Cabinet du maire
Hôtel de ville
Westmount QC
H3Z 1E2

Office of the Mayor
City Hall
Westmount QC
H3Z 1E2

January 25, 2012

Dear Fellow Citizen,

This is my third letter accompanying the annual tax bill since the election of the current Council - and my thirteenth including the pre-merger years 1991-2001.

Pension costs

This is also, unfortunately, the third year in a row when runaway employee pension costs have made up the lion's share of spending increases for regional costs charged to us by the City of Montreal. Pension costs today represent $600 million a year for Montreal, or three times what they were only four years ago. Even locally, Westmount current and former employee pension costs have soared; they now equal 25% of our total payroll. Finally, though, it seems Quebec may help us do something about it.

Local Debt

You should know that 52% of our local spending goes to salaries and benefits. Another 20% goes to investments in infrastructure - what accountants call capital expenditures.

The policy of "Pay-as-you-go" - paying cash for all routine capital expenditures - was introduced with Westmount's 1994 budget. "Pay-as-you-go" means that today's taxpayers pay for renewing today's infrastructure. But that's not the City of Montreal's way: during the years we were merged with them, they borrowed for everything. In fact, Montreal both pocketed our tax money earmarked for pay-as-you-go and stuck us with the debt for the same expenditures - a bit of larceny that today accounts for one-half of Westmount's current debt of $38 million.

We have got pay-as-you-go financing up to the $4 million mark for 2012, and are closing in on the pre-merger figure of $5 million in today's dollars. I believe we are still unique in Quebec with such a policy.

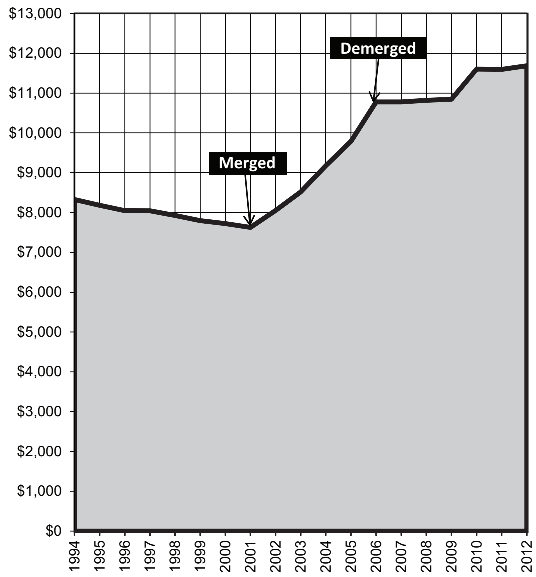
Taxes

To misquote Ben Franklin: nothing is certain but debt and taxes. Let's move on to taxes.

The portion of Westmount's tax bill for local services has increased by 3% from $25.7 million last year to $26.5 million this year. But Westmount's share of regional costs has increased by 3.6% to $49.9 million, and accounts for seventy percent of Westmount's 2012 taxation increase.

With a residential rate of $1.007 per $100 of assessment, the tax bill the average Westmount single-family dwelling will be $11,686 in 2012, which is a 3.3% increase or $374 over 2011.

Growth of property taxes charged to the average Westmount single-family dwelling. Inflation-adjusted to 2012 dollars



The graph on the left illustrates the three phases of Westmount's recent fiscal history: the 8% real reduction in taxes during the innocence of the pre-merger years; the eye-popping 41% rise in taxes (*after* inflation) caused by the merger; and the further 7% rise in 2010 tied to an increase in regional services run by the City of Montreal. While there will be a 2% rise in taxes in 2014 to help pay for the construction of the new Westmount Recreation Centre, these taxes will be invested in something of use to Westmounters, while being dwarfed by previous tax increases for which we got no benefit.

It is true we have kept the lid in tax increases for local services by upping non-tax revenues such as parking meter rates, which - especially in the east - affect visitors as much as residents. After all, we cannot continue to finance nearly 90% of our spending by property taxes alone. The cumulative impact of changing parking rates in 2011 and increasing them in 2012 to $3 per hour in the eastern sector closest to City of Montreal will bring in $575,000 in additional revenue.

We have phased in the application of the 2010 assessment roll over a three-year period to decrease the impact on our residents. The year 2012 will mark the second year of its application.

Payment of your tax bill can be made in two instalments, the first due on March 1st, 2012, and the second on June 1st, 2012. 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.

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.

Sincerely,

Peter F. Trent,
Mayor