

A Guide to Municipal Boundary Alterations

September 2026

Preamble

This guide has been developed by the Ministry of Government Relations to increase understanding of the boundary alteration process that is established in legislation and policy. The guide provides relevant information, resources and municipal best practices relating to the boundary alteration process.

Through the use of this guide, it is hoped municipalities are more likely to:

- Develop a better understanding of the boundary alteration process and procedures.
- Engage their municipal and community partners early in the development and planning process and identify the role that each can and must play. Develop a better understanding of the nature and causes of conflict in the boundary alteration process and the importance of communications and planning.

For ease of use, this guide has been split into three parts:

- The first part introduces what boundary alterations area, potential issues that could spring up during a boundary alteration and how neighbouring municipalities can work together to address these issues.
- The second part details the boundary alteration process.
- The third part explains the role of municipal planning documents in the boundary alteration process and details several factors that contribute to the success of this process.

For more information on the boundary alteration process, please contact the Ministry of Government Relations, Community Planning branch via email at communityplanning@gov.sk.ca or:

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Introduction

Boundary alteration (also referred to as ‘annexation’) is the legal process of altering the boundaries of municipalities through a transfer of administrative functions and municipal jurisdiction. The transfer of land is typically contiguous to existing municipal boundaries and may be used to accommodate growth and to provide services to newly developed properties. In most cases, the boundary alteration process is triggered by an urban municipality that needs land to expand. However, rural municipalities also have the same authority to initiate a boundary alteration. Thus, boundary alterations are important for community, regional and provincial growth.

Boundary alterations may be proposed for any reason; however, they are best proposed in conjunction with a community’s official community plan (OCP) and/or district plan and associated future land use maps. Before taking action, it is essential for the parties to understand the nature and reasons for the boundary alteration request, as well as the potential conflict that may result. It is important that municipalities involved in a boundary alteration work in active partnership to address challenges as they arise. This guide is intended to outline the boundary alteration process as established by legislation and provide municipalities with best practices related to this process.

The Boundary Alteration Flowchart in Appendix B outlines the boundary alteration process. While most boundary alterations are agreed to by both municipalities, agreement may not be able to be reached in all cases. If there is a dispute that cannot be resolved, the application is submitted to the Saskatchewan Municipal Board (SMB).

Boundary Alteration Trends

Between 2007 and 2025, 279 boundary alteration applications were made. Of these 279 applications, 93.2 per cent (260 applications) were successfully completed without intervention from the SMB. Nineteen of these applications were forwarded to the SMB; of those, 12 were withdrawn and seven were adjudicated by the SMB.

Most successful boundary alteration requests are for smaller tracts of land or bare land for future development (e.g. agricultural land on the periphery of a municipality that is undeveloped). The most contested boundary alteration requests usually involve larger tracts of land and/or requests including existing commercial or industrial property (e.g. an existing residential neighbourhood or a commercial/industrial development).

Boundary alterations are often initiated to provide a municipality with sufficient land for future growth. Municipalities with a growth plan that ensures effective and efficient servicing of future development, and that have previously worked cooperatively with the affected municipality, are generally the most successful when a boundary alteration is requested.

Boundary Alteration Issues

Recognizing there will be different opinions and positions is paramount. While municipalities are free to negotiate boundary alterations in good faith for any reason deemed appropriate, it is important to recognize that municipalities on either side of the boundary alteration may hold different opinions and positions. Several issues can arise during the boundary alteration process.

Municipal Planning Bylaws

Boundary alteration proposals may result in surprises. Neighbouring municipalities may not be aware of another's intention to grow into its jurisdiction, particularly if there is no plan. Further complications arise when OCPs are out-of-date or inconsistent. Planning documents should be frequently updated to reflect future growth plans and shared with neighbouring municipalities. Their review and input should be requested prior to any discussions regarding boundary alterations.

It is important to understand that an OCP does not bind either municipality. For example, an urban municipality may still choose to initiate a boundary alteration application for land not shown as a future growth area in their OCP. On the other hand, rural municipalities are not bound to agree to a boundary alteration just because the land is shown as a future growth area in an urban municipality's OCP.

Differing Positions and Interests

Even if neighbouring municipalities are aware of each other's long-term growth plans, conflicts may arise due to competing interests and positions. There may be different opinions about land use in a contested area that both believe to be in their respective path of development.

Municipalities need to be reasonable in their requests for land, linking the requests directly to what is needed in plans for future growth that is expected to occur within a reasonable time frame. Conflict and a lack of decision can delay development and potentially increase development and infrastructure costs, which can frustrate landowners and residents. These delays may eventually lead to a lack of investment by potential developers in the region.

Taking a Regional Perspective

While all municipalities want their development interests protected, municipalities may need to re-examine individual positions and consider what is best for a community, the region or the province. When neighbouring communities grow and prosper, typically the region benefits economically, as people tend to live their lives regionally. For example, growth within a municipality's vicinity may lead to regional economic benefits and may enhance opportunities for upgrading recreation and cultural activities.

Identifying what will best foster regional growth should be an important factor when considering whether a boundary alteration is appropriate. For example, providing the infrastructure necessary to support growth may only be possible if land and associated property tax revenues are within an urban centre. The logical sequence of land development can also affect the costs of servicing and the benefits of growth.

Compensation

Growth can lead to an increase in municipal boundary alteration requests, some of which result in high-profile disagreements, particularly in cases where compensation is in dispute.

Neither Saskatchewan legislation nor SMB policy provides guidance to municipalities on determining financial settlements for boundary alterations. The Principles for Financial Settlements Between Municipalities for Boundary Alterations were developed to reduce inter-municipal disputes by helping municipalities determine their own mutually acceptable annexation compensation agreements

(additional details on these principles are provided in [Appendix C](#)). However, they are also intended for use by the SMB for cases where voluntary agreement has not been reached between municipalities.

The SMB will use the principles as a guideline to deal with annexation disputes related to financial settlement, in conjunction with the specific details of each situation.

Towards a Partnership Approach to Boundary Alterations

Boundary alterations work best if people work together. Negotiating any agreement when both sides hold different positions and values can be difficult. It is important to take stock of the costs of boundary alterations and the benefits of developing a partnership approach to boundary alterations. Benefits from developing a partnership approach include:

- Time saved
- Better working relationships
- Agreement more closely aligned with community values
- Higher satisfaction with the agreement results

It is important to recognize the key role municipal councils and their officials can play in this process along with the economic and social benefits a partnership initiative could bring. Developing an ongoing, positive relationship with neighbouring municipalities can open the lines of communication, leading to better support and understanding of each other's goals.

A strategy for ongoing dialogue prior to boundary alterations and throughout the development process could improve intermunicipal relationships and outcomes. Such a strategy can include:

- Increasing communication
- Negotiating to resolve different positions
- Developing better understanding of how to resolve conflict constructively

This can be modeled after existing, informal experiences of many municipalities in Saskatchewan. For example, some neighbouring urban and rural municipalities meet monthly to discuss common problems and outstanding issues. This provides an avenue for communication when the need to consider boundary alterations arises.

Municipalities can ask themselves some questions to assess whether they are building an intermunicipal relationship that will facilitate positive results on issues such as boundary alterations. Some examples of these, suggested by a city manager, are:

- Have you met with the neighbouring municipalities to discuss growth in the area?
- Have you shared your planning documents and asked neighbouring municipalities to comment?
- Have you considered a formal information-sharing relationship with your neighbouring municipalities?
- Have you considered mutually beneficial policies and practices for both municipalities?
- Is your municipality being reasonable in the amount of land being considered for future growth?

Implementing a partnership strategy requires municipalities to make strategic choices regarding boundary alterations. It requires everyone to believe in the value of working together. It can facilitate better, more equitable boundary alteration agreements, increase the satisfaction of those involved in the boundary alteration agreement and improve the quality of the working relationship for future endeavours.

While there is always the possibility that a boundary alteration application will need to be sent to the SMB for adjudication, this should be seen as a last resort. Instead, municipalities should make every effort to make decisions at the local level, as this will benefit them.

Ultimately, it will be up to municipal leaders to promote and champion new methods and techniques. Municipal leaders must fully understand the impact of their actions on the economic and social development of their community. Through the use of a number of key tools and new techniques, municipalities can gradually develop a partnership and shared vision that can lead to better working relationships.

Municipal Examples

Under *The Planning and Development Act, 2007*, municipalities have the authority to form planning districts and adopt a district plan to guide development in those areas agreed to by those municipalities. A district plan may include policies on coordinating future growth. For example, the Saskatoon North Partnership for Growth's Official Community Plan displays future urban growth areas on the future land use map for all urban municipalities party to the plan. The plan also includes policies on interim uses and subdivisions in these areas. These policies encourage municipalities to adopt a regional perspective when approaching boundary alteration and allow the RM of Corman Park to anticipate each urban municipality's future growth plans.

The RM of Estevan and City of Estevan are another example of successful cooperation. The two municipalities developed a "City-RM Liaison Committee" which met on a regular basis to discuss and resolve issues between the two municipalities including boundary alteration. The committee was made up of two councillors from each council along with the city manager and the RM administrator. The use of this committee, along with partnering on other recreation development initiatives, helped build a respectful, cooperative relationship between the two municipalities.

Ultimately, municipal councils are encouraged not only to be leaders in their communities but also to be leaders in partnership and collaboration with other municipalities. Some municipalities employ techniques and attitudes towards boundary alteration that assist in forging partnerships, making the process more cooperative.

For example, some municipalities have chosen to focus on the theme of "finding solutions" to meet both municipalities' requirements, rather than entering the process with their own interests alone. Other municipalities have chosen to hire an outside consultant to evaluate the specific question and compare it to the rate of development on similar areas of land in order to calculate the overall tax formula. Having an outside source evaluate the land values and come up with an objective projection of taxation can help put everyone at ease.

Process for Boundary Alterations

Boundary alteration is the process of altering municipal boundaries and transferring administrative duties and jurisdiction from one municipality to another. The boundary alteration process is typically triggered by a municipality that needs land for development and this municipality will typically be the one to make an application. The chart in [Appendix B](#) outlines the boundary alteration process. This chart details the process for undisputed applications, as well as the process for parties who cannot reach an agreement and must submit an application to the SMB for adjudication. The Municipal Boundary Committee of the SMB is responsible for reviewing applications for municipal boundary alterations.

The Cities Act (CA), *The Municipalities Act (MA)* and *The Northern Municipalities Act, 2010 (NMA)* outline the boundary alteration process in Saskatchewan¹. There are a few significant differences regarding boundary alterations among the three acts:

1. The CA sets out the process where the city is proposing the boundary alteration. The MA sets out the process in which a town, resort village, village or rural municipality leads the process. The NMA sets out the process for northern municipalities (towns, villages and hamlets).
2. Under the CA, a public meeting is required only if there is public objection to the boundary alteration. Under the MA and NMA, a public meeting is always required.
3. Under the NMA, boundary alterations affecting the Northern Saskatchewan Administration District typically go directly to the SMB and are not subject to prior mediation requirements. Otherwise, the processes in the NMA are similar to those in the MA.

Preliminary Procedures

There are two key preliminary steps – consultations with the municipality affected by a proposed boundary alteration and consultations with property owners within the area of the proposed boundary alteration.

The council of the municipality that intends to apply for a boundary alteration should organize a meeting to discuss the terms and conditions of the proposal with the affected municipality. The municipalities should also consult with the registered landowners affected by the boundary alteration. Discussions with owners may cover a variety of topics such as future taxation, servicing or land use and development.

Communication and good faith negotiations between the municipalities provide the foundation for the boundary alteration process. The affected municipality may request a voluntary agreement with the lead municipality to establish the terms of the boundary alteration. This could form the basis of complementary council resolutions that can accompany an application.

An agreement may address issues of concern to both municipalities. For example:

- Costs and tax sharing arrangements
- Assets and liabilities
- Freezing of tax rates on the affected lands until further development or servicing is approved

¹ See S. 43, 43.1, and 44 of the CA, S. 53 – 61 of the MA, and S. 74 – 83 of the NMA.

- Servicing of the proposed development
- Issues related to development surrounding the urban municipality
- Future growth patterns
- Any other matter related to the proposed boundary alteration

Not all of these items may be appropriate in all circumstances.

Currently, there are no legislative provisions regarding financial or tax loss compensation. *The Municipal Board Act* refers to tax sharing. The responsibility for negotiating boundary adjustments and associated financial or tax-loss compensation remains at the local level. This enables municipalities to work out arrangements on a voluntary basis and negotiate agreements that reflect local circumstances, and needs. Whether there is financial compensation for boundary alterations and how much would be included in such agreements.

Principles for Financial Settlements Between Municipalities for Boundary Alterations

The Principles for Financial Settlements Between Municipalities for Boundary Alterations were developed in collaboration with the Saskatchewan Urban Municipalities Association (SUMA) and the Saskatchewan Association of Rural Municipalities (SARM). These principles are intended to help municipalities resolve disputes over compensation. Both the SUMA and SARM boards of directors have agreed to the principles. They are overarching principles for use by municipalities for determining annexation compensation, rather than a prescriptive formula. Municipalities are encouraged to enter into their own mutually acceptable financial agreements.

The SMB committee will use the principles as a guideline to deal with annexation disputes related to financial settlement. However, in disputed cases, the SMB will still consider each annexation application on its own merits on a case-by-case basis, as provided by legislation. The committee will also encourage municipalities to use the principles in coming to voluntary agreements and in mediation prior to committee adjudication.

The eight principles are:

1. More regional planning by urbans and bordering RMs should be undertaken to determine locations for growth, the need for future boundary alterations and to inform about municipalities' respective plans.
2. Municipal boundary alterations should be based on the substantiated need for land for growth and alignment with plans.
3. Determining the amount of a boundary alteration financial settlement should be evidence-based and done in good faith.
4. A financial settlement should acknowledge the net financial benefits for both the municipalities and infrastructure investments that have been made.
5. The boundary alteration financial settlement should not jeopardize the ability of either municipality to achieve the purposes of a municipality as provided for in legislation.
6. The purpose of property tax is to fund municipal services. Receipt of property tax from properties affected by a boundary alteration should be linked to the provision of municipal services to those properties.

7. The financial settlement should be based on present land use and circumstances and not be influenced by what future development may occur in the annexing municipality.
8. The financial settlement should only take future developments in the annexed municipality into consideration if the boundary alteration inhibits or transfers an imminent development.

[See Appendix C](#) for additional information about these principles. Each principle in Appendix C includes a set of related questions to give municipalities guidance in their use and to help explain how each principle should be interpreted by rural and urban municipalities. The principles can provide a policy framework for municipalities to reach voluntary agreements.

Application to Community Planning

If both municipalities agree to the boundary alteration, the proposal must be submitted by the municipality seeking the boundary alteration to the Community Planning branch of the Ministry of Government Relations. What needs to be submitted as a part of an application varies depending on what Act an application is being made under, but generally a submission will include:

1. A completed application form
2. A map or plan showing the proposed alteration, including legal descriptions
3. An explanation of the reasons for the proposal
4. Certified copies of the council resolutions that support the boundary alteration
5. Copies of public notices, minutes from public meetings and any submissions on the application

Municipal boundary alterations must follow property lines. Due to this, a subdivision may be required in advance of the submission of a boundary alteration application. Since boundary alteration involves municipal boundaries, it is up to the municipalities to negotiate an agreement to address other local concerns regarding the boundary alteration.

The following checklists are available on saskatchewan.ca and detail what needs to be included in a boundary alteration application under the CA, MA, and NMA:

- Municipal Boundary Alteration – Cites Act Checklist
- Municipal Boundary Alteration – Municipalities Act Checklist
- Municipal Boundary Alteration – Northern Municipalities Act Checklist

A completed application can be submitted by mail or through the online Land Planning and Development Application.

Public Consultation

Once a municipal council has passed a resolution to pursue a boundary alteration or has been sufficiently petitioned to apply for a boundary alteration, the council must prepare a notice to the public outlining its intention to apply for a boundary alteration.

Notice to the Public

The notice must be:

- Published once a week for two consecutive weeks in a locally circulated newspaper; and
- Personally delivered or sent by ordinary mail to:
 - Each person assessed on the last revised assessment roll with respect to land or improvements located in the area affected by the proposed application;
 - The council of all involved municipalities affected by the proposal; and
 - The board of all school divisions affected by the proposal.

The notice must contain:

- A map and description of the proposed boundary alteration;
- A brief explanation of the reasons for the proposal;
- A statement saying where the proposal may be examined;
- A statement saying that anyone who objects to the proposal may file a written objection clearly explaining the reasons for objecting to the proposal with the administrator of the lead municipality within four weeks of the last publication of the notice (objections are to be received by the lead council); and
- The date, time and place of the public meeting that will be held by the council to discuss the proposal. The meeting must be held at least one week after the day on which the notice was last published, delivered or sent, but must be held before the date by which objections are to be submitted*.

* Note: Under *The Cities Act*, this information does not need to be included in the initial notice as a public meeting is only required to be held if an objection is received. If the city undertaking a boundary alteration chooses to not hold a public meeting and receives an objection, a public meeting would need to be held and additional notice would need to be issued as described above. For a sample Notice to the Public, see the attached [sample in Appendix D](#).

Ideally, the list of persons to whom the notice is to be sent would come from the assessment roll provided by the municipality in which the land is located.

The Public Meeting

As noted above, a public meeting is optional for cities unless an objection is received from members of the public and is required for applications under the MA and NMA². All of the material required to be included with the submission pursuant to section 59 of the MA and 80 of the NMA must be available for public review.

The meeting must be held one or more weeks after the final publication of the notice and prior to the date by which objections are to be provided to the lead municipality. At the public meeting, council shall hear all persons who wish to speak regarding the proposed boundary change. After the public meeting, council may wish to reconsider its intention to annex lands.

² See S. 43(3) of the CA, S. 57 of the MA, and S. 78 of the NMA.

[The Conducting a Public Hearing Guide](#) outlines the requirements and processes for conducting a public hearing for matters under *The Planning and Development Act, 2007*. This process can be adapted to boundary alteration public meetings.

When Agreement is Reached Without Dispute

Municipalities may mutually agree to the terms and areas proposed for annexation by passing complementary resolutions. These resolutions are included with all other materials and submitted to the Community Planning branch of the Ministry of Government Relations. The application will be reviewed for conformance with the Act under which it is being made. The application will also be reviewed to ensure that the municipalities affected by the boundary alteration will remain viable entities following the alteration. If the application conforms, and will not affect the viability of the municipalities, the Community Planning branch will describe the new limits of the municipality. This description forms part of the Minister's Order on the alteration.

If the application to the minister or the SMB is rejected, the ministry will cause notice of the decision to be published in a newspaper circulated in the area of the proposal. If an application or portion of an application is rejected, no subsequent application that is substantially similar may be made for one year. This applies to all municipalities.

Dispute Resolution, Mediation and the Saskatchewan Municipal Board

After a municipality has notified another municipality of a proposed boundary alteration, a response is required to be provided within 30 business days of the request³. If a response is not received within 30 business days, the request is deemed to be in dispute and the applicant municipality can proceed on that basis.

If one of the involved municipalities does not consent or respond to the proposal, the SMB committee must appoint a mediator to assist the municipalities in resolving the matter in dispute. This mediation must take place before the application is submitted to the committee for review⁴. Municipalities are encouraged to attempt mediation prior to applying to the SMB. If none is attempted, the SMB will appoint a mediator. All costs of mediation must be borne by the affected municipalities. Mediation is not required if there has been an attempt at mediation within the previous year.

If mediation successfully resolves a dispute, the application can be submitted by the municipality seeking the boundary alteration to the Community Planning branch. If one of the municipalities does not consent to the proposal and mediation does not resolve the dispute, the application must be submitted to the SMB.

Boundary Alterations and the SMB

The Municipal Boundary Committee of the SMB reviews applications to alter municipal boundaries and amalgamate municipalities when there is no complementary resolution from the affected municipality(s). The minister may also refer an application to the committee for review. The committee is composed of full-time members of the board as well as part-time members who are nominated by SUMA and SARM.

³ See S. 43.1(10) of the CA, S. 59(1.1) of the MA, and S. 80(1)(1.1) of the NMA.

⁴ See S. 43.1(4) of the CA, S. 60(3) of the MA, and S. 81(3) of the NMA.

When the SMB receives an application directly, the committee may decide to hold a public hearing to hear and decide the matter in dispute. If the SMB receives the application from the minister, it must conduct a hearing.

The committee's role is to:

- Hear and decide on applications within four months from the time an application is complete
- Provide information to municipalities and the public regarding the application process and the policies and procedures of the committee

[The SMB's webpage](#) includes information about boundary alterations for affected municipalities. It contains answers to common questions about boundary alteration and their process that may be helpful. It also has links to the application form to submit a boundary alteration application to the SMB and the list of accompanying materials required.

Materials required to be submitted to the SMB in an application include:

- A map of the proposed changes, including the reasons for the changes;
- A certified resolution from your municipality; and
- If applicable:
 - A certified resolution from any other municipality affected by the proposed boundary changes;
 - A summary of the public meeting held to discuss the proposed boundary changes;
 - A copy of each written submission to the public meeting; and,
 - A copy of each report or record of mediation.

Before an application is reviewed by the committee, the secretary must review whether an application is complete⁵. If an application is complete, the secretary will refer the application to the committee.

If an application is incomplete, the secretary will notify the applicant municipality in writing of the deficiencies and specify a period within which the deficiencies must be remedied. If the deficiencies are remedied within the period specified, the application will be forwarded to the committee for review. If the deficiencies are not remedied within the period, the application is deemed to have been withdrawn.

After receiving an application, the SMB committee will review the proposal and may hold a formal hearing which involves the public. An application can be withdrawn at any time prior to the committee completing its review. Once the committee's review is complete, its decision regarding the application applies even if an attempt to withdraw the application is made by the municipality. The SMB committee may approve all or a portion of an application subject to any terms and conditions it feels are appropriate. The SMB is required to report its decision to the minister within four months after the day on which an application is referred to it by the secretary of the board⁶. The minister will issue the Order pursuant to the SMB committee's ruling.

⁵ See S. 18(1)(1.1) of The Municipal Board Act.

⁶ See S. 18(11) of The Municipal Board Act.

Things to Consider

An application under review by the committee has at least one point in contention where there is no agreement among the affected municipalities. Therefore, the information supporting this review differs from that in the complementary application filed directly with the minister.

If the minister refers the matter to the SMB under the CA, MA or NMA, the matter may be assigned to a mediator appointed by the committee. If mediation is unsuccessful, the committee is required to schedule a hearing to hear and decide the dispute. The [Commonly Asked Questions](#) section of this guide includes additional information on mediation.

The SMB will use the Principles for Financial Settlements Between Municipalities for Boundary Alterations as a guideline for addressing annexation disputes related to financial settlements and will consider the specific principles relevant to each situation. The SMB committee's use of the principles as a guideline will not fetter the board's discretion because the committee must consider each case based on its merits and the facts of a particular case. Guidelines cannot be binding and conclusive and the rules must be flexible enough to adapt to the facts of a case.

The board has initiated the use of staff from the Dispute Resolution Office of the Ministry of Justice for informal negotiations between affected municipalities. This involvement has contributed to withdrawals of applications from the SMB when the municipalities reached a facilitated agreement. The costs associated with this involvement are the responsibility of the applicant municipality. Municipalities can suggest an alternative mediator.

SMB Timelines

There are no legislated timelines for municipalities to submit an application to the SMB. However, the SMB committee is required to report its decision to the minister within four months after the day on which an application is referred to it by the secretary of the board⁷. Substantial time is sometimes consumed obtaining missing parts of an application from a municipality. Therefore, an application is only referred to the committee if it is complete and after mediation has occurred. The SMB's process to consider and decide on an application, and the four-month time frame only begins once a complete application meeting all of the statutory requirements has been received by the secretary of the board.

An application can be withdrawn at any time prior to the committee completing its review. The SMB process and time frame may be extended by the minister at the request of the SMB or a municipality.

If the use of the land or the "footprint" of the boundary alteration application changes after submission of the application but before a hearing, the process starts over. If an application is rejected, there is a one-year prohibition on filing a substantially similar application to the minister or the SMB under the CA, MA or NMA.

Key Factors in SMB Decisions

Subsection 18(4) of *The Municipal Board Act* outlines the factors used to evaluate municipal boundary changes when a request for boundary alteration is received by the SMB. These include:

⁷ See S. 18(11) of *The Municipal Board Act*.

- Land use planning
- Tax sharing
- Local boards and commissions
- Municipal services
- Municipal capital works
- Mill rates and assessments
- Disposition of land or improvements that is owned by or leased to a municipality, local board or commission
- Disposition of assets and liabilities
- Municipal electoral boundaries
- Grants or other assistance from the government of Saskatchewan or Canada
- Local school divisions
- Transportation, communication and utilities and rates for those things
- Local improvements in the area affected
- Hospital, library and other intermunicipal bodies
- Bylaws
- Any other matters that the minister or the board considers relevant

The SMB considers and expects to receive information related to all these factors. However, each case is decided on its own merits. Emphasis on a particular factor may be greater for one case than for others. For example, the consequences and costs of providing services to an area to be annexed might be considered. Boundary alteration to transfer lands may result in more revenue to a municipality but that revenue must be measured against the cost of providing services to the newly annexed area. Short and long-term costs and benefits must also be considered.

Role of the Minister

The minister may make an order if a municipal boundary application is submitted with a complementary resolution from an affected municipality or if the SMB approves an application submitted without a complementary resolution.

Through a Minister's Order, the minister may⁸:

- Approve an application, subject to any terms and conditions that the minister considers appropriate;
- Approve parts of the application and reject other parts, subject to any terms and conditions that the Minister considers appropriate; or
- Reject the application.

Terms and conditions the minister considers appropriate are generally those already set out in the agreement between the municipalities. This could include tax-sharing agreements, service extensions or the continued maintenance of infrastructure agreements. The minister could include other conditions. For example, if a body of water lay between the areas being annexed, the minister may feel it necessary

⁸ See S. 44 of the CA, S. 61 of the MA, and S. 82 of the NMA.

for the annexing authority to provide a bridge over the body of water in order for the boundary alteration to be complete.

Consequences of the Minister's Order

Upon the effective date of the Minister's Order, the lands will transfer from the administrative jurisdiction of one municipality to another. From the effective date of the order, all previous boundary description orders are repealed and the new boundary description of the annexed area is conclusively deemed to be the legal description of the municipality.

It is important to note that all bylaws and resolutions in force in the former municipality continue in force as bylaws and resolutions of the new municipality for the period of one year unless they are repealed or others are made in their place⁹. There is no similar provision in the CA. In the case of municipal planning bylaws, those made by the former municipality will remain in effect until the annexing municipality amends its planning bylaws to appropriately cover the newly annexed area.

As soon as possible after the date of the boundary alteration, the administrator of the municipality from which the land is transferred must provide to the administrator of the other municipality that is gaining the land¹⁰:

- A copy of the assessment and tax roll for the part of the municipality that is added to the other municipality; or
- A statement setting out the pertinent details of the information reflected in the assessment and tax roll for that part of the municipality.

⁹ See S. 63(3) of the MA, and S. 84(3) of the NMA.

¹⁰ See S. 63(6) of the MA, and S. 84(6) of the NMA.

Planning for Growth

Why is Municipal Planning Important for Boundary Alterations?

Municipal planning supports the development of environmentally, economically, socially and culturally sustainable communities. It seeks to enable co-operation between municipalities within planning districts and with other jurisdictions and agencies in the delivery of services and infrastructure development. It is also one of the key items the SMB considers when rendering a decision on a boundary alteration proposal.

The SMB considers planning documents when determining whether a contested boundary alteration should proceed to substantiate the need to alter the boundary to facilitate growth. It is important to understand statutory municipal plans. The OCP is the recognized statutory document guiding and identifying the growth management strategy for a single municipality. A district plan (DP) is a statutory document guiding development and intermunicipal planning for municipalities affiliated with a planning district. This is key to the idea that community growth should be orderly and beneficial not only to the municipalities, but to the region and its residents.

How does a Municipality Implement Plans for Growth Through Boundary Alteration?

An urban municipality needs to ensure it has clearly considered future growth requirements and locations in its OCP and has estimated when these areas will be required. Any municipality experiencing growth ought to have an OCP or DP, and these plans should address the timing of growth and be regularly updated. This is very helpful when applying for a boundary alteration. A critical component of any OCP is providing land use policies and identifying areas to meet defined growth demands. This involves planning the development of lands within municipal boundaries and identifying options and constraints for expansion beyond those boundaries where future growth is likely to exceed the capacity of the current jurisdiction lands.

While an OCP can help to guide future development and inform neighbours about future development plans, it does not bind a neighbouring municipality into agreeing with a future boundary alteration application (e.g. a rural municipality is not required to agree to a boundary alteration just because an urban municipality identifies an area as future residential land in their OCP). Likewise, an urban municipality may decide to vary from those future development plans identified in an OCP as a result of development opportunities (e.g. an urban municipality may determine that a future residential area is better suited as a future commercial area).

When in effect, the SMB uses an OCP or DP in most cases. Otherwise, the SMB falls back on the key factors specified in subsection 18(4) of *The Municipal Board Act* (listed previously) to make its decision. A municipality should consider these factors when preparing a boundary alteration application.

Policies coordinating land use and development, future growth patterns and public works with adjacent municipalities are advised for growing urban centers and their rural neighbours. In addition to a requirement that an OCP or DP address intermunicipal cooperation, *The Planning and Development Act, 2007*, authorizes municipalities to enter into an intermunicipal development agreement to address urban fringe development before it becomes a local political issue. Urban municipalities should identify their expected areas and directions for future urban growth, the types of land uses expected to be

developed and standards for infrastructure. With this information, the rural and urban municipalities can have an informed discussion about how and where growth should proceed and what form(s) of development should or should not be approved in advance of a boundary alteration.

These growth areas and relevant policies should be reflected in the bylaws of both municipalities and may establish milestones that would be met prior to any boundary alteration applications. This process would allow both councils to negotiate acceptable areas or terms for the boundary alteration agreement without the necessity for external arbitration. This identification of future growth directions also gives rural municipalities sufficient notice of potential boundary alterations so they can locate development they wish to service and tax outside urban growth locations.

Planning is important from the perspective of both urban and rural municipalities. Each may be best suited to accommodate growth for specific types of land use. Some will be more suited to an urban context while others will be more suited to a rural area. Predictability and long-term investment security is critical to most developers, whether they be urban or rural.

A municipality may submit a boundary alteration application because of a specific land subdivision proposal or because a landowner asks for the change. Hopefully, the OCP sets the context for the first of these situations. If not, it comes down to the key factors for the SMB to consider.

Critical Success Factors for the Boundary Alteration Process

Several factors are critical to appropriately planning urban expansion, including:

- Open and timely lines of communication with neighbouring municipalities
- Having a current official community plan, district plan, or intermunicipal development agreement
- Identifying growth areas in cooperation with neighbouring municipalities
- Establishing a locally agreed-upon dispute resolution or negotiating procedure
- Agreement on taxes and fees to cover the costs of development

Communication:

It is critical that neighbouring municipalities keep the lines of communication open. The most common issue leading to a boundary alteration dispute is a breakdown in regular communication, leading to seemingly unforeseen surprises about municipal growth intentions. It is important to foster positive municipal relationships to achieve timely and desirable outcomes.

Official Community Plan:

It is important to understand that the purpose of boundary alteration is to enable community growth. An OCP is the recognized statutory document guiding and identifying the growth management strategy for a municipality. Where a municipality does not plan for growth, it is much more difficult to prove to the SMB that a boundary alteration is necessary to support proposed growth.

District Plan:

Where a planning district has been formed, cooperation on development timing and locations as well as joint provision and payment for services should be resolved as part of the plan. The planning commission is always the first body to address and normally resolve intermunicipal land use issues.

Intermunicipal Development Agreement:

This tool provides a mechanism to formally address most issues that arise from growth and boundary alterations before they become critical issues.

Growth Areas:

Open communication helps municipalities discuss various aspects of development in their communities including urban growth intentions. Discussing areas for future urban expansion enables municipalities to mutually agree on where to grow and reflect those land-use patterns in their OCPs. This is very useful when considering development proposals as the rural municipality will know whether the land is proposed for boundary alteration and what kind of development will occur in the future.

Local Procedures:

Knowing how to jointly work through a disagreement over growth issues with neighbouring municipalities is integral to be able to come to agreement. Any relationship can become strained at some point and it is important to establish ground rules. Although the SMB can be sought out to arbitrate on various issues, including boundary alteration, it is recommended that good-faith negotiation, mediation or non-binding arbitration be considered at the local level first. Agreeing during the good times on how both municipalities will work through the bad times is an important part of retaining municipal autonomy and deciding the individual municipality's own future.

Taxes and Fees:

Negotiations should recognize the principle that municipal taxes and fees are to pay for capital infrastructure and services and each municipality has a right to be recompensed for the costs of development it experienced. There are many forms of action possible to achieve this and boundary alteration is only one.

Appendix A – Commonly Asked Questions

General Questions

Where can I find general information on boundary alteration?

At the Government Relations website:

<https://www.saskatchewan.ca/government/municipal-administration/community-planning-land-use-and-development/municipal-status-and-boundary-changes/annexation>

At the SMB website:

<https://www.saskatchewan.ca/government/government-structure/boards-commissions-and-agencies/saskatchewan-municipal-board>

Where can I find out where the boundaries of a municipality are located?

Each municipality should be able to tell you where its boundaries are. If not, municipal boundary records are kept by the Regina office of the Community Planning branch. Please call 306 787-2725 for more information. Additionally, maps are available from the Geomatics area of Information Services Corporation of Saskatchewan.

How do I get municipal boundaries changed?

Because boundary alterations involve the alteration of a municipal boundary, only one of the involved municipalities may make an application. A landowner or other member of the public who desires land to be annexed into another municipality is encouraged to meet with each municipal council and discuss the proposal.

If both municipalities agree to the boundary alteration, the proposal must be submitted to the Community Planning branch of the Ministry of Government Relations. If one of the municipalities involved does not consent to the proposal, a municipality must apply to the Municipal Boundary Committee of the SMB.

What happens in a case where the land being annexed is not adjacent to the municipality requesting the boundary alteration?

Under the CA, there is no reference that the land needs to be coterminous or adjacent. However, the growth of cities depends on the provision of services which are typically built in a logical outward extension.

For towns and villages, the MA applies and indicates the land being annexed or restructured needs to be adjacent though it also provides an exemption if the two municipalities come to an agreement¹¹.

How are the boundary roads for areas to be annexed treated?

Section 67 of the MA sets out the manner in which municipal boundaries are established. The municipal boundary will include the road allowances bounding the south and west sides of an area to be annexed unless otherwise specified in the Minister's Order. Municipalities that wish to vary from this should describe the variations in the proposed annexation and public notice so they can be

¹¹ See S. 53(1)(a) and 53(2) of the MA.

included in the Minister's Order.

The provisions of section 52(1) of the CA apply with the same effect.

Saskatchewan Municipal Board (SMB) Related Questions

What is the Municipal Boundary Committee?

The Municipal Boundary Committee is a committee of the SMB established to receive applications for the alteration of boundaries when the affected municipalities do not agree to the proposal or where the minister requests that the committee review a boundary alteration application.

What happens once the application is filed with the committee?

When an agreement is not reached through mediation, the municipality seeking boundary alteration can submit the application to the SMB. The secretary of the board (secretary) will review the application. If the application is incomplete, the secretary will notify the municipality in writing of the deficiencies and specify a period within which the deficiencies must be remedied.

If the deficiencies are not remedied within the period specified by the secretary, the application is deemed to have been withdrawn by the municipality. If the deficiencies are remedied within the period, the secretary will refer the application to the committee members for review.

The committee may decide to meet informally with both councils without prejudice to discuss the issues associated with the application. Sometimes it is appropriate for these informal meetings to be facilitated by other expert persons. Associated costs for the informal meetings are the responsibility of the applicant municipality.

The committee determines whether to review and decide the application with or without a public hearing.

If the committee holds a public hearing, how are the affected municipalities and interested parties notified?

The affected municipalities and landowner(s) who may have land in the part of the rural municipality proposed to be annexed will be notified in writing of the date, time and place of the hearing. As well, a notice of the public hearing will be published in a newspaper circulating in the area at least once a week for two successive weeks. The hearing is usually held in one of the affected municipalities.

Who sits on the committee?

The committee is composed of full-time members of the board as well as part-time members who are nominated by SUMA and SARM. The part-time members of the board must be appointed by the minister under subsection 18(3) of *The Municipal Board Act*.

Can interested parties make a presentation at the public hearing?

Yes.

Do you have to be a resident of the affected municipality/municipalities to make a presentation at the public hearing?

No. All persons who wish to make representations relevant to the application will be heard.

How long does the committee have to make a decision?

Under subsection 18(11) of *The Municipal Board Act*, the committee is to make its decision or submit its recommendation in a report to the Minister of Government Relations within four months after the date a complete application is submitted or referred to the committee by the secretary of the board. The minister may, at the request of the committee or a municipality affected by a proposed alteration of boundaries, extend the time within which the committee is required to submit its report to the minister.

If the committee rejects a municipal council's application, is there an avenue for further review?

There is no further review of a committee decision, and no similar municipal boundary application may be filed for one year under the CA, MA and NMA. If an application is rejected, there can be no substantially similar application considered for one year under the CA, MA and NMA.

Mediation and Conflict Resolution Questions

What is mediation?

Mediation is a process where an impartial third party helps two or more parties discuss a dispute and work toward a solution that is acceptable to all parties. Before an application is submitted to the SMB for review pursuant to subsection 18(1) of *The Municipal Board Act*, the SMB must appoint a mediator to assist the municipalities in resolving the matter in dispute. All costs of any mediation must be borne by the affected municipalities. Mediation is not required if there has been an attempt at mediation within the previous year¹².

Mediation is not a substitute for legal advice. In most situations, it is still advisable to consult a lawyer before and during the mediation process. It is also advisable to have a lawyer review any written agreement before it is signed. Unlike a judge or arbitrator, the mediator does not decide the outcome of the dispute. Mediated agreements tend to succeed because they result from a process that allows parties to create their own solutions.

What are the benefits of mediation?

Dispute resolution can offer many benefits, including:

- Mutual satisfaction
- Effective results
- Enhanced communication between the parties
- Participants lead the process
- Efficient
- Confidential
- Broad range of disputes are resolved
- Cost-effective
- Improved partnership
- Tailor-made solutions to disputes

¹² See S. 53.1(4) of the CA, S. 60(3) of the MA, and S. 81(3) of the NMA.

What questions should we ask to select a mediator for dispute resolution?

- What is the mediator's education and employment history?
- What type of mediation training has the mediator received?
- What mediation experience does the mediator have?
- Does the mediator belong to any professional associations?
- Does the mediator adhere to a Code of Professional Conduct?
- Does the mediator co-mediate? If so, in what situations?
- How much does the mediator charge and on what basis? How is travel, administrative and clerical time handled?
- How long does the mediator expect the mediation to take?
- How long before the mediation can begin?
- Can the mediator provide references?

How do you find a mediator?

Here are some ways for you to find a mediator:

- Ask your lawyer to suggest a mediator.
- Look in the Yellow Pages of your local telephone book.
- Contact Mediation Saskatchewan and ask for a copy of their "Directory of Mediators".
- Contact the Dispute Resolution Office, Ministry of Justice at (306) 787- 5747 or disputeresolutionjustice@gov.sk.ca.

Principles for Financial Settlements Between Municipalities for Boundary Alterations Questions

What is the benefit for municipalities of using the principles?

The majority of annexations are decided through voluntary agreements but some end up at the SMB as disputed applications. The Ministry of Government Relations, the SMB and SUMA and SARM boards of directors agreed that the principles provide a framework to resolve financial settlement issues between municipalities. Municipalities are free to do so outside the new principles; however, the principles are intended to provide guidance not currently available through legislation or the SMB.

The principles can be used by municipalities to help guide their negotiations to a mutually agreeable settlement without the need for the SMB, if they choose.

The principles offer transparency and advance understanding for municipalities about how the SMB will review disputes pertaining to annexation compensation, if referred to the SMB for resolution. The principles still leave the SMB with sufficient flexibility to address case-specific details.

What would be the benefit of the SMB adopting the Principles for Financial Settlements Between Municipalities for Boundary Alterations as a guideline?

The principles will lend a level of consistency for municipalities' financial settlement negotiations and assist the SMB during dispute adjudication related to financial issues and annexations.

Although voluntary annexation agreements would not be required to use the principles, municipalities would know what to expect at the SMB when negotiations have reached an impasse.

What is the purpose of the questions and responses following each principle?

The Ministry of Government Relations and the SUMA and SARM boards of directors agreed to the principles and their related questions/responses. The questions following each principle are there to give municipalities guidance in the use of the principles and to help explain how each principle should be interpreted by rural and urban municipalities. The principles can provide a policy framework for municipalities to pursue voluntary agreements which are currently lacking.

Will municipalities entering into voluntary annexation agreements be required to apply the principles to reach a financial settlement?

No. The principles will be available to the municipal sector for consideration when negotiating voluntary annexation agreements; however, municipalities would still be free to negotiate mutually acceptable settlements outside of these principles.

The SMB will encourage municipalities to use the principles when reaching voluntary agreements and in mediation prior to adjudication by the SMB. Municipalities will now know the SMB will use the principles as a guideline to deal with annexation disputes related to a financial settlement that come before it for adjudication.

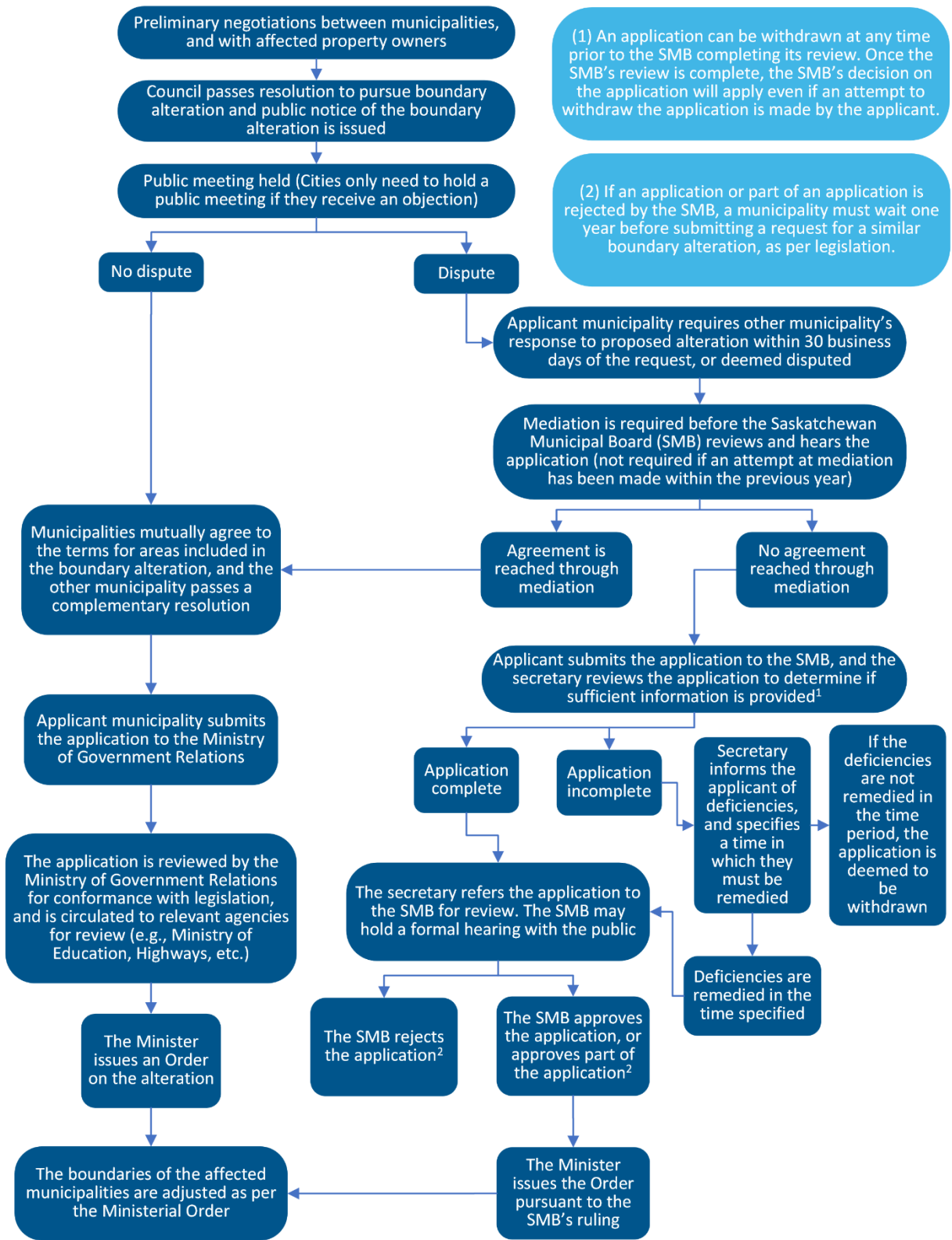
Has the ministry consulted the municipal sector on the Principles for Financial Settlements Between Municipalities for Boundary Alterations? What was the process for developing them?

Yes. The principles are the result of many meetings with the municipal associations, SUMA and SARM. Both the SUMA and SARM boards of directors have confirmed concurrence with the principles.

How would the total financial settlements be determined under the principles?

The exact amount of financial settlement will not be determined by the principles. Rather, the principles will provide a framework for what to consider when negotiating a financial settlement related to a boundary alteration.

Appendix B – Boundary Alteration Flowchart



Appendix C – Principles for Financial Settlements Between Municipalities for Boundary Alterations

Each principle includes a set of related questions to give municipalities guidance in their use and to help explain how each principle should be interpreted by rural and urban municipalities. The Principles for Financial Settlements Between Municipalities for Boundary Alterations can provide a policy framework for municipalities to try to reach voluntary agreements.

- 1. More regional planning by urban municipalities and bordering rural municipalities should be undertaken to determine locations for growth, the need for future boundary alterations and to inform about municipalities' respective plans.**
 - a. What does this principle mean to municipalities? How should they interpret it?
 - i. Clear regional plans would give future direction for urban and rural development.
 - ii. Regional planning needs to be an ongoing process.
 - iii. Regional planning makes good business sense.
 - iv. Look at future plans and opportunities for development.
 - v. Planning needs to be evidence-based – not speculative.
 - vi. There needs to be a willingness to share plans and information between municipalities.
 - vii. Will result in fewer surprises about growth and boundary alteration plans between neighbouring municipalities.
 - viii. Plans can guide land use and infrastructure investment decisions prior to boundary alterations; these have an impact on the financial settlement.
 - ix. Evidence-based negotiations are required.
 - x. Creates trust and improves relationships and mutual respect.
 - xi. A focus on open communication, but not necessarily a push for a more formal planning commission.
 - b. How would municipalities use this principle in reaching a financial settlement?
 - i. Regional planning offers a way to share information, communicate better and build mutual trust.
 - ii. It provides a basis for substantiating the need for boundary alterations.
 - iii. Good regional planning takes the surprises out of requests for boundary alterations and supports amicable financial settlements.
 - iv. Having a better understanding of future development would assist in settlements.
 - v. Regional planning affects the financial settlement through infrastructure investment decisions, development standards used, compatibility of development, and impacts on assessment and taxation; each of these can have a bearing on reaching negotiated settlements.
 - vi. Increased communication is needed between parties; building and maintaining relationships is required; regional planning contributes to this.
 - vii. Look at development plans.
 - viii. Rural plans may be less detailed than urban documents but must be treated with equal respect.

2. Municipal boundary alterations should be based on the substantiated need for land for growth and alignment with plans.

- a. What does this principle mean to municipalities? How should they interpret it?
 - i. Need is to be determined on a case-by-case basis.
 - ii. Boundary alterations would proceed when applicant municipalities show they need the additional land to accommodate growth.
 - iii. The demonstration of need must be evidence-based (e.g. demographics, OCPs, infrastructure plans, land use plans, etc.).
 - iv. Need could be based on the same types of evidence urbans would use to approve a new development.
 - v. Substantiating need is not “a plan on a napkin”; it shows a bona fide development interest, not a speculative proposal.
- b. How would municipalities use this principle in reaching a financial settlement?
 - i. The timing and magnitude of an annexation are driven by need, and this affects the financial settlement.
 - ii. Information on need is time-period specific.
 - iii. Evidence should outline why and where growth will occur.
 - iv. Evidence-based determination could include demographics, OCPs, infrastructure plans, land use plans, or other evidence that the applicant municipality needs incremental lands.
 - v. The interests of all parties need to be respected.
 - vi. Determination of need and supporting documentation should be provided in good faith by both parties.

3. Determining the amount of a boundary alteration financial settlement should be evidence-based and done in good faith.

- a. What does this principle mean to municipalities? How should they interpret it?
 - i. A good faith process is demonstrated by:
 - 1. Municipalities planning and working together
 - 2. Having an appropriate communication approach
 - 3. Looking for the potential for joint benefit of all parties
 - 4. The proper timing of communications and engagement between parties (e.g. early discussions)
 - 5. Annual meetings between parties
 - 6. Having regional plans
 - 7. Showing an honest desire to come to an agreement
 - ii. Building relationships on a solid foundation of trust is vital to good faith negotiations.
 - iii. Good faith has a legal meaning, encompassing:
 - 1. Willingness to come to an amicable agreement
 - 2. Having an immediate symbolic benefit
 - 3. Honesty
 - 4. No omissions
 - 5. Appropriate conduct of parties

- iv. Evidence-based means:
 - 1. Actual and appropriate documentation of infrastructure investment/expenditures;
 - 2. An open-books approach to sharing financial information on the impact of a boundary alteration on respective municipalities; and
 - 3. Amounts requested/offered for a financial settlement are not arbitrary.
- v. The financial impacts on both municipalities are considered.
- b. How would municipalities use this principle in reaching a financial settlement?
 - i. Agreements and/or decisions should be made on a case-by-case basis.
 - ii. Need to be able to quantify financial effects on both municipalities.
 - iii. Examples of evidence-based documentation include:
 - 1. Revenue and expenditure statements from both municipalities
 - 2. SAMA's property assessment of annexed area.
 - 3. The infrastructure's net book value from the tangible capital asset register.
 - 4. Engineering condition assessments of infrastructure.
 - 5. Statements showing outstanding debt/loans/accounts payable and receivable related to the annexed land

4. A financial settlement should acknowledge the net financial benefits for both the municipalities and infrastructure investments that have been made.

- a. What does this principle mean to municipalities? How should they interpret it?
 - i. There is a need to look at annexation impacts from the perspective of both rural and urban residents.
 - ii. The use of "net benefit" is appropriate because an annexation can benefit either municipality (e.g. a rural municipality might be better off from annexation by giving up land where servicing costs are greater than the RM's tax levied in the area).
 - iii. Urbans may have a service-related need for the annexed area but do not have a profit motive for annexation (i.e. there are no profits from providing municipal services).
 - iv. Rural municipalities are concerned that the remaining rural ratepayers will bear extra costs due to lost revenues; not every tax dollar collected from a ratepayer goes directly to the level of services they receive.
 - v. The focus should be on an evidence-based approach to support infrastructure value; the settlement should include an accounting for past infrastructure investments by the municipality that had the property within its boundaries.
- b. How would municipalities use this principle in reaching a financial settlement?
 - i. Infrastructure valuation should look at condition assessments, not just depreciated value (net book value).
 - ii. Infrastructure compensation should consider multiple factors, including:
 - 1. Utility
 - 2. Condition
 - 3. Tangible capital asset register value
 - 4. Depreciation
 - 5. Engineering condition assessments

- 6. Sources of original funding
 - 7. Outstanding debt and/or loans related to the annexed infrastructure
 - 8. Investment in other RM infrastructure in support of imminent development in the annexed area
 - iii. Need to consider the impacts on the financial situation/position of both municipalities in terms of operating revenue and expenditure increases and/or decreases related to the existing rural services provided and the initial urban services required in the annexed area.
 - iv. The potential value/benefit of future development in the annexed area is not to be considered, except for “imminent lost opportunity”.
- 5. The boundary alteration financial settlement should not jeopardize the ability of either municipality to achieve the purposes of a municipality as provided for in legislation.**
- a. What does this principle mean to municipalities? How should they interpret it?
 - i. Each municipality has an obligation to meet the needs of residents and businesses for municipal services and infrastructure appropriate to their urban or rural context.
 - ii. The settlement should support the service needs and standards of residents in both municipalities.
 - iii. This principle shows respect and demonstrates good faith by considering the impacts on each party.
 - iv. A settlement should not be detrimental to the functioning of either municipality.
 - b. How would municipalities use this principle in reaching a financial settlement?
 - i. Consideration by both parties of settlement terms and flexible compensation payments in terms of settlement amount and/or the time period for payment.
 - ii. The continuing ability of both municipalities to meet the service needs of all their residents and businesses may limit the settlement.
 - iii. An annexation should not impact the finances of the annexed municipality to the extent that existing levels of municipal services could not be provided to its remaining ratepayers.
 - iv. The financial and service impacts on respective taxpayers from each municipality need to be considered.
- 6. The purpose of property tax is to fund municipal services. Receipt of property tax from properties affected by a boundary alteration should be linked to the provision of municipal services to those properties.**
- a. What does this principle mean to municipalities? How should they interpret it?
 - i. Needs to be applied on a case-by-case basis.
 - ii. The property taxes in the annexed area should be used to finance services to those annexed properties.
 - iii. The settlement shouldn't impose a burden on other ratepayers of the annexing municipality to pay for the annexation settlement and the subsequent provision of municipal services to the annexed area.

- iv. Many residents in an annexed area expect immediate new services; however, the residents need to be aware of the implementation plans related to timing and level of service provision in the annexed area.
 - v. Different levels of service can require different types of service delivery (e.g. RCMP policing versus a dedicated municipal police force).
 - b. How would municipalities use this principle in reaching a financial settlement?
 - i. The expectation of property owners needs to be considered.
 - ii. Impacted property owners need to be aware of the plans/timing of new or enhanced service provision by the annexing municipality.
 - iii. Existing ratepayers in an annexed area may want/expect the urban service immediately; however, they should be aware that urban service and property taxation levels will be incrementally added.
 - iv. Services in the annexed area should be funded by its ratepayers.
 - v. Taxpayers outside of the annexed area should not be unduly burdened financially by municipal growth within or attributable to the annexed area.
 - vi. Property tax from annexed areas needs to be available to fund services.
- 7. The financial settlement should be based on present land use and circumstances and not be influenced by what future development may occur in the annexing municipality.**
- a. What does this principle mean to municipalities? How should they interpret it?
 - i. Annexation compensation should not take into consideration the future development of the annexing municipality.
 - b. How would municipalities use this principle in reaching a financial settlement?
 - i. A settlement needs to consider evidence, such as:
 - 1. Land use plans
 - 2. Zoning
 - 3. How far into the future development is
 - 4. Limited availability and suitability of land
 - ii. The determination of need is to be an evidence-based collaborative process.
 - iii. The annexing municipality's future development cost would not be considered in determining the amount of the settlement.
 - iv. Any financial considerations for the annexing municipality should reflect both the initial urban services required to support the annexed area in its undeveloped or present state and any new assessment and property tax implications on the annexed area.
- 8. The financial settlement should only take future developments in the annexed municipality into consideration if the boundary alteration inhibits or transfers an imminent development.**
- a. What does this principle mean to municipalities? How should they interpret it?
 - i. "Imminent" means a development process that has been started and/or for which there has already been filed a development proposal, not just an intent to develop.
 - ii. It shows a bona fide development interest with some investments already made; not a speculative development proposal.

- iii. Imminent development needs to be evidence-based with official and appropriate documentation of investment/expenditures, not “a plan on a napkin”.
- b. How would municipalities use this principle in reaching a financial settlement?
 - i. Consideration needs to be given as to how imminent the project is in the area to be annexed.
 - ii. The annexed municipality needs to provide evidence of a bona fide development interest before expecting any compensation for a lost development opportunity.

Appendix D – Sample Notice to the Public

NOTICE TO THE PUBLIC

Pursuant to _____ insert section and Act here _____, public notice is hereby given that the _____ Municipality A _____ intends to restructure by adding the following lands from the _____ Municipality B _____.

The legal description and a map of the land to be added to _____ Municipality A _____ is included below:

(insert the legal description and a map of the land to be annexed here)

The reasons for the proposal are:

- Reason 1
- Reason 2
- Reason 3

A public meeting will be held on _____ Date _____ at _____ Time _____ at the _____ Location _____ to discuss the proposal.

(The date of the public meeting must be at least one week after the date that the notice was last published, delivered, or sent.)

Any persons who wish to object to the proposed restructuring may file a written objection, stating clearly the reason for their opposition, with the administrator of _____ Municipality A _____ at the address below:

(the address of the initiating municipality)

A written notice of objection must be received by the administrator by _____ Date _____. (The due date must be four clear weeks from day on which the notice was last public, delivered or sent, and must be after the public meeting)

The complete proposal may be viewed at the _____ Municipality A _____ office between _____ am and _____ pm (list days the office is open).

(The information and documentation necessary for an application pursuant to section 59 of The Municipalities Act must be available for viewing during the notice period and for the public meeting.)

Dated at _____ Municipality A _____, this _____ Date _____.

Name/Signature
Administrator of Municipality A

Municipality A