Cabinet du maire
Hôtel de ville
Westmount QC
H3Z 1E2

Office of the Mayor
City Hall
Westmount QC
H3Z 1E2

January 29, 2010

Dear Fellow Citizen:

In the best of times, a mayor's letter on taxes is not particularly a pleasant read; this letter, my first after an absence of eight years from the mayoralty, will be even less so. It does not bear good news.

Overall, Westmount property taxes are going up by 8.5% in 2010. Just about all of this increase comes about through a massive hike in our share of the cost of regional services run by the City of Montreal. These services are completely out of our political and administrative control: we, the island suburbs, are systematically outvoted on the Agglomeration Council whose only purpose in life is to have Montreal rubber stamp such regional costs - costs that are being raised this year by 12.5%. That is not all: over the last four years, spending on the Police Department has gone up 18%, on the Fire Department by 17%, and mass transit costs have gone up by a whopping 35% - while inflation for the same period was only 7%.

The City of Montreal says that one half of the 12.5% increase in shared costs for 2010 is to top up pension funds eaten away by the stock market dive of 2008. Don't hold your breath for a reduction in their bill when markets return to their former highs. The City of Montreal also ran up a deficit last year in the operation of regional services, a deficit which we have to pay for in 2010. Much of the rest of the increase relates to funding of mass transit – the operations of which Quebec refuses to subsidize, unlike just about any other "superior" government in North America.

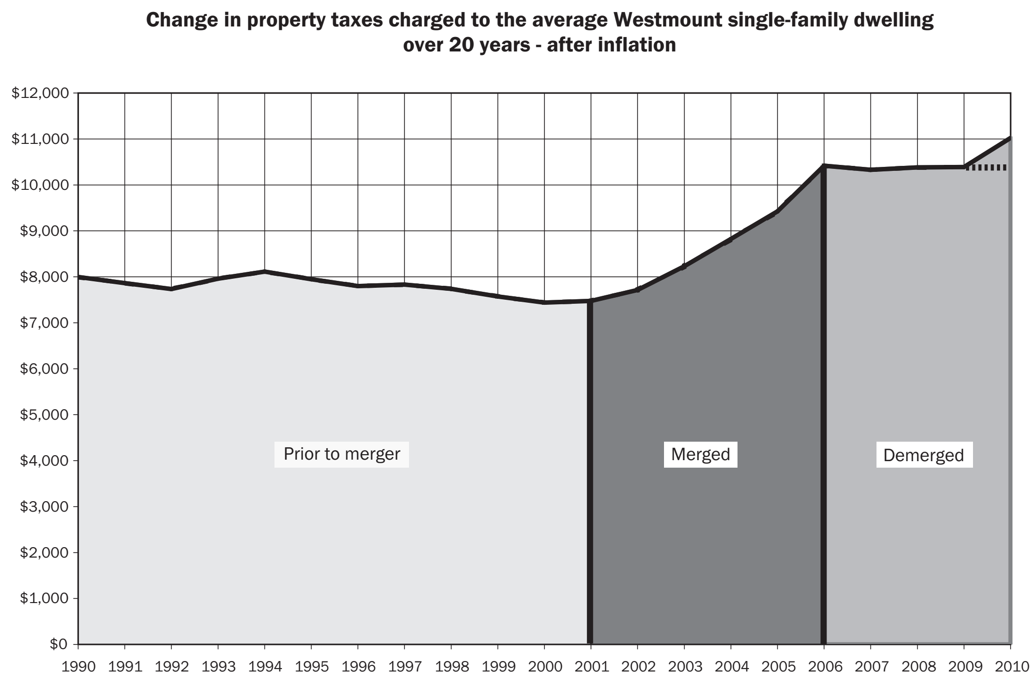
The impact of a 12.5% increase in shared costs is punishing. They make up 53% of Westmount's overall budget; looked at another way, 63% of our property taxes are given over to the City of Montreal to pay for these costs.

Had there been no increase in our share of regional costs, Westmount taxes would have gone up a mere 1%. And that 1% is, in small part, owing to a boost in spending on sustainable development; and, in large part, owing to our decision to salt away an additional one-half a million dollars into our "pay-as-you-go" financing plan for capital works – for things like road and sewer reconstruction. This fund, which I introduced in 1994 and which the City of Montreal abandoned during the years we were forcibly merged with them, has been slowly increasing in size since demerger. Rather than following the City of Montreal practice of borrowing for every little bit of road resurfacing or building repair, we eventually hope to pay for all routine capital works in the year they are done. We would then only go out to borrow when we add to our asset base – such as, for example, new arena (the cost of which, by the way, is not included in the 2010 budget).

Our "pay-as-you-go" policy will reduce our vulnerability to interest rate rises; and, with time, it will reduce the huge debt load we inherited while part of the megacity.

It is perhaps worthwhile to point out that, had we not demerged and had we therefore remained in the City of Montreal, we would still have been saddled with the same regional cost increases. At least as an independent city, we are in complete charge of local spending.

It is the intention of Council to devote most of the year 2010 to working on cost reductions in local spending that will bear fruit in the 2011 budget. We shall also be looking at how we can convert some of our property tax revenues into user-fees, as property taxes bear little relationship with the cost of services consumed. Such measures, along with unrelenting pressure on Montreal to do something about their runaway spending on regional costs, might bring taxes down next year. As the following graph shows, had we not got hit with the Montreal cost hikes this year, we would be in our fourth year of keeping your tax bill frozen, after inflation is taken into account. This graph also shows that Westmount has had a solid record of keeping your tax bill steady – when not in thrall to the megacity, that is.

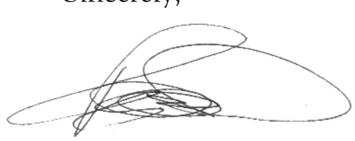


This year, **Westmount's tax bill will be due on two dates: March 1st, and June 1st**. The property valuation roll, which went into effect in 2007 and included an overall increase of 36% in property values, will stay in place until 2011. This increase was "phased in" over a four-year period to diminish its impact. We are now in the fourth year of this phase-in. In fact, both your own tax bill and Westmount's share of regional costs will be affected by the 2011 roll that will be made public in September. For better or for worse.

If you would like a copy of Finance Commissioner Timothy Price's budget speech; or, indeed, a copy of the actual budget, please call City Hall at 514-989-5240. You can also consult budget information on the City of Westmount Web site at www.westmount.org, or view copies of the documents at the Westmount Public Library.

In spite of this rather unpleasant news, I do wish you a happy and healthy 2010.

Sincerely,



Peter F. Trent
Mayor