



## Mayor's Report – November 2016

### Mayor Roger Larose's report on the Municipality of Pontiac's financial position

Each year, at the dawn of a new municipal budget, the mayor must publicly present a report on the Municipality of Pontiac's financial position. This report is mostly based on the external audit that must project the reality of the municipal administration's accounting operations. This operation allows total transparency and contributes to the demonstration of the municipality's ethics.

I am pleased to confirm that 2015 ended with a non-allocated surplus of \$875,111 and that we are well on our way to realizing a slight surplus again this year.

As provided for in the Municipal Code, I would like to offer a short summary on the municipality's financial position before presenting the main challenges ahead, as we are drawing up the 2017 budget that will be made public in mid-December.



#### 1- 2015 FINANCIAL STATEMENTS AND AN INDEPENDENT AUDITOR'S REPORT

The 2015 financial report<sup>1</sup>, prepared by the firm J. Éthier, CPA Inc. was presented on April 12<sup>th</sup> at a regular Council meeting. The auditor indicated that "the financial statements, in all of their significant aspects, provide a faithful image of the municipality's financial position as of December 31<sup>st</sup> 2015, as well as the results of its activities, of the variation of its net assets (of its net debt) and of its cash flow for the year ended on that date, in accordance with the Canadian accounting standards for the public sector".

The financial report for the year ended December 31<sup>st</sup> 2015 showed an operating surplus for tax purposes of \$364,512.

<b>Non-allocated surplus as of December 31st 2015</b>	
Non allocated surplus on December 31, 2014	\$ 536,929.86
Adjustment – previous year	(\$ 26,331.78)
Surplus (deficit) for tax purposes 2015	<b>\$ 364,512.92</b>
<b>Balance of non-allocated surplus on December 31, 2015</b>	<b>\$ 875,111.00</b>
<b>Other allocated surplus</b>	
Potable water (deficit)	(\$ 25,190.98)
Sewers	\$ 91,517.80
Quyon Community Centre	\$112,541.11
Seniors	\$ 355.00
Post-secondary scholarship	\$ 500.00
Other surpluses	\$ 2,649.91
<b>Total</b>	<b>\$ 182,372.84</b>
<b>Financial reserves</b>	
Asphalt	\$ 60,000.00
Fire	\$ 9.64
<b>Total</b>	<b>\$ 60,009.64</b>
<b>Reserved Funds</b>	
Working capital	\$ 169,933.45
Fund for quarries and sandpits	\$ 71,679.89
Balance available Borrowing bylaw closed	\$ 3,607.58
<b>Total</b>	<b>\$ 245,220.92</b>
<b>Total excess surplus and reserves as of December 31st 2015</b>	<b>\$ 1,362,714.40</b>

<sup>1</sup> <http://www.municipalitepontiac.com/fr/taxation-et-finances/rapport-financier/>



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### 2-RETURN ON THE THREE-YEAR CAPITAL EXPENDITURE PROGRAM

The three-year capital expenditure program for 2015-2016-2017<sup>2</sup> provided investments of \$6,775,000 for 2016.

#### **Transportation/roads**

The greatest portion of this sum was invested in the improvement of our roads. A second grader was purchased (\$373,000) in order to improve the maintenance of unpaved roads, and extensive maintenance work was done in certain sections (Elm, Sapinière, River, Kawartha, etc.) in order to improve ditches and the management of vegetation. A borrowing bylaw was also adopted for paving (surface treatment) in the Lusk project.

The municipalization of certain roads had to be postponed until next year, time needed to finish the study on municipal regulations with respect to “tolerance roads”. Also, the second phase of the Mountain road rehabilitation was postponed until next year, in order to finish the preparatory work.

#### **Fire department**

Following the example of other Fire departments in the MRC, we have invested in the modernization of our radio-communications system (\$65,000), so that it is more reliable and will allow the interconnection with other emergency services within the MRC. The system should be in operation in early 2017. New respiratory devices (\$35,000) were purchased to ensure the safety of our firefighters.

#### **Recreation**

A borrowing bylaw was adopted in order to replace the Quyon Community centre. This means that in the heart of its urban area, the municipality will be equipped with a modern community centre. A call for tenders was initiated to select an architect/project manager. If all goes well, work should begin in the Spring. It should be noted that the initial project was downgraded, taking into account the taxpayers' ability to pay.

Following the installation of play structures in des Hirondelles and Bellevue park, a new play structure was also installed in the Davis-Soulière park (\$23,000).

Finally, two external studies were done in order to find solutions to recurring problems. On one hand, the company CIMA produced a report for the various partners in order to eventually correct the silting problem at the mouth of the Quyon River. Thus, we wish to ensure the sustainability of the ferry and public docks in this area. In addition, a second study was requested in November for the installation of a boat launch, in compliance with the Ministry of the Environments' standards, in an area to the East of Quyon.

#### **Municipal complex**

As announced, we have begun addressing the water supply problem at the municipal complex. A successful hydrofracture operation was performed on an old well. All that is needed now is the installation of a water treatment system capable of supplying the Town Hall, community centre, library and fire hall.

Finally, we wish to remind you that at the special budget meeting that will be held in December 2016, the municipality will be adopting its three-year capital expenditure program for 2017-2018-2019.

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<sup>2</sup> [http://www.municipalitepontiac.com/files/1614/5045/5414/Programme\\_triennal\\_dimmobilisations\\_-\\_Three\\_year\\_program\\_of\\_capital\\_expenditures\\_2016-17-18.pdf](http://www.municipalitepontiac.com/files/1614/5045/5414/Programme_triennal_dimmobilisations_-_Three_year_program_of_capital_expenditures_2016-17-18.pdf)



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### 3-PRELIMINARY INDICATIONS ON THE CURRENT FISCAL YEAR (2016)

For the current fiscal year (2016), the Finance department of the Municipality of Pontiac is anticipating a surplus. This surplus originates mainly from additional revenues, a payroll that was less than expected and uncompleted projects which have been deferred until next year. Note that a deficit is anticipated for public health because of the maintenance costs at the water treatment plant.

The following table represents the municipality's revenues and expenses, as budgeted at the beginning of 2016.

#### Activités de fonctionnement / Operating Activities

<b>REVENUS / Revenues</b>	<b>Budget 2016</b>
TAXES / Taxes	4 544 035
TAXES DE SECTEUR / Taxes for sectors	101 995
TARIFICATION POUR SERVICES MUNICIPAUX / Price setting for municipal services	1 045 069
PAIEMENTS TENANT LIEU DE TAXES / In lieu of taxes	347 909
TRANSFERTS SUBVENTIONS / Transfers grants	920 593
SERVICES RENDUS / Services rendered	32 235
IMPOSITION DE DROITS / Assessment of duties	389 700
AUTRES REVENUS ET INTÉRÊTS / Other income and interests	107 305
	<b>7 488 841</b>
<b>CHARGES / Expenses</b>	
ADMINISTRATION GÉNÉRALE / General administration	(1 106 875)
SÉCURITÉ PUBLIQUE / Public security	(1 987 737)
TRANSPORT / Roads	(2 106 989)
HYGIÈNE DU MILIEU / Public health	(1 260 673)
SANTÉ ET BIEN-ÊTRE / Health and welfare	(5 820)
AMÉNAGEMENT URBANISME / Planning and zoning	(476 040)
LOISIRS ET CULTURE / Arts and recreation	(381 354)
FRAIS DE FINANCEMENT / Service charge	(259 964)
	<b>(7 585 452)</b>
<b>CONCILIATION À DES FINS FISCALES / Reconciliation for tax purposes</b>	
AMORTISSEMENT / Depreciation	537 362
REMBOURSEMENT DETTE À LONG TERM / Reimbursement of long term debt	(585 700)
REMBOURSEMENT DU FOND DE ROULEMENT / Reimbursement of working fund	(82 503)
AFFECTATION DU SURPLUS NON-AFFECTÉ / Appropriation of non-affected surplus	175 000
AFFECTATION FONDS CARRIÈRE & SABLIERE / Appropriation of Quarries & Sandpits	30 000
AFFECTATION RÉSERVE ASPHALTAGE / Appropriation of asphalt reserve	25 000
MONTANT À POURVOIR DANS LE FUTUR / Amount to be provided in the future	(2 548)
	<b>96 611</b>



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### 4-ACHIEVEMENTS IN THE CURRENT YEAR

Once again this year, several special projects have been accomplished to improve services to the population and to the residents' quality of life; of which in particular include:

- The implementation of a new contract for the collection of residual materials and the introduction of a new progressive invoicing system according to volume produced;
- Asphaltting, as part of Phase 1 on de la Montagne Road;
- Launching of the "Domaine des Chutes" housing project;
- Beginning of design work for the Quyon community centre;
- Launching of a cooperative housing project;
- Re-opening of the day camp;
- Major repairs to 5 municipal roads;
- Purchase of a second grader, to improve maintenance on unpaved roads;
- Hiring the first Director of the Fire Department in a full-time capacity, and development of a fire brigade modernization plan;
- Adoption of a new Policy for the recognition and support to community-based organizations, in order to improve transparency, equity and value, for the taxpayer;
- Regularization of property deeds for residents on Hurdman road;
- Launching of a public consultation concerning the redevelopment of the Luskville Recreational Park;
- Implementation of a contingency plan concerning the water and sewer conduits in Quyon;
- Constituency boundary changes;
- Adoption of a municipal civil security plan.



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### 5-GENERAL GUIDELINES FOR THE NEXT BUDGET (2017)

In view of preparing the 2017 budget, we wish to share with the citizens, the main budgetary challenges we are anticipating for next year.

#### **Deficit in infrastructures**

In Quebec, municipalities manage 58% of public infrastructures, but only have access to 8% of taxes being paid by Quebec residents<sup>3</sup>. Even if we invest the total budget dedicated to other municipal missions, it is impossible to meet the needs with respect to infrastructures. According to a study that was carried out for the MRC des Collines, an investment of \$65 million dollars would be necessary for the municipality to upgrade all of its roads. Even if all of our revenues (\$7 million dollars per year) were dedicated towards infrastructures, it would take a decade to recover from this deficit. In addition to putting pressure on the Quebec government for their participation in financing our roads, we will have to continue raising our tax base by encouraging the arrival of new families and continue to apply a special tax, dedicated to reinvesting in our infrastructures.

**The potable water treatment plant** remains a financial burden, which is a particular concern for residents of the Quyon sector. The technology used by DAGUA, although producing a water of excellent quality, is proving to be very costly to operate. Municipalities using this technology have started working together, trying to achieve economies of scale and to ask that the Quebec government, who promoted this technology, to help the municipalities that are affected.

Thanks to the implementation of a **pricing system for residual materials** according to the volume being produced, we hope to better control any increase in costs related to the collection and disposal of residual materials. However, the Quebec government will soon be requiring municipalities within the MRC to begin composting. We are advocating for a hybrid system: household composting for the rural area and a door-to-door collection for more densely populated areas. No matter what solution is reached, this new responsibility entrusted upon us by Quebec will have an impact on the municipality's finances.

Finally, it is important to note that the municipal Council has less and less control over the municipality's budget, a significant part of municipal taxes (27%) going directly to the MRC (Police services, disposal of residual materials, radiocommunications, MRC administration, paratransit services, etc.). Decisions concerning any increase in rates for these services are taken by the MRC's Council of mayors and are beyond our control. Despite these financial pressures, the municipal Council will continue to be cautious and will ensure that a balanced budget will be presented, subject to various contingency reserves.

#### **New triennial roll**

It should be noted that a new triennial roll for 2017, 2018 and 2019 was produced by the MRC des Collines-de-l'Outouais<sup>4</sup>. Essentially, we noticed that the value of single-family dwellings has increased on average by 3.9%. The increase on the estimated assessed value by the MRC is particularly significant on vacant lots (+27% on average) mainly due to the scarcity of land and recent transactions. The assessment department of the MRC is available to answer any request for information pertaining to this new roll: 819-827-0516 extension 2239.

<sup>3</sup> <http://ipamontreal.org/wp-content/uploads/2015/02/La-fiscalit%C3%A9-municipale-au-Qu%C3%A9bec-modes-de-financement-alternatifs-%C3%A0-l%E2%80%99imp%C3%B4t-foncier.pdf>

<sup>4</sup> [http://www.mrcdescollinesdeloutouais.qc.ca/upload/newsPosts/175/file\\_depot-du-nouveau-role-devaluation-triennal-2017-2018-2019-pour-la-municipalite-de-pontiac-82030.pdf](http://www.mrcdescollinesdeloutouais.qc.ca/upload/newsPosts/175/file_depot-du-nouveau-role-devaluation-triennal-2017-2018-2019-pour-la-municipalite-de-pontiac-82030.pdf)



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### 6-GUIDELINE FOR THE NEXT THREE-YEAR CAPITAL EXPENDITURE PROGRAM

Although the next three-year capital expenditure program is still being processed, we can already announce that the following projects will move forward:

- Asphalt (de la Montagne Road Phase 2 – Lusk project);
- Municipalization of certain roads;
- Replacing part of our fleet of vehicles;
- Repairs to the septic installations of the municipal complex;
- Purchase of a property for a park in Ward #5;
- Investment in the Luskville recreational park;
- Action plan to correct the reversed connections (sanitary sewer lines);
- Repairs to the water and sewer network (phase 1);
- Investment in the Breckenridge fire hall;
- Continue to invest in infrastructures and roads.

### 7-REMUNERATION OF ELECTED OFFICIALS

In the interest of transparency and according to section 11 of the *Act respecting the remuneration of elected municipal officers*, the following table represents the remuneration of elected officials

	Municipal remuneration (Taxable)	Municipal allocation (Non taxable)	MRC remuneration <sup>5</sup>		Total
			Taxable	Non taxable	
Mayor	\$25,435.05	\$12,717.51	\$21,197	\$3,774	\$62,123.56
Councillors	\$8,478.24	\$4,239.12	0	0	\$12,717.36

### 8-LIST OF CONTRACTS \$25,000 AND OVER

As required under the Municipal Code, the following is the list of contracts \$25,000 and over for the current year.

Resolution #	Name /Description of contrat	Amount
16-04-2711	ROYAL-T – was awarded a 3-year contract for cleaning the municipal buildings	\$94,265.80
16-04-2719	3477835 Canada Inc. (Tom Orr Cartage) – was awarded a 5-year contract for the collection of residual materials	\$2,243,900.12
16-04-2716	Nortrax Canada Inc. – Purchase of a 770G John Deere grader	\$372,990.40

<sup>5</sup> Estimated on December 31, 2016



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16-05-2750	Somvrac CC – Purchase of a dust suppressant (Calcium) Initial purchase (as shown in the resolution) \$33,551.18 Additional purchase \$8,243.71	\$41,754.89
16-04-2730	Meghan Lewis – Extension of the Community development officer's contract \$21,000.00	\$46,000.00
16-05-2763	PALSIS \$25,000.00	
16-08-2867	Aero-Feu – Purchase of 24 SCBA units (breathing apparatus)	\$30,960.00
16-09-2896	MRC des Collines-de-l'Outaouais – Purchase of radiocommunications equipment	\$65,090.23
16-09-2897	Nugent Construction Inc. – 4-year snow clearing contract – Sector F	\$321,010.20
<b>TOTAL</b>		<b>\$3,215,971.64</b>

### 9-LIST OF CONTRACTS \$2,000 AND OVER, WITH THE SAME CONTRACTOR TOTALLING \$25,000 AND OVER

SUPPLIERS	Description	Total (\$)
6422845 Canada Inc. (Excavasphalte)	Repairs to de la Montagne Road	\$616,127.15
9206-9467 Québec Inc. (Mario Allen)	Snow clearing - Sector F + Quyon sidewalks	\$105,814.88
Location Martin-Lalonde	Collection of residual materials	\$170,621.58
9328-7746 Québec Inc. (Anita Trudeau)	Snow clearing - Sector B	\$77,169.34
Raymond Bélisle	Snow clearing - sector G, equipment rental, trucking, road repairs	\$135,994.81
Nugent Construction Inc.	Snow clearing - sector A, supply of gravel, equipment rental	\$111,511.16
Excavation Allen	Snow clearing - Sector E + equipment rental (grader)	\$73,266.11
Mountainview Turf Farm LTD	Snow clearing - sector C	\$66,025.10
RPGL avocats	Legal fees	\$63,385.42
MacEwen Petroleum	Purchase of diesel and heating oil	\$55,793.57
Quadrivium Conseil Inc.	Supervision, fees, de la Montagne Road	\$45,324.86
Battleshield Industries	Repairs to Fire Department vehicles	\$42,120.11
Gestion USD Inc.	Bins for residual materials	\$41,075.57
CRSBP de l'Outaouais	Annual subscription to Réseau Bibliothèques – for both libraries (Quyon and Luskville)	\$30,869.39
L'Arsenal	Pipes and products – for the Fire Department	\$25,227.82



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### CONCLUSION

In conclusion, I would like to emphasize that the Municipality of Pontiac is doing well financially, thanks to the Council's continued efforts for improvement and to its prudent management.

In addition to staying on course and continuing to reduce our deficit with respect to the maintenance of public infrastructures, we must continue to modernize our community infrastructures. In addition to building a new Community centre in Quyon, we must also refurbish the Luskville Community centre and the Luskville Recreational Park. We have also announced our intention on building a boat launch in the eastern part of the Municipality.

Rest assured of my determination to improve our infrastructures, while ensuring the development of our other missions (safety, urbanism, protection of the environment, recreation and culture, etc.), and remaining within our financial framework and respecting the taxpayers' ability to pay.

Roger Larose, Mayor