

**REPORT
ON THE VERDUN BOROUGH'S
FINANCIAL SITUATION
PRESENTED AT
THE BOROUGH COUNCIL MEETING
ON SEPTEMBER 1, 2009**

INTRODUCTION

On behalf of the Borough Council members, I am pleased to table the Report on the Verdun Borough's financial situation. I am addressing you this evening within the framework provided for by the *Cities and Towns Act*.

To begin with, I will present the Auditor General's report as well as the results of the 2008 fiscal year. I will then discuss the preliminary projections for the 2009 fiscal year. In closing, I will give you a preview of the budgets for 2010—both the operating budget and the three-year Capital Expenditure Program.

AUDITOR GENERAL'S REPORT FOR 2008

The Auditor General made no specific recommendations to the Verdun Borough. All of the recommendations were examined and considered when one of them applied to the Borough. For the Verdun Borough, within the scope of purchasing and supply activities, we therefore confirmed the existence of naming representatives of authorities and not delegating this role, as had been established when implementing SIMON in our Borough in September 2008.

FINANCIAL ACTIVITIES RELATING TO OPERATIONS

YEAR ENDED DECEMBER 31, 2008

REVENUES

Revenues from local sources \$3,656,200

Transfers \$182,100

TOTAL REVENUES \$3,838,300

FINAL AMENDED BUDGET FOR 2008 \$3,577,400 \$260,900

OPERATING EXPENDITURES

General administration (including the Employer's contributions) \$7,084,700

Public security \$735,800

Transportation \$7,764,000

Public hygiene \$5,072,500

Urban planning and development \$1,383,500

Recreation and culture \$6,637,300

Material and technical support \$4,674,900

TOTAL OPERATING EXPENDITURES \$33,352,700

OTHER FINANCIAL ACTIVITIES

Transfers to investment activities \$519,600

**TOTAL OPERATING EXPENDITURES AND OTHER
FINANCIAL ACTIVITIES \$33,872,300**

FINAL AMENDED BUDGET FOR 2008 \$35,240,400 \$1,368,100

MANAGEMENT SURPLUS \$1,629,000

All of the following main factors account for our management surplus:

With regard to revenues:

- An increase in our revenues related to recreational facilities activities: \$102,100
- An increase in our revenues from licences and permits - occupancy of public property: \$58,000
- An increase in our grant revenue from the Québec government – library: \$29,100

With regard to expenditures:

- Strict management and tight controls over our labour costs (salaries and Employer's contributions), and mainly a positive effect of the retrospective plan following management of our occupational health and safety matters, for which a very substantial return—on contributions already paid out, due to our performance—produced a favourable difference: \$1,210,200
- All our professional, technical and other services were over budget: (\$133,000)
(for this object of expenditure, savings in managing residual materials—amounting to \$701,700—covered the additional costs of snow clearance contracts: \$453,600)
- Rental, maintenance and repair costs were under budget: \$148,400

The allocation and use of these surpluses by the Verdun Borough is in keeping with the policy established by Ville de Montréal's City Council.

CAPITAL EXPENDITURE PROGRAM

In 2008, the budget allowance of the Verdun Borough's three-year Capital Expenditure Program consisted of an initial amount of \$3,530,000 for protection projects. Taking into account the carry-over of amounts not spent in 2007 (\$3,465,000), amounts transferred from financial activities and totalling \$788,000 and a subsidy of \$26,000, the Borough therefore had a total budget allowance, for investment purposes, of \$7,809,000 in 2008. Out of that total, an amount of \$2,918,000 was carried forward to 2009.

Among the main investments made in 2008, we wish to mention the:

- Playground improvement program \$1,412,000
- Road repair program \$2,124,000
- Building protection program \$711,000
- Vehicle replacement program \$644,000
- \$4,891,000

The breakdown of the sources for funding these 2008 investments is as follows:

• Loan payable by Borough residents, against the 2010 tax bill, according to corporate guidelines	\$3,874,000
• Operating budget (transfer to investment activities)	<u>\$1,017,000</u>
	<u>\$4,891,000</u>

Added to the previous considerations are the development projects, for which the initial budget came from a corporate budget allowance of \$25,501,000. For 2008, taking into account the carry-over of amounts not spent in 2007 (approximately \$2,861,000) and a financial contribution from the Borough of \$50,000, the Borough had a total budget allowance of \$28,412,000. Out of that total, an amount of \$481,000 was carried forward to 2009.

The main investments in 2008 included:

• Construction of boulevard Gaétan-Laberge	\$741,000
• Development of parks and green spaces	\$720,000
• Road infrastructures	\$504,000
• Completion of section "C" – L'Île-des-Sœurs neighbourhood	\$465,000
• Development of the Pointe-Nord, L'Île-des-Sœurs neighbourhood	<u>\$25,501,000</u>
	<u>\$27,931,000</u>

The sources of funding for these 2008 investments consist of a \$27,881,000 loan, for all Ville de Montréal residents, and a financial contribution from the Borough of \$50,000.

In addition, an investment to improve the Borough's water supply service, under the responsibility of SITE (*Service des infrastructures, du transport et de l'environnement*) was made in 2008. Expenditures of approximately \$3,949,000 were incurred. The source of funding was the special tax to improve water supply service, introduced in 2004.

And lastly, Ville de Montréal's road repair program was added to all the above, for which road repairs of approximately \$1,663,000 were confirmed for the Verdun Borough.

PRELIMINARY PROJECTIONS FOR 2009

OPERATING BUDGET

For 2009, Ville de Montréal allocated us a budget of \$3,758,300 for revenues and \$34,464,900 for operating expenses.

To maintain the level of services offered to our Verdun taxpayers, it should be mentioned that the Borough had to make appropriations of \$316,000 from its surplus and consider maintaining a special local tax, for an amount of \$995,000, in order to increase our budget allotment for our operating expenses to \$35,775,900.

However, due to the economic and financial crisis at the end of 2008 and early 2009, the Verdun Borough had to contribute an amount of \$1,065,700 to the fiscal plan adopted in March 2009 by Ville de Montréal's Executive Committee. This amount therefore reduced our allotment accordingly for the current fiscal year.

The examination of budget changes in revenues and expenditures with regard to the projections for 2009 prompted the Borough to resort to using \$863,000 from its accumulated surpluses in order to meet its budget obligations, following out-of-the-ordinary weather conditions early in the year, insofar as snowfalls were concerned, combined with the costs related to the increase in fuel products.

CAPITAL EXPENDITURE PROGRAM

We invested \$9,466,000 in the protection facet of the 2009 Capital Expenditure Program. This investment includes a carry-over of \$2,957,000 from 2008, a total of \$837,000 transferred from financial activities as well as a financial contribution of \$597,000 from Ville de Montréal.

The main investments include the following:

• Repairs to facilities and renovations to parks and waterfront areas	\$1,960,000
• Road repair program	\$3,201,000
• Building protection program	\$2,736,000
• Vehicle replacement program	\$1,307,000
• Miscellaneous	<u>\$262,000</u>
	<u>\$9,466,000</u>

These investments will be financed by a loan of \$7,967,000, payable by Verdun residents as well as by an amount of \$902,000 from the operating budget.

With regard to developmental projects, the Verdun Borough plans on making investments of \$8,572,000, thanks to the carry-over of \$572,000 unspent in 2008 as well as to an amount of \$8,000,000 earmarked for the development project in the Pointe-Nord area of the L'Île-des-Sœurs neighbourhood and which comes from the investment fund set up by Ville de Montréal to promote the development of major projects.

The main investments are as follows:

• Construction of boulevard Gaétan-Laberge	\$57,000
• Development of parks and green spaces	\$291,000
• Completion of section "C", L'Île-des-Sœurs neighbourhood	\$194,000
• Road infrastructures	\$30,000
• Development of the Pointe-Nord area in the L'Île-des-Sœurs neighbourhood	<u>\$8,000,000</u>
	<u>\$8,572,000</u>

The source of funding for developmental projects consists of an \$8,572,000 loan payable by all residents of Ville de Montréal.

At the end of 2009, the Borough will know the balances that may be transferred in 2010, depending on the extent of advancement of the projects currently under way.

In addition, expenditures of \$11,496,200 are planned in order to improve the Borough's water supply service, for which the source of funding is identical to that in 2008. And lastly, added to all the above, the Verdun Borough has been given confirmation of approximately \$1,600,000 in road repairs to be carried out, under Ville de Montréal's road repair program.

2010 BUDGET ALLOTMENT

OPERATING BUDGET

It is in a context of limited financial resources that Ville de Montréal has established the boroughs' budget allotment for the 2010 fiscal year. With regard to revenues, our budget allotment has been set at \$3,758,300, while our allotment for our operating expenditures amounts to \$34,578,900—the same as in 2009, except for a small, additional amount related to the development fund.

From its expenditure allotment, the Borough is benefiting from this fund through an amount of \$103,100. Like last year, it is faced with a constraint approximately corresponding to the costs resulting from salary increases and from inflation in other expenses. In addition, the Borough must continue contributing to the obligation to reduce its manpower by 8.9% (or the equivalent of 25.8 persons/year) between 2007 and 2010. To date, a reduction of only 1.8 persons/year remains to be made for 2010. The targeted amount has therefore almost been reached.

These aspects therefore represent financial constraints with which the City and the boroughs are confronted—an imbalance between spending and revenues that is constantly increasing.

Budgeting for 2010 is being analysed at the present time. The Council members will be submitting their results to taxpayers at the time of the adoption of the budget. However, the budget allowance that was allocated to us is—a priori—proving to be insufficient to maintain all the quality services that we provide Verdun Borough residents, considering the growth in the Borough's needs. In addition, it must be taken into account that additional expenditures must be budgeted in order to support new projects in the process of being carried out, such as the Montreal Canadiens Children's Foundation skating rink, a cost for rental of a building for the intergenerational centre project as well as the costs for activities at Maison Nivard-De Saint-Dizier.

CAPITAL EXPENDITURE PROGRAM

The budget for the three-year Capital Expenditure Program for 2010-2012 has been set at \$10,571,000 by Ville de Montréal.

The Borough Council members are also in the process of analyzing the investments projects (totalling \$3,963,000) for 2010.

It should be noted that since 2005, following decentralization, the capital expenditures of each borough have been payable by taxpayers residing where these expenses are incurred, rather than being shouldered by all taxpayers in Ville de Montréal; therefore, starting in 2007, instead of being taxed based on an across-the-board rate, a special tax is being levied on Verdun taxpayers to finance capital expenditures.

We also wish to mention that the Verdun Borough will be adopting its operating budget as well as its three-year Capital Expenditure Program at a special Borough Council meeting to be held before November 23, 2009.

**ADDITIONAL REMUNERATION FOR COUNCILLORS
HOLDING A PARTICULAR POSITION
WITHIN BOROUGH COUNCIL**

For the acting Mayor:	\$132/month
For committee chairs:	\$2,032/year
There is no expense allowance associated with these positions.	

Moreover, each Borough Councillor in Verdun receives additional annual remuneration of \$6,725.

This additional remuneration is in keeping with the municipal By-law and with provincial legislation.

CONTRACTS

LIST OF CONTRACTS

As required under section 144.7 of the *Charter of Ville de Montréal*, the Borough's *Division des ressources financières* has drawn up a list of all the contracts involving an expenditure of over \$25,000, as well as a list of all contracts incurring an expenditure of over \$2,000, when the expenditures of all these contracts combined total over \$25,000 for one and the same subcontractor. All these contracts were approved by Borough Council from August 16, 2008 to August 21, 2009 inclusively.

CONCLUSION

I'm proud of the report that I'm presenting this evening on the Borough's financial situation. It's a report that shows, once again, the energy devoted by a team of highly competent councillors and administrators.

In line with the commitment we had made to pursue the implementation of the strategic plan adopted in 2005, this positive performance is also based on decisions which aren't always easy to make, but whose ultimate goal is to continue providing Verdunites with the best possible service.

However, we will also have to pursue our very strict management of the Borough, in order to deal with the many budget and administrative constraints imposed on us by Ville de Montréal, so as to reach the spending reduction objectives that it has set for the City as a whole. And once again this year, I'm repeating what I have said for the past four years: that we will have to keep on doing "more" with "less"! Nevertheless, I am also mentioning again that the decisions that my colleagues and I have reached are making it possible for us to affirm that Verdun is in excellent financial health.

I'm counting on the cooperation of each and every resident to continue making Verdun an outstanding borough that's a great place to live, and I thank you for your kind attention.

Tabled by Claude Trudel
Verdun Borough Mayor
on September 1, 2009