

CITY OF WESTMOUNT
2016 BUDGET

*PRESENTATION TO COUNCIL
DECEMBER 14, 2015*

BY: Councillor Victor M. Drury
Commissioner of Finance

Mayor Trent, fellow Councillors, ladies and gentlemen:

I am pleased to present the details of the City's 2016 Operating Budget.

In July, Council established the following guidelines for the 2016 budget:

Limit the increase in taxation for local services to the effect of inflation. This limit excludes increases for Capital Works and also any increases stemming from our apportionment from the Agglomeration Council of Montreal or the Montreal Metropolitan Community (MMC); and,

Continue efforts to increase revenue from sources other than property taxes to balance the budget.

Consistent with these objectives, I am pleased to announce that, in 2016, the property tax bill for the average single family dwelling* will be frozen.

Here are the main points of the budget:

1. Council remains committed to its Pay-As-You-Go policy for funding capital works rather than by borrowing. In fact, all \$14.5 million of capital works in 2016 will be funded this way. \$9 million will come from taxation revenue, \$4.2 million from accumulated appropriated surplus and \$1.3 million from grants. The Pay-As-You-Go strategy for Capital Works plays a significant role in reducing indebtedness and in keeping infrastructure up-to-date.
2. Council remains committed to sustainability. As in previous years, such spending is reflected in the various departmental budgets, as sustainability has become a part of the standard operating practices within the City.

* Without assessment increases owing to renovations or additions. Also, the phasing-in of the assessment roll could result in slight increases or decreases in some cases; however, the average will still be zero.

3. Council has asked the Administration to continue maximizing the use of grants, and examining sources of revenue other than property taxes to offset operating and capital expenses.
4. The City will also implement new parking meter technology.
5. Council remains committed to paying off its share of the WRC debt. To that end, appropriations have been made in previous years to cover the large \$7 million bullet debt payment coming due in 2018.
6. A crucial part of the financing plan of the WRC was the many generous donations from citizens. Not only did this fundraising allow all of Westmount to take ownership of this award-winning facility, but it simply could not have been built without their help. A phenomenal \$6.5 million in pledges have been made; and so far we have received \$4.0 million in donations.

There remain a number of issues and risks that we must consider while looking ahead: the high cost of pension plan actuarial deficits, union negotiations, and optimum infrastructure investment, especially for Hydro Westmount.

THE 2016 OPERATING EXPENSES BUDGET

The principal elements of the 2016 operating expenses budget are the following:

Delivery of local services	\$34,917,250
Debt service & financing costs	5,926,900
Government transfer payments (grants)	(1,424,200)
Pension and future benefits (excl. Hydro Westmount)	2,442,000
Municipal Pay-As-You-Go* (excl. Hydro Westmount)	6,298,600
Provisions, contingencies and recoverables	694,300
Montreal Metropolitan Community contribution	893,100
Apportionment for Agglomeration Council charges	51,702,100
Total	\$101,450,300

*Total PAYG from taxation is \$9 million, including \$6.3 million for the City and \$2.7 million for Hydro Westmount.

DEBT MANAGEMENT

As of December 31st, 2015, Westmount's outstanding debt will be \$46,7million. Of this amount, \$36.2 million should be assumed by the City, and \$10.5 million by the Quebec government that now pays its grants over 10 to 20 years. The WRC-portion of the \$36.2 million municipal debt amounts to \$11.1 million.

2016 MUNICIPAL TAXATION AND LOCAL REVENUES

As required by law, municipal budgets must be balanced. Therefore, total revenues required to match the 2016 municipal expenses, will be \$101,450,300.

Of this amount, local revenues from sources other than taxation will total \$14 million. Several significant 'non-tax' revenue items include \$5.8 million for parking fees and court fines, \$4.5 million for transfer duties, and \$1.2 million for recreational activities. It is our intention to continue reviewing our revenue sources in 2016 to diminish the reliance on property tax revenue and to ensure an increased contribution from users.

The 'en-lieu' of tax payments received from the federal and provincial governments will amount to \$3.8 million.

Hydro Westmount's net operating surplus is budgeted at \$1.8 million. The \$2.7 million Pay-As-You-Go relating to the electrical network is deducted in the Utility Operation section after the related operating surplus.

Taxes raised from Westmount property owners will total \$84.5 million.

2016 TAXATION RATES

When the new assessment roll was deposited in September 2013, we decided to "phase in" the application of the 2014 roll over a three-year period to decrease the impact on our residents. 2016 will mark the third year of its application.

In 2016, the municipal tax rates (per \$100 of valuation) will be:

For residential properties containing 5 housing units or less	\$0.8507
For apartment buildings with 6 or more units	\$0.9278
For non-residential properties	\$3.3564

The value of the average single family dwelling in 2016 is \$1,496,709. With a 2016 residential rate of \$0.8507, the tax bill of the average single-family dwelling will be therefore \$12,733, a \$64 increase simply owing to new construction.

Again, it must be stressed that this example reflects the impact of the taxation rates on the average single-family dwelling. Tax bill increases/decreases will vary depending upon the change in valuation of each individual property.

The Westmount tax bills will be mailed by the end of January. Payment can be made in two instalments, the first due on February 26, 2016, and the second on May 27, 2016. An interest rate of 9% per annum will be charged on the unpaid balance. A penalty of 0.5% per month on the outstanding principal will also be charged, to a maximum of 5%, over and above the interest charges.

In closing, I would like to emphasize that while the current Council and the City have every intention of keeping property tax increases to a manageable level, the pension situation and infrastructure renewal will need to be addressed in the coming year.

With the above comments, I hereby table the 2016 Westmount Operating Budget for Council's approval.

Councillor Victor M. Drury
Commissioner of Finance