

# REPORT SUMMARY

## PROPERTY ASSESSMENT & TAX COLLECTION

FEBRUARY 2019 | PROGRAM AND SERVICE REVIEW

Edmonton

## WHAT IS PROGRAM & SERVICE REVIEW?

Program and Service Review (PSR) is composed of an internal team dedicated to evaluating the services offered by the City of Edmonton. The objective is to help City Council achieve its strategic goals and determine how our organization can improve the services that matter to Edmontonians, providing the best value for citizen tax dollars.

## SUMMARY OF SERVICE AREA

Property Assessment and Tax Collection are two distinct City of Edmonton services within the Assessment and Taxation Branch. The primary functions of this branch include preparation of annual market value assessments (for all properties), communication of a fair and accurate assessment base, and responding to complaints and appeals of assessments. This business area also conducts taxation billing, collecting municipal property tax, provincial education taxes, local improvement levies, and Business Improvement Area (BIA) levies.

Property Assessment and Tax Collection are bundled for the purpose of this Program and Service Review due to their connectivity and shared organizational structure.

### Property Assessment | Public Service

Property Assessment services provides accurate and lawful assessments for tax purposes.

#### Who is Impacted?

Home owners and non-residential property owners

### Tax Collection | Public Service

Tax Collection Services collects assessed tax from tax payers.

#### Who is Impacted?

Taxpayers

### City of Edmonton Tax System

The Municipal Government Act (MGA) largely dictates the City of Edmonton's property assessment and tax system. While provincial legislation outlines assessment methods, best practice, and the scope of the municipality's taxation authority, Edmonton City Council possesses some flexibility in how tax policy is implemented.

Alberta's tax rates consist of four main categories, with residential taxes accounting for approximately 50% of tax collection. The four categories include:

**Residential | Non-Residential | Farmland | Machinery and Equipment**

## RESEARCH METHODOLOGY

Each Program and Service Review (PSR) typically begins with a review and a Challenge Panel including: community, academia, industry and peer subject matter experts who help provide focus to the analysis, challenge the recommendations and provide guidance. *Please note: each service area has a tailored approach for engagement and analysis, the following were completed for this review:*

### ENGAGEMENT

#### INTERNAL

Employee interviews. Job shadowing.

### ANALYSIS

Review of key branch documents (e.g., business plans, Annual Reports), high level analysis (e.g., finance, human resources, time tracking, information technology costing)

#### EXTERNAL

Challenge Panel

Review of academia and other secondary research.

# IMPORTANT INFORMATION & TERMINOLOGY

## POSSE

An information system used to assign, track, and close work orders.

## Assessor Levels

1) Intern (*junior level*) (2) Associate (3) Assessor (*senior level*). Knowledge, skill, experience, and education determine level advancement.

- Assessor Assistants are a separate (*non-accredited*) classification; their primary role is to assist the above assessor roles.

## Taxation Assessment & Collections Systems (TACS):

A software suite which enables the City's assessment and taxation administration processes. TACS is integrated with other City systems. *This software does not currently support mobile activities.*

## Non-residential

Considered more complex than residential assessments and includes but is not limited to shopping centres, hotels, offices, and industrial property types.

## Residential

Considered less complex than non-residential assessments. Approximately 10,000 inspections are completed per year and require an average of 50.4 minutes per assessment (*data based on a 3 year average from 2015-2017*).

## Assessment Quality Ranking:

Residential assessments are ranked and defined by "quality." Economy (1) is considered low complexity while Luxury (9) is considered high complexity.



# RECOMMENDATIONS WHY & IMPACT

SERVICE & RECOMMENDATION	WHY	IMPACT
<p><b>1</b> <b>Property Assessment</b> <i>Assessment qualities 4 through 7 to be assigned to Intern and Associate Assessors</i></p>	<p><b>Current State (What we found):</b> Assignment of work to the appropriate "level" of staff needs to be refined, for example: data collection tasks that could or should be completed by Assessor Assistants are routinely done by Assessors.</p> <ul style="list-style-type: none"> <li>- Having the right "who" completing work is helpful to ensure the best allocation of City time and resources.</li> <li>- With less complex assessments being completed by senior staff, jobs in the queue may not be prioritized effectively. Strategic assignment of more complex assessments to beginner-to-mid-level assessors would provide learning and growth opportunities. <i>2015-2017 data shows 95% of residential inspections are distributed between qualities 4 through 7.</i></li> </ul> <p><b>Future State (What we will do):</b> Assign more complex inspections (4-7) to Assessor Interns and Associate Assessors.</p> <ul style="list-style-type: none"> <li>- Assessors should be assigned only to complex inspections.</li> </ul>	<p><b>Impact:</b> Assigning work based on experience level will increase process efficiency, enable senior Assessors to reallocate their time and resources to higher complexity work while still allowing intern and associate Assessors to gain the necessary experience for advancement.</p> <p>The productivity savings are not expected to translate into harvestable savings as no FTE reductions would take place.</p>
<p><b>2</b> <b>Property Assessment</b> <i>Submit a Technology Investment request to develop and implement mobile technology.</i></p>	<p><b>Current State (What we found):</b> The majority of inspections are initiated by building permits closing in POSSE, formal assessment complaints, and 311 (<i>citizen inquiries</i>).</p> <p>Two non-value added activities were identified:</p> <ol style="list-style-type: none"> <li>1) TACS does not support a mobile platform. Inspection data is manually recorded by the Assessor and is later transcribed into a digital format. <ul style="list-style-type: none"> <li>- The average time per job required to transfer the data is: <ul style="list-style-type: none"> <li>- <b>residential:</b> 9 minutes</li> <li>- <b>non-residential:</b> 25 minutes.</li> </ul> </li> </ul> </li> <li>2) Travel time and inefficient routing: although jobs are typically assigned within the same geographic area, without guided route optimization, time and distance between inspections may be inefficient.</li> </ol>	<p><b>Impact:</b> Data collection will become more efficient and accurate as assessment staff gain the ability to capture data directly in the field.</p> <p>Initial one-time capital cost of \$243,000 would result in harvestable savings of \$550,000 over five years or, on average, \$110,000 per year.</p>

	<p><b>Future State (What we will do):</b>          Make a one-time capital cost investment of \$243,000 for detailed analysis, development, and deployment of the required technology/application for on-site data entry.</p> <ul style="list-style-type: none"> <li>- Estimated ongoing operational costs: \$13,500 per annum.</li> <li>- A positive return on the technology investment would occur after 18 months of operation. <i>See Appendix G in the full report for the calculations.</i></li> </ul>	
<p><b>3</b>  <b>Property Assessment &amp; Tax Collection</b>  <i>Advance Legislation Changes</i></p>	<p><b>Current State (What we found):</b>          External Relations advocates for legislative changes in the context of the City's priorities as approved by:</p> <ul style="list-style-type: none"> <li>- Deputy City Manager of Finance and Corporate Services.</li> <li>- Deputy City Manager Communications and Engagement.</li> </ul> <p><b>Future State (What we will do):</b>          The Municipal Government Act is reviewed and revised periodically;</p> <p>As part of future Municipal Government Act reviews the City will advocate for:</p> <ul style="list-style-type: none"> <li>- Municipal Assessors to be recognized as content experts and administrators of Provincial legislation and to have direct access to decision makers and legal drafters when changes to the legislation are being contemplated.</li> <li>- Separation of big policy issues from administrative/minor policy issues to streamline the process Using the Big City Charter as a pilot for Provincial legislation changes as the vast majority of legal challenges are in the major cities.</li> </ul>	<p><b>Impact:</b>          Improved working relationships between the Alberta Government and City of Edmonton.</p> <p>Potential for improved service delivery and flexibility through legislative changes.</p>