



**RAPPORT DU MAIRE M. ÉRIC DUBÉ
SUR LA SITUATION FINANCIÈRE DE LA
VILLE DE NEW RICHMOND**

Dear citizens:

It is once again an honour for me to address you this evening concerning the major elements of the 2016 budget. This is our third budget and it remains a very educational process. Since our election, we have placed an emphasis on the Town's finances and the conception of the budget requires the same diligence. Thank you to the members of the Budget Committee, Jean Cormier, Jacques Rivière and Jean-Pierre Querry, for their time and effort, in addition to all of the employees and councillors who participated directly or indirectly.

Similar to last year, the Council was faced with choices. Moreover, this is the reason why we were elected, to "make decisions". We approached the preparation of the budget with a certain apprehension. The signature of a new fiscal pact in the fall confirmed certain elements, but it did not give us back what we lost in 2014. In fact, I think that it serves no purpose to rehash the circumstances of last year when the transitory pact was signed between the Government of Quebec and the Town of New Richmond that led to the loss of several tens of thousands of dollars for us.

Evidently, in order to balance the budget, we had two elements to play with: revenues and expenses. We once again worked on both of these elements simultaneously.

REVENUES

Firstly, we were obliged to largely modify projections of certain revenues, including the transfer duty tax. As the real estate market seems to have reached a ceiling, our 2015 revenues were cut in half. This is why we decreased our 2016 objective from 64 000 \$ to 34 000 \$. The decision by the Minister of Municipal Affairs to decrease its contribution to the work completed on Perron Boulevard also deprives us of an amount of 30 000 \$ in subsidies for our debt service. This will be the case for the next 8 years.

A decrease in revenues from payments in lieu of taxes for primary and secondary schools will result in a loss of close to 7 000 \$ and we budgeted 20 000 \$ less for revenues from the sale of land. Unfortunately, we do not have any more residential lots to sell. However, we are currently working with a private promoter on a residential development project and we have not abandoned the idea to extend the rue des Érables, a

project that was aborted by the Minister of the Environment in 2014. We are confident that we will attain this objective beginning in 2016, and we will most likely proceed in several phases.

However, there is some good news for next year. The equalization payments from the Government of Quebec will be increased by close to 40 000 \$ and the conclusion of an agreement with the MRC of Bonaventure for fire protection services for the Pin Rouge unorganized territory sector will add 5 000 \$ to our revenues.

EXPENSES

In order to decrease operating costs, we decided to acquire 3 vehicles for the travelling requirements of employees and the Municipal Council. These vehicles, that will be permanently parked at the Town Hall, will allow us to save more than 7 000 \$ per year in travelling expenses that were previously paid to the persons who used their vehicles.

The completion of the cadastral renovation by the Minister of Energy and Natural Resources will allow us to save 68 000 \$ in assessment costs and close to 20 000 \$ in professional fees. This work, completed over a 2 year period, will have been quite costly for the citizens of New Richmond.

We are expecting a potential economy following the installation of a DEL public lighting system, from reduced electrical consumption and maintenance costs. The result should be a reduction of close to 30 000 \$ in direct costs.

Another positive element is the end of construction subsidies. The subsidies accorded 5 years ago will come to an end and the result will be more than 30 000 \$ in additional revenues. We have not accorded any subsidies since 2013. In fact, this situation has been judged as illegal by the Minister of Municipal Affairs. However, I would like to specify that these real estate tax credit programs were set up in New Richmond in a context that was completely different from the current one. They contributed to increasing property assessment and facilitated many residential, commercial and industrial projects.

Evidently certain expenses are increasing. Examples include the costs for municipal roads and the water and sewerage network. You don't have to be a specialist to comprehend that our facilities are aging and require more and more major repairs and maintenance. To this effect, we budgeted an amount of more than 35 000 \$ exclusively for preventative maintenance for equipment, and in particular, repairs to sewerage pumps.

The Recreation budgets are essentially the same. We anticipate that the pool will be in operation over a period of 7 months and the revenues has been budgeted accordingly. To this effect, we would like to inform you that as soon as the pool opens, new rates, that are identical to Bonaventure, will be in effect. We are currently negotiating with neighbouring municipalities to conclude a service agreement that will be beneficial to both them and us. Obviously, registration costs will be increased to reflect the reality and the quality of service that will be offered. We have no doubt that this facility will meet the expectations of clients.

For the moment, the operating costs for the *Salle de spectacles*, are higher than in 2015. However, we are working with our team to properly direct our investments and to obtain the maximum from each dollar invested. Our auditorium, that presents more than 40 professional shows each year, is a major asset for our region and will remain so for many years to come.

As we previously presented and explained, our debt service will not give us any breathing space before 2019. In other words, no loan by-law will come to term before 2019. Consequently, each investment must be added directly to our total debt service. Even though we have drastically cut our investments since 2013, it remains that there has been an increase. However, as we advance in time, we will pay less interest and reimburse more capital. As such, interest payments will decrease by 105 000 \$ next year and capital reimbursement will increase by 145 000 \$. Therefore, the impact of projects completed in 2013 and 2014 and financed in January 2015, result in a net amount of 40 000 \$.

RATES AND TARIFFS

All of these figures led the Municipal Council to consider several scenarios. Firstly, the by-law that regulates the water and sewerage tariffs, that was adopted in 1969, was completely revised and adjusted to the reality of 2016. As I mentioned, our operating costs and especially our maintenance costs for the water and sewer system are increasing. It was decided to increase the tariff for a housing unit from 60 \$ to 80 \$. This increase of 20 \$ is the first in 46 years! Certain other tariffs were also adjusted to fit today's reality, including the rate for carwashes for example, to establish a tariff that corresponds to the utilisation of the resource. For comparison purposes, the tariff is 510 \$ per year in Carleton and 300 \$ in Paspébiac.

The special tax for the water and sewerage network remains the same. It remains at 0,159\$ / 100 dollars of assessment. However, buildings that use public services (water and/or sewerage) and do not pay the special tax will be subjected to a higher rate that will increase from 35\$ or 60 \$ to 95 \$.

The rate for garbage collection and recycling will undergo a slight decrease of 0,4 %, bringing the tariff to 187,82 \$ for a single family dwelling in 2016.

Property taxes will be increased by 1,4 %. The basic rate will be set at 1,1643 \$ / 100 \$ of assessment. The increase for an average home, assessed at 143 987 \$, will be 45 \$.

Even though we are not happy to increase taxes once again, we consider that we are doing everything possible to limit the increase, while maintaining services for our citizens. I would like to repeat that our objective is to maintain our assets and respect the paying capacity of our population, while renewing our float of vehicles and repairing certain facilities.

2015 A PRODUCTIVE YEAR FOR OUR ECONOMY

As you have probably remarked, there was a great deal of investment that was completed in 2015 or in the process of being completed in our community: the new daycare center with 44 places, the SAQ (the liquor commission), the BMR hardware store, the brand new Subaru, Distributions Leblanc, Déménagement et Livre-tout and the TransAlta offices, are a few examples. All of these projects will bring new revenues to the Town, and above all, many new jobs. We are particularly proud of the economic results in 2015 and we hope to see this momentum continue in 2016. There are a few projects currently on the drawing table and we hope that more will be added.

OUR CORPORATIONS

We have remarked a continually increasing demand for building lots in the Industrial Park. However, the *Société de développement économique de New Richmond inc.*, that manages the Industrial Expertise Center, is in a precarious financial position following the departure of the Eaton enterprise. We are currently working to assure that these vacant spaces are rented as soon as possible.

For the *Corporation du parc régional Petite Cascapédia*, the 2015 year was definitely better than the previous ones. There was a large increase in revenues and profits from the campground and lodgings at the mountain. The winter of 2015 was also an exceptional one. Unfortunately, we have no snow so far this year and we well understand that the revenues from the holiday season are very important for a station such as ours.

We have taken concrete steps to bring about a change at the *Parc régional*. A new manager was hired and new directors were added to the Board of Directors and they will contribute to the transformation process. Over the past 18 months we have successfully monitored expenditures, but there remains more to be done. As I stated previously, the status quo is no longer a option and we are hard at work to make the required changes. I would like to inform you that the investment project completed between 2006 and 2009 was finally settled with the Minister of Municipal Affairs a few weeks ago. The Minister agreed to pay the final subsidy of more than 1 000 000 \$ to our debt services. Therefore, this project will be finalized in the next few weeks, making it easier to budget in the future and properly orient our efforts.

Finally, I would like to announce that we have completely paid off the term loan of 300 000 \$ that was borrowed by the *Corporation de développement touristique* (the Festival), and this, one year earlier than planned. We now must attack the reimbursement of the line of credit that is also an amount of 300 000 \$, owed to Desjardins by this Corporation.

MAJOR PROJECTS FOR 2016

As stated in our Strategic Plan of Action, we are continuing our efforts to renew our float of vehicles. In 2016 we will purchase a 10 wheel truck and a pick-up truck to replace a 2001 truck and a 2006 pickup that have outlived their usefulness.

Planning for the renovation project for the Adrien-Gauvreau Community Center will begin in January. Things seem to be looking up for this project and we are planning to employ all the efforts necessary in upcoming months This building that is the one that is used extensively, is showing serious signs of aging and simply does not meet current requirements. Without being extravagant, we will work to give our community a functional center that is adapted to its intensive utilization.

Evidently, the renovation work to the Bruce-Ritchie Pool will continue in 2016. We hope to re-open the pool at the end of April 2016. However, we are very well aware that it is possible that exterior work will have not been completed at that time.

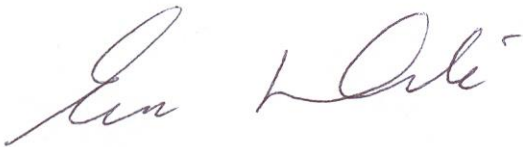
As for the arena, we are on the alert for potential programs. Just last week, l'AQUAIRS (the Quebec Association for arenas and recreational and sports facilities) issued a press release to the effect that there has been no program available for the renovation of arenas in Quebec since 2012, even though the deadline to replace Freon refrigeration systems has been set at 2020. More than 200 arenas and curling centers in Quebec are in the same situation as we are. Even though our Strategic Plan of Action includes a project in

2017, it is possible that there will be progress in 2016, depending on opportunities. However, I would like to remind you that we cannot afford to repair all of our facilities at the same time!

CONCLUSION

The situation for Towns today does not leave much room to manoeuvre. Facilities are aging and require repairs, government requirements are increasing and their contribution is decreasing, citizens' expectations are continually higher and higher and with good cause. In this context, we are doing everything possible keep our objective in sight. For a second consecutive year we have succeeded in balancing our budget. We all remember the troubled times that the Town of New Richmond succeeded in overcoming. However, this success has a price that we must now assume.

We were transparent when we previously stated that we do not wish to put off solving our problems. Over the past 2 years we believed that we have succeeded in solving many of them. We have no intention of stopping or hiding, you can rest assured.

A handwritten signature in black ink, appearing to read "Eric Dubé". The signature is fluid and cursive, with the first name "Eric" and the last name "Dubé" clearly distinguishable.

Éric Dubé
Mayor