

# 2019 Business and Financial Plan

*Measuring Progress and  
Moving Forward*



# sama

SASKATCHEWAN ASSESSMENT  
MANAGEMENT AGENCY

## **Mission Statement**

The Saskatchewan Assessment Management Agency develops, regulates and delivers a stable, cost-effective assessment system that is accurate, up-to-date, universal, equitable and understandable.

The Saskatchewan Assessment Management Agency is responsible for Saskatchewan's property assessment base with a value of over \$242 billion. This property assessment base is the foundation for fairly distributing over \$2 billion of property taxes levied annually by municipalities and the Province to Saskatchewan property owners.

The agency has a two-fold responsibility to the Province and municipalities. Its governance responsibilities for the property assessment system include property assessment research and policy development, maintaining a central database of property assessments, providing assessment information to the Province and assuring the quality of assessments. In addition, the agency provides assessment valuation services to 762 client municipalities and to the Province for the education sector.

The agency maintains the assessment valuations for client municipalities on over 860,000 properties. Assessment valuation services include annual maintenance reviews, periodic property reinspections, complete revaluations every four years and support of value services.

## **2019 Overview**

The agency's four-year plan for 2018-21 has been established in consultation with its funding partners. Fiscal responsibility is essential to the Government's commitment to a plan of balanced growth and effective use of resources. This means that the agency's spending has to be affordable for the funding parties and sustainable over the long term. The agency has committed to limiting operational spending increases to an inflationary level of 2% annually.

During this current four-year cycle SAMA will continue on the path set in the last four years and ensuring delivery on our commitments. These include:

- a substantial increase in property inspections
- timely delivery of maintenance and other valuation services
- sustaining current levels of service for our governance responsibilities, including preparation for the 2021 revaluation

The previous four-year plan (2014-17) concentrated on expanding SAMA's ability to inspect properties by improving business processes, changing valuation policies and developing new technology. 2019 will be the second year of full production implementation for SAMA's new Govern.net, remote data collection and MATIX GIS systems which were the primary deliverables from the Technology Infrastructure (TI) Program that began back in 2014.

For 2019, SAMA will continue to enhance and evaluate the agency's use of technology and will deliver a new web site, implement a web portal for stakeholders and do a major update to the SAMAView public-access web application.

The operational priorities in 2019 will be to conduct 100,000 property reviews (combined property maintenance and reinspection reviews), to continue serving our clients with support of value services and to prepare for the 2021 revaluation.

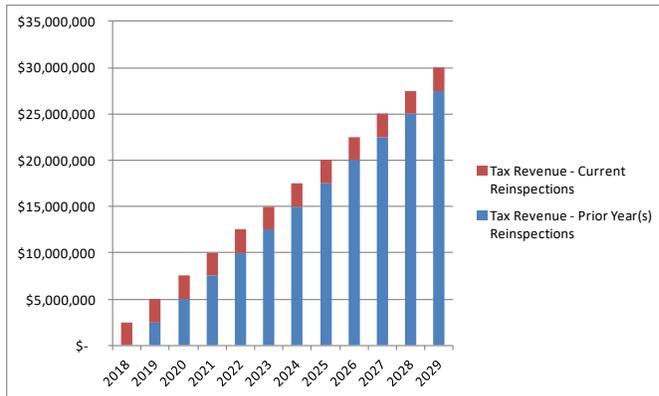
The agency's work translates into tangible benefits for the Province and client municipalities in the form of additional property tax revenues to fund education and municipal services, as well as providing a fair basis for taxation.

The property assessment base is estimated to continue growing at just under 1.5% annually. The annual maintenance program will continue to capture this growth, providing approximately \$15-20 million annually in additional property tax revenues for education and municipalities.

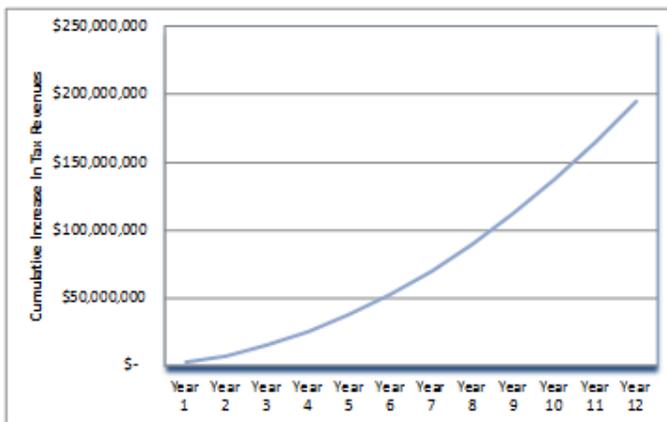
Without periodic physical reinspections, assessments become outdated and there is an ongoing cumulative loss of potential property taxes, as well as a decreased level of fairness. With a 12-year reinspection

program, SAMA can add approximately \$183M in tax revenues to its client municipalities and the education sector. To accomplish this, the agency will have to add \$145M in taxable assessment each year. As an example, SAMA estimated that targeted commercial and residential reinspections over the past three years have resulted in between 5.1% and 6.2% increases in taxable assessments for those communities reinspected (excluding agricultural land).

**Graph 1 - Estimated Compounding Benefit of Property Reinspections**



**Graph 2 - Estimated Tax Revenues Generated Over a 12-Year Reinspection**



A doubling of property reviews under the old methods of conducting assessments and with old technology would have required approximately 40 additional field appraisal staff. SAMA will be able to achieve a doubling of property inspections with the current appraisal staff complement because of the following:

- increasing the efficiency of operations and pursuing smarter delivery of programs
- continuing to build on process improvements and innovative new business processes
- investing in new technologies to build its capacity to continue providing up-to-date assessment valuations

The agency also intends to stay focused on the following three objectives:

- sustaining and enhancing current levels of service for our governance responsibilities by ensuring all policies, manual updates and cost guide updates are completed and board-approved in early 2019, allowing revaluation work to proceed starting in Q1 2019.
- continuing to improve the delivery of assessment valuation services to our clients.
- maintaining the capacity to reinspect all properties on a continuous and regular basis.

# Strategies and Actions

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## Strategy

**Provide up-to-date, quality property assessment valuations to the Provincial government and client municipalities.**

## Key Actions

### Annual maintenance program

- Provide annual maintenance reviews of 34,700 residential, commercial and agricultural properties and 91,000 industrial properties.
- Range of properties is dependent upon the amount of time required for support of value work).
- Increase on-time service delivery levels. Efficiencies gained with new computer system are being used to deliver maintenance to client municipalities when they want it. The goal for delivery of completed maintenance lists in 2019 is a minimum of 85% on-time and 95% of lists within 3 weeks of the date requested by municipalities.

### Revaluation program

Once every four years the agency revalues all properties in each of its client municipalities to reflect a more current valuation base date.

- Conduct market analysis in client municipalities for the 2021 revaluation.
- Verify property sales transactions for 50,000 property transfers registered with Land Titles in 2019.

- Maintain current continuous sales verification service levels.
- When requested, attend client and ratepayer meetings explaining new base date values.

### Reinspection program

Inspection plans have been developed based on a targeted strategy of focusing on municipalities that are estimated to be the least up-to-date and accounting for time required to handle potentially increased property appeals.

- Reinspect 35,700 agricultural land properties in 24 rural municipalities.
- Reinspect 17,900 residential and 17,100 commercial properties (including 16,500 industrial properties).

### Support of value

- Since 2019 is a non-revaluation year, rolls are required to be open for 30 days.
- Plans are based on appeal levels being around 2 times greater (around 2,500 property appeals) than the 2015 assessment year (2015 was year 3 of the 2013-2016 cycle and 2019 is year 3 of the 2017-2020 cycle). This is being planned for to account for the leveling off of property values since the base date of January 2015.
- Provide support of value services to client municipalities including professional management of property assessment

appeals, one-on-one assessment reviews with property owners, and attending to appeals filed with local board of revisions, the Saskatchewan Municipal Board and the Court of Appeal.

- Maintain current support of value service levels while planning for increased inquiries and appeals.

### Public services

- Provide client municipalities, the Provincial government, stakeholders and property owners with reliable and timely access to property assessment records, confirmed municipal assessment totals and information on property value trends in Saskatchewan.
- Through informational materials, training workshops and other initiatives, continue to work with client municipalities, stakeholders and property owners to educate and raise awareness of the property assessment system, and assessment policies and practices.

## **Strategy**

**Support Saskatchewan's growing economy with a fair and equitable property assessment system.**

### **Key Actions**

#### **Policy**

- Maintain the currently active 2015 base date manual and non-regulated cost guide (used for years 2017-2020).
- Maintain the Market Value Assessment in Saskatchewan handbook which provides guidance for the assessment of all properties valued using the market valuation standard, with particular focus on the income approach.
- Completion and approval of the 2019 manual, cost guides and market value handbooks and associated updates of all the rates on the CAMA system needed to begin market analysis in Q1 2019.

- Assessment policy initiatives implemented with the 2019 manual include creating a valuation schedule for wind turbines and updating of the arable land agricultural land productivity model based upon studies from the University of Regina (climate rating) and the University of Saskatchewan (master rating).
- Coordinate/provide oversight of the 2021 revaluation program through the internal SAMA revaluation steering committee and the external SAMA city assessor committee.
- Establish policies and processes for the 2021 Revaluation quality coordination program.
- Conduct quality control testing as market analysis work is being completed.
- Coordination, training and technical support for appeals, maintenance and reinspection projects.
- Investigate alternative valuation models with the objective of providing more stable and acceptable commercial property assessments.
- Facilitate and support initiatives regarding SAMA's statutory advisory committees and the City Assessor/SAMA Committee.

### **Technology**

The agency's Technology Infrastructure (TI) Program began work in 2014 to update our internal computer systems (Govern) and develop future capabilities such as a web portal, GIS and handheld tablet computers.

- Open Forms Phase I of the Govern update project is a more efficient data entry system which significantly decreases data entry time of assessment information on to the system.
- Phase 1 was rolled out to end users in July 2015 and metrics indicate an upward trend in the number of property inspections completed per day.

- In Phase 2, the Govern software was updated from a visual basic platform to a .Net platform. Modifications and enhancements to improve the reliability and speed of the system and end user enhancements have been completed.
- Phase III Remote Data Collection (RDC) application development and rollout will be completed by mid-2018.
- Web portal will be operational in 2019.
- Substantial development will also occur in GIS with the implementation of the new Matix GIS system. Enhancements of the system will be ongoing in 2018 and into 2019.
- Continue to operate, maintain and enhance the existing Govern system, the computer assisted mass appraisal system used to derive and store property assessments.
- Support the continued development of SAMA's technology utilization by keeping software up-to-date, strengthening the knowledge and skills of employees and drawing in external resources and their expertise when necessary.

#### Assessment roll confirmations

- Ensure compliance with property assessment statutory requirements.
- Confirm municipal assessment rolls that are accurate and have been completed in accordance with the Municipal Acts.

### **Strategy**

**Manage our business effectively and efficiently.**

### **Key Actions**

- Continue utilizing business process improvement events and other tools to increase the efficiency and effectiveness of work processes.
- Develop and maintain computer-assisted technologies that optimize the Agency's business operations. The agency added 2 full-time IT positions in 2018 to help maintain the agency's expanded base of assessment-related applications and to work on future enhancements.
- Ensure leadership, relationship, learning and workforce systems are aligned to deliver quality services effectively. A leadership development program will be implemented in Q2 of 2019.
- Strengthen management, administrative and accountability practices. The agency is further implementing a succession planning policy in 2019.
- Provide professional services, technical services and assessment information services to business clients.
- Continue expanding and strengthening change management capabilities and support to the agency's TI program. The agency is developing local practices for continuous improvement in all areas of the business.
- The agency is planning an upgrade to the SAMAView application in Q1 of 2019 and the implementation of a new external SAMA website.

## **Property Reinspection Program Initiative**

The agency's commitment to reinspect all properties at least once every 12 years will be attained by increasing the agency's capacity to do reinspections with an operational workforce of 154.25 FTEs. This is being accomplished by:

- Allocating additional appraiser resources to the reinspection program, attained through business process improvements in the annual maintenance and revaluation programs.
- Simplifying property inspection processes.
- Acquiring new technologies.

Although the plans for the reinspection initiative began several years ago, 2019 will be the first year that a full 1/12 of SAMA’s clients began to see reinspection results on their assessment rolls (SAMA plans to achieve its first year of 100,000 reviews in 2018, with those numbers being reflected on 2019 assessment rolls).

## Allocation of appraiser resources

**Annual maintenance processes** that improve efficiency and productivity will result in continued reallocation of staff to the property reinspection program in 2019. Open forms and cost model simplification have reduced the amount of appraiser time needed to review a property. The web business-to-business portal and remote data collection tablets will also help reduce the amount of appraiser time by eliminating manual processes and data transcription tasks.

Simplified **revaluation processes** for urban properties will result in the reallocation of staff annually to the property reinspection program and to the support of value program. The use of improved sales verification processes, less complex valuation models, market value trending and GIS technologies have improved revaluation efficiency and contribute to reducing the amount of appraiser time needed, shifting additional resources to property reinspections.

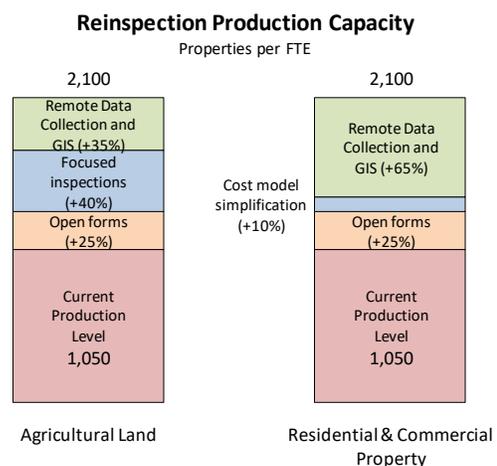
## Simplified property reinspection processes

The agricultural land reinspection program has been redesigned from a detail-based inspections process to a focused inspection process. Focused agricultural land inspections identify and correct those properties where the land use and/or features such as flooding and salinity are not correctly accounted for.

The development of the focused inspection process for agricultural land is in alignment with the Agency goal of completing the agricultural land inspection program within a 12-year cycle.

It is estimated that focused agricultural land inspections will eliminate the effort required for detailed inspections of most agricultural land properties. Used in conjunction with open forms, remote data collection and GIS technologies, productivity is expected to double to 2,100 property inspections per FTE for 2018 and continue into 2019.

**Cost model simplification** introduced in 2017 reduced and reorganized the amount of property information that is currently collected to assess a typical residential building from over 160 to 60 elements of information. The commercial building cost model has been simplified regarding exterior



wall cost components. Simplifying the costs models is improving the efficiency of annual maintenance and reinspection programs. Significant benefits have been realized by using simplified cost models and remote data collection tablets.

### **Improved business systems**

**Open Forms technology** has simplified and reorganized user-friendly property data collection forms for appraisers while also providing a more efficient interface for entering property data into the Govern system. Open Forms interfaces for inspections have been developed for residential/commercial/industrial property as well as agricultural land. Open Forms has improved the efficiency of annual maintenance and reinspection programs and services.

### **New technologies**

The four-year capital technologies infrastructure (TI) program has acquired new technological systems already being used by the mass appraisal industry. These electronic systems are replacing the paper-based manual systems.

The **web business-to-business portal** will allow work processes such as annual maintenance lists and sales verification questionnaires to be submitted electronically to the agency, thereby reducing the amount of preparation and finalization time required by the current paper-based systems. Following a tendering process in 2018, the web business-to-business and business-to-public portal will be developed and implemented in the first quarter of 2019.

**Geographic information system (GIS)** and digital imagery technologies will eliminate the current paper-based mapping and image display systems. Currently assessment records are stored in three separate formats – property data is in the Govern system, agricultural land use maps and building diagrams are in paper-based files, and aerial and property photographs are in separate electronic files that must be printed. GIS technology will link these systems electronically, add mapping technology for area calculations, display functionality on remote data collection tablet computers and allow electronic sketches of building diagrams via APEX software.

**Remote data collection (RDC) tablets** will eliminate the paper-based data collection and manual data entry methods. Former processes required the manual preparation of work lists, the printing of forms, maps and photos, and the manual recording of data on worksheets and re-entry of the data into the Govern system. RDCs will allow electronic assessment records to be downloaded, updated and uploaded to the Govern system, eliminating a lot of manual effort and reducing the problem of transposition errors. RDC's were distributed to all of the agency's appraisers in 2018. In 2019, the agency will continue to monitor and maximize efficiencies gained by using the RDC devices.

The use of GIS and remote data collection technologies will improve the inspection efficiency of urban property and agricultural land when they are completed and implemented. The improvements will be developed in 2018 and fully implemented in 2019.

### **Industrial Properties**

With continued growth expected in Saskatchewan's energy and minerals sectors, the capacity of the industrial property assessment program will need to be maintained to meet demand for additional property assessments. The agency will continue to seek opportunities to automate processes, seek and utilize accurate, timely and alternative sources of data and be cost-effective in assessment methodologies.

# FINANCIAL ESTIMATES - 2019 Budget

## Operating Budget (in thousands)

	2018 Budget	2018 Adjusted	2019 Budget	Var.	% Var.
<b>REVENUES</b>					
Provincial - Operating	\$10,442	\$10,238	\$10,442	\$204	2.0%
SAMA municipal invoice	7,829	7,829	7,829	0	0.0%
Inflationary increase			155	155	2.0%
Growth in municipalities			105	105	1.3%
Municipal service fee	457	457	472	15	3.3%
Other revenue	408	408	416	8	2.0%
<b>Total operating revenues</b>	<b>19,136</b>	<b>18,932</b>	<b>19,419</b>	<b>487</b>	<b>2.6%</b>
Special projects:					
- Moose Jaw (MJ) assessment services	561	561	577	16	2.9%
	19,697	19,493	19,996	503	2.6%
<b>EXPENDITURES</b>					
Salaries & Benefits	13,735	13,735	14,030	295	2.1%
Other expenses	5,401	5,401	5,483	82	1.5%
<b>Total operating expenditures</b>	<b>19,136</b>	<b>19,136</b>	<b>19,513</b>	<b>377</b>	<b>2.0%</b>
Special project expenditures: - Moose Jaw					
- Moose Jaw assessment services	561	561	577	16	2.9%
	19,697	19,697	20,090	393	2.0%
Surplus,(deficit)	0	-204	-94		
Managed expenses	0	0	0		
Transfers from (to) reserve	0	-85	94		
Beg. surplus(deficit)	0	289	0		
<b>End. surplus,(deficit)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
Number of permanent employees	154.25	154.25	154.25	0.00	0.0%

### Note 1:

Note 1: Any service fee revenue in excess of budget is to be transferred at year-end to an operational reserve to defray future expenditures and/or inflationary increases in the municipal levy.

## Technology Fund Budget (in thousands)

	<b>Budget 2018</b>	<b>Budget 2019</b>	<b>Variance From 2018</b>	
			<b>Amount</b>	<b>%</b>
<b><u>REVENUES</u></b>				
Provincial - Technology Premium	\$300	\$300	\$0	0.0%
Municipal - Technology Premium	300	300	0	0.0%
<b>Total technology funds available</b>	600	600	0	0.0%
<b><u>EXPENDITURES</u></b>				
IT development and support staff	210	210	0	-
Software licensing	200	200	0	-
Enhancement projects & hardware	190	190	0	-
<b>Total technology expenditures</b>	600	600	0	0.0%
Beginning fund balance	0	0	0	
<b>Ending fund balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	

Note: Ongoing support costs for the new Govern.net application are required to maintain a complex computer system consisting of multi-layered components that require special technical expertise and training.

Number of permanent employees	<u>2.0</u>	<u>2.0</u>
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## How Resources Will Be Used

Operational expenditures have a budgeted increase of 2.0% in 2019.

- The number of permanent positions will remain the same (156.25) – 154.25 operational positions and 2.0 positions funded by restricted capital funding.
- Employee salaries and benefits are estimated to increase 2.1%. Budget estimates include a contingency for a union contract settlement in 2018 (the most recent contract expired December 31, 2016), the third phase of an in-scope job reclassification plan and phase 2 of an out-of-scope position review.
- Other expenses have a budgeted increase of 1.5%. GIS/aerial imagery costs, building rent and computer costs are expected to rise by over 2.0%. All other expenses (office costs, land titles, professional services, travel, staff training) are budgeted to increase at inflationary levels of less than 2.0%.
- Governance costs (assessment research and policy development, maintaining a central database, providing assessment information to the Province and assuring the quality of assessments) are budgeted at \$6.120 million.
- Assessment valuation services costs (annual maintenance, revaluation, property reinspection and support of value programs) are budgeted at \$12.883 million – \$8.561 million for municipalities and \$4.322 million for education.

Technology development, support and maintenance.

- ❖ Ongoing annual support costs for the new Govern.net system will remain at \$600,000. The costs will be allocated to the funding parties on an equal basis and consist of the following:
  - \$200,000 for software licensing costs
  - \$210,000 for additional technical IT support and development staff
  - \$190,000 for associated costs related to remote data collection devices (tablet computers) and enhancement projects

### SAMA Municipal Invoice

- In 2019 a 2% cost of living increase applied evenly to all municipalities would result in additional requisition revenue of \$155,000.
- In 2019 property counts will be adjusted for municipal growth (increasing property count numbers) resulting in additional revenue of \$105,000 and \$15,000 in additional revenue for maintenance service fees.
- As in prior years, any service fee revenue in excess of budget is to be transferred at year-end to an operational reserve to defray future expenditures and/or inflationary increases in the municipal levy.

# Funding Request

<u>Provincial and Municipal Funding (000's)</u>	<u>2018 Budget</u>	<u>2018 Adjusted</u>	<u>2019 Budget</u>	<u>Funding Share</u>	<u>Variance Amount</u>	<u>%</u>
<b><u>Provincial Funding</u></b>						
Governance	\$ 6,120	\$ 6,000	\$ 6,120	100.0%	\$ 120	2.0%
Assessment Valuation Services	4,322	4,238	4,322	33.5%	84	2.0%
Tech. Development & Support	<u>300</u>	<u>300</u>	<u>300</u>	50.0%	-	<u>0.0%</u>
<b>Total provincial funding</b>	10,742	10,538	10,742		204	1.9%
<b><u>Municipal Funding</u></b>						
Assessment Valuation Services	8,023	8,286	8,286	66.5%	-	-
Inflationary Increase			155		155	2.0%
Growth and Incr. Maintenance Fees			120		120	1.4%
Tech. Development & Support	<u>300</u>	<u>300</u>	<u>300</u>	50.0%	-	<u>0.0%</u>
<b>Total municipal funding</b>	\$ 8,323	\$ 8,586	\$ 8,861		\$ 275	3.2%

## **How Funding Will Be Shared**

**Operational funding** will be allocated to the funding parties in proportion to benefits.

- 100% of governance (assessment research and policy development, maintaining a central database, providing assessment information to the Province and assuring the quality of assessments) to the Province.
- 33.5% of assessment valuation services to the Province and 66.5% to client municipalities. 2017 property tax levies for education and municipalities were split approximately 35/65.

Ongoing support costs for technology will be allocated to the funding parties on an equal basis.

## **2019 Funding Shares**

Total **provincial funding** will increase \$204,000 (1.9%).

- Governance funding will increase \$120,000 (2%) to \$6.120 million.
- Assessment valuation services funding will increase \$84,000 (2%) to \$4.322 million.
- Restricted funding for support and maintenance of the new technology will remain at \$300,000.

Total **municipal funding** will increase \$275,000 (3.2%).

- Assessment valuation services funding will increase \$275,000 (3.3%) in 2019 to \$8.861 million.
- New technology development funding will remain unchanged at \$300,000 to provide for ongoing support and maintenance costs.

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