



APPENDIX 10 Economic and Financial Hypothesis

Here is the list of economic and financial hypothesis used to prepare the fiscal impact of projects on an average household:

➤ Interest Rates for Project Financing

<u>Actual Rates</u>		<u>Proposed Rates</u>	
March 2004	3.63%	2007 to 2009	4.50%
March 2005	3.86%	2010 to 2012	4.75%
January 2006	4.34%	2013 to 2015	5.00%
November 2006	4.33%	2016 to 2018	5.25%

➤ Operating Expenses

- Data source: 2007 budget (expenditures by object)
- Increased expenses (other than the MRC des Collines quota)
 - Following the record of the past 10 years: 3.1%
 - Conservative scenario: 5%
 - Best scenario: 3%
- Increase in the MRC des Collines quota
 - Following the record of the past 10 years: 13.2%
 - Conservative scenario: 10%
 - Best scenario: 8%
 - According to the MRC data: 5.6% (no new services added)

➤ Operating Revenue

- Data source: 2007 budget (details of revenues)
- Increased valuations on the roll
 - Annual average of the three-year roll for 2004–2005–2006: \$ 17 000 000
 - Conservative scenario: \$ 15 000 000
 - Best scenario: \$ 20 000 000
- Rates for municipal services (septic tank emptying)
 - Rate for 2007: \$ 90.50
 - Rates for 2008 to 2017: according to planned increase in expenditure (3.81%)
- Federal gasoline tax
 - 2006 to 2009: in full, to finance Centre-Village and Farm Point improvement projects (\$ 1 000 000)
 - 2010 to 2017: in full, to finance road network (\$ 412 000 per year)



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➤ Operating Revenue (cont.)

- Quebec sales tax Refund: according to MAMR data, with a scenario of a reaffirmed fiscal and financial partnership after 2013
 - 2007: \$ 28 029
 - 2008: \$ 37 899
 - 2009: \$ 53 745
 - 2010: \$ 107 886
 - 2011: \$ 149 556
 - 2012: \$ 276 758
 - 2013 to 2017: \$ 360 000 per year
- Compensation for recycling collection services (Bill 102):
 - From 2008 to 2009: compensation = 35% of costs of the previous year
 - 2008: \$ 209 570 X 35% = \$ 73 350
 - 2009: \$ 209 570 X 1.0381 X 35% = \$ 76 150
 - As of 2010: compensation = 100% of costs of the previous year
 - 2010: \$ 209 570 X 1.0381² X 100% = \$ 225 845
 - 2011 to 2017: compensation follows increase in expenditure (3.81%)
- Compensation for disposal of garbage (Bill 130)
 - 2007: \$10 per ton for an estimated tonnage of 2,205 tonnes
 - 2008 to 2017: compensation follows increase in expenditure (3.81%)
- Other income from local sources
 - Following the annual average increase from 2000 to 2007: 5.02%

➤ Allocation of the Cumulative Surplus

An operating surplus of \$ 132 660 is forecast for fiscal year 2007. This amount is the equivalent of 75% of the credit provided for debt service on the investment projects entered in the 2007 budget (i.e. 75% of \$ 176 880). Instead of a 12-month debt service as provided in the 2007 budget, the model finds that only 25% of investment expenditures will have an impact on debt service for the same year.

➤ Approved, Unfinanced Loan Payments

According to the debt report as of December 31, 2006, the amount of approved loan payments not yet contracted is \$ 1 014 155. As some projects will not be undertaken, or will be completed at a lower cost than that provided, only \$ 500 000 will be financed over the long term. Debt service on this loan of \$ 500 000 is programmed for a full period of 12 months in 2008 and the following years.