

Restructuring Myths

Myth or Fact

When a municipality faces significant challenges that make it difficult to operate as a level of government, it may want to initiate discussions regarding restructuring. The information about restructuring that a voter hears may fall into one of two categories – *Fact or Myth*. This document dispels some of the common myths regarding urban municipalities becoming part of the surrounding rural municipality (RM).

Myth #1

Our community will lose its identity.

Fact

The name and identity of every community is an important part of the region and province. Urban municipalities that are included in an RM will continue to be known as that specific community. Decisions regarding your community will be made by a new local level of government.

When restructuring occurs, your community's sign remains on the highway.

Myth #2

Our community will have to subsidize services we do not use.

Fact

Your community may be designated as a special service area. The revenues and expenses are assigned to the area that uses the service. Different tax tools may be applied to provide the desired services within a special service area.

A special service area may only be declared at the time of restructuring.

Myth #3

Our community will lose its reserve funds.

Fact

All cash assets remaining after the settling of the assets and liabilities will be used to the benefit of the restructured community.

A neutral third party is appointed to settle the assets and liabilities.

Myth #4

Our taxes will increase.

Fact

The taxes may or may not increase depending on the desired services. Municipal council sets the tax rates based on the cost to provide the desired services. The tax rates within a special service area may be different from the rest of the municipality.

Myth #5

Our community will lose its Municipal Revenue Sharing grant.

Fact

When an urban municipality is included in an RM, the province discontinues Municipal Revenue Sharing (MRS) payments to that former urban municipality. Instead, an annual grant payment is made to the RM under the Communities in Transition Operating Grant Program for unorganized hamlets and special service areas. This grant is based on the MRS payment paid to the former urban municipality in the fiscal year in which it was included into the RM. This payment is made for a maximum of 10 years.

The Communities in Transition Grant also has a Capital Grant component which provides funding for capital projects in the former municipality.

Myth #6

Our community will have no voice on local matters.

Fact

Residents and voters of the former urban municipality will become residents and voters of the RM. The RM may agree to create a new division for the former municipality. Voters will elect a council member to represent the new division.

All voters, including those within the former municipality, will have an equal opportunity to run as a candidate and vote in municipal elections.

Myth #7

Our community rink or hall will be closed.

Fact

All property in the name of the former municipality is transferred into the name of the new municipality. The community rink or hall usually continues to operate in the same manner as they did prior to restructuring. The RM may consider changes that reflect the financial stability of the facilities.

Myth #8

The RM will pay the former urban municipality's debt.

Fact

Each municipality involved in restructuring will be required to pay for its own debt. The person appointed to settle the assets and liabilities of the restructured municipality may require the new municipality to levy a special purpose levy on the properties of the former municipality to retire the debt.

Myth #9

The RM will pay for upgrades and future infrastructure within the former municipality.

Fact

Council has several options to ensure the users of a service are responsible for the cost. This includes future infrastructure, upgrades and replacement infrastructure. Council may decide to use a special tax, local improvements or different tax tools.

As the local level of government, the RM council will decide how to assign future infrastructure costs.

Myth #10

The RM will not understand our needs.

Fact

Residents of adjoining RM and urban municipalities already cooperate in a number of different areas including schools, libraries, businesses and recreation. Eligible voters have the same rights in the new municipality as they did in the former municipality. Voters can influence decisions of council by running for council, meeting with council as a delegation, and petitioning for public meetings or referendums.

After restructuring, decisions about your community are made by the RM council.

For more information, call the Ministry of Government Relations, Advisory Services and Municipal Relations branch at 306-787-2680.