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Adoption of the 2023 Budget A Meticulous and Careful Budget Preparation Process

Châteauguay, December 16, 2022 – At a special meeting held on Thursday, December 15, the Municipal Council of Ville de Châteauguay adopted its budget forecast for 2023. Faced with a context of significant inflation, the City managed to cap its property tax increase at 3%, a threshold well below the consumer price index (CPI), which has risen to nearly 7%.* This disciplined budget allows the City to maintain its service quality, while taking into account its taxpayers' capacity to pay.

A disciplined process focused on balance

Due to the considerable rise in the cost of living and the increasingly serious impact this situation has had on the wallets of the citizens of Châteauguay, the municipal government, in collaboration with the council, has stepped up its efforts to mitigate inflationary pressure by thoroughly analyzing the needs of the City and maintaining a prudent approach. As a result, the owner of an average single-family home with an estimated value of \$324,000 will see their tax bill increase by a total of \$208 in 2023, the equivalent of less than \$20 per month.

Staving off inflation and rising interest rates

This year, inflation was a real challenge when preparing the budget. With many supply contracts indexed to the CPI, such as fuel (between 20% and 25%), protective clothing (24%), towing (16%) and professional fees (8%), every department succeeded in controlling and reviewing their expenses in order to avoid passing on the entire increase to citizens. In addition, the surge in the Bank of Canada's policy interest rate has forced cities to face an exponential increase in the debt service interest rate. By way of example, the City's financing rate rose from 1.76% in 2021 to 5.06% in 2022, without taking into account the most recent policy interest rate increase announced not long ago by the Bank of Canada. It is clear that the impact of debt-service interest on the City's budget will be a huge challenge for 2023.

Other mounting pressures on tax bills

Rising inflation has an impact not only on contract indexing but even more so on other services contracted out to third parties, such as composting, recycling and trash collection. In 2023, these services, managed by the MRC de Roussillon, will increase by 36%, which is passed on to taxpayers in the form of a \$100 increase per household. On top of that is a \$30 additional fee for the rental of a pump so that our citizens are assured of having drinking water in the summer during heat waves.

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“We are particularly satisfied with the work done by the municipal government. I would also like to acknowledge the accomplishments of the Finance Committee, which have allowed us to review expenditure management in order to counter inflationary pressure. In this budget, it was essential for us to cap tax increases at a level acceptable for the citizens of Châteauguay,” stated Châteauguay Mayor Éric Allard.

Balancing the budget

The City is forecasting revenues amounting to \$114M in 2023, whereas expenditures will total \$117M, including repayment of the debt. The \$3.1M shortfall will come from the accumulated surplus.

Mayor Allard explained that “the new Municipal Council set itself the goal of improving the City’s financial health in order to balance revenues and expenditures. We are particularly proud of having succeeded, in the first year of our term, in narrowing the gap by more than 50% by using the surplus to balance the budget, while at the same time minimizing the impact on citizen services. We will finally be able to use the spare surplus to decrease the City’s debt service financing.”

Concrete projects and new sources of revenue

In 2023, the City plans to undertake, among other things, some major projects:

- rehabilitation of rue Gendron;
- phase two of the rehabilitation of chemin de la Haute-Rivière;
- upgrades to parc Philippe-Bonneau and the development of neighbourhood parks;
- drinking water and wastewater treatment infrastructure;
- development of infrastructure for the industrial park.

The City also intends to step up its shift towards diversifying revenue sources. By way of example, the festivities surrounding the City’s 350th anniversary will be partially funded by contributions from sponsors. The provision of advertising space in some of our publications is another example of self-financing. The sale of lots in the industrial park sector announced in 2022 will generate revenues between \$33M and \$37M in the medium term, in addition to property taxes, which represent recurring revenue. Lastly, the City prioritizes densification in new residential and commercial real estate projects, such as the one in the western sector of boulevard René-Lévesque.

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Fees

The tax bill also consists of fees for essential services offered to citizens, such as the drinking water supply, wastewater purification, waste, recycling and compost collection, and the Régie Beau-Château contribution. These are fixed fees and are not adjusted based on the property value of a building. For 2023, the total average fee indexing is 2.75% for an average house on the entire tax bill. Combined with the 3% property tax rate, the tax bill for a house of average value amounts to a total of 5.75% for 2023, which corresponds to an increase of \$208, and which is still well below the level of inflation.

Once again this year, citizens can pay their tax bill in four instalments, the due dates being **February 16, May 18, July 6** and **November 2**.

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** The consumer price index rose 6.9% in October 2022 according to Statistics Canada.*