

BUDGET 2011

Tuesday, December 7, 2010

“Building the Present and Securing the Future”

Check against delivery.

Dear colleagues,
Dear fellow residents,

I am pleased to present to you Gatineau’s budget for 2011. This is the second budget produced by the Municipal Council elected on November 1, 2009. As in previous years, it is the outcome of close cooperation between the municipal administration and Council members.

Gatineau is continuing to expand. In 2002, it had 226,000 inhabitants. In 2011, its population will surpass 260,000. The Institut de la statistique du Québec foresees an average annual growth rate of 0.8% over the next 20 years, the strongest among the province’s major cities. Its population should reach 305,000 in 2031. This kind of sustained demographic growth entails some significant challenges.

Gatineau’s residents have been fortunate enough to enjoy economic stability, in part thanks to the presence of the federal administration. Compared to other cities in Quebec and the rest of Canada, Gatineau has come through the economic crisis rather well, in large part as a result of the major new construction starts in 2010. The three federal buildings springing up downtown, the construction of the Rapibus and the \$43 million spent on the water supply and sewer systems are obvious examples. For the first ten months of 2010, the value of construction permits issued came to \$542 million, compared to \$338 million for the same period the year before. For the residential sector alone, these figures were \$270 million in 2010 compared to \$199 million last year.

Like many other cities in Quebec and the rest of Canada, Gatineau must face the challenge of updating its infrastructures. Chronic under-funding over the last three decades has severely compounded the deficit in terms of the maintenance of the water supply and sewer systems, the roads and municipal buildings. For Gatineau, an additional \$104 million would have to be invested annually over the next 30 years. This will be compounded by the continuous cost increases restricting the amount of work that can be done in any given year.

Gatineau has made the most of the economic recovery programs introduced by the provincial and federal governments. The subsidies received under these programs add up to a total of \$70 million. When added to the municipal contribution, these amounts will allow for work in the order of \$122 million. I would like to take this opportunity to highlight the exceptional work done by staff on this file.

I would also like to point out that unlike most cities, Gatineau invests all of its new sources of revenue in updating its infrastructures rather than on ongoing operations. For the 2005-2011 period, this comes to an additional \$103 million invested in infrastructures without adding to the debt.

With the 2011 budget, the Municipal Council has set its sights on four main objectives:

- 1. Provide Gatineau residents with efficient services**
- 2. Ensure sustainable development that protects the environment**
- 3. Maintain infrastructure investments**
- 4. Adopt a responsible budget**

Efficient services

The recent Léger Marketing survey commissioned by Gatineau reports a 74% level of satisfaction with municipal services. For public safety (fire and police), the figure is 78%, and for culture and recreation it is 75%. Gatineau intends to work on maintaining, if not improving, these levels.

Maintaining and improving services for the public once again guided the Municipal Council in its work on the 2011 budget. Since January 2002, Gatineau residents have benefited from service improvements thanks to injections in the order of \$21 million, more than three-quarters of which were recurrent. Thus, Gatineau was able to meet many of its residents' expectations, and even to adjust to the rapid population growth. The 2011 budget provides \$2.2 million for improvements in services for the public. These essentially touch on social development, repairing potholes and combating tagging and graffiti.

- In terms of **snow clearing**, Gatineau is continuing its efforts to provide the best possible service. The budget, which has been growing over the last few years, will level out in 2011 at \$15 million. The recent Léger Marketing survey indicates a satisfaction level well above the Quebec average for this service.
- **Social housing** and the **renovation programs** will share \$8 million in 2011, of which \$3.2 million will be for social housing proper, an increase of more than \$1 million from 2010. Gatineau intends to maintain the pace of financing 700 social housing units by the end of 2013. In 2011, it plans to build 191 units. The

Office municipal d'habitation de Gatineau will also receive \$1.2 million. In terms of renovations, Gatineau will inject \$1.2 million in Rénovation Québec, a tripartite program between the municipal and provincial governments and the residents involved. Thus, more than \$3.5 million will be invested in home renovations in the city's oldest neighbourhoods.

- Implementation of the **fire safety cover plan (FSCP)** continues to require major investments. The new fire station in the city's east end will be completed in 2011. This is an \$8.5 million LEED certified project. The funds allocated to the plan this year come to \$1.4 million—essentially to hire new firefighters—and \$1.6 million to purchase vehicles and equipment. The implementation effort will continue until 2015. By then, Gatineau will have invested \$43 million in equipment and infrastructure so as to ensure the safety of its residents.
- The **police organization plan** was adopted on May 11, 2010. This plan, which covers the years 2010 to 2013, will be used to consolidate the delivery of effective and professional police services. In 2011, \$2.4 million will be dedicated to this project, which will involve hiring additional resources, namely to help fight cybercrime and street gangs. At the end of the day, \$5.5 million will have been invested annually in ensuring the safety of residents.
- Gatineau residents now have a **social development policy**. Essentially thanks to increased collaboration among municipal services and more partnerships with other stakeholders, the activities stemming from this policy will be designed to promote equity and accessibility, to fight poverty and to foster social innovation and sustainable development. The policy includes a three-year plan and a budget framework for 2011-2014. More than \$0.5 million will be allocated to it in 2011. The annual envelope for the policy will come to \$1.3 million once it is fully implemented.
- The 15 **community and collective gardens** enhance the well-being of residents and community development. They contribute to community engagement, create a sense of belonging and weave intergenerational links. More than 1,000 families benefit from them. In 2011, in addition to the usual support of \$48,000, Gatineau added \$50,000 to relocate the La Baie garden.
- Gatineau has a **tagging and graffiti** prevention program that is known throughout Quebec for having achieved a 60% reduction in the damage caused by tagging and graffiti. The new by-law that was adopted by the Municipal Council includes a program to assist owners with the removal of tags and graffiti. In 2011, \$310,000 will be allocated to its implementation.

Sustainable development that protects the environment

The Léger Marketing survey confirmed that Gatineau residents feel very strongly about **sustainable development and protecting the environment**. The quality of drinking water, the collection of residual materials and parks and green spaces are some of the most important services in their view. In this regard, they gave Gatineau a solid 8.4 over 10, particularly for its management of residual materials.

- **Residual materials management** remains a priority for Gatineau. Following the distribution of 85,000 360-litre blue bins in 2008, Gatineau proceeded to deliver 80,000 80-litre brown bins for organic materials in 2010, an investment of \$4 million. Gatineau has already reached its 2010 goal of collecting 9,000 metric tons of compostable materials. These measures helped to significantly increase the volume of recyclable materials and to reduce by more than 65,000 tonnes the amount of material sent to the landfill sites since 2008.

In 2011, Gatineau will continue its weekly collection of compostable materials. However, starting on January 1, garbage will only be collected once every two weeks. The goal remains to reduce the amount of garbage, hence the importance of complying with the recycling and composting programs introduced. Thanks to the good response to the call for tenders for the collection of residual materials, Gatineau is in a position to announce a decrease of \$23.39 in the levy per household, which represents a 1.1% reduction in the average residential tax bill.

- The **Green Fund**, which was set up in 2005, is used to finance environmental projects. Starting in 2011, it will receive an annual \$300,000 top-up. This tool helps make Gatineau an ever greener city.
- Gatineau will continue its **tree planting** program in 2011. In 2010, 20,000 trees were planted in addition to the 180,000 trees that had been planted until then. I would like to thank all of the organizations that have been helping to restore our green Gatineau. Without them, the program never could have been as successful.
- In terms of protecting the environment, **public transit** plays a key role in reducing greenhouse gases. Gatineau plans to continue its efforts to give the public quality public transit so as to reduce the number of vehicles on its streets. This is why this year once again, it has increased by \$3.9 million its contribution to the Société de transport de l'Outaouais (STO), which will surpass \$41 million in 2011.

This year's increase includes \$850,000 for the Rapibus. The construction of this reserved bus lane is proceeding as expected. This enormous \$234 million project will endow Quebec's fourth largest city with an efficient and sustainable transportation system. The Rapibus will contribute to Gatineau's economic prosperity and to its social development, and will reduce greenhouse gases. Over the years, all sorts of shops and services will be set up around the stops along its

routes. A study is currently under way into a possible extension into the Aylmer sector.

- Gatineau also plans to invest \$1.2 million in its **bike paths**, thereby tripling last year's budget. And there is also the bike path currently being built along the Rapibus. After a hiatus in 2010, the self-serve bike rental service should be available to Gatineau residents and visitors in the summer of 2011. This project is a partnership between Gatineau, the National Capital Commission (NCC) and the City of Ottawa.
- The **redevelopment of rue Jacques-Cartier**, a \$32 million project proceeding in partnership with the NCC, is at the environmental approval and property acquisition stage. Construction should begin in 2011. The outcome of this project will be the revitalization of three kilometres of shoreline and the creation of a unique attraction for Gatineau.
- Gatineau attaches a great deal of importance to its **parks and green spaces** because these are essential to improving the quality of life of residents. Since 2006, Gatineau has built or renovated close to 200 parks, investing more than \$20 million in the effort. True to its four-year development plan, Gatineau is maintaining its annual \$3.5 million investment in parks and green spaces. In 2010, developers built the first parks out of the \$2 per square metre charge. More will follow in 2011.

Maintaining infrastructure investments

Just like every other city in Quebec and the rest of Canada, Gatineau is faced with the challenge of updating its infrastructures. It must make up for the chronic under-funding in the last few decades, a hidden deficit that it simply cannot ignore.

To this end, all new revenues received by Gatineau since 2006 go towards its infrastructures. The municipal administration has also taken full advantage of the infrastructure restoration programs introduced by the provincial and federal governments.

- **Road improvements** are the top priority for Gatineau residents according to the latest Léger Marketing survey commissioned by Gatineau. More than \$85 million has been invested in this since 2006, with close to \$20 million more coming in 2011. A total of \$14 million is allocated to road paving. In addition, Gatineau is adding a paving crew in the city's east end, as well as crews dedicated to pothole repairs. Speed reduction efforts will receive \$1 million. The major repairs to rue Principale in the Aylmer sector—a \$12 million project—will be completed in 2011, as will the link between boulevard des Grives and boulevard des Allumettières, which just started. This latter, which is an \$8.5 million project, will help ease the flow of traffic in this booming sector of the city. Finally, work in the order of \$2 million will begin on boulevard Maloney.

- Since 2006, close to \$90 million has been spent on the **water supply and sewer systems**. In 2011, Gatineau intends to invest an additional \$12.4 million.
- Thanks to the federal gas tax, Gatineau can rely on steady funding of approximately \$15 million annually to **upgrade its water and wastewater treatment plants**. This is significant when one considers that we are talking about a \$200 million investment over the next ten years. Gatineau has invested \$25 million in modernizing the water treatment plant in the Aylmer sector, a project that will be completed in the spring of 2011, and that will help increase the plant's production capacity by 50%. A similar project costing more than \$20 million will be starting soon in the Buckingham sector; the first calls for engineering and architectural services have just been issued. The water purification plant in the Gatineau sector will be updated and expanded at a cost of more than \$50 million over the next few years. This project will help improve the quality of the wastewater released into the Ottawa River by improving the treatment process and increasing the plant's capacity.
- Between 2006 and 2010, close to \$25 million was spent on **municipal building maintenance**. For 2011 these efforts will total \$5.4 million, of which \$1 million will be spent on roof repairs, and \$440,000 on universal access to the buildings. There is an addition \$1 million for the *Cycle de vie* reserve, which was set up to cover the maintenance of new buildongs. This reserve will contain no less than \$10.5 million by the end of 2015.
- The downtown **Special Planning Program (SPP)** is intended to provide a true core for Gatineau. This decision-making and planning tool will help guide interventions in the downtown. It is a very future-oriented project. The funds are provided through property taxes from the construction of new buildings valued at \$5 million and over within the downtown perimeter. Starting in 2012, interventions by Gatineau will have a \$4 million envelope to draw from thanks to the buildings that are currently under construction. An additional \$4 million generated by these new tax receipts will be allocated to projects that Gatineau considers important in other parts of the city.
- The **multi-functional centre** is a project to replace the now obsolete Robert-Guertin centre. Located in downtown Gatineau, it will have seating for 5,000 and 40 private booths. It will drive the downtown's development by hosting sports, cultural and social activities. A \$15.8 million reserve is already being planned for this purpose. A study is under way to determine the exact value of the properties that will have to be acquired for its construction. The Municipal Council will have to rule once again on this project.

A responsible budget

Effective and prudent management of the public purse enabled Gatineau to come out ahead in 2010. Gatineau was able to maintain the quality of its services for the public, and even to improve them. It moved ahead with its commitment to turn Gatineau into a green city. It completed major projects like the sports centre and the Finale des Jeux du Québec.

Balancing a budget of some \$460 million is a very delicate operation. The public expects to receive quality services and to get its money's worth. Throughout the preparation of the 2011 budget, the Municipal Council kept in mind the importance of:

- **providing Gatineau residents with efficient services,**
- **ensuring sustainable development that protects the environment,**
- **maintaining its investments in its infrastructures, and**
- **adopting a responsible budget.**

For 2011, Gatineau's Municipal Council will adopt a balanced budget of \$463,560,000, up 4.6% compared to the 2010 budget. The most significant increases involve:

- the **payroll** (\$7.7 million),
- **Gatineau's contribution to the STO** (\$3.9 million),
- the **police organization plan** (\$2.4 million),
- the **1% increase in the TVQ effective January 1, 2011** (\$1.7 million), and
- the **fire safety cover plan** (\$1.4 million).

The three-year capital program for 2011, 2012 and 2013 includes investments in the order of \$240 million, \$75 million of which is part of the 2011 budget.

For a fifth consecutive year, Gatineau did not use the anticipated surplus for the 2010 fiscal year to balance its 2011 budget. The Municipal Council feels strongly about this sound financial management practice, and in 2011 will look at which projects should be funded from the 2009 and 2010 surpluses once the different reserves have been set up.

For 2011, the 3.9% property tax increase will be reduced by 1.1% for the residential sector due to the decrease in the levy for residual materials management, which will drop from \$176.22 to \$152.83.

This 2.8% average increase for the residential sector is lower than October's 3.3% regional inflation rate. Of this 2.8%, only 1.8% goes to the operating budget: the other 1% will be invested in infrastructures.

This property tax increase will help preserve and enhance services for residents and infrastructures. It is a property tax increase that the Municipal Council deems reasonable. It also takes into consideration the rapid population growth and the high cost of the skilled labour and materials required for public works projects.

Conclusion

Municipalities have considerable needs and limited resources. As I did last year, I would like to remind you of two factors that amply justify municipal demands for revenue diversification. At this point, municipalities in Quebec and the rest of Canada receive only 8% of the taxes collected in Canada, whereas the federal government receives 50%, and the provincial and territorial governments get 42%. Moreover, every time a municipality invests \$1 in its infrastructures, the provincial and federal governments take \$0.35 in taxes, and the municipality receives nothing: clearly, municipalities must be provided with **new sources of revenue**. The provincial and federal governments must share with the municipalities any additional revenues that stem from economic growth. At this point, 85% of Gatineau's revenues come from property taxes.

Certainly there has been some progress over the last few years. But things like the federal gas tax—which brings Gatineau \$15 million annually—and the Fiscal and Financial Partnership with the government of Quebec are simply not enough.

I also want to remind you that a few years ago the Quebec government transferred new obligations to the municipalities, namely for fire safety and residual materials management, without any financial compensation. Gatineau's annual budget has had to accommodate millions of additional dollars in expenditures. And there is also the extra \$1.7 million that Gatineau has to pay the Quebec government because of the increase in the TVQ.

While awaiting new sources of revenue, Gatineau had to act, and this is what it did. I would like to point out that of the 2.8% increase, 1% will be allocated to infrastructures.

In closing, I want to thank my colleagues on the Municipal Council for their invaluable contribution to the preparation of this budget. I also want to thank all the municipal officials who were involved in the exercise.

At a time of strong demographic growth, it is more important than ever to keep a very close eye on our budget choices so as to meet the population's needs in the future.

My colleagues on the Municipal Council and myself, with the invaluable assistance of municipal officials, will do everything we can to keep Gatineau on the path to prosperity over the coming year, with a focus on updating the city's facilities and developing our infrastructures.

Just like 73% of Gatineau residents, I am proud of our city, and like most of them, I foresee that Gatineau will develop and become more prosperous in the next five years. We owe it to ourselves to work even harder so we can remain on track while we preserve our exceptional living environment.

Thank you!