

Building Tomorrow's Montréal

Montréal 2018 **Budget**

Operating Budget
At a Glance



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This document is the tabled
version of Montréal's 2018
Operating Budget At a Glance.

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Message from the Mayor



When people made their choice on November 5th, they sent us a clear message. They told us not to lose sight of their priorities, namely to invest in the services and infrastructure that make a difference in their daily lives. This is the direction we have taken with this administration's first budget, which will

allow us to start building the city of tomorrow.

Our city, which is being transformed through technological, demographic and climatic changes, must also make room for new businesses, new approaches and newcomers. We are building a city for all Montrealers - those who have been established here for many years and those who chose to settle here and participate in its economic, cultural and social momentum. It is for all these people that we must prepare Montréal for the challenges of tomorrow. It is for them that we have to offer safe living environments where they can grow and participate. We also need to provide challenging and innovative professional environments.

The choice of services

Immediately upon taking office, we were informed about the state of city's public finances and we made choices that will enable us to offer the services which citizens expect and deserve. All this, while catching up on decades of underinvestment in our infrastructure and our road and public transportation networks.

We are respecting our commitment with regards to property taxes in order to meet general needs, while enhancing support programs so that Montrealers can more easily become homeowners. As soon as the green light is given by the Government of Quebec, we will implement a new program which will support the creation of social and community housing units. We also have an obligation to make an additional effort in order to maintain our water infrastructure, which is currently in very poor condition and requires a major increase in investments.

Montréal taxpayers bear a heavy financial burden and we have an obligation to offer the best possible services. These services which are at the heart of the priorities and decisions of our administration, are mainly offered in the boroughs. We will always make sure to mobilize and provide adequate resources in order to focus on these priorities.

We have also taken the necessary actions to create financial leeway that will allow us to provide Montrealers with efficient and quality services. We believe that it is possible to increase mobility and access to homeownership while developing more family-friendly, attractive and safe living environments for all.

Over the next four years, we will ensure that the interests of citizens are our top priority. Improved financial management and priority spending and investments will ensure that this goal is met. With this budget, we are taking the first step in this direction.

A stylized, handwritten signature in blue ink, belonging to Valérie Plante.

Valérie Plante
Mayor of Montréal

Message from the Chairman of the Executive Committee



When the Mayor of Montréal entrusted me with the task of completing the preparation of the budget which was initiated by the previous administration, my main challenge was to provide sufficient leeway in order to reorient our efforts towards the priorities of the population.

Our administration became aware of the budgetary situation and worked to develop a budget of \$5,472.2 million, up 5.2% from 2017. The real increase is 2.7% or \$139.5 million, while excluding two particular expenses: one related to the "Réflexe Montréal" agreement and secondly, one relative to the effects of transition measures for pension plans. Since nearly 70% of municipal revenues come directly from the taxpayers, our capacity for action is limited. That's why we are fully aware of the importance of making the right choices to start building the Montréal of tomorrow.

This budget illustrates the will of our administration to ensure that the boroughs can offer quality local services. We have indexed their transfers by 1%. In collaboration with the boroughs, we will ensure that the Ville de Montréal preserves its coherence of action, while applying the budgetary discipline necessary for the proper management of public funds.

In addition, we have made efforts to optimize our resources, which have the effect of stabilizing the central services budget. The Five-Year Workforce Plan, whose performance will be re-evaluated, will generate savings of \$9.7 million in personnel costs. Pay increases and indexing of other groups of expenses will be covered by the budgets of these services. The total budgetary constraint of central services therefore amounts to \$82.2 million.

We will ensure that the projects that will be proposed to our citizens will be based on studies which demonstrate their long-term viability and allow us to better plan the economic development of Montréal. We will also ensure that the projects and events that will be put forward are beneficial in order to offer the maximum tangible results for Montrealers.

Housing, as well as public transit, is a cornerstone of Montréal's economic and social development. Major investments are therefore necessary.

Starting this year, our administration will invest \$10.5 million in order to help families access home ownership, which represents \$21 million on an annual basis. This investment will allow more Montrealers than ever to benefit from the subsidy program to acquire a home.

We are also aware of the importance of the rental market, since more than 60% of residents are tenants. That's why we are investing an additional \$1 million to build a 30-person cleanliness brigade. 13 additional people will be added to the current team in order to ensure that tenant households have access to quality housing. With these new resources, we will systematically and diligently tackle the very real and recurrent problem of housing insalubrity.

A large part of the 2018 budget is devoted to a major issue for Montrealers, namely mobility. Our contribution to the Autorité régionale de transport métropolitain will increase by \$27.7 million in order to better meet the needs of users. We have also reorganized resources to begin building the mobility squad, which will allow us to have a more coordinated and comprehensive approach to traffic issues.

Moreover, thanks to our status as a metropolis, we will invest, as early as this year, \$30 million to set up programs to support the economic development of our city. We will also set up a merchant assistance program for business owners negatively impacted by construction projects.

Our administration is also announcing its firm intention to build the Montréal of tomorrow with a more representative diverse workforce which better represents Montréal's reality. Over the next year, we will invest \$1.5 million in order to help more Montrealers have access and be able to join our public service.

We are aware of the additional effort we are asking of taxpayers in order to have safe infrastructures, and that is why elected officials will have to lead by example. Elected officials will be the only employees in the City who will not receive a salary increase and will see some of their social benefits cut.

In this transition budget, we made choices for the future of our city. These choices not only reflect our values, but also the necessary efforts required so that Montréal can move forward and make up for delays accumulated over past years.

A stylized, handwritten signature in blue ink, appearing to read 'Benoit Dorais'.

Benoit Dorais
Chairman of the Executive Committee

2018 Highlights

- A **\$5,472.2 M** budget for 2018, up **\$270.5 M** or **5.2%** from 2017.
- Excluding the increase in two special expenditures, namely \$30 M for the new “Réflexe Montréal” agreement (economic development component – the City receives an equivalent income of \$30 million), and the expenditure regarding the effects of the strategies pertaining to transitional measures for pension plans and the change in the Québec Sales Tax, totaling \$101 M, expenditures would rise by **\$139.5 M** or **2.7%** compared to 2017.
- A **\$24.7 M**, or **2.9%** increase in borough budgets.
- Stability in central services financing is ensured, except for:
 - a \$25.2 M increase in the public security budget;
 - a \$7.3 M increase in water infrastructure financing;
 - New expenditures of \$46 M funded by equivalent revenues mainly from the provincial government (Réflexe Montréal, AccèsLogis, Rénovation Québec).
- A **\$40 M** increase in capital works payments, namely \$31.5 M for water-related activities and \$8.5 M for other activities.
- Tax increase for general purposes is **1.9%** for residential and **2.1%** for non-residential properties.
- An **increase in water revenue, in order to make up the major deficit in water infrastructure investments**, namely a **1.1%** increase in residential property taxes and a **0.8%** increase for non-residential properties.
- Overall compensation totals **\$2,330.6 M**, up **\$31.3 M** from 2017. It represents **42.6%** of the 2018 budget, compared to **44.2%** in 2017.
- The ongoing five-year workforce reduction plan (PQMO) will yield a net reduction of **110.7 person-years** for 2018, saving \$9.7 M.
- The borough financing reform initiated in 2015 continues in 2018, with an extra credit adjustment of **\$11.7 M**.
- A **\$27.7 M** increase in public transit contributions, to be paid to the new *Autorité régionale de transport métropolitain (ARTM)*.
- The total public security budget is **\$977.5 M**, of which **\$647.3 M** are for the Service de police de la Ville de Montréal (SPVM) and **\$330.2 M** for the Service de sécurité incendie de Montréal. These amounts represent a \$25.2 M increase, compared to 2017, and include the impacts of the new collective agreement signed with police officers as well as the agreement reached with firefighters following the restructuring of their pension plan.
- For the first time, the public security budget will exceed **\$1 B**, reaching **\$1,022.29 M**. Added to the public security budget of \$977.5 M is building maintenance and operating expenditures and rolling stock expenditures related to this activity.
- The amount of **\$138.4 M** is budgeted for municipal roadwork, including **\$96.9 M** for borough budgets.
- Snow removal expenditures totaling **\$163.3 M**, a \$6 M increase compared to the 2017 budget, due in part to the indexation of contracts and compensation, and to additional credits of \$1.5 M for sidewalk salting.
- The amount of **\$157.5 M**, a **\$1.7 M** increase, for the residual waste management. This small increase is the result of rigorous control of various amounts in collection contracts.
- Recreation and culture-related activities will receive an additional \$9.8 M, mainly as a result of an increase in related borough budgets. This amount also includes the higher contribution to the Conseil des arts de Montréal (\$2.5 M) and to the Musée d'archéologie et d'histoire de Montréal (\$745,000).
- A \$7.4 M increase in housing program credits for 2018.

- A total sum of **\$1.5 M** will be invested in a professional sponsorship program on diversity (a **\$1 M** increase), including **\$0.5 M** in extra funding expected from Emploi-Québec.
- The amount of **\$1 M** will be allotted for a housing cleanliness brigade.
- A worksite supervision brigade will also be created in order to improve mobility in the city.
- Additional **\$1.1 M** credits are provided for security at the Jardin botanique and the municipal court, and **\$1.7 M** to bring fire stations to standards.

Strategic Investments in Our Water Infrastructure

The supply of clean drinking water to Montreal is strategic and vital. It is a question of safety and of public health.

Our water infrastructure urgently needs major investments. If we do not fix the situation, future generations will suffer and will have to pay an ever-increasing bill. At the rate things are going, the current investments do not even allow us to catch up.

The cumulative maintenance deficit of 2017 is approximately \$3.5 billion and 11% of assets require major investments in the short term.

With this budget, we are taking steps to ensure a safe supply of water for Montrealers, while aiming to achieve the targets of the Québec strategy for drinking water conservation and saving on long-term maintenance costs. Keep in mind that an emergency repair on a water line is ten times more expensive than when planning the work.

Water infrastructures, in brief:

- Assets valued at \$30 billion;
- 6 drinking water production plants;
- 14 reservoirs;
- 770 km of primary water mains;
- 3,600 km of secondary water mains;
- 4,300 km of secondary sewer lines;
- 550 km of sewers and outfalls;
- 90 km of interceptors;
- 2 wastewater treatment plants.

In order to maintain the current level of service, we are obliged to substantially increase investments over the next few years. In fact, to maintain the state of water infrastructure, catch up with the city's backlog and meet legislative requirements, our investments must grow by 65%.

As a result, financial and human resources are required to carry out preliminary analysis and studies that will ensure a better diagnosis of the state of our assets as well as carry out maintenance and emergency work.

It is important to underline the city's obligation to meet the government of Québec's requirements, which includes maintaining a high level of drinking water quality, modernizing drinking water treatment plants and limiting the amount of untreated sewage into waterways.

The projects are numerous, complex and expensive, but they are necessary. We must act as a good responsible manager to provide the necessary funds for the benefit of future generations.

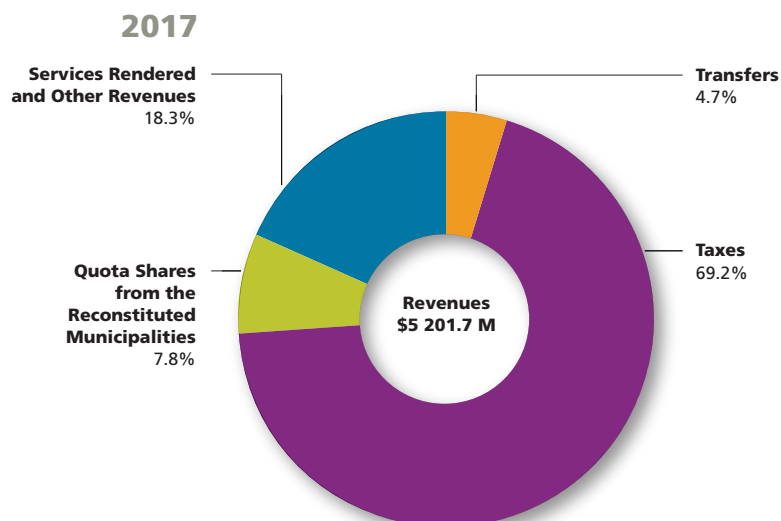
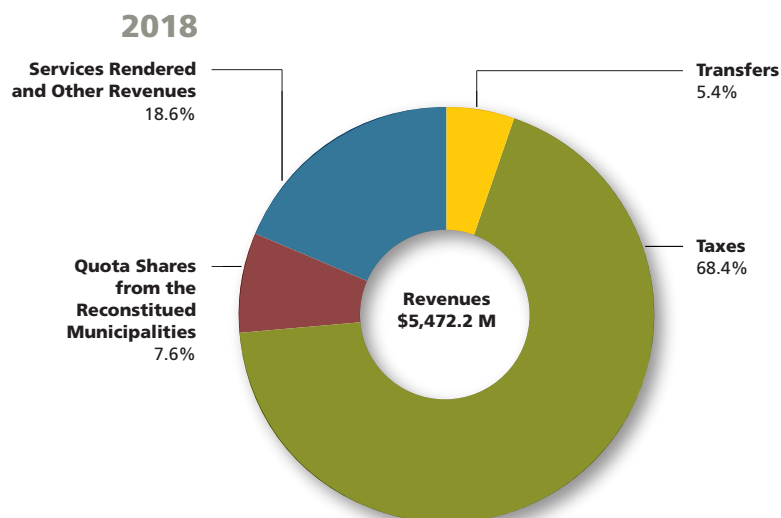
How Are City Revenues Generated?

Montréal's 2018 revenues will come primarily from property taxes totalling \$3.7 B and representing 68.4% of the city administration's total funding (69.2% in 2017).

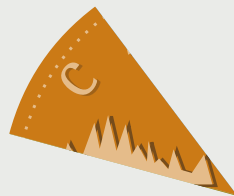
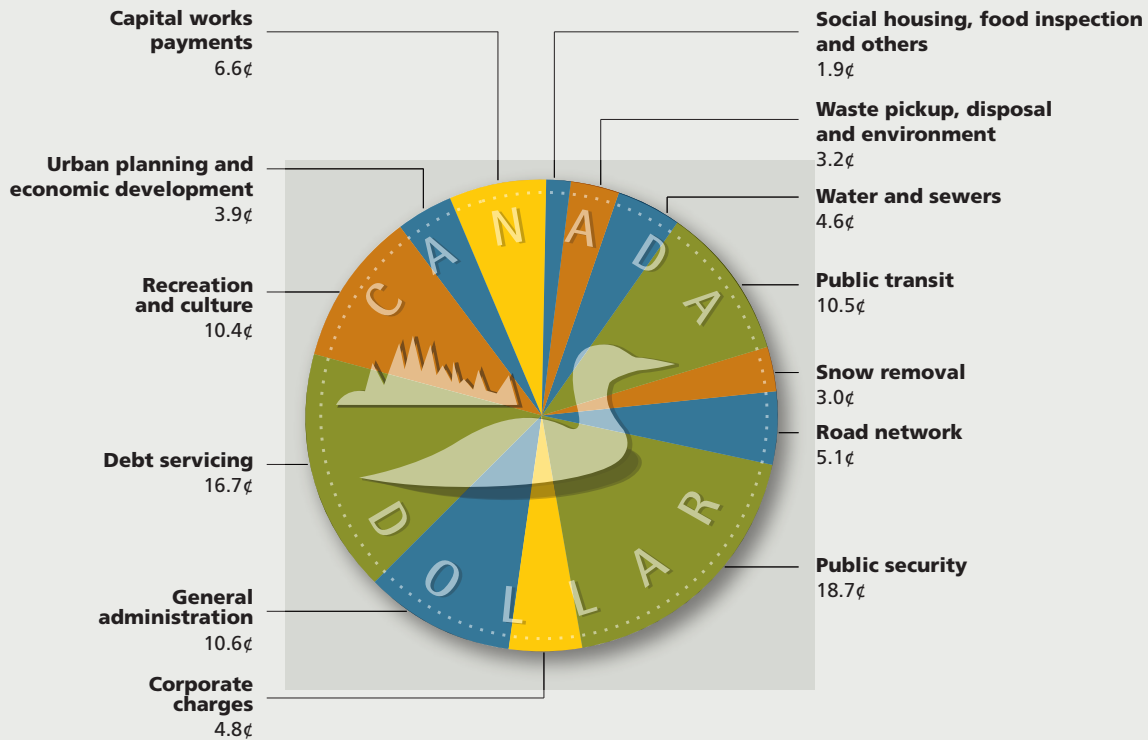
Service fees and other revenues are projected to stand at \$1 B and represent 18.6% of the total. Transfer revenues—grants from the higher levels of government and various agencies—amount to an expected \$292.4 M (5.4% of the total).

Under *An Act to amend various legislative provisions concerning Montréal* (RSQ 2008, c. 19), "urban agglomeration expenditures will be financed by aliquot (quota) shares required from the related municipalities." Quota shares charged to related municipalities are expected to stand at \$417.6 M (7.6% of Montréal's revenues).

All these revenues have been earmarked for funding expenses associated with local municipal and agglomeration areas of responsibility. Montréal, as the central city, is responsible for administering the agglomeration's financial responsibilities on behalf of all its related municipalities.



Your Taxes Are Important



Public security	18.7¢
Police	12.0¢
Fire safety	6.4¢
Civil security and others	0.3¢

Recreation and culture	10.4¢
Swimming pools, parks and playing fields	3.9¢
Community centres	1.5¢
Libraries	1.7¢
Heritage, museums and exhibition centres	1.4¢
Skating rinks	0.7¢
Others	1.2¢

Corporate charges	4.8¢
Pension plans	2.4¢
Contingencies, pay equity and others	2.4¢

General administration	10.6¢
City council	1.1¢
Law enforcement	1.3¢
Financial management	5.1¢
City clerk and property assessment	0.6¢
Human resource management	1.2¢
Management and operations, services and boroughs	1.3¢

Changes in Overall Taxation

The following chart presents changes in overall taxation for Montreal taxpayers by borough, including the impact of changes in borough taxes.

Individual taxpayer's tax bills could fall or rise to different extents depending on changes in the value of their property compared to that of other Montréal properties.

Change in total tax charges between 2017 and 2018, by borough, residential and non-residential properties

Boroughs	Residential properties				Non-residential properties			
	General tax charges ¹	Borough service taxes	Water tax	Overall tax charges ²	General tax charges ¹	Borough service taxes	Water tax	Overall tax charges ²
Ahuntsic-Cartierville	2.4%	0.1%	1.1%	3.5%	2.2%	—	0.8%	3.0%
Anjou	0.7%	1.2%	0.9%	2.8%	1.0%	0.3%	0.9%	2.2%
Côte-des-Neiges–Notre-Dame-de-Grâce	3.0%	0.1%	1.1%	4.2%	2.9%	—	0.6%	3.5%
Lachine	1.1%	—	1.0%	2.1%	2.0%	—	0.9%	2.9%
LaSalle	1.8%	(2.2%)	1.1%	0.7%	1.8%	(0.5%)	0.9%	2.2%
L'Île-Bizard–Sainte-Geneviève	1.4%	0.1%	1.0%	2.5%	2.2%	—	0.6%	2.8%
Mercier–Hochelaga-Maisonneuve	2.5%	0.2%	1.0%	3.7%	1.6%	—	0.8%	2.4%
Montréal-Nord	0.3%	0.1%	0.9%	1.3%	1.5%	—	0.8%	2.3%
Outremont	2.8%	0.6%	1.1%	4.5%	5.5%	0.1%	0.7%	6.3%
Pierrefonds-Roxboro	1.8%	0.2%	1.0%	3.1%	2.7%	—	0.8%	3.6%
Plateau-Mont-Royal (Le)	2.1%	—	1.1%	3.2%	3.2%	—	0.8%	4.0%
Rivière-des-Prairies–Pointe-aux-Trembles	1.8%	0.1%	1.0%	2.8%	2.2%	—	0.8%	3.1%
Rosemont–La Petite-Patrie	3.2%	1.3%	1.1%	5.6%	3.6%	0.3%	0.8%	4.6%
Saint-Laurent	0.0%	0.7%	1.0%	1.7%	(0.1%)	0.2%	0.9%	0.9%
Saint-Léonard	0.2%	0.2%	1.0%	1.4%	1.2%	—	0.9%	2.2%
Sud-Ouest (Le)	2.2%	0.2%	1.0%	3.4%	3.7%	—	0.8%	4.6%
Verdun	1.1%	0.2%	1.1%	2.4%	2.4%	—	0.8%	3.3%
Ville-Marie	1.9%	0.1%	1.1%	3.2%	2.2%	—	0.9%	3.1%
Villeray–Saint-Michel–Parc-Extension	2.8%	1.6%	1.1%	5.4%	3.0%	0.3%	0.8%	4.2%
VILLE DE MONTRÉAL	1.9%	0.3%	1.1%	3.3%	2.1%	0.1%	0.8%	3.0%

— Minimal data

1. "General tax charges" include general property taxes, the road taxes, fiscal user fees and borough investment taxes. They exclude changes relating to water taxes and borough service taxes.

2. Totals may not equal the sum of their parts due to rounding.

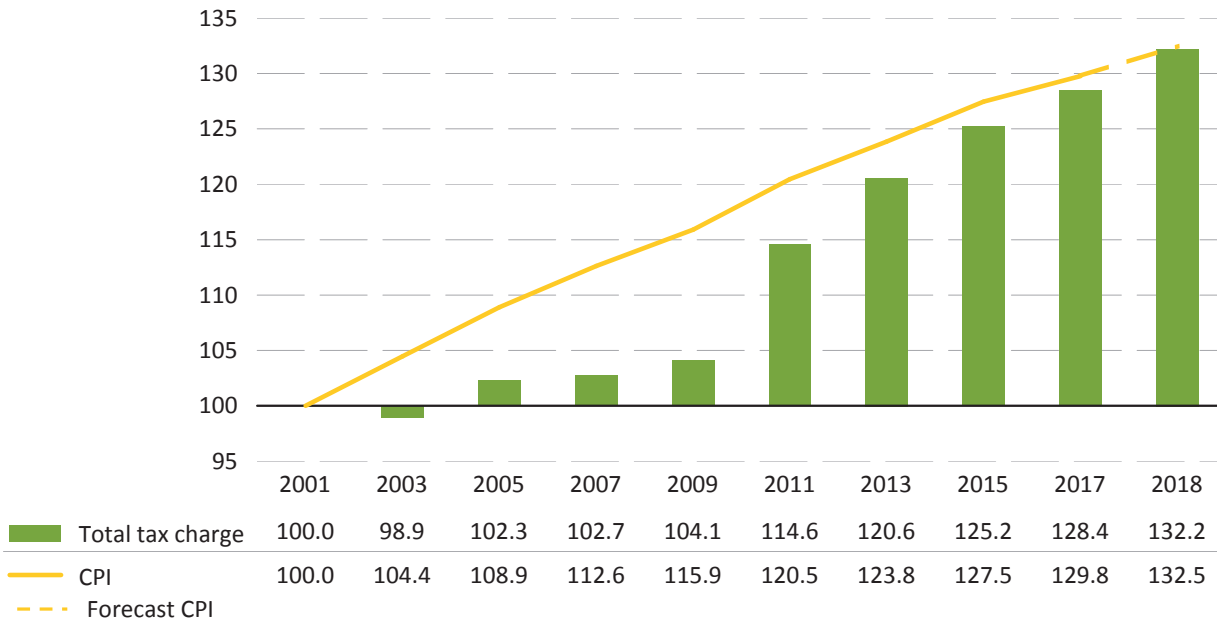
Source: compilation updated September 14, 2017 and based on 2017 and 2018 tax parameters.

Total Tax Changes Since 2001

The following graph presents changes in total taxes paid by Montréal taxpayers and consumer price indexes since 2001.

Evolution of total tax charge¹ and consumer price indexes², between 2001 and 2018

Index (2001 = 100)



1. The total tax charge index measures the changes in the general property tax, fiscal user fees, borough service taxes and water and road taxes.

2. Source: Institut de la statistique du Québec and Statistics Canada.

The Island of Montréal and its Population



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