mine goes into operation, the assessment is allocated to the Potash Revenue Sharing model which is administered by SARM and the Provincial Government.

MOTION by Gord Meyer that the committees receive the presentation.
Carried

Item 8: Current Developments

Item 8a. Review of Committee Terms of Reference

Steve Suchan provided an overview of the ToR as provided to the Committees. Members are invited to send any comments and suggestions. Members are encouraged to provide an alternative in case they are unable to attend. Some members' terms will be expiring in 2016; these organizations will be seeing a note from SAMA in 2016 to confirm appointed individuals.

Committee Comments

SAMA Board Member: Update Rural ToR membership list to replace Morgan Powell with Murray Purcell.

PARCS Representative: There will be an update with the PARCS representative on the Urban Advisory Committee.

MOTION by Garry Dixon that the committees receive the report and presentation.

Carried

Break for lunch at 11:50 AM. Resume at 12:45 PM

Item 8b: 2017 Revaluation - Planning and Trends

Shaun Cooney provided a PowerPoint presentation and report.

Committee Comments

SSBA Representative: With regards to the comments about golf course valuation, will proposed adjustment work for more modest golf courses? Has rounds played been considered?

SAMA Administration: This adjustment, which is a part of the cost approach has good acceptance by the National Golf Course Owners Associate (NGCOA) including larger and smaller golf course owners. Rounds played is more of an income approach related item and would require a fair bit of additional work to implement. With the proposed

adjustments, assessments are viewed as accurate. However tax policy issues, such as exempt courses in Regional Parks, tax tools (percentage of value), etc still remain and are beyond the scope of SAMA.

Rural Representative: How are the smaller privately owned grain elevators assessed?

SAMA Administration: Smaller, older grain elevators, including those of crib construction are valued using a cost approach which includes a market adjustment factor (MAF) as well as additional obsolescence as reported in the market place.

Rural Representative: How is the net ton mile (NTM) information for short lines railway roadway obtained?

SAMA Administration: SAMA works with the Ministry of Municipal Affairs who collects short line railway NTM directly from them. CP and CN provide NTM information directly to SAMA.

MOTION by David Popowich that the committees receive the report and presentation.

Carried

Item 8c: 2017 Revaluation -
Quality Coordination

Shaun Cooney provided a PowerPoint presentation and report.

Committee Comments

Rural Committee Chair: Would like to note that the formal audit process is performed by SAMA's Quality Assurance Division of which Gord Senz is the Managing Director. This Division has responsibilities relating to roll confirmation, primary audits and secondary audits. This Division reports directly to the Board via in-camera sessions.

MOTION by Murray Purcell that the committees receive the presentation.

Carried

Item 9: Future Developments

Item 9a: TI Program Update

Power point presentation by Gord Larson.

Committee Comments

SAMA Administration: To assist with managing all the work activities and timelines relating to Open Forms Phase 2 of the TI Program, SAMA has recently acquired the services of a Project Manager. The individual has 35 years of IT and project management experience. The consultant gives a new perspective and will aid in keeping Phase 2 on track; a good investment thus far.

PARCS Representative: Would this be a new computer program that others would buy from SAMA?

SAMA Administration: Our software vendor, Govern owns the application and will likely be marketing it to other entities in Canada and the United States.

SAMA CEO: SAMA's goal is to have a fully functional CAMA system. Being able to be involved with Govern at the development stage of this new application, helps with better implementing what SAMA and its client municipalities need from the application. The cities of Saskatoon and Prince Albert have looked at the Govern CAMA system as an option to replace their existing systems.

MOTION by Brent Evans that the committees receive the presentation.

Carried

Item 9b: 2021 Revaluation -
Concept Plan to Simplify the
Agricultural Land Productivity
Models

Steve Suchan provided a PowerPoint presentation. Presentation covers "discussion starters" for two topics:

- a. Simplifying the agricultural land productivity models.
- b. Further developments to improve the residential property valuation models.

Committee Comments on Agricultural Land Productivity Models

SAMA CEO: Value was seen with simplifying the residential cost approach and reducing the number of choices. With the arable agricultural land model and over 900 choices for staff to administer, can something be done to improve the system as this will aid in better implementing upcoming technology and strategic goal to perform inspection on a 12 year cycle.

SAMA CEO: Stakeholders have indicated that the current system is stable; we do not want to break this system.

Urban Representative: What is the link between SAMA productivity system and the Saskatchewan Crop Insurance (SCI) productivity system?

SAMA Administration: SCI has used an older version of SAMA's arable land productivity model and converted for their purposes.

Rural Committee Chair: There would be grouping of soil types, helping to keep things simple.

Rural Representative: In one of the community pastures in his area, can only run 16 head on a section; does the pasture model account for low carrying capacity situations?

SAMA Administration: SAMA's pasture productivity model is based upon the Saskatchewan Research Council's early 1990 report on rangeland carrying capacity. Plant population and yields were correlated to soil type. As such poor quality soils have a lower carrying capacity (ie. marginal pasture as noted in the question), with the productivity model reporting a lower assessment.

SSBA Representative: Noted a situation between two RMs where the pasture seems to be similar, yet the assessments are different, why would this occur? Is this due to the property tax class (arable is 55%, pasture is 40%)?

SAMA Administration: This is good question and would need to know the exact details before commenting.

Action Item: The SSBA representative will provide SAMA with legal land descriptions of the situation in order for SAMA to provide a response.

SAAA Representative: Care needs to be taken when simplifying the productivity model.

- For example a clay soil holds 11 times more water than sand; if you group too much, the value relationship between soil textures will be lost.
- Limited changes can result current assessment changes of \$6,000, with the next revaluation in 2017 and value more than doubling, changes would be \$12,000.
- May cause shears between geologic deposits. SAMA's staff currently "feather in" differences, this technique could be lost with simplification.
- With recent re-inspections in various RMs, mechanical analysis of soil textures have supported an amendment to previous calls; the productivity model needs to be able identify these differences in the assessment.
- Historic feedback from municipalities regarding pasture assessments where all of the pasture quarters would have the same assessment; how could all of these parcels have the same assessment, there must be differences between them?
- Need to be very careful and consult.

Rural Representative: If you group calls, will you get changes in value?

SAMA Administration: Yes, shifts would occur with the "average" of the group not changing, those above the average going down, and those below the average going up. These shifts would have to be monitored to ensure that they are acceptable to stakeholders.

Rural Representative: In his area there is a lot of good productive clay soils. How do the productivity models account for times when you get too much rain and these soils become less productive?

SAMA Administration: The productivity models are set up with long term yield data and typical conditions. In the case of atypical conditions, such as flooding, the application of the productivity models allow for affected areas to be assigned a flooding deduction.

Rural Representative: How much weight is given to illegal drainage of land?

SAMA Administration: This question relates more to the application of the productivity model rather than development of the model. Consideration of illegal drainage requires SAMA staff to follow up with the property owner as well as Council to gain a general understanding and consensus as to the land use changes and existing/anticipated productivity of the affected soil:

- How many acres and parcels are affected? Does drainage impact other lands downstream?
- Drainage projects (legal or illegal) can have various levels of success. Feedback to the assessment appraiser is important in estimating the appropriate deductions/land use calls to be made with the worst case scenario being the land rated as waste.
- If an illegal program is required to stop, assessment would reflect

the resulting effect.

Rural Representative: In terms of priority areas when assessment appraisers are performing a re-inspection, ensuring the land use is important, but would also like to see improvement to soil calls.

SAMA CEO: Ultimately we want to use our resources more effectively yet still have equitable assessments.

Rural Committee Chair: Thanked the SAAA representative for his comments on the agricultural land productivity models and the need to ensure that the variability in different soils is accounted for in the assessment.

SAMA Board Chair: We are looking for easier ways to assess agricultural land and achieve the same results with regards to equity. When considering the big picture, we do not want to change the system but rather streamline it and be more efficient.

Committee Comments on Residential Models

SAMA CEO: With regards to the "discussion starter" option to regulate the residential cost approach model, there is a risk on the commercial side with professional tax agents appealing high value property.

- This adds a substantial cost to the administration of these properties as well as creates instability in the assessment base. Property examples include the big box retail stores such as Walmart, Canadian Tire etc.
- These properties are more of a valuation issue than residential property.
- In order to regulate, would need to define in the Manual and possibly legislation these properties.

Rural Committee Chair: The situation with commercial property is to be reviewed by SAMA Administration with the potential to take something forward to the Ministry for consideration.

MOTION by Audrey Trombley that the committees receive the presentation.

Carried

Item 10: Other Business

Item 10a: SAMA 2016 Annual General Meeting - Notice of Meeting date, agenda and resolutions

Steve Suchan provided a power point presentation.

Committee Comments

SAMA CEO comments:

- Last SAMA AGM had a training session linked with the Ministry of Government Relations, will be planning something for the 2016 AGM as well.
- The 2016 AGM will be held between the delivery of preliminary values to the Ministry and delivery of trends to municipalities. The AGM agenda includes discussions on trends and communication activities with regards to better implementing the revaluation in 2017.

- SAMA encourages municipalities to review their preliminary values early and provide feedback. In some cases municipalities do not make this review a priority as percentages of value are not yet released and in some cases there may be changes to the council with the local government fall elections.

SAMA Administration: What is the earliest date anticipated for setting of percentages of value by provincial government?

SAMA CEO: Would likely see percentages of value set in the September-October/2016 time frame.

MOTION by Rod Weins that the committees receive the report.

Carried

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

SAMA Administration announced that the next meeting tentatively scheduled for March 16, 2016 but will be cancelled due to the Provincial Election to be held on April 4th, 2016. The next regularly scheduled meeting will be November 16, 2016. Location TBD at a later date.

Item 10c: SARM mid-term Convention Resolution #7 - 15M: Industrial Assessment

Steve Suchan provided a power point presentation.

- Ministry of Government Relations will be responding to the resolution.
- The presentation provides general comments relating to the assessment related components of the legislation.
- Resolution relates to a pulp mill in RM 588. Pulp mills are valued using the regulated property assessment valuation standard with the cost approach being applied.
- There are no specific issues regarding the application of the cost approach and rules for accrued depreciation including functional obsolescence.
- The resolution asks to assess equipment relating to the pulp process that is not currently assessable with existing legislation.
- A similar resolution passed at SAMA's 2014 Annual General Meeting relating to the assessment of oil and gas well casing received a response from the Ministry of Government Relations that there are no plans to amend existing legislation.

Committee Comments

SAMA CEO: Allowing processing or refining equipment of this nature to be assessed at heavy industrial property sites would result in a dramatic increase in the assessment of the property. A similar situation would have occurred with the 2014 SAMA AGM resolution regarding the request to assess oil and gas well casing.

SAMA Administration: The municipality was frustrated with the timing of the assessment reduction as it occurred after the budget and municipal mill rate was set; would have been easier to deal with if more notice would have been given.

SAMA CEO: Municipalities do have the flexibility to post their assessment rolls (and thus resolve potential appeals) as early as September of the year prior. This would allow the municipality to budget with a more stable assessment base.

MOTION by David Popowich that the committees receive the presentation.

Carried

Closing Remarks by the SAMA Board Chair

Thanks everyone for attending and the discussions, particularly those relating to the 2021 revaluation topic. These "discussion starters" are a way of putting out ideas for ways to save time and energy with existing resources will still maintaining equity in assessments. Any additional feedback is appreciated. We look forward to seeing you all at our AGM on April 26, 2016.

MOTION by Walter Streelasky that the meeting be adjourned.

Carried

Meeting adjourned at 2:05 PM.

Steve Suchan,
Rural Advisory Committee Secretary

Kevin Groat,
Urban Advisory Committee Secretary