

# Communities in Transition Program Guide

## A. PROGRAM OVERVIEW

The Communities in Transition (CIT) Program is split into two separate grant programs: the CIT Capital Grant Program and the CIT Operating Grant Program.

### 1. CIT Capital Grant Program

As part of the Municipal Revenue Sharing program, \$700,000 is available under the CIT Capital Grant Program each fiscal year.

The intention of the CIT Capital Grant Program is to accommodate the needs of Saskatchewan communities that assume financial liabilities related to municipal restructuring, i.e. when a village dissolves into an Rural Municipality (RM) and becomes an unorganized hamlet or special services area. The program has built-in flexibility to meet these needs, as different situations may require unique solutions. At the discretion of the management committee, the program may be modified to ensure successful delivery in upcoming fiscal years. RMs may apply for approval of infrastructure-related project(s), feasibility studies and administration costs only once and within 24 months following restructuring.

The CIT Capital Grant Program provides funding for three types of projects:

#### a) Infrastructure:

This portion of the program provides financial assistance to establish more sustainable, cost-effective service provisions in those RMs that assume financial liabilities related to environmental-based physical infrastructure. These infrastructure issues are often detrimental to the safety and health of communities and their residents.

#### b) Feasibility studies and administrative costs:

The CIT Capital Grant Program also provides funding for eligible feasibility and administrative costs associated with municipal restructuring. This was previously funded through the Municipal Restructuring Fund that was managed by the Saskatchewan Association of Rural Municipalities (SARM) and funded by the province.

#### c) Strategic initiatives:

The province may approve strategic initiatives, consistent with The Municipal Grants Regulations, in the case that CIT funding remains unspent at the end of a fiscal year. Funding has been provided to SARM every fiscal year since 2009-2010 for initiatives which will benefit all or several RMs throughout the province. SARM is responsible for the administration of these funds.

For a list of projects funded under this program area, see the downloadable Strategic Initiatives document under the heading Related Items on the CIT webpage.

### 2. CIT Operating Grant Program

When a village dissolves into an RM and becomes an unorganized hamlet or special service area, the province discontinues Municipal Revenue Sharing payments to that village. Instead, an annual grant payment is made to the RM under the CIT Operating Grant Program. This grant is based on the Municipal Revenue Sharing payment paid to the former village in the fiscal year in which it was dissolved into the RM. This payment is made for a maximum of ten years, commencing the fiscal year following the fiscal year in which the municipality dissolved. Eligible RMs are required to provide a brief, one-page application to the province for each of the ten years they are eligible to receive the operating grant. Further information on the application can be obtained by contacting the province at the phone number listed on the CIT webpage.

Funding for the CIT Operating Grant Program comes from the urban revenue sharing pool, but is paid to the RM on behalf of the unorganized hamlet or special service area.

## B. PROGRAM DETAILS AND APPLICATION

Program details were developed by the province in consultation with the Saskatchewan Urban Municipalities Association (SUMA) and SARM.

### 1. Guidelines

#### **Capital Costs, including Infrastructure Projects, Feasibility Studies and Administrative Costs:**

Projects approved under the CIT Capital Grant Program must adhere to the following guidelines:

- a) Only RMs may apply for funding; organized hamlets are not eligible for infrastructure funding.
- b) RMs may apply for approval of infrastructure-related project(s) and administration costs only once and within 24 months following restructuring. RMs may start incurring costs following dissolution and prior to the application being submitted, however, all approvals are at the discretion of the management committee and there is no guarantee all project costs will be approved. Funding will not be provided until the official restructuring occurs and invoices are received and reviewed by the province. A breakdown of administration costs is required.
- c) RMs may apply for feasibility studies associated with municipal restructuring under the CIT Capital Grant Program. Applications for these projects may be submitted and approved prior to any restructuring. If the municipality does not submit an application until after the feasibility study is completed, the deadline to apply for CIT funding consideration is 12 months following the reporting of results. In all cases, funding will not be provided until invoices are received and reviewed by the province.
- d) The province agrees to contribute 100 per cent of eligible project costs, up to \$50,000, for infrastructure projects in dissolved villages with good financial standing, provided that at least one project identified in the application warrants funding.
- e) The province agrees to contribute 100 per cent of eligible project costs, up to \$10,000, for eligible feasibility studies and administrative costs in dissolved villages with good financial standing, provided that the project identified in the application warrants funding.
- f) At the discretion of the CIT Management Committee, more or less funding may be provided based on the following:
  - RMs that demonstrate the dissolved village's ability to match all or a portion of provincial funding using surplus financial reserves during its transition to dissolution may be eligible to receive provincial funding in excess of \$50,000 for infrastructure projects at the discretion of the CIT Management Committee. Funding above \$10,000 for feasibility studies and administrative costs may also be provided to RMs that incur expenses related to restructuring.
  - Dissolving villages with a poor financial standing as witnessed by the province, SUMA or SARM through a lack of reporting or other unacceptable fiscal management practices may receive less than \$50,000 for infrastructure projects. Less than \$10,000 for feasibility studies and administrative costs may also be provided to RMs that incur expenses related to restructuring. A lower percentage of total eligible costs, at the discretion of the CIT Management Committee, may be set in either case as well.
  - Notwithstanding the above, funding above \$50,000 for infrastructure projects and \$10,000 for feasibility studies and administrative costs may be granted based on need, which will be decided upon by the CIT Management Committee on a case-by-case basis.

- g) Reimbursement will be provided to the RM once project costs have been incurred and paid, and all supporting documentation (invoices, wage stubs for costs related to salaries, etc.) and the Request for Payment Form are provided to the province. Reimbursement is based on invoices, and is not to exceed the agreed-upon amount of the grant.
- h) RMs which have assumed responsibility for dissolved villages with associated environmental infrastructure liabilities must identify and prioritize all current and future funding needs (i.e. intent to claim orphaned sites and abandoned buildings) in their CIT Capital Grant Program application. Original estimates or quotes on the applicable infrastructure are also necessary for these projects to be considered for approval.
- i) If the CIT Management Committee requests additional information on a submitted application, the applicant will be required to submit the required additional information to the province for consideration within 90 days of the request, unless an extension can be justified.

**Operating Costs:**

- a) The province will provide annual application forms to RMs with eligible unorganized hamlets or special service areas.
- b) The CIT Operating Grant is based on the Municipal Revenue Sharing payment made to the former village in the fiscal year it was dissolved into the RM.
- c) This grant is available to eligible RMs for a maximum of 10 years commencing the fiscal year following the fiscal year in which the village dissolved.

**2. Eligible Capital Grant Projects**

New or upgraded environmental-based physical capital assets that will establish more sustainable, cost-effective service provisions (improving and enhancing municipal infrastructure) are eligible. The termination of service provisions in the applicable following categories is also eligible.

- a) Infrastructure projects that considerably improve a community's health, safety or environmental standards will receive high consideration in the review process. These project categories include:
  - drinking water supply systems;
  - drinking water treatment systems;
  - drinking water distribution systems;
  - sewage collection systems;
  - sewage treatment systems; and
  - waste disposal (solid or liquid), including landfills and lagoons.
- b) The demolition and clean-up of environmental liabilities, which are typically not owned by the municipality and that are demonstrated to be a detriment to the health and safety of the new unorganized hamlet, are eligible. This may include abandoned buildings and orphaned sites.

NOTE: The RM must first claim the property through tax title proceedings and then clean up the site, if the project is approved for funding under the CIT program.

- c) Feasibility studies and administrative costs associated with restructuring are also eligible.

### 3. Eligible Capital Grant Costs

Direct costs to be reimbursed once incurred and paid by the RM include:

- a) construction costs (municipal and/or contractor) including goods, materials and equipment costs required to complete the approved project.
- b) costs relating to salaries and benefits, including:
  - municipal employee(s) costs (only if they are engaged specifically for the approved project); and
  - costs relating to contractor employee(s) engaged specifically for the project.
- c) fees relating to engineering and architectural consultants.

NOTE: Although a consultant may not be required for all projects, RMs must ensure that the appropriate expertise is available for the implementation of each project to ensure that legislated standards and codes are followed.

- d) costs related to the establishment of alternative service provisions, which are not considered ineligible costs in accordance with this agreement.
- e) operating and administrative costs associated with municipal restructuring.
- f) costs associated with creating a feasibility plan to ensure proper and efficient restructuring processes.

### 4. Ineligible Capital Grant Projects and Costs

The following capital grant projects and costs are deemed ineligible:

- a) Transportation-based projects, such as:
  - sidewalk replacement;
  - filling potholes, filling cracks, tarring;
  - municipal vehicle replacement;
  - other associated routine road maintenance.
- b) Rehabilitation or replacement of structures not related to eligible projects;
- c) Routine maintenance and repairs (patch work);
- d) Mobile equipment purchase;
- e) Land purchase and associated costs, if applicable;
- f) Legal fees;
- g) Cost overruns, unless approved by the CIT Management Committee;
- h) Infrastructure projects and administration costs in villages that have not reverted into the surrounding RM; or
- i) Feasibility studies in municipalities that have not incurred these expenses for the purpose of municipal restructuring.

## 5. Municipal Responsibility

The municipality shall:

- a) ensure the project is undertaken in respect of applicable federal and provincial environmental legislation.
- b) ensure all applicable labour and human rights legislation and standards are respected.
- c) comply with the program guidelines, application and instructions.
- d) indemnify and save harmless the parties to the program, the minister, officers and employees of the province from and against all claims, demands, losses, damages and costs of any kind based upon any injury or death of a person or damage to or loss of property arising from any willful or negligent act, omission or delay on the part of the municipality or its servants or agents in carrying out the project.
- e) allow, at all reasonable times, Ministry program managers, or their representatives, to inspect the project, records, contract terms and accounts related to the project to ensure program success.
- f) maintain project accounts subject to provincial audit and inspection.
- g) provide any additional technical or financial information required to assist with the determination of the project's eligibility and the subsequent reimbursement of eligible costs.

## 6. Capital Application Review and Approval Process

The CIT Management Committee, which includes officials from the province, SUMA and SARM, is responsible for the review and approval of projects under the CIT Capital Program.

Some of the key factors which will be considered by the Management Committee in reviewing applicable projects include:

- a) water supply/treatment/distribution systems, in order to:
  - complete improvements related to health concerns;
  - meet emergency needs (e.g. increase capacity for firefighting in the unorganized hamlet);
  - improve water taste, odour, appearance and quality;
  - upgrade existing infrastructure to a treatment plant; and/or
  - establish sustainable, alternative service provisions.
- b) sewage collection/treatment systems, in order to:
  - improve health or environmental concerns;
  - increase capacity; and/or
  - upgrade existing infrastructure to a treatment plant or alternative sustainable solutions.
- c) waste management, including:
  - improvements to landfills and lagoons to meet the health and capacity requirements of the unorganized hamlet; and/or
  - decommissioning landfills or lagoons in order to participate in regional waste management systems.

- d) environmental liabilities, such as cleaning up abandoned and orphaned sites in the unorganized hamlet or special service area following a legal claiming of the property through tax title proceedings.
- e) feasibility studies and administrative costs, in order to:
  - increase regional cooperation, establish innovative solutions to local issues, and promote service delivery efficiency and effectiveness in the municipal sector.
  - allow RMs to offset the incurred administration costs that are directly related to restructuring (in order to minimize related financial liabilities).

All eligible project applications will be reviewed by the CIT Management Committee. Approvals are based on guidelines developed by the province in consultation with SUMA and SARM.

Once the application is reviewed by the CIT Management Committee, a letter will be sent to the RM advising of their decision(s) and to advise of approved funding.

## **7. Capital Payment Process**

The eligible incurred and paid costs will be reimbursed to the RM provided that the necessary financial documentation is provided to the province. RMs are to retain and provide copies of all documentation (invoices, wage stubs for costs related to salaries, etc.) which verifies the amounts on the Request for Payment form.

The Request for Payment form will be sent with the approval letter but is also available under the heading Related Items on the CIT webpage.

The RM can start submitting claims once eligible costs are incurred and paid.

## **8. Capital Financial Assistance**

RMs may be provided 100 per cent of approved eligible costs up to \$50,000 for environmental-based physical infrastructure projects for each dissolved village. RMs may also be provided with up to \$10,000 for feasibility studies and administrative costs related to municipal restructuring. Funding approval will only be provided if the projects identified in the application warrant funding.

There is the possibility of additional funding at the discretion of the CIT Management Committee, as identified in the program guidelines. If additional funding has been approved by the CIT Management Committee, the RM will be advised of the amount and any additional terms and conditions in the approval letter.

At the discretion of the CIT Management Committee, there is the possibility of approving additional projects to assist in issues arising after approval of the original application on the condition that the RMs file is still active under the program. If additional projects have been approved by the CIT Management Committee, the RM will be advised along with any additional terms and conditions in an approval letter.

Prioritized lists from RMs, the number of villages dissolved, the level of eligible restructuring-related feasibility studies and administration costs and the program guidelines will form the basis for the number of projects approved under the program in each fiscal year.

RMs may receive funding for more than one infrastructure project in each dissolved village; however, the CIT Management Committee will ensure that one eligible infrastructure project receives funding, if funding is warranted, in all applicable dissolved villages within these RMs prior to additional projects receiving approval.

In the event that the RM does not complete the approved project(s), the RM may be required to repay the amount of funds contributed to the project(s) by the province. Repayment of funds will be at the discretion of the management committee. If required, the RM will be advised of the amount owed by letter.

### **9. Financial Statement Reporting**

Funding assistance provided under the CIT Capital program is considered a Conditional grant. Municipalities should report on Schedule 2 as Capital Conditional – Provincial Other.

Funding assistance provided under the CIT Operating program should be reported on Schedule 1 as Unconditional - Revenue Sharing.