



## The citizen's summit – June, 1<sup>st</sup> and 2 – City of Deux-Montagnes

### **Finance: revenues, expenses and debts**

Various decisions made over the years have determined the evolution of our city's economic development. Amongst those, we find:

- Favouring residential development and foregoing the creation of an industrial sector
- Favouring the Boulevard des Promenades as a commercial sector
- Favouring the construction of first-time owner housing developments
- Restricting construction conditions to buildings no higher than 5 stories

These choices have defined the City of Deux-Montagnes as a bedroom suburb. As well, decision makers have largely invested in the construction of sports, cultural and community buildings over the past years. These infrastructures are usually financed through a strong industrial and/or commercial sector or high residential assessment values in order to avoid creating high residential taxes.

Today, those choices have a direct impact on your tax bills, debt load and available services as well as on the quantity and condition of our municipal infrastructures and equipment.

Furthermore, in the same period, the provincial government has transferred new responsibilities to the city without necessarily allocating new financing sources along with these transfers.

As a result:

The City of Deux-Montagnes has some 17,703 residents registered and posts a residential assessment value of \$1,211 billions.

The City's net revenues (gross income minus the cost of incurred intermunicipal services) add up to a little more than \$15,4 million and grow at a slower rate than operation expenses, which will total more than \$23,225 million in 2010. Annual repayment of the debt (principal and interest) explains this difference. This debt



## The citizen's summit – June, 1<sup>st</sup> and 2 – City of Deux-Montagnes

now totals \$32 million. On the other hand, the City of Deux-Montagnes presently posts an accumulated surplus of \$454, 105.

The present workshop will evaluate the various scenarios available to deal with this situation and the strategies which could help control our debt load and taxes.

While taking into consideration the major work which has to be performed by the City as well as services presently offered:

- **Is a tax freeze possible? What would the consequences be of such a freeze?**
- **While controlling our debt, should we try to decrease it? Is totally eliminating our debt a valid and beneficial option? What are the fiscal consequences of increasing our debt?**
- **What are our options for preventing an increase of costs? Should we invest today in equipment which will be of benefit to us tomorrow?**
- **Many other municipalities have decided to invest in the revitalization of their downtown. Should we do the same and help create long-term wealth?**
- **In the 1900's, the first residents created wealth by using the lake's outfall in the Milles Îles River to power the Grand-Moulin. The City is now considering the possibility of using this same power force and converting it into electricity in order to create new revenues for the City. What are your thoughts on this idea?**
  
- **What impact does our affiliated companies' debt have on your tax bill and on the City's revenues? The debt has no impact on the citizens' tax bill since it meets the cost by the Corporation itself.**
  - Manoir Grand-Moulin, phases I and II
  - Centre jeunesse
  - Train station
  
- **Should we immediately transfer to a user-pay principle? Should all services fall under this principle?**



## The citizen's summit – June, 1<sup>st</sup> and 2 – City of Deux-Montagnes

- **Faced with the major investments we must make and the lack of resources, what should our strategy be in order to receive the maximum available amount in subsidies?**
- **Should we wait for new subsidies before carrying out these major projects?**

In order to stay within its budget, the City often resorts to patch-up jobs on infrastructure networks as opposed to repairing, redoing, renovating or changing defective elements.

**What are the consequences of such actions, that is to say, not maintaining our infrastructures with a long-term view and waiting for breaks or malfunctions before investing large amounts of money in these infrastructures?**

Lastly, the most important questions to be answered are:

**Should we continue to wait for breaks to perform repairs at a lesser cost and save money over a short time period?**

Or

**Should we act now, taking a medium- to long-term approach which may cost more, in the short term, but will save money in the medium to long term?**

**Should we work on creating wealth which will alleviate the burden on our taxpayers?**

***Other comments and suggestions.***