



#### THE PURPOSE OF ASSESSMENTS



On the Governance side, SAMA is responsible for a \$160 Billion property assessment base, and a \$1.55 Billion property tax base. This includes developing assessment policy, quality assurance, maintaining a provincial assessment database and communicating with the public and stakeholders. SAMA's governance responsibilities are completely funded by the provincial government, and will continue to be funded provincially going forward.

On the Assessment Services side, the Agency provides valuation services to 766 urban, northern and rural municipalities. It is directly responsible for the assessed values of approximately 805,000 properties in the province.

SAMA provides Annual Maintenance, General Reinspections, Revaluations and Support of Value to our municipal clients.

Property assessments provide the financial foundation for municipalities to pay for municipal services like police, fire, road maintenance, water, parks, recreation, libraries and many other services.

Property assessments also provide the financial foundation for kindergarten to grade 12 education.

For Municipalities, property assessments provide local autonomy, as local governments decide how they will levy and distribute taxes.

### SAMA RESPONSIBILITIES



- Policy
- Quality Assurance
- Computer System
- Communication
- Safety Net for Province

Assessment Services 766/774

- Annual Maintenance
- General Reinspections
- Revaluations
- Support of Value

# SAMA'S WORK IS PAYING DIVIDENDS

New annual revenue to municipalities and the education sector from all inspections completed by SAMA within our client municipalities in the twelve months leading up to April 1, 2012 is estimated at \$21.6 million.

This revenue is split into \$13.6 million for municipalities and \$8 million for the education sector. This is derived from a year over year taxable assessment increase of approximately \$852 million.

SAMA's total budget for 2012, including our private contract with the City of Moose Jaw, was \$16.14 million. The new annual revenue accrued for our clients in the last year was enough to pay the Agency's entire budget and provide an additional \$5.5 million to local governments. This revenue will be recurring every year going forward for all the local governments we serve.

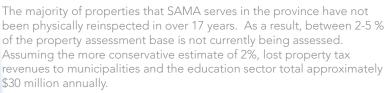
#### THE LAST FOUR YEARS

In the last four years SAMA has made great strides forward, despite some operational challenges:

- SAMA responded to the Province's Lean initiative, and in 2008 the Agency adopted the Lean business process improvement philosophy, and has made great gains in efficiencies as a result;
- The Agency has improved service with more timely delivery of annual maintenance, and improved revaluation and support of value services for our client municipalities;
- SAMA has developed and retained a dedicated team of technical specialists, professional assessment appraisers and agrologists;
- The Agency has reduced our workforce by 20% over 3 years (exceeding the government-wide target of a 15% reduction in public sector employment);
  - o The Agency's current yearly budget is down \$800,000 since 2009;
- The province's rapidly growing economy is challenging our ability to carry out general reinspections.



#### THE COST OF NOT KEEPING UP WITH GENERAL REINSPECTIONS



Cities/	Villages and	Rural Municipalit	
Towns	Resort Villages	and North	
Average Last	Average Last	Average Last	
Reinspection	Reinspection	Reinspection	
1997/1995	1991	1989	

To address the Agency's inspection challenges, SAMA is undertaking a four-year capital project for new technology. SAMA will be implementing a Geographic Information System (GIS), and appraisers will begin using remote data collection tablets. These electronic systems will replace the current paper-based manual systems that SAMA uses for assessments.

Acquiring and implementing new technologies will require a total capital investment of \$4.9 Million. Technology development funding will be allocated to SAMA's funding parties on an equal basis – \$612,000 to the Province and \$612,000 to SAMA's client municipalities for each of the next four years. The municipal portion of technology funding will be financed through a capital funding levy of 10.6% from 2014-2017.

Using remote data collection tablets will eliminate 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 subsequent re-entry of the data into SAMA's computer system (SPAN). Tablets 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.

Work is beginning immediately to update our internal systems, and development of new technologies will start in the fourth quarter of 2014. Systems development will require 24 months, and initial implementation of the new technologies will start in 2016, and be fully implemented by 2018.

#### NEW TECHNOLOGY (continued)

The use of GIS and remote data collection technologies is expected to improve the inspection efficiency of urban property by 50% and agricultural land by 35% when they are completed and implemented. The use of new technologies is essential to the Agency's strategy to double the productive capacity of staff. Currently, SAMA's appraisal staff spend two to three days in the office for every day in the field. New technology would allow staff to spend one day in the office for every day in the field, effectively doubling our inspection capacity when combined with our other planned efficiency gains.



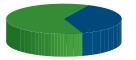
Previously, SAMA operated under a 65:35 funding formula, with government (Ministry of Government Relations) paying up to 65% of SAMA's budget, and the municipal sector paying 35% of SAMA's budget through municipal requisitions. This funding formula included a cap on total municipal requisitions, which remained in effect until government reached their 65% portion of total SAMA funding.

For 2013, funding shares were 63% Provincial and 37% municipal. The Provincial portion of funding included the portion of SAMA's funding that had been provided by the education sector.

With government remaining below the 65% threshold, under the previous funding formula, SAMA was unable to seek alternate funding, as legislation prohibited the Agency from getting the necessary increase in revenue from municipalities or directly from the education sector until government reached the 65% threshold. The total requisition of \$5.8 million from municipalities remained unchanged since 2004, while the total amount of revenue the Agency received from government decreased by approximately \$800,000 from 2009-2013.

From 2000 to 2008, property tax revenue was divided at 62% for education (government) and 32% for municipalities. By 2012, that ratio was reversed, with 62% of revenue going to municipalities, and 32% going to Education. SAMA is updating our funding formula to account for this change.

# SAMA's Previous Revenue Sources (Budget of \$16.3 M in 2013) Share of Funding in 2013



- Municipal 37%
- Provincial (including the Education Sector) 63%





# UPDATING SAMA'S FUNDING FORMULA: 2014-2017 BUDGET AND FUNDING PLAN



SAMA is implementing an update to our funding formula that will see changes to how the assessment system is supported. Going forward, Government will continue to pay 100% of the cost of SAMA's governance functions (\$6 million in 2014). The Province will also pay 38% of SAMA's remaining operations costs (based on benefits received to education). Municipalities will pay 62% of remaining operations costs (based on benefits received by the municipal sector).

The agency will be implementing a requisition phase-in period with increases of 8.1% in 2014, to fund a 3.9% increase in our overall budget, and 3% for the following three years.

As a way to offset some of the standard requisition cost increases for municipalities, SAMA will also be introducing a \$20 maintenance fee-for-service charge beginning in 2015. This fee was introduced in response to stakeholder feedback as a way of mitigating the overall increase in requisition for our clients by focusing on municipalities who are experiencing the highest levels of growth, and having those municipalities pay for a portion of the extra assessment services they need relative to similar municipalities with less growth. By not implementing the \$20 fee until 2015, municipalities will have time to adjust to the new fee by potentially building it into their existing permitting structure.

SAMA will transition from an overall 63:37 funding split for Government and Municipalities, to a 60:40 split over the next two years, levelling off in 2016.

To keep the updated funding plan in perspective, in 2013, 526 of SAMA's 756 client municipalities were paying less in requisition than they did in 2007. 2014 and 2015 will be phase-in years for the Agency's new funding plan. Even with the proposed increases to requisitions, in 2014, 188 municipalities will still be paying less than they were in 2007.

2014 to 2017 Budget Estimates				
REVENUES	2014	2015	2016	2017
Provincial Operating	\$10,087	\$10,238	\$10,545	\$10,862
		(1.4%)	(3%)	(3%)
Municipal Req.	6,254	6,442	6.635	6,834
Operating	(8.1%)	(3.0%)	(3%)	(3%)
User Fee Charge	0	317	327	337
(\$20/property)		(5.1%)		
Other Revenue	429	459	473	487
Municipal Capital for	612	612	612	612
New Technology	(10.6%)			
Provincial Capital	612	612	612	612
Total	\$18,172	\$18,680	\$19,204	\$19.744
	(3.9% operating)	(3.0%)	(3.0%)	(3.0%)

#### SAMA ADDS VALUE

Updating the Agency's funding formula, and providing for necessary new technology, will allow SAMA to maintain our current ability to capture year-over-year growth for municipalities through our annual maintenance programs as well as build new inspection capacities with the implementation of new technology. This will make for an assessment system that is fairer, with everyone assessed at a level playing field.

Continued support for SAMA on the operational level will allow the Agency to continue to provide current maintenance and reinspection services that are expected to add approximately \$244 million in new cumulative revenue over the next four years. Comparing this with SAMA's four year 2014-2017 assessment operational budget of approximately \$44.2 million, SAMA's operation funding pays for itself at a rate of better than 5:1.



New Technology Funding The additional funding for new technology through our capital project will allow the Agency to inspect our entire inventory of property over the twelve years following completion of the project. Based on recent reinspection results, we estimate that \$183 million in revenue will be captured for local governments in the twelve years following full implementation of new technologies in 2017. This is revenue that is currently being left on the table. When compared to the total cost of \$13.4 million for implementing and maintaining new technologies for those twelve years, local governments will see a payback of approximately 13:1.

#### QUESTIONS

If you have any further questions or comments please visit our website (www.sama.sk.ca), or contact SAMA directly.



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