

# 2023 Business and Financial Plan

*Trusted Service for  
Saskatchewan*



## **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.

The Saskatchewan Assessment Management Agency is responsible for Saskatchewan's property assessment base with a value of over \$265 billion. This property assessment base is the foundation for fairly distributing just under \$2.3 billion of property taxes levied annually by municipalities and the Province to Saskatchewan property owners.

The agency has a two-fold responsibility to the Province and municipalities. Its governance responsibilities for the property assessment system include property assessment research and policy development, maintaining a central database of property assessments, providing assessment information to the Province and assuring the quality of assessments. In addition, the agency provides assessment valuation services to 755 client municipalities and to the Province for the education sector.

The agency maintains the assessment valuations for client municipalities on over 871,000 properties. Assessment valuation services include annual maintenance reviews, periodic property reinspections, complete revaluations every four years and support of value services.

### **Overview**

The agency's budget for 2023 is being established in accordance with SAMA's 2022-25 4-Year Plan, while adapting for current economic conditions. Fiscal responsibility is essential to the Government's commitment to a plan of balanced growth and effective use of resources and SAMA's intent is to move in-step with the Province. This means that the agency's spending needs to be affordable for the funding parties (municipalities and the Province) and sustainable over the long term. Additionally, SAMA must have the capacity to conduct enough property reviews to maintain the integrity and reliability of the assessment system, be able to support values on behalf of clients throughout the appeals process and provide an effective property assessment governance function for the entire province. Due to inflationary pressures and rising costs of doing business, SAMA is bringing forward a budget with a planned revenue increase of 3.5% from stakeholders for 2023.

The Agency's 4-Year plan for 2022 to 2025 had called for 1.5% increases annually, based on the Bank of Canada's targeted inflation rate of 2% and economic uncertainty as a result of the COVID-19 pandemic. SAMA's 2023 budget will ensure stability for stakeholders who rely on SAMA's services and will require continued effective management of SAMA's resources due to most measures of inflation currently being significantly higher than the 3.5% funding increase SAMA has requested from stakeholders.

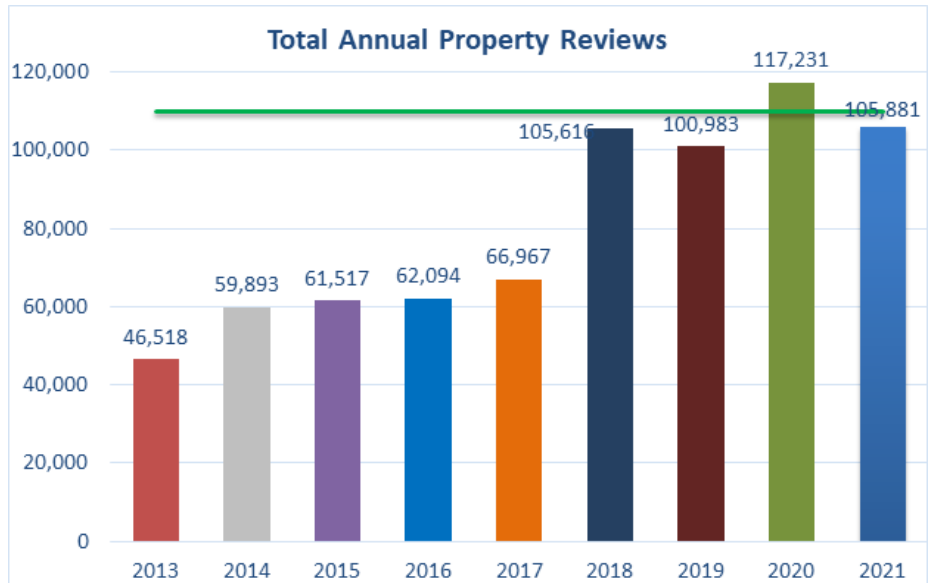
In summary, the operational priorities in 2023 will be:

- to conduct 110,000 property reviews (combined property maintenance and reinspection reviews). The reviews provide new tax revenues to municipalities and the education sector, as well as providing fairness within the overall property taxation system.
- to represent SAMA's clients in approximately 2,000 property appeals throughout the support of value process at the Board of Revision, Saskatchewan Municipal Board and Saskatchewan Court of Appeal levels. SAMA aims to keep assessment changes due to appeals to under 1% of total taxable assessment, therefore providing a fair and reliable basis for property taxation.
- to continue research / analysis towards the 2025 revaluation and fulfill the governance function. SAMA will continue to provide quality assurance service for the entirety of Saskatchewan, work to update assessment policy to ensure Saskatchewan continues to use the most current and efficient methods of property assessment available and keep lines of communication open with the Province, municipalities, ratepayers and the public at large.
- to maintain SAMA's current Full-Time Equivalent (FTE) staff of 163.25

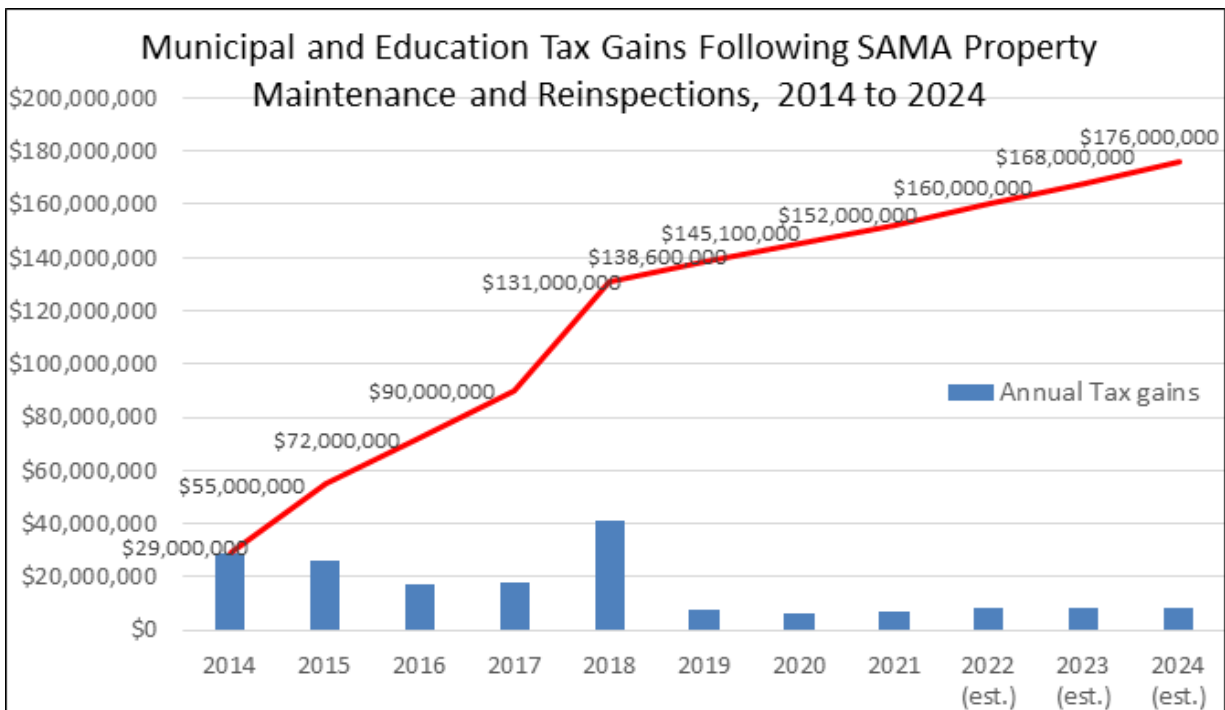
# Agency Performance and Outcomes

Since 2018, SAMA has been on track to fulfill an objective set out several years earlier via an investment in technology, business process improvement and policy / procedure simplification.

SAMA set an ambitious goal of completing a provincial reinspection by 2029 and 420,000 property reviews during the 2018-21 revaluation cycle. The Agency successfully completed over 429,000 reviews during the cycle— a number that would not have been possible years earlier when reinspection numbers had occasionally been almost nil during some years:



Through both property maintenance and the enhanced reinspection program, municipalities, the education sector, and libraries all benefit from an increased tax base that generates new tax revenues. SAMA began tracking this in 2014 and estimates that in addition to enhanced fairness and system integrity, over **\$10B in taxable assessment and \$152M in annually recurring property tax revenues** have been captured by SAMA’s work during those years and is projected to continue as shown below provided SAMA can maintain the targeted number of property inspections:



# Activities to be Undertaken

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## 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.

### Agency Strategy

SAMA plans its objectives and actions based upon four key perspectives: customer/stakeholder, business process, people/learning and financial.

### Customer / Stakeholder Perspective Key Actions and Performance Measures:

- Provide annual maintenance and reinspection reviews of at least 110,000 properties per year (stay on target for 440,000 reviews for the 2022-25 period)
  - 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 (stay on target for a full provincial reinspection by the end of 2029).
  
- Provide support of value services to client municipalities for an estimated 2,000 appeals (stay on target for 12,000 appeals in the 2022-25 period) with appropriate levels of legal support as required.
  - Provide trusted professional management of property assessment appeals, one-on-one assessment reviews with property owners, and attendance to appeals filed with local boards of revision, the Saskatchewan Municipal Board and the Saskatchewan Court of Appeal.
  
- Maintain positive relationships with client municipalities, the Ministry of Government Relations, SARM, SUMA, RMAA, UMAAS, stakeholders, industry/business organizations and property owners. SAMA will provide all parties with reliable and timely access to property assessment

records, confirmed municipal assessment totals, information on property value trends in Saskatchewan and will provide further information and or training upon request.

- Continue to stay on target for 2025 delivery of a review of the pipeline assessment model and a new solar farm mass appraisal model.
- Confirm municipal assessment rolls that are accurate and have been completed in 100% accordance with the municipal acts.
- Receive approval and refine both *SAMA's 2023 Cost Guide* and the *2023 Saskatchewan Assessment Manual* (both for use in the 2025 Revaluation).
- Building relationships and providing assessment services / consultation to First Nations communities upon request.

### **Business Process Key Actions and Performance Measurements:**

- Continue to look for opportunities to convert paper-based processes to electronic processes.
- Implement changes that arise from SAMA's 2022 enterprise architecture project and develop an enterprise data model to maximize the agency's efficiency in the use of technology.
- 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.
- Refresh the current fleet of remote data collection devices (handheld computers) that appraisers use in the field.
- Review the remote work program to ensure alignment with agency goals and objectives.
- Develop and maintain computer-assisted technologies that optimize the Agency's business operations. SAMA will further leverage GIS mapping to increase the accuracy and efficiency of agricultural assessments.
- Review SAMA's leased office space and the format, frequency and cost of all internal and external agency meetings.

### **People and Learning Actions and Performance Measurements:**

- Maintain an organizational culture that supports a voluntary turnover rate that is under 5% for 2023.
- Invest approximately 2% of annual budget into staff training and development.
- Continue to be an industry leader in terms of percent of employees professionally designated by the International Association of Assessing Officers (IAAO).

- Continue to train, coach, and mentor each SAMA appraiser and ensure all appraisal staff have functional expertise on all three approaches to value (cost, sales and income).
- Maintain a positive relationship between SAMA management and staff, while continually reviewing employee engagement levels.

Implement the necessary staffing actions to ensure key positions are staffed appropriately currently and in future.

### **Financial 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 further revise the requisition formula by shifting costs to property types which have been identified as not representing an appropriate portion of the current model (commercial and industrial properties).
- Continue to effectively manage the Agency's financial resources in accordance with plans approved by stakeholders and receive positive assurance reports following external financial audits.
- Managing SAMA's costs to align with the Province and economic conditions of stakeholders while also tracking inflation and responding to any economic disruption.
- Optimizing revenues for SAMAView and assessment data licensed to other parties.
- Continue to track and communicate to stakeholders the increases in taxable assessment and tax revenues due to SAMA property reviews.
- Monitor costs of other assessment jurisdictions via the Canadian Property Assessment Network (CPAN) and ensure SAMA is at or near the top in terms of value provided relative to its cost of service.
- Conduct competitive public tenders for all major purchases.

# FINANCIAL ESTIMATES - 2023 Budget (in thousands)

## SAMA 2023 Financial Projection (in thousands of dollars)

	Approved 2022 Budget	Adjusted 2022 Budget	3.50% 2023 Budget	Adjusted Budget \$ Var	Budget % Var
<b><u>REVENUES</u></b>					
Provincial	\$ 11,559	\$ 11,388	\$ 11,787	\$ 399	3.50%
Municipal:					
Base and technology fee	8,730	8,805	9,113	308	3.50%
Service fees	476	430	450	20	4.65%
Moose Jaw contract	610	643	662	19	2.95%
Other revenue	<u>465</u>	<u>465</u>	<u>450</u>	<u>(15)</u>	<u>(3.23%)</u>
	<u>\$ 21,840</u>	<u>\$ 21,731</u>	<u>\$ 22,462</u>	<u>\$ 731</u>	<u>3.36%</u>
<b><u>EXPENDITURES</u></b>					
Salaries and benefits	\$ 15,967	\$ 15,967	\$ 16,462	\$ 495	3.10%
Other expenses	<u>6,159</u>	<u>6,159</u>	<u>6,276</u>	<u>117</u>	<u>1.90%</u>
	<u>\$ 22,126</u>	<u>\$ 22,126</u>	<u>\$ 22,738</u>	<u>\$ 612</u>	<u>2.77%</u>
Transfer from (to) reserves	<u>\$ 286</u>	<u>\$ 395</u>	<u>\$ 276</u>	<u>(119)</u>	<u>(30.06%)</u>
Surplus (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>0.00%</u>



# 2023 Funding Request

Province of Saskatchewan: \$11.787 million.

Municipal clients of SAMA: \$9.563 million.

Due to changing economic conditions, SAMA is increasing its funding request from the 2022-25 4-year plan that was submitted in spring 2021. That plan initially called for municipal funding in 2023 of \$9,337,000 and this budget calls for \$9,563,175 (approximately two percent more). The plan also called for provincial funding in 2023 of \$11,732,000 and this budget calls for \$11,786,580 (approximately half-a-percent more).

## How Resources Will Be Used

Operational expenditures have a budgeted increase of 2.02% in 2023 (over the 2022 revised budget).

- The number of permanent positions will remain the same from 2022 (163.25) and the allocation of positions between assessment services, governance and support services will be as follows:

<b>SAMA PERMANENT STAFF POSITIONS (BUDGETED)</b>		
	<b>2022 Staff</b>	<b>2023 Staff</b>
<b>DIVISION</b>	<b>Positions</b>	<b>Positions</b>
Assessment Services	118.50	118.25
Administration	19.00	0.00
Information Services	0.00	14.00
Human Resources	0.00	4.00
Executive	2.00	3.00
Technical Standards & Policy	13.00	13.00
Quality Assurance	5.75	6.00
Finance	5.00	5.00
<b>Total</b>	<b>163.25</b>	<b>163.25</b>

- Employee salaries and benefits are estimated to increase 3.1%.
- Other expenses have a budgeted increase of 1.9%.
- 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 at \$6.638 million.

- Assessment valuation services costs (annual maintenance, revaluation, property reinspection and support of value programs) are budgeted at \$14.712 million – \$9.563 million for municipalities (65%) and \$5.149 million for the Province (education sector – 35%).

### **SAMA Municipal Requisition**

- In 2023 no increase to the per property fee for service is budgeted. The budgeted amount is less than the 2022 budget due to a small, anticipated drop in demand for property maintenance services from municipalities.
- The \$308,000 increase to the requisition base charges will be generated by increases to the per property charge portion of the formula. The increase will be weighted more heavily to property types where the portion of the requisition revenue is currently lower than the portion of SAMA costs for providing assessment services (commercial and industrial properties). Residential or agricultural rates will be increased to a lesser degree.

### **How Funding Will Be Shared**

- 100% of governance (assessment research and policy development, maintaining a central database, providing assessment information to the government and assuring the quality of assessments) to the Province.
- 35.0% of assessment valuation services to the Province and 65.0% to client municipalities. 2021 property tax levies for education/libraries and municipalities were split approximately 35%/65% respectively.

### **2023 Risks and Mitigation Strategy**

During 2020, changes to the basis of property assessment appeals and the associated procedures led to a large increase in external legal costs for SAMA. Legal expenditures grew from around \$200,000 in 2019 to nearly \$700,000 in 2021.

Due to the complexity of appeals, the large number of appeals being a question of law (heard at either the Saskatchewan Court of Appeal or Saskatchewan Court of Queen’s Bench) and an increasing number of appellants being represented by lawyers, SAMA is obligated to support municipal clients and the assessment system of Saskatchewan to the best of its ability which often means engaging legal counsel specializing in property assessment. During the years 2020 and 2021, SAMA offset over-budget legal fees via savings in other cost categories but may not be able to do so in 2023 and beyond.

As a professional service provider, nearly 80% of all SAMA’s costs can be attributed to salaries, benefits and staff training. The remaining costs are largely leased office space, technology costs such as computer system hosting and software charges, and travel charges. The majority of these costs are fixed, which leaves only salaries and benefits as an option for SAMA to decrease spending in the short term. In the case of a funding shortfall, SAMA’s plan will be to manage vacancies and decrease the number of property reviews to be conducted via the reinspection program.

## Appendix A

### 2023 BUDGET BY MAJOR CATEGORY (000's)

	<u>2023</u> <u>Budget</u>	<u>% of</u> <u>Budget</u>	<u>2022</u> <u>Budget (Adjusted)</u>	<u>% of</u> <u>Change</u>
<b><u>REVENUES</u></b>				
Provincial	\$11,787	52.5%	\$11,388	3.5%
SAMA municipal invoice	9,113	40.6%	8,805	3.5%
Municipal service fee	450	2.0%	430	4.7%
Moose Jaw contract	662	2.9%	643	3.0%
Other revenue	450	2.0%	465	-3.2%
<b>Total operating revenues</b>	<b><u>22,462</u></b>	<b><u>100%</u></b>	<b><u>21,731</u></b>	<b><u>3.4%</u></b>
<b><u>EXPENDITURES</u></b>				
<b><u>Salaries and benefits:</u></b>				
Salaries and benefits:	16,462	72.4%	15,967	3.1%
Technology, software and computer-related expenses	1,702	7.5%	1,665	2.2%
Office rent	1,303	5.7%	1,281	1.7%
Travel expenses	900	4.0%	920	-2.2%
Professional services	550	2.4%	400	37.5%
Capital expenditures	275	1.2%	347	-20.7%
Staff training and development	320	1.4%	315	1.6%
Land titles information	200	0.9%	200	0.0%
Data licensing and printing	155	0.7%	162	-4.3%
Board expenses	144	0.6%	138	4.3%
Telephone and communications	132	0.6%	121	9.1%
Aerial photography/geospatial imagery	60	0.3%	85	-29.4%
Postage	80	0.4%	73	9.6%
Office and other	455	2.0%	452	0.7%
<b>Total operating expenditures</b>	<b><u>22,738</u></b>	<b><u>100%</u></b>	<b><u>22,126</u></b>	<b><u>2.8%</u></b>
Surplus,(deficit)	-276		-395	
Managed expenses / reserve transfers	276		395	
Beg. surplus(deficit)	<u>0</u>		<u>0</u>	
<b>End. surplus,(deficit)</b>	<b><u>\$0</u></b>		<b><u>\$0</u></b>	<b><u>0.0%</u></b>
Number of permanent employees	<b><u>163.25</u></b>		<b><u>163.25</u></b>	<b><u>0.0%</u></b>

Saskatchewan Assessment Management Agency

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