

Property Assessment

Led by: Assessment

Description:

The Property Assessment service assesses properties within the corporate limits of the city of Calgary as a mechanism to fairly and equitably allocate property taxes. This directive is provided by the Government of Alberta's Municipal Government Act, its regulations and associated civic bylaws. This legislation largely directs the Property Assessment service's activities which, while broad and complex, can be summarized as the preparation, communication and defense of property assessments.

Customers:

The Property Assessment service's customers can be summarized into four main groups:

- The City of Calgary
- The Government of Alberta
- Residential property owners
- Non-residential property owners

What is delivered to customers:

The main outputs of the Property Assessment service are property assessments themselves.

Partners:

Property Assessment's primary partners are:

- The Government of Alberta which provides legislative direction and delivers services.
- External assessment jurisdictions who we exchange benchmarks and best practices with.
- Industry groups who we exchange real estate data and analysis with.
- City of Calgary services such as Building Approvals, Taxation and Financial Support, and Legal Counsel & Advocacy.

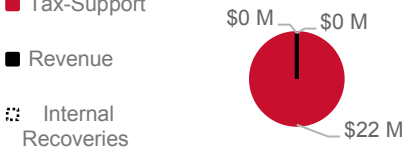

Service need (value proposition):

The service addresses the Corporation's and Government of Alberta's legislated requirement for market value property assessments. These assessments provide a basis for the fair and equitable distribution of property taxes which are used for the provision of public services.

From the residential and non-residential property owners perspective, the property assessment service is particularly important as it ensures they understand and will only pay their fair share of the property tax base.

The Property Assessment service also allocates appropriate tax status to not for profit organizations.

Current state service value

<p>522,225 2018 Annual Property Assessment Accounts</p> <p>7,573 2018 Customer Review Period Inquiries</p>	<p>47% Property Taxes as % of City Op. Revenues</p> <p>3,003 2018 Annual Tribunal Property Complaints</p>	<p>2018 Budgeted Gross Operating Expenditures Funding Breakdown (\$ Millions)*</p>  <p>\$42 Annual operating cost per property assessment account</p> <p>* Gross operating budget and the service cost ratio may include internal recoveries that are also included in other services gross operating budget.</p>
<p>Connections to Citizen Priorities</p> 		<p>What the service includes</p> <p>This service has no sub-services.</p>
		<p>Key Capital Investments</p> <p>Preparing, communicating, and defending over half a million property assessments across Calgary is only possible via sophisticated computer software. Capital investments in the Property Assessment service focus entirely on this software.</p>



What we've heard and service outlook

What we heard: Research & Engagement Results

A customer service survey is administered once every two years. While overall satisfaction has stayed consistently over 80 per cent since 2010, non-residential results have lagged behind. This is a theme the Property Assessment service will concentrate on during 2019-2022. Non-residential properties do not make up a large proportion of overall properties by count but they do comprise a significant proportion by assessed value which is what ultimately affects property tax dollars.

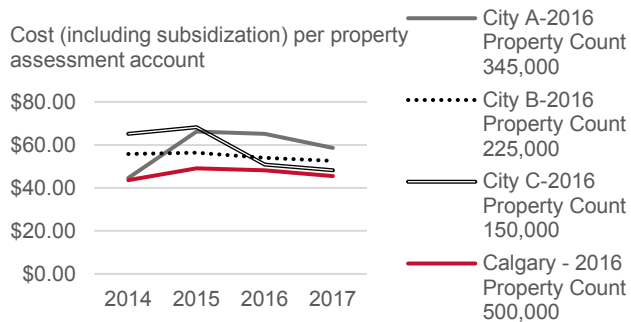
What Council has directed

The Property Assessment service aligns primarily with directives contained within the "A Well-Run City" Council Priority which notes "Calgary has a modern and efficient municipal government that is focused on resilience and continuous improvement to make life better every day for Calgarians by learning from citizens, partners and others." There is also alignment with a directive contained within the "A Prosperous City" Council Priority which notes "Calgary continues to grow as a magnet for talent, a place where there is opportunity for all, and strives to be the best place in Canada to start and grow a business." The long-term plan that the Property Assessment service primarily aligns with is the Long Range Financial Plan – particularly its "Funding Sufficiency" and "Efficiency" goals.

What are we watching?

- Recent legislative changes are expected to have long-term and significant impacts on processes and products.
- Property Assessment will potentially have to operate in an increasingly complex environment due to an increased interest in tax relief programs.
- Amplified attention in Property Assessment from all levels of stakeholders will require a continued focus on accountability and transparency.
- Volatility in the real estate market may result in a spike in inquiry and complaint volumes which could result in a workload increase and a corresponding financial risk to The City of Calgary.
- The replacement of the primary software application that is used to provide the Property Assessment service could have major impacts if conducted improperly.
- Attraction, retention and succession management of key talent will be a key contributor to service success.

Benchmarking



Source: Canadian Property Assessment Network

Comparing "Cost (including subsidization) per Property Assessment Account" is difficult via the Canadian Property Assessment Network as each province has different legislation. Calgary and City A are quite comparable although City A contains Taxation services on top of Property Assessment services which are hard to split out. Calgary, City B and City C are also comparable although there are differences in size. Also, City B is on a two-year reassessment cycle, City C is on a three-year reassessment cycle and Calgary is on a one-year reassessment cycle.

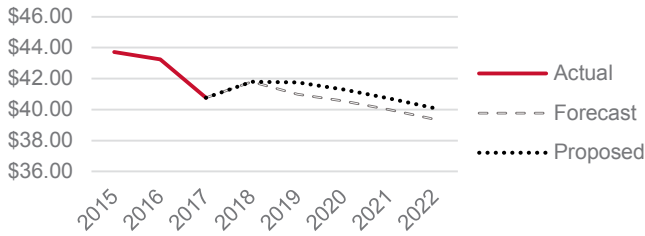
What matters to Calgarians

VALUE DIMENSION	DESCRIPTION
Legislative Compliance	Valuations meet all quality standards, pass all required audits, and are prepared and issued in accordance with the MGA.
Quality	Valuations are accurate and equitable when originally mailed to property owners.
Fairness	Properties with the same characteristics are assessed in the same manner using mass appraisal.
Reduces risk	The assessment base remains within tolerances throughout the year and strategies are used to minimize complaint impacts.
Informs	Knowledgeable staff can answer questions from property owners.



How is the Service performing? Where we are headed and where do we want to go?

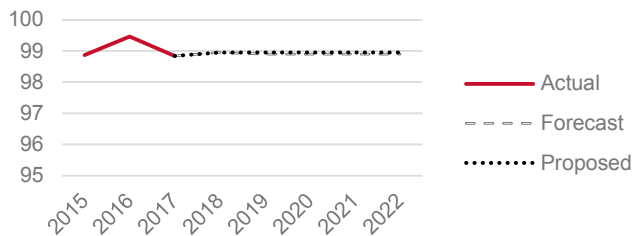
Service cost per property assessment account (Dollars)



Story behind the curve

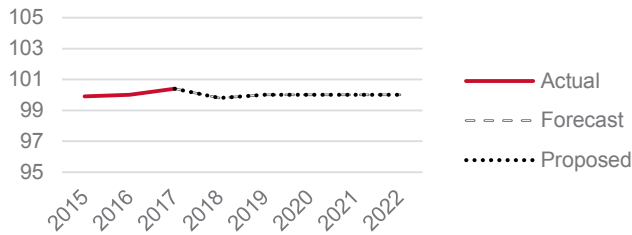
The service cost per property assessment account has trended down over the years and is expected to continue to do so as operating budgets do not keep up with account growth. In the past, the Property Assessment service has been able to maintain service levels due to efforts to increase efficiency despite the increase in both the volume and complexity of accounts.

Per cent of the annual property assessment base maintained (Percentage)



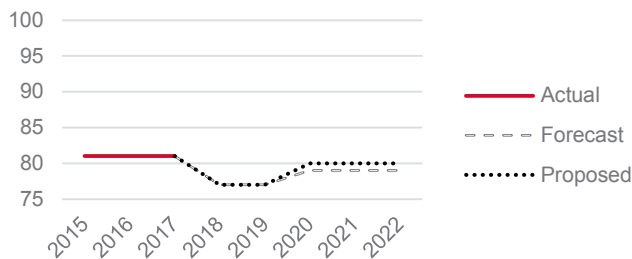
The per cent of the annual property assessment base maintained is how Property Assessment measures overall effectiveness of all parts of its operations. Results that move too far below 100 per cent erode The City of Calgary's ability to rely on the sizeable and stable property tax base to supply services. New accounts are growing faster than the operating budget which will push roll stability lower so Property Assessment will prioritize turning the curve and keeping roll stability at historical averages.

Overall ratio of what properties are assessed at versus what those properties sold for (Percentage)



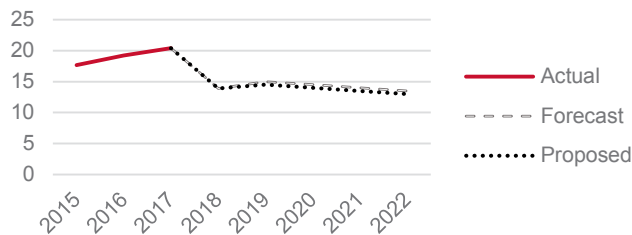
The overall ratio of what properties are assessed at, versus what those properties sold for, is the most fundamental performance measure that Property Assessment has to measure the quality of the assessment roll. Anything close to 100 per cent means that, on average, properties are selling for close to what they are assessed at. Performance measure results have stayed around 100 per cent for many years due to Property Assessment's continued focus on meeting and exceeding legislated standards.

Assessment customer satisfaction score (Percentage)

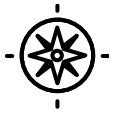


Property Assessment conducts a customer satisfaction survey every two years. Results have stayed over a very healthy 80 per cent since 2010 but fell below this target in 2018. This negative trend is expected to continue as Property Assessment's operating budget isn't keeping up with the growth in accounts so, Property Assessment will make efforts to turn the curve to get back to the historical 80 per cent level.

Per cent of the total annual assessment base under formal complaint (Percentage)



The per cent of the total annual assessment base under formal complaint had been steadily rising until a significant effort to turn the curve was made in 2017 resulting in strong 2018 results. It will be important to build on the successes of the 2018 results as this performance measure is a strong leading indicator of tribunal losses and the corresponding negative financial impact that has for The City of Calgary.



What do we propose to do?

What we propose to continue doing

STRATEGY
Prepare property assessments for each Calgary property that meet or exceed all legislated requirements.
Communicate property assessments to property owners and provide excellent individual customer service.
Minimize the risk of the property assessment roll being reduced outside of acceptable thresholds.
Manage the taxable and non-taxable status of properties to ensure the legislation is correctly interpreted and applied.
Prioritize process and system improvements to set Property Assessment up to be efficient and effective now and in the future.
Create a work environment that attracts staff members to make Property Assessment with The City of Calgary a long-term career choice.

Why?

The Property Assessment service’s core business is well defined and legislatively needs to continue to be delivered at or above standards that are audited by the Government of Alberta. This core business is the most important part of defining whether Property Assessment is successful in both the short- and long-term. Where required, resources will be pulled from other operational areas to ensure this core business is completed effectively.

What we propose to do less of

STRATEGY
Spend on paper, printing and mailing.
Allocate staff time to tribunal activities including preparation, attendance and follow-up.
Spend on non-salary and wage related expenses.

Why?

Property accounts are expected to grow at a rate of between approximately 1.1-1.6% per year between 2019-2022 but the operating budget is not expected to grow at the same rate. Services will need to prioritize work to make up for this shortfall by focusing resources where they are most needed. Efficiencies will be capitalized on where available but some service reduction will occur.

What we propose to do more of or include as a new offering

STRATEGY
Improve products, processes and systems to deliver better service to increasingly engaged and educated customers.
Focus resources on pre-roll consultation in order to collaborate with customers and reduce non-residential assessment value under complaint.
Provide more products electronically in an effort to improve customer service, reduce cost and lower The City’s environmental footprint.
Actively collaborate with key stakeholders in support of initiatives supporting the downtown and overall tax stability.

Why?

The gap between workload growth and workforce growth will see several key performance measures have results that move towards unacceptable levels. Specific strategies and actions will be put in place to combat this movement and ensure Property Assessment delivers the products and services that customers are demanding at levels they are demanding it.



What Operating Budget do we need to achieve these results and strategies?

For Council Approval

SERVICE PERFORMANCE RESULTS FOR 2019-2022	CURRENT	TREND
Service cost per property assessment account (Dollars)	41.80	↓
Per cent of the annual property assessment base maintained (Percentage)	98.95	↓
Overall ratio of what properties are assessed at versus what those properties sold for (Percentage)	99.8	↔
Assessment customer satisfaction score (Percentage)	77	↓
Per cent of the total annual assessment base under formal complaint (Percentage)	13.9	↓

Breakdown of net operating budget (\$000s)

	2019	2020	2021	2022
Previous Year's Budget	21,700	21,976	21,977	21,978
Less Previous Year one Time	-	-	-	-
Base	21,700	21,976	21,977	21,978
Revenue Changes	78	-	-	-
Internal Recovery Changes	-	-	-	-
Inflation	414	317	383	434
Operating Impact of Previously Approved Capital	-	-	-	-
Operating Impact of New Capital (Incremental)	-	-	-	-
Efficiencies	(464)	(73)	(70)	(71)
Service Reductions	(347)	(243)	(312)	(362)
Service Increases	720	-	-	-
One Time	-	-	-	-
Realignments	(125)	-	-	-
Total	21,976	21,977	21,978	21,979

Total Operating Budget (\$000s) for Approval

	2018 Budget	2019			2020			2021			2022		
	At Mar 31	Base	One-Time	Total	Base	One-Time	Total	Base	One-Time	Total	Base	One-Time	Total
Expenditure	21,828	22,026	-	22,026	22,027	-	22,027	22,028	-	22,028	22,029	-	22,029
Recoveries	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue	(128)	(50)	-	(50)	(50)	-	(50)	(50)	-	(50)	(50)	-	(50)
Net	21,700	21,976	-	21,976	21,977	-	21,977	21,978	-	21,978	21,979	-	21,979



Recommended Capital Investment to Support Service Delivery

For Council Approval

Capital Budget for Council Approval

ACTIVITY	DESCRIPTION	2019 REQUEST (\$000s)	2020 REQUEST (\$000s)	2021 REQUEST (\$000s)	2022 REQUEST (\$000s)	2023+ REQUEST (\$000s)	Total REQUEST (\$000s)
Annual Investment Program(s)		-	-	-	-	-	-
Project(s)		-	-	-	-	-	-
Program(s)		-	3,600	-	-	-	3,600
411080	Assessment Systems Improvement	-	3,600	-	-	-	3,600
Sub-Total (New Budget Requests)		-	3,600	-	-	-	3,600
Previously Approved Budget Remaining		7,972	-	-	-	-	7,972
Total Capital Investment		7,972	3,600	-	-	-	11,572

Explanation of Capital Budget Requests

Program(s)

Activity 411080: Assessment Systems Improvement

New Budget Request of \$3,600 thousand to provide additional funding to implement a new Computer Assisted Mass Appraisal system; the core software used by staff to prepare property assessments.

Funding from Lifecycle Maintenance & Upgrade Reserve

Operating Impact of Capital: None