

Study submitted to the ministère des Affaires municipales, du Sport et du Loisir

## **STUDY OF THE IMPACTS AND POTENTIAL COSTS OF RECONSTITUTING A FORMER MUNICIPALITY**

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FINAL REPORT – GRENVILLE-SUR-LA-ROUGE

MARCH 2004



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## 1. INTRODUCTION

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On December 17, 2003, the Quebec National Assembly adopted Bill 9, *An Act respecting the consultation of citizens with respect to the territorial reorganization of certain municipalities*.

The government considers that one of the keys to the success of the new cities is that they gain the voluntary support of as many citizens as possible. To ensure that support, Bill 9 provides citizens with the opportunity to vote on the future of their sector (former municipality).

To enable citizens to make an informed choice, the Ministry of Municipal Affairs, Sports and Recreation (the "Ministry") commissioned the consulting firm of Roche Ltée to prepare a study of the consequences and estimated costs of reconstituting the former municipalities that make up the City of Grenville-sur-la-Rouge

This study was conducted in order to provide citizens with the information they need to reach a decision on the potential reconstitution of their municipalities. Although the study covers the whole range of impacts of reconstituting the former municipalities, it may be necessary, before the referendum poll is held, to carry out other studies or complementary analyses in order to clarify or refine certain financial or organizational impacts that have raised specific concerns.

### 1.1 MANDATE

Within the framework of the *Act respecting the consultation of citizens with respect to the territorial reorganization of certain municipalities* (Bill 9), Roche Ltée was mandated to carry out a comparative study based on a series of assumptions in order to present a financial picture of the current city and each of the former municipalities which may be reconstituted following the referendum polls.

More specifically, under Section 25, paragraph 3 of Bill 9, the study must include an estimate of the physical, human and financial resources necessary to enable the reconstituted municipality to exercise its powers with due regard for the framework established in either of Chapters IV and V, if applicable. The study must also contain an estimate of the transition costs and the impact of the new municipal administration on tax bills in the reconstituted municipality.

## 1.2 HISTORY OF THE CURRENT CITY

The current Municipality of Grenville-sur-la-Rouge was created by Order 417-2002 (the "Order") dated April 10, 2002, which amalgamated the Canton de Grenville and the Village de Calumet (Map 1.1 shows the current city and the former municipalities), pursuant to the *Act respecting municipal territorial organization* (LOTM)<sup>1</sup>. The Order gave effect to Order 1168-2001, which authorized the Minister of Municipal Affairs and Greater Montréal to require that an application for amalgamation of the Canton de Grenville and the Village de Calumet be submitted.<sup>2</sup>

The Canton de Grenville and the Village de Calumet that existed prior to the amalgamation ceased to exist as of the date on which the Order became effective, and have been replaced by the municipality resulting from the amalgamation, namely the municipality of Grenville-sur-la-Rouge.<sup>3</sup> The municipality of Grenville-sur-la-Rouge succeeds to the rights and obligations of the amalgamated city and municipality.<sup>4</sup>

For the purpose of exercising certain powers, two boroughs called the "Arrondissement de Grenville" and the "Arrondissement de Calumet" were formed from the territory of the new municipality.<sup>5</sup> The boundaries of the boroughs are the same as those of the former Canton de Grenville and the former Village de Calumet as they existed before the Order came into effect.

The municipality of Grenville-sur-la-Rouge newly constituted by the Order is governed by the Municipal Code of Quebec.<sup>6,7</sup>

The municipality of Grenville-sur-la-Rouge has a population of 2,704 people<sup>8</sup> and is part of the Regional County Municipality ("MRC") of Argenteuil.

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<sup>1</sup> R.S.Q. O-9, Section 108 (French title: *Loi sur l'organisation territoriale municipale*, abbreviated to LOTM)

<sup>2</sup> In accordance with Section 125.2 of the *Act respecting municipal territorial organization* (R.S.Q., ch. O-9)

<sup>3</sup> Section 113 of the LOTM

<sup>4</sup> Section 114 of the LOTM

<sup>5</sup> Section 21 of the Order

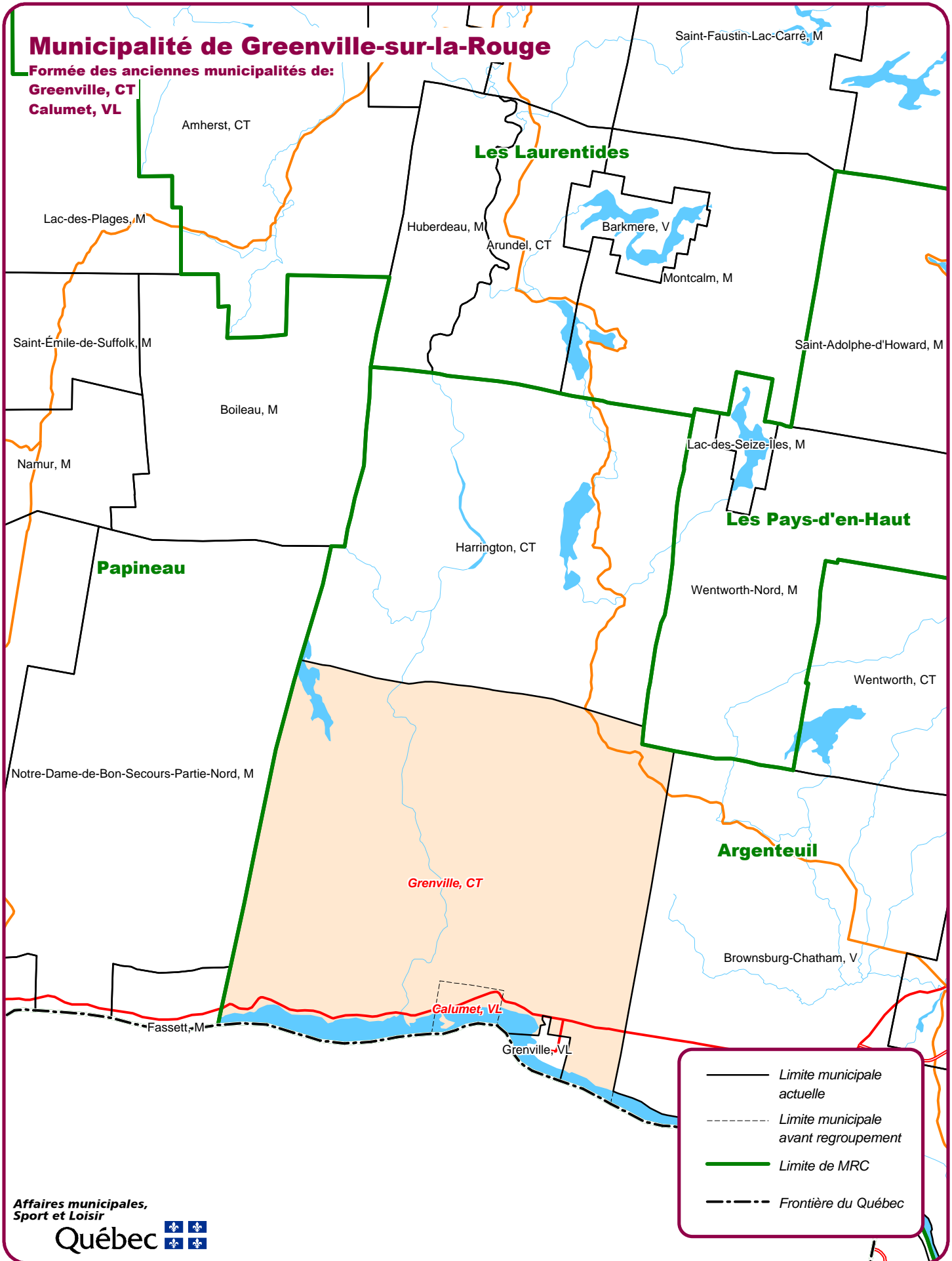
<sup>6</sup> R.S.Q., c. C-27.1

<sup>7</sup> Section 3 of the Order

<sup>8</sup> Information taken from Order 1296-2003, December 10, 2003

# Municipalité de Greenville-sur-la-Rouge

Formée des anciennes municipalités de:  
**Greenville, CT**  
**Calumet, VL**



- Limite municipale actuelle
- - - Limite municipale avant regroupement
- Limite de MRC
- - - Frontière du Québec

## 2. LOCAL POLITICAL ASPECTS

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### 2.1 IMPACT OF RECONSTITUTION ON THE FUNCTIONING OF SUPRA-MUNICIPAL AND PARA-MUNICIPAL BODIES

In order to assess the impacts of reconstitution on the supra-municipal bodies, one must refer to the *Act respecting the consultation of citizens with respect to the territorial reorganization of certain municipalities* (Bill 9), which provides for the sharing of powers in the event of a reorganization or the reconstitution of former cities following a referendum poll.

The matters and subjects set forth in Division II of Chapter IV (sections 92 to 108), namely the agglomeration powers, concern all of the related municipalities (the central municipality and the local municipalities reconstituted following the referendum poll), and only the central municipality may act on these matters and subjects.<sup>9</sup> For the purposes of this study, the municipality of Grenville-sur-la-Rouge would be the central municipality.

For the purpose of exercising its powers, the central municipality has an additional deliberative body, an agglomeration council consisting of representatives from all of the related municipalities, including the central municipality.<sup>10</sup> When the exercise of power contemplated in Division II requires an act by a deliberative body, it is exercised by the agglomeration council.<sup>11</sup> A new entity is therefore created on which there are representatives from all of the related municipalities. The agglomeration council may levy any tax or impose any method of financing that may be levied or imposed by a local municipality.<sup>12</sup>

The municipality of Grenville-sur-la-Rouge is part of the Argenteuil MRC, and it is the latter which has jurisdiction over land use planning and development under the Land Use Planning and Development Act.<sup>13</sup> The powers of the Argenteuil MRC will continue to exist and the central municipality will be authorized to exercise the agglomeration powers provided for in Division II of Chapter IV of Bill 9.

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<sup>9</sup> Section 92 and ss, Bill 9

<sup>10</sup> Section 109, Bill 9

<sup>11</sup> Section 112, Bill 9

<sup>12</sup> Section 113, Bill 9

<sup>13</sup> Section 3



Elected officers of the City of Grenville-sur-la-Rouge also sit on supra-municipal committees (see Appendix 1) that deal with urban planning, recreation, culture, etc. When equipment or activities are administered by the central municipality, it is the agglomeration committee that decides on the representation on these committees. If the power being exercised is a proximity power, the reconstituted municipalities will be able to delegate representatives if they so wish.

## **2.2 POLITICAL REPRESENTATION**

### **2.2.1 Current city**

In accordance with the Order, the first general election following the amalgamation took place on November 24, 2002. The second general election will take place in 2005.<sup>14</sup>

For the first two general elections and any by-election held before the third general election, eligibility to seats 1, 2, 3 and 4 will be limited to those who would be eligible under the *Act respecting elections and referendum polls in municipalities*<sup>15</sup> (LÉRM) if the election was to elect members to the council of the former Canton de Grenville, and eligibility to seats 5 and 6 would be limited to those who would be eligible under the LÉRM if the election was to elect members to the council of the former Village de Calumet.<sup>16</sup>

For the purpose of exercising certain powers, two boroughs named the "Arrondissement de Grenville" and the "Arrondissement de Calumet" were created out of the territory of the municipality of Grenville-sur-la-Rouge.<sup>17</sup> The boundaries of the boroughs are the same as those of the former Canton de Grenville and the former Village de Calumet as they existed before the Order came into effect. The borough councils are subject to the rules that the *Municipal Code of Quebec* sets forth for the council of a municipality, particularly as regards the public nature of council meetings.<sup>18</sup> The borough councils are made up of three councillors chosen by secret ballot, by and from among the members of the municipal council.<sup>19</sup>

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<sup>14</sup> Article 10 of the Order

<sup>15</sup> R.S.Q., c. E-2.2 (French title: *Loi sur les élections et les référendums dans les municipalités*, abbreviated to LÉRM)

<sup>16</sup> Sections 10 and 11 of the Order

<sup>17</sup> Section 21 of the Order

<sup>18</sup> Section 22 of the Order

<sup>19</sup> Section 23 of the Order

## 2.2.2 Cities which may be reconstituted

If the rules and provisions adopted by the government with respect to the advance general election so provide,<sup>20</sup> and this will only be known at a later date, the reconstituted municipalities may be divided into electoral districts or be granted a number of council seats for the advance general election and any by-election held before the general election. In the absence of any specific direction, we have assumed that the former cities will be subdivided along the lines that existed before the mergers. To that end, Table 2.1 shows the political representation as it existed before the amalgamation for the former municipalities. Each reconstituted municipality, including the central municipality, will have a municipal council consisting of a mayor and one councillor per electoral district.

**Table 2.1 Political representation**

	<b>Electoral districts</b>	<b>Elected officers (councillors + mayor)</b>	<b>Election method</b>
Canton de Grenville	Undivided	7	Rotation
Village de Calumet	Undivided	7	Rotation

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<sup>20</sup> Sections 50 and 75, Bill 9

### **2.2.3 Impact of the reconstitution of the former municipalities on representation**

The impact will be felt at the level of the central city, which will have to be subdivided into districts. There will also be an impact at the level of the reconstituted municipalities, which will have to return to the system of subdivision by district. If the reconstitution process contains no legislative provision as to how the districts are to be divided, the central municipality and reconstituted municipalities may, pursuant to and as specified by the LÉRM,<sup>21</sup> divide their territory into districts for the next general election.<sup>22</sup>

We take for granted that the reconstituted municipalities will be reintegrated into the Argenteuil MRC. At the present time, out of ten MRC members, two are from the City of Grenville-sur-la-Rouge. Should reconstitution occur, Village de Calumet should have one representative at the MRC level. These related municipalities would also be represented on the agglomeration council since the whole related municipality is entitled to one representative. The total representation will be based on the municipality's population in proportion to the populations of the related municipalities;<sup>23</sup> representation could also be weighted. A related municipality is entitled at the very least to one representative on the council and the mayor is automatically the representative or one of the council representatives.<sup>24</sup>

The working assumption on the number of representatives per municipality on the agglomeration council is based on the total number of elected officers of the reconstituted municipalities multiplied by the percentage that the population of each of municipalities represents in the total population. Table 2.2 presents the assumption on political representation at the agglomeration council level for each of the former municipalities which may be reconstituted.

**Table 2.2 Assumption regarding representation on the agglomeration committee**

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<sup>21</sup> Sections 4 and 14 of the *Act respecting elections and referendums in municipalities*, R.S.Q., c. E-2.2

<sup>22</sup> Sections 8, 9, 11, 12 and 42 of the LÉRM

<sup>23</sup> Section 110 du Bill 9

<sup>24</sup> Sections 100 and 111, Bill 9

Former municipalities	Population	Number of members on Council before merger	Proportion of population	Number of representatives based on proportions	Minimum number of representatives	Number of representatives on Agglomeration Committee (Act)
GRENVILLE (Municipality)	2,140	7	79.14%	6	1	6
CALUMET (Village)	564	7	20.86%	1	1	1
<b>Total</b>	<b>2704</b>	<b>14</b>	<b>100.00%</b>	<b>7</b>	<b>2</b>	<b>7</b>

According to the information given to us by the City of Grenville-sur-la-Rouge, the city currently has seven standing committees on which elected council members sit (see Appendix 1.2). Some of these committees have agglomeration-level powers which, in our opinion, will come under the jurisdiction of the central municipality. The reconstituted municipalities will be able to set up standing committees on proximity powers as needed.

#### 2.2.3.1 Central municipality's power of veto

For a decision to be made by the agglomeration council with respect to urban agglomeration powers (Division II, Chapter IV, Bill 9), a majority of the votes cast on a proposal must be in favour of it and no objection to the proposal must be made by the central municipality's representatives (section 112, paragraph 2, Bill 9).

According to Bill 9, an objection to a proposal is considered to have been made in the following two situations:

- (1) when a municipality has only one representative and that representative votes against the proposal (section 112 (2) 1.); and
- (2) when a municipality has more than one representative and, depending on whether the mayor votes against the proposal or not, the votes cast by the representatives of the municipality are tied or a majority of these votes are against the proposal (section 112 (2) 2.).

### 3. GENERAL ASSUMPTIONS

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**Assumption 1** For the purposes of determining the consequences and costs of reconstituting a former municipality, all of the former municipalities in the amalgamated city have been reconstituted.

**Assumption 2** The study attempts to reconstitute the municipalities as they existed prior to the amalgamation. Using the 2004 budget projections provided by the current city, we carried out an initial sharing exercise to determine the net agglomeration expenditures and the net proximity expenditures based on the sharing rules in Chapter Vf the *Act respecting the consultation of citizens with respect to the territorial reorganization of certain municipalities* and those suggested by the Ministry of Municipal Affairs, Sports and Recreation. Subsequently, the net proximity expenditures are allocated in part or in whole to each of the reconstituted municipalities. This allocation of revenues and expenditures between the central city for the agglomeration powers and the reconstituted cities serves as the basis for estimating the tax bill of the reconstituted city.

**Assumption 3** The overall structure of taxation in force in the city created from the amalgamation immediately before its reorganization is reproduced as such at both the local level and the agglomeration level.

**Assumption 4** The taxation rates have been calculated to balance the local and agglomeration level budgets.

**Assumption 5** The pro forma revenue and expenditure budgets of the current city and of each of the former municipalities which may be reconstituted show how the tax burden is likely to evolve over a period of three (3) years and at the end of the harmonization period. For the purposes of this study, no indexation factor has been applied.

**Assumption 6** The tax burden at the end of the harmonization period supposes that the old debts assumed by the former municipalities will be replaced by debts in the same amount assumed by the body responsible for the equipment in question.

**Assumption 7** For the purposes of this study, since the municipality of Grenville-sur-la-Rouge did not take the place of a regional country municipality or an urban community, we assume that the powers entrusted to the municipality will continue to be exercised by it. Consequently, the expenditures relating to these powers will be assigned to the local

powers and to the agglomeration powers, even for property assessments, which are identified as an agglomeration power. The sharing of costs between the reconstituted municipalities is proportional to the actual expenditures in the most recent financial statements prior to the amalgamation.

### **ASSUMPTION REGARDING FINANCIAL DATA AND ANALYTICAL PROCEDURES**

**Assumption 8** The method used to allocate the net costs is as follows:

- a) All of the expenditure items relating to agglomeration functions as identified in Division II of Chapter IV (Sections 92 to 108) are isolated and deducted from the 2004 budget of the current city so as to obtain the expenditures assignable to the local powers;
- b) Then, all revenues other than tax revenues are directly diminished by the related expenditures using the same sharing ratios used to redistribute the corresponding expenditures to the reconstituted municipalities.
- c) After subtracting the local source revenues and transfers from the corresponding expenditures, the tax revenues from taxes other than property taxes are shared between the agglomeration and the proximity powers. The same sharing formula as for the corresponding expenditures for each of the tariffs are applied against expenditures. The portion of the revenues assignable to the proximity level is again subdivided between the reconstituted municipalities in proportion to their respective revenues from water and sewage tariffs in the most recent financial statements prior to the amalgamation.
- d) To simulate the reconstitution effect, we assume that the accumulated surpluses to be allocated in order to balance the financial activities statements in the 2004 budget will remain at the same level, although we add to them the projected surplus allocation to the investment activities for 2004. The resulting amounts thus obtained are distributed between the agglomeration and the reconstituted municipalities in proportion to their respective rights to the ownership of the surpluses accumulated to date. The remainder of the expenditures to be financed after allocation is the basis on which the general property tax rate projected for the agglomeration and the reconstituted municipalities can be determined.

The following assumptions indicate the methods used to share expenditures and revenues in the various categories.

## **EXPENDITURES**

### **Assumption 8.1** General administration

First, the expenditures identified in the "property assessment" and "application of the Act" subcategories, which are the sole responsibility of the agglomeration council, are subtracted from the general administration expenditures. However, since the City of Grenville-sur-la-Rouge does not have any expenditures in the "application of the Act" category and its assessment power is delegated to the Argenteuil MRC, this expenditure is assigned to the proximity power. The remainder is then allocated in proportion to the (gross) operating expenditures identified with the agglomeration powers and proximity services. The proximity general administration expenditures are then allocated in proportion to the actual general administration expenditures in the most recent financial statements prior to the amalgamation.

### **Assumption 8.2** Public security

The expenditures in the "fire protection", "civil protection" and "other" subcategories, which are the sole responsibility of the agglomeration council, are wholly assigned as agglomeration expenditures. However, the municipality of Grenville-sur-la-Rouge relies on the Sûreté du Québec for its police services, so the expenditure is wholly assigned as a proximity expenditure. We then apportion the amount between the municipalities using the standardized real estate value and population rate determined by the *Sûreté du Québec*.

### **Assumption 8.3** Transportation

The road system expenditures were allocated on the basis of the figures the municipalities provided as to the proportion of their arterial road system (9%) versus their local system (91%). The application of the respective proportions to the road system expenditures enables us to determine what part of the expenditures should be allocated as agglomeration expenditures versus proximity expenditures. We then allocated the proximity expenditures between the municipalities in proportion to actual road system expenditures in the most recent financial statements prior to the amalgamation.

The public transit expenditures have been wholly assigned to the agglomeration.

### **Assumption 8.4** Environmental health

The expenditures on water and sewer mains in the "water and sewers" subcategory were allocated to the agglomeration based on the proportion of the waterworks and sewer system within the whole system. There is no arterial system for waterworks and sewers. The difference is the expenditure to be assigned to the local powers. Then, the proximity power expenditures were allocated between the municipalities in proportion to the actual expenditures for the system in the most recent financial statements prior to the amalgamation.

Since there was no agreement prior to amalgamation on the expenditures in the "water purification and treatment" and "wastewater treatment" subcategory, they are assigned as expenditures to the municipalities which may be reconstituted in proportion to the actual expenditures in the most recent financial results prior to the amalgamation.

Expenditures for residual material disposal are wholly assigned to the agglomeration while those for residual material collection are wholly assigned to the proximity power. The



proximity expenditures were then allocated in proportion to the respective expenditures in the most recent financial statements prior to the amalgamation.

**Assumption 8.5** Health and welfare

All expenditures in the "social housing" subcategory are considered to be agglomeration expenditures.

**Assumption 8.6** Land use planning and development

The expenditures in the "land use planning, development and zoning" subcategory and the "urban renewal" subcategory are wholly assigned to proximity power expenditures and apportioned in proportion to the corresponding expenditure appearing in the financial statements of the reconstituted municipalities prior to the amalgamation.

The expenditures included in the "promotion and economic development" subcategory are wholly assigned to agglomeration powers, with the exception of the expenditures for economic promotion within the territory of the former municipalities and the contribution to the Local Development Centre.

**Assumption 8.7** Recreation and culture

The other expenditures are assigned to proximity power expenditures in proportion to the corresponding expenditures appearing in the financial statements of the reconstituted municipalities prior to the amalgamation. There is no provision for expenditures for facilities, infrastructures and activities of collective interest in the appendix to Bill 9.

**Assumption 8.8** Financing and debt service costs

The assumptions relating to this item are discussed in the section on the allocation of assets and liabilities.

**REVENUES**

Generally speaking, the revenues from local sources that are clearly linked to a specific expenditure have been directly applied against that expenditure and apportioned between the agglomeration and proximity powers using the same rules as for the expenditures.

When it was not possible to match revenues to a specific expenditure, for the purposes of this study, we used the allocation rules given below.

**Assumption 8.9** Payments in lieu of tax

To the revenues from payments in lieu of tax, we apply the percentage that the respective overall taxation rates (agglomeration and proximity) represent in the sum of the overall taxation rates for the agglomeration and proximity powers. We then redistribute the revenues to the reconstituted cities in proportion to their actual revenues in this revenue category in the most recent financial statements prior to the amalgamation.

**Assumption 8.10** Other revenues from local sources

*Licences and permits*

Since these revenues generally result from local regulations, the full amount is deducted from the proximity "land use planning, development and zoning" expenditures.

*Transfer tax revenues*

Transfer tax revenues are shared between the agglomeration and the proximity powers on the basis of the percent that respective tax revenues (of the agglomeration and proximity powers) represent in the total receipts of the city.

*Fines and penalties*

The revenues from fines were deducted from expenditures as follows:

- An amount equivalent to the net expenditures of the municipal court was first deducted as court costs in order to completely eliminate the net cost amount for this item.
- An amount corresponding to 10% of the balance of revenues from fines was then deducted from the proximity expenditures for planning and zoning.
- The balance was subtracted proportionally as traffic and parking fines from the expenditures on the arterial and local road systems.

## *Interest*

The revenue from interest is distributed between the agglomeration and proximity powers on the basis of the respective percentages (of the agglomeration and proximity powers) of the total tax revenues of the city.

### **Assumption 8.11** Unconditional transfers

#### Government subsidies

- Municipal amalgamation (PAFREM)

The municipal amalgamation assistance subsidy is wholly allocated to the agglomeration.

- Compensation for TGE-FSFAL

The compensation for TGE-FSFAL is distributed between the agglomeration and proximity powers on the basis of the respective percentages (of the agglomeration and proximity powers) out of the total tax revenues of the city.

- Revenue diversification (consumption taxes component)

We start by allocating the diversification revenues between the reconstituted cities in proportion to their respective non-residential property (INR) tax bases. Then, we assign part of the previously obtained income to the agglomeration power in proportion to the INR tax revenues of the reconstituted city compared to the INR tax revenues of the agglomeration. The same calculation is done for each of the reconstituted cities.

### **Assumption 8.12** Allocations

For the purposes of this study, we replaced the investment activities budget surplus distributions of the reconstituted municipalities with an additional financial contribution from financial activities. No surplus was directly applied to investment activities. The amount of \$76,407 is applied to the agglomeration power and \$50,000 to the proximity power.

For the purposes of this study, ownership of the surpluses is determined as follows:

- The unallocated surpluses belong to the agglomeration.

- The residual surpluses which, under the terms of the *Act* or the amalgamation order, had been assigned to the former municipalities at the time of amalgamation, continue to belong to them.
- The other allocated surpluses belong to the agglomeration, regardless of the nature of the allocation.

### **ASSUMPTIONS REGARDING TRANSITION COSTS**

**Assumption 9** The total transition costs relating to non-recurring expenditures are spread out over three (3) years.

**Assumption 10** If the remuneration of council members (indexed in 2004) for each of the reconstituted cities was less than the percentage of expenditures for council member remuneration of the current city allocated to the proximity power, we assign the difference to the reconstituted city as a recurrent transition cost starting in Year 2 for the reconstituted cities.

**Assumption 11** Given that general elections are scheduled for all Quebec municipalities in 2005, election-related costs are not considered to be transition costs and are not discussed in this study.

**Assumption 12** The estimated costs for the transition committee are based on the total population of the current city. The estimated costs are \$90,000 for the purposes of the present study. These costs are then assigned to each of the reconstituted municipalities in proportion to their respective populations. For financial projection purposes, we assume that there will be a transition committee for all of the reconstituted cities.

**Assumption 13** For the purposes of this study, we assume that the costs of a referendum poll are about the same as the costs incurred for an election, excluding the cost of reimbursing election expenses. Consequently, the estimated costs of holding a referendum poll are \$10,000. The amounts are then apportioned between the reconstituted cities according to their respective numbers of voters.

**Assumption 14** Expenditures for the retrofitting and/or rental of premises used by the reconstituted cities has been estimated.

**Assumption 15** For the purposes of this study, the costs of municipal purchases of software and servers were estimated at \$26,000 for the municipality of Calumet.

**Assumption 16** The number of people working for the new city is not less than the total number of employees of the former municipalities immediately before amalgamation; the salaries attributable to vacant positions are calculated in the transition costs of the reconstituted city where the employee was working immediately before the amalgamation.

**Assumption 17** Since the reconstituted municipalities will necessarily have to rewrite their regulations, the projected costs for each of the reconstituted municipalities to cover this item are \$5,000 per municipality.

**Assumption 18** A fixed amount of \$10,000 has been assigned to each of the reconstituted municipalities to cover expenditures relating to administrative documents (e.g: logo, posters, public information documents, etc.).

### **ASSUMPTIONS REGARDING THE TRANSITION COMMITTEE**

**Assumption 19 a)** (Sections 51, 54 and 60) The costs of the transition committee and, more specifically, the remuneration of the members, employees and consultants of the transition committee, are assigned to the reconstituted city.

**Assumption 19 b)** (Sections 51, 54 and 60) Should a sector be annexed to an existing local municipality following the referendum poll, the local municipality must assume the costs of the transition committee.

**Assumption 20** (Section 64) When the transition committee is dissolved, its assets and liabilities are considered to be related to the exercise of an agglomeration power and are transferred to the central city.

**Assumption 21** (Sections 74 and 81) The costs incurred to organize and hold the referendum poll should the answer to the question be affirmative, as well as the costs of paying the electoral personnel hired for the purposes of the advance general election, are allocated to the demerged city.

**Assumption 22** (Section 82) In the event of a negative referendum outcome involving a sector shared among several municipalities, the referendum expenditures are shared among the various parties of the sector in question, i.e. the ex-municipality, according to the respective proportions of affirmative votes cast.

**Assumption 23** (Section 83) In addition in the event of a negative referendum outcome, the expenditures incurred by the chief electoral officer to organize and hold a referendum poll are to be paid by the merged city.

### **ASSUMPTIONS REGARDING EXCLUSIVE JURISDICTIONS**

**Assumption 24** (Section 93) The central municipality will exercise all of the exclusive jurisdictions designated in Bill 9 and adopt the by-law provided for in Section 93 of the *Act*.

**Assumption 25** (Section 94) The central municipality will exercise the following exclusive jurisdictions:

- property assessment (94.1)
- municipal watercourses (94.2)
- civil protection services (94.3 a)
- fire protection services (94.3 a)
- police services (unless the *Sûreté du Québec* was providing these services prior to the demerger) (94.3 a)
- the 911 emergency centre (94.3 b)
- the development, adoption and implementation of the civil protection plan and the fire safety cover plan (94.3 c)
- the municipal court (94.4)
- social housing and assistance specifically intended for the homeless to the extent provided for in Section 95, which recognizes the exclusive jurisdiction of the central municipality over social housing subject to certain MRC powers (94.5)
- residual materials disposal and reclamation and the development, adoption and implementation of a residual materials management plan (94.6)
- water supply and water purification, to the extent specified in Sections 96 or 97, which state that if the city's population before the demerger was equal to or greater than 100,000 inhabitants, the exclusive power of the central municipality does not apply to the truly local mains of the city's waterworks and sewer system (Section 96)

and if the population of a city immediately before the reorganization is less than 100,000, the central municipality's exclusive jurisdiction over water supply and water purification exists only if, immediately before the city was constituted, jurisdiction over this matter was exercised under an agreement between the former municipalities. The central municipality's exclusive jurisdiction applies only to infrastructures and equipment covered by such an agreement and those replacing them (Section 97). The exclusive jurisdiction of the central municipality ceases if the territory of any of the former municipalities that are parties to the agreement are part of the territory of the central municipality) (94.7)

- passenger transportation (94.8 e)
- management of the thoroughfares of the arterial road system of the related municipalities, to the extent specified in Section 98
- promotion of the territory of a related municipality, including the promotion of tourism, when it is done outside the territory and does not fall under the jurisdiction of a metropolitan community (94.10 a)
- tourist services in the territory of a related municipality (94.10 b)
- local development centres, conference centres, ports and airports, to the extent specified in Section 99
- industrial parks and railway sidings, to the extent specified in Sections 100 and 101
- assistance intended specifically for a business, to the extent specified in Sections 102 and 103 (94.10 e).
- premises or facilities for the dumping of snow removed from the territory of two or more related municipalities (94.11)
- arts councils whose creation is expressly provided for or permitted by the charter or constituting act of a related municipality (94.12 e).
- any other matter over which the regional county municipality or urban community exercised jurisdiction under a legislative provision if the city succeeded a regional county municipality or an urban community (94.13).

**Assumption 26** (Section 105) All of the equipment, infrastructures and activities of collective interest identified in Column B of the Schedule of the *Act* come under the exclusive jurisdiction of the central city as regards their management and the equitable sharing of the related revenues and expenditures between the participating municipalities.

### **PROVISIONS REGARDING URBAN AGGLOMERATION POWERS AND THEIR EXERCISE**

**Assumption 27** (Section 110) The number of representatives of a related municipality on the agglomeration council is in approximately the same proportion to the total number of members as the population of the related municipality is to the total population of all the central city and related municipalities.

**Assumption 28** (Section 110) The total number of representatives on the agglomeration council is determined by multiplying the total number of elected officers of all of the municipalities by the percentage their populations represent in the total population of municipalities using the rules in effect in the urban communities or regional county municipalities (MRCs) before their dissolution.

**Assumption 29** (Section 113) The expenditures relating to the agglomeration council are considered as agglomeration expenditures and are allocated accordingly.

**Assumption 30** (Sections 117 to 119) If, prior to reorganization, an agglomeration power is exercised by a municipal body other than the city, the revenues and expenditures relating to the exercise of this power are accounted for separately and included in the agglomeration budget.

### **EFFECTS OF REORGANIZATION ON PERSONNEL**

**Assumption 31** (Section 123) Given that employees cannot have their remuneration decreased or be laid off or dismissed simply because the city has been reorganized, their remuneration and their working conditions in the reconstituted city are maintained for the whole period covered by our analysis.



**Assumption 32** For the purposes of this study, the allocation of resources to the reconstituted city is based, for each budget item, on the resources which existed on the territory prior to the merger and are considered as reflecting the optimal allocation.

**Assumption 33** Given that the law states that remuneration and working conditions are to be maintained, the preceding assumption implies that if a collective agreement has been harmonized upward following the merger, the reconstituted city will have to assume the financial consequences of the upward harmonization.

### **SHARING OF ASSETS AND LIABILITIES**

**Assumption 34** (Section 139) The reorganized former cities assume the balance of the debts they had at the time of the merger and continue to finance them themselves.

**Assumption 35** (Section 139) However, if the financing of these debts was assumed by several former municipalities before the reorganization, these debts become debts of the central municipality, which finances them through an aliquot share payable by each of the concerned related municipalities according to the same financing rules as those that applied immediately prior to the reorganization.

**Assumption 36** (Section 140) The central city assumes the debts related to the property and services that come under its exclusive jurisdiction if such debts were contracted between the merger and the reorganization.

**Assumption 37** (Section 141) The debts contracted by the city after its creation and before the demerger and relating to the exercise of urban agglomeration powers become debts of the central municipality.

**Assumption 38** (Section 141) The debts contracted by the city after its creation and before the demerger and relating to the exercise of local powers become debts of the central municipality which finances them through an aliquot share paid by the benefiting municipality or municipalities.

**Assumption 39** (Section 142) Any property the city owns immediately before the reorganization that is related to the exercise of an exclusive agglomeration power remains or becomes, as the case may be, the property of the central municipality.

**Assumption 40** (Section 142) For the purposes of this study, there can be no alienation of the property in question and therefore no surplus to be redistributed.

**Assumption 41** (Section 143) Any property which the city has acquired since its incorporation and which is related to the exercise of a local power becomes, following the reorganization, the property of the related municipality on whose territory the property is located (if the property is immovable) or on whose territory a service for which the property is used is received (if the property is movable).

**Assumption 42** (Section 143) The movable and immovable property which, prior to the incorporation of the city, belonged to a related municipality, is returned to the related municipality in cases of movable property used to provide a service on the territory of that municipality prior to the reorganization.

**Assumption 43** (Section 143) The two preceding assumptions continue to apply even if, in the case of an immovable, the property is located on the territory of a municipality other than the municipality to which it belongs and even if, in the case of a vehicle, the vehicle, before the reorganization, served the territory of a municipality other than the one to which it belonged.

**Assumption 44** (Section 144) Following reorganization, a compensatory amount is paid by the central city to the reconstituted municipality if the city has sold property belonging to the reconstituted municipality and related to the exercise of its local powers (including property that housed the offices of the former municipality) if this property is burdened by a debt that continues to exist at the time of the reorganization and which was exclusively financed by revenues from the territory of the former municipality and, finally, if the proceeds of the sale were not used in any way to the benefit of the former municipality or its residents.

**Assumption 45** (Section 144) Should the reconstituted municipality be granted a compensatory amount in accordance with the preceding assumption, the amount will be equal to the lesser of the proceeds of the sale and the balance of the debt on the property in question, and will be financed by all of the related municipalities (including the benefiting reconstituted municipality and the central city), which will pay an aliquot share based on their standardized real estate value.

## **SHARING OF DEFICITS AND SURPLUSES UNDER SECTIONS 145 TO 148**

**Assumption 46** (Section 145) Following the reorganization, the reconstituted municipality takes over any balance of deficit and surplus that can be exclusively assigned to its

territory, including the surplus from a fund intended for the territory and established prior to the reorganization.

**Assumption 47** (Section 146) In the case of a fund established prior to the reorganization and intended for several territories or boroughs to be reconstituted as related municipalities, the surpluses are shared on the basis of the standardized real estate value of the municipalities in question.

**Assumption 48** (Section 147) Any surplus or deficit that cannot be exclusively assigned to the territory of a reconstituted municipality belongs to the central municipality.

**Assumption 49** (Section 148) The remaining amount to which a city is entitled under a government program designed to encourage amalgamations, and that is to be paid after the reorganization, will be paid to the central municipality to be used in the exercise of its agglomeration powers.

#### **STANDARDIZATION OF TAXATION**

**Assumption 50** (Sections 173 and 174) The period of taxation standardization throughout the territory of central municipalities which were cities prior to the reorganization is extended to twenty (20) years starting with the fiscal year following their creation.

**Assumption 51** In the case of an amalgamation in which the Order provides for the increase in the general property tax rate to occur over a period of less than ten (10) years (the maximum allowed by the *Act*), we assume, for the purposes of this study, that the city will not seek to extend the period longer than provided for in the Order. However, if an amalgamated city has chosen to spread the rate increase over a period of ten (10) years, we assume that the central municipality will avail itself of the extension of the standardization period to twenty (20) years. For the Municipality of Grenville-sur-la-Rouge, the chosen period is five years, from 2002 to 2006.

## **4. PROVISION AND FUNCTIONING OF MUNICIPAL SERVICES**

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### **4.1 IMPACTS OF THE RECONSTITUTION OF THE FORMER MUNICIPALITIES ON THE ORGANIZATION AND FUNCTIONING OF SERVICES**

Should the territory of the present Municipality of Grenville-sur-la-Rouge be broken up, an agglomeration council would be established. This council, made up of elected officers of all of the municipalities including the mayors, would have the power to make decisions, to tax and to set rates for agglomeration services.

For reasons of efficiency and equity, the central municipality will provide the services that are common to the entire territory, referred to as agglomeration services.

The impacts of the possible reconstitution of the former municipalities on the organization and functioning of services are determined by the parameters in Bill 9 regarding the services, equipment, infrastructures or activities that will continue to be shared by all of the municipalities. At this stage, it is important to clearly state the general position taken on the type and cost of services for the proximity powers within the framework of this study. On the one hand, when the service was not provided by the former municipality before the amalgamation, we assume that this service will not be provided by the reconstituted municipality. On the other hand, when the service was provided by the former municipality prior to the amalgamation, we assume that it will continue to provide the service at the same cost as for the current city.

For the purposes of this study, only the central municipality acts with respect to the above-mentioned powers, and the powers are designated as "agglomeration powers." The services, equipment, infrastructures or activities that come under the responsibility of the agglomeration council that are created within the framework of the possible reconstitution of the former municipalities of Grenville-sur-la-Rouge are as follows:

- civil protection services;
- fire protection services;
- the municipal court;
- residual materials disposal and reclamation;

- passenger transportation;
- management of the thoroughfares of the arterial road system;
- economic promotion, including the promotion of tourism, outside of the territory of a municipality of the agglomeration;
- tourist services.

On the other hand, the proximity powers, under the direction of the municipal council of each reconstituted municipality, are respectively:

- urban planning, regulations and minor variances;
- issue of construction and renovation permits;
- local water and sewer mains;
- residual material collection and transport;
- water purification facilities and infrastructures, except for arterial mains;
- water supply facilities and infrastructures, except for arterial mains;
- management of local thoroughfares;
- local sports and recreation facilities;
- local parks.

For the purposes of this study, the services currently provided on the territory of the municipality of Grenville-sur-la-Rouge by the Regional County Municipality (MRC) of Argenteuil will remain under the responsibility of the MRC, regardless of whether they relate to an agglomeration power or a proximity power. The services currently provided by the MRC include property assessment, the management of municipal watercourses, the implementation of the fire safety cover and civil protection plans, the implementation of the residual materials management plan and the development and adoption of the residual materials management plan.

As far as police services are concerned, the *Sûreté du Québec* will continue to provide these services throughout the territory and each reconstituted municipality (including the central municipality) will assume the costs.

#### 4.1.1 Human resources

Under Bill 9, since reorganization is deemed to constitute the alienation of an undertaking in favour of the central municipality and any other related municipality,<sup>25</sup> the collective agreements will be transferred. The collective agreements thus transferred will expire on the first of the two following dates:

- the expiry date in the collective agreements; or
- six months after the date when the reorganization becomes effective.<sup>26</sup>

Consequently, on the basis of these principles, when the collective agreements in the current city have been standardized, the same salaries and fringe benefits they provide for are reflected in the calculations for the reconstituted municipalities, even if the collective agreements in effect in the reconstituted municipality before the merger provided for less generous conditions.

Under Bill 9, a civil servant or employee of the current city remains a civil servant or an employee of the central municipality, as the case may be.<sup>27</sup> However, such persons may be transferred to a related municipality other than central municipality in the manner provided for in the Act.<sup>28</sup>

Furthermore, no civil servant or employee may be paid less, laid off or dismissed simply because the city is reorganized or because he or she is transferred. Such persons retain their seniority and fringe benefits and continue to be members of the retirement plan to which they belonged before the reorganization.<sup>29</sup> Consequently, we assume that there will be no reduction in the total number of employees, and the costs we use are the personnel costs in the 2004 budget.

In determining the human resource requirements, we took into consideration the agglomeration powers which will remain with the central municipality and assigned to it the personnel required for the exercise of its powers.

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<sup>25</sup> Section 124, 1<sup>st</sup> paragraph, Bill 9

<sup>26</sup> Section 124, 2<sup>nd</sup> paragraph, Bill 9

<sup>27</sup> Section 122, Bill 9

<sup>28</sup> Section 122 2<sup>nd</sup> paragraph, Bill 9

<sup>29</sup> Section 123, Bill 9

Then, we calculated the personnel to be allocated to the municipalities for their proximity powers by subtracting the employees assigned to the agglomeration powers from the total number of the current employees. All of the reconstituted municipalities were given the same number of employees they had before the amalgamation. All personnel numbers in excess of this number were assigned to the agglomeration powers.

Otherwise, if the personnel numbers were lower than they were for all of the municipalities prior to the amalgamation, we obtained the information on the voluntary departures by employees who were not replaced and directly assigned the costs of these unreplaced departed employees to the former municipalities for which the employees in question had worked.

It goes without saying that if reconstitution were to occur, an additional study on the optimal reassignment of personnel in the cities which may be reconstituted may be required.

#### *4.1.1.1 Impacts on the salary budget for employees*

According to the information we obtained, if all of the municipalities were reconstituted, the employees currently in the employ of the City of Grenville-sur-la-Rouge could be reassigned to their former municipality given the distribution of agglomeration services and proximity services.

#### *4.1.1.2 Impacts on remuneration - municipal council and agglomeration council*

There is no specific provision in Bill 9 respecting the remuneration of elected officers on the new municipal councils or the agglomeration council. Consequently, the *Act respecting the remuneration of elected municipal officers* (R.S.Q. c. T-11.001) will apply and the new councils will be able to set the remuneration by by-law.

In order to determine the costs relating to the agglomeration council, since the remuneration of the elected officers is included in the general administration category, we applied the same assumption as for the sharing of general administration costs between the agglomeration and proximity powers. For the purposes of our financial projections, we assumed that the amount obtained for the remuneration of the elected officers on the agglomeration council after sharing would be sufficient to cover this cost.

As for the portion allocated to the proximity powers (the remainder), we redistributed it to each of the reconstituted municipalities in proportion to the municipal council remuneration

expenditures appearing in the financial statements for the year preceding amalgamation. We then adjusted the amount allocated to the reconstituted municipalities (downward or upward) so that the amounts for the remuneration of elected municipal officers resulting from the sharing would be the same as for the fiscal year preceding amalgamation (indexed pre-amalgamation remuneration). The impact is \$15,000 for the reconstituted municipality of Grenville and \$10,000 for the reconstituted municipality of Calumet.

#### **4.1.2 Material resources**

In accordance with the provisions of the *Act*, the costs for the maintenance of buildings, machinery and vehicles relating to a municipal service that comes wholly under an agglomeration power have been included in the agglomeration power expenditures, regardless of the location of the building or the municipality to which the facility belonged before the amalgamation. It was not relevant at this stage of the study to draw up an exhaustive list of all of the buildings, machinery and vehicles that will continue to belong to the agglomeration. The objective was to ensure, should the former municipalities be reconstituted, that the current assets of the City of Grenville-sur-la-Rouge would be sufficient to enable all of the municipalities (including the central municipality) to exercise both the agglomeration powers (for the central municipality only) and the proximity powers.

According to the information obtained from the staff of the City of Grenville-sur-la-Rouge, the material resources available in the current city are sufficient to meet the needs of each of the former cities which may be reconstituted, given the assets they owned before the reorganization. Consequently, no additional cost for the purchase of assets has been considered. Although we were told that the current city does not anticipate any problems with the possible sharing of assets should the former municipalities be reconstituted, a more in-depth analysis of the sharing of assets may be appropriate.

#### **4.1.3 Financial and fiscal aspects**

##### *4.1.3.1 Evaluation of the non-recurring costs of reconstituting the former municipalities and financing hypothesis*

The non-recurring costs related to the possible reconstitution of the former municipalities have been financed over a period of three years. Table 4.1 shows the estimated non-recurring costs and the impact on the annual budget for each municipality that may be



reconstituted. The non-recurring costs estimated in 4.1.1 for human resource requirements are added to show the impact on the annual budget of the reconstitution costs of for each of the former municipalities.

**Table 4.1 Costs related to reconstitution**

<b>RECONSTITUTION COSTS</b>	<b>Grenville</b>	<b>Calumet</b>	<b>Total</b>
Computer services	\$0	\$26,000	\$26,000
Referendum	\$7,875	\$2,125	\$10,000
Council	\$15,000	\$10,000	\$25,000
Transition Committee	\$71,228	\$18,772	\$90,000
Administrative documents	\$10,000	\$10,000	\$20,000
By-laws	\$5,000	\$5,000	\$10,000
Relocation and outfitting of offices	\$0	\$5,000	\$5,000
<b>Non-recurring reconstitution costs</b>	<b>\$94,103</b>	<b>\$66,897</b>	<b>\$161,000</b>
<b>Annual budget impact</b>	<b>\$31,368</b>	<b>\$22,299</b>	<b>\$53,667</b>
<b>Recurring reconstitution costs</b>	<b>\$15,000</b>	<b>\$10,000</b>	<b>\$25,000</b>
<b>Total reconstitution costs</b>	<b>\$109,103</b>	<b>\$76,897</b>	<b>\$186,000</b>

*4.1.3.2 Use of the balance of financial assistance under the Programme d'aide financière au regroupement municipal*

The balance of the financial assistance to be paid under the *Programme d'aide financière au regroupement municipal* (a program of subsidies to assist municipal amalgamations) is subtracted from the agglomeration power expenditures. The balance of the financial assistance outstanding as of December 31, 2004 is \$19,448, consisting of \$12,155 in 2005 and \$7,293 in 2006. Since Year 1 of the reconstitution of the municipalities is based on the 2004 budget of the City of Grenville-sur-la-Rouge and this budget includes a revenue item of \$24,310 from an amalgamation assistance subsidy, Year 3 is therefore the last year when this revenue item is considered in the budget forecasts.

*4.1.3.3 Working capital, accumulated surplus (deficit) and sums available for all other funds of the current city and foreseeable allocation*

The reserves and surpluses which, in accordance with the Order, had been assigned as assets of the former municipalities at the time of amalgamation will continue to belong to them if they are reconstituted. Since amalgamation, the City of Grenville-sur-la-Rouge has not created any new reserves and the existing reserves all come from the former

municipalities. The balance of the accumulated surplus since amalgamation is estimated at \$330,231 as of December 31, 2003. If we apply the principles stated in assumption 8.13 in Chapter 4, the balance of the surplus accumulated up to the time of reconstitution would be returned to the agglomeration.

Table 4.2 shows the foreseeable allocation of the surpluses as of December 31, 2003 between the former reconstituted municipalities.

**Table 4.2 Foreseeable allocation of surpluses as of December 31, 2003**

	Reconstituted cities		Current city	Total
	Grenville	Calumet	Grenville	
Financial reserves		\$19,906		\$19,906
Accumulated surplus (deficit)	\$315,815	-\$5,490	\$214,298	\$310,325
Total	\$315,815	\$14,416	\$214,298	\$330,231

#### 4.1.3.4 Long-term debt of the current city and foreseeable allocation

The reorganized former cities take on the remainder of the debts which they had at the time of the merger and continue to finance them themselves.

However, if the financing of such debts was assumed by several former municipalities prior to the reorganization, these debts become debts of the central municipality, which finances through an aliquot share payable by each of the related municipalities concerned, using the same rules of allocation that applied immediately before the reorganization. In order to simplify the presentation of the financial projections, the terms (capital and interest) have been allocated directly to the reconstituted municipalities. This practice in no way modifies the results and produces exactly the same effect as if we applied the aliquot shares.

The central city (agglomeration) takes on the debts related to properties and services that come under its exclusive jurisdiction if these debts were contracted during the period between the merger and the reorganization.

The debts contracted by the city after its creation and prior to the demerger and which relate to the exercise of agglomeration powers become debts of the central municipality (agglomeration).

The debts contracted by the city after its creation and prior to the demerger and relating to the exercise of local powers become the debts of the central municipality (agglomeration),

which finances them through an aliquot share paid by the benefiting municipality or municipalities. Here again, the terms (capital and interest) have been directly allocated to the former reconstituted municipalities.

Table 4.3 shows the long-term debt as of December 31, 2003 and its foreseeable allocation considering the above-mentioned assumptions. It should be noted that the state of the debt under amalgamation is the same as under reconstitution. In the present case, no capital investment is necessary if the former municipalities are reconstituted.

**Table 4.3. State of the debt as of 31-12-2003 and foreseeable allocation**

List of by laws	Grenville	Calumet	Agglomeration	Total
Balance of debt as of 31-12-2003	\$0	\$0	\$217,002	\$217,002

#### 4.1.3.5 Capital investments of the current city and foreseeable allocation

For the purposes of this study, to avoid biasing the results by including under debt service all of the projects in the three-year capital investments program, only the capital projects for which the loan by-laws have been adopted or are in the process of being adopted were considered. Given that no by-law is in the process of being adopted at this time in the City of Grenville-sur-la-Rouge, there was no allocation problem as far as possible loan sharing is concerned.

#### 4.1.3.6 Municipal assessment roll of the current city and allocation between the former municipalities

Table 4.4 summarizes the assessment roll of the current city and the allocation of the various amounts between the former municipalities.

**Table 4.4 Summary of the municipal assessment**

Building category	Current assessment - city	Assessment Grenville	Assessment Calumet
Residential	\$123,738,020	\$109,738,129	\$13,999,891
6 dwellings	\$108,800	\$108,800	\$ -
Commercial	\$13,745,840	\$12,776,531	\$969,309
Industrial	\$4,574,340	\$4,574,340	\$ -
<b>Total tax base</b>	<b>\$142,167,000</b>	<b>\$127,197,800</b>	<b>\$14,969,200</b>

Table 4.5 shows the pro forma net annual expenditure budget of the current city and the agglomeration budgets of the reconstituted municipalities for Year 1 of the reconstitution.



#### 4.1.4 Amount to be recovered through property taxes

Table 4.6 shows the amount that needs to be raised through property taxes for the agglomeration and for each of reconstituted cities in order to balance the budgets. This amount will serve as the basis of determining the general property tax for Year 1 of reconstitution.

**Table 4.6 Amount to be recovered through the general property tax**

	AGGLOMERATION SERVICES	GRENVILLE (Municipality)	CALUMET (Village)	TOTAL
REVENUES OTHER THAN REVENUES FROM GENERAL TAXES				
Total of taxes on other bases	\$69,547	\$223,814	\$105,770	\$399,131
Total of payments in lieu of taxes	\$4,035	\$7,720	\$5,776	\$17,531
Allocations	\$76,407	\$50,000	- \$	\$126,407
<b>TOTAL REVENUES</b>	<b>\$149,989</b>	<b>\$281,534</b>	<b>\$111,546</b>	<b>\$543,069</b>
NET EXPENDITURES				
General administration	(\$15,278)	\$346,687	\$97,866	\$429,275
Public security	\$83,314	\$227,742	\$25,934	\$336,990
Transport	\$55,214	\$444,209	\$57,039	\$556,462
Environmental health	\$26,500	\$139,628	\$89,892	\$256,020
Urban planning	- \$	\$86,107	- \$	\$86,107
Recreation and culture	- \$	\$41,075	\$11,630	\$52,705
Financing charges	\$101,085			\$101,085
Financial activities	\$226,953			\$226,953
<b>TOTAL NET EXPENDITURES</b>	<b>\$477,788</b>	<b>\$1,285,448</b>	<b>\$282,361</b>	<b>\$2,045,597</b>
<b>AMOUNT TO BE RECOVERED THROUGH THE GENERAL TAX</b>	<b>\$327,799</b>	<b>\$1,003,914</b>	<b>\$170,815</b>	<b>\$1,502,528</b>

#### 4.1.5 Taxation rate in effect in the current city for each of the former municipalities

Table 4.7 shows the taxation rate in effect in the current city for each of the former municipalities.

**Table 4.7 Taxation rate in effect in the current city**

<b>Current taxation rate</b>	<b>Grenville</b>	<b>Calumet</b>
Property tax rate - residential	\$0,9965	\$1,1045
Property tax rate - non-residential	\$1,1774	\$1,1774
Water tax	\$ -	\$150
Sewer tax	\$ -	\$ -
Residual materials tax	\$100	\$100

#### **4.1.6 Proposed taxation structure for each of the former municipalities**

For the purposes of this study, the taxation structure will be the same that the one adopted by the City of Grenville-sur-la-Rouge in 2004 for all of the former reconstituted municipalities. (See Table 4.8)

#### **4.1.7 Comparison of taxation rates (reconstituted city versus current city)**

Tables 4.8 to 4.11 show the taxation rates of each of the reconstituted cities compared to those of the current city for Years 1 to 3 and for the last year of the transition period.

#### **4.1.8 Factors of variance between the annual budgets**

In calculating the tax rates for Years 2 to 3 and for the last year of the transition period, the following factor of variance were taken into consideration:

- The variations in capital and interest payments on loan under the current situation and under reconstitution;
- The end of the payment of transition costs for the last year of the transition period under reconstitution;
- The end of the amalgamation assistance subsidy for the last year of the transition period under the current situation;
- The variation in the amalgamation assistance subsidy between Years 1 to 3 under the current situation and under reconstitution.

**Table 4.8 Comparative taxation rates – first year of reconstitution**

Taxation rate - Year 1	Current City	Municipality of Grenville Reconstituted city		Variance \$	Variance %
		Agglomeration	Proximity		
Property tax rate (per \$100 of assessment)	\$0.9965	\$0.2252	\$0.7580	-\$0.01	-1.33%
Property tax rate, non-residential (per \$100 of assessment)	\$1.1774	\$0.2664	\$0.8956	-\$0.02	-1.31%
Residual materials tax	\$100	\$10	\$90	\$ -	0.00%
<b>Taxation rate - Year 1</b>					
	Current city:	Village de Calumet Reconstituted city		Variance \$	Variance %
		Agglomeration	Proximity		
Property tax rate (per \$100 of assessment)	\$1.1045	\$0.2552	\$1.0457	\$0.17	15.07%
Property tax rate, non-residential (per \$100 of assessment)	\$1.1774	\$0.2664	\$1.2355	\$0.32	27.56%
Water tax	\$150	\$150		\$ -	0.00%
Residual materials tax	\$100	\$10	\$90	\$ -	0.00%

**Table 4.9 Comparative taxation rates - second year of reconstitution**

Municipality of Grenville				
Taxation rate – Year 2	Current city	Reconstituted city	Variance \$	Variance %
Property tax rate (per \$100 of assessment)	\$0.9852	\$1.0045	\$0.02	1.96%
Property tax rate, non-residential (per \$100 of assessment)	\$1.1661	\$1.1871	\$0.02	1.80%
Residual materials tax	\$100	\$100	\$ -	0.00%
Village de Calumet				
Taxation rate – Year 2	Current city	Reconstituted city	Variance \$	Variance %
Property tax rate (per \$100 of assessment)	\$1.0572	\$1.4162	\$0.36	33.96%
Property tax rate, non-residential (per \$100 of assessment)	\$1.1661	\$1.6735	\$0.51	43.51%
Water tax	\$150	\$150	\$ -	0.00%
Residual materials tax	\$100	\$100	\$ -	0.00%



**Table 4.10 Comparative taxation rates – third year of reconstitution**

Municipality of Grenville				
Taxation rate – Year 3	Current city	Reconstituted city	Variance \$	Variance %
Property tax rate (per \$100 of assessment)	\$0.9412	\$1.0035	\$0.06	6.62%
Property tax rate, non-residential (per \$100 of assessment)	\$1.1221	\$1.1859	\$0.06	5.69%
Residual materials tax	\$100	\$100	\$ -	0.00%

Village de Calumet				
Taxation rate – Year 3	Current city	Reconstituted city	Variance \$	Variance %
Property tax rate (per \$100 of assessment)	\$0.9772	\$1.4152	\$0.44	44.82%
Property tax rate, non-residential (per \$100 of assessment)	\$1.1221	\$1.6723	\$0.55	49.03%
Water tax	\$150	\$150	\$ -	0.00%
Residual materials tax	\$100	\$100	\$ -	0.00%

**Table 4.11 Comparative taxation rates – final year of transition period**

Municipality of Grenville				
Taxation rate – end of transition period	Current city	Reconstituted city	Variance \$	Variance %
Property tax rate (per \$100 of assessment)	\$0.9324	\$0.9756	\$0.04	4.63%
Property tax rate non-residential (per \$100 of assessment)	\$1.1133	\$1.1530	\$0.04	3.57%
Residual materials tax	\$100	\$100	\$ -	0.00%

Village de Calumet				
Taxation rate – end of transition period	Current city	Reconstituted city	Variance \$	Variance %
Property tax rate (per \$100 of assessment)	\$0.9324	\$1.2641	\$0.33	35.57%
Property tax rate, non-residential (per \$100 of assessment)	\$1.1133	\$1.4938	\$0.38	34.18%
Water tax	\$150	\$150	\$ -	0.00%
Residual materials tax	\$100	\$100	\$ -	0.00%

Tables 4.12 and 4.13 compare the tax burdens for the current situation and that of reconstitution for each of the former municipalities which may be reconstituted, for the residential sectors (Table 4.11) and non-residential sectors (Table 4.13) in the first, second and third years and in the last year of the transition period.

**Table 4.12 Comparison of the tax burden in the residential sectors**

<b>TAX BILL FOR A SINGLE-FAMILY DWELLING</b>		
<p>Note – The situation illustrated will normally be a situation in which water and sewer services are provided. The firm may, however, choose to illustrate the situation of a sector without water and sewer services if the municipality is a rural municipality where the majority of ratepayers do not receive these services. It may also illustrate the situation of a sector which benefits from one of these services but not the other. If this is the case, there should be a note to that effect in the table for the municipality in question.</p>		
	<b>Former municipality of Grenville</b>	<b>Former municipality of Calumet</b>
	<b>Not serviced – water and sewer</b>	<b>Not serviced – sewer</b>
<b>AVERAGE VALUE OF RESIDENCES</b>	\$70,969	\$57,026
<b>TAX BILL UNDER CURRENT SITUATION</b>		
Year 1	\$807	\$880
Year 2	\$799	\$853
Year 3	\$768	\$807
End of transition period	\$762	\$782
<b>TAX BILL UNDER RECONSTITUTION</b>		
Year 1	\$798	\$975
Year 2	\$813	\$1,058
Year 3	\$812	\$1,057
End of transition period	\$792	\$971
<b>INCREASE (DECREASE)</b>		
Year 1	-\$9	\$95
Year 2	\$14	\$205
Year 3	\$44	\$250
End of transition period	\$31	\$189
<b>PERCENTAGE IMPACT</b>		
Year 1	-1.17%	10.79%
Year 2	1.71%	24.00%
Year 3	5.76%	30.94%
End of transition period	4.02%	24.20%

Local improvement taxes (sector taxes) will continue to apply and will have to be added if applicable.

**Table 4.13 Comparison of the tax burden in the non-residential sectors**

<b>TAX BILL FOR A NON-RESIDENTIAL BUILDING</b>		
<b>Note – The situation illustrated will normally be a situation in which neither water and sewer services nor residual materials collection services are provided.</b>		
	<b>Former municipality of Grenville</b>	<b>Former municipality of Calumet</b>
<b>AVERAGE VALUE OF NON-RESIDENTIAL BUILDINGS</b>	\$308,000	\$44,000
<b>TAX BILL UNDER CURRENT SITUATION</b>		
Year 1	\$3,626	\$518
Year 2	\$3,592	\$513
Year 3	\$3,456	\$494
End of transition period	\$3,429	\$490
<b>TAX BILL UNDER RECONSTITUTION</b>		
Year 1	\$3,579	\$661
Year 2	\$3,656	\$736
Year 3	\$3,653	\$736
End of transition period	\$3,551	\$657
<b>INCREASE (DECREASE)</b>		
Year 1	-\$47	\$143
Year 2	\$65	\$223
Year 3	\$197	\$242
End of transition period	\$122	\$167
<b>PERCENTAGE IMPACT</b>		
Year 1	-1.31%	27.56%
Year 2	1.80%	43.51%
Year 3	5.69%	49.03%
End of transition period	3.57%	34.18%

Local improvement taxes (sector taxes) will continue to apply and will have to be added if applicable.

## **APPENDIX 1**

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List of main commissions and standing committees

## **City of Grenville-sur-la-Rouge**

Municipality: (819) 242-8762

M.R.C. (450) 562-2474

### Standing committees of the municipality (number of elected officers)

Fire Protection and Public Security Committee	(1)
Streets and Roads Committee	(2)
Recreation and Culture Committee	(2)
Urban Planning Advisory Committee	(1)
Land Use Planning and Development Committee	(2)
Waterworks Committee	(2)
Environment Health Committee	(2)

### Makeup of the Argenteuil M.R.C.

Total number of representatives:	10
Representatives of the City of Grenville-sur-la-Rouge:	2

## APPENDIX II

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Tax burden of the former municipalities prior to amalgamation

<b>TAX BILL FOR SINGLE FAMILY DWELLING</b>		
	Former Municipality of Grenville	Former Municipality of Calumet
TAX BURDEN IN 2004 CONSTANT DOLLARS	\$788	\$1,032

Sources:

*Profil financier 2001, charge fiscale* ([http://www.mam.gouv.qc.ca/finances/fina\\_info\\_prof\\_2001.htm](http://www.mam.gouv.qc.ca/finances/fina_info_prof_2001.htm))  
*IPC; Institut de la statistique du Québec*