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2016 Budget

Speech by
Madeleine Leduc
Mayor of the Town of Rosemère

December 14, 2015

Introduction

My fellow Rosemerites,

At the outset, I would like to thank you for attending this special session at which the Municipal Council will be adopting the Town of Rosemère's projected budget for 2016.

Before addressing the different elements of the budget, including expenditure, tax rates and the 2016-2017-2018 Three-Year Capital Expenditures Plan, I would like to provide a framework for the coming year's budget.

It goes without saying that, this year again, our administration has had to deal with constraining circumstances in preparing the budget.

In fact, I had the opportunity of speaking about these circumstances right here, this past November, when I presented my report on Rosemère's financial situation, and more recently as well as during the public hearing on this same issue.

The difficult economic situation, which has prevailed in Québec in recent years, has exerted considerable pressure on the finances of Québec municipalities. These required additional efforts on our part, to counter cuts in fiscal and financing transfers from the Québec government.

For example, contrary to what we had been led to believe in 2015 discussions on the transitional fiscal pact, the new 2016-2019 fiscal pact

retains the 50% reimbursement of the QST paid by municipalities rather than the 100% for which we had hoped.

As a result, we must contend with a significant, recurring shortfall of \$1.2 million in the income column. You will easily understand that this placed tremendous pressure on the next budget since, as always, our goal to protect your ability to pay.

In addition, in 2015, there was a 15.6% increase in our share of services, representing an additional \$956,000 in expenses, which unfortunately are also recurring.

Costs and investments

This evening, the Municipal Council will be adopting a balanced budget of \$28,798,400. This 3.6% increase over 2015, in spite of the spending freeze, can be attributed to actions under the Emerald Ash Borer Management Plan and special operating and investment projects such as the implementation of organic waste pick-ups.

Achieving a balanced budget required our administration to inject \$1,423,600 into the 2016 budget. This amount comes from accumulated surpluses, which amount to \$2,847,800. After this allocation to balance the budget, our surplus is now approximately \$1.5 million.

The balance of non-allocated surpluses now represent 5.5% of the budget, or a ratio close to, but lower than what is deemed acceptable for accumulated surpluses in the municipal sphere. The Council wisely retained surpluses to meet emergencies that could arise.

Furthermore, the strategic working committee, whose mandate was to review the costs and performance of the municipal organization as a whole, did a professional, conscientious job.

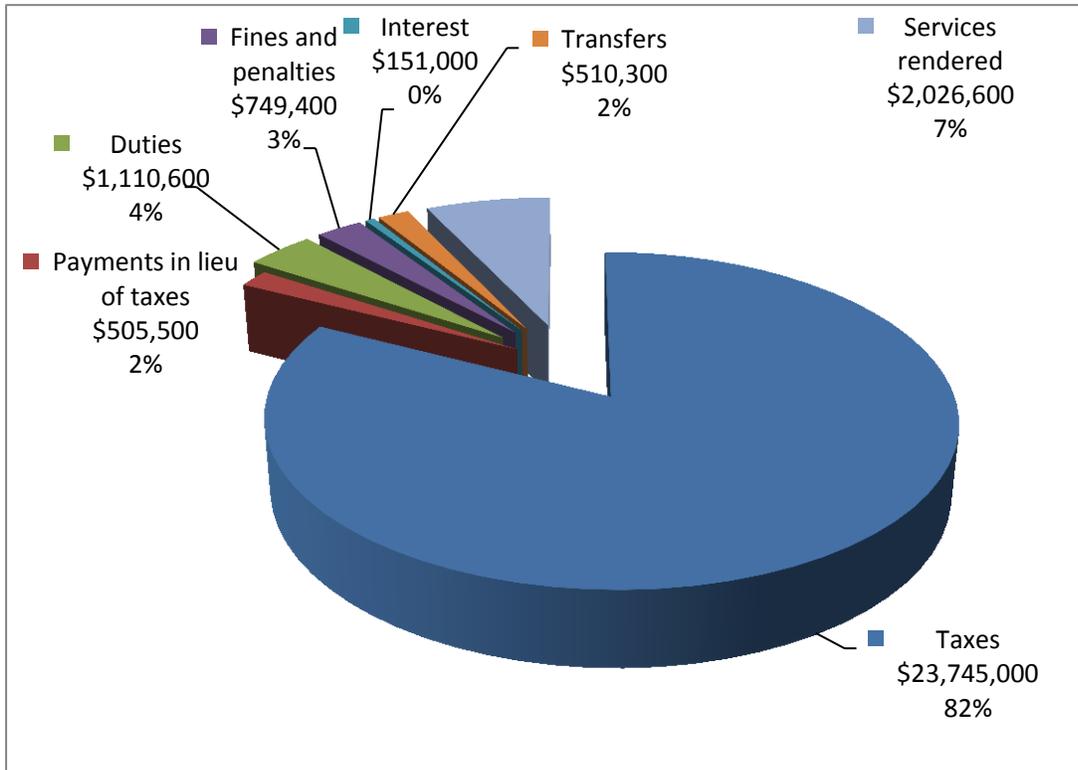
Announced at last-year's budget presentation, this committee was mandated, first, to look into the optimization of municipal activities and, second, to determine the desired level of service as well as the relevance of services provided.

This committee met its budget rationalization objectives, which have an impact on the average tax bill, without reducing services to citizens. In 2015, this initiative reduced municipal expenses by 1% at a time when the consumer price index reached 1.2%.

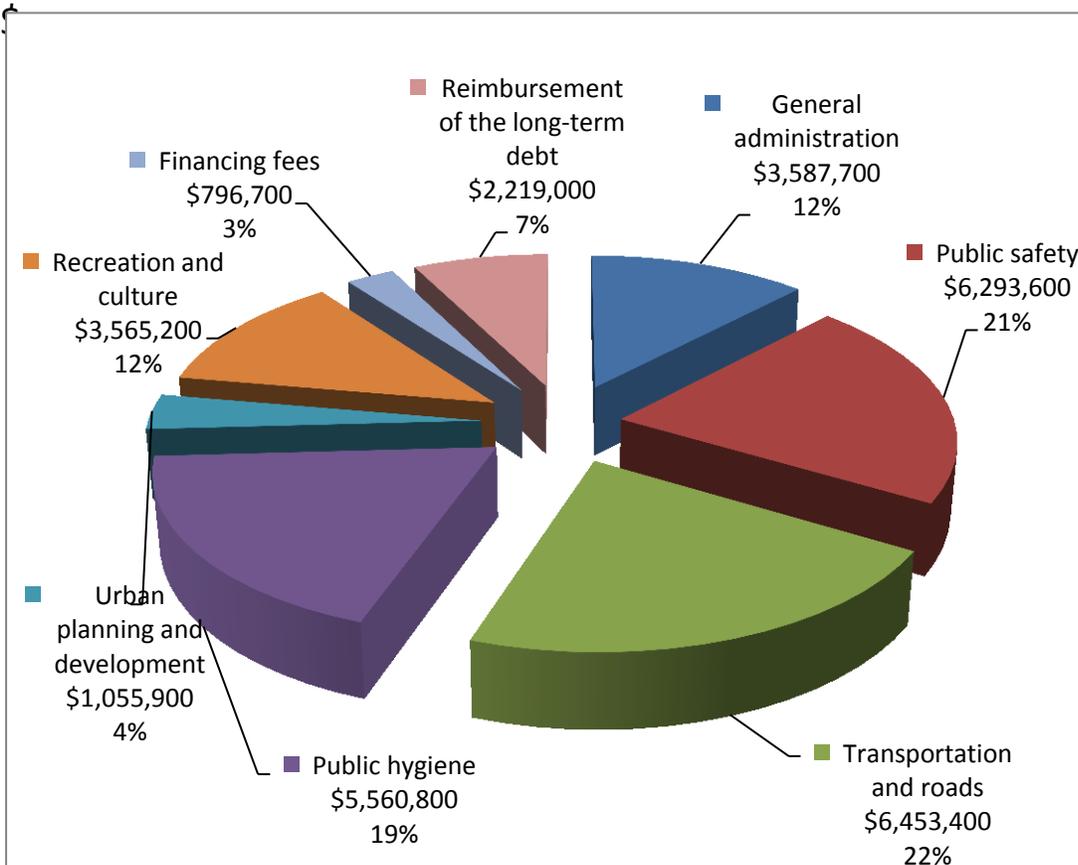
All this to say that we have, yet again, managed to protect our buying power.

The breakdown of the 2016 operating revenues and costs is described on the following page, while Appendix 1 presents a summary of the 2016 budget.

Breakdown of 2016 income



Breakdown of 2016 operating expenses



The 2016 tax bill

This budget's challenge lay in limiting as much as possible the impact, on the average tax bill, of the shortfall generated by recurring government cuts and the increase in shared costs while ensuring it could invest wisely and responsibly in the living environment of Rosemerites.

Our goal, as an administration, is to offer a range of quality municipal services along with a highly competitive tax rate. With this, we hope to leave future generations with sound public finances, rather than opt for easy solutions based on a short-term vision.

As a result, for a home with an average value of \$416,100, i.e., the average Rosemère home, the tax bill will rise to \$2,176.20 in 2016, an increase of \$61 or an adjustment of 2.9% from last year.

It should be noted that this increase is in line with the projected parameters of the Conference Board of Canada, which expects an inflation rate of 2.3% in the metropolitan region in 2016.

The real estate tax rate will therefore rise from \$0.5082 to \$0.5230 per \$100 valuation. As always, Rosemère taxpayers continue to enjoy the lowest tax rate not only in the region, but in all of Québec. Although we are very proud of this, it is not a reason for our administration to relax our tight management of expenses.

This new tax rate should reflect the expectations of residents, who had the opportunity of expressing themselves on Rosemère's financial future in an online survey as well as a public hearing held last November.

Obviously, this increase could have been much higher, had it not been for the allocation of part of our accumulated surplus and stringent budgetary management throughout 2015. We will continue this type of management in the coming years.

Meanwhile, the commercial real estate tax rate rises from \$1.5351 to \$1.5797.

Furthermore, the drinking water rate will be adjusted to \$175 per housing unit as compared to \$170 in 2015. This adjustment takes into account inflation and service costs generated by the management of our waterworks system. Where consumption exceeds 50,000 gallons a year, a higher rate remains in effect to encourage water conservation.

The rate for the management of residual waste will be adapted to the new realities of 2016, rising from \$250 to \$300 for residential taxpayers and from \$380 to \$430 for merchants.

As previously mentioned, this rate adjustment can be explained by the government requirement to implement organic waste pick-ups, which are slated to start next year. An official announcement on this will be made shortly and will provide all the relevant information.

While we must comply with this requirement by the year 2020, the Town of Rosemère plans to participate in this measure enthusiastically in order to help reduce greenhouse gas emissions that accelerate global warming.

In 2016, we will also be pursuing our program to help property owners ages 67 and up remain in their homes. The amount of the annual grant remains unchanged at \$50.

The impact of these different taxation and rate measures, which I have just described, is a reflection of the difficult economic situation in Québec. Like last year, we have chosen to use part of our surpluses to balance the budget so as not to tax our citizens unduly.

Summary of 2016 taxes

Real estate tax rates by category, per \$100 evaluation						
Category	2016 real estate tax rates			Total rate 2015	Total rate 2014	Total rate 2013
	General	Special	Total 2016			
Residential	0.4672	0.0558	0.5230	0.5082	0.5500	0.5790
Commercial and industrial	1.4113	0.1684	1.5797	1.5351	1.6609	1.7439
Serviced vacant lots	0.9344	0.1116	1.0460	1.0164	1.0998	1.1580

Service rates per housing unit				
	2016	2015	2014	2013
Water	\$175	\$170	\$135	\$135
Residual waste management				
Residential	\$300 ¹	\$250	\$250	\$250
Commercial	\$430 ¹	\$380	\$380	\$380

Your 2016 RESIDENTIAL tax bill (excluding excess water consumption and local improvements)			
Average 2016 value on the roll	General taxes (rate: \$0.5230)	Rates (water, garbage)	2016 total
\$416,100	\$2,176	\$475	\$2,651

¹ Rate covers domestic waste, recycling and organic pick-ups.

Three-Year Capital Expenditures Plan

In 2016, the Municipal Council wishes to continue investing in the upgrading of municipal infrastructures such as storm and sanitary sewers, as well as road surfaces, curbs and sidewalks.

The plan's first year also calls for improvements to our network of parks and green spaces as well as some of our municipal buildings.

Overall, in 2016, we plan to invest \$9,795,800 in your quality of life. This amount includes government grant. Let's be clear here: without these grants, our investment projects would have to be reviewed.

Among the projects, which the Town plans to undertake, we note the following:

- Rehabilitation of infrastructures on the following arteries: Île Bélair Street East, Springhill, Rosedale, Saint-Laurent, Lefrançois, Remembrance and William streets.
- Adding a pumping station to the Corona Street.
- Purchase of bins for the new organic waste pick-up.
- Improvements to several parks, including furnishings, game infrastructures and Charbonneau park building renovation.
- Project to convert and improve street lighting.

2016-2017-2018 Capital Expenditures Plan

2016-2017-2018 Capital Expenditures Plan				
EXPENSES BY TYPE	2016	2017	2018	TOTAL
Infrastructures	\$8,467,900	\$10,630,100	\$9,609,125	\$28,707,125
Buildings and lots	469,100	106,200	87,300	662,600
Materials, vehicles, equipment and tools	858,800	293,000	275,000	1,426,800
TOTAL	\$9,765,800	\$11,029,300	\$9,971,425	\$30,796,525
FINANCING				
Operating fund	\$366,200	\$390,800	\$362,300	\$1,119,300
Long-term loan	7,710,316	10,477,600	9 509 125	27,697,043
Reserved surplus	0	0	0	0
Allocation of non-allocated surplus	480,600	160,900	100,000	741,500
Government and other grants	1,238,682			1,238,682
TOTAL	\$9,795,800	\$11,029,300	\$9,971,425	\$30,796,525
2016-2017-2018 TOTAL	\$30,796,525			

Conclusion

The precarious nature of our financial situation required efforts by all members of the Council as well as department heads.

It is a demanding path, but I can see that we are on the right track because, among other things, we have involved Rosemerites in the process.

In fact, we have described the situation as it is, with no embellishments and in a fully transparent manner. We not only painted a picture of a difficult situation, we also proposed various scenarios for improving it.

The public hearing held on November 14 led us to proposed actions supported by the residents in attendance, as well as those who responded to the Town's online survey. These priority actions are:

- **Reducing expenses** without reducing services, including some \$300,000 identified by the strategic work committee.
- **Generate new real estate revenues** at a time when the Town is seeking to increase its tax base.
- Maintaining **tight control of the net debt**.
- A **reasonable increase in the tax rate**, slightly above the rate of inflation, which at 2.9% is the case in 2016.

Finally, the Municipal Council wishes to thank the 500 or so residents who responded to our online survey and took part in the public hearing of November 14 last.

All told, it was a productive and stimulating year, despite the challenge to be met.

Our administration's mission was to come up with solutions to the financial issues, in a spirit of sustainability and respect for future generations, without reducing the number nor the quality of services, allowing us to further strengthen Rosemère's competitive edge.

Among others, as responsible managers, we had no intention of adopting a short-term vision of our responsibilities, leaving future generations to deal with a heavier burden.

In closing, I wish to thank all members of the Municipal Council for their relentless commitment to the wellbeing of our citizens.

My thanks as well to the interim General Manager and the Treasurer for their invaluable advice and professionalism throughout the budgetary process. My thanks go also out to all the Managers for their precious contribution.

The members of the Town of Rosemère's Municipal Council and municipal personnel join me in offering you our best wishes. May this season of celebration bring you and yours great joy.

Thank you for your attention.

Madeleine Leduc
Mayor

Mayor

APPENDIX 1

Summary of the 2016 Budget

	2015 Budget	2016 Budget	Variation \$ 2016 / 2015	Variation % 2016 / 2015
REVENUES				
Taxes	\$22,909,500	\$23,745,000	\$ 835,500	3.6%
Payments in lieu of taxes	\$490,900	\$505,500	\$14,600	3%
Services rendered	\$2,047,100	\$2,026,600	\$(20,500)	-1%
Duties	\$1,005,800	\$1,110,600	\$104,800	10%
Fines and penalties	\$704,400	\$749,400	\$45,000	6%
Interest	\$151,000	\$151,000	\$ -	0%
Transfers	\$490,000	\$510,300	\$20,300	4%
TOTAL REVENUES	\$27,798,700	\$28,798,400	\$999,700	3.6%
COSTS				
General Administration	\$3,588,800	\$3,587,700	\$(1,100)	0%
Public Safety	\$6,253,300	\$6,293,600	\$40,300	1%
Transportation and Roads	\$ 6,410,600	\$6,453,400	\$42,800	1%
Public Hygiene	\$5,334,800	\$5,560,800	\$226,000	4%
Urban Planning and Development	\$1,034,900	\$1,055,900	\$21,000	2%
Recreation and Culture	\$3,599,600	\$3,565,200	\$(34,400)	-1%
Financing fees	\$911,200	\$759,700	\$(151,500)	-17%
Interest portion of future social benefits	\$95,000	\$37,000	\$(58,000)	-61%
TOTAL COSTS	\$27,228,200	\$27,313,300	\$85,100	0%
FINANCING AND ALLOCATIONS				
Reimbursement of the long-term debt	\$2,103,900	\$2,219,000	\$115,100	
Non-allocated operating surplus	\$(1,644,400)	\$(1,423,600)	\$220,800	
Financial reserves and reserved funds	\$83,900	\$132,000	\$48,100	
Investment activities	\$27,100	\$507,700	\$480,600	
Operating activities		\$450,000	\$450,000	
Allocation of available balances		\$(400,000)	\$(400,000)	
TOTAL ALLOCATIONS	\$570,500	\$1,485,100	\$914,600	
TOTAL COSTS AND ALLOCATIONS	\$27,798,700	\$28,798,400	\$999,700	

