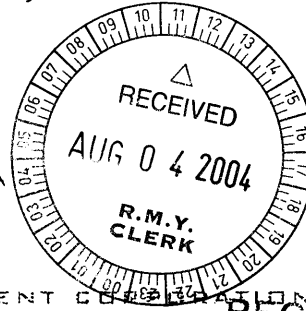


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The Regional Municipality of York



MUNICIPAL PROPERTY ASSESSMENT CORPORATION

REGION OF YORK
CLERK'S OFFICE

FILE No. - P04

→ S. Cartwright
→ Chair
→ CAO

August 4, 2004

Dear Municipal Clerks and Municipal Treasurers:

I am writing in response to the resolutions and letters we have received from municipalities regarding Ontario's current value assessment system and the Municipal Property Assessment Corporation's (MPAC) service.

We are listening to your concerns and reviewing your suggestions for change. The attached update summarizes our commitments to you and Ontario taxpayers on a number of issues, such as supplementary assessments, severances and consolidations, staffing and municipal enumeration.

We believe these initiatives address your concerns and offer real solutions for improving MPAC's products and services delivery. Over the coming months, we will continue working with the Provincial Government, municipal staff and other stakeholders to achieve our common goal of improving the stability, fairness and flexibility of Ontario's property assessment and taxation system.

I would like to take this opportunity to invite you to attend MPAC's 2004 Annual Meeting on Monday, October 4, 2004. In discussion with the Association of Municipalities of Ontario, this year's meeting will be held at the Counties, Regions and Single-Tier Municipalities Conference in Wellington County on October 3rd through 6th. The meeting provides municipalities with an opportunity to meet directly with MPAC's Board of Directors and senior management. Additional details about the meeting will be communicated to you as they become available.

In the meantime, I encourage you and your municipal staff to contact your local Municipal Relations Representative or Arthur Anderson, Director, Municipal Relations at 877-635-6722 extension 6993 to discuss this information or any other concerns and ideas you may have.

August 4, 2004

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A copy of this update has also been sent to all Heads of Council.

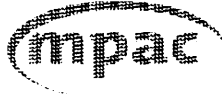
Thank you for taking the time to review the update. I trust you will find it beneficial and informative.

Yours truly,

"Original Signed By"

Carl Isenburg
President and Chief Administrative Officer

Attachment



Municipal Property Assessment Corporation

Over the past several months, municipal councils have raised concerns about a number of issues, including the impact of annual assessment updates on taxpayers, the quality of the Municipal Property Assessment Corporation's (MPAC) assessment and enumeration data, assessed value accuracy, building permit inspections, property severances and apportionments, staffing levels, and the cost-effectiveness of MPAC's products and services.

The property assessment and taxation changes announced as part of the 2004 Provincial Budget and Bill 83 represent a significant step forward for municipalities, taxpayers and MPAC.

In particular, the January 1 valuation date will allow our staff to review all of the in-year sales to ensure that assessed values reflect the current market. More time for establishing preliminary values and finetuning values at the local level will enable MPAC to maintain consistent and accurate assessments with each province-wide update.

The January 1 valuation date will allow MPAC to expand the Property Assessment Notice mailing window, resulting in better service, more time for taxpayers to review their assessment and, ultimately, fewer assessment-related enquiries at municipal offices. In addition, we will be able to deliver Market Change Profiles earlier, providing municipalities more time to conduct impact analysis, make tax policy decisions and establish tax rates.

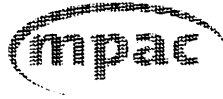
By working together, the Provincial Government, municipalities, stakeholders and MPAC can implement the right solutions, making Ontario's assessment system less complex and more compatible with property taxation.

Public Relations

While the concept of current value assessment is easy to understand – property owners can easily relate to an assessed value that reflects a recent valuation date – the methodology used to determine assessments can be confusing. MPAC understands this. To improve taxpayers' understanding of the assessment process, we continue to expand our education and information programs.

MPAC staff are available throughout the year to attend municipal council and taxpayer association meetings or to sponsor local assessment information sessions. In addition, we will provide municipalities with more information about changes in assessment methodology to ensure you receive advance knowledge of the changes and their potential tax impacts.

MPAC will continue to explore new initiatives, similar to AboutMyProperty™ and the *Guide to Property Assessment in Ontario*, to help make the assessment process more transparent and easier for taxpayers to understand.



Municipal Property Assessment Corporation

Products and Services Delivery

MPAC's fee to municipalities is based on a legislated formula, contained in the *Municipal Property Assessment Corporation Act*. This formula was designed to strike a balance between the number of properties and the value of assessment in each municipality. As we move forward, MPAC will continue to explore alternative options for generating revenue to help offset the costs charged to municipalities.

MPAC provides municipalities with an ever-increasing range of products and services, including:

- property valuation and analysis;
- data collection and on-site inspections;
- finetuning of values to ensure equity within the local market;
- Property Assessment Notice preparation and mailing;
- province-wide taxpayer support through a toll free enquiry line and 36 offices (*34 field offices, Customer Contact Centre/Central Processing Facility and Head Office*);
- local taxpayer forums and public information sessions;
- free assessment reviews through the Request for Reconsideration process;
- preparation and delivery of municipal assessment rolls;
- assessment appeal defence;
- dedicated point of contact for municipalities;
- election management services;
- school support maintenance;
- parcel mapping;
- omitted and supplementary assessments;
- quality review and control mechanisms; and
- value-added products, such as the Market Change Profile and Municipal Connect™.

We recognize that each municipality has unique requirements. MPAC is interested in meeting your individual needs and we encourage you to work with our Municipal Relations staff to discuss your requirements.

While property valuation and analysis are integral components of the current value assessment system, they comprise only a small portion of the overall assessment process.

Each of MPAC's products and services are supported by year-round data collection efforts from a variety of sources: sales transactions from Land Registry Offices, building permits, Requests for Reconsideration (RfR) reviews, assessment appeal reviews and on-site property inspections.



Municipal Property Assessment Corporation

Regardless of the tools and methodology used to calculate assessed values, up-to-date property data is key to determining accurate assessments. MPAC's property database contains over two billion pieces of data, making it one of the most detailed databases in the world.

To maintain confidence in our data integrity, we have enhanced our ongoing property inspection program and set a target to inspect over 300,000 additional properties across the province this summer. This is in addition to the properties that will be inspected as part of our routine inspection program for 2004.

Supplementary Assessments

As mentioned above, we have stepped up our property inspection program to ensure that a greater number of building permit investigations are completed earlier in the year.

A province-wide assessment update will not be completed in 2004 as a result of the changes announced in the Provincial Budget. However, approximately one million Property Assessment Notices will be mailed this year. These Notices will reflect 2004 in-year changes resulting from our ongoing inspection program, RfR and assessment appeal reviews, Tenant Information Program, and discussions with property owners and municipal staff.

Severances and Consolidations

MPAC has entered into an agreement with Teranet Enterprises Inc. and the Provincial Government to digitally map the province. The project is more than 85% complete and we anticipate that it will be finished, on schedule, by the end of 2004.

As part of this agreement, MPAC is required to follow a contractual schedule throughout the digital mapping build period. This has resulted in service delays for municipalities and inconveniences for taxpayers. We regret this situation and assure you that the service delays will be resolved once the build is complete. In the meantime, our Land Parcel Unit staff are monitoring and reviewing their business procedures to further improve severance and consolidation turnaround times.

Property Transfers

MPAC's Central Processing Facility (CPF) is currently keying sales transactions received in late-May and early June 2004. During 2003, staff at the CPF processed 447,000 property transfers and 179,000 have been processed in 2004. Our production has improved dramatically during the past year, however, we continue to experience problems with incomplete or inaccurate data on registered land title documents, particularly when a potential severance or consolidation is involved. Quite often, title searches are required to resolve issues, resulting in delays and additional expenses.



Municipal Property Assessment Corporation

To resolve these issues, MPAC is working closely with the Ministry of Finance, the Ministry of Consumer and Business Services (MCBS) and Teranet to obtain land title information in an electronic format. Teranet administers the Land Registration system, POLARIS, which is an electronic database used by MCBS.

This initiative, together with the improvements already in place, will significantly improve the timeliness and accuracy of ownership changes.

Ontario Property Assessment System Database

Since 2000, MPAC has been working on ways to improve its assessment computer system and migrate off the Ontario Government's mainframe network. In 2002, we embarked on a major information technology initiative – the Integrated Property System (IPS) project.

Currently in development, IPS will replace MPAC's Ontario Property Assessment System (OASYS) which was originally developed in the early 1980s. IPS will bring data collection, valuation and product generation together, better enabling us to meet our legislative requirements.

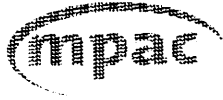
To ensure the project is on track, MPAC's Board of Directors asked for a third party review of the project. At the completion of the review, the Board received a report which confirmed that the IPS design and application development footing is solid. The Report indicates IPS is a sound investment that will deliver the required functionality and efficiencies envisaged in the initial project scope.

The report also included a number of recommendations to ensure the successful roll out of IPS, all of which have been endorsed by the Board of Directors. We are confident that these recommendations, together with the progress we have made to date, will place MPAC in a stronger position to successfully deliver the project.

The shift from OASYS to IPS is a major undertaking and our priority is to do it right, with no disruption in service to our customers. Over the coming months, we will provide you with more detailed information to ensure a smooth transition.

Municipal Enumeration

Prior to 1990, MPAC had regular access to births and deaths information directly from Municipal Clerks. Due to an interpretation of the provincial privacy legislation, this information is no longer available to MPAC. As a result, the quality of the municipal voters' lists and the Ontario Population Report have been impacted.



Municipal Property Assessment Corporation

MPAC has been actively pursuing access to the vital statistics data and suggesting that the Preliminary List of Electors delivery date be moved closer to election day. Municipalities have been supportive of these recommendations, and we anticipate discussions with the Province and municipal stakeholders will lead to a favourable business solution.

Staffing

MPAC has more than 1,400 permanent staff located in 36 offices across Ontario. Throughout the year, additional staff are hired on a temporary basis to meet workload demands and serve customers during Property Assessment Notice mail outs.

Our local office staff continue to play a key role in providing professional and personal service to property owners who visit the office or are redirected by our Customer Contact Centre. They are also available to assist property owners, either by visiting their property or by attending taxpayer information sessions and municipal meetings.

MPAC's organizational structure is dynamic, allowing flexibility to meet the evolving needs of municipalities and taxpayers across the province. We believe our staff offer a wealth of experience, knowledge and expertise. More importantly, they are committed to offering the highest standards of accountability, quality assessment products and exceptional customer service.

Closing Comments

MPAC has made a number of commitments to municipalities and taxpayers in the past. We have worked hard to meet your expectations and will continue working to meet and exceed them in the future.