

2025 Business and Financial Plan

Delivering the 2025 Revaluation



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May 2024

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Saskatchewan’s Vision and Growth Plan Goals

“.....to build a better quality of life for Saskatchewan people – to build strong communities and strong families – and grow a stronger Saskatchewan now, and for the next decade”.

SAMA Supports Saskatchewan’s Growth Plan

Through both property maintenance and the enhanced reinspection program, municipalities, schools and libraries all benefit from an increased tax base that generates new tax revenues. Over \$10B in taxable assessment and \$182M in annually recurring property tax revenues have been captured by SAMA’s work since 2014 and is projected to continue.

This helps build strong communities and grow a stronger Saskatchewan now and in the future.



EXECUTIVE SUMMARY

The Saskatchewan Assessment Management Agency is responsible for Saskatchewan's property assessment base with a value of over \$270 billion. This property assessment base is the foundation for fairly distributing just over \$2.63 billion of property taxes levied annually by municipalities and the Province. This funding makes up a large majority of revenue for municipalities and a significant portion of the funding for both primary and secondary education.

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 762 client municipalities and to the Province for the education sector.

The agency maintains the assessment valuations for client municipalities on over 867,000 properties. Assessment valuation services include annual maintenance reviews, periodic property reinspections, complete revaluations every four years and support of value services.

2025 BUDGET OVERVIEW

SAMA'S 2025 budget request is needed to continue providing a return to municipalities and the Education sector on the dollars invested in SAMA.

The agency's budget for 2025 is being established in accordance with SAMA's 2022-25 Four-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 pressure, SAMA is bringing forward a budget with a planned revenue increase of 3.73% for 2025. The increase is necessary to maintain SAMA's current workforce and output. SAMA's annual budget of \$24.3M continues to represent well under 1% of the tax revenues raised via property taxes in Saskatchewan (\$2.63B).

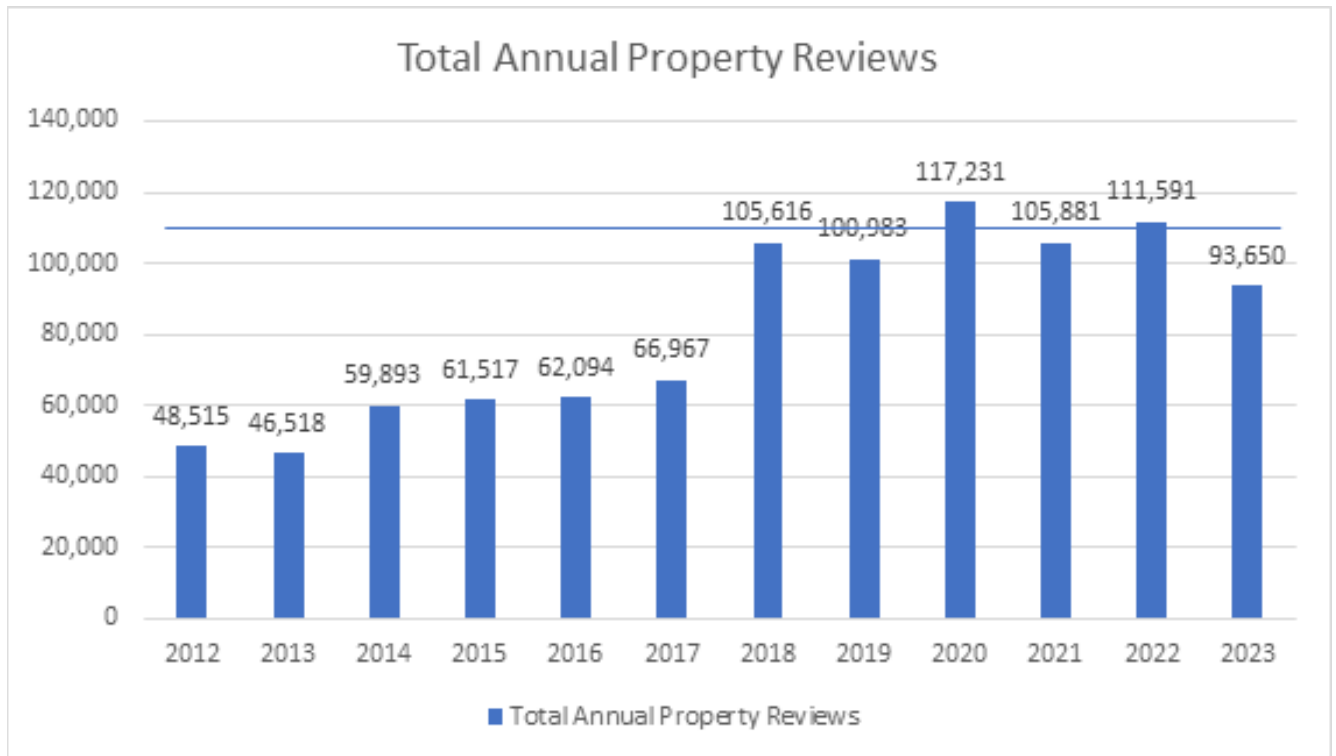
The Agency's Four-Year plan for 2022 to 2025 had called for 1.5% increases annually, based on the Bank of Canada's targeted inflation rate of 2% and economic uncertainty following the pandemic. Since establishment of the 4-year plan, inflation has accelerated worldwide and peaked at over 6% on an annual basis in Canada, and has retreated to 3-4% since then. The challenge of rapidly escalating costs of business has resulted in SAMA preparing a 2025 budget with revenue increase requests in excess of the originally planned 1.5%. This increase will be required to keep SAMA on track for a complete provincial property reinspection within 12-15 years and to provide the expected level of service to stakeholders without the need for SAMA to use its restricted reserves.

Operational priorities in 2025:

- to conduct **100,000 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 3,500 property appeals throughout the **support of value** process at the Board of Revision, Saskatchewan Municipal Board and Saskatchewan Court of Appeal levels.
- to **deliver the 2025 revaluation** and fulfill the governance function. SAMA will continue to provide provincial revaluation oversight 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, rate payers and the public at large.

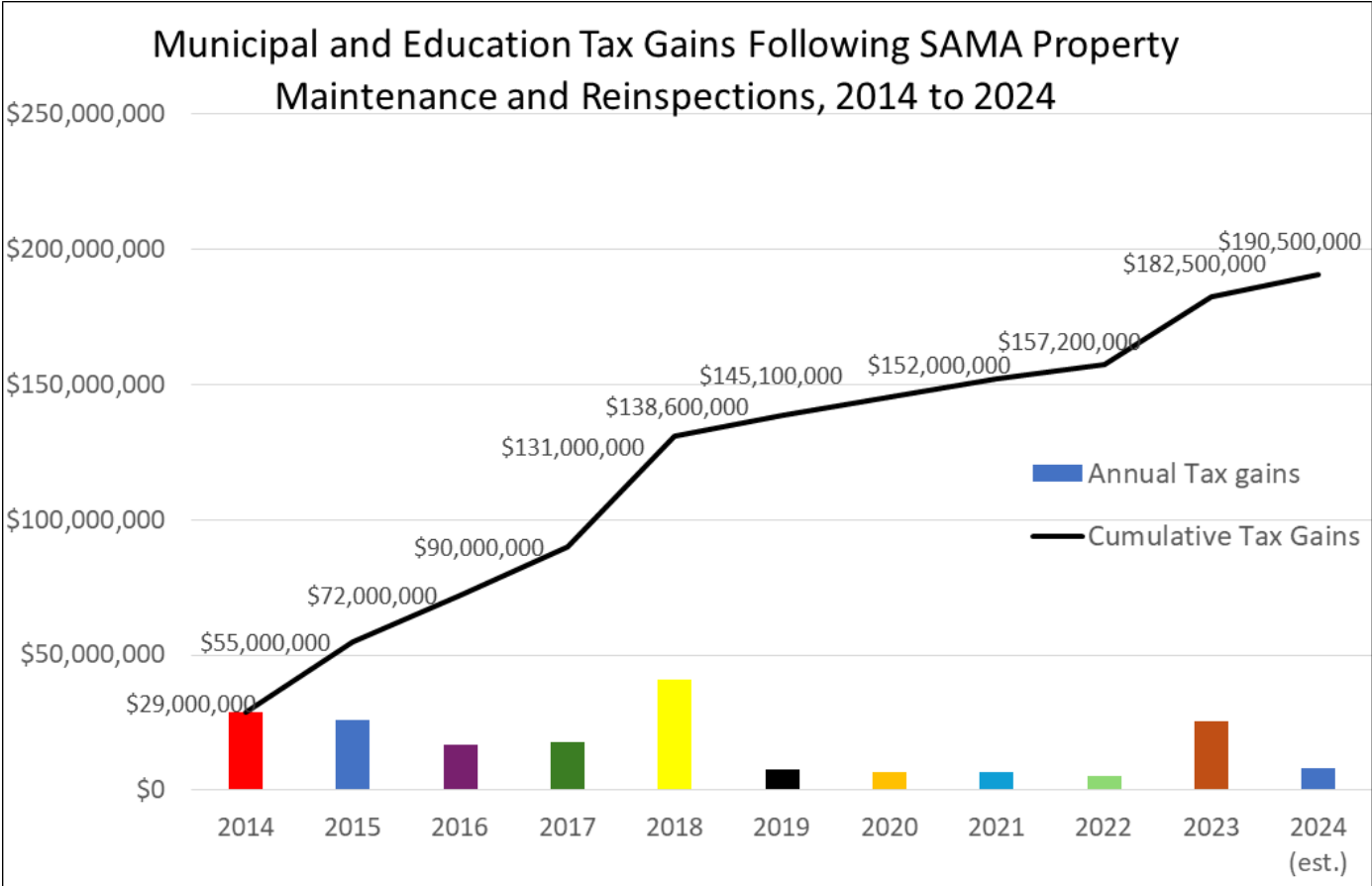
AGENCY PERFORMANCE AND OUTCOMES

Starting in 2018, SAMA has been on track to fulfill an objective of reinspecting all properties in Saskatchewan on an approximately 12-year reinspection cycle. A doubling of SAMA’s output has been accomplished via investment in technology, business process improvement and policy / procedure simplification:



SAMA’s goal of completing a provincial reinspection by the end of 2029 is now over 50% complete and, looking ahead, this review is on track to be completed in the early 2030s. The agency has completed over 634,000 property reviews in the previous 6 years (a mix of both property maintenance reviews and property reinspection reviews). These reviews provide a strong return on investment for both municipalities and the Province in terms of new taxable assessment but are also vital to maintaining public confidence in SAMA’s assessment system.

Through both property maintenance and the enhanced reinspection program, municipalities, schools 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 \$182M 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:



STRATEGIC ACTIVITIES

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 within its three main categories of products and services: services to client municipalities, mandated Provincial / governance services and other services.

CLIENT MUNICIPALITY SERVICES

- Conduct maintenance and reinspection reviews of at least 440,000 properties during the 2022 to 2025 period.
 - During 2025, the agency's plan is to conduct 100,000 property reviews and to provide the taxable assessment basis for approximately \$8.5M in new revenues for municipalities and schools, continuing the trend of taxable assessment growing faster than the costs of Saskatchewan's assessment system.
 - SAMA plans for 34,100 property maintenance reviews in 2025
 - SAMA plans for 65,994 property reinspection reviews in 2025. These reinspections represent the inspection of 43 urban municipalities and 19 rural municipalities and include 26,310 agricultural properties, 20,265 residential properties and 19,419 industrial properties.
 - 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 (date requested by the municipality).
 - Update approximately 95,000 oil and gas well assessments annually via standardization in addition to the overall 100,000 property inspections target and collect current data on all commercial and industrial properties in the province.

- Continue towards a 12 to 15-year provincial reinspection cycle, and targeting reinspection for municipalities that are furthest out-of-date. This adds assessment / tax revenue sources to municipalities and the education sector (stay on target for a full provincial reinspection by the end of 2032).

- Provide support of value services to client municipalities for an estimated 3,500 appeals in 2025 (11,000 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.
 - Provide quality assessed values that can be depended on by municipalities and the Province.
- Maintain positive relationships with client municipalities.

PROVINCIAL GOVERNANCE SERVICES

- Implement updated assessment models and rates for the 2025 revaluation, including the implementation of 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.
- Build relationships and providing assessment services / consultation to First Nations communities upon request.
- Maintain and 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.
- Maintain the current fleet of remote data collection devices (handheld computers) that appraisers use in the field.
- Respond to all Provincial requests for information in a timely and accurate manner.
- Prepare new assessment policy for any emerging issues.
- Develop and maintain computer-assisted technologies that optimize the Agency's business operations and stability of the assessment system. SAMA will further research new technologies such as GIS mapping (to increase the accuracy and efficiency of agricultural assessments).
- Maintain positive relationships with 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.
- Review and/or audit municipal assessment rolls as required.
- Review and/or audit SAMA's mass appraisal system.

OTHER SERVICES AND SUPPORT OBJECTIVES

- Maintain an organizational culture and compensation package that supports a voluntary turnover rate that is under 5% annually.
- Invest appropriately into staff training and development to maintain the current level of professionalism and expertise.
- Ensure all SAMA appraisers are maintaining or enhancing their skill sets and for SAMA to continue to strive to have employees professionally designated by the International Association of Assessing Officers (IAAO).
- Continue to enable every SAMA appraiser to 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 succession plans and training programs to ensure key positions are staffed appropriately currently and in future.
- Enhance SAMA's cybersecurity posture.
- Implement Microsoft 365 data resiliency service.
- 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).
- Receive a clean financial audit report and effectively manage the Agency's financial resources in accordance with plans approved by stakeholders.
- Optimizing revenues for SAMAView and assessment data licensed to other parties while also effectively managing third party assessment contracts.
- 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 - 2025 BUDGET (IN THOUSANDS)

	Approved				
	2024	2024	2025	Budget	Budget
REVENUES	Budget	Forecast	Budget	\$ Var	% Var
Provincial	\$ 12,327	\$ 12,288	\$ 12,758	\$ 431	3.50%
Municipal:					
Base and technology fee	9,450	9,530	9,853	403	4.26%
Service fees	520	468	490	(30)	(5.77%)
Moose Jaw contract	700	735	740	40	5.71%
Other revenue	<u>450</u>	<u>600</u>	<u>480</u>	<u>30</u>	<u>6.67%</u>
	<u>\$ 23,447</u>	<u>\$ 23,621</u>	<u>\$ 24,321</u>	<u>\$ 700</u>	<u>3.73%</u>
<u>EXPENDITURES</u>					
Salaries and benefits	\$ 17,125	\$ 17,435	\$ 17,785	\$ 660	3.85%
Other expenses	<u>6,322</u>	<u>6,250</u>	<u>6,536</u>	<u>214</u>	<u>3.39%</u>
	<u>\$ 23,447</u>	<u>\$ 23,685</u>	<u>\$ 24,321</u>	<u>\$ 874</u>	<u>3.73%</u>
Transfer from (to) reserves	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>0</u>	<u>0.00%</u>
Surplus (Deficit)	<u>\$ -</u>	<u>-\$ 64</u>	<u>\$ 0</u>		<u>0.00%</u>

2025 FUNDING REQUEST

Province of Saskatchewan: \$12.758 million.

Municipal clients of SAMA: \$11.083 million (including the City of Moose Jaw).

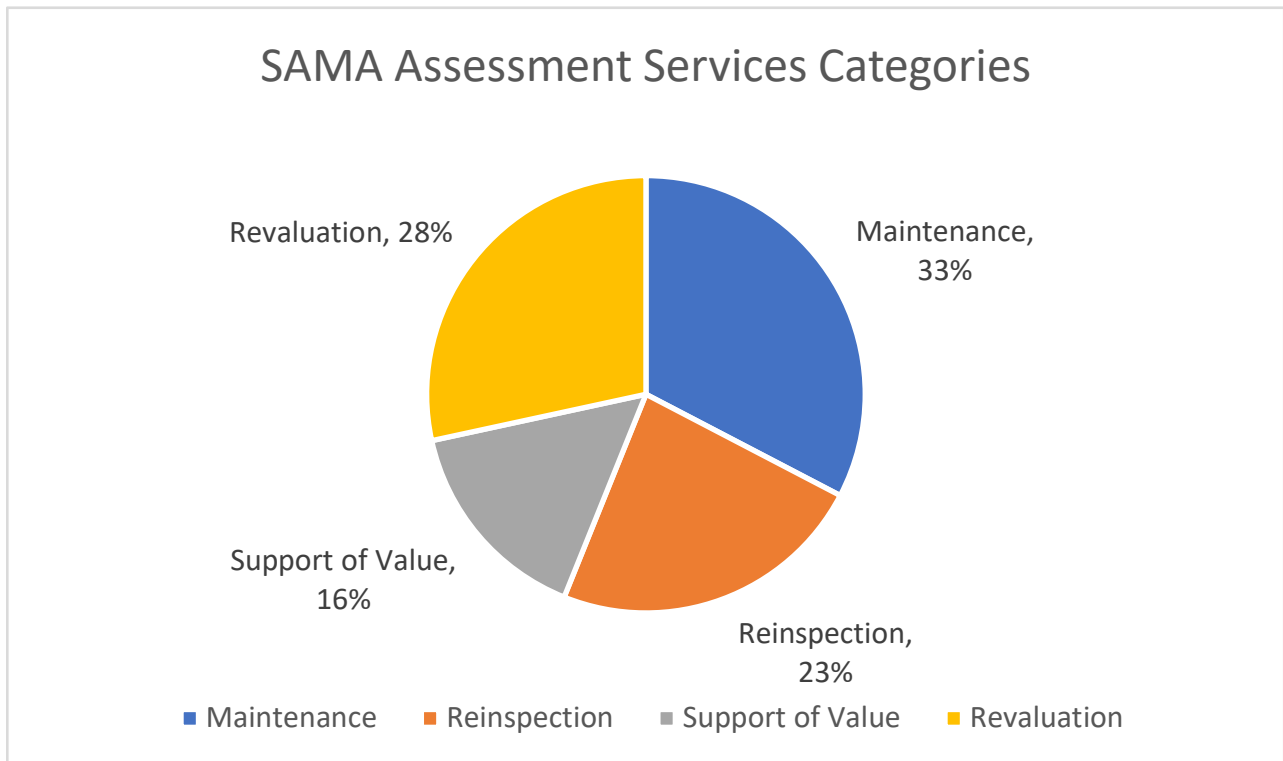
Due to changing economic conditions, SAMA is increasing its funding request from the 2022-25 4-year plan that was submitted in spring 2021. That plan initially called for estimates annual increases of 1.5% annually. This budget calls for a 3.50% increase from the Province (3.8% more than the 2024 actual). The municipal requisition charges are budgeted for a 3.5% base charge change and a 0.2% increase due to growth in the number of properties.

HOW RESOURCES WILL BE USED:

Operational expenditures have a budgeted increase of 3.73% in 2025 (over the 2024 budget).

- Employee salaries and benefits are estimated to increase 3.61%.
- Other expenses have a budgeted increase of 4.03%.

The majority of SAMA’s staff and resources provide assessment services to the Province and municipalities. The following chart provides a summary of how resources are allocated to the four main categories of work performed by our assessment services division:



SAMA Municipal Requisition

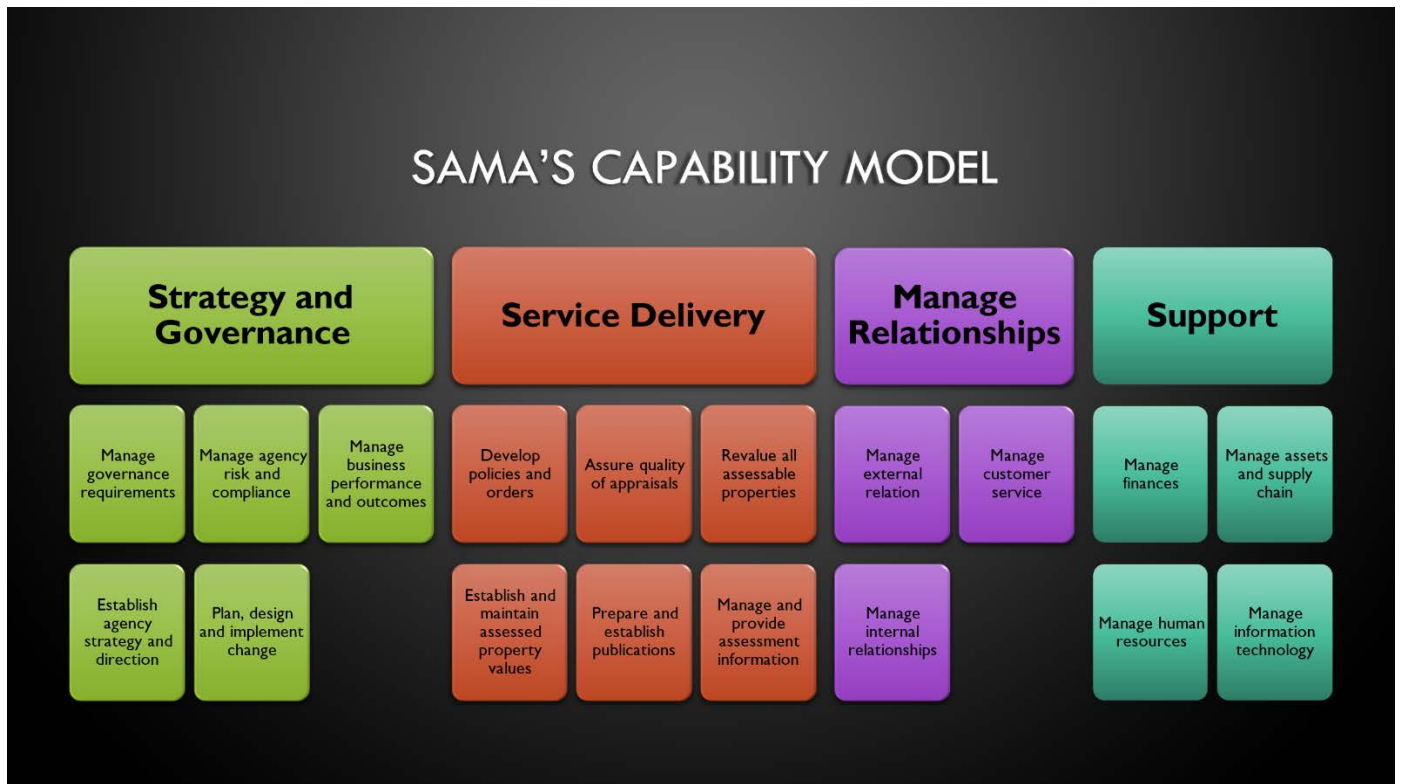
- In 2025, no increase to the per property fee for service charged to municipalities of \$25 is budgeted. However, the total budgeted amount for these fees is budgeted to increase by \$30,000 based upon the prior two years experience (demand for property reviews by municipalities has been lower than anticipated in 2023-24).
- The \$403,000 (4.2%) increase to the requisition base charges will be generated by increases to the per property charge portion of the formula (4.0%) and anticipated growth in property counts (0.2%). SAMA's goal will continue to be matching the requisition formula and charges to SAMA's costs of providing service.

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/provincial consistency) to the province.
- 37.50% of assessment valuation services to the Province and 62.5% to client municipalities. 2023 property tax levies for education/libraries and municipalities were split approximately 37.5%/62.5% respectively.
- SAMA's budget of \$24.3M continues to grow at a lower rate than total property tax revenues generated by the assessment system. In 2023, municipal property taxes were \$1.643B and education property taxes were \$987.302M.

PLANNING BEYOND 2025

As part of the 2026-29 planning process, SAMA is implementing a capability-drive approach to its strategic planning process. Although SAMA has doubled its inspection capacity in the last few years, the Agency needs to ensure it has the correct resources and is concentrating efforts on the correct activities. A capability driven approach to strategic planning helps ensure that SAMA’s capabilities, which consists of people, process, knowledge and technology, align with and enable SAMA to meet its strategic goals, objectives and commitments. Additionally, SAMA needs to be aware of and utilizing emerging technologies and opportunities to best serve the people and communities of Saskatchewan. The chart below is a quick snapshot of SAMA’s capability model:



APPENDIX A

2025 Budget by Major Category (000's)

	<u>2025</u> <u>Budget</u>	<u>% of</u> <u>Budget</u>	<u>2024</u> <u>Budget</u>	<u>% of</u> <u>Change</u>
<u>REVENUES</u>				
Provincial grant	\$12,758	52.5%	\$12,327	3.5%
Municipal requisiton	9,853	40.5%	9,450	4.3%
Municipal service fee	490	2.0%	520	-5.8%
Moose Jaw municipal revenue	740	3.0%	700	5.7%
Other revenue	480	2.0%	450	6.7%
Total operating revenues	24,321	100%	23,447	3.7%
<u>EXPENDITURES</u>				
<u>Salaries and benefits:</u>				
Salaries and benefits:	17,785	73.1%	17,125	3.9%
Technology, software and computer-related expenses	1,865	7.7%	1,745	6.9%
Office rent	1,452	6.0%	1,324	9.7%
Travel expenses	870	3.6%	909	-4.3%
Legal services	570	2.3%	550	3.6%
Capital expenditures	212	0.9%	200	6.0%
Staff training and development	350	1.4%	345	1.4%
Land titles information	195	0.8%	205	-4.9%
Data licensing and printing	125	0.5%	150	-16.7%
Board expenses	150	0.6%	150	0.0%
Telephone and communications	125	0.5%	135	-7.4%
Professional services and consultants	110	0.5%	92	19.6%
Aerial photography/geospatial imagery	60	0.2%	60	0.0%
Postage	87	0.4%	85	2.4%
Office and other	365	1.5%	372	-1.9%
Total operating expenditures	24,321	100%	23,447	3.7%
Surplus,(deficit)	0		0	
Managed expenses / reserve transfers	0		0	
Beg. surplus(deficit)	0		0	
End. Surplus (deficit)	\$0		\$0	0.0%

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