

2020 Business and Financial Plan

*Providing Value
For Saskatchewan*



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 \$250 billion. This property assessment base is the foundation for fairly distributing over \$2.1 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 863,000 properties. Assessment valuation services include annual maintenance reviews, periodic property reinspections, complete revaluations every four years and support of value services.

2020 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 2.0% 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
- providing accurate assessments
- meeting the demand for support of value services

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. 2020 will be a year of full production implementation for SAMA's new Govern.net, remote data collection, a web portal for stakeholders, a new web site and MATIX GIS systems which were the primary deliverables from the Technology Infrastructure (TI) Program that began back in 2014.

For 2020, SAMA will continue to enhance and evaluate the agency's use of technology and look for opportunities to make improvements. It is the first full year that is post-TI Program development and the agency will shift its focus to evaluating the results of the program and continuing to look for areas that can be improved upon.

The operational priorities in 2020 will be to conduct 110,000 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. SAMA was able to increase its output goal (measured in terms of property reviews) by 10% because the Province provided an additional \$850,000 in annual funding that is being used to sustain the current services provided and add seven new positions.

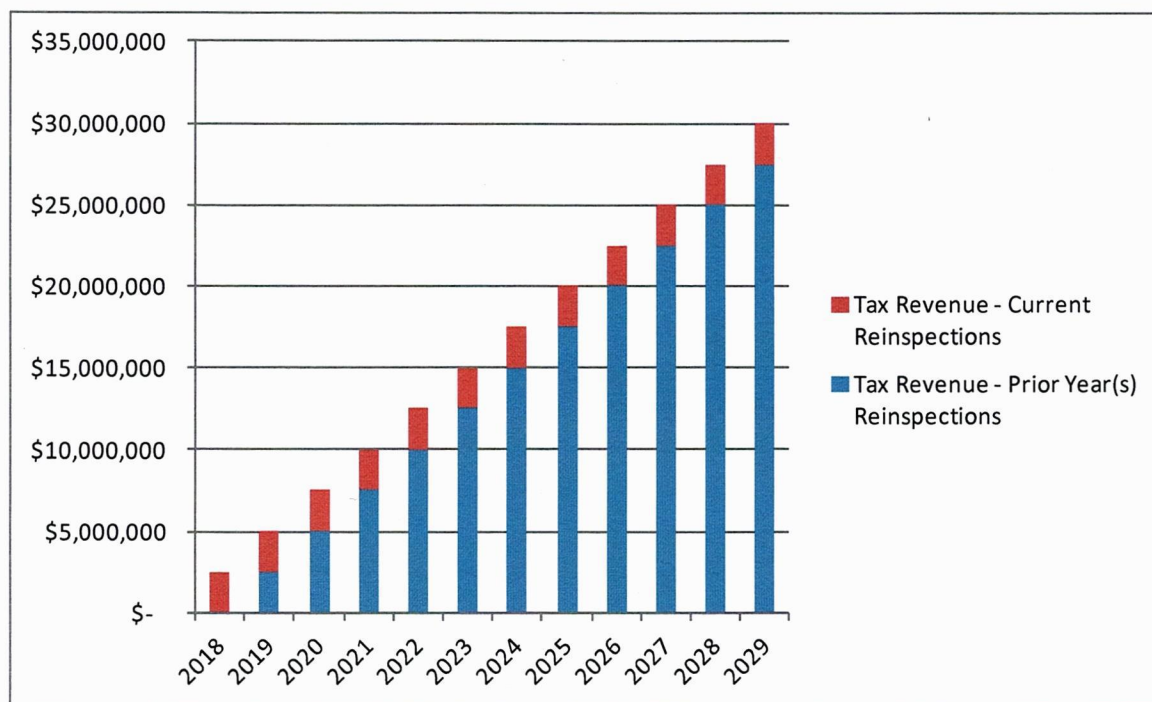
The agency's work translates into tangible benefits for the Province and client municipalities in the form of additional property tax revenues to fund education and municipal services, as well as providing a fair basis for taxation.

The property assessment base is estimated to continue growing at under 1.0% annually. The annual maintenance program will continue to capture this growth, providing over \$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. SAMA has made very large gains in reinspections recently and SAMA has already added an estimated \$131M from 2014-2018 reinspections and maintenance (see Graph 2). With the number of annual inspections still rising, these growth numbers should be sustained over the next few years.

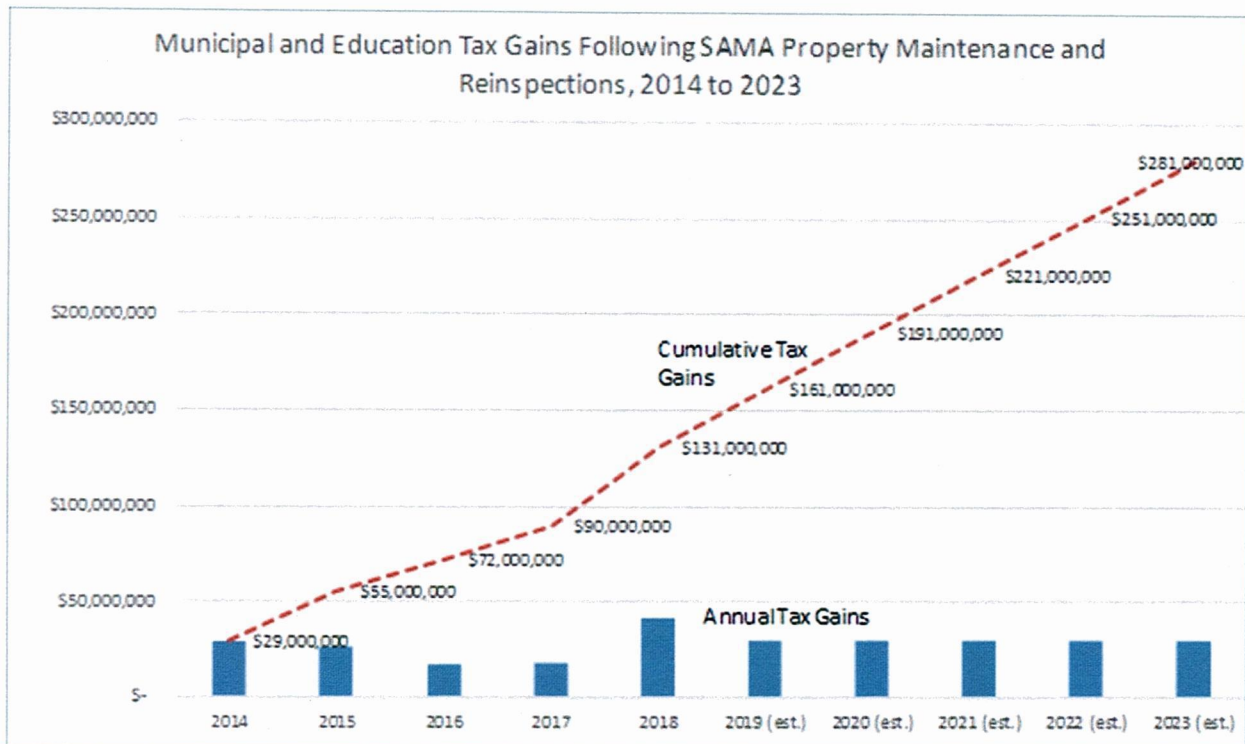
Graph 1 - Estimated Compounding Benefit of Property Reinspections

By conducting property reviews, SAMA adds taxable assessment that increases tax revenues for municipalities and the education sector. Since property taxes are levied annually, the increased revenue occurs over-and-over, resulting in the compounding effect show in this chart:



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

The following chart shows estimated tax gains from actual results from 2014-2018 and estimated gains for 2019-2023:



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 has achieved 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
- 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

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 33,670 residential, commercial and agricultural properties and 92,000 industrial properties (these industrial properties are in addition to SAMA's goal of 110,000 regular property reviews).
- 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 2020 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.

- Submit preliminary values for the 2021 revaluation to stakeholders by required deadlines: the Province by April 1, 2020 and municipalities by September 1, 2020.

- Determine where refinements to preliminary values are required and make changes prior to sending out final values in January 2021.
- Training staff on changes to models and methods due to the 2021 Revaluation.
- Keep up ongoing communication with stakeholders and inform them of changes coming out of the Revaluation.
- Verify property sales transactions for 50,000 property transfers registered with Land Titles.
- Maintain current continuous sales verification service levels and verification of income and expense data.
- 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 38,700 agricultural land properties in 23 rural municipalities.
- Reinspect 17,700 residential and 20,000 commercial properties (including 18,000 industrial properties).

Support of value

- Since 2020 is a non-revaluation year, rolls are required to be open for 30 days.
- Plans are based on appeal levels being similar (around 2,200 property appeals) to the 2016 assessment year (2016 was year 4 of the 2013-2016 cycle and 2020 is year 4 of the 2017-2020 cycle). 2016 had high levels due to a large number of industrial appeals and 2020 is part of a general trend of rising appeal numbers. This is being planned for to account for the leveling off of property values since the base date of January 2015 and represents 0.2% of total properties.
- 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.
- Maintenance of the 2021 manual, cost guides and market value handbooks and associated updates of all the rates on the CAMA system.
- Coordinate/provide oversight of the 2021 revaluation program through the internal SAMA revaluation steering committee, the external SAMA city assessor committee and the external revaluation 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 and implement alternative valuation models with the objective of providing more stable and acceptable commercial property assessments for the 2021 revaluation.
- 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. Program development will be completed in

2019 and transition to a maintenance phase in 2020:

- Open Forms Phase I of the Govern update project provided a more efficient data entry system which significantly decreased data entry time of assessment information on to the system.
- Phase 1 was rolled out to end users in 2015 and metrics indicate an increase 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 were completed.
- Phase III Remote Data Collection (RDC) application development and rollout was completed in 2018.
- The MySAMA client web portal was rolled out in 2019.
- A new mobile-friendly SAMA website was rolled out in 2019.
- SAMAView redevelopment is underway with a modern GIS platform, more security and a more user-friendly interface.
- Substantial development will also occur in GIS. Enhancements of the system will be ongoing in 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.
- Integrate seven new positions added in 2019 to increase property inspection capacity.
- Ensure leadership, relationship, learning and workforce systems are aligned to deliver quality services effectively and continue to operate a leadership development program implemented in 2019.
- Strengthen management, administrative and accountability practices including a succession planning policy.
- 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.
- Maintenance and support of the SAMAView application (being implemented in 2019) and the 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 165.25 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 and increased provincial funding.
- Simplifying property inspection processes.
- Acquiring new technologies.

Although the plans for the reinspection initiative began several years ago, 2020 will be the second year that a full 1/12 of SAMA's clients began to see reinspection results on their assessment rolls (SAMA plans to achieve its second year of over 100,000 reviews in 2019, with those numbers being reflected on 2020 assessment rolls).

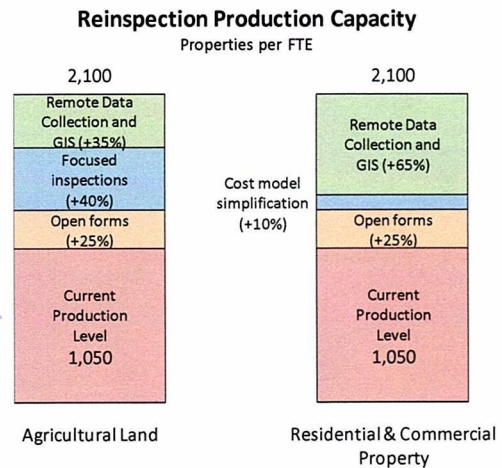
Allocation of appraiser resources

Annual maintenance processes that improve efficiency and productivity will result in continued reallocation of staff to the property reinspection program in 2020. 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 have also helped reduce the amount of appraiser time by eliminating manual processes and data transcription tasks.

Simplified **revaluation processes** for urban properties has resulted 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 contributed to reducing the amount of appraiser time needed, shifting additional resources to property reinspections.

A simplified property reinspection process has been put in place. 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.

Used in conjunction with open forms, remote data collection and GIS technologies, productivity has increased dramatically when measured by property inspections per FTE.



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 have replaced the paper-based manual systems.

The **web business-to-business portal** allows 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.

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 have eliminated 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 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. 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 are improving the inspection efficiency of urban property and agricultural land. The improvements will be 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 - 2020 Budget

(in thousands)

	Approved 2019 Budget	Adjusted 2019 Budget	2020 Budget	\$ Var	% Var
<u>REVENUES</u>					
Provincial	\$10,742	\$11,388	\$11,616	\$228	2.00%
Municipal:					
Base and technology fee (note 1)	8,414	8,284	8,485	201	2.43%
Service fees (note 2)	472	412	442	30	7.28%
Moose Jaw contract	577	577	579	2	0.35%
Other revenue	<u>416</u>	<u>416</u>	<u>420</u>	<u>4</u>	<u>0.96%</u>
	20,621	21,077	21,542	465	2.21%
<u>EXPENDITURES</u>					
Salaries and benefits	14,255	14,700	15,019	319	2.17%
Other expenses	5,883	5,800	5,944	144	2.48%
Moose Jaw contract	<u>577</u>	<u>577</u>	<u>579</u>	<u>2</u>	<u>0.35%</u>
	20,715	21,077	21,542	465	2.21%
Transfer from (to) reserves	<u>94</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>=</u>
Surplus (Deficit)	0	0	0	-	0.00%
No. of permanent employees	158.25	165.25	165.25	0	0.00%

Notes 1 and 2: municipal service fees and property counts have been adjusted to 2019 actual results

How Resources Will Be Used

Operational expenditures have a budgeted increase of 2.0% in 2020.

- The number of permanent positions will remain the same from 2019 (165.25) – 7 positions were added after the 2019 budget was approved due to additional funding provided by the Province.
- Employee salaries and benefits are estimated to increase 2.17%. Budget estimates include a contingency for a union contract settlement in 2019 (the most recent contract expired December 31, 2016).
- Other expenses have a budgeted increase of 1.9%. 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 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 \$6.848 million.
- Assessment valuation services costs (annual maintenance, revaluation, property reinspection and support of value programs) are budgeted at \$13.695 million – \$8.927 million for municipalities and \$4.768 million for education.

SAMA Municipal Invoice

- In 2020 a 2% cost of living increase applied evenly to all municipalities would result in additional requisition revenue of \$166,000.
- In 2020 property counts will be adjusted for municipal growth (increasing property count numbers) resulting in additional revenue of \$35,000 and \$30,000 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

Provincial and Municipal Funding (000's)

	<u>2019 Budget</u>	<u>2019 Adjusted</u>	<u>2020 Budget</u>	<u>Funding Share</u>	<u>Variance Amount f/ Adjusted</u>	<u>%</u>
Provincial Funding						
Governance	\$ 6,120	\$ 6,120	\$ 6,250	100.0%	\$ 130	2.1%
Assessment Valuation Services	4,322	4,968	5,066	37.0%	98	2.0%
Tech. Development & Support	<u>300</u>	<u>300</u>	<u>300</u>	50.0%	-	0.0%
Total provincial funding	10,742	11,388	11,616		228	2.0%
Municipal Funding						
Assessment Valuation Services	8,561	8,396	8,627	63.0%	231	2.8%
Tech. Development & Support	<u>300</u>	<u>300</u>	<u>300</u>	50.0%	-	0.0%
Total municipal funding	\$ 8,861	\$ 8,696	\$ 8,927		\$ 231	2.7%

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.
- 37.0% of assessment valuation services to the Province and 63.0% to client municipalities. 2018 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 \$228,000 (2.0%).

- Governance funding will increase \$130,000 (2%) to \$6.250 million.
- Assessment valuation services funding will increase \$98,000 (2%) to \$5.066 million.
- Restricted funding for support and maintenance of the new technology will remain at \$300,000.
- These increases are over the adjusted 2019 budget, which included \$850,000 in additional provincial funding (\$202,000 was requested to sustain current services and an additional \$648,000 was received above the 2019 budget request).

Total **municipal funding** will increase \$231,000 (3.2%).

- Assessment valuation services funding will increase \$231,000 (2.7%) in 2019 to \$8.927 million.
- New technology development funding will remain unchanged at \$300,000 to provide for ongoing support and maintenance costs.

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