



2019 ANNUAL REPORT

SASKATCHEWAN ASSOCIATION OF RURAL
MUNICIPALITIES

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MESSAGE FROM THE EXECUTIVE DIRECTOR

The annual report provides our membership a painting of activities the association has been focusing on this past year as we roll into our 115th year. On behalf of our board and staff it is a pleasure to represent all the rural municipalities in the province. Our goal is to continue to grow and support rural municipalities to achieve their potential.

We strive to keep the direction of our members at the forefront to ensure we are best meeting the needs of our membership. The SARM Board and staff have the best interests of rural Saskatchewan at heart and strive to focus our strategic direction to ensure RMs have what they need to embrace and prosper.

As an association committed to rural Saskatchewan, we see the strength of the people leading rural municipalities. SARM would like to thank our members for their continued advice, support and encouragement. The success of SARM is a testament to the strength of our individual members and rural Saskatchewan and we thank members for that. I hope you enjoy this annual report and we look forward to continuing to work on behalf of rural Saskatchewan rolling into 2020.



Jay Meyer
Executive Director

MUNICIPAL BRIDGE SERVICES DEPARTMENT

The following is a report on the activities of the SARM Municipal Bridge Services Department for 2019.

Municipal Roads for the Economy (MREP)

In 2019, our primary responsibility continued to be providing administration and professional engineering services to the MREP. Providing these services accounted for 45.3% of Daniel's time and 47.2% of Alexander's time.

Our department only had the opportunity to work on three bridge replacement projects this year of the five which were initially approved so it is expected that the time provided to the MREP could be higher in future.

The collapse of a newly built rural municipal bridge in late 2018 has resulted in an investment of at least 6.5% (111.8 hrs) of Daniel's time and 2.3% (44.2 hrs) of Alexander's time towards numerous efforts in the interest of public safety.

Fee-for-Service

In 2019, our department earned \$11,273.47 providing professional engineering services to 59 RMs on a fee-for-service basis. Responding to these requests accounted for 3.1% of Daniel's time and 0.8% of Alexander's time. It is expected that Daniel and Alexander's time will become more similar going forward now that Alexander has achieved his Professional Engineer designation. The approximate percentage of time for these professional engineering services is as follows:

- | | | | |
|------------------------------------|-----|---------------------------------|----|
| • Owner's Engineer/Project Manager | 30% | • Document Requests | 5% |
| • Inspection Data Analysis | 25% | • Material Orders | 5% |
| • General Inquiries | 22% | • Basic Bridge Asset Management | 3% |
| • Flow Requests/Culvert Estimates | 10% | | |

Capacity Building

Considering the increasing infrastructure deficit and the current economic climate, it is believed that significant value can be achieved by improving the understanding and abilities of rural municipalities in managing their bridge infrastructure.

In March 2019, the Rural Municipal Timber Bridge Handbook (TBH) was distributed to all members via posting on the SARM website and a notification email. Rural municipalities now have a comprehensive reference document that will improve their treated timber bridge management capacity. The TBH accounted for 1.9% of Daniel's time and 7.2% of Alexander's time.

We look forward to continuing to work with our members in 2019.

Daniel Segal, P. Eng. and Alexander Udey, M. Sc., P. Eng.

SARM Municipal Bridge Services Department

ADMINISTERED PROGRAMS

SARM continuously develops and administers programs and initiatives to meet the changing needs of rural Saskatchewan and our members. It is also important that we recognize the achievements of our members and their service to the development and maintenance of the municipal sector.

2019-20 Municipal Roads for the Economy (MREP)

Saskatchewan, Canada and North America rely on the rural municipal primary weight infrastructure in Saskatchewan to connect to the provincial network to move goods and services in a reliable, seamless, safe manner for timely distribution to international markets.

Rural Saskatchewan has the largest municipal road network in Canada at 163,000 kms. To assist in funding municipal infrastructure the Municipal Roads for the Economy Program (MREP) was developed by the Saskatchewan Ministry of Highways and Infrastructure (MHI) and is managed by the Saskatchewan Association of Rural Municipalities (SARM) MREP funding is available to RMs through an application and ranking process to assist with the costs associated with maintaining and upgrading existing Clearing the Path (CTP) Primary Weight Corridors, Heavy Haul High Volume (HHHV) roads and

repairing and or replacing bridges and large culverts. MREP also provides annual incremental funding for the CTP Primary Weight Corridors.

2019-20 MREP Summary

Heavy Haul / High Volume Roads

- 4 projects approved
- 4 projects proceeded
- Total kilometres: 26.62
- Total project costs: \$11,953,852.23
- Total project grants: \$1,600,507.64 (13.4%)

Clearing the Path (CTP) Construction Upgrades

- 3 projects approved
- 3 projects proceeded
- Total kilometres: 26.00
- Total project costs: \$5,052,824.00
- Total project grants: \$2,025,962.00 (40.1%)

Clearing the Path (CTP) Incremental Maintenance

- 6591.10 kilometres of designated corridor in the province
- \$6,591,100.00 in annual incremental maintenance payments at \$1,000 per kilometre
- 7.4 kilometers of CTP removed from the inventory in 2018-19

Bridge & Large Diameter Culvert Program Bridge Construction

- 5 projects approved
- 4 projects proceeded

- Total estimated costs: \$5,150,000.00
- Total estimated grants: \$2,620,000.00 (50.9%)

Bridge & Large Diameter Culvert Program Culvert Installations

- 0 project approved
- 0 project proceeded
- Total estimated costs: \$0.00
- Total estimated grants: \$0.00

Bridge & Large Diameter Culvert Program Bridge/Culvert Repairs

- 0 projects approved
- 1 projects proceeded
- Total estimated costs: \$90,000.00
- Total estimated grants: \$67,500.00 (75.0%)

Rural Municipal Bridge Inspection Program

- 434 bridges inspected
- 47 culverts inspected
- Total cost: \$505,388.00 (Avg. \$1,050.70 per location)

MREP Review and Rural Integrated Roads for Growth (RIRG) Program

In 2018 a review process began of the MREP Program and an audit of the current CTP Corridor System. The MREP Project Management Board (PMB) contracted with McNair Business Development to undertake a consultation process with stakeholders including RMs, MHI and the SARM Board to gather feedback on MREPs current programming and input on changes our members would like to see in the future.

Through 2019, the MREP PMB has incorporated the consultation results and conducted a review of the MREP. This program review resulted in the decision to discontinue the MREP and replace it with a new program called the Rural Integrated

Roads for Growth (RIRG) program. The MREP PMB has been busy developing the RIRG and all of its corresponding policies and processes. On November 1, 2019, the RIRG was announced to all rural municipalities. Further program communication is planned leading up to the formal approval of the program with the provincial budget to be released on March 18, 2020.

2020-21 RIRG Application Intake

The application deadline for the 2020-21 RIRG projects was December 31, 2019.

Roads Program

- 70 applications for 2020-21
- 465.6 kilometres including 173.4 Clearing the Path kilometres
- Estimated construction costs: \$86,010,786.00

Bridge & Large Diameter Culvert Program

- 35 applications for 2020-21
- Estimated construction costs: \$26,118,214.00

Agricultural Programs

Plant Health Network (CAP-PHN)

SARM administered the 2019-20 Plant Health Network (CAP-PHN) program aimed to provide a human capacity component to support rural municipalities (RM) and First Nations (FNB), south of the Northern Administrative District, dealing with a variety of agricultural crop pest issues throughout the Province. This program is fully funded through the Canadian Agricultural Partnership to a maximum for \$715,000 in its second year (April 1, 2019 to March 31, 2020).

The purpose of the Plant Health Network is to establish human resources in each of SARM's 6 Divisions to provide direct support, education, training to RMs, and their municipally appointed officers, as well as FNBs on how best to manage the agricultural crop pests and prohibited and noxious weeds that all landowners are required to manage under *The Pest Control Act and The Weed Control Act* in Saskatchewan.

As part of the five-year funding commitment through the Canadian Agricultural Partnership agreement, the CAP-PHN forms part of the Pest Biosecurity Program which includes the Beaver Control Program (CAP-BCP), Invasive Plant Control Program (CAP-IPCP) and the Rat Control Program (CAP-RCP).

Beaver Control Program (CAP-BCP)

SARM once again is administering a 50:50 cost-share rebate program to rural municipalities (RM) and First Nations Bands (FNB), south of the Northern Administrative District, to control the beaver population in their respective jurisdictions. The CAP-BCP focus is on the humane removal of nuisance beaver by providing rebates to RMs and FNBs that operated a humane beaver management program between April 1, 2019 and February 15, 2020. Funding for the 2019-2019 program in the amount of \$450,000 is provided by the Ministry of Agriculture and the Federal Government under the Canadian Agricultural Partnership.

Following the February 15, 2020 program deadline, the 2019-20 CAP-BCP will provide a cost-shared payment to RMs and FNBs who follow the minimum level of service determined in the program guidelines and who authorize/contract individuals with valid fur trapping license issued by the Ministry of Environment to remove nuisance beavers. Program funding will be prorated among all eligible claimants to a maximum of 50% paid per tail (with a base minimum of \$30 paid per tail) and up to \$500 per pond leveler/beaver deceiver; but not exceeding 50% of total expenses reported for the claim.

Invasive Plant Control Program (CAP-IPCP)

SARM continued to administer the Invasive Plant Control Program (CAP-IPCP) on behalf of the Province of Saskatchewan. Funding for the CAP-IPCP is provided through the Ministry of Agriculture and the Federal Government under the Canadian Agricultural Partnership in the amount of \$500,000 in the second program year (April 1, 2019 to March 31, 2020).

The CAP-IPCP is designed to achieve maximum results and accountability, while keeping administrative requirements for RMs and eligible First Nations Bands to a minimum. The purpose of the program is to provide financial assistance to rural municipalities (RMs), First Nations Bands (FNBs) south of the Northern Administrative District, and through RMs and FNBs, other stakeholders with costs to undertake and coordinate the control of Prohibited Weeds as well as specific Noxious Weeds that are persistent and problematic invasive plants.

Based on a 50:50 cost-share, 77 RMs claimed rebates of almost \$337,000 in 2019 under the CAP-IPCP.

Rat Control Program_(CAP-RCP)

With a proven program history of high RM participation and continual decreases in rat infestation rates throughout the province, SARM continues to administer the rat control program (CAP-RCP) under the new federal funding initiative, Canadian Agricultural Partnership agreement, along with the Saskatchewan Ministry of Agriculture, to continue to assist rural municipalities (RMs), First Nations Bands (FNBs) south of the Northern Administrative District with the cost of rat control in the province. The CAP-RCP will provide cost-share rebates in the amount of \$1.25 million in it's second year (April 1, 2019 to March 31, 2020).

The CAP-RCP will provide rebates based on a 50:50 cost-share payment to RMs and FNBs that are active in their rat control efforts and who follow the minimum level of service determined by the program guidelines. Program participation remained high in 2019 with 282 RMs reporting expenses of over \$3.2 M. Estimated rebates to RMs will average 38% of reported expense. Rebates are based on a pro-rated formula from available funding once all program expenses are considered for the program year.

Municipal Leadership Development Program

The Municipal Leadership Development Program held its 2019 winter workshops in Saskatoon on February 2nd and March 9th. These dates were selected to give delegates attending the SUMA and SARM Conventions an opportunity to attend one of the five modules prior to the start of convention.

Close to 300 municipal leaders from all areas of the province participated in the 2019 sessions. Since the program began in 2003 a total of 514 municipal leaders have completed all the modules. 30 elected officials and municipal staff completed the program in 2019 and were presented with Certificates of Completion. Of those, 22 were SARM members and were recognized for their initiative in completing the program at the SARM Annual Convention in March.

Most of the participant feedback still shows that the workshops are of extremely good value for the price. Overall participant feedback remains to be positive on the sessions, most complaints, if any, are regarding the food or room temperature.

The Municipal Leaders' Roles and Responsibilities workshop for SARM members was held in Regina on November 12th, ahead of the SARM Midterm Convention. Ninety (90) delegates attended the half day workshop that featured presentations on Governance Roles and Responsibilities, Public Relations and an overview of the Municipal Act by Government Relations.

The 2019 fall sessions consisted of four (4) workshops scheduled throughout the last two weeks of November. The workshops were hosted in various communities around the province. Total attendance for the fall session was 93.

Provincial Budget 2020

In June 2019, SARM submitted a budget request to the Government of Saskatchewan to consider in the development of the 2020-21 provincial budget. The requests were built around three main themes: infrastructure, municipal revenue sharing, and crime reduction. SARM also included non-financial asks, calling for changes to *The Water Regulations, 2002* and for the creation of a bridge capital funding program. To learn more, see SARM's full provincial pre-budget submission [here](#).

Federal Pre-Budget Request 2020

In June 2019, SARM also submitted a brief to the federal government outlining our requests for the 2020 federal budget. The recommendations focused on four key areas: rural broadband, infrastructure funding, carbon sequestration, and rural crime and policing. Read the full submission [here](#).

Additionally, SARM also worked with its sister associations in Saskatchewan, Manitoba and Alberta through the Western Canadian Municipal Association (WCMA) to submit our shared budget priorities. The WCMA's submitted recommendations for improvements in the following areas: broadband and cellular service, infrastructure funding, local crime and policing, cannabis taxation revenue sharing, and disaster financial assistance and flood mitigation. The full submission is available [here](#).

SARM's Infrastructure and Development Committee

SARM's internal Infrastructure and Development Committee (IDC) was created in response to the increasing financial and logistical pressures of economic growth on rural municipalities, including the maintenance and enhancement of the rural road network. With this mandate, the IDC participates in consultations with both the provincial and federal governments, advocates on behalf of RMs, reviews infrastructure and development-related policy, meets with relevant stakeholders, and makes recommendations to the SARM Board of Directors. The committee met bi-monthly in 2019, working on dozens of files including road maintenance agreements, prompt payment, building standards. The IDC also travelled to the RM of Lajord to tour the Western Potash Corporation Mine site and meet with the RM council.

Road Maintenance Agreements

Road maintenance agreements (RMA) continued to be a major focus of the IDC in 2019. For the last several years, the Ministry of Government Relations has been undertaking consultations on the redesign of RMAs. The redesign began with the Review of Industry Financial Contributions to Rural Municipalities in 2015. SARM's concern has remained the same: current RMA rates do not cover the actual costs of road maintenance and loss of road life. The 2009 study commissioned by the provincial government indicated a need for a 75 per cent increase in currently regulated rates. The province is seeking "defensible" RMA rates to avoid another unfavourable Saskatchewan Municipal Board ruling against an RM. SARM and the provincial government made significant progress in 2019. While work is not complete, SARM is more optimistic than ever that a reasonable solution will be found. We will continue to work with the Ministry of Government Relations to ensure the redesigned RMA model will be announced as soon as possible. In addition, SARM also met with the Canadian Association of Petroleum Producers to discuss the current status of the of Review of Industry Financial Contributions to Rural Municipalities.

Prompt Payment

In late 2018, the provincial government introduced legislation to introduce prompt payment and mandatory adjudication to the construction industry. The legislation passed with no consultation with the owners sector, which includes municipalities. It passed as an amendment to *The Builders' Lien Act* (BLA), which means prompt payment and mandatory adjudication will apply to any contracts to which the BLA applies. Owners and developers will be required to provide payment within 28 days of receiving a proper invoice for construction services. After receiving the proper invoice, owners will only have 14 days to determine if they have a dispute and to provide notice of non-payment. SARM identified that the legislation will present a number of issues to municipalities, including that 14 days to provide determine a dispute and provide notice of non-payment is not nearly long enough to accommodate council meetings schedules. In terms of mandatory adjudication, the compressed timelines will heavily favour the referring party and it is not clear if the Adjudication Authority will be an unbiased third-party.

Over the course of 2019, SARM worked closely with the Saskatchewan Urban Municipalities Association and the Saskatchewan School Boards Association to advocate on behalf of the municipal public sector. SARM has called for an exemption to the municipal sector under the regulations. We also had meetings with the Minister of Justice and the Saskatchewan Construction Association to express our disappointment in the lack of consultation and share our serious concerns with the legislation as written. We will continue our work on this file into 2020.

Building Standards

The Ministry of Government Relations opened consultations on *The Uniform Building and Accessibility Standards Act* (UBAS Act) in summer 2019. Because the UBAS Act is more than 30 years old, the province identified it as in need of legislative renewals. Accompanying the consultation notice was a questionnaire. SARM shared the consultation with members and conducted a survey, to which 97 RMs responded. Topics of importance to RMs in the consultation include: the farm building exemption, granting additional powers to local authority, and what changes the provincial government should undertake. Based on feedback from members, SARM's submission to the consultation included the following recommendations:

- The farm building exemption should be amended so that all residences and buildings with living quarters comply with the building standards. The definition of farm building should also be clarified and provide administration with an easier means to determine whether a building is commercial or agriculture.
- That the provincial government develop a voluntary regional model to assist municipalities, that do not have a building bylaw or building official, in meeting their obligations to enforce the building standards.
- A mechanism should be in place to allow local authorities the ability to register interests on titles to notify future owners of any outstanding non-compliance orders, building deficiencies or any other information deemed necessary to protect the interests of the public and where specific limitations of a property should be made known. Furthermore, if an owner believes an interest has been registered incorrectly against their title a process should be established where by the property owner is provided a certain number of days to rectify the issue. There should also be more authority provided to municipalities to penalize non-compliance.

The ministry has indicated that we can expect additional consultation and stakeholder feedback in the spring and summer of 2020, with a proposed legislative package introduced to the legislative assembly in fall 2020.

SARM's Agriculture & Environment Committee

The Ag Committee focuses exclusively on agricultural issues of importance to rural municipalities and producers. The committee was created in response to the membership requesting that SARM increase its focus on agriculture policy. The environmental issues facing rural municipalities have also increased in variety, frequency and severity. The Environment Committee was created to focus exclusively on environmental issues of importance to rural municipalities, as these can be costly and related processes are often onerous to navigate. In early 2019, SARM began a one-year pilot in which the Agriculture Committee and Environment Committee would be combined. This was done because many files overlapped

the two committees. By having the combined committee meet once a month, it allows SARM to respond to the growing number of agricultural and environmental issues quickly.

The newly established Agriculture and Environment Committee participates in consultations with both the provincial and federal governments, advocates on behalf of RMs, reviews environment related policy, meets with relevant stakeholders, and makes recommendations to the SARM Board of Directors.

Canola Crisis

2019 saw challenging conditions for canola producers in Saskatchewan. China suspended the licenses of two major companies that export Canadian canola seed to China, creating major market access issues. Nearly half (40 per cent) of canola and canola products produced in Canada go to China. Saskatchewan is the largest exporter of canola in Canada and globally. Access to the world market is critical to the success of our agriculture industry and the provincial and national economies. To help raise awareness at the federal level, SARM launched a letter writing campaign encouraging rural municipalities, communities, associations, stakeholders and the public to lend support to Saskatchewan's producers.

Business Risk Management Programs

The Business Risk Management Programs under the Canadian Agricultural Partnership help to manage risks that can not be addressed through on-farm practices. Federal, provincial and territorial governments are undertaking a review of the programs to assess program effectiveness and impact on growth and innovation. The ongoing review covers the AgriStability, AgriInvest and AgriInsurance programs and SARM continues to take part in the industry engagement. SARM has been advocating for changes to AgriStability that would see the program funding return to Growing Forward 1 levels. SARM also believes that increasing transparency and predictability will enhance the viability of the AgriStability program. It's important that producers who enroll are confident in how the program will provide support should it become necessary, particularly in cases of severe price declines in key commodity markets. SARM's recommendations are to enhance the programs so that they provide more robust, stable support to producers.

Carbon Tax on Grain Drying

The ability to dry grain is important from an economic, a harvest management and a food safety perspective. Storing damp grain can lead to quality losses or mold which in turn could lead to a producer receiving a lower price for their crop, or at worse render the crop unmarketable due to food safety concerns. Without an exemption on fuels used to dry grain and heat or cool greenhouses and barns (i.e. natural gas and propane), producers are experiencing the negative effects

of increased costs to simply ensure that their products remain viable. SARM will continue to advocate to the federal government as to why this exemption is vital to producers in Saskatchewan.

Climate Change

While SARM supports efforts to address climate change and protect the environment, we do not believe that a national carbon tax is the best tool to do so. Producers, in particular, will suffer under the added cost of a carbon tax. SARM has continued to lobby the federal government to repeal the carbon tax or at the very least provide full exemptions to all agricultural activity. We are currently collecting information from producers on the carbon tax charged on fuel for grain drying.

In 2019, we continued our support of the Saskatchewan Soil Conservation Association's carbon sequestration research. Saskatchewan agriculture producers who are using minimum or zero till farming practices are sequestering 9.64 million new tonnes of CO2 every year on nearly 28 million acres of farmland. SARM believes producers should be recognized for their efforts to reduce emissions in their operations, not penalized with a carbon tax.

SARM has also been working with SUMA to advocate for the establishment of a Municipal Climate Change Action Centre, similar to the centre in Alberta. This centre could be a single window to help municipalities access funding for energy efficiency and other green infrastructure projects, as well as provide grants for such projects.

Navigable Waters Act

Bill C-69 is An Act to enact the Impact Assessment Act and the Canadian Energy Regulator Act, to amend the Navigation Protection Act and to make consequential amendments to other Acts. The Bill passed through the House of Commons and Senate, with significant amendment, at the end of the last legislative session.

SARM has been concerned about the negative impacts Bill C-69 poses on the future of major natural resource project development in Canada, particularly within the oil and gas sector. SARM lobbied for changes to Bill C-69 to reduce administrative impacts on municipal infrastructure projects on its own and with the support of the Western Canadian Municipal Association. While the bill did pass, there were major wins for municipalities in terms of the navigable waters portion. Drainage ditches and emergency works were made exempt, and it was clarified that approval is not required when navigation is not impeded.

Trespassing

In late 2018, the provincial government introduced legislation to *The Trespass to Property Act*, *The Snowmobile Act*, and *The Wildlife Act, 1998*. While this legislation has received royal assent, it has not yet been proclaimed. SARM was supportive of changes to legislation that would require would-be land users to receive landowner or lessee permission before accessing land. SARM has at least nine active resolutions on file related to trespassing. The underlying theme to these resolutions is that SARM members support changes to legislation that requires individuals to receive permission from a landowner before they may access private land.

Trespassing prevents a threat not only to feelings of personal safety, but also to the livelihood of farmers. Livestock can be lost to hunting accidents or gates left open, and noxious weeds, invasive species, and soil-borne diseases like clubroot present a serious biosecurity threat to Saskatchewan's agricultural economy.

To help recreation users ask property owners for permission, SARM partnered with the provincial government to host an Innovation Challenge. Western Heritage won the challenge and is working to develop an app that will connect land users and landowners. In November 2019, it was announced that the app, "SaskLander," is moving into early stage pilot testing in the RM of Shellbrook. The pilot is expected to be completed before the end of 2020. SARM continues to work with Western Heritage to ensure the success of the app.

Municipal Governance Committee

The Municipal Governance Committee was created to focus on governance matters and intergovernmental affairs of importance to RMs. With this mandate the committee participates in consultations with both the provincial and federal governments, advocates on behalf RMs, reviews policy, regulations, and legislation related to municipalities, meets with relevant stakeholders, and makes recommendations to the SARM Board of Directors. Meeting bi-monthly, the committee tackled many issues, including: *The Municipalities Act* and regulations, Statements of Provincial Interest, conflict of interest, and rural crime.

The Municipalities Act

Over the course of 2019, SARM worked closely with the Ministry of Government Relations to review various iterations of draft amendments to *The Municipalities Act* and regulations. Over the course of many months, the Ministry of Government Relations proposed draft amendments to which SARM is largely agreeable. *The Miscellaneous Municipal Statutes Amendment Act, 2019* was [introduced](#) to the legislature on November 19, 2019.

SARM has expressed its outstanding concerns to the Minister. These concerns include the expansion of the definition of conflict of interest to “improperly furthering another person’s private interests.” This definition is too ambiguous and broad. We had hoped to see positive changes to road maintenance agreements in the amendments, but will continue to work with the province until these changes are made in regulation. SARM also took a strong stance that we are opposed to any amendments that could reduce council autonomy over municipal matters, such as limiting a municipality’s ability to collect taxes to cover its costs for providing services.

Revenue Sharing

Throughout 2018 and 2019, SARM worked closely with the Ministry of Government Relations to review the Municipal Revenue Sharing (MRS) program. The new agreement introduced the following changes:

- Funding is based on the value of .75 of 1 point of the Provincial Sales Tax from the second preceding year.
- Funding percentages to the four pools will remain substantially the same, but will be rounded to one decimal point;
- Starting in 2019-20, [Targeted Sector Support](#) of \$1.5 million from MRS will be allocated to support programs, projects and initiatives directed at good governance, legislative compliance and increased inter-municipal and regional cooperation.
- After a test year for additional eligibility criteria in 2019-20, municipalities will attest to their compliance with a set of key legislative provisions in order to remain eligible.

In 2019-20, Saskatchewan municipalities received \$251 million in MRS. Of this, RMs received \$71.75 million, or 28.5 per cent. The Declaration of Eligibility requires municipalities to be compliant in six areas: audited financial statement, waterworks reporting, education property tax in good standing, council procedures bylaw, employee code of conduct, and public disclosure statements. Starting in 2021, if a municipality is not fully complaint, there may be a disruption to their MRS grant payments.

Rural Crime Watch

Over the last three years, SARM has been working closely with the RCMP to reinvigorate the Rural Crime Watch program in Saskatchewan. These efforts have yielded great success. Last year, we reported there were more than 145 municipalities participating in Rural Crime Watch; in 2019, there were 190 municipalities involved.

Rural Crime Watch is a community driven, community led, police supported crime prevention and crime reduction program. Volunteers serve as the “eyes and ears” of their communities, reporting suspicious persons and vehicles to each other and the RCMP. In turn, the RCMP shares notifications with the local Rural Crime Watch group.

In 2019, SARM continued working with stakeholders to present recommendations for the establishment of a provincial umbrella association for Rural Crime Watch groups across the province. The working groups includes representation from SARM, SUMA, the RCMP, the Ministry of Corrections and Policing, and members of local Rural Crime Watch chapters.

The working group has prepared bylaws, terms of reference, signage design, and reviewed insurance options for the provincial association. The group also worked with the provincial government and RCMP to launch the [Saskatchewan Crime Watch Advisory Network](#). The network is a mass notification system currently utilized by the RCMP, Estevan Police Service, and local crime prevention groups to send crime watch advisories via email, text message, or telephone to registered members. SARM is continuing its work to launch a provincial umbrella group for Rural Crime Watch in 2020.

Western Canadian Municipal Association (WCMA) Meeting

Every year the SARM Executive meets with representatives from SUMA and the municipal associations in Manitoba and Alberta to discuss areas of joint concern. In August 2019, the Alberta Urban Municipalities Association and Rural Municipalities of Alberta hosted the Western Canadian Municipal Association (WCMA) in SARM’s new office. Topics for discussion included federal priorities, infrastructure funding, and participation in municipal politics.

Ottawa Advocacy Days

In 2019, SARM’s annual Advocacy Days took place from April 1 – 4 in Ottawa. While there, SARM Board and staff members had over a dozen meetings with Ministers, Senators, MPs, and staffers. Priority issues discussed included carbon pricing, infrastructure funding, trade issues, navigation protection, and energy.

Meetings were held with members of the Liberal, Conservative, and New Democratic Party to ensure that all three parties were aware of the issues facing rural municipalities in Saskatchewan.

Federal Election Advocacy

In 2019, SARM engaged in a federal advocacy campaign in the follow up to the election. The SARM Board of Directors identified four priorities for rural Saskatchewan: broadband, retroactive credits for carbon sequestration, infrastructure funding for rural communities, and rural crime. SARM encouraged RMs to engage in advocacy by sharing these

priorities. We mailed our 2020 federal budget submission to all candidates in Saskatchewan, requesting a response. SARM also requested each major political party to respond to a questionnaire about what they would do for rural Saskatchewan. All these responses were posted to our website. President Orb also provided a video to response to each party regarding their platform commitments to agriculture. These videos were shared on Twitter, receiving a combined total of 661 views. In addition, SARM placed advertisements on the radio. After the election, SARM sent letters of congratulations to each MP elected in Saskatchewan, as well as the party leaders.

COMMUNITY PLANNING SERVICES

The SARM Community Planning Department would like to thank members for the opportunity to continue providing land use planning services across rural Saskatchewan. As our primary role is to assist with developing land use planning documents, we've also been able to assist Rural Municipalities with a variety of planning related projects ranging from oil and gas, potash, agri-business to clean energy all of which have far reaching impacts that help build a sustainable provincial economy. In 2019, we had the pleasure of working with 68 municipalities across Saskatchewan. The Department also provided policy support on potential changes to *The Statements of Provincial Interest Regulations (SPI)*, *Dedicated Lands Regulations, 2009* and *The Uniform Building and Accessibility Standards Act* to ensure provincial legislation and regulations accurately reflect the needs of our members. As always, the Department will continue moving forward into the next year seeking ways to ensure that we are providing quality services that meets the needs of our members.



We help build strong and sustainable municipalities across rural Saskatchewan.



Support

We work with municipalities on planning related matters and offer support where assistance is needed.



Educate

We offer services for our members to deepen their decision-making skills as well as their understanding of the importance of land use planning.

INSURANCE AND BENEFITS

The following is a report on the activities of the self-insurance plans and the group benefit programs of the Saskatchewan Association of Rural Municipalities for the year 2019.

SARM Benefits Plan

The SARM Benefits Plan is self-insured by the rural municipalities that choose to participate in the plan. It provides short-term disability benefits, death benefits, vision care benefits, maternity benefits, and accidental death and dismemberment benefits, to participating municipalities on behalf of their employees and their elected and appointed officials.

Premium rates for 2019 remained the same as 2018 levels. Current premium rates for the SARM Benefits Plan are shown below.

	Premium Rate
Inside employees:	1.65% of insured salary
Outside employees:	1.9% of insured salary
Individual Elected Officials:	2% of insured coverage amount
Elected and Appointed Officials	\$300 for \$30,000 coverage
Group Coverage (per RM):	\$550 for \$40,000 coverage \$800 for \$50,000 coverage

At the end of 2019, 292 rural municipalities (including SARM) were participating in the SARM Benefits Plan, with 2057 employees enrolled. Group coverage for elected and appointed officials is available at three coverage levels. Coverage at \$30,000 was taken by 166 municipalities; 18 municipalities chose coverage at \$40,000; and 51 municipalities opted for coverage at \$50,000. The group coverage is limited to a disability arising out of an injury which occurred or to death occurring, while the official is engaged in official municipal business; and is a top-up to Workers' Compensation coverage.

Municipalities can also insure any of their elected officials for disability and death benefits, on an individual, 24-hour basis, for a premium rate of 2% of the annual coverage amount. Only 13 individuals were insured under this individual coverage in 2019.

The breakdown of claims paid for 2019 is as follows:

	DISABILITY BENEFITS	\$1,357,932
Vision Care Benefits	\$137,496	
Maternity Benefits	\$8,000	
Death Benefits	\$30,000	
Accidental Death & Dismemberment	<u>\$30,000</u>	
	\$1,563,428	

Disability benefits claims increased by \$413,030 from 2018. Six death benefit claims and one accidental death benefit claims were paid. The vision care claims decreased by \$2,839 from 2018, while maternity benefits claims decreased by \$6,000 from 2018. The total amount paid for all claims was higher than 2018. There was an overall surplus of \$496,096 for 2018, bringing the net assets of the SARM Benefits Plan up to \$4,524,258.

In 2019, the SARM Board of Directors approved the rates for all SARM Benefits Plan coverages to remain at their current levels for 2020.

Group Benefits Programs

The following group benefit programs are currently underwritten by outside insurers. SARM is the Policyholder of each program and administers the enrollment of members. A brief description and participation numbers for each program are included in this report.

Long-Term Disability Benefits

Long-Term Disability (LTD) Benefits for all employees have been available since January 1, 1995. This program was underwritten by Equitable Life in 2019.

Coverage for the Administrator of the municipality is mandatory, except for those administrators who are currently exempt under the RMAA Bylaws. Coverage for other employees is optional, however, as it is a group plan, a municipality must cover all their eligible employees and these employees must also be covered under the short-term SARM Benefits Plan.

The LTD benefit is the lesser of 65% of gross monthly earnings and 85% of inflation-indexed, pre-disability net earnings. The benefit is payable to age 65, provided the individual remains disabled according to the terms of that policy. Beginning in 2008, the maximum monthly benefit was increased from \$3,000 to \$10,000 per month, to better reflect what many employees are actually earning.

At the end of 2019, 252 rural municipalities (including SARM) were covering all their employees bringing the total enrollment to 1,837.

Extended Health and Dental Benefits

The Extended Health and Dental Benefits program has been available to rural municipal employees, elected and appointed officials, and their families since January 1, 1997. The program was designed to give employees and councils maximum flexibility in choosing their coverage levels, while still maintaining the concept of group insurance.

This program is currently underwritten by Saskatchewan Blue Cross. Premiums for the SARM group policy are based primarily on the claims experience of our group and tend to fluctuate year by year. For 2019, there was a premium increase for the health care benefits, while premiums for the dental care benefits remained unchanged.

Participation in this program increased in 2019 to 280 rural municipalities (including SARM) covering 2,236 individuals for Health and Dental Benefits.

Optional Life Insurance

Optional Term Life Insurance at group rates has been available to rural municipal employees and their spouses; and to elected or appointed officials and their spouses since January 1, 1997. This program was also underwritten by Equitable Life in 2019.

Life Insurance coverage is available in units of \$10,000 from a minimum of \$50,000 to a maximum of six times the individual's annual salary or \$500,000, whichever is less.

At the end of 2019, 79 individuals were insured under the SARM Optional Life Insurance program.

Group Life Insurance

In response to a request from the Rural Municipal Administrators Association, SARM added Group Life Insurance to the line of benefit programs available to rural municipalities for their employees. This program began January 1, 2012 and is also underwritten by Equitable Life with SARM self-administering the enrolment.

Four options for the amount of Life Insurance coverage are offered through the program: \$25,000.00, \$50,000, \$100,000 or \$200,000 per person up to age 65. For employees age 65 to 70, the coverage amount is reduced to \$12,500.00, \$25,000, \$50,000 or \$100,000 and terminates at age 70. No medical underwriting is required, as this is a group program. Premium rates for 2019 increased slightly from 2018.

The RMAA amended its bylaws to make participation in the Group Life Insurance Program mandatory for all its active members, as is the case for the LTD benefit. The program is optional, on a RM group basis, for all other permanent RM employees. If the RM has the Group Life insurance, we also added that council members also have the option of opting into the benefit at the same level as the RM.

At the end of 2019, 136 rural municipalities (including SARM) were participating in the program for their permanent employees. The total number of Administrators and other employees enrolled in the Group Life Insurance program was 1,049.

SARM Fidelity Bond Self-Insurance Plan

The Fidelity Bond Self-Insurance Plan commenced January 1, 1994. For the year 2019 there were 294 rural municipalities participating in this plan. The primary coverage is the Fidelity Bond coverage, which protects the RM against theft or fraudulent acts by its employees. Coverage limits range from \$10,000 to \$200,000. Also included is Money & Securities coverage for \$2,500, which insures the RM for theft by someone other than an employee; and Registered Mail coverage for \$50,000, for those municipalities that send their bank deposits by Registered Mail.

In 2019, there were thirteen (13) claims made against the Plan, all but one of which was under the Money & Securities coverage. There was one Fidelity Bond Claim made, but it was subsequently withdrawn with nothing paid. Eight (8) Money & Securities Claims from 2019, along with one (1) accrued claim from 2018 were paid and closed (totaling \$3,002.10). Four (4) claims are still in progress, with \$4,003.25 having been accrued for those claims. Two (2) claims under the Fidelity Bond Coverage from prior years remain open for potential recovery. The Plan had a surplus of \$74,298 this year, bringing the total net assets to \$542,251.

SARM Liability Self-Insurance Plan

The SARM Liability Self-Insurance Plan officially went into operation on October 1, 1987 with 214 rural municipalities participating. Currently, the Plan provides liability coverage to 281 out of 296 Rural Municipalities. This plan provides comprehensive liability insurance to the RM, its council and its employees, for generally all activities a rural municipality can legally be involved in, with very few exceptions. The premium formula that is used was also developed specifically for the risks associated with a typical rural municipality.

In 2019 we opened 73 new claim files, which was well below average for the last ten years. Claims expense for the Liability Self-Insurance Plan for 2019 was \$187,472. This amount includes claims paid out during the year and amounts that have been accrued or set aside for unresolved claims that we estimate might be paid out. These unresolved claims include some which are subject to ongoing legal action. When combined with other expenses incurred by the plan, such as the administration fee, legal and adjusting fees, this resulted in an operating deficit of \$233,584. Investment Income earned by the Fund was bolstered by the strong performance of the markets in 2019, resulting in income of \$1,097,195. Overall for the year, there was a surplus of \$863,610, bringing the total Fund Balance for the Liability Self-Insurance Plan up to \$14,229,310.

A change was made in 2016 to the financial reporting for LSIP both to simplify statements and improve transparency. The overall surplus or deficit for the LSIP Fund is broken out into three components: Investment Income, Specific Claims Allocations and Remaining Balance. For 2018, the breakdown is as follows: 1) Investment Income totalling \$1,097,195, which was distributed to the RM's Individual Member Accounts; 2) Specific Claims Allocations of \$140,874, which represent the total amounts paid or accrued for claims greater than \$10,000 which have been charged back to the Individual Member Accounts of those municipalities which were participating in the Plan on the date of loss; 3) Remaining Deficit Balance of \$92,710, which represents the remainder of the operational deficit distributed to the RM's Individual Member Accounts, based on the premiums paid in 2019.

In 2019, the SARM Board of Directors approved the rates for the SARM Liability Self-Insurance Plan to remain at their current levels for 2020.

Excess Liability Insurance, which is intended to provide increased limits of liability on certain coverages, over and above what is offered on the SARM LSIP Plan, was moved to a new outside insurer for 2016. Tokio Marine Kiln, a Lloyd's of London syndicate, is now the underlying carrier for this program. Coverage was improved over the previous carrier and premiums decreased from previous years. In 2019, the program saw further growth in participation, growing to 182 out of 281 Rural Municipalities who are LSIP participants also purchasing Excess Liability Insurance.

SARM Property Self-Insurance Program

The SARM Property Self-Insurance Program took effect on December 31, 2002 with 134 rural municipalities participating initially. At the end of 2019 there were 215 rural municipalities participating in the property insurance program.

As with the Liability Self-Insurance Plan, each municipality has its own member account within the Property Self-Insurance Program Fund. At the end of each year a portion of the surplus or deficit from operations for the year is allocated to each municipality's member account based on the premium paid in that year. Investment income earned in that year is also distributed to each participant's account, based on the participant's member account balance.

Claims expense for 2019 was \$514,492, a 27% 'claims-to-premium' ratio, which is well below average for the program. Other expenses for the program include the administration fee, claims adjusting fees, and excess insurance from an outside insurer. This policy was first obtained in 2012 and protects the program against large losses exceeding \$500,000 and would cover the loss above that amount to a maximum of \$10,000,000.

After these other expenses, there was an operating surplus of \$901,984 which, along with investment income of \$356,334 was distributed among the member accounts of all participants. The total reserve for the SARM Property Self-Insurance Program at the end of 2019 increased to \$4,285,802.

LEGAL SERVICES

In June of 2019 we welcomed Courtney Riviere to the Legal Department. Courtney is a Student-at-Law working towards completion of her articles. She assists the Director of Legal Services, Michael Morris, Q.C. and Legal Counsel, Andrew Svenson, with research and responding to inquiries from rural municipalities.

Our primary responsibility in 2019 continued to be providing advice and representation to the SARM Liability Self-Insurance Plan, Fidelity Bond Self-Insurance Plan, Employee Benefits Plan and Property Self-Insurance Plan accounting for 69% of Mike's time, 66% of Andrew's time and 51% of Courtney's time.

As at year end a total of 30 claims files remained open, which was below average for the last ten years. Nine of those files were opened in 2019.

Claims for damages occasioned by flooding continue to be the single biggest source of claims under the SARM Liability Self-Insurance Plan.

The number of requests for advice from individual rural municipal councils increased by 25% in 2019. Our department responded to 312 requests for legal services from 157 rural municipalities on a fee for service basis. The inquiries were on a variety of topics from employee matters to road issues. Responding to these requests accounted for 39% of Courtney's time and 23% of both Mike and Andrew's time.

In addition to the above, Mike, Andrew and Courtney assist the Association on issues where there is a legal component and they provide support to the Board of Directors regarding its positions and policies on issues which impact rural municipalities. This accounted for 7% of Mike's time, 11% of Andrew's time and 10% of Courtney's time in 2019.

We look forward to continuing to work with our members in 2020.

STRATEGIC INITIATIVES

Rural Municipal Scholarship

Every year SARM sponsors and awards three scholarships of \$1000 to worthy recipients enrolled in the Local Government Authority (LGA) Program at the University of Regina to help promote graduates into the field of Rural Administration.

SARM awarded these scholarships in 2019 to three worthy recipients.

Rural Municipal Administrators Internship Program and Promoting the Profession

The Rural Municipal Administrators Internship Program (Rural MAIP) continues to be an important program to assist RM members with their succession planning efforts to address the forecasted municipal administrator shortfall expected in the next decade. In the 2019 calendar year the Rural MAIP saw the completion of 8 internships and a further 10 were approved to start and will finish in 2020. SARM offered a train-the-trainer course in May 2019 for host RM administrators to attend.

SARM provided financial assistance in 2019 to the Rural Municipal Administrators Association (RMAA) for participation at career fairs where they have promoted the profession of being a rural administrator. This included participation in fairs at SaskPolytechnic, UofR, UofS, Yorkton and Muenster as well as email information sent to Saskatchewan high schools and post-secondary institutions. This year they also participated in the Agribition Career Expo in November which was a big success.

Outdoor Worker Education and Safety Manual

In 2019 SARM worked with the Southeast College to offer Operator Training courses at our Annual Convention; WHMIS, First Aid/CPR, Supervisory Skills and Being a Safety Leader.

Management Essentials Training

SARM signed a Memorandum of Understanding with the Southeast College in November 2015 to offer training courses to our RM's employees to allow the skills of our municipal employees to evolve as the world of municipal government continues to evolve. To be truly responsible and adaptable to the needs of ratepayers, our municipalities are looking to not only retain their employees longer, but are recognizing the need to create strong training and development programs.

To help rural and urban municipalities in this goal, Saskatchewan Association of Rural Municipalities (SARM) and Saskatchewan Urban Municipality Association (SUMA) have partnered with Southeast College to develop the Municipal Management Essentials training program. This program focuses on building employee skill and capacity in a number of business training workshop style courses.

The program is divided into three streams: Administrative, Foreman and Safety. Enrollments in these courses decreased in 2018/19 to less than 100 and a rebranding is being explored in 2020 to target not just municipal employees but councillors as well.

AWARDS

Saskatchewan Municipal Awards (SMA)

The SMA program is a joint partnership between New North, the Saskatchewan Association of Rural Municipalities (SARM), the Saskatchewan Urban Municipalities Association (SUMA), the Rural Municipal Administrators' Association of Saskatchewan (RMAA), the Urban Municipal Administrator Association of Saskatchewan (UMAAS) and the Ministry of Government Relations (GR).

The winners of the 13th Annual Saskatchewan Municipal Awards announced in November:

First Place: Sacichawasihc Relationship Agreement (*City of North Battleford, Town of Battleford, Moosomin, Sweetgrass, Saulteaux, and Little Pine First Nations, and Lucky Man Cree Nation*)

Winning Practice: Developed an agreement that gives municipal and Indigenous governments a way to work together in the spirit of reconciliation and collaboration through the building of government-to-government relationships.

Second Place: Emergency Medical Service Support (*Town of Radville and RMs of Laurier, The Gap, Lake Alma, Souris Valley, Surprise Valley, and Lomond*)

Winning Practice: Established an EMS building, including staff lodging, to attract and retain EMS employees to improve regional EMS services.

Third Place: 'Beware the Grease Beast' Drain Pollution Prevention Program (*City of Lloydminster*)

Winning Practice: Created a marketing campaign raising resident awareness of the hazards, costs, and complications resulting from drain pollution.

Regional Cooperation: Regional Asset Management and Group Learning (*Villages of Broderick, Conquest, Elbow, Glenside, Kenaston, Loreburn, Strongfield and Beechy, Resort Village of Mistusinne, Towns of Central Butte, t^"Dundurn, Hanley and Craik, and RMs of Loreburn and Fertile Valley*)

Winning Practice: Developed a regional cooperation framework to provide each municipal council with a plan to forecast asset replacement investments, to better understand revenue sources and suitability, and to communicate more effectively with community members around the state of municipal assets.

TRADING SERVICES

The traditional offerings of SARM’s Trading Services continue to offer value and savings to our members. With the introduction of new programs and additional products and services there is stable growth in SARM’s traditional programs. SARM’s partnership with Sourcewell has added a valuable option for members by streamlining capital purchasing and expanding product offerings. Sales to SARM members using Sourcewell’s program were \$3.8 million in 2018 and \$7.8 million in 2019.

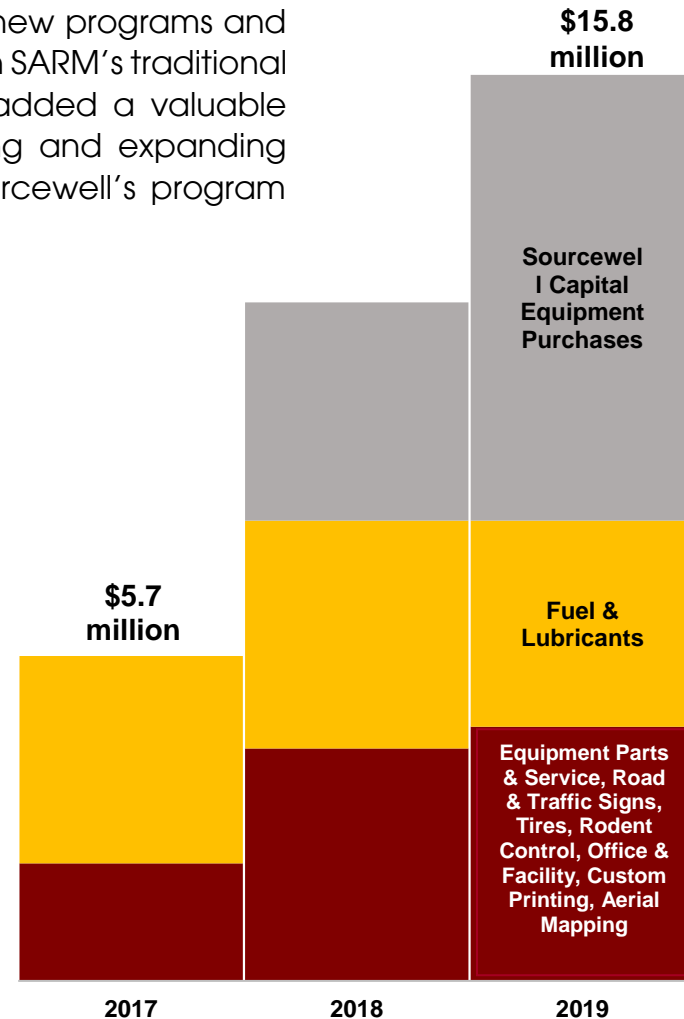
Tender processes completed in 2019 on our members’ behalf – saving them both time and money.

Traditional programs:

- Corrugated Steel Culvert Pipe, Structural Plate and Related Accessories
- Ground Engagement Tools (Grader Blades)
- Fuel and Lubricant Supply

Sourcewell contracts included:

- Grounds maintenance equipment,
- Medium Duty and Compact Construction Equipment,
- Heavy construction equipment.



FINANCIAL DEPARTMENT

Consolidated Financial Statement Highlights

The following selected financial information is derived from the annual audited consolidated financial statements. The Consolidated Financial Statements for the year ended December 31, 2019 are posted separately under Audited Financial Statements.

**Financial Position Highlights
As at December 31, 2019**

Assets:

Current Assets	\$ 30,859,859
Long-Term Investments	15,408,618
Capital Assets	6,820,060
	<u>\$ 53,088,537</u>

Liabilities:

Current Liabilities	\$ 14,593,625
Long-Term Liabilities	2,590,205

Fund Balance:

General	7,647,646
Insurance & Benefits Fund	23,505,825
Other Restricted Funds	4,751,236
	<u>\$ 53,088,537</u>

**Operations Highlights
For the year ended December 31, 2019**

Membership Fees	\$ 871,070
Administration Fees	2,205,362
Investment Income	418,604
Other Revenues	473,683
	<u>3,968,719</u>

Salaries, Benefits and Staff Expenses	1,665,989
Conventions & Division Meetings	412,848
Advocacy, Communications & Meetings	154,383
Board & Other Meetings	547,716
Property & Amortization	478,258
Other Expenses	497,448
	<u>3,756,642</u>

Member Services Revenue	15,739,842
Member Services Expense	15,210,146
	<u>741,773</u>

General Fund Surplus

Premiums & Other Revenues	6,792,292
Claims Expense, SARM Fee & Other Expenses	4,456,299
	<u>2,335,993</u>

Insurance & Benefit Fund Surplus

Contributions, Fees & Interest	20,918,501
Program Expenses	17,995,696

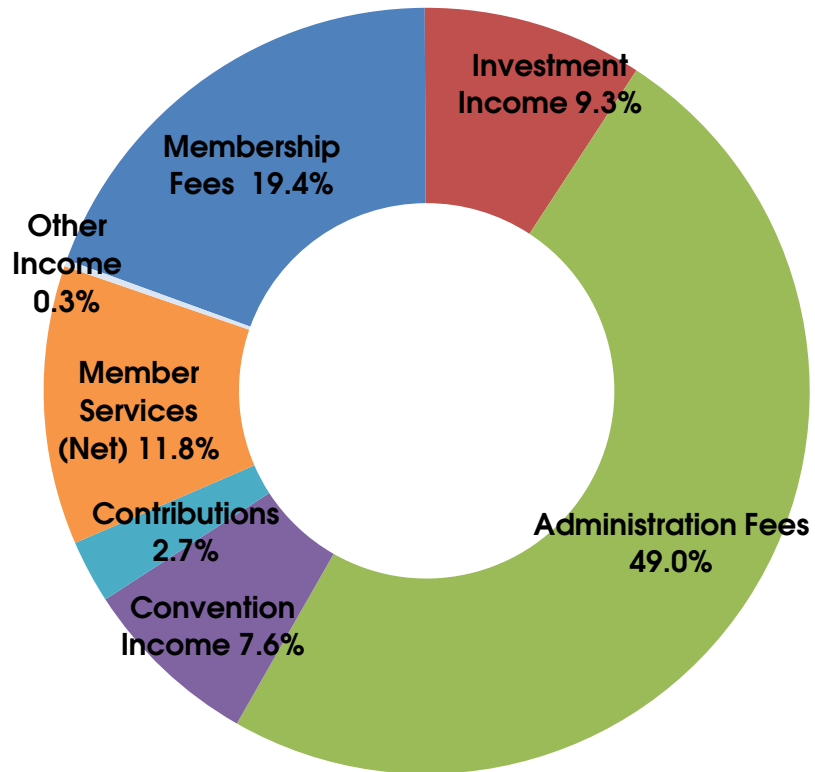
Other Restricted Funds Net Change

	<u>2,922,805</u>
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Consolidated Surplus

	<u>\$ 6,000,571</u>
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2019 % of General Revenue



2019 % of General Expenses

