

CITY OF WESTMOUNT
2018 BUDGET

PRESENTATION TO COUNCIL
January 18, 2018

BY: Councillor Kathleen Kez

Thank you Mayor Smith.

Fellow Councillors, ladies and gentlemen:

I am pleased to present the details of the City's 2018 Operating Budget.

As you know, my colleagues and I have only been in office since November, and I wish to thank the previous Council as well as the staff at City Hall for their support in preparing this budget. I am also grateful to my colleagues on City Council. The last ten days or so have been challenging to say the least, but the benefit is that we have quickly come together as a team.

As Mayor Smith indicated our plan had been to increase the property tax bill for the average single family dwelling, which has been frozen for two years, by less than 1%. This is well below the 1.7% rise in the cost of living in Quebec. In light of the new agglomeration tax received January 10th, the impact on the Average single house tax bill will be an increase of 3.09%.

Here are the highlights of the 2018 budget:

1. Council remains committed to its Pay-As-You-Go policy for funding capital works rather than relying on borrowing. The 2018 Capital Works budget of \$15.8 million, which this Council approved on December 18th 2017, will be financed as follows: \$14.1 million will come from taxation revenue, \$250k from accumulated appropriated surplus and \$1.4 million from government grants. As a result of our Pay-As-You-Go strategy I am pleased to report that we no longer borrow to fund our capital expenditures. Yet in recent years we have almost doubled our investment in the modernization of our

infrastructure. Looking ahead, we are in the process of implementing a multi-year plan for the upgrading of municipal buildings and facilities including our Greenhouses.

2. Council has asked the Administration to continue maximizing the use of grants, and to examine sources of revenue other than property taxes in order to offset operating and capital expenses. One initiative taken by our council which will be in place in 2018 is to harmonize the parking rate at \$3/hour across the City.
3. Council remains committed to paying off debt as it becomes due. More precisely we are not intending to refinance our debt. To that end, \$26.5 million of surplus appropriation has been made to cover the entire principal amount of the City's outstanding debt. Of this amount, \$15.2 million will be used in 2018 to pay off all bonds that are due.
4. A critical element 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 to date we have received \$5.6 million of these pledges.

FINANCIAL PRESENTATION OF THE BUDGET MODIFIED

A very important point to bring to your attention is the vision of the new Council, which has focused on facilitating and enhancing comprehension of financial information presented to Westmount residents. As a result, the 2018 budget, of which you may obtain a copy at the back, and which will be posted on our website, has a new format that will be used throughout our mandate.

This new format is simpler and presents the budget by major expenditure and revenue categories. As was the case in the former format, we present revenues minus Hydro-Westmount's revenues and expenditures. Expenditures are presented by major category, such as remuneration, controllable departmental expenses, debt service, and pay-as-you-go expenses. Financial information by activity sector as presented by the former council will instead be presented in a report created by the MAMOT and posted on the City's website by the end of the month.

Consequently, for comparison purposes, some of the 2017 data has been recategorized to be consistent with the presentation of the 2018 budget.

THE 2018 TOTAL EXPENSES BUDGET

Total expenditures after appropriation have increased by \$4.9 million, of which \$3.7 million is for the agglomeration share, itself representing 75% of the increase in expenditures. Local expenditures have risen by \$1.2 million.

THE 2018 WESTMOUNT OPERATING EXPENSES

I am pleased to tell you that while the Agglomeration of Montreal failed to limit the increase in its expenditures, we, in Westmount, have succeeded in limiting local expenditures after appropriation to an amount of \$1.2 million.

This rise is primarily due to initiatives in various departments: \$475K has been budgeted for different urban planning projects; the introduction of new technologies throughout the City in recent years requires an additional amount of \$238K for licenses and the maintenance of these systems; \$153K has been added to the budget for maintenance and repairs to rundown municipal property; and \$155K has been added to snow-clearing costs.

DEBT MANAGEMENT

As of December 31st, 2017, Westmount's outstanding debt is \$31.7 million. Of this amount, \$23.6 million is assumed by the City. As mentioned earlier, this amount will be paid from accumulated surplus and \$8.1 million by the Quebec government that pays its grants over 10 to 20 years. The WRC portion of the \$23.6 million municipal debt amounts to \$10.1 million.

2018 MUNICIPAL TAXATION AND LOCAL REVENUES

As required by law, municipal budgets must be balanced. Therefore, total revenues required to match the 2018 municipal expenses net of Hydro Westmount expenses, will be \$107.7 million.

Of this amount, local revenues from sources other than taxation will total \$21 million. Significant 'non-tax' revenue items include \$5.6 million for parking fees and court fines, \$6.6 million for duties on transfers, \$1.3 million for recreational activities, and \$2 million for government transfers. We will continue reviewing our revenue sources with an eye to diminishing our reliance on property tax revenue and increasing the contribution from users.

The 'en-lieu' of taxes payments to be received from the federal and provincial governments will amount to \$3 million.

Appropriation from accumulated surplus is budgeted at \$15.4 million. Of this amount, \$15.2 million will be used to pay principal on debt and \$250k for Greenhouses.

Taxation revenues in 2018 will total \$89.3 million.

2018 TAXATION RATES

In 2018, the municipal tax rates (per \$100 of valuation) will be:

For residential properties containing 5 housing units or less	\$0.8232
For apartment buildings with 6 or more units	\$0.8335
For non-residential properties	\$3.2182

The value of the average single family dwelling in 2018 will be \$1,597,925. With a 2018 residential rate of \$0.8232, the tax bill of the average single-family dwelling will be \$13,154.49 as compared to \$12,760.08 in 2017.

I wish to stress that this example reflects the impact of the taxation rates on the average single-family dwelling. Tax bill adjustments will vary depending upon the change in valuation of each individual property.

Tax bills will be mailed by the end of January. Payment can be made in two instalments; the first due on February 26, 2018, and the second on May 25, 2018. 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 tabling the 2018 Westmount Operating Budget for Council's approval, I wish to emphasize our focus on being responsible and living within our means, while taking the necessary steps to ensure Westmounters continue to benefit from first-rate services and programs.

Thank you.

Councillor Kathleen Kez
Commissioner of Finance
City of Westmount