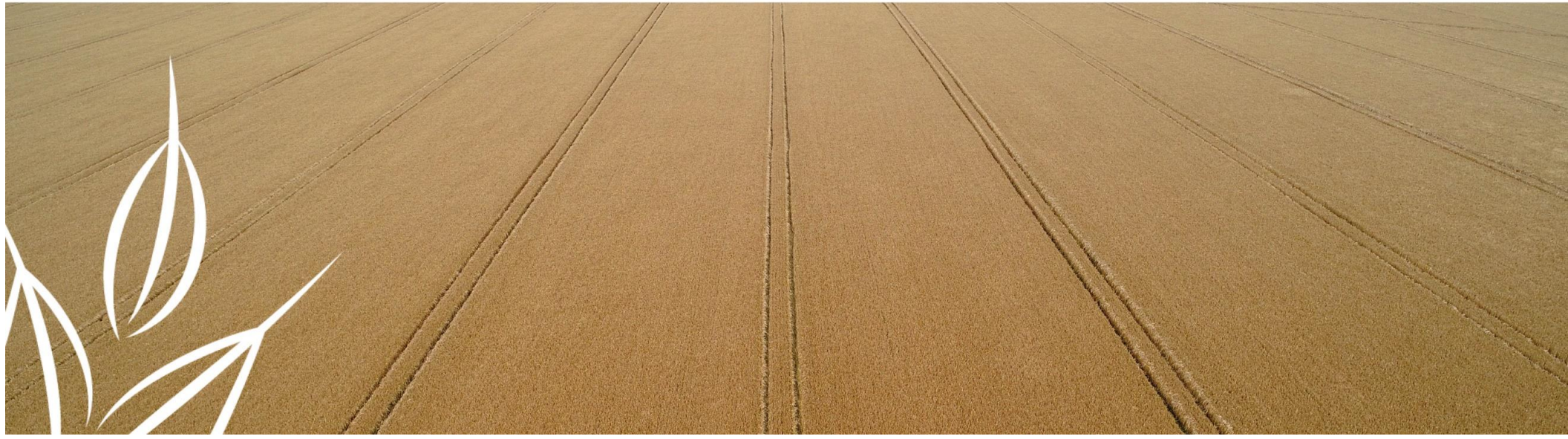


Saskatchewan Association of Rural Municipalities

**ANNUAL
REPORT
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MESSAGE FROM THE EXECUTIVE DIRECTOR

2020 was a different year than most. I reflect to the week after our Annual Convention where it felt like someone tossed over the monopoly board. Everything became very messy, anxiety hit most of us and we did our best to stick handle whatever was next to be tossed our way.

I would like to thank you all for your continued dedication to your municipalities as well as for the perseverance and energy it takes to do so. On behalf of our board and staff it is a pleasure to represent all the rural municipalities in the province. Thank you for your continued advice, support and encouragement.

We are proud to represent all our members from the grass roots up. Our membership sets the direction of our organization and we wouldn't want it any other way. The success of SARM is a testament to the strength of our individual municipalities. I hope you enjoy this annual report and we look forward to continuing to work on behalf of rural Saskatchewan in 2021.



Jay Meyer
Executive Director

MUNICIPAL BRIDGE SERVICES DEPARTMENT

The following is a report on the activities of the SARM Municipal Bridge Services Department for 2020.

Rural Integrated Roads for Growth Program (RIRG)

In 2020, our primary responsibility continued to be providing administration and professional engineering services to the RIRG. Providing these services accounted for 47.4% of the department's time; 44.0% of Daniel's time and 50.9% of Alexander's time.

Our department only had the opportunity to work on three bridge replacement projects this year of the one which was initially approved, the 16 which have been recommended to Infrastructure Canada for federal approval, and the 10 which have not been submitted to Infrastructure Canada for federal approval so it is expected that the time provided to the RIRG 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 4.5% (82.2 hrs) of Daniel's time and 0.2% (3.4 hrs) of Alexander's time towards numerous efforts in the interest of public safety.

Fee-for-Service

In 2020, our department earned \$18,706.28 providing professional engineering services to 50 RMs on a fee-for-service basis. Responding to these requests accounted for 3.6% of the department's time; 5.0% of Daniel's time and 2.2% of Alexander's time. The approximate percentage of time for these professional engineering services is as follows:

• Owner's Engineer/Project Manager	14%	• Document Requests	3%
• Inspection Data Analysis	41%	• Material Orders	4%
• General Inquiries	31%	• Basic Bridge Asset Management	0%
• Flow Requests/Culvert Estimates	9%		

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 October 2020, an information package related to bridge rail height and bridge end hazard markers was developed with collaboration between SARM's Municipal Bridge Services, Legal Services, and Insurance departments. In January 2021, the information package was posted to the SARM website and an article in the Spring 2021 Rural Councillor will provide notification to all members. Rural municipalities now have a comprehensive reference document that will improve their ability to develop an informed policy position on these bridge safety components. The development of this information package accounted for 1.3% of Daniel's time and 0.1% of Alexander's time.

We look forward to continuing to work with our members in 2021.

Daniel Segal, P. Eng., PMP 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.

2020 Rural Integrated Roads for Growth Program (RIRG)

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 Rural Integrated Roads for Growth Program (RIRG) was developed by the Saskatchewan Ministry of Highways and Infrastructure (MHI) and is managed by the Saskatchewan Association of Rural Municipalities (SARM). Through an application and ranking process, RIRG funding is available to RMs to assist with the costs associated with upgrading existing Clearing the Path (CTP) Primary Weight Corridors or other heavily utilized roadways and with replacing bridges or large diameter culverts. RIRG also provides annual incremental funding for the maintenance of CTP Primary Weight Corridors.

2020 RIRG Application Intake – Phase 1 & 2

The Phase 1 application deadline for the 2020 RIRG projects was December 31, 2019.

The Phase 2 application deadline for the 2020 RIRG projects was July 27, 2020.

Roads Program

- 179 applications for 2020
- Estimated construction costs: \$161,717,827.52

Bridge & Large Diameter Culvert Program

- 132 applications for 2020
- Estimated construction costs: \$78,520,403.00

2020 RIRG Summary

Roads Program

- 107 projects approved
- 86 projects proceeding
- Total project costs: \$84,313,514.52
- Total project grants: \$24,947,232.76 (29.6%)

Clearing the Path (CTP) Incremental Maintenance

- 6604.02 kilometres of designated corridor in the province
- \$5,363,720.00 in annual incremental maintenance payments at \$1,000 per kilometre
- \$1,480,386.00 in annual incremental maintenance payments at \$1,200 per kilometre

Bridge & Large Diameter Culvert Program

- 1 bridge project approved
- 1 project proceeding
- Total estimated costs: \$1,150,000.00
- Total estimated grants: \$750,000.00 (65.2%)

RIRG/ICIP Bridge & Large Diameter Culvert Initiative

- 56 projects recommended for approval
- 47 projects proceeding
- Total estimated costs: \$39,242,628.00
- Total estimated grants: \$16,060,314.00 (40.9%)

Rural Municipal Bridge Inspection Program

- 457 bridges inspected
- 32 culverts/low level crossings/removals inspected

Agricultural Programs

Plant Health Network (CAP-PHN)

SARM administered the 2020-21 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 of \$715,000 in its second year (April 1, 2020 to March 31, 2021).

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, 2020 and February 15, 2021. Funding for the 2020-2021 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, 2021 program deadline, the 2020-21 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 this program year (April 1, 2020 to March 31, 2021).

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.

Participation in the program continues to increase each year with rebates based on a 50:50 cost-share.

Rat Control Program (CAP-RCP)

With a proven program history of high RM participation and low rat infestation rates throughout the province, SARM continues to administer the rat control program (CAP-RCP) under the current 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 \$1.20 million in the current program year (April 1, 2020 to March 31, 2021).

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 2020 with 94% of RMs reporting expenses of almost \$3M. Program expenses considered prior to rebates include Rat Control Technical Advisor expenses, printed forms and three PCO online workshops. 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 2020 winter workshops in Regina on February 1st and March 9th. These dates were selected to give delegates attending the SUMA and SARM Conventions an opportunity to attend one of the four modules prior to the start of convention.

The 2020 fall sessions consisted of four (4) virtual workshops scheduled throughout the last two weeks of November and first two weeks in December. Total attendance for the fall session was 75.

Nearly 290 municipal leaders from all areas of the province participated in the 2020 sessions. Since the program began in 2003, a total of 551 municipal leaders have completed all the modules. 19 elected officials and municipal staff completed the program in 2020 and were presented with Certificates of Completion. Of those, 8 were SARM members and were recognized for their initiative in completing the program.

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.

The Municipal Leaders’ Roles and Responsibilities workshop for SARM members was held virtually on December 1st . Ninety-seven (97) delegates attended the 1.5-hour webinar that featured a presentation on Governance Roles and Responsibilities by Government Relations.

POLICY AND RESEARCH DEPARTMENT

Provincial Budget 2020

In December 2020, SARM submitted a budget request to the Government of Saskatchewan to consider in the development of the 2021-22 provincial budget. The requests were built around three main themes: policing costs, municipal revenue sharing and tax tools and consistent and reliable broadband access. SARM also included non-financial asks, calling for changes to *The Water Regulations, 2002* and grants in lieu for crowns. To learn more, see SARM’s full provincial pre-budget submission here (<https://sarm.ca/pub/departments/Advocacy/Submissions/2020/provincial-pre-budget-request.pdf>)

Federal Pre-Budget Request 2020

In June 2020, 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 tax and offsets, and rural crime and policing. Read the full submission here (<https://sarm.ca/pub/departments/Advocacy/Submissions/2020/federal-pre-budget-submission.pdf>)

SARM’s Committee Work and Key Policy Wins in 2020

SARM has 3 internal policy committees that each work on dozens of issues on behalf of SARM members each year. These committees are made up of SARM Board Members, supported by SARM staff which entertain delegations, conduct research, listen to presentations, and participate in meetings to make progress on SARM resolutions and other policy issues. Through this annual report we would like to share with you some of our biggest “Wins” achieved in 2020 through their hard work.

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 2020 that was done virtually and was hosted by the Association of Manitoba Municipalities, 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 rail crossing issues.

Ottawa Advocacy Days

In 2020, SARM's annual Advocacy Days looked a little different due to the realities of COVID-19. Instead of SARM Board and Staff heading to Ottawa in April, meetings were set up virtually with Ministers and House Standing Committees studying SARM's Priority issues included carbon offsets, infrastructure funding, carbon tax, rural broadband access, fisheries and oceans, species at risk and more.

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. Hill and Knowlton were instrumental in arranging these meetings for SARM.

Provincial Election Advocacy

In 2020, SARM engaged in a provincial advocacy campaign in the follow up to the election. The SARM Board of Directors identified its policy priorities for rural Saskatchewan: broadband, policing, municipal support, and agriculture support during COVID-19. SARM encouraged RMs to engage in advocacy by sharing these priorities. Our communications department turned our policy asks into a nice one pager to share with members and shared them via twitter asking our members to "Don't Forget to Ask" about these key issues when talking with candidates. We also highlighted these in our Policy Bulletins and in letters and replies we got back from the party leaders which we shared back with RMs. After the election, SARM sent letters of congratulations to the newly elected in Saskatchewan.

COMMUNITY PLANNING SERVICES

The SARM Community Planning Department continues to provide planning support and services on a variety of planning topics throughout Saskatchewan. In August, Jennifer Chamberlin became the manager of the department and welcomed Robyn Rechenmacher to the team. The department also expanded GIS mapping services available to municipalities through a collaboration with J.D. Mollard & Associates.

While COVID-19 has posed challenges in 2020 for in-person community engagement, the planning department continued to engage with a number of municipalities, landowners, ministries, crown corporations, and other organizations throughout the province. This included responding to hundreds of paid service requests from 63 municipalities (54 rural municipalities and 9 urban municipalities). SARM planners also actively worked with 16 municipalities on the development of Official Community Plans and Zoning Bylaws with 5 projects submitted to the Ministry of Government Relations for approval. Additionally, the planning department continues to assist SARM on legislation and regulatory reviews and other matters where there is a planning component impacting rural municipalities.

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 2020.

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 coverage, a \$5,000 death benefit, a \$300 per employee annual vision care benefit, a \$1,000 benefit upon returning to work from a 35-week parental leave, as well as an accidental death and dismemberment benefit, to participating municipalities on behalf of their employees and their elected and appointed officials.

Premium rates for 2020 remained the same as 2019 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 2020, 290 rural municipalities (including SARM) were participating in the SARM Benefits Plan, with 2,118 employees enrolled. Group coverage for elected and appointed officials is offered at three coverage levels. Coverage at \$30,000 was taken by 165 municipalities; 19 municipalities chose coverage at \$40,000; and 53 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 2020.

The breakdown of claims paid for 2020 is as follows:

	DISABILITY BENEFITS	\$1,344,957
Vision Care Benefits	\$115,747	
Maternity Benefits	\$11,000	
Death Benefits	\$30,000	
Accidental Death & Dismemberment	<u>\$30,000</u>	
	\$1,531,704	

Short-Term Disability claims were lower by \$13,151 from 2019. Six death benefit claims and one accidental death benefit claim were paid. The vision care claims decreased by \$21,572 from 2019, while the parental benefit claims increased by \$3,000 from 2019. The total amount paid for all claims was less than 2019. There was an overall surplus of \$443,745 for 2020, bringing the net assets of the SARM Benefits Plan up to \$4,892,200.

In 2020, the SARM Board of Directors approved the rates for all SARM Benefits Plan coverages to remain at their current levels for 2021.

Group Benefit 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 Saskatchewan Blue Cross in 2020, after switching the program away from Equitable Life of Canada.

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 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. The maximum monthly benefit is \$10,000 per month. Premium rates for 2020 decreased 10% from 2019 and are locked in at that level through 2022.

At the end of 2020, 254 rural municipalities (including SARM) were covering all their employees bringing the total enrollment to 1,796.

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 2020, there was a slight premium increase for the health care benefits, while premiums for the dental care benefits had a slight decrease. We negotiated with the insurer to apply the credits which arose from dramatically lower plan usage during the onset of the COVID-19 Pandemic to be put against any premium increase for 2021.

At the end of 2020, 281 rural municipalities (including SARM) were covering all their employees bringing the total enrollment to 2,300.

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 Saskatchewan Blue Cross in 2020, after switching the program away from Equitable Life of Canada.

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 2020, 75 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 Blue Cross with SARM self-administering the enrolment.

Four options for 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 2020 decreased 17% from 2019 and are locked in at that level through 2022.

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 2020, 132 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 1,128.

SARM FIDELITY BOND SELF-INSURANCE PLAN

The Fidelity Bond Self-Insurance Plan commenced January 1, 1994. There were 294 rural municipalities participating in this plan in 2020. 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, which insures the RM for theft by someone other than an employee, \$2,500 coverage is included, with additional limits ranging from \$5,000 to \$20,000 available; and Registered Mail coverage for \$50,000, for those municipalities that send their bank deposits by Registered Mail.

In 2020, there were ten (10) claims made against the Plan. All of the claims were under the Money & Securities Coverage. Nine (9) claims have been paid and closed, totaling \$22,505.93. One (1) claim is still in progress and \$367.88 has been reserved on the file. Two claims under the Fidelity Bond Coverage from prior years remain open for potential recovery. The Plan had a surplus of \$54,900 this year, bringing the total net assets to \$597,150.

In 2020, the SARM Board of Directors approved the addition of a \$25,000 limit option under the Money & Securities Coverage, along with a rebalancing of the premium rates among the tiers of both the Fidelity Bond and Money & Securities coverages.

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 2020 we opened 67 new claim files, which is well below the ten-year average and the third year in a row with a record low number of claims. Claims expense for the Liability Self-Insurance Plan for 2020 was \$210,435. 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 \$31,796. Investment income earned by the fund was bolstered by the strong recovery of the markets late in 2020, after collapsing earlier in the year with the onset of the global pandemic, resulting in income of \$688,974. Overall, for the year, there was a surplus of \$657,178, bringing the total fund balance for the Liability Self-Insurance Plan up to \$14,982,991.

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 2020, the breakdown is as follows: 1) Investment Income totalling \$688,974, which was distributed to the RM's Individual Member Accounts; 2) Specific Claims Allocations of \$164,179, 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 Surplus Balance of \$132,384, which represents the remainder of the operational income distributed to the RM's Individual Member Accounts, based on the premiums paid in 2020.

In 2020, the SARM Board of Directors approved a three-year rate increase for the SARM Liability Self-Insurance Plan of 4.5% per year, starting with 2021. This will close the remaining gap between premium revenue and the risk profile of the Plan and keep it sustainable for many years to come.

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 2020, the program saw further growth in participation, growing to 186 out of 281 Rural Municipalities who are LSIP participants also purchasing Excess Liability Insurance.

SARM PROPERTY SELF-INSURANCE PLAN

The SARM Property Self-Insurance Program took effect on December 31, 2002 with 134 rural municipalities participating initially. At the end of 2020 there were 216 rural municipalities participating in the 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 2020 was \$881,544, a 43% 'claims-to-premium' ratio, which is slightly below average for the program, and is in line with the 5-year average. Other expenses for the program include the administration fee, claims adjusting fees, appraisal costs 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 \$575,277 which, along with investment income of \$254,633, was distributed among the member accounts of all participants. The total reserve for the SARM Property Self-Insurance Program at the end of 2020 increased to \$4,861,079.

DEPARTMENT INITIATIVES DURING 2020

Actuarial Study

Starting in late 2019 and throughout 2020, the Insurance Department worked with a team of Actuarial Specialists from AON to assess the financial health of the four self-insurance plans, including the amount of the reserve funds and the adequacy of the rates charged. An initial report was provided in the spring of 2020 and a final report was presented to the Senior Leadership Team in mid-November.

To summarize the study's findings, our four programs are largely in excellent condition.

The SARM Benefits Plan was found to be in excellent financial shape. If anything, the fund is somewhat over capitalized. As a result, we are working on a multi-year strategy to address the overcapitalization by returning additional value to the participating members. Starting with 2021, we are enhancing the Vision and Death Benefit available under the Plan. Employees will be eligible for \$500 each year, up from the current \$300. Similarly, the Death Benefit will rise to \$7,500 from the current \$5,000. We are also increasing the admin fee payment to SARM to match the percentage paid by the other Self-Insurance Plans, which helps fund various SARM advocacy and engagement initiatives while keeping membership fees low. Looking ahead, we are assessing rate decreases across the board for 2022. We are also looking at other ways in which we can enhance the value proposition of the Plan, to slowly reduce the fund balance in a way which provides maximum benefit to the membership.

The Property Self-Insurance Program and Fidelity Bond Self-Insurance Plan are both very healthy, with premiums that are well matched with the risk profiles of each fund. Consequently, we are not proposing major shifts in either of these programs, but we will be conducting a wording review for PSIP in 2021, to ensure coverage remains on par or better than the market, while maintaining pricing at or below the market. As well, we have made modest enhancements to the Fidelity Bond Plan coverage and a rebalancing of the premium pricing for 2021.

The Liability Self-Insurance Plan was a large area of focus for the study. As you know, this Plan has struggled in recent years to be profitable on premium income alone, unlike the other funds. While we have closed this gap somewhat in recent years with a 4 year, phased in rate increase from 2016-2019, more still needs to be done. In 2020, the Plan currently collected about \$620,000 in premiums from participants, but the study showed that if marketplace insurers were charging the premiums, they would want in excess of

\$900,000 plus amounts for their profit margins in collected premiums based on the current risk profile of the plan's established coverages.

While this clearly shows the huge advantage of the self-insurance risk pool model operated by Saskatchewan's RM's, it also showed us that we need to take further steps to ensure the long-term sustainability of the Plan. We are inclined to believe that the liability risk profile of rural municipalities in Saskatchewan is quite different than that of the typical "Public Sector" risk profile assessed by nationally based actuarial experts for four key reasons:

- a) the One-Year limitation period provided by *The Municipalities Act*, which greatly curtails the possibility of claims popping up years after an alleged incident;
- b) the existence of "No Fault" Injury Benefits from SGI, which has virtually erased the single biggest liability exposure of a rural municipality, that being Bodily Injury claims from motor vehicle accidents on roads;
- c) the significantly more muted litigation climate within Saskatchewan, both in terms of frequency of litigation and in the severity of damage awards; and
- d) a very limited exposure to a large driving factor of "Public Sector" liability claims, which are Abuse and Molestation type claims – as the "Public Sector" within the broader insurance market includes Schools, Hospitals, Long Term Care facilities and large municipalities with public programming for children, etc.).

As Saskatchewan collectively represents a statistically small data set, it is our position that these four key factors overstate the liability risk for small municipalities, such as our program. This is unlike the actuarial data for the other self-insured programs, which have nothing remarkable about them to differentiate the risk profile from the larger insurance marketplace.

Liability premiums do not have a natural inflation adjustment to them, such as Property Insurance or Short-Term Disability insurance do from rising values or salaries. Liability premiums must balance revenues against expenses and competitive marketplace pressures. Nonetheless, it is always interesting to measure how our premiums compare to inflation over the plan's existence. Had the plan been setup with premiums indexed to the CPI starting in 1987, the initial \$500,000 annual premium would now exceed \$1,021,000.

Looked at from another perspective, the Actuarial Study shows us just how much of a benefit to the RM's that LSIP is. If the plan did not exist, and the RM's collectively went to one insurer to have an identical program to what they currently have, an underwriting company would at a minimum charge 40% more than what they are currently paying for the same product before accounting for any profit margins, etc.

As a result of the Actuarial Study, the SARM Board has supported a plan that will see overall plan premiums for the SARM Liability Self-Insurance Plan increase by \$90,000 (to \$755,000 from the current \$665,000), over the next three years, beginning with a \$30,000 increase to \$695,000 in 2021, a 4.5% increase. In the larger insurance marketplace, the climate for public sector liability insurance is much uglier, with this being the second year in a row that insurance buyers can expect 25-40% increases in premiums.

PSIP Appraisal Project

After a successful pilot project in 2019, where ten RM's that participate in the Property Self-Insurance Program (PSIP) had their buildings appraised to determine their Replacement Cost and Actual Cash Values, in 2020 we embarked on a 5-year project to have each building insured under the program appraised by the appraisal firm B.R. Gaffney & Associates.

Having had fifty interested RM respond to our call for pilot participants in 2019, but only using ten of them, we reached out to the remaining forty this year to have them participate. In the end, thirty-six RMs had appraisals completed during the year.

COVID-19 impacted the appraisers' ability to get out to the RMs as quickly as they would have liked, but we were able to complete all of the onsite work and most of the follow up work by year's end. Moving into 2021, we will begin working our way through the six SARM divisions, working from one to six. We anticipate appraising 40-45 RM's buildings per year between 2021 and 2024. In the end, all RMs that participate in the program will have accurate insured values for their buildings.

Cyber Liability Coverage

We began work on putting together a Cyber Liability insurance package in 2019. However, a couple of large cyber-attacks among our members in late 2019 greatly accelerated our work in 2020. We worked with AON this year to put together a Cyber Liability package for our members that balanced their risk exposure and their budgets.

Cyber Liability coverage will not only provide coverage against lawsuits from 3rd parties whose information is compromised in a municipal data breach, there is also a myriad of other coverages to assist a municipality in dealing with the aftermath of such a crisis, which were not previously addressed by the SARM portfolio of insurance coverages.

In late 2020, we rolled out a program in conjunction with AON and the insurance company, Beazley, with four available limits of liability and priced based on municipal revenues.

From the initial rollout, we had requests from 105 RMs for quotes, of which 65 have been turned into policies that went into effect at the beginning of 2021.

Coverage will continue to be available from now on, for members who are interested in adding such a policy to their insurance portfolio. We will continue our work in 2021 to turn this into a formal program, much like the Excess Liability Program.

Cyber Awareness Training

As an offshoot of our efforts to establish a Cyber Liability Program for our members, we wanted to find additional training opportunities for our members to help them with their awareness of their own cyber activities and how to protect municipal systems from cyber-attacks.

AON assisted in finding us a couple of different online training programs and after demoing them both with some of our SARM staff, we partnered with a company out of Atlanta, GA called Curricula. They have a great online training platform which is easy to use and provides participants with material that is both easy to digest and very informative.

Training is available to all RM employees and Council Members for \$25 per person. This provides access to twenty-one modules of training for the entirety of 2021, plus any additional modules that may be released throughout 2021. The SARM Staff and Board will also be taking part in this training. As of the end of 2020, we had over 110 learners signed up for this training.

For further information on the SARM Insurance Plans and Group Benefits Programs, contact:

Craig Williams, BBA, CIP
Director of Insurance and Benefit Programs

LEGAL SERVICES

Our primary responsibility in 2020 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 53% of Mike's time, 36% of Andrew's time and 47% of Courtney's time.

As at year end a total of 24 claims files remained open, which was below average for the last ten years. Five of those files were opened in 2020.

The number of requests for advice from individual rural municipal councils increased by 27% in 2020. Our department responded to 398 requests for legal services from 169 rural municipalities on a fee for service basis. The inquiries were in a variety of areas of law including labour and employment law, tax enforcement, land use and planning, contractual disputes, tendering of contracts, drafting of agreements and bylaws and dealing with stray animals, to name just a few. Responding to these requests accounted for 38% of Mike's time, 47% of Andrew's time and 48% of Courtney'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 8% of Mike's time, 17% of Andrew's time and 4% of Courtney's time in 2020.

We look forward to continuing to work with our members in 2021.

STRATEGIC INITIATIVES

Rural Municipal Scholarship

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

SARM awarded these scholarships in 2020 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 2020 calendar year the Rural MAIP saw the completion of 6 internships and a further 11 were approved to start and will finish in 2021. SARM offered a train- the- trainer course virtually in September 2020 for host RM administrators to attend. Course material was updated based on survey results from previous attendees and the new course material was well received.

SARM provided financial assistance in 2020 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 virtual career promotion opportunities at Sask Polytechnic, U of R, U of S, Yorkton and Muenster as well as email information sent to Saskatchewan high schools and post-secondary institutions.

Outdoor Worker Education and Safety Manual

In 2020 SARM worked with the Southeast College to offer Operator Training courses at our Annual Convention; WHMIS/TGD, Ground Disturbance, Supervising Others and Conflict Resolution. Due to COVID 19, classes were offered online for the remainder of 2020.

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, the Saskatchewan Association of Rural Municipalities (SARM) and the 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 several business training workshop style courses.

Courses were converted to an online format in 2020 and roll-out of virtual courses started at the end of 2020. Enrollments in these courses are expected to rebound in 2021 due to the courses being delivered online and councillors taking them also.

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 Administrators Association of Saskatchewan (UMAAS) and the Ministry of Government Relations (GR).

The winners of the 14th Annual Saskatchewan Municipal Awards announced in November:

First Place: Request for Service App (City of Moose Jaw)

Winning practice: Developed an app that records and tracks requests for service submitted by residents and provides valuable two-way communication between the city and its residents.

Second Place: 737 Volunteer Fire Department (RMs of Souris Valley No. 7 and Lomond No. 37)

Winning practice: Established a volunteer fire department to provide wildland fire fighting services to residents and ratepayers of both municipalities in addition to mutual aid to neighbouring municipalities and counties.

Regional Cooperation: Regional Rideshare Initiative (Towns of Balgonie, Grand Coulee, Pilot Butte, Pense, and Lumsden, Villages of Buena Vista and Belle Plaine, RMs of Edenwold No. 158, Pense No. 160, Lumsden No. 189, Lajord No. 128, and Bratt's Lake No. 129)

Winning practice: Developed a regional rideshare framework where member municipalities adopt complimentary bylaws allowing rideshare companies to operate within their municipality once the companies have obtained a regional rideshare license.

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 is 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, \$13.1 million in 2019 and \$17.1 million in 2020.

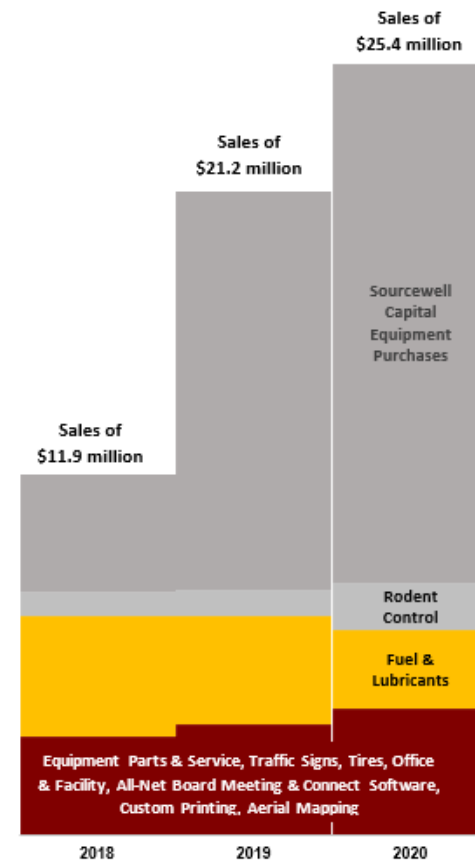
Tender processes completed in 2020 on our members’ behalf:

Traditional programs:

- Geospatial and Engineering Solutions – Field and Safety Supplies
- Waterworks Equipment with Related Accessories
- Aggregate Supply
- Automotive Parts
- Fleet Upfitting and Aftermarket Accessories

A few of the Sourcewell tenders completed in 2020 are:

- Firefighting Personal Protective Equipment & Apparel
- Class 6,7 & 8 Chassis with Related Equipment
- Equipment Rental with Related Services
- Public Sector Administration Software Solutions



FINANCIAL DEPARTMENT

Consolidated Financial Statement Highlights

The following selected financial information is derived from the annual audited consolidated financial statements.

**Financial Position Highlights
As at December 31, 2020**

Assets:

Current Assets	\$ 30,055,268
Long-Term Investments	18,262,555
Capital Assets	6,587,227
	<u>\$ 54,905,050</u>

Liabilities:

Current Liabilities	\$ 15,841,737
Long-Term Liabilities	2,084,909

Fund Balance:

General	8,337,493
Insurance & Benefits Fund	25,243,421
Other Restricted Funds	3,397,490
	<u>\$ 54,905,050</u>

Operations Highlights

For the year ended December 31, 2020

General

Membership Fees	\$ 897,009
Administration Fees	2,098,665
Investment Income	256,349
Other Revenues	463,176
	<u>3,715,199</u>

Salaries, Benefits and Staff Expenses	1,614,792
Conventions & Division Meetings	258,488
Advocacy, Communications & Meetings	152,570
Board & Other Meetings	370,082
Contracted Services	169,587
Property, Insurance & Amortization	554,539
Other Expenses	376,103
	<u>3,496,161</u>

Member Services Revenue	15,870,447
Member Services Expense	15,399,638

General Fund Surplus 689,847

Insurance & Benefit Restricted Fund

Premiums & Other Revenues	6,517,262
Claims Expense, SARM Fee & Other Expenses	4,786,163
	<u>1,731,099</u>

Insurance & Benefit Fund Surplus 1,731,099

Other Restricted Funds

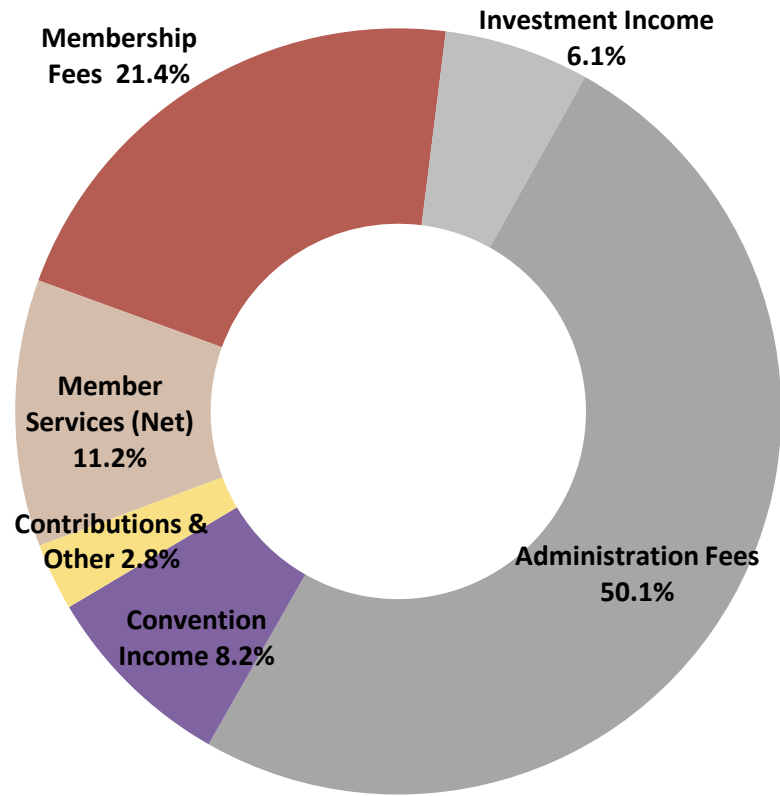
Contributions, Fees & Interest	10,508,373
Program Expenses	11,862,119
	<u>(1,353,746)</u>

Other Restricted Funds Net Change (1,353,746)

Consolidated Surplus/

Change in Fund Balance	<u>\$ 1,067,200</u>
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2020% of General Revenue



2020 % of General Expenses

