Cabinet du maire
Hôtel de ville
Westmount QC
H3Z 1E2

Office of the Mayor
City Hall
Westmount QC
H3Z 1E2

January 21, 2011

Dear Fellow Citizen:

No one likes getting bills; and, believe me, few enjoy writing letters to explain them. But I would like to share with you the thinking behind the budget that led to the enclosed property tax bill. Unfortunately, we prepare a budget with one hand tied behind our back: we are powerless against the continued onslaught of increased charges from the Agglomeration Council, which handles shared regional services such as police, fire protection, and mass transit.

We all knew it would not be a cakewalk, but 15 months into its mandate, this Council continues to be beset with the fiscal restrictions and realities of post-merger Westmount. At the risk of laying all our problems at the feet of those who forced our City to merge with Montreal from 2002 until 2006, it is undeniable that much of our local cost increases have had to do with employees' salaries and benefits that predictably rose towards the levels paid by the City of Montreal.

And the massive spending increases of the Montreal Agglomeration Council are equally driven by increased remuneration. The sad fact that was known - yet brushed off - at the time of the merger was that City of Montreal employees were paid 30-40% more than the rest of the public sector; and that gross unfairness remains today. In fact, it's even worse because of massive pension fund deficits.

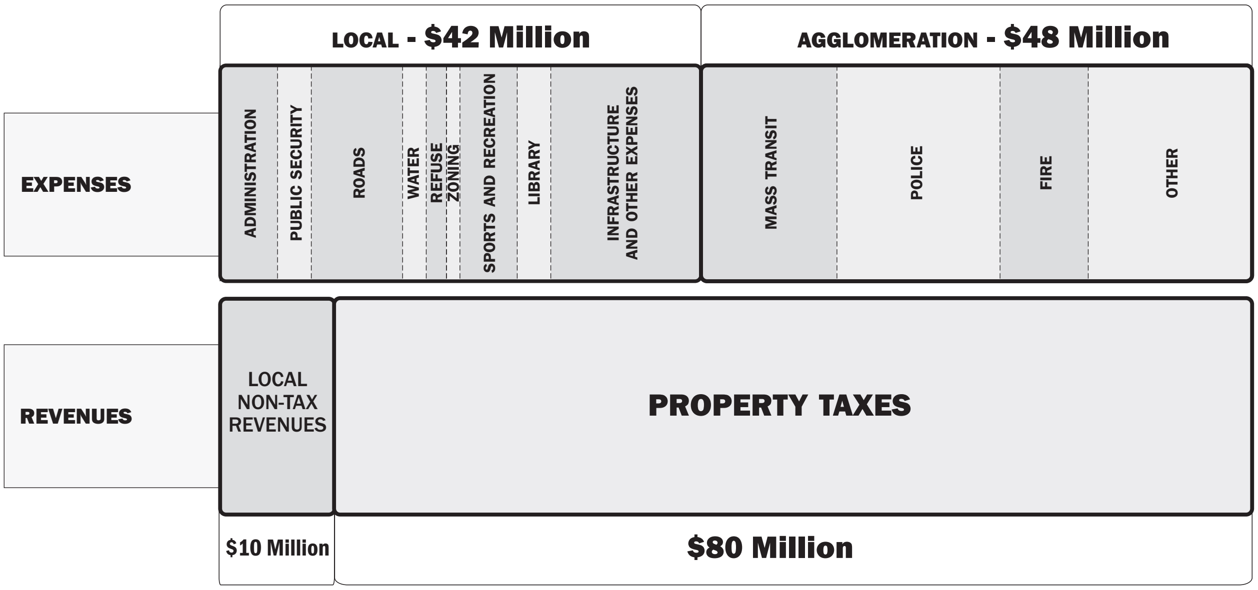
The good news is that we managed to freeze local operating spending for 2011, excepting $1.0 million of increased pension costs and $1.0 million of increased debt service costs and pay-as-you-go funding. (Pay-as-you-go is our unique policy of paying for capital projects with cash, not through borrowing.) So far, we have not had to resort to lowering service levels to keep our budget trimmed.

The bad news is the Agglomeration Council hit us with a $1.8 million increase, which would have been even higher had not Mayor Tremblay and I convinced Quebec to institute a car registration tax of $45 dedicated to funding of mass transit. And before you execrate me for yet another tax: keep in mind our goal is to reduce our dependency on property taxes; which, in Westmount's case, account for nearly 90% of all our revenues. Besides, the owner of an average single-family dwelling would have to own nearly three cars before the car tax would be higher than the same amount raised through property taxes.

Overall, then, we had to find $3.8 million of new revenues.

The same philosophy of broadening our revenue base caused us to raise parking meter rates and fines, of which the former will still be less than Montreal's rates. These two measures will result in $1.5 million of extra revenue. This left $2.3 million to be raised through increased property taxes. For the average single-family dwelling, this means an increase of about 2% - roughly equal to the expected increase in inflation.

2011 CITY OF WESTMOUNT BUDGET - EXPENSES AND REVENUES



The above chart shows not just how much Westmount is dependent on property taxes, but how much local property taxes are being used to fund purely regional services such as mass transit, for which Quebec cut all operating subsidies twenty years ago. This chart forcefully puts paid to the notion that Westmounters do not contribute to the larger community. We do, and in spades: 60% of our taxes go to fund Island-wide regional services.

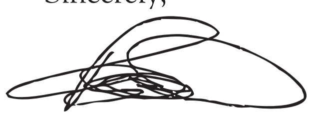
Work on the new Westmount Recreation Centre will begin this year, with the majority of this investment covered by government grants. The debt for this project will be on our books for only ten years. By then, we will have already turned the corner in containing our debt, a debt swollen by our days as part of Montreal and our taking over of Montreal's water network.

Westmount's tax bill will be due on two dates: March 1st, and June 1st. The new assessment roll, which went into effect this year with an overall increase of 18.8% in property values, will be phased in over a three-year period to diminish its impact. For 2011, the average single-family dwelling is assessed for tax purposes at $1,090,861.

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's web site at www.westmount.org, or view copies of the documents at the Westmount Public Library.

Even if my good wishes are accompanied by a bill, I do hope you have a happy and healthy 2011.

Sincerely,



Peter F. Trent,
Mayor