



REPORT BY THE MAYORESS ON THE FINANCIAL SITUATION OF THE CITY OF CHÂTEAUGUAY FOR THE YEAR 2013

September 16, 2013

Dear citizens,
Colleagues of the municipal council,
Municipal managers and employees,

The mayoress' annual report on the financial situation of the City is an opportunity to present the financial situation of the municipality and to highlight the major factors that will guide the operating budget for 2014 and the three-year capital program for the years 2014, 2015 and 2016.

The present report will also address the following:

- 1. Financial statements for the fiscal year ended December 31, 2012;**
- 2. Preliminary indications regarding the results of the 2013 fiscal year;**
- 3. Capital expenditures for 2013;**
- 4. Major factors that will influence the 2014 operating budget and the three-year capital expenditures program for 2014, 2015 and 2016.**

The present financial report also contains a table in the schedule that describes the remunerations and expense allowances paid to elected officials of the municipality.

Also in accordance with the *Towns and Cities Act*, I am tabling, for consultation, if necessary, the list of contracts worth \$2,000 and above awarded by the City from August 1, 2012 to July 31, 2013, as well as the list of expenses of over \$25,000, with the exception of contracts and professional fees that are presented separately, for the same period.

1. Financial statements for the fiscal year ended December 31, 2012

Audited financial statements for the fiscal year ended December 31, 2012 that were tabled at the council meeting on June 3, 2013, show an operating surplus of \$2,414,874 for the year for taxes purposes.

Furthermore, in the course of the 2012 fiscal year, many resolutions allocating the use of the operating surplus were passed by the municipal council thus resulting in an accumulated not assigned surplus as of December 31, 2012 of \$6,577,597 and an accumulated appropriated balance of \$7,776,670.

The main explanations for the difference between the adopted budget and the results obtained are shown below:

Operating activities	Official 2012 Budget \$	2012 Results \$	2012 Difference \$
Revenue	78,742,000	82,687,108	3,945,108
Expenses	(70,289,300)	(70,788,655)	(499,355)
Repayment of long-term debt	(8,563,800)	(9,511,336)	(947,536)
Operating surplus (deficit) before appropriations	(111,100)	2,387,117	2,498,217
Appropriation – Investment activities	(373,800)	(546,100)	(172,300)
Appropriation – Unappropriated operating surplus	1,000,000	(924,994)	(1,924,994)
Appropriation – Appropriated operating surplus, financial reserves and reserve funds	(450,000)	1,568,878	2,018,878
Provision for future amounts	(65,100)	(70,027)	(4,927)
Operating surplus (deficit) for the year for tax purposes	-	2,414,874	2,414,874

Revenue

- a) Tax revenue and compensation in lieu of taxes generated \$1,008,000 more than projected, and most of this came from new constructions both in the commercial and residential sectors;
- b) Revenue from property transfer taxes brought in \$705,000 more than anticipated. This is explained by transaction values that exceeded our yearly average and the continuation of new constructions in our municipality in 2012;
- c) Interest revenue also rose and exceeded our projections by \$223,000, notwithstanding the inflationary tendencies of financial markets and the drop in interest rates;

- d) Services rendered to municipal organizations for policing services generated \$390,000 more than expected, mainly as a result of underbudgeting;
- e) The sale of land, other than land situated in the industrial park, generated \$120,000 more than budgeted. This revenue is exceptional and non-recurring;
- f) Landfill royalties and compensations for the pickup of residual recycled material generated \$925,000 more than expected. These surpluses mainly originated from our municipality's good performance, both in decreasing the tonnage that was buried and in increasing recycling by citizens.

Expenses

- a) The main increase was in the City's financial contribution to the actuarial deficit for the retirement plan without a relief measure, to the tune of \$1,742,000.

In fact, these expenses were applied immediately to the financial year concerned instead of using relief measures that postpone the attribution of part of the tax burden to a later year;

- b) A \$389,000 reduction was applied when calculating the future cost of social benefits related to the group insurance of retirees;
- c) Regarding the Police department, the expenses were \$407,000 lower given that the traffic project that was envisaged was carried out using existing employees and that certain positions were not filled;
- d) As for the Fire department, there was an excess expense of \$104,000 mainly as a result of overtime and temporary employees, as a result of a high number of incidents that occurred in 2012;
- e) A complete review of the various accounting provisions was carried out, thus making it possible to overturn an amount of \$680,000 as a result of settlements that were made in matters regarding remuneration and public transportation.

Capital expenditures

As far as investment activities are concerned, acquisitions of capital assets by the City amounted to \$14,313,247 in 2012.

In the autumn of 2012, the City issued new bonds amounting to \$10,000,000, while the repayment of capital during the year amounted to \$9,511,336 for the part of the debt owed by the municipality.

These items explain the slight drop in the total debt level from \$109,752,393 on December 31, 2011, to \$108, 807,539 on December 31, 2012.

2. Preliminary indications regarding the results of the 2013 fiscal year

Expected results as of the date of publication of the last report “Comparison of revenue and expenses for the 2013 fiscal year -vs- the 2012 fiscal year, produced on July 31st”, and tabled on September 16, 2013, show that despite increases in certain administrative, operating and other expenses, revenue should be enough to cover obligations and expenses for the current fiscal year.

As a result, in order to contribute to preserving a balanced budget for the current fiscal year, the municipal council requests managers to continue striving to attain their objectives while ensuring control over their budgets.

3. Capital expenditures for 2013

Capital projects for the year 2013 consist of priority investments of \$28,851,300 in loan by-laws, \$401,000 in working capital, \$305,000 in capital assets from revenue and \$128,000 from the parks and playgrounds fund.

Infrastructure projects piloted by the Public Works and Engineering department remain the priority. Priority projects that are in progress for 2013 are as follows:

Projects related to the city centre	Budgeted amount \$
Conversion of Guy-Scott into a citizens Agora	300,000
Sustainable development	
Burying of cables on Principale Street	2,600,000
Renovation of Manoir D’Youville and Bistro La Traite	500,000
Engineering – Roadways	
Complete upgrading of streets (aqueduct, sewer, paving)	5,525,000
Resurfacing of streets and upgrading of curbs and sidewalks	2,500,000
Engineering – Collector and network	
Correction of drainage problems, including the De Gaulle and Lalemant collectors	1,158,500
Environmental hygiene	
Waste water – Upgrading of Saint-Bernard purification plant	2,695,000
Drinking water – Preparation of reservoir project	128,300

All these investments will affect the City’s debt servicing, which should reduce from \$108,807,539 on December 31, 2012 to almost \$117,000,000 on December 31, 2013.

4. The major factors that will influence the 2014 operating budget and the budget for the three-year capital expenditure program for 2014, 2015 and 2016

Since the adoption in 2011 of the “Citizen Action Plan for Châteauguay 2020”, strategic priorities have been maintained and will continue to guide us in the yearly exercise of determining the **three-year capital expenditure program**.

All projects must be put under the microscope since they remain part of our strategic priorities that include the following:

- 1° development of the city centre;
- 2° promoting economic activity in the city;
- 3° rigorous control of municipal expenses;
- 4° upgrading of municipal infrastructure;
- 5° maintaining and reinforcing the competence and integrity of the municipal administration;
- 6° the preservation and enhancement of the natural and cultural heritage;
- 7° improving safety;
- 8° improving and increasing our leisure, recreational, sports and cultural facilities.

The major projects accomplished in 2013 are the transformation of the former Guy-Scott arena into a citizens’ Agora (phase 1) and the construction of the municipal garage on Industrial Boulevard.

These major projects will set the tone for the revitalization of the downtown core. The space liberated by the relocation of the municipal garage to the industrial park in April 2013 will bring us closer to an entirely new redevelopment centered around the densification of the downtown core, while respecting the objectives set by the *Plan métropolitain d’aménagement et de développement* (PMAD) which was adopted by the Montreal Metropolitan Community in April 2012.

As part of these sustainable development goals, the City adopted in 2013 the active and lasting mobility plan, a tool that is necessary to guide the management of our municipal infrastructure. This plan comprises the various modes of travel, not only in planning municipal projects but also in carrying them out.

In 2014, we will have to complete and table the sustainable development action plan that will enable us to better coordinate our actions throughout the municipality to reflect the visions of our citizen consultations and to translate the concrete and measurable actions of the various approaches, including the citizen action plan for “Châteauguay 2020” and regional plans of the *Municipalité régionale de comté de Roussillon*, the Montreal Metropolitan Community as well as the various levels of government.

Furthermore, also based on the standards adopted and proposed by the PMAD of the Montreal Metropolitan Community, in collaboration with the government of Québec, the green belt that we would like to preserve is a project that has been retained as a short-term priority. In the spring of 2013, we acquired two pieces of land jointly with the conservation organization “Nature-Action Québec”. This project was made possible thanks to the financial participation of our partners: the Montreal Metropolitan Community and the Canadian Nature Conservancy.

Other studies are also in the pipeline including:

- The master plan for parks and playgrounds;
- The master plan for the development of the industrial park.

Implementing these plans will allow us to support and provide a solid base for structured urban development, which combines current trends in densification, surface water retention and public transportation to the distinctive elements of our municipality, such as Île Saint-Bernard, the greenbelt and the Châteauguay River.

The opening of Highway 30 in December 2012 is actively contributing to the development of the new commercial centre “Faubourg Châteauguay”, with the opening of the first retailer there in January 2013.

The following major projects are on the drawing board for 2014:

- the redevelopment of 20 Maple Boulevard (former municipal garage);
- the new indoor soccer complex and the aquatic centre;
- the major rehabilitation of the Arthur-Laberge bridge (the *ministère des Transports du Québec* is in charge of this project);
- the negotiation of new inter-municipal agreements regarding policing and the provision of drinking water;
- the implementation of the new inter-municipal agreement for fire-fighting services with the municipality of Saint-Isidore that was signed on July 22, 2013;
- the upgrading of our infrastructure intervention plan based on the various projects accomplished in 2013 as well as the new evaluation criteria for government infrastructure that is currently being reviewed so as to optimize the coordination of the various construction projects envisaged on our territory, while maximizing grants available from the various government programs.

To meet the expectations of the vast majority of the population, our municipal administration continues to put a lot of effort and resources to support and promote our local economy.

We reiterate our commitment to maintaining quality services while respecting our citizens' ability to pay.

The municipal council and I would like to thank municipal employees and our partners for their contribution throughout the year.

Thank you once more for your support to me and my team.

Nathalie Simon
Mayoress

Encl. List of contracts

SCHEDULE

Section 11 of the *Act respecting the remuneration of elected municipal officers* requires the disclosure, as part of this report, of the remuneration and expense allowances that every member of the council receives from the municipality, a mandatory body of the municipality or a supramunicipal body.

Under by-law number G-1513, the remuneration and allocation of non-taxable expenses of elected municipal officials for the year 2013 are as follows:

	Position of mayoress \$	Position of councillor \$
Remuneration	84,907.40	21,226.91
Benefits	<u>15,662.00</u>	<u>10,613.42</u>
Total	<u>100,569.40</u>	<u>31,840.33</u>

Furthermore, as the mayoress, I receive the following remuneration when:

- I represent the City at the *Municipalité régionale de comté de Roussillon* and I serve as prefect \$24,751.68;
- I serve as vice chair of the *Commission environnement de la Communauté métropolitaine de Montréal*: a base remuneration of up to \$10,910, including attendance tokens.
- I serve as a chair of the *Régie intermunicipale de valorisation des matières organiques de Beauharnois-Salaberry et de Roussillon*: a base remuneration of up to \$7,600/year, including attendance tokens.

Pursuant to section 24.4.6, paragraph 6, of the *Act respecting the remuneration of elected municipal officers*, the maximum permitted remuneration for 2013 is \$120,238 considering the population and the positions occupied. Thus, to respect the allowed maximum, the organizations concerned will adjust the additional remuneration that has been paid or will be paid to me downward.

Please note that the date of the special session during which the municipal council of the City of Châteauguay will adopt the 2013 budget is still to be determined.