

Cabinet du Maire
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4333, rue Sherbrooke O.
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Office of the Mayor
City Hall
4333 Sherbrooke Street W.
Westmount, QC H3Z 1E2

January 28, 2014

Dear Fellow Citizen,

The enclosed tax bill is due later than is customary; though I suspect few of you will find the delay upsetting. Montreal is two months behind in its budget; since much of our taxes go to them for shared services, we had to wait to find out how much Montreal's costs would go up.

Spending increases

Overall, 2014 Westmount taxes are up by 3.4%; including, for the first time, an amount to pay the Westmount Recreation Centre debt. Without the WRC portion, the tax increase would have been 1.6% – less than the projected inflation rate. This is partially thanks to the very modest increase projected for Montreal shared costs through the Agglomeration Council – that, and a little help from our surplus. Had the Montreal shared costs increase been at their habitual level, our taxes could have gone up as much as 5%. Still, there should be no flowers sent to the City of Montreal's address: since 2009, shared costs charged to us have increased an astounding 23%, or two-and-one-half times the rate of inflation.

The Westmount Recreation Centre

When Council first sought your approval for the proposed Westmount Recreation Centre, I wrote to you saying that it would cost an estimated \$37 million to build – and that was in April 2010. Removing government grants and fundraising, we calculated that a \$12 million debt would remain, adding \$234 to the yearly tax bill of the average single-family dwelling over a period of 10 years. Once offset by increased revenues and energy savings, we expected the \$234 would drop to \$200.

How have we done, nearly four years later? Well, Westmount now sports a spacious, world-class community facility, while creating an acre and a half of new parkland in the process. The original \$37 million budget is \$39.2 million in today's dollars – that is, after inflation. To that, we added \$1.5 million to build the WRC to meet LEED gold certification, which will pay for itself through energy efficiency. Furthermore, a \$1 million cost to build full-sized rinks was completely offset by donations. Result: we are pretty much on budget, but we are now in the throes of negotiating the final extras and credits with the contractor: things might swing a bit either way. Since we have been setting money aside for the last two years to cover extra costs, all that's left to pay off is the \$12 million debt – as originally predicted.

Thanks to lower interest rates, the cost of the WRC to the average single-family dwelling will be \$226 per year; this amount is already in your 2014 tax bill. Once we finalize our revenue policy for the WRC, we are confident we can honour our original commitment of \$200 per single-family dwelling.

Pension Costs

The big problem for 2014 remains pension costs: a problem coyly sidestepped by the Quebec Government for years. Our 2014 budget is lumbered with a \$1.8 million increase in pension costs. To that, one must add the high pension costs for Montreal employees buried in our Agglomeration shared costs. Every year, the *Institut de la statistique du Québec* compares what the average municipal employee earns “all in” with what the average Quebec government employee earns. For 20 years, the former unwarrantedly earned 25% to 30% more than the latter. In 2013, this difference shot up to 38%. Quebec has to give us the tools to deal with this intractable problem; after all, one-half of your taxes are paying for employee remuneration.

The City of Westmount’s 2014 Budget

		Local Expenses - \$44 million							Agglomeration expenses - \$51 million				
Expenses	ADMINISTRATION	ROADS	WATER/SEWERAGE	REFUSE	ZONING	SPORTS AND RECREATION	LIBRARY	INFRASTRUCTURE AND OTHER EXPENSES	MASS TRANSIT	POLICE	FIRE	WATER/SEWERAGE	OTHER
	PUBLIC SECURITY												
Revenues	Local non-tax revenues \$10 million	Property taxes - \$85 million											

To whittle down our 2014 budget to its essentials: taxes are up by \$2.9 million and other revenues by \$0.8 million. Unfortunately, Hydro-Westmount’s net contribution will decrease by \$0.5 million in 2014 mostly owing to higher pension costs. Operating costs are up \$1.0 million (nearly one-half of which is tied to pension cost increases), and infrastructure spending (net of grants and Hydro Westmount) is up by \$2.0 million. We are forced to salt away a *further* \$1.0 million for pension costs, and have estimated \$0.6 million for Agglomeration Council shared cost increases. The math whizzes among you will have noted that our increased spending is \$1.4 million more than our increased revenue. That difference comes from our surplus.

With the 2014 tax rate of \$ 0.9416, the taxes on the average single-family dwelling will be \$12,421 or 3.3% more than in 2013. Tax bills may be paid in two instalments, the first due (exceptionally) on **20 March 2014**, and the second on 30 May 2014. An interest rate of 9% per annum will be charged on the unpaid balance, plus a penalty of 0.5% per month.

If you would like a copy of Finance Commissioner Victor Drury’s budget speech or a copy of the budget itself, 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 at the Westmount Public Library.

Sincerely,



Peter F. Trent,
Mayor