



Finance & Administration Committee

**Tuesday, March 7, 2017
4:00 PM**

Henry Baker Hall, Main Floor, City Hall



OFFICE OF THE CITY CLERK

Public Agenda Finance and Administration Committee Tuesday, March 7, 2017

APPROVAL OF PUBLIC AGENDA

ADOPTION OF MINUTES

Finance and Administration Committee - Public - January 10, 2017 4:00 PM

ADMINISTRATION REPORTS

FA17-2 2017 Reassessment Tax Policy

Recommendation

1. That the following principles be adopted in establishing mill rate factors for 2017:
 - a) That the relative share of property taxes between the Residential and Non-Residential Properties does not change due to reassessment.
 - b) That long-term stability be considered in establishing tax policies for mill rate factors.
2. That mill rate factors be set for the group of residential classes of properties and the group of non-residential properties such that the above recommendations are applied.
3. That the subclass for Golf Courses be continued and the mill rate factor set so that the effective tax rate is equal to 65 per cent of the effective commercial tax rate.
4. That a phase-in of property tax changes be implemented for the Commercial and Industrial class of properties for changes in property taxes as a result of the 2017 reassessment, whereby the phase-in shall be revenue-neutral by phasing in decreases and increases, with decreases and increases applied as follows:
 - 2017 increases and decreases limited to 1/3 of the property tax change.
 - 2018 increases and decreases limited to 2/3 of the property tax change.



OFFICE OF THE CITY CLERK

- 2019 the full increase or decrease would be applied.
- 5. That the City Solicitor be instructed to prepare the necessary bylaws.
- 6. That this report be forwarded to the March 27, 2017 City Council meeting for approval.

FA17-3 Lease of City Property 850 Arcola Report

Recommendation

1. That the lease of the City owned property located at 850 Arcola Avenue to Schneider's Millwork and Contractor's Inc. be approved consistent with the terms and conditions stated in the body of this report.
2. That the Administration be authorized to finalize any other commercially relevant terms and conditions of the lease documents.
3. That the City Clerk be authorized to execute the Lease Agreement documents as prepared by the City Solicitor.
4. That this report be forwarded to the March 27, 2017 meeting of City Council for approval after the public notice has been advertised.

TABLED REPORTS

FA16-38 Appointment of Elected Official to the Administrative Boards of the City of Regina Casual Employees Superannuation Plan and the City of Regina Elected Officials' Money Purchase Pension Plan

Recommendation

1. That a member of the Finance and Administration Committee be appointed to the Administrative Boards for the City of Regina Casual Employees' Superannuation Plan and Elected Officials' Money Purchase Plan for a term expiring October 31, 2020.
2. That the member continue to hold their position until such time as their successor is appointed.
3. That an edited version of this report be submitted to the January 30, 2017 City Council meeting for approval.

ADJOURNMENT

AT REGINA, SASKATCHEWAN, TUESDAY, JANUARY 10, 2017

AT A MEETING OF THE FINANCE AND ADMINISTRATION
COMMITTEE
HELD IN PUBLIC SESSION

AT 4:00 PM

These are considered a draft rendering of the official minutes. Official minutes can be obtained through the Office of the City Clerk once approved.

Present: Councillor Bob Hawkins, in the Chair
Councillor Sharron Bryce
Councillor John Findura
Councillor Jason Mancinelli
Councillor Barbara Young

Also in Attendance: Deputy City Clerk, Erna Hall
Council Officer, Kristina Gentile
Legal Counsel, Jana-Marie Odling
Chief Financial Officer, Ian Rea
Executive Director, Human Resources, John Cullen
Executive Director, Transportation & Utilities, Karen Gasmio
Director, Water Works, Pat Wilson
Manager, Workplace Health & Safety, Marco Deiana

APPOINTMENT OF CHAIRPERSON AND VICE CHAIRPERSON

The Secretary called the meeting to order and following nomination procedures for the position of Chairperson, Councillor Bob Hawkins was declared Chairperson of the Finance and Administration Committee for 2017.

(Councillor Bob Hawkins took the Chair.)

Following nomination procedures for the position of Vice-Chairperson, Councillor Barbara Young was declared Vice-Chairperson of the Finance and Administration Committee for 2017.

APPROVAL OF PUBLIC AGENDA

Councillor Sharron Bryce moved, AND IT WAS RESOLVED, that the agenda for this meeting be approved, as submitted, and that the delegations be heard in the order called forward by the Chair.

ADOPTION OF MINUTES

Councillor Barbara Young moved, AND IT WAS RESOLVED, that the minutes for the meeting held on December 6, 2016 be adopted, as circulated.

Finance & Administration Committee - Public - Dec 6, 2016 4:00 PM

ADMINISTRATION REPORT

FA17-1 Western Potash Corp. Renegotiation Report - Supplementary

Recommendation

That this report be received and filed.

The following addressed the Committee:

- Mathew Wood, representing Western Potash Corporation.
- Greg Vogelsang, representing Western Potash Corporation.

Councillor John Findura moved, AND IT WAS RESOLVED, that this report be received and filed.

TABLED REPORTS

FA16-37 Western Potash Corp. – Payment Extension & Renegotiation of Agreement

Recommendation

1. That the Executive Director, Transportation and Utilities, be delegated authority to negotiate and resolve the terms and conditions of an amendment to the existing Water Access Agreement between the City of Regina and Western Potash Corp. (WPC) dated November 15, 2012 (the “Agreement”) as outlined in this report, including the following:
 - a. Providing an extension for WPC to provide payment of the required \$200,000 “stand-by fee” on or before December 31, 2016 to permit the 2017 stand-by fee to be provided on or before June 30, 2017.
2. That the City Clerk be authorized to execute the amended Agreement after review by the City Solicitor.
3. That the Executive Director, Transportation and Utilities, be authorized to negotiate a mutually beneficial amendment to the Agreement to create an opportunity to work with other potential mining operations to optimize the possibility for effluent reuse from the City of Regina’s (City) wastewater facilities and to maximize the potential financial return to the City.
4. That the Administration bring forward a report to City Council regarding the outcome of the negotiations with WPC on the potential for a mutually

beneficial amendment to the Agreement and seeking City Council approval of any further amendments to the Agreement.

5. That this report be forwarded to the January 30, 2017 meeting of City Council for approval.

Councillor John Findura moved, AND IT WAS RESOLVED, that the recommendation contained in the report be concurred in.

FA16-38 Appointment of Elected Official to the Administrative Boards of the City of Regina Casual Employees Superannuation Plan and the City of Regina Elected Officials' Money Purchase Pension Plan

Recommendation

1. That a member of the Finance and Administration Committee be appointed to the Administrative Boards for the City of Regina Casual Employees' Superannuation Plan and Elected Officials' Money Purchase Plan for a term expiring October 31, 2020.
2. That the member continue to hold their position until such time as their successor is appointed.
3. That an edited version of this report be submitted to the January 30, 2017 City Council meeting for approval.

Councillor Sharron Bryce moved, AND IT WAS RESOLVED, that this report be tabled to the March 7, 2017 meeting of the Finance and Administration Committee.

ADJOURNMENT

Councillor Sharron Bryce moved, AND IT WAS RESOLVED, that the meeting adjourn.

The meeting adjourned at 4:45 PM

Chairperson

Secretary

March 7, 2017

To: Members
Finance & Administration Committee

Re: 2017 Reassessment Tax Policy

RECOMMENDATION

1. That the following principles be adopted in establishing mill rate factors for 2017:
 - a) That the relative share of property taxes between the Residential and Non-Residential Properties does not change due to reassessment.
 - b) That long-term stability be considered in establishing tax policies for mill rate factors.
2. That mill rate factors be set for the group of residential classes of properties and the group of non-residential properties such that the above recommendations are applied.
3. That the subclass for Golf Courses be continued and the mill rate factor set so that the effective tax rate is equal to 65 per cent of the effective commercial tax rate.
4. That a phase-in of property tax changes be implemented for the Commercial and Industrial class of properties for changes in property taxes as a result of the 2017 reassessment, whereby the phase-in shall be revenue-neutral by phasing in decreases and increases, with decreases and increases applied as follows:
 - 2017 increases and decreases limited to 1/3 of the property tax change.
 - 2018 increases and decreases limited to 2/3 of the property tax change.
 - 2019 the full increase or decrease would be applied.
5. That the City Solicitor be instructed to prepare the necessary bylaws.
6. That this report be forwarded to the March 27, 2017 City Council meeting for approval.

CONCLUSION

The goal of all stakeholders in the assessment system is a result in values that better reflect market values. The 2017 reassessment utilizes an assessment system that is results-based and is aligned with the assessment systems used across Canada. The application of the Income Approach to Value for assessing commercial and multifamily properties and the application of the Sales Comparison Approach to Value for residential properties and the resulting property taxes are reflective of the general market values of the properties. In each reassessment, there is a rebalancing of the share of property taxes that occurs with the updating of the assessment base year.

Consideration of policy to apply tax tools is important in reassessment. There are some tax tools that are intended to provide the ability to mitigate impacts of reassessment for groups of properties. There are also tax tools not specific to reassessment that provide the ability to apply public policy and can determine the incidence of property tax in the best interest of the municipality or community as a whole. Tax policy principles applied consistently to reassessments will provide long-term stability, transparency and predictability that will promote fairness.

City Council has established some long-standing principles that support stability in the tax base and the principles should be continued.

If the recommendations in this report are adopted and considering the policies already adopted by City Council, the following are the tax policies that will be in place for the 2017 tax year:

1. A phase-in of tax changes due to the 2017 reassessment for commercial class properties that would phase in all increases and decreases so that 1/3 of the change would occur in 2017; 2/3 of the change would occur in 2018; and 100 per cent of the change would occur in 2019.
2. The policy of not changing the relative share of taxes due to reassessment would continue. There would be three mill rate factors with the mill rate factors calculated based on the assessment roll as of January 5, 2017, as follows:

Residential Group	0.91152
Non Residential Group	1.21040
Golf Courses	0.78654

The residential group's relative share of the property taxes would be 63.4 percent while the non-residential group would be 36.6 percent. The resulting effective tax rate for commercial is 1.66 times the residential rate.

The mill rates and mill rate factors will be set in the 2017 *Property Tax Bylaw* to be considered by City Council once the province provides the education mill rates. By legislation, the Education mill rate must be provided before May 1, 2017. In addition to City Council's tax policy decisions, the School Boards and the Ministry of Education will have to decide whether they will adopt, where provided for in legislation, the tax policies chosen by City Council.

BACKGROUND

2017 is a reassessment year, which is mandated by provincial legislation. This means that all property in the province will have assessment values recalculated to a new base date. A base date is similar to an appraisal date, with the 2017 reassessment updating values from a January 1, 2011 base date to a January 1, 2015 base date. The purpose of the reassessment is to ensure the property tax is allocated fairly and equitably based on up-to-date information and more current

values. The reassessment is, for the most part, a calculation exercise and does not involve re-inspecting each property.

The City inspects between 6,500 and 7,500 properties on an annual basis and maintains data on every property in the city. The assessments are updated to the new base date based on analysis of the extensive property characteristic data and market data that reflects the base date set out in legislation. Although reassessment changes the assessments, it does not generate revenue for the City. The only way the overall revenue for the City will change is through the budget process. The revenue required for property taxes is allocated to individual properties by the assessment. Each year, the mill rate is set to generate the amount of taxes required in the budget. In reassessment years when the overall assessment increases due to reassessment, the mill rate is reset to a level that generates the taxes approved in the budget. An important role for City Council in the reassessment is reviewing and approving the tax policy options that are available.

DISCUSSION

There are six major aspects associated with completing a reassessment:

1. Legislative Framework

- The 2017 reassessment is mandated by provincial legislation. Legislation requires a revaluation or reassessment every four years and given that the last reassessment occurred in 2013, then 2017 is the next year for reassessment.
- Legislation requires that each revaluation be reflective of a base date. The base date for the 2017 reassessment has been set as January 1, 2015.

Important legislation that provides the underpinning of the assessment valuation process is in the following sections:

- Section 163 of *The Cities Act* has definitions for market value, market valuation standard, mass appraisal, regulated property and regulated property valuation standard. These definitions provide the basis for the mass appraisal market value assessment system by describing market value, setting the market valuation standard for how market value is to be determined and describing mass appraisal.
- Section 163 of *The Cities Act* also has definitions for regulated property and the regulated property valuation standard that provides a regulated assessment system for application to agricultural land, resource production equipment, railway, roadways, heavy industrial property and pipelines.

- Section 171 of *The Cities Act* sets out a requirement for owners of income-producing properties to provide the Assessor with information respecting the income generated and the expenses incurred by the owner's property for the previous fiscal year. This information is used to value commercial and multifamily property as appropriate.

Assessments are determined by the City Assessor following legislation, guidelines produced by the Saskatchewan Assessment Management Agency and professional mass appraisal practice. Property owners are encouraged to discuss concerns with an assessor to ensure they understand how the value was arrived at. The assessment and tax web pages provide key information to review a property's assessment, including the key characteristics for each property, sales used in the analysis and the valuation models and a property owner can review the assessment on any property for comparison purposes. A formal legislated appeal process is available should an owner believe there is an error in the assessment. A property owner may appeal to the Board of Revision and there is the right to appeal a decision of the Board of Revision to the Saskatchewan Municipal Board. Decisions from the Saskatchewan Municipal Board can be appealed to the Saskatchewan Court of Appeal on points of law.

2. Calculation of Assessments

This is a process requiring the gathering of data about the properties to be assessed, market data on property sales and for some properties, income and expenses for the property. Detailed and thorough analysis is applied to create valuation models, the final step being the application of statistical models to the property data to produce valuations. The 2017 reassessment values were communicated by letters advising of the estimated 2017 reassessment values, the 2016 assessment and property tax information, as well as a projected impact of the 2017 reassessment on municipal property taxes were mailed on August 27, 2012.

Assessment notices were mailed January 5, 2017. For each mailing, to answer questions, explain the assessment and address concerns, an enhanced customer service response was put in place that included having all staff available, using a phone queuing system and self service information available on the assessment and taxation web pages.

3. Determination of Impacts

Once the assessments are calculated, the results are considered as a whole to determine the impacts on various groups of properties. Impact analysis has been carried out. Letters were provided to each property owner that provided the 2016 assessment, the 2017 reassessment, and an estimate of the impact on municipal and library taxes due to reassessment using revenue-neutral tax rates. It was not possible to estimate the school taxes for this letter as the province has not set the education level of property tax funding required, tax policy and mill rates. Once the Province announces the mill rates the City website will be updated to show an estimate of education tax for each property.

The change in assessment is summarized in the table below.

2016 to 2017 Assessment Comparison

Property Class	2016 Assessment	2017 Assessment	Percent Change
Residential	17,868,295,900	20,428,348,000	14.3%
Condominium	2,986,368,800	3,268,670,500	9.4%
Multi Family	1,485,358,600	2,147,760,600	44.6%
Commercial	5,698,639,394	8,597,675,307	50.9%
Railway and Pipeline	8,791,500	10,507,000	19.5%
Agricultural	10,966,827	23,306,276	112.5%
Golf Course	5,582,400	7,066,200	26.6%
TOTAL	29,064,003,421	34,483,333,883	22.8%

The province announced changes to the Percentages of Value (POV). The POV applicable for the 2017 revaluation are as follows:

- (a) Non-arable (Range) Land and Improvements - 45 %.
- (b) Other Agricultural Land and Improvements - 55%.
- (c) Residential - 80%.
- (d) Multi-unit Residential - 80%.
- (e) Seasonal Residential - 80%.
- (f) Commercial and Industrial - 100%.
- (g) Grain Elevators - 100%.
- (h) Railway Rights of Way and Pipeline - 100%.

Appendix A provides an analysis of the Assessment changes by ward.

Appendix B provides an analysis of assessment changes by percent of assessed value change range.

Revenue neutral rates were calculated using the tax policy principles applied and 2016 budget amount and were applied to the 2017 assessed values to examine the impact on municipal taxes of the reassessment. This allows a distinction of the change due to the reassessment. Analysis of the results was conducted to determine the magnitude of the tax changes in terms of number of properties with increases and decreases due to reassessment, the range of change of taxes and the dollar change of taxes.

Appendix C provides an analysis of the Municipal Tax changes due to reassessment sorted by 2016 municipal tax ranges.

4. Tax Policy

Through *The Cities Act*, City Council has some limited powers to use tax tools to manage or mitigate some of the impacts of the reassessment results on groups of properties where it would be in the best interest of the municipality or of the community as a whole.

It is important to note that some of these same tax tools can also be applied independently of a reassessment as a matter of policy, based on the community's views as to which properties should bear the relative tax burdens. The tax tools allowed in legislation include mill rate factors, phase-in of tax changes, base tax, and minimum tax. The tools most applicable to managing the impacts of reassessment are mill rate factors and phase-in policies. Through the analysis of impacts, it has been determined that the use of other tax tools such as base tax or minimum tax would magnify the reassessment impacts.

In Report EX16-14 on June 15, 2016 Executive Committee established principles to use as guidelines for considering 2017 tax policy options for commercial properties based on public consultation. This type of approach had been suggested by the Regina and District Chamber of Commerce as an improvement to the public consultation process.

The Administration has developed an analysis for considering tax policy options. In addition to City Council's tax policy decisions, the School Boards or Department of Education will have to decide whether they will adopt, where provided for in legislation, the tax policies chosen by City Council.

5. Public Consultation, Communications and Customer Service

Assessment is a complex process that is difficult to communicate. However, it is vital that the public have a solid understanding of the process and concepts in order for them to provide input to the tax policy decisions that must be made. The most successful reassessment projects include careful attention to the public consultation, communications and customer service aspects.

Some of the major efforts with regard to the Public Consultation, Communications and Customer Service processes include:

- Consultation with the business community occurred throughout 2016, with initiatives such as meetings with the board and the membership of the various business groups, such as the Regina and District Chamber of Commerce, Regina Downtown, Regina Warehouse District and others.
- The impact of tax policy options will be communicated at both a policy level and at an individual property level by letter, using the City's Website, and through customer service processes.

6. Risks and Challenges

One of the major risks with a reassessment is an increase in the number of assessment appeals, which can lead to uncertainties in predicting tax revenue. The uncertainties can

result in the City failing to make sufficient allowances for appeals, having a contingency that is too high, or having all property owners pay a higher rate until the appeals are resolved.

Another challenge results from the fact that the reassessment was delayed by two months as the province did not deliver the percentages of value as committed to. This will delay the assessment appeal process and makes it very likely that the 2018 assessment notices will occur before the 2017 appeals are completed at the Saskatchewan Municipal Board. Multiple years of unresolved appeals will provide uncertainty for the taxing authorities and uncertainty for the property owners that have filed appeals.

A misconception, that rising property values automatically means equally higher property taxes, persists. Given the increase in property values, it is important to ensure that the correct message is provided often in the reassessment process. The budget process is the way the overall property tax revenues are changed for the city. The assessment, via the mill rate factors and mill rates, allocates out the budgeted property tax revenue to the properties. The City will continue to use the “Truth in Taxation” principle. The International Association of Assessing Officers’ Standards for Property Tax Policy describes the principle as requiring governments to notify property owners if there is going to be an increase in property tax rates or revenues, with the more successful systems including clear individualized notices on the effect of proposed revaluations and budget changes. As in the past reassessments, the City has provided individual calculations on the effect of reassessment that includes projected property taxes, and also makes this information available for every property on the City’s Website. The City, Library Board and Provincial Education budget process results, and the effect it has on the taxes for each property, would also be updated on the City’s Website. The concept that the total amount of tax revenue is set in the budget processes, and that property assessments are used to allocate the taxes that are required based on budget requirements, will continue to be a key message. Truth in taxation principles with transparency in property assessment and budget processes are important for continuing public confidence in municipal government.

Another challenge is that the changes due to the market for commercial property will result in substantial tax shifts within commercial property types. There are significant tax changes for many commercial properties due to the 2017 reassessment; phase-in of these changes will need to be considered. It is critical to determine, as soon as possible, if there is to be a phase-in plan as properties on the Tax Instalment Payment Plan Service (TIPPS) will have had payments deducted to cover the estimated tax changes for 2017 starting in January. The Province will announce the provincial education mill rates in March, and an adjustment would be made to the TIPPS payments for both education taxes and a phase-in at that time.

Tax Policy Recommendations

The tax policy options for the 2017 reassessment for City Council to consider are:

1. Incidence of Property Taxation by Property Class

City Council has the authority to set the relative share of property taxes for classes of properties through the use of mill rate factors for each property class or group of property classes. The relative share is typically expressed as a percentage of property taxes a group of properties contributes of the overall property taxes. City Council also can create sub-classes and can apply a mill rate factor to a sub-class. In past reassessments, City Council has followed the principle of not shifting property taxes due to reassessment between groups of property classes. This policy has had each group of property classes retaining the same relative share of the property tax before and after the reassessment. In 2016, the mill rate factor for the residential group consisted of Residential, Residential Condominiums, and Multi-family so these properties had the same effective tax rate. For 2017, the equivalent share of taxes after adjusting for the difference in the growth rates is 63.4 percent and 36.6 percent. It is recommended that the same principle be followed for the 2017 reassessment and that there be no shifting of tax share between the residential and non-residential groups due to the reassessment.

The Real Property Association of Canada (RealPAC) published a study of tax rate ratios for 2016. The following were the commercial to residential effective tax ratios:

City	2016 Ratio
Saskatoon	1.99
Winnipeg	2.05
Regina	2.23
Edmonton	2.39
Calgary	2.58
Ottawa	2.72
Halifax	2.73
Montreal	3.85
Toronto	3.84
Vancouver	4.36
Average	2.87

It should be noted that the RealPAC study does not take into account the significantly different assessment cycles and base years required in provincial legislation. This affects the ratio and makes comparisons between provinces invalid. For example Regina's 2016 ratio is calculated on an assessment base year of 2011 while Calgary's 2016 ratio was calculated on an assessment base year of 2016. Without changing any tax policy or changing any share of taxes the 2017 reassessment will change the ratio for Regina from 2.23 to 1.66 as the assessed values of commercial property increased at a much larger rate than the residential assessed values.

RealPac has a position that cities should work to get to a commercial to residential ratio of about 2:1 through gradual reductions in the commercial rate.

City Council has adopted a principle of ensuring the relative share of taxes remains the same for the commercial and non-commercial groups. This provides stability and predictability over the long term.

Given that the provincial percentages are 80 percent for residential and 100 percent for commercial and if the mill rate factors are set to retain the relative share of taxes, the relationship between effective tax rates for the commercial rate for 2017 is 1.66 times the residential rate, and the Golf Courses are at .65 of the commercial rate.

In 2009, City Council approved a separate sub-class for golf course properties. There were two properties in this class and the mill rate factor was set so that golf course properties had an effective tax rate at 65 percent of the commercial effective tax rate. The Royal Regina Golf Club provides a recreation opportunity within the city limits and is the only golf course wholly within the city limits that is not municipally owned. A large component of the golf course assessment is the value in the land. Due to the effect of high demand for vacant land prices, this type of property has seen large increases over time. It is recommended that the subclass for golf courses be continued and that the mill rate factor be set at 65 percent of the commercial mill rate factor to follow the principle of relative share of taxes not changing between groups.

2. Phase-In of Tax Changes

Commercial Properties

Commercial properties are subject to more variation in reassessments due to the wide variance in values and market influences. The distribution of values also makes this group more susceptible to large shifts. Fifty percent of the commercial levy is carried by the 125 largest properties and seventy-five percent of the commercial levy is carried by 481 properties, out of the 4,075 properties that make up the commercial group. The Regina and District Chamber of Commerce has suggested that phase-in discussion be based on principles established before the results are known. This approach gains widespread support and reduces the potential for the type of divisive debate that can occur after individual results are communicated. The principles would be aligned with the strategic theme of economic sustainability through a predictable policy framework.

Executive Committee, on June 15, 2016 considered report EX19-14 and adopted guidelines and principles for the Administration in consulting with the business community and in preparing options for the 2017 reassessment in considering phase-in for commercial property tax changes. The following principles were adopted.

Stability in property taxes is important to ensure that City of Regina has a sustainable, fair, competitive and viable economic environment.

Phase-in plans result in administrative cost and complexity and should be used judiciously.

- Any phase-in plan must be revenue neutral.
- Phase-in should only be considered if there are many properties with exceptional increases.
- The phase-in plan should be structured so that it is preferably two years, with three years being the maximum.

The Administration has completed an analysis of the changes due to reassessment in Appendices “A- D” and has consulted with the stakeholder group representing commercial property owners organized by the Regina and District Chamber of Commerce. The municipal tax shift for the commercial group as a result of the reassessment results in increases of about \$10.8 million, which is 5.26 percent of the commercial tax base and is considered a significant shift. The result of the consultation is a recommendation to apply the same phase-in model to the 2017 reassessment for the commercial group of properties as was used for the last reassessment. This would see increases and decreases due to reassessment phased in, such that in 2017 one-third of the tax change due to reassessment would be applied, in 2018 two-thirds of the tax change would be applied, and 2019 would see 100 percent of the tax change due to reassessment applied. The phase-in plan would be revenue-neutral with the costs of the tax increases being deferred and off-set by the tax decreases being deferred. Appendix D provides an analysis to show the impact of a phase-in is contained with the non-residential group. Appendix E provides two charts that illustrate the range of change that would occur without phase-in and the range of change that occurs after applying the phase-in to the first year of reassessment. It is recommended that a phase-in be applied to commercial properties.

Phase-in for Residential Properties

An analysis of the municipal tax changes is attached in Appendix “B”. In 2005 and 2009, there was no phase-in for the residential group of properties. For 2017, the magnitude of the changes due to reassessment is much less than the changes that occurred in 2013. The municipal tax shift for the residential group as a result of the reassessment results in increases of about \$1.24 million, which is 1.2 percent of the residential class base and is not considered a significant shift. In the residential class for properties with a building, there are 41,560 properties seeing a decrease of \$3.1 Million (average of \$-73 per property) and there are 21,117 properties seeing an increase of \$1.8 Million (an average of \$85 per property). The majority of properties (about 92 percent) are seeing less than a 10 percent change in property taxes as a result of reassessment. In terms of dollar change, about 93 percent of properties are seeing a change of municipal taxes less than \$200 annually, or about \$17 per month. While it is different for every property, generally lower-valued properties are seeing more substantial changes in terms of percentage increases but, on average, the increases are moderate in terms of dollar impact.

Multifamily classed properties are seeing a shift of taxes from residential class of properties. There is a shift of \$2.2 million which is about 1 percent of the residential group. However it is a shift of a 25 percent increase from the share of taxes that the multifamily class paid in 2016. The average increase is \$3,372 per property however there are multiple dwelling units in these properties. The average change per dwelling unit is \$124 which is \$10.35 per month per unit. The largest change is \$406.35 per unit which is \$35 per unit per month. 90 percent of multifamily properties will see a change of less than \$20 per unit per month. On a per unit basis the change is similar to the changes that the condominium class is experiencing. Given the financial impact is not large on a per unit basis it is recommended that no phase in be applied for multifamily properties.

While there are some residential properties seeing large increases, there is not a large number of properties with exceptional increases due to reassessment. It is recommended that phase-in is not required for residential properties for 2017. Appendix “B” has information on the numbers of property seeing changes.

4. Minimum Tax

City Council has the authority to set a minimum tax for each property. A minimum tax can be set for municipal property taxes and all properties must pay at least the minimum tax. In theory, this would shift some of the property tax to the lowest value property. The lowest value properties are seeing the greatest increase in terms of percentage, so the reassessment is achieving the same result that this tax tool was designed to achieve. All lower-valued property has seen relative increases in the share of taxes the past three reassessments; a similar trend has occurred in the 2017 reassessment. The distribution of the properties with a higher number of lower- and modest-value properties than higher-value properties means that the minimum tax would need to be set at a fairly high rate to achieve any difference in the tax rate that would make a noticeable difference in the property tax distribution. It is recommended that minimum tax not be implemented for the 2017 reassessment.

5. Base Tax

City Council has the authority to set a base tax. A base tax is a per-property levy that can be set to achieve a portion of the property taxes required. The remainder of the property tax would be based on the assessed value of the property. The result of this tax tool is that it tends to shift taxes away from higher-valued property to lower-valued property. For the 2017, the resulting shifts from reassessment are having the same effect, so applying this tool would amplify the results of the assessment and shift a further amount of the property taxes from higher-valued properties to lower-valued properties. In the past, this tax tool has been debated widely in the community and was very divisive. The philosophy that is debated for this tax tool is whether property taxes should be based on ability to pay or if property taxes should be based on services received; both philosophies are valid viewpoints. The assessment and taxation process in Saskatchewan is an “ad valorem” system. This means it was designed

on the principle of ability to pay with the value of the property used as a proxy to determine ability to pay. In addition to property tax, the City also has user fees for some services and applies the philosophy of the user paying for services received through user fees. In reviewing the effectiveness of the base tax tool in the context of managing the shifts that are occurring in the 2017 reassessment, the tax tool is not helpful because it magnifies the impact of the reassessment. The lower-valued properties that are already facing an increase would have a steeper increase and the higher-valued properties that are already seeing a decrease due to reassessment would see a further decrease. Given that this would amplify the resulting tax shifts due to reassessment, it is recommended that base tax not be implemented for managing the impact of the 2017 reassessment.

RECOMMENDATION IMPLICATIONS

Financial Implications

If City Council adopts a phase-in for commercial and industrial properties and does not adopt a phase-in for residential properties as outlined in this report, the commercial phase-in plan would be self-funding and no additional costs would be incurred. There would be no phase-in for residential and no additional costs.

The costs of reassessment are included in the 2016 and 2017 operating budgets.

Environmental Implications

None with respect to this report.

Policy and/or Strategic Implications

In each reassessment, there is a rebalancing of the share of property taxes that occurs with the updating of the assessment base year. Consideration of policy to apply tax tools is an important consideration in reassessment. Long-standing principles of not shifting the relative share of property taxes between the residential group of property classes and the non-residential group of property classes provides economic policy stability and predictability for property owners.

Other Implications

If a phase-in program for commercial property is approved the 2017 Tax Installment Payment Plan (TIPPS) payments will be adjusted once the municipal, library and education mill rates are set.

Accessibility Implications

None with respect to this report.

COMMUNICATIONS

The impacts of reassessment were communicated to each property owner. Consultation has occurred with the commercial property stakeholders. A copy of this report will be provided to the Library and School Boards.

DELEGATED AUTHORITY

The recommendations contained in this report require City Council approval.

Respectfully submitted,



Don Barr, Director / City Assessor
Assessment Tax and Real Estate

Respectfully submitted,



Diana Hawryluk, Executive Director
City Planning and Development

Report prepared by:

Don Barr, Director/ City Assessor

Appendix A

Analysis of Assessment - Ward Summary

Percentage Change in Assessment Range	Number of Accounts	Average Assessment Change	Average % Change Assessment	Max Assessment Change	Min Assessment Change
Commercial					
Ward 1	85	2,431,868	50	25,293,500	(3,430,800)
Ward 2	98	2,703,212	62	37,640,400	(379,500)
Ward 3	812	866,685	59	49,482,000	(287,700)
Ward 4	29	2,132,589	59	16,788,500	(350,800)
Ward 5	96	1,770,716	44	16,588,700	(562,700)
Ward 6	1,618	657,684	84	50,020,900	(3,083,400)
Ward 7	163	599,518	72	16,561,200	(331,900)
Ward 8	43	5,460,644	71	97,137,100	(381,200)
Ward 9	27	1,111,759	62	11,003,300	48,900
Ward 10	37	1,760,859	54	11,810,500	(296,400)
Subtotal:	3,008	963,775	73	97,137,100	(3,430,800)
Condominium					
Ward 1	1,814	37,312	23	307,100	(4,900)
Ward 2	2,672	36,984	35	197,400	(38,300)
Ward 3	1,412	45,966	37	355,200	(9,600)
Ward 4	1,518	46,638	33	341,800	(500)
Ward 5	2,210	40,851	42	127,100	(44,100)
Ward 6	238	53,796	29	344,100	(16,200)
Ward 7	425	32,606	28	118,200	(100)
Ward 8	695	32,640	38	61,700	3,400
Ward 9	594	39,587	30	364,100	3,200
Ward 10	1,374	43,035	33	304,900	3,400
Subtotal:	12,952	40,494	34	364,100	(44,100)
Golf Courses					
Ward 1	1	274,700	69	274,700	274,700
Ward 2	-	-	-	-	-
Ward 3	-	-	-	-	-
Ward 4	-	-	-	-	-
Ward 5	-	-	-	-	-
Ward 6	-	-	-	-	-
Ward 7	-	-	-	-	-
Ward 8	1	1,209,100	23	1,209,100	1,209,100
Ward 9	-	-	-	-	-
Ward 10	-	-	-	-	-
Subtotal:	2	741,900	46	1,209,100	274,700

COMM

COND

GOLF

Multi-Residential

Ward 1	63	1,029,868	51	15,675,200	50,000
Ward 2	142	680,277	54	9,981,100	(103,600)
Ward 3	224	762,811	58	7,477,000	(630,300)
Ward 4	15	2,145,587	127	3,692,000	500,300
Ward 5	21	1,104,657	42	3,929,700	(184,200)
Ward 6	84	399,442	73	3,857,200	1,000
Ward 7	79	946,009	67	5,434,100	23,400
Ward 8	84	1,558,146	70	80,671,300	(75,500)
Ward 9	10	2,773,580	72	9,473,000	513,900
Ward 10	10	2,381,710	75	6,343,600	472,300
Subtotal:	732	925,854	62	80,671,300	(630,300)

Other Agricultural

Ward 1	1	84,640	51	84,640	84,640
Ward 2	314	23,653	592	147,900	1,700
Ward 3	10	16,750	77	78,000	1,900
Ward 4	15	62,416	95	234,500	1,300
Ward 5	5	24,351	72	40,000	4,838
Ward 6	7	76,343	80	191,100	8,700
Ward 7	-	-	-	-	-
Ward 8	20	45,302	69	119,700	4,218
Ward 9	26	32,111	66	110,700	56
Ward 10	16	82,933	100	273,200	1,500
Subtotal:	414	29,805	468	273,200	56

Residential

Ward 1	5,809	57,102	28	408,600	(8,800)
Ward 2	7,321	69,667	35	370,800	(245,200)
Ward 3	4,478	54,857	36	3,164,700	(68,200)
Ward 4	7,149	89,616	32	622,800	(51,900)
Ward 5	5,402	62,664	30	271,100	(50,300)
Ward 6	7,109	41,128	44	580,100	(39,700)
Ward 7	5,961	48,682	33	2,170,504	(44,600)
Ward 8	6,350	50,262	34	226,700	(11,100)
Ward 9	6,652	68,089	30	366,300	(27,800)
Ward 10	6,449	64,143	30	399,700	7,800
Subtotal:	62,680	61,182	33	3,164,700	(245,200)

RRPL

<u>Railway and Pipelines</u>						
Ward 1	-	-	-	-	-	-
Ward 2	-	-	-	-	-	-
Ward 3	3	130,767	48	208,400	12,100.0	-
Ward 4	-	-	-	-	-	-
Ward 5	-	-	-	-	-	-
Ward 6	1	1,343,100	25	1,343,100	1,343,100.0	-
Ward 7	-	-	-	-	-	-
Ward 8	2	(39,450)	23	273,500	(352,400.0)	-
Ward 9	4	14,750	143	77,300	(83,600.0)	-
Ward 10	-	-	-	-	-	-
Subtotal:	10	171,550	79	1,343,100	(352,400)	-

RSRC

<u>Resource</u>						
Ward 1	-	-	-	-	-	-
Ward 2	3	375,367	16	692,200	216,800	-
Ward 3	1	20,600	19	20,600	20,600	-
Ward 4	-	-	-	-	-	-
Ward 5	-	-	-	-	-	-
Ward 6	6	1,525,100	24	7,985,400	40,500	-
Ward 7	-	-	-	-	-	-
Ward 8	-	-	-	-	-	-
Ward 9	3	25,133	15	37,100	14,300	-
Ward 10	-	-	-	-	-	-
Subtotal:	13	797,900	20	7,985,400	14,300	-

Appendix B

Scenario Nov 30, 2016

A1.1

Analysis of Assessment - Range Summary

Percentage Change in Assessment Range	Number of Accounts	Average Assessment Change	Average % Change Assessment	Max Assessment Change	Min Assessment Change
Commercial					
Less than 0%	96	(165,577)	(14)	(100)	(3,430,800)
0% - 9%	58	179,595	5	3,228,900	1,300
10% - 19%	129	423,219	15	6,808,500	2,220
20% - 29%	191	1,058,251	25	50,020,900	1,500
30% - 39%	350	1,159,754	36	41,896,900	1,500
40% - 49%	345	1,128,341	45	25,293,500	11,800
50% - 59%	286	738,659	55	7,222,900	21,500
60% - 69%	258	839,446	65	10,195,800	500
70% - 79%	237	1,308,801	75	49,482,000	6,200
80% - 89%	221	1,037,618	84	22,222,700	600
90% - 99%	157	1,746,279	95	97,137,100	1,200
100% and over	680	898,681	150	33,775,868	2,500
Subtotal:	3008	963,775	73	97,137,100	(3,430,800)
Condominium					
Less than 0%	123	(2,319)	(4)	(100)	(44,100)
0% - 9%	527	11,908	6	49,900	-
10% - 19%	3158	31,145	17	97,800	3,600
20% - 29%	5369	41,376	25	136,900	4,150
30% - 39%	2033	51,281	34	185,100	5,250
40% - 49%	631	68,723	44	307,100	6,020
50% - 59%	336	72,835	54	286,100	5,500
60% - 69%	162	86,463	65	344,100	12,400
70% - 79%	40	84,938	74	364,100	12,200
80% - 89%	112	20,610	86	238,600	9,100
90% - 99%	13	52,754	92	61,900	37,200
100% and over	448	12,265	245	304,900	3,400
Subtotal:	12952	40,494	34	364,100	(44,100)
Golf Courses					
Less than 0%	0	-	-	-	-
0% - 9%	0	-	-	-	-
10% - 19%	0	-	-	-	-
20% - 29%	1	1,209,100	23	1,209,100	1,209,100
30% - 39%	0	-	-	-	-
40% - 49%	0	-	-	-	-
50% - 59%	0	-	-	-	-
60% - 69%	1	274,700	69	274,700	274,700
70% - 79%	0	-	-	-	-
80% - 89%	0	-	-	-	-
90% - 99%	0	-	-	-	-
100% and over	0	-	-	-	-
Subtotal:	2	741,900	46	1,209,100	274,700

<u>Railway and Pipeline</u>									
RRPL	Less than 0%								
RRPL	0% - 9%	2	(2,18,000)	(27)	(83,600)	(352,400)			
RRPL	10% - 19%	0	-	-	-	-			
RRPL	20% - 29%	1	12,100	15	12,100	12,100			
RRPL	30% - 39%	2	775,750	26	1,343,100	208,400			
RRPL	40% - 49%	0	-	-	-	-			
RRPL	50% - 59%	0	-	-	-	-			
RRPL	60% - 69%	0	-	-	-	-			
RRPL	70% - 79%	1	273,500	69	273,500	273,500			
RRPL	80% - 89%	2	55,400	80	77,300	33,500			
RRPL	90% - 99%	0	-	-	-	-			
RRPL	100% and over	2	101,800	272	171,800	31,800			
	Subtotal:	10	171,550	79	1,343,100	(352,400)			
<u>Resource</u>									
RSRC	Less than 0%	0	-	-	-	-			
RSRC	0% - 9%	0	-	-	-	-			
RSRC	10% - 19%	11	887,682	16	7,985,400	14,300			
RSRC	20% - 29%	1	505,300	21	505,300	505,300			
RSRC	30% - 39%	0	-	-	-	-			
RSRC	40% - 49%	0	-	-	-	-			
RSRC	50% - 59%	0	-	-	-	-			
RSRC	60% - 69%	1	102,900	60	102,900	102,900			
RSRC	70% - 79%	0	-	-	-	-			
RSRC	80% - 89%	0	-	-	-	-			
RSRC	90% - 99%	0	-	-	-	-			
RSRC	100% and over	0	-	-	-	-			
	Subtotal:	13	797,900	20	7,985,400	14,300			

Analysis of Municipal Tax Increases and Decreases - Range Summary

2016 Municipal Levy Range \$	Number of Accounts	2016 Muni Levies	2017 Muni Levies	Total Muni Change	Percent Change	Average Change \$	Increases			Decreases		
							Number of Accounts	Total Increase \$	Average Increase \$	Number of Accounts	Total Decrease \$	Average Decrease \$
Commercial												
0 - 999	245	139,251	218,862	79,611	57.2	325	215	82,795	385	30	(3,184)	(106)
1,000 - 1,499	145	179,073	221,425	42,351	23.7	292	98	51,033	521	47	(8,681)	(185)
1,500 - 1,999	193	335,246	401,394	66,148	19.7	343	143	80,822	565	50	(14,674)	(293)
2,000 - 2,499	136	307,968	367,839	49,871	16.2	367	85	63,854	775	51	(15,982)	(313)
2,500 - 2,999	110	304,116	352,659	48,543	16.0	441	67	61,063	911	43	(12,520)	(291)
3,000 - 3,499	124	401,331	459,777	58,446	14.6	471	76	81,140	1,068	48	(22,693)	(473)
3,500 - 3,999	148	550,008	629,859	79,850	14.5	540	101	107,167	1,061	47	(27,317)	(581)
4,000 - 4,499	91	386,205	431,921	45,716	11.8	502	56	65,088	1,180	35	(20,382)	(582)
4,500 and over	1,816	70,042,280	69,714,371	(327,909)	(0.5)	(181)	982	5,833,887	5,941	834	(6,161,786)	(7,388)
Subtotal:	3,008	72,645,480	72,783,105	142,627	0.2	47	1,823	6,423,858	3,527	1,185	(6,287,231)	(5,306)
Condominium												
0 - 999	2,904	1,818,587	1,915,216	(3,370)	(0.2)	(1)	1,444	85,245	59	1,460	(88,615)	(61)
1,000 - 1,499	5,212	6,540,201	6,197,110	(343,092)	(5.2)	(66)	916	63,681	70	4,296	(406,773)	(95)
1,500 - 1,999	3,399	5,882,477	5,482,649	(379,827)	(6.5)	(112)	471	51,393	109	2,928	(431,221)	(147)
2,000 - 2,499	1,075	2,344,538	2,169,672	(174,867)	(7.5)	(163)	157	32,146	205	918	(207,013)	(226)
2,500 - 2,999	266	716,764	671,134	(45,630)	(6.4)	(172)	57	15,939	280	209	(61,589)	(295)
3,000 - 3,499	56	179,099	174,255	(4,844)	(2.7)	(86)	21	9,154	436	35	(13,998)	(400)
3,500 - 3,999	23	85,703	85,532	(171)	(0.2)	(7)	8	7,206	901	15	(7,377)	(492)
4,000 - 4,499	13	94,144	94,350	206	0.4	16	6	3,583	597	7	(3,377)	(482)
4,500 and over	4	19,899	21,702	1,802	9.1	451	3	2,701	900	1	(899)	(899)
Subtotal:	12,952	17,621,412	16,671,619	(949,793)	(5.4)	(73)	3,083	271,049	88	9,869	(1,220,842)	(124)
Golf Courses												
0 - 999	-	-	-	-	-	-	-	-	-	-	-	-
1,000 - 1,499	-	-	-	-	-	-	-	-	-	-	-	-
1,500 - 1,999	-	-	-	-	-	-	-	-	-	-	-	-
2,000 - 2,499	-	-	-	-	-	-	-	-	-	-	-	-
2,500 - 2,999	-	-	-	-	-	-	-	-	-	-	-	-
3,000 - 3,499	1	3,297	3,701	404	12.3	404	1	404	404	-	-	-
3,500 - 3,999	-	-	-	-	-	-	-	-	-	-	-	-
4,000 - 4,499	-	-	-	-	-	-	-	-	-	-	-	-
4,500 and over	1	42,945	35,173	(7,772)	(18.1)	(7,772)	-	-	-	1	(7,772)	(7,772)
Subtotal:	2	46,242	38,874	(7,368)	(15.9)	(3,684)	1	404	404	1	(7,772)	(7,772)
Multi-Residential												
0 - 999	9	6,851	6,814	(37)	(0.5)	(4)	3	1,028	343	6	(1,065)	(177)
1,000 - 1,499	28	36,587	40,997	5,410	15.2	193	21	6,700	319	7	(1,280)	(184)
1,500 - 1,999	73	131,249	154,910	23,661	18.0	324	54	27,035	501	19	(3,373)	(178)
2,000 - 2,499	74	181,818	191,774	29,957	18.5	405	57	33,831	594	17	(3,874)	(228)
2,500 - 2,999	50	135,836	163,798	27,961	20.6	559	47	23,453	605	3	(492)	(164)
3,000 - 3,499	33	107,287	130,562	23,275	21.7	705	29	23,440	808	4	(164)	(41)
3,500 - 3,999	19	72,138	93,310	21,173	29.4	1,114	19	21,173	1,114	-	-	-
4,000 - 4,499	24	101,236	130,231	28,995	28.6	1,208	22	29,480	1,340	2	(485)	(242)
4,500 and over	422	8,012,527	10,042,103	2,029,575	25.3	4,809	411	2,064,749	5,024	11	(35,173)	(3,198)
Subtotal:	732	8,764,529	10,954,499	2,189,970	25.0	2,992	663	2,235,887	3,372	69	(45,916)	(665)

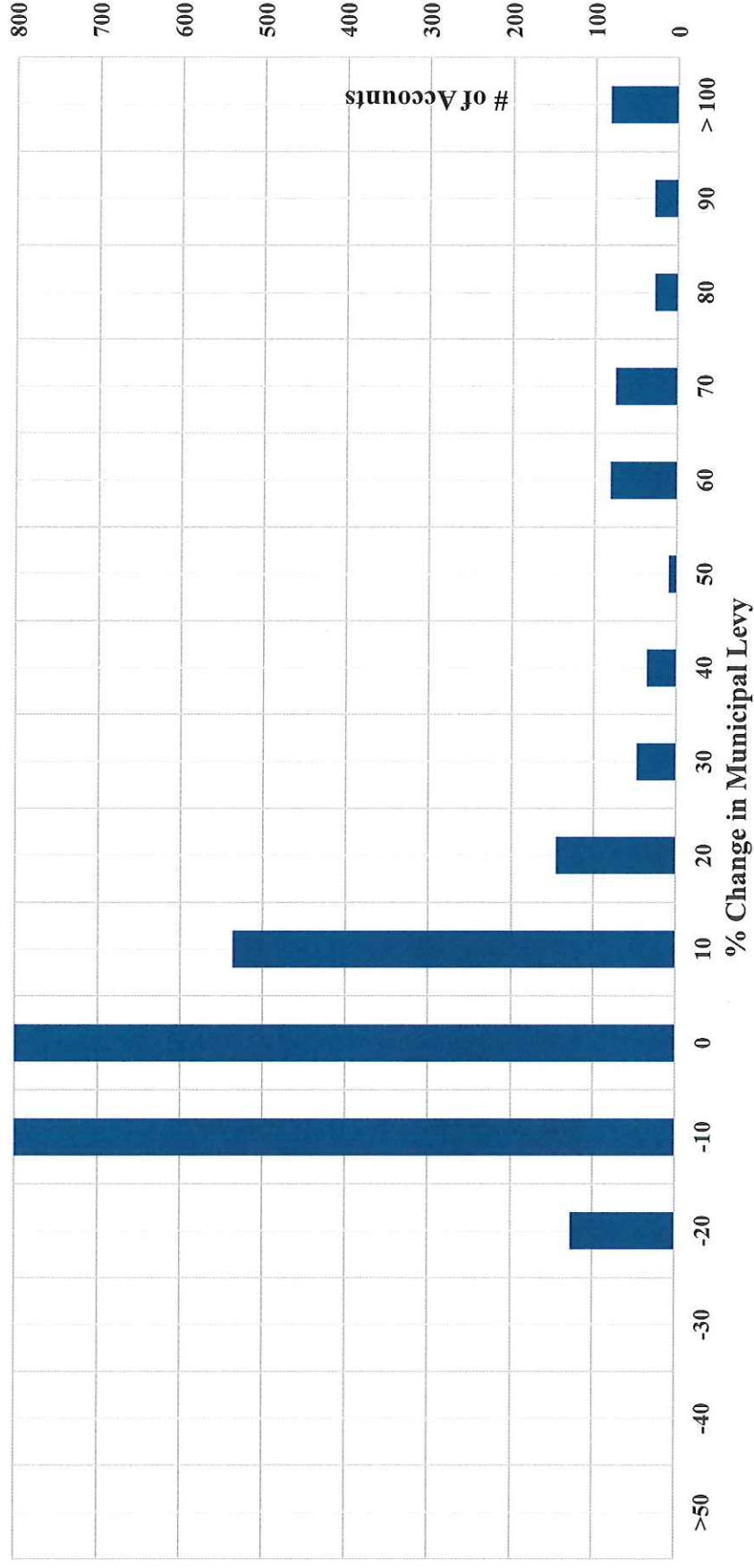
Analysis of Municipal Tax Increases and Decreases - Range Summary

2016 Municipal Levy Range \$	Number of Accounts	2016 Muni Levies	2017 Muni Levies	Total Muni Change	Percent Change	Average Change \$	Increases			Decreases		
							Number of Accounts	Total Increase \$	Average Increase \$	Number of Accounts	Total Decrease \$	Average Decrease \$
Other Agricultural												
0 - 999	383	48,450	107,590	59,131	122.0	154	377	59,781	159	6	(650)	(108)
1,000 - 1,499	11	12,993	14,428	1,436	11.1	131	10	1,505	150	1	(69)	(69)
1,500 - 1,999	6	10,959	11,882	923	8.4	154	6	923	154	-	-	-
2,000 - 2,499	4	8,827	9,810	983	8.9	196	3	871	290	1	(88)	(88)
2,500 - 2,999	4	10,844	10,916	71	0.7	18	3	201	67	1	(129)	(129)
3,000 - 3,499	-	-	-	-	-	-	-	-	-	-	-	-
3,500 - 3,999	-	-	-	-	-	-	-	-	-	-	-	-
4,000 - 4,499	2	8,205	8,998	493	6.0	247	2	493	247	-	-	-
4,500 and over	4	39,526	34,197	(5,329)	(13.5)	(1,332)	-	-	-	4	(5,329)	(1,332)
Subtotal:	414	135,804	197,312	57,508	41.1	139	401	63,774	159	13	(6,266)	(482)
Residential												
0 - 999	9,678	6,218,438	6,872,016	653,578	10.5	68	8,049	726,777	90	1,629	(73,199)	(45)
1,000 - 1,499	15,209	19,861,517	19,773,663	(87,855)	(0.4)	(6)	5,406	319,883	59	9,802	(407,738)	(42)
1,500 - 1,999	19,760	33,793,892	32,831,495	(962,396)	(2.8)	(49)	3,290	215,537	66	16,469	(1,177,933)	(72)
2,000 - 2,499	10,762	24,114,523	23,392,259	(722,265)	(3.0)	(67)	1,855	131,339	71	8,906	(853,603)	(96)
2,500 - 2,999	5,239	14,150,101	13,893,242	(256,859)	(1.8)	(49)	1,372	135,487	99	3,867	(392,347)	(101)
3,000 - 3,499	1,248	3,996,002	4,023,630	27,629	0.7	22	655	105,103	160	593	(77,474)	(131)
3,500 - 3,999	421	1,559,034	1,570,964	11,929	0.8	28	223	47,957	215	198	(36,028)	(182)
4,000 - 4,499	199	838,179	859,188	21,009	2.5	106	138	36,621	265	61	(15,612)	(256)
4,500 and over	164	902,244	976,870	74,626	8.3	455	129	81,230	630	35	(6,604)	(189)
Subtotal:	62,680	105,433,930	104,193,326	(1,240,604)	(1.2)	(20)	21,117	1,799,935	85	41,560	(3,040,539)	(73)
Railway and Pipeline												
0 - 999	2	627	969	342	54.6	171	2	342	171	-	-	-
1,000 - 1,499	2	2,275	2,268	(7)	(0.3)	(4)	1	240	240	1	(247)	(247)
1,500 - 1,999	-	-	-	-	-	-	-	-	-	-	-	-
2,000 - 2,499	1	2,133	2,871	738	34.6	738	1	738	738	-	-	-
2,500 - 2,999	-	-	-	-	-	-	-	-	-	-	-	-
3,000 - 3,499	-	-	-	-	-	-	-	-	-	-	-	-
3,500 - 3,999	1	3,507	1,621	(1,886)	(53.8)	(1,886)	-	-	-	1	(1,886)	(1,886)
4,000 - 4,499	-	-	-	-	-	-	-	-	-	-	-	-
4,500 and over	4	103,531	81,223	(22,308)	(21.5)	(5,577)	1	611	611	3	(22,919)	(7,640)
Subtotal:	10	112,073	88,952	(23,120)	(20.6)	(2,312)	5	1,931	386	5	(25,052)	(5,010)
Resource												
0 - 999	-	-	-	-	-	-	-	-	-	-	-	-
1,000 - 1,499	2	2,622	2,037	(685)	(22.3)	(293)	-	-	-	2	(585)	(293)
1,500 - 1,999	-	-	-	-	-	-	-	-	-	-	-	-
2,000 - 2,499	2	4,244	3,893	(351)	(8.3)	(176)	1	141	141	1	(492)	(492)
2,500 - 2,999	-	-	-	-	-	-	-	-	-	-	-	-
3,000 - 3,499	2	6,496	4,971	(1,525)	(23.5)	(763)	-	-	-	2	(1,525)	(763)
3,500 - 3,999	-	-	-	-	-	-	-	-	-	-	-	-
4,000 - 4,499	-	-	-	-	-	-	-	-	-	-	-	-
4,500 and over	7	753,978	586,515	(167,463)	(22.2)	(23,923)	-	-	-	7	(167,463)	(23,923)
Subtotal:	13	767,340	597,416	(169,924)	(22.1)	(13,071)	1	141	141	12	(170,065)	(14,172)
Grand Total:	79,811	205,530,809	205,530,104	(705)	0.00	(0.01)	27,094	10,802,978	399	52,714	(10,803,683)	(205)

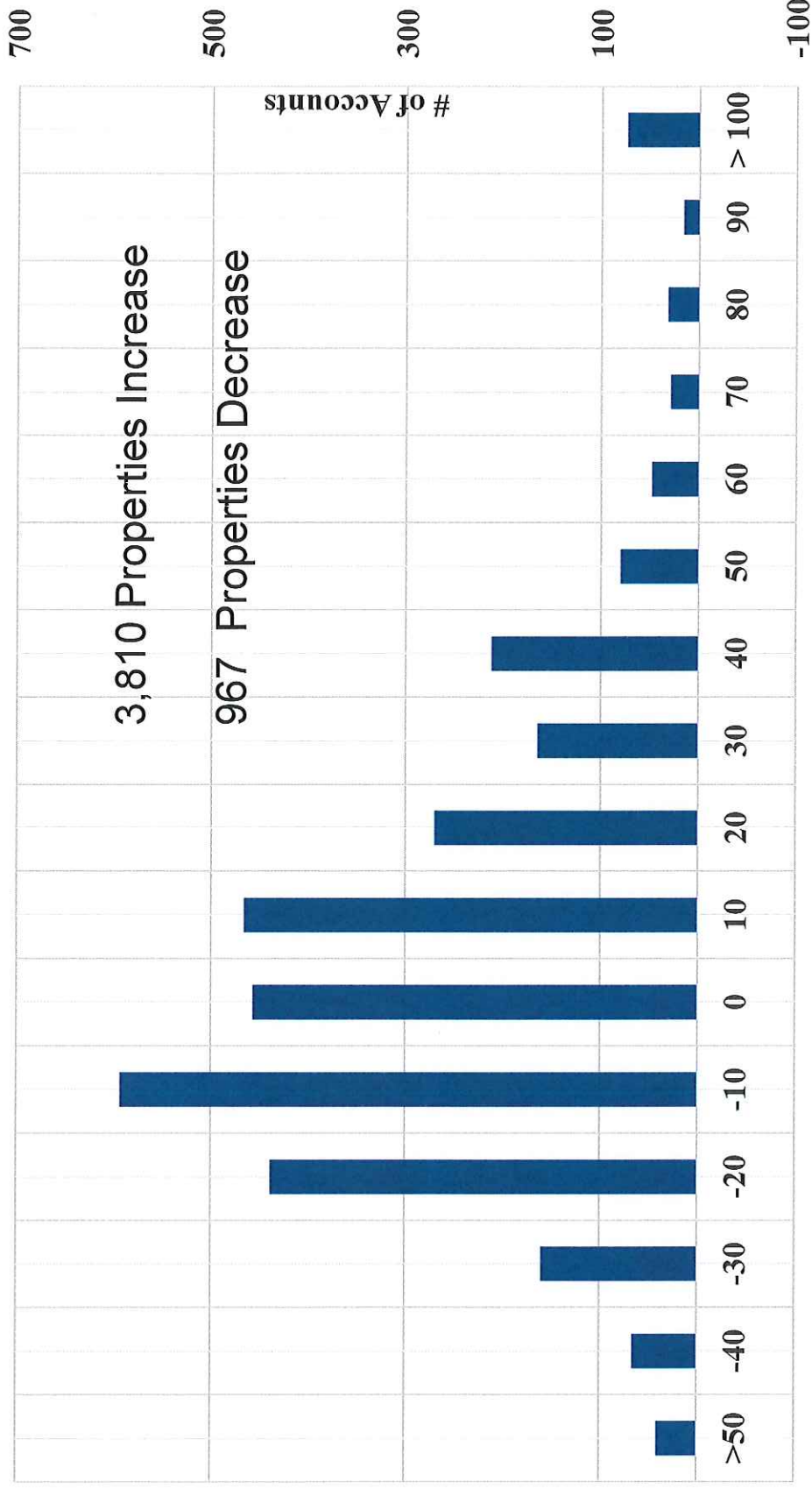
Analysis of Commercial Phase-in (Municipal) Class Summary

Mill Class	# Properties	2016 Muni Levy	Pre Phase-In			Phase in 2017		Phase in 2018		Phase in 2018		
			2017 Muni Levy	Change	% Change	Phase-In Amount	2017 Muni Levy	Phase-In Amount	2017 Muni Levy			
COMMERCIAL	3008	72,645,479.52	72,788,106.20	142,626.68	0.20%	14.77%	-95,084.29	72,693,021.91	-47,542.15	72,645,479.77	0.00	72,597,937.62
CONDOMINIUM	12952	17,621,411.62	16,671,618.77	-949,792.85	-5.39%	1.14%	0.00	16,671,618.77	0.00	16,671,618.77	0.00	16,671,618.77
GOLF	2	46,242.12	38,873.82	-7,368.30	-15.93%	-2.92%	4,912.20	43,786.02	2,456.10	46,242.12	0.00	48,698.22
MULTI RESIDENTIAL	732	8,764,528.86	10,954,499.14	2,189,970.28	24.99%	22.51%	0.00	10,954,499.14	0.00	10,954,499.14	0.00	10,954,499.14
AGRICULTURAL	414	139,803.62	197,311.51	57,507.89	41.13%	277.01%	0.00	197,311.51	0.00	197,311.51	0.00	197,311.51
RESIDENTIAL	62680	105,433,930.08	104,193,326.39	-1,240,603.69	-1.18%	0.81%	0.00	104,193,326.39	0.00	104,193,326.39	0.00	104,193,326.39
RAILWAY & PIPELINE	10	112,072.85	88,952.47	-23,120.38	-20.63%	18.56%	15,413.58	104,366.05	7,706.79	112,072.84	0.00	119,779.63
RESOURCE	13	767,339.82	597,415.84	-169,923.98	-22.14%	-20.59%	113,282.65	710,698.49	56,641.33	767,339.82	0.00	823,981.14
TOTALS	79811	205,530,808.49	205,530,104.14	-704.35	0.000%	38.91%	38,524.14	205,568,628.28	19,262.07	205,587,890.35	0.00	205,607,152.42

Commercial Municipal Tax Change with Phase-in



Commercial Municipal Tax Change



% Change in Municipal Levy



March 7, 2017

To: Members
Finance & Administration Committee

Re: Lease of City Property 850 Arcola Report

RECOMMENDATION

1. That the lease of the City owned property located at 850 Arcola Avenue to Schneider's Millwork and Contractor's Inc. be approved consistent with the terms and conditions stated in the body of this report.
2. That the Administration be authorized to finalize any other commercially relevant terms and conditions of the lease documents.
3. That the City Clerk be authorized to execute the Lease Agreement documents as prepared by the City Solicitor.
4. That this report be forwarded to the March 27, 2017 meeting of City Council for approval after the public notice has been advertised.

CONCLUSION

When considering the lease of City-owned land, standard procedure is for Administration to ensure that the land is made publicly available. In this case, the subject land is to be leased to Schneider's Millwork and Contractor's Inc. without any public offering which requires City Council approval. It is recommended that the highest and best use of the current land is to continue to lease it to the existing tenant. The purpose of this report is to facilitate the lease of this property to Schneider's Millwork & Contractors Inc.

BACKGROUND

Schneider's Millwork & Contractors Inc. has been a tenant of the subject property since the land along Arcola Avenue was purchased by the City in 1989 for the potential widening of Arcola Avenue.

Subsection 101 (1) of *The Cities Act* stipulates that "No Council shall delegate: (k) the sale or lease of land for less-than-fair-market-value and without a public offering". *The Regina Administration Bylaw 41* requires City Council approval if: a lease term, including renewals, exceeds ten years; a lease is less-than-market-value; or if the property has not been publicly identified for lease.

DISCUSSION

Schneider's Millwork & Contractors Inc. owns the building located on the subject land and is aware that upon confirmation of plans to widen Arcola Avenue, they will be required to remove or relocate their building. Since the building is the property of the tenant, making the land available for public offering would require the removal of the building, further consideration for a new tenant would be the uncertainty of tenure based on the future widening of Arcola Avenue. Because of this the land is unattractive for any business that would require a substantial capital investment to utilize the land.

The estimated market value of the land is \$401,620 and the annual market lease rate is set at 12 per cent, which would be \$48,194.40 or \$4,016.20 per month. As the lease will be increasing from the previous rate of \$2,130 per month to \$4,016 per month, administration recommends phasing the increase in over two years. The first 12 months of the new lease will be at \$3,100.20 per month, the remainder of the term will be at \$4,016.20 per month. The tenant will be responsible for GST and property taxes for the term of the lease.

The terms and conditions of the proposed Lease Agreement are as follows:

Subject Property:	Approximately .86 Acres
Tenant:	Schneider's Millwork and Contractor's Inc.
Leased Term:	Five years with an option to renew for a second five years
Net Annual Lease Rate:	First 12 months \$3,100.20 per month, remainder of the term \$4,016.20.
Lease Renewal Option:	Renewable at the discretion of the City of Regina for a second five-year term.
Other Terms:	Lessee shall be responsible for GST and the annual property taxes. Conditional upon the approval of City Council and the terms and conditions contained within the lease agreement.

RECOMMENDATION IMPLICATIONS

Financial Implications

The City will continue to realize revenues from this site until such time as it is required for the Arcola widening project. Annual revenue will be \$37,202.40 for the first year and will increase to \$48,194.40 for the remainder of the five year lease term.

Environmental Implications

Upon surrender of the premises, the tenant will be responsible to return the site to its previous condition, this will include the removal of building, all improvements and chattels.

Policy and/or Strategic Implications

Work related to the expansion of Arcola Avenue is targeted for 2026, the tenant has been made aware of this proposed timeline.

Accessibility Implications

None with respect to this report.

COMMUNICATIONS

A copy of this report will be provided to Schneider's Millwork and Contractor's Inc.

DELEGATED AUTHORITY

As provided in section 101 (1) (k) of *The Cities Act*, the lease of City-owned property without a public offering and a lease at less-than-fair-market-value rates cannot be delegated to the Administration and therefore requires the approval of City Council.

Respectfully submitted,



Don Barr, Director / City Assessor
Assessment, Tax & Real Estate

Respectfully submitted,



Diana Hawryluk, Executive Director
City Planning and Development

Report prepared by:
Keith Krawczyk, Manager, Real Estate Branch

December 6, 2016

January 10, 2017

To: Members
Finance & Administration Committee

Re: Appointment of Elected Official to the Administrative Boards of the City of Regina
Casual Employees Superannuation Plan and the City of Regina Elected Officials' Money
Purchase Pension Plan

RECOMMENDATION

1. That a member of the Finance and Administration Committee be appointed to the Administrative Boards for the City of Regina Casual Employees' Superannuation Plan and Elected Officials' Money Purchase Plan for a term expiring October 31, 2020.
2. That the member continue to hold their position until such time as their successor is appointed.
3. That an edited version of this report be submitted to the January 30, 2017 City Council meeting for approval.

CONCLUSION

The Finance and Administration Committee should consider and appoint a member to the Administrative Boards for the City of Regina Casual Employees' Superannuation Plan and the City of Regina Elected Officials' Money Purchase Pension Plan.

BACKGROUND

City of Regina Bylaw No. 8589 *A Bylaw of the City of Regina Concerning a Plan for Certain Employees and Elected Officials* delegates authority to the Finance and Administration Committee to appoint one of its members to the Administrative Boards for the City of Regina Casual Employees' Superannuation Plan and the City of Regina Elected Officials' Money Purchase Pension Plan. This report is being brought forward to facilitate the appointment for both these boards for a four-year term, expiring on October 31, 2020.

The Terms of Reference for the Board are attached as Appendix A.

DISCUSSION

The composition of both Administrative Boards includes the following representatives, as outlined in Bylaw 8589:

- three persons appointed by the City Manager
- one member of the Finance and Administration Committee.

The appointments to these Administrative Boards have historically been the same people on both Boards so that they effectively operate as one Board. This Administrative Board meets quarterly, at the call of the Chair and in any event at least once every three months. A pension Advisory Committee, as specified under *The Pension Benefits Act, 1992* appointed by the Executive of the Canadian Union of Public Employees Local No. 21 is also invited to attend all regular and special meetings of the Board.

The board typically meets five times per year for approximately two hours.

There is a Board mandated Education Policy that requires a Trustee, in their first year, to complete either Foundations of Trustee Management (three day course) or the Trustee Development Program (four day course). Both programs require the participant to pass an exam. In addition to completing one of the programs noted above, new trustees are also required to complete 20 hours of continuing education. By completion of the third year of a four year term, Trustees are expected to complete wither Advanced Trustee Management Standards or the Advanced Trustee Development Program, in addition to the required 20 hours of continuing education.

Once all basic education requirements have been met, Trustees are expected to attend 30 hours of continuing education. Trustees can apply for an exemption from completing the basic education requirements based on their education and work experience.

The Committee should consider the appointment of a member to the Boards for a term expiring October 31, 2020.

RECOMMENDATION IMPLICATIONS

Financial Implications

None related to this report.

Environmental Implications

None related to this report.

Strategic Implications

None related to this report.

Other Implications

None related to this report.

Accessibility Issues

None related to this report.

COMMUNICATIONS

After the appointment is approved by the Committee, it will be included with the listing of committee members which is communicated to all departments, media, and other interested parties.

DELEGATED AUTHORITY

The recommendations in this report require City Council approval.

A handwritten signature in dark ink, appearing to read 'Erna Hall', is positioned above the typed name of the signatory.

Respectfully submitted,
Erna Hall Deputy City Clerk

APPENDIX A

Casual Employees' Superannuation & Elected Officials' Money Purchase Pension Plan

Trustee Terms of Reference

Title: Administrative Board Trustee

SUMMARY:

This position is one of four similar positions which make up the Administrative Board. The Board is responsible for administering the plan in accordance with the *Pension Benefits Act, 1992* (Saskatchewan); the *Income Tax Act* (Canada); and Schedule "A" and Schedule "B" of the Casual Employees' Superannuation & Elected Officials' Money Purchase Pension Plan. The position acts in the capacity of trustee and as such stands in a fiduciary relationship to members, former members and any other persons entitled to benefits pursuant to the Plan. The Board administers the Plan via the Pensions & Disability Administration Department of the City of Regina.

RESPONSIBILITIES/ACCOUNTABILITIES:

- Administer the plan in accordance with *The Pension Benefits Act, 1992* (Saskatchewan), the *Income Tax Act* (Canada) and conditions of Schedule "A" and Schedule "B" of the Casual Employees' Superannuation & Elected Officials' Money Purchase Pension Plan.
- Stand in a fiduciary relationship to members, former members and any other persons entitled to benefits pursuant to the Plan.
- Hold in trust for the benefit of the members, former members and any other persons entitled to benefits pursuant to the Plan, any fund established or contract arising pursuant to the plan.
- Act in good faith and in the best interest of members, former members and any other persons entitled to benefits pursuant to the Plan.
- Not prefer the interest of one person entitled to benefits pursuant to the Plan over the interests of any other person so entitled.
- Actively participate in all Board Meetings, Special Board Meetings and education initiatives of the Board.
- Prepare for all Board Meetings, Special Board Meetings and education initiatives of the board by thoroughly reviewing the agenda and associated material provided prior to the related meeting.
- Attend a minimum of 3 of 4 board meetings annually.
- Comply with the policies and rules of the Administrative Board.

QUALIFICATIONS:

Knowledge, Abilities, Skills & Attributes:

- Understanding of the pension industry
- Understanding of Schedule "A" and Schedule "B" of the Casual Employees' Superannuation & Elected Officials' Money Purchase Pension Plan
- Knowledge of Board governance
- Understanding of the distinction between governance and management
- Basic investment knowledge
- Ability to understand and contribute to policy development
- Ability to formulate effective decisions
- Ability to work as part of a team
- Ability to maintain partnerships with internal and external customers
- Have no conflict of interest or legal impediment that would interfere with the exercise of the director's independent judgement, including the duty of loyalty owed to the Plan members
- Intelligence, perceptiveness and good judgement
- Maturity, integrity & fairness
- Innovative, sound business acumen
- Well regarded in the community
- Prior Board experience
- Ability to think strategically
- Time, energy and commitment to serve as a director, including a commitment to learning.

Education/Experience:

Typically the knowledge, skills, and abilities required for this position are obtained through a demonstrated interest in pensions, governance, investments or protecting the interests of others. These skills may have been developed through active participation in a business area related to pensions, including finance, legal, and/or collective bargaining.

WORKING/OTHER CONDITIONS:

Normal office environment conditions apply with considerable use of computer.