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SASKATCHEWAN ASSESSMENT
MANAGEMENT AGENCY

Four-Year Funding Plan 2022-25



Funding Plan for 2022-25

Statement from the Board

We are pleased to present the Saskatchewan Assessment Management Agency's proposed Funding Plan for 2022-25. The plan has been established in consultation with our funding partners. During the next four years the agency will continue to serve the people of Saskatchewan with accurate, timely, reliable, cost effective and continually improving assessment services. SAMA's core services will be provided as follows

- Conducting accurate and timely property maintenance at the demand of municipalities
- Conducting adequate property reinspection reviews to keep the Province on schedule for a complete reinspection cycle of 12 years
- Providing professional and effective support of value services for all client municipalities
- Continually reviewing all property transactions, staying abreast of trends and changes in property valuations and tracking all trends to deliver a high-quality provincial revaluation for 2025
- Providing updates and timely information to all stakeholders while keeping lines of communication open on a continual basis

SAMA has gained momentum over the last few years and the agency plans to continue conducting a minimum of 110,000 property reviews per annum (combined property maintenance and reinspection services). By doing so, every property assessment in each of SAMA's client municipalities will be reviewed within 12 years (with the first 12-year cycle scheduled for completion in 2029). The output gains were achieved through process changes and investments in technology, and the agency will continue to seek new opportunities to utilize technology and streamline policies and procedures.

Supporting property values has become an area of greater attention to SAMA. Increasing levels of complexity and scrutiny during the appeal process, combined with a correlation between the highest assessed properties and likelihood of appeal, has put more assessment value and tax revenue at risk to municipalities and the education sector. SAMA will continue to support values for an estimated 12,000 appeals during the next four years to maintain the fairness and integrity of assessments at local boards of revision, the Saskatchewan Municipal Board and the Saskatchewan Court of Appeal.

Although the 2021 revaluation has recently been rolled out, work has already begun on the 2025 revaluation. In addition to the regular duties involved in preparing a revaluation, the next four years will involve three major projects to keep the assessment system robust: an agricultural land productivity review project being done in conjunction with the University of Saskatchewan, a transmission pipeline assessment model review and an oil and gas assessment model review that will make sure Saskatchewan policies are not only accurate but also competitive with other jurisdictions.

We accept responsibility for furthering our stakeholder's interests while ensuring the agency is managed with integrity and dedication in pursuit of our mission to develop, regulate and deliver a stable, cost-effective assessment system that is accurate, up-to-date, universal, equitable and understandable.

*SAMA Board of Directors
June 2021*

Meeting Stakeholder Needs

Fiscal responsibility and balanced budgets are essential to the government's commitment to a plan of balanced growth and recovery from the COVID-19 pandemic. For the agency this means that its spending is affordable for the agency's funding parties and sustainable over the long term while still fulfilling core responsibilities. The agency pursues this plan by focusing on four key strategic directions:

- Delivering core assessment services while simplifying, streamlining and maintaining processes to improve efficiency and effectiveness
- Using policy, process, research and technological improvements to deliver on the promise of increased property inspection output and quality
- Strengthening the capabilities of all employees through policy and investment
- Maintaining and enhancing a stakeholder-supported funding model

The agency has received positive feedback after increasing property inspections over the past four years from its funding partners. The spending priorities and organizational objectives established in this plan will continue enabling the agency to reinspect all properties on a continuous and regular basis on a twelve-year cycle. In addition to reviewing 110,000 properties, SAMA will be ensuring all reviews are of a high quality and made available to stakeholders on a timely basis.

The focus for 2022-25 will be on continuing to meet all of our governance responsibilities, continuing to deliver high-quality assessment valuation services to our clients on time, conducting analysis and delivering 2025 revaluation data in advance of deadlines and supporting values throughout the appeal process.

The agency will continue to seek and take advantage of opportunities for ongoing business process improvements by reviewing all major procedures during 2022-25. Although the next four years does not include any large capital projects for technological improvement, the agency will be working on maximizing current technologies that can lead to efficiency gains. Specifically, SAMA plans to automate the flow of reports between client municipalities and SAMA as well as further utilize imagery and Geographic Information System (GIS) mapping.

By making sure current assessments are accurate, by capturing growth via property maintenance and by capturing missed value via property reinspection SAMA delivers a stable and reliable product. By utilizing technology and continually improving processes, SAMA remains cost-effective.

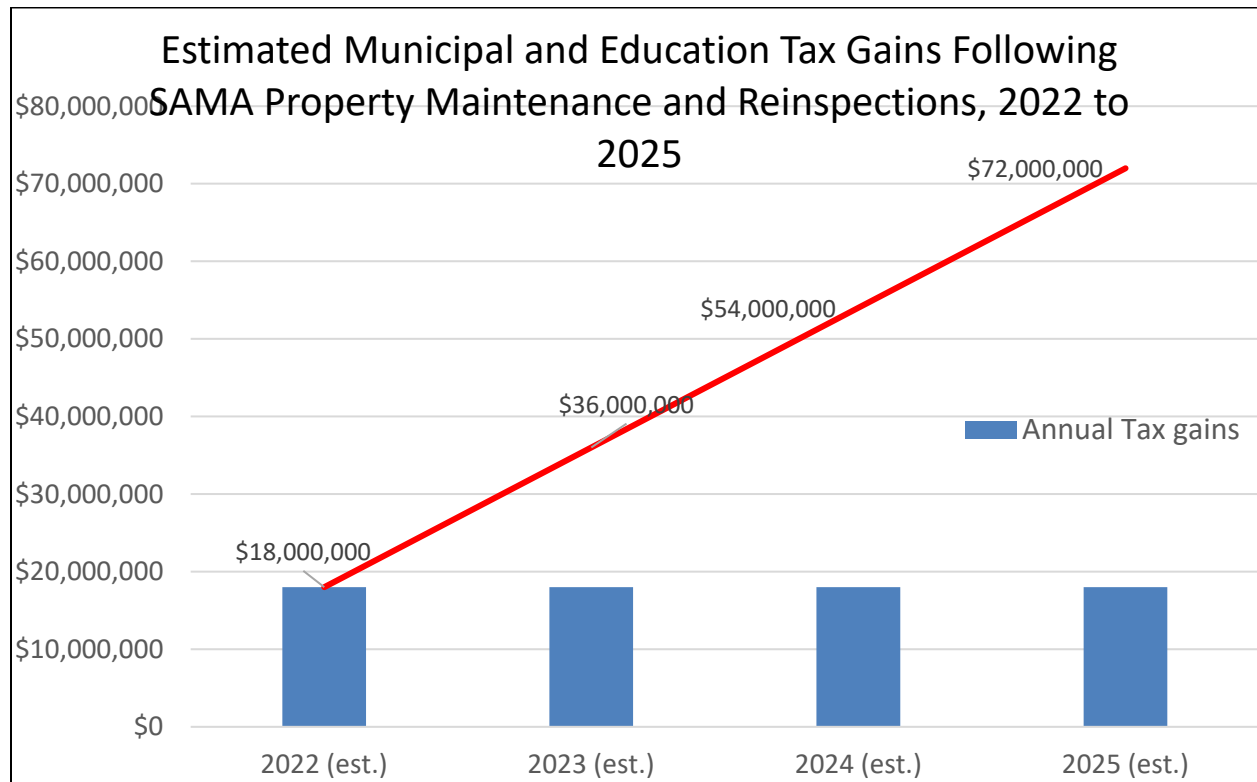
2022-25 Fiscal Plan and Benefits

SAMA's plan is in-step with the Province of Saskatchewan's plan and is designed to be in unison with the economy of Saskatchewan.

The cumulative potential benefit in property tax revenues generated from maintenance and reinspection activity over the next four years is estimated to be \$180 million (\$18 million added per year, with each year adding taxes that are also available in every subsequent year). This is nearly nine times the cost of funding SAMA's valuation services.

Although 2019 and 2020 were years of low growth, the property assessment base is estimated to keep growing along with the Saskatchewan economy as the world returns to regular activity following COVID-19.

Graph 1 - Estimated Tax Revenues Generated Over 4 Years of Property Maintenance

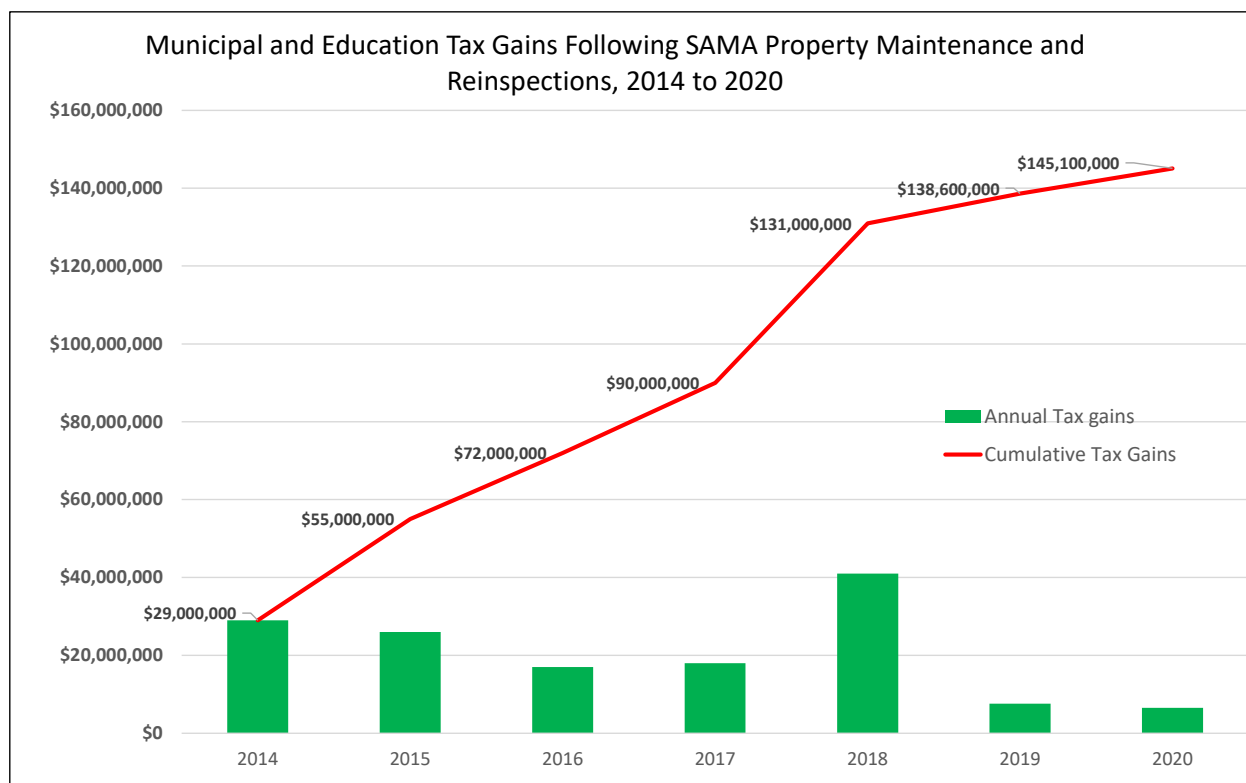


*uses average annual gain 2017-2020 as annual estimate for 2022-2025

Years ago SAMA estimated that 2.2% of the property assessment base was not currently being assessed. Lost annual property tax revenues to local governments and the education sector were estimated to be at least \$30 million annually. These estimates actually proved to be low and, by the end of 2020, new assessments captured by property maintenance and reinspections over the past eight years had generated close to \$150,000,000 in annually recurring taxes.

SAMA's commitment to property reinspections was estimated to provide an additional \$183 million for education and municipalities over the twelve-year period and SAMA believes that this number will be surpassed by the year 2030 and the completion of a full provincial reinspection.

Graph 2 - Compounding Benefit of Property Maintenance and Reinspections



The agency is committed to controlling costs during the years of economic recovery from COVID-19, while also being prepared for the potential of Saskatchewan returning to larger levels of economic growth than occurred during 2018-21. Following the Provincial government’s economic outlook, SAMA plans to hold the line with a workforce of 163.25 full-time equivalents (FTEs) and limit total cost increases to 1.5% annually. SAMA has no plans for new capital projects that would require increased revenues and will conduct collective bargaining within the constraints of this plan (the current collective bargaining agreement for SAMA’s in-scope staff expires at the end of 2021). In order to deliver value for stakeholders, SAMA must continue to attract, train and retain a skilled workforce.

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Salary and benefits increase (estimated)	1.50%	1.50%	1.50%	1.50%
Full-time equivalent (FTE) staffing	163.25	163.25	163.25	163.25

*current collective bargaining agreement expires at end of 2021

Operational funding will be allocated to the funding parties in proportion to benefits – 100% of governance to the Province, and 35% of assessment valuation services to the Province and 65% to client municipalities based on property tax levies for education and municipalities.

The total cost to the Province and client municipalities of the agency’s services for the 2022-25 four-year period will be \$89.5 million – \$29.8 million for governance and \$56.7 million for assessment valuation services.

Activities to be Undertaken

Mission, Strategies and Actions

Mission Statement

The Saskatchewan Assessment Management Agency develops, regulates and delivers a stable, cost-effective assessment system that is accurate, up-to-date, universal, equitable and understandable.

Strategy

Deliver core assessment services while simplifying and streamlining policies and procedures to improve efficiency and effectiveness

Key Actions and Performance Measures

- Provide annual maintenance and reinspection reviews of at least 110,000 properties per year (between 30,000 and 40,000 residential, commercial, agricultural and industrial maintenance property reviews and between 70,000 and 80,000 reinspection review properties per year).
 - Deliver assessment maintenance data to municipalities by the specified date to 85% of municipalities and to 95% of municipalities within three weeks of the specified date.
 - Update approximately 95,000 oil and gas well assessments annually via standardization in addition to the overall 110,000 property inspections target.

- Continue towards a 12-year reinspection cycle, targeting municipalities that are furthest out-of-date and adding assessment / tax revenue sources to municipalities and the education sector. At the end of 2025 SAMA will have completed eight years of the twelve-year cycle.

- Provide support of value services to client municipalities for an estimated 12,000 appeals during 2022-25.
 - Maintain current support of value service levels including professional management of property assessment appeals, one-on-one assessment reviews with property owners, and attending to appeals filed with local boards of revision, the Saskatchewan Municipal Board and the Saskatchewan Court of Appeal.
 - Increase support of value resources as required annually for expected increases in appeals associated with the increased level of property reinspections.
 - Focus on support of value training for employees and more specialized training for key staff in dealing with high risk or complex appeals.
 - Procure third-party legal counsel when required for appeals and add an internal legal resource if fiscally and strategically advantageous.

- Provide client municipalities, the provincial government, stakeholders and property owners with reliable and timely access to property assessment records, confirmed municipal assessment totals and information on property value trends in Saskatchewan.
- Through informational materials, training workshops and other initiatives, continue to work with client municipalities, stakeholders and property owners to educate and raise awareness of the property assessment system, and assessment policies and practices. SAMA's goal is to keep municipal client satisfaction surveys above 90% positive.
- Confirm municipal assessment rolls that are accurate and have been completed in 100% accordance with the municipal acts.
- Utilize a structured business process improvement process to review all major SAMA functions at least once during 2022-25 and make changes to work processes when appropriate.

Strategy

Use research and technology to improve services for stakeholders

Key Actions and Performance Measurements

- Revalue approximately 869,000 properties in 757 client municipalities for the 2025 Revaluation.
 - Maintain current continuous sales verification service levels.
 - Update all assessment models, rates and costs for the January 1, 2023 base date and implement them in SAMA's CAMA system.
 - In 2023 complete the market analysis of all properties.
 - Complete income approach analysis of entire inventory of income approach properties by April 1, 2024.
 - In Q2 2024 provide preliminary values to the Province and client municipalities.
 - In Q1 2025 finalize and provide assessed values to client municipalities.
- Conduct a full provincial agricultural productivity review, a full transmission pipeline assessment model review and a full provincial oil and gas assessment policy review with development complete by February 2023 and implementation of the new models in time for the 2025 revaluation.
- Author and release the *2023 Base Year Manual*, the *2023 SAMA Cost Guide* and *Market Value Assessment in Saskatchewan Handbook*.
- Operate and maintain the Govern.net system, the computer assisted mass appraisal system used to derive and store property assessments.
- Enact enhanced cybersecurity features to protect system integrity and performance.
- Explore new opportunities and implement GIS mapping enhancements.
- Further enhance the current web portal and enterprise service bus to improve the flow of data and the reporting function between SAMA and client municipalities.
- Coordinate the consistent application of assessment valuation methodologies by appraisers.

- Maintain or upgrade the current fleet of remote data collection devices (handheld computers) that appraisers use in the field.
- In addition to traditional methods, leverage digital tools to have reliable, frequent, and convenient communication with stakeholders as well as amongst staff.
- Develop and maintain computer-assisted technologies that optimize the Agency's business operations. SAMA plans to further leverage its portal with clients to increase the ease of receiving and distributing reports. SAMA also plans to use GIS mapping to increase the accuracy and efficiency of agricultural assessments.
- Conduct a software application upgrade for a more efficient and effective assessment reporting process.
- Facilitate meetings for the rural, urban, city, city assessor and commercial advisory committees and make necessary policy changes in response to issues raised by committees.

Strategy

Strengthen the capabilities of all employees

Key Actions and Performance Measurements

- Ensure leadership, relationship, learning, and workforce systems are aligned to deliver quality services effectively.
- Invest just under 2% of annual budget into staff training and development.
- Allot 50 hours annually per employee for training and development.
- Provide an environment that allows every employee the opportunity to succeed.
- Train, coach, and mentor each SAMA appraiser. Train appraisal staff to have expertise on all three approaches to value (cost, sales and income).
- Maintain a voluntary turnover rate of 5% or less.
- Employ an appraisal workforce of which 70% are licensed and accredited and encourage all appraisers to pursue a senior professional designation.
- Conduct exit interviews with all staff leaving SAMA and maintain a succession plan that includes all key positions and encourages internal succession whenever possible.
- Complete a comprehensive review of SAMA enterprise architecture and transition the agency to Information Technology Infrastructure Library (ITIL) v4 as SAMA's IT delivery framework.
- Implement software to streamline the delivery of human resources services and data for staff.

Strategy

Maintain and enhance SAMA's stakeholder supported funding model

Key Actions and Performance Measurements

- Enhance the current funding model and ensure that funding shares are up-to-date and match actual costs and benefits received by adjusting fees for service and matching component charges per property to SAMA costs. SAMA will begin charging for properties that are currently not part of the requisition formula (such as empty residential lots) and will charge more for commercial and industrial properties. By doing this, SAMA will be able to minimize any across-the-board increases to all property types.
- The agency's review of costs showed that the current commercial and industrial charges are too low to accurately reflect the staff effort required to service these property types.
- Managing SAMA's costs to align with the Province and economic conditions of stakeholders while also tracking inflation.
- Optimizing revenues for SAMAVIEW and assessment data licensed to other parties.
- Tracking and communicating assessment valuations and the return on investment to stakeholders for SAMA's funding.
- Monitoring costs of other assessment jurisdictions in Canada and ensuring SAMA is at or near the top in terms of value provided relative to its cost of service.
- Offering additional services (at cost) to municipalities beyond the base provided in the municipal requisition.
- Building relationships and providing assessment services to First Nations upon request.
- Effectively deliver assessment services and support of value to be a leader in Canadian jurisdictions and provide stable, high quality assessments as evidenced by limited losses from appeals to less than 1% of provincial taxable assessment.
- Conduct competitive public tenders for all major purchases.

Financial Projections

Resources Required

2022-2025 Financial Projection (in thousands of dollars)

Revenue Estimates (\$000s)

	<u>2021</u>	<u>2022</u>	<u>% change</u>	<u>2023</u>	<u>% change</u>	<u>2024</u>	<u>% change</u>	<u>2025</u>	<u>% change</u>
Provincial Grant	11,388	11,559	1.5%	11,732	1.5%	11,908	1.5%	12,087	1.5%
Municipal Base	8,670	8,756	1.0%	8,887	1.5%	9,021	1.5%	9,156	1.5%
Municipal Service Fee	400	450	12.5%	450	0.0%	450	0.0%	450	0.0%
Moose Jaw Contract	632	650	2.8%	668	2.8%	687	2.8%	707	2.9%
Other Revenue	445	465	4.5%	470	1.1%	475	1.1%	480	1.1%
<i>Total:</i>	<u>\$ 21,535</u>	<u>\$ 21,880</u>	<u>1.6%</u>	<u>\$ 22,208</u>	<u>1.5%</u>	<u>\$ 22,541</u>	<u>1.5%</u>	<u>\$ 22,880</u>	<u>1.5%</u>

How Resources will be Used

The agency will hold operational expenditure increases at or under 1.5% annually in each of the next four years.

- The number of permanent positions is budgeted to remain constant at 163.25 from 2022 to 2025 (SAMA may elect to add a new position for legal counsel services that would be funded by re-allocating to salaries from existing funding provided for professional services).
- Employee salaries and benefits are estimated to increase by 1.5% annually. Estimates include earned annual increments, benefits costs, reclassifications and negotiated collective bargaining adjustments. SAMA will negotiate a new collective bargaining agreement with in-scope staff for the 2022-25 that not only meets the goal of attracting and retaining qualified staff but is also cost effective for stakeholders.
- Increases in other expenses are also estimated to increase by 1.5% per year during the four-year plan.
- Governance costs (assessment research and policy development, maintaining a central database, providing assessment information to the Province and assuring the quality of assessments) are budgeted to total \$6.6 million in 2022.
- Assessment valuation services costs (annual maintenance, revaluation, property reinspection and support of value programs) total an estimated \$14.2 million in 2022 – \$9.2 million for municipalities and \$5.0 million for the education sector.

Funding Request

Share of Funding

Operational funding will be allocated to the funding parties in proportion to benefits.

- 100% of governance (assessment research and policy development, maintaining a central database, providing assessment information to the Province and assuring the quality of assessments) to the Province.
- 35% of assessment valuation services to the Province and 65% to client municipalities – 2020 tax levies for education and municipalities were also split 35/65.

Provincial and Municipal Funding (in thousands of dollars)

<i>Provincial Funding</i>	<u>2022</u>	<u>Funding Share</u>	<u>2023</u>	<u>Funding Share</u>	<u>2024</u>	<u>Funding Share</u>	<u>2025</u>	<u>Funding Share</u>
Governance	6,602	100%	6,705	100%	6,809	100%	6,915	100%
Valuation Services	<u>4,957</u>	35%	<u>5,028</u>	35%	<u>5,100</u>	35%	<u>5,172</u>	35%
<i>Total:</i>	11,559		11,732		11,908		12,087	
<i>Municipal Funding</i>								
Valuation Services	9,206	65%	9,337	65%	9,471	65%	9,606	65%