A history of Montreal West debt and debt charges

According to the SFP we left the merger period with a debt including $7M to cover demerger and water costs. At the end of 2006 our bank debt was $8.1M. After the start of infrastructure work, the debt jumped to $15.9M in 2009, Fig 1, and then $21.8M the next year. During the 11-year “golden-era” from 2009 to 2019, infrastructure renewal occurred every year, even as the debt was reduced to $16.6M. (Net debt in Fig 1, which hovered around $15M from 2008 to 2019, includes payables for infrastructure in progress, and receivables such as grants.)

Once the rec center project took hold in 2020, a “clear-the-decks” debt strategy appeared to emerge. Except for Fenwick in 2021, major infrastructure projects were paused, and since principal repayment continued at the same rate, bank debt decreased from $17.8M in 2020 to $13.9M in 2024. Fig 2 shows that no new bank debt was taken in 2021/3/4. (Although no new loans were taken in 2012/13/17, infrastructure work continued due to a combination of loan balances and government grants receivable from past projects.)

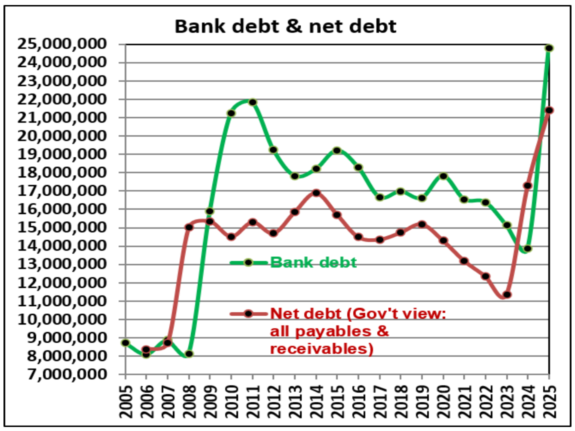

Fig 1

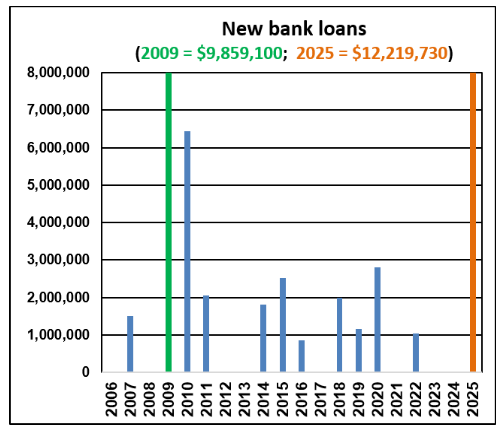

Fig 2

Principal repayment The key to our fiscal strategy is evident in the principal repayment, Fig 3. During the golden-era of infrastructure renewal, the Town was essentially in a sort of equilibrium, or treading water. We paid off debt at between $940K to $1.18M annually, except for 2016, and took on new debt to finance further infrastructure. As a result, *net debt* up to 2019 – the red line in Fig 1 – remained at an equilibrium level near $15M. Once infrastructure work was paused, continuing principal repayment averaging $1.04M reduced net debt to $11.4M in 2023 and bank debt to $13.9M in 2024.

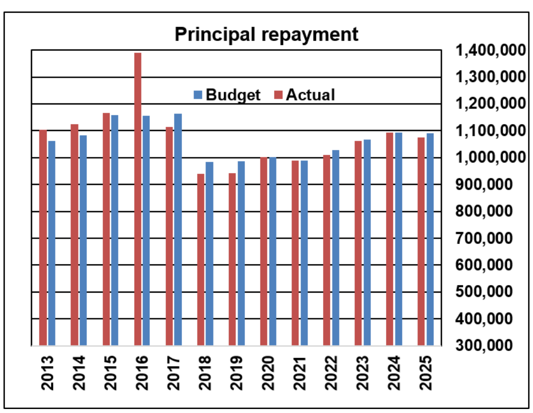

Fig 3

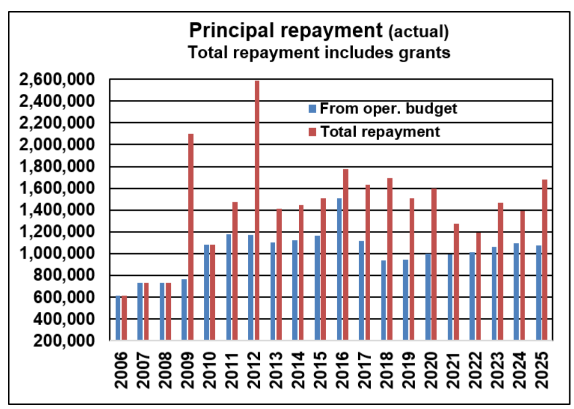

Fig 4

Principal repayment in 2025 remained under $1.1M even as bank debt soared to $24.8M (with possibly a bit more debt likely to come as construction holdbacks are paid). It’s not clear how the Town plans to handle this higher debt load and whether principal payments will be increased via tax hikes. (Government grants helped pay down earlier debt during the golden-era, and these appear as part of the red columns showing the total principal repayment, Fig 4. Unfortunately, our rec centre debt appears net of government grants. Note: principal repaid from grants is *not* considered part of principal payments in debt charges.)

Interest payments After the turbulence of the first years of infrastructure renewal, *actual* interest payments from 2016 to 2024 remained between $437K and $501K, averaging $473K, Fig 5. The effect of rec centre debt appeared in *budgeted* interest payments for 2024 and 2025 – the blue columns. In 2024 a delay in incurring rec centre debt saved $333K reducing the actual interest to 55% of budgeted – explanations in Council Communique here. (Actual interest in 2025 was 58% of budgeted for reasons to be described at either the August or September council meetings.)

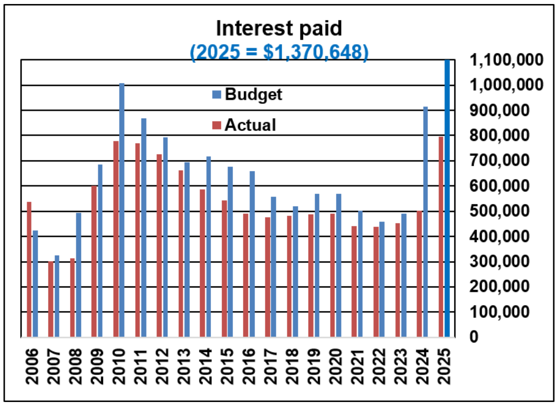

Fig 5

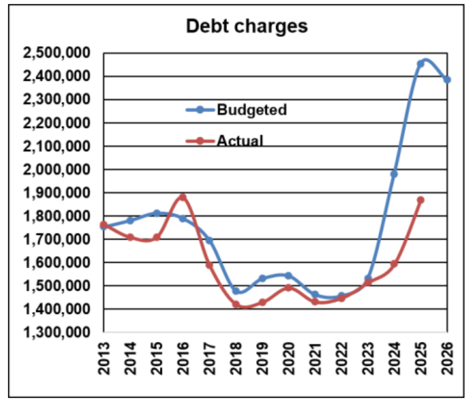

Fig 6

Combining the interest and principal payments indicates that, except for recently, budgeted and actual debt charges have been close – Fig 6. And there was a period of stability from 2018 to 2023 when *budgeted* debt charges averaged $1.50M with *actual* debt charges averaging $1.46M.