

# 2017 Business and Financial Plan



# 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 \$160 billion. This property assessment base is the foundation for fairly distributing over \$1.83 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 761 client municipalities and to the Province for the education sector.

The agency maintains the assessment valuations for client municipalities on over 839,000 properties, excluding the City of Moose Jaw. Assessment valuation services include annual maintenance reviews, periodic property reinspections, complete revaluations every four years and support of value services.

## **2017 Overview**

The agency's four-year plan for 2014-17 was established with direction from its funding partners. Fiscal responsibility and balanced budgets are essential to the Government's commitment to a plan of balanced growth. This means that the agency's spending has to be affordable for the funding parties and sustainable over the long term.

The agency's partners also identified that priority needs to be given to property reinspections, and that the amount of resources expended on revaluations in the past has detracted from property reinspections. The spending priorities established in the agency's four-year plan will enable all properties to be reinspected at least once every 12 years.

The agency's focus is on sustaining current levels of service for our governance responsibilities, continuing to improve the delivery of assessment valuation services to our clients, and building the capacity to reinspect all properties on a continuous and regular basis.

The agency will build capacity by increasing the efficiency of operations and pursuing smarter delivery of programs, and doing so without any additional employees. The agency will continue to build on process improvements, implement innovative new business processes, and invest in new technologies to build its capacity to continue providing up-to-date assessment valuations for its client municipalities.

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.

The property assessment base is estimated to continue growing at just under 2% annually. The annual maintenance program will continue to capture this growth, providing \$25 million annually in additional property tax revenues for education and municipalities.

An estimated 2.2% of the property assessment base is not currently being assessed, with lost property tax revenues to municipalities and education totalling \$30 million. Our commitment to renew the property reinspection program will provide an additional estimated \$183 million for education and municipalities over 12 years following implementation of all new technology and business processes in 2017.

As an example, SAMA estimated that targeted 2015 commercial and residential reinspections resulted in an overall 6.2% (5.1% in 2014) increase to taxable assessments for properties that were reinspected (excluding agricultural land).

In May 2016 the agency began the process of reviewing and establishing new strategic directions for the next four-year plan, 2018-21. SAMA will be seeking feedback from stakeholders as our next four-year plan and new strategic directions are developed.

# 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 between 32,700 and 36,800 residential, commercial and agricultural properties and 89,000 industrial properties.
- Range of properties is dependent upon the amount of time required for support of value work related to the 2017 revaluation.
- Increase on-time service delivery levels. Efficiencies gained with new computer system will be used to increase service.

### 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.

- Verify property sales transactions for 50,000 property transfers registered with Land Titles.
- Implement the new simplified residential simplified cost model.
- Maintain current continuous sales verification service levels.
- Deliver values to clients starting in January 2017.
- When requested attend client and ratepayer meetings explaining new base date values.

### Reinspection program

Inspection plans have been developed based on a range of properties to account for time required to handle increased appeals.

- Reinspect 16,000 agricultural land properties in nine rural municipalities.
- Reinspect 6,300-7,300 residential and 6,300 - 7,000 commercial properties (includes 5,800 industrial properties).

### Support of value

- Since 2017 is a revaluation year, rolls are required to be opened for 60 days.
- Plans are based on appeal levels being 1.5 to 2.0 times greater than the 2013 revaluation (6,000 - 7,400 properties). This is being planned for to account for the leveling off of values since the January 2015 base date.
- 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 increase 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 regulated Manuals and non-regulated Cost Guides with the respective base dates:
  - January 1, 2011 base date for use in 2013-2016
  - January 1, 2015 base date for use in 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.
- Policy development with respect to the proposed 2021 revaluation including initial preparation of Board Orders, the 2019 base date Manual and SAMA's Cost Guide.
- Coordination and technical support for reinspection projects.
- 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 tablets .

- 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 in to end users in July 2015 and preliminary metrics indicate an upward trend in the number of property inspections completed per day.
- In Phase 2, the Govern software will be updated from a visual basic platform to a .Net platform. Modifications and enhancements to improve the reliability and speed of the system and some end user enhancements will be completed.
- Implementation of Phase 2 is scheduled for Q4 2016 and will allow SAMA to deliver 2017 values to client municipalities from the new CAMA system.
- Completion of both phases of Open Forms will establish the foundation that the remaining TI program phases will rely on which includes a web portal, GIS and remote data collection capabilities.
- Phase III web portal is scheduled to be completed for use starting in Q1 2017. A RFP will be released in Q3 2016 and development will begin Q4 2016.
- Substantial development will occur in GIS and remote data collection (RDC) once Phase II work is completed in Q4 2016.
- Continue to operate and maintain the existing Saskatchewan Property Assessment Network (SPAN), the computer assisted mass appraisal system used to derive and store property assessments.

### **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**

- Utilize 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.
- Ensure leadership, relationship, learning and workforce systems are aligned to deliver quality services effectively.
- Strengthen management, administrative and accountability practices.
- 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 has developed 2 in-house facilitators qualified to deliver training on current change management methodologies.

## **Property Reinspection Program Initiative**

The agency's commitment to reinspect all properties at least once every 12 years, beginning in 2018, will be attained by increasing the agency's capacity to do reinspections with the current operational workforce of 144.75 FTEs. This will be 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.

### **Allocation of appraiser resources**

**Annual maintenance processes** that improve efficiency and productivity will result in the reallocation of 14 FTEs to the property reinspection program by 2018. Open forms and cost model simplification will reduce the amount of appraiser time needed to review a property by 25%. The web business-to-business portal and remote data collection tablets will reduce the amount of appraiser time an additional 20%.

Simplified **revaluation processes** for urban properties will result in the reallocation of an average of 5 FTEs annually to the property reinspection program and 1.5 FTEs to the support of value program. The use of improved sales verification processes, less complex valuation models, market value trending and GIS technologies will improve revaluation efficiency and contribute to reducing the amount of appraiser time needed by 25% from an average of 25 to 18.5 FTEs annually.

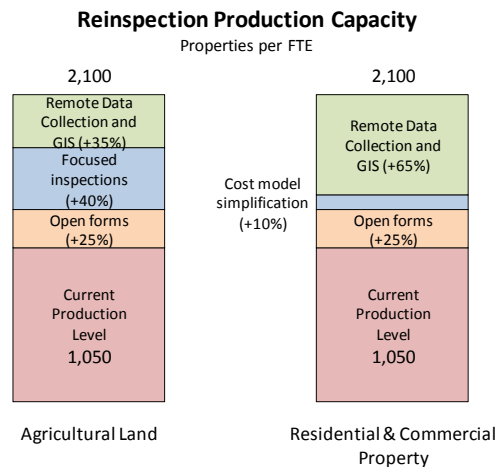
## Simplified property reinspection processes

The agricultural land reinspection program will be redesigned from a detail-based inspections process to a focused inspections process. Focused agricultural land inspections will identify those properties where the soil productive capacity and/or acreage data is out-of-date, and use detail-based inspection methods for only those properties.

The development of a focused inspection process for agricultural land is continuing to be applied and refined in rural municipalities in 2017.

It is estimated that focused agricultural land inspections will eliminate the effort required for detailed inspections of approximately 75% of agricultural land properties. Used in conjunction with open forms, remote data collection and GIS technologies productivity will double to 2,100 property inspections per FTE by 2018.

**Cost model simplification** will reduce and reorganize 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. The simplified cost model will be available for market analysis work in 2015, and property inspections in 2016. Simplifying the costs models will improve the efficiency of annual maintenance and reinspection programs by 10% in 2017. Additional significant benefits will be realized by using simplified cost models in the remote data collection tablets being developed for use starting in 2017.



## Improved business systems

**Open Forms technology** implemented in 2015 has simplified and reorganized user-friendly property data collection forms for appraisers and is a more efficient interface for entering property data into the Saskatchewan Property Assessment Network (SPAN). Open Forms interfaces for inspections have been developed for residential/commercial/industrial property as well as agricultural land. Open Forms will improve the efficiency of annual maintenance and reinspection programs and services by 25% when fully implemented.

## New technologies

The four-year capital technologies infrastructure (TI) program will acquire proven technological systems already being used by the mass appraisal industry. These electronic systems will replace the current 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. The web business-to-business and business-to-public portal will be developed in 2016 for use in 2017.

**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 SPAN 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, and display functionality on remote data collection tablets.

**Remote data collection tablets** will eliminate the current paper-based data collection and manual data entry methods. Current processes require 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 SPAN system. RDCs will allow electronic assessment records to be downloaded, updated and uploaded to the SPAN system, eliminating a lot of manual effort and reducing the problem of transposition errors.

The use of GIS and remote data collection technologies will improve the inspection efficiency of urban property by 65% and agricultural land 35% when they are completed and implemented.

## **Industrial Properties**

With continued significant growth expected in Saskatchewan's energy and minerals sectors, the capacity of the industrial property assessment program will need to be further increased to meet growing demand for additional property assessments.

The agency has doubled the capacity of the industrial program over a four year period. Additional Industrial appraisers have been reallocated from the agency's current complement of 144.75 FTEs, bringing the total number of industrial appraisers from 4.0 to 7.0 FTEs.



# FINANCIAL ESTIMATES - 2017 Budget

## Operating Budget <sup>1</sup>

	2016	2017	Variance from 2016	
			Amount	%
<b>REVENUES (000s)</b>				
Provincial - Operating	\$10,545	\$10,861	\$316	3.0%
SAMA Municipal Invoice	6,763	6,965	202	3.0%
Municipal service fee <sup>2</sup>	475	489	14	2.9%
	7,238	7,454	216	3.0%
Other Revenue	436	414	-22	-5.0%
<b>Total Operating Revenues</b>	<b>\$18,219</b>	<b>\$18,729</b>	<b>\$510</b>	<b>2.8%</b>
<b>EXPENDITURES (000s)</b>				
Salaries and Benefits	\$12,911	\$13,269	\$358	2.8%
Other Expenses	5,159	5,254	95	1.8%
<b>Total Expenditures</b>	<b>\$18,070</b>	<b>\$18,523</b>	<b>\$453</b>	<b>2.5%</b>
<b>Surplus (Deficit)</b>	<b>\$149</b>	<b>\$206</b>		
Unrestricted surplus	0	0		
<b>Ending Surplus (Deficit)</b>	<b>\$149</b>	<b>\$206</b>		
	<b>144.75</b>	<b>144.75</b>		

1. The agency also provides assessment valuation services to the City of Moose Jaw under contract. The revenues and expenses (\$516,000) and permanent employee positions (6 FTEs) associated with this contract are not included in the Agency's operating budget.

2. 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 (2017 estimate \$206K).

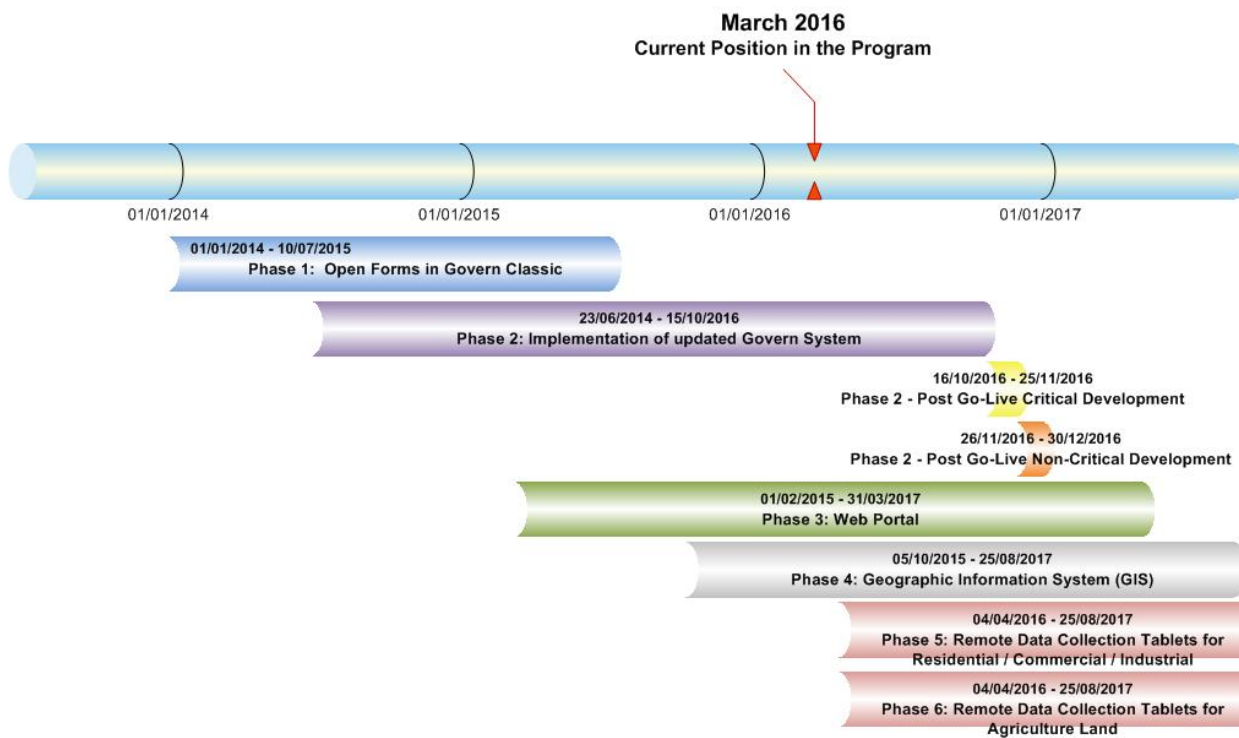
## TI Program Capital Budget

	Actuals		
	01/14-12/15	2016	2017
<b>REVENUES (000s)</b>			
Province - Technology Premium <sup>1</sup>	\$612	\$612	\$612
Reserve allocation <sup>2</sup>	641	0	0
Municipal - Technology Premium	1,248	624	624
<b>Total funds available</b>	<b>\$2,501</b>	<b>\$1,236</b>	<b>\$1,236</b>
<b>EXPENDITURES (000s)</b>			
Phase I update - Open Forms	544	0	0
Phase II update - conversion to dot.net	568	243	0
Other expenses - consultants, maintenance	417	617	384
Phase III - web portal, handheld & GIS dev.	0	800	1,400
<b>Total Technology Development Expenditures</b>	<b>\$1,529</b>	<b>\$1,660</b>	<b>\$1,784</b>
<b>Beginning fund balance</b>	<b>\$0</b>	<b>\$972</b>	<b>\$548</b>
<b>Ending fund balance</b>	<b>\$972</b>	<b>\$548</b>	<b>\$0</b>

1. Capital funding for acquisition of new technologies is not provided for in the Provincial operating grant or SAMA Municipal Invoice -operating.

2. The four-year TI Program was launched in 2014 with first-year funds of \$623,860 provided by client municipalities and agency internal reserve re-allocations of \$640,500 of which \$227,508 was expended in 2014.

The following timeline schedule illustrates a number of the agency's major initiatives over the four years, 2014-17, including the TI Program. As highlighted, 2017 will see the substantial completion of all phases of the TI Program for full implementation beginning in 2018.



## How Resources Will be Used

Operational expenditures will increase 2.5% in 2017.

- The number of permanent positions will remain at 2016 level of 144.75 FTEs.
- Employee salaries and benefits will increase 2.8%. Budget estimates include earned annual increments, reclassifications and a contingency for a union contract settlement in 2017.
- Other expenses will increase 1.8%. Legal expenses will increase 17.2% to provide for external legal counsel for property appeals. Building rent will rise 2.2%, over 2016 to, provide for increased office lease costs. All other expenses (office costs, land titles, professional services, staff training, computer services and aerial imagery) will increase 1.1%.
- Governance costs (assessment research and policy development, maintaining a central database, providing assessment information to the Province and assuring the quality of assessments) will total \$6.365 million.
- Assessment valuation services costs (annual maintenance, revaluation, property reinspection and support of value programs) will total \$11.950 million – \$7.454 million for municipalities and \$4.496 million for education.

#### New technologies development project.

- Total project cost will be \$4.896 million – \$1.531 million for Open Forms and conversion of the existing system to a dot.NET environment and \$3.365 million for a web portal, remote data collection tablets, GIS and associated project management support costs and licensing.
- The 2017 cost allocation will be \$1.236 million and will be used primarily to fund the development of GIS and remote data collection capabilities.

#### SAMA Municipal Invoice (Municipal Requisition)

- In 2017 a 3% cost of living increase will be applied evenly to all municipalities. The remaining balance of 2.9% will be funded by charging a \$20 user-pay fee on most 2016 maintenance pickups, including supplementary maintenance for the 2016 roll, covering the period January 1, 2016 to December 31, 2016.
- 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. The 2017 year-end reserve estimate totals \$386,000 (\$206,000 for 2017, \$149,000 for 2016 and \$31,000 for 2015).

# Funding Request

<u>Provincial and Municipal Funding (000's)</u>			<u>Funding Share</u>	<u>Variance from 2016</u>	
	<u>2016</u>	<u>2017</u>		<u>Amount</u>	<u>%</u>
<b><u>Provincial Funding</u></b>					
Governance	\$6,180	\$6,365	100%	\$185	3%
Assessment Valuation Services	\$4,365	\$4,496	38%	\$131	3%
Technology Development	\$612	\$612	50%	\$0	0%
<b>Total provincial funding</b>	<b>\$11,157</b>	<b>\$11,473</b>		<b>\$316</b>	<b>2.8%</b>
<b><u>Municipal Funding</u></b>					
Assessment Valuation Services	\$7,238	\$7,454	62%	\$216	3%
Technology Development	\$624	\$624	50%	\$0	0%
<b>Total provincial funding</b>	<b>\$7,862</b>	<b>\$8,078</b>		<b>216</b>	<b>2.8%</b>

## 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.
- 38% of assessment valuation services to the Province and 62% to client municipalities – based on 2012 property tax levies for education and municipalities.
- Assessment valuation services funding shares were phased-in over 2014 and 2015. The provincial share decreased from 40% in 2014 to 38% in 2015, and the municipal share increased from 60% in 2014 to 62% in 2015.

Technology development funding will be allocated to the funding parties on an equal basis.

## 2017 Funding Shares

Total **provincial funding** for governance and operating will increase \$316,000 (3%).

- Governance funding will increase \$185,000 to \$6.365 million.
- Assessment valuation services funding will increase \$131,000 to \$4.496 million.
- New technology development funding will be \$612,000 (\$612,000 in 201).

Total **municipal funding** for operating will increase \$216,000 (3%).

- Assessment valuation services funding will increase \$216,000 (3%) in 2017 to \$7.454 million.
- New technology development funding will remain at 2016 level of \$624,000.

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