



THE MAYOR'S COMMENTS ON THE FINANCIAL POSITION OF THE CITY OF WESTMOUNT COUNCIL MEETING OF NOVEMBER 7th, 2016

Councillors, Ladies and Gentlemen, good evening:

As the first formal step in the 2017 budget preparation and adoption process, I am required to report to residents on the general financial health of our City.

In July, Council established the following guidelines for the 2017 budget:

Limit the increase in taxation for local services to the effect of inflation. This limit excludes increases in Capital Works investment and also any increases in our apportionment from the Agglomeration Council of Montreal or from the Montreal Metropolitan Community (MMC); and,

Continue efforts to increase revenue from sources other than property taxes to balance the budget.

In my report that is being tabled tonight, I comment, along with other financial matters, on the following:

- The 2015 year-end results;
- The preliminary forecast of the City's 2016 revenues and expenditures;
- The state of the City's debt and the action taken to manage it;
- The overall direction of the 2017 budget, along with the capital expenditures planned for 2017 through 2019.

2015 Year-End Results

The City's 2015 total operating budget was \$97.1 million.¹ Total revenues last year reached \$101.2 million, and operational expenditures amounted to \$98.6 million.

In 2015, the \$2.6 million in operating surplus was owing to higher than budgeted revenues derived from transfer duties and residential renovations. On the other hand the Hydro Westmount net contribution was lower than anticipated.

During 2015, capital expenditures amounted to \$9.3 million, of which \$8.3 million was covered by our 'pay-as-you-go' funding and \$1.0 million by grants.

The City of Westmount's 2015 financial statements were audited by *Raymond Chabot Grant Thornton*.

2016 Forecast

The City's 2016 operating budget was \$101.5 million¹. Based on the results to date and the projected revenues and expenditures for the balance of the year, we expect to close 2016 with both revenues and expenses, including proposed surplus appropriations, projected at \$103.8 million.

Key variances from budget are highlighted below:

- Taxation revenue from additions to the roll and an increase in transfer duties generated a projected \$2.9 million of additional revenue;
- This additional revenue will allow the City to pursue its objectives to finance its Capital investments through pay-as-you-go and use the accumulated surplus to pay back its debt instead of refinancing it.

Please note that the results could change between now and year-end, especially if we experience significant unforeseen events such as a higher-than-average snowfall, major water-main breaks, or flooding.

Debt

As of December 31st, 2016, Westmount's outstanding debt will be approximately \$35.7 million. Of this amount, \$26.5 million will be assumed by the City and \$9.2

million by the Quebec Government that now pays its grants over 10 to 20 years. The Westmount Recreation Centre (WRC) portion of the \$26.5 million municipal debt will amount to \$10.6 million. The City intends to appropriate enough accumulated surplus to pay off the entire amount of debt as it comes due.

2017 Budget

The 2017 Capital Budget was adopted earlier this evening. With total spending of \$17 million, it represents a historical high for investment in regular infrastructure. With the possible exception of an amount of \$1 million for reconstructing the greenhouses, all budgeted amounts will be paid for without borrowing.

Consistent with the financial goals outlined earlier in this report, Council is hopeful it can limit the increase in taxation for local services, including Capital Works, to below the projected inflation rate. Council plans to do this without resorting to any borrowing.

As around 83% of our revenue comes from property taxes, the Council will continue to seek increased revenues from other areas such as transfer duties and parking rates in order to alleviate residents' tax burden.

Remuneration of Elected Municipal Representatives

The *Act respecting the remuneration of elected municipal officers* (CQLR, chapter T-11.001) provides that the mayor of a municipality in which a remuneration by-law is in force shall include in his annual report on the financial position of the municipality a list showing the remuneration and expense allowance each member of the council receives from the municipality, a mandatory body of the municipality or a supra-municipal body.

Thus, the Mayor receives the following remuneration in 2016:

- \$43,934 as an annual remuneration from the City;
- \$16,216 as an expense allowance from the City;
- \$11,120 as an annual remuneration from the Urban Agglomeration Council of Montreal;
- \$10,110 as an annual remuneration from the *Communauté métropolitaine de Montréal*;
- \$556 per presence as an attendance allowance from the *Commission sur les finances et l'administration* of the Urban Agglomeration Council of Montreal, where he was the Vice-Chairman, up to an annual maximum of \$11,120. He no longer receives any remuneration from this commission, having resigned his position on September 29 of this year.

As for the councillors, they receive the following remuneration in 2016:

- \$14,645 as an annual remuneration from the City;
- \$7,322.50 as an expense allowance from the City.

Transactions Exceeding \$25,000

As required by law, I am filing the list of total cumulative transactions exceeding \$25,000 from October 1st, 2015 to September 30th, 2016.

Peter F. Trent, Mayor

¹Net of Hydro Westmount 'pay-as-you-go' expenditures