

**REPORT ON THE FINANCIAL SITUATION
OF THE CITY OF POINTE-CLAIRE**



**Speech by
Mayor Bill McMurchie**

Presented at the Municipal Council
On October 1, 2009

The Act respecting Cities and Towns requires that the mayor reports on the City's financial position to the citizens of Pointe-Claire at least four weeks prior to the presentation of the City's budget for the year ahead. The present report contains, among others, the following:

1. The latest financial statements;
2. The external auditor's latest report;
3. The last 3-year program for capital expenditures;
4. Preliminary information regarding the financial statements for fiscal year 2009;
5. The general orientation of the next budget;
6. The next 3 year program for capital expenditures.

1) FINANCIAL STATEMENTS FOR FISCAL YEAR 2008

On June 15, 2009, the treasurer tabled the financial statements for fiscal year 2009. This document showed that the accumulated surplus, as at December 31, 2008 amounted to **\$16,177,591**.

The actual surplus for fiscal year 2008 alone was in the amount of **\$9,025,205**. This result was achieved through higher revenues totalling **\$3,428,600** than anticipated at the time of the adoption of the budget in 2007; on the expenditures side of the ledger, expenses were **\$5,596,600** less than what was anticipated at the time of the budget.

The main factors explaining the increased revenues are the following:

▪ Taxes (mainly from commercial immovables (\$840,000) and 6 + dwelling apartment buildings (\$190,000))	\$ 1,088,000
▪ Transfer taxes (mutations)	\$ 660,300
▪ Interests	\$ 642,500
▪ Residual material - Amount received following a dispute with respect to recycling matters	\$ 411,700
▪ Other	<u>\$ 625,600</u>
TOTAL:	<u>\$ 3,428,600</u>

The reduction in expenses can be broken down as follows:

▪ Re-classification of amounts originally intended for reserves and to cover court proceedings	\$ 3,128,800
▪ Reduction of obligation with respect to future social benefits and pension plan	\$ 1,113,000
▪ Bad debts	\$ 396,200
▪ Green waste contract – not realized	\$ 221,700
▪ Other	<u>\$ 736,900</u>
TOTAL:	\$ 5,596,600

In 2009, Council authorized the following reserves:

1) Work organization purposes	\$ 766,000
2) Snow reserve	\$ 165,000
3) Building and renovation	\$ 633,000
4) Computerization	\$ 469,600
5) Rolling stock reserve	\$ 624,000
6) Parks and playgrounds	\$ 525,000
7) Working fund	<u>\$ 250,000</u>
	\$ 3,432,600

With these appropriations totalling **\$3,432,600**, our unaffected accumulated surplus stands at **\$12,744,991** at the time of preparing this report.

In the future, Council would like to consider using the surplus to reduce long-term debt, to acquire equipment, to create a working fund, to use it for building renovations and extensions, for improvement of our parks and playgrounds and for the maintenance of our infrastructures.

2) THE EXTERNAL AUDITOR'S REPORT FOR FISCAL YEAR 2008

The financial statements for fiscal year 2008 have been audited by the City external auditors "RAYMOND, CHABOT, GRANT & THORNTON". Their report was tabled at Council on June 15, 2009.

Our auditors indicated their satisfaction with our administrative services department and stated that the financial statements show a true image of the sound financial situation of the City as at December 31, 2008.

3) THE 2009-10-11 PROGRAM OF CAPITAL EXPENDITURES

For year 2009, our 3 year capital expenditures included the following projects:

- 1) Reconstruction of Condover Avenue and Waverley Avenue, north of Condover Avenue: 2.6M\$.
- 2) Reconstruction of Arrowhead Crescent Avenue including Braebrook Avenue, between Arrowhead Crescent Avenue and Delmar Avenue: 7.3M\$. This project originally slated for 2007, had to be postponed until this year for technical reasons. It includes a new water main on Braebrook Avenue which cost (1M\$) will be supported by the island taxpayers as this is deemed to come under the jurisdiction of the agglomeration of Montreal.
- 3) Widening of Holiday Avenue, between St-Jean Boulevard and Davis Avenue: 3.5M\$ - This project will start this fall with the relocation of public utilities, but the bulk of civil works (water, sewers, roads) should be taking place in 2010.
- 4) The City is also planning the replacement of the arena compressors, the replacement of the existing generator, including a new power sub-station and the replacement of the existing 12,000 volts line at a total cost of 3.9M\$. The first steps will be the preparation of plans and technical documents as well as the replacement of the existing generator, sub-station and electrical line at a cost of 1.35M\$. The replacement of the arena compressors and the construction of a thermal plant (cost: 2.55M\$) will be carried at ulterior phases.

Council is also considering installing artificial surfaces for soccer at Terra Cotta Park. The cost for two of these would be in excess of 6M\$. Council applied to the Provincial government for funding, but has yet to receive confirmation that we would be eligible for such funding. At our next deliberations with respect to the CIP, Council will be asked to consider the funding of a single artificial turf soccer field.

In addition to these projects, the City increased its borrowing by-law with respect to the improvement of Malcom-Knox Aquatic Centre from 16.5M\$ up to 18.5M\$; it is to be noted that this increase is offset by a similar commitment from the Provincial Government to increase their contribution from 5.6M\$ up to 7.5M\$, which is the maximum available under that programme.

The works related to the replacement of the fluoride system at the water treatment plant were also completed in 2009; these works have been funded at 100% by the Provincial Department of Health. A new generator was also installed in front of the fire station, at a cost of \$600,000 to ensure protection to the civic centre on a 24/7 basis in case of power failures.

It is also appropriate to mention the following areas where works have started or will be completed in 2009:

- Pavement and curbs and sidewalks Repairs – residential sectors	\$ 800,000
- Building renovations	\$ 725,000
- Construction of a chalet at Voyageur Park	\$ 400,000
- Studies for widening Brunswick and Hymus Blvds	\$ 100,000
- Replacement of gas tanks at public works yard	\$ 750,000
- Computerization, including new phone system	\$ 1,525,000
- Valois Park tennis courts	\$ 275,000
- Rolling stock renewal	\$ 875,000
- Improvements to parks, including new play area at Voyageur Park	\$ 700,000
- Replacement of existing generator, sub-station and power line at the arena	\$ 1,350,000
- Extension of neighbourhood station 5 (to be funded by the City of Montreal)	\$ 1,035,000

- Synchronization of traffic lights on Saint-Jean Boulevard
Between Highway 40 and Labrosse Avenue \$ 100,000
- Acquisition of blue bins for recyclable material \$ 650,000

The City is still working on the project respecting the “Restoration of the Pointe-Claire Windmill” on the property belonging to the “Congrégation des Soeurs-de-Notre-Dame”. The City will continue discussing with the congregation so as to reach an agreement that would permit the work to take place. We are hopeful that this project will be realized in 2010.

4) PRELIMINARY INFORMATION WITH RESPECT TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR 2009

The 2009 budget was adopted by Council at their meeting held on December 8th, 2008. This is a balanced budget in the amount of \$114,670,000 million.

It is important to note that this budget is significantly increased as we must now consider the “quote-parts” payable to the agglomeration of Montréal for regional services (police, public transit, fire, etc.). In 2009, these quote-parts represented 49.3M\$ in our budget; without them, our total budget would have been reduced from 67.2M\$ in 2008, down to 65.4M\$ in 2009.

Despite these agglomeration ups and downs, council has succeeded in presenting a third budget in a row with no real estate tax increase for our residential taxpayers. It is Council’s intention to continue to improve the level of our local services within a realistic level of taxation.

The final results for 2009 are not known at this time. Even if we expect difficulties in the areas related to the transfer taxes and revenues from interest due in large part to the recession, we are confident that the City will continue to be in good

financial shape. Council and the administration will continue to be vigilant in controlling expenditures.

5) NEXT BUDGET GENERAL ORIENTATIONS

The budget for year 2010 is in the process of being prepared and no details are available at this time.

Citizens are to be reminded that 2010 will be the fourth year of the current roll of assessment produced by the agglomeration, originally for years 2006-09, but extended until 2010, following a decision made by the Provincial Government. Again Council will have to be very meticulous in preparing the 2010 budget to ensure fair and equitable distribution of the total tax burden between our residential and non-residential taxpayers.

The situation of our pension plan will continue to be a concern for Council. We continue to carry an 8.41M\$ actuarial deficit following the actuarial evaluation made as at December 31st, 2007; this was before the 2008 market crash and it is with anxiety that we are looking forward to the next actuarial evaluation that will be produced at the end of 2010. By adding the 1.8M\$ contribution that we must make to offset the actuarial deficit to our regular contributions, the City will nearly contribute 3M\$ to the pension plan on an annual basis.

At the time of preparing this report, we had yet to finalize the collective agreements with our unionized employees. We sincerely hope that this will be done for 2010. The City will also have to face possible substantial adjustments in relation with the “pay equity programme” to be completed by the City of Montreal and with an adjustment of the remuneration level of our part time white collar employees who are at the bottom of the scale.

6) THE 3-YEAR CAPITAL EXPENDITURES PROGRAMME
FOR YEARS 2010-11-12

The capital investment program is currently being prepared, but no figures are available at the present time. Projects to be included in 2010 will be reviewed by Council later this fall.

7) DEVELOPMENT IN POINTE-CLAIRE

Again this year (against all odds), development continues in Pointe-Claire. Two hundred and twenty six (226) building permits have been issued in 2009 as of September 14, with a total value of \$40 M. For comparison purposes, the total value of work undertaken in all of 2008 was \$62 M; \$48.5 M for 2007.

In the commercial sector, interior and exterior renovations for existing businesses and for new occupancy accounted for \$4.6 M. This includes the value for major renovations at Fairview Ford former building on the corner of St-Jean and Hymus boulevards; interior renovations for Apple, Aerie, Nike and other tenants in Fairview Pointe-Claire shopping centre; as well as new offices above Pharmaprix on Place de la Triade (new street accessible from Holiday Avenue).

In the industrial sector, value of permits issued to date this year totals \$12.4 M which includes three important extension projects: J. Walter Company Ltd and Schering Plough Canada both located on the north side of Trans-Canada Highway as well as AESUS Labelling Systems on Oneida Drive. Major renovations both exterior and interior have taken place at Schering Plough Canada, Gentek, Dupont Canada as well as other small and medium industries located in the Pointe-Claire Industrial Park.

In the residential neighbourhoods, property owners continue to extend their homes (and build decks) with a total of 65 building permits issued for a value of \$1.8 M, while another 79 owners have chosen to renovate the interior and/or the exterior of their homes for a value of a little more than \$1 M. Three building permits were issued for new homes in 2009 with a total value of \$840 000.

This year again, work was undertaken by the Fabrique Saint-Joachim, this time for the restoration of the church windows and masonry. Permits were issued for the installation of new windows at école primaire Saint-Louis, St. Thomas High School and école secondaire Félix-Leclerc. With the extension of the Pointe-Claire swimming pool, renovations on the Public Works landsite and interior renovations at the Lakeshore Hospital, the total value of projects on Institutional properties reaches almost \$19 M.

Once again, a large number of projects for both new buildings and redevelopment of existing properties are presently being studied and we continue to be optimistic for the remainder of 2009 as well as the following year.

8) COUNCIL REMUNERATION

According to the provisions of the act respecting remuneration of municipal elected officials, the Mayor is required to report on remunerations.

My annual remuneration as Mayor of Pointe-Claire is \$46,894, plus an expense allowance of \$13,716.

As a member of the “Communauté métropolitaine de Montréal”, I receive a basic remuneration of \$10,000, plus an additional amount of \$2,500 for a total amount of \$12,500.

As a member of the Agglomeration Council, my annual basic remuneration is \$10,160.

Each City Councillor receives an annual remuneration of \$13,560, plus an expense allowance of \$6,780 from the City of Pointe-Claire.

9) LIST OF CONTRACTS

As required by law, I am depositing, along with this statement, a list of all contracts over \$10,000, having been awarded since October 27, 2008 (available at City Hall, upon request).

Bill McMurchie

Mayor

City of Pointe-Claire