



Mayor's report –December 2015

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

At the dawn of a new municipal budget, it is my pleasure to present the report on the municipality's financial position.

I am pleased to confirm that we ended 2014 with a surplus of \$536,929 and that we are well on our way to realizing a slight surplus again this year.



1-2014 FINANCIAL STATEMENTS AND A REPORT OF AN INDEPENDENT AUDITOR

The consolidated 2014 financial report, prepared by the firm J. Éthier, CPA inc. was presented in April at a regular Council meeting. The auditor indicated that “the financial statements, in all of their significant aspects, provides a faithful image of the municipality's financial position as of December 31st 2014, 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, in accordance with the Canadian accounting standards for the public sector”.

The financial report for the year ended December 31st 2014 showed an operating surplus of \$536,929.86 for revenues totalling \$7,139,864. The surplus is shared out as follows:

Balance of the non-allocated surplus as of December 31st 2014	536 929,86\$
Reserve Funds	386 059,68\$
Working capital	194 541,50\$
Parks and recreation fund (to be replenished)	4 028,45\$
Quarries and sand pit fund	191 439,05\$
Balance available - Closed borrowing by-law	3 607,58\$
Scholarship - Post secondary studies	500,00\$
Financial reserves (asphalt and fire)	30 009,64\$
Other allocated surplus	237 046,23\$
Kelly Fund	485,07\$
Potable water	40 304,72\$
Sewers	82 308,21\$
Other surplus	2 071,56\$
Quyon Community Centre	11 876,67\$
Total excess surplus and reserves as of December 31st 2014	1 190 045,41\$



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2-RETURN ON THE LAST YEAR OF THE THREE-YEAR CAPITAL EXPENDITURE PROGRAM

The three-year capital expenditure program for 2015-2016-2017 provided investments of \$3,180,000 in the year 2015.

The repairs to a section of the de la Montagne road is well on its way to completion (\$1.4M), although we had to reduce the scope of work because of technical challenges in some sections of the road.

As announced, play structures were installed in Bellevue and des Hirondelles parks, despite the deficit in the Parks and recreation fund, inherited from the previous administration.

A study done with respect to the future of the Quyon Community Centre confirmed the state of disrepair of the building and enabled us to update the project, which was then submitted to the Quebec government for funding purposes. We are working in close collaboration with our MP Mr. Fortin and are still waiting to hear from the government on this subject.

Certain major projects had to be postponed to next year due to time constraints. For more details, I invite you to consult section 7 of this document.

Finally, I wish to point out that during a special meeting for the budget that will be held on December 17th 2015 at 7:30 p.m. at the Lusville community centre, the Municipality will be adopting its three-year capital expenditure program for 2016-2017-2018.



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3-PRELIMINARY INDICATIONS ON THE CURRENT FISCAL YEAR (2015)

For the current fiscal year (2015), 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 non-completed projects which will be postponed to next year.

The following table shows the municipality's revenues and expenses as they were budgeted at the beginning of 2015.

BUDGET 2015

Activités de fonctionnement / Operating activities

REVENUS / Revenues		Budget 2015
TAXES / Taxes	TAUX 0.5863	4 316 616
TAXES DE SECTEUR / Taxes for sectors		100 835
TARIFICATION POUR SERVICES MUNICIPAUX / Price setting for municipal services		911 761
PAIEMENTS TENANT LIEU DE TAXES / In lieu of taxes		338 814
TRANSFERTS SUBVENTIONS / Transfers grants		944 146
SERVICES RENDUS / Services rendered		97 810
IMPOSITION DE DROITS / Assessment of duties		329 700
AUTRES REVENUS ET INTÉRÊTS / Other Income and Interests		100 738
		7 140 420

CHARGES / Expenses

ADMINISTRATION GÉNÉRALE / General administration	1 096 902
SÉCURITÉ PUBLIQUE / Public security	1 944 903
TRANSPORTS / Roads	1 942 734
HYGIÈNE DU MILIEU / Public health	1 093 542
SANTÉ ET BIEN-ÊTRE / Health and welfare	5 113
AMÉNAGEMENT URBANISME / Planning and zoning	465 202
LOISIRS ET CULTURE / Arts and recreation	305 390
FRAIS DE FINANCEMENT / Service charge	247 009
	7 100 795

Conciliation à des fins fiscales / Conciliation for taxing purposes

AMORTISSEMENT / Depreciation	(525 541)
REMBOURSEMENT DETTE À L.T. / Reimbursement of long term borrowing by-law	559 799
REMBOURSEMENT DU FOND DE ROULEMENT / Reimbursement of working fund	67 876
AFFECTATION FONDS CARRIÈRES & SABLIERES Appropriation of quarries & sandpit funds	(160 000)
MONTANTS A POURVOIR DANS LE FUTUR / Amount to be provided in the future	97 491
	39 625

CHARGES ET AFFECTATIONS

Expenses and allocations **7 140 420**

Activités d'investissement Capital activities

Revenus / revenues	Budget 2015
Santé bien-être / Health & welfare	(10 000)
Loisirs et culture / Recreation and culture	(22 000)
	(32 000)

CHARGES / Expenses

ADMINISTRATION GÉNÉRALE / general administration	7 500
TRANSPORTS / Road	47 000
HYGIÈNE DU MILIEU / public health	47 500
LOISIRS ET CULTURE / Recreation and culture	124 000
	226 000

AFFECTATIONS / Allocations

FONDS DE ROULEMENT / Working funds	(194 000)
	(194 000)

CHARGES ET AFFECTATIONS

Expenses and allocations **32 000**



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4-ACHIEVEMENTS IN THE CURRENT YEAR

Despite the upheaval experienced by our public administration and, beyond its daily activities, we were able to carry out several special projects that have made a significant impact on the lives of our residents. In particular:

- Repairs to a first section of the de la Montagne road (\$1.4M)
- Replacement of approximately fifteen culverts, to prevent spring flooding and help preserve our roads
- Agreement reached with the MRC in order to provide drainage to agricultural land of the Ferry basin
- Installation of play structures in two parks
- Establishment of a municipal agricultural committee
- Development of the entrance to the village of Quyon
- Restoration of the furnishings at the Luskville park
- Significant reduction in response times to citizens' requests (roadworks and public works)
- Implementation of a system in the urban department to follow-up on requests
- Strict revision of the urban planning by-laws and defending the interests of Pontiac citizens with respect to the drafting of the MRC's Land Use and Development Plan
- The Pontiac Country Fair was a success – featuring our local artisans and tourist attractions
- Significant investment in the Quyon water treatment plant, in order to ensure its reliability
- Agreement reached with the Grenier des Collines in order to extend food safety services to the Eastern sector
- Upgrade of facilities and re-opening of the Eco-centre



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5- GENERAL GUIDELINES FOR THE NEXT BUDGET (2016)

Pre-budget consultations

Consultations among the entire population were conducted in October and November. In order to allow the elected officials to better understand the citizens' priorities, each household within the municipality received a questionnaire. We are pleased to note that almost 10% of homes responded to our survey. This survey contains a lot of useful information. Essentially, we noted that:

- The maintenance of infrastructures topped the list of the respondents' priorities
- The respondents expect that the municipality plays a greater role in organizing leisure activities (eg. Day camp)
- Most of the respondents are accepting of a tax increase of 2 to 3%
- For 80% of the respondents, the arrival of newcomers constitutes a good way to increase the municipality's revenues

Budgetary challenges

For the 2016 budget preparation, we want to inform the citizens of the main budget challenges that we are anticipating for 2016.

Infrastructures

The Municipal Council is particularly concerned about the deficit in the maintenance of municipal infrastructures. We have some catching up to do to upgrade our roads, networks, equipment and buildings. Failing which, their deterioration will accelerate and will therefore be more costly for generations to come.



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It is necessary to correct the structural aspect of several roads, to re-pave roads in certain sectors, to replace the grader in order to better maintain unpaved roads, to complete the diagnostic on our drinking water and sewer network and to pave roads in sectors where a consensus from the citizens is given to pay a portion of the costs.

During the preparation of the budget, the Municipal Council will study the possibility of dedicating a part of the additional revenues to this adjustment.

Residual materials

The management of residual materials is the other major project for 2016.

On one hand, the Quebec government is requiring local municipalities to begin composting putrescible matter. The MRC's next *Residual Materials Management Plan* should take this new reality into account. It goes without saying that this initiative will represent a significant cost to the municipality.

On the other hand, the collection of residual materials on our territory has faltered in recent months: closure of the Eco-centre, a decline in the quality of recycling, inadequate regulations, communication problems with the contractor in charge of the collection.

Several of these issues are in the process of being resolved: re-opening of the Eco-centre by appointment and special openings for Spring and Fall cleaning, termination of the contractor's contract, revision of the by-law, etc. Over the course of the next few months, the Municipal Council wishes to adopt a new by-law pertaining to the management of residual materials in order to minimize the amount of waste ultimately produced and to ensure fair pricing. We wish to invest more into raising awareness in order to encourage citizens to recycle more and better, thus allowing a reduction in billing with respect to waste being disposed of to a landfill site.



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Potable water in the Quyon sector

Significant investments were needed for the treatment plant over the past few months in order to protect the value of our investment. The DAGUA technology that was strongly recommended by the Quebec government at the time, is proving to be capricious to operate. In an attempt to control rising costs, we will be working with other municipalities with a similar system over the next months.

Negotiations with our employees

The cost of labour represents a significant portion of our budget. In the next months, we will be renegotiating the employees (white and blue collar workers) labour contract. We are hoping to reach an agreement that will offer us the flexibility to modernize our administration and that will respect the ratepayers ability to pay.

In addition, we are committed to investing in training and safety in the workplace.

Social policy and recreation

The pre-budget consultations confirmed that citizens are expecting the Municipality to play a greater role with respect to the services offered and in terms of recreation and social policies.

Over the past few months, Pontiac has been recognized as an “Age-friendly municipality”. Following widespread public consultations, the Council is committed to adapting services to the realities of an aging, yet active population. Similarly, at the invitation of the Quebec Government, a family policy is being prepared.

At the time of preparing the next budget, the Municipal Council will need to be creative in order to finance these new measures, while ensuring that it fulfills its traditional responsibilities.



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Indebtedness and taxation

Despite these financial pressures, the Municipal Council will continue to exercise caution and ensure that a balanced budget, subject to various contingency reserves, is presented.

As pointed out above, Council will look into a proposal aiming at containing an increase in the municipal budget to 2% (cost of living) plus 1% for an adjustment dedicated to the maintenance of municipal infrastructures.

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

Although the next three-year capital expenditure program is still in the process of being drawn up, we can already announce that most of the projects that were not accomplished in 2015¹ will be in 2016:

- Asphalting (Braun, Lusk project)
- Improving the drainage along highway 148, Maple, Terry Fox
- Municipalisation of certain roads
- Replacing part of our fleet of vehicles
- Replacing the communications system (Fire dept., Public works dept.)
- Repairs to the septic installation at the municipal complex
- Replacing the grader

¹ http://www.municipalitepontiac.com/files/4214/3378/5096/Three-year_program_o_fcapital_expenditures_2015-2016-2017.pdf



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In addition to these, the projects of the previous three-year capital expenditure program foreseen for 2016 are also included:

- Storm water outlet - Quyon
- Equipment for the Davis-Soulières park
- Quyon Community Centre (conditional to financing from Québec)
- Analysis of options available for the project on the treatment and management of septic sludge
- Correction plan for inverted connections (sanitary sewers)
- Repairs to the water and wastewater systems (phase 1)

7-REMUNERATION OF ELECTED OFFICIALS

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

	Municipal remuneration (taxable)	Benefit (Non taxable)	MRC remuneration		Total
			Taxable	Non taxable	
Mayor	\$25,228.20	\$12,614.16	\$17,752.00	\$3,362.00	\$58,956.36
Councillor	\$8,409.36	\$4,204.68	0	0	\$12,614.04



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

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

Resolution number	Name /Description of contract	Amounts
14-12-2223	Brent Mainville – contract for the maintenance of the park and skating rink – Luskville park (3 years)	\$39,000.00
15-01-2243	Christian Lauzon - Contrat for the maintenance of the skating rink at Davis park (3 years)	\$27,594.00
15-04-2353	Battleshield – Tank for the Fire department	\$51,655.07
15-04-2354	Somavrac CC – Purchase of a dust control agent	\$32,193.00
15-05-2378 and 15-09-2511	Nivelage Sylvain Vaillant – grading and shaping roads in the northern section of the Municipality (3 years)	\$36,309.11
15-08-2474	Construction FGK – Mandate for replacing municipal culverts, Phase no.1	\$55,130.51
15-08-2475	Construction FGK – Mandate for replacing municipal culverts, Phase no.2	\$28,341.34
15-08-2476	Location Martin Lalonde - Contract for the collection of residual materials (adjustment)	\$45,000.00
15-09-2520	Excavasphalte – Contract for repairs on de la Montagne road	\$1,364,967.26
15-09-2521	Meghan Lewis - Contract – Community Development Officer (PALSIS)	\$35,000.00
15-10-2541	9328-7746 Québec inc-Anita Trudeau – Snow plowing contract – sector B (3 years)	\$411,242.60
15-10-2541	Mountainview Turf Farm LTD – Snow plowing contract - sector C (3 years)	\$342,625.52
15-10-2542	Quadrivium – Contract - professional services for the supervision of work on de la Montagne road	\$43,770.98
	TOTAL	\$2,512,829.39



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

SUPPLIERS	DESCRIPTION	TOTAL
9206-9467 Québec Inc	snow plowing contract – sidewalks in Quyon snow plowing contract – sectors C and F	\$191,960.10
Aréo-Feu	final payment; 10% holdback – Rosenbauer fire engine accessories / clothing for firefighters	\$44,680.36
Battleshield, Les Industries	repairs to fire engines	\$42,368.95
Belisle Raymond	snow plowing contract - sector G transportation of gravel	\$139,788.49
Commission scolaire au coeur des vallées	firefighter training	\$34,622.61
CRSBP de l'Outaouais Inc.	regular annual dues library material	\$31,357.90
Excavation Allen	snow plowing contract - sector E	\$82,230.95
Lamarche McGuinty Inc.	purchase of gravel	\$40,790.93
Location Martin-Lalonde Inc	contrat for the collection of garbage and recyclables rental of containers	\$294,699.56
MacEwen Petroleum	purchase of diesel and heating oil	\$62,173.15
Microrama Informatique	renewal of various licences purchase of computers, licences and material	\$29,090.35
Municipalité de La Pêche	intermunicipal agreement	\$29,660.40
Nugent Construction Inc.	snow plowing contract – sectors A and B purchase of gravel and equipment rental	\$137,744.35
PG Solutions Inc	maintenance contract and Web training upgrading licences	\$34,142.97
RPGL avocats	legal services	\$32,919.02
Somavrac	purchase of a dust control agent	\$32,193.00
VO3	material and services – water treatment plant	\$25,308.25
	Total	\$1,285,731.34



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CONCLUSION

In conclusion, I would like to emphasize that the Municipality of Pontiac's financial situation is good, thanks to the Council's continued efforts for improvement and careful management.

I would like to take advantage of the next budget to essentially go beyond balancing the budget, in order to finally address the deficit on public infrastructures. The logic is simple: the more we wait, the more costly it will be to upgrade our roads, networks and buildings.

For an elected official, it is always tempting to postpone investments, however necessary, in order to maintain a low tax rate. Whereas, by doing so would be a disservice: we would be mortgaging our future. For example, by letting our ditches and culverts deteriorate would mean possibly having to deal with roads being washed away because of flooding.

I am therefore in favour of a significant reinvestment in our infrastructures, while maintaining a reasonable tax rate.

Several essential conditions are met for such a reinvestment: We have set up a professional management team, we have better knowledge of the condition of our infrastructures, several diagnostics have been carried out or are in the process of being done (Quyon Community centre, a geodesic account on certain strategic roads, eg. Pères-Dominicains, de la Montagne), intervention plan on the water and wastewater systems, survey of the river system, septic system installation for the municipal complex, etc.), our budget control mechanisms have proven to be effective, our debt is reasonable and senior levels of government have made funds available for municipal infrastructures.

As the pre-budget consultations have shown, I am pleased to see that many among you share the same vision. Rest assured of my determination to improve our infrastructures, while ensuring the development of our other missions (security, town planning, protection of the environment, recreation and culture, etc.) and respecting our financial framework.

Roger Larose, Mayor

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