



## *The Municipalities Act* **Funding and Voluntary Restructuring**

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### **What happens to the Urban Revenue Sharing Grant when a village dissolves?**

#### **Organized Hamlet Grants**

Where a municipality reverts to an organized hamlet, an unconditional Revenue Sharing is paid to the rural municipality in respect of the Organized Hamlet and placed in the special hamlet account. This grant is 60% of the base grant and 60% of the population grant as calculated for villages. An organized hamlet does not qualify for the infrastructure funding through the Communities in Transition Program.

Where an Organized hamlet, at a later date, reverts to a hamlet the Revenue Sharing is discontinued.

In addition, the population and other related data of the former village are included as part of the calculation for the Rural Revenue Sharing on an on-going basis.

#### **Hamlet and/or Special Service Areas Grants (other than organized Hamlets)**

Where a municipality reverts to an area within the rural municipality (hamlet) and/or is designated as a Special Service Area (other than an organized hamlet) the Revenue Sharing received when it was a municipality is discontinued. The Communities in Transition Program will provide funding for an amount based on the Revenue Sharing paid to the former urban municipality in the year prior to its' dissolution, for a maximum of 10 years.

In addition, the population and other related data of the former village are included as part of the calculation for the Rural Revenue Sharing on an on-going basis.

### **What funding is available for the restructuring process?**

#### **Communities in Transition Grant Components 1 and 2**

As part of the Rural Revenue Sharing program, \$700,000 will be provided to the Communities in Transition (CIT) Program in the 2009-2010 fiscal year.

The intention of the CIT program is to accommodate the needs of Saskatchewan communities that assume financial liabilities related to municipal restructuring. The program has built in flexibility to meet these needs, as different situations may require unique solutions.

Modifications will be determined following a review of the program at the beginning of each fiscal year. Rural Municipalities may apply for approval of infrastructure-related project(s),

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feasibility studies and administration costs **only once and within 12 months following restructuring.**

The CIT Program focuses on three key areas:

### **Infrastructure**

This portion of the program provides funding to establish more sustainable, cost-effective service provisions in those Rural Municipalities (RM) that assume financial liabilities related to environmental-based physical infrastructure when a village dissolves into an RM and becomes an unorganized hamlet. These infrastructure issues are often detrimental to the safety and health of communities and their residents.

### **Feasibility Studies and Administrative Costs**

The CIT program also provides funding for eligible feasibility and administrative costs associated with municipal restructuring, as previously funded through the Municipal Restructuring Fund that was managed by the Saskatchewan Association of Rural Municipalities and funded by the Ministry of Municipal Affairs..

### **Operating Costs**

Operating grants to hamlets were shifted to the CIT program commencing in the 2009-10 fiscal year. Unorganized hamlets created after January 1, 2003, will receive their annual allocation under this program. Municipal Affairs will continue to make a grant payment for the hamlet based on the operating grant paid to the former urban municipality in the fiscal year before it was dissolved into the RM. This payment will be made for a maximum of ten years, commencing the fiscal year after the fiscal year in which the municipality dissolved. RMs who wish to continue receiving grants or who will be eligible to receive these unconditional grants in the future, will be required to provide a brief one page application to Municipal Affairs.

For further information on the CIT Program contact the Grants Administration and Financial Management Branch in the Ministry of Municipal Affairs at (306) 787-1262.

- [Program Details](#)

For more information about voluntary restructuring processes contact Advisory Services at (306) 787-2680.