

**Saskatchewan Assessment Management Agency
Rural/Urban Advisory Committee
Meeting Minutes for November 15, 2017
Sandman Inn - Great Room
1800 Victoria Avenue East, Regina, SK**

Urban Advisory Committee

Members Present:

Al Heron, Committee Chair, SAMA Board Member,
Urban Sector
Audrey Trombley, SAMA Board Member
Mike Strachen, SUMA (Villages)
Dale Domeij, SUMA (Villages)
Bruce Fidler, SUMA (Towns)
Barry Elderkin, SUMA (Towns)
Kevin Tooley, SUMA (Cities)
Walter Streelasky, SUMA (Cities)
Lee Finishen, SUMA
Dwain Weeks, Saskatchewan Assessment Appraisers'
Association

Members Absent

Myron Knafelc, (ex officio), SAMA Board Chair
Dawn Luhning, SAMA Board Member, City Sector
Marla Walton, Saskatchewan School Boards Association
Howard Schweitzer, Provincial Association of Resort
Communities of Saskatchewan

Rural Advisory Committee

Members Present:

John Wagner, Committee Chair, SAMA Board Member
Murray Purcell, SAMA Board Member, Rural Sector
Jim Angus, SAMA Board Member
Delbert Schmidt, SARM (Division 2)
Roman Charko SARM (Division 4)
Wade Sira, SARM (Division 5)
Gordon Meyer, SARM (Division 6)
Judy Harwood, SARM
Garry Dixon, Provincial Association of Resort
Communities of Saskatchewan
Tim Weinbender, Saskatchewan School Boards
Association

Members Absent:

Myron Knafelc (ex officio), SAMA Board Chairman
Jeannie DeRochers, SARM (Division 1)
John Chavtur, SARM (Division 3)
Vacant, Saskatchewan Assessment Appraisers'
Association

Observers Present:

Irwin Blank, CEO, SAMA
Rodney Audette, Urban Municipal
Administrators Association of Saskatchewan
Melissa McCoy, Ministry of Government
Relations

Observers Absent:

Sean McEachern, Saskatchewan Urban
Municipalities Association, Executive
Director
Theresa Wilson, Saskatchewan School Boards
Association

SAMA Administration:

Shaun Cooney, SAMA Administration
Gord Senz, SAMA Administration

Observers Present:

Michelle Buechler, Rural Municipal
Administrators' Association of Saskatchewan
Irwin Blank, CEO, SAMA

Observers Absent:

Brian Sych, Ministry of Government
Relations
Jay Meyer, SARM Executive Director
Kim Gartner, Saskatchewan School Boards
Association

SAMA Administration:

Steve Suchan, Committee Secretary

Guests:

Jason Penner, Ministry of Sask Ag & Food
Kim McIvor, RM of Edenwold, No. 158

Agenda Item:

Decision/Resolution:

1. Call to order
Al Heron, Chair of the Urban Advisory Committee, called the meeting to order at 10:02 AM.
2. Opening remarks
Al Heron welcomed everyone to the meeting.
3. Introductions
Introductions of individuals present.
4. Approval of meeting agenda
MOTION by Tim Weinbender that the committees approve the Agenda as presented.

Carried
5. Minutes of the previous meeting held November 18, 2016
MOTION by Barry Elderkin that the minutes of the March 29, 2017 joint Rural and Urban Advisory Committees business meeting be adopted as circulated.

Carried
6. Business arising from the Joint Minutes
SAMA Administration commented on the action item in the minutes regarding Committee meetings and consideration for video conference style of meetings. The SAMA Board sees great value in “face to face” meetings and in their experience had seen limited success of video conferences, conference calls, webex meetings and the like with a meeting of this size. The Board also sees value in the networking opportunity provided by face to face meetings. As such Committee meetings will continue in the regular format. Any questions or comments regarding this matter can be forwarded to SAMA Administration.

Item 7: SAMA Update

Item 7a: CEO Report

Power Point presentation by Irwin Blank, SAMA’s CEO. Agenda Item 9a “SAMA TI Program Update” was given at this time.

Committee Comments

Urban Rep: Is there a number that you can provide regarding the properties that are currently missing an assessment?

SAMA Administration: As SAMA is not aware of what is not assessed, no property count estimate can be provided. SAMA identifies these properties during annual maintenance and periodic reinspections. SAMA’s past experience with urban municipality reinspections is a 2-3% “lift” in an urban municipality’s assessment. In some municipalities the increase can be higher, but depends on the amount of past annual maintenance and when the municipality was last reinspected.

Rural Rep: In the RM of LeJord No. 128 there is a farm property with many bins that are apparently used for commercial use. Was at SARM meetings as to what is exempt (farm) and what is taxable (commercial).

Action Item: SAMA Administration will look into the matter as farm buildings are tax exempt as per legislation.

Post meeting follow up to the action item: *The property is currently being built by a large farm operation. There will be some commercial activity on the property, such as fertilizer sales etc. In these cases, when directed by the assessor (RM administrator), SAMA will inspect and assess the property. SAMA will also designate the farm (exempt) and commercial (tax) use sections of the property with this activity including dialogue with the municipality and the property owner.*

SAMA Board Member: As a point of clarification SAMA is not promoting the taxation of agricultural use buildings.

SSBA Rep: They have a number of Hutterite colonies in the area, how are they assessed and taxed?

SAMA Administration: SAMA, as directed by the assessor for the RM, will look into the properties and assess as found. SAMA has some legislative authority in allocating tax status between agricultural (exempt) and commercial use (taxable).

SAMA Board Member: With the new computer technology SAMA is building additional custom components which will make it unique to SAMA's programs. This is new computer technology and there are bugs that need to be addressed which will take time to fix. That said, once the new application is in place it will be very effective.

SARM Rep: Could this computer application be sold to others?

SAMA Administration: The computer application is owned by a company called Govern, they can and do market the computer application throughout North America.

SAMA Board Member: SAMA was able to get a good deal on the new computer application as we had negotiated a fixed price contract.

SSBA Rep: Will the computer application components be internal or external?

SAMA Administration: Govern will maintain the core components, with the SAMA customized portions maintained by SAMA. The entire system is housed internally within SAMA's

computer system which is located at ISM's server facility in Regina. The system has safeguards that make it secure.

Rural Rep: How many Board of Revision (BoR) appeal decisions go to the Saskatchewan Municipal Board (SMB)?

SAMA Administration: In 2017 including SAMA and the Cities there are currently about 125 BoR appeal decisions that have gone to the SMB thus far. Todd Treslan's presentation (agenda item 7b) will provide more information about appeals.

MOTION by Lee Finishen that the Committees receive the CEO presentation and SAMA TI Program update, agenda items 7a and 9a.

Carried

Item 7b: Assessment
Services Division Report

Power Point presentation by Todd Treslan, Managing Director, Assessment Services Division (ASD). Presentation also included coverage of agenda item 8c "2017 Revaluation Update".

Committee Comments

Board Member: From an overall perspective, the 2017 appeal levels are still a small percentage of the population of properties being assessed.

Rural Rep: What are the reasons for property owners appealing?

SAMA Administration: For agricultural land it is land use considerations such as more sloughs and flooding. In some cases it is simply a disagreement with the value. Sometimes is a physical data error. With commercial properties you see tax agents appealing properties on behalf of the property owner.

SAMA Board Member: With most agricultural land appeals are dealt with via the agreement to adjust as the property owner and SAMA's assessment appraiser can usually agree with the land use changes. Residential and commercial property, which fall under the market valuation standard generally see more properties going through the formal appeal process.

MOTION by Dale Domeij that the committees receive the presentation.

Carried

Item 8: Current
Developments

Item 8a. Proposed 2015 Cost
Guide Amendments

Power point presentation by Shaun Cooney that provided highlights of the report provided to the Committees.

Committee Comments

Urban Rep: Are the disposal wells also skimming oil?

SAMA Administration: Can't say for sure, good question.

Action Item: SAMA Administration to look into whether disposal wells are skimmed for oil and whether they are assessed differently.

Post meeting follow up to the action item: *Skimming wells are also referred to as swab wells. Wells identified by the Ministry of the Economy as disposal wells are not assessed. SAMA is not aware of any active disposal wells that are also swab wells. This may occur informally if the disposal well is not in use. The Ministry does have an identifier for a "swab well". Swab wells will have the well head assessed. Swab wells are usually shut-in wells.*

SAMA Board Member: The IRIS system is used in Alberta as well. Does this system resolve the injection/disposal well issue?

SAMA Administration: Yes, this resolves the issue by providing a single source file to rely on for these judgements.

SAMA Board Member: Disposal wells do require maintenance and thus use municipal roads, however no taxes are collected.

SAMA Administration: From an assessment audit process perspective the amendment does clarify the process. There have been RMs that were upset with the current process as there is instability.

Urban Rep: What is the timeframe for implementation of the amendment?

SAMA Administration: The amendment needs to be approved by the SAMA Board, then approved by the Ministry with the goal to implement for 2018 assessment rolls.

MOTION by Wade Sira that the committees approve the amendment.

Carried

Item 8b: Proposed MVA Handbook amendments

Shaun Cooney provided a PowerPoint presentation.

Shaun commented on the 2015 Cost Guide amendments that have been recently implemented in mid-2017. This was discussed at the March/2017 Advisory meetings.

Committee Comments

SAMA Board Member: Overall this is more of a house keeping amendment?

SAMA Administration: That is correct. With the MVA Handbook, the amendment is approved for implementation by the SAMA Board with no requirement for the Ministry to approve.

MOTION by Kevin Tooley that the committees approve the amendments.

Carried

Break for lunch at 12:05pm, resumed at 1:00 pm

Item 8c: 2017 Revaluation Update

Presentation covered as part of Todd Treslan's Assessment Services Division report.

Item 8d: Feedback on Board of Revision Administration

Steve Suchan provided a power point presentation to the Committees.

Committee Comments

Urban Rep: Villages have limited capacity to afford a provincial Board of Revision. Some Villages have no appeals.

SAMA Board Member: Appeals tend to have limited impact on school divisions and have more impact on municipalities.

SAMA Administration: Alberta has addressed the Board of Revision (BoR) issue with formal training programs and requirements to take this training.

PARCS Rep: Training recommendations would be a very good initiative. In general training is needed. The one professional board is overworked.

SAMA Board Member: Is critical for committee members to work with their associations such as SARM and SUMA to reach solutions. How can we work as partners to find solutions?

SAMA Administration: For clarification, SAMA has no authority in this area and is simply facilitating discussion.

Interested parties such as SUMA and SARM need to carry the matter forward.

SAMA Board Member: We need to think about how to improve what we do in revaluations to reduce the number of appeals that are occurring. The Manual is regulated and we didn't get too many appeals from these properties. There were lots of commercial appeals which fall under the market valuation standard. Need to make these valuations more black and white to reduce risk of appeal.

SAMA Board Member: Specialized Boards is a good idea. There are some complex appeals that local boards can't always manage with tax agents exploiting this area.

Urban Rep: How can this become a SUMA or SARM issue?

SAMA Administration: A member could advance the issue through a resolution at their association annual conferences.

Urban Rep: The SUMA resolution deadline is today. That said this matter could be considered an emerging issue. It can also be raised at the City Caucus Meetings.

Rural Rep: The Ministry of Government Relations would also have some involvement in this matter.

SAAA Rep: Can the SAAA have a role? Will take this back to the executive for their consideration.

SAMA Board Member: SAMA Administration recognizes that late BoR decisions are hurting municipalities. Further and as a reminder, the recommendations presented to the committee are from the participants of the Board of Revision Workshop and not SAMA.

MOTION by Mike Strachan that the SUMA and SARM representatives take this report and the recommendations to their respective executive for their consideration.

Carried

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

Steve Suchan provided a power point presentation to the Committees.

Committee Comments

SAF Rep: Some appeals take time. What happens to assessments and taxes in the interim?

SAMA Administration: If a BoR decision is appealed to the SMB it normally takes more than a year to get a decision. If

That decision goes to the Court of Appeal (26 instances with the 2013-16 revaluation) it takes even longer. If the BoR reduces the assessment, that value is placed on that roll year and taxes collected. If the BoR decision is appealed to the SMB, the BoR decision remains in place for the next and future roll years and taxes collected on that assessment. When the SMB makes their decision, that value is then placed on all the past assessment rolls with tax reimbursements/payments made. The additional complication with a recent Court of Appeal (CA) decision is this process no longer applies if in a future year an assessment (that is currently under appeal to the SMB) is appealed again in any future year (it is the value on the roll that is appealed). In that instance the maximum value for that year is limited to whatever was on the roll when the new appeal was launched.

SAMA Board Member: The SMB has no legal costs when their decision is considered at the CA. SAMA and the respective assessment service provide face enormous legal costs.

SAAA Member: Could further clarification be made regarding the CA hearing regarding section 227 of The Cities Act?

SAMA Administration: The intent of the section is to have a process to administer the assessment when the appeal takes longer than a year to complete. However the recent CA decisions out of Prince Albert indicate that if an assessment is again appealed in a future roll year when the original appeal is still ongoing, section 227 no longer applies. This places a substantial risk to the municipality if the original assessment is intended to be reinstated but it cannot due to a different appeal.

SAMA and Regina have ongoing appeals on this subject that will likely further demonstrate that the existing legislation is no longer functional.

Municipalities will need to look for mitigation strategies to protect future assessment rolls when properties are appealed. Options include cross appealing properties that have an active appeal(s). This process is administratively complex and expensive. Section 227 was intended to address this situation.

MOTION by Dale Domeij that the committees receive the report.

Carried

Item 9: Future Developments

Item 9a: SAMA TI Program Update

Power point presentation by Irwin Blank. Provided with the CEO update.

Item 9b: 2021 Revaluation Preparations – Manual, Board Orders

Shaun Cooney provided a power point presentation to the Committees.

Committee Comments

SAF Rep: With regards to the discussion on limiting market data to the province, what comparables would be used then if nothing in the province?

SAMA Administration: By way of example with the Prince Albert pulp mill situation, a plant from the Carolinas in the USA was used as a comparable. This makes it very difficult for assessment appraisers in Saskatchewan to deal with.

SAMA Administration: With the proposed market evidence order, could income approach capitalization rates, income/expense data and the like be used? Is this covered in the definition?

SAMA Administration: There will be a final review including a legal review to ensure the criteria in the order are solid.

SAMA Board Member: Likes the amendment as it makes things more black and white.

MOTION by Wade Sira to recommend approval of the amendments and draft orders.

Carried

Item 9c: 2021 Revaluation Preparations - Cost Guide, Handbook, Policy Considerations

Shaun Cooney provided a power point presentation to the Committees.

Committee Comments

SAMA Administration: One area of interest with the arable land productivity model review is the climate study to be done by the U of R and ISM. The U of R had performed a study in 1990 and this will be an update on changes that have occurred since then. Analytical tools such as GIS are much more powerful and robust which should enhance the results and recommendations of the new study. Other areas in the arable land model include reviewing the freight and trucking rates which are economic in nature and have not been updated since the 2009 revaluation.

MOTION by Walter Streelasky that the committees recommend approval of the amendments.

Carried

Item 10: Other Business

Item 10a: SAMA 2018
Annual Meeting

Irwin Blank announced that the next SAMA Annual meeting is scheduled for April 11th, 2018 in Saskatoon at the Saskatoon Inn.

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

The next meeting is scheduled for March 27, 2018.

MOTION by Lee Finishin that the meeting be adjourned.

Carried

Meeting adjourned at 3:30 PM.

Steve Suchan,
Rural Advisory Committee Secretary