

20
19

Budget



Mayor's speech

December 11, 2018
Check against delivery.



A Budget Built Around the Priorities of Gatineau's Residents

Ladies and gentlemen,

This evening we will be adopting Gatineau's budget for 2019. I would like to start by thanking all those who contributed, directly or indirectly, to this lengthy process over the past few months. I thank the elected officials for their participation and input during the budget discussions, and I would also like to acknowledge the contributions made by the many people in the municipal administration who were part of it all.

There were extensive discussions, and throughout the process we were able to rely on the professionalism and efficiency of our employees at every level of the organization. In particular, I would like to thank the Chief Administrative Officer, Ms. Lajoie, the director of Finances, Mr. St-Pierre, and their teams. Once again the budget exercise reflected the discipline, prudence and transparency of Gatineau's public administration.

It is thanks to such invaluable cooperation that we are now able to present a budget that will deliver on what we set out to do when the new Council was elected last year, in furtherance of the program introduced with the 2018 Budget. Our actions are focused around the priorities of Gatineau's residents and the community's needs, as confirmed by the satisfaction survey on municipal services conducted over the past few months.

Over the year, we continued to fine-tune the budget process, offering elected officials a clearer pipeline for channeling their budget requests in order to facilitate the ability to influence the choices made. Many of those requests were integrated into today's proposed budget, while others will be reviewed by our departments and submitted to the Council over the coming months. Even though not all of the requests could be satisfied, everyone received a response to the issues they raised, and personalized acknowledgements were provided. We will be repeating the process next year, at which point we will give ourselves even more time so as to optimize the involvement of all elected officials.

The budget we are adopting today is balanced and fits within our fiscal reality. We are pursuing the crucial continuous improvement and massive catch-up work on our infrastructures that has been underway for the past several years, and we will invest strategically in projects that, through collaboration with partners in several areas, will enhance the quality of life across Gatineau.

Transparency

I am proud to remind you that Gatineau serves as a model with its budget process. Not many cities in Quebec can claim that kind of transparency: for four days, presentations and discussions were aired live on the municipal Web site, where they are, in fact, still available.

If we want people to better understand the decisions we make and the factors underlying them, they need to have access to our decision-making process. This, naturally, applies to journalists as well. Of course, the financial issues are complex and at times tedious, but by combining the work of the media and our administration's own efforts to make it all more understandable, in particular through the Budget perspective citoyenne tool, we hope to use every possible means to help the public understand the choices we have to make.

We want people to take more of an interest in municipal politics, and ultimately turn out in greater numbers when it comes time to vote. However, this requires that they understand the breadth and scope of our field of action. We will keep working towards that goal.

GATINEAU SERVES AS A MODEL
WITH ITS BUDGET PROCESS.



The Comité d'analyse approfondie du budget

Last year at this time, we were taking a look back at the work of the Commission de révision des dépenses et des services, which had been mandated to review organizational costs and performance in the municipal administration, and to reactualize the offer of services to the public. That approach, structured and conducted in collaboration with the different municipal departments, generated recurrent savings of \$15.4 million and, even more importantly, instilled a culture and process of continuous improvement throughout the organization.

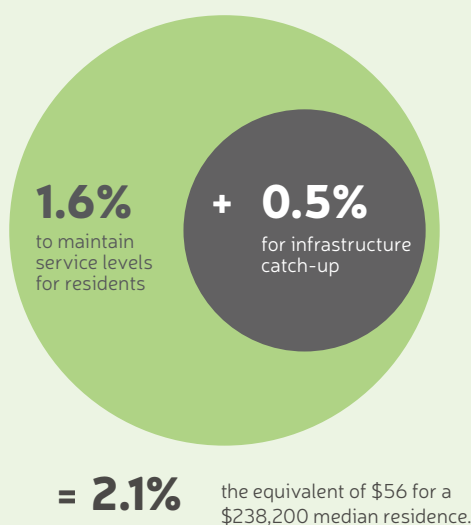
We then mandated Messrs. Carpentier and Lajeunesse to conduct an in-depth department by department review, and to propose budget orientations for the next three years. Our aim is to provide the best possible service at the best possible cost, as well as to make Gatineau residents aware of our efforts to get the most out of every dollar they entrust to us.

I want to thank them for the work they did together with the other committee members—Ms. Amyot, Ms. Lemieux, Mr. Chagnon, and Mr. Tessier—as well as Mr. Prévost who contributed his keen knowledge of Gatineau's finances as a consultant, and, finally, the Chief Administrative Officer's Office and all of the officials involved in the process. The budget we are adopting this evening is heavily influenced by those recommendations, and the resulting philosophy will directly influence the budgets over the next few years.

OUR AIM IS TO PROVIDE THE
BEST POSSIBLE SERVICE AT
THE BEST POSSIBLE COST.

Revenues

Over the past few years, we have worked very hard on diversifying Gatineau's revenues so that we could reduce the burden on residential property taxpayers. Our efforts are starting to pay off. The tax increase is in line with the recommendations of the Comité d'analyse approfondie du budget and supports Gatineau's financial viability.



THE TAX INCREASE
SUPPORTS GATINEAU'S
FINANCIAL VIABILITY.

On the one hand, we are increasing the property tax by 1.6% for operating expenses, which enables us to maintain the service offer. Given that we also want to keep catching up with infrastructure maintenance, we are retaining the dedicated infrastructure tax, but setting it at 0.5% rather than 1%, and offsetting the remainder through an equivalent increase in the debt. Created in 2012, the dedicated infrastructure tax has so far enabled us to invest more than \$112 million, with another \$36 million coming in 2019.

Thus, this year's tax increase will be 2.1%, which equates to \$56 for a median residential tax account (property assessed at \$238,200). In 2019, property taxes will still represent approximately 88% of Gatineau's revenues, but we are working hard to diversify our revenue sources.

Revenue Diversification Plan

In the last mandate, we adopted a revenue diversification plan to help us reduce our dependence on property taxes. Several aspects of the plan require that the government grant municipalities more powers, and representations were made accordingly. Over the years, Gatineau has been at the centre of discussions between UMQ, the major cities in Quebec and the government concerning the tools that municipalities need in order to be able to match their revenues to their responsibilities.

The Act mainly to recognize that municipalities are local governments and to increase their autonomy and powers, adopted in June 2017, already gave municipalities more autonomy and legal and financial powers. Thus, in 2018, we were able to charge higher duties on transfers over \$1,000,000, as a result of which we generated an additional \$2 million in revenues—the equivalent of almost half a percentage point in taxes—thereby sparing residential taxpayers.

This year, we will also be looking for new sources of revenue by adjusting the tax rate on serviced vacant lands—which are often owned by groups or businesses—that should be developed given that municipal services have already been installed. By adjusting our taxes in accordance with the Act, as many other major municipalities in Quebec are doing, we are generating an estimated \$3.5 million in new revenues, the equivalent of sparing residential taxpayers another 0.7% in taxes.

We will rigorously and unrelentingly pursue this search for new revenues. The true solution for funding municipal fiscal needs should not come from property taxes. Since my election as Mayor in 2013, and even before that as municipal councillor, I have been advocating for the transfer of one TVQ point from the provincial to the municipal levels.

Whereas only a few years ago this proposal was greeted with a great deal of scepticism, I can tell you that I was very proud last May, when attending the UMQ congress, which was held in Gatineau in fact, as the four campaigning representatives of the main political parties undertook to implement that proposal, which has the potential to turbocharge municipal finances.

Since then, I have again had the opportunity to discuss it with Premier Legault, several ministers and several members from all parties. As the chair of the UMQ big city mayors' caucus, I will be sitting at the negotiating table for the next fiscal pact, where we will be defining with the government the mechanisms for implementing this undertaking. This file is far from closed, but we have made remarkable progress.

The debt is under control

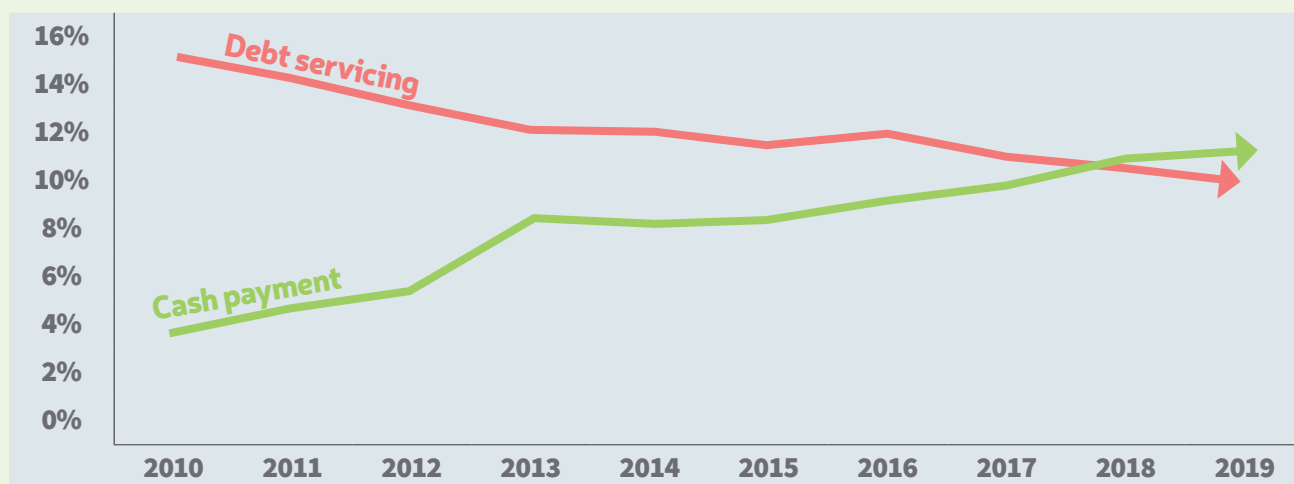
The other key factor that made it possible for us to decelerate the increase in the property tax this year, other than the repeated efforts to diversify revenues, is the margin of manoeuvre created through sound and rigorous management of our debt over the past few years. Whereas at the time of the merger it represented 23% of expenditures, and surpasses 15% in several other big cities in Quebec, in 2018 Gatineau's debt servicing comes to approximately 10% of our expenditures.

Gatineau is also one of the cities in Quebec that pays the highest proportion of its infrastructure maintenance costs in cash: 68% in 2018, compared to 25% in 2010, the year that the Long-Term Financial Plan was adopted.

It is the combination of those two factors that enables us to use the debt to keep the dedicated infrastructure tax down to 0.5%, and at the same time maintain our pace of catch-up. This approach also enables us to equitably allocate among generations the cost of infrastructures with a lifespan of 40 to 50 years. It would not be justifiable to have 2019 taxpayers bear the full burden of the massive catch-up made necessary by the past 30 years of under-investment while at the same time covering the cost of infrastructures required for the next 30 years.

The proposal on the table helps maintain the delicate balance between cash payments on infrastructures, intergenerational transfer, and the tax burden. Projections indicate that the impact of this temporary strategy is minimal, that our indicators will barely change, and that we will maintain a meaningful margin of manoeuvre.

Changes in cash payment and debt servicing as a percentage of the budget



Spending and investments

The strategic investments in the 2019 Budget are based on the needs identified in the communities.

First of all, the frequent occurrences of torrential downpours prompted us to review our priorities and to quickly turn to the development of an initial action plan to address certain issues across the territory, and specifically in the three most heavily hit sectors, which are those represented by Ms. Bureau, Mr. Lanthier and Mr. Leblanc. This is only a start, and the analysis and actions will quickly extend to Gatineau's other sectors beginning in 2019. The stormwater management action plan and \$24.2 million in investments will enable us, among other things, to:

- immediately invest in certain infrastructures;
- review the ditch reprofiling program;
- review the responsibility for ditch maintenance; and
- assess the impact of torrential rains on the system.

Given the scope of analysis, frontline presence and expenditures that were required, I want to thank the municipal teams involved for their prompt response.

The results of the satisfaction survey on municipal services reminded us that sustainable mobility remains a top priority for Gatineau residents. We are continuing to invest massive amounts in that area. Because close to 40% of greenhouse gas emissions come from transportation in Gatineau, that is one of the main focuses of our response to climate change:

- we will invest \$30.5 million by 2024 in implementing our bike path master plan, based on an extensive analysis involving the public and partners in one of our finest public consultation undertakings in the past few years;
- we will set the assessed contribution to the STO at \$65.6 million to enable the transportation agency to stay on track and maintain the increase in ridership achieved over the past few years; and
- we will invest \$637,000 over the next few years to extend our school corridor safety program to all schools (55 more schools).

In the area of social development and culture, we will invest in collaborative efforts in the field. Those initiatives have a significant impact on improving our quality of life, which will enable us to continue to attract people and businesses, and spread happiness among our families:

- close to \$8 million in investments over two years in our parks, green spaces and splash fountains;
- \$330,000 for improvements in the community development support structure to consolidate activities and provide assistance to vulnerable groups throughout the territory;
- \$200,000 for the addition of two day camp sites in Aylmer to address a pressing need in a rapidly expanding area; and
- \$180,000 to support the professional practices of our artists, who help us establish the Gatineau identity and spread it far and wide beyond our territory.

In terms of economic development, municipal investments will help continue the efforts made over the past few months to boost the economic ecosystem:

- \$100,000 for the partnership with higher education institutions to consolidate the offer of business incubation and acceleration services, particularly for cybersecurity startups;
- \$100,000 to renew the MOU in support of the Fondation du Cégep de l'Outaouais for, among other things, the school-business project;
- \$100,000 to structure the coordination and development of the Smart City component; and
- \$150,000 to ensure recurrent funding for the Commission de développement économique action plan.

These strategic investments come on top of everything else that has been happening in Gatineau and the Outaouais in the past several months in economic development, namely the opening of the Gatineau campus of École des entrepreneurs, its first satellite outside Montréal, the Pôle d'innovation, a social economy incubator, MonGPS.ca and the initiatives around the cybersecurity cluster and In-Sec-M.

In order to address the labour force shortage, which is being felt throughout the province, and will require our

attention and that of every other government, we will be doing a number of things, including implementing a three-year labour force plan. Gatineau will be actively involved with all of the other government levels in finding sustainable solutions.

Finally, we will be launching our new parking meters in the downtown. These will include using a mobile app for payments. The same type of arrangement will be assessed for the la Cité sector, where partners and merchants have long been awaiting it.

Whether social, economic or environmental, all of these initiatives are direct responses to needs in our communities. It is by continuing to listen to residents and the different groups throughout the city that Gatineau will be able to keep fine-tuning its actions year after year.

Infrastructure: still catching up

In terms of infrastructure, despite massive investments over the past few years, Gatineau still has a lot of catching up to do. However, we are one of the cities in Quebec that is doing the most to correct the situation, and this year we will be continuing our efforts:

- total investments for the next three years will be \$403.2 million, including close to \$145 million in 2019;
- we will spend an additional \$3 million on road paving this year, bringing the total to \$25.9 million, and we will be adding \$1.5 million more next year;
- in 2012, we adopted a special tax dedicated to infrastructures, and in 2019 alone that tax will cover \$36 million in work, bringing the total under this envelope since 2012 to \$148 million, which is a significant amount;
- in 2010, we set up a reserve for our new infrastructures in order to start planning for their future maintenance as soon as they are built: the balance in that life cycle reserve stands at more than \$27 million in 2019, and the first investments out of it were made in the past few years; and
- we apply for every possible subsidy program that could help with our catch-up.

WE ARE ONE OF THE CITIES
IN QUEBEC THAT IS DOING
THE MOST TO CORRECT THE
SITUATION WITH A SERIES
OF TARGETED MEASURES.

Conclusion

I am very pleased with the budget we are adopting this evening, and once again I would like to thank all those who were part of its development, in particular the Council itself, for its disciplined approach. One of my priorities over the coming year will be to continue advocating for the transfer of one TVQ point to the municipalities. That issue is by far the one that has the greatest potential for bringing municipal finances into the 21st century.

I have noticed two things over the course of the journey with this important file: first, the formal recognition by the Government of Québec—all parties included—that today's municipalities play an essential role in several areas, from social development to infrastructures, to economic, cultural and all other development, and that, as a result, they must be given the means to fulfil their missions. But also, and most of all, and which I want to highlight, is the role that Gatineau has played in this provincial reflexion, through our regular parliamentary commission contributions, the influence of our senior officials, who are highly respected in Québec City, and our increasing political influence, which stems from a Council that consistently expresses itself forcefully on issues that often extend beyond our territory.

Without the strong stance we have chosen to take collectively, we could only have dreamed of what we have achieved. Thanks to this budget, the new Gatineau, our Gatineau, the modern, free and daring Gatineau that we love, is continuing to take its place in a world where municipalities are increasingly the most important level of government.

I thank you for your time, and wish you a most pleasant evening.

ONE OF MY PRIORITIES OVER THE COMING YEAR WILL BE TO CONTINUE ADVOCATING FOR THE TRANSFER OF ONE TVQ POINT TO THE MUNICIPALITIES.

The mayor,

A handwritten signature in blue ink, consisting of stylized, overlapping loops and a long horizontal stroke at the end.

Maxime Pedneaud-Jobin